

The background of the slide is a light gray topographic map with various contour lines, some solid and some dashed, creating a textured, wavy pattern.

# **FREIGHTPLUS** **MARKET REPORT**

May 2022

# About FreightPlus

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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](https://FreightPlus.io) for more information.

## Engineered to:



**Increase Profitability**









**Peace of Mind**



**Strategic Partnership**

# Contents

-  5 Truckload (TL)
-  9 Indicators - Purchasing Managers Index
-  10 Less-than-truckload (LTL)
-  11 Intermodal (IMDL)
-  13 Ocean
-  14 Indicators - Fuel

# May in Review

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As Spring winds down, we are welcoming a gentle capacity reprieve in the transportation market with open arms. As you navigate this newsletter, you'll notice the downward shifts in data nearly across the board, specifically around the Memorial Day holiday. The refrigerated transportation space saw the largest dips in rejection, but you'll notice that start to trend upward again in the beginning of June and continue through the warmer months. However, we did see consistently positive trends in rejections across the board but most notably with tweener and long-haul rejections, each falling by five percentage points, respectively.

While linehaul rates begin to decrease, particularly in the spot market, savings are being overshadowed by increasing diesel prices that have reached uncharted highs by the end of May. There is good news though. Both the warehouse and trucking labor markets have seen terrific growth YTD. From 2012 through 2021, the Bureau of Labor Statistics (BLS) has reported only three separate months where trucking employment grew by more than 10,000 new hires. However, year to date, we're seeing five figure increases every month except for March.

Overall, the Cass Truckload Linehaul Index, which isolates dry van per mile linehaul rates only, denotes a 14% year over year increase and a 31% year over year increase when fuel and accessorials are included. Depending on the mode, Cass estimates that fuel costs alone are adding roughly 10% to the cost of freight on a year over year basis.

In the coming months, we'll want to pay particularly close attention to the International Longshore and Warehouse Union (ILWU) and the International Longshoremen's Association (ILA) negotiations set to expire on July 1, 2022. Collectively, the unions represent more than 87,000 port workers on both the East and West coasts. Negotiations are underway, and while extensions may happen, the hope is that a strike does not. You can read more about the ILWU port negotiations [here](#).



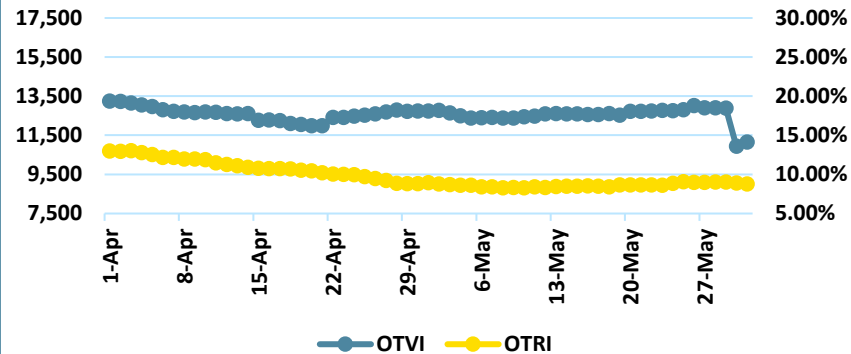
**Jess Apostolou,**  
Director of Client  
Management

# Truckload Market Summary

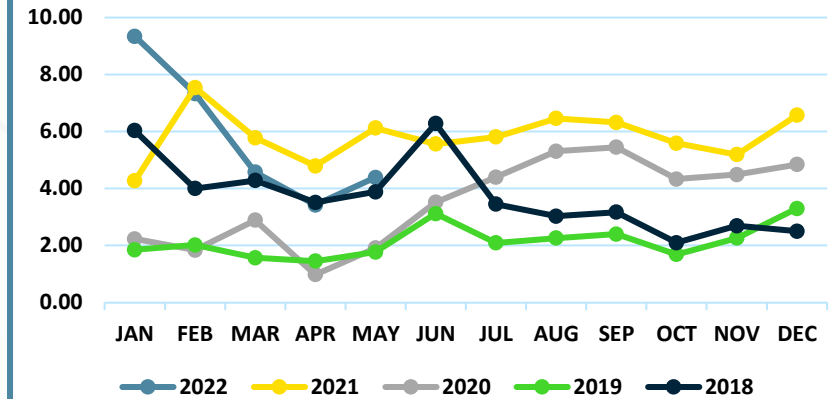
## SUMMARY

- Volumes and rejection rates have continued to decline. Volume picked up as the month went on before an end of month drop off.
- **Key Takeaway:** Rejection rates remained below 10% for the entirety of the month, this is the first time since 2020 that we have seen this.

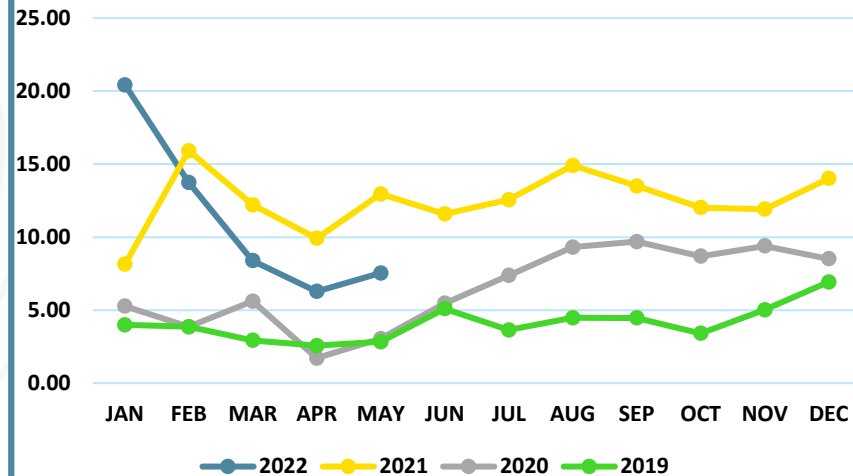
Combined OTVI & OTRI APRIL 2022 & MAY 2022



