



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 Manufacturing
2. Construction Materials and Supplies Manufacturing
3. Housing
4. Advanced Retail Sales: Building Materials



Demand: 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: Though volumes have certainly started to level off, the decrease we see in the load-to-truck ratios is more due to an increase in capacity.

- As the various load-to-truck ratios continue to decline, expect to see rates to do the same.
- The rate of decline is still yet to be determined however, as volumes still remain elevated.



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

Rates: Spot and Contract Rates

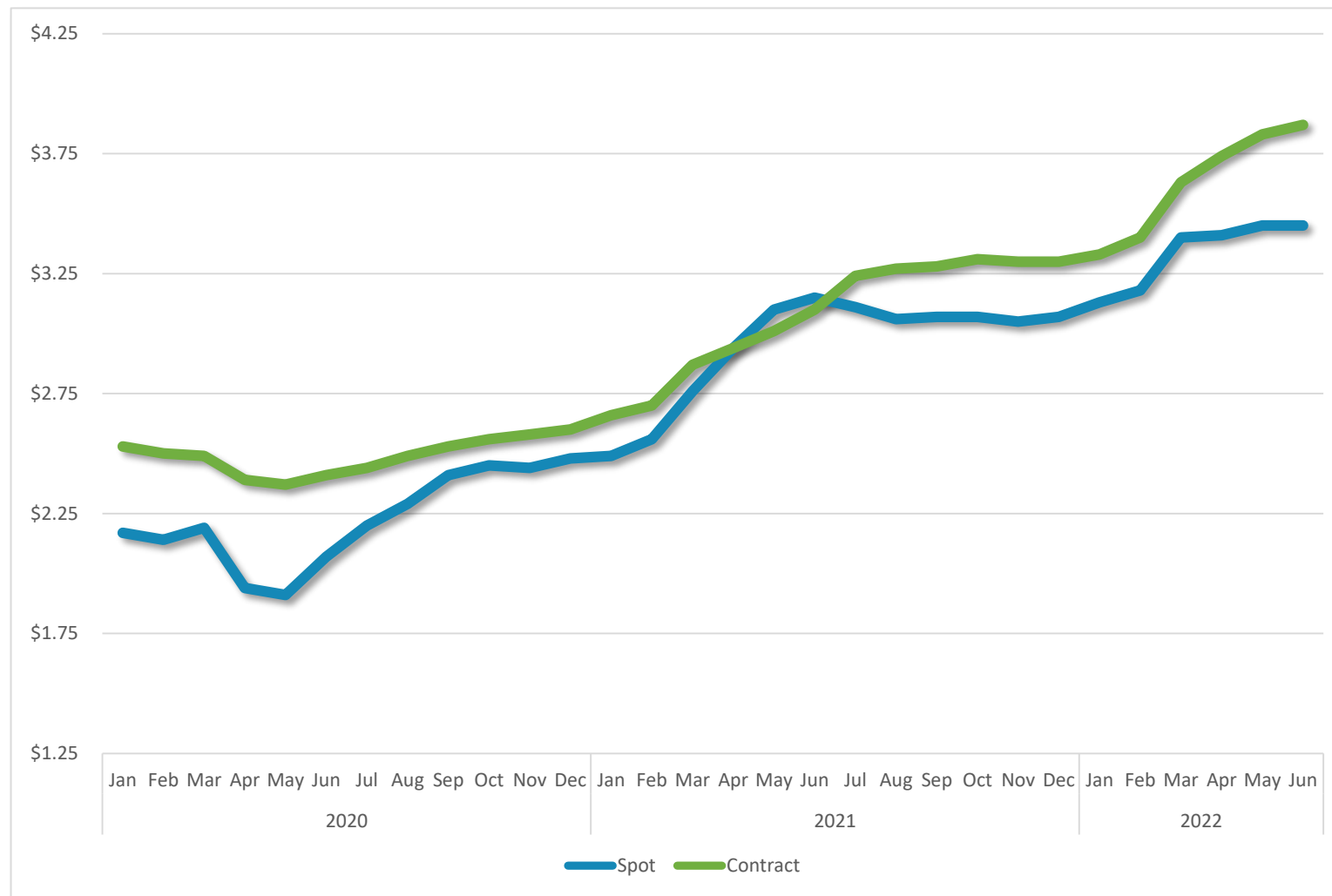
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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.

Our thoughts: Unlike van and reefer rates which continue to normalize, the flatbed market continues to expand, albeit at slower pace.

