

# Trucking Markets

## Overview

Welcome to the first edition of Passport Research: Trucking Markets, a weekly proprietary research report from FreightWaves that blends quantitative and qualitative data to arrive at a comprehensive, near-time view of the trucking freight market.

Each week we will characterize trucking markets in terms of supply, demand, and prices for the benefit of FreightWaves Passport clients.

We are less bullish on peak retail season from a trucking perspective than we were just two months ago. Volumes have continued to deteriorate and have now gone negative against 2018 comps; spot rates have stabilized near carriers' operating costs; capacity remains generally loose in major freight markets despite some regional Midwest tightness, especially in refrigerated equipment.

Management commentary from publicly-traded transportation and logistics companies in third quarter earnings calls has also been negative. Hub Group said that it did not see a peak season materializing; C.H. Robinson said that it expected routing guides to be reset lower for at least two quarters going forward. Several spot-exposed carriers, including USA Truck and U.S. Xpress, posted losses in the quarter.

## Spot Rates per mile

LAX-DAL	\$1.584
LAX-SEA	\$2.03
PHI-CHI	\$0.948
ATL-PHI	\$1.642
DAL-LAX	\$0.864
SEA-LAX	\$1.11

## Freight Volumes (Weekly Change)

Atlanta, GA	379.56 (-3.34%)
Ontario, CA	340.89 (0.37%)
Harrisburg, PA	325.38 (7.95%)
Elizabeth, NJ	289.55 (1.23%)
Los Angeles, CA	268.72 (-2.01%)
Joliet, IL	259.57 (-0.59%)

## Tender Rejection Rates

Atlanta, Georgia	3.74%
Ontario, CA	4.39%
Harrisburg, PA	6.30%
Elizabeth, NJ	3.18%
Los Angeles, CA	4.39%
Joliet, IL	5.88%

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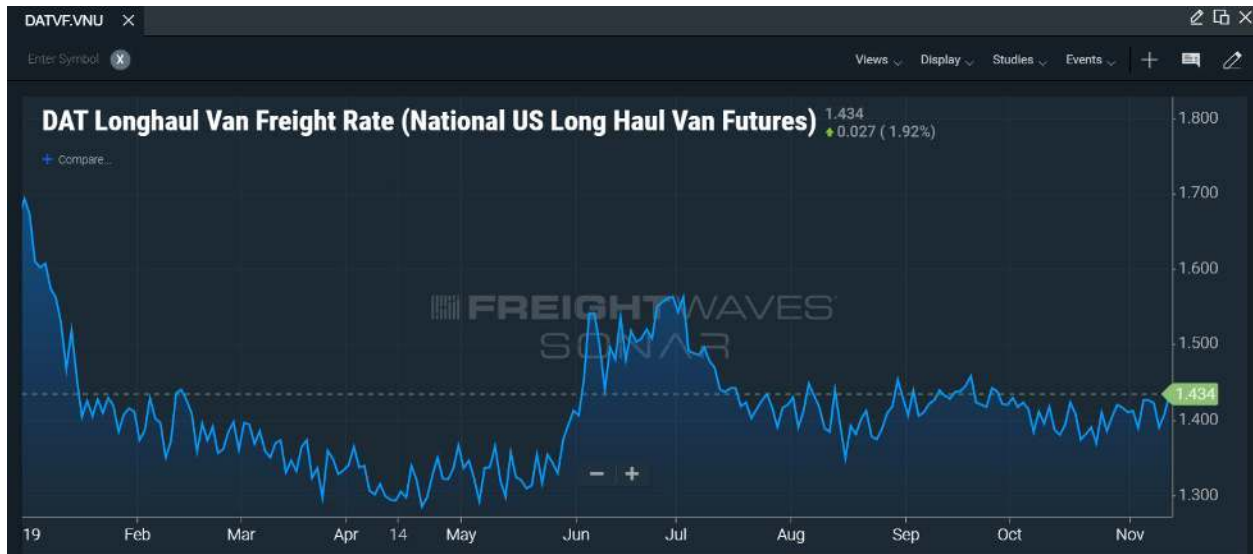
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## Trucking Spot Rates



Trucking spot rates on a national average basis have been relatively unchanged over the past three months. This comes at a time when the supply of trucking capacity is abundant across most of the country. There will most likely need to be an unforeseen catalyst to increase rates or enough fleet closures to drain the excess supply out of the market. SONAR's predictive rates tools expect pricing trends to remain flat over the next month on major lanes like Los Angeles to Dallas (today at \$1.59/mile ex fuel) and Chicago to Atlanta (today at \$1.30/mile ex fuel).

There may be significant price movement this week and leading into the Thanksgiving holiday in refrigerated equipment markets, depending on how severe winter weather in the Midwest becomes. 'Protect from Freeze' is the watch-word of the moment, and with reefer outbound tender rejection rates back up over 15%, there is less slack in reefer capacity now than there has been over the past month.

