

Uber Freight

Chemical Current
Supply chain newsletter for
chemical shippers

November 2024



November 2024 overview



Executive summary

The October reading of [ISM's US Manufacturing PMI](#) fell further into contraction territory at 46.5 (47.2 in September). This marks 23 of the prior 24 months where the reading has been contractionary (with March 2024 being the lone exception over the past two years).

The [Association of American Railroads](#) is reporting total carloads down 3.1% YTD. Chemical carloads continue to buck this trend seeing 4.5% YoY growth YTD, signaling overall strength for commodity chemicals. Railroads have pockets of congestion as intermodal units are growing across the market. This congestion is causing rail speeds to drop this year effecting service levels.

Inventory levels continue to be near historic lows for chemical shippers as uncertainty around demand along with higher interest rates have manufacturers controlling costs. Imports continue to show strength across all industries but in September this did not translate to increased inventories for chemical manufacturers.

As of the first week of November, WTI Spot Crude sits at \$71.89 per barrel. This is 17% off the 2024 peak of \$86.51 realized in April. Oil has moderated as soft global demand has damped outlooks coming off some pricing strength driven by geopolitical uncertainty over the summer.

Chemical industry news and updates

Q3 sentiment

U.S. chemical manufacturers reported continued growth in activity levels, including sales and production, during Q3 2024, according to the latest data from the American Chemistry Council's (ACC) Chemical Manufacturing Economic Sentiment Index (ESI). While sentiment about the global economy weakened, manufacturers expressed greater optimism about the U.S. economy, expecting positive domestic growth through 2025. Capital spending remained robust, with some companies continuing to invest in expansion. Although the trend has begun to decelerate, production costs remain high, prompting many to focus on "right-sizing" their portfolio and develop contingency plans in anticipation of potential trade policies that may impose tariffs on key materials.

Canadian port strike avoided

The Canadian government intervened earlier this month via binding arbitration to ensure the resumption of operations at The Port of Vancouver, Port of Montreal, and other West Coast Canadian ports. The timeline for complete return to full operations remains unclear as it can take several weeks to clear backlogs and restore the flow after such disruptions.

Coming soon

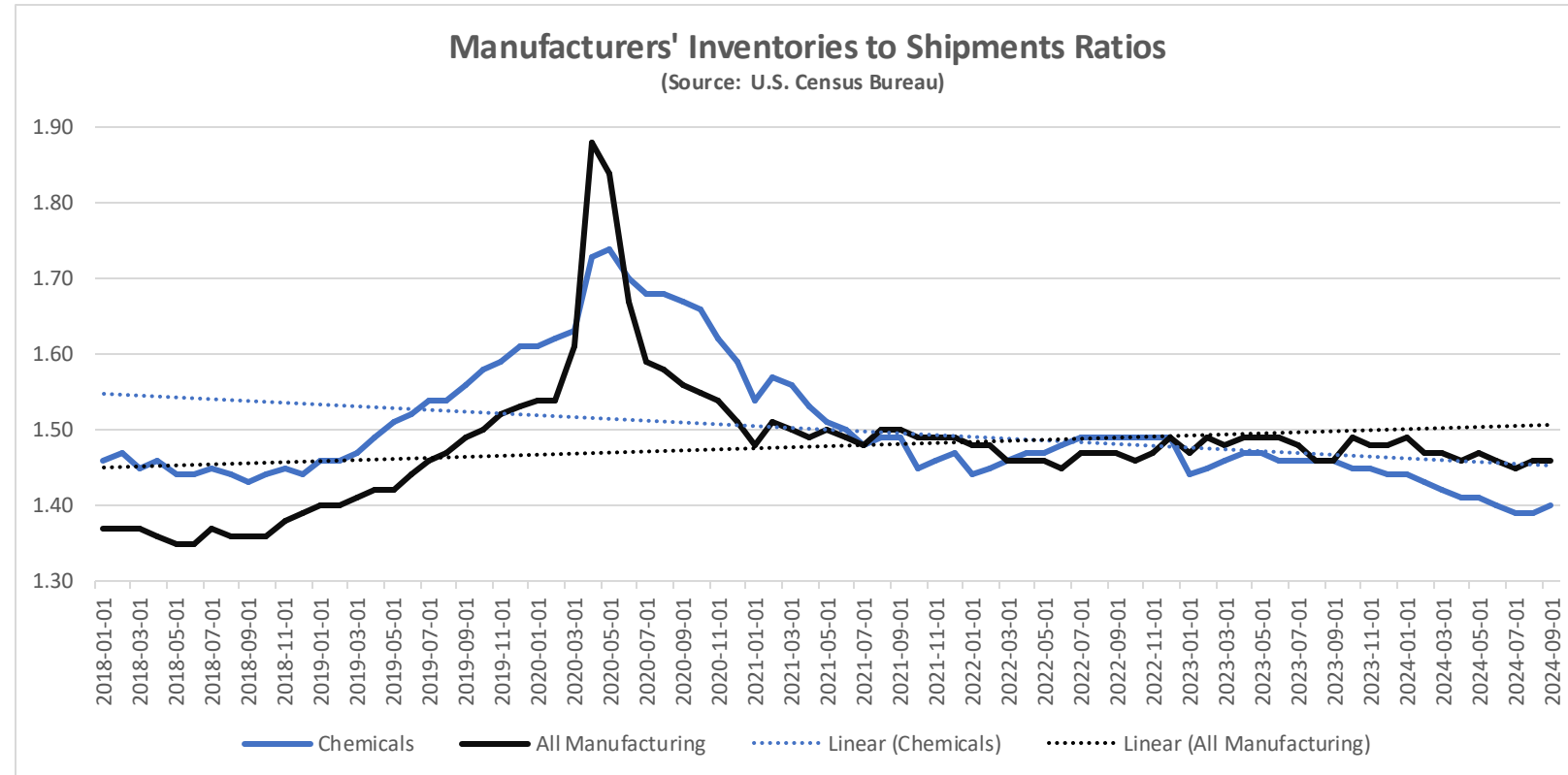
For the remainder of 2024, chemical shippers are prioritizing cost efficiency, operational streamlining, and asset rationalization, driven by overcapacity, low demand, and high operating costs. As the industry moves toward 2025, innovation in product, process, and ecosystem strategies is vital to stay competitive, with sustainability and digital technologies playing a central role in shaping future growth and resilience. **Be on the lookout for next month's edition of the *Chemical Current* to get more insights on the outlook for the chemical industry in 2025.**

