

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

September 2024



September 2024 overview



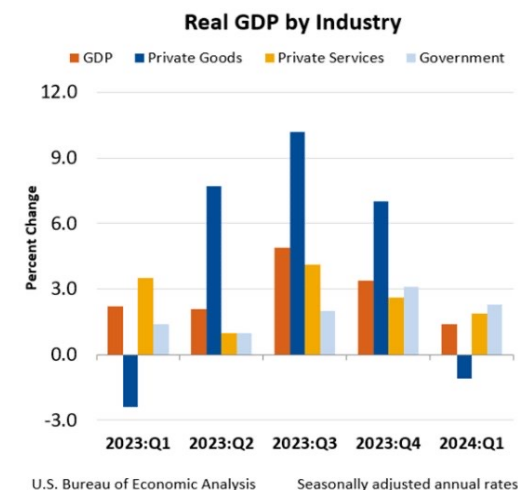
Executive summary

The August reading of [ISM's US Manufacturing PMI](#) rebounded from the worst month of the year but still remained in contraction territory at 47.2. Manufacturing in general remains soft and we are seeing that in Private Goods are weighing down [GDP](#), after some large growth in 2023 much of which came from existing inventories (did not bolster manufacturing/chemicals).

Thru the end of August, Chemical carloads continue to show strength on a YoY basis. The [Association of American Railroads](#) is reporting 4.2% YoY increase in chemical carloads YTD for the week ending August 31st.

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 inventory to shipment ratio, which is a low dating back to November 2015. This may be pressure tested if the disruption of the ILA strike comes to fruition and imports are delayed to help replenish stock.

Oil has reversed lately with global softening of demand. Diesel exceeded 2023 rates over the summer (July) but have since pulled back and are currently 21% lower than 2023 levels.



Chemical industry news and updates

Canadian rail service resumes

Rail service for Canadian National & Canadian Pacific Kansas City resumed on August 26th after the Canadian government intervened, forcing both sides into binding arbitration. The four-day shutdown ended just in time to avoid disastrous impacts, but it will still take weeks for the supply chains to normalize as 9,000 railroad workers return to work. Both parties will resume work under the old contract until a new one is agreed upon in arbitration.

Manufacturing activity slows again

Manufacturing output remains in contraction for the fifth consecutive month as the August PMI comes in at 47.2. Chemicals products were 1 of the 12 sectors that reported contraction as political uncertainty persists & earlier optimism for near term growth continues to fade.

Potential U.S. port strike

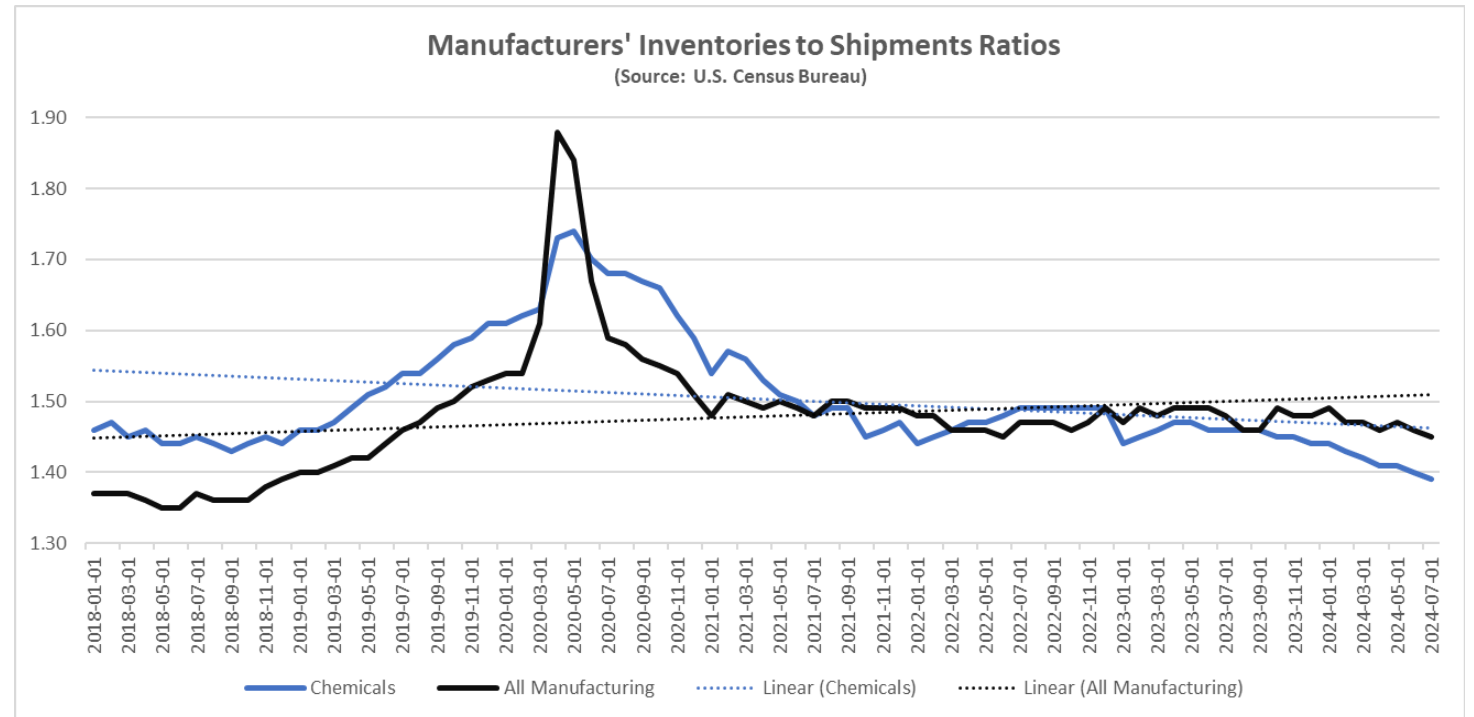
Negotiations between the International Longshoremen's Association (ILA) & U.S. Maritime Alliance (USMX) have reached an inflection point as the ILA has expressed their willingness to go on strike. ILA president confirmed there will be a work stoppage at both the East & Gulf Coast ports if a collective bargaining agreement is not reached by September 30th. Considering the East Coast processes approximately 43% of all U.S. imports per year, some companies have already begun rerouting freight to the West Coast in anticipation.

