



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 three key economic indicators that directly impact the reefer market:

1. USDA Average Refrigerated Truck Rates
2. USDA Refrigerated Truck Volumes
3. USDA Truck Availability Data



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.

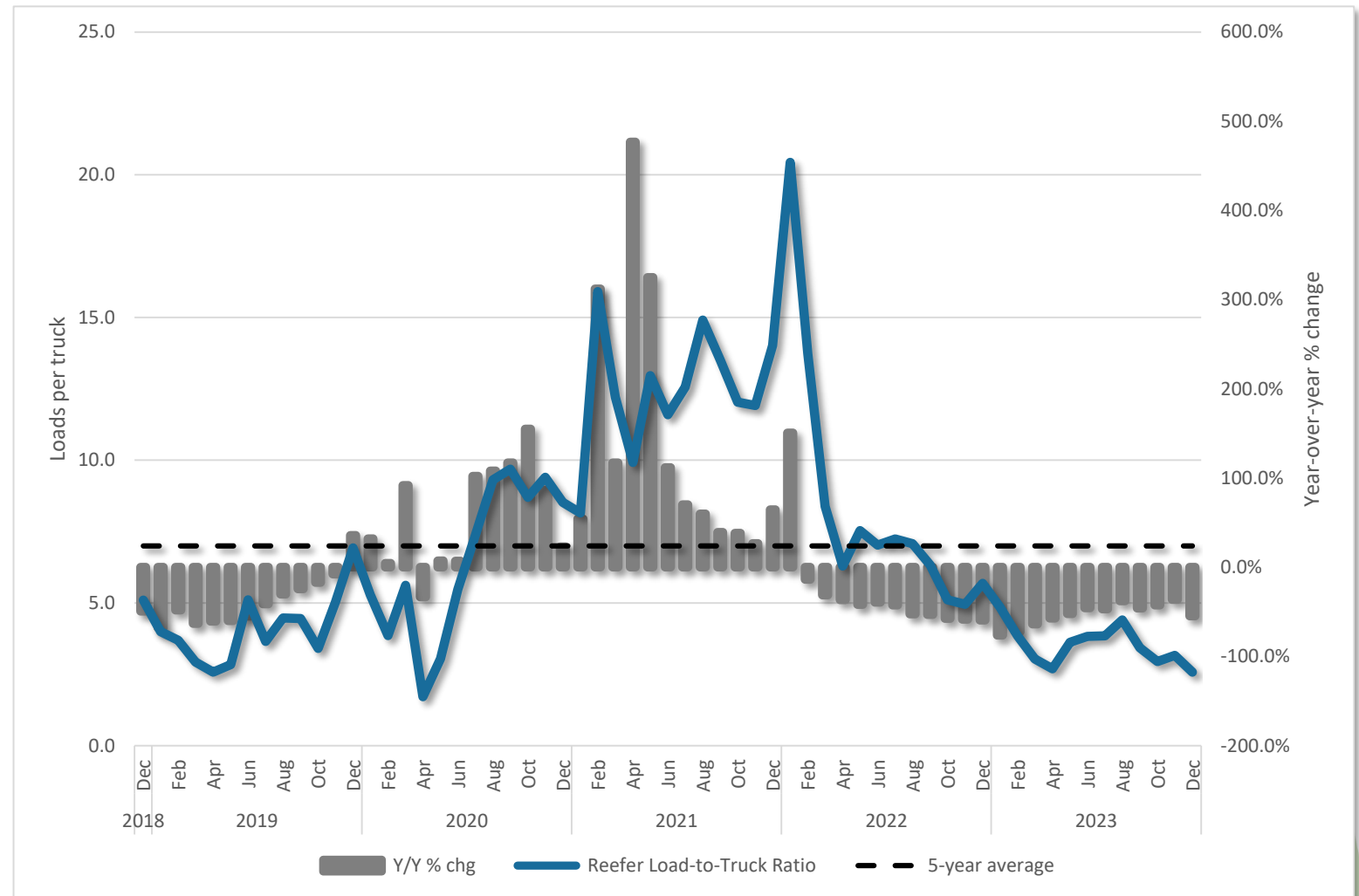
Why it matters: Changes in the ratio often signal impending changes in rates.

