



Reefer 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 reefer 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. USDA Average Refrigerated Truck Rates
2. USDA Refrigerated Truck Volumes
3. USDA Truck Availability Data
4. Advanced Retail Sales: Food Services and Drinking Places



Demand: Reefer Load-to-Truck Ratios

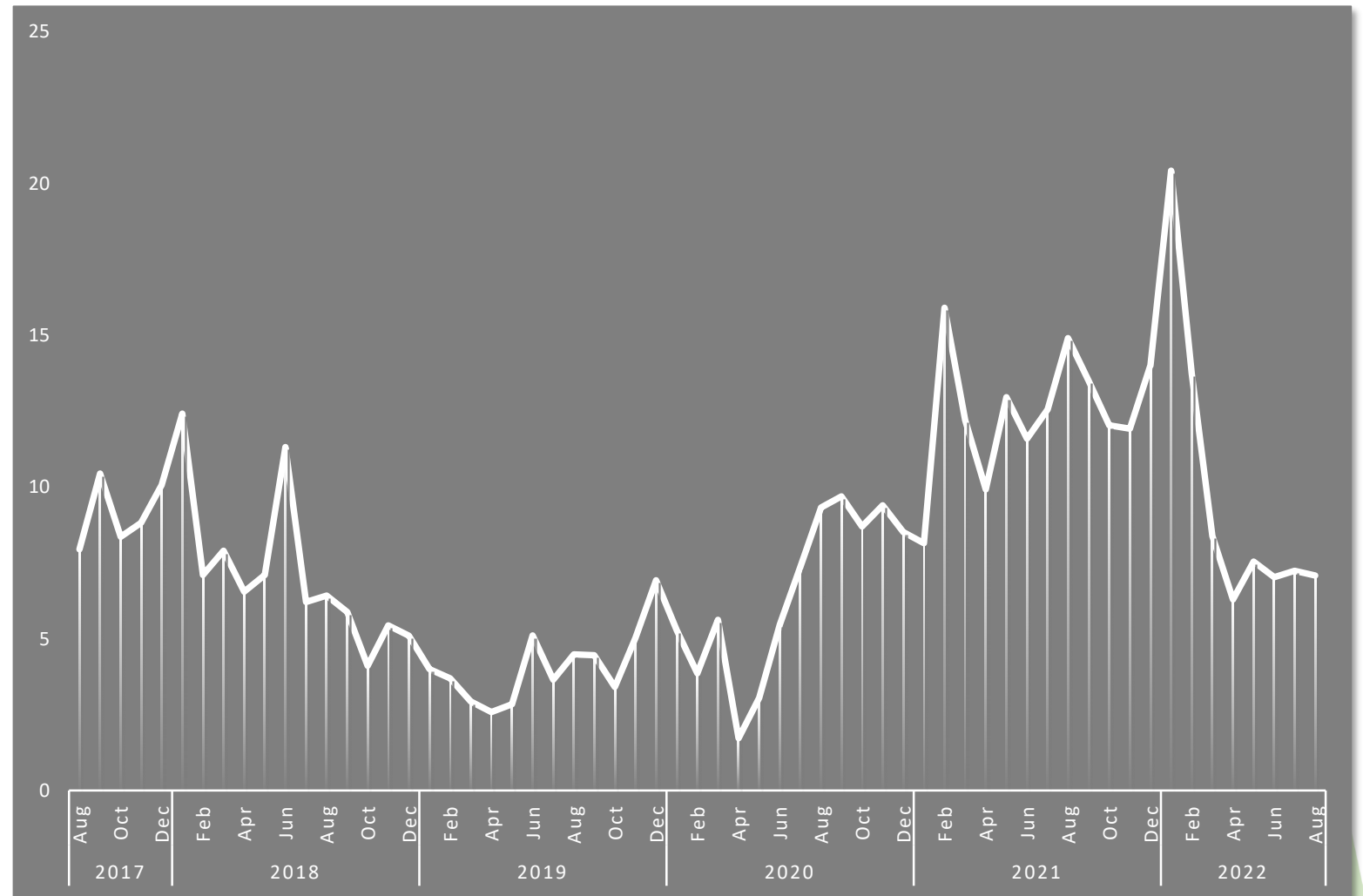
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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: Like van and flatbed, the reefer market also saw a decrease in the Load-to-Truck ratio month-over-month, albeit at a smaller rate.

