



## Trucking - ALERT: On the Spot – KeyBanc Capital Markets Inc. Truckload Spot Rate Index, Week 20

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Our proprietary spot rate index bounced as expected during International Roadcheck (May 17-19), along with benefits from seasonal produce, beverage, and summer goods demand. That said, rates remain well below levels from earlier in the year, reflecting, in our view, improved labor dynamics (drivers, dockworkers), gradual easing of supply-chain constraints, and likely some moderation in goods spending from recent levels. Looking ahead, we expect rates to improve sequentially through mid-summer consistent with seasonal variations; however, with spot rates at a meaningful discount to contract and considering the historical relationship between spot and contract rates (see note [here](#)), we are cautious around 2H22/2023 contract expectations. Assuming normal seasonality from recent levels and factoring in prior-year comparisons, we expect rates to decrease 15-20% in 2Q22 (unchanged), and decrease low teens (unchanged) on a full-year basis in 2022. We expect mid-single-digit renewals in 2022 (unchanged) and flat to low-single-digit renewals in 2023.

### Exhibits 1a and 1b: KeyBanc Capital Markets Inc. Truckload Spot Rate Index Week 20 Dashboard (Week Ending May 20)

<i>All rates ex-fuel</i>	This Week (Wk 20)	This Week Prior Year	Last Week (Wk 19)	Wk/Wk Change	5-Year (ex-2020) Wk/Wk	Chg. Vs. 5-Year Avg (bps)	Trend	Y/Y Change	Trend	QTD Change	YTD Change
Dry-van	\$1.76	\$2.35	\$1.69	+4.2%	+1.9%	+229	—	-25.0%	—	-18.3%	-0.3%
Refrigerated	\$2.07	\$2.75	\$1.86	+11.0%	+0.7%	+1,032	—	-24.8%	—	-20.0%	+2.7%
Flatbed	\$2.67	\$2.73	\$2.56	+4.2%	-0.4%	+462	+/-	-2.3%	+/-	+2.3%	+9.6%

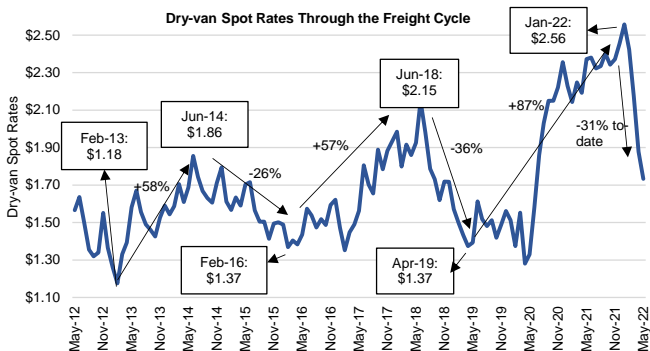
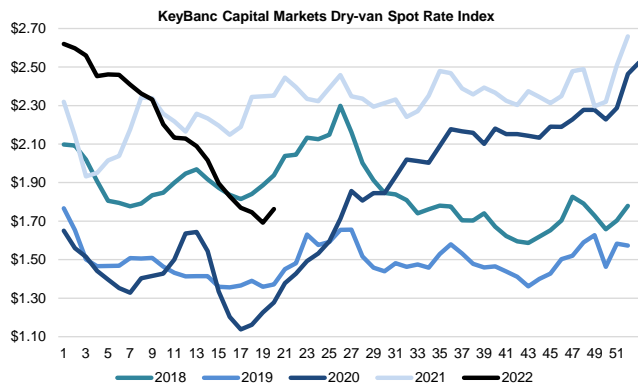
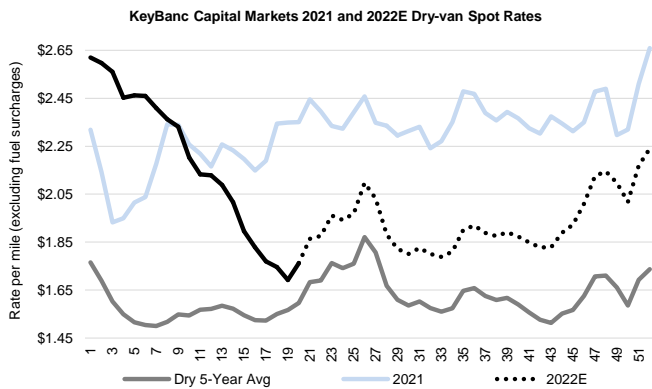
<i>All rates ex-fuel</i>	This Week (Wk 20)	Forecasted Next Week	Wk/Wk Change	Next Week Prior Year	Next Week Y/Y Change	Accelerating/Decelerating (bps)	Expected 2Q22 Y/Y Change	Expected 2Q/1Q Change	5-Year Avg (ex-2020) 2Q/1Q Change	Expected 2022 Y/Y Change
Dry-van	\$1.76	\$1.86	+5.7%	\$2.44	-23.8%	+125	-19.0%	-20.7%	+5.5%	-12.1%
Refrigerated	\$2.07	\$2.26	+8.9%	\$2.94	-23.4%	+143	-20.8%	-21.8%	+7.7%	-13.9%
Flatbed	\$2.67	\$2.69	+0.6%	\$2.77	-3.2%	(94)	+0.7%	+8.8%	+12.7%	+6.8%

