

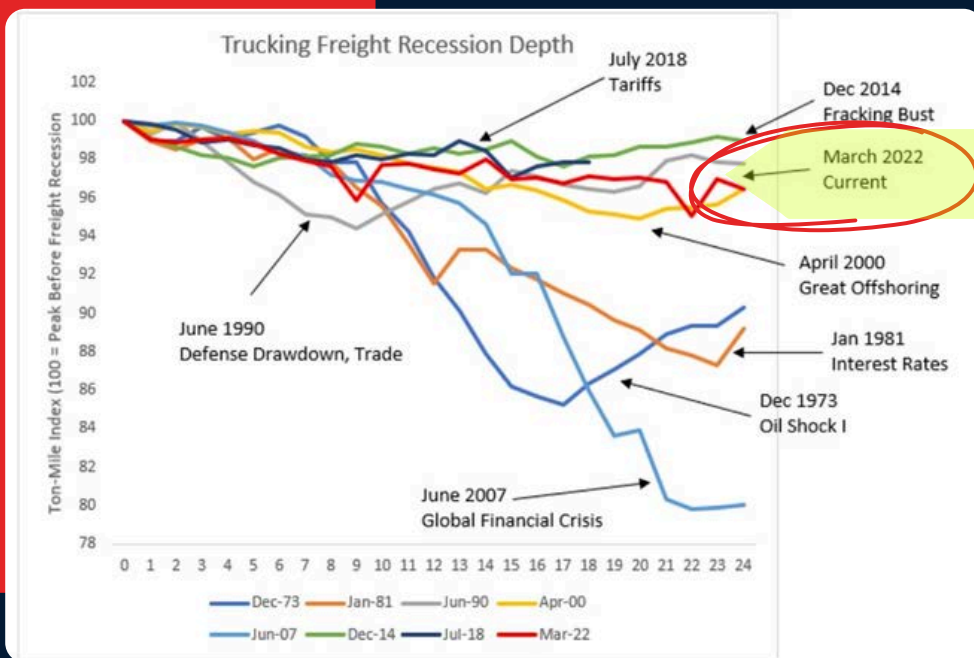
TRUCKING STATE OF THE UNION

At Paper Transport’s September 24, 2024, Transportation Innovation Forum, Thom Albrecht, Chief Revenue Officer of Reliance Partners, presented a detailed analysis of the trucking and logistics industries. In our latest Market Update, we are sharing the key notes from Albrecht’s “Trucking State of the Union” presentation.



Thom Albrecht, CFO & CRO Reliance Partners

STATE OF FREIGHT



Source: Michigan State University and Professor Jason Miller, who created a proprietary ton-mile index.

The trucking industry is navigating through a period marked by freight recessions, with the current downturn characterized by modest volume declines, but severe supply-side issues

The spot market remains stable, but load-to-truck ratios have lost momentum across van, refrigerated, and flatbed dynamics, signaling a slower recovery

STATE OF THE CONSUMER

U.S. consumers are struggling due to inflation, with purchasing power reduced by 25% in the last three years.

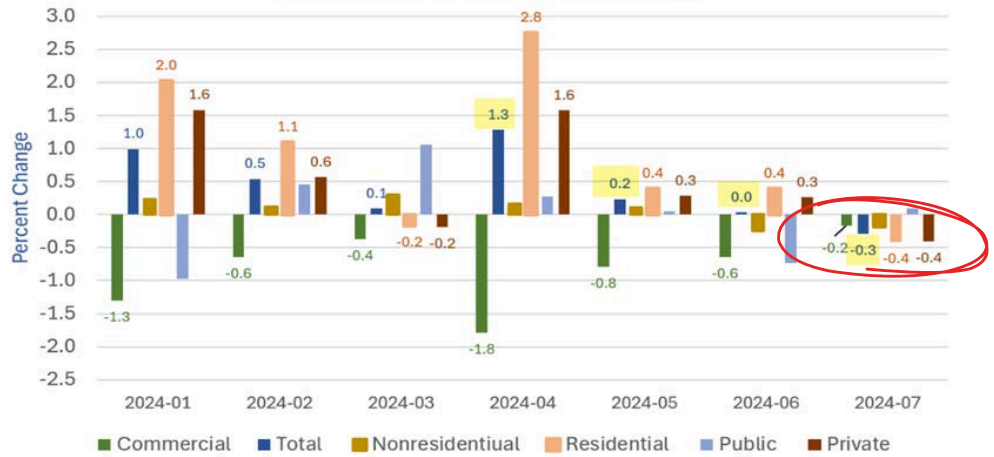
Purchasing power
-25%!

