FREIGHTPLUS

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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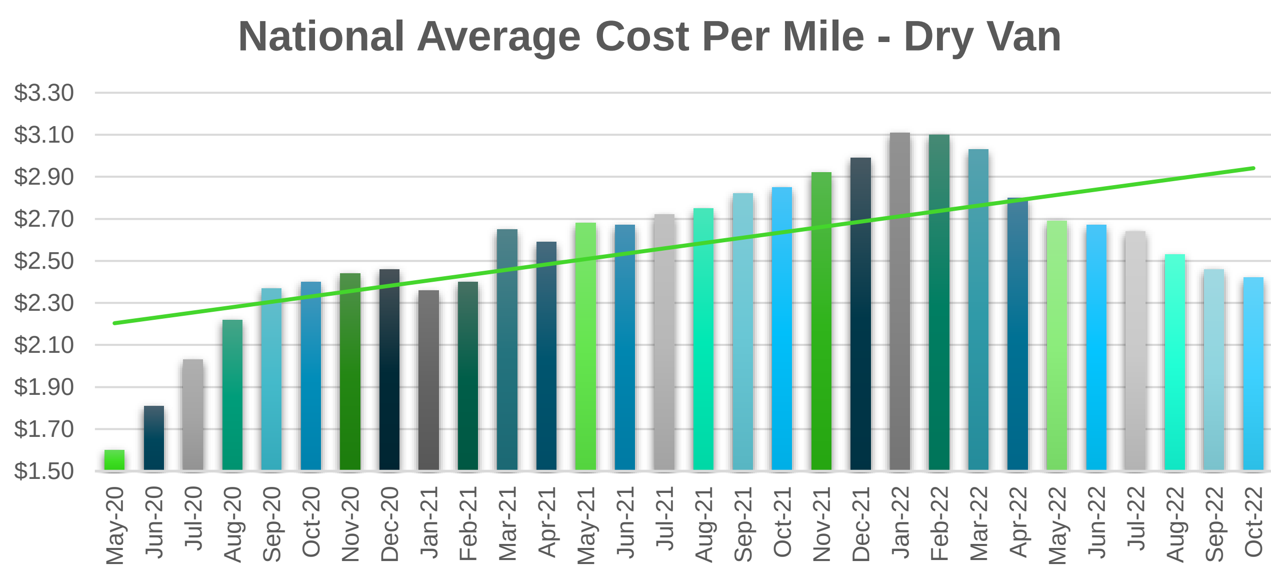
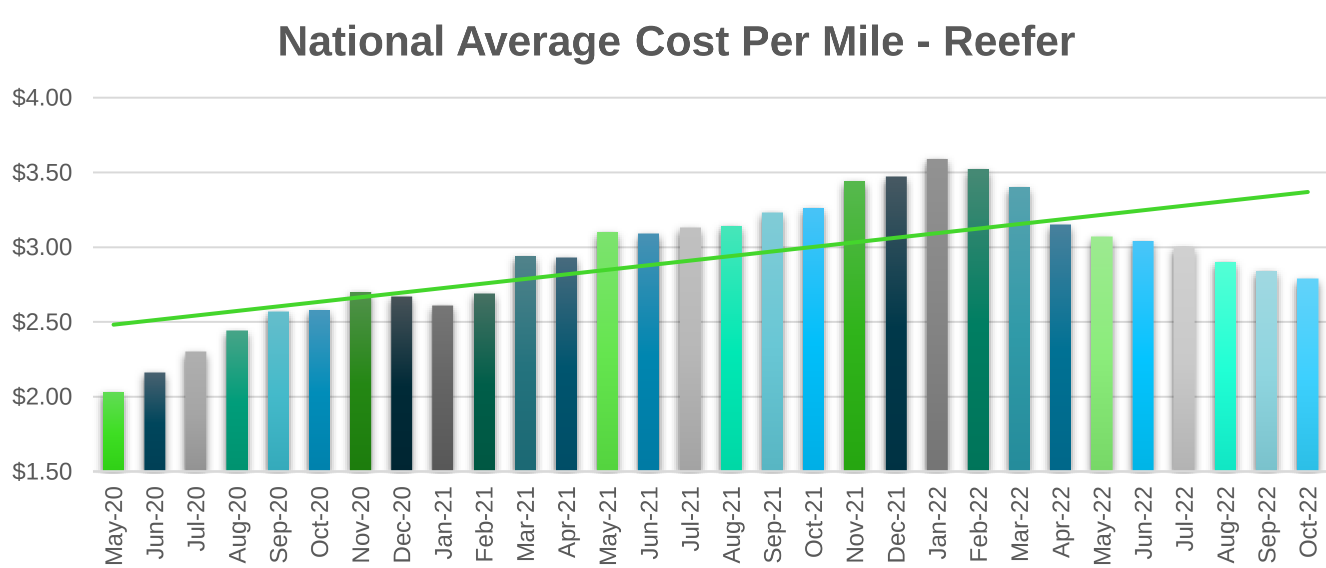
OCTOBER 2022 CONTENTS

