



TL & LTL Monthly Market Update: October 2022

Fuel prices and FTL spot rates continue to decline, but hurricane season brings uncertainty



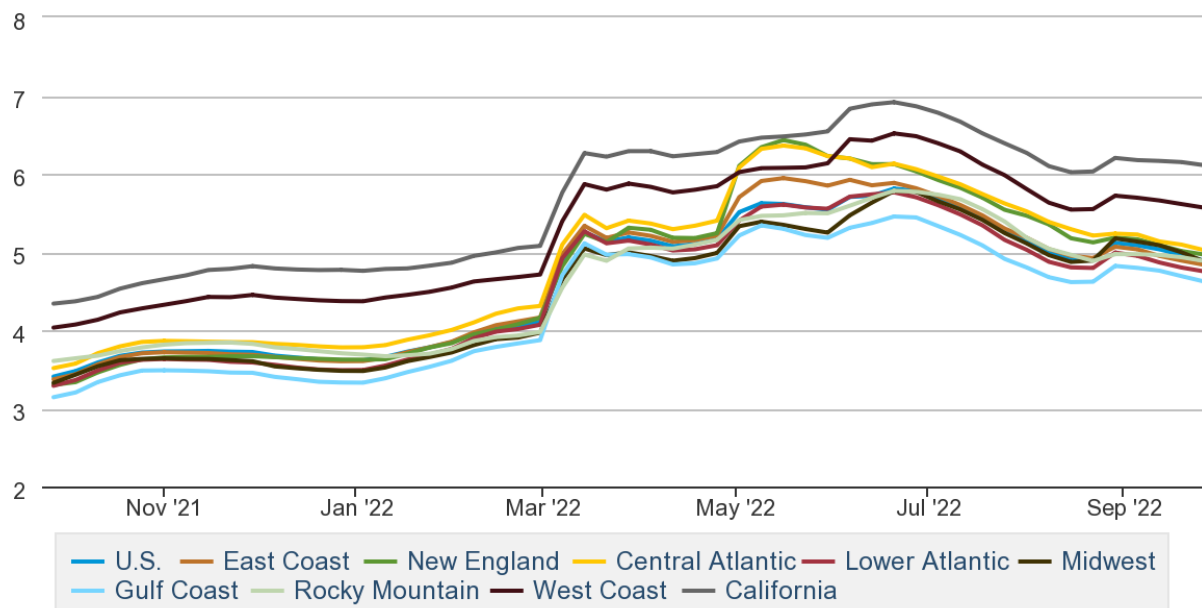
Diesel price remains steady, but hurricane season to lead to volatility

National average diesel prices remained relatively flat in September, finishing the month at \$4.889/gal, down \$0.075 from the prior week and up \$1.483 over the preceding year. That being said, hurricane season is upon us and with it, the possibility of volatility. Expect potential price swings as hurricanes affect distribution and refining in the southeast.



On-Highway Diesel Fuel Prices

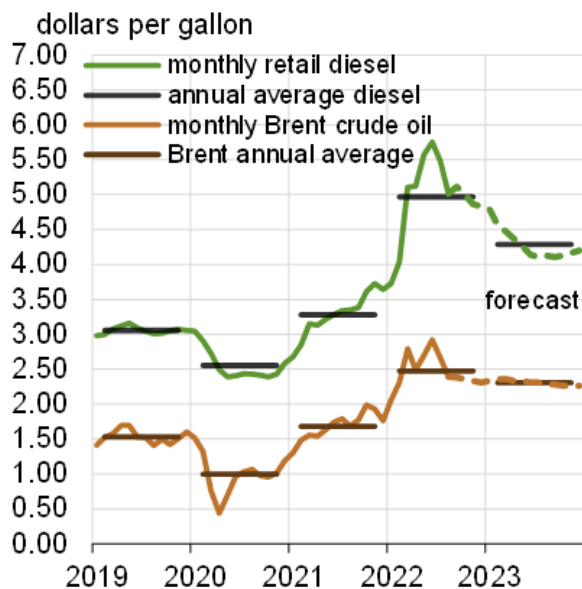
(dollars per gallon)



