Q4 2024 CARRIER RATE REPORT

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Executive Summary and Forecast

In the third quarter of 2024, truckload markets were unable to live up to expectations of a pronounced recovery. This failure was caused, in part, by unrealistic outlooks that forecast a return to the pandemic-era volatility in which carrier rates swung wildly from month to month. In reality, Q3 saw steady improvements in truckload demand and an incremental tightening of capacity. These small changes, however, were not sufficient to effect consistent growth in carrier rates, which have been trending down since July.

Despite a number of headwinds that have threatened to expel excess capacity from the marketplace for several quarters now, no meaningful exodus has yet been seen. The tenacity of carriers — particularly owner-operators with small fleets — is a fragile one, likely to be upset by the next cataclysm. Yet predictions such as this one have been frustrated before, and there is no guarantee that this last obstacle to a marked recovery will be removed in the near future.

Demand outlooks are similarly convoluted. On the one hand, Q3 was host to a wealth of truckload volumes from various sectors. The frontloading of containerized freight ahead of ocean's traditional peak season was a major contributor to this abundance. The post-holiday bump following Labor Day was the second-most active week of the year to date, and strong retail sales throughout the quarter fed (though it arguably did not sate) truckload carriers.

Yet freight demand in Q4, particularly east of the Mississippi River, has already been challenged by a three-day strike of dockworkers at East and Gulf Coast ports and two devastating hurricanes, Helene and Milton. The quarter also began, as it usually does, with China's celebration of Golden Week, a seven-day period in which manufacturing and port activity grind to a halt. In sum, it is all but certain that whatever imports are going to drive trucking demand are already ashore.

Although the ocean market is unlikely to see demand growth in the final months of 2024, that fact does not preclude a Q4 rally in truckload volumes. Quite the opposite — while shippers were proactive in navigating maritime disruptions, their cargo mostly remains in coastal warehouses near the ports. The question thus becomes, who will most benefit from this freight, truckload carriers or the rails? As we discuss further in this report, both modes are primed for volume growth in this final quarter.

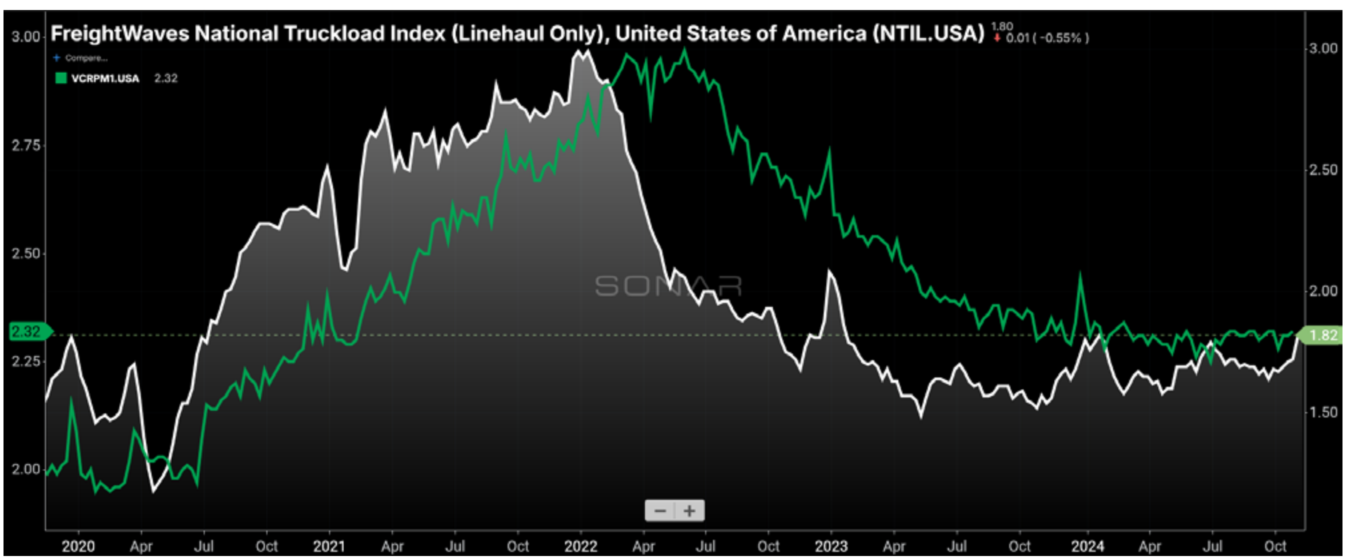
But even a sizable uptick in truckload demand is unlikely to restore balance to the market, given the sheer excess of capacity remaining. Carriers already proved unable to take advantage of Q3's sporadic growth in freight volumes, as fuel-inclusive spot rates rose only 0.9% from the previous quarter — well below our earlier forecast for a 2.5% to 6% gain. Still, spot rates peaked in July to their highest level since February, when markets tightened in response to severe winter storms and federal holidays.

If the market can be said to be normalizing, it is in the heightened reactivity of spot rates and tender rejections to seasonal pressures. In the run-up to Independence Day this year, the national average rejection rate reached its highest level in two years — eclipsing the winter holiday seasons (in which rejections typically peak for the year) of 2022 and 2023. This feat paves the way for even tighter capacity come this December. Still, at the time of writing, spot rates appear slightly disconnected from rejections — a surprising trend, given that the latter chiefly determines the former.

In light of these market conditions, we believe that dry van spot rates will see notable gains in the coming quarter, albeit gains driven by such holiday-induced volatility. A pressing concern is the extent to which these holiday rate gains are able to persuade struggling carriers to endure into the first half of 2025. If excess capacity is sustained by both seasonal rate increases and the wave of pre-tariff imports, it would jeopardize the stability of a long-term recovery. Still, the collection of delinquent federal loans is underway, leaving some carriers with little alternative but to liquidate their business. It is possible that the current rise in tender rejection rates is more than seasonal, and is instead a reflection of a meaningful swath of capacity leaving the market.

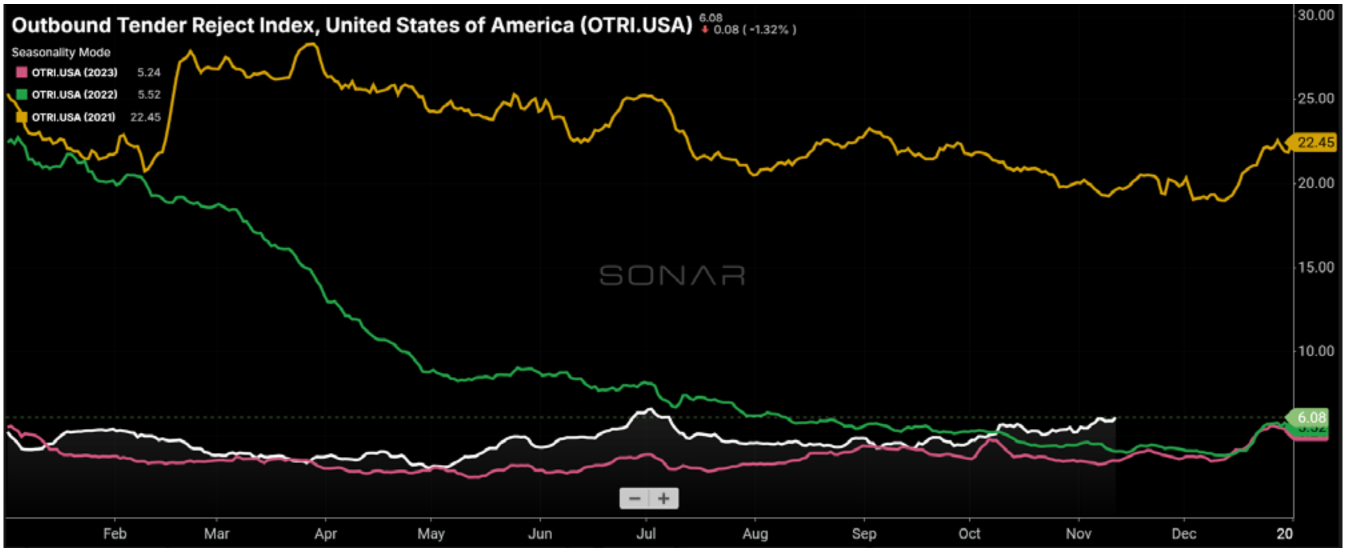
Consequently, we predict that spot rates in Q4 will rise 0.5% to 2.5% from the previous quarter, which would translate to yearly gains between 1.3% and 3.5%. Contract rates, which rose imperceptibly from Q2 to Q3 in line with our prior forecast, have more or less been stagnant since mid-August. Nevertheless, contract rates will undoubtedly see a bump around Thanksgiving and a more pronounced surge in the final weeks of the year. We anticipate that contract rates will rise 1% to 3% on a quarterly basis. Since contract rates face far easier comps than spot rates, a nominally higher forecast does not imply a higher potential for growth into the first half of 2025.

