



TL & LTL Monthly Market Update: December 2022

Fuel prices decline, but so do rates and freight volume. Congress votes to avert potential rail strike.



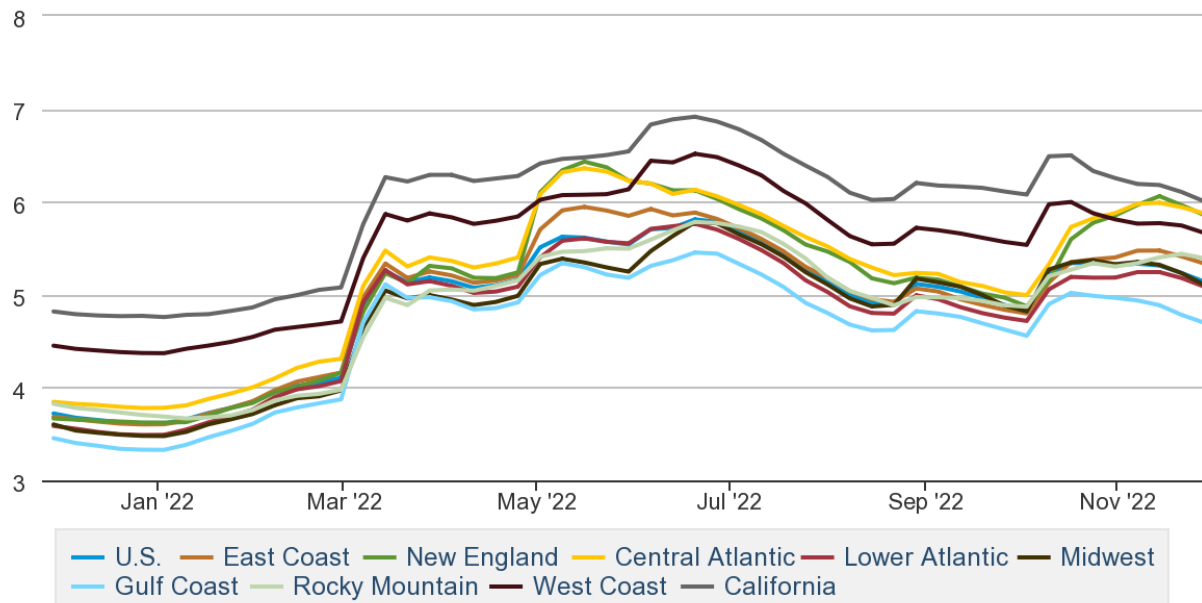
Diesel price edges down

National average diesel prices decreased in November compared to October, finishing the month at \$5.141/gal compared to \$5.341/gal at the end of the prior month. This was down \$0.092 from the previous week and up \$1.421 over the preceding year. The agency's projections for 2023 remain largely unchanged.



On-Highway Diesel Fuel Prices

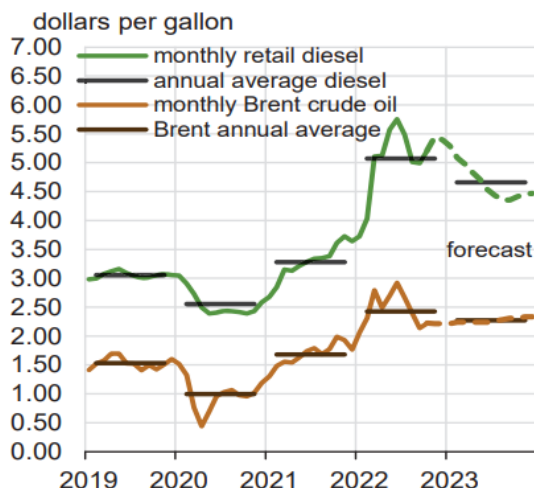
(dollars per gallon)



Data source: U.S. Energy Information Administration

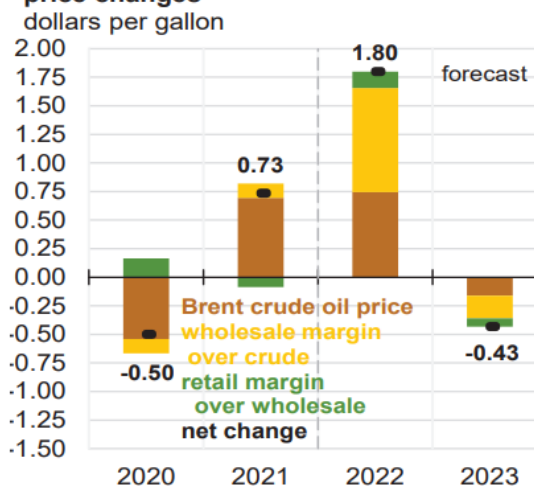
Source: [EIA](#)

U.S. diesel and crude oil prices



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, November 2022, and Refinitiv an LSEG Business

Components of annual diesel price changes



Source: [EIA](#)



