

Transport Market Monitor

Following a seasonal recovery at the beginning of the year, available transport capacity has been declining again since March

Edition: 35 (May 2018)



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Summary

This is the 35th edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the first quarter of 2018.

- In Q1 2018, the capacity index increased by 53.3% to 110.1 compared to the previous quarter. Compared to Q1 2017 the index value of Q1 2018 is 2.4% lower.
- The price index decreased in Q1 2018 to an index of 92.1, which is a decrease of 14.7% compared to Q4 2017 (index 107.9). Compared to the price index of Q1 2017, the price index increased by 7.1%.
- From the previous quarter, the diesel index increased 3%. Compared to the same period last year, this year is 3% higher.
- The European Trade Flow Index is expected to increase by 18.3% in Q1 2018.

These are the conclusions of the Transport Market Monitor by TRANSPOREON and Capgemini Consulting, a quarterly publication, which aims to track transport market dynamics.

This report is the thirty-fifth edition of the Transport Market Monitor. Each quarter, a new edition will outline the developments during the past three months and reviews additional themes in transportation.

All indices in this report are based on the logistics platform TRANSPOREON, which handles a yearly transport volume (different truck types, mainly FTL and LTL), covering all European countries. Information is anonymously exported from the platform and aggregatedly analyzed by Capgemini Consulting.

The figures in the Transport Market Monitor date back to January 2008: the earliest point of measurement of the index figures. For all indices, the average figures of the six months period January 2008 till June 2008 (H1 2008) have been set as the basis for comparison (Index 100).

Capacities slightly below previous year's level

This section of the Transport Market Monitor outlines the quarterly developments of the price and capacity index, since the beginning of the measurements in 2008 until the first quarter of 2018.

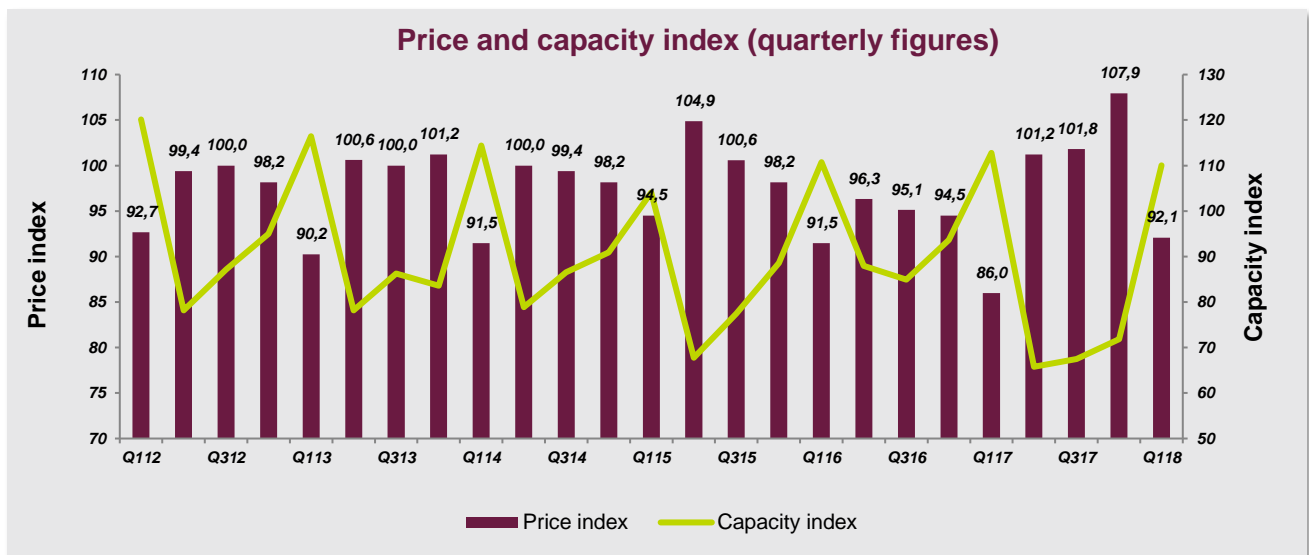
In Q1 2018, the capacity index increased by 53.3% to 110.1, compared to the previous quarter (index 71.8). In Q1 2017 the capacity index was 112.8, which means the index value for Q1 2018 is 2.4% lower than last year's.

