



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

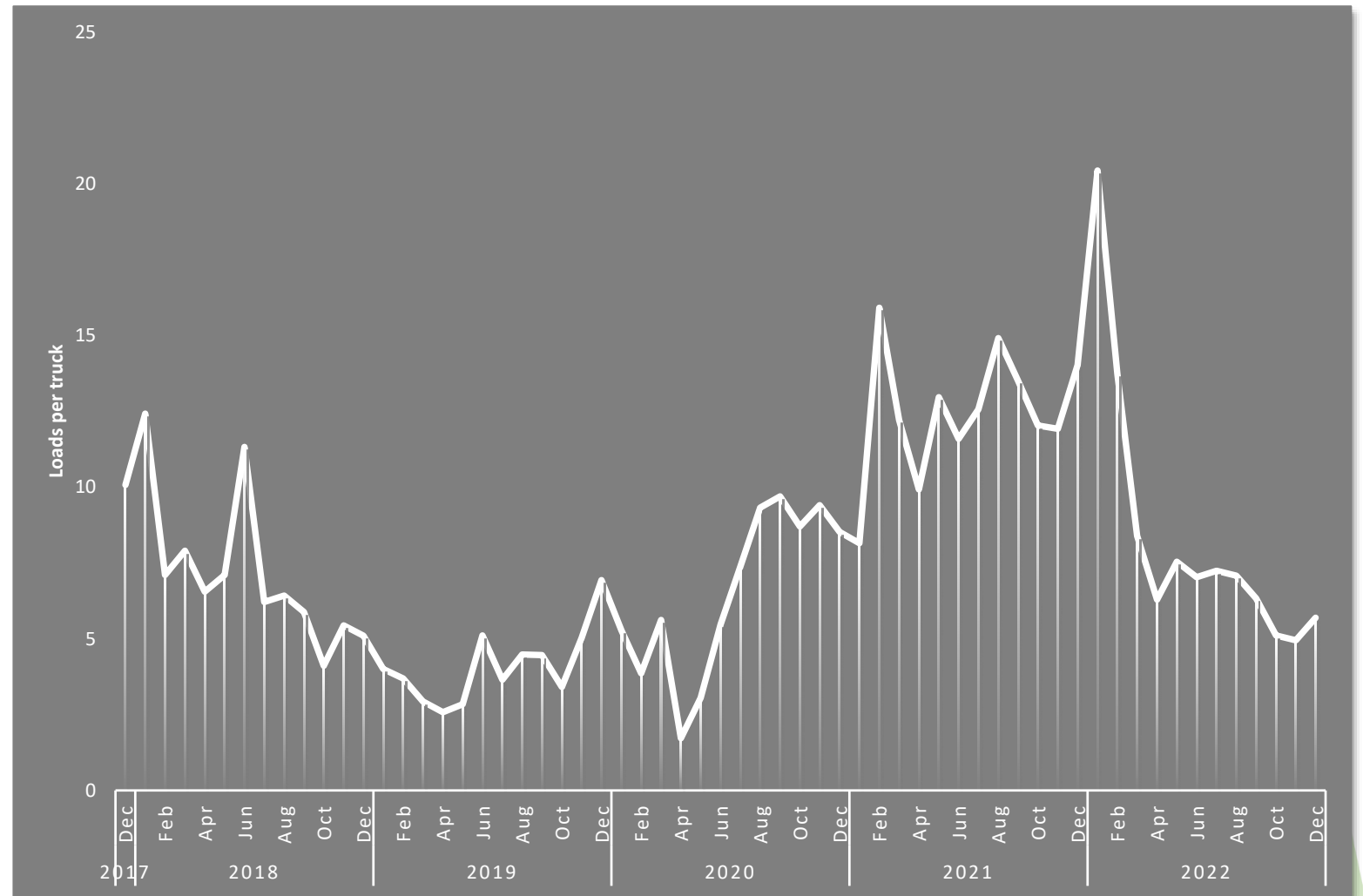
The big picture: Load-to-Truck Ratios represent the number of loads posted for every truck posted on DAT Load Boards.

- 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: The reefer market reversed course after four straight months of decreases in the Load-to-Truck ratio.

