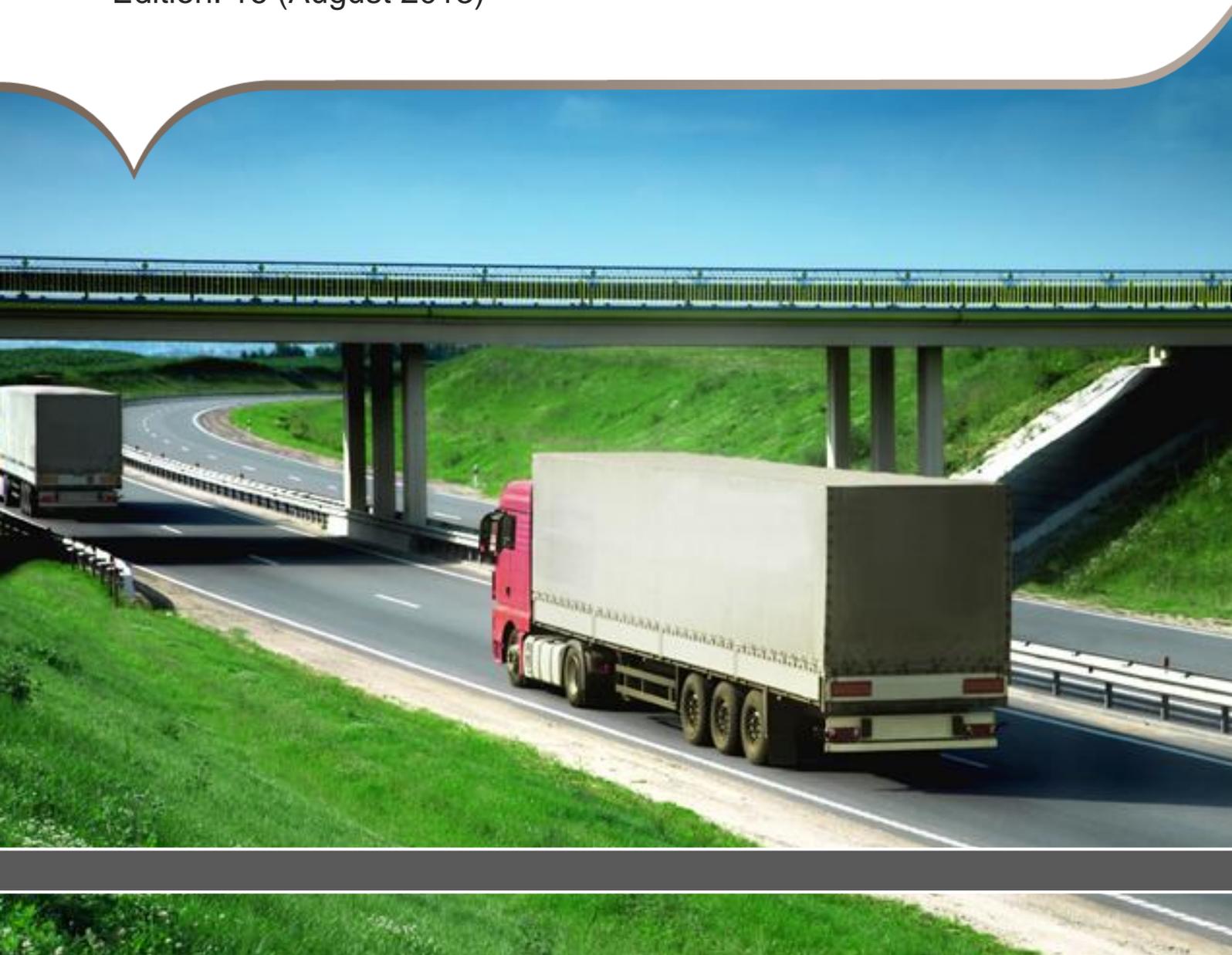


# Transport Market Monitor

Seasonal effects help prices to recover. Price index still on lower level than in (Q2) 2008

Edition: 16 (August 2013)



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## Summary

This is the sixteenth edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the second quarter of 2013.

