

THE EVANS DIFFERENCE

INDUSTRY UPDATE:

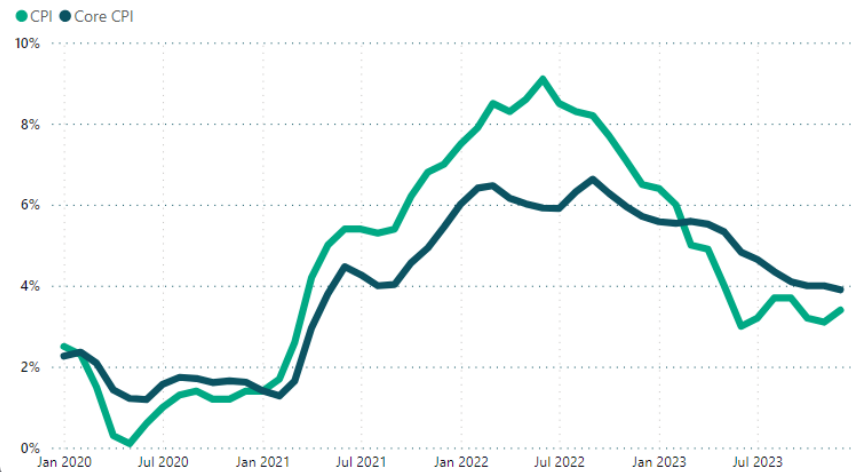
JANUARY 2024

Industry Updates

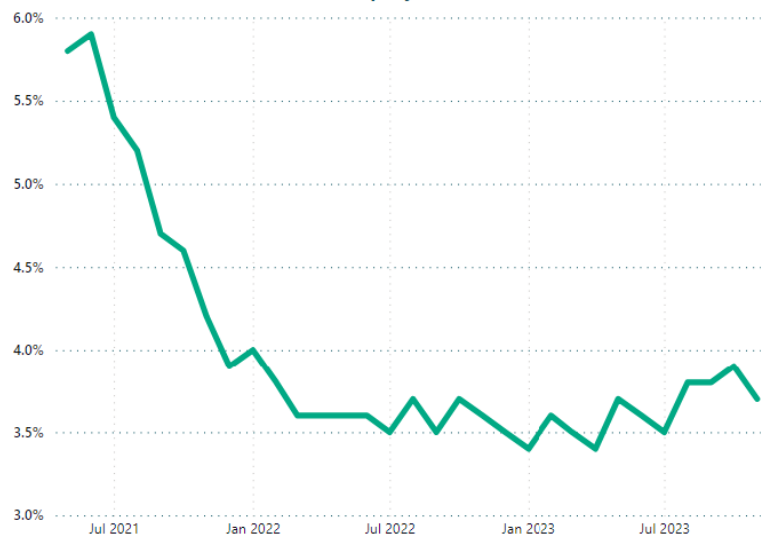
Evans is here to support you with monthly industry updates, key metrics, forecasting, and trends. Leverage the #EX today and reach out to your Evans account manager!

- 1 [CPI Inflation Rates](#)
- 2 [Cass Expenditures and Volumes](#)
- 3 [DAT Truckload Data](#)
- 4 [Dry Van Cost Per Mile](#)
- 5 [Flatbed Cost Per Mile](#)
- 6 [LTL PPI Index](#)
- 7 [Average Crude and Diesel Costs](#)
- 8 [ISM PMI Index](#)
- 9 [Connected to Evans](#)