Chemical transportation trends



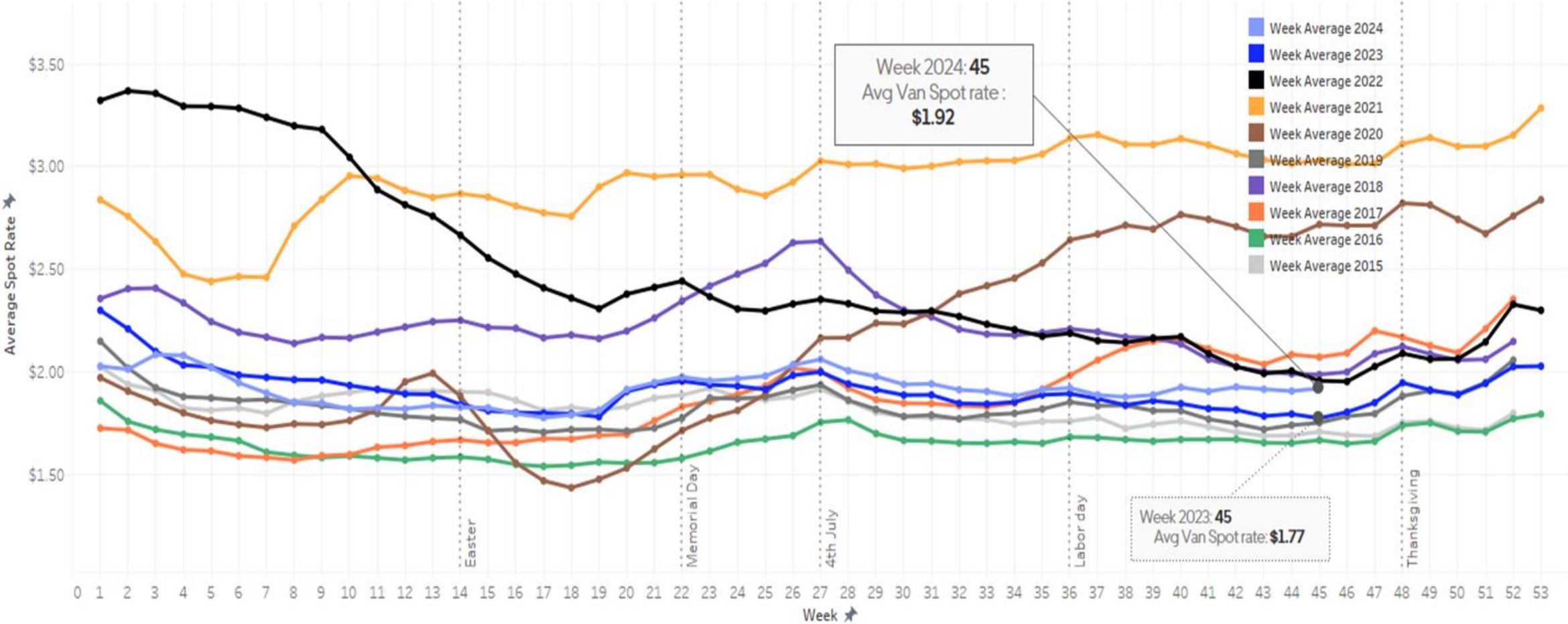
Inventory levels

- 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

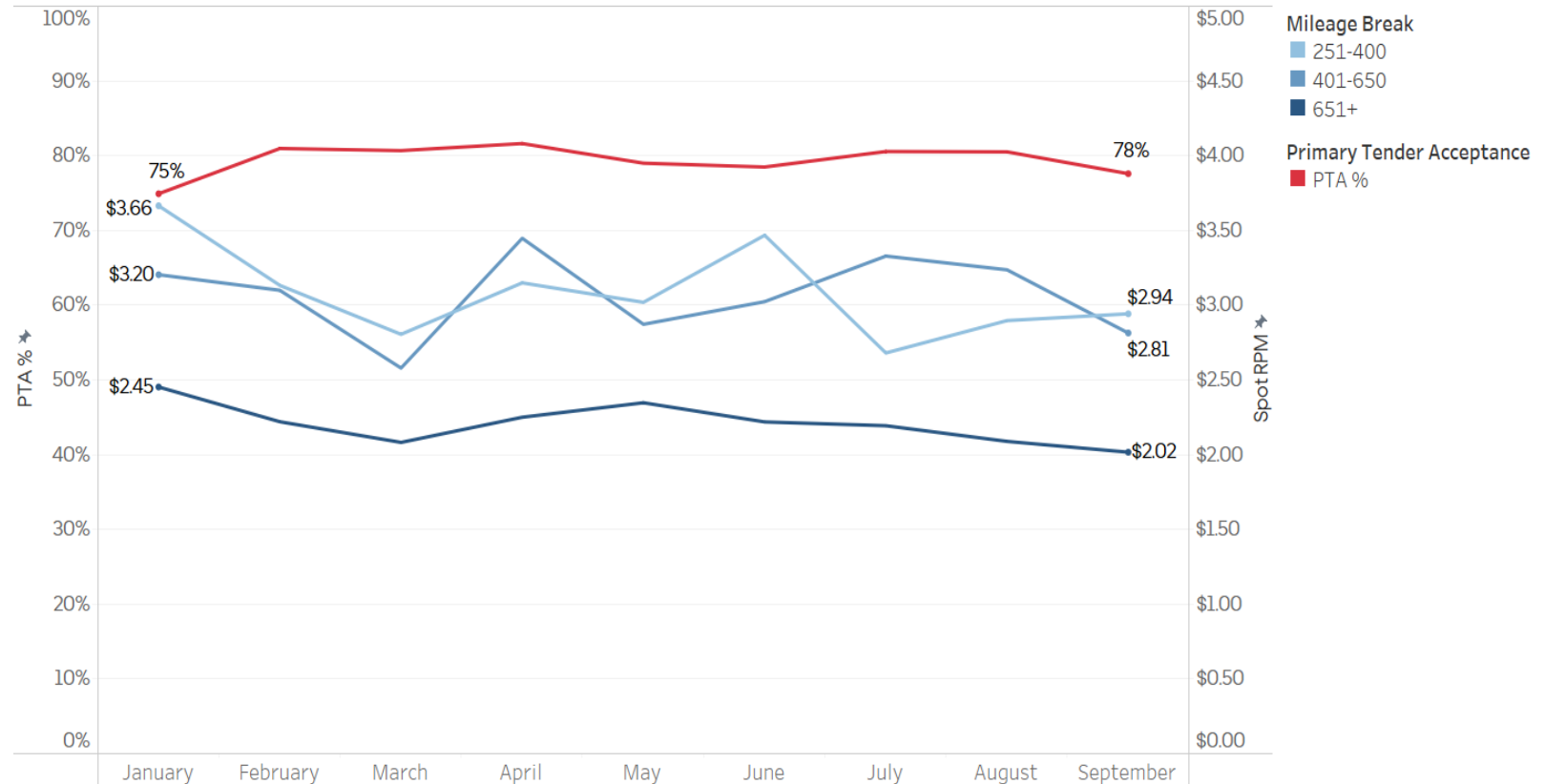
Weekly average Dry Van Spot Rate (Week 45)



