

Transport Market Monitor

Prices are back on the exact level of Q3 2012

Edition: 17 (November 2013)



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Summary

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

- The price index (see figure 1) decreased by 0.6% in Q3 2013 (index 100.0), compared to the price index in Q2 (index 100.6).
- When comparing to the index level of the previous year, Q3 2012 (index 100.0), the price index is at exactly the same level.
- In Q3 2013 the diesel index increased to an index 105.9 (+2.0% compared to Q2).
- Another factor with a high impact on transport prices is the capacity index, which increased by 10.3% in Q3 2013 (index 86.2), compared to Q2 (index 78.2).
- The slight changes in the price index can be explained by the yearly seasonal pattern during summer.
- In Q4 we expect a slight price decrease, 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 seventeenth 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.

Prices remain fairly stable in Q3 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 third quarter of 2013.

The price index (see figure 1) decreased by 0.6% in Q3 2013 (index 100.0), compared to the price index in Q2 (index 100.6). When comparing to the index level of the previous year, Q3 2012, we see that the price index is equal to this year's. No striking developments in the price index were observed in this quarter, therefore it can be concluded that a normal seasonal pattern is being followed.

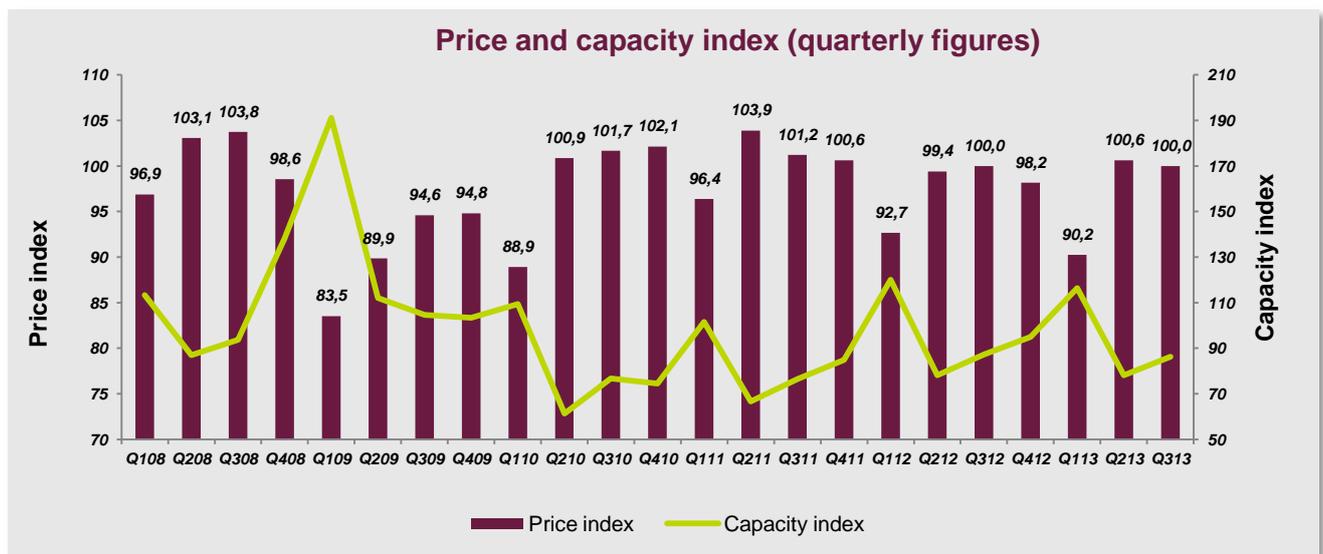
With the exception of 2009, the capacity index always slightly increased from Q2 to Q3, meaning that more transport capacity was available compared to the previous quarter. The increase in the capacity index between Q2 and Q3 2013 is 10.3%, this is slightly less than the 11.5% increase that was observed last year over the same period. This year's Q3 capacity index is at 86.2, whereas the capacity index was at 87.2 in Q3 2012.

Decreasing prices with increasing capacity within the same period is a common pattern. The price drop was very limited this quarter while the capacity index increased with a similar percentage as in previous years.

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 – Q3 2013)



Rising prices after summer drop

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last 12 months. Analysing Q3 2013 (see figure 2), the price index dropped again over the summer to an index level of 98.2 in August. In September prices started to rise again to an index level of 102.4. This means that after summer prices picked up at comparable levels as they were before the summer, indicating that the recovery that was observed earlier seems to be stable. As can be expected, the capacity index showed the reversed trend: increasing capacity over the summer, followed by decreasing capacity in September (index 73.2) .

