

# TL & LTL MONTHLY MARKET UPDATE

JUNE 2023

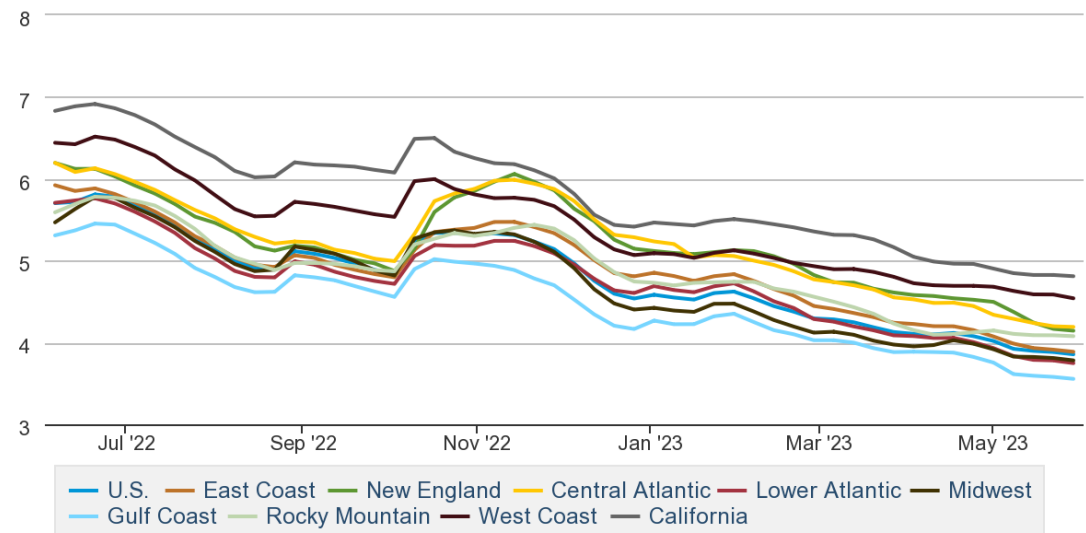


## Diesel prices continue steady decline; EIA continues lower pricing into 2024

National average diesel prices continued their downward slide in May compared to April, finishing the last full week of the month at \$3.883 /gal compared to \$4.077 /gal at the end of the prior month. This was down \$0.014 from the previous week and down \$1.688 relative to the preceding year. The EIA has continued to lower pricing guidance for the remainder of 2023 and 2024. (Source: [EIA](#))

### On-Highway Diesel Fuel Prices

(dollars per gallon)

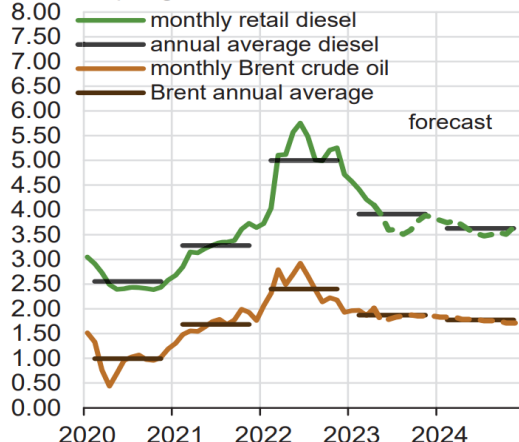


Data source: U.S. Energy Information Administration

(Source: [EIA](#))

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

(dollars per gallon)

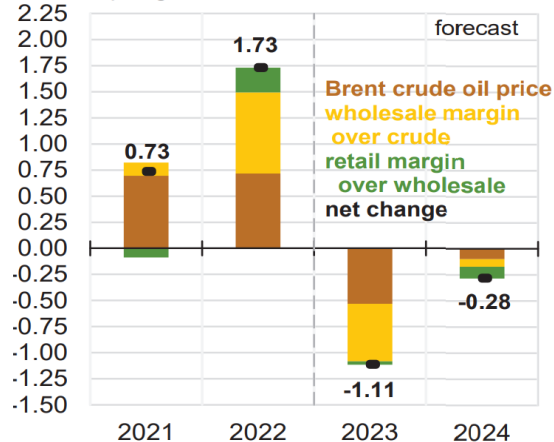


Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, May 2023, and Refinitiv an LSEG Business

(Source: [EIA](#))

