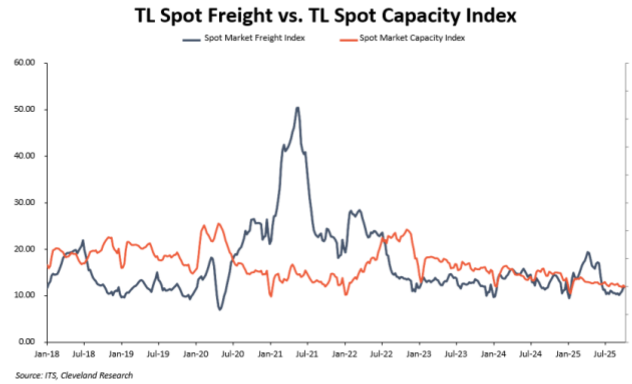
CURRENT STATE

During conversations with a private truck broker (with a small fleet of trucks) they had the following to say about recent TL trends. **This broker's volumes and rates are both trending fairly flattish so far this year in a continued competitive environment. But over the past month, this broker has seen a notable influx of new customers looking for capacity, and these customers are coming on with rates that are at 7%-10% premiums to his current book of business**. This broker attributes this to recent foreign driver regulations which are starting to tighten up the market. As a result, this carrier's tender rejection rates are now into the high-single-digit range. Meanwhile, this broker also has a warehousing business near the ports. While imports in the U.S. are very soft right now, their warehouses are running at nearly 100% utilization right now, up from 80%-90% typically. They also clearly attribute this to pull forward activity throughout the year. So, there is plenty of inventory ready to ship…

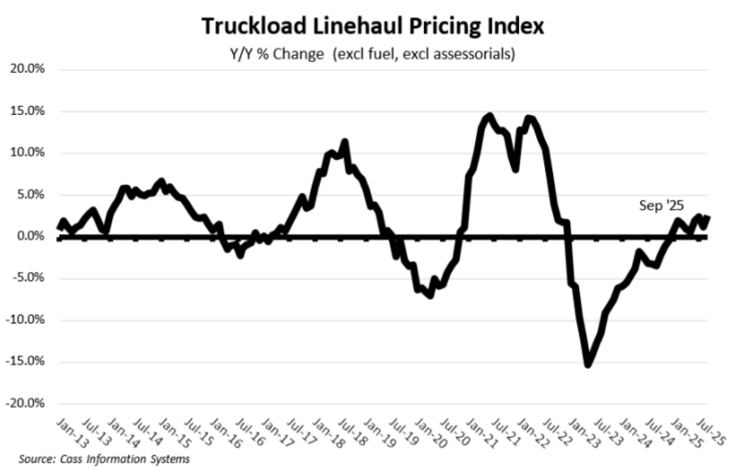
Dry-van TL spot rates (incl fuel) fell in late September but have seen a modest lift in early October, likely due to increased regulatory scrutiny creating supply/capacity challenges. Our work indicates underlying TL rates likely remain ~flattish Y/Y as customers avoid price increases due to abundant TL supply, with meaningful price increases a 2026 story given tepid organic demand forecasts.

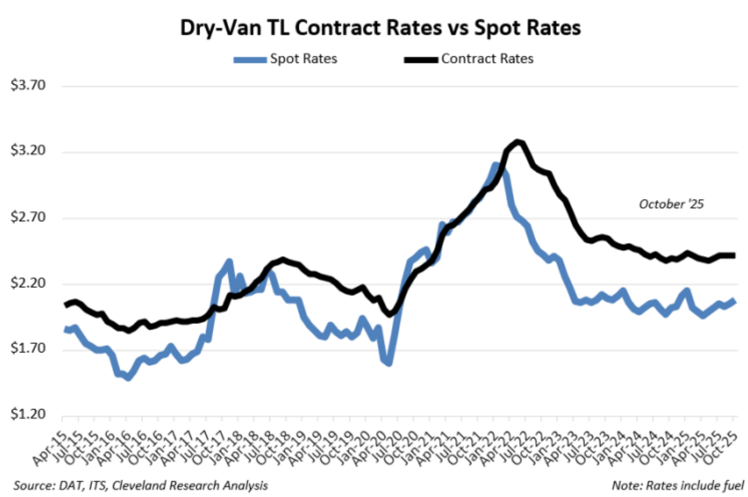


Truckload markets remain challenging, but stable as spot capacity continues to slowly exit the spot market given persistently weak demand, increased regulatory scrutiny, and carriers shifting operations toward contract/dedicated services. Demand remains soft as customers maintain cautious inventory positions and see ample capacity.

MARKET FORECAST

TL rates (ex-fuel, ex-assessorial) in September were up ~2% M/M and up ~3% Y/Y, according to Cass Systems, the ninth month of Y/Y growth since December 2022, with rates 17% below May 2022 peak. Most industry analysts believe asset-based TL carriers are raising price 1-2% in 2025 while broker prices trend ~flat, with customers minimizing realized cost inflation with provider attrition..



