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Transport Market Monitor

Despite a capacity increase in Q3, transport prices decline only slightly

Edition: 37 (November 2018)



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Summary

This is the 37th edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the third quarter of 2018.

- In Q3 2018, the capacity index increased by 15.8% to 81.2, compared to the previous quarter (index 70.1). In Q3 2017 the capacity index was 67.4, which means the index value for Q3 2018 is 20.4% higher.
- The price index decreased in Q3 2018 to an index of 104.9, which is a decrease of 2,8% compared to Q2 2018 (index 107.9). Compared to the price index of Q3 2017, the price index increased by 3%.
- The diesel index showed an increase of 4% compared to Q2 2018.

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

This report is the thirty-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 of more than 20 billion € (different truck types, mainly FTL and LTL), covering all European countries. Information is anonymously exported from the platform and aggregatedly analyzed by TIM CONSULT.

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).

Capacity and diesel indices grow while price index declines

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 third quarter of 2018.

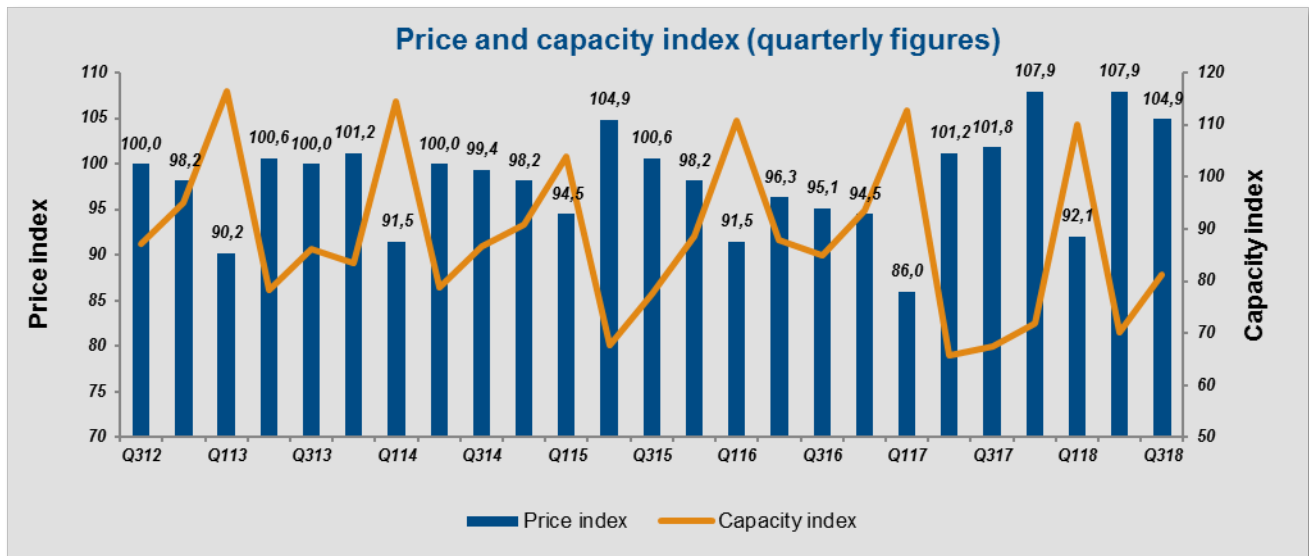
In Q3 2018, the capacity index increased by 15.8% to 81.2, compared to the previous quarter (index 70.1). In Q3 2017 the capacity index was 67.4, which means the index value for Q3 2018 is 20.4% higher than in 2017.

The price index (see Figure 1) decreased in Q3 2018 to an index of 104.9, which is a decrease of -2,8% compared to Q2 2018 (index 107.9). Compared to the price index of Q3 2017, the price index increased by 3%.

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 (Q3 2012 - Q3 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.

More capacity results into adjusted pricing level

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last twelve months (see Figure 2). In Q3 2018, the capacity index showed an increase, with an average of 81.2 over these three months.

