

Economic & Trucking Update



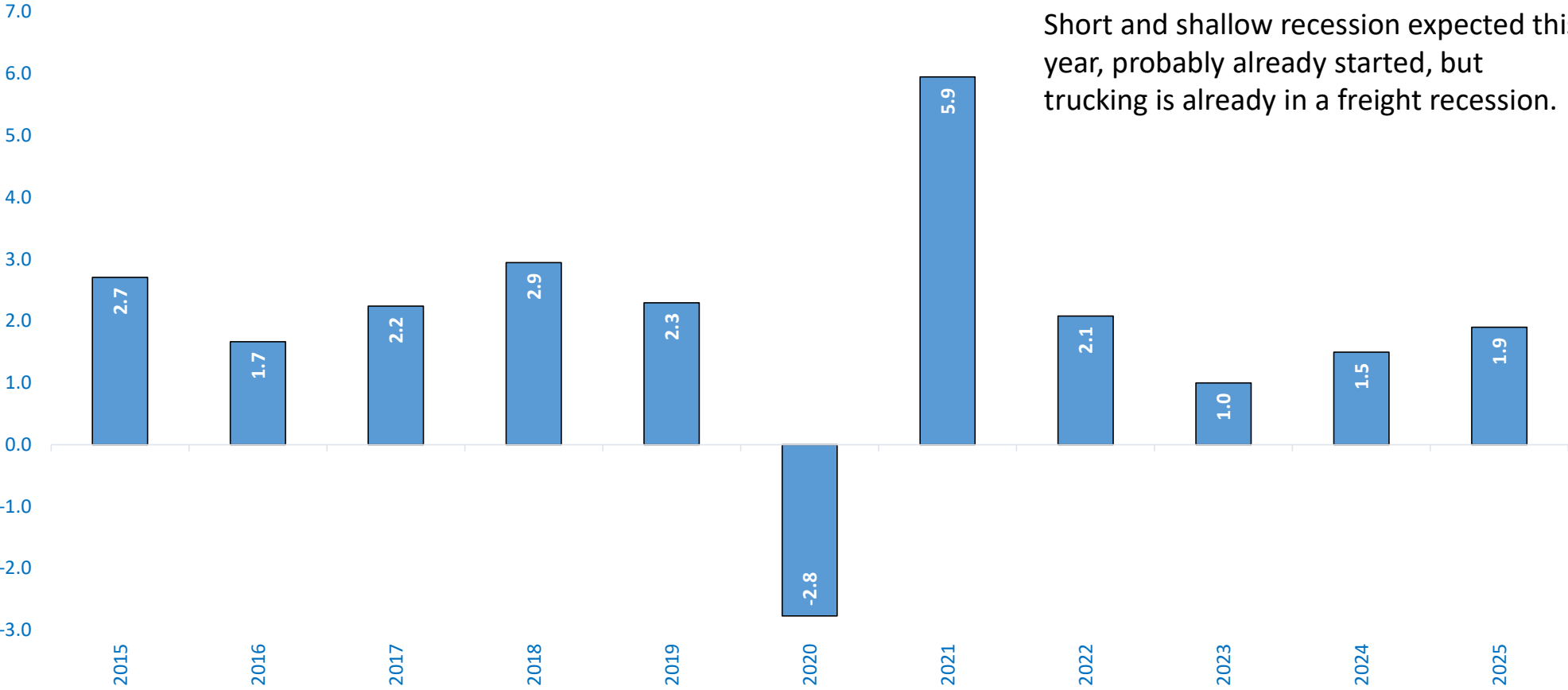
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May 2, 2023



Real Gross Domestic Product

Annual Percent Change



Short and shallow recession expected this year, probably already started, but trucking is already in a freight recession.

Sources: BEA, ATA, S&P Markit



Three Big Sources of Truck Freight



Household Consumption/Retail



Construction: Home & Non-residential



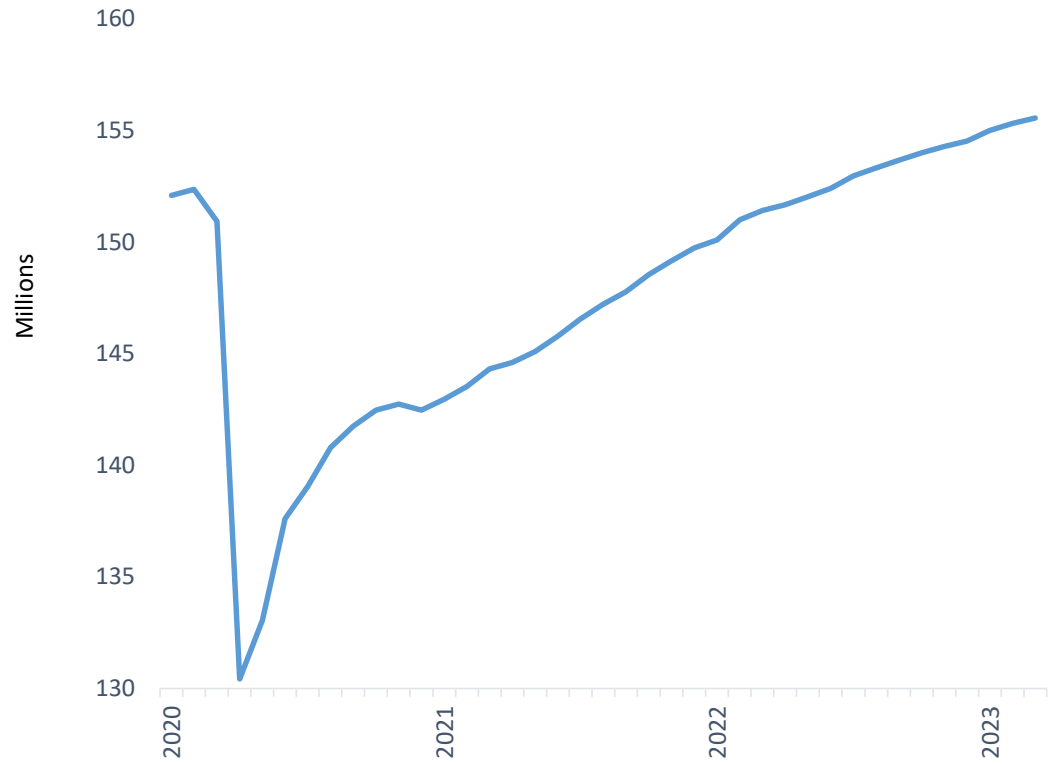
Factory & Industrial



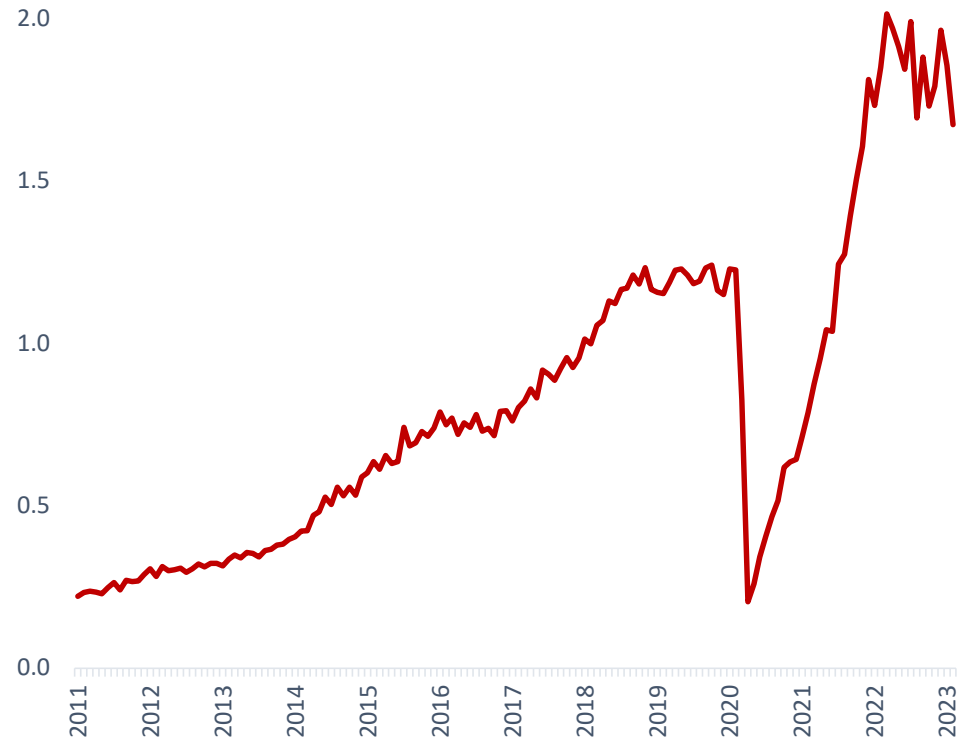
Household Consumption/Retail

Key U.S. Employment Metrics

Payroll Employment



Job Openings per Unemployed Person

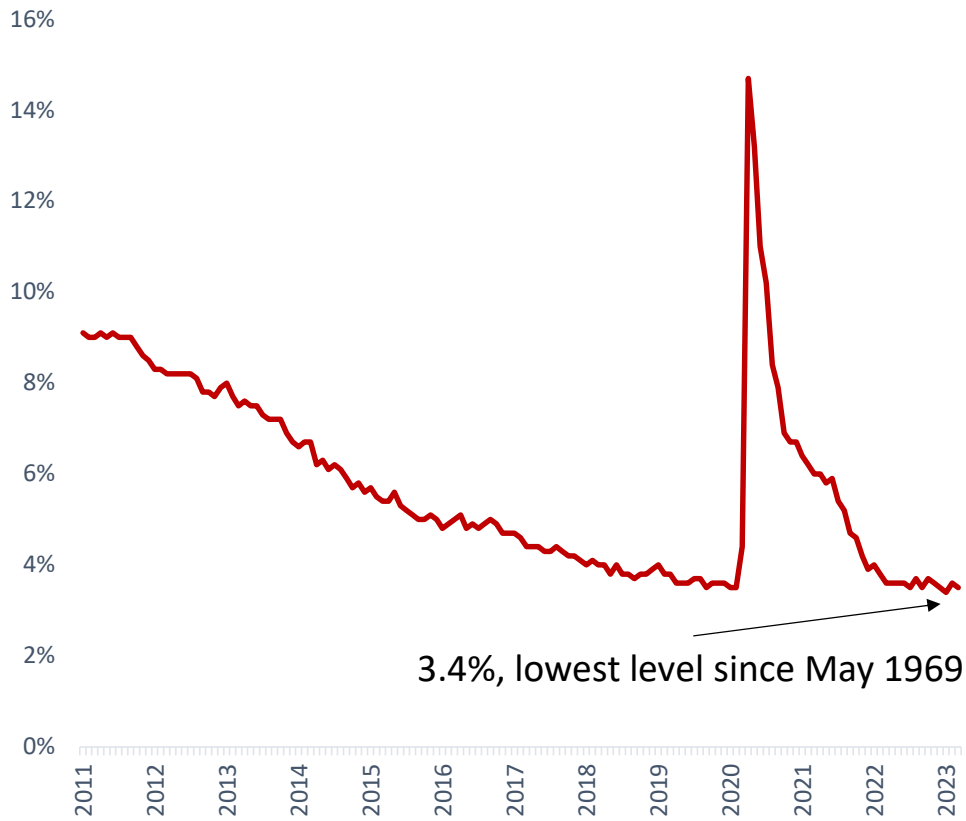


Sources: DOL & ATA



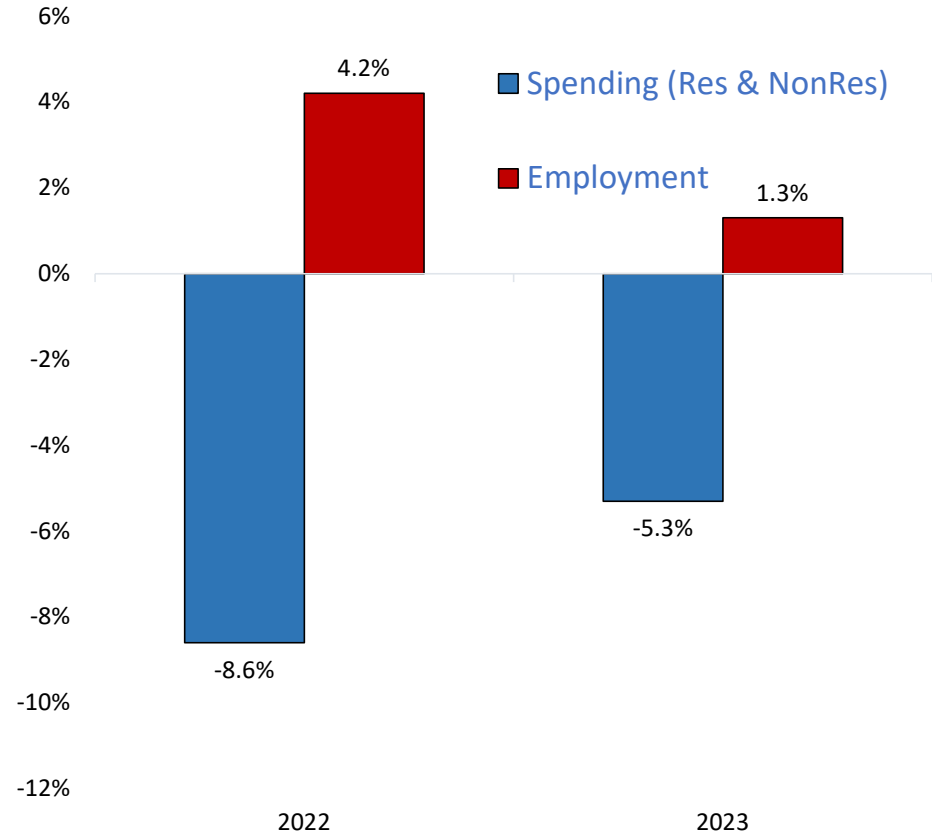
Key Employment Metrics – Are Businesses Hoarding Labor?

