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Monthly Market Report

FreightPlus' Monthly Market Update, created by FreightPlus subject matter experts, provides detailed and actionable insights into the ever-changing transportation industry. A core FreightPlus principle is providing our partners with data and insights to enable better, strategic business decisions.

About FreightPlus

FreightPlus is an industry provider of data-driven transportation management, offering businesses customized and fully tailored managed transportation solutions in a boutique environment where clients get the individual attention they deserve. FreightPlus combines first class customer service with innovative technology and industry best practices to help mid-size and growing companies work efficiently in the $800B domestic transportation market. FreightPlus aims to ***simplify complex logistics together.***

What is Managed Transportation?

Managed Trans (MTS) is a partnership where shippers improve their logistics and supply chains through increased operational efficiencies, lower logistics network and organizational costs, and improved communication with all supply chain stakeholders.

STRATEGIC CAPACITY

- Multi-modal solutions
- Cost Savings
- Domestic and International Solutions
- Carrier Negotiations
- Carrier Vetting
- Risk mitigation

INTEGRATED TECHNOLOGY

- Real-time Shipment Tracking
- Streamlined Operations
- Cloud-based TMS
- Cost to Implement
- SAP, NetSuite, Dynamics, AS400

CUSTOMIZED BUSINESS INTELLIGENCE

- Customer Insights
- Product Insights
- Market Insights
- Supplier Score carding
- Data Availability

