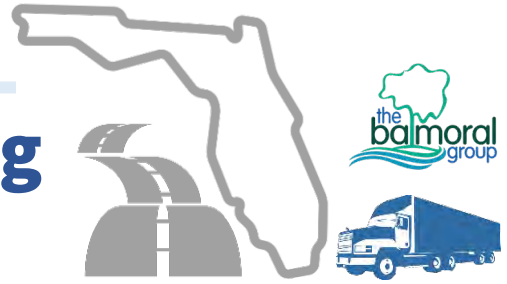


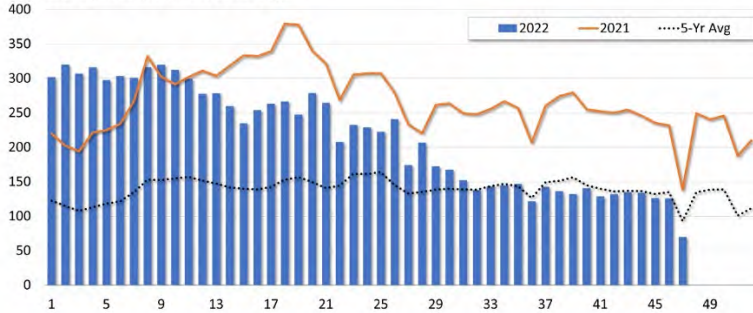
November 2022: Softening in the Trucking Market



Spot market rates continue to decline. This comes alongside elevated diesel prices and inflation, creating a negative environment for truck carriers, especially smaller owner-operators. The market is transitioning to a more normal landscape with the spot market and small carriers making up 18-30% of the trucking market, down from sometimes 50% of the trucking market during the pandemic. Some experts expect a freight slowdown as declining spot rates, elevated fuel costs, and inflation cause smaller carriers to go bankrupt, especially if they entered during the height of the pandemic and didn't manage their funds well. Contract rates are also starting to weaken and additional capacity finally becoming available may cause rates to decline further.

Total spot load availability

Weekly index, 100 = 2014 average



Source: Truckstop, FTR - Spot Market Insights

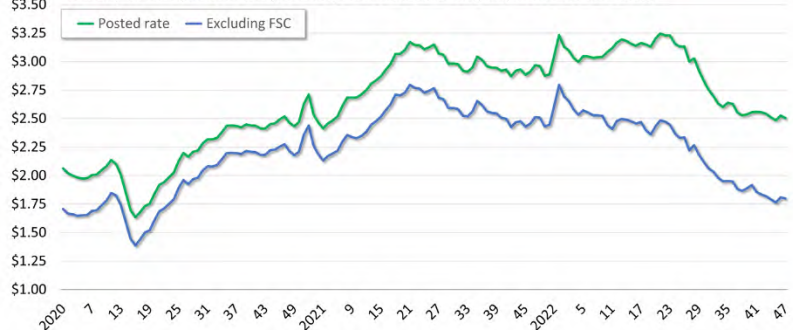
Source: FTR Weekly Report, November 28th, 2022

- Truckload volumes appear to have settled back to 5-year averages, with the exception of last week due to Thanksgiving.
- As of November 25th, volumes were 25% below the 5-year average and 46% lower compared to this week last year.
- The Market Demand Index (ratio of loads to trucks from Truckstop.com) fell to its lowest level since May of 2020.
- Truck availability dropped 25.5%.

- Total spot rates fell over the last month.
- Rates were down 16% compared to the same week last year. Excluding fuel surcharges, rates would have actually fallen 28% year-over-year. Rates are still about 6% higher than the 5-year average.
- Flatbed rates declined 1.4 cents week over week and are 7% lower than the same week in 2021. Without the fuel surcharge, rates would be 19% lower.
- Flatbed volume is 57% lower than in 2021 and 31% below the 5-year average for this week.

Total spot rates

Weekly broker-posted rate per mile, total and excluding imputed fuel surcharge



Source: Truckstop, FTR - <http://freight.ftrintel.com/spotmarketinsights>

Source: FTR Weekly Report, November 28th, 2022

Rail Strike Update



Uncertainty

- A potential strike is still on the horizon as **4 of the 12** rail unions have **rejected** a tentative deal due to concerns from rail workers about a lack of paid sick leave.
- Since 3 of the 4 unions accounts for over **50%** of rail workers, President Biden has asked Congress to intervene and pass legislation to **avoid a rail strike**.
- The legislation would force rail workers to accept the tentative agreement brokered by the White House in September.
- House lawmakers are expected to vote on the legislation by December 4th.
- If the legislation is not passed in both the House and Senate by December 9th, **unions could move forward with a strike**.
- The strike could include up to **100,000 workers** at an estimated cost of **\$2 billion per day**.

Status of Rail Union Votes

Union	Vote Status
TCU	Ratified
BRC	Ratified
IBEW	Ratified
ATDA	Ratified
SMART-M	Ratified
NCFO	Ratified
BLET	Ratified
IAM	Ratified
IBB	Rejected
BMWED	Rejected*
BRS	Rejected*
SMART-TD	Rejected*

*These three unions make up over 50% of all railway workers