- The price index increased by 11.5% in Q2 2013 (index 100.6), compared to the price index in Q1 (index 90.2).
- When comparing to the index level of the previous year, Q2 2012 (index 99.4), the price index increased by 1.2%.
- In Q2 2013 the diesel index decreased to an index of 103.8 (-1.8%).
- Another factor with a high impact on transport prices is the capacity index, which decreased by 32.9% in Q2 2013 (index 78.2), compared to Q1 (index 116.4).
- The strong recovery of the price index can be explained by the yearly seasonal pattern.
- In Q3 we expect a limited price increase, based on the seasonal pattern observed in previous years.
- Both market dynamics and lasting economic uncertainties emphasize the need to monitor transport price developments very closely, to mitigate the risk of any unexpected negative impact on company results.

*This report is the sixteenth 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) of more than €2 billion, covering all European countries. Information is anonymously exported from the platform and aggregated 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 6 months period January 2008 till June 2008 have been set as the basis for comparison (Index 100).*

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

## Strong price increase in Q2 2013

This section of the Transport Market Monitor outlines the quarterly developments of the price and capacity index, based on a time span from 2008 until the second quarter of 2013.

The price index (see figure 1) increased by 11.5% in Q2 2013 (index 100.6), compared to the price index in Q1 (index 90.2). When comparing to the index level of the previous year, Q2 2012 (index 99.4), the price index increased by 1.2%. The transport price index recovered strongly from the low level last quarter. This increase is the second largest increase observed in the TMM since the start in 2008.

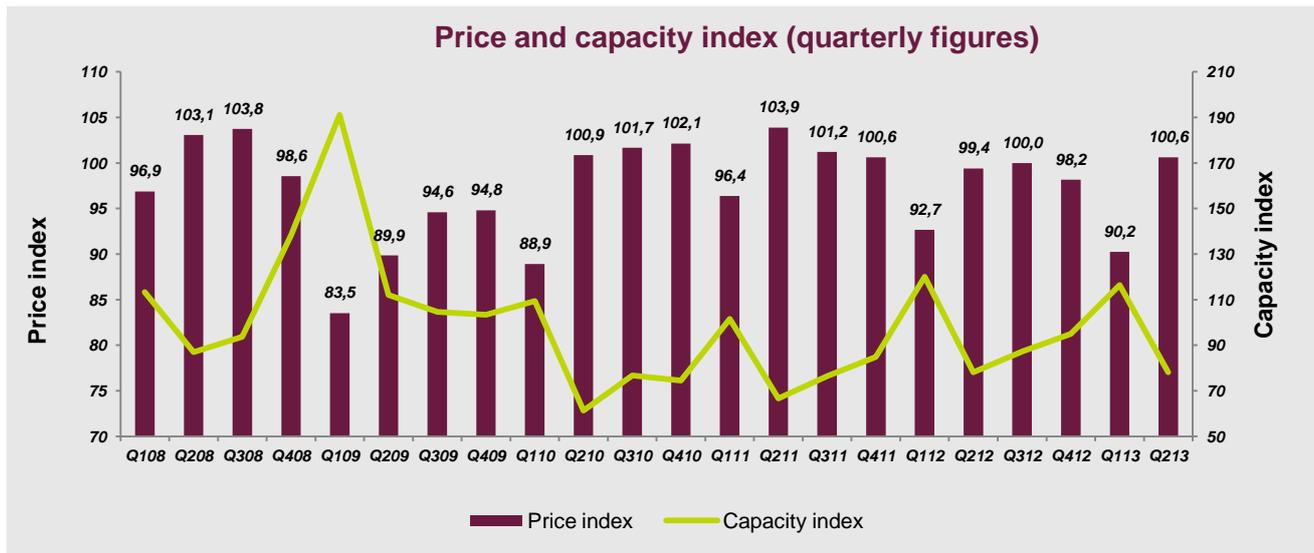
In previous years, transport prices have always showed a significant recovery between Q1 and Q2, accompanied by a strong decrease in capacity. The decrease in the capacity index in Q2 2013 is 32.9%, around the same effect as last year in this period (-34.9%). Currently it is at exactly the same level as one year ago: index 78.2.

