

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

April 2024



April 2024 overview



Executive summary

Through the first 13 weeks of 2024, U.S. chemical shippers are showing year-over-year (YoY) strength in both production and volume. The [Association of American Railroads](#) is reporting a 5.7% YoY increase in chemical carloads in March and [ISM's PMI](#) reading for March Production showed expansion for chemical manufacturers (helping to pull overall Manufacturing into expansion territory – 50.3%). Inventory to Sales ratios remain low although the [American Chemistry Council](#) cited a slight inventory build in some sectors.

The YoY uptick in Chemical rail carloads appear to be singular from a modal standpoint. Both TL and Bulk are seeing slight declines in demand in March (2.5% and 2.6% respectively) on a YoY basis. This disparity between modes is hopefully a harbinger of future strength in the industry, as large batch chemicals are being positioned to support overall manufacturing. 10 of the 12 ISM Manufacturing sectors saw new order growth in March, with only Furniture & Related Products and Transportation Equipment showing a decline.

WTI Spot crude prices gained momentum in March. WTI Spot ended March up 12.1% on a YoY basis. U.S. Rig counts are not immediately following this growth as they are down 17% using the same measurement. Time will tell whether this is related to higher interest rates limiting exploration investment (and will remain in correlation if prices hold), or if these two measurements have decoupled as upstream manufactures focus on yield vs. volume.

Chemical industry news and updates

U.S. manufacturing expands

After 16 months of consecutive contraction, the *ISM Manufacturing PMI* crossed into expansion territory for the first time since September '22. Reporting 50.3 for March, moderately better than the expected 48.4

Panama Canal surcharges

Ocean carriers have implemented surcharges due to the ongoing drought.

- Panama Canal Authority increased available vessel slots for daily transits to 27 from 24.
- Queue waiting times for both northbound and southbound for non-booked vessels are less than a day compared to 5 days in February for ships without bookings.

Chain reaction: transload

A significant volume of containerized freight being moved from the East Coast to West Coast has resulted in a boom for transloading demand as shippers divert their goods away from the drought in the Panama Canal & tensions in the Red Sea.

Baltimore vessel traffic

Port of Baltimore will be opening a 35' channel by the end of April to allow one-way vessel traffic and plan on fully reopening to full vessel traffic by the end of May. So far there have been no major trade impacts on Baltimore diverted cargo to other USEC ports

- 80% has been diverted to Norfolk & NY/NJ

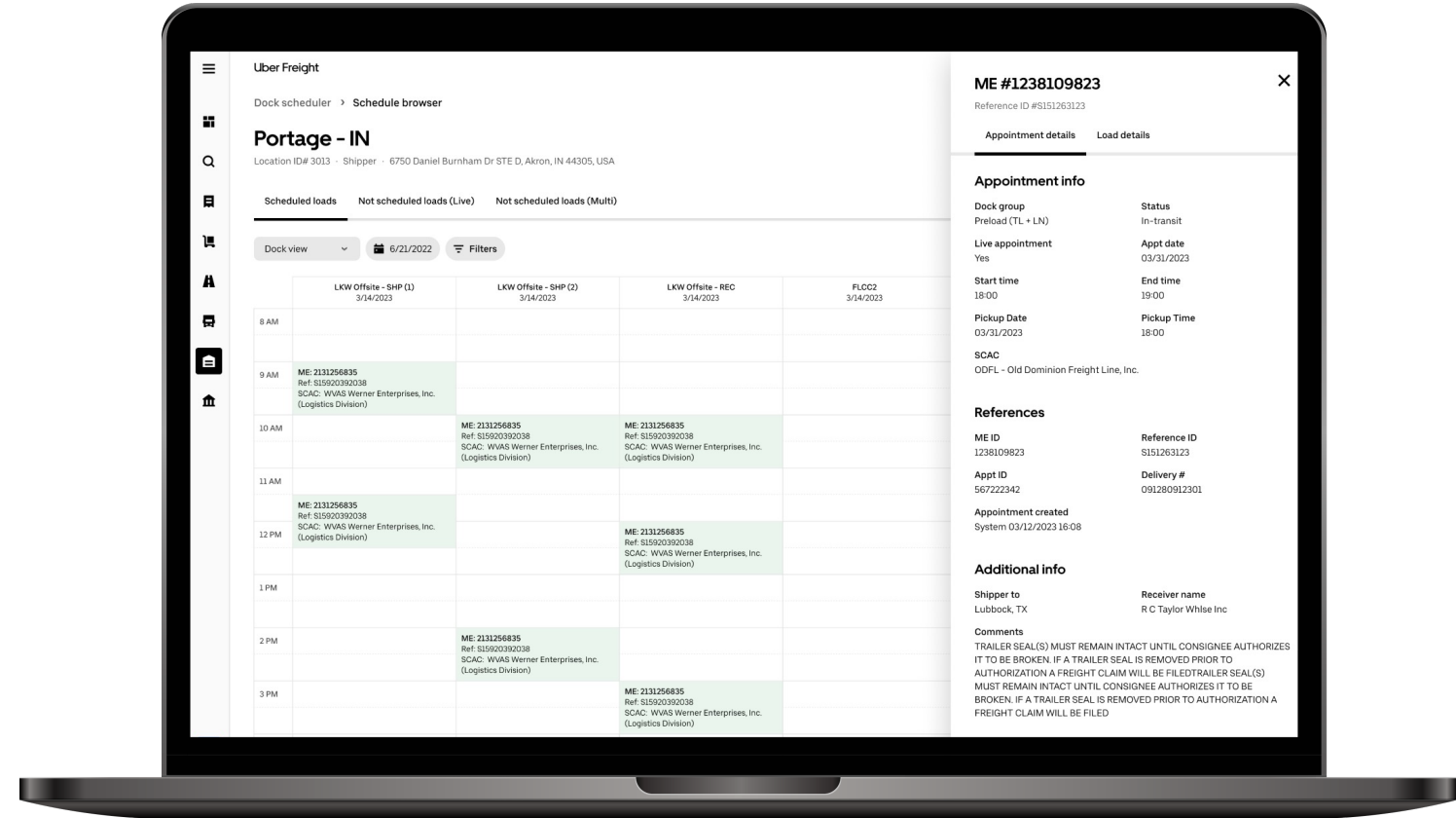
Supply chain innovation:

Streamline your docks and appointment setting



Dock Scheduler

- Onboard and manage facilities more efficiently
- Streamline and automate dock scheduling and maintenance
- Enable self-service appointments
- Manage exceptions in real-time



