

Monthly Transportation 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 Transportation (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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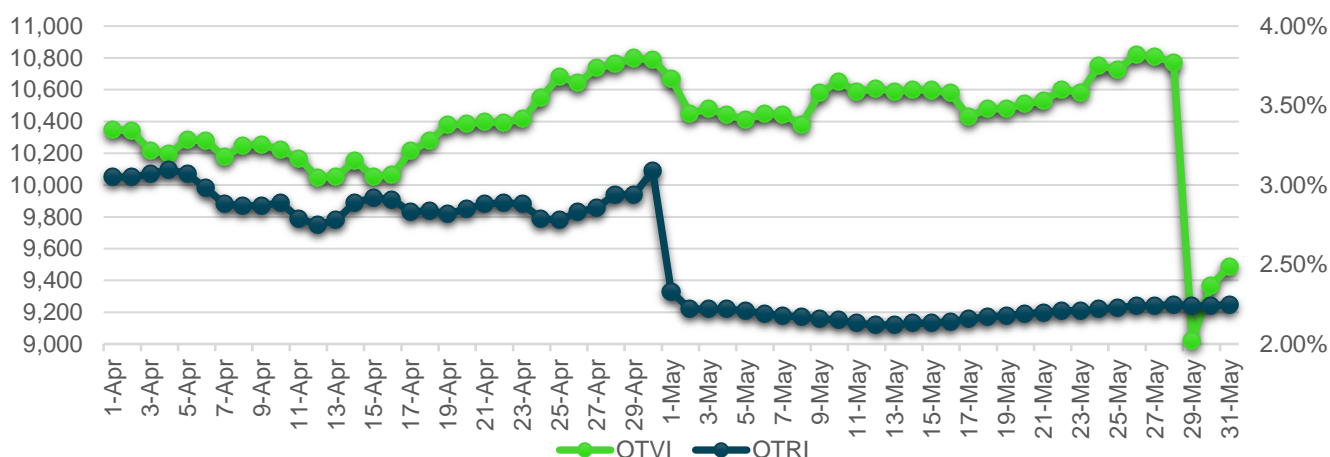
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TRUCKLOAD

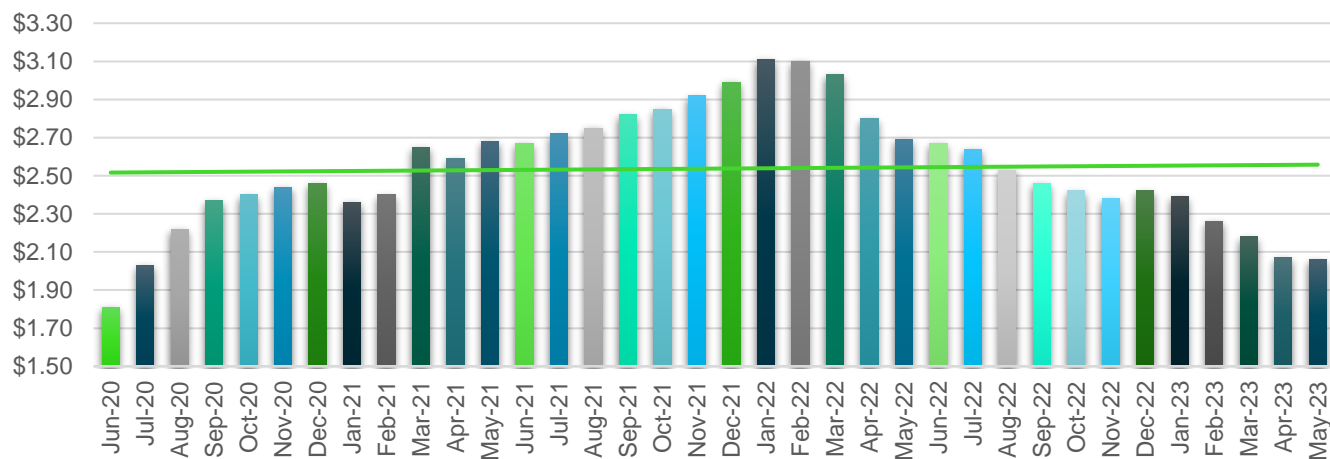
Van contract rates continue to trend slightly downwards as May's average contract RPM read \$2.62, a four cent decrease from April. In the spot market, April and May had a flat average RPM of \$2.07. The spread between spot and contract linehaul RPM hit -0.94 cents halfway through May but rose to -0.82 cents at the end of the month. The decrease in spread and increase in contract rejections were induced by DOT inspection week and Memorial Day weekend. Historically, carriers operating in the spot market tend to upcharge during capacity reducing events like DOT week, and around holidays such as Memorial Day.

