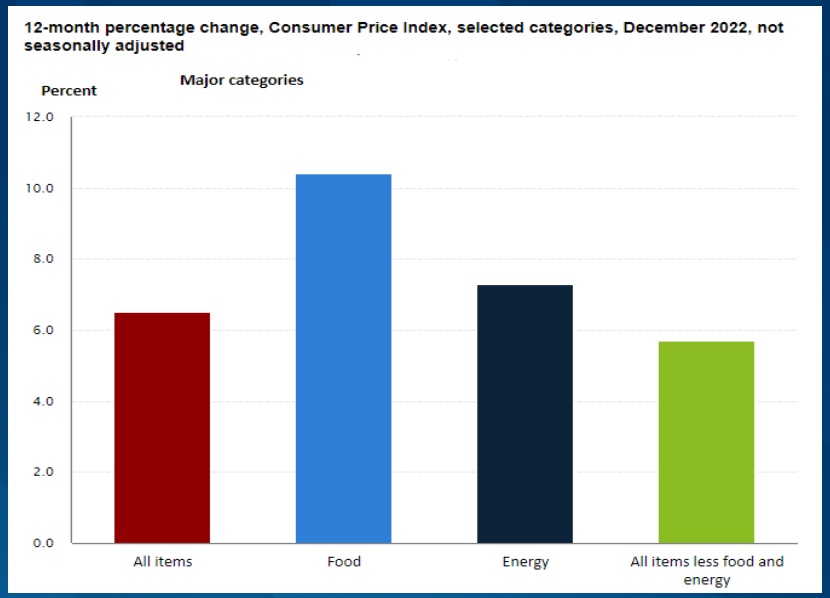
Industry Update Report

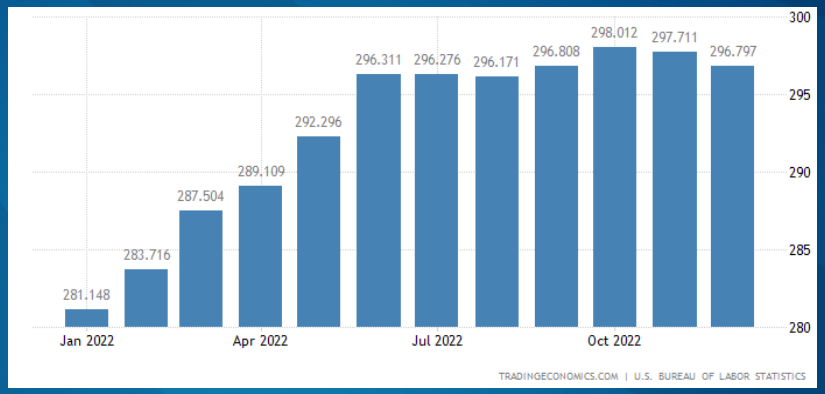
Feb 2023

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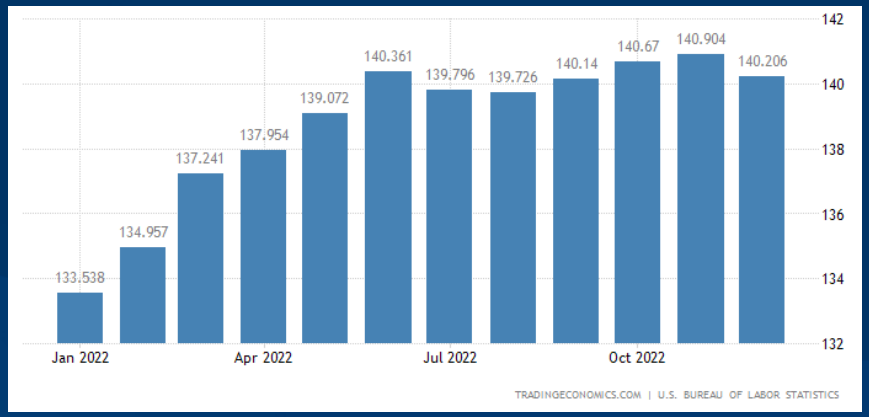
Inflation Persists

United States Consumer Price Index (CPI)