The price index showed an incremental pattern, with September showing the highest price index since May 2018. When comparing the average prices of Q3 2018 with Q3 of 2017 and Q3 of 2016, it becomes clear that this year has the highest Q3 price index.

While the year 2018 began with the highest capacity index of the past months, capacity fell as expected in the middle of the year to a level comparable with the end of 2017. After reaching its lowest level of the year in May at 65.4, the capacity index rose again in the following months until August. In September, however, the capacity index fell back to the significantly lower level of June 2018.

Figure 2: Price and capacity index, monthly (Oct 2017 - Sep 2018)

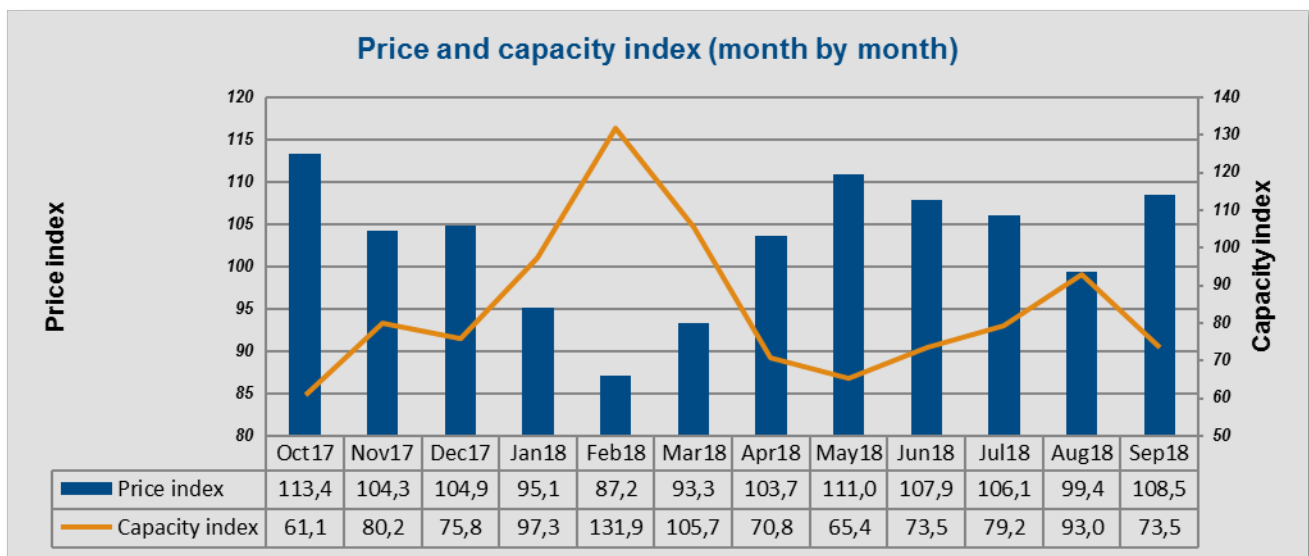


Figure 3 shows the development of the transport price index over the past twelve months compared to the corresponding period of the previous year. Towards the end of the 3rd quarter of 2018, the price index rose again. This trend also strongly follows the development in Q3 2017. However, the price level is increasingly aligning with last year's level.

Figure 3: Price index comparison, monthly (Oct 2016 - Sep 2018)

