



FREIGHT MARKET UPDATE

NOVEMBER 2024

OVERALL MARKET OUTLOOK

As 2024 nears the end, there are many positive signs in the economy for the year ahead.

Employment

The October 2024 unemployment rate of 4.1% was unchanged from the previous month while nonfarm payroll employment increased by about 12,000 according to the U.S. Bureau of Labor Statistics (BLS) [Employment Situation Summary](#).

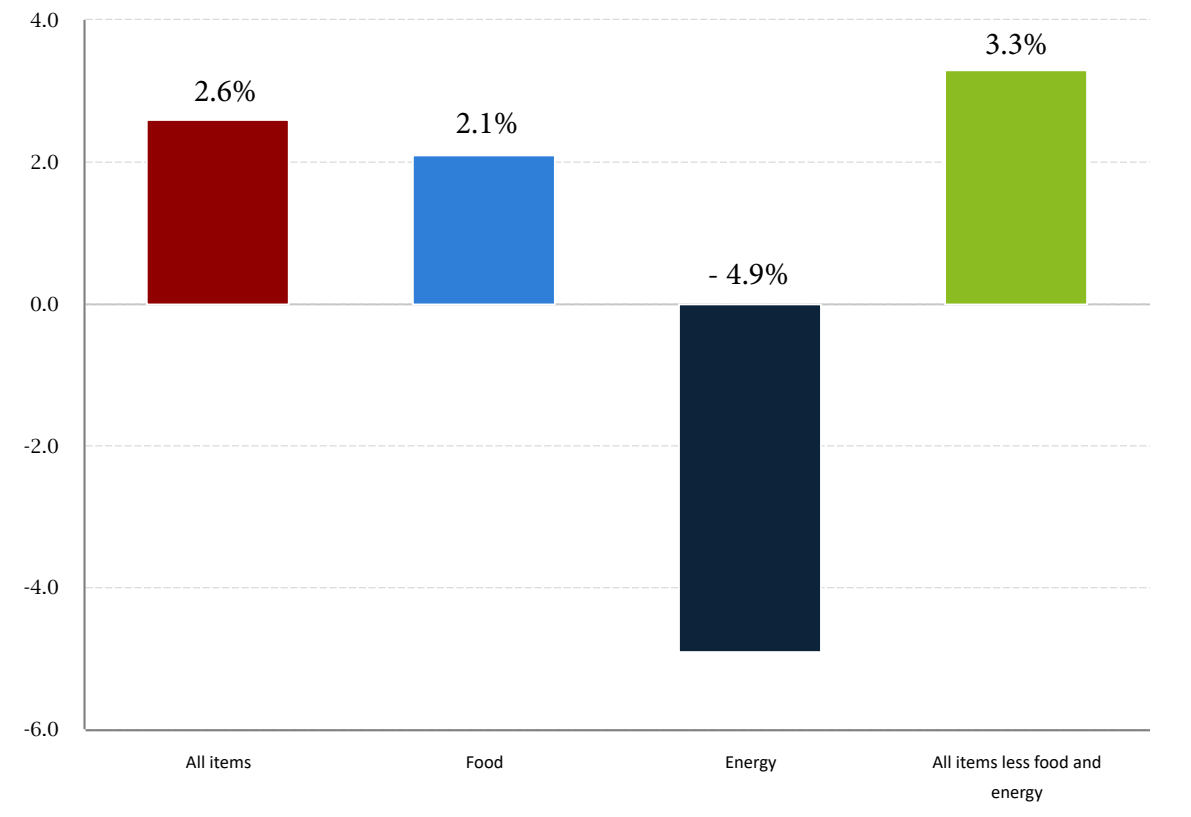
The report noted that job increases “continued to trend up in health care and government. Temporary help services lost jobs. Employment declined in manufacturing due to strike activity.”

Inflation (Consumer Price Index)

In October, inflation increased 0.2% and has risen 2.6% over the past 12 months as reported by the [Consumer Price Index Summary](#) from the BLS.

Their report noted the contributors: “The index for shelter rose 0.4 percent in October, accounting for over half of the monthly all items increase. The food index also increased over the month, rising 0.2 percent as the food at home index increased 0.1 percent and the food away from home index rose 0.2 percent.”

