

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

March 2024



February 2024 overview



Executive summary

Through the first 8 weeks of 2024, U.S. chemical shippers are showing year-over-year (Y-o-Y) strength in both production and volume. The [Association of American Railroads](#) is reporting a 4.3% Y-o-Y increase in chemical carloads YTD and [ISM's PMI](#) reading for February Production showed expansion for chemical manufacturers (although the overall index showed contraction). Inventories remain low for chemical manufacturers, pulling demand forward to restock and supply customers.

The [American Chemistry Councils](#) January reading on Global Production showed a 4.5% increase Y-o-Y. This growth was met with tepid enthusiasm as production was down 0.3% from December (with only Africa and the Middle East not contracting). January's freeze in the Gulf Coast is cited and hampering production in the U.S. and the ramp down for the lunar new year slowed production in China.

Conversations with Bulk Carriers are showing that pricing pressure and increase costs for insurance and maintenance have compressed margins. Tank washout charges (typically passed to shippers) have inflated significantly since Covid with carriers citing the average tank wash in excess of \$400 (not including heel disposal charges).

Crude inventories saw a significant recovery in the EU and followed seasonal patterns in the U.S. WTI Crude prices ended February up Y-o-Y (4.4%) and the 12-week moving average has accelerated for 2 consecutive weeks after 15 straight weeks of decline.

Chemical industry news and updates

Bioplastic boost

With sustainability & circular economies established as top priorities for chemical manufacturers going forward, global production of bioplastics has surged in efforts to meet the demand for environmentally safe chemicals that reduce the carbon footprint.

Chemical manufacturers

Despite soft demand in the short term, chemical manufacturers remain optimistic about future orders as their customers' inventory sits at relatively low levels.

U.S. Truck Freight: Commodity Groups & Trailer Types

Seasonally Adjusted (000,000s of Loadings Originated)

F = Forecast	MONTH							QUARTER				
	Nov-23	Dec-23	Jan-24	Feb-24F	Mar-24F	Apr-24F	May-24F	Q3'23	Q4'23	Q1'24F	Q2'24F	Q3'24F
Total Truck Loadings	65.53	65.56	65.68	65.75	65.81	65.83	65.92	197.15	196.65	197.24	197.78	198.97
Active Truck Utilization Rate (%) ²	88.9%	88.9%	89.0%	89.2%	89.5%	89.9%	90.2%	89.1%	88.9%	89.2%	90.2%	91.3%
Commodity Groups												
Food & Kindred Products	-1.4%	0.3%	-2.2%	-2.0%	-1.0%	-2.3%	-0.2%	-1.7%	-1.2%	-1.8%	-0.7%	2.1%
Stone, Clay, Glass & Concrete	-2.1%	-2.9%	-5.1%	-6.0%	-1.2%	-1.4%	-0.4%	-1.8%	-2.7%	-4.2%	0.1%	2.6%
Nonmetallic Minerals, Except Fuels	0.4%	9.7%	-7.2%	-1.3%	3.7%	0.2%	-1.0%	-2.9%	3.2%	-1.8%	-0.5%	1.0%
Chemicals & Allied Products	-0.6%	5.8%	0.3%	-2.0%	0.2%	-1.7%	-1.9%	0.7%	1.3%	-0.5%	-2.2%	-1.3%
Transportation Equipment	2.0%	1.7%	2.5%	1.7%	2.6%	-5.0%	-6.4%	7.5%	1.9%	2.3%	-5.6%	-5.7%
All Other	0.6%	2.2%	1.2%	1.8%	1.9%	1.1%	1.7%	0.2%	1.0%	1.6%	1.9%	1.6%

Notes:

Preliminary Data: Based on economic data and subject to revision. F = Forecast

Total Truck Loadings includes both Tractor/Trailer Loadings and Straight Truck Loadings.

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

¹ - Y/Y % Change: Current period vs. year-ago period.

² - Utilization Rate: Trucks in use as a percentage of trucks actively competing for freight.

Supply chain innovation:

**Gain control of containers – customized
drayage**





Customized port drayage service for all commercial ports that serve the U.S.

Inland drayage and transportation

Ocean services

Port services

With all the congestion and inefficiencies at the ports, it's crucial to have a port drayage partner you can count on to manage and mitigate cost exposure. Uber Freight's regional operations centers manage drayage services through direct contact with our core regional and national drayage carriers selected through our drayage carrier program that includes 20', 40', 45' and 53' options.

By partnering with Uber Freight, shippers gain access to expert local management, standardized processes, and leading-edge technologies to better control port moves.

Benefits of working with Uber Freight

- Domain experts acting a single point of contact with record of successful management and quality performance
- Daily tracking on all loads for increased visibility, issue escalation/resolution and cost containment
- Proactive mitigation of costs associated with per diem, demurrage, driver detention, chassis fees, etc.
- Customized invoicing, individual or manifest billing
- 24/7/365 customer service support



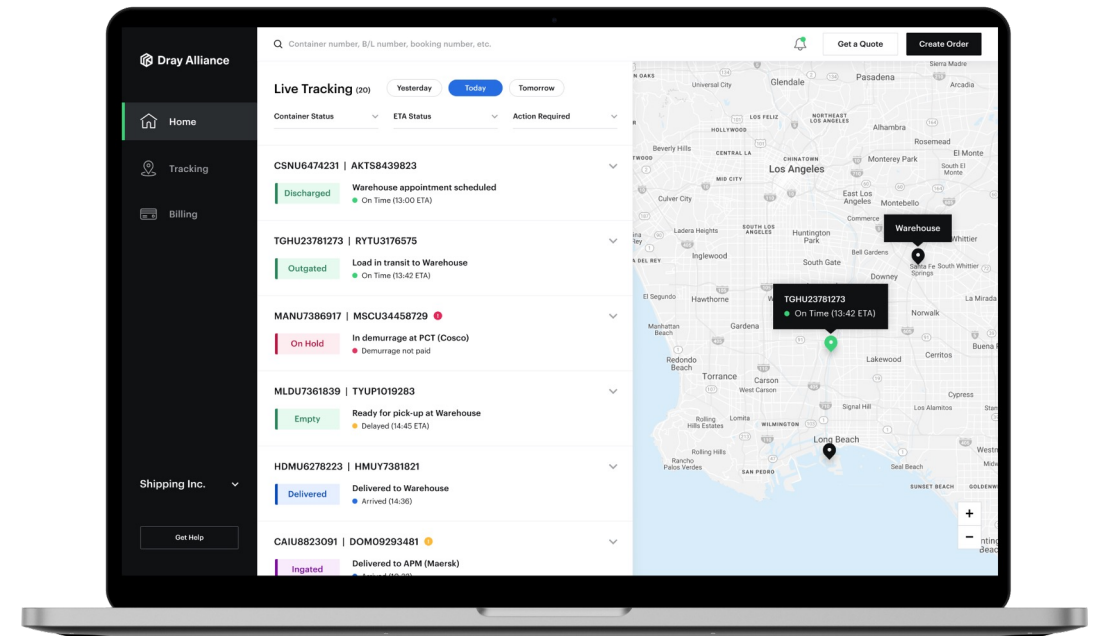
Dray Alliance partnership

- Established fall 2021
- Digital first business model
- Compliments current Uber Celtic Dray + IMDL capabilities
- Ability to leverage current pricing agreements and carrier partnerships
- Dray Alliance handles pricing + operations directly with shippers
- Single source transactions with individualized visibility



Drayage platform for the modern supply chain

Delivering unparalleled visibility and transparency, we seamlessly connect shippers with vast, vetted networks of proven drayage carriers, at the spot or year-round.



