



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: Van Load-to-Truck Ratios

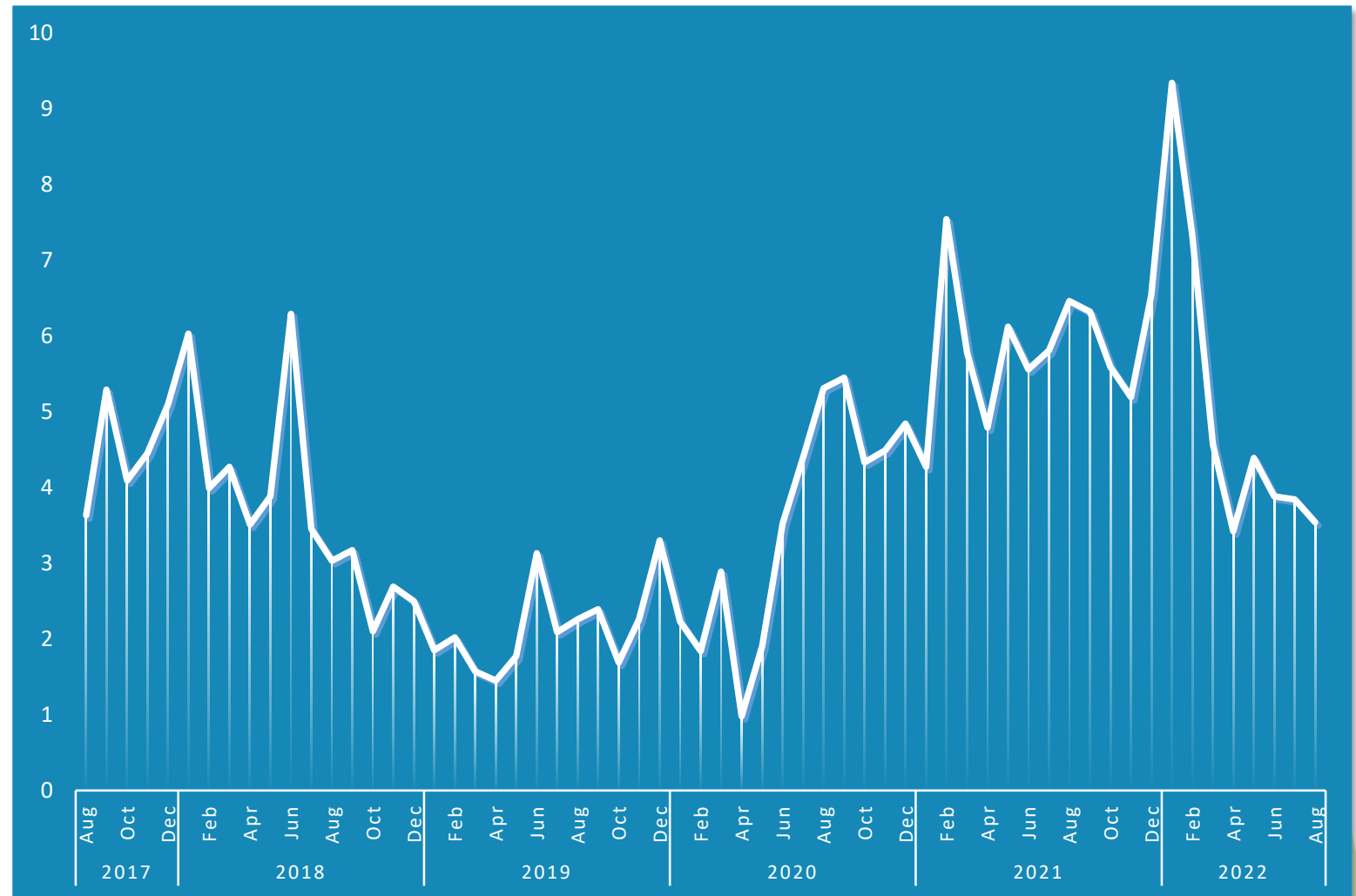
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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 see in the load-to-truck ratios is more due to an increase in capacity than it is a decline in volumes.

