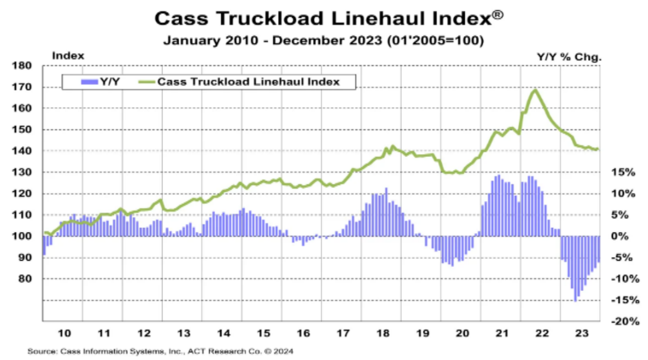
CRANE WORLDWIDE LOGISTICS

GROUND MARKET UPDATE

January 2024

CURRENT STATE

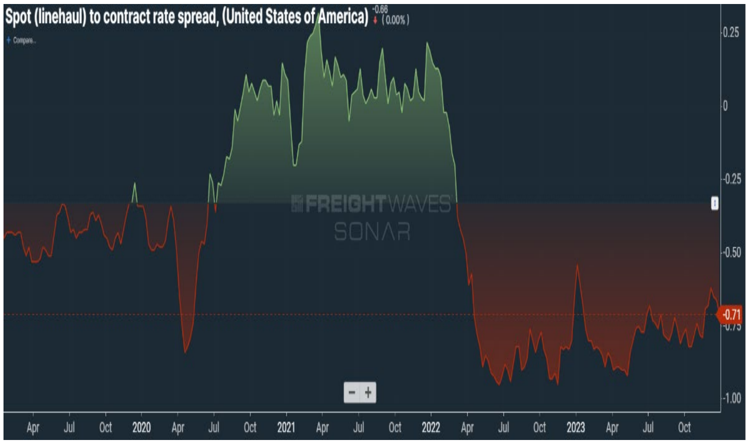
During an industry analysts' interview with a manufacturing shipper, they had the following to say about recent trucking trends. Demand for this shipper's products is largely project based and stable, but some segments (solar, telecom) materially slowed this year and as a result, outbound shipments decelerated throughout 2023. Turning to the TL market, this shipper is still seeing very loose dry van and flatbed capacity. Despite a few capacity exits over the last few months, this shipper's tender acceptances remain consistently high. Meanwhile, this shipper just wrapped up his 2024 flatbed bid, where he was budgeting to keep his contract rates flat year over year. That said, many of his asset-based carriers proactively offered low-single digit rate reductions in the first round of the bid. By the end of negotiations, this shipper reduced his average flatbed rates by high-single digits year over year. After the flatbed bid, this shipper now expects dry van rates will decline again too this year in the next bid. In terms of LTL, the majority of this shipper's annual contracts expired at the end of 2023. **This shipper has not launched renegotiations yet and hopes to extend his existing contracts another year. However, if he does have to rebid his LTL freight, he forecasts a high-single digit increase in his base rates this year**.

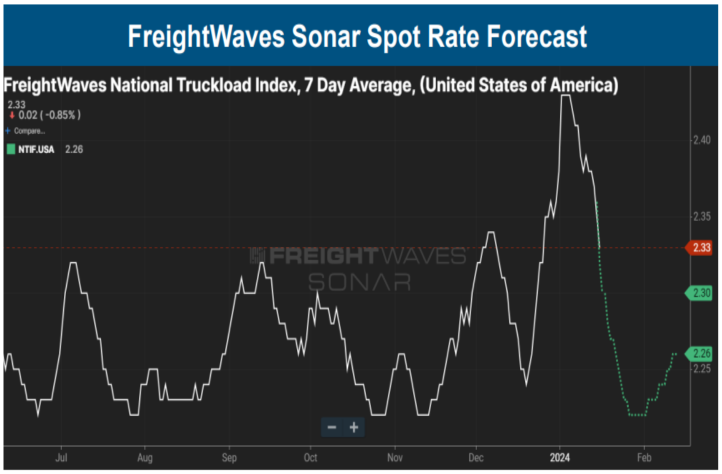


For just the second time in the past 18 months, various truckload linehaul indexes rose m/m in December. the Cass Truckload Linehaul Index® rose m/m in December, by 0.4%. The 6.1% y/y decline was the smallest in ten months. As a broad truckload market indicator, this index includes both spot and contract freight. With spot rates steady over the past several months, downward pressure on the larger contract market is flat to slightly up, with some instances of contract rates increasing.

