

eShipping®

July 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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LTL

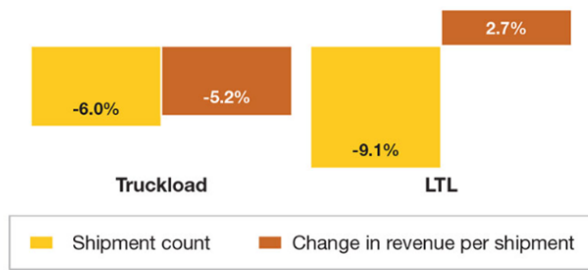
LTL Demand Soft At Mid-Point Of 2023

- At mid year 2023, the freight slowdown has produced a fall off in LTL demand but strong pricing has remained despite the sluggish market.
- Analysts and carrier executives say discounting, while still available, is more sporadic. It is not widespread as it has been in the past.

Yellow Gets Waiver Extension

- Waiver gives Yellow breathing room but with strict requirements from lenders. (Freight Waves)
- Yellow will be required to provide the lenders with a weekly “liquidity report.” In that report will be the total amount of liquidity at Yellow, including unrestricted cash on hand, cash on hand that is held for payroll and to settle contracts, and the amount of money – defined as “availability” – that the company is holding. (Freight Waves)
- We are continuing to keep a close eye on the Yellow situation as they work with the International Brotherhood of Teamsters to adjust their network and implement their strategic plan to consolidate their LTL divisions into a super-regional carrier approach.

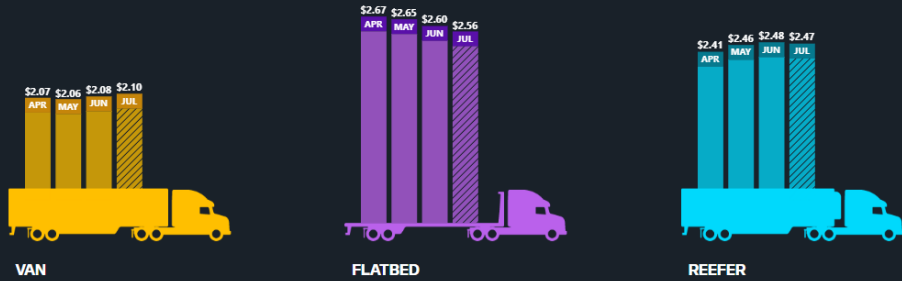
Data for change in TL and LTL shipments and revenue per shipment from Q1 2022 to Q1 2023



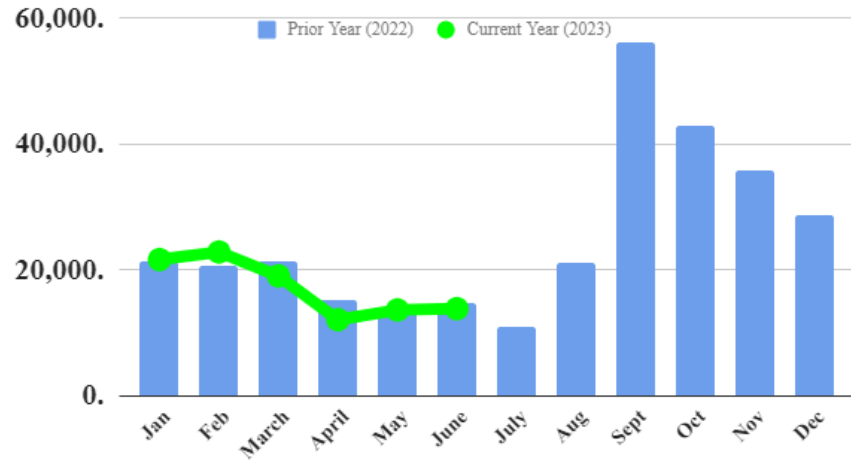
Note: The revenue per shipment change is partly impacted by drop in fuel surcharge with lower price per gallon \$5.49 in 2022 vs. \$3.99 in 2023. Source: SJ Consulting

National Spot Rates

Spot rates rise ahead of holiday



DAT



Source: FTR. Truck OEMs -- Total N.A. Cl. 8 Orders (US/CAN/MEX/EXP)

INDUSTRY UPDATES

FTL

Spot Rates Across Dry-van & Reefer Continue Upward Trend

- With summer under way, spot rates across dry and refrigerated vans increase once again. All market indicators suggest that this is a new trend for the season, so we are preparing for higher rates and tighter capacity as opportunistic carriers search for rates to offset the slower season.