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

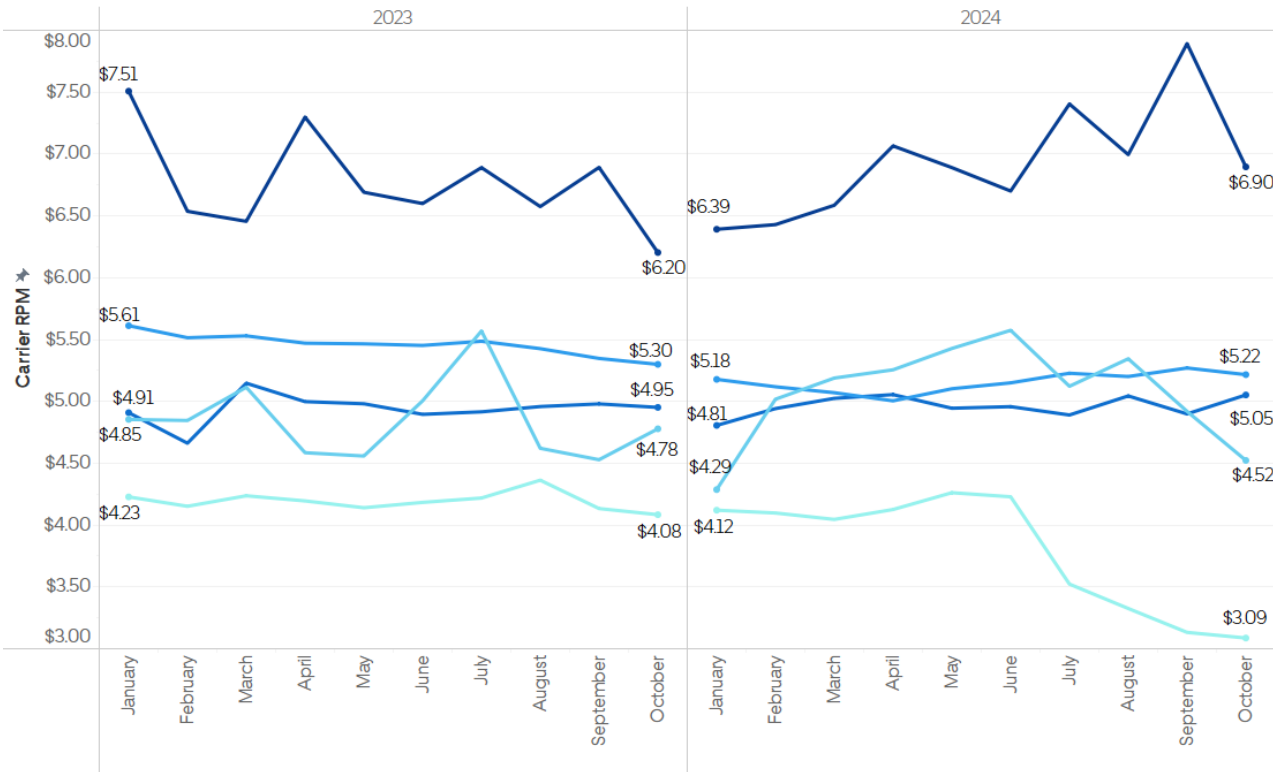


Bulk pricing trends

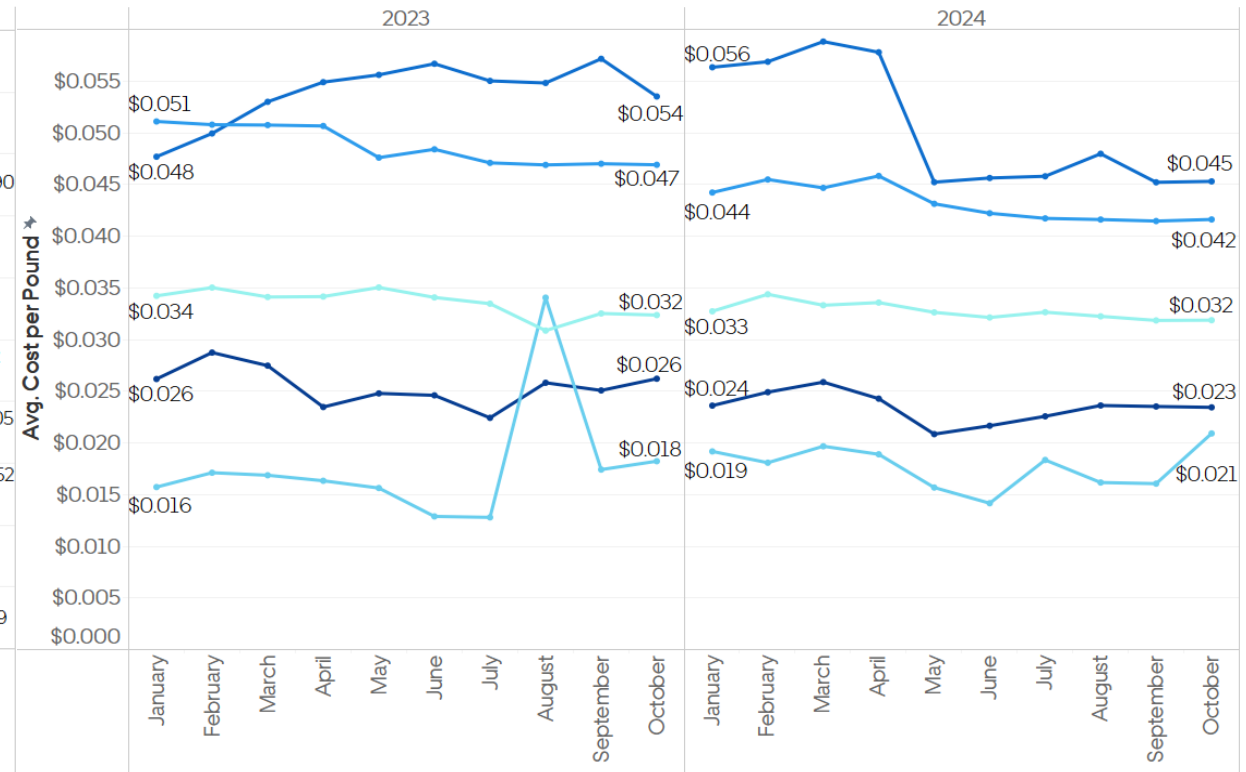
- Decline in Rate per Mile (RPM) for ISO Tanks/Intermodal Container continues to accelerate, retreating to \$4.52/mi in October. Down 18.84% since the peak in June.
- Downward pressures persists for Dry Bulk Tanker RPM, down 24.22% year-over-year in October.
- Liquid Bulk & Multi-Compartment RPM remains stable.



Bulk Rate per Mile by Equipment Type



Bulk Cost per Pound by Equipment Type



Diesel fuel pricing trends



Current national diesel price - **\$3.491/gal**
(As of 11/18/24)



Brent Crude - **\$73.00(\$/bbl)**
(As of 11/19/24)



WTI Crude - **\$68.92(\$/bbl)**
(As of 11/19/24)

Current dry van
fuel surcharge



Fuel Surcharge

\$0.48 (-\$0.01)

↘ Rate is decreasing

Source: DAT (as of 11/19/24)

