



TL & LTL Monthly Market Update: February 2023

Mixed signals in the transportation industry and the broader economy point to what could be a turbulent 2023.



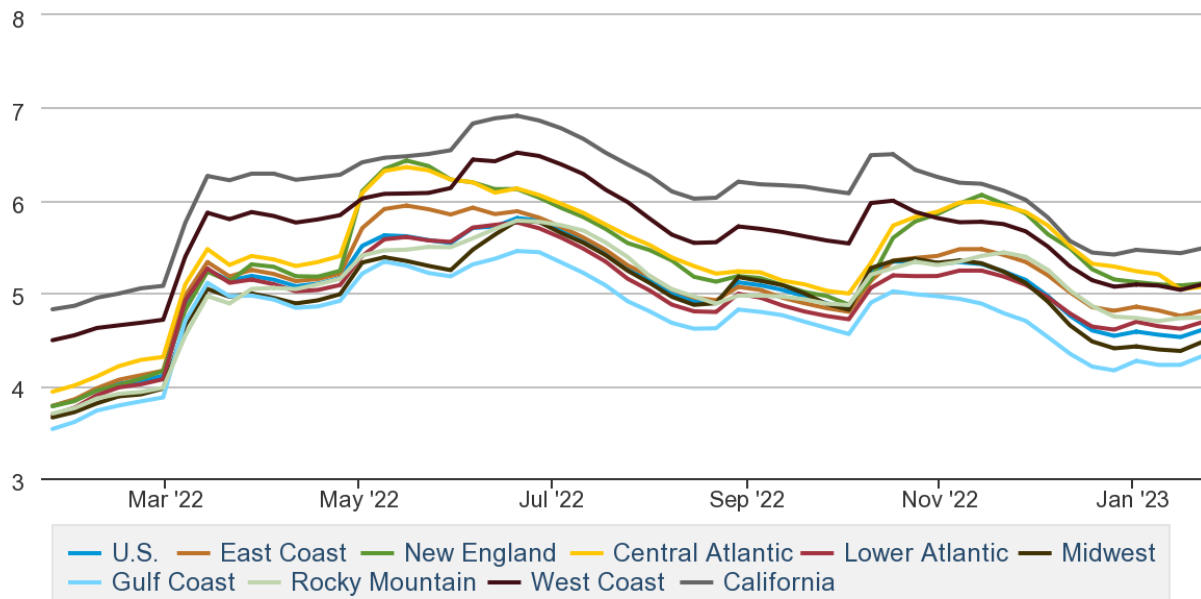
Diesel prices stay flat

National average diesel prices held relatively flat in January compared to December, finishing the last full week of the month at \$4.604/gal compared to \$4.596/gal at the end of the prior month. This was up \$0.080 from the previous week and up \$0.824 over the preceding year. The agency updated its outlook predicting a gradual price decline through 2023, with rates flattening in 2024.



On-Highway Diesel Fuel Prices

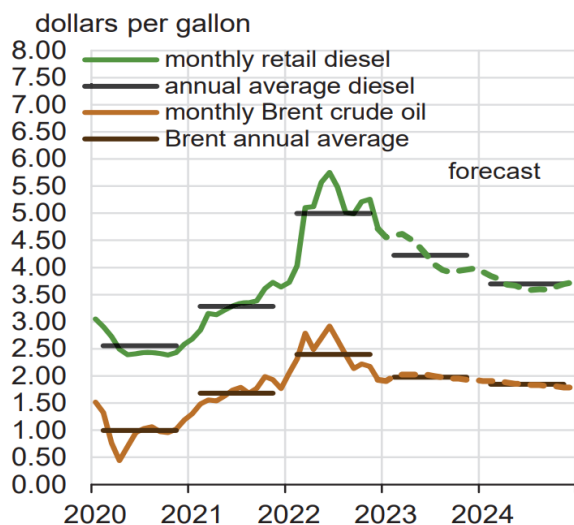
(dollars per gallon)



Data source: U.S. Energy Information Administration

Source: [EIA](#)

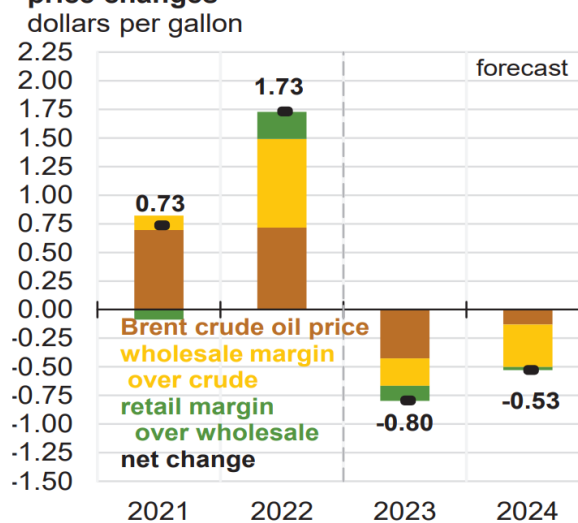
U.S. diesel and crude oil prices



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2023, and Refinitiv an LSEG Business

Source: [EIA](#)