In that time span, there was no indication that volume increased. In fact, the outbound tender volume (OTVI) stayed relatively flat throughout the month of May but took a 16% dip at the end of the month. OTVI has since begun trending back towards the flat levels we saw at the beginning of May. Outbound tender rejection (OTRI) is also trending well below pre-DOT week and Memorial Day levels, indicating there is still an abundance of capacity in the market and not enough volume to support it.

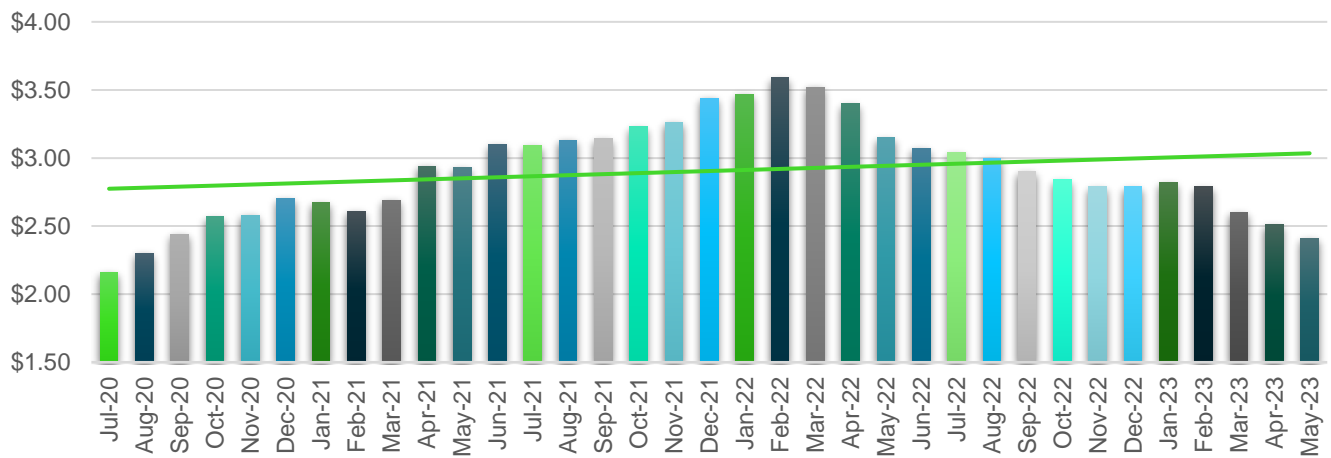
Combined OTVI & OTRI APR 2023 & MAY 2023



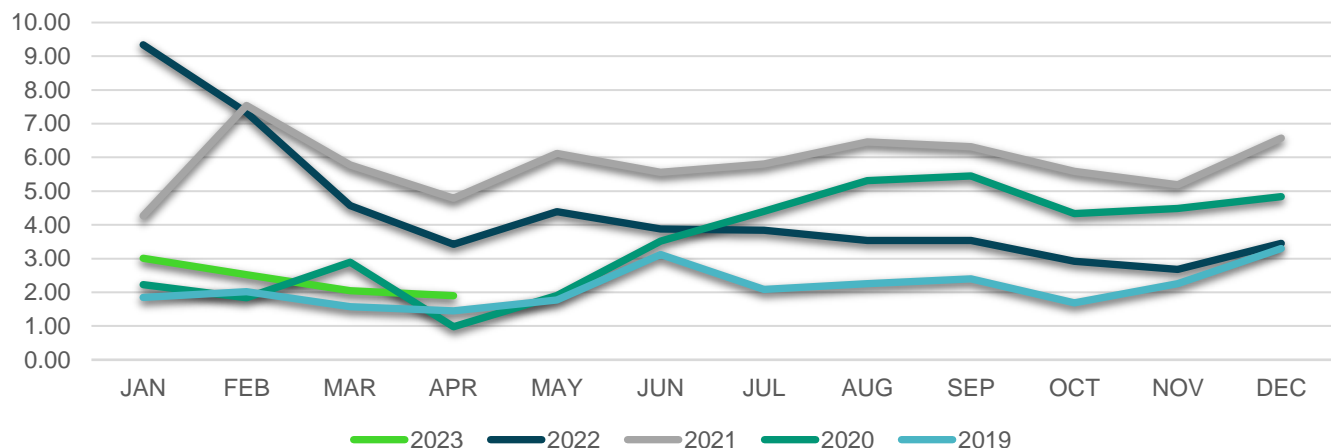
National Average Cost Per Mile - Dry Van