Data source: U.S. Energy Information Administration

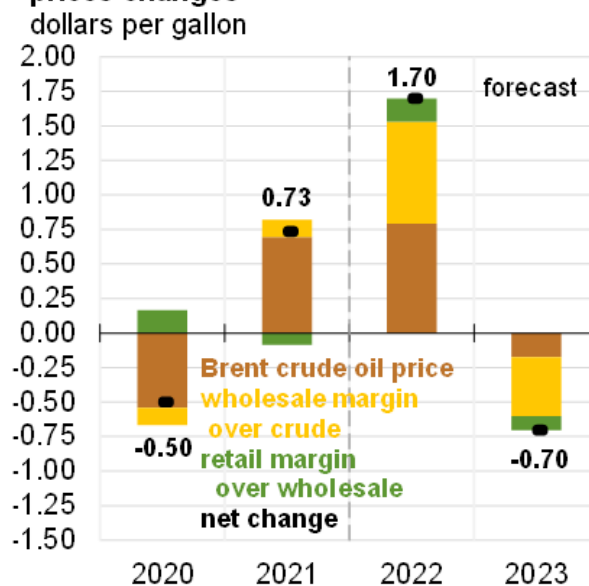
Source: [EIA](#)

U.S. diesel and crude oil prices



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

Components of annual diesel prices changes

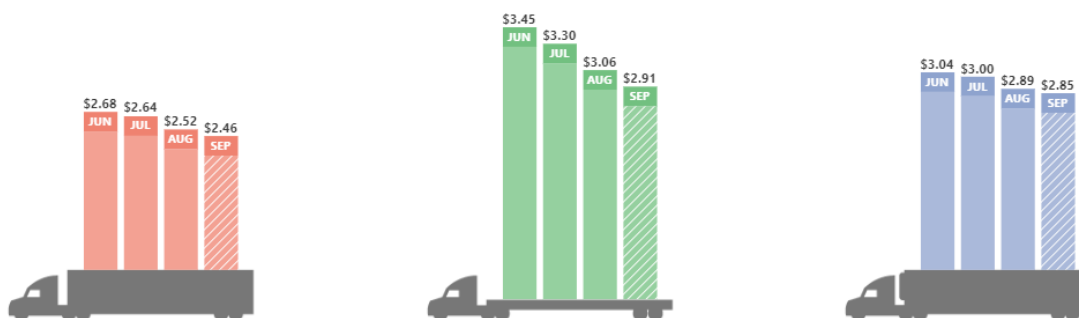


Source: [EIA](#)



DAT reports spot rates continue to decline

Spot rates declined again in September across vans, flatbeds, and reefers, with flatbed rates showing the steepest declines. As with fuel prices, hurricane season is likely to inject volatility into the spot market. Flatbed rates are especially susceptible to spikes as building materials begin to ship to storm-affected areas.



National Spot Rates: Van, Flatbed, Reefer

Source: [DAT](#)

News from around the industry

FedEx reports decline but Freight Division strong

FedEx reported an \$875 million decline in net income in Q3 as consumers purchased fewer goods and more services, leading to an 11% decline in parcel volume. FedEx Freight division was a bright spot for the company, with operating income increasing 67%, driven partly by higher fuel surcharges. (Source: [TTnews](#))

FedEx announces GRI

Even as revenues decline, FedEx announced a general rate increase (GRI) effective in January 2023. The GRI for most FedEx divisions will be 6.9%, while the GRI for FedEx Freight will range from 6.9% to 7.9%, depending on the customer's rate base. These are the largest GRIs in the company's history. (Source: [FreightWavs / Modern Shipper](#))



Analyst sees challenges ahead for trucking

Analyst Jason Seidl of Cowen & Co. predicts that the economic environment for truckers will become more challenging through the 4th quarter of the year as declining demand from both retail and industrial sectors depress freight volumes and rising costs continue to put pressure on carrier margins. Despite the gloomy outlook, Seidl predicts that LTL carriers will continue to take advantage of their more concentrated market to pass along cost increases in 2023, though probably at a slower rate than in 2022. (Source: [FreightWaves](#))

Market Outlook

Expect full truckload rates to continue to be soft, though with the possibility of short-term spikes due to hurricane season.

LTL carriers continue to hold the line on rates despite reports of softening volume. Q4 should give a good indication if that pattern will continue or if carriers will need to soften their pricing stance due to market conditions.

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