# 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 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 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 Market Demand Index (MDI)

**The big picture:** The Truckstop and FTR MDI measures the relative demand in the trucking market by calculating the ratio of load postings to truck postings on the Truckstop platform.

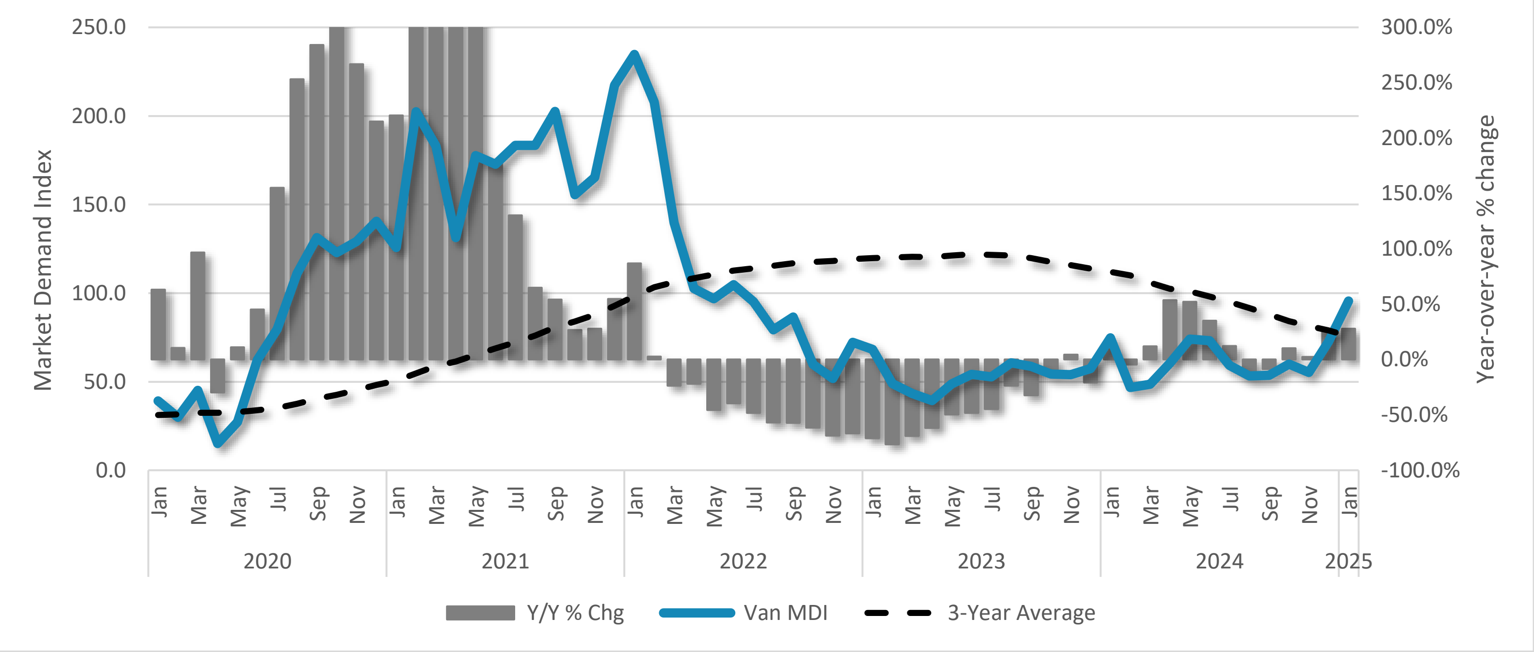
**Why it matters:** The MDI depicts the balance between available freight and available capacity at a given time, meaning that fluctuations in the ratio often signal impending changes in rates.

