

Transportation Market Update

May 6, 2022



SCHNEIDER

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](#).

Join us in-person

2022 Shipper Insight events



Interested in **learning** the latest strategies for navigating the ever-changing transportation industry?

Want to **network** with your industry peers and the Schneider team?

If your answers are yes, you'll find great value in attending any of our Shipper Insight Series events!

[Learn more and register](#)



Update: A sneak peek at Schneider's technology innovation center, under construction

Last year, we announced the addition of Schneider's new technology innovation center, The Grove, in Green Bay, Wis. This state-of-the-art building will feature some exciting sustainable features like:

- Solar power.
- High efficiency glass.
- Energy efficient LED lighting.
- Geothermal heating and cooling.
- Furniture made of post-industrial recycled materials.

The photo shows the building in construction, which is coming along well. Look for more updates in the future!



[News Release](#)

CVSA International Road Check: May 17 – 19, 2022

This event is a 72-hour high-visibility, high-volume commercial motor vehicle inspection and enforcement initiative. Commercial motor vehicle inspectors in Canada, Mexico and the U.S. will conduct North American Standard Inspections of commercial motor vehicles and drivers.

Each year, CVSA focuses on a specific aspect of a roadside inspection. This year, the focus will be on wheel ends, which historically account for about one quarter of the vehicle out-of-service violations discovered during International Roadcheck, and has been routinely identified as a top 10 vehicle violation.

If violations are found, the vehicle will be placed out of service, which means that vehicle cannot be operated until the identified out-of-service conditions have been corrected. Or if a driver violation is found, the driver will be placed out of service, adding days to your supply chain.

What can you do?

Keep your freight moving with Schneider. Our drivers and equipment are inspection ready year-round, and our third-party carriers are held to the industry's strictest qualification standards. Covering your freight is made easier with Schneider's Capacity StackingSM options.

[Keep your freight moving](#)

In the news: Procurement bids to suppliers in Mexico are surging

Recent data shows that many manufacturers are expanding supplier relationships and bringing production closer to end users, in a growing effort to keep product on shelves. Nearshoring attempts are in full affect with U.S. manufacturers increasing procurement bids with Mexico and Latin America suppliers drastically year over year.

[Have access to the Wall Street Journal?](#)
[Read the article here.](#)



Source: Wall Street Journal

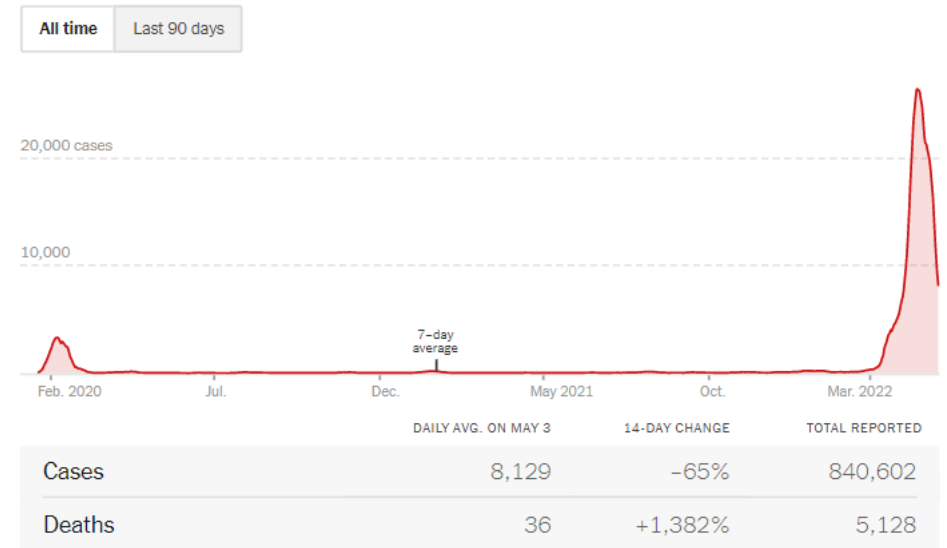
Sources: [wsj.com](https://www.wsj.com); 4/1/22

In the news: Global Supply Chain Crisis Flares Up Where It All Began

Many in transportation and logistics are keeping an eye on the COVID-19 lockdown in China, which accounts for 12% of global trade. Restrictions there over the last few weeks have idled factories and warehouses, and slowed truck deliveries and container shipping. Container volumes from China have decreased 31% according to FreightWaves SONAR. More data shows that it takes an average of 111 days for freight to get from China to the U.S. warehouse.

