

Road Freight Transport Prices in France

October 2023



upply

MONTHLY BAROMETER

France : slight fall in road transport prices in October

Road transport prices on the French market fell slightly in October 2023 compared to the previous month but remain at a high level. The situation is favourable to further consolidation in the sector.

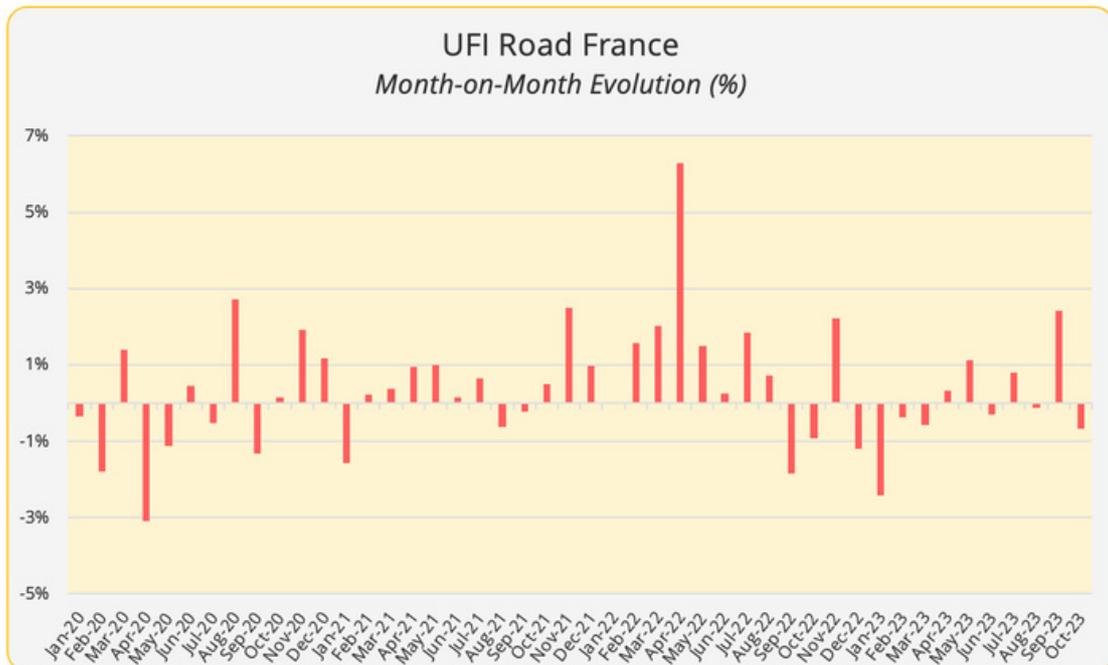
In October, global political news was dominated by the resurgence of the Israeli-Palestinian conflict. From an economic point of view, the instability in the Middle East caused the immediate rise of Brent, which on October 19 experienced its second annual peak at \$93.48 per barrel. We would normally have bet on a new surge in diesel prices at the pump, but **in the second half of October, due to sluggish global economic activity, Brent again fell sharply.** In France, professional diesel finally fell by 2.5% in October month-on-month (see indicators p.8).

On the other hand, the Israeli-Palestinian conflict has increased uncertainty in an already gloomy economic context. In October 2023, the business climate in France dropped by 2 points, falling below its long-term average. This means that we are now entering a negative dynamic. The morale of business leaders is at half-mast. All sectors of activity contribute to this decline: industry, services, and construction all lost between 1 and 2 points, while retail trade alone fell 5 points.

The only good news is that inflation is falling. According to INSEE's provisional estimate made at the end of the month, consumer prices increased by 4% in October year-on-year, compared to an increase of 4.9% in September. Bruno Lemaire, Minister of Economy and Finance, assures us: "we are emerging from the inflationary crisis".

French road transport prices down

Road transport prices in France decreased by 0.7% in October compared to the previous month. This decline comes after a strong increase in September (+2.9%), confirming the alternating movement of increases and decreases observed over several months this year. Everything is occurring as if, in an uncertain market, the accelerator and the brake pedals were being pressed in succession.