TRUCKLOAD

Freight demand has continued its downward trend that started this past summer. The current U.S. OTVI is 26% lower than 2021, 25% lower than 2020, and 16% higher than 2019. U.S. OTRI has continued to decline and currently sits at 4.12%. Carriers are continuing to adjust to the current market atmosphere, accepting freight when available. Freight markets tend to be cyclical, lasting about 18 months. We anticipate volumes to shift upwards in the next year, and in return rates to pick back up.





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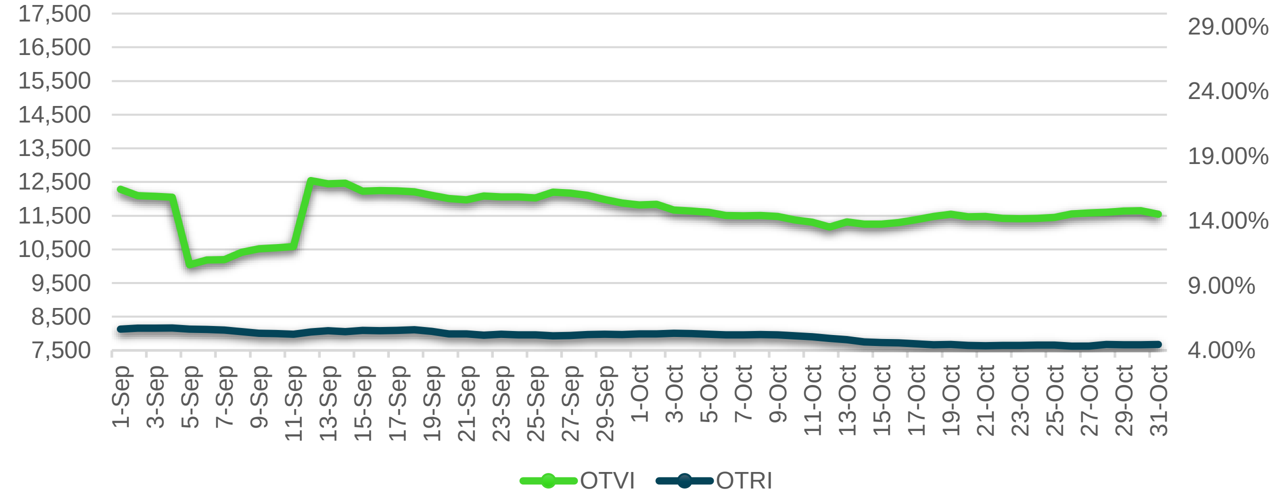
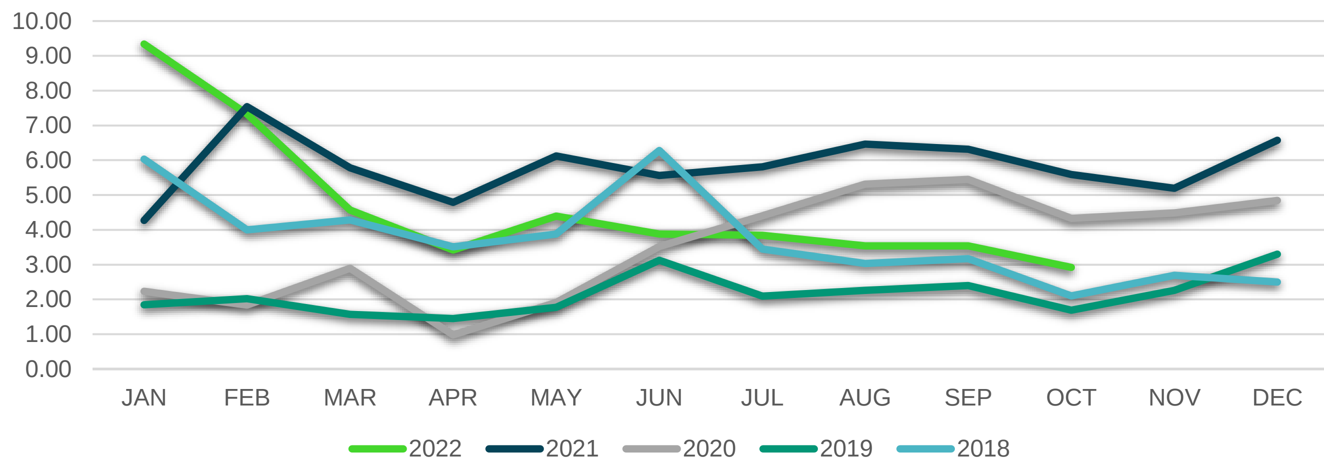
Combined OTVI & OTRI SEPT & OCT 2022



