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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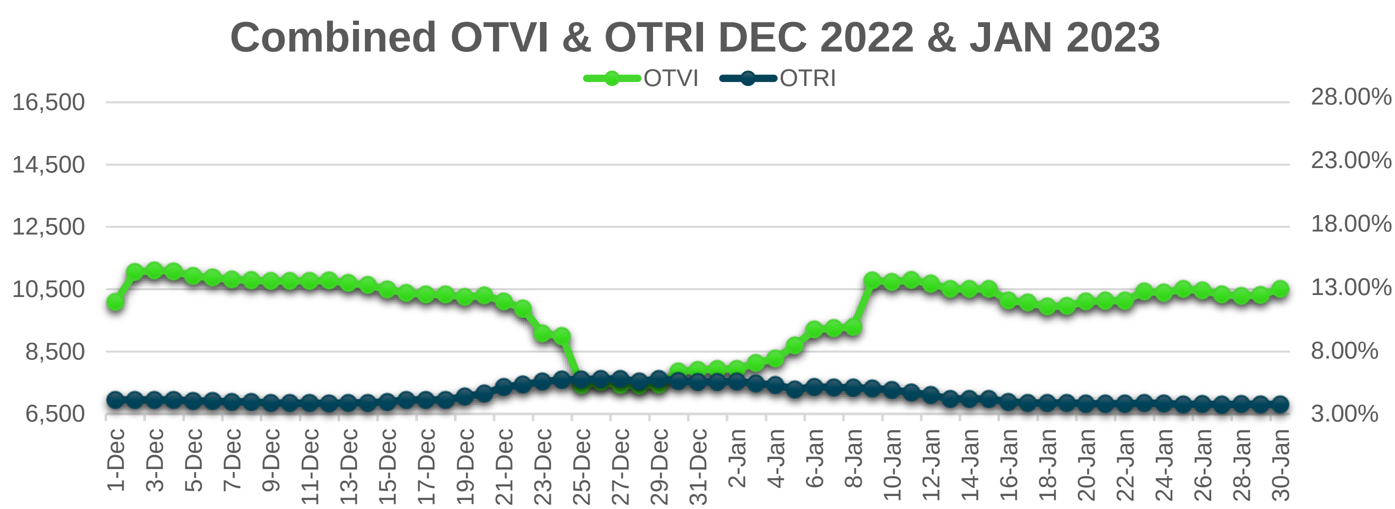
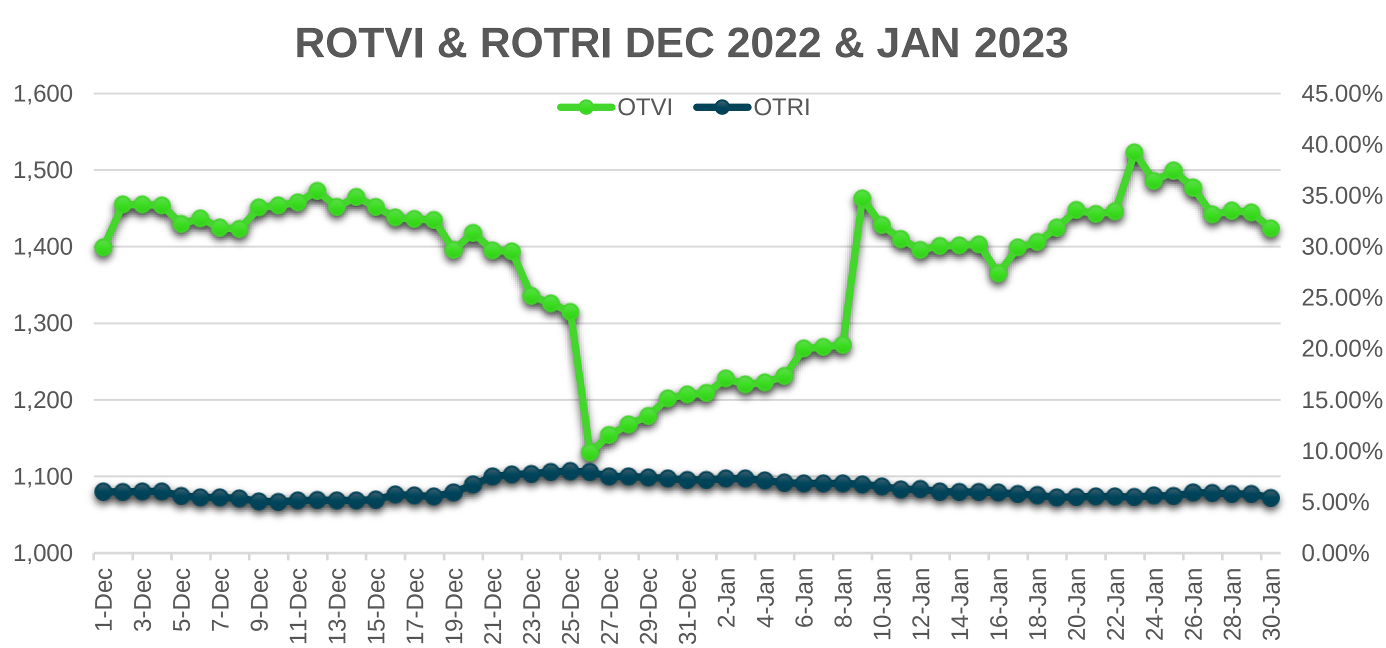
JANUARY 2023 CONTENTS

