Monthy 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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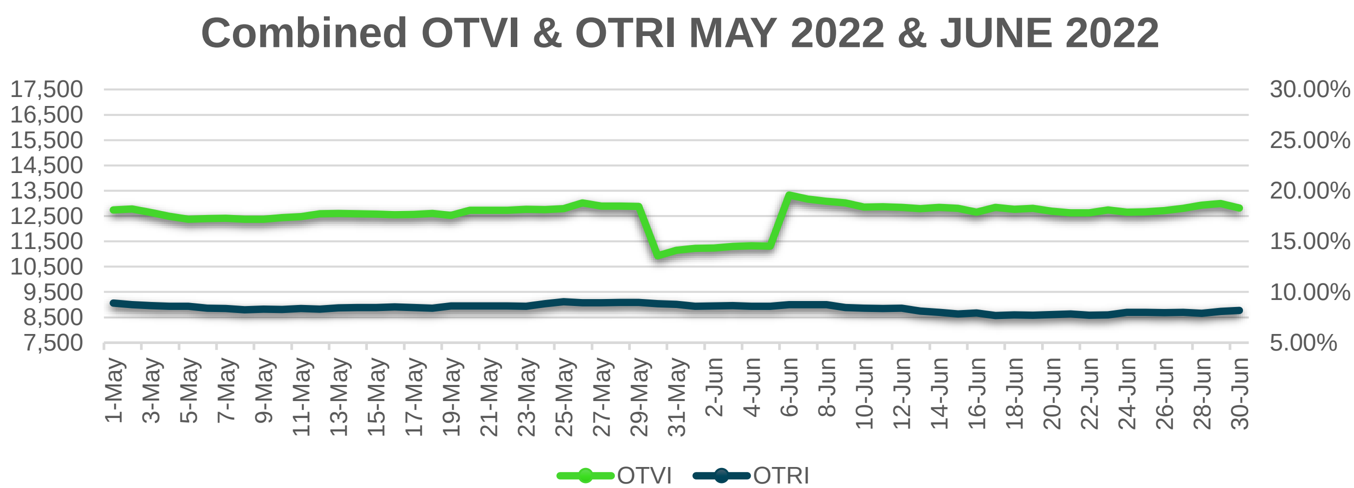
TRUCKLOAD

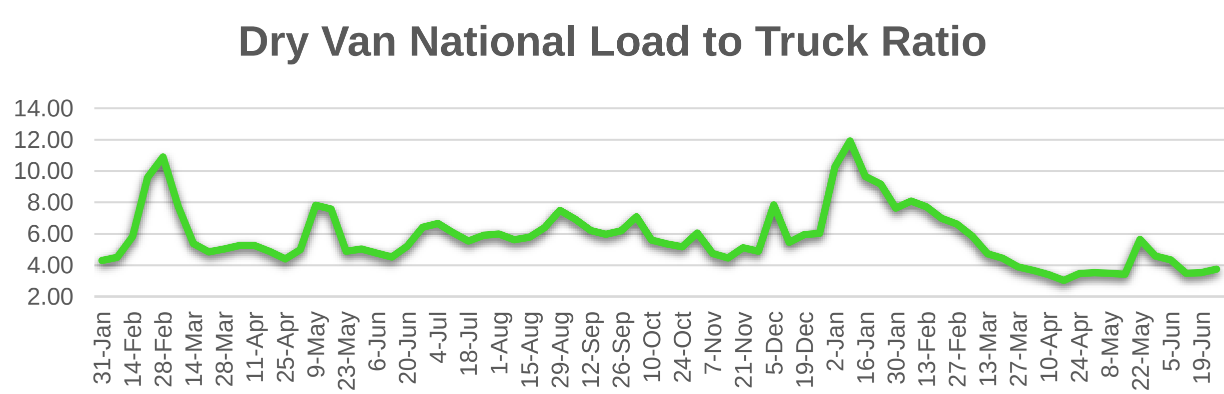
TRUCKLOAD MARKET SUMMARY

The Dry Van market was relatively flat this month and we saw a slight decrease of $.02 per mile from May to June. With volume remaining flat, we are seeing the OTVI range between 13,500 and 12,500 (with the exception of the dip during Memorial Day Weekend), which isn't a large variance. Rejection rates fell at the end of the month and remained low around 7.5% for the entirety of the month. This is continuing the trend we saw in May of rejection rates falling below 10%, which is an indicator that the contract market is remaining strong and well above where the spot market is at. As a result, the contract carriers are honoring their rates and sending equipment from further away because the contract market is stronger than the spot market.