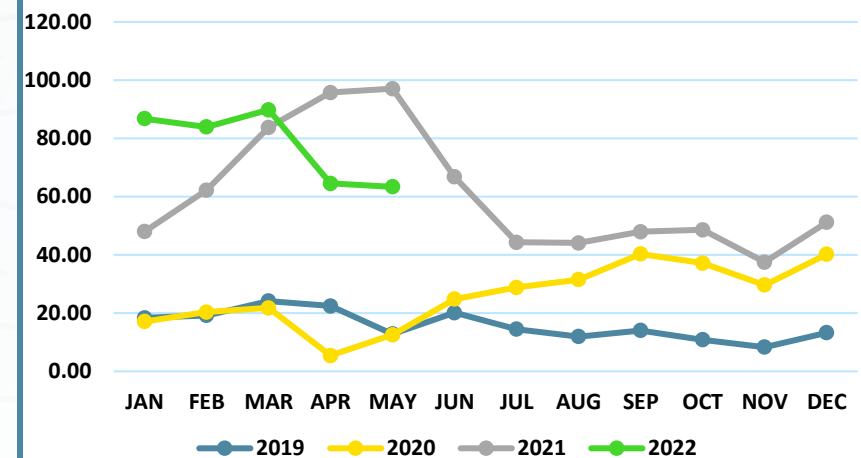
National Dry Van Load to Truck Ratio



National Reefer Load to Truck Ratio



National Flatbed Load to Truck Ratio



•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.

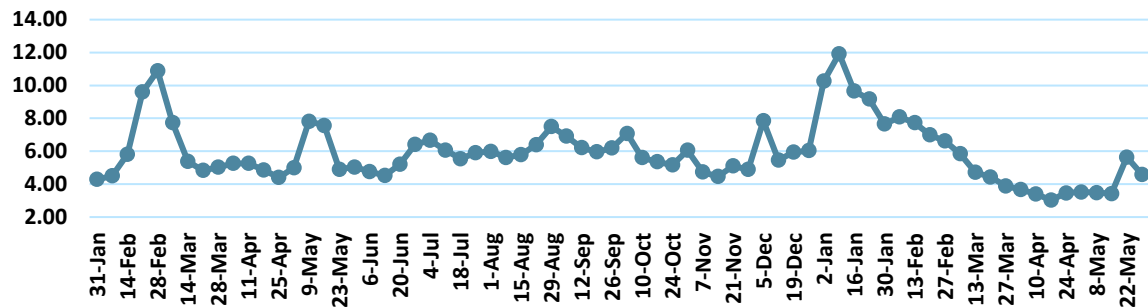


# Dry Van: Load To Truck (LTT) & Cost Per Mile (CPM)

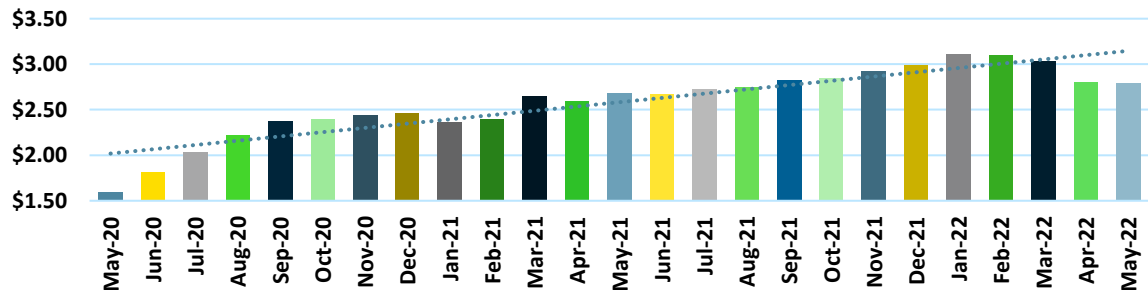
## SUMMARY

- Capacity is starting to level out as we saw more stability this month in the Load to Truck ratio
- The Load to Truck ratio spike the week of May 15th for DOT Blitz week as it traditionally has, nothing to see there
- Despite fuel remaining high, spot rates have remained lower than they were in Q1
- Key Takeaway:** For the first time in over a year, CPM remained flat month to month. For the first time since 2020, we saw rates Year over Year decrease during the month of May indicating capacity remains tight.

