C.H. ROBINSON

UPDATE

EU Capacity Market Beat

September 2024

Welcome to the latest edition of our Capacity Market Update!
I am thrilled to present you with a comprehensive overview of the dynamic European logistics landscape for September 2024.

In this month's report, we dive deep into the crucial elements that drive our industry forward, providing you with insightful data and trends to help you make informed decisions. Here's a snapshot of what you'll find in this edition:

- **Fuel Price Overview**
  Our analysis aims to help you anticipate and monitor cost fluctuations to strategize effectively. Consider that average fuel weights between 27% & 30% of your road transportation price. In September 2024, the fuel price experienced another month of decrease with -4% compared to August.

- **Truck Capacity Evolution**
  As the logistics landscape evolves, so does truck capacity. This report delves into the evolving truck capacity availability. September 2024 transport capacity index fell by 4% compared to August 2024. This month is back to May levels with capacity constraints.

- **Contracted vs. Spot Price Comparison**
  This report presents a detailed comparison and trend analysis, enabling you to understand how spot price evolve towards contract price. As the capacity index went down, carrier loads rejection increased, which generated spot prices to rise by 4% vs August 2024. Contracted prices remained unchanged.

- **Capacity, Contract Price & Cost Index**
  The carrier cost index remained elevated in September 2024, despite the decrease in fuel prices. This confirms the rise of other components of the carrier cost, such as driver wages, tolls and maintenance, experienced an increase.

- Quarterly registrations of new businesses and declarations of bankruptcies. This article presents data on the number of new business registrations and the number of bankruptcy declarations in the European Union (EU) and in the euro area (EA) until and including the fourth second quarter of 2024. The data is based on the absolute number of registrations and bankruptcies sent to Eurostat by EU Member States on a mandatory basis since the first quarter of 2021 (and on a voluntary basis until the fourth quarter of 2020).

- Specific cases focused on Transport companies declaration of bankruptcies: UK, DE and FR. This suggests that we are seeing an exit of capacity through Europe and that companies are unable to further invest until financial recovery.

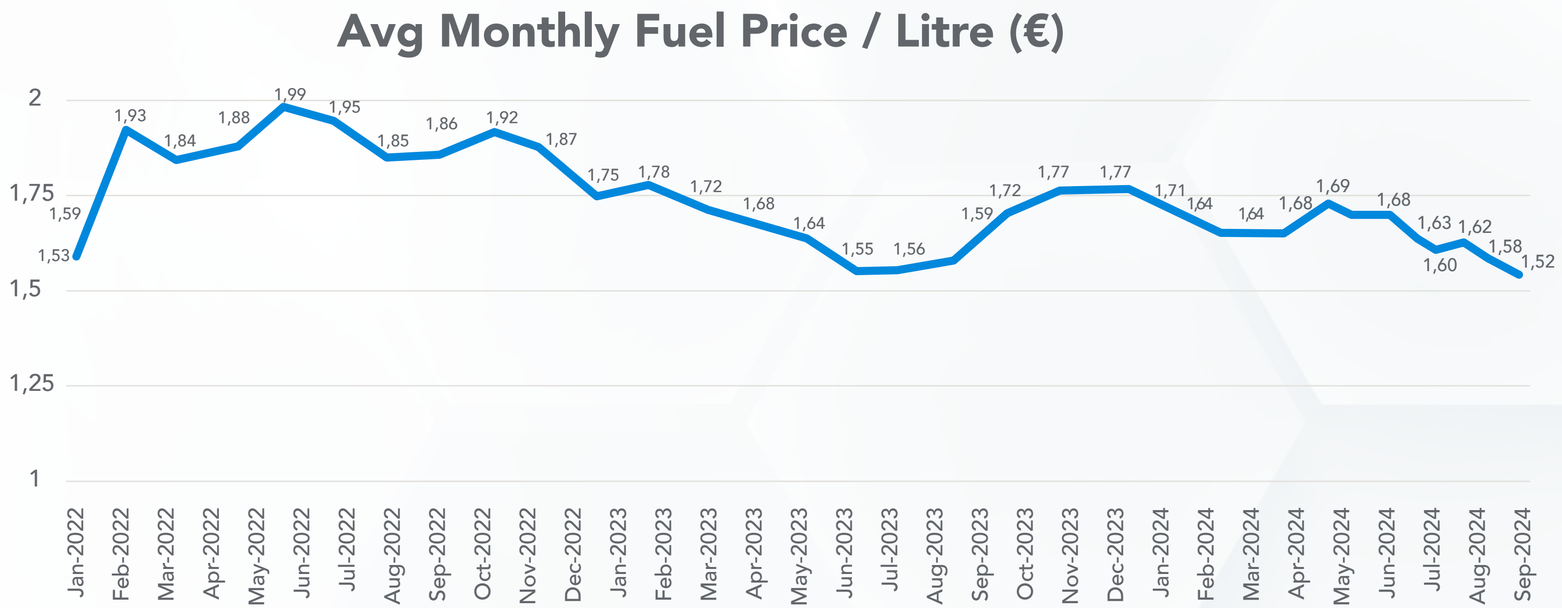
Your success drives us, and it's our commitment to provide you with the insights you need to thrive in this ever-evolving landscape. Thank you for your continued partnership and trust in C.H. Robinson. Let's navigate the future of logistics together with data-driven strategies that shape success.