Chemical transportation trends



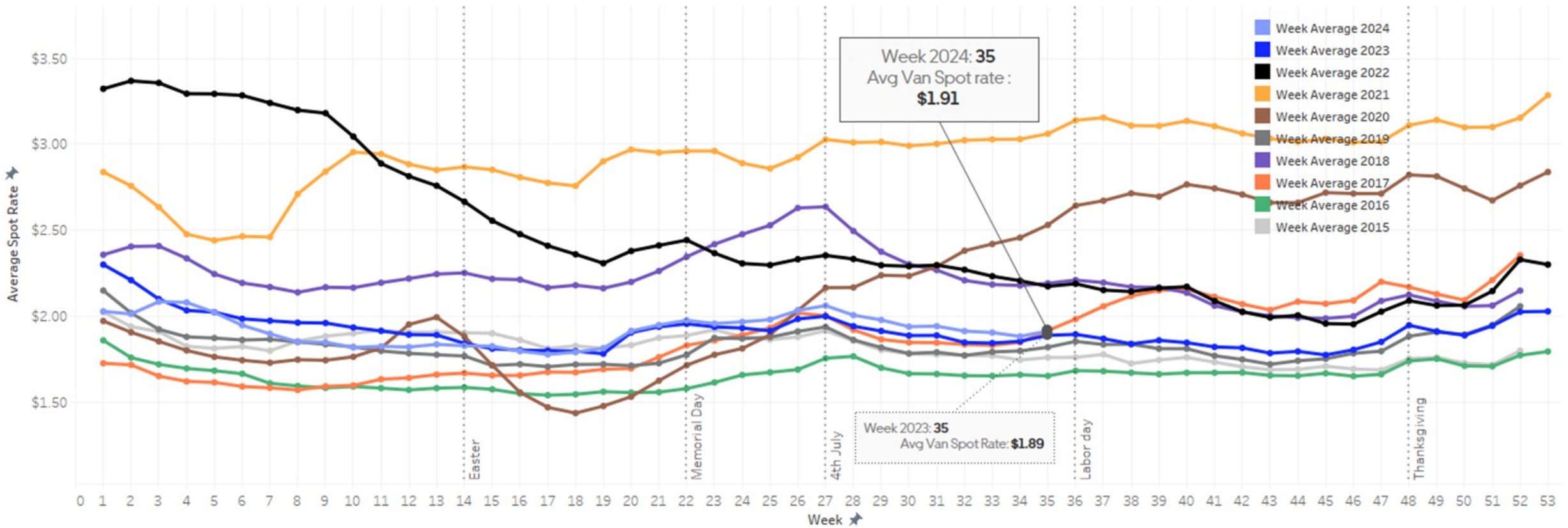
Inventory levels

- In July 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 (5.8% lower than 2020).
- In July, all Manufacturers had a drop in inventory levels and are 2.0% lower YoY.
- Chemical inventories to shipments ratio reached their lowest level in nearly 9 years (comparable to Winter of 2015).



Truckload (TL) trends

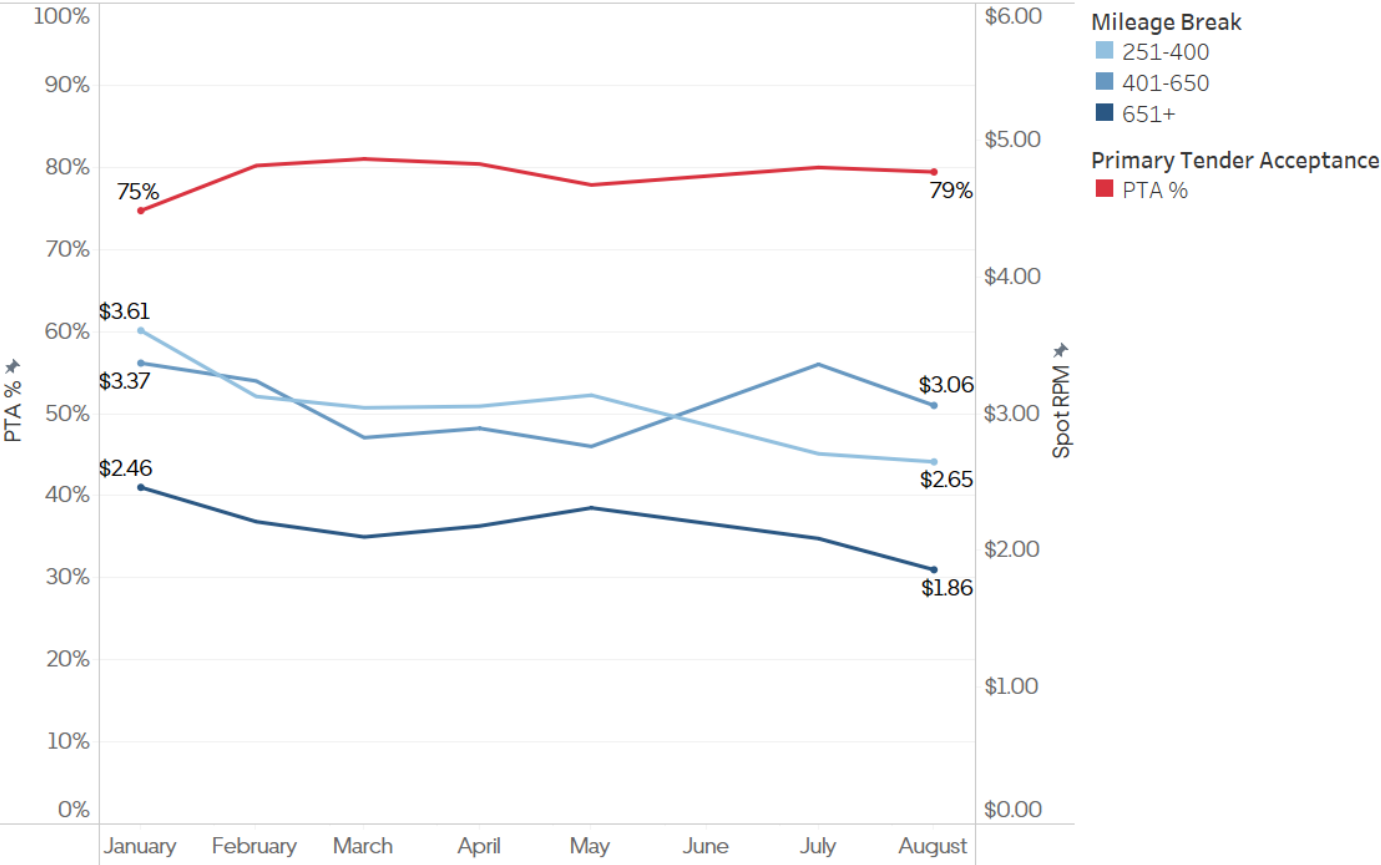
Weekly average Dry Van Spot Rate (Week 35)



