



RXO

State of the Industry Report

May 2023

Industry Insight from RXO Experts

RXO Industry Update



The significant destocking that occurred throughout 2022 may be positioning the industry for potential restocking in the second half of this year. There are several guiding points we're seeing that could indicate a shift is around the corner: volume changes, the load-to-truck ratio and feedback from our customers.

Specifically looking at the e-commerce and retail verticals, while brokerage volumes decreased year-over-year in the first quarter, the rate of change improved from the fourth quarter. In addition, the load-to-truck ratio is the lowest that I've personally seen in my career at 2:1, which to me shows that a shift is coming. Finally, we're listening to what our customers have to say and are assessing their needs. Many of these conversations are focused on restocking.

We'll be closely watching demand for back-to-school orders to get an idea of what consumer behavior will be like in the near future. If this metric trends positively, it could be an indicator that holiday demand will be more in line with 2018 or 2019 volumes. Although we cannot predict the future, RXO remains ready to help our customers no matter the economic climate.



Drew Wilkerson
CEO



RXO IN THE NEWS

To learn more about RXO and see our current news releases, please use the following link:

<https://rxo.com/news/>

[RXO Announces Q1 2023 Earnings](#)

[Two RXO Leaders Named to Charlotte Business Journal's 40 Under 40 List](#)

Top Industry News

Companies’ Drive for Expanding Margins Threatens Future Freight Demand

- The Producer Price Index (PPI), which measures the input costs for goods, has fallen 8% since last summer. The Consumer Price Index (CPI), which measures what consumers pay for goods and services, has kept increasing. Companies are still trying to get their margins back to pre-pandemic levels with price increases on finished goods. This will continue to put freight demand at risk in the second half of the year.

[Read more from FreightWaves.](#)



Source: Producer Price Index – all commodities, Consumer Price Index – all, Outbound Tender Volume Index – USA - FreightWaves SONAR



Source: FreightWaves SONAR shows this apples-to-oranges y/y comparison of ocean TEU volumes.

What to Look for as Logistics Industry Preps for Back-to-School Season

- Peak season expectations are some of the most currently discussed topics in logistics, but there is another key consumer metric not being considered: back-to-school shopping season.
- Just like ordering for the holidays, this season — which usually runs from mid-July through early/mid-September — follows a similar pattern of calendar predictability. The planning and ordering happens at the same time every year. Orders could be similar to last year, says RXO CEO.

[See more from FreightWaves.](#)



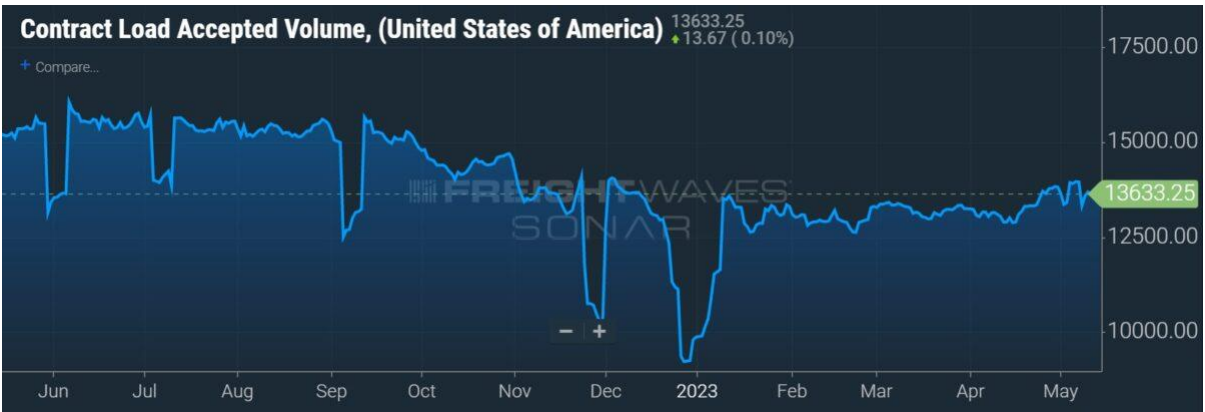
US and Global Macroeconomics

FTR Shippers Conditions Index Remains on a Growth Track Despite Sequential Decline

Logistics Management: The largest third-party logistics companies in North America remained in growth mode last year despite an uncertain economic environment and less favorable market conditions.

