

SCTA Annual Meeting

June 13, 2023



Bob Costello

Chief Economist & SVP of International Trade Policy

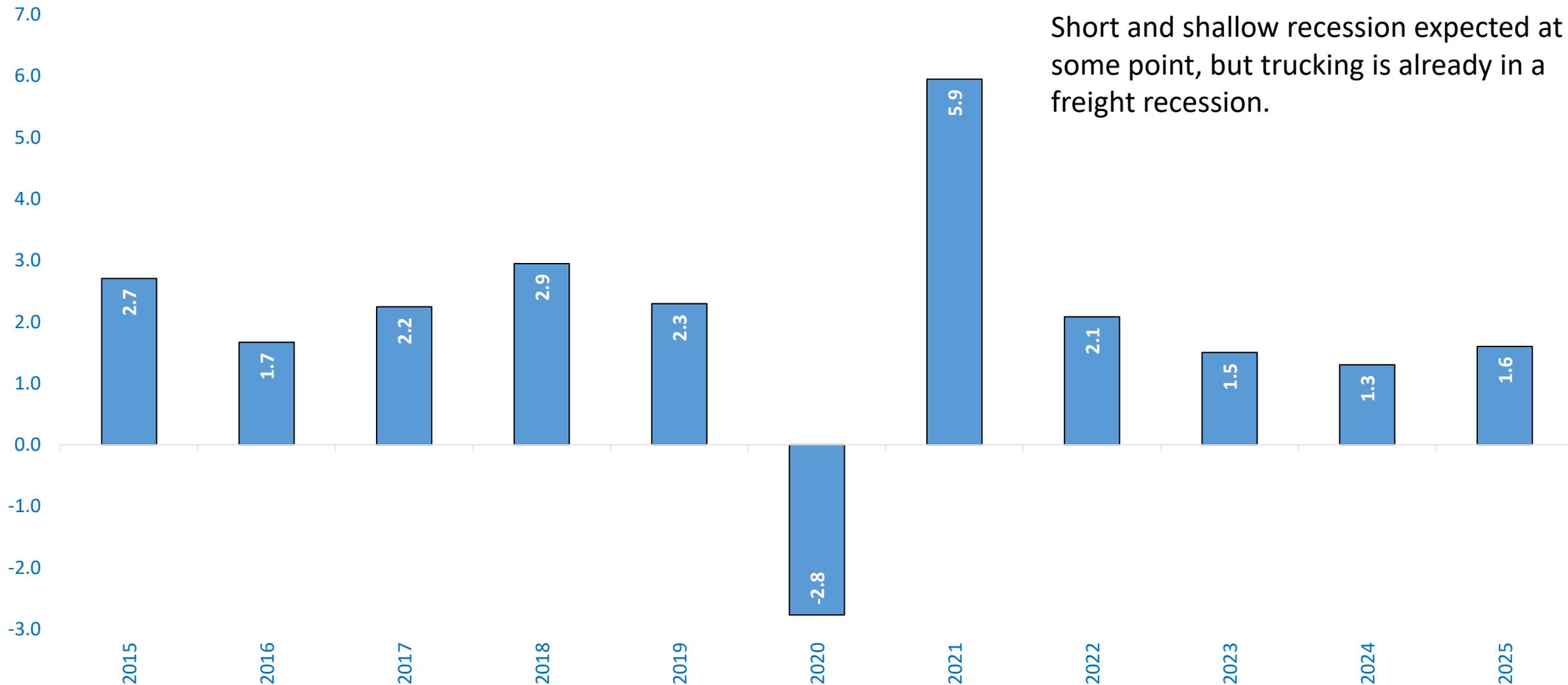
American Trucking Associations

bcostello@trucking.org

[@ATAEconBob](https://twitter.com/ATAEconBob)

