



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.

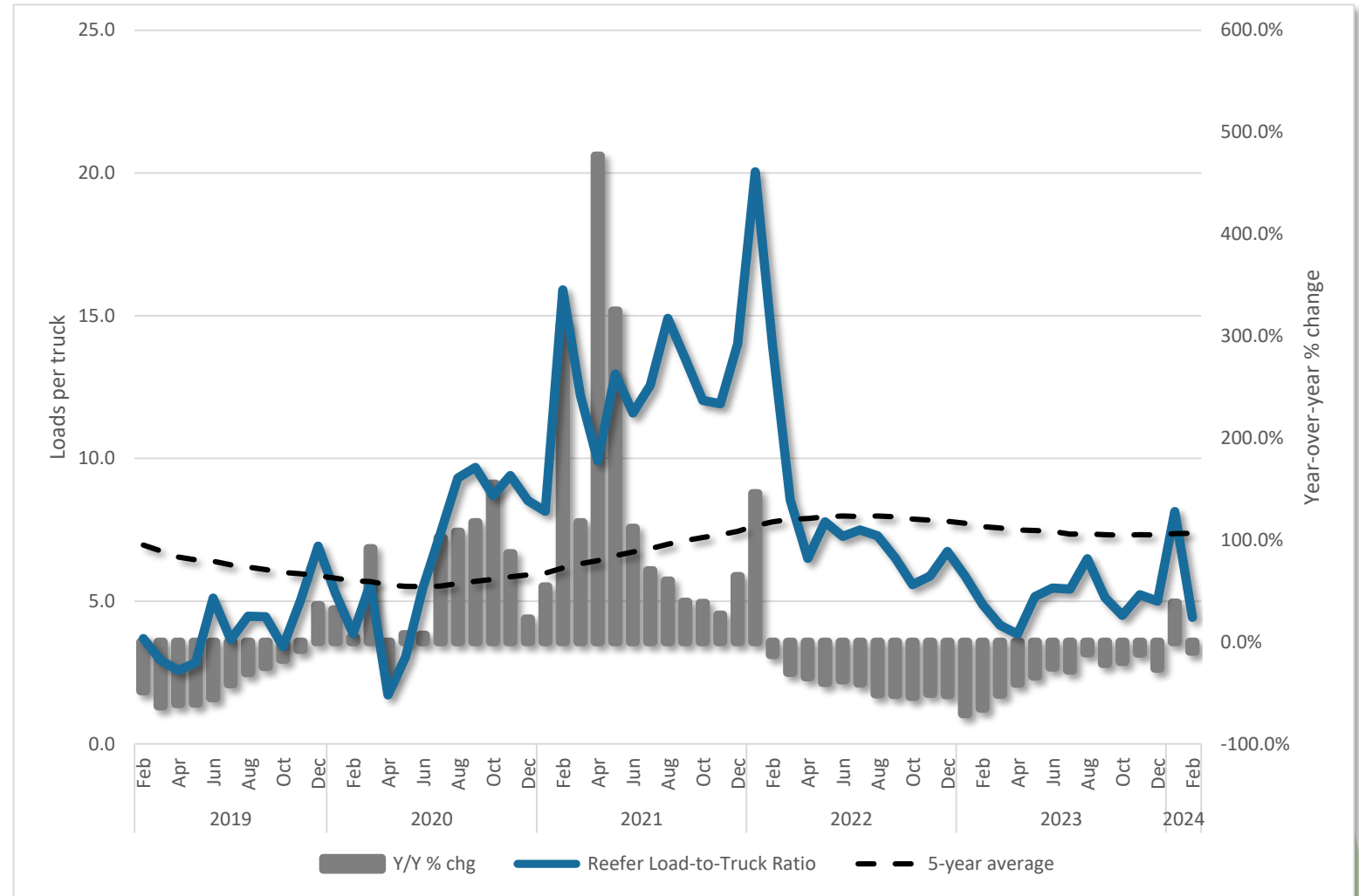
Why it matters: Changes in the ratio often signal impending changes in rates.

Our thoughts: Reefer demand moved plunged in February following a 62.8% increase in the previous month. This follows the usual seasonal trend.

- The ratio fell 45.5% month-over-month to 4.44 loads to every one truck posted.
- The ratio is 9.2% lower than last year when the ratio was 4.89, and is 39.8% below the 5-year trend.
- The ratio has declined year-over-year for 23 out of 24 months. January 2024 was the lone increase.

When examining the different regions of the country, conditions were more favorable for carriers operating in the South Central, Southeast, and Lower Mountain regions, respectively.

- Just one out of 16 regions experienced an increase in load-to-truck ratios for reefer, that being the Florida-to-Georgia, which increased 0.9% to 5.11.



