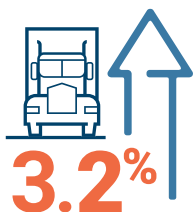


Cowen/AFS Freight Index Key Takeaways

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

In Q4:2021, AFS teamed up with Cowen, Inc., an award-winning diversified financial services firm, to bring our clients a unique, forward-looking, quarterly freight index to help them navigate, budget, and strategically plan for what's ahead. The Q1:2022 edition of the Freight Index is now available, 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 pricing predictions and insights that can help you make informed and timely decisions.

TRUCKLOAD



Continued Truckload RPM Increase is expected in Q1:2022, representing a QOQ Increase of 3.2 Percentage Points

Pricing power from carriers remained strong in Q4:2021 due to the continuing pandemic and robust demand. A YOY increase of 9% in full truckload shipment growth and more demand forced shipments into the spot market with more volatile rates. Looking into Q1:2022, these conditions will persist and the Cowen/AFS Truckload Freight Index is expected to reach a new high of 28.2%.



An Average Miles Per Shipment (distance) decrease of 7.3% didn't offset rate increases from carriers in Q4:2021.

LTL



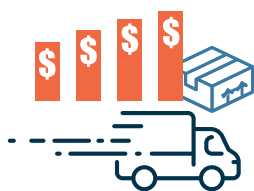
In 2021, there were **two general rate increases (GRIs)** by many LTL carriers rather than the typical one GRI – a double whammy for shippers.

Despite a decreasing weight per shipment trend, the cost per shipment for LTL increased. Along with punitive accessororial charges for Excessive Length in Q4:2021, fuel surcharges increased 12.4%. These conditions will continue and rates will skyrocket through Q1:2022. The Cowen/AFS LTL Freight Index is expected to stay level with Q4:2021—a 35.8% increase compared to the January 2018 baseline.



Punitive accessororial charges for Excessive Length (with charges as high as \$3,500) expected to continue in Q1:2022.

EXPRESS PARCEL



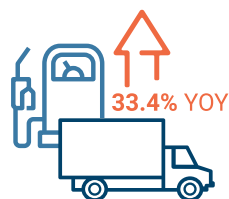
Express Parcel rates increased exponentially in 2021 as the Billed Weight Per Package increased.

The long-term decrease in rate per package was reversed in 2021 due to carrier pricing power—essentially returning the index to 2018 levels. Actual package weight increase, tighter carrier pricing policies, the increase in mix of premium services and the net effective fuel surcharge all contributed. With the 2022 GRIs and carrier fuel surcharge increases, the Cowen/AFS Express Parcel Freight index is expected to climb to 1.4% in Q1:2022 vs -5.5% in Q4:2021, a drastic increase from mid-2020.



The **net effective fuel surcharge** YOY increase was 94.4% in Q4:2021.

GROUND PARCEL



The **net effective Ground Parcel fuel surcharge** increase was 14.4% QOQ in Q4:2021 and 33.4% YOY.

Ground Parcel rates experienced a more pronounced increase since 2019. While the average Billed Weight Per Package in Q4:2021 dropped, there was an increase in Ground Parcel Rate Per Package due to the increase in mix of residential shipments, peak surcharges, increased fuel surcharges and tighter carrier pricing controls. Considering these factors in conjunction with the higher GRI, in Q1:2022, the Cowen/AFS Ground Parcel Freight Index is expected to reach an all-time high of 26.3% vs 19.2% in Q4:2021.



Marked increase in Ground Parcel Rate Per Package in Q4:2021 accompanied a drop in average Billed Weight Per Package.

OTHER KEY TAKEAWAYS

Truckload and LTL rates will continue to rise in Q1:2022 due to barriers to entry, consolidation, labor shortages and capacity constraints.

In Q4:2021, both FedEx and UPS announced the highest ever net GRI leading into 2022. Though the “headline” is a 5.9% increase, the predicted net impact on parcel shippers is 9.2%.

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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