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FREIGHTPLUS **MARKET REPORT**

February 2022

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. Visit FreightPlus.io for more information.

Engineered to:



Increase Profitability




Peace of Mind



Strategic Partnership

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February in Review

February brought a welcome reprieve to the capacity crunch that lingered through the new year. The national dry van load to truck ratios retreated to single digits, and the national reefer load to truck ratio dipped nearly 33% consistent with traditional seasonality.

Coupled with the improvement in national capacity, the country saw more hiring. In the past 10 months, the U.S. has regained 89.8% of the 20.7 million total jobs lost at the start of the pandemic. Per the Bureau of Labor Statistics, February saw a job gains of 678,000, lowering the unemployment rate to 3.8%, only .3% higher than where the country was pre-pandemic. You can read more about the state of the job market [here](#).

As we step into March and welcome warmer weather and improved driving conditions, we're still prepared for some sizeable bumps in the road with so much uncertainty surrounding the Russian invasion into Ukraine. The crippling sanctions to Russia has already created a ripple effect impacting global supply chain, particularly as it relates to diesel fuel. In four days as of March 1, the price of WTI crude oil has jumped \$96.64 per barrel to \$112.24. At this time, oil is still flowing from Russia, but there is a risk of additional sanctions being issued that could pause that flow. As such, the International Energy Agency (IEA) announced that it would release 60 million barrels of oil from the strategic petroleum reserves to help counter the disruptions related to the war on Ukraine. The key takeaway here is that even though we're seeing linehaul prices begin to decrease, these cost saving opportunities are overshadowed by the increase cost per fuel. For now, the best way to combat these rising prices is to optimize freight as much as possible whether to reduce pickups with consolidations, utilize trailer space as best as possible, and keep those drivers rolling.

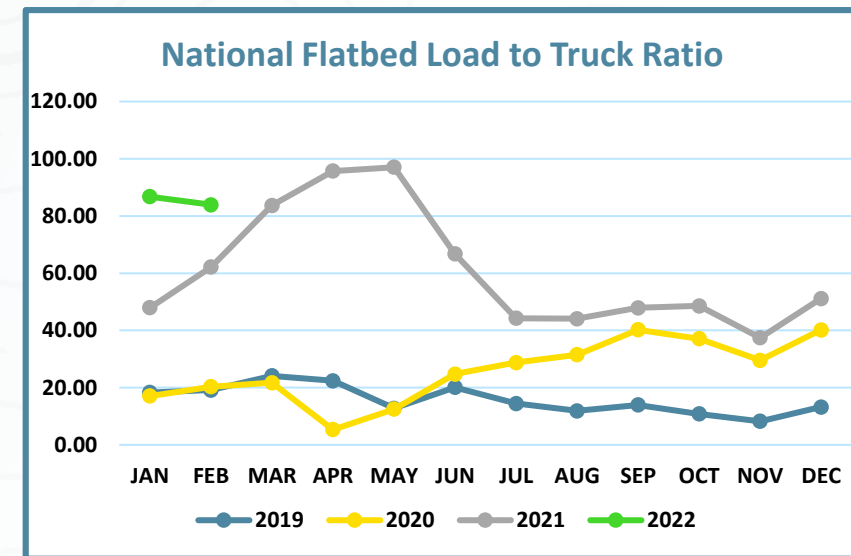
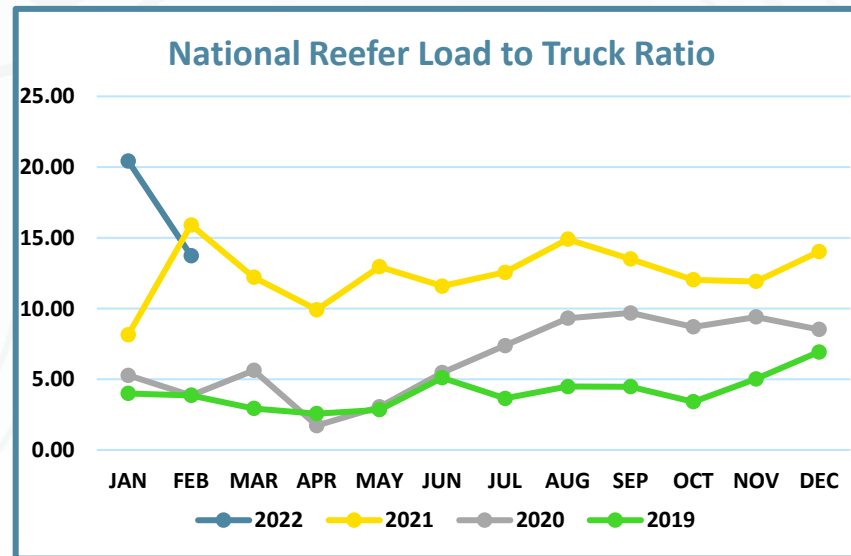
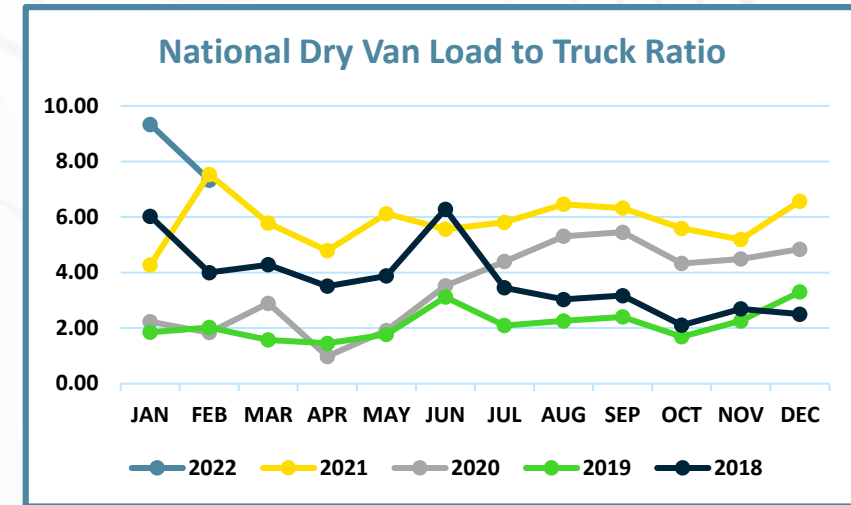
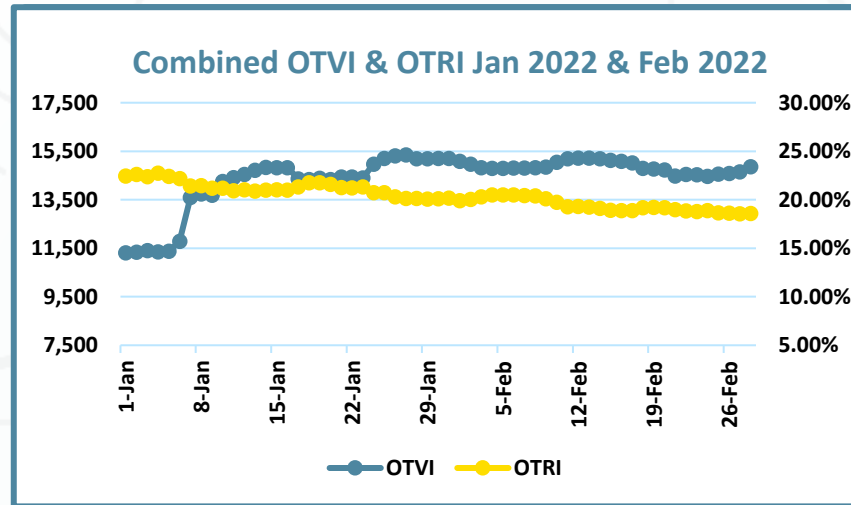