This article highlights the backup that may be coming our way a few months from now. If you're bringing product to North America from China, let's talk now to plan for your freight needs.

New reported cases



About this data:

Source: Data for China comes from the [National Health Commission of the People's Republic of China](#) and includes all confirmed cases, including asymptomatic infections. Population data from the [National Bureau of Statistics of China](#). Data does not include Hong Kong, Macau or Taiwan. Daily cases are the number of new cases reported each day. The seven-day average is the average of a day and the previous six days of data.

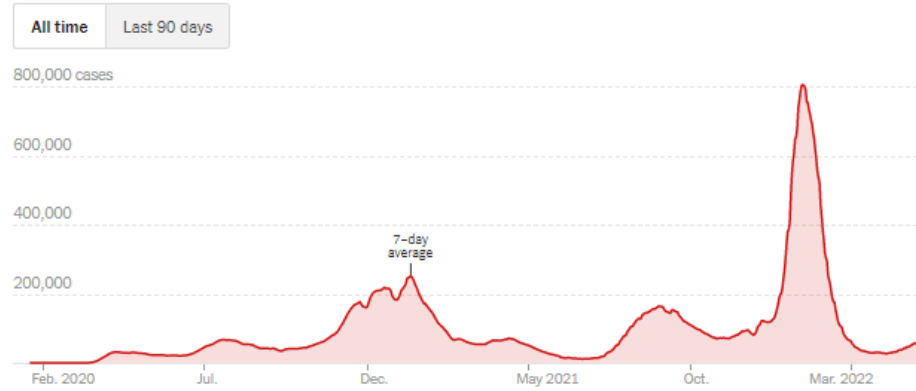
Source: : [nytimes.com](#); 5/4/22

[Read article](#)

Sources: [supplychainbrain.com](#); 4/26/22

COVID-19 cases rise in more than half a dozen states, though numbers are still the lowest they've been since last summer

New reported cases



	DAILY AVG. ON MAY 1	14-DAY CHANGE	TOTAL REPORTED
Cases	56,700	+51%	81,276,040
Tests	643,075	-8%	—
Hospitalized	17,248	+16%	—
In I.C.U.s	2,000	+2%	—
Deaths	320	-29%	992,033

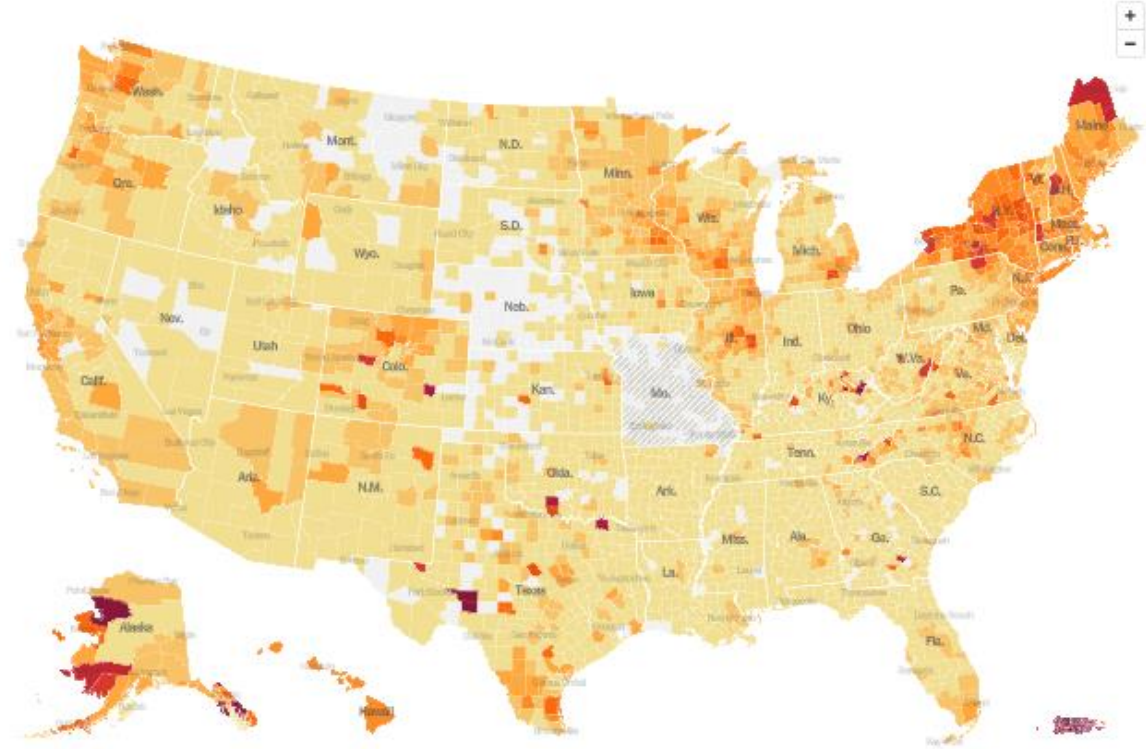
About this data:
 Sources: State and local health agencies (cases, deaths); U.S. Department of Health and Human Services (tests, hospitalizations, I.C.U. patients). Tests, hospitalizations, I.C.U.s and deaths show seven-day averages. Hospitalization data may not yet be available for yesterday. The number of average tests is for the most recent day for which all states have reported 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