United States Producer Prices



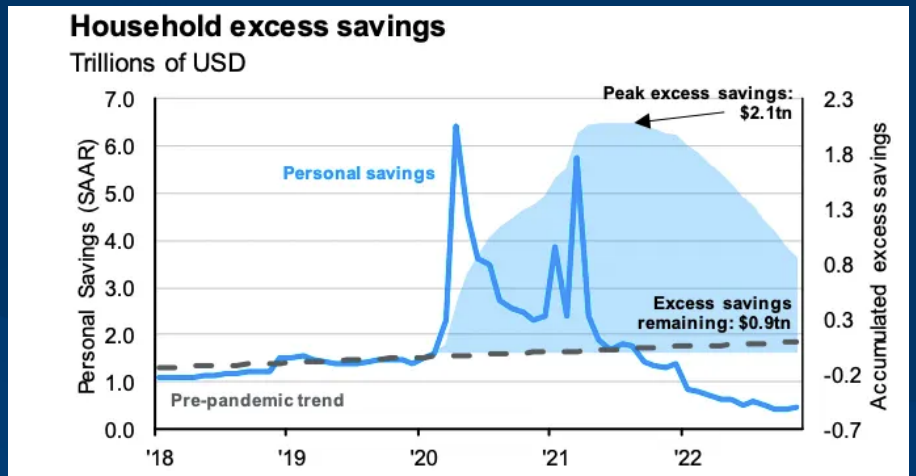
- Dec PPI 6.2% down from 11.7% in Mar 2022 *(BLS.gov)*
- Dec CPI 6.5% down from high of 9.2% Jun 2022 *(BLS.gov)*
- Falling rates **a math problem**; indexes remain elevated
- US CFO's top two concerns remain inflation and labor; federal monetary policy jumped to #3 from #7 in 2021 *(CFO Survey, Duke University Fuqua & Federal Reserve Dec 2022)*
- 59% of CFO's give compensation increases commensurate with rate of inflation *(CFO Survey)*
- Sustainable inflation to be around 4%; won't get back to 2% without continued rate increases, particularly with 3.4% unemployment rate, lowest since 1969 *(Fed. Jay Powell 2/1)*

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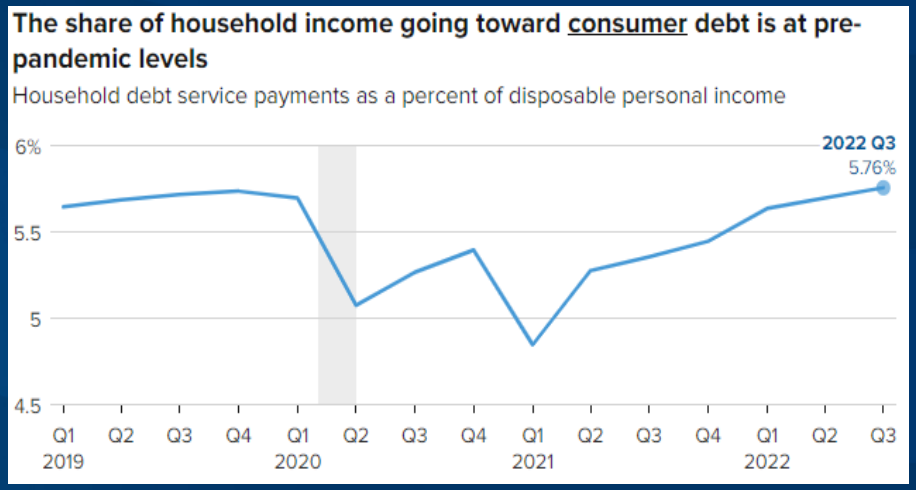
Consumer Dry Powder(less)

QUICK FACTS

- U.S. economy grew real GDP 2.2% in 2022, down from 5.9% in 2021 *(WSJ 1/31)*
- 2022 Adjusted GDP up 9.1% to $25.46 Trillion
- US Consumers excess savings down to $900B compared pandemic peak at $2.1T *(JP Morgan Chase)*
- Pre-pandemic, households saved 8.8% of disposable income; rate jumped to 16.8% in 2020; dropped to 2.4% Oct 2022, lowest since 2008
- US companies increasing credit lines; require suppliers prepay before ship in 2022's pervasive macroeconomic supply squeeze
- Federal Reserve raised interest rates by 4.2% percentage points since Mar, largest in a year since 1980
- US Purch Managers Index (PMI) 46.9 for Jan (50 is avg)
- US card debt hits record $930.6B for Dec 2022, up 18.5% vs. 2021 *(TransUnion)*
- 64% of US citizens live paycheck to paycheck; 47% of which earn more than $100,000 annually *(Bloomberg)*
- **US consumer spending makes up 68% GDP**; China consumer spending just 38% GDP *(CEIDATA)*



Consumer savings accumulated during the COVID-19 pandemic have been more than cut in half. (Source: JPMorgan Asset Management)

