Transport & Freight Index

Quarterly Report | Published July 2026

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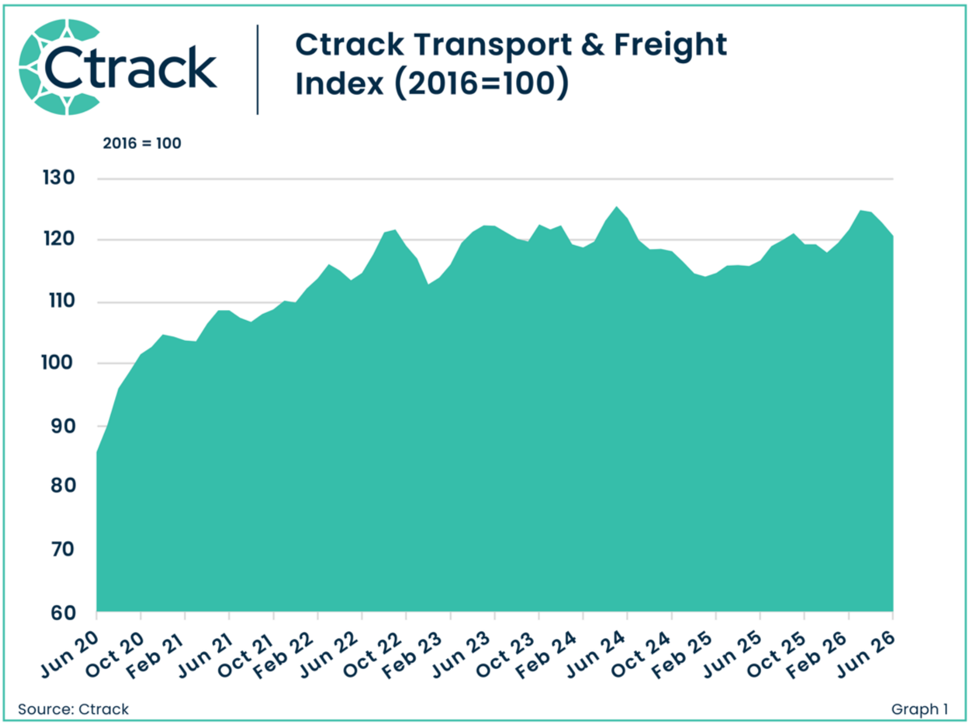
THE LOGISTICS SECTOR UNDER PRESSURE IN Q2 2026

After a strong broad-based recovery in Q1 2026, the Ctrack Transport and Freight Index (Ctrack TFI) declined notably in Q2 2026, reaching an index level of 120.8, the lowest since January 2026. At this level, the index was 3.3% lower compared to Q1 2026, but still up by 3.4% compared to a year ago. While the economy enjoyed brisk growth at the start of the year, the outbreak of the Middle East conflict abruptly disrupted economic momentum in Q2. Significant fuel price increases in Q2 had a notable negative impact across the different transport modalities, while economic activity in general has been muted amid the uncertainty created by the conflict, depressing the demand for transport services further.

GRAPH1: CTRACK TRANSPORT & FREIGHT INDEX (2016=100)

