

# THE EVANS DIFFERENCE

INDUSTRY UPDATE:

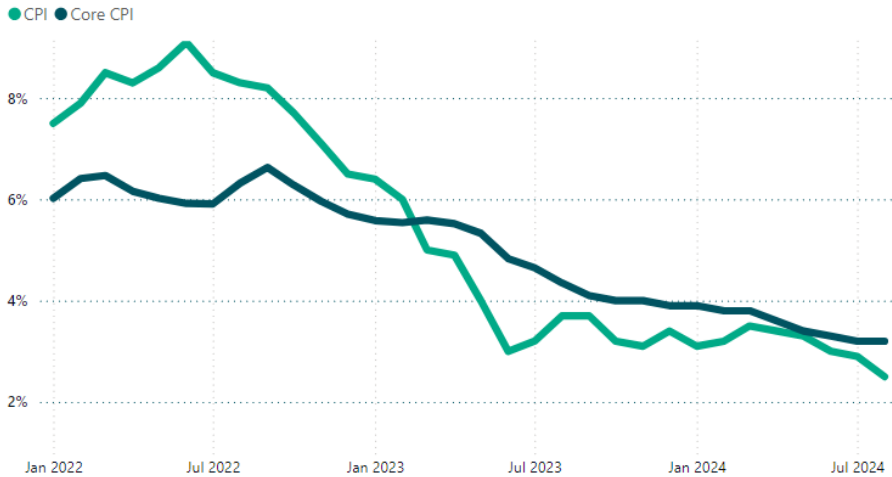
*SEPTEMBER 2024*

# Industry Updates

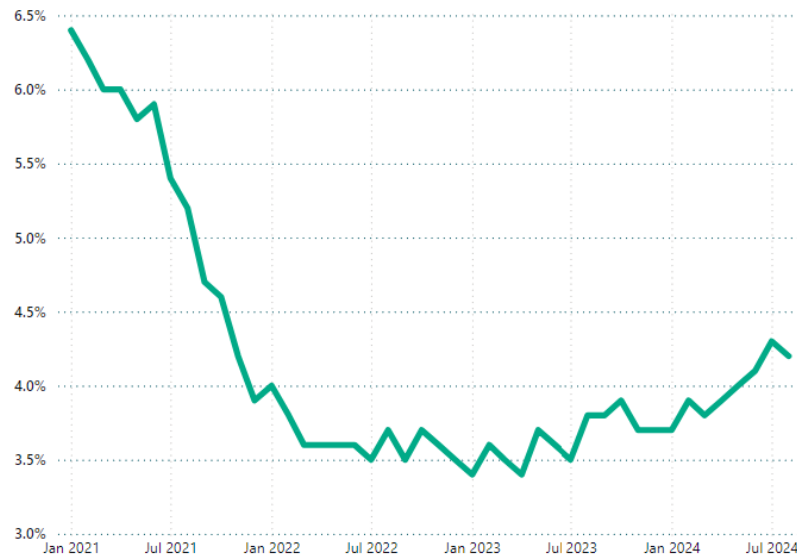
Evans is here to support you with monthly industry updates, key metrics, forecasting, and trends. Leverage the #EX today and reach out to your Evans account manager!

