



Regional Industry Panel

Freight Down, Drivers Up: Sharp Tilt in the Supply-Demand Balance

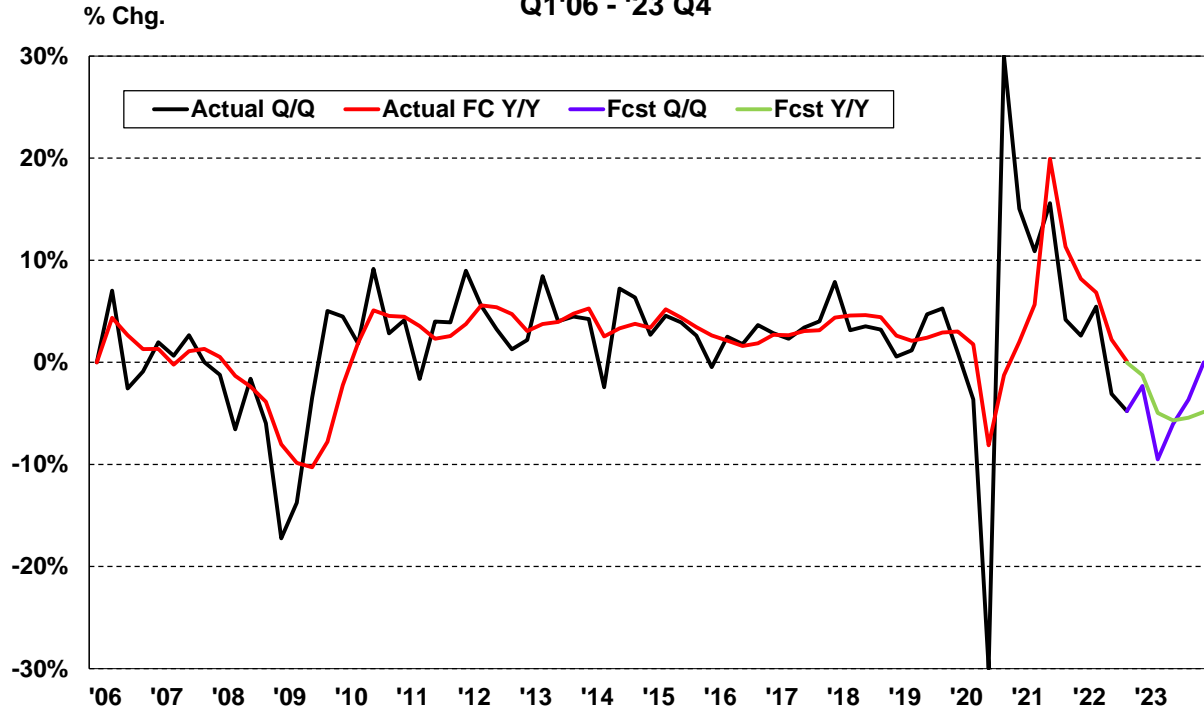
Kenny Vieth
ACT Research Co.

