



Van 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 van 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. Retail Sales
2. CPI
3. E-commerce
4. Advanced Retail Sales Categories



Demand: Load-to-Truck Ratios

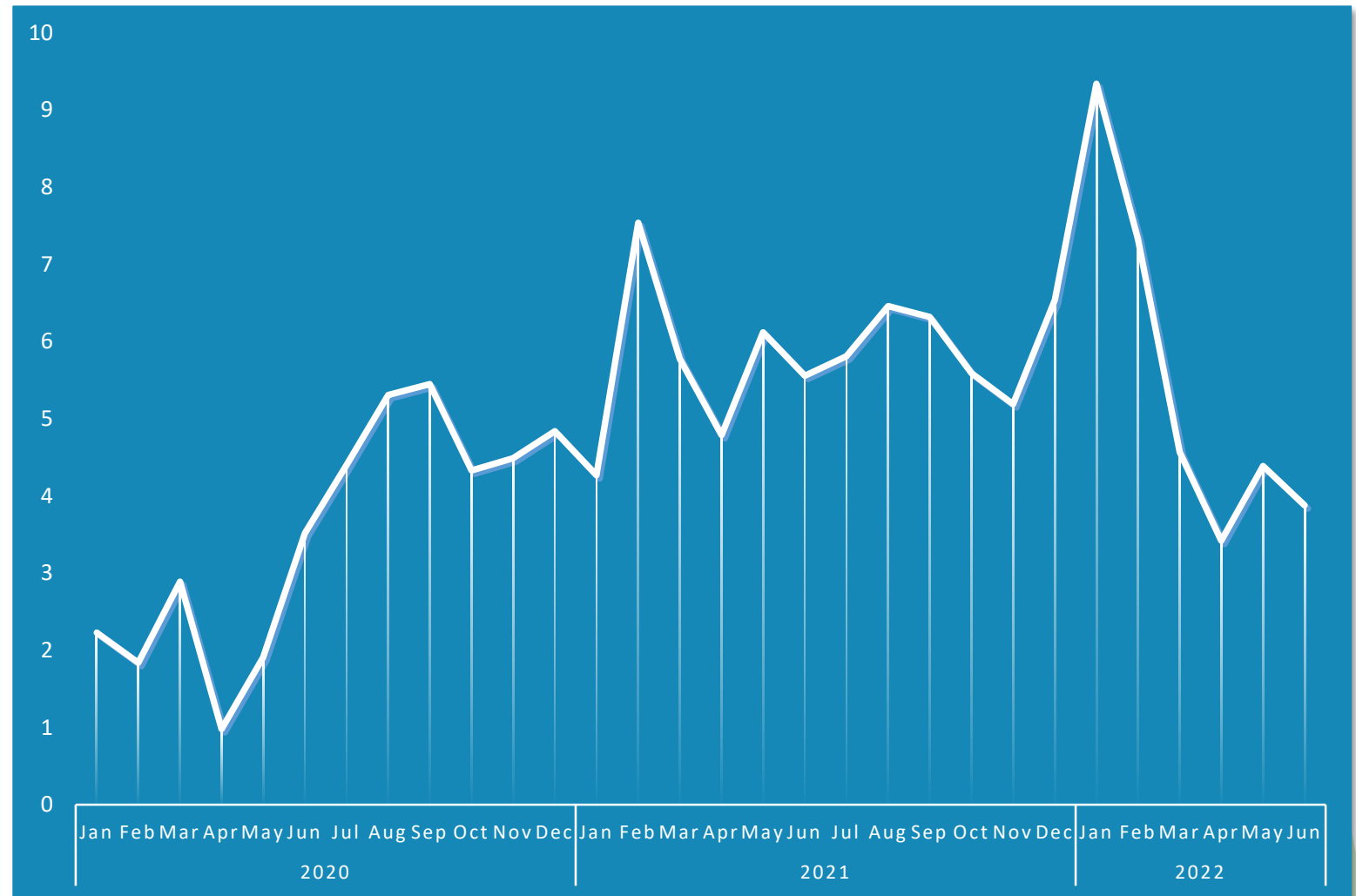
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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