National Average Cost Per Mile - Reefer

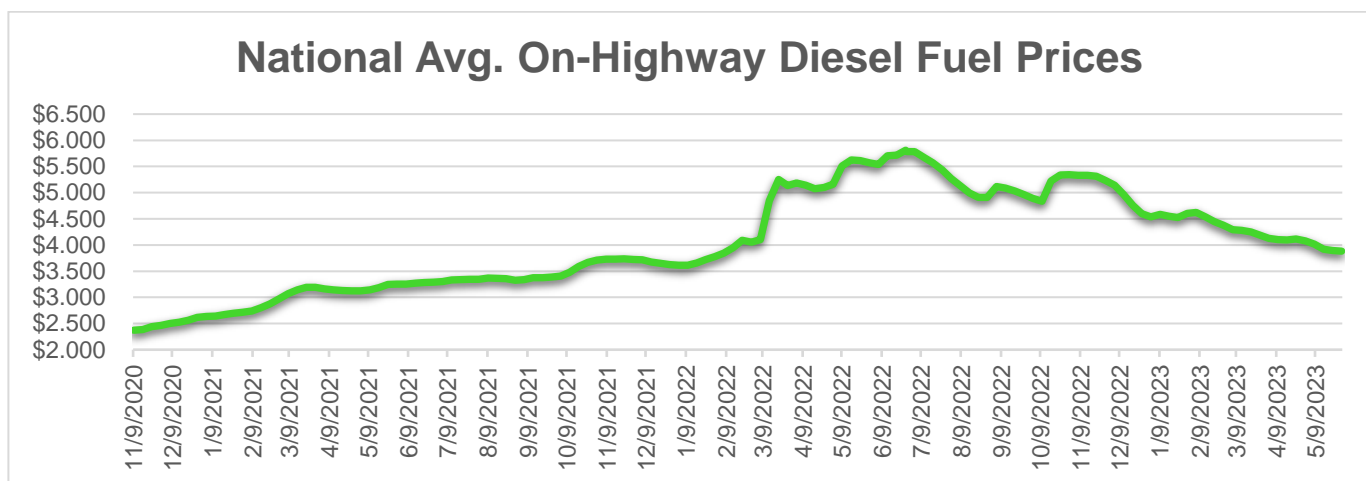
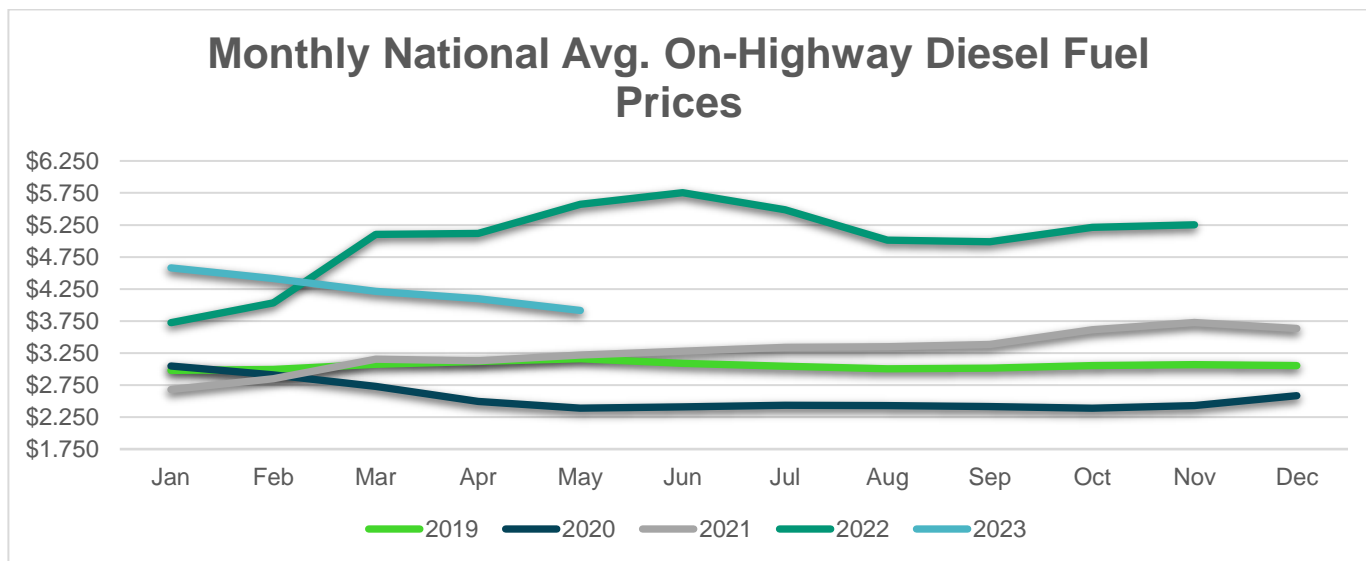


