



Flatbed Market Outlook

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The trucking industry consists of several different types of operations and segments. While one size certainly doesn't fit all, market analysts typically breakdown the industry into three main sectors based on trailer type: Van, Flatbed, and Reefer.

It's good to know the current conditions of the freight market, but it's also important to understand what the future holds, especially for your segment of the industry.

To examine the Flatbed market outlook, we will look at:

1. **Demand** shows us how many trucks the market needs to move freight.
2. **Rates** illustrate how much the average owner-operator can expect to earn.

We will also examine four key economic indicators that directly impact the van market:

1. Total Construction Spending
2. Highway and Street Construction Spending
3. Housing
4. Advanced Retail Sales: Building Materials



Demand: Flatbed Load-to-Truck Ratios

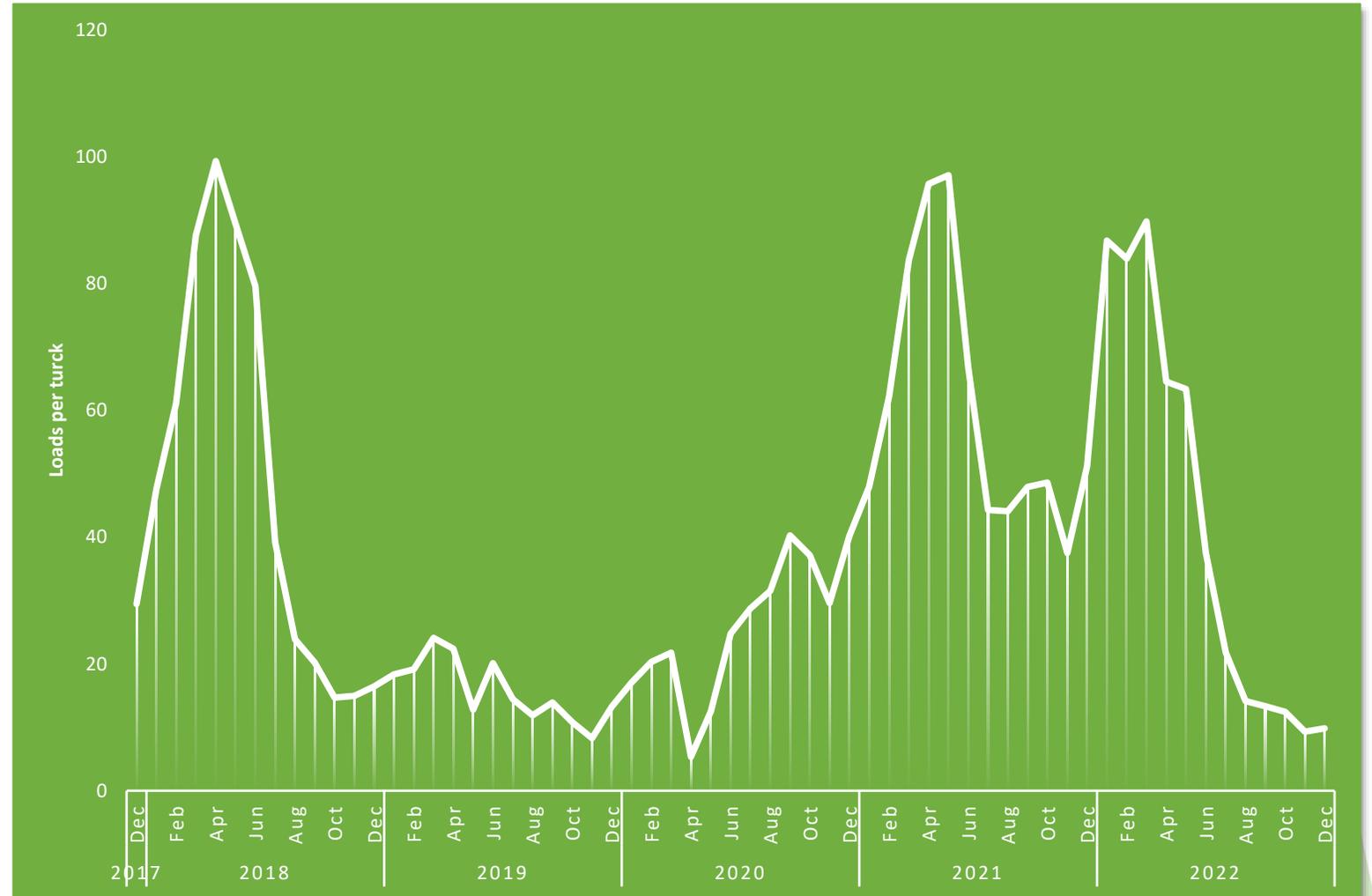
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- The Load-to-Truck Ratio is a sensitive, real-time indicator of the balance between spot market demand and capacity

