MYFREIGHTWORLD

ECONOMIC INSIGHTS NOVEMBER, 2023

LMI	LTL PRICE INDEX
PMI	DAT NATIONAL VAN RATES
CASS FREIGHT INDEX	MONTHLY GDP
RETAIL SALES	DIESEL PRICE
TRUCKING TONNAGE	FUTURE OUTLOOK

Info@myfreightworld.com

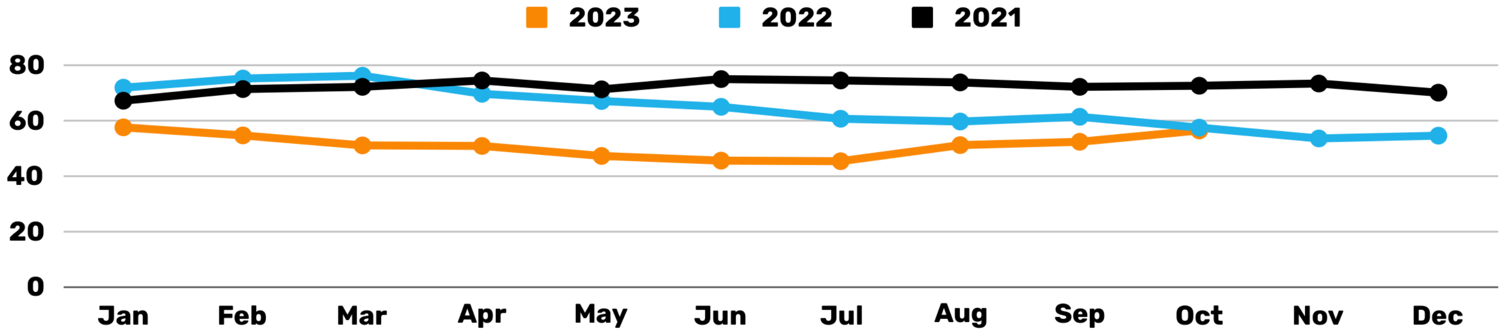
www.myfreightworld.com

MyFreightWorld Inc.

Logistics Manager's Index (LMI)

Source: CSCMP

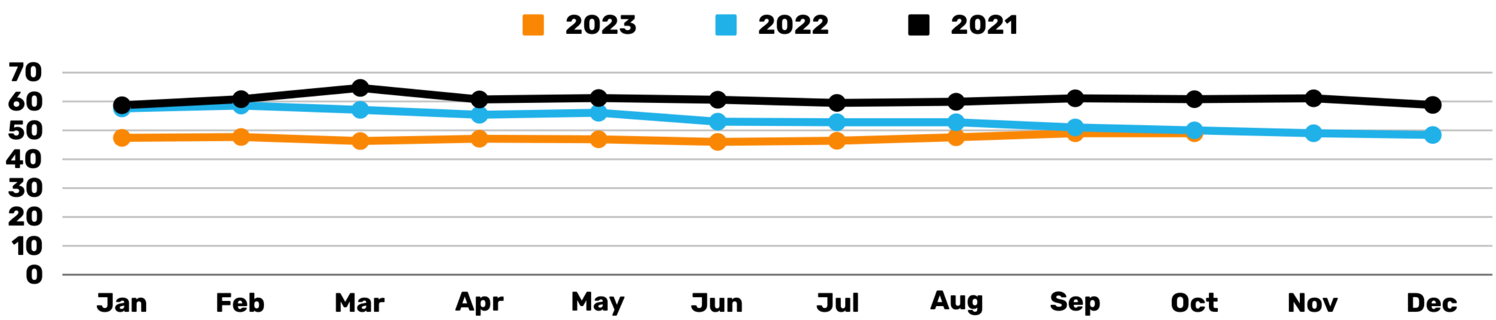
In October, the overall LMI rose by 4.1 points to 56.5. Despite showing growth (over 50 means growth) for the third consecutive month, the index remains below the all-time average of 62.8. Drivers for October growth included expanding inventory levels and warehouse utilization.



Purchasing Manager's Index (PMI)

Source: The Institue for Supply Management (ISM)

