

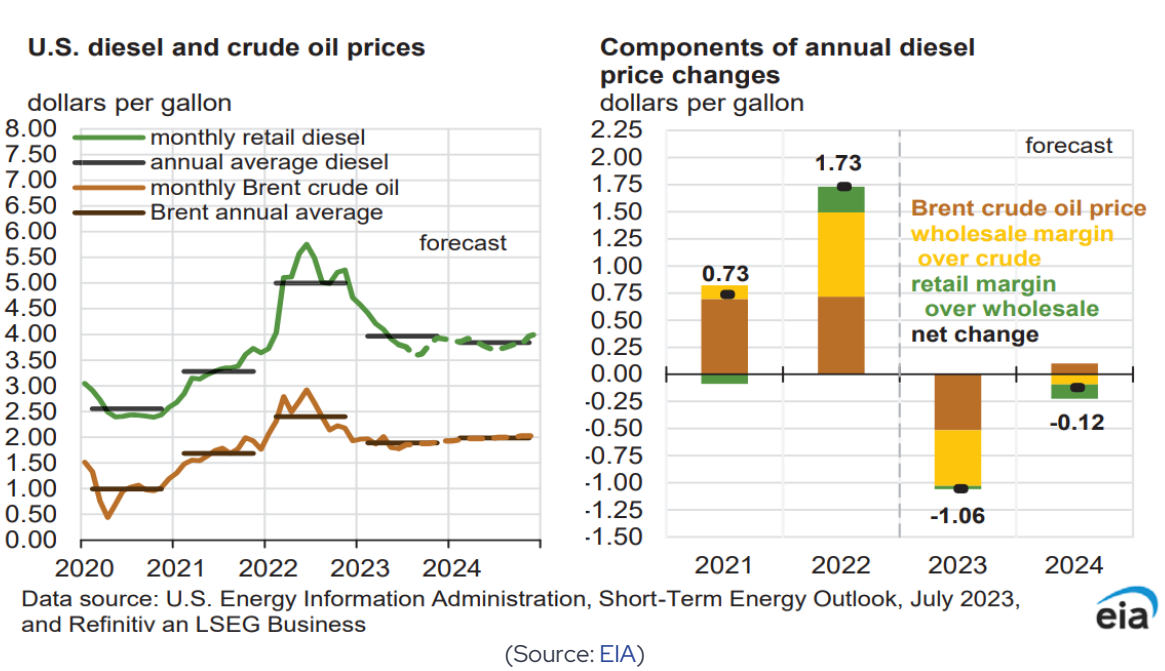
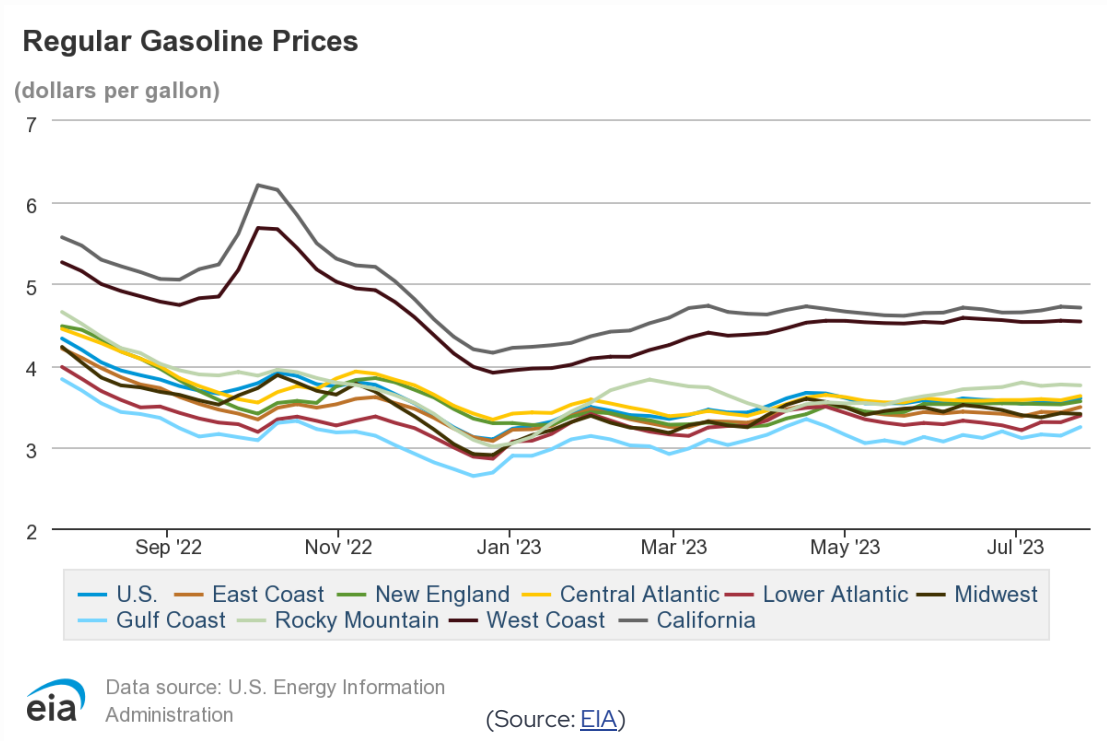
TL & LTL MONTHLY MARKET UPDATE

