

# Transportation Market Update

November 4, 2022



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## Transportation Market Update

This Market Review Update is intended to provide you with high-level macroeconomic and general industry data that may be relevant to your business. This update should not be used for any other purpose. This update does not state or imply anything about Schneider's performance, results, operations, strategy, projections or plans. The purpose of this update is to relay statistical and relevant facts from various industry professionals. This update does not predict or forecast any economic or industry outcome or results. This update has been prepared on the basis of information made available by third parties; Schneider has not attempted to independently verify any such third-party information.

For the latest information and updates, visit [Schneider's Trending Topics page](#).



## Key Takeaways From a Recent Visit to the Georgia Port Authority (GPA)

[Schneider's Supply Chain and Distribution Management \(SCDM\)](#) leadership team recently had the opportunity to visit the Georgia Ports Authority.

Here are the key takeaways that Schneider intends to leverage as we enhance our port to door services:

1. **The Port of Savannah is growing.**
2. **Quick and convenient infrastructure is key.**
3. **Near port import distribution centers yield efficiencies.**

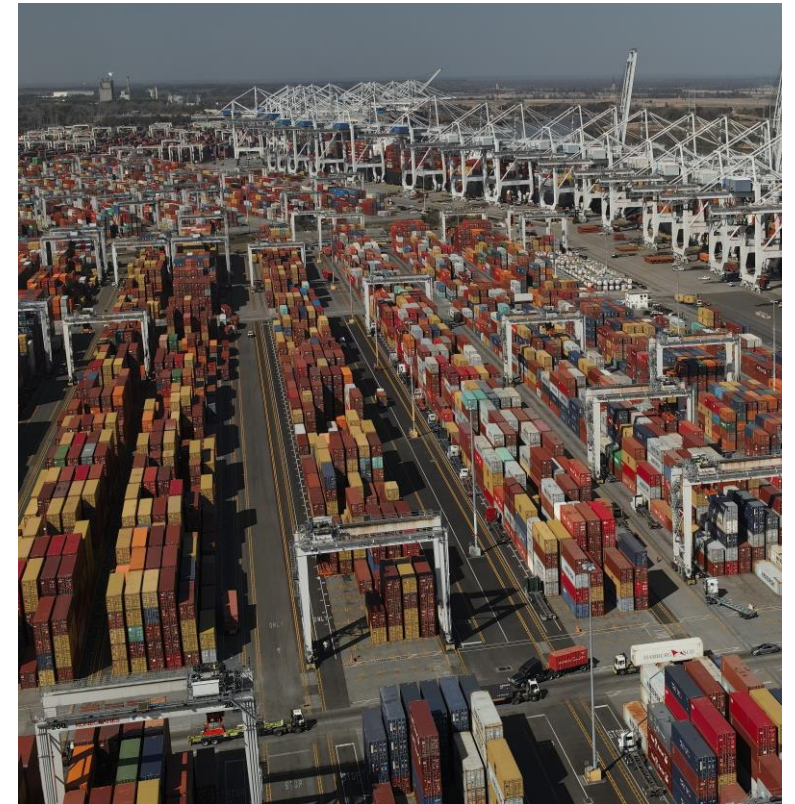
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# Key Takeaways From a Recent Visit to the Georgia Port Authority (GPA)

## The Port of Savannah is growing:

- It's the third busiest U.S. container Port complex and the second most connected port in the U.S.
- The volumes today are volumes that were not expected until 2025.
- Due to continued record growth, the GPA is expediting capacity expansion projects.
- GPA is currently investing in:
  - Three terminals (+3.7M TEUs by 2024)
  - Eight new cranes
  - An on-terminal intermodal facility (servicing the CSX and NS) that will increase the capabilities of the port and allow Schneider to expand services for Savannah customers.



[Read Article](#)

Source: [savannahnow.com](https://savannahnow.com); Georgia Port Authority; 11/2/22

# Key Takeaways From a Recent Visit to the Georgia Port Authority (GPA)

## Schneider Warehouse and Logistics Facilities



**Quick, convenient infrastructure is key:** Customers can get their product to market faster by utilizing [Schneider's conveniently located logistics facilities](#) in tandem with the Port of Savannah's growing capabilities.