0 25 50 75 100 200 500 1000

NO CASES DATA



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 5/2/22



What's going on in the market?

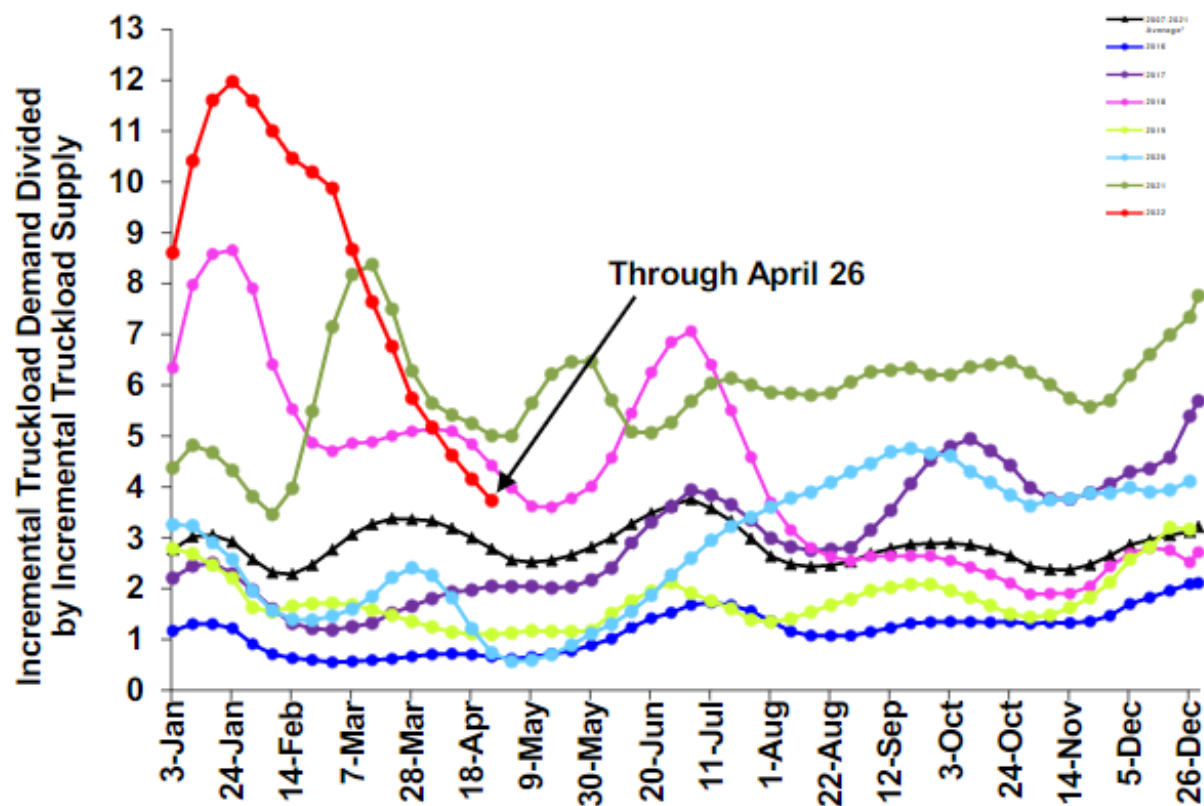
In the following slides, you will see a continued softness in transportation market volumes and market tender rejects. 2021 was an unprecedented year in demand, and current volumes are still significantly higher than 2020 and 2019.