October 2024
12 month percent change - Consumer Price Index
selected categories, not seasonally adjusted



Source: [U.S. Bureau of Labor Statistics](#)

OVERALL MARKET OUTLOOK

Imports

In September 2024 (the most recent month available) imports of goods only, excluding services, decreased \$10.9 billion from the previous month to \$285.0 billion.

The report noted the following changes:

- Consumer goods increased \$4.0 billion.
- Capital goods increased \$2.8 billion.
- Industrial supplies and materials increased \$2.2 billion.
- Automotive vehicles, parts, and engines increased \$1.2 billion.

Manufacturing

In September, new orders of manufactured durable goods decreased \$2.2 billion or 0.8% versus the previous month, as reported in the latest [Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders](#).

Shipments of manufactured durable goods decreased \$1.8 billion or 0.6% in the same time frame.

U.S. International Trade - Imports of Goods
Seasonally Adjusted (by Commodity/Service)
In millions of dollars



Source: [Bureau of Economic Analysis](#)

OVERALL MARKET OUTLOOK

Inventories

In September, inventories of manufactured durable goods decreased \$1.0 billion versus the previous month, according to the latest [Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders](#).

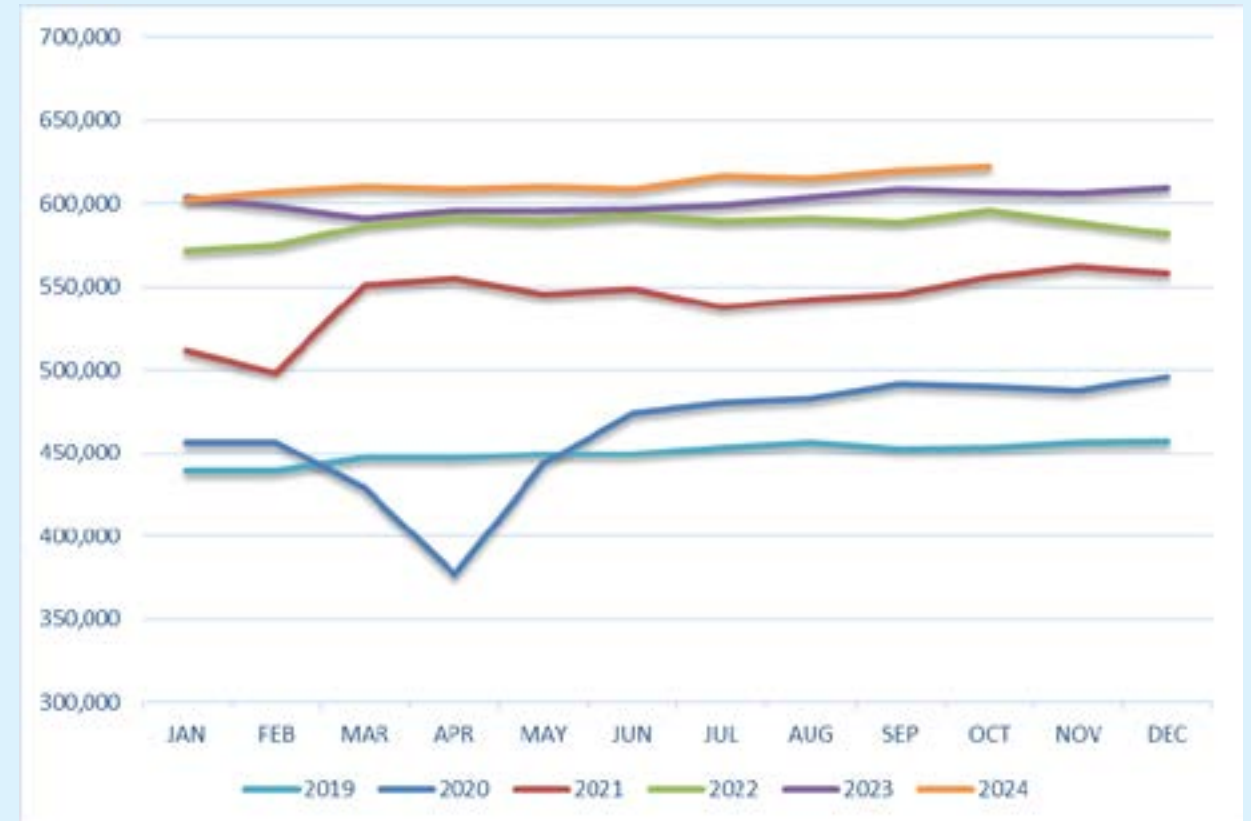
Retail sales

In October, U.S. retail and food services sales were up 0.4% vs the previous month and up 2.8% versus a year ago, according to the [Advance Monthly Sales of Retail and Food Services](#).

The report also noted, "Total sales for the July 2024 through September 2024 period were up 2.3 percent (± 0.5 percent) from the same period a year ago."

Retail trade sales alone were similarly up 0.4% from the previous month and up 2.6% from last year.

Retail Trade: U.S. Total
Not Seasonally Adjusted Sales



Source: [U.S. Census Bureau Time Series Data](#)

TRUCKLOAD MARKET

In the truckload market, there have been signs of hope for truckload carriers. In October, the ATA reported that tonnage rose by 1.2% following several months of decline this year.

DEMAND: In October 2024, spot load posts were up 26.6% versus September, and up 19.9% versus a year ago according to DAT Trendlines.

SUPPLY/ CAPACITY: The Van load to truck ratio has increased over the past two months and stood at 4.13 for October 2024. For over two years, this ratio has ranged between 2 to 5, after falling sharply in early 2022.

RATES: In October, spot rates moved up slightly for van, flatbed and reefer.

As of the week of 11/18/24, diesel retail prices were reported at \$3.49 per gallon nationwide. Diesel prices have fallen slightly for the last several months and are \$0.72 lower than a year ago.

