

THE EVANS DIFFERENCE

INDUSTRY UPDATE:

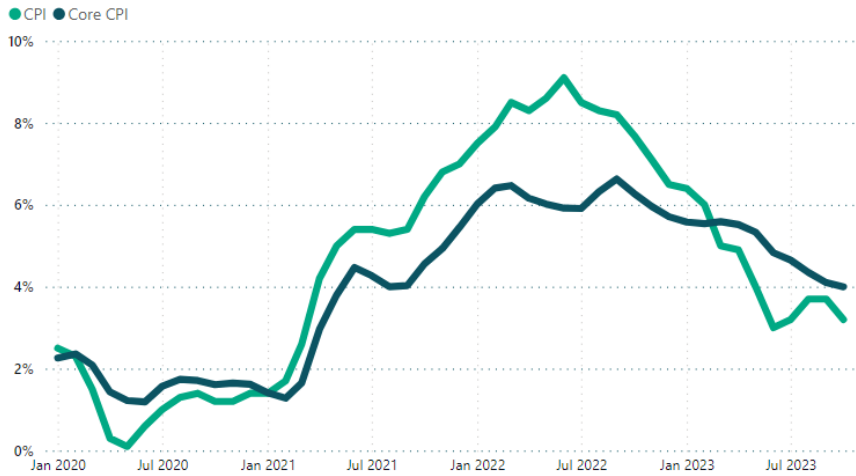
NOVEMBER 2023

Industry Updates

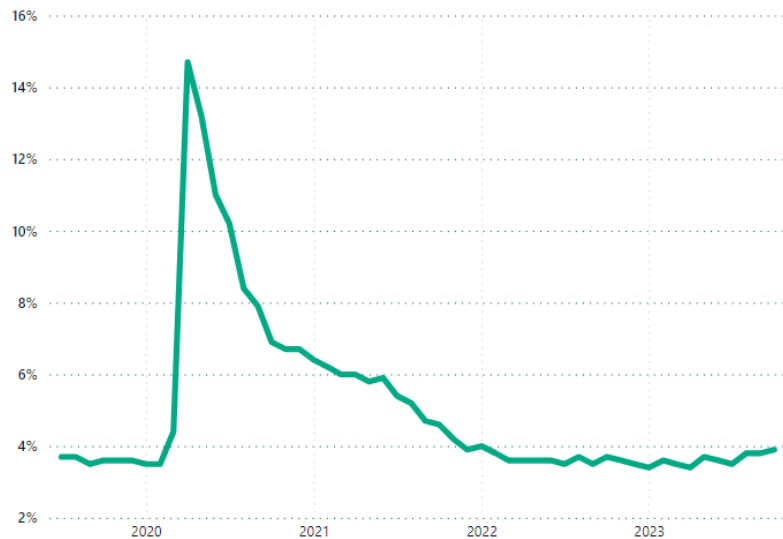
Evans is here to support you with monthly industry updates, key metrics, forecasting, and trends. Leverage the #EX today and reach out to your Evans account manager!

