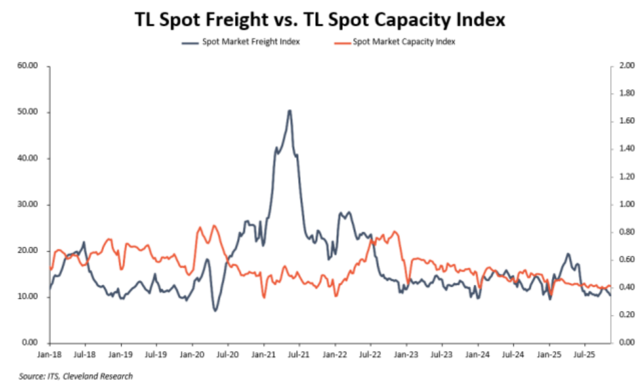
CRANE WORLDWIDE LOGISTICS

GROUND MARKET UPDATE

CURRENT STATE

During an industry analyst's interview with a large chemicals shipper, they had the following to say about recent freight trends. **To start the year, this shipper was preparing for a tighter TL market and increased its asset-based exposure to avoid bigger spikes in rates and potential capacity issues with brokers**. But as the year progressed, the TL environment got increasingly competitive, and this shipper was able to negotiate contract rates lower. More recently, this shipper's brokerage providers have pointed to increased tightness in the market related to foreign driver exits, but this shipper's tender acceptance rates have remained in the high-90% range so far despite some short-lived tightness in the Midwest and Northeast regions. **Ultimately, this shipper is budgeting for low-to mid-single-digit contract rate increases next year, although they believe rates could end more flattish if current trends continue**…

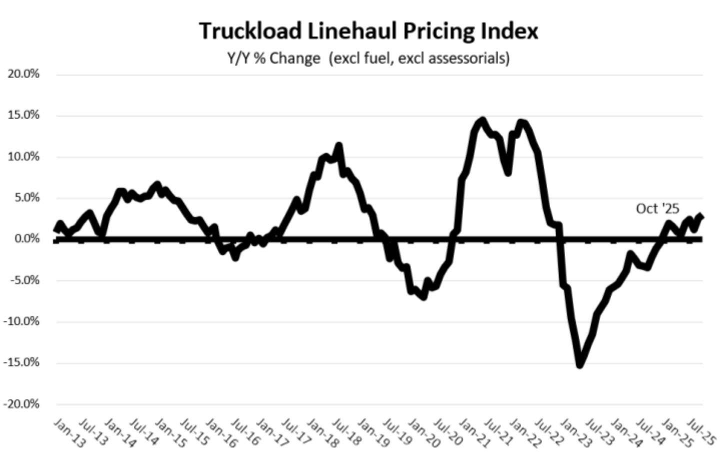
Meanwhile, this shippers' LTL rates are tracking to be up low-single digits this year. **Looking ahead, LTL carriers are looking for mid-single-digit rate increases next year**, but they are planning to move some freight among carriers to achieve low-single-digit rate increases on average.

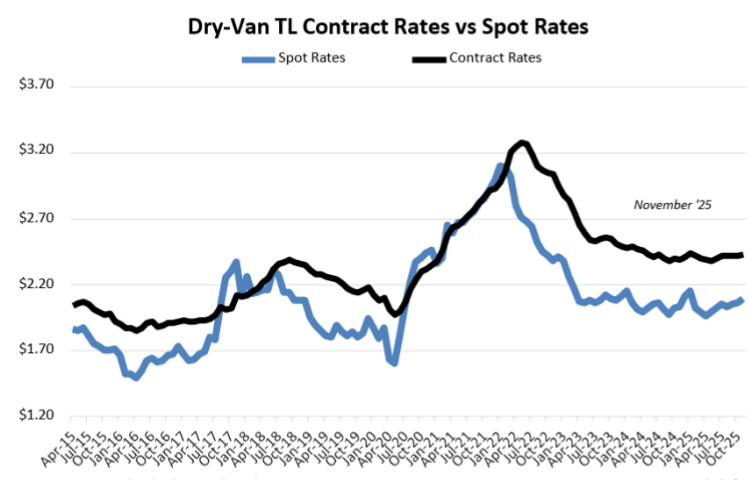


Truckload markets remain challenging but continue to stabilize as spot capacity continues to slowly exit the spot market given persistently weak demand, increased regulatory scrutiny, and carriers shifting operations toward contract/dedicated services. Demand remains soft as customers maintain cautious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

MARKET FORECAST

TL rates (ex-fuel, ex-assessorial) in October were up ~1% M/M and up 3% Y/Y according to Cass Systems. While October is the tenth month of Y/Y growth, recovery remains modest as rates remain 16% below May 2022 peak. Our work indicates initial 2026 TL pricing +0-2% Y/Y as customers are largely avoiding price increase due to abundant supply, keeping brokers defensively protecting market share.





