



LTL and Truckload Monthly Market Update: December 2021

As we come to the end of 2021, we are using our December LTL and Truckload market update to reflect on the key themes from our 2021 monthly updates and set the stage for what to expect from your trusted logistics partner in 2022.

Parcel / Ground:

We will be expanding our monthly insights to include thought leadership on this mode. In 2021, both FedEx and UPS struggled to deliver on-time, implemented two price increases on non-contracted business, implemented additional accessorial fees for over dimensional items as well as "High Cost" delivery areas. We also witnessed the following:

- Amazon continued to expand their own ground delivery network
- Private Equity joined the party with the acquisition of Laser ship and On-trac, which are regional competitors in the Ground / Next day Parcel mode on the east and west coasts
- LSO, the regional provider based in Dallas TX implodes firing their CEO due to service issues
- Xpress Global makes acquisitions to expand their network focused on delivering flooring of all types
- FedEx, UPS, and DHL all announce 5.9% GRI's but a closer look at the increases include 9.2% for home delivery and 61% for Rural area deliveries

Less than Truckload (LTL) Update:

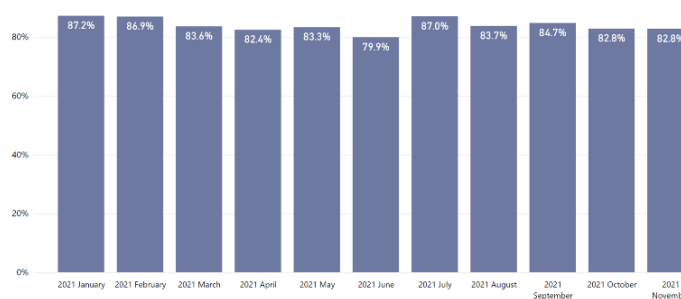
Service delays, increased rates, and recommendations regarding cost increases and budgeting for 2002 were the key themes of our 2021 Market updates:

- FedEx Freight, XPO, and others embargo picking up or delivering freight to specific regions of the US (and specific customers) due to COVID, Weather, Labor, and increased volume



- TFI (T Force) completes the acquisition of UPS Freight
- Rail congestion leads to significant delays in transit and LTL carriers' ability to meet published transit
- Knight-Swift enters the regional LTL market acquiring AAA Cooper
- LTL earnings reported for Public carriers set records across the board
- After multiple warnings on the cost of low density, over length freight in LTL carriers' networks, Old Dominion leads the charge and places a flat \$1,000 sur charge on shipments over 95 inches if not specifically negotiated as part of customer specific pricing
- Some might argue collusion, as almost the entire LTL carrier base also changes over length pricing effective immediately

IL2000 2021 LTL Actual transit performance to Published transit days



Source: Scooter Sayers LinkedIn Post 11/28/2021

As of 11/29/2021																	
Feet	AAA Cooper	ABF	AD Pyle	Averitt	Central T	Dayton	Estes	FedEx	Old Dominion	Pitt Ohio	R&L	Saia	Southeastern	Tforce	Ward	XPO	YRC
>=8	\$100.00	\$125.00		\$95.00	\$99.75	\$110.00	\$100.00	\$107.00	\$125.00	\$85.00	\$85.00	\$116.50	\$85.00	\$120.00	\$85.00	\$117.50	\$120.00
>=11		\$200.00														\$131.50	
>=12	\$150.00			\$160.00	\$157.50	\$250.00	\$150.00	\$207.00	\$175.00	\$135.00	\$150.00	\$169.50	\$150.00	\$215.00	\$150.00		\$300.00
>=14		\$275.00															
>=15															\$150.00		
>=16				\$230.00		\$450.00	\$200.00			\$185.00	\$250.00	\$233.00				\$242.00	\$600.00
>=18															\$275.00		
>=20	\$265.00	\$550.00		\$390.00	\$525.00	\$550.00	\$350.00		\$300.00	\$400.00	\$385.00	\$381.50	\$250.00	\$500.00		\$553.25	\$1,200.00
>=24											\$770.00						
>=27		\$2,750.00															\$3,000.00
>=28	\$525.00						\$500.00			\$550.00			\$350.00				
>=40							\$750.00										
11/1/2021 - 11/29/2021 updates																	
Feet	AAA Cooper	ABF	AD Pyle	Averitt	Central T	Dayton	Estes	FedEx	Old Dominion	Pitt Ohio	R&L	Saia	Southeastern	Tforce	Ward	XPO	YRC
>=7						\$125.00											
>=8		\$185.00	\$277.45			\$200.00	\$185.00	\$169.00	\$1,000.00	\$190.00	\$170.00	\$250.00		\$250.00		\$222.00	\$200.00
>=10																	
>=11		\$300.00														\$452.00	
>=12			\$498.80			\$275.00	\$265.00	\$329.00		\$450.00	\$300.00	\$1,000.00		\$450.00			\$400.00
>=14		\$385.00				\$350.00											
>=15																	
>=16			\$608.00			\$450.00	\$385.00			\$775.00	\$500.00					\$1,128.00	\$750.00
>=18						\$550.00											
>=20		\$750.00	\$1,000.00			\$650.00	\$750.00			\$1,100.00	\$770.00			\$1,000.00		\$3,500.00	\$1,200.00
>=24						\$75.00					\$1,540.00						
>=27		\$3,000.00															\$3,000.00
>=28							\$1,000.00			\$1,500.00							
>=40										\$2,200.00							