Another important driver for transport rates is the price of fuel. After the all-time high level in Q3 2012, the diesel index has been decreasing for some time now. Despite this fall in fuel prices, the stronger effect of short capacity caused the price to rise.

*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: Transport price and capacity index, quarterly (Q1 2008 – Q2 2013)



## Very strong months followed by cool off

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last 12 months. Analysing Q2 2013 (see figure 2), the price index continued the strong increasing trend that started in March. In April and May transport prices increased to a level of more than 20% higher than February 2013, reaching a price index that has not been observed since the peaks of 2011 and 2008.

In April, prices increased by 4.6% (index 97.0). In May rates increased even stronger to index 103.7 (+6.9%). In June the price index cooled off slightly, to a level of 100.6 (-2.9%).

The overall development of yearly low in February followed by strong recovery has been observed each year. This year the fluctuation is rather strong.

Figure 2: Transport price and capacity index, monthly (Jul 2012 – Jun 2013)

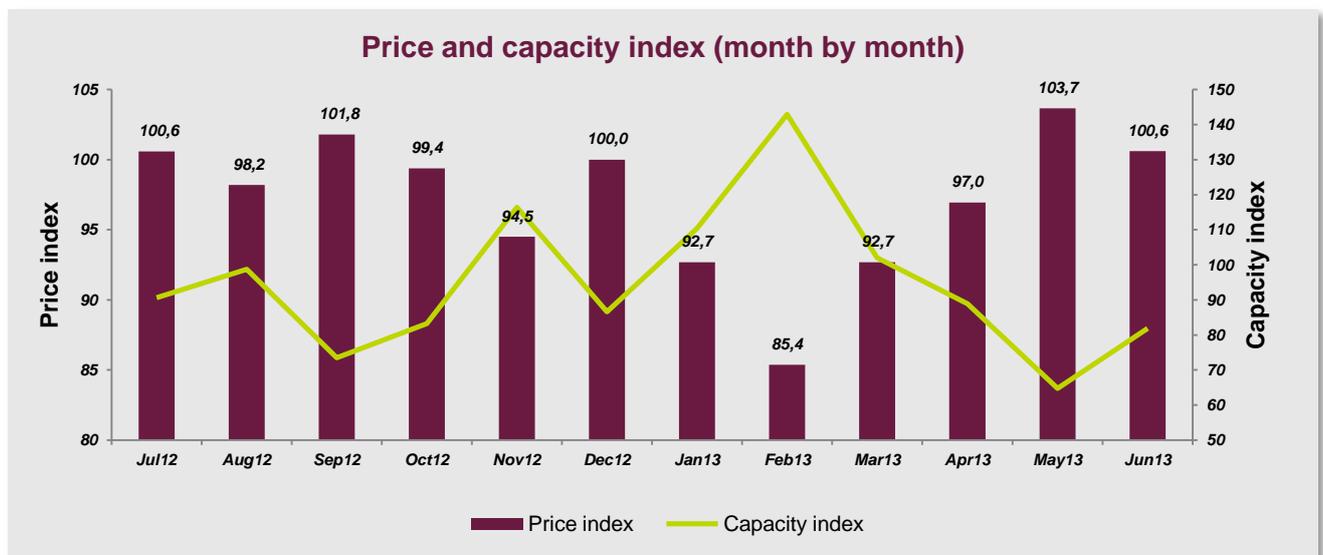


Figure 3 compares the monthly developments of the price index over the last 12 months, with the same period one year before. As stated before the overall development of the price index has been similar in the last two years. Although in most months prices were lower in 2013 compared to 2012, the recent strong trend brought them to the same level.