## Freight Demand

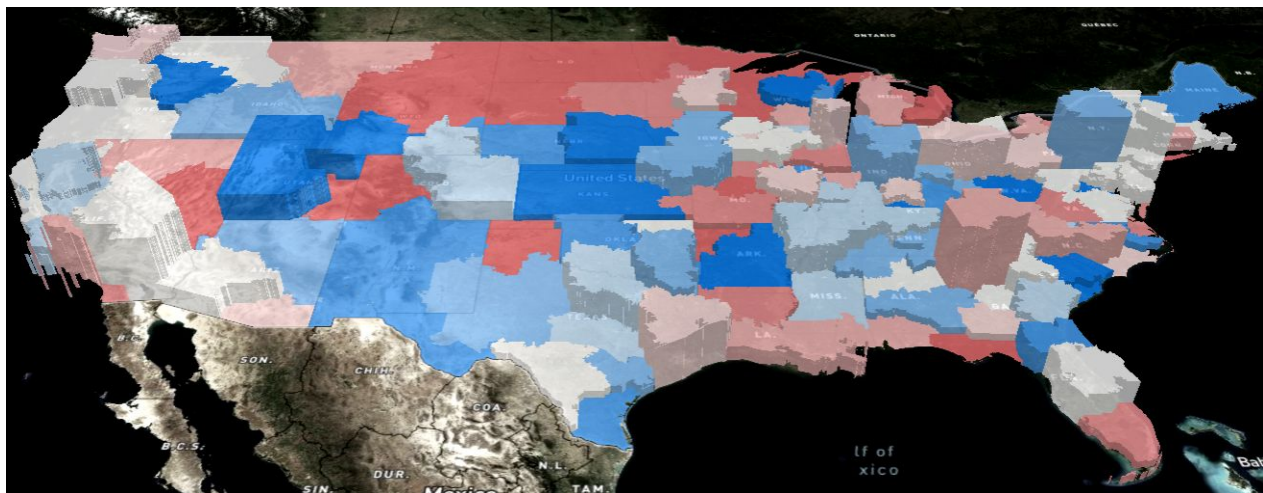


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National outbound tender volumes tried to pull into positive Y/Y territory late last week before turning back down to -2.35%. Although some of this can be blamed on the approach of the Thanksgiving holiday, we note that this comes against a relatively weak period in 2018. Tender volumes quickly rebounded in 2018 before fading off into the end of the year. Barring some unforeseen event, we do not expect tender volumes to increase dramatically into the end of the year.



The orange line represents 2018 volumes while the blue line shows 2019 YTD (OTVI.USA). As seen, 2019 outbound tender volumes have struggled to remain above 10,000 and are now trending downward. This softness concerns us because this period is usually considered 'peak season.'

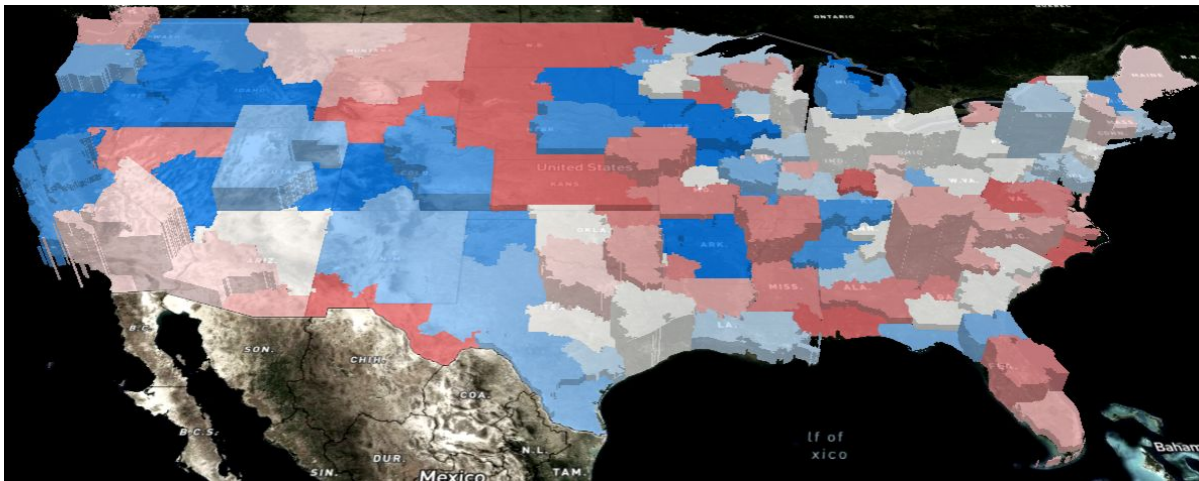


This three-dimensional map shows both the weekly change in outbound tender volume by X-market (color) along with each X-market's market share of outbound volumes (height). As seen across the country, most of the largest markets were flat or down over the past week. Two markets that were able to buck the downward trend were Harrisburg, Pennsylvania and Salt Lake City, Utah. Harrisburg saw outbound tender volumes rise 7.95% over the past week while Salt Lake City rose 16.74%.

## Trucking Capacity



Trucking capacity continues to remain loose as we hit peak retail season. Trucks are continuing to leave the market, but we have only seen a modest increase in national tender rejections (OTRI.USA), which rose to 6.16% today. This week OTRIY.USA dropped 9.21% year-over-year, which we expected due to the Thanksgiving holiday falling a week later this year than in 2018.



The map above compares the Outbound Tender Rejection Weekly Change (OTRIW) and the Outbound Tender Market Share (OTMS). The colors represent OTRIW.X with red and blue, where red represents a negative w/w change and blue represents a positive w/w change. OTMS is represented by the height of the market, thus the higher the market, the more market share it holds. Markets like Twin Falls, ID, and Salt Lake City, UT have seen their outbound tender rejections rise this past week but they do not move the needle as much as other markets because they have a relatively small market share. The largest U.S. markets, including Los Angeles, CA, Ontario, CA, Elizabeth, NJ and Atlanta, GA have all seen capacity loosen at a time where it is typically tightening. All four of

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those markets are currently showing Outbound Tender Rejections down between 6% and 9.1% year-over-year.

The markets in the Midwest that saw very high increases in outbound tender rejections saw the number of outbound tender rejections fall again this week. Bismark, ND fell 8.53% this week while Fargo, ND fell 6.00% after rising 22.8% and 18.1% respectively a week ago.