National Inflation Rate



US Unemployment Rate

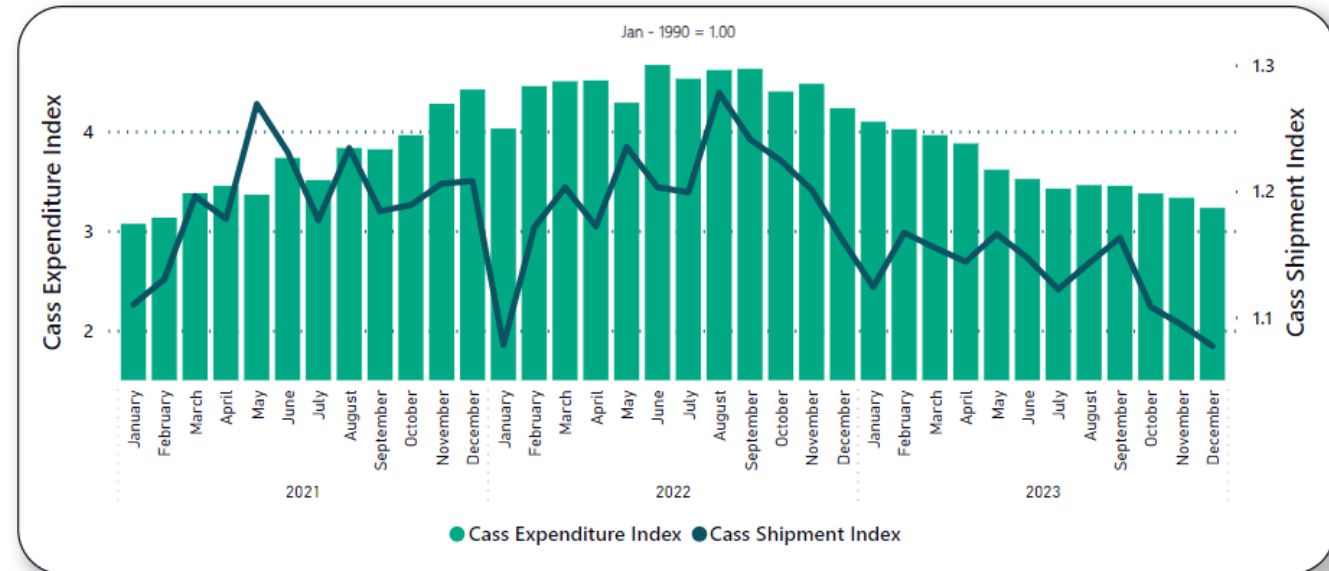


Inflation Rate Surprise

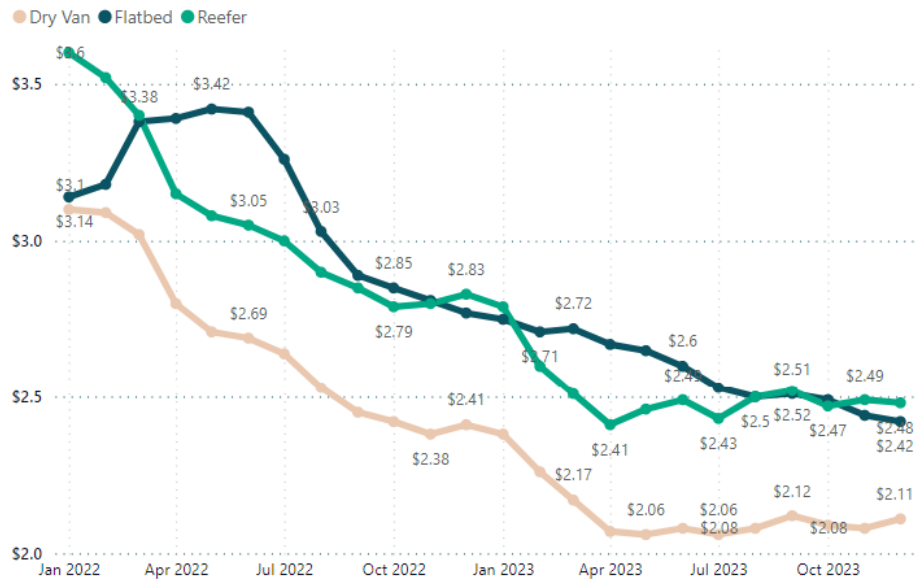
- In an unexpected move, the Consumer Pricing Index (CPI) moved in the opposite direction
- The CPI annual rate increase moved from 3.1% to 3.4% in December
- The Core CPI reading, which excludes food and energy, moved to 3.9%.
- The unemployment level remained steady at 3.7% in December.
- In 2023, 2.7 million jobs were added, a big difference from the 4.8 million in 2022.
- With the recent change in direction in the CPI and robust job reports, there are some concerns that the Fed's could hold back on rate cuts.

