

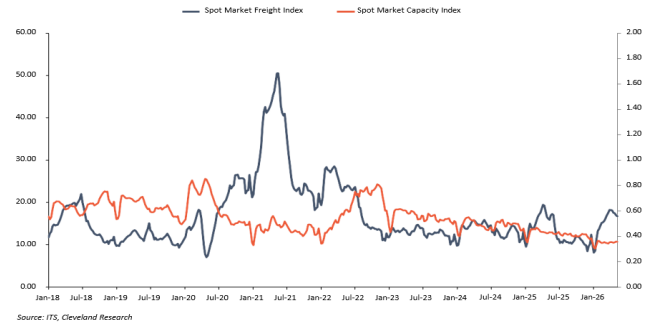
# GROUND MARKET UPDATE



## CURRENT STATE

During an industry analyst's podcast a TL carrier had the following to say about recent freight trends. **This carrier is keenly focused on price restoration this year and is achieving low-double digit contract rate increases right now with only modest volume degradation. In one instance, this carrier achieved a 40% y/y contract rate increase on one lane it had originally intended to get out of in attempt to reposition its network to achieve better utilization.** Demand still hasn't picked up yet, and this carrier is achieving flattish utilization on a per truck basis so far this year. Meanwhile, tender rejections have picked up through the year to the mid-teens levels currently, and even after bid implementations, this carrier is seeing tender rejection rates hold stable (rather than moving lower), which is indicative of a still tightening market. While many TL carriers are offering \$10K sign-on bonuses to attract drivers right now, this carrier is attempting to lock into longer-term contracts with its drivers with attractive incentive programs to have better retention for now. Additionally, this carrier doesn't plan to pre-buy ahead of EPA27 and mentioned it hopes to run its non-compliant fleet as long as it can. Lastly, this carrier hasn't seen any improvement in used truck pricing so far this year.

TL Spot Freight vs. TL Spot Capacity Index

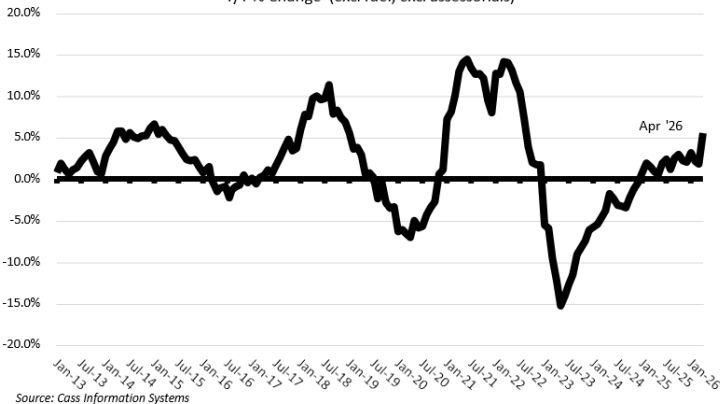


Spot market demand has begun to decrease over the last 30 days after 90 days of growth as there has yet to be an increase in organic volume growth. Markets remain challenging given persistently tepid demand growth, ongoing macro environment uncertainty, and carriers shifting operations toward contract/dedicated services.

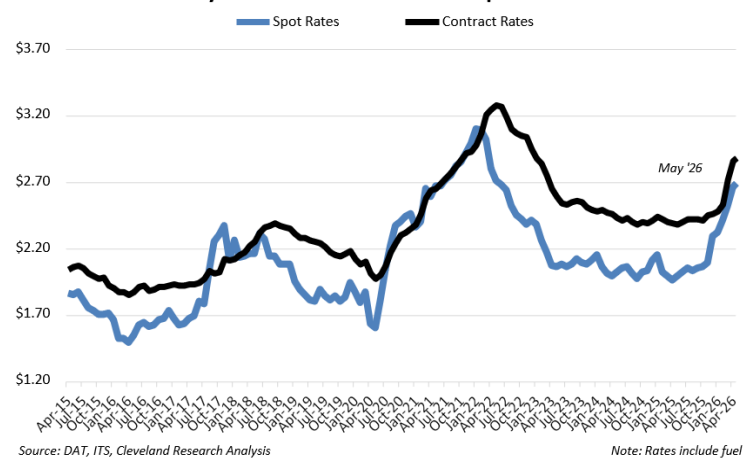
## MARKET FORECAST

TL linehaul rates (ex-fuel, ex-assessorial) in April were up 3% M/M and up 5% Y/Y according to Cass Systems. While truckload linehaul rates have been trending modestly higher Y/Y, the pace of recovery accelerated in April as rates are now 11% below May 2022 peak vs 14% below prior. Our work indicates 2026 contract TL prices are likely +5-10% Y/Y ex-fuel with tighter capacity trends.