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

MORGAN STANLEY ANALYSIS

4/26/22

Exhibit 2: Morgan Stanley Dry Van ONLY Truckload Freight Index



Source: Morgan Stanley Research. The index measures the demand for Dry-Van 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. *2017-2021 average trend line excludes financial crisis years of 2008 and 2009.

Ultimately, recent softness may be a temporary air pocket caused by the Russia and Ukraine conflict and/or the broad China COVID lockdowns and we will look for more color from the TLs during this earnings season as there is a chance that there may be one inning left in the cycle before it finally turns in 2H22.

In fact, the alternate thesis (vs. the cycle is over) is that seasonality is merely delayed due to spillover of freight tightness/supply chain disruptions from 2021 into 2022. This is why January and February, seasonally some of the weakest months of the year, saw the index make new all-time highs and we are now seeing the softness that we would normally be seeing in those months.

Outbound Tender Volume Index

Compared to the Outbound Tender Volume Index levels during this time in the previous three years, current OTVI is 16% lower than 2021, 39% higher than 2020, and 29% higher than 2019.



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

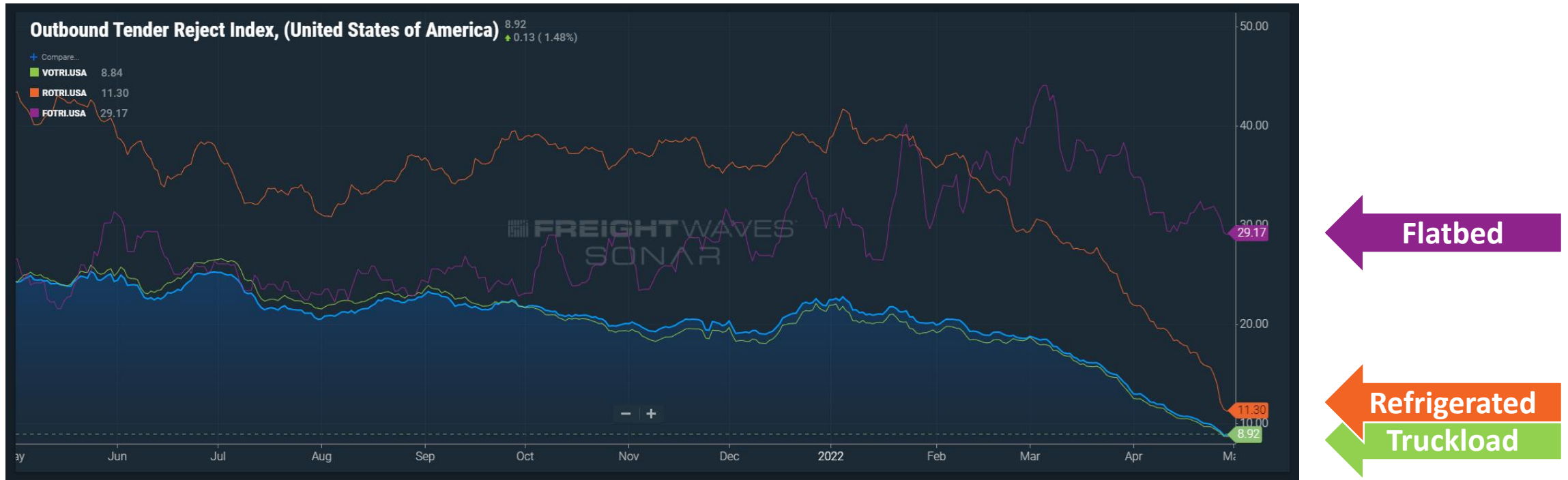
Source: FreightWaves; Updated 5/2/22

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.



