

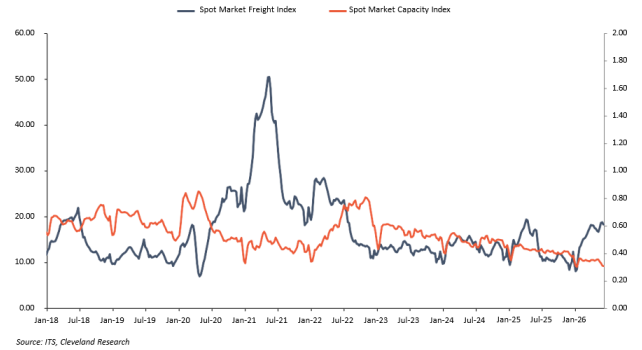
GROUND MARKET UPDATE



CURRENT STATE

On an industry analyst's podcast a large food & beverage shipper had the following to say about recent freight trends. **Earlier this year, this shipper completed a TL bid and managed to achieve flattish contract rates by significantly churning its carrier base. That said, tender acceptance levels for this shipper have deteriorated materially as the year has progressed and currently sit in the mid-80% range on average.** Acceptance levels are much lower with brokers than asset-based carriers, and brokers are coming back on a weekly basis to try to adjust rates higher. **As a result, this shipper is granting both large brokers and asset-based carriers more freight via mini bids at rates that are 10%+ higher on average. Notably, this shipper is seeing some lanes where rates on these mini bids have increased over 40%.** While this shipper is seeing more pressure with brokers right now, this shipper noted that the Montgomery Supreme Court ruling hasn't yet changed his freight allocation decisions. Meanwhile, this shipper also realized flattish intermodal contract rates this year and thus has increasingly shifted TL freight to intermodal this year. That said, this shipper mentioned that BNSF is having some service issues right now (specifically in Texas where chassis capacity has gotten very tight). This shipper also noted that HUBG is being particularly aggressive post bids in asking for large rate increases. Lastly, we discussed the LTL market. While carriers have been pushing for mid-single digit rate increases, this shipper expects to realize LTL cost savings this year by significantly churning its carrier base. So far, this shipper has seen strong service levels from the new, lower-priced LTL carriers in its network.

TL Spot Freight vs. TL Spot Capacity Index



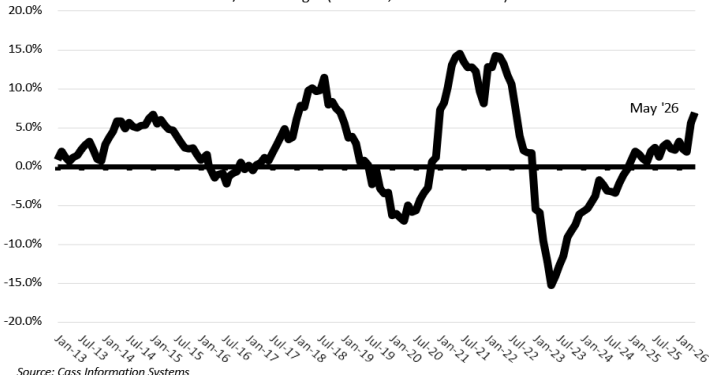
Spot market demand was stronger in the back half of May as capacity further tightened from Blitz week and an earlier Memorial Day, plus increased amounts of ricochet/rebound freight. Spot demand has since slowed in early June as markets remain challenging given persistently tepid demand growth, ongoing macro environment uncertainty, and carriers shifting operations toward contract/dedicated services.

