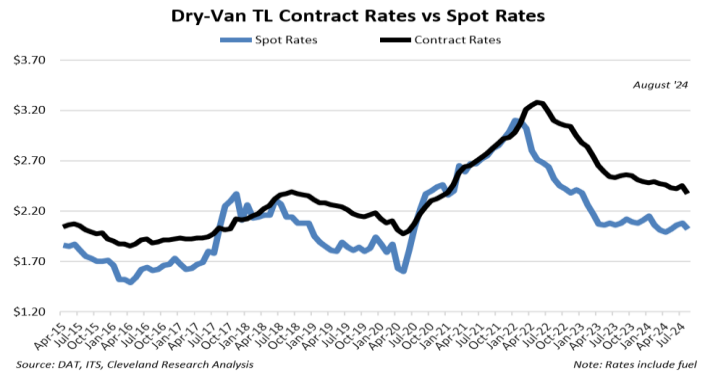




CURRENT STATE

During an industry analysts' podcast with an industrial products shipper, they had the following to say about recent trucking and international shipping trends. On the TL side, this shipper is seeing rates hold pretty flattish overall as the year has progressed, and for the most part, spot remains at a discount to contract rates. **That said, this shipper is starting to see some pockets of tightness in a few lanes, in particular off the West Coast where imports have been very strong. As a result, carriers are looking for high-single digit rate increases for shipments coming out of the ports.** Turning to LTL, this shipper initially faced large rate increases following the YELL bankruptcy a year ago, but his LTL rates have stabilized since the start of the year. This shipper is also working to realize some savings on his LTL spend by shifting freight around to lower-priced carriers. Additionally, this shipper is looking to consolidate his carrier network with generally strong LTL service levels across his carrier base. Finally on the ocean side, this shipper has seen significant rate increases on his transpacific spend and is seeing carriers try to limit free time with containers. On the transatlantic from Europe, our contact is concerned about a potential ILA strike, without any great options for moving freight in the event of a work stoppage.....

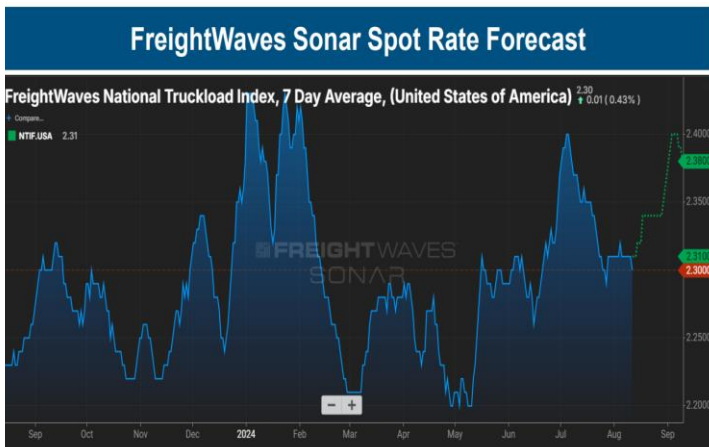
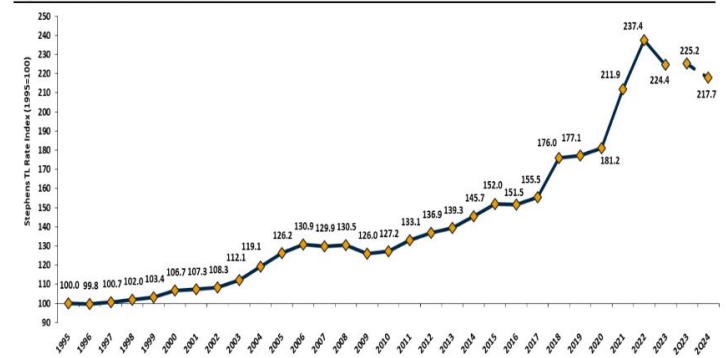


Over the last 30 days, contract TL rates were slightly lower and are down ~7% year over year as they continue to narrow the spread towards spot market rates, which appear to be chopping along a bottom since mid-2023. Our work indicates that second half of the year contract pricing likely remains under pressure given weaker organic demand trends and more available capacity. Our work indicates brokers are lowering contract rates 5-10%.

