

MONTHLY BAROMETER

TRENDS IN ROAD FREIGHT PRICES IN FRANCE



August 2024 | 

supply

FRANCE: road transport prices rise again in August

French road transport seems to have benefited from an “enchanted interlude” of the Olympic Games in August, with a new increase in freight rates. But the sky is darkening.

The Paris Olympic Games, which marked this month of August 2024, will undoubtedly remain etched in people's memories. In France, this event, often described as an “enchanted interlude”, has partly succeeded in making people forget for a time the political instability created by the dissolution of the National Assembly in June. And the success of the Olympic Games has extended far beyond the borders of France. The Financial Times wrote that it was “the city's happiest collective experience since, perhaps, the Liberation of August 1944.”

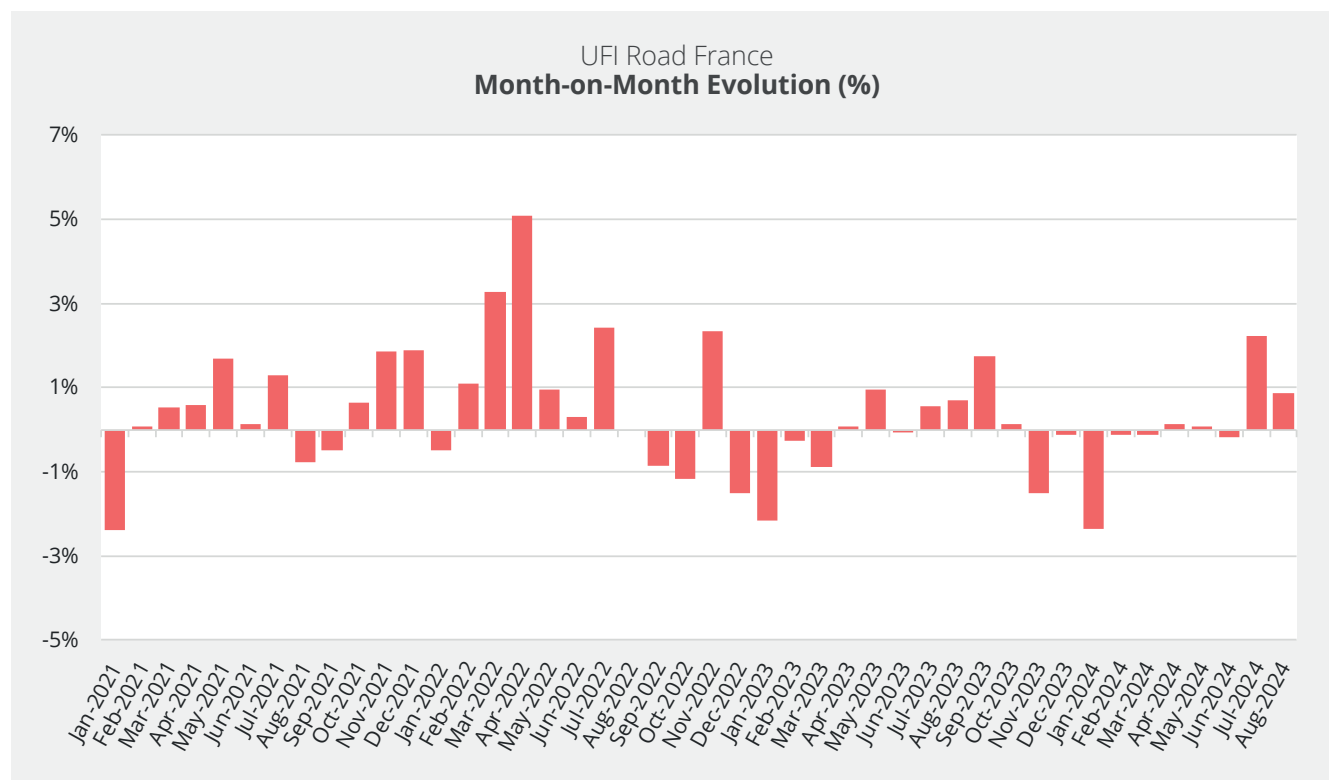
In line with the feeling of the majority of French people, the morale of business leaders soared in August and gained 3 points. [According to the latest economic outlook from INSEE](#), growth in the French economy should be 0.4% in the third quarter, of which 0.3% would be attributable to the Olympic and Paralympic Games.