Visibility and data



Flexible capacity



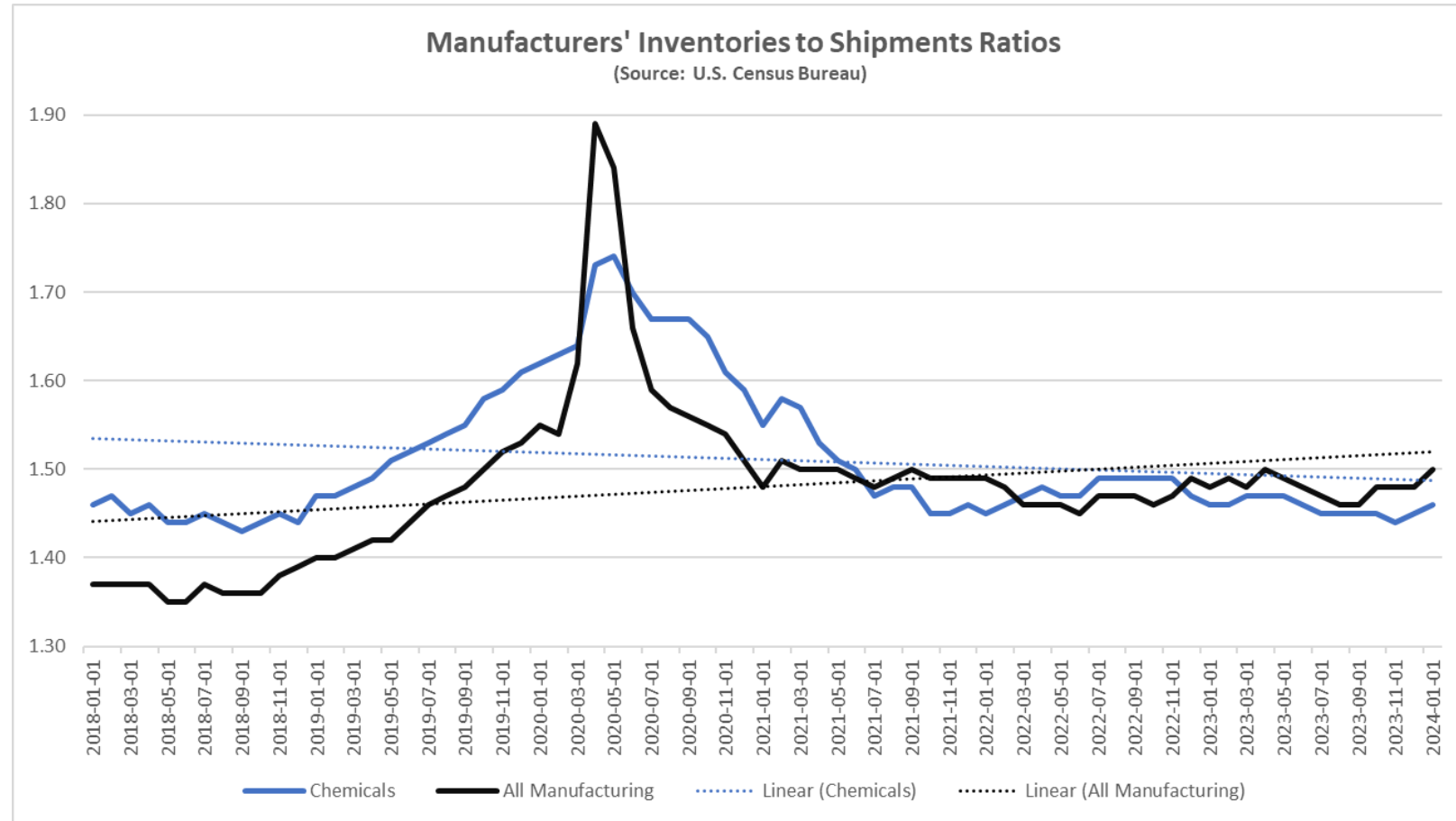
Cost savings

Chemical transportation trends



Inventory levels

- In January of 2024, chemical manufacturers realized inventory levels 9.9% below pre-pandemic levels (compared to January 2020) and flat on a Y-o-Y 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 (3.2% lower than 2020)
- All manufacturers are seeing inventory/shipment ratios rise 1.4% on a Y-o-Y basis.
- Chemical inventory levels remain low from a historic perspective, but along with manufacturing, are realizing a slight build coming out of 2023.



