



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

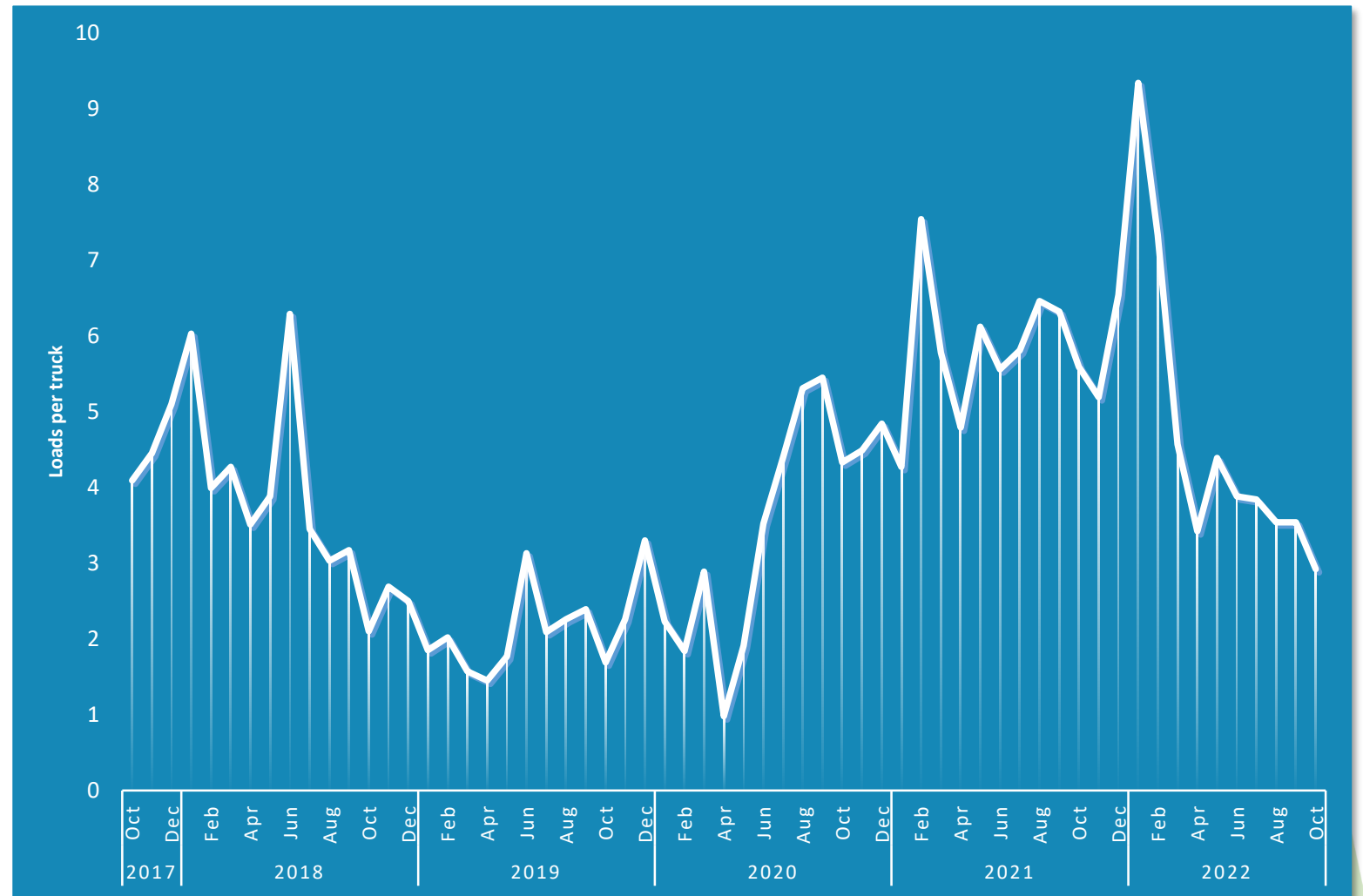
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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: It appeared last month that the Van Load-to-Truck ratio was bottoming out. However, this month's figures show us there's still room for more rightsizing.