- The ratio increased 14.9% to 5.69 loads to every one truck posted in December.
- This is 27% below the 5-year trend, and 59% lower than it was in January.
- **Yes, but** DAT continues to report a record number of equipment posts even as produce volumes have fallen dramatically over the course of 2022 due to historic droughts in California, and now floods.



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

Rates: Reefer Spot and Contract Rates

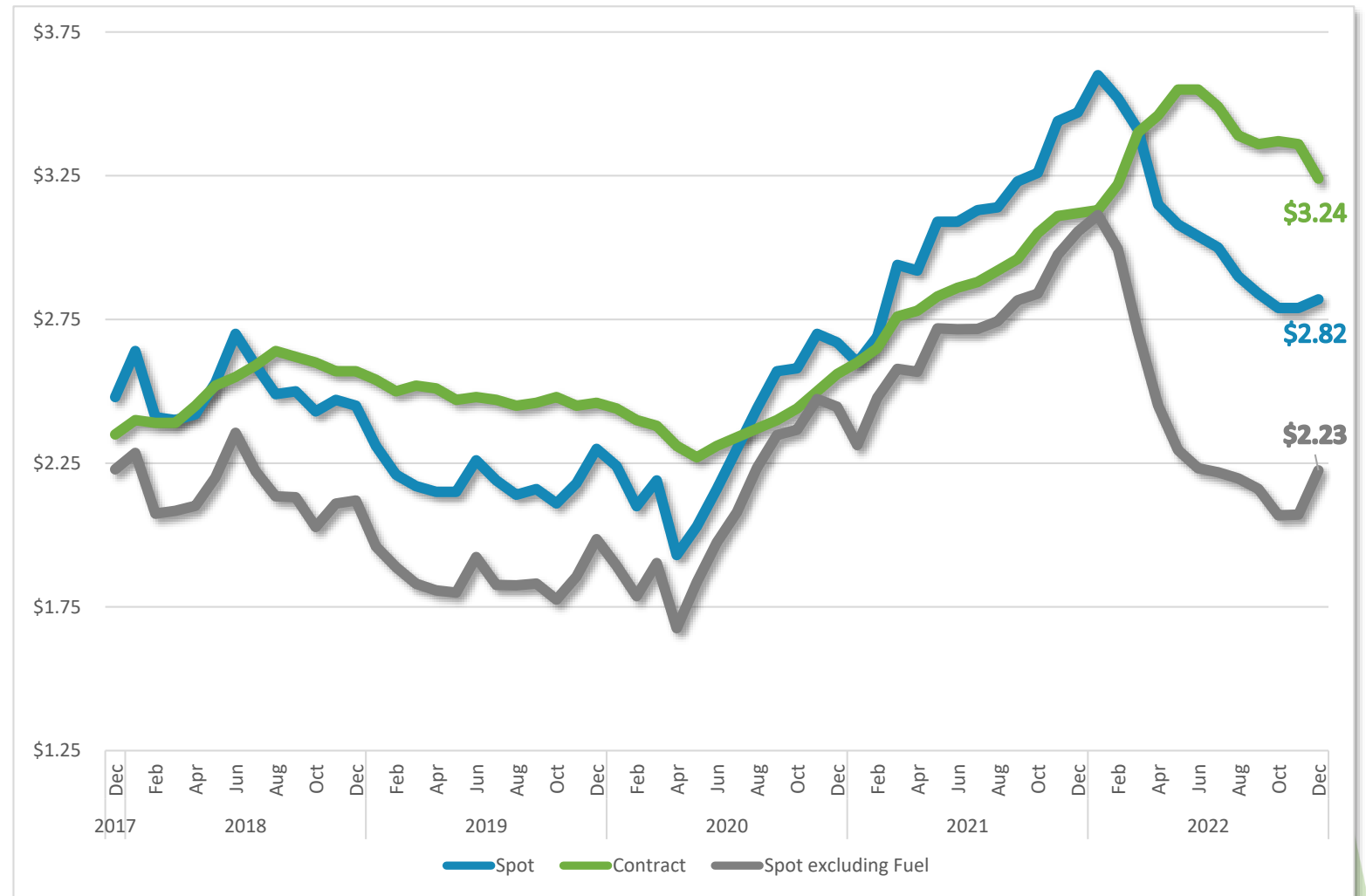
The big picture: Rates are market averages from DAT's RateView, which provides real-time reports on prevailing spot market and contract rates.