Why it matters: Changes in the ratio often signal impending changes in rates.

Our thoughts: The decrease we've been seeing in the load-to-truck ratios over the past few months is due to both an increase in capacity and a decline in spot volumes.

- The Flatbed Load-to-Truck Ratio increased 5.8% month-over-month to 9.85 in December, following eight consecutive months of decline.
- The ratio has declined 88% since January.
- The ratio is 74% below the 5-year trend, and 81% below this time last year.



Source: DAT Trendlines | <https://www.dat.com/industry-trends/trendlines> | Monthly

Rates: Flatbed Spot and Contract Rates

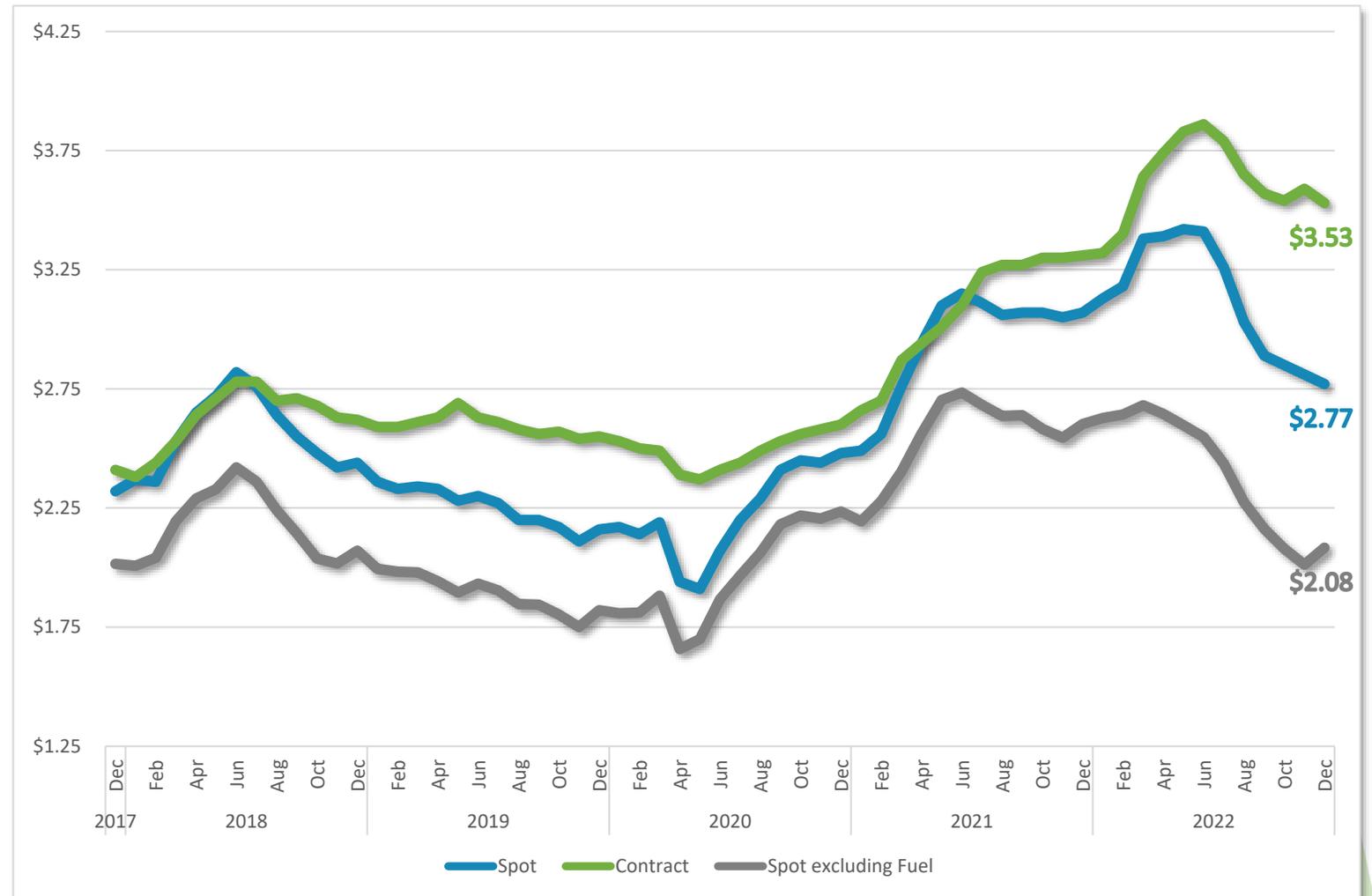
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- RateView's database is comprised of more than \$110 billion in freight bills in over 68,000 lanes

