

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

December 2024



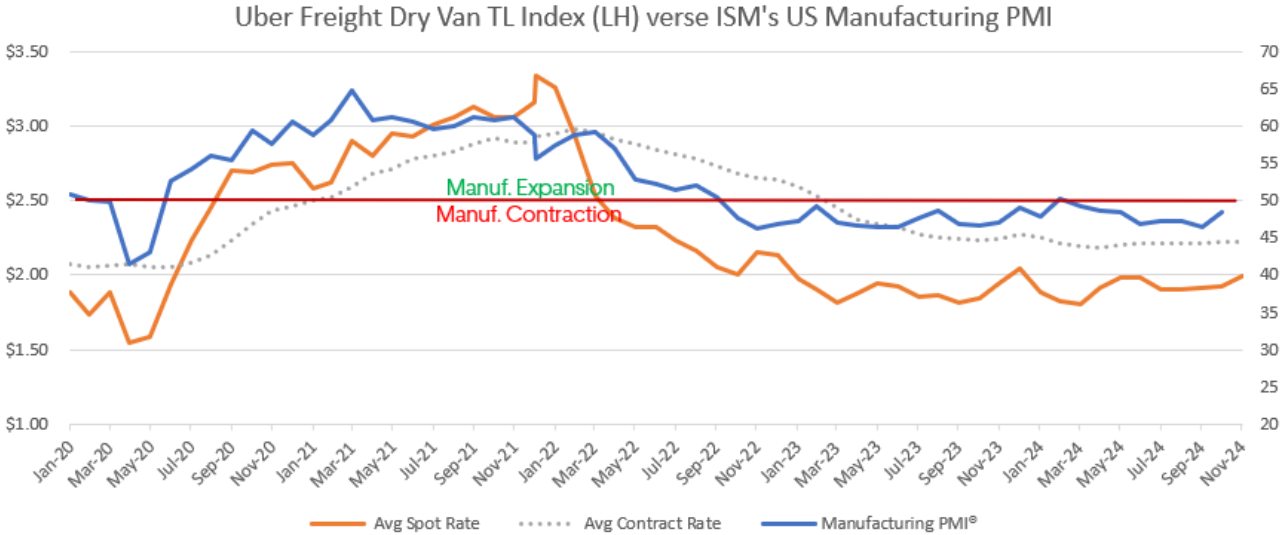
December 2024 overview



Executive summary

The November reading of [ISM's US Manufacturing PMI](#) saw a bit of strength verse October but remained in contractionary territory at 48.4 (46.5 in October). This marks 24 of the prior 25 months where the reading has been contractionary (with March 2024 being the lone exception over the past two years).

The ISM report for November did highlight that New Orders had returned to expansionary territory after 7 months below 50. Spot Truck rates correlate very closely with the ISM PMI, so if it strengthens in the new year, spot rates will follow.



As of the first week of December WTI Spot Crude sits at \$68.89 per barrel. This is 20% off the 2024 peak of \$86.51 realized in April. Oil saw a small swing upward in December as China signaled a loosening of monetary policy in 2025 to help jump start their economy.

Chemical industry news and updates

2025 Outlook

For 2025, the *American Chemistry Council (ACC)* is anticipating another year of moderate growth, with global production estimated to rise 3.5%. To remain competitive, chemical manufacturers are prioritizing sustainability, innovation, & resiliency to not only enhance performance, but also meet evolving regulatory requirements and consumer demand for sustainable products.

Sustainability

Between 2018 and 2022, greenhouse gas intensity for the chemical industry decreased by 7.4%, while energy efficiency improved by 6.9%. However, challenges remain in accessing low-carbon electricity, navigating policy changes, and capturing value across ecosystems. The industry needs a significant increase in renewable electricity capacity to meet net-zero targets and is exploring innovative strategies, including onsite clean energy generation and digital platforms for tracking carbon emissions. While decarbonization investments slowed in 2024 due to economic uncertainties, the industry's ability to overcome these challenges will be crucial for meeting the growing demand for sustainable products and achieving long-term success. [Our Uber Freight Emissions Dashboard is in conformance with the latest GLEC standards - ask about our estimates on Scope 3 Emissions.](#)

Innovation

- **Product** development of drop-in chemicals, where bio-based alternatives can be integrated into existing production lines, improving carbon footprints.
- **Process**: improve efficiency and sustainability, utilizing methods like digital automation and AI-driven analytics to optimize production and reduce waste.
- **Ecosystem**: encourage collaboration across industries and research institutions to promote circular economy practices, such as recycling and reuse.

Resiliency

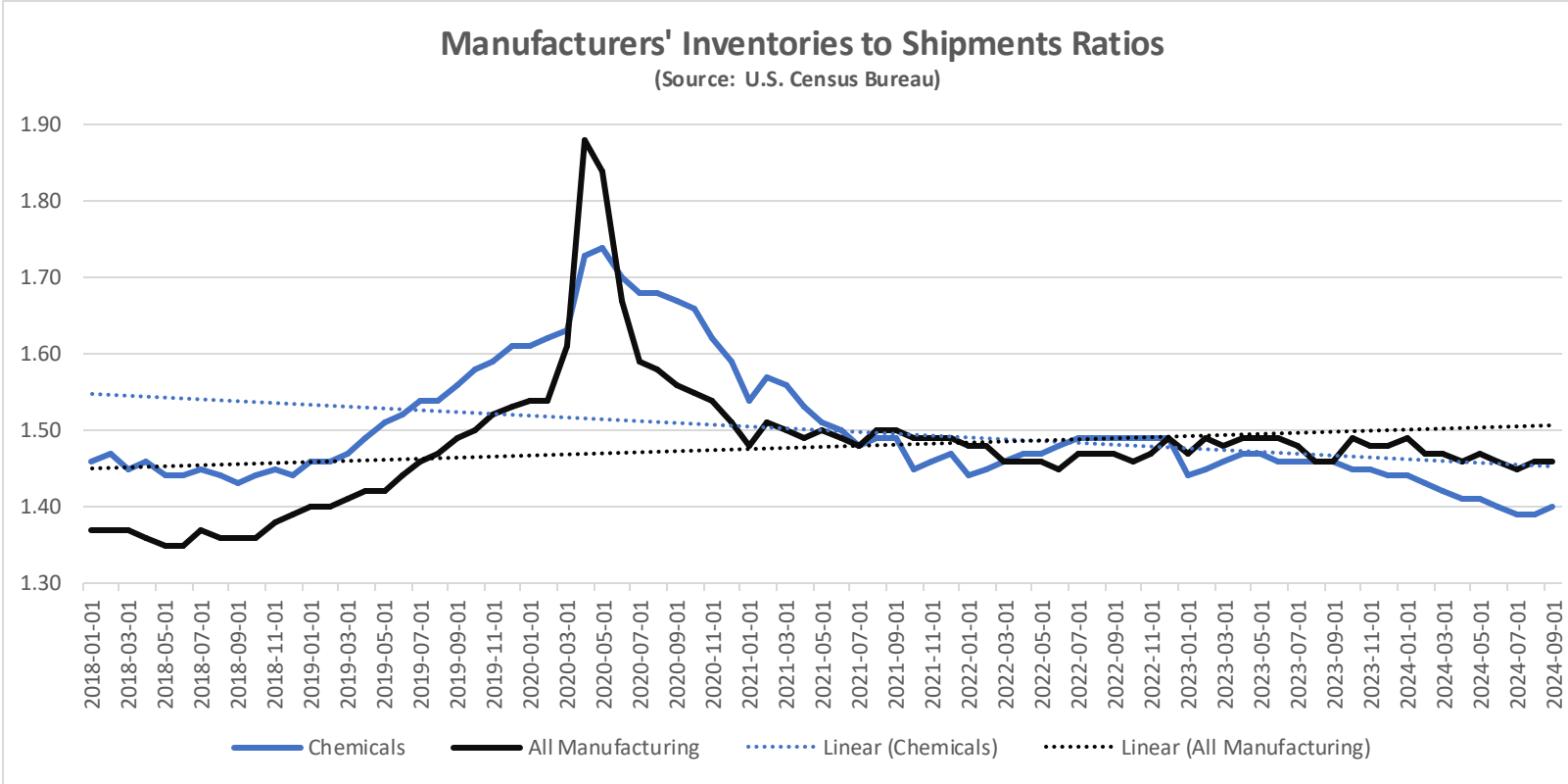
Chemical manufacturers are currently navigating a complex and evolving global supply chain landscape, influenced by geopolitical, macroeconomic, & climate events. Disruptions in natural gas supplies and droughts affecting trade routes, along with varying regional regulations, continue to impact sourcing strategies and investment decisions. As regional shifts in supply and demand unfold, companies are adopting digital technologies like AI and analytics to enhance decision-making and forecasting, decentralizing operations, and diversifying their supplier base. To thrive in this environment, chemical manufacturers must adapt to ongoing macroeconomic trends, policy changes, and global risks, by strategically transforming their portfolios through mergers, acquisitions, and partnerships to capitalize on high-growth markets and establish resiliency throughout all value chains.

