


MONTHLY BAROMETER

TRENDS IN ROAD FREIGHT PRICES IN FRANCE



June 2024 | 

upply

FRANCE: TRANSPORT PRICES at a standstill in June

The political situation in France has somewhat brought the road transport market there to a standstill. But for months now, cost inflation and price stagnation have already been damaging French carriers.

The performance of the French team at the UEFA Cup in Germany did not allow us to forget the very palpable tension that reigned in France after the dissolution of the National Assembly by President Emmanuel Macron on June 9. This decision caused a political earthquake and initiated a period of great uncertainty that is continuing. The “clarification” hoped for at the end of the early parliamentary elections did not take place, no political party having obtained an absolute majority. This situation is not without consequences for the French economy.

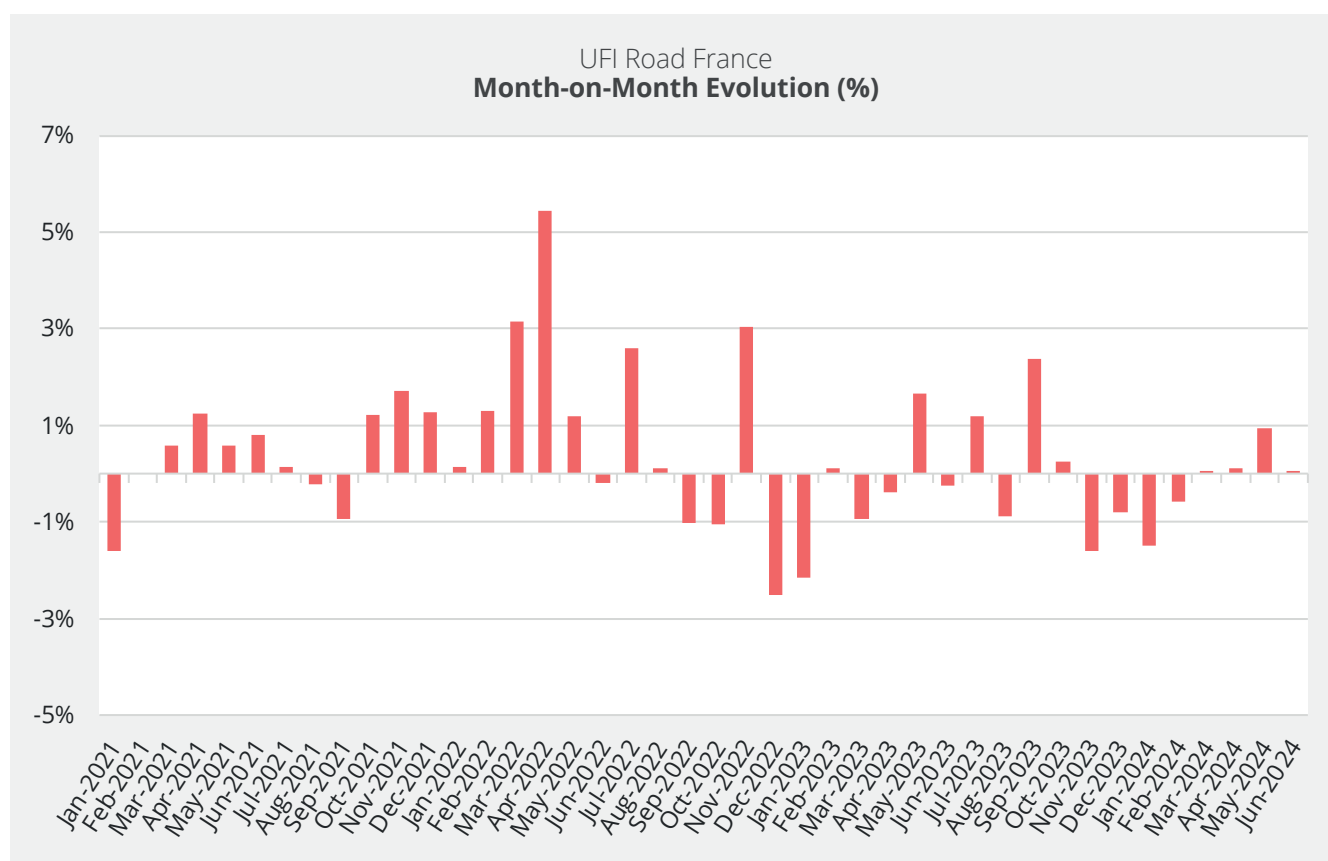
In June, the business climate remained below its long-term average standing at 99. The indicator that summarises it is calculated from the responses of the business leaders of the main market sectors essentially received before the 10th of the month, which suggests that most of the responses were given while the announcement of the dissolution had not yet occurred. As always, it was the financial markets that reacted first. Political uncertainty immediately caused interest rates on government debt to rise and the Paris Stock Exchange to fall by more than 500 points.