- We expect flatbed to continue its upward trend for the next couple of months.
- Time will tell if or when rates and volumes will come back down to earth.
- Right now, we are still in peak construction season.



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

Manufacturing: Total and Construction Materials

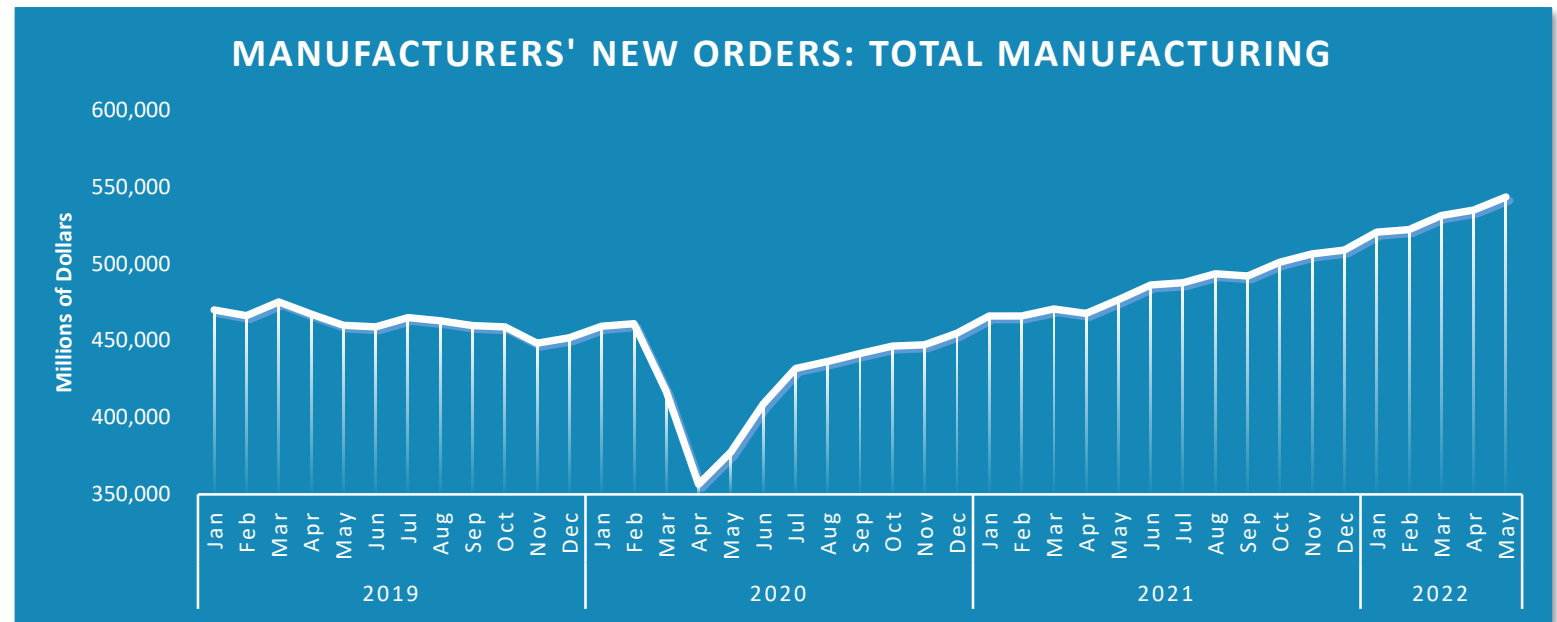
The big picture: Manufacturing new orders is an important flatbed market indicator, as it comprises a large part of the economy.

Why it matters: An increase in new orders signifies a higher demand for goods and services, which indicates future demand for transportation.