Chemical transportation trends



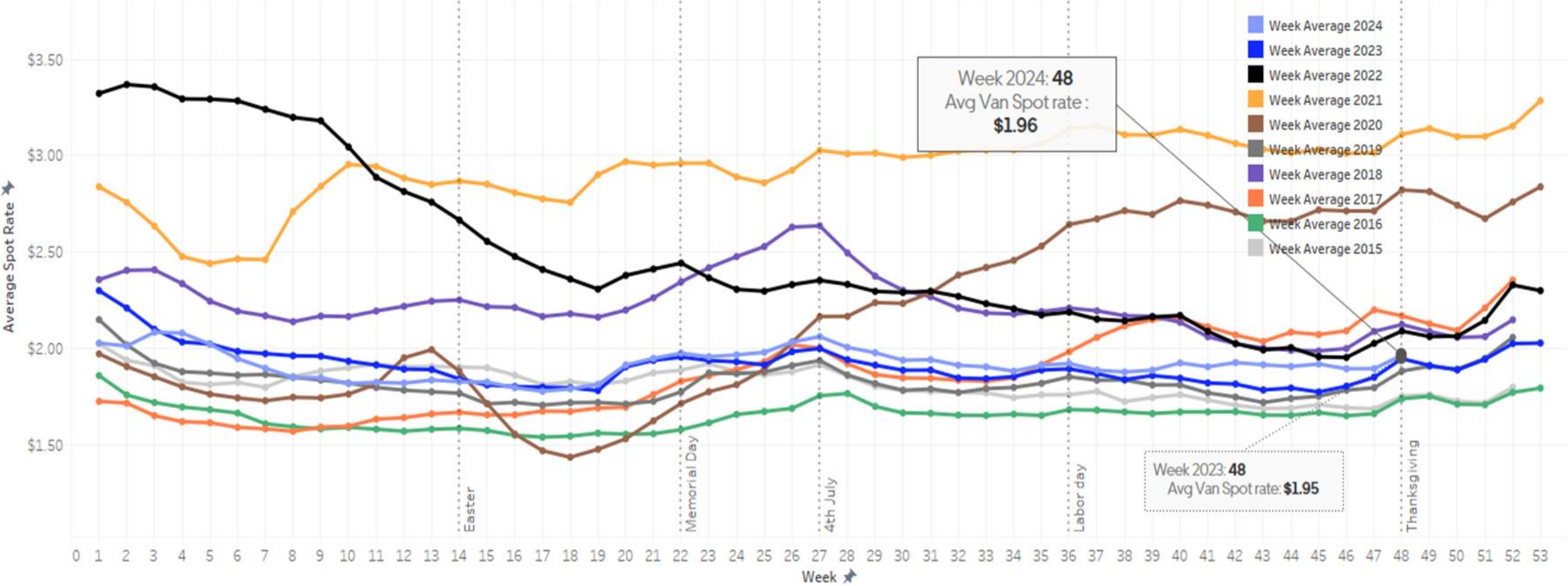
Inventory levels

- In September of 2024, chemical manufacturers realized inventory levels 13.6% below pre-pandemic levels (compared to February 2020) and down 4.1% 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 (5.2% lower than 2020).
- In September, all manufactures had inventory to shipment levels remained flat MoM and flat YoY.
- Chemical inventories to shipments ratio remain near 10-year lows (comparable to winter of 2015).