Note: Amounts exclude the impact of fuel and are based on information from truckstop.com.

Source: KeyBanc Capital Markets Inc., truckstop.com

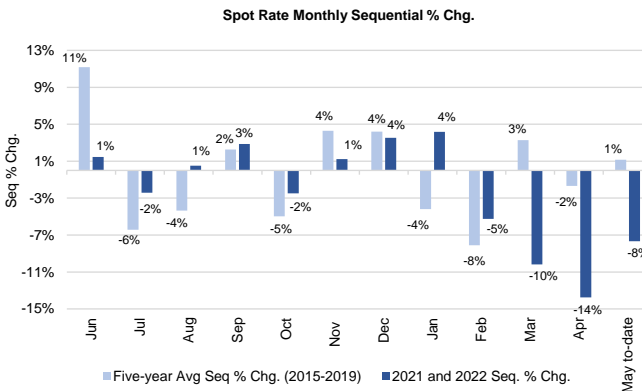
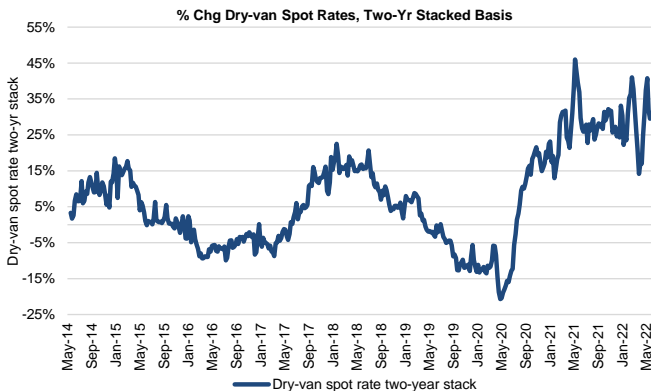
Large truckload carriers typically haul freight based on contractual terms established annually with shippers, yet we view spot rates as a leading indicator for contractual pricing and available capacity industry-wide. Additionally, spot dynamics can favorably (or unfavorably) impact reported revenue/mile trends resulting from mix opportunities, while sustained improvement may result in reworking contractual rates to more accurately reflect market rates. See Exhibit 6 for a time series comparison of spot and contractual rates.

