



AUGUST 2024

**TRUCK &
TRAILER
OUTLOOK**

With Expert Commentary From
Dan Moyer

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Truck & Trailer

August 2024

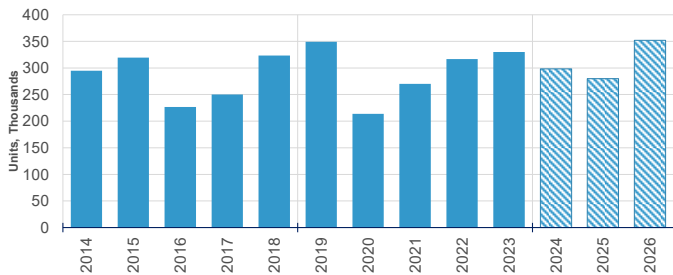
COMMENTARY (pg 23):

EPA 2027 overbuy: steering through the NOx regulations

Our view on the 2026 overbuy for Classes 6-8 trucks/tractors.

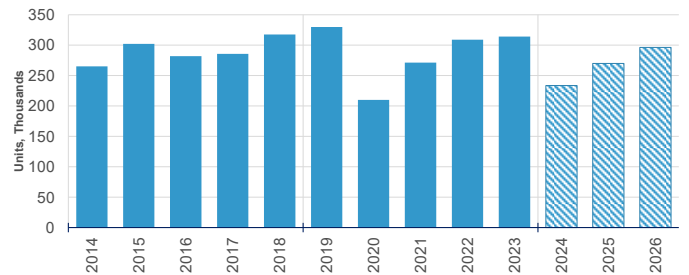
Truck freight forecasts improve; CV build rates remain high despite low orders, decreasing backlogs, and more inventory.

N.A. Class 8 Factory Shipments: Annual



History ties to Wards Intelligence and OEM Market Indicators
 Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Trailer Production: Annual



History ties to OEM Market Indicators
 Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

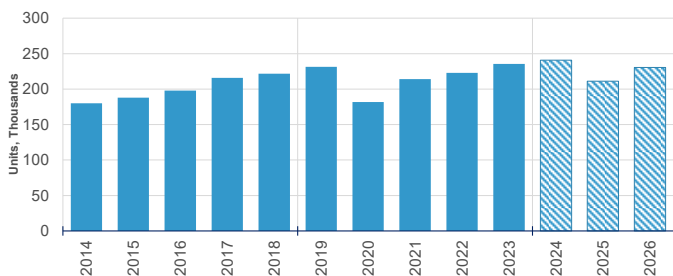
N.A. June Class 8 net orders were well below build, lowering backlogs to 4.0 months of build, a 7-year low. Improving mirror supply issues pushed factory shipments far above retail sales, ballooning inventories. The 2024 forecast rose 18,500 to 298,500 units on sustained build and improved economically derived demand (EDD).

See page 3 for more on the class 8 outlook...

U.S. June trailer net orders totaled 4.8k units, the third lowest level (tie) in the data. Despite a 7% m/m and 29% y/y decline, high build still decreased backlogs to 5.6 months of build. The 2024 build forecast was reduced by 3,500 to 233,500 units due to weak demand while the 2026 forecast is up slightly due to mix adjustment.

See page 5 for more on the trailer outlook...

N.A. Cl. 4-7 Factory Shipments: Annual

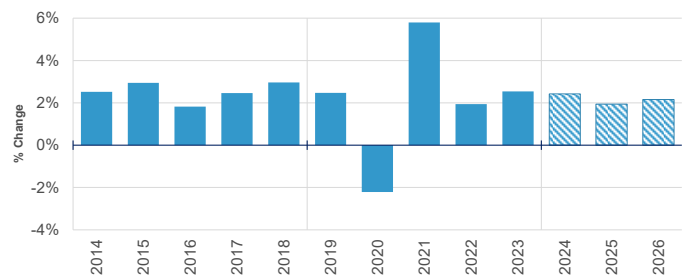


History ties to Wards Intelligence
 Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. June Classes 4-7 inventory swelled to a record high at 113k units. May build fell 10% m/m and 9% y/y. The U.S. inventory/sales ratio in June increased to a record 5.5 months as retail sales were down 3% m/m. The 2024 factory shipments forecast grew by 8,560 to 240,750 units on elevated 2024 YTD build.