Truckload (TL) trends

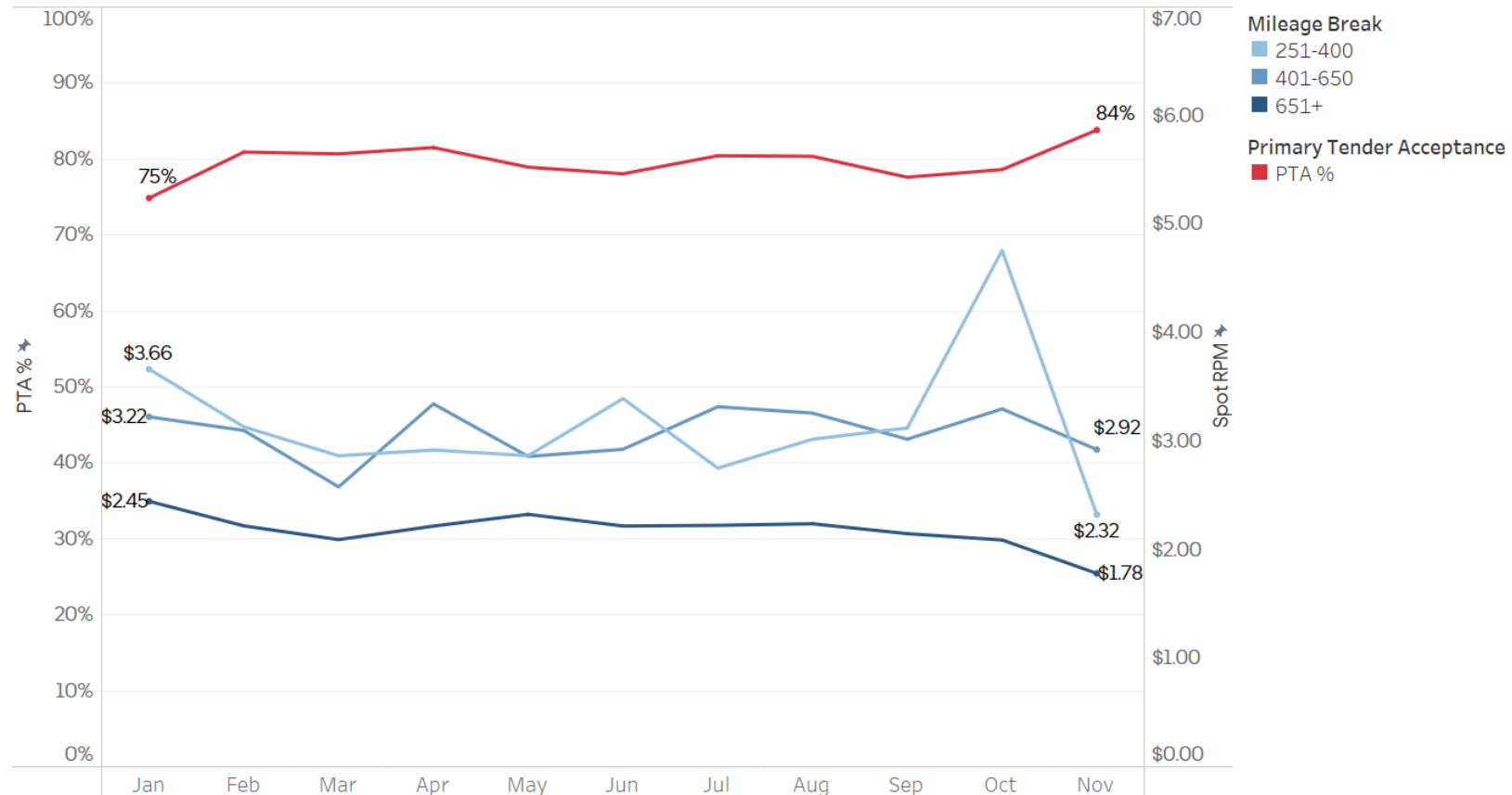
Weekly average dry van spot rate (Week 48)



Hazardous materials tendering trends

- Spot Rate per Mile (RPM) for long haul (> 650 miles) dry van Truckload (TL) Hazmat shipments searches for a bottom, creating a new low for the year at \$1.78/mile in November
- Primary Tender Acceptance (PTA) for Hazmat Truckload (TL) recorded the first significant increase for the year, finishing November at 84%

