

# JARRETT SUPPLY CHAIN REPORT



## MARKET

- The Cass Freight Index, which measures overall North American freight volumes and expenditures, reported shipment counts fell 1.3% month over month (m/m) in April, and are down 4% year over year (y/y). Freight expenditures were unchanged m/m, but are down 17% y/y. ([Cass Information Systems May 2024](#))
- Canada's labor board delays the start of a potential rail strike. The Canada Industrial Relations Board (CIRB) is reviewing whether a strike by rail workers at CN and CPKC would jeopardize Canadians' health and safety. The review delays a possible strike by operating crews with CN and CPKC that could have begun as early as May 22 and could halt the shipment of \$1 billion worth of goods per day in Canada. ([FreightWaves May 2024](#))
- Companies are balking at the high costs of running electric trucks. In a study conducted by Ryder Systems, which manages 250,000 trucks and vans for tens of thousands of retailers and manufacturers, an analysis found that converting a typical mixed fleet of 25 commercial vehicles, including about 10 heavy-duty trucks, from diesel to battery power in California would raise a fleet's annual operating costs 56%. The same transition in Georgia would raise annual operating costs 67%. ([WSJ May 2024](#))
- Maersk, the world's second-largest container shipping company, says disruption in the Red Sea could continue for the rest of the year. ([WSJ May 2024](#))
- The average price for a gallon of diesel fuel was \$3.848 the week of May 13, marking the 5th consecutive week of a price decrease. ([U.S. Energy Information Administration May 2024](#))

## LESS-THAN-TRUCKLOAD (LTL)

- Saia continues its plan to open new LTL terminals as it absorbs double-digit volume gains. Saia has proved to be one of the biggest beneficiaries of the collapse of Yellow last July, increasing its average daily shipment count nearly 16% y/y in the first quarter to approximately 33,000 shipments per day. In April, daily shipments were up 17%. ([JOC May 2024](#))
- XPO will continue to roll out renovated terminals on the back of gains in freight shipments, according to CEO Mario Harik. XPO acquired 28 terminals from bankrupt Yellow in December and has already reopened six in the first quarter and plans to open another six in the second quarter. ([JOC May 2024](#))
- FedEx Freight announced that it is closing seven service centers across the U.S. this year as the division continues to make alignments to its freight network. The seven facilities represent approximately 1% of FedEx Freight's overall door count. ([FreightWaves May 2024](#))
- Knight-Swift, the country's biggest truckload carrier, said it will open 32 LTL terminals this year. That total includes 25 facilities that the carrier acquired from defunct LTL provider Yellow. Seven of those facilities were opened in the first quarter, helping to fill out Knight-Swift's super-regional network. ([JOC May 2024](#))

## TRUCKLOAD (TL)

- Large US truckload carriers aren't waiting for capacity to exit the market; they're parking and selling trucks to bring supply closer in line with demand and shore up pricing. Big carrier capacity cuts in the first quarter pulled the Journal of Commerce Truckload Capacity Index (TCI) down to levels last seen in mid-2017. ([JOC May 2024](#)).
- Major US Truckload carriers continue to cut earnings outlooks due to lack of demand, but are hopeful for a turnaround in the second half of the year. "We still believe the cycle is closer to its end than its beginning and anticipate improving conditions as the year progresses; however, we have tempered our outlook on the timing of the recovery," said Schneider national CFO Darrell Campbell. ([FreightWaves May 2024](#))
- U.S. truckload rates decreased slightly in April. Dry van spot rates were down 0.8% m/m, and are down 4% y/y. Flatbed spot rates were up 0.7% m/m, but down 6.2% y/y. The

number of spot loads posted in April increased 3.8% from March, but are up 6.7% y/y. ([DAT Freight & Analytics May 2024](#))

## PARCEL

- Amid a soft demand market, UPS and FedEx are battling to win a larger share of the small shipper segment as major customers. Small- and medium-sized businesses are driving much of the volume growth in the business-to-consumer delivery space and their deliveries are typically more profitable for the carriers than large-scale customers. ([SupplyChainDive May 2024](#))
- The United States Postal Service (USPS) plans a 25% average price hike for Parcel Select shippers beginning July 14. The low-cost ground delivery product is used by consolidators like DHL eCommerce and Pitney Bowes, which handle and send customers' parcels to Postal Service facilities for final-mile delivery. ([SupplyChainDive May 2024](#))

## INTERNATIONAL

- The nation's top seaports should continue to expect elevated import levels this year as strong levels of consumer spending persist. The National Retail Federation and Hackett Associates forecast that loaded import volumes at the top 12 container ports will remain above 2 million TEUs through October 2024, marking the highest sustained volumes in years. ([SupplyChainDive May 2024](#))
- Crews set off a chain of carefully placed explosives May 13 to break down the largest remaining span of the collapsed Francis Scott Key Bridge in Baltimore. It marked a major step in freeing the Dali, which has been stuck among the wreckage since it lost power and crashed into the bridge on March 26. The controlled demolition will allow the Dali to be refloated and restore traffic through the port. ([Transport Topics May 2024](#))
- Air cargo demand grew 11% year over year in April — the fourth month in a row that has happened, according to rate benchmarking platform Xeneta. The primary catalysts remain Asian exporters shifting modes because of slower ocean transits around the Red Sea conflict zone and robust bookings by Chinese e-commerce platforms fulfilling orders in Europe and North America. ([FreightWaves May 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 \$3,159 per 40-ft. container on May 9. It increased 16% from the previous week, and it is up 81% y/y. ([Drewry May 2024](#))