In November, contract TL rates are up ~2% Y/Y and spot rates are up 3% Y/Y, according to DAT. Rates remain relatively flat M/M as they continue to chop along a bottom since mid-2023, with spot rates remaining a discount to contract rates since early 2022. With muted demand, our work remains cautious as TL rates appear +0-3% in 2026 led by modest price increases by assets.

INDUSTRY INSIGHT

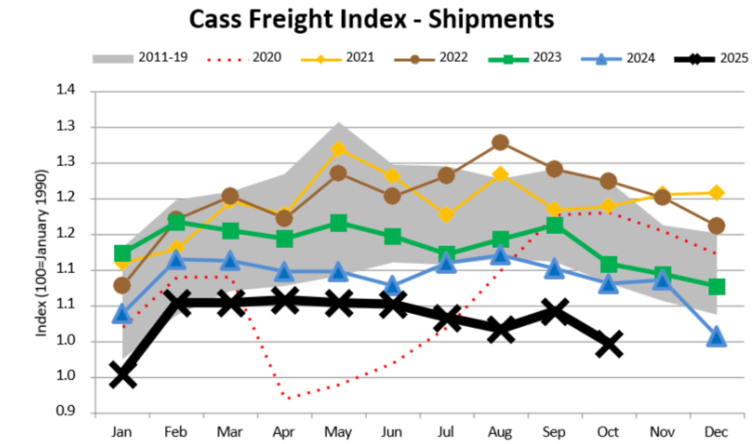
The Port of Long Beach currently has 11 container vessels at berth…
Average at anchor is 0 days...

US appeals court temporarily halts non-domiciled CDL emergency order. Federal judges in D.C. issued an administrative stay while the case proceeds. The court issued an order against the federal government, which argued that an administrative stay should not occur. A U.S. Appeals Court in D.C. ordered on Monday a temporary stop to a Sept. 29 Department of Transportation interim final rule involving tougher restrictions on non-domiciled CDLs. Two of three judges approved the administrative stay, which puts the DOT emergency measure on hold while the case proceeds. "The purpose of this administrative stay is to give the court sufficient opportunity to consider the emergency motions for stay pending review and should not be construed in any way as a ruling on the merits of those motions," the order said.

Schneider National Q3 operating income falls 18% YoY. While market headwinds affected the carrier, its truckload segment benefited from its acquisition of Cowan Systems, executives said. Schneider National credited gains in its Q3 dedicated freight volume from business generated through the carrier, which it acquired in November 2024. Schneider National's Q3 income from operations fell 18% year over year to $35.3 million, the carrier reported on Oct. 30. The result aligns with those of other carriers, including Forward Air, TFI and Old Dominion Freight Line. Like Schneider, they cited the ongoing weak freight market for faltering profits. During a call with analysts, CEO Mark Rourke said soft business conditions are "likely to persist into the balance of the year." However, he noted there are signs of better times ahead. **"Though this down cycle has been extended, several new dynamics have been introduced over the last few months that are definitive catalysts for the removal of excess capacity after several years of expecting, but not seeing more significant supply rationalization,"** Rourke said on the call.

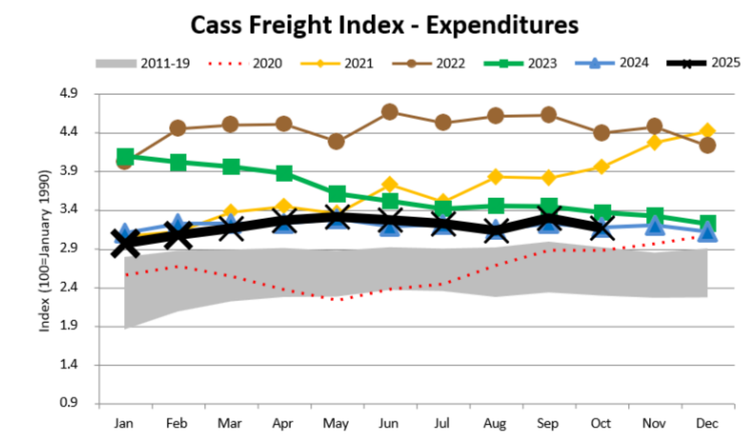
INDUSTRY INSIGHT

During October, freight shipments across all domestic modes were down ~8% Y/Y and down ~4% M/M according to Cass Systems. Recent months have seen shipments decline largely in the LTL mode (vs TL) given outsized exposure to weaker industrial markets and some modal shift to TL. Year-to-date shipments are down ~6% Y/Y, on pace for a third consecutive year of declines (2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%). Our work indicates initial 2026 shipments will grow +0-3% on stabilizing inventory levels.



Source: Cass Transportation Indexes, CRC Analysis

Total freight spend in October was ~flat Y/Y as shipments were down Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures and shipments were each down 4%.



Source: Cass Information Systems, CRC Analysis

The October 2025 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the twenty-third month in a row (above 50 indicates expansion, below 50 indicates contraction) at 57.4 (57.4 in August). The stable rate M/M appears driven by upward pressure in transportation metrics being offset by downward pressures in both inventories and warehousing metrics. The strongest upward movements came from Transportation Prices and Transportation Utilization each up ~14% sequentially.