- The ratio decreased 2.2% to 7.08 loads to every one truck posted in August.
- This is 11% below the 5-year trend, but 58% above the 2019 level.
- Whereas the van and flatbed Load-to-Truck ratios are declining more rapidly, the reefer market is moving more sideways.



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

Rates: Reefer Spot and Contract Rates

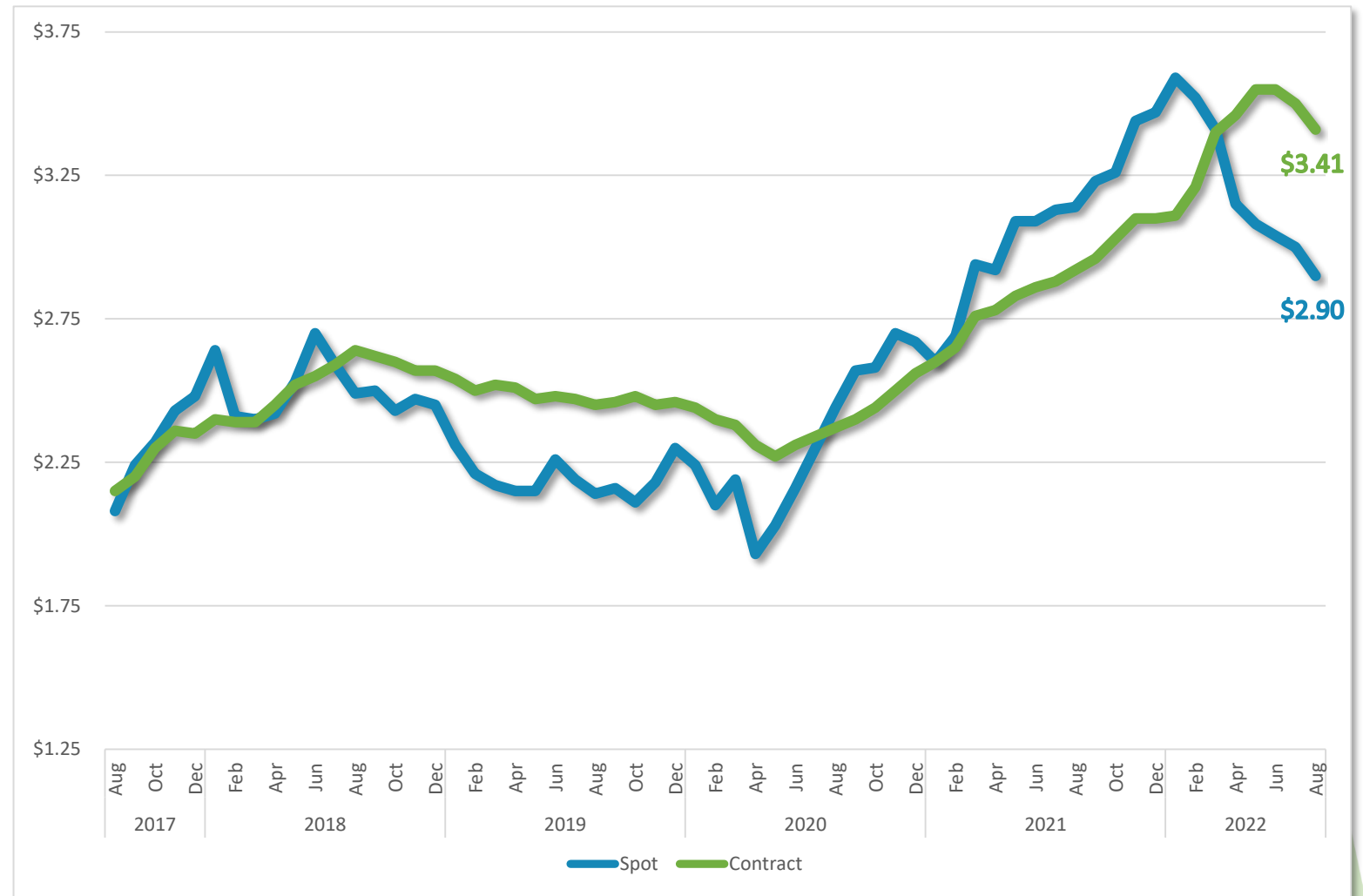
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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: Both spot and contract rates dropped month-over-month, marking three straight months of decline for spot and two months for contract.

