

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

October 2024



October 2024 overview



Executive summary

The September reading of [ISM's US Manufacturing PMI](#) hover above lows seen in July but remained in contraction territory at 47.2. Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee suggested that "Demand remains subdued, as companies showed an unwillingness to invest in capital and inventory due to federal monetary policy — which the U.S. Federal Reserve addressed by the time of this report — and election uncertainty."

The [Association of American Railroads](#) is reporting 4.6% YoY increase in chemical carloads thru August. Chemicals carloads continue to outpace the rest of the market which is down 3.3% verse the prior year. Overall rail movements are up bolstered by a strong intermodal volume in 2024.

Inventory levels continue to be at historic lows for chemical shippers as interest rates keep producers working from lower stock. Chemical inventory levels entered September at 1.39 from an inventory to shipment ratio, which is a low dating back to November 2015. Expectations were that industries that had global supply chains (like Chemicals) would see an inventory build late summer in anticipation of a potential port strike in the US. The US realized the port strike (albeit short lived), but it does not appear chemical manufactures had a significant inventory build in preparation of this event.

Oil ended September soft, but on the upswing. Oil is up 10% in the first week of October (from September lows) as speculators monitor the situation in the Middle East and are bullish on the stimulus introduced to China. Even with this recent uptick, oil remains down on a YoY basis.

Chemical industry news and updates

Port backlog

The backlog of container ships created at the Gulf & East Coast ports from the three-day strike could take another two weeks for operations to return to normal. Overall, shippers with containers currently at the ports or on vessel can expect some delays in the interim.

Continued contraction

The Manufacturing PMI remained in contraction for the sixth consecutive month, matching the 47.2 recorded in August. Weakened demand, decline in output, and uncertainty surrounding the November election has manufacturers reluctant to invest capital and inventory despite the rate cuts.

Hurricane disruption

As North Carolina & Tennessee dealt with the tragedy and destruction leftover from Helene, Milton made landfall as a Category 3 hurricane on Florida's West Coast. Although the historic storm surge predicted by weather experts was avoided, a surprising 19 tornadoes caused widespread damage throughout the Tampa Bay area, leaving hundreds of homes destroyed and over 3 million residents without power.

Fraud prevention and risk mitigation

Collaboration with partners, carriers, law enforcement, freight tech providers has reduced fraud in our network by more than 60%



Emerging

Business takeover

Bad actors acquiring established legitimate motor carrier authorities with the intent to steal FTL. Bad actors are validating access to various brokers and load boards prior to acquisition. Takeover includes full handover to existing credentials, emails and passwords

Phishing

Bad actors leveraging classic cyber phishing and social engineering tactics to gain access to a wide spectrum of transportation platforms.

Pilferage

Bad actors are systematically removing cargo from tendered loads. Pilferage quantities vary from load to load. Bad actors are concealing activity through B/L alteration and delays in claim filing and order reconciliation processes.

Trailer pool exploitation

Bad actors are exploiting vulnerability of drop trailer pools. Bad actors are actively targeting trailer pools for equipment to further perpetrate cargo theft. Additional towing scam has been discovered where bad actors are performing unauthorized removal of equipment, abandoning trailers in controlled tow zones, tow company performing .

The trusted platform for shippers to execute loads

Boots on the ground

Our dedicated compliance team uses a multi-layered approach when it comes to preventing and detecting fraud.

Analytics at the ready

The Uber Freight platform leverages user verification guardrails and predictive analytics to vet carriers before they're onboarded.

Ongoing monitoring

Once carriers are in our network, our team keeps a watchful eye on them by leveraging cutting-edge behavior monitoring tactics.



Protecting you with advanced fraud detection and prevention

- Validated operating authority and certificate of insurance always required
- Continuous real-time compliance monitoring and compliance support team for shippers
- Multi-layered fraud screenings
- Automated controls that remove bad actors from the network
- Carriers disqualified for “conditional” and “unsatisfactory” FMSCA ratings

