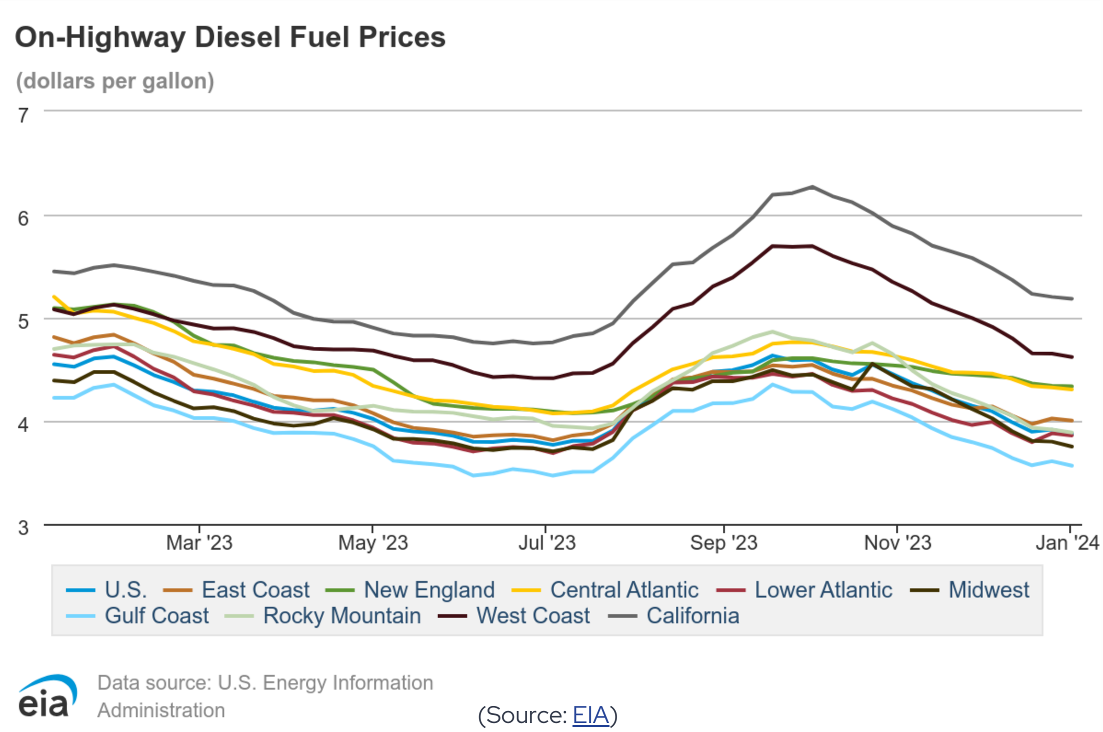
IL2000

TL & LTL MONTHLY MARKET UPDATE

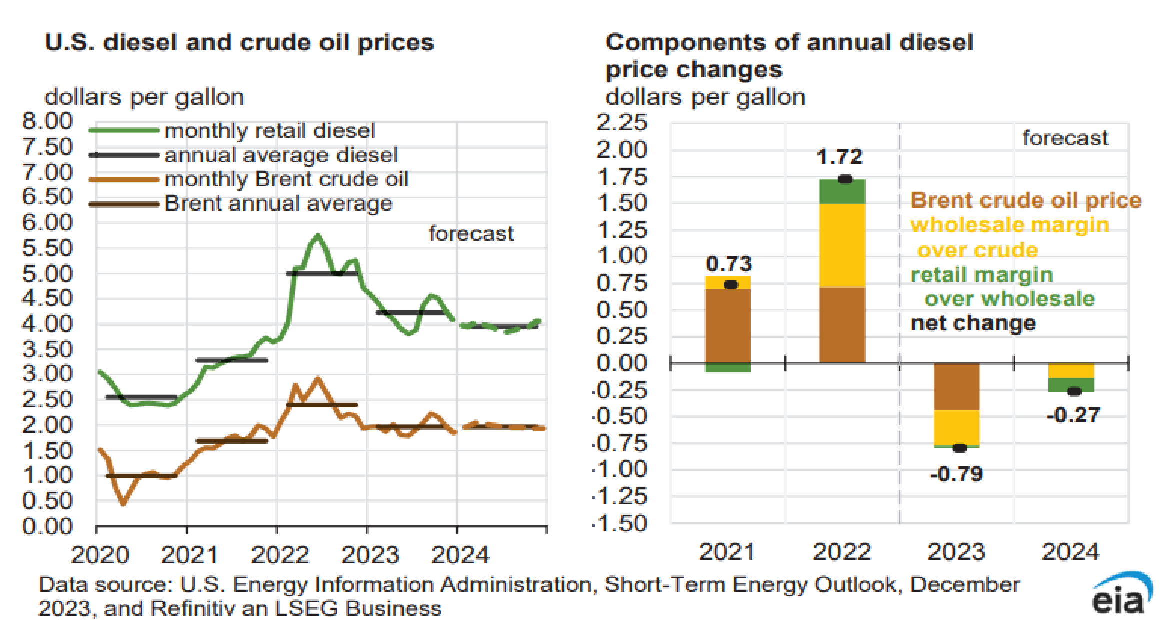
JANUARY 2024

Diesel prices continue decline throughout December

National average diesel prices continued their downward trend throughout December, finishing the last whole week of the month at $3.914 /gal compared to $4.146 /gal at the end of the previous month. This was up $0.02 from the prior week and down $0.623 relative to the preceding year. The EIA has significantly lowered its 2024 projections by $0.26 per gallon due to the soft rates at the end of 2023.



(Source: EIA)



(Source: EIA)

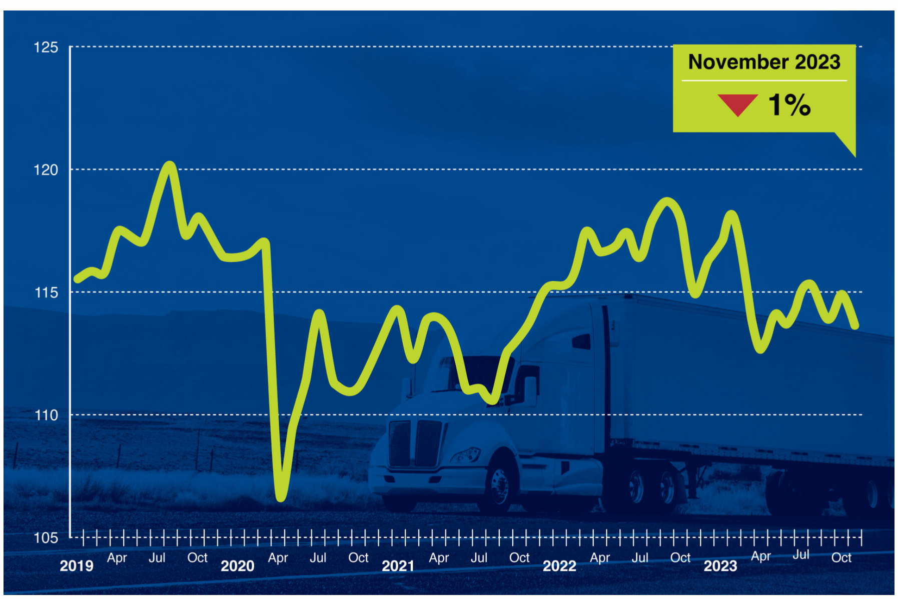
January spot rates projected to improve

After weak rates in both November and December, January projections are finally trending upward. However, these forecasts are based on earlier predictors and can change as additional data is gathered. Van and flatbed rates are projected to improve by $0.03 per mile. Reefer rate is projected to gain $0.07 per mile. Tighter capacity during the shorter holiday weeks helped boost the pricing before closing 2023.

(Source: [DAT])

Truck Tonnage Index sporadic behavior continues

American Trucking Associations' advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index decreased by 1% in November after increasing by 1.1% in October. This is 1.2% below November 2022. Tonnage has been sporadic all year, but the ATA's Chief Economist, Bob Costello, "Isn't expecting any surge in freight levels in the coming months."