- The Van Load-to-Truck Ratio dropped 7.8% month-over-month to 3.54 in August, which marks the third consecutive month of decline.
- The ratio is 12% below the 5-year trend.
- This will continue to place downward pressure in rates.



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

Rates: Van Spot and Contract Rates

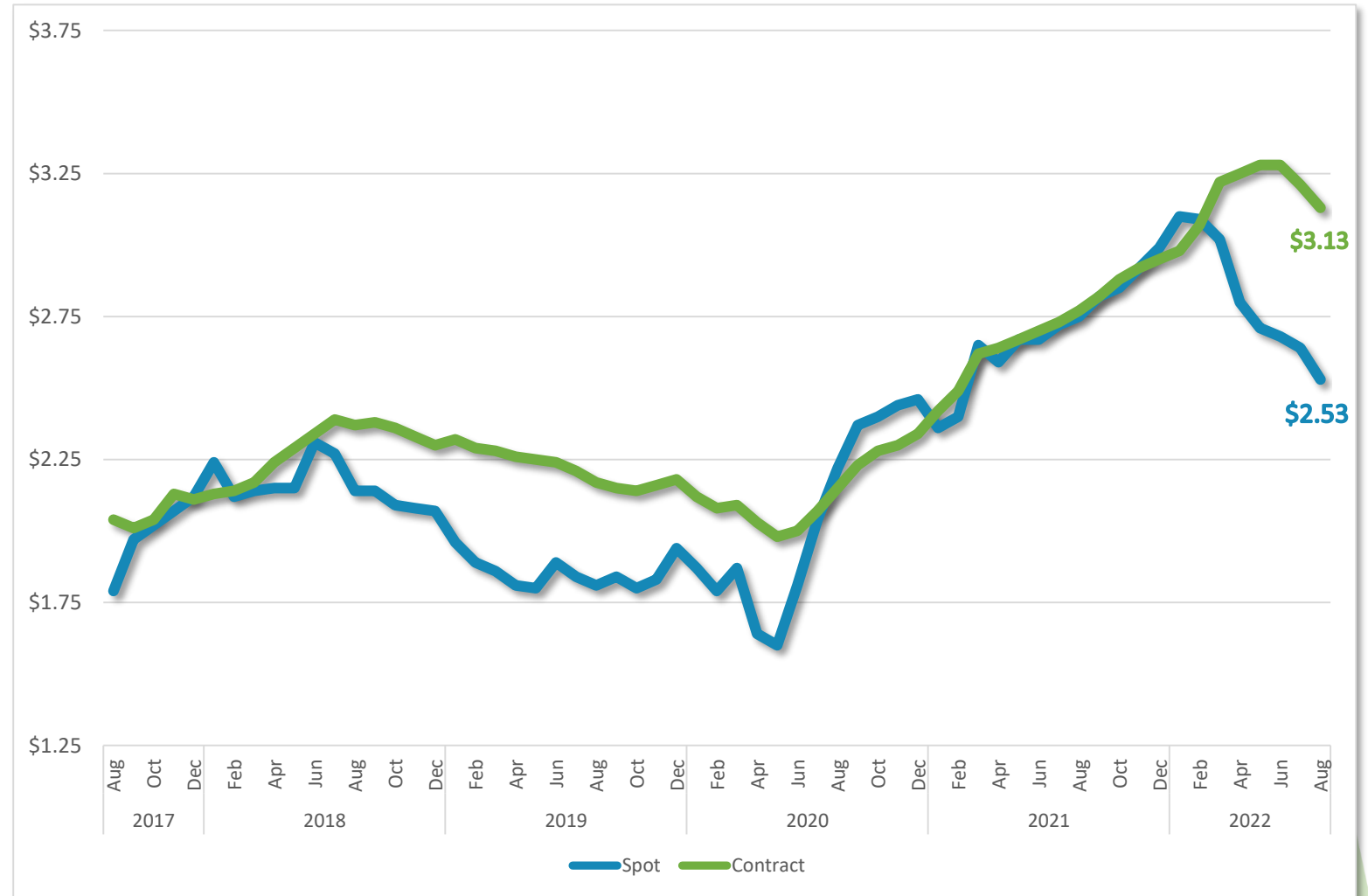
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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 capacity increases, shippers will continue to gain the upper hand in negotiating rates, which will place downward pressure on rates.

