

# Capital Goods

## Construction machinery sales in Sep: Decent export growth; weak demand in China

China Construction Machinery Association (CCMA) released a full set of construction machinery sales data for Sep. For exports, volume growth remained strong in general, in particular for tower cranes, truck cranes and forklifts. In China, on the contrary, sales declined across all major products (except excavators), due largely to the weakness of overall economy, in particular property construction activities. For stocks, we like **Zhejiang Dingli (603338 CH, BUY)** for its high proportion of overseas AWP sales, but prefer to wait after the US election to avoid the risk of tariff hikes in the case of Trump's presidency. We still see some downside risks for our BUY-rated **Zoomlion (1157 HK / 000157 CH)** due to the deterioration of China's crane demand that could offset overseas growth. We remain conservative on **SANY Heavy (600031 CH, HOLD)** due to the high earnings consensus expectations.

- **Excavators: the best among all.** Domestic sales have maintained a decent growth trend since Feb, driven largely by small-size excavators. Exports were little changed (+2.5% YoY) in Sep. Excavator was the only product that saw growth in both domestic sales and exports in Sep.
- **Forklifts: export growth accelerated.** Exports of forklifts grew 29% YoY in Sep, accelerating from 12% in Aug. Domestically, sales dropped 5% YoY, a decrease for two consecutive months. We think this implies weakness of factories' spending.
- **AWP: decline in both domestic sales and exports.** Sales of AWP's declined 20% YoY in Sep, but improved from -56% YoY in Aug. We expect domestic sales to stay weak as major leasing companies have continued to reduce capex. Exports dropped 2% YoY which is the first decline since Nov 2023 (excluding Feb 2024 due to the CNY effect).
- **Truck cranes: strong export growth for three consecutive months.** Truck cranes export volume grew 30% YoY in Sep, a growth trend since Jul. Domestic sales were weak, which declined 50% YoY.
- **Tower cranes: exports grew for the first time since Mar.** Exports surged 40% YoY in Sep, an early sign of recovery. Domestically, no improvement has been seen for tower crane sales (-70% YoY in Sep), due to the continuous decline in property construction.

### Major construction machinery sales in Sep 2024

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	15,831	7,610	8,221	11%	22%	3%
Wheel loader	8,072	4,022	4,050	5%	-5%	17%
Truck crane	1,281	543	738	-22%	-50%	30%
Crawler crane	214	66	148	-18%	-32%	-10%
Tower crane	570	351	219	-57%	-70%	40%
Forklift	106,002	62,755	43,247	6%	-5%	29%
Aerial work platform	13,238	7,434	5,804	-13%	-20%	-2%

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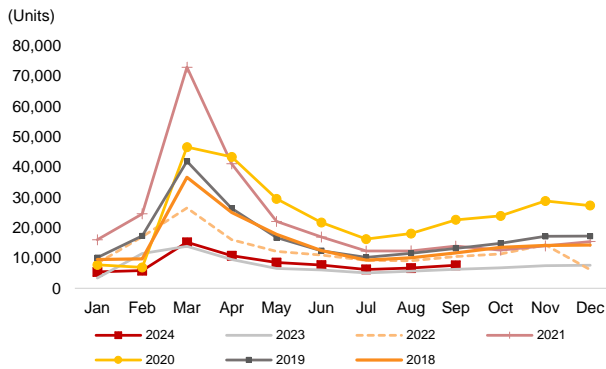
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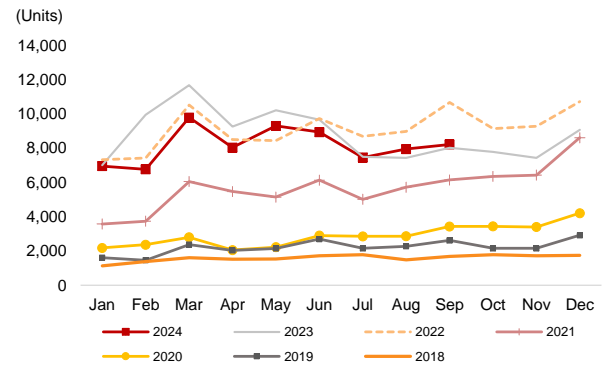
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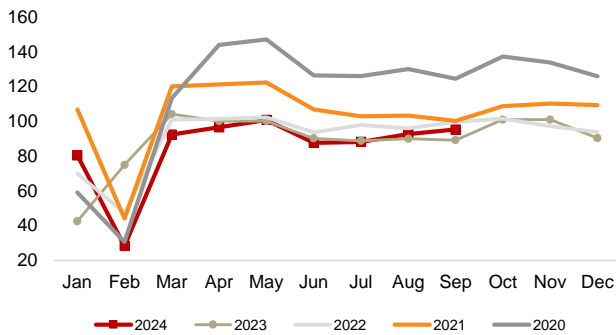
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**Figure 1: Monthly excavator sales in China**

