

Business

Logistics

Breaking News

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Tonnage Numbers Hit 13th Month of Declines

Index Dipped 1% Year-Over-Year



ATA Chief Economist Bob Costello said the freight recession continued through Q1. (ThePalmer via Getty Images)

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Truck tonnage reached 13 consecutive months of year-over-year declines after a slight decrease in March, American Trucking Associations reported April 23.

The ATA For-Hire Truck Tonnage Index dipped 1% year-over-year to 113.4, the second smallest during the 13-month stretch. The result also marked a 2% decrease from the 115.7 reported for February.

“Tonnage in March suggests that truck freight volumes remain lackluster, and it is clear the truck freight recession continued through the first quarter,” [ATA Chief Economist Bob Costello](#) said in a release. “In the first three months of 2024, ATA’s tonnage index contracted 0.8% from the previous quarter and declined 2.4% from a year earlier, highlighting ongoing challenges the industry is navigating.”

LISTEN IN: [Bob Costello discusses the state of the trucking industry](#) on Bloomberg Intelligence's "Talking Transports"

ATA calculates its monthly tonnage index based on surveys of its membership. It also is dominated by contract freight rather than spot market freight. In calculating the index, 100 represents the year 2015. February’s result was revised down slightly from ATA’s initial reading for the month from March 19.



The [Logistics Managers' Index](#) registered at 58.3 for the month compared with 56.5 in February. This is the fastest rate of expansion in the index since September 2022, but the report also noted that the logistics industry is at a healthier place than it was back then since that data largely was inflated by unwanted inventories and high warehousing costs.

Costello

“We look at utilization, transportation capacity and transportation prices,” Arizona State University Professor of Business Dale Rogers said. “January, February, March, all three months, we’ve seen an expansion in all of those. In other words, higher pricing a little bit, more utilization. The thing that usually changes the quickest is transportation prices.”

The index measures the rate of change on a scale to 100. An LMI reading above 50 indicates the logistics sector is expanding, while a reading below 50 indicates a contraction.

“What we’ve seen this year is growth, and how could you not have growth after the crazy 2023 where we saw pretty big declines,” Rogers said. “But the growth has been slow growth. For instance, February was like a 57.6 for transportation and then March was a 53; January was about 56. For utilization, we’ve seen steady increases in utilization, but it’s barely above 50.”

The LMI Transportation Prices Index came in at 53 for the month, compared with 57.6 in February. But the report noted that transportation prices remain in expansion territory for the third consecutive month after 18 straight months of contraction. Transportation utilization improved by about half a point to 57 in March. Transportation capacity fell over a point to 59.6.

Who Produces the LMI?

The Logistics Managers' Index is assembled every month by researchers with:

- Arizona State University
- Colorado State University
- Rochester Institute of Technology
- Rutgers University
- University of Nevada-Reno

Note: The index is produced in conjunction with the Council of Supply Chain Management Professionals.



Dhawan

“The economy was slowing last year, and it’s still slowing, but it did not slow as fast as everybody expected,” said Rajeev Dhawan, director of the Economic Forecasting Center at Georgia State University. “Except you guys saw that in the trucking industry, the slowdown was much sharper. And the reason is this: If I was buying stuff, which typically is made abroad, or some of the stuff is made in the U.S., then it has to be shipped.”

The COVID-19 pandemic brought with it high demand for freight because people started buying a lot more goods over services. There also was more demand for large home items, such as furniture. Dhawan noted that this resulted in trucking having banner years in 2020 and 2021. But he pointed out that the shift back to services, such as airline travel, has led to even less demand for trucking on top of the economic slowdown, lack of stimulus checks and increasing interest rates.

“I am seeing the impact of that where people are buying more services,” Dhawan said. “So the airline ticket prices that were falling have found like a bottom and started to come up in the last six months because people’s demand for travel is still there.

“That’s a service; it does not involve any trucking. If I go out to eat more at the restaurants, it will involve some trucking



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because the food has to be brought in from the meat packers and all the places, but that's not a big part of what trucking is.”

The Cass Freight Index is another measure of the North American freight market. It reported that its freight shipments reading decreased 3.6% year-over-year to 1.113 from 1.155. It also decreased 0.2% from 1.115 reported in February. It noted that the year-over-year decline was the smallest in a year but that freight demand in the for-hire market segment is still hard to see amid ongoing private fleet growth.

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