Current reefer
fuel surcharge



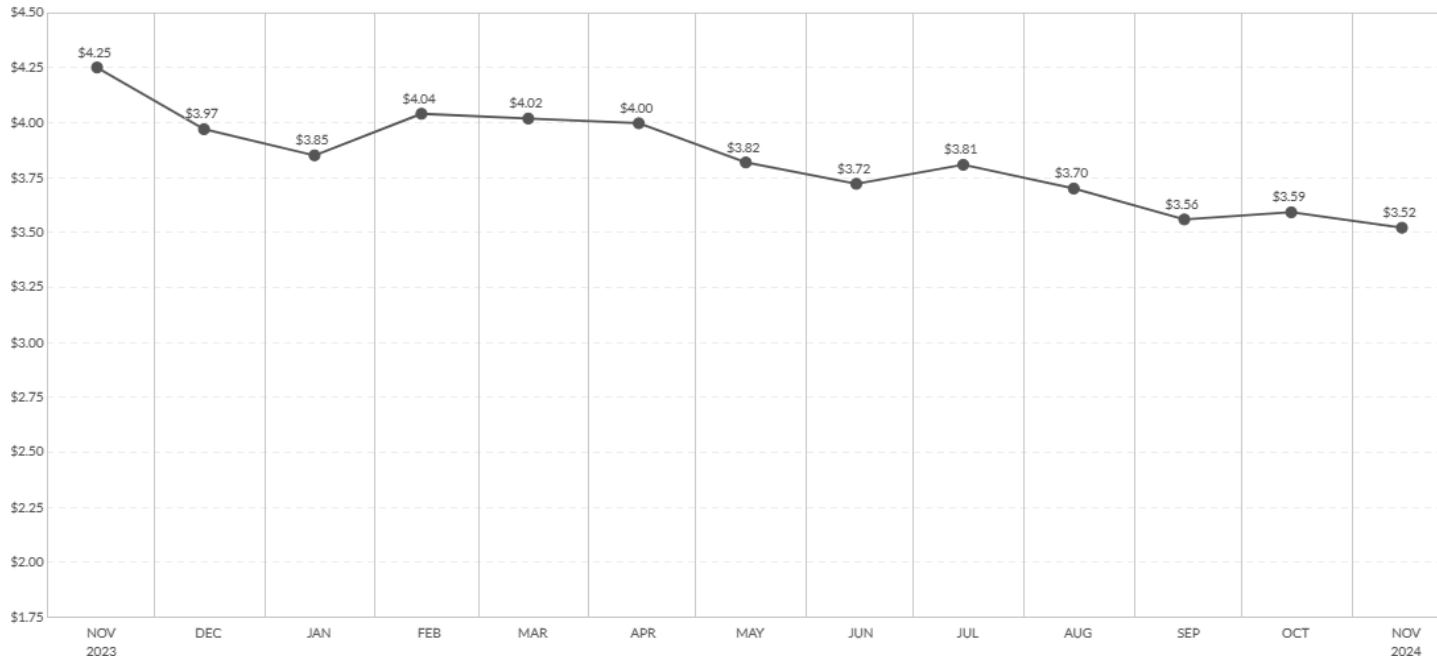
Fuel Surcharge

\$0.53 (\$0.00)

→ Rate is neutral

Source: DAT (as of 11/19/24)

1 Year national diesel fuel averages



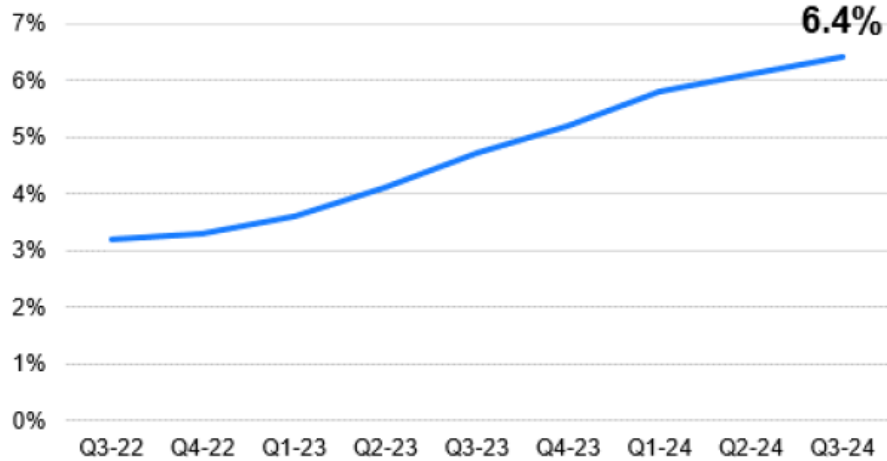
Source: DAT

The national average price of diesel has dropped for three consecutive weeks, with a 3.0-cent decline this week, bringing the price to \$3.491 per gallon. Over the past three weeks, the price has decreased by a total of 8.2 cents. Compared to the same time last year, the price is 71.8 cents lower, a smaller drop than the previous week's 77.3-cent decrease.

Warehousing

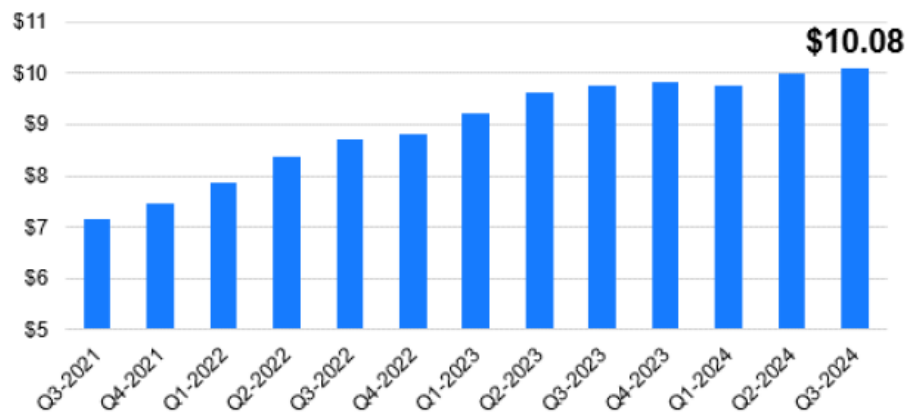
Vacancies⁽¹⁾

Rate (%), Indexed to Q3-2022



Asking Rent⁽¹⁾

\$ Per Square Feet (PSF), Indexed to Q3-2021



Q3 2024 Warehousing Recap:

- Vacancies continue to normalize more consistent with the long-term average of 7% compared to the years coming out of the pandemic when vacancies were very tight. ⁽¹⁾
- Asking rents once again edged higher to \$10.08 per square foot (PSF) for the first time in history, up 4.3% year-over-year (YOY). ⁽¹⁾
- 26 of the tracked 84 markets, reported annual rent declines with the largest decreases mostly occurring in west coast markets. ⁽¹⁾

Q3 2024 → Q4 2024 Outlook:

- With new supply fading and demand poised to rebound next year, expect vacancies to peak at 6.7% midway through 2025 (still below the historical average) and then trend lower. ⁽¹⁾
