

Transport Market Monitor

High capacity and all-time low diesel prices further decrease transport price index

Edition: 27 (May 2016)



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Summary

This is the twenty-seventh edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the first quarter of 2016.

- The price index decreased by 6.8% in Q1 2016 (index 91.5). When comparing to the index level of the previous year, Q1 2015, we see that the price index decreased by 3.2%.
- In Q1 2016, the capacity index increased to 110.7 (25.0%). This is the highest value since Q1 2014 (index 114.4).
- The diesel index dropped to the lowest value since our measurements began in January 2008: an index of 59.1. The index is 22.7% lower than Q1 2015.

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 twenty-seventh 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 aggregately 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).

Transport price index decreases further

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 2016.

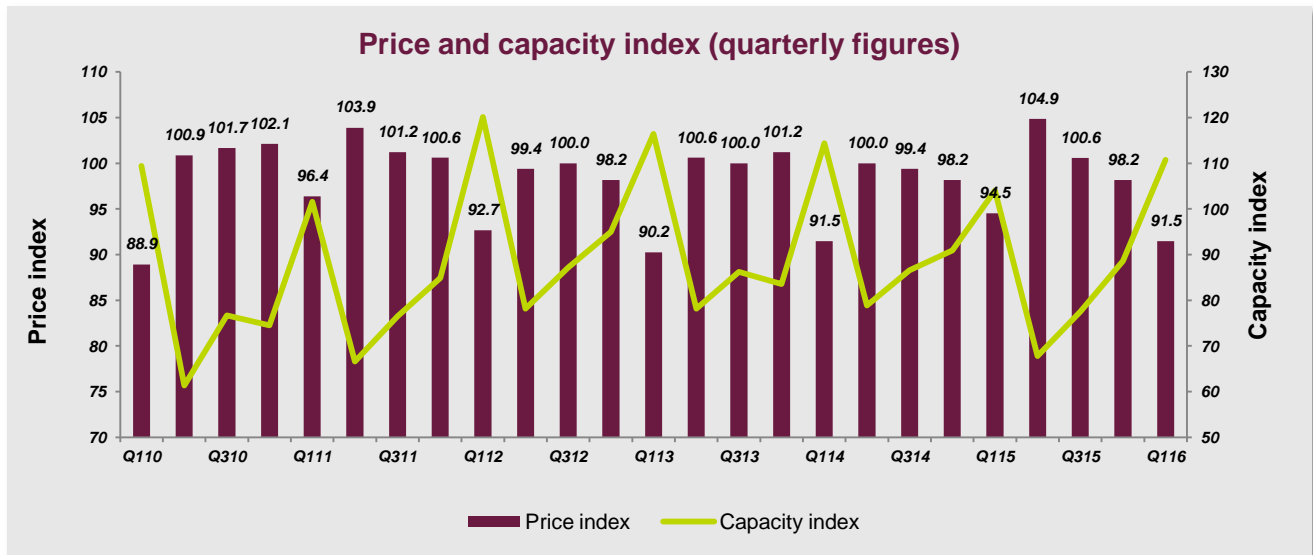
The price index (see Figure 1) decreased by 6.8% in Q1 2016 (index 91.5), compared to the price index in Q4 2015 (index 98.2). When comparing to the index level of the previous year, Q1 2015, we see that the price index decreased by 3.2%.

In Q1 2016, the capacity index increased to 110.7 (+25.0%). This is the highest value since Q1 2014 (index 114.4). This increase is in line with the trend of previous years, where every year Q1 saw a large increase of the capacity index. In Q1 2015, the capacity index increased to 104.0.

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 2010 – Q1 2016)



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.

Capacity index peaks in February

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last twelve months. In Q1 2016, the price index for all three months was lower than in the previous nine months. February saw the lowest price index (index 87.2) of this quarter. Similar, the capacity index peaked in February at 136.6. Although the price index was equal for January and March at 93.3, the capacity index differed slightly. In January, the capacity index was 99.3. In March, the capacity index declined to 97.7.

