



# 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.

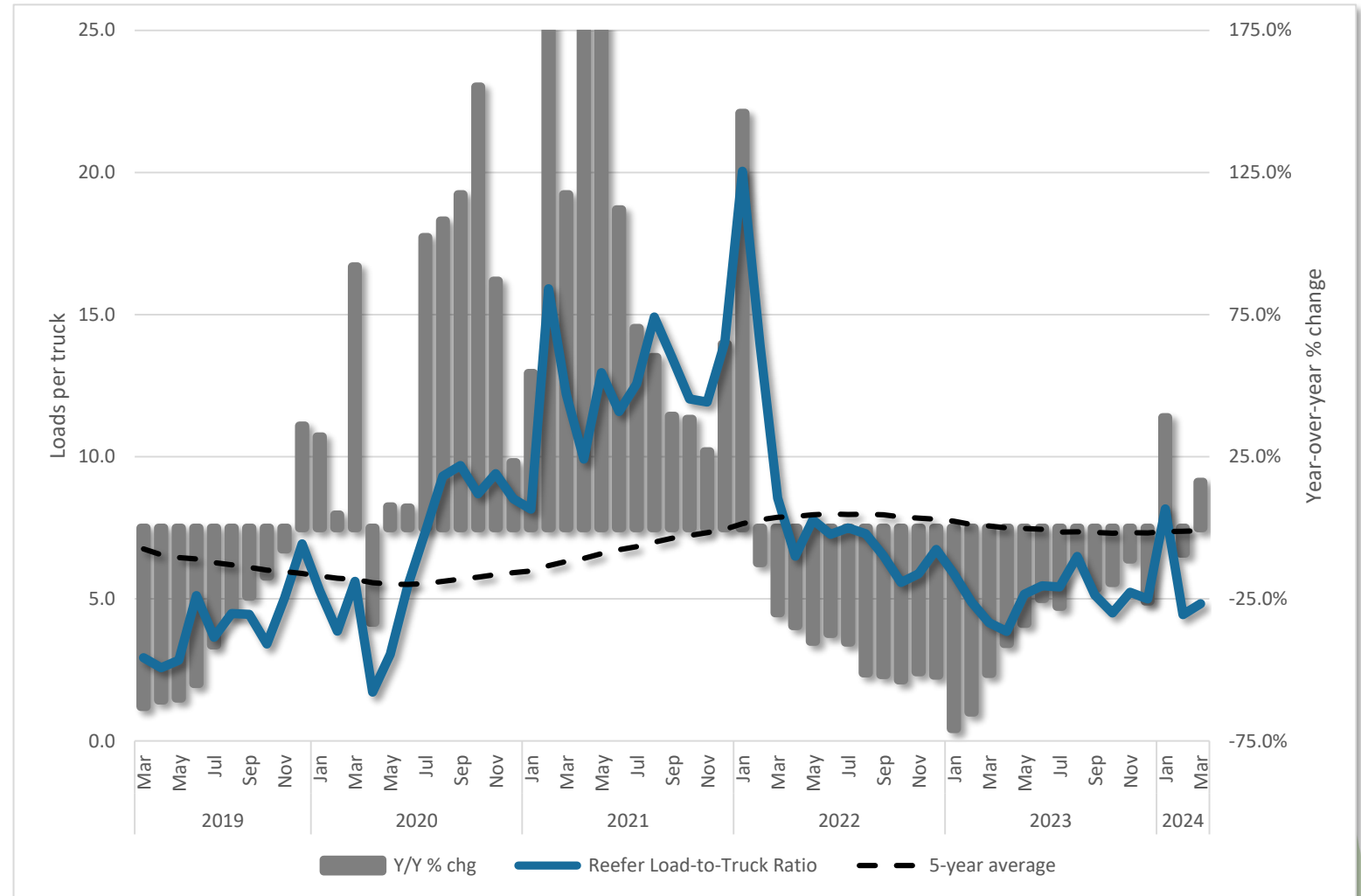
**Why it matters:** Changes in the ratio often signal impending changes in rates.