- Rent growth is cooling to more sustainable levels. Annual rent growth is projected to finish the year at approximately 3% YOY before trending higher into the mid-single digits over the next two years, amid strengthening fundamentals and a smaller construction pipeline. ⁽¹⁾

Warehousing summary

- Much like Q2, the U.S. Consumer has continued to spend at record levels, pushing the economy forward. Retail sales also hit a new all-time high in Aug. 2024.
- Retail inventory was up slightly, but downstream shippers continue to show lean inventories overall.
- The port strike on the East and Gulf coast only lasted 3 days until a temporary deal was made. The International Longshoremen's Association and the US Maritime Alliance have until Jan. 15th, 2025, to negotiate a new contract. Keep an eye on this situation as it could have an impact on your supply chain.
- Warehousing wages continue to go up as competition for labor continues its trend. Aug. 2024 marked the 7th month in the last year to hit a new all-time high.
- The supply for new warehouse space is significantly outpacing the demand which will continue to drive vacancies to increase and the pipeline for new construction to dwindle.
- The effect of the construction pipeline thinning was that asking rents broke the \$10/SqFt mark for the first time in history. Not ideal for those looking to rent space, but positive to know that rent growth is slowing down overall.
- Price of steel for new racking and wood for pallets are both down 10-11% when compared to last year.

