

Transportation Market Update

June 10, 2022



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Transportation Market Update

Schneider's goal is to provide the latest market insights to help you navigate the ongoing market volatility.

Whether moving a critical load, keeping your supply chain going or long-term planning, Schneider remains committed to safely and securely delivering your freight.

Schneider leverages data and analytics from multiple sources to provide the most up-to-date insights available including, but not limited to, FTR, DAT, FreightWaves SONAR, Cass Information Systems, Inc., FleetOwner, FMCSA, The New York Times, ATRI and Transport Topics. For the latest information and updates, visit [Schneider's Trending Topics page](#).

Have sustainability goals? You need to attend this upcoming event. Transportation Sustainability Summit: July 26 – 27, 2022

- Learn about the acceleration of sustainability across transportation and the key trends and challenges.
- Gain a better understanding of electric infrastructure and green policy and trade.
- Hear from other shippers about how they are adopting and collaborating to develop sustainable solutions and overcoming challenges.
- Get up-close and personal with the all-new, all-electric, zero emissions eCascadia Freightliner.

[Join us in Long Beach, CA, to move from “Pledge to Plan - Register now](#)



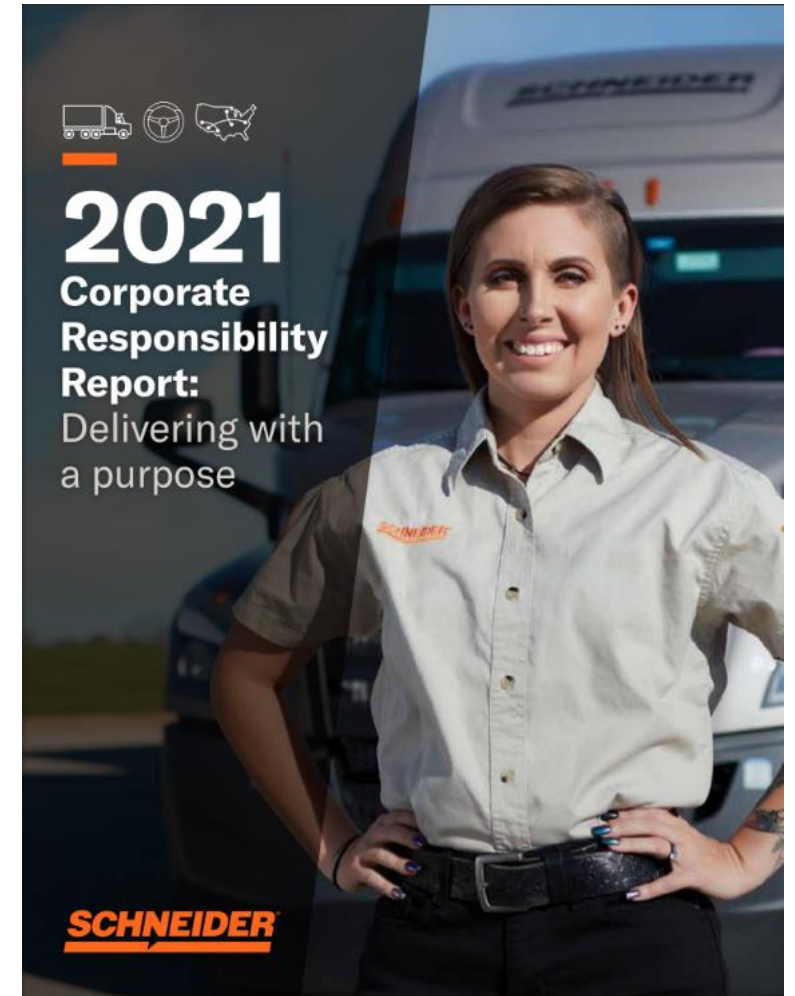
Schneider highlights progress on key environmental and social initiatives in second annual report

We are proud to present our second annual Schneider Corporate Responsibility Report as a summary of our company's progress and the next step in our environmental, social and governance (ESG) journey.

The priorities included here are not new. They do, however, demonstrate how Schneider continues to integrate and drive performance on ESG issues across the business. Ultimately, we see ESG as a source of innovation and competitive advantage for Schneider.