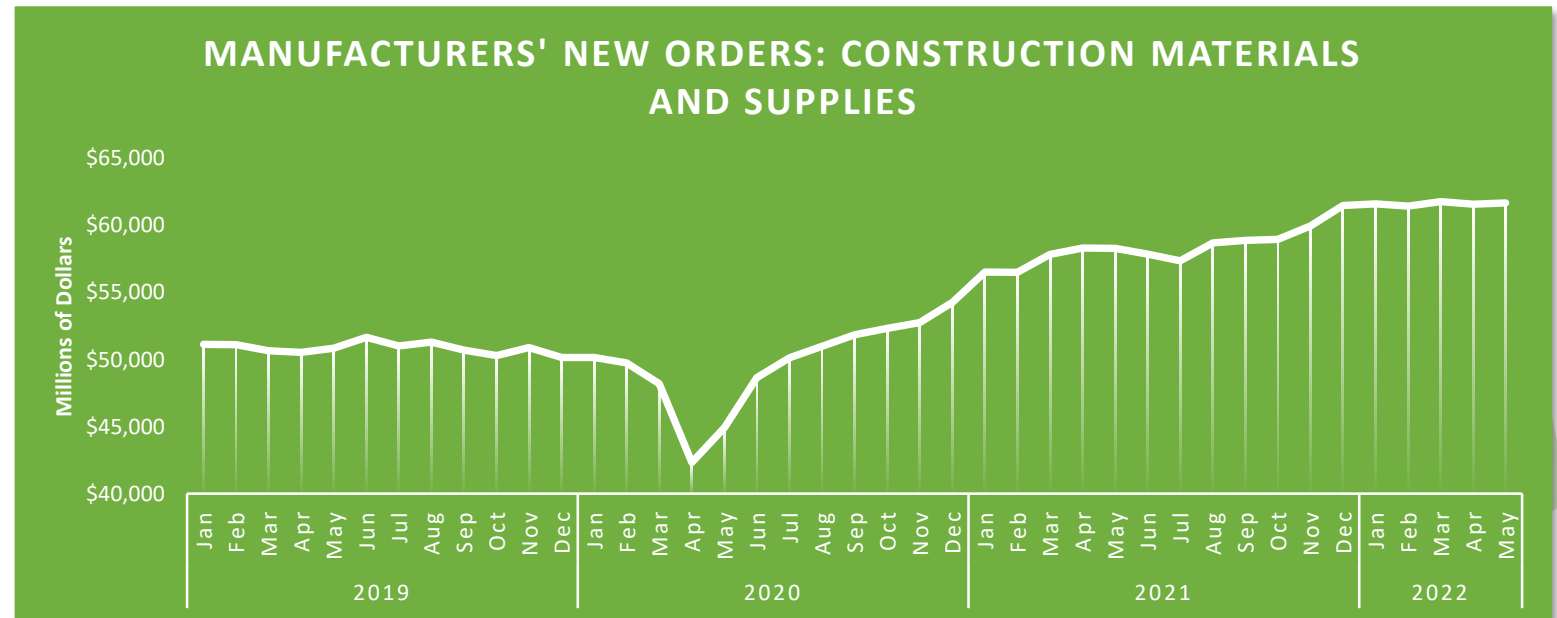
- The manufacturing sector provides a large amount of volume for flatbed haulers.

Our thoughts: Unlike the dry van and reefer markets, the market forces for the flatbed sector appear to be strong.

- Flatbed rates have remained elevated even while dry van and reefer rates have fallen.
- Look for this trend to continue going forward.



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



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

Housing: Starts, Under Construction, Completed

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

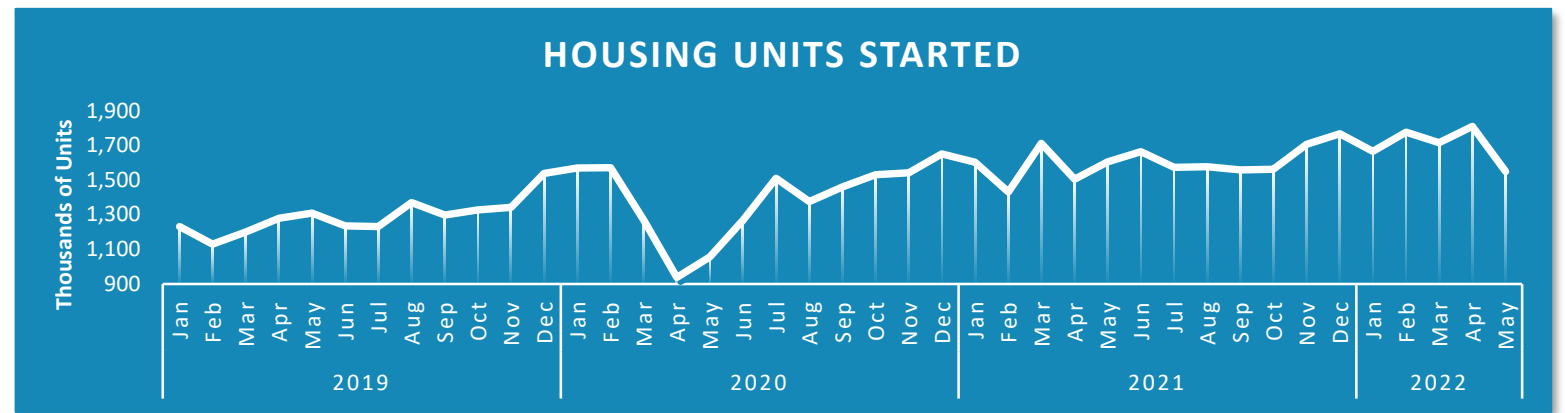
- Housing starts,
- Housing under construction, and
- Housing completed