Jessica Apostolou,
Director, Client
Management, FreightPlus

Truckload Market Summary

SUMMARY

- With volumes increasing and rejection rates dropping, it appears to be a positive sign of capacity returning to the market
- **Key Takeaway:** A lower rejection rate would indicate that carriers have started to adjust their networks to meet what the new normal is. We typically see volumes pick up in March, these measures will be crucial in helping us to identify if this loosening in capacity is here to stay or if we can expect it to snap back to what we have become accustomed to in the COVID pandemic.



•OTVI = Outbound Tender Volume Index. 10,000 is indicative of a normal market.
 •OTRI = Outbound Tender Rejection Index. This is the percentage of **contracted freight** that is being rejected by primary carriers.

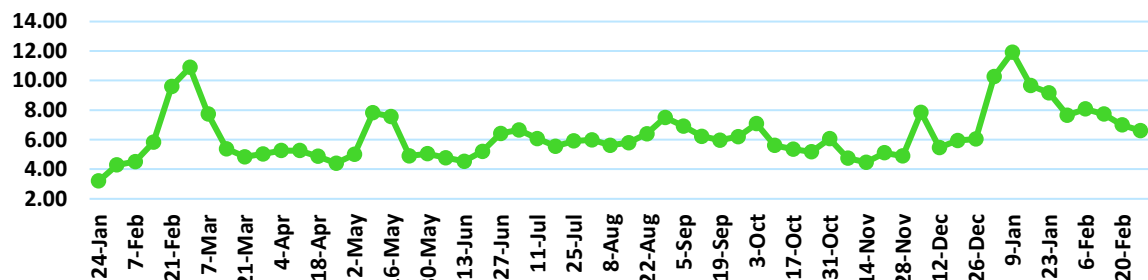


Dry Van: Load To Truck (LTT) & Cost Per Mile (CPM)

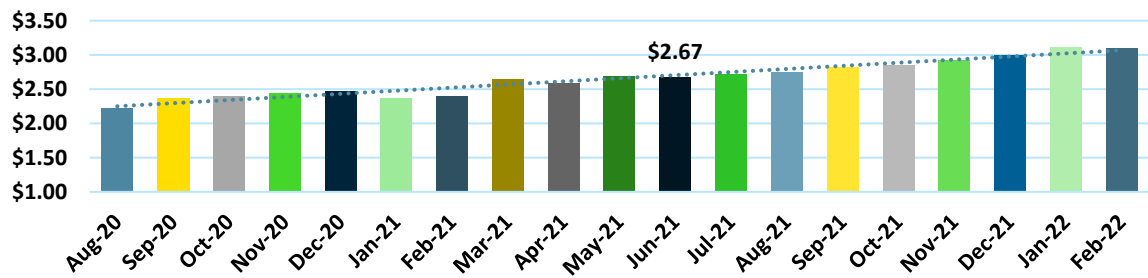
SUMMARY

- Spot rates fell slightly from January to February; it would be a bit more pronounced if not for the rise in fuel.
- Capacity started to return to the market as we saw the Load to Truck ratio dip back toward where it was in December.
- With the Omicron variant starting to subside, capacity has started to return to the market and rates have started to decrease.
- **Key Takeaway:** While capacity has clearly returned to the market, it is still too early to tell if this is a long-term trend of rate decreases, or if this is a sign of pre-COVID normal seasonality patterns.