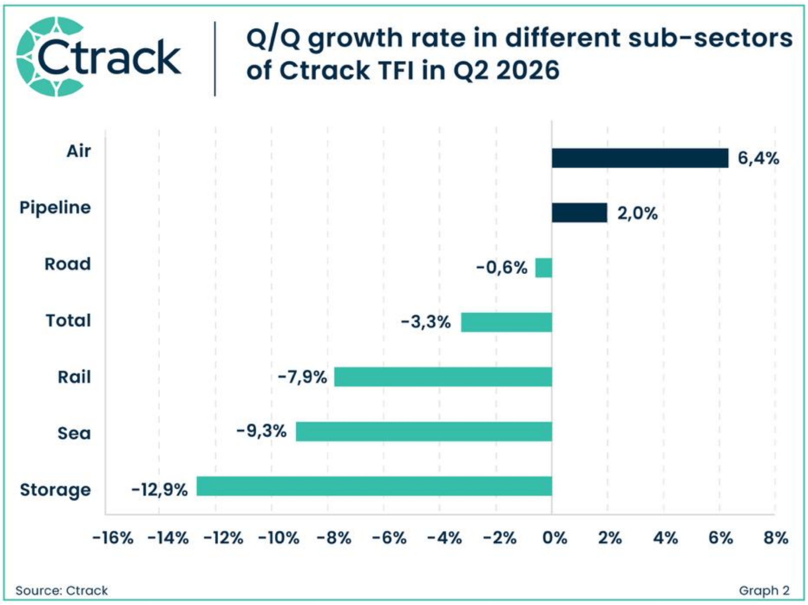


The pressure on the sector was quite broad-based across modalities, with contractions recorded in Q2 in four of the sub-sectors (see graph 2), partly due to a high base of calculation given a strong Q1 performance. Only the pipeline transport and air freight sectors recorded growth in Q2. The Middle East conflict has been ongoing, characterized by notable volatility and uncertainty on an ongoing basis and no clear indication when a sustainable agreement would be reached to end the conflict. The cumulative impact of the conflict on local (and global) fuel prices has been significant. The 95-ULP Petrol and 0.05S Diesel prices increased, cumulatively between March and July, by R6/litre and R6.87/litre respectively.

It will be impossible for companies to fully absorb the extent of these increases (while renewed pressure on international oil prices signal that more fuel price increases are forthcoming for August and September). Not only will consumer inflation continue to trend higher, but the probability that the fuel price increases will trigger a widespread upward adjustment in prices across the economy remains very high, especially given the country’s dependence on road freight transport. Some evidence of this secondary impact has already surfaced, mostly by companies that are involved in the transport sector.

While the South African economy started the year on a reasonably optimistic footing, the Iran war is now playing havoc with inflation and interest rate expectations and will likely derail South Africa’s fragile economic recovery. Though early days to quantify the impact, the longer the war prolongs, the worse the outcome will be for South Africa and the global economy at large.

GRAPH 2: Q/Q growth rate in different sub-sectors of Ctrack TFI in Q2 2026



While the transport and logistics sector buckled under economic pressures in Q2, the bigger picture remains positive as notable progress has been made on structural reforms to improve operational efficiencies and to modernise the sector. Efficiency gains at ports and the rejuvenation of the rail network, will in due course reduce costs, while enabling robust export growth potential. These measures will push the economic potential of the economy sustainably higher over the medium term.

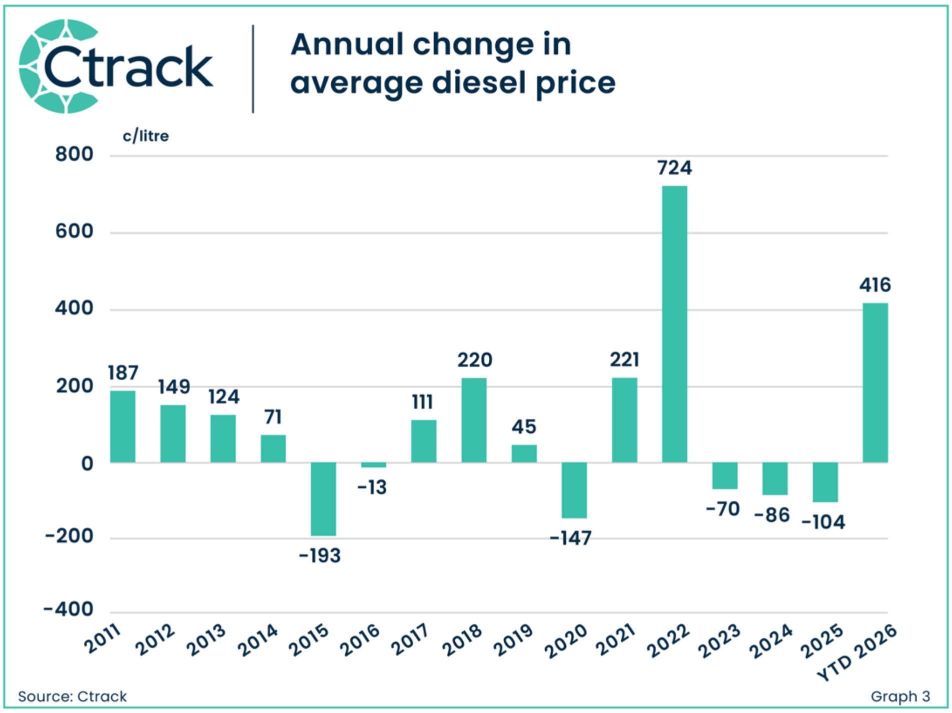
Following on a dismal performance in Q1 2026, the **Air Freight** sector recovered in Q2, wiping out the weakness recorded early in the year. The air freight index increased by 6.4% in Q2 2026, with the underlying components of the index showing divergent trends. Cargo load on planes increased by 8.9% in Q2, whereas unplanned flights, that are typically chartered for cargo needs increased by a notable 17.3% in Q2 (relative to Q1). While more costly, air freight often plays an important role in filling the gaps when other transport modalities are under pressure. Therefore, it was not quite unexpected to note disappointing performances in the sea, road and rail modalities in Q2, spurring demand for air freight. Globally, air cargo demand as measured in Cargo Tonne-Kilometers expanded by 6.0% y/y, with growth anchored in Africa (with growth of 13.3% y/y in May), Asia Pacific (8.0%) and North American (10.5%) carrier performance. Middle East hub disruption continued to reshape parts of the network, but the largest cargo markets absorbed much of the drag. Global air cargo yields rose by 37.9% year-on-year, pushing average global unit revenues to $3.25 per kg. This pricing spike was primarily driven by tight fuel fundamentals and resilient demand for time-sensitive, high-value shipments.