Olivier Gonon
Director
CAPACITY MANAGEMENT
EUROPE SURFACE TRANSPORTATION

Macro Economic View

In September 2024, the fuel price experienced another month of decrease with -4% compared to August.



Month-over-Month growth / decline = -4%
- down from -2% seen in last month's update

Compounded Growth Rate (Last 6 Months) = -2%
- down from -1% seen in last month's update

Since war broke out in Ukraine = -4%
- down from -1% seen in last month's update

12-month growth / decline = -14%
- down from -8% seen in last month's update

24-month growth / decline = -18%
- down from -15% seen in last month's update

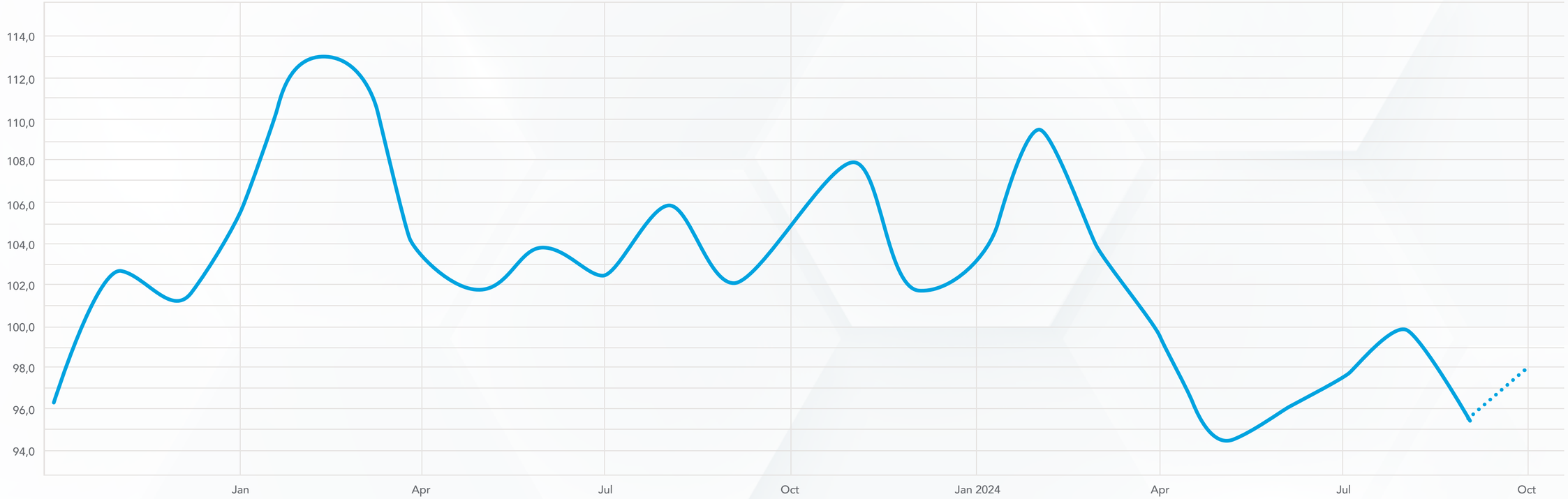
Source: Weekly Oil Bulletin | Energy (europa.eu)

Capacity Index

September 2024 transport capacity index fell by 4% compared to August 2024.
This month is back to May 2024 levels with capacity constraints.

Capacity Index
95,58
-4,36 (-4%) since Aug.'24
-6,54 (-6%) since Sep.'23

- This index has a baseline of 100 which represents the capacity seen in the year of 2019



	Sep	Oct	Nov	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Capacity Index	102,12 -3%	104,9 +2%	107,96 +2%	101,89 -5%	103,2 +1%	109,52 +6%	103,97 -5%	99,57 -4%	94,66 -4%	96,08 +1%	97,66 +1%	99,94 +2%	95,58 -4%	98,11 +2%