Hazmat TL: PTA % vs Spot RPM by Mileage Break

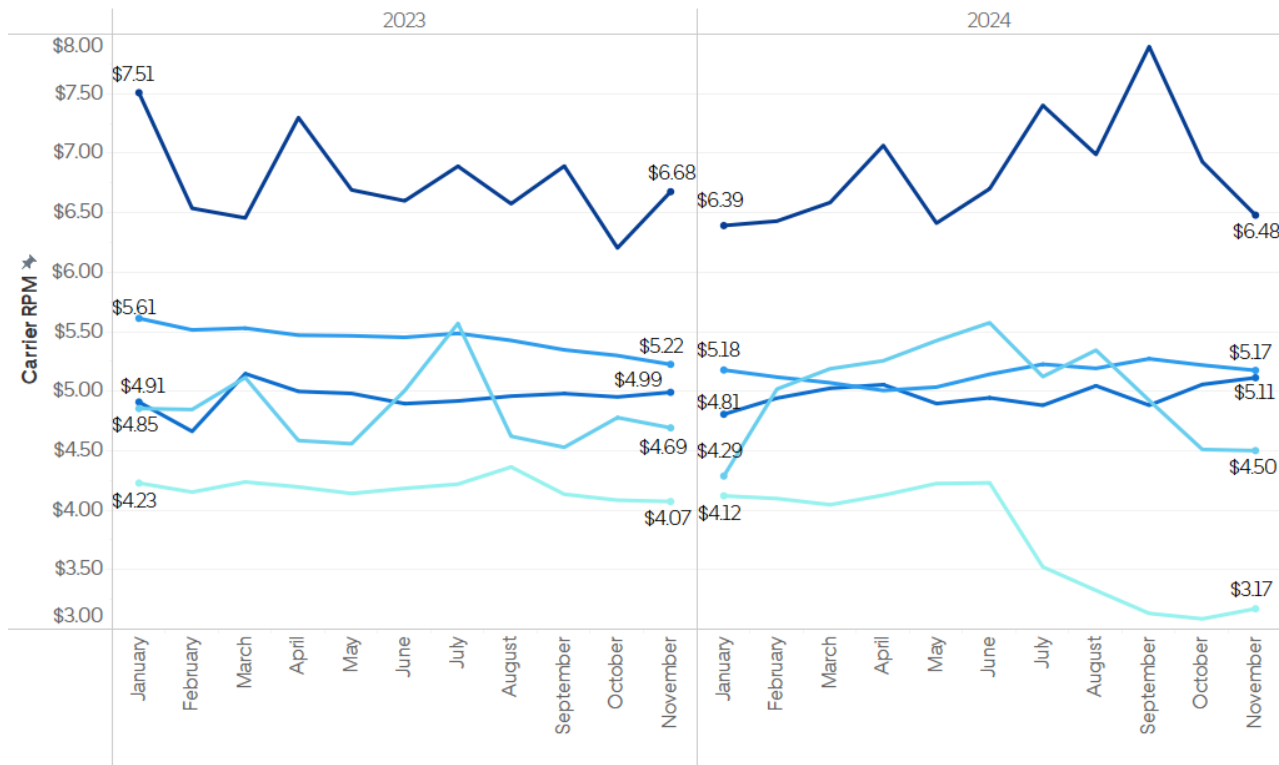


Bulk pricing trends

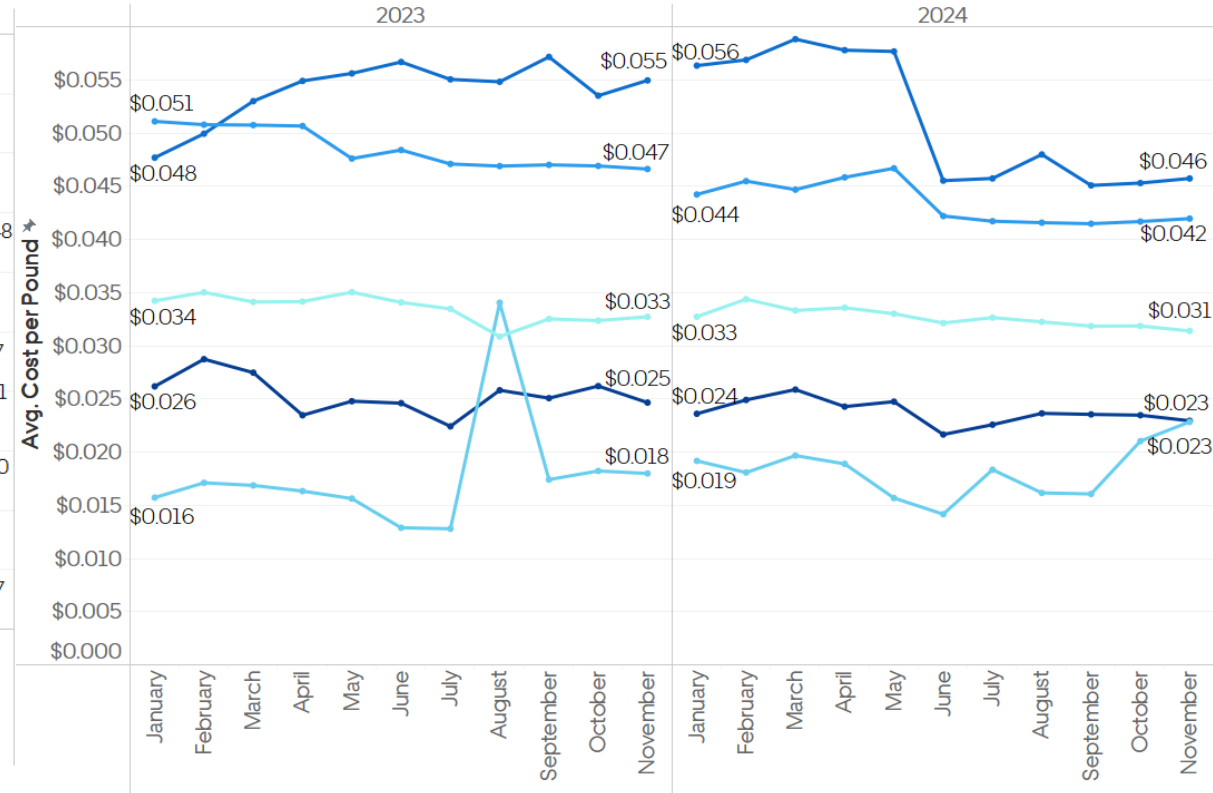
- Rate per Mile (RPM) for ISO Tanks/Intermodal Container has found stability at \$4.50/mi
- Dry Bulk Tanker RPM, continues to bottom but up 2.59% *MoM*
- Liquid Bulk & Multi-Compartment RPM see continued stability



Bulk Rate per Mile by Equipment Type



Bulk Cost per Pound by Equipment Type



Diesel fuel pricing trends



Current national diesel price - **\$3.458/gal**
(As of 12/9/24)



Brent Crude - **\$73.73(\$/bbl)**
(As of 12/9/24)



WTI Crude - **\$68.65(\$/bbl)**
(As of 12/9/24)

Current dry van fuel surcharge



Fuel Surcharge

\$0.44 (-\$0.01)

↘ Rate is decreasing

Source: DAT (as of 12/10/24)

Current reefer fuel surcharge



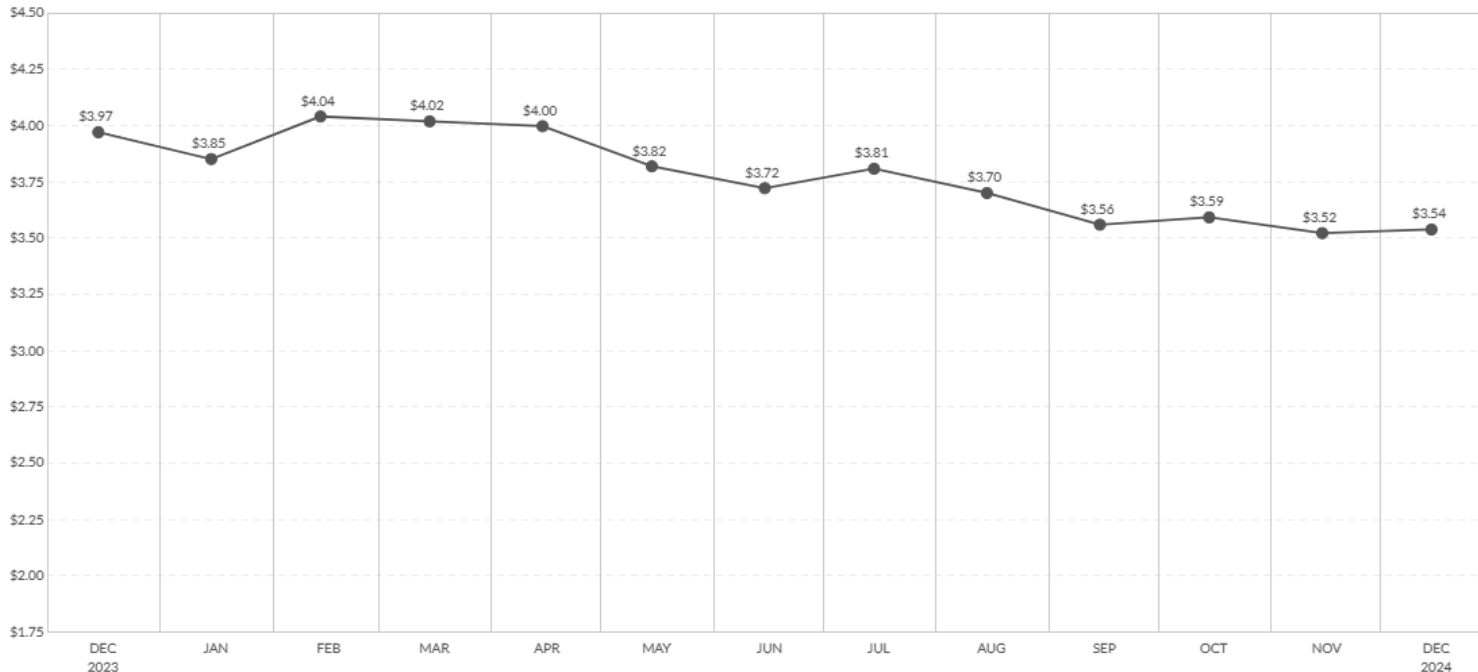
Fuel Surcharge

\$0.48 (-\$0.02)

↘ Rate is decreasing

Source: DAT (as of 12/10/24)

1 Year national diesel fuel averages



Source: DAT

- Crude prices remain uneventful as they continue to bounce around in the \$65-\$74 range
- In November, Chinese imports of crude oil recorded the highest month in volume since August 2023, up 14% YoY for the month of November
 - This increase is most likely driven by price cuts on crude by Saudi Arabia & Iraq, giving the Chinese an opportunity to pad inventories but not seen as a strong indicator for future demand