Cass Index Volumes Slide

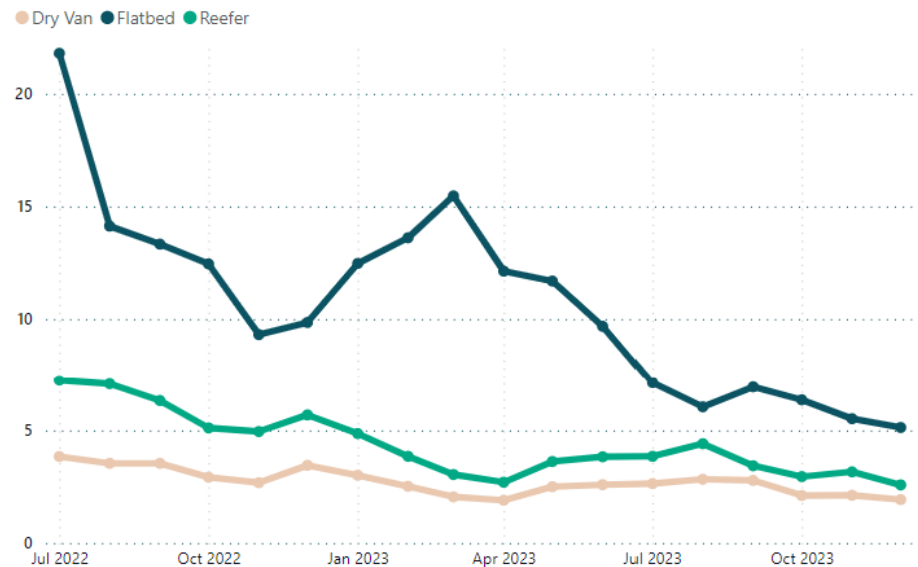
- Cass Freight Index shipments fell 1.6% month-over-month (m/m) in December but increased 2.1% in seasonally adjusted terms, with a year-over-year (y/y) decline of 7.2%.
- The Cass Freight Index expenditures component, measuring total freight spending, fell 3.0% m/m and 24% y/y in December, with an overall 19% decline in 2023.
- Global ocean shipping, restocking, positive retail sales, and carrier exits reflect a potential improvement in freight demand for 2024.