U.S. Unemployment Rate



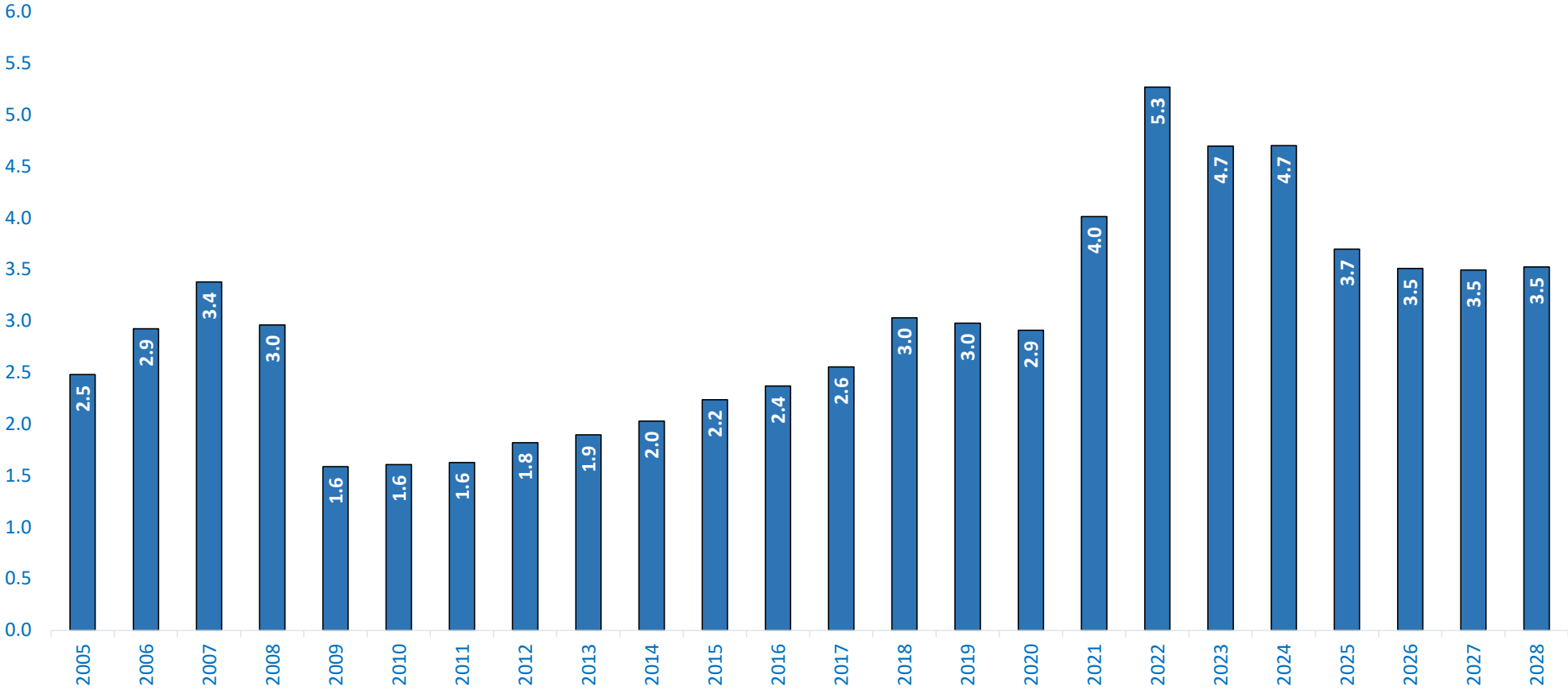
Sources: DOL, Census Bureau & ATA

Example: Construction Metrics



Employment Costs Index – Wages Only

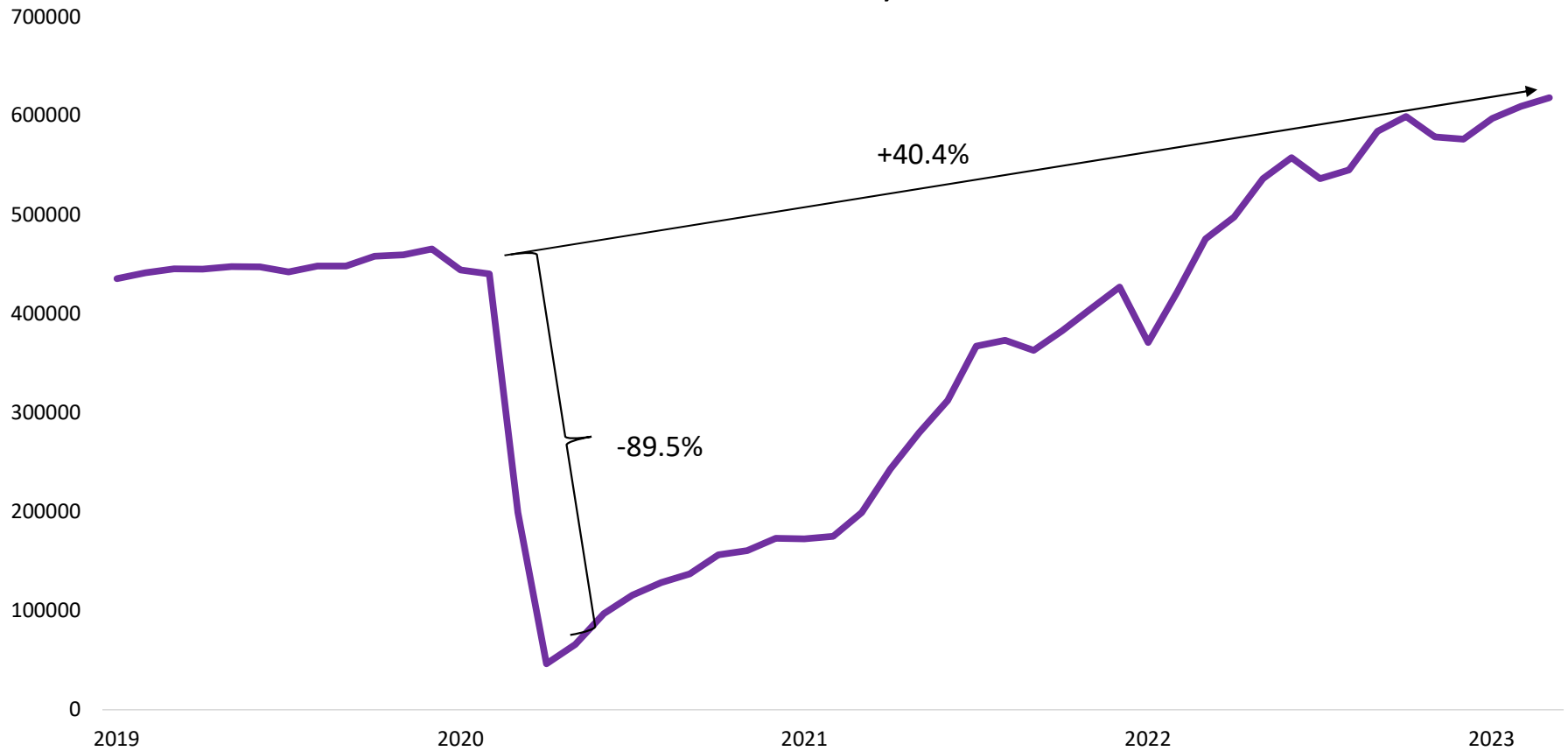
Annual Percent Change



Sources: BEA, ATA, S&P Markit



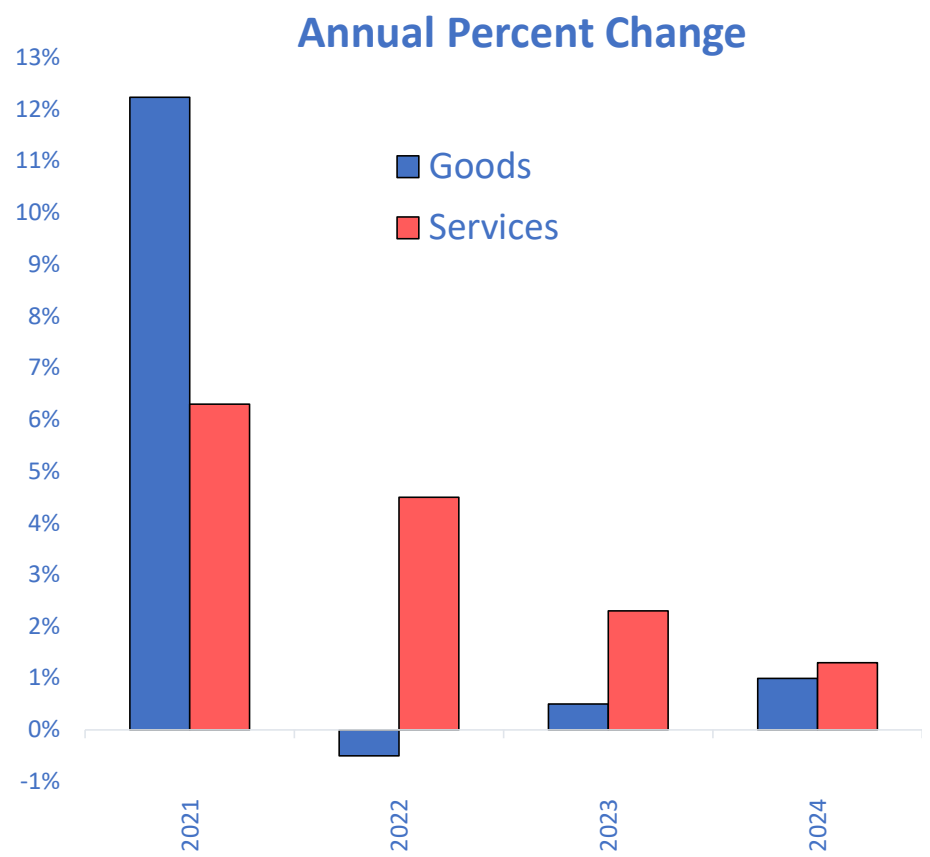
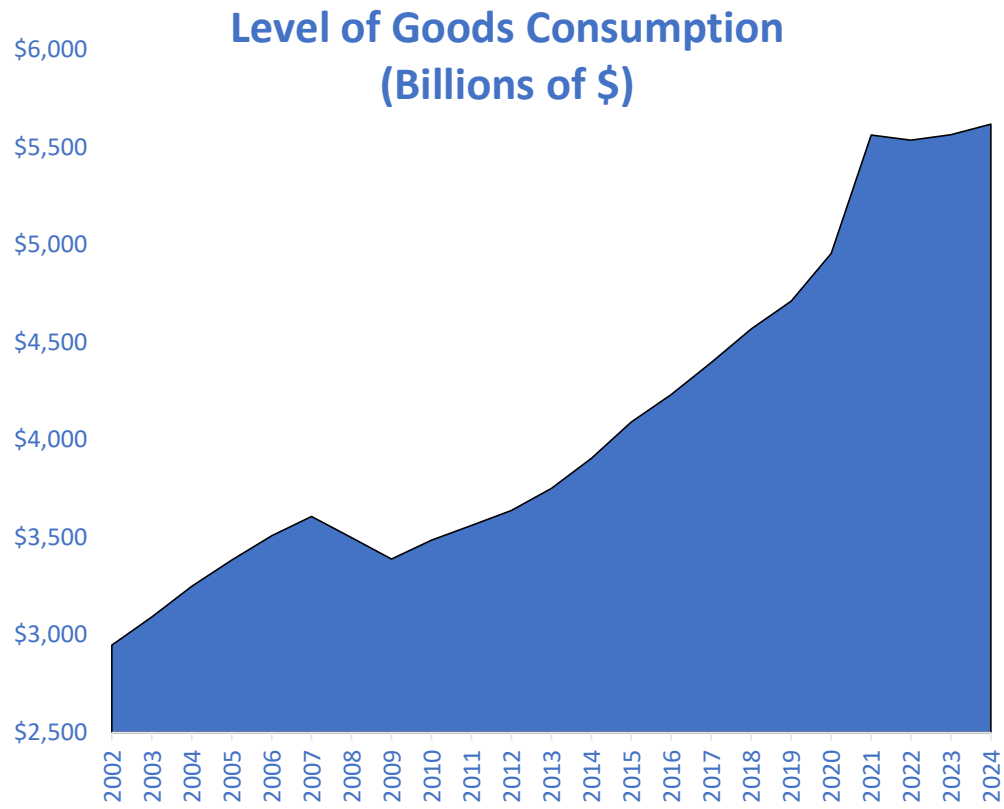
Personal Consumption Expenditures of Travel (millions of USD)



