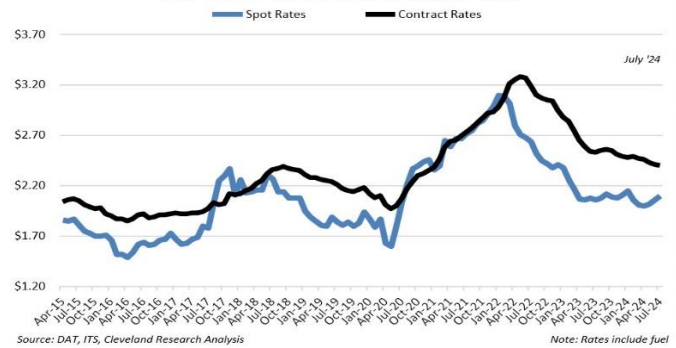




CURRENT STATE

During an industry analysts' podcast a large shipper had the following to say about recent trucking trends. **This shipper described the market as largely status quo without any signs of a real inflection, but perhaps getting closer to an equilibrium.** In terms of tender acceptance, this shipper is typically in the mid upper 90s, although she's seen a small degradation recently to around 95%. **While the TL market has tightened a bit more, intermodal service remains particularly strong with tender acceptance levels of 99%.** **Turning to rates, this shipper conducts annual bids and her TL and Intermodal rates both stayed flattish coming out of this year's bids.** **As a result, the bid did not result in any big modal shift from TL to intermodal. But one notable change in this year's bid was brokers becoming much more disciplined on pricing after leading the market down with big reductions the past two years.** This shipper views this as a sign we're finally at more of an equilibrium in the market. Looking ahead, if the market starts to tighten more meaningfully in the second half of 2024, this shipper generally expects her core carriers will honor their contracts until they expire in 2025. Lastly, this shipper is holding off on repricing her LTL freight for now, as she wants to wait and see how the LTL industry digests the YELL capacity coming back online.....

Dry-Van TL Contract Rates vs Spot Rates



Over the last 30 days, contract TL rates were slightly lower and are down ~5% year over year as they continue to narrow the spread towards spot market rates, which appear to be chopping along a bottom since mid-2023. This analyst feels that the second half of 2024 contract price likely remains under pressure given weaker organic demand trends and more available capacity. Their work indicates brokers are lowering contract rates 5-10%.

MARKET FORECAST

Capacity attrition slows in Q2... Carrier exits consistently outweighed additions to the market. More trucking businesses left the industry than entered it during Q2, according to federal data. Around 9,000 trucking businesses left the market in April, but that rate of exits lessened in May and June, according to Federal Motor Carrier Safety Administration data. "We are seeing the net decline in the carrier population starting to slow," FTR VP of Trucking Avery Vise told the market last week. But that change is "still highly negative in historical terms," he said. Collectively, carrier exits consistently outweighed new and reinstated operating authorities during Q2, indicating that businesses tended to leave rather than stay in the market at that time.

Recent snapshot shows exits outweighed additions

Net changes on a monthly basis of active additions (grants and reinstatements) compared to exits (revocations) in operating authority.

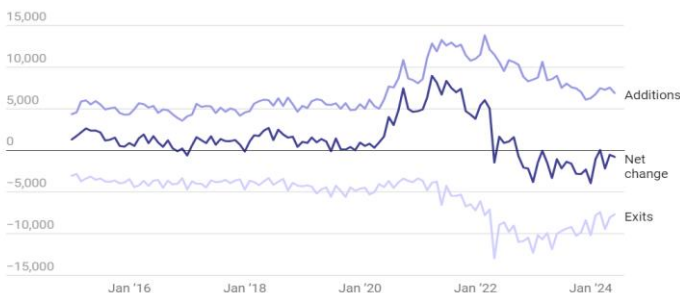


Chart: David Taube/Trucking Dive • Source: FMCSA • Get the data • Created with Datawrapper

TL Spot Freight vs. TL Spot Capacity Index



Truckload capacity has been slowly exiting the spot market likely due to lack of demand and carriers shifting operations toward contract/dedicated services, plus seasonal trend (holiday). Demand remains soft, with markets signaling continued balance between supply/demand, and keeping price in check as a result. Some analysts are pointing out that a strong peak season would dramatically impact rates, but the analysts predicting this are in the minority.

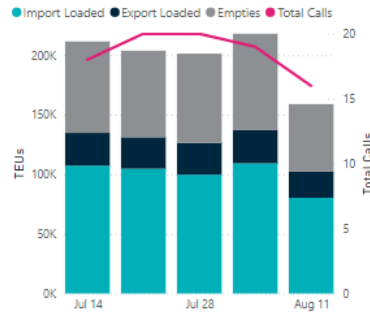
INDUSTRY INSIGHT

The Port of Long Beach currently has 12 container vessels at berth... Average at anchor is 0 days...



