

ECONOMIC INSIGHTS DECEMBER, 2023

LMI

LTL PRICE INDEX

PMI

DAT NATIONAL VAN RATES

CASS FREIGHT INDEX

MONTHLY GDP

RETAIL SALES

DIESEL PRICE

TRUCKING TONNAGE

FUTURE OUTLOOK



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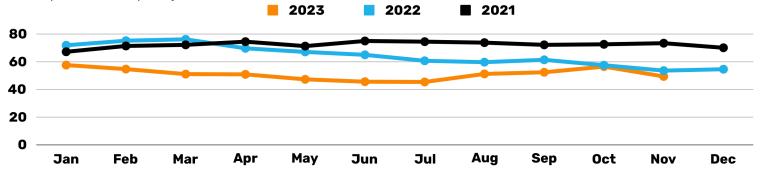


MyFreightWorld Inc.

Logistics Manager's Index (LMI)

Source: CSCMP

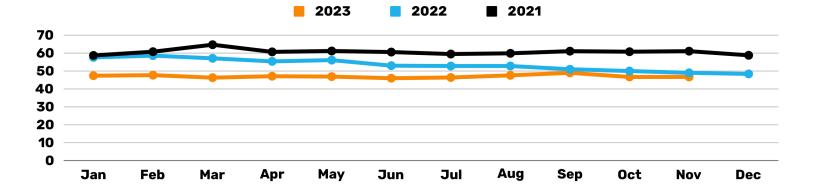
The November LMI dropped 7.1 points to 49.4, this is the first dip in the past three months. Research shows that holiday sales are yielding subsequent dips in warehouse capacity, and transportation capacity.



Purchasing Manager's Index (PMI)

Source: The Institue for Supply Management (ISM)

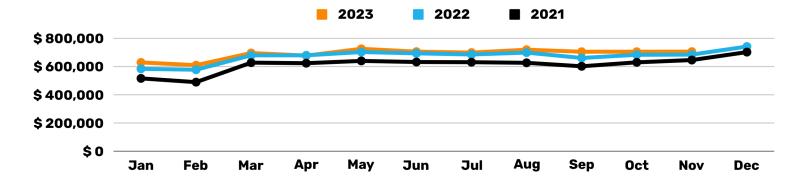
The US Manufacturing PMI maintained at 46.7 this month, marking 13 consecutive months of contraction. There are early indicators of the inventory cycles turning, which is good news. The five major indicator's are new orders, inventory levels, production, supplier deliveries, and employment environment.



Retail Sales

Source: Census.gov

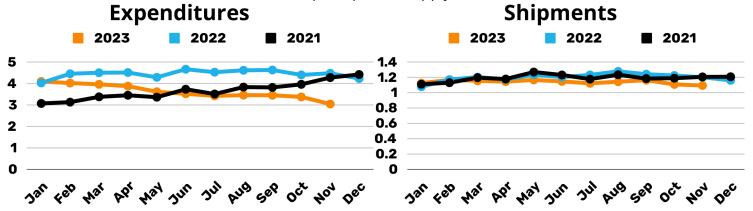
November retail sales hit 705.7 billion dollars, which is a 0.3 percent increase from October. Insight on retail sales from the holiday season proved many wrong as the economy shows recession, while YoY reports a increase in holiday shopping by 16.3 billion dollars.



Cass Freight Index

Source: Cass Information Systems

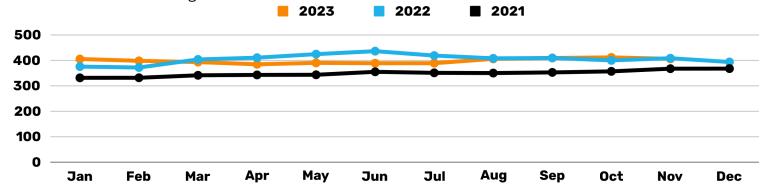
Based on the Cass Freight Index, recent figures show a decline in both year-over-year and month-over-month expenditures. The expenditures index noted a value of 3.044, indicating a 1.3% reduction compared to the previous month and a significant 18.3% decrease compared to the same period last year. The shipments index recorded a value of 1.094, reflecting a 1.3% decrease from the previous month and a 18.3% reduction compared to last year. In 2021 and 2022, shippers experienced high transportation rates, which have since decreased following the decline in volume. The current state of the market is reflective of the fundamental principles of supply and demand.