Shipments, Costs Decline Further in April but Inflection Coming, Cass says

- FreightWaves: 'US freight transportation industry on the verge of a new cycle'.



Source: The Contract Load Accepted Volume Index measures accepted load volumes moving under contractual agreements. It excludes all rejected tenders. CLAV.USA remains depressed from levels posted a year ago. USA SONAR: FreightWaves.

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Diesel Prices Slip 2.8¢ to \$3.855

- Transport Topics: National average diesel prices have fallen every week since a 1.8-cent increase April 17.



Truckload and LTL

Q&A: Jared Weisfeld, Chief Strategy Officer, RXO

Logistics Management Group News Editor Jeff Berman recently spoke with Jared Weisfeld, Chief Strategy Officer, for Charlotte-based RXO, the fourth-largest full truckload broker in the United States, and asset-light transportation services provider. Weisfeld provided Berman with a broad overview of how RXO views current market trends, including inventories, what may be in store for Peak Season, and capacity management, among others.

[See more from Logistics Management.](#)



Supply Chain Index Hits All-Time Low in April

Transportation capacity continues to expand, rates remain depressed.

[See more from FreightWaves.](#)

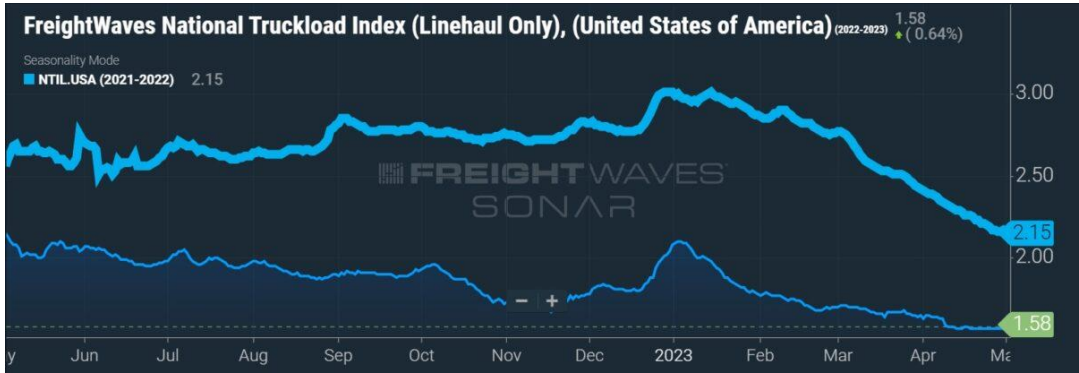


Chart: The National Truckload Index (linehaul only – NTIL) is based on an average of booked spot dry van loads from 250,000 lanes. The NTIL is a seven-day moving average of linehaul spot rates excluding fuel. Spot rates are currently 27% lower y/y. FreightWaves.



Modes Overview



Parcel and Last Mile

- Good Time to Rework UPS Contracts, Consultant Says. [More from FreightWaves.](#)
- Strike Ahead? What to Watch as UPS and Teamsters Negotiations Unfold. [More from FreightWaves.](#)



Ocean, Air and Rail Cargo

- Container Shipping Under Pressure as Peak Season Hopes Dim. [More from FreightWaves.](#)
- Optimism Fades for Airfreight Recovery on Slow-Healing Inventories. [More from FreightWaves.](#)
- Freight Rail Stakeholders Lay Out their Challenges Before Congress. [More from FreightWaves.](#)



Dedicated Transportation

- RXO Makes Dedicated Freight Accessible, Desirable for Shippers and Carriers. [More from FreightWaves.](#)



Refrigerated Transportation

- Canadian Pacific Kansas City expands Mexico intermodal reefer rail service. [More from FreightWaves.](#)

Infrastructure and Regulation

EPA Seeks Information by June 5 for Clean Energy Programs

The U.S. Environmental Protection Agency is seeking information by June 5 on zero-emission heavy trucks, fueling infrastructure and carbon-free port equipment to craft its clean port and heavy vehicles programs.