Truckload (TL) trends

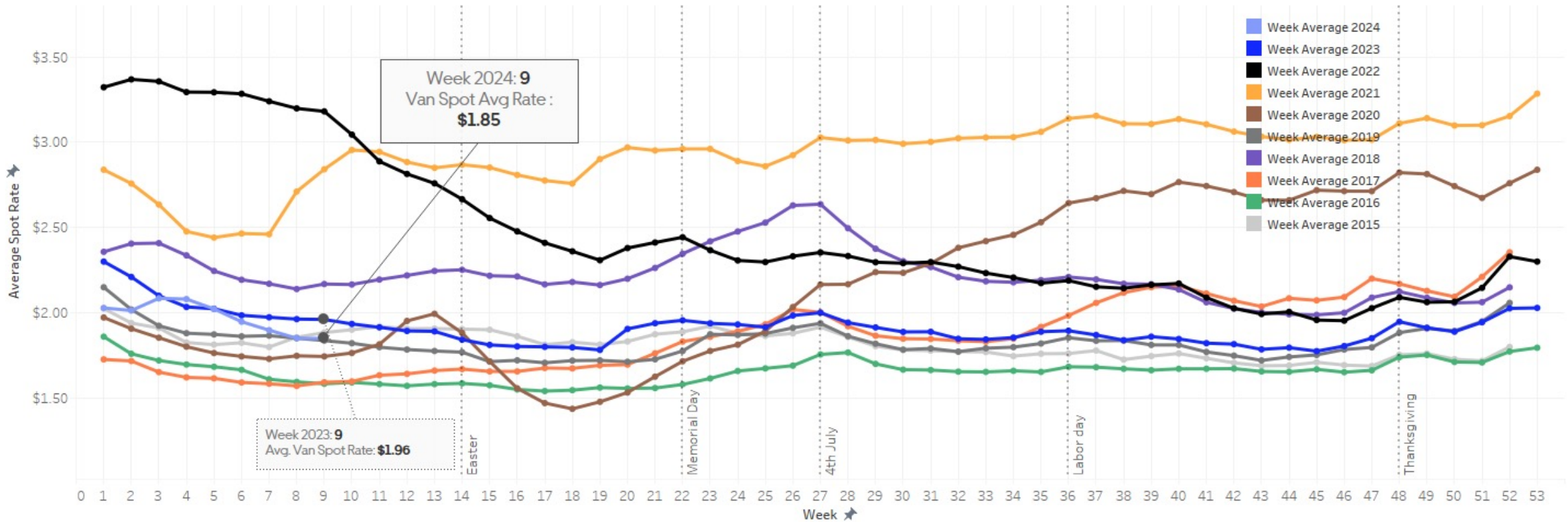
Demand

Aside from robust imports, demand fell in January as manufacturing, wholesale, and retail all contracted.

Supply

- Long-distance truckload employment shed 1.5K jobs in January.
- North American Class 8 truck orders rose 5% in February (seasonally adjusted) to 25,600 units. Except for Dec'23, orders have been strong throughout the ordering season.

Weekly average dry van spot rate (week 9)

