



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: Flatbed Load-to-Truck Ratios

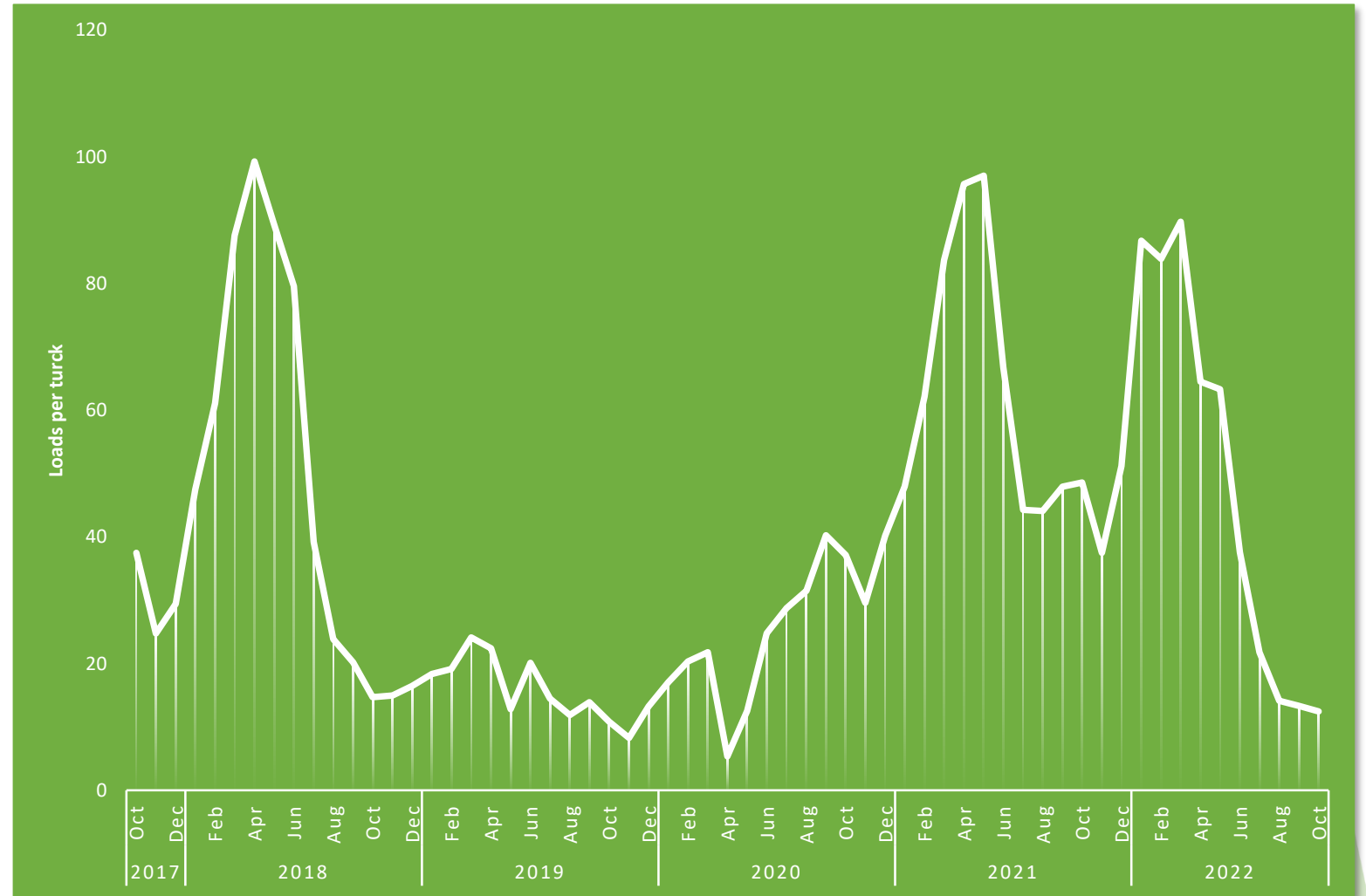
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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. DAT is reporting record numbers for equipment posts.

- The Flatbed Load-to-Truck Ratio dropped 6.6% month-over-month to 12.45 in October, marking the seventh consecutive month of decline, albeit at a much slower pace than August.
- The ratio has declined 85% since January.
- The ratio is 85% below the 5-year trend, which will further place downward pressure on rates.