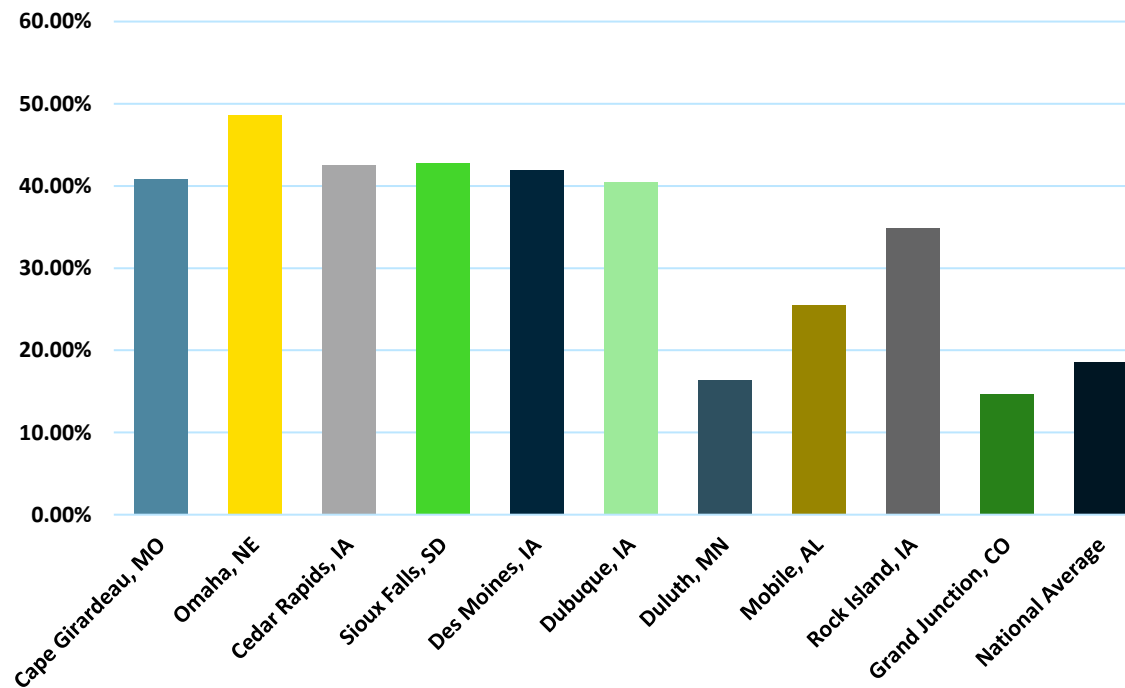
Dry Van National Load to Truck Ratio



National Average Cost Per Mile - Dry Van



Top 10 Markets - Dry Van Rejection Rates

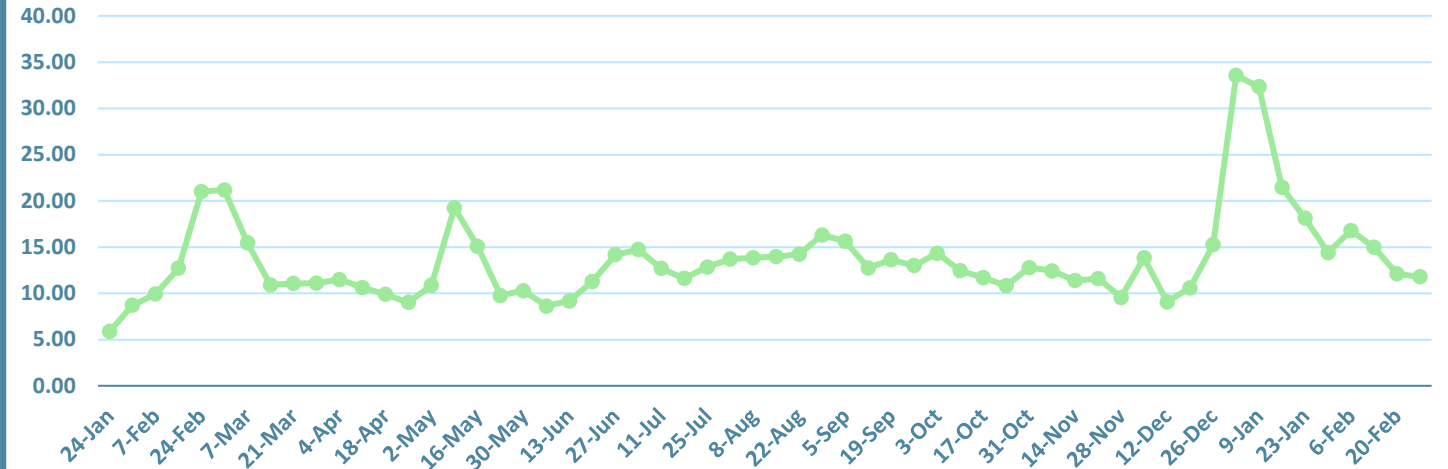


Reefer: LTT & CPM

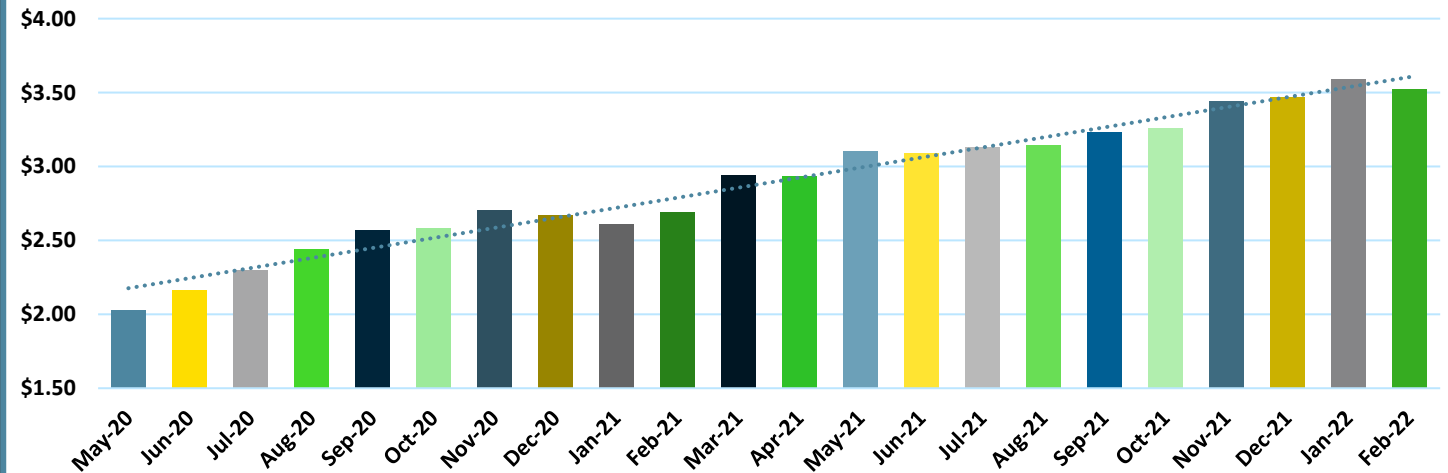
SUMMARY

- The reefer space saw capacity loosen and prices drop.
- **Key Takeaway:** This is a positive sign of the market returning to pre-pandemic levels. With that in mind, we need to remember that normal seasonality would expect the reefer market to loosen as the month of February moves on and inventory ordering patterns start to shift.