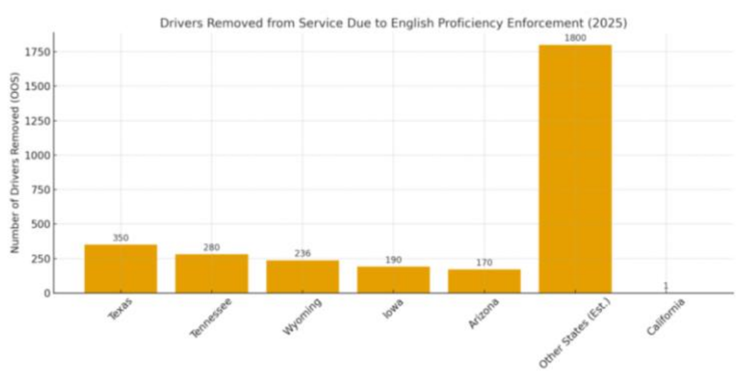


In October, contract TL rates are up 1% Y/Y. Spot TL rates are up 3% Y/Y and increased 1% M/M as they continue to chop along a bottom since mid-2023. With lackluster demand, most analysts remain cautious of a meaningful near-term rise in TL rates as supply/demand balances.

INDUSTRY INSIGHT

The Port of Long Beach currently has 10 container vessels at berth… Average at anchor is 0 days...

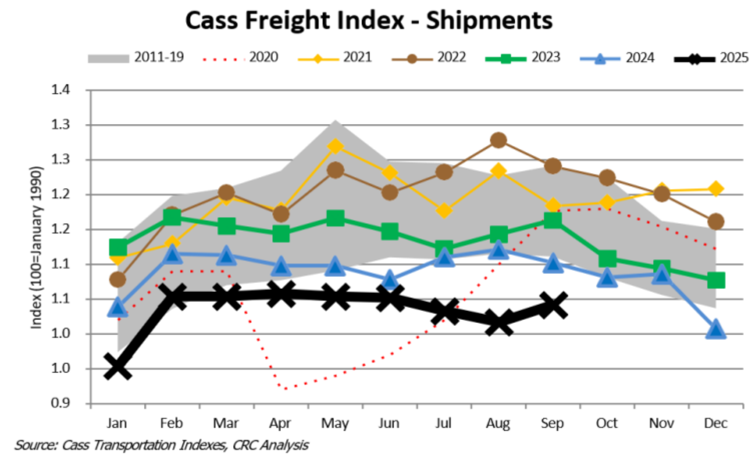
The DOT's focus on enforcement of English Language Proficiency* rules for commercial truck drivers is starting to show results and impact. Since the enforcement focus began in June 2025, more than 3,000 commercial drivers have been placed out-of-service due to insufficient English proficiency. Safety is the goal, but the changes have created supply chain disruption, operational cost increase, and business interruptions for carriers and drivers. As well, enforcement varies by state, with Texas taking 350 drivers off the roads, and California with one.



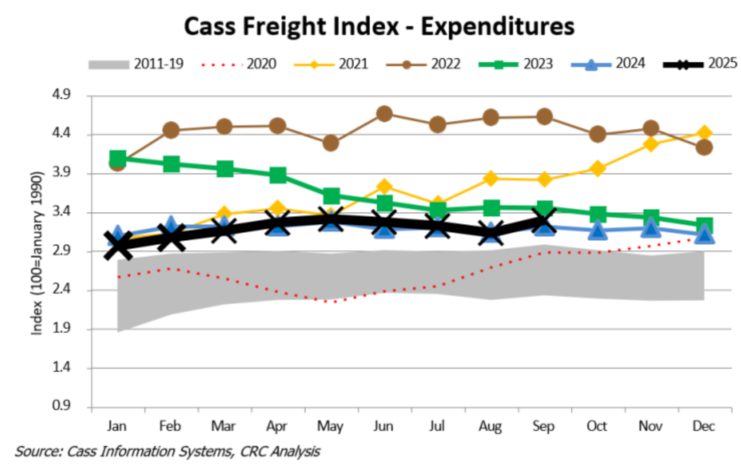
These removals occur during roadside inspections and traffic stops. Inspectors give instructions in English and assess the driver's understanding; if a driver cannot adequately respond in English, they are issued an ELP violation and immediately placed out of service (prevented from driving) until the issue is remedied. In October, a joint operation between ICE agents and the Oklahoma Highway Patrol held from September 22 to 25 resulted in the arrest of 91 commercial drivers who were then put out of service. Of the 91 commercial drivers detained, 39 were citizens of India, 13 of Uzbekistan and 12 of China. ICE revealed that 80 of the 91 drivers had entered the U.S. illegally or were awaiting asylum hearings, while one had a final removal order.

INDUSTRY INSIGHT

During September, freight shipments across all domestic modes were down ~5% Y/Y and up ~2% M/M, according to Cass Systems. Commentary noted that for the second straight month, the Y/Y decline was driven by lower LTL volumes, while TL volumes rose slightly Y/Y, likely due to LTL's relative overexposure to weaker industrial markets. Most industry analysts' work indicates a meaningful demand acceleration is becoming a 2026 story at the earliest as inventory positioning remains risk-averse. Year-to-date shipments are down ~6% Y/Y (2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%).



Total freight spend in September was up 2% Y/Y as shipments were down Y/Y (see prior slide) according to Cass Information Systems. Versus prior month, expenditures were up 5% while shipments were up 3%.



The September 2025 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the twenty-second month in a row (above 50 indicates expansion, below 50 indicates contraction) at 57.4 (59.3 in August).