


MONTHLY BAROMETER

TRENDS IN ROAD FREIGHT PRICES IN FRANCE

May 2024 | 

upply

FRENCH TRANSPORT PRICES

SLIGHTLY UP IN MAY

Road transport prices rose in May, but only slightly. Hampered by sluggish activity, they are not benefiting from the natural tension created by the avalanche of bank holidays and long weekends.

With 1,194 projects announced, representing nearly 40,000 jobs, in 2023 France retained the first place in Europe for the reception of foreign investment, and this for the 5th consecutive year, revealed the [EY 2024 barometer of the attractiveness of France](#). A few days later, [the 7th edition of the "Choose France" Summit](#), which has become an essential annual economic event on the agenda of international investors, confirmed the trend. "Choose France" reached a record level of announcements this year with 56 investment projects representing a total amount of 15 billion euros, an increase of 2 billion compared to last year.

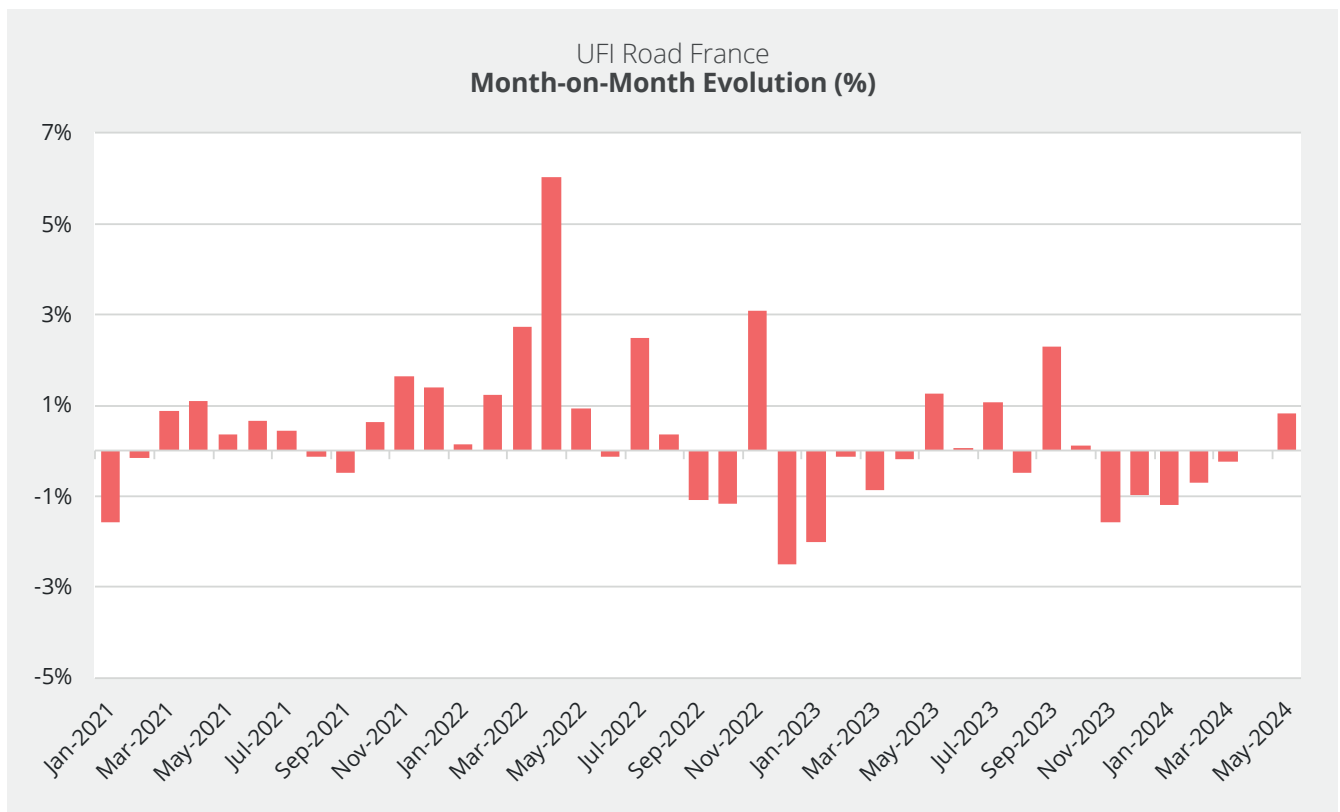
These positive foundations, however, are failing to erase the current economic gloom. In May 2024, the business climate in France remained mostly stable compared to April, but it decreased by 1.2% year-on-year. Calculated from the responses of business leaders in the main market sectors, the index stands at 98.5, just below its long-term average (100). "The improvement of the business situation in services offsets the degradation in retail trade and, to a lesser extent, in manufacturing industry and wholesale trade," says INSEE.