Source: Bureau of Economic Analysis



Personal Consumption Expenditures of Goods (Inflation Adjusted)

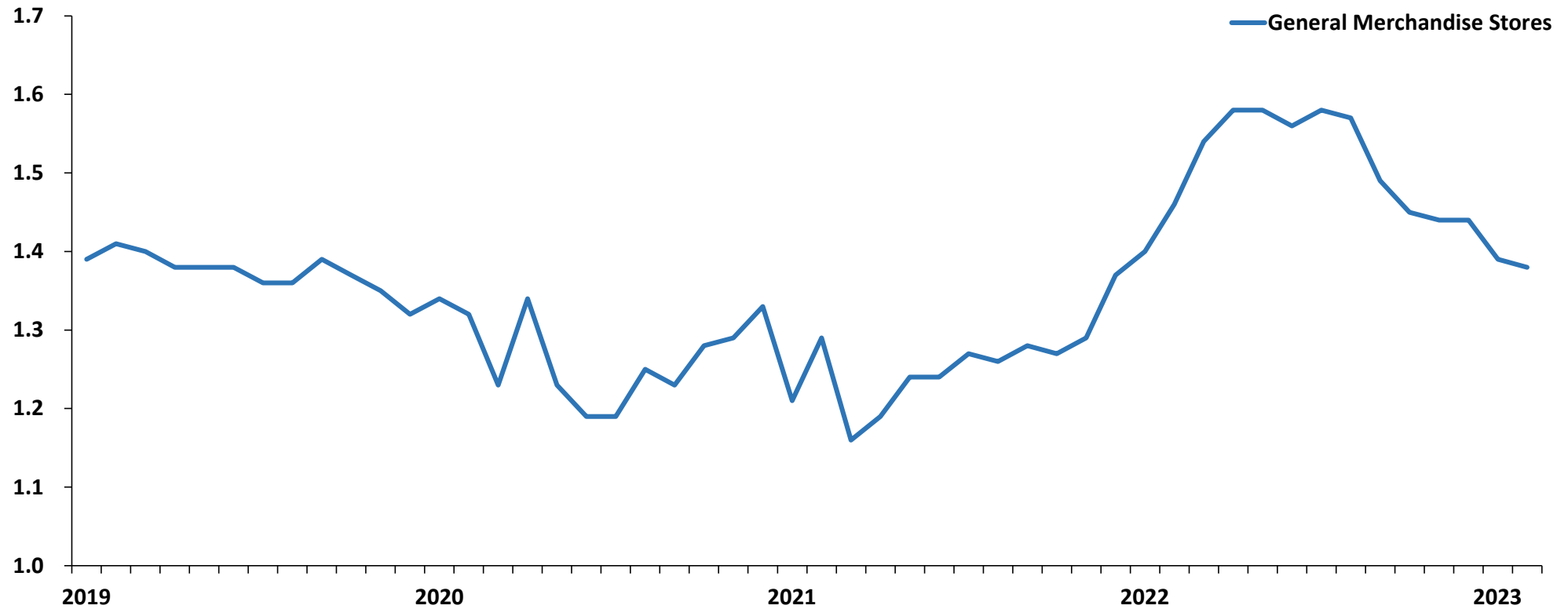


Sources: BEA & ATA



Inventories to Sales Ratios

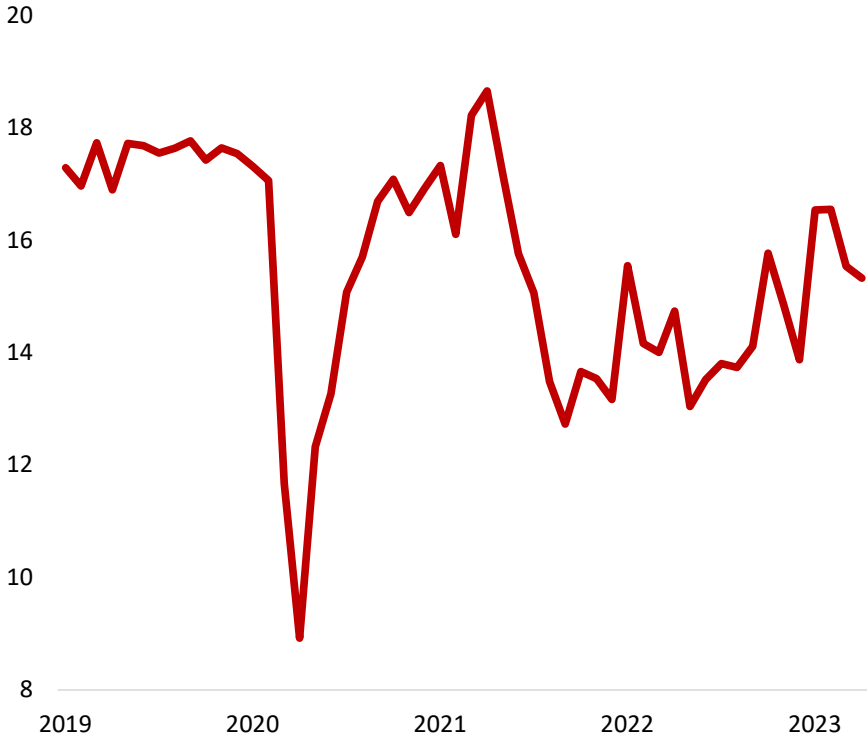
Retail I/S Ratios
Through February 2023



Source: Census Bureau

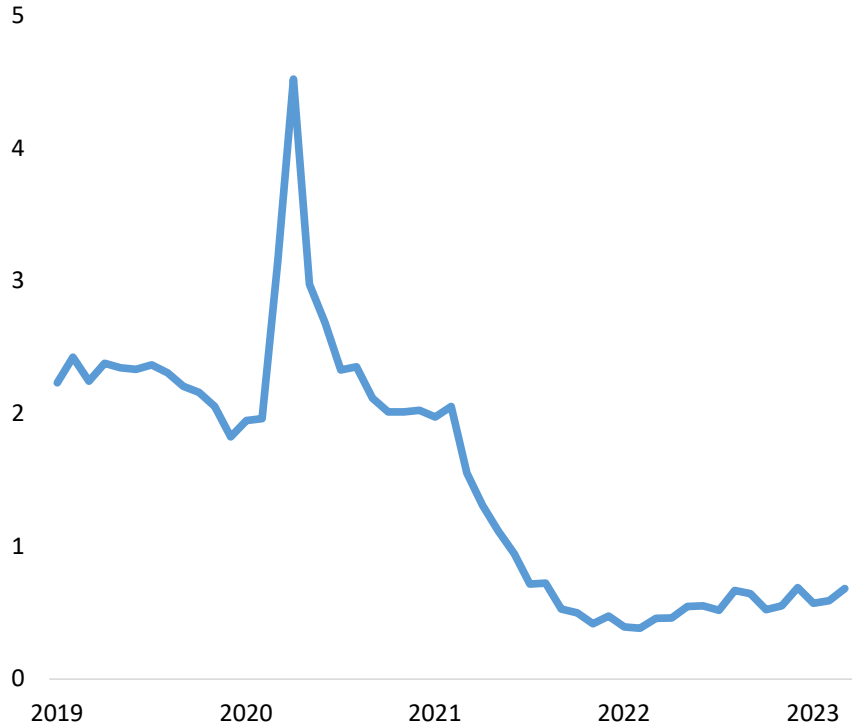


Total Vehicle Sales (millions of units; annual rate)