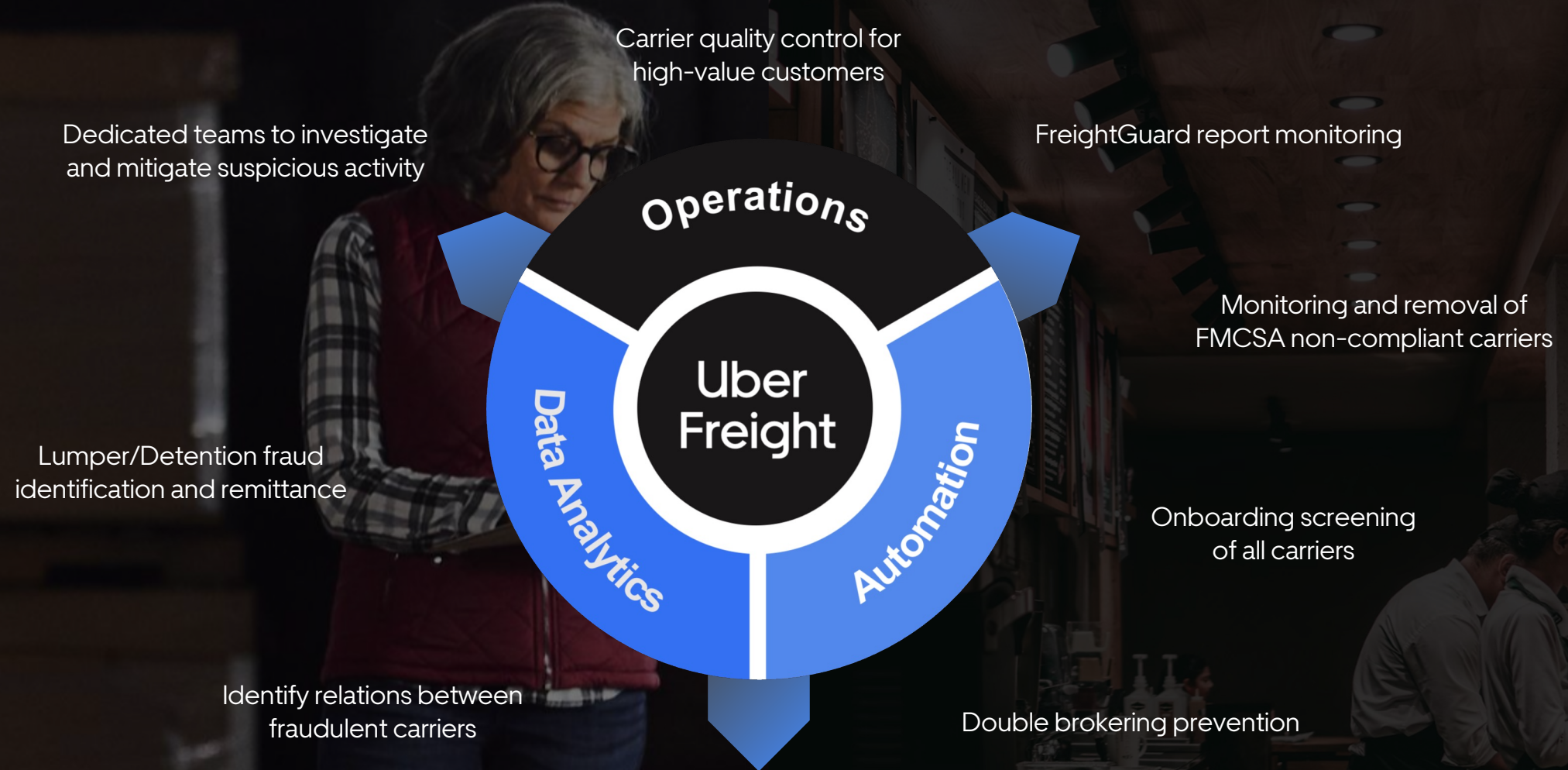
30K+

Carrier audits completed
(FY23)

3.5K

Carriers deactivated
(FY23)