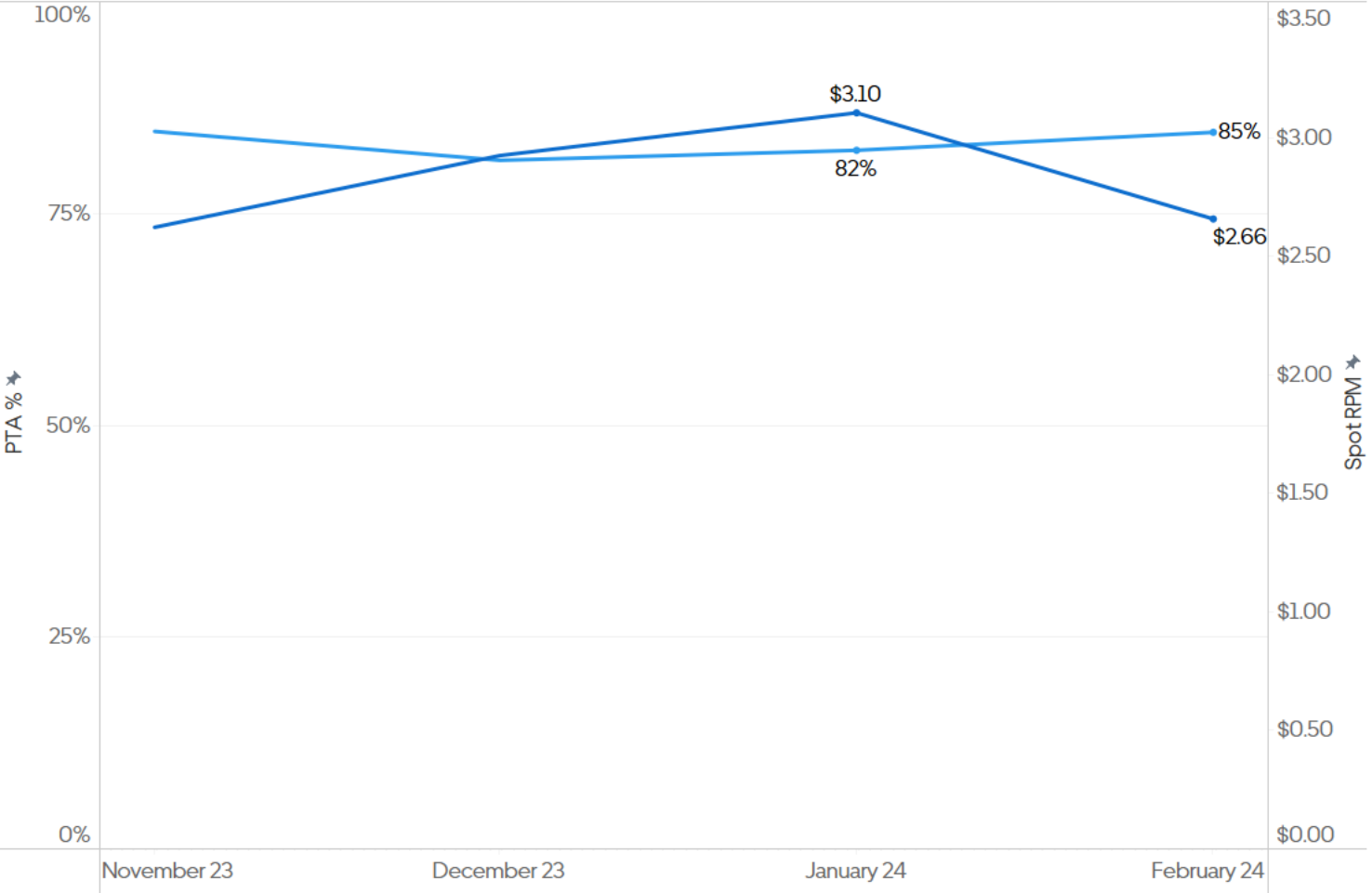


Hazardous materials tendering trends

Measure Names

- PTA %
- Spot RPM

Hazmat TL: PTA % vs Spot RPM

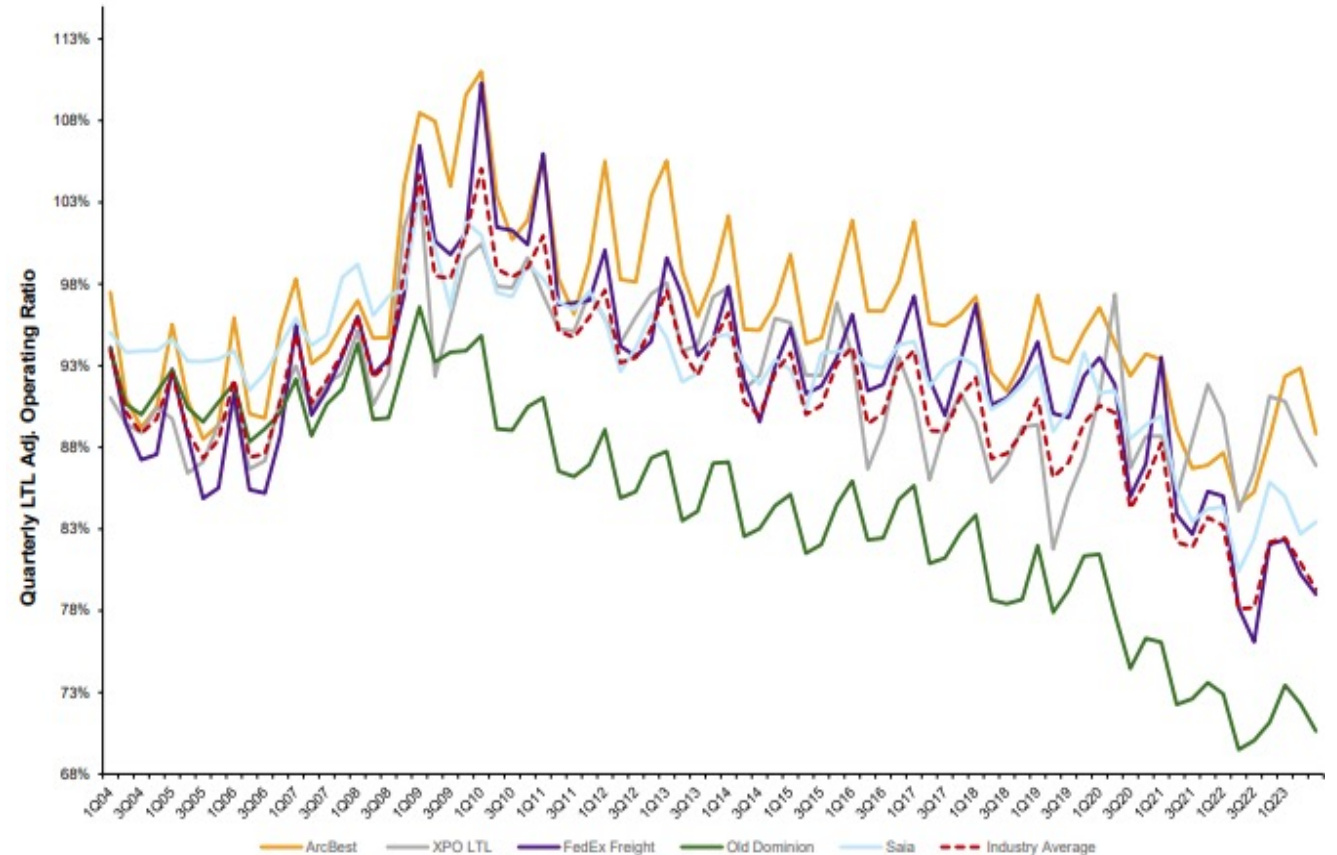


- Spot rate per mile (RPM) for truckload (TL) hazmat shipments have retreated to \$2.66/mi, but still a significant premium over NON-Haz dry van spot rates in February 2024
- Primary tender acceptance (PTA) for truckload (TL) hazmat shipments has continued its incline from the beginning of the year, currently at 85%

LTL trends

- Yellow Impact
 - Majority of volume appears to have spread out among the industry
 - Not a single carrier's market share increased substantially
 - Carriers with notable increases in market share since July 2023 include XPO, FedEx, Averitt, & SAIA (via internal Uber Freight data)
- Forward Air merger with Omni closed
- The NMFC system is undergoing a process to simplify the classification system
- Continued focus to automate & digitize the LTL industry through the Digital LTL Council

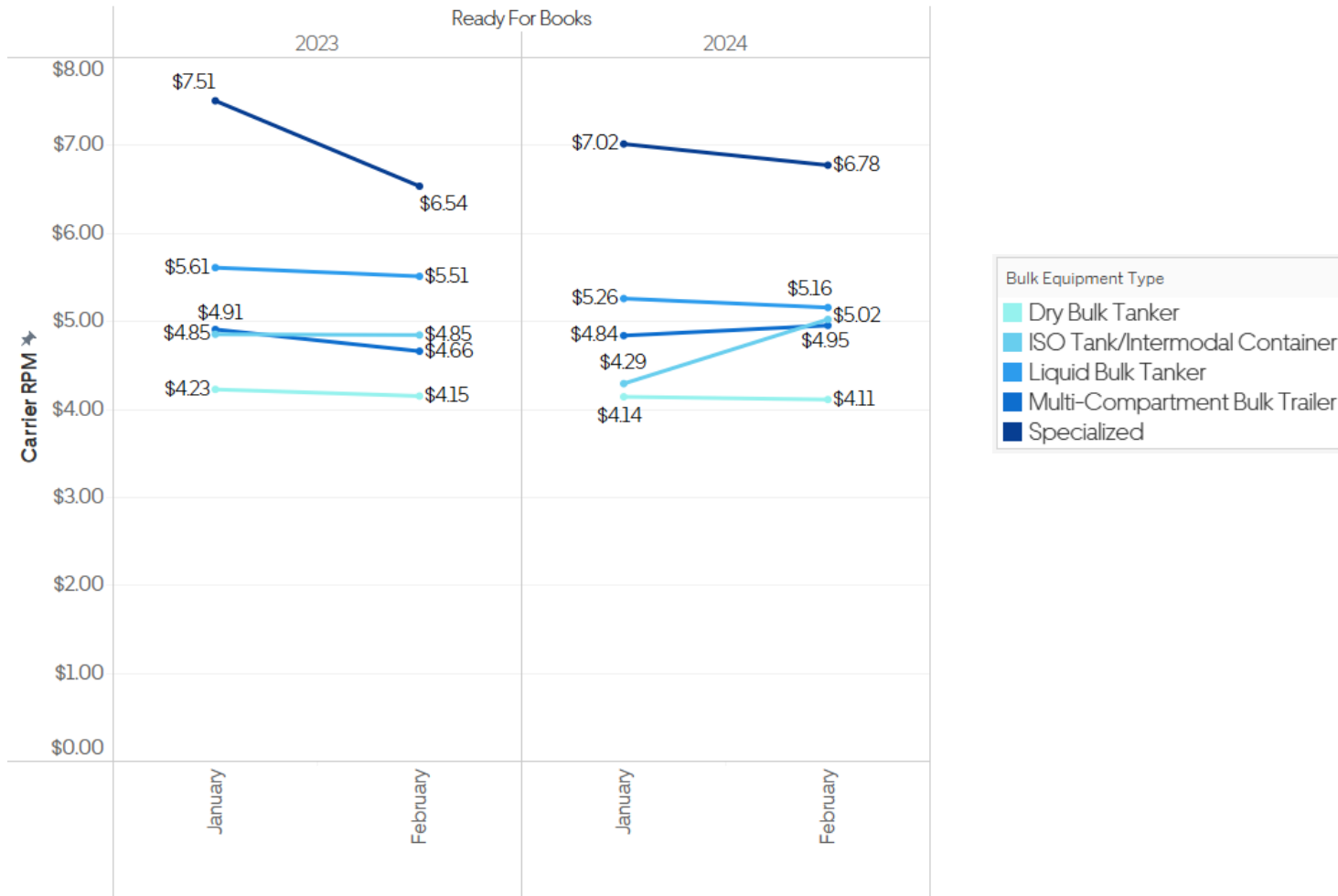
Historical Adjusted Operating Ratio



Source: Stephens & ISM

Bulk pricing trends

Bulk Rate per Mile by Equipment Type



Bulk Cost per Pound by Equipment Type



Diesel fuel pricing trends



Current national diesel price - **\$4.022/gal**
(As of 3/4/24)