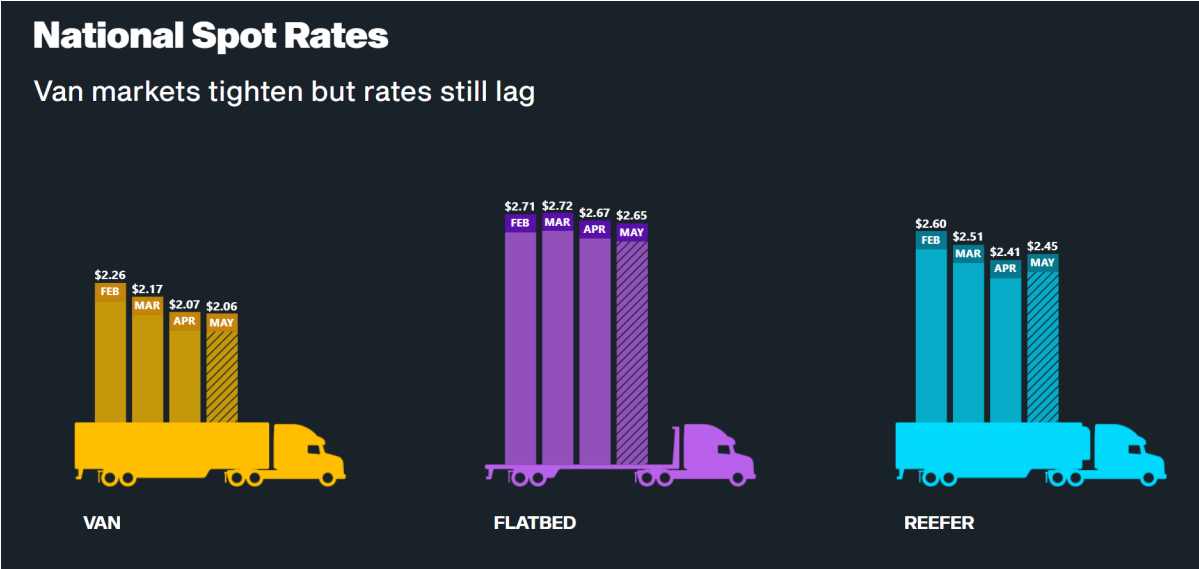
### Components of annual diesel price changes

(dollars per gallon)



**DAT spot rates continue decline; reefer rates see slight uptick**

Spot rates continued to decline to historic lows. The dry van rate freefall has slowed but is still lagging. Reefer pricing has begun its spring increase, which is expected as we head deeper into the produce season.



(Source: DAT)

**Truck tonnage index declines for second consecutive month**

After initially reporting a sharp 5.4% drop in March, the adjusted decline was revised to 3.4%. April is posting an additional 1.7% reduction as the contract tonnage begins to contract for two consecutive months.



(Source: ATA)

## Consumer confidence declines again in May

Consumer confidence has declined four times in the past five months, a more pronounced drop among older Americans. Consumer spending has been buoying the economy, which has been creeping closer and closer to recession levels for over a year. Consistent degradation of consumer confidence inevitably leads to reduced consumer spending and will increase the likelihood of a recession. (Source: [Associated Press](#))

## News from around the industry

### No seasonal uptick in May forces Landstar to lower guidance

Landstar's expected seasonal increase in May never materialized, resulting in earnings per share projections reducing by 8%. This aligns with what analysts see across the market as tonnage, fuel pricing, and linehaul pricing have steadily declined for several months.. (Source: [FreightWaves](#))

### Can Walmart's Associate-to-Driver Program solve the driver shortage?

Walmart is planning a limited rollout of its associate-to-driver program to relieve pressure on the driver shortage. While this seems like a no-brainer on paper, there is a significant risk and up-front cost to bring this program to fruition. The cost to train a CDL driver is several

thousand dollars, and if they do not pan out due to increasingly stringent safety standards, those training costs will be lost. The limited rollout of this plan is aimed at reducing that risk. (Source: [Supply Chain Brain](#))

### Teamsters approve strike at ABF Freight if needed

ABF Teamsters have agreed to a strike authorization if needed. Historically, this is a negotiating tactic as they work through their most pressing issues. Both parties are not expecting negotiations to reach a point where a strike is required. As multiple freight carriers navigate their respective union negotiations, it will be interesting to see the issues the teamsters push for and how the business leaders will respond to keep freight moving in their networks. (Source: [FreightWaves](#))

## Market outlook

Tonnage across all modes has been in a steady decline for several months. We're starting to see a slight uptick as we get further into the produce and summer seasons, but the expected volume increases are lagging relative to historical expectations. Technology providers in the logistics space that rely on transactional charges are also seeing reduced revenues and layoffs on the tech side. Carriers and technology providers who kept their growth under control during the pandemic will be well-suited to weather the reduced tonnage and shipment volumes that we are seeing.

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

Sources: EIA, DAT, ATA, Associated Press, FreightWaves, Supply Chain Brain