

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

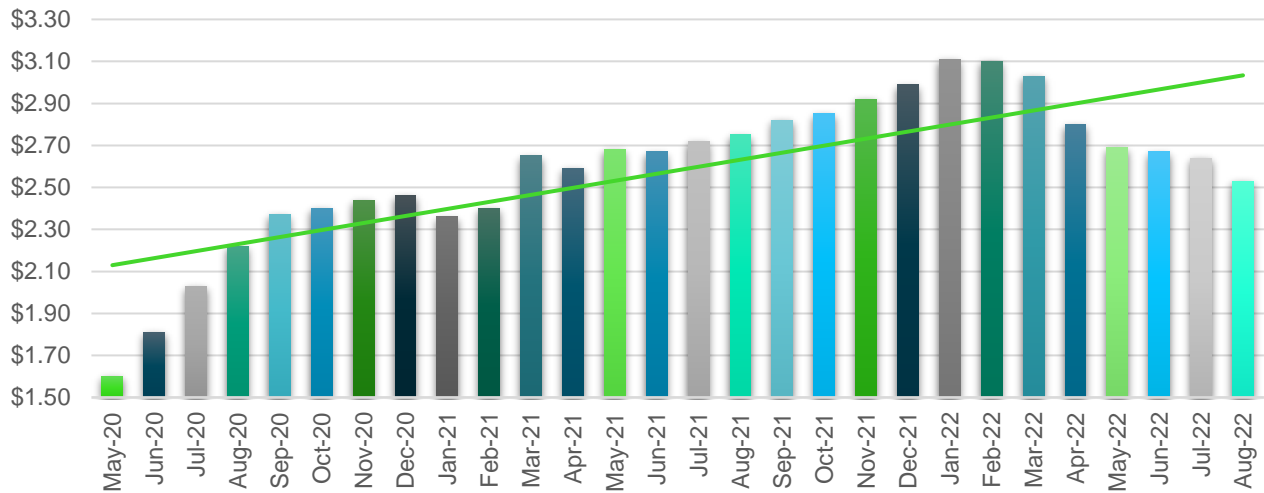
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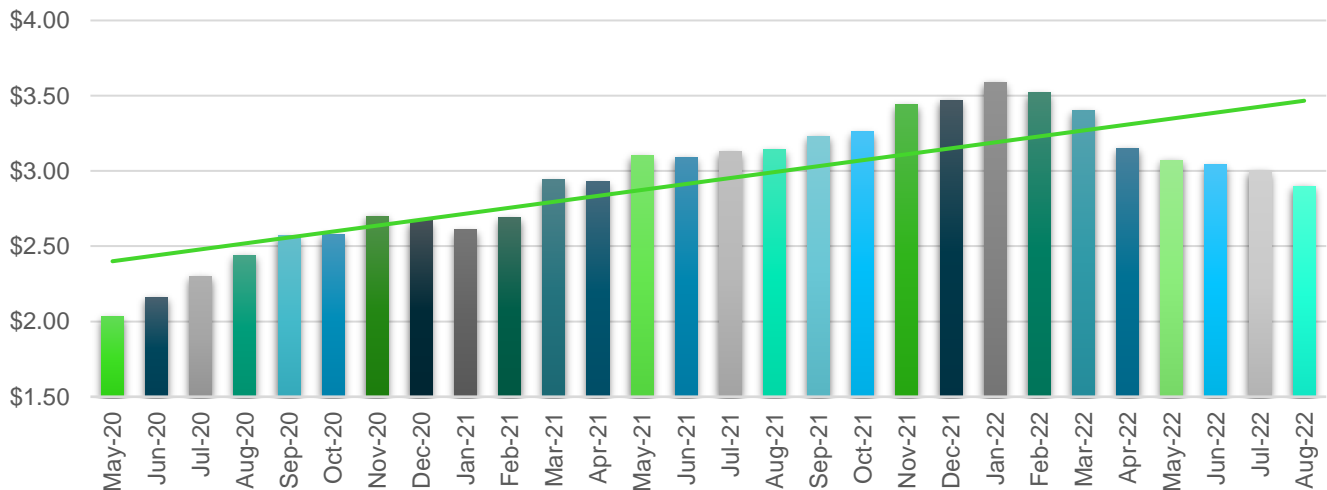
TRUCKLOAD