LOAD TO TRUCK & COST PER MILE

The load to truck ratio spiked leading into Memorial Day Weekend and since has fallen off. We did not see an end of month rise for the Fourth of July, which is rather unexpected, as that is usually when capacity becomes the tightest. With so much shipping activity, this could be another indicator that the market has remained soft, and we are starting to see positive signs for shippers.



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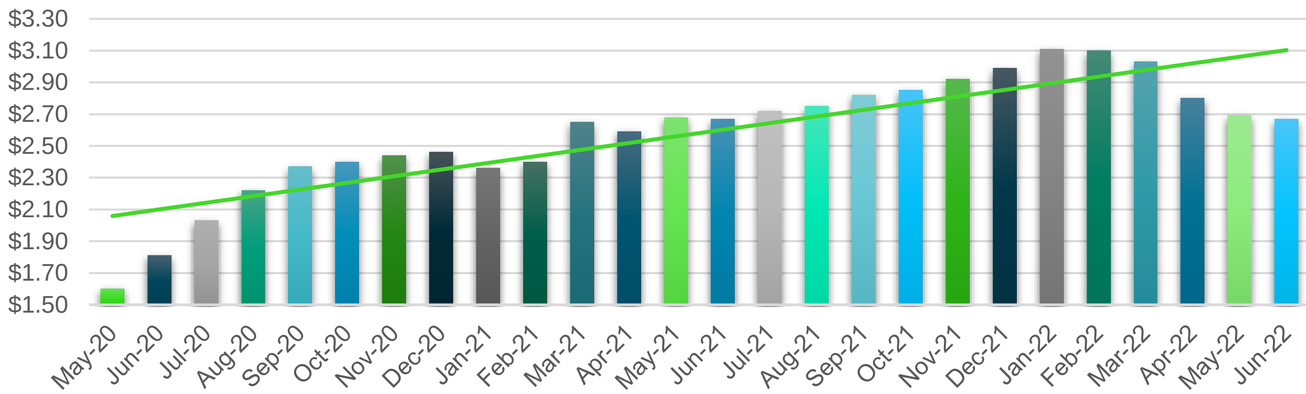
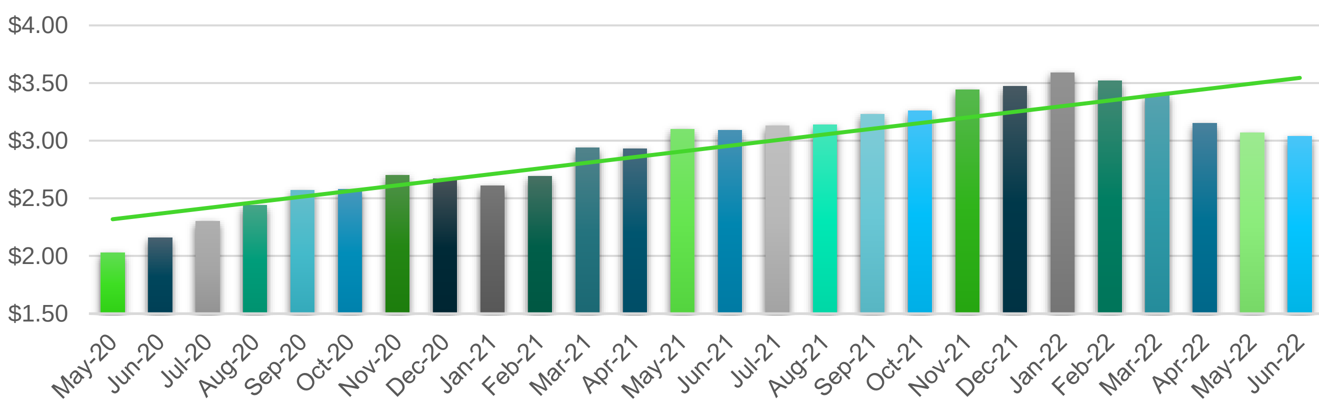
National Average Cost Per Mile - Dry Van



