

MONTHLY BAROMETER

TRENDS IN ROAD FREIGHT PRICES IN FRANCE



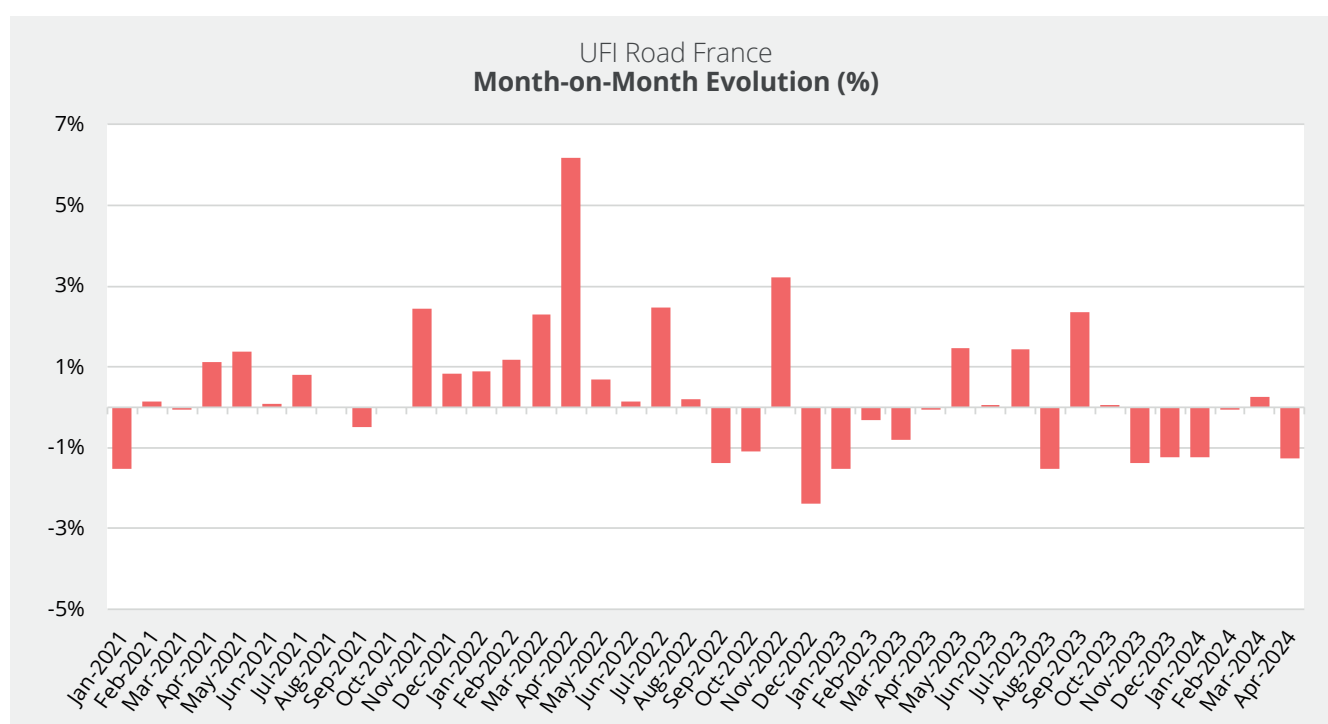
ROAD TRANSPORT PRICES IN FRANCE

A NEW FALL IN RATES IN APRIL

Road transport prices in France fell in April 2024 by another 1.3% month-on-month. The volumes to be transported remain at their lowest level because many sectors, such as construction, are floundering.

Weather conditions and economics joined forces in April 2024. France recorded relatively cool temperatures for the season and at the same time, the business climate in France cooled. By falling by 1.3 points in April compared to March, it dropped back below its long-term average. Most sectors contributed to the decline. This was the case for services, industry and construction, in particular the structural works sector, whose order books remain far behind the pre-covid period.

Once again, the French economic context affected freight transport prices, which fell by 1.3% in April according to the UFI Road France. All these successive declines point to the weakness in the activity of the sector. The latest sectoral note published by the FNTR (National Federation of Road Transporters), the leading employers' union in the sector, indicates that business leaders have seen a drop in activity in the 1st quarter of 2024. The FNTR's barometer on the situation of companies has reached its lowest level ever: 58% of executives say they are dissatisfied with the current situation and 22% remain in expectation.