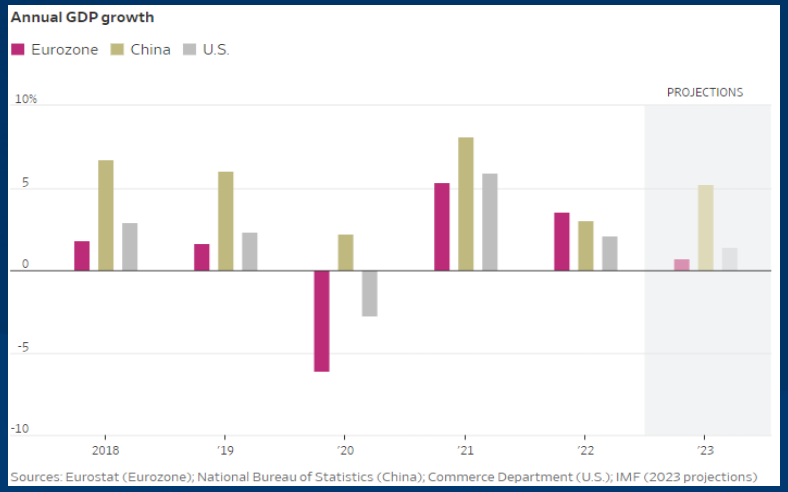


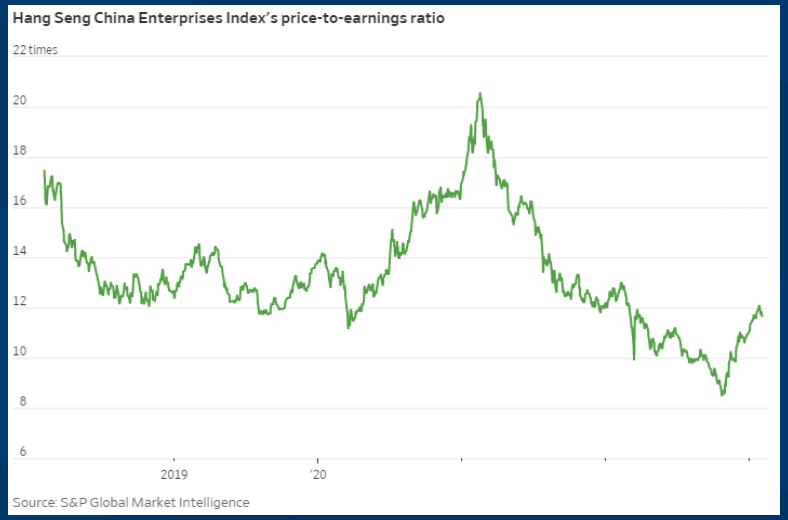
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Global Macro Economic Indicators

QUICK FACTS

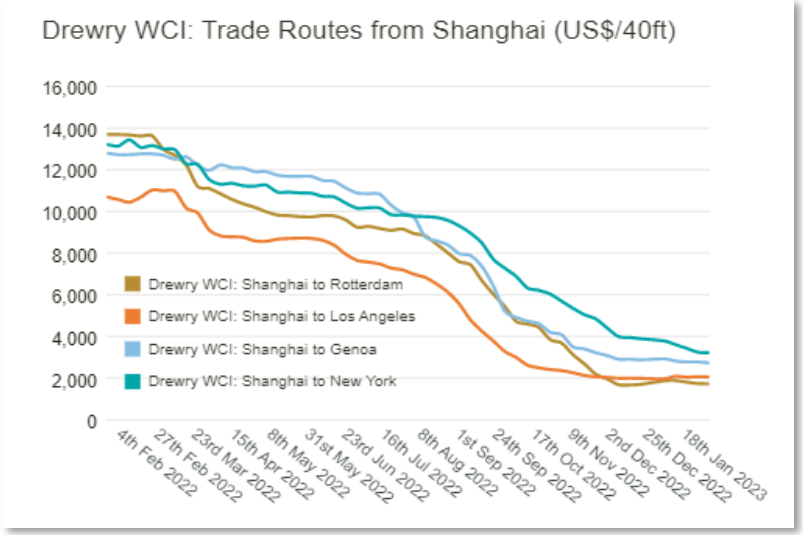
- Eurozone GDP up 3.5% in 2022, faster rate than China or U.S *(WSJ 1/31)*
- European Central Bank raised rates by 2.5% percentage points in Jul
- Eurozone consumer prices (CPI) up 8.5% in Jan vs. 2021, down from 9.2% in Dec y/y; home energy prices up 17.2% vs. 2021
- Eurozone Purchasing Managers Index (PMI) up to 48.8 from 47.8 (avg is 50)
- China's GDP grew 3%, down from 8% in 2021 *(WSJ 1/31)*
- Beijing rolled back policies tanking their market
- China Dec CPI up 1.8% vs. 2021; down from 2.8% in Sep
- China Jan manufacturing PMI 49.2, slight contraction (avg is 50)
- MSCI China index up 50% since October; expects 15% growth in 2023 *(Citi)*
- Chinese stocks, however, are still down more than 40% from their peak in early 2021
- Hang Seng China Enterprise Index (incl. Alibaba) trades at 11.7x trailing earnings up from 8.5x in 2022 *(S&P Global)*
- Hedge funds net exposure of 13% to Chinese stocks in Jan, vs. 7.2% low point 2022 *(Goldman Sachs)*





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Drewry World Container Index



Route	19-Jan-23	26-Jan-23	2-Feb-23	Weekly change (%)	Annual change (%)
Composite Index	$2,079	$2,047	$2,034	-1% ▼	-78% ▼
Shanghai - Rotterdam	$1,808	$1,741	$1,732	-1% ▼	-87% ▼
Rotterdam - Shanghai	$797	$762	$786	3% ▲	-46% ▼
Shanghai - Genoa	$2,780	$2,778	$2,727	-2% ▼	-79% ▼
Shanghai - Los Angeles	$2,050	$2,072	$2,056	-1% ▼	-81% ▼
Los Angeles - Shanghai	$1,137	$1,131	$1,137	1% ▲	-10% ▼
Shanghai - New York	$3,432	$3,241	$3,230	0%	-75% ▼
New York - Rotterdam	$1,211	$1,206	$1,197	-1% ▼	-6% ▼
Rotterdam - New York	$6,296	$6,322	$6,262	-1% ▼	-3% ▼