FIGURE 1: NATIONAL TRUCKLOAD INDEX (LINEHAUL ONLY, EXCLUDING FUEL) — COMPARED TO INITIALLY REPORTED VAN CONTRACT RATES (EXCLUDING FUEL)



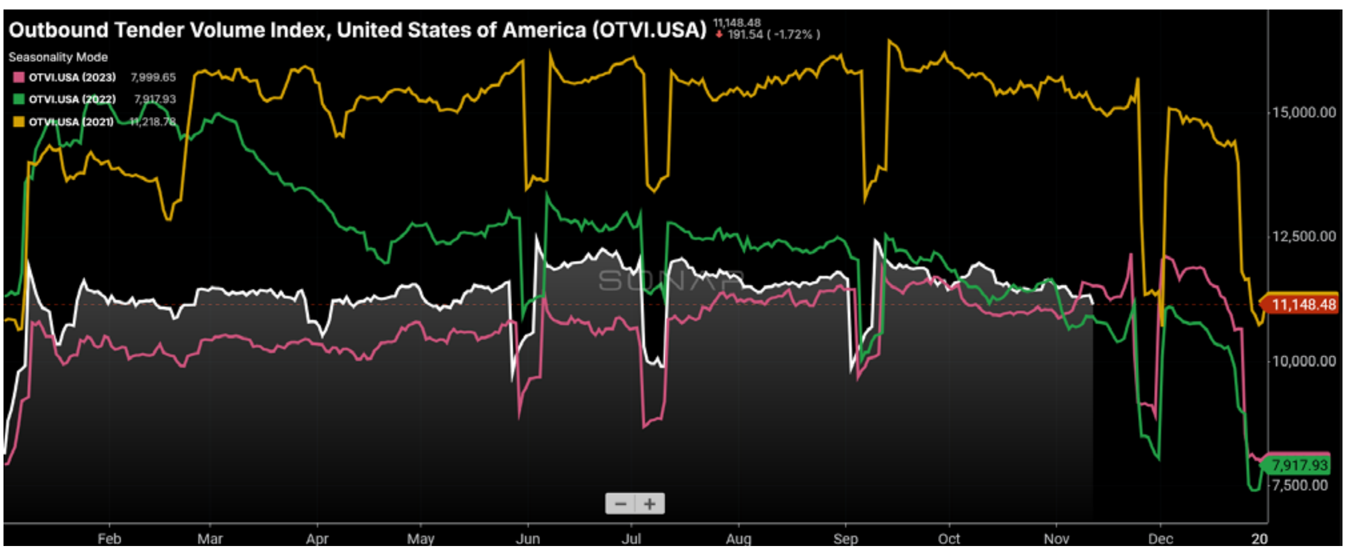
(CHART: FREIGHTWAVES SONAR, NATIONAL TRUCKLOAD INDEX, LINEHAUL ONLY 2023-4 {WHITE, RIGHT AXIS} COMPARED TO INITIALLY REPORTED VAN CONTRACT RATES {GREEN, LEFT AXIS})

FIGURE 2: NATIONAL OUTBOUND TENDER REJECT INDEX



(CHART: FREIGHTWAVES SONAR, NATIONAL OUTBOUND TENDER REJECT INDEX YTD 2024 {WHITE}, COMPARED TO FULL-YEAR 2023 {PINK}, 2022 {GREEN} AND 2021 {ORANGE})

FIGURE 3: NATIONAL OUTBOUND TENDER VOLUME INDEX



(CHART: FREIGHTWAVES SONAR, NATIONAL OUTBOUND TENDER VOLUME INDEX YTD 2024 {WHITE}, COMPARED TO FULL-YEAR 2023 {PINK}, 2022 {GREEN} AND 2021 {ORANGE})

CARRIER RATE REPORT

FIGURE 4: FIGURE 4: FREIGHT MARKET KEY METRICS FROM PREVIOUS 7 QUARTERS

METRIC	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Tender Load Volumes Index **(OTVI.USA)**	**10,160.53**	**10,479.25**	**10,996.01**	**10,909.19**	**10,187.99**	**11,440.39**	**11,506.00**
Tender Rejection Rate **(OTRI.USA)**	**3.79%**	**3.01%**	**3.67%**	**4.00%**	**4.44%**	**4.29%**	**4.77%**
Inbound Ocean TEUs Index **(IOTI.USA)**	**1,240.02**	**1,327.57**	**1,536.25**	**1,479.10**	**1,526.38**	**1,514.49**	**1,741.06**
National Truckload Index **(NTI.USA)***	**$2.48**	**$2.23**	**$2.26**	**$2.27**	**$2.32**	**$2.27**	**$2.29**

* INCLUSIVE OF FUEL

METRIC	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Tender Load Volumes Index **(OTVI.USA)**	**-3.5%**	**3.1%**	**4.9%**	**-0.8%**	**-6.6%**	**12.3%**	**0.6%**
Tender Rejection Rate **(OTRI.USA)**	**-16.7%**	**-20.6%**	**21.9%**	**9.0%**	**11.0%**	**-3.4%**	**11.2%**
Inbound Ocean TEUs Index **(IOTI.USA)**	**-8.7%**	**7.1%**	**15.7%**	**-3.7%**	**3.2%**	**-0.8%**	**15%**
National Truckload Index **(NTI.USA)***	**-5%**	**-10.1%**	**1.3%**	**0.4%**	**2.2%**	**-2.2%**	**0.9%**

* INCLUSIVE OF FUEL

FIGURE 5: AVERAGE USED TRUCK PRICES FROM PAST 7 QUARTERS

AVERAGE USED TRUCK PRICES BY AGE							
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
3 years old	**$89,398**	**$78,571**	**$68,970**	**$67,078**	**$58,148**	**$58,694**	**$60,916**
4 years old	**$74,844**	**$62,297**	**$57,198**	**$53,115**	**$49,259**	**$50,313**	**$50,086**
5 years old	**$61,426**	**$49,675**	**$44,629**	**$41,845**	**$41,143**	**$38,314**	**$38,167**

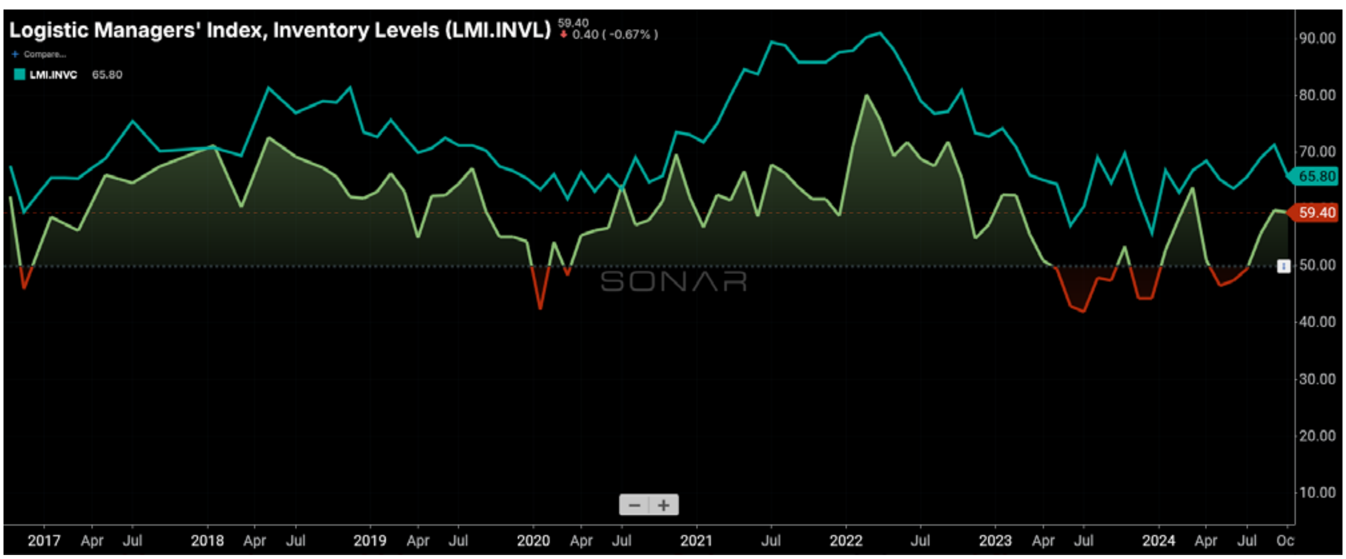
Source: ACT Research, FreightWaves

FIGURE 6: MONTHLY NEW TRUCK ORDERS FROM PAST 7 YEARS

	2017	2018	2019	2020	2021	2022	2023	2024	Y/Y	M/M
JAN	22,188	49,136	16,105	17,204	42,307	21,041	18,624	27,212	46.1%	3.3%
FEB	23,245	40,271	16,854	14,040	44,190	21,006	23,790	27,802	16.9%	2.2%
MAR	23,215	46,593	15,783	7,632	40,049	21,301	19,010	17,493	-8%	-37.1%
APR	24,007	34,735	14,859	4,251	33,353	15,820	12,016	15,919	32.5%	-9%
MAY	16,940	35,721	10,886	6,690	23,072	14,081	15,623	23,562	50.8%	48%
JUN	18,104	42,213	12,979	16,010	25,824	15,444	16,773	14,604	-12.9%	-38%
JUL	18,726	52,618	10,298	20,359	25,876	11,025	15,573	13,439	-13.7%	-8%
AUG	21,213	53,040	11,119	19,389	37,096	20,892	19,513	16,249	-16.7%	20.9%
SEP	22,573	42,781	12,692	30,768	27,323	53,271	36,974	37,101	0.3%	128.3%
OCT	36,092	43,526	21,864	39,089	23,391	42,359	32,287			
NOV	32,637	28,114	17,483	52,104	9,902	32,630	41,732			
DEC	37,569	21,381	20,073	50,760	22,937	30,623	26,352			
	296,509	**490,129**	**180,995**	**278,296**	**355,320**	**298,493**	**278,267**	**156,280**		
Y/Y CHANGE	58.88%	65.30%	-63.07%	53.76%	27.68%	-15.99%	-6.78%	10.9%		
MONTHLY AVG	24,709	40,844	15,082	23,191	29,610	24,874	23,189	19,535		
ANNUALIZED	296,509	490,129	180,995	278,296	355,320	298,493	278,267	234,420		
REPL. RATE	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000		
MONTHLY R.R.	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917		
SHORTFALL/OVER-CAPACITY	-1%	-9%	4%	0%	-3%	-1%	0%	2%		