DAT Avg CPM Spot

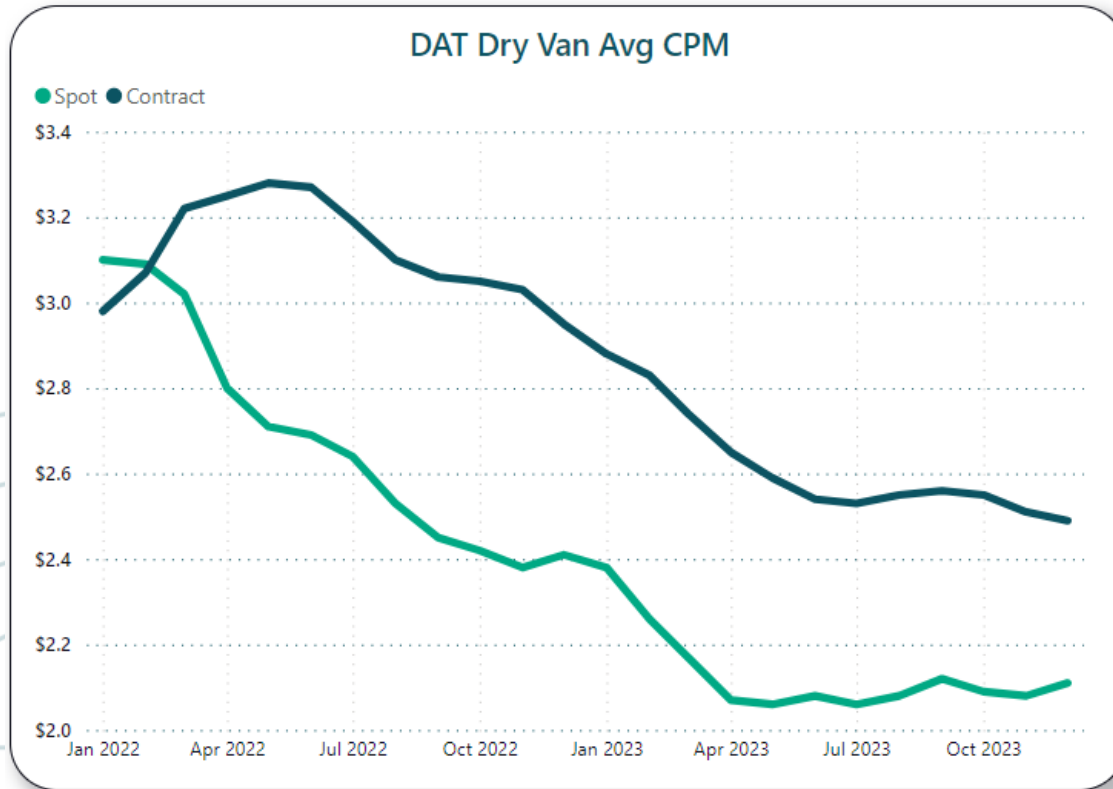


DAT Load to Truck Ratio



The Truckload Valley

- The cost per pound for all three modes had little impact due to the holidays.
- Demand on the available capacity tells a similar story with some movement but nothing to move the needle.
- Carriers continue to exit the industry but not at the pace many expected, keeping the available capacity higher than the freight demand.
- With the current demand trend, the tides will change from the available capacity.
- January and February are historically slower months, so any fluctuations in the number will come in March or later.



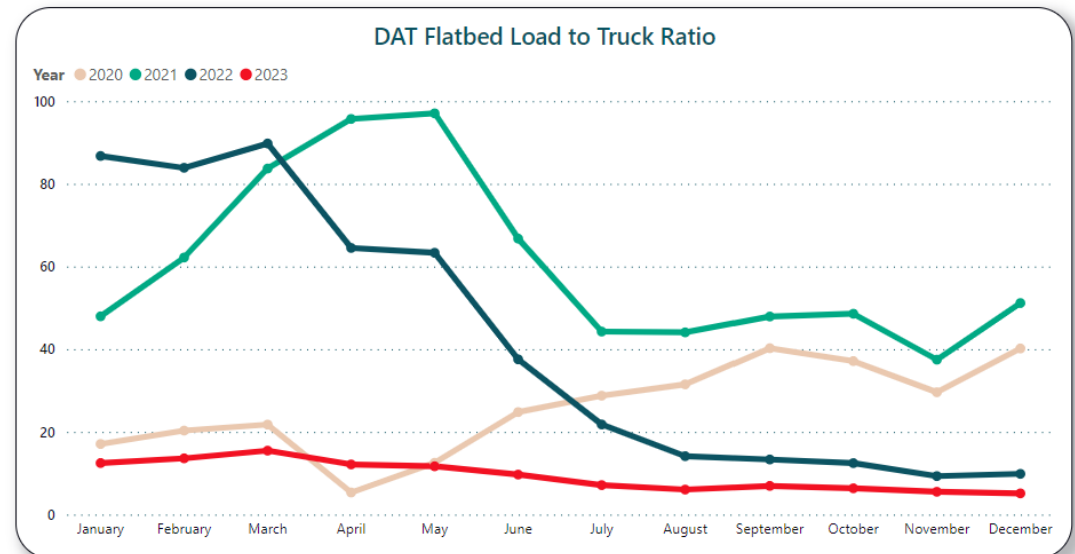
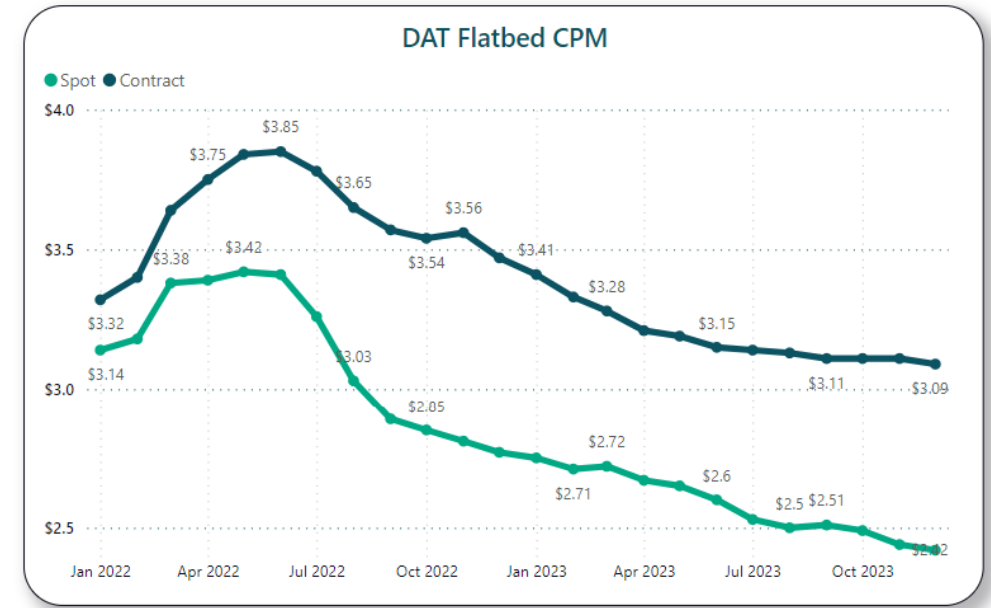
Dry Van Rate Gap Closes