We hope you'll engage with this Corporate Responsibility Report to learn more about the plans we have for the future.

[Read the 2021 Corporate Responsibility Report](#)



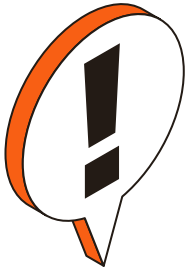
Schneider acquired Wisconsin-based carrier deBoer Transportation

Schneider has announced the recent acquisition of Wisconsin-based carrier deBoer Transportation, which is a regional and dedicated carrier headquartered in Blenker, Wisconsin.

As part of the acquisition, Schneider will assume ownership of approximately 160 tractors and 660 trailers. Consistent with Schneider's strategy, the company is expected to be quickly integrated into Schneider's existing businesses, with drivers and equipment being deployed to support growth opportunities in Dedicated and Power Only operations.

[Read the news release](#)





Update for Port Shippers: West coast port labor union contracts to expire July 1, 2022

- The current contract, which covers the International Longshore and Warehouse Union's more than 22,000 workers at the 29 ports dotting the Pacific coast of the U.S., is set to expire July 1.
- Past contract talks have run beyond the expiration date and led to major disruptions to port operations, as workers and shipping companies, represented at the table and the West Coast docks by the Pacific Maritime Association, agitated for a better deal.
 - 2002: Negotiations deteriorated to the point that PMA, which represents 70 ocean carriers and terminal operators, locked out its workforce for 10 days until the George W. Bush administration intervened.
 - 2014 and 2015: The Obama administration got involved to help end a yearlong contract fight peppered with slowdowns and stoppages.

Now is the time to put contingency and port diversification plans in place >>

Schneider's advice for Port shippers: *Now is the time to put contingency and port diversification plans in place.*

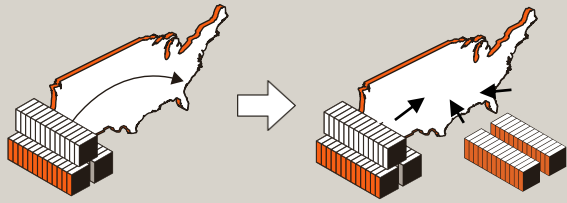
- Disruption will continue.
- A seismic shift is needed in how shippers map their freight transport.
- Shippers should consider shifting/multi-port and distribution strategies to reduce risk.
- Maintain strategic business relationships with providers who can help your supply chain stay nimble through the utilization of new strategies and ideas -- “don’t fear failure.”
- Be willing to try new strategies and take calculated risks.

How?
Keep going >>

Here are a few creative solutions and trends we've been helping shippers implement to keep freight moving in a challenging market.

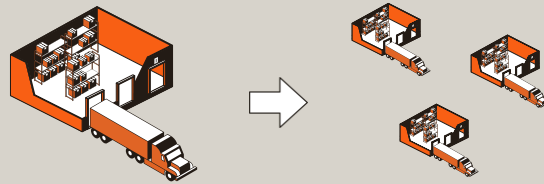
[Contact us to get the capacity you need](#)

Port Optimization



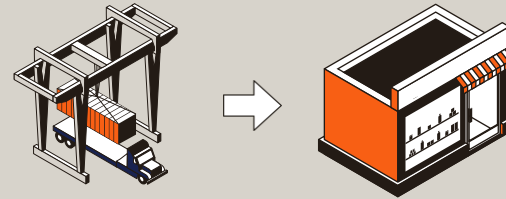
An alternative or multi-gateway strategy may better support your supply chain.

Pop up DCs



A relief valve for inventory storage. Keeping freight nearby without overcrowding your DC.

DC Bypass



Flow SKUs directly to stores to alleviate DC congestion.