Looking ahead, truckload carriers are contending with higher internal costs and an uncertain market.



LTL MARKET

In the LTL market, LTL carriers are continuing to increase their rates despite the weak market, according to multiple sources.

The Wall Street Journal recently reported that “Both less-than-truckload operator XPO and truckload heavyweight Werner Enterprises are projecting higher rates in the coming months as supply and demand balance on the road shifts.”

FreightWaves also reported that several LTL carriers are issuing increases: “Less-than-truckload carrier Old Dominion Freight Line announced Monday a 4.9% general rate increase across multiple tariff codes effective Dec. 2. The GRI announcement follows similar price actions from other carriers in recent weeks, tamping down concerns that the industry is losing its ability to pass through rate increases two years into an industrial recession.”

They also noted that both ABF and FedEx Freight will implement a 5.9% GRI on September 9 and January 6, respectively.

Further market consolidation is also being reported. A recent article by Bill Cassidy in the Journal of Commerce noted that acquisitions are happening by smaller LTL carriers, as well as larger ones. “Merger and acquisition activity in the already highly-consolidated US less-than-truckload (LTL) market is picking up speed – not from the top down, but from the bottom up.” As the market continues to change, the best fit for many shippers could change as well.

In case you missed it, the effective date of NMFC changes has been moved to from May to July 2025.



UPCOMING 2025 NMFC CHANGES

What is Changing in the NMFC System?

- NMFTA is rolling out changes gradually, starting with Docket 2025-1.
- Key adjustments include a standardized density scale and unique identifiers for shipments requiring special handling or pose higher liability.
- Also, condensed commodity listings and an updated classification tool will make it easier for shippers to classify their goods.
- TranzAct's expertise with years of experience in LTL management and procurement offers guidance and tools to help shippers adapt to these changes.

What is the strategy for Docket 2025-1?

Taken directly from the NMFTA:

- NMFTA The strategy for 2025-1 is: Expand FCDC 11-subprovision density progression to 13 – subs by adding classes 50 and 55. This will affect all current items that are already at full density.
- Make all items with modified density breaks but NO handling, stowability and liability issues 13 – sub full density items.
- Make single class items with NO handling, stowability and liability issues 13 – sub full density items.
- Make sub provision items with multiple classes and NO handling, stowability and

What are the Key Dates for the NMFC Changes?