MARKET FORECAST

Including fuel surcharge, dry-van rates were down 2.3% sequentially (week ending 1/12/2024), above the 5-year average of -4.6%. Refrigerated rates were down 3.7% compared to last week, above the 5-year average of -7.4%. Flatbed rates were up 2.9% compared to last week, above the 5-year avg. of -1.3%. Additionally, the MDI (Market Demand Index) was down 2% sequentially, above the 5-year average of -10%. Excluding fuel, dry-van rates were down 5.7% sequentially in line with normal seasonality.





Contract rates are still running at a premium compared to spot rates., Contract rates are showing massive gains made at the end of 2023, albeit ones that failed to match year-ago highs. The quickness with which contract rates lose their holiday momentum will be an early indication of the pricing power that shippers exercised in the ongoing bid cycle. For the time being, contract rates, which exclude fuel surcharges and other accessorials, are up 10 cents per mile on a weekly basis at $2.44.

INDUSTRY INSIGHT

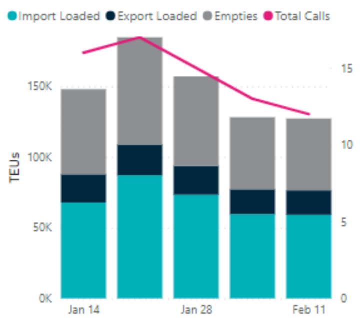
The Port of Long Beach currently has 9 container vessels at berth..... Average at anchor is 0 days.

WAVE
Weekly Advance Volume Estimate

Port of LONG BEACH
THE PORT OF CHOICE

PROJECTED WEEKLY VOLUME (TEUS)

Week	Date	Import Loaded	Export Loaded	Empties
3	01/14/2024	67,809	19,955	60,116
4	01/21/2024	87,050	21,765	75,749
5	01/28/2024	73,333	20,382	63,247
6	02/04/2024	59,605	17,564	50,921
7	02/11/2024	59,129	17,300	50,746



PROJECTED VESSEL CALLS

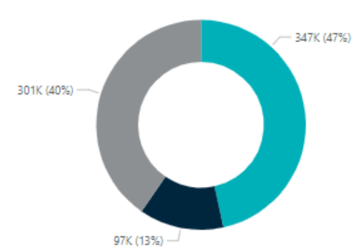
Week	Date	Blank Sailings	Extra Loaders	Planned Calls
3	01/14/2024	1	1	16
4	01/21/2024	0	0	17
5	01/28/2024	1	0	16
6	02/04/2024	1	0	14
7	02/11/2024	1	0	13

ESTIMATED CONTAINER MOVE TYPES (TEUS)

Week	Date	Import Local	Import On-Dock	Import Off-Dock	Export Local	Export On-Dock	Export Off-Dock
3	01/14/2024	52,152	17,739	3,943	19,875	6,760	1,503
4	01/21/2024	65,089	22,139	4,922	24,806	8,437	1,876
5	01/28/2024	55,355	18,828	4,185	21,096	7,175	1,595
6	02/04/2024	45,173	15,365	3,416	17,216	5,856	1,302
7	02/11/2024	44,850	15,255	3,391	17,093	5,814	1,292

ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

Week	Date	Export Loaded	Export Empty
3	01/14/2024	19,955	57,603
4	01/21/2024	21,765	72,908
5	01/28/2024	20,382	60,803
6	02/04/2024	17,564	48,655
7	02/11/2024	17,300	48,555



AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

Terminal	Day Shift	Night Shift
Pier A	35	34
Pier C	24	22
Pier E (LBCT)	47	51
Pier G (ITS)	57	0
Pier J (PCT)	69	50
Pier T (TTI)	70	54

Average turn-times vary by terminals, and based on terminals' data from the previous week