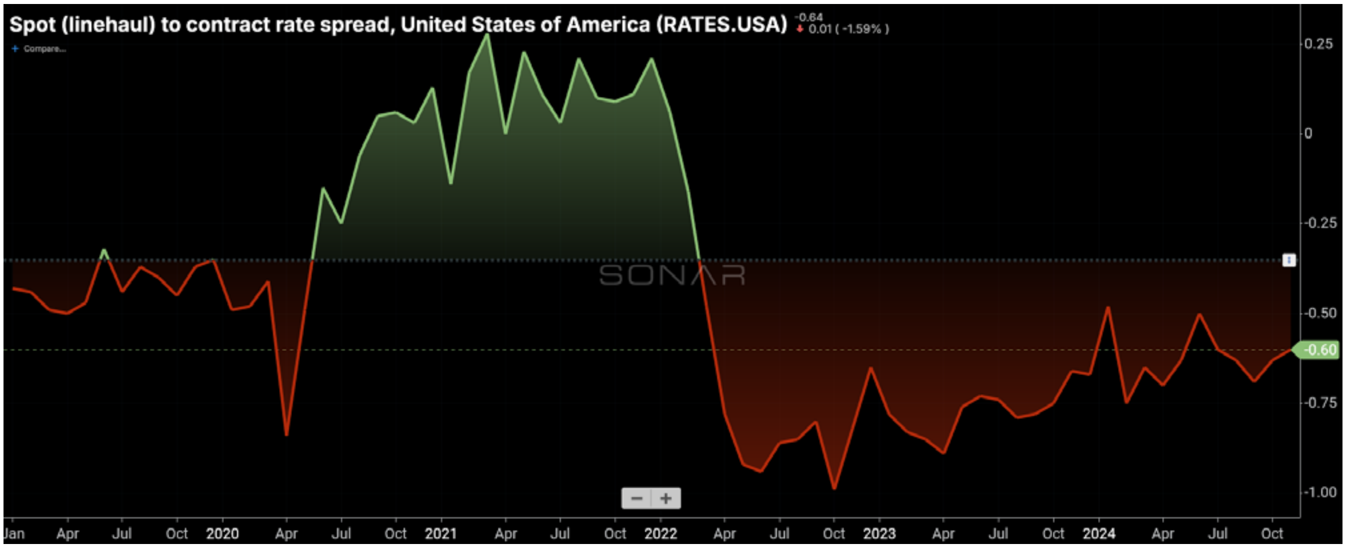
Source: ACT Research, FreightWaves

FIGURE 7: INVENTORY LEVELS EXPANSION VS. CONTRACTION



(CHART: FREIGHTWAVES SONAR, LOGISTICS MANAGERS' INDEX INVENTORY LEVELS AND COSTS {BLUE} — READINGS ABOVE 50 INDICATE EXPANSION AND BELOW 50 INDICATE CONTRACTION)

FIGURE 8: SPOT-TO-CONTRACT-RATE SPREAD



(CHART: FREIGHTWAVES SONAR, NATIONAL TRUCKLOAD INDEX, LINEHAUL ONLY, SPOT RATE TO CONTRACT RATE SPREAD)

Capacity: Still Seeking Balance

In a return to the steady tightening seen in the latter half of 2023, shippers in Q3 once again found capacity more difficult to secure on a quarterly basis. Holidays like Labor Day and especially Independence Day effected higher rejection rates, with a share of carriers opting to spend this time off the road. Still, though tender rejection rates rose at their fastest quarterly pace since Q3 2023, rates ultimately lingered just below the market's range of dynamic equilibrium, in which about 5% to 7% of contracted loads are rejected by carriers. While tightening capacity implies a market shift, it is a slow and occasionally uneven recovery.

Rejection rates peaked early in the quarter, a response to facility closures and carrier holidays in the run-up to Independence Day. That this peak occurred in the first few days of Q3 entails an overall downward trend for the remainder of the quarter, but it should be noted that this peak of 6.59% was the highest tender rejection rates have been since late July 2022 — two years prior.

Tender rejections, a measure of capacity relative to demand, are primarily driven by two forces. The first, and most common, scenario occurs when carriers abandon their previously contracted freight to pursue higher-paying opportunities in spot markets. This behavior contributed to the aforementioned tightness in early July, as spot rates similarly reached their quarterly peak around the holiday, rising 3.4% in a single week.

The second factor behind an increase in tender rejections is a sheer lack of capacity seen in a volatile market. While freight markets in general have been vulnerable to a great deal of volatility — a coastal shift in ocean shipping to avoid labor disruptions being the most culpable — rejection rates have hardly budged. This inertia highlights the overwhelming amount of excess capacity left in the market, an excess that has both contributed to and endured a downturn for over two years.

How long this capacity can continue to endure this weakness has been the primary question for some time now. In our previous report, we noted how carriers benefited from emergency pandemic loans of up to $2 million fixed at low interest rates. Under this program, transportation and warehousing companies received an average loan of $88,200 — an amount by which an owner-operator could subsist for at least two years, even with his or her earnings cut in half.

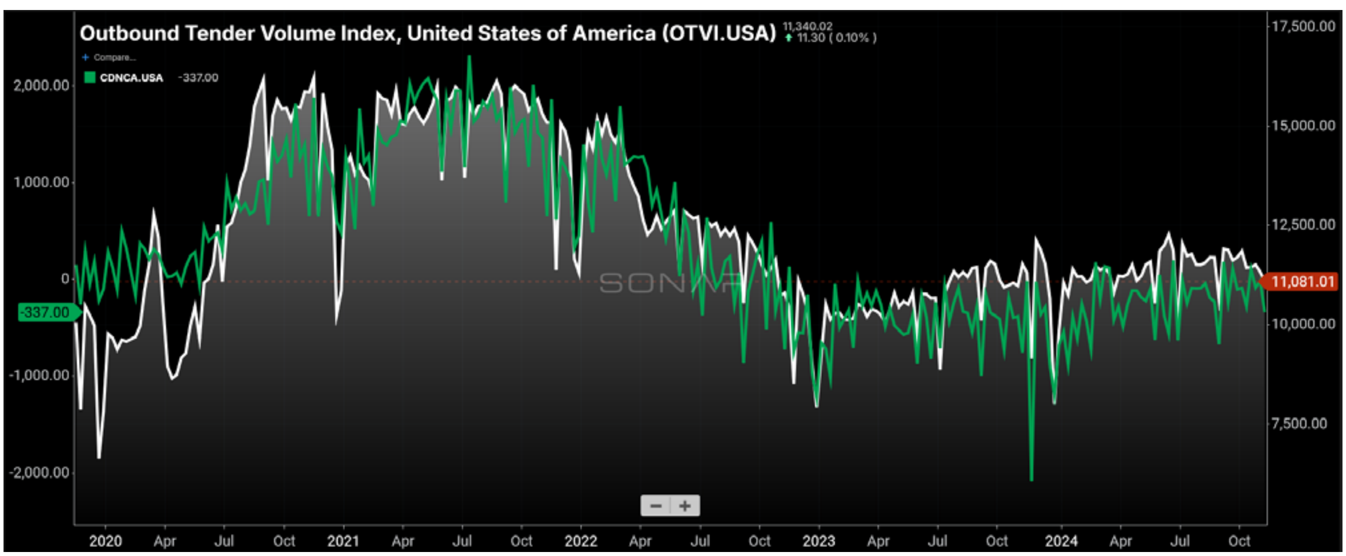
In May, the issuer of these loans said it would begin to refer delinquent accounts to the Treasury Department and IRS for collection. Since that time, a time bomb has been slowly ticking, one which should eliminate any excess capacity that is currently overleveraged. When it detonates, its effects will be felt slowly, then all at once.

At the time of writing, such an explosion has not been seen. But while it is currently too soon to tell, preliminary tremors are shaking the market. Following the first week of October, tender rejections rose precipitously to their highest level since early July.