TRUCKLOAD

After almost a full year of decline in the National Average Cost Per Mile, the average increased in December. This is mainly due to the decrease in capacity from the holiday season and the late December Winter Storm.

OTVI and OTRI had a similar story in late December and early January. In the second to last week of December, we saw OTVI decrease significantly from 10,259 in the beginning of the week, to 7,917 at the end of the month. It took the first week of January to recover to normal OTVI levels. OTRI increased one percentage point throughout December and had monthly highs in the last two weeks of December. Unlike OTVI's quick recovery, OTRI took the first two weeks of January to return to normal rejection levels. In these slower months, we anticipate volume and rejections rates to continue descending.





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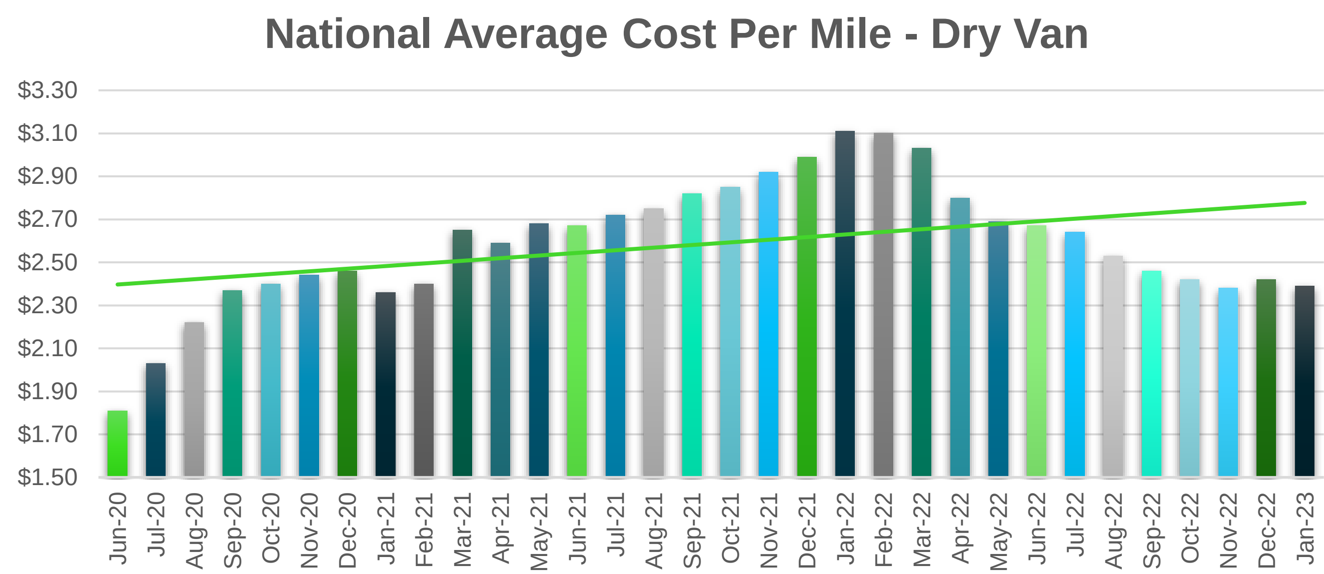
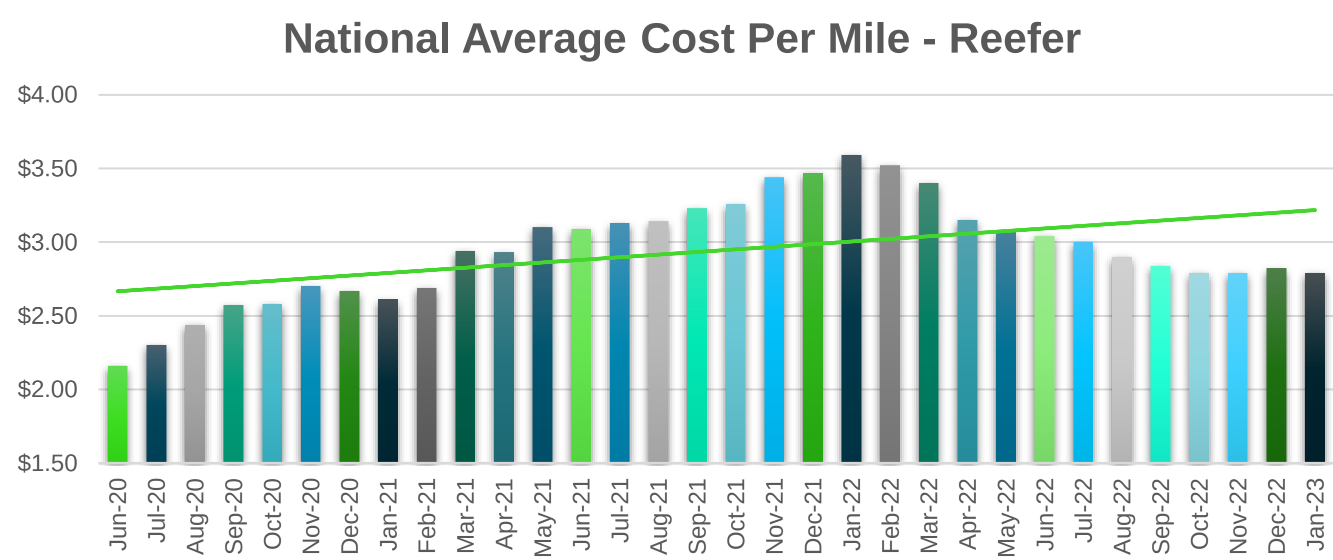
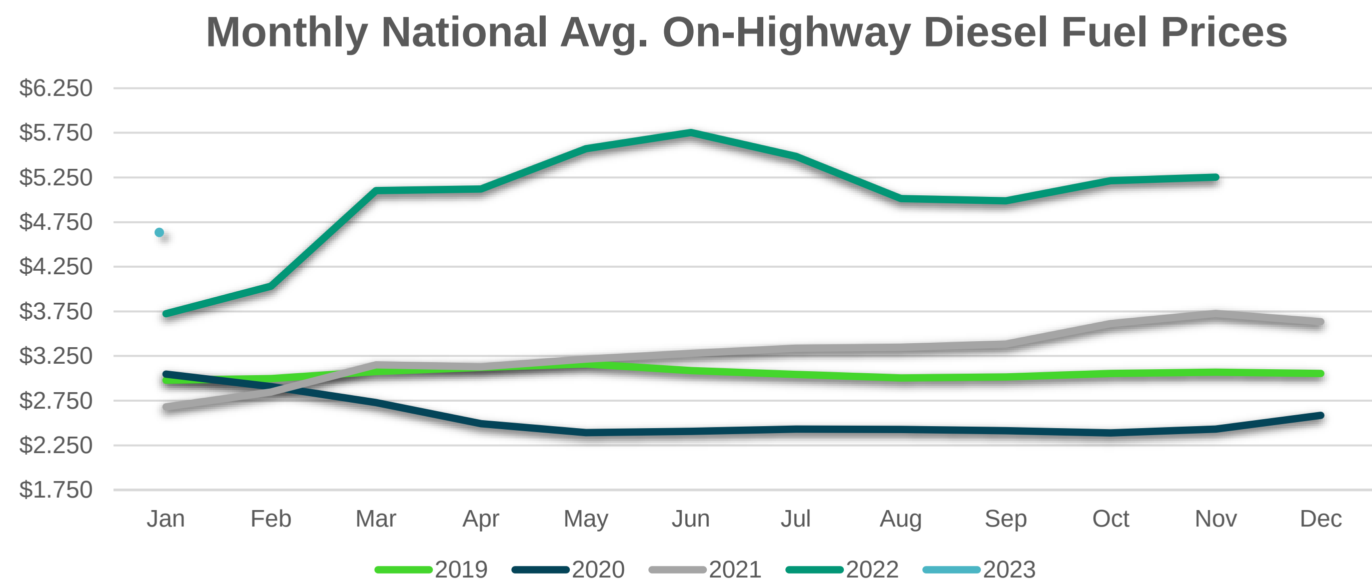