Federal Reserve Bank of Chicago
36th Economic Outlook Symposium
December 2, 2022

Freight Recession Commencing

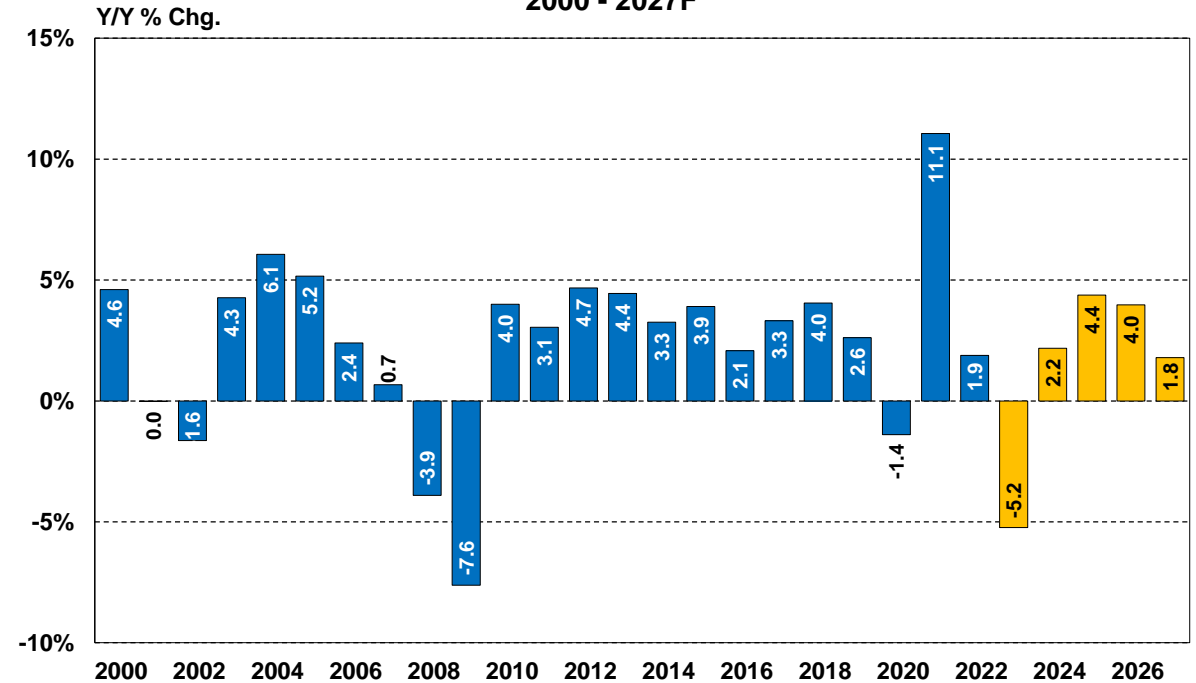
ACT's Class 8 Freight Composite is a weighted, GDP-based, metric that recognizes that different economic segments create freight at different rates