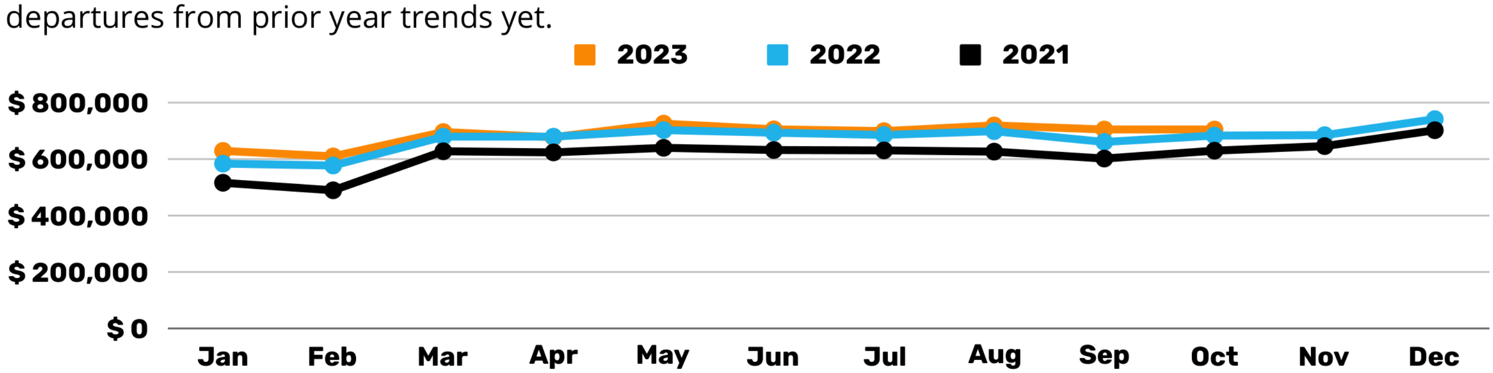
The US Manufacturing PMI has decreased to 46.7 this month, marking the 12th consecutive reduction and a year-long period of diminishing activity. 50 or above signifies growth. Additionally, New Orders fell to 45.5, a 3.7% decline from the previous month's figures. Shrinking output and pipeline (orders) are not a sign of economic strength, and could point to less capital spending due to high interest rates and a continuation of the shift in consumer spending from goods to services as key factors.



Retail Sales

Source: Census.gov

In October, retail sales experienced a minor reduction. After a considerable decline in September, the decrease of 0.1% is an encouraging sign. It's noteworthy that in comparison to the previous year, retail sales have increased by 2.5%. Consumers are still spending, and there are no negative departures from prior year trends yet.

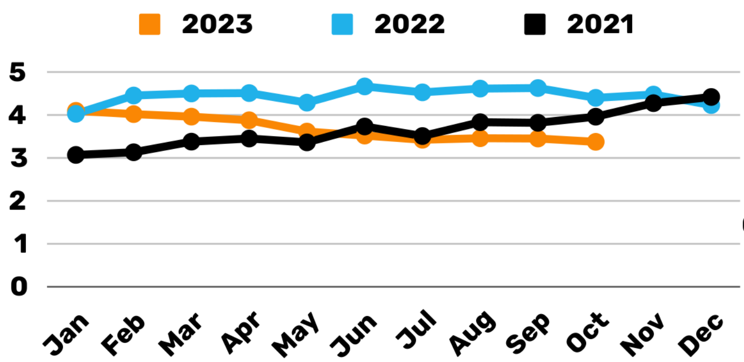


Cass Freight Index

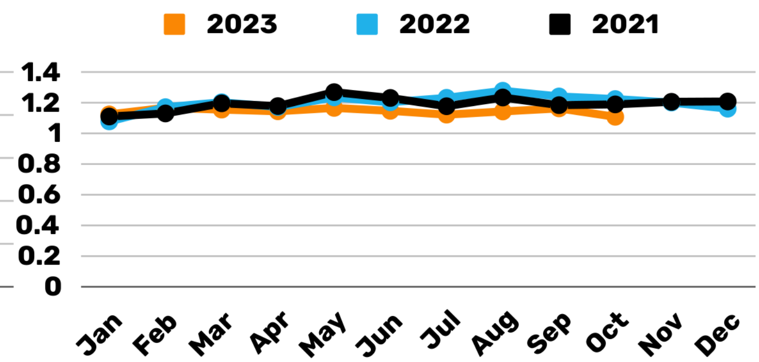
Source: Cass Information Systems

According to the Cass Freight Index, there has been a decline in both year-over-year and month-over-month figures. The expenditures index recorded a value of 3.375, indicating a 2.2% decrease from the previous month and a significant 23.3% decrease compared to the same period last year. Meanwhile, the shipments index was recorded at 1.108, marking a 4.7% reduction from the previous month, yet only a 9.5% decrease from last year. Shippers can recall high transportation rates in 2021 and 2022, and those have come back down to earth - following the fall in volume. Supply and Demand prevails once more.