90+

Shippers
activated

5M

Appointments
scheduled

1.5K+

Facilities
supported



Setting the standard for scheduling excellence

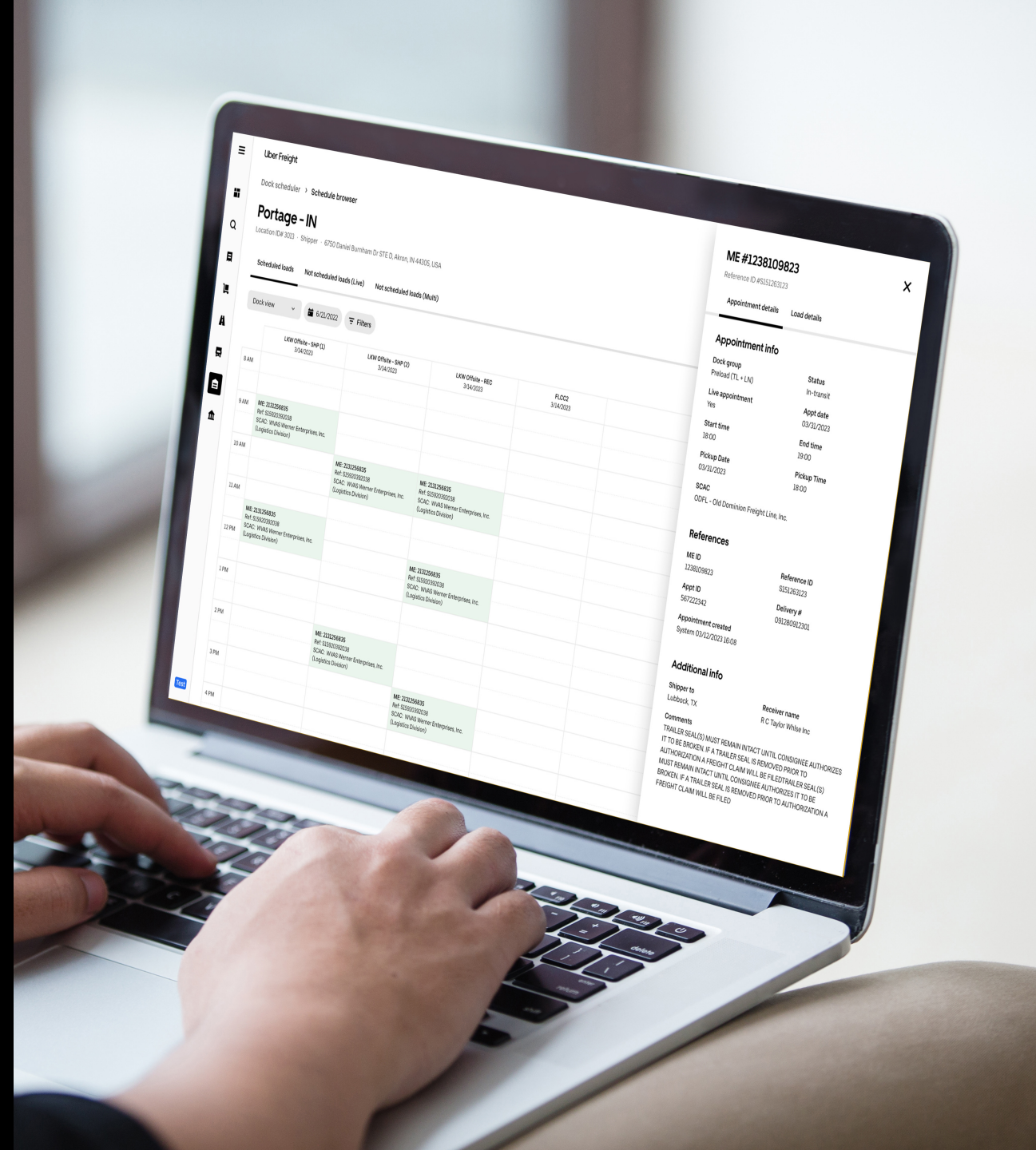
Scheduling has been a pervasive problem for the supply chain, but it's a problem that can be solved with mutual commitment from industry leaders. Uber Freight is proud to be a founding member of the Scheduling Standards Consortium (SSC), founded in 2022 to simplify the integration of systems across the fragmented ecosystem between shippers, carriers and intermediaries and create a more efficient appointment scheduling process.



The first scheduling API using SSC standards

Now powering Dock Scheduler is Uber Freight's scheduling API, the first activation of the Scheduling Standards Consortium's (SSC) Technical Standard for the industry. The scheduling API empowers seamless integration between logistics technology platforms and carrier scheduling systems, eliminating manual processes and enhancing visibility across supply chains to drive:

- **Faster appointment scheduling:** Reduce lead times and expedite shipment preparation by streamlining the appointment booking process.
- **Increased visibility and control:** Gain real-time insights into dock activity and manage appointments with ease, minimizing disruptions and rescheduling.
- **Enhanced carrier relationships:** Foster stronger partnerships with carriers by providing a standardized, efficient, and self-service scheduling experience.