Our thoughts: Reefer demand moved upward in November following a 14% decrease in the previous month, following the usual seasonal trend.

- The ratio increased 7.1% month-over-month to 3.16 loads to every one truck posted, ending two consecutive months of decreases.
- The ratio is 36.2% lower than last year when the ratio was 4.95, and 54.8% below the 5-year trend. The ratio has declined year-over-year for 22 straight months.

When examining the different regions of the country, conditions were more favorable for carriers operating in the Lower Mountain, Florida to Georgia, and the Upper Midwest, regions, respectively.

- Eight out of 16 regions experienced an decrease in load-to-truck ratios for reefer, the biggest decrease was found in the Pacific NW region, where the ratio dropped 71.6%.



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

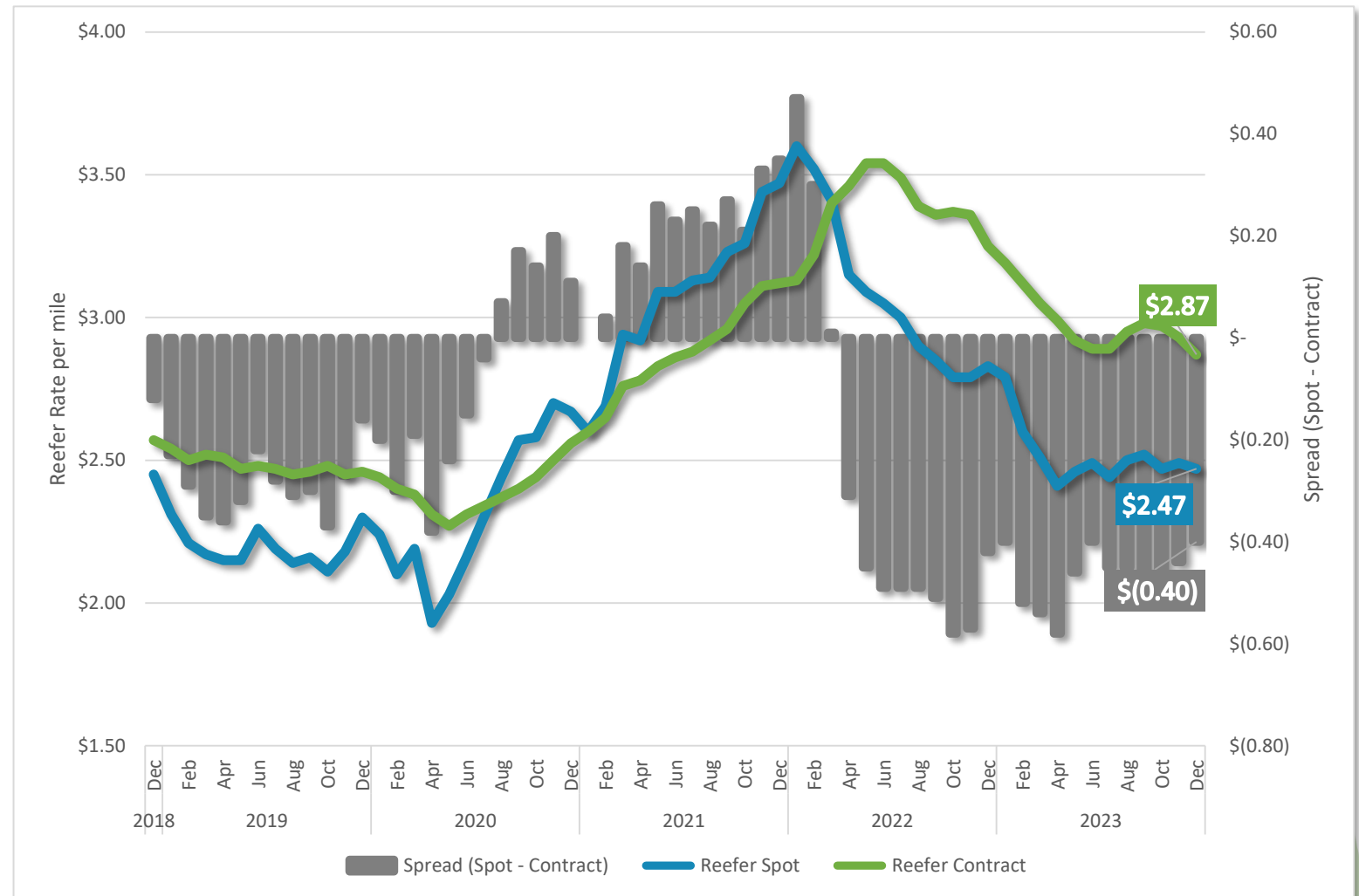
Why it matters: These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

