

eShipping®

August 2023

INDUSTRY UPDATES

Monthly metrics, trends, and key takeaways on the state of the LOGISTICS INDUSTRY to help your business plan for the coming months.

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INDUSTRY UPDATES

LTL

Yellow Freight Files For Bankruptcy

- Yellow Freight officially shut its doors removing a large LTL carrier from the industry. The overall LTL market is down in shipment count and tonnage YOY allowing other carriers to absorb the freight that Yellow was hauling. Any extra capacity that was in the market will quickly dissolve putting the LTL carriers back in the driver's seat on pricing negotiations.
- "Yellow's prices have historically been the cheapest compared to other carriers", Jindel said. "That's why they obviously were not making money," he added. "And while there is capacity with the other LTL carriers to handle the diversions from Yellow, it will come at a high price for (current shippers and customers) of Yellow." (ABC)

Average Price Of Fuel Is Climbing

- The national average diesel fuel is starting to climb, hitting its highest mark since March. The price is still well below what it was in 2022.

National Spot Rates

Volume increased while capacity loosened



DAT

Total spot load availability

Weekly index, 100 = 2014 average



Source: Truckstop, FTR - <http://freight.ftrintel.com/spotmarketinsights>

INDUSTRY UPDATES

FTL

Full Truckload Market Holds Steady Entering Q3

- The full truckload market, according to DAT, appears to be holding steady through July into August. Not much change Dry Van market, but rates for the Flatbeds have been in decline. With fuel on the rise, we should expect these rates to creep up.
- Total Spot load availability appears to be well below the average from the last few years but given the robust truckload market we've experienced since 2021, this isn't surprising. Load volume in the spot market have stayed relatively steady since the start of the year.

Truck Driver Appreciation Week

- Another reminder, Truck Driver Appreciation week will be September 10-16. This is a great opportunity to let drivers know how important they are to our businesses and the economy. They keep our freight moving and our roads safe!

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International

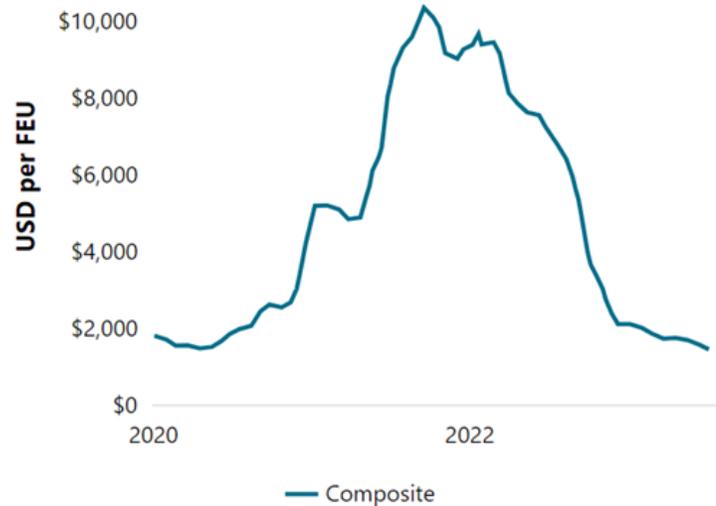
Asia to US Ocean Rates Climb

- The Drewry WCI has reported Shanghai to USWC ocean rate increases for 5 straight weeks; up 47% to USWC and 33% to USEC from the week ending June 29 to the highest level since early November. (Freightwaves)
- Linerlytica commented, "The strong capacity utilization, coupled with capacity constraints and the unresolved ILWU Canada situation are all keeping the market tight, with carriers already pushing for another rate hike in mid-August. Rates are expected to remain elevated through September but will slip back once the peak season demand wanes."
- U.S. import bookings remain above pre-COVID levels, and multiple analysts are now highlighting positive rate effects from reduced vessel capacity. (Freightwaves)
- Ocean carriers continue to blank sailings in the trans-Pacific, occurring at most origin ports in Asia. Carriers thus far have blanked 15.5% of Asia to North America capacity for July after blanking 10.6% in June.