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National Inflation Rate



US Unemployment Rate

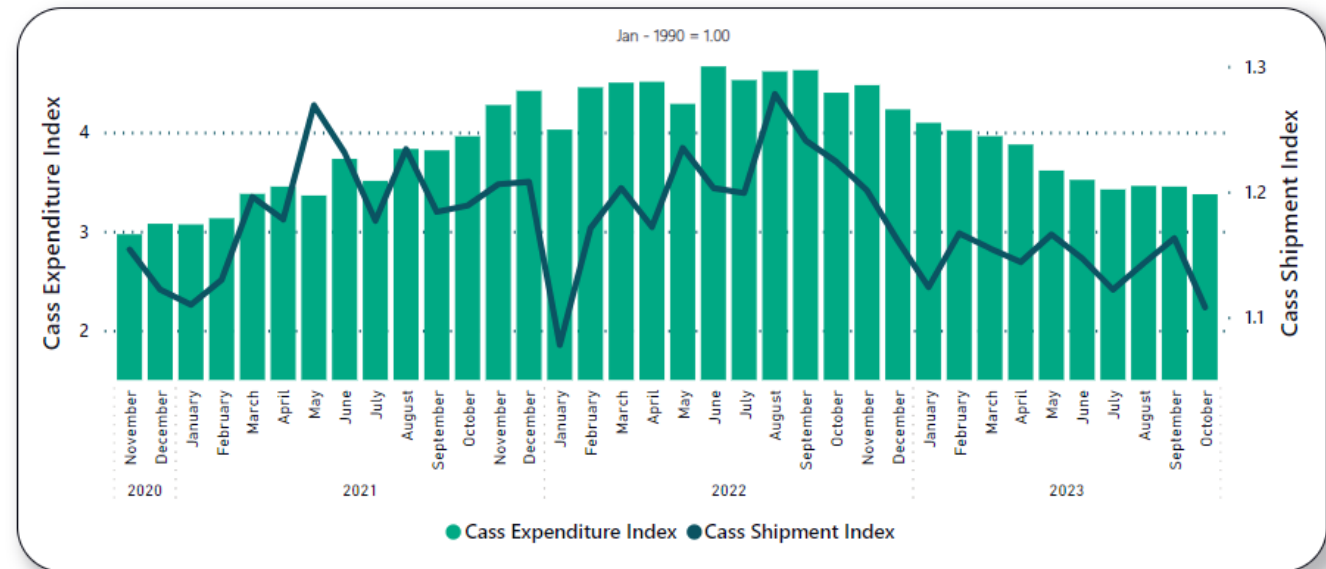


Inflation is Slowing Down But Still High

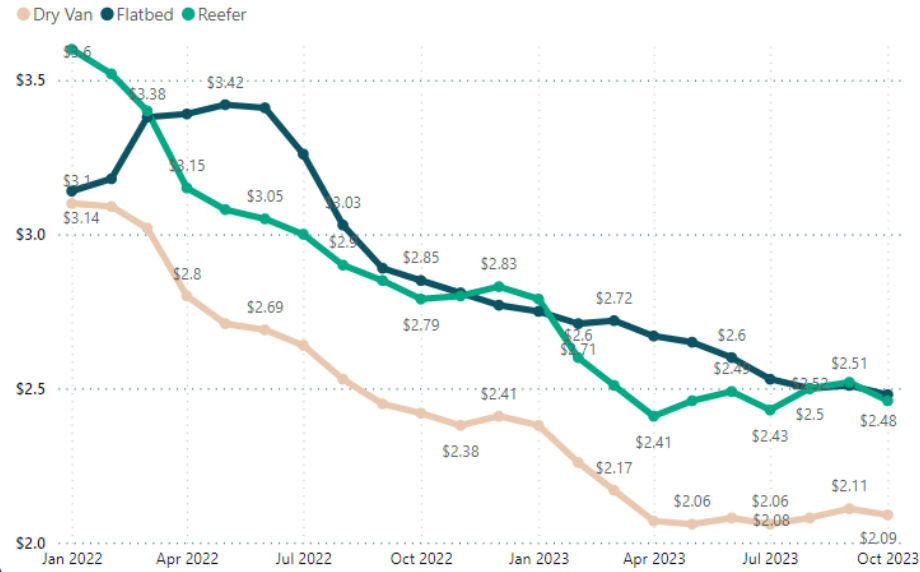
- October CPI dropped half a percentage point YoY to 3.2%, while the Core CPI rate, which excludes energy and food, continued the downward path to 4%.
- The unemployment rate increased to 3.9%, the highest since January 2022.
- The Feds continue to hold interest rates at a 22-year high to keep pressure on the economy.
- Excess household savings are approaching 2008 levels, and credit card debt is at an all-time high of \$1.1 trillion, causing some concern that they could be over-correcting.

Cass Losses Two Month Momentum

- October shipment volumes fell 9.5% year over year and 2.8% month over month.
- Expenditures fell 2.4% month over month and 23.3% year over year.
- It is not abnormal for October to be slower than the months around it.
- Another pressure that could have caused the slower volume is the UAW strike impacting the auto industry.
- The current expectation is to remain flat with a muted holiday volume uptick.