National Dry Van Load-to-Truck Ratio



FUEL

In the month of May, the EIA benchmark diesel price fell from \$4.018 to \$3.855, showing six consecutive weekly drops. The minimal price declines in the month of May might show a slowdown and stabilization for diesel markets in the near future, but the volatility in diesel markets rests on the [next OPEC+ meeting](#), held on June 4th.



LTL

FreightPlus is hearing from LTL carriers that the pace and high number of RFPs hitting their pricing teams have begun to slow in May and June compared to the first quarter. This makes a lot of sense because Q1 is normally a high RFP time period as businesses prepare for the upcoming busy summer of freight. With two years lost since it was a reasonable time to run an RFP, there was absolutely pent up demand that was unleashed early this year as the market normalized through economic slowing.

The primary focus of attention currently lies on the Teamsters Union. With new management in place, there is a degree of uncertainty regarding the extent to which their initial tough stance is posturing or real, actionable talk. However, their interactions with ABF, as evidenced by the recent news of a tentative agreement, appear to have been positive thus far.

On the other side of that coin is Yellow. The last two months have shown a contentious showdown between the union and the carrier. Yellow appears to be somewhat pushed into a corner from a financial and labor perspective. These are challenging times for them. However, it's better for the industry if they

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are allowed to finish the “One Yellow” consolidation and have a shot running their company as a more efficient, better networked, and smarter labor driven machine.

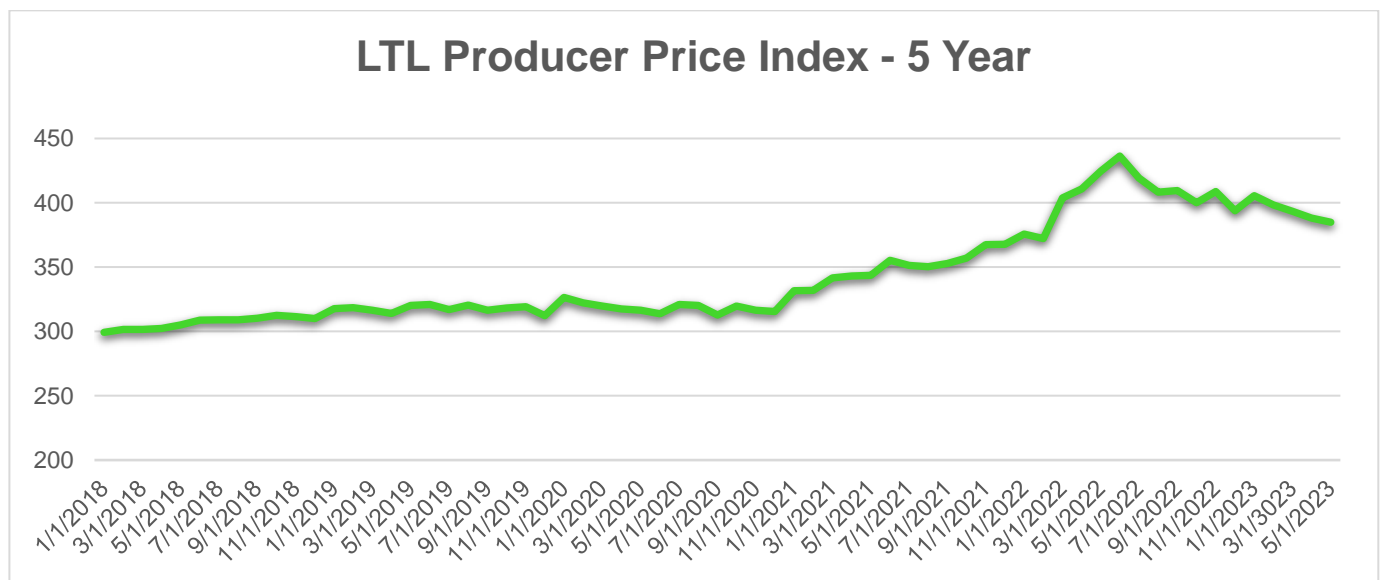
Overall, pricing discipline in LTL remains strong. However, it is important to note that there are nuances in this aspect compared to what the public carriers may present in their quarterly reports. Right now, carriers seem to be holding quite strong on winning increases and not giving up an inch on incumbent business. They are, however, getting very aggressive with pricing and pursuing new business, and should a shipper be okay with switching carriers, there are better rates to be found by going out to market.