Real Gross Domestic Product

Annual Percent Change



Sources: BEA, ATA, S&P Markit



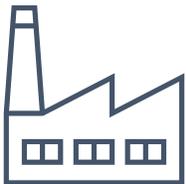
Three Big Sources of Truck Freight



Household Consumption/Retail



Construction: Home & Non-residential



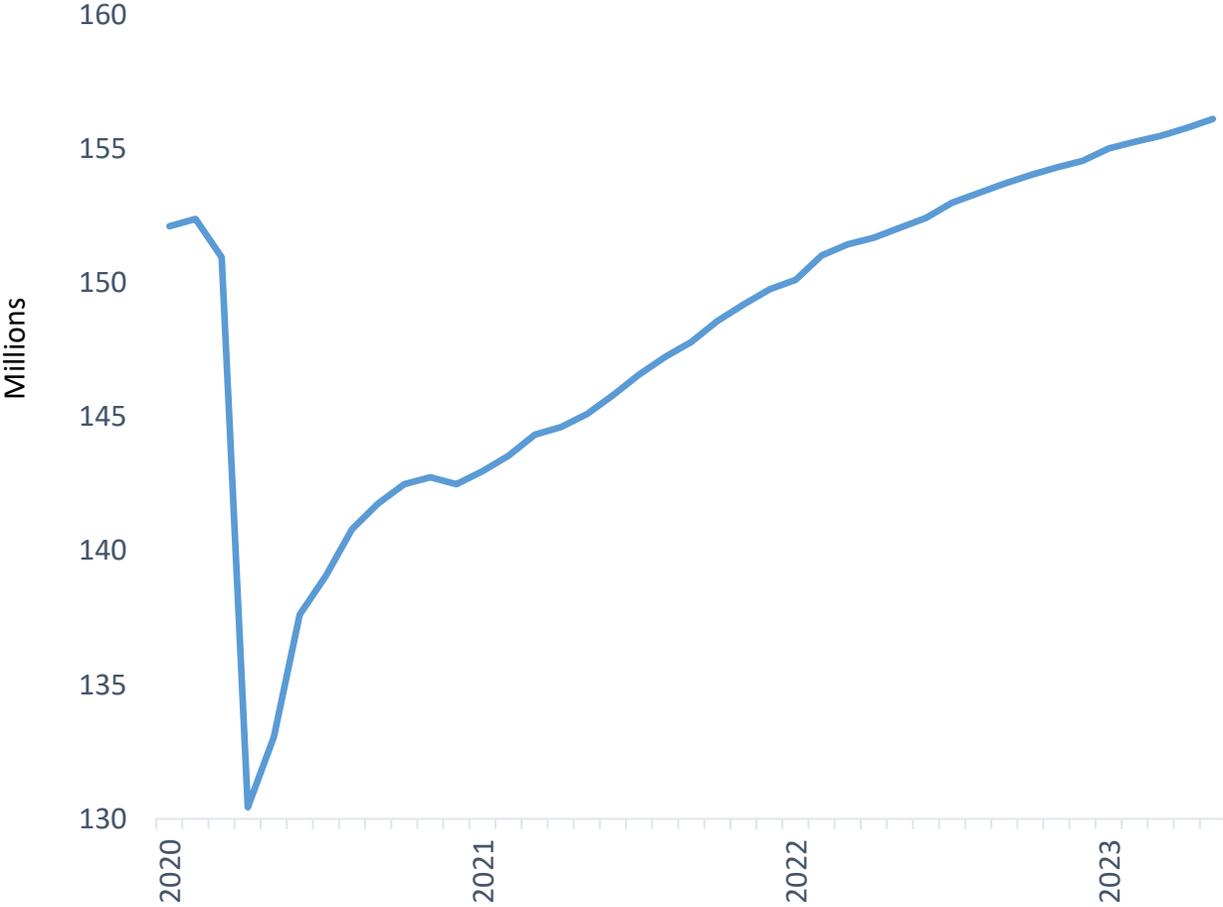
Factory & Industrial



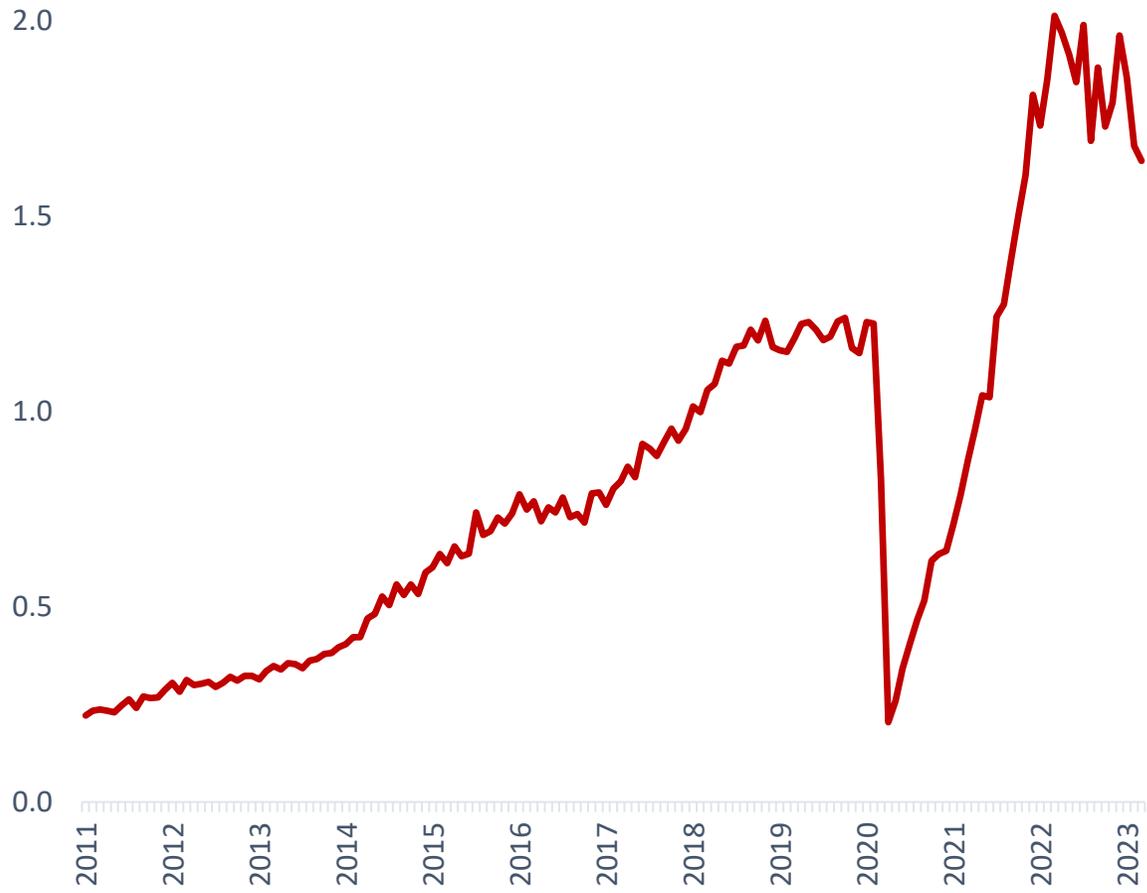
Household Consumption/Retail

Key U.S. Employment Metrics

Payroll Employment



Job Openings per Unemployed Person

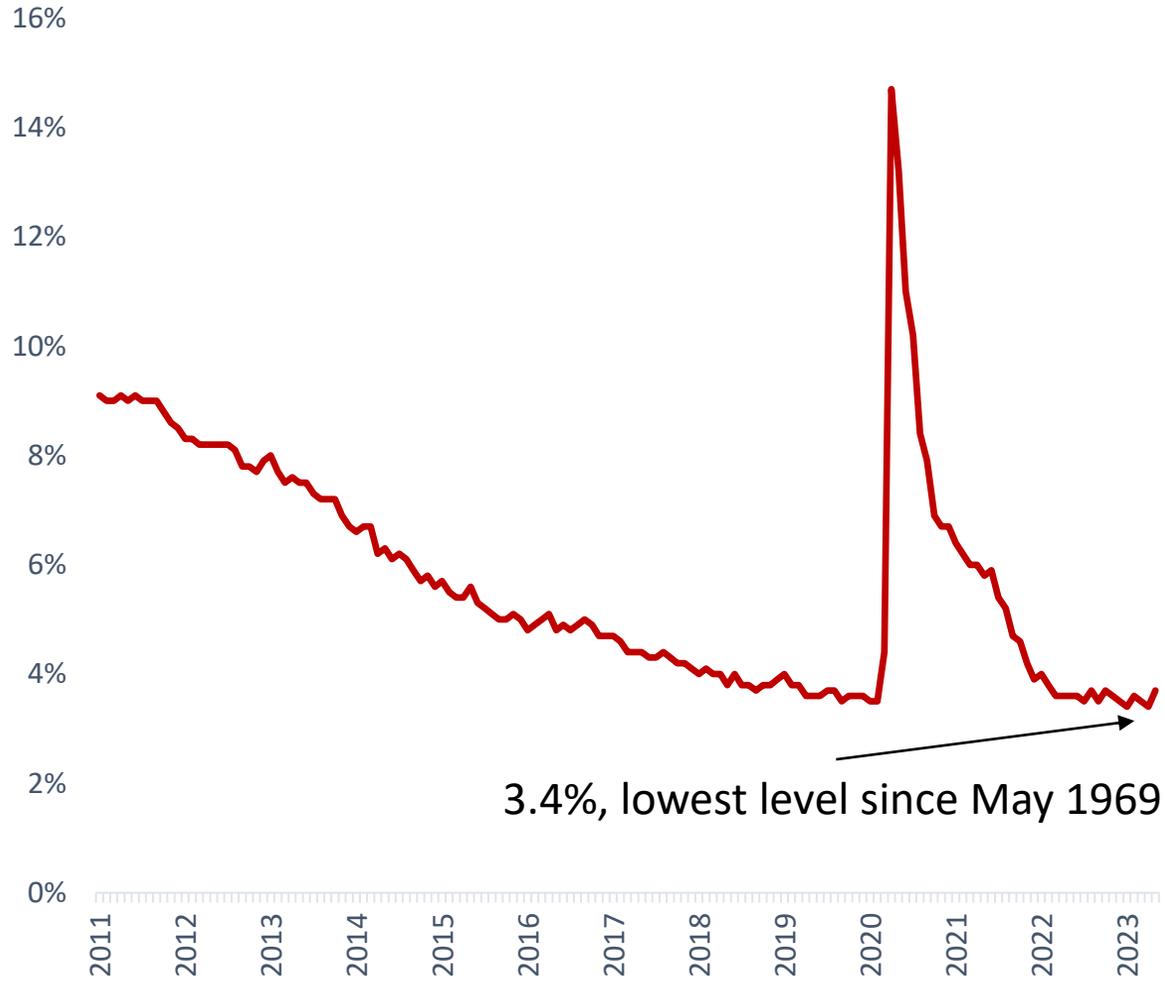


Sources: DOL & ATA

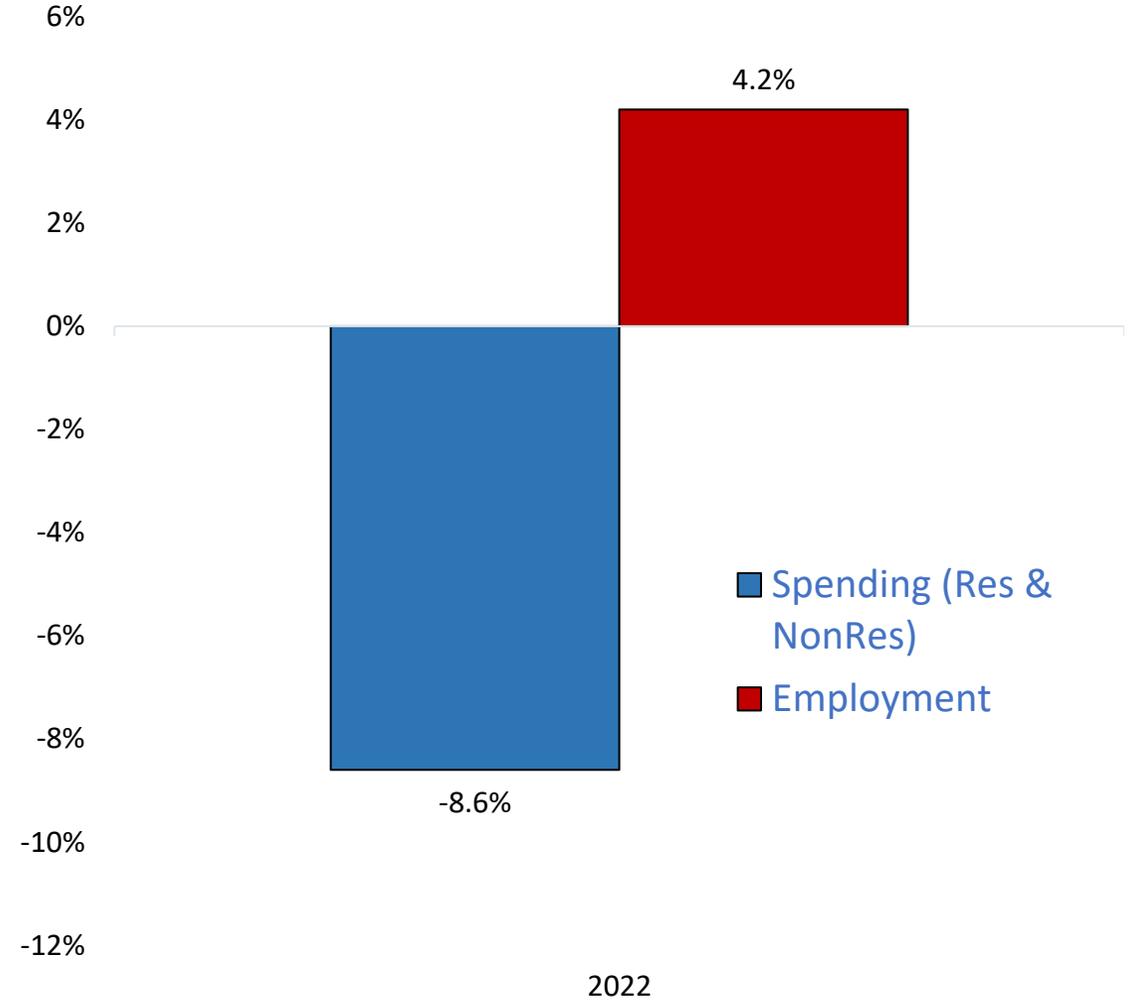


Key Employment Metrics – Are Businesses Hoarding Labor?