- Both spot and contract rates for vans declined month-over-month in July, by \$0.11 and \$0.08 per mile respectively.
- Spot rates have declined \$0.57 per mile since January 2022.
- **Yes, but** spot rates are 12% above the 5-year trend, while contract rates are 29% higher.
- The question is, will we see rates follow their normal trend and increase during the holiday season or will they continue to flatten?



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.

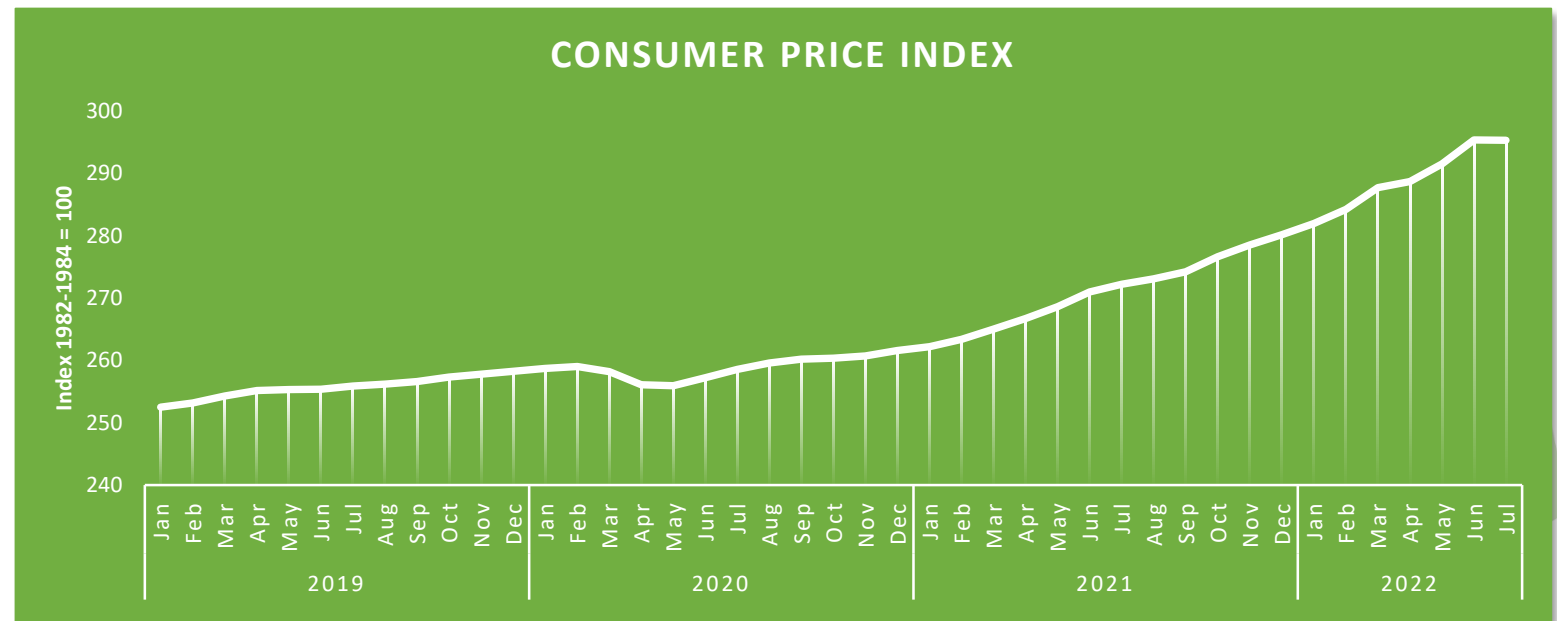
Our thoughts: Although CPI is significantly high due to inflation (8.5%), people are still purchasing goods.