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MARCH 2023 CONTENTS

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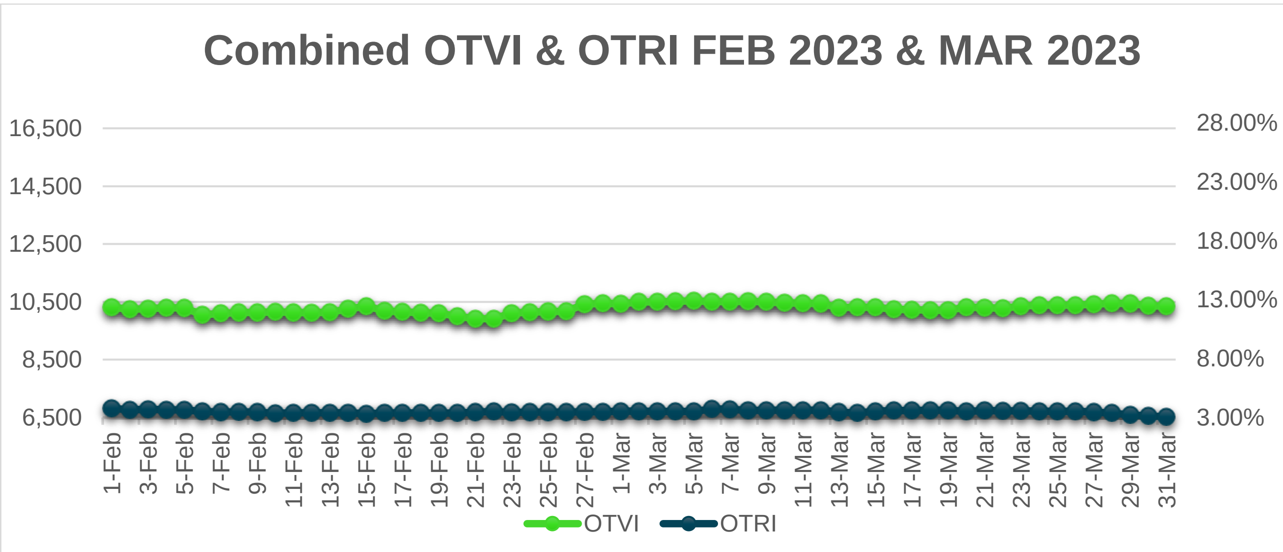
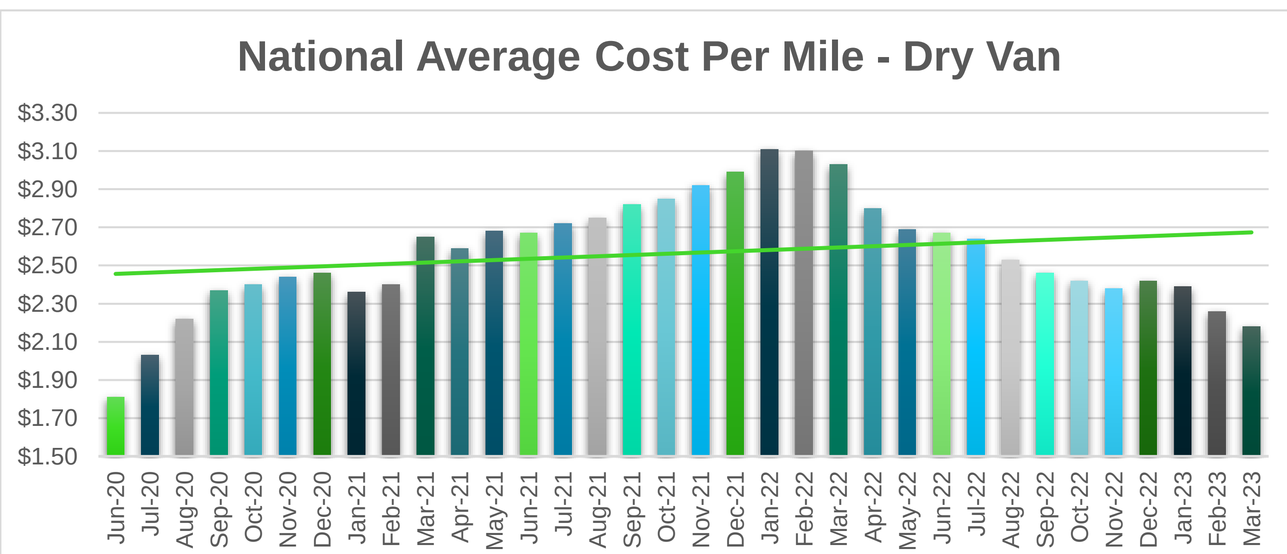
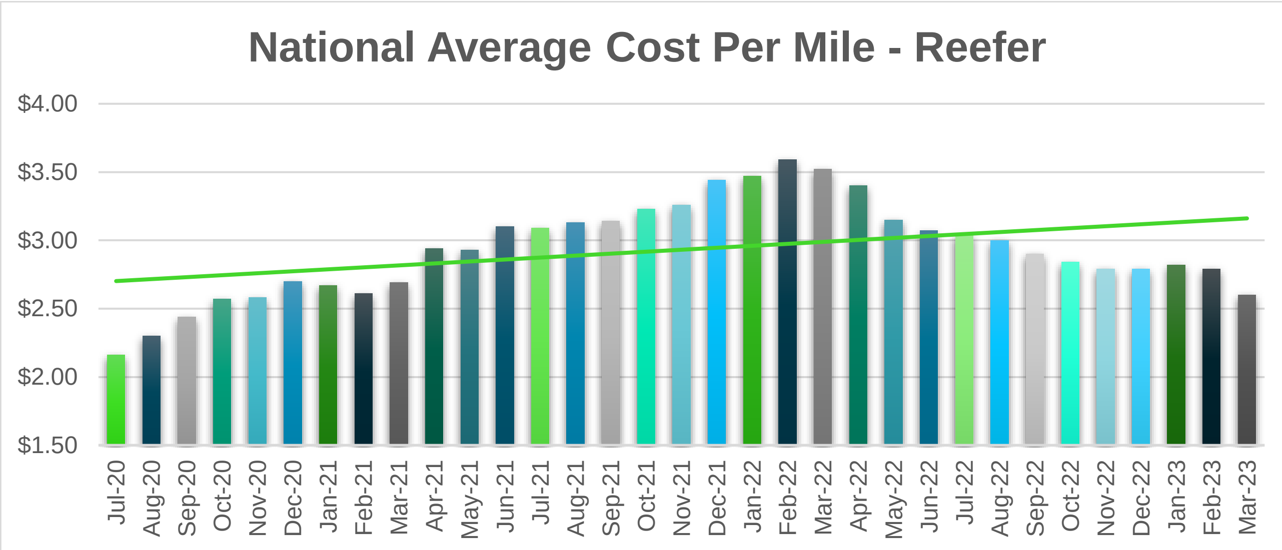
TRUCKLOAD

The first quarter is traditionally the slowest period of the year, but despite this, volumes and rejections have remained steady. In fact, there was a slight increase in volume from February to March, which is in line with the busier times of the year. With three months now passed, analysts are predicting that 2023 will resemble 2019. It's expected that the market will remain relatively flat and on a downward trend for most of the year.