**Our thoughts:** Reefer demand rebounded some in March following a 45.5% plunge in the previous month. This follows the usual seasonal trend. Volumes typically fall in April and then bounce back up until June.

- The ratio jumped 8.5% month-over-month to 4.83 loads to every one truck posted.
- The ratio is 16.1% higher than last year when the ratio was 4.2, but is 34.7% below the 5-year trend.
- The ratio has declined year-over-year for 23 out of 25 months. January and March 2024 were the lone increases.

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

- 6 out of the 16 regions experienced an increase in load-to-truck ratios for reefer, compared to just one last month. The greatest increase was in California.



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

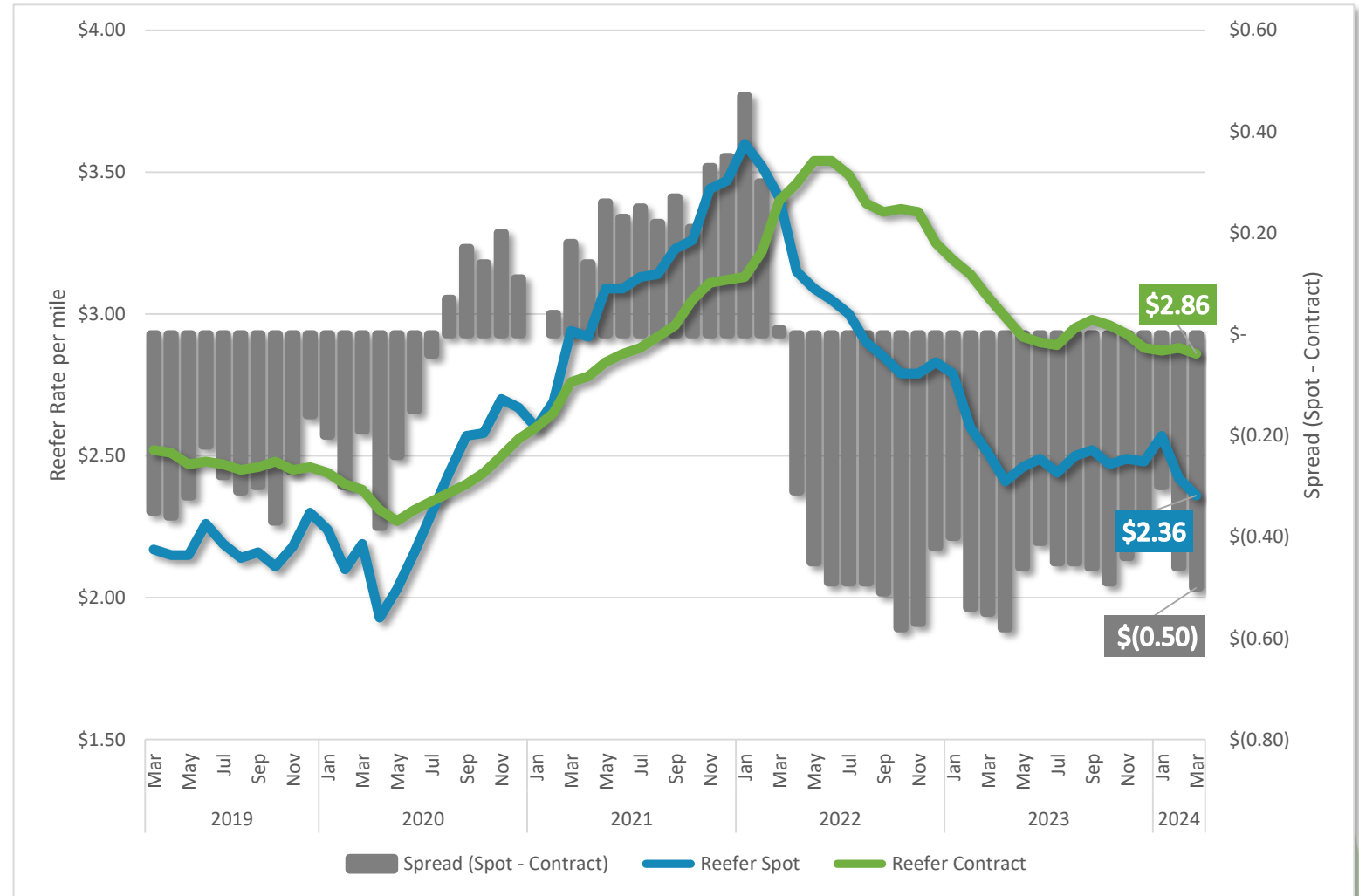
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Spot rates fell month-over-month in March following a 5.8% drop in the previous month following adjustments.

