



# FREIGHT MARKET UPDATE

SEPTEMBER 2024

# OVERALL MARKET OUTLOOK

A long-awaited interest rate cut was finally announced and there are projections that two more will be made this year.

## Employment

The August 2024 unemployment rate was reported at 4.2% while nonfarm payroll employment increased by about 142,000 according to the U.S. Bureau of Labor Statistics (BLS) [Employment Situation Summary](#).

The report noted that job increases occurred in construction and health care.

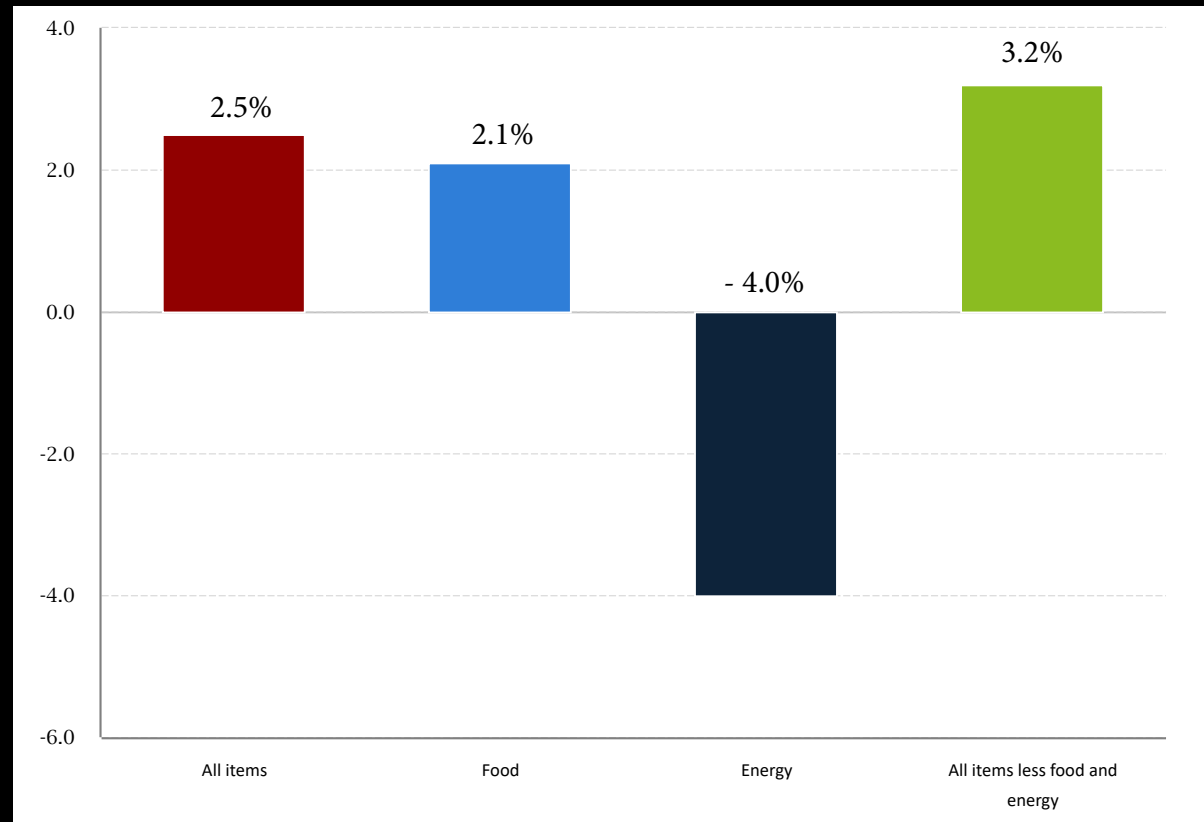
## Inflation (Consumer Price Index)

In August, inflation increased 0.2% and has risen 2.5% over the past 12 months as reported by the [Consumer Price Index Summary](#) from the BLS.

Their report noted that, as in July, housing was the main contributor to the monthly increase: “The index for shelter rose 0.5 percent in August and was the main factor in the all items increase.”

August 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 July 2024 (the most recent month available) imports of goods only, excluding services, increased \$6.4 billion from the previous month to \$278.2 billion, which marks the highest amount recorded since June 2022.