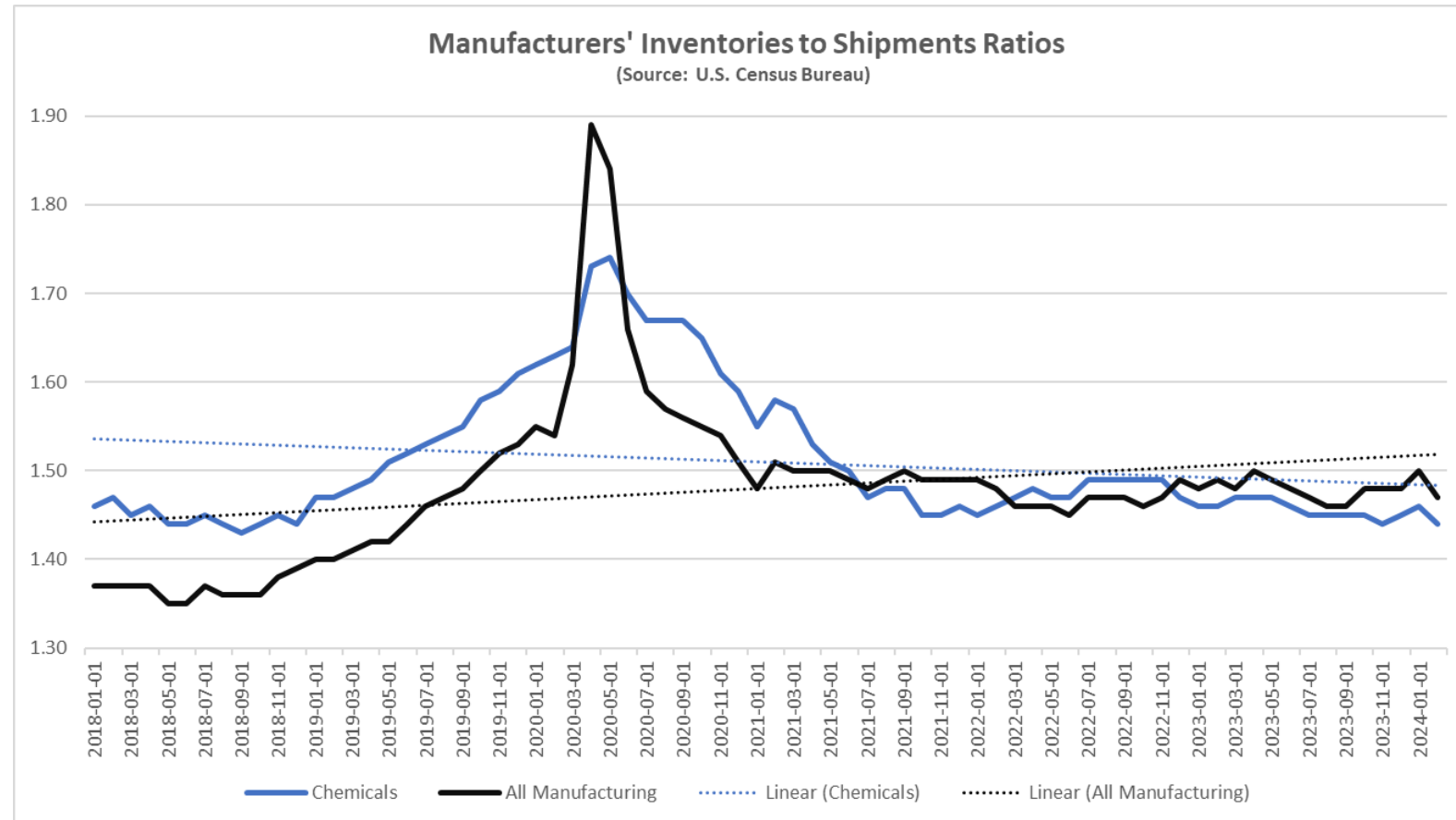


Chemical transportation trends



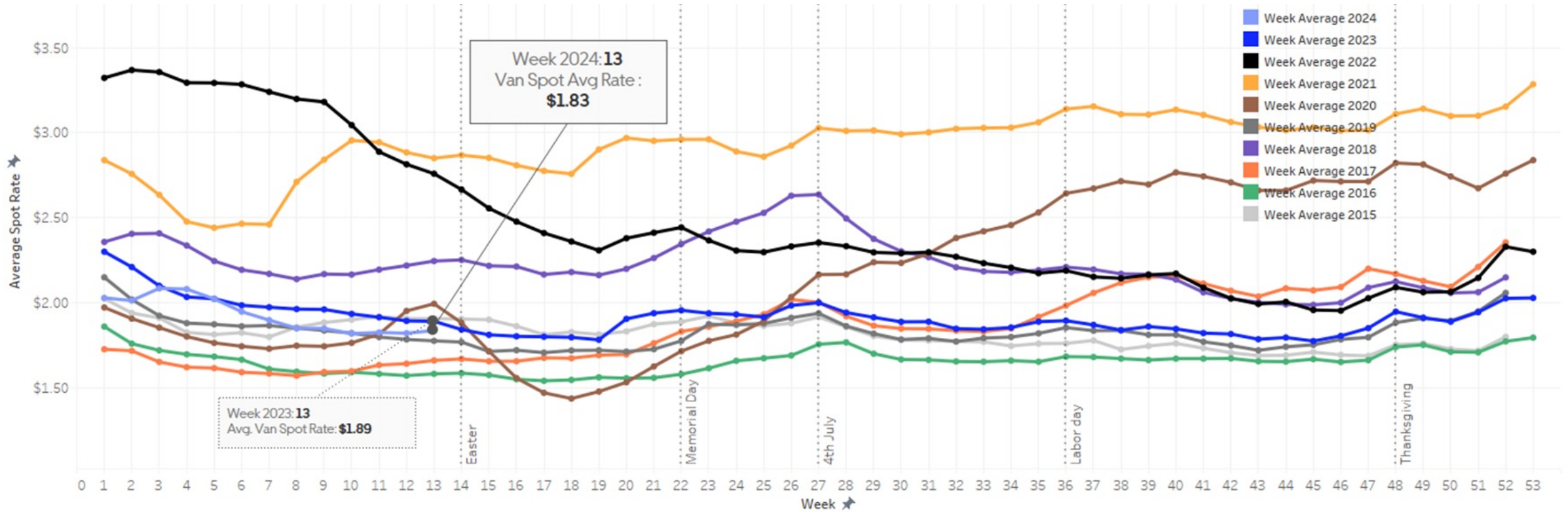
Inventory levels

- In February of 2024, chemical manufacturers realized inventory levels 11.7% below pre-pandemic levels (compared to February 2020) and down 1.4% on a YoY basis (when measured by inventories to shipment ratio)
- All manufacturers have also fallen below pre-pandemic levels, but at a much slower pace than chemicals (4.5% lower than 2020)
- In February, all manufactures had a drop in inventory levels and are currently 1.3% lower YoY.
- The slight inventory build we saw coming out of Q4, pulled back in February. Chemicals matched their lowest levels dating back to September of 2018.



Truckload (TL) trends

Weekly Average Dry Van Spot Rate (Week 13)

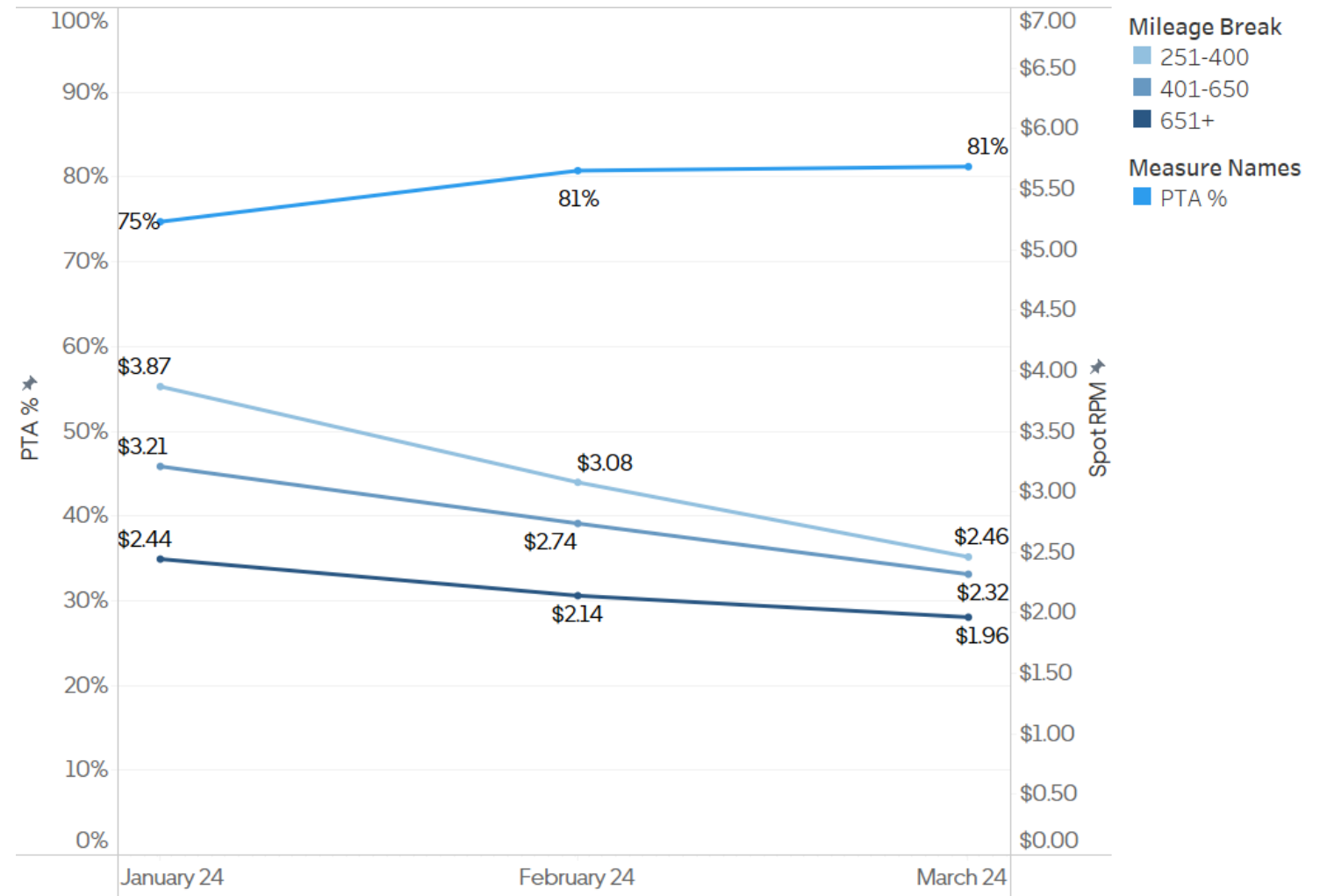


Hazardous materials tendering trends

- Spot Rate per Mile (RPM) for Truckload (TL) Hazmat shipments sit at \$1.96/mi for long haul (> 650 miles) closing out Q1 with at a 7% premium over NON-Haz dry van spot rates.
- Primary Tender Acceptance (PTA) for Truckload (TL) hazmat shipments show a marginal increase to 86%

Key outlook: The tragic collapse of the Francis Scott Key bridge in Baltimore could cause a spike in Spot Rate per Mile (RPM) for Truckload (TL) Hazmat shipments in the immediate area since Hazmat shipments are not allowed to travel through tunnels.