Brent Crude - **\$86.58(\$/bbl)**
(As of 3/4/24)



WTI Crude - **\$79.67(\$/bbl)**
(As of 3/4/24)

Current dry van fuel surcharge



NATIONAL FUEL SURCHARGE	
\$0.46 (-\$0.01)	▼ 2.1%

Source: DAT (as of 3/4/24)

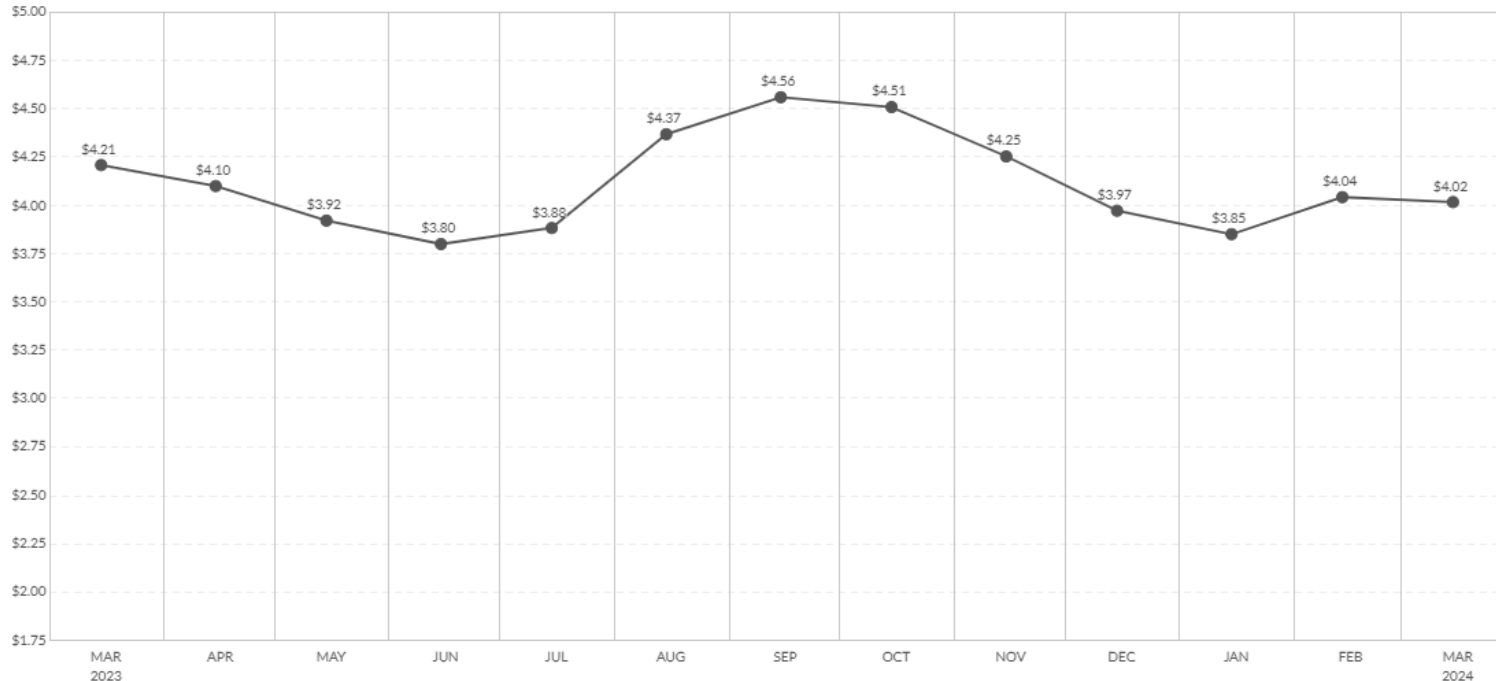
Current reefer fuel surcharge



NATIONAL FUEL SURCHARGE	
\$0.50 (-\$0.01)	▼ 2.0%

Source: DAT (as of 3/4/24)

1 Year national diesel fuel averages

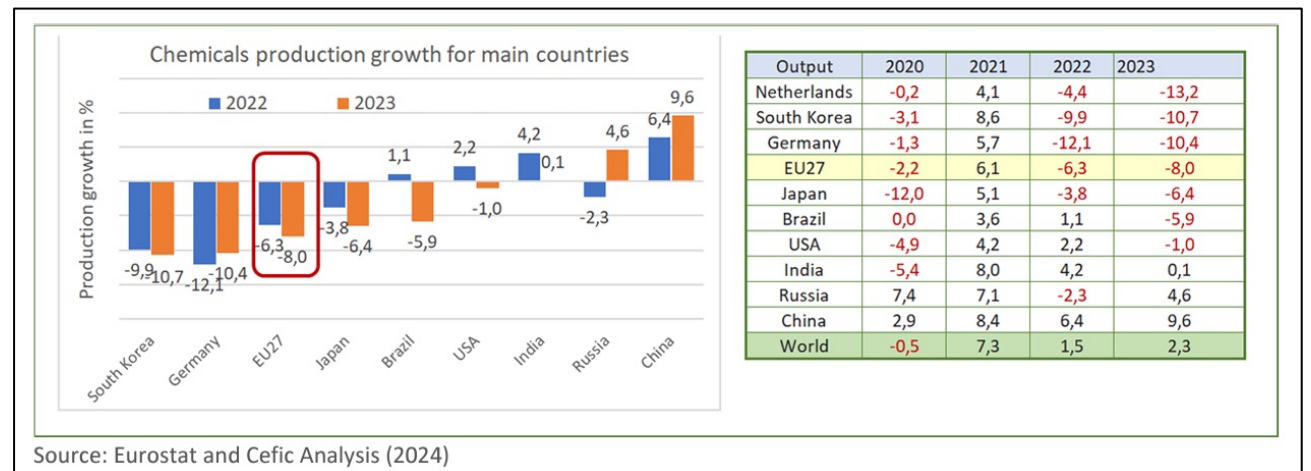
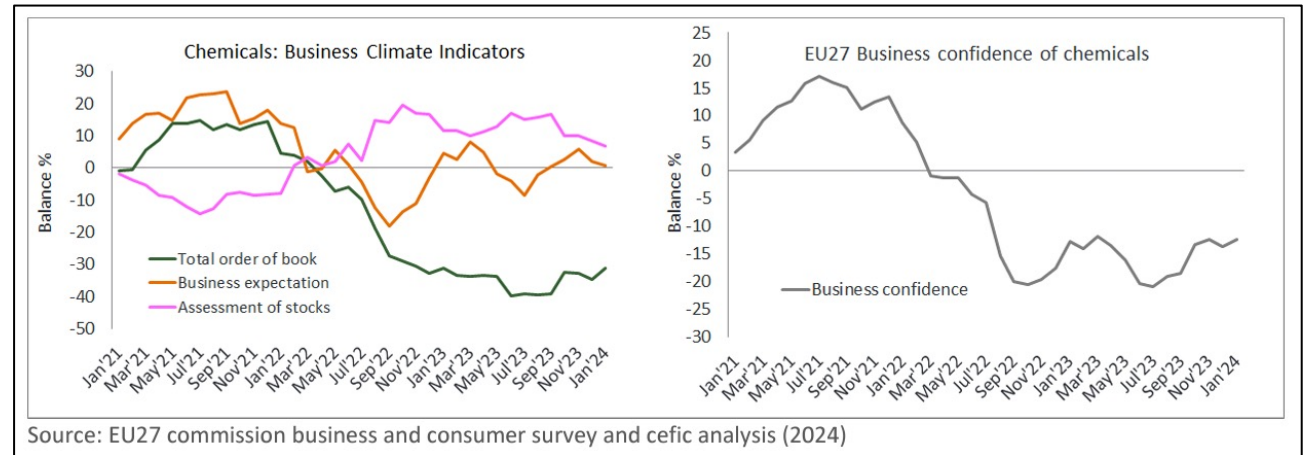