Our thoughts: Spot rates ticked downward month-over-month in December following a 0.8% increase in the previous month following adjustments.

- Spot rates decreased \$0.02, or 0.8% to \$2.47 per mile, and are down \$0.36 since last year.
- Contract rates decreased \$0.06 to \$2.87 per mile, which is \$0.38 below where we were last year.
- The spread between spot and contract decreased \$0.04 to \$0.40 and is 4.8% better compared to a year ago.

DAT's ratecast is forecasting that spot rates excluding fuel will remain flat as we head into February, and then drop about \$0.05 as we get closer to the end of February.

- DAT's extended forecast for reefer spot rates excluding fuel predicts that rates will increase \$0.10 in January to \$2.16, and then decrease steadily until the spring produce season kicks off in April 2024.



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.

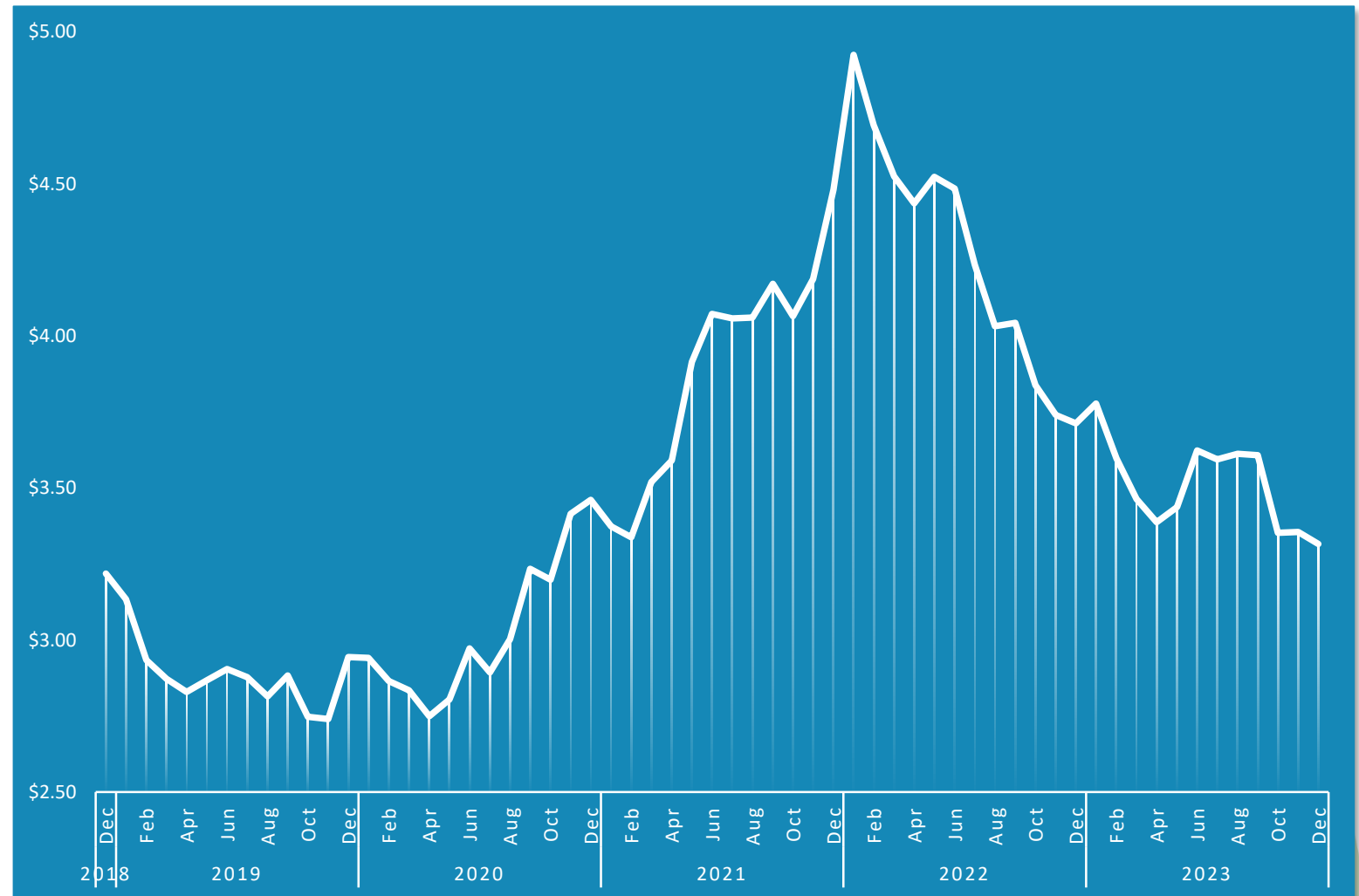
Why it matters: Produce requires fast and efficient movements of perishable commodities.