ACT U.S. Freight Composite
Q/Q at SAAR, Y/Y
Q1'06 - '23 Q4



Source: ACT Research Co. © 2022

ACT U.S. Freight Composite
Year Over Year
2000 - 2027F

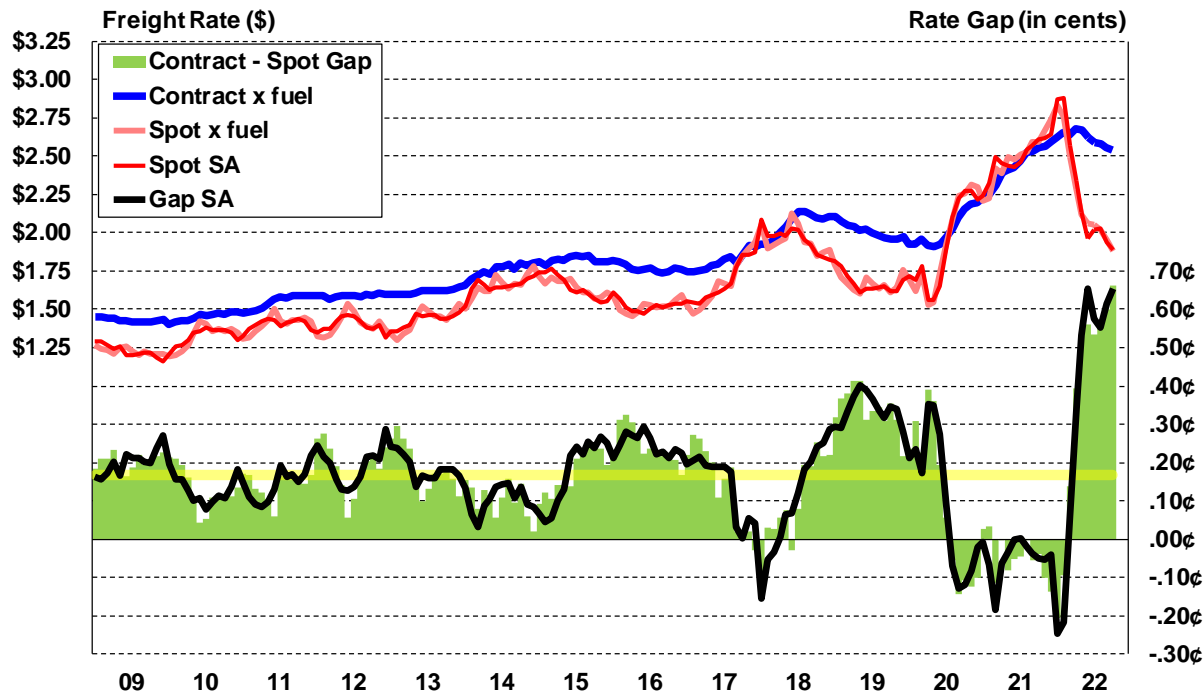


Source: ACT Research Co. © 2022

Supply-Demand Balance Loose

DAT Trendlines: Aggregate Truckload Rate per Mile

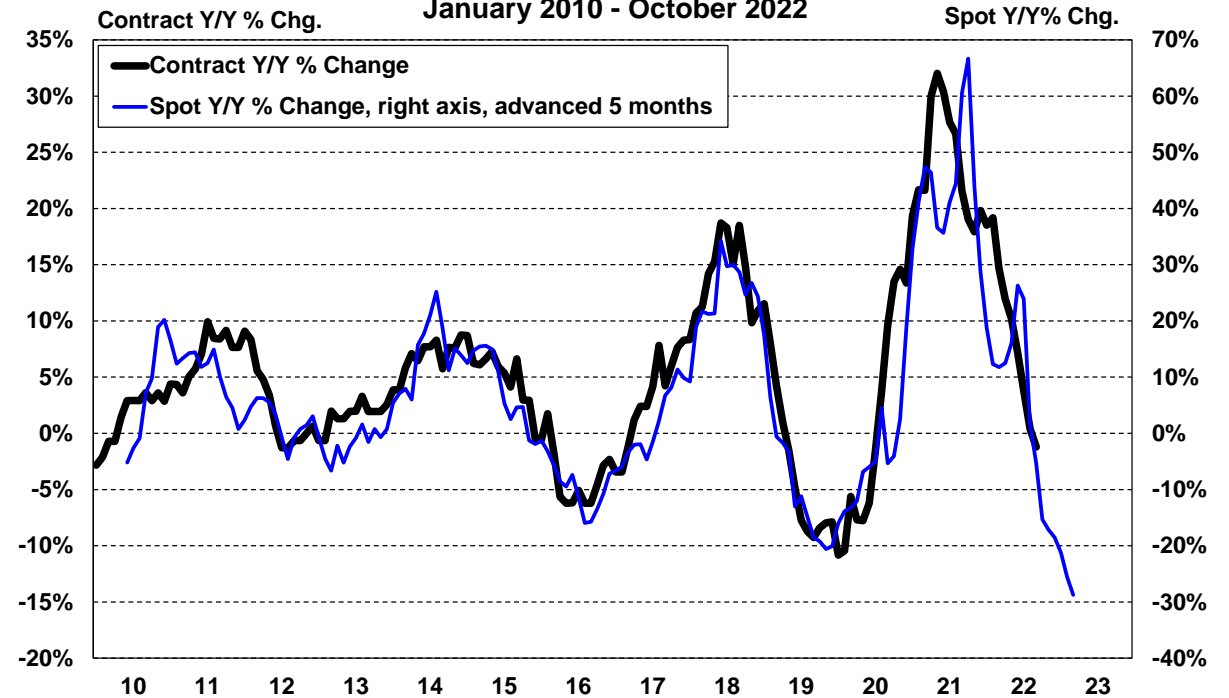
January 2009 - October 2022



Source: DAT Freight & Analytics, ACT Research Co. © 2022

DAT Trendlines Spot & Contract Rates: Dry Vans (net fuel)

