

# JARRETT SUPPLY CHAIN REPORT



## MARKET

- The collapse of Less-than-Truckload (LTL) company Yellow — until its failure the third-largest LTL provider in the U.S. by revenue — is shaking the ground beneath its competitors and shippers alike, tightening LTL capacity, pushing up pricing and in some cases affecting delivery times. ([JOC August 2023](#))
- Freight operators are bracing for a weak peak shipping season this fall. “There’s no peak season to be expected in 2023,” said Stefan Paul, chief executive of Kuehne + Nagel International, the world’s largest freight forwarder by revenue. ([WSJ August 2023](#))
- California legislators have passed a bill that will require businesses with \$1 billion or more in annual revenue that operate in California to calculate and report to the state a range of emissions, including those produced at facilities they own and control directly, as well as those tied to suppliers’ operations, employee commutes and business travel. ([WSJ September 2023](#))
- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported that shipment counts fell 2.2% month over month (m/m) in July and 8.9% year over year (y/y). Freight expenditures fell 2.8% (m/m) and 24.4% (y/y). ([Cass Information Systems August 2023](#))
- The average price for a gallon of diesel fuel was \$4.54 the week of Sept. 11. This is an increase for the eighth straight week, reaching its highest point since Jan. 30, 2023. ([U.S. Energy Information Administration September 2023](#))

## Less-than-Truckload (LTL)

- Yellow’s closure is helping other LTL carriers expand market share. The third-largest LTL carrier by volume, XPO, said shipments per day were up 8.1% in Aug. compared with a year ago. Shipment volumes at Saia, the ninth-largest LTL provider by volume, rose 14.2% in Aug. ([JOC September 2023](#))
- Estes Express Lines is the current front-runner to buy Yellow’s terminals. Estes has been in a bidding war with Old Dominion Freight Line to acquire the 170-terminal portfolio. The latest bid by Estes came in at \$1.525 billion eclipsing Old Dominion’s offer of \$1.5 billion.

[\(FreightWaves September 2023\)](#)

- A. Duie Pyle, a northeastern regional LTL provider, recently opened a facility in Charleston, W. Va., and plans to open two more terminals in New York and Maine later this year, COO of LTL Solutions John Luciani said in an interview. The West Chester, Pa.-based carrier plans further expansion in 2024 and 2025. [\(JOC August 2023\)](#)

## TRUCKLOAD (TL)

- U.S. truckload rates remained mostly flat in Aug. Dry van spot rates were up 0.7% from July to Aug., but are down 17.7% (y/y). The number of spot loads posted in Aug. increased 12.5% from July, but are down 41.4% (y/y). [\(DAT Freight & Analytics September 2023\)](#)
- Truckload carriers believe that the market has hit a bottom, but don't expect any material positive inflection in fundamentals to happen until sometime in 2024. Schneider National CFO Steve Bruffett said, "I think there will be some signs of seasonal activity across Sept., Oct., and Nov. I think that sets us up for a more constructive start to 2024. I wouldn't call it robust, but I would call it a more balanced and more in equilibrium type of setup than what's been in place entering any of the last ... four years." [\(FreightWaves September 2023\)](#)

## PARCEL

- UPS and FedEx both announced general rate increases (GRIs) of 5.9% for 2024. The increases are below 2023's record increase of 6.9% but above the 4.9% rate increases that were the historical norm prior to the pandemic. [\(FreightWaves September 2023\)](#)
- UPS announced its peak holiday delivery surcharges, with levies on high-volume customers slightly above those of rival FedEx. For very high-volume shippers using UPS' residential air services between Oct. 29 and Jan. 13, UPS will assess a per-package levy of \$7.50, about a dime per package higher than similar FedEx services. For shippers using UPS ground residential and SurePost services, the latter being managed in conjunction with the U.S. Postal Service, the per-package levy will be \$6.40, about a nickel per piece above FedEx. [\(FreightWaves September 2023\)](#)

## MARITIME

- The International Longshore and Warehouse Union said its members have ratified a new, six-year contract covering dockworkers at West Coast ports, ending more than a year of uncertainty for importers and exporters at some of the nation's busiest gateways for ocean shipping. ([WSJ September 2023](#))
- With a new labor agreement in place, West Coast ports have regained some market share lost over the past year. Last month, the top West Coast ports saw a significant increase in volume, driven by increases at the Ports of Los Angeles and Long Beach, which both showed the greatest overall container volume increases. This resulted in West Coast ports increasing their share of total import container volume to 41.9%, up 3.6% from the previous month. In comparison, the top East and Gulf Coast ports saw a decrease in share to 43.1%, down 3.3% from the previous month, with the Ports of New York/New Jersey and Savannah experiencing the greatest decreases. ([Descartes September 2023](#))
- The Panama Canal expects extreme drought conditions to persist through next year, continuing to limit the number of vessels that can pass through the vital interoceanic waterway, the administrator said. In July, the canal limited the number of vessels passing daily through the waterway to 32 from 36 to conserve the water necessary to operate the canal. As of Sept. 12, there were 116 vessels waiting to transit. ([WSJ September 2023](#))
- The Drewry WCI composite index, which measures the bi-weekly ocean freight rate movements of 40-ft. containers in seven major maritime lanes, was \$1,561.30 per 40-ft. container on Sept. 14, and is down 68.4% (y/y). The average composite index for the year-to-date is \$1,763 per 40 ft. container, which is \$917 lower than the 10-year average. ([Drewry September 2023](#))