



LTL and Truckload Monthly Market Update: November 2021

Here is our latest market update for LTL and Truckload news. We hope these insights lead to informed transportation management decisions.

Marco Market disruptions continue:

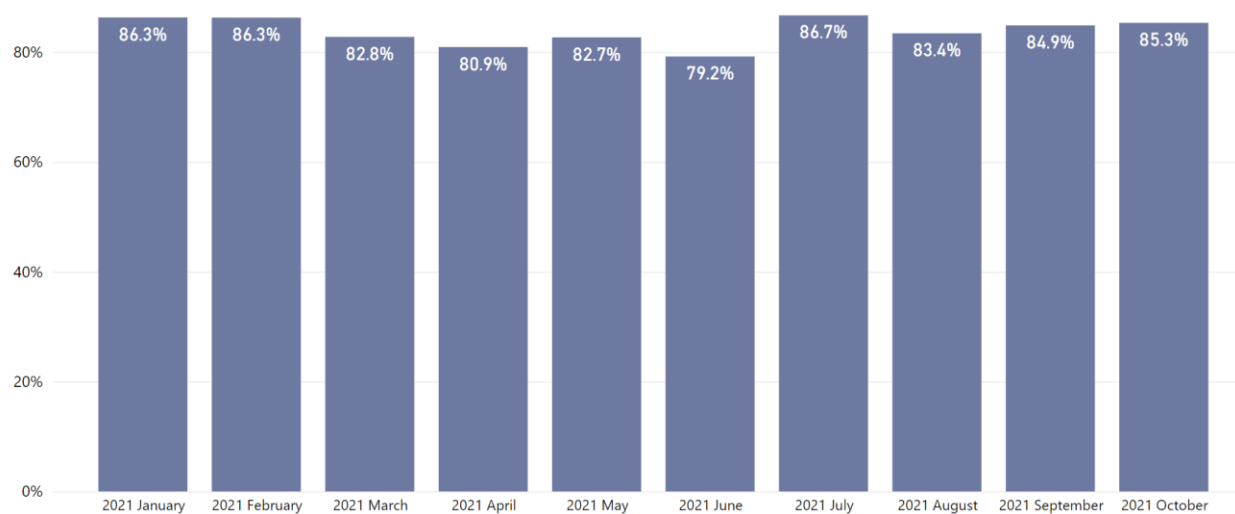
- Container Ships continue to wait to be unloaded on the West Coast, where 250,000 40 ft containers wait to be unloaded from these ships
- Container Ships are now starting to experience delays on the East Coast including the Ports of Norfolk and Savannah where 20 Ships and over 80,000 containers are waiting to be unloaded
- The policy impacts of COVID vaccine mandates are hitting labor forces for Railroads, Trucking companies, and Airlines
- Government agencies and policy makers are searching for ways to try and assist, but no tangible actions have been taken to date
- Diesel continues to climb and is up to \$3.73 average nationally (\$1.30 YOY 53.5% and \$0.40 in the last quarter or 12%)

Less than Truckload (LTL) Update:

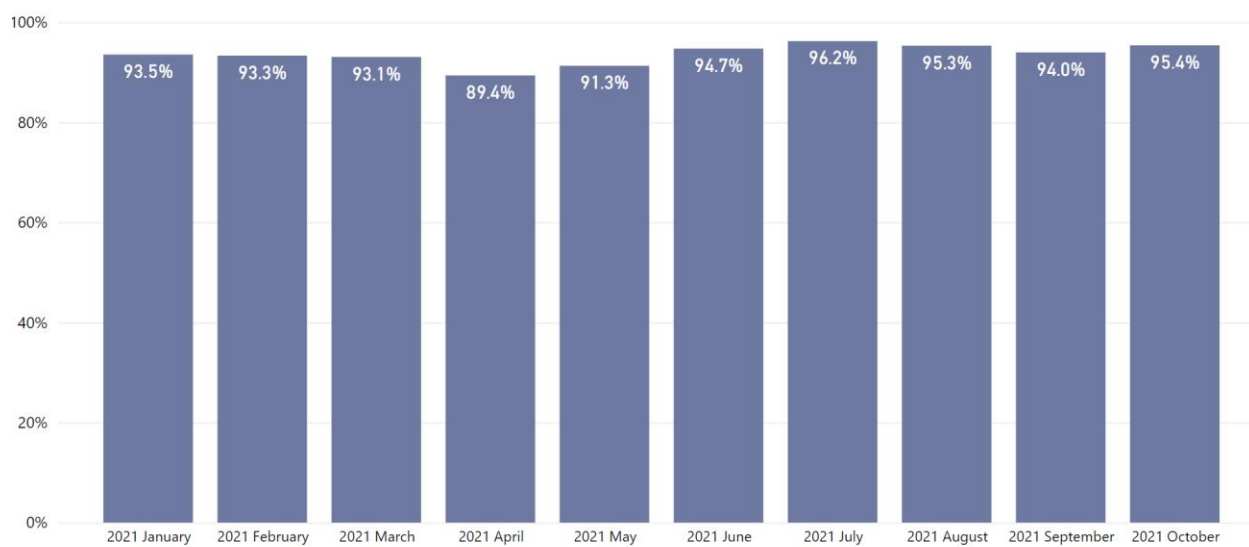
- After FedEx and DHL announced their General Rate Increases for 2022, UPS and many of the LTL carriers have followed suit
- Public LTL carriers announce record earnings and operating ratios for Q3 2021
- Old Dominion takes a significant step in removing over length shipments from its network imposing a \$1,000 fee on any shipment over 95 inches
- Many of the National and Regional LTL carriers quickly follow suit
- XPO and FedEx continue to have embargos for picking up or delivering freight around the country
- Overall Service levels for LTL Carriers to Published Transit continues to be in the mid 80's
- However, several regional / next day LTL carriers have improved performance and returned to levels in the Mid 90's to Published Transit



Overall LTL Performance:



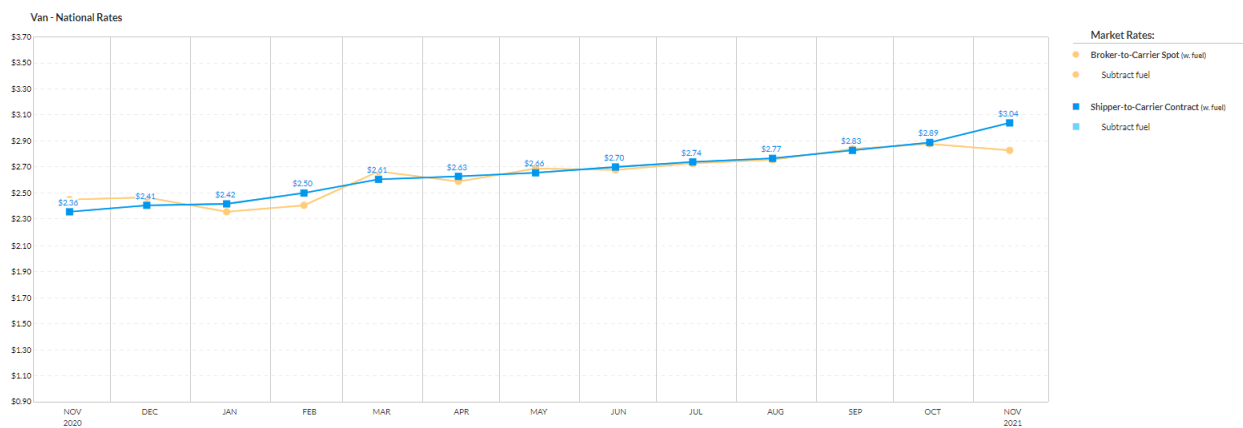
Regional LTL Performance:





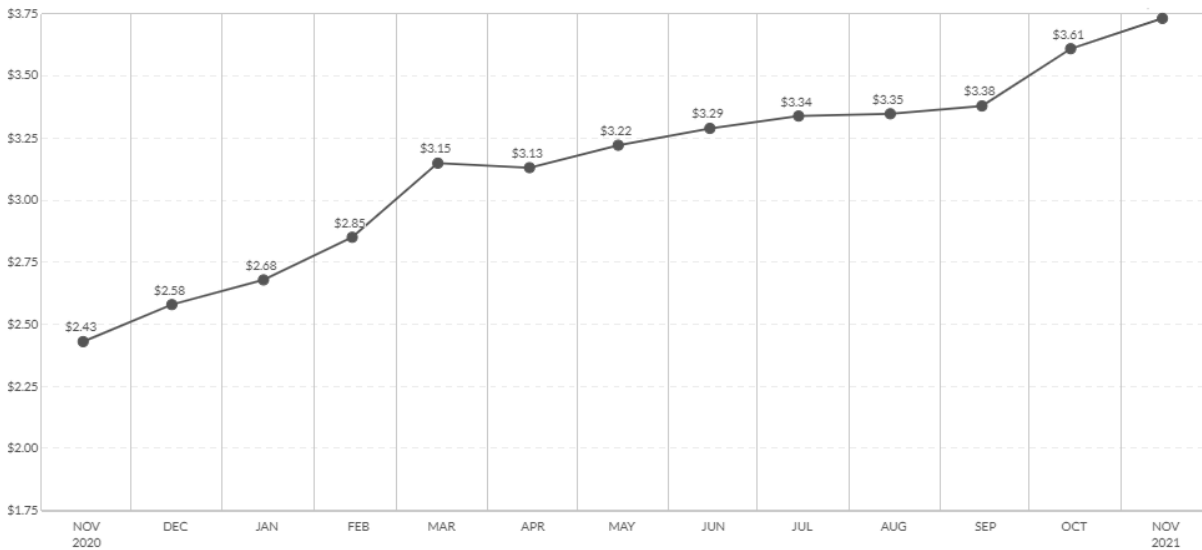
Truckload Update:

- Truckload carriers continue to "chase" high paying freight as they move drivers and equipment closer to the ports where rates have increased significantly
- Outbound Truckload rates from California to the Midwest and Great Lakes region are up 14.6% in the last 30 days (Current DAT average is \$3.36 vs \$2.93 using the 1 year average)
- Many Truckload carriers including Cargo Transporters announced their 2nd or 3rd pay increase to drivers in 2021
- On average Driver pay has increased on average by 12% among the publicly traded Truckload carriers in 2021
- All carriers are experiencing significant Wage and Fuel inflation and passing those costs on to shippers with Contract Rates nationally climbing from an average of \$2.36 per mile in November 2020 to \$3.04 per mile as we begin November of 2021





Diesel: \$3.73 (as of last Monday)

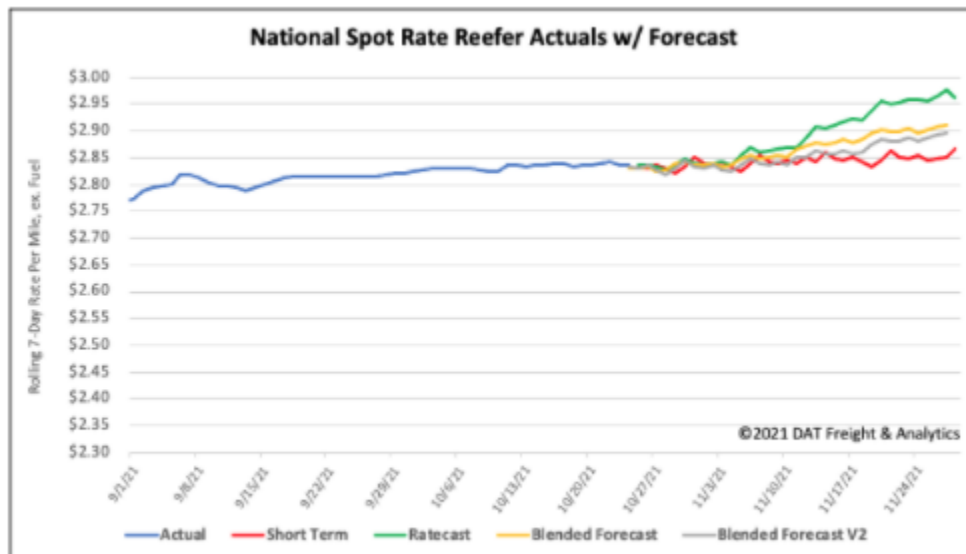
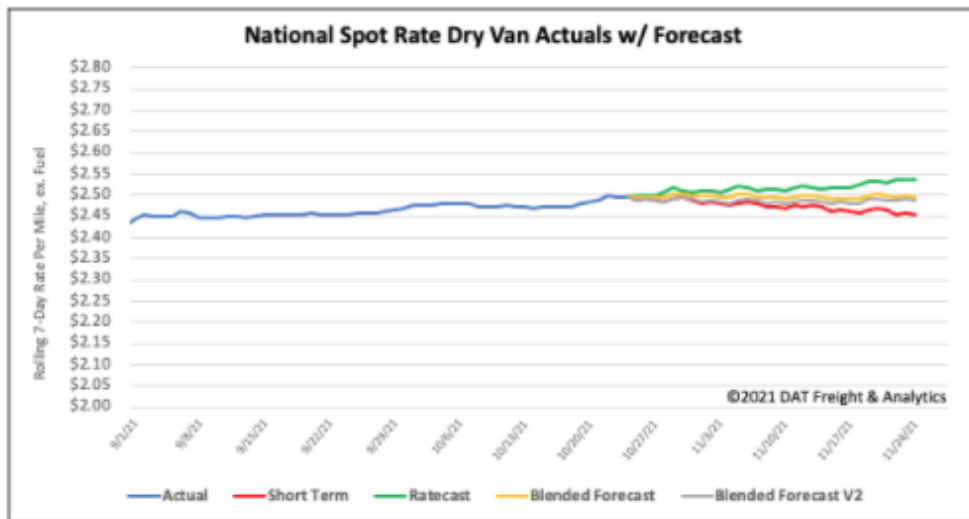