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

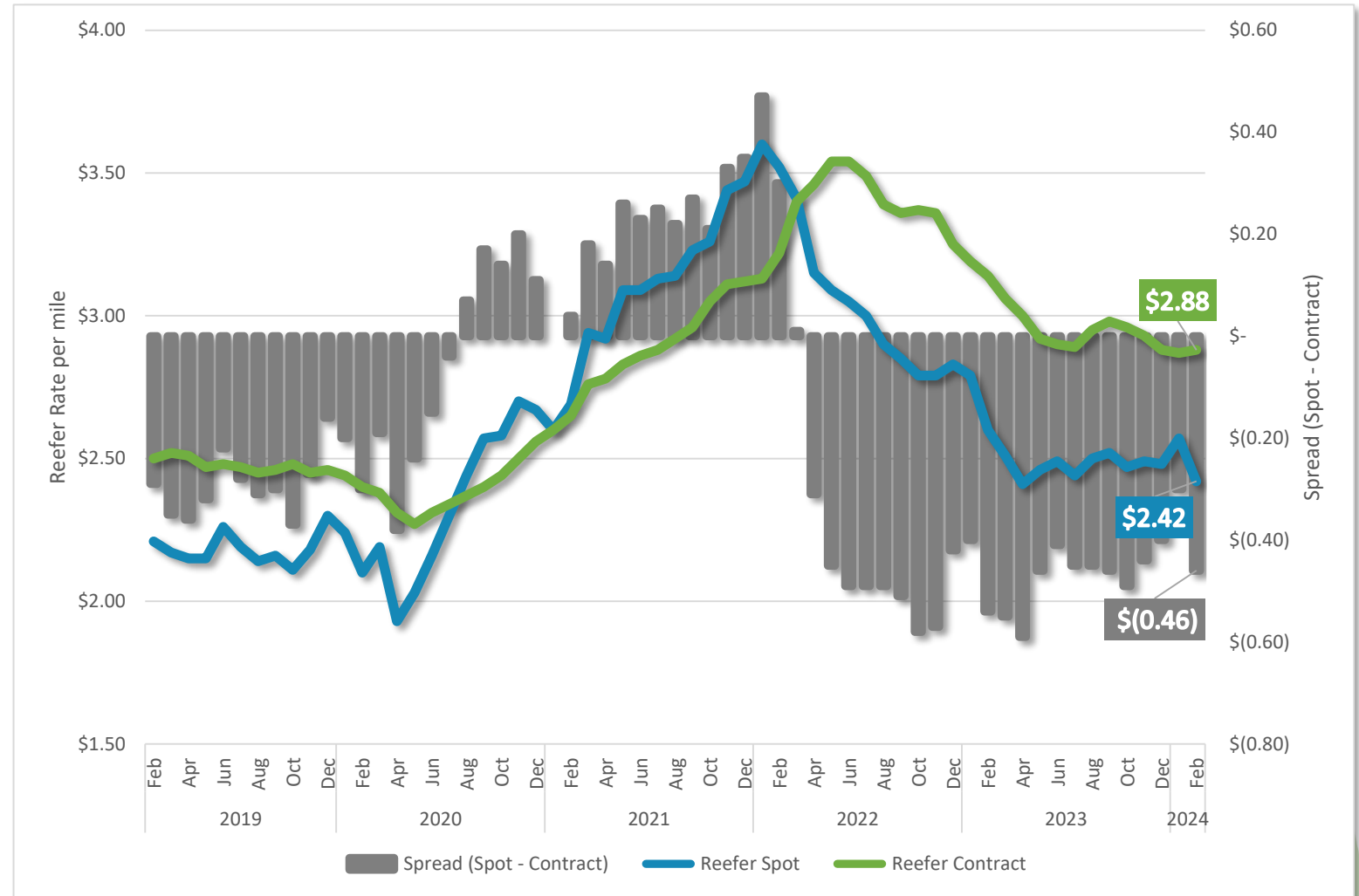
Why it matters: These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

Our thoughts: Spot rates plunged month-over-month in February following a 3.6% increase in the previous month following adjustments.

- Spot rates decreased \$0.15, or 5.8% to \$2.42 per mile, and are down \$0.18 since last year.
- Contract rates on the other hand, increased \$0.01 to \$2.88 per mile, which is \$0.26 below where we were last year.
- The spread between spot and contract grew \$0.16 to \$0.46 but is 14.8% better compared to a year ago.

DAT's ratecast is forecasting that spot rates excluding fuel will drop \$0.15 as we get into the middle of April due to model confusion. Don't expect this forecast to come to fruition.

- DAT's extended forecast for reefer spot rates excluding fuel predicts that rates will plummet \$0.33 in February to \$1.93, and then decrease steadily until May 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 30.3%, or \$1.49 per mile, below their high in January 2022.

- Rates per mile decreased 1.8%, month-over-month to \$3.43 in February, after surging 5.4% in January, which follows the typical seasonal trend.
- Rates are \$0.16 per mile, or 4.6%, lower year-over-year, and are \$0.09 per mile, or 2.5%, lower than the five-year trend.

According to USDA, carriers in the Mexico-Texas region experienced the greatest decrease in pay per mile month-over-month, falling \$0.24 per mile to \$2.75, after rising \$0.39 per mile in the previous month. No region experienced an increase in compensation in February.



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 again in February after experiencing a 6.4% decrease in January following adjustments. The chart depicts that volumes are significantly underperforming compared to previous years.