Hazmat TL: PTA % vs Spot RPM by Mileage Break

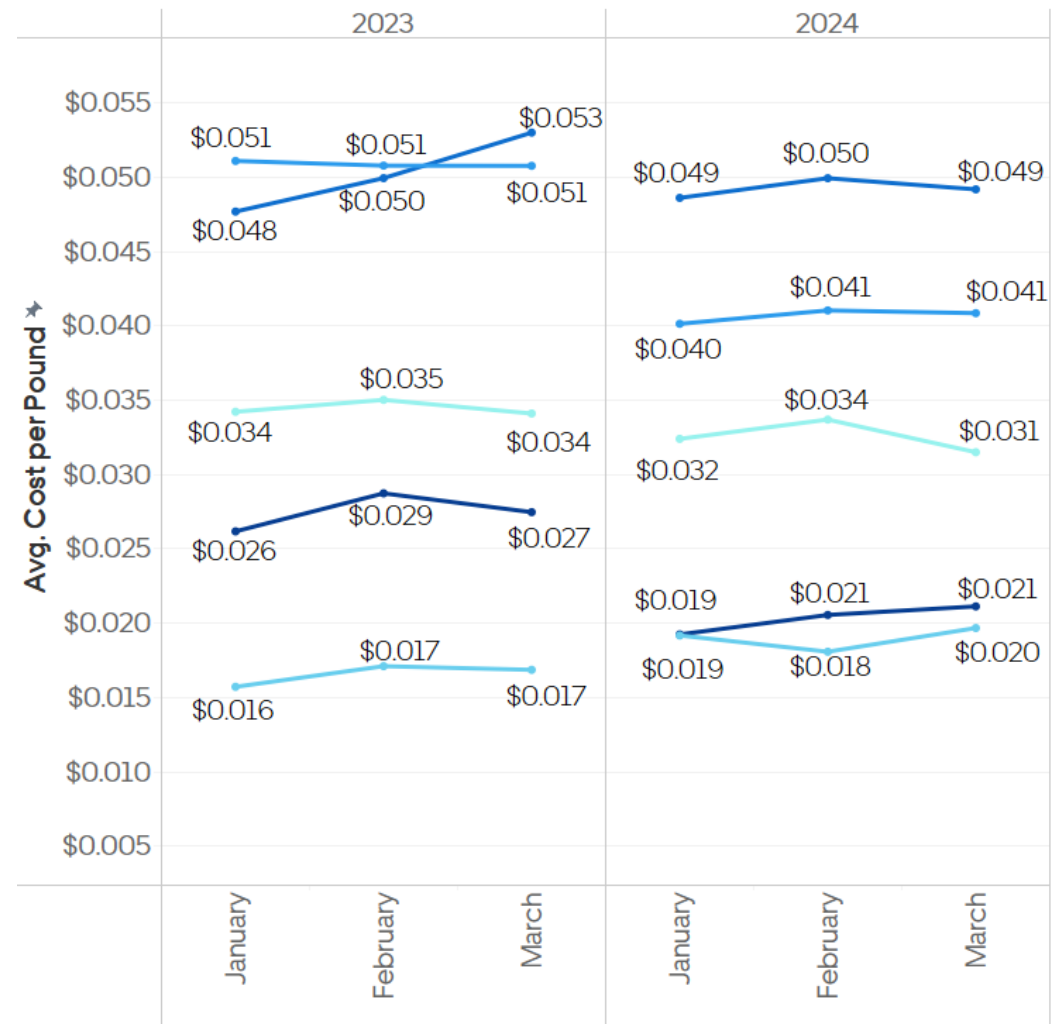


Bulk pricing trends

Bulk Rate per Mile by Equipment Type



Bulk Cost per Pound by Equipment Type



- Bulk Equipment Type
- Dry Bulk Tanker
 - ISO Tank/Intermodal Container
 - Liquid Bulk Tanker
 - Multi-Compartment Bulk Trailer
 - Specialized

Diesel fuel pricing trends



Current national diesel price - **\$4.061/gal**
(As of 4/8/24)



Brent Crude - **\$91.73(\$/bbl)**
(As of 4/8/24)



WTI Crude - **\$87.24(\$/bbl)**
(As of 4/8/24)

Current dry van fuel surcharge



| NATIONAL FUEL SURCHARGE | |
|-------------------------|---------------|
| \$0.47 (+\$0.01) | ▲ 2.2% |

Source: DAT (as of 4/9/24)

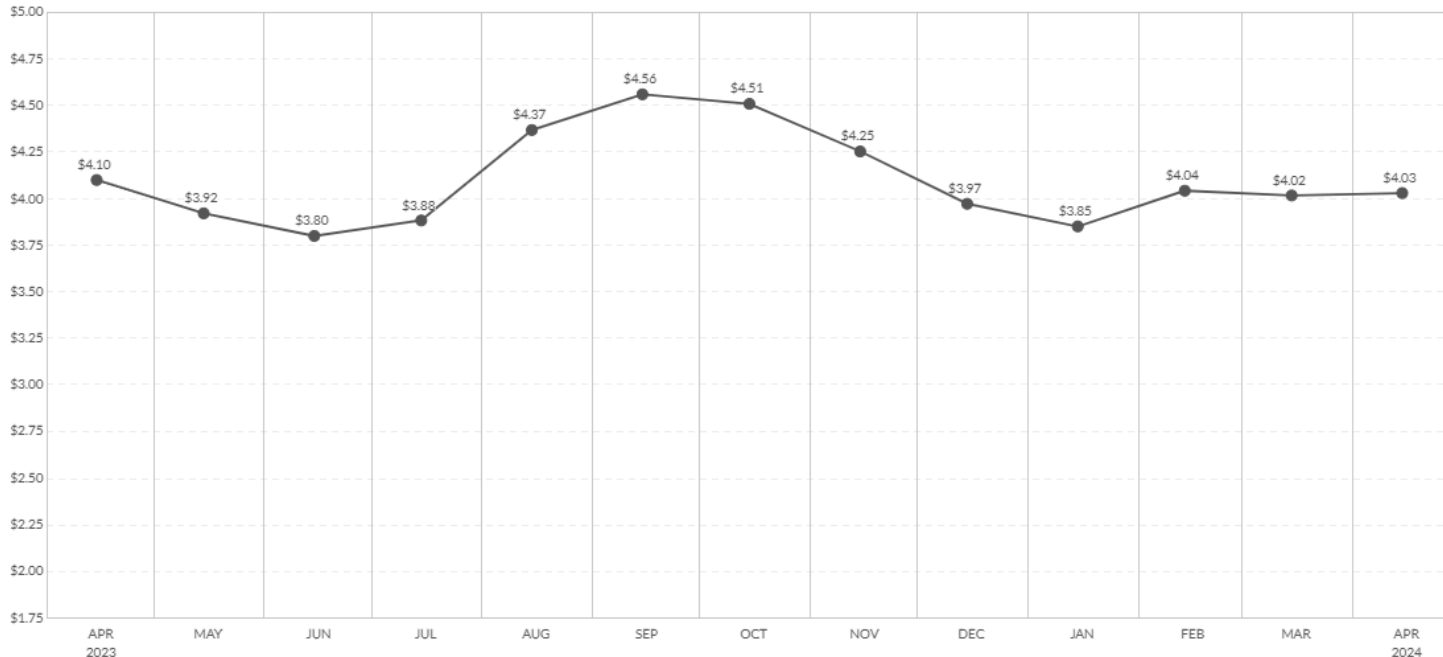
Current reefer fuel surcharge



| NATIONAL FUEL SURCHARGE | |
|-------------------------|---------------|
| \$0.51 (+\$0.01) | ▲ 2.0% |

Source: DAT (as of 4/9/24)