Unfortunately, this positive news does not disperse the gathering dark skies forecast in the coming months. Although on the rise, business morale remains at 97, three points below the long-term average. The outlook for many sectors is deteriorating and bankruptcies are beginning to spread beyond the smallest businesses. Everything seems undermined by political uncertainties in France, and the INSEE anticipates a negative development of the GDP in the last quarter (-0.1%). On the other hand, the health of our largest partner, Germany, is more than worrying, with [zero growth expected in 2024](#).

“The morale of business leaders soared in August”

The enchanted interlude for road transport

In the happy singularity of the summer of 2024, road transport prices in France continued to increase in August, with a noteworthy increase of 0.90% compared to the previous month.



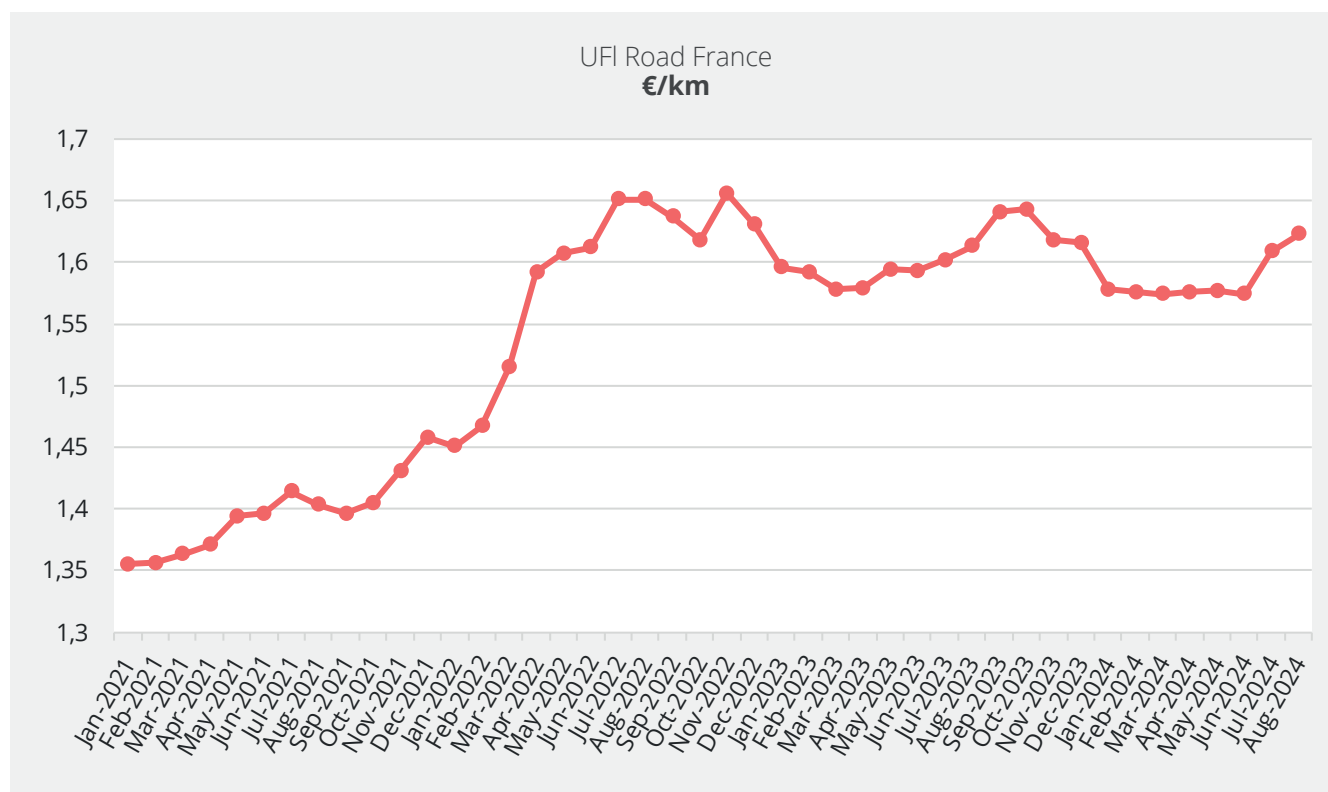
Source | [Upply Freight Index](#) – Road France

It is certainly appropriate to use the expression “enchanted interlude” to describe the summer of French transport. The strength of prices in July and August is indeed surprising, while the usual indicators of fuel prices are down this month (-4%).

“The strength of prices in July and August is indeed surprising”

Commercial services have driven transport prices this summer

The French transport price index has gained a little more than 1 euro cent per kilometre over a month. The average transport price in France was €1.623 per kilometre driven in August.