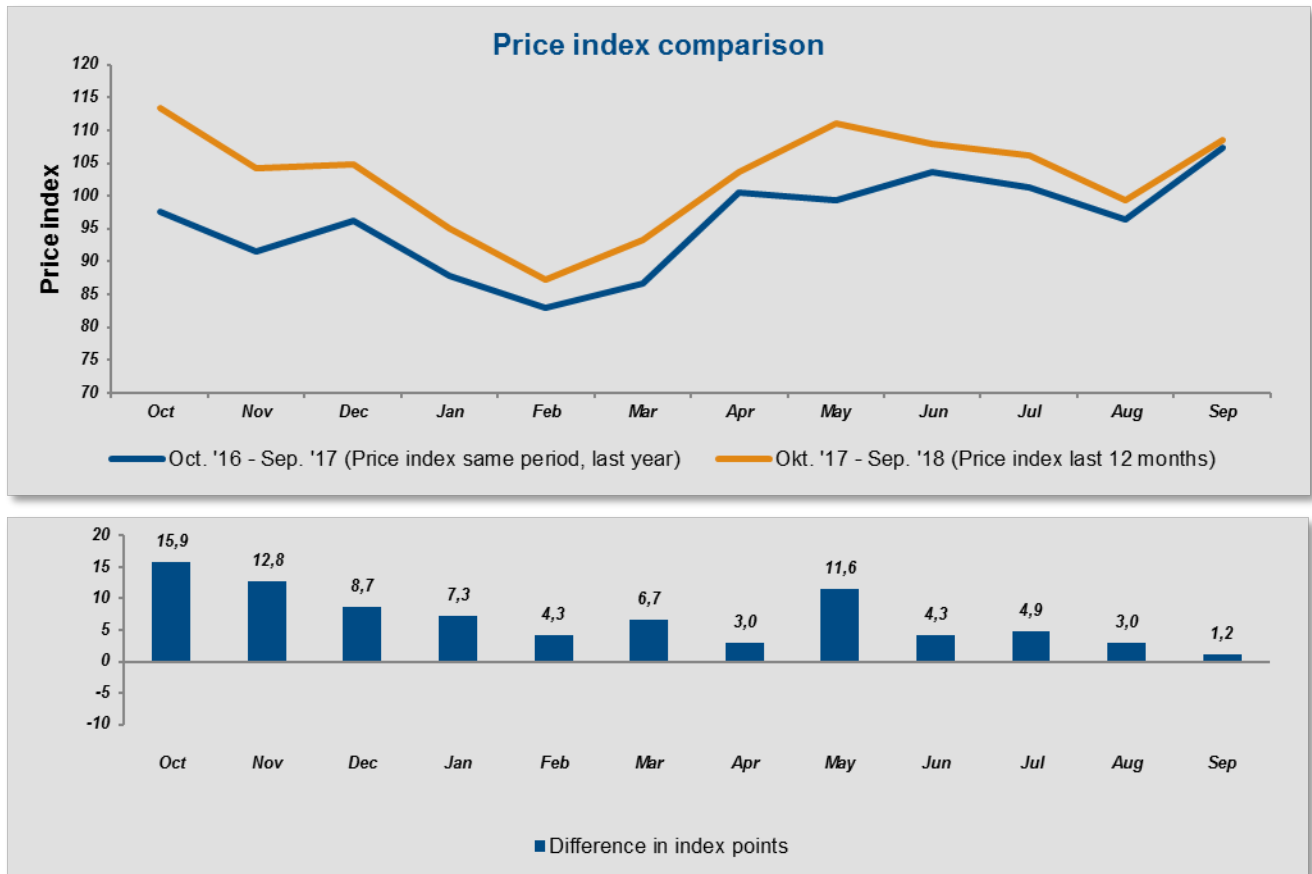