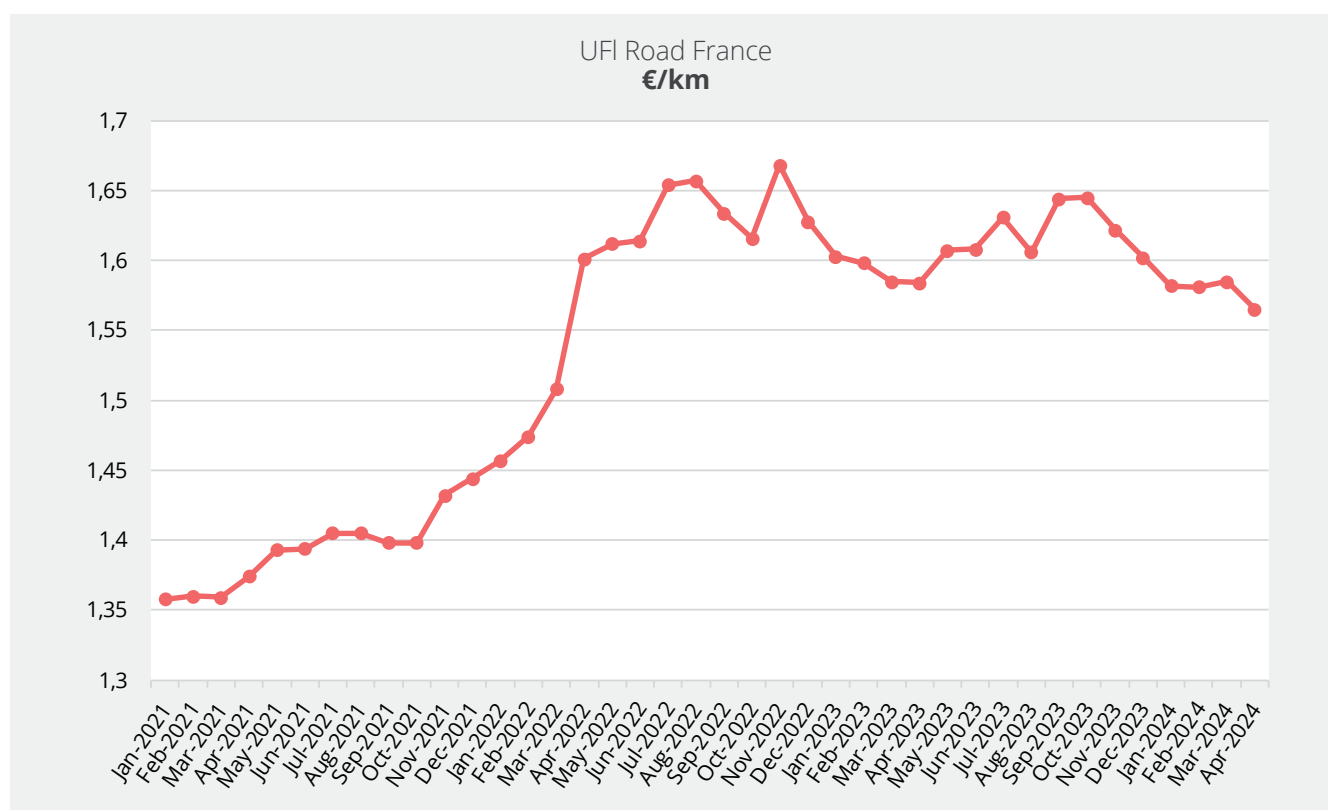


Source | [UFI Road France](#)

Road carriers' concerns

The FNTR specifies that activity has been declining steadily since mid-2022 and that the sector's economic indicators "are at the same historically low level as during the health crisis". Under these conditions, it is not surprising that prices in April 2024 fell below their April 2022 value (€1.601/km driven). In April 2024, the average price per kilometre, based on transactions recorded in the Uply database on 7 May 2024⁽¹⁾, stood at €1.565 per kilometre driven, thus losing €0.020.

The concerns of business leaders is all the more understandable since operational costs have also increased enormously since 2022. If we combine this increase with the decrease in prices and volumes to be transported, we can logically conclude that businesses' profit margins have significantly deteriorated.



Source | Uply Freight Index – Road France

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⁽¹⁾ Our price estimates are based on actual transactions. They may therefore be subject to revision as new data are incorporated into the Uply database.