Figure 3: Transport price index comparison, monthly (Jul 2011 – Jun 2013)

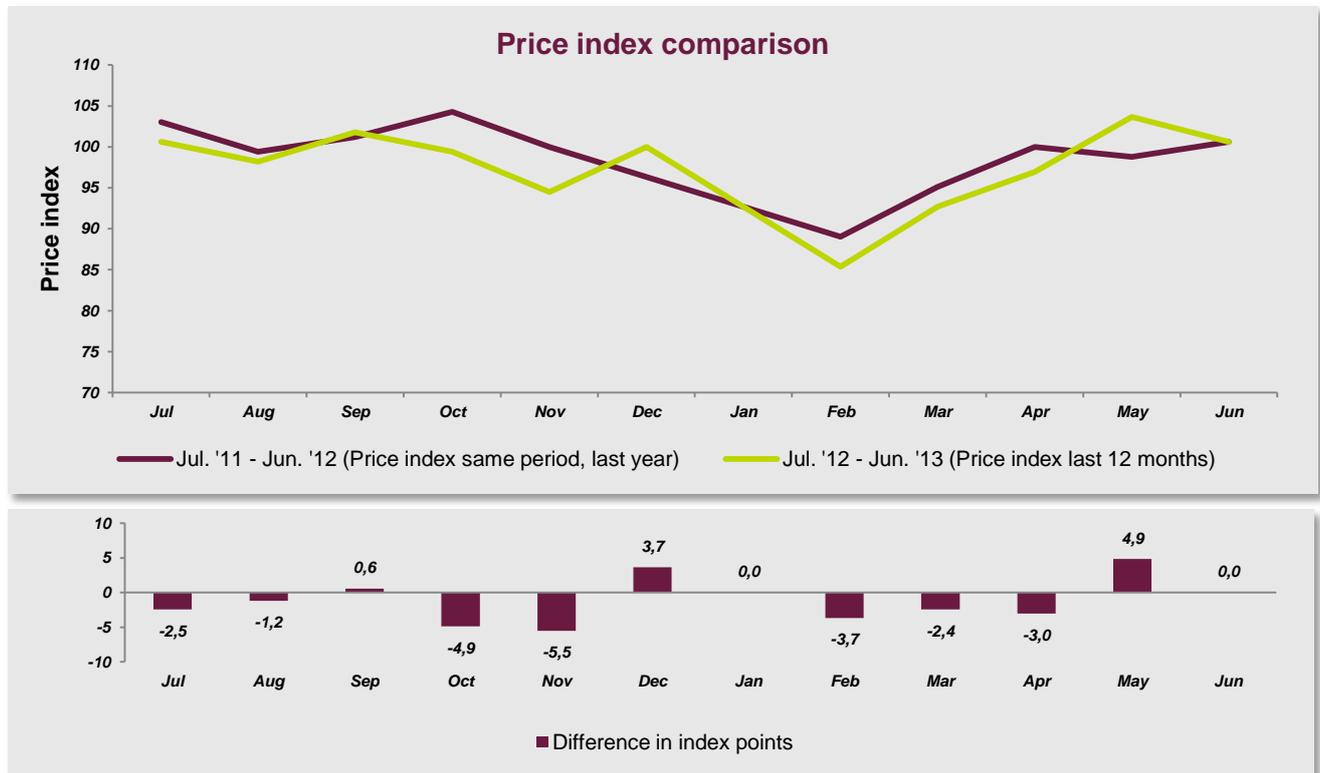
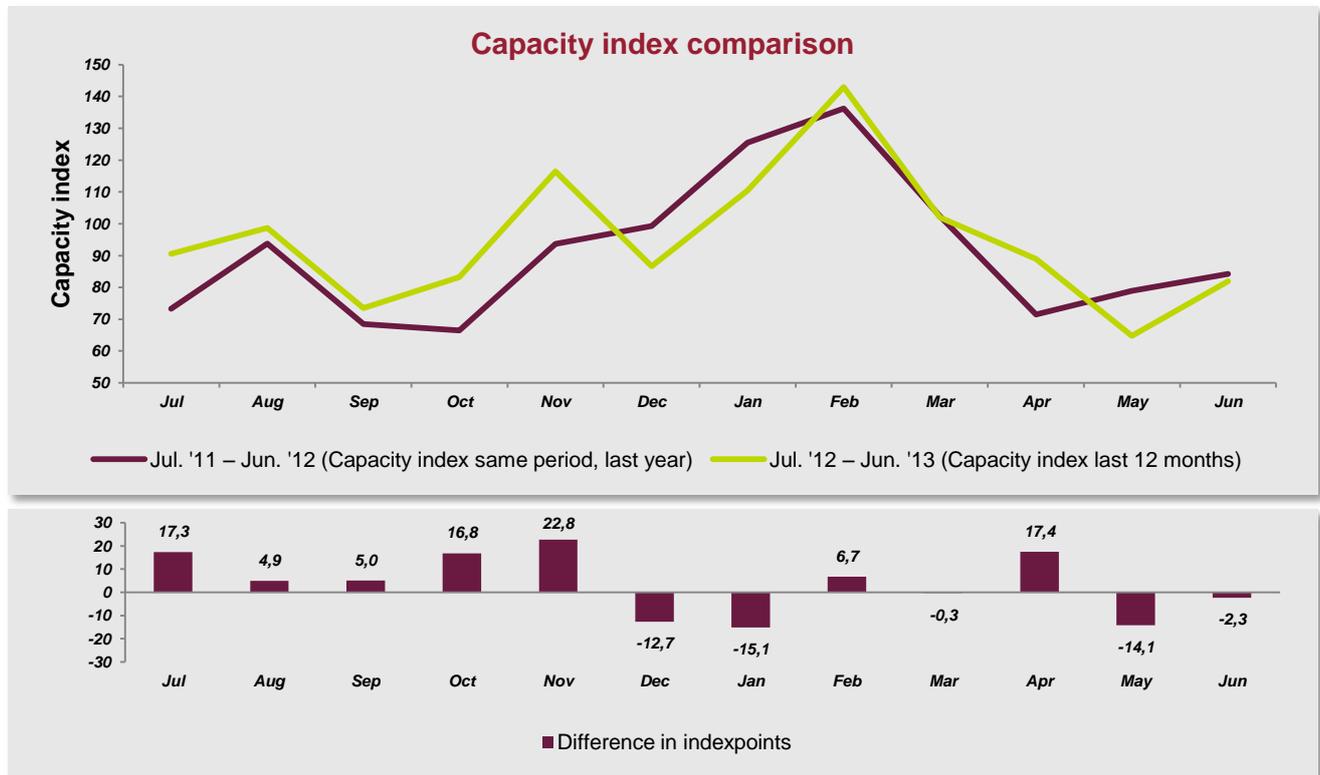