A sub-sector that has remained under pressure for the past few years is the **transport of liquid fuels** via Transnet Pipelines (TPL). The sector declined for three consecutive years with the Department of Minerals and Energy ascribing this trend to declining fuel consumption over time. Compared to the low base of 2025, the transport of liquid fuels increased by 2.0% in Q2, and by a notable 10.1% in the first half of the year, compared to the same period in 2025. The impact of the Middle East war on fuel supply has placed South Africa's insufficient strategic oil reserves (currently only 7.7 million barrels of crude oil or two weeks of supply for the country) into sharp focus in recent months. Given that quite a few of South Africa's refineries closed in recent years, the country has become dependent on the importation of refined fuels (that get transported via pipelines to inland destinations), which has left the country vulnerable amid escalating geopolitical risk events. A draft Strategic Petroleum Stocks Policy has recently been published for public comment. The policy aims to shore up strategic reserves to 60 net days of crude and refined products, in order to strengthen South Africa's energy security and minimise the impact of global supply shocks.

The **Road Freight** sector currently accounts for about 87% of all freight payload in South Africa, thus a critically important sub-sector in the logistics space. Following on two consecutive years of contraction, the road freight sector recovered strongly in Q1 2026, but lost some momentum in Q2. However, for the first half of the year, the sector is up by 7.0% compared to the first half of 2025, outperforming most of the other sub-sectors. Heavy vehicle traffic recovered briskly in Q1 2026 on both the N3 and N4 toll roads, partly due to the cumulative impact of brisk economic activity and improved port performances. While quarterly contractions were recorded for heavy vehicle traffic on the N3 and N4 routes (large and extra-large trucks) in Q2, for the first half of 2026 heavy truck traffic still increased by almost 10% compared to a year earlier. For the total country, road freight payload increased marginally in the first half of the year, with economic pressures impacting negatively on demand, especially in the second quarter.

While government's efforts to move cargoes back to rail are ongoing, progress has been slow and it will likely take a considerable period of time to address challenges, clearly a very gradual medium to longer term process. In the meantime, the South African economy's dependence on road freight (with fuel about 34% more expensive in June compared to a year earlier, as reflected in latest CPI print) is in sharp focus as the impact of higher fuel prices reverberate through supply chains. Graph 3 depicts the change in average diesel cost per annum, with 2026's figure representing the period January to July. While not yet as severe as realised in 2022, the 2026 increase follows three years of a downward trend in diesel prices. The notable increase in fuel prices will hurt the disposable income of households and businesses in coming months, placing downward pressure on spending and confidence levels.

