

# China Construction Machinery

## More policies to support domestic machinery demand; expect sector rally to continue

We expect the rally of the construction machinery sector to continue, given more policy details released earlier by the Ministry of Housing and Urban-Rural Development to support the replacement and upgrade of machinery. Besides, the NDRC mentioned in a press conference yesterday (17 Apr) that the authority has completed the preliminary screening for the local government special bond projects. We believe all these will gradually help improve the domestic machinery demand. Our short-term pecking order in the construction machinery space is **Zhejiang Dingli (603338 CH, BUY)**, **Zoomlion (1157 HK/000157 CH, HOLD)**, **Jiangsu Hengli (601100 CH, BUY)** and **SANY Heavy (600031 CH, HOLD)**.

- Action plan to carry forward the replacement of construction and municipal infrastructure equipment.** The plan was released last week by the Ministry of Housing and Urban-Rural Development, covering various areas ([link](#)). Regarding the construction machinery, the plan proposes the replacement of machines that are highly polluting, with low energy efficiency or with useful life of >10 years. These machines include excavators, cranes, loaders, concrete mixers, lifts, bulldozers etc. Supporting measures include (1) preferential tax rates; and (2) discount interest rates, on the back of central government investment budget.
- Industry sales data in Mar: Strong export; weak domestic sales.** China Construction Machinery Association (CCMA) released the full set of construction machinery sales data for Mar 2024. Forklifts continued to see growth in both domestic sales and export. Most of the machines reported export growth (except excavators and truck cranes). On the contrary, domestic sales in Mar saw sharp decline for most machines (except excavators and forklifts).

### Major construction machinery sales in Mar 24

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	24,980	15,188	9,792	-2%	9%	-16%
Wheel loader	12,324	6,629	5,695	-6%	-15%	8%
Truck crane	2,844	1,955	889	-25%	-33%	-8%
Crawler crane	332	117	215	-10%	-40%	24%
Tower crane	950	786	164	-53%	-59%	84%
Forklift	137,342	96,657	40,685	12%	5%	30%
Aerial work platform	20,180	11,304	8,876	-30%	-47%	17%

Source: CCMA, CMBIGM

### Downstream applications of construction machinery in China

Type of machinery	Infrastructure	Property	Mining	Manufacturing
Excavator	High	Medium	Low	Low
Wheel loader	Medium	Low	High	Low
Truck crane	High	Low	n/a	Low
Tower crane	n/a	High	n/a	n/a
Concrete machinery	Medium	High	n/a	Low
Coal mining equipment	n/a	n/a	High	n/a
Mining transport truck	n/a	n/a	High	n/a
Aerial work platform	Medium	Low	na	High

Source: CMBIGM

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### China Capital Goods Sector

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#### Related reports:

Zoomlion (1157 HK / 000157 CH, HOLD) – 2023 net profit in line; overseas strategy a successful pay-off – 2 Apr 2024 (A: [link](#)) (H: [link](#))

Zhejiang Dingli (603338 CH, BUY) – New AWP capacity expansion plan to further enhance global competitiveness – 25 Mar 2024 ([link](#))

Capital Goods sector – 2M24: Solid growth of forklifts; weakness continued for tower cranes & excavators – 15 Mar 2024 ([link](#))

Capital Goods sector – Strong sales of AWP's & forklifts in Jan; Tower cranes the worst – 29 Feb 2024 ([link](#))

Capital Goods sector – Equipment replacement proposed in Central government meeting; positive to HDT sector – 26 Feb 2024 ([link](#))

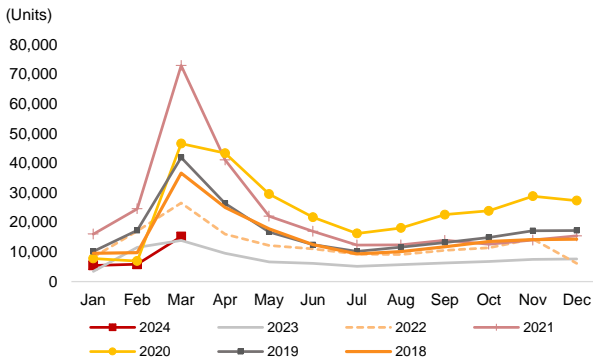
装备制造-卡特彼勒 24 年经营指引以及对  
中国主机厂的意义 - 2024 年 2 月 7 日  
([link](#))