The price index (see Figure 1) decreased in Q1 2018 to an index of 92.1, which is a decrease of 14.7% compared to Q4 2017 (index 107.9). Compared to the price index of Q1 2017, the price index increased by 7.1%.

The price index is calculated by comparing the average price per kilometer over time.

The Capacity Index is an indicator for "available capacity", the ratio between absolute demand and capacity. The capacity index is calculated by comparing the average number of bids in response to a transport request over time.

Figure 1: Price and capacity index, quarterly (Q1 2012 – Q1 2018)



For the price and capacity indices, the average figures of the six months period January 2008 till June 2008 have been set as the basis for comparison (Index 100). Figure 1 shows the indices of the last 25 quarters.

Price and capacity follow a known pattern

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last twelve months. In Q1 2018, the capacity index showed significant growth, with a peak in February 2018 with an index of 131.9. In March, however, the index value fell again to 105.7, which is in line with Q1 2017.

The price index showed a declining, but fluctuating pattern, with January 2018 showing a decrease of 9.3% compared to December 2017, and February dropping even further to 87.2, another drop of 8.3%. In contrast, March increased again by 7%.

The year has started off with the highest capacity index and lowest price seen in the past 12 months. However, reflecting on the past years, a recurring trend seems to be that the first two months of the year show the highest capacity index of the year and lower prices.

Figure 2: Price and capacity index, monthly (April 2017 – March 2018)

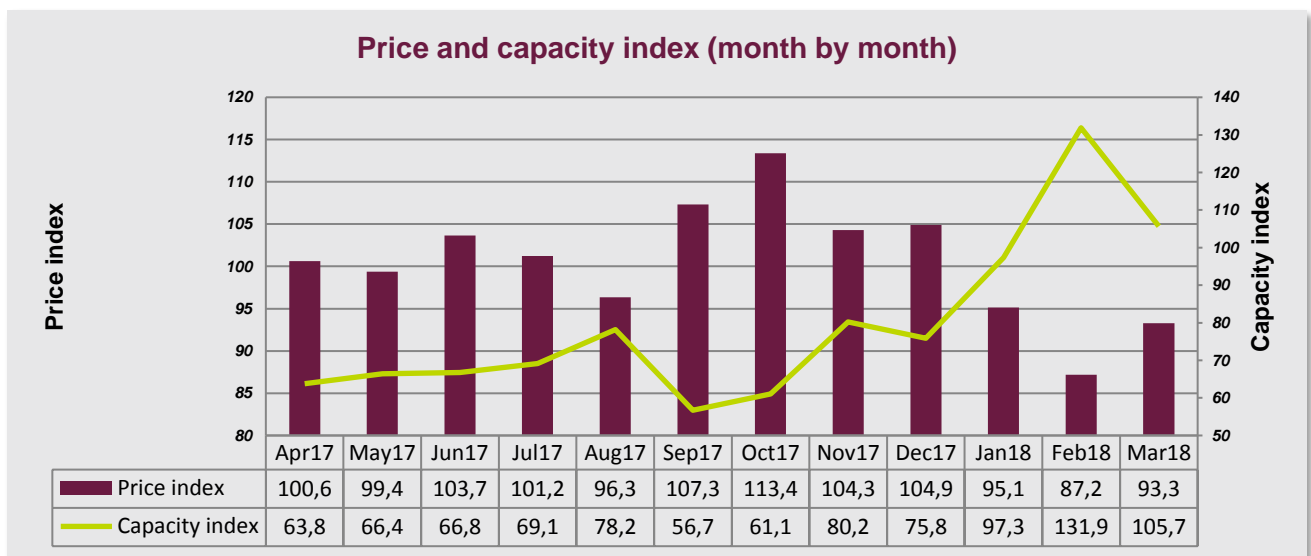


Figure 3 compares the monthly development of the price index over the last twelve months, to the same period one year before. In Q1 2018, the downward trend has continued from Q4 2017. This trend is very similar to the same period in 2017. While the trend is the same, the average price of January, February and March is 7.1% higher than the previous year.