MARKET FORECAST

Including fuel surcharge, dry-van rates were down 0.9% sequentially (week ending 8/9/2024), below the 5-year average of up 0.7% and slightly below normal seasonality (2015-2019) of down 0.8%. Flatbed rates were down 1.4% compared to last week, slightly above the 5-year average of down 1.5%, but below normal seasonality of down 1.2% (2015-2019). Excluding fuel, dry-van rates were down 1.0% sequentially, below the 5-year average of up 1.0% and normal seasonality (2015-2019) of down 0.9%... But even with all this, rates are still projected to move higher in the near future.

Figure 2: Stephens TL Rate Index



This week one published TL Rate Index, which declined ~3.3% y/y in 2Q24, marking the 6th quarter of declining y/y values. We believe that realized contractual rate/loaded mile was down low-single digits in the quarter. Through the quarter rates nominally firmed up and outperformed w/w seasonality for much of June and into July, an encouraging sign that we are moving back towards balance in the truckload market. Many public carriers are holding the line on price, moving capacity back towards the spot market in the near term and rates have sequentially improved, we anticipate relatively flat realized revenue per loaded mile in 3Q before modest improvement into 4Q.

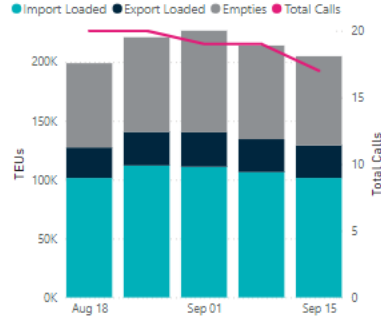
INDUSTRY INSIGHT

The Port of Long Beach currently has 8 container vessels at berth... Average at anchor is 0 days...



PROJECTED WEEKLY VOLUME (TEUS)

Week	Date	Import Loaded	Export Loaded	Empties
34	08/18/2024	101,556	26,009	71,545
35	08/25/2024	112,130	28,618	80,396
36	09/01/2024	111,097	29,259	86,393
37	09/08/2024	106,556	28,009	79,569
38	09/15/2024	101,580	27,659	75,832



PROJECTED VESSEL CALLS

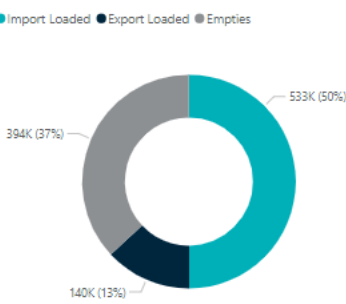
Week	Date	Blank Sailings	Extra Loaders	Planned Calls
34	08/18/2024	0	0	20
35	08/25/2024	0	0	20
36	09/01/2024	0	0	19
37	09/08/2024	0	0	19
38	09/15/2024	0	0	17

ESTIMATED CONTAINER MOVE TYPES (TEUS)

Week	Date	Import Local	Import On-Dock	Import Off-Dock	Export Local	Export On-Dock	Export Off-Dock
34	08/18/2024	70,219	23,884	5,309	26,761	9,102	2,023
35	08/25/2024	77,990	26,527	5,897	29,722	10,110	2,247
36	09/01/2024	79,967	27,199	6,046	30,476	10,366	2,304
37	09/08/2024	75,518	25,686	5,710	28,780	9,789	2,176
38	09/15/2024	72,322	24,599	5,468	27,562	9,375	2,084

ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

Week	Date	Export Loaded	Export Empty
34	08/18/2024	26,009	69,255
35	08/25/2024	28,618	78,179
36	09/01/2024	29,259	84,203
37	09/08/2024	28,009	77,302
38	09/15/2024	27,659	73,638



AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

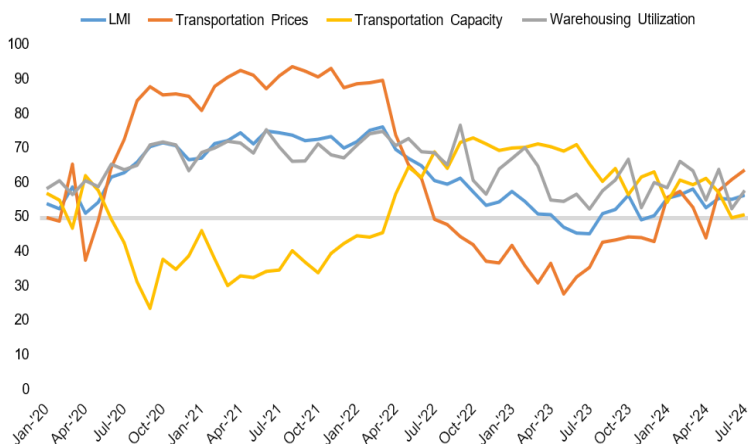
Terminal	Day Shift	Night Shift
Pier A	64	50
Pier C	23	20
Pier E (LBCT)	43	47
Pier G (ITS)	55	50
Pier J (PCT)	63	40
Pier T (TTI)	57	49

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

Revised 8/12/2024

The July 2024 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the eighth month in a row (above 50 indicates expansion, below 50 indicates contraction), up slightly from June, yet below all-time average of 61.9. The current level appears driven by the third consecutive month of contraction in inventory levels....

Logistics Managers' Index (LMI)



Source: Logistics Managers' Index

INDUSTRY INSIGHT

One of Wall Street's leading industry analysts published their "TOP TEN" findings from their Q3 Shipper Survey

1. Same-store volume expectations in our survey moderated from last quarter but improved from a year ago. Overall freight budget expectations remained steady compared with the past 2 quarters.
2. Just 19% of shippers cited higher year over year inventory levels, well below the 52% of shippers citing lower inventories. That said, 41% of shippers are still saying that their inventories are above targeted levels and only 10% of shippers are planning to start re-stocking inventory levels in 2H. So, while the worst of the inventory de-stocking cycle appears over, the timing for a material restocking cycle seems to be getting pushed to the right.
3. Pricing expectations inflected positive for ocean and international airfreight and remained lowest for intermodal this quarter. Compared with last quarter, pricing expectations improved the most for TL among domestic modes.
4. Rail pricing expectations decelerated slightly to their lowest level in 5 quarters. Meanwhile, shippers expect the most share gains among the rails for CSX with the best service rankings in our survey this quarter.
5. Approximately 65% of shippers cited truckload over-capacity this quarter, down from 87% last quarter and the biggest sequential reduction in our survey in the past 14 quarters. Only 7% of shippers are seeing tight TL capacity yet, but 64% of shippers expect TL capacity to tighten over the next year.
6. With signs of the TL market bottoming, shippers expect their TL rates to increase 2.1% over the next 12 months, the highest expectation in two years.
7. LTL rate expectations also increased modestly this quarter. That said, shippers continue to look for opportunities to consolidate LTL shipments into full truckload. Among the LTLs, shippers expect the most share gains for SAIA, XPO and ODFL, but share losses for FWRD, TFI, and FedEx Freight.
8. After 19 straight quarters in our survey of share shifts from intermodal to TL, we've seen a modest inflection in our survey the past two quarters with expectations for modest intermodal share gains again.
9. Pricing expectations for UPS and FedEx decelerated this quarter and remain relatively higher for FedEx.
10. Other tidbits: Nearly 30% of shippers are planning to divert freight to the West Coast ports ahead of a potential East & Gulf Coast port strike, while 19% of shippers are pulling forward import activity. Meanwhile, expectations for near shoring to Mexico and in-sourcing to the U.S. remained near-record levels in our survey.

During July, freight shipments across all domestic modes were down ~1% year over year yet up 3% month over month, according to Cass Systems. Our work indicates passive inventory destocking remains a key theme into the second half of 2024 as inventory orders lag end-user sales. Total freight spend in July was down ~6% year over year due to 1% lower shipment volumes and 5% lower prices (incl fuel) according to Cass Information Systems. Compared to June, expenditures were up 1%, while shipments were down 3%.