Figure 2: Transport price and capacity index, monthly (Apr 2015 – Mar 2016)

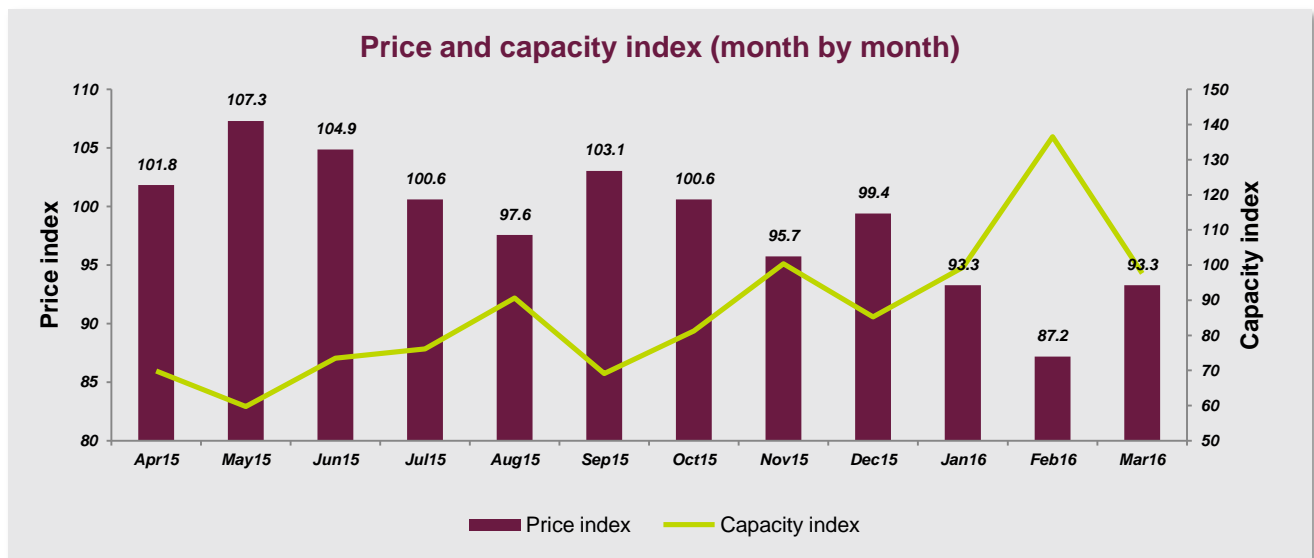


Figure 3 compares the monthly development of the price index over the last twelve months, to the same period one year before. In 2015, the price index was higher than in 2014. But in the last quarter of 2015, we saw the gap in the price index become smaller. In the first quarter of 2016, the price index dropped below the 2015 values.

Figure 3: Transport price index comparison, monthly (Apr 2014 – Mar 2016)