The PPI, updated through May 2023, shows almost no change from April. Yes, the pricing index has declined from its unprecedented high of June 2022. However, it's not even halfway back to pre-Covid levels. This makes sense as LTL has grown in importance and usage within shippers' supply chains. It's not a simple market with one single hinge like the full truckload market.

The LTL industry continues to experience a dynamic and captivating environment, with ongoing excitement and developments taking place. Stay tuned as FreightPlus helps you navigate the ups and downs.

If you're interested in an LTL crash course, our Senior Vice President of LTL, Curtis Garrett, was recently featured on FreightWavesTV's podcast, WHAT THE TRUCK?!? The episode was about all things LTL – including the basics of the mode.

Check out the video here: [Watch Video](#)



INTERMODAL

Overall projections for intermodal volumes declined by more than 1% in 2023 and 2024, as the poor competitive situation relative to truckload carriers remains in place until the end of next year. Overall volume is still projected to be down 7.9% year over year. International and domestic traffic are each expected to be lower than previously anticipated last month.

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Two additional services among four different rail carriers have been announced since the CPKC merger became official, offering more expansive coverage in and out of Mexico. This could lead to Mexican intermodal being a larger factor in overall volume.

Intermodal Savings Index (ISI): The Journal of Commerce Contract ISI averaged 125.8 in the first quarter, representing a 25.8% savings on intermodal compared with truckload contracts. The Spot ISI averaged 115.2 in the first quarter; a 15.2% savings compared with spot truckload rates. The contract ISI began the first quarter weaker than in past years, but as intermodal providers caved in on pricing, particularly in outbound Los Angeles lanes, savings recovered by March. Since 2018, the average monthly contract ISI value was 125.9, and the average spot ISI value was 115.2. With spot and contract, the current (Projection for Q2) 3 month rolling average for the ISU is 115.2 for spot and 125.9 for contract. This equates to a 15.2% savings in spot vs truckload (on a \$1000 you would save \$152) and a 25.9% savings in contract vs truckload (on a \$1000 you would save \$259).

Railway Updates:

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

Union Pacific (UP) • Network remains fluid.

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

Canadian National Railway (CN) • Network remains fluid.

Canadian Pacific (CP) • Centerm is at 95% capacity. They continue to work with terminal, CP, and procurement to clear dwelling cargo.

Norfolk Southern Rail (NS) • Network remains fluid.

Florida East Coast Railway (FEC) • Network remains fluid.

CSX • Idle containers at inland rail ramp averaging 5 days.