Warehousing

Key factors impacting warehousing



Demand

- Strong consumer spending continues in Q3 2024
- Consumer spending was up 2.8% YoY
- Retail sales held strong through Q3 2024, hitting a new all-time high of \$482B in Aug. 2024



Labor

- Warehouse employment was up 0.9% at the end of Q3 when compared to the end of Q2
- Wages hit a new all-time high in Aug. 2024 (\$24.43/hr) before falling slightly to \$24.03/hr in Sep. 2024



Commodities

- The price of steel is down 11% QoQ and down 11% YoY
- The price of wooden pallets is down 2% QoQ and down 10% YoY



Inventory

- Retail inventory increasing near all-time highs
- Inventory to sales ratio held steady at 1.14, signifying lean inventories

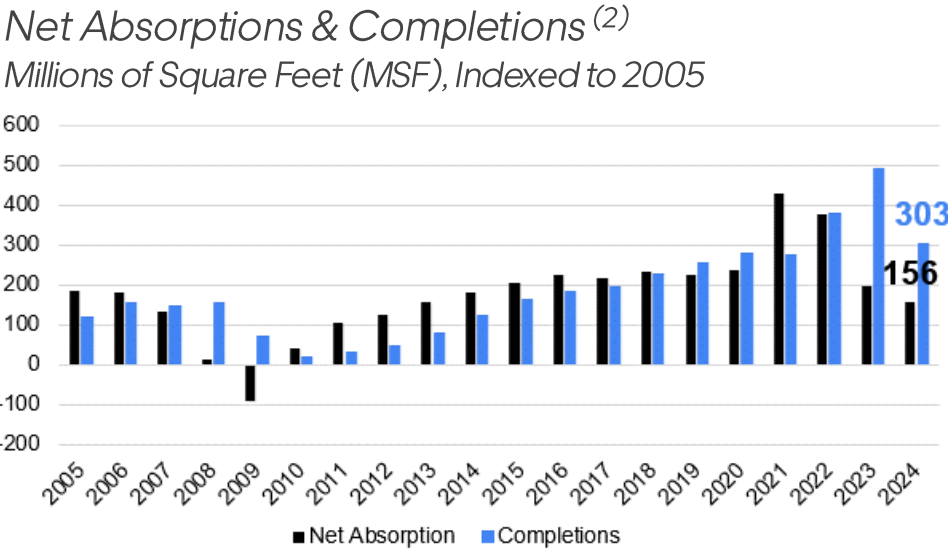
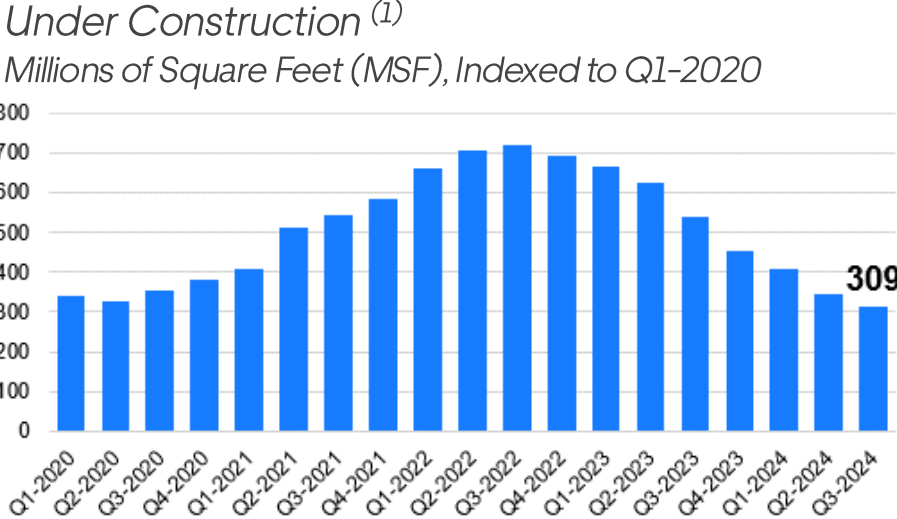


Space

- The under-construction pipeline lowest it has been since 2018
- New deliveries continue to outpace net absorption
- Vacancies ticked up to 6.4% in Q3 2024
- Asking rent continued to increase but at a historically slow rate

Warehouse space outlook

Lowest construction pipeline since 2018



Q3 2024 Warehousing recap:

- The construction pipeline reached a low not seen since 2018, given high interest rates and slowing demand, construction pipeline is slowing rapidly (1)
- Net absorption was modest in the third quarter, as some large occupiers continued to shed unneeded space due to cooling consumer demand and shifting of inventory strategies (1)
- Cushman & Wakefield reported another 90 MSF of new industrial facilities were delivered in the third quarter, marking the first time quarterly deliveries fell below the 100 MSF mark since the first quarter of 2022 (1)

Q3 2024 → Q4 2024 Outlook:

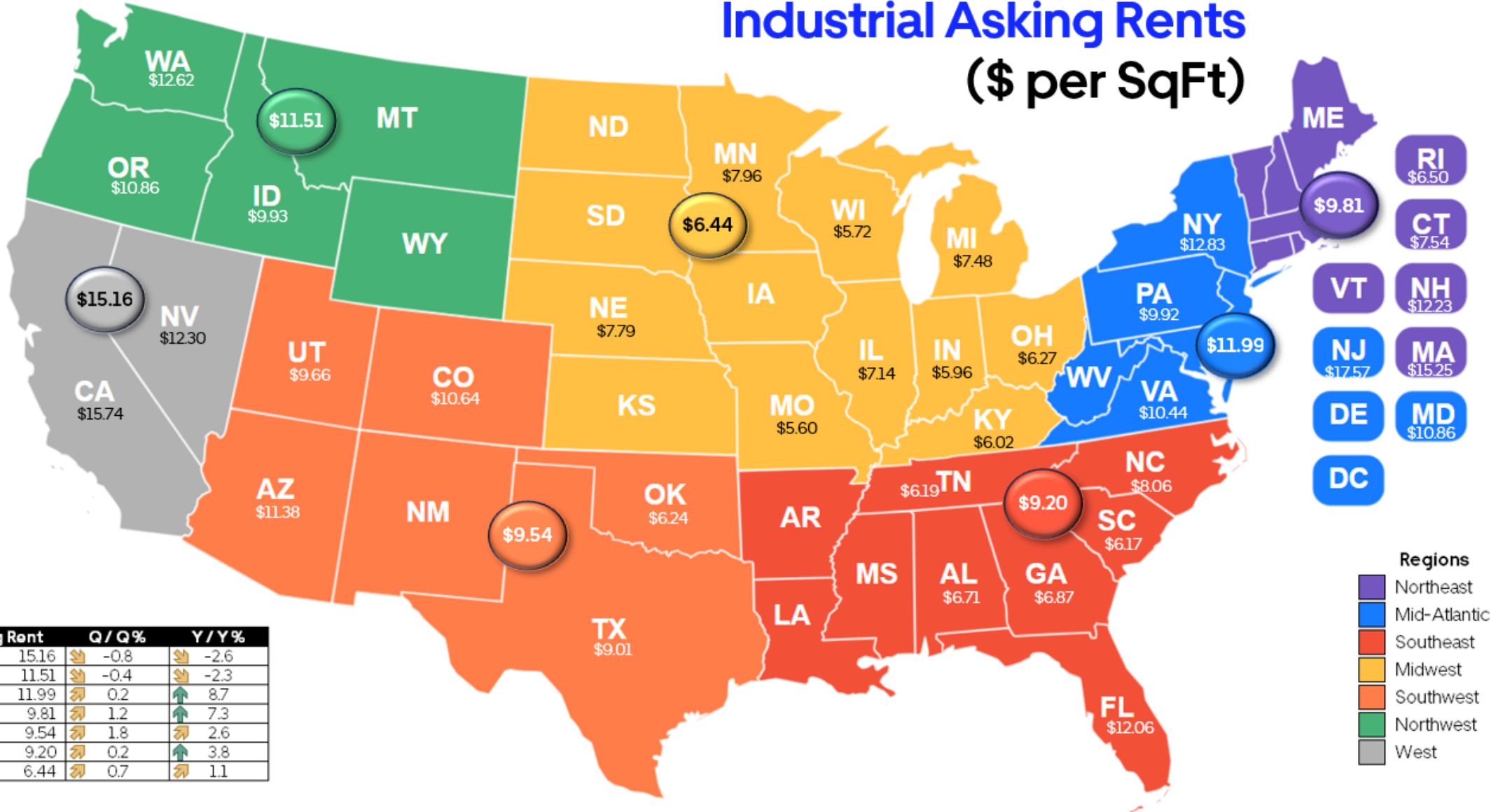
- This sharp drop in new construction sets the stage for vacancy to erode and rent growth to accelerate more meaningfully in the outer years of our forecast horizon (2026-27) (1)
- Net absorption is forecast to increase from around 100 MSF in 2024 to over 200 MSF in 2025, and more than 260 MSF in 2026 (1)

