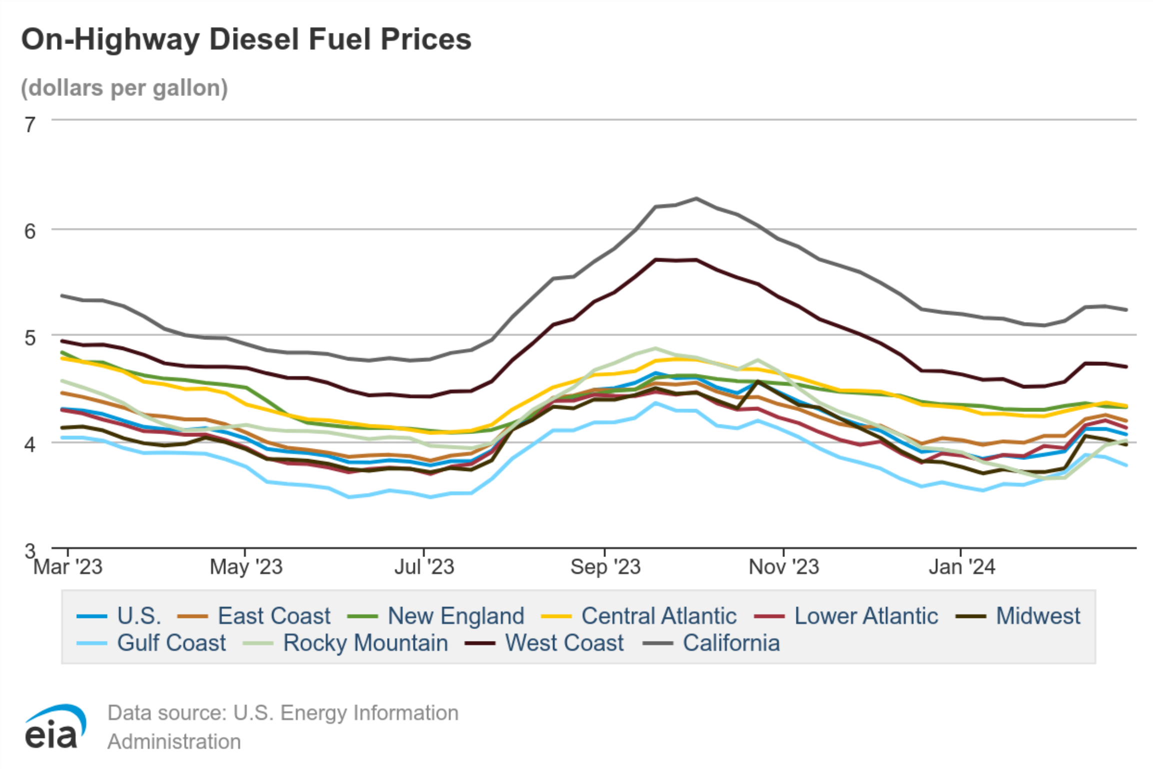
IL2000

TL & LTL MONTHLY MARKET UPDATE

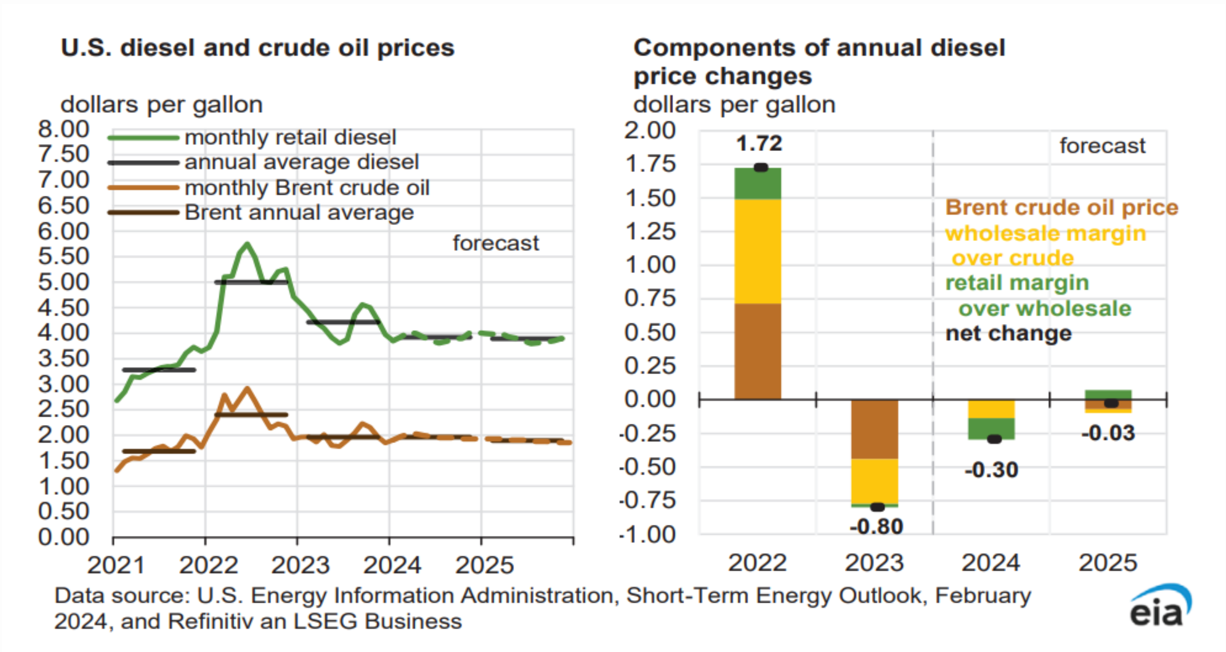
MARCH 2024

Diesel prices increase in February compared to December and January

In February, national average diesel prices rose compared to December and January, ending the month at $4.058 per gallon. This is an increase