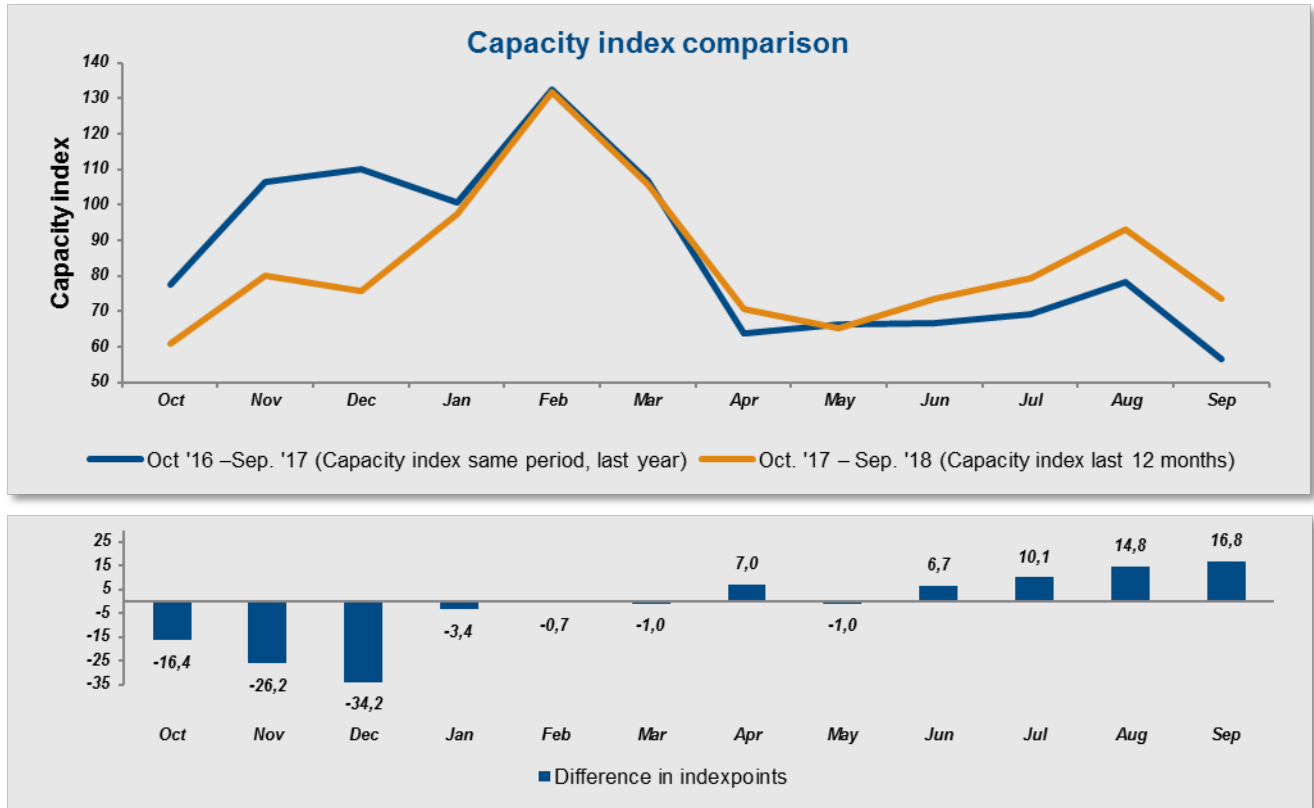