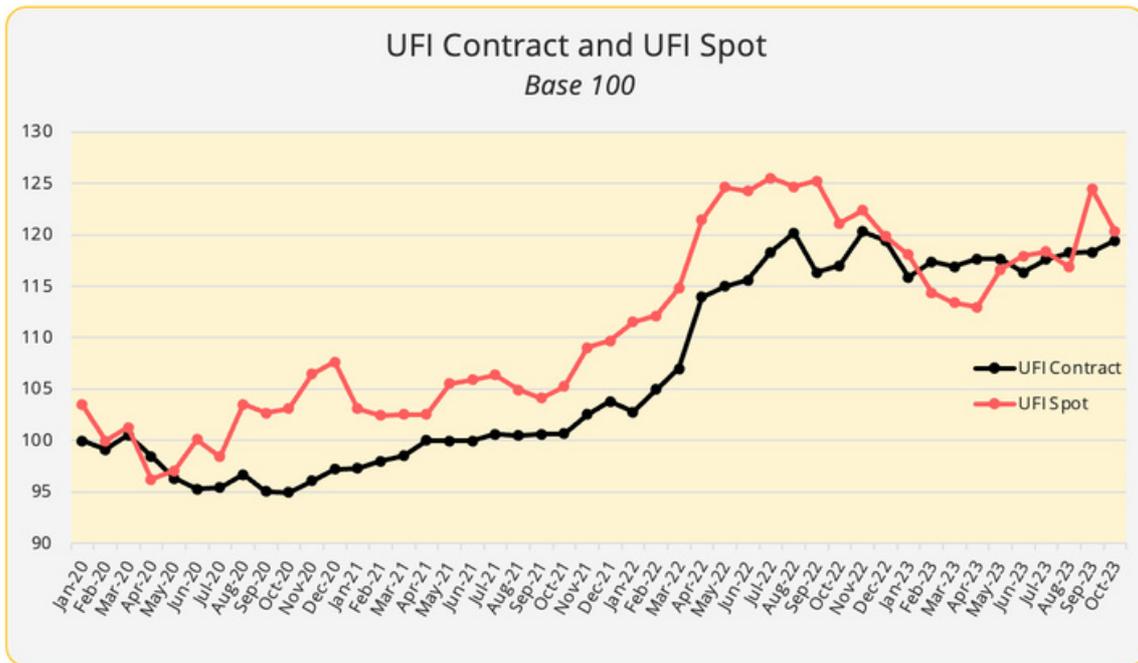


Source: [UFI Freight Index](#) – Road France

The mechanism of passing on the variation in the cost of diesel with a month of delay was not enough, this month, to stem the decline in prices. In September, commercial diesel increased by +4.3%. As a result, given the weight of diesel in operating costs, a 1% increase in transport prices had been expected. **Other factors have therefore pushed prices down.**

Spot / Contract : Contrasting Developments

The drop in volumes to be transported generally leads to a drop in spot transport prices. **The decline is particularly marked this month as spot prices decreased by 3.3%.** However, the over-representation of the transport of partial loads, due to a decrease in full loads, somewhat mitigates the collapse in spot prices. Nevertheless, the direction taken by spot prices had a preponderant effect and in principle explained alone the decline in transport prices in October.