Components of annual diesel price changes





DAT reports spot rates rebound slightly

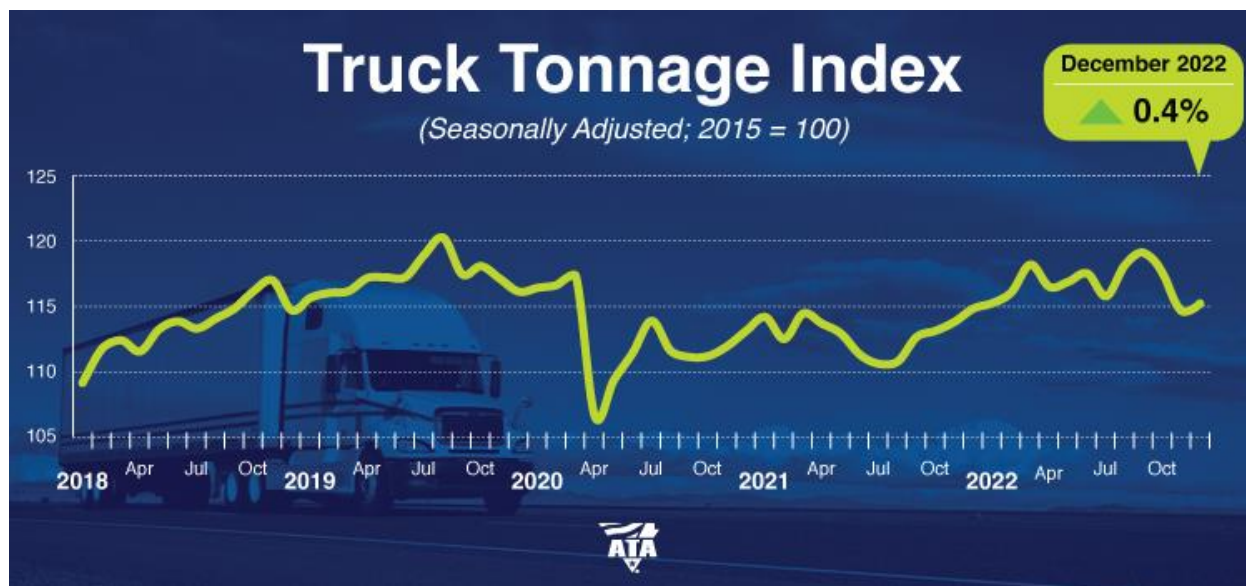
In a sign that spot rates may have bottomed out, DAT reports that average per-mile rates for vans and reefers increased in January, staying flat for flatbeds (no pun intended). Carriers hope the trend will continue and rates will rebound from their record lows to something like a new normal.



Source: [DAT](#)

Despite soft Q4, truck tonnage up overall for 2022, up slightly in December

Despite a weak Q4, the ATA reports that truck tonnage increased 3.4% overall for 2022 in what was a year of ups and downs. The average finished the year up just slightly, 0.4% in December compared to a 2.5% decrease in November.



Source: [ATA](#)



Mixed signals, big layoffs in tech, weak housing market, but labor remains tight

The US labor market remains tight, with three straight weeks of declining unemployment claims to start the year. Despite the strength of the overall job market, signals remain mixed overall. Large tech companies, including Amazon, Google, and Microsoft, announced significant layoffs, while the housing sector and industrial output both have taken a hit from interest rate pressure and changing consumer behavior. (Source: [Reuters](#))

News from around the industry

Record Q4 for Paccar

Bucking the trend of the manufacturing sector overall, truck and parts maker Paccar reports a record quarter for Q4 2022. The maker of truck brands such as Kenworth and Peterbilt saw revenue rise across all business units to \$8.13 billion in 2022 compared to \$6.69 billion in 2021. The company predicts that pent-up demand for trucks and truck parts will lead to a strong 2023. (Source: [FreightWaves](#))

Uber Freight Announces Layoffs

Freight broker Uber Freight announced that it would cut around 150 employees, about 3% of its workforce. The cuts will come from the company's digital brokerage division. The announcement comes two months after the announcement of much larger layoffs by competitor CH Robinson. Uber's CEO said the company expanded its workforce last year, but demand has not met expectations, forcing cutbacks. The announcement shows that 3PLs, as well as carriers, face challenges from contracting shipment volumes. (Source: [FreightWaves](#))

PITT OHIO expands service to New York

LTL carrier PITT OHIO announced the addition of 32 next-day lanes to the state of New York. This will expand and improve the carrier's coverage of the state, which was recently added to their service territory through the acquisition of several terminals. (Source: [Transport Topics](#))

Used truck prices drop

In a good sign for carriers, especially small to medium size fleets, the prices for used trucks have started to come back down to earth. As supply chains have improved and the pace of delivery of new trucks has increased, pressure has been taken off the used truck market. Prices are still around 25% higher than pre-pandemic levels but are way down from their peak of nearly 150% above pre-pandemic levels. (Source: [FreightWaves](#))



Market outlook

We continue to live in uncertain economic times. The first quarter should give a clearer picture of whether the strong job market can overcome the pressures of inflation and weakness in the housing and manufacturing sectors. We will also see if freight rates have bottomed out and will return to a new normal or if the industry will continue to battle weak demand.

As always, you can contact your IL2000 Client Services team if you have any questions.