In July, prices decreased by 1.2% (index 99.4), in August rates decreased evenly steady to a price index of 98.2. In September the price index recovered again to a level of 102.4 (4.3%).

The overall development of decreasing prices in summer followed by recovery in September was observed over the past years as well. The decrease over summer was never as smooth as this year since the start of the Transport Market Monitor in 2008.

Figure 2: Transport price and capacity index, monthly (Oct 2012 – Sep 2013)

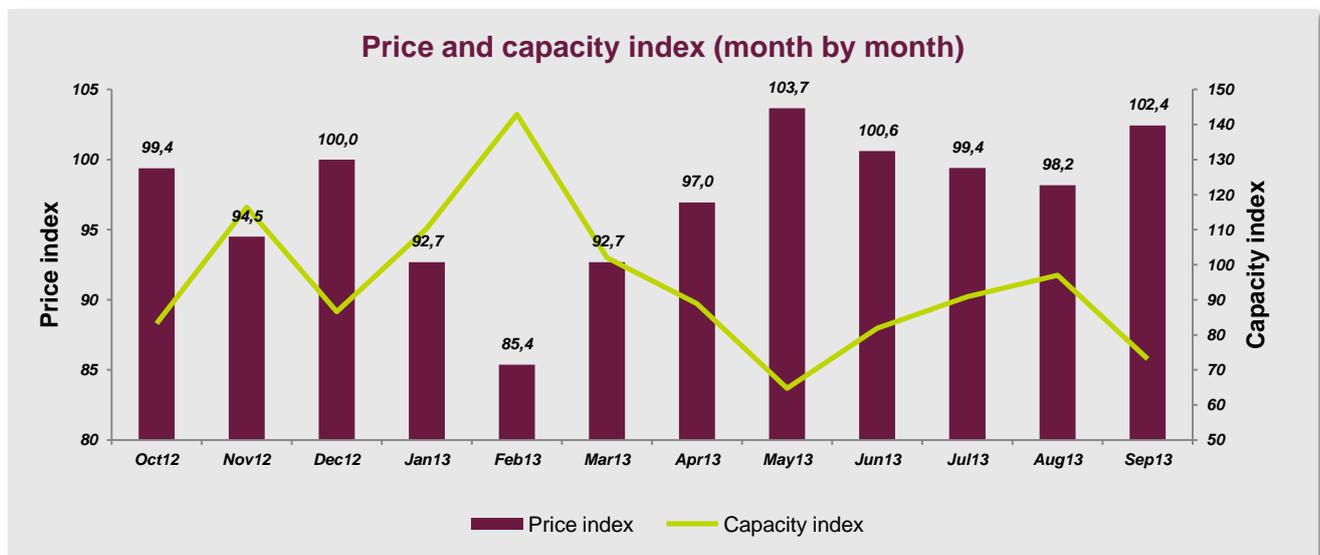


Figure 3 compares the monthly developments of the price index over the last 12 months, with the same period one year before. As stated before the overall development of the price index was similar in the last two years. In the previous Transport Market Monitor it was observed that prices were back at levels of one year earlier, this observation stabilizes in Q3.

Figure 3: Transport price index comparison, monthly (Oct 2011 – Sept 2013)