Schneider Capacity StackingSM



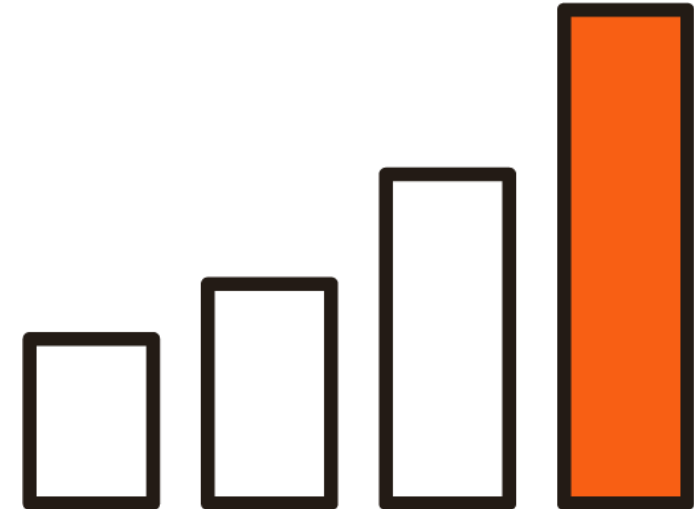
Customized capacity, using multimodal, dedicated and dynamic pricing solutions.

In the news: Trucking jobs climb to ‘an incredibly strong number’ in May

The most recent employment report data from the Bureau of Statistics shows that the industry continues to add jobs in both truck transportation and warehousing.

For May, the number of jobs added was 13,300, bringing the total up to 1,581,300 jobs. That continues the run of record-high levels of employment in the truck transportation sector.

[Read article](#)



Source: freightwaves.com; 6/3/22

In the news: Congress keeps supply chain, FY23 bills on summer agenda

Enhancing connectivity along freight supply chains and considering fiscal 2023 funding legislation will dominate transportation policy debates with Congress this summer.

The chief negotiators of legislation meant to alleviate bottlenecks at commercial ports, as well as boost domestic manufacturing of semiconductors, plan to resume talks this month. Policymakers are aiming to arrive at a final version of a comprehensive package, which proponents refer to as the bipartisan innovation bill.

Provisions expected for approval would dedicate more than \$50 billion for the domestic semiconductor chips sector, as well as update certain operations at the Federal Maritime Commission.

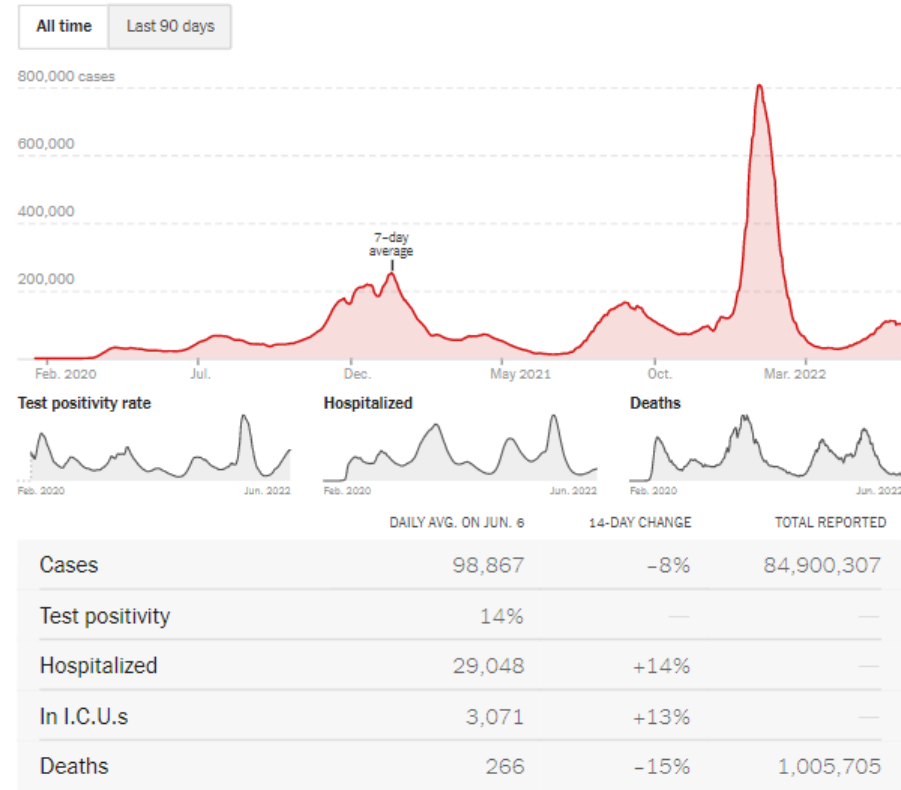
[Read article](#)