- January 30, 2025: Docket 2025-1, outlining the proposed NMFC changes, will be released for public review and feedback.
- March 30, 2025: An open meeting will be held to discuss and gather feedback on the proposed changes.
- July 2025: Final approved changes will be made public, with implementation to follow shortly thereafter.
- Stay tuned for further developments.

PARCEL

In the parcel market, carriers are facing the challenge of growing both revenue and volume.

During this year's peak season, accessorial charges increased in both cost and number, along with the peak season extending for a longer time.

At the same time, the Wall Street Journal reports that discounts are being used more aggressively to grow volumes. "A price war is breaking out in the parcel market just as carriers are preparing for their peak holiday shipping period. FedEx and United Parcel Service, which began offering discounts to larger customers last year, are now aggressively chasing smaller customers, giving them breaks that are typically reserved for high-volume shippers."

Fiscal year 2024 results were reported by USPS in a November 14 press release. "Total operating revenue was \$79.5 billion for the year, an increase of \$1.4 billion, or 1.7 percent, compared to the prior year."

On November 15, increases were announced for 2025. "Today, the Postal Service filed notice with the Postal Regulatory Commission (PRC) for Shipping Services price changes to take effect January 19, 2025. The proposed adjustments were approved by the Governors of the USPS this week. The change would raise Shipping Services prices approximately 3.2 percent for Priority Mail service and Priority Mail Express service, 3.9 percent for USPS Ground Advantage and 9.2 percent for Parcel Select."

The 5.9% GRIs for UPS and FedEx will take place on December 23 and January 6 respectively.



RAIL & INTERMODAL



In the rail industry, the railroads have improved service levels according to a recent FreightWaves article.

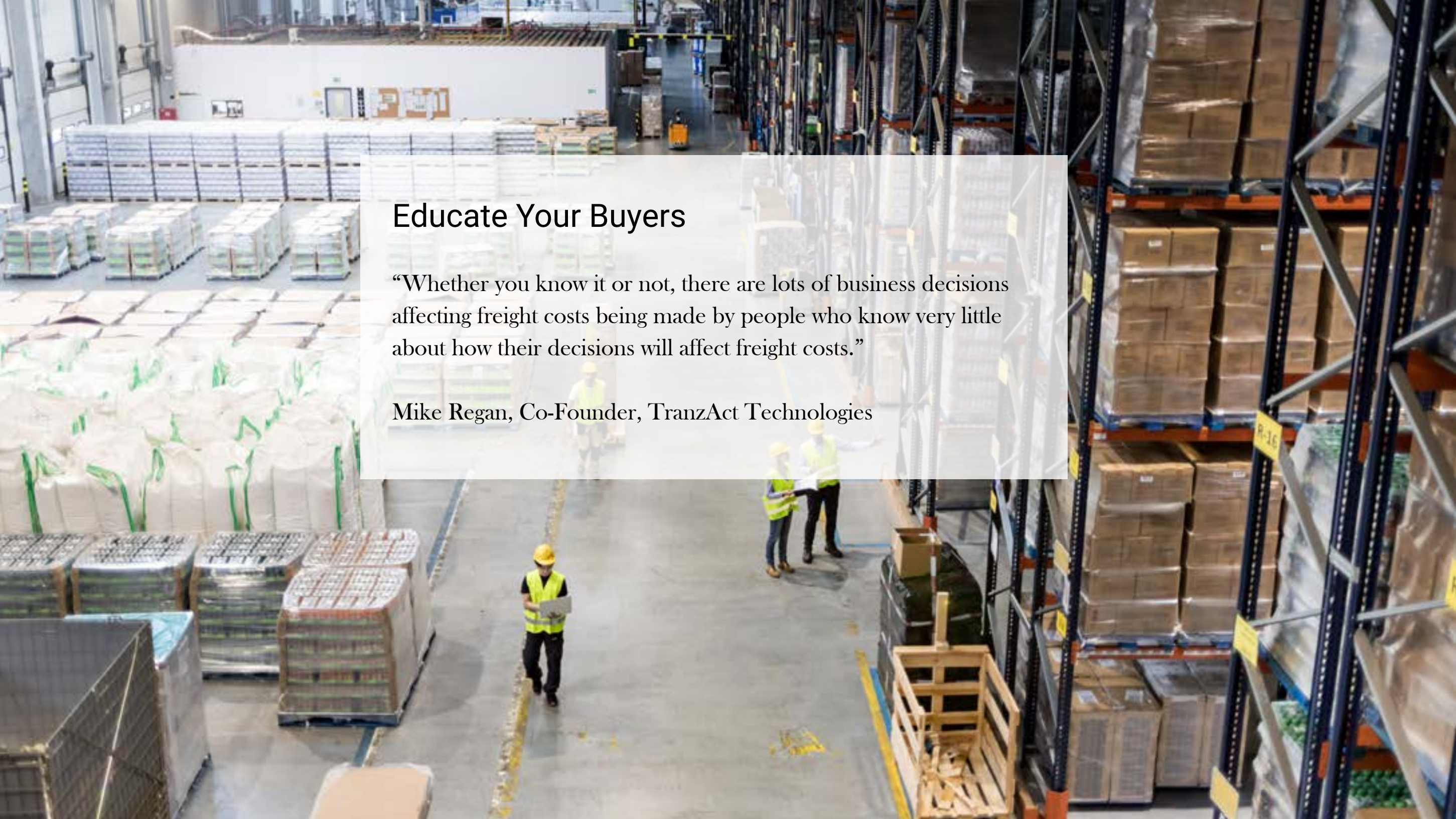
“Paterson, an analyst with Loop Capital Markets who closely follows railroad performance measures, says the railroads passed significant operational stress tests this year thanks to having an adequate number of train crews and locomotives held in reserve.”