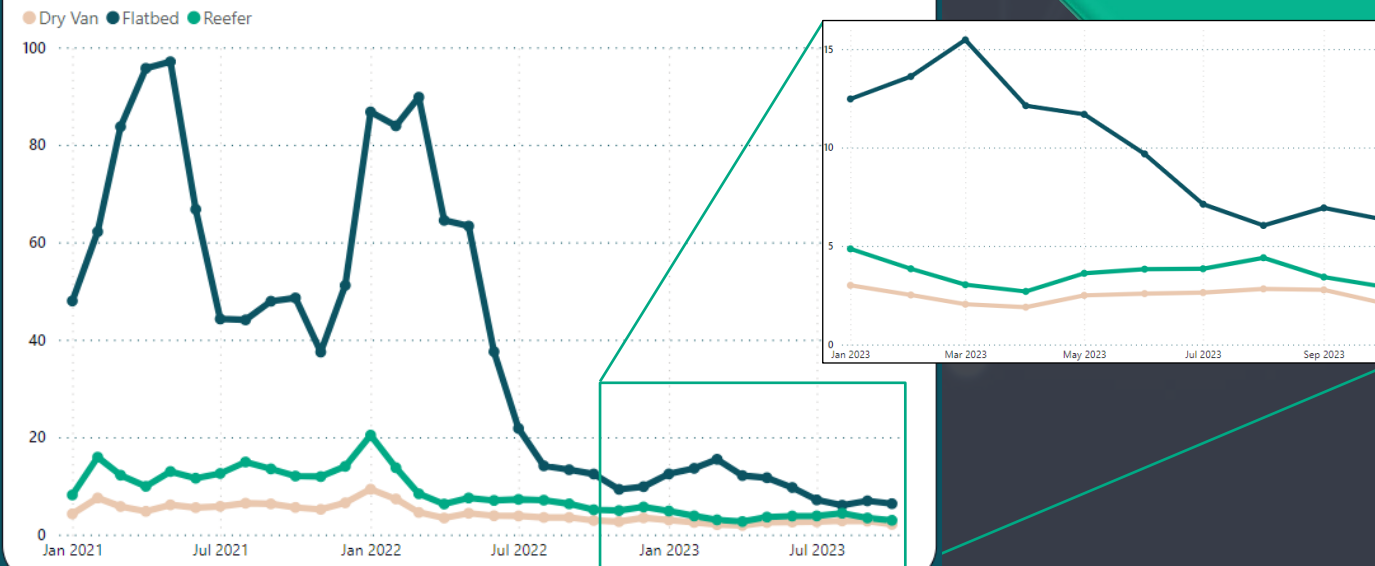
DAT Avg CPM Spot

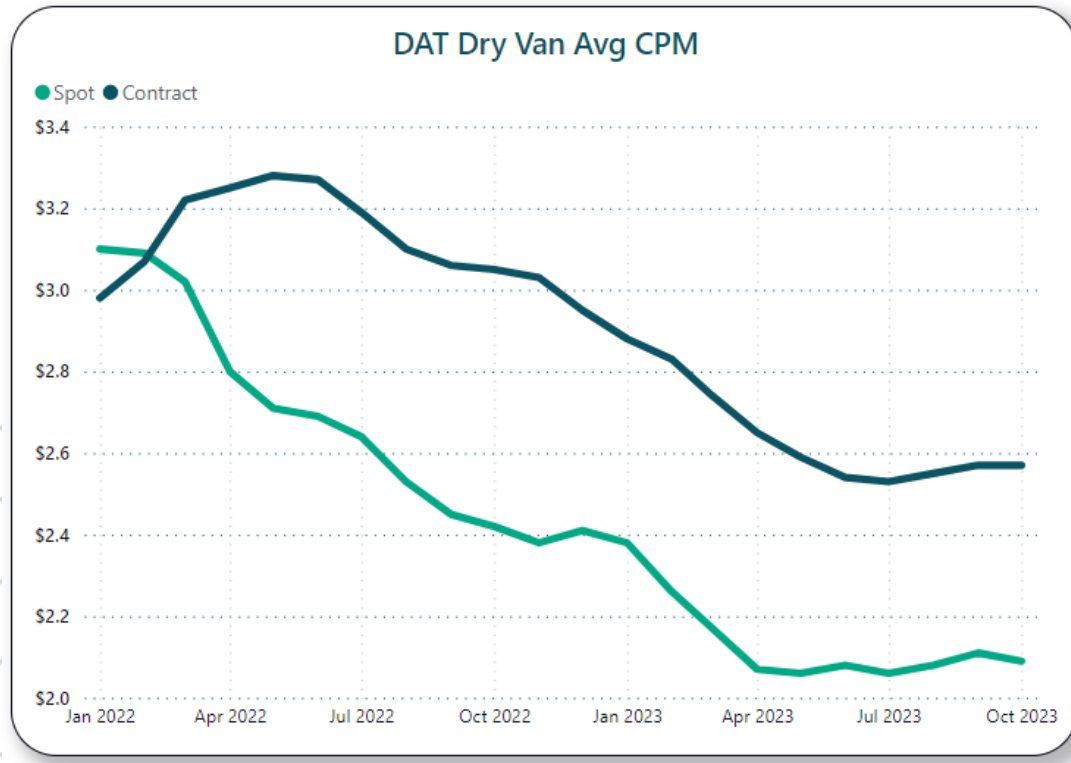


Truckload Saw Slight Slump

- All three equipment types saw a fall in their average cost per pound.
- The demand had the same readings in the Load-to-Truck ratios.
- Carriers continue to exit the industry but not at the pace many expected, keeping the available capacity higher than the freight demand.
- This will be a critical RFP season as carriers reevaluate the balance between volume and remaining profitable.

