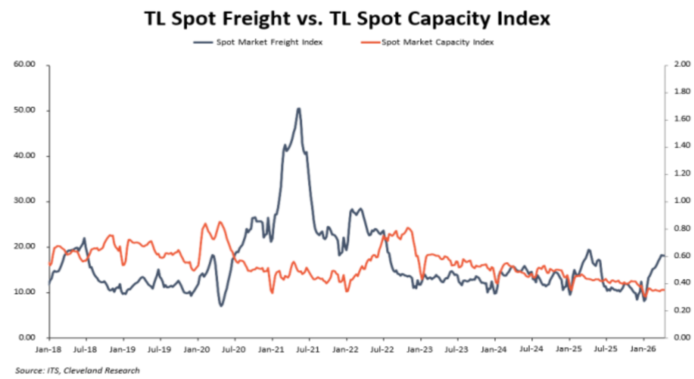
CRANE WORLDWIDE LOGISTICS

GROUND MARKET UPDATE

CURRENT STATE

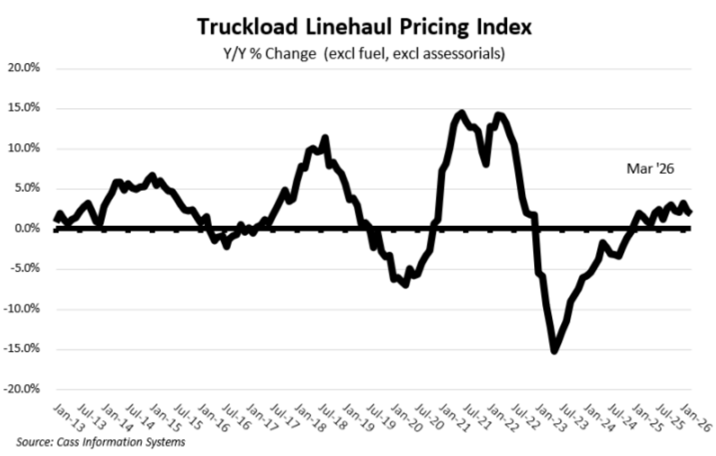
A large building materials shipper had the following to say about recent freight trends, during an industry analysts' podcast. This carrier continues to see muted demand/volume trends with a continued weak housing market. **<u>But despite muted demand, this shipper is feeling the tightness of the TL market with ongoing supply exits. They are currently seeing TL tender acceptance rates in the low-80% range, with asset-based carriers in the high-80% range but brokers materially lower. This shipper is in the middle of its primary annual bid, and with continued tightness, asset-based TL carriers are now looking for high-single-digit rate increases with some brokers now looking for 20%-30% contract rate increases</u>**. They are hoping to ultimately settle out closer to 5%-6% rate increases with asset-based carriers and plan to shift freight from brokers to asset-based carriers which they view as having more stable capacity with less pricing volatility, especially in the context of chameleon carriers and the Montgomery case. They also plan to move TL freight to intermodal where possible this year with intermodal rates going up a little bit less than TL. **<u>Lastly, some of their existing dedicated carriers are trying to implement additional fees for deadhead given the tighter market, which this shipper is honoring</u>**.

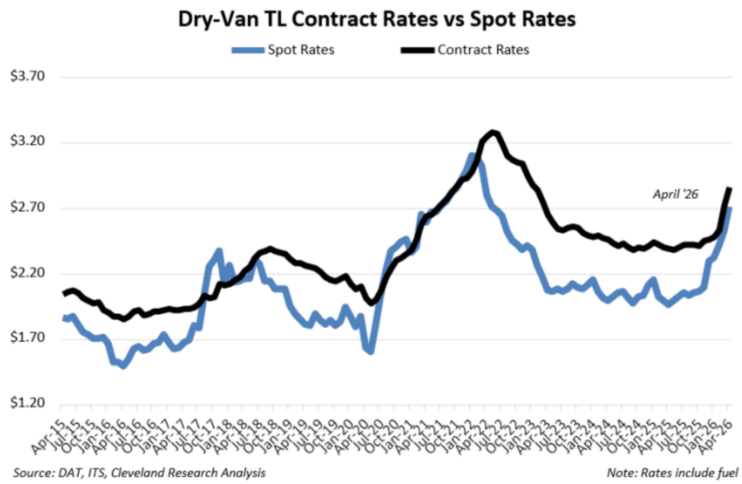


Spot market demand has risen over the last 90 days likely due primarily to capacity constraints (regulatory/policy, seasonal, economic, weather) rather than underlying volume growth. Markets remain challenging given persistently tepid demand growth, ongoing macro environment uncertainty, and carriers shifting operations toward contract/dedicated services

MARKET FORECAST

TL rates (ex-fuel, ex-assessorial) in March were ~flat M/M and up 2% Y/Y according to Cass Systems. While truckload linehaul rates have been modestly higher Y/Y each of the last 15 months, the pace of recovery remains modest as rates remain 14% below May 2022 peak. Our work indicates 2026 contract TL pricing +2-4% Y/Y ex-fuel as elevated spot rates appear to have started to lift contract rates.