DAT reports spot rates decline

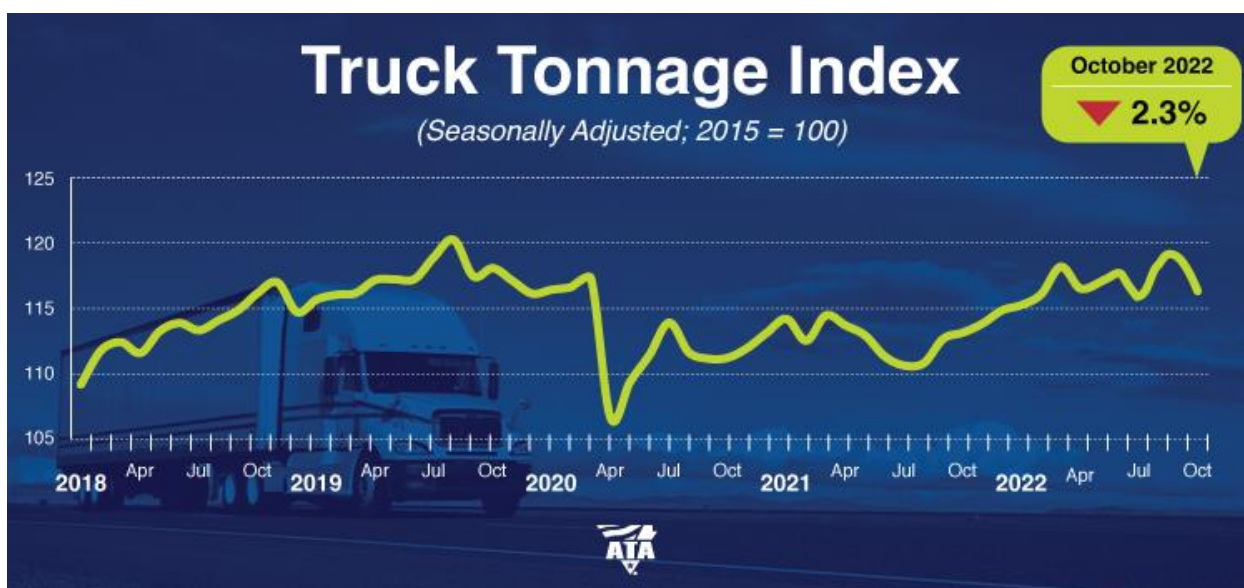
Spot rates declined slightly for vans and flatbeds in November, holding steady for reefers. The slight decline in fuel prices might offer some relief to carriers feeling the pinch of high fuel costs and declining rates and shipment volume.



Source: [DAT](#)

Truck tonnage declines

According to the ATA's seasonally adjusted truck tonnage index, for-hire truck tonnage declined 2.3% in October, the largest monthly decline since the start of the pandemic. The decline reflects a slower-than-normal holiday shipping season, weakness in housing, and declining personal goods consumption.



Source: [ATA](#)



Congress Intervenes to Avert Rail Strike

The US House of Representatives and Senate voted to block the railroad union strike that would occur as early as December 9th unless an agreement is reached. The bill now goes to the president for signature. The strike would have impacted an estimated 115,000 workers, and the White House estimates that up to 765,000 Americans could lose their jobs if the railroads were to shut down.

Union Concerns

Four out of the 12 railroad labor unions oppose the new deal citing the lack of paid sick leave as the primary concern. Unions initially requested 15 days of paid sick leave, with the rail companies countering with one personal day and no guaranteed sick time. Democratic supporters and union leaders are pushing for seven days.

Macro-Economic Concerns

Freezing rail traffic would halt roughly 30% of all US freight tonnage. Economists estimate that the stoppage would cost the US economy \$2 billion per day, further stoking inflation concerns.

News from around the industry

A. Duie Pyle Expands Coverage to West Virginia

After adding service to Virginia earlier this year, LTL carrier A. Duie Pyle will now expand its service territory to West Virginia, servicing the state from terminals in Maryland, Pennsylvania and Virginia. According to the company, this will complete its expansion in the Mid-Atlantic region. (Source: [Transport Dive](#))

LTL Carriers Furlough Workers as Freight Volumes Decline

Facing lower freight volumes, two LTL carriers announced plans to furlough workers.

FedEx Freight will offer voluntary driver furloughs or transfers in certain markets beginning in early December. The company has seen a decline in volume since posting record profits in the third quarter. (Source: [FreightWaves](#))

XPO Logistics announced plans to offer furloughs to drivers and dock workers over the holiday season at terminals that have experienced a decline in shipment volume. The company expects furloughed workers to be back on the job by the end of January. (Source: [Transport Dive](#))



Market Outlook

Economic uncertainty reigns at the end of the year. The full truckload market continues to see rates decline, while LTL carriers who have held the line on rates are experiencing pressure from declining volumes. Carriers in both modes are challenged by the need to balance still higher costs with the need to capture shipment volume. If trends continue, LTL carriers will likely have to follow suit and become more aggressive in their rate offerings.

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