Such upward movement also occurred last year, suggesting that this recent uptick is not necessarily unseasonal. Yet there are disanalogies also. In 2023, tender rejections had been on a clear downward trend for weeks heading into Q4, briefly reversing for a rise that was as quick as its fall.

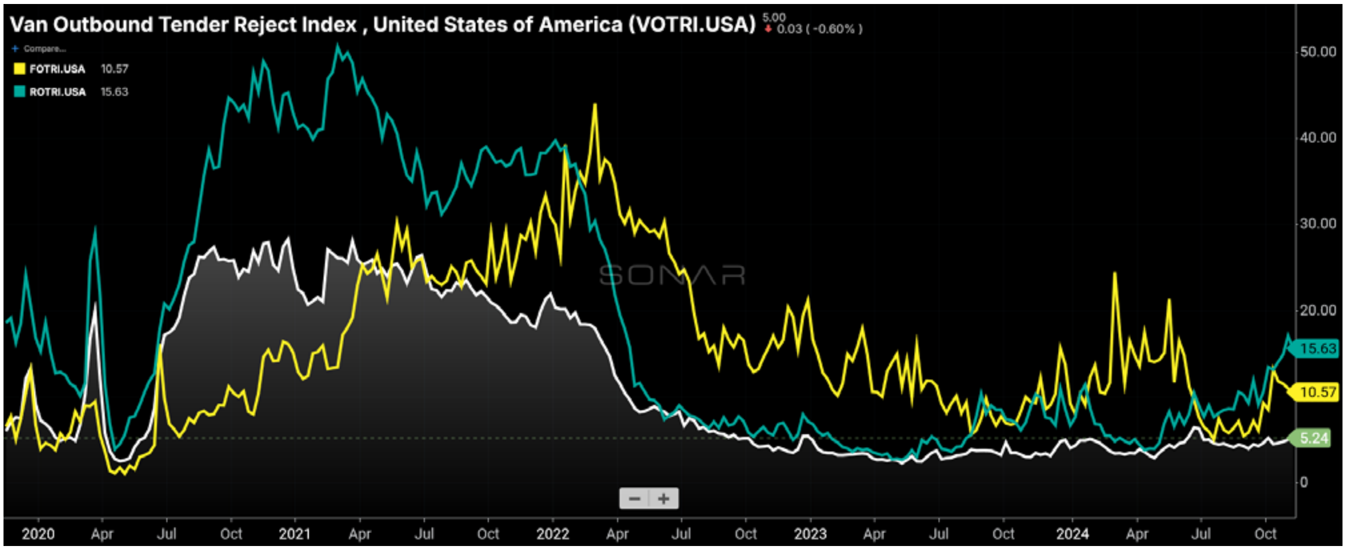
Not so in 2024, as rejection rates have been growing stepwise since mid-September. More importantly, rates have continued to plateau at this high for over a week. With more than 5.5% of contracted loads being rejected, this level is at the low end of a stable market, one which is neither expanding nor contracting significantly. Even if rates return to their previous levels within the coming days, this blip would signal that excess capacity is leaking from the market — the last tick before the boom, as it were.

FIGURE 9: GROWTH IN NEW TRUCKING AUTHORITIES VS. VOLUME



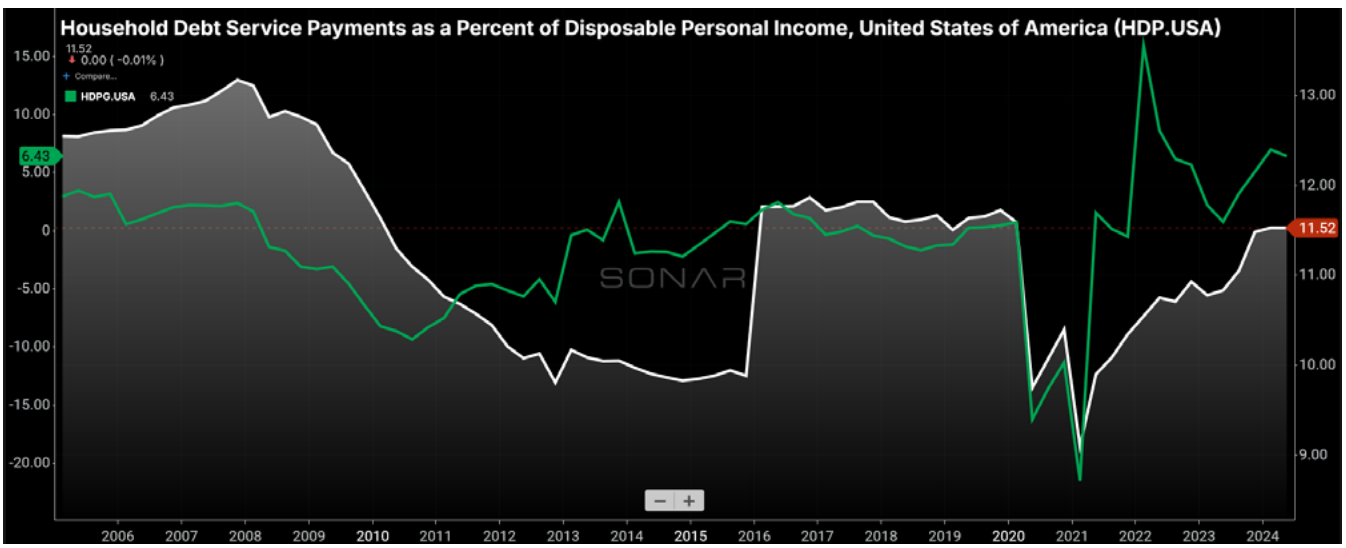
(CHART: OUTBOUND TENDER VOLUME INDEX MONTHLY {WHITE} AND CARRIER DETAILS NET CHANGES IN TRUCKING AUTHORITIES {GREEN})

FIGURE 10: NATIONAL OUTBOUND TENDER REJECT INDEX ACROSS MODES



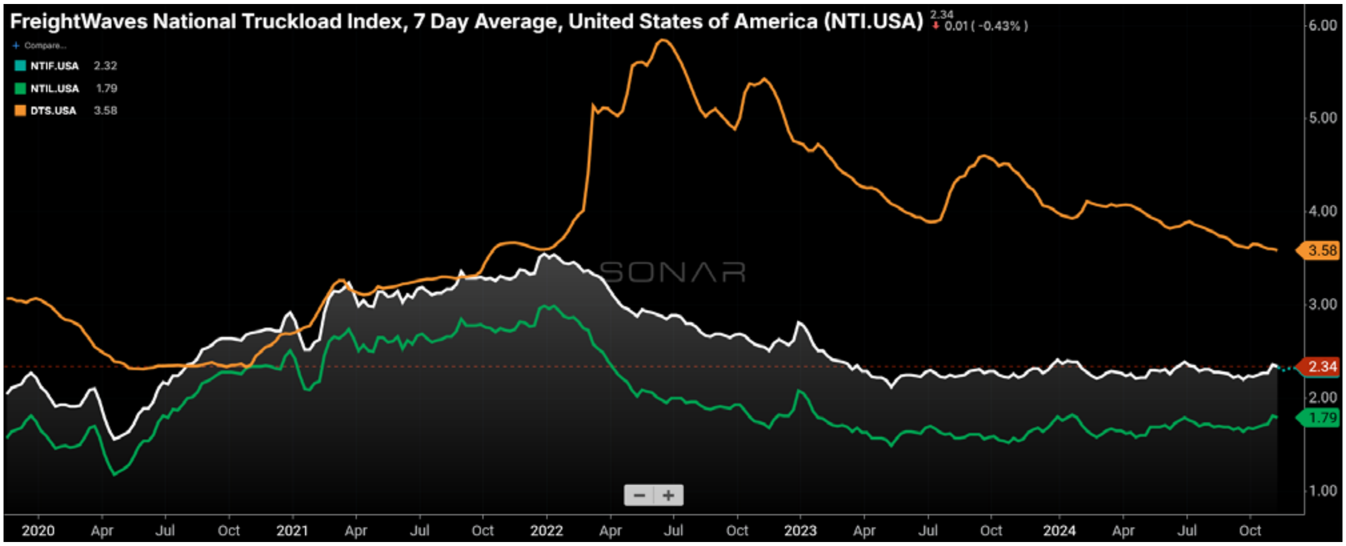
(CHART: FREIGHTWAVES SONAR, VAN OUTBOUND TENDER REJECT INDEX {WHITE}, FLATBED OUTBOUND TENDER REJECT INDEX {YELLOW} AND REFRIGERATED OUTBOUND TENDER REJECT INDEX {BLUE})

FIGURE 11: HOUSEHOLD DEBT AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME



(CHART: FREIGHTWAVES SONAR, HOUSEHOLD DEBT SERVICE PAYMENTS AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME {WHITE, RIGHT AXIS}, HOUSEHOLD DEBT SERVICE PAYMENTS AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME Y/Y CHANGE {GREEN, LEFT AXIS})

FIGURE 12: TRUCKLOAD SPOT RATES RELATIVE TO DIESEL PRICES



(CHART: FREIGHTWAVES SONAR, NATIONAL TRUCKLOAD INDEX {WHITE} WITH 28-DAY FORECAST {BLUE} COMPARED TO THE NATIONAL TRUCKLOAD INDEX (LINEHAUL ONLY) {GREEN} AND RETAIL TRUCKSTOP DIESEL PRICES {ORANGE})

Q3 2024 Earnings Roundup

While Q3 was host to a broadly challenging freight environment, some carriers were able to see a light at the end of the tunnel. Forecasts for the upcoming quarter varied substantially, ranging from assuredly pessimistic to cautiously optimistic. One of the few trends widely noted, however, was a subtle exodus of capacity that is expected to provide upward pressure on carrier rates in 2025.