Truckload Linehaul Pricing Index  
Y/Y % Change (excl fuel, excl assessorials)



Dry-Van TL Contract Rates vs Spot Rates



In May, contract TL rates (incl fuel) are +21% Y/Y and spot rates are up 36% Y/Y, according to DAT. The spread between contract and spot rates has widened slightly over the last 30 days as spot rates increased 2% M/M while contract rates increased 1% M/M. As capacity remains tighter due to driver regulations, we are hearing TL contract rates appear +5-10% (prior 2-4%) ex-fuel in 2026.

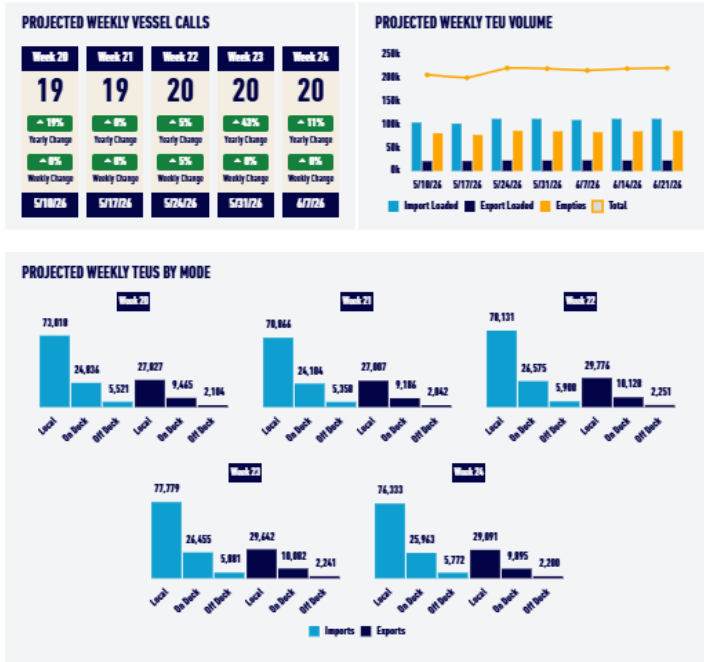
## INDUSTRY INSIGHT

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

## OPERATIONS DASHBOARD



### LOOKING AHEAD

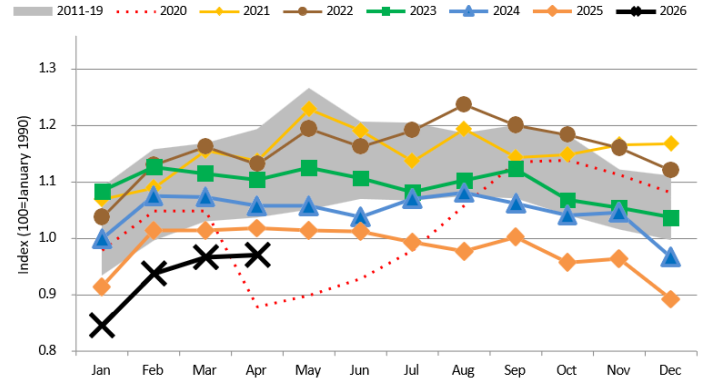


Supreme Court delivers sweeping decision against CH Robinson... A safety provision empowering states means brokers are not immune from negligent hiring claims, according to the justices. The court published a decision Thursday that pulled back the ability for brokers to use a federal preemption argument in the case of negligent hiring. A monumental Supreme Court opinion released Thursday sided with a trucking crash victim's case, aiding states' abilities to regulate the brokerage industry in safety matters. The Supreme Court opinion brings clarity to the judicial system, determining a safety provision empowering states means brokers are not immune from negligent hiring claims. Federal courts have handled the issue differently, and the opinion brings new oversight and less protection to brokers. "Brokers can now be sued in state court for negligently selecting unsafe carriers," law firm Husch Blackwell Partner Julie Maurer said in a statement to Trucking Dive. **The decision does not, however, mean automatic liability. Brokers who conduct reasonable due diligence in carrier selection should be well-positioned to defend against such claims.** While federal law from the '90s gives the brokerage industry some protection under a preemption provision, a safety exception can and does apply in this case, the Supreme Court found. Now that the lower courts' decisions have been reversed, the case will head back to a U.S. appeals court for further proceedings. Industry advocates