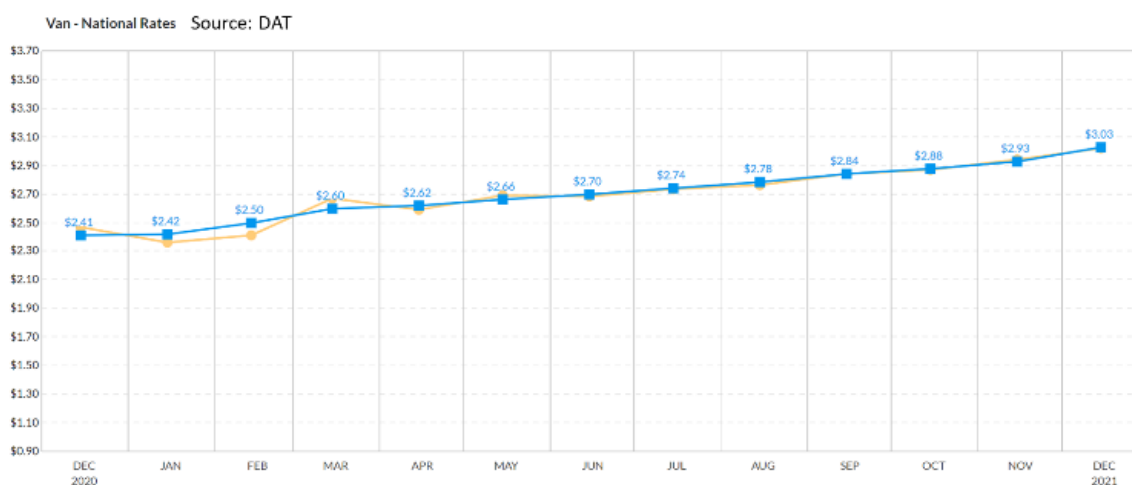
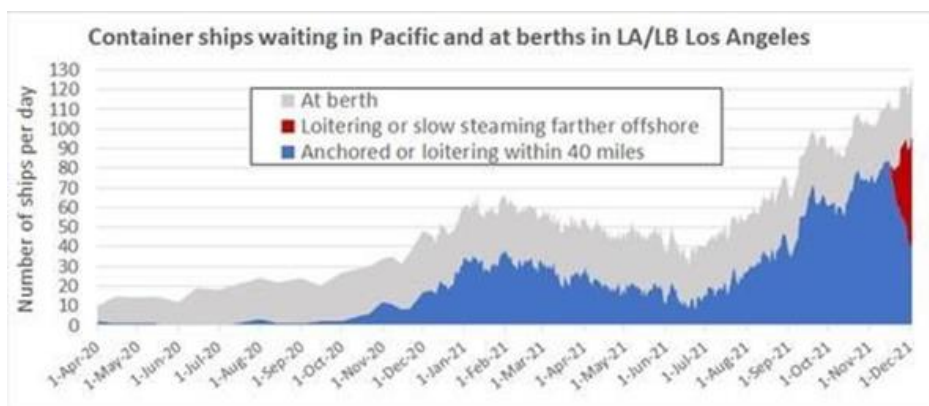
- Announced increases and effective dates include:
 - YRC (including Holland, New Penn, and Reddaway) 5.9% November 2021
 - ArcBest 6.9% November 2021
 - Estes 5.9% December 2021
 - FedEx 5.9% for P/E Zone rates, 7.9% for other rate bases January 2022
 - Forward Air 7.9% February 2022



Truckload Update:

Weather, Annual Road Check inspections, Port congestion, and recovery from Sheltering in place in 2020 drive rates to the highest levels ever in 2021 as we brace for more to come in 2022:

- SPOT rates reported YOY by DAT rise 20.0% as fuel and driver pay increase for all Carriers
- Container delays at LA/LB Ports in California grow monthly with as many as 90 vessels waiting to be unloaded
- Carriers are now fully implemented with ELD's and drivers can no longer "adjust" their paper logs when delayed at Shippers or Consignees
- Digital Freight Matching does nothing to add capacity, it only lowers the carrier and brokers cost to book the load
- Private Equity and Vendor Capital flood the space as Molo, Uber Freight, Paschall Truck Lines, and Ashley Furniture all announce being acquired or acquisitions
- NO NEW Capacity comes from any of these acquisitions





Outlook and themes we will be monitoring beginning in January 2022:

- Parcel Rates will be increasing at least 5% and shippers who have not received increases in the last 12 months should prepare for increases of at least 6% to 10% at some point in 2022
- LTL Rates will be increasing at least 6% and could be as high as 8% to 12% if the mix of freight is skewed toward minimums (increases of \$10 to \$15 per shipment) or over length (See the Chart below)
- Truckload Rates will continue to rise in Q1 2022 as shippers lock in contract rates to protect against not having capacity for the entire year. Rates could decrease in Q2 and Q3 as supply chains rebound, and store shelves return to normal stocking levels. Overall Truckload rates will be increasing another 5% to 7% as carriers pay more to attract drivers to the industry
- On-time service will continue to fluctuate as carriers in each mode struggle with labor, volume surges, and attempts to balance out network flows
- Digital Technologies will improve carrier and broker margins, but will do little to help shippers with proactive visibility and event management
- Carriers in all modes are at capacity so carrier switching will not be an effective option to address service or cost issues
- Using technology to Rate Shop, auto dispatch, and improve the description of what is shipping will improve service and minimize increases
- Increasing the lead time and building in at least one additional day of transit will allow you to plan, mode select, and volume quote leveraging all modes
- Being flexible on pick-up days and pick-up times allows you to capture additional capacity
- Treat drivers with respect and consider them like any other guest or visitor to your facility
- Use your IL2000 team to access capacity and improve performance across dedicated, contract, and dynamic capacity solution

That's all we've got! We'll be back next month with more hot trends in logistics news!