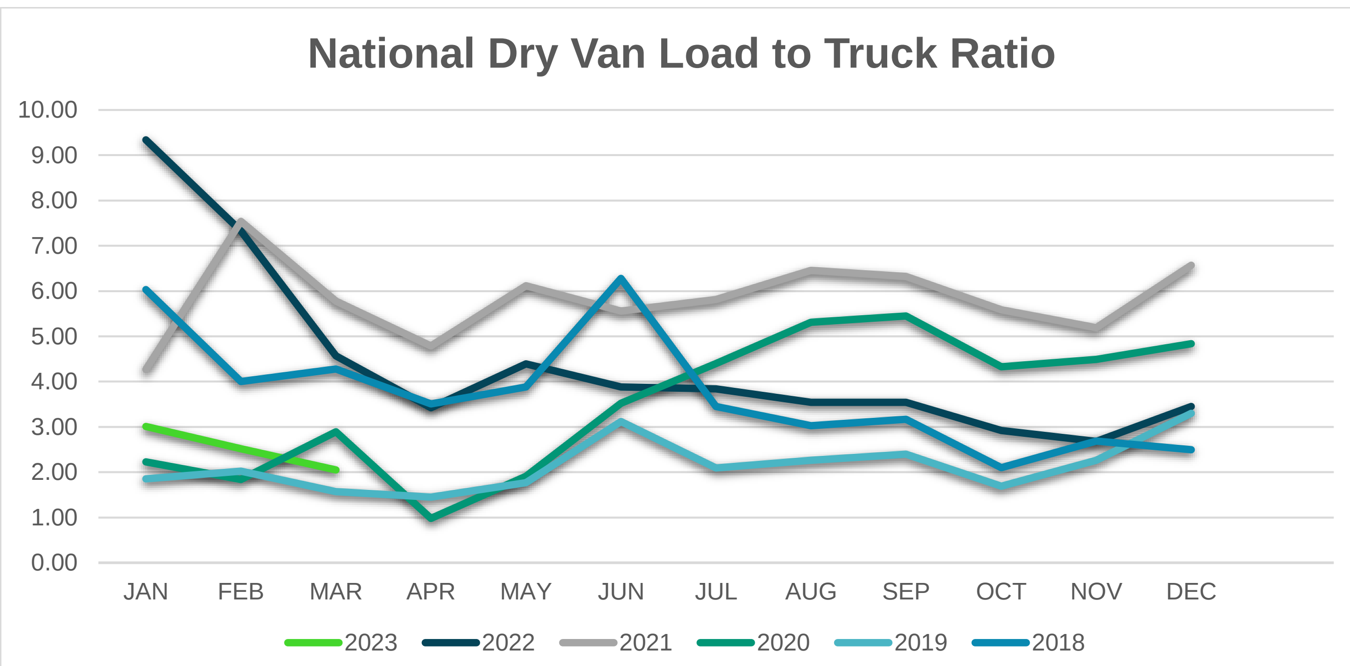


There has been a 3% reduction in the National Average Cost Per Mile for Dry Van and Reefer. The National Average Cost Per Mile for Dry decreased from $2.26 to $2.18, and for Reefer, it decreased from $2.79 to $2.60. Although not a significant decrease, it's an interesting phenomenon to note considering the increase in volume.





Capacity remains ample with the Load-to-Truck ratio dropping to 2.05, which is the lowest it has been since 2019.

