

MONTHLY BAROMETER

TRENDS IN ROAD FREIGHT PRICES IN FRANCE



FRANCE : road transport prices at a low in October

Uncertainty seems to be overwhelming all players in the transport sector. Prices are still falling in October 2024, contrary to the increases normally expected during the high season.

In economic matters, the enemy number one is uncertainty. And the least we can say is that France is currently going through a particularly uncertain period. At the head of the country, the Barnier government is trying to move forward with its 2025 finance bill, but the debates have gone in all directions in the National Assembly, according to the newspaper *Les Echos*. The “central bloc”, that backs the Prime Minister, has extensively demonstrated its divisions, to the point that the government seems to be under threat of implosion.

At the same time, the IMF has warned France about its budgetary slippage. The rating agencies Fitch and then Moody's did not downgrade France's rating, but they gave it a negative outlook.

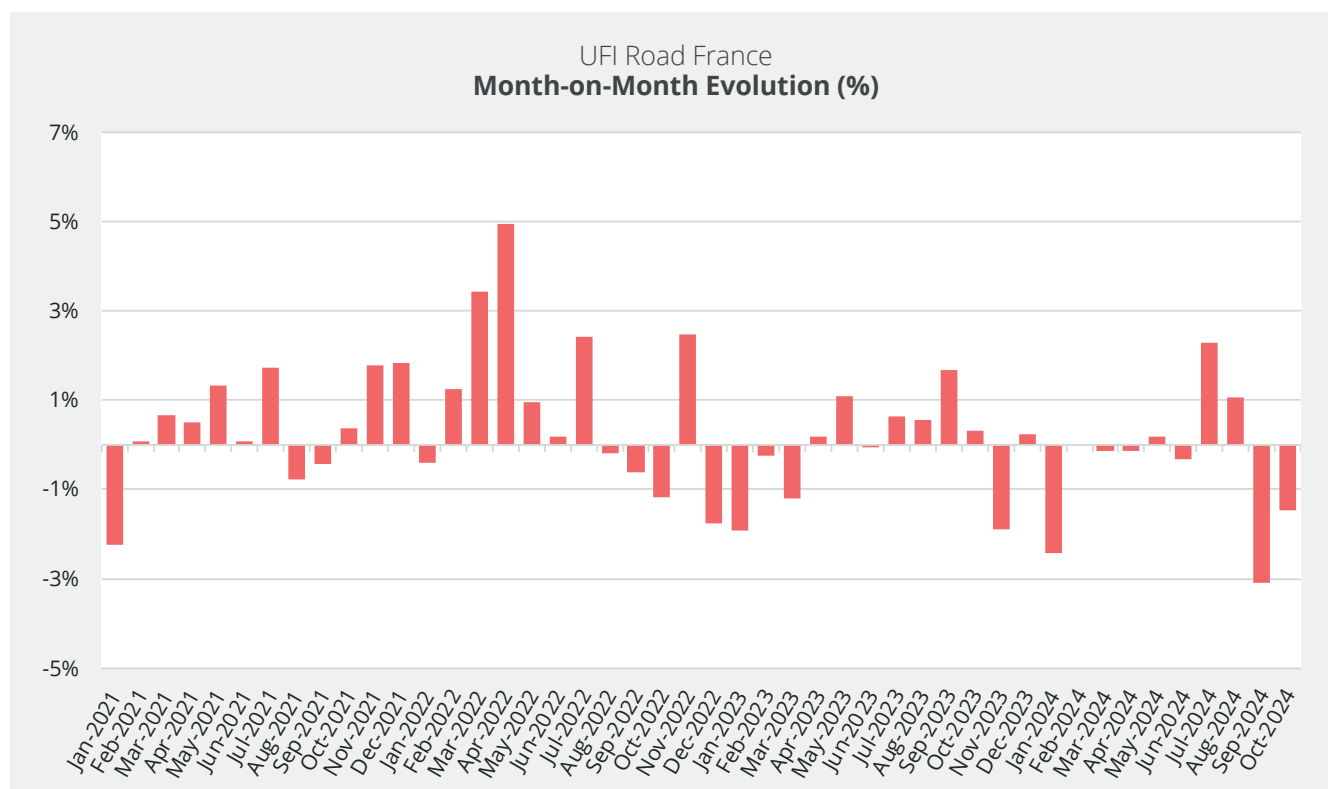
It is still uncertainty which, according to the monthly economic survey by INSEE, caused the business climate in France to decline in October (-0.6 points to 97.3, below the long-term average). This deterioration is mainly due to the collapse of the climate in industry (-7 pt to 92), concentrated in the automobile and aeronautics sectors. Excluding the health crisis (April 2020), this is the largest monthly drop since November 2008.