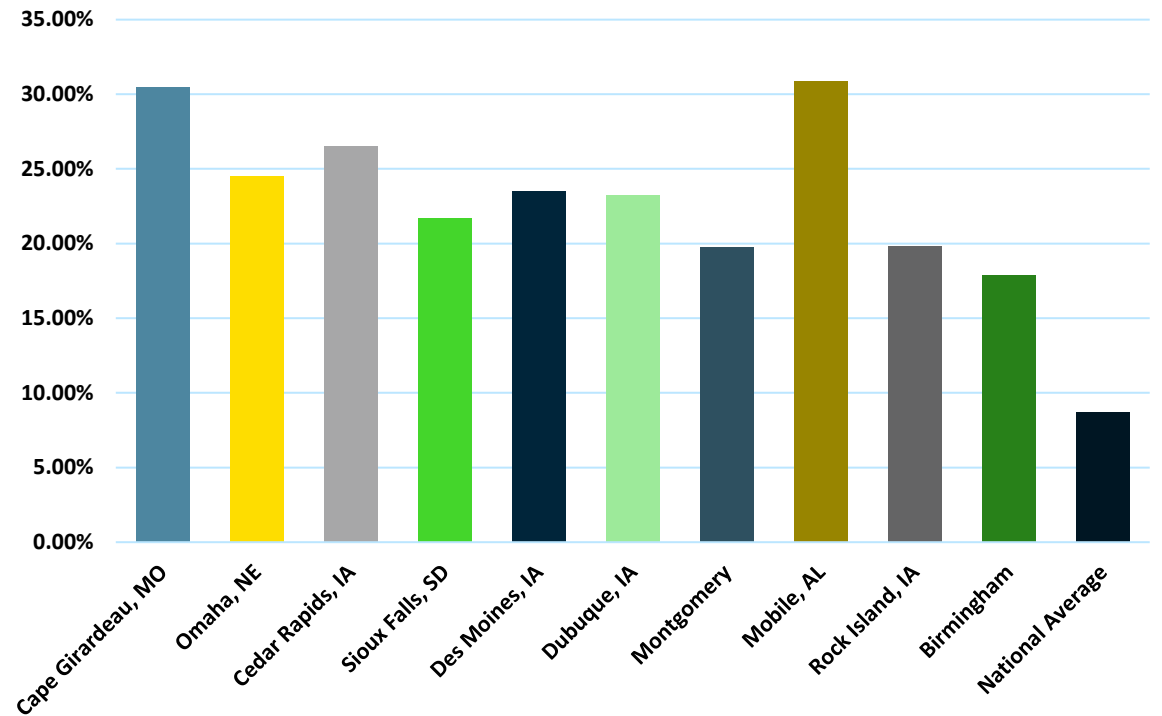
### Dry Van National Load to Truck Ratio