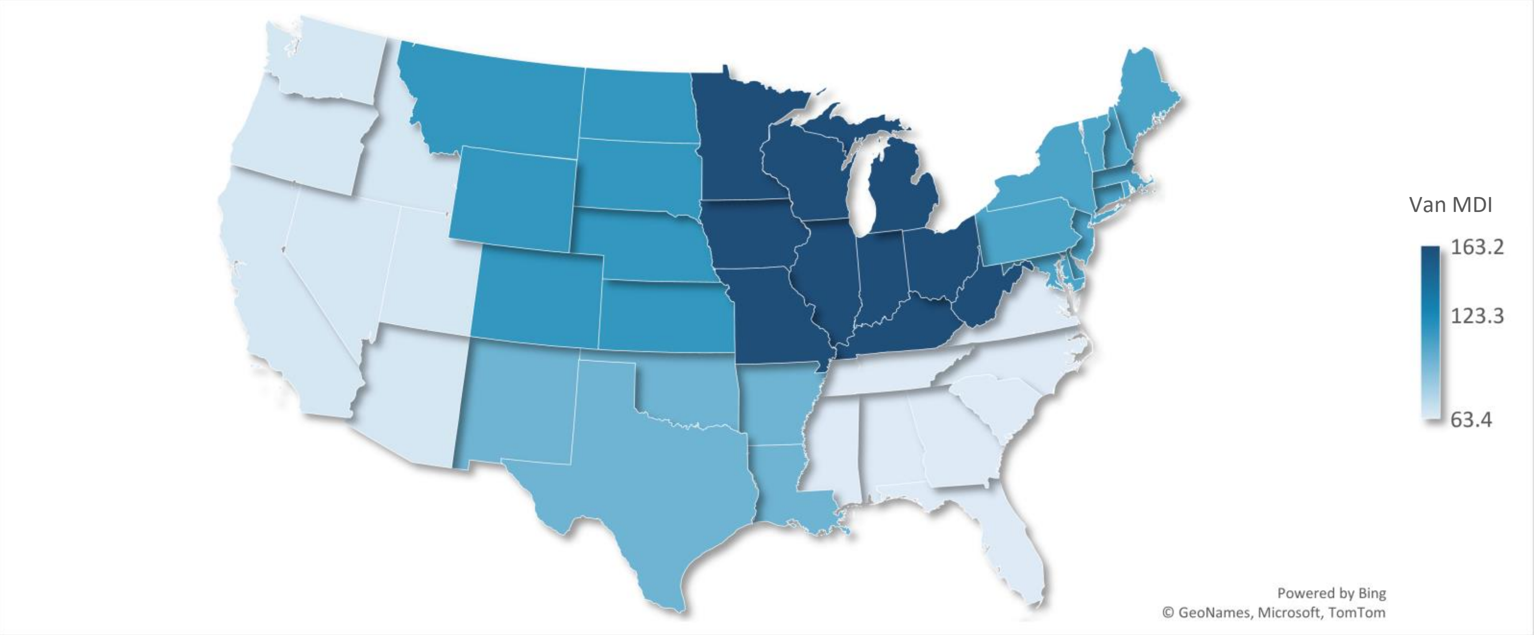
**Our thoughts:** The Van MDI jumped in January. While this increase in MDI is typical for this time of year, the jump was more than normal. This was probably due to the winter storms impacting the country.

- The Van MDI increased 31.3% month-over-month to 95.6, after rising 31.6% last month.
- The jolt was primarily due to an increase in freight compared to capacity as the amount of available loads rose 16.2% compared to a 11.5% decline for trucks.
- The ratio is 28% higher than last year, marking four consecutive months of increases, and is 26.4% above the 3-year average, which indicates that a new cycle is just on the horizon. Though tariff policies might change this.

Regionally speaking, ratios were more favorable for carriers operating in the Midwest (163.2) and Mountain Central (114.1) regions, respectively, compared to other areas in the country.

- All 6 regions experienced an increase in MDI. The largest increase was in the Midwest region, which jumped 61.3% from 101.2 to 163.2. The next largest increase was in the Northeast, which rose 41.5% month-over-month.




Source: Truckstop + FTR | https://freight.ftrintel.com/spotmarketinsights | Monthly

# **Rates:** Van Spot Rates

**The big picture:** Truckstop and FTR have partnered together to provide a comprehensive picture of the spot market for various load types, including dry van.