See page 8 for more on the medium-duty outlook...

Real GDP Outlook



Copyright 2024, FTR
 Source: BEA, Witte Econometrics, FTR | Transportation Intelligence™

The U.S. economy grew at an annualized rate of 2.8% in the second quarter, according to the initial estimate from the Bureau of Economic Analysis. FTR's estimate of freight economy growth in Q2 is 5.3% annualized – the strongest since the third quarter of 2023. The estimates of the full economy and freight economy exceeded FTR's forecasts.

See page 19 for more on the economic outlook...



Commercial Vehicle Equipment

- June Class 8 factory shipments rebounded sharply, pushing inventories to a record level.
- Trailer net orders in June fell 17% m/m to 4,788 units.
- Medium-duty inventory remains a growing concern.

N.A. Class 8 net orders in June decreased 33% m/m and 6% y/y to 13,180 units. Build was up 14% m/m and 1% y/y to 30,606 units – its highest level since March 2023. Mirror supply chain issues improved some, pushing factory shipments up a robust 56% m/m and 12% y/y to 33,222 units. As a result, backlogs decreased further (4.0 months of build), and inventory jumped to a record high (3.7 months of sales), drawing attention to high build levels.

June U.S. trailer net orders fell 17% m/m to 4,788 units, which is tied for the third lowest level in the data. With build down 7% m/m and 29% y/y to 20,249 units, backlogs dropped to 113,008 units (5.6 months of build), putting downward pressure on build rates.

N.A. Classes 4-7 build in May decreased 10% m/m and 9% y/y to 19,767 units. June inventory ballooned to a record high of 113k units (5.5 months of sales for the U.S.). Concerns about both Classes 4-5 and 6-7 inventory levels remain.

See pages 3-11 for more on the equipment outlooks...

Economic & Freight Environment

- Economic indicators mostly showed growth in June.
- FTR’s freight forecast for 2024 improved.
- Diesel prices resumed their decline in July.
- Trucking employment was largely stable in June.
- Rates for 2024 look less negative due to spot.

Aside from home sales, key economic indicators strengthened in June versus May. Industrial activity was especially robust for June and the second quarter.

FTR’s truck loadings forecast for 2024 improved to 1.6% growth from 1.1% previously. All equipment types saw stronger outlooks. The 2025 forecast is 2.4% growth.

After rising nearly 21 cents in four weeks, diesel prices returned to their downward trend in the latest weeks. Crude currently is trading under \$80 a barrel.

Payroll employment in trucking barely moved in June following a downward revision of prior months’ figures by a net of 1,400 jobs. Employment was down 1.9% y/y due mostly to Yellow’s exit at the end of July 2023.

The truckload rate forecast improved again, but the total rate outlook remains negative. A stronger expectation for spot rates was the main factor.

See pages 12-22 for more on freight and the economy...

N.A. Commercial Vehicle Markets

<i>Summary Outlook</i>				
<i>f = forecast</i>	<u>2023</u>	<u>2024f</u>	<u>2025f</u>	<u>2026f</u>
Class 8 - North America Factory Shipments				
Class 8	330,042	298,500	280,000	352,000
% Change	4.2%	-9.6%	-6.2%	25.7%
Trailers - U.S. Production				
Trailers	314,208	233,500	270,000	296,300
% Change	1.7%	-25.7%	15.6%	9.7%
Class 4-7 - North America Factory Shipments				
Class 4-7	235,467	240,750	211,000	230,400
% Change	5.6%	2.2%	-12.4%	9.2%
Class 4-5	91,671	105,000	90,000	92,000
% Change	-2.2%	14.5%	-14.3%	2.2%
Class 6-7	143,796	135,750	121,000	138,400
% Change	11.3%	-5.6%	-10.9%	14.4%