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National Inflation Rate



US Unemployment Rate

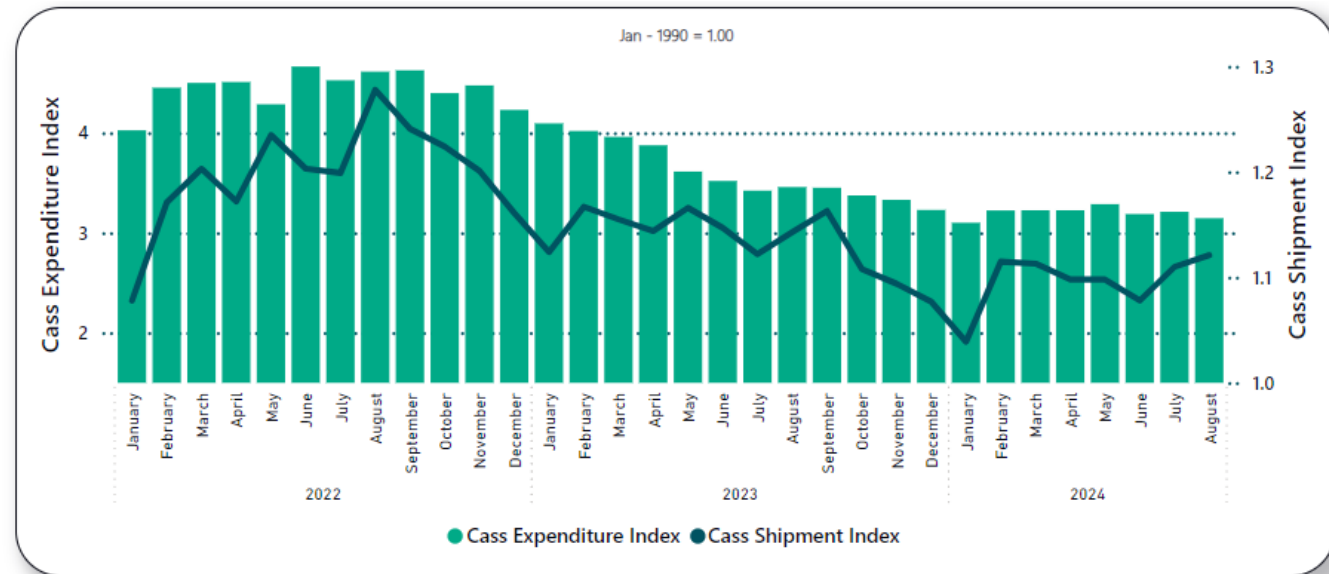


## Economic Trends & Key Indicators

- **Inflation Cools**: CPI rose 2.5% in August, down from 2.9%, with Core CPI steady at 3.2%.
- **Unemployment Declines**: August unemployment dipped to 4.2%, with 142,000 new jobs, signaling a slowing labor market.
- **Fed Interest Rate Cuts Expected**: The Fed is expected to reduce rates by 0.25 points, potentially 0.50 points in mid-September.
- **Bankruptcies Surge**: U.S. bankruptcies hit 452 by August, the highest since 2020, driven by inflation and weak demand.
- **GDP Growth Steady**: U.S. GDP grew 3% in Q2, reflecting resilience despite economic uncertainty and rising bankruptcies.

## Cass Index August Insights

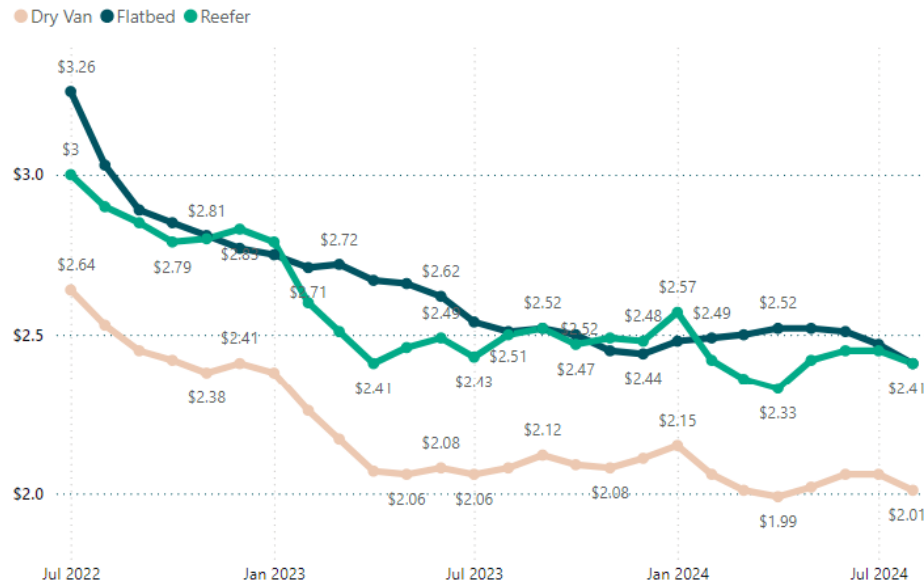
- **Shipments Rise**: The Cass Shipments Index increased 1.0% month-over-month (m/m) but declined 1.9% year-over-year (y/y).
- **Expenditures Drop**: The Expenditures Index fell 2.0% m/m in August, with a 9.0% y/y decrease driven by lower fuel prices.
- **Freight Rates Decline**: Cass Inferred Freight Rates fell 3.0% m/m and 7.2% y/y, hitting a new cycle low.
- **Linehaul Index Falls**: The Truckload Linehaul Index decreased 0.6% m/m in August, down 3.3% y/y, continuing a soft market trend.
- **Year-End Forecast**: Shipment declines are expected to continue, with forecasts projecting a 3%-4% drop for 2024.