U.S. Unemployment Rate



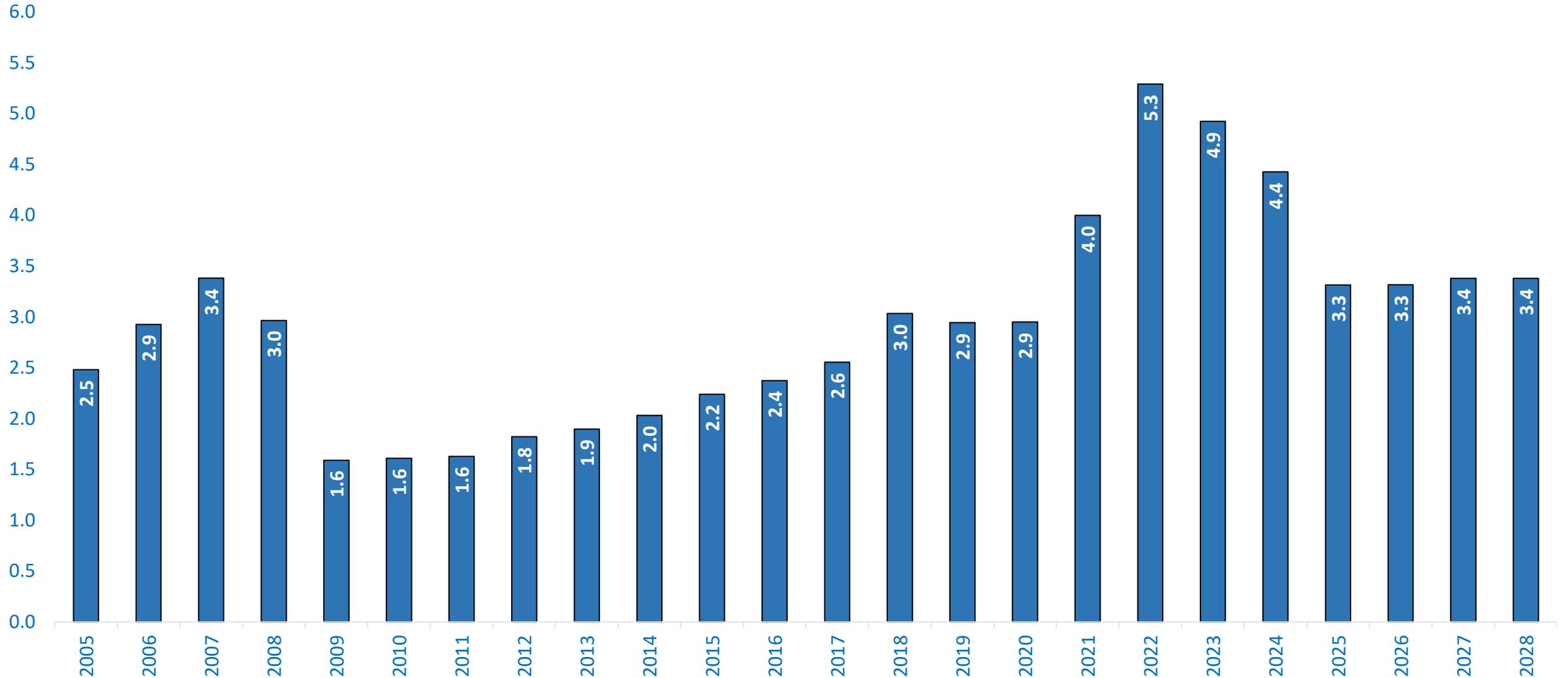
Example: Construction Metrics



Sources: DOL, Census Bureau & ATA

Employment Costs Index – Wages Only

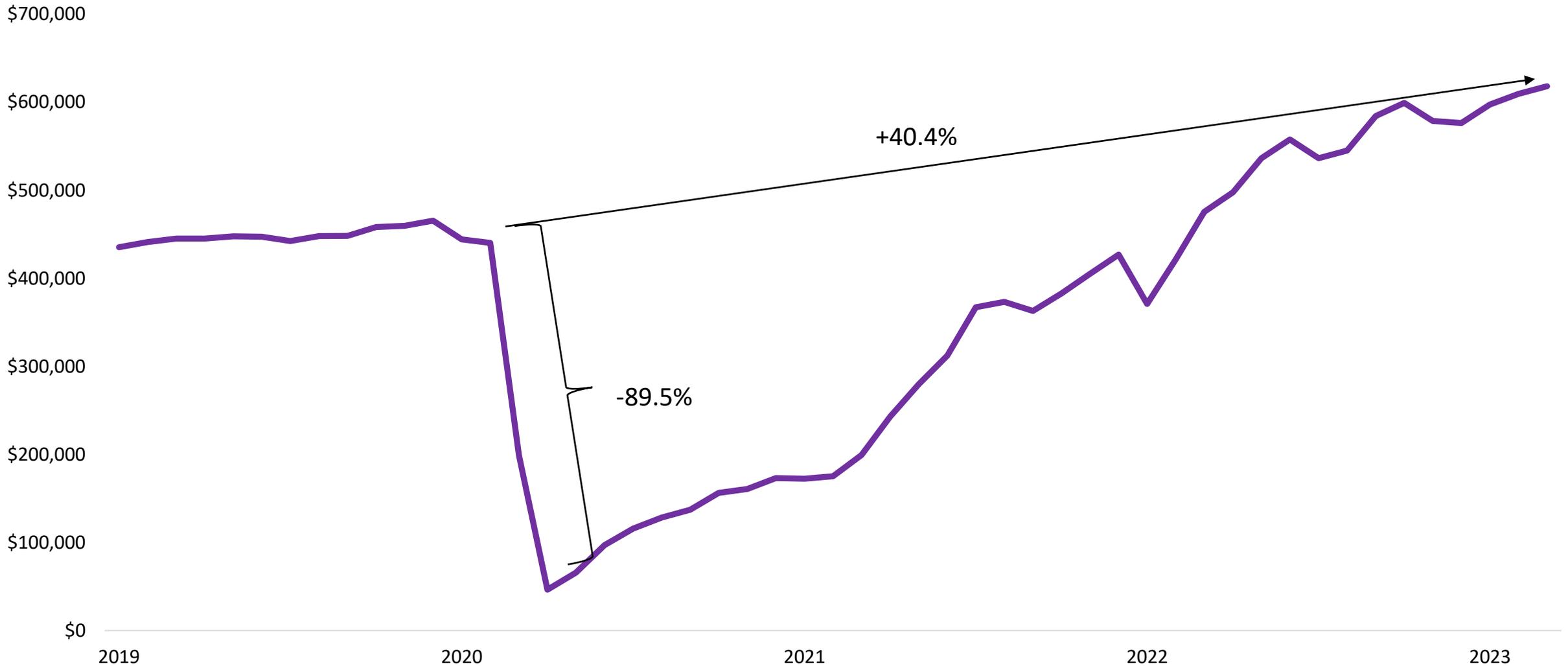
Annual Percent Change



Sources: BEA, ATA, S&P Markit

Personal Consumption Expenditures of Travel

Millions of dollars; annualized rate

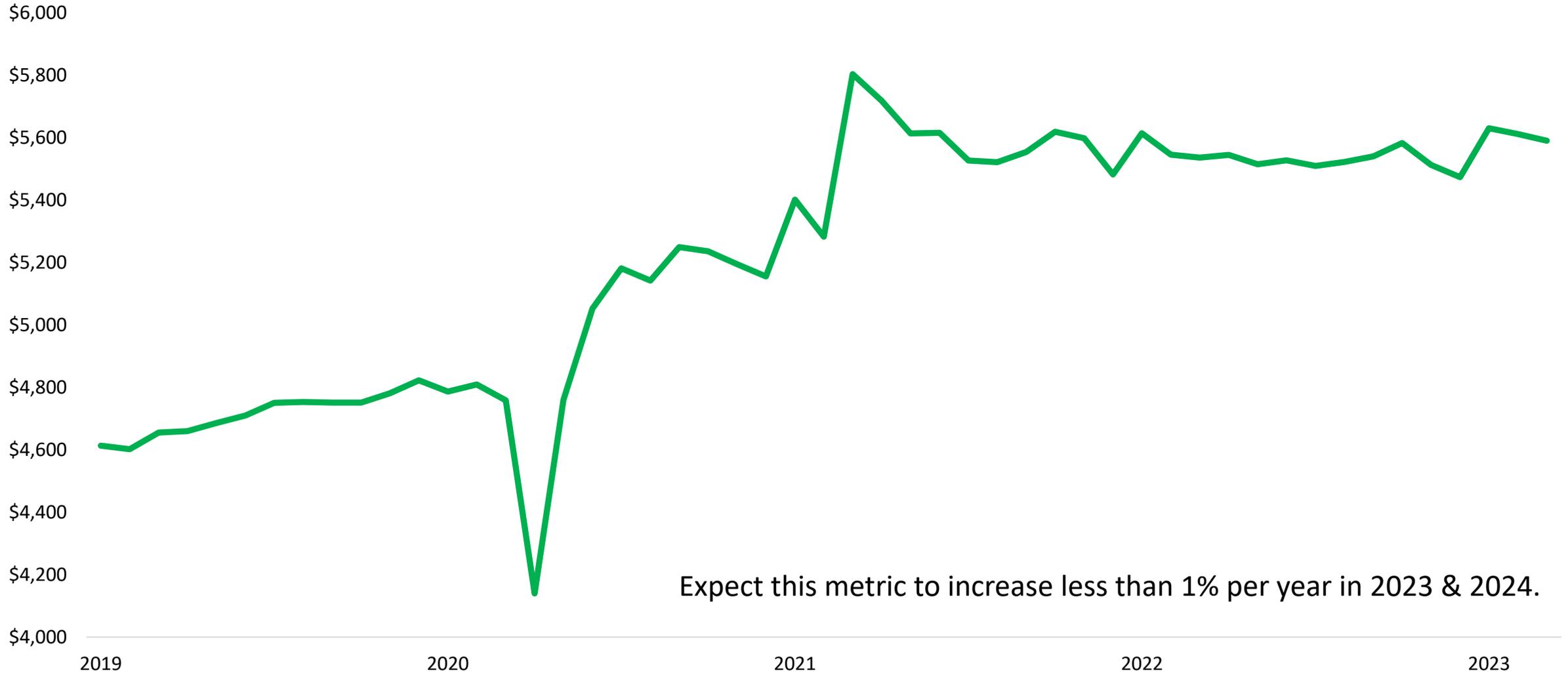


Source: Bureau of Economic Analysis



Inflation Adjusted Personal Consumption Expenditures of Goods

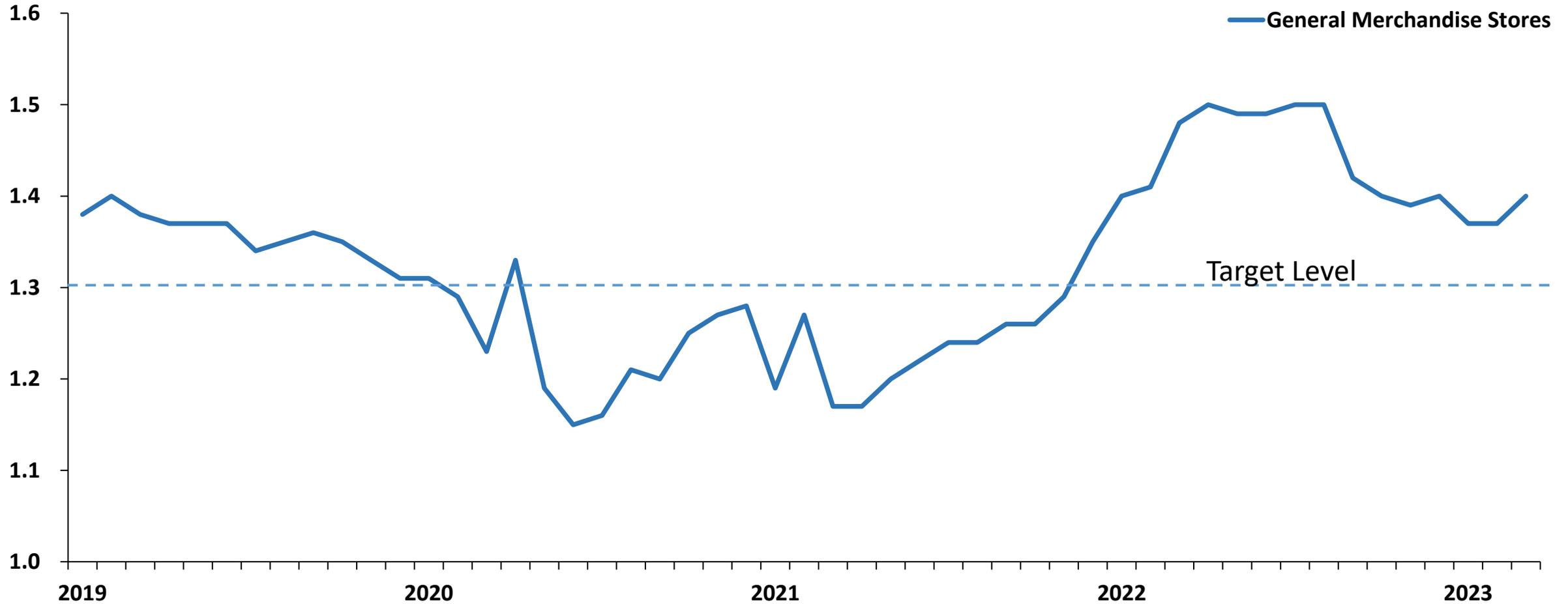
Billions of dollars; annualized rate



Expect this metric to increase less than 1% per year in 2023 & 2024.

