# 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 break down 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.

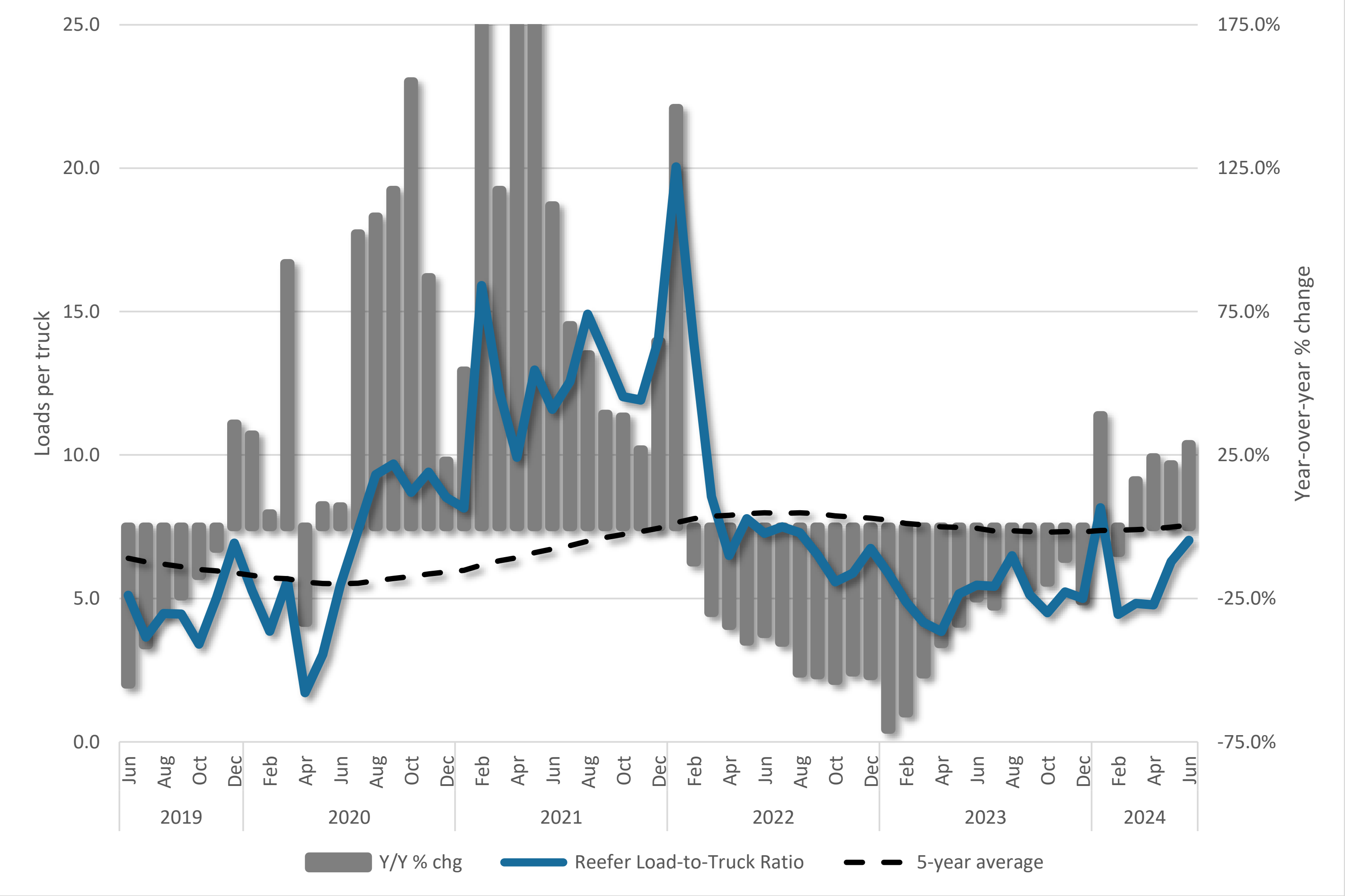
**Why it matters:** Changes in the ratio often signal impending changes in rates.