The article noted that the main railroads have navigated disruptions such as the import surge or the Baltimore Bridge collapse well.

Railroad volumes

For the first 46 weeks of the year vs the same time period last year, total U.S. carloads decreased 3.1% and intermodal units increased 9.1%. Combined, there was a 3.2% increase in U.S. rail traffic in 2024 vs 2023 YTD, according to the American Association of Railroads (AAR).

In the same time frame, Canadian rail volumes were down 0.8% and Mexican railroad volumes are up 2.6%.



Educate Your Buyers

“Whether you know it or not, there are lots of business decisions affecting freight costs being made by people who know very little about how their decisions will affect freight costs.”

Mike Regan, Co-Founder, TranzAct Technologies

OCEAN

In the ocean sector, several areas continue to pose the threat of disruption.

Recently several sources reported that talks between the ILA and USMX over port automation in the new contract quickly broke down. The contract between the ILA and the USMX expired September 30, 2024 and a tentative agreement expires on January 15, 2025.

In Canada, port strikes were ended by the Canadian government in mid-November. While the ports have resumed operations, the lack of an agreement suggests that further strikes are possible.

The Red Sea continues to be an area of conflict and this is expected to continue in 2025, straining capacity.



AIR



In the air freight market, volumes have grown significantly.

The IATA Air Cargo Market Analysis for September 2024, noted “Global Cargo Tonne-Kilometers (CTK) increased by 9.4% year-on-year (YoY) last month, delivering the 14th consecutive month of demand growth.” In the same time frame, capacity grew by 6.4%.

The Wall Street Journal recently highlighted the growth in rates reported by the Baltic Exchange Air Freight Index for average rates from Shanghai to North America for week ending Nov. 4, which were “up 7.1% from the week before and a 29.8% increase from the year-ago level.”

