



TL & LTL Monthly Market Update: November 2022

Fuel prices on the rise, FTL rates on the decline, and an increased focus on density in LTL classification



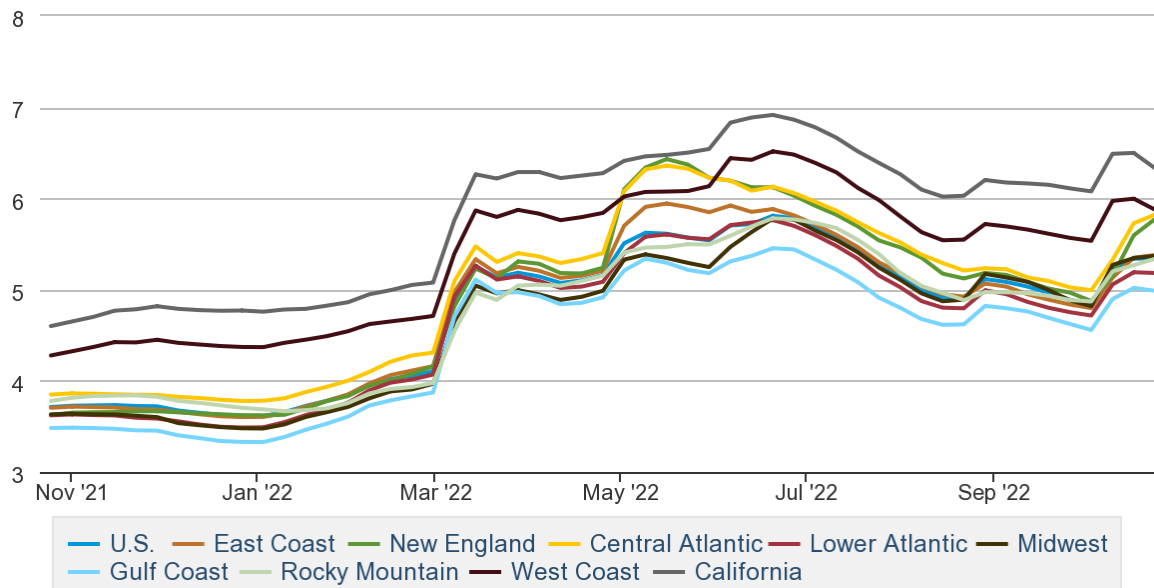
Diesel price creeps up, no major shock from hurricanes

National average diesel prices increased in October compared to September, finishing the month at \$5.341/gal compared to \$4.889/gal at the end of the previous month. This was up \$0.002 from the prior week and \$1.628 over the preceding year. No major shock to diesel prices due to hurricane activity was perceptible.



On-Highway Diesel Fuel Prices

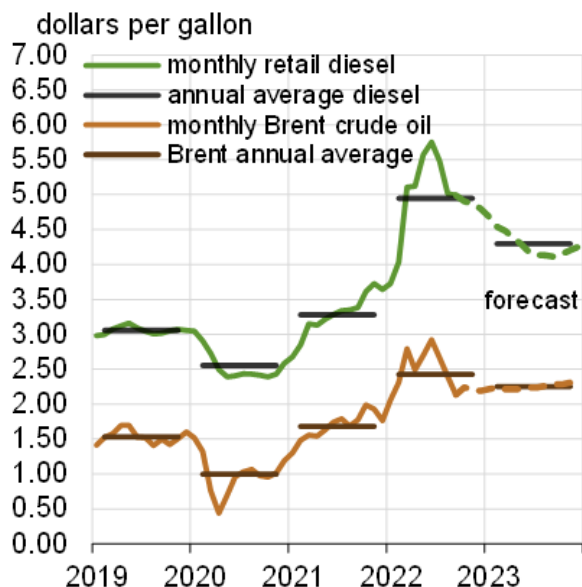
(dollars per gallon)



Data source: U.S. Energy Information Administration

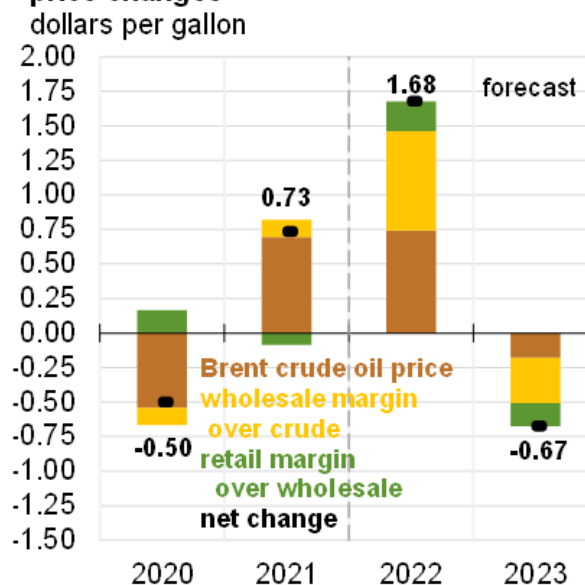
Source: [EIA](#)

U.S. diesel and crude oil prices



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2022, and Refinitiv an LSEG Business

Components of annual diesel price changes



Source: [EIA](#)



DAT reports spot rates decline slightly, but fuel costs put pressure on carriers

Spot rates declined slightly across equipment types in October, but what appears to be a relatively flat rate trend hides the fact that carriers are under increased pressure as fuel costs rise and spot rates inclusive of fuel decline slightly.



National Spot Rates. Source: [DAT](#)

NMFTA increases emphasis on density in freight classification

The [NMFTA](#) recently published the results of an industry-wide survey which has resulted in “the most aggressive changes in freight classification history.” Results have shown that LTL industry professionals are in favor of continuing the push toward a more density-based classification system. Handling, stowability, and liability will continue to impact freight classifications but at a lesser weight.

Density is the key factor in determining how freight is priced and handled in an LTL carrier’s system. The move toward more density-based pricing has been happening for several years, but the NMFTA will now accelerate the process. This means more items will be classified under the NMFCs 11 Sub-classification system. Some types of products that may have been previously classified under a single freight class now will have several possible classes depending on the density of the individual shipment. The table below shows an example of the 11 Sub-classifications.



Pounds Per Cubic Foot	Class
Less than 1	400
1 but less than 2	300
2 but less than 4	250
4 but less than 6	175
6 but less than 8	125
8 but less than 10	100
10 but less than 12	92.5
12 but less than 15	85
15 but less than 22.5	70
22.5 but less than 30	65
30 or greater	60

IL2000 will continue to monitor any changes to our client’s freight classifications and work with our carrier base to make adjustments as necessary.

CLASS



Additional information can be found at: nmfta.org and [Public Docket File 2022-3](#).



News from around the industry

New bridge promises to boost Mexico trade

Work has begun on an \$83M project to upgrade the Anzalduas International Bridge between McAllen, TX and Reynosa, MX.

The project will add multiple lanes to the bridge allowing for increased traffic flow at the already busy border crossing. (Source: [FreightWaves](#))

Landstar posts record Q3

While fuel prices and declining freight volumes put pressure on the industry, some carriers still are experiencing record revenues. Jacksonville, Florida-based Landstar Systems Inc. reported \$1.82B in total revenue for Q3, a 5% increase over the previous year. (Source: [Transport Topics](#))

Market Outlook

Patterns of recent months endure as FTL rates continue to soften while fuel prices put pressure on carriers.

LTL carriers continue to try to hold the line on rates. We should know in the coming months if other carriers will follow FedEx to lead with high general rate increases or if market pressure will begin to soften the rate environment.

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