**Our thoughts:** Reefer demand rose again in June following a 31.4% jump in the previous month. This follows the usual seasonal trend. Volumes tend to rise in June and fall in July.

- The ratio increased 11.9% month-over-month to 7.03 loads to every one truck posted.
- The ratio is 28.8% higher than last year when the ratio was 5.5, but is 7.0% below the 5-year trend.
- The ratio has increased year-over-year for 5 out of 6 months.

When examining the different regions of the country, conditions were more favorable for carriers operating in the California (11.97), Southeast (11.24), and Lower Mountain regions (9.82), respectively.

- 12 out of the 15 regions experienced increases in load-to-truck ratios. The greatest increase was in the Pacific Northwest region, where the ratio increased from 1.84 to 3.49.
- The greatest decrease was in the South Central region.




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

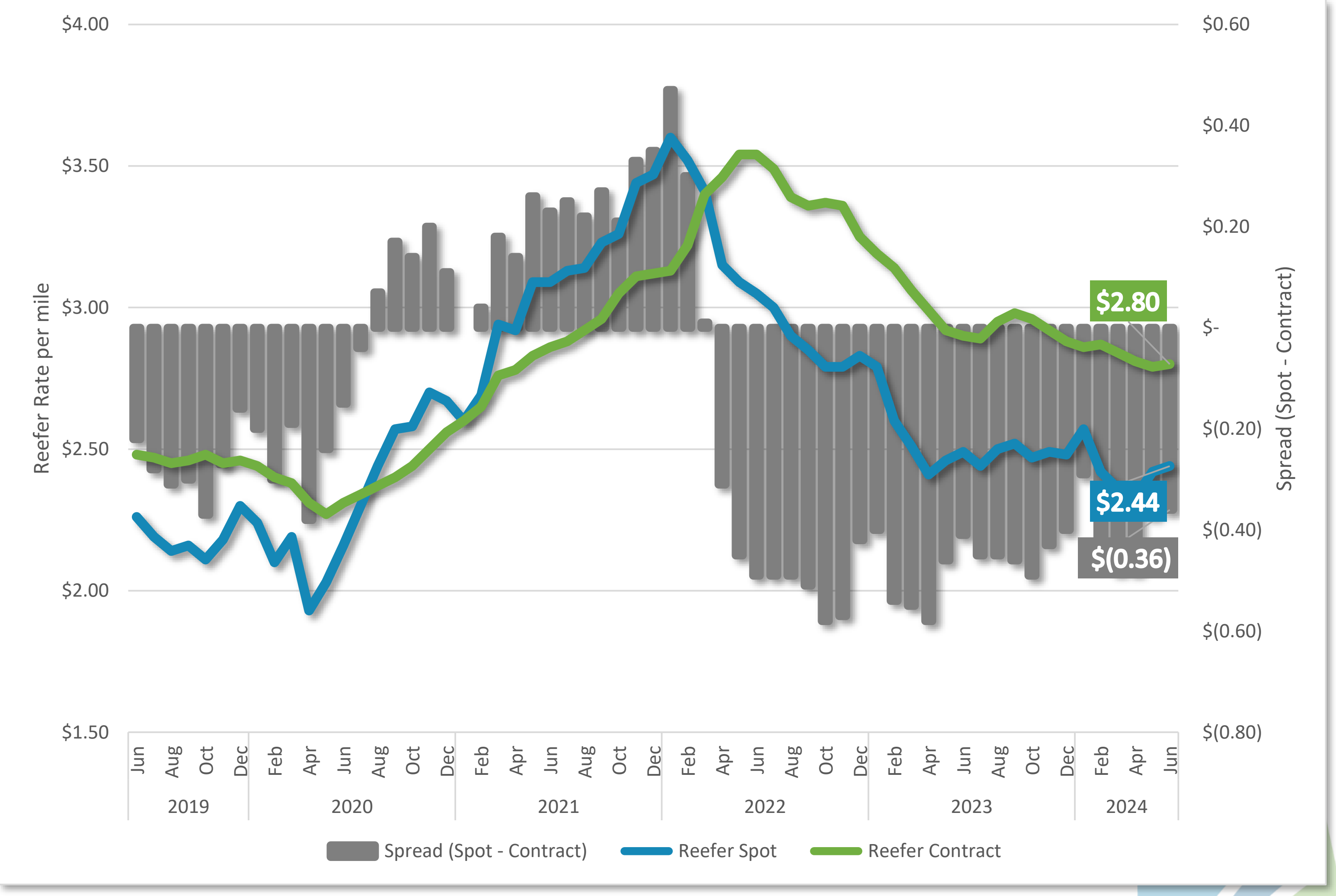
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Spot rates rose month-over-month in June following a $0.09 per mile increase in the previous month, following adjustments.