Source: FRED

Vehicle Inventory-to-Sales Ratio

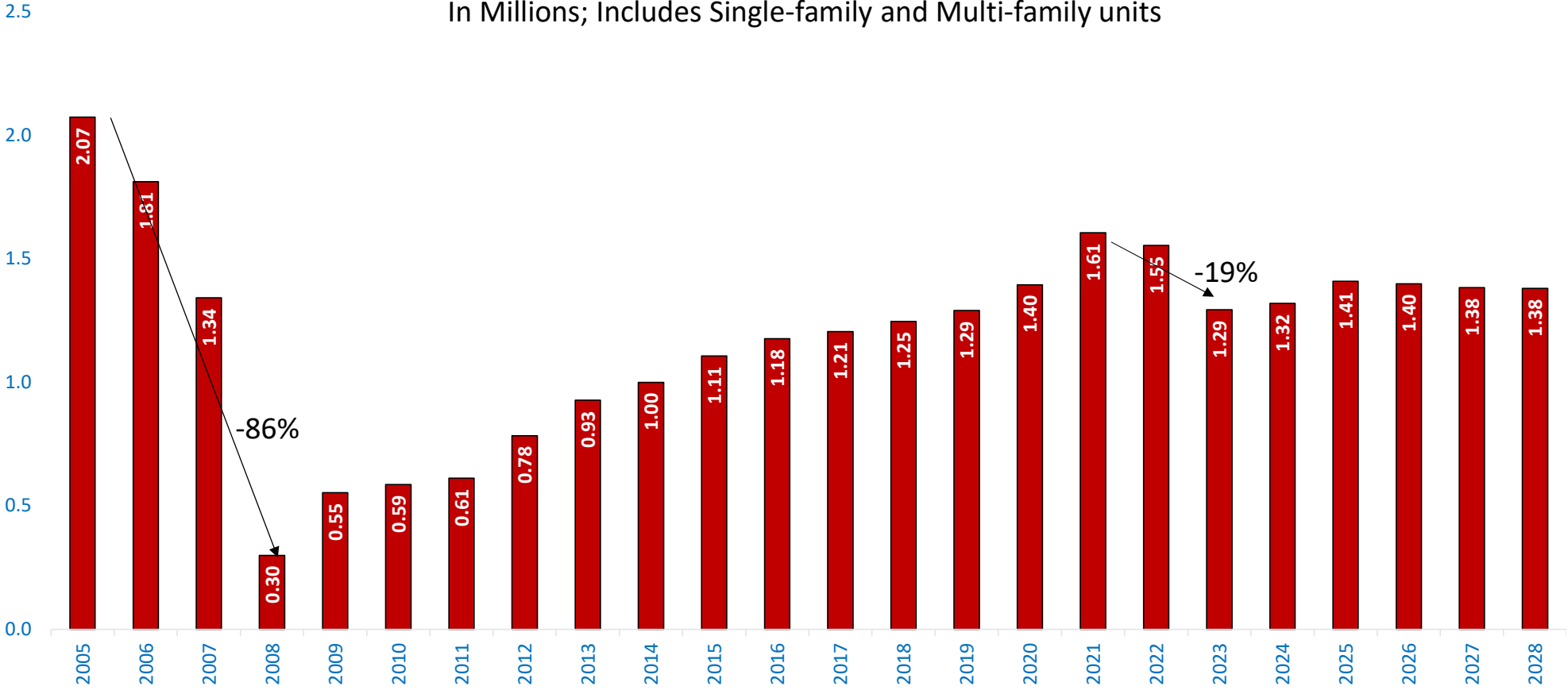




Construction: Home & Non-residential

Housing Starts

In Millions; Includes Single-family and Multi-family units

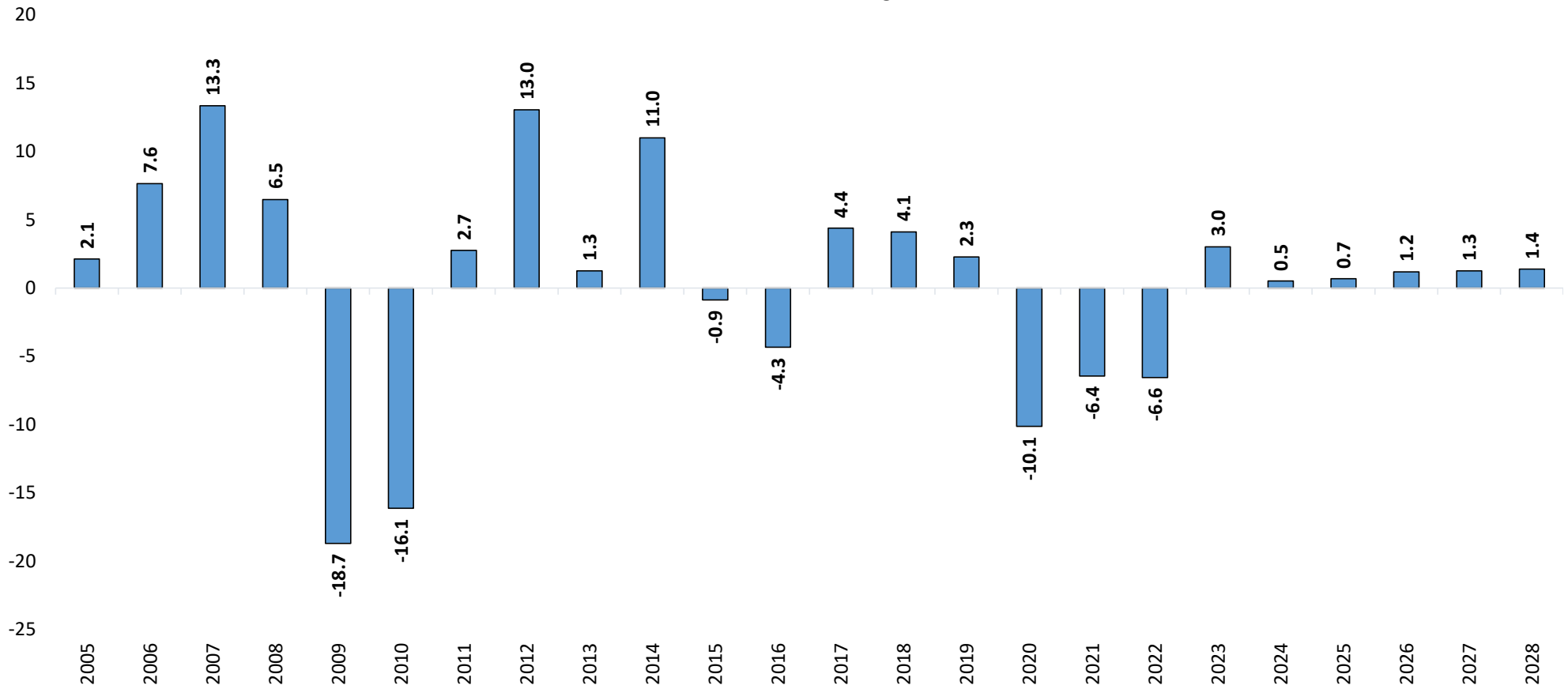


Sources: Census Bureau, ATA, S&P Markit



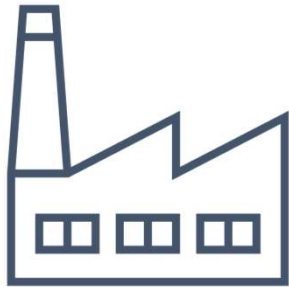
Non-Residential Construction Spending

Annual Percent Change



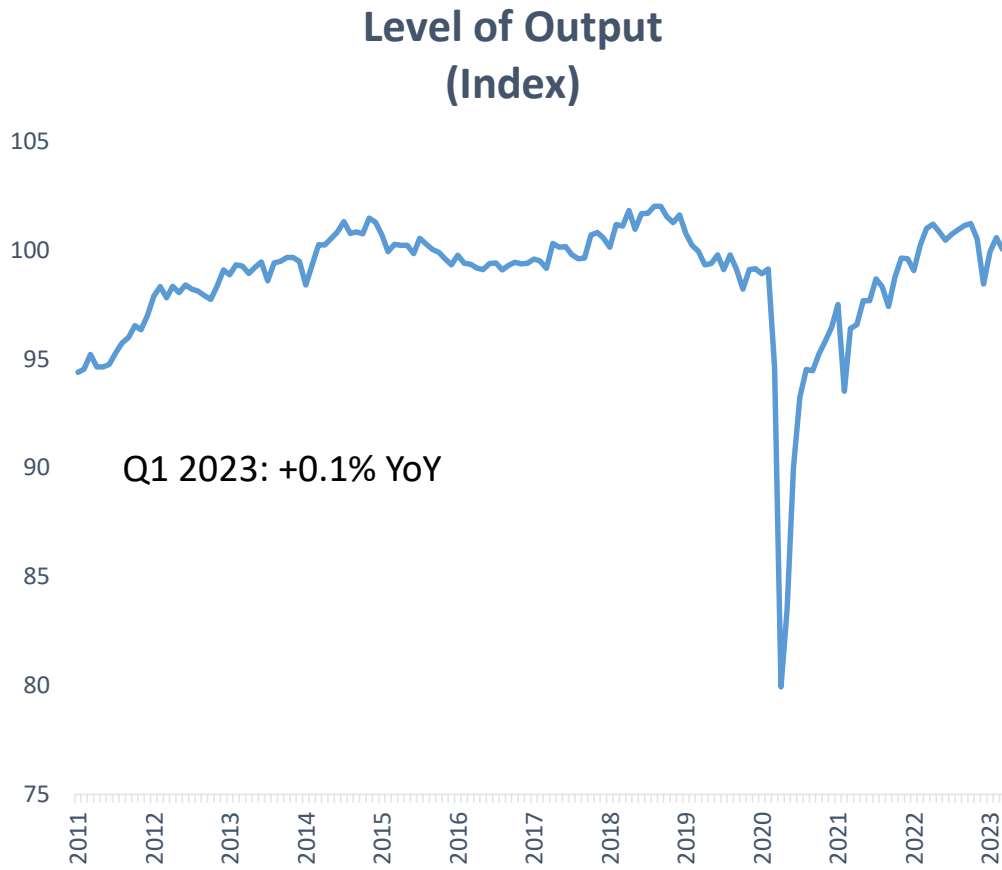
Sources: Census, ATA, S&P Markit



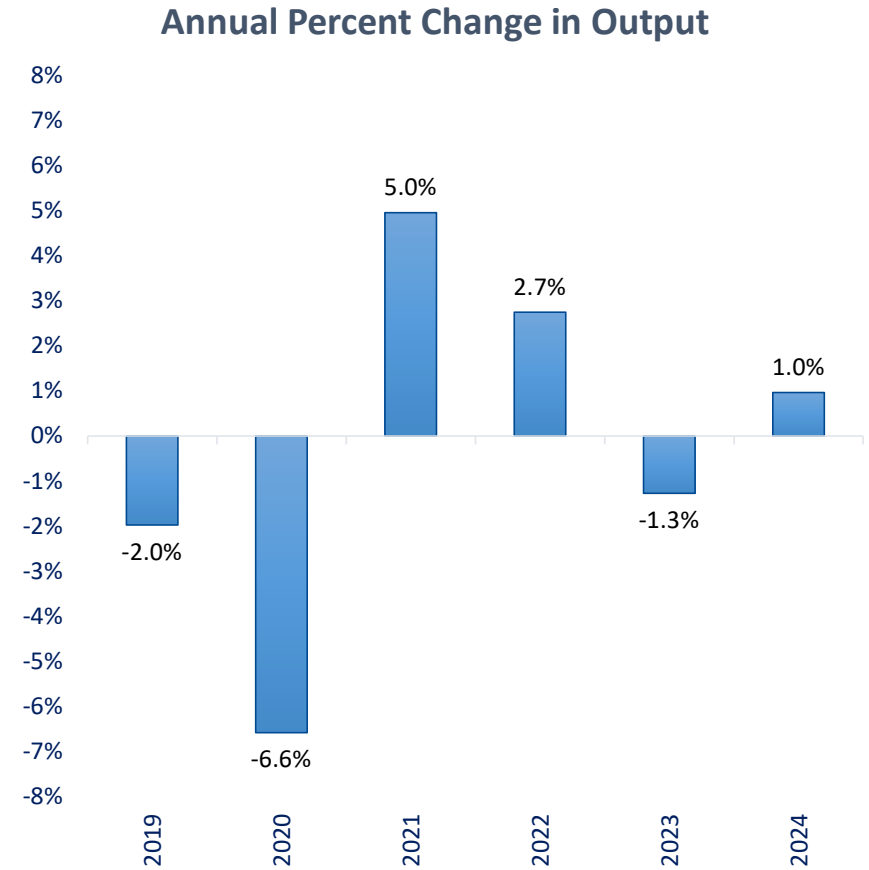


Factory & Industrial

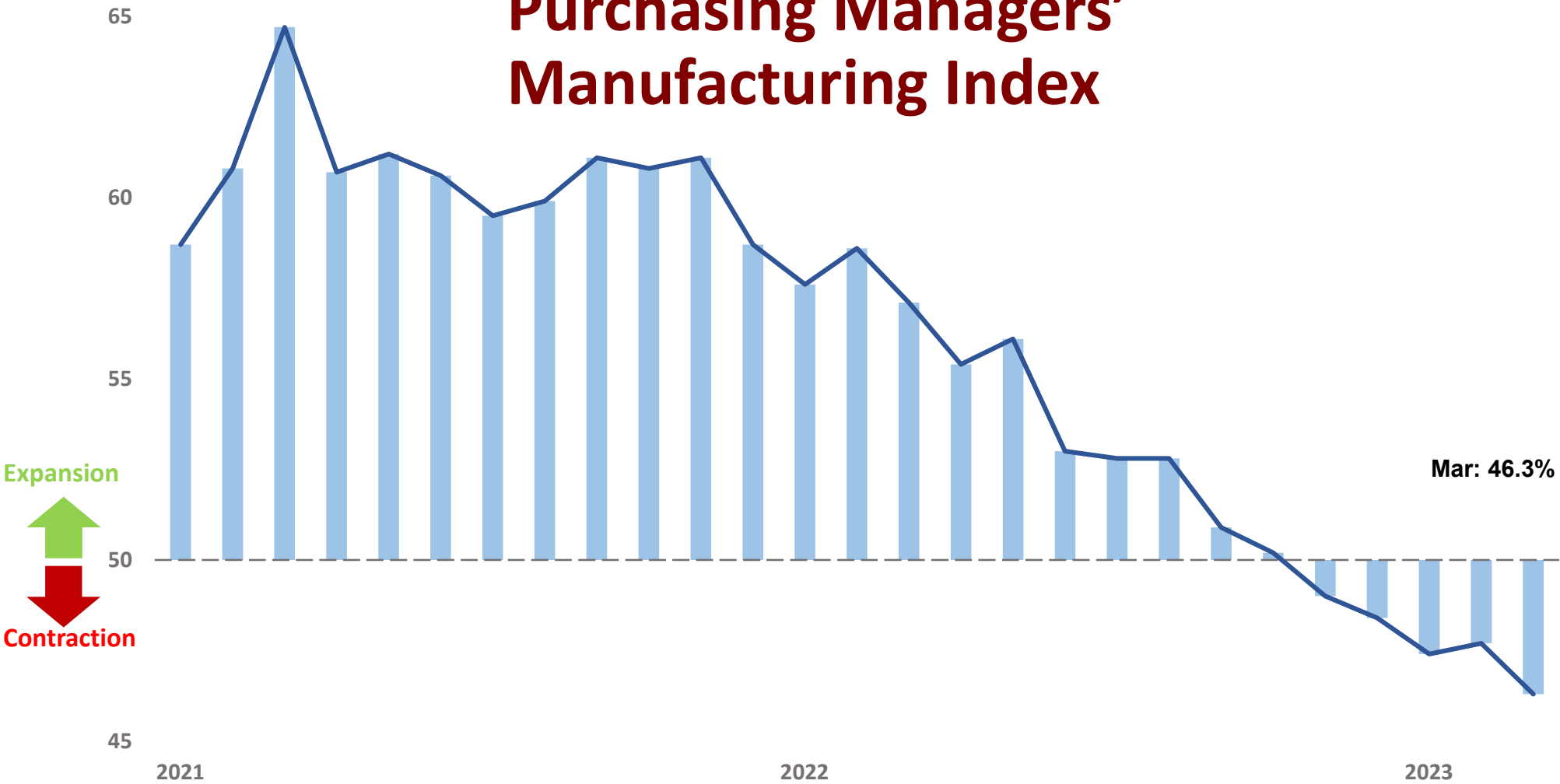
Factory Output