AUGUST 2023



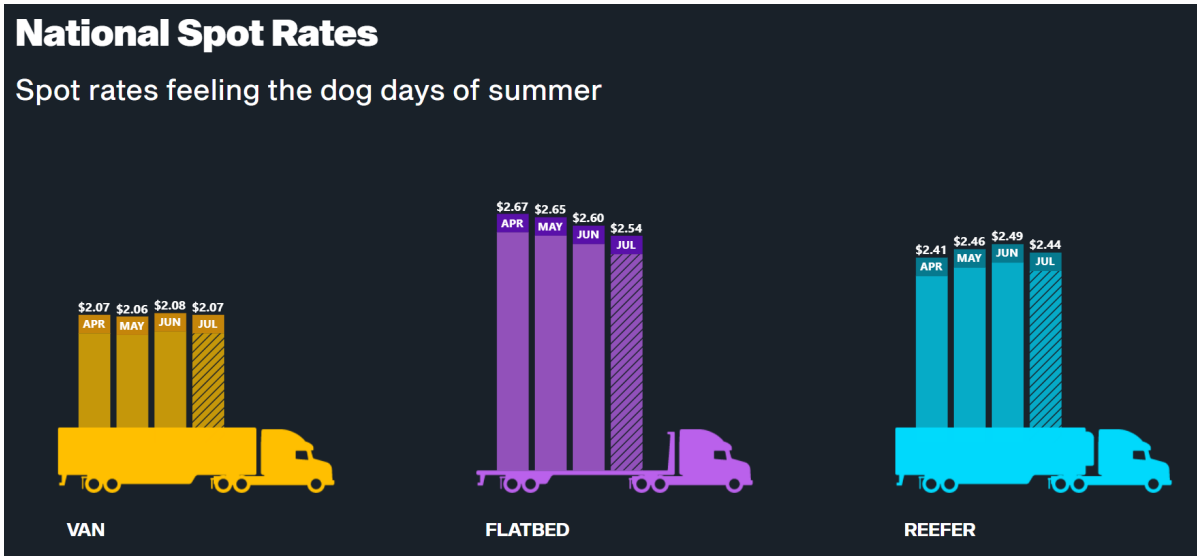
Diesel prices hold relatively steady throughout July

National average diesel prices held steady in July, finishing the last full week of the month at \$3.905/gal compared to \$3.801/gal at the end of the previous month. This was up \$0.099 from the prior week and down \$1.363 relative to the preceding year. The EIA has continued to lower pricing guidance for the remainder of 2023 and 2024 but at a less drastic reduction than prior projections.