- US posted largest trade deficit ever in 2022; imports exceeded exports by $948B, up 12% vs. 2021, *(Comm Dept. 2/7)*
- 2022 Chinese exports up 7% vs. 2021 to $3.6 trillion; however down 9.9% in Dec vs. Dec 2021
- China comprises 40.7% of total US imports in 2022; down from 42.4% in 2021 – nearshoring trend taking shape *(2/1 PIERS)*
- $32B foreign investment in Mexico thru Q3 2022, most since 2013
- Trans-Pacific spot rates down 80% vs. Feb 2021
- US economy slowing; consumers worried by rising interest rates and still-high inflation, retailers are importing less merchandise, *(J. Gold, National Retail Fed. – Feb 2023)*
- U.S. import cargo volume at major container ports forecast Feb to drop to lowest level since May 2020 *(National Retail Fed. 2/7)*
- Spread between ocean spot rates to East and West coasts in eastbound trans-Pacific narrowed to pre-pandemic levels of $1,200 per FEU
- West Coast port outbound truckload spot rates down $1.33 / mile vs. Jan 2022 to $2.69 avg.; East Coast rates down $0.90 / mile to $2.49 avg.

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Freight Inflation

- Monthly measure of aggregate US freight deliveries
- Includes all modes of transit
  - Full Truckload represents about 50%+ of data.
  - LTL, Parcel, and Rail other top modes of index.
- Shipment Index and Expenditure indexes falling slightly but in line with each other.
- Inferred Freight Rates only down -0.4%

	December 2022	Year-over-year change	2-year stacked change	Month-to-month change	Month-to-month change (SA*)
Cass Freight Index - Shipments	1.161	-3.9%	3.5%	-3.3%	1.2%
Cass Freight Index - Expenditures	4.231	-4.3%	37.5%	-5.5%	-4.2%
Cass Inferred Freight Rates	3.644	-0.4%	NA	-2.2%	-5.3%
Truckload Linehaul Index	150.54	1.7%	9.9%	-1.0%	--

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LTL Carrier Q4 Report Cards

Old Dominion Freight Lines (ODFL) Q4

- Q4 rev. $1.49B up 5.8% y/y
- Rev / hundredweight up 16.7%
- Tonnage / day down 9.1% y/y
- Shipments / day down 8.6% y/y
- Weight / shipment down 0.6% y/y
- 71.2% operating ratio

ABF Freight Q4

- 2nd consecutive year for record rev. and net income
- Q4 rev. $711.4M, up 4.9% from $683.5M vs. 2021
- Rev / hundredweight up 9.3% vs. 2021
- Tonnage / day down 5.5% vs. y/y
- LTL weight / shipment down 1.6% y/y
- Shipments / day down .08% y/y

YELLOW Corp Q4

- Q4 rev. $1.07B, down 8.5% y/y
- Tonnage / day down 25.1% y/y
- Shipments / day down 23.0%
- Weight / shipment down 2.7%
- Operating ratio 96.6%

XPO Q4

- LTL rev. $1.09B up 8.6% y/y
- Rev. per hundredweight up 8.4% y/y
- Rev. / shipment up 7.2% to $368.24
- Shipments / day up 1.5% y/y
- Tonnage / day up 0.9% y/y
- Weight / shipment down 0.6% y/y
- 87.1% operating ratio

SAIA Q4

- Q4 rev. $655.7M, up 6.3% y/y
- Rev. per shipment up 15% to $364.44
- LTL rev. per hundredweight up 14.3% y/y
- LTL shipments / day decreased 8.2% y/y
- LTL tonnage / day decreased 7.7%
- 85.9% operating ratio

TFI Freight Q4

- 2022 total LTL rev. up 43% y/y
- Q4 LTL rev. down 6.0% y/y
- Daily shipments down from 32,000 to 23,000
- 90.0% operating ratio