Source: Federal Reserve & ATA



Purchasing Managers' Manufacturing Index



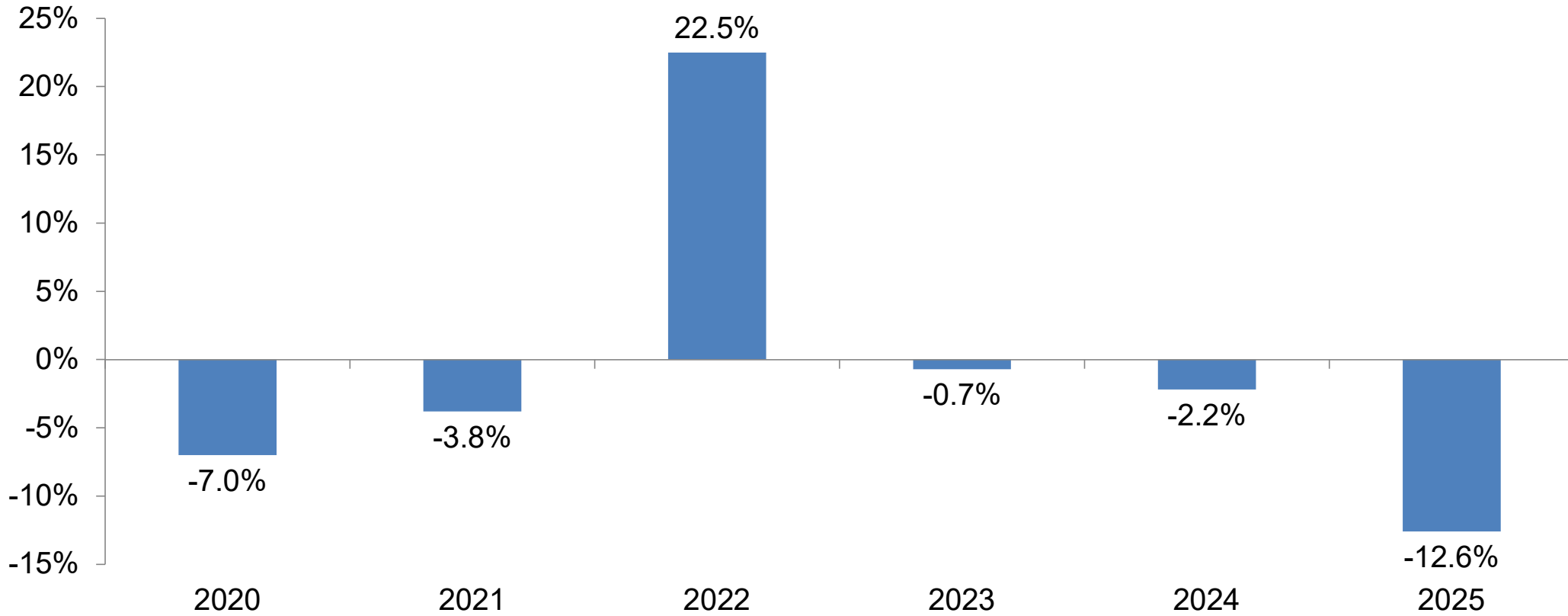
Expansion
↑
Contraction
↓

Source: Institute for Supply Management



U.S. Automobile Production

Annual Percent Change

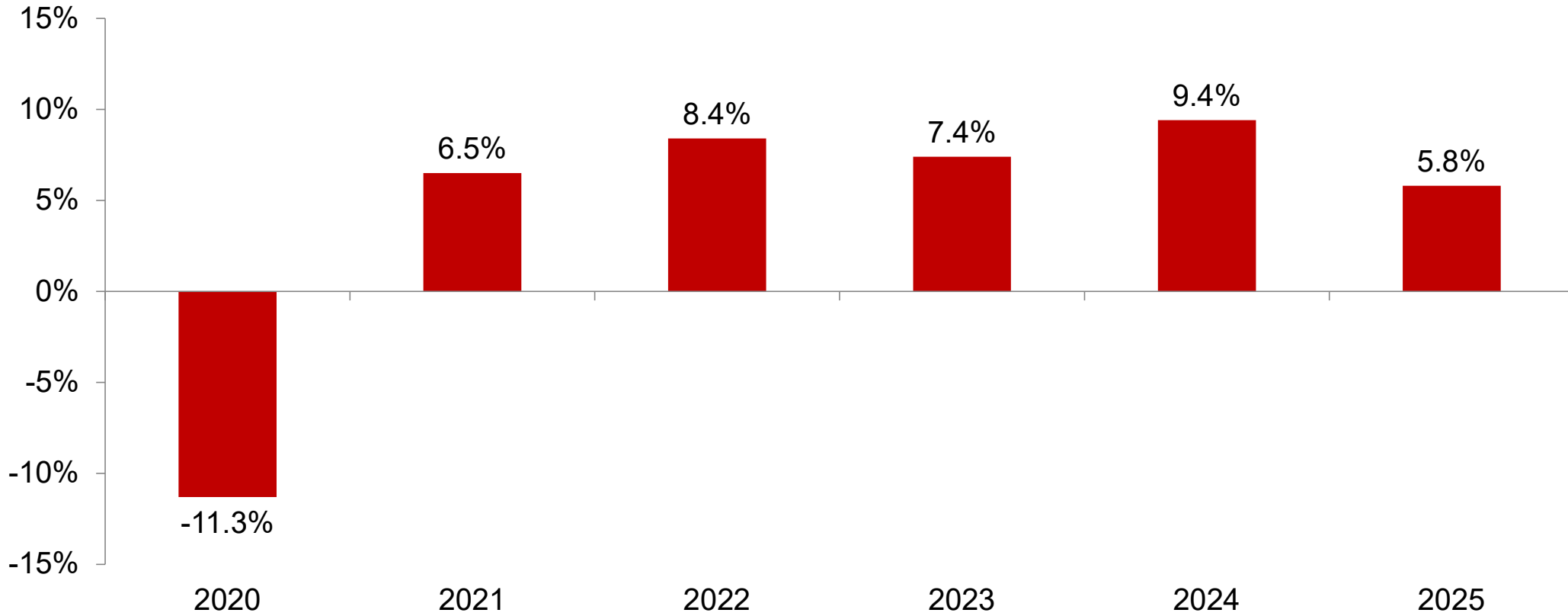


Sources: IHS Markit, & ATA



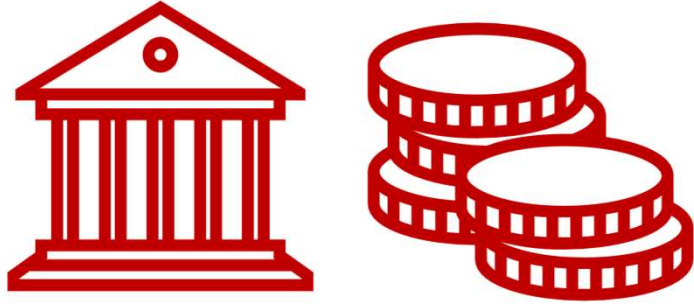
U.S. Light Truck & SUV Production

Annual Percent Change



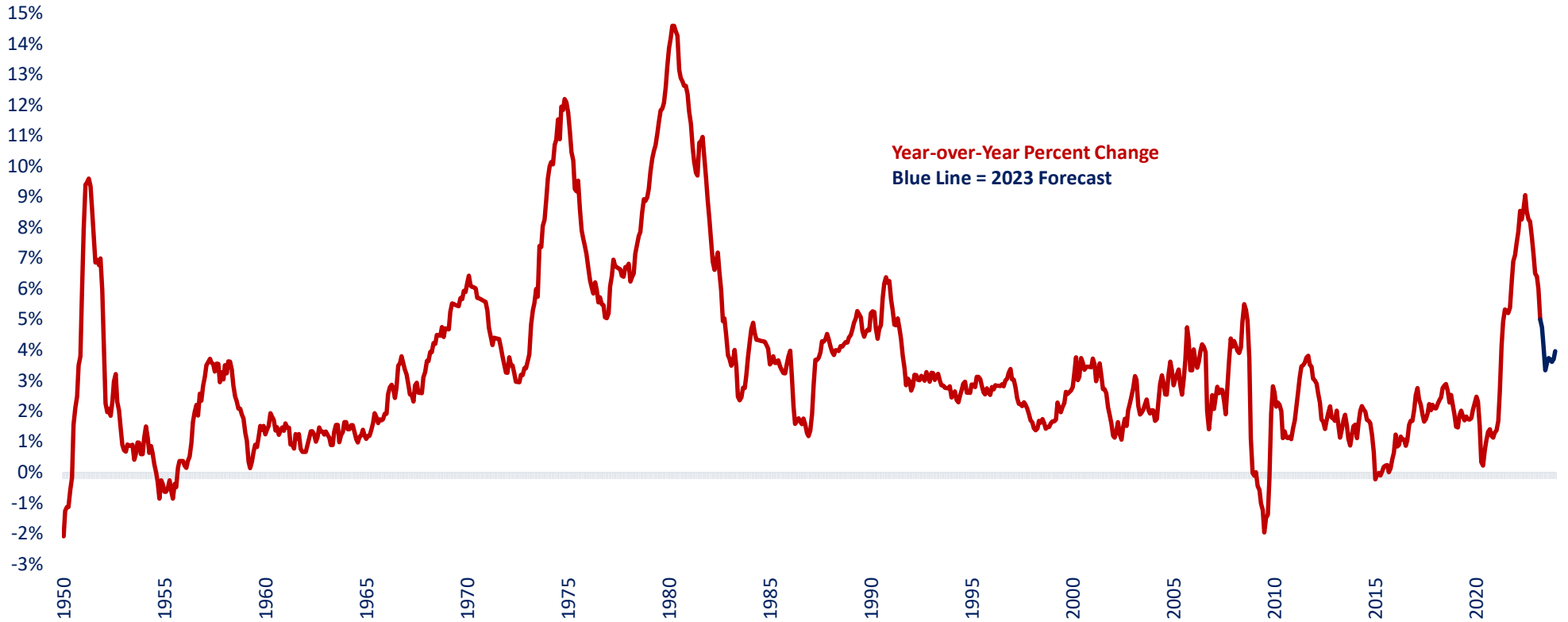
Sources: IHS Markit, & ATA





Inflation & Interest Rates

Consumer Price Index



Sources: BLS & ATA



Fed Funds Interest Rate



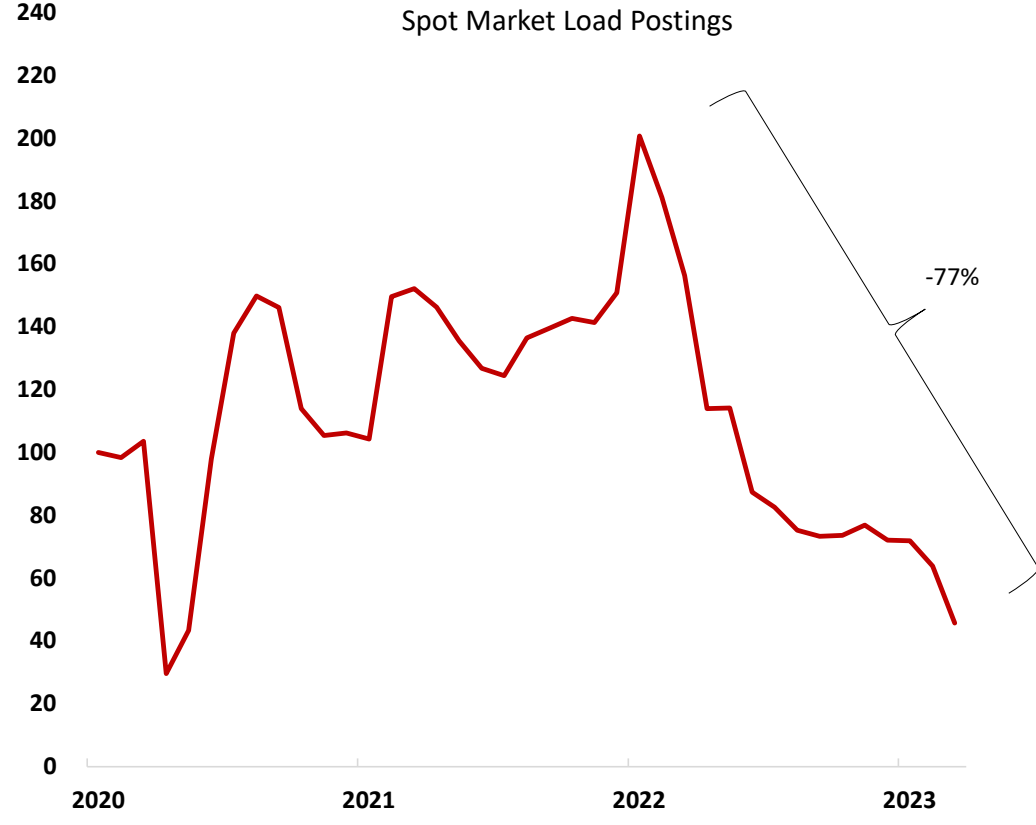