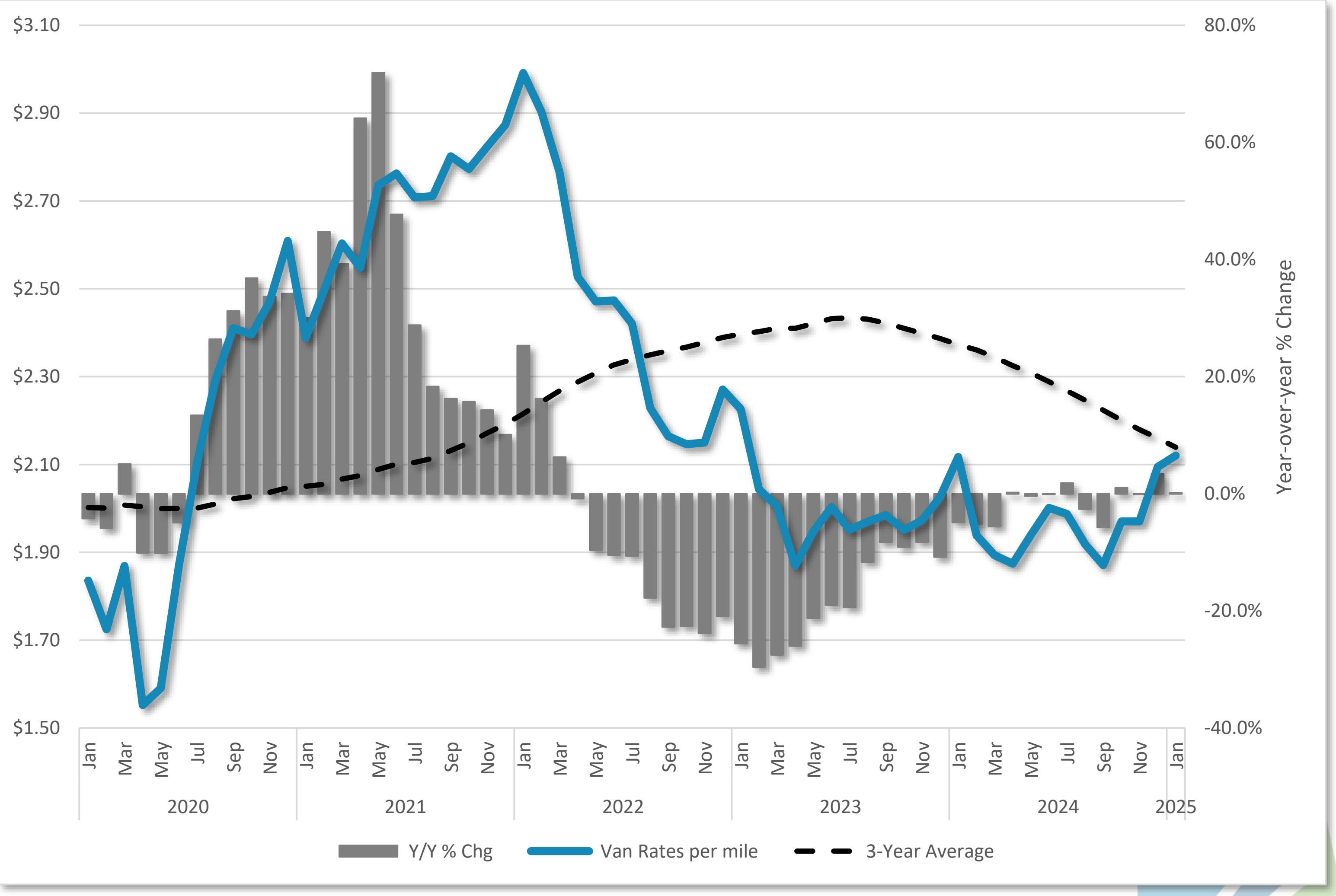
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Dry van spot rates mirrored demand and increased month-over-month (M/M) in January, after rising $0.12 last month.

- Spot rates increased $0.03 per mile to $2.12, and are expected to increase again in February. Rates are 0.1%, or $0.003 per mile higher than last year.
- Spot rates have only increased year-over-year 5 times in the past 25-months, and are $0.02 per mile below the 3-year moving average.

**Bottom line:** The spread between the spot rate and the 3-year moving average clearly demonstrates where we are in the dry van market cycle.

- The spread improved M/M by $0.05 per mile, and is $0.24 better than where we were last year.
- The spread has improved 96.5% from its bottom in April 2023. However, we still haven't entered into the next upcycle yet, though we expect the spread to hit parity in the next month or two. Again, tariff policies could negatively impact the potential recovery.




