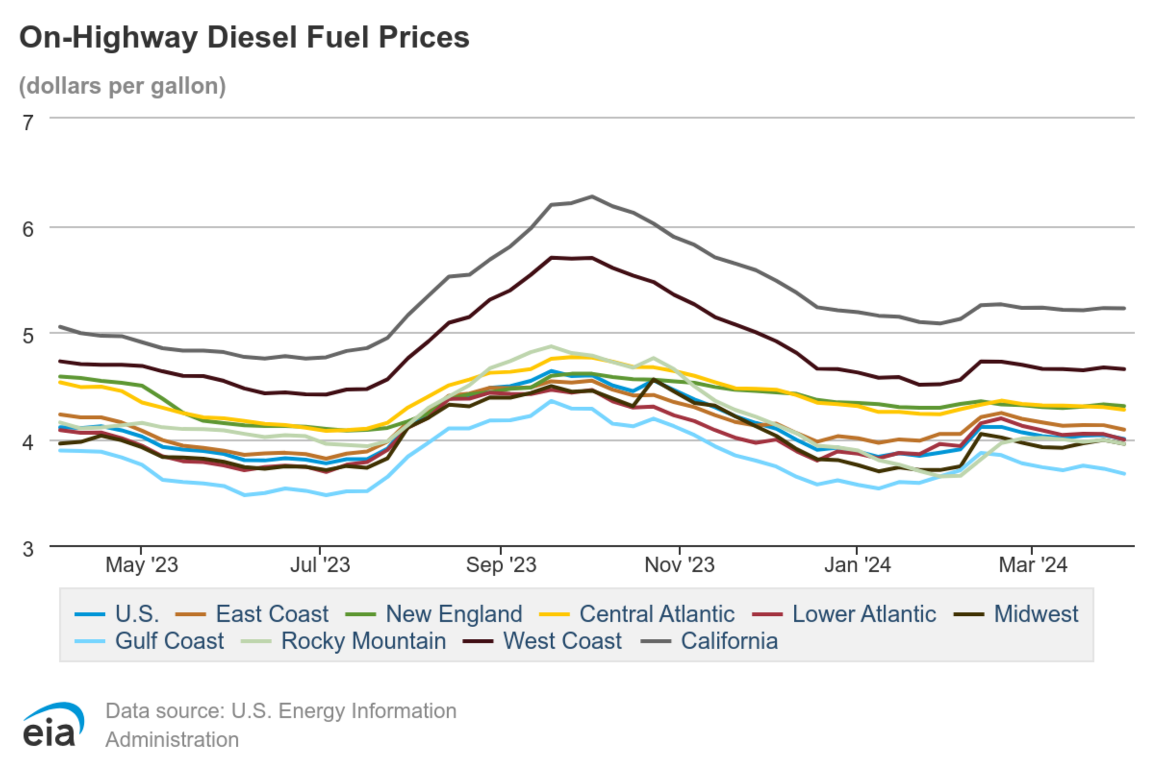
TL & LTL MONTHLY MARKET UPDATE

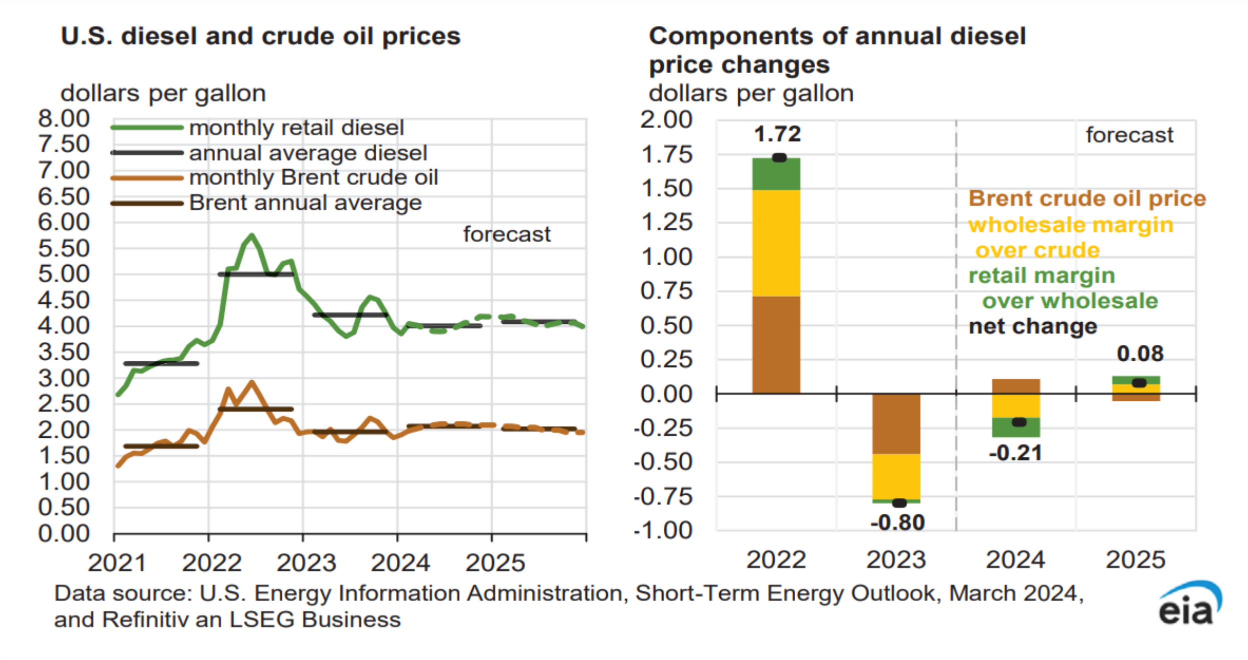
APRIL 2024

March sees stable Diesel Prices, EIA adjusts 2024 forecasts upward

The national average diesel price was stable in March relative to February, finishing the last full week of the