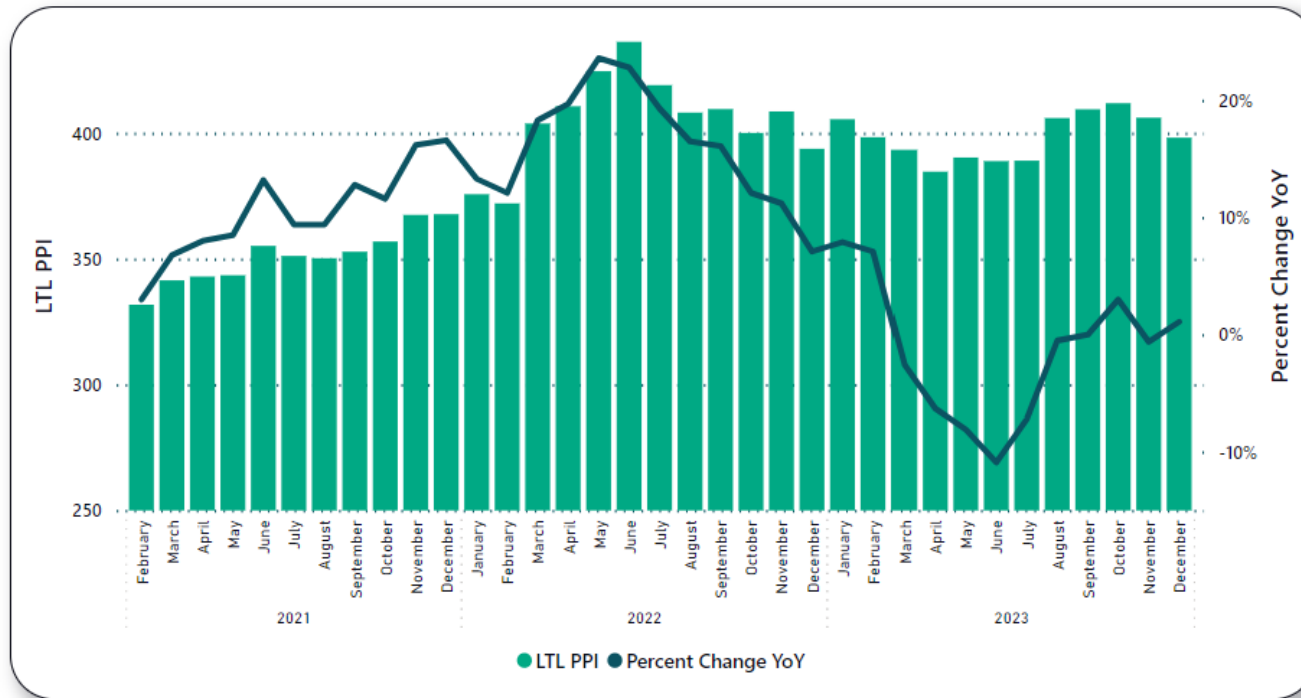
- Dry van contractual rates fell 2 cents, and the spot market pushed upwards to \$2.49 a mile.
- The gap between contractual and spot price fell 38 cents, the lowest reading from March of 2022.
- It is not abnormal to see a spike in the spot market for a typical peak season. If the gap continues at the pace or closes in the January numbers, it could be early signs of the start of the correction.
- The expectation for 2024 is for it to remain steady at its current state, with an upcycle kicking in late Q1 or Q2.

Flatbed Demand Still Low

- The flatbed spot market fell to \$2.42 while the contract dropped to \$3.09 a mile.
- The gap between spot and contract stayed steady at 67 cents, approaching the peak of 75 cents from November of last year.
- Now that we are deep into winter, there should not be any expectation of a spike in demand until the typical start of the season in early spring.
- Infrastructure money and housing construction have caused little impact on the demand for flatbeds, which are typically the most in-demand mode.

