



FreightWaves' SONAR Outbound Tender Reject Index (OTRI) is an anonymized measurement of mid to large truckload carriers' willingness to accept the loads that are offered (or "tendered") to them by shippers (ex. manufacturers, big box retailers, e-commerce companies, et. al.). OTRI is an indicator of capacity availability in

contracted surface freight markets as captured by FreightWaves. It is the percentage of attempts to book a truck that result in a rejection or failure. As the demand for freight hauling services outstrips supply, motor carriers will reject load requests.

Who uses OTRI data?

Anyone who has an interest in directional indicators of freight movement patterns, volatility, and price movement, including shippers, freight brokers, fleet managers, executives in a transportation company, owner operators, economists, financial analysts, investors, bankers, and business intelligence analysts.

What does OTRI tell a user?

OTRI is an indication of supply and demand in freight and logistics.

- A high rejection rate indicates high demand relative to trucking capacity.
- A low rejection rate indicates low demand relative to trucking capacity.

In addition to indicating demand and capacity, fluctuations in OTRI correspond to payment rates paid

by shippers to carriers. For example, when OTRI is high (there is insufficient truckload capacity to meet demand), an increase in outbound rates is likely. Because OTRI measures the relative balance of demand (freight volumes) and supply (trucking capacity), it has a strong relationship with macroeconomic factors like goods spending, retail sales, U.S. imports, industrial production, and the business environment for other cyclical industrial companies.



Examples of usage for financial investment purposes

- Perceiving when there are not enough trucks to carry loads.
- If rejections are up, freight carriers are enjoying pricing advantage which has an impact on margins and are seeking deals that have the best return on their business (and pushing shippers to offer better pricing with negative impact on their margins)
- Monitoring tender rejection rates by a specific equipment type reveals economic or sector performance, e.g., flatbed is related to industrial activity and construction, refrigerated units is related to food and agriculture, van is related to general commodity/durable goods

Details

- Lower 48 states and limited Canada data
- Based on ~\$20B in annual spend on freight hauling services and ~40K daily truckloads.
- 7-day daily moving average
- Daily delivery of previous day's value
- Percentage based
- Example: OTRI of 25% indicates that 25% of all included loads have been "rejected" or carriers have refused the load offers.
- OTVI is separated into van, refrigerated, and flatbed indices.