previously warned such an outcome could significantly shift the industry landscape of who is selected for transporting freight. "In the short term, there will be uncertainty as to how claims of negligent brokerage will play out in practice," Duane Morris Partner Harry Byrne said in a statement to Trucking Dive. "Shippers and brokers may opt for the large, reputable trucking companies, to guard against these claims. For motor carriers, they should expect a greater focus on their safety ratings and compliance history." The broker's failure to select a safe carrier caused the accident, a meaningful hurdle that should temper concerns about open-ended exposure. "But as industry groups and key transportation intermediaries warned, the court's action could have impacts on insurance, risk and costs, the concurring opinion noted. **Kavanaugh suggested that the result will mean American consumers will help bear the costs with higher prices.**

## INDUSTRY INSIGHT

During April, freight shipments across domestic modes remain lower versus year-ago (down 4%, down 6% YTD) but did see modest acceleration versus last month (up 0.4%) according to Cass Systems. 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% with demand/inventory improvement.

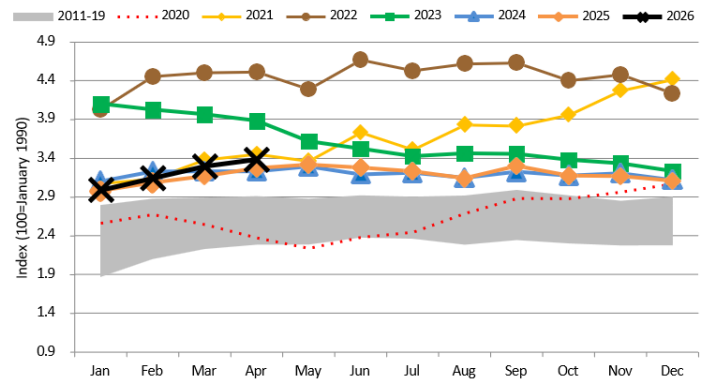
### Cass Freight Index - Shipments



Source: Cass Transportation Indexes, CRC Analysis

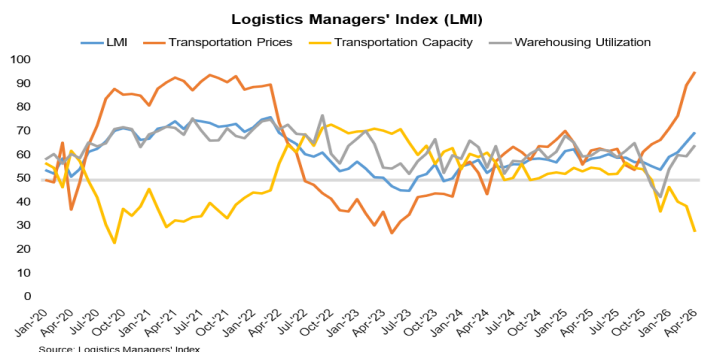
Total freight spend in April was up 4% Y/Y due to higher cost per shipment as shipments were down ~4% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures were up 3% and shipments were flat.

### Cass Freight Index - Expenditures



Source: Cass Transportation Indexes, CRC Analysis

The April 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the twenty-ninth month in a row (above 50 indicates expansion, below 50 indicates contraction) at 69.9 (65.7 in March). This was the fastest level of expansion since May 2022. Most notably, Transportation Capacity decreased 28% M/M, down 49% Y/Y as ongoing regulatory enforcement efforts weigh on driver availability. Transportation Prices continue to increase, now up 6.3% M/M and +53% Y/Y.



Source: Logistics Managers' Index