

# Capital Goods

## Construction machinery sales in Aug: resilient for export, deterioration in China

China Construction Machinery Association (CCMA) released a full set of construction machinery sales data for Aug 2024. For export, overall speaking, sales remained resilient with growth across the major products (except tower crane and crawler crane). In China, except for excavators and wheel loaders (data released last week [link](#)), major machinery sales decline further deteriorated, given the continuous decline in property construction activities and growth concern over other downstream segments. We continue to prefer **Zhejiang Dingli (603338 CH, BUY)** for its high proportion of overseas' AWP sales. We see downside risks for our BUY-rated **Zoomlion (1157 HK / 000157 CH)** due to the deterioration of China's crane demand that could offset the overseas' growth. We are still conservative on **SANY Heavy (600031 CH, HOLD)** due to the high earnings consensus and we are waiting for further signs of improvement of medium-large size excavators.

- **AWP: deterioration of domestic sales:** Sales of AWP's declined 56% YoY in Aug, which is weaker-than-expected. We expect the domestic sales to remain under pressure as leasing companies have continued to reduce capex. Export grew 10% YoY which helped reduce the decline of total sales of AWP (-30%).
- **Forklifts: first decline in China's market this year.** Forklifts reported 4% YoY sales volume decrease in Aug, which is the first YoY decline this year (adjusted for CNY impact). This could imply weakness of factory spending.
- **Truck cranes: record high in overseas.** Truck cranes export volume surged 72% YoY in Aug, further accelerated from +31%/-7% in Jul/Jun. The export volume of 930 units was also a record high.
- **Tower cranes: decline in both China and export.** No improvement is seen for tower crane sales in China (-78% YoY in Aug). We do not expect meaningful improvement given the continuous decline in property construction.

### Major construction machinery sales in Aug 2024

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	14,647	6,694	7,953	12%	18%	7%
Wheel loader	8,329	4,036	4,293	15%	9%	22%
Truck crane	1,504	574	930	-7%	-47%	72%
Crawler crane	190	58	132	-18%	-38%	-5%
Tower crane	470	309	161	-70%	-78%	-7%
Forklift	98,883	58,829	40,054	1%	-5%	12%
Aerial work platform	12,869	4,794	8,075	-30%	-56%	10%

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

**OUTPERFORM**  
 (Maintain)

### China Capital Goods Sector

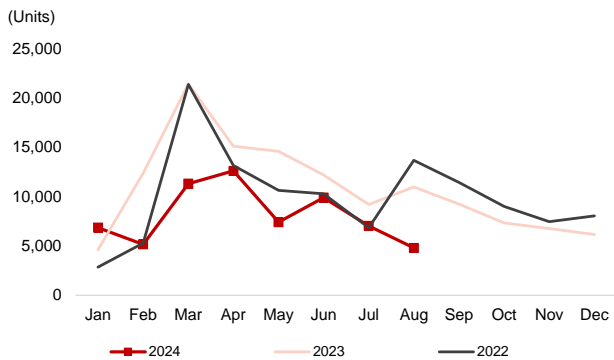
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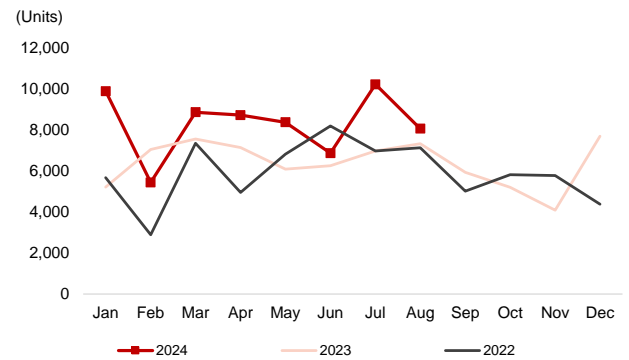
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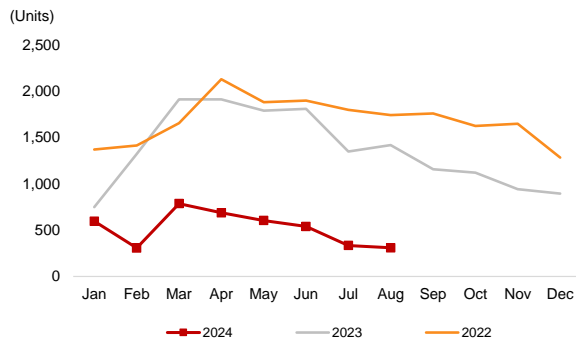
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**Figure 1: AWP monthly sales in China**