Stagnation of French road transport prices in June

Road transport prices in France stagnated in June (+0.06% month-on-month). The politico-economic situation has most likely caused some inertia by curbing transport demand and freezing price negotiations between shippers and carriers on summer business.

“The amplitudes of variations have tended to decrease”

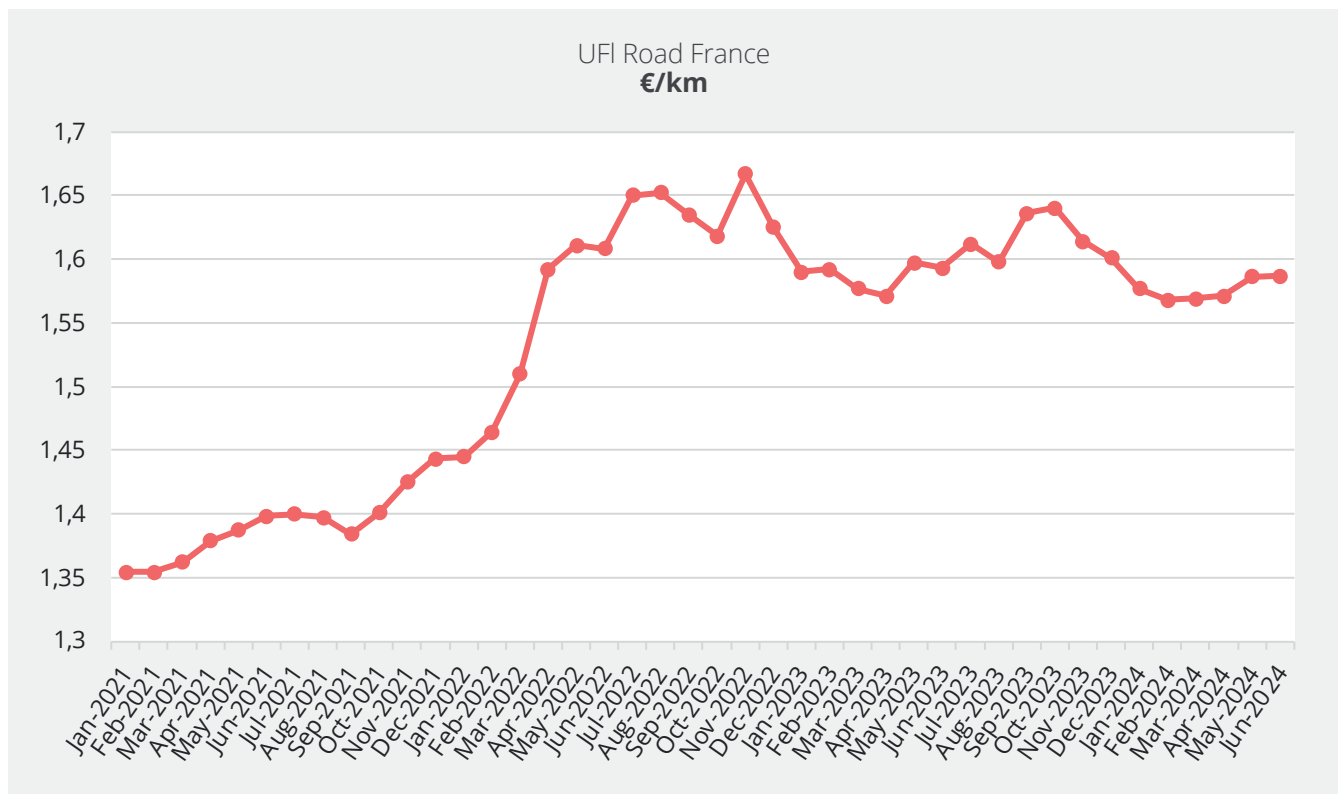


Source | [UPLY Freight Index](#) – Road France

In recent months, the amplitudes of variations have tended to decrease. The evolution of prices varies in a tunnel between -1.5% and 1%. Road transport is back in a situation where making forecasts is a much less chaotic affair than it was at the beginning of the decade with the Covid crisis or stagflation.

A different pass-through situation for diesel prices

The average transport price in France was €1,587 per kilometre driven in June. The index gained 0.001 euros per kilometre compared to the previous month.



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