- 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. Please note that they include fuel surcharges.

Our thoughts: Spot rates ticked upward month-over-month, while contract rates dropped more than 10 cents per mile.

- Spot rates increased \$0.03 in December, or 1.1% to \$2.82 per mile, but decreased \$0.70 since January 2022.
- Contract rates declined \$0.12, or 3.6%, to \$3.24 per mile, which is \$0.02 above where we were in January.
- The spread between contract and spot is \$0.42.
- DAT is forecasting that spot rates will continue to decline through February due to lower than expected volumes coming out of California and Florida.
- Produce season doesn't officially start until April.



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.

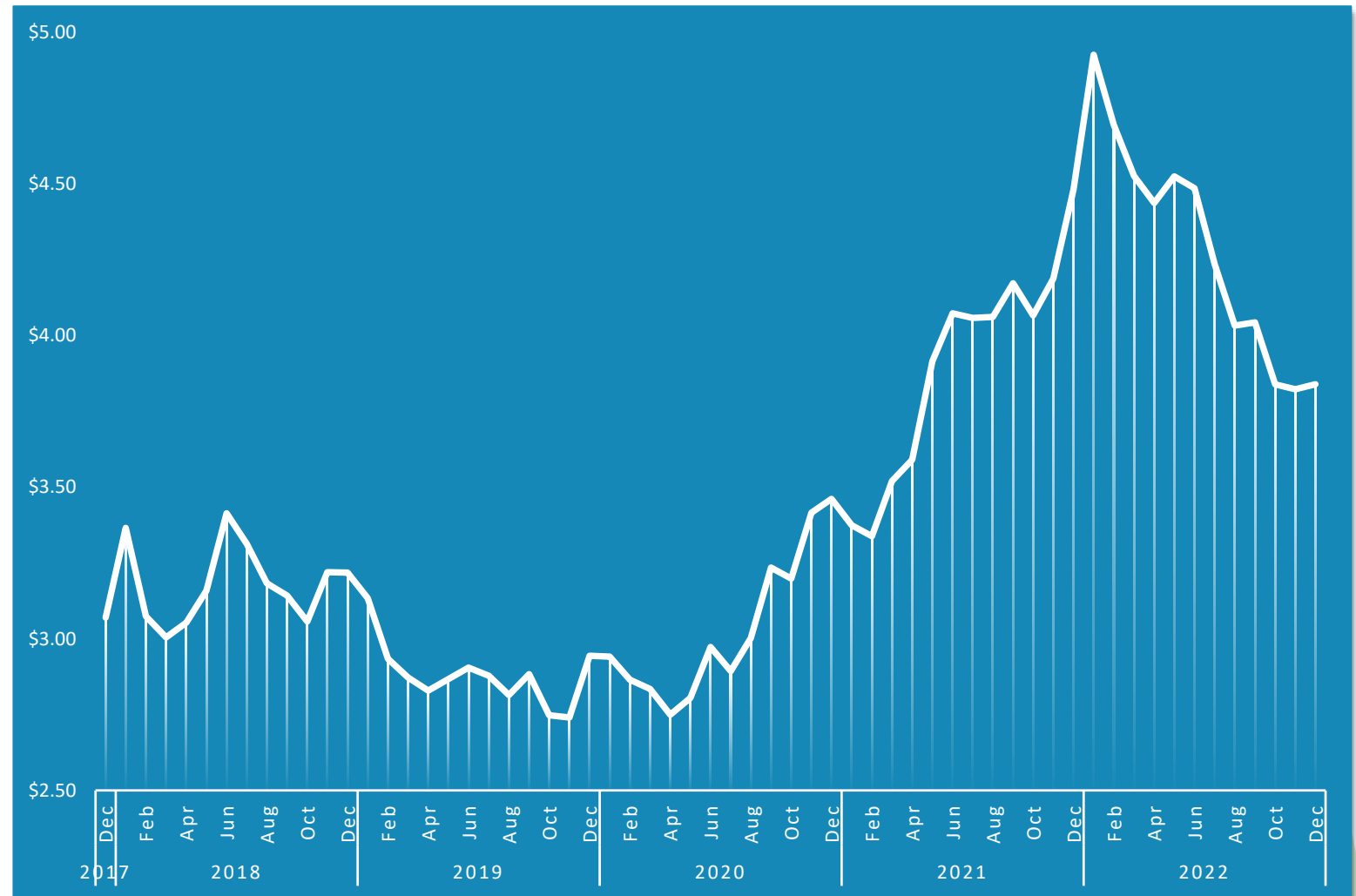
- USDA averages the rates over region and commodity.