Industrial Asking Rents (\$ per SqFt)

Top 10 Increased		
Rank	State	Q / Q%
1	OK	↑ 5.1
2	CO	↑ 4.8
3	UT	↑ 4.0
4	NE	↑ 3.6
5	NH	↑ 3.1
6	AL	↔ 2.8
7	OR	↔ 1.9
8	WA	↔ 1.8
9	SC	↔ 1.6
10	MA	↔ 1.5

Top 10 Decreased		
Rank	State	Q / Q%
34	ID	↓ -7.0
33	NV	↓ -3.1
32	IN	↔ -1.7
31	TN	↔ -1.5
30	CA	↔ -0.3
29	NC	↔ -0.3
28	MD	↔ -0.3
27	VA	↔ -0.2
26	RI	↔ 0.0
25	IL	↔ 0.0

Region	Avg. Asking Rent	Q / Q%	Y / Y%
West	\$ 15.16	↔ -0.8	↔ -2.6
Northwest	\$ 11.51	↔ -0.4	↔ -2.3
Mid-Atlantic	\$ 11.99	↔ 0.2	↑ 8.7
Northeast	\$ 9.81	↔ 1.2	↑ 7.3
Southwest	\$ 9.54	↔ 1.8	↔ 2.6
Southeast	\$ 9.20	↔ 0.2	↑ 3.8
Midwest	\$ 6.44	↔ 0.7	↔ 1.1



Notes: Data as of Q3, 2024 | Source: Cushman & Wakefield US Industrial Marketbeat | Graphic: Tom Kinder / Uber Freight

