

THE EVANS DIFFERENCE

INDUSTRY UPDATE:

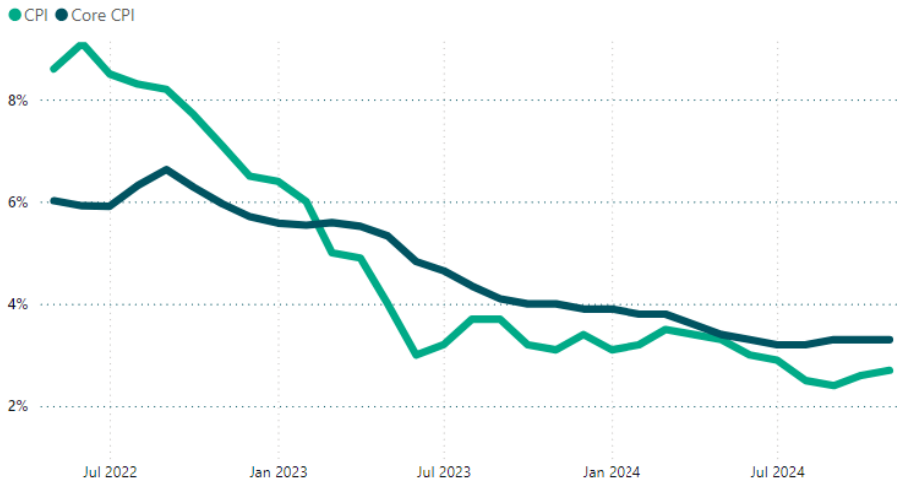
DECEMBER 2024

Industry Updates

Evans is here to support you with monthly industry updates, key metrics, forecasting, and trends. Leverage the #EX today and reach out to your Evans account manager!

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National Inflation Rate



US Unemployment Rate

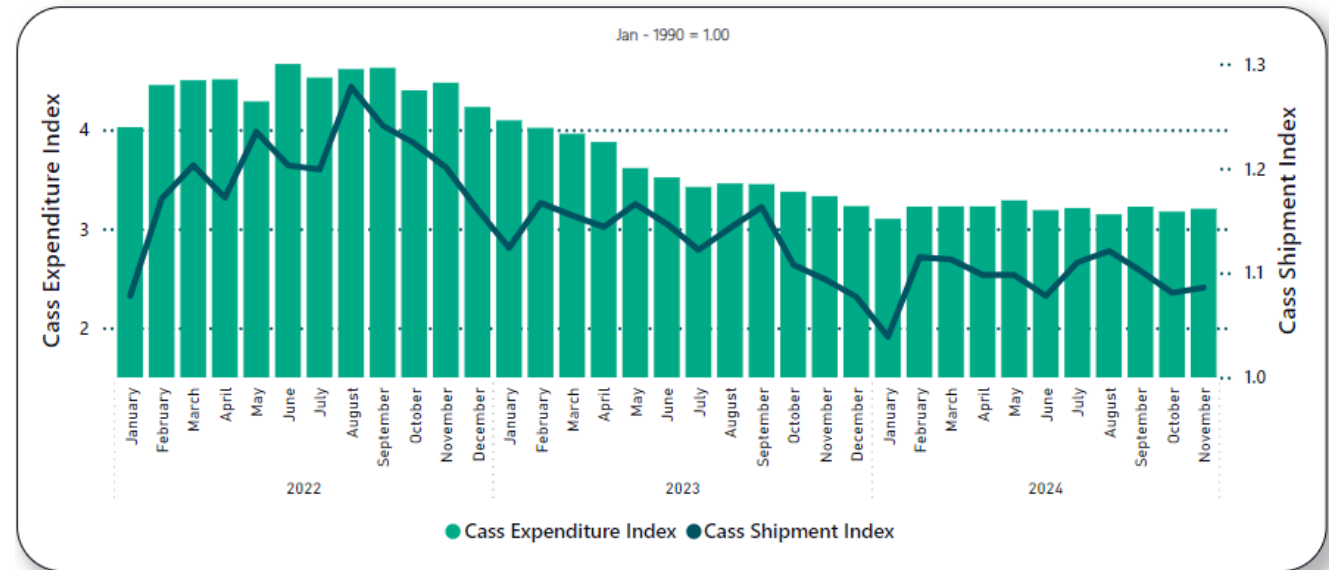


Economic Trends & Key Indicators

- **CPI and Core CPI:** CPI rose 2.7% in November; Core CPI held steady at 3.3%, driven by medical and vehicle costs.
- **Interest Rates:** The Feds cut the interest rates another quarter point in December but projects fewer cuts going into 2025.
- **Unemployment Levels:** Unemployment increased to 4.2% in November, with payrolls growing 227,000, led by health care and leisure industries.
- **Consumer Confidence:** Confidence hit 111.7 in November, its highest since mid-2023, reflecting optimism despite being below pre-pandemic levels.
- **Impending Tariffs:** Anticipated tariffs could drive price hikes, accelerate big-ticket purchases, and strain economic growth through increased consumer and business costs.