Source: DAT

- Recent spike in fuel prices resulted from the decreased inventories stemming from the 11% decline in U.S. Refinery utilization. The Midwest & Gulf Coast reduced operations due to intensified winter weather that began in early January
- Global fuel production is expected to increase by 0.6 million barrels per day in 2024
- Global inventories are expected to increase for the remainder of the year, which will begin to put pressure on crude prices to the downside in Q2

Europe – EU27 chemical market trends

- The end of 2023 enables a comparison to 2022; in summary EU27 chemical production, exports and imports all declined compared to 2022, and there are limited signs of a full recovery in the EU27.
- EU27 production reported its 5th largest year on year drop at -8.0% for 2023.
- 2023 year on year EU27 exports to the rest of the world declined by €16Bn, with imports falling by €46Bn.
- The latest survey shows a slight increase in confidence in the EU27 chemical industry, but it remains low.
- Confidence in Germany is still in decline, but there is improved confidence in other economies such as France, Spain, Poland, and the Netherlands.
- This is reflected in the transport market where spot rates on international FTL lanes ex Germany are often below contract rates, exacerbated by the recent German CO2 toll increase, which increased contract rates much more than spot rates.



Output	2020	2021	2022	2023
Netherlands	-0,2	4,1	-4,4	-13,2
South Korea	-3,1	8,6	-9,9	-10,7
Germany	-1,3	5,7	-12,1	-10,4
EU27	-2,2	6,1	-6,3	-8,0
Japan	-12,0	5,1	-3,8	-6,4
Brazil	0,0	3,6	1,1	-5,9
USA	-4,9	4,2	2,2	-1,0
India	-5,4	8,0	4,2	0,1
Russia	7,4	7,1	-2,3	4,6
China	2,9	8,4	6,4	9,6
World	-0,5	7,3	1,5	2,3

Source: Eurostat and Cefic Analysis (2024)