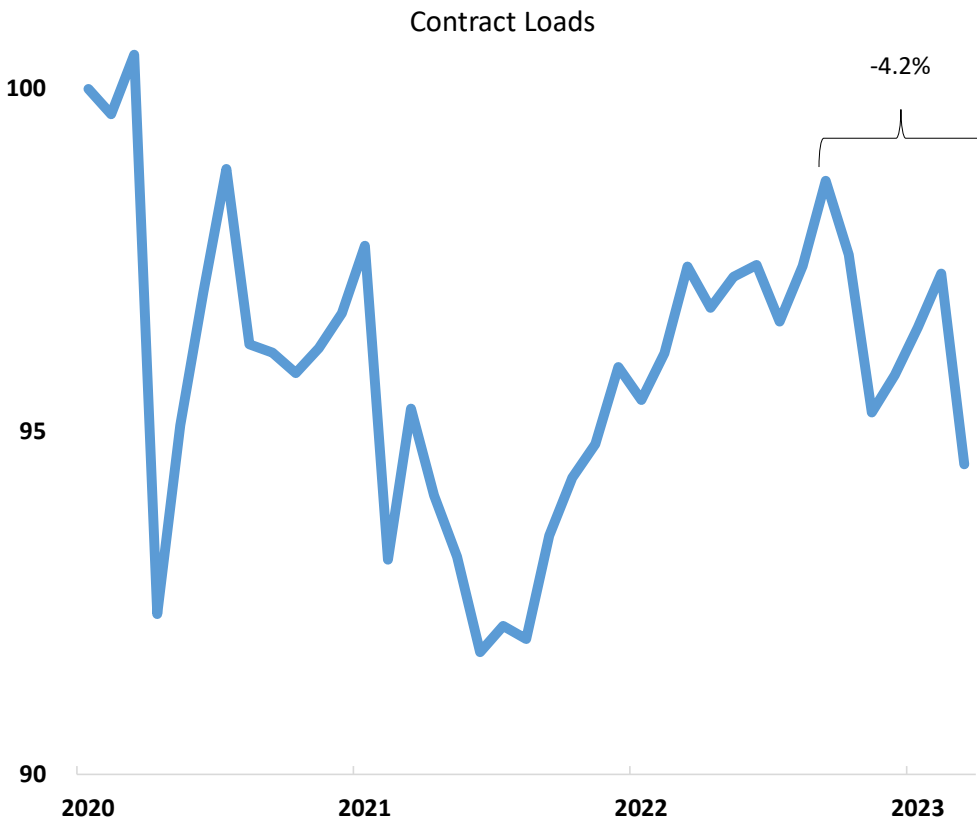
Sources: Federal Reserve & ATA



Trucking Demand Trends

Truckload Loads

(Index; January 2020 = 100)

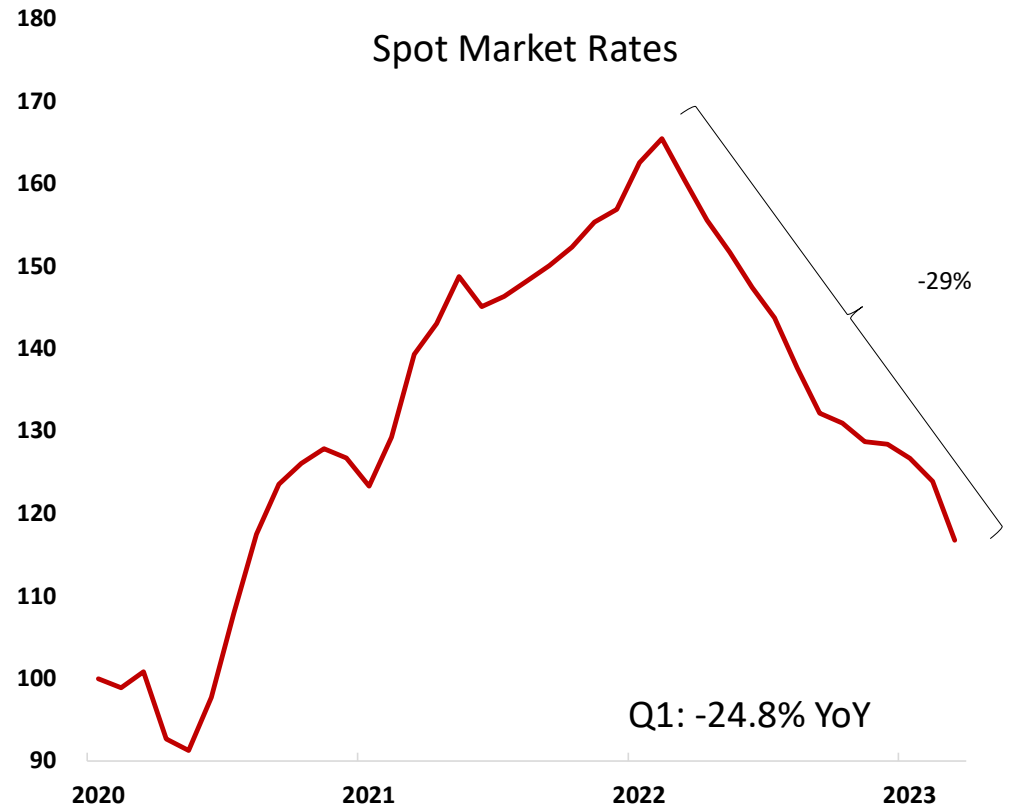
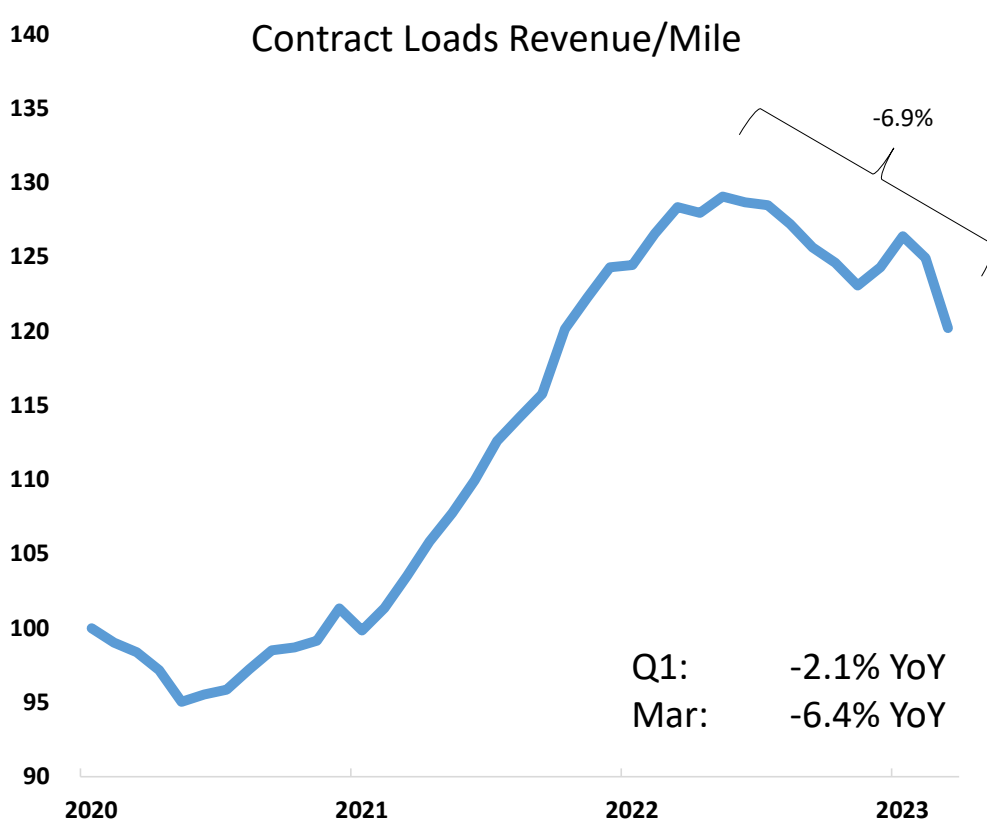


Sources: ATA's Trucking Activity Report & DAT.com



Truckload Pricing Proxy Metrics

(Index; January 2020 = 100)



Sources: ATA's Trucking Activity Report & ATA calculations using DAT.com data
Note: Revenue per mile excludes fuel surcharge revenue

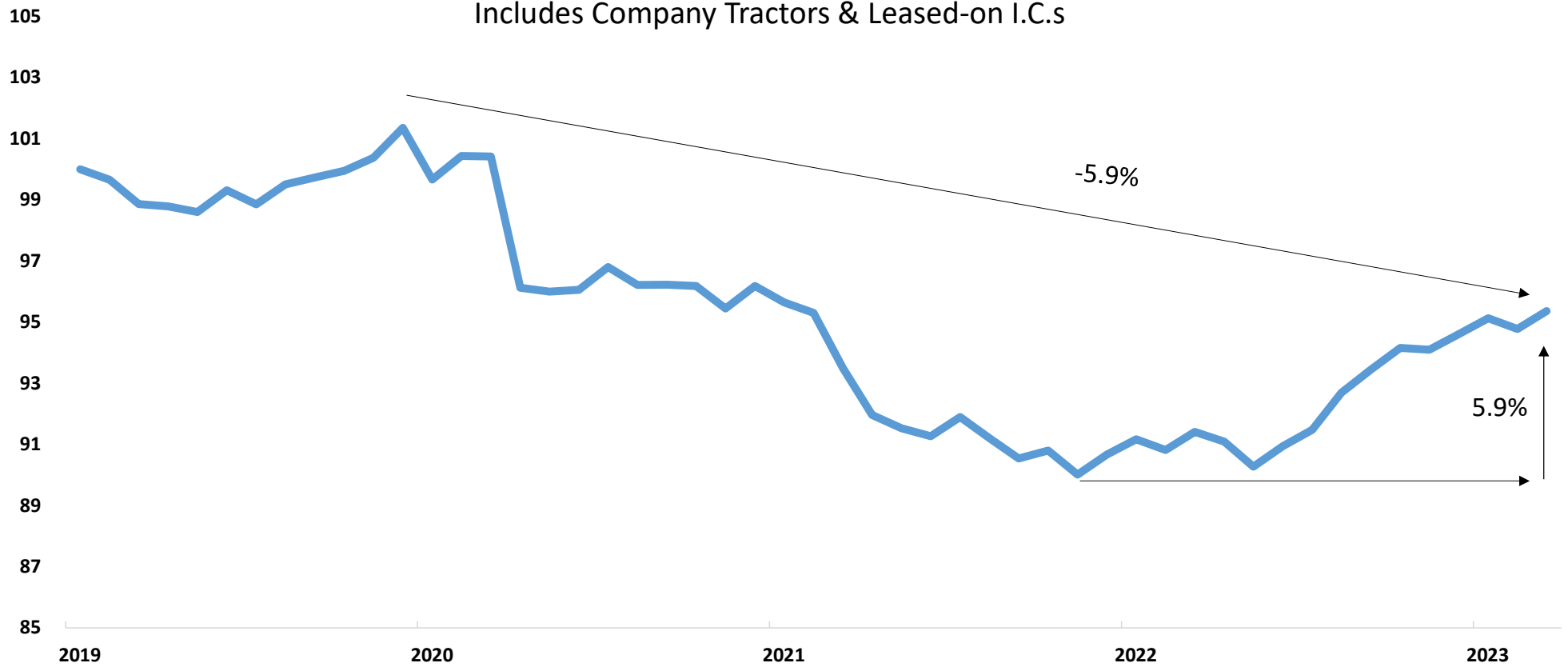


Trucking Supply Trends

Truckload Tractor Counts

(Index; January 2019 = 100)