Source: Truckstop + FTR | https://freight.ftrintel.com/spotmarketinsights | Monthly

# **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.

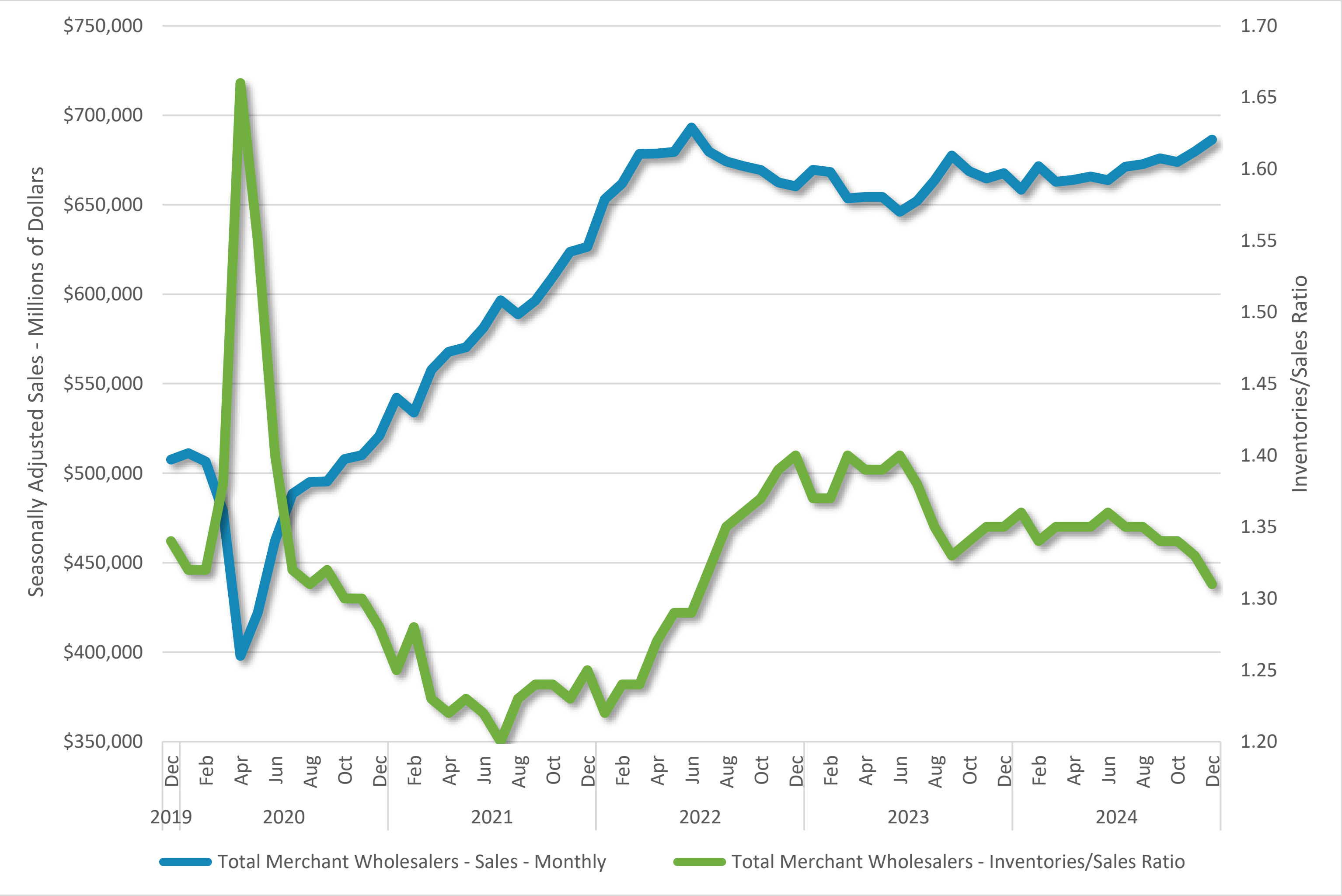
**Why it matters:** Wholesalers account for 30% of for-hire trucking ton-miles and 43% of parcel ton-miles according to the 2017 Commodity Flow Survey.

- 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 their need for freight transportation to restock their goods.

**Our thoughts:** Monthly sales increased while the inventory-to-sales ratio declined in December, mostly due to a 1.9% increase in non-durable goods. The inventory-to-sales ratio is 2.8% below 2019 levels, and 3.7% below where we were in January 2024.

- Sales increased $6.7 billion to $686.45 billion, and are 2.8%, or $18.77 billion, higher year-over-year. This marks 9 out of 10 months of Y/Y increases. Sales are 4.3% higher than their most recent trough in June 2023.
- The inventory ratio dropped 1.5% to 1.31, after decreasing 0.7% last month. The inventory ratio is 3.0% lower year-over-year, marking 10 months out of 13 of Y/Y decline.

