

JARRETT SUPPLY CHAIN REPORT



MARKET

- U.S. for-hire truck tonnage fell 1.1% in July from June on a seasonally adjusted basis, but was 5.1% higher than July 2021. Chief Economist at ATA, Bob Costello, explains “Despite the dip from June, tonnage remains at elevated levels and increased significantly from a year earlier.” ([JOC August 2022](#))
- The average price for a gallon of diesel fuel was \$4.91 as of August 22, 2022. Down 15.5% from its peak in mid-June, but up 48% year over year (yoy). ([US Energy Information Administration August 2022](#))
- The Presidential Emergency Board (PED), appointed by the Biden Administration, released its recommendations on August 17 for the ongoing railroad labor dispute. The PED proposed railroads raise wages by 24% over the course of a five-year contract, a major step toward resolving a negotiation stalemate that carriers say has made it harder to retain workers and address service declines. ([SupplyChainDive August 2022](#))

Less-than-Truckload (LTL)

- Despite slower U.S. economic growth, high freight demand is driving the expansion of LTL networks. Large carriers such as FedEx Freight, Old Dominion Freight Lines, SAIA Motor Freight and XPO Logistics are adding new terminals and expanding existing facilities, and mid-sized to smaller LTL carriers are also growing, often through acquisitions, such as Pitt Ohio. ([JOC August 2022](#))
- The LTL Producer Price Index, which measures the average change over time with LTL rates, decreased slightly from June to July by 1%. By contrast, from September 2020 to June 2022 it had risen 39.5%. ([U.S. Bureau of Labor Statistics August 2022](#))

TRUCKLOAD (TL)

- Truckload spot market rates in the US are continuing to slump through August — the sixth consecutive month prices have fallen. The decline in spot market rates tipped the balance toward shippers, according to the Cass Truckload Linehaul Index, which fell

1.8% month over month in July. The index was still up 10.5% yoy, but the annualized gap with 2021 rates is slowly closing. ([JOC August 2022](#))

- Heartland Express announced the acquisition of Contract Freighters Inc.'s (CFI) truckload unit and its logistics unit in Mexico from TFI International for \$525 million. The combination will make Heartland the eighth-largest TL fleet and the third-largest asset-based, irregular route carrier in the U.S. ([FreightWaves August 2022](#))

PARCEL

- UPS will begin imposing a “Peak/Demand Surcharge” starting October 30 and running through January 14, 2023 on certain UPS Air Residential, Ground Residential, and SurePost shipments. The surcharge is applied on a weekly basis to all packages over 105% of the baseline volume for each service. The baseline volume is the customer’s average weekly volume from June 5 through July 2 for the applicable shipping service. ([SupplyChainDive August 2022](#))
- FedEx Corp. will begin imposing 2022 peak-season surcharges on Labor Day and will apply certain ones based on weekly calculations that begin around mid-October and run until early December. FedEx will charge \$3.45 per package during the first surcharge cycle. The second round of surcharges, which will be more costly at \$6.55 per package, will begin October 3 and run until January 15, FedEx said. ([FreightWaves August 2022](#))

MARITIME

- The U.S. blocked the merger of 2 of the largest global container suppliers, China International Marine Containers Group and Maersk. Per the U.S. Justice Department “The proposed transaction would have combined two of the world’s four suppliers of insulated container boxes and refrigerated shipping containers, consolidating control of more than 90% of the market in Chinese state-owned or state-controlled entities.” ([FreightWaves August 2022](#))
- The price to ship containers of cargo eastbound from Asia to the U.S. across the Pacific continues to recede from record levels, and are down 70% yoy. In contrast, the price to ship containers westbound across the Atlantic from Europe has risen through 2022 and is still hovering near all-time highs, up 41% yoy. ([FreightWaves August 2022](#))