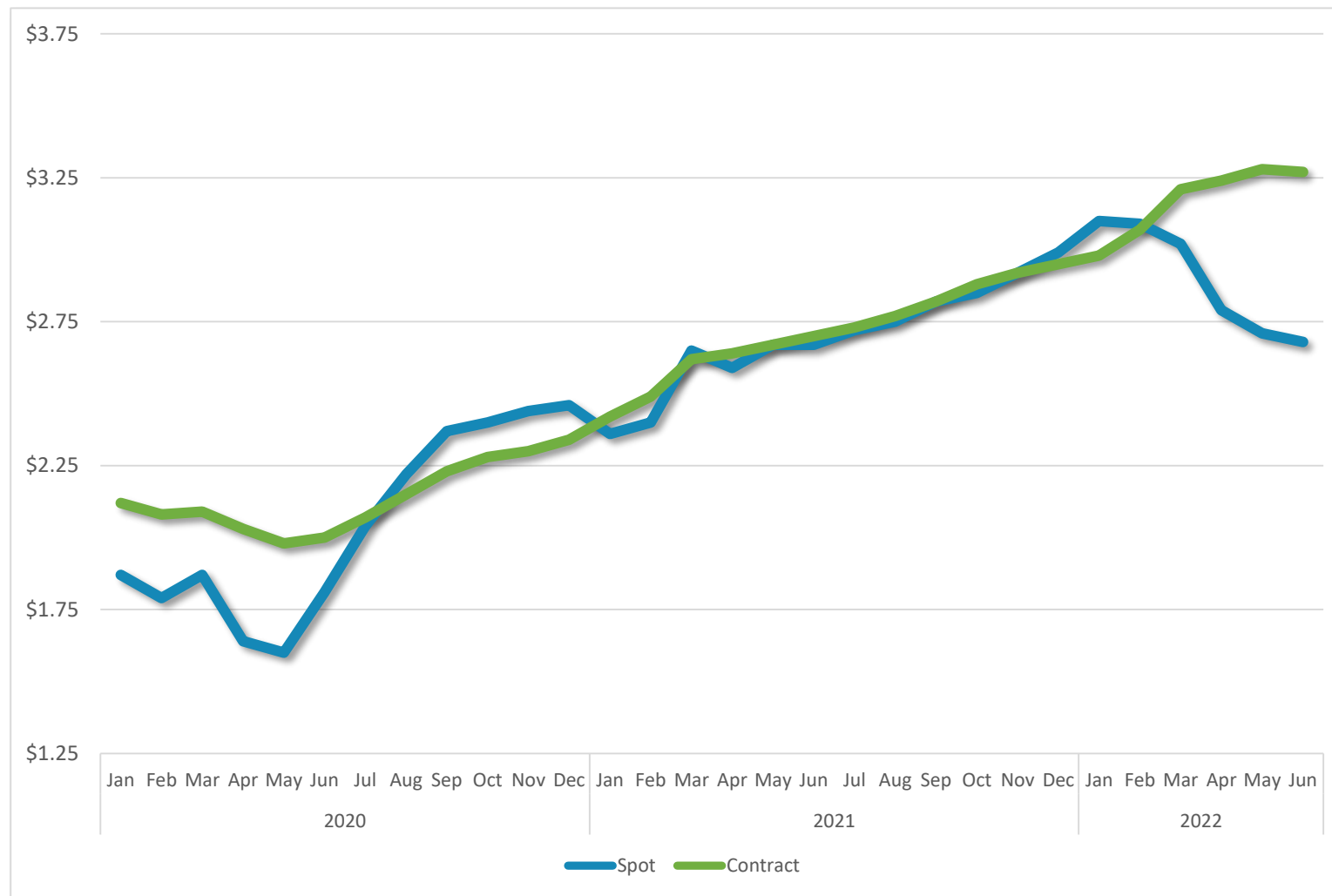
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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: As volumes decline and fuel costs and capacity increases, shippers will continue to gain the upper hand in negotiations, pushing rates downward.

- **It is important** for you to attempt to negotiate for higher rates and/or fuel surcharges.
- It's also important for you to attempt to build direct relationships with small shippers rather than relying solely on brokers or load boards.