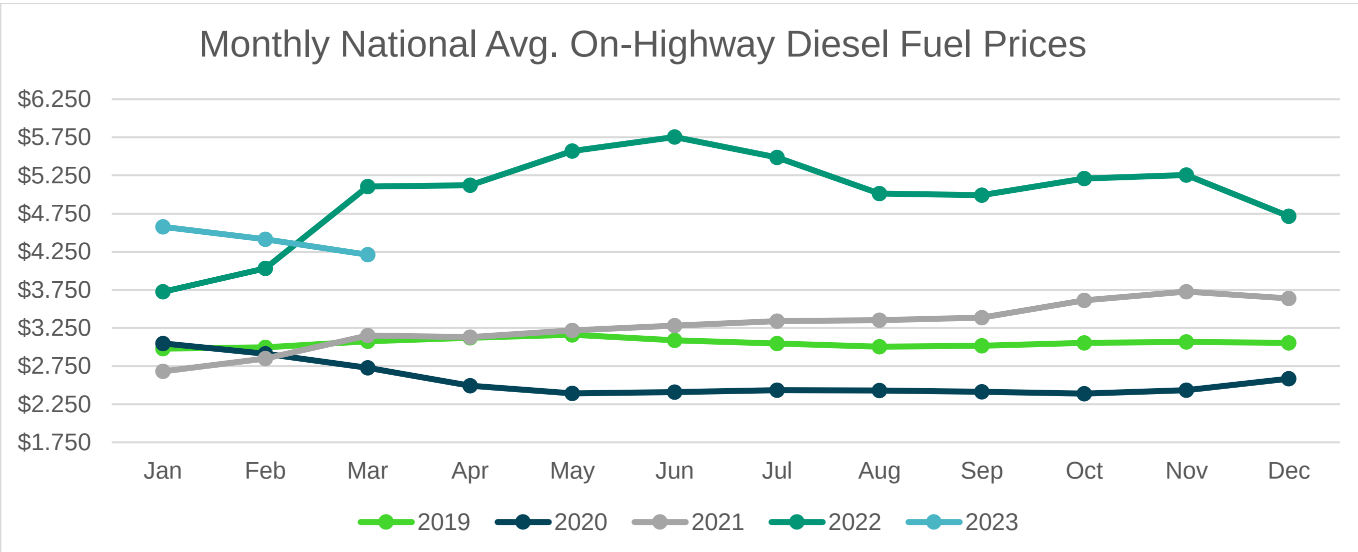


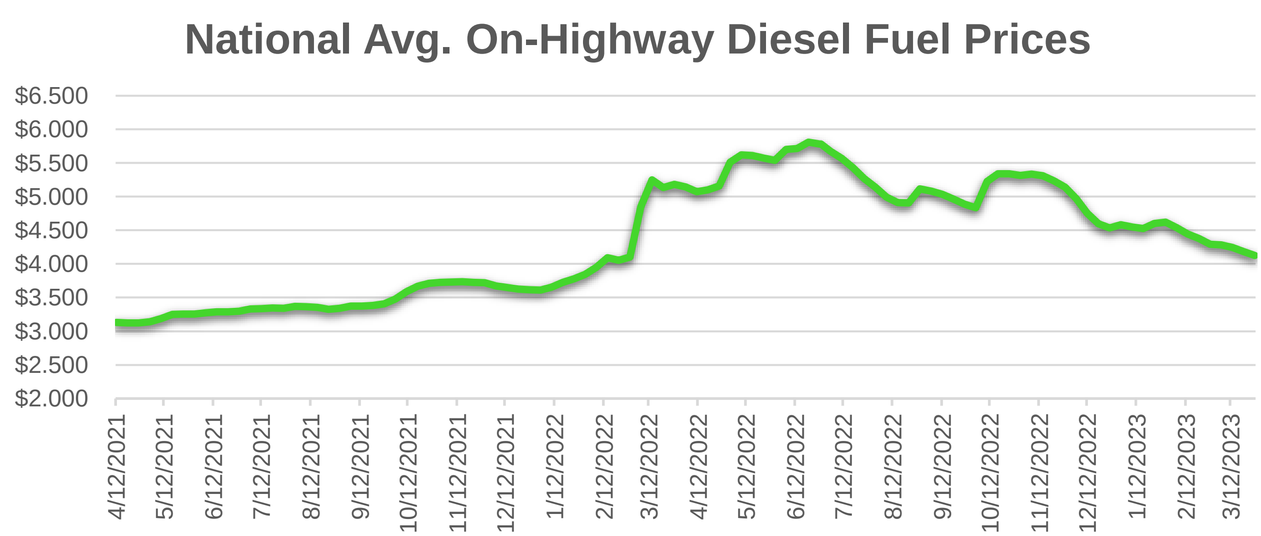
FUEL

In March, fuel prices dropped every week. As of April 3rd, the EIA recorded the retail diesel benchmark price at $4.105, marking the ninth consecutive decline, and a $1.705/GAL drop from the all-time high of $5.81/GAL on June 20th.