- The Van Load-to-Truck Ratio dropped 17.5% month-over-month to 2.92 in October, and 60% since January.
- This indicates that rates for vans still have further to drop as we head into Black Friday.
- The ratio is 35% below the 5-year trend.



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

Rates: Van Spot and Contract Rates

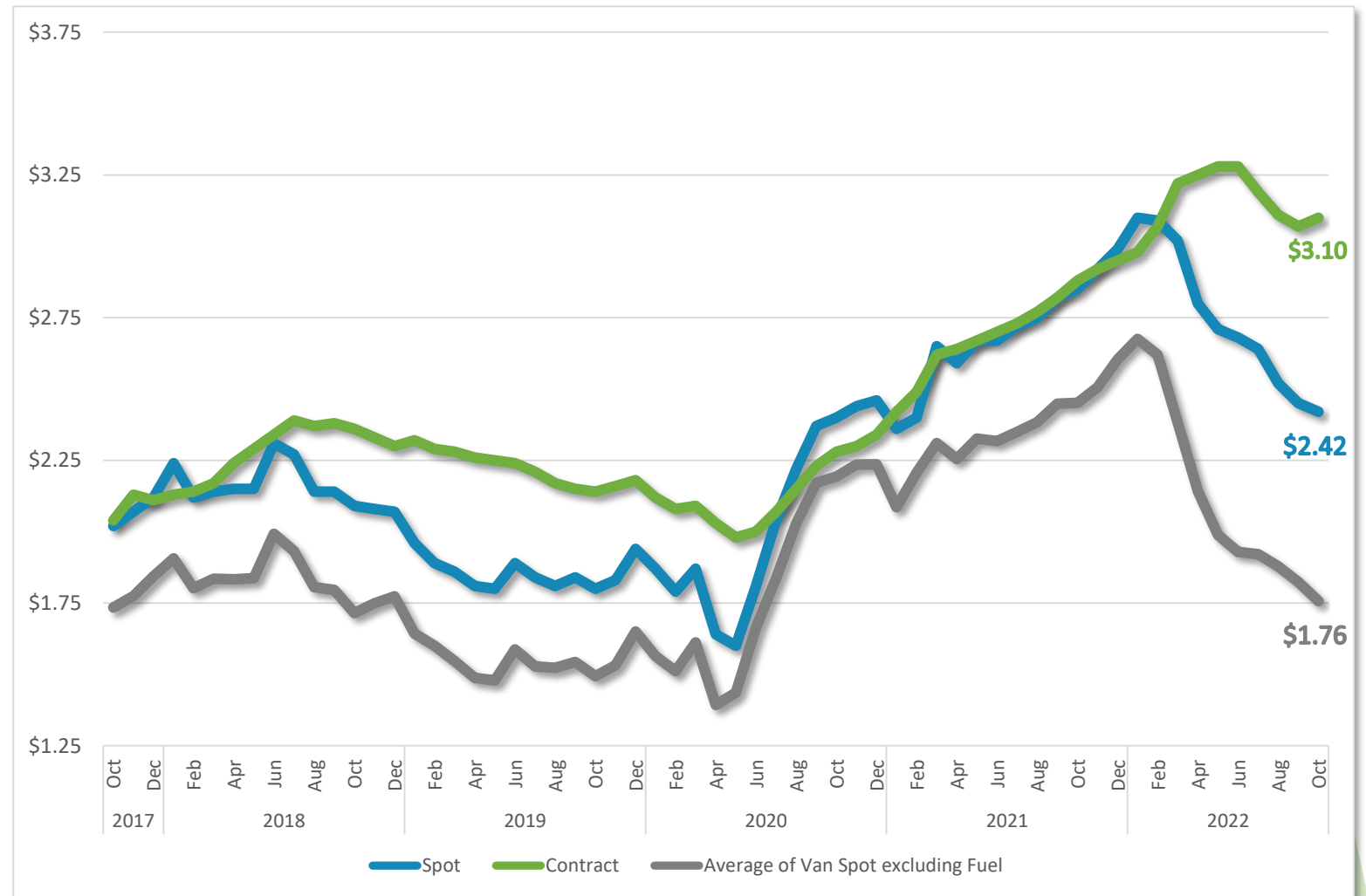
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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. Please note that they include fuel surcharges.