EVANS TRANSPORTATION: Flatbed Outlook



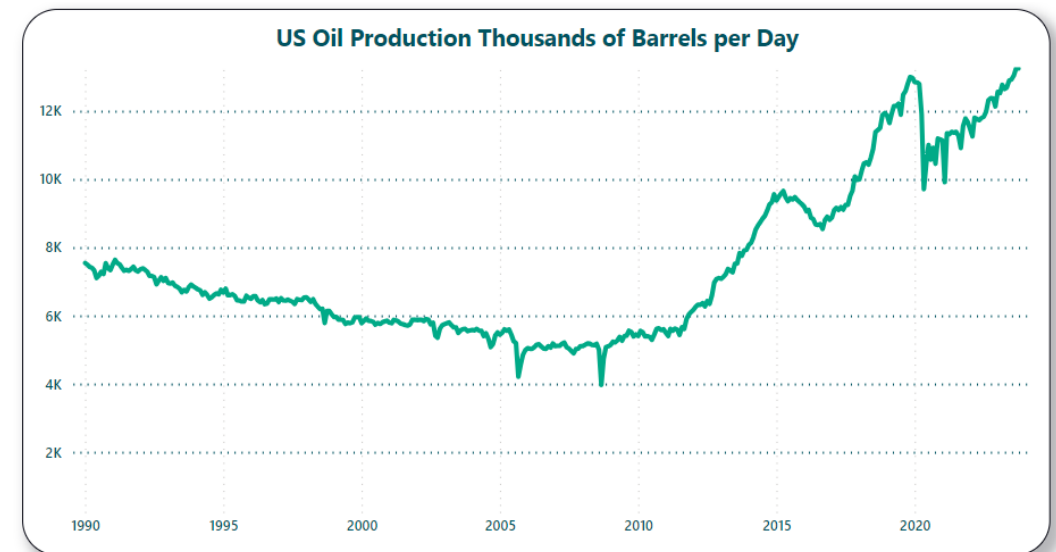
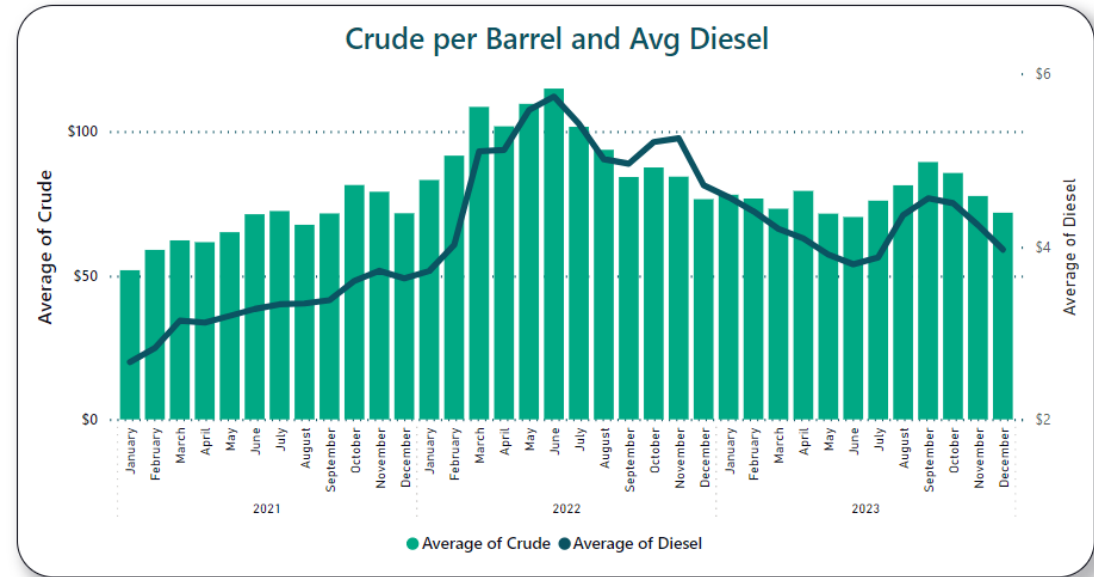