Figure 3: Price index comparison, monthly (April 2017-March 2018)

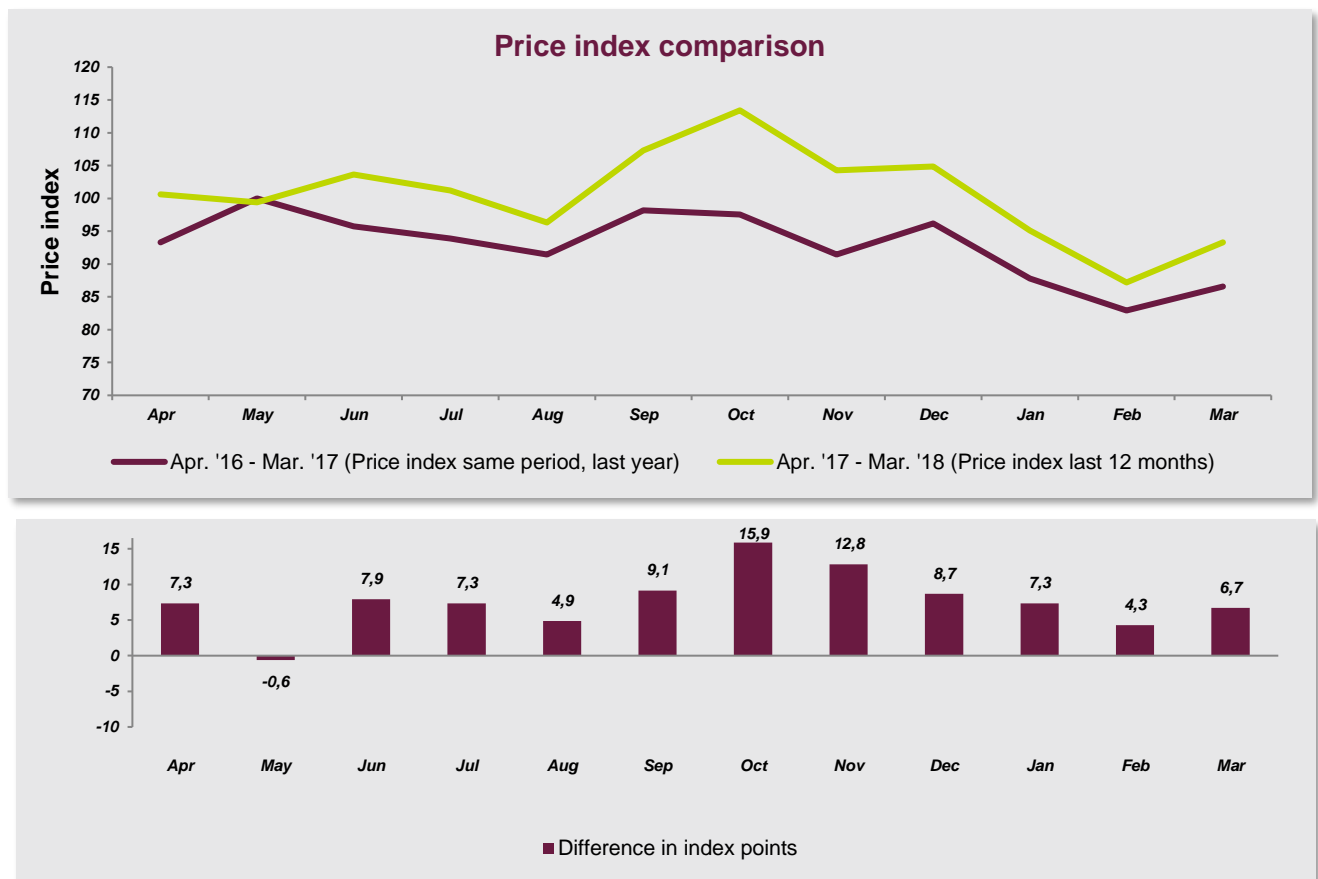
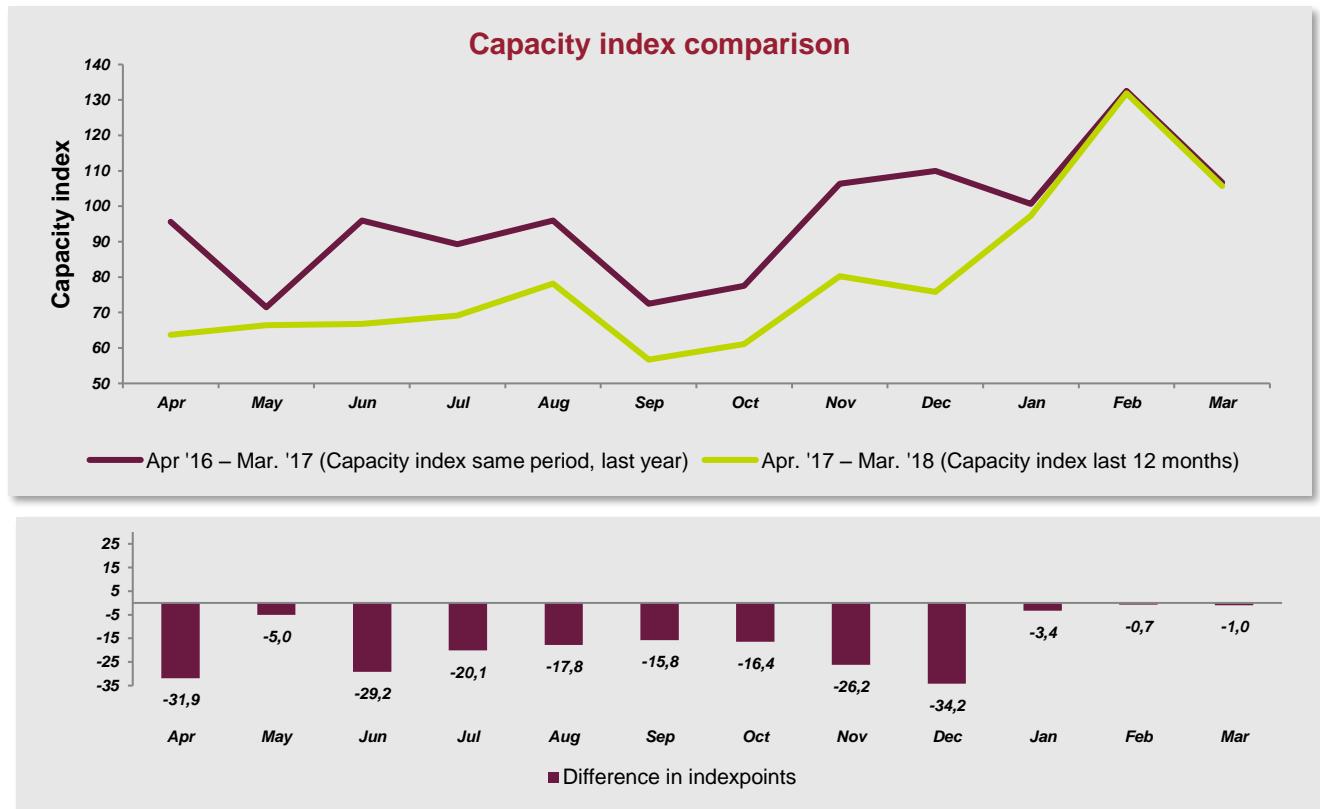