Hazardous materials tendering trends

- Declines in Spot Rate per Mile (RPM) for dry van Truckload (TL) Hazmat shipments remain persistent, as long hauls (> 650 miles) reach a new low for the year, coming in at \$1.86 for August
- Primary Tender Acceptance (PTA) for Truckload (TL) continues to see sustained stability, coming in at 79% for the month of August. Up just 4% YTD.

Hazmat TL: PTA % vs Spot RPM by Mileage Break

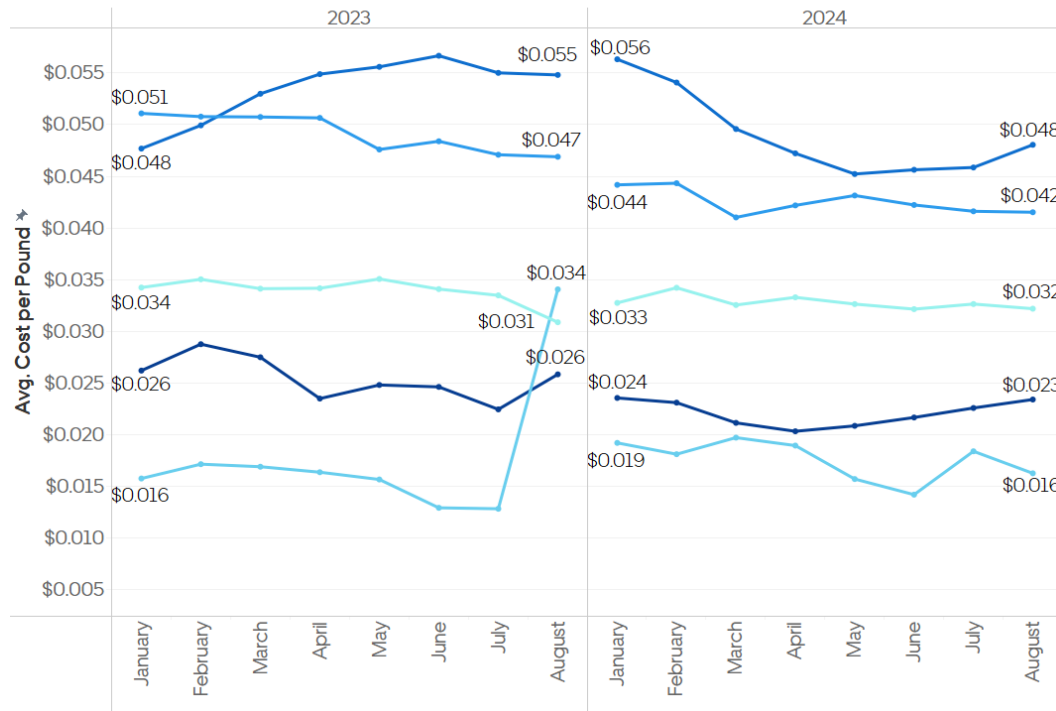


Bulk pricing trends

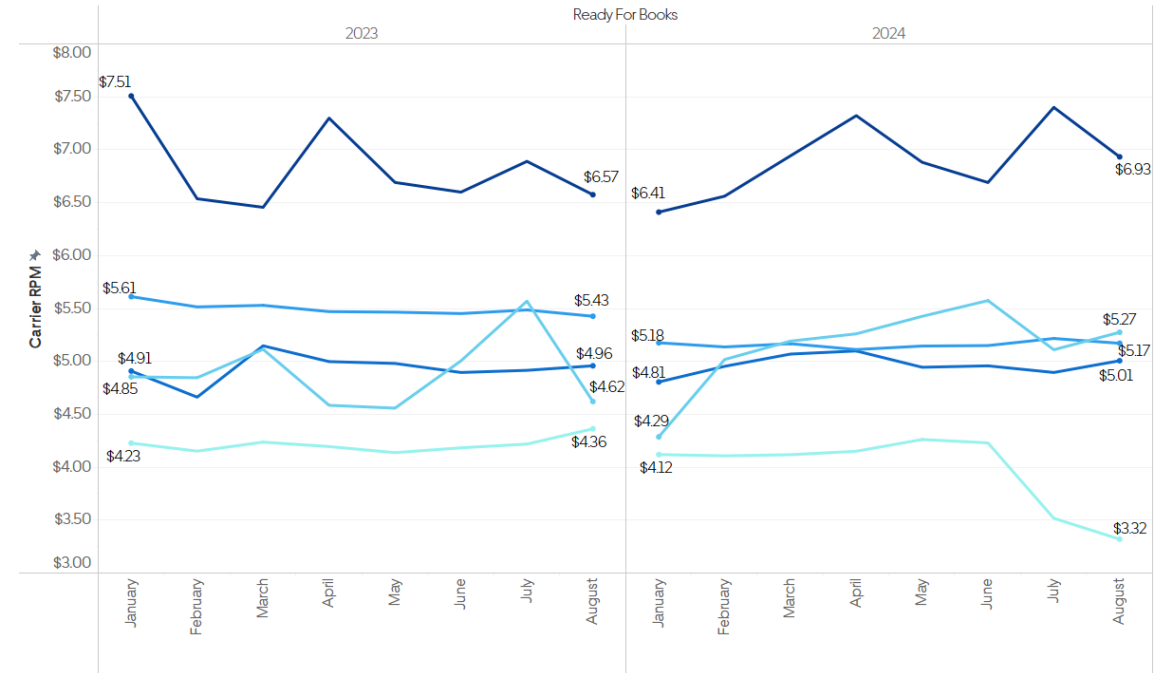
- After seeing their first decline since 2022 in July, ISO Tanks/Intermodal Container RPM are up 3.13%*MoM* in August.
- RPM for Dry Bulk Tanker have declined rapidly, down 21.5% since June.