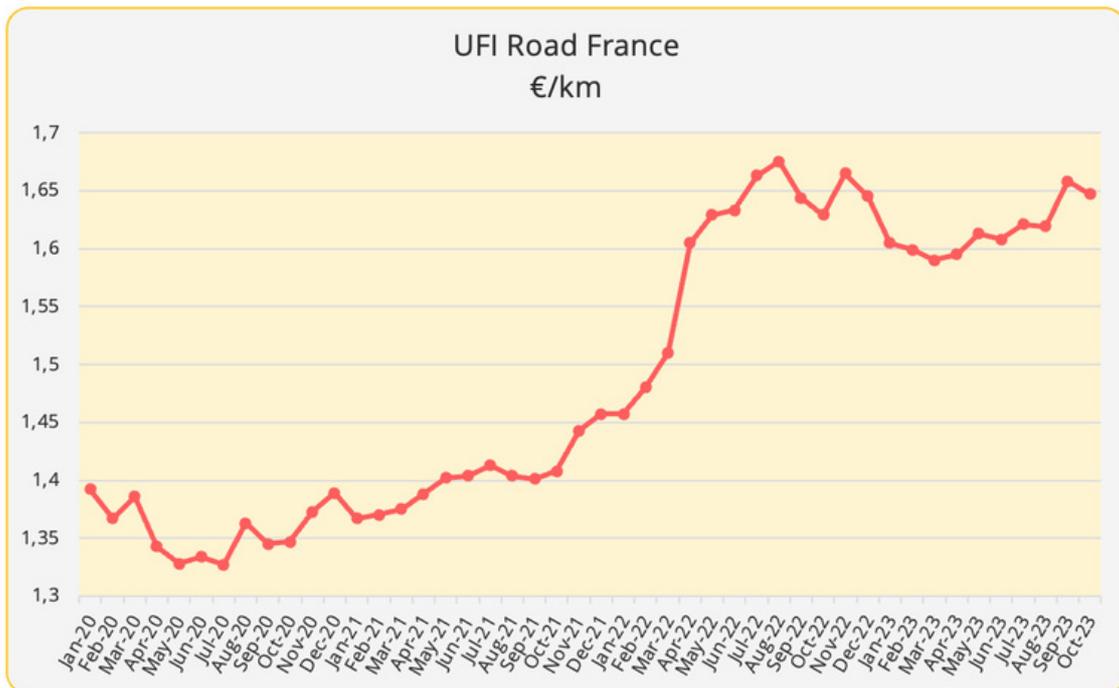


Source: [Uapply Freight Index](#) - Road France

On the other hand, in the contract market, the index shows an increase of +0.95%. This index reflects the contractual prices between shippers and carriers on the French market. These are generally the prices agreed between the largest carriers and their customers, on an annual (long-term) basis. It can therefore be seen that the index is correlated with the impact of diesel last month. The passing-on mechanism of the increase in diesel prices was therefore applied for the UFI Contract index. Large carriers therefore do not yet seem to be disturbed by the decline in volumes to be transported in their contractual relationship with their large customers.

The end of a cycle

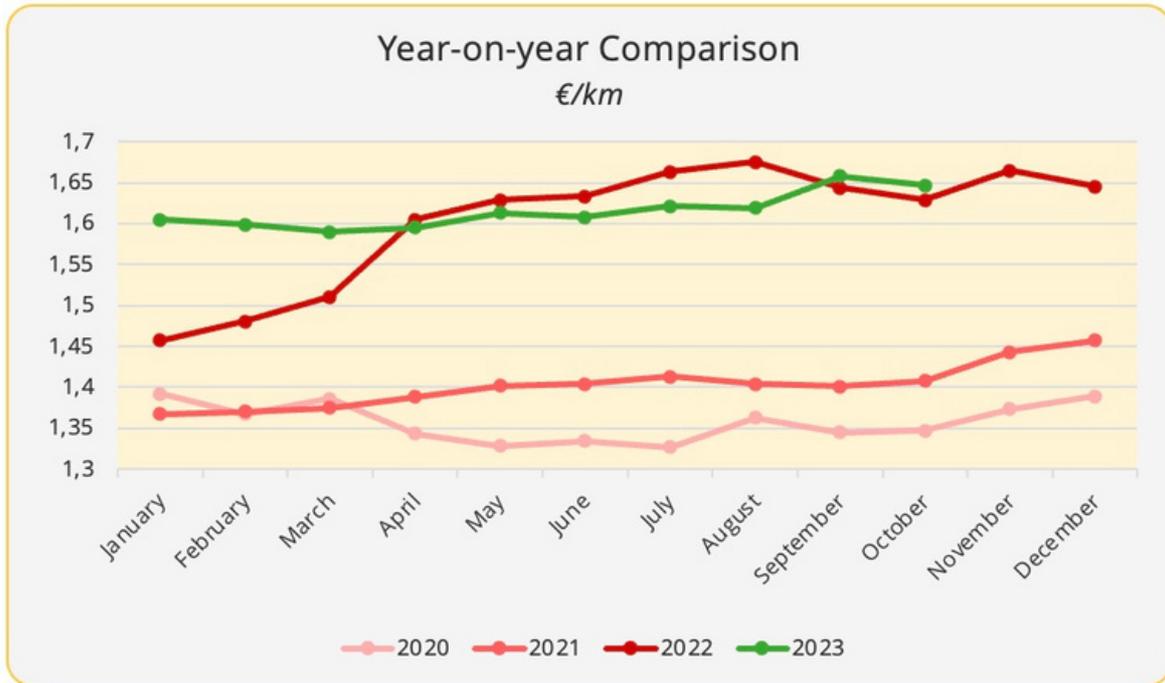
Even though prices fell this month by -0.7%, **with an average of €1.647 per kilometre driven**, they remain up in the higher brackets.