Inventories to Sales Ratios

Retail I/S Ratio
Through March 2023



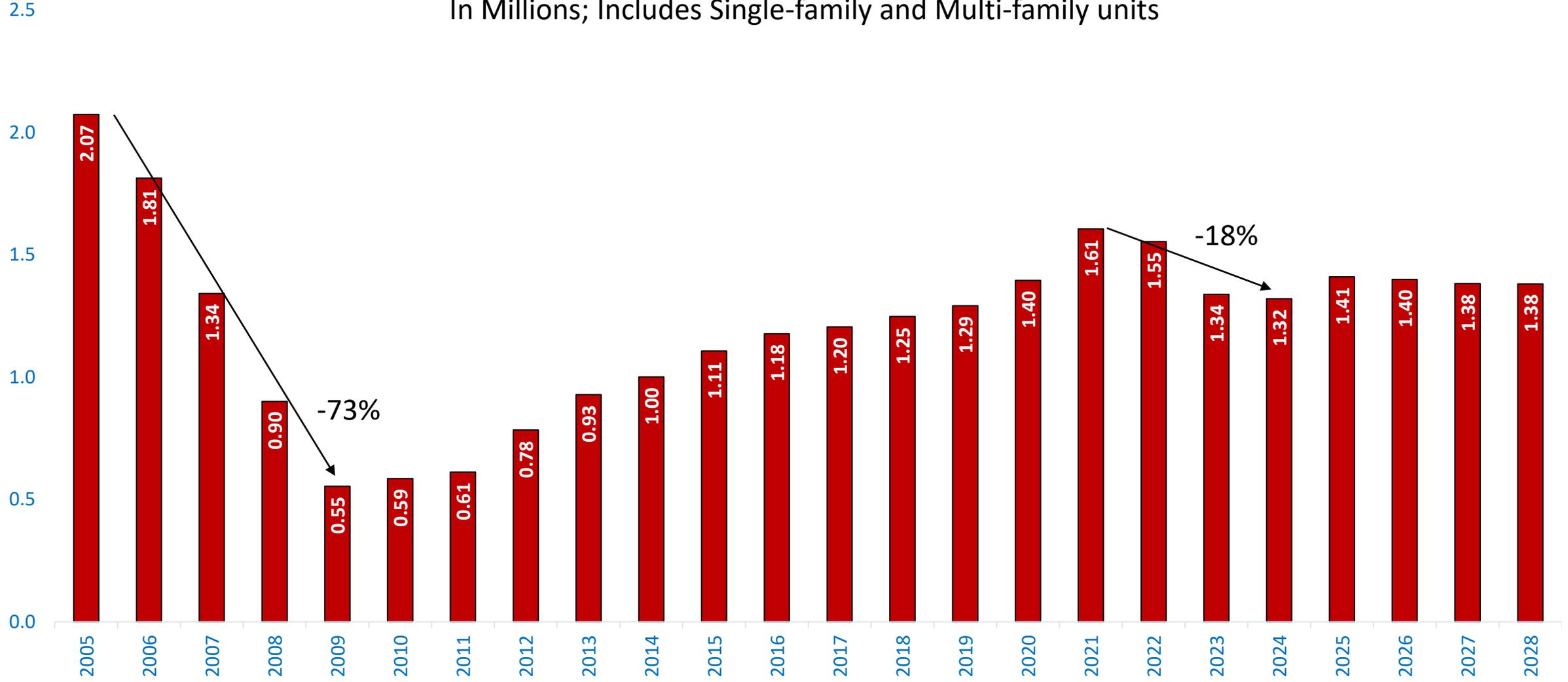
Source: Census Bureau



Construction: Home & Non-residential

Housing Starts

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

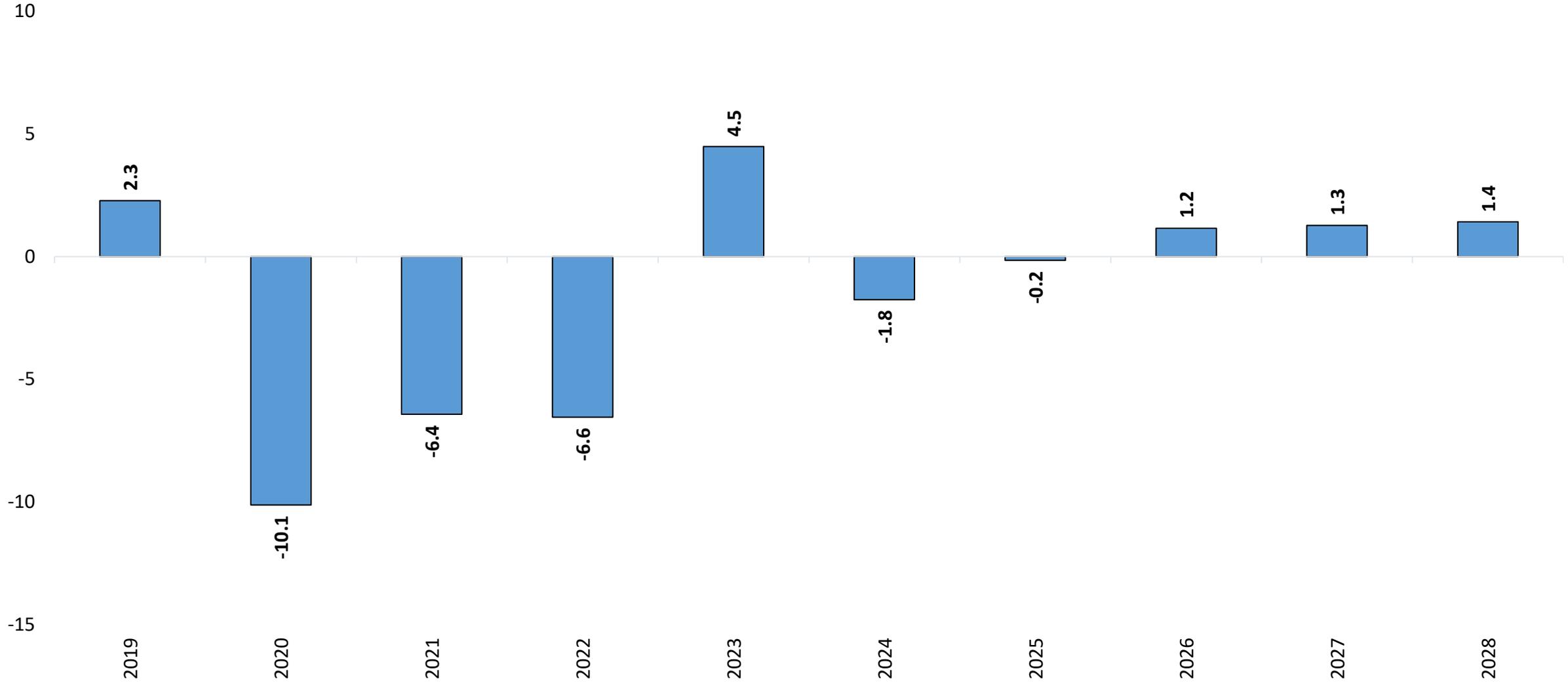


Sources: Census Bureau, ATA, S&P Markit



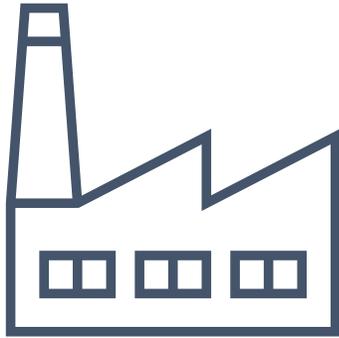
Non-Residential Construction Spending

Annual Percent Change



Sources: Census, ATA, S&P Markit

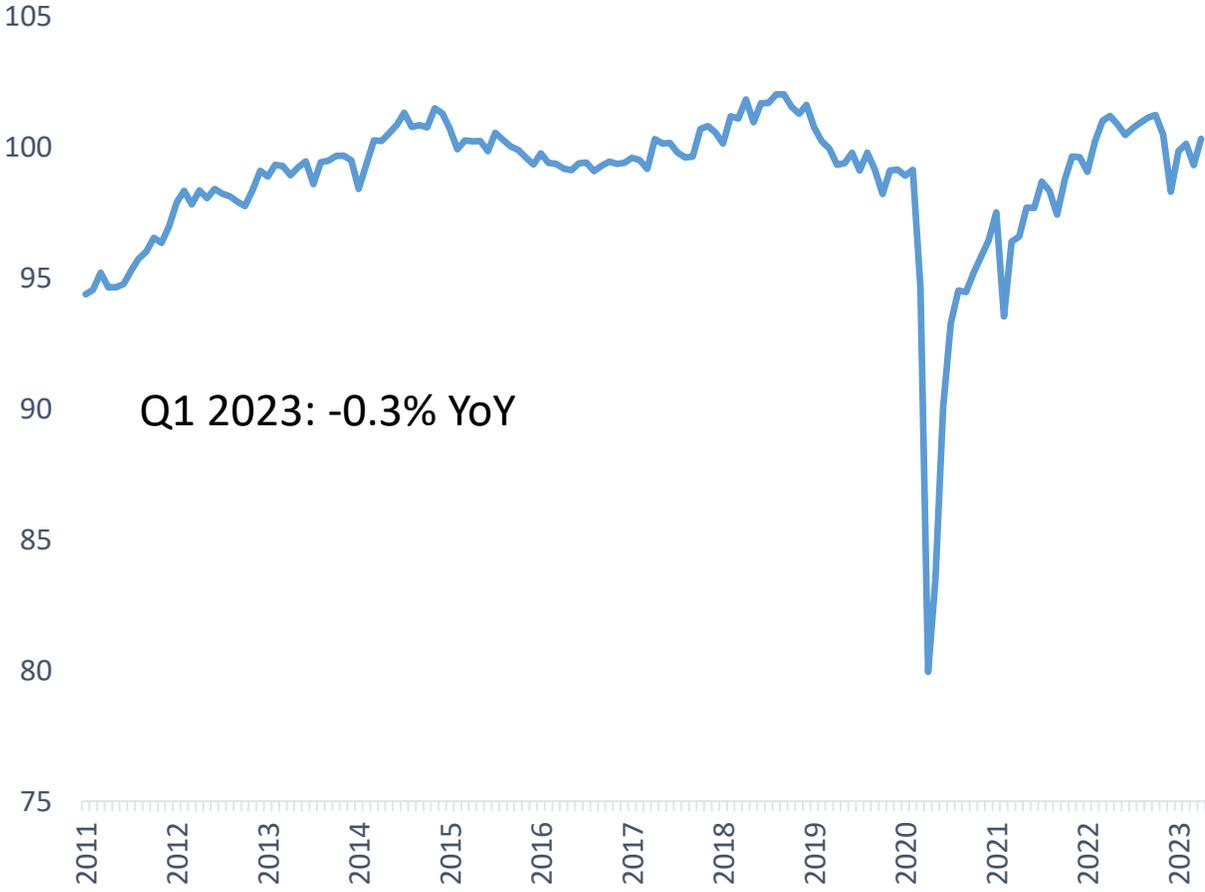




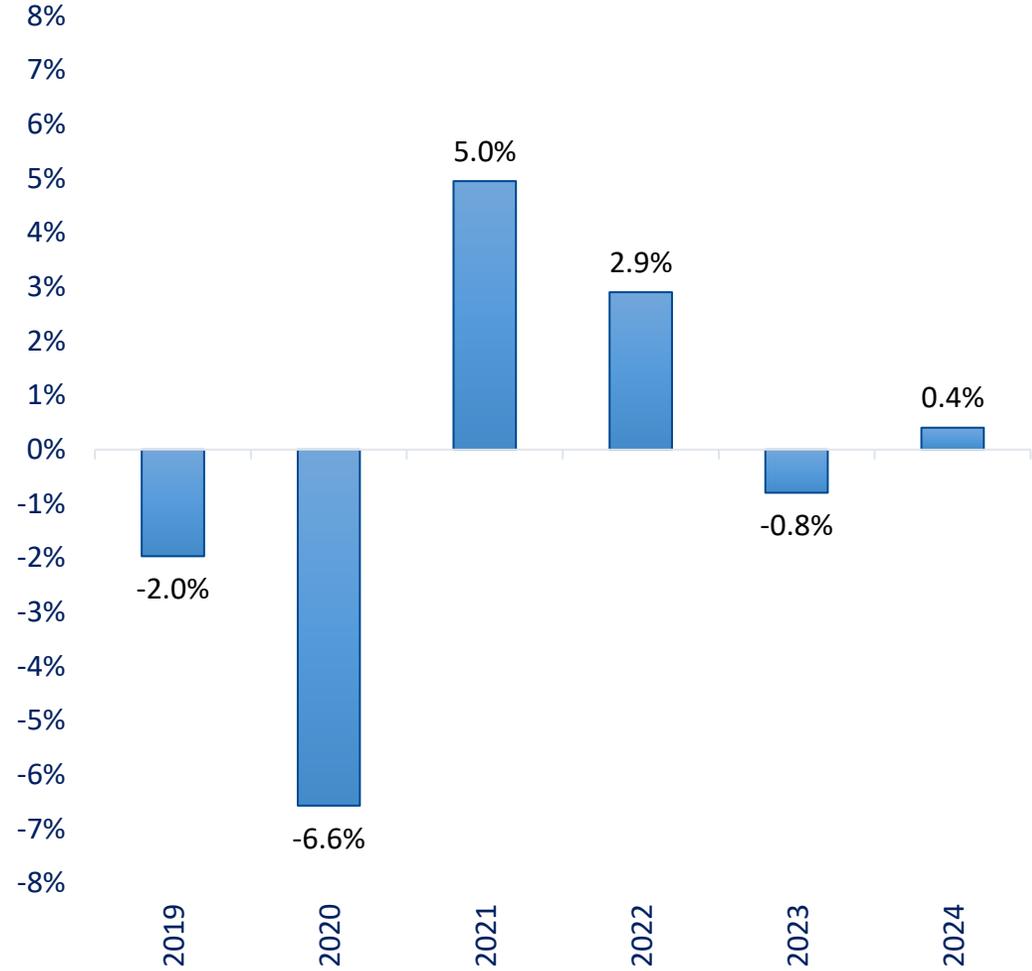
Factory & Industrial

Factory Output

Level of Output (Index)



Annual Percent Change in Output



Source: Federal Reserve & ATA



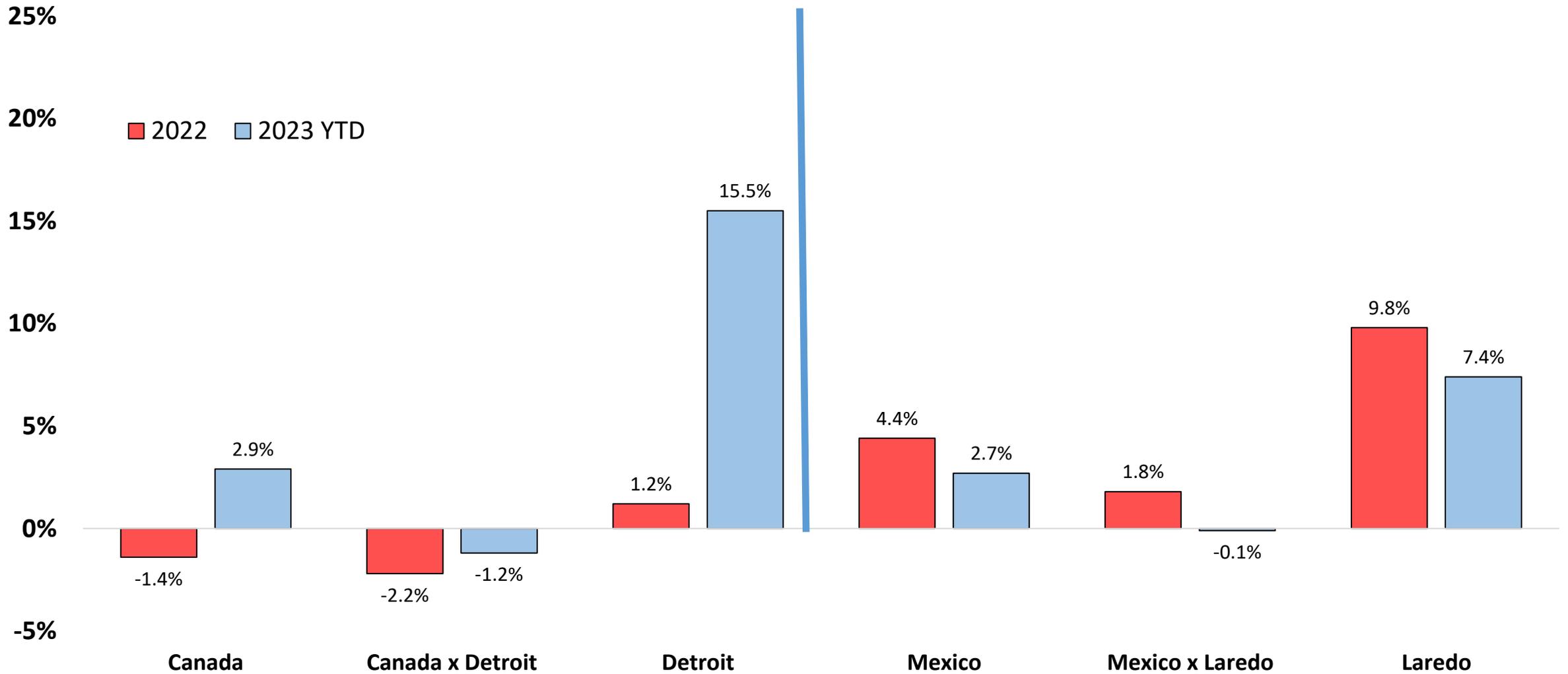
Purchasing Managers' Index

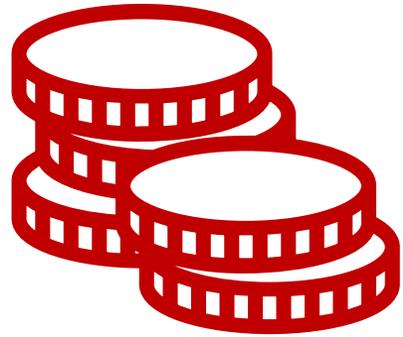


Source: Institute for Supply Management

Cross-Border Truck Volumes

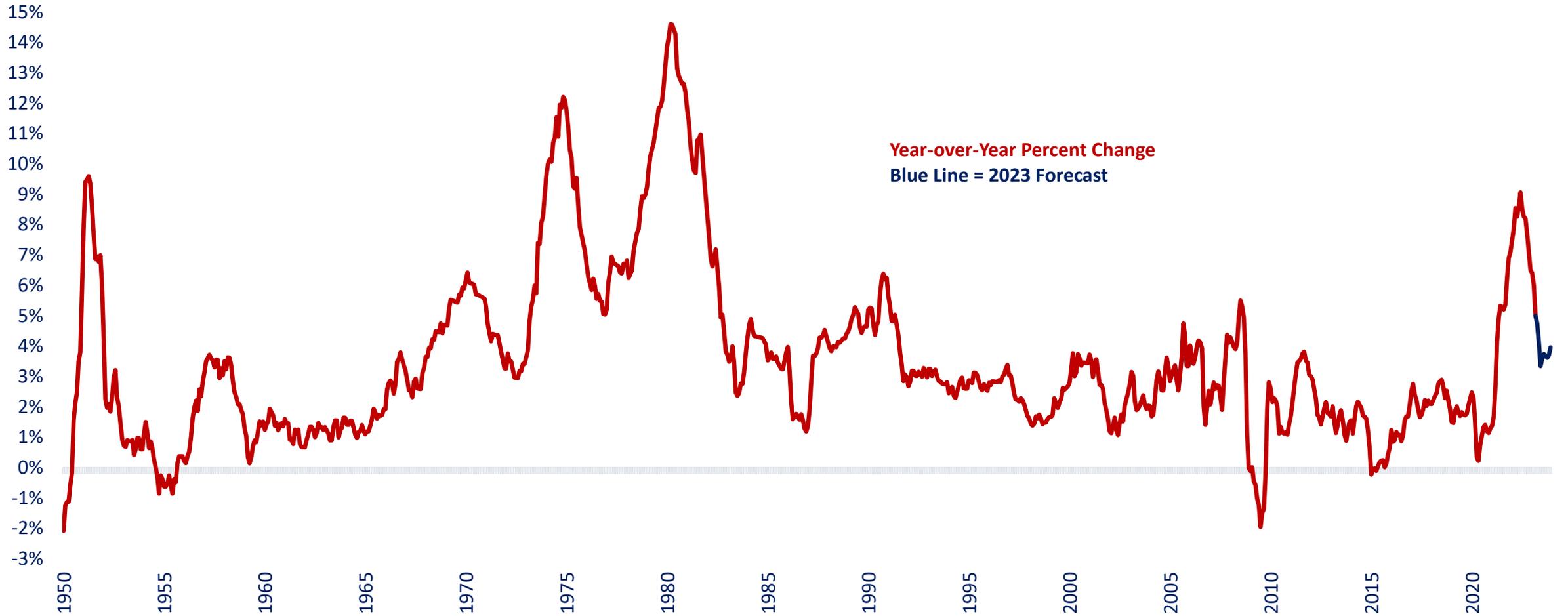
Year-over-Year Percent Change in Number of Inbound Truck Crossings