Bulk Cost per Pound by Equipment Type



Bulk Rate per Mile by Equipment Type



Diesel fuel pricing trends



Current national diesel price - **\$3.625/gal**
 (As of 9/2/24)



Brent Crude - **\$74.67(\$/bbl)**
 (As of 9/4/24)



WTI Crude - **\$70.11(\$/bbl)**
 (As of 9/4/24)

Current dry van fuel surcharge



Fuel Surcharge

\$0.54 (-\$0.01)

↘ Rate is decreasing

Source: DAT (as of 9/1/24)

Current reefer fuel surcharge



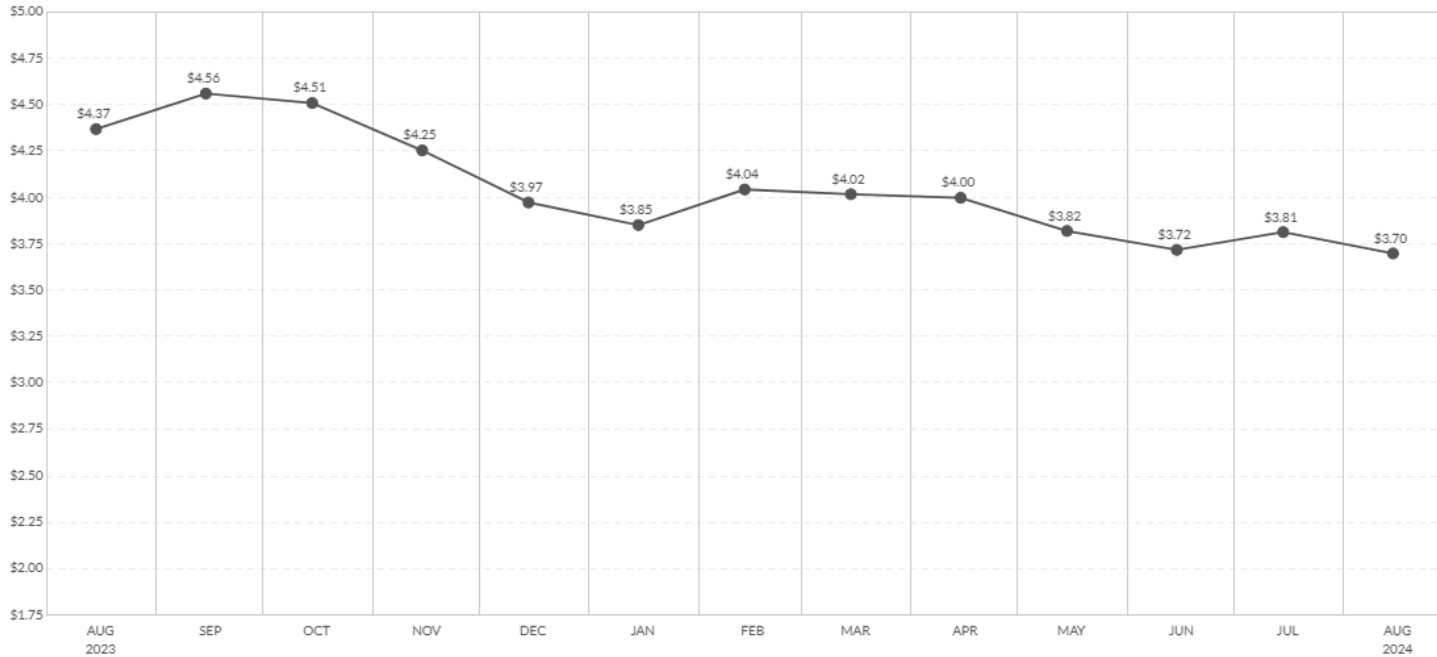
Fuel Surcharge

\$0.59 (\$0.00)

→ Rate is neutral

Source: DAT (as of 9/1/24)