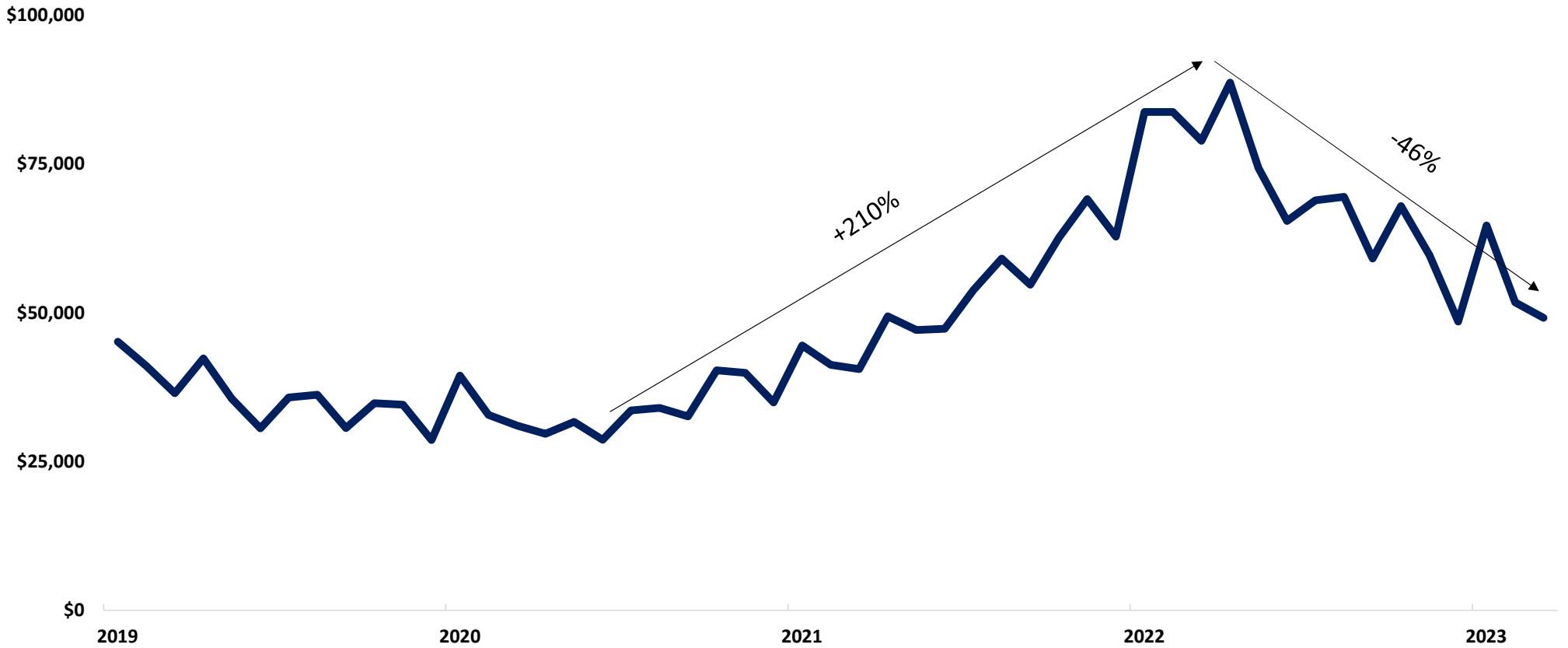
Includes Company Tractors & Leased-on I.C.s



Sources: ATA's Trucking Activity Report



Used Class 8 Truck Prices

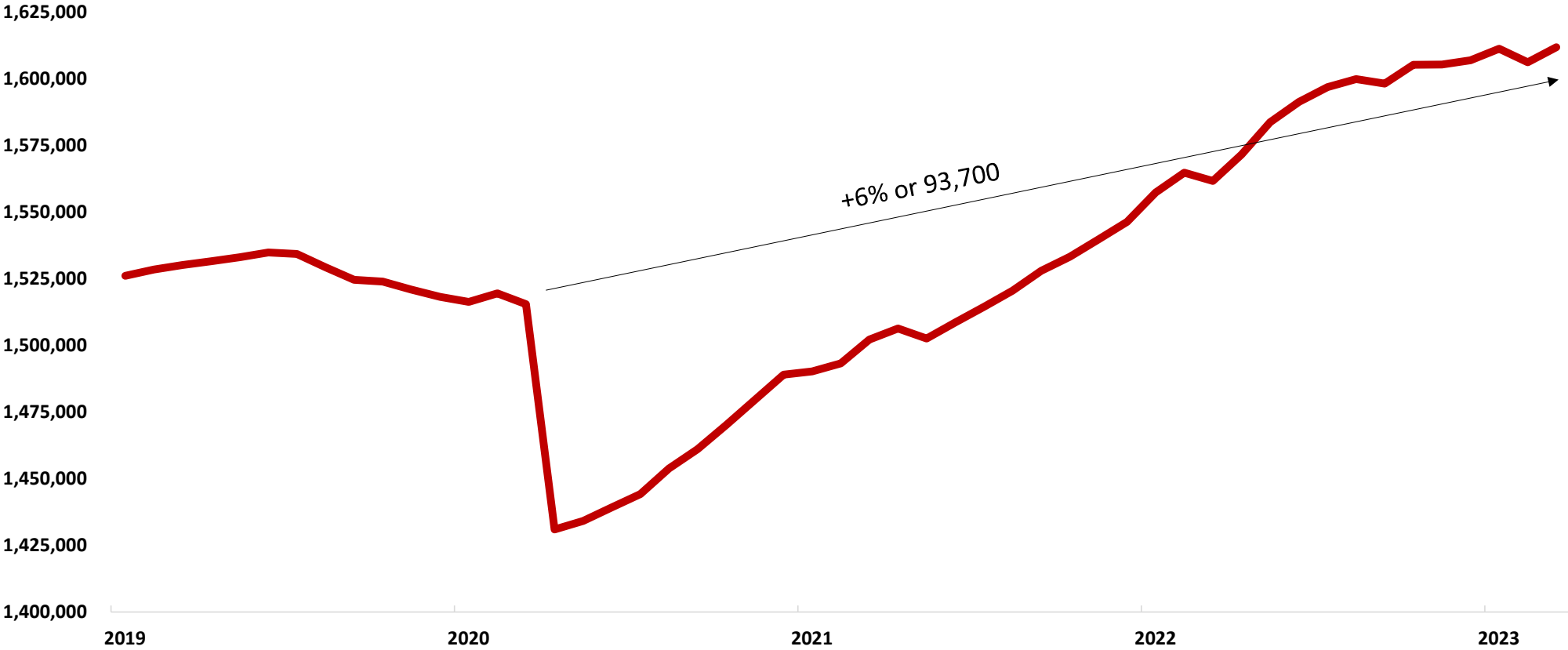


Source: ACT Research – average selling price



Industry Workforce

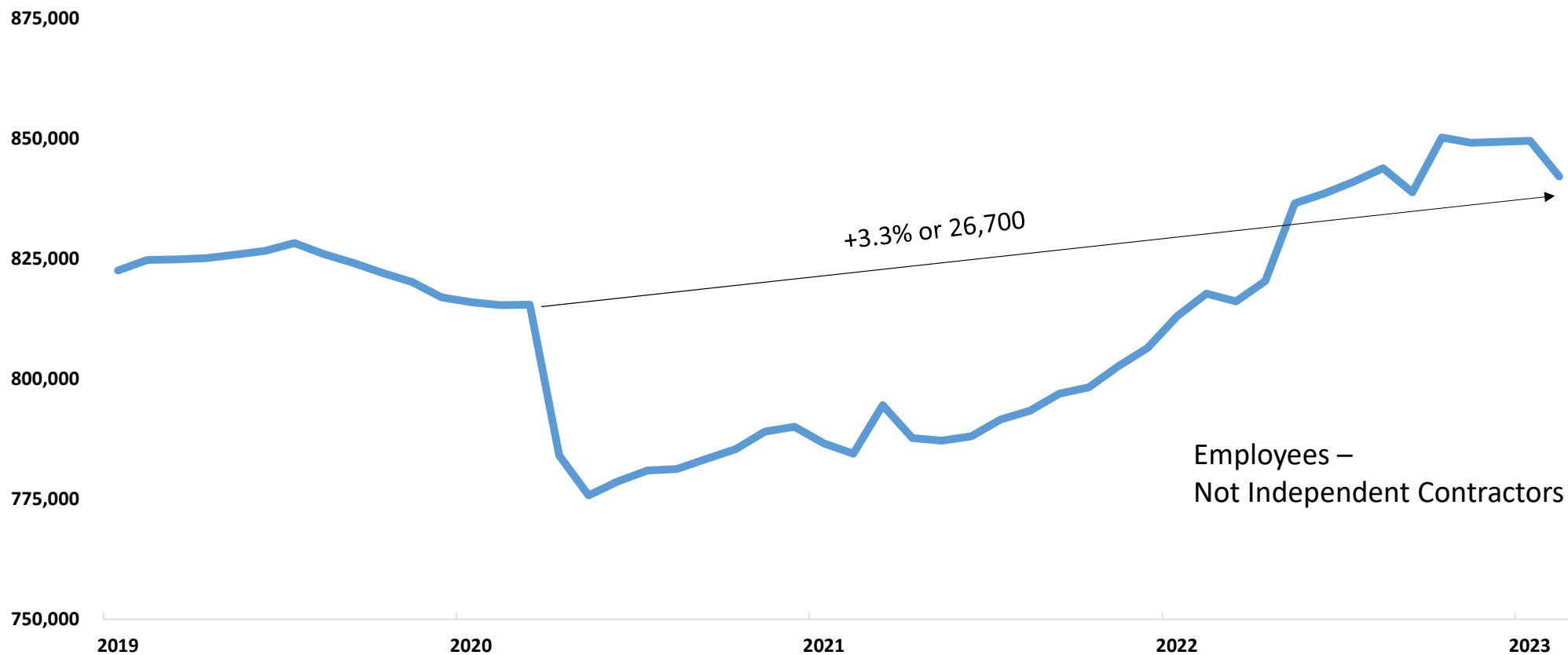
For-Hire Trucking Employment



Sources: Department of Labor



Production & Nonsupervisory Employees: General Freight & Specialized Long-Distance TL & LTL