In a special economic flash report, the Ministry of Finance analyses business investment through the prism of the wholesale trade economic survey: “over the recent period, the drop in investment could be explained by the uncertainty felt by business leaders, leading them to postpone their investment decision.” This uncertainty was reflected in particular in the darkening of the general outlook for activity. The deterioration in financing conditions, due to the rise in key rates, also weighed on business investment. Since June 2024, the European Central Bank (ECB) has initiated a rate reduction movement which should result in a gradual restart of credit and business investment, but this is not expected before 2025.

“ In economic matters, the enemy number one is uncertainty ”

Road transport prices at their lowest since 2022

Economic uncertainties weigh heavily on the volumes to be transported, pushing down transport prices. Road transport prices in France continued to fall in October, losing 1.5% compared to September.

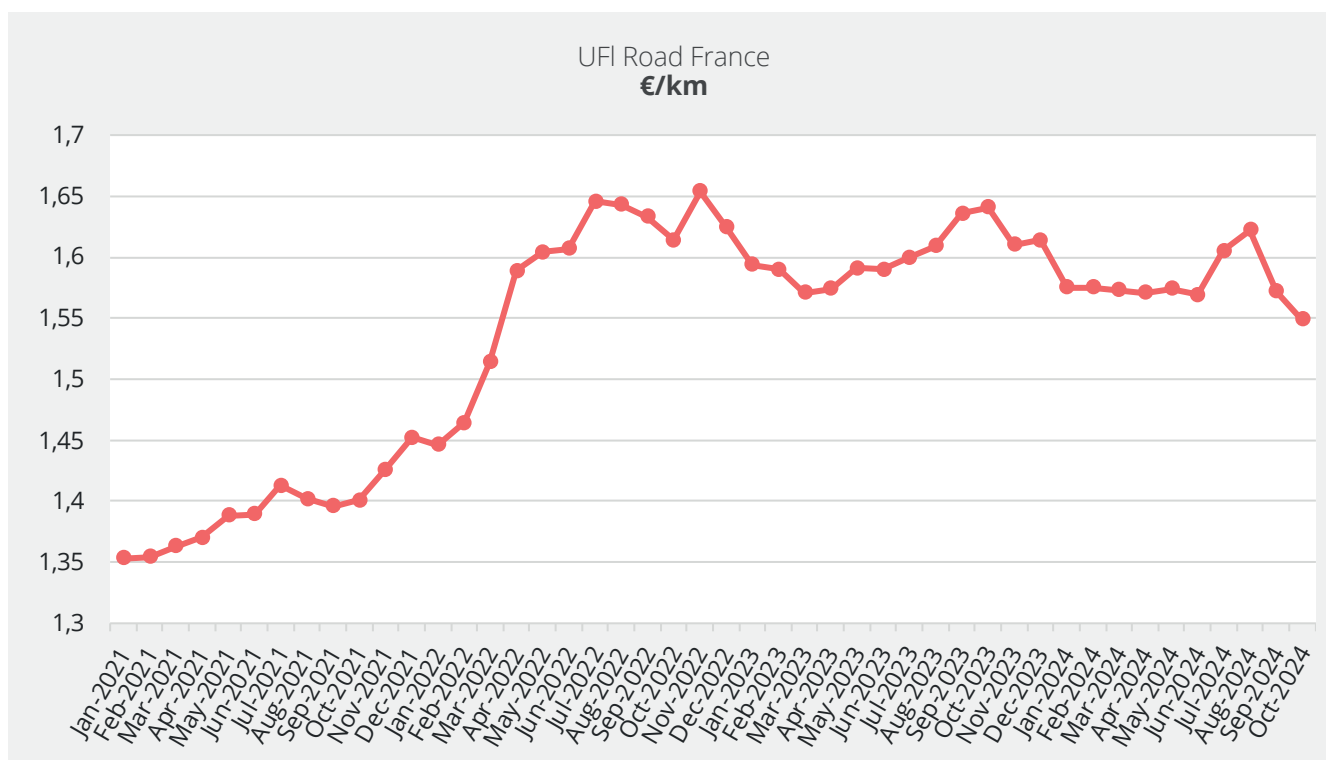


Source | [Uapply Freight Index](#) – Road France

We also note that the mechanism for passing on the variation in the price of diesel with a one-month delay has not completely disappeared. In September, professional diesel had fallen by -4%, leading to a 1.1% decrease in Long Distance Articulated Unit (LDEA) transport costs, according to the CNR. But the drop in transport prices in October caused a surprise because it was higher than expected.

The average price of transport per kilometre travelled in France rose to €1.549 in October. It therefore falls back below the €1.55 mark. It has been more than 30 months since transport prices were this low in France, and it is not certain that they have reached their low point for this year.

“ Economic uncertainties weigh heavily on the volumes to be transported ”



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

This significant fall raises questions. With a transport price down 5.6% year-on-year, with at the same time non-diesel costs up 5.2% according to the latest developments in the RFT indices published by the CNR ([see p.7](#)), carriers' margins could only contract, putting many transport companies in danger.

As we indicated in our previous monthly barometer, this is already reflected in the figures. The road freight transport sector recorded [391 business failures in the 3rd quarter](#), according to the latest study published by [Altares](#), which corresponds to an increase of 39.1% compared to the same period in 2022.