On April 2nd, OPEC announced a cut in crude production by over 1.2 million barrels per day, slightly more than 1% of the world's supply, in an effort to raise prices. The reductions will take effect in May and will last through 2023. As a result, oil prices surged on April 3rd, with Brent crude and West Texas Intermediate crude trading over $80/BBL. US diesel futures did not follow the same upwards trend.

It is safe to assume retail diesel prices will follow diesel futures. As the travel season rolls in, demand for diesel may increase, but as an industrial fuel, prices should replicate commercial transportation demand.





LTL

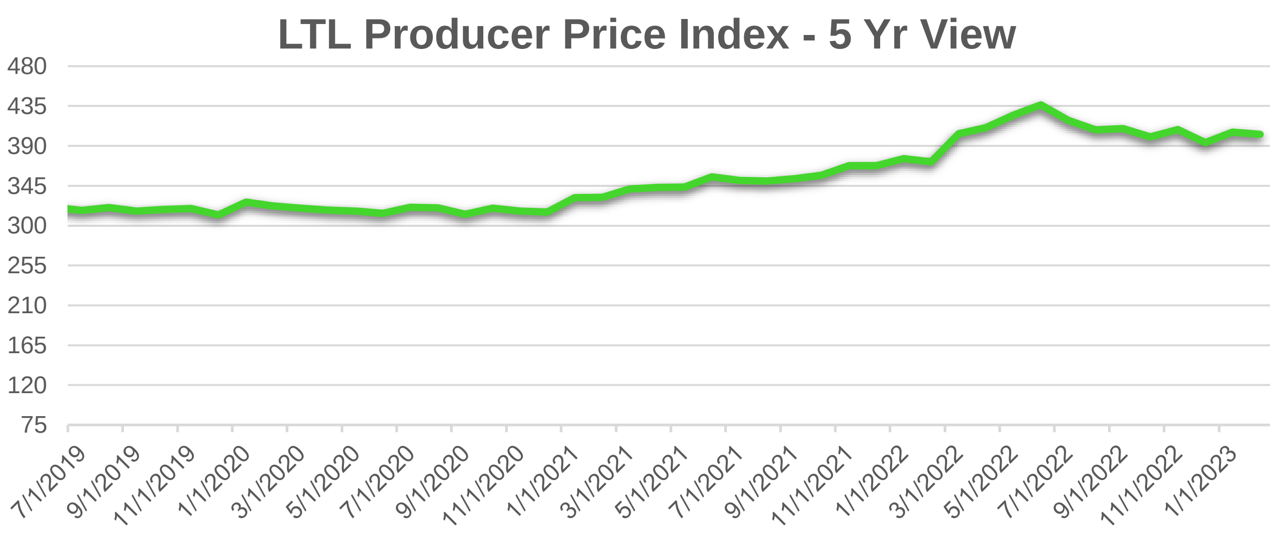
The LTL industry is currently operating slightly below its maximum capacity, and all LTL carriers are actively seeking business, either by expanding their existing accounts or acquiring new ones. The industry is experiencing a significant amount of RFP activity, with many shippers and 3PLs we speak to bidding out LTL business due to the softened market. Carriers have enough labor and equipment to stay afloat, resulting in a slight increase in service levels. Some carriers, such as XPO, are making targeted changes to accessorial fees, such as raising their overlength fee once again.

One of the key topics of discussion in the LTL market is the impact of the International Brotherhood of Teamsters (IBT) on the top 10 LTL carriers. Negotiations for labor contracts with TForce Freight (formerly UPS Freight) are expected this year, and with Yellow Freight in 2024. There is concern on the Yellow side that the union is preventing them from fully consolidating regional and national carriers into one Super Regional model as part of their "One Yellow" program.