Figure 4 compares the monthly development of the capacity index during the previous twelve months to the same period one year before. It can be seen in the figure below that the available capacity of this and the previous quarter are very similar compared to last year pattern, while the capacity index increased slightly during the past 3 months compared with the same months 2017 (see Figure 4).

Figure 4: Capacity index comparison, monthly (Oct 2016 - Sep 2018)



Industry focus

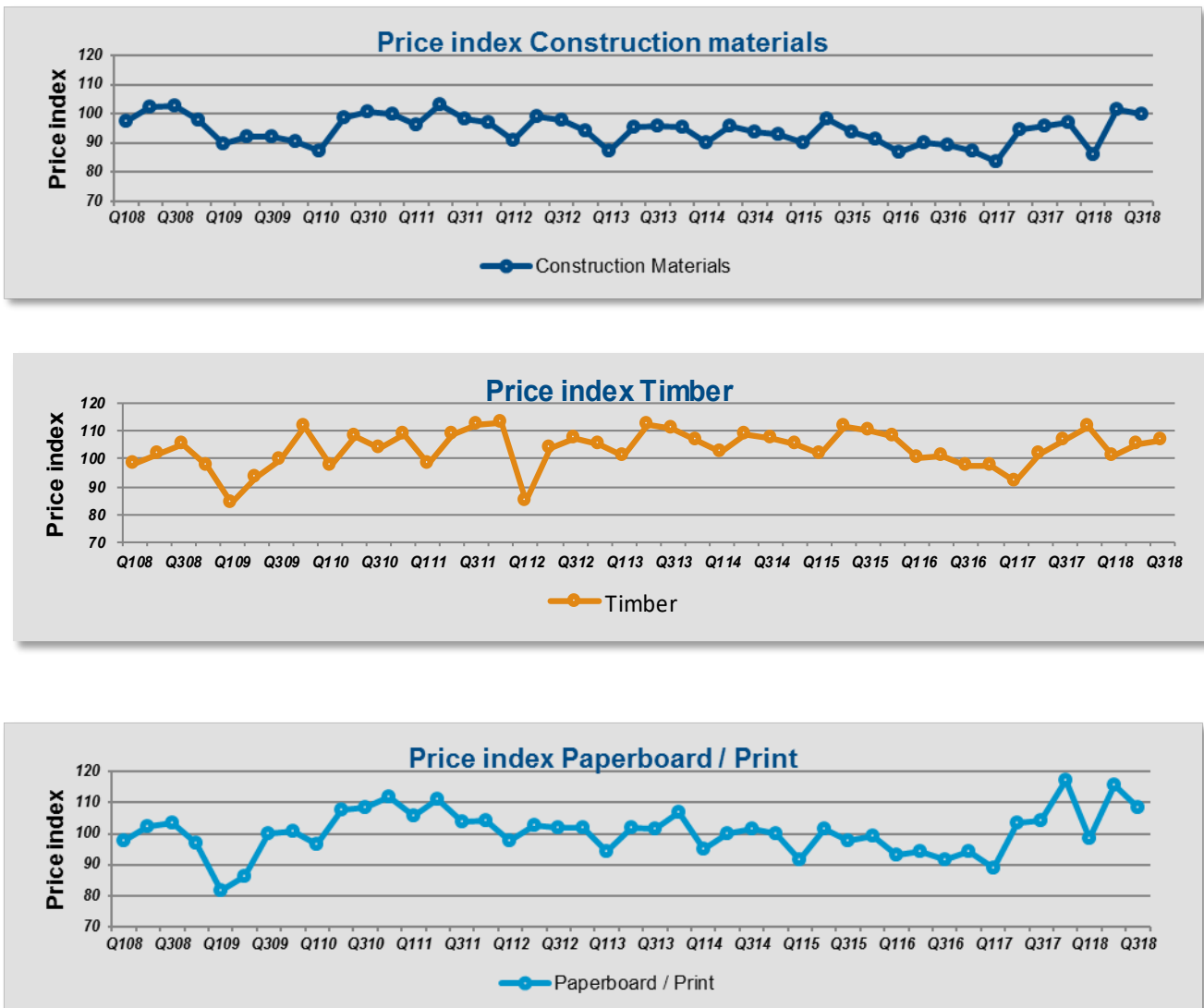
General economic conditions apply to most industries, but trends may be stronger or weaker in individual industries. Analysis of the price index by the type of industry identifies these differences, visualized in Figure 5.

The slight increase over all industries in Q2 continues only within the timber industry with an increase of 1.6%. Both the construction and paperboard/print industries who showed a noticeable increase within the last quarter recover in Q3. The recovery is strongest within the paperboard/print industry with a price drop of 6.5% compared to last quarter going from an index of 115.9 to 108.3. The construction industry went from an index of 101.6 in Q2 2018 to 100.0 in Q3 2018. The timber index increases slightly, showing a 1.6% increase this quarter, going from an index of 106.6 to 108.6 in Q3 2018.

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).