Modern solutions for modern problems

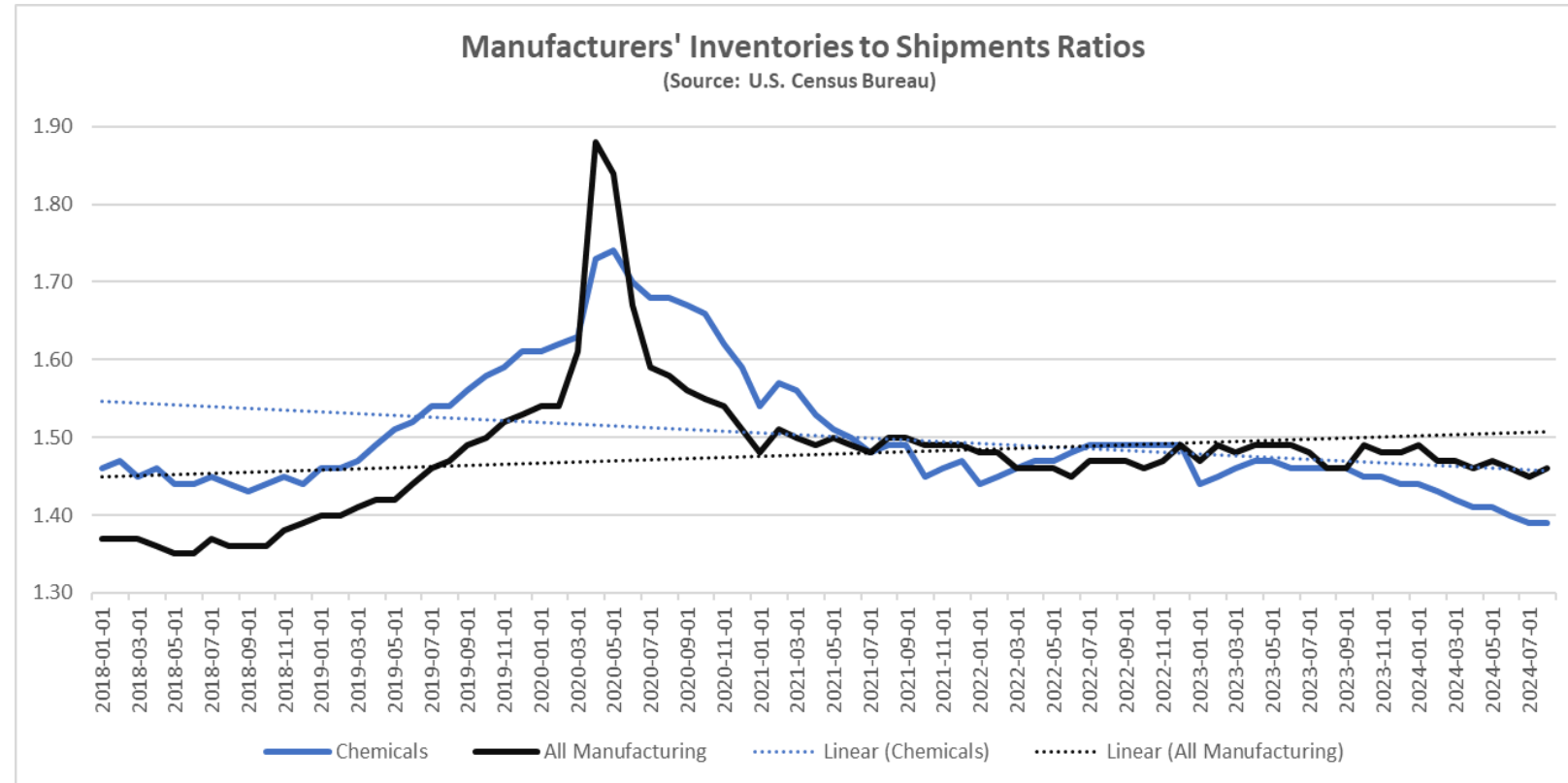


Chemical transportation trends



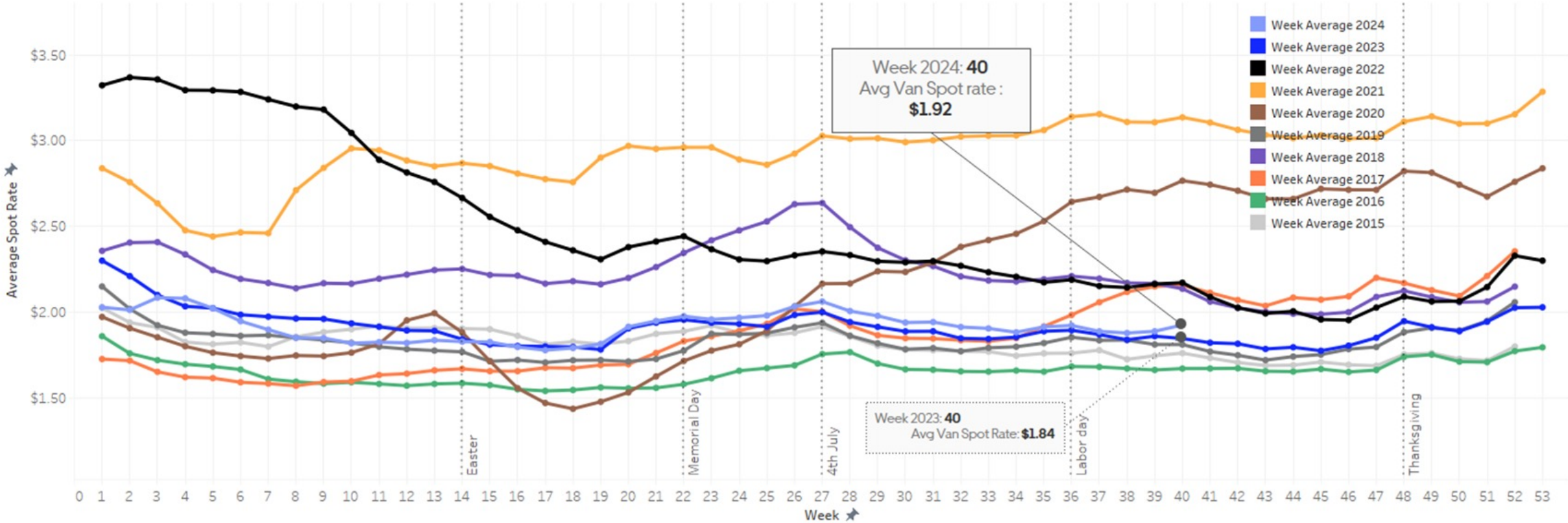
Inventory levels

- In August of 2024, chemical manufacturers realized inventory levels 14.2% below pre-pandemic levels (compared to February 2020) and down 4.8% 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 August, all Manufacturers had a slight uptick in inventory levels and are flat YoY.
- Chemical inventories to shipments ratio remain at their lowest level in nearly 9 years (comparable to Winter of 2015).



Truckload (TL) trends

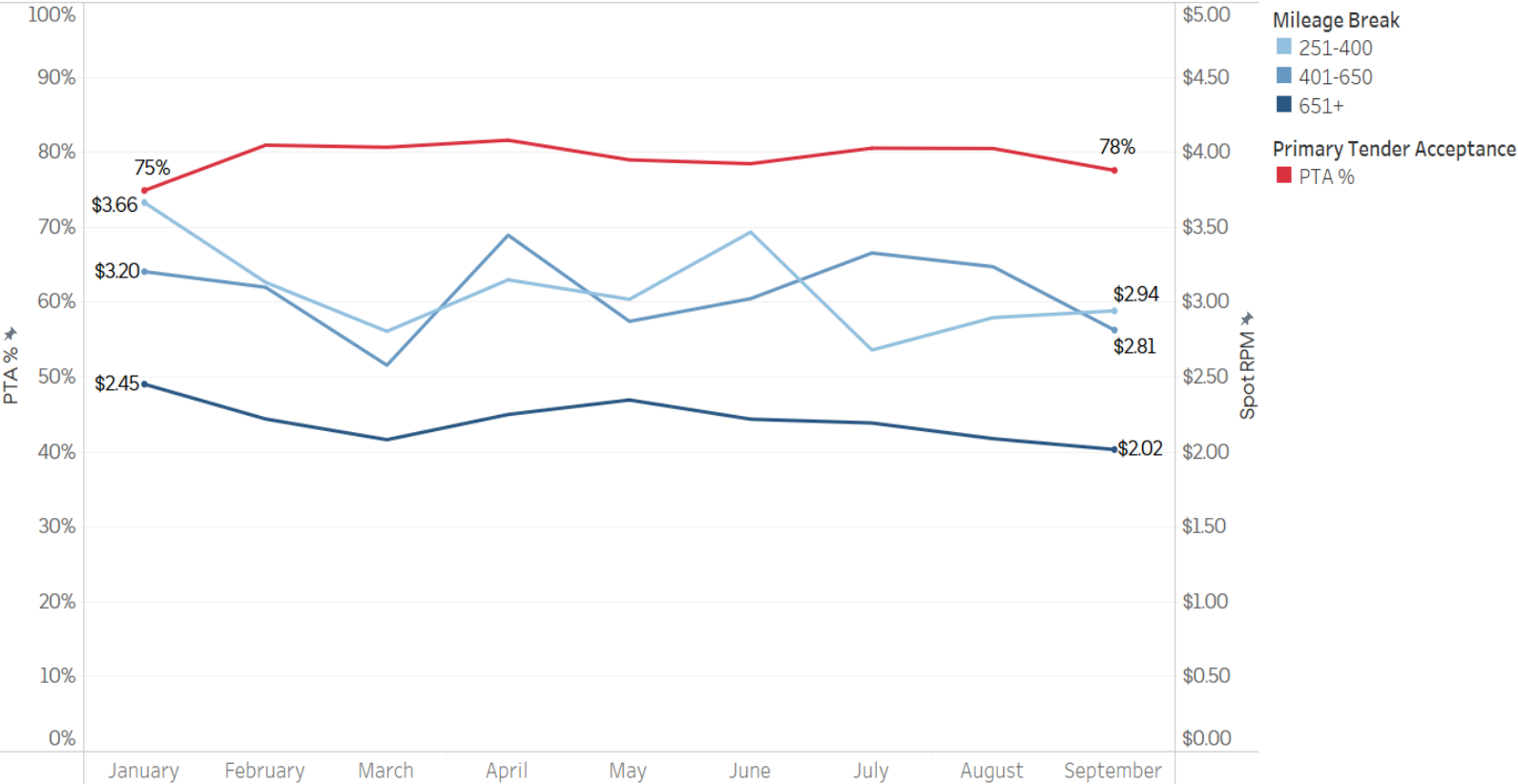
Weekly average Dry Van Spot Rate (Week 40)



Hazardous materials tendering trends

- Spot Rate per Mile (RPM) for long haul (> 650 miles) dry van Truckload (TL) Hazmat shipments continue to decline slowly, recording a new low for the year at \$2.02/mile in September.
- Primary Tender Acceptance (PTA) for Hazmat Truckload (TL) remains stable at 78% for September.