FreightPlus is currently seeing favorable market conditions regarding pricing and service. We have recently conducted several RFP events for existing clients and expect to do several more for newly signed clients.

Federal data on long-haul LTL freight indicates a modest decline in the PPI from February 2023 to March. The industry is approaching March 2022's index score, with just a 9 point decrease.

Carriers and shippers are ramping up towards what is traditionally the heavier, summer LTL period. It is for now, still a shipper’s market in the LTL world.



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INTERMODAL

The slow intermodal volume in March and preceding months highlights the importance of length of haul for intermodal volume. Regional-specific volume changes in the past month support this narrative, as trucks have taken shorter intermodal traffic from the East Coast and Gulf Coasts, which shippers diverted due to the West Coast labor situation.

Truck rates have been steadily declining, putting pressure on rail carriers to cut intermodal rates in recent months. While there is no quick fix for intermodal shortcomings in 2023, a return to normal and continued service improvement could make significant strides towards a better year in 2024. The timing of intermodal regaining its footing remains uncertain but is trending towards a late-year resurgence.

Despite the IMDL savings index holding steady at 127.4 (largely due to contracts), the cost savings would still be 27.4% cheaper than the average truckload rate. For instance, a $2500 intermodal lane would cost $3185 on average for truckload (+$365). However, this is still not in line with historical averages for savings, and experts do not expect the market to bounce back within the year.

Railway Updates:

BNSF Railway (BNSF): Oakland origin lanes delayed due to low volume.

Union Pacific (UP): Network remains fluid.

Kansas City Southern Railway (KCS): Network remains fluid.

Canadian Pacific (CP): Export congestion to major ports is occurring due to low import volume. Grain loading maximum weights and rates will change on March 1st. Inland ramps are not accepting Centerm exports due to restrictions.

CSX Rail (CSX): Continued focus on clearing longer dwelling units from Indianapolis, Charleston, and Louisville.

Norfolk Southern Rail (NS): There are no allocation restrictions for any location, and the network is currently fluid. Derailment at East Palestine, OH - trains are running through the area. There may be delays of up to 24 hours over the next few weeks as NS removes and replaces the soil under the tracks.

OCEAN

FBX INDEX

In the container shipping market, all lanes have returned to pre-pandemic rates except for the Trans-Atlantic lane. This lane heavily relies on US imports of industrial and building material, making it over reliant on manufacturing and construction industries. As the US economy trends downwards, the demand and rates for this lane may decrease. Moreover, carriers tend to position their capacity where they can earn higher profits, which can drive down rates if there is too much capacity in the lane. Therefore, it is reasonable to assume that pricing for the Trans-Atlantic lane will continue to fall.