Cass Index November Insights

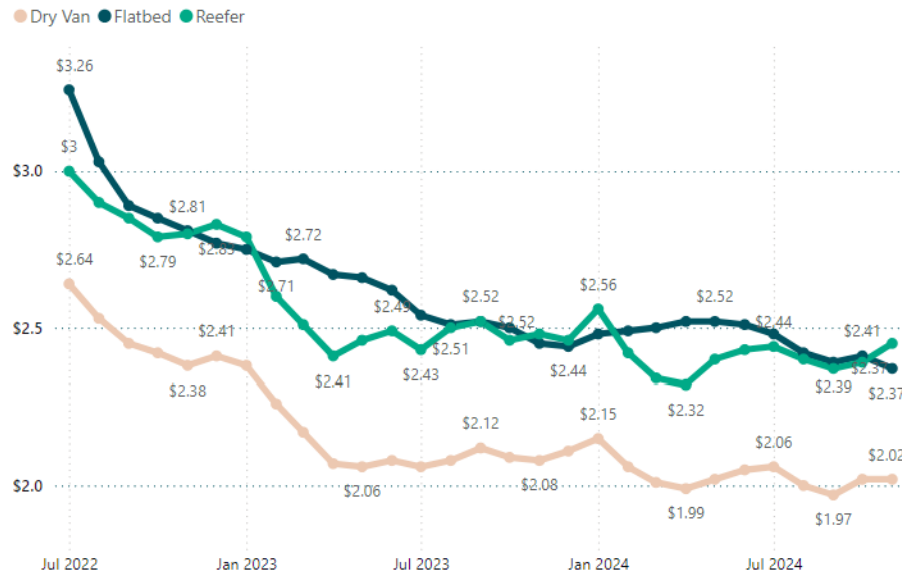
- **Shipment Index:** November shipments rose 0.5% month-over-month (2.8% seasonally adjusted), with year-over-year declines tapering to 0.7%.
- **Expenditures Index:** Expenditures grew 0.9% month-over-month (3.1% seasonally adjusted) but fell 3.8% year-over-year, the lowest decline in 22 months.
- **Truckload Linehaul Index:** Increased 0.8% month-over-month in November, with year-over-year declines contracting to 1.1%, signaling gradual rate recovery.
- **Demand:** Economic growth and slowing private fleet capacity additions improved for-hire market demand; private fleets remain a headwind.
- **Future Projections:** Seasonal trends indicate modest rate increases, with pre-tariff shipping in early 2025 potentially boosting for-hire demand.



