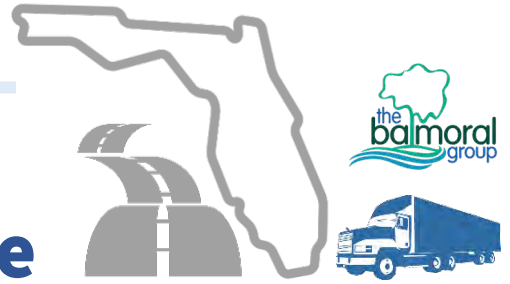


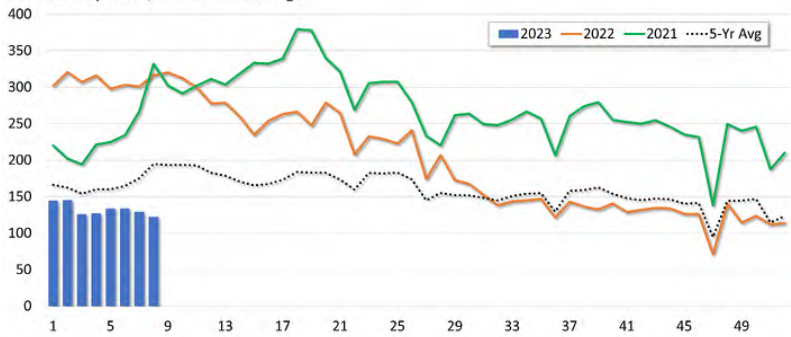
# February 2023: Smaller Operators Beware



**Profit margins for trucking operators declined last year** as expenses increased more than revenue. A recent Freight Waves survey showed that most carriers still feel their business is sound, while **a third of small operators indicated they would leave the industry** if things didn't turn around by the end of the year. The decline in demand and increased expenses has left small owner-operators, particularly ones who entered the market at its peak, unable to outbid larger carriers and remain open. Diesel prices are falling in all markets and Gulf Coast diesel could fall below \$4 soon. The SHIP IT Act, introduced in January 2023, aims to incentivize more drivers to enter the industry and support current drivers through tax incentives, removal of barriers to entry, and funding for increased parking among other things if passed. Incentives passed in early 2022 have been effective in increasing CDL drivers, although this has not yet reversed a decade-long decline in availability.

## Total spot load availability

Weekly index, 100 = 2014 average



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

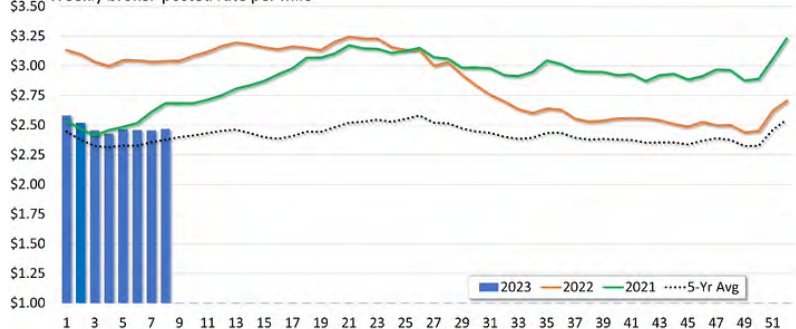
Source: FTR Weekly Report, February 27<sup>th</sup>, 2023

- Since the beginning of 2023 truckload volumes have been consistently below the 5-year average. Flatbed activity remains far below average. The slowdown in residential construction is one factor.
- As of February 24<sup>th</sup>, volumes were 37% below the 5-year average and 61% lower compared to this week last year.
- It should be noted that severe cold weather events caused the spike in availability in 2021.

- Rates were down 19% compared to the same week last year. Excluding fuel surcharges, rates would have actually fallen 25% year-over-year. Rates are still about 4% higher than the 5-year average.
- Flatbed rates are 15% lower than the same week in 2022, but 10% higher than the 5-year average. Without the fuel surcharge, rates would be 20% lower than last year.
- Flatbed volume was about 66% lower than in 2022 and 41% below the 5-year average for this week.

## Total spot rates

Weekly broker-posted rate per mile



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

Source: FTR Weekly Report, February 27<sup>th</sup>, 2023