The month of May is traditionally a period where outstanding annual leave is used up, to which this year has been added the occurrence of several public holidays falling on working days. A dual phenomenon that may have contributed to a slowdown in activity, for example in industry and construction. "In industry, the downturn was more pronounced for the automotive, rubber, plastic products, machinery and equipment, and metallurgy sectors. It is less pronounced in those of pharmacy, the agri-food industry, and electrical equipment," points out the monthly business survey of the Banque de France for the month of June.

A fairly remarkable increase in transport prices

Under these conditions, road transport prices in France show a rather remarkable increase since it amounts to 0.8% month-on-month. The word “remarkable” can be used for several reasons. Firstly, this increase comes after a long downward trend that began in the last quarter of 2023 and was confirmed during the first 4 months of 2024. Then, in its latest estimates, the Banque de France only expected very slight GDP growth in the 2nd quarter, with a variation currently estimated between 0% and 0.1%. In addition, this would be mainly based on an increase in activity in sectors with small volumes of goods to transport. Worse, the Banque de France expects a decline in value added in

the manufacturing industry, the slight increase in production in April being followed by a sharp deterioration in May. Finally, the 0.7% drop in diesel prices in April, which is reflected in the following month prices, made it logical to predict a downward impact on transport prices in a range between 0.1% and 0.3%, taking into account the weighting of fuel in the total cost price (24.4% in long distance for 2024, according to the CNR). Similarly, with a further 4.1% drop in fuel in May ([see indicators p.7](#)), it would be normal to see prices fall significantly in June.

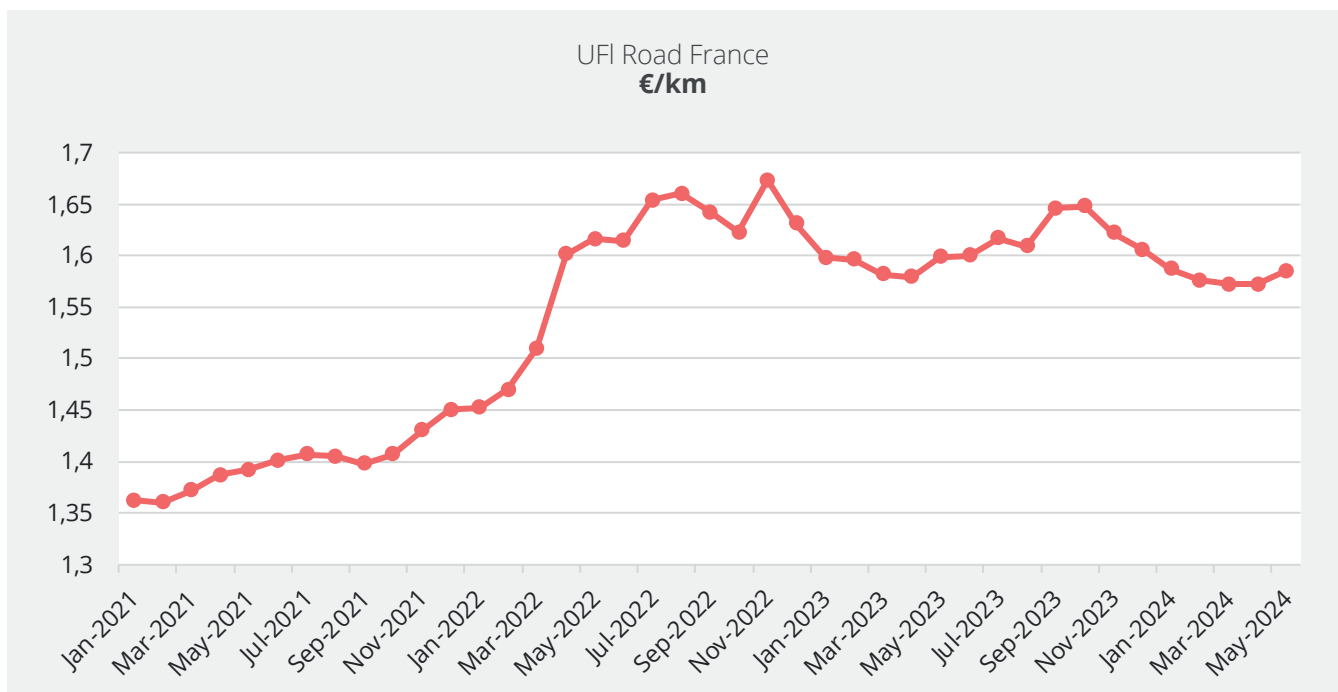


Source | [Uply Freight Index](#) – Road France

“ The Banque de France expects a decline in value added in the manufacturing industry ”

However, this increase should be put into perspective. The average transport price in France in May was €1.585 per kilometre driven, an increase of just over €0.01 per kilometre compared to April. Given the singular characteristics of May, this increase is particularly modest.