Volumes continued to be steady within the month of August. From the carrier perspective, we're seeing less of an emphasis on the spot market as carriers look for more long-term contracts with fixed rates. This largely has to do with the volatile fuel market. The month of September will be a big indicator for the market as we head into the holiday season and retailers begin to stock up on inventory, but we expect the market to remain soft based off where the current demand is.

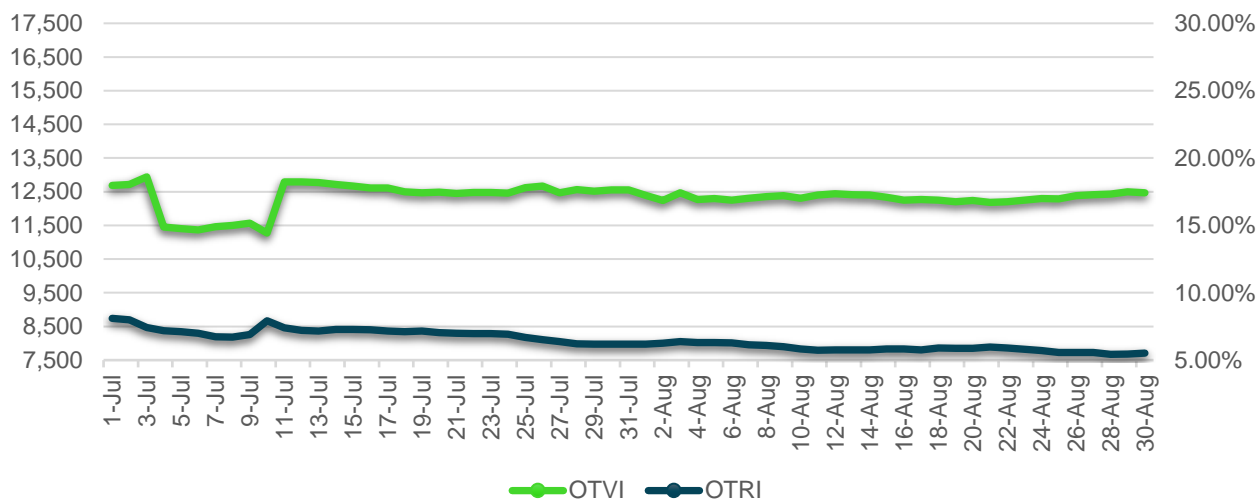
National Average Cost Per Mile - Dry Van