Reefer National Load to Truck Ratio



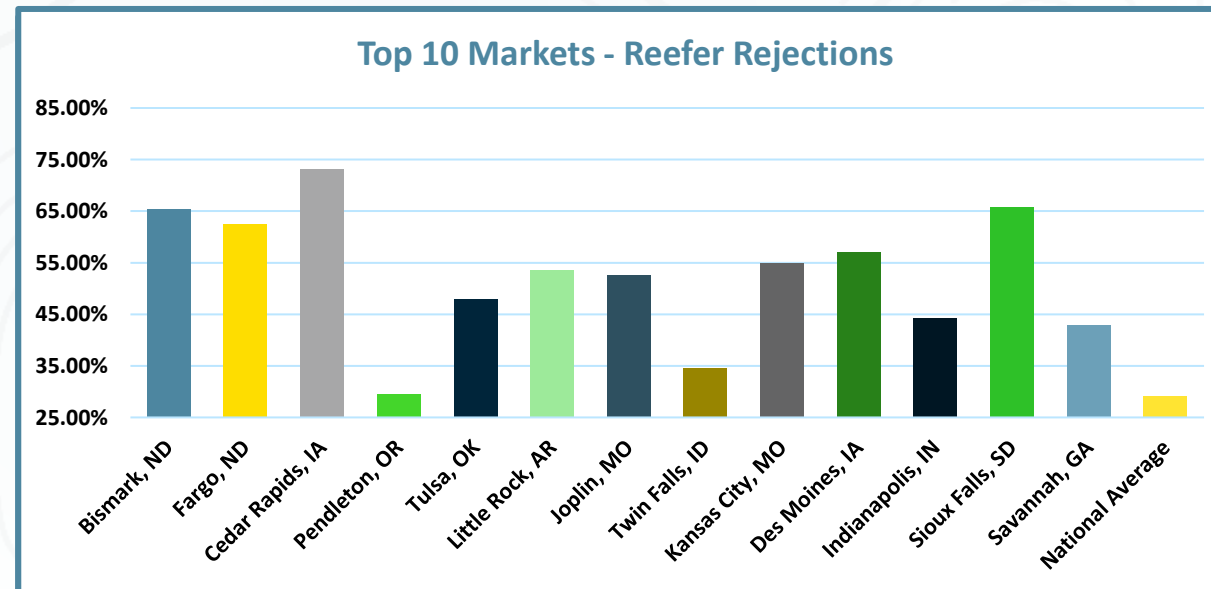
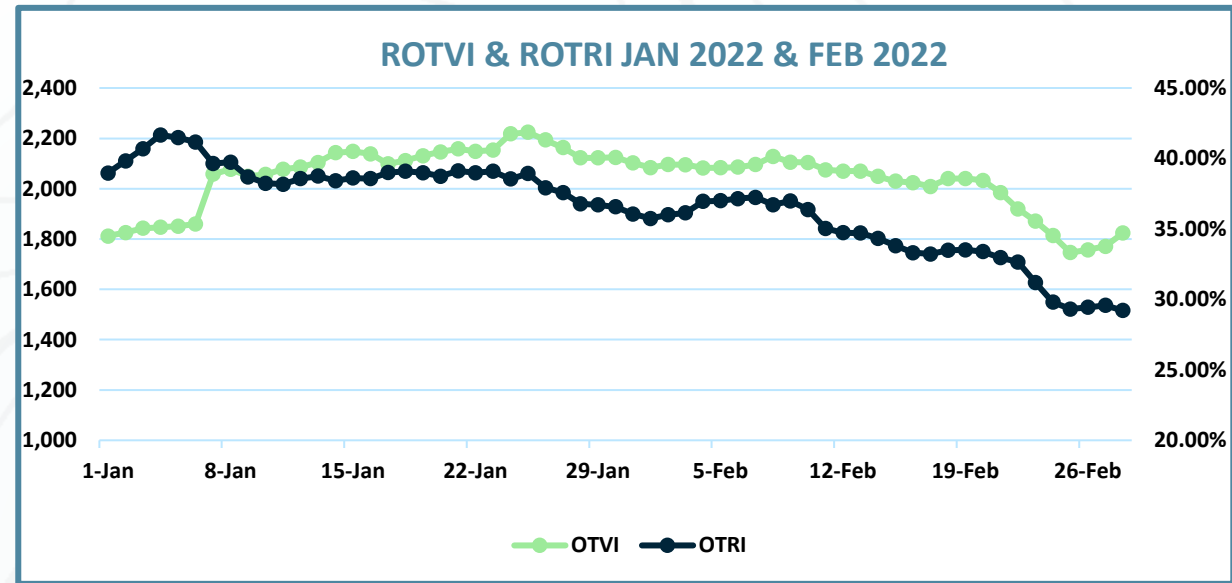
National Average Cost Per Mile - Reefer



Reefer: Outbound Tender Volume (ROTVI) & Outbound Tender Rejection (ROTRI)