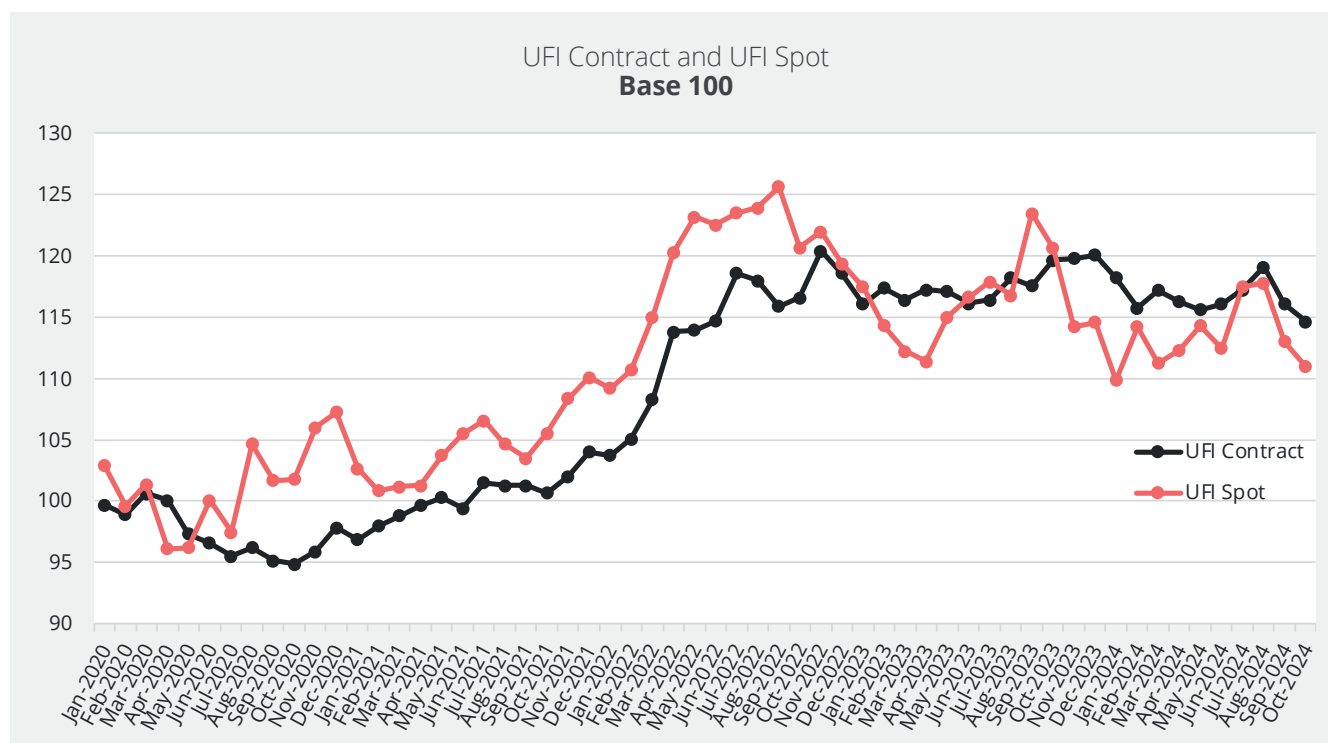
Structural overcapacity

The SPOT index represents the reference price index in France for non-regular transport. This month, it fell again by 1.8% month-on-month.

As we often point out, the drop in non-regular prices is generally the mark of a transport supply which is higher than demand. This is true again this month. In the long term, the sustained positioning of the SPOT index below the CONTRACT index indicates a structural transport overcapacity on the French market.

The CONTRACT index represents contractual prices between shippers and carriers on the French market. It fell by 1.2%, logically accompanying the drop in diesel over 1 month in September. But another reason has been added to the previous