Below are the summarized Q3 earnings for some key players:

Knight-Swift reported a 10-cent gain in Q3's adjusted earnings per share, with the final reading at 34 cents per share — beating the consensus estimate by 2 cents but lagging Q3 2023's result by 7 cents per share. The truckload segment posted an operating ratio of 95.6%, 70 basis points better than last year's Q3. Following its July 2023 acquisition of U.S. Xpress, Knight-Swift reiterated its aim of right-sizing its fleet to improve asset utilization, ultimately to drive up rates.

Schneider National reported Q3 adjusted EPS of 18 cents, below expectations by 5 cents and down 2 cents from the previous year. The company noted that, while contract rate renewals were at their highest since Q1 2022, the segment is highly "commoditized" and not supportive of "additional investment." Still, the company is looking forward to seasonal tailwinds in the fourth quarter.

Marten Transport's Q3 net income fell $9.8 million, or 72.4%, from a year ago. Similarly, its truckload segment produced an OR of 100.1% in Q3 compared to 97.6% last year. Virtually all operating metrics were negative, save for the fact that the company was profitable: It posted net earnings of 5 cents per share, down from 10 cents in Q2 and 17 cents in Q3 2023. Marten's net EPS was also below consensus forecasts of 8 cents.

Heartland Express reported a net loss of $9.3 million, or 12 cents per share, in Q3. This loss was well below the consensus estimate of a 1-cent loss but slightly better than Q3 2023's EPS loss of 14 cents. In addition to weak demand and a challenging rate environment, the company struggled with underutilization of equipment following its acquisitions made in 2022. Nevertheless, the acquired companies did see sequential OR improvements after cost-cutting measures.

Landstar pointed to the expectation of a "muted peak season" as the reason for its worse-than-expected Q4 guidance, reiterating a warning made on its Q2 earnings call. Its Q3 EPS came in at $1.41 — 4 cents below consensus estimates and down 18% from last year. The company saw normal seasonal trends from September to October, although revenue per load underperformed historical change rates.

Werner Enterprises was notably optimistic about Q4 conditions improving on a yearly basis, though this optimism was tempered by economic headwinds that would lead to Q4's being a "mixed bag." Still, Werner's CEO remarked that "there is an ongoing kind of subtle tightening taking place," which could drive up rates in the coming quarter. In Q3, however, the OR of Werner's truckload division deteriorated 320 bps from year-ago levels.

XPO, performed solidly in Q3 as it augments its network for the next market upturn. XPO's LTL segment improved its OR by 200 bps over last year, leading to adjusted EPS of $1.02 — 11 cents better than the consensus estimate and 14 cents higher than Q3 2023. Even so, the company is forecasting soft tonnages in Q4, with demand from the industrial sector weakening twice as quickly as that from its retail customers.

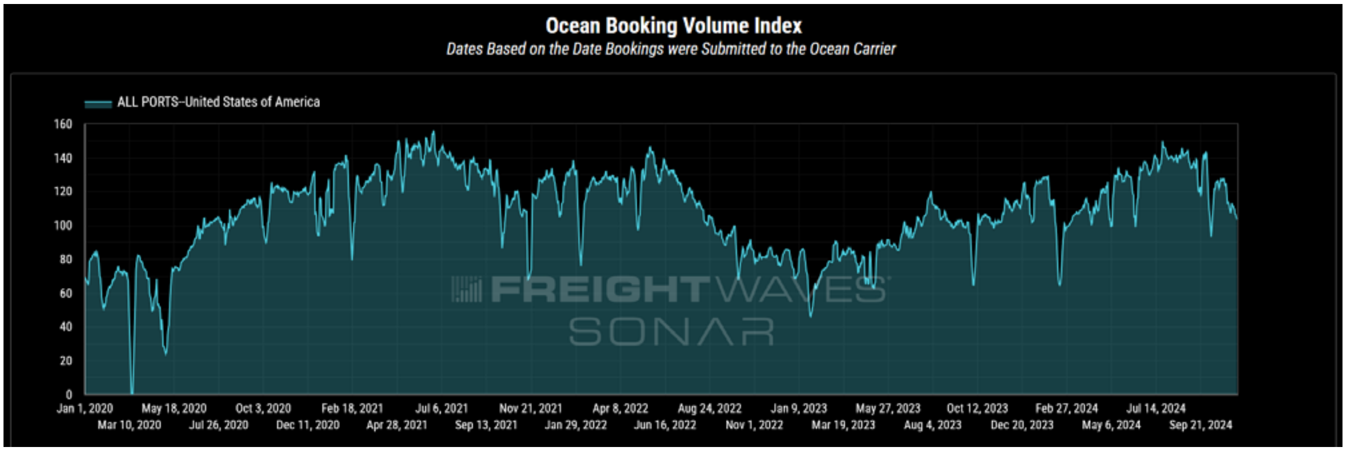
Old Dominion reported Q3 EPS of $1.43, 1 cent above the consensus estimate but 11 cents worse than last year. Revenue fell 3% over the same period to $1.5 billion while tonnage declined 4.8%, though revenue per hundredweight was up 1.5%. The company signaled that October could be the last of its big yearly declines in this cycle, although it similarly noted demand weakness among its industrial customers.

ArcBest reported declining metrics in both its truckload brokerage and LTL segments, resulting in an adjusted EPS of $1.64 — 21 cents below consensus and 67 cents lower than Q3 2023. Daily tonnage for LTL operations fell 11.3% from last year, though revenue per hundredweight did rise 7.4%. Yet this yield was achieved mainly by a decline in shipment weight; netting out this change in weight resulted in a roughly 3% decline to yield.

Saia stated its focus on long-term capabilities through terminal acquisitions, giving less concern to growing pains on a quarter-to-quarter basis. It opened 11 new terminals in Q3 and relocated one facility, with plans to add three more in Q4. Debt incurred to fund this growth resulted in a 14-cent year-over-year drag on EPS, which was 21 cents below Q3 2023 at $3.46. EPS was also 7 cents below the consensus estimate. A negative shift in freight mix was partially culpable for this miss, as Saia has grown its retail customer base, which typically yields freight priced on thinner margins.

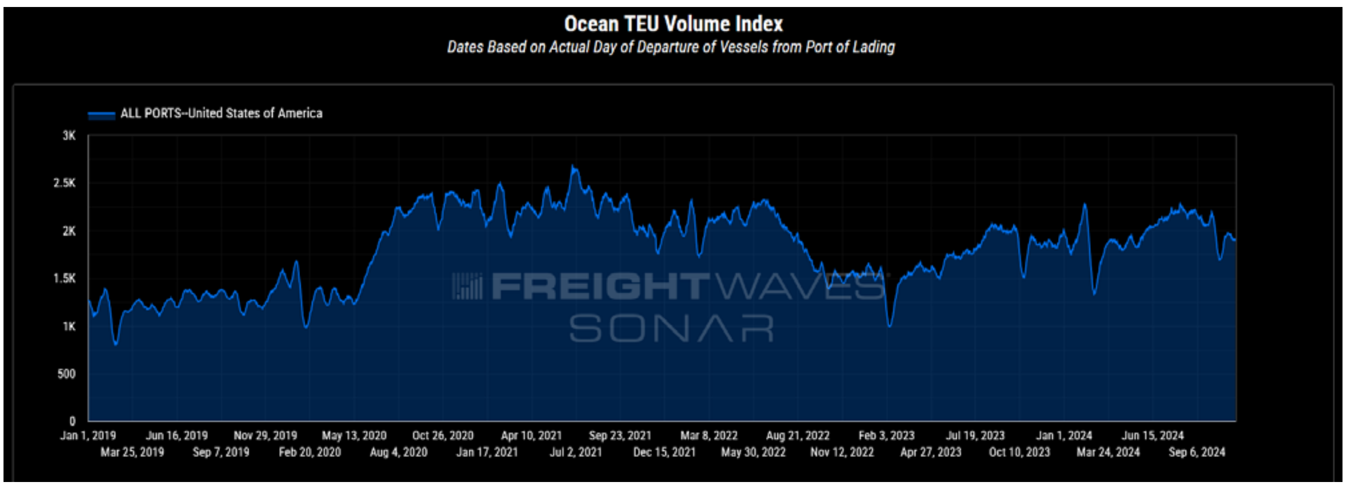
Hub Group reported Q3 adjusted EPS of 52 cents, beating both consensus' 49 cents and last year's EPS of 48 cents. Revenue was a huge miss, however: 9.4% below consensus and 3.7% below Q3 2023 at $987 million. Full-year guidance for 2024 was lowered slightly, though the company did note "signs of recovery" in the domestic transportation market.