Figure 4 compares the monthly developments of the capacity index during the previous 12 months with the same period one year before. Just like the price index, this year's capacity index follows a relatively similar trend as the year before. However, the dip in capacity at the end of 2012 is remarkable. Although the index has been higher than last year for most of the year, it fell below 2012 levels in May. The index ended the quarter around the level of 80, similar to last year.

Figure 4: Transport capacity index comparison, monthly (Jul 2011 – Jun 2013)



## 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, shown graphically in figure 5.

In line with the overall price index, all industries showed a strong recovery in Q2 2013. The index for timber is even close to the all-time high levels of late 2011 around index 112.

The price index for the construction materials industry increased from 87.2 index points in Q1 to 95.2 (+9.1%) in Q2 2013. In the market for timber, transport prices increased by 11.4% from 100.8 index points to index 112.3. Finally, the paperboard and print industry showed an increase with 8.0% from 94.5 index points in Q1 2013 to index 102.1 in Q2.

*The TRANSPOREON platform handles transport for almost all industries. For this edition of the Transport Market Monitor, 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)*

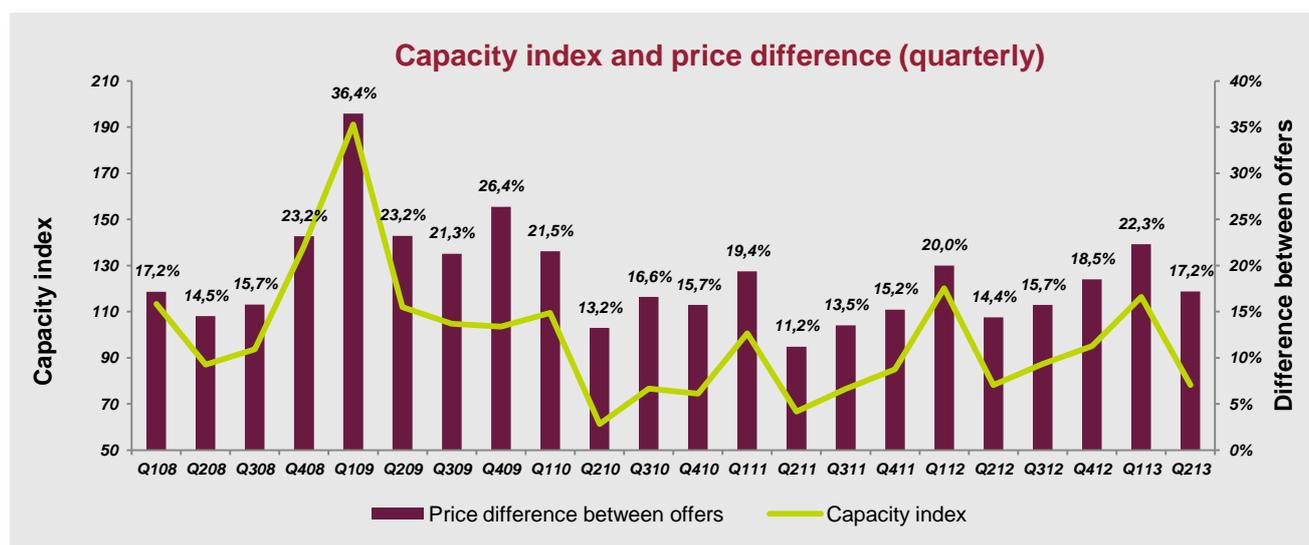
Figure 5: Transport price index for different industries (Q1 2008 – Q2 2013)



## Price differences between offers decreased

This section outlines transport dynamics, by analysing 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. Q2 figures fit the correlating trend between capacity and the difference between offers. The decreasing capacity reduces the potential to optimize empty fill up meters, combined with less competition between hauliers it results in smaller differences between offers.

Figure 6: Transport capacity index and price difference (Q1 2008 – Q2 2013)



The price differences between lowest and highest offer decreased from 22.3% to 17.2% in Q2 2013. This is in line with the seasonal pattern witnessed in earlier years. The price difference is an average figure. In general, price differences increase with the distance to be travelled (see TMM, edition 1).

## Diesel index decreases again

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.