1 Year national diesel fuel averages

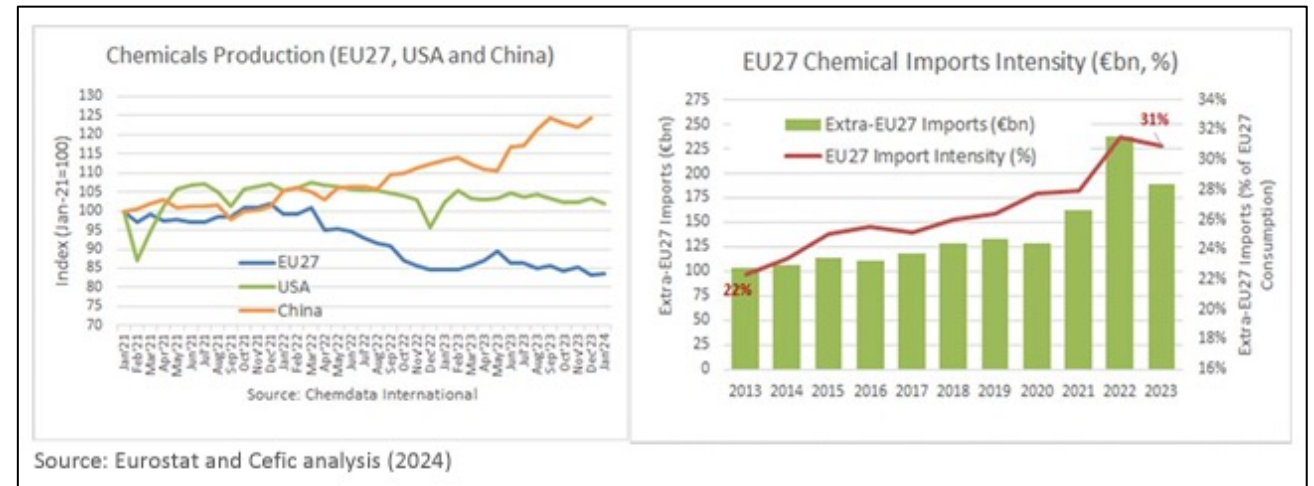
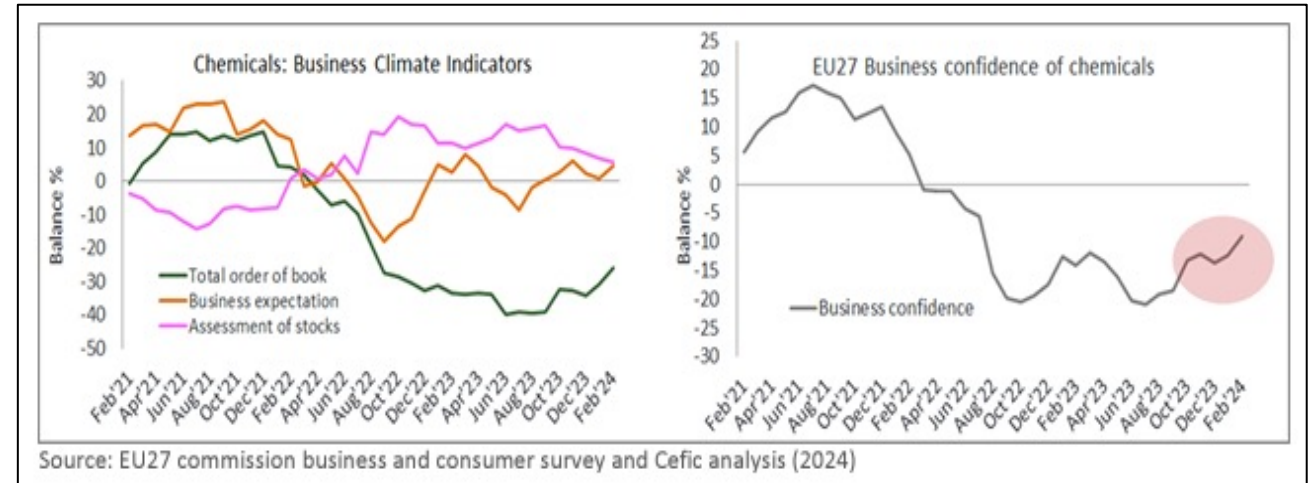


Source: DAT

- Diesel fuel prices have stabilized just above \$4 in March after a short-lived spike in early February
- WTI & Brent crude oil reached their highest respective levels since late October 2023, stemming from fears of an impending supply disruption. OPEC+ continues to limit production, constraining global supply of oil.
- Offshore oil & gas production for Summer & Fall could be in jeopardy as Colorado State University meteorologists predict an “extremely active” Atlantic hurricane season for 2024

Europe – EU27 chemical market trends

- Economic stagnation in Q4 of 2023 has led to sales and profit declines in several major European chemical companies, the key challenges being soft demand and high energy prices.
- This has led to announcements of major cost cutting programs in Q1 2024, affecting thousands of jobs, many of which are in Germany.
- In contrast, the latest EU economic survey shows a slight increase in confidence in the EU27 chemical industry.
- The European chemical market consumption continues to purchase high levels of imported products from non EU27 countries. Whilst the level of imports decreased in 2023 compared to 2022, the level is still markedly higher than 10 years ago.
- In February 2024, the European Commission published its guidance on EU funding for the co-implementation of the Transition Pathway of the Chemical Industry. The document aims to support chemical companies, especially SMEs, in finding opportunities to finance projects for the green and digital transition, such as investments in renewables and safe and sustainable chemicals.



Transpacific trade

US imports from Asia increased 18.1% in January compared to prior year and 39.7% in February. Current vessel utilization 80-85%

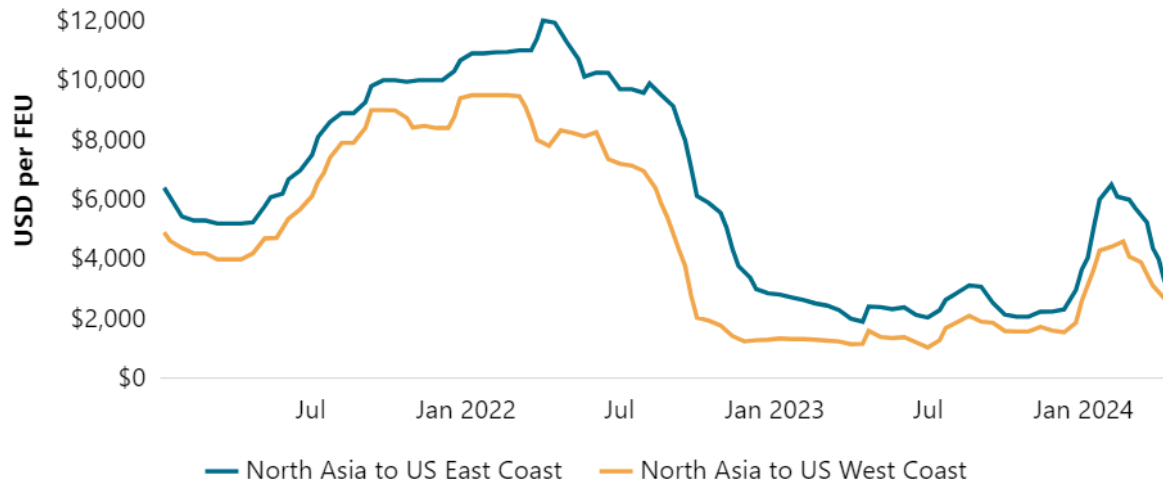
2024-2025 TPEB svc contract rates estimated to be 12 – 17% higher than PY

Ocean carriers are blanking fewer transpacific sailings due to longer voyages around southern tip of Africa. In May, Asia – US trades will have high highest level of container capacity in 17 months. March 2024 blank sailings = 11.7% of total vessel capacity on Asia to USWC & USEC lanes compared to 21.5% in March 2023 and 29% in March 2022.