- Spot rates decreased \$0.06, or 2.5% to \$2.36 per mile, and are down \$0.15 since last year.
- Contract rates also decreased. Dropping \$0.02 to \$2.86 per mile, which is \$0.20 below where we were last year.
- The spread between spot and contract grew \$0.04 to \$0.50 but is 9.1% better compared to a year ago.

DAT's ratecast is forecasting that spot rates excluding fuel will rise about \$0.10 per mile as we head into the end of May due to seasonality. However, this might be unlikely.

- DAT's extended forecast for reefer spot rates excluding fuel predicts that rates will fall \$0.05 in April to \$1.875, and then rise steadily until September 2024.
- DAT predicts rates will be \$2.04 a year from now.



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.

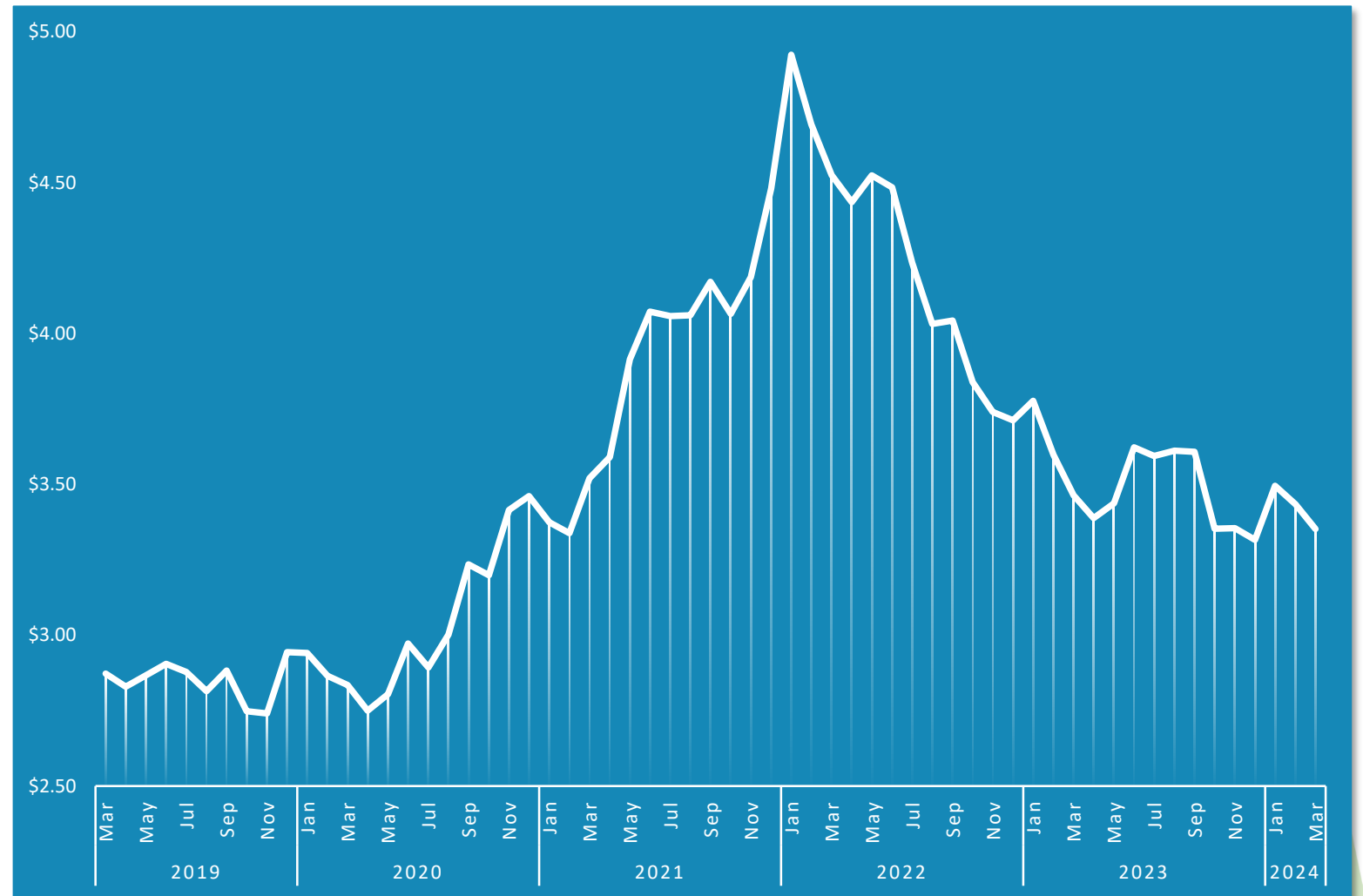
**Why it matters:** Produce requires fast and efficient movements of perishable commodities.