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 18% below their high in January, though there was a small gain in December. The beginning of the year marks one of the slowest season for reefers until early spring.

- Rates per mile increased 0.4%, or \$0.02 per mile, month-over-month to \$3.84 in December.
- **Yes, but** rates are still 11.3% 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

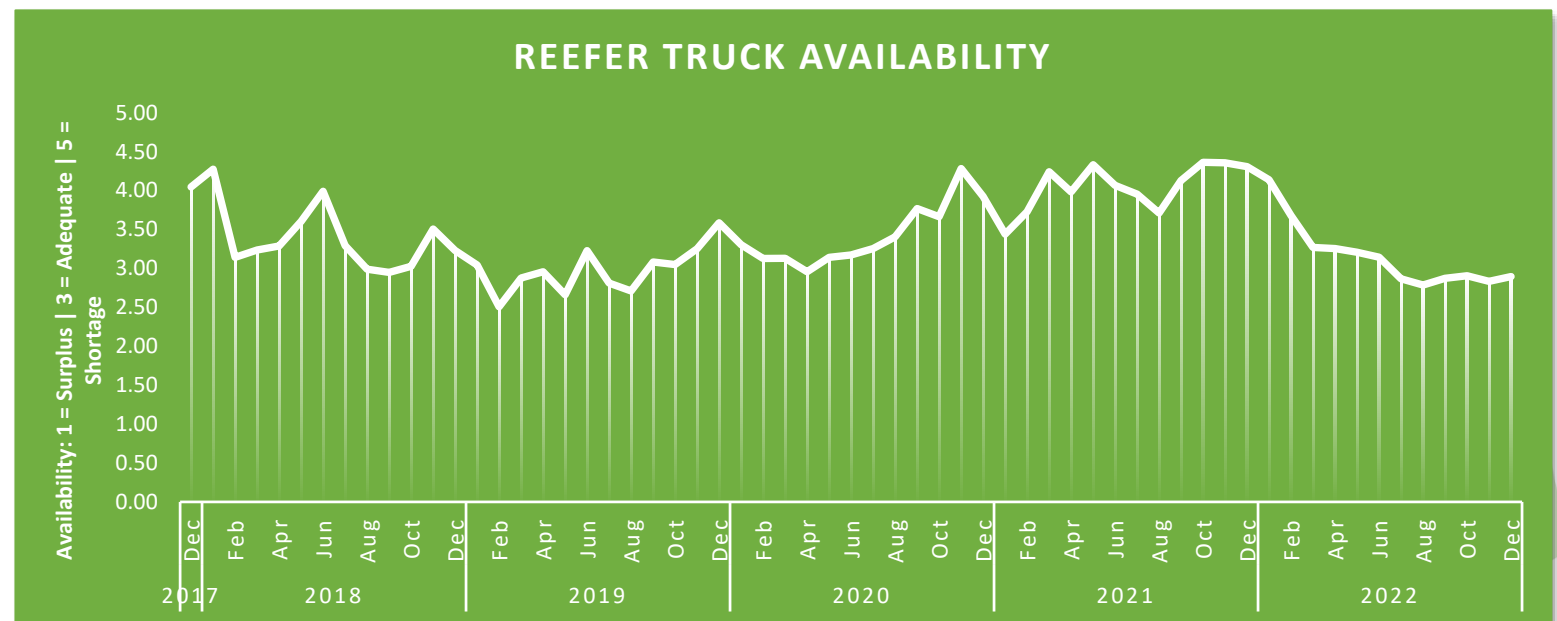
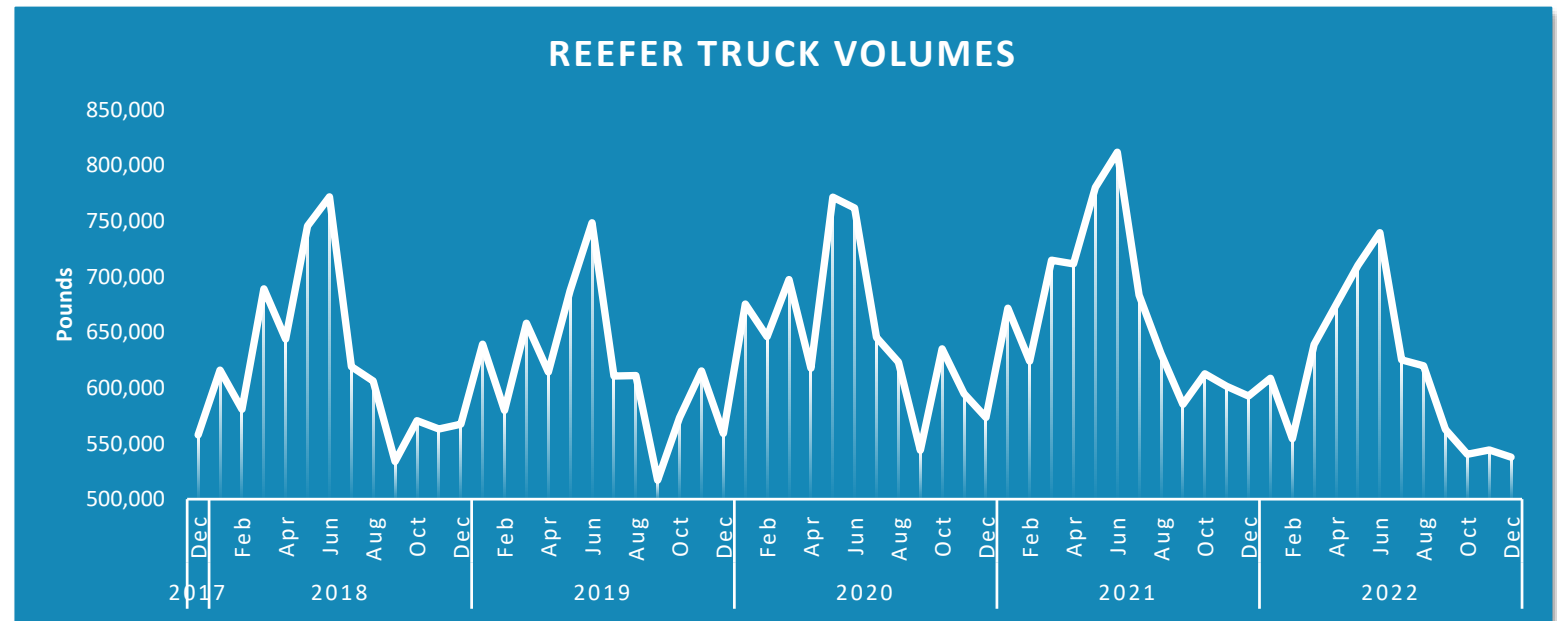
The big picture: The USDA's Crops report includes daily fruit and vegetable volume data by weight and weekly refrigerated truck availability data.

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: Reefer volumes dropped after a slight increase in the previous month, while truck capacity tightened ever so slightly.

- Reefer volumes declined 1.2% month-over-month to 537,742 pounds in December, and 9.3% year-over-year.
- Reefer truck availability rose 2.2% in December to 2.9, meaning that capacity tightened during the last month of the year.



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.