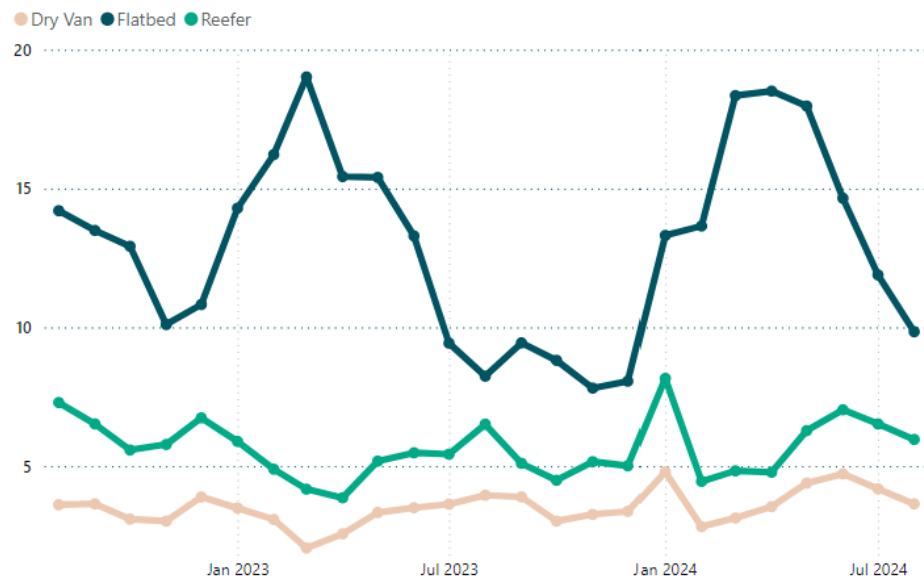
## Current Freight Market Dynamics

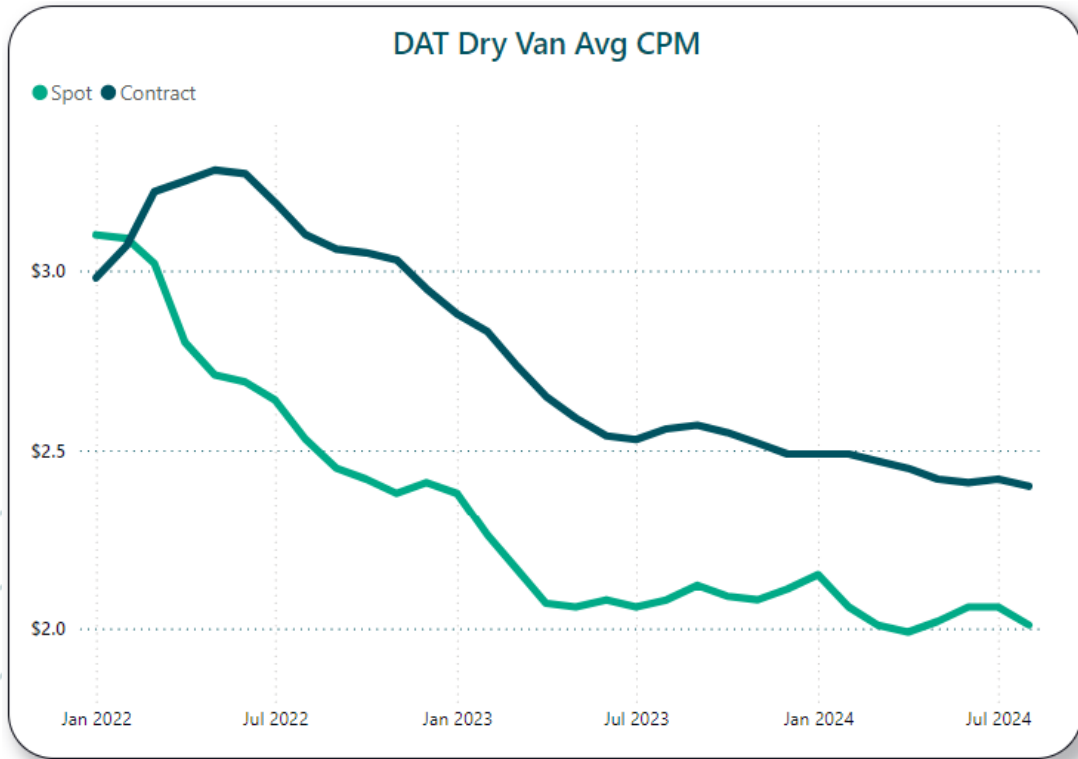
- **Market Softness Persists**: Despite recent spot rate increases in some regions, overall truckload demand remains flat, limiting rate growth.
- **Carrier Exits Continue**: Smaller carriers are leaving the market as freight demand declines and high operating costs persist.
- **Driver Employment Stable**: Truckload driver wages increased by 10% in 2023, with a focus on retention over recruitment.
- **Truck Orders Decline**: Reduced manufacturing demand has led to fewer orders for new trucks, with excess capacity still pressuring the market.
- **Spot Market Trends**: Pre-holiday volumes increased in key markets, tightening capacity, but rates remain below 2023 levels.