- Retail trade increased 0.2% month-over-month in July, marking the seventh consecutive months of growth.
- Retail trade reached \$596.8 billion in July. This is 24% higher than the five year trend.



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.

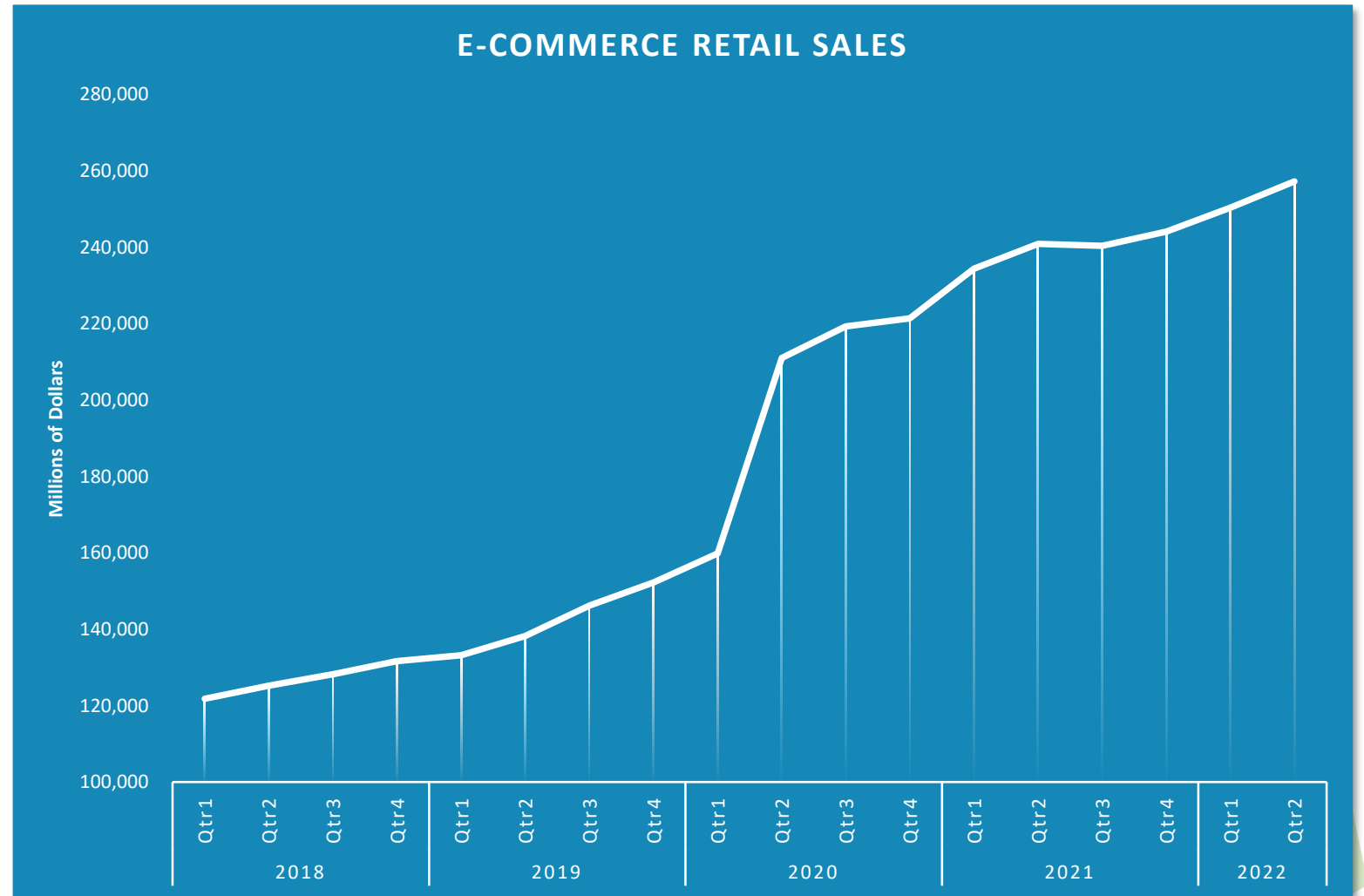
- Technology has made it easier than ever for people to shop online.