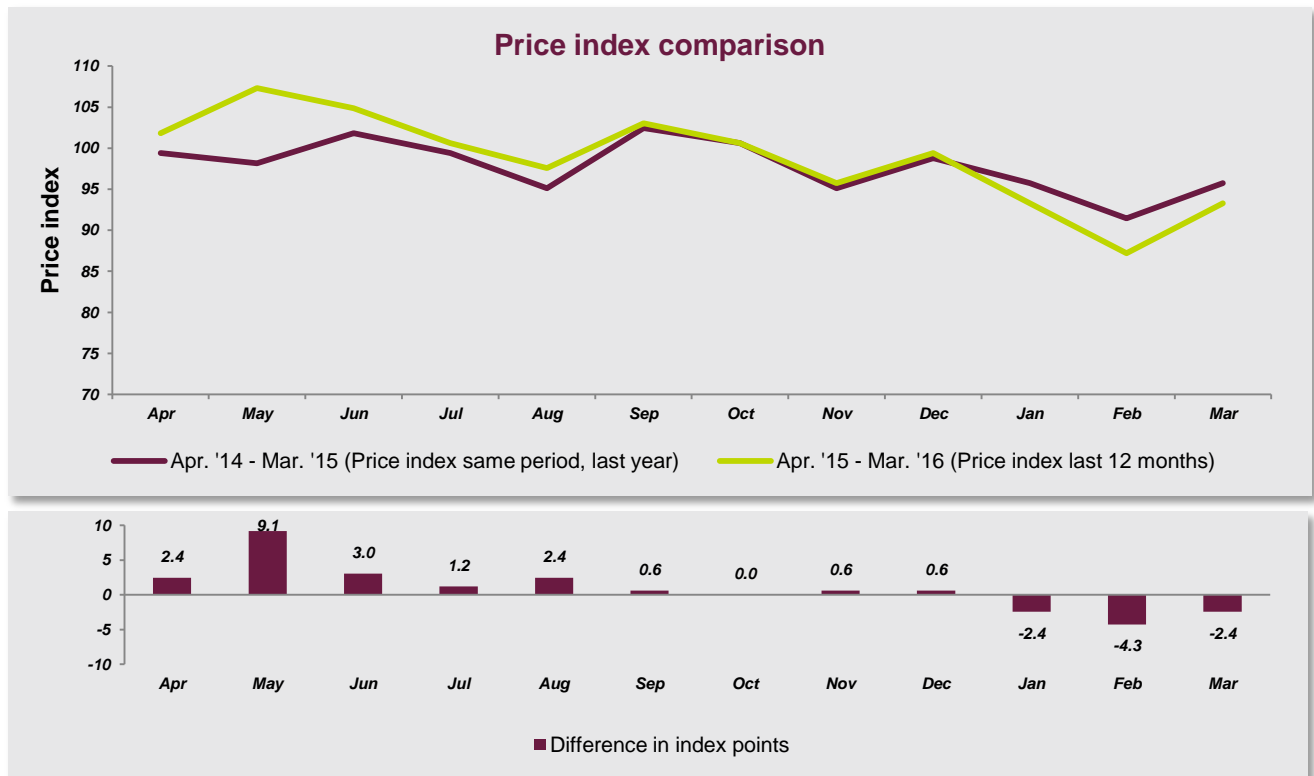
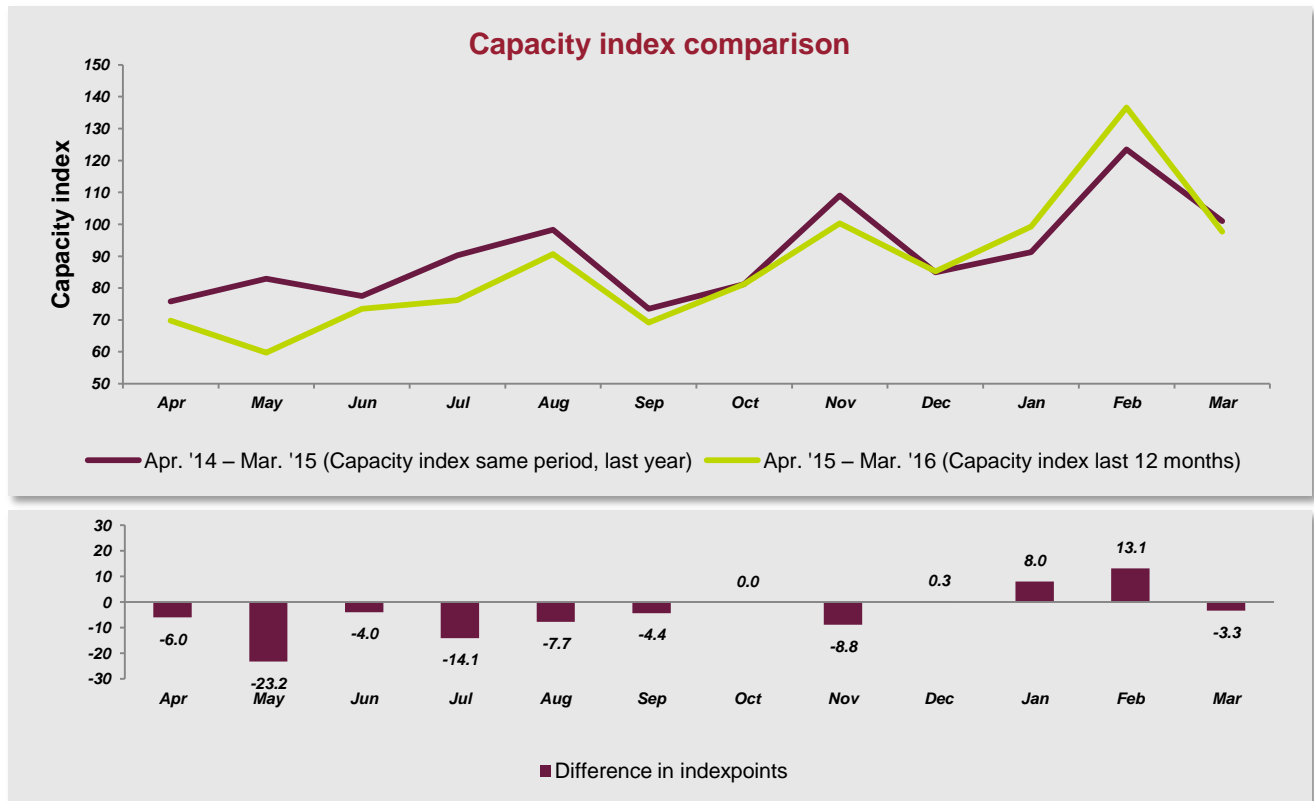


