## 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. Merchant Wholesalers
2. Furniture and Household Furnishing Wholesalers
3. Household Appliances, Electrical, and Electrical Goods Wholesalers
4. Advanced Retail Sales Categories

## Demand: Van Load-toTruck 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 Van Load-to-Truck ratio jumped in January, but that is due to seasonality. Demand typically picks up at this time of year. The ratio is sitting $25.2 \%$ above 2019 levels.

- The Van Load-to-Truck Ratio increased $39.4 \%$ month-overmonth to 2.69 , after falling $9.0 \%$ last month.
- The ratio is $10.6 \%$ lower than last year and $26.3 \%$ lower than the 5 -year trend. The ratio has declined year-overyear for 24 straight months.

Regionally speaking, ratios were more favorable for carriers operating in the Upper Atlantic, Upper Midwest, and Lower Midwest regions, respectively, compared to other areas in the country.

- Unlike last month, only 4 regions experienced decreases in demand. The greatest decline was in the Pacific Northwest where ratios dropped $34.6 \%$, from 3.18 to 2.08 .


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## 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: Spot rates ticked up in January, but remain well below where we were last year.

- Spot rates for vans increased $\$ 0.03$ per mile month-overmonth to $\$ 2.14$, marking two months of increases, but are $\$ 0.24$ per mile lower than last year.
- Contract rates decreased by $\$ 0.01$ to $\$ 2.48$ per mile following adjustments, which means the spread between contract rates and spot rates dropped by $\$ 0.04$ to $\$ 0.34$, which is $32 \%$ better $\mathrm{Y} / \mathrm{Y}$ when the spread was $\$ 0.50$.
- Spot rates are $6.2 \%$ below the 5 -year trend, while contract rates are 3.2\% below.
DAT's ratecast model predicts spot rates excluding fuel will drop about $\$ 0.10$ per mile heading into the end of March, but seasonality tells us to expect an uptick by this time.
- DAT's extended forecast has van spot rates excluding fuel jumping up $\$ 0.17$ per mile in February, before experiencing a steady decline until June 2024.
- DAT's extended forecast believes rates will reach $\$ 1.94$ per mile one year from now.


[^1]
## Wholesale Trade: Sales and Inventories

The big picture: Wholesalers act as intermediaries between manufacturers and retailers, purchasing products in bulk and then reselling them to other businesses.

- The U.S Census Bureau reports monthly sales data and inventory-to-sale ratios for different types of industries.

Why it matters: Wholesalers account for $30 \%$ of for-hire trucking ton-miles and $43 \%$ of parcel ton-miles according to the 2017 Commodity Flow Survey.

- Wholesalers' sales and inventory data help us to see which direction freight markets are headed.
- And the lower the inventory that businesses have on hand, the greater they need freight transportation to restock their goods.

Our thoughts: Inventory-to-sales ratios decreased slightly, while monthly sales remained mostly flat in November. While the inventory-to-sales ratios continue to fall, demand has not increased, which is why the current freight downcycle is continuing even despite inventory rightsizing.

- Sales decreased $\$ 152$ million to $\$ 667.6$ billion, and are $0.5 \%$, or $\$ 3.07$ billion, lower year-over-year. This is the second $\mathrm{Y} / \mathrm{Y}$ increase in 9 months.
- Ratios decreased $0.7 \%$ month-over-month to 1.34 , and are $3.6 \%$ lower than last year, which is the third $Y / Y$ decline in 19 months. Ratios are $0.9 \%$ higher than the 5 -year trend.


[^2]
## Wholesale Trade:

## Furniture and Appliances

The big picture: The U.S. Census Bureau reports monthly sales and inventory data for different types of industries, including:

- Furniture and Home Furnishings
- Household Appliances, Electrical, and Electrical Goods

Why it matters: Large appliances and furniture generate freight for the dry van segment of the industry.

- Sales and inventories can help an owner-operator to see what direction freight demand is headed.

Our thoughts: Both furniture and household appliance wholesalers moved in the right direction in December as sales increased while inventory ratios simultaneously decreased.

- Furniture Sales increased $4.2 \%$ to $\$ 10.7$ billion after increase $3.3 \%$ in the previous month, while ratios dropped 5.4\% to 1.59 .
- Compared to last year, sales increased $\$ 407$ million, or $4.0 \%$, and ratios have decreased $18.0 \%$.
- Household appliances sales increased $1.9 \%$ to $\$ 63.84$ billion, and ratios decreased $1.5 \%$ to 1.30 .
- Sales are $\$ 1.1$ billion higher than last year, marking two straight months of $\mathrm{Y} / \mathrm{Y}$ increases, and ratios are $6.5 \%$ lower, the fourth $Y / Y$ decline in 23-months.
Although inventory levels are lower now than at the start of 2023 (15.9\% for furniture and 3.7\% for household appliances), increased demand has yet to materialize for both of these industries. Without an uptick in demand, the freight cycle will remain in it's current trough.




## Advanced Retail Sales:

## Electronics, Furniture, and General Merchandise

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, Kohl's, etc.

Why it matters: Retail sales can 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: Seasonally adjusted retail sales only declined for EAS in January, while FS experienced growth and GMS remained flat.
- EAS decreased $0.4 \%$, or $\$ 32$ million, $M / M$ to $\$ 7.33$ billion, marking three straight months of decreases. EAS is $5.8 \%$, or $\$ 451$ million, lower $\mathrm{Y} / \mathrm{Y}$.
- FS increased $1.5 \% \mathrm{M} / \mathrm{M}$ to $\$ 11.07$ billion, and is $9.8 \%$, or $\$ 1.2$ billion, lower $\mathrm{Y} / \mathrm{Y}$. FS has declined $\mathrm{Y} / \mathrm{Y}$ for 12 straight months.
- GMS increased $0.05 \% \mathrm{M} / \mathrm{M}$, or $\$ 34$ million, to $\$ 73.94$ billion, and is up $0.9 \%$, or $\$ 683$ million, $\mathrm{Y} / \mathrm{Y}$.

Electronics, Furniture, and General Merchandise Index


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[^0]:    Source: DAT Trendlines | https://www.dat.com/industry-trends/trendlines | Monthly

[^1]:    Source: DAT Trendlines | https://www.dat.com/industry-trends/trendlines | Monthly

[^2]:    Source: U.S. Census Bureau | https://www.census.gov/econ/currentdata/ | Monthly

[^3]:    Source: FRED | https://fred.stlouisfed.org/series/RSEAS | https://fred.stlouisfed.org/series/RSFHFS | https://fred.stlouisfed.org/series/RSGMS | Monthly

