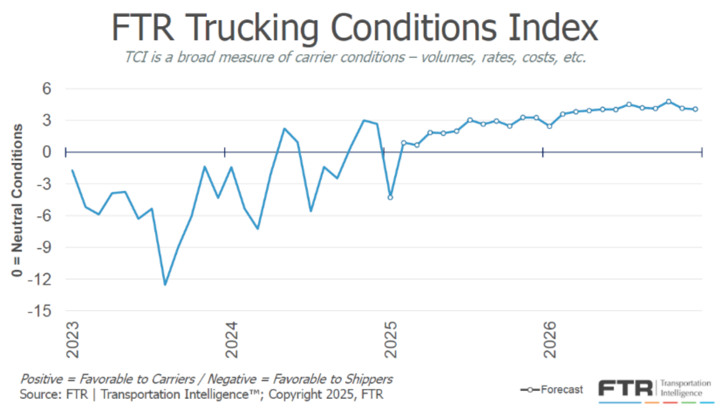
CRANE® WORLDWIDE LOGISTICS

GROUND MARKET UPDATE

CURRENT STATE

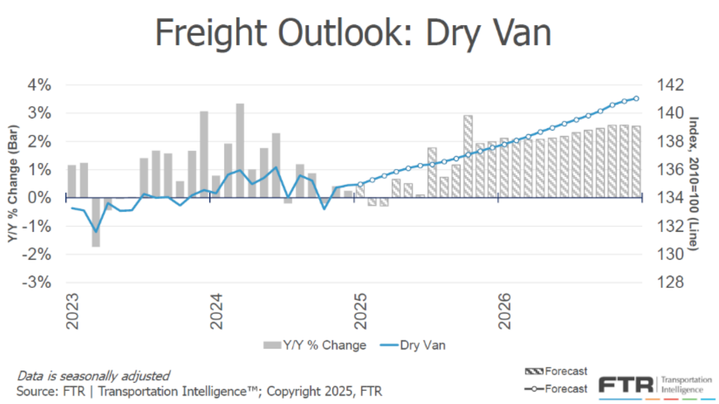
A large renewable energy shipper had the following comments regarding recent TL and intermodal trends. Our contact is seeing signs that the trucking market is beginning to approach equilibrium. First, this shipper saw TL tender acceptance levels dip to 92% during peak season in Q4 and into January, although they have now normalized back to 95%. Additionally, **the number of lanes where this shipper needed to find a new carrier intra-contract has increased 75% year over year, which is a sign that carriers are becoming a bit pickier in terms of freight they're willing to accept**. Within this, brokers and power only/owner- operator models have seen the largest proportion of non-performance. **This shipper is preparing for his network bid, and is planning for a 5% TL rate increase, but flattish intermodal rates, as he believes intermodal carriers and rails are prioritizing volumes over pricing right now**. So, with a large spread expected between TL and intermodal pricing this year, our contact anticipates a heavy year of intermodal and rail conversion. Additionally, this shipper expects to move more towards asset-based carriers given weaker service levels at his asset-light providers. Lastly, our contact recently completed an LTL bid and is seeing just modest rate increases right now.

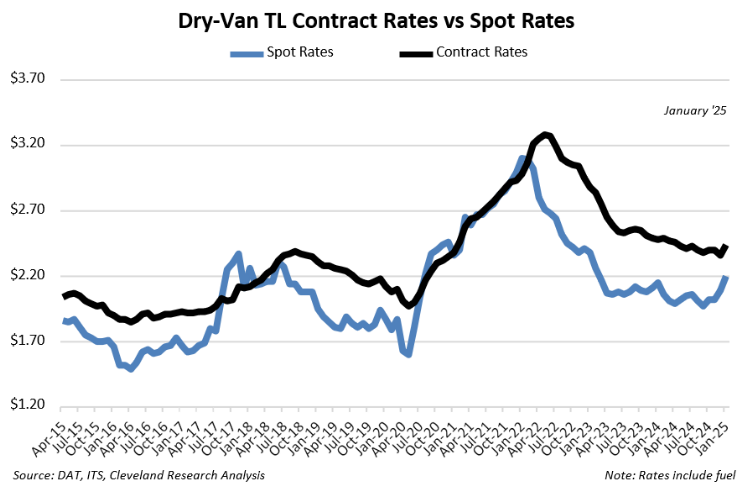


Market conditions as measured by FTR's Trucking Conditions Index (TCI) eased only slightly in December to a reading of 2.67 from November's 3.02. Weaker contributions from rates, fuel, and financing costs offset stronger freight demand and utilization.

MARKET FORECAST

Dry van loadings are forecast to increase 1.0% year over year in 2025, slightly weaker than the 1.3% gain previously forecast. The principal factor in the softer outlook was weaker food volume. Spot market volume is largely still tracking closely with prior-year levels as it has done since October following a softer summer period. Spot rates in the Truckstop system generally are still running slightly higher year over year. The total truckload rate forecast is unchanged for 2025 at an increase of 2.9% year over year, excluding fuel.



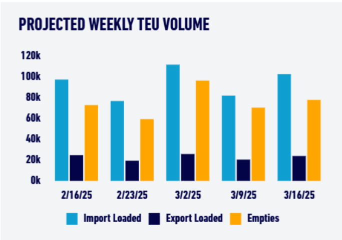


Over the last 30 days, contract TL rates were down ~5% year over year as they slowly narrow the spread towards spot market rates, which appear to be chopping along a bottom since mid-2023. Most Wall Street analysts work indicate 2025 expectations pointing to +0-3% growth that is second half of the year weighted.

