



# TL & LTL Monthly Market Update: January 2023

The industry faces pressure as volumes and rates decline and fuel costs cut into margins.



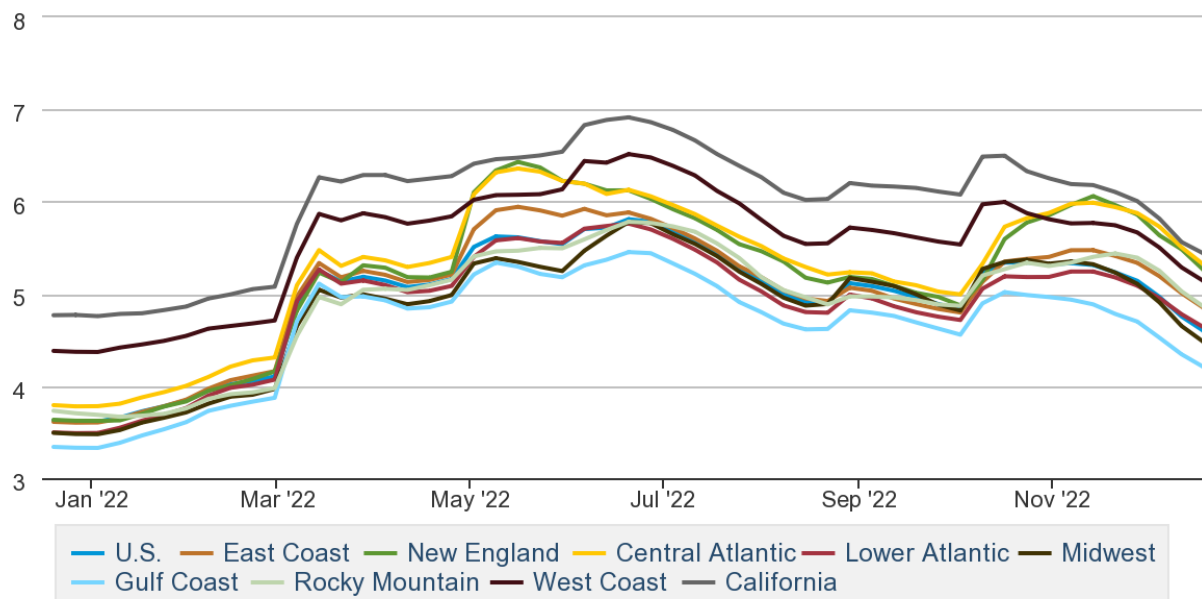
## ***Diesel prices continue to decline***

National average diesel prices decreased in December compared to November, finishing the month at \$4.596/gal compared to \$5.141/gal at the end of the prior month. This was down \$0.158 from the previous week and up \$0.97 over the preceding year. The agency has not yet released updated projections for 2023.



## On-Highway Diesel Fuel Prices

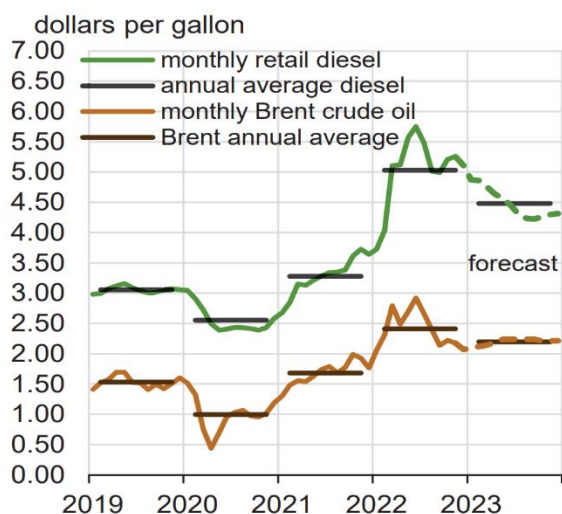
(dollars per gallon)



**eia** Data source: U.S. Energy Information Administration

Source: [EIA](#)

