

Freight rates remain flat in January even as volumes from FMCG, mining and construction pick up



The flat freight rates were despite utilisation levels improving quarter-on-quarter for bulk goods, such as mining products and cement, the Crisil analysts further noted.

Synopsis

Transporters that ET spoke to said that spot rates were likely to remain flat over February as not many changes in goods volume is expected during the month. The road transport sector ferries everything from toothpaste to tractors and is a barometer of economic activity in the country.

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Feb 03, 2022, 08:06 PM IST

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Road freight rates largely remained flat over the past month in line with diesel prices even as capacity utilisation in the transport sector improved as mining and construction sectors picked up and fast-moving consumer goods (**FMCG**) companies rushed to stock shelves fearing lockdowns due to rising **Covid-19 infections**.

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Data from a new **Crisil** report show that change in **freight rates** was under 1% during January compared to the preceding month on most routes analysed. While diesel costs too remained flat during the month, the number of trips per truck showed a marginal uptick. This helped improve the free cash flows of transporters, the report showed.

“Freight rates were flat sequentially in January 2022, largely because of relatively unchanged fuel prices over the past two months,” Crisil analysts led by Hemal Thakkar noted in the report. “This led to stabilisation of the **freight market**.”

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“Everything is flat,” Sachin Haritash, director at Chetak Logistics told ET.

While FMCG companies panic-stocked shelves in January, the delayed monsoon has pushed back the onset of summer goods dispatches by a fortnight. Dispatches of summer-centric FMCCG products usually begins in February, he said.

Anjani Mandal, the chief executive of Fortigo Network Logistics, said that spot rates were likely to remain flat for most of February and may pick up towards the end of the month as volumes pick up.

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