SUMMARY

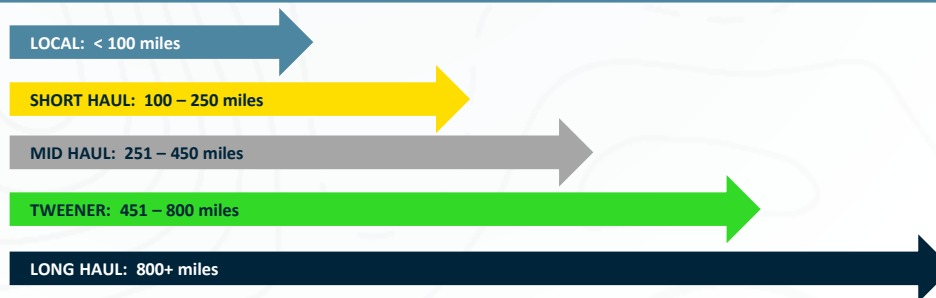
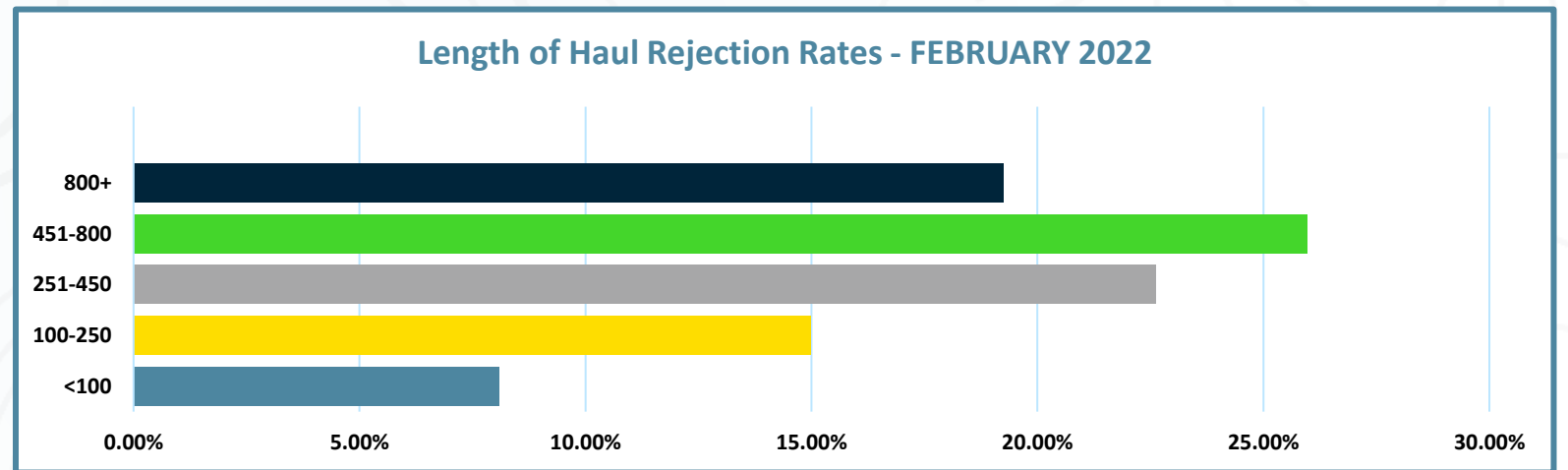
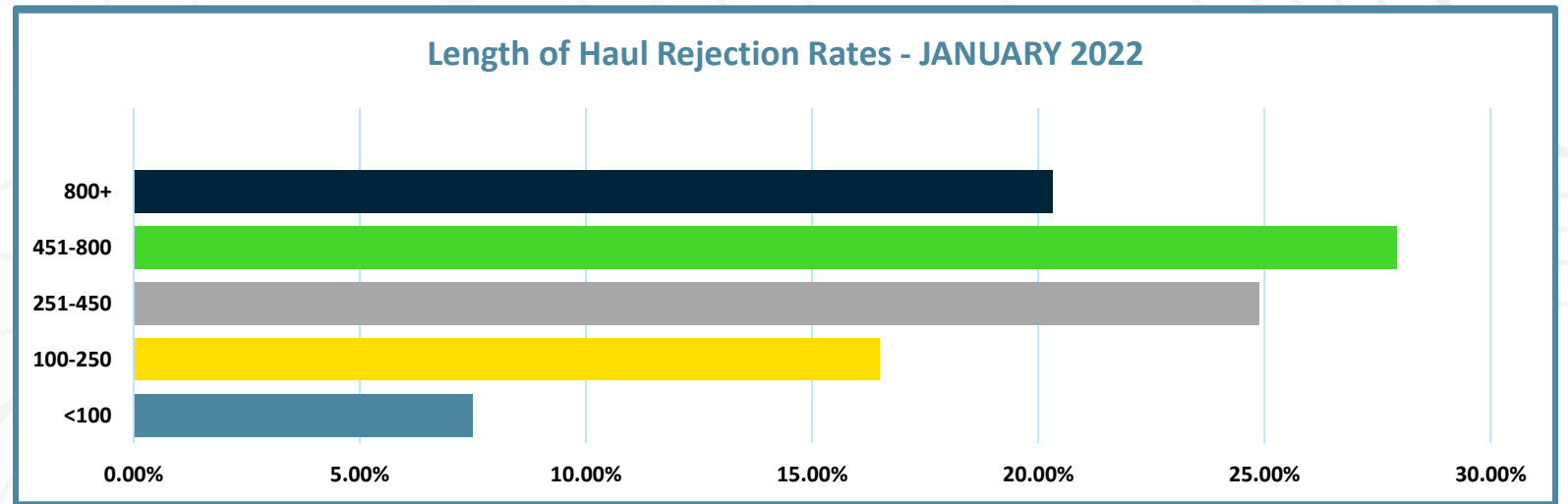
- Volume and rejections ran parallel in February as they decreased at similar rates.
- **Key Takeaway:** While some reefer markets are still tight, we are seeing the overall market loosen.



Domestic TL Length of Haul Rejections

SUMMARY

- This measures the Rejection rate at specific lengths of haul. We saw rates decrease for all lengths of haul during the month.
- **Key Takeaway:** The “Tweener” lane continues to have the highest Rejection rate by category. Previously, drivers could make the 450+ mile runs in a day. Due to HOS regulations, they are no longer able to do so. Ensure you are providing more than adequate lead time, and ensure appointments are set at both the shipper and receiver.



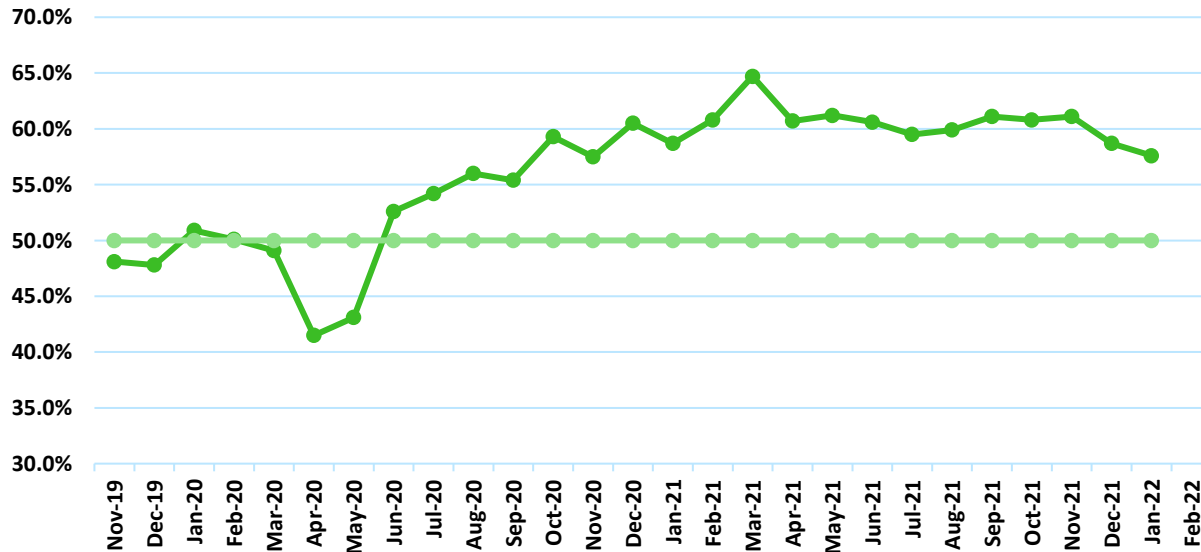


Manufacturing Purchasing Managers Index (PMI)

SUMMARY

- Economic activity in the manufacturing sector grew again in February. This is the 21st consecutive month of expansionary growth.
- Demand and consumption still are exhibiting month-over-month growth, despite continuing obstacles. Meeting demand remains a challenge, due to hiring difficulties and a clear cycle of labor turnover at all tiers.
- New Orders Index registered at 61.7% which is up 3.8% compared to January, Production Index was 58.5% (up .7%), Backlog of Orders increased to 65% (up 8.6%), and New Export Orders registered 57.1% (up 3.4%). Customers Inventories remain at 'too low' level.
- **Key Takeaway:** With manufacturing performing well for the 21st straight month, and the impact of omicron diminishing, March and April's environment is predicted to be favorable.