Long Delays At Panama Canal Caused By Drought

- The Panama Canal Authority reduced the total number of ships that can pre-reserve a transit to 14 from 19, with that reduction expected to last through Aug. 21. The reduction means fewer than 34 ships can move through the canal in both directions daily, compared with the 34 to 42 it can handle at peak capacity. (JOC)
- A backup at the Panama Canal has grown to 154 vessels with an average wait time of 21 days. (CNBC)

World Container Shipping Index (Drewry)



Source: World Container Index assessed by Drewry

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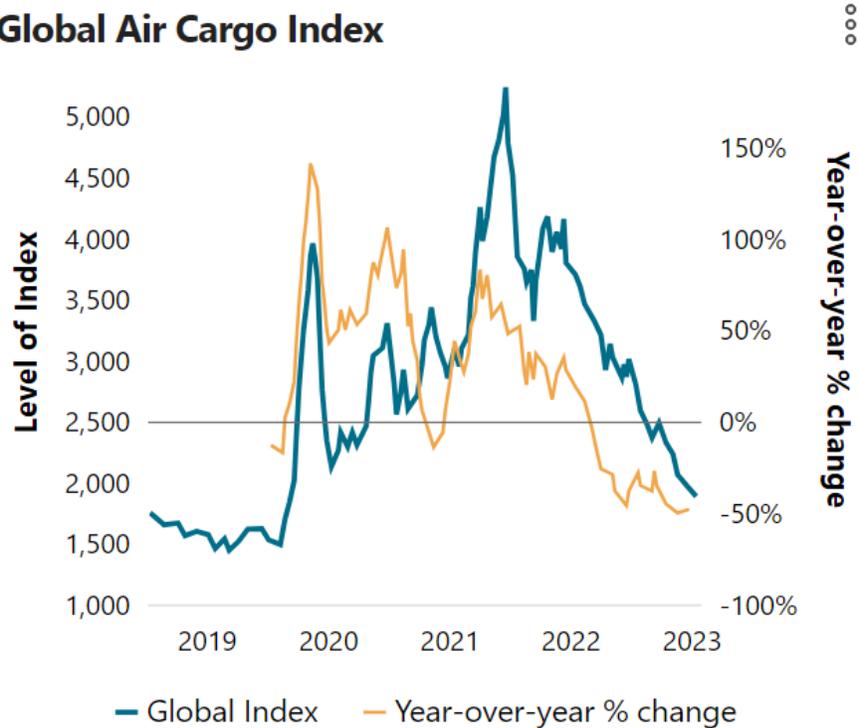
Chart info

6M 1Y YTD MAX

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International

Global Air Cargo Index



Source: Baltic Air Freight Indices powered by TAC

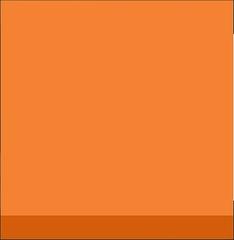
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Chart info

1M 6M 2Y YTD MAX

Air Cargo Volumes Continue to Trend Down

- Overall air cargo volumes at airports fell by 6.7% year on year (-2.6% versus 2019) in 2022, "The decline can be attributed to the ongoing geopolitical tensions and disruptions to global trade and supply chains." (AirCargoNews)
- According to the US Census Bureau, inbound air volumes to the US fell by 14% in May compared with the same month in 2022. However, volumes were 4% higher than the pre-pandemic level seen in May 2019. (Xeneta)



Parcel



UPS Reaches contract deal with Teamsters to avoid strike

- **The new contract sees a slew of new benefits for 340,000 unionized UPS employees, including higher pay for full & part time workers, new heat safety measures for all trucks, and protection from required work on scheduled days off. This is a five year agreement between UPS and the Teamsters and final voting to confirm is in process.**

Peak Season Surcharges

- In the next few weeks, we should see news of the carrier plans for holiday peak & surcharge increases. Last year these started as early as October 1st for surcharge increases. We would anticipate that these increases would remain at least at the same level as 2022, where customers saw an additional \$6.50 / \$6.55 increase to Additional Handling, \$70 / \$68.75 for Large Package and \$400 / \$385 for Over Maximum charges.
- Both carriers (FedEx & UPS) implemented systems for peak residential delivery charges that are focused on high volume shippers (20k pkgs / week) and are based on a shipper's increased volume during the holiday season. If you are at this volume level, you should reach out to your carrier rep to gauge the impact you could see this season.

INDUSTRY UPDATES

Warehousing

eShipping Distribution Services is opening its 10th warehouse In Sacramento, CA.

- EDS is opening a 160,000 sq/ft facility in West Sacramento expanding its distribution service in West Cost by increasing our ability to operate in the region.

Warehousing Market Notes

- With the demand of warehousing in the U.S. have been increasing, the industry expecting to build a 1 billion sq ft by 2025 nationwide. Online business surge and faster deliveries are some of the factors why the warehousing industry is high in demand.
- The rise of storage space has never been so HOT unit the last several years. Land availability for business growth remains a challenge, higher household income, population growth, and a steady increase of online sales are the results of the demand for storage space.