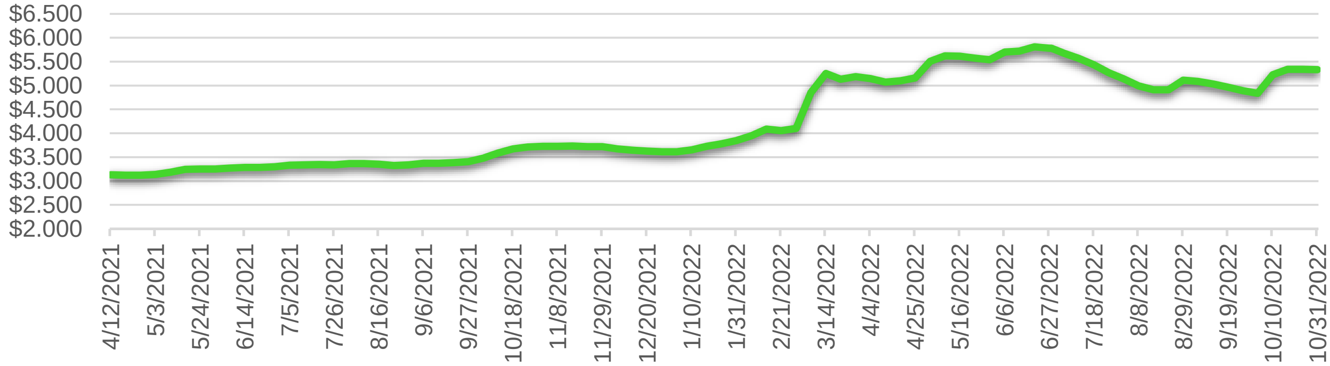
National Dry Van Load to Truck Ratio



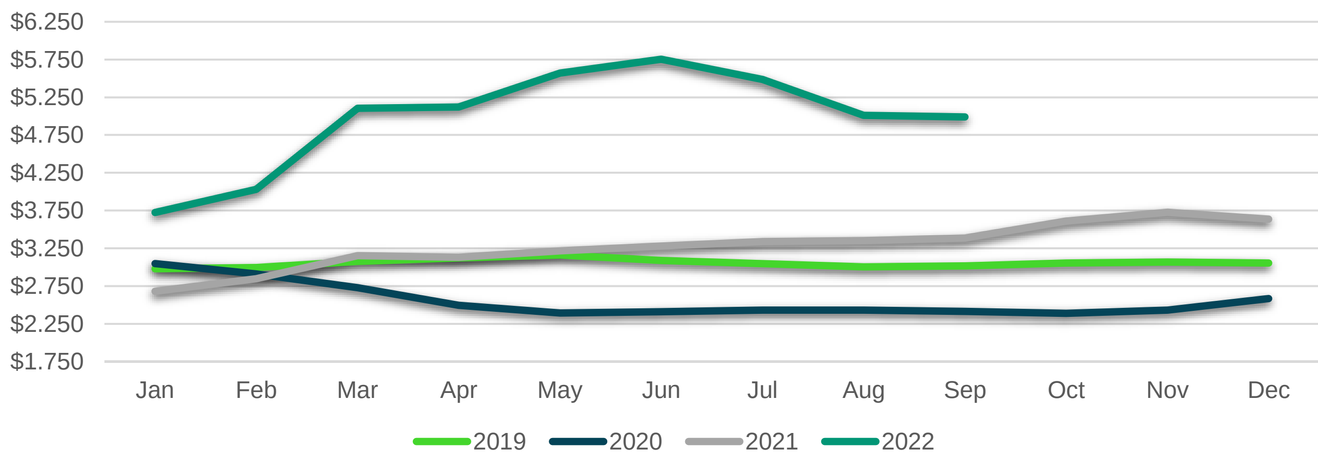
FUEL

On-Highway Retail Diesel prices jumped in October with the OPEC cut making news around the industry but have leveled out in the most recent weeks of November. The EIA reported that distillate levels are at their lowest levels since 2008. The primary reasons behind the low distillate levels are the lack