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

Our thoughts: Fruit and vegetable reefer rates are 32.7%, or \$1.61 per mile, below their high in January 2022.

- Rates per mile decreased 1.2%, month-over-month to \$3.32 in December, marking four months out of six of decreases as we close out the year.
- Rates are \$0.40 per mile, or 10.7%, lower year-over-year, and are \$0.20 per mile, or 5.6%, lower than the five year trend.

According to USDA, carriers in the Florida region experienced the greatest increase in pay per mile month-over-month, rising \$0.19 per mile to \$2.27, while the California region saw the steepest decrease, falling \$0.40 per mile to \$2.92.



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

Fruit and Vegetable Industry: Truck Volume

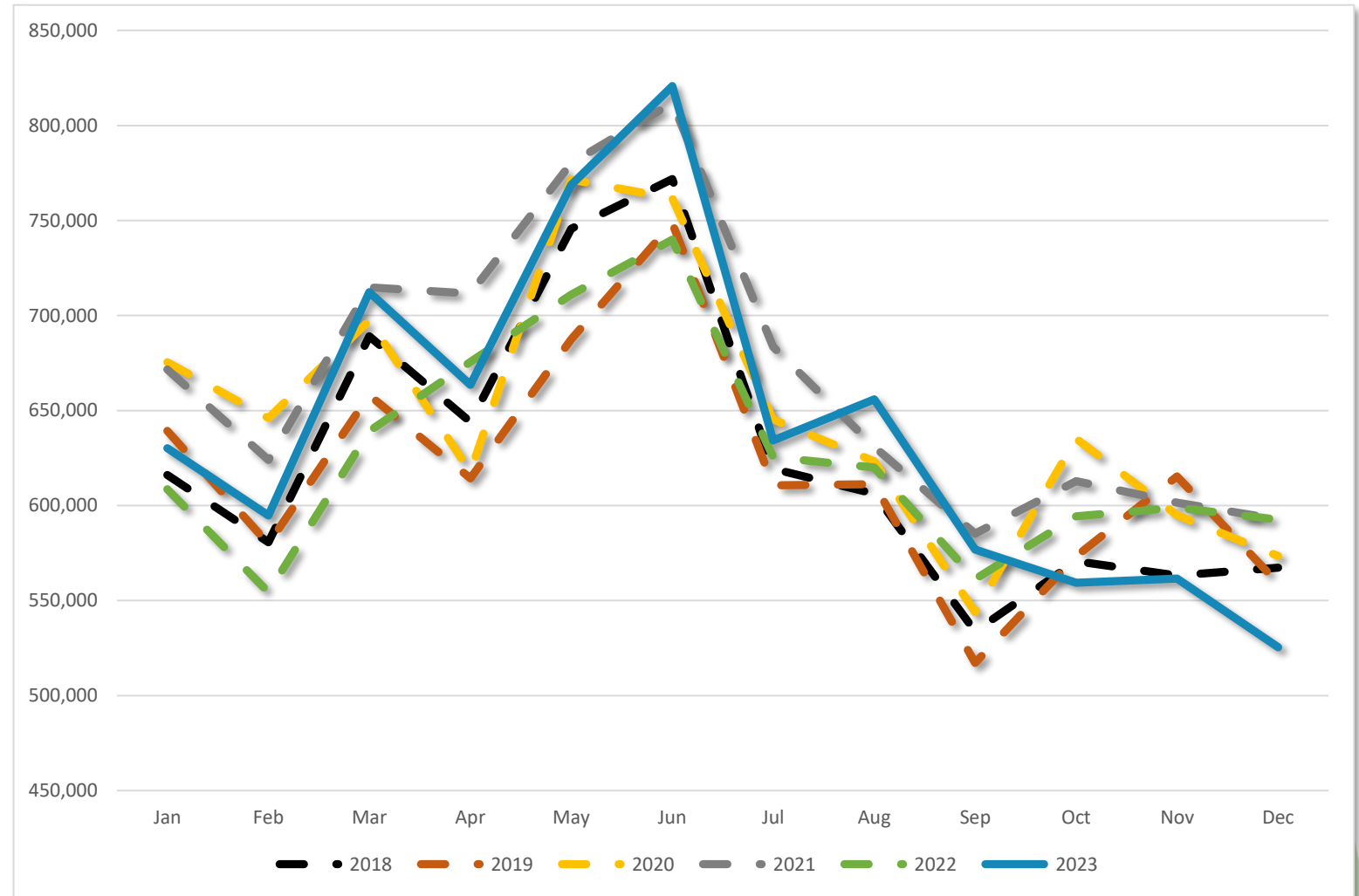
The big picture: The USDA's Crops report includes daily fruit and vegetable volume data by weight for different regions and commodities.

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.

Our thoughts: Reefer volumes fell significantly in December after experiencing a small increase in November following adjustments. The chart depicts that volumes are currently under the usual seasonal trend for this time of year.

- Reefer volumes decreased 6.4% month-over-month to 525,379 pounds, and are 6.4%, or 35,890 pounds, lower year-over-year. Volumes are 18.2% below the 5-year trend.
- The California region decreased 50.6% month-over-month, and is 57.4% lower compared to last year.
- Several regions experienced decreases in volumes, including California, Canada, and Mexico-Texas. In fact, 62% of the regions saw volumes fall month-over-month.
- The Arizona and Texas regions experienced the largest increase in volumes by far.