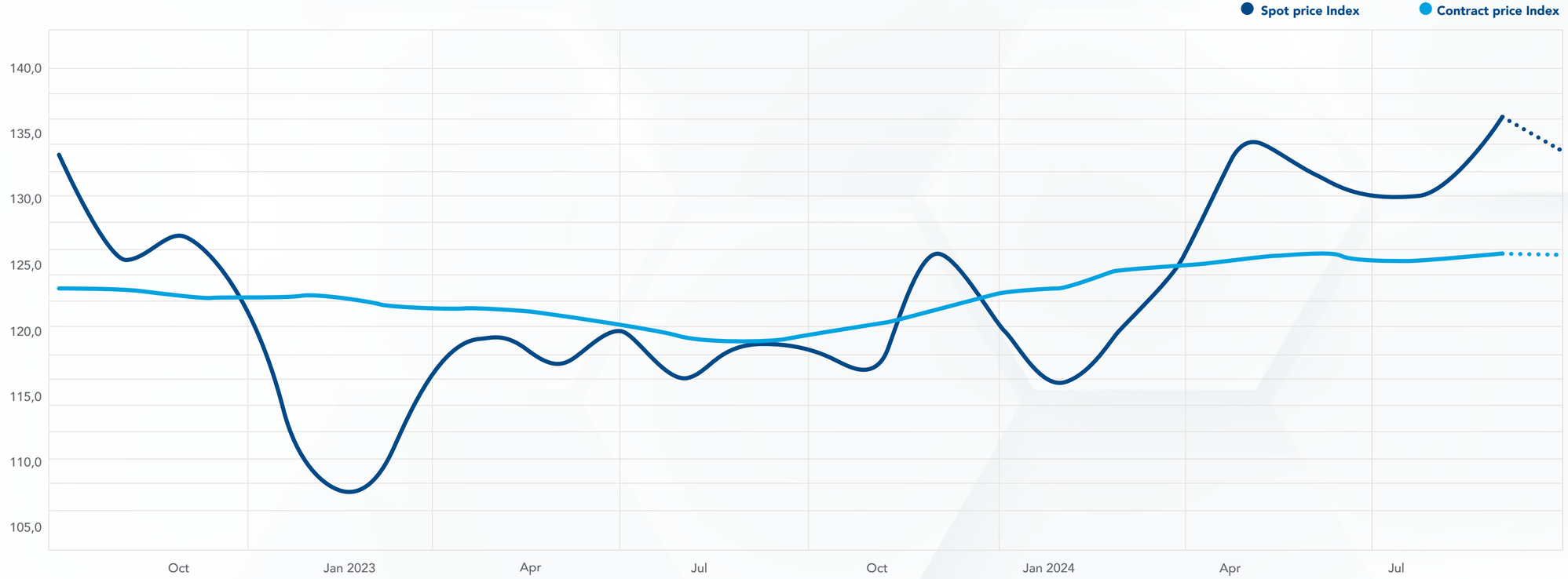
Source: Transporeon Insights **see page 15 with legend descriptions*

Spot vs Contract Price Index

As the capacity index went down, carrier loads rejection increased, which caused spot prices to rise by 4% vs August 2024 and +15% vs September 2023. Contracted prices remained unchanged.

Spot price Index
136,52
▲ **+5,66** (+4%) since Aug.'24
▲ **+17,54** (+15%) since Sep.'23

Contact price Index
125,86
▲ **+0,35** (0%) since Aug.'24
▲ **+6,72** (+6%) since Sep.'23



- Contracted and Spot indexes have a baseline of 100 which represent the prices seen during the year of 2020

	Sep	Oct	Nov	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Spot price	118,98 +2%	118,52 0%	117,1 -1%	125,86 +7%	120,46 -4%	115,9 -3%	120,11 +3%	125,89 +4%	134,48 +6%	132,16 -1%	130,62 -1%	130,86 0%	136,52 +4%	133,89 -1%
Contract price	119,13 0%	119,56 0%	120,31 0%	121,53 +1%	122,8 +1%	123,24 0%	124,69 +1%	125,03 0%	125,43 0%	125,88 0%	125,44 0%	125,51 0%	125,86 0%	125,82 0%