of US refinery capacity, which was affected by increased federal regulation, and the embargo on Russian imports, particularly petroleum products which the US was importing 700,000 barrels a day. We anticipate the continuation of rising fuel costs.

National Avg. On-Highway Diesel Fuel Prices



Monthly National Avg. On-Highway Diesel Fuel Prices



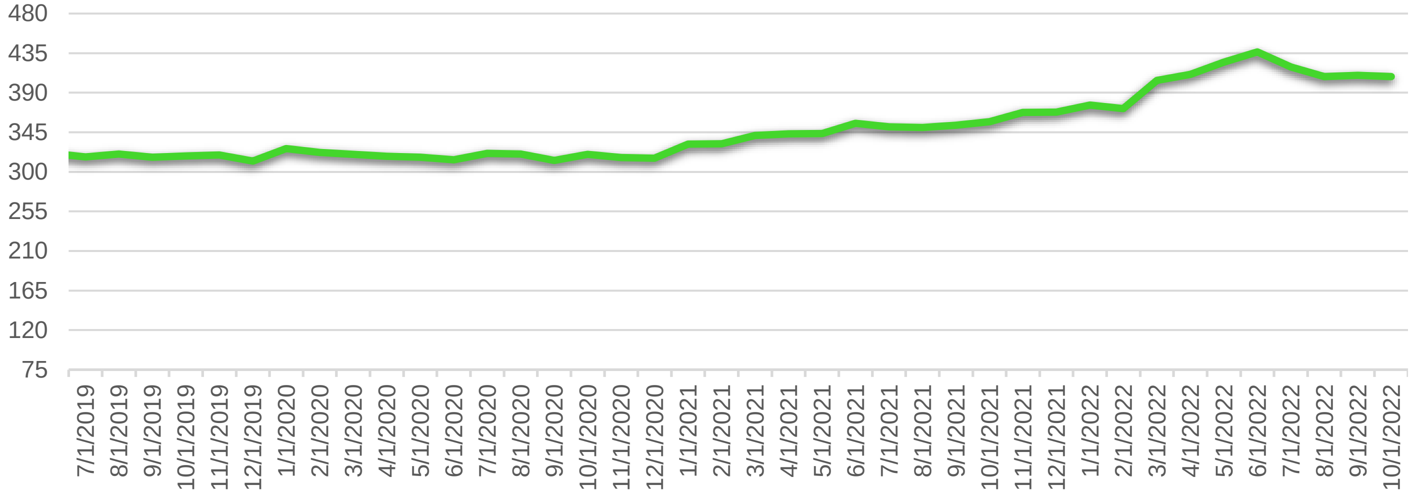
LTL

Flat. Level. Consistent. Flush.