Our thoughts: More truck capacity continues to come online even as the number of load posts declines.

- Spot rates for vans declined by \$0.03 per mile month-over-month in October, and dropped \$0.68 per mile since January 2022
- Contract rates on the other hand increased \$0.03 per mile and \$0.12 per mile since start of the year.
- Spot rates are 6% above the 5-year trend, while contract rates are 26% higher.
- The industry is forecasting a weak peak season as we start to head into Black Friday. DAT expects rates to continue to decline for the next few weeks before starting to tick upward toward the end of November.



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.

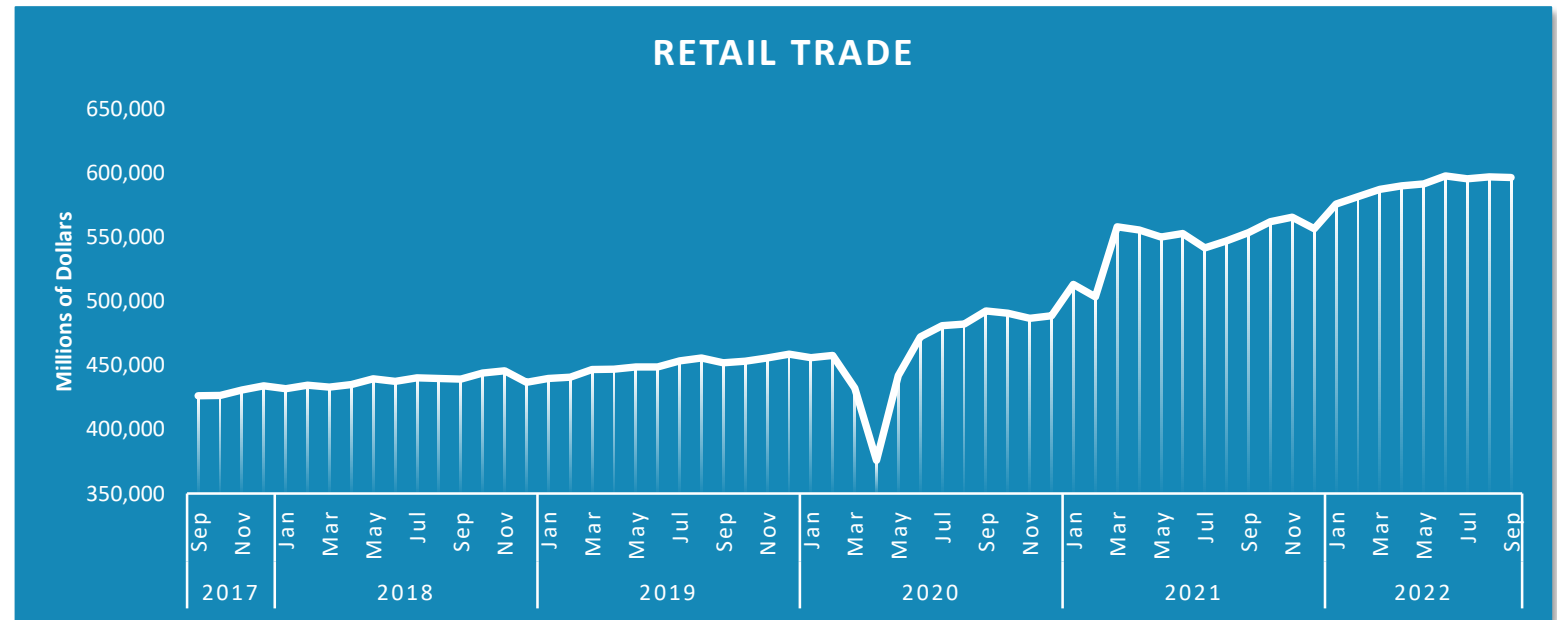
- While CPI measures the average price change for a basket of goods and services over time.