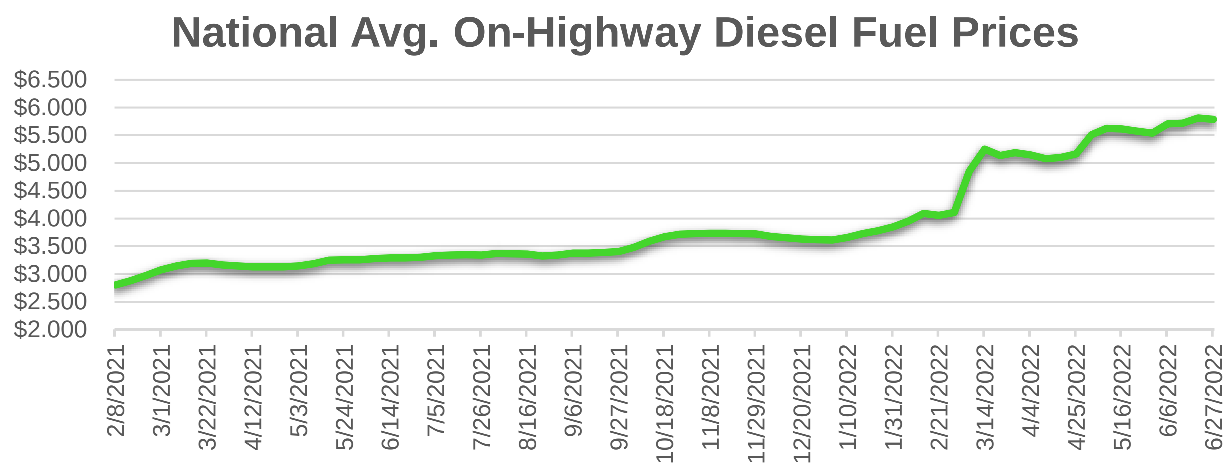
For reefer, we saw a slight decrease in cost per mile from May to June. Taking a step back and looking at the three-month period of April to June, we've seen cost drop 11 cents per mile while fuel continues to rise. This indicates that produce season is not as strong as it typically is. We've had an exceptionally dry summer, which can affect farmers' ability to produce. We usually see a large rise in rates from April to June and then level out in mid-July in most areas. Seeing a decrease again is a sign that the market is soft, especially in the reefer market. The next time we can anticipate it rising would be the end of September as we start to prepare for Halloween and there's a rush in demand for candy and Halloween foods.