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

Retail and Consumer Price Index (CPI):

The big picture: The term “retail sales” is an economic metric that tracks consumer demand for finished goods.

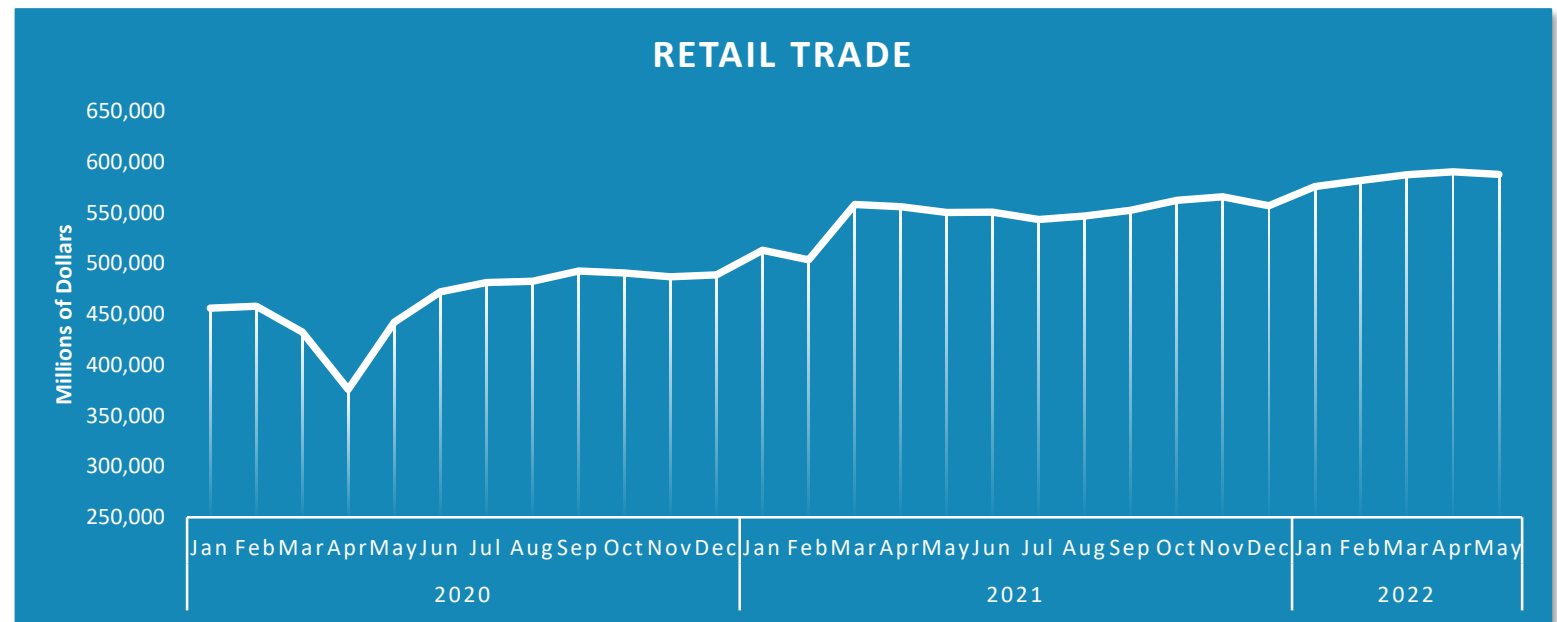
- While CPI measures the average price change for a basket of goods and services over time.

Why it matters: Both retail sales and CPI can help the owner-operator gauge the economic health of the country and thereby the freight market.

- Consumer spending accounts for two-thirds of GDP.
- If prices are stable and retail sales are high, it means that there’s a greater demand for freight.