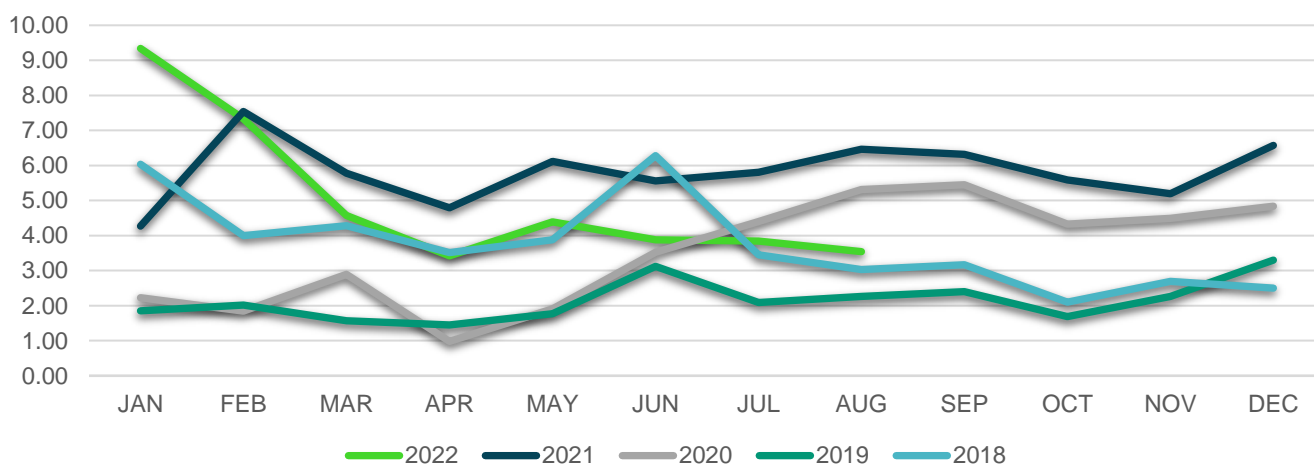
National Average Cost Per Mile - Reefer



Combined OTVI & OTRI JULY & AUGUST 2022



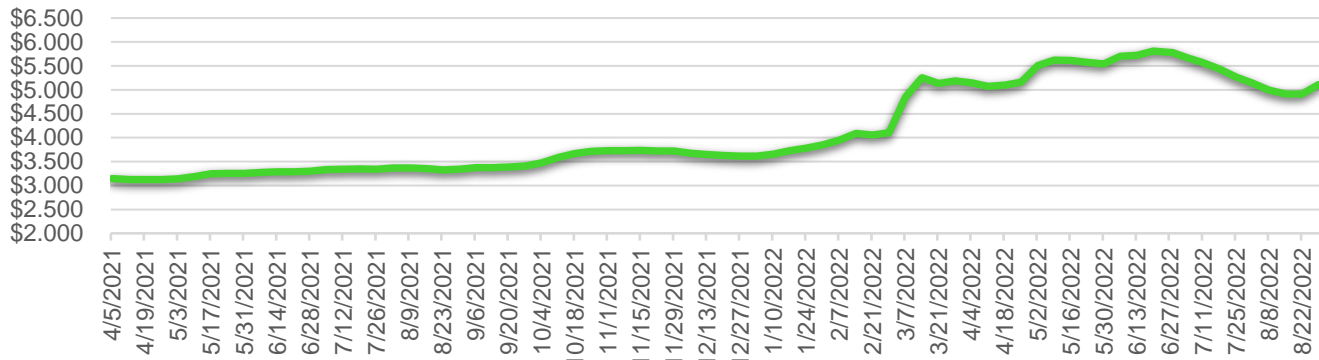
National Dry Van Load to Truck Ratio



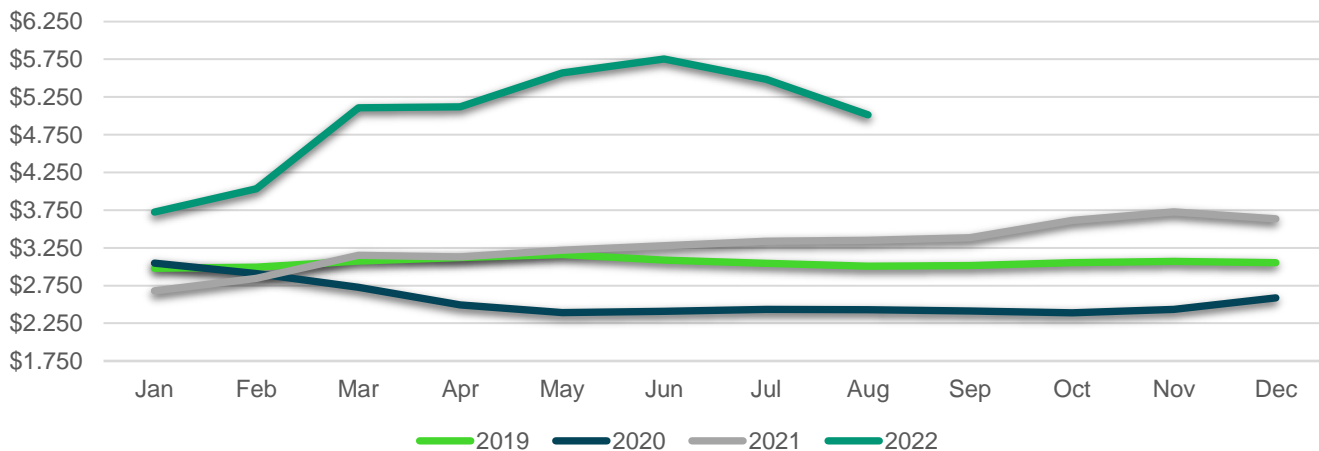
FUEL

Fuel was a key indicator for the pulse of the market in the month of August. This was the second month in a row that we saw a large drop off from the June 2022 peak. This is one of the main reasons carriers are looking to move away from the spot market and focus on those long-term contracts or short projects with a steady rate as each week we see a significant decline.

National Avg. On-Highway Diesel Fuel Prices