FIGURE 13: CONTAINER ATLAS OCEAN BOOKING VOLUME INDEX



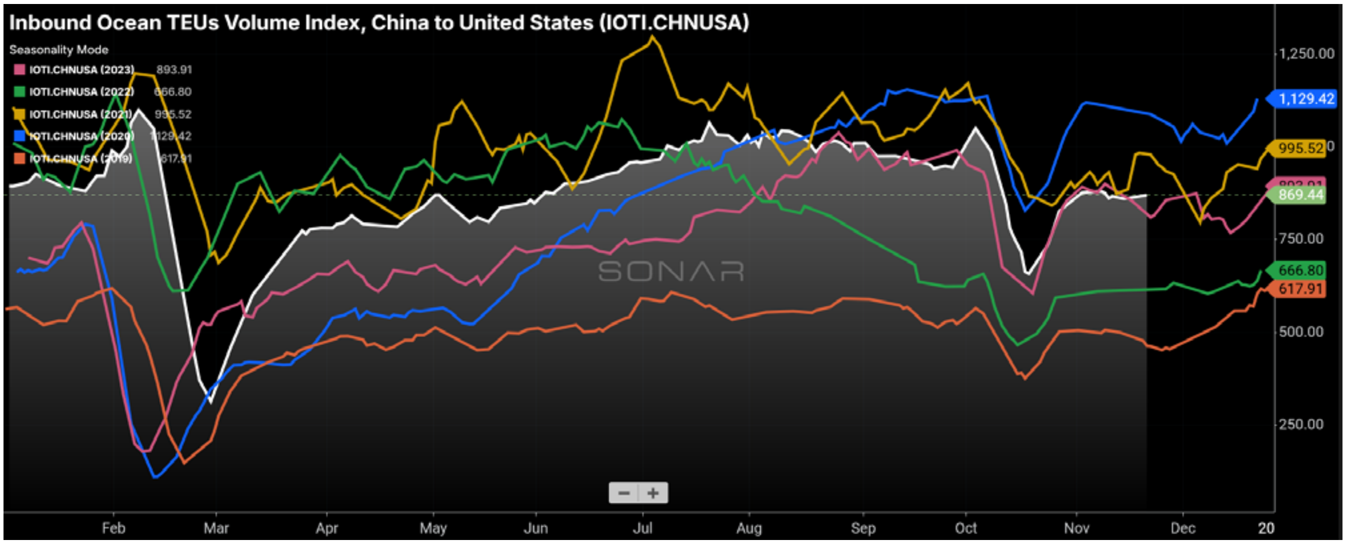
(CHART: FREIGHTWAVES SONAR, CONTAINER ATLAS, OCEAN BOOKING VOLUME INDEX, ALL COUNTRIES TO UNITED STATES SINCE 2020)

FIGURE 14: CONTAINER ATLAS OCEAN TEU VOLUME INDEX



(CHART: FREIGHTWAVES SONAR, CONTAINER ATLAS, OCEAN TEU VOLUME INDEX, ALL COUNTRIES TO UNITED STATES SINCE 2019)

FIGURE 15: TEU IMPORTS FROM CHINA



(CHART: FREIGHTWAVES SONAR, INBOUND OCEAN TEUs VOLUME INDEX (CHINA TO UNITED STATES)} YTD 2024 {WHITE}, 2023 {PINK}, 2022 {GREEN}, 2021 {YELLOW}, 2020 {BLUE} AND 2019 {ORANGE})

Demand: Superseasonal Disruptions

After the expected lull brought about by Independence Day, demand for truckload freight was fairly stagnant at the beginning of the third quarter — especially relative to the surge maintained throughout June. Yet, while truckload markets were rousing from their post-holiday slumber, demand from the maritime sector was finding new highs, even against the historic boom of 2020-21. There were a few causes of this rally, the most notable being shippers' anxieties about new, post-election tariffs and about a potential strike among East and Gulf Coast dockworkers.

This latter fear was wholly justified since, on Oct. 1, the International Longshoremen's Association (ILA) followed through on its threat of a multicoast strike that suspended operations at three of the U.S.' five busiest ports for three days. This strike was both surprising, given that it was the ILA's first strike in nearly 50 years, and unsurprising, as the ILA had made clear its intentions to strike — following the recent successes won by other unions using similar tactics — for the better part of 2024.

The three-day strike is estimated to have stalled half a million twenty-foot equivalent units' worth of cargo from being unloaded, meaning that ports will be playing catch-up for most of October. And while the stoppage was suspended until Jan. 15 by preliminary agreements over a new contract, there is no guarantee that rank-and-file ILA members will ratify the new contract. Case in point — 33,000 union machinists employed at Boeing rejected a tentative contract that the leadership recommended, opting instead to continue striking.

Fears over new tariffs are also proving to be warranted. President-elect Trump has been vocal about imposing a 60% tariff on all Chinese goods and a blanket tariff — possibly one of 10% — on all other imports. In late September, the U.S. adopted a range of tariffs on several Chinese imports, including a 100%

tariff on electric vehicles and a 50% tariff on solar cells.

Facing this likely development, shippers have broadly elected to pull forward their freight ahead of the most recent tariffs as well as any potential increases. This behavior has disrupted seasonality in the ocean market, making yearly comparisons somewhat inexact. Nevertheless, August bookings were far beyond any year in recent memory. Although demand did weaken in September, likely due to worries around the ILA port strike, it has since recovered and outpaces even 2020 at the time of writing.

Still, truckload activity barely responded throughout much of the quarter. That the trucking industry has been only a modest beneficiary of this surge in imports implies either that containerized freight is largely being handled by the rails or that shippers are keeping their goods at port warehouses, waiting to move them inland (via trucks) until the holiday season is nearer.

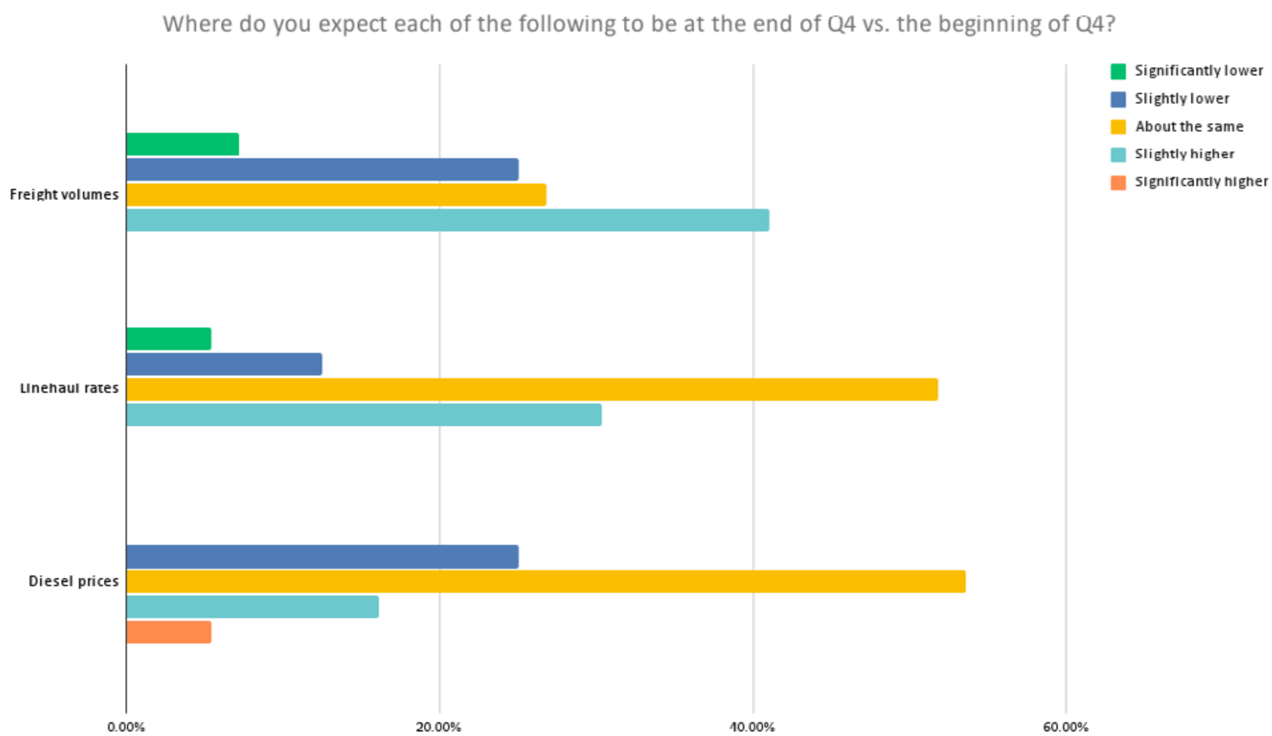
As it happens, both factors are at play. Near the end of Q2, it was estimated that Class I railroads had excess capacity sufficient to accommodate a 20% surge in intermodal volume. This capacity was soon needed. Domestic intermodal volumes in Q3 jumped 5.3% over Q2 and were up 13.4% on a year-ago basis, outpacing even 2020 throughout the quarter to record highs [Fig. 20].