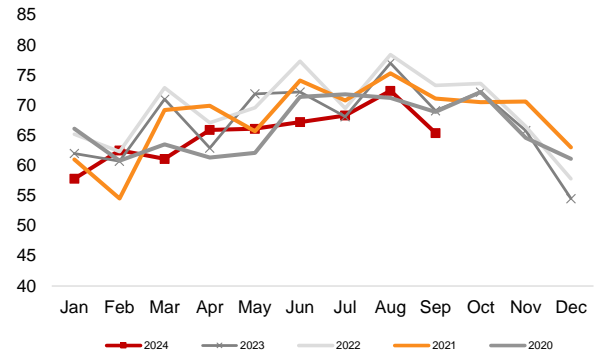
Source: CCMA, CMBIGM

**Figure 2: Monthly excavator export volume**

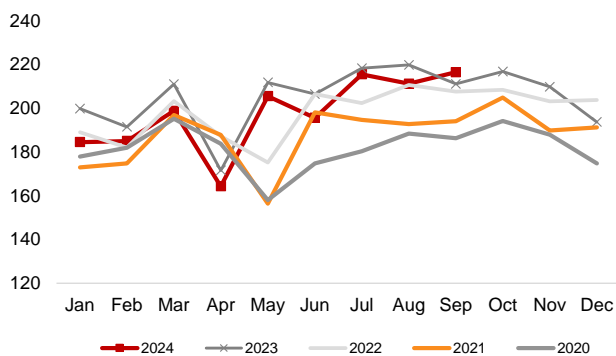
Source: CCMA, CMBIGM

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

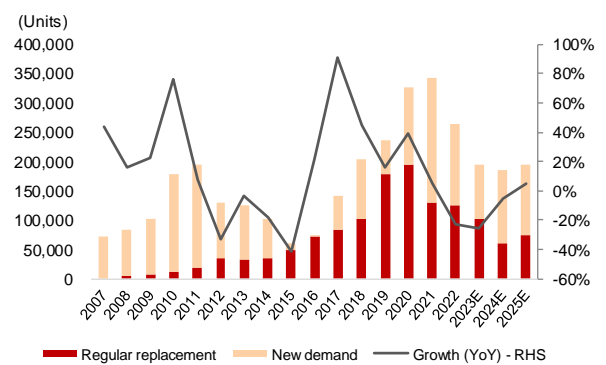
Source: Komatsu, CMBIGM

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

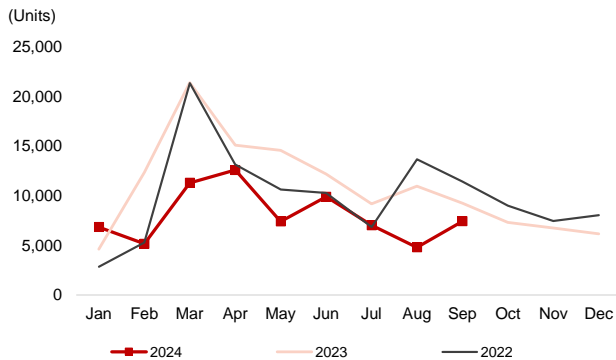
Source: Komatsu, CMBIGM

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

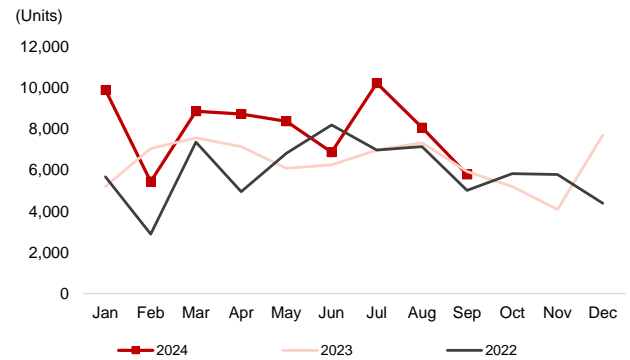
Source: Komatsu, CMBIGM

**Figure 6: CMBIGM excavator sales projection**

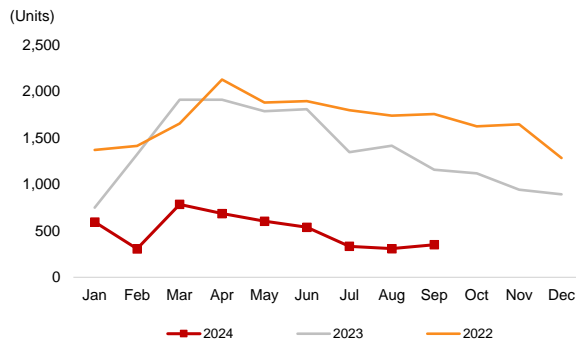