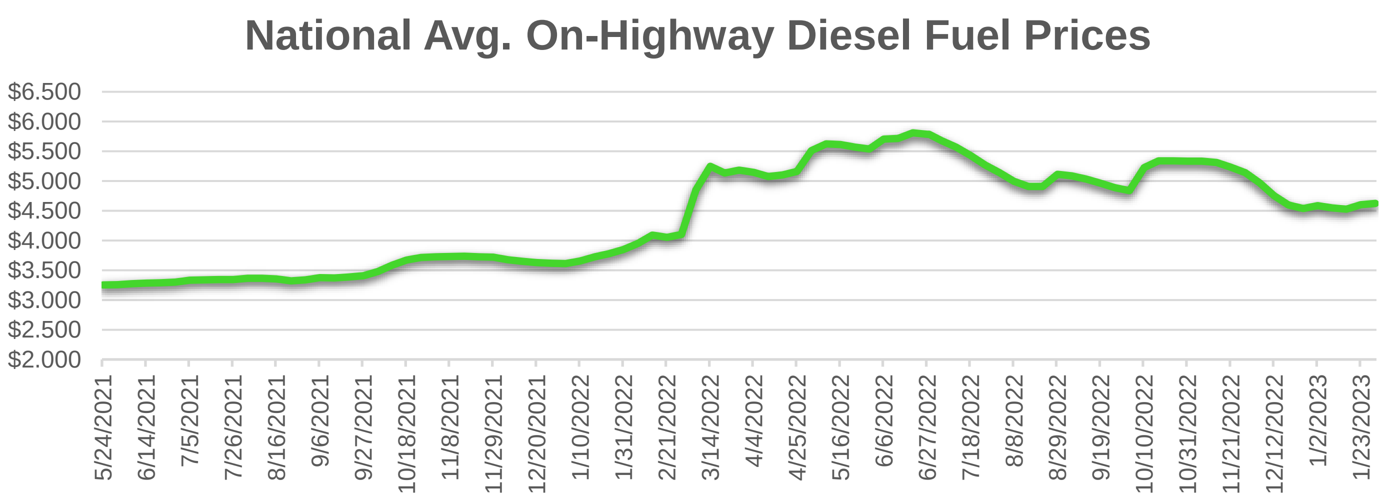


FUEL

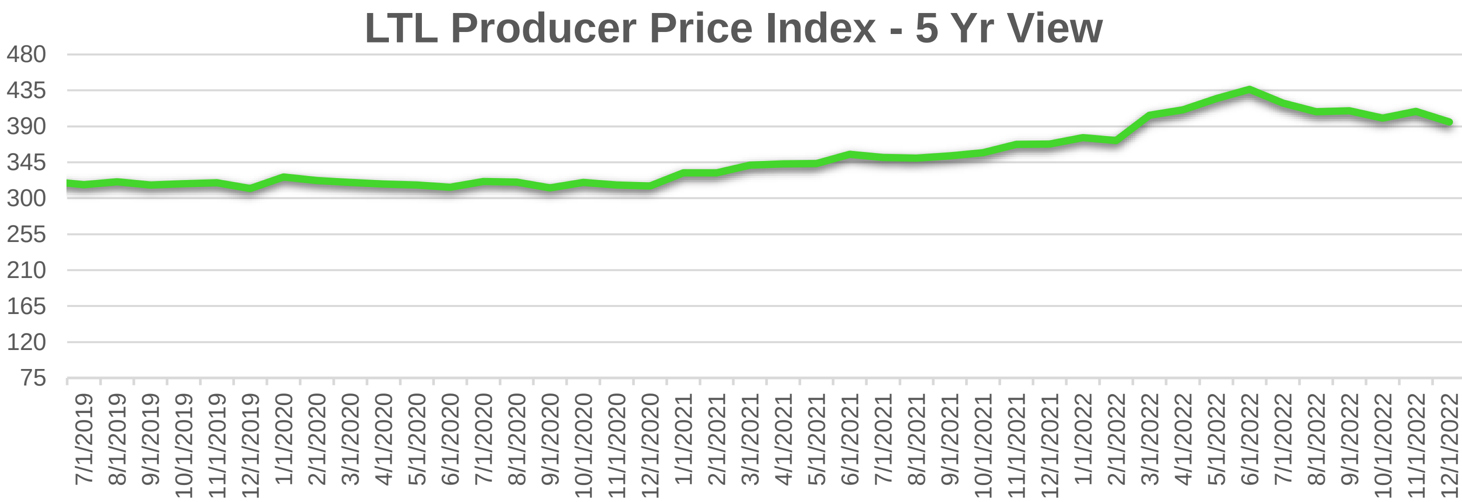
Retail diesel prices continued to slide in December. As of Dec 26th, the EIA came in at $4.537 for FSC benchmarks. This has been the seventh consecutive week of declining prices, totaling 80.40 cents per gallon. In late December, Diesel futures and wholesale prices took a positive turn, and retail prices began to follow throughout the month of January. Diesel future and wholesale prices are starting to fall in early February, as the market is monitoring reactions to newly imposed restrictions on Russian diesel exports.

We expect prices at the pump to follow and stay relatively flat with EIA retail diesel reading $4.539 as of Feb 6, 2023.





LTL



FreightPlus is seeing an upturn in the LTL market, particularly on the carrier side, as folks are getting to say “yes” a lot more often than “no” or “not right now,” as they have been for the past two and a half years.

Coming through arguably the bleakest time in the LTL industry, for equipment, labor, and capacity, things are opening back up. From our market intel, most LTL carriers are actively seeking new business, with eyes set on high 3–5-year growth plans.

A quick look at the Long-Haul LTL Producer Pricing Index (PPI) showed a further decline from November and December, however nothing in the realm of cliff jumping. From December to January – we saw the PPI decline 3.2%.

Now is the time to push through innovations and introduce new technologies that make everyone in LTL better. We’ve all come through an incredibly hard time. Those scars are still fresh. With more resources, capabilities, and technology at our fingertips than ever before, we really need to take a hard approach on eBOL’s, API connectivity, visibility enhancements, and more.