Why it matters: These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

Our thoughts: Spot rates declined for the fifth consecutive month, while contract rates also decreased following last month's unusual increase.

- The spot market declined \$0.04, or 1.4%, to \$2.77 per mile month-over-month, and has dropped \$0.36 since January. Yes, but it's \$0.15 above the 5-year trend.
- The contract market decreased \$0.06, or 1.7%, to \$3.53 per mile, which is still \$0.21 higher than January and \$0.65 above the 5-year trend.
- The spread between contract and spot is \$0.76.
- DAT predicts that rates won't begin to pick back up until around the middle of February with the low number of housing starts and a slowdown in manufacturing activity in December.



Source: DAT Trendlines | <https://www.dat.com/industry-trends/trendlines> | Monthly

Construction: Overall and Streets

The big picture: The U.S. Census Bureau measures the amount of spending that goes toward new construction every month.

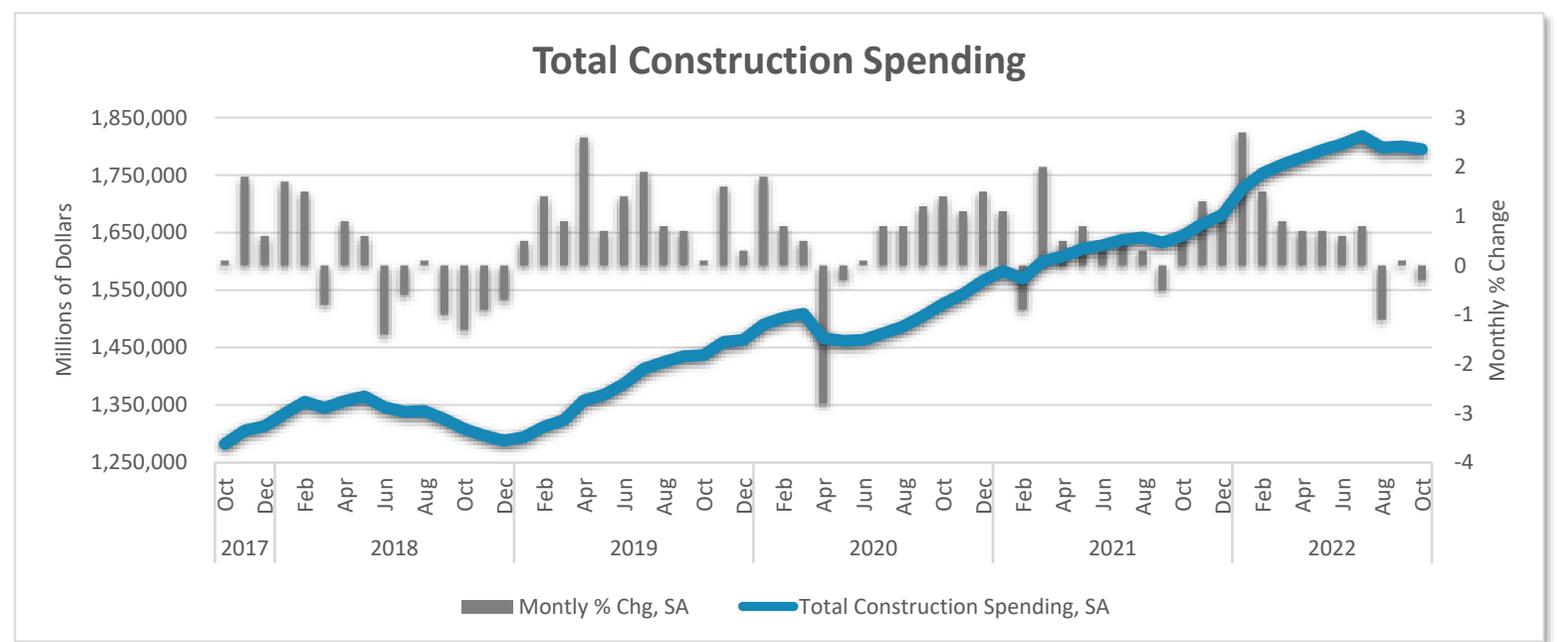
- Construction spending encompasses various expenses, such as labor and materials,
- and sectors, such as highway and street spending.

Why it matters: Construction spending helps boost the economy, especially spending that is dedicated to building roads and bridges.

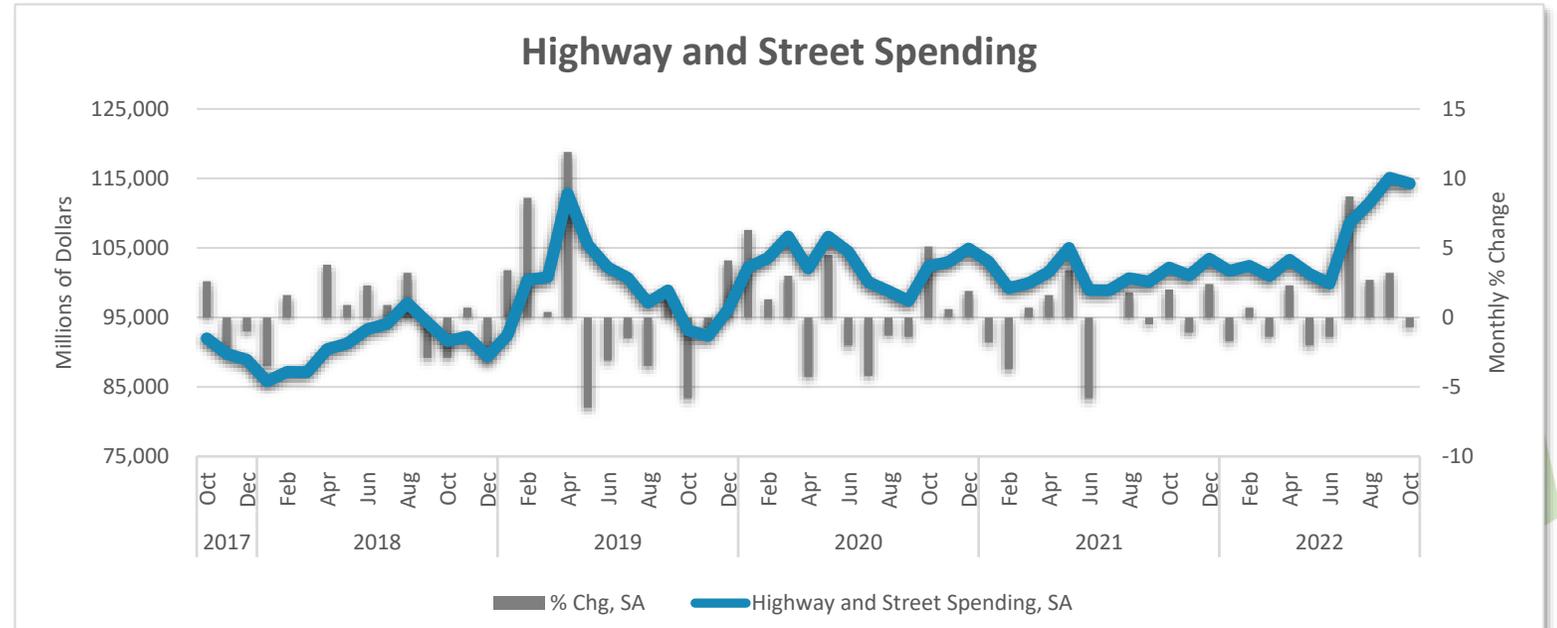
- It also is a good indicator of future demand for those owner-operators pulling flatbed trailers, as a variety of materials and goods are transported this way to construction sites.

