US truckload spot rates rise, but still below year-ago levels

Rates in DAT's top 50 truckload lanes rose almost 8% from May to June but are still down more than 3% compared with year-ago pricing. Photo credit: mikeledray / Shutterstock.com.

William B. Cassidy, Senior Editor | Jun 14, 2024, 10:40 AM EDT

US truckload spot rates are rising seasonally as the summer approaches but remain at or below year-ago levels in the largest trucking lanes, data from several sources indicates.

The data shows seasonal patterns in freight demand resurfacing after a pandemic-era disruption despite a two-year downturn in freight demand. But US freight volumes aren't yet strong enough to pull truckload spot pricing out of the trough it entered in 2023.

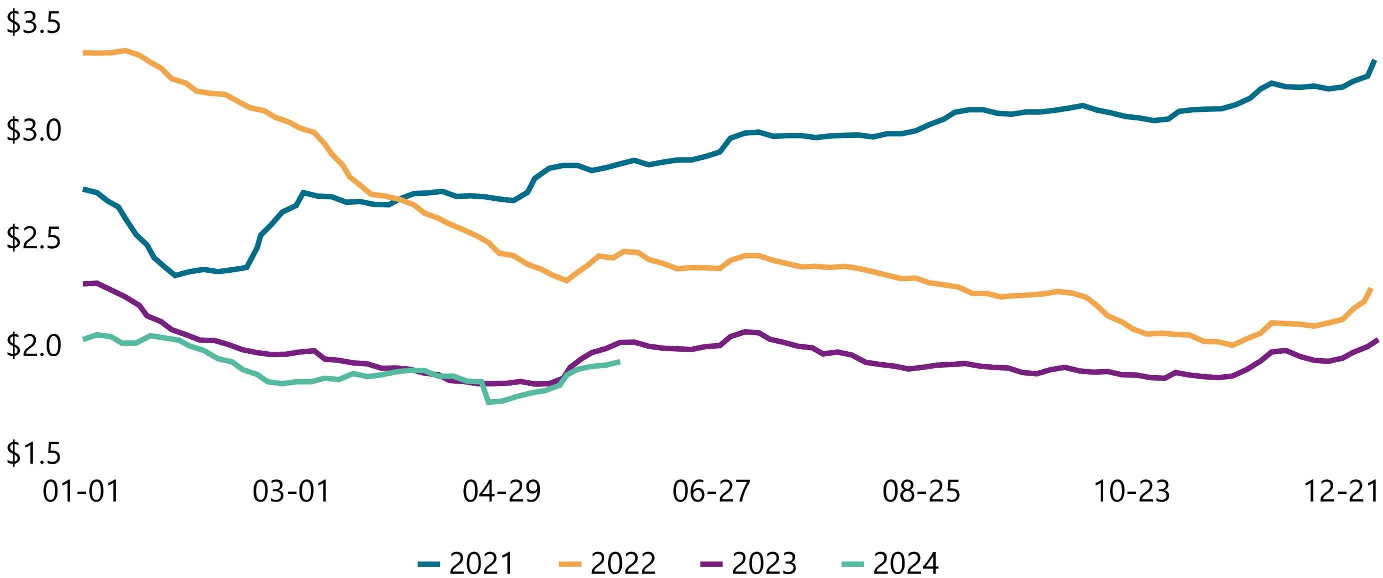
That's increasing pressure on the margins of small carriers working the transactional spot market, according to Dean Croke, principal analyst at DAT Freight & Analytics.

into the red as they did in 2019," Croke said this week in his most recent market update.

As of June 10, the average dry-van spot rate in DAT's top 50 US truckload lanes had risen 7.9% month to month from $1.79 per mile, excluding fuel, on May 10 to $1.93 per mile. But that June 10 rate was still 3.3% lower than the $2 per mile average a year earlier.

US truckload rates stick close to year-ago pricing

Dry-van spot rates, excluding fuel, DAT's Top 50 US Lanes



Source: DAT Freight and Analytics

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At $1.96 per mile, excluding fuel surcharges, Truckstop.com's average spot dry-van rate as of June 10 was down 2 cents from the previous week. Truckstop's average rate was up 4.8% from $1.87 per mile on May 13, but down 1.5% from $1.99 per mile a year ago.

The one bright spot seems to be the US Southwest, where a surge in US imports arriving at West Coast ports has driven up volumes and pricing for intermodal and

Load volumes from Los Angeles increased 22% week to week as of June 10, pushing up outbound linehaul rates 4 cents to $2.19 per mile, according to DAT. Outbound linehaul rates from Ontario, Calif., averaged $2.28 per mile on a 14% week-to-week gain in volume.

But the increase in containerized imports hasn't been enough to push up truckload pricing on a national basis.

The US long-distance truckload producer price index (PPI), a measure of pricing that includes contract rates and fuel and other surcharges, fell 1.2% from April to May and was down 2.9% year over year, according to data released Thursday by the US Bureau of Labor Statistics (BLS).

The truckload PPI has oscillated between 171 and 179 since June 2023.

Demand catalyst needed

The bottom that truckload spot market pricing hit in June 2023 seems to have become a ceiling, at least until some catalyst drives higher freight demand.

"Better days are in sight for trucking companies, but the market still needs to work through the tough combination of too much capacity and sluggish freight demand," Avery Vise, vice president of trucking for transportation research firm FTR, said in a statement Thursday.

"The May payroll jobs figures for trucking offered some encouragement that this transition is underway, but a healthier situation for carriers will require continued rightsizing of capacity and stronger volume," Vise said.

In May, trucking companies added 9,400 jobs before seasonal adjustment, far short of expectations, according to data released last Friday by the BLS. That led to a seasonally adjusted loss of 5,400 trucking jobs.

The non-adjusted data shows trucking is slowing the pace of hiring in the face of low freight demand. It's unclear, however, whether that is enough to tighten truckload capacity to the point where pricing power would begin to shift away from shippers toward carriers.

"We still do not expect consistently favorable market conditions for carriers until early next year," Vise said.