

# JARRETT SUPPLY CHAIN REPORT



## MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported shipment counts were up 3% month over month (m/m) in July, but were down 1% year over year (y/y). Freight expenditures were up 0.7% m/m, but are down 6.2% y/y. ([Cass Information Systems August 2024](#))
- Canada is days away from a potential rail strike. Canadian National Railway has told customers it plans to halt intermodal traffic headed into Canada on its lines beginning August 16. Earlier in the week the railway announced it would halt the movement of hazardous materials. Both of these moves are being made based on what it says is a lack of movement in talks with unionized workers. The rail operator said it would have no choice but to push ahead with a lockout of employees as of one minute past midnight Aug. 22 if there were no meaningful progress in negotiations with Teamsters Canada Rail Conference or arbitration. ([WSJ August 2024](#))
- US-Mexico trade continues to boom. Mexico's trade with the United States' totaled \$415.4 billion from January through June, the highest total ever recorded for the time period. Canada ranked No. 2 for trade with the U.S. in June at \$64.3 billion, and China ranked third at \$45.4 billion. ([FreightWaves August 2024](#))
- The average price for a gallon of diesel fuel was \$3.704 the week of August 12. It is down 15.4% y/y. ([U.S. Energy Information Administration August 2024](#))

## LESS-THAN-TRUCKLOAD(LTL)

- US LTL carriers gaining shipments despite 'soft' freight demand. XPO increased its daily shipment count 4.5% y/y in the second quarter. Q2 LTL shipments per day rose 18.1% y/y at Saia, 3.1% at Old Dominion Freight Line and 8.4% at Knight-Swift Transportation Holdings. ([JOC August 2024](#))
- LTL rates continue to rise despite soft demand. The LTL producer price index rose 7.1% y/y in July. ([JOC August 2024](#))
- Pension Funds, Creditors Vie Over Proceeds From Yellow Bankruptcy. A bankruptcy court judge is due to decide in the coming weeks whether the bulk of Yellow's remaining assets, largely from the proceeds of the sale of properties and equipment, should go to pay off pension plans that claim they collectively are owed billions of dollars. A decision that could leave hundreds of unsecured creditors getting just pennies on the dollar on their claims. ([WSJ August 2024](#))
- XPO launches Mexico+ cross-border shipping service. The carrier's Yellow Corp. terminal acquisitions have allowed it to expand to seven border crossing points for faster delivery times. ([SupplyChainDive July 2024](#))
- GLS Group will sell its U.S. LTL and brokerage operations to California-based DC Logistics, the companies announced Aug. 12. DC Logistics CEO Judas Castro said the move accelerates his company's goal to "become a Top 20 LTL carrier in the United States." ([TruckingDive August 2024](#))

## TRUCKLOAD(TL)

- The Truckload Producer Price Index increased 0.5% in July after bottoming in June, but still remains down 1.9% y/y. ([JOC August 2024](#))
- Pride Group, one of Canada's largest trucking and leasing companies, filed for bankruptcy protection March 28, owing lenders \$637 million. "The Pride Group of Companies being sold off and ordered to wind down operations will certainly have a ripple effect in the industry. The group controlled over 20,000 trucks in Canada and the U.S.," Mike Millian, president of the Private Motor Truck Council of Canada (PMTCC), told FreightWaves in an email. ([FreightWaves August 2024](#))

- J.B. Hunt Transport Services announced it has surpassed an autonomous trucking milestone, completing more than 50,000 miles using Kodiak Robotics' driverless trucks. The two companies teamed up with Bridgestone to move car tires between South Carolina and Dallas. ([FreightWaves August 2024](#))
- U.S. truckload rates remained relatively unchanged in July compared to August. Dry van spot rates were up 0.1% m/m, and are down 0.2% y/y. Flatbed spot rates were down 1.3% m/m, and are down 2.4% y/y. The number of spot loads posted in July decreased 7% from June, but are up 5.9% y/y. ([DAT Freight & Analytics August 2024](#))

## PARCEL

- UPS domestic revenue fell 18% below expectations in the second quarter as customers trade down to economy service. Steep labor costs contributed to 29% drop in operating profit. ([FreightWaves August 2024](#))
- FedEx Corp. plans to reduce daytime domestic flying time by 60% and the number of city destinations by 55% when its air cargo contract with the U.S. Postal Service expires on Sept. 29. ([FreightWaves August 2024](#))
- DHL Express plans to implement a peak season surcharge, effective Sept. 15, according to an Aug. 1 earnings call. The peak season surcharge will be based on the shipment's original trade lane, DHL Group CFO Melanie Kreis told analysts during the call. She added that volumes out of Asia will be the highest, albeit differentiated between each lane. ([SupplyChainDive August 2024](#))
- Pitney Bowes sold a controlling interest in most of its Global Ecommerce segment to an affiliate of Hilco Global as it plans to wind down the business. The deal will allow the shipping and logistics company to eliminate about \$136 million in annual losses and focus on its core, cash-generating postal-related businesses. ([WSJ August 2024](#))

## INTERNATIONAL

- The closure of Ningbo Beilun's Phase III Terminal is expected to have cascading effects on the main trans-Pacific trade lanes out of Asia, and the supply chain at large, in the midst of the peak shipping season. Container traffic has been halted at Ningbo following a shipboard explosion involving hazardous materials at one of the world's busiest intermodal hubs. Ningbo is the world's third-busiest container port, with volumes of 33.35 million twenty-foot equivalent units(FTEs) in 2023. ([FreightWaves August 2024](#))
- The Port of Los Angeles handled a record-breaking 939,600 FTEs in July, up 37% y/y. It was the busiest month in more than two years and the best July in the port's 116-year history. So far in 2024, the largest U.S. container gateway is 18% ahead of its 2023 pace. ([FreightWaves August 2024](#))
- The Drewry WCI composite index, which measures the bi-weekly ocean freight rate movements of 40-ft. containers in seven major maritime lanes, was \$5,428 per 40-ft. container on August 15. It decreased 2% from the previous week, and has decreased 4 consecutive weeks since its 2024 peak of \$5,937 the week of July 18. ([Drewry August 2024](#))