- Spot rates declined \$0.10 in August to \$2.90 per mile, which is a \$0.69 drop since January 2022.
- Contract rates declined \$0.09 to \$3.41 per mile, which is \$0.30 above where we were in January.



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

Fruit and Vegetable Industry: USDA Average Truck Rates

The big picture: The U.S. Department of Agriculture (USDA) collects data concerning the average truck rates for hauling fruit and vegetable goods.

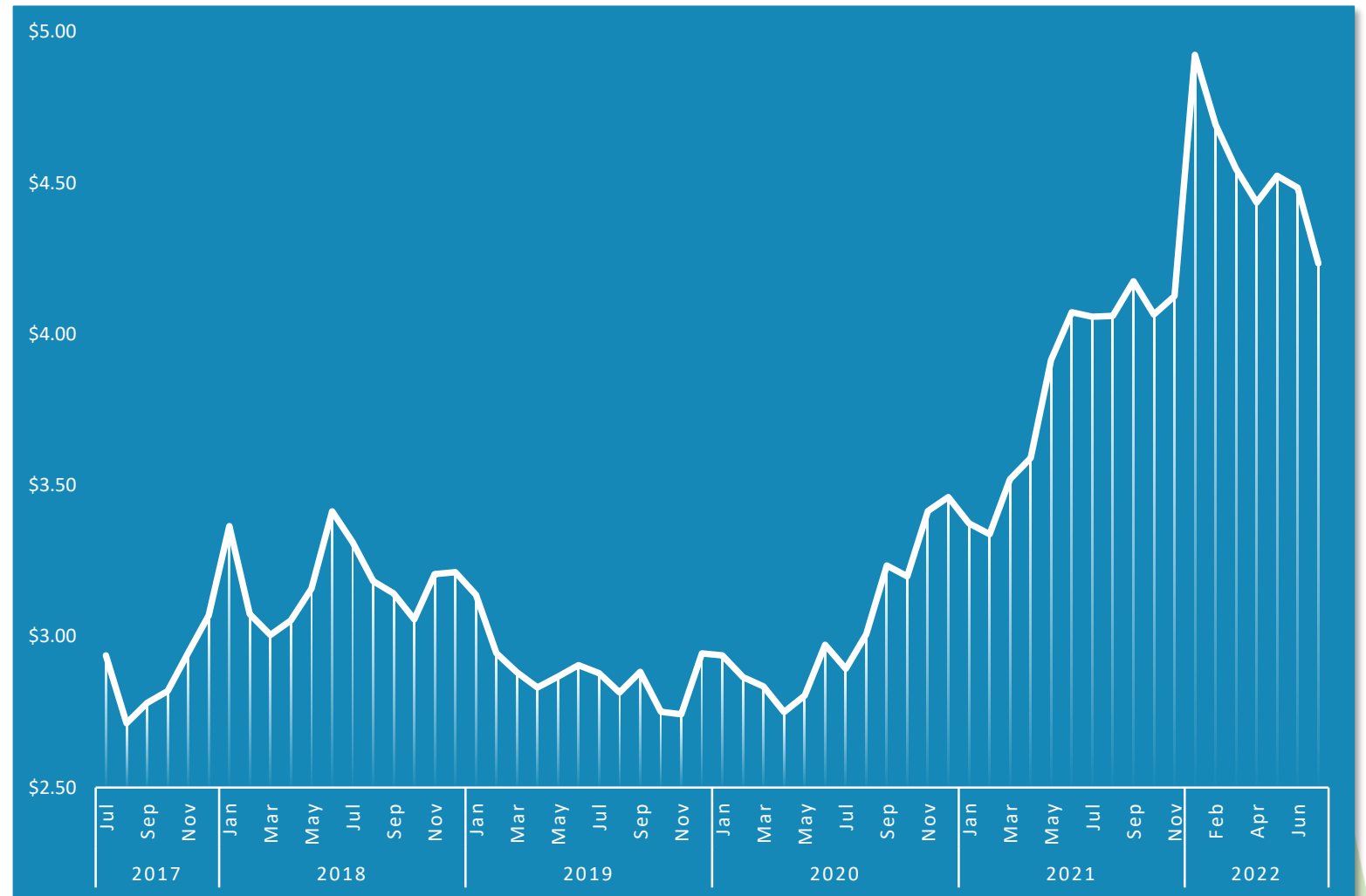
- USDA averages the rates over region and commodity.

