

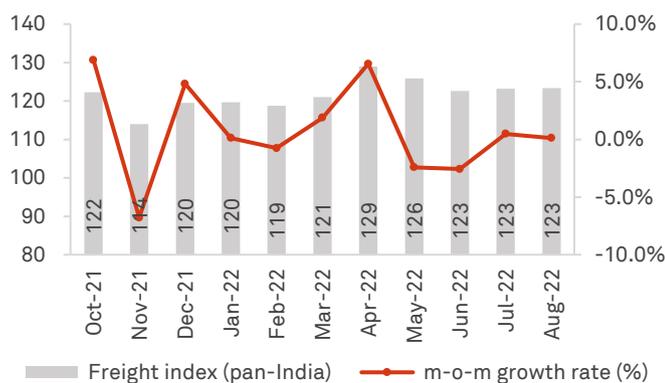
# FreightSigns

What is the goods traffic, and the free cash flow of fleet operators, telling us?

Issue 10 | September 2022

## Freight rates, fleet utilisation steady

CRISIL pan-India freight index (CRISFrex)



Source: CRISIL Research

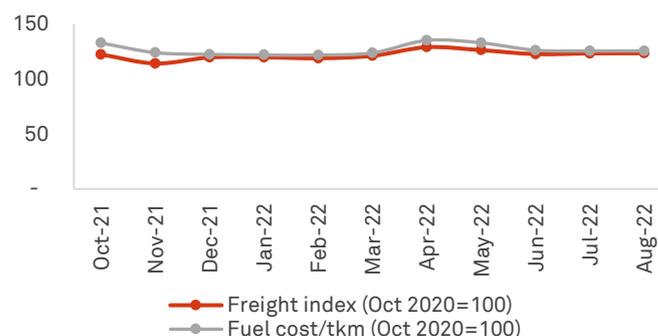
CRISFrex indicates that overall freight rates remained stable on-month in August. Freight availability improved marginally for the 'market load' category, while cement saw a slight decline. Commodities such as auto carriers, fast-moving consumer goods/durables (FMCG/FMCD), parcel/loose goods, textiles, petroleum tankers, steel, mining products (largely coal) and container applications saw similar freight availability levels as in July.

### Freight rates for different combinations

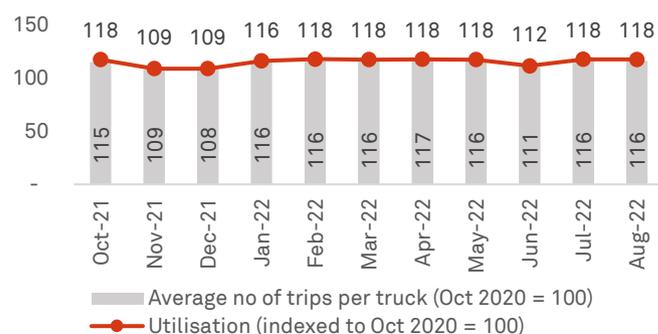
No of combinations*	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
>1% increase in freight rates	66	58	77	124	9	0	45	12
>1% decrease in freight rates	32	69	69	6	74	120	15	5
Within ±1% of last month's freight rate	61	32	13	29	76	39	99	142
<b>Total</b>	<b>159</b>							

In August 2022, ~90% of the combinations saw freight rates increase/decrease within a band of 1% of last month's rates.

Freight rates trend



Freight utilisation trend



Source: CRISIL Research

- Over the past few months, freight rates have closely mirrored movement in fuel costs
- In August, utilisation remained the same on-month

### FCF similar to July levels

Stable freight availability and rates translated to steady free cash flow (FCF; pre-equated monthly instalment, or EMI) for transporters on-month. The industry's FCF remained at ~20% in August.

## Freight rates were mostly steady on-month in August 2022

(Oct 2020 pan India average =100)

Commodity	Oct-20	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Agri-products	106	119	125	125	124	125	134	130	127	128	128
Auto-carriers	83	94	100	98	99	104	107	102	100	100	101
Cement	105	130	138	137	135	136	145	145	139	139	139
Container	83	93	99	97	100	105	108	105	101	101	101
FMCG/FMCD	135	137	136	139	139	140	155	151	149	149	149
Market load	101	119	126	125	122	127	132	130	126	127	127
Mining products	88	122	130	134	133	130	146	145	144	143	143
Parcel/loose goods	116	130	133	133	132	130	143	141	137	137	137
Petroleum tankers	86	95	94	100	106	107	109	107	103	105	104
Steel	85	92	102	103	103	108	111	109	106	107	108
Textiles	84	101	110	111	109	110	119	117	112	113	113

FMCG: Fast moving consumer goods; FMCD: Fast moving consumer durables

Note: 1) The freight analysis is based on CRISIL's assessment of 159 unique application combinations across 32 routes and 11 commodity types  
 2) Operating costs include fuel, driver, toll, maintenance, and tyre costs

Source: CRISIL Research

## CRISFrex and FCF signals

In August, the increase in utilisation was least in 'market load' while the decline was mildest in 'cement' applications. Utilisation remained unchanged for all other commodities.

Freight rates rose marginally for commodities such as agri-products, auto-carriers, market load, steel, textiles, parcel/loose goods and discretionary goods such as FMCG/FMCD. They dropped slightly for mining (largely coal), cement, and petroleum tankers.

As a result, CRISFrex remained similar in August, compared with July.

## Methodology

CRISIL incorporates the views of 100-150 transporters to understand freight dynamics and operational aspects such as number of trips undertaken and key cost heads (fuel, driver, toll, tyre, and maintenance).

This exercise is conducted on a closed sample of 159 route-commodity combinations, spanning 32 routes, 11 commodity types, and five truck platforms with differing load bodies, depending on the commodity carried.

CRISIL's analysis provides an aggregated view of the data collected to arrive at a holistic picture of the overall trucking scenario in India.

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