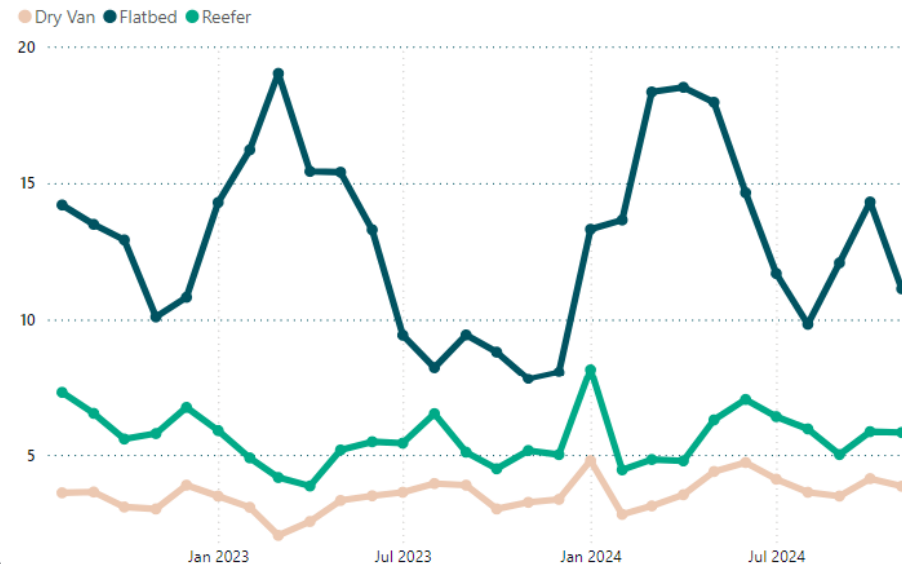
Current Freight Market Dynamics

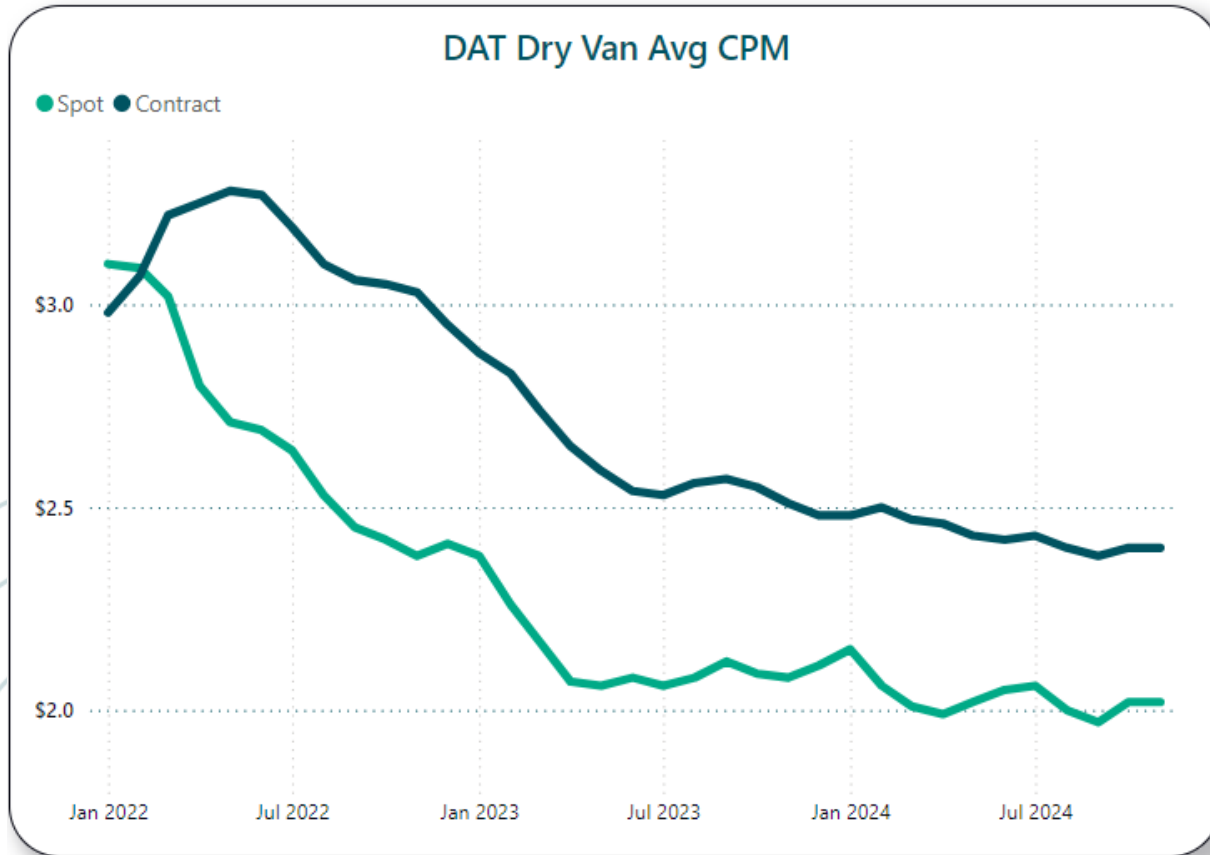
- **Transportation Employment:** U.S. for-hire trucking added 2,900 jobs in November, though levels remain below 2023, reflecting cautious recovery.
- **ACT Pricing Index:** The ACT Pricing Index rose to 55.1, its highest level in 2.5 years, an indication of improving freight market conditions.
- **FMCSA Regulation:** New FMCSA rules could sideline 177,000 drivers, reducing capacity and increasing rising tension on freight rates.
- **Truckload Supply and Demand:** Capacity contraction, slower fleet growth, and rising freight demand are narrowing the supply-demand balance, benefiting carriers.
- **Truckload Market:** Spot rates are steadily rising and closing the gap with contract rates, driven by tightening capacity and market rebalancing.