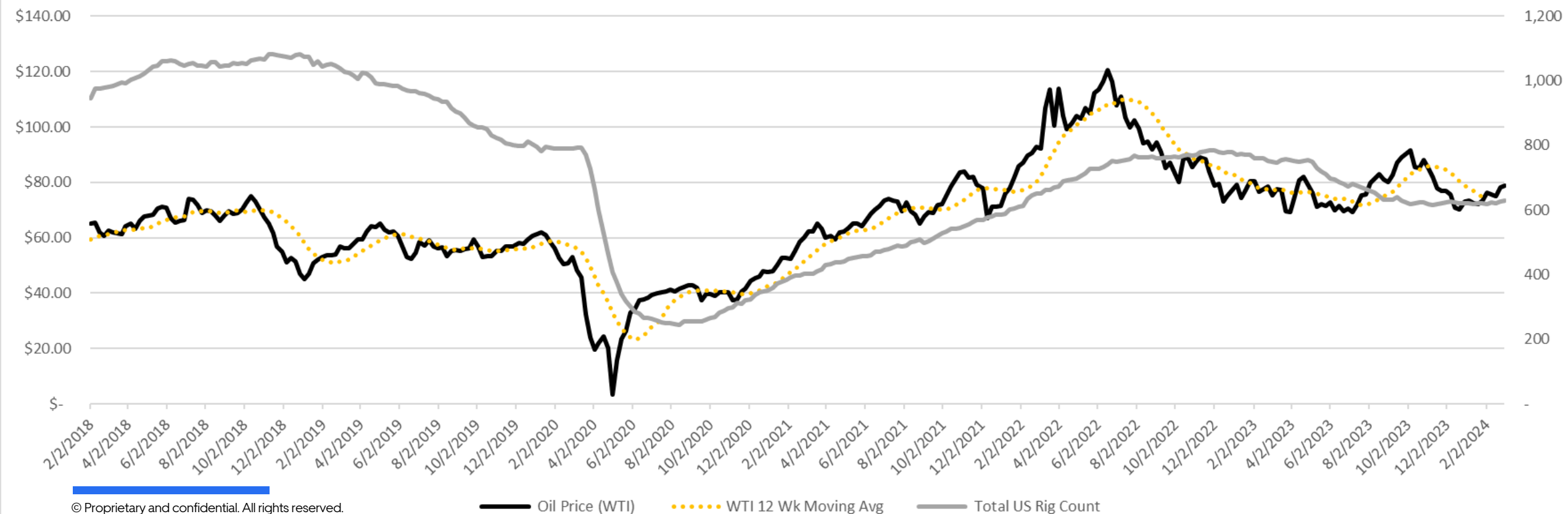
Chemical supply chain overview



Chemical industry news and updates: Energy

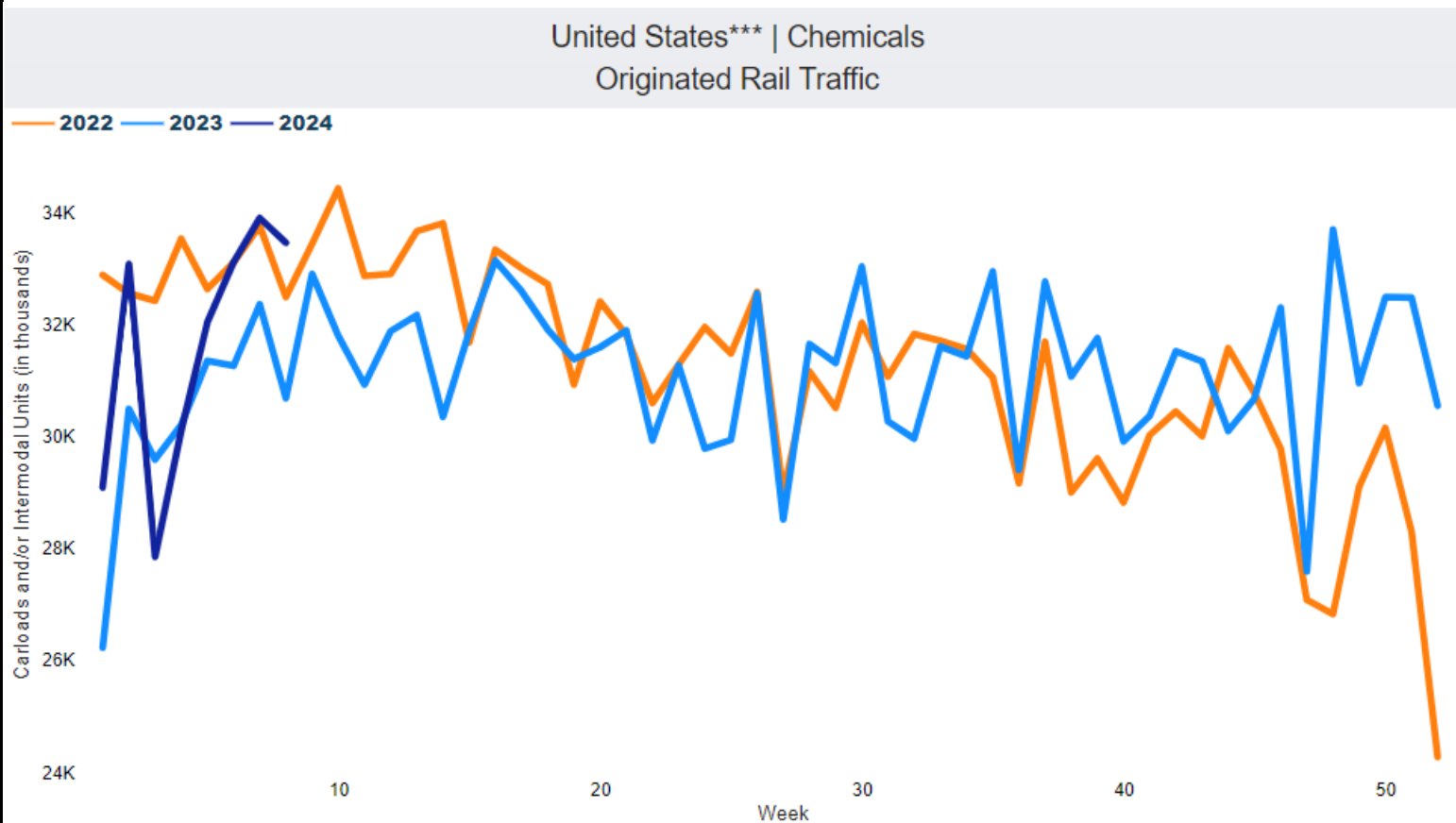
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 4.4% higher than same week prior year at \$78.71 per barrel (Feb 23, 2024, verse Feb 24, 2023)
- US rig counts are 16% lower over the same period.

Baker Hughes Total US Rig Count verse WTI Price



Chemical industry news and updates: Rail traffic

- US total rail volumes were up 1.5% for the first 8 weeks of 2024. This was primarily driven by Intermodal Boxes which are up 7.4% verse carloads which are down 4.6% YTD
- US Chemical volumes (chart below) saw a favorable bounce after Thanksgiving and outperformed the overall rail market to start 2024.
- Through February 24th, Chemical carloads continue to outpace the market and prior year being up 4.3% YTD (Intermodal stats are not captured at the commodity level).



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

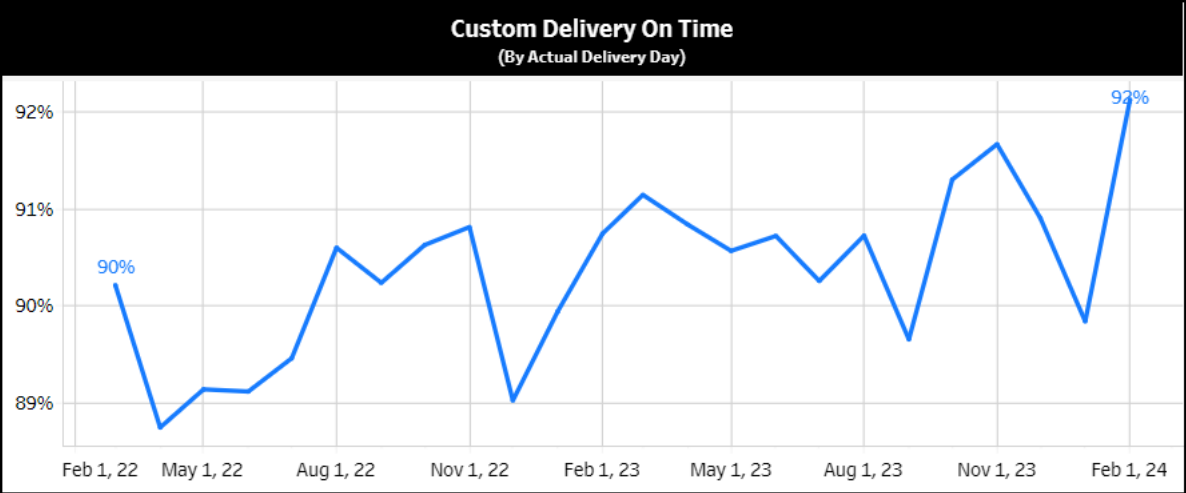
**Mexican traffic includes the U.S. operations of Mexican railroads.

