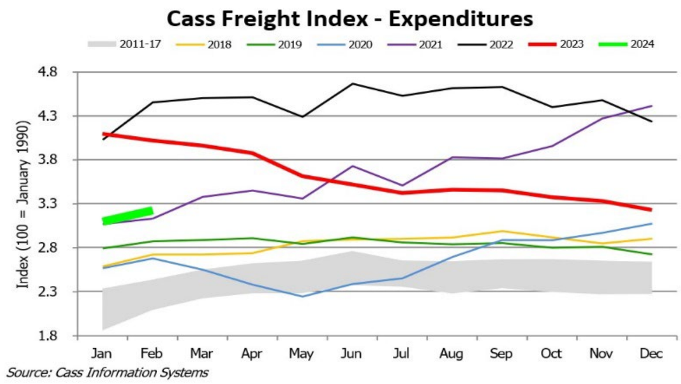
CRANE WORLDWIDE LOGISTICS

GROUND MARKET UPDATE

March 2024

CURRENT STATE

This week in meetings with one of our large clients they had the following to say about recent trucking and intermodal trends. Following disruptive winter weather in January, **this shipper saw a brief increase in TL spot rates and pressure on TL tender acceptance rates which declined from 98% to 93%, with an outsized drop with brokers. That said, the market loosened again in February as weather conditions improved. But our contact views the January period as a sign that the market is much closer to an inflection**. With that in mind, our contact is now preparing for his upcoming bid later this year. Based on some preliminary discussions with his carriers, **this shipper currently expects a mid-single digit increase in TL rates but flat intermodal rates**. If this plays out with TL rates moving higher but intermodal rates staying flat, our contact expects a material volume shift from TL to Intermodal. Meanwhile, our contact has been working to lower the rates on some of his Dedicated contracts with the driver market cooling off in the soft freight market. Turning to LTL, our contact took a high-single digit increase following the YELL bankruptcy last year, but expects more normal 3%-4% increases moving forward with the market now adjusted to that supply shock.........