from last month's ending rate of $3.867 per gallon, though it marked a $0.05 decrease from the week before and a $0.236 drop from the same time last year. Additionally, the Energy Information Administration (EIA) lowered its diesel price forecast for 2024 by $0.03.



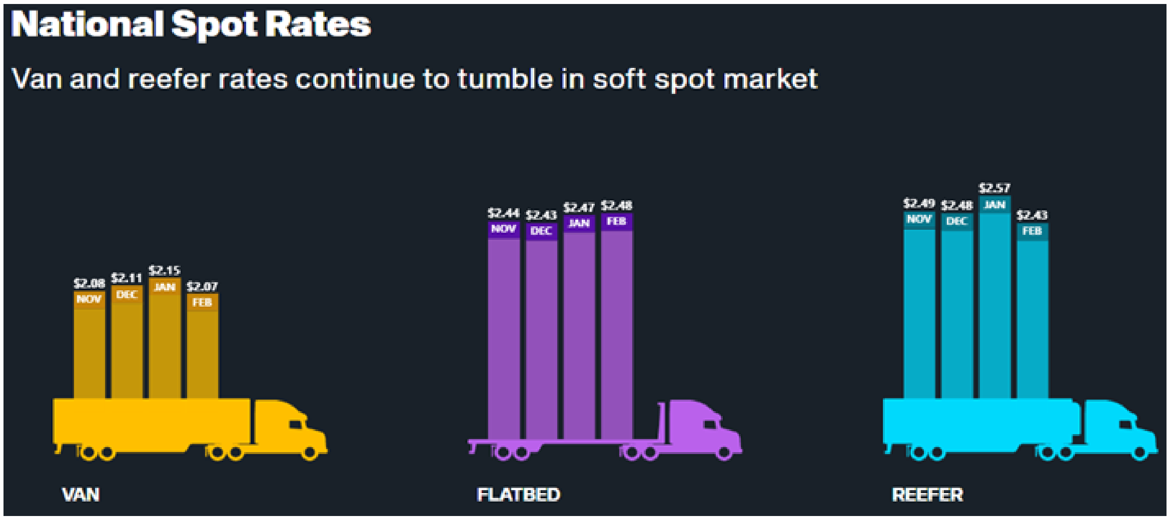
(Source: EIA)



(Source: EIA)