### National Average Cost Per Mile - Dry Van



### Top 10 Markets - Dry Van Rejection Rates

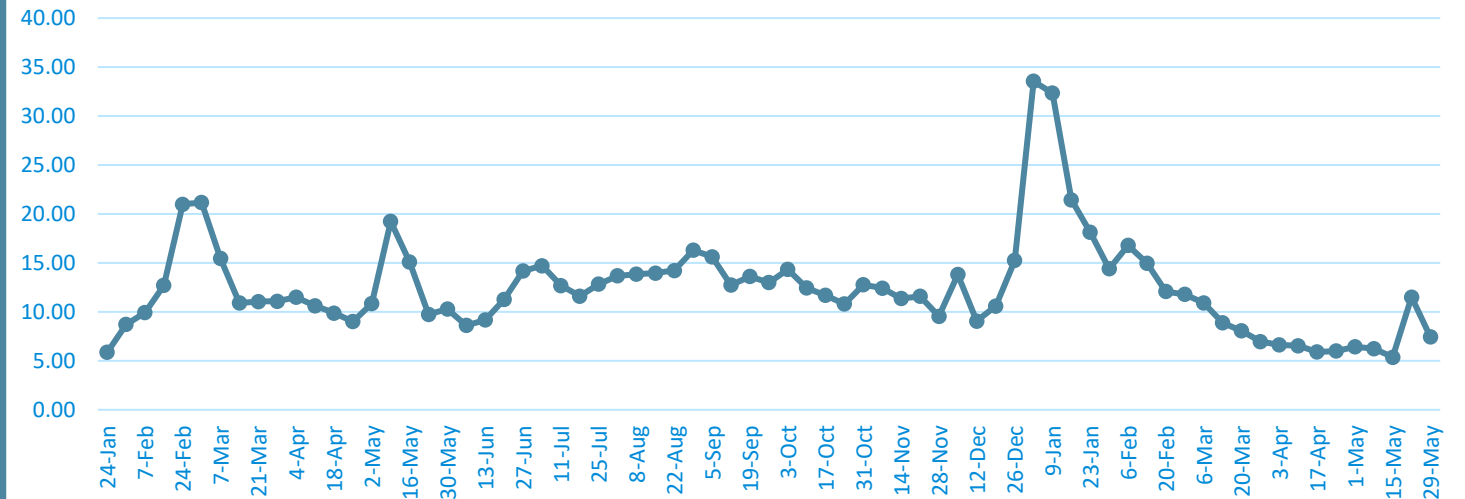


# Reefer: LTT & CPM

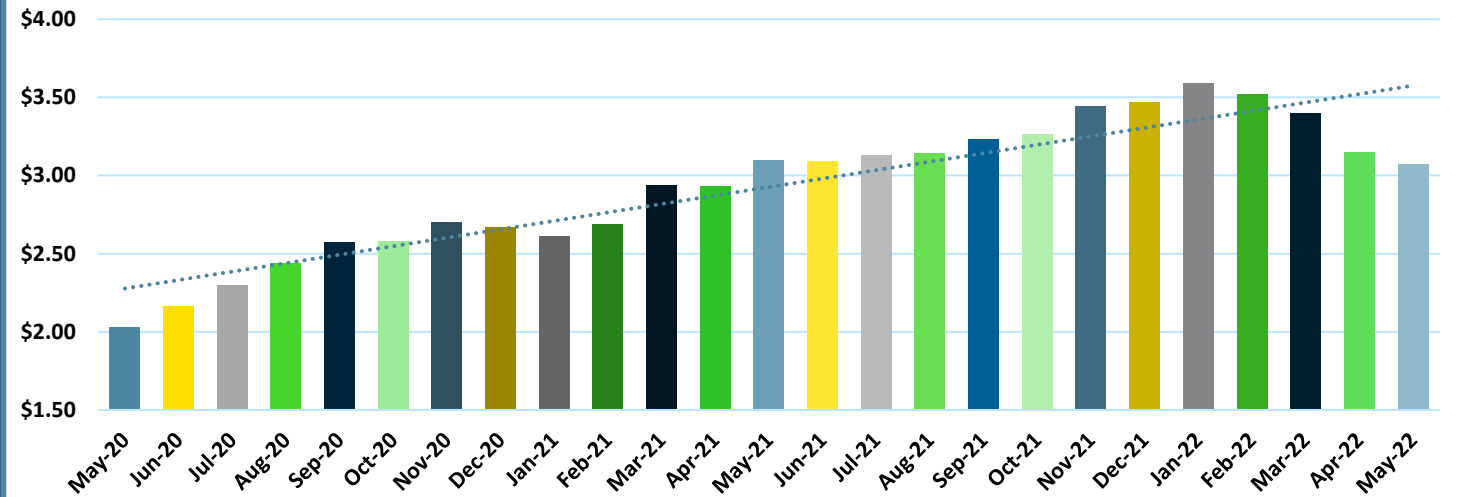
## SUMMARY

- Similar to the dry van space, we saw capacity remain steady into April
- **Key Takeaway:** decreasing spot rates with plenty of available capacity for reefer freight does not spell a productive produce season for carriers. This will be something to monitor as we turn the calendar into June.

Reefer National Load to Truck Ratio



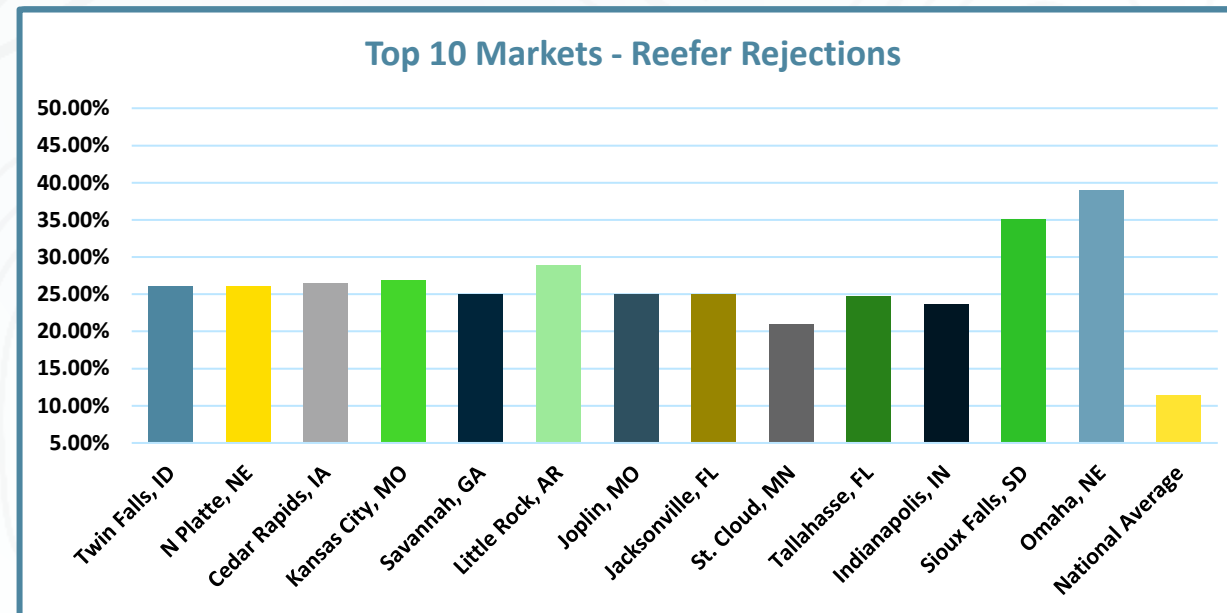
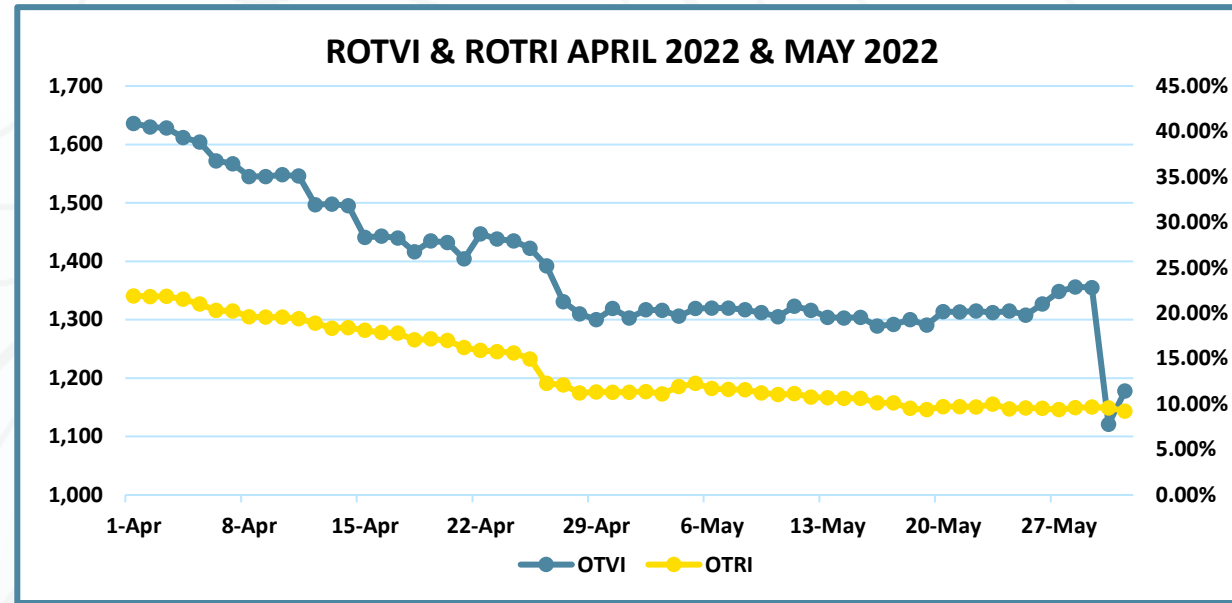
National Average Cost Per Mile - Reefer