Outbound Tender Reject Index

Outbound Tender Reject levels have been slowly declining for all modes and are at 9% overall. Truckload rejects are at 9%, Flatbed rejects are at 29% and Reefer rejects are at 11%.



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 5/2/22

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.

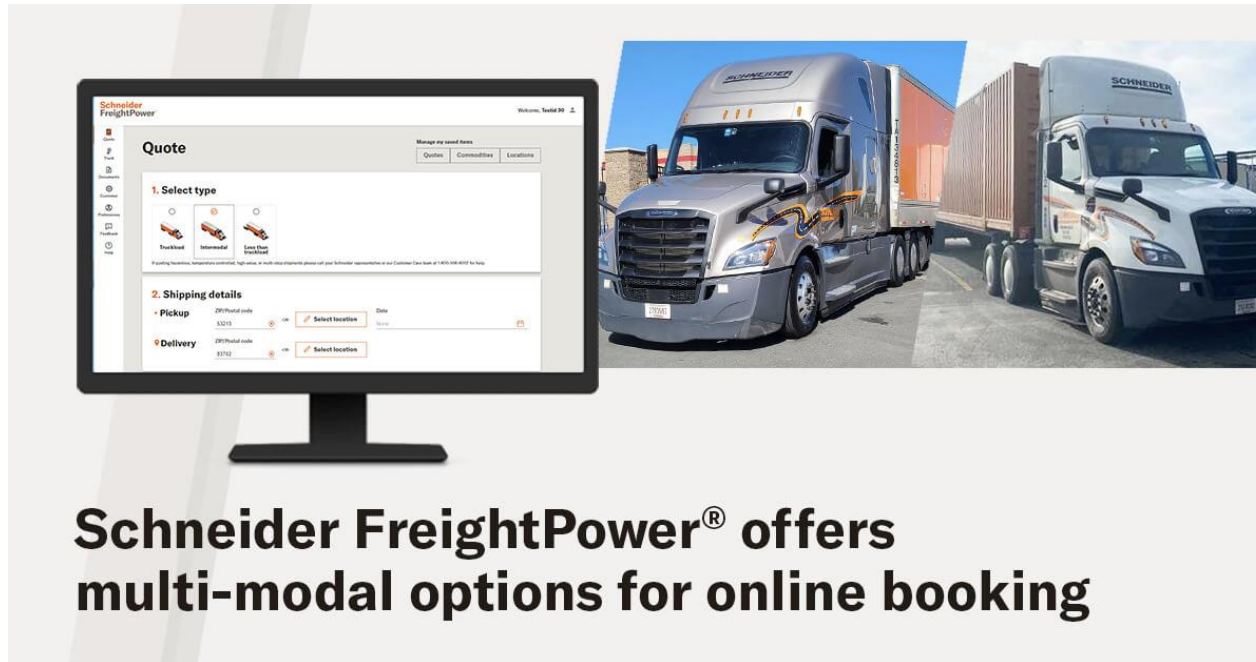
- City/local (< 100 miles): **4%**
- Short-haul (100-250 miles): **7%**
- Mid-haul (250-450 miles): **11%**
- Tweener (450-800 miles): **13%**
- Long-haul (800+ miles): **9%**



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Source: FreightWaves; Updated 5/2/22

Schneider FreightPower®



The image shows a computer monitor displaying the Schneider FreightPower website interface. The screen is titled "Quote" and has a sidebar on the left with navigation icons. The main content area is divided into two sections: "1. Select type" and "2. Shipping details". Under "1. Select type", there are three radio button options: "Truckload", "Intermodal", and "Less than truckload". Under "2. Shipping details", there are two rows: "Pickup" and "Delivery". Each row has a dropdown menu for "ZIP/Postal code", a "Select location" button, and a "Date" field. In the background, two Schneider trucks are shown: a silver semi-truck and a white semi-truck pulling a long trailer.

Schneider FreightPower® offers multi-modal options for online booking

Register today to quote, book and track your Intermodal, Truckload and LTL freight with Schneider FreightPower®.

[Track my loads](#) | [Get started](#)

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The logo consists of the word "SCHNEIDER" in a bold, orange, sans-serif font. Below the text is a thick orange horizontal bar that features a white lightning bolt symbol in the center.