Figure 4 compares the monthly development of the capacity index during the previous twelve months to the same period one year before. Whereas the previous quarter showed a lower capacity index, this quarter was very similar to the same period last year.

Figure 4: Capacity index comparison, monthly (April 2017 - March 2018)



Industry focus

General economic conditions apply to most industries, but trends may be stronger or weaker in individual industries. Analysis of the price index by the type of industry identifies these differences, visualized in Figure 5.

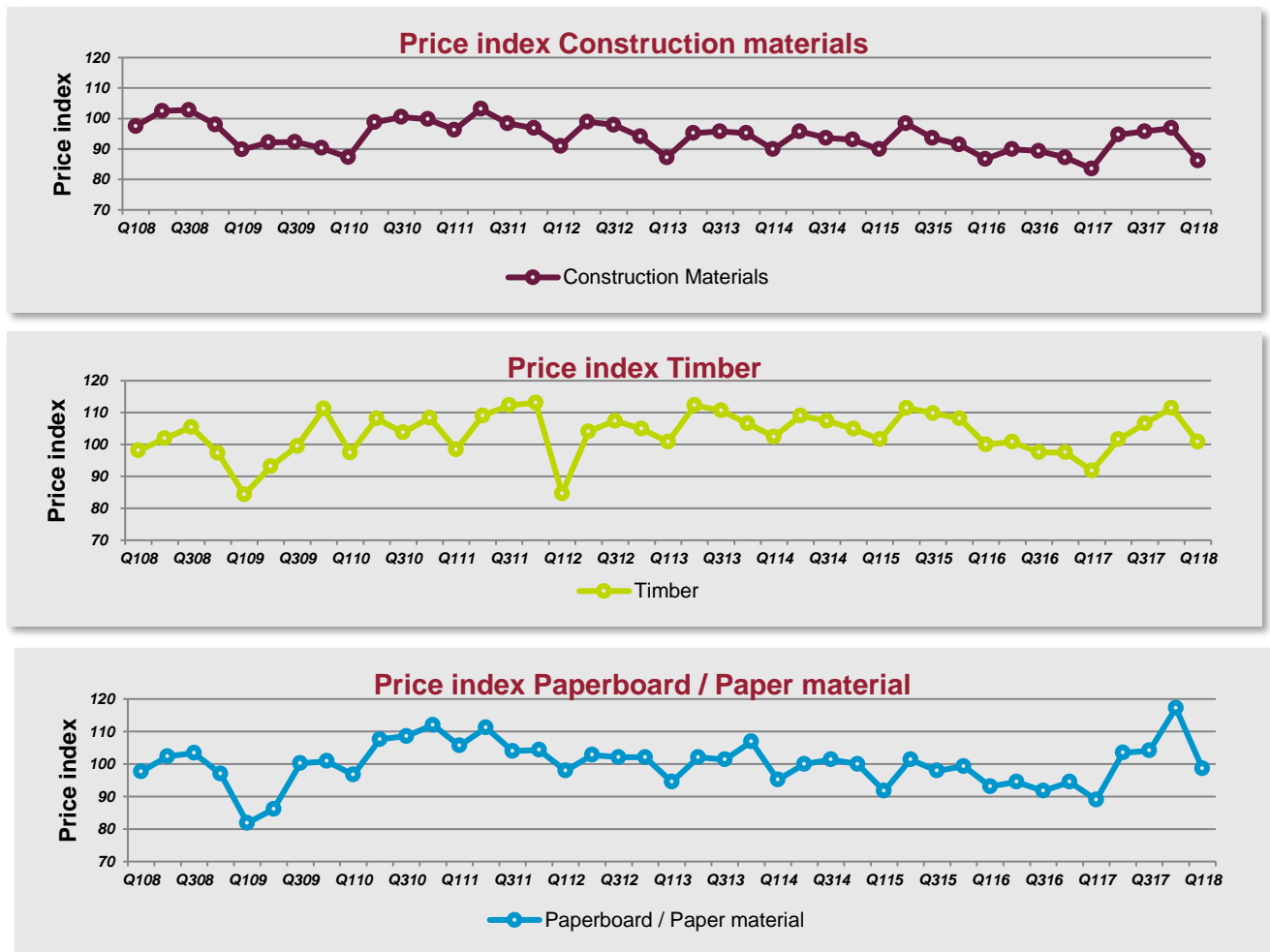
Although the previous quarter showed growth, Q1 2018 shows a decline across all industries. A noticeable decline is in the paperboard/paper material. Having ended the year with the highest index, Q1 2018 shows a decline of almost 16% compared to last quarter.

The construction materials industry price index decreased from 96.8 to 86.2 points. In the timber industry, the price index declined by 9.6% to an index of 100.8.

The TRANSPOREON platform handles transport for almost all industries. For the Transport Market Monitor, three different industry types have been analyzed individually.

Each chart in Figure 5 depicts the price development for that particular industry, indexed against the industry baseline (H1 2008).