Some recently reported numbers around some of the public LTL carriers are as follows:

1. ODFL: Revenue grew 5.8%. Came in with an O/R at 71.2 which beats the same quarter, previous year.
2. XPO: Revenue grew 8.6%. Operating ratio at 87.1.
3. SAIA: Revenue up 6.3%. Operating ratio was an improved 83.1.

INTERMODAL

Coming into the new year we are starting to see significant signs of long-term change. There is a softening truck market encouraging shippers that have historically moved goods on rail cross country to use alternative modes of transport as rail service remains weak. Due to plummeting diesel prices, truckload transit is starting to supply more of a cost savings for shippers and 3PL’s in lanes that were historically dominated by intermodal transport.

The Contract ISI (Intermodal Savings Index) averaged 127.4 in the fourth quarter, down 9.1% compared to the same period a year ago; however, it is on par with the 127.8 average index value over the last five years.

The Journal of Commerce Intermodal Savings Index (ISI) is a proprietary calculation that measures the cost savings for shippers using rail instead of long-haul trucking for domestic freight. The JOC polls 120 lanes every month, sending rates to truckload brokers, intermodal marketing companies, and shippers for review. With the index dropping 9.1% on average, it opens a large percentage of lanes to become more attractive to being run in the truckload market. A Pro Truckload index is anything 110 or less, with the way the index is shifting downwards the savings favors truckloads once the accessorial charges that come along with rail transit are factored in.

For reference, with where the current ISI index is at 127.4, the cost savings would be 27.4% cheaper than the average truckload rate. So, for a $2,500 intermodal lane, that same lane for truckload would cost $3,185 on average.