### DAT Avg CPM Spot



### DAT Load to Truck Ratio





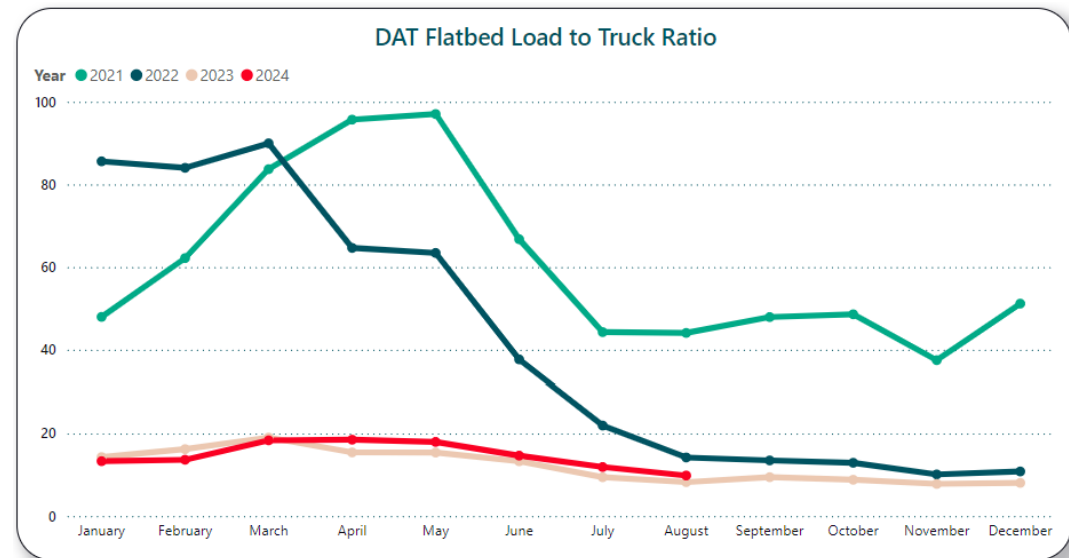
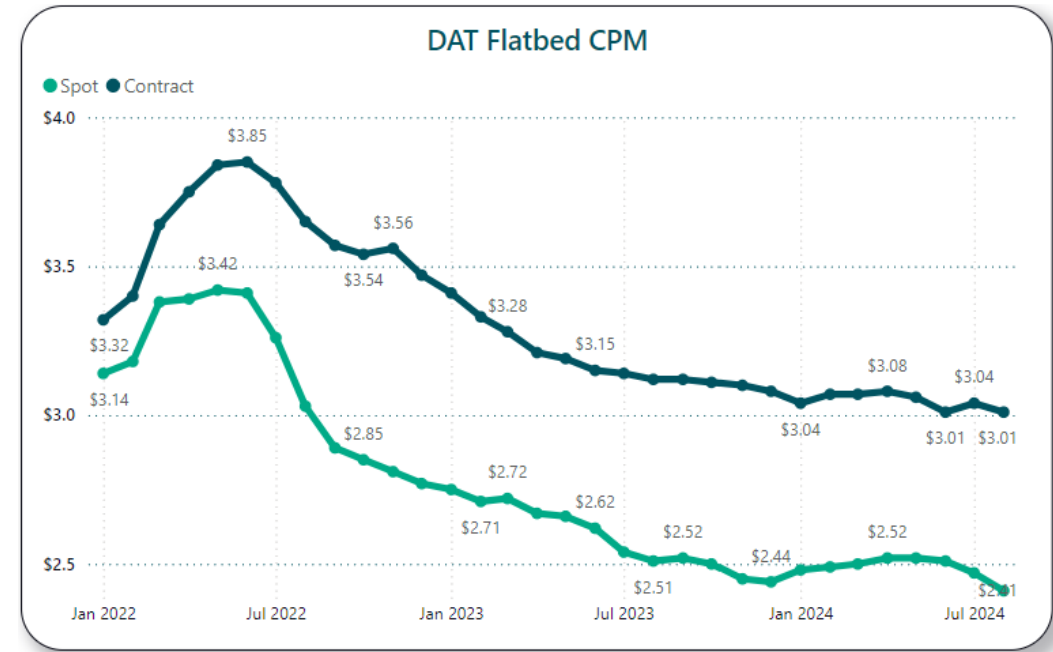
## Dry Van Dynamics: August Updates