Figure 4 compares the monthly development of the capacity index during the previous twelve months to the same period one year before. The first two months of 2016 showed the first increase in capacity index compared to the previous year since nine months. Although the capacity index decreased by 3.3 index points in March, the capacity index in March 2016 (97.7) is still higher than it was in December 2015. Compared to last year, the trend for capacity index is equal, although the effect is stronger in Q1 2016.

Figure 4: Transport capacity index comparison, monthly (Apr 2014 – Mar 2016)



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.

The decrease observed in the previous two quarters, continued in Q1 2016. This decrease is in line with the yearly pattern. The index for construction materials showed the smallest decrease with 5.2%. The index for timber decreased by 7.6% whereas the price index for paperboard/print decreased by 6.2%.

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).

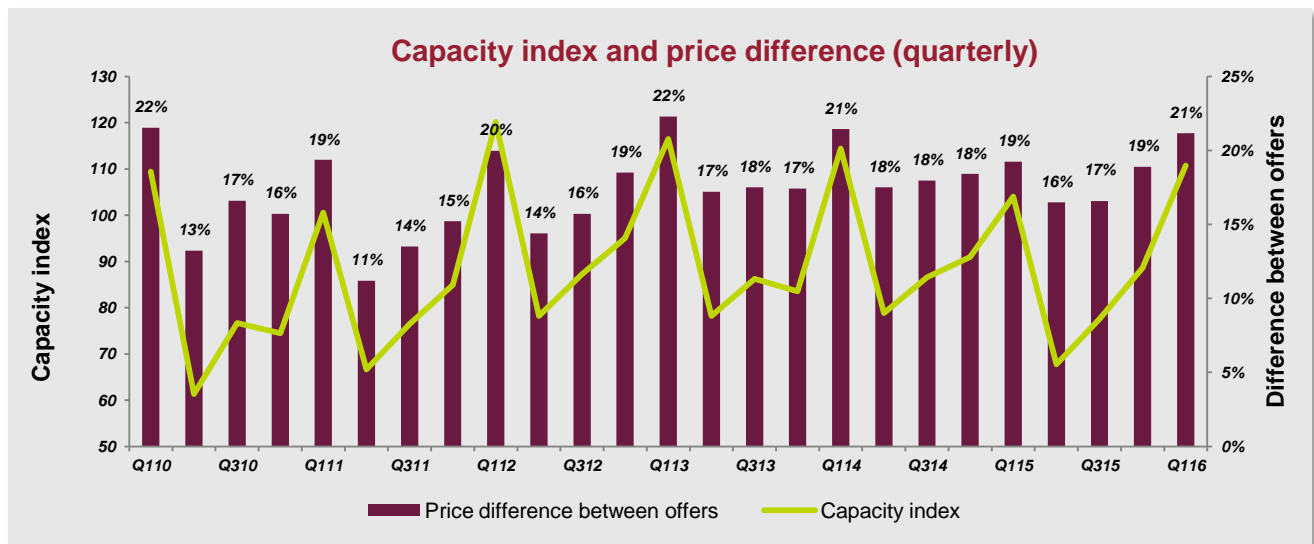
Figure 5: Transport price index for different industries (Q1 2008 – Q1 2016)



Price difference increases

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. Both the price difference between offers and the capacity index increased in Q1 2016. This is the third quarter in a row in which the price difference increases. However, this is in line with the trend of previous years.