DAT Load to Truck Ratio





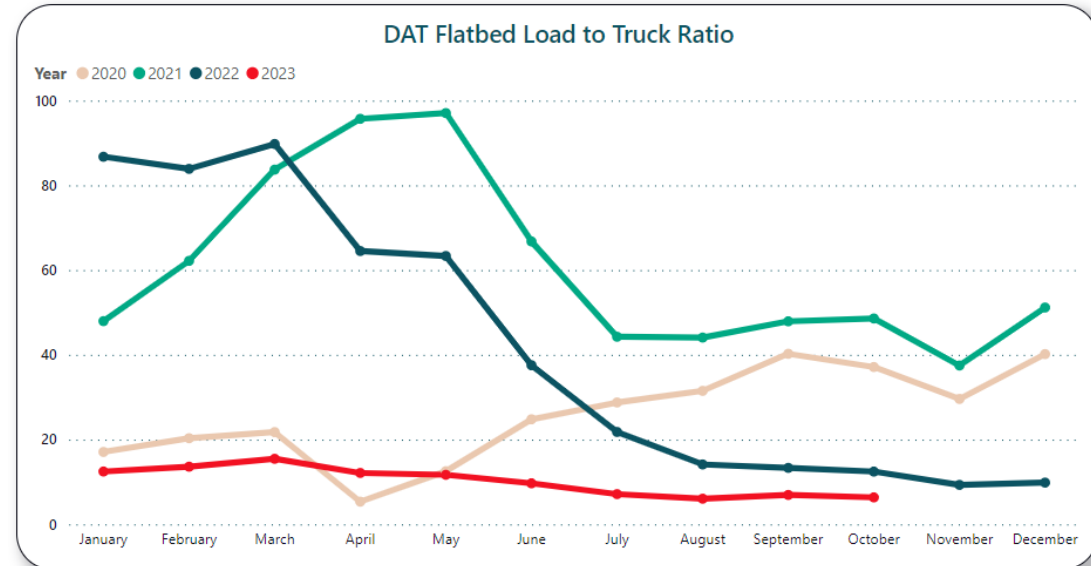
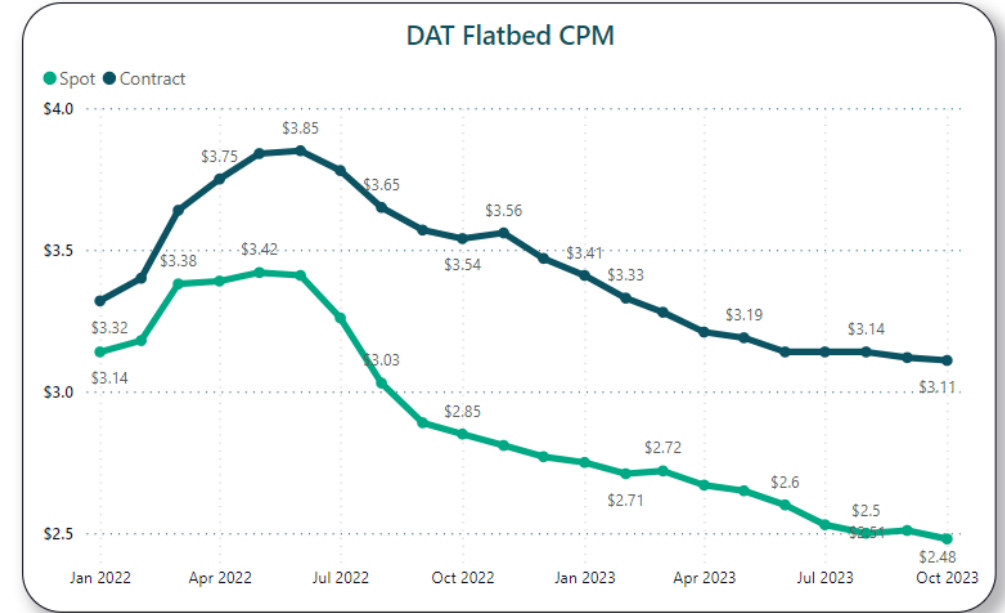
Dry Van Contract Rates Hold Steady