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.

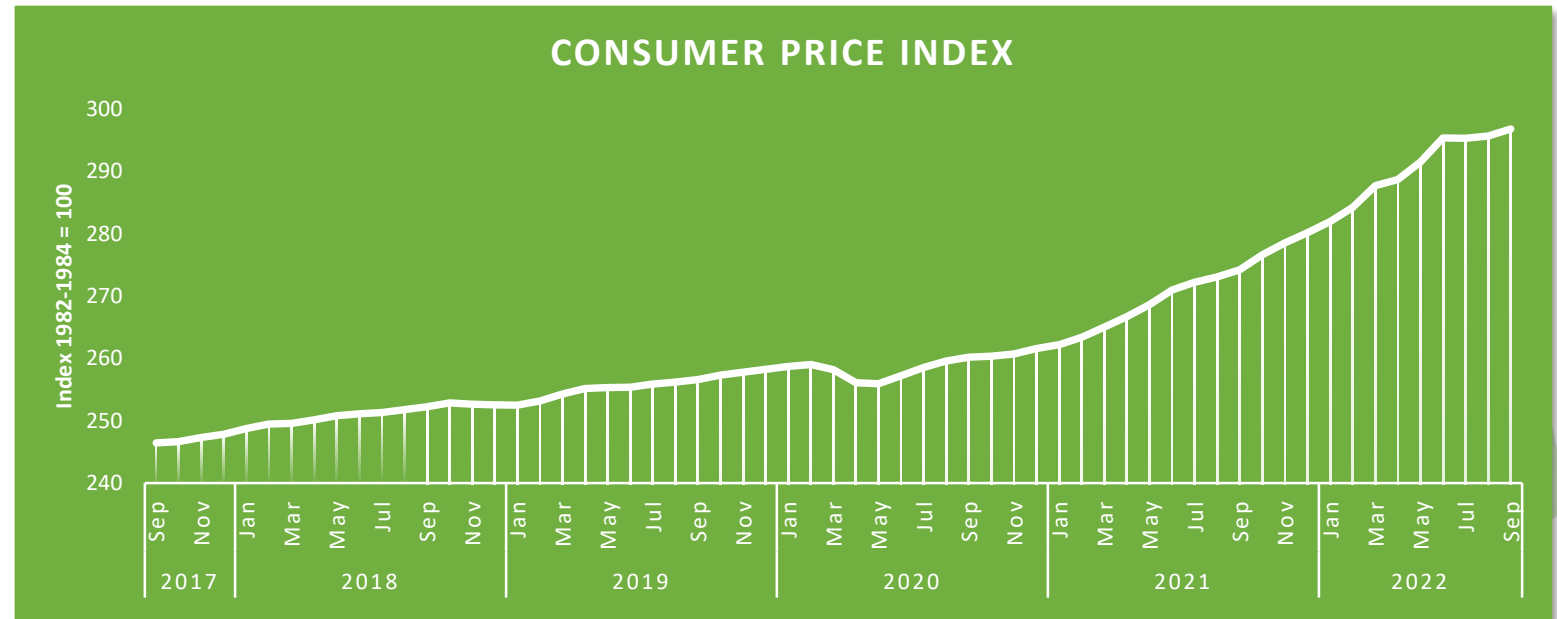
Our thoughts: People are still purchasing goods even despite high inflation. This may be due to the fact that wages and salaries overall are 17.4% higher than the 5-year trend.

- Retail trade decreased 0.1% month-over-month in September, marking the first decline in eight months. Whereas CPI grew 0.4% to 296.8.
- Retail trade overall fell to \$596.8 billion in September.
- **Yes, but** this is 22.1% 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.

