



TL & LTL Monthly Market Update: September 2022

Fuel prices edge up, but truckload rates decline



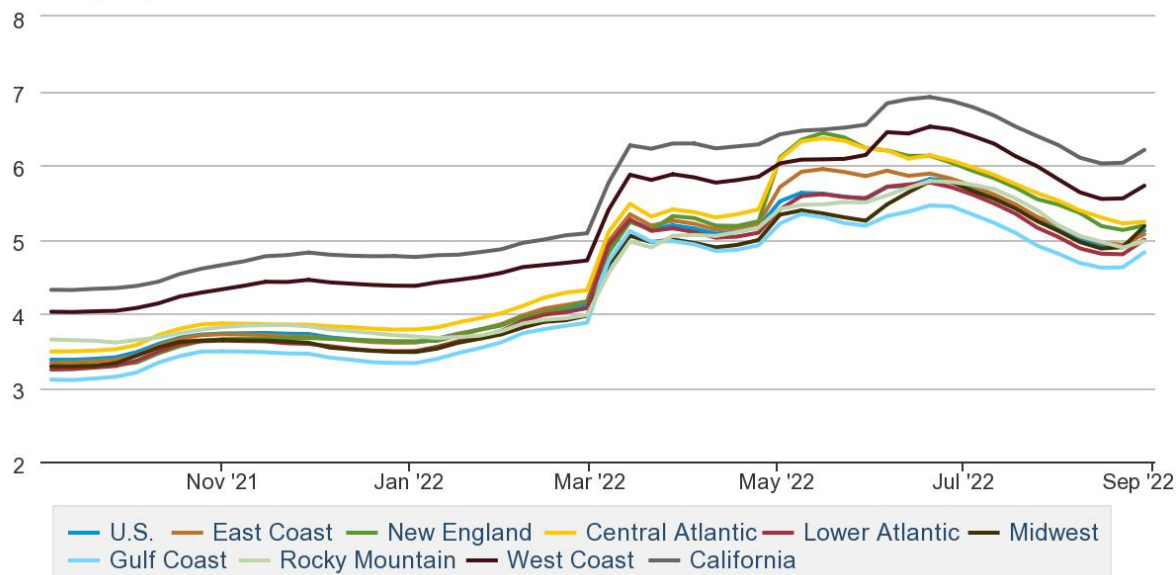
Diesel price decline reverses, but EIA still predicts diesel prices will decline

Average diesel prices continued to decline through August but showed an uptick in the last week of the month. The national average diesel price finished August at \$5.115, which was up a full \$0.20 from the week before and up \$1.77 from the same week in 2021. Despite the uptick, the EIA still predicts that diesel prices will decline for the remainder of 2022 and flatten in 2023, though still at average prices higher than in 2021.



On-Highway Diesel Fuel Prices

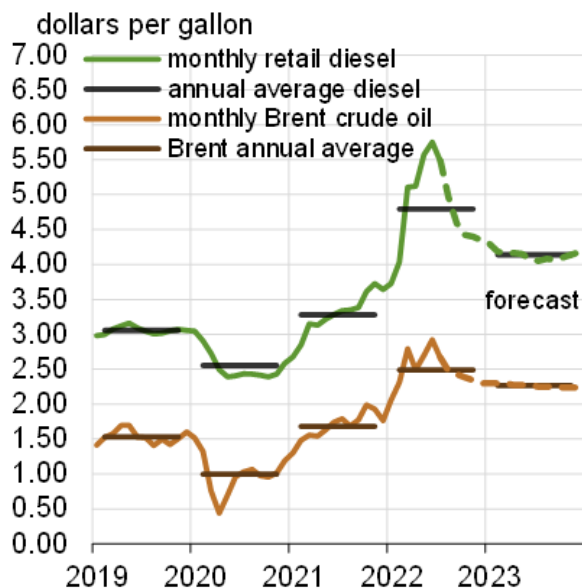
(dollars per gallon)