January 2010 - October 2022



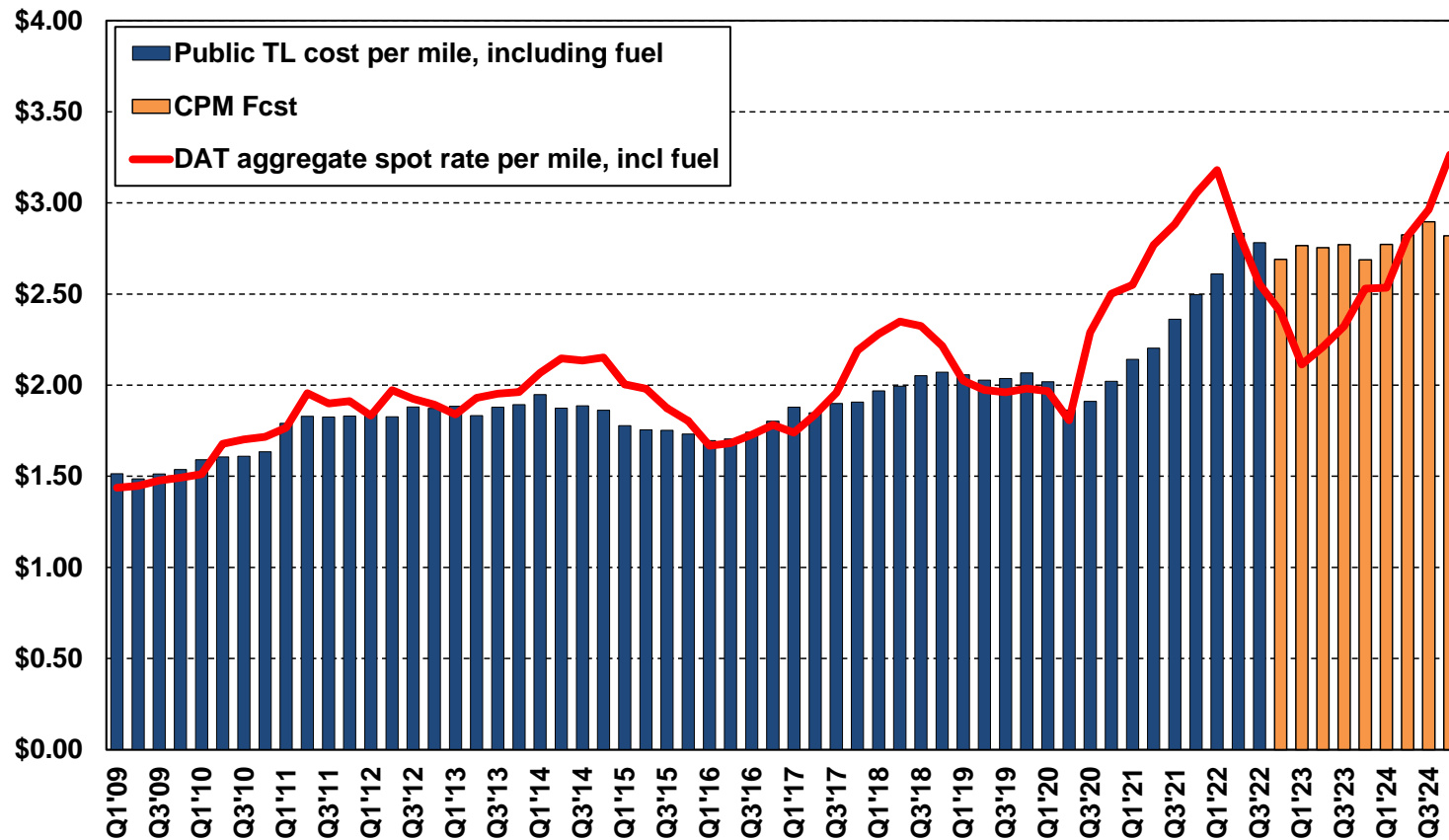
Source: DAT Freight & Analytics, ACT Research Co. © 2022