Many workers have experienced a 10-15% decrease in real wages, which, combined with rising debt delinquencies in auto loans, mortgages, and credit cards, is suppressing consumer demand.

STATE OF DEMAND

Demand remains sluggish, with manufacturing output weakening and key sectors like industrial production and construction experiencing declines.

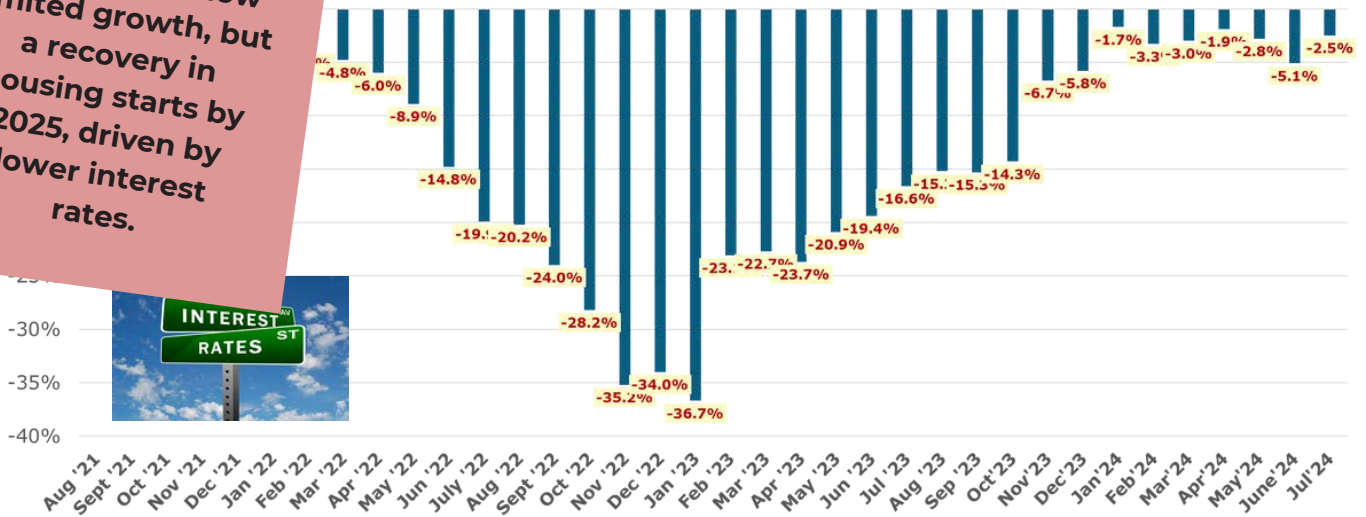
Construction Spending Month-Over-Month Percentage Change



Source: Census Bureau for data and Mish Talk for the chart.

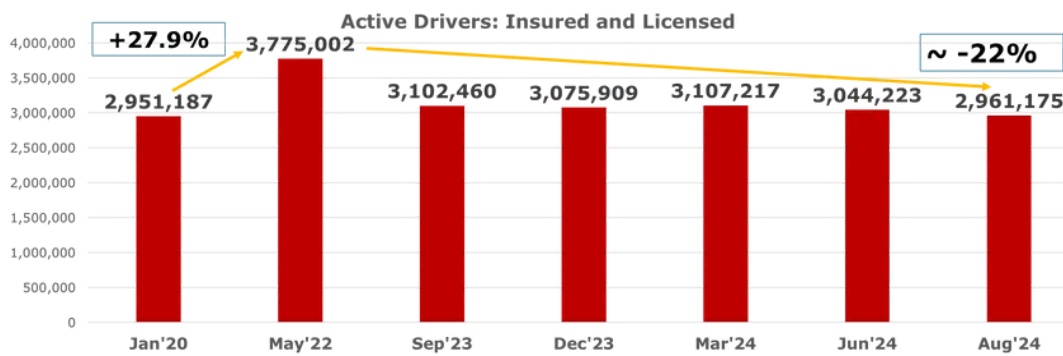
HOUSING IS ABOUT TO RECOVER EHS HAS BEEN NEGATIVE FOR 36 MONTHS, BUT ...

