The U.S. truckload market can be complex.

These infographics will help make it easier to understand.



The U.S. Truckload Market IN 3 WORDS



1 MASSIVE

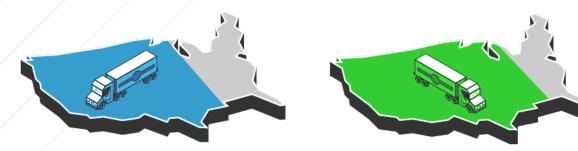
2 FRAGMENTED

3 DYNAMIC

The trucking industry is huge.

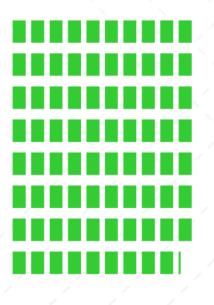
Hauling **72.5%** of all the nation's freight

Accounting for **80.4%** of the country's freight bill*



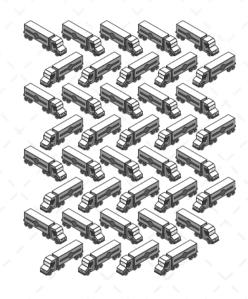
*https://www.trucking.org/economics-and-industry-data

\$791.7B in total revenue



= 10 billion USD

3.91M Class 8 trucks in operation



= 10 million trucks



1 MASSIVE

2 FRAGMENTED

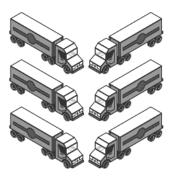
3 DYNAMIC

No single carrier — or group of carriers — controls the truckload market.

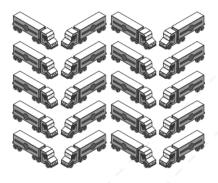


€ = 100 thousand carriers

928,647 for-hire carriers



91.3% operate 6 or less trucks



97.4% operate less than 20 trucks



Top 10 trucking companies combine for about **6%** of total market share*

https://www.ttnews.com/top100/for-hire/2020*

1 MASSIVE

2 FRAGMENTED

3 DYNAMIC

The balance of supply (carrier capacity) and demand (shipper freight volume) is constantly shifting.



Low barriers to entry & exit



Limited government regulations



Hundreds of thousands of market participants (both shippers & carriers)

The 3 Cycles of the U.S. Truckload Market



THE 3 CYCLES THAT DRIVE THE U.S. TRUCKLOAD MARKET

In the U.S. truckload market, there are **three cycles running simultaneously** — this creates a chaotic environment where rates and capacity are constantly changing.

Two of the cycles are easy to observe and relatively predictable:

1. Seasonal Demand







These are pre-planned surges in shipper volume.

Examples: produce season in the southeast, Christmas tree shipping in the pacific northwest, and Q4 retail peak season.

2. Annual Procurement



Every year, businesses take their forecasted shipping needs to their carrier network, hosting a bid (or RFP) to secure annual, "contract" pricing on their high-volume lanes.

One Cycle to Rule Them All

3. Market Capacity Cycle



The shifting balance of carrier supply and shipper demand cause constant changes in capacity and rates.

Though it seems complex, with enough data and insight, it's possible to find a cyclical pattern to the market's chaos.

This third cycle — **the market capacity cycle** — is the key to understanding the industry.

We measure the market capacity cycle using the **Coyote Curve**®.



With the Coyote Curve, you can:

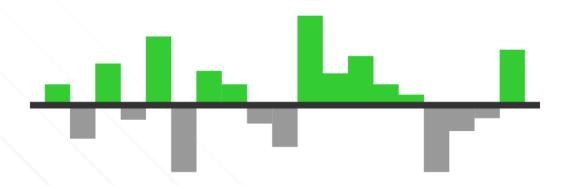
- View a snapshot of the balance between carrier supply and shipper demand
- Map out truckload market capacity cycles
- Get a simple forecasting framework to guide your strategy

The 7 Stages of a Truckload Market Cycle



THE 7 STAGES OF A TRUCKLOAD MARKET CYCLE

The U.S. truckload market is massive, fragmented and dynamic.



Its sheer size (\$800B) and number of participants (thousands of shippers and carriers) cause constant shifts in rates and capacity.

TRUCKLOAD MARKET CAPACITY CYCLE

Though it seems chaotic, the market actually moves in a reoccurring pattern, called a truckload market capacity cycle.



It's a story of **supply (carriers)** and demand **(shippers)**.



You can measure this balancing act with the **Coyote Curve®**, our proprietary forecasting index.

THE 7 STAGES OF A TRUCKLOAD MARKET CYCLE

Breaking Down a Truckload Market Cycle (in 7 Steps)

2. MARKET INFLATION

THERE IS LESS CAPACITY THAN DEMAND, CAUSING SPOT RATES TO SHOOT UP, EXCEEDING CONTRACT RATES.

ADDITIONAL CAPACITY STARTS ENTERING THE MARKET TO TAKE ADVANTAGE OF HIGHER RATES.

3. INFLATIONARY PEAK

PRIMARY TENDER ACCEPTANCE RATES ARE LOW AND SPOT RATES ARE HIGH.

ENOUGH ADDITIONAL CAPACITY ENTERS THE MARKET AND STARTS PULLING THE MARKET BACK DOWN.

1 Truckload Market Cycle = **Equilibrium > Peak > Trough > Equilibrium**

CARRIER CAPACITY & SHIPPER

DEMAND ARE BALANCED.

1. EQUILIBRIUM

RATES ARE STABLE.

THE 7 STAGES OF A TRUCKLOAD MARKET CYCLE

Breaking Down a Truckload Market Cycle (in 7 Steps)

LOW RATES HAS PUSHED TOO MUCH CAPACITY BACK OUT OF THE MARKET (RELATIVE TO SHIPPER DEMAND), CAUSING SPOT RATES RISE AGAIN.

5. DEFLATIONARY TROUGH

7. RETURN TO EQUILIBRIUM

CARRIER SUPPLY AND SHIPPER DEMAND ARE BALANCED FOR A BRIEF MOMENT, AND NEW CYCLE BEGINS.

6. 2ND MARKET INFLATION

THOUGH IT OFTEN DOESN'T FEEL "TIGHT" IN THE MARKET, THE UPWARD CLIMB BEGINS.

MOST SHIPPERS AND CARRIERS DO NOT REALIZE WE ARE ALREADY HEADING TO ANOTHER PEAK, WHICH SETS UP THE NEXT CYCLE.

EVENTUALLY, AS SPOT RATES KEEP DROPPING AND CONTRACT RATES DIP

SPOT RATES START FALLING, WHILE

INFLUENCED BY THE RECENT PEAK.

CONTRACT RATES CONTINUE RISING.

DOWNWARDS, CAPACITY STARTS EXITING THE MARKET.

4. MARKET DEFLATION

1 Truckload Market Cycle = Equilibrium > Peak > Trough > Equilibrium



More Truckload Market Resources

- How Supply & Demand Work in the Trucking Industry
- Understanding the U.S. Truckload Market:
 The Complete Guide for Logistics Professionals
- Latest Coyote Curve Quarterly Market Guide
- Coyote Curve Freight Market Webinar
- Monthly Freight Market Update

View all truckload market resources:

resources.coyote.com/coyote-curve

