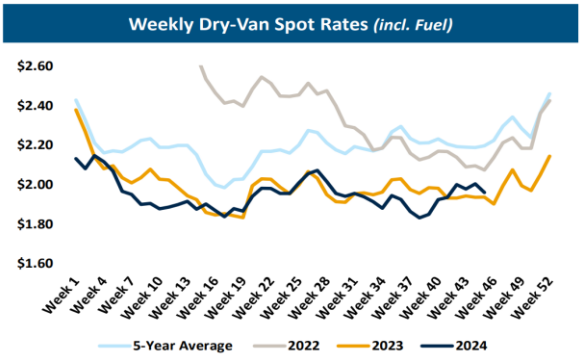
CRANE WORLDWIDE LOGISTICS

# GROUND MARKET UPDATE

## CURRENT STATE

During an industry analysts' interview a large shipper had the following to say about TL and LTL trends. **This shipper is in the middle of their TL bid for 2025 and is currently planning for a 3% increase in contract rates next year**. That said, as the bid process has continued, this shipper now thinks that rate increases might be more modest given continued over capacity in the market as tender acceptance rates remain elevated and capacity continues to exit the market at a slow rate.

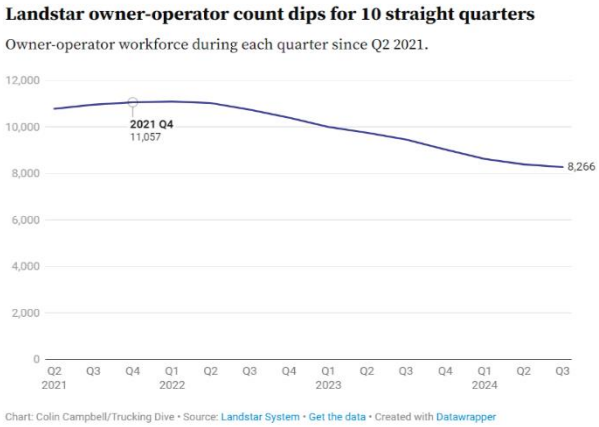
**This shipper is also planning for 3% increases in LTL rates next year**. This shipper is not seeing signs of the LTL market getting any more competitive of late and doesn't see big opportunities to shift core carrier base to get lower rate increases. This shipper also commented on recent ocean trends. This shipper re-routed their export volumes from the East Coast ports to the West Coast ports ahead of the potential East Coast port strike. But now that this strike has been temporarily averted, this shipper has reverted its export traffic back to the East Coast. This shipper is seeing ocean rates normalize lower, and assuming that rates remain relatively stable from current levels, this shipper expects ocean rates to decline significantly in 2025…




Including fuel surcharge, dry-van rates were (2.2%) sequentially (week ending 11/8/2024), underperforming the 5-year average of +0.4% and normal seasonality (2015-2019) of +1.3%. Additionally, the MDI (Market Demand Index) was (4.4%) sequentially, outperforming the 5-year average of (6.7%) and normal seasonality (2015-2019) of (5.9%). Excluding fuel, dry-van rates were (2.4%) sequentially, underperforming the 5-year average of +0.6% and normal seasonality (2015-2019) of +1.4%.

## MARKET FORECAST

Covenant Logistics plans more rate increases for 2025. The carrier could split up contract renewals in steps between the current bid season and next summer, CEO David Parker said. The Chattanooga, Tennessee-based carrier experienced over 7% operating income growth in Q3. Covenant Logistics Group raised rates multiple times last quarter and expects to do so again next year, CEO David Parker said on a Q3 earnings call last month. While some customers might balk at an immediate 5% increase, the carrier will propose a 2% to 3% increase in the current bid season and another 2% to 3% increase in the second half of next year, Parker said. "Can I go overall and say, here's 5%? I'm not sure that you can," he said. "I do believe that we can get 2%-3% now and say, let's look at it in the summer. ... That's what we're hitting the road hoping to obtain."




JB Hunt lessens losses in surplus network. The trucking giant posted a $3.3 million operating loss in Q3 for its extra capacity segment, an overhaul from a year ago. The company's Integrated Capacity Solutions segment, formed to meet non-asset brokerage needs, had a lower Q3 operating loss compared to a year ago. J.B. Hunt Transport Services reduced an operating loss in its Integrated Capacity Solutions segment, its non-asset and light-asset network designed to fulfill customer needs beyond its own network, the carrier announced in its quarterly earnings Tuesday. Its Q3 operating income for the segment, negative $3.3 million, improved year over year from negative $9.4 million, according to an investor presentation.