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

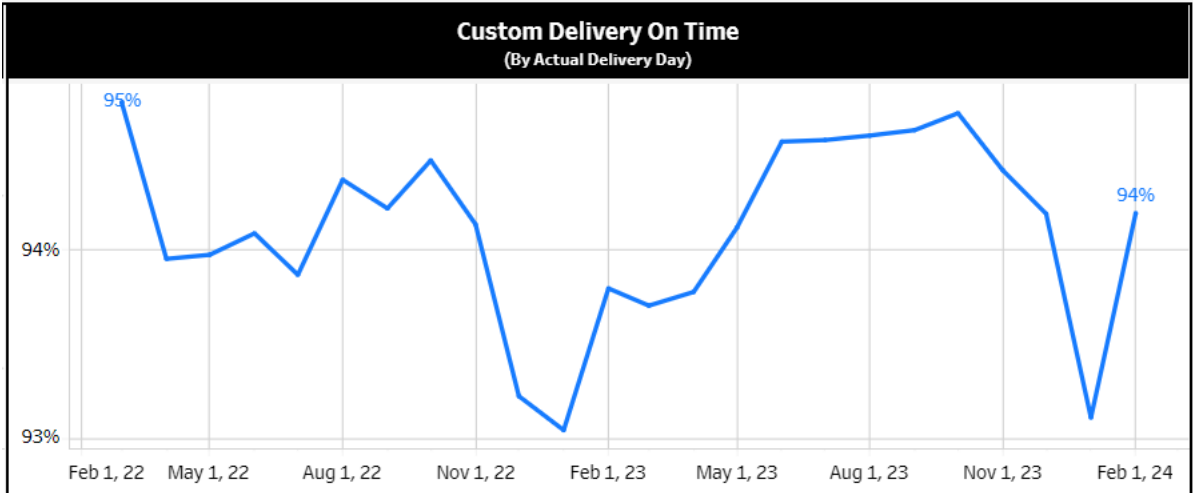
©2023 Association of American Railroads.

Chemical vertical on-time delivery by mode

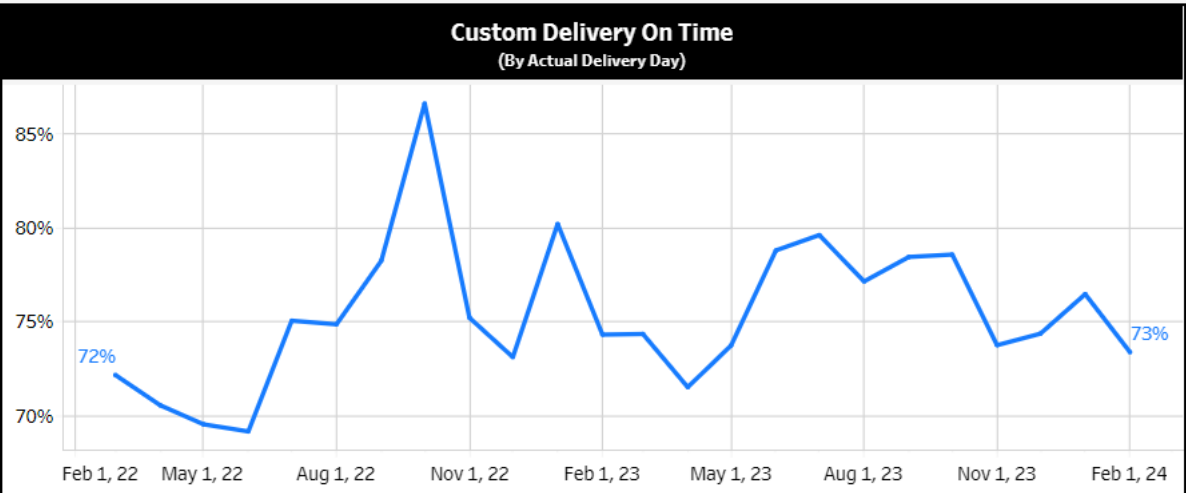
LTL



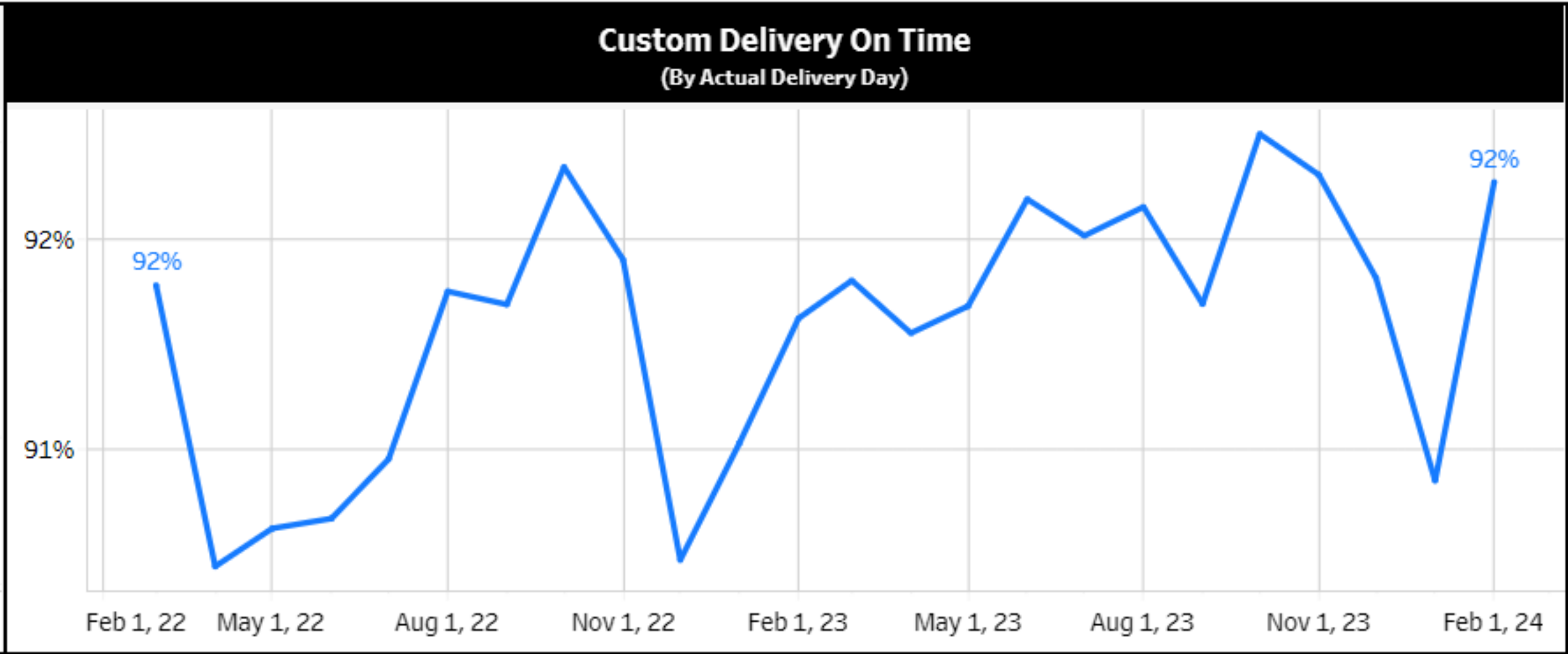
TL



Other



Chemical vertical on-time delivery*



*Out of more than 150,000 shipments each month, including all modes and two-hour tolerance for delivery appointments

Uber Freight