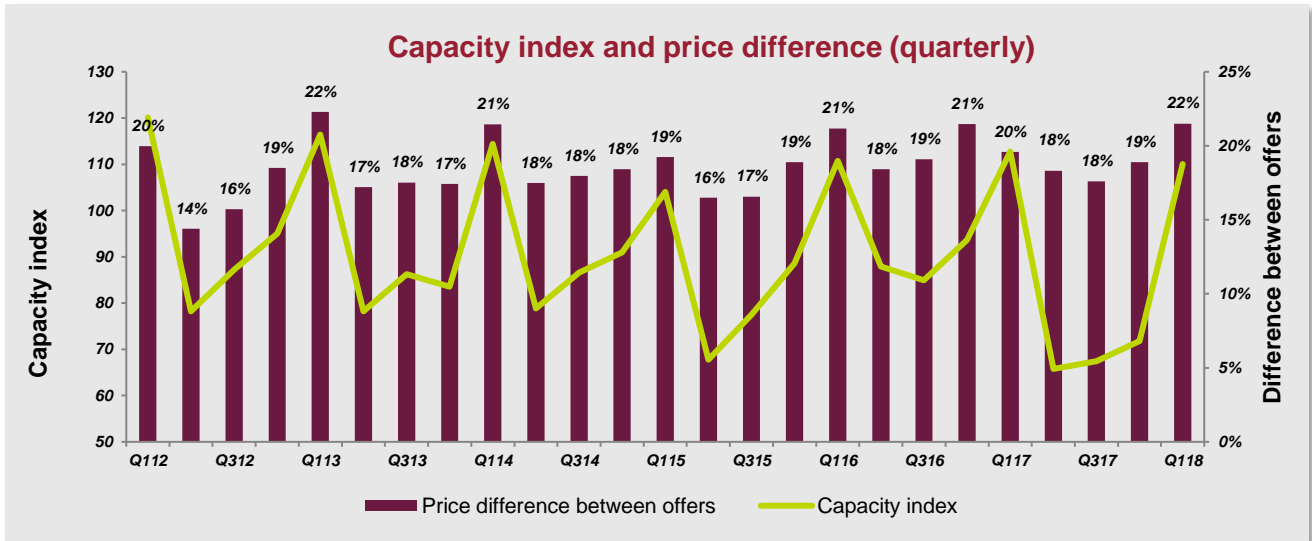
Figure 5: Price index for different industries (Q1 2008 – Q1 2018)



Price difference is comparable to previous years

This section outlines transport dynamics, by analyzing the price difference between the highest and the lowest price offered per transport order. Figure 6 illustrates the price difference between offers, and the development of the capacity index. In the first quarter the price difference slightly increased to 22%. This is very similar to the first quarters of the previous years, all between 19 and 22%

Figure 6: Capacity index and price difference (Q1 2012 – Q1 2018)



The price difference is an average figure. In general, price differences increase with the distance to be travelled (see TMM, edition 1). Figure 6 shows the differences of the last 25 quarters.

Diesel index demonstrates small increase

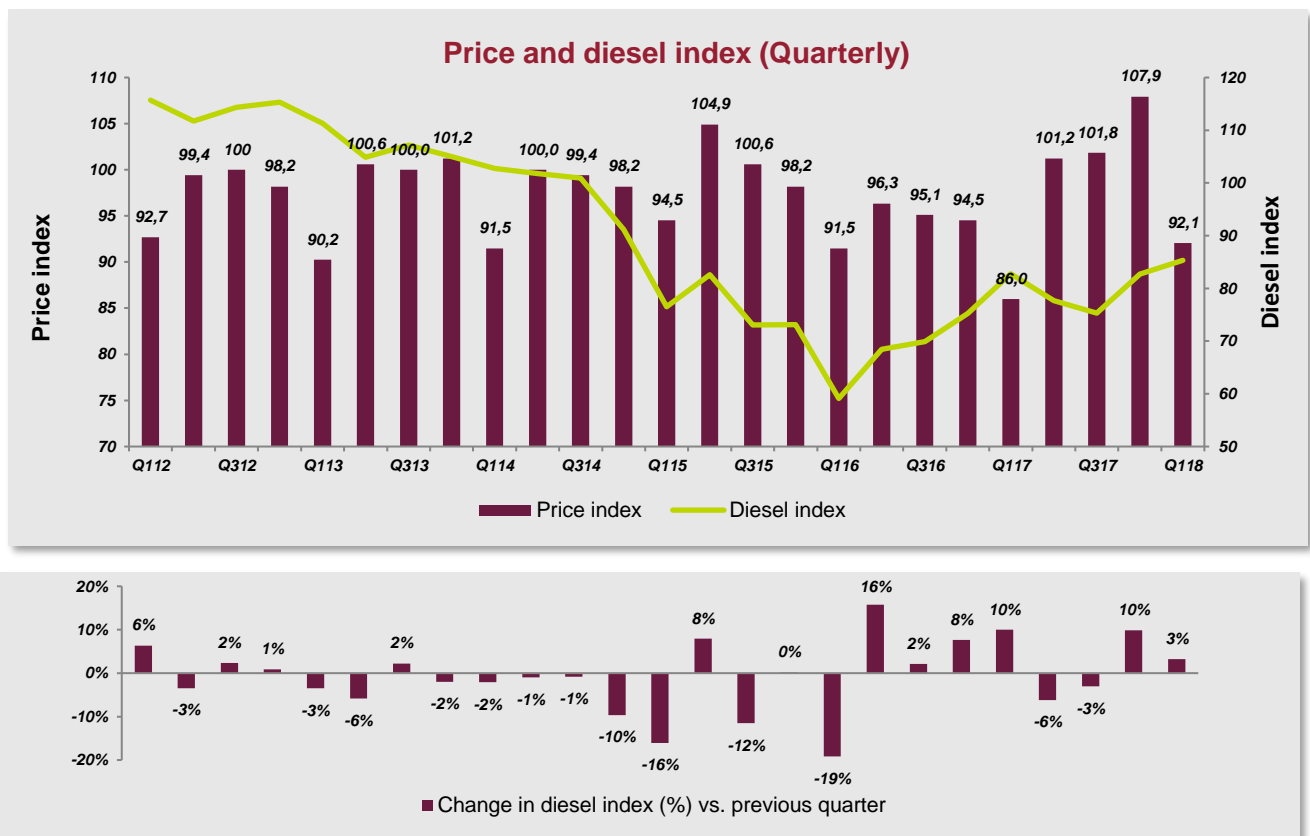
This section compares the price index with the diesel index (see Figure 7). In general, there is a positive correlation between the diesel index and the price index, clearly indicating the impact of diesel prices on transportation costs and consequently prices.