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Terminal Talk

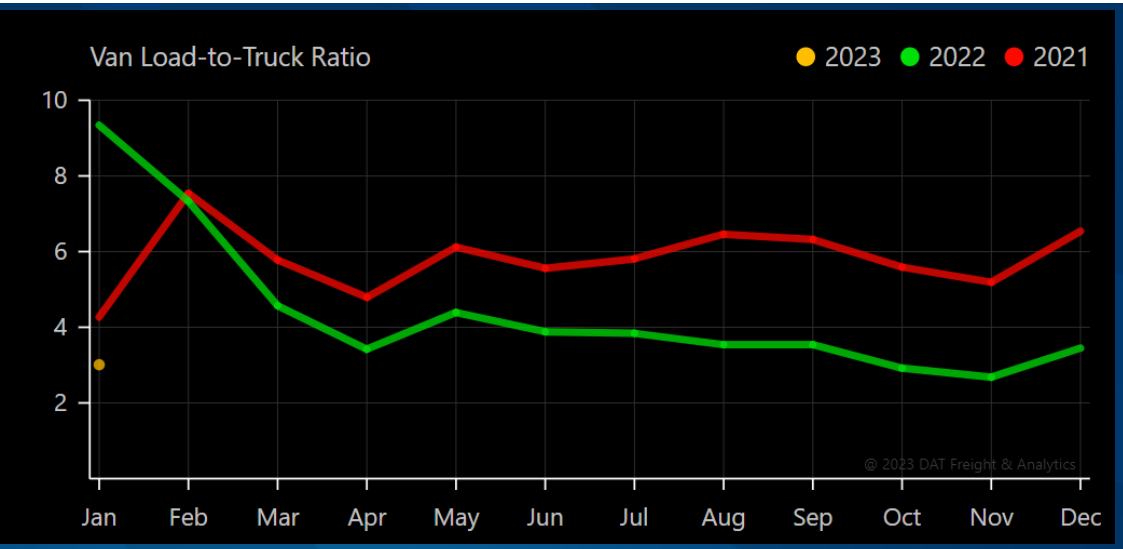
Quick Facts

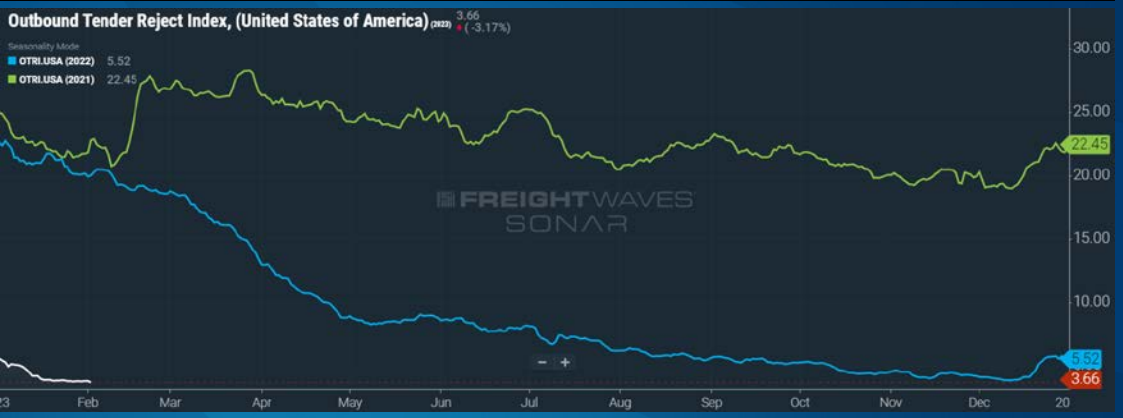
- Outbound Tender Volume Index (OTVI), which measures national freight demand by shippers' request for capacity, is down 30.1% year over year *(Freightwaves 2/3)*
- Class 8 truck orders fell to 18,400 in Jan year over year, first time since Aug
- FedEx to lay off at least 10% of its global director and officer workforce as part of an ongoing plan to eliminate 12,000 employee positions *(Freightwaves 2/2)*
- CH Robinson Forwarding Arm fell 53% and profits plunged to $28.2 million. Laid of 650 employees (3% of work force) as cost cutting measure designed to deliver $150 million in savings *(WSJ 2/3)*
- New Warehouse construction on the decline as developers grapple with rising interest rates and declining leasing activity. Expect less availability and potential space shortages in 2024. *(WSJ 2/2)*
- Union heads in labor negotiations with LTL carriers ABF Freight and TForce Freight, representing 15,000 FTE's; Yellow in 2024
- Freight demand rising in the Midwestern markets. This news is a signal of health for future industrial demand *(Freightwaves 2/3);* LTL providers should fare better than TL or parcel in a JIT macro-environment
- LTL PPI in Dec up 7.7% y/y, indicating that LTL prices remain elevated *(joc.com 1/27)*
- Pitt Ohio on Monday added 32 next-day lanes to and from New York state from its core mid-Atlantic territory *(joc.com 1/27)*
- TFI disclosed for the first time in financial filings that it has quietly taken a 4% stake in U.S. publicly traded ArcBest *(Trucknews.com 2/7)*
- Estes Express Lines opened a 203-door facility in Arlington, Texas *(joc.com 1/27)*

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Load to Truck Trends

DAT Market Conditions





Load to Truck Ratio

- Last week – Load posts up 18%, carrier equipment posts down 6% w/w.
- Slight tightening in capacity the result of the Texas markets opening back up after the recent winter ice storm.

Outbound Tender Reject Index (OTRI)

- Tracking close to the last industry recession level in 2019 at 3.78% OTRI
- Landstar down 7% in revenue per load – believe market will bound back by summer.
- Schneider National – down 6.7% in net revenue (excluding surcharges).