February spot rates negate January increases

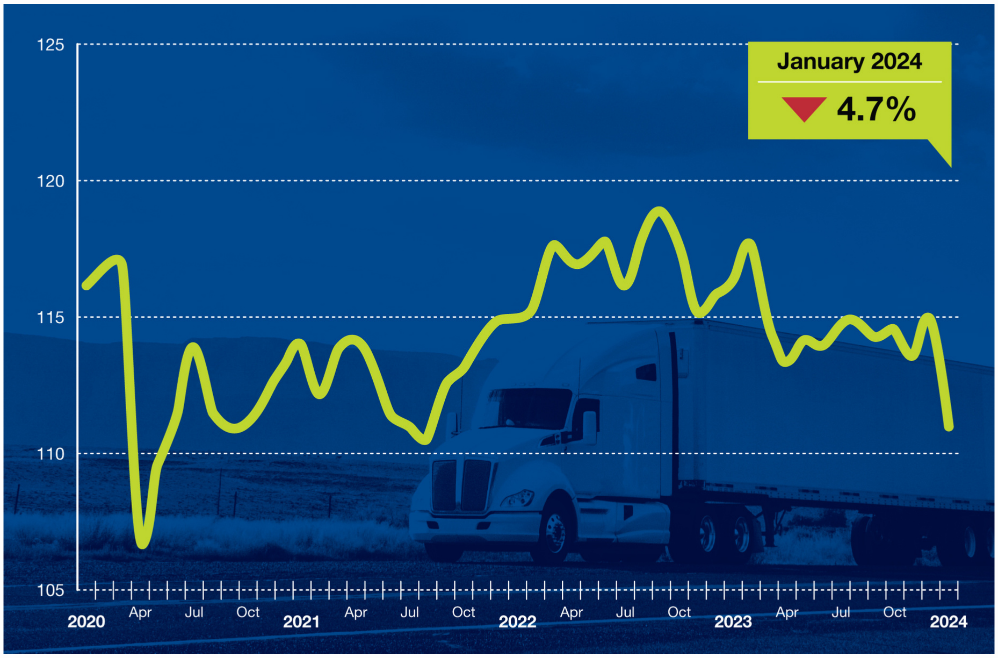
In January, there was a slight increase in the spot rates for full truckloads across all types of equipment, with refrigerated assets seeing the most significant rise. However, by February, the rates had returned to the low levels previously seen in the third and fourth quarters of 2023. Despite the ongoing freight recession, characterized by excess capacity preventing rate increases in the near term, new carriers continue to enter the market, optimistic about a potential surge in freight activity by late spring.



(Source: DAT)

Truck Tonnage Index January data shows no sign of freight recovery

The American Trucking Association's advanced seasonally adjusted (SA) For-Hire Truck Tonnage Index decreased by 3.5% in January after increasing by 1.2% in December. This is 4.7% below January 2023. "January's data was a snap back to reality for anyone thinking the freight market was about to turn the corner," said ATA Chief Economist Bob Costello.



(Source: ATA)

News from around the industry

XPO shares jump 18% on big Q4
XPO outperformed expectations in Q4 across major financial benchmarks. Year-over-year revenue was up 9%, yield was up 10%, on-time service was up 300 basis points, and claims were at an all-time low. XPO is seeking pricing increases in the mid-teens supported by their service improvements. IL2000 data shows significantly more modest service improvements, which may indicate the gains are driven by the influx of new freight from the Yellow bankruptcy instead of incumbent business. (Source: FreightWaves)

2023 freight market was five years in the making
If you're a truckload carrier or owner-operator, 2023 was potentially one of the worst years in your company's history. The pandemic created a perfect storm for the long-term freight recession we're seeing today. During that time, fuel prices plummeted, rates soared, and capacity boomed. Shipper inventories were steadily increasing, but this buildup rapidly collapsed, disappearing almost as quickly as it had accumulated. Carriers are still working to correct size while maintaining a state of readiness for when the freight eventually does return. (Source: DAT)

Estes angles for growth in Canada with Yellow terminal acquisitions
Estes is currently the second largest holder of former Yellow real estate behind XPO. When you look at the location and scope of these facilities, there is a clear focus on the Northbound corridor locations into Canada, with facilities in Detroit, Buffalo, Burlington, and Tacoma. In addition to focusing on Canada, Estes targeted dock door increases in markets they already serve. (Source: TruckingDive)

Market Outlook

As we enter the final stretch of the first quarter of 2024, the markets have been relatively steady and quiet across both truckload and LTL. LTL carriers are posting solid financial results due to favorable market trends stemming from the events of 2023 and fewer carrier options than ever before. Carriers are budgeting for aggressive expansion plans to improve market share and balloon Capex real estate allocation. Carriers will be more focused on service to try and pass those costs on to the customer with yield improvement, but first, they will need to justify it.

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

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

Sources: EIA, DAT, ATA, FreightWaves, TruckingDive