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

## SUMMARY

- Volume and rejections have decreased in parallel over the past two months
- **Key Takeaway:** While some reefer markets are still tight, the overall reefer market has loosened



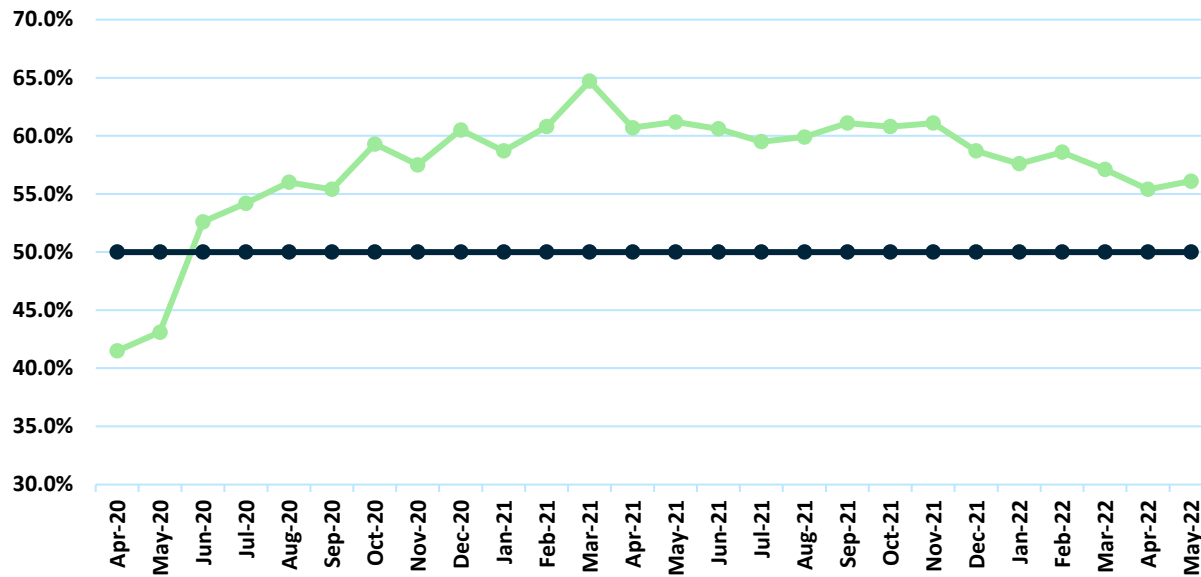


# Manufacturing Purchasing Managers Index (PMI)

## SUMMARY

- The May Manufacturing PMI registered 56.1%, up .7% from April
- Economic activity in the manufacturing sector grew again in May. This is the 24th consecutive month of expansionary growth.
- The New Orders Index registered at 55.1% which is up 1.6% compared to April. The Production Index was 54.2% (up .6%). The Backlog of Orders registered at 58.7% (up 2.7%), and The New Export Orders registered 52.9% (up .2%).

Purchasing Managers Index



- Economic activity in the manufacturing sector grew for the 24th consecutive month.
- All of the “Big 6” industry sectors reported moderate to strong growth in May:
  - Chemical Products
  - Fabricated Metals Products.
  - Transportation Equipment.
  - Computer & Electronic Products.
  - Food, Beverage, and Tobacco Products.
  - Petroleum & Coal products

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

- 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)

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Capacity is still critical in the LTL space, but it is starting to ease up a bit. Most carriers have started to engage existing customers for additional business and have begun trying to land new customers as well. This is far from where they were for the past 2 years as they fought labor shortages in terms of drivers, dockworkers, mechanics, and support staff.

Carriers continue to go all in with recruitment, retainment, training, and expansion as we come upon the halfway mark of 2022. Several executives that I have talked to said this focus will continue throughout 2022 and well into 2023. Most of the truck driving population is getting older and are creeping up on retirement age. Because of this, and the lack of interest from other trade employees, carriers are growing existing programs and launching new programs, to fill their truck seats. Dock-to-Driver training programs now exist inside almost every LTL carrier. LTL carriers have also placed heavy focus on “underrepresented” groups such as women, minorities, and military.

Additional highlights from last month include:

- M&A is going strong – Cummins buys Meritor, Heartland buys Smith, JB Hunt buys Zenith, Schneider buys DeBoer, and experts expect this trend to continue throughout 2022.
- FMCSA lifts HOS rules for baby formula deliveries.
- Growth and expansion continue strong in the LTL space – Knight-Swift added 6 LTL terminals, XPO announces plan for 2 additional terminals, and ODFL announces plan to open between 8-10 terminals in 2022.