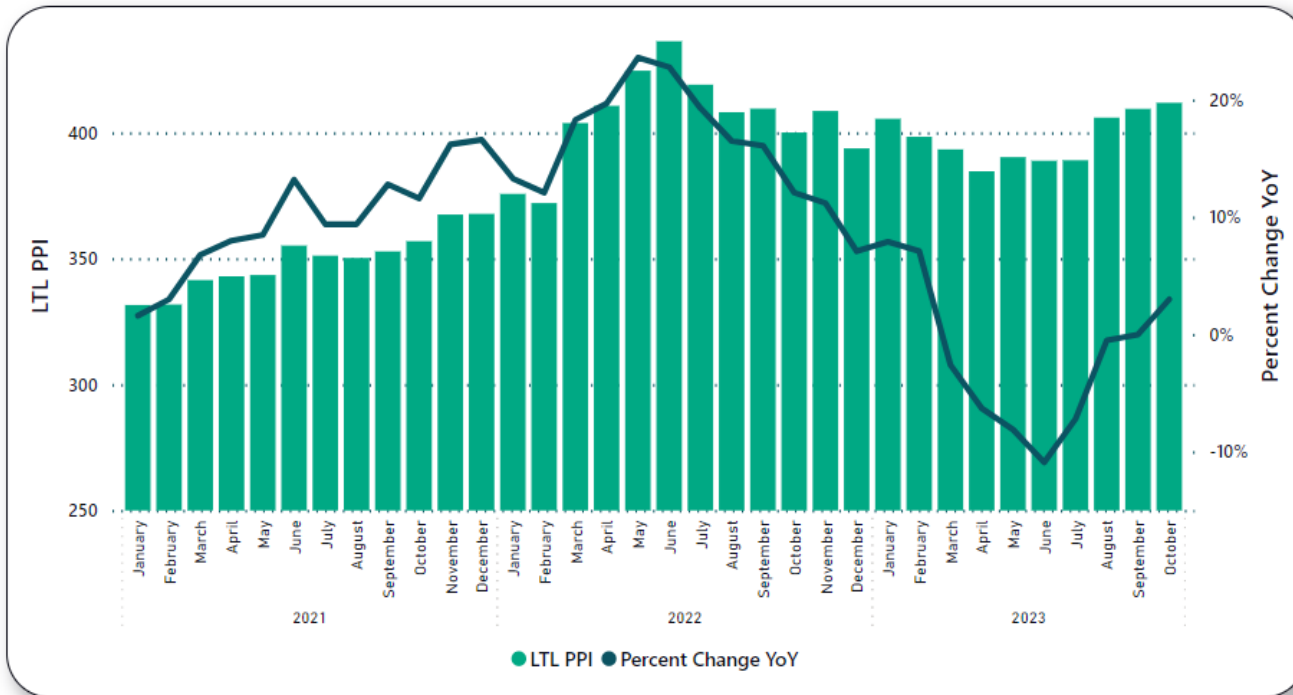
- Dry van contractual pricing remained steady at \$2.57, while the spot market fell 2 cents to \$2.09.
- The Load-to-Truck ratios indicate the demand significantly fell by .7 points.
- It is typical to see this kind of decline in demand for October.
- The market should have a slight improvement as we head into the end of the year.
- The expectation for 2024 is to remain steady at its current state with an upcycle kicking in late Q1 or Q2.

Flatbed CPM Gap Continues

- Flatbed showed a slight decline in demand with a 3-cent fall in the spot market cost per mile.
- As we head into winter, we should expect the rates and demand to remain low.
- With high interest rates new housing starts have continued to remain low, which helps keep the demand low.
- The flatbed market has yet to see a major impact from the infrastructure bill that should have a major demand for flatbed equipment.