Hazmat TL: PTA % vs Spot RPM by Mileage Break

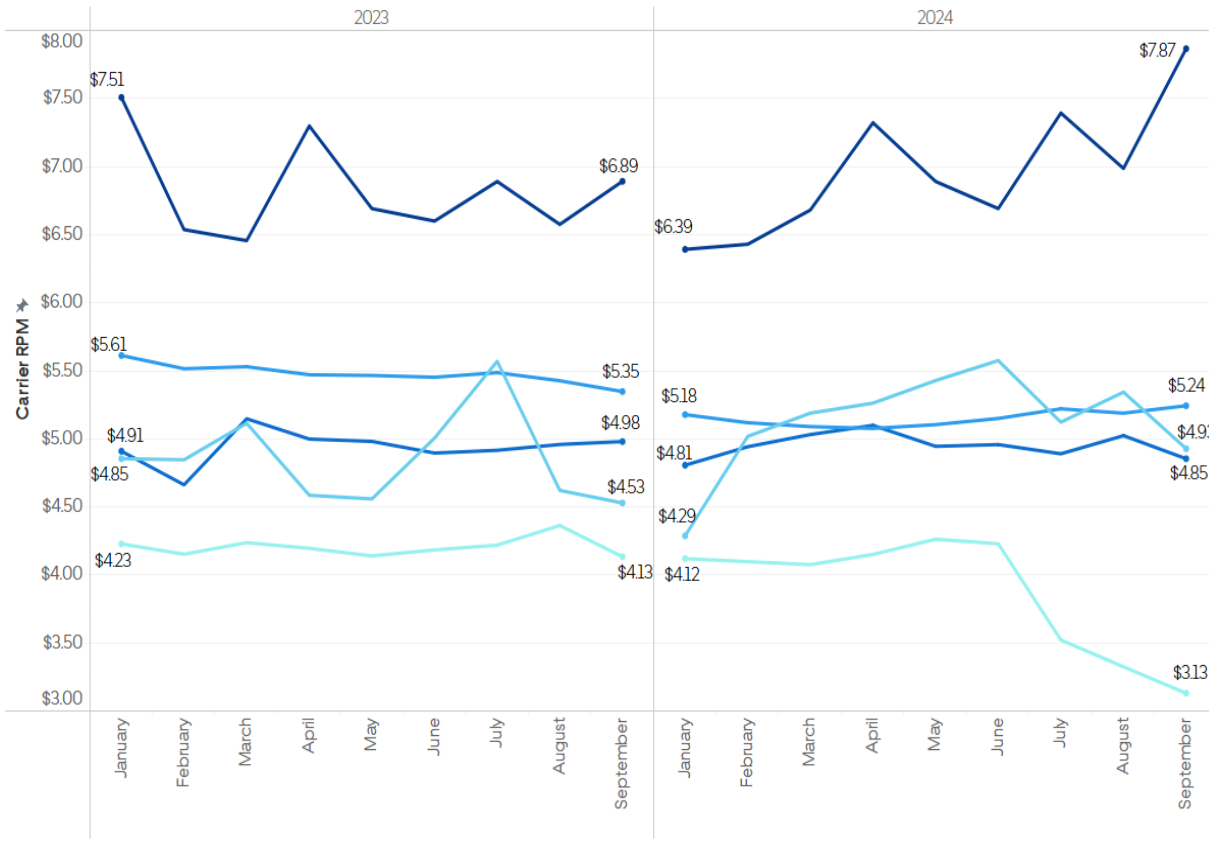


Bulk pricing trends

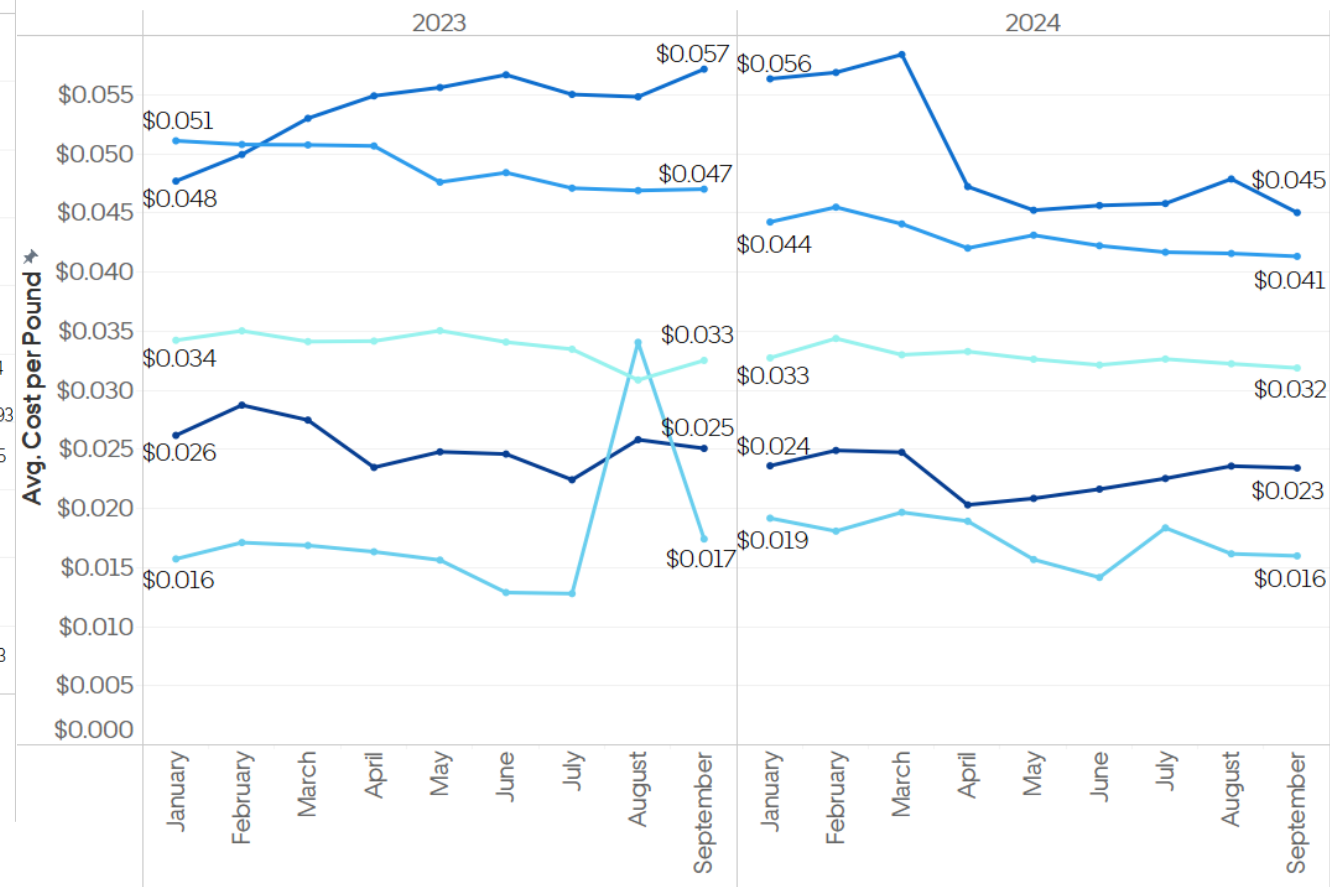
- Rate per Mile (RPM) for ISO Tanks/Intermodal Container have resume their decline, down 7.67% *MoM* in September.
- Decline in Dry Bulk Tanker RPM continues, down 11% *MoM* in September.