MARKET FORECAST

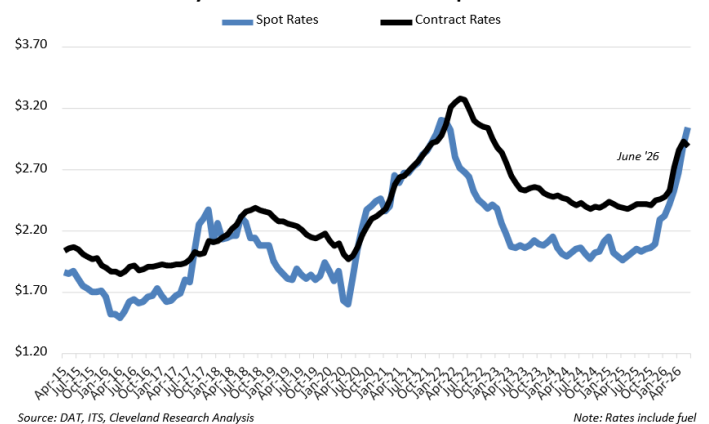
TL linehaul rates (ex-fuel, ex-assessorial) in May were up 0.4% M/M and up 7% Y/Y according to Cass Systems. While truckload linehaul rates have been slowly rising throughout the last 12 months, rates remain 11% below the May 2022 peak. Our work indicates 2026 contract TL prices likely rise +5-15% Y/Y ex-fuel primarily due to supply/capacity constraints.

Truckload Linehaul Pricing Index

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



Dry-Van TL Contract Rates vs Spot Rates

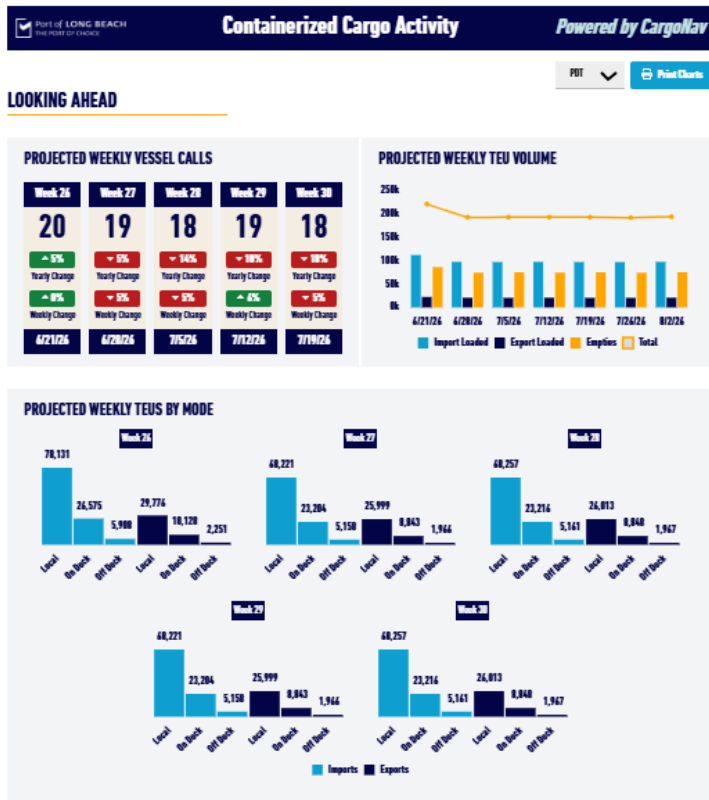


In June, contract TL rates (incl fuel) are +20% Y/Y and spot rates are up ~50% Y/Y, according to DAT. Spot rates have now crossed above contract rates as spot rates increased 5% M/M while contract rates decreased 1% M/M. As costs continue to increase from higher fuel prices and tighter capacity due to driver regulations, we are hearing TL contract rates appear +5-15% (prior 5-10%) ex-fuel in 2026.

INDUSTRY INSIGHT

The Port of Long Beach currently has 9 container vessels at berth... Average at anchor is 0 days...