Q1 of 2018 showed a decrease in the price, however the diesel index indicates a small increase compared to Q4 2017. From the previous quarter, the diesel index increased 3%. Compared to the same period last year, this year is 3% higher.

For the diesel index, the average figures of the six month period January 2008 till June 2008 have been set as the basis for comparison (index 100), similar to the other indices used in this report.

The calculation of the diesel index is based on diesel price figures across the European Union, obtained from the European Commission via <http://ec.europa.eu/>.

Figure 7: Price index and diesel index (Q1 2012 – Q1 2018)



For the price and capacity indices, the average figures of the six months period January 2008 till June 2008 have been set as the basis for comparison (Index 100). Figure 7 shows the indices of the last 25 quarters.

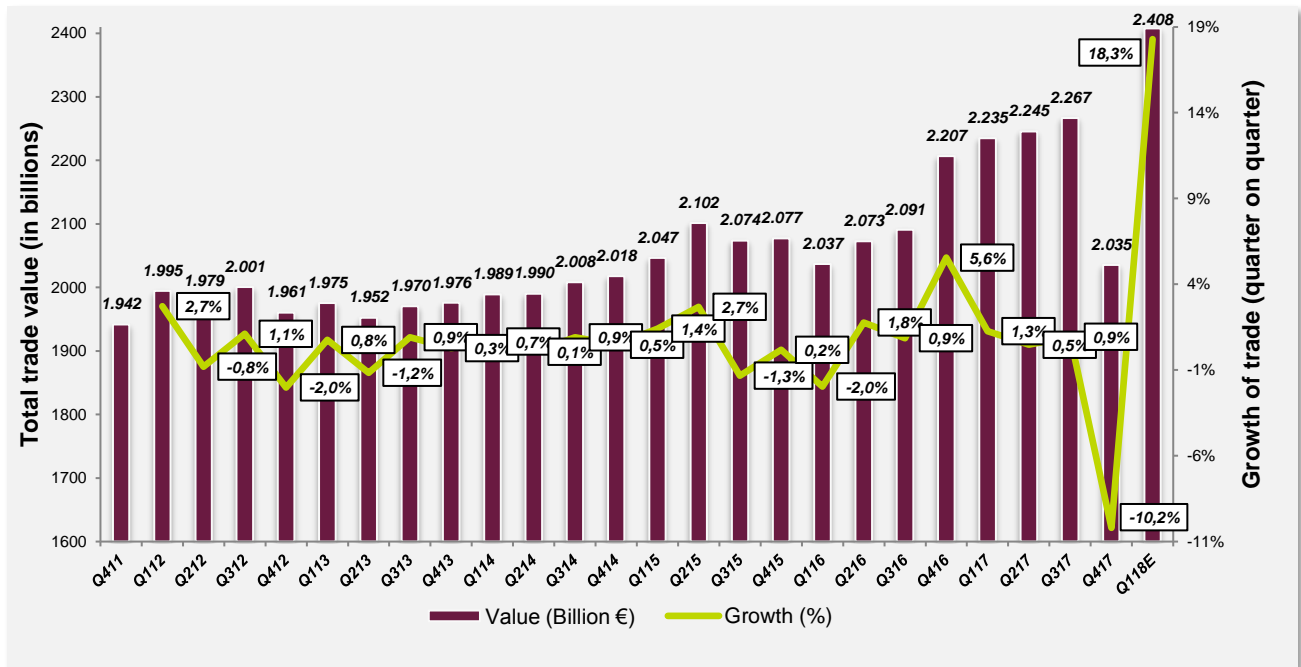
Major growth expected for European Trade Flow Index