Failures Inbound

TL Carrier Spot Rates Vs Operating Cost Per Mile

2009 - 2024E

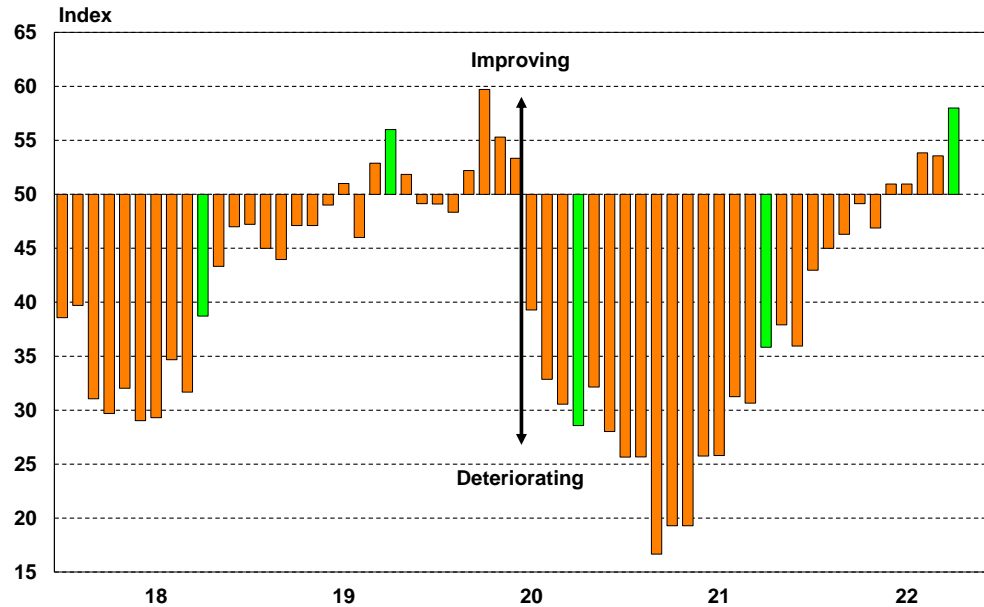


Source: ACT Research Co. © 2022

From DRIVER SHORTAGE! to driver shortage

ACT For-Hire Trucking Index: Driver Availability

January 2018 - October 2022

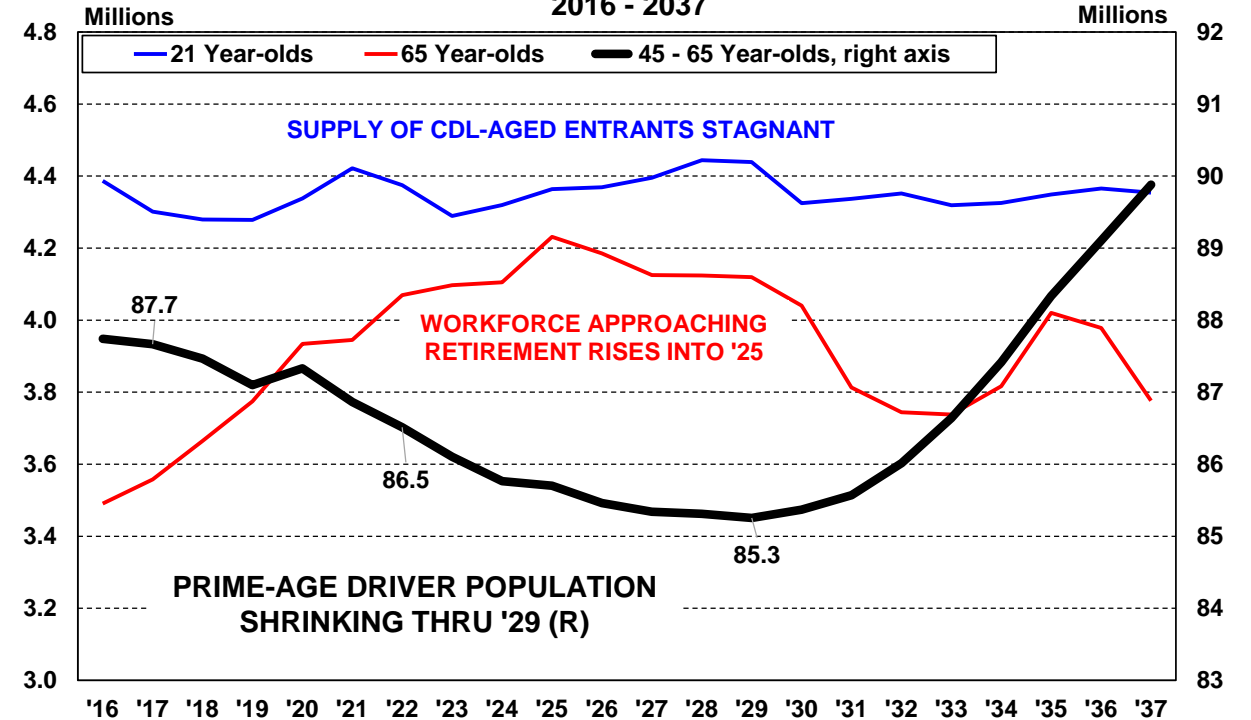


Source: ACT Research Co. © 2022

5-year average: 40
October: 58.0
Oct. 2021: 35.8

U.S. Demographics Potential Hires & Impending Retirees

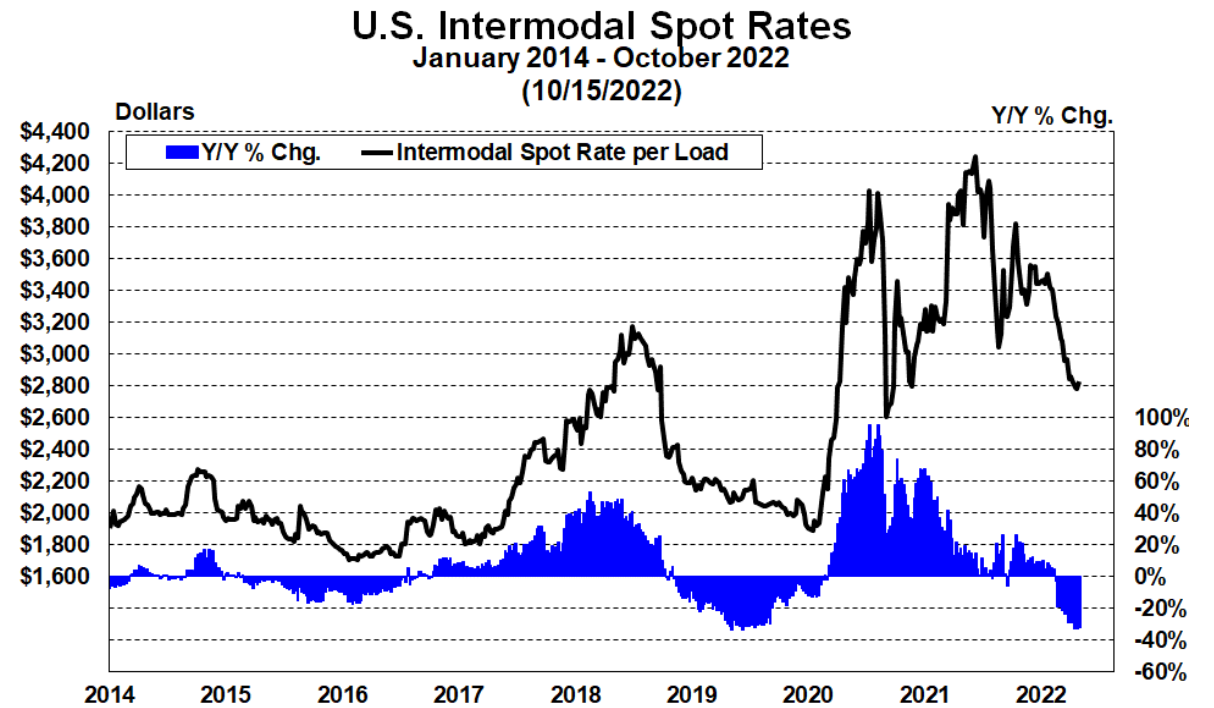
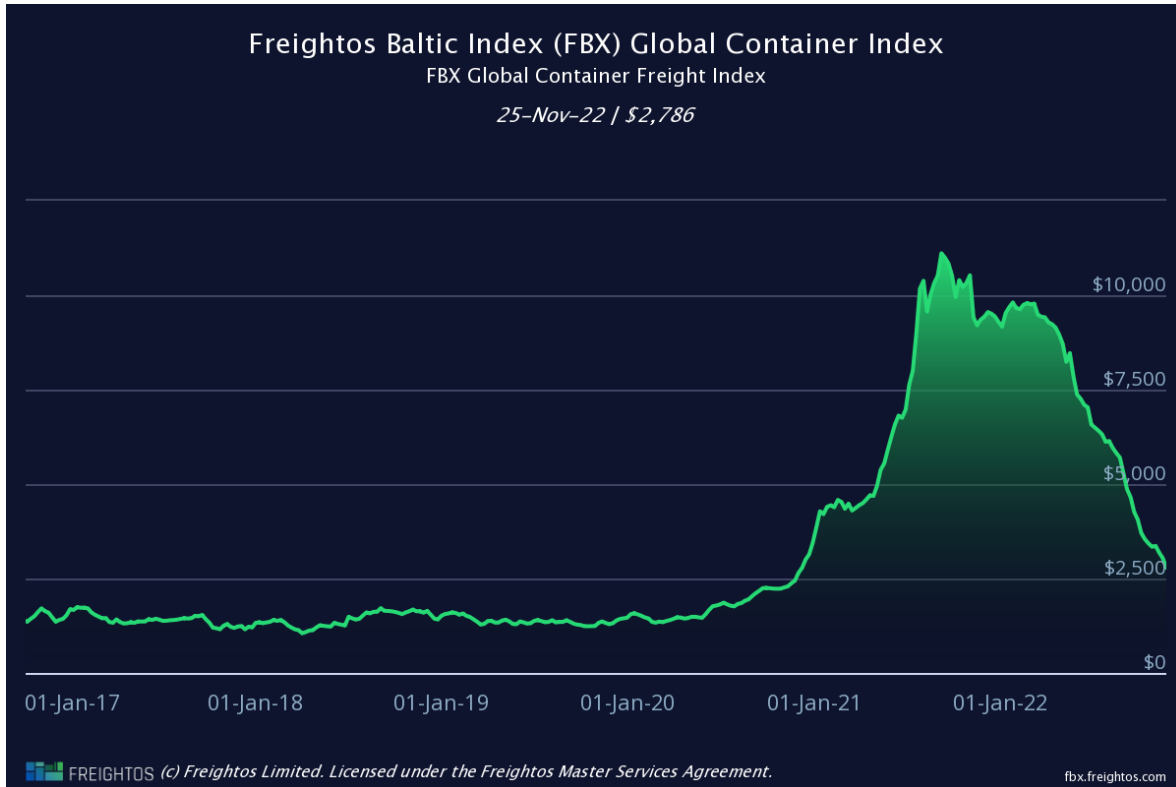
2016 - 2037



Source: U.S. Census Bureau, ACT Research Co. © 2022

Demographics increasingly sharpen the edges of truckload rate cycles

Not Just Trucking



Source: InTek Freight & Logistics Inc., ACT Research Co. © 2022



Summary

- Late-cycle stage with freight market balance looser into '23
- Supply shortages ease, boosting equipment builds into downturn
- Truckload rate downcycle sharper, but shorter
 - Freight soft patch projected to persist into late-'23
 - Demographic shifts hastens next tight driver market
 - Absence of equipment overbuying is a different-this-time factor
- Best recession ever (if tail risks don't bite)
 - Healthy US balance sheets set up mild recession w/ recovery in '24 and '25
 - Forecasts out the window if China/Taiwan or Russia/Ukraine risks materialize





LEADER IN COMMERCIAL VEHICLE INDUSTRY DATA, MARKET ANALYSIS,
FORECASTING SERVICES FOR THE NORTH AMERICAN MARKETS.

1986

FOUNDED

18

MO./QTR. REPORTS

50+

SPEAKING/YEAR

2

SEMINARS/YEAR

WINNER OF THE 2019 LAWRENCE R. KLEIN BLUE CHIP FORECASTING AWARD