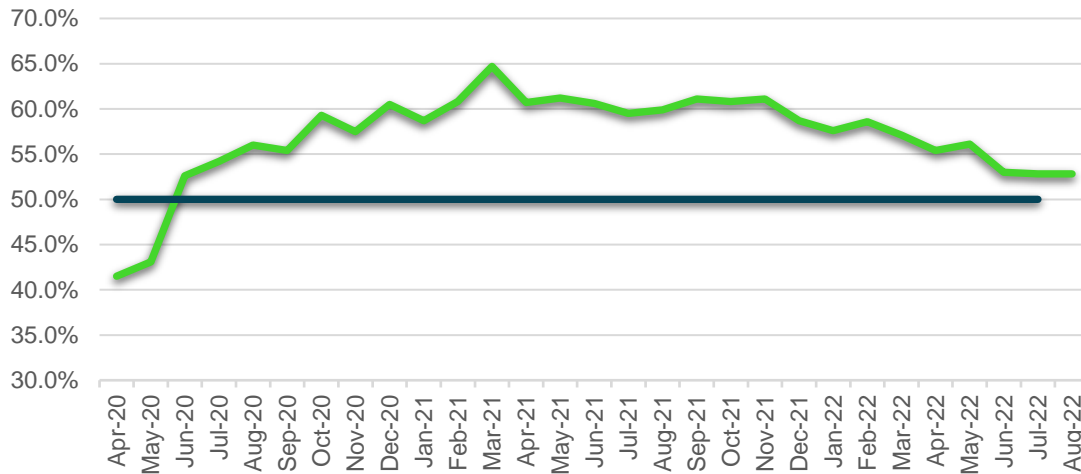
Monthly National Avg. On-Highway Diesel Fuel Prices



PURCHASING MANAGERS' INDEX

The August Manufacturing PMI registered 52.8%, the same reading from July. There is generally a strong correlation between PMI and LTL and TL market conditions. Anything over 50% indicates an expansionary economy, while below 50% is considered contractionary. Economic activity in the manufacturing sector grew again in July, this is the 27th consecutive month of expansionary growth. The New Orders Index registered at 51.3%, The Production Index was at 50.4%, and the Backlog of Orders registered at 53%.

