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. Visit FreightPlus.io for more information.

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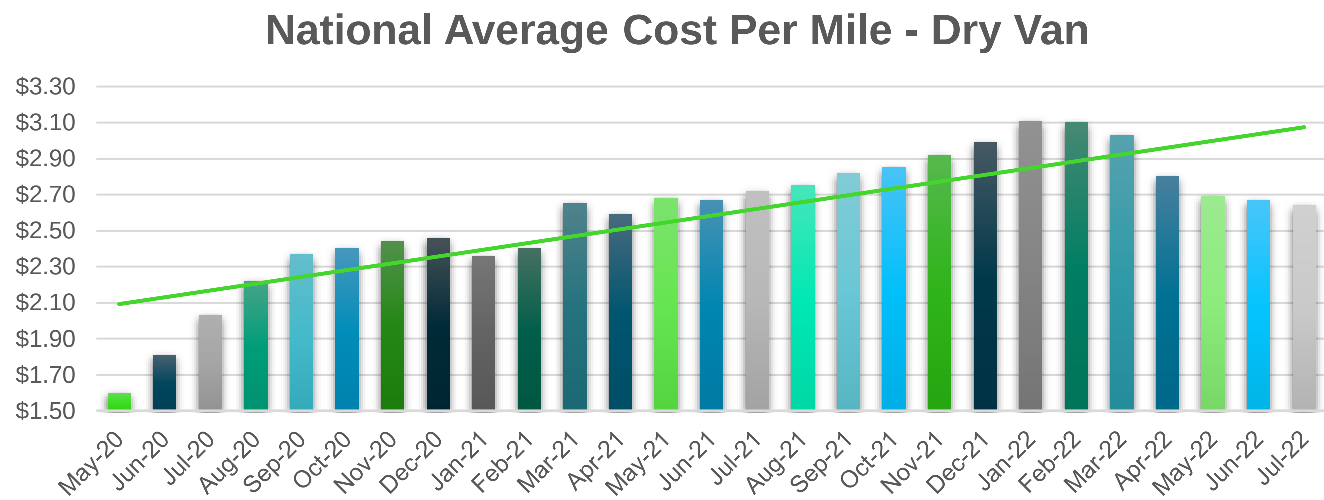
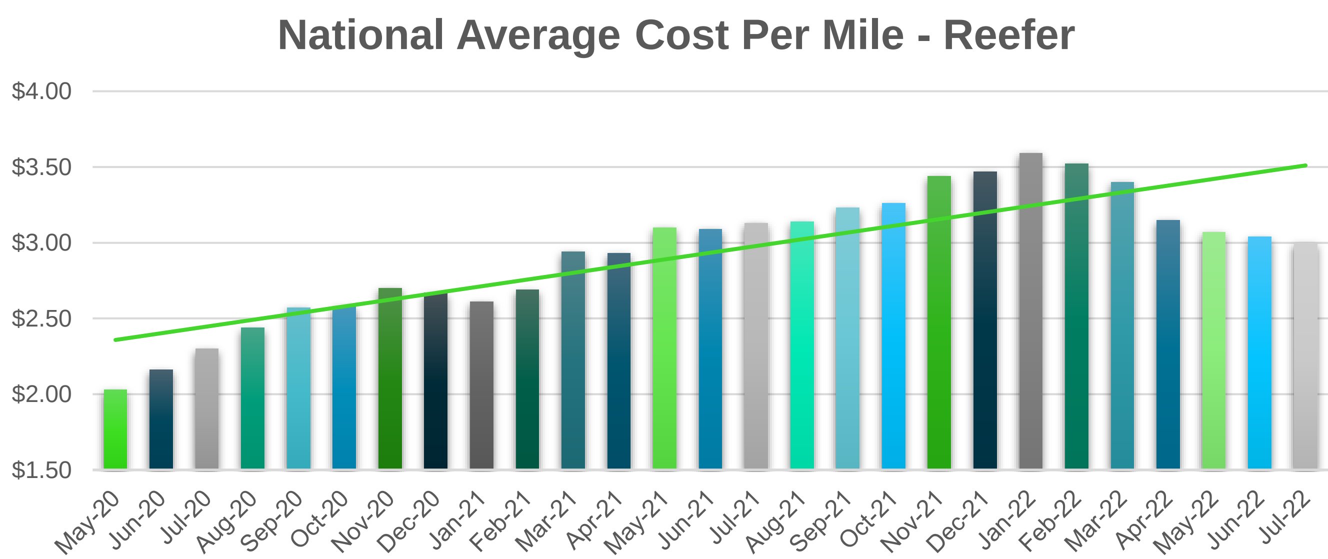
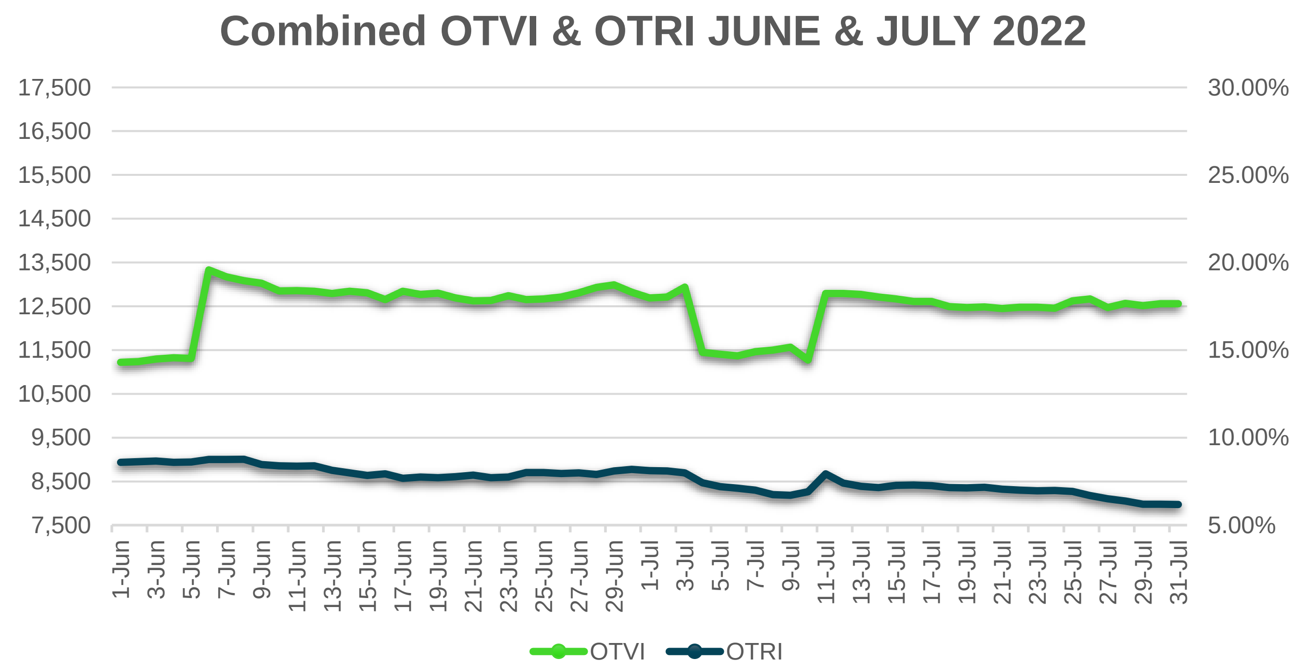
TRUCKLOAD

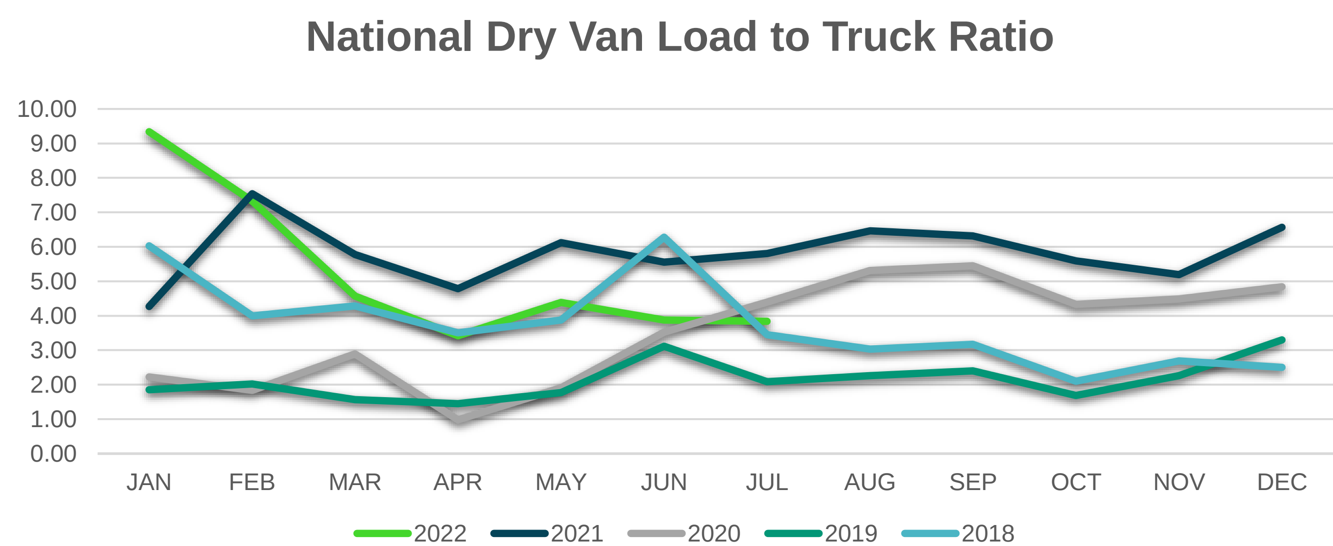
July spot rates were down by 3 cents per mile, but that is a bit misleading if you just look at it on the surface. The spot rates went from 2.67 a mile to 2.64 per mile, but what we are not accounting for in there is fuel. Fuel went down by almost 27 cents per gallon; so, when you look at what happened in the marketplace, line haul rates were up by two cents a mile. Right now, it is more important to monitor linehaul rates rather than all-in rates





July saw rejection rates decline again. They are now hovering around 7.5%, where they were closer to 10% last month. With that, there is less freight moving at spot. Volume was relatively flat, rates came down slightly, but when you factor out the drop we saw in fuel, the linehaul portion of the spot rates was up slightly. We have not seen rates rise since the winter. The load to truck ratio dropped slightly but hovered around four for most of the month.





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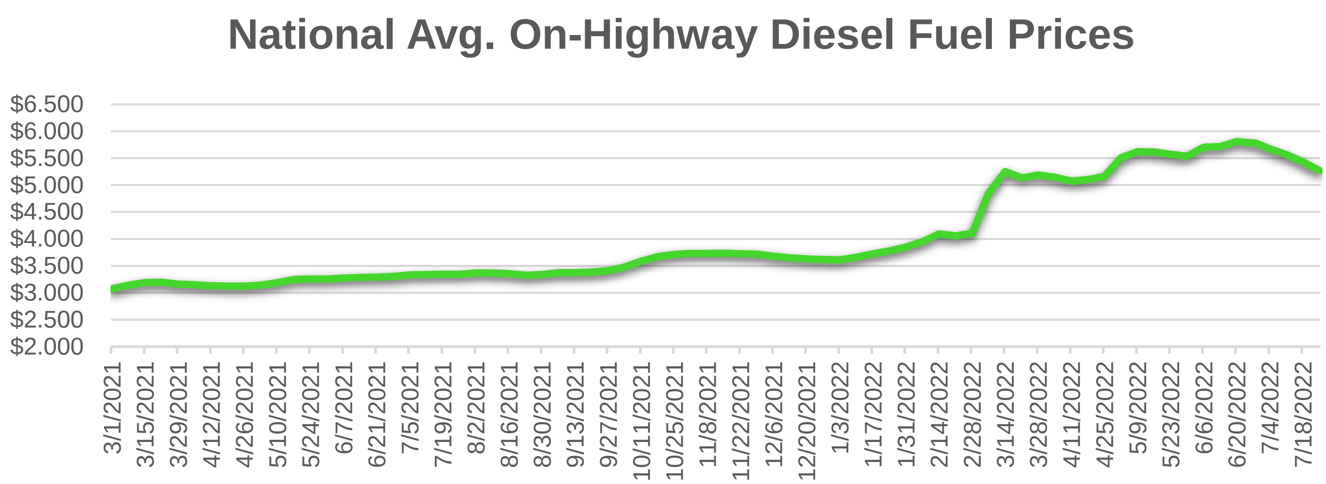
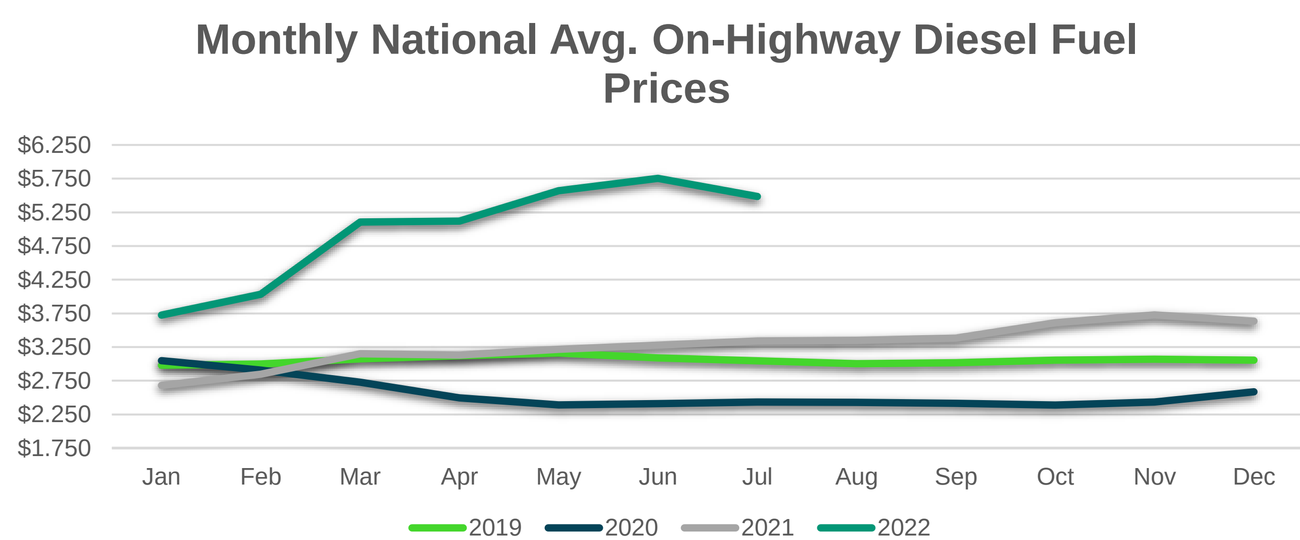
FUEL

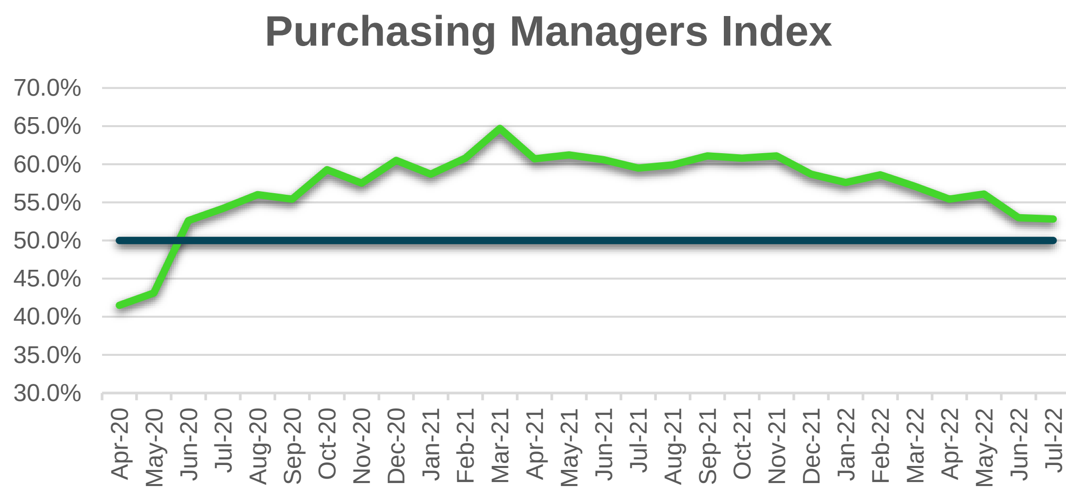
Fuel climbed sharply from February 2022 until June 2022, peaking around the third week in June. So far in July, we've seen fuel decline in cost, however it's still 47.3% higher on average in July compared with how we came into the year.





PURCHASING MANAGERS' INDEX

The July Manufacturing PMI registered 52.8%, down .02% from June. 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 26th consecutive month of expansionary growth. This is the lowest reading since June of 2020 (52.4%.) The New Orders Index registered at 48%, The Production Index was at 53.5%, and the Backlog of Orders registered at 51.3%.



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

LTL

June and July have proven to be a very dynamic couple of months in the US domestic less than truckload arena. As always, FreightPlus is very bullish on the mode overall, and despite some softer months, believes that LTL demand, value, and service capabilities will continue to rise from a macro trend level.

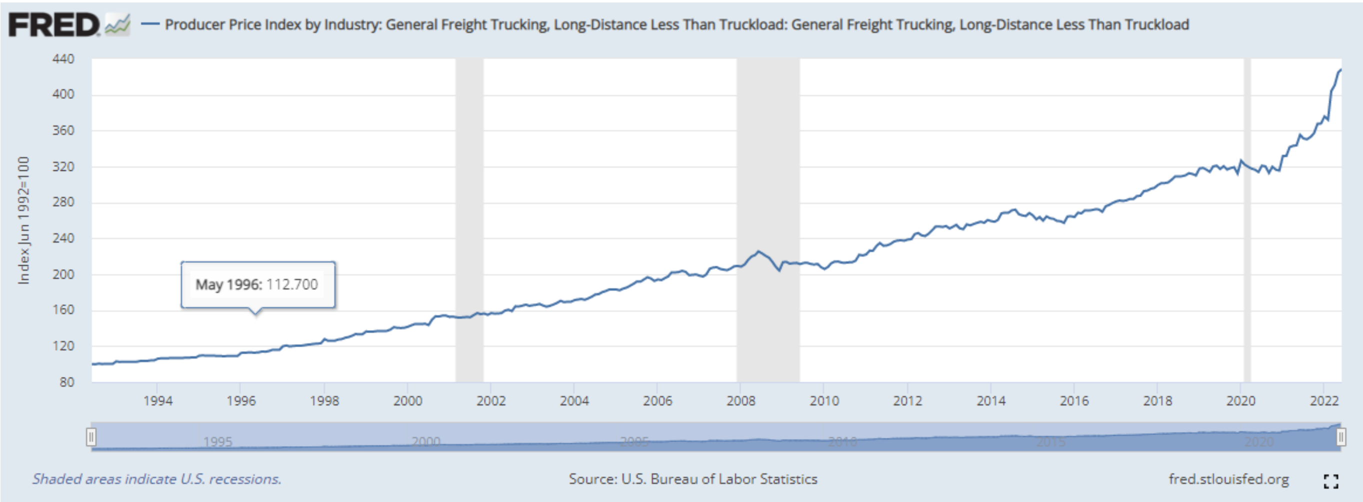
While fuel was rising, the economy and market was softening, so we ended up with an interesting dichotomy where carrier revenue numbers held strong; however, their pricing side pulled back ever so slightly from the hardline, offense mode we have seen in the last 12-18 months. LTL carriers, being large corporate entities, and some of them publicly traded, are always being chased by the lion that is last year's numbers. This meant that many carriers could start pricing a tad more strategically with the goal of bringing on more business, while keeping their revenue and profitability numbers high with that strong revenue from fuel.

Carrier earnings came out for Q2 at the end of July, and most of the large, public companies posted strong revenue and profitability. Once again, ODFL hit a record revenue and operating ratio number when compared to any other quarter in their history.
There is still a strong aversion to overlength freight in the market. This is where shared truckload providers can be useful on the longer freight and larger shipments. Transport Topics recently came out

with their Top LTL Carrier list and there have been some big changes and overall market growth since last year. Some notables from the list:

- FedEx Freight - still #1, added almost $2B in revenue, going from $7.2B to just over $9B
- ODFL - Leap frogged 2 carriers to settle firmly in second at $5.2B, which is $1.2B more than last year's revenue number
- YRC, XPO, Estes all stayed relatively consistent in revenue YOY.
- ABF, R+L Carriers, and Saia all added about a half billion in revenue each.
- Southeastern Freight Lines comes in as the largest regional LTL - with almost $1.4B in revenue.
- FedEx Freight's revenue almost matches the total of carriers 10: 25.

Federal data (Producer Price Index) on General Freight Trucking, long distance LTL, will update to include July's halfway through the month, however looking at the graph below, going all the way back to June 1992 through June 2022 shows an interesting story. The index jumped 12.5% just from January 2022 until June. This is the steepest jump over a six-month time period on this chart.



Carrier service levels are starting to come back with the slightly softening economy and looser capacity. Many carriers are just now realizing and taking possession of the tractors and trailers ordered during 2021. Many are also holding in house driving schools to push more dock workers into the driver role.

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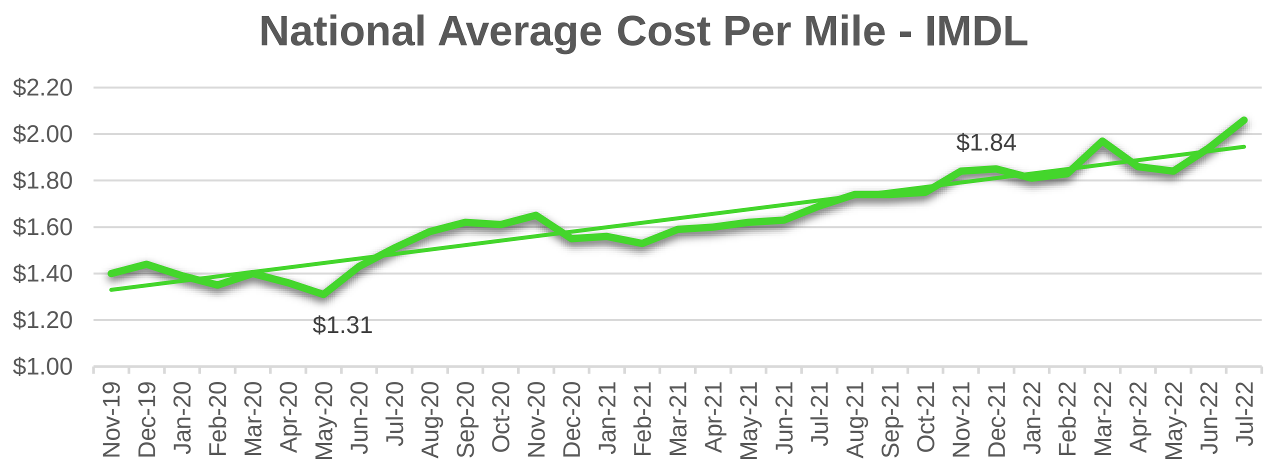
INTERMODAL



Intermodal volume took a step down over the last few weeks of the month as rail volumes slowed, the economy showed signs of vulnerability, and port and rail congestion remained in place. Domestic volumes declined for the second month in a row, restrained by weak service levels and sporadic embargoes by rail carriers.

Several large carriers have announced metering of volumes along key routes or to key terminals to reduce congestion and improve service before the back-to-school season ramps up. However, there has been no noticeable improvement as shippers start to make plans and evaluate other options. Demand from retail shippers is historically quiet for this time of year despite what is usually a time to restock shelves for the back-to-school season. Given that many retailers have already noted record levels of inventory amid slow consumer demand, we might not see the peak we have normally seen in August and September.

The AB – 5 Law in California is still causing issues with capacity, especially in the drayage space. We do not expect a fix within the next month, as they are removing owner operators from the capacity pool in California for the most part or forcing them to join larger company's fleets.

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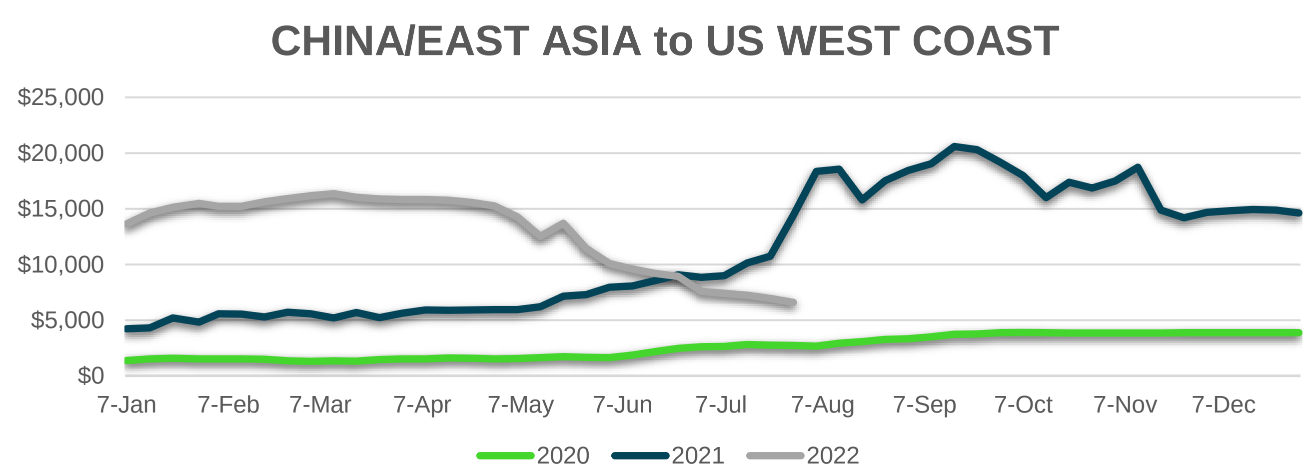
OCEAN

VESSELS AT ANCHOR

Vessels at Anchor as of July 28th, 2022	
LA/LB	20 vessels at anchor / drift
Oakland	2 vessels at anchor / drift
Vancouver	5 vessels at anchor / drift
Seattle/Tacoma	3 vessels at anchor / drift
Charleston	6 vessels at anchor/drift
Savannah	42 vessels at anchor / drift
NYC/NJ	19 vessels at anchor / drift
Houston	23 vessels at anchor / drift
Norfolk	11 vessels at anchor /drift

FBX INDEX



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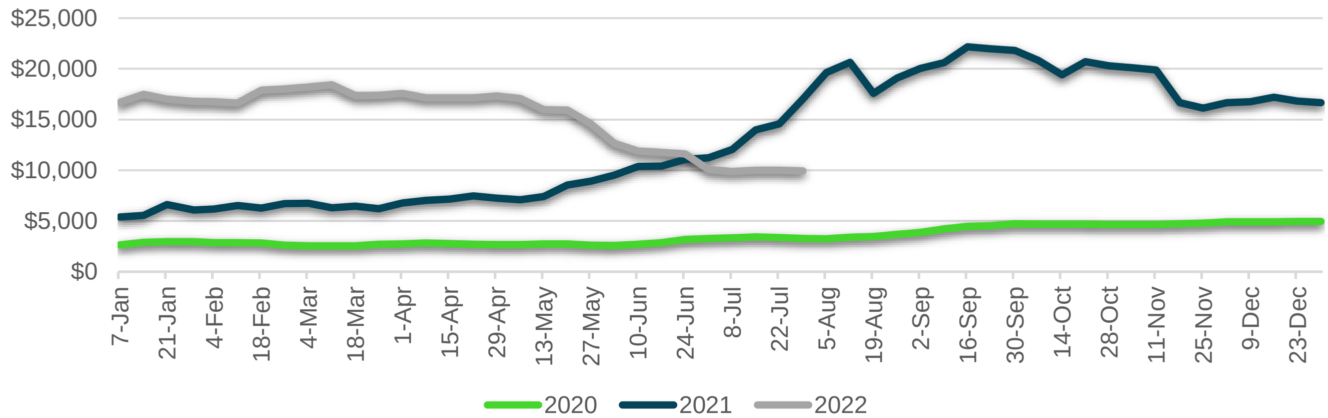
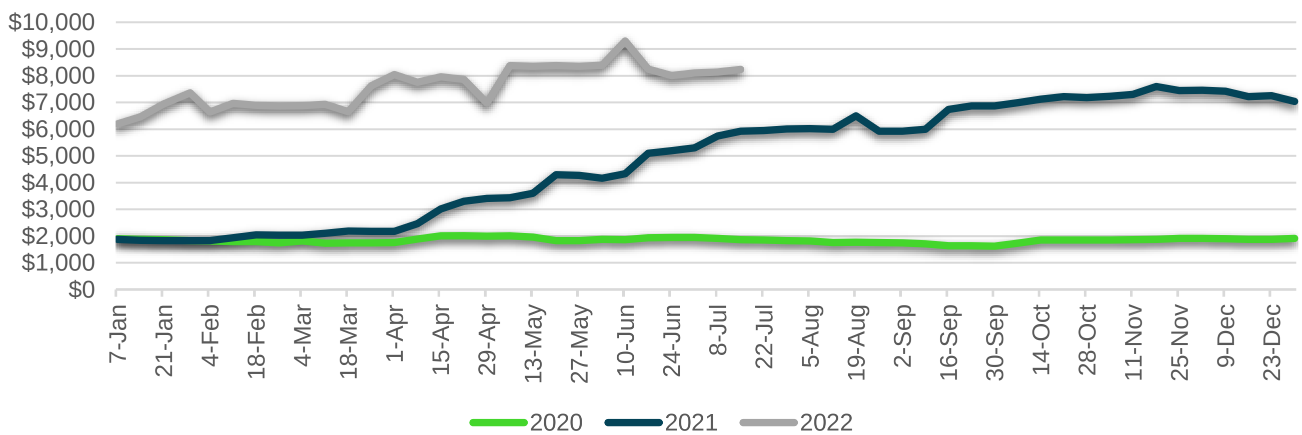
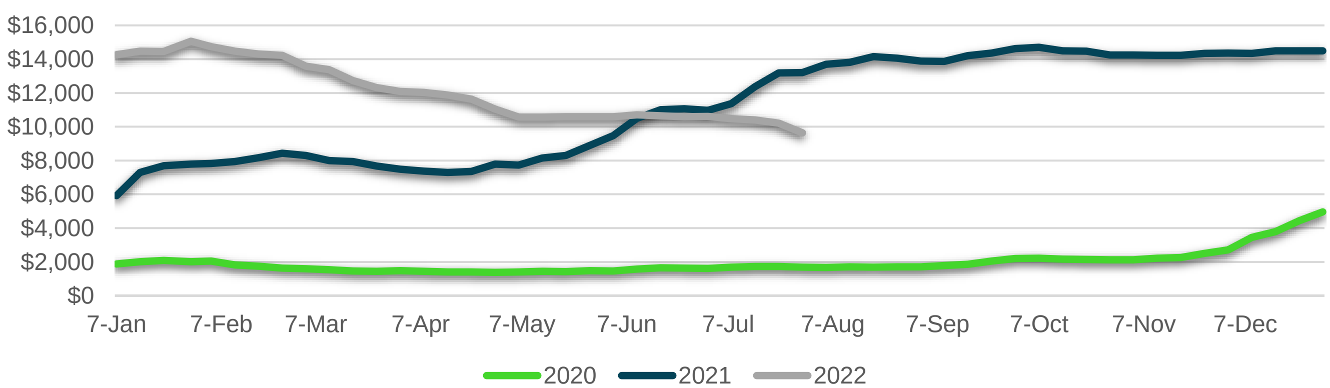
CHINA/EAST ASIA to US EAST COAST



NORTH EUROPE to US EAST COAST



CHINA/EAST ASIA to NORTH EUROPE



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