Purchasing Managers Index



- Economic activity in the manufacturing sector grew for the 21st consecutive month.
- No expectation of output to slow in the coming months.
- All 6 of the "Big 6" industry sectors reported moderate to strong growth in February:
 - Chemical Products
 - Fabricated Metals Products.
 - Transportation Equipment.
 - Computer & Electronic Products.
 - Food, Beverage, and Tobacco Products.
 - Petroleum & Coal products.
- Wood Products is the only industry that reported a decrease of growth in February compared to January

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

- There is generally a strong correlation between PMI and LTL (and TL) market conditions.
- Anything over 50% indicates an expansionary economy. Below 50% is considered contractionary.



Domestic Less-than-truckload (LTL)

Not much has changed in the LTL space since last month. LTL continues to be a carrier's market and as previously communicated, will remain that way for the duration of 2022. LTL carriers are in command of a tight capacity market as the sector takes advantage of e-commerce, last-mile, and time-sensitive deliveries. Rate hikes can be expected, but savvy shippers can avoid the bulk of those increases through elimination of wasteful practices. Shippers and receivers need to start having good conversations with their managed transportation and/or carrier partners. The bullish market demands good partnerships. Carriers will not tolerate bad behavior as they have in the past – tying up equipment, detention, inaccurate pickup information, late payment, and decreased delivery/pickup windows to name a few. If conformance is not reached, carriers will simply scrub the business or institute massive increases.

- Expansion is still very prevalent in the LTL space with almost every carrier either expanding existing facilities (adding doors and lot space) or opening new ones.
- We continue to see M&A activity with the most recent transaction being Dayton Freight's purchase of the cartage division of Valley Logistics. This purchase includes service centers, trucks, and equipment which hold high value for all carriers right now.



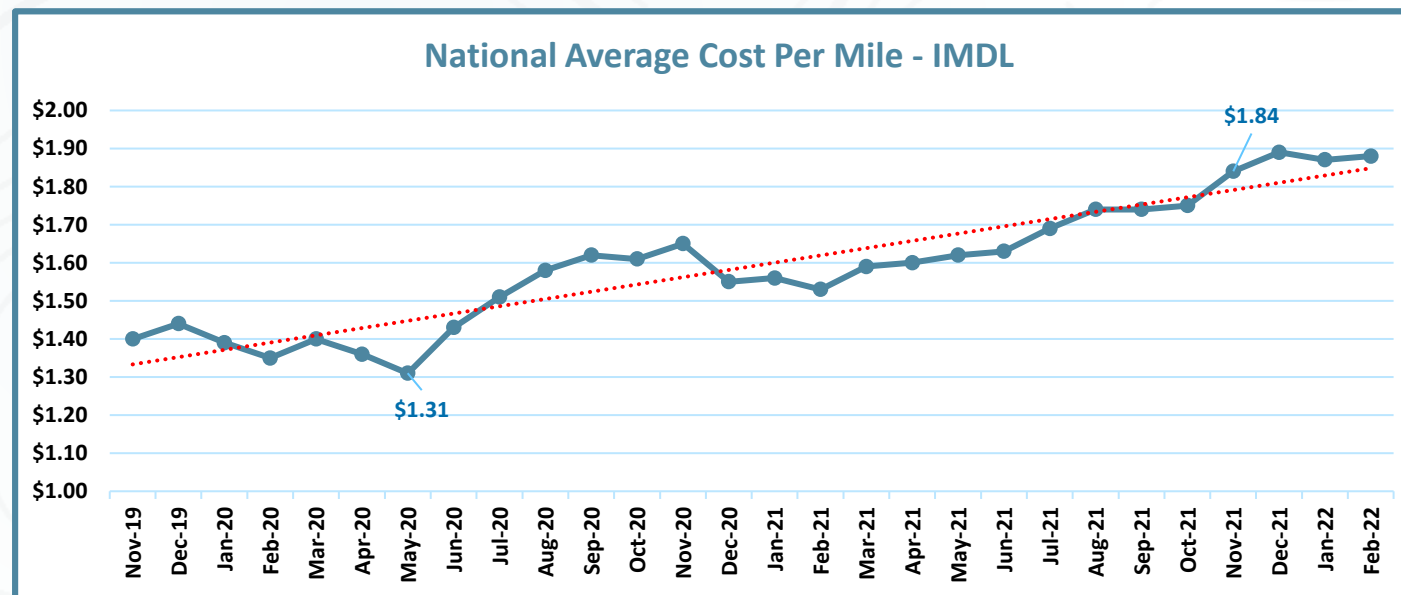
Chris Gula,
Director, LTL Operations,
FreightPlus



Intermodal (IMDL)

SUMMARY

- IMDL Tender acceptance is up 2.4% from January
 - CAGR (Compound Annual Growth Rate) Forecasted at 2% for the 2022 Year
 - Total IMDL volumes for the month rose 11% above the previous year (Feb. 2021).
 - As of Feb. 11, terminals reported 70% fewer "aging" containers than there were on Oct. 25.
 - The DOT has rolled out \$450 million in Port Infrastructure Development Grants (its highest-ever allocation through the Infrastructure Investment and Jobs Act
 - Chassis availability, container availability, drayage capacity constraints, and general congestion at rail ramps and marine terminals continue to plague the industry.
- **Key Takeaway:** Nationwide container/staffing shortages will continue to cause issues in the industry. This will result in Tender rejections, rolled pickups and delayed transit times in most cases for the foreseeable future.





Ocean Freight Market Status

- The que of vessels outside LA/LB decreased to 66 during the last week of February, partly due to the recent Chinese New Year resulting in less departures from China ports, effecting transpacific trade and LA/LB arrivals.
- As production begins to ramp back up in China, there are concerns that West Coast port backlogs will return to 2021 all-time highs.
- Vessels outside Charleston are reaching all-time highs, to the point where the port has placed a temporary export embargo due to lack of terminal space.
- Congestion began to flow away from LA/LB and towards East Coast ports, but congestion should still be expected as landside infrastructure is not growing fast enough to keep up with trade volume.
- US Infrastructure remains under stress, as the decongestion of ports will take significant time, therefore goods shortages will continue.
- **Key Takeaway:** West Coast ship que eased briefly in February, while East Coast ship que worsened. Expect capacity to tighten even more in port regions.

