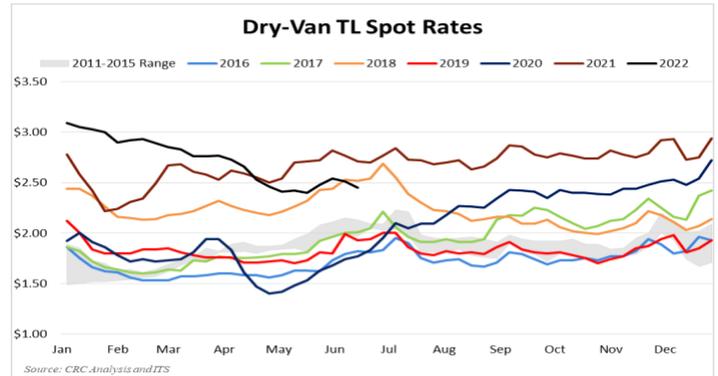




## CURRENT STATE

The world's biggest truck manufacturer says the Chip crunch is easing. "It's better, it's not perfect, but it's better than last year," Radstrom said in an interview. "I try not to celebrate too early. We're still monitoring the situation closely." Manufacturers like Daimler Truck, which also counts the Freightliner, Western Star, Fuso brands, and peer Volvo Group, have had to curtail output as plants globally couldn't source enough high-tech components even as demand for transport boomed. Radstrom's comments echo an assessment from Mercedes-Benz AG production chief Joerg Burzer this week, who said the chip crunch was no longer causing serious production stoppages.

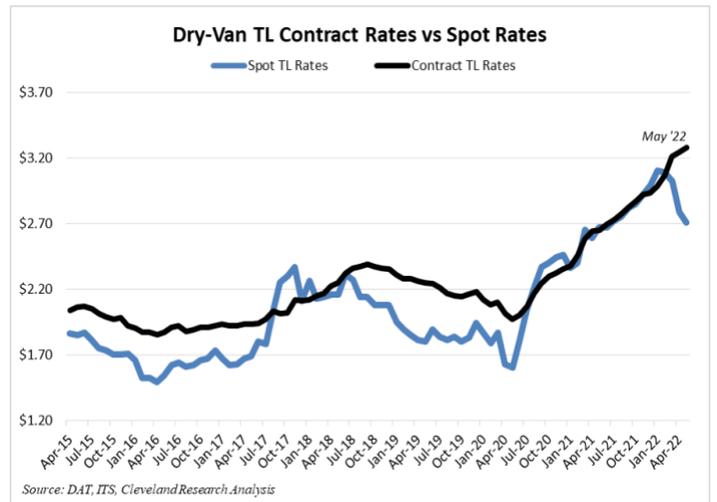
US trucking's hiring surge is gaining momentum. US for-hire trucking employment surged for a second straight month in May, as trucking companies hired 22,500 employees, according to data released by the US Bureau of Labor Statistics (BLS) Friday. Following the addition of 14,900 jobs to trucking payrolls in April, May's employment gain should allay fears of a near-term downturn in freight demand in the trucking industry. "This is a massive gain, to say the least," said Jason Miller, associate professor of logistics at Michigan State University, who tracks a broad range of freight-related economic data.



US spot truckload rates steady after declines. After four months of steep declines, US spot truckload rates are stabilizing, including in the critical West Coast market, amid the traditional uptick in freight activity between Memorial Day and July 4. But industry analysts are uncertain what will happen after the US Independence Day as retailers indicate they have the "wrong" inventory in stock.

## MARKET FORECAST

Shippers' TL tender acceptance rates have improved from the low 70s throughout last year to the low 90s. And with much more normal conditions, shippers have reduced their exposure to the spot market by nearly 80% since the peak. With the looser market, many shippers were recently able to secure a 10% reduction in contract rates by consolidating more freight with fewer carriers. The shipper also favors asset-based carriers over brokers after being forced to rely heavily on brokers during the peak of TL capacity tightness. And within brokers, they are shifting freight from traditional brokers like CHRW to digital brokers such as Uber Freight, where they claim they are getting better service. Also, intermodal rates increased by over 10% earlier this year. However, intermodal pricing historically lags TL rates, and clients are starting to get more inbound calls looking for intermodal freight. So they expect intermodal pricing to likely start slowing in the near term. Intermodal service remains challenging, with HUBG and UNP struggling more than JBHT and BNSF. Finally, inventory trends and the West Coast port labor negotiations have improved as consumer demand has slowed, allowing faster-than-expected re-stocking. However, shippers are still very concerned about a potential labor strike at the West Coast ports but growing increasingly optimistic that the two sides can reach an agreement without a work stoppage.