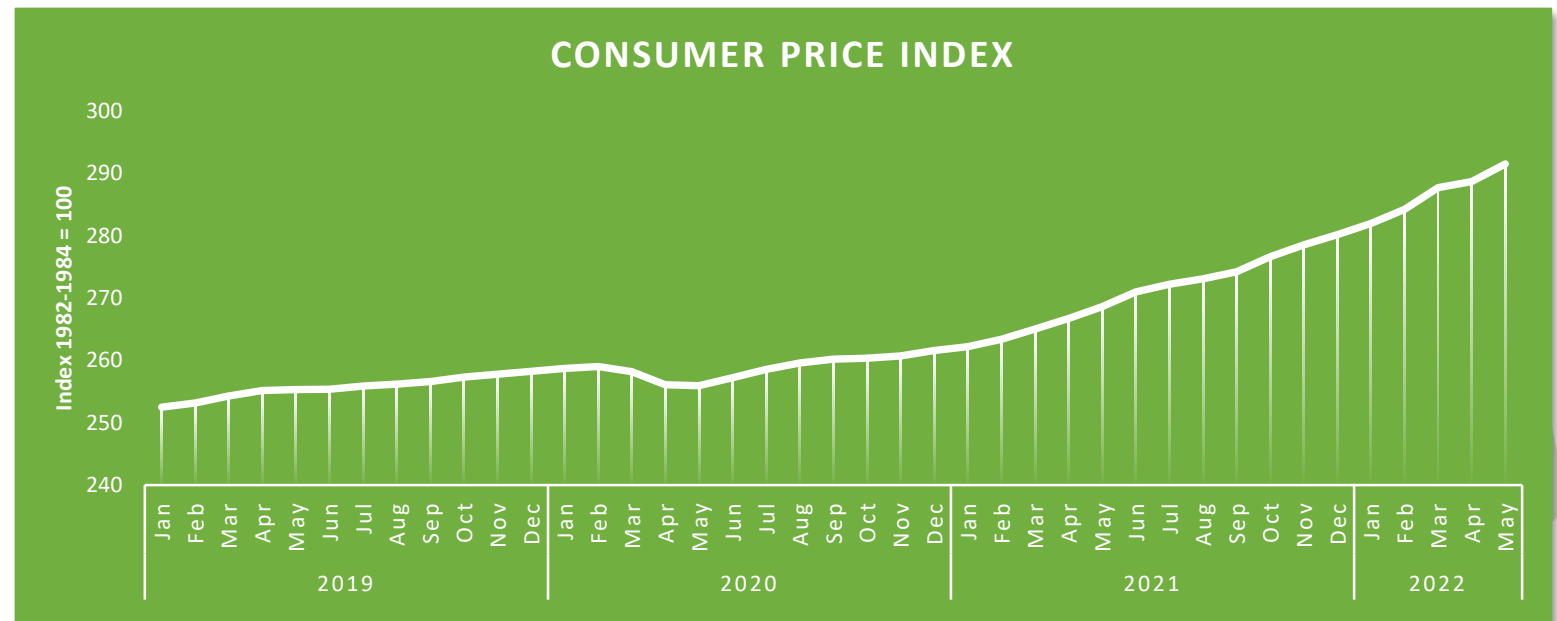
Our thoughts: Even though CPI is rising exponentially due to inflation, people are still purchasing goods.

- Contrary to popular belief, the economy is still moving strong as shown in the top chart above.
- Retail trade remains high, meaning that freight will still need to be shipped.



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

Note: E-commerce sales are included in the total monthly estimates



Source: FRED | <https://fred.stlouisfed.org/series/CPIAUCSL#0> | Monthly

E-Commerce Retail

The big picture: E-commerce has changed the way people purchase goods, as more and more people move to online orders.