Expenditures



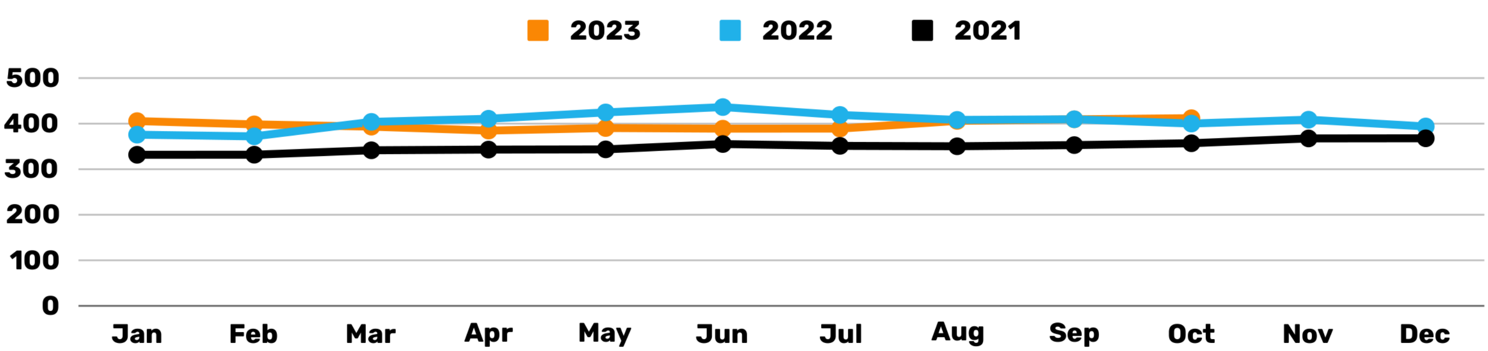
Shipments



LTL Producer Price Index

Source: Bureau of Labor Statistics

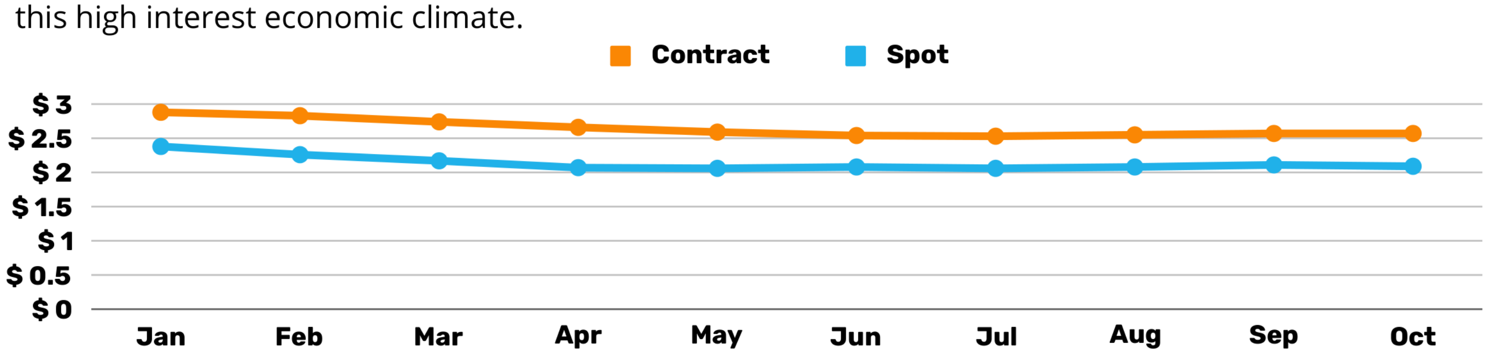
The LTL pricing market has not followed the overall freight market, as it only makes up ~15% of over the road dollars spent. The spike in July of this year was largely due to the second largest LTL Carrier (Yellow) filing bankruptcy and sidelining tens of thousands assets and drivers. Pricing power has remained strong for the LTL carriers, even as they compete with less expensive dedicated truck rates.



DAT National Van Rates

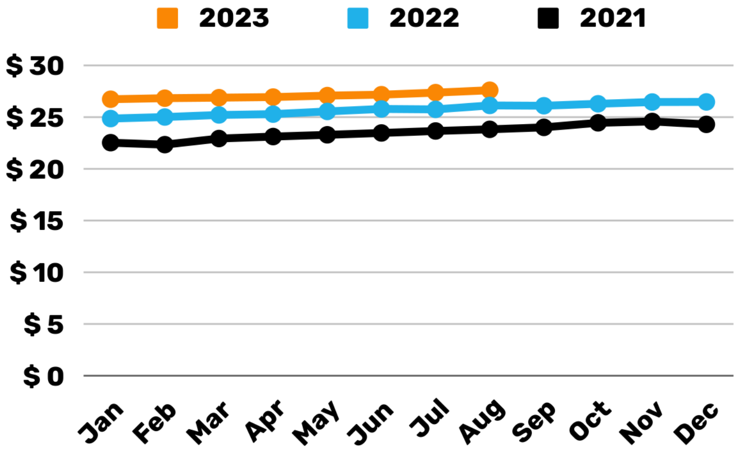
Source: DAT

Spot rates remain lower than contract rates, as the ratio of available loads to available carriers remains lower than recent history. Many expect this to shift as carriers continue to exit the market in this high interest economic climate.