Sources: ttnews.com; 6/2/22

COVID-19 cases and hospitalizations rise throughout the country, though numbers are still the lowest they've been since last summer

New reported cases



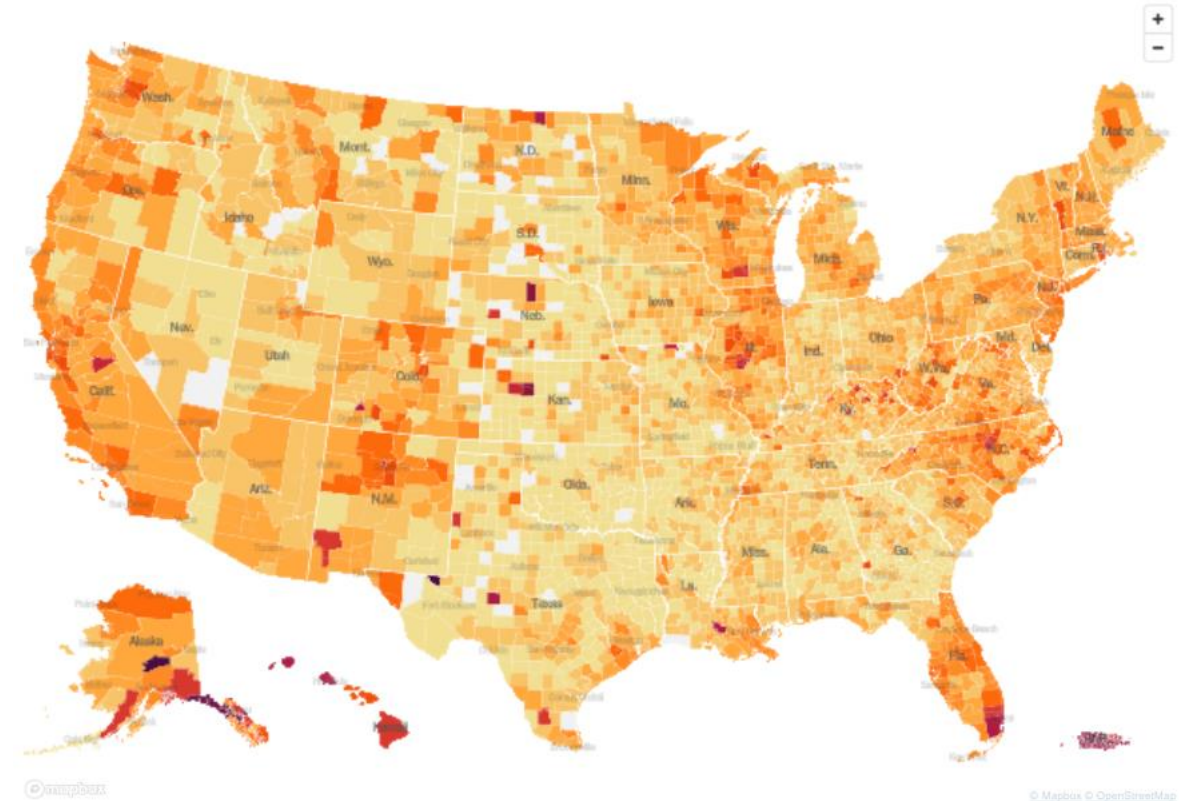
About this data:

Sources: State and local health agencies (cases, deaths); U.S. Department of Health and Human Services (test positivity, hospitalizations, I.C.U. patients). Test positivity, hospitalizations, I.C.U.s and deaths show seven-day averages. Hospitalization data may not yet be available for yesterday. Test positivity is based only on P.C.R. test results reported to the federal government and is for the most recent seven days in which at least 40 states have reported testing data. 14-day change is hidden if not enough data is available to make a comparison. Figures shown are the most recent data available.