Bulk Rate per Mile by Equipment Type



Bulk Cost per Pound by Equipment Type



Diesel fuel pricing trends



Current national diesel price - **\$3.631/gal**
(As of 10/14/24)



Brent Crude - **\$74.09(\$/bbl)**
(As of 10/16/24)



WTI Crude - **\$70.40(\$/bbl)**
(As of 10/14/24)

Current dry van
fuel surcharge



Fuel Surcharge

\$0.53 (\$0.01)

↗ Rate is increasing

Source: DAT (as of 10/14/24)

Current reefer
fuel surcharge



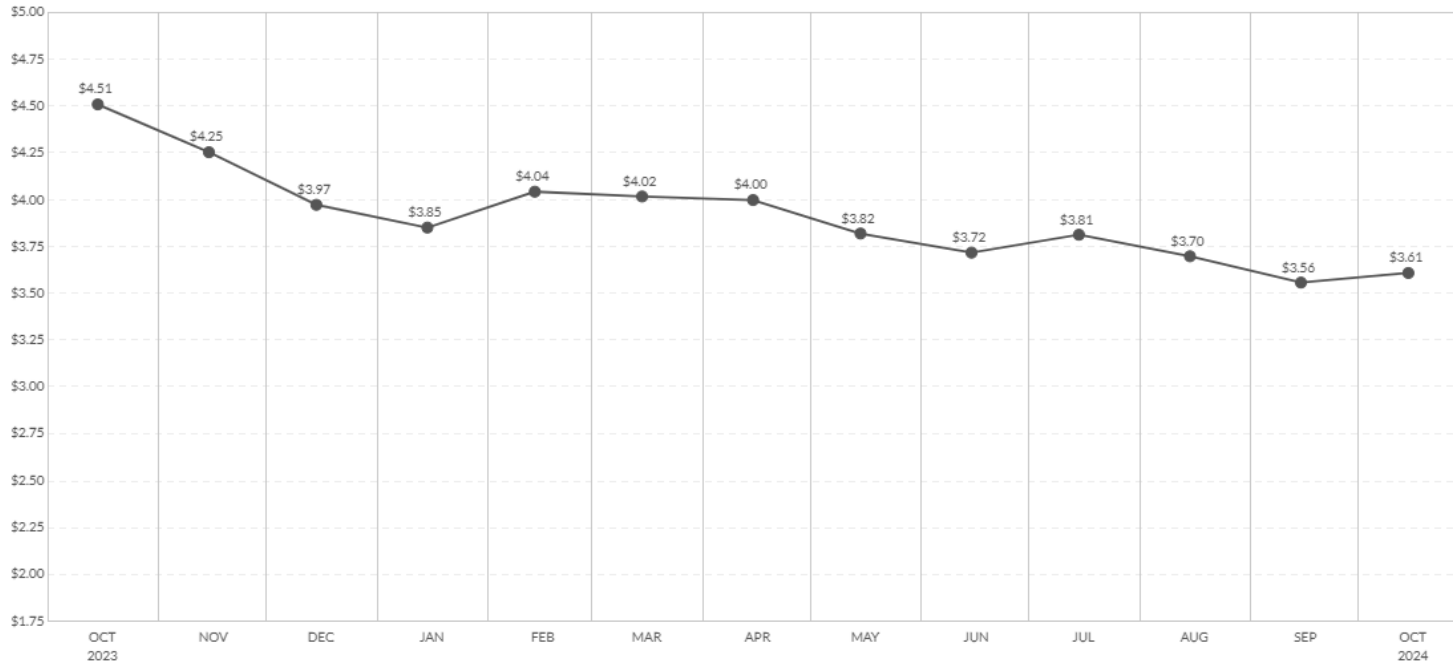
Fuel Surcharge

\$0.58 (\$0.00)

→ Rate is neutral

Source: DAT (as of 10/14/24)

1 Year national diesel fuel averages

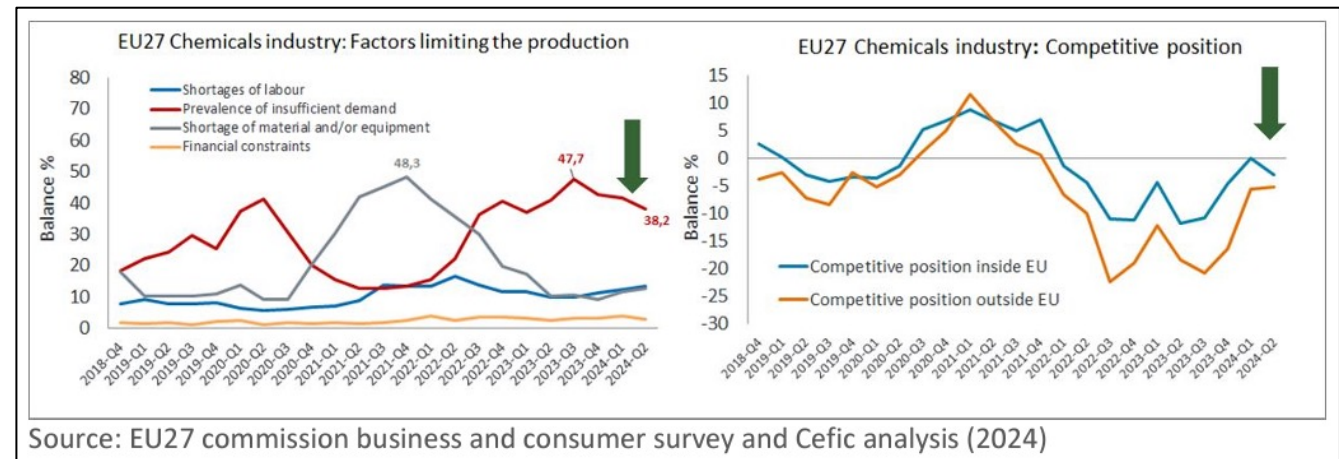
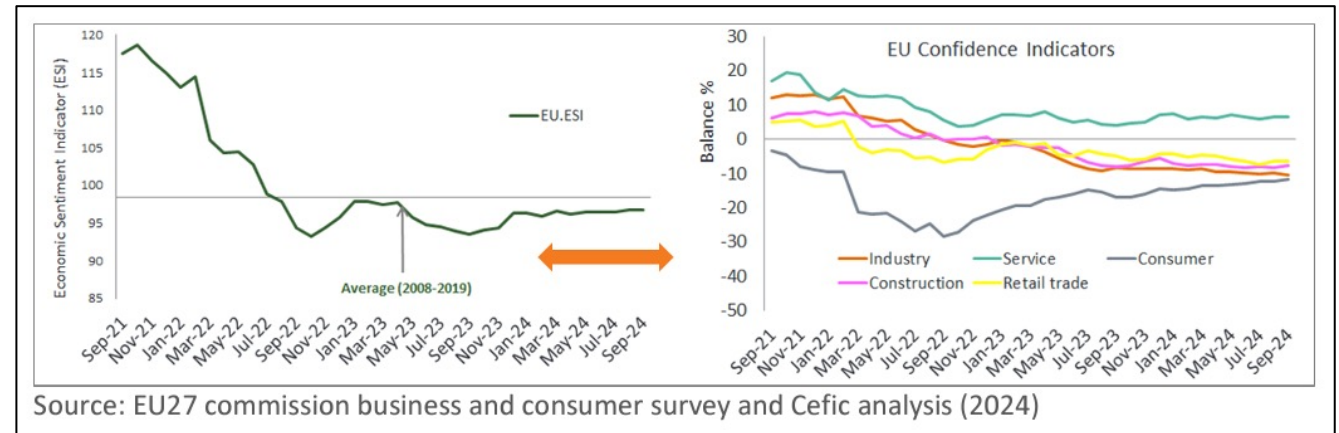