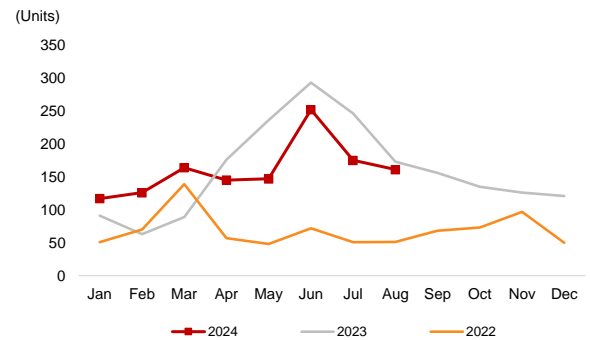
Source: CCMA, CMBIGM

**Figure 2: AWP monthly export volume**

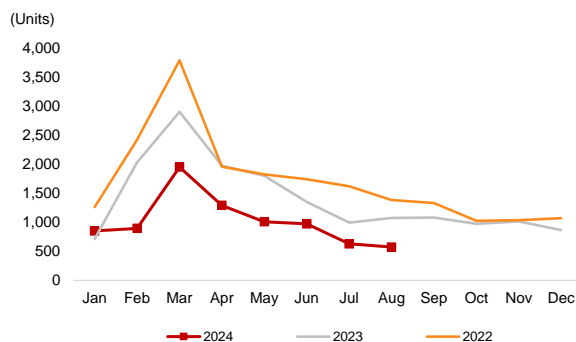
Source: CCMA, CMBIGM estimates

**Figure 3: Tower crane monthly sales in China**

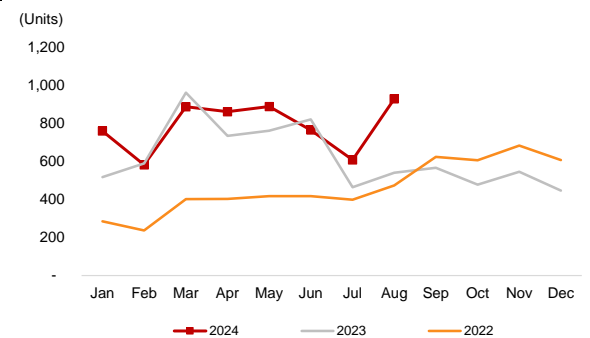
Source: CCMA, CMBIGM

**Figure 4: Tower crane monthly export volume**

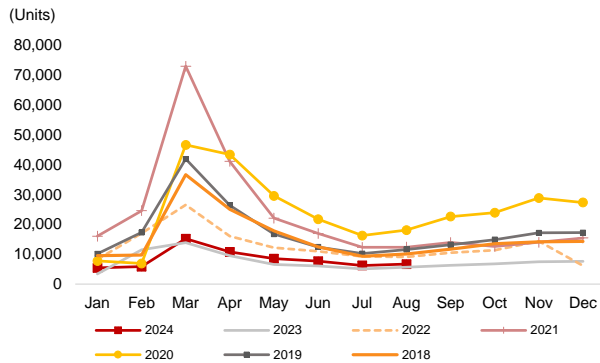
Source: CCMA, CMBIGM estimates

**Figure 5: Truck crane monthly sales in China**

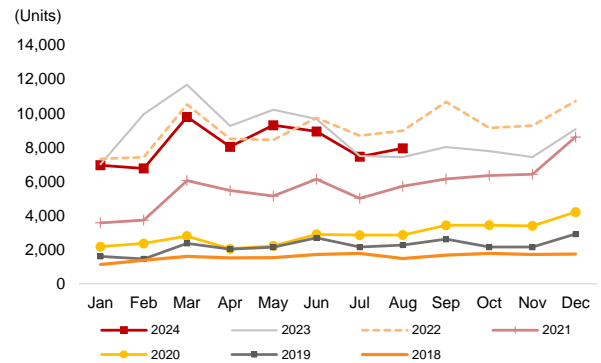
Source: CCMA, CMBIGM

**Figure 6: Truck crane monthly export volume**

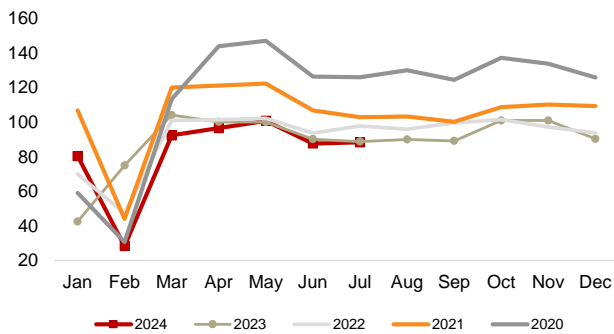
Source: CCMA, CMBIGM estimates