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

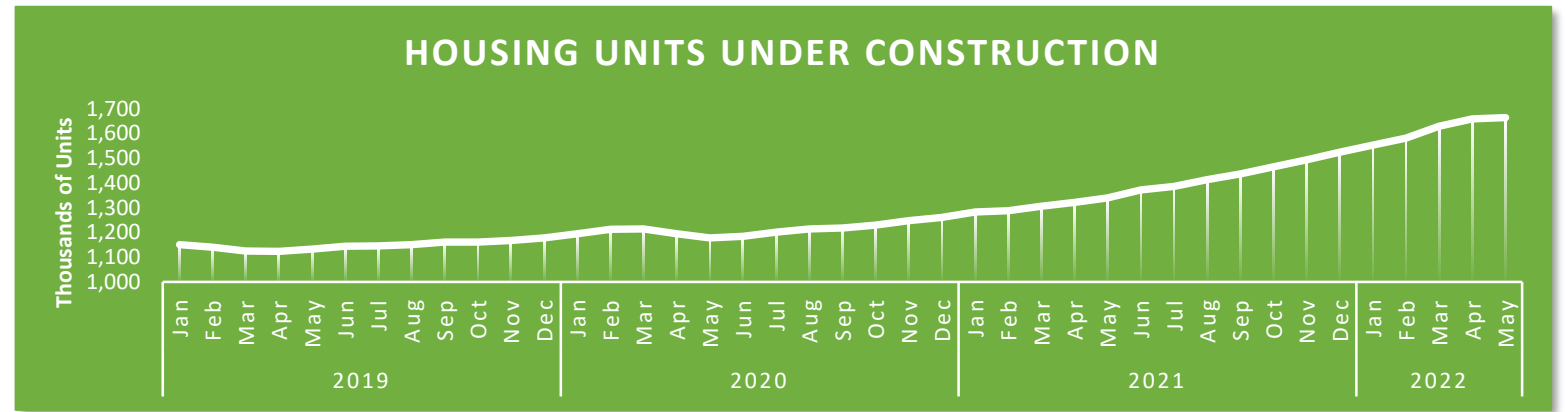
- It's a key economic indicator, especially for the flatbed trucking sector, which hauls building materials.

Our thoughts: Housing starts are flattening, but the number of houses under construction continues to raise.

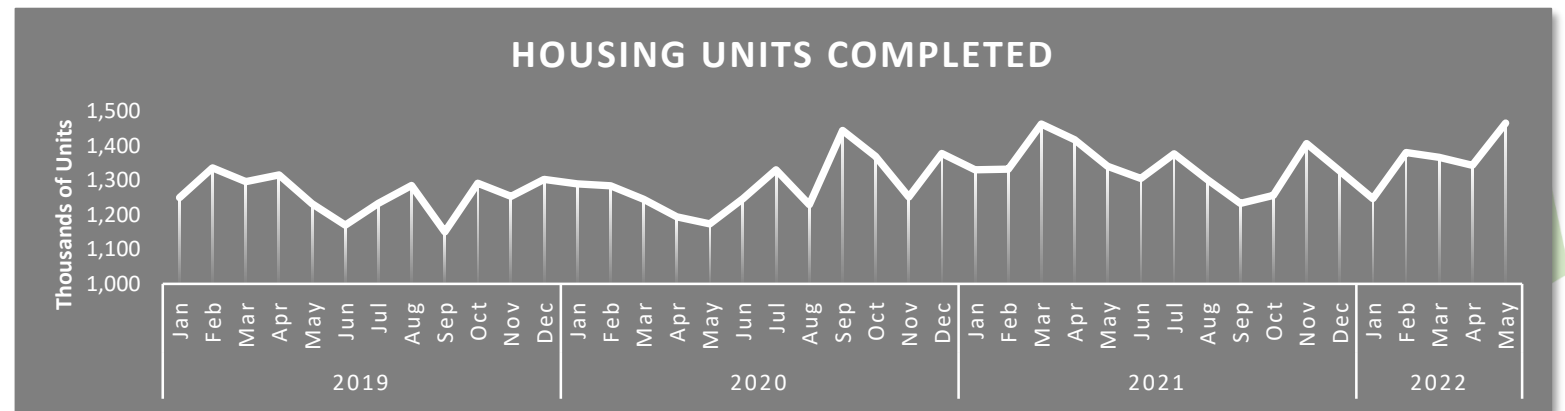
- This signals that flatbed volumes should continue to remain steady.