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: E-commerce activity represents about 18.7% of total retail sales.

- While this percentage has flattened since its high in the second quarter of 2020, e-commerce continues to elevate freight volumes.
- E-commerce increased 2.7% quarter-over-quarter to \$257 billion. This is 44% higher than the five year trend.



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:

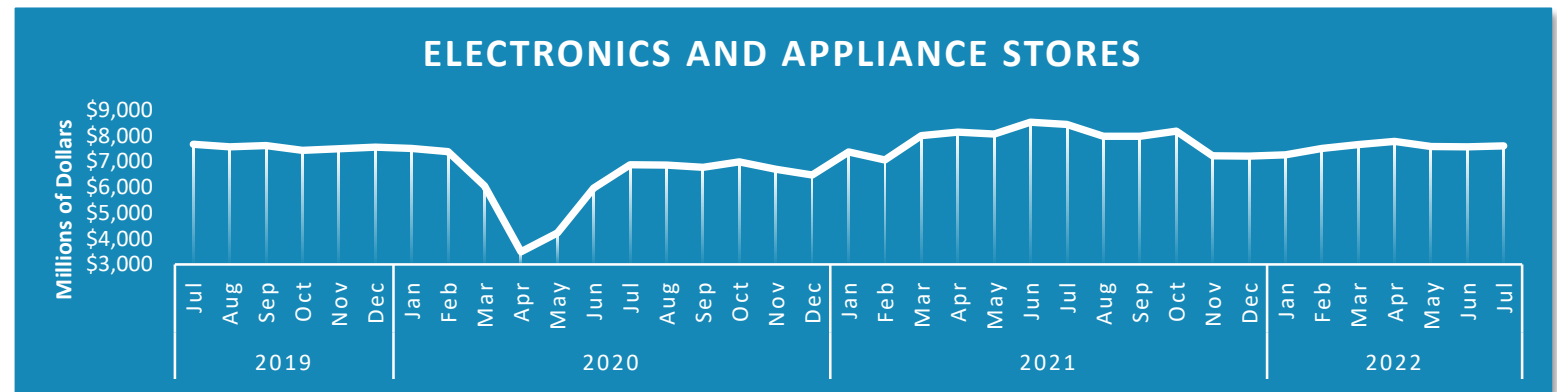
- Electronics and appliance stores (EAS)
- Furniture stores (FS)
- General merchandise stores (GMS), such as Walmart, Target, Costco