Capital Goods sector – HDT sales volume surged ~64% YoY in Jan on low base – 1 Feb 2024 ([link](#))

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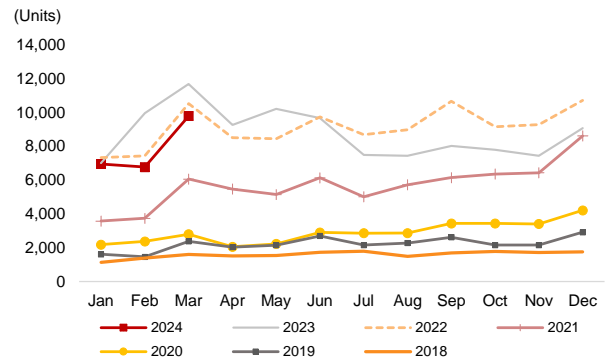
China Construction Machinery / HDT – 2024 Outlook: Slowdown of overseas demand along with lack of growth in China; be selective – 30 Nov 2023 ([link](#))

**Figure 1: Monthly excavator sales in China**



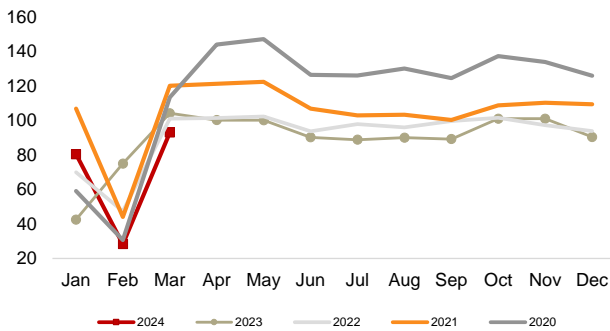
Source: CCMA, CMBIGM

**Figure 2: Monthly excavator export volume**



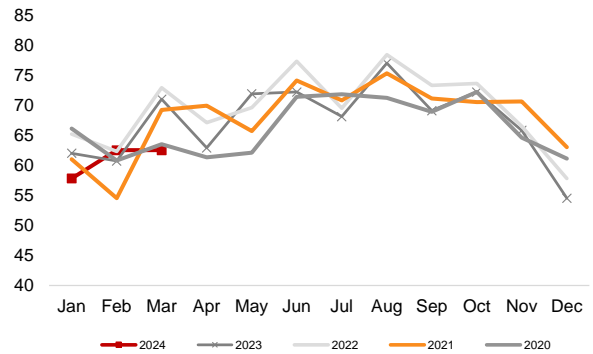
Source: CCMA, CMBIGM

**Figure 3: Komatsu excavator monthly utilisation hours in China**



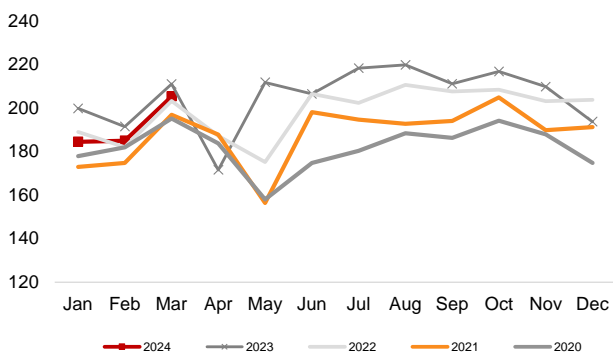
Source: Komatsu, CMBIGM

**Figure 4: Komatsu excavator monthly utilisation hours in North America**



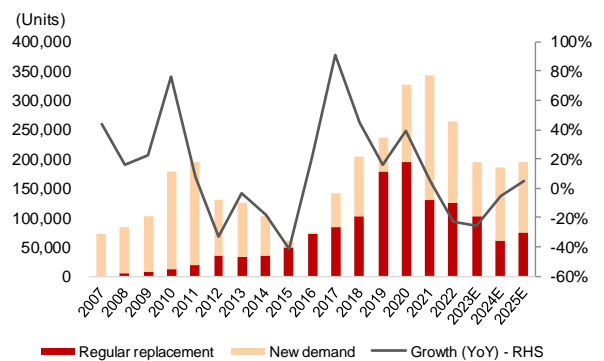