**Figure 7: Monthly excavator sales in China**

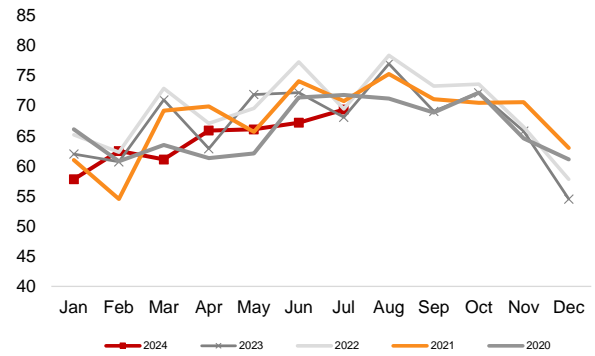
Source: CCMA, CMBIGM

**Figure 8: Monthly excavator export volume**

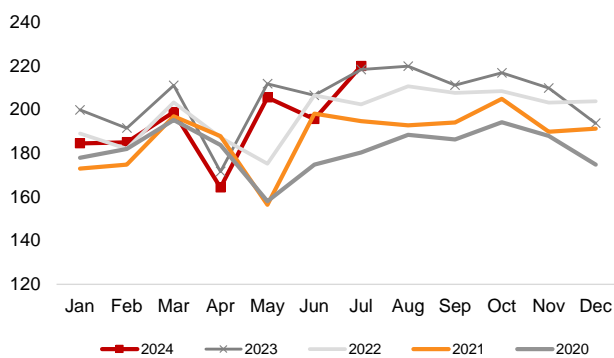
Source: CCMA, CMBIGM

**Figure 9: Komatsu excavator monthly utilisation hours in China**

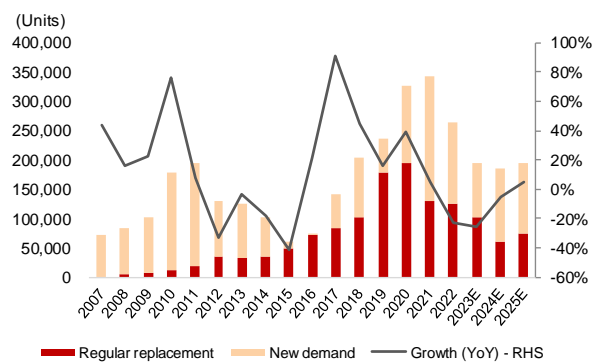
Source: Komatsu, CMBIGM

**Figure 10: Komatsu excavator monthly utilisation hours in North America**

Source: Komatsu, CMBIGM

**Figure 11: Komatsu excavator monthly utilisation hours in Indonesia**

Source: Komatsu, CMBIGM

**Figure 12: CMBIGM excavator sales projection**

Source: CCMA, Wind, CMBIGM estimates

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