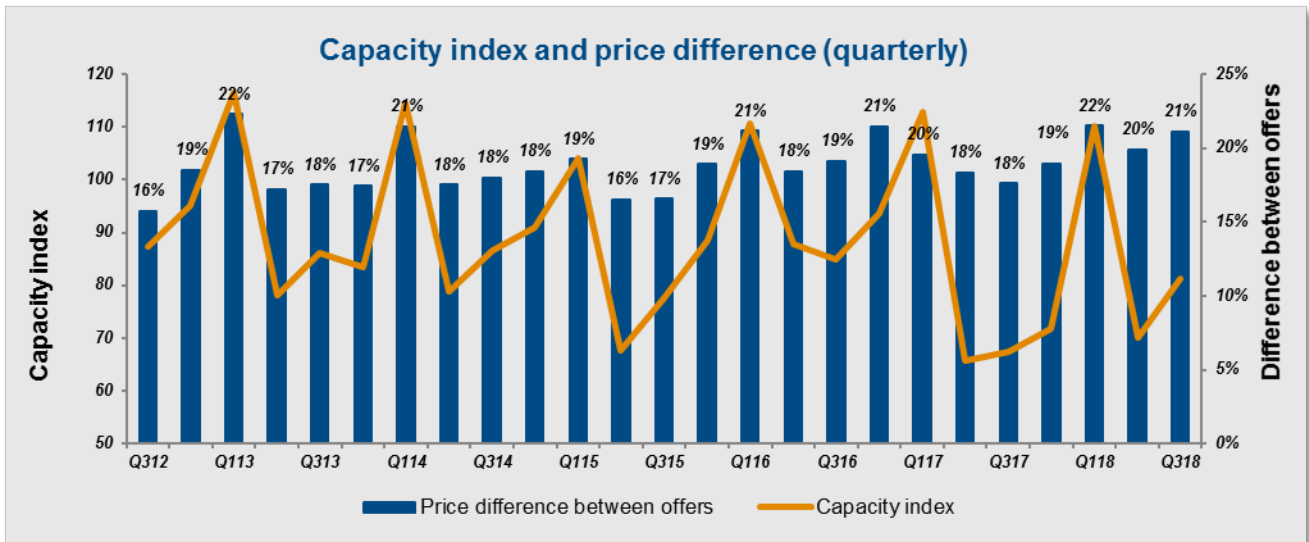
Figure 5: Price index for different industries (Q1 2008 - Q3 2018)



Price difference increases slightly

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 third quarter the price difference slightly increases to 21% as opposed to 20% in the previous quarter. This is slightly higher than in previous years and also shows an opposite trend: in 2017 the difference in offers dropped from Q2 to Q3 whereas in 2018 the difference in offers increased from Q2 to Q3.

Figure 6: Capacity index and price difference (Q3 2012 - Q3 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 continues incremental growth