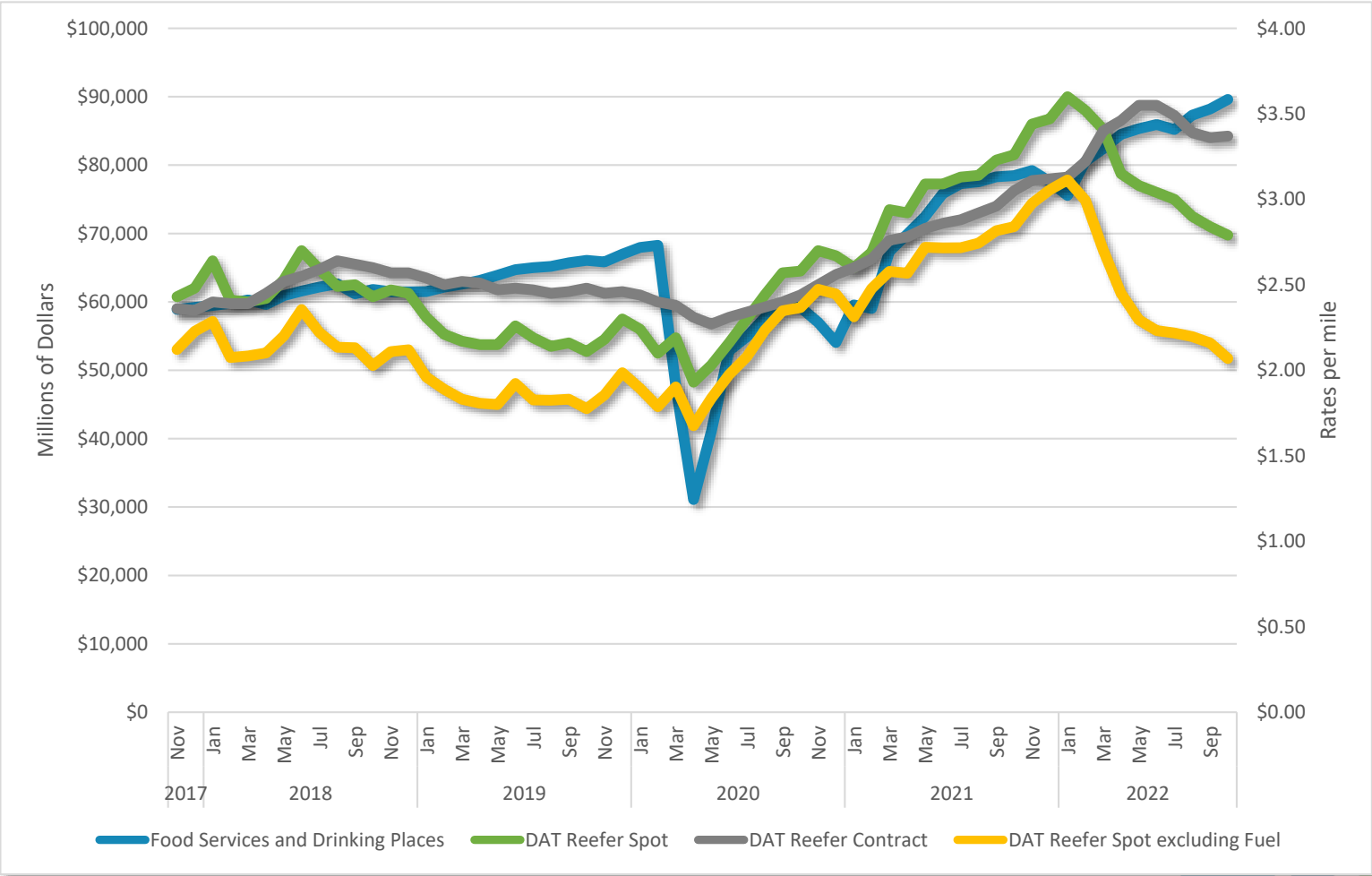
- These are broken down into several categories, including food services and drinking places (FSDPs).

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 remain close to DAT's contract reefer rates as shown in the graph, while spot rates continue to slide.

- FSDPs retail sales increased 1.6% month-over-month in October to \$89.5 billion, and 15.4% year-over-year.
- FSDP sales are 35% higher than the 5-year trend of \$66 billion.
- **Yes, but** spot rates continue to fall due to an excess in reefer truck capacity, indicating that the increase in FSDP retail sales may be more due to inflation than volume.



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