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

The general trend is towards transport price inflation in 2023, as shown in the graph below (p.6). Since September 2023, prices have been above 2022 levels. YoY, they increased by 1.1% in October.

However, over the same period, oil prices calmed down and the professional diesel index fell by 21.4%. In addition, the CNR LD EA (Long Distance Articulated Set) index decreased by 5%, indicating that the total operating costs (including diesel) of carriers operating on national transport routes have decreased.



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

In general, it can be deduced from this price increase against the background of lower operating costs that the carriers' operating margins improved overall in October. A monthly observation that does not reflect the general trend of 2023, which also deserves to be clearly put into perspective. **Only large carriers and freight forwarders are still managing to maintain the favourable balance of power that emerged during the post-Covid recovery.** But it seems that we are now reaching the end of the cycle. Given the evolution of spot prices, large purchasing centers could take advantage of the decline in volumes to drive transport prices down in their future calls for tenders. Small carriers, on the other hand, are for many of them already seeing a reduction in margins.

Activity in recession

In [its latest business survey](#) (in French), the National Road Transport Federation (FNTR) deplores **a sharp drop in activity in terms of turnover in road freight transport (RFT) in the 3rd quarter of 2023**. The federation confirms the figures of the Ministry of Transport and **the sharp decline (-6.4%) in activity in terms of volume in the second quarter**. Business leaders in the sector also estimate that this trend will continue into the 4th quarter of 2023, which will impact investment. The number of companies surveyed that announced that they had invested in new trucks in the 3rd quarter decreased by 1.5%.

The morale of carriers is strongly affected: 54% of business leaders are not satisfied with the current situation of their company. They are stuck between a sharp increase in operating costs (equipment, salaries) and prices that are not increasing proportionally, especially regarding the investments needed to comply with the energy transition objectives.

Business failures in road freight transport are growing faster than in the rest of the economy: in the third quarter, according to the Altares study, they increased by 20.4% compared to the same period of the previous year, affecting 203 companies.

This economic climate is conducive to further market consolidation. In October, Astr'In completed the acquisition of Sotradel, Transports Bruneel took control of of Strabert, Jacky Perrenot is considering the subject of TCV Transport&Logistic and the Charles André group aims for 1.6 billion euros of turnover with [the acquisition of the company Autaa](#). Consolidation also crosses borders, with for example STEF continuing [its shopping spree in the Netherlands](#)... In a weakened state, the sector should continue to consolidate.

KEY INDICATORS

INDICATORS	October 2023	September 2023	Evolution M / M-1	October 2022	Evolution over 12 months
Business climate (base 100)	98.5	100.3	- 1.8 %	102.2	- 3.6 %
CNR Commercial Diesel Index	218.80	224.45	- 2.5 %	278.23	- 21.4 %
CNR's Long Haul semi trailer truck index	164.05	165.29	- 0.8 %	172.62	- 5.0 %

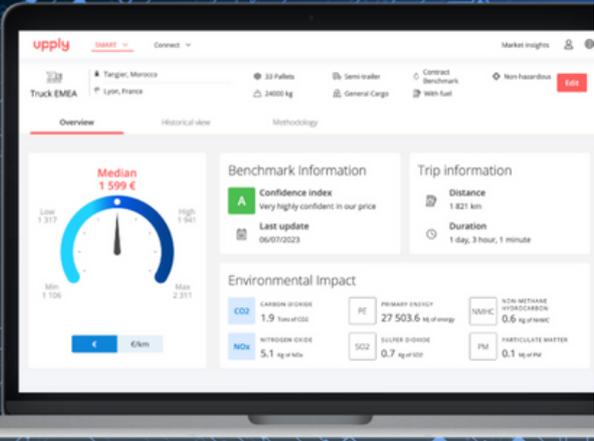
Sources: Insee, CNR

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