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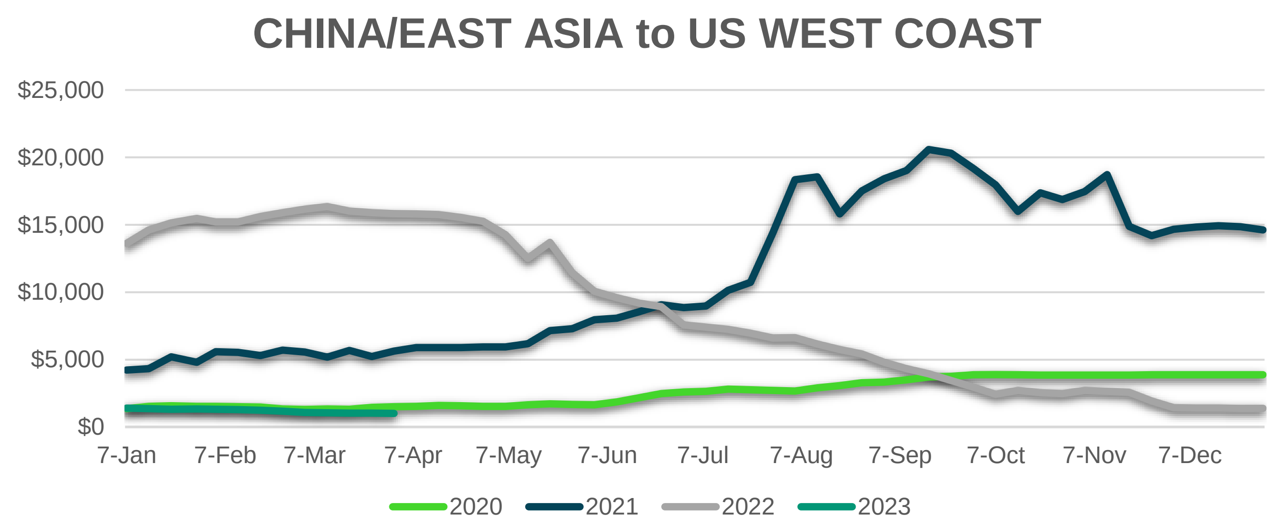
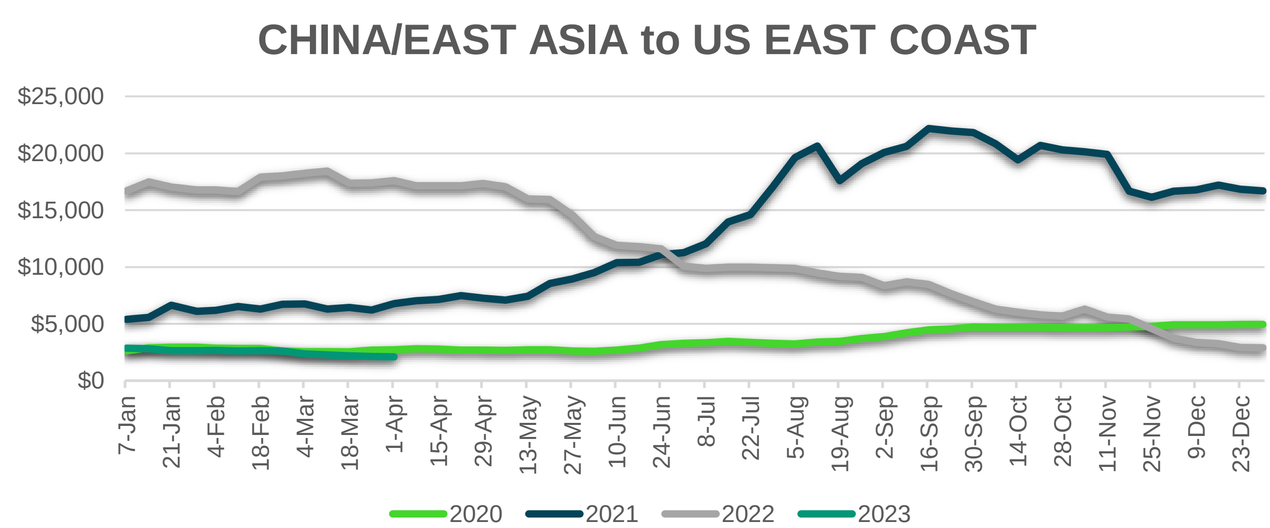
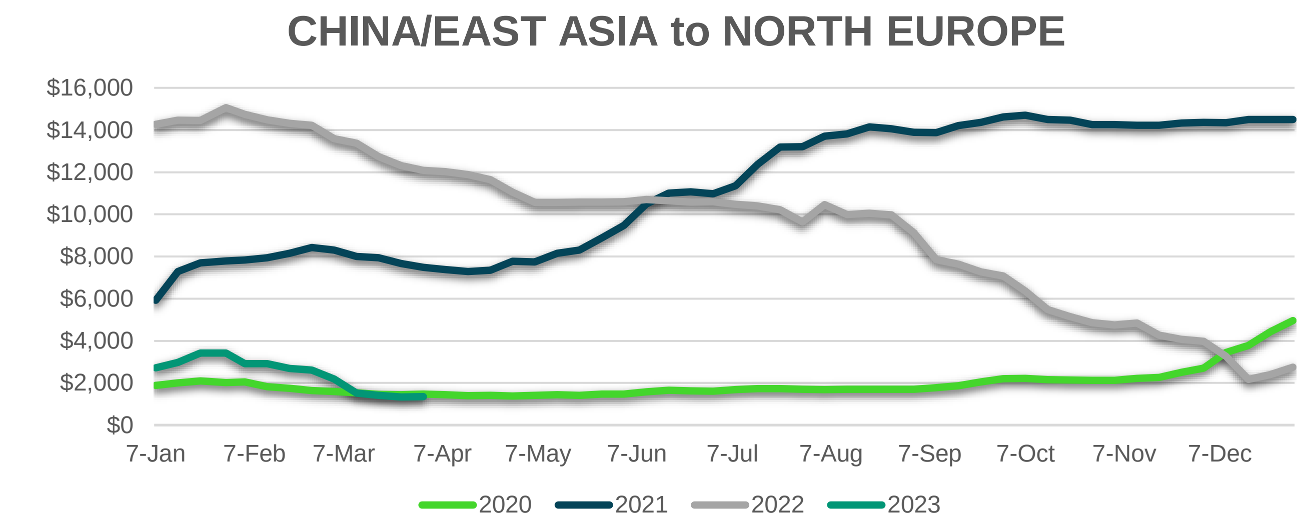
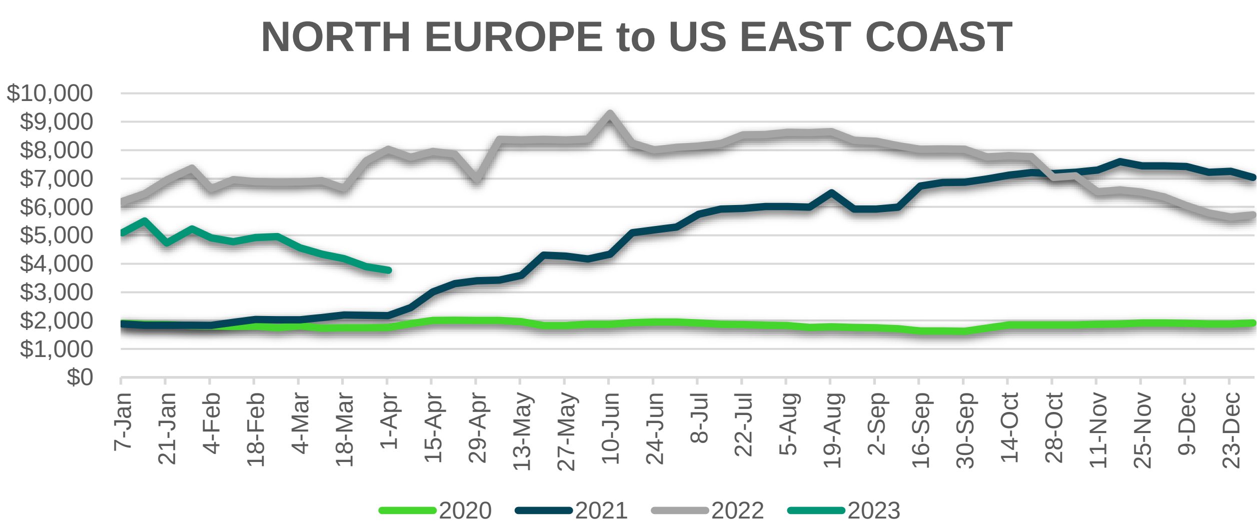
For the Trans-Pacific lane, spot rates in the FBX index briefly fell below $990/FEU, marking a new low for the lane. Although descending rates are causing more blanked sailings for this lane, the spot market has remained weak. Annual contract negotiations are still ongoing this year, and with retail inventories still high, carriers may not be able to contract a rate that covers their costs. Consequently, carriers will most likely opt to reduce more capacity and book more at the spot market.







CHINA/EAST ASIA to NORTH EUROPE
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
7-Jan 7-Feb 7-Mar 7-Apr 7-May 7-Jun 7-Jul 7-Aug 7-Sep 7-Oct 7-Nov 7-Dec
2020 2021 2022 2023



NORTH EUROPE to US EAST COAST
$10,000
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
7-Jan 21-Jan 4-Feb 18-Feb 4-Mar 18-Mar 1-Apr 15-Apr 29-Apr 13-May 27-May 10-Jun 24-Jun 8-Jul 22-Jul 5-Aug 19-Aug 2-Sep 16-Sep 30-Sep 14-Oct 28-Oct 11-Nov 25-Nov 9-Dec 23-Dec
2020 2021 2022 2023

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