- **Rates Per Mile**: National dry van spot rates averaged \$2.01 per mile, down 5 cents month-over-month.
- **Load-to-Truck Ratio**: The dry van load-to-truck ratio decreased by 2% to 3.84, slightly below the long-term average for September.
- **Spot vs. Contract Rates**: Spot rates on DAT's top 50 lanes increased to \$1.99/mile, \$0.37 higher than the national average.
- **Market Outlook**: Demand remains soft with subdued production, but critical markets like Chicago are tightening capacity in regional lanes.

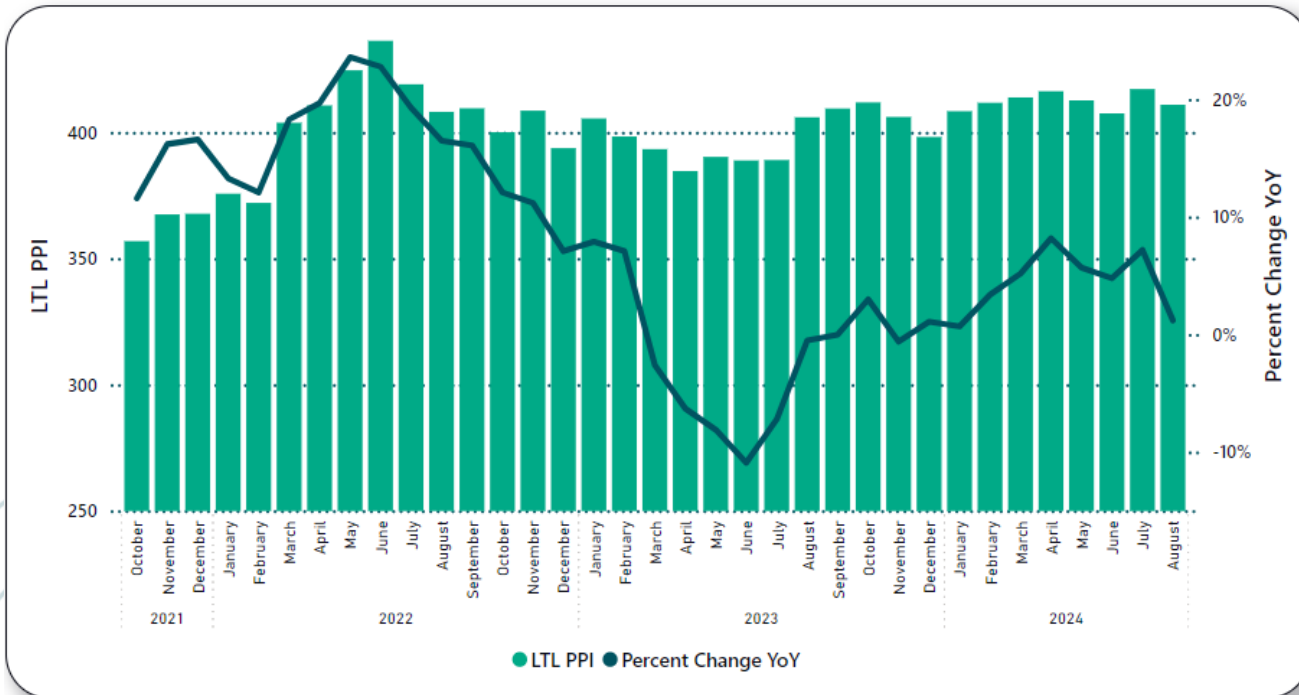
## Flatbed Market: August Updates

- **Spot Flatbed Rates:** Fell again to \$2.41 per mile, continuing the downward pressure on the flatbed market.
- **Contractual Flatbed Rates:** Dropped back to \$3.01 per mile, further increasing the gap between contractual and spot markets.
- **Load-to-Truck Ratio:** Plunged to 9.84, the lowest level going back to the fourth quarter of last year.
- **Market Trends:** While the housing market shows little signs of improving, construction should increase the demand for flatbeds this month and the coming months.