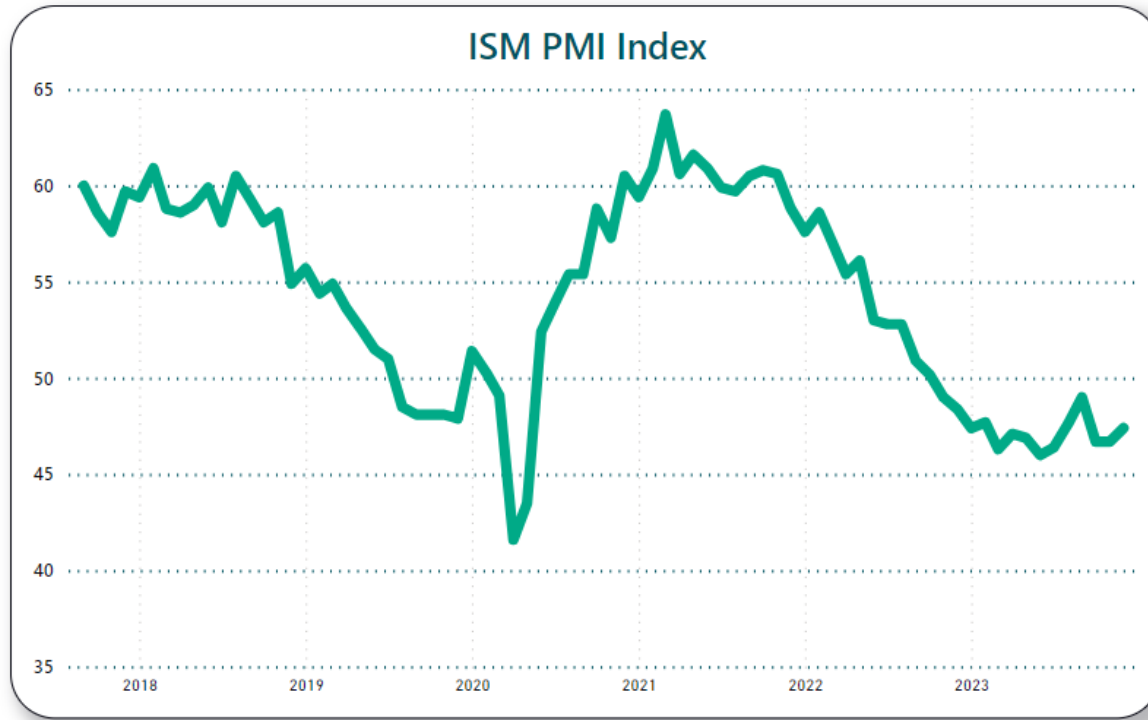
LTL's Finding a New Norm

- The overall LTL producer pricing fell for the second month, while the year-over-year comparison saw a slight spike.
- In December, the index fell another 8 points to 398.210, an 8-point drop from November.
- The LTL landscape continues to evolve as locations and assets hit the market.
- Carriers are adjusting to the new norm and know where to hone in on more strategic pricing.
- With most of the general rate increases in effect starting in January, this month's figures could come in higher overall.

Fuel Volatility Continues

- After almost hitting \$100 per barrel in September, crude prices continue to hover around the \$70 mark.
- With the lower crude cost, the cost for a gallon of diesel is holding steady below \$4.
- Due to geopolitical pressures worldwide combined with the Suez and Panama Canal, the prices would spike historically.
- However, the US is producing more oil today than it has in its history, allowing for greater stockpiling and impact on the crude oil prices that influence the cost of diesel.





Manufacturing Still Contracting

- The slight uptick to 47.4 in December gave some a more positive outlook on 2024's potential.
- The PMI index has registered a contracting market for 14 months after a 28-month upcycle.
- The index engine, New Orders, did not help with a fall of 1.2 percentage points to 47.1.
- Production was the only index that reflected a growing direction, hitting 50.3.
- None of the core six industries recorded growth in December.

Did You Know?



Evans had a record year for accolades!

Milwaukee Journal Sentinel

Top Workplaces '23

Minneapolis Star Tribune

Top 200 Workplaces '23

Milwaukee Business Journal

Best Places to Work '23

Milwaukee Biz Times

Fastest Five Winner

ACG Wisconsin

Outstanding Corporate Growth '23

Inc. Magazine

Best in Business '23

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