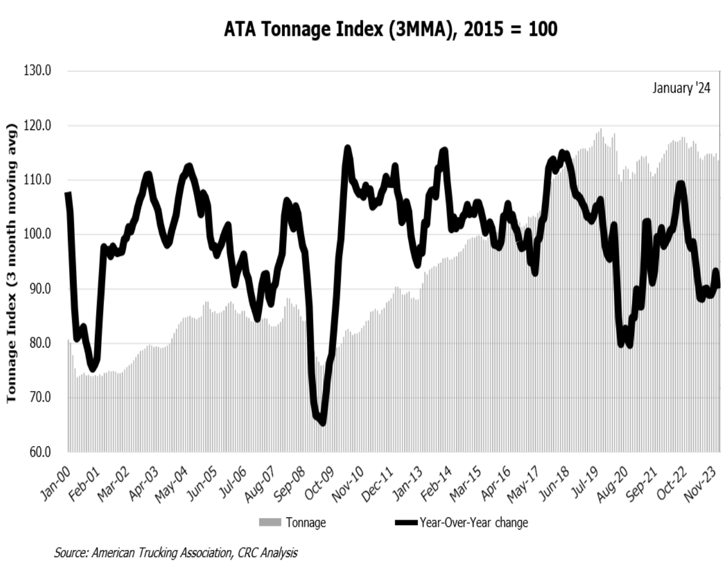


Source: Cass Information Systems

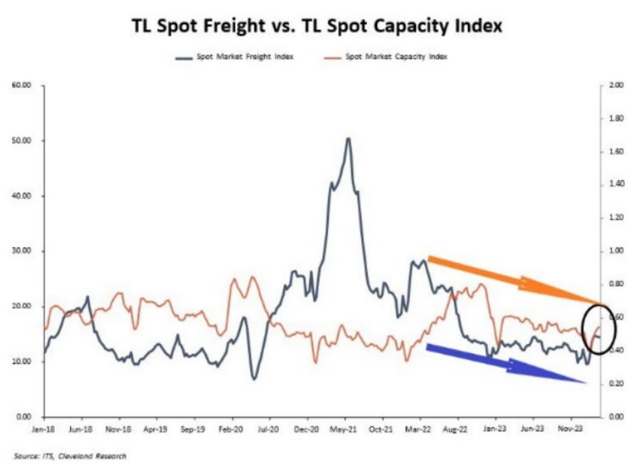
Total freight spend in February was down ~19.8% year over year due to lower shipment volumes and lower prices according to Cass Information Systems. Expenditures were +4% M/M, despite shipments +7% month over month. Seasonally adjusted expenditures appear to be down 1% M/M as rates were down 3% while shipments were +2% M/M

MARKET FORECAST

On a 3-month moving average, seasonally-adjusted truck tonnage in January was down 2.2% year over year and down 1.1% month over month. Measuring weight moved (rather than loads) among medium/larger sized fleets, the tonnage index is a better reflection of heavier-weight industrial freight…



Source: American Trucking Association, CRC Analysis



Source: ITS, Cleveland Research

Truckload spot market demand remains lower year over year and steady on a 4-week trailing average, with channel commentary highlighting softening organic demand and normalizing inventory levels. Many industry analysts believe more capacity will be exiting the market soon, as there are allot of carriers willing to operate just to cover cash flow at this time but will not survive long term….

INDUSTRY INSIGHT

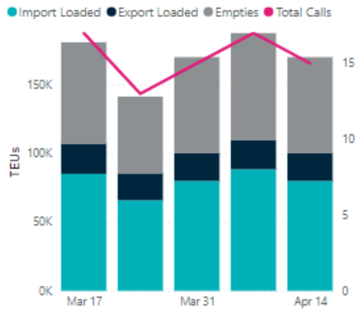
The Port of Long Beach currently has 6 container vessels at berth......
Average at anchor is 0 days...

WAVE Weekly Advance Volume Estimate

Port of LONG BEACH THE PORT OF CHOICE

PROJECTED WEEKLY VOLUME (TEUS)

Week	Date	Import Loaded	Export Loaded	Empties
12	03/17/2024	85,022	21,967	73,726
13	03/24/2024	65,929	19,528	55,746
14	03/31/2024	79,929	20,214	69,746
15	04/07/2024	88,405	21,054	77,921
16	04/14/2024	79,929	20,214	69,746



PROJECTED VESSEL CALLS

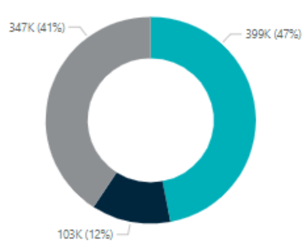
Week	Date	Blank Sailings	Extra Loaders	Planned Calls
12	03/17/2024	1	0	18
13	03/24/2024	2	0	15
14	03/31/2024	1	0	16
15	04/07/2024	0	0	17
16	04/14/2024	1	0	16

ESTIMATED CONTAINER MOVE TYPES (TEUS)

Week	Date	Import Local	Import On-Dock	Import Off-Dock	Export Local	Export On-Dock	Export Off-Dock
12	03/17/2024	63,732	21,677	4,819	24,289	8,261	1,836
13	03/24/2024	49,797	16,938	3,765	18,978	6,455	1,435
14	03/31/2024	59,914	20,379	4,530	22,833	7,766	1,726
15	04/07/2024	66,083	22,477	4,997	25,184	8,566	1,904
16	04/14/2024	59,914	20,379	4,530	22,833	7,766	1,726

ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

Week	Date	Export Loaded	Export Empty
12	03/17/2024	21,967	71,460
13	03/24/2024	19,528	53,555
14	03/31/2024	20,214	67,555
15	04/07/2024	21,054	75,655
16	04/14/2024	20,214	67,555



AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

Terminal	Day Shift	Night Shift
Pier A	56	50
Pier C	22	23
Pier E (LBCT)	36	39
Pier G (ITS)	22	0
Pier J (PCT)	100	84
Pier T (TTI)	46	34

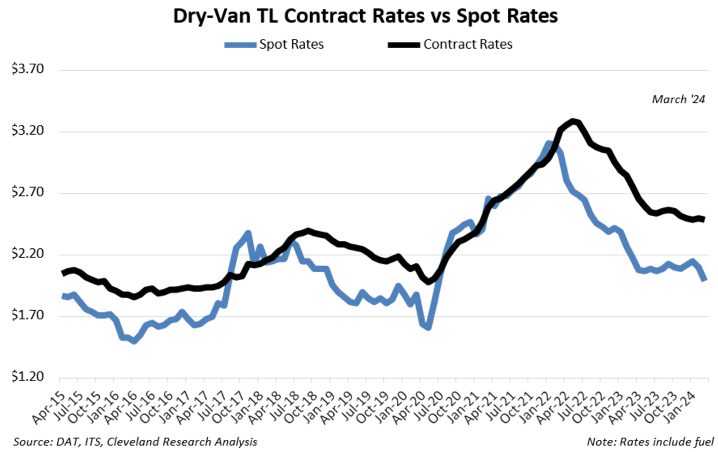
Average turn-times vary by terminals, and based on terminals' data from the previous week *Revised 3/11/2024*

Freight rates could rebound this year, experts say. Carrier executives are beginning to show optimism for a demand recovery. Industry experts say trends suggest that the freight market and shipping rates are approaching a rebound. Trucking companies might not have to wait until next year for relief from an extended freight rate downturn. Carriers are beginning to signal improving market trends, and that may mean higher costs in the future for supply chain managers to move freight. Already, inventories are showing signs of normalizing and executives at some major trucking firms have said a return to normal could be around the corner. "While customers still find themselves in a heightened state of uncertainty heading into 2024, virtually no one believes the current demand and capacity cycle is a new normal, or even that it's durable," Mark Rourke, president and CEO at Schneider National, said during the company's Q4 earnings call. "The consistent question is, when does it change?" Brokerages say there's too much trucking capacity: Freight brokers agree the trucking segment remains oversaturated and more carriers must exit the market for balance to return. Trends suggest more trucking companies are exiting and fewer are entering the market, said Jason Mansur, vice president of Enterprise Partnerships at Valley Companies, a Hudson, Wisconsin-based broker. However, the freight market beginning to stabilize may slow capacity departures, which may translate to little or no change in freight rates.

US class 8 truck sales in February continued to decline year over year. Sales decrease 12.5% from the earlier year and the seventh consecutive month of year over year decreases. Mack trucks specifically declined 17.9%...

INDUSTRY INSIGHT

Over the last 30 days, contract TL rates were stable M/M. Excluding fuel, our work indicates contract rates are moving lower into mid-March given weaker organic demand trends and more available capacity. Our work indicates brokers are likely going to lower contract rates 3-5%..



Trucks, trailers, tonnage: What transport data says about the state of the industry. DAT weekly load posts fell to a level last seen in April 2020. Economic forces, consumer demand, seasonality, natural disasters and myriad other factors contribute to transport's cyclical market. The charts below show the latest data on Class 8 truck orders, trailer orders, monthly tonnage, linehaul rates and load-to-truck ratios. We'll update this page frequently as new data is released. 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 generally decreased across equipment types the week beginning Feb. 18 compared to the previous seven-day period. DAT reported:

- Dry van decreased from 1.2 loads to just under 1 load per truck
- Reefer decreased from 1.9 to 1.6 loads per truck
- Flatbed increased from 6.5 to 6.6 loads per truck

The number of weekly load posts on DAT One fell 8.6% to 598,674 last week and dropped below 600,000 for the first time since the pandemic lockdowns of April 2020," the firm said in an email. Week over week, reefer loads were down 16.6%, dry van was down 15% and flatbed was up 1.1%.