Source: DAT

- National diesel prices saw it's first uptick since July this year, in response to the recent hurricanes in the Southeast part of the country.
- Crude prices remain stable but continue to experience volatility as tensions in the Middle East flare & the War in Ukraine persists.

Europe trends

- Weak demand and high energy prices continue to be key factors in the EU27 chemical industry.
- The latest EU Commission business and consumer survey (Sept 2024) shows the Economic Sentiment Indicator (ESI) remained broadly stable in both the EU and the euro area.
- The leading EU27 countries experienced improved chemical production during the first seven months of 2024 compared to the same period of 2023.
 - Germany +5.7%
 - Spain +6.2%
 - Belgium +4.2%
 - Netherlands +2.3%
 - France & Italy +<1%
- The volume of chemical exports increased by 8% in the first half of 2024 compared to the same period last year.
- The competitive positions of the EU27 chemicals companies (inside and outside the EU27 area) shows a gradual improvement since Q3-2023, but still well below 2021 levels.



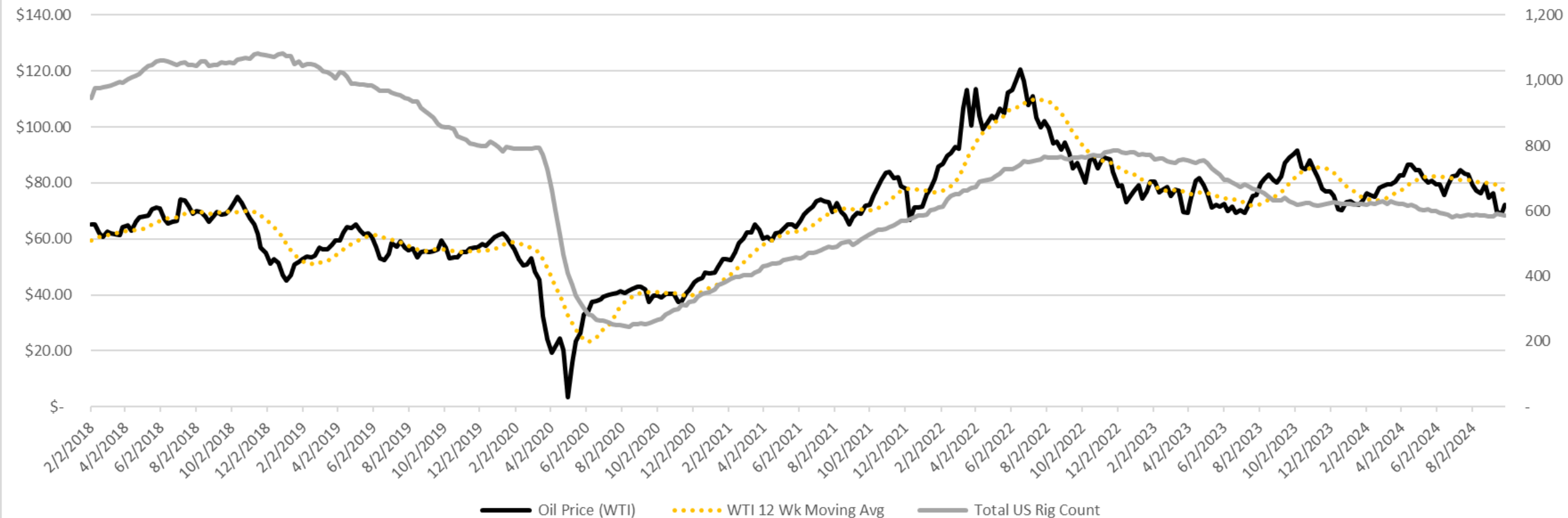
Chemical supply chain overview



Chemical industry news and updates: Energy

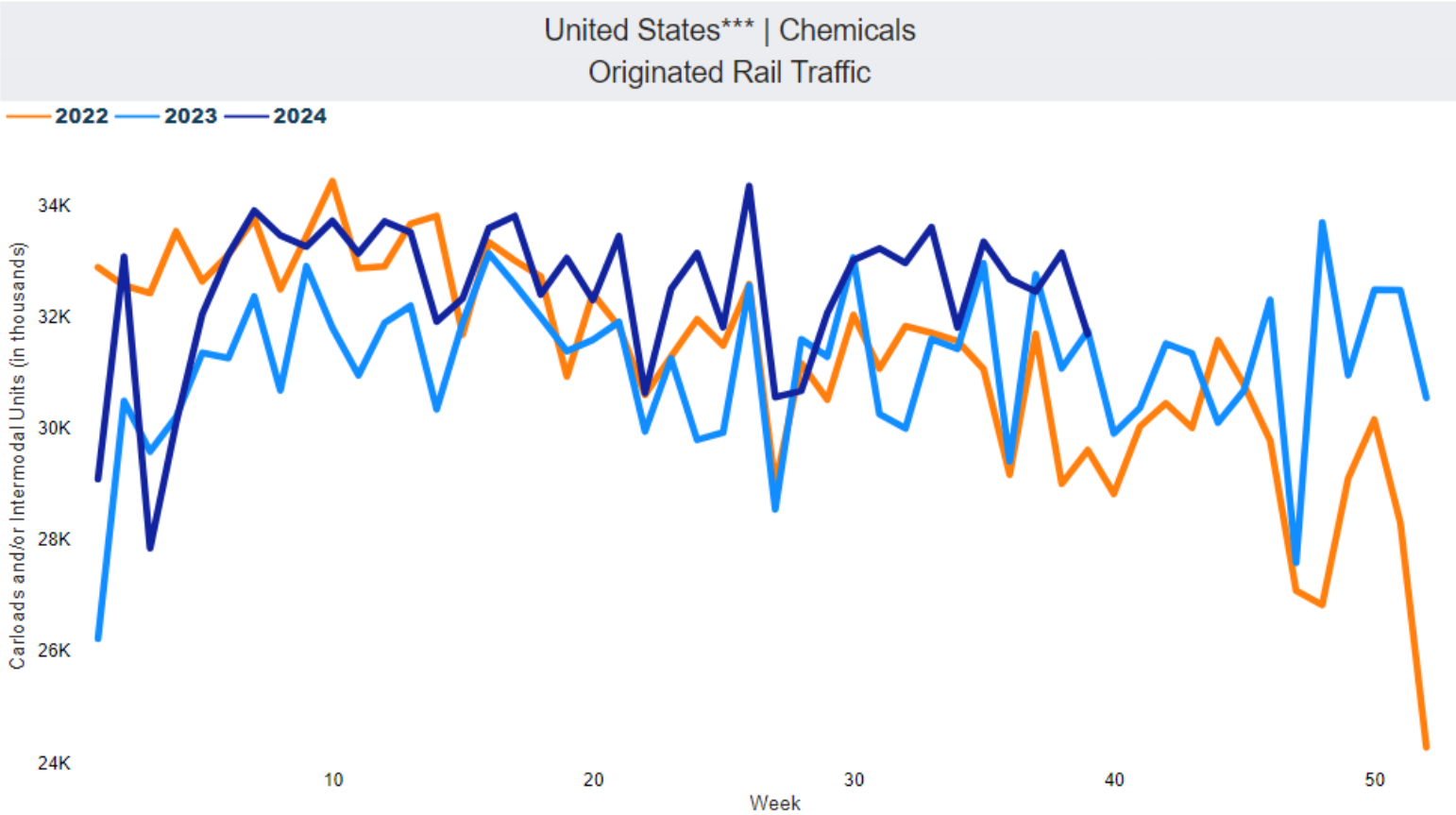