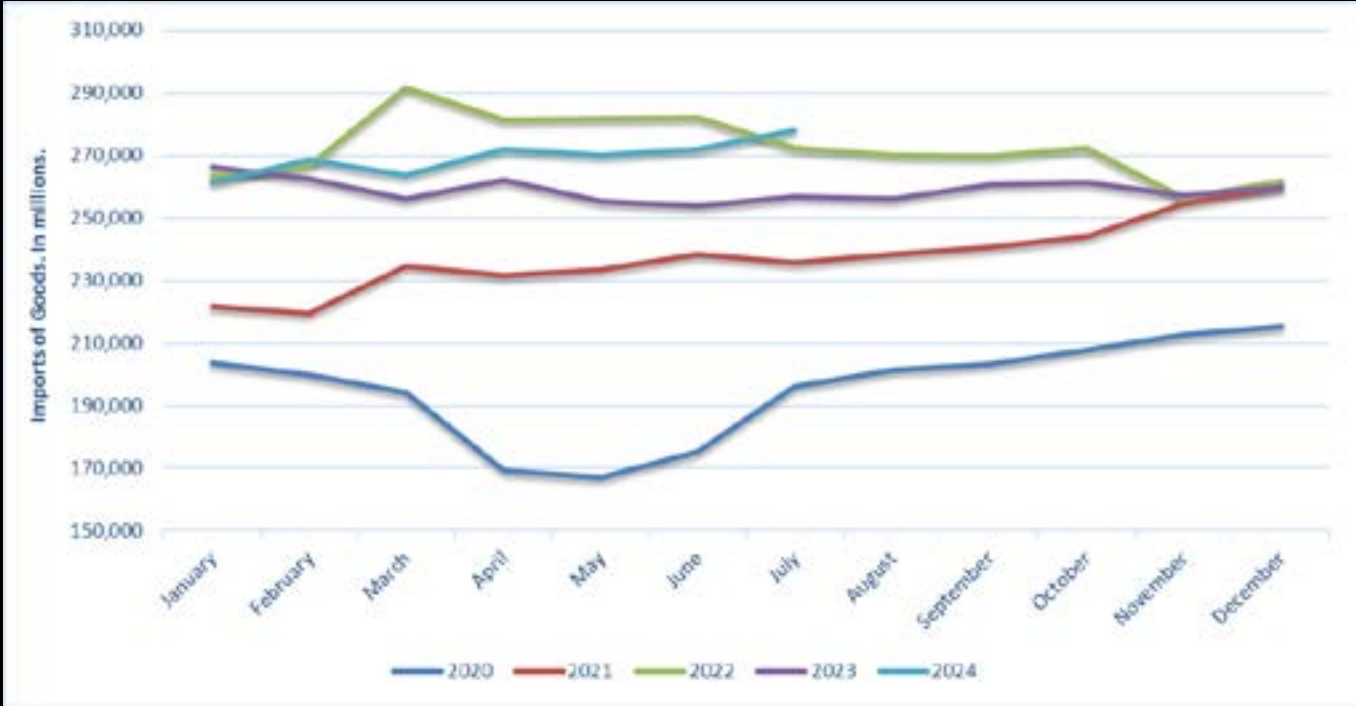
The increase was led by capital goods, which rose \$3.3 billion, and Industrial supplies and materials, which rose \$2.8 billion.

## Manufacturing

In July, new orders of manufactured durable goods increased \$26.1 billion or 9.9% 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 increased \$3.1 billion or 1.1% 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

Inventories of manufactured durable goods increased \$0.7 billion in July versus the previous month, according to the latest [Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders](#).

## Retail sales

In August, U.S. retail and food services sales were up 0.1% vs the previous month and up 2.1% versus a year ago, according to the [Advance Monthly Sales of Retail and Food Services](#).

Retail trade sales alone were similarly up 0.1% from the previous month and up 2.0% 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 continues to be declines in spot load posts and rates.

According to DAT Trendlines, the Van load to truck ratio has increased over the past two months and stood at 3.64 for August 2024. For over two years, this ratio has ranged between 2 to 5, after falling sharply in early 2022. In August 2024, spot load posts were down 13.1% versus July, and down 19.6% versus a year ago according to DAT Trendlines. In August, spot rates for van, reefer and flatbed declined slightly.

The ATA reported that tonnage for August rose 1.8% from the previous month and 0.7% from a year ago.

The president of the ATA addressed the U.S. House panel on highways and transit operations in mid-September and encouraged them to develop a nationwide policy framework for the adoption of automated vehicles, according to Transport Topics.

Retail diesel prices trended downward overall for the past year. As of the week of 9/23/24, diesel retail prices were reported at \$3.54 per gallon nationwide, which is down \$1.05 from a year ago.



# LTL MARKET



In the LTL market, carriers are looking at ways of reshaping their networks or making other significant changes.

FedEx Freight has been reducing its terminal network this year. They have closed 29 terminals in about the past year, while planning to expand their terminal structure in other areas. They also significantly reduced their spending on trucks and trailers recently, with the possibility of a spinoff still on the horizon. A key question is whether this spinoff will lead to changes in leadership or strategy.

Estes announced plans to expand their number of terminal doors by 12% by the end of the year, according to Transport Topics. Recently they solidified agreements to gain seven additional terminals from the Yellow sale.