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

Rates: Flatbed Spot and Contract Rates

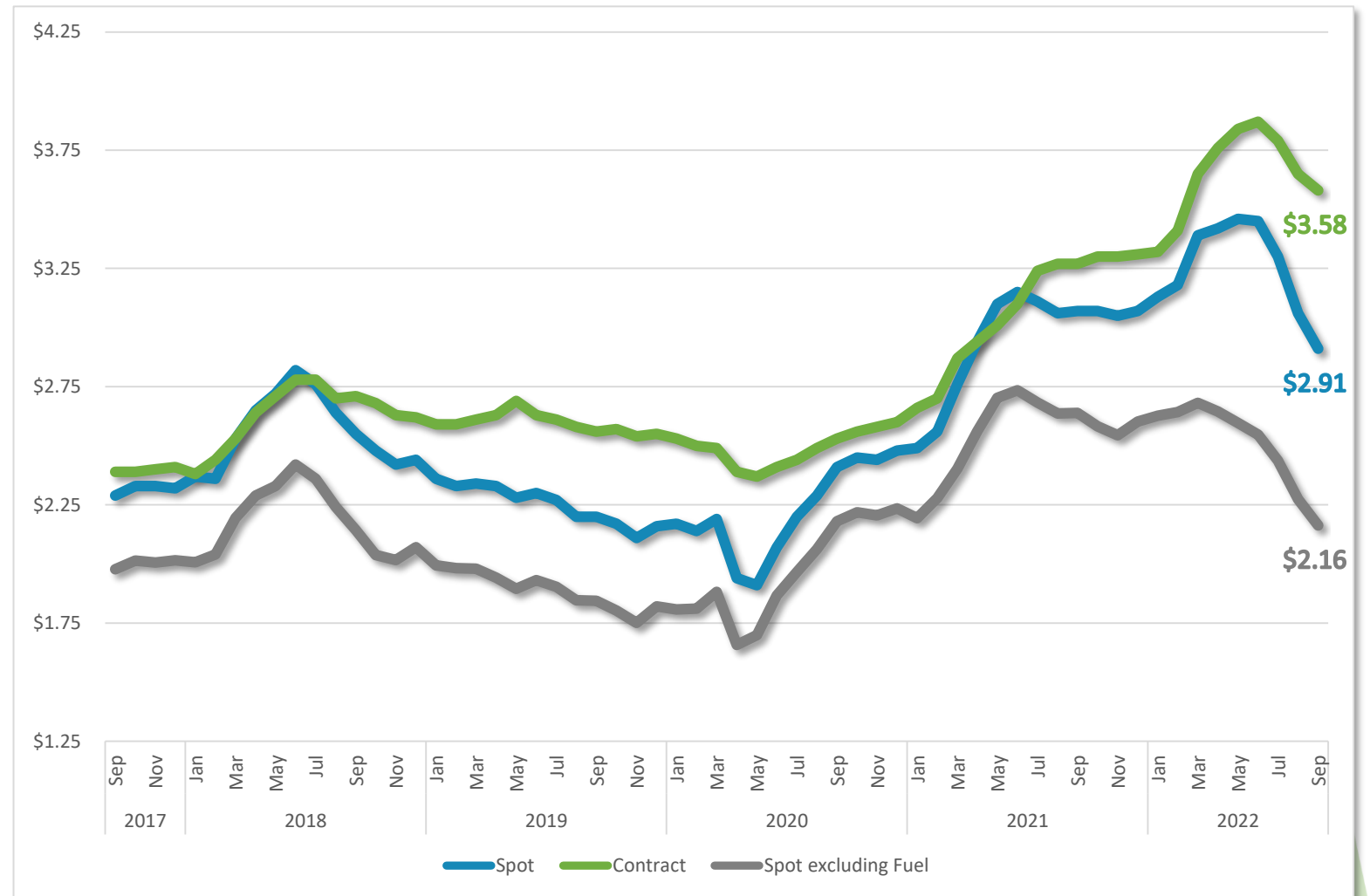
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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: Spot rates and contract rates declined for the third consecutive month, following closely with the load-to-truck ratio.