Revised 1/8/2024

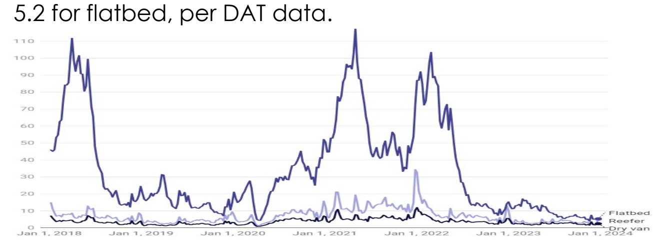
Tough economy is trucking's top issue in 2023: ATRI….the nonprofit's annual report illustrates differences between drivers' and carriers' concerns. The economy took over as trucking's top concern in 2023 after fuel prices outranked driver issues last year for the first time in five years. The sluggish U.S. economy surpassed record fuel costs as the trucking industry's top concern in 2023, according to the American Transportation Research Institute. Inflation, rising interest rates and high diesel prices contributed to the highest per-mile costs on record and exacerbated falling freight demand, making the economy a top-10 issue for drivers and carriers alike, said ATRI's annual Critical Issues in the Trucking Industry survey. Trucking's most recent previous No. 1 concerns, fuel costs and the driver shortage, remained among the industry's top 5 priorities in the survey. The results were released Saturday at the American Trucking Associations' 2023 Management Conference & Exhibition. ATRI's list "thoroughly and accurately reflects the challenges we've faced this year," Ruan Transportation Management Systems President and COO Dan Van Alstine said in a statement. "Costs were up and demand was down, all while we worked to navigate a number of workforce and regulatory issues," said Van Alstine, who serves as American Trucking Associations chairman. "Thankfully, ATRI's analysis doesn't just tell us what the issues are, it spells out a number of data-driven strategies that the industry can pursue to address them." Advocacy for the reform or repeal of regulations "that increase industry costs without providing benefits" was the top strategy respondents suggested to ATRI for navigating challenging economic conditions.

INDUSTRY INSIGHT

Potential freight rebound faces barriers in 2024, analysts say. Reducing excess capacity is not enough to spur a freight rebound on its own, experts said. Analysts say a sudden rebound in the market in the first half of 2024 isn't expected. The truckload market could normalize in the middle of 2024, but that's a best-case scenario, according to DAT Freight & Analytics Principal Analyst Dean Croke. The data and forecasting firm's outlook for next year calls for "current market conditions to continue until late Q2 when the market should finally find equilibrium." Despite the possible turnaround, analysts are noting how barriers continue to clog a rebound from occurring. Record profits and falling diesel prices have allowed carriers to continue operating, allowing excess capacity to linger, Croke noted. Over the past year, there was a net loss of 29,000 carriers having their Federal Motor Carrier Safety Administration authority revoked, which is not enough to make a significant difference in the overall market, Croke said. Record profits allowed firms to pay off debts and allow trucks to operate even when below the minimum rates needed to break even. That suggests for many that they're just a breakdown away from going out of business, Croke has repeatedly noted. "There's this unprecedented spread in operating costs that we've never seen before in the long-haul sector," Croke said. Should excess capacity exit the market, it still may not spark a recovery, analysts including Croke and Michigan State University Professor Jason Miller have noted. The sluggish conditions in the down cycle have changed carriers' typical operating behaviors. Following pandemic-induced demand, a sluggish freight market has left firms rejecting maybe 3% or 4% of loads, rather than the usual 12% to 15% this time of year, Croke said. And while retail inventories are normalizing, American Trucking Associations Chief Economist Bob Costello doesn't anticipate "a surge in freight levels in the coming months," he said in a tonnage report released Tuesday. Miller expects dry van contract prices, including fuel, to be down about 8% in Q1 2024 year over year, he said in a LinkedIn post this week. For the broader economy, J.P. Morgan projected earlier this month that economic growth will likely decelerate next year, dropping from an expected 2.8% in 2023 to 0.7% in 2024.

Trucks, trailers, tonnage: What transport data says about the state of the industry. Load and truck posts significantly dropped the last week of December. Economic forces, consumer demand, seasonality, natural disasters and myriad other factors contribute to transport's cyclical market. Load-to-truck ratios from DAT Freight & Analytics serve as indicators of supply and demand in the spot market. The ratio is calculated based on the number of load posts compared to the number of truck posts on the DAT One load board. Ratio changes can signal upcoming fluctuations in spot rates. Load-to-truck ratios increased across the board beginning the last full week of December compared to the previous seven-day period. DAT reported:

- Dry van increased from 1.9 to 2.5 loads per truck.
- Reefer increased from 2.7 to 5 loads per truck.
- Flatbed increased from 5.1 to 5.3 loads per truck.
- The four-week average was 2.0 for dry van, 2.9 for reefer and 5.2 for flatbed, per DAT data.



Source: DAT Freight & Analytics • Get the data • Created with Datawrapper