one: the tender bidding season has begun and the feedback we are receiving from carriers reports that buyers, among the major shippers, are using all their weight to reduce prices, because they no longer fear difficulties in accessing capacity.



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

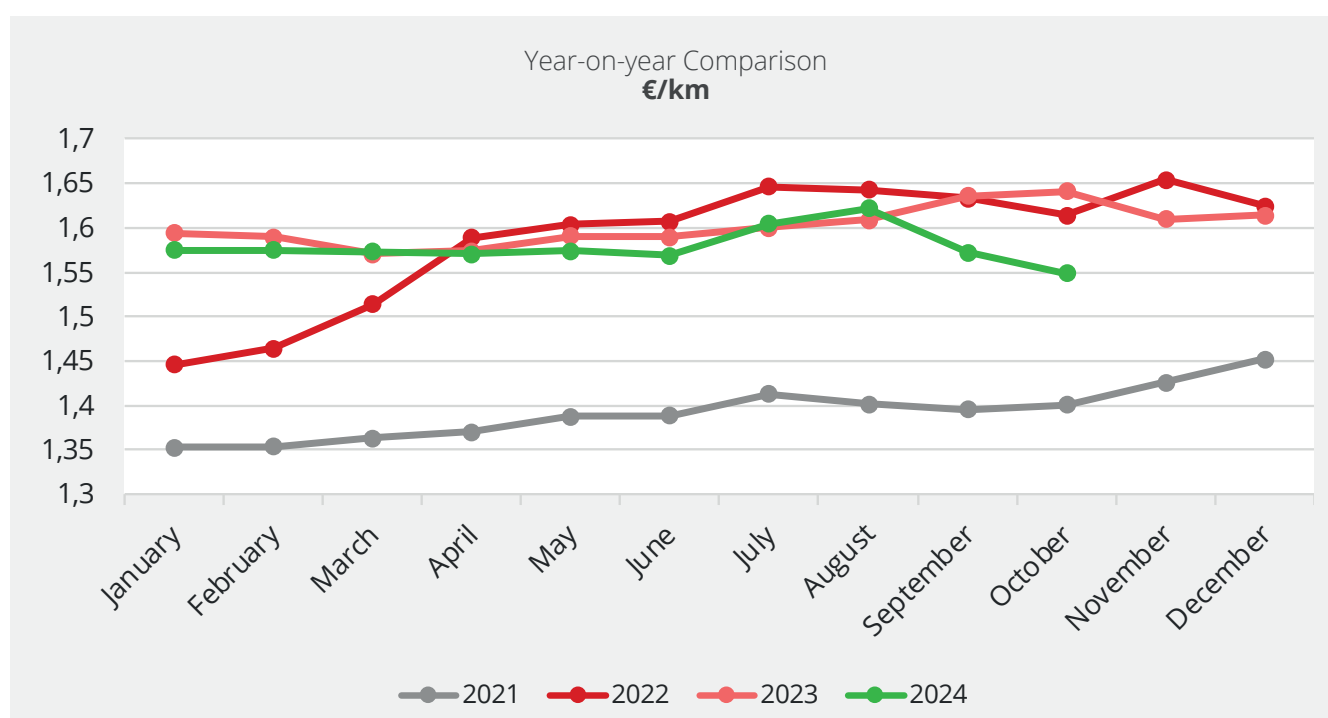
In October, the [European Community of Alsace \(CEA\)](#) unanimously voted in favour of the introduction of an ecotax, the R-PASS, which should be introduced over a distance of around 200 kilometres from the end of 2026. Even though this new tax should be limited to 15 euro cents per kilometre and remain lower than the German Maut, it would aim to reduce the traffic of foreign fleets in the region (12,000 trucks/day on average).