Vessels at Anchor as of February 23rd, 2022

Los Angeles/Long Beach	66 vessels at anchor/drift
Oakland	17 vessels at anchor / drift
Vancouver	14 vessels at anchor / drift
Seattle/Tacoma	3 vessels at anchor / drift
Charleston	33 vessels at anchor/drift
Savannah	0 vessels at anchor / drift
NYC/NJ	14 vessels at anchor / drift
Houston	14 vessels at anchor / drift



Connor Kerwin
Carrier Sales Specialist,
FreightPlus





Ocean Freight Market Recap



MAERSK
LINE



2M

Capacity : 2.1 million TEU
Vessels : 185
Routes served : 44



Ocean Alliance

Capacity : 3.8 million TEU
Vessels : 330
Routes served : 38



THE Alliance



Capacity : 3.5 million TEU
Vessels : 249
Routes served : 31



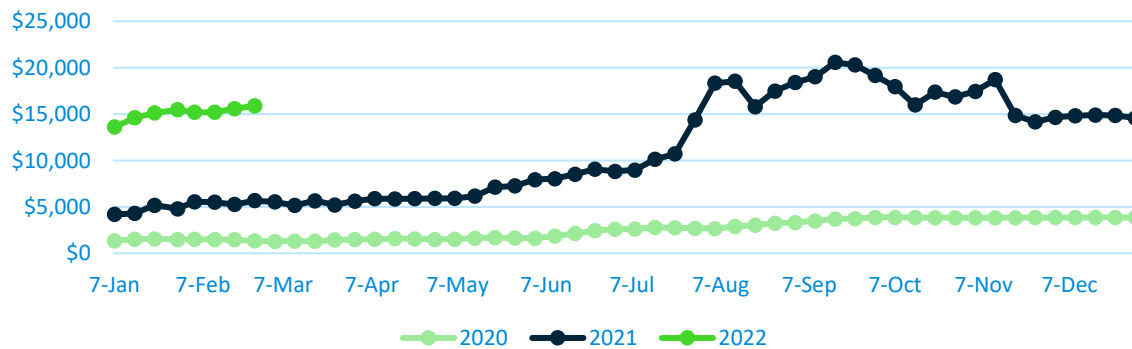
- Supply chain disruptions continued during the month of February.
- Ukraine – Russia conflict has resulted in many disruptions, such as:
 - Maersk, MSC, CMA CGM, Hapag-Lloyd, and ONE Alliance have suspended cargo bookings to and from Russia to stay clear of sanctions imposed by the US, the UK and EU.
 - COSCO Shipping, OOCL, and Evergreen have yet to announce anything
 - The disruption of the flow of crude oil, natural gas/LNG, coal, and grains will hurt Europe and boost rates for tankers and bulk carriers.
 - Bunker prices have hit all-time highs, as both Brent Crude and WTI are over \$100/BBL.
- Port congestion expected to rise on both West and East Coast.
- West Coast ports have started to urge port labor pacts/unions to begin talks immediately on replacing the current contract.
- **Key Takeaway:** The disruption of trade and commodities could send rates, and global food prices higher. This will put pressure on US consumers.



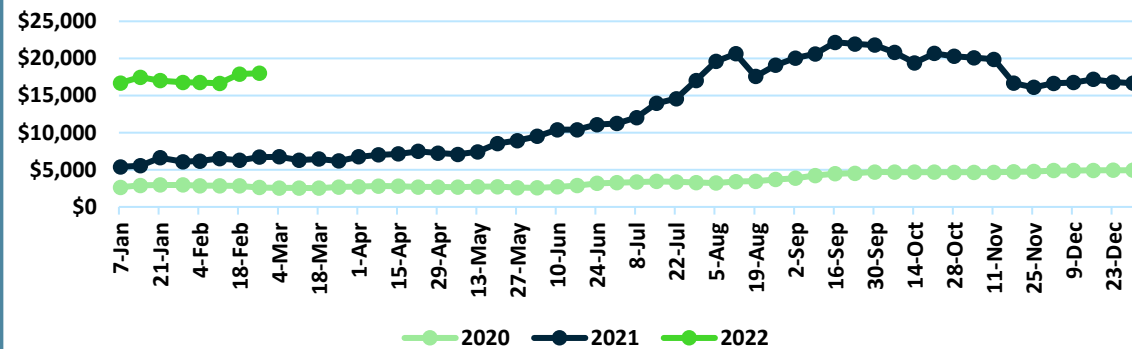


Ocean Freight Spot Rates (FBX)