DAT Avg CPM Spot



DAT Load to Truck Ratio



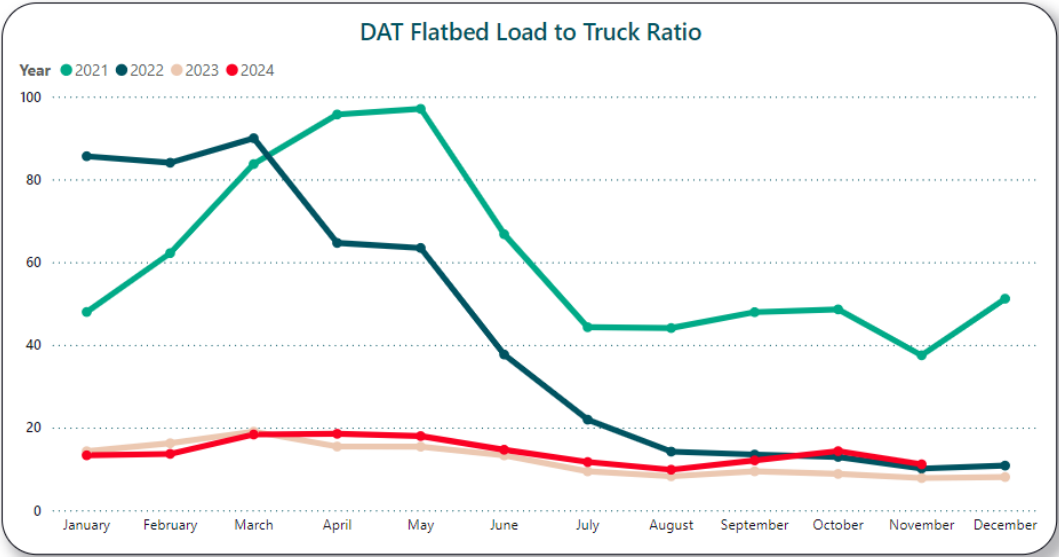
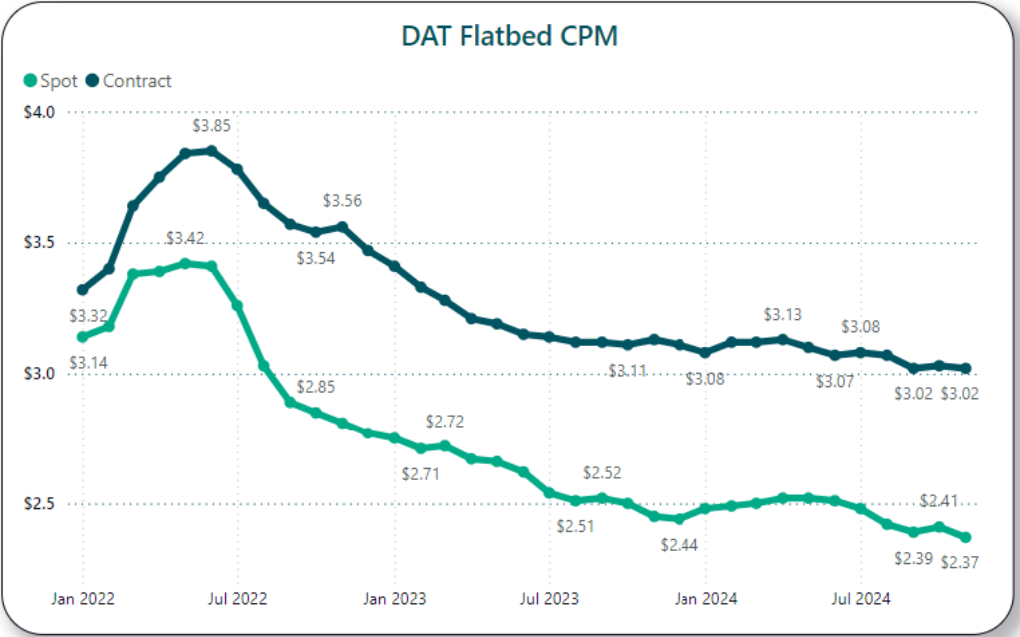