Source: Transporeon Insights **see page 15 with legend descriptions*

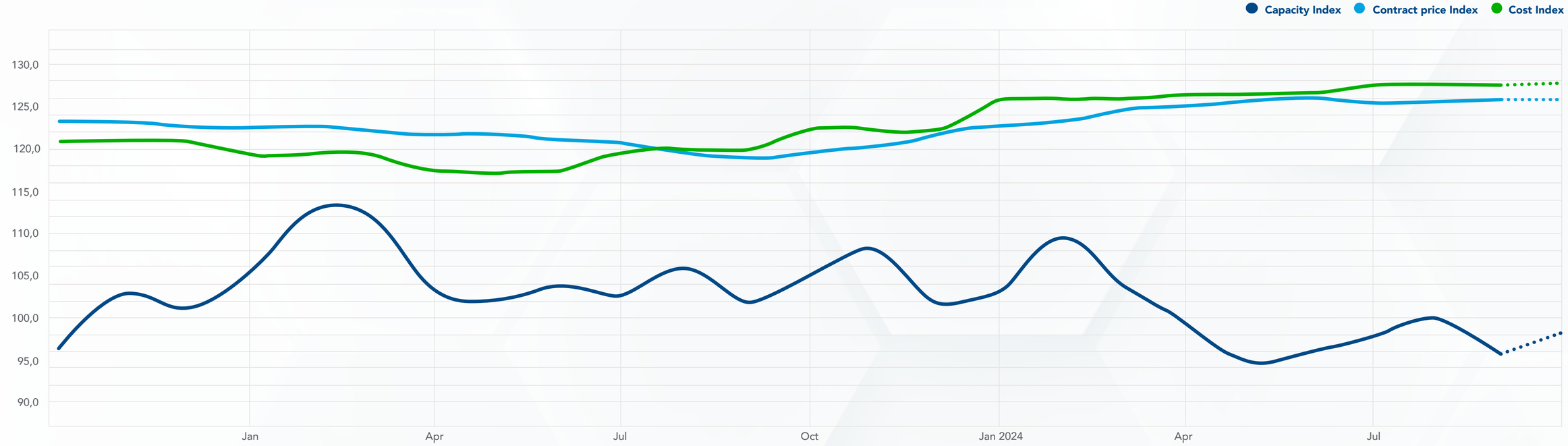
Capacity, Contract Price & Cost Index*

The carrier cost index remains elevated in September 2024, despite the decrease in fuel prices.
This confirms the rise of other components of the carrier cost, such as driver wages, tolls and maintenance.

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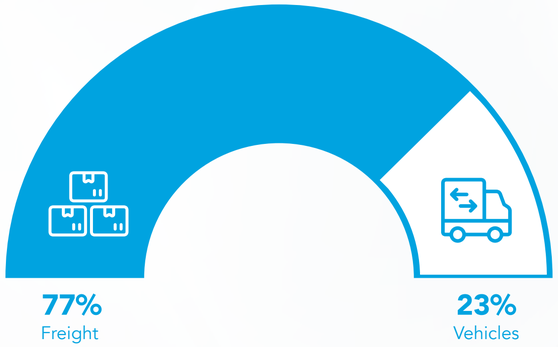
Cost Index
127,45
+0,00 (0%) since Jul'24
+7,65 (+6%) since Aug'23

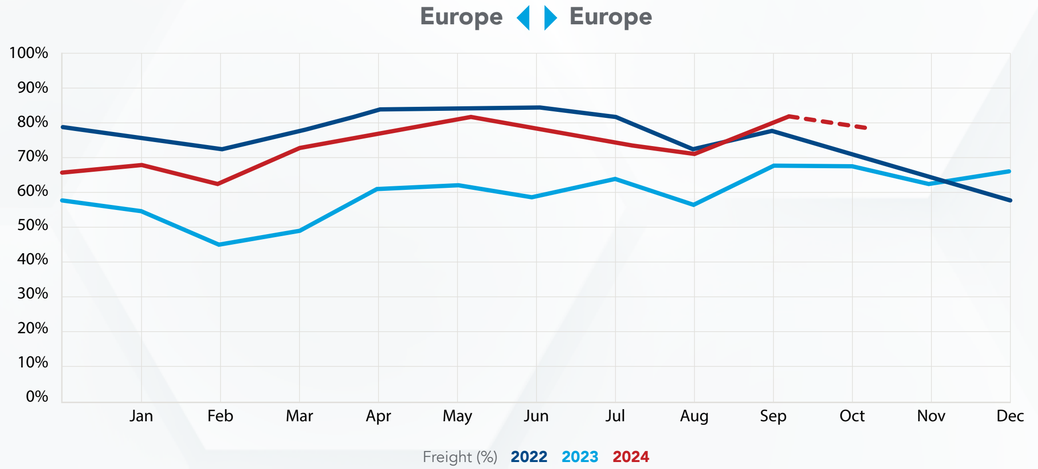


	Sep	Oct	Nov	Dec	Jan '24	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
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Cost	119,8 0%	122,26 +2%	122,26 0%	122,26 0%	125,66 +2%	125,66 0%	125,66 0%	126,52 0%	126,52 0%	126,52 0%	127,45 0%	127,45 0%	127,45 0%	127,76 0%