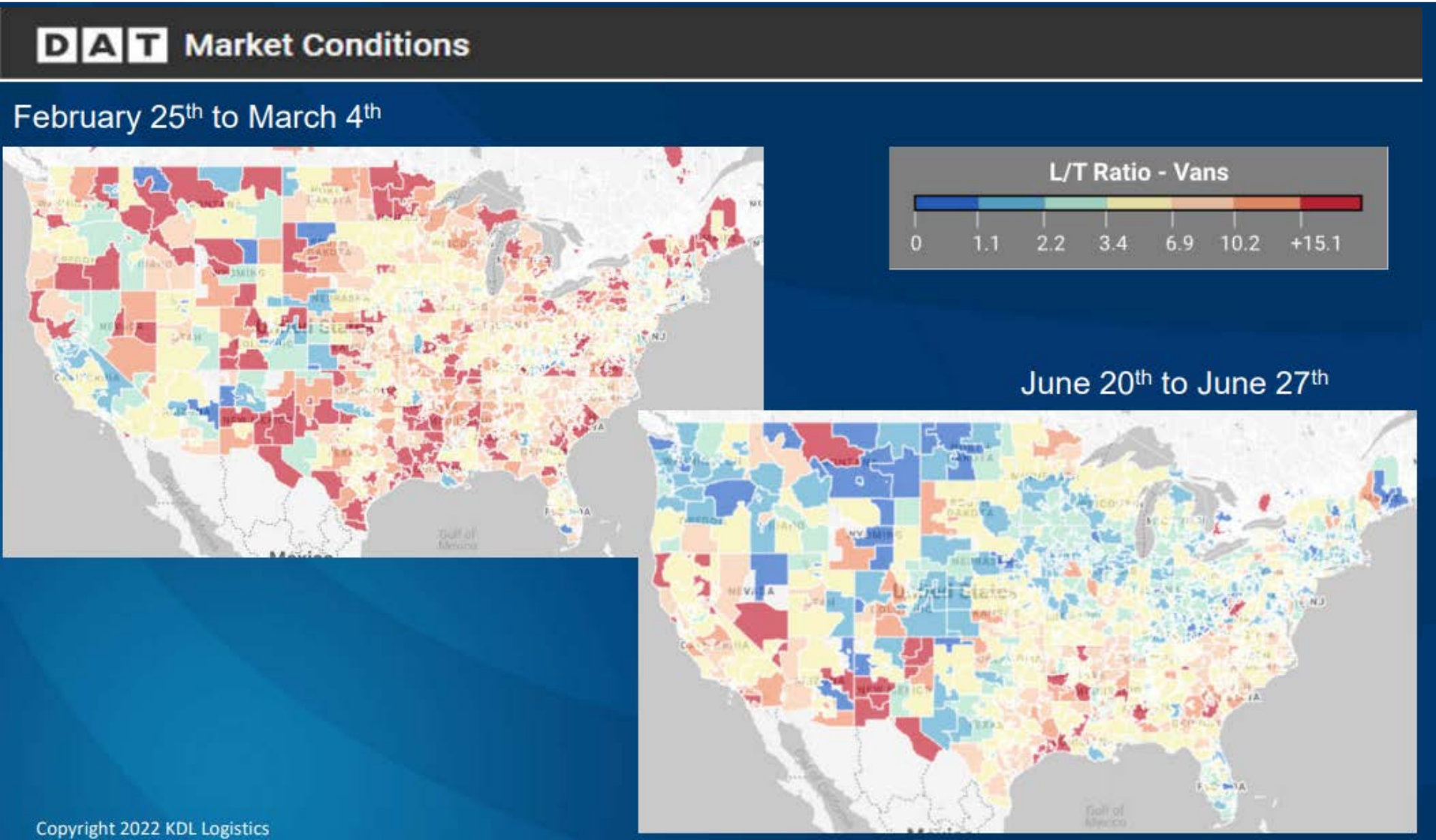
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Trends by Equipment Type

Trendlines Powered by DAT iQ	WEEK JAN 30 - FEB 05 VS. JAN 23 - JAN 29	MONTH JAN 2023 VS. DEC 2022	YEAR JAN 2023 VS. JAN 2022
Spot Load Posts	+17.3%	+1.2%	-68.5%
Spot Truck Posts	-7.7%	+5.2%	+33.8%
Van Load-To-Truck	+26.5%	-12.9%	-68.0%
Van Spot Rates	+0.6%	-1.2%	-23.1%
Flatbed Load-To-Truck	+16.0%	+26.6%	-85.7%
Flatbed Spot Rates	+0.7%	-0.7%	-12.5%
Reefer Load-To-Truck	+54.0%	-14.6%	-76.2%
Reefer Spot Rates	+0.4%	-1.3%	-22.4%
Fuel Prices	+0.4%	-2.9%	+22.9%