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

Fruit and Vegetable Industry: Truck Availability

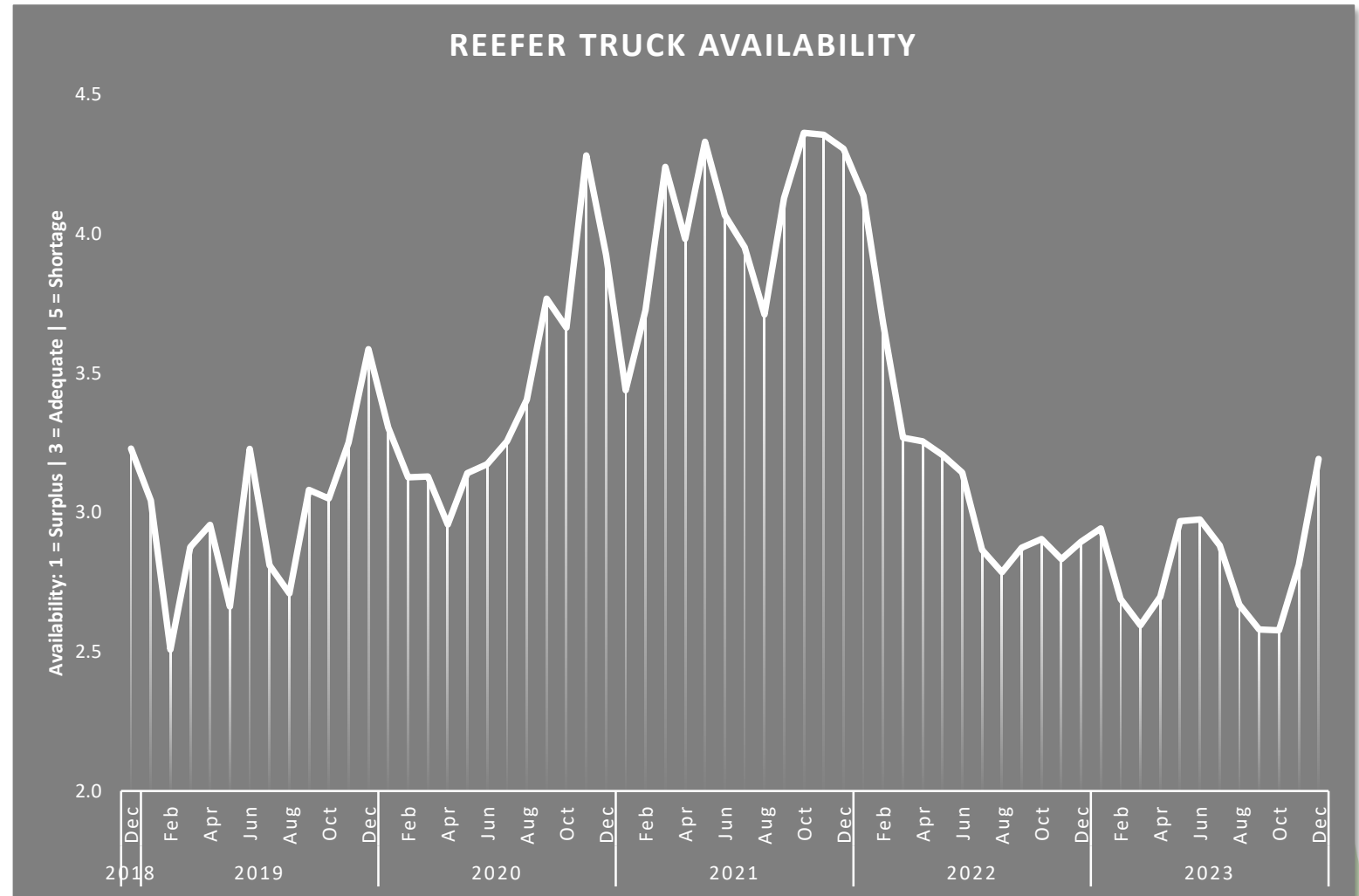
The big picture: The USDA's Crops report includes daily fruit and vegetable data for refrigerated truck availability across different regions and commodities.

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

- **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 truck capacity tightened again even despite a drop in volumes due to the end of year holidays, which is the typical seasonal trend.

- Reefer truck availability tightened to 3.19. Availability is down 10.3% over the previous year when it was 2.89.
- Capacity either remained flat or tightened for ever region in the country. The Florida and Mexico-Arizona regions experienced the greatest level of tightening.
- Conditions in California tightened in December from 2.82 to 3.33. However, because of the decline in volumes, rates dropped in the region.



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