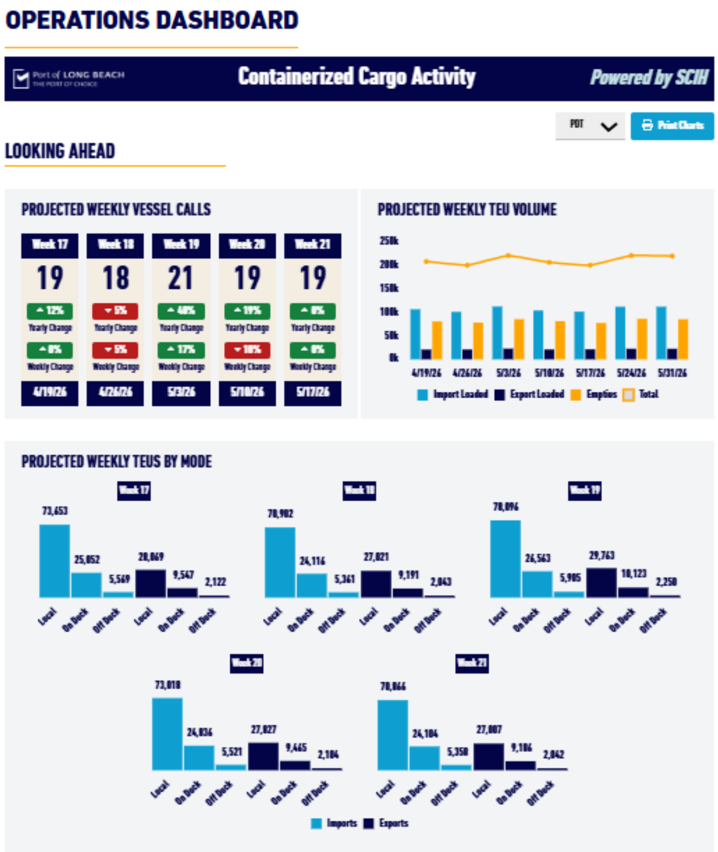




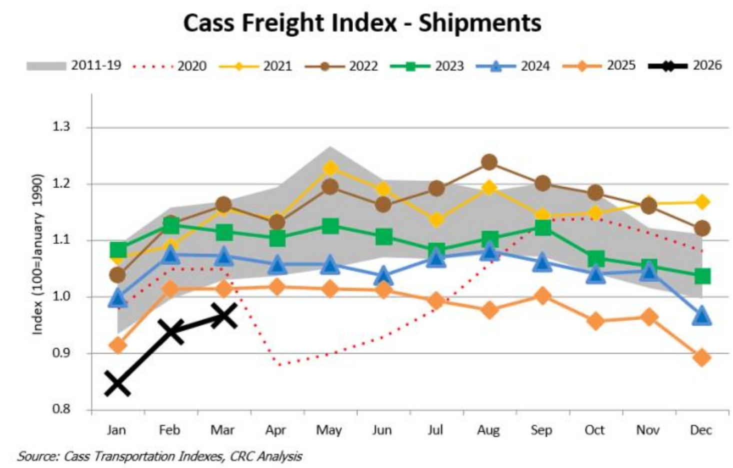
In April, contract TL rates (incl fuel) are +20% Y/Y and spot rates are up 38% Y/Y, according to DAT. The spread between contract and spot rates has narrowed over the last 60 days as contract rates increased 5% M/M while spot rates increased 8% M/M. As capacity remains tighter due to driver regulations, we are hearing TL contract rates appear +2-4% (prior 0-2%) ex-fuel in 2026.

INDUSTRY INSIGHT

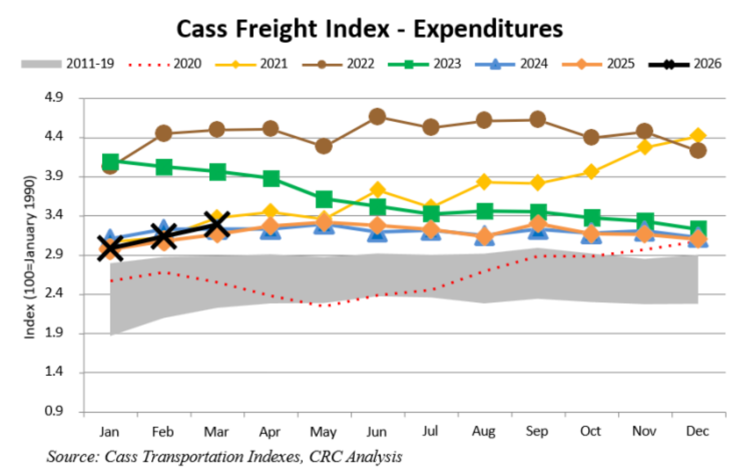
The Port of Long Beach currently has 8 container vessels at berth… Average at anchor is 0 days...