- Spot rates increased $0.02 to $2.44 per mile, but are down $0.05 compared to last year.
- Contract rates increased $0.01 to $2.80 per mile, which is $0.10 below where we were last year.
- The spread between spot and contract contracted $0.01 to $0.36 and is 12.2% better compared to a year ago when the spread was $0.41.

**Bottom line:** DAT's extended forecast for reefer spot rates excluding fuel predicts that rates will rise $0.04 between July and August, and then continue to rise through the rest of 2024.

- DAT predicts rates will be $2.18 one 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.

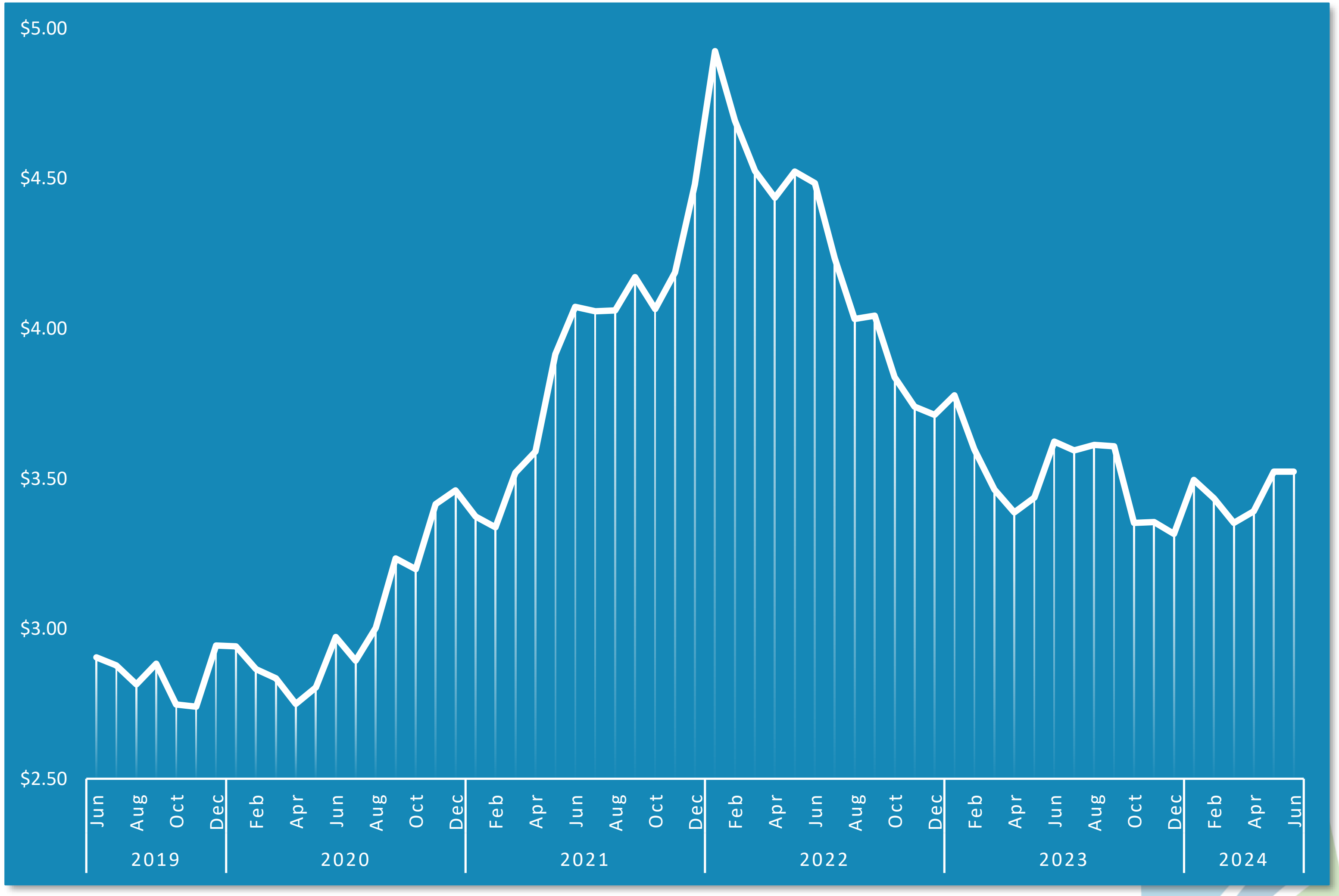
**Why it matters:** Produce requires fast and efficient movements of perishable commodities.