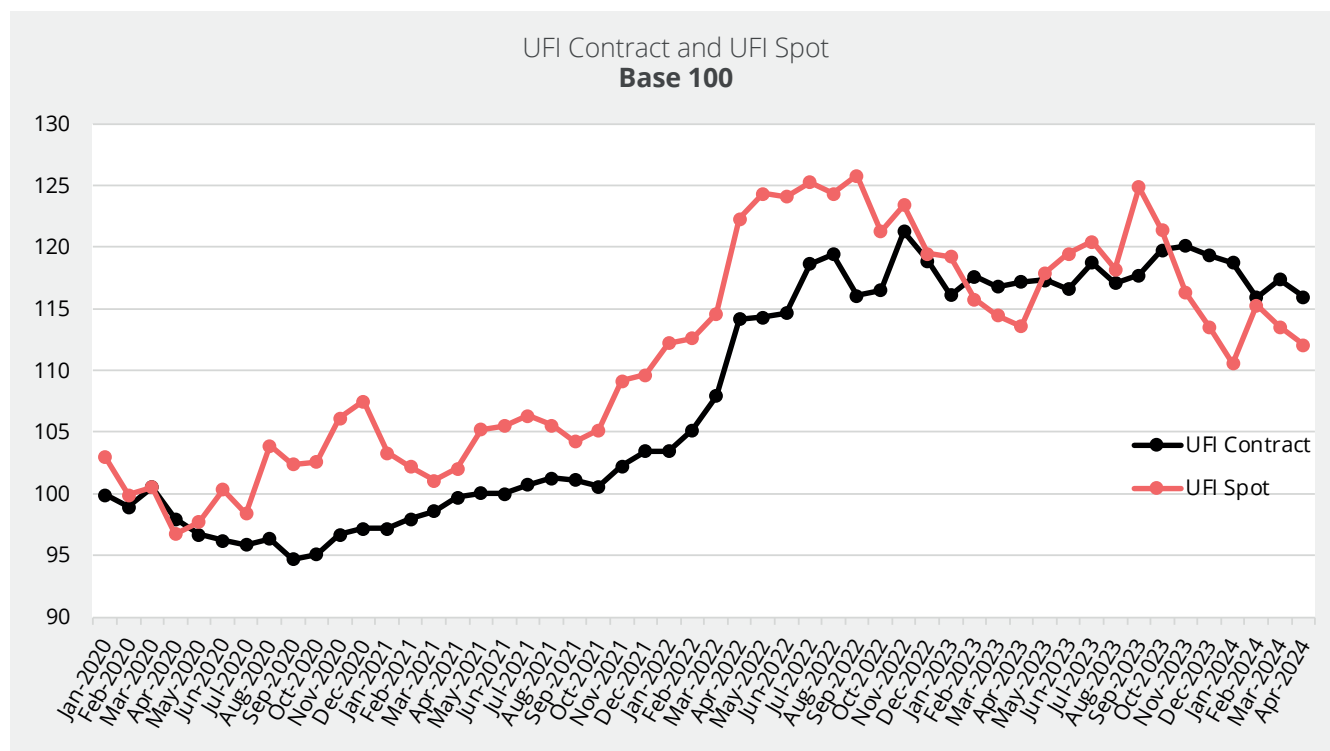
Many economic sectors are grinding to a halt

The Spot index is generally a marker of the tension of the French transport market torn between supply and demand. In April, it recorded a further decline: -1.30%. This reveals quite clearly the difficulties faced by carriers. Transport demand is lower than supply, which is forcing the market downward. The volumes to be transported are still absent.

Many sectors are currently struggling. This is the case for construction, which usually sees its activity restart in March/April. In the first quarter of 2024, the volume of activity in construction decreased by 1.5% year-on-year. It continued the downward trend that began in 2023. Order backlog continues to fall. At the same time, building maintenance and improvements are not spared either, with a first year-on-year decline in activity since the health crisis. It is a sector that normally mobilises a wide

range of means of transport, from small rigid trucks to articulated units, skips and tankers. This sector has come to a literal halt.

The first quarter of 2024 has also produced mixed results for the automotive sector in terms of volumes and financial results for the manufacturers of both cars and equipment. The industry is tightening its belt. The time has come to look for a return on investment while the market is experiencing a slowdown in demand, particularly on electric-only models. In this sector, a strong supplier of spot transport flows, demand is crumbling...



Source | [UFI Freight Index](#) – Road France

The contractual market still under pressure

The spot market is not the only one to suffer erosion. Contractual transport prices also went down again, losing 1.21% in April month-on-month. The drop in diesel prices of 1.9% in March and its impact delayed by one month can account for barely half of this decline.