TFI plans to continue expansion following a series of acquisitions, after first reducing its debt of over \$3 billion. The company is looking to sell real estate near the end of 2024, according to Transport Topics.

Forward air is still dealing with an activist investor that is now encouraging the company to conduct a strategic review and consider selling the company.

# PARCEL

In the parcel industry, parcel carriers are looking for ways to reduce costs and grow revenue in a market that continues to be challenging.

FedEx missed expectations for the fiscal quarter ending August 31st and cut its full-year outlook. They plan to issue a rate increase that will be an average of 5.9% starting on January 6, 2025.

UPS also missed expectations for their most recently ended quarter (Q2) and reported that revenue decreased 1.1% from the same period in 2023.

USPS announced a proposal to cut \$3 billion in annual costs in mid-August. The plan would involve allowing for longer delivery timelines for some mail while still committing to a maximum delivery timeline of five days. Election mail would not be affected by this plan.

In mid-September the USPS announced that they will no longer offer discounted rates to consolidators through National Service Agreements (NSA). In a USPS press release, Postmaster General, Louis DeJoy commented, "to more effectively utilize our network and realize enhanced economies, we no longer intend to provide discounted rates through NSAs that incent parties to aggregate mail volume from multiple shippers and to bring such volume directly to our delivery units."

The holiday shipping season will be important for parcel carriers as they navigate how to adjust their networks.



# RAIL & INTERMODAL



In the rail industry, intermodal traffic has increased almost 10% year to date and reaching historically high volumes. This rise is being attributed to the early peak season from efforts to avoid a possible shut down at the East and Gulf Coast ports. Intermodal rail operators have been challenged by surging volumes at the West Coast ports. The Journal of Commerce recently reported “elevated rail container dwell times” as a problem at the ports of Los Angeles and Long Beach.

After a brief strike, Canadian railroads appear to be back to business as usual. CSX, BSNF, and Norfolk Southern have recently reached tentative agreement with their labor unions ahead of national negotiations, according to FreightWaves.

## Railroad volumes

For the first 37 weeks of the year vs the same time period last year, total U.S. carloads decreased 3.3% and intermodal units increased 9.5%. Combined, there was a 4.5% increase in U.S. rail traffic in 2024 vs 2023, according to the American Association of Railroads (AAR).

In the same time frame, Canadian rail volumes are up 0.2% and Mexican railroad volumes are up 4.8%.



## Supply Chain Planning

“An effective supply chain plan identifies:

1. Your company’s top supply chain priorities,
2. The parties responsible for managing these priorities,
3. The investments that will be needed, and
4. The metrics that will be used to gauge progress in addressing these priorities.

An effective written supply chain plan can eliminate surprises and also keep people from having to guess or be reactive to events that cause disruptions or costs to spike.

Mike Regan, Co-Founder, TranzAct Technologies

# OCEAN

In the ocean sector, it continues to be a year of volume growth.

According to the Wall Street Journal, “The ports of Los Angeles and Long Beach handled a combined 966,231 loaded container imports last month [August 2024], up more than 27% from a year ago and the highest volume since May 2021.”

Amid the increases in volumes, ocean spot rates have been falling. The Drewry World Container Index for the week of September 26 was at \$3961 and has been decreasing since it reached the highpoint of \$5937 in mid-July.

The Port of Montreal is facing an expected three-day strike that will reduce container capacity around 40% due to ongoing talks with longshoremen.

## EAST AND GULF COAST PORT STRIKE FAQ

On September 30, a contract between the ILA and USMX will expire and a strike is expected.

### **What ports will be affected?**

The strike would affect 36 ports along the East and Gulf Coast from Maine to Texas. Around 45,000 workers would be striking at these ports.

### **What are the dockworkers seeking?**

The ILA is seeking a 77% increase in wages over six years and to limit the use of automated technology.

### **What actions is the government expected to take?**

The administration communicated it has no plans to interfere with the strike. However, if it was considered a danger to the economy, President Biden could invoke the Taft-Hartley Act to enact a 80-day cooling-off period.

### **How long is the next contract?**

The next contract will last for six year, which is the same length as the new contract at the West Coast ports.



Port of Savannah, GA

# AIR



In the air freight market, an already good year of rising volumes may get a boost as uncertainty with ocean shipping captures headlines.

Throughout 2024, demand for air freight has grown ahead of capacity, and any demand for additional capacity, could be constrained by production issues that are continuing for the major manufacturers. On top of technical issues that have slowed production, a strike at Boeing has lasted nearly a month and the union recently rejected a best and final offer.

For the remainder of 2024 and into 2025, the air cargo industry will also be influenced by the path of peak season, clean energy initiatives, and geopolitical risks.



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