Why it matters: Produce requires fast and efficient movements of perishable commodities.

- The USDA published rates gives the owner-operator a pulse of the reefer market.

Our thoughts: Fruit and vegetable reefer rates are coming back down to earth.

- As noted in the chart, reefer rates typically increase month-over-month in June. However, this did not occur in 2022.
- In fact, rates per mile have declined over the last two months to \$4.23 in July, and have fallen 14% since the beginning of 2022.
- **Yes, but** they are still 26.6% higher than the five year trend.



Source: USDA | <https://agtransport.usda.gov/stories/s/56s5-rpde> | Weekly

Fruit and Vegetable Industry: Truck Volume and Availability

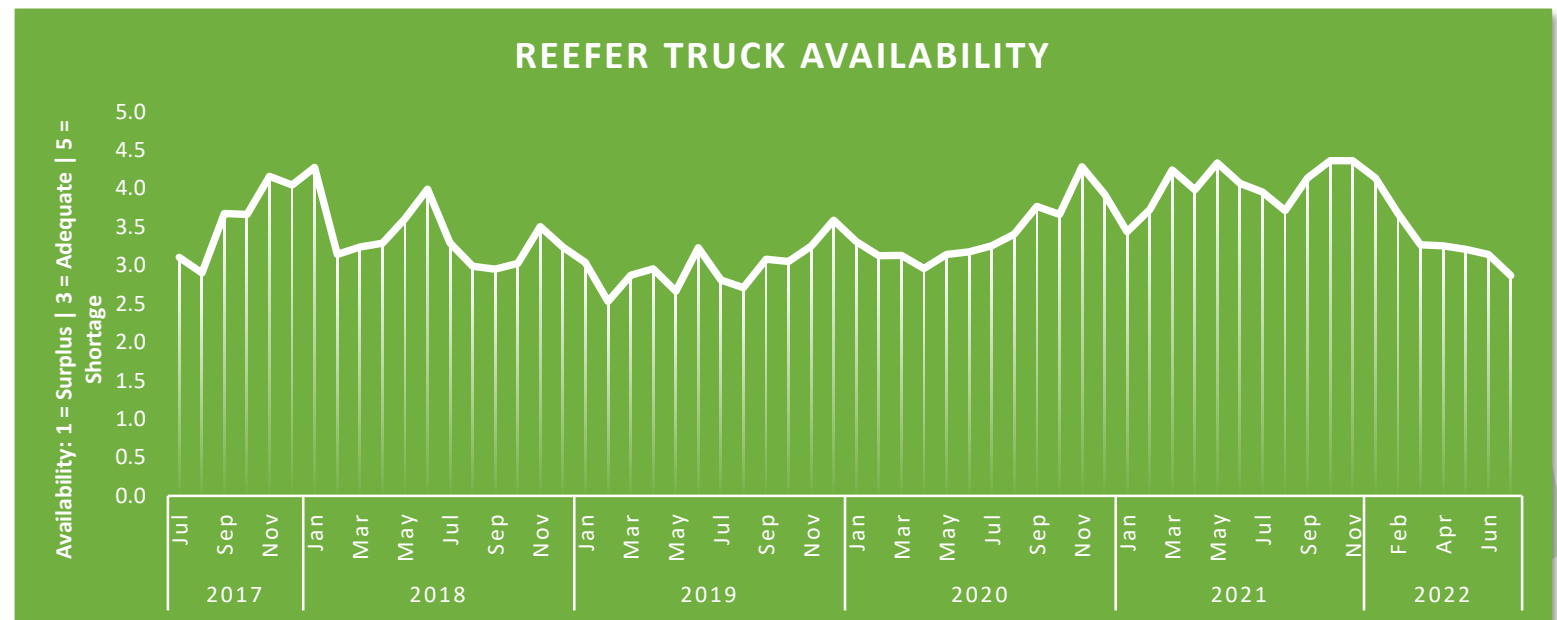
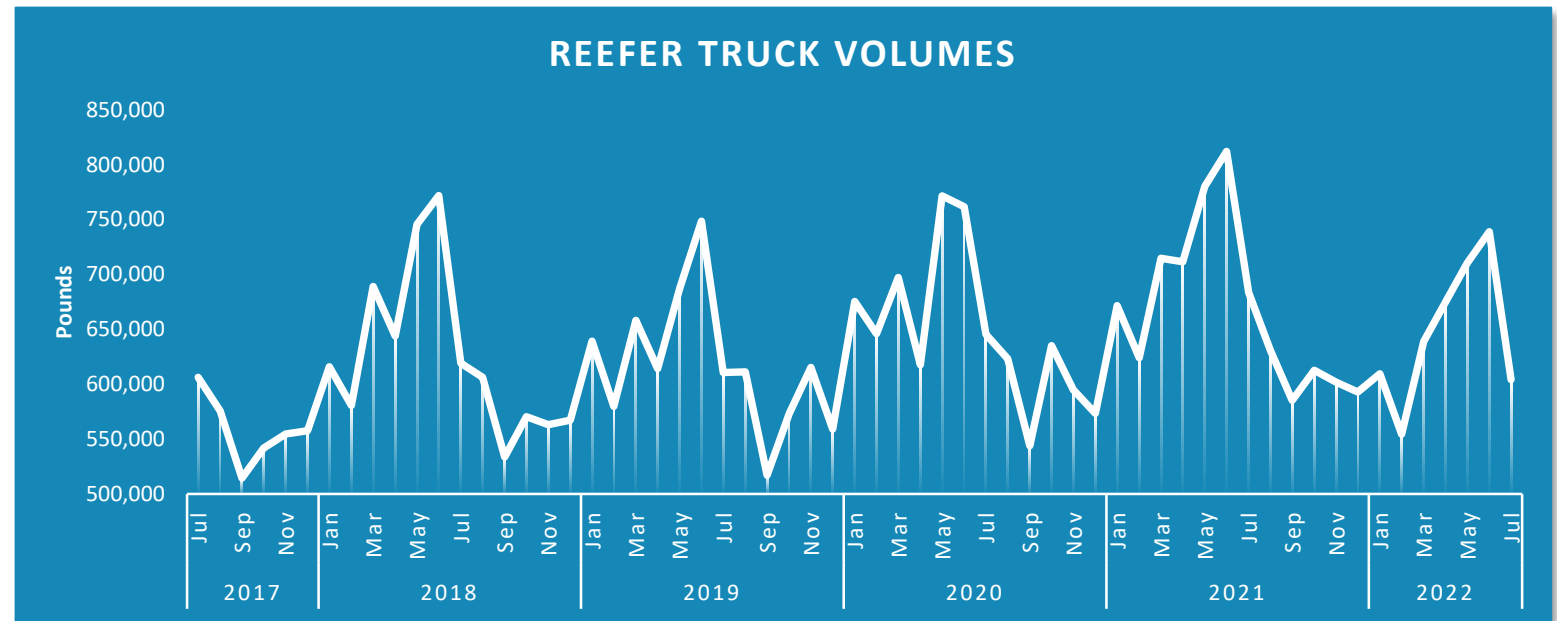
The big picture: The USDA's Crops report includes daily fruit and vegetable volume data by weight and weekly refrigerated truck availability data.

Why it matters: This information is a barometer for the health of the overall reefer market.

- It also provides visibility into what exactly is driving reefer rates, either volume, capacity, or a combination of both.
- **Reefer Truck Availability** is coded on a scale of 1 to 5, 1 representing a surplus and 5 representing a shortage of trucks.

Our thoughts: Both volumes and reefer truck capacity have loosened, which has put downward pressure on rates as already shown.

- Reefer volumes declined 18% month-over-month to 604,289 pounds in July.
- **Yes, but** it's normal for reefer volumes to fall at this time of year.
- Reefer truck availability fell for the third consecutive month to 2.9 in July, meaning that more capacity is coming online.