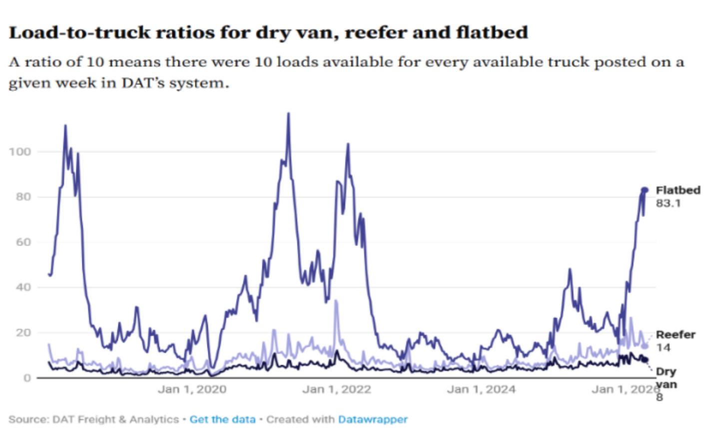
During March, freight shipments across all domestic modes were down 4% Y/Y but rose 3% M/M according to Cass Systems. The M/M growth outperformed historical seasonal improvement of 1%, attributed to bounce-back after unfavorable weather in January/February. After three consecutive years of declines (2025 down 6%, 2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%), our work indicates 2026 shipments will grow +0-3% assuming normalized inventory levels and modest organic growth.



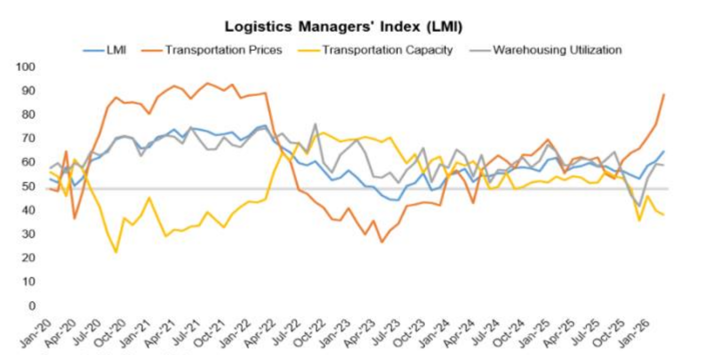
Total freight spend in March was up 4% Y/Y due to higher cost per shipment as shipments were down ~4% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures were up 5% and shipments were up 3%.



Load post volumes remain robust… The national load-to-truck ratio for dry van and reefer declined, while flatbed jumped and remained strong the first full week in April, compared to the previous week, according to DAT Freight & Analytics. Dry van fell to 8 from 8.5 loads per truck, Reefer decreased to 14 from 16.1 loads per truck, **Flatbed jumped to 83.1 from 71.8 loads per truck**. Reefer experienced a dramatic decline, falling 13% week over week, DAT IQ Principal Analyst Dean Croke wrote in a blog post. He noted that despite the drop, current load volumes reflect a 63% year-over-year improvement. Dry van load-to-truck's fall was less pronounced, Croke said. The decline in dry van occurred despite robust load post volumes, which were 70% higher YoY. Croke added that equipment posts fell 2% last week, indicating a continued reduction in available truckload capacity. Meanwhile, flatbed equipment posts fell 6% week over week, which led to an increased load-to-truck ratio of 16%, Croke said… He added that flatbed load posts had rebounded, increasing 9% last week. Load posts were significantly above historical norms, up 60% YoY and 63% higher than the five-year average, excluding the pandemic years of 2021 and 2022, Croke said. He expects the segment to continue its strong seasonal run.



The March 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the twenty-eighth month in a row (above 50 indicates expansion, below 50 indicates contraction) at 65.7 (61.5 in February). This was the fastest level of expansion since May 2022. Most notably, Transportation Prices increased 17% M/M, up 59% Y/Y likely due to higher fuel prices and rising TL rates. Transportation Capacity continues to contract, down 4.4% M/M and down 27% Y/Y.



INDUSTRY INSIGHT