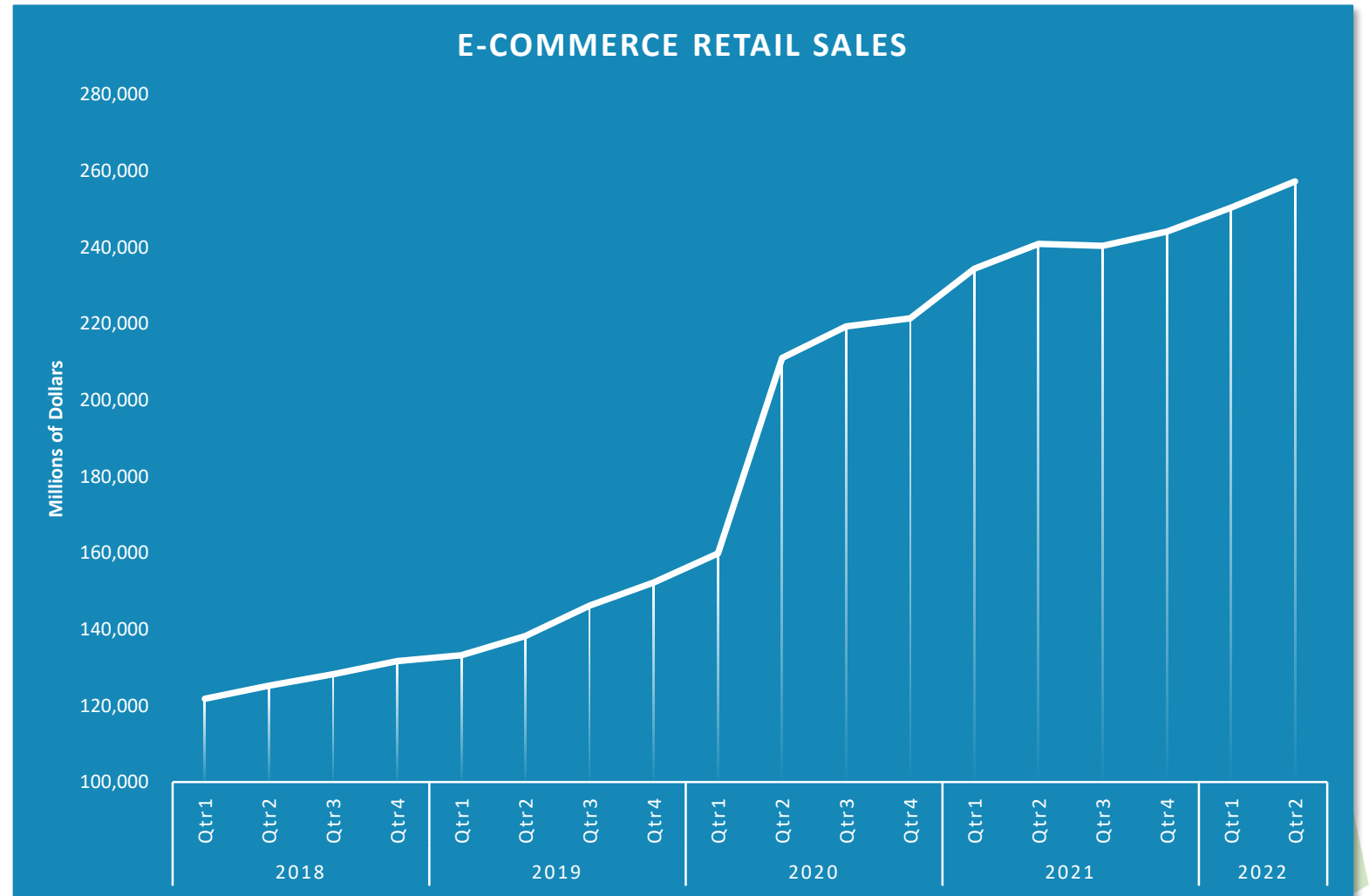
- Technology has made it easier than ever for people to shop online.