These words describe the LTL market in recent months. Yes, there’s been rate volatility and yes, a lot was to do with fuel climbing, then falling, then rallying.

This level period is likely coming to an end. At the Fall Meeting for the North Carolina Transportation League, Bob Costello, Chief Economist & SVP of International Trade Policy spoke about his prediction that the United States is now entering that recession that everyone’s been talking about for months. Costello thinks that the first and second quarters of 2023 will show an economic decline and subsequent fall in GDP, however he says it won’t fall far or for very long. With pent up housing demand and hopefully normalizing interest rates, it could unlock the second wave of recent home buying in the last 3 years which could be the catalyst for the third quarter economy to rise back into the positive realm. Of course, these are predictions, but for how they may impact the LTL world, they seem as though they might be on point.

LTL Producer Price Index



October 2022 numbers from the FED's LTL PPI show neither rise nor fall – but of course this is a bit of a lagging indicator in LTL.
Cass, as well, shows a decline in their shipment index (-1.4% m/m) as well as expenditures (-4.9% m/m). We seem to have finally arrived at somewhat of a valley – although time will tell how deep it goes.

Large carriers, who have the cash buffer to withstand fuel prices, labor costs and still difficult supply chain issues around parts and components may be able to weather this lull easier than in past recessions – mainly due to the massive constraints around equipment buying in 2021. Had the carriers been able to purchase all that they intended to while building all the terminals they would have liked to as well; they would have been in a much worse position vs where they are sitting now.

FedEx was the first large LTL carrier to come up with plans to furlough employees, including drivers. It wouldn't been too surprising for other carriers to follow suit in the coming weeks.

Additionally, there is a large trend with LTL carriers aggressively investing in technology and IT these days – to find more efficiency and have more automation in place as labor is still quite skittish. XPO is one leading the charge on this.

Recently, many public LTL carriers have publicly acknowledged slowdowns in bill count, including: Yellow, Forward, and others. Saia may delay plans on deploying 10-15 new terminals in the near turn if things continue their current trend.

Despite this, FreightPlus holds strongly to our LTL recommendations. Invest in knowing your freight profile. Input solid data that's accurate and complete. Treat carriers with respect and as a true partner. Get carriers in and out of your facility as quickly as possible so they can get on down the road and make all their pick-ups and deliveries.

LTL may be experiencing a downturn currently, but in the big picture it's growth, innovation and quality that are in the headlines.

INTERMODAL

U.S. intermodal loadings are projected to rise in 2023 but face uncertainties that could derail this projection. While IMDL service will play a role in the outcome for where volumes land, more important when considering 2023's results is the state of the underlying economy. Strong inflation shrinks consumer spending and demand for luxury and non-necessary items; U.S. origins would be in line to take the largest hit.

While domestic trailers remain at an all-time low in 2022, they are expected to stabilize next year and not maintain their significant declines. The transloading trend that sped up during the COVID-19 pandemic is not expected to subside soon. Beneficial cargo owners value the lower unit cost and standard unloading that can happen at their distribution centers relative to a smaller 40' international box. This will be a net tailwind to domestic intermodal in coming years, while holding back international growth potential.

Seven other unions have ratified a labor improvement agreement, while the final two — the Brotherhood of Locomotive Engineers (BLET) and Sheet Metal Air, Rail, and Transportation Workers (SMART-TD) — announce their results Nov. 21. BLET and SMART-TD represent nearly half of all union employees covered by the 12 rail unions.

Members of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers (IBB) have voted down a tentative collective bargaining agreement with US railroads reached in September, becoming the third rail union to reject the deal.

Rank-and-file members of all 12 unions are upset because the tentative agreement reached in September called for one paid sick day annually. Short-term sick days were unpaid under previous collective bargaining agreements, and the Presidential Emergency Board recommended negotiating the issue on a local level, not a national level.