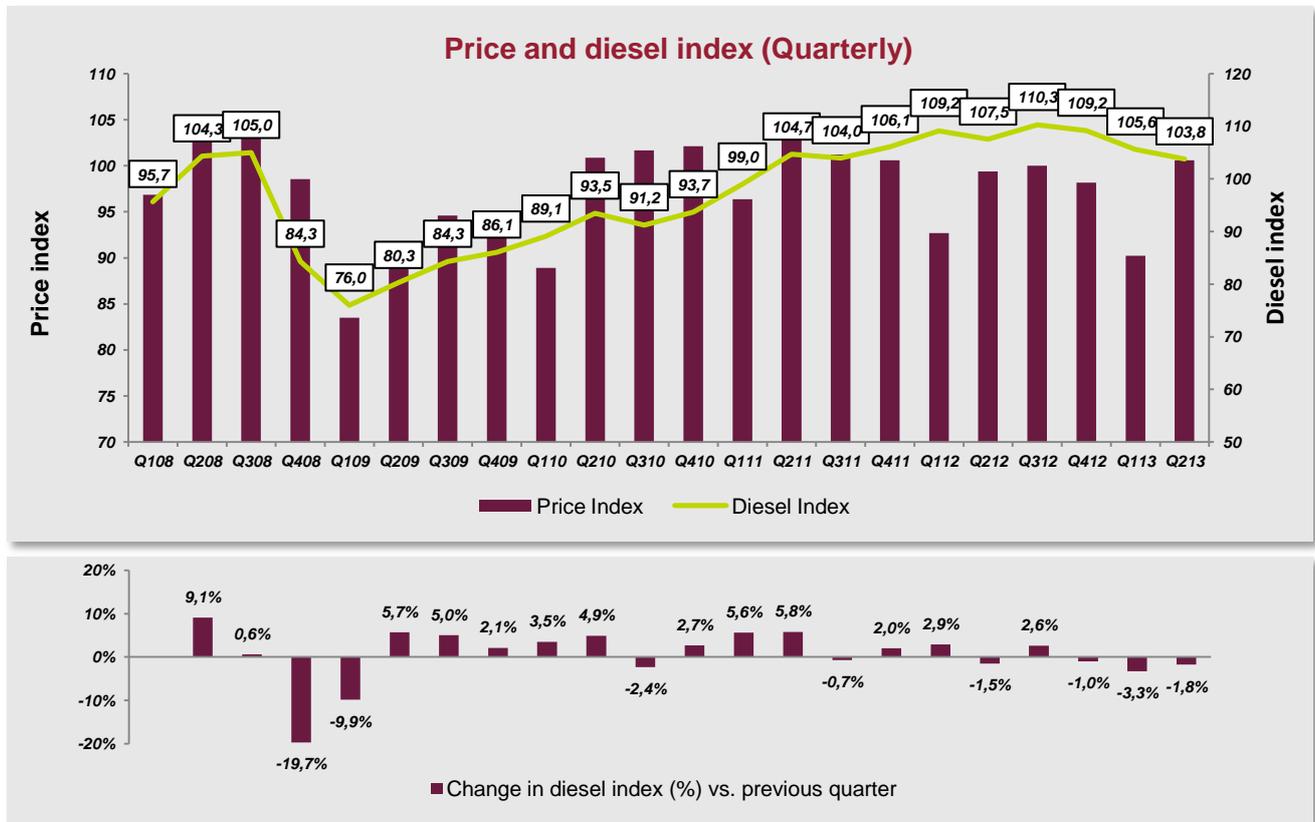
In Q2 2013, the diesel index decreased to an index of 103.8 (-1.8%). This is noteworthy as the price index increased, despite this. As described earlier, the capacity index decreased strongly in Q2, offsetting the effect of diesel prices on the transport price index.

Compared to the all time high in Q3 of last year, the prices in 2013 are substantially lower (5.9% decrease). It is the first time that a decreasing trend in fuel prices has been observed over an extended period.

*For the diesel index, the average figures of the 6 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 in Germany, obtained from [www.aral.de](http://www.aral.de). We assume that the index pattern, based on the above figures, is representative for Europe for the purpose of this report.*

Figure 7: Transport price index and diesel index (Q1 2008 – Q2 2013)