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

**Our thoughts:** Fruit and vegetable reefer rates are 31.9%, or \$1.57 per mile, below their high in January 2022, but 16.4% above 2019 levels.

- Rates per mile decreased 2.4%, month-over-month to \$3.35 in March, after declining 1.8% in February, which follows the typical seasonal trend.
- Rates are \$0.11 per mile, or 3.2%, lower year-over-year, and are \$0.18 per mile, or 5%, lower than the five-year trend.

According to USDA, carriers in the Pacific Northwest region experienced the greatest decrease in pay per mile month-over-month, falling \$0.38 per mile to \$3.00. Oddly enough, the Pacific Northwest was the only region to see a decrease.



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

# Fruit and Vegetable Industry: Truck Volume

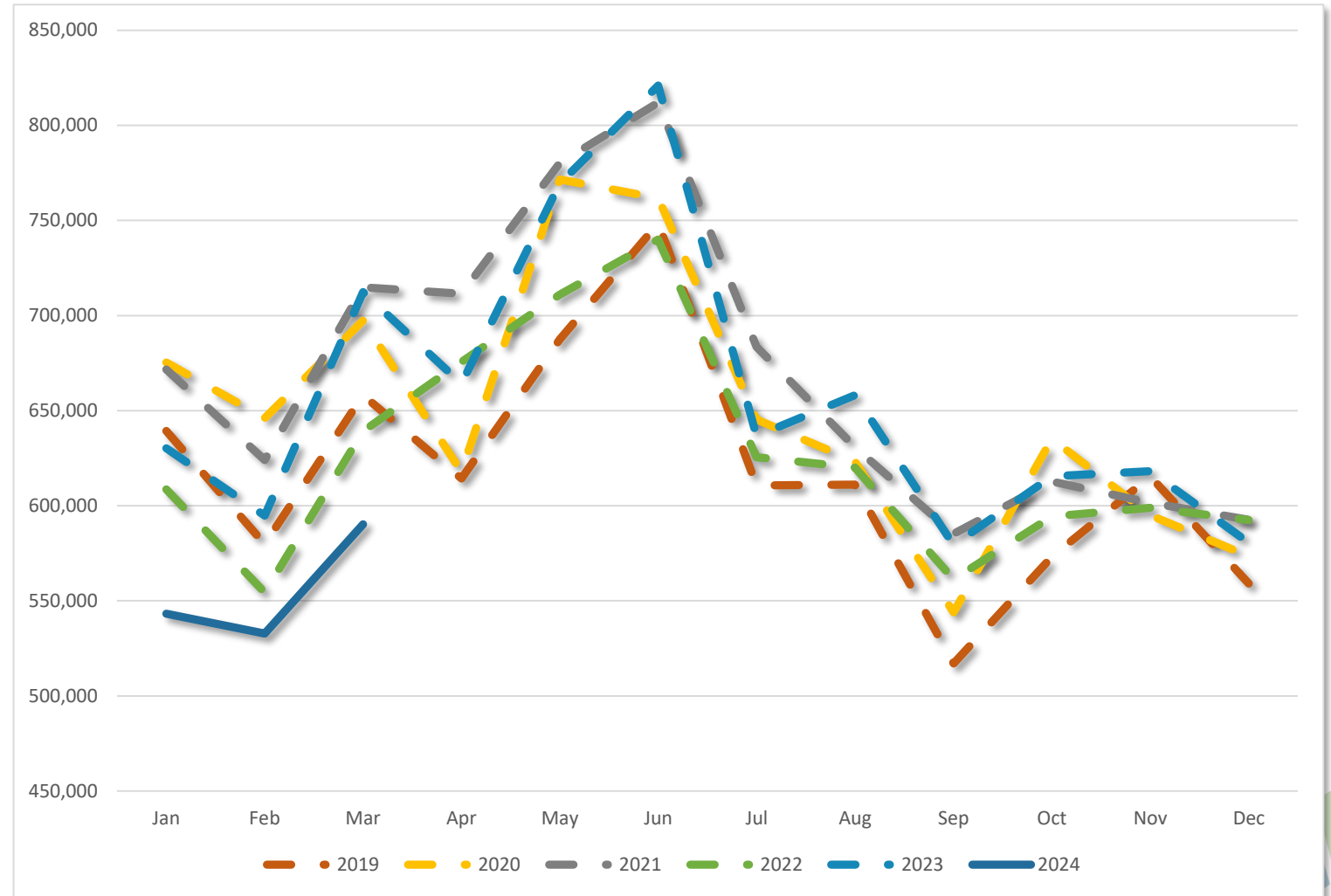
**The big picture:** The USDA's Crops report includes daily fruit and vegetable volume data by weight for different regions and commodities.

**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 jumped in March after experiencing a 1.9% decrease in February following adjustments. The chart depicts that volumes are following the typical seasonal pattern, albeit at a lower level.

- Reefer volumes increased 10.8% month-over-month to 590,231 pounds, and are 17.1%, or 122,130 pounds, lower year-over-year. Volumes are 4% below 2019 levels.
- The California region jumped 74.3% month-over-month, but is 68.4% lower compared to last year.
- Almost every region experienced an increase in volumes, including Florida, Mexico-California, and the Southeast. In fact, 69% of the regions saw volumes rise month-over-month.
- The Mexico-New Mexico region experienced the greatest decrease in volumes. It fell 71.8%, from 2,312 pounds to 651.