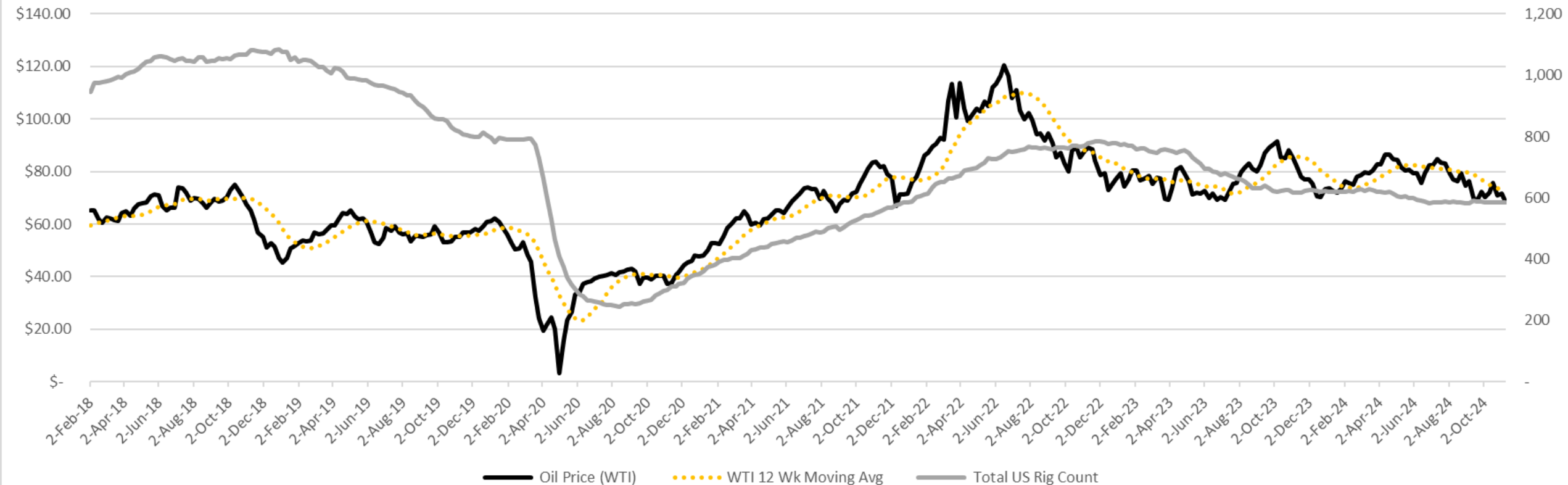
Chemical supply chain overview



Chemical industry news and updates: Energy

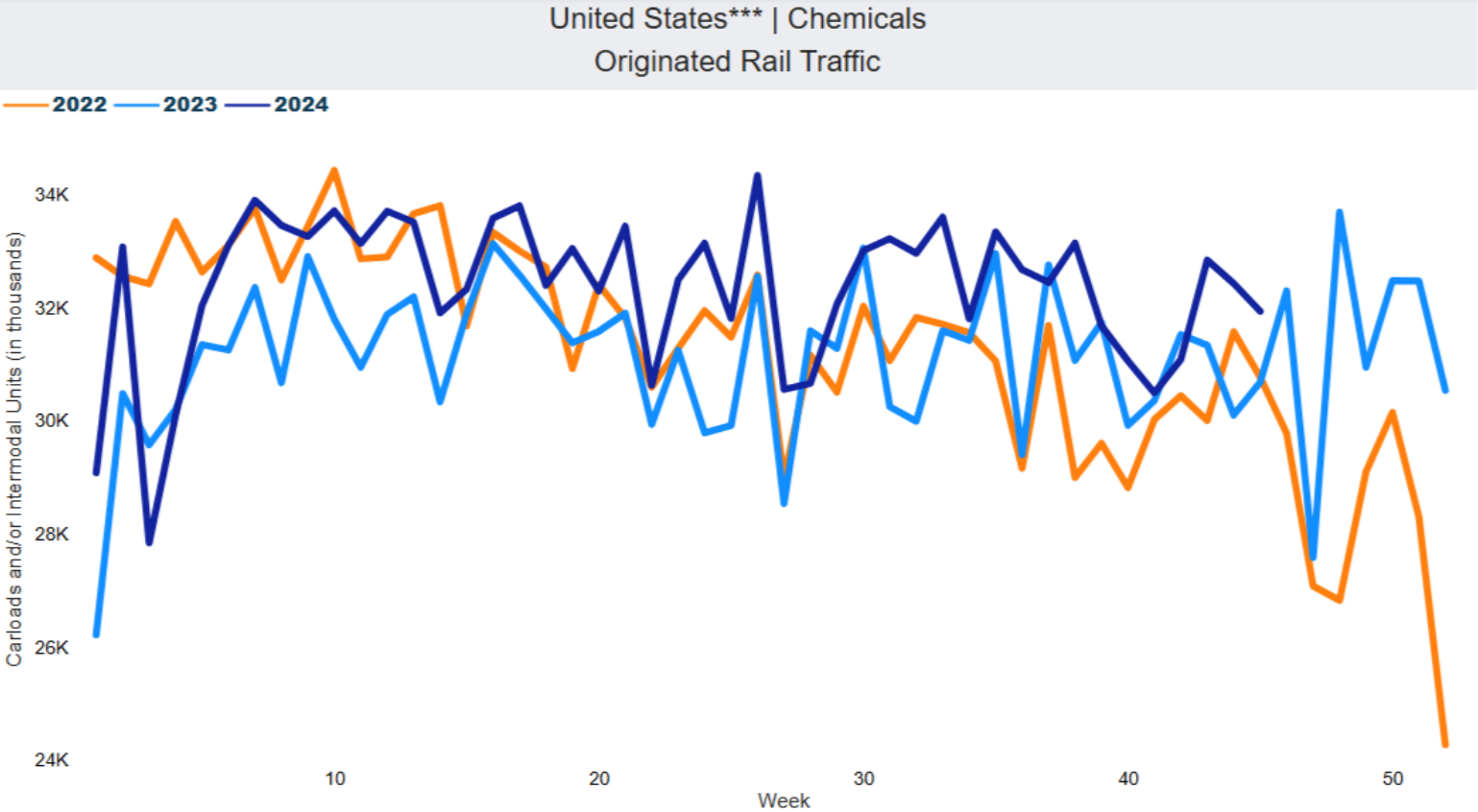
- 12-week moving average of WTI prices and US Rig Counts have historic correlation
- Spot WTI is 7.7% lower than same week prior year at \$71.89 per barrel (November 8, 2024, verse November 10, 2023)
- US rig counts are 5.0% lower over the same period in 2023. Rig counts have been down the entire year 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.
- Through September, Chemical carloads continue to show strength, as they are up YTD by 4.5% (Intermodal stats are not captured at the commodity level).
- September was up 4.0% on a Y-o-Y basis but fell 1.3% from August.