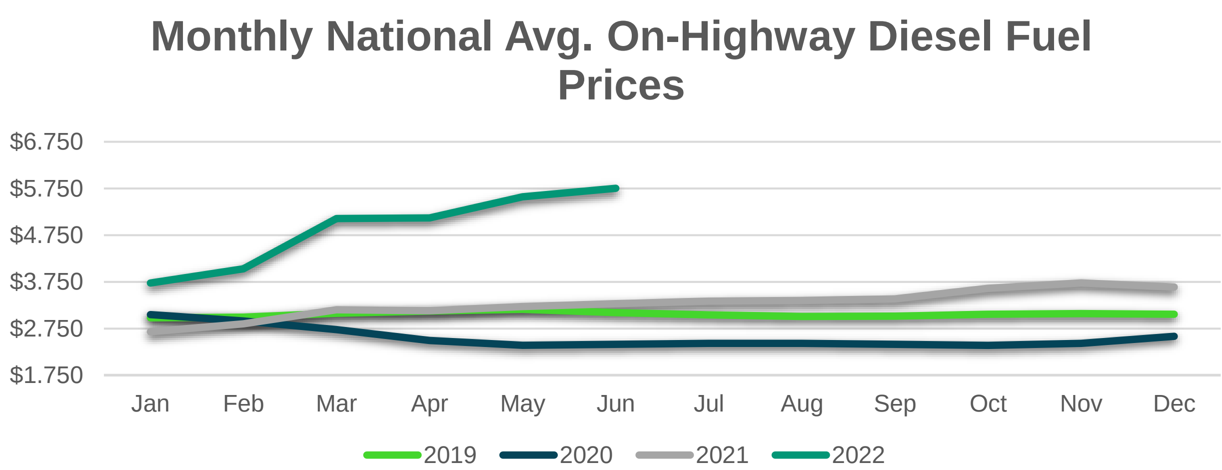
National Average Cost Per Mile - Reefer



Typically, the housing market drives the flatbed market, and we see a rise in cost per mile with the increase in construction within the summer months. From April to June, we saw costs rise $.03 on a per mile basis. This was largely driven by the rise in fuel. Line haul costs are going to be down based off how fuel rose, and as the summer goes on, we're starting to see prices dip off. This is not a positive sign for the flatbed market and is not a great indicator for the economy, at least in the manufacturing space.

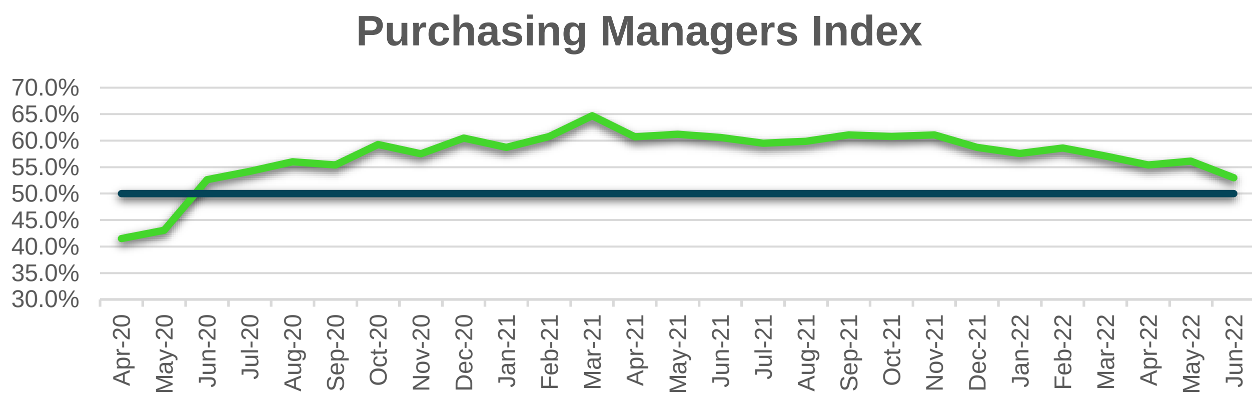
FUEL





Fuel remained flat within the month of June, nearing $6 a gallon due to rising diesel costs and the usual spike we see in the summer months. Although remaining flat through the month, June saw the national average price for a gallon of diesel reach record highs. There are talks of the government creating a tax vacation that would help reduce the cost of fuel, however it would only reduce by $0.05, which won't move the needle.