OCEAN

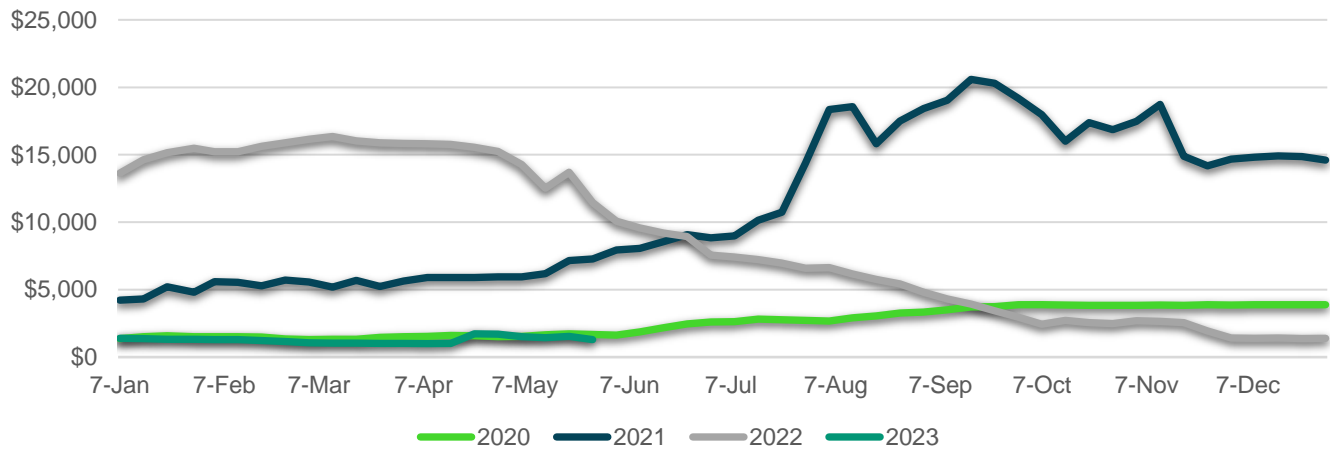
For lanes coming out of China/East Asia, the late April GRI's for both US West Coast and US East Coast inbound did not hold for long. The [Asia to US West Coast index \(FBX01\)](#) read a spot rate of \$1,309/FEU as of May 26th, a 25% decrease since carriers came together for a GRI on April 21st. For the [Asia to US East Coast index \(FBX03\)](#), reading \$2,328/FEU on May 26th, there was a 7% decrease in the same period.

In the Transatlantic trade lane the [North Europe to US East Coast index \(FBX22\)](#) fell 21% in the month of May and read \$2,143/FEU at the end of the month. As volume in this lane continues to decrease, spot rates in this trade lane are now floating around pre-pandemic levels. Carriers have continued to strategically limit capacity in forms of blank sailing, extending transit time and reducing ship speed, in hopes of weathering the storm of this loose market.

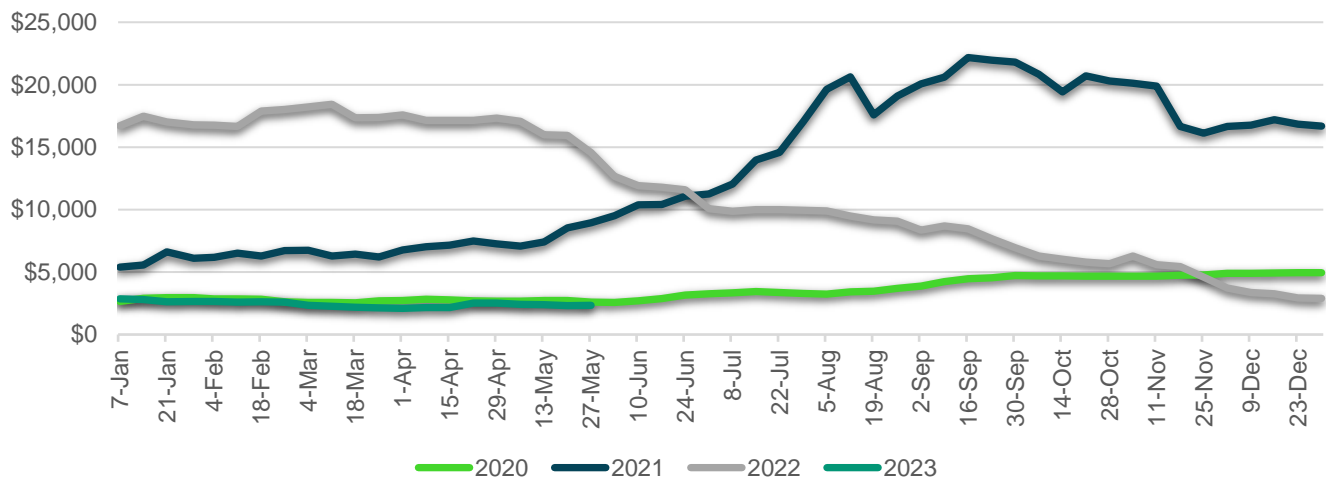
China/East Asia outbound contract pricing reports show the largest shippers paying contract rates of about \$1,200/FEU to US West Coast and \$2,200/FEU to US East Coast. The mid-size retailers are mostly in the range of \$1,350 to \$1,500/FEU to US West Coast and about \$3,200/FEU to US East Coast.