Retail sales show limited growth, but a recovery in housing starts by 2025, driven by lower interest rates.



Source: National Assoc. of Realtors

STATE OF CAPACITY

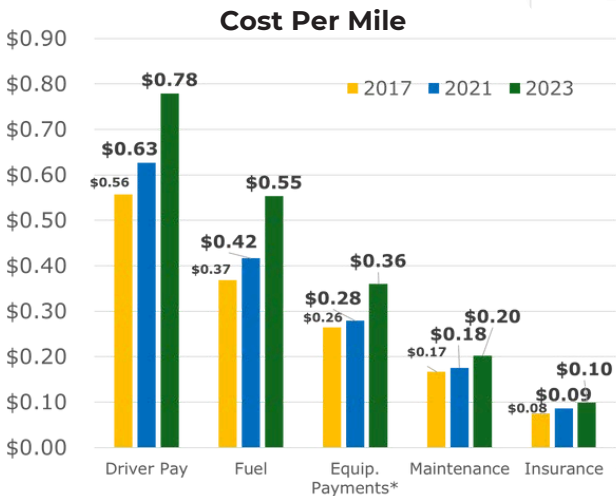
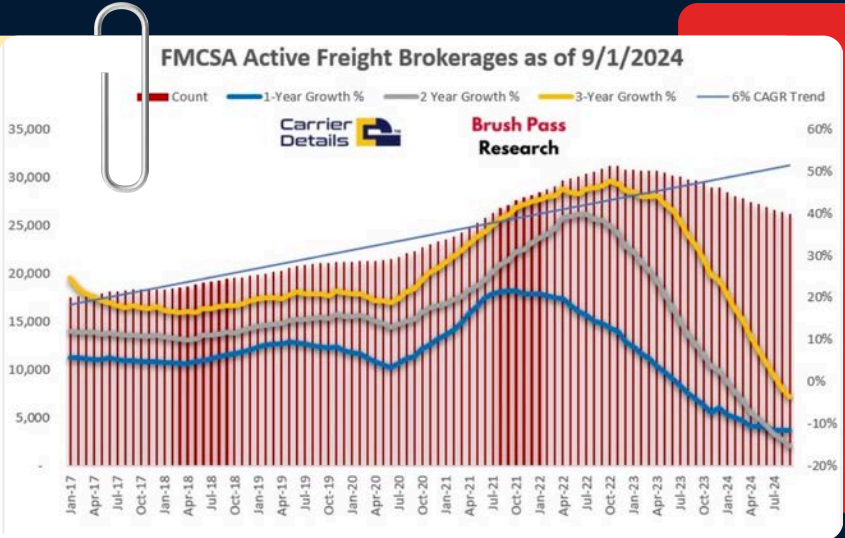


-22% Reduction in capacity since 2022 peak

Source: FMCSA Census data and QualifiedCarriers.com, a division of Highway.

Freight brokers are shrinking ...

- From January 2020 to December 2022 ~25,000 new brokerage authorities were granted authority. Only ~8,100 of those 25K are still active



Source: Brush Pass Research and Carrier Details LLC.

Costs per mile have soared due to rising driver pay, fuel costs, and equipment payments.

ATRI annual "Operational Cost of Trucking" report, June 2024.

STATE OF MIND

Albrecht concluded with cautious optimism, suggesting that equilibrium could return by Q2 2025, though several macroeconomic factors might delay a full recovery.

Factors that could delay a full recovery:

- reduced consumer spending power
- election uncertainties
- international demand for U.S. equipment

SPECIAL THANKS TO THOM ALBRECHT, CFO & CRO RELIANCE PARTNERS



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920-617-3723
 solutions@papertransport.com
 1250 Mid Valley Drive, De Pere, WI, 54115
 www.papertransport.com