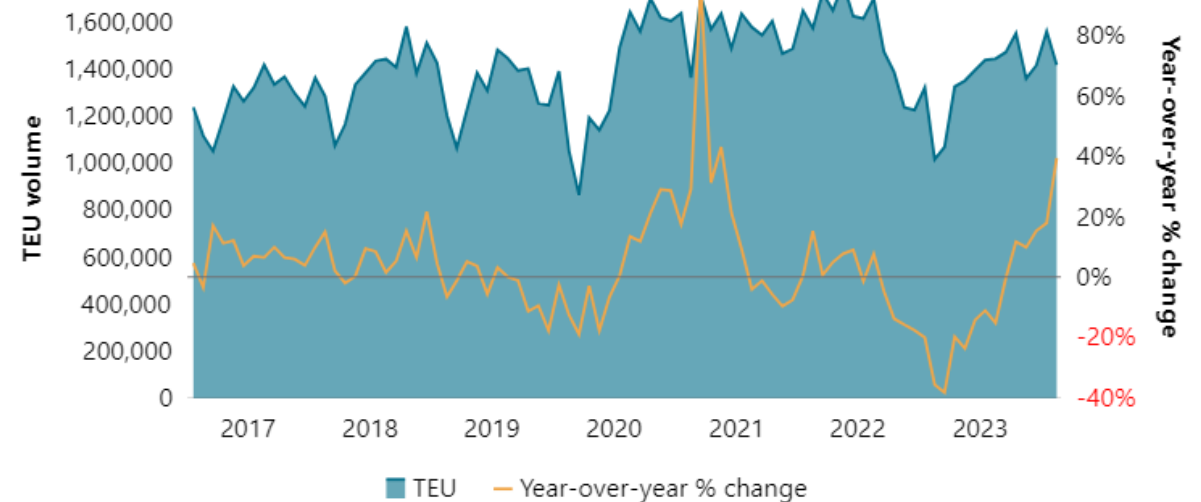
On-time vessel performance Asia to US declined in February. Schedule reliability Asia to USWC was 44.2% in February compared to 48.5% in January. Asia to USEC on time performance was 33.4% in February from 33.9% in January.

Rail dwell times in LA/LGB increased from 4.72 days in January to 6.26 in February due to increased import volume.

Trans-Pacific spot rates moderating amid service contract talks
Container spot rates from North Asia to US West and East coasts, in USD per FEU



US imports from Asia up year-on-year since October
Total monthly TEU volume of US containerized imports from Asia, with year-over-year change

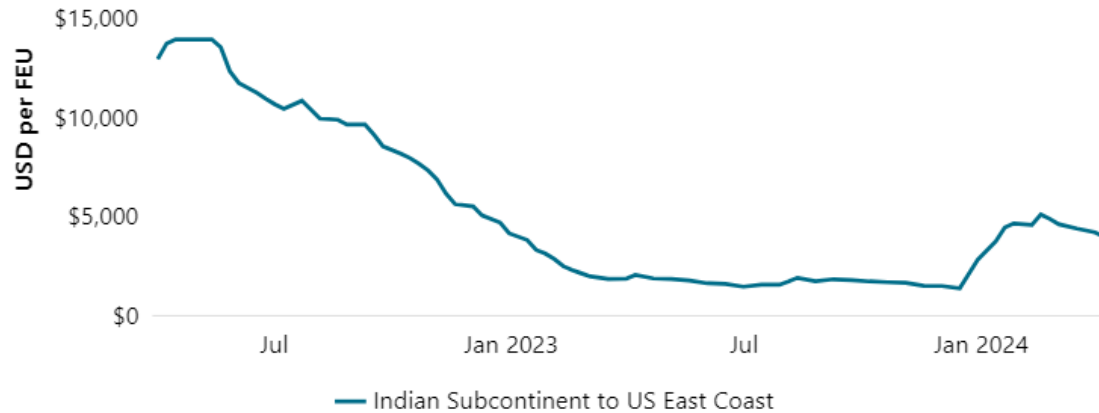


India - US trade

- In past 10 years, US imports from India have doubled to 1m TEU. USEC receiving larger % of volume - especially NY/NJ: 300k TEU ; Savannah 170k TEU; Port of Virginia 155k TEU.
- Total monthly TEU volume India to USEC increased 20% YoY
- Rates continue to decline as Red Sea disruptions normalize and over-capacity exists in trade.
- Indian export national goods outflows by value increased 12% in February YoY – an 11 month high per official data

India-US East Coast spot rates softening in March

Platts container rate Indian Subcontinent to US East Coast in USD per FEU



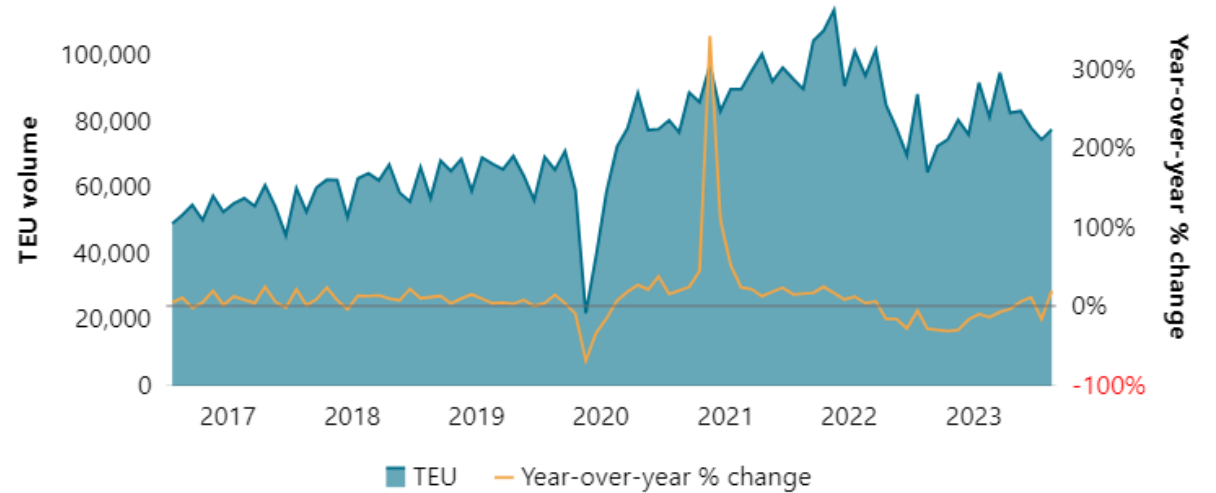
Source: Platts, S&P Global

© 2024 S&P Global

3M 6M 2Y YTD MAX

US East Coast imports from India ticked higher in February

Total monthly TEU volume of US East Coast container imports from Indian subcontinent, with year-over-year change