Price stability in June appears to be offset by the decline in diesel fuel prices recorded in May (-4.7%). A fall in transport prices around 1% was rather expected, given the diesel indexation mechanism which generally induces a pass-through of variations with a lag of one month. Moreover, in May, the long-haul semi-trailer truck index calculated by the National Road Committee (CNR) fell by 1.1%, which corresponds to the impact of the drop in diesel fuel.

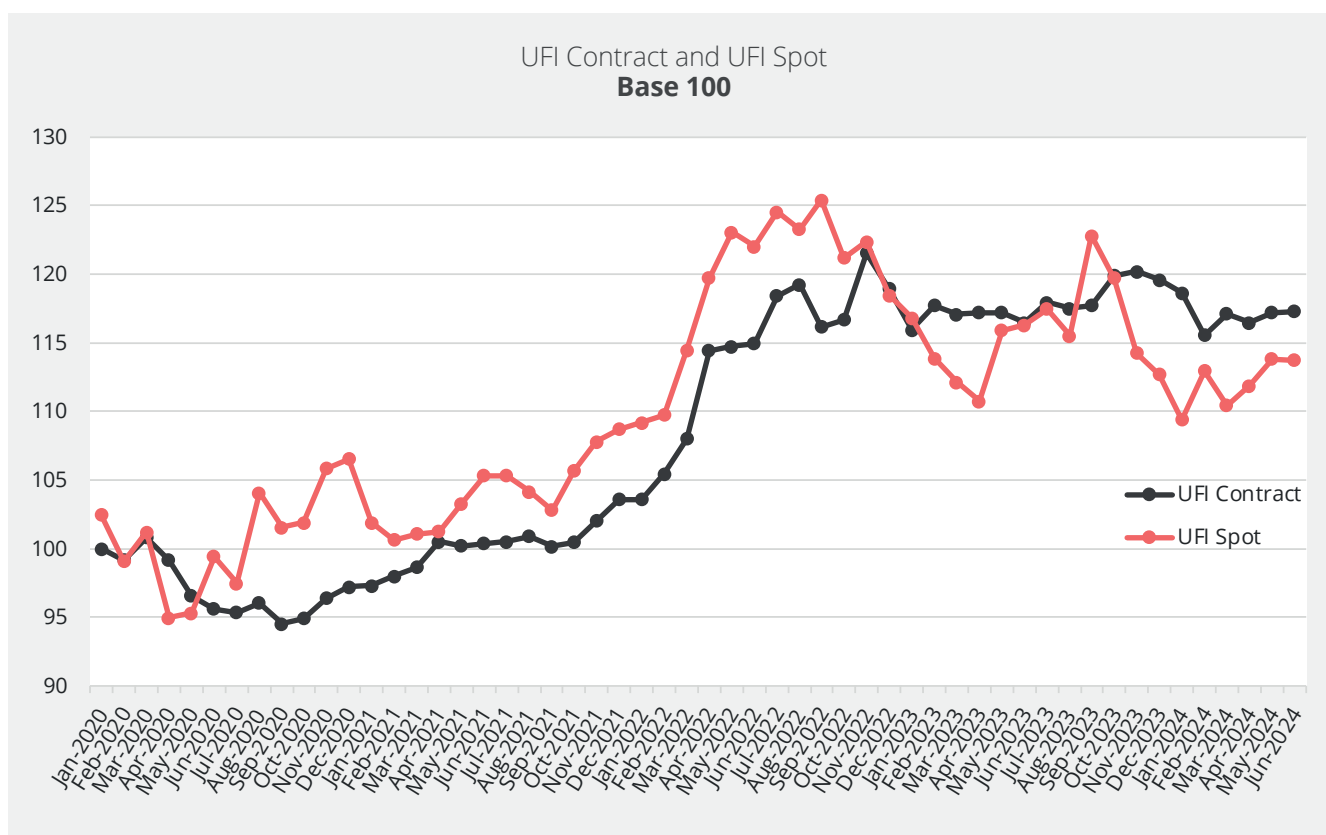
The disassociation observed in June can be linked to an increasingly systematic but not yet widespread application of a new methodology developed in 2022 by the CNR for the publication of diesel indicators. This reform responded to a request from the road transport federations and the Ministry of Transport, which wanted more frequent communication of indexes on road fuels. The CNR now publishes the diesel indexes and prices on the penultimate day of the month at 00:00, excluding Sundays and public holidays. This makes it possible to edit invoices with the actual figures for the month. When the diesel increases, the cash flow of the carrier is better, when it goes down, it is the shipper who rejoices.