Landstar expects owner-operator count to continue falling. Truck counts dropped 12% YoY in Q3 and 1% from last quarter, amid a significant increase in truck repair costs and lengthy waits for repairs. The company expects more of its owner-operators to hang up the keys in Q4, at least until rates improve. Landstar System's owner-operator truck count dropped 12% year-over-year in Q3, as high operating costs and low rates persisted, President and CEO Frank Lonegro said on an earnings call Wednesday. The number of owner-operator trucks leased onto Landstar slid by 153 from the previous quarter to 9,027, amid a significant increase in truck repair costs.

## INDUSTRY INSIGHT

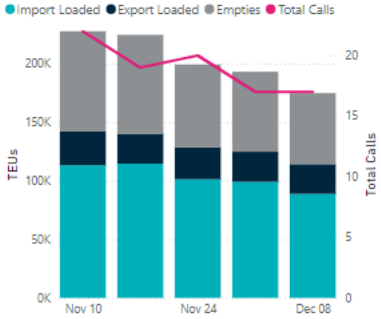
The Port of Long Beach currently has 11 container vessels at berth... Average at anchor is 0 days...

WAVE
Weekly Advance Volume Estimate

Port of LONG BEACH
THE PORT OF CHOICE

### PROJECTED WEEKLY VOLUME (TEUS)

| Week | Date | Import Loaded | Export Loaded | Empties |
|---|---|---|---|---|
| 46 | 11/10/2024 | 113,156 | 28,807 | 85,591 |
| 47 | 11/17/2024 | 114,580 | 25,563 | 84,363 |
| 48 | 11/24/2024 | 101,256 | 27,210 | 70,656 |
| 49 | 12/01/2024 | 99,080 | 25,660 | 68,253 |
| 50 | 12/08/2024 | 88,780 | 25,360 | 60,612 |




### PROJECTED VESSEL CALLS

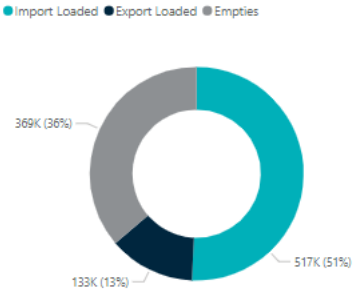
| Week | Date | Blank Sailings | Extra Loaders | Planned Calls |
|---|---|---|---|---|
| 46 | 11/10/2024 | 2 | 2 | 22 |
| 47 | 11/17/2024 | 3 | 2 | 20 |
| 48 | 11/24/2024 | 1 | 1 | 20 |
| 49 | 12/01/2024 | 1 | 0 | 18 |
| 50 | 12/08/2024 | 2 | 0 | 19 |

### ESTIMATED CONTAINER MOVE TYPES (TEUS)

| Week | Date | Import Local | Import On-Dock | Import Off-Dock | Export Local | Export On-Dock | Export Off-Dock |
|---|---|---|---|---|---|---|---|
| 46 | 11/10/2024 | 80,250 | 27,296 | 6,068 | 30,584 | 10,403 | 2,312 |
| 47 | 11/17/2024 | 79,176 | 26,930 | 5,987 | 30,174 | 10,263 | 2,282 |
| 48 | 11/24/2024 | 70,223 | 23,885 | 5,310 | 26,762 | 9,103 | 2,024 |
| 49 | 12/01/2024 | 68,062 | 23,150 | 5,146 | 25,939 | 8,823 | 1,961 |
| 50 | 12/08/2024 | 61,629 | 20,962 | 4,660 | 23,487 | 7,989 | 1,776 |

### ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

| Week | Date | Export Loaded | Export Empty |
|---|---|---|---|
| 46 | 11/10/2024 | 28,807 | 83,006 |
| 47 | 11/17/2024 | 25,563 | 81,822 |
| 48 | 11/24/2024 | 27,210 | 68,014 |
| 49 | 12/01/2024 | 25,660 | 66,105 |
| 50 | 12/08/2024 | 25,360 | 58,404 |




### AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

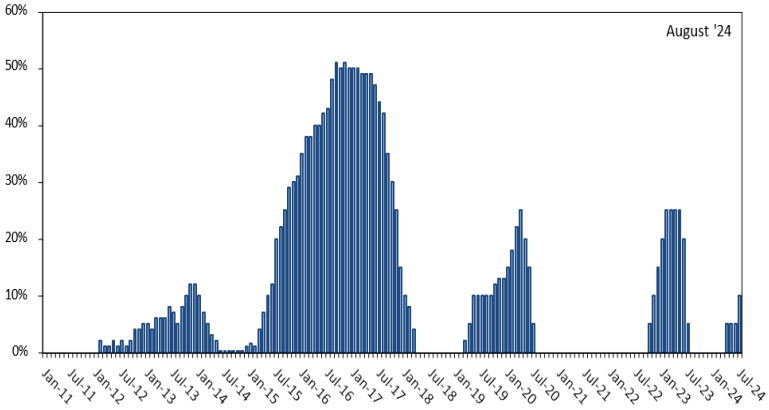
| Terminal | Day Shift | Night Shift |
|---|---|---|
| Pier A | 53 | 45 |
| Pier C | 22 | 22 |
| Pier E (LBCT) | 69 | 77 |
| Pier G (ITS) | 65 | 60 |
| Pier J (PCT) | 57 | 40 |
| Pier T (TTI) | 39 | 48 |

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

*Revised 11/04/2024*

LTL pricing discipline continues to support consistent price progress as LTL networks full of Yellow market share gains since mid-2023. Most industry analysts expect LTL pricing likely +4-6% in 2024, similar to 2023's pace.

**Sources Reporting Greater Discounts for LTL Services**



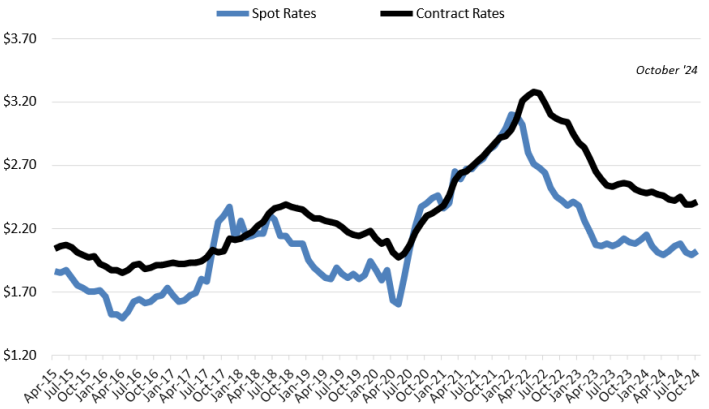

Source: CRC Channel Research; n=50 participants

## INDUSTRY INSIGHT

Freight shipments drop 21% in soft trucking market: US Bank Q3 performance signals continued challenges regarding volume and shipper spending, according to the bank. The market will be slow to recover as spending and shipments continue to drag, U.S. Bank said in a Q3 report. U.S. Bank shipments and spending indices dropped 21% year over year in Q3, signaling that "any recovery will be slow," according to a report the bank released last week. Despite signs of optimism for trucking market recovery, challenges remained regarding shipments and spending, the bank said. "Over the last two quarters, volume and spend contractions have lessened, but we're waiting for clear evidence that the market has reached the bottom," Bobby Holland, director of freight business analytics at the bank, said in a news release.

Over the last 30 days, contract TL rates were similar and are down ~6% 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. Many analysts work indicates second half 2024 contract price likely remains under pressure given weaker organic demand trends and more available capacity. These same analysts work indicates brokers are lowering contract rates 5-10%.

**Dry-Van TL Contract Rates vs Spot Rates**

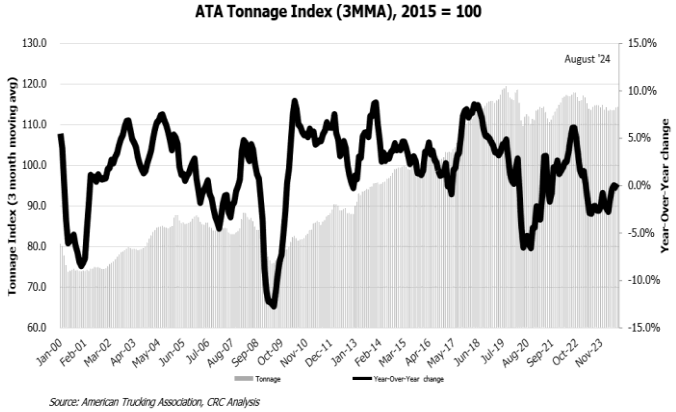



*Source: DAT, ITS, Cleveland Research Analysis*

*Note: Rates include fuel*

On a 3-month moving average, seasonally adjusted truck tonnage in October was similar year over year and +0.1% 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.

**ATA Tonnage Index (3MMA), 2015 = 100**




*Source: American Trucking Association, CRC Analysis*