(Source: [ATA])

News from around the industry

Auction moves 2nd lot of Yellow terminals

The first lot of Yellow terminals were auctioned off, and the bidders were revealed on December 1, 2023. A few weeks later, the 2nd tranche of real estate was auctioned off. Below is a summary of the bidders by round. Notably absent was Old Dominion. They may be pursuing real estate via other means or have deals in process with active bidders. XPO was the largest bidder at $870M. (Source: FreightWaves)

	Terminal Count			Purchase Price		
Bidder	**Round 1**	**Round 2**	**Total**	**Round 1**	**Round 2**	**Total**
XPO	28	0	28	$870,000,000	$0	$870,000,000
Estes	24	5	29	$248,700,000	$35,300,000	$284,000,000
Saia	17	11	28	$235,700,000	$7,900,000	$243,600,000
RAMAR Land Corp. (R+L Carriers)	8	3	11	$211,500,000	$9,000,000	$220,500,000
Terminal Properties, LLC (Pitt Ohio)	7	0	7	$83,800,000	$0	$83,800,000
Knight-Swift Transportation (AAA/MME)	13	2	15	$51,300,000	$417,150	$51,717,150
ArcBest	3	1	4	$30,200,000	$7,800,000	$38,000,000
A. Duie Pyle	4	0	4	$29,400,000	$0	$29,400,000
TForce	2	0	2	$16,000,000	$0	$16,000,000
Southeast Consolidators	1	0	1	$8,500,000	$0	$8,500,000
Skylark Logistics	2	0	2	$8,000,000	$0	$8,000,000
Z Brothers Trucking	1	0	1	$4,200,000	$0	$4,200,000
Unis	2	0	2	$2,400,000	$0	$2,400,000
TForce	2	0	2	$16,000,000	$0	$16,000,000
Southeast Consolidators	1	0	1	$8,500,000	$0	$8,500,000
Skylark Logistics	2	0	2	$8,000,000	$0	$8,000,000
Z Brothers Trucking	1	0	1	$4,200,000	$0	$4,200,000
Unis	2	0	2	$2,400,000	$0	$2,400,000
FedEx Freight	0	1	1	$0	$22,500,000	$22,500,000
Total	**120**	**23**	**143**	**$1,838,800,000**	**$82,917,150**	**$1,921,717,150**

December manufacturing output declines to end 2023 reports ISM

Despite a slight uptick in December, manufacturing output was well below the required metrics that would signal growth. The ISM's Manufacturing Report on Business benchmark, PMI, was 47.4 (50 or higher signals growth). This is the 14th consecutive month of contraction. The only sector signaling growth was primary metals. (Source: SupplyChain24/7)

UPS and FedEx's Tough Year

UPS and FedEx faced challenges across multiple fronts in 2023. Both carriers had to take measures to "right size" their operations. Soft demand led to price deterioration as carriers grappled for volume. Price increases were smaller than usual, which carriers tried to offset with increases in fuel surcharge. For carriers, fuel surcharges are an additional source of profit, so weak fuel prices impact overall margins. (Source: SupplyChainDive)

Market outlook

2023 was another year of change in the LTL market. Whether through bankruptcy, acquisition, or merger, capacity is now spread across fewer carriers than at any point in recent history. As this capacity is retooled and brought up to speed, the market should expect to return to a more favorable position for shippers. Shippers have grappled with price increases and weaker service for the past three years. Barring any major shake-ups, shippers should be in a more favorable position by the end of the first quarter of 2024.

For truckload, 2023 was a year many in the industry would rather forget. Prices never increased to year-over-year gains, and the usual spikes in prices during the year never materialized. Several truckload brokerage operations had to close their doors as a result. Excess capacity, low tonnage, and historically weak pricing linger in the marketplace. Unless one of these factors swings the other way, truckload pricing shows no sign of improving in the near term.

We hope you had a wonderful Holiday season.

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

Sources: EIA, DAT, ATA, FreightWaves, SupplyChain24/7, SupplyChainDive