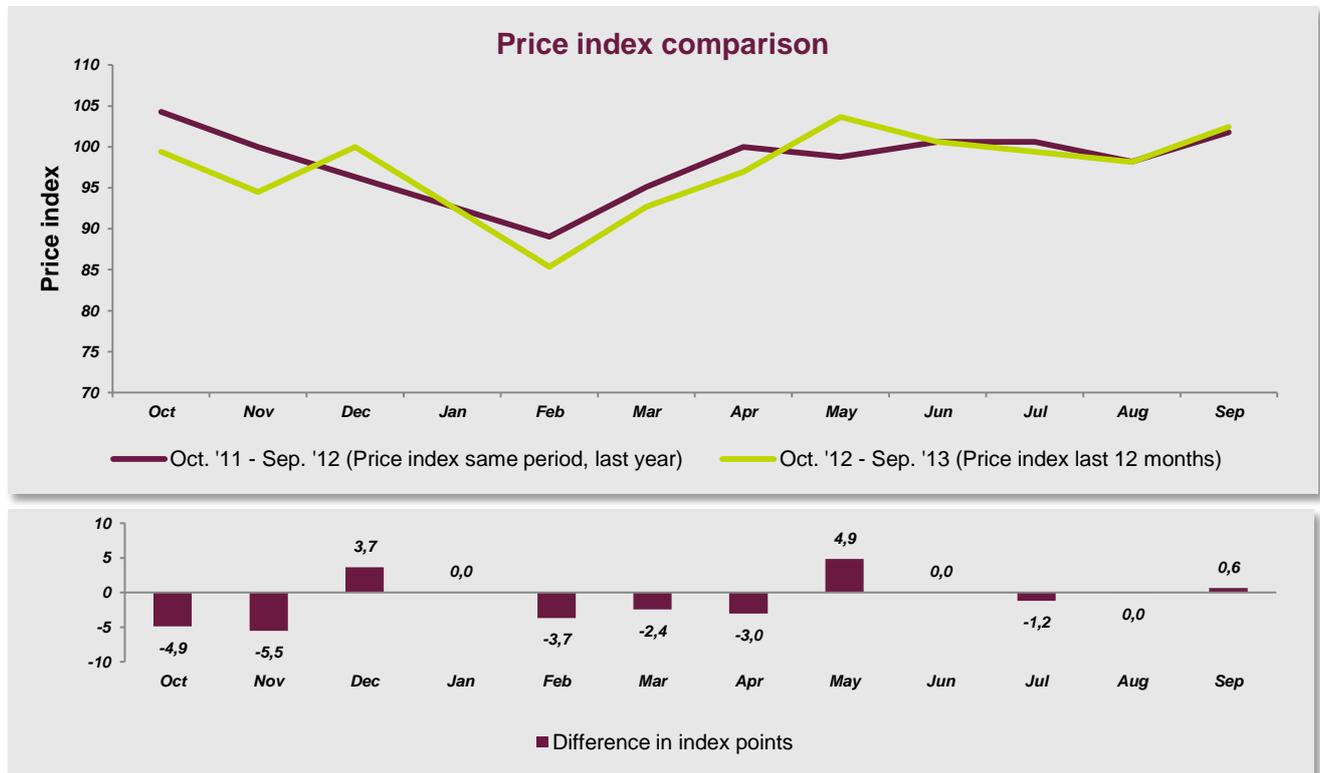
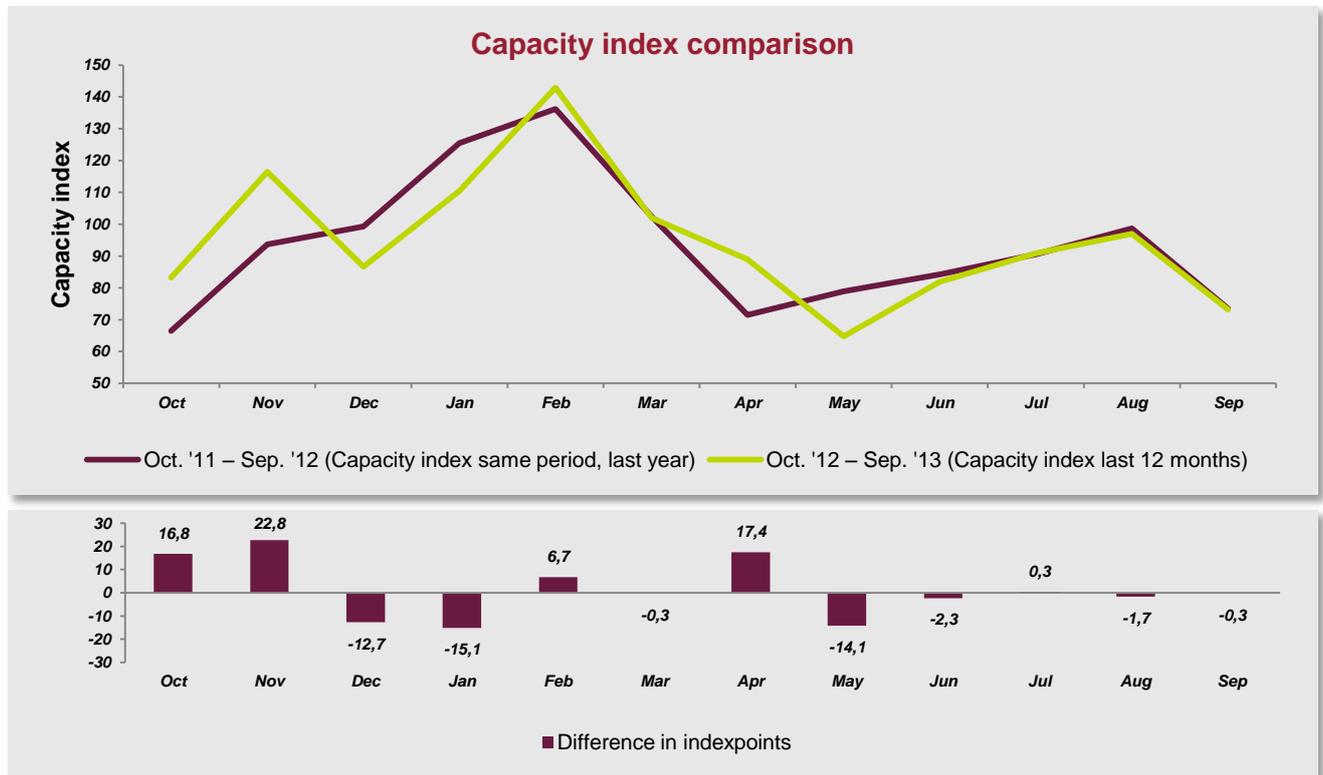