The rates locked in are a massive decrease from the contract pricing last year, and shippers took their time negotiating contract rates in hopes that the spot market would continue to plunge. When the GRI took place, shippers started to lock in contract pricing for the year. Retailers still prolonging their negotiations may need to secure contracted pricing with carriers in order to secure the necessary capacity commitment needed during summer and fall peak shipping seasons.

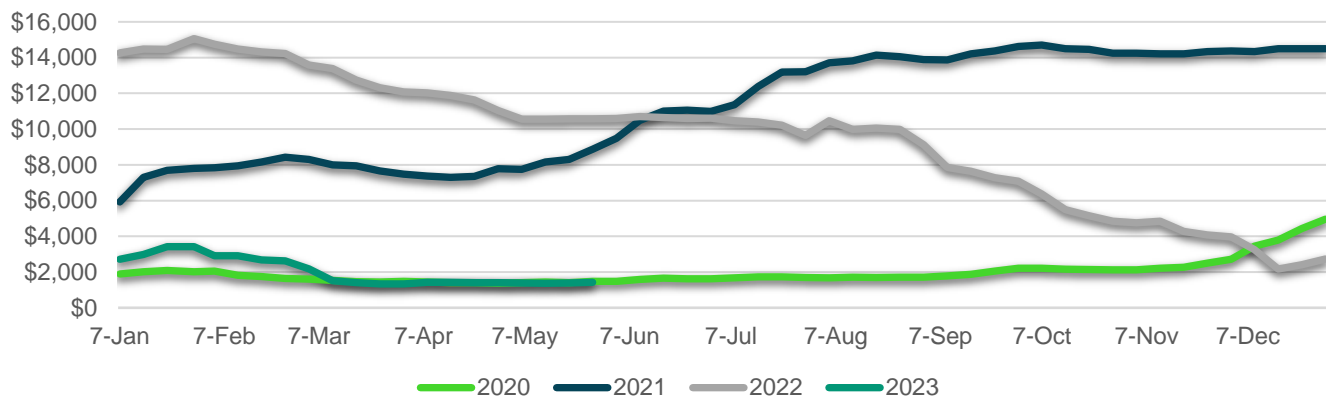
CHINA/EAST ASIA to US WEST COAST



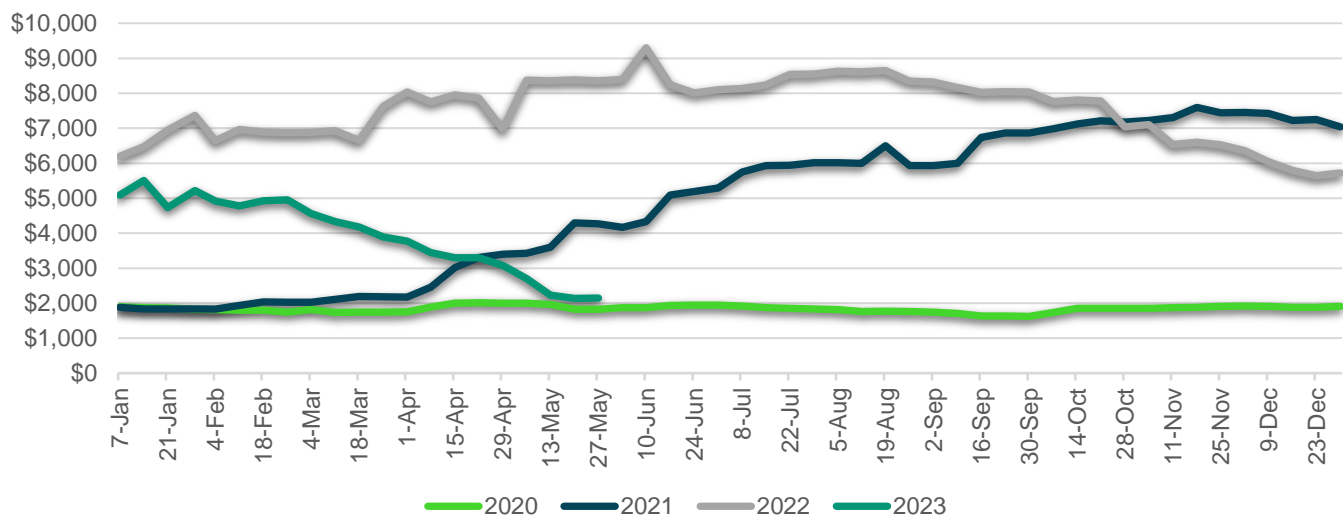
CHINA/EAST ASIA to US EAST COAST



CHINA/EAST ASIA to NORTH EUROPE



NORTH EUROPE to US EAST COAST



MERGERS & ACQUISITIONS

According to Transport Dive, France-based transport and logistics provider Geodis has acquired Southern Companies, a Miami-based drayage services provider, expanding Geodis' access to terminals serving major ports in the United States. The acquisition allows Geodis to strengthen its U.S. transportation and warehousing operations while providing Southern Companies with the opportunity to expand its global reach. The terms of the deal were not disclosed, but over 80 Southern Companies employees across its seven port operations will join Geodis. With a presence in 20 states and over 150 warehouses in the U.S., Geodis employs more than 17,000 people in North America.

Transport dive reports a shareholder of U.S. Xpress Enterprises has filed a lawsuit against the carrier, seeking to halt a merger vote with Knight-Swift Transportation Holdings until additional financial

information is disclosed. The lawsuit, filed by Stephen Bushansky, alleges that stockholders will be voting without crucial financial details, including management's projections, valuation analyses, and background information. The approximately \$808 million deal is scheduled for a shareholder vote on June 29, but the lawsuit aims to secure a trial. The complaint also claims that the May 24 proxy statement regarding the merger is false and misleading, asserting that the insiders of U.S. Xpress will be the primary beneficiaries of the transaction. U.S. Xpress has faced previous lawsuits related to its SEC filings, including a class action suit in 2019 that resulted in a \$13 million settlement this year. The company has consistently denied any wrongdoing.