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:

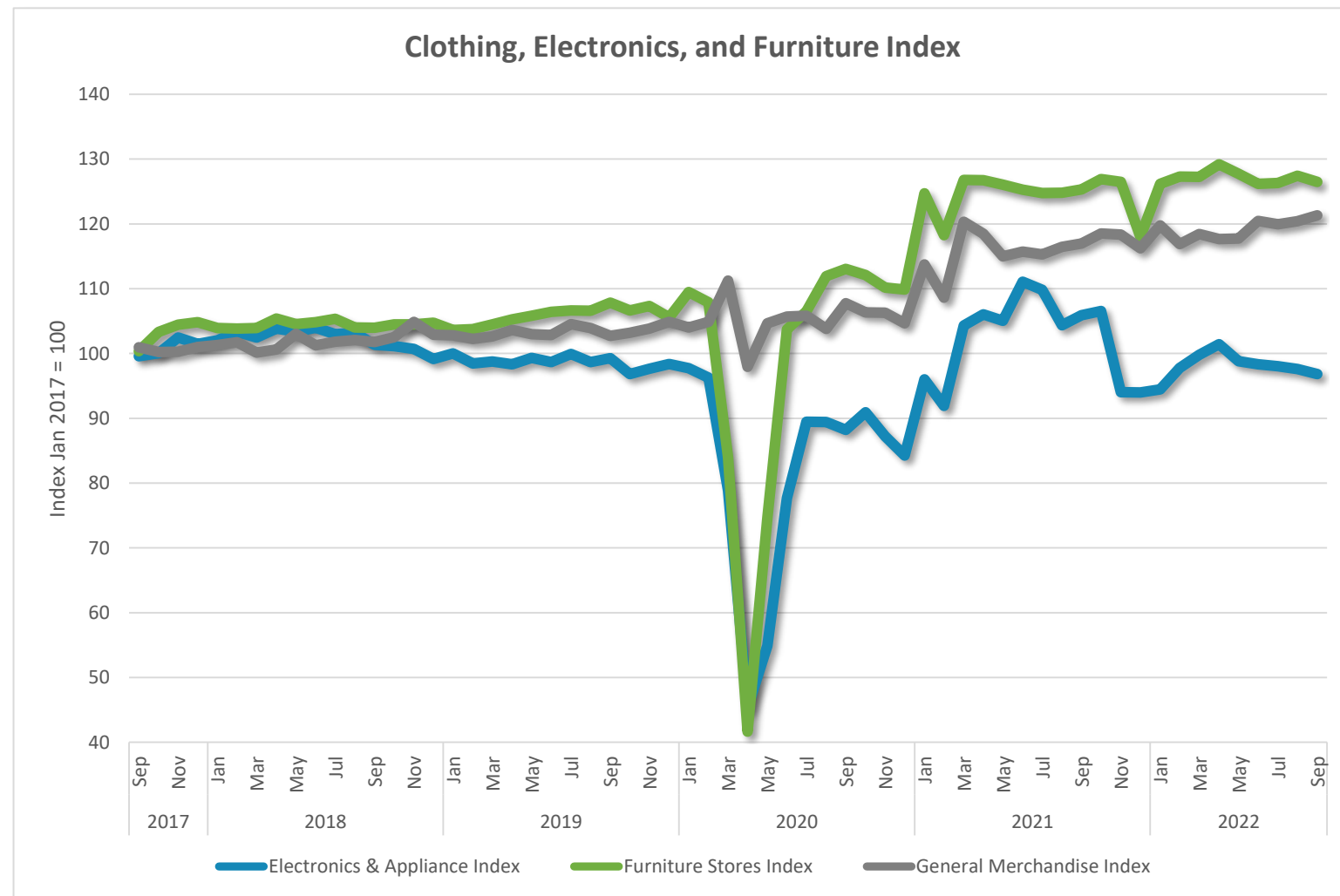
- Electronics and appliance stores (EAS)
- Furniture stores (FS)
- General merchandise stores (GMS), such as Walmart, Target, Costco

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 flattening for each of the three advanced retail sales categories listed here, but they aren't falling off a cliff either.

- Both EAS and FS experienced a drop in sales in September, 0.8% and 0.7% respectively to \$7.44 billion and \$12 billion.
- Only GMS saw an increase (0.7%) to \$70 billion.
- Two of the three are above their 5-year trend, namely FS and GMS, by 14.1% and 12.2%, respectively.



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