Figure 4 compares the monthly developments of the capacity index during the previous 12 months with the same period one year before. Just like the price index, this year's capacity index follows a relatively similar trend as the year before. For Q3 it is observed that the capacity index and pattern are both nearly similar to those of one year earlier.

Figure 4: Transport capacity index comparison, monthly (Oct 2011 – Sept 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.

Comparable to the overall trend of stabilizing prices, stable prices can also be observed in the different industries. Both the timber and paperboard and print industry show very slight decreases, while the price index for the construction materials industry rose slightly.

The price index for the construction materials industry remained fairly stable (a very slight increase from 95.2 to 95.7, +0.6%) in Q3 2013. In the market for timber, prices decreased by 1.5% from 112.3 index points to index 110.7. Finally, the paperboard and print industry showed a slight decrease of 0.7% from 102.1 index points in Q2 2013 to index 101.4 in Q3.

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)

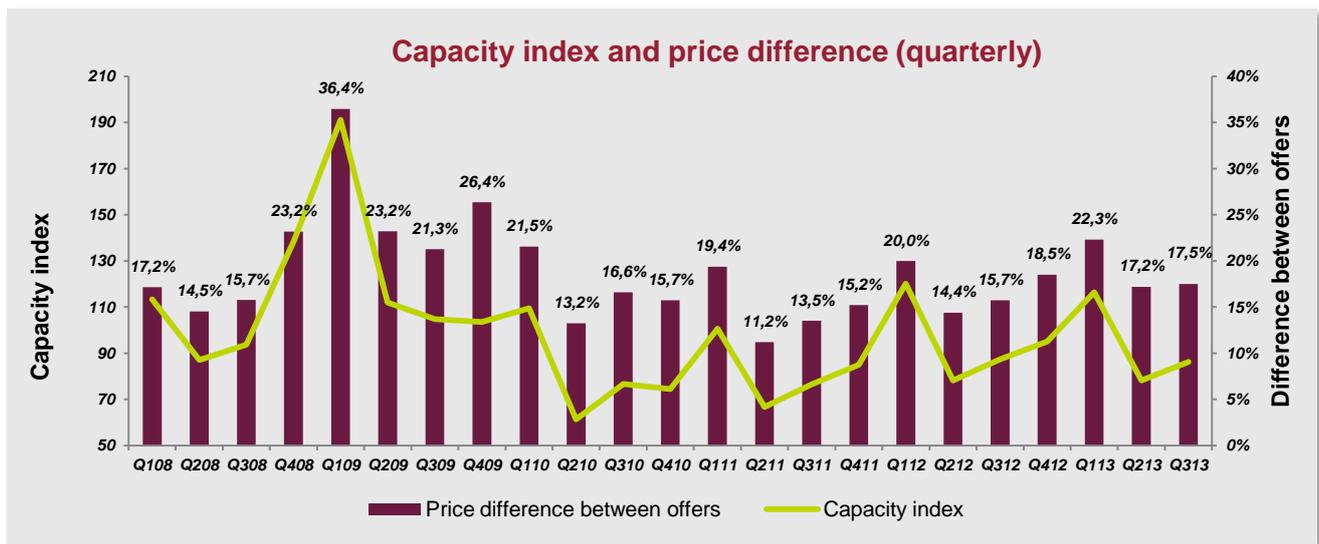
Figure 5: Transport price index for different industries (Q1 2008 – Q3 2013)