Data source: U.S. Energy Information Administration

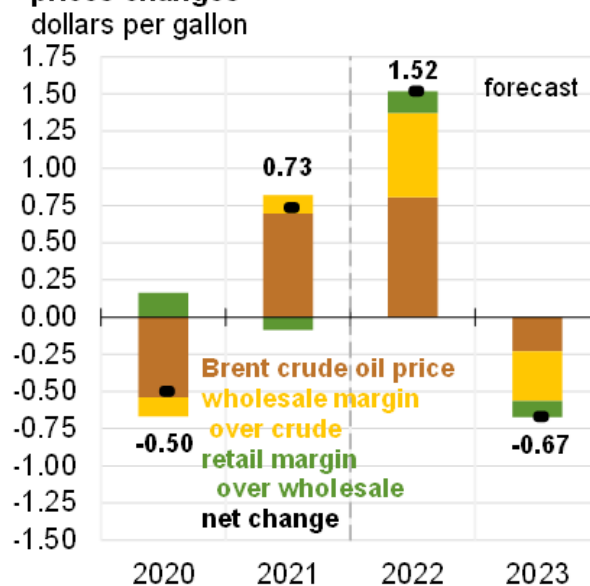
Source: [EIA](#)

U.S. diesel and crude oil prices



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

Components of annual diesel prices changes



Source: [EIA](#)



DAT reports spot rates down across modes

Though capacity tightened ahead of Labor Day weekend, spot rates for vans, flatbeds and reefers all declined in August, showing the continuing softness of the full truckload spot market.



National Spot Rates: Van, Flatbed, Reefer

Source: [DAT](#)

News from around the industry

LTL carriers looking to reduce third-party transportation costs

To control costs, LTL carriers are pushing to reduce or eliminate the need to outsource linehaul runs to third-party providers. Old Dominion, Saia, Yellow, and XPO are focused on tapping existing resources or hiring additional resources to mitigate purchased transportation costs. Increasing in-house linehaul operations was a recurring message during Q2 earnings calls. XPO is also expanding its in-house trailer manufacturing capacity. (Source: [Transport Dive](#))

Heartland Express acquires CFI assets for \$525 million

Heartland Express announced Monday the [acquisition](#) of Contract Freighters Inc.'s (CFI) truckload unit and its logistics unit in Mexico from TFI International for \$525 million. The deal does not include CFI's dedicated trucking business or its U.S. brokerage operations.

TFI will redeploy capital from this transaction to focus on its U.S.-based LTL, asset-light logistics and specialized TL units. In a [separate release](#), TFI said its 2022 full-year earnings per share guidance of \$8 remains unchanged. (Source: [FreightWaves](#))



Yellow opens four new driving academies in a push to train 1,000 drivers

Yellow Corp. recently opened four more company-sponsored driving academies as it seeks to train new drivers in a challenging labor environment, President and COO Darrel Harris said during [a Q2 earnings call](#). (Source: [Seeking Alpha](#))

The LTL carrier now offers CDL instruction at the new locations in Columbus, Ohio; Tracy, California; Maybrook, New York; and Detroit, Michigan, in partnership with the Department of Labor's recently launched [apprenticeship program](#).

A fifth driver academy in Albuquerque, New Mexico, is set to open this month, bringing the total number of company-sponsored driving schools to 22. (Source: [Transport Dive](#))

FedEx Freight expands its presence in Phoenix

Company officials said its West Phoenix Service Center is "perfectly positioned" to serve the growing Phoenix market while bringing FedEx Freight's total door count to almost 26,000. And they added that FedEx Freight regularly evaluates opportunities to invest in capacity growth through door and yard expansions and fleet maintenance shop footprints. This includes continually evaluating the network based on changing market conditions and maximizing the use of existing assets like collaboration within the FedEx enterprise network to reduce empty miles and provide peak support. (Source: [Logistics Management](#))

Market Outlook

Truckload rates have declined for several months, but a seasonal increase in volume as the holidays approach may reverse the trend.

LTL carriers continue to practice "pricing discipline" even as freight volumes soften. Carriers will attempt to continue to hold the line on rates as long as possible, but some relative softening in the rate environment is possible if shipment volumes continue to decline.

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