

MARKET TRENDS

JULY 2018

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Seasonal Considerations

Fuel

- US average currently \$3.24, slightly down week-over-week, up significantly from same period 2017 (\$2.51)
- Expected to remain high into 2019

Produce

- Berries peaking, melons beginning
- Capacity in July typically tight throughout parts of CA, AZ, MI (celery, carrots), WI (potatoes, cranberries) and the southeast (melons, sweet potatoes)

July 4

- Holiday typically upsets capacity balance as many carriers opt to take vacation
- This year it falls mid-week which will surely create a backlog of shipments and tight capacity into the following week as well

Market Trends Update

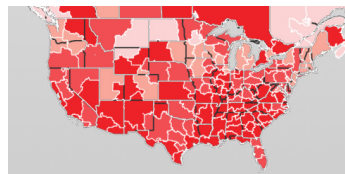
Economy

- Consumer Confidence Index¹
 - 126.4 in May, down from 128.8 in May
 - This is an historically strong number likely to result in continued consumer spending
- New home sales are up, especially in the South²
 - Boosts need for flatbeds to transport lumber and materials
 - Boosts need for vans to transport white goods (dryers, refrigerators, etc.)
 - Some OTR drivers come off the road and take construction jobs, further squeezing the already short driver pool
- Long term impact on transportation due to retaliatory tariffs in answer to recent steel and aluminum tariffs are yet to be seen, could impact labor markets if manufacturing moves overseas (Harley Davidson just announced plans to do so)

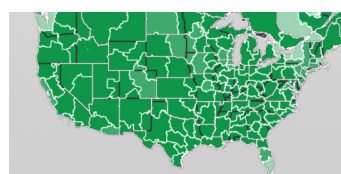
Capacity³

- IMDL units up 6.3% for week ending June 16, up 6% YTD, these high volume levels push freight to OTR contributing to tightness there
- FTR data from April (most recent available) shows the TCI (trucking conditions index) at 11.5, anything north of 10 favors carriers
 - FTR expects this to last well into 2019
- Cass Freight Index shows gains in freight shipments for 19 straight months, straining capacity and driving rates higher
- Morgan Stanley reports carriers want driver friendly freight and will decline freight that isn't, causing higher rates for some shippers who are less than driver-friendly

Truckload Capacity⁴



LTL Capacity



Reefer Capacity

