

Trucker Reality

By OOFI • Mar 11, 2024

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Welcome back. As academics and regulators offer solutions for freight efficiency from 30,000 feet up. We will look at these solutions from 6 ft. up from the pavement in the driver's seat at the realities of trucking.

Predicting the future of freight rates



Looking at last year and using that as a crystal ball moment

There are so many oracles out there predicting what will happen in 2024 with freight and rates. I'm not a great scholar of ancient history, but there have been lots of oracles and swami's over the years that claimed some kind of divining power to predict the future.

- **The one thing** I noticed in all of these prognostications was how vague the prediction was. In other words, their predictions couldn't be wrong no matter how it turned out, but one thing is for certain: either way, the prophets profited from it.

In transportation, the divining rod is "DATA".

- **Fun fact:** all data is biased.
- **Fun Fact:** all data predictions come with caveats.

The research the OOIDA Foundation conducts requires that we go through tons of data trying to:

- Decipher where it comes from.
- Determine who did the research and if they are sponsored by someone who hopes to gain from the results.

1 big thing: the Foundation puts together a [Freight Market Update](#) every month, as well as a [quarterly report](#), based on data and research that meet our standards.

- The monthly report is broken down by what type of trailer you're pulling (Van, Flatbed, and/or Reefer.)

By the numbers: In my opinion, the US Bank is one of the least biased and most credible sources out there.

- Their end of the year data is a great prognosticator.
- It predicts the good, the bad, and the ugly.

The caveats: As I get ready to send this dispatch, we note from other credible sources that many of the predictions may change due to mother-nature rearing her head.

- Flooding in California, fires in Texas- all will have an initial impact on freight and rates.
- Look for the Freight Market update that the Foundation produces for more real time information.

In addition:

- The Federal Reserve may tighten interest rates.
- Consumer confidence may back off.
- Geopolitical powder kegs might reignite inflation.
- The biggie is if capacity continues to decline and demand picks up.

The good:

- In the later half of 2023, shippers were less reliant on inventory.
- In the first quarter of 2024, manufacturers are ordering more.
- Produce season shows signs of looking good.
- For owner-operators, rates were beginning to rise as contract rates decreased.

The Bad:

- Rates are beginning to rise but a lot of that is because capacity has decreased, which means a lot of owner-operators and small fleets have gone out of business.

The Ugly:

- The FMCSA reports that the number of trucking authorities has been consistently negative since October of 2022.
- November 2023 posted a net loss of 2,087 authorities (not all were small carriers, but most were).
- We're still seeing overcapacity, low freight volumes, low spot rates and high operational costs.

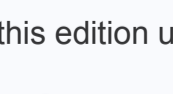
For small carriers to survive, they need to understand the economy and recognize what the signs of a successful operation look like. They need to be able to adjust and reap the rewards.

The OOIDA Foundation is again offering our 3-day, comprehensive, Truck-to-Success seminar October 22-24 in Blue Springs, MO. This is available both in person and/or through zoom. Click the [link here for more information and learn how to register today](#).

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