1 Year national diesel fuel averages

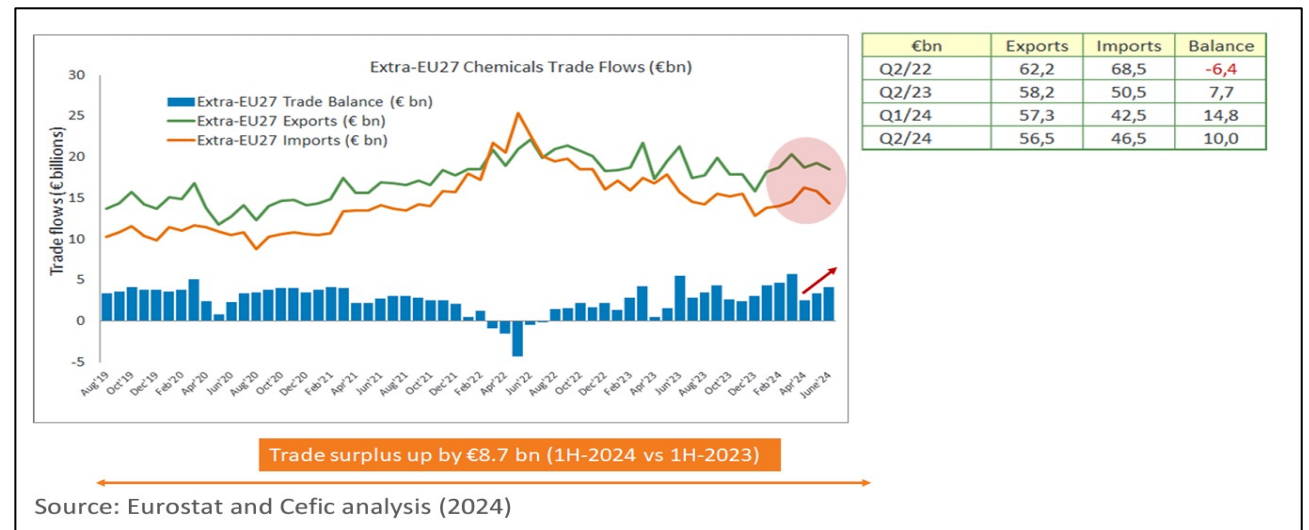
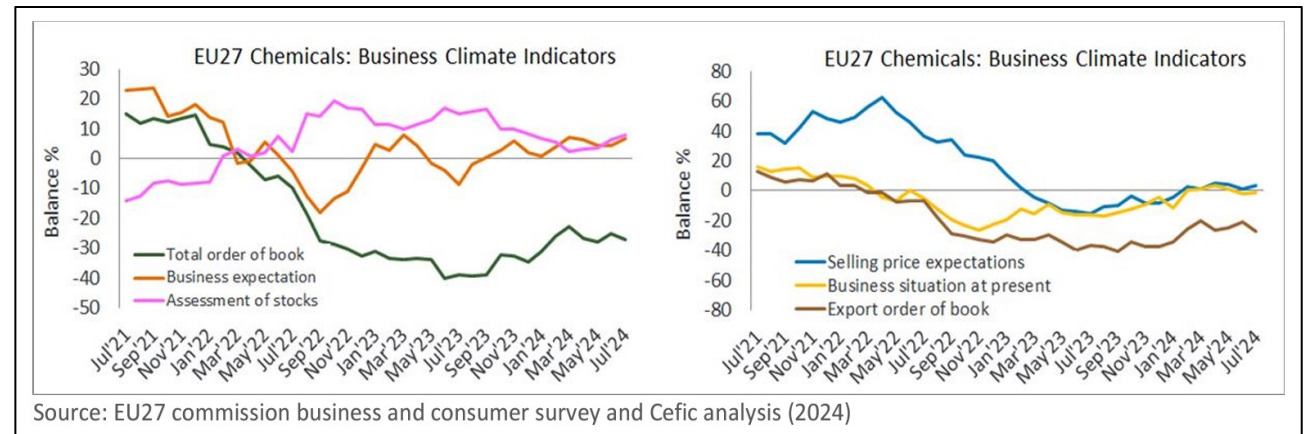


Source: DAT

- National diesel average declines for the eight consecutive week. Down 24 cents since July 8th
- OPEC+'s plan to hike production back to 2.2mil barrels per day has been postponed for 2 months as the demand in China remains weak
- Crude prices continue to search for stability as they sit at 9-month lows

Europe trends

- Production of the EU27 chemical sector increased for the fourth consecutive quarter since Q3 2023.
- Manufacturing capacity utilisation is at 75.2%, well below the long-term average of 81%.
- The confidence indicator of the EU chemical industry worsened slightly in July 2024 and remains well below the pre-crisis levels.
- July 2024 was the fourth consecutive month of increasing stock levels after six months of decline.
- EU27 chemical exports were at €113.8 bn in 1H-2024, down from €117.2 bn in 1H-2023 (-2.9%). Many of the chemical industry's downstream users are still showing downward trends.
- Comparing H1 2024 to H1 2023, trade surplus increased by €8.7 billion (+54%). The gains in trade surplus are mainly driven by the stronger drop in imports (-11.9%) rather than by an increase in exports.