OCEAN

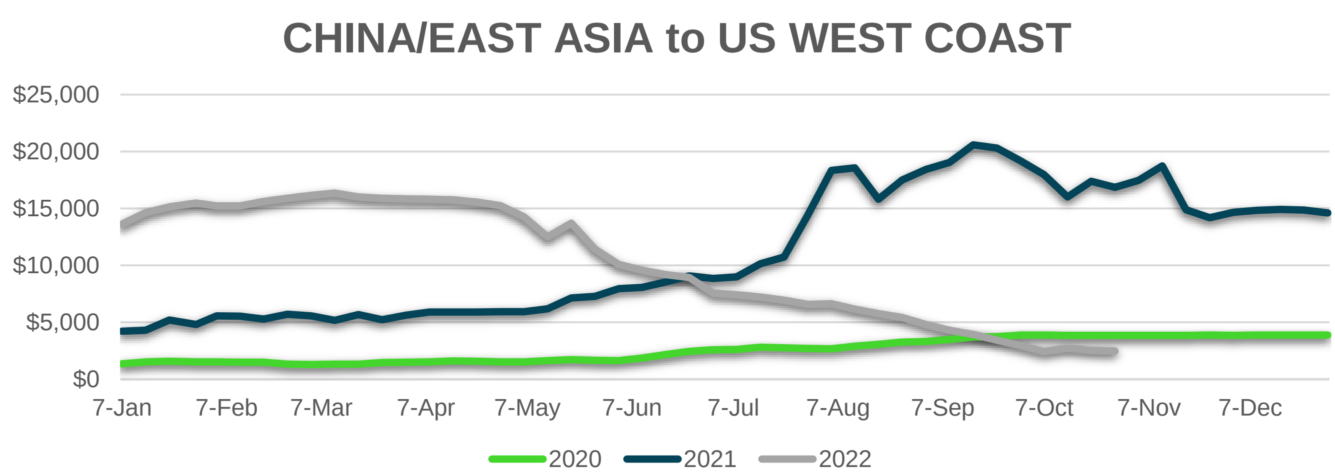
VESSELS AT ANCHOR

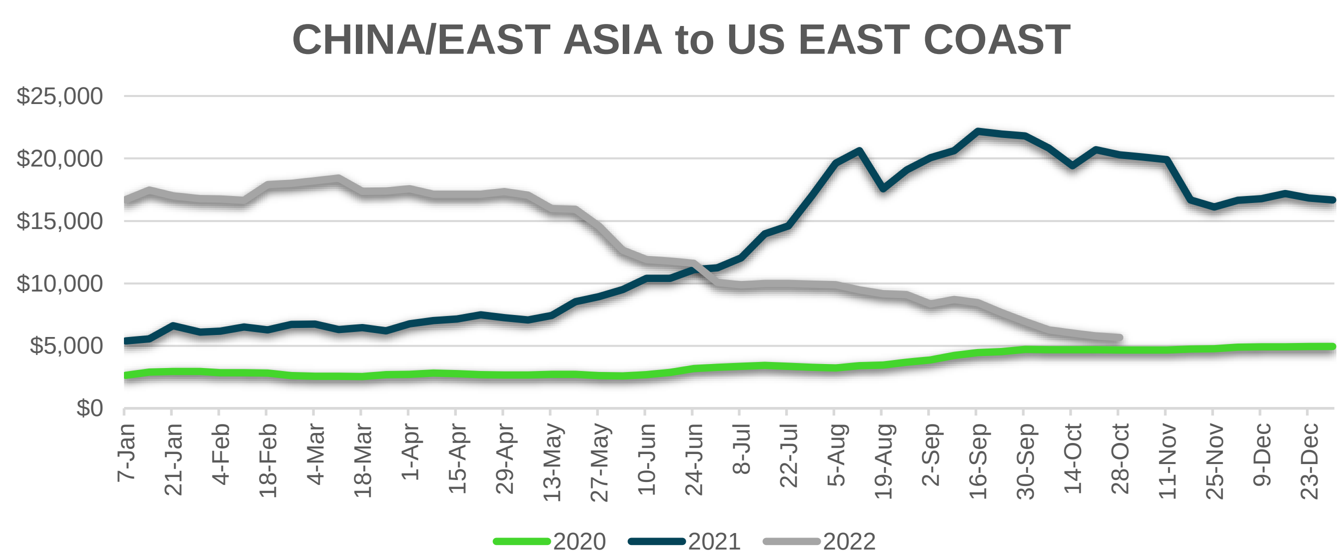
Vessels at Anchor as of November 9, 2022	
LA/LB	11 vessels at anchor / drift
Oakland	6 vessels at anchor / drift
Vancouver	3 vessels at anchor / drift
Seattle/Tacoma	3 vessels at anchor / drift
Charleston	Unknown due to storm
Savannah	Unknown due to storm
NYC/NJ	5 vessels at anchor / drift
Houston	15 vessels at anchor / drift
Norfolk	Unknown due to storm