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



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



Source: FRED | <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.

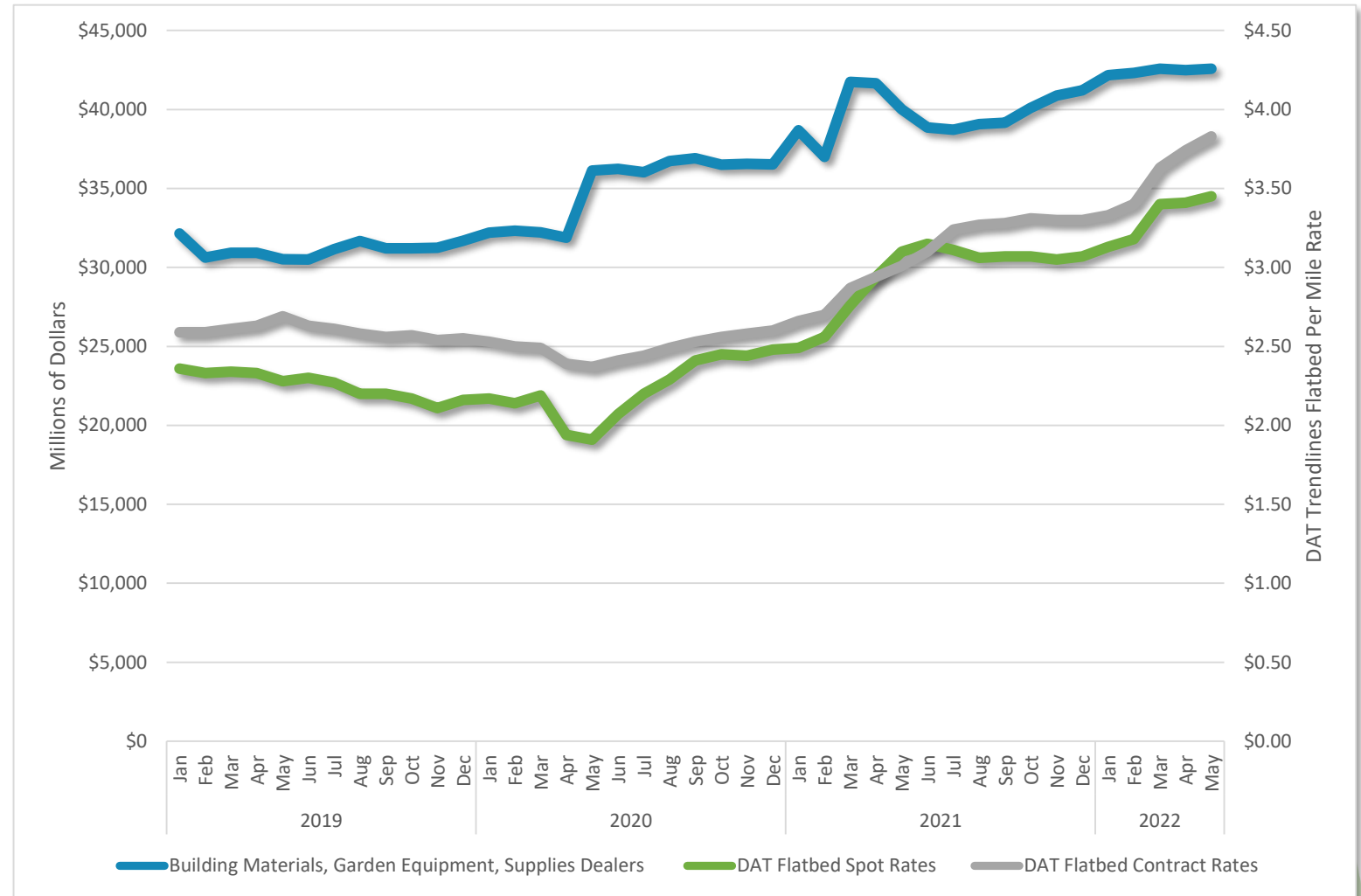
- These are broken down into several categories, including building materials, garden equipment, and supplies dealers (BMGESD).

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: Though inflationary pressures can skew retail sales, the BMGESD figures mirror closely with both spot and contract flatbed rates.

- Look to see flatbed volumes and rates to remain strong as consumers and businesses continue to purchase these types of goods.



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