INDUSTRY INSIGHT

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

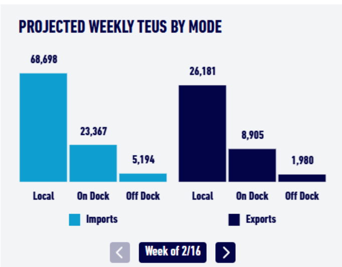
LOOKING AHEAD



PROJECTED WEEKLY VESSEL CALLS

2/16/25	2/23/25	3/2/25	3/9/25	3/16/25
19	17	20	18	20
0%	-11%	18%	-10%	11%

Percent values represent change in vessel calls from previous week



AVERAGE TERMINAL GATE TURN TIME (MINUTES)

	Day	Night
Pier A - SSA Marine	46	38
Pier C - SSA Marine	22	24
Pier E - Long Beach Container Terminal (LBCT)	44	51
Pier G - International Transportation Service (ITS)	52	57
Pier J - Pacific Container Terminal (PCT)	58	50
Pier T - Total Terminals International (TTI)	69	83

Values are for the week of 2/9/25

<u>Freight Indicators</u>

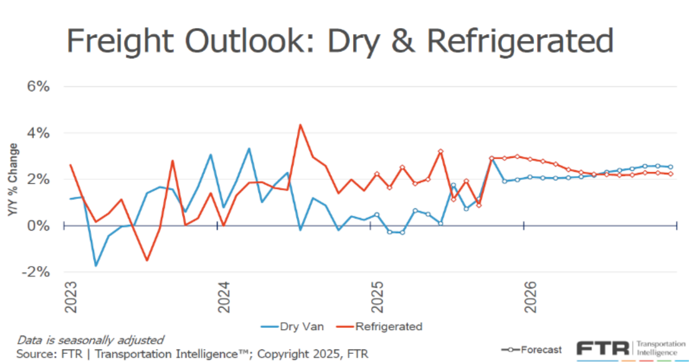
- Economic indicators were solid in December.
- Flatbed bolsters overall spot volume.

Industrial production strengthened in December, led by mining, utilities, and the resumption of full manufacturing production at Boeing. Although retail sales growth moderated, it was more broad-based than in October and November when vehicle sales powered the sector. Housing also showed strength with a big seasonally adjusted gain in housing starts and continued increases in sales of both new and existing homes. Total spot volume continues to outpace prior-year levels, although most of that strength is due to flatbed. Dry van and refrigerated loads are much closer to prior-year levels.

<u>Freight Outlook</u>

- Stronger bulk aggregates and chemicals loadings yield healthier 2025 forecasts for bulk/dump and tank even as the overall loadings outlook is only slightly stronger.
- Partially offsetting stronger equipment types were softer growth projections for dry van and refrigerated.

FTR's 2025 forecast for total truck loadings is an increase of 1.3% y/y, up slightly from 1.1% previously. The revised 2024 loadings estimate is +0.3% y/y. A small decline in food loadings rather than the modest increase projected previously is the principal driver of a softer 2025 dry van loadings forecast. Loadings are expected to increase 1.0% y/y rather than 1.3% previously. Temperature-controlled food is the main factor in a softer 2025 forecast for refrigerated loadings as most non-food commodities look a bit stronger. Loadings are expected to rise 2.2% y/y, down from 2.9% previously. The flatbed loadings forecast for 2025 is little changed at a 2.5% increase y/y, up from 2.4% previously.



INDUSTRY INSIGHT

Weaknesses in trucking environment linger, analysts say. "A reboot in the truck freight market is slower than anticipated," a U.S. Bank index report said, adding that cyclical and structural challenges remain. Mixed signals continue to create difficulties in assessing the market. Freight market conditions continued to slog along in Q4, according to U.S. Bank Freight Payment Index data. Spending and shipments were relatively flat for all of 2024, but that also meant discouraging drops in those metrics each quarter compared to 2023. Year over year, Q4 spending declined 22%, and shipments decreased by nearly 16%. The sluggishness came from cyclical challenges as well as structural shifts from private fleet expansions, according to the index report that was released last week. "A reboot in the truck freight market is slower than anticipated for both motor carriers and shippers alike, and it is becoming clearer that there are both cyclical and structural challenges remaining in the truck freight market," the U.S. Bank index report said. Not only did some private fleets grow, but some shippers also created new ones, the report noted. But increased size in private fleets is more of a secondary factor compared to lackluster manufacturing output, according to Michigan State University supply chain professor Jason Miller, interim chair of the school's Department of Supply Chain Management. Industrial conditions have demonstrated encouraging signs recently, carriers such as Old Dominion Freight Line and XPO have noted. Additionally, the Institute for Supply Management's Purchasing Manager's Index flipped to expansion territory in January, the first time in over two years. "Historically, several months of expanding new orders have preceded improvements in trucking market conditions," Miller wrote Thursday. "This said, trucking demand has yet to show a true sustained increase." Some signs of improvement have been happening. The U.S. Bank freight index reported that capacity seemed to be tightening and spending per truck appeared to be up. Meanwhile, dry van spot rates have been growing year over year, while contract rates have been relatively flat in recent months, according to DAT Freight & Analytics data. But from September 2024 through January 2025 for both dry van and reefer, the spread between spot and contract rates has continued to close. "When the gap between spot and long-term contract rates is trending lower, it's a signal that capacity is tightening and negotiating power is shifting toward truckload carriers," DAT Chief of Analytics Ken Adamo said in a statement.

Total freight spend in January was down 4% year over year as shipment volumes were down 8% (see prior slide), while prices incl fuel were up 4% year over year, according to Cass Information Systems. Versus prior month, expenditures were down 5% as shipments were down 5%.