The rails were positioned to take advantage of the shift caused by shippers rerouting their cargo away from the strike-afflicted East and Gulf Coast ports to the West Coast. By the end of Q3, one railroad noted a 20% jump in year-to-date intermodal volumes over 2023, with September seeing a 40% spike in volumes from West Coast ports.

Even with these massive increases, shippers are not putting all of their freight on the rails. The September release of the Logistics Managers' Index (LMI) saw the headline index rise 2.3 points over August to 58.6, a level indicative of a solid recovery. The LMI's Inventory Levels subindex performed even better, rising 4.1 points to 59.8.

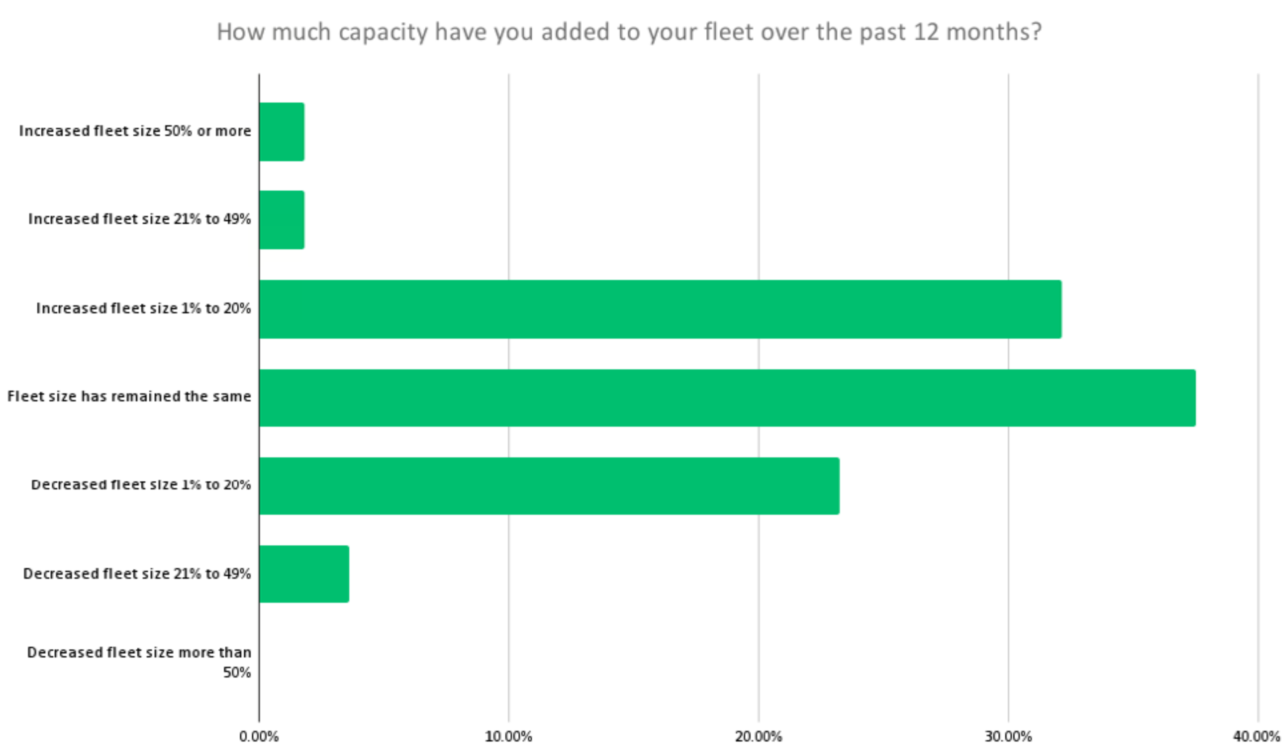
Yet even in August, there was a big divide between upstream inventory levels, which were expanding at a fast pace, and downstream levels, which contracted slightly. The following month saw inventory growth in both segments. That a torrent of truckload freight is soon to travel inland can be seen in shippers' future expectations for carrier rates, as the upstream index (at 78.3) lagged the downstream one (at 85). Even so, both readings point to a major surge in transportation prices — driven by demand — as the winter holidays approach.

FIGURE 16: CARRIER VOLUME, RATE AND FUEL EXPECTATIONS



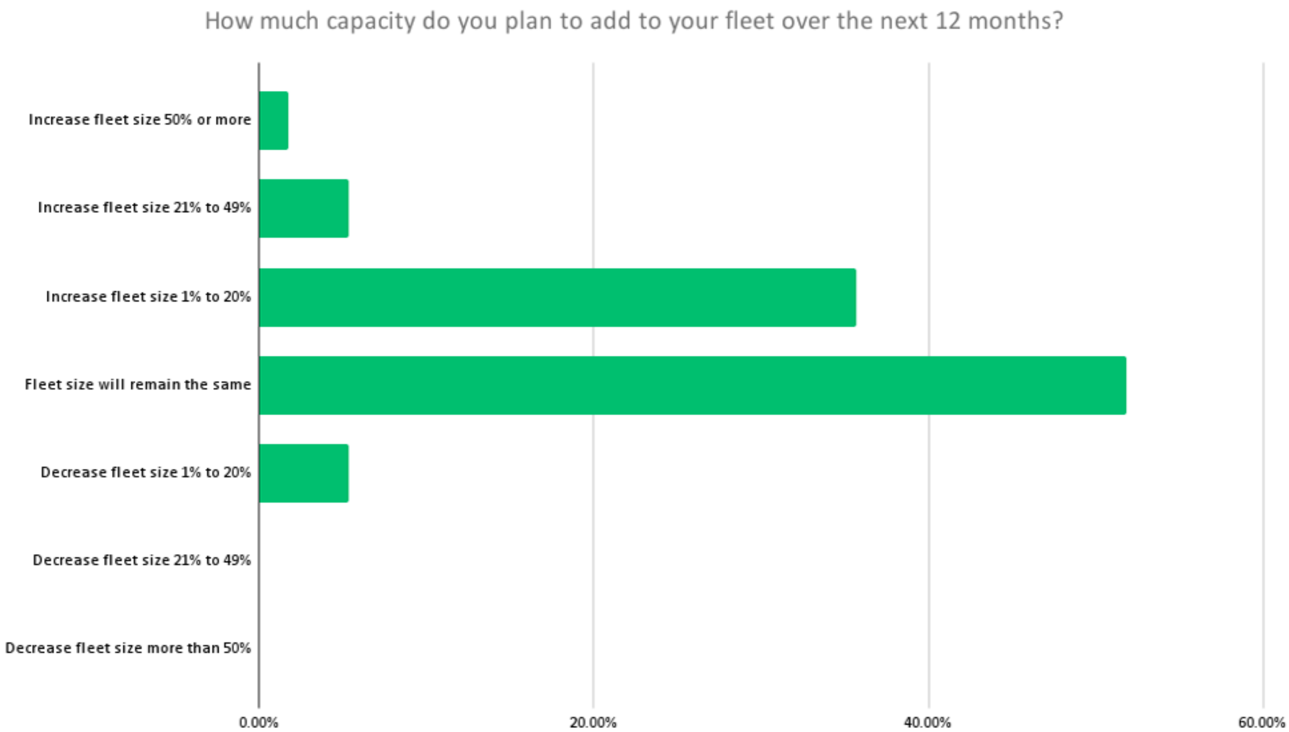
(CHART: FREIGHTWAVES RESEARCH SURVEY, OCTOBER 2024)

FIGURE 17: CARRIER CAPACITY TRENDS OVER THE LAST 12 MONTHS



(CHART: FREIGHTWAVES RESEARCH SURVEY, OCTOBER 2024)

FIGURE 18: CARRIER CAPACITY EXPECTATIONS OVER THE NEXT 12 MONTHS



(CHART: FREIGHTWAVES RESEARCH SURVEY, OCTOBER 2024)

