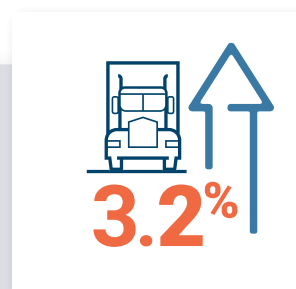


Cowen/AFS Freight Index Key Takeaways

BETTER THAN A CRYSTAL BALL: RELEVANT, DATA-DRIVEN INSIGHTS

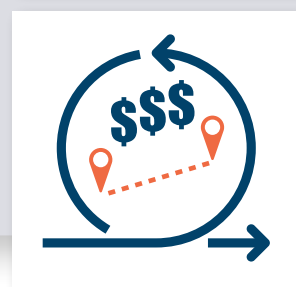
You feel it. Everything is moving faster and there are powerful forces at work in our industry. Making smart, fast decisions isn't a luxury. It's a necessity. We've teamed up with Cowen, an award-winning diversified financial services firm, to bring AFS clients a new quarterly freight index. And it's not just raw data. The AFS team of data scientists have applied machine learning algorithms and modeling techniques to unlock the full value of data from more than \$10 billion in transportation spend. The result is Truckload, LTL, Express Parcel and Ground Parcel insights that help you make informed and timely decisions.

TRUCKLOAD



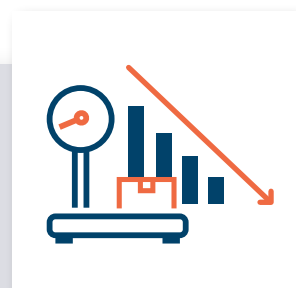
Continued Truckload RPM Increase is Expected in Q4:2021, Representing a QOQ Increase of 3.2 Percentage Points

A significant increase in Truckload rate per mile began in Q4:2020, driven by increased demand during the pandemic and capacity/driver shortages. This upward trajectory continued throughout 2021 – and the Composite Truckload Rate Per Mile Freight Index will reach a new high of 24.2% in Q4:2021. However, year-over-year increases have been moderating since mid-2021.



Increased Correlation of Miles Per Shipment (distance) and Linehaul Cost Per Shipment (price) beginning in Q3:2021

LTL



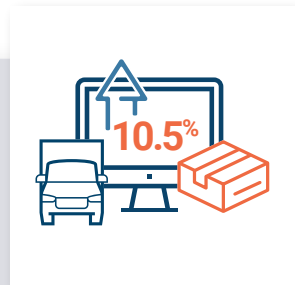
Since March 2021, the **Average Weight Per Shipment has Steadily Decreased**

Despite a decreasing weight per shipment trend since March 2021, LTL carriers are exerting upward pressure on rates. In fact, the LTL Rate Per Pound Freight Index is expected to climb to a historic high of 32.3% in Q4:2021, up 2.1 percentage points QOQ. With 10 carriers controlling 75% of all LTL freight, the rate pressure is expected to continue for the foreseeable future.



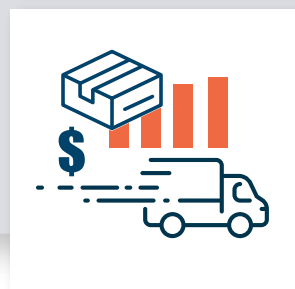
LTL Rate Per Pound Freight Index is **Expected to Reach a Historic High** in Q4:2021

EXPRESS PARCEL



The **Expected Q4:2021 Express Parcel Rate Per Package Freight Index** will be **10.5 Percentage Points Higher** than Q4:2020

Since 2018, service mix and pandemic-driven lower package weights are driving a long-term decrease in the Express Parcel Rate Per Package, but a reverse trend in the rates started in 2021. The first half of 2021 brought striking increases in Express Parcel Rate Per Package—resulting in high YOY changes. With FedEx announcing a fuel surcharge increase in Nov. 2021 (and UPS to follow soon), the Express Parcel Rate Per Package will be 10.5 percentage points higher than Q4:2020.



In 2021, Express Parcel Rate Per Package has Increased Steadily Causing the **Expected Seasonal Decline in the Q4:2021 Index to be Milder** Than Previous Years

GROUND PARCEL



Ground Parcel Rate Per Package Freight Index will **Reach an All-Time High** in Q4: 2021

The Ground Parcel Rate Per Package Freight Index has had a pronounced increase since 2019 and is expected to reach an all-time high of 16.9% in Q4:2021, compared to the January 2018 baseline. In Q3:2021, a leveled off billed weight per package and slight decline in residential deliveries helped lower rates.



Billed Weight Per Package Leveled Off in Q3:2021, Creating **Downward Pressure on Rates**

INDUSTRY TAKEAWAYS

Truckload and LTL rates continue to trend higher, with demand still exceeding supply for the foreseeable future.

For parcel, capacity remains an issue, with carriers mandating quotas on daily volumes and implementing peak surcharges.

Supply chain restrictions and disruption will continue for the remainder of 2021 and into next year.

Want more insights? Access the full Cowen/AFS Freight Index at afs.net. Or, contact AFS for insights on new, strategic ways your organization can achieve a more agile, data-driven logistics network.

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