Source: PIERS, S&P Global

© 2024 S&P Global

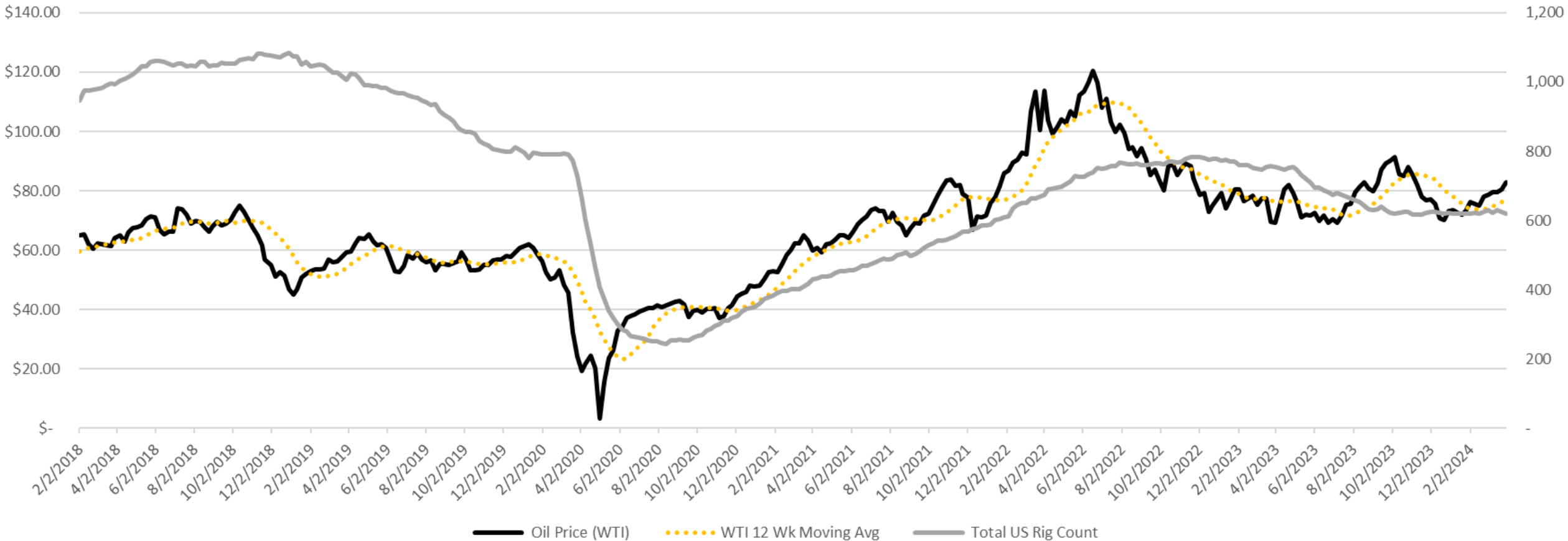
Chemical supply chain overview



Chemical industry news and updates: Energy

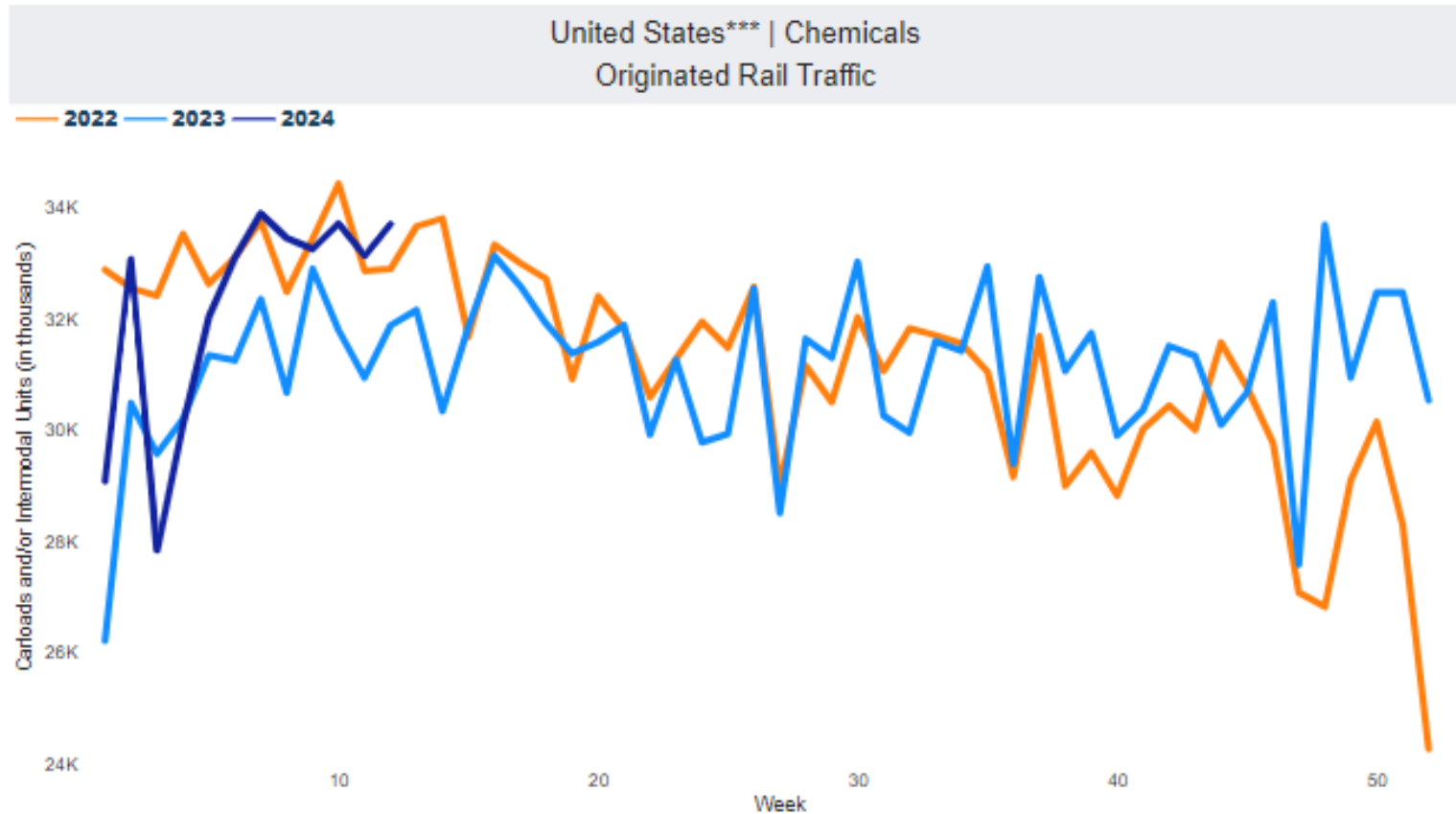
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 12.1% higher than same week prior year at \$82.73 per barrel (Mar 29, 2024, vs. Mar 31, 2023)
- US rig counts are 17.7% lower over the same period in 2023 decoupling on the short-term with the spike in Oil prices

Baker Hughes Total US Rig Count verse WTI Price



Chemical industry news and updates: Rail traffic

- March, total US originated rail volumes were up 4.2% on a YoY basis. This was primarily driven by Intermodal Boxes which are up 11.7% verse carloads which are down 3.5% YTD
- US Chemical volumes (chart below) continues to show strength on a YoY basis heading into the pivotal spring months.
- In March, Chemical carloads continue to outpace the market and prior year being up 5.7% (Intermodal stats are not captured at the commodity level).



*Canadian traffic includes the U.S. operations of Canadian railroads.

**Mexican traffic includes the U.S. operations of Mexican railroads.

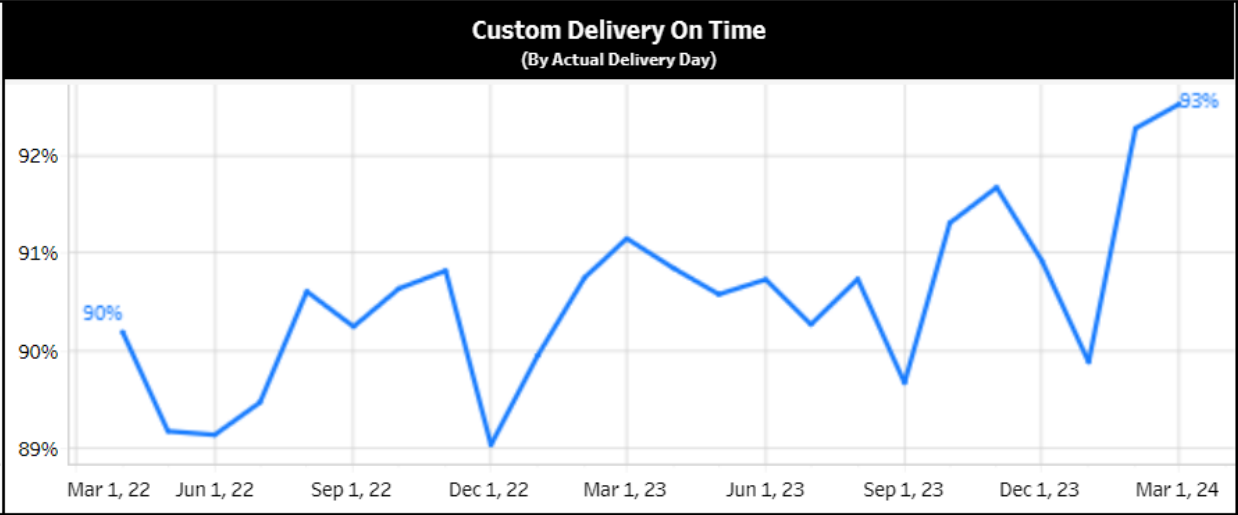
***United States traffic excludes the U.S. operations of Canadian and Mexican railroads.

©2023 Association of American Railroads.