**The bottom line:** Both sales and inventory ratios are heading in a positive direction as we draw nearer to the next upcycle.




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

# **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

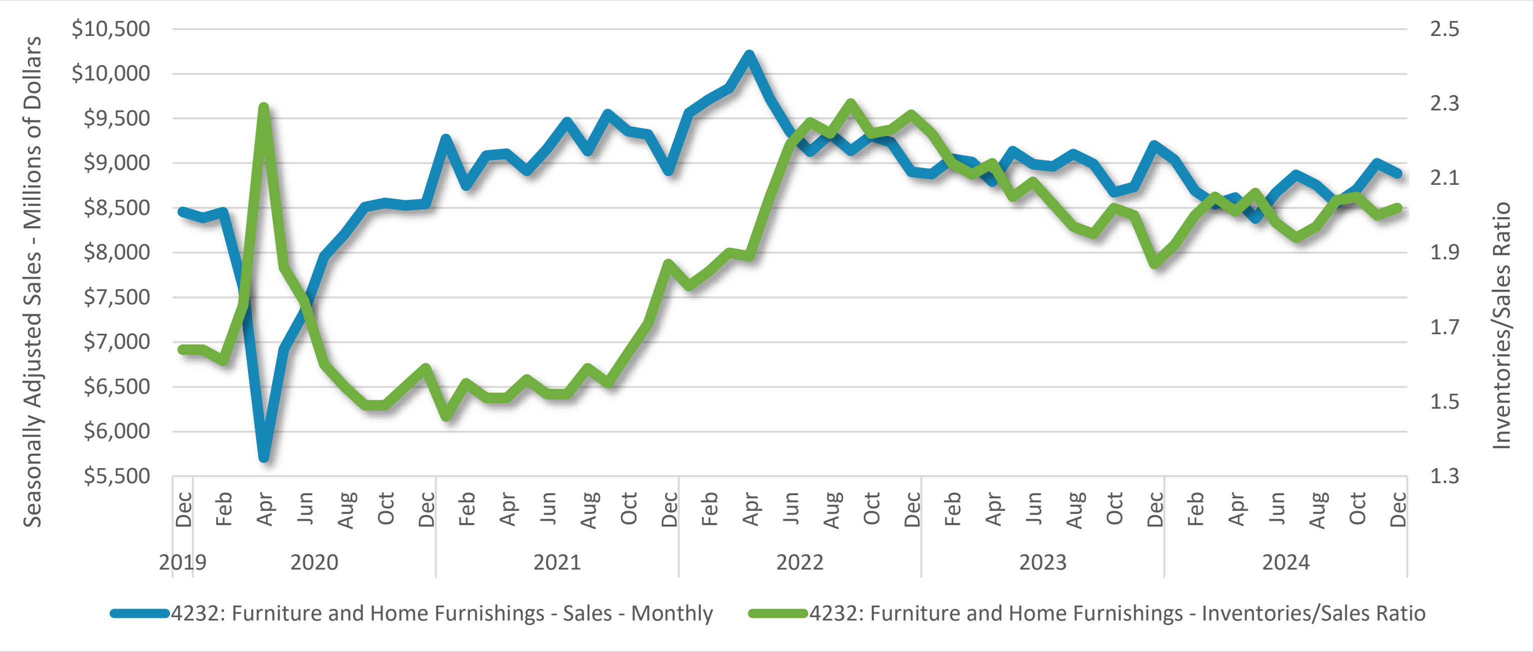
**Why it matters:** Large appliances and furniture generate freight for the dry van segment of the industry.