Class 8 Truck Orders Flat

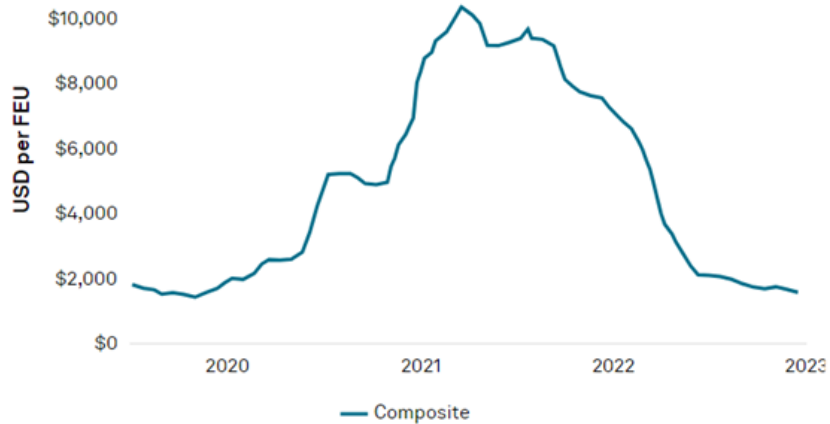
- FTR Class 8 Truck orders remained flat from May to June. This has exceeded expectations and shows an optimistic outlook as fleets clearly still need equipment replaced. All available orders have been filled for 2023 and 2024 slots are expected to open before the start of Q4.

Watch Out For Freight Fraud

- Freight fraud challenges continue as we start to see these rates increase. The higher rates can attract bad actors, so it is important for shippers to continue to verify that the trucking company matches the name on the Bill of Lading. Volatility in the market is best combatted by preparedness and flexibility to make sure your freight is covered with trusted carriers.

Chart This data in context

World Container Shipping Index (Drewry)



Source: World Container Index assessed by Drewry

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Chart info

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International

Tentative Labor Agreement Reached At Vancouver & Prince Rupert Ports

- After being shuttered for 13 days, the key container shipping ports of Vancouver and Prince Rupert in British Columbia, Canada, will open “as soon as possible” after a new labor deal was reached, the British Columbia Maritime Employers Association (BCMEA) announced Thursday. (FreightWaves)
- The strike lasted nearly 2 weeks and shutdown most of the containerized rail moves from those two ports. Even as these ports reopen, we would expect there to be delays for the coming weeks.

Ocean Space Out of Asia Is Tightening

- Due to market uncertainty, ocean space ex Asia is getting tighter as carriers have taken aggressive action to pull out more capacity from their existing services.
- We generally need to pre-book 3-4 weeks to secure space with lower cost carriers and direct transits. The space situation is expected to deteriorate in August as there will be more capacity withdrawal by service suspension, service merger and vessel downsize.
- Carriers are also removing capacity by slow steaming and postponing delivery of new ships.

Weather Conditions Improving At Panama Canal

- The Panama Canal Authority announced that, due to weather conditions that have recently improved the canal’s watershed, it has canceled additional draft restrictions meant to go into effect shortly which could have further limited the canal’s capacity, and possibly pushed rates up. (Freightos)