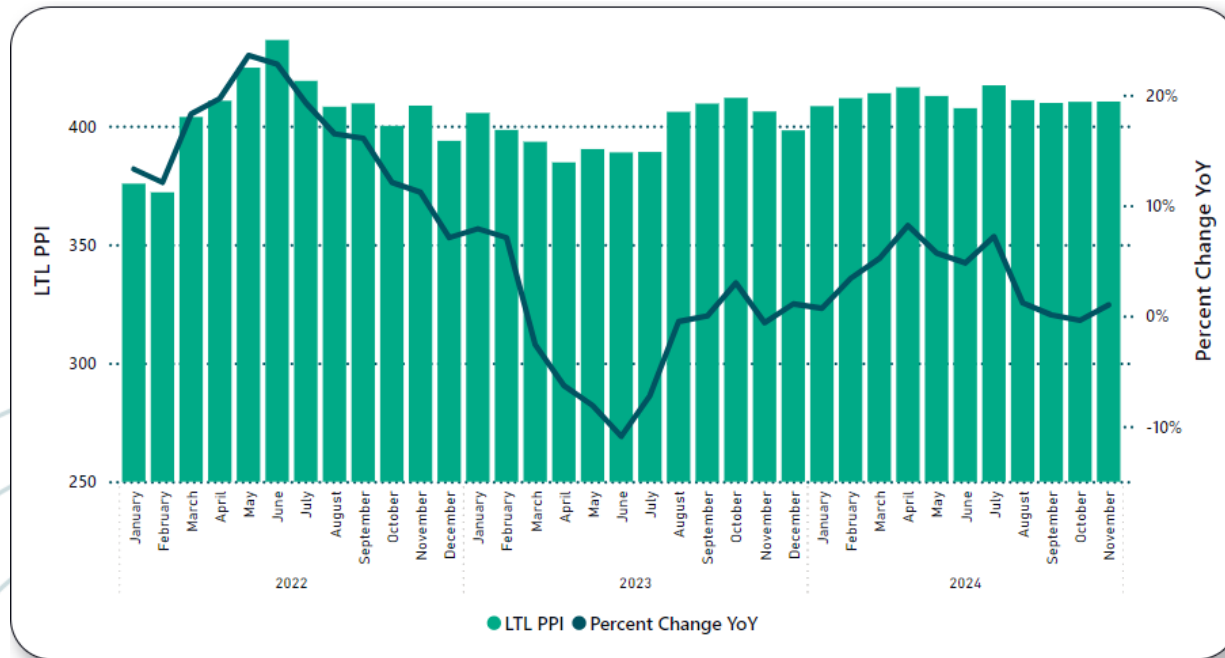
Dry Van Dynamics: November Updates

- **Spot Rate**: Dry van spot rates held at \$2.02 per mile in November but are pacing upward to \$2.08 in December.
- **Contract Rate**: Contract rates remained steady at \$2.40 per mile in November, down from \$2.51 last year.
- **Load-to-Truck Ratio**: The load-to-truck ratio fell to 3.85 in November from 4.13 in October but remains higher than last year's 3.26.
- **Expectations for 2025**: Tightening capacity and increasing demand signal upward rate pressure, with stronger freight recovery anticipated by Q2 2025.

Flatbed Market: November Updates

- **Spot Market:** Flatbed spot rates fell to \$2.37 in November from \$2.41 in October, reflecting seasonal softening in demand.
- **Contract Market:** Flatbed contract rates remained stable, decreasing slightly to \$3.02 in November from \$3.03 in October.
- **Load-to-Truck Ratio:** The ratio dropped to 11.13 in November from 14.13 in October but remains well above last year's 7.81.
- **Seasonality:** Colder weather has slowed construction and housing activity, typical for this time of year, impacting flatbed demand.
- **Key Note:** Manufacturers are stockpiling critical imports ahead of anticipated tariffs, driving near-term demand for flatbed capacity.