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

# Fruit and Vegetable Industry: Truck Availability

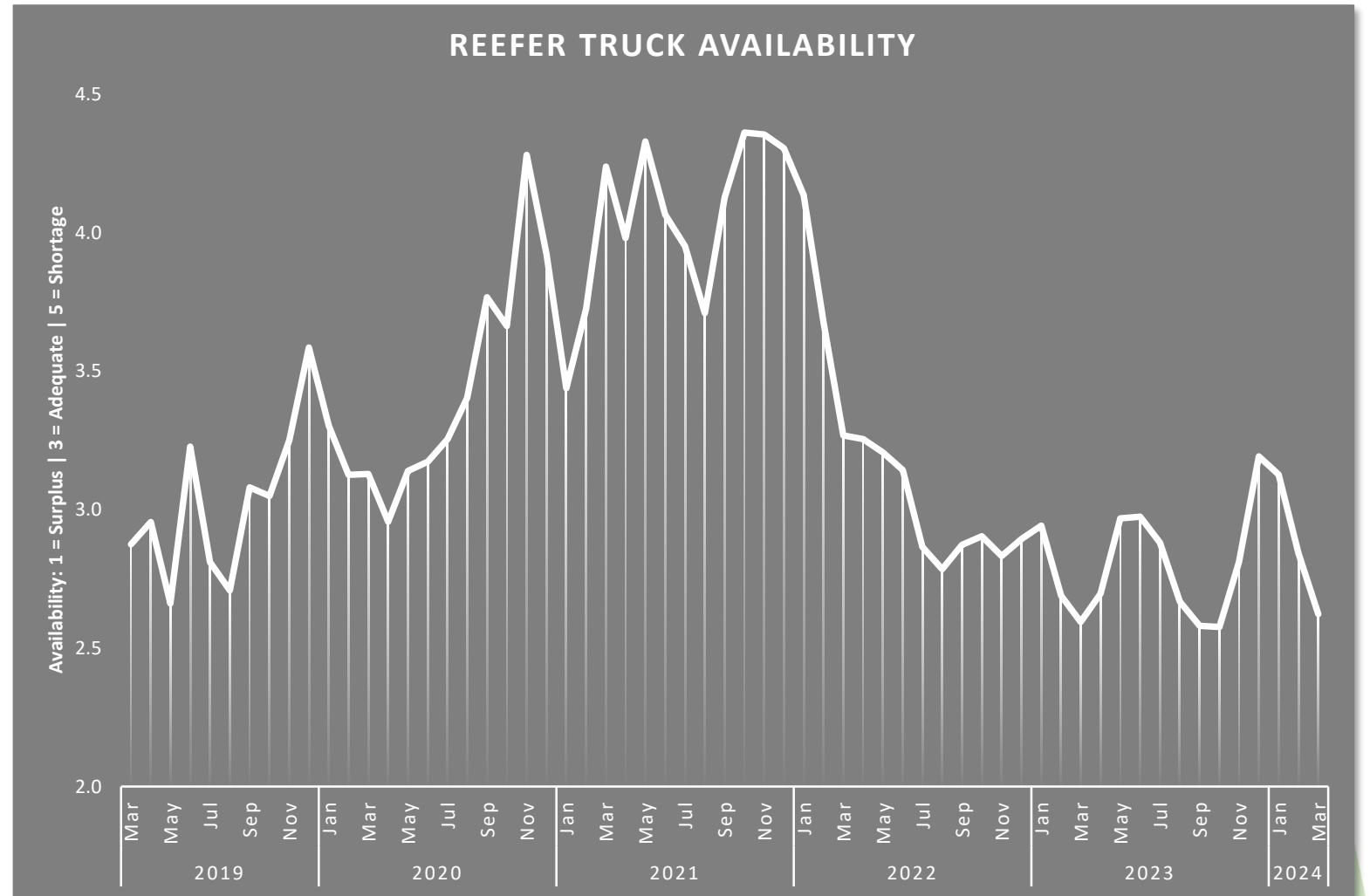
**The big picture:** The USDA's Crops report includes daily fruit and vegetable data for refrigerated truck availability across different regions and commodities.

**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 March as rates fell and volumes increased overall. Capacity is 12% more loose than in 2019.

- Reefer truck availability loosened to 2.62. Availability is up 1.1% however over the previous year when it was 2.59.
- Capacity either remained mostly flat across the country. In fact, 45% of the regions remained flat.
- Conditions in California tightened from 2.95 to 3.00. Weather continues to play a large role on CA produce.



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