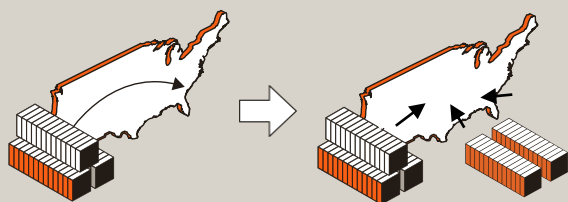
**Near port import distribution centers yield efficiencies:** [Access to Schneider's cross dock, transloading and warehouse facilities](#) near the port helps customers turn containers efficiently and avoid costly accessorial fees.



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

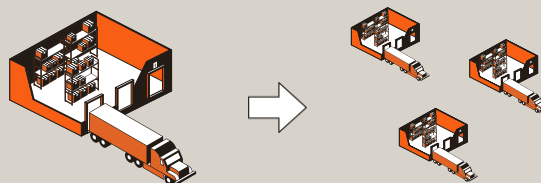
Contact us to get the capacity you need

### Port Optimization



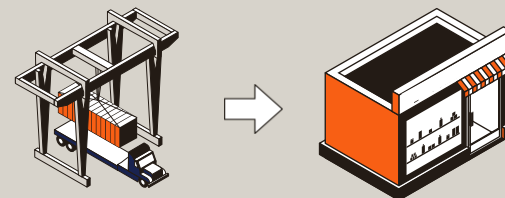
An alternative or multi-gateway strategy may better support your supply chain.

### 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.

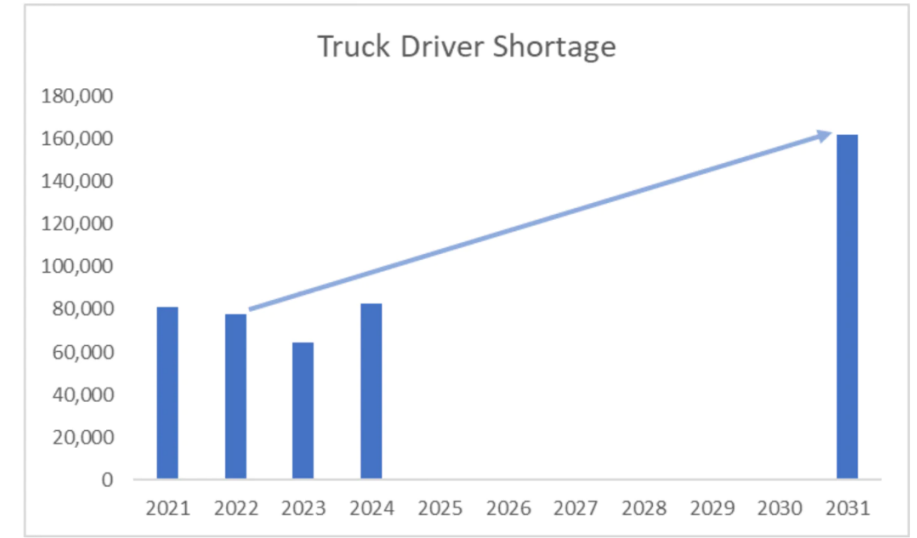
### Schneider Capacity Stacking<sup>SM</sup>



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

## In the News: Driver shortage number drops, but still near record high

- Driver counts have improved 3,000 since last year, but there is still a shortage of 78,000.
- Based on current driver demographic trends and projected growth in freight demand, the shortage could still swell to more than 160,000 in 2031.
- The industry needs to hire nearly 1.2 million new drivers over the next decade to replace those leaving trucking.
- Data shows that over 90% of truckload carriers raised pay in 2021. And between 2019 - 2021, the average truck driver's salary and bonus pay increased 18%. Driver behavior shows that quality of life and time at home has become more important, as around 40% of truckload carriers reported that pay increases in the last year resulted in drivers choosing to drive less, make the same amount of money, and be home more often.



Based on current driver demographic trends, as well as projected growth in freight demand, the shortage could swell to more than 160,000 over the next decade.

Source: ATA

[Read the article](#)

Source: [ccjdigital.com](https://ccjdigital.com); 10/26/22

## In the News: Fuel prices are trucking's top concern in 2022

- After five years at the top of the American Transportation Research Institute's (ATRI) [Critical Issues in the Trucking Industry Report](#), the driver shortage dropped from the #1 spot to #2.
- While the driver shortage and retention remained a top concern for motor carriers, the rise in fuel prices has increasingly weighed on companies' bottom lines and pushed this concern to #1 on the list. High fuel costs this year pushed per-mile trucking costs to their highest levels on record, according to ATRI's 2022 [Analysis of the Operational Costs of Trucking Report](#).
- Truck parking ranked #3, a top concern for the third straight year.