Hot spots

AVERAGE DAILY CASES PER 100,000 PEOPLE IN PAST WEEK

10 30 50 70 100 150 FEW OR NO CASES



About this data:

The hot spots map shows the share of population with a new reported case over the last week.

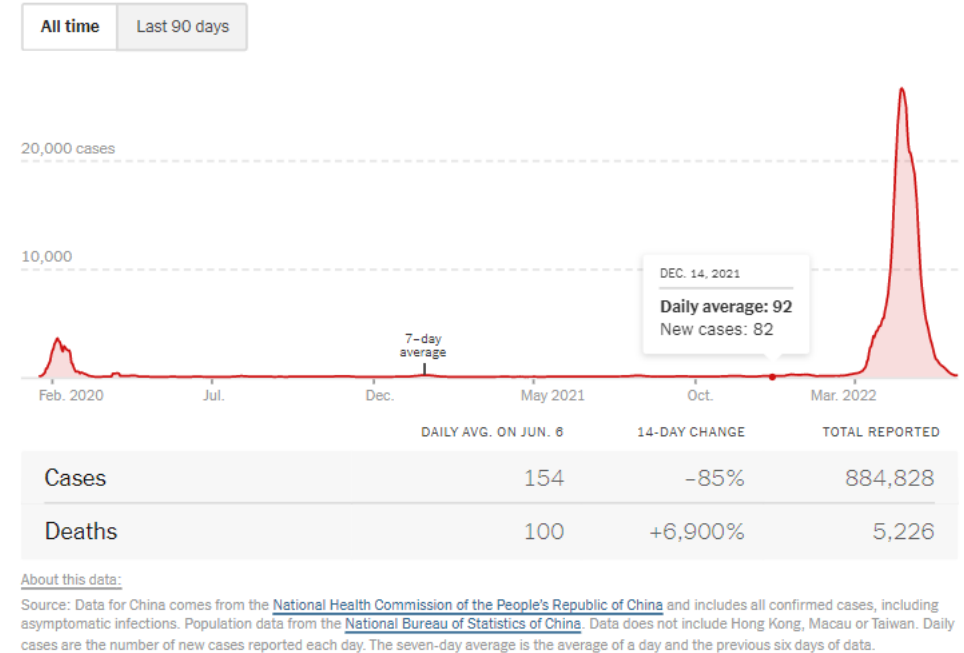
Source: [nytimes.com](https://www.nytimes.com); Updated 6/7/22

In the news: COVID-19 restrictions begin to loosen in China

- Restrictions have recently begun to loosen after about two months for Shanghai, and about a month for Beijing city.
- After the latest Covid outbreak, both Shanghai and Beijing require a valid negative virus test in order to enter public areas. In Beijing, test results are only valid for 48 hours, while Shanghai said beginning Wednesday, test results will be valid for 72 hours.
- It remains unclear how quickly most businesses will be able to resume normal production as implementation of Covid measures can vary at a neighborhood level. Any new confirmed Covid cases or contacts with one can result in renewed tightening.

[Read article](#)

New reported cases



Source: [nytimes.com](#), [cnbc.com](#); Updated 6/7/22

In the news: Shanghai Supply Chain Gradually Eases But Hurdles Remain

The situation in Shanghai — the site of the world's largest port — is being followed closely after a two-month lockdown impacted supply chains both within China and globally as it shut down factories and caused a massive drop in truck traffic. The city is now officially out of lockdown, yet it will take a long time for production and trade to recover completely.



- Traffic into the city is picking up, with some logistics experts seeing activity returning to about 80% of levels seen before Shanghai's COVID-19 lockdowns. The trucking situation in Shanghai could return to normal within the next one to two weeks, according to a source.
- Shanghai's port operations are also improving. Daily container throughput — a measure of the amount of cargo handled — is about 95% of normal levels, according to local media reports. Shipping delays have been significantly reduced, with container vessels waiting 31 hours on average off Shanghai as of June 1, compared with 69 hours in late .

[Read article](#)

Sources: supplychainbrain.com; 6/7/22



What's going on in the market?