Inflation & Interest Rates

Consumer Price Index



Sources: BLS & ATA

Fed Funds Interest Rate



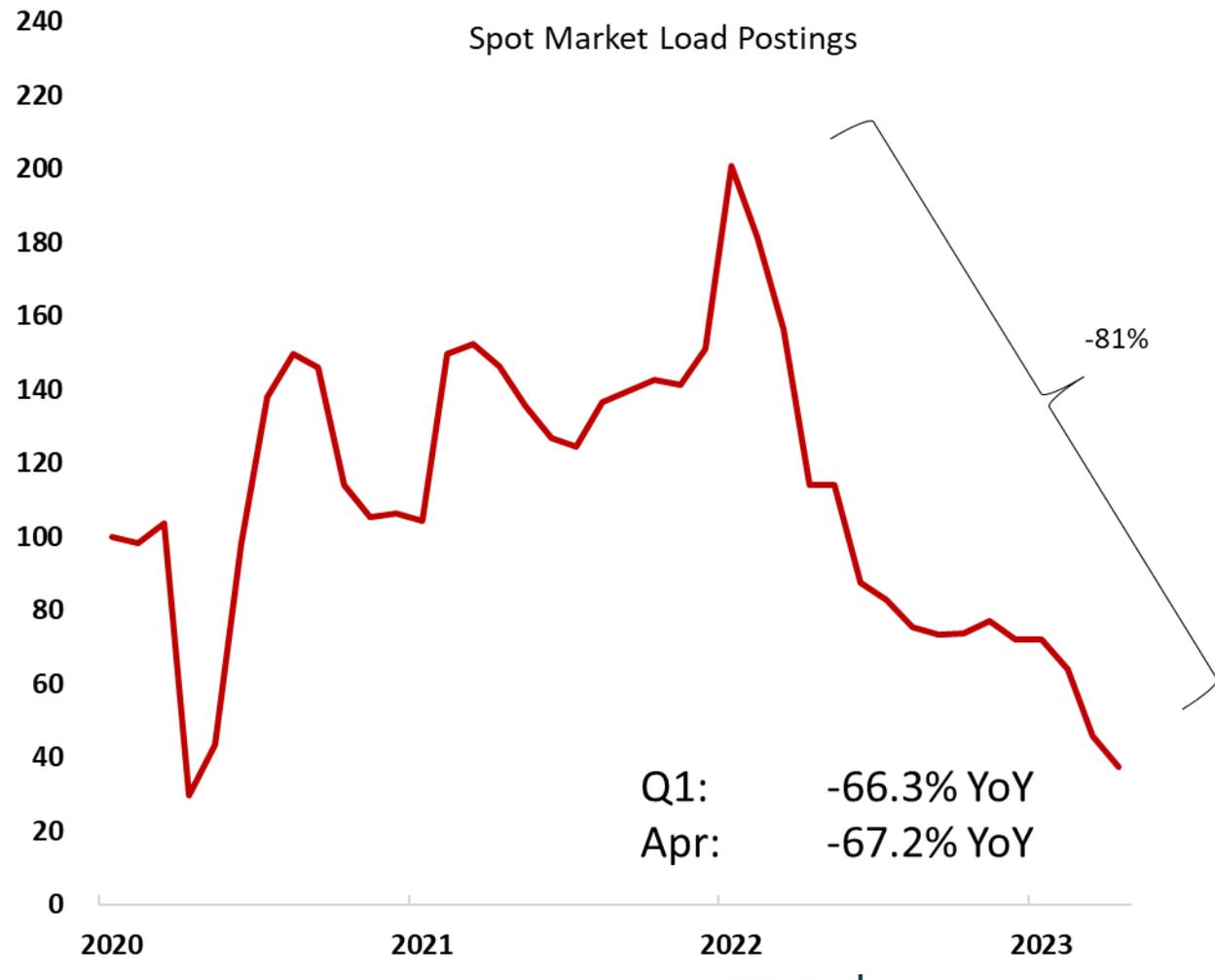
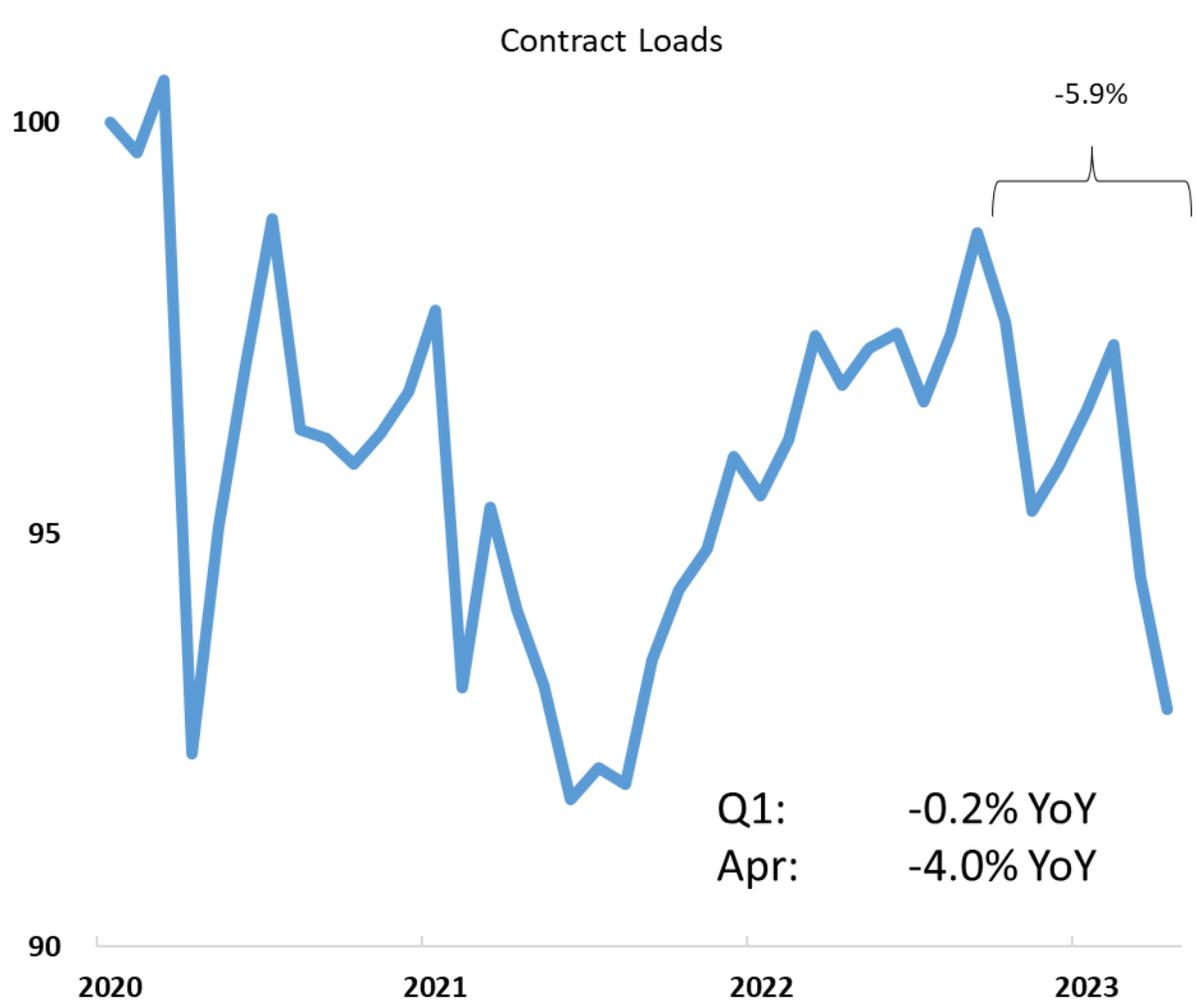
Sources: Federal Reserve & ATA



Trucking Demand Trends

Truckload Loads

(Index; January 2020 = 100)