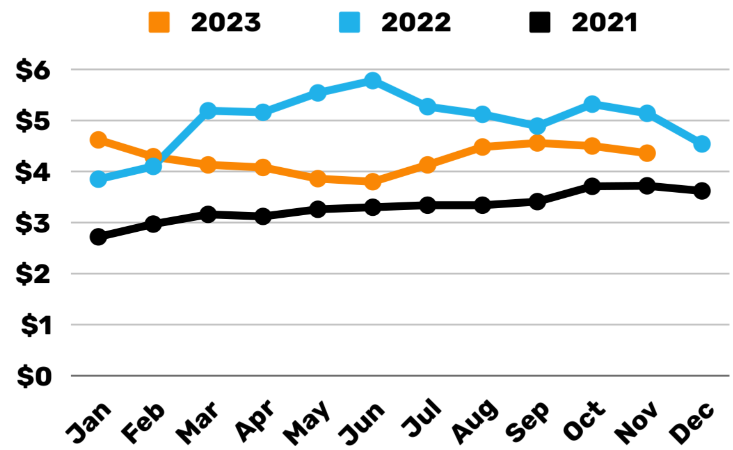
Monthly GDP (In Trillions)

Source: Bureau of Economic Analysis



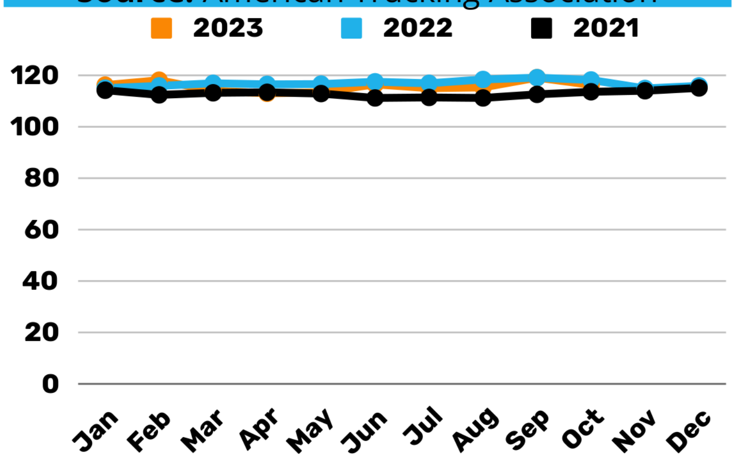
US Diesel Price

Source: US EIA



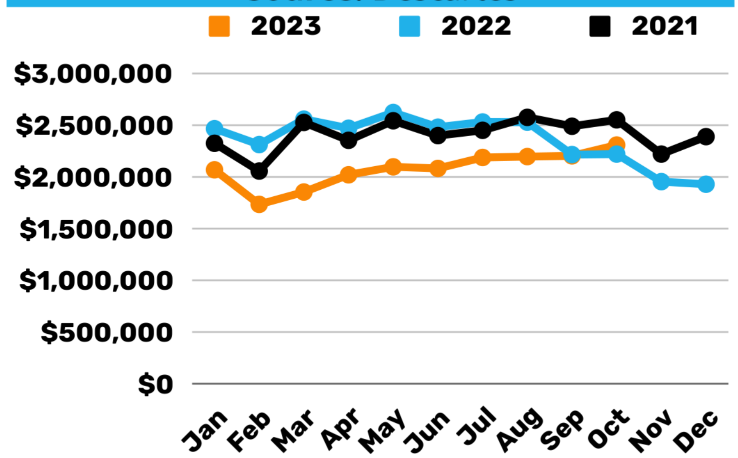
Trucking Tonnage

Source: American Trucking Association



Import TEUs

Source: Descartes



Future Outlook

It's interesting to note differences in the US economy vs the US *freight* economy. Transportation is generally the first to enter and exit a recession, and we are ~18 months into a trucking recession - which many see as a correction to the dramatic stimulus related rise in rates for all modes. At MFW, we expect transportation rates to remain relatively low until the carrier supply corrects itself. There is too much supply for the current level of demand. Most industry experts expect this to take another 6-12 months. Keep an eye on the difference between contract rates and spot rates - that is a good indicator of that supply/demand balance. While the supply of carriers sorts itself out, the overall demand is not expected to increase much until the Fed drops interest rates, which will fuel more 'capital spending'. Manufacturing Output hasn't shown growth in 12 months. This, among other things need to change and experts don't expect that to occur for that similar 6-12 month time frame, as inflation will need to be deemed thoroughly under control.

For our shippers, this is a great time to be using the spot market, but keep a close eye on that delta between spot/contract and don't wait too long to lock in the right contract rates for your business. If you would like any assistance on that, of course we are here to help.