## Global Trade Flow Index

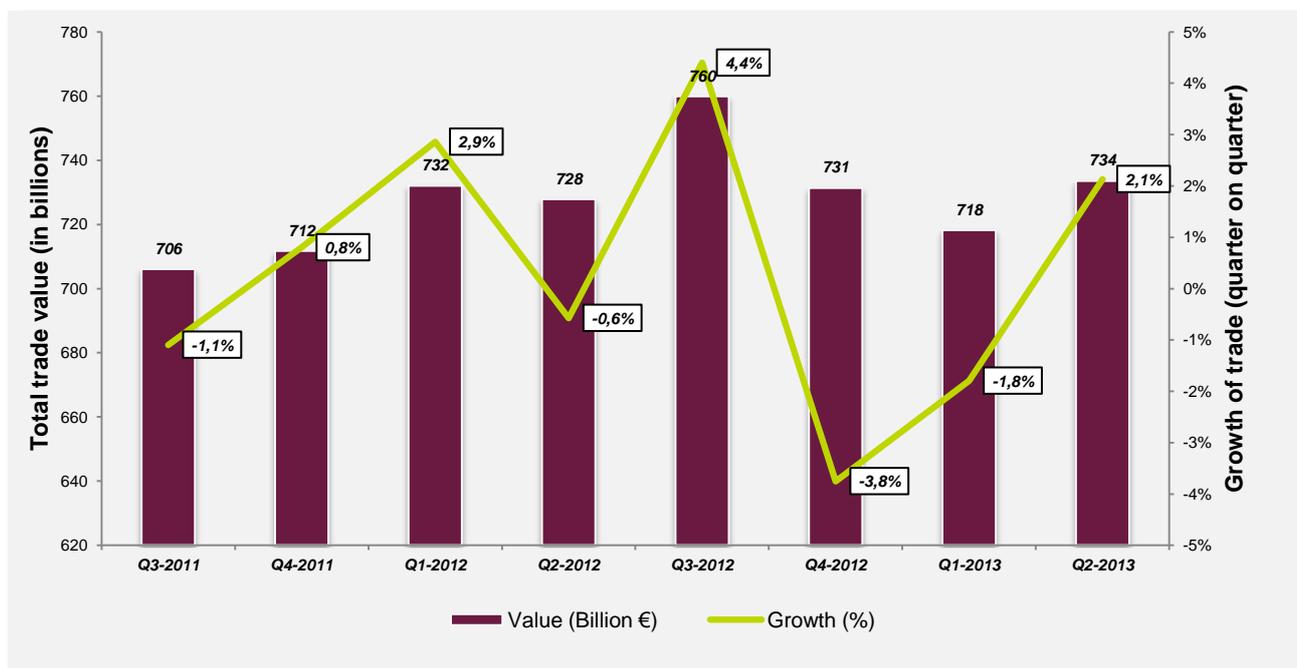
This section features the Capgemini Consulting Global Trade Flow Index (GTFI) a measure of worldwide trade, tailored to the European market in this report. The volume of trade is a strong driver for transport demand and corresponding prices.

In Q2 2013 trade volumes increased with 2.1% to € 734 bln. in Europe compared to Q1 (€ 718 bln.). Compared to the same period in 2012 (€ 728 bln.), this is an increase of 0.8%.

Europe follows the positive trend that has been observed in the major economies before.

*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.*

Figure 8: Trade Flow Index for Europe (Q3 2011 – Q2 2013)

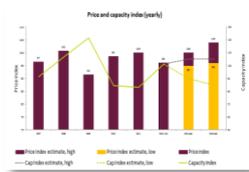


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Updates on the transport market are not only shared via the quarterly publication of the Transport Market Monitor. There is also a LinkedIn group, where we discuss the latest developments on the transport market.

Join the group at LinkedIn by clicking on the button below:



## Next edition

This edition looked at the price and capacity developments since the beginning of the Transport Market Monitor in 2008. It outlined the price increase in Q2 2013 compared to Q1 and the same period one year before.

The next edition, number 17, will include the figures for Q3 2013 and will closely monitor the possible impact of the uncertain situation in the European and US economies on the transport business. It will be published in November 2013.

## 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 to reduce dispatch and freight costs, while minimizing waiting times during loading and unloading.

Currently more than 850 industry and trading companies, more than 28,000 carriers and more than 100,000 users from 80 countries are connected via the TRANSPOREON platforms. The platforms as well as the customer service are available in 21 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. The company is on site in 24 locations throughout Europe, the U.S.A., Russia and Asia.

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