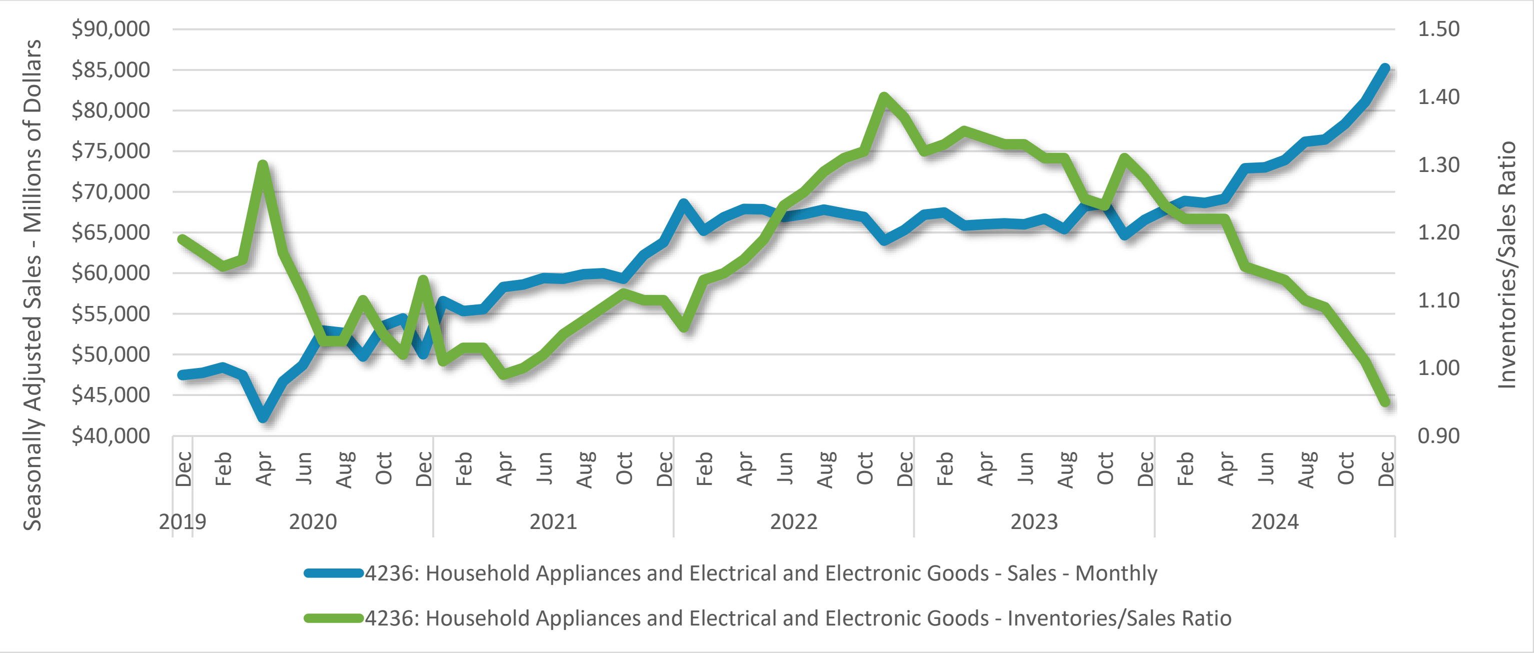
- Sales and inventories can help an owner-operator to see what direction freight demand is headed.

**Our thoughts:** Both furniture wholesalers experienced a decrease in sales and an increase in inventories, which is a headwind for freight, while household appliances wholesalers experienced just the opposite.

- Furniture Sales fell 1.3% to $8.88 billion after jumping 3.3% in the previous month, while ratios rose 1.0% to 1.97. Ratios have fallen 11.3% from their peak in December 2022.
    - Sales are $313 million, or 3.4%, lower Y/Y, while ratios are 8.2% higher Y/Y when they were 1.82.
- Household appliances increased $4.1 billion, to $85.2 billion. Ratios plummeted 5.9% to 0.95, which is 18.7% below 2019 levels.
    - Sales are $18.6 billion higher than last year, marking 14 straight months of Y/Y increases, and ratios are 25.8% lower, marking 16 straight months of Y/Y decreases.

**The bottom line:** Household appliances wholesalers have been performing exceptionally well ever since late 2023, which is a tailwind for certain types of freight. However, furniture wholesalers continue to struggle. Their sales and inventories continue to move mostly sideways.