Source: Transporeon Insights **see page 15 with legend descriptions*

“Virtual” Demand increase vs Capacity supply decrease



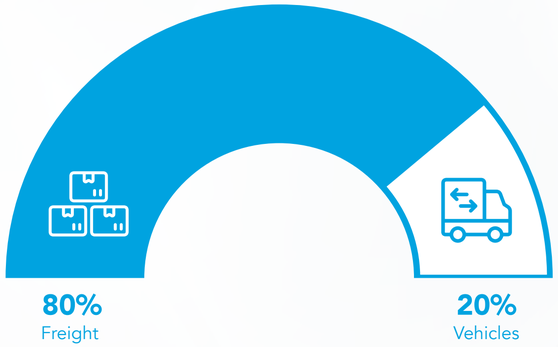


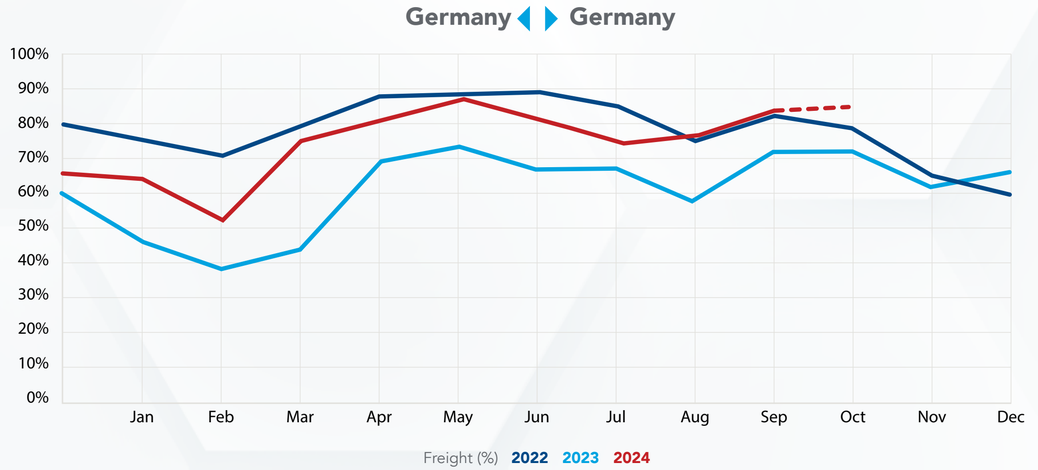
The overall EU posted loads on freight platforms increased significantly during September 2024, back to May 2024 levels. We observe a noticeable increase in the difference between posted loads (77%) and the available posted vehicles (23%), when may indicated 78% Freight and 22% vehicles. As a reminder, Q1 2024 indicated a trend between 65% and 35% It is important to note that September is the first time posted freight has exceeded 2022 levels.

This does not mean that demand significantly increased, but that supply noticeably declined, with more rejected contracted loads. Therefore, more freight was posted.

Source: Timocom

“Virtual” Demand increase vs Capacity supply decrease

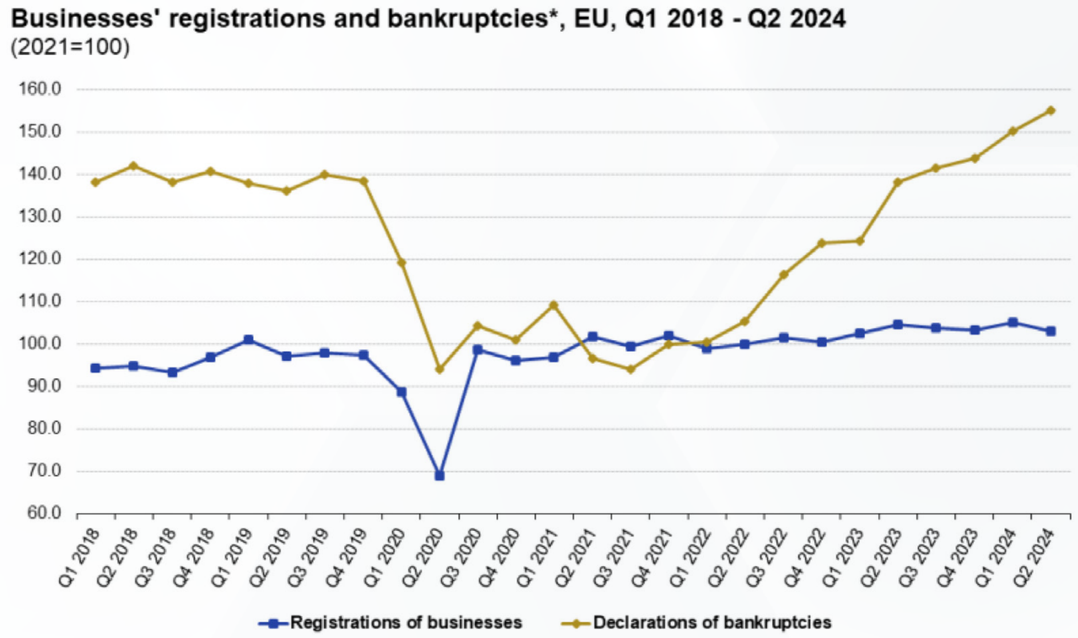




It is noteworthy that the domestic market of Germany has been experiencing capacity constraints for several months, surpassing the posted freight levels of 2022.

Source: Timocom

Quarterly registrations of new businesses and declarations of bankruptcies



In the second quarter of 2024, seasonally adjusted registrations of businesses decreased by 2.1% in the EU, compared with the first quarter of 2024, while still being at a slightly higher level than during the period Q1 2018 until Q1 2023.

Bankruptcy declarations increased by 3.1% in the EU, compared with the first quarter of 2024, thus reaching the highest level since 2018.