OPERATIONS DASHBOARD

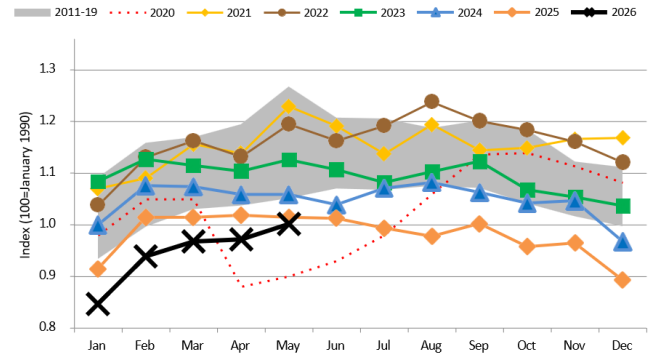


Pocketed demand helps trucking industry... Despite falling demand in some sectors, tech spending is soaring. Schneider recently noted pockets of strength for demand in its portfolio. **Demand is showing up in pockets and even showing some solid strength overall, according to multiple trucking leaders.** Trucking customers are showing stability and resiliency, Schneider National and J.B. Hunt Transport Services executives said June 9 at the Wells Fargo Industrials & Materials Conference. For Schneider, a lack of interest rate cuts has affected portions of its portfolio sensitive to lending, such as homebuilding and automotive areas, said Jim Filter, EVP and group president of transportation and logistics. "We came into the year expecting that we could see a couple of interest rate cuts," Filter said. "At this point, we're probably just as likely to see an interest rate increase as a cut." Automotive sales have been in recession territory since the spring of 2020, and recovery in U.S. sales is not expected to reach 2019 levels until 2029, according to a Morningstar report. Higher prices are adversely affecting sales due to the average vehicle costing around \$50,000, the report noted. But analysts note market dynamics are bringing significant shifts, especially amid capacity crunches. **All-in spot rates are running around 50% higher year over year, FTR Transportation Intelligence VP of Trucking Avery Vise said in an email, adding the firm expects YoY growth in contract rates to rise higher throughout the year. "The freight rate recession clearly is over and has been for a while," Vise wrote.** Nevertheless, manufacturing production in certain areas, such as household appliances and furniture products, are at decade-low levels, excluding the 2020 pandemic-lockdown months, Michigan State University Supply Chain Management Professor Jason Miller said in an email. In contrast, sectors involving the artificial intelligence ecosystem buildout have "incredibly strong demand," led by electrical goods wholesalers, Miller noted. Seasonally adjusted imports of computers and computer parts had been averaging \$13 billion a month in 2023 but reached \$52 billion in April 2026, an increase that's four times higher than before, Miller noted. Tonnage indices show a more static environment — or at least one marked by much less intensive growth.

INDUSTRY INSIGHT

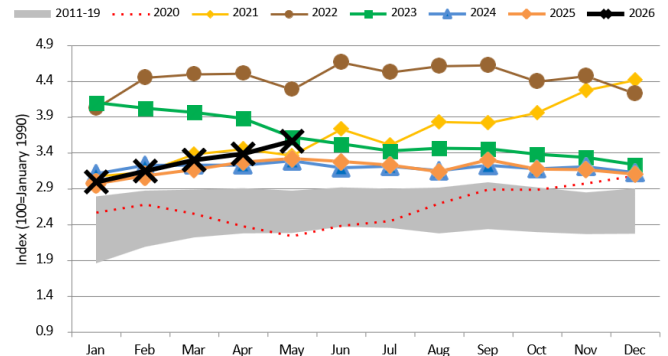
During May, freight shipments across domestic modes remain lower Y/Y (down 1%, down 5% YTD) but did improve M/M (up 3%) according to Cass Systems. After three consecutive years of declines (2025 down 6%, 2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%), our work indicates 2026 shipments will grow +0-3% as inventory destocking appears largely complete.

Cass Freight Index - Shipments



Total freight spend in May was up 7% Y/Y due to higher cost per shipment as shipments were down ~1% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures were up 5% and shipments were up 3%.

Cass Freight Index - Expenditures



The May 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the thirtieth month in a row (above 50 indicates expansion, below 50 indicates contraction) at 69.5 (69.9 in April). Most notably, Transportation Prices increased 1% M/M, up 52% Y/Y to the fastest rate of expansion recorded in the nearly 10-year history of the index as higher fuel prices and ongoing capacity constraints put upward pressure on rates. Transportation Capacity continues to contract, but at a slightly slower rate than last month, down 42% Y/Y.

Logistics Managers' Index (LMI)

