

# TL & LTL MONTHLY MARKET UPDATE

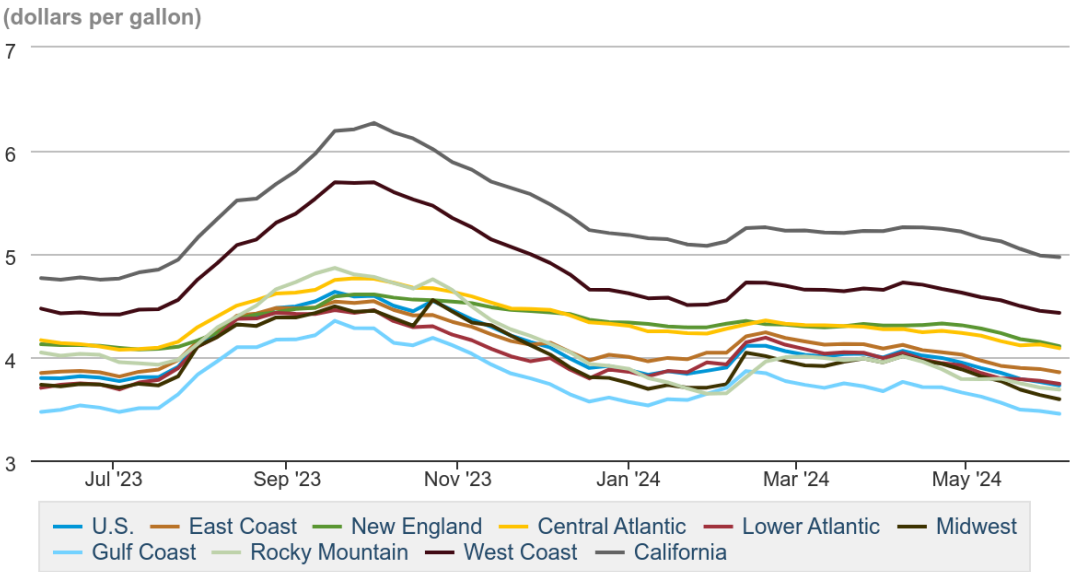
JUNE 2024



Diesel prices decline throughout May

National average diesel prices dipped in May after some relative stability in Q1. Diesel prices finished the last full week of the month at \$3.758/gal compared to \$3.947 /gal at the end of the previous month. This marks a weekly drop of \$0.031 and a year-over-year decrease of \$0.097. The EIA has adjusted its 2024 diesel price projections downward by \$0.06.

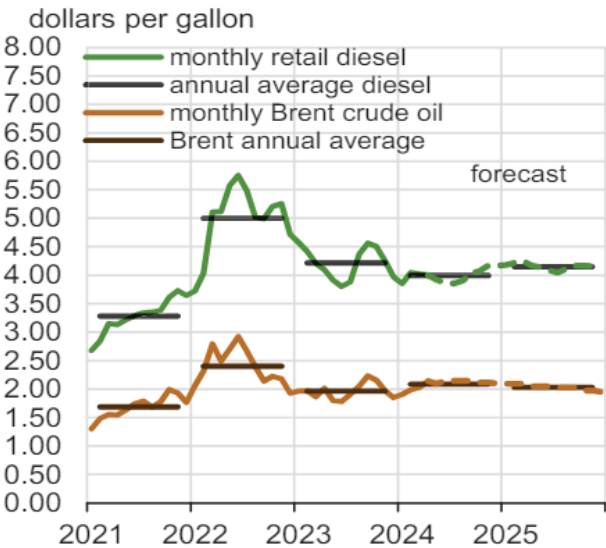
On-Highway Diesel Fuel Prices



eia Data source: U.S. Energy Information Administration

(Source: [EIA](#))