[Read the article](#)

[Report: Critical Issues in the Trucking Industry \(2022\)](#)

### Top issues in trucking

Issue	2022 rank	2021 rank
Fuel prices	1	(Not in top 10)
Driver shortage	2	1
Truck parking	3	5
Driver compensation	4	3
Economy	5	(Not in top 10)
Detention/delay at customer facilities	6	7
Driver retention	7	2
CSA	8	6
Speed limiters	9	(Not in top 10)
Lawsuit abuse reform	10	4

SOURCE: [ATRI](#)

Source: [transportdive.com](https://transportdive.com); 10/24/22



## In the News: Fuel prices push trucking operating costs to record highs

Soaring fuel prices pushed per-mile trucking costs to their highest levels on record last year, according to ATRI.

For-hire fleets' average total marginal costs per mile absorbed:

- 35.4% YoY increase in fuel costs to 41.7 cents per mile and was the largest driver of record costs for fleets in 2021.
- 10.8% increase in driver pay, to 62.7 cents per mile.
- 18.2% jump in repair and maintenance costs, to 17.5 cents per mile.

Inflation remains a major concern and is expected to continue to pressure carriers' operating margins, which averaged 10% across most sectors in ATRI's first year inquiring about them. The Producer Price Index, an indicator of wholesale inflation, rose 11.4% YoY in June, ATRI noted.

**[Read Article](#)**

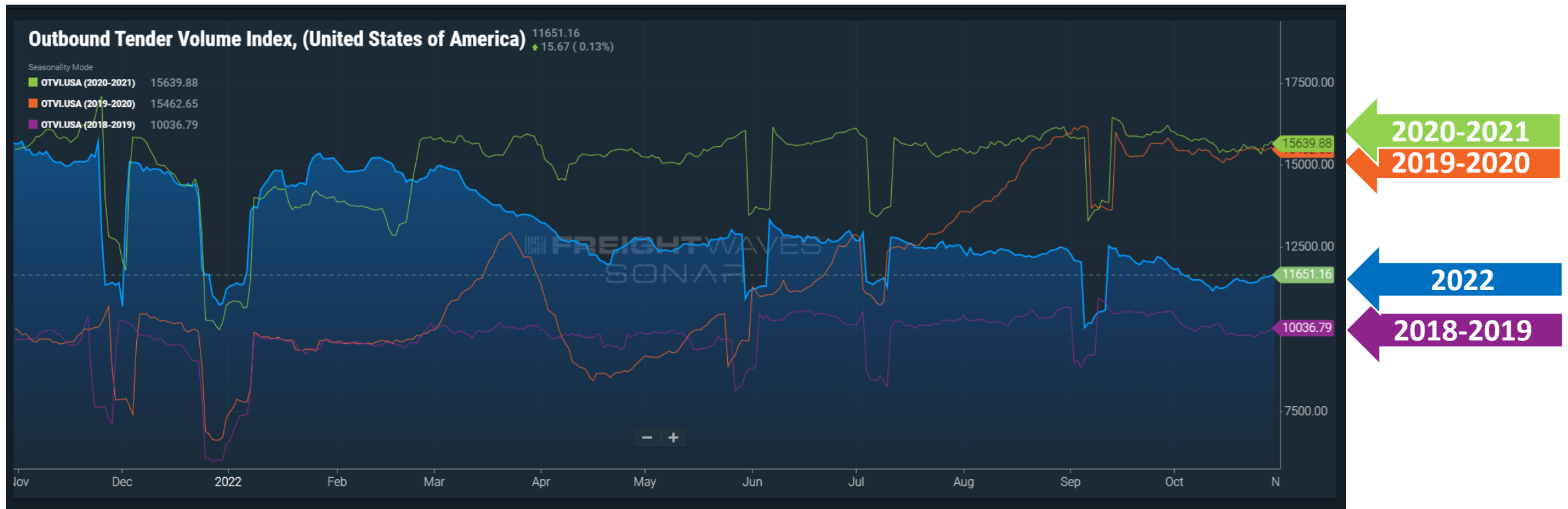
**[Report: Operational Costs of Trucking \(2022\)](#)**



Source: [transportdive.com](https://transportdive.com); 08/30/22

# Outbound Tender Volume Index

Compared to the Outbound Tender Volume Index levels during this time in the previous three years, current OTVI is -26% lower than 2021, -25% lower than 2020, and 16% 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 10/31/22

**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 declined for all modes and are at 4% overall. Truckload rejects are at 4%, Reefer rejects are at 7% -- while Flatbed rejects have been consistently higher at 15%.