Our thoughts: Total construction spending (TCS) increased, while spending on highways and streets (HSS) decreased month-over-month.

- TCS increased slightly by 0.2% in November to \$1.81 trillion, which is 9% higher year-over-year and 19% above the 5-year trend.
- HSS declined 1.0% to \$115.97 billion, marking two consecutive months of decreases, but is up 14% year-over-year.
- These figures should continue to decline as we enter into colder months, which is the normal seasonal pattern.



Source: FRED | <https://fred.stlouisfed.org/graph/?id=TTLCONS,MPCTXXXXS>, | Monthly



Source: FRED | <https://fred.stlouisfed.org/graph/?id=TLHWYCONS,MPCT12XXS>, | Monthly

Housing: Starts, Under Construction, Completed

The big picture: The U.S. Census Bureau publishes monthly estimates on the number:

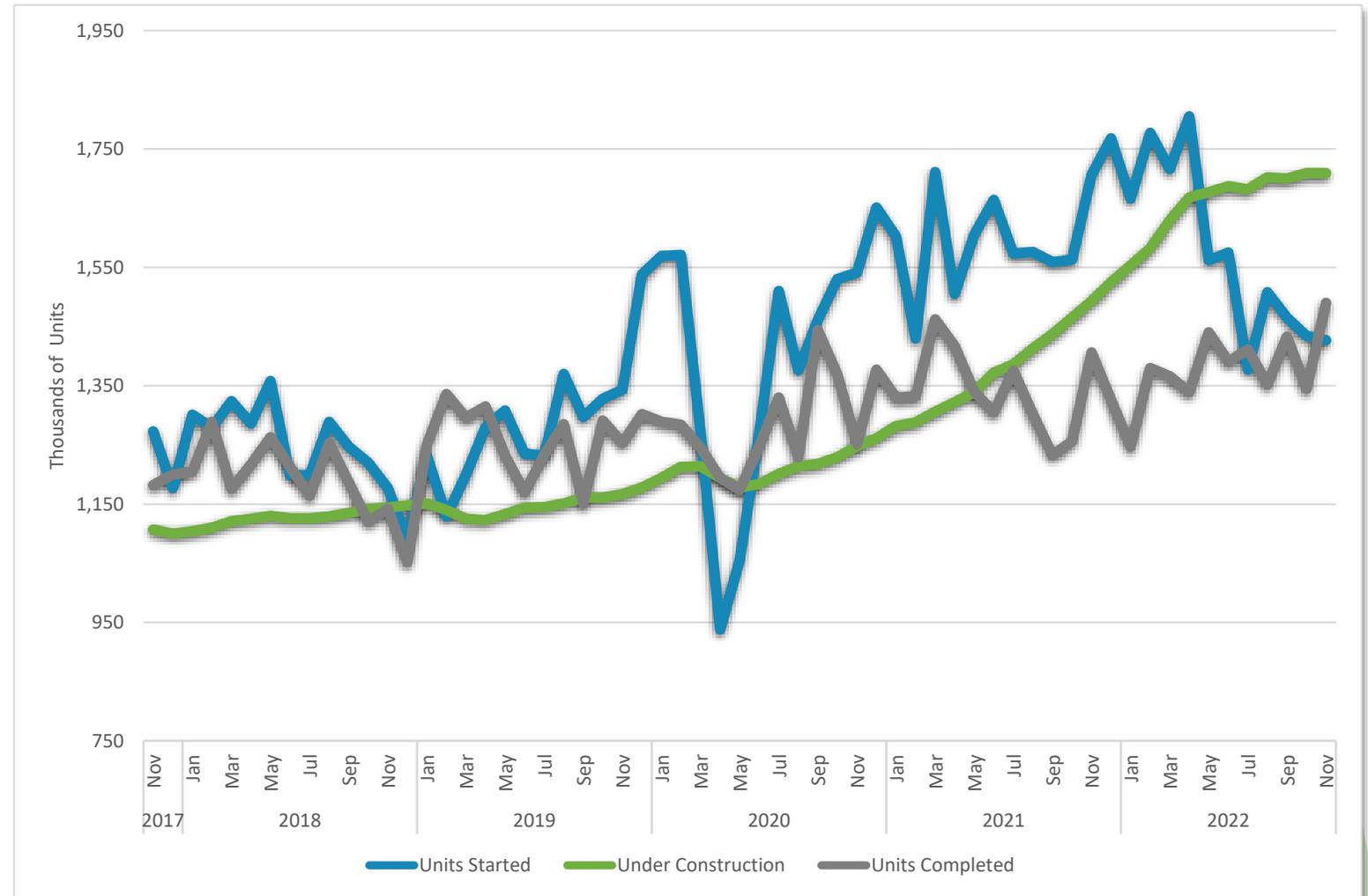
- Housing starts,
- Housing under construction, and
- Housing completed

Why it matters: New housing is an important capital good that spurs additional consumer spending on appliances and furniture.

- It's a key economic indicator, especially for the flatbed trucking sector, which hauls a variety of building materials.

Our thoughts: Housing starts ticked downward again in November, marking three consecutive months of decline.

- New starts decreased 0.5% to 1.427 million. They have dropped 21% since this year's high in April.
- Starts are only 1% above the 5-year average, and are down 16% year-over-year (Y/Y).
- Houses under construction stayed flat at 1.71 million, but are up 14% Y/Y, while completed houses jumped 10.8% month-over-month.



Source: FRED | <https://fred.stlouisfed.org/series/HOUST>, <https://fred.stlouisfed.org/series/UNDCONTSA>, and <https://fred.stlouisfed.org/series/COMPUTSA> | Monthly

Advanced Retail Sales: Building Materials, Garden Equipment, Supplies Dealers

The big picture: Retail sales capture in-store, catalog, and out-of-store sales of both durable and non-durable goods.