EVANS TRANSPORTATION: Flatbed Outlook



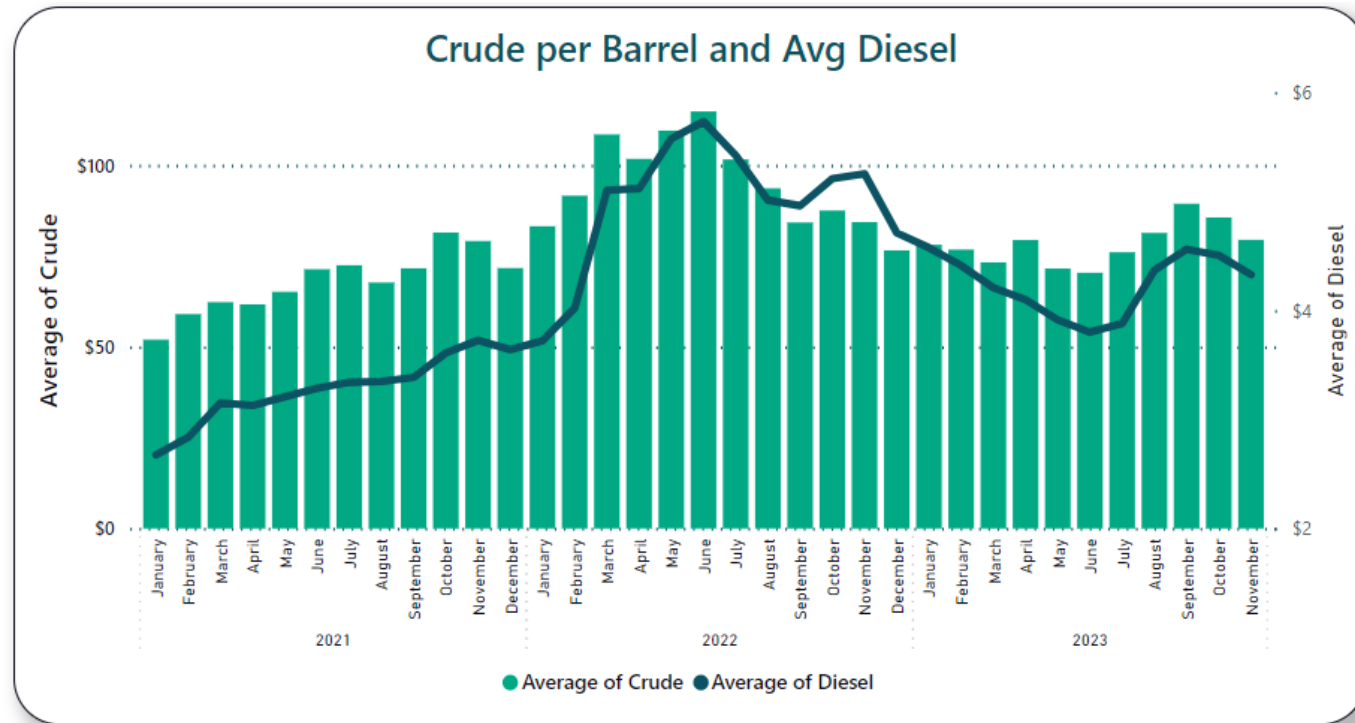


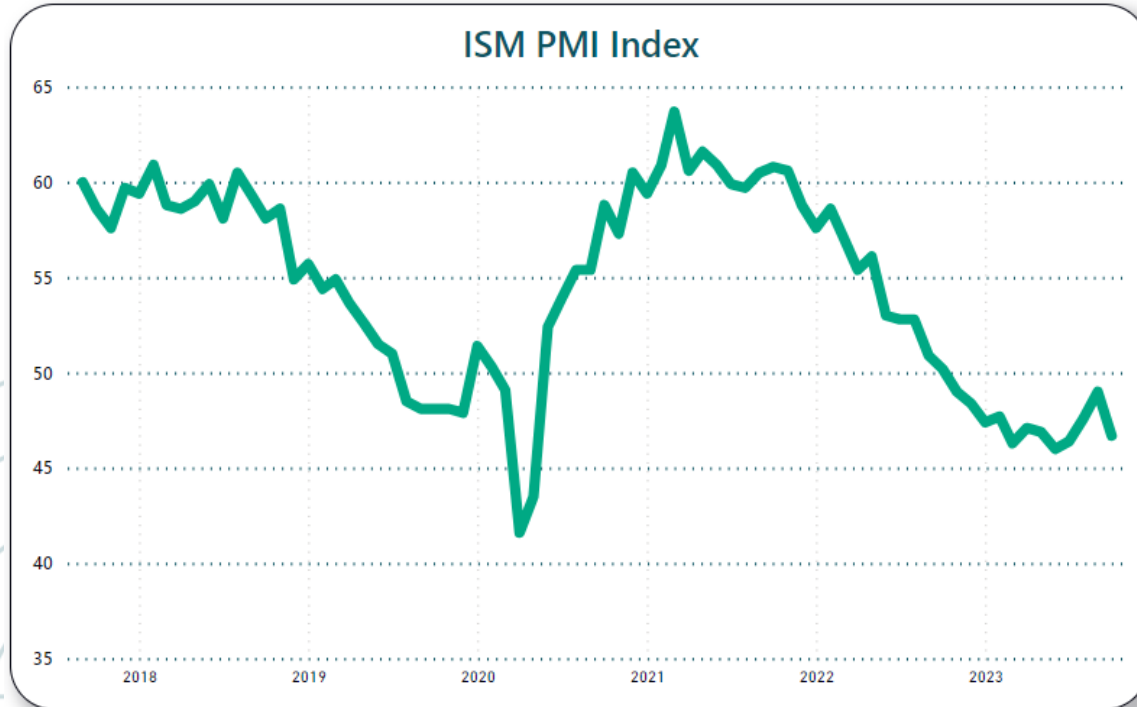
LTL is in the Hands of the Carrier

- With truckload searching for a new normal, LTL remains strong, showing signs of growth.
- LTL PPI, which indicates the average selling price of LTL, increased 3% YoY and hit the highest recording since its peak in 2022.
- Shippers are still trying to realign their carrier mix as they lost capacity with Yellow exiting the market.
- Carriers are releasing the general rate increases for 2024.
 - ODFL has a 4.9% increase effective Dec 4th.
 - SAIA has a 7.5% increase effective Dec 4th.
 - ABF's went into effect Oct 2nd at 5.9%.
 - FedEx has a 5.9-6.9% increase that starts Jan 1st.

Fuel is a Roller Coaster

- The crude oil cost continues to fall under \$80 a barrel after climbing to almost \$100 in September.
