

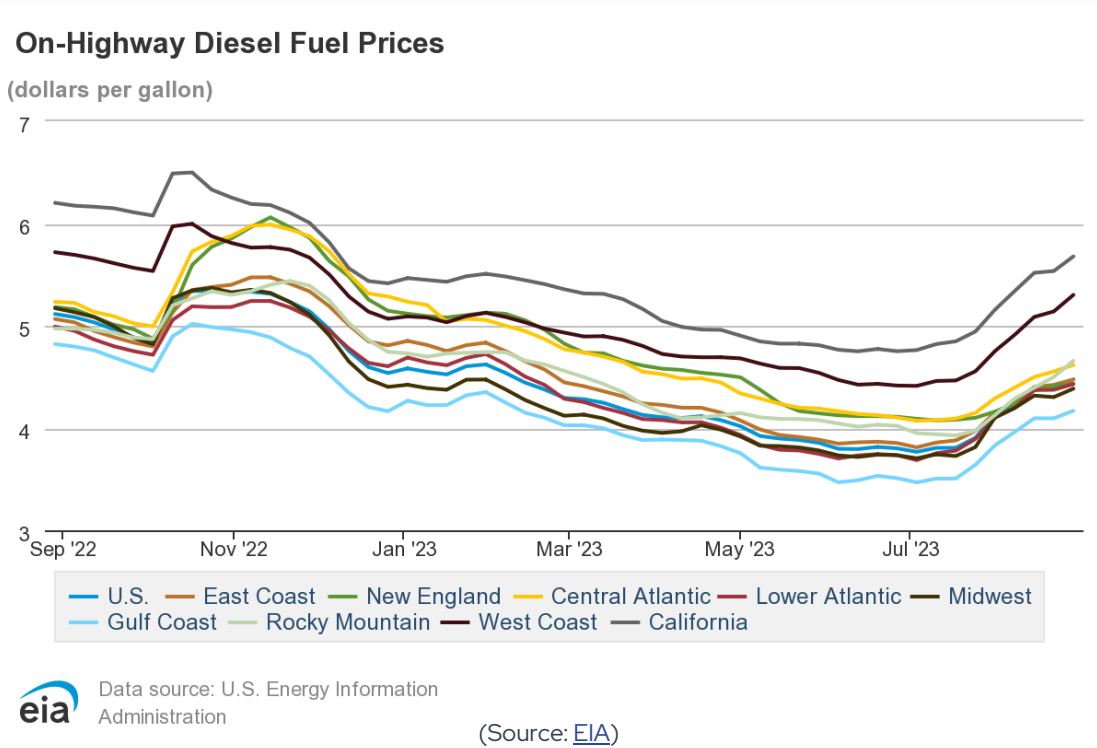
# TL & LTL MONTHLY MARKET UPDATE

SEPTEMBER 2023

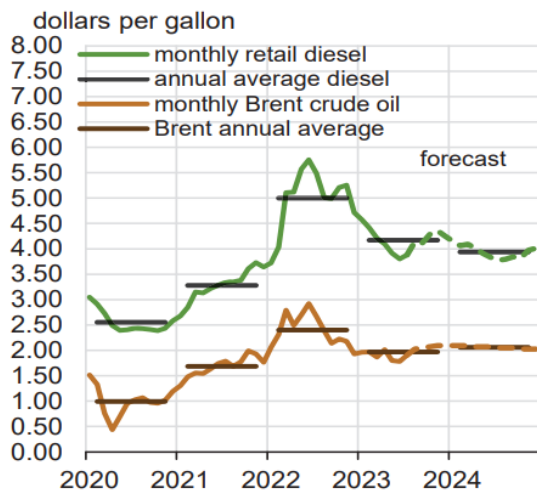


Diesel prices increased steadily throughout August

National average diesel prices increased weekly throughout August, finishing the last full week of the month at \$4.475 /gal compared to \$4.127 /gal at the end of the prior month. This was up \$0.086 from the previous week and down \$0.640 relative to the preceding year. The EIA has increased projections for the remainder of 2023 but lowered 2024 projections.