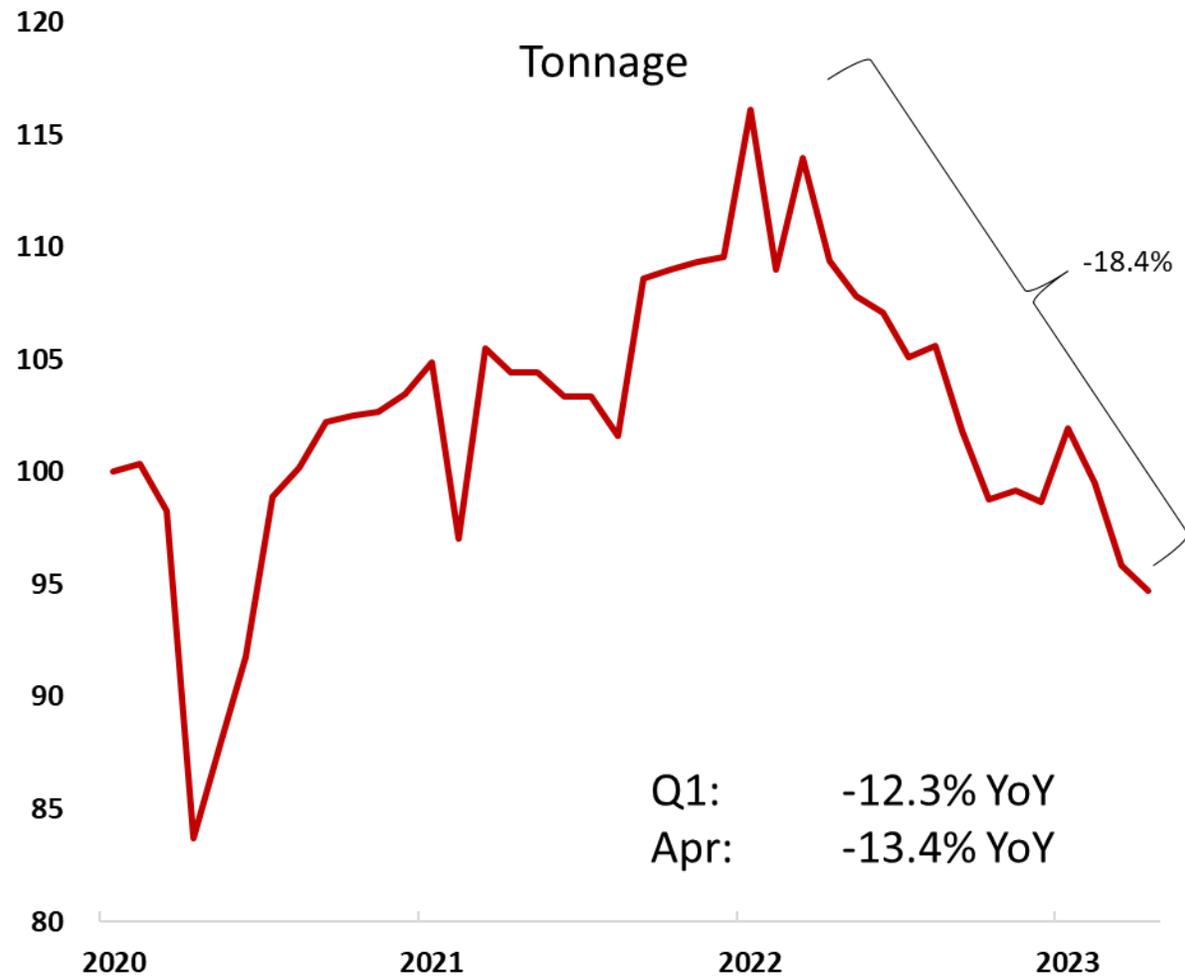
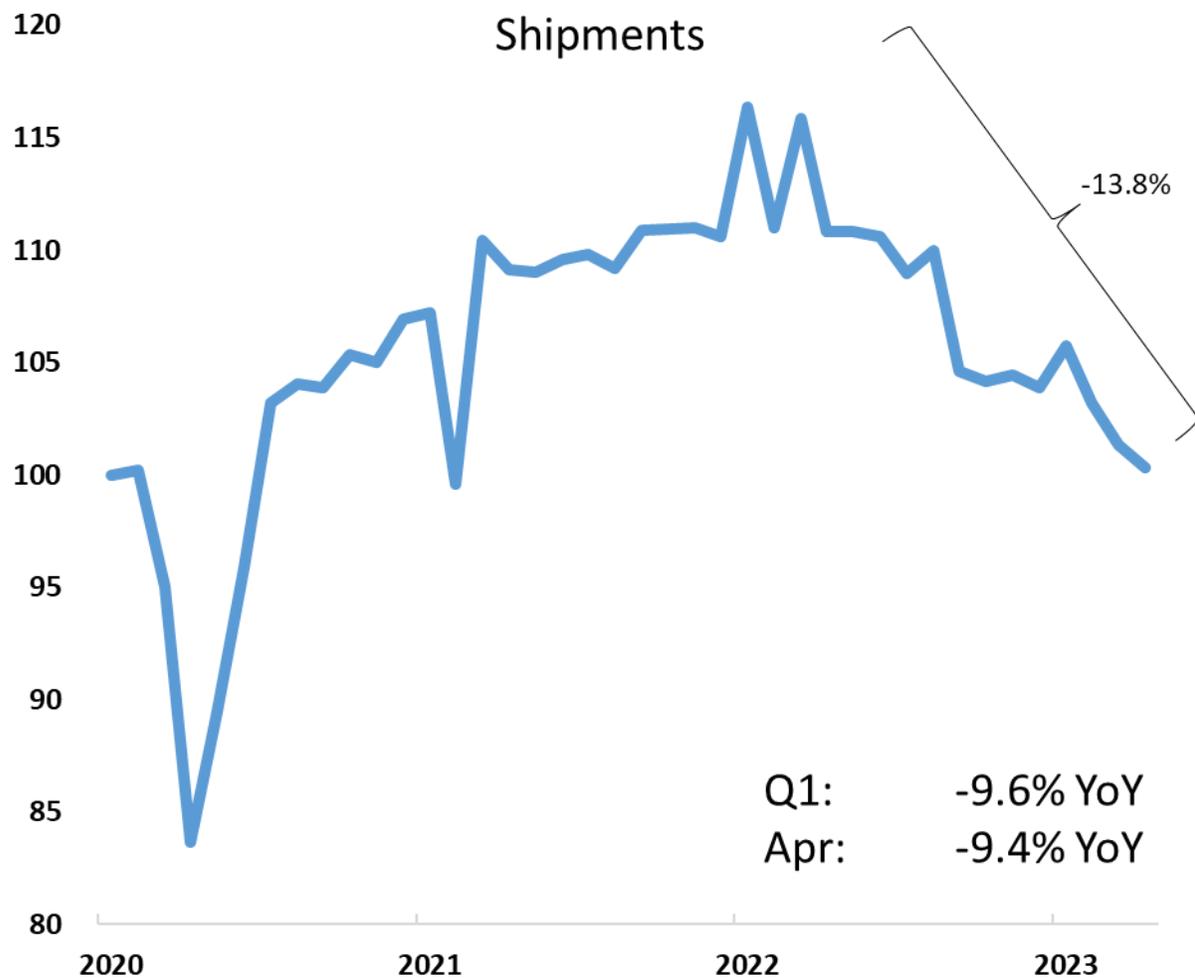


Sources: ATA's Trucking Activity Report & DAT.com



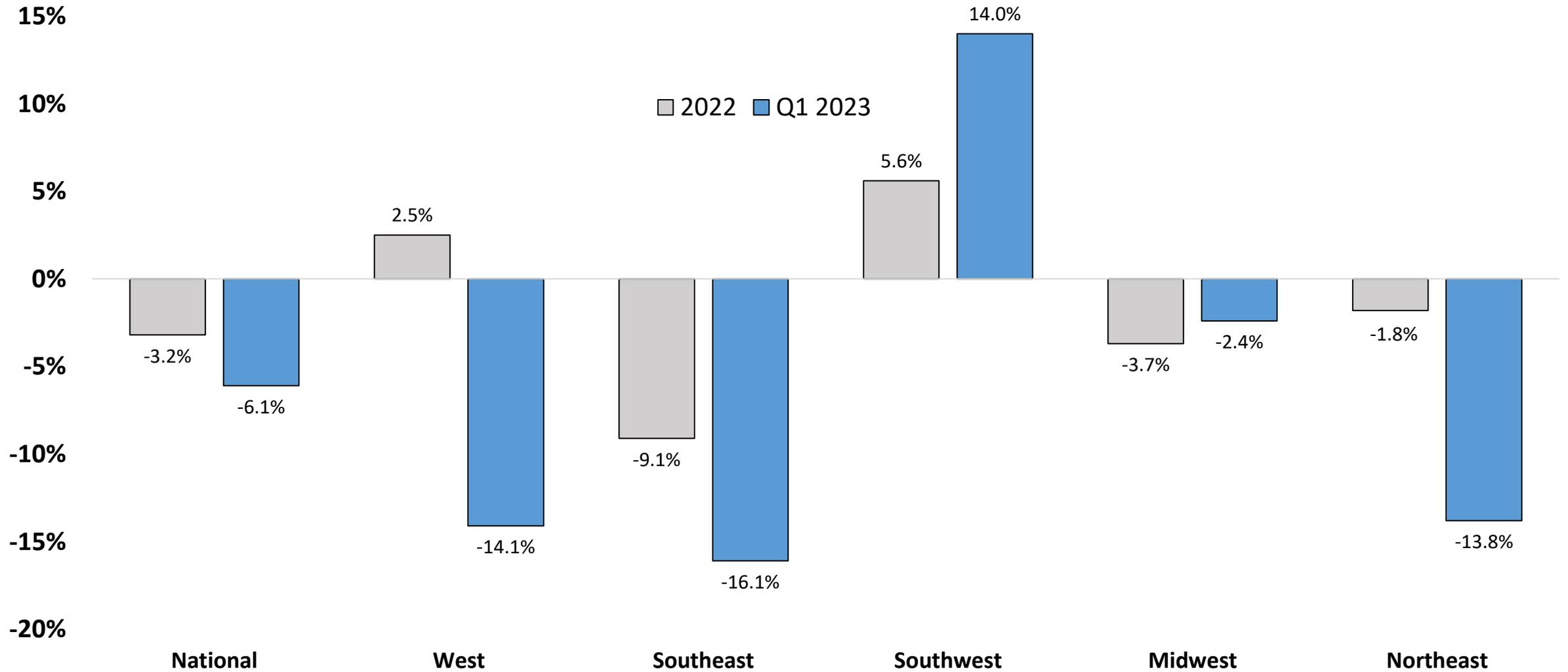
LTL Shipments and Tonnage

(Index; January 2020 = 100)



2022 & Q1 2023 U.S. Bank Freight Shipments

Year-over-Year Percent Change; Includes all types of TL and LTL freight

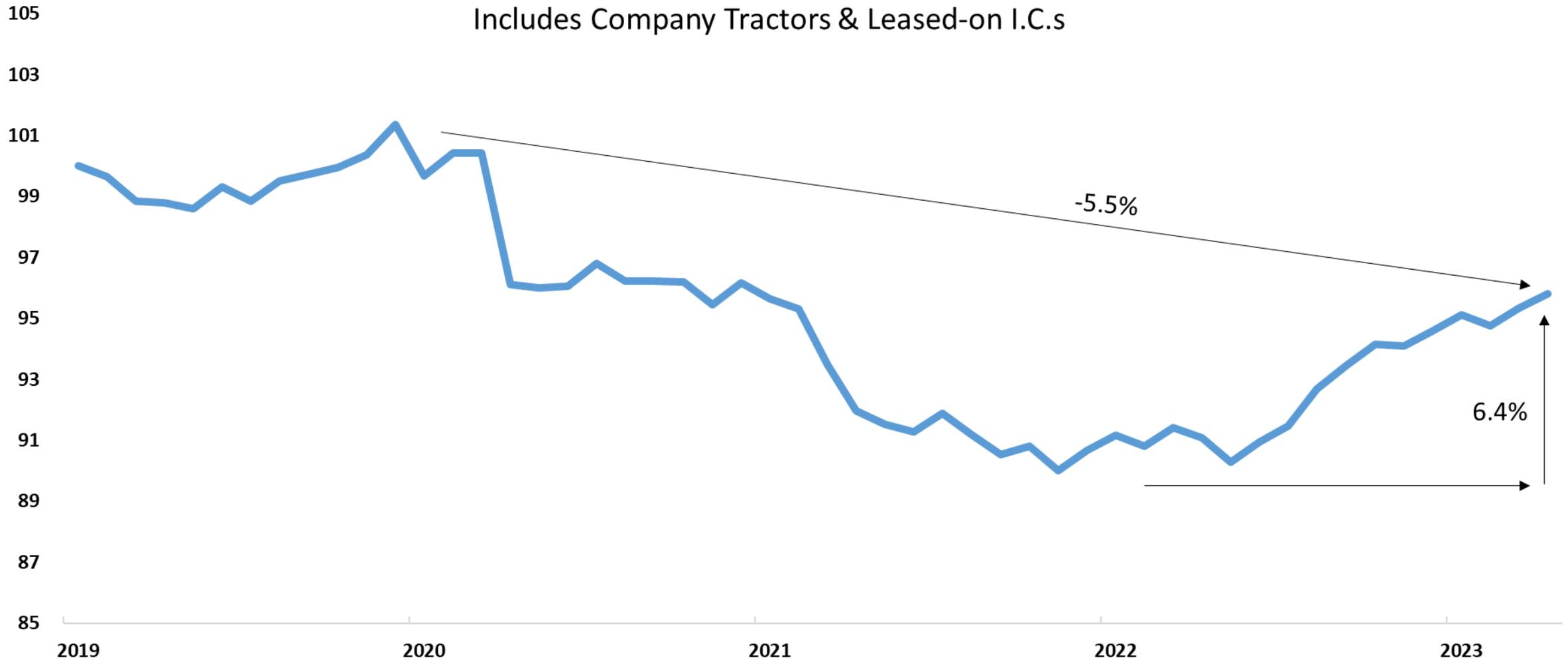


Trucking Supply Trends

Truckload Tractor Counts

(Index; January 2019 = 100)

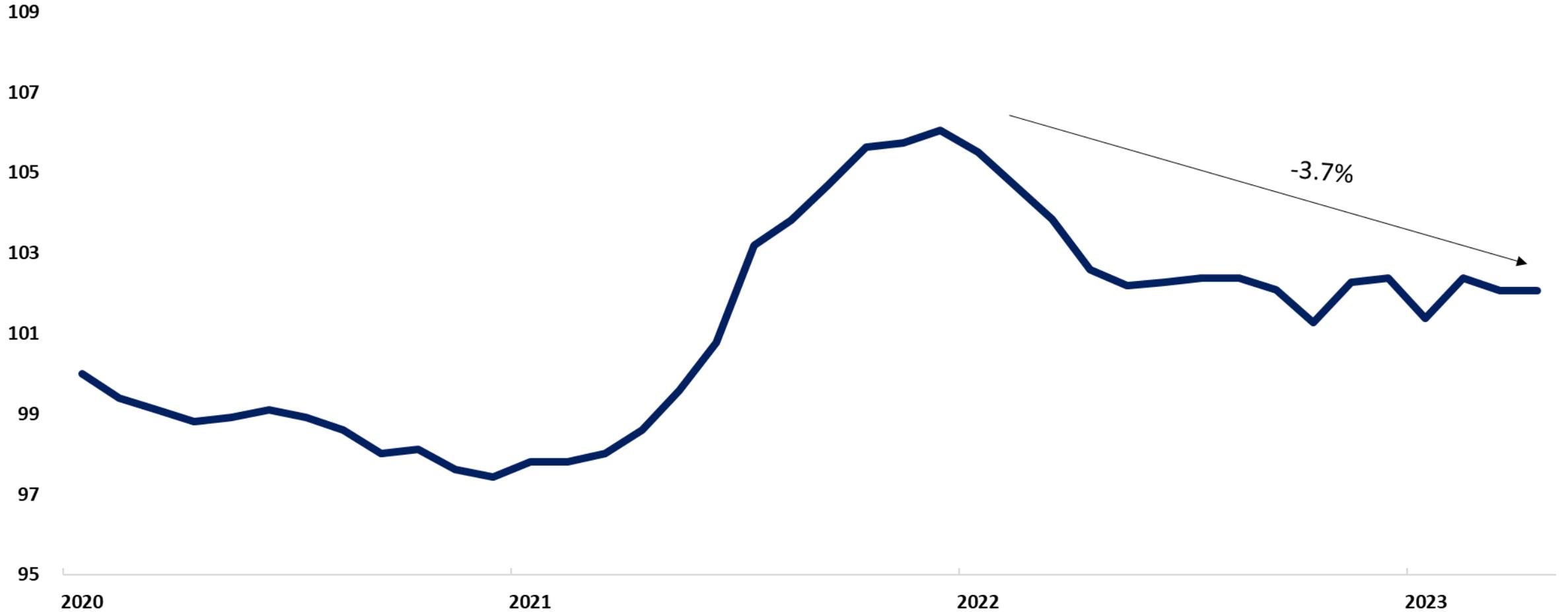
Includes Company Tractors & Leased-on I.C.s



