

# JARRETT SUPPLY CHAIN REPORT



## MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported that shipment counts fell 2.4% year over year (y/y) in April and 1% month over month (m/m). Freight expenditures fell 14% y/y and 2.1% m/m. ([Cass Information Systems May 2023](#))
- For-hire trucking companies in the U.S. continued their hiring streak in April, adding 12,600 real jobs from March and 14,000 jobs over two months, according to data from the Bureau of Labor Statistics (BLS). ([JOC May 2023](#))
- The average price for a gallon of diesel fuel was \$3.855 the week of May 29. It is down for the sixth week in a row and the 16th time in the past 17 weeks. ([U.S. Energy Information Administration May 2023](#))

## Less-than-Truckload (LTL)

- On May 24 the Teamsters Union said that a strike authorization had been approved by members covered under ABF Freight's national master freight agreement. The action is likely a negotiating tactic on the part of the union and a sign of potential next steps if talks between the two parties are unable to yield a new agreement. ABF's current labor deal with the union expires on June 30. ([FreightWaves May 2023](#))
- FedEx Freight will close 29 service locations in the U.S. as part of an ongoing efficiency drive. The closures will occur by August 13. ([JOC May 2023](#))
- As Yellow continues its labor negotiations with the Teamsters Union, the company's credit ratings have been lowered further by Moody's Investors Service. On Monday, May 15, the credit rating agency downgraded the carrier's corporate family rating from B3 to Caa1. "Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk," Moody's said. The company has roughly \$1.5 billion in debt, nearly \$1.3 billion of which matures next year. That number includes more than \$700 million in loans with the U.S. Treasury. ([JOC May 2023](#))
- TFI International, the parent company of LTL carrier TForce Freight, is pushing the boundaries of its LTL network in Canada and the U.S. through acquisitions.

Montreal-based TFI acquired carriers on both sides of the U.S.-Canada border on May 1 — Siemens Transportation Group (STG) of Saskatchewan, Canada and Wisconsin-based Hot Line Freight System. ([JOC May 2023](#))

## TRUCKLOAD (TL)

- U.S. truckload rates continue to fall as demand drops. Dry van spot rates were down 4.5% from March to April and the number of spot loads posted in April fell 21.2% from March. ([DAT Freight & Analytics May 2023](#))
- U.S. truck tonnage fell 1.9% in April. “While the broader economy continues to surprise and thus far stave off an expected recession, the freight economy is starkly different,” said ATA Chief Economist Bob Costello. “The goods-portion of the economy is soft and as a result, even contract truck freight is now falling, albeit not nearly as much as the spot market. The tonnage index hit the lowest level since September 2021 in April and has now fallen on a y/yr basis for two straight months.”([American Trucking Associations May 2023](#))
- Capacity is exiting the U.S. truckload market, albeit slowly, with a group of the largest U.S. truckload carriers reducing their truck numbers by 5% from last year’s fourth quarter to the first quarter of 2023, according to the latest quarterly Journal of Commerce Truckload Capacity Index (TCI). ([JOC May 2023](#))

## PARCEL

- FedEx will combine almost all of its ground, air and other operations by next year as part of a \$4 billion cost cutting plan. The package delivery company announced that FedEx Express, FedEx Ground, FedEx Services and other FedEx operating companies will be rolled into a single entity by June 2024 in a companywide reorganization. FedEx Freight, the company’s freight transportation services division, will continue as a standalone company within Federal Express Corp. ([AP April 2023](#))
- UPS and the International Brotherhood of Teamsters reached a tentative agreement to reduce the size of SurePost packages eligible for delivery by the U.S. Postal Service. UPS’ SurePost uses the U.S. Postal Service for the final mile of delivery and is focused on non-urgent and lightweight residential shipments. The tentative SurePost agreement inches UPS and the Teamsters closer to a deal on a national contract. UPS said in a

bargaining update, Friday, May 26, that negotiators will focus on the two remaining supplemental agreements covering workers in Kentucky and Northern California this week. National contract discussions will resume June 5. ([SupplyChainDive May 2023](#))

## MARITIME

- Imports at some of the nation's busiest container ports have been falling at a double-digit annual pace for several months. Yet business for many of the ports exceeds container volumes of 2019. Container trade on crucial Asia to North America shipping lanes fell 26% during the first quarter of this year compared with a year ago, but when compared today to 2019 volumes are up mid-single digits. ([WSJ May 2023](#))
- Falling ocean rate levels, which are incentivizing a shift away from pricier air cargo delivery, are significantly driving Less-than-Container volumes, as is manufacturing moving out of China. ([JOC May 2023](#))