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

During this period, activity progressed in industry, even if the automobile sector dragged down the volume of orders for capital goods in particular. The automotive sector is a major generator of land transport and long distance journeys.

At the same time, activity in commercial services grew strongly, partly due to the Paris Olympics. The food sector and small retailers, which need last-mile delivery services, are sectors that have done well this summer.

The upward price trend could therefore be explained by an underweighting of long-distance journeys, the price per kilometre of which is lower. Moreover, activity this summer remained very concentrated in the Paris region.

“Activity in commercial services grew strongly, partly due to the Paris Olympics”

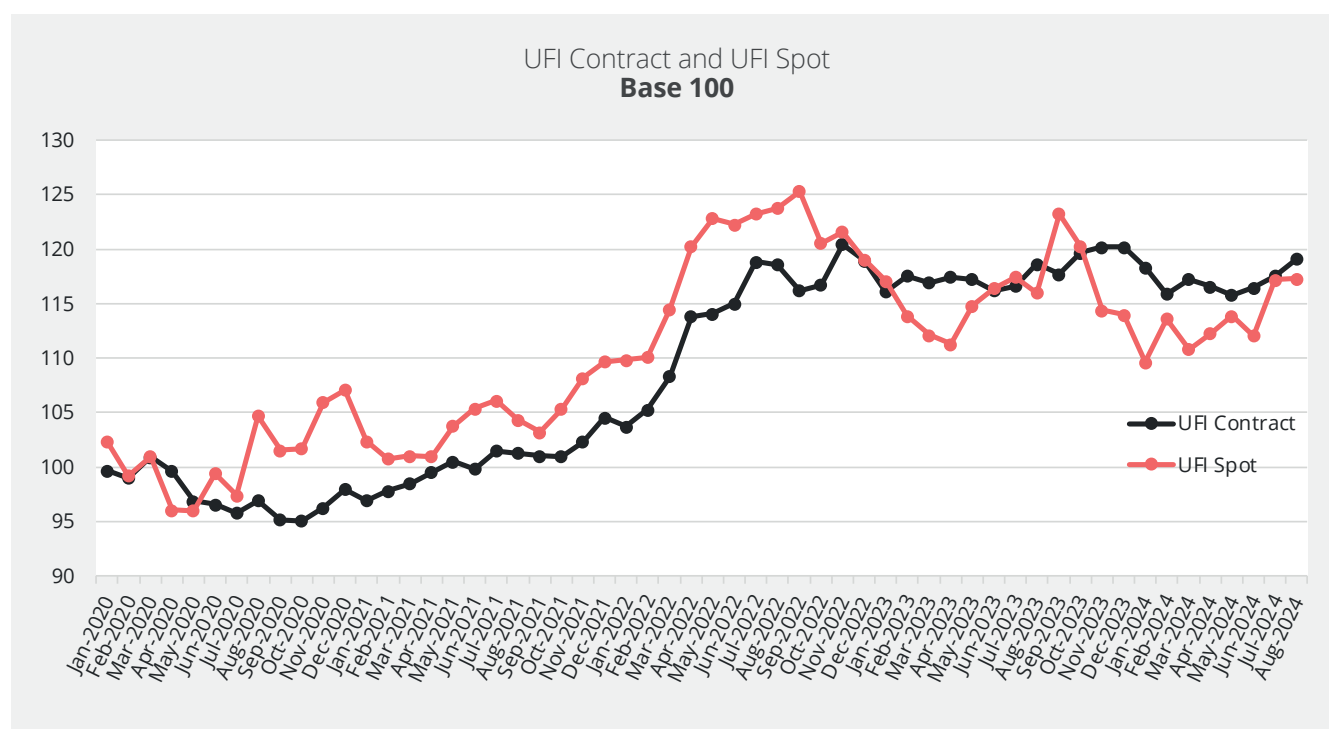
No transport undercapacity in August

It is usual for spot prices to fall in August because France traditionally enters into a “torpeur” during this holiday period: the service sector takes a break, many factories close, for example in the automotive sector.

Things have been different this year. However, spot prices were contained: with a 0.12% increase m-o-m, they remained roughly at July’s level. Given the Olympic Games phenomenon and the shape

of the curve (last month, the increase in spot prices was 4.6%), one could have anticipated that for the first time in 10 months, as was the case in August 2023, spot prices would rise above contract prices again. It was not to be.