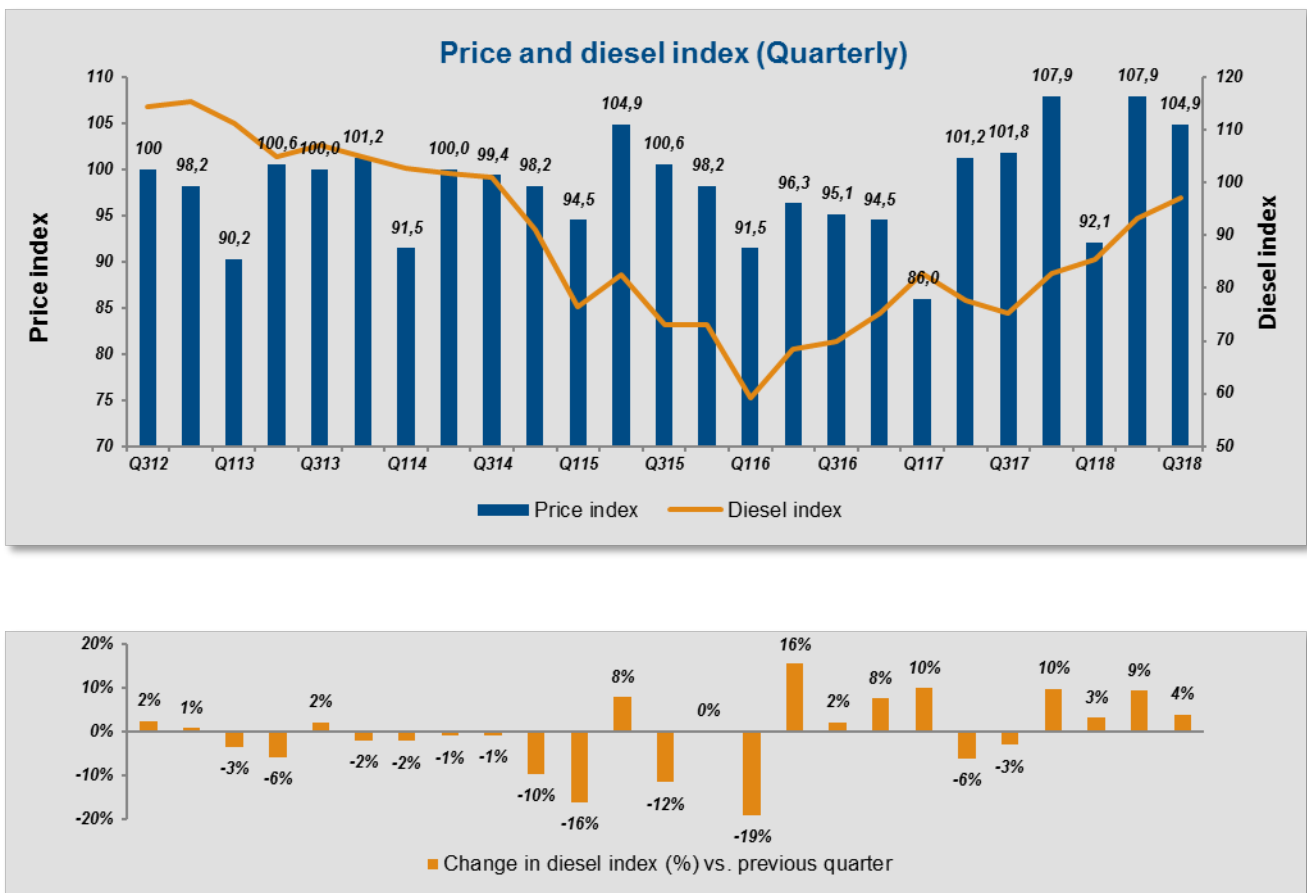
This section compares the price index with the diesel index (see Figure 7). In general, there is a positive correlation between the diesel index and the price index, clearly indicating the impact of diesel prices on transportation costs and consequently prices.

Q3 of 2018 showed a slight decrease in the price index compared to Q2 2018, namely 2,8%. The diesel index showed an increase of 3.8% compared to Q2 2018. The diesel index follows a consistent increasing pattern.

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 (Q3 2012 - Q3 2018)



For the price and capacity indices, the average figures of the six-month 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.

Additional services related to the TMM

Transport Market Developments

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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
- Please find more information [here](#)

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- Freight benchmark of European land transports
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- Best practices in freight procurement & transportation
- Cross-industry networking
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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 slight decrease in the price index in Q3 2018, in comparison with the second quarter of the year.

The next edition, number 38, will include the figures for Q4 2018. It will be published in February 2019.

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 TIM CONSULT.

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 €10 billion in all European countries. Anonymously, information is unlocked from the platform and analyzed by TIM CONSULT. 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 TIM CONSULT 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 TIM CONSULT can be obtained via the contact information provided at the back of this report.

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TIM CONSULT and TRANSPOREON



About TIM CONSULT

Optimized value creation networks, efficient freight procurement, intelligent transport management – TIM CONSULT develops suitable solutions for its customers' challenges in global value creation networks and supply chains for over 20 years.

Through market engineering, the international consultancy for business logistics actively helps shape the logistical markets and processes. Based on first-class market intelligence and methodological leadership, the experts provide their customers with competitive advantages in national and international markets.

They profit from the consultancy's experience in the intelligent procurement of logistical services, cross-regional benchmarking for all modes of transport, transport and supply chain management as well as smart network design.

The clients range from global businesses, including virtually all DAX 30 companies and more than half of the Fortune 100 firms. In addition, TIM CONSULT consults for market leaders from the SME sector.

Find out more at: www.timconsult.com



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 650 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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