Spot TL rates have moderated and are now cheaper than contract rates (including fuel), reflecting softer organic demand and more available capacity. Experts expect contract rates for broker source capacity to decline 5-10% in the second half of 2022, while asset-based carriers appear to raise prices in 2022.

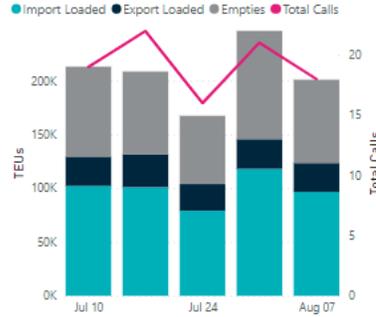
## INDUSTRY INSIGHT

The Port of Long Beach currently has 14 container vessels at berth and two container vessels at anchor within 40NM destined for POLB's marine terminals. Average at anchor is one day.



### PROJECTED WEEKLY VOLUME (TEUS)

Week	Date	Import Loaded	Export Loaded	Empties
29	07/10/2022	102,151	27,339	83,716
30	07/17/2022	101,093	30,389	77,116
31	07/24/2022	79,151	24,839	63,466
32	07/31/2022	118,178	27,539	100,797
33	08/07/2022	96,728	26,789	77,488



### PROJECTED VESSEL CALLS

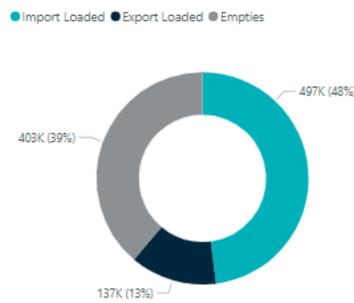
Week	Date	Blank Sailings	Extra Loaders	Planned Calls
29	07/10/2022	1	0	20
30	07/17/2022	0	0	22
31	07/24/2022	1	0	17
32	07/31/2022	0	0	21
33	08/07/2022	0	0	18

### ESTIMATED CONTAINER MOVE TYPES (TEUS)

Week	Date	Import Local	Import On-Dock	Import Off-Dock	Export Local	Export On-Dock	Export Off-Dock
29	07/10/2022	75,190	25,575	5,685	28,655	9,747	2,167
30	07/17/2022	73,565	25,022	5,562	28,036	9,536	2,120
31	07/24/2022	59,056	20,087	4,465	22,506	7,655	1,702
32	07/31/2022	86,937	29,570	6,573	33,132	11,269	2,505
33	08/07/2022	70,888	24,111	5,360	27,016	9,189	2,043

### ESTIMATED EXPORT AND EMPTY RETURNS (TEUS)

Week	Date	Export Loaded	Export Empty
29	07/10/2022	27,339	80,835
30	07/17/2022	30,389	74,235
31	07/24/2022	24,839	60,585
32	07/31/2022	27,539	97,966
33	08/07/2022	26,789	74,657



### AVERAGE TERMINAL GATE TURN-TIME (MINUTES)

Terminal	Day Shift	Night Shift
Pier A	64	51
Pier C	24	22
Pier E (LBCT)	66	70
Pier G (TTS)	61	76
Pier J (PCT)	58	41
Pier T (TTI)	75	81

Average turn-times vary by terminals, and based on terminals' data from the previous week