Exhibits 2a-c: KeyBanc Capital Markets Inc. Dry-Van Spot Rate Index



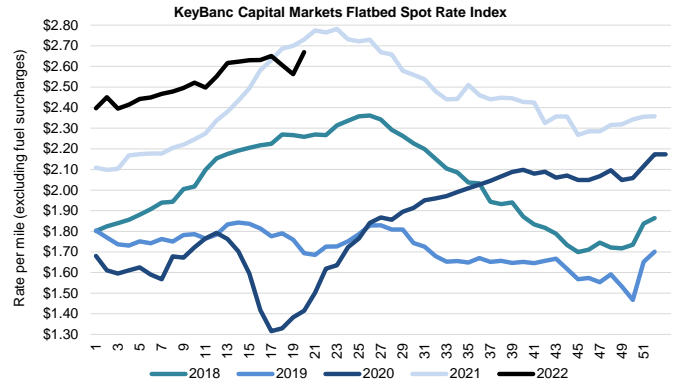
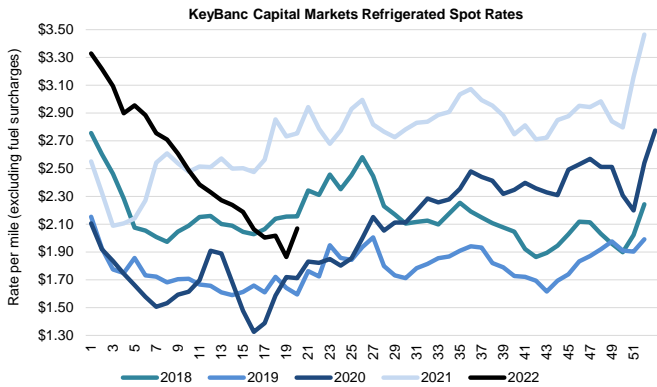
Source: KeyBanc Capital Markets Inc., truckstop.com

Exhibits 3a and 3b: KeyBanc Capital Markets Inc. Dry-Van Spot Rate Two-Year Stack and Spot Rate Monthly Sequential % Change



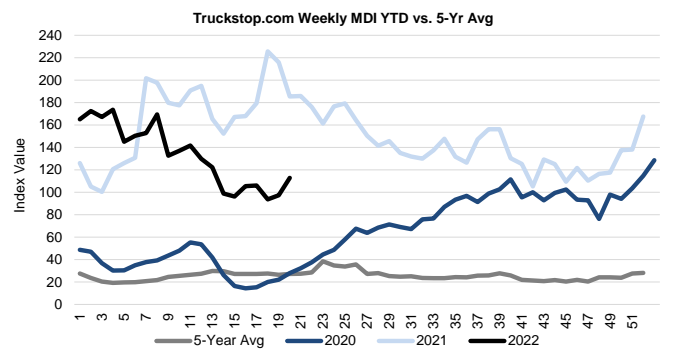
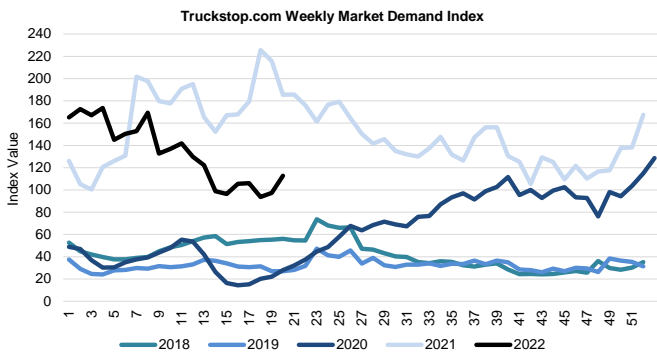
Source: KeyBanc Capital Markets Inc., truckstop.com, truckloadrate.com

Exhibits 4a and 4b: KeyBanc Capital Markets Inc. Refrigerated and Flatbed Spot Rate Indexes