This clearly indicates that there was no undercapacity in transport in August, and that the increase in transport is not caused by a lack of available resources.



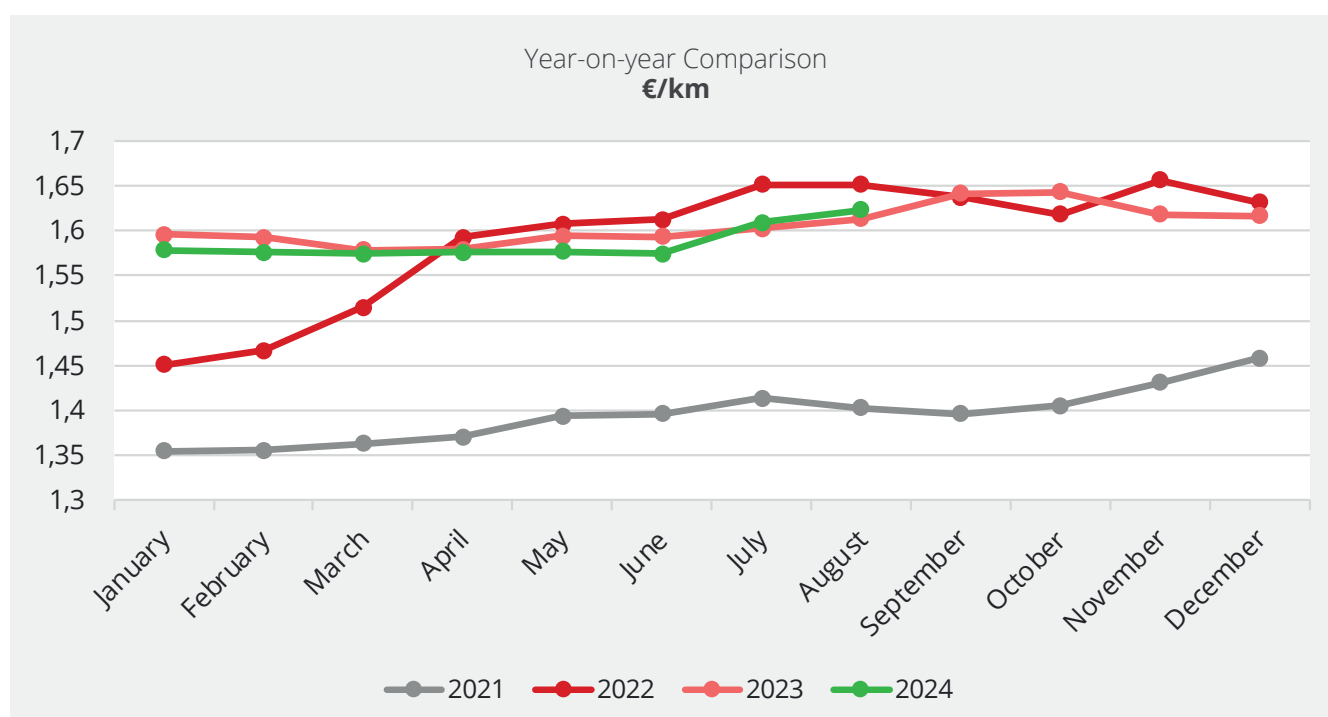
Source | [UFI Freight Index](#) – Road France

At the same time, contract prices continued to rise, and even accelerated somewhat: 0.90% in July, 1.33% in August. The reduction in distances to be covered mechanically leads to an increase in prices. But it is still surprising that the contractual prices concluded mainly between large shippers and large/medium carriers are not trending downwards, even though they have been above spot prices for 10 months, i.e. above non-contractual prices which answer to the simple law of supply and demand. It seems that the balance of power has taken into account the need to pass on at least part of the increase in costs in recent years.

An unprecedented wave of bankruptcies

Since 2022, a year marked by soaring inflation, the monthly price trend curves have been similar. The 2024 curve has just moved slightly above that of 2023, despite cheaper diesel prices this year. It must be said that the inflation observed in other