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

**Our thoughts:** Fruit and vegetable reefer rates are 28.5%, or $1.40 per mile, below their high in January 2022, but 22.4%, or $0.64 per mile, above 2019 levels.

- Rates per mile stayed flat month-over-month at $3.52 in June, after increasing 3.9% in May, even though rates typically increase during this time of year.
- Rates are per mile down 2.8% year-over-year, and are $0.04 per mile, or 1.0%, lower than the five-year trend.

According to USDA, carriers in the Florida region experienced the greatest decrease in pay per mile month-over-month, decreasing $0.25 per mile to $2.86 after increasing $0.45 per mile last month due to Mother's Day, as most of the flowers that come into the U.S., enter through Miami.




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

# Fruit and Vegetable Industry: Truck Volume

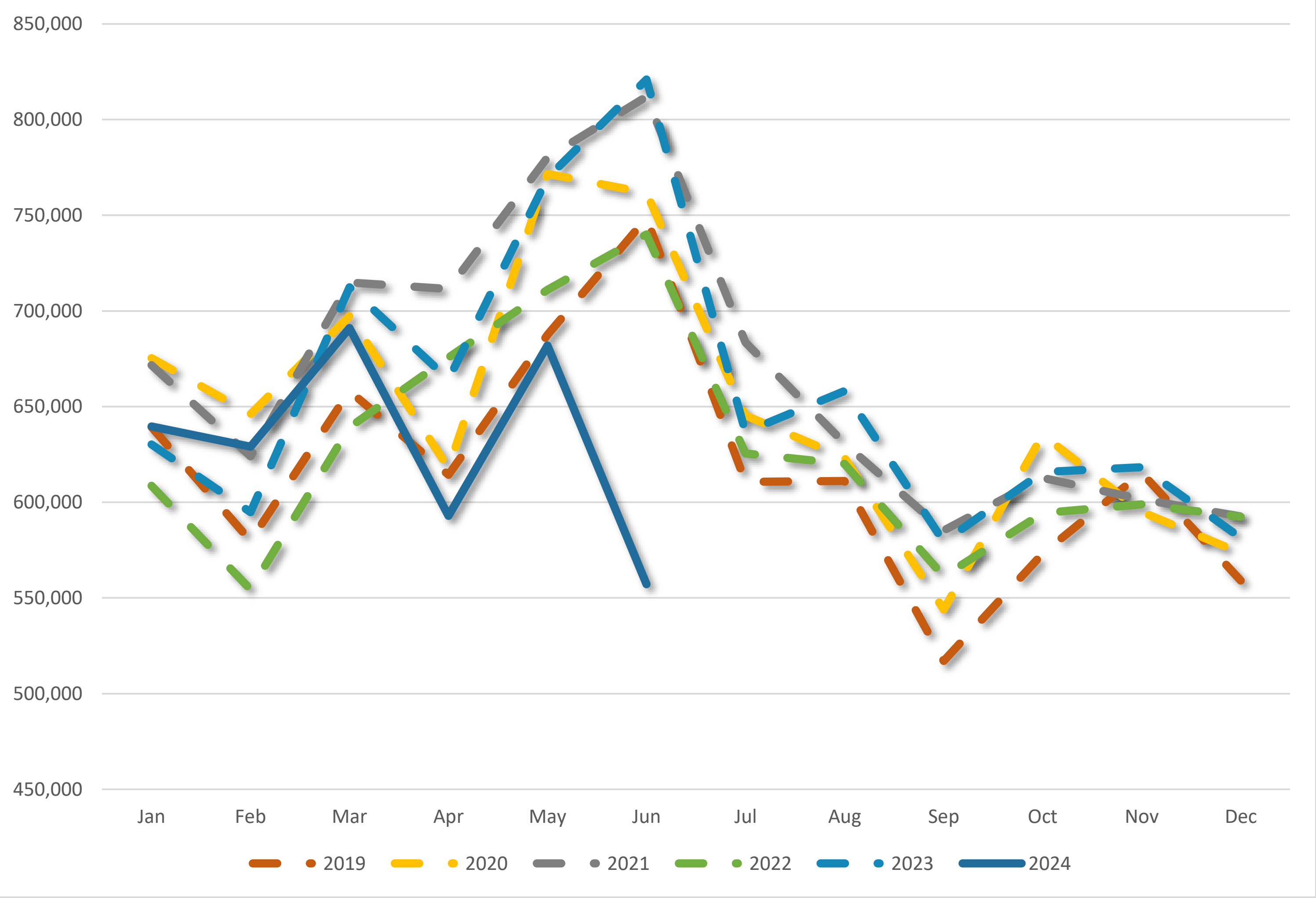
**The big picture:** The USDA's Crops report includes daily fruit and vegetable volume data by weight for different regions and commodities.

**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 plummeted in June after jumping 15% in May following adjustments. With the exception of June, the chart depicts that volumes are following the typical seasonal pattern, albeit at a much lower level.

- Reefer volumes decreased 18.3% month-over-month to 557,154 pounds, and are 32.1%, or 263,847 pounds, lower year-over-year. Volumes are 9.8% below 2019 levels.
- The California region jumped 29.1% month-over-month, but is still 45.7% lower compared to last year.
- Most regions experienced decreases in volumes, including Florida, Mexico-Texas, and Mexico-Arizona, respectively. In fact, 71% of the regions saw volumes rise month-over-month.
- Whereas Arizona and the Southeast regions experienced the greatest increases in volumes, respectively.