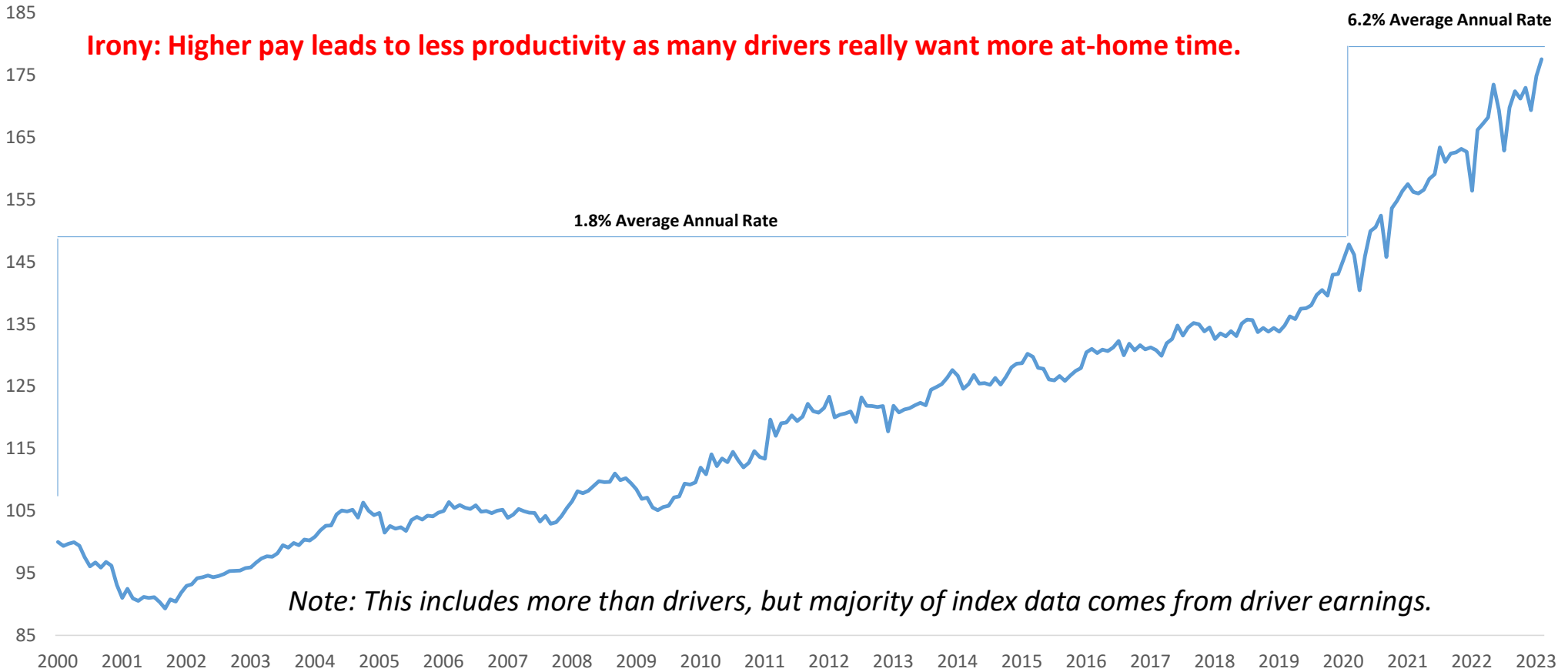
Employees –
Not Independent Contractors

Sources: Department of Labor



Index of Average Weekly Earnings for Production & Nonsupervisory Occupations in Long-Distance General Freight (January 2000 = 100) – Includes TL & LTL

Irony: Higher pay leads to less productivity as many drivers really want more at-home time.

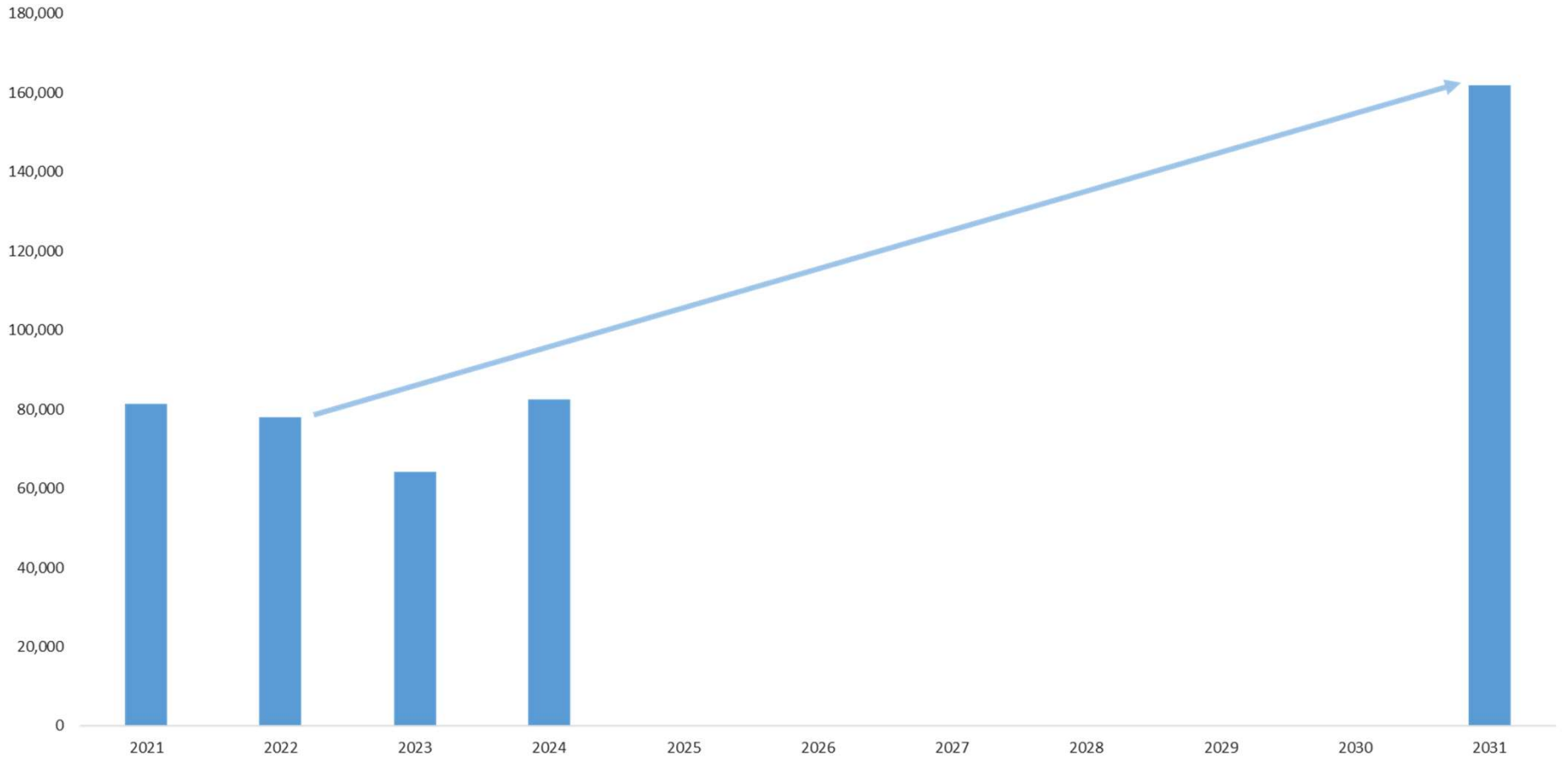


Note: This includes more than drivers, but majority of index data comes from driver earnings.

Sources: Department of Labor & ATA



Truck Driver Shortage



Source: ATA



The Driver Shortage is Not Unique to the United States

Examples from Around the World

- Argentina 45,000 unfilled truck driver jobs
- China 1.8 million unfilled truck driver jobs
- Germany 57,000 – 80,000 unfilled truck driver jobs
- Italy Up to 20,000 drivers short
- Mexico 54,000 unfilled truck driver jobs
- Romania 71,000 unfilled truck driver jobs
- Spain Up to 20,000 unfilled truck driver jobs
- Turkey 82,000 unfilled truck driver jobs
- Canada 26,000 truck driver job openings

Note: unfilled jobs numbers will be higher than an actual shortage number

Source: ATA & IRU



Truck Driver Shortage

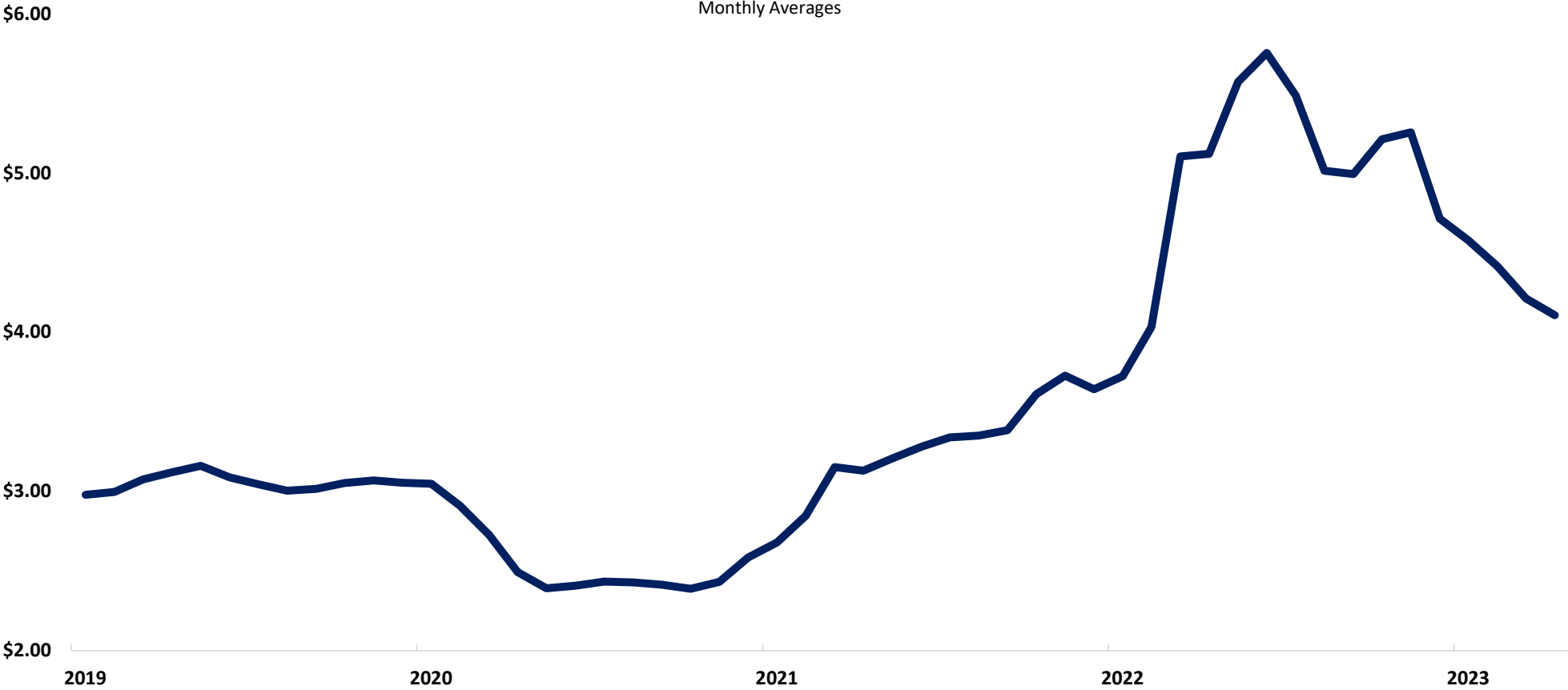
Many Causes of the Driver Shortage – So No One Solution

- A. Structural causes remain (demographics & lifestyle)
 - a) High average age & high new driver age
 - i. Lowering the age (Europe)
 - b) Females are less than 10% of all drivers
- B. Inability of many to pass a drug test
 - a) Drug & Alcohol Clearing House is reducing driver counts
 - As of January 2023
 - 120,345 drivers are in prohibited status with at least 1 violation, with 91,523 of those not starting the return to duty process.
- C. Congestion & lack of parking
- D. Waiting times at shippers & receivers
- E. Attack on the independent contractor model (AB5)
- F. Pay will continue to go up as a market reaction to the shortage, but pay alone will not fix this problem.



Retail Diesel Prices

Monthly Averages



Source: DOE



Presentation Summary

- Economy enters mild and short recession or growth recession this year, but GDP grows in 2023 overall.
- Truck freight has led the recession as consumers transition back to services, housing is in a recession, and manufacturing slows.
- However, industry supply growth has been constrained over the last few years.
 - Lack of new trucks, labor
- Plus, many carriers that are solely spot market players are currently under extreme pressure from significantly lower spot rates, volumes, and surging costs.
 - Especially those that bought very expensive used equipment in 2021