It’s not all bleak; according to the COO of the Norfolk Southern Railways, Ed Elkins “it's a loose truck market right now … it's reached what we think is a sustained bottom for the last few weeks … As we go forward, I think we reached a point of stability, and the (IMDL) market is going to rebalance.” The IMDL community is projecting a 3 to 6 percent drop in IMDL contracts based on the current bids out to the market to combat the historically low truckload contract rates.

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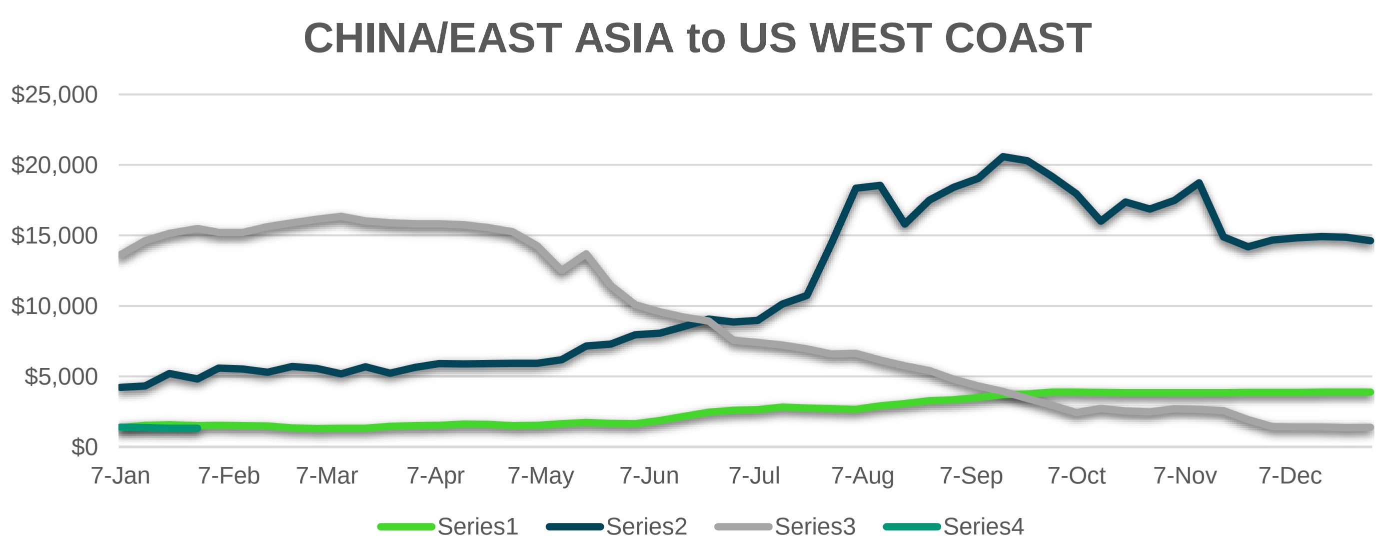
OCEAN

VESSELS AT ANCHOR

Vessels at Anchor as of January 11, 2023	
LA/LB	8 vessels at anchor / drift
Oakland	3 vessels at anchor / drift
Vancouver	4 vessels at anchor / drift
Seattle/Tacoma	2 vessels at anchor / drift
Charleston	4 vessels at anchor/drift
Savannah	7 vessels at anchor / drift
NYC/NJ	2 vessels at anchor / drift
Houston	6 vessels at anchor / drift
Norfolk	4 vessels at anchor /drift

FBX INDEX

In December 2022, imports were just 1.3% above December 2019 import levels. We did see imports rise 7.2% in January, but we're still expecting pre-COVID volumes and rates to continue. U.S. Port backlog has continued to decrease throughout the year. We anticipate volume to come back to the West Coast, due to extensive supply chain-based infrastructure and equipment being freed up. This may induce import volumes and spot rates on the East Coast to soften. With Chinese New Year, manufacturing and exporting in China traditionally softens. We expect the same result this year, meaning a very light month of February.