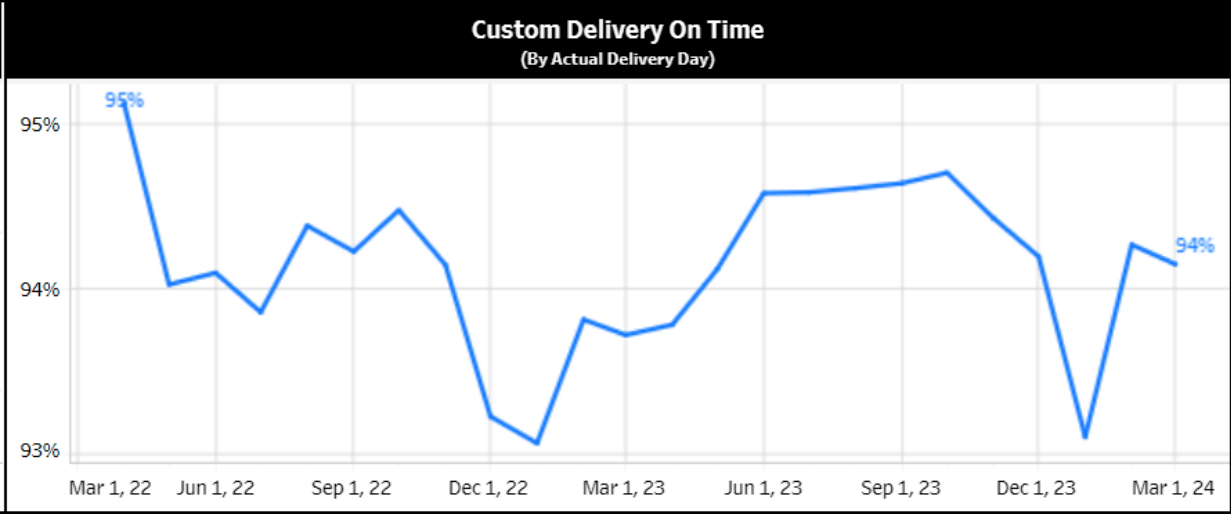


Chemical vertical on-time delivery by mode

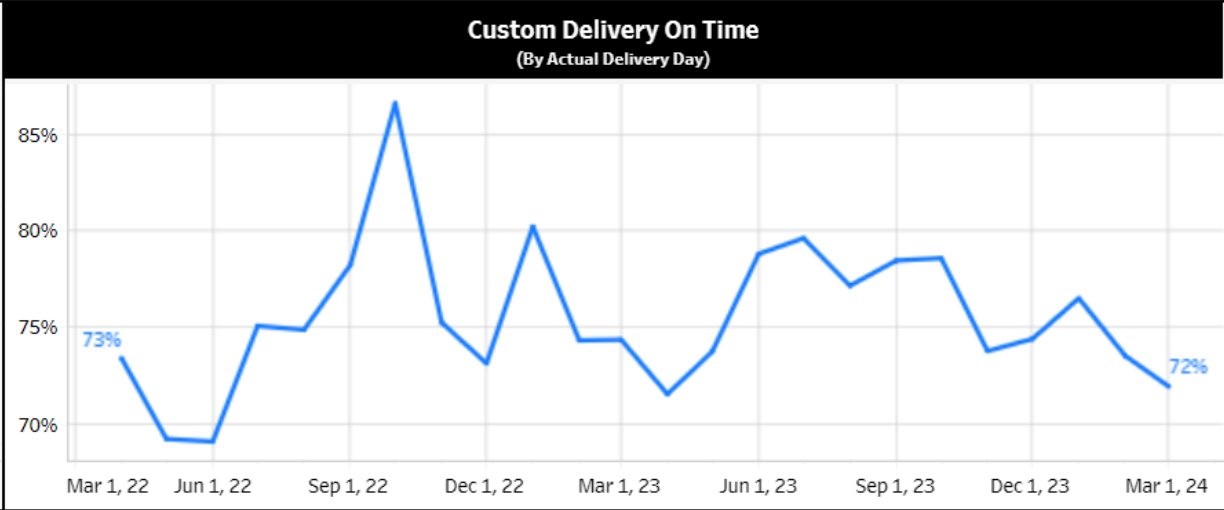
LTL



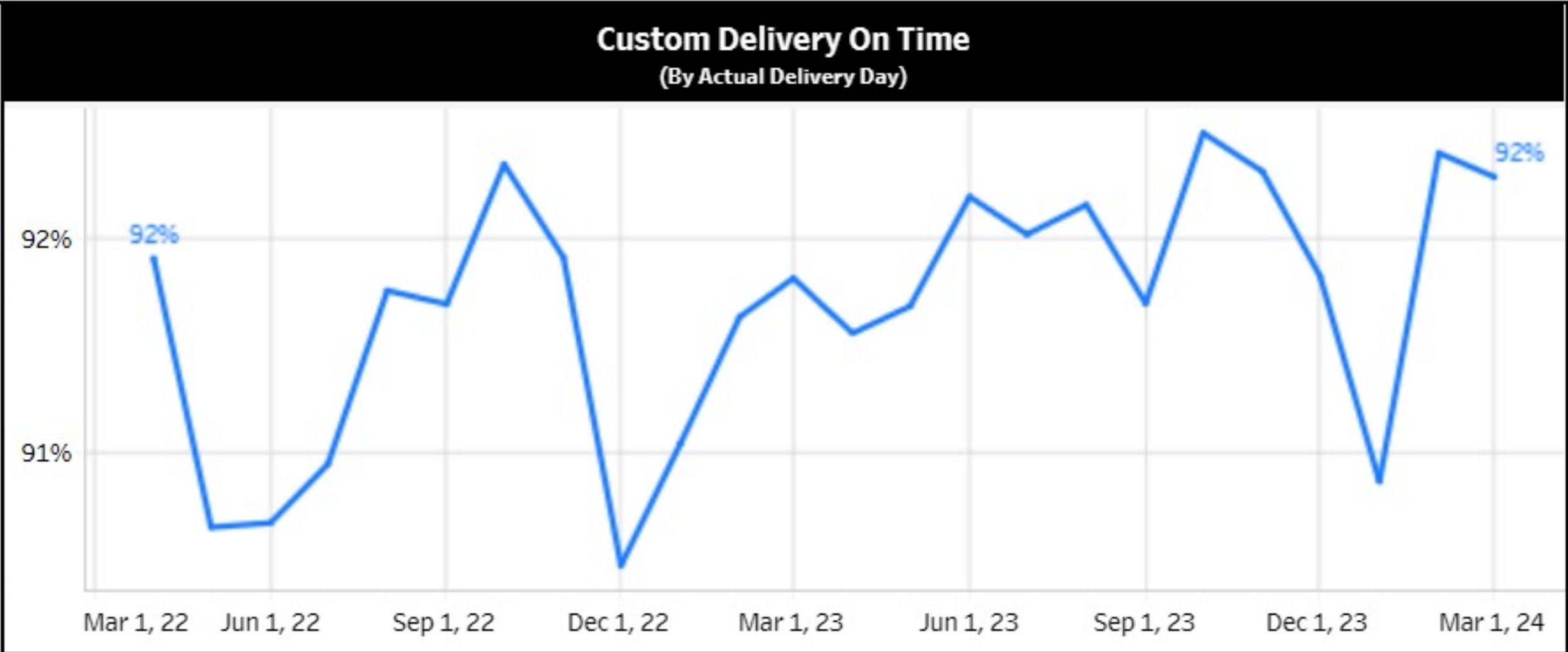
TL



Other



Chemical vertical on-time delivery*



*Out of more than 160,000 shipments each month, including all modes and two-hour tolerance for delivery appointments

Uber
Freight

Deliver 2024

Save the date

September 9-11

Omni PGA Frisco, Texas

We're pleased to offer you an
exclusive 25% discount

[Save my seat](#)

Uber Freight