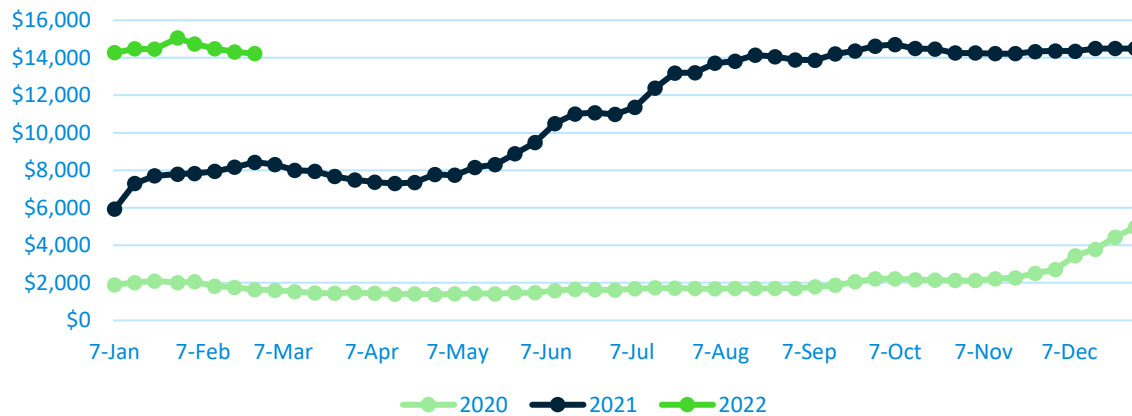
CHINA/EAST ASIA to US WEST COAST



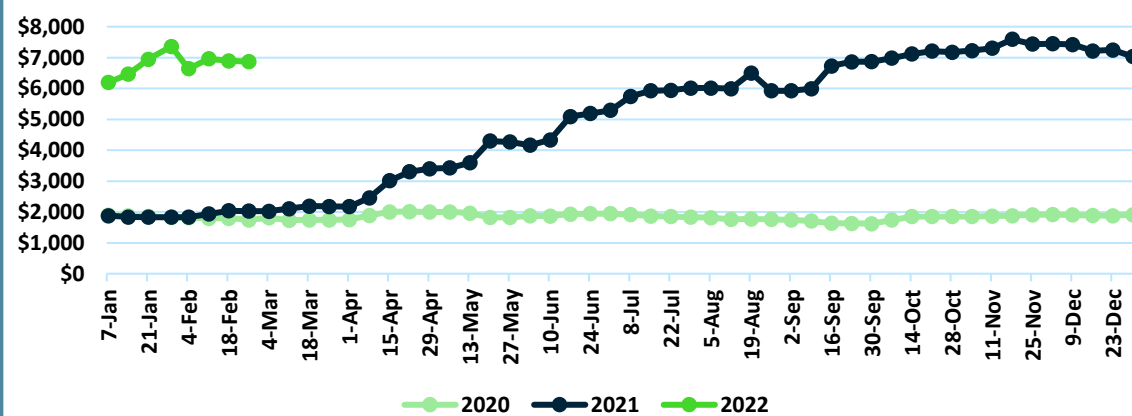
CHINA/EAST ASIA to US EAST COAST



CHINA/EAST ASIA to NORTH EUROPE



NORTH EUROPE to US EAST COAST

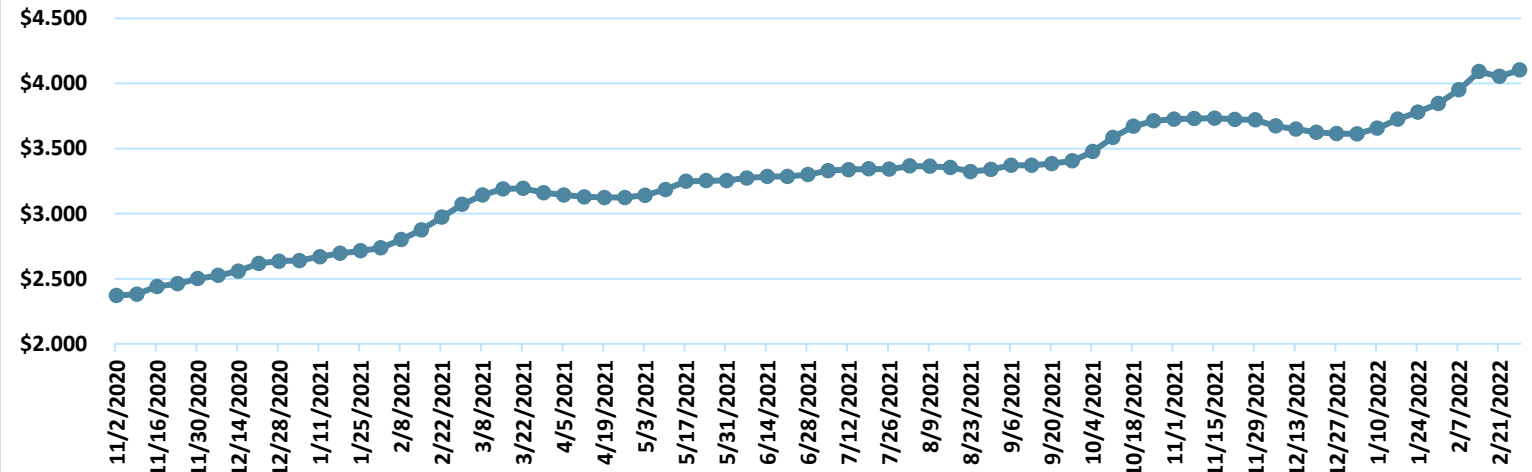


On-Highway Diesel Fuel

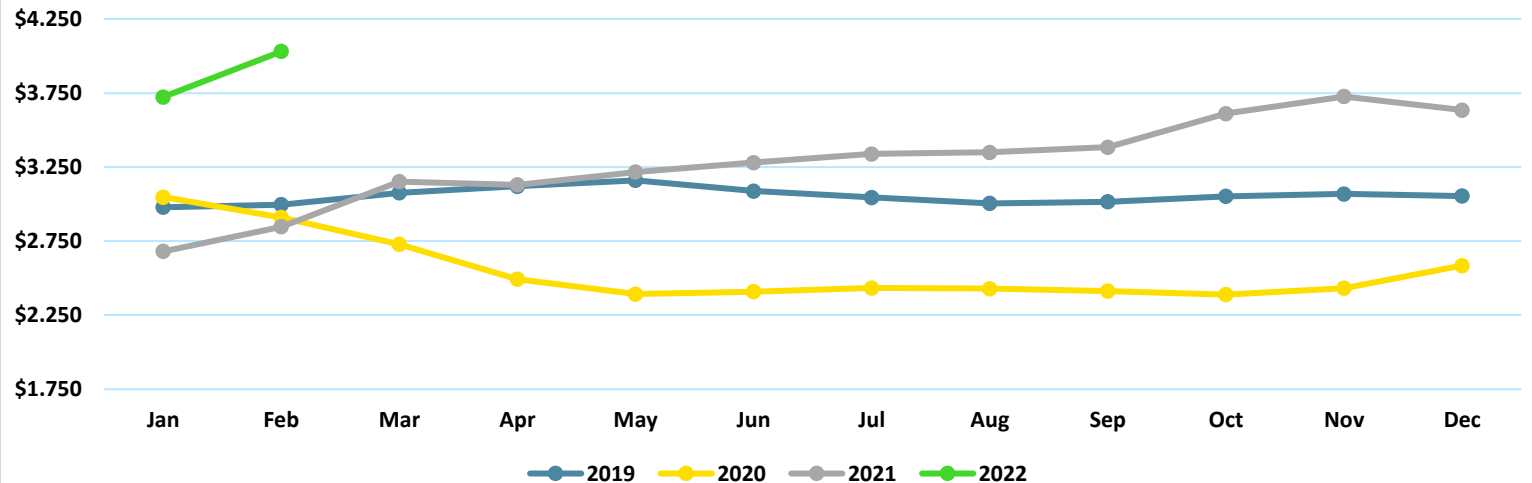
SUMMARY

- On-highway diesel fuel prices rose 31¢ from the start of the month.
- The cause of this problem is two-fold.
 - Domestically, we are still working to get oil production back to pre-pandemic levels. Because the output domestically has not returned, we are still not producing enough to cover our need.
 - The Russian invasion of Ukraine is a large driver of the cost increase. Russia is one of the nations that we historically have turned to for oil imports. Will the invasion, the US has stopped importing many Russian produced products with oil being one of them.
- Key Takeaway:** With the invasion of Ukraine happening toward the end of February, we expect to see Oil product prices continue to rise. The need to return to pre-pandemic oil production domestically is only going to become more evident.

National Avg. On-Highway Diesel Fuel Prices



Monthly National Avg. On-Highway Diesel Fuel Prices



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THANK YOU!

For any additional insights please contact Courtney
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