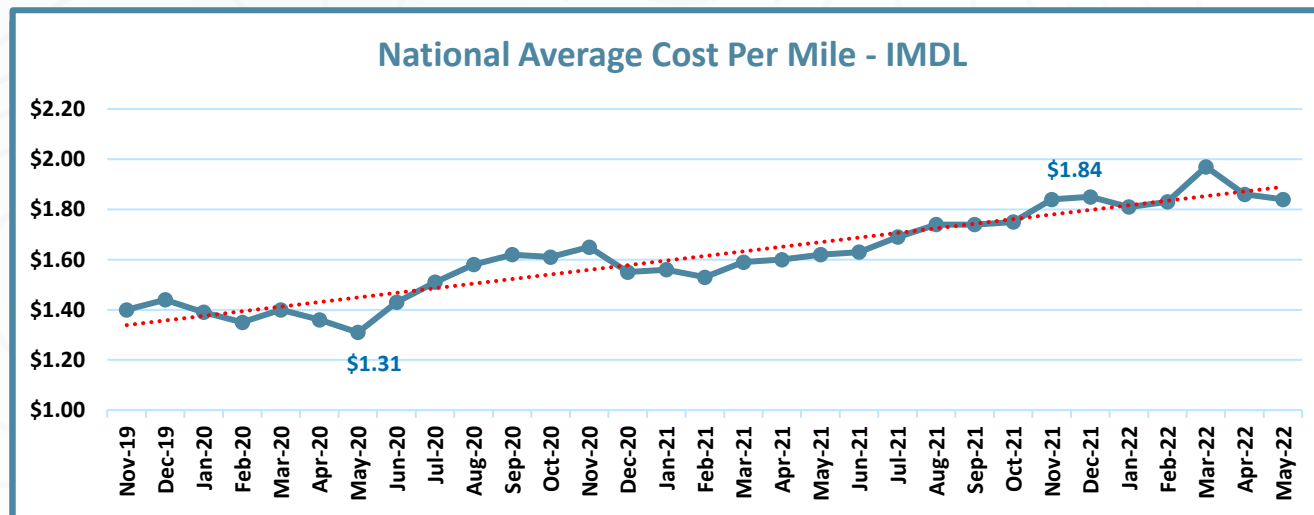
**Chris Gula,**  
Director, LTL Operations,  
FreightPlus



# Intermodal (IMDL)

## SUMMARY

- IMDL Tender acceptance is down 6.2% (North America) from March
    - Container Volumes down 5.3%
    - Trailer Volume down 18.2%
  - Total March Volume saw a 6.5% decline from the month prior.
  - IMDL Spot Rate Per Mile is up to \$2.40, this is largely influenced by the rising cost of fuel and is expected to stay high if not increase.
  - No West Coast surge for May and will continue to see lower than normal traffic due to the China Lockdown.
  - Intermodal shippers saw record-high savings under contracts signed in Q1, but a recent slide in the spot truckload market could diminish the savings that rails can provide on one-off business over the next three months
- **Key Takeaway:** With reducing Intermodal volumes we should continue to see the rates fall and cost savings increase in comparison to other modes, This trend we should see to continue into Q2 (Contracted Rates).





# Ocean Freight Market Status

- The port situation in the United States is stable on both the East and West Coast with month over month decrease in waiting time.
- May was the second-busiest month on record for Port of LB, and busiest month so far in 2022.
- A short-term cargo influx is anticipated as COVID-19 shutdowns have been lifted in China. Port operations in Shanghai are now starting to approach normal levels. Analysts continue to worry about the effect of import surges that may ripple across the global supply chain.
- US import inventory glut is in the forecast. Inflation has been slowing sales for general merchandise, as inventory jumps 32% YoY for Walmart, and 34% YoY for Target. This buildup of inventory may lead to a slowdown in new import orders abroad.
- Reconstruction work took a second berth out of commission at the Port of Savannah. Delays have begun to build, due to a facility improvement project. To add on to two of seven berths being out of commission, there was a surge of vessels coming down the coast. We also saw ocean carriers diverting vessels from Charleston to Savannah, which is a delayed reaction by ocean carriers to the congestion in Charleston earlier this year.
- Importers are calling on Biden to be more involved in the longshore contract talks. The contract talks are due to expire in three weeks, and trade associations are calling on the Biden administration to engage in the negotiations to ensure both parties needs are met.
- **Key Takeaway:** US consumers are beginning to start purchasing more services than goods, leading inventory levels rising. Importers must decide whether to continue stocking up on inventory to ensure product on hand and take advantage of current freight rates or reduce inventory to fight lack sales and warehousing capacity and costs.



## Vessels at Anchor as of June 8th, 2022

LA/LB	27 vessels at anchor / drift
Oakland	4 vessels at anchor / drift
Vancouver	10 vessels at anchor / drift
Seattle/Tacoma	1 vessels at anchor / drift
Charleston	2 vessels at anchor/drift
Savannah	30 vessels at anchor / drift
NYC/NJ	16 vessels at anchor / drift
Houston	14 vessels at anchor / drift
Norfolk	2 vessels at anchor /drift