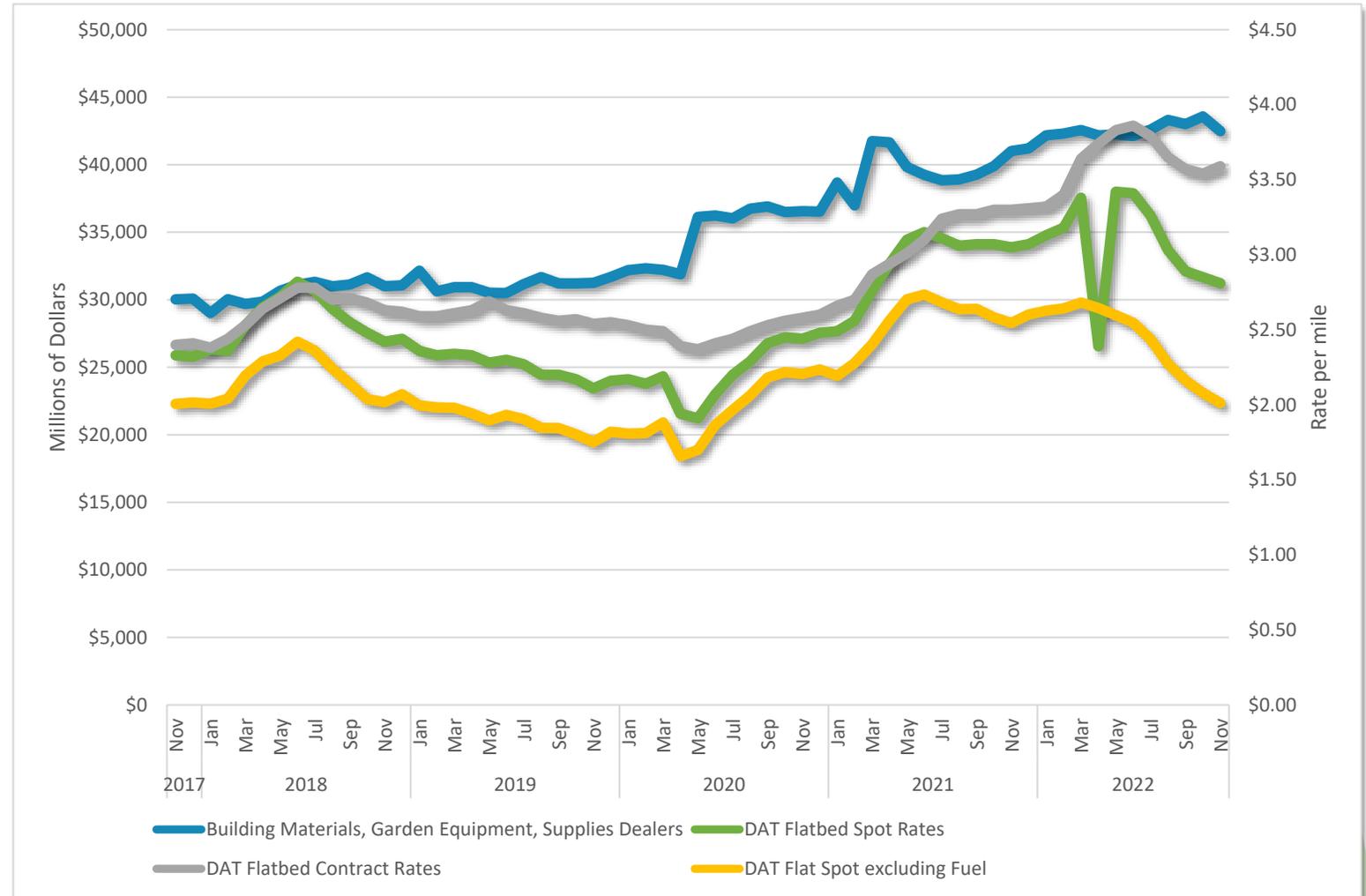
- These are broken down into several categories, including building materials, garden equipment, and supplies dealers (BMGESD).

Why it matters: Retail sales give the owner-operator a pulse of the economy and its projected path toward expansion or contraction.

- **Advanced Sales** categories provide us an early snapshot from large retailers.

Our thoughts: The BMGESD sales decreased as retailers seek to deplete their inventories by providing special discounts during the holiday shopping season.

- The BMGESD retail sales decreased 2.5% month-over-month in November to \$42.5 billion, but increased 4% year-over year..
- Flatbed volumes will decline as we head into the winter months. This is a typical seasonal trend.
- However, it is made worse by excess capacity in the flatbed market overall.



Source: FRED | <https://fred.stlouisfed.org/series/RSBMGESD> | Monthly