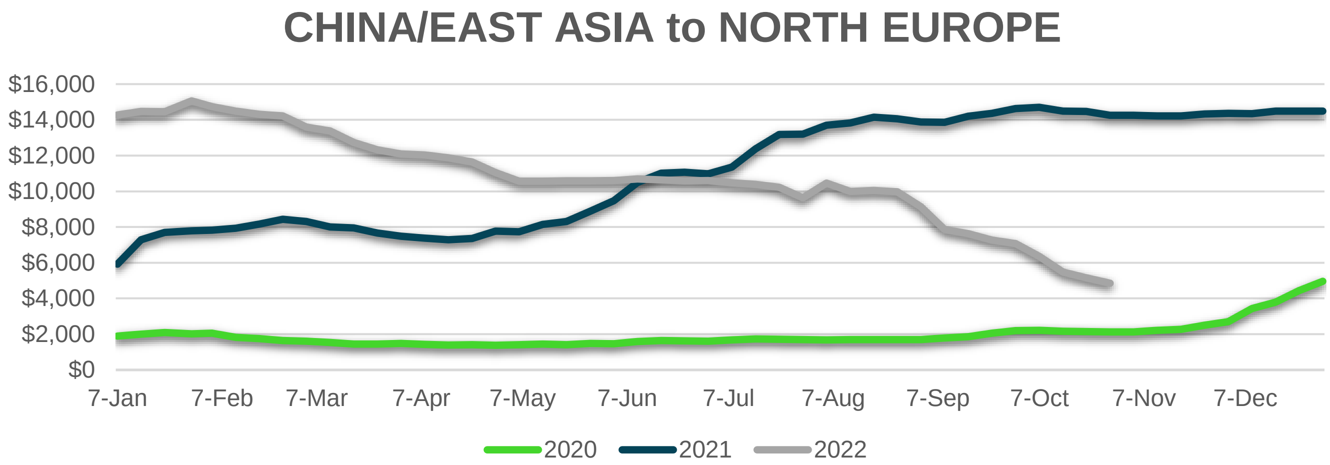
The ILWU halted vessel operations at the Port of Oakland, which may affect ship queue and congestion in the area.

Consumer spending remains affected by increased global energy costs, war risk in Eastern Europe, political instability, and rising inflation, which directly affect ocean freight volume. Capacity cuts and blank sailing continue the carrier side, in effort to halt the bottoming of freight rates. Carriers had record box ship orders while riding the highs of pandemic volume and freight rates, which may lead to overcapacity in the upcoming years. Carriers remain highly profitable, but earnings are sliding, as demand has lowered in Q3 and Q4.

FBX INDEX






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

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CONTRIBUTORS

Dan Burke
Senior Manager, Carrier Operations
dburke@freightplus.io

Curtis Garrett
Senior Vice President, LTL
cgarrett@freightplus.io

Connor Kerwin
Carrier Sales Specialist
ckerwin@freightplus.io

Jeremy Eliades
Strategic Sourcing Representative
jeliades@freightplus.io

Courtney Conyers
Marketing & Communications
cconyers@freightplus.io