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 23.2% lower than same week prior year at \$70.22 per barrel (Sept 27, 2024, verse Sept 29, 2023)
- US rig counts are 5.2% lower over the same period in 2023. Rig counts have been down the entire year and as oil has fluctuated, rigs have steadied partially explained by higher interest rates.

Baker Hughes Total US Rig Count verse WTI Price



Chemical industry news and updates: Rail traffic

- Through September 28th total US originated rail volumes were up 3.3% on a YoY basis. This was primarily driven by Intermodal Boxes which are up 9.5% verse carloads which are down 3.3% YTD
- US Chemical volumes (chart below) continues to show strength on a YoY basis.
- Through August, Chemical carloads continue to outpace the market and prior year being up 4.6% (Intermodal stats are not captured at the commodity level).

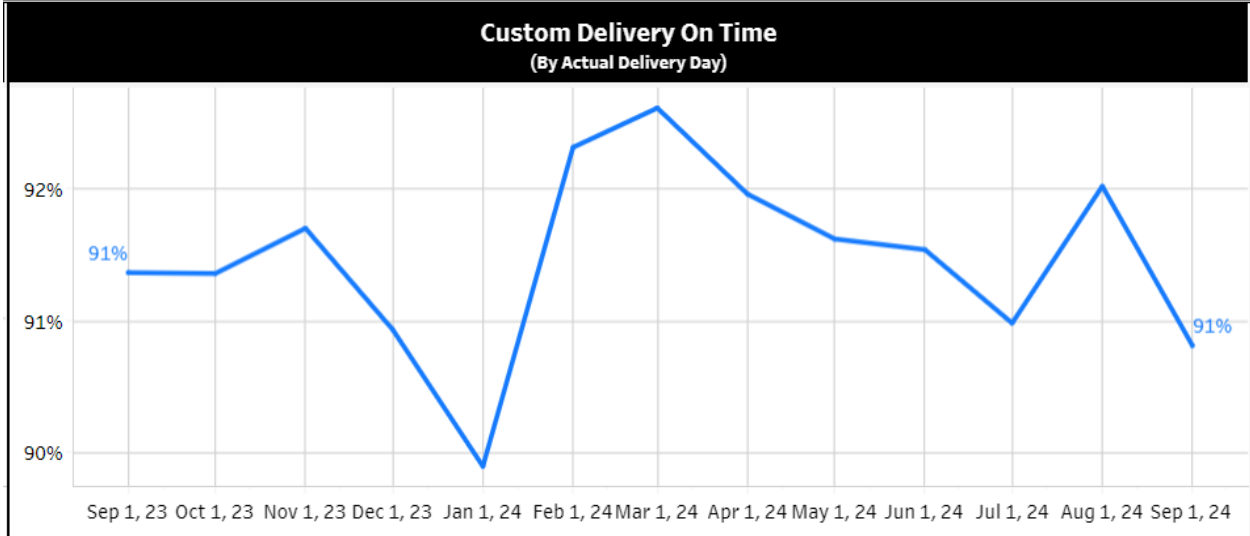


*Canadian traffic includes the U.S. operations of Canadian railroads.
**Mexican traffic includes the U.S. operations of Mexican railroads.
***United States traffic excludes the U.S. operations of Canadian and Mexican railroads.
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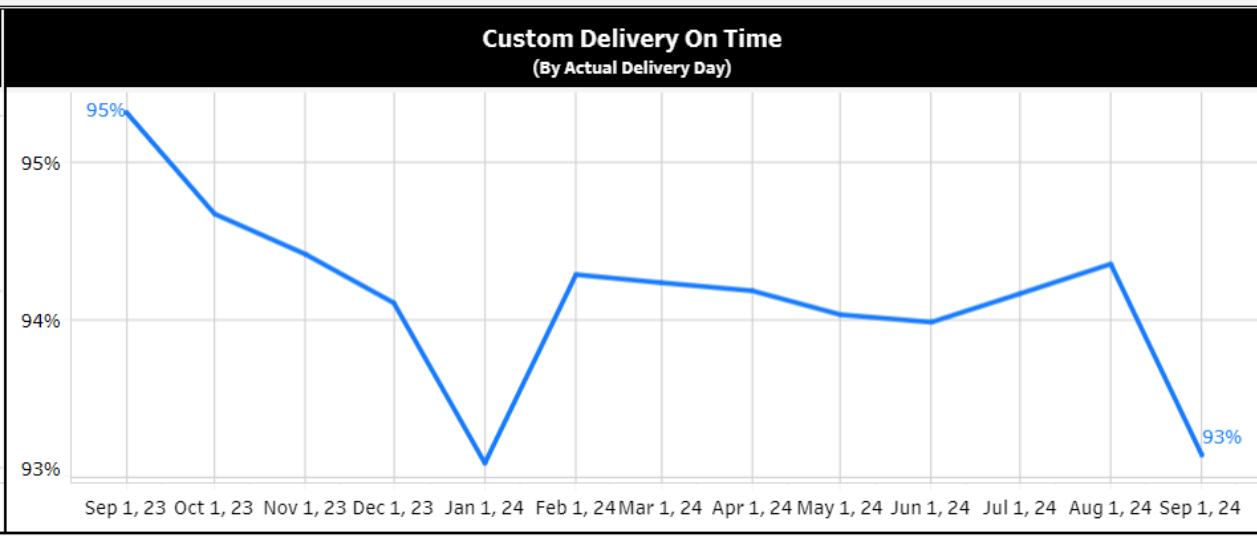