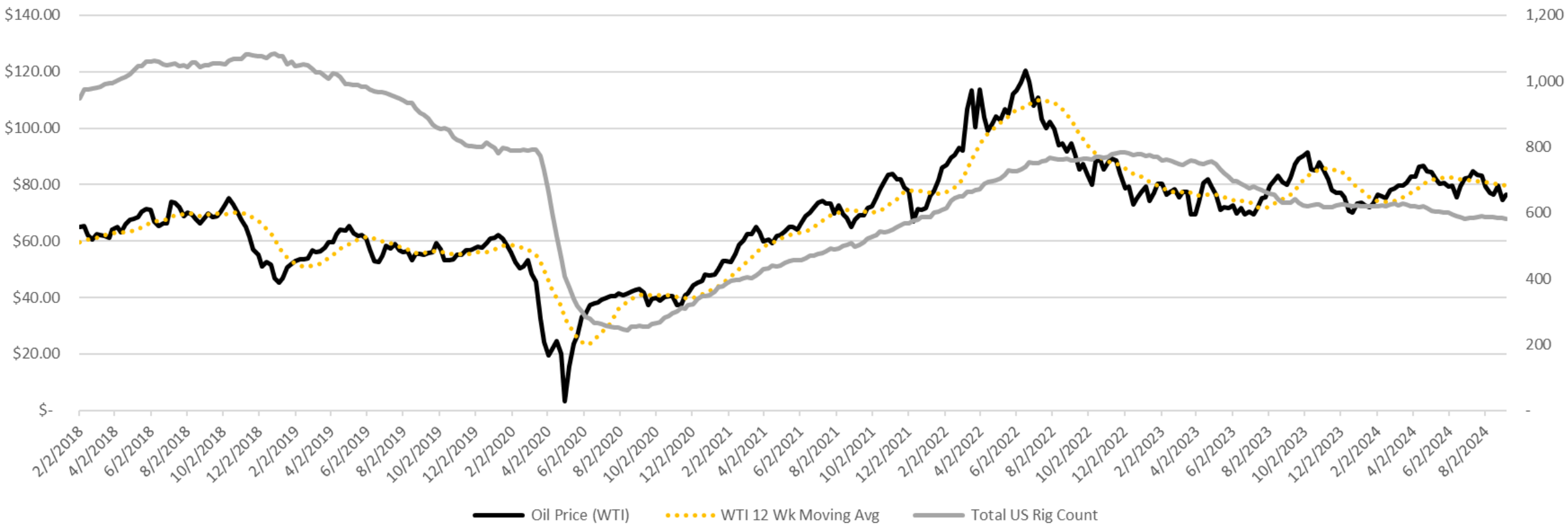
Chemical supply chain overview



Chemical industry news and updates: Energy

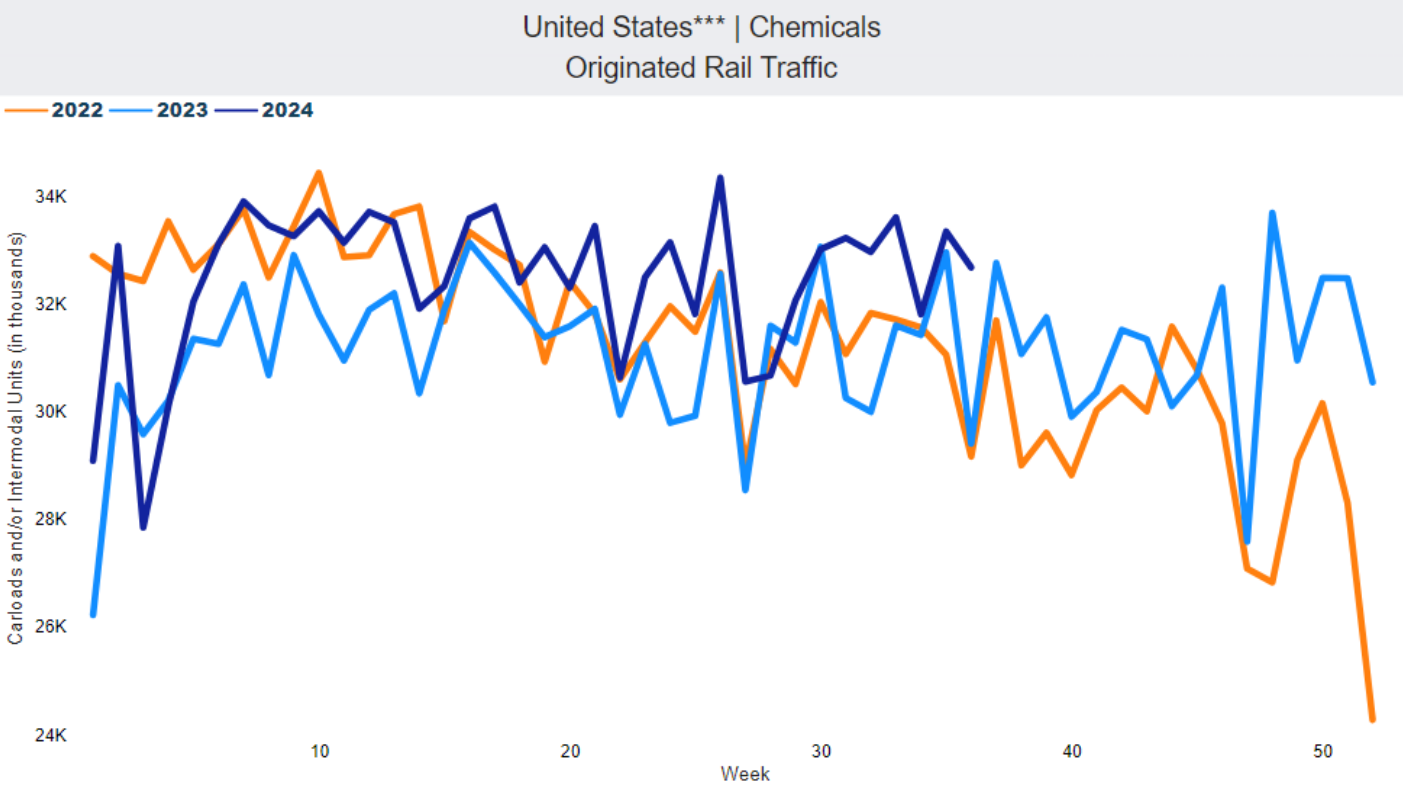
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 19.7% lower than same week prior year at \$70.02 per barrel (Sept 6, 2024, verse Sept 8, 2023)
- US rig counts are 7.9% lower over the same period in 2023. Rig counts have been down the entire year and as 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

- Thru August total US originated rail volumes were up 3.1% on a YoY basis. This was primarily driven by Intermodal Boxes which are up 9.3% verse carloads which are down 3.6% YTD
- US Chemical volumes (chart below) continues to show strength on a YoY basis (Dark Blue Line).
- Thru August, Chemical carloads continue to outpace the market and prior year being up 4.2% (Intermodal stats are not captured at the commodity level).