Source: *Quarterly registrations of new businesses and declarations of bankruptcies - statistics - Statistics Explained (europa.eu)*

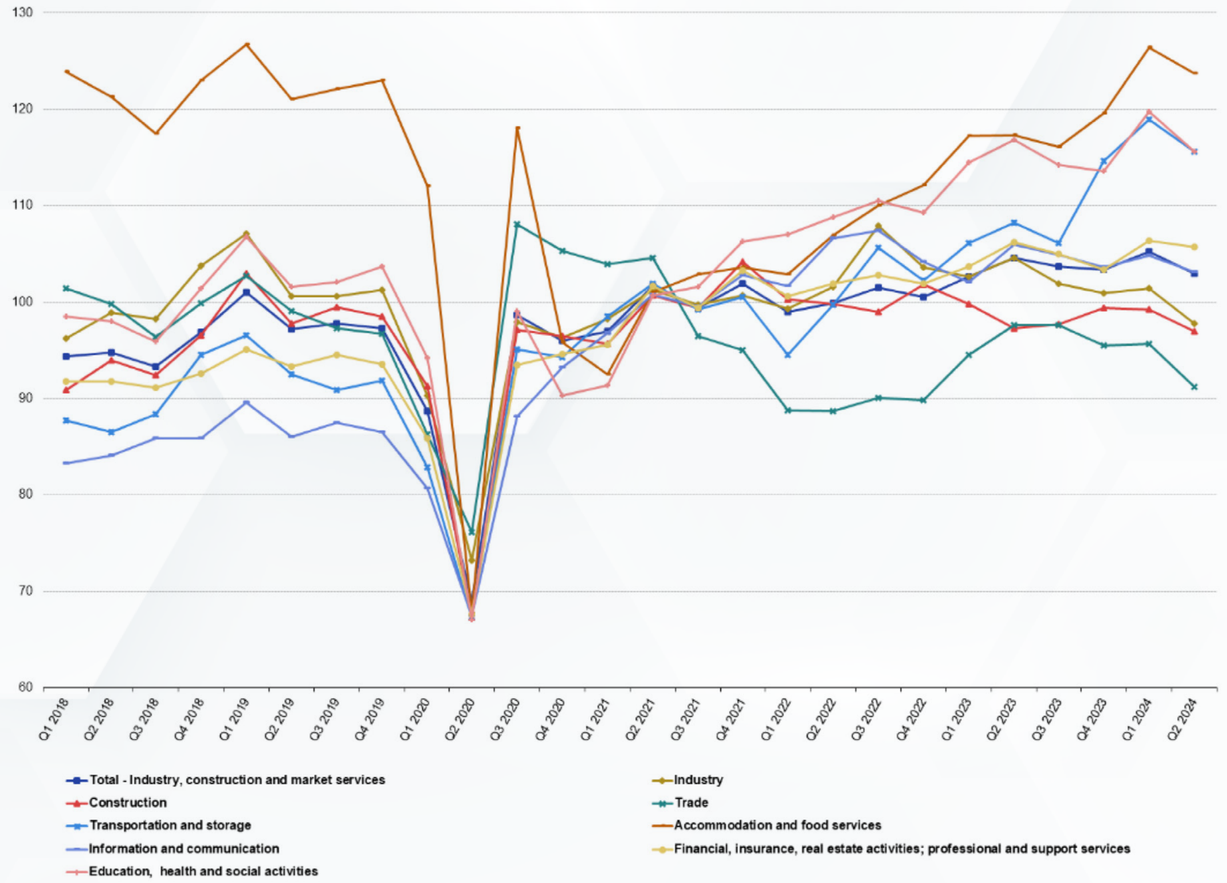
Quarterly declarations of new businesses by activity (Q2 2024)

Comparing the second quarter of 2024 with the first quarter of 2024, decreases in the registrations of businesses were recorded in all sectors of the economy, with more articulated decreases in trade, and education and social activities.

In the second quarter of 2024, registrations of businesses still remained at higher levels than before the COVID-19 crisis (fourth quarter of 2019) in most sectors of the economy. Only in trade, industry, and construction, there were fewer businesses registered in the second quarter of 2024 than in the fourth quarter of 2019, before the COVID-19 pandemic.

Registrations of businesses by activity*, EU, Q1 2018 to Q2 2024

(2021=100)



Source: Eurostat (sts_rb_q)