Source: Wards Intelligence, OEM Market Indicators, FTR

Forecast changes versus prior report

n/c = no change

Class 8	+18,500	n/c	n/c
Trailers	-3,500	n/c	+1,300
Medium-Duty (Cl. 4-7)	+8,560	n/c	n/c
Class 4-5	+4,970	n/c	n/c
Class 6-7	+3,590	n/c	n/c

Source: FTR | Transportation Intelligence

U.S. Economy & Freight

<i>Summary Outlook</i>			
	<u>2024f</u>	<u>2025f</u>	<u>2026f</u>
Real GDP	2.4%	1.9%	2.2%
GDP Goods Transport	2.5%	2.8%	2.8%
Industrial Production	0.7%	1.4%	0.9%
Class 8 Loadings	1.6%	2.4%	1.9%
Total Class 8 Utilization	88.6%	90.1%	90.2%

Source: BEA, Witte Econometrics, FTR | Transportation Intelligence; Copyright 2024, FTR

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Class 8 Market

- June Class 8 net orders down 6% y/y to 13.2k units.
- Factory shipments up 56% m/m to 33.2k units due to improved CV mirror availability.
- Inventory up 17% m/m to 82.8k units, a record high.

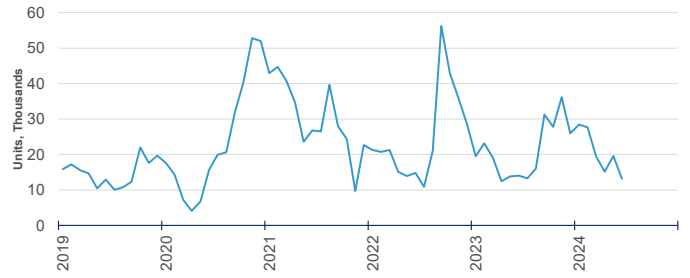
In June, N.A. Class 8 net orders decreased 33% m/m and 6% y/y to 13,180 units, aligning with seasonal expectations. YTD net orders are up 21% y/y to 123,361 units, averaging 20,560 units per month, reflecting replacement demand levels.

Build in June increased 14% m/m and 1% y/y to 30,606 units. Factory shipments surged 56% m/m and 12% y/y to 33,222 units. FTR attributes this rise to red-tagged units from April/May being completed after a CV mirror supply issue from an April factory fire in Mexico. This issue should resolve by Q3 or Q4 of this year.

Backlogs dropped by 17,505 units to 123,146 units. The backlog/build ratio fell to 4.0 months, its lowest level since September 2017.

Retail sales in June fell 7% m/m and 24% y/y to 22,183 units. Inventories rose 17% m/m to 82,781 units due to the completed red-tagged units, pushing the inventory/sales ratio to 3.7 months, the highest since May 2020. If inventories grow and backlogs shrink further, build rates will face pressure to decrease.

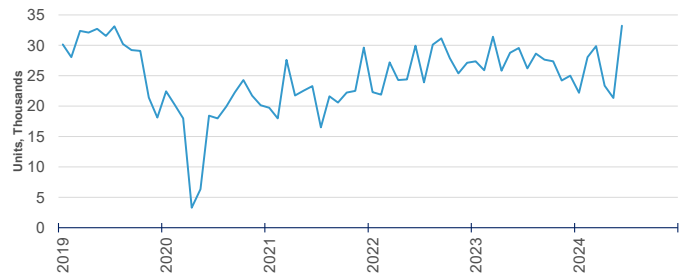
Class 8 Net Orders (N.A.)



Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR



Class 8 Factory Shipments (N.A.)



Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR

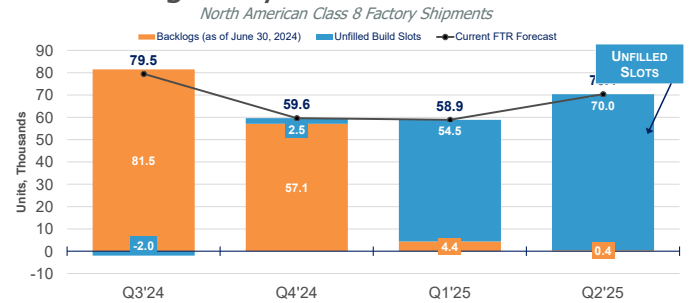


Market Indicators: N.A. Class 8

	Apr-24	May-24	Jun-24
Net Orders	15,151	19,574	13,180
Build	28,600	26,782	30,606
Backlogs	147,527	140,651	123,146
Inventories	74,096	70,852	82,781
Cancellations	1,690	2,675	1,423
Backlog-to-Build Ratio	5.16	5.25	4.02
Inventory-to-Sales Ratio	3.02	2.97	3.73

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

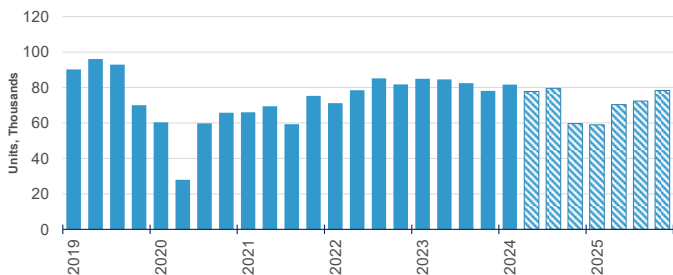
Backlog Analysis: Unfilled Build Slots



NOTE: A negative number indicates that OEMs have booked more than is expected to be built. Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR

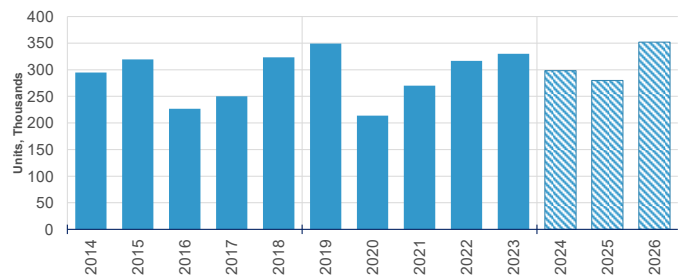


N.A. Class 8 Factory Shipments: Quarter



History ties to Wards Intelligence and OEM Market Indicators. Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Class 8 Factory Shipments: Annual



History ties to Wards Intelligence and OEM Market Indicators. Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



Class 8 Forecast

- Sustained build and improved EDD increases the 2024 Class 8 factory shipment forecast by 18,500 units.
- Build rates/levels during 2H24 likely to slow.
- 2025 and 2026 forecasts were unchanged.

2024 YTD build has averaged 28,125 units per month. Factory shipments have averaged 26,342 units, and retail sales have averaged 23,157 units. As a result, the N.A. Class 8 market is sitting on 3.7 months of inventory, the highest since May 2020. This is well above the historical, healthy range of 2.0 to 2.5 months. Delays at vocational body builders are part of the reason, but overall softening retail demand and high build rates are the main culprits.