Purchasing Managers Index

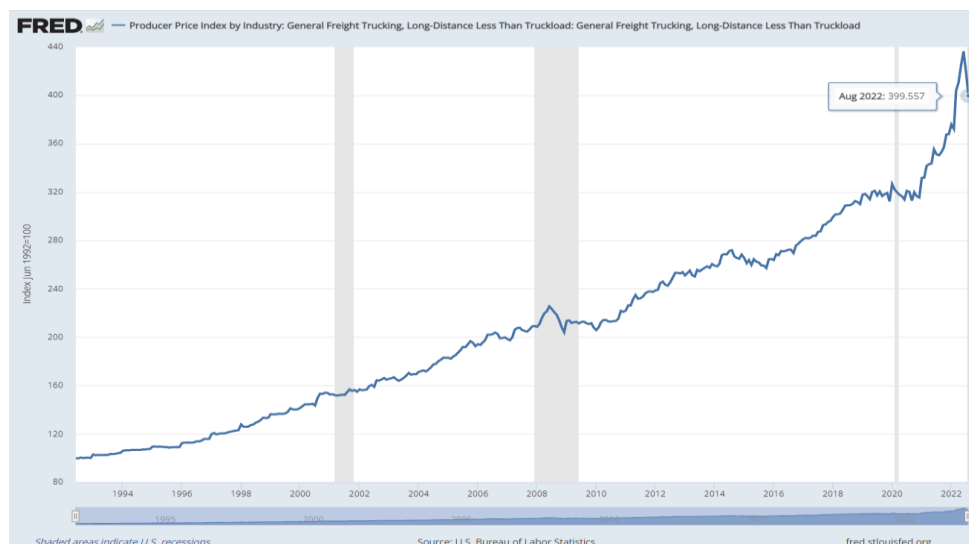


Source: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/august/>

LTL

As is true in most things – perspective is everything. There are many firms out there that make their fortunes in the shifts and reversals of the market, and hyper-zoomed into that immediate micro decline, want the whole world to see it and know that the sky is falling. When coming off record years however, a reset might just be exactly what the doctor ordered – as continual growth at capacity breaking pace just isn't sustainable.

Below are the Fred Producer Price Index numbers around long-haul LTL updated with the August 2022 data. It has dropped 19.54 points compared to July, the largest month over month drop since at least 2000. The previous record was last month, at 17.24, and before that, September of 2020 at, 7.3 pts. The highest accelerative jump since 2000 was in March 2022 where it was up 31.77.



FREIGHTPLUS

Fuel is still impacting LTL in a significant way. While it has declined in recent months, we are still sitting at over \$5.00 per gallon and are 50.7% higher than this time last year. This elevated fuel surcharge in LTL quite often results in very stout revenue – more than enough to cover LTL carrier costs. As many carriers are reporting bill counts declining in Q2 2022, their revenue still shows strong from the last 18 months of pricing improvements and rising fuel.

Some of the larger, public carriers gave a recent Q3 update, sharing August numbers:

- ArcBest – Revenue up 18%; Shipments up 5%; Weight per Shipment up 3%; Revenue per Shipment up 13%.
- ODFL – Rev up 14.5%; Shipments down 2.7%; Weight per Shipment up 1.8%; Revenue per Shipment up 17%.
- Saia – No Rev update; Shipments down 1.9%; Weight per Shipment up 2.3%; No Revenue per Shipment update.

Most LTL carriers are admitting that they are still receiving large orders of equipment that were bottlenecked from manufacturing and raw material issues last year. This, in combination with catching up on hiring or training drivers in house, is causing a nice re-balancing of capacity and service levels.

Carriers are looking to innovate further to become as intelligent and efficient as possible. In such a labor- and capital-intensive industry, this is necessary; not only to survive long term, but to lead the pack. One example of this is Estes experimenting with [DriverPlan](#), an product built by Optym that helps carriers better plan linehaul routes and utilize drivers and equipment.

INTERMODAL

After several months of steep declines, North American intermodal traffic stabilized in August, but remains below year-prior levels. Volumes were down 1% month over month, however, we are seeing a 1% higher volume than August of 2021, so we are still seeing growth within the industry.