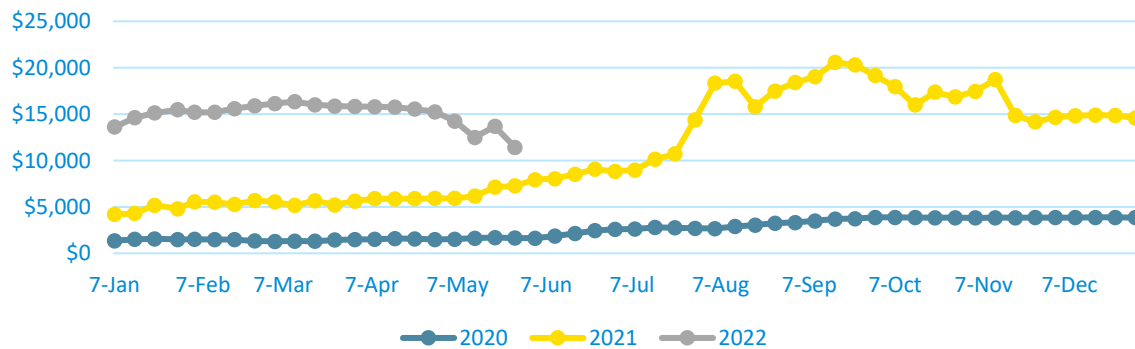


**Connor Kerwin**  
Ocean Freight CME,  
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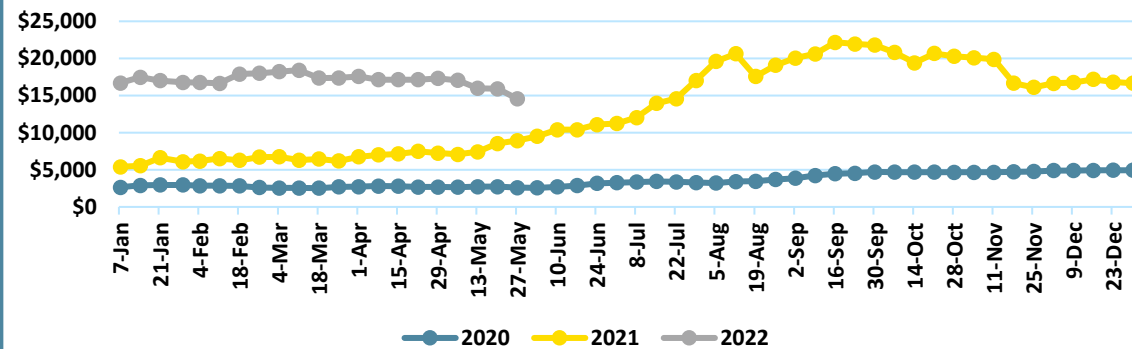


