

2023 Inflation Outlook: Transportation



Inflation and the Economy

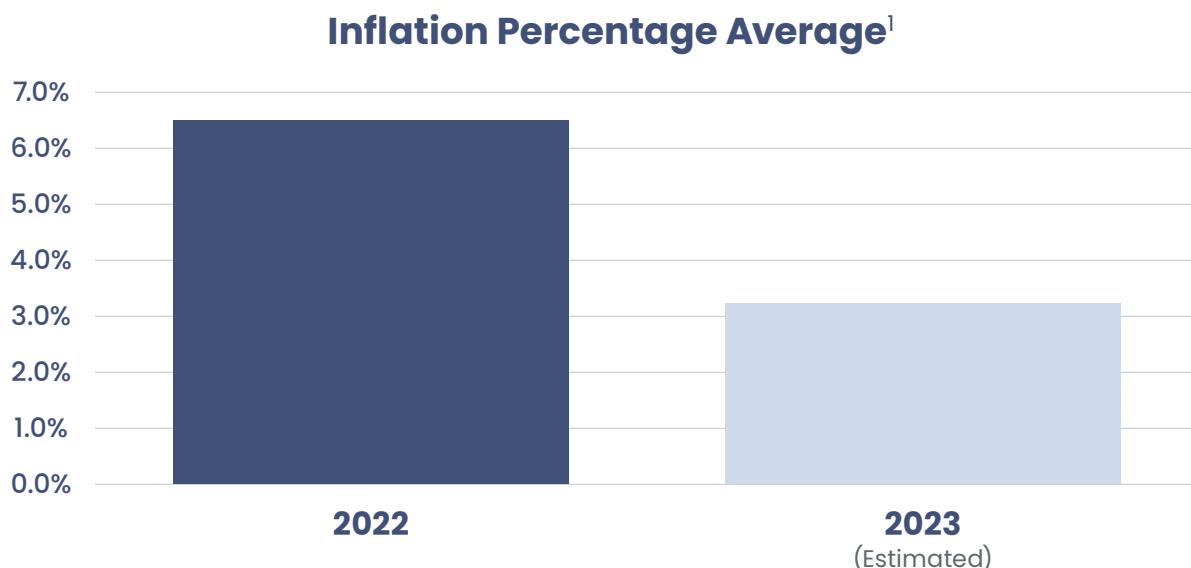
In the second half of 2022, consumer prices were rising at an alarming rate. Many financial experts raised the flag on inflationary concerns and what it means for our economy. Now that 2023 is underway, unease about inflation is still not over. Pockets everywhere are hurting, yet the cost of many goods is at an all-time high.

How does this affect trucking and transportation? Businesses in all industries rely on commercial vehicles and the ability to manage freight rates with their supply chain logistics. The historically quiet season of Q1 and beyond may result in some unexpected fluctuations before the market sees some normalization.

Inflation by the Numbers

Adjusting to inflation is on the minds of many. Managing excess inventory and handling shifts in truckload volumes are just a few of the reasons companies are implementing new strategies to find solutions and stay profitable in the new year.

Consider the following data points to analyze business decisions in the coming months.

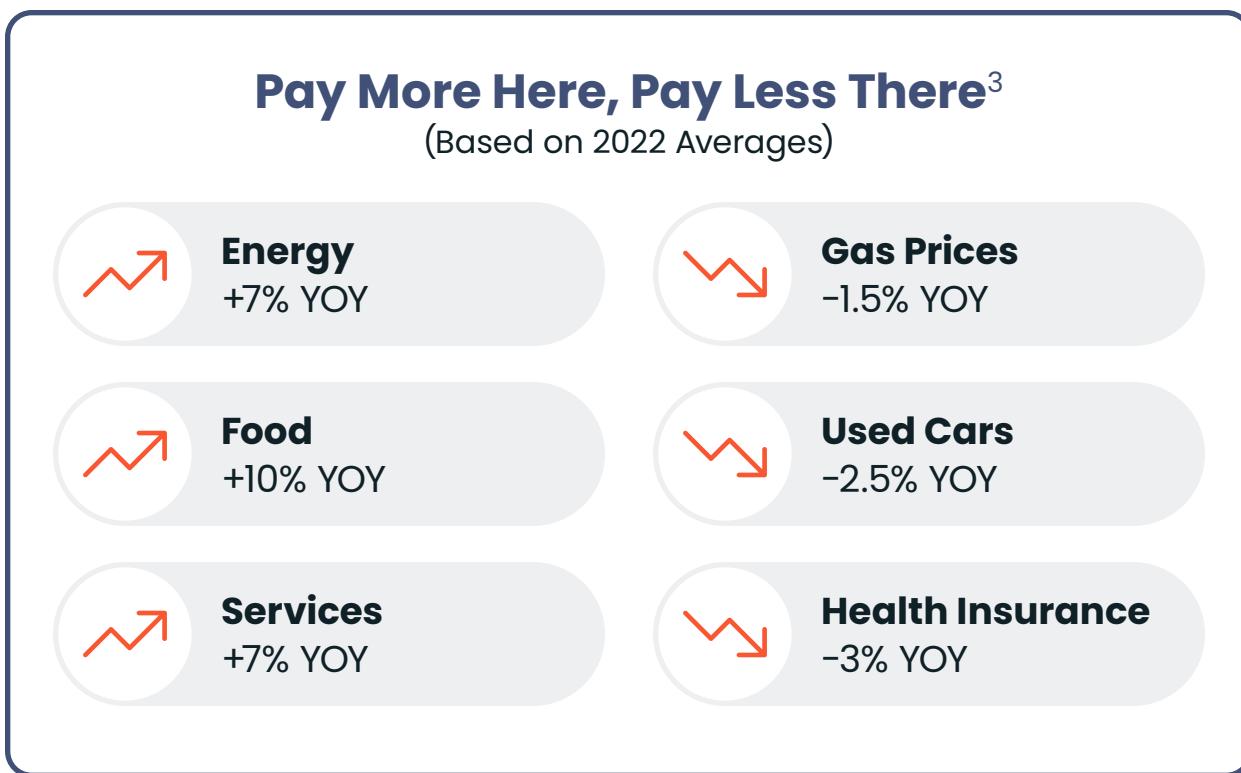


While these numbers are trending towards going down, they will still be higher than the Federal Reserve's target of 2-2.5%, so the Fed will not be cutting short-term interest rates this year.



Inflation by the Numbers Cont'd

Commercial vehicles are the most used method of transport in the U.S., according to the recently released Bureau of Transportation Statistics 2022 Transportation Annual Report. This multi-trillion dollar figure confirms that commercial vehicles will still be in-demand across multiple industries to handle fluctuations related to inflation as the year continues.



The inflationary percentages in these categories signal that we're not entirely out of the woods as we wait for the economy to balance out. For example, the central bank is expected to raise interest rates again in early February and keep rates elevated until it's clear that inflation is under control.

Sources: ¹Kiplinger Economics. ²Bureau of Transportation Statistics. ³The Wall Street Journal.

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