- The spot market saw a \$0.15 decline month-over-month to \$2.91 per mile, marking the first time that spot rates have dipped under \$3.00 since April 2021.
- The contract market declined \$0.08 to \$3.59 per mile, which is still \$0.26 higher than January.
- **Yes, but** spot rates are 12% above the 5-year trend, and contract rates are 27% higher.
- The winter months usually mark a slower season for flatbed freight. Look for rates to continue to decline.



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

Manufacturing: Total and Construction Materials

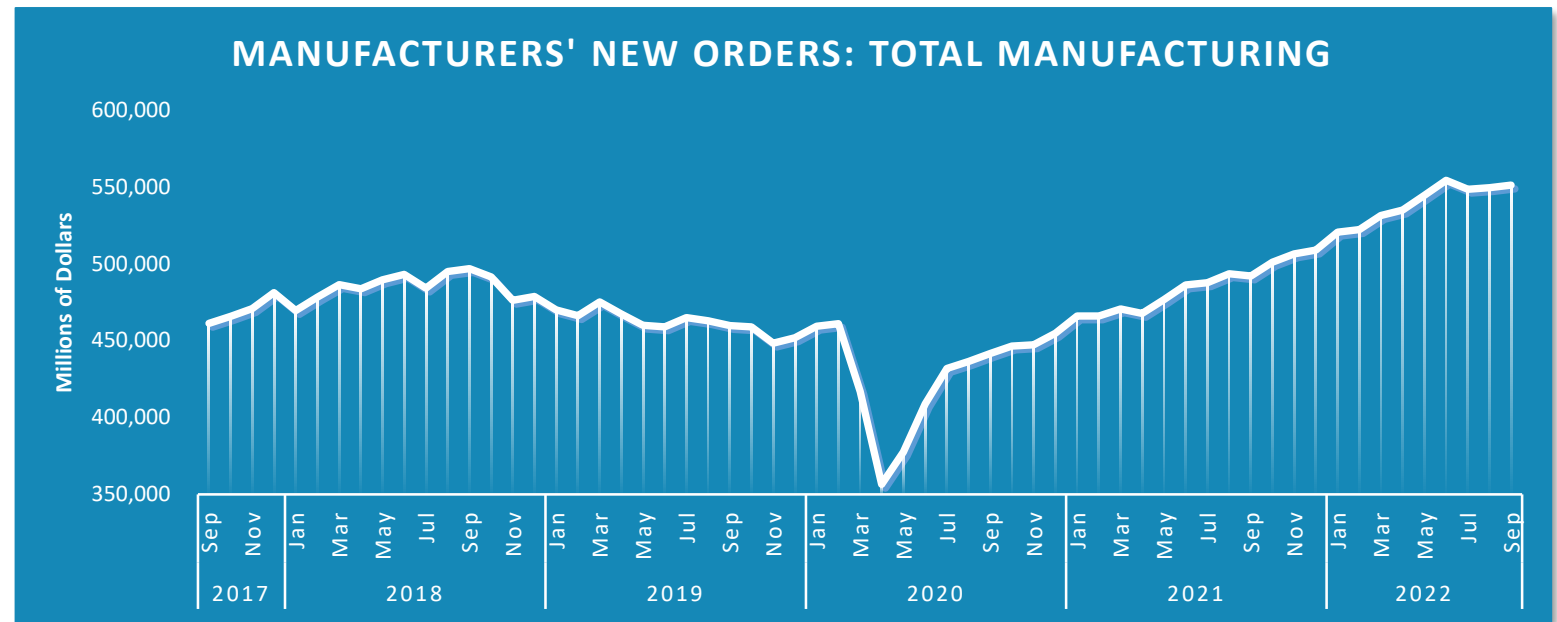
The big picture: Manufacturing new orders is an important flatbed market indicator, as it comprises a large part of the economy.

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: The market forces for the flatbed sector continue to weaken as new orders for construction materials decline, even while total manufacturing increased overall.

- Total manufacturing increased 0.3% month-over-month in September to \$551 billion, which stopped two consecutive months of decline.
- Construction materials and supplies manufacturing decreased 0.3% to \$61.6 billion.
- Yes, but it's 15.4% higher than the 5-year trend, and 5% higher year-over-year.



