

ARRETT SUPPLY CHAIN REPORT



MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported that shipment counts rose 1.9% month over month (m/m) in May but fell 5.6% year over year (y/y). Freight expenditures fell 6.8% m/m and 15.7% y/y. ([Cass Information Systems June 2023](#))
- UPS Inc. has made a contract offer to the Teamsters Union that, according to union representatives, indicates “significant movement” on wages, benefits and worker classification language. The company has also pledged to have a deal done by Wednesday, July 5 to cover 340,000 Teamster employees, representatives said. The Teamsters have vowed to strike if a new contract isn’t in place starting Aug. 1. ([FreightWaves June 2023](#))
- Less-than-Truckload carrier Yellow Corp. sent a letter to President Biden on June 29 asking for help negotiating with the Teamsters Union. The letter said the company is “on the verge of closing its doors due to an ongoing, intractable labor dispute with the International Brotherhood of Teamsters (IBT).” ([FreightWaves June 2023](#))
- The average price for a gallon of diesel fuel was \$3.801 the week of June 26. It is down 34.3% y/y. ([U.S. Energy Information Administration July 2023](#))

Less-than-Truckload (LTL)

- “Yellow estimates that it will run out of cash as early as mid-July 2023, and Yellow’s creditors will likely force the company into liquidation,” Yellow said in a lawsuit against the Teamsters union filed in U.S. District Court. A shutdown at Yellow would have an immediate impact on U.S. shippers and the LTL trucking sector. Shippers would see LTL capacity

tighten overnight and market pricing rise. ([JOC June 2023](#))

- FedEx Freight, the largest U.S. trucking company, is getting a bit smaller, cutting costs and assets as it adapts to a softer U.S. economy and weaker LTL freight market. The company is on schedule to close 29 terminals out of approximately 400 LTL terminals by August. FedEx Freight experienced an 18% drop in LTL shipments per day in the just-ended quarter. ([JOC June 2023](#))
- Less-than-Truckload carrier XPO said it has completed the expansion of its Salt Lake City terminal, which serves the Pacific Northwest market. The addition is part of a multiyear expansion, which will add 900 doors on a net basis to its national network of roughly 15,000 by the first quarter of next year. ([FreightWaves June 2023](#))
- ABF Freight announced on June 30 that its Teamster employees ratified a five-year collective bargaining agreement. The two parties previously came to terms on wages and other items two weeks ago. “This national agreement will serve as the model for the rest of the freight industry,” said Sean O’Brien, Teamsters general president, in a separate statement. “It will set the tone for national freight contracts moving forward.” The Teamsters are also negotiating labor contracts with UPS, Yellow Corp, and TForce Freight. ([FreightWaves July 2023](#))

TRUCKLOAD (TL)

- U.S. truckload rates remained mostly flat in May. Dry van spot rates were down 0.4% from April to May. The number of spot loads posted in May rose 29.4% from April, but are down 61.2% y/y. ([DAT Freight & Analytics June 2023](#))
- U.S. truck tonnage increased 2.4% in May. “Tonnage had a nice gain in May, but remains in recession territory,” said ATA Chief Economist Bob Costello. ([American Trucking Associations June 2023](#))
- U.S. Xpress Enterprises will survive, following a shareholder vote to allow Knight-Swift Transportation Holdings to acquire the carrier for more than \$800 million. With the vote, U.S. Xpress will operate as an indirect subsidiary of Knight-Swift. ([TransportDive June 2023](#))

PARCEL

- Weak pricing for the rest of the 2023 parcel-delivery season will give way to 6%-10% increases in base rates and accessorials charges in 2024, according to parcel consultants. ([FreightWaves June 2023](#))
- FedEx Corp. said Tuesday it will merge its FedEx Express and Ground operations in Canada, making Canada the first FedEx country where the two operations will be fully unified. The combination will occur in phases, starting in April 2024 and finishing around the 2024 peak season, the company said. ([FreightWaves June 2023](#))

MARITIME

- Headhaul rates on Europe's main east-west trade lanes—to North America and from Asia—continue to tumble off last year's record highs and are now closing in on pre-pandemic levels amid sustained demand weakness, excess capacity and ongoing economic uncertainty. ([JOC June 2023](#))
- The Drewry WCI composite index, which measures the bi-weekly ocean freight rate movements of 40-foot containers in seven major maritime lanes, was \$1,494.46 per 40-foot container on June 29 and is now 86% below the peak of \$10,377 reached in September 2021. It is 44% lower than the 10-year average of \$2,688, indicating a return to more normal prices, but remains 5% higher than average 2019 (pre-pandemic) rates of \$1,420. ([Drewry June 2023](#))
- West Coast dockworkers won a 32% pay increase through 2028 and will get a one-time "hero bonus" for working through the pandemic under a tentative contract agreement reached with port employers, according to the Wall Street Journal. ([WSJ June 2023](#))