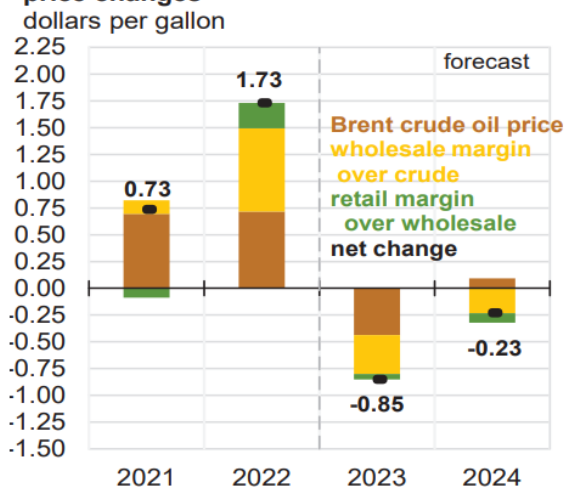


U.S. diesel and crude oil prices



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, August 2023, and Refinitiv an LSEG Business

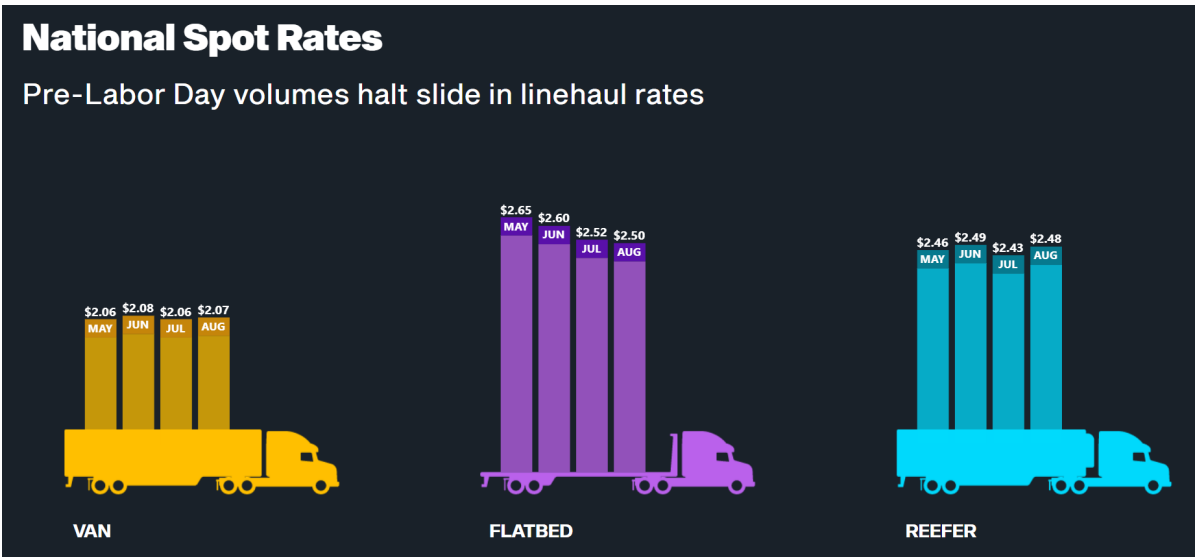
Components of annual diesel price changes



(Source: [EIA](#))