Source: KeyBanc Capital Markets Inc., truckstop.com

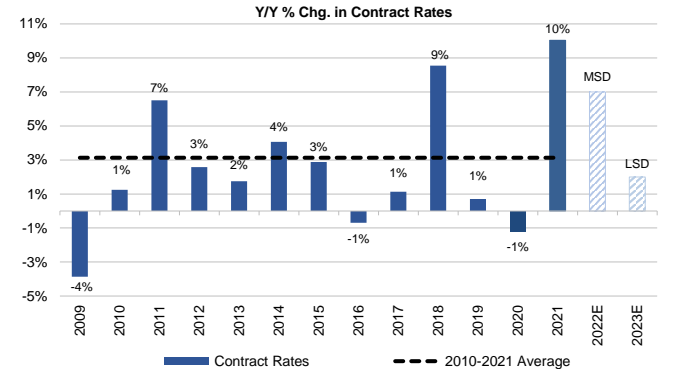
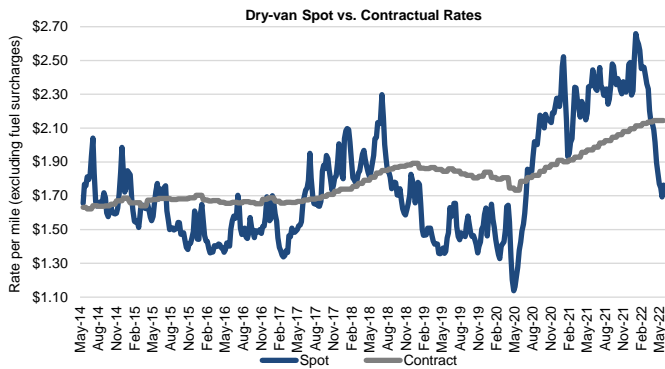
Exhibits 5a and 5b: Internet Truckstop Market Demand Index



Source: KeyBanc Capital Markets Inc., truckstop.com

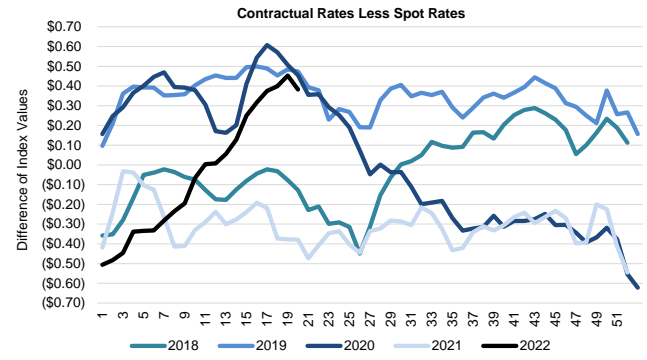
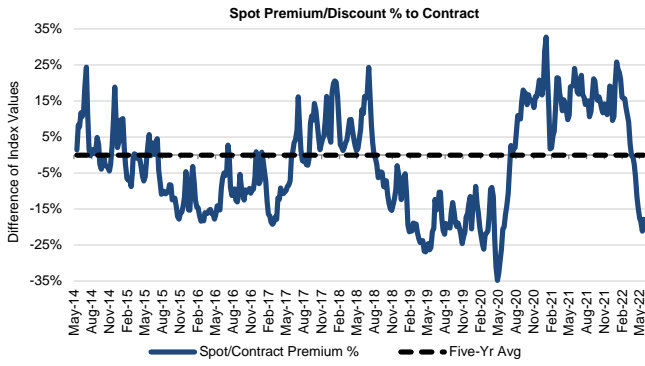
Note: The MDI is a measure of demand relative to available trucks in the spot market.

Exhibit 6a and 6b: KeyBanc Capital Markets Inc. Dry-Van Spot Rates vs. Contractual Rates



Source: KeyBanc Capital Markets Inc., truckstop.com, truckloadrate.com

Exhibits 7a and 7b: KeyBanc Capital Markets Inc. Spot Premium/Discount % to Contract and Contractual Rates Less Spot Rates



Note: May contract rates are estimated.

Source: KeyBanc Capital Markets Inc., truckstop.com, truckloadrate.com

## Disclosure Appendix

### Important Disclosures

Important disclosures for the companies mentioned in this report can be found at <https://key2.bluematrix.com/sellside/Disclosures.action>.

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KeyBanc Capital Markets					Industrial				
Rating	Count	Percent	IB Serv/Past 12 Mos.		Rating	Count	Percent	IB Serv/Past 12 Mos.	
			Count	Percent				Count	Percent
Overweight [OW]	304	52.69	89	29.28	Overweight [OW]	49	49.49	8	16.33
Sector Weight [SW]	261	45.23	59	22.61	Sector Weight [SW]	50	50.51	7	14.00
Underweight [UW]	12	2.08	1	8.33	Underweight [UW]	0	0.00	0	0.00

### Rating System

**Overweight** - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

**Sector Weight** - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

**Underweight** - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

## Disclosure Appendix (cont'd)

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Please refer to the analysts' recently published reports for company-specific valuation and risks.

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