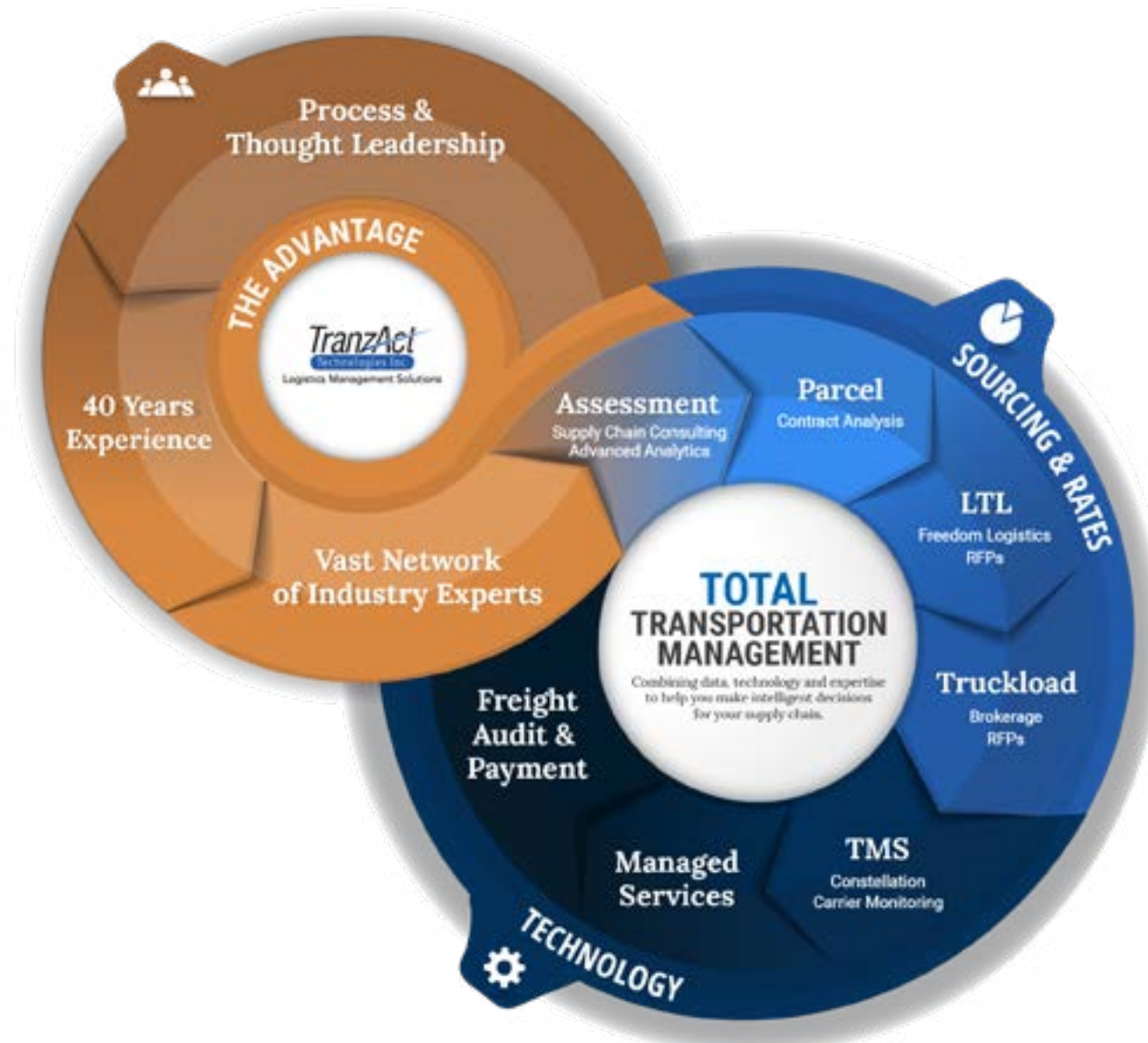
Production issues have affected aircraft carriers. Airbus lowered its target for deliveries due to supply chain issues, and Boeing recently ended a long strike with a new four-year agreement.

WE EMPOWER SHIPPERS THROUGH TECHNOLOGY AND EXPERTISE

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- **Expert Guidance:** TranzAct's team of SME professionals will help you navigate these changes smoothly, ensuring your operations remain compliant and cost-effective.
- **Comprehensive Support:** From sourcing alternatives to supply chain assessments, TranzAct provides everything you need to reduce freight costs, improve efficiency, and align with the evolving NMFC framework.





A Nationally and Internationally Certified Women's Business Enterprise, our superior technology, quality processes, and comprehensive network help our customers reduce costs while improving services.

Our solutions provide shippers of all modes with freight audit and payment, reporting and TMS applications, rate negotiation and procurement savings, contract development, consulting and analysis. With offices around the globe, we serve our clients on a 24/7 basis.

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