This section features the European Trade Flow Index (ETFI). The ETFI is derived from the Capgemini Consulting's Global Trade Flow Index, a measure of worldwide trade. The volume of trade is a strong driver for transport demand and corresponding prices.

In Q1 2018 trade volumes in Europe are expected to increase by 18.3% to €2408 billion compared to Q4 2017 (€2035 billion). This could be the largest increase since the start of the ETFI in Q4 2011. The trade volume in Q4 2017 decreased by 10.2%, compared to Q3 2017. In comparison with the same period a year ago, in Q1 2017, the Q1 2018 volume is expected to be 7.7% higher.

Capgemini Consulting's Global Trade Flow Index tracks the trade of goods and services by quarter based on an analysis of a number of trade and market-related parameters from the latest available official data (related to the import and export of goods and services) from national agencies. It is tailored to the European market for this report, providing the European Trade Flow Index.

Figure 8: European Trade Flow Index (Q4 2011 – Q1 2018E)



Additional services related to the TMM

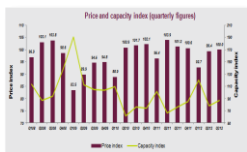
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Next edition

This edition looked at the price and capacity developments since the beginning of the Transport Market Monitor in 2008. It outlined a capacity index increase, with a decreased price index in Q1 2018, in comparison with the beginning of TMM measurements (H1 2008). In March, however, in line with Q 1 2017 capacities again declined.

The next edition, number 36, will include the figures for Q2 2018. It will be published in August 2018.

About the Transport Market Monitor

The aim of the Transport Market Monitor is to provide insights into the development of transport prices, and other transport market dynamics to logistics executives and other interest groups. It is a joint initiative of TRANSPOREON and Capgemini Consulting.

The indices in the Monitor are based on the logistics platform TRANSPOREON, on which shippers tender and process their transport needs to their preferred transport partners on a daily basis. The platform handles a yearly transport volume of over €2 billion in all European countries. Anonymously, information is unlocked from the platform and analyzed by Capgemini Consulting. This results in monthly indices which are published on a quarterly basis. In addition to each publication of the Monitor, one or more market themes are discussed, supported by detailed analysis.

TRANSPOREON and Capgemini Consulting can help you to find the right strategy between static and dynamic prices. Additional information about both companies and their service offerings is available upon request.

This report is available at <http://www.transportmarketmonitor.com>. More information about the products and services of both TRANSPOREON and Capgemini Consulting can be obtained via the contact information provided at the back of this report.

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About TRANSPOREON

The logistics platform TRANSPOREON connects shippers from industry & trading companies with carriers, drivers & consignees – and optimizes and accelerates logistics processes. Users of the platform receive web-based SaaS (Software-as-a-Service) solutions as electronic transport assignment, time slot management and transport visibility. TRANSPOREON allows reducing dispatch and freight costs, while minimizing waiting times during loading and unloading.

Currently more than 1.000 industry and trading companies, more than 65,000 carriers and more than 100,000 users from 100 countries are connected via the TRANSPOREON platforms. The platforms as well as the customer service are available in 24 languages.

Operating company of the logistics platform TRANSPOREON is the international TRANSPOREON Group. Other solutions the group is offering are the tender platform TICONTRACT and the retail logistics platform MERCAREON. More than 510 employees are on site throughout Europe, the U.S.A., Russia and Asia.

Learn more about us at: www.transporeon.com

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