month at $4.034 /gal, compared to $4.058 /gal at the end of the prior month. This was down $0.01 from the previous week and down $0.094 relative to the preceding year. The EIA has increased its 2024 projections by $0.09.



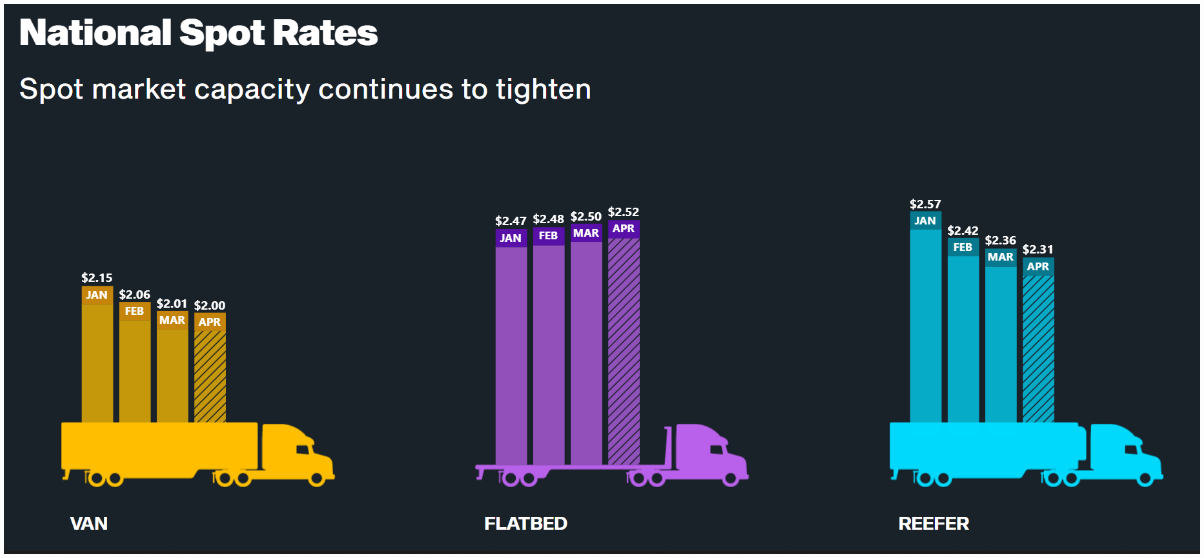
(Source: [EIA](EIA))



(Source: [EIA](EIA))