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 10/31/22

## 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 slightly decreased for most lengths of haul.

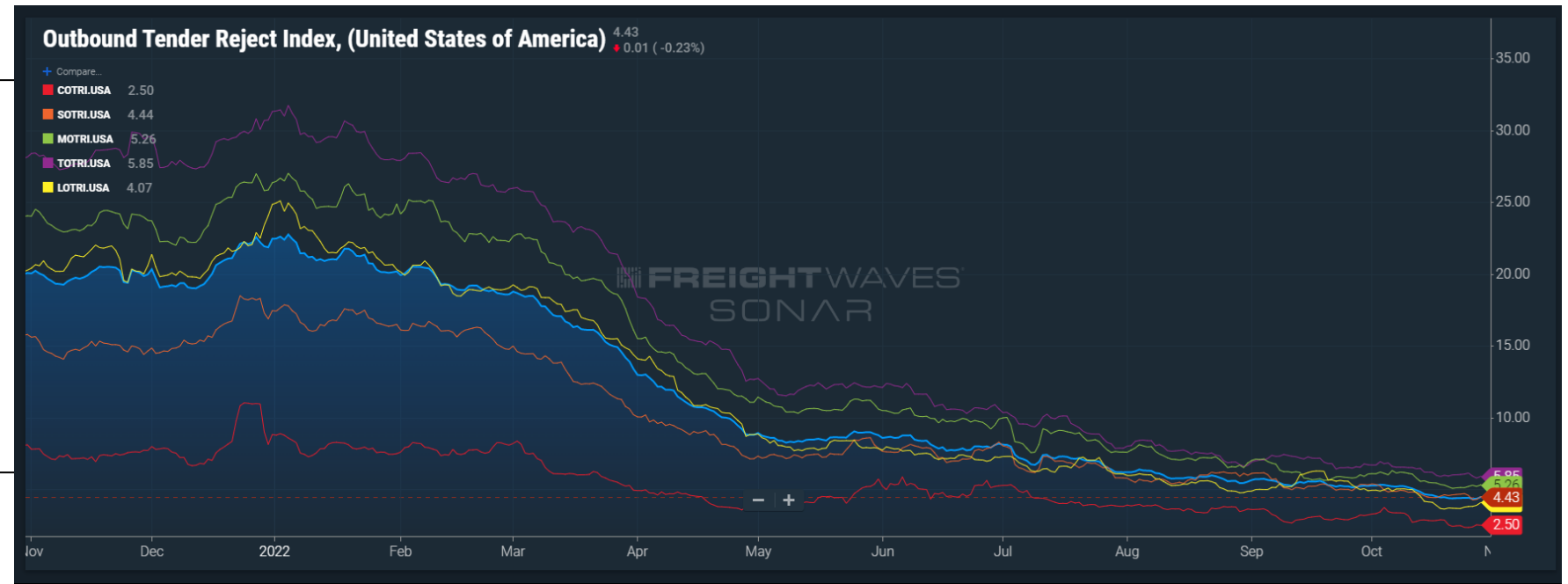
City/local (< 100 miles): 3%

Short-haul (100-250 miles): 4%

Mid-haul (250-450 miles): 5%

Tweener (450-800 miles): 6%

Long-haul (800+ miles): 4%

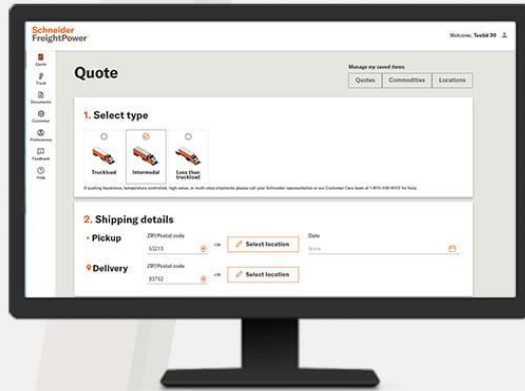


*Outbound tender rejects are an indication of available capacity in the origin market of the freight.  
If rejections are increasing, capacity may be tightening in that area.*

Source: FreightWaves; Updated 10/31/22



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