Revised 7/05/2022

Shippers are adapting to the 'realignment' of US trucking capacity and rates. "We're not seeing a freight recession. We're seeing a realignment of how freight is moving," Satish Jindel, president of transportation research firm SJ Consulting Group, told JOC.com in early June. "The COVID-19 pandemic and recession were not like the 2008-09 recession when things went back to normal after a few years. Longer-term impacts of the pandemic will play out in 2022, 2023, 2024." After two years of disruption caused by the pandemic-induced surge in US consumer imports, logistics managers are recalibrating their networks and relationships with carriers and brokers. By shifting a substantial amount of freight from the spot market to contracts, shippers essentially caused those spot market rates to correct downward. But shippers are struggling to take advantage of that market shift, having committed to higher prices in contract agreements. Some have since tried to renegotiate, but others see that as too risky a move in an uncertain market. Overall, truckload and less-than-truckload (LTL) rates have risen in recent months, propelled by higher contract pricing and fuel surcharges that burn away any savings on the base linehaul rates.

May-June trailer orders are at a year's low but double that of 2021. U.S. trailer orders in May fell to the lowest point this year, just clearing 18,000. ACT Research reported that they also soared above the 2021 period's volume, which was the weakest for that year, citing trailer makers' preliminary data.

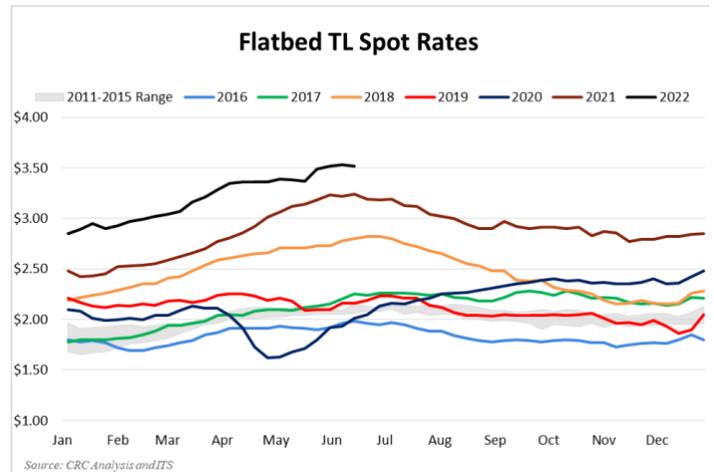
## INDUSTRY INSIGHT

Driver shortages surge, expected to jump up to 40% in 2022 per a new IRU survey. Women are still not in the driving seat. Less than 3% of truck drivers were women in 2021 in all regions, with notable exceptions in China at 5% and the US at 8%. The rate of women bus and coach drivers in Europe was even better at 12%. However, these rates are still well below transport sector norms, especially in Europe and the US, where 22% and 28% of all transport workers, respectively, are women.

The demographic time bomb is that young drivers under 25 remained a small minority in most regions, at 6 or 7% of the truck driver population.

On the other hand, there are two to five times more older drivers over 55 in all regions, except for China and Mexico. In the US and Europe, older drivers make up around one-third of the workforce, and Europe has the highest average driver age, at 47. The widening age gap is more severe for passenger transport. In Europe, only 3% of bus and coach drivers were under 25 in 2021, half the rate of the overall transport sector. Drivers over 55, however, were 32% of the workforce, with an average driver age of 50.

Flatbed spot market rates are 9% above year-ago levels as industrial market activity is accelerating (3-6 month lag versus consumer/dry-van markets) with solid demand and inventory scarcity. Our work indicates flatbed contract prices are seeing a +0-10% increase quarter over quarter, with more muted outlooks for meaningful capacity addition. Rising fuel prices will likely increase spot market prices as prices remain elevated. Flatbed rates are probably seeing incremental upside through 2022 as manufacturing activity recovers.



Incomplete data clouds impact hundreds of autonomous vehicle crashes. According to NHTSA's summary, nearly 400 crashes involving select Level 2 autonomous vehicles were reported to the federal government. Tesla accounts for 273 impacts, more than two-thirds of total autonomous vehicle crash says. In a distant second is Honda, which has reported 90 crashes since last July.

Looking at "highest injury severity" per crash, three-quarters of the autonomous vehicle crash reports have injuries listed as "Unknown," providing little insight into the safety ramifications of the Level 2 autonomous vehicle technology. Only 11 severe or fatal crashes were reported, with nearly 50 indicating no injuries.