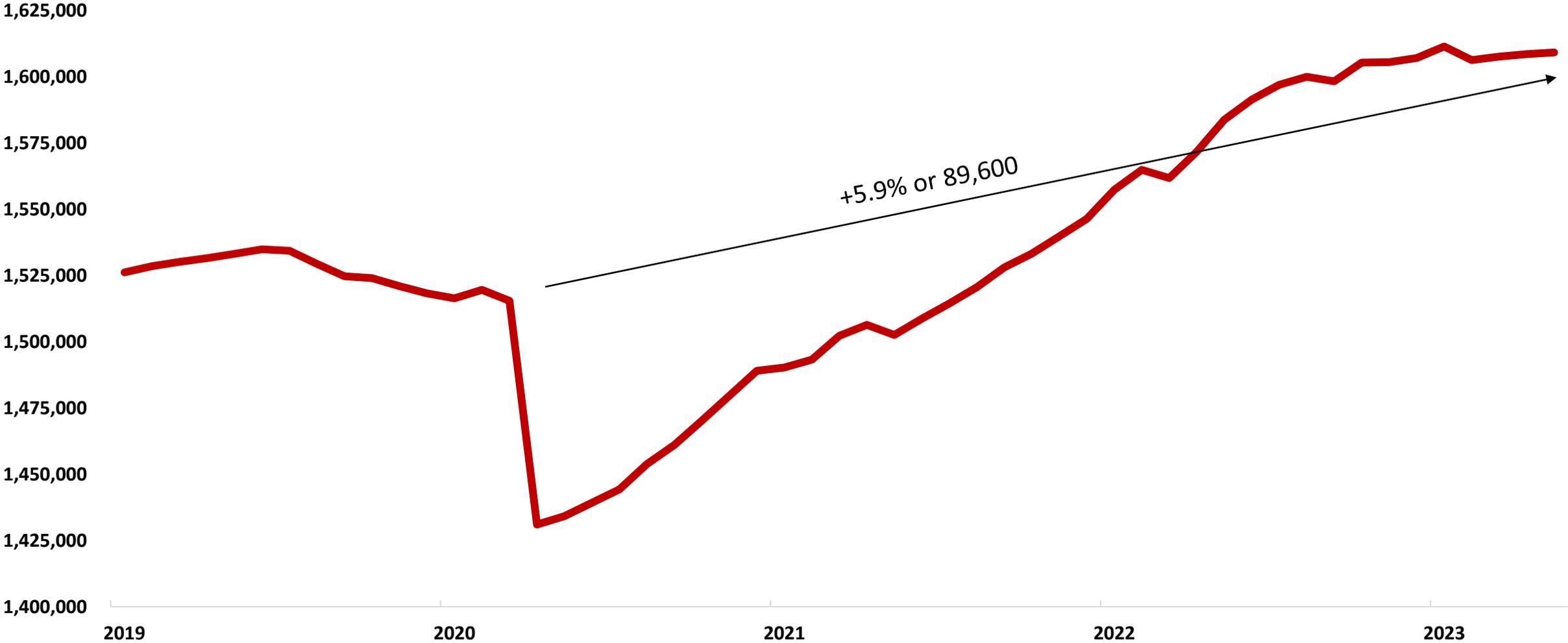
LTL Tractor Counts

(Index; January 2020 = 100)

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



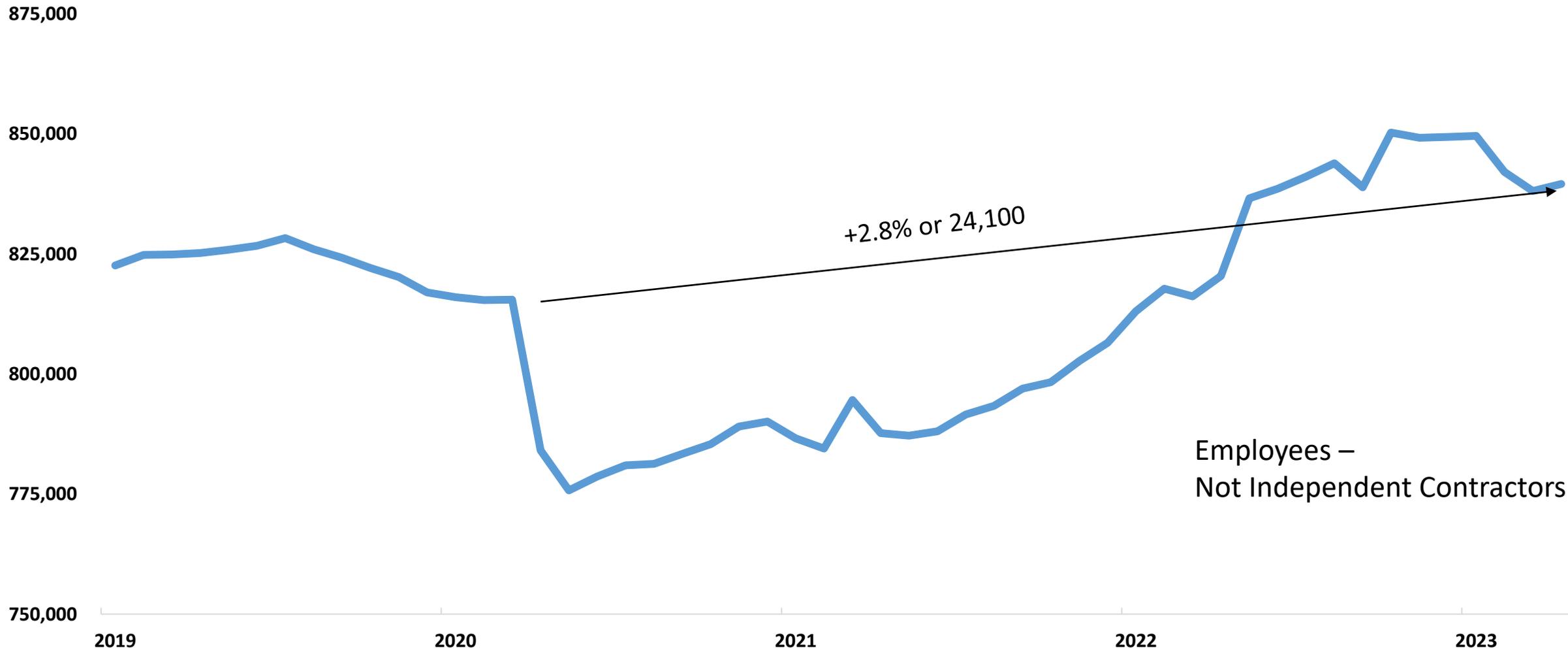
For-Hire Trucking Employment



Sources: Department of Labor



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

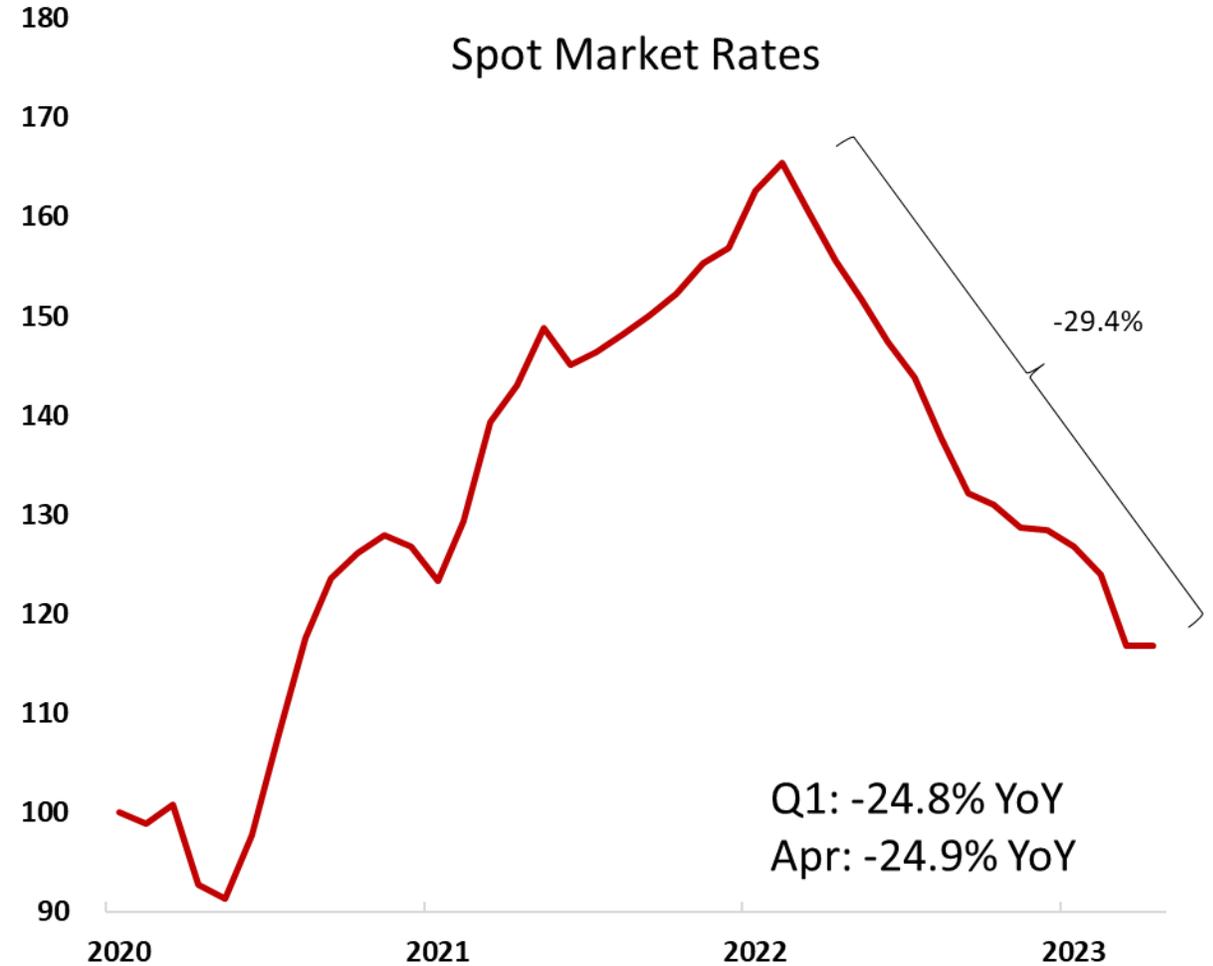
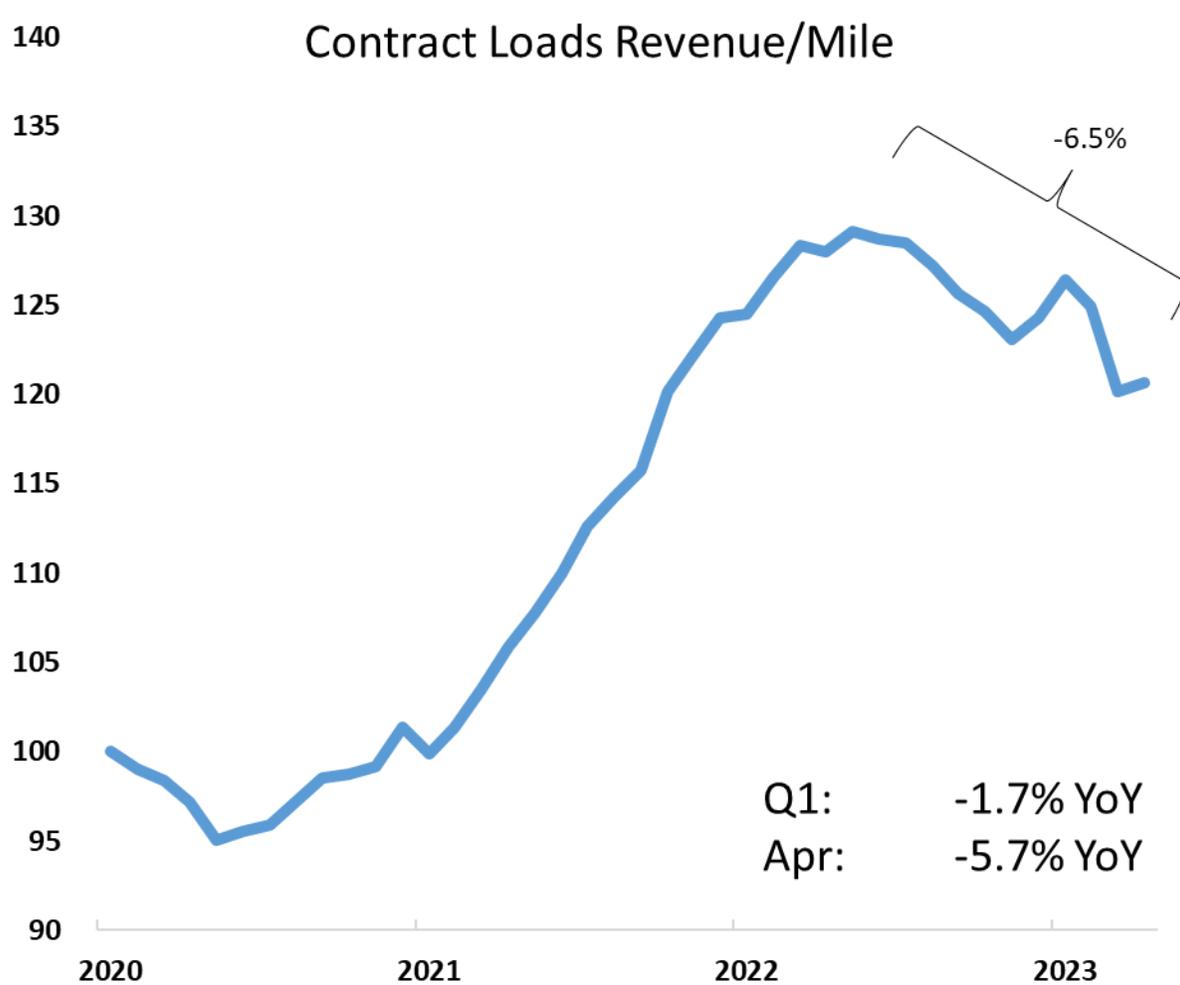