### August spot rates hold steady due to Labor Day buildup

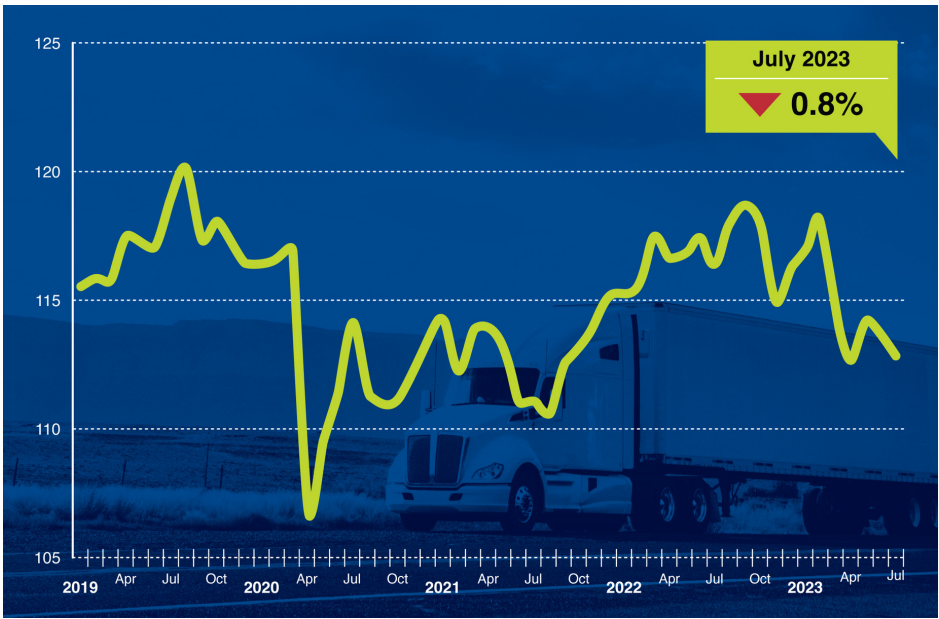
After a sluggish July, August rates held mostly flat. A slight bump due to Labor Day inventory buildup propped rates up, which prevented further decline in rates. The usual rate increase from the summer holidays never materialized, which is very concerning. There is no sign of seasonally adjusted rate improvements in the spot market.



(Source: DAT)

### Truck tonnage index declines again after June adjustments

The ATA June index was adjusted from 2.1% growth to -0.3% after their July 18th press release. Tonnage continues to deteriorate into July at -0.8%. Headwinds for freight remained in July, as has been the case for several months. Less home construction, falling factory output, and freight consolidation are all factoring into the drags on tonnage.



(Source: ATA)

## News from around the industry

### Old Dominion ups ante with \$1.5b bid on Yellow's terminals

The bidding war for Yellow's assets is currently underway, with ODFL increasing the bid to \$1.5B for their terminals. Estes started the bidding at \$1.3B. The offer is for 166 terminals with 10,000 doors across the US, requiring a 5% deposit and effective for 180 days. (Source: [FreightWaves](#))

### Yellow customers face post-bankruptcy sticker shock

Low rates drove Yellow's tonnage and network velocity, but they ultimately led to their demise as they could not overcome their operating costs. Historically, Yellow set the pricing floor, and now that floor has been raised approximately 10% to 20%. Shippers who used Yellow exclusively are facing the largest increases. Shippers with a diversified carrier portfolio have managed rate increases much more effectively. (Source: [Reuters](#))

### ArcBest sees 20% increase in shipments at core accounts

Following Yellow's closure, LTL carriers are reporting higher shipment counts. Some carriers are breaking shipment count records each week. For ArcBest, their core accounts, which were also using Yellow, have increased shipment counts by 20% in an overall freight-down market. Saia reported a 13% increase in shipments over the first two weeks in August. In both cases, weight per shipment was down, signaling that Yellow freight hitting the market has a lower weight per shipment than their former industry competitors. (Source: [FreightWaves](#))

## Market outlook

The effects of the Yellow closure are starting to become apparent in the LTL industry. Carriers are setting shipment count records each week, and rates are starting to climb. We expect rates to increase by 10 to 20% after the dust settles. Where each shipper lands will depend on their freight characteristics and ease of doing business.

Carriers are currently oversold and scrambling to service and mitigate the flood of freight hitting their docks. Auctions for Yellow's assets, including their terminals, real estate, trucks, and trailers, are just beginning. Expect carriers to act quickly to secure these assets, but rolling them into their operations will take months if not years. In the short term, service interruptions will become more frequent until carriers can secure the necessary assets and personnel to handle the additional shipments.

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

Sources: EIA, DAT, ATA, FreightWaves, Reuters