### EVANS TRANSPORTATION: Flatbed Outlook







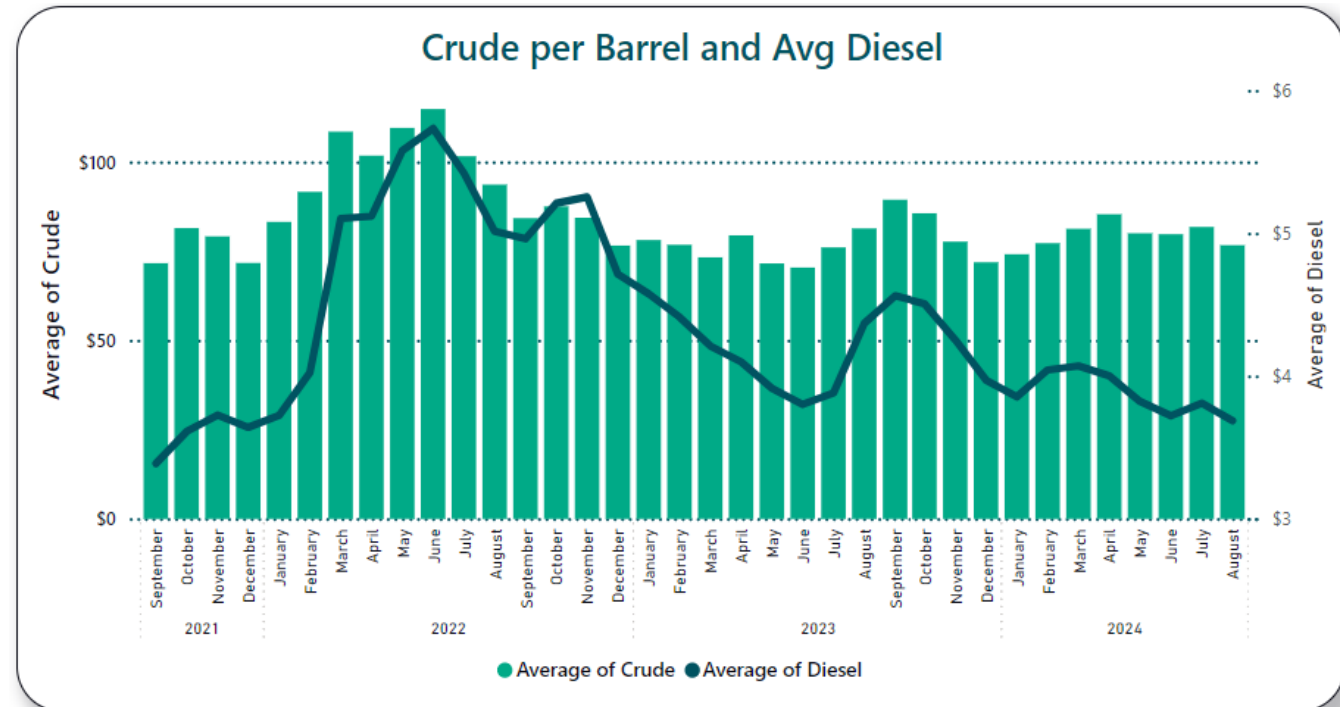
## LTL Sector Industry Update

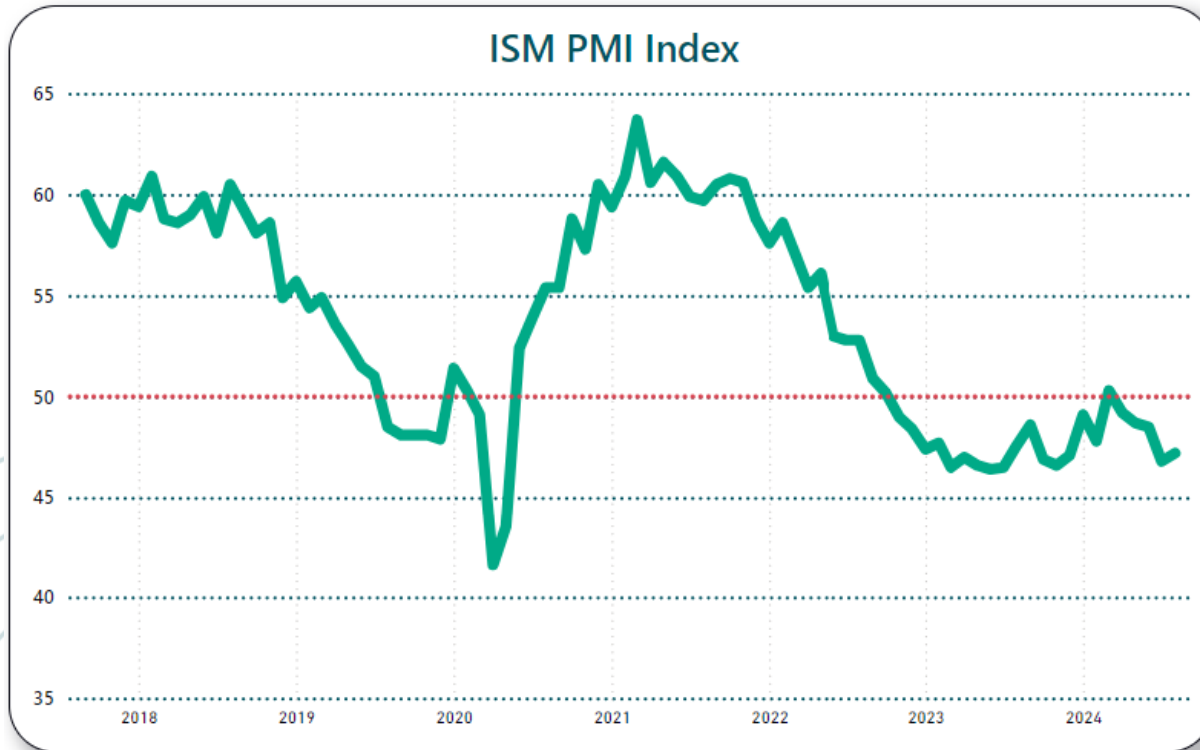
- **LTL PPI**: The LTL PPI fell to 410.982 in August but remains 1.2% higher year-over-year, marking nine consecutive months of growth.
- **Pricing Trends**: Despite volume softness, LTL carriers like XPO continue to report favorable yield growth, with contract rates rising around 8%.
- **Carrier Expansions**: Estes added 508 doors in 2024, including terminals acquired from Yellow, as it continues its nationwide expansion.
- **Macro-Level Changes**: LTL carriers strategically expand their networks through M&A, with Knight-Swift adding 1,000 doors in 2024.
- **Market Dynamics**: While some carriers report volume declines, others, like Saia, saw an 8.2% tonnage increase in August, reflecting regional variations.



## Fuel Costs and Economic Projections

- **Crude Oil Prices:** Brent crude dropped to \$69.53 and WTI to \$66.13 per barrel, reflecting weakened global demand.
- **Diesel Prices:** Diesel inventories are down 10% from the five-year average, with refining margins compressing, potentially leading to higher costs.
- **OPEC's Supply Crisis Warning:** OPEC and Exxon warn of a looming oil shortage due to underinvestment, which could severely spike oil prices.
- **Geopolitical Impact:** Rising tensions, including conflicts involving Israel, Hezbollah, Russia, and Libya, are pushing oil prices upward, threatening supply.
- **Refining Challenges:** U.S. refiners are cutting processing rates due to low margins, which may limit diesel supply and drive up transportation costs.