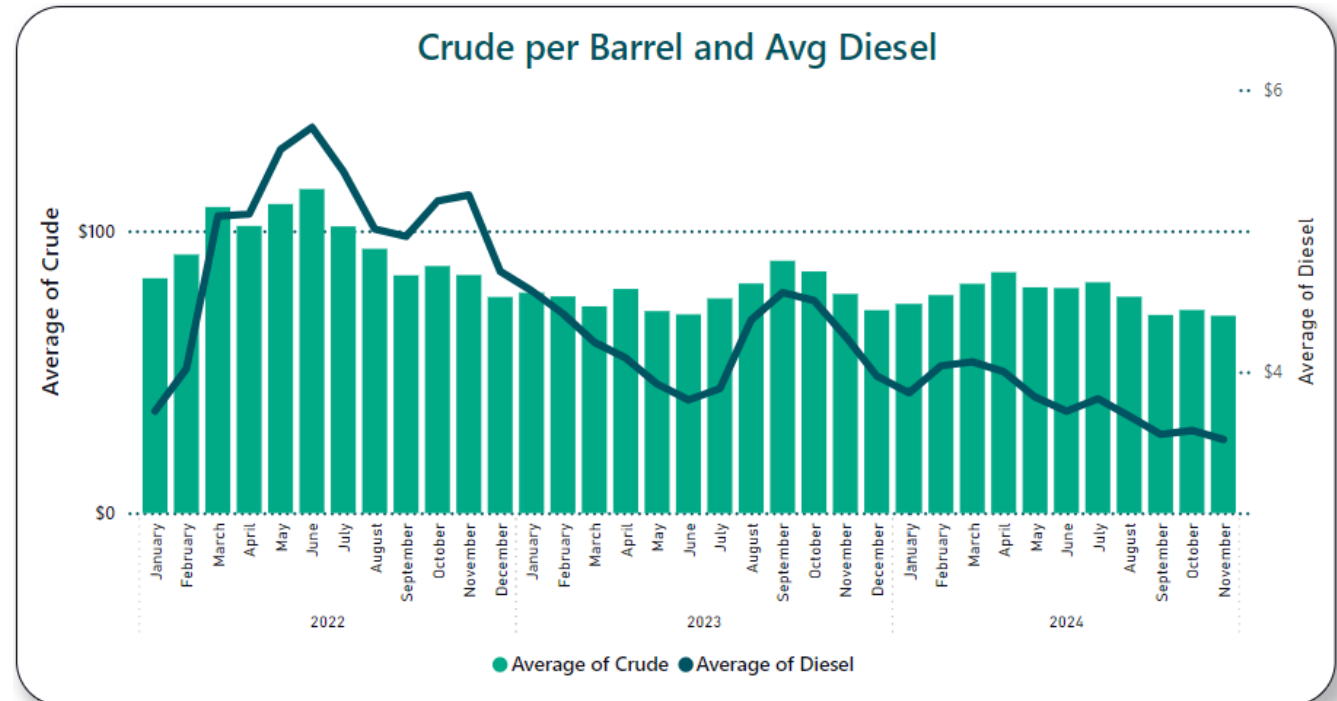


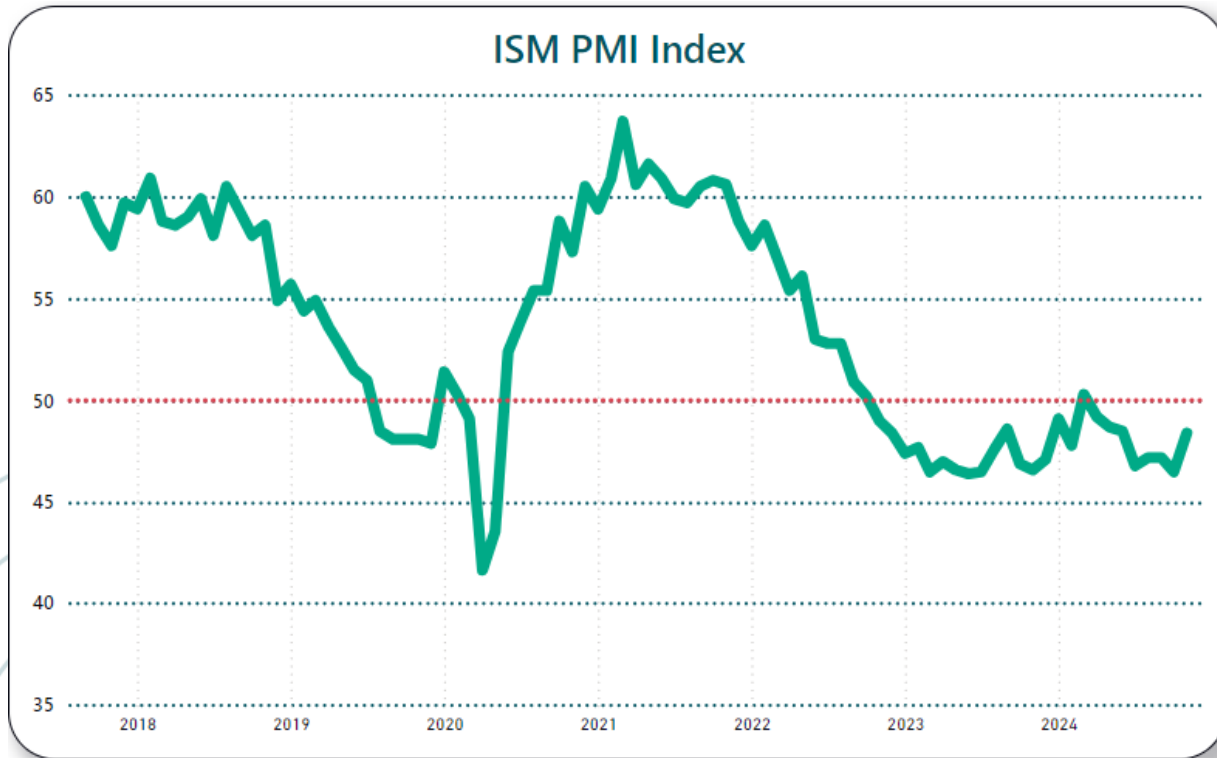
LTL Sector Industry Update

- **LTL PPI**: Has remained steady for most of the year coming in at an average rate of 410.36 in November.
- **LTL Increases**: The 2025 LTL General Rate Increases for major LTL carriers have ranged from 4.9% to 7.9%.
- **Carrier Focus**: Carriers are prioritize profitability with investments in terminal expansions, workforce, technology, and advanced pricing models.
- **NMFC Changes**: The NMFTA postponed density-based classification updates to July 2025, enhancing accuracy and reducing misclassification costs.
- **Yellow Continued**: Yellow terminal sales continue, with Estes and R+L Carriers acquiring key properties to strengthen regional market positions with a value of around \$193 million.

Fuel Costs and Economic Projections

- **Crude Oil:** WTI crude averaged \$69.95 per barrel in November, with prices steady despite global demand downgrades and market uncertainty.
- **Average Diesel Costs:** Diesel prices remain stable, averaging around \$3.50 per gallon, supported by consistent crude costs and reduced supply pressures.
- **OPEC:** OPEC cut its 2024 oil demand growth forecast by 210,000 bpd, the largest reduction yet, citing weaker outlooks for China and Asia.
- **Global Supply Outlook:** OPEC+ delayed its planned output increases until April 2025 to counter falling prices and weak global demand growth.
- **China's Role:** China's oil demand growth is slowing, with forecasts cut to 430,000 bpd for 2024 as fuel demand begins to peak.