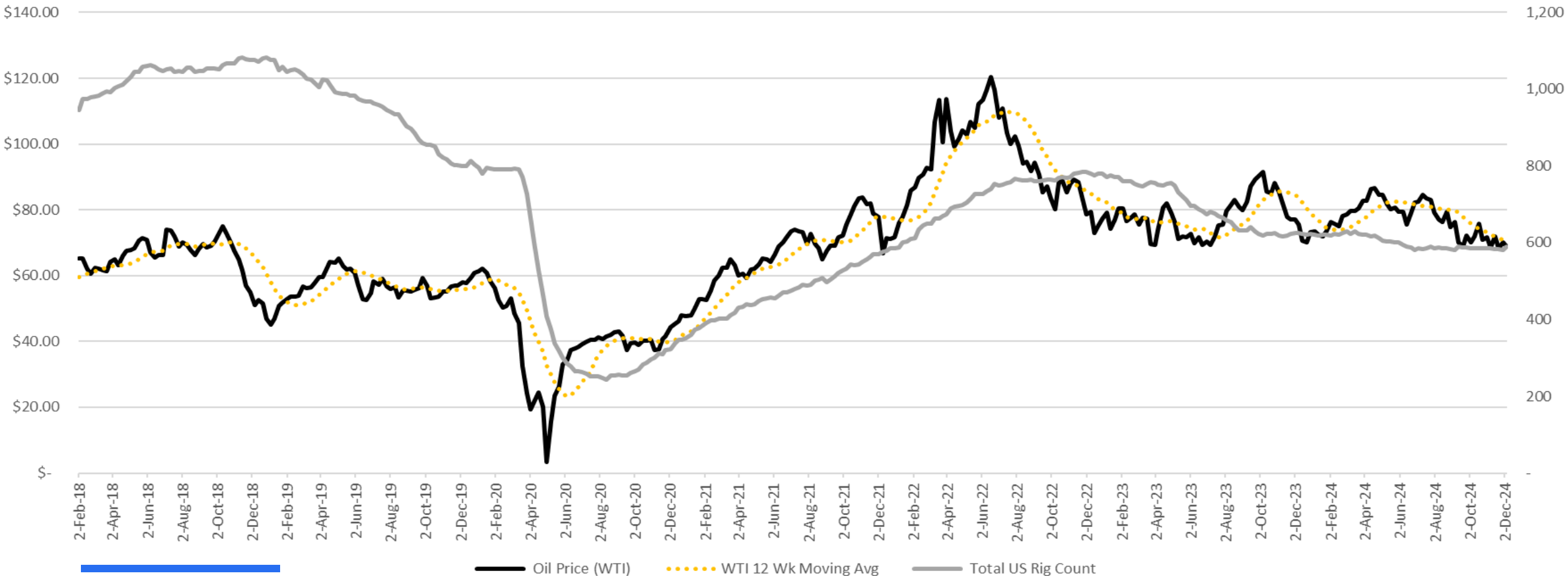
Chemical supply chain overview



Chemical industry news and updates: Energy

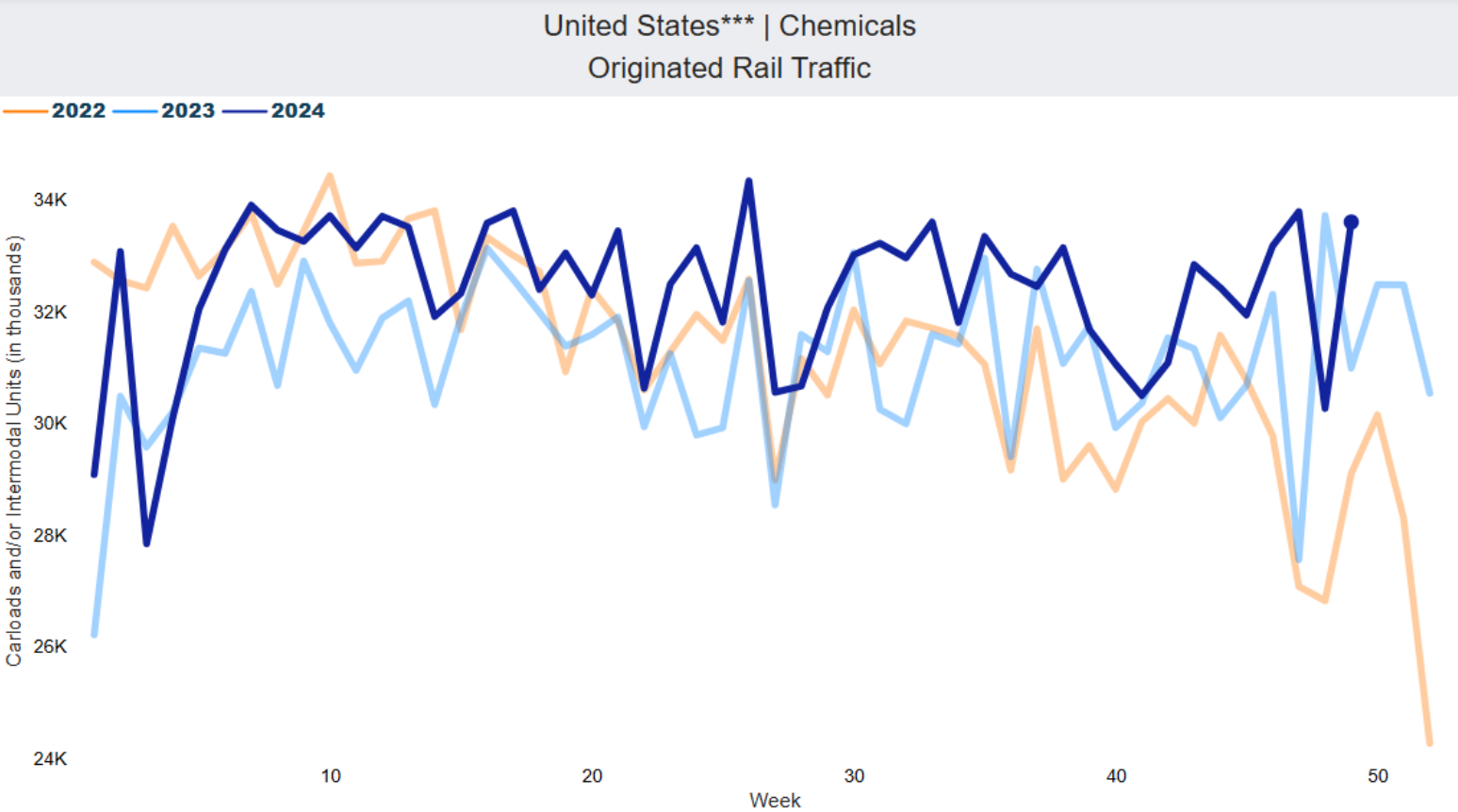
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 2.6% lower than same week prior year at \$68.89 per barrel (December 6, 2024, verse December 8, 2023)
- US rig counts are 5.9% lower over the same period in 2023. Rig counts have been down the entire year and although oil has fluctuated, rigs have flattened out over the prior 8 weeks

Baker Hughes Total US Rig Count verse WTI Price



Chemical industry news and updates: Rail traffic

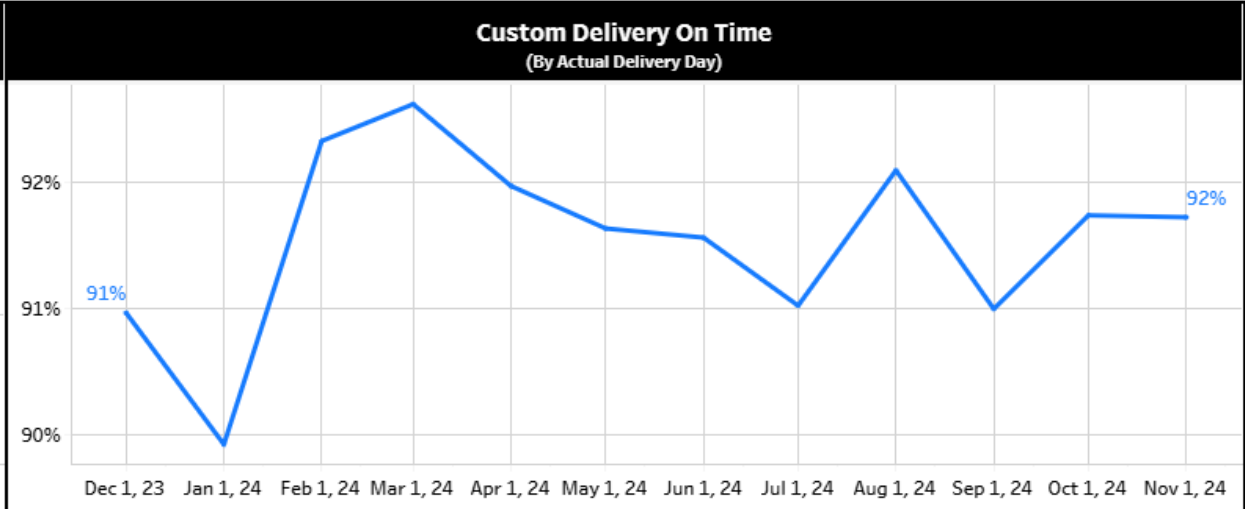
- US Chemical volumes (chart below) continues to show strength on a YoY basis
- Chemical carloads have showed YoY strength throughout 2024, as they are up by 4.5% through September (Intermodal stats are not captured at the commodity level)



