

## Heavy Industry Drives Flatbed Uptick

The article below from *Heavy Duty Trucking* provides a good overview of the current flatbed market. My comments are included within the article.



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### Heavy Industry Drives Flatbed Uptick

By Tom Nunlist, Associate Editor

The Great Recession hit trucking hard, but the rebound has begun with the open-deck sector leading the charge back to profitability. For the week ending March 19, a 3.2 percent uptick in flatbed freight volume compared to the previous week helped lead overall truckload freight availability on TransCore's DAT Network of load boards to increase by 2 percent nationwide.

Flatbed freight availability has increased in every consecutive week since the beginning of January, TransCore reports. Flatbed capacity for the week ending March 19 declined by 4.3 percent, bringing the week's load-to-truck ratio to 43.3, the highest for flatbeds since 2006. The ratio indicates unusually strong demand coupled with extreme capacity constraints in that segment on the spot market.

According to TransCore's North American Freight Index report on March 15, total February load volume rose by 38 percent over January. However, the flatbed freight segment alone had a whopping 44 percent volume increase, with load-to-truck numbers doubling over February. Overall, February marked the highest spot-market volume for that month in the index's 25-year history.

#### Driving the Increase

Much of the flatbed industry is tied closely to construction and residential housing - mostly the shipment of lumber and drywall. The housing market, of course, is still in the pits. According to Noel Perry, managing director of trucking research and analysis firm FTR Associates, the force behind this recent uptick is steel and heavy machinery, driven in part by renewed American automotive production. Flatbeds serve primarily these heavy industries, with housing and construction making up 20 percent to 25 percent of shipping demand normally.

"[Steel and machinery] are shipping like crazy," Perry says. "There is a strong possibility of a spot platform shortage, especially in spring and early fall."

Typically, flatbeds are the first trucking segment to feel the impact of larger economic wheels. Unlike the larger freight segments, flatbeds ship raw materials more than finished products. This placement early in the supply chain can make flatbeds a good barometer of freight industry movement as a whole. When the recession first hit, many flatbed carriers began feeling the pinch three or four months in advance of other trucking segments. However, they are also the first to come back.

"Flatbeds are cyclical," Perry explains. "There is a huge swing between bottom and top. Machinery and metals went down in the downturn. It has the most rapid growth in the upturn."

Since flatbeds are also a smaller segment, a comparatively small market force can make flatbeds jump higher than vans, as was the case in February and March.

"Platforms are ground zero," Perry says. "What you can say without a doubt is that this is entirely predictable."

#### Early Onset

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What makes this particular surge noteworthy is the early onset during a seasonally rough time of year - and a particularly rough season at that. Usually, the arrival of spring marks a pickup in flatbeds, but this time around things have been happening much sooner.

"It is kind of interesting because our business started to pick up in the middle of November last year," says Dan Taylor, senior vice president of sales and marketing at Melton Truck Lines. Good business continued in December and January. "It has been totally against tradition."

Taylor indicated that other flatbed players have been experiencing similar upticks, mostly in relation to steel production. Last December, one of his steel clients reported booked production through next quarter. He says some shippers have been voluntarily offering surcharges to secure a haul.

"We are turning down two or three loads for every one we take. We haven't seen that in years," Taylor says. "April, May and June we will be running 100 percent [capacity], no question."

If you have any questions or need additional information, please don't hesitate to contact us.

Sincerely,



Dan Taylor  
Senior Vice President - Sales & Marketing  
Melton Truck Lines, Inc.  
918-234-8000 x600  
[taylor@meltontruck.com](mailto:taylor@meltontruck.com)

**Melton**  
*Truck Lines, Inc.*

[www.meltontruck.com](http://www.meltontruck.com)