Price differences between offers remain fairly stable

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. Q3 figures fit the correlating trend between capacity and the difference between offers. However, the price difference only increased very slightly (0.6%) while the capacity increased a bit stronger (10.3%). Nevertheless, the increasing capacity and slight increase in difference between offers underpin the effect that more capacity allows higher optimization potential of empty kilometres combined with more price competition between hauliers.

Figure 6: Transport capacity index and price difference (Q1 2008 – Q3 2013)



The price differences between lowest and highest offer increased from 17.2% in Q2 2013 to 17.5% in Q3 2013. Although this is only a slight increase, this is in line with the seasonal pattern witnessed in previous 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 increases

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.

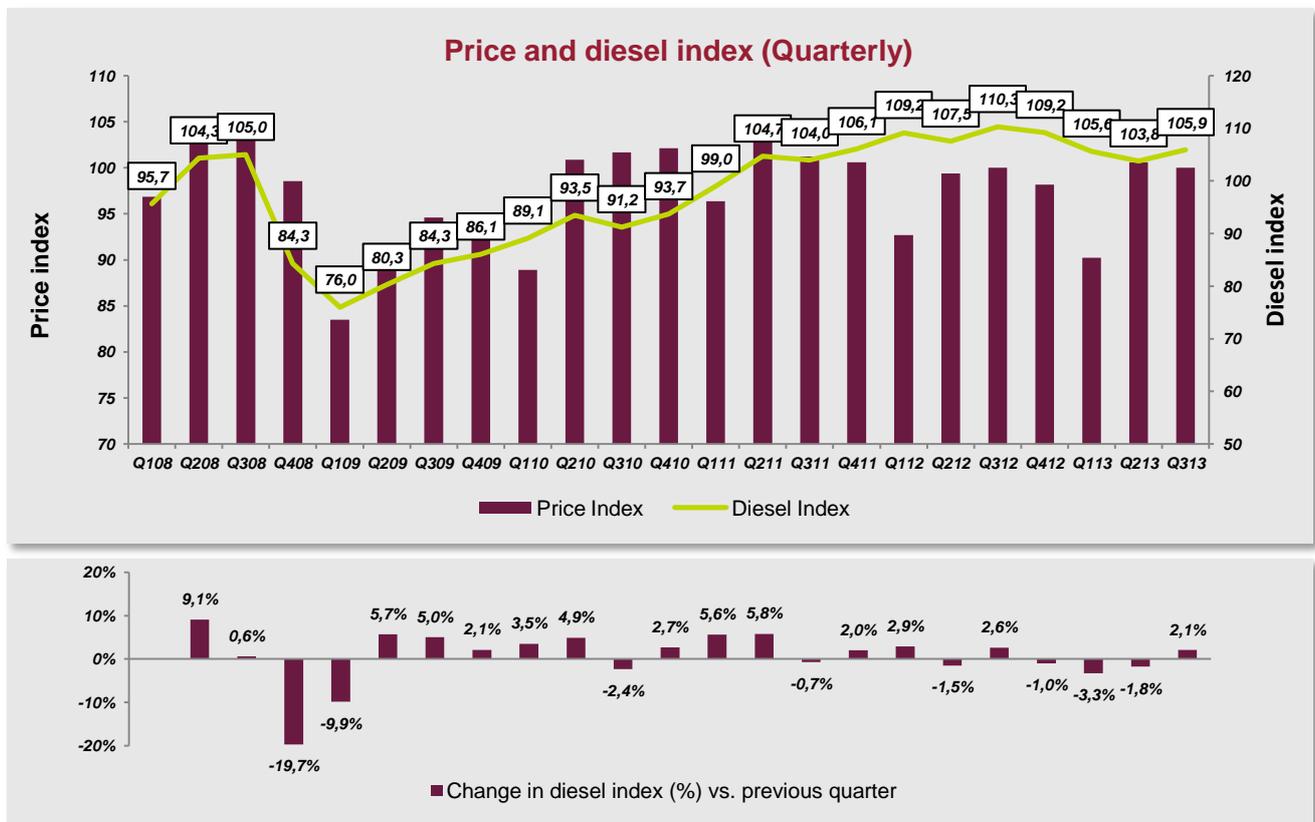
In Q3 2013, the diesel index increased to an index 105.9 (2.0%). This is noteworthy as the price index slightly decreased. As described earlier, the capacity index increased in Q3, offsetting the effect of diesel prices on the transport price index.