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:

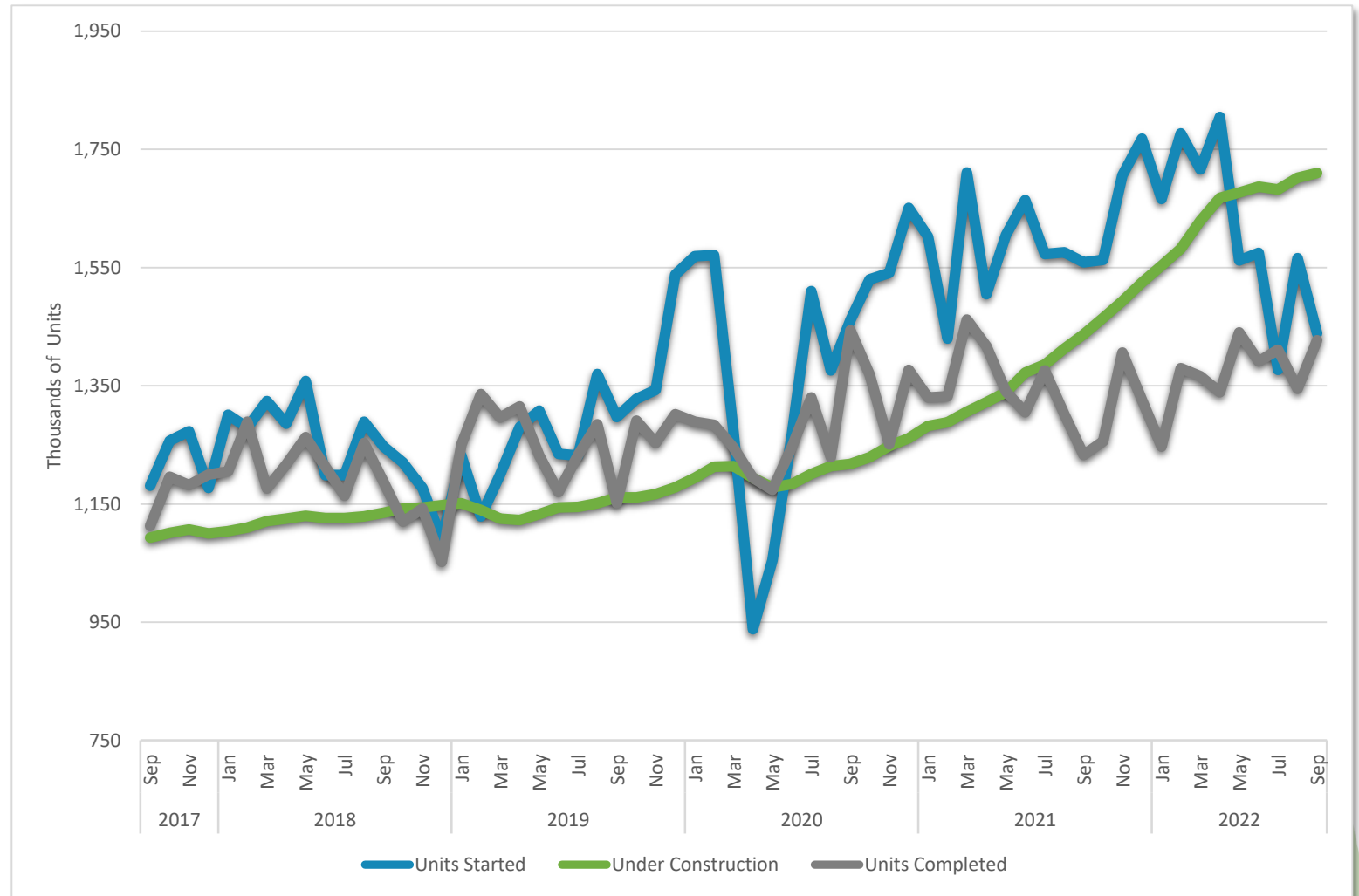
- Housing starts,
- Housing under construction, and
- Housing completed

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 dropped significantly in September, mostly due to a decline in single-family housing starts.

- New starts increased 8.1% to 1.44 million. They have now dropped 25.4% since this year's high in April.
- Starts are only 2.3% above the 5-year average.
- Houses under construction also increased 0.5% to 1.71 million. They are 34.1% above the 5-year trend.



Source: FRED | <https://fred.stlouisfed.org/series/HOUST>, <https://fred.stlouisfed.org/series/UNDCONTSA>, and <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.