Employees –
Not Independent Contractors

Carrier Failures to Continue

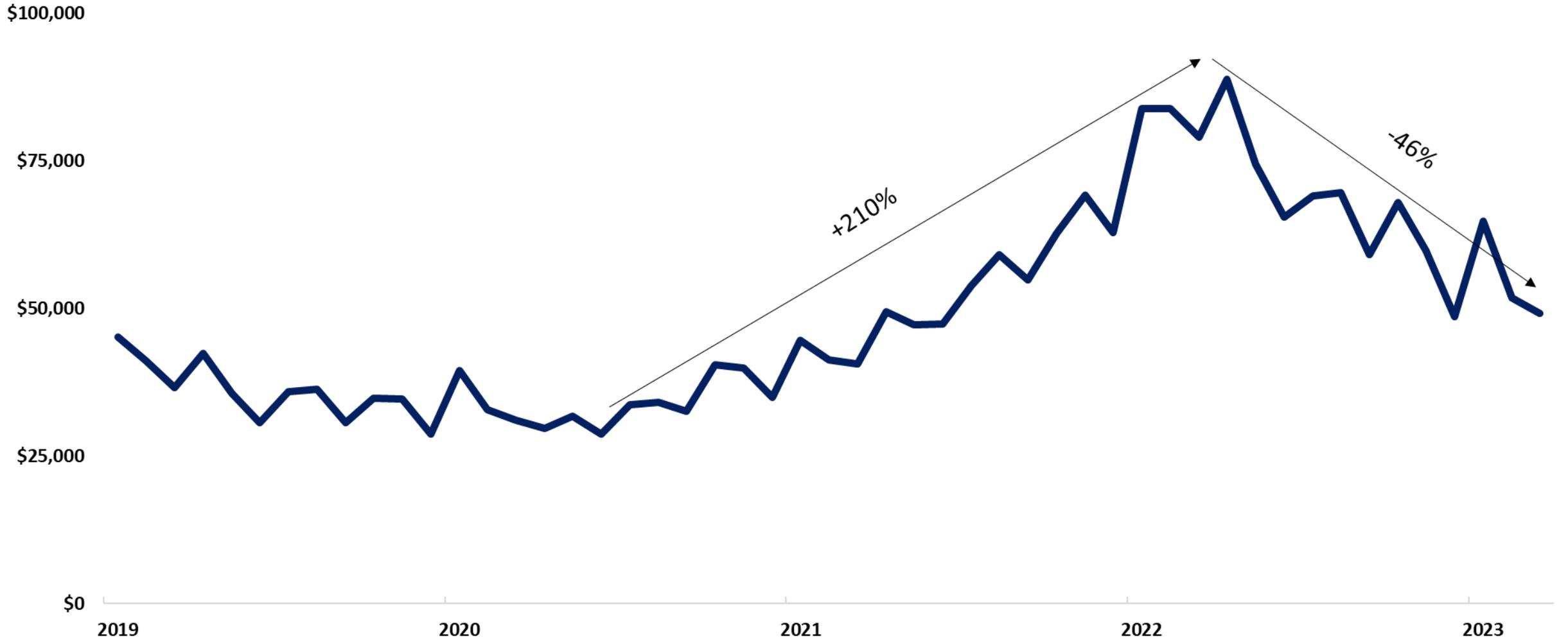
Truckload Pricing Proxy Metrics

(Index; January 2020 = 100)



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

Used Class 8 Truck Prices

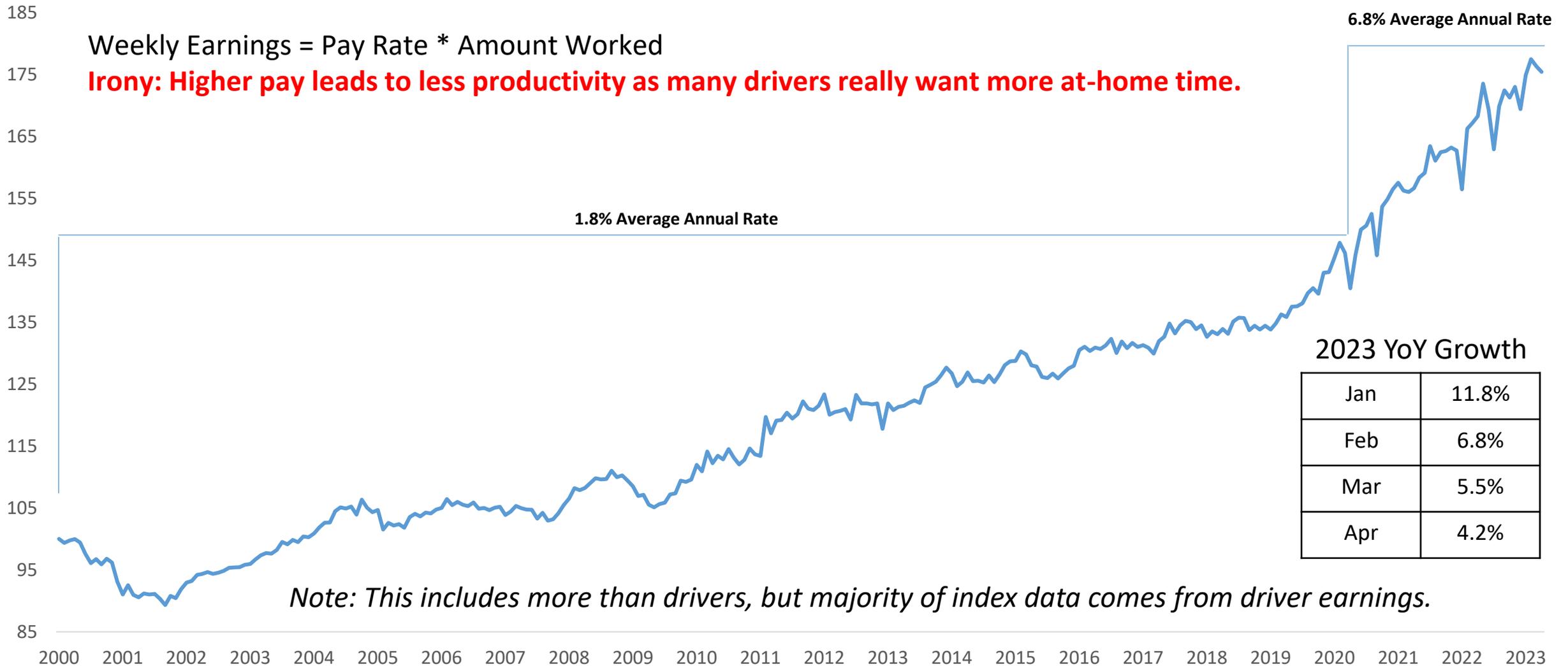


Source: ACT Research – average selling price

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

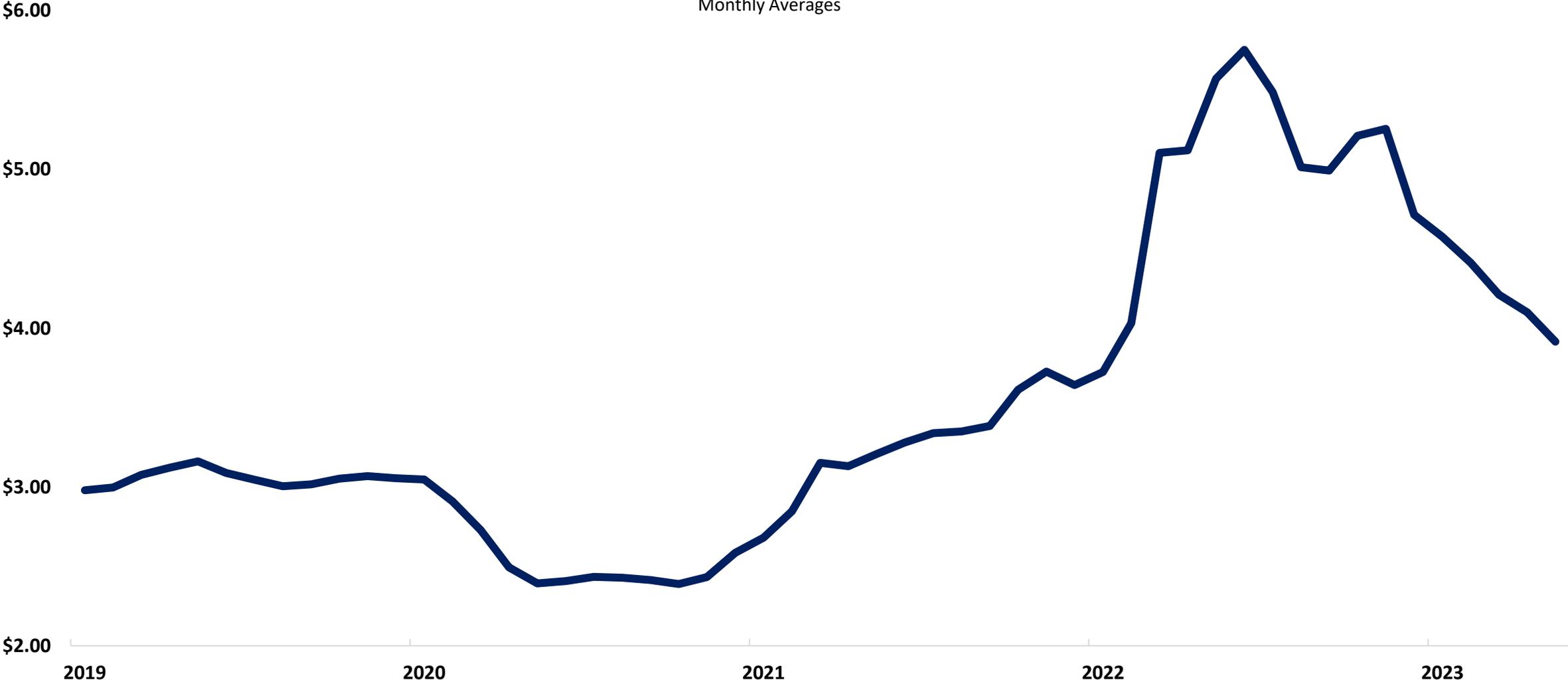
Weekly Earnings = Pay Rate * Amount Worked

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



Retail Diesel Prices

Monthly Averages



Source: DOE



Presentation Summary

- Economy could enter a mild and short recession this year.
- But truck freight has led any recession as consumers transition back to services, housing is in a recession, and manufacturing is not contracting.
- 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
- If we return to any normal seasonality for freight in second half of 2023, environment improves for surviving fleets.
- Still lots of pent-up demand for new trucks.

Thanks