Source: DAT Trendlines | <https://agtransport.usda.gov/stories/s/56s5-rpde> | Monthly

Advanced Retail Sales: Food Services and Drinking Places

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

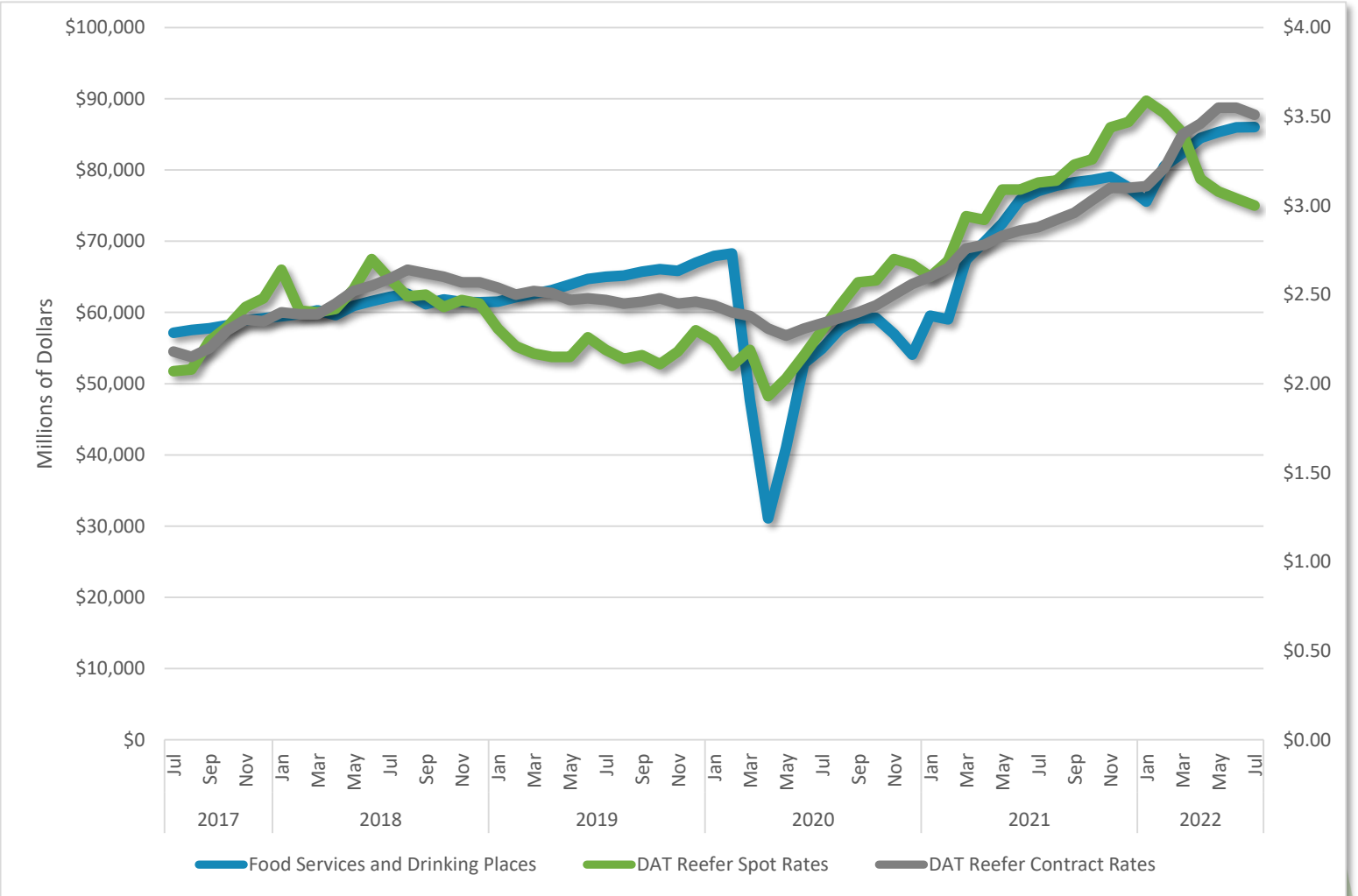
- These are broken down into several categories, including food services and drinking places (FSDPs).

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: Retail sales for FSDPs closely mirror DAT's Trendlines, especially for contract reefer rates as shown in the graph.

- FSDPs retail sales increased 0.07% month-over-month in June to \$86 billion, and 11.7% year-over-year.
- FSDP sales are flattening, but it still remains 50.6% higher than the five year trend of \$57 billion.



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