Based on a 5-day working week, the month of May this year counted 19 days worked instead of 23. In addition, the proximity of the Armistice celebrations on May 8 and Ascension Thursday on May 9 has almost reduced to two days this second week of May. In this context, we should have observed a concentration of demand and therefore a certain tension on capacity and a consequent increase in tariffs. The rise in the index shows that the phenomenon has occurred, but the evolution of the price per km shows that its magnitude has remained contained by the global economic context.



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

“ Given the singular characteristics of May, this increase is particularly modest ”

No market tension

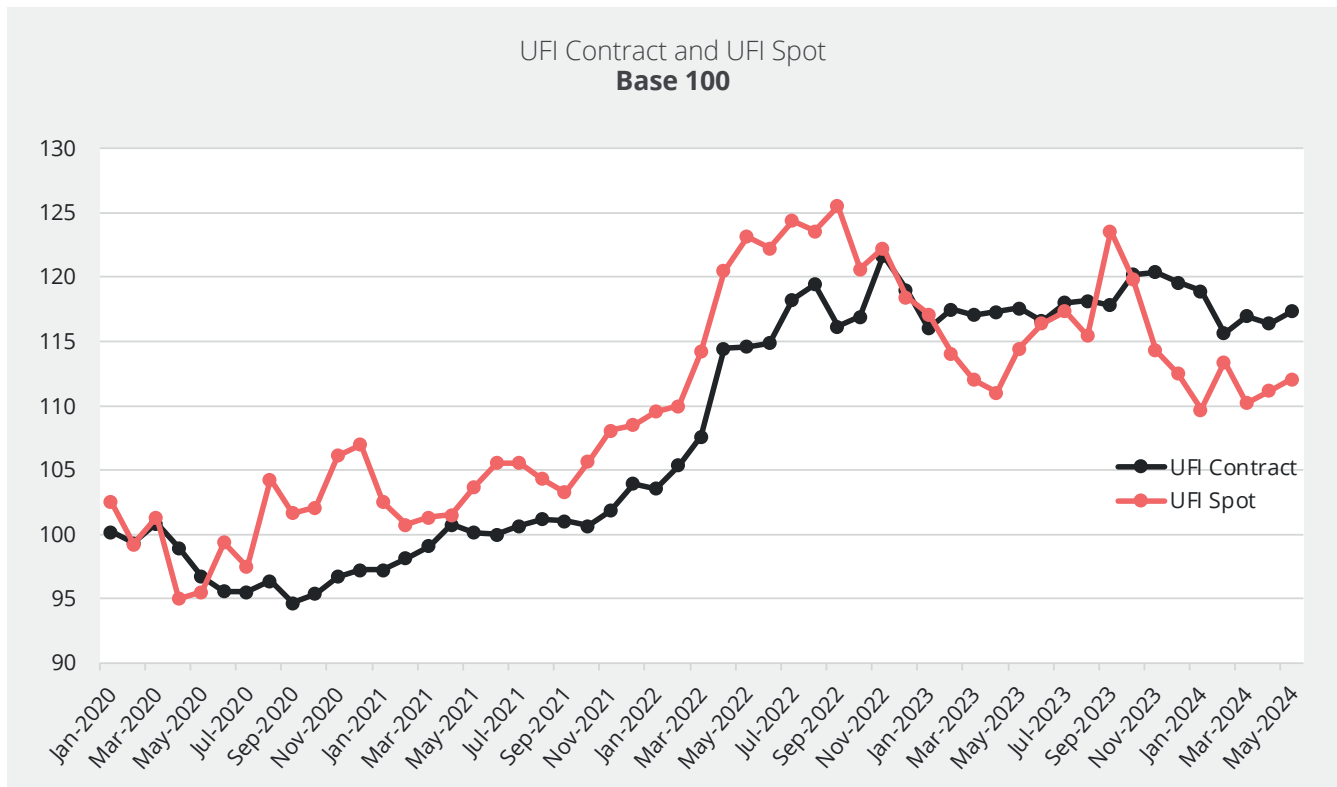
The UFI Spot index, which represents the Uply index of the variation of spot prices in France, is rising in the same proportions as the overall index, that is to say by 0.8%. It is a telltale marker of a lack of market tension since we would have expected a jump of more than 3% in spot prices as we had seen last year under similar bank holiday conditions.