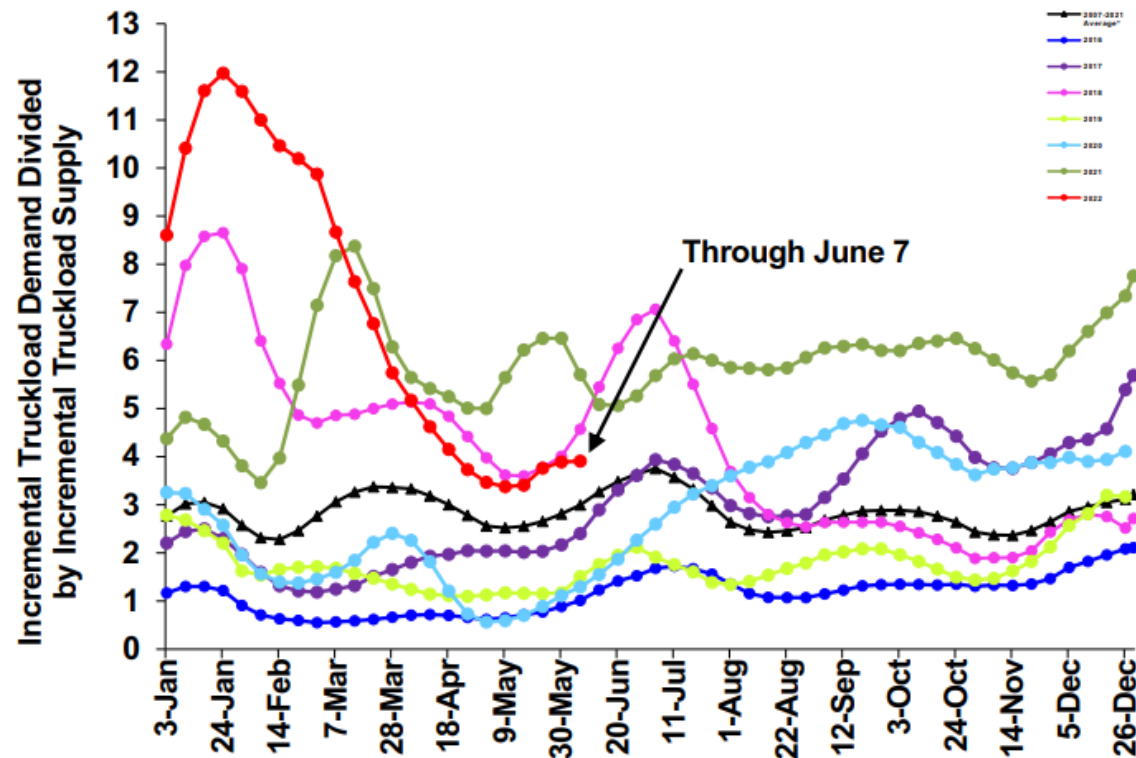
In the following slides, you will see a continued softness in transportation market volumes and market tender rejects. 2021 was an unprecedented year in demand, and current volumes are still significantly higher than 2020 and 2019.

In addition to what has been going on in China, we've noticed that Morgan Stanley has been providing interesting analysis, included in the next page. Read on for more information.

MORGAN STANLEY ANALYSIS

5/25/22 AND 6/8/22

Exhibit 2: Morgan Stanley Dry Van ONLY Truckload Freight Index



Source: Morgan Stanley Research. The index measures the demand for DryVan Truckload services compared to the supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means there is less freight demand relative to capacity. *2007-2021 average trend line excludes financial crisis years of 2008 and 2009.

The TLFI from the week of 5/11/22 may have benefited from CVSA Roadcheck last month, which historically has created additional tightness in the market as widespread inspections remove out-of-service vehicles from the road.