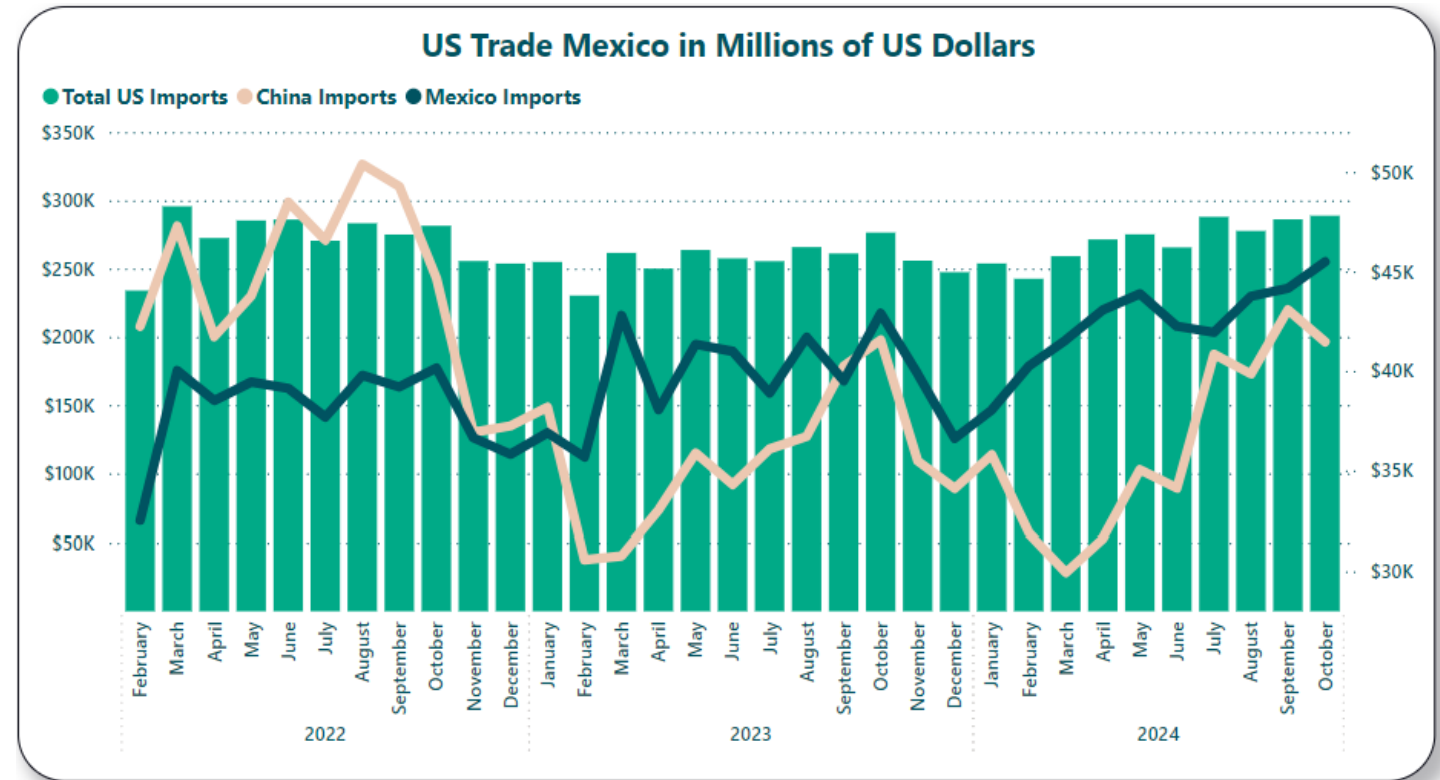


Manufacturing Sector Overview

- **PMI Reading**: The Manufacturing PMI® rose to 48.4% in November, improving from 46.5%, though the sector remains in contraction.
- **New Orders**: New Orders expanded to 50.4%, ending seven months of contraction and signaling a slight recovery in demand.
- **Inventories Index**: The Inventories Index increased to 48.1%, reflecting a slower rate of contraction and early signs of inventory stabilization.
- **Prices Index**: The Prices Index fell to 50.3%, indicating slower price increases for raw materials like aluminum, copper, and natural gas.
- **2025 Outlook**: Recovery is expected mid-2025, supported by improving demand, stabilized inventories, and increased manufacturing activity post-election cycle.

Mexico Freight Insights

- **Record Vehicle Exports:** Mexican auto production reached 3.7 million units (+5.6%) YTD, with exports rising 6.5% to 3.2 million vehicles.
- **China Shifting to Mexico:** Chinese manufacturers are relocating operations to Mexico to mitigate future tariffs, strengthening U.S.-Mexico trade flows.
- **Cross-Border Infrastructure:** The \$83M Anzalduas International Bridge expansion, set for spring 2025, will process 1,200–2,000 trucks daily, improving freight efficiency.
- **Freight Demand Outlook:** U.S.-Mexico freight demand is expected to grow in 2025, driven by automotive exports and nearshoring trends.
- **Port Modernization:** Mexico's \$3B expansion of the Port of Manzanillo will boost capacity to 10M TEUs, enhancing trade with the U.S. and Asia.



<u>Year</u>	<u>UPS Air</u>	<u>FedEx Air</u>	<u>UPS Ground</u>	<u>FedEx Ground</u>
2010	6.9%	5.9%	4.9%	4.9%
2011	6.9%	5.9%	5.9%	5.9%
2012	6.9%	5.9%	5.9%	5.9%
2013	6.5%	5.9%	5.9%	5.9%
2014	4.9%	3.0%	4.9%	4.9%
2015	4.9%	4.9%	4.9%	4.9%
2016	5.2%	4.9%	4.9%	4.9%
2017	4.9%	3.9%	4.9%	4.9%
2018	4.9%	4.9%	4.9%	4.9%
2019	4.9%	4.9%	4.9%	4.9%
2020	4.9%	4.9%	4.9%	4.9%
2021	4.9%	4.9%	4.9%	4.9%
2022	5.9%	5.9%	5.9%	5.9%
2023	6.9%	6.9%	6.9%	6.9%
2024	5.9%	5.9%	5.9%	5.9%
2025	5.9%	5.9%	5.9%	5.9%

November Parcel Market Insight

- **UPS Rate Increase:** UPS General Rate Increase (GRI) takes effect on December 23, 2024, impacting shipping costs for customers.
- **FedEx Rate Increase:** FedEx will implement its GRI on January 6, 2025, continuing annual adjustments to pricing structures.
- **UPS SurePost Changes:** SurePost rates for packages under 10 lbs will rise nearly 10%, with Delivery Area Surcharges increasing by over 60%.
- **USPS Volume Strategy:** USPS is expected to continue raising rates on postal service levels to drive more package volume in-house.

Did You Know?



Evans President & CEO Ryan Keepman Honored as a Top Executive

Transportation's President and CEO, Ryan Keepman, was recognized as a [C-Suite Star 2024 Top Executive](#) by the Milwaukee Business Journal. Under Ryan's leadership, Evans has achieved record growth, expanded services to Mexico, and launched innovative solutions like Parcel Solutions.

Learn what it is like to have the [#EX](#) on your side!