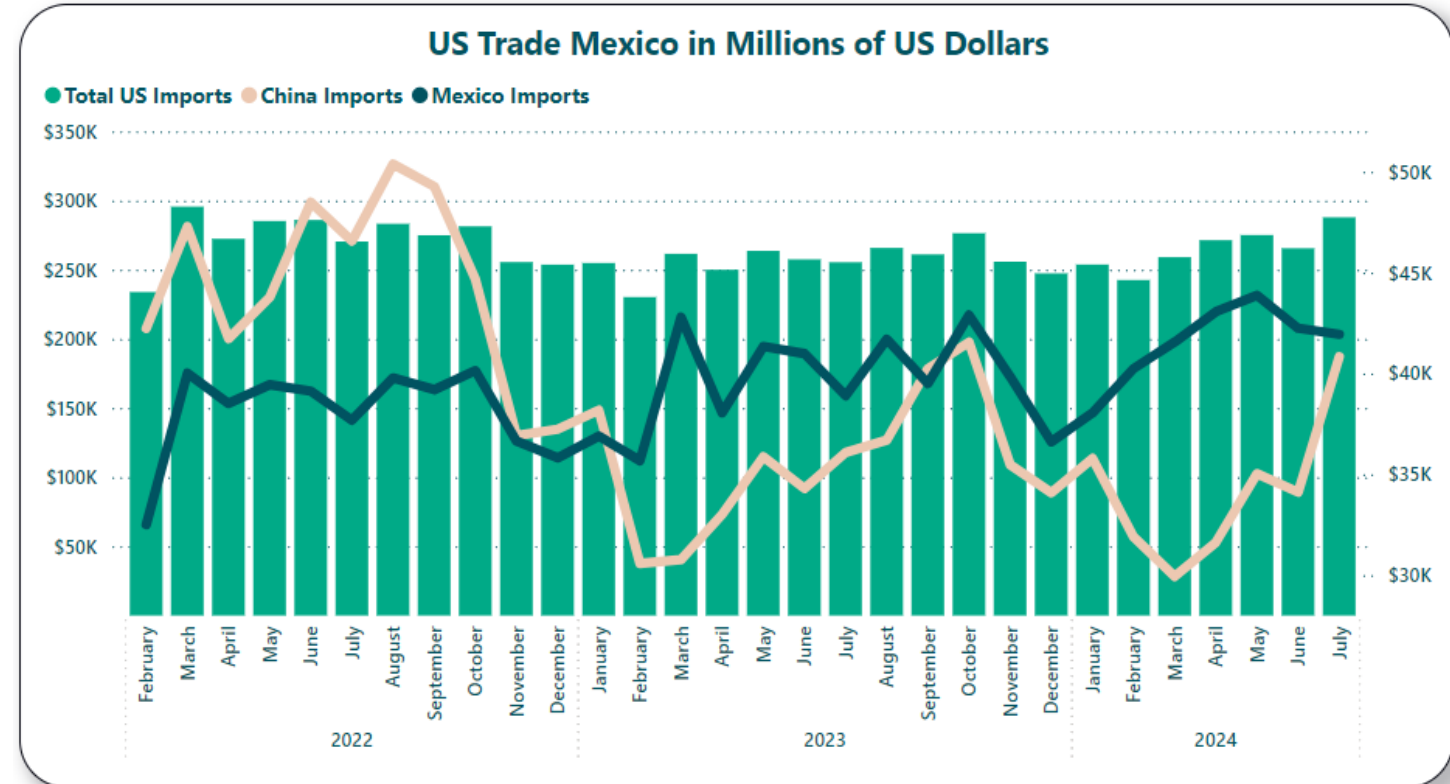


## Manufacturing Sector Overview

- **PMI**: August 2024 Manufacturing PMI registered 47.2%, marking the fifth consecutive month of contraction.
- **New Orders**: The New Orders Index fell to 44.6%, signaling faster contraction and weaker demand for manufactured goods.
- **Production**: Production continues to decline, dropping to 44.8%, putting added pressure on profitability.
- **Prices**: Input prices increased, with the Prices Index at 54%, a rise driven by materials and freight costs.
- **Macro-Level Forecast**: Continued contraction in manufacturing suggests weak demand and cautious inventory management.

## Mexico Freight Insights

- **Mexico's Import Volumes Drop Slightly:** In July, Mexico's share of U.S. imports decreased to 14.57%, while China's share rose to 14.18% due to early peak season shipping.
- **Pharr Bridge Expansion to Double Capacity:** The \$44M Pharr-Reynosa International Bridge expansion will significantly boost cross-border trade, adding four more lanes and two inspection booths, improving traffic flow.
- **Cross-Border Economic Integration:** Experts stress the need for enhanced collaboration between South Texas and Northern Mexico to maintain competitiveness in global markets, with success stories like the Toyota San Antonio plant.
- **Geopolitical Tensions:** Despite economic growth, political tensions between the U.S. and Mexico persist, creating uncertainty in the bilateral relationship amidst evolving global dynamics, including U.S.-China competition.



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