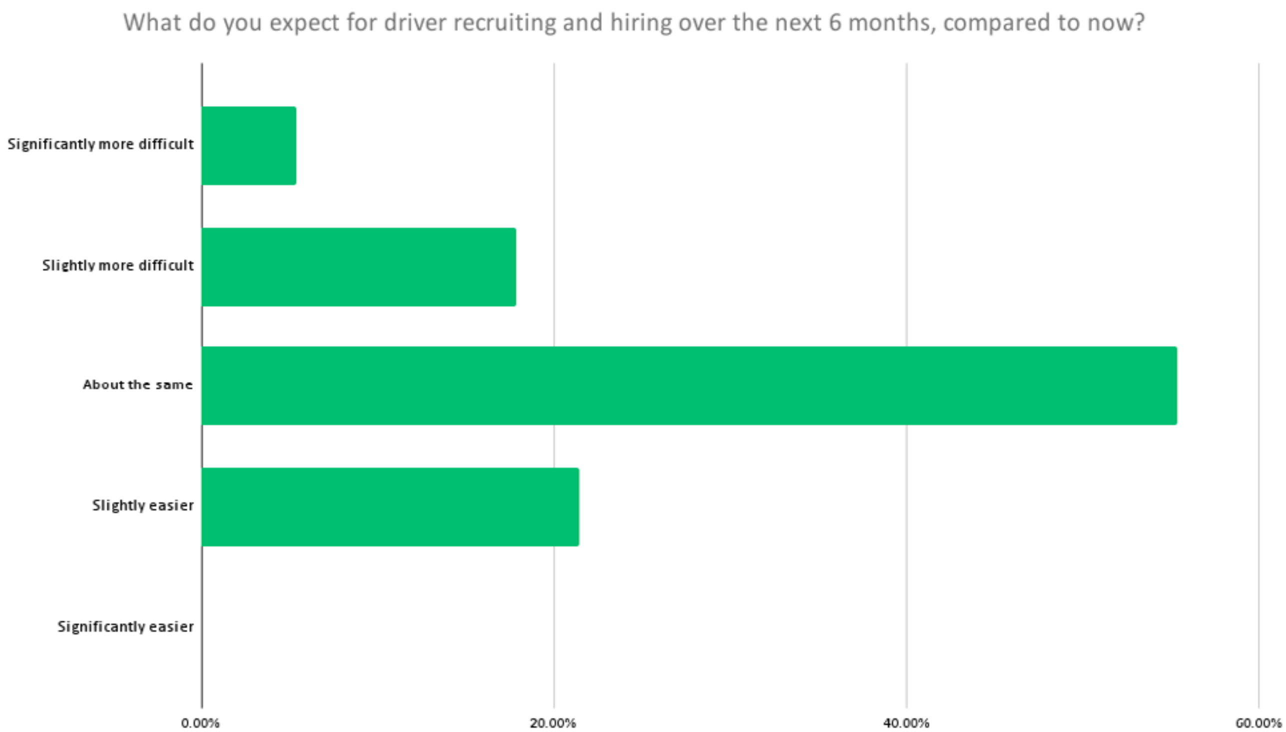
FreightWaves' Carrier Survey Takeaways

In stark contrast to last year, a plurality of carriers (41%) predict that volumes will rise slightly over the course of the fourth quarter. This optimism easily outshines the 27% of respondents who expect freight demand to remain more or less unchanged from the beginning of Q4 to the end. On the other hand, a growing majority of carriers (51%) expect linehaul rates to remain stable throughout the coming quarter, putting further distance between them and those that anticipate a slight rise (30%) since the previous survey. The outlook for Q4 diesel prices saw the most consensus among carriers, as a firm majority (54%) foresee little to no change in the months ahead.

Carriers that can afford to do so are positioning themselves for growth: Although a plurality (38%) have maintained their fleet size over the past 12 months, a significant portion (32%) have added trucks for fleet growth of 1% to 20%. Relatively few carriers (23%) have trimmed their fleets by the same degree, while the number of carriers that have made more drastic changes — whether growing or reducing (4% each) — is even fewer.

Looking to the future, a majority of carriers (52%) have already adjusted their fleet size and so expect neither growth nor loss over the next 12 months. This capacity forecast differs from last quarter's survey in that a majority (51%) planned to add to their fleets to some degree, suggesting that Q3 was the period in which these carriers grew. But while Q4's outlook for capacity implies stagnation, it is more optimistic than Q3's in one regard: Only 5% of respondents expect to cut their fleets in the year ahead (down from 9% in Q3), with a significant number (43%) still planning some level of growth.

FIGURE 19: RECRUITING AND HIRING EXPECTATIONS OVER THE NEXT 6 MONTHS

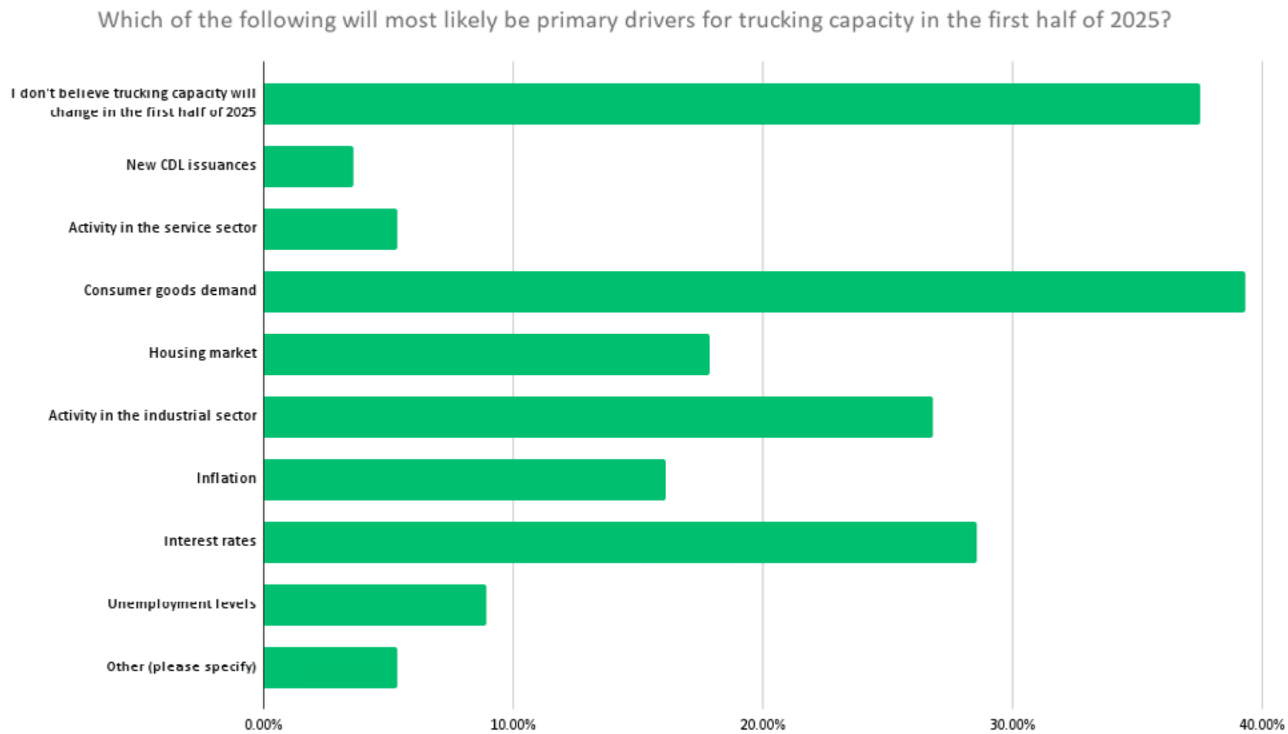


(CHART: FREIGHTWAVES RESEARCH SURVEY, OCTOBER 2024)

Survey data on driver recruitment and hiring over the next six months indicates a prevailing sentiment that the status quo will be maintained, with a majority (55%) of respondents expecting the labor market to neither cool nor heat up to a great degree.

But it is interesting to note that a combined 23% anticipate an increase in difficulty for recruitment and hiring, despite a currently perceived weakness in the overall job market. This pessimism could be attributed to a variety of factors, such as regulatory challenges, market conditions or intense competition for a limited pool of qualified applicants. Still, almost the same number of carriers (21%) believe it might become slightly or significantly easier to recruit and hire drivers, which could be indicative of improved industry conditions or effective strategies being implemented by carriers to attract talent.

FIGURE 20: PRIMARY DRIVERS OF TRUCKING CAPACITY IN THE FIRST HALF OF 2025



(CHART: FREIGHTWAVES RESEARCH SURVEY, OCTOBER 2024)

Industry insights suggest that a plurality of carriers (39%) perceive demand for consumer goods to be the most influential factor for trucking capacity in the next six months. This data point underscores the relation between consumer buying trends and the health of freight markets, particularly in regions that lack both a substantial manufacturing base and a steady stream of import volumes.

Following closely, 38% of respondents anticipate no change in trucking capacity over the first half of 2025, suggesting an environment of stability amid potentially volatile economic conditions.

Of the remaining drivers believed to influence capacity, however, interest rates (29%) and activity in the industrial sector (27%) are closely linked, since interest rates heavily inform capital investments in the industrial sector. Interest rates are expected to fall considerably in 2025, barring a surprise resurgence in consumer inflation. In addition to their effect on the industrial sector, falling interest rates can directly affect carriers that have variable rate loans on their trucking equipment or other investments.

Carriers correctly recognized the health of U.S. manufacturers as a key influence for capacity trends in 2025. In the U.S., manufacturers account for the bulk of domestic, over-the-road freight demand, with maritime imports as the wellspring of truckload volumes that are international in origin.

FreightWaves

FreightWaves SONAR gives subscribers access to aggregated freight data to analyze domestic and global freight market activity. FreightWaves' current and historical data is generated from thousands of exclusive sources representing more than $200 billion of contract and spot freight transactions. Using SONAR's Market Dashboard, users leverage thousands of data points across major North American transportation lanes to observe supply chain movement and trends. Supply chain, logistics and global operations organizations use SONAR to identify transportation-related efficiencies and opportunities.

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