GRAPH 3: ANNUAL CHANGE IN AVERAGE DIESEL PRICE

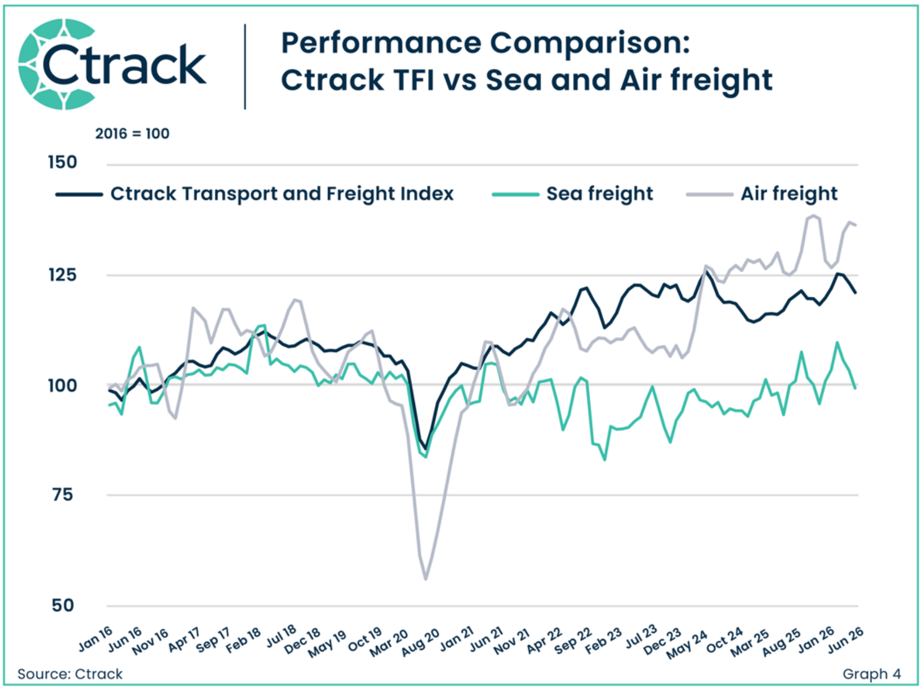


From being a star performer in Q1 to quite a dismal performance in Q2, the **Sea Freight** sub-sector has been volatile of late. After posting a moderate recovery in 2025, the sea freight sector increased by a notable 14.3% in Q1, but subsequently declined by 9.3% in Q2, reflecting the negative impact of the Middle East conflict on vessel movement and freight costs. With growth in Q1 higher than the contraction in Q2, the sector is still up by 6.5% in the first half of the year. Container throughput in all ports in SA declined by 7.7% in Q2 2026, while total cargo handled (excluding vehicles) declined by 10.8% in Q2 compared to Q1 2026. Pressure on Sea

Freight has been a global phenomenon since the outbreak of the conflict, with vessel traffic through the Strait of Hormuz almost coming to a standstill, impacting negatively on supply chains throughout the world. By the end of June, spot container rates have almost doubled compared to the preceding two months, led by Transpacific and Asia–Europe tariff increases. Furthermore, global port congestion has deteriorated to its highest level since 2022, with 10.9% of the global fleet waiting at anchorages at the time.

While sea freight has been under pressure in Q2, on the structural reform front, Transnet National Ports Authority (TNPA) continue to make progress on a number of fronts. Following on the 25-year concession awarded to Philippines-based International Container Terminal Services (ICTSI) to modernise the Durban Container Terminal Pier 2, TNPA has launched a Request for Proposal for a private sector partner to finance, rebuild and operate the multipurpose terminal at the Port of Cape Town. The successful bidder would have the rights to operate the terminal for 25 years. After years of underinvestment and mismanagement in the state capture years, Transnet is now on a path to operational recovery, that could boost the economy's growth potential in due course.

GRAPH 4: PERFORMANCE COMPARISON: CTRACK TFI VS SEA AND AIR FREIGHT



The recovery in the **Rail Freight** sector gained momentum in 2025 and continued in the first half of 2026. However, like in other sub-components there was a distinct difference in performance between Q1 and Q2. This sub-component of the Ctrack TFI increased by 5.8% in Q1 2026, compare to the final quarter of last year, but then reversed performance to decline by 7.9% in Q2, and dropping 3.1% below year ago levels. The slack in rail freight is probably a reflection of the economic strain evident in Q2.