[Read more from Transport Topics.](#)

Daimler Truck, Toyota, Others Join Forces on Ecological Tech

Daimler Truck Holding, Mitsubishi Fuso, Hino and Toyota Motor Corp. announced the merger after concluding a memorandum of understanding focused on accelerating the development of advanced technologies. The focus will be on environmental, autonomous, connected and electric mobility technologies. They also aim to strengthen their commercial vehicle business globally.

[Read more from Transport Topics.](#)

Why Ford Chose Tesla for EV Partnership: It's the Plug

- The problem isn't the cars, but the plugs that power them, Jim Farley said during a Morgan Stanley summit last week. Survey after survey show that America's patchwork of often shoddy chargers is the biggest obstacle to consumer acceptance of EVs.
- [Read more from Transport Topics.](#)



Source: Twitter via Ford Motor Company

Cross-border: Mexico, Canada and International

Laredo, Texas, Remains the Nation's No. 1 Gateway for International Trade

For the second straight month, Laredo, Texas, retained the No. 1 spot among the nation's 450 international gateways for trade.

[Read more from FreightWaves.](#)

Experts See Strong Cross-Border Flatbed Demand this Year

Cross-border flatbed trucking could prove to be the most durable segment of the trucking market in 2023, according to experts.

[Read more from FreightWaves.](#)

Truck Inspections Causing Long Wait Times at Texas Border Bridges

As nearshoring expansion in Mexico continues to create booming demand for border Wait times of 8 hours reported for commercial trucks arriving in US from Mexico.

[Read more from FreightWaves.](#)



RXO's Cross-Border Facility, Laredo TX



Technology

Hyundai Motor, LG to Build \$4.3bn EV Battery Factory in U.S.

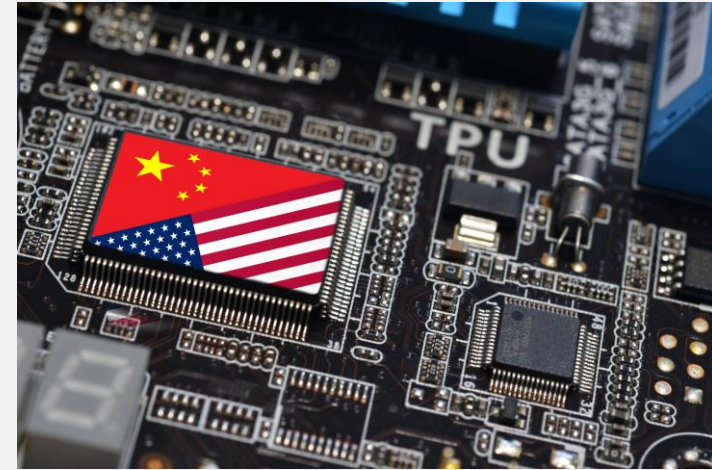
[SupplyChainBrain](#): Hyundai Motor Group and LG Energy Solution said on May 26 they will build a battery factory in the U.S. to supply Hyundai's electric vehicles there, as they are eager to benefit from American subsidies.

Six Digital Supply Chain Trends That Are Happening Now

[Logistics Managment](#): Using data from Inspectorio's supplier ecosystem, the CAPA recommender guides corrective and preventative actions, reducing the need for manual investigations into supply chain issues.

Biden Trade Curbs on China Risk Huge Damage to U.S. Tech Sector, Says Nvidia Chief

- [SupplyChainBrain](#): The Guardian reports that Jensen Huang said curbs introduced by the Biden administration, which include restricting the export to China of advanced chips made with U.S. technology, had left the business with “our hands tied behind our back.”



Source: shutterstock.com

Initiatives – Safety and Sustainability

Self-Driving Trucks Becoming Common on North Texas Roads

The North Texas area has quietly become the new frontier for the development of self-driving trucks, with several companies from around the world setting up operations — and using North Texas highways for real-world testing.

[Read more from Transport Topics.](#)



Source: Twitter via Aurora_inno

Three Companies Charged With Emission Device Tampering

Federal authorities in Michigan have charged three companies — including a truckload carrier — and 11 individuals in an aftermarket scheme to disable the emissions control systems of hundreds of diesel semi-trucks.

[Read more from Transport Topics.](#)



Source: shutterstock.com