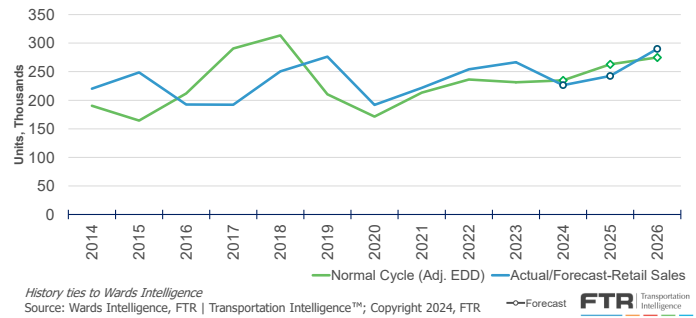
Improved EDD and sustained high build levels – the main cause – pushed the 2024 Class 8 factory shipment forecast up by 18,500 to 298,500 units. However, build rates/levels during 2H24 are still forecast to slow due to decreasing backlogs and high inventory. We expect 2024Q3 factory shipments to reach 79,500 due to red-tagged units being completed following the mirror supply chain issue. Factory shipments are then forecast to decrease to ~59,600 units in 2024Q4 and remain near that level through 2025Q1 before rebounding starting in Q2.

Higher EDD raised the 2025 N.A. Class 8 retail sales forecast by 13,800 to 305,000 units, but an expected inventory drawdown will keep the 2025 factory shipment forecast unchanged at 280,000 units.

The 2026 factory shipment forecast remains at 352,000 units. This includes a modest overbuy of 23,800 units ahead of the EPA 2027 NOx regulations as some fleets aim to avoid expected vehicle cost increases. *For more analysis of the anticipated demand impact of these regulations, see the commentary on page 23.*

See page 9 for the detailed outlook...

U.S. Class 8 Sales/Demand Cycle



Class 8 Demand Cycle

Economically derived demand is the foundation of the FTR forecast and has seen upward movement over the forecast horizon, which is putting upside pressure mainly on the 2024 and 2025 Class 8 forecasts.

The forecast includes a moderate overbuy in 2026 due to potential demand shifts from the EPA 2027 NOx regulation. However, production capacity and labor/parts shortages may limit output increases, reducing some overbuying pressures. This overbuy will moderately impact production negatively in 2027, with a small impact in 2028.

Forecast changes versus prior report *n/c = no change*

	2024	2025	2026
Cl. 8 Factory Shipments	+18,500	n/c	n/c
U.S.	+12,890	n/c	n/c
Canada	+2,130	n/c	n/c
Mexico	+3,450	n/c	n/c
Export	+40	n/c	n/c

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Class 8 Truck Sales: Economically Derived Demand (EDD)

Normal Cycle Demand Analysis

<i>f = forecast</i>	2021	2022	2023	2024f	2025f	2026f
1. Units required/(surplus) due to freight change	101,138	722	25,080	92,159	49,245	65,229
2. Units needed for replacement ¹	193,094	196,382	195,173	201,935	209,224	215,328
Economically Derived Demand - Trucks	294,231	197,103	220,253	294,093	258,469	280,557
(Growth Units + Replacements = EDD)						
3. Normal Cycle (Adjusted EDD) ²	213,241	236,244	231,468	234,736	262,818	274,958
4. U.S. Cl. 8 Retail Sales	221,889	254,164	266,752	226,405	242,630	290,000
Unmet Demand (+ Overbuy / - Underbuy) ³	+8,648	+17,920	+35,284	-8,331	-20,188	+15,042

¹ - Calculated using the long-run replacement rate of Active Trucks.

² - EDD is adjusted to account for the normal trucking cycle.

³ - Demand minus Retail Sales - Positive is an Overbuy / Negative is an Underbuy.

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



Trailer Market

- June net orders well below seasonal expectations.
- Backlog/build ratio second lowest since 2020.

U.S. trailer net orders fell 17% m/m to 4,788 units but rose 44% y/y from a depressed June 2023. Orders were 71% below the 12-month moving average and missed seasonal expectations. While up y/y, June's order total was the third lowest (tied) since 2013. The decline was mainly due to a drop in gross orders with cancellations over 30%. The 12-month total reached 199,600 units.

Trailer production decreased by 7% m/m