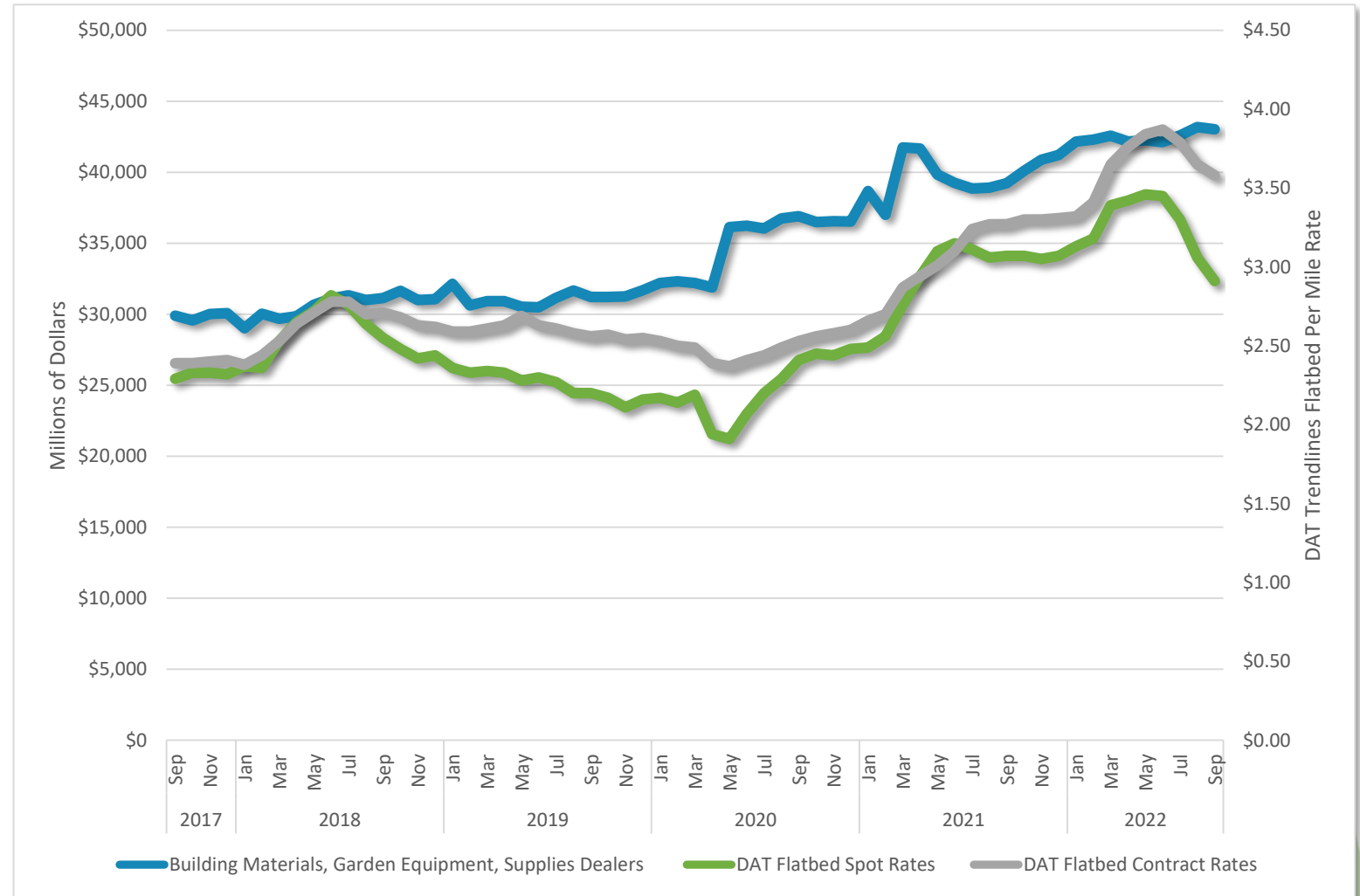
- These are broken down into several categories, including building materials, garden equipment, and supplies dealers (BMGESD).

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: The BMGESD sales decreased as rates continue their downward trend.

- The BMGESD retail sales declined about 0.4% month-over-month in September to \$43 billion, and are 22% above the 5-year trend.
- Look to see flatbed volumes decline as we head into the winter months. This is a typical seasonal trend.
- However, it is made worse by excess capacity in the flatbed market overall.



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