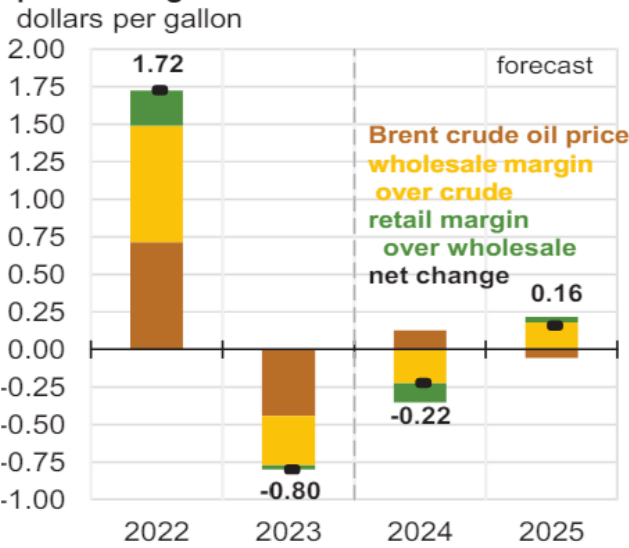
U.S. diesel and crude oil prices



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, May 2024, and Refinitiv an LSEG Business

(Source: [EIA](#))

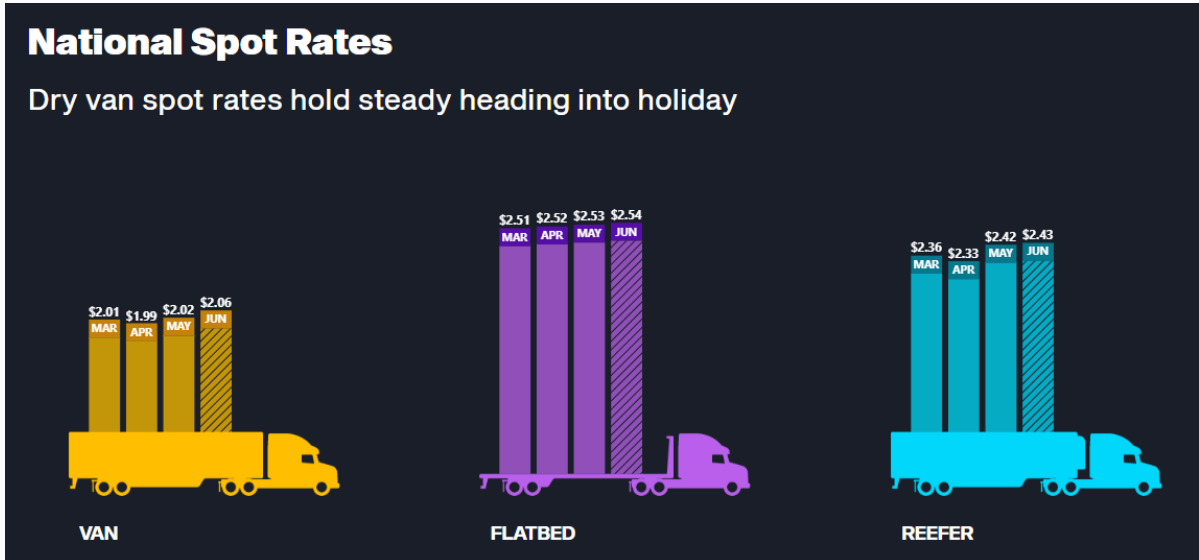
Components of annual diesel price changes