Election periods are usually synonymous with a wait-and-see attitude and a pause in household consumption. It is likely that this played a role in the low demand for transport in May 2024, while the prohibitions on HGVs travelling on public holidays and the using up of annual holiday allowances create the conditions for tension in the transport market.

In June, according to the forecasts of the Banque de France, activity is expected to rebound in industry and continue to progress in services. "The order books are broadly stable in industry compared to April and below the long-term average, with the notable exception of aeronautics. In structural works for the construction sector, they remain behind compared

to the pre-Covid period due to the situation of the market for the construction of new housing", says the monthly business survey. However, the dissolution of the National Assembly decided by President Emmanuel Macron following the result of the European elections opens a new electoral period, in an otherwise very uncertain political context. This could perpetuate a certain wait-and-see attitude in June 2024 or even beyond.

The evolution of the Contract index, which represents the contractual prices between shippers and carriers on the French market, is surprising because it does not follow the fall of diesel, even though the period is hardly conducive to an increase in transport prices for large carriers. It may be that the weak activity seen in May has disrupted the organisation of long-distance haulage and favoured short journeys which are better paid per kilometre, and as such has artificially raised prices. It may also be that shippers have, up to a certain point, accepted the pass-through of the rise in costs that the carriers are experiencing on items other than diesel.

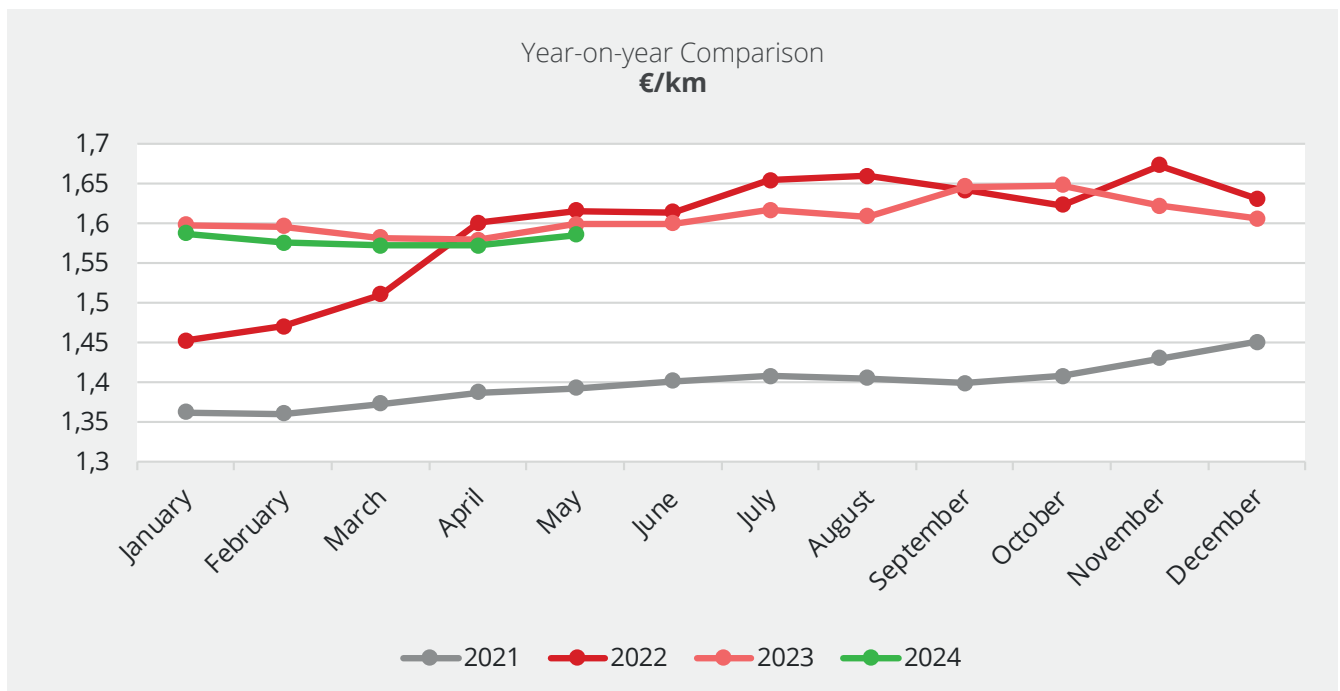


Source | Uply Freight Index – Road France

Deterioration of profit margins for carriers

Nevertheless, transport prices in 2024 are now definitively posting below those of 2022 and 2023. This poses significant difficulties for carriers who are having to deal with a slump in their profit margins. The CNR LD EA index, which represents the evolution of carriers' costs on long-distance

journeys in France, is indisputable ([see indicators p.7](#)). It posted an increase of 4.7% year-on-year, while transport prices fell by 0.9% over the same period.