Source: CCMA, Wind, CMBIGM estimates

**Figure 7: AWP monthly sales in China**

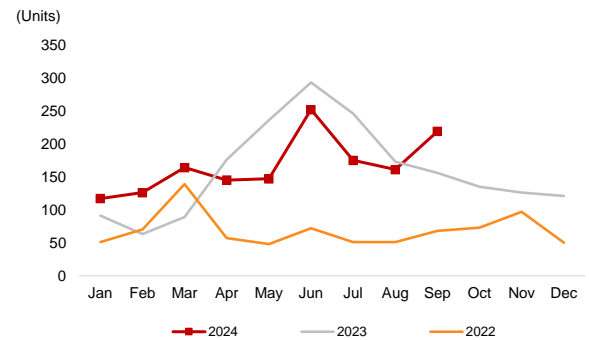
Source: CCMA, CMBIGM

**Figure 8: AWP monthly export volume**

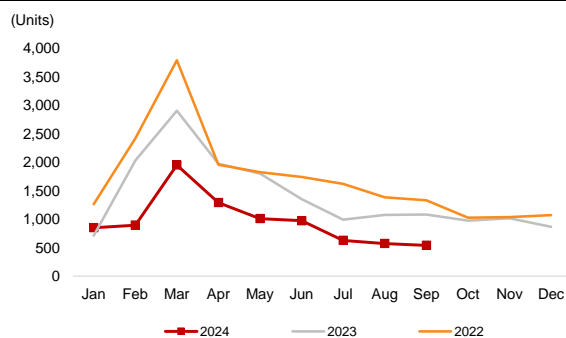
Source: CCMA, CMBIGM

**Figure 9: Tower crane monthly sales in China**

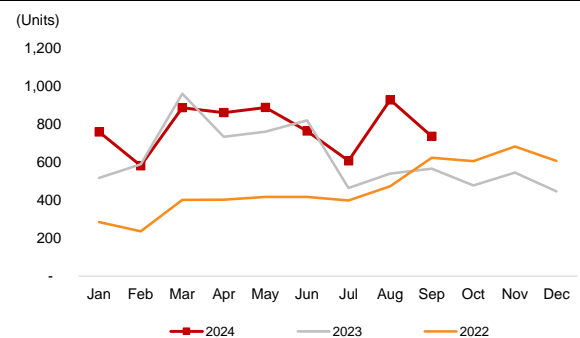
Source: CCMA, CMBIGM

**Figure 10: Tower crane monthly export volume**

Source: CCMA, CMBIGM

**Figure 11: Truck crane monthly sales in China**

Source: CCMA, CMBIGM

**Figure 12: Truck crane monthly export volume**

Source: CCMA, CMBIGM

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