March spot rates continue downward trend

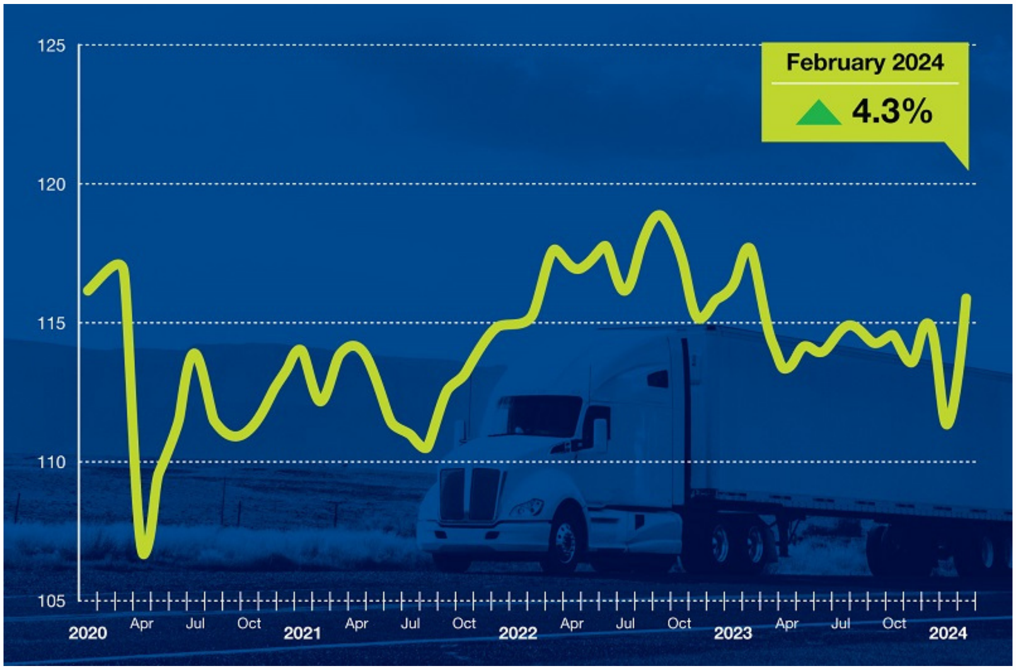
March spot rates declined for both van and reefer, with a marginal increase for flatbed. April projections indicate more of the same, pinning rates at continuing historical lows. Reefer rates have seen the most significant year-to-date decline of $0.21 per mile. Van rates are down $0.14 per mile, and flatbed rates are slightly up $0.03 per mile year-to-date.



(Source: DAT)

ruck Tonnage Index snapped back in February but remains down

The American Trucking Association's advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index increased by 4.3% in February after decreasing by 3.2% in January. Even though tonnage has rebounded in the short term, the index is still down 1.4% from the previous year, suggesting the freight recession remains.



(Source: ATA)

News from around the industry

TFI acquires LTL carrier Hercules Forwarding
TFI International has added Hercules Forwarding to its stable of LTL carriers, which already includes TForce Freight (Formerly UPS Freight and Conway), TST-CF Express, and Kindersley, among several others. The acquisition will add 31 terminals and $100 million in annual revenue to their portfolio. TFI posted the worst LTL operating ratio among publicly traded LTL carriers in Q4 2023. Hercules is positioned in premium markets specializing in high-value freight, which they hope will help boost their operating ratios. (Source: FreightWaves)

LTL update: Enter the post-Yellow world
It's been nine months since the collapse of the 3rd largest LTL carrier, Yellow Corp. The news has dominated all headlines since then, but we're starting to see what a steady-state market looks like. LTL carriers have remained disciplined with their pricing and are projected to do exceptionally well for the remainder of 2024. LTL is now the most profitable sector of the $900 billion trucking industry. Tonnage has remained light, and if the freight recession ends, we could see rates increase rapidly. There is less capacity than ever, and the incredibly high barriers to entry in LTL make it impossible to scale quickly. (Source: SupplyChain247)

Baltimore bridge collapse pressures key trucking lanes
The collapse of the Francis Scott Key Bridge will have ripple effects throughout all sectors of the logistics industry. The Port of Baltimore is a unique port specializing in specific verticals, particularly the auto industry. Baltimore is a large flatbed market specializing in large machinery and equipment. As the ships are routed to other ports, the established pricing is being adjusted to move equipment to meet demand as lanes change. The bridge also serviced massive logistics operations in Sparrows Point, which will have to reroute around the entirety of Baltimore. Hazmat haulers also preferred the bridge as an alternate route to avoid traffic during peak haulers as they're not allowed through the I-895 Harbor Tunnel. (Source: TruckingDive)

Market Outlook

The LTL and TL markets are currently diverging in terms of profitability and financial performance. Truckload rates are historically low and have remained so for over a year. On the other hand, LTL rates are the highest they've ever been and will likely continue to rise as carriers remain disciplined in pricing. Now that Yellow is gone, fewer carriers are chasing freight with reduced rates. Unlike truckload, opening an LTL operation is extraordinarily expensive and time-consuming, so as demand rises, so will rates. We are seeing long-term shipper-carrier relationships end and new ones created as shippers and 3PLs are forced to explore other partners to mitigate rate increases below double digits.

We will be here for you no matter what the future holds for LTL and Truckload.

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

Sources: EIA, DAT, ATA, FreightWaves, SupplyChain247, TruckingDive