

JARRETT SUPPLY CHAIN REPORT



MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported that shipment counts fell 1.3% month over month (m/m) in Nov., and fell 8.9% year over year (y/y). Freight expenditures fell 1.3% m/m and 26% y/y. ([Cass Information Systems December 2023](#))
- Yellow rejected an offer to revive the bankrupt trucker and rehire thousands of its former workers, effectively ending a longshot effort to reverse the collapse of one of the country's biggest freight carriers. ([WSJ December 2023](#))
- U.S. imports this month are expected to jump 11.5% over Dec. 2022, a significant upgrade from Global Port Tracker's (GPT's) initial forecast of a 6.6% increase made last month. GPT also projects that Jan. imports will climb 6.6% y/y, up from the 3.7% increase forecasted last month. ([JOC December 2023](#))
- The average price for a gallon of diesel fuel was \$3.987 the week of Dec. 11. It is down 16.1% y/y. ([U.S. Energy Information Administration December 2023](#))

LESS-THAN-TRUCKLOAD (LTL)

- Several large LTL carriers as well as some real estate investors were named as winning bidders of defunct Yellow's portfolio of terminals. In total, an auction that started Nov. 28 netted nearly \$1.9 billion in commitments for 130 of Yellow's owned properties. XPO was the largest winning bid securing 28 terminals, followed by Estes with 24, SAIA with 17 and Knight-Swift with 13. ([FreightWaves December 2023](#))
- There are still 46 Yellow-owned properties on the auction block, as well as 147 leased

properties that will also be sold at auction. The impact of the Yellow terminal auction will also depend on how the facilities purchased from the bankrupt carrier will be brought back into service. “There will be less structural capacity in the market at the start of 2024 than there was at the beginning of 2023,” said David Ross, executive vice president at LTL carrier Roadrunner. “Even six months ago there were more terminals operating than right now.” ([JOC December 2023](#))

- LTL carriers have announced annual general rate increases (GRIs) ranging from 4.9% to 7.5%. SAIA set the top of the range at 7.5% and Old Dominion Freight Lines (ODFL) and TForce set the bottom at 4.9%. ([FreightWaves December 2023](#))
- The massive shift of LTL freight among carriers after the collapse of Yellow appears to be nearing its end, as the market settles at a new level and Yellow’s terminals are sold at auction. The calming market can be seen in fourth-quarter operating data released by ODFL, the second-largest U.S. LTL provider and the most profitable publicly traded LTL carrier. ODFL said its daily LTL shipments rose just 0.6% y/y in Nov. ([JOC December 2023](#))

TRUCKLOAD (TL)

- Expect the current market conditions in the truckload market to prevail until late Q2 2024, when the market should find equilibrium. Spot rates are likely to rise over contract rates in the first half of the year, and demand will normalize as supply chain disruptions originating from the pandemic work their way out of the system. ([DAT Freight & Analytics December 2023](#))
- U.S. truckload pricing is expected to climb in 2024, but there’s division among analysts over when shippers might see a pricing surge and how big that surge might be. Chris Pickett, chief strategy officer for Flock Freight, said historical data suggests both spot and contractual truckload rates will rise next year no matter what. Pickett predicts that enough small fleets will go out of business to reduce the supply of available trucks. ([JOC December 2023](#))
- U.S. truckload rates decreased slightly in Nov. Dry van spot rates were down 0.8% from Oct. to Nov., and are down 12.8% y/y. The number of spot loads posted in Nov. decreased 12.8% from Oct., and are down 41.3% y/y. ([DAT Freight & Analytics December 2023](#))

PARCEL

- UPS and FedEx posted solid holiday on-time delivery performances of 98% and 97.8% during the Black Friday/Cyber Monday cycle. Both carriers are expected to maintain high service levels through the holidays in part because there aren't as many packages to ship as there were last year. 82 million parcels are expected to be delivered, on average, each day during the peak cycle. Last year, by comparison, that number exceeded 90 million. ([FreightWaves December 2023](#))
- FedEx Ground hikes fuel surcharge 100 basis points to 16%, leapfrogging UPS which is at 15%. ([FreightWaves December 2023](#))
- Super-regional parcel delivery carrier OnTrac will raise its 2024 tariff rates by a blended average of 6.2%, with shorter-haul traffic being charged less than longer hauls. ([FreightWaves December 2023](#))

INTERNATIONAL

- Ocean freight rates will need to rise 25% in 2024 to cover higher operating costs for carriers and new carbon emissions fees on the shipping industry, the chief executive of Hapag-Lloyd, Rolf Habben Jansen, said. ([JOC December 2023](#))
- Panama Canal transits plunge as larger ships are turned away due to the ongoing drought. The total number of transits declined 22% in Nov. versus Oct., according to just-released data from the Panama Canal Authority (ACP). ([FreightWaves December 2023](#))
- Leaders from Maersk, CMA CGM, Hapag-Lloyd and other shipping lines called for an end date to building vessels powered only by fossil fuels. ([SupplyChainDive December 2023](#))
- The Drewry WCI composite index, which measures the bi-weekly ocean freight rate movements of 40-ft. containers in seven major maritime lanes, was \$1,521 per 40-ft. container on Dec. 14. It has dropped 28% when compared with the same week last year. It is now 7% above the 2019 pre-pandemic rates of \$1,420. ([Drewry December 2023](#))