According to Transport Dive, Penske Truck Leasing has announced its agreement to acquire Star Truck Rentals, a full-service leasing, rental maintenance, and sales company. The financial terms of the deal were not disclosed. Star Truck Rentals, operating for over 150 years in Michigan and Indiana, manages a fleet of more than 1,900 vehicles across 18 locations. The company serves customers in various industries, including food and beverage, manufacturing, and consumer goods. Penske President Art Valley highlighted Star Truck Rentals' strong regional presence, industry reputation, and customer service commitment. The acquisition is expected to provide Star Truck Rentals with growth opportunities as part of Penske's larger network. The deal is subject to customary closing conditions and regulatory approvals.

EDUCATION

[10 Strategies for Reducing Dwell Time](#)

Whether you work in manufacturing, distribution, or retail, understanding dwell time is crucial for optimizing your supply chain efficiency and reducing costs. In today's blog post, we will delve into the concept of dwell time and its significance in logistics operations. We also outline the ways it can impact your transportation costs and ten strategies [...] [Read More](#)

[EDI Connections: What You Need to Know](#)

Electronic Data Interchange (EDI) has revolutionized the way organizations exchange business information, enabling seamless communication and enhanced efficiency. In this article, we will explore the fundamental aspects of EDI, including its history, specifications, and standards, providing a comprehensive overview of this technology. Additionally, we'll cover the common misconceptions about setting up an EDI connection with [...] [Read More](#)

[LTL Accessorial Charges Explained](#)

Are you a shipper who is new to the world of freight transportation? Do you know what LTL Accessorial Charges are and how they can impact your bottom line? Accessorial LTL charges are fees added to a freight shipment that go beyond the standard cost of transportation. These charges can be difficult to understand and [...] [Read More](#)

[Freight of All Kinds \(FAK\) Explained](#)

When it comes to shipping goods, one of the most important factors to consider is the freight class. However, despite its significance, it is a topic that is often overlooked or misunderstood. Freight class is

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not only complex and deep, but it is also confusing and broad, leaving many people wondering how to find just [...] [Read More](#)

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