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

# **Fruit and Vegetable Industry:** Truck Availability

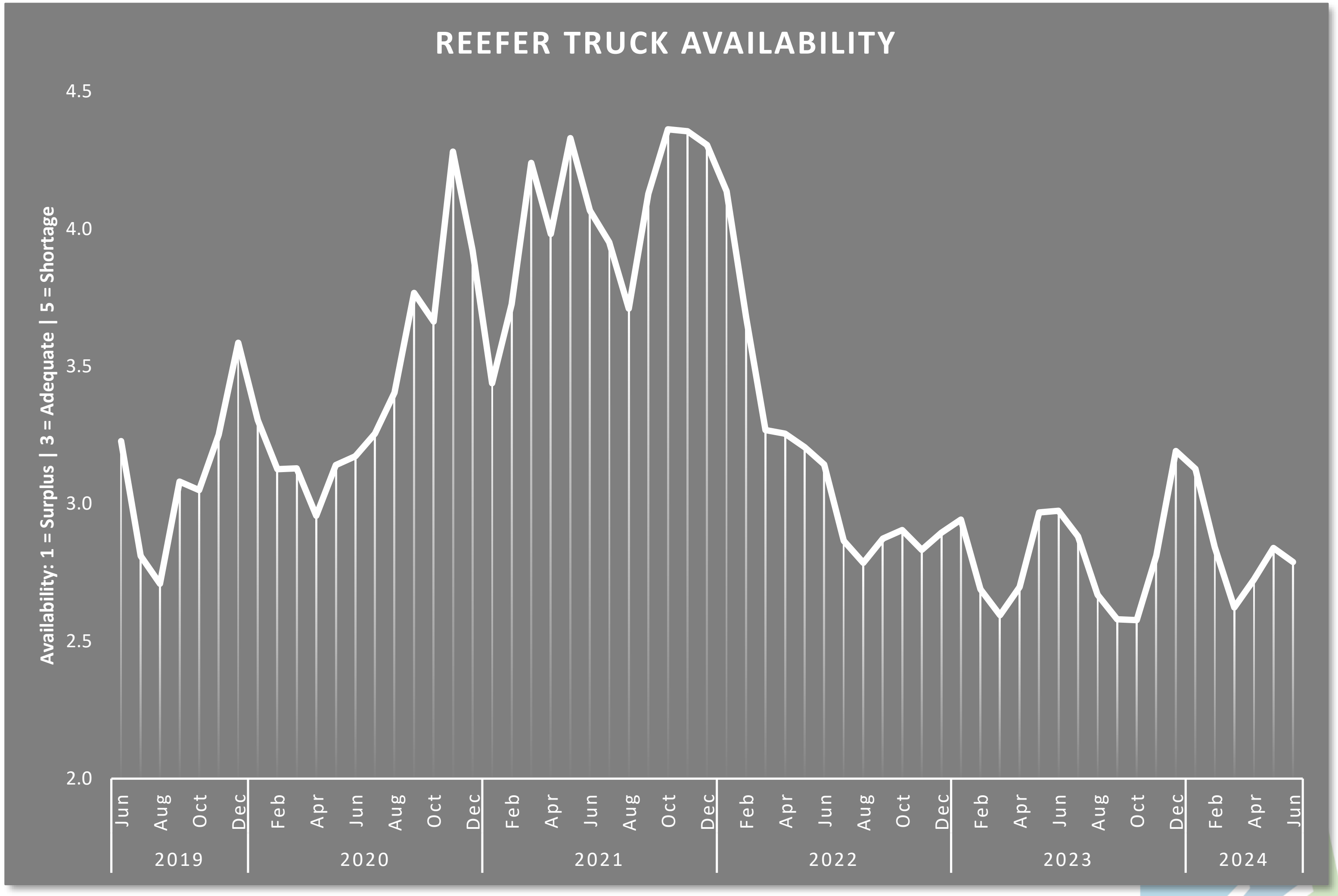
**The big picture:** The USDA's Crops report includes daily fruit and vegetable data for refrigerated truck availability across different regions and commodities.

**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, with 1 representing a surplus and 5 representing a shortage of trucks.

**Our thoughts:** Reefer truck capacity loosened in June following a couple months of tightening as rates remain mostly overall. Capacity is 6.4% more loose than in 2019.

- Reefer truck availability loosened to 2.79, and is 6.3% higher than the previous year.
- Capacity remained mostly flat across the country. In fact, 64% of the regions remained flat.
- Availability in California continues to remain at 3.00, which is significantly lower than what we typically see for this time of year.

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