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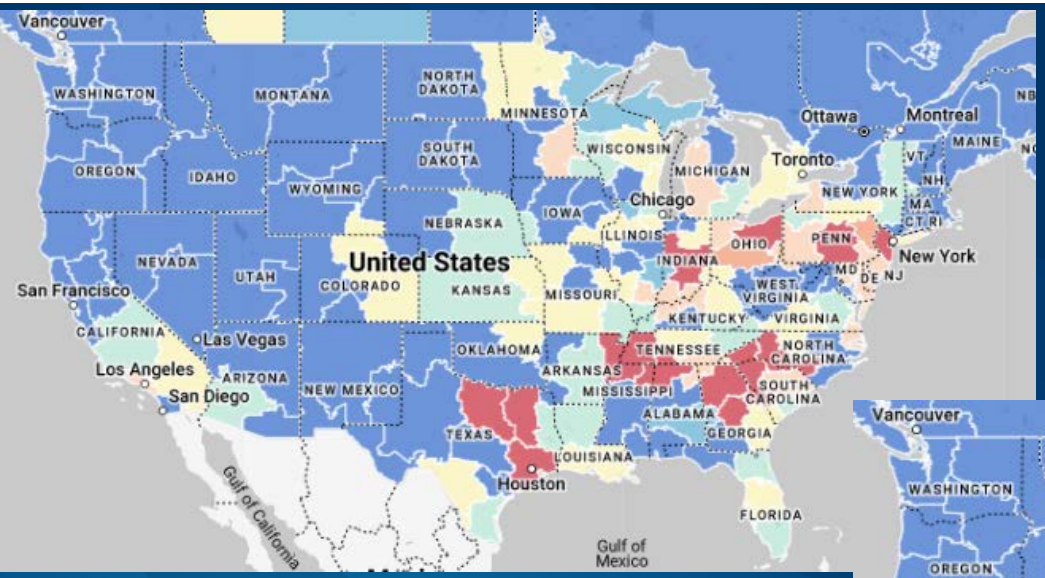
Load to Truck Heat Map 2022

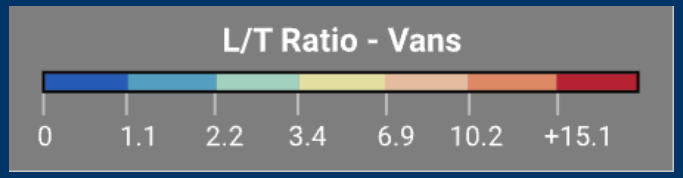


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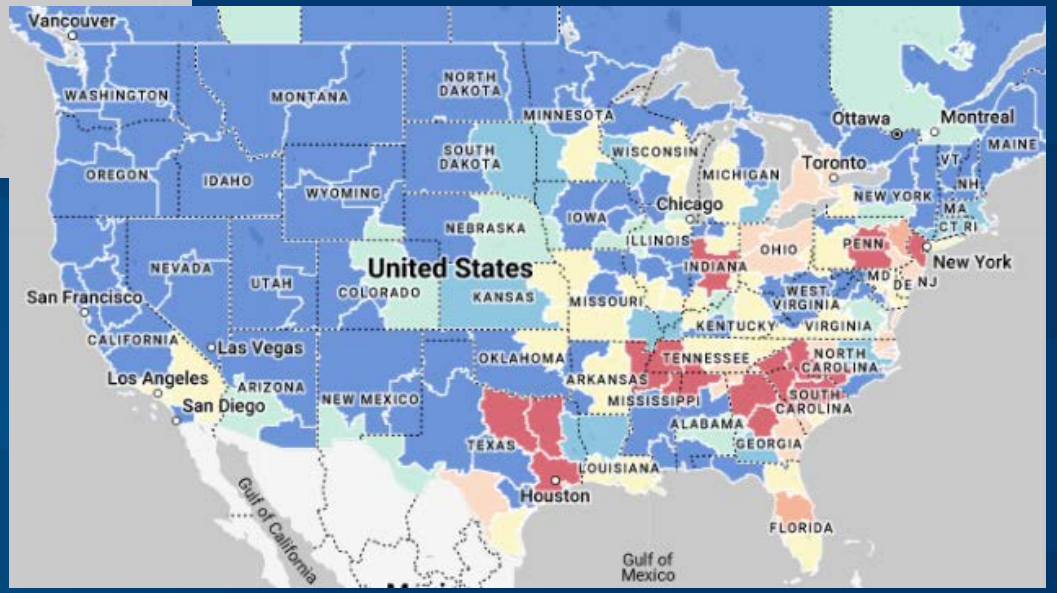
Load to Truck Heat Map 2023

DAT Market Conditions





Prior 8 Days



Prior 30 Days

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Fuel Prices

Deisefl	Diesel ($ per Gallon)
Jan 04, 2022	$ 3.613
Jan 11, 2022	$ 3.657
Jan 19, 2022	$ 3.725
Jan 25, 2022	$ 3.780
Feb 01, 2022	$ 3.846
Feb 08, 2022	$ 3.951
Feb 15, 2022	$ 4.019
Feb 23, 2022	$ 4.055
Mar 01, 2022	$ 4.104
Mar 08, 2022	$ 4.849
Mar 15, 2022	$ 5.250
Mar 22, 2022	$ 5.134
Mar 29, 2022	$ 5.185
Q1 AVERAGE	**$ 4.244**

Date	Diesel ($ per Gallon)
Apr 05, 2022	$ 5.144
Apr 12, 2022	$ 5.073
Apr 19, 2022	$ 5.101
Apr 26, 2022	$ 5.160
May 04, 2022	$ 5.509
May 10, 2022	$ 5.623
May 17, 2022	$ 5.613
May 24, 2022	$ 5.571
Jun 01, 2022	$ 5.539
Jun 07, 2022	$ 5.703
Jun 14, 2022	$ 5.718
Jun 21, 2022	$ 5.810
Jun 28, 2022	$ 5.783
Q2 AVERAGE	**$ 5.488**