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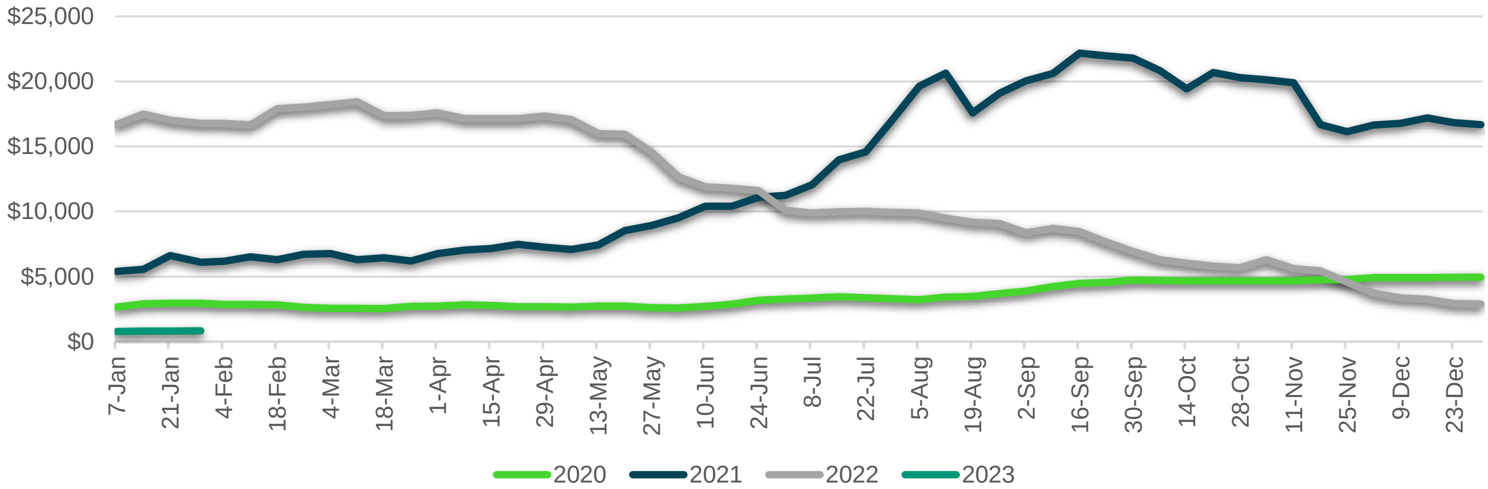
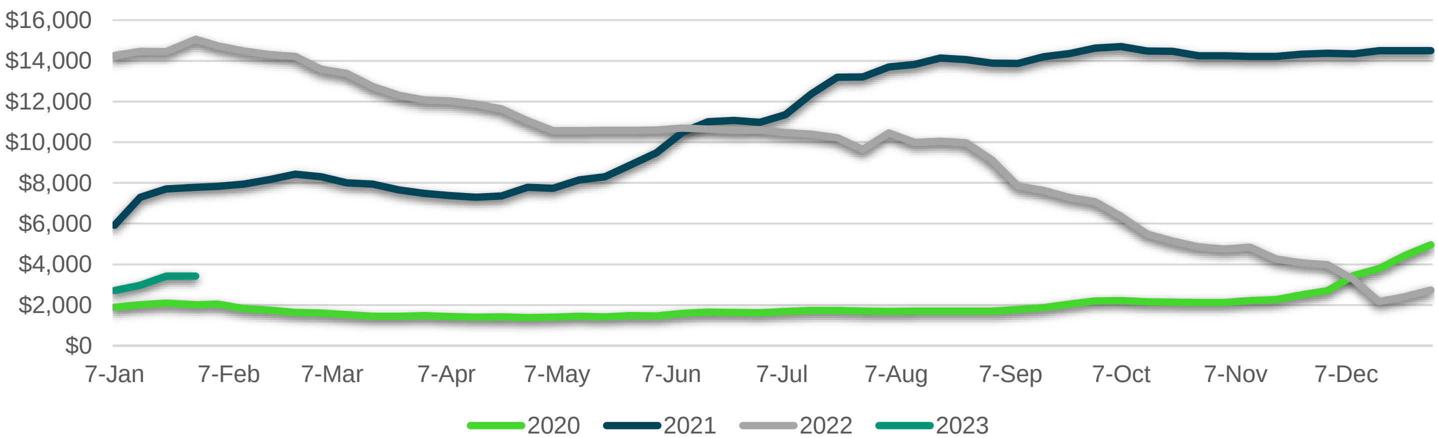
CHINA/EAST ASIA to US EAST COAST



CHINA/EAST ASIA to NORTH EUROPE



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