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

# **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:

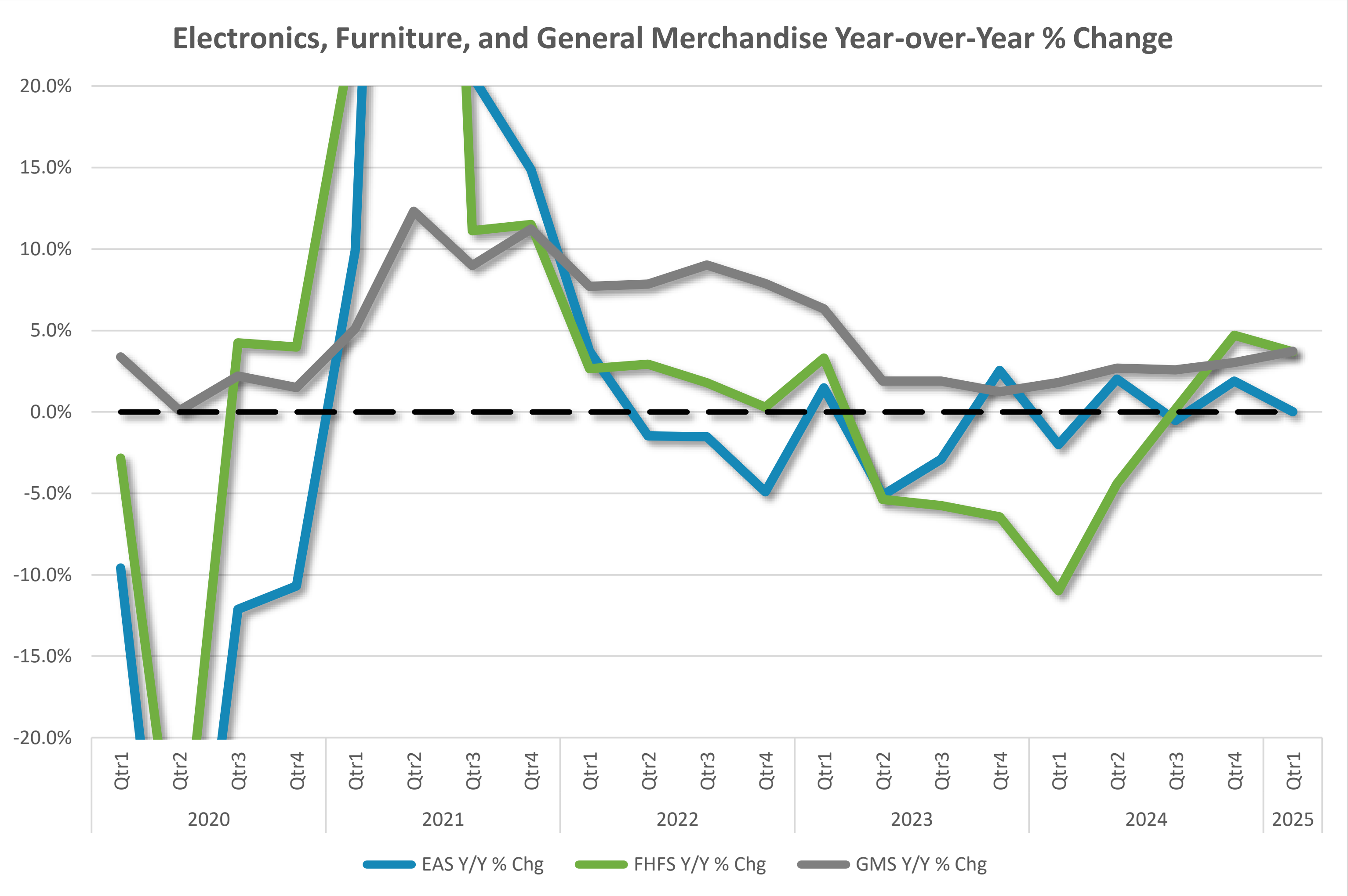
- Electronics and appliance stores (EAS)
- Furniture and home furnishing stores (FHFS)
- General merchandise stores (GMS), such as Walmart, Target, Costco, Kohl's, etc.

**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 decreased for two of the three sectors.

- EAS decreased 0.7%, or $54 million, M/M to $7.64 billion, after increasing 0.1% the previous month. EAS is slightly down Y/Y.
- FHFS dropped 1.7% M/M to $11.57 billion, and is 3.7%, or $411 million, higher Y/Y. FHFS increased Y/Y for the fifth consecutive month, which is a good sign.
- GMS increased 0.5% M/M, or $351 million, to $76.91 billion, and is up 3.7%, or $2.76 billion, Y/Y.




Source: FRED | https://fred.stlouisfed.org/series/RSEAS | https://fred.stlouisfed.org/series/RSFHFS | https://fred.stlouisfed.org/series/RSGMS | Monthly