- Reefer volumes decreased 11.7% month-over-month to 479,793 pounds, and are 19.3%, or 115,017 pounds, lower year-over-year. Volumes are 25.3% below the 5-year trend.
- The California region decreased 18.9% month-over-month, and is 82.9% lower compared to last year.
- Every region except two experienced decreases in volumes, including Mexico-New Mexico, New York, and Texas. In fact, 88% of the regions saw volumes fall month-over-month.
- The Arizona region was the only one to experience an increase in February. It increased 4.4% to 43,932 pounds.



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

Fruit and Vegetable Industry: Truck Availability

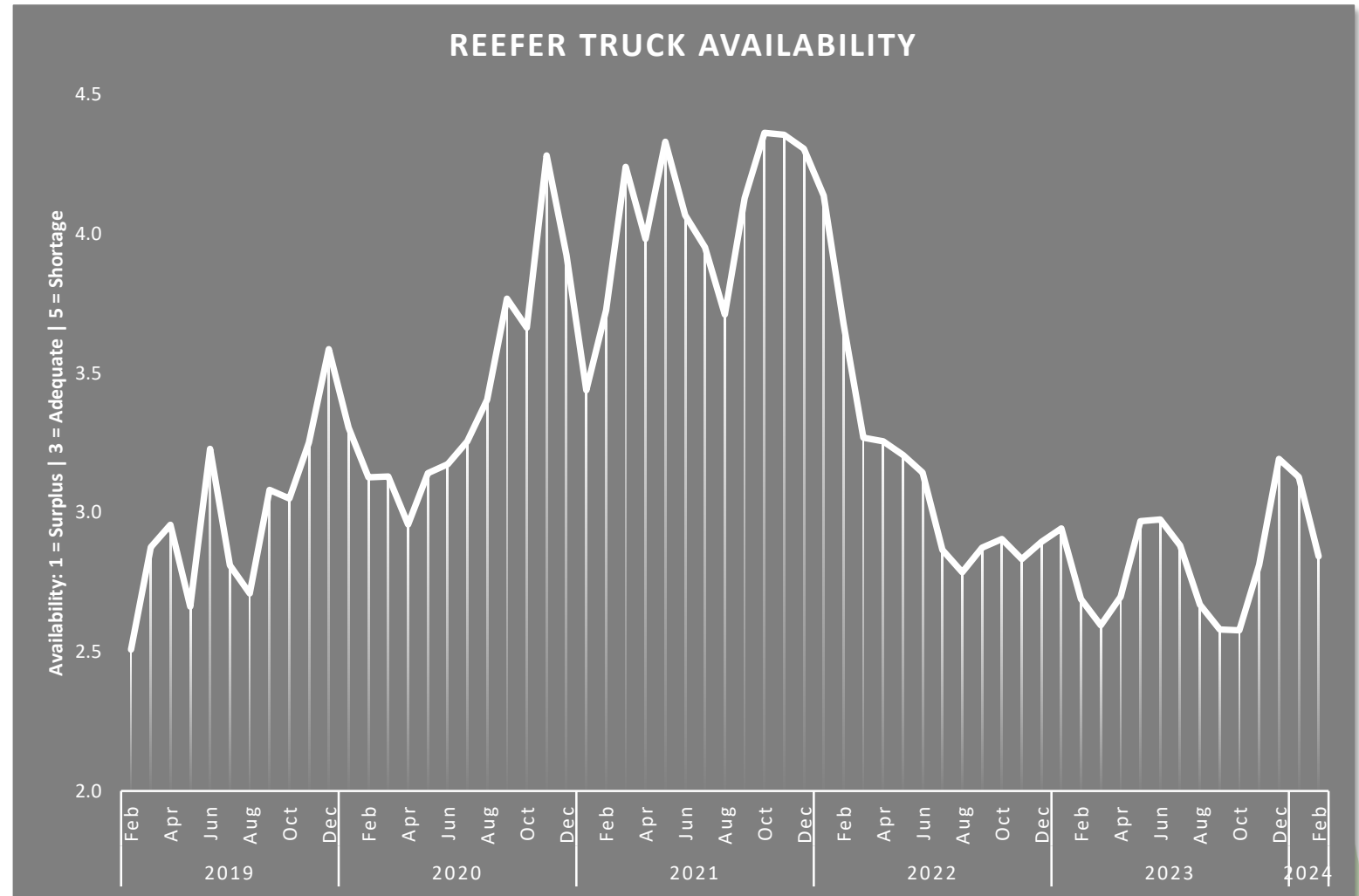
The big picture: The USDA's Crops report includes daily fruit and vegetable data for refrigerated truck availability across different regions and commodities.

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 loosened even further in February as both rates and volumes declined overall.

- Reefer truck availability loosened to 2.84. Availability is down 5.7% over the previous year when it was 2.69.
- Capacity either remained flat or loosened for every region in the country. In fact, 45% of the regions loosened while 55% remained flat. No regions tightened in February.
- Conditions in California loosened from 3.10 to 2.95, which is unusual for this time of year. Weather continues to wreak havoc on CA produce.



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