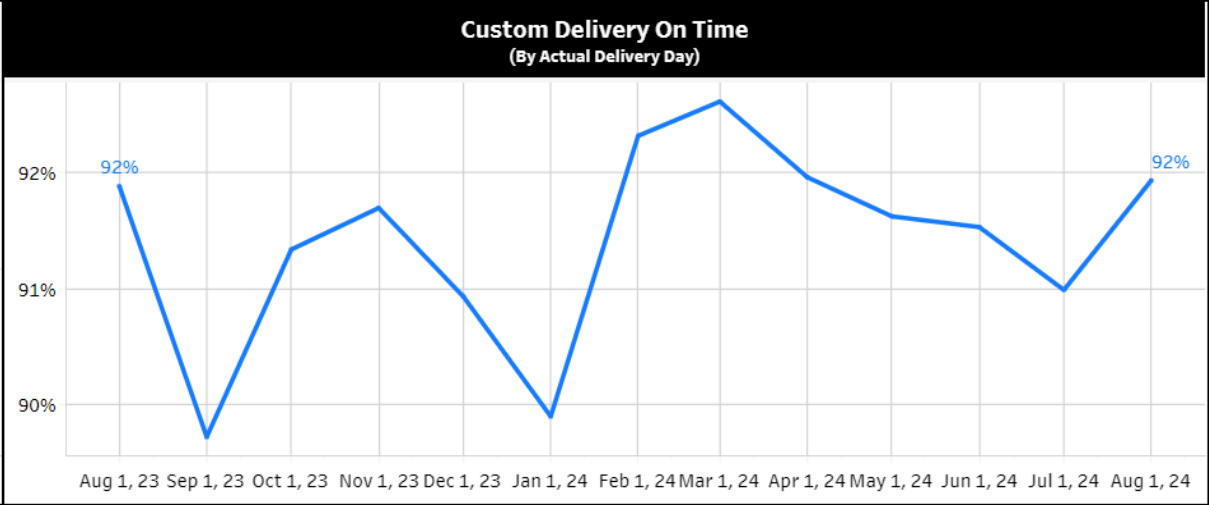


*Canadian traffic includes the U.S. operations of Canadian railroads.
**Mexican traffic includes the U.S. operations of Mexican railroads.
***United States traffic excludes the U.S. operations of Canadian and Mexican railroads.
©2023 Association of American Railroads.