- Crude cost has kept diesel below the \$4.50 per gallon in October.
- The available distillate stocks continue to remain low, helping keep fuel costs down.
- The US recently gave Venezuela a 6-month temporary license to export oil, helping keep crude costs down.
- The major concern is if war spills outside of the Israel and Gaza borders, the crude prices could skyrocket well above the \$100 per barrel mark.





Manufacturing Falters

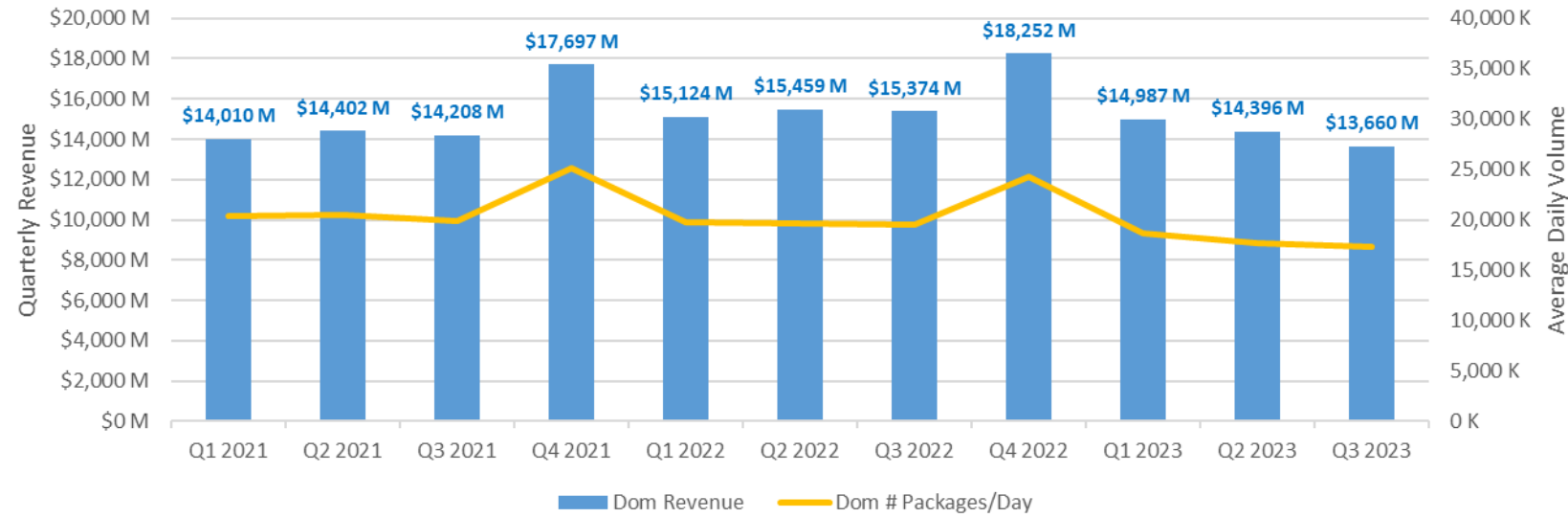
- PMI figures were a point shy of showing growth in September.
- Unfortunately, the readings for October fell 2.3 points to 46.7.
- October makes it a whole year that the PMI index was recorded as a contracting market.
- The index engine, New Orders, fell even more than the central reading to 45.5.
- The confidence level of the respondents was not as confident as in months past.