Compared to the all-time high in Q3 last year (diesel index 110.3), the diesel index in Q3 2013 even lower (- 4.0%). It is the first time the diesel index increased again after a decreasing trend in fuel prices for 3 quarters in a row.

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. 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 – Q3 2013)



Global Trade Flow Index

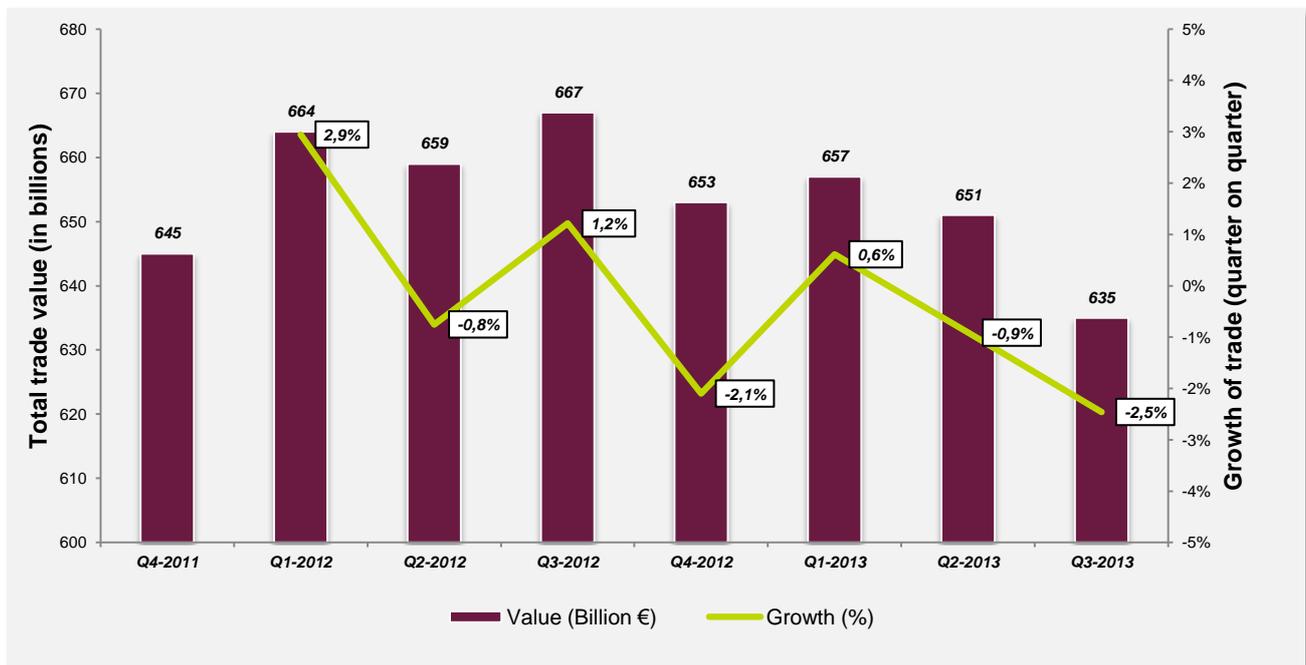
This section features the Capgemini Consulting Global Trade Flow Index (GTFI) a measure of worldwide trade, tailored to the European market in this report. The volume of trade is a strong driver for transport demand and corresponding prices.

In Q3 2013 trade volumes decreased with 2.5% to € 635 bln. in Europe compared to Q2 (€ 651 bln.). Compared to the same period in 2012 (€ 667 bln.), there is a decrease of 4.8%.

A further decline is expected for Q4 2013.

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 (Q4 2011 – Q3 2013)

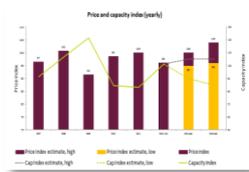


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Next edition

This edition looked at the price and capacity developments since the beginning of the Transport Market Monitor in 2008. It outlined the price decrease in Q3 2013 compared to Q2 and the same period one year before.

The next edition, number 18, will include the figures for Q4 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 February 2014.

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 40,000 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. More than 300 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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