A stagnated situation

- The UFI Contract Index, which reflects prices in the contract market, follows the trend of the overall index with +0.07%. This stagnation can be seen as good news for carriers, as prices have stopped falling for a while now. Transport buyers at shippers therefore seem to have stopped putting pressure on carriers to reduce their prices. This trend could be linked to the electoral context, which traditionally induces a certain wait-and-see attitude before the economic orientations of the future government are known. We will see if this stability in negotiations between large shippers and carriers is temporary or not.
- The UFI Spot index, which represents the evolution of spot prices in France, fell slightly by 0.1%. It is also showing a probable stagnation, identical to those of the national average and the Contract indicator. So, there is no market tension.

Traditionally, June has been a dynamic period for road freight transport, driven by construction, the preparation of the summer season and a driving force of consumption. But according to the monthly business survey of the Banque de France, activity increased only slightly in June 2024 in trade services. Moreover, the recovery was a little more apparent in industry and construction, but rather “thanks to a catch-up mechanism after a sluggish month of May”.

The three indicators of the Uply Freight Index (Road France, Contract, and Spot) reflect this paralysis of activity.

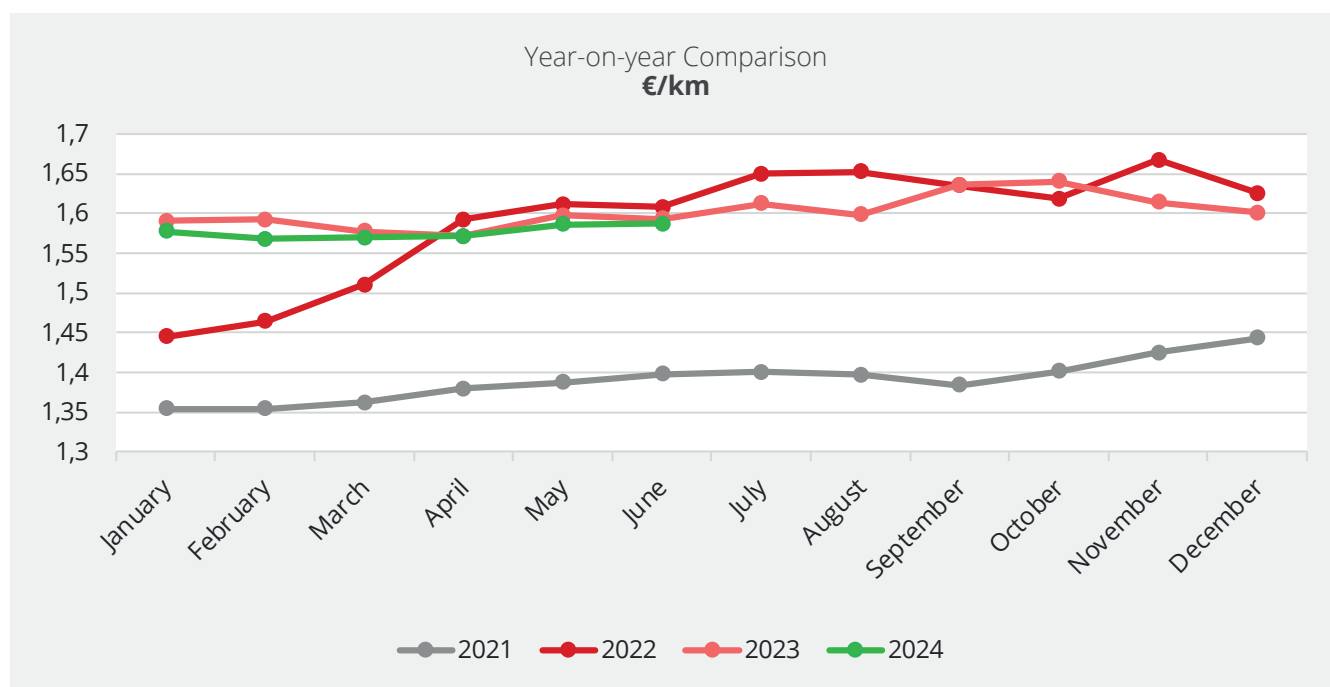


Source | Uply Freight Index – Road France

French carriers are struggling

Since the beginning of the year, road transport price curves in 2023 and 2024 are almost juxtaposed. Deviations per kilometre driven between the two years vary from a maximum of 2 euro cents to an

average of 1 euro cent. In June 2024, prices were down 0.4% compared to the same month of 2023.