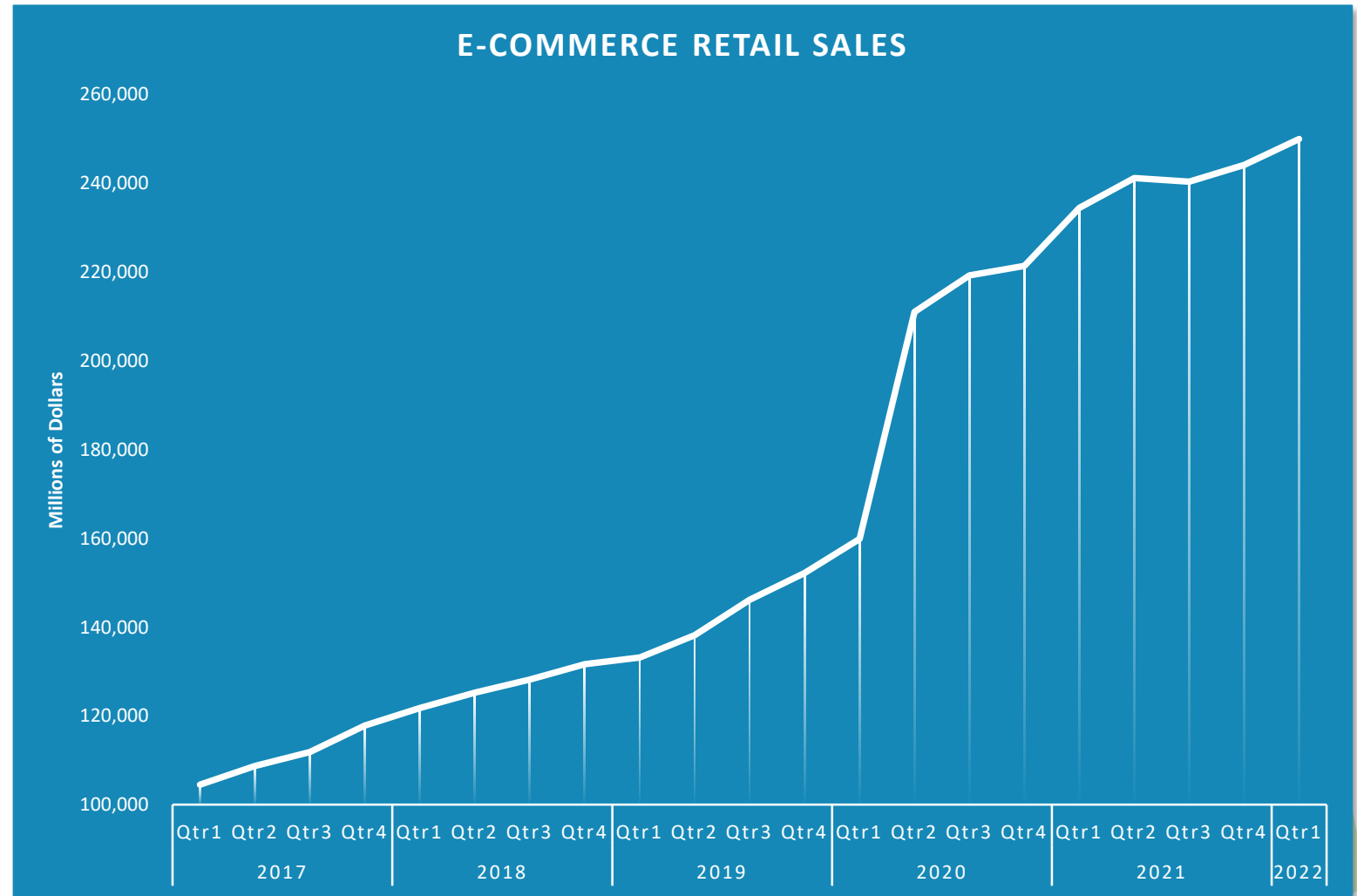
- Technology has made it easier than ever for people to shop online.

Why it matters: With so many online retailers now offering one or two day deliveries, trucking logistics has been turned on its head.

- This means freight needs to be moved to a central warehouse where it can be distributed from there.
- As e-commerce grows or shrinks, so too do freight volumes.

Our thoughts: Exponential growth in e-commerce helped to boost the freight economy in the midst of the pandemic.

- **Yes but**, can it continue into 2022?