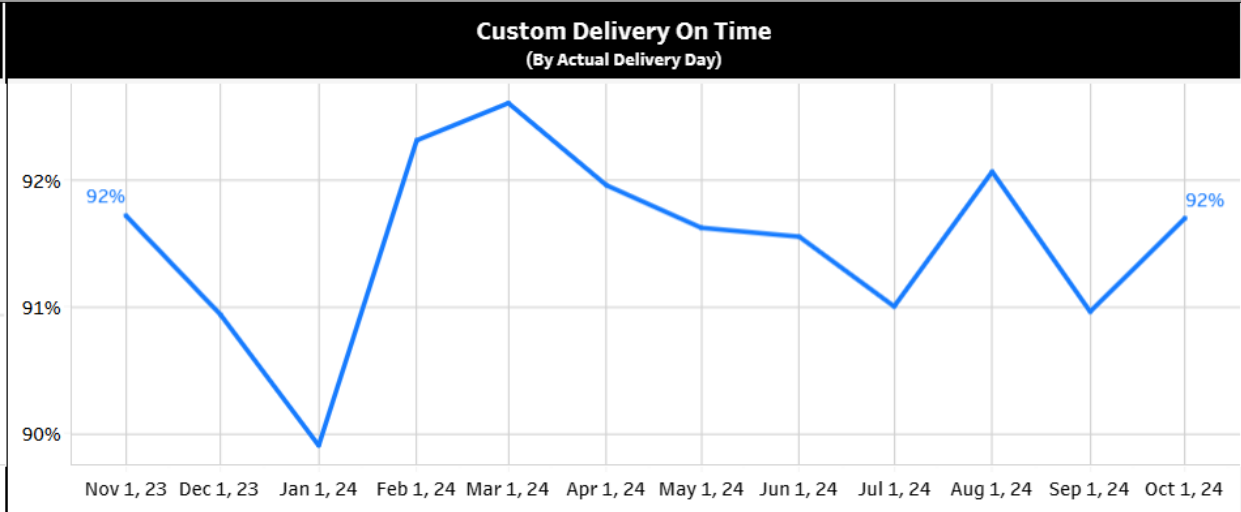


*Canadian traffic includes the U.S. operations of Canadian railroads.
**Mexican traffic includes the U.S. operations of Mexican railroads.
***United States traffic excludes the U.S. operations of Canadian and Mexican railroads.
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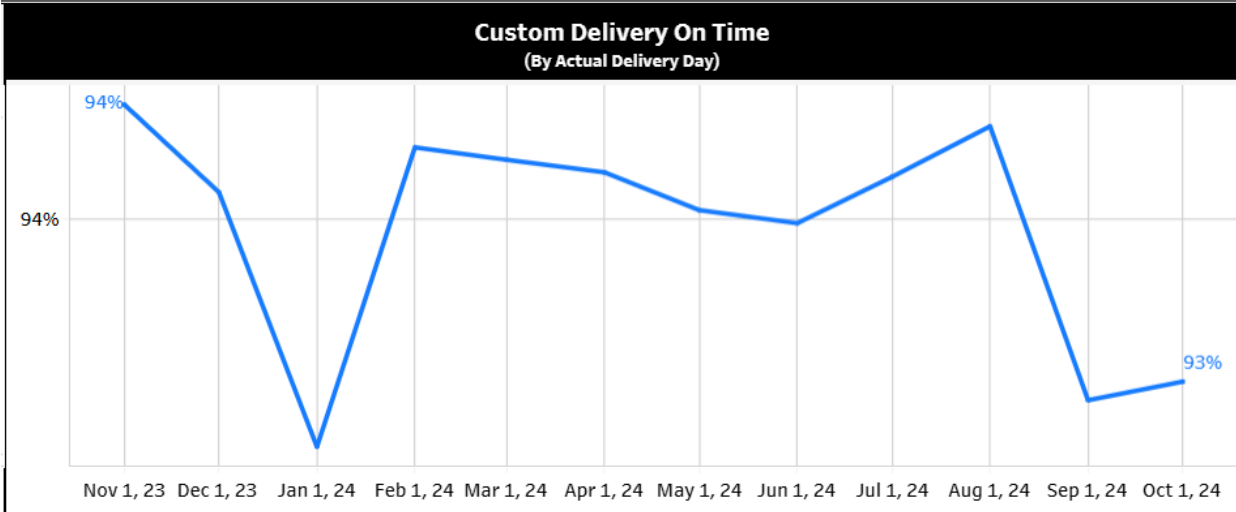