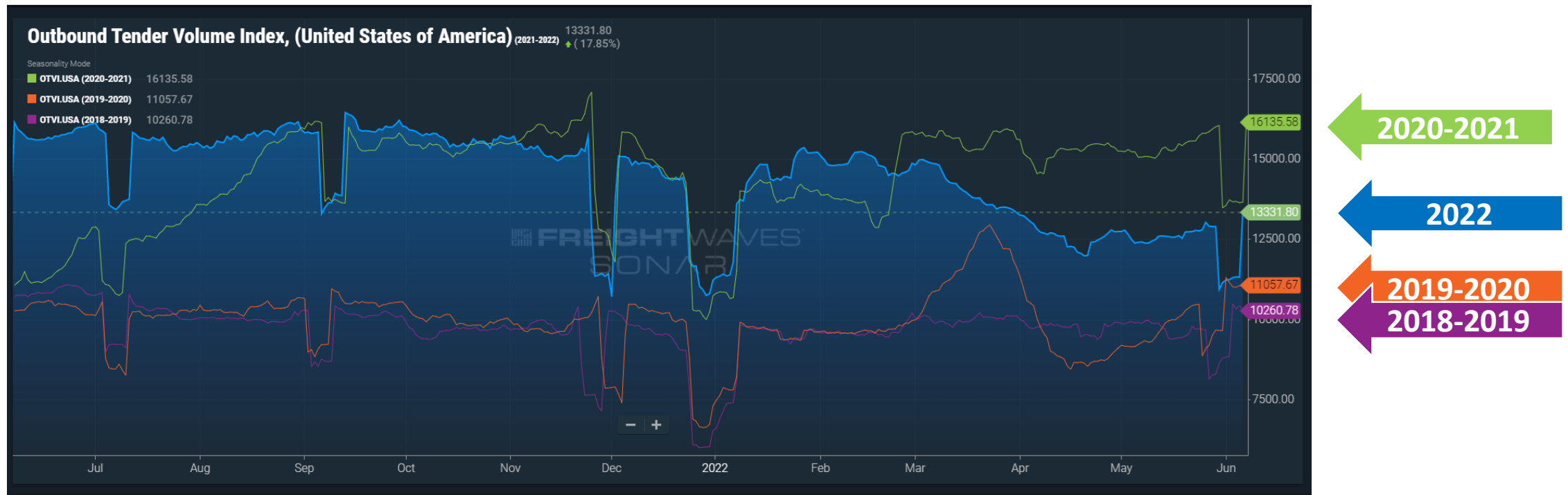
We continue to believe that exogenous factors such as the China COVID lockdowns may have created a transitory "air pocket" and that the TL market could see some relief as these factors resolve. We will continue to monitor the index closely in the coming weeks.

Reminder from Schneider: Though we see a softening in the data, don't forget that typical Peak and Hurricane Seasons are soon coming, and still need to be planned for.

Outbound Tender Volume Index

Earlier this week, the Tender Volume Index rebounded after the Memorial Day holiday, rising by 17.85% or over 2019 points. Month over month, OTVI rose by 7.53%.

Compared to the Outbound Tender Volume Index levels during this time in the previous three years, current OTVI is -2% lower than 2021, 21% higher than 2020, and 30% higher than 2019.



Outbound tender volumes represent demand for capacity in the origin area. An increase in volume represents an increase in demand.

Source: FreightWaves; Updated 6/7/22

Important reminder regarding YOY data: April of 2020 was when we saw tender volumes and rejects begin to plummet as businesses were forced to close due to lockdowns caused by the COVID-19 pandemic. The Outbound Tender Volume Index bottomed out on April 16th at 8439.35, while Overall Outbound Tender Rejects bottomed out on April 30th at 2.57%. After this time, both volumes and rejects began their slow climb upwards to extremely elevated levels, where they have remained consistent.

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Outbound Tender Reject Index

Outbound Tender Reject levels have been slowly declining for all modes and are at 9% overall. Truckload and Reefer rejects are both at 9% -- while Flatbed rejects have been consistently higher at 28%.



Outbound tender rejects are an indication of available capacity in the origin market of the freight. If rejections are increasing, capacity may be tightening in that area.

Source: FreightWaves; Updated 6/7/22

Outbound Tender Reject Index by length of haul

The graph below details outbound tender rejects based on length of haul, regardless of mode. Since our last report, rejects have decreased for all lengths of haul.