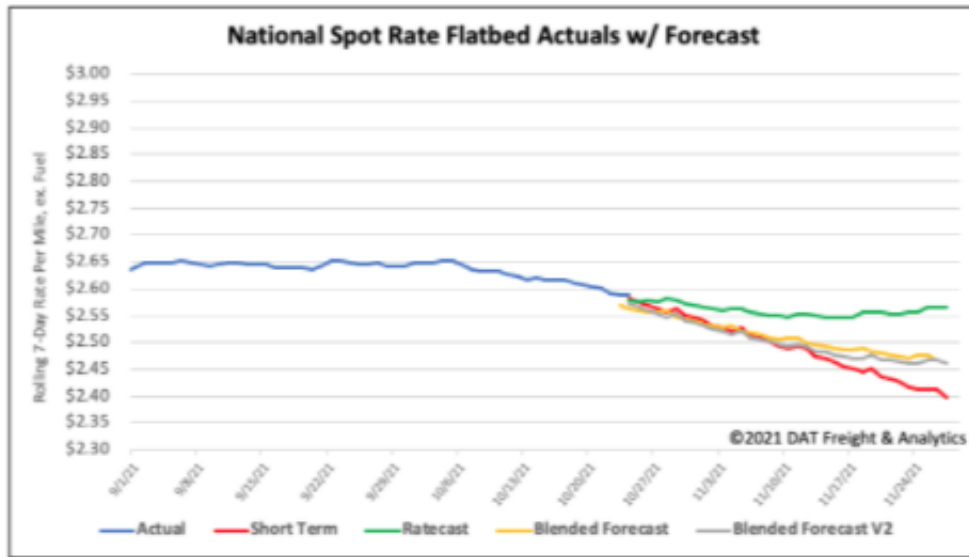
Outlook / Forecast and Budgeting for 2022:

- For LTL budgeting shippers should expect rates to be 6-12% above current levels for 2022
- The key difference will depend on your average length of haul and number of minimum charge shipments
- Minimum Charge shipments will be increasing \$12.00 - \$15.00
- Remember to take care of your carriers and treat them as PARTNERS
- Carrier switching is not an option in the current environment
- Minimizing cost increases and maximizing service requires leveraging technology
- IL2000's TMS is designed to present where carriers have capacity, consider least-cost options, and provide transit and service performance trade offs
- Build more time in transit and plan accordingly so you are not affected by an embargo that may only last a few days, but create a slower level of service
- For TL budgeting shippers should expect an overall increase of 6-8% in truckload rates in 2022
- Increases could be higher in Q1/Q2 and then level off or drop slightly in Q4 of 2022
- Increases will also be higher in areas where port delays continue
- Keys to keeping the real inflation that Truckload carriers are experiencing is to improve their utilization
- Increasing your lead time by 24 hours gives you access to additional carriers are already planning 48 to 72 hours in advance



- Being flexible on pick-up days and pick-up times allows you to capture capacity that may have built a layover into the rate quote if they cannot get to the pickup location before 3 or 4 PM, but still have 4-6 hours of on duty time available
- Treat drivers with respect and consider them guests or visitors to your facility... clear and ample signage, designated parking, snacks, water, or soda
- Use your IL2000 team to access capacity and improve performance across dedicated, contract, and dynamic capacity solution





That's all we've got! We'll be back next month with more hot trends in logistics news!