Figure 6: Transport capacity index and price difference (Q1 2010 – Q1 2016)



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 drops to lowest level

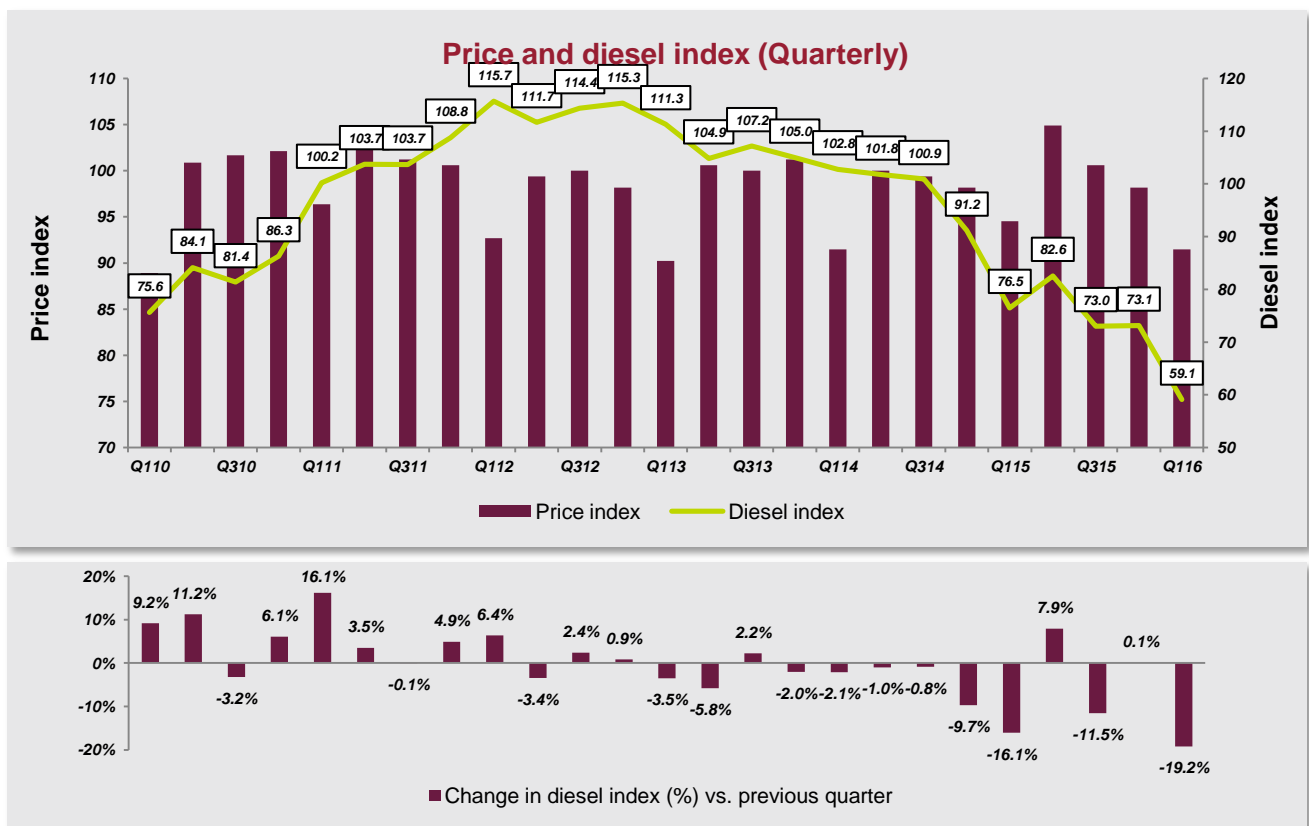
This section compares the price index with the diesel index (see Figure 7). In general there is a positive correlation between the diesel index and the price index, clearly indicating the impact of diesel prices on transportation costs and consequently prices.

In Q1 2016, the diesel index dropped by 19.2%, to the lowest value since our measurements began in January 2008: an index of 59.1. The index is 22.7% lower than Q1 2015. Although the price index also decreased by 6.8%, the difference with last year is only 3.2%: index of 94.5 in Q1 2015 compared to 91.5 in Q2 2015.

