

FreightSigns

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

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Fleet utilisation and freight rates improve

CRISFrex indicates that overall freight rates inched up on-month in September. A large part of the increase was because of freight rates of fast-moving consumer goods/durables (FMCG/FMCD) rising slightly with the onset of the festive season across the country.

Also, freight availability ticked up for agri-products, parcel/loose goods and cement. However, freight availability for commodities such as auto carriers, market load, textiles, petroleum tankers, steel, mining products (largely coal) and container applications was flat on-month.

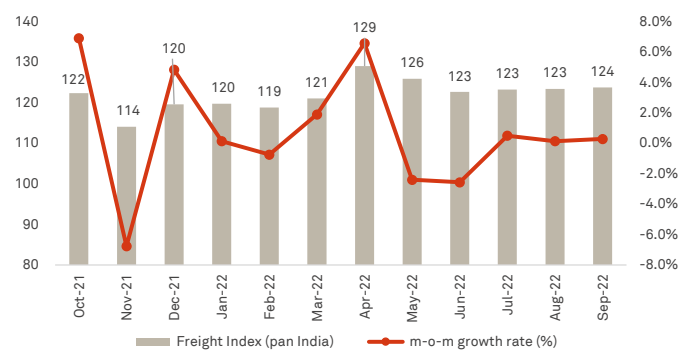
Freight rates for different combinations

No of combinations*	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
>1% Increase in freight rates	58	77	124	9	0	45	12	23
>1% Decrease in freight rates	69	69	6	74	120	15	5	7
Within ±1% of last month's freight rate	32	13	29	76	39	99	142	129
Total	159	159	159	159	159	159	159	159

*Refers to route-commodity combinations
 Note: Table has been revised
 Source: CRISIL Research

In September 2022, freight rates of ~81% of the combinations increased/decreased within 1% of last month's freight rates

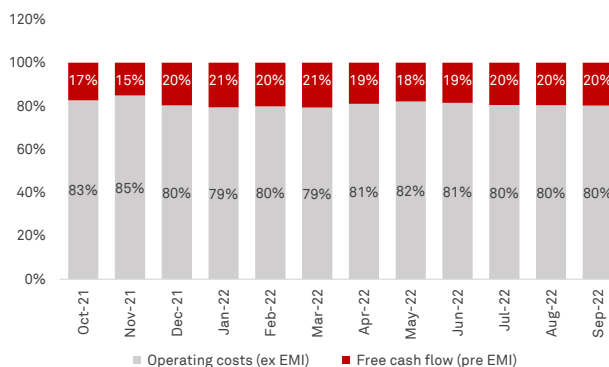
CRISIL Pan-India Freight Index (CRISFrex)



Source: CRISIL Research

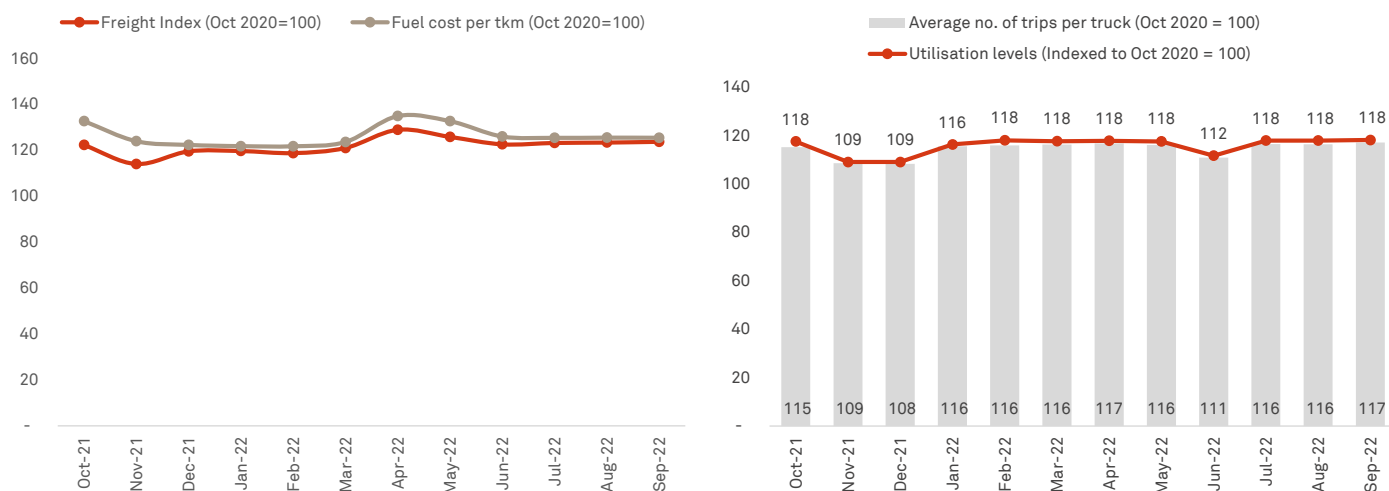
Free cash flows edge up

Slight increase in freight availability and freight rates improved free cash flow (FCF; pre-equated monthly instalment, or EMI) of transporters on-month in September. However, the industry's FCF share vis-à-vis operating cost was steady on-month at ~20%.



Source: CRISIL Research

Freight rates and utilisation trend



Source: CRISIL Research

Over the past few months, freight rates have closely mirrored fuel cost

Freight rates were mostly firmer on-month in September 2022 (October 2020 pan-India average =100)

Commodity	Oct-20	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Agri-products	106	125	125	124	125	134	130	127	128	128	128
Auto-carriers	83	100	98	99	104	107	102	100	100	101	101
Cement	105	138	137	135	136	145	145	139	139	139	139
Container	83	99	97	100	105	108	105	101	101	101	102
FMCG/FMCD	135	136	139	139	140	155	151	149	149	149	150
Market load	101	126	125	122	127	132	130	126	127	127	127
Mining products	88	130	134	133	130	146	145	144	143	143	143
Parcel/loose goods	116	133	133	132	130	143	141	137	137	137	137
Petroleum tankers	86	94	100	106	107	109	107	103	105	104	104
Steel	85	102	103	103	108	111	109	106	107	108	107
Textiles	84	110	111	109	110	119	117	112	113	113	113

Freight rates remained firmer for most commodities

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

Utilisation for agri-products and parcel/loose goods rose on-month in September, with cement also posting a slight increase. However, utilisation levels for all other commodities were unchanged.

Meanwhile, freight rates for FMCG/FMCD rose sharper

vis-à-vis other commodities. Rates also inched up for agri-products, auto-carriers, containers, market loads, mining (largely coal), parcel/loose goods, textiles and petroleum tankers.

As a result, CRISFrex improved in the month from the August level.

Methodology

CRISIL incorporates 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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