Projected July price increases fall short

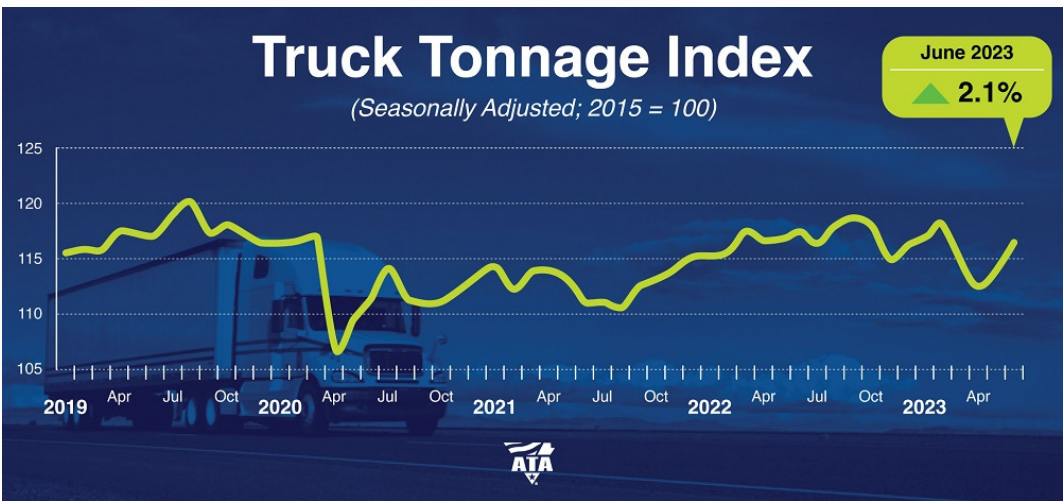
DAT's June projections of a July increase in rates never materialized, and rates have held relatively flat for both van and reefer spot rates. Flatbed rates have continued to slide. This is particularly concerning when combined with stagnant spending on consumer goods and falling factory outputs. There seems to be no sign of near-term spot rate recovery.



(Source: DAT)

Truck tonnage index continues recovery trend

After dropping 4.5% in March and April, the adjusted truck tonnage improved by 2.4% in May and an additional 2.1% in June for a net recovery in the short term. The continued recovery is a positive sign, but we are still in recession territory. Year-over-year trends are still down and off by 1.9% from its most recent peak in September.



(Source: ATA)

News from around the industry

Yellow prepares to file for bankruptcy as customers flee

After months of prolonged saber-rattling on both sides, Yellow and the Teamsters have been unable to reach an agreement. There have been deadline extensions, but sources indicate that Yellow's freight volumes have dropped 80% in recent days. In a business requiring high fixed costs, Yellow is unable to scale down and is burning through cash rapidly. At any moment, they could breach their liquidity requirements with their lenders. (Source: [Wall Street Journal](#))

UPS reaches tentative contract with 340,000 unionized workers

On Tuesday, July 25th, the Teamsters and UPS struck a deal that both sides hailed as a win. In addition to wage increases, the agreement adds Martin Luther King Jr. Day as a paid holiday, ends forced overtime on drivers' days off, and includes language to improve safety. The agreement also forges an easier path for part-time workers to transition to full-time. (Source: [Associated Press](#))

Produce season fails to boost struggling freight market

As noted on our spot rate analysis and truck tonnage index, the usual boost in freight rates sparked by the produce season never bared fruit. The industry entered peak season with excess capacity, and combined with a weak produce growing season, the demand never spiked to its usual levels. As a result, truckload rate increases never materialized. (Source: [Transport Topics](#))

Market outlook

Over the past month, the turmoil surrounding Yellow, the Teamsters, and its subsidiaries, New Penn, USF Holland, and USF Reddaway, have dominated industry and national news. As Yellow goes through bankruptcy, the LTL marketplace will be saddled with a sudden 10% influx of freight. Increased LTL rates are expected as Yellow, typically the low-cost carrier, will no longer be around to apply pricing pressure from the bottom and take that market share. Shippers with well-packaged, standardized freight should see minimal resistance and small price increases when seeking alternate carriers. On the flip side, shippers with over-length or poorly packaged products will have an uphill battle to climb in seeking alternate carrier options as well as anticipate significant rate increases.

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

Sources: EIA, DAT, ATA, Wall Street Journal, Associated Press, Transport Topics