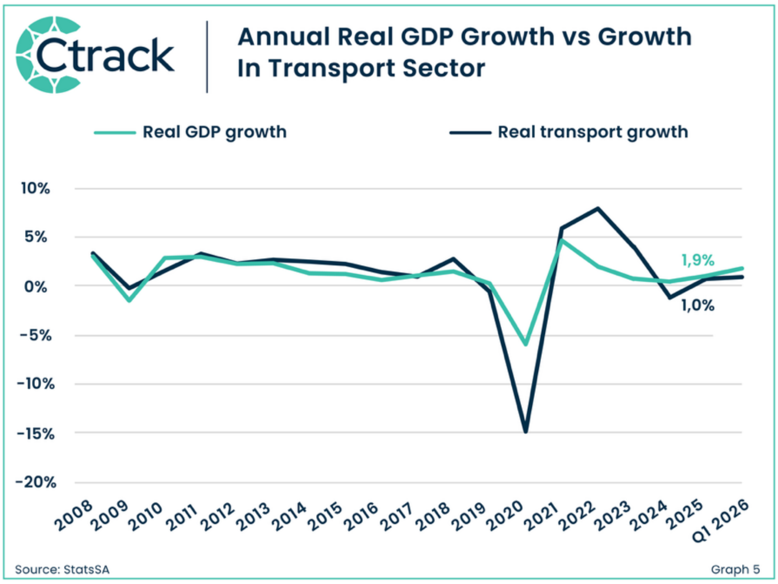
The rail freight sector remains a top priority in government's structural reform initiatives, as outlined in the Freight Logistics Roadmap. The reforms aim at restoring and growing rail capacity in South Africa, to ultimately reduce trucks on the roads in the medium term and to reset to a more sustainable road/rail freight balance. However, the task at hand is enormous and it will take some years before a notable trend reversal will be evident. Recent positive developments include the progress on partnering with the private sector on rail access and maintenance. The 11 private train operating companies (TOCs), which were last year allocated slots on South Africa's mainline rail network, have now officially concluded rail access agreements with the Transnet Rail Infrastructure Manager (TRIM) and are gearing up to begin operations. Given South Africa's unique topography and commodity-heavy economic profile, local partnerships are critical and could provide the necessary impetus that is needed to enable the rail network to operate at higher efficiency levels in the medium term.

The **Storage and Handling sub-sector** declined by 12.9% in Q2, reversing a short-lived recovery in Q1, but the sector remains 3.7% up in the first half of the year. The sub-sector of the Ctrack Transport and Freight Index declined for each of the preceding four years. Inventory indicators have been mixed in Q2, while the level of transshipments increased by 16.2% and was the main reason for the sector holding up in H1. Transshipment is the logistics process of unloading goods from one transport vessel (ship, truck, or train) and reloading them onto another during their journey to a final destination, usually at an intermediate hub or port. Therefore, transshipments are also referred to as in-transit inventory and as such falls under the Storage and Handling sector.

PRESSURE EVIDENT IN CTRACK TFI SIGNALS A MUTED CONTRIBUTION FROM THE TRANSPORT SECTOR TO OVERALL ECONOMY GROWTH IN Q2

Historically, the transport sector's performance was well-correlated with overall economic growth. In the past two years and also in Q1 2026, however, the transport sector underperformed slightly compared to total economic growth – see graph 5. The disappointing performance of the transport and logistics sector, as reflected in the decline in the TFI in Q2, signals a muted or even negative contribution to Q2 GDP growth. The broad-based economic pain inflicted on households and businesses, following the outbreak of the Middle East conflict, has been very real with fuel prices still elevated and a 25bps interest rate hike announced towards the end of May. The ongoing uncertainty and volatility impact negatively on economic activity as both households and businesses retrace to conservative mode, holding back on expenditure and investment plans. This damper on economic activity will also depress activity in the transport and logistics sector in 2026, especially given the sector's dependency on fuel as dominant input cost.

+GRAPH 5: ANNUAL REAL GDP GROWTH VS GROWTH IN TRANSPORT SECTOR



"With renewed tension in the Middle East conflict and international oil prices back above $80/bbl, the world and South Africa are clearly not out of the woods. Transport companies need to be resilient in the face of ongoing uncertainty, as well as cost and demand challenges," says Hein Jordt, Chief Executive Officer of Ctrack.

SUMMARY OF RESULTS

Ctrack | Summary of Results

June 2026 Percentage Change between	Rail	Road	Pipeline	Sea	Air	Storage	Ctrack TFI
June 2026 vs June 2025 (y/y)	-3,1%	5,5%	-3,7%	6,4%	8,4%	-1,6%	3,4%
June 2026 vs May 2026 (m/m)	-2,8%	-1,3%	0,5%	-3,8%	-0,5%	-2,3%	-1,7%
Quarter to June 2026 vs Quarter to March 2026 (q/q)	-7,9%	-0,6%	2,0%	-9,3%	6,4%	-12,9%	-3,3%

Note: the row highlighted in blue is the main Ctrack Transport and Freight Index values used.

Source: Ctrack

Table 1

Notice from Ctrack: *The Ctrack Transport and Freight Index is published on a quarterly basis to provide insights into key industry trends and performance metrics.*

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