Service levels remain at an all-time low. With AB – 5 laws still in place in California, as well as an unusually high dwell times and congestion at ports, we should not expect relief any time soon. All 5 major railways have implemented and improved their operations to limit dwell time and increase service levels, by exploring new routes, hiring more crew members, and implementing new processes to limit turnover time on containers. Based off what we have been seeing, trailers will continue to be a weak spot, and while manufacturing will continue to catch up, we shouldn't expect to see a substantial change anytime soon.

OCEAN

VESSELS AT ANCHOR

Vessels at Anchor as of September 9, 2022	
LA/LB	8 vessels at anchor / drift
Oakland	6 vessels at anchor / drift
Vancouver	6 vessels at anchor / drift
Seattle/Tacoma	0 vessels at anchor / drift
Charleston	1 vessels at anchor/drift
Savannah	43 vessels at anchor / drift
NYC/NJ	24 vessels at anchor / drift
Houston	34 vessels at anchor / drift
Norfolk	4 vessels at anchor /drift

The [Port of Savannah](#) handled its busiest month ever and is still extending the Garden City Terminal to allow the simultaneous handling of six 14,000-TEU ships. This is an effort to funnel a much larger volume of Asia imports into the U.S. interior. The construction has caused major congestion, but Georgia Ports Authority believes it is an issue better faced now than later.

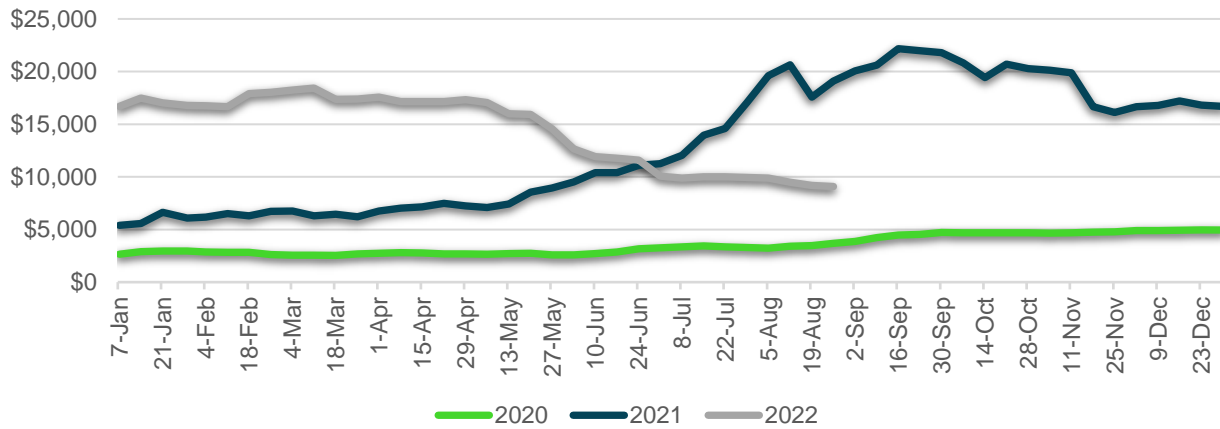
ILWU Security Guard Local Union Authorizes LA-LB Strike: A union representing security guards at the ports of Los Angeles and Long Beach authorized a strike last week. This is one of latest of several recent labor actions that threatens to disrupt the West Coast container flow just as it was returning to normal after two years of pandemic-driven disruption.