However, this measure is unlikely to limit cabotage in Alsace and France in general, as foreign transport companies prefer to travel on toll motorways to optimise travel times. It is therefore unlikely that the measure, which is also very localised, will have an impact on transport overcapacity.

But where has the Peak Season gone?

The period that begins in September, peaks between October and November and ends in mid-December is commonly referred to as the “peak season”. Transport flows are obviously driven by supplies in anticipation of the end-of-year holidays, but also by a stimulation of demand

from companies, anxious to achieve their annual budgetary objectives. This is particularly the case in construction and industry. Traditionally, the tension exerted by demand on transport capacity then generates an increase in prices.



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

“ We are seeing a very significant drop compared to other years ”

This year, this trend did not happen. We are seeing a very significant drop compared to other years, which eliminates the phenomenon of increase linked to the peak season. Analysis of the developments observed during the last two months of the year will allow us to know whether this was a simple glitch or whether the “peak season effect” will simply not have been felt in 2024, confirming the market’s concerns.

The French Road Freight Transport in uncertainty

At the beginning of October, the specialist online newspaper TRM 24 indicated that road transport would not be affected by the tax measures in the 2025 budget, and that the generalisation of the ecotax was not on the agenda. But a few days later, we learned that the first announcements relating to the social security financing bill (PLFSS) provided for a reduction in the relief of charges. For a driver, this would increase the charge rate on this item from 13 to 23%, which is catastrophic if we consider that the driver represents up to a third of the cost price of transport.

At the FNTR congress, the new president of the employers' organisation, Florence Dupasquier, said she was very worried about the road transport sector, due to the tightening of the screws planned in the PLFSS, which will jeopardise the future of already weakened companies. Present at the closing of the congress, the Minister of Transport, François Durovray, attempted to "clear the air", by confirming that the 2025 finance bill provided for continued partial reimbursement of the domestic fuel tax and that an initial envelope of 130 million euros to finance the purchase of electric heavy goods vehicles would complete the aid system for the decarbonisation of road transport.

KEY INDICATORS

Sources | Insee, CNR

INDICATORS	October 2024	September 2024	Evolution M / M-1	October 2023	Evolution over 12 months
Business climate (base 100)	97.3	97.9	- 0.6%	98.9	- 1.6%
CNR Commercial Diesel Index	184.12	180.81	+ 1.8%	218.80	- 15.9%
CNR's Long Haul semi trailer truck index	161.19	160.31	+ 0.6 %	164.06	- 1.8%



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