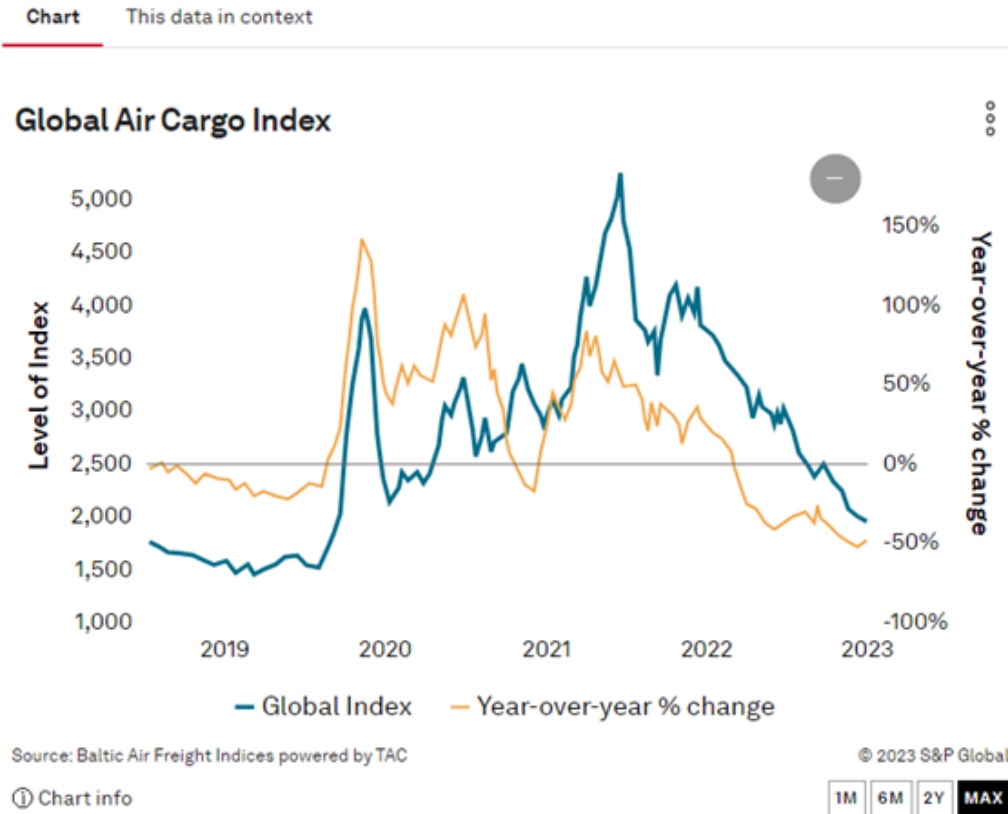
International

Airfreight Rates Trending Down Compared To 2022

- 2.40 = Ave worldwide per-kilo rate for airfreight transport in the second week of June, down 37% from last year but 36% higher than the pre-pandemic rate in June 2019, according to WorldACD

Additional Notes

- FedEx plans to remove 29 aircraft from its fleet this year through permanent retirement and temporary storage, fulfilling its new program to eliminate permanent costs and make its logistics network more flexible as global trade slows. (FreightWaves)
- The decline in air cargo demand will slow to 3.8% this year, but airline cargo revenues will tumble 33% to \$142.3 billion as a surge in passenger flights ushers in more capacity and global trade slows, according to a forecast by the International Air Transport Association (IATA). (American Shipper)





Parcel



UPS & Teamsters Contract Talks Ongoing

- Talks between UPS & Teamsters have hit some expected rough patches as they work through the pieces of the contract. We continue to follow this closely.
- UPS told customers it's still committed to reaching a deal by the deadline. The parties have acknowledged that part-time pay is the final issue holding up an agreement.
- The five-year UPS Teamsters contract covering more than 340,000 full- and part-time workers expires July 31. No additional negotiations are scheduled, the Teamsters said. The union has threatened to strike Aug. 1 without a contract in-hand. The rank-and-file has overwhelmingly authorized a strike should talks break off. (FreightWaves)

INDUSTRY UPDATES

Warehousing

eShipping Distribution Services Closing In On Sacramento, CA Expansion

- EDS is closing in on 160,000 sq/ft expansion facility in the West Sacramento area. This strengthens our ability to service both new and existing customers.

Warehousing Market Notes

- Effective Warehousing is essential for businesses to keep their inventory and supply the items whenever demand increases. With the surge in the e-commerce sector, the need for warehouses is proportionally increasing. In addition to providing space for product storage, warehouses are crucial for providing space for packaging, docking, and drawing out products to speed up delivery.
- The rising demand for storage space, the expanding e-commerce market, and the rising number of merchants are the main factors driving the expansion of the Warehousing market. Further, the population expansion and rising household income are some other significant causes resulting in the rising need for storage space. Also, the rise in internet users and online sales are the factors fueling the expansion of the e-commerce sector.

