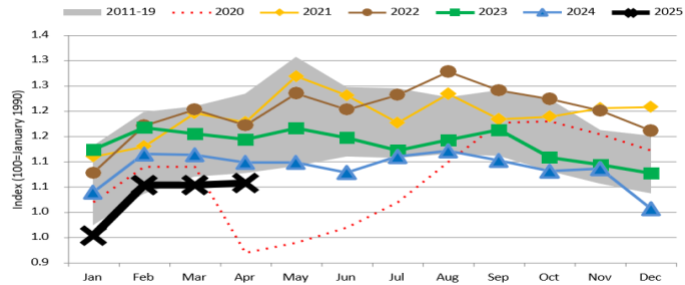


GROUND MARKET UPDATE

CURRENT STATE

During a Wall Street analysts' quarterly earnings podcast a large shipper had the following to say about current freight trends. **This shipper wrapped up its annual TL and intermodal bid last month and realized low-single digit reductions in TL rates, better than their original budget for low-single digit year over year increases heading into bid season.** This shipper believes he could have secured even bigger reductions in rates if he wanted to shift more business to smaller carriers or brokers, as the larger asset-based based carriers were more disciplined in the bid and not willing to haul losing freight. **This shipper believes larger carriers are adamant about getting some rate increases in order to start restoring historically low margins. So, this shipper expects that TL rates will likely face some upward pressure in the second half of 2025.** And on the intermodal side of the biz, most carriers entered bid season asking for rate increases, but competition quickly drove rates lower. All in all, this shipper realized 2%-6% cost savings in its intermodal bid. **Turning to LTL, this shipper plans to do a mid-year RFP with expectations for 3%-4% contract rate increases.**

Cass Freight Index - Shipments



Source: Cass Transportation Indexes, CRC Analysis

April freight shipments across all domestic modes were down 4% year over year and flat month over month, according to Cass Systems. Seasonally- adjusted shipments were flat month over month.

MARKET FORECAST

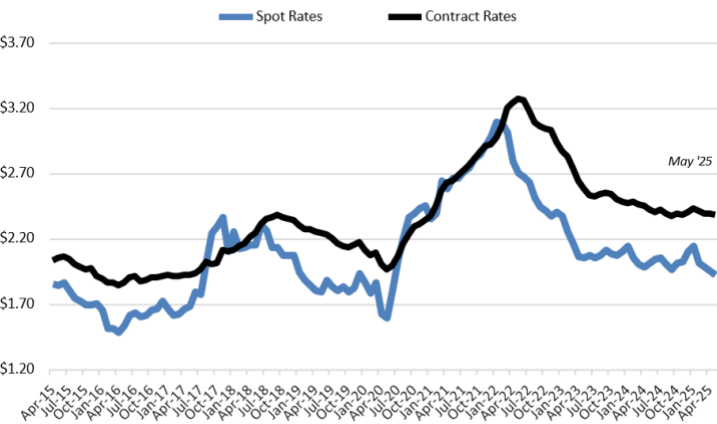
Truckload capacity continues to slowly exiting the spot market likely due to lack of demand and carriers shifting operations toward contract/dedicated services. Demand remains soft, with markets signaling continued balance between supply/demand, and causing prices to stabilize over the last 180 days..

TL Spot Freight vs. TL Spot Capacity Index



Source: ITS, Cleveland Research

Dry-Van TL Contract Rates vs Spot Rates



Source: DAT, ITS, Cleveland Research Analysis

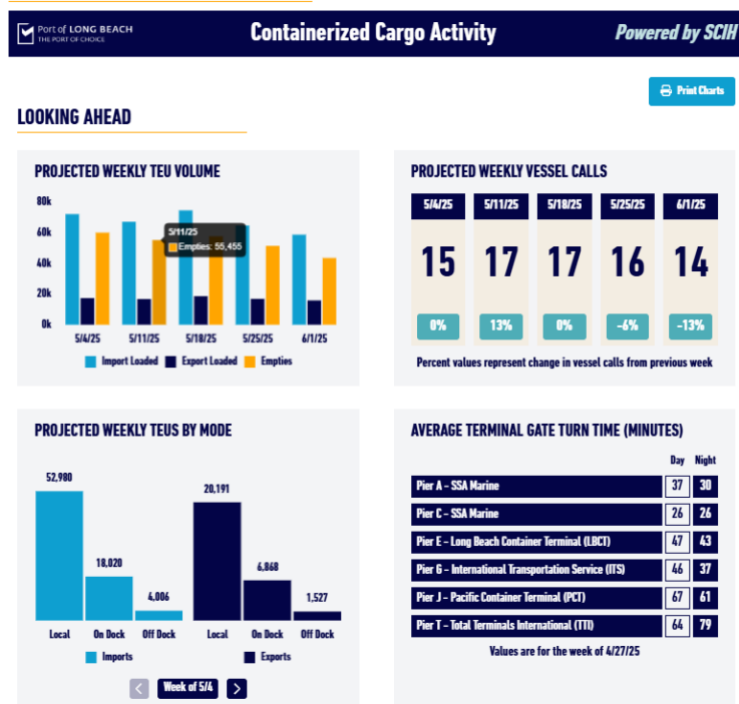
Note: Rates include fuel

Over the last 30 days, contract TL rates are down 2% year over year as they continue to slowly narrow the spread towards spot market rates, which appear to be chopping along a bottom since mid-2023 and did decline 0.5% in May month over month. Our work indicates 2025 expectations pointing to +0-3% growth that is largely second half of 2025 weighted, unchanged versus 30 days ago.