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

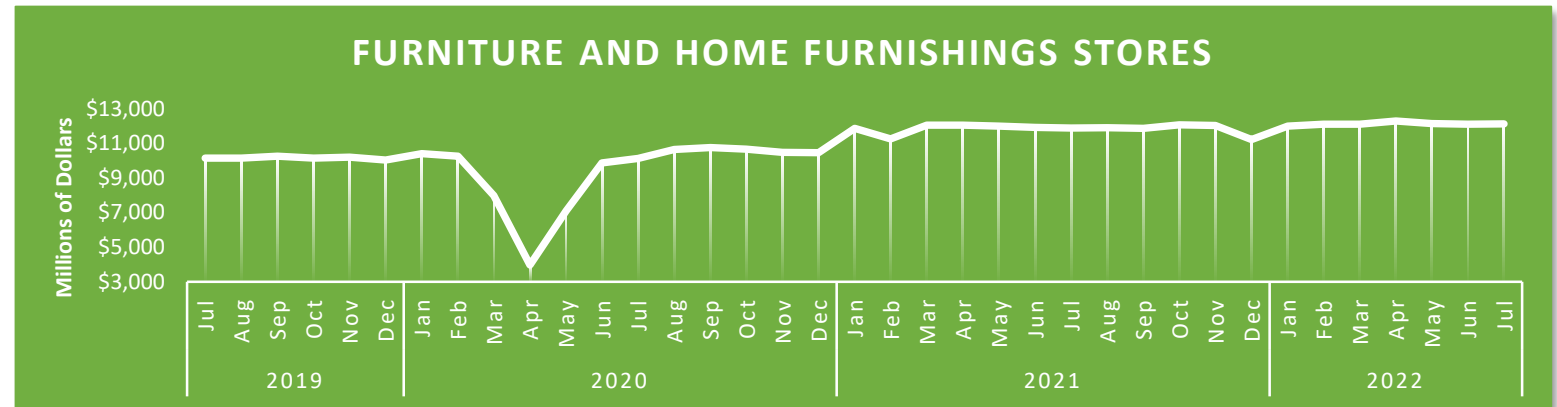
- **Advanced Sales** categories provide us an early snapshot from large retailers.

Our thoughts: Sales are not expanding as they once were, but they aren't exactly declining either.

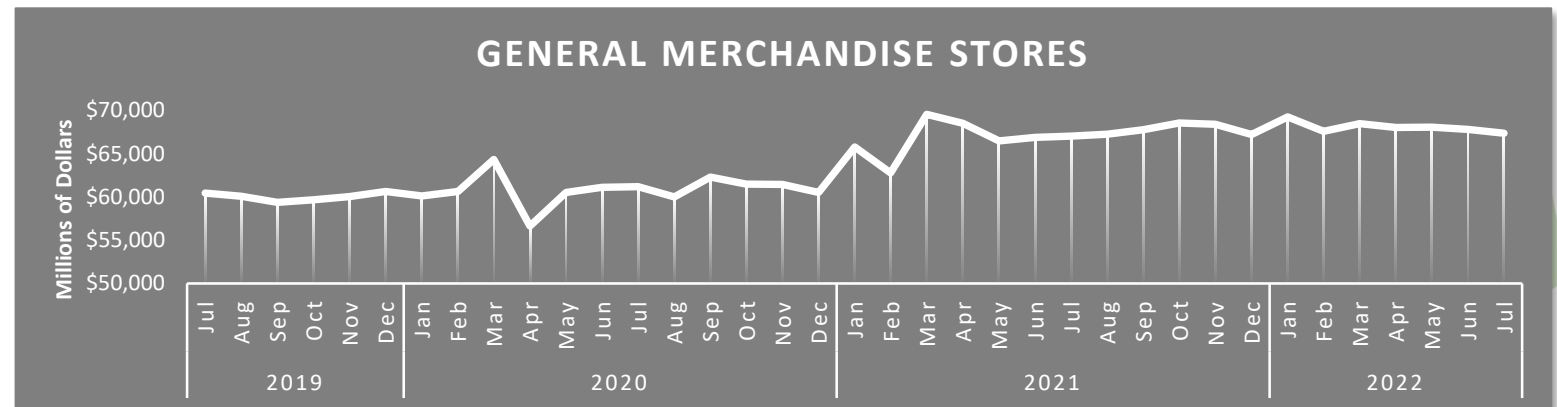
- Both EAS and FS experienced a small growth in sales in July, 0.4% and 0.2% respectively to \$7.6 billion and \$12.1 billion.
- Only GMS saw a decline (-0.2%) to \$67.3 billion. Again, this was very miniscule.



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