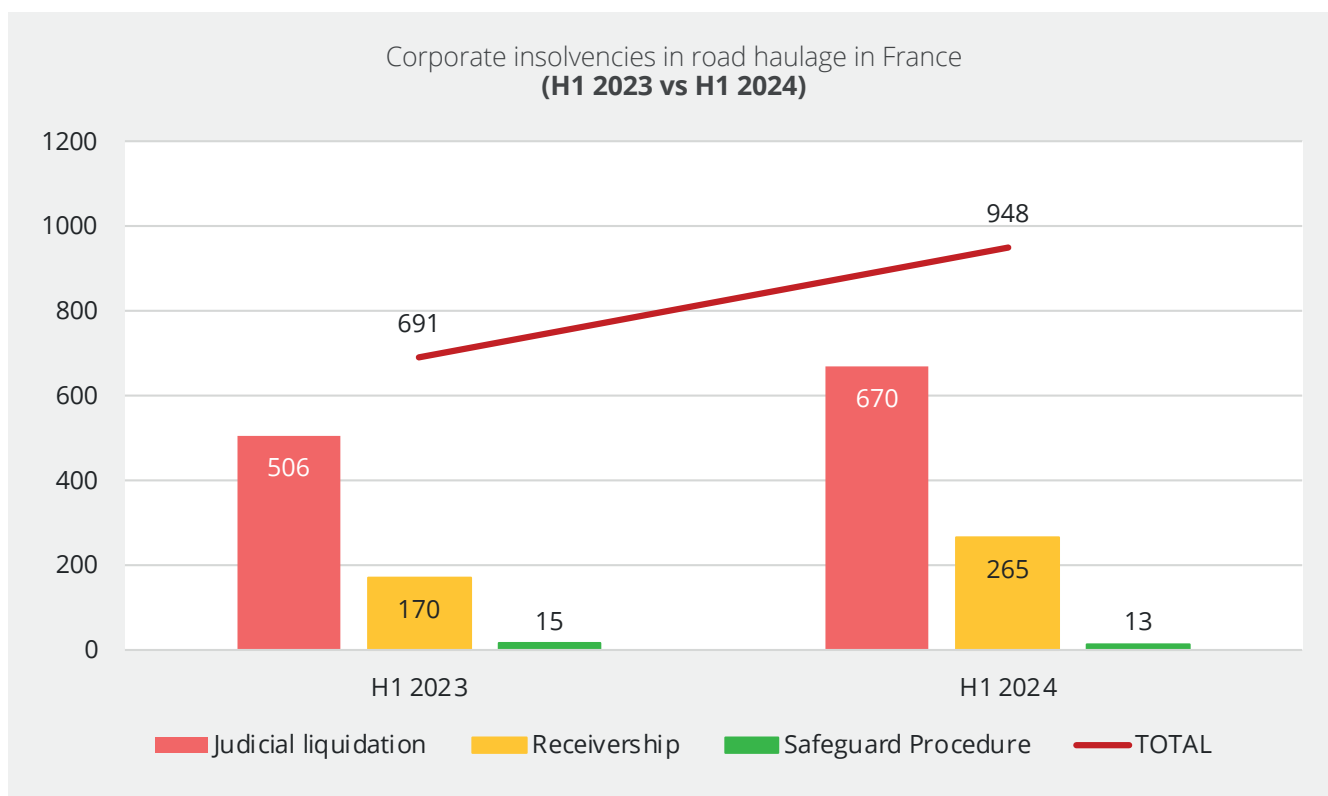
cost items (materials and labour, in particular) is, however, pushing operating costs upwards. In August 2024, the CNR LD EA index of long-distance transport costs for an articulated unit is stable compared to 2023 despite the drop in diesel.



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

However, the stabilisation of transport prices at high levels compared to those of 2021 does not benefit carriers. The road transport sector is facing an unprecedented wave of company insolvencies, linked to the economic slowdown, the Union of Transport and Logistics Companies of France has warned. This is the biggest wave of bankruptcies since 1990, according to the employers' union.

“ The stabilisation of transport prices at high levels compared to those of 2021 does not benefit carriers ”



Lack of volumes to transport, ensuing overcapacity and inflation of costs are therefore the problems from which French transport suffers. But this is not pushing prices down, on the contrary, they are continuing to rise slightly.

There is therefore an awareness of these problems within the market which preserves transport capacity by adjusting prices upwards. This prevents the collapse, and consequently the service disruptions that would inevitably occur if this were not the case.

KEY INDICATORS

Sources | Insee, CNR

INDICATORS	August 2024	July 2024	Evolution M / M-1	August 2023	Evolution over 12 months
Business climate (base 100)	96.6	93.9	+2.9%	100.0	-3.4%
CNR Commercial Diesel Index	188.39	196.19	- 4.0%	215.12	-12.4%
CNR's Long Haul semi trailer truck index	162.06	163.91	- 1.1%	162.83	-0.5%



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