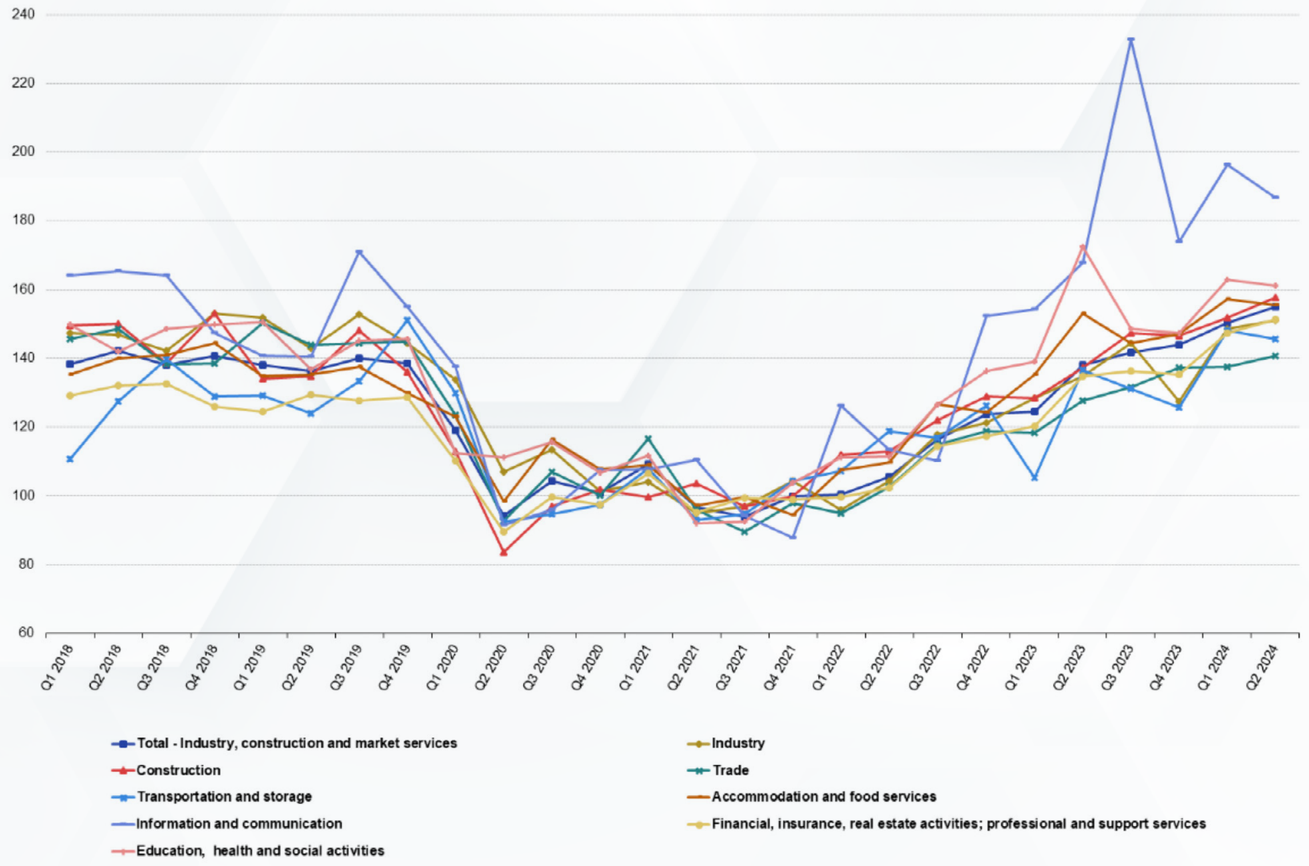
Quarterly declarations of bankruptcies by activity (Q2 2024)

From the second quarter of 2022 until the second quarter of 2023, all sectors of the economy were mainly on an upward trend (with more fluctuations in the transport sector).

In the first quarter of 2024, compared with the previous quarter, the number of bankruptcy declarations increased in all sectors of the economy. Then, in the second quarter of 2024, the number of bankruptcy declarations increased in 4 of the 8 sectors of the economy, with most significant rises observed in construction, and financial activities. On the other hand, from the 4 sectors which recorded decreases in the number of bankruptcies, the most decreases were in information and communication, and transport, while bankruptcies still remained at a relatively high level.

Declarations of bankruptcies by activity* EU, Q1 2018 to Q2 2024

(2021=100)



Source: Eurostat (sts_rb_q)

Declarations of bankruptcies: Focus on UK

Insolvencies surpass 2008 financial crisis levels, with hauliers hardest hit, warns RHA (Road Haulage Association)

Recent insolvency figures have revealed a troubling trend: more companies have gone insolvent in the past year than during the 2008 financial crisis. The road freight sector is particularly affected, with nearly 500 hauliers going out of business last year and over 250 more already this year, prompting urgent calls from the Road Haulage Association (RHA) for government intervention.

According to Richard Smith, Managing Director of the RHA, the cost of operating heavy goods vehicles (HGVs) has surged by 10% over the past year, a rise that has led to significant financial strain on hauliers. The impact of these rising costs is evident, with nearly 500 haulage companies going out of business last year alone. Alarmingly, this year's insolvency figures have already surpassed 250, marking a 10% increase compared to the same period in 2023.

The RHA is calling for the government to support the transition by incentivizing the uptake of low-carbon fuels, such as Hydrotreated Vegetable Oil (HVO), which can reduce emissions by up to 90%. The association also seeks access to the National Wealth Fund to invest in zero-emission vehicles and infrastructure.

In addition to financial challenges, the sector is grappling with other issues, including a skills gap, an ageing driver workforce, and the economic impact of road congestion. Mr. Smith pointed out that congestion alone costs the UK economy £30 billion a year, with unfinished infrastructure projects like the Lower Thames Crossing exacerbating the problem.

Source: trans.info Insolvencies surpass 2008 financial crisis levels, with hauliers hardest hit, warns RHA (trans.info)

Declarations of bankruptcies: Focus on GERMANY

In the first half of the year, the number of company insolvencies in Germany increased by almost a quarter. The reason is, m.in, the current economic slowdown. Municipal courts reported 10,702 company bankruptcies in the first six months of this year, the Federal Statistical Office reported on Wednesday (11.09.2024).