FBX INDEX

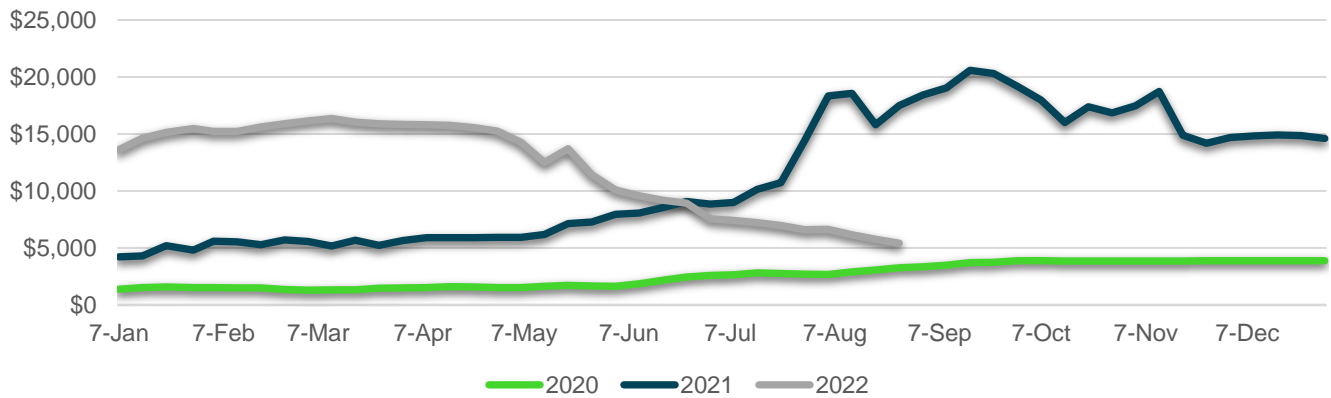
Container imports are still flooding into the U.S. at a close to record pace. Ships waiting to port and unload are as high as ever on the East and Gulf Coast ports. The factors of a slowing economy, inflation, and high fuel costs still haven't slowed down the level of U.S. container imports we're seeing.

Overall, the global rate level in 2022 will still be above 2021, and way above pre-pandemic levels. However, freight rates have continued to slide from pandemic-induced highs, and shippers are requesting to renegotiate contracts with carriers. If contract rates remain intact, we are going to see a two-tier market that's split up between carriers who've signed long-term contracts at higher rates, and carriers who are participating heavily in the spot market. We expect to see carriers try to slow the rate decrease by attempting to delay rate adjustments and participating in more blank sailing. Blank sailing is a strategy of matching capacity with weakening demand to limit the falling of rates.

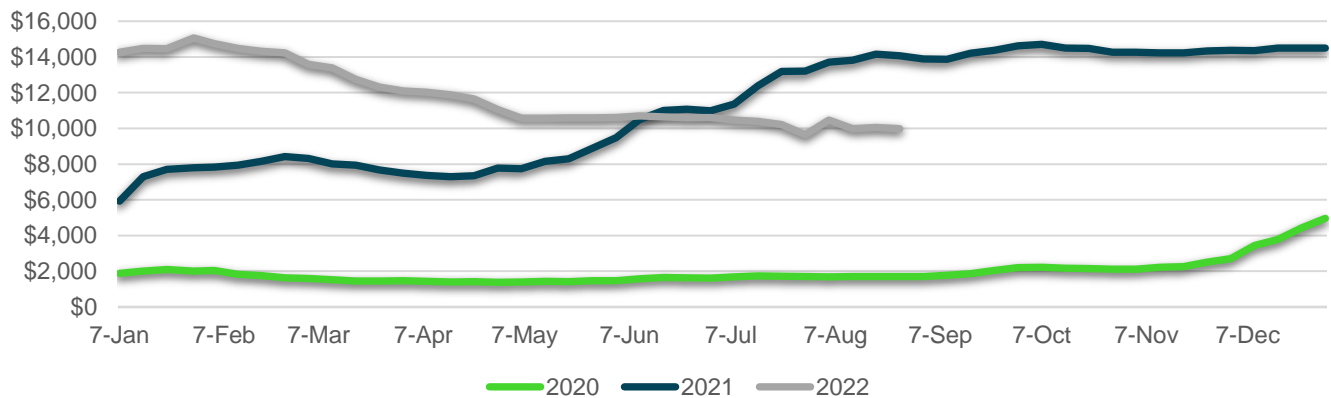
CHINA/EAST ASIA to US EAST COAST



CHINA/EAST ASIA to US WEST COAST



CHINA/EAST ASIA to NORTH EUROPE



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