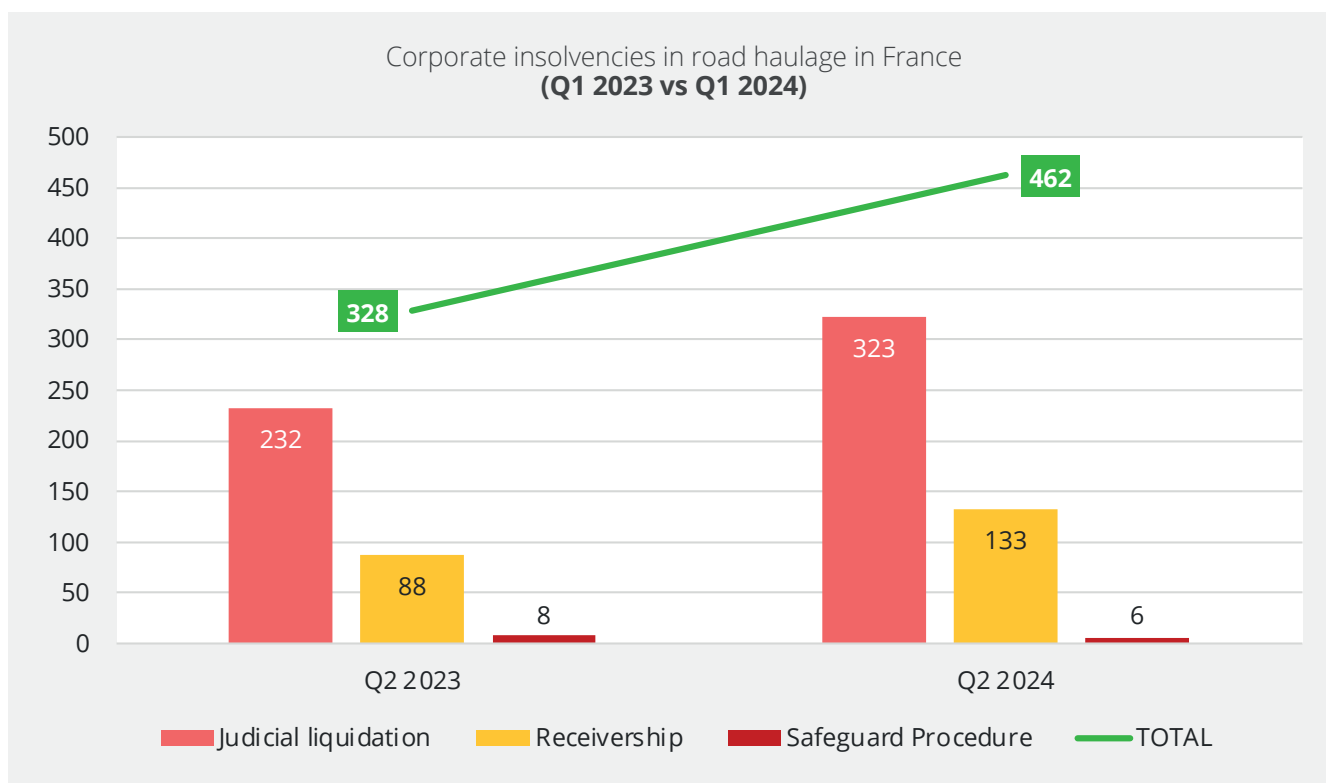


Source | [Upply Freight Index](#) – Road France

“ It is not surprising to see the number of defaulting transport companies explode ”

However, at the same time, carrier costs have risen sharply. The CNR LDEA index ([see the table of indicators p.7](#)) shows an increase of 4.3% over one year. The operating margin of carriers would therefore have decreased in one year by 4.7%.

Under these conditions, it is not surprising to see the number of defaulting transport companies explode. According to data from Altarès, these defaults increased by 40.9% in the second quarter of 2024 year-on-year, after having already risen by 34% in the first quarter.



Content source | Altares

Other parameters illustrate the gloom affecting the sector. In its latest economic report on road freight transport, TLF highlights a decline in heavy goods vehicle traffic on the concessionary motorways in the first quarter of 2024 (French and foreign vehicles combined). The trade organisation also points to a contraction in employment. During the same period, the sector lost 2,400 employees quarter-on-quarter and 1.1% of its workforce year-on-year.

