

Truckload Rates to Rise 10% in 2012, FTR Says

As the end of the year approaches, attention turns to planning and budgeting for 2012. The two key planning elements center around truck capacity and rates. In the last few industry updates, I touched on industry forecasts and factors impacting capacity. The projection from Noel Perry, well-know transportation economist with FTR predicts truckload rates to rise as much as 10 percent over 2011. Keep in mind that the 10% increase is for "total truckload" transportation inclusive of van, reefer, flatbed, tanker, etc. Rate increases by equipment type will vary greatly. Therefore, I suggest you use 10% as a baseline and adjust your rate estimates according to the capacity shortage/excess prevalent in the type of equipment you use for transport.

Truckload Rates to Rise 10 Percent in 2012, FTR Says Economist predicts pressure on shippers as capacity remains constrained

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Shippers are likely to face steep increases in truckload rates in the next two years, followed by a recession in 2014 or 2015, a transportation economist warns.

The expansion of U.S. manufacturing is buoying freight shipping in the U.S. this year despite weak imports, said Noel Perry, senior consultant with FTR Associates.

Truckload volume should grow 2 to 3 percent year-over-year for the next two years, but won't climb back to the level of the pre-recession peak, Perry said.

The increase in domestic freight and exports combined with tight truckload capacity is likely to boost truckload rates in the 10 percent range in 2012, Perry said.

"This has been a 'normal' recovery for trucking," Perry said at the Intermodal Expo and TransComp Exhibition in Atlanta. "This upturn is better than people think."

However, the economy is much more volatile, with less time between peaks and troughs, and wilder swings than at any time since the 1970s, Perry said.

A European recession could shave 1 percent off U.S. GDP growth in late 2012, he said, but Perry foresees a sharper economic shock two or three years out.

The chances for a recession in 2014 or 2015 are "pretty great," he said, and a recession in China or crisis caused by mounting U.S. debt could be the trigger.

"The solutions you come up with for the next two years must work in the following two years, when the economy will be bad," he told shippers, carriers and brokers.

Spot Market Truck Volume Up 39 Percent TransCore said truck volume fell 3.7 percent from September to October

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Spot market volume on TransCore's network of load board slipped 3.7 percent in October from September and rose 39 percent year-over-year.

Higher load volume made October the biggest month for the spot truckload market since the aftermath of Hurricane Katrina in 2005, TransCore said. Truckload spot pricing for various equipment types were mixed.

December 2, 2011

The national average dry van spot market rates rose 1.5 percent from September and 6.3 percent from a year ago. Refrigerated rates fell 2.5 percent from September and rose 2.7 percent from a year ago. Flatbed rates were flat from September but jumped 12 percent year-over-year.

In a recent survey, TransCore Freight Solutions found for-hire truckload carriers increased their revenue and pricing 10 percent in the first half of the year.

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Cass Truckload Index Shows Better Linehaul Rates

Truckload carriers continue to command prices that are well above those from a year ago, according to the Cass Truckload Linehaul Index.

The data from October now has the Cass Truckload Linehaul Index at a value of 108.8, up year-over-year by 9.8%.

The trajectory of the Index reaffirms that capacity remains tight and carriers are being more disciplined regarding pricing and capacity additions in this cycle.

As the nation's largest payer of freight bills, Cass manages more than \$17 billion annually in freight spend, enabling Cass to compile logistics data that serves as an indicator of transportation industry trends. The Cass Truckload Linehaul Index is a measure of market fluctuations in per-mile truckload pricing.



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