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: Transport price index and diesel index (Q1 2010 – Q1 2016)



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.

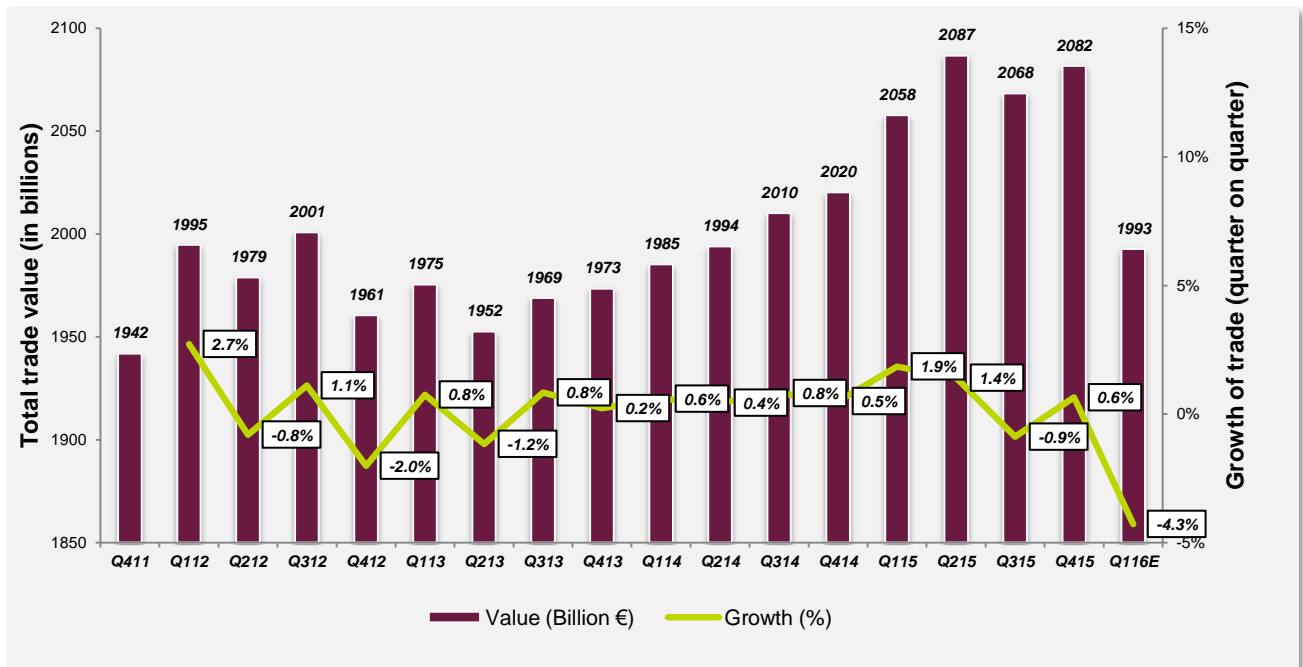
European Trade Flow Index

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 2016 trade volumes are expected to decrease by 4.3% to €1993 bln in Europe compared to Q4 2015 (€2082 bln). This is a 3.2% decrease compared to the same period a year ago, in Q1 2015. The expected volume would be the lowest volume since Q2 2014, when the trade volume was €1994 bln.

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: Trade Flow Index for Europe (Q4 2011 – Q1 2016E)



Additional services related to the TMM

Transport Market Developments

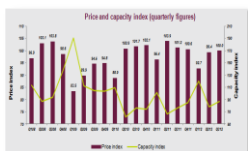
A portfolio of offerings

Transport Market Radar



- Information on the most recent price and capacity developments in the European transport market
- **Monthly** dashboard about transports in Europe and within Germany
- Industry focus for transports within Germany
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- Provides **key insights** in the European transport market with the quarterly overview of the most important trends
- Quarterly report
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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 Q1 2016 compared to Q4 2015.

The next edition, number 28, will include the figures for Q2 2016. It will be published in August 2016.

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 Capgemini and TRANSPOREON



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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 55,000 carriers and more than 150,000 users from 100 countries are connected via the TRANSPOREON platforms. The platforms as well as the customer service are available in 23 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 450 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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