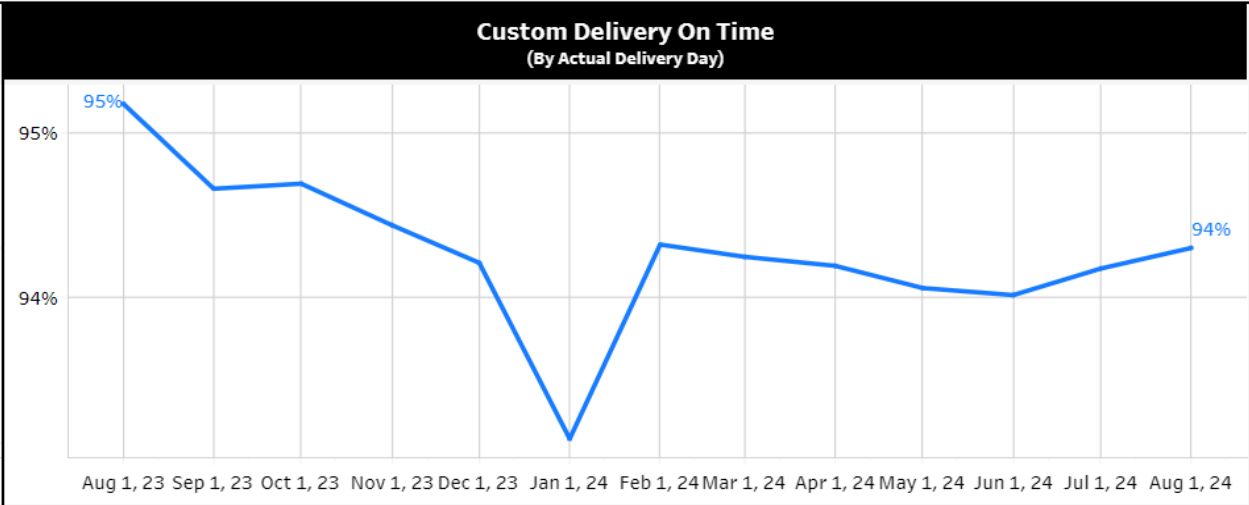


Chemical vertical on-time delivery by mode

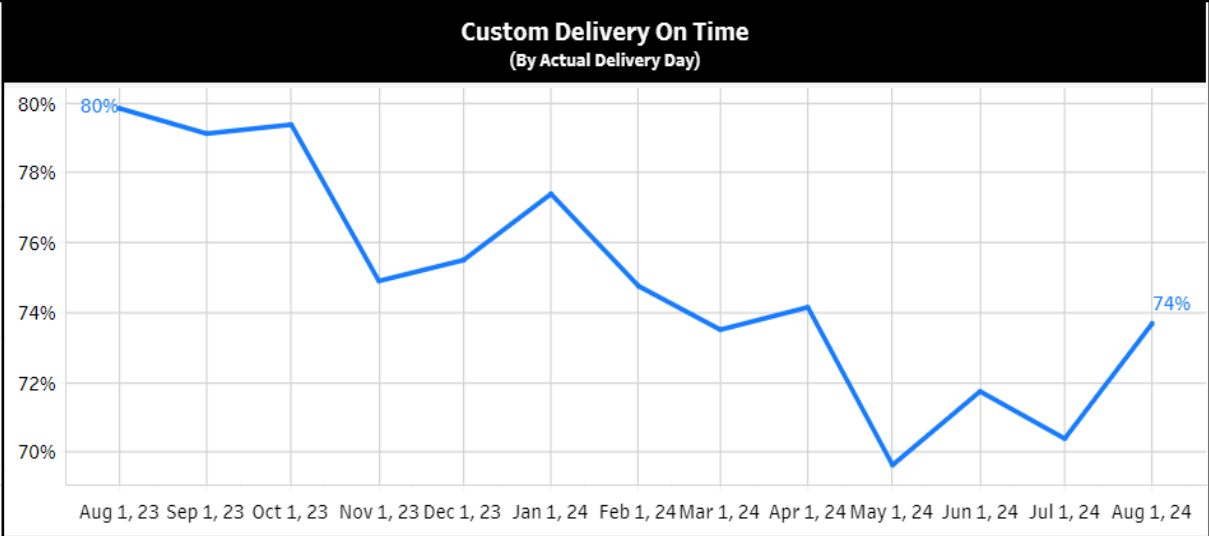
LTL



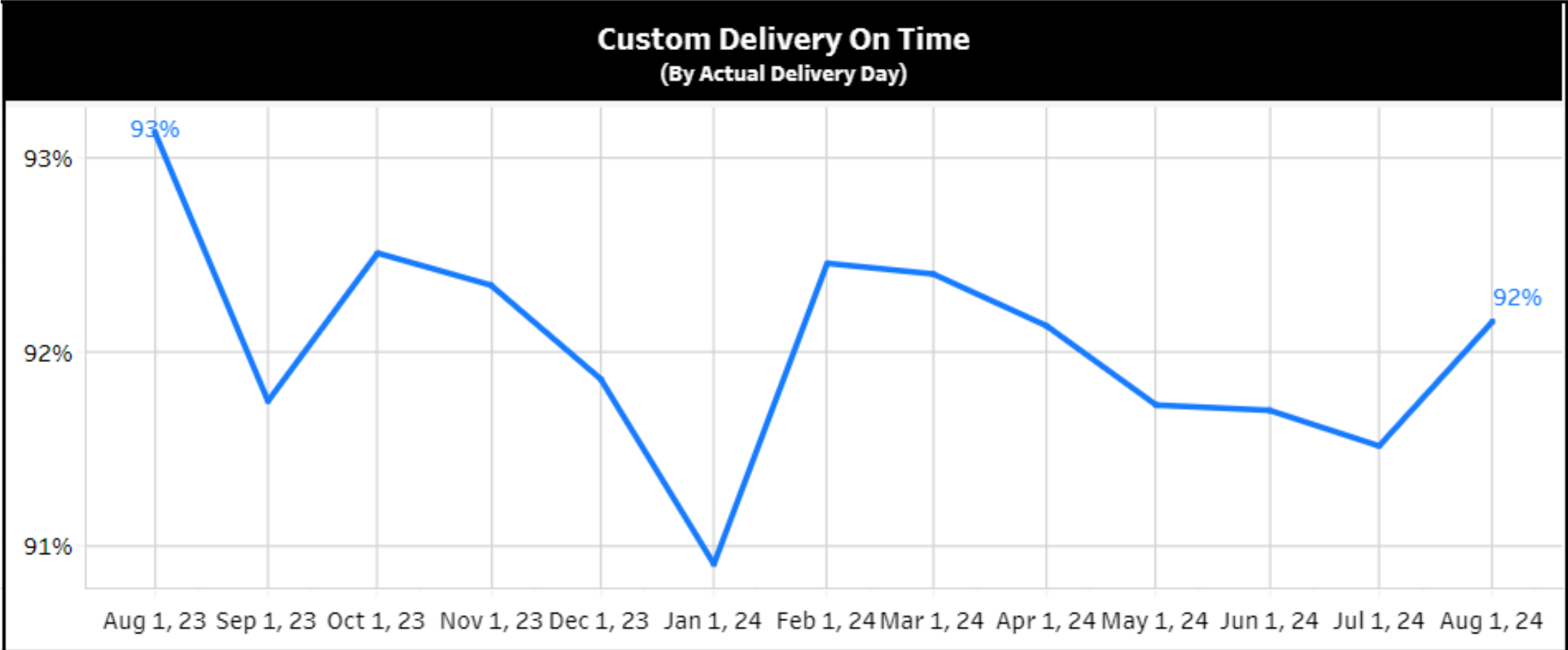
TL



Other



Chemical vertical on-time delivery*



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




Deliver 2024 recap

Innovation with purpose



Deliver
2024



Welcome to the era of Logistics AI

Inspiring collaboration, driving innovation, and shaping the future of freight transportation

- **Combating fraud with collaboration**

Cargo theft and supply chain fraud are making headlines. At Deliver, we heard from industry and law enforcement experts on new and emerging trends and how to mitigate risks to your supply chain. We explored actions you can take to help insulate your business and supply chains from these emerging threat vectors. [Learn more](#)

- **Embracing AI: Future-proofing supply chains with innovative solutions**

Over the past year, we've gained valuable insights into what transportation teams need from an AI co-pilot. At Deliver 2024, our EVP and Chief Technology Officer Val Marchevsky walked attendees through 3 enhancements to Insights AI. [Learn more](#)

- **To nearshore or not to nearshore?**

Mexico has become one of the United States' biggest trading partners. Manufacturers are choosing to nearshore, or the process of planning and bringing their supply chains back to North America. While this can provide cost savings and economic benefits, potential risks are also involved. [Register to more on the session replay October 18](#)

Chemical supply chains: Essential strategies for shippers

Experts from leading chemical companies **Solenis, Baker Hughes, and BASF** shared their insights and effective strategies to enhance operations, ensure compliance, and prioritize safety.

Director of Transportation Management at BASF, Renato Lantin, spoke on the mainstage about how Uber Freight's service and technology innovations have helped them achieve **\$15 million in savings**.



“We have a continued focus on creating vertical specific collaboration opportunities for chemical shippers with similar requirements and commodities.”

“With BASF and other participating chemical shippers, we’re unlocking chemical efficiencies across things like continuous truck-load moves, shared dedicated fleets, LTL pooling and co-loading, and multi-stop.

This kind of collaboration is a huge win for everyone and we’re looking to continue to enhance the value we create across likeminded shippers in the chemical vertical” – **Uber Freight Founder & CEO, Lior Ron**



Uber Freight