Negative trend

This was 24.9 percent more than a year earlier. The courts estimated the creditors' claims at around €32.4 billion. This is also a significant increase: in the first half of 2023, claims amounted to around €13.9 billion.

The negative trend is likely to continue in the second half of the year. Statistics show that the number of insolvency applications filed increased by 10.7 percent in August compared to the same month last year. Since June 2023, the growth rate has already been in double digits, with the exception of June this year (plus 6.3 percent). Applications are included in the statistics only after the first decision of the bankruptcy court. In many cases, however, the actual date of filing for insolvency is almost three months earlier.

These industries are suffering the most

In the first half of this year, 31.2 insolvencies per 10 thousand companies were recorded. The largest number of cases (60.9 per 10 thousand companies) was recorded in the transport and storage sector. This was followed by the construction industry (47.4 cases) and other business services, such as temporary employment agencies (46.8), as well as the hotel industry (40.8). During the first six months of this year, the number of consumer bankruptcies also increased – by 6.7 per cent to 35,371 cases.

According to statistics, as the number of company bankruptcies increases, so does the number of bankruptcies of large companies. In the first half of this year, there were already 40 such cases. This is not only the highest half-year number since 2015, but also an increase of more than a third compared to the same period last year.

Source: trans.info Insolvencies surpass 2008 financial crisis levels, with hauliers hardest hit, warns RHA (trans.info)

Declarations of bankruptcies: Focus on FRANCE

An unprecedented wave of bankruptcies among road transport companies in France.
In a recently published press release, the Union of Transport and Logistics Companies of France stated that “hauliers cash flow has become strained and insolvencies in the sector are now historically high.“

According to the company Ellisphere and the review “L’officiel des transporteurs”, in the second quarter of 2024, 603 transport companies were the subject of insolvency procedure, an increase of 45% over 2023 and 73% over 2022.

The TLF Union is urging the French government to support the industry in the form of tax adjustments and subventions for investments i n environmentally-friendly solutions.

It is essential that EU governments provide programs to support the logistics and transport sectors, as when economy and demand increase, we will face a significant supply deficit.

Source: latribune.fr Vague inédite de faillites des entreprises de transport routier (latribune.fr)

TP Insights legends

Capacity index
This index shows how capacity on EU level develops on a monthly basis by using fleet data and combining it with carrier behavior.

This index represents the capacity development on a monthly basis on the European level. It uses Transporeon Contracted Load Rejection Rate, Spot Offers Index, and the fleet registration data provided by the European Automobile Manufacturers' Association. By combining the fleet development in Europe with carrier behavior (how do they reject contract loads and how do they bid on the spot market) we can show how carriers are actually utilising their fleets and therefore calculate a representative capacity index.

This index has a baseline of 100 which represents the capacity seen in the year of 2019. This means that values larger than the baseline represent an increase in available capacity, e.g. an index of 120 means that there is 20% more capacity than before. And a value below 100 shows a decline in capacity, e.g. an index of 92 shows that there is now 8% less capacity on the market than before.

This index provides insights into the truck availability development in Europe. The truckload market is cyclical and goes through different parts of the cycle – e.g. tight markets and booming economy incentivizes carriers to invest in fleet expansions until at some point this creates overcapacity, prices start decreasing, etc. Naturally, the market depends on the demand and supply.

Contract Price index
This index represents the development of the contract rates in Europe.

Spot Price index
This index represents the development of the spot rates in Europe.

Total Price index
This index represents the development of the spot and rates in Europe.

Price indices (Contract / Spot & Total)
A set of three price indices which represent the rate development on the European level. The Total Price Index represents the development of both the spot and contract rates, the Spot Price Index represents the spot market development, and the Contract Price Index represents the contract rate development.

The Spot Price Index and the Contract Price Index use the rate information from the 70 biggest lanes in Europe where each lane is weighted based on the transport performance defined by Eurostat and foreign trade statistics. These 70 lanes contain 9 domestic and 61 intra-European lanes where, due to the size of the lanes, the domestic lanes contribute 70% of the transports and the intra-European lanes add 30% of the transport volume.

The Total Price Index is composed of 90% contract rates and 10% spot rates to reflect the distribution of transports seen on the Transporeon platform. That is why this index follows the Contract Price Index much closer than the Spot Price Index.

All three indices have a baseline of 100 which represent the prices seen during the year of 2020. Any index value above 100 would represent a price increase, e.g. a Spot Price Index of 130 would be a 30% increase in spot rates compared to the year of 2020. Any index value below the baseline of 100 would show falling transport rates, e.g. a Contract Price Index of 92 would mean that contract rates are 8% cheaper than in 2020.

Data
The indices are updated weekly at the end of the week. Data for all three indices is available since January 2019.

C.H. ROBINSON

Thank you!

If you have any questions related to this report, please contact your dedicated Account Manager from C.H. Robinson.

If you are not our customer and would like to get more information, please contact our expert:
urszula.pociejewska@chrobinson.com

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