# Ocean Freight Spot Rates (FBX)

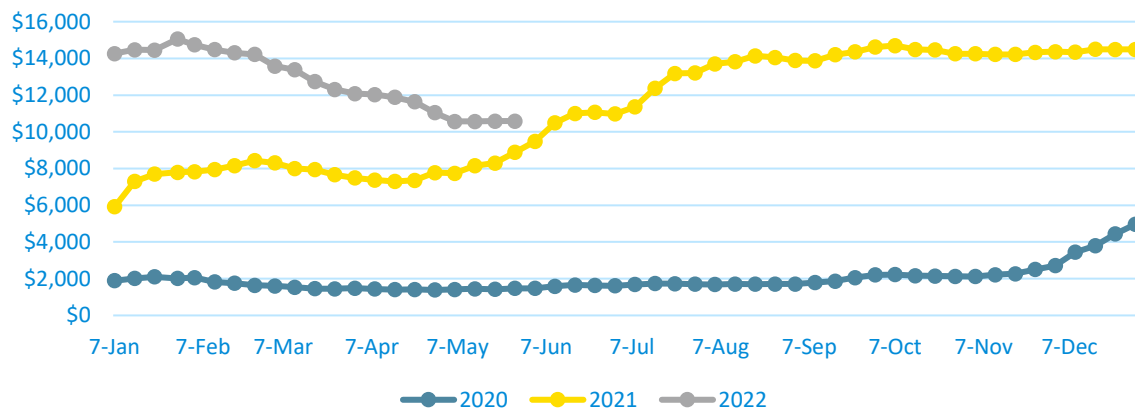
## CHINA/EAST ASIA to US WEST COAST



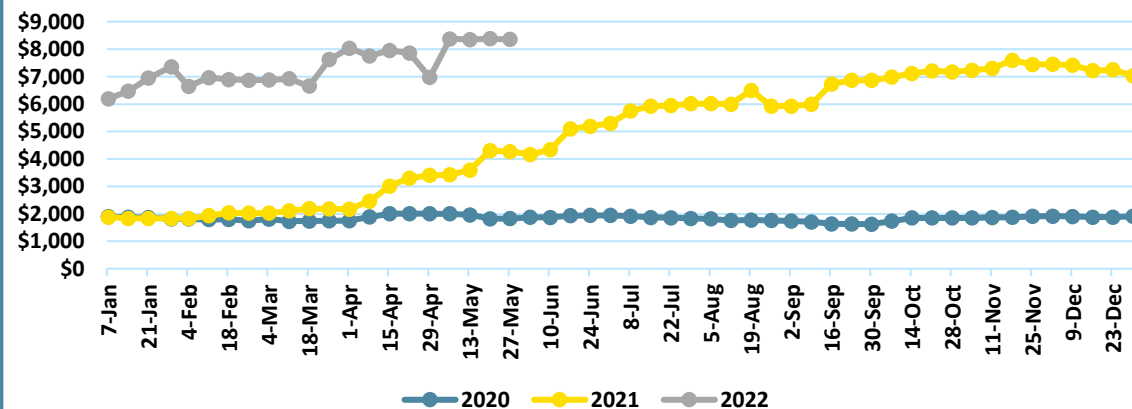
## CHINA/EAST ASIA to US EAST COAST



## CHINA/EAST ASIA to NORTH EUROPE



## NORTH EUROPE to US EAST COAST

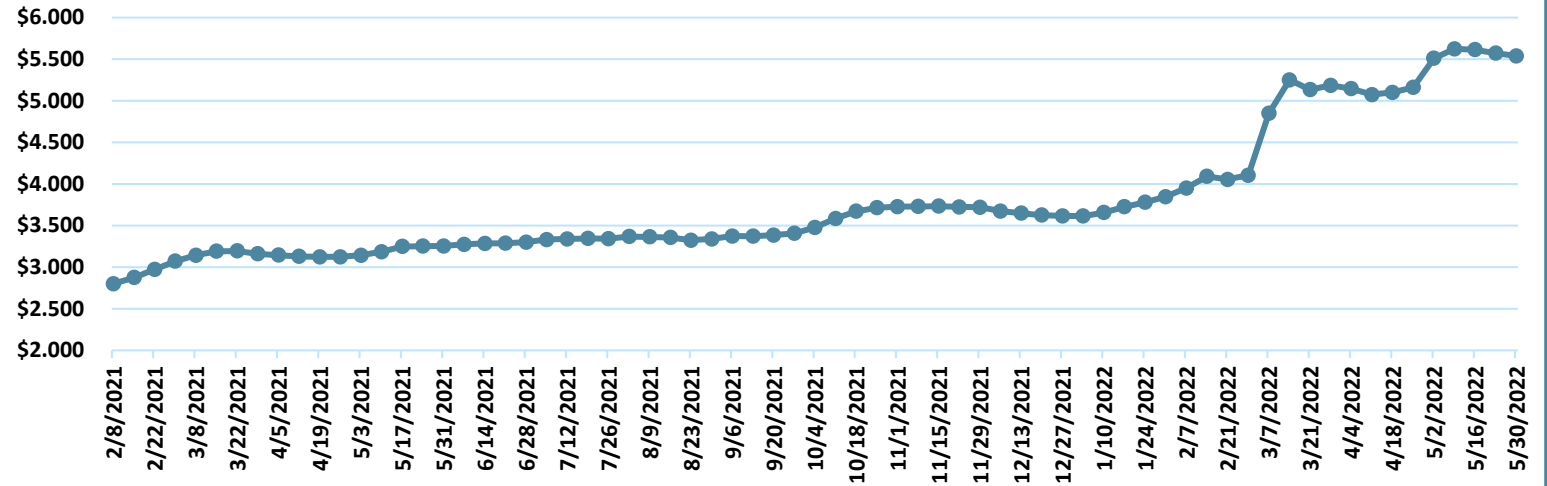


# On-Highway Diesel Fuel

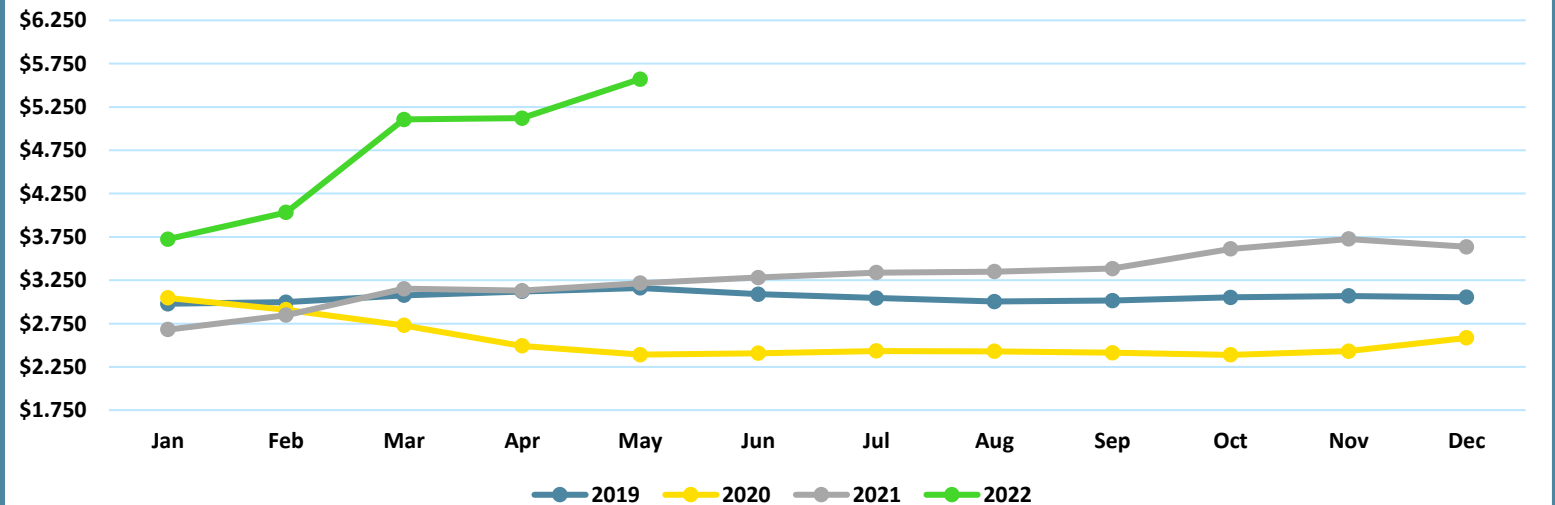
## SUMMARY

- On-Highway Diesel fuel rose to begin the month with news of potential outages in the Northeast
- 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. With 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 saw the anticipated increases in fuel. There are areas of the country that will face supply constraints, expect to see rates continue to rise before things improve.

National Avg. On-Highway Diesel Fuel Prices



Monthly National Avg. On-Highway Diesel Fuel Prices



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# THANK YOU!

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