INDUSTRY INSIGHT

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

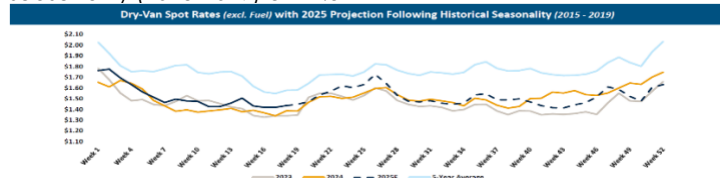
OPERATIONS DASHBOARD



Tariff talks with shippers reflect a 'muddled' outlook, Werner says. The carrier reported lower utilization from "stop and go" activity as customers remained concerned around new duties. The carrier is considering different strategies to mitigate tariff concerns, such as delaying tractor purchases. Werner Enterprises reported a \$5.8 million operating loss in Q1 as it battled timid customer activity fueled by tariff uncertainty, according to its latest earnings report. Conversations with suppliers and customers reflect a muddled outlook for the carrier, CEO Derek Leathers said during a Q1 earnings call. Leathers also reported seeing "stop and go" activity from tariff-induced uncertainty. However, the company said it expects any short-term tariff impact to be manageable and is confident supply chains won't shift overnight. Werner also said it trusts its cross-border operations and partnerships with customer and partner carriers.

Schneider reports intermodal growth in Mexico amid tariff uncertainty. The increase in volumes was driven by increasing shipping activity in the western part of the country, CEO Mark Rourke said. Schneider National reported its earnings doubled year over year due to higher intermodal services to Mexico. Schneider National doubled its Q1 intermodal earnings compared with the same period last year, fueled by increased shipping activity in western Mexico, CEO Mark Rourke said in Q1 earnings call. Rourke said a portion of its customers pulled cargo forward in the face of tariff uncertainty. The transportation and logistics company expressed uncertainty over the durability of strong volumes but was pleased across the board with its Q1 performance. The higher cross-border intermodal volumes give Schneider "confidence that we can withstand perhaps some of the trade lines, but it all come down to magnitude, duration, and timing, which is uncertain for us going forward," Rourke said....

Excluding fuel, dry-van "SPOT" rates were up 1.2% sequentially, underperforming to the 5-year average of +1.9% and normal seasonality (2015-2019) of +2.3

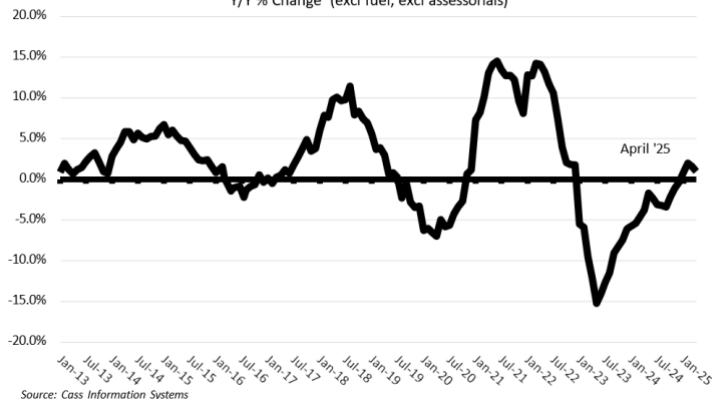


INDUSTRY INSIGHT

TL "LINEHAUL" rates (ex-fuel, ex-assessorial) in April were down 0.5% month over month and up 1% year over year, according to Cass Systems, the fourth month of year over year growth since December 2022, with rates 16% below May 2022 peak. Our work indicates 2025 TL rates are likely +0-3% year over year, with assets at the high end of the range and brokers at the low end...

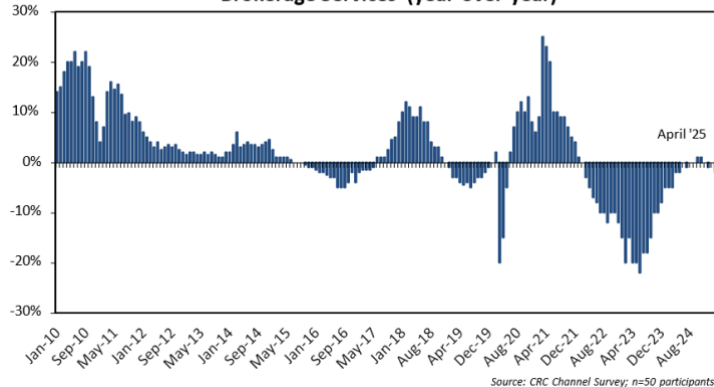
Truckload Linehaul Pricing Index

Y/Y % Change (excl fuel, excl assessorials)



Our work through April indicates same-shipper demand for dry-van truck brokerage is down 2% year over year. As customers finish destocking, pace of restocking appears less certain due to tariff related concerns, with customers seeing flattish demand with organic growth opportunities likely deferred to second half of 2025...

Percentage Change in Same-Shipper Demand for Dry-Van Truck Brokerage Services (year-over-year)



General Freight Trucking PPI was down 0.831. Overall PPI down 0.5, which was a surprise as it was expected to be "UP" 0.5.