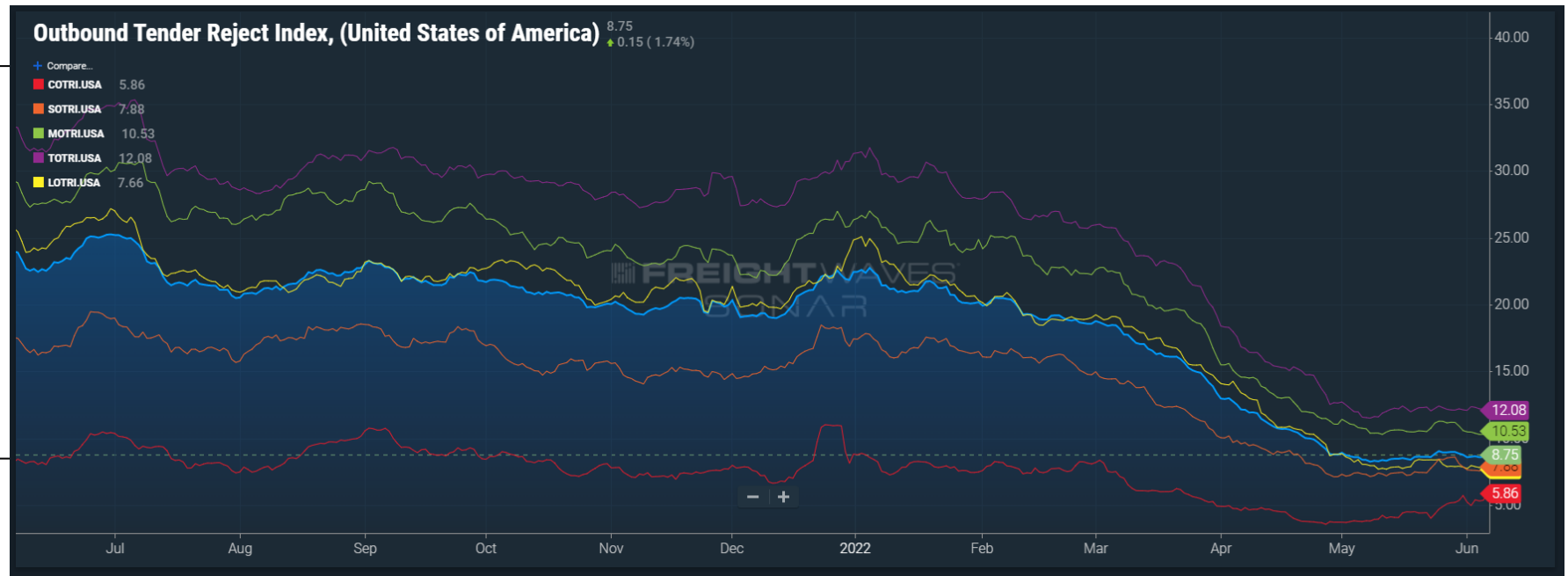
City/local (< 100 miles): **6%**

Short-haul (100-250 miles): **8%**

Mid-haul (250-450 miles): **11%**

Tweener (450-800 miles): **12%**

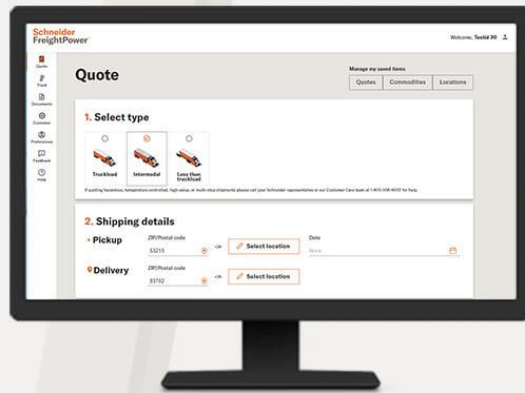
Long-haul (800+ miles): **8%**



*Outbound tender rejects are an indication of available capacity in the origin market of the freight.
If rejections are increasing, capacity may be tightening in that area.*

Source: FreightWaves; Updated 6/7/22

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The logo consists of the word "SCHNEIDER" in a bold, orange, sans-serif font. Below the text is a horizontal orange bar with a small, stylized lightning bolt or 'V' shape in the center.