eia

May spot rates remain low

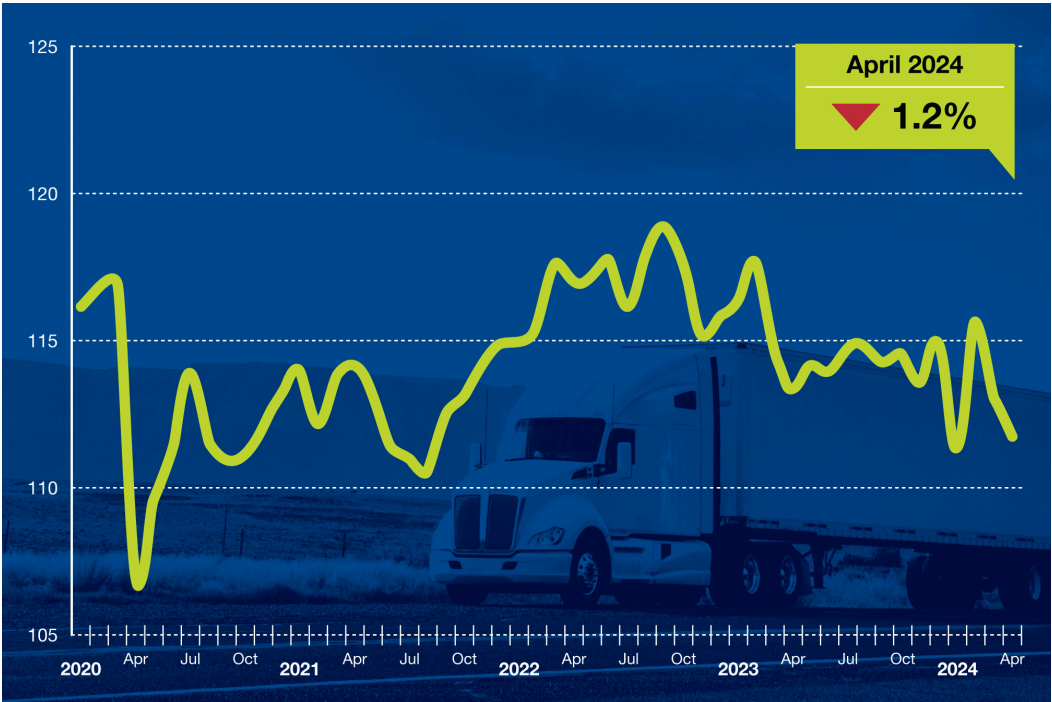
May spot rates for van and flatbed assets showed no upward movement. Reefer rates slightly increased with the start of produce season, though they remain well below historical averages. Typically, Memorial Day brings a spike in van rates as Americans gear up for the long weekend, but there was minimal change this year. Excess capacity and cautious spending by inflation-sensitive consumers contributed to this stability.



(Source: [DAT](#))

Truck Tonnage Index Down 1.2% in April

The American Trucking Associations’ advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index fell by 1.2% in April, following a 2% drop in March. Compared to April 2023, the index is down 1.5%, indicating that the freight recession persists after fourteen consecutive months of year-over-year decline.



(Source: [ATA](#))



## News from around the industry

### LTL rates make gains and TL stalls

LTL rate hikes have surged into double digits for several carriers, with overall LTL pricing up 8.2% year over year. Meanwhile, truckload rates have remained at historically low levels, leading to a convergence in pricing between the two modes. As a result, many shippers with substantial LTL freight are transitioning to partial and multi-stop truckloads. (Source: [TruckingDive](#))

### Canadian border agent strike looms as unions seek better pay, benefits

Approximately 9,000 border agents at the CBSA (Canada Border Services Agency) are poised to strike on Thursday if an agreement cannot be struck. Mediation sessions between the union and federal officials will begin on Monday. The union is seeking higher wages, more flexibility, and great protections for union members. (Source: [FreightWaves](#))

### Moody's, Fitch downgrade forward air debt; stock decline now above 90%

Last week, Moody's downgraded the debt of ClueOpCo, a wholly owned subsidiary of Forward Air from B2 to Ba3. ClueOpCo was created following the rocky acquisition of Omni Logistics. Moody's also downgraded Forward Air's senior secured first lien term loan from B2 to Ba3. On July 27, 2023, Forward Air's stock was trading at \$121.38. Recently, it hit a 52-week low of \$11.21 per share and is currently at \$19.35 per share. (Source: [Yahoo Finance](#))

## Market Outlook

LTL capacity continues to tighten, with carriers implementing rate increases that are double or even triple historical trends. Alongside these rate hikes, several carriers are raising the thresholds for negotiating customer-specific pricing. For instance, XPO will only consider new business opportunities if they guarantee at least \$500,000 annually. Existing accounts must generate \$120,000 annually, or they will be shifted to blanket rates with significantly less favorable terms. While XPO is the most extreme example, other carriers are also becoming stricter in their pricing thresholds.

Meanwhile, the truckload market is experiencing overcapacity, resulting in persistently low rates even during peak season. This has led to a shift where larger, heavier LTL shipments are now more cost-effective to ship via full, partial, or multi-stop truckload. Consequently, LTL carriers report declining average shipment weights, partly due to this mode shift. As LTL carriers strive to enhance their profits and shareholder value, they risk losing these longer-haul, larger shipments to the truckload segment.

We will be here for you no matter what the future holds for LTL and Truckload.

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

*Sources: EIA, DAT, ATA, FreightWaves, Trucking Dive, Yahoo Finance*