Chemical vertical on-time delivery by mode

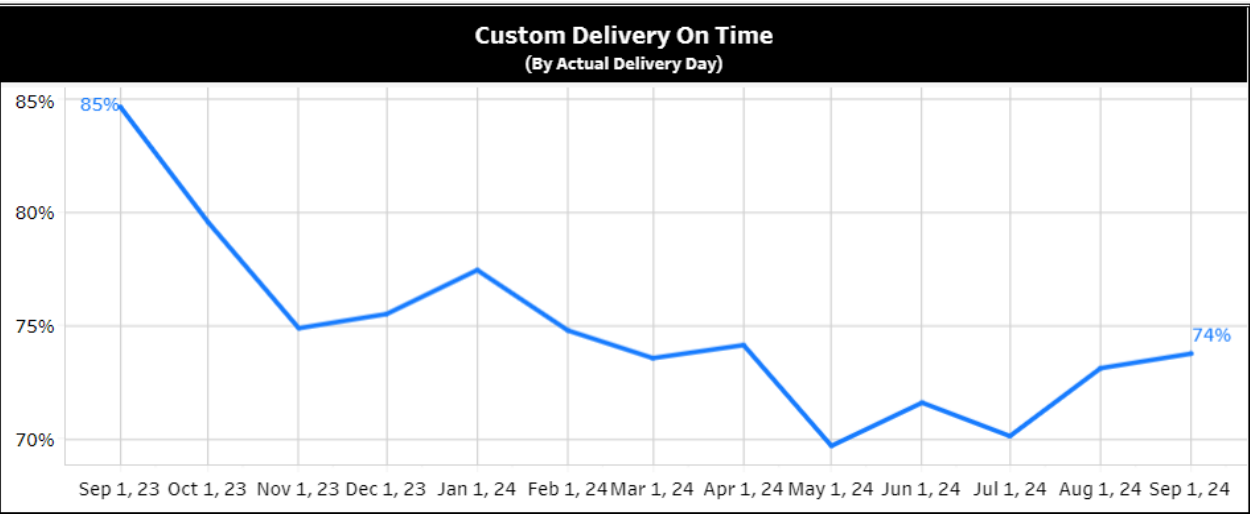
LTL



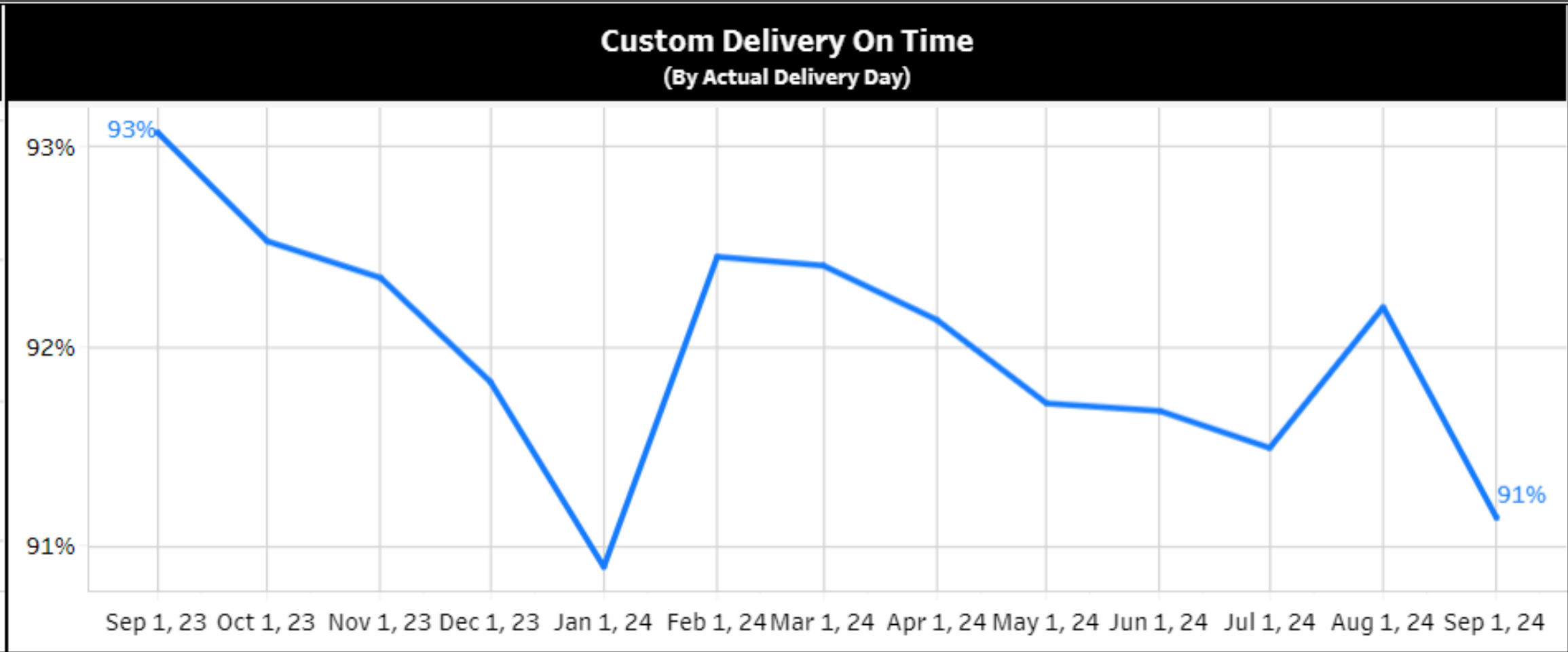
TL



Other



Chemical vertical on-time delivery*



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

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