LTL Producer Price Index

Source: Bureau of Labor Statistics

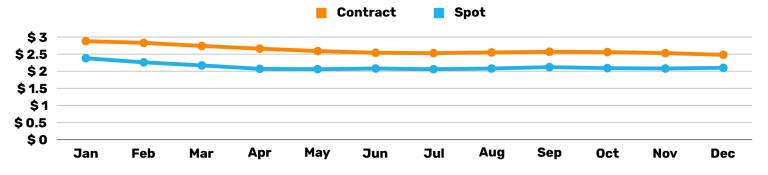
Comprising approximately 15% of the overall freight market, the LTL pricing market has not followed the broader trends of the industry. With Yellow terminals now changing hands into carriers like Estes and Old Dominion, shippers must be weary of a more consolidated LTL sector where prices could see an increase in the coming months.

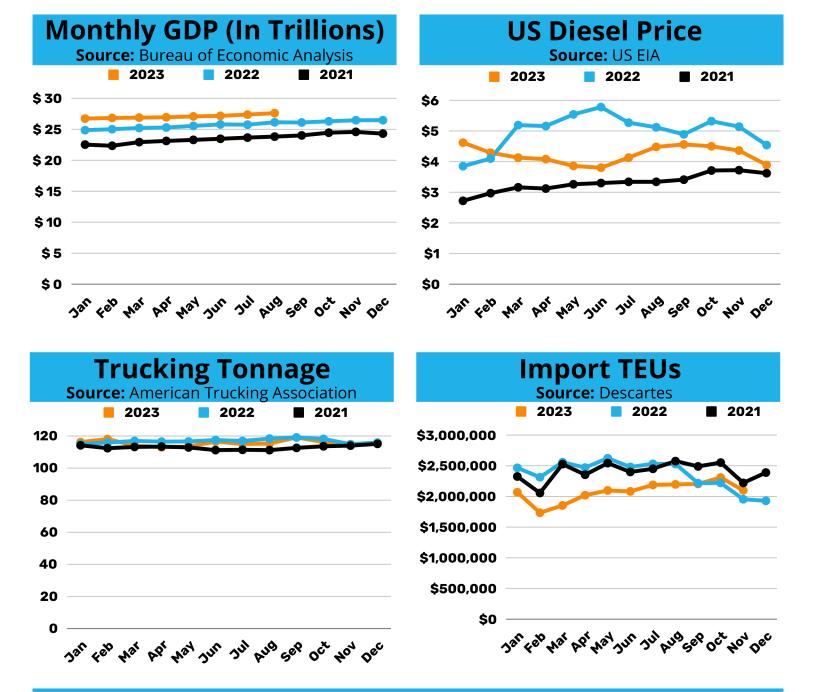


DAT National Van Rates

Source: DAT

At present, contract rates (2.48) exceed spot rates (2.1) due to relatively low ratio of available loads to available carriers. However, this situation is expected to change as carriers exit the market with the existing freight demand and high-interest rates.





Future Outlook

It's our opinion that transportation rates will continue to remain relatively low for the next 6 - 9 months. Inventory levels do appear to be decreasing, which will be helpful to trucking companies, but there is still an imbalance of carriers to available freight, which historically always corrects itself over time.

The less-than-truckload (LTL) sector appears to be playing by its own rules largely due to the Yellow bankruptcy and could see larger than normal pricing increases soon as carriers navigate capacity constraints.

For shippers, we recommend keeping an eye on manufacturing production, trucking tonnage, and the spot vs. contract rate metrics as you determine the best mix of contract vs spot pricing. If navigating this proves challenging, don't hesitate to reach out for assistance.