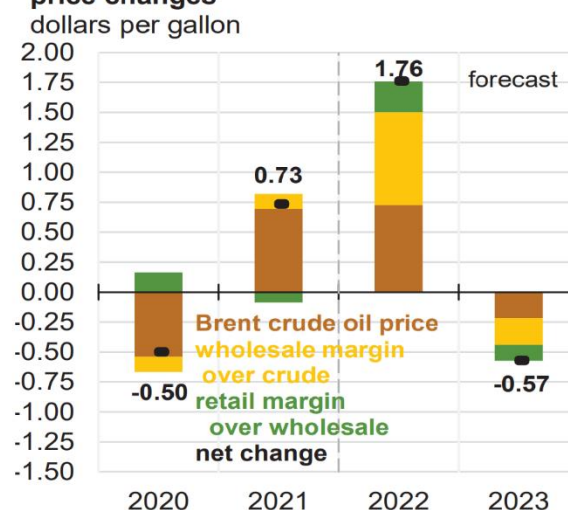
### U.S. diesel and crude oil prices



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

Source: [EIA](#)

### Components of annual diesel price changes





## DAT reports spot rates decline

Spot rates held basically flat for vans in December and declined for reefers and flatbeds, continuing the trends of recent months and highlighting the end of an unusually downfall peak season.



Source: [DAT](#)

## Despite falling fuel prices, the truckload sector faces challenges

According to the ATA's seasonally adjusted truck tonnage index, for-hire truck tonnage declined 2.5% in November, following an adjusted 1.2% decline in October. This makes two months in a row where the index fell at rates not seen since the COVID-19 pandemic.



Source: [ATA](#)



According to [FreightWaves](#), the industry as a whole faces pressure as volumes and rates decline and fuel costs cut into margins.

Owner operators and small fleets, who tend to pay higher prices for fuel than larger fleets who can buy in bulk, are feeling the pressure most accurately, but larger companies are also warning of a difficult 2023.

Key challenges to the industry include:

- Falling but still high fuel prices
- Steep declines in freight rates
- Slowdowns in key sectors of the economy, such as durable goods and housing

Some experts predict that these adverse conditions may continue into early 2024.

## ***LTL GRI season is upon us***

As we move into 2023, LTL carriers have begun to announce their general rate increases (GRIs). Despite the recent declines in freight volumes, carriers are implementing increases similar to what was seen in 2022.

Announced GRIs Include:

Carrier	GRI	Effective Date
ArcBest	5.9%	11/7/2022
Tforce	5.4%	11/14/2022
FedEx	6.9%	1/1/2023
Estes	4.9%	1/2/2023
Old Dominion	5.9%	1/3/2023
A. Duie Pyle	5.9%	1/3/2023
Forward Air	6.9%	2/6/2023



It is important to note that GRIs automatically apply to shippers who ship under carriers' current pricing tariffs but do not apply to most customer-specific pricing programs. GRIs announced so far signal that despite declining volumes, LTL carriers intend to maintain "pricing discipline," i.e., to continue to seek improved revenue and profitability through increasing rates.

## ***News from around the industry***

### **New emissions standards announced for heavy trucks**

The EPA announced new federal emissions standards for heavy-duty trucks to take effect for the model year 2027. The new regulations are 80% stricter than current regulations, intending to reduce nitrogen oxide emissions from heavy trucks by 40%. While the new standards are very strict, they are less stringent than the regulations proposed by California. This has led to criticism from some industry groups that the new regulations will increase the cost of equipment and lead to a confusing patchwork of state and federal regulations. (Source: [Transport Dive](#))

### **USPS to go electric**

In a major development for the growth of using alternative fuels in trucking, the United States Postal Service announced its plans to purchase 66,000 electric vehicles by 2028. The agency is also exploring the possibility of making its fleet 100% electric at some point in the future. (Source: [Transport Topics](#))

## ***Market outlook***

The same as in recent months, as we look ahead to an uncertain 2023, but one that many predict will see poor economic conditions. TL carriers continue to weather falling freight rates, while LTL carriers continue to try to hold the line on rates despite also facing the pressure of high costs and declining volume.

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