

JARRETT SUPPLY CHAIN REPORT



MARKET

- US industrial production and manufacturing rebounded on a sequential and year over year (yoy) basis in September, creating more truck freight and tonnage — and muddying recession forecasts. Total industrial production rose 5.3% (yoy), and manufacturing rose 4.8%. ([JOC October 2022](#))
- Freight railroads indicated they would not provide additional concessions to the Brotherhood of Maintenance of Way Employes (BMWED) union that rejected their contract agreement in October, further raising the prospect of a strike. Six of twelve unions representing rail workers have ratified their agreements, while five others are expected to vote over the next few weeks, according to an National Carriers' Conference Committee timeline. BMWED members remain in a "status quo" period, though would be able to strike as early as November 19. ([SupplyChainDive October 2022](#))
- The average price of diesel fuel in the US rose for the third consecutive week to \$5.34/gallon on October 24. It is up 44% yoy. ([US EIA October 2022](#))

Less-than-Truckload (LTL)

- The US Producer Price Index (PPI) for LTL rose in September after a 2 month decline. The LTL PPI was 15.1% higher yoy, and 30.9% higher than in the same month of 2020, according to Bureau of Labor Statistics data. ([JOC October 2022](#))
- The National Motor Freight Traffic Association (NMFTA) has launched what it calls the "Classification Reimagination Project." Under the initiative, NMFTA will maintain the core elements of a decades-old formula, known as the "National Motor Freight Classification," that is used to set LTL prices. However, the group will eliminate a multitude of specific product subclassifications that it called complex, confusing, and unnecessary. ([Freightwaves October 2022](#))

TRUCKLOAD (TL)

- For-hire truck tonnage rose 5.5% yoy in September, according to the American Trucking Associations, and the Cass Freight Shipment Index was up 4.8% yoy in the same month. Industrial production rose 5.3% yoy in September, according to the US Federal Reserve. ([JOC October 2022](#))
- Data from the first 2 weeks of October suggest truckload spot market rates may be bottoming out. After decreasing for 8 consecutive months national spot rates rose \$0.02 per mile on average to \$2.88 per mile as of Oct. 10. ([JOC October 2022](#))
- The SONAR Outbound Tender Volume Index (OTVI), which measures truckload load requests from shippers to carriers, moving under contract rates, has dropped 11% since September 16, 2022. Indicating that this year's peak season may be weak. ([Freightwaves October 2022](#))
- US Trailer orders in September reached their highest levels since March, but are down 10% yoy. ([TransportTopics October 2022](#))

PARCEL

- UPS beat consensus estimates when they reported their third-quarter results on Tuesday, October 25, easing concerns that they would report weak fiscal-quarter results after FedEx's September announcement. Operating profit of \$3.1 billion rose 6% yoy. Revenue rose to \$24.2 billion, up 4.2% yoy. ([Freightwaves October 2022](#)).
- UPS announced a 2023 general rate increase (GRI) of 6.9%, which matches the GRI announced by FedEx in September. The increase takes effect December 27, 2022. ([Freightwaves October 2022](#))

MARITIME

- The Port of Los Angeles reported that it handled the fewest number of loaded import containers for the month of September since the Great Financial Crisis (2009). The Port of Los Angeles is the largest port in the United States. ([Freightwaves October 2022](#))
- New global fuel efficiency rules, combined with slow-steaming and scrapping, could reduce effective ocean carrier capacity by up to 15% between 2023 and 2024 even though the amount of new ship tonnage being delivered will steadily rise, according to container shipping analyst Lars Jensen. ([JOC October 2022](#))