PROJECTED WEEKLY VOLUME (TEUS)

Week	Date	Import Loaded	Export Loaded	Empties
29	07/14/2024	107,447	27,413	76,772
30	07/21/2024	104,830	26,411	72,640
31	07/28/2024	99,806	26,762	74,867
32	08/04/2024	109,330	27,913	80,880
33	08/11/2024	80,330	22,004	56,723



PROJECTED VESSEL CALLS

Week	Date	Blank Sailings	Extra Loaders	Planned Calls
29	07/14/2024	0	0	18
30	07/21/2024	0	0	20
31	07/28/2024	0	1	19
32	08/04/2024	0	0	19
33	08/11/2024	2	0	18

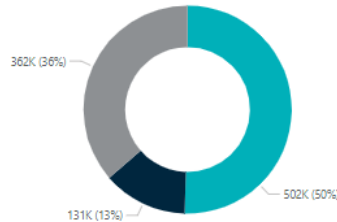
ESTIMATED CONTAINER MOVE TYPES (TEUS)

Week	Date	Import Local	Import On-Dock	Import Off-Dock	Export Local	Export On-Dock	Export Off-Dock
29	07/14/2024	74,635	25,386	5,643	28,444	9,675	2,151
30	07/21/2024	71,902	24,456	5,437	27,402	9,320	2,072
31	07/28/2024	71,039	24,163	5,371	27,073	9,209	2,047
32	08/04/2024	76,925	26,165	5,816	29,316	9,971	2,217
33	08/11/2024	56,094	19,079	4,241	21,378	7,271	1,616

ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

Week	Date	Export Loaded	Export Empty
29	07/14/2024	27,413	74,617
30	07/21/2024	26,411	70,433
31	07/28/2024	26,762	72,458
32	08/04/2024	27,913	78,657
33	08/11/2024	22,004	54,456

Import Loaded Export Loaded Empties



AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

Terminal	Day Shift	Night Shift
Pier A	50	33
Pier C	25	20
Pier E (LBCT)	49	54
Pier G (ITS)	70	75
Pier J (PCT)	63	55
Pier T (TTI)	55	63

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

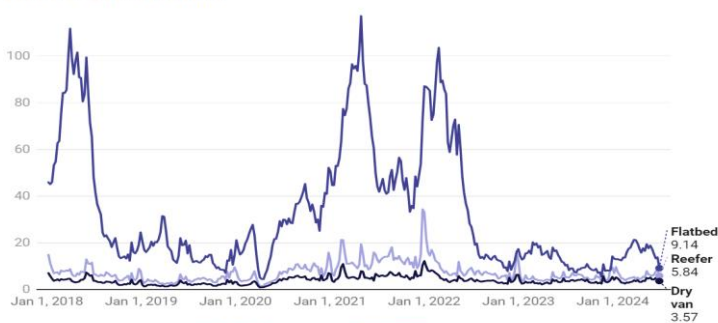
Revised 7/08/2024

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 decreased across equipment types for the week beginning June 30, compared to the previous seven-day period. DAT reported:

- Dry van fell from 5.7 to 3.6 loads per truck
- Reefer decreased from 8.7 to 5.8 loads per truck
- Flatbed dropped from 13.7 to 9.1 loads per truck

The declines are not unusual for a week that essentially involved two fewer days than usual, given July Fourth, "compared to one of the most heavily trafficked weeks on the calendar" due to the lead-up to the holiday and end of Q2, DAT noted.

Load-to-truck ratios



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

INDUSTRY INSIGHT

How trucking costs reached a new high in 2023. Last year's average marginal cost per mile slightly increased to \$2.27, according to the American Transportation Research Institute. Increased costs for trucking came as driver wages rose but not as sharply as they did in previous years. The cost of trucking reached a new all-time high in 2023 at \$2.27 per mile, according to an annual report from The American Transportation Research Institute. The increase, though, was less than 1% and subdued by declining fuel costs, which decreased from 64 cents per mile to 55 cents in terms of average marginal costs. "Most costs other than fuel rose during 2023, but they did so at only half the rate experienced during the previous two years of unprecedented cost spikes," the report said. Leading the bulk of cost of trucking expenses was driver wages, which were up 7.6%. But that uptick was much lower than the previous year's surge of 15.5%. Going forward, driver pay may continue to moderate in 2024, following double-digit increases in recent years, according to the report. Also, starting last year, safety bonuses eclipsed starting bonuses for the first time, averaging \$1,831, the report noted. A key increase for trucking costs was premium expenses, which increased by 12.5% in 2023.

Equipment payments, driver wages among key factors in rising costs

Average marginal cost per mile, shown in cents.

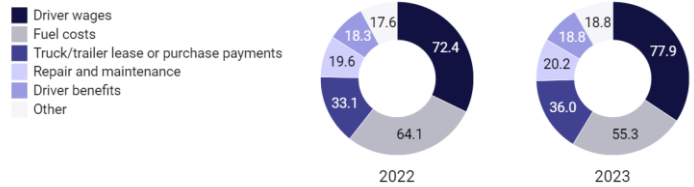


Chart: David Taube / Trucking Dive • Source: ATRI • Get the data • Created with Datawrapper

Texas carrier abruptly shuts after funding halts. U.S. Logistics Solutions faces a lawsuit from a former employee following its sudden closure last month. U.S. Logistics Solutions, headquartered near the George Bush Intercontinental Airport, filed for bankruptcy after having funding pulled. Creditors and former employees are looking for compensation after U.S. Logistics Solutions abruptly filed for bankruptcy on June 21. A lender had quickly halted funding, and company leaders tried to find additional investment and partners to no avail, a bankruptcy announcement said. "Over the past several months, USLS has implemented numerous strategic initiatives aimed at stabilizing and revitalizing the company," the company said, adding that its leadership "worked tirelessly to navigate the challenging market conditions" and tried to optimize operational efficiencies and adjust to changing needs in the logistics industry. Eric Culberson, who was promoted to president in February, said the transportation provider's private ownership group decided to close the doors. Culberson said in a LinkedIn post that the decision happened even though business was surging. "The timing of this closure did not give me the chance to thank my team for their commitment and support to our customers and to each other," he wrote. Days after the bankruptcy, former worker Robert Munro filed a legal complaint, seeking 60 days' pay for workers. The lawsuit alleges the company discharged about 2,000 workers without providing advance notice required by law. The Humble, Texas-based company said in the announcement that it seeks to liquidate assets and treat its 1,000 or more creditors equitably.