

Press release

European Road Freight Rate Benchmark Q2 2020: Rates fall to two-year low

Bath, August 6th 2020: Ti and Upply's European Road Freight Rate Benchmark Q2 2020 shows that road freight rates have fallen to their lowest level in two years amidst the COVID-19 pandemic.

- The Q2 2020 European Road Freight Rate Benchmark was €1,083, down 1.8% year-on-year
- The slump in demand led to high levels of available capacity in the market
- But carriers faced increased operational costs from factors such as border controls and investments in PPE
- Over three quarters of lanes showed greater volatility than the same quarter a year ago

The pandemic has rapidly changed the demand and supply dynamics in European road freight. Over the last quarter, volumes fell dramatically as countries entered into tight national lockdowns. With factories halting production and retailers closing stores, road freight activity plummeted. Data from Verizon Connect that studies readings from tachographs shows total driver operating hours fell by an average of 50% across Europe from Mid-February to early April.

However, the supply-side story was more complicated. Although there has clearly been a net increase in available capacity, complicating factors such as border controls, decisions to reduce driver operating hours and government support schemes (such as furloughing) have had a significant impact on the market. With country-level legislation and operations changing at different speeds, levels of available supply on individual lanes have fluctuated throughout the quarter.

This means that although **the benchmark rate did fall to its lowest level since Q1 2018**, the drop of 1.8% y-o-y or 0.3% q-o-q was not that great overall.

However, looking at individual lanes, there were some **strong fluctuations**. Duisburg-Madrid, which is explored in further detail in the report, saw the biggest price change with rates falling 9.6% year-on-year.

Volatility has been a prominent feature in the market over 2020. The report shows **the majority of the 36 lanes investigated were more volatile**, both compared against the previous quarter and Q2 2019.

The report also studies how **diesel prices effect rates over time**. Although there was a slump due to the sharp drop in oil prices, these savings do not appear to have been passed on to shippers.

Some of Europe's largest trade lanes by volumes are also analysed. Germany-Poland rates pushed higher, with France-Spain relatively stable and France-Germany rates below Q1 levels.

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Andy Ralls, Quantitative Analyst at Ti, comments:

"We have seen a fall in rates in general into Q2, with higher volatility across the majority of lanes. However, this quarter has shown that market forces are perhaps not as influential as the pricing power of the road freight operators. In normal times, a sharp fall in demand ought to lead to a sharp fall in rates, but operators have managed to control supply effectively and factor the additional operational complexities into the pricing of road freight on a Europe-wide level."

Thomas Larrieu, Upply's Chief Data & Research Officer, comments:

"Q2 was mainly about controlling the down falling effects of the coronavirus crisis on transportation prices. Our forecasting tools anticipate an increase of the demand for road transportation in Q3 and Q4 leading to a stabilization or even an increase of market rates on our current watched trends here at Upply."

About the European Road Freight Rate Benchmark

The European Road Freight Rate Benchmark report is designed to provide greater visibility of freight rate development across Europe. You can download the Q2 2020 edition: [click here](#).

If you have any questions about the report, please contact Caroline Mignaux, Upply's Head of Communications: caroline.mignaux@upply.com.

You can also hear the experts from Ti and Upply during an exclusive live webinar.

The Webinar features Thomas Larrieu, Upply's Chief Data & Research Officer; William Béguerie, Road Transport Expert at Upply; Andy Ralls, Quantitative Analyst at Ti; and Michael Clover, Ti's Head of Commercial Development, discussing the data trends and drivers behind:

- Weekly road freight rate development across top international European lanes
- Rate development on key high volume lanes
- Rate development on key import/export lanes
- Volatility on a Europe-wide basis
- Lanes to watch for the future

[Click here to replay the webinar.](#)

About Upply

Launched in November 2018, Upply is the first marketplace dedicated to transport and supply chain professionals. Upply is re-defining the fundamentals of the market by offering digital solutions to overcome the volatility of transport prices and a marketplace that directly connects shippers and freight carriers. In keeping with its vision of a world where the supply chain must be simple and fluid, Upply allows professionals (carriers, shippers, consulting firms, freight forwarders) to overcome the opacity of information and the imbalance between supply and demand on the market. Upply employs data scientists, logistics and IT professionals, and digital experts. The company is based in Paris.

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About Transport Intelligence (Ti)

Ti is the world's leading source of market intelligence for the logistics and road freight industry, providing data and analysis through its European Road Freight Transport report series, Global Supply Chain intelligence (GSCI) database and expert consultancy services.

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