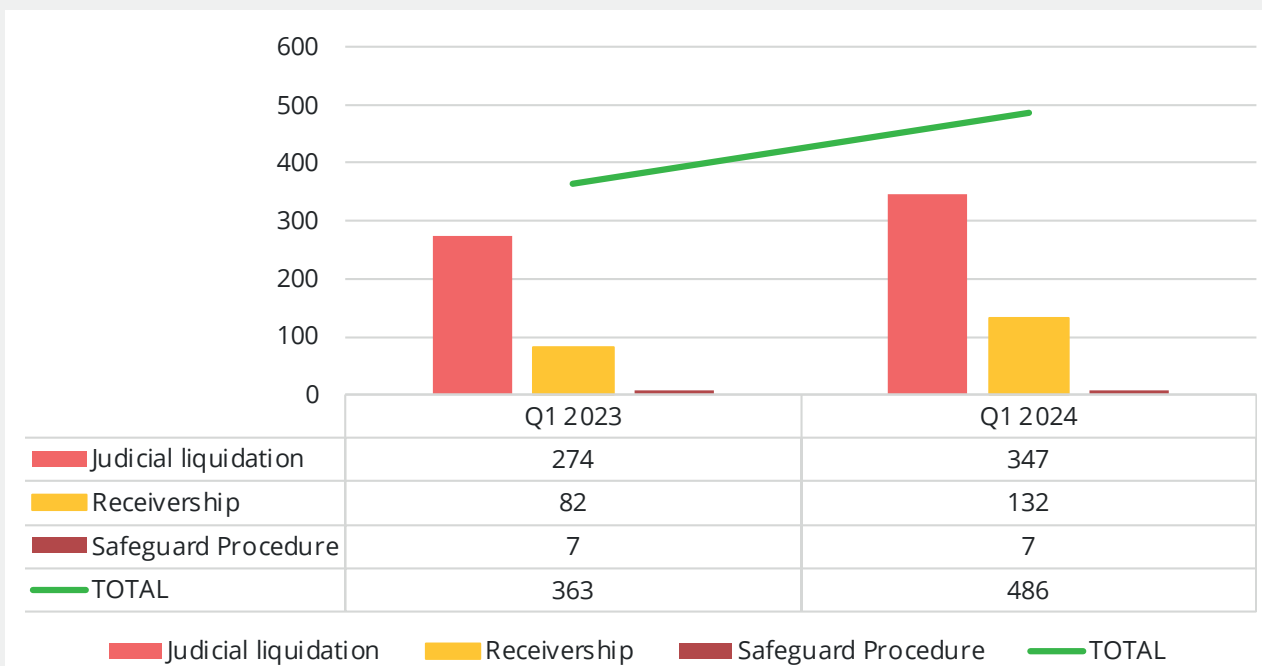
Source | [Upply Freight Index](#) – Road France

“The evolution of carriers' costs on long-distance journeys in France, is indisputable”

2024 is therefore going to be very difficult for carriers. This situation is driving carriers whose cash reserves are under attack towards the precipice. While corporate insolvencies have already risen by 40% between 2022 and 2023, the trend continues in 2024, as shown by the first quarter figures

published by Altares. This weakening should further strengthen the concentration of the sector that has been observed for several months.

Corporate insolvencies in road haulage in France
(Q1 2023 vs Q1 2024)



Content source | Altares

KEY INDICATORS

Sources | Insee, CNR

INDICATORS	May 2024	April 2024	Evolution M / M-1	May 2023	Evolution over 12 months
Business climate (base 100)	98.5	98.8	- 0.3%	99.7	- 1.2%
CNR Commercial Diesel Index	196.57	204.89	- 4.1%	191.12	+ 2.9%
CNR's Long Haul semi trailer truck index	163.82	165.71	- 1.1%	156.41	+ 4.7%



William Béguerie

Road Transport Expert for Upply



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