UPS Releases 2023 Q3 Earnings

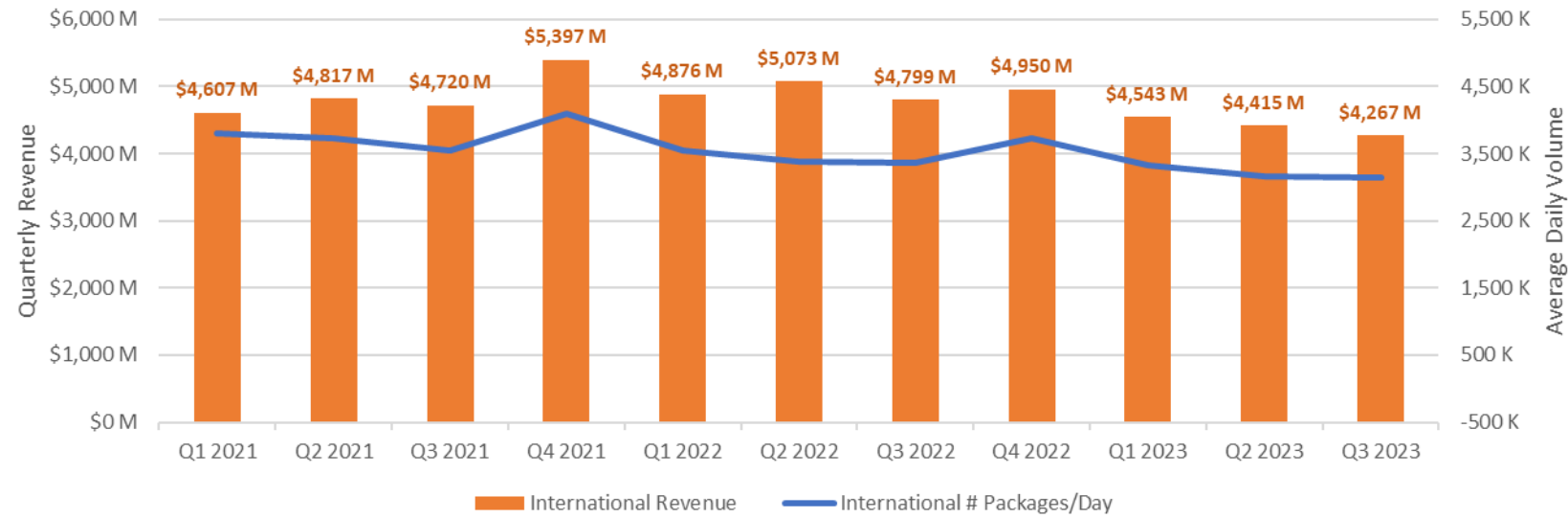
- UPS held their 2023 Q3 earnings call on October 26, 2023
- Compared to the same quarter of 2023, Earnings show an 11% drop in revenue and a 50%+ drop in Operating Profit

	2022 Q3			2023 Q3			% Variance		
	Revenue	Op Profit	Adj Op Profit	Revenue	Op Profit	Adj Op Profit	Revenue	Op Profit	Adj Op Profit
US Domestic	\$15,374	\$1,666	\$1,686	\$13,660	\$571	\$665	-11%	-66%	-61%
International	\$4,799	\$997	\$1,004	\$4,267	\$630	\$675	-11%	-37%	-33%
All UPS Small Package	\$20,173	\$2,663	\$2,690	\$17,927	\$1,201	\$1,340	-11%	-55%	-50%

UPS Domestic Revenue & Volume By Quarter



UPS International Revenue & Volume By Quarter



How do current UPS volumes stack up against previous years?

- 2023 Q3 volume is the lowest quarter since pre-2021 levels across the board. This holds true for:
 - Domestic Revenue
 - Domestic Package Count
 - International Revenue
 - International Package Count
- 2023 Q4 volume will increase as UPS wins back volume, and enjoys peak season spikes
- UPS estimates 1.5M daily packages diverted due to labor unrest, and that they have recaptured 40% of lost business as of the October 26 Earnings Call

UPS and FedEx 2024 GRI

- UPS and FedEx have announced their 2024 GRI of 5.9%
- This is in direct conflict with the reports of excess capacity, and will warrant clients re-negotiating contracts...NOW IS THE TIME TO NEGOTIATE!
- The rate increases will be exacerbated by accessorial increases

<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%

Did You Know?



Evans Adds New Executive Member

Meet Jon Mariano, Evans' new Chief Strategy Officer. Jon comes from the banking world and is excited to leverage his unique skillsets to help elevate Evans even higher. Welcome to the team Jon!

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