A small glimmer of hope: contrary to market sentiment, the growth of domestic road freight transport activity carried out by vehicles registered in France accelerated in the first quarter, according to the results of the RFT survey led by the Ministry of Transport. It increased by 2.7% to 42 billion tonne-kilometres, after increases of 0.2% and 0.8% respectively in the 3rd and 4th quarters of 2023.

All that remains is to hope that the wait-and-see attitude specific to election periods has not halted this dynamic. According to the estimates of the Banque de France, GDP is expected to have grown quarter-on-quarter by 0.1% in the second quarter of 2024, after an increase of 0.1% in the first quarter, which illustrates the current great fragility of the French economy. The resolution of the political crisis that is shaking France will also be decisive for business confidence in the coming months.

KEY INDICATORS

Sources | Insee, CNR

INDICATORS	June 2024	May 2024	Evolution M / M-1	June 2023	Evolution over 12 months
Business climate (base 100)	98.8	98.8	0.0%	100.4	-1.6%
CNR Commercial Diesel Index	195.53	196.57	-0.5%	192.89	+1.4%
CNR's Long Haul semi trailer truck index	163.63	163.82	-0.1%	156.82	+4.3%



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THE TECHNOLOGICAL SOLUTIONS PLATFORM THAT BOOSTS SUPPLY CHAIN ACTORS' EFFICIENCY

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