Source: FRED | <https://fred.stlouisfed.org/series/ECOMSA> | Quarterly

Advanced Retail Sales: Clothing, Electronics, and Furniture

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:

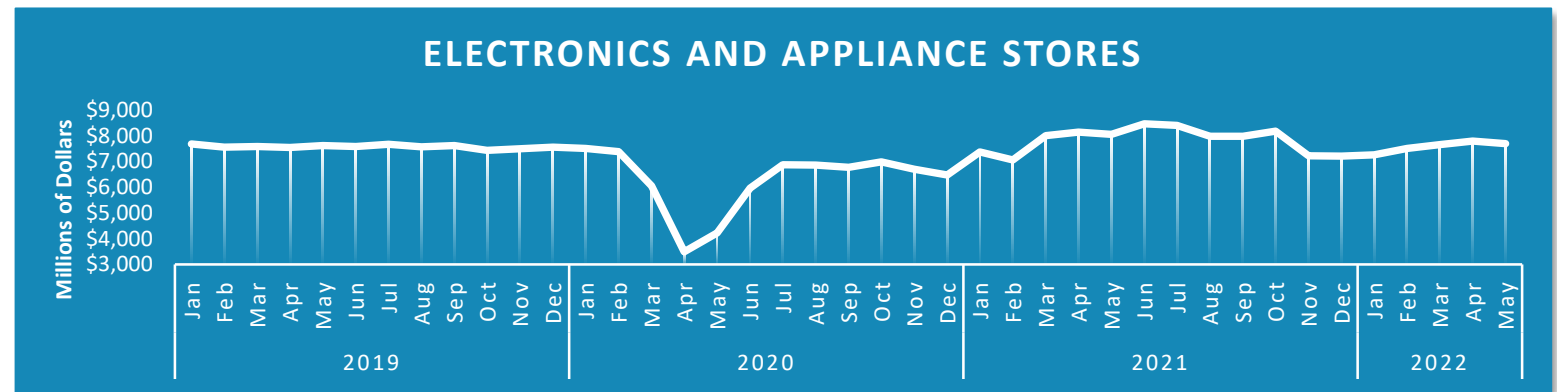
- Electronics and appliance stores
- Furniture stores
- General merchandise stores (e.g., Walmart, Target, Costco)

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

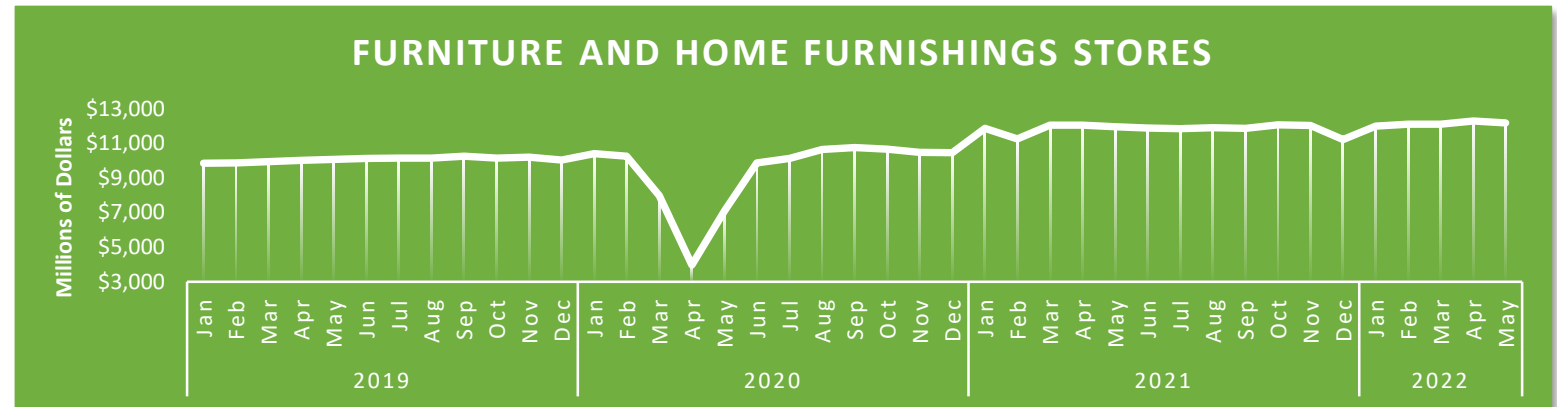
- **Advanced Sales** categories provide us an early snapshot from large retailers.

Our thoughts: Although sales are definitely not expanding as they once were, they aren't declining either.

- Further indication that volumes, and thereby demand for trucks, will remain elevated.



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



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



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