Date	Diesel ($ per Gallon)
Jul 04, 2022	$ 5.675
Jul 12, 2022	$ 5.568
Jul 19, 2022	$ 5.432
Jul 26, 2022	$ 5.268
Aug 02, 2022	$ 5.138
Aug 09, 2022	$ 4.993
Aug 16, 2022	$ 4.911
Aug 23, 2022	$ 4.909
Aug 30, 2022	$ 5.115
Sep 07, 2022	$ 5.084
Sep 13, 2022	$ 5.033
Sep 20, 2022	$ 4.964
Sep 27, 2022	$ 4.889
Q3 AVERAGE	**$ 5.152**

Date	Diesel ($ per Gallon)
Oct 04, 2022	$ 4.836
Oct 12, 2022	$ 5.224
Oct 18, 2022	$ 5.339
Oct 25, 2022	$ 5.341
Nov 01, 2022	$ 5.317
Nov 08, 2022	$ 5.333
Nov 15, 2022	$ 5.313
Nov 22, 2022	$ 5.233
Nov 29, 2022	$ 5.141
Dec 06, 2022	$ 4.967
Dec 13, 2022	$ 4.754
Dec 20, 2022	$ 4.596
Dec 28, 2022	$ 4.537
Q4 AVERAGE	**$ 5.072**

Date	Diesel ($ per Gallon)
Jan 04, 2022	$ 4.583
Jan 10, 2023	$ 4.549
Jan 18, 2023	$ 4.524
Jan 24, 2023	$ 4.604
Jan 31, 2023	$ 4.622
Feb 07, 2023	$ 4.539
Q1 AVERAGE	**$ 4.570**

Date	Diesel ($ per Gallon)

Date	Diesel ($ per Gallon)

Date	Diesel ($ per Gallon)

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Overlength Focus

Carrier	6	7	8	9	10	11	12	13	14	15	16	17	18	19
A Duie Pyle	$118.00 (6'6")		$295.00				$529.00				$646.00			
AAA Cooper			$250.00				$375.00				$535.00			
ABF Freight			$185.00				$300.00				$385.00			
Averitt Express			$160.00				$300.00				$750.00			
Daylight Transport			$200.00				$750.00							
Dayton Freight		$200.00			$285.00		$375.00		$450.00		$600.00		$750.00	
Dohrn			$85.00				$135.00				$185.00			
Estes Express			$225.00				$400.00				$750.00			
FedEx Freight			$181.00					$400.00						
New Penn			$250.00				$500.00				$1,000.00			
Oak Harbor										50% up of net freight charge				
Old Dominion			$1,000.00											
Penninsula Truck			$120.00				$300.00				$600.00			
Pitt Ohio		$115.00	$190.00				$450.00				$775.00			
R&L Carriers			$170.00				$300.00				$500.00			
Southeastern Freight Lines			$140.00				$250.00				$750.00			
T Force Freight			$250.00				$450.00							
USF Holland			$250.00				$500.00				$1,000.00			
USF Reddaway			$250.00				$500.00				$1,000.00			
Ward Trucking	$195.00 if 49" Wide or more		$175.00 / $195.00 (if 49" Wide or more)				$350.00			$525.00 / $675.00 if 49" Wide or more			$675.00 / $825.00 if 49" Wide or more	
XPO Freight			$234.00				$476.00				$1,187.00			
YRC			$250.00				$500.00				$1,000.00			

Overlength Charges shown above were pulled online from Carrier Rules Tariffs.

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KDL Recommendations

Be a "Shipper of Choice"

- Reduce times to load and unload a carrier.
- Mindful of pick-up caps, any near-term capacity constraints
- Shippers pledge to utilize an electronic bill of lading based on industry standards.
- Provide advanced notice on pickups
- Prevent small, single shipment pickups – consolidate onto carriers already scheduled to come in.
- Provide accurate handling dimensions, weights, descriptions, package types, counts and service requirements on BOL.
- Carriers honor handling unit dims and weights, allow appropriate (maybe 5%) tolerance for corrections.

Input costs flow through to consumer

- Evaluate customer freight policies; Do you offer free freight based on order size?
  - Adjust minimum order quantities, add surcharges if min quantities are not met
- Small LTL shipments, single shipment pick up, remote location - could experience disproportionate impact with FUEL impact of transport charge
  - Look for opportunities to hold/consolidate orders
- Is freight being accounted for and charged back on NON-free freight orders?
- Evaluate data to measure how freight affects customer profitability (CPA)

Capture every dollar

- Input costs that CANNOT flow though are accommodated through process improvement/change
  - Is the best cost carrier chosen?
  - Typically added transit = lesser cost, is this acceptable to customer?
  - Is the appropriate DC fulfilling the order?
  - Eliminate unexpected charges
    - determine required delivery services, ensure proper classification and confirm weights

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