Source: Komatsu, CMBIGM

**Figure 5: Komatsu excavator monthly utilisation hours in Indonesia**



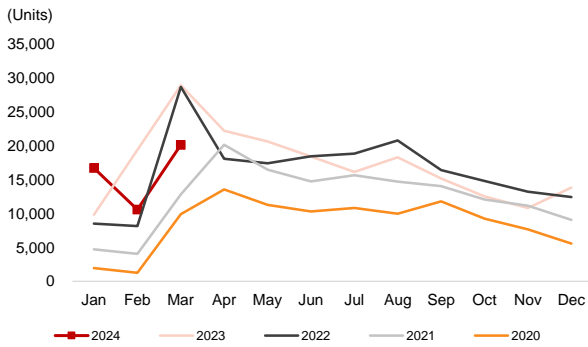
Source: Komatsu, CMBIGM

**Figure 6: CMBIGM excavator sales projection**



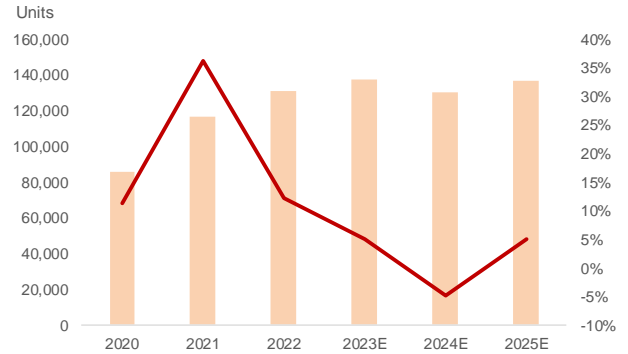
Source: CCMA, Wind, CMBIGM estimates

**Figure 7: AWP monthly sales (domestic + exports)**



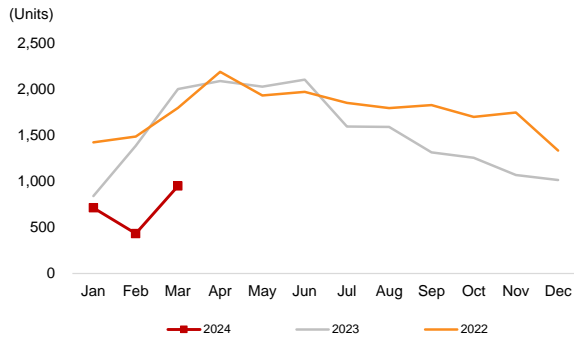
Source: CCMA, CMBIGM

**Figure 8: CMBIGM AWP sales projection (China only)**



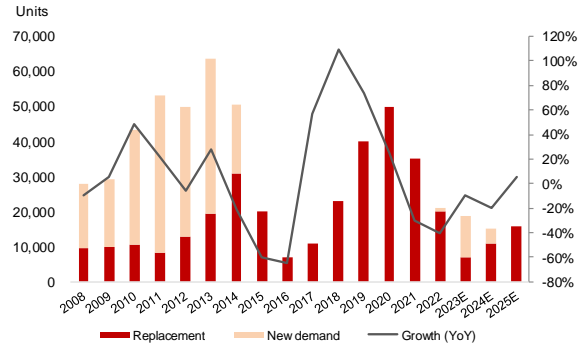
Source: CCMA, CMBIGM estimates

**Figure 9: Tower crane monthly sales volume**



Source: CCMA, CMBIGM  
Note: Domestic sales + exports

**Figure 10: CMBIGM tower crane sales projection**



Source: CCMA, CMBIGM estimates  
Note: Domestic sales + exports

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