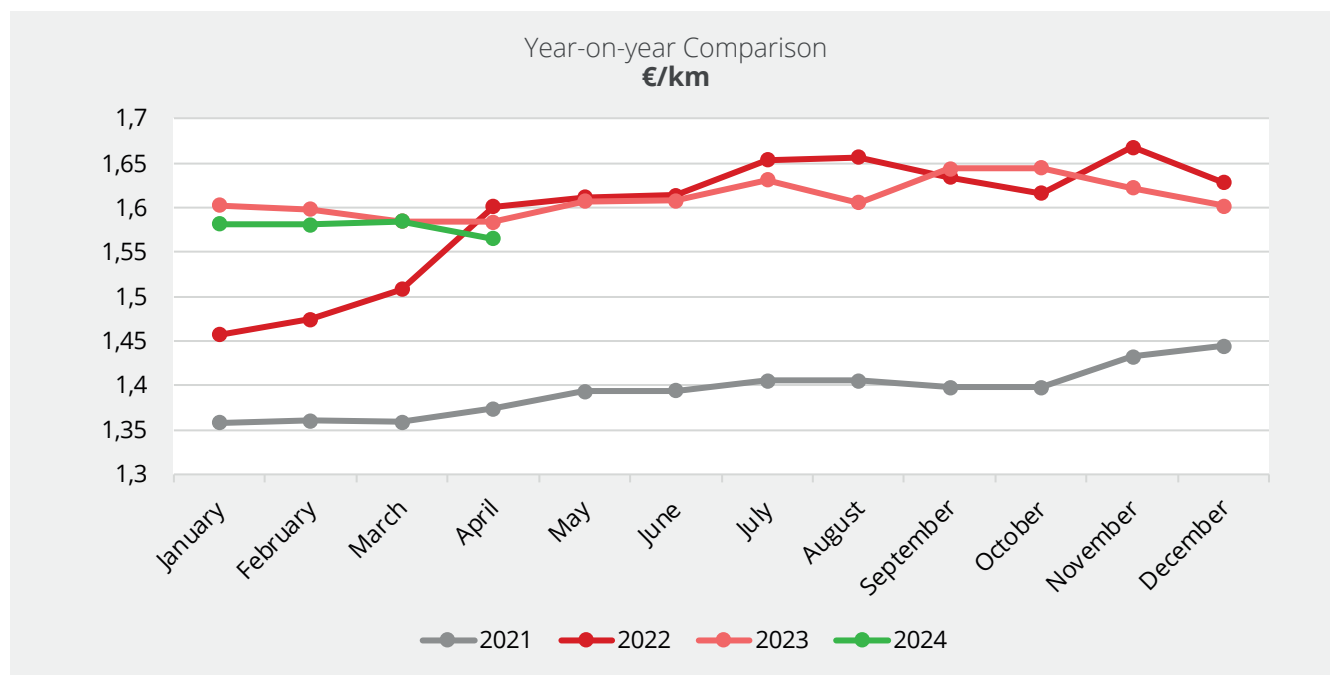
Contrary to what we envisaged last month, the point of equilibrium in the medium- and long-term agreements between the major contractors and their carriers has still not been reached: contractual prices continue to fall organically. Transport buyers are putting pressure on their suppliers to lower their price as they do habitually.

According to business leaders interviewed by the FNTR in April 2024, investments were down sharply in the first quarter of 2024 compared to the previous quarter, and well below their average level. In a large majority of cases, it is limited to the renewal of their fleet. This limitation on investments is quite symptomatic of a need for transport companies to no longer draw on their cash and to reduce their working capital requirement (WCR).

Some reasons for hope...

Overall, the transport price curve in 2024 continues to be slightly below that of 2023, while also

remaining above the threshold of €1.55/km.



Source | [Upply Freight Index](#) – Road France

We maintain our forecast from last month: prices should not fall below €1.55, for several reasons.

The first reason concerns short-term supply. The French system requires drivers and operators to use the remainder of paid holidays before 31 May, which traditionally reduces the supply of transport during this period. The phenomenon is accentuated by the fact that May has many public holidays, and this year 2024 they fall on days that are particularly favourable for employees. This affects spot rates, so prices can see a rise from time to time.

The second reason concerns medium-term supply. There are a few weak signals that the French economy may finally be back on its feet. Growth forecasts for France are on the rise. The OECD slightly raised its forecast for the whole of 2024 to 0.7% up from 0.6% in February. A new forecast that comes as the first quarter of 2024 showed that France's gross domestic product (GDP) grew by 0.2%, supported by household consumption and business investment. Private consumption is expected to strengthen under the effect of falling inflation, estimates [the quarterly report of the OECD](#), stressing that "Broadly stable commodity prices will allow inflation to continue to fall".

“There are a few weak signals that the French economy may finally be back on its feet”

KEY INDICATORS

Sources | Insee, CNR

INDICATORS	April 2024	March 2024	Evolution M / M-1	April 2023	Evolution over 12 months
Business climate (base 100)	98.7	100.0	- 1.3%	102.3	- 3.5%
CNR Commercial Diesel Index	204.89	206.31	- 0.7%	204;60	+ 0.1%
CNR's Long Haul semi trailer truck index	165.71	165.99	- 0.2%	160.09	+ 3.5%



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THE TECHNOLOGICAL SOLUTIONS PLATFORM THAT BOOSTS SUPPLY CHAIN ACTORS' EFFICIENCY

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