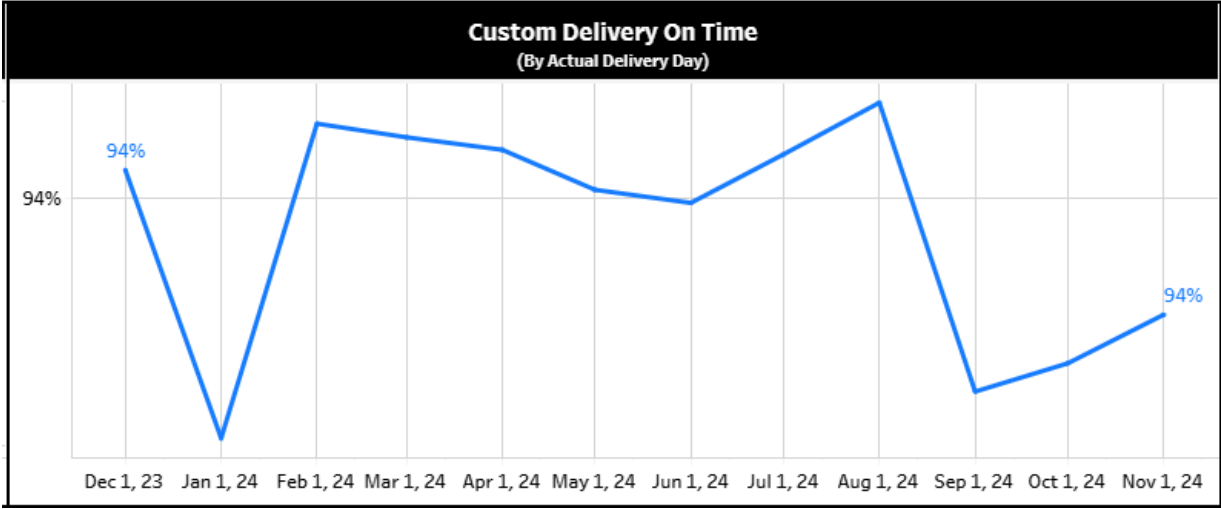
*Canadian traffic includes the U.S. operations of Canadian railroads.
**Mexican traffic includes the U.S. operations of Mexican railroads.
***United States traffic excludes the U.S. operations of Canadian and Mexican railroads.
©2023 Association of American Railroads.

Chemical vertical on-time delivery by mode

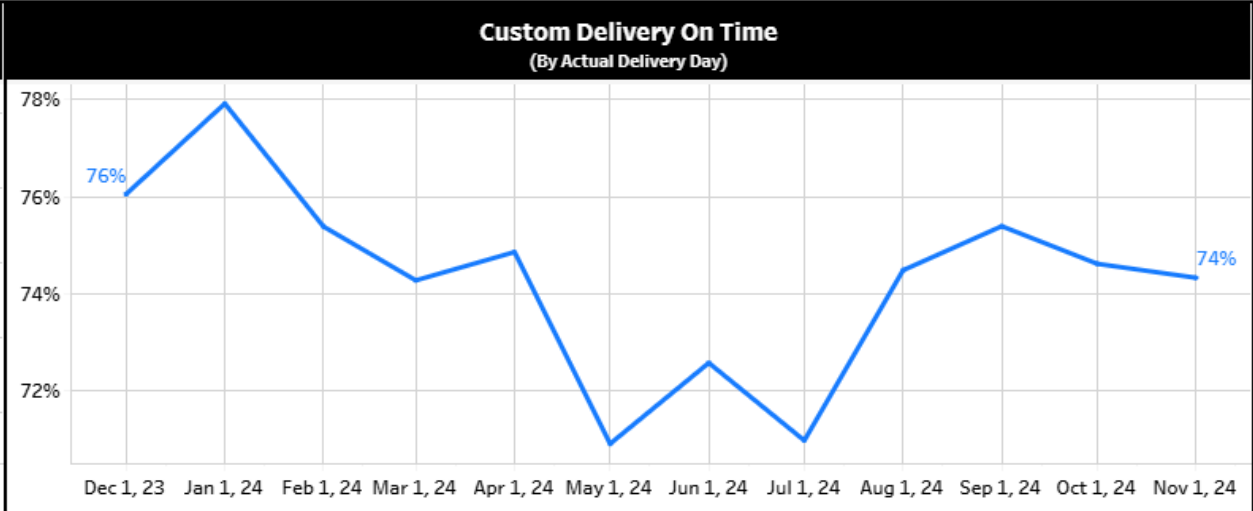
LTL



TL

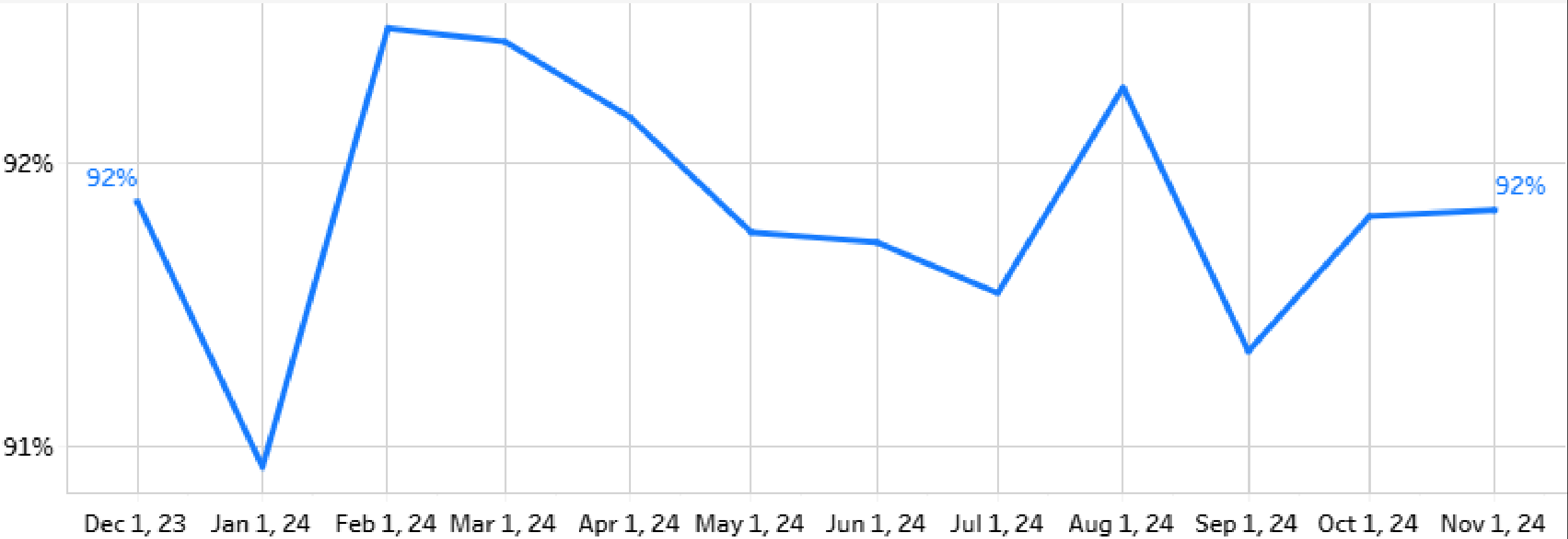


Other



Chemical vertical on-time delivery*

Custom Delivery On Time
(By Actual Delivery Day)



*More than 170,000 shipments each month, including all modes and two-hour tolerance for delivery appointments

Get started with Uber Freight's supply chain solutions

Uber Freight consulting and training teams deliver insights and expertise to optimize end-to-end supply chain performance and drive savings no matter what the current market conditions present.

[Get a free consultation →](#)

Uber Freight