

JARRETT SUPPLY CHAIN REPORT



MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported shipment counts were down 1.8% month over month (m/m) in June, and were down 6% year over year (y/y). Freight expenditures were down 3% m/m, and are down 9.4% y/y. ([Cass Information Systems July 2024](#))
- A monthly supply chain survey registered a neutral reading for transportation capacity in June, the first time in more than two years the index didn't expand. Sentiment around transportation pricing signaled growth for a second consecutive month. The last non-growth reading on transportation capacity was in March 2022, just ahead of the freight recession's onset. Transportation pricing measured at its highest level since June 2022, however much of that is driven off the surge in ocean shipping spot rates and air freight. ([FreightWaves July 2024](#))
- Bargain shopping apps Temu and Shein are reshaping the air cargo market out of China, eating up aircraft space at a pace that is driving up freight rates and sparking fears of a capacity squeeze during the busy peak shipping season later this year. ([WSJ July 2024](#))
- The average price for a gallon of diesel fuel was \$3.865 the week of July 8. It has now risen for 4 consecutive weeks. ([U.S. Energy Information Administration July 2024](#))

LESS-THAN-TRUCKLOAD (LTL)

- The US LTL producer price index (PPI) was up 8.2% y/y in April and 5.2% in May, according to data from the US Bureau of Labor Statistics. LTL pricing is significantly above its long-term trend line, said Noel Perry, chief economist at Truckstop.com. ([JOC June 2024](#))

- Saia announced the opening of two terminals in California and Minnesota. The facilities were acquired from bankrupt Yellow Corp.'s estate. In total, Saia acquired 28 owned and leased properties valued at more than \$240 million from Yellow. It plans to open as many as 16 locations this year. ([FreightWaves June 2024](#))
- California LTL carrier Tony's Express of Fontana, California, has filed for bankruptcy protection, nearly three months after it abruptly ceased operations. ([FreightWaves July 2024](#))

TRUCKLOAD(TL)

- Third-party logistics provider RXO agreed to purchase Coyote Logistics from UPS for \$1.025 billion. The purchase will make RXO the third-largest US brokerage. The deal also frees UPS from a subsidiary that had been a drag on earnings and revenue in its Supply Chain Solutions division, cutting its last direct ties to long-haul for-hire trucking. ([JOC June 2024](#))
- Analysts continue to be divided over the pace of US truckload recovery. "We're looking at steady growth [in total truckload truck loadings] a little over 2% this year and a little more next year," Avery Vise, vice president of trucking at FTR. Vise pointed to the excess capacity in the truckload market. "We still have roughly 96,000 more [carriers] than we had in February 2020," Vise said. "We're rightsizing, but not very quickly." On the other hand, Chris Pickett, chief operating officer of truckload optimization company Flock Freight, said that truckload spot rates would rise 6-8% before the end of September. "I think contract [truckload] rates reset 5% to 6% higher in the first half of 2025 and maybe 2% to 3% for intermodal contracts," Pickett said. ([JOC June 2024](#))
- US Logistics Solutions, a trucking company focused on delivering goods for retailers to store outlets, is shutting down after filing for bankruptcy, in one of the largest trucking failures since LTL giant Yellow collapsed last year. The closure will eliminate about 2,000 jobs and pull more than 500 trucks from the market. ([WSJ June 2024](#))
- U.S. truckload rates increased slightly in June. Dry van spot rates were up 1.8% m/m, but are down 1% y/y. Flatbed spot rates were down 0.4% m/m, and are down 4.1% y/y. The number of spot loads posted in June decreased 9.4% from May, and are down 8.4% y/y. ([DAT Freight & Analytics July 2024](#))

PARCEL

- FedEx is conducting a strategic analysis of the company's less-than-truckload (LTL) segment and its relative value to the company, suggesting that FedEx Freight could be sold or spun off so the company can focus on its parcel and logistics business. ([FreightWaves June 2024](#))
- UPS plans to close one of their Baltimore facilities in August, resulting in a lay off of 540 workers. UPS announced earlier this year plans to shutter up to 200 facilities over the next five years in a modernization push. The plan is expected to save \$3 billion per year by 2028. ([FreightWaves July 2024](#))

INTERNATIONAL

- U.S. container import volume continued the robust growth seen in 2024, with June 2024 volumes increasing 10.4% y/y. Versus May 2024, June container import volume declined 2.1%. Imports from China remained high in June 2024, boasting 13.8% growth compared to June 2023 while remaining flat compared to May 2024. Port transit delays at most West Coast Ports improved while East and Gulf Coast ports experienced marginal increases. ([SupplyChainDive July 2024](#))
- Air freight industry anticipates surging peak rates. Shippers and forwarders need to be prepared for peak season to avoid being "at the mercy of the market," according to a July 5 report from Xeneta. Growing e-commerce demand, ocean disruptions due to Red Sea conflicts, and manufacturing activity caused global air cargo spot rates in June to spike 17% y/y to \$2.62 per kilogram. ([SupplyChainDive July 2024](#))
- Canada averted a new labor disruption affecting its Pacific Coast ports after the country's labor-relations board deemed as illegal a strike notice issued by a union representing ship and dock foremen. ([WSJ July 2024](#))
- The Drewry WCI composite index, which measures the bi-weekly ocean freight rate movements of 40-ft. containers in seven major maritime lanes, was \$5,901 per 40-ft.

container on July 11. It increased 1% from the previous week, and it is up 118% since April 24th. ([Drewry July 2024](#))