Chemical vertical on-time delivery by mode

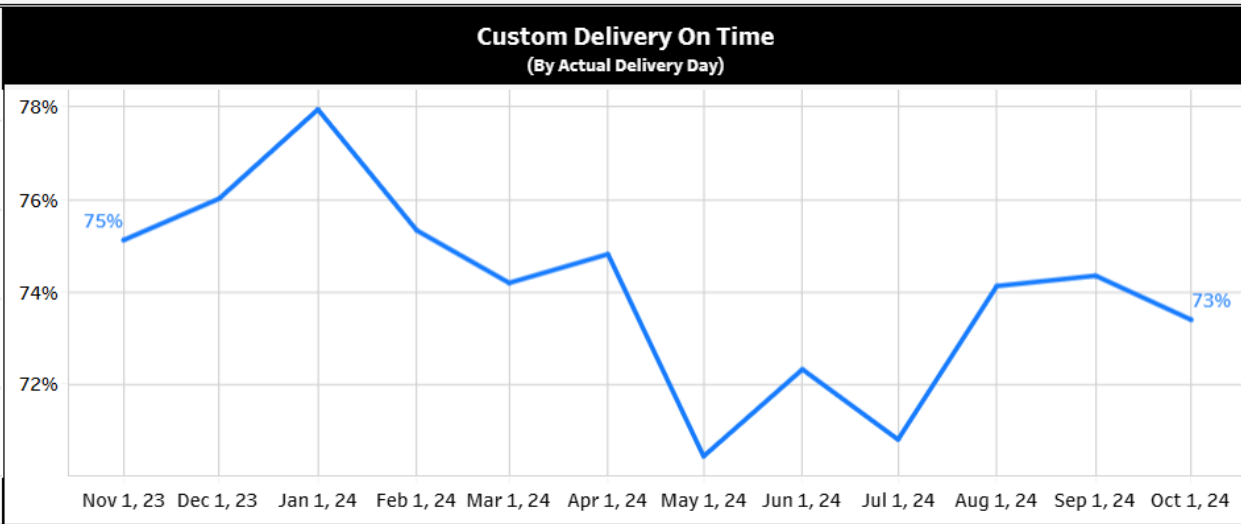
LTL



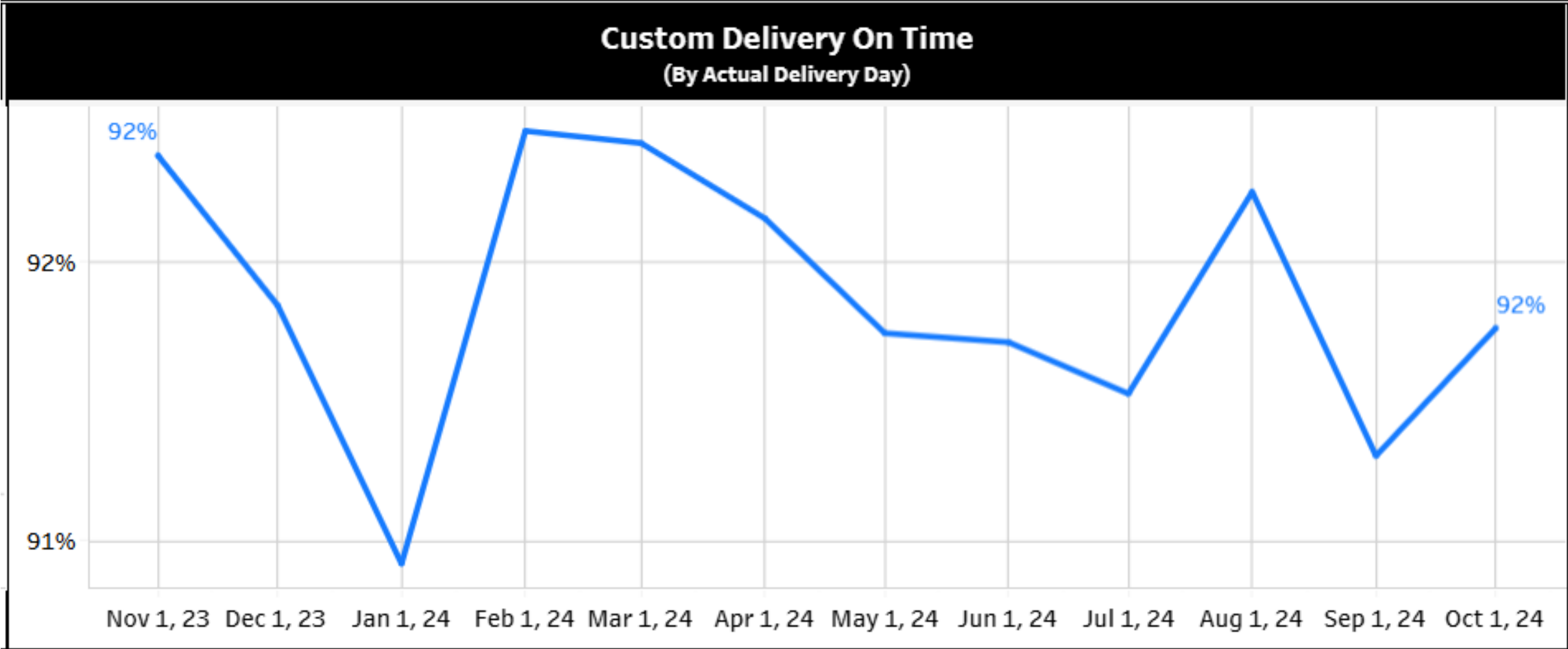
TL



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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