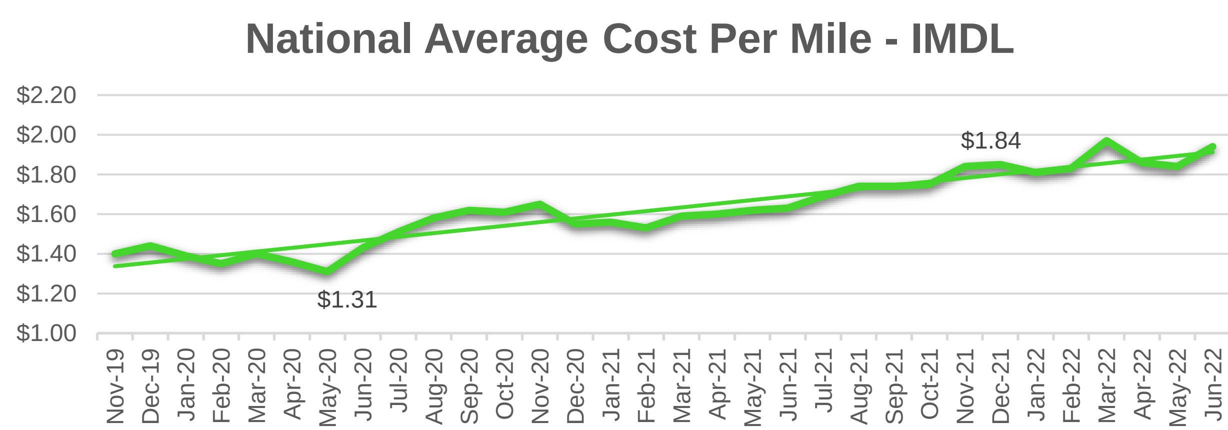
PURCHASING MANAGERS' INDEX



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

The June Manufacturing PMI registered 53%, down 3.1% from May. 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 June, this is the 25th consecutive month of expansionary growth. This is the lowest reading since June of 2020 (52.4%.) The New Orders Index registered at 49.2%, The Production Index was at 54.9%, and the Backlog of Orders registered at 53.2%.

INTERMODAL



The intermodal tender acceptance rate was up 4.7% from May. We are most likely seeing this as a carry-over from the truckload as prices of truckload in general are becoming more competitive. Domestic 53' intermodal spot rates increased $1.10 (on a weighted average mileage basis) when compared to the prior month, and total intermodal volume dropped 5.8% from the prior month - this is mostly due to the plummeting spot market price for truckload.

Some U.S. intermodal shippers are forgoing trains to put their spot freight on trucks because the cost savings associated with rail have narrowed significantly. The chassis shortage is affecting Norfolk Southern despite a 5.1% decline in volumes on all Class 1 railroads, while at the same time having a 4.9% decline of available containers. Chassis availability, container availability, drayage capacity constraints, and general congestion at rail ramps continue to plague the industry.

Intermodal transportation continues to stay volatile with the lack of capacity and equipment, and we should continue to see the same trends we have throughout the year.

OCEAN

VESSELS AT ANCHOR

Vessels at Anchor as of June 30, 2022	
LA/LB	20 vessels at anchor / drift
Oakland	0 vessels at anchor / drift
Vancouver	5 vessels at anchor / drift
Seattle/Tacoma	1 vessel at anchor / drift
Charleston	2 vessels at anchor/drift
Savannah	37 vessels at anchor / drift
NYC/NJ	23 vessels at anchor / drift
Houston	23 vessels at anchor / drift
Norfolk	2 vessels at anchor /drift

INSIGHTS

Negotiations continue between ILWU (International Longshore and Warehouse Union) and PMA (Pacific Maritime Association). Contracts expired on July 1st, but both parties are committed to reaching an agreement. Neither the PMA nor the ILWU has indicated what the contract concerns are this year. It is believed that port automation may be the sticking point for union resistance this year. Retailers and other shippers express concern over the expired contracts and the possibility of West Coast port disruption.

The Port of Charleston is to remain open to cargo owners on Sundays through the end of September, to prevent any major buildup of vessel congestion. These fluidity measures have been a key contribution to cutting their vessel queue.
Delays continue at the Port of Savannah, as construction work has taken two berths out of commission. The construction is for a facility improvement project, aimed to improve their ability to handle heavy volumes.

Industrial production and exports turned up in China this past month. China's government is to enforce zero tolerance COVID-19 policy through 2022, so shutdowns may still occur with outbreaks.
In the United States, we are seeing consumers buying less goods due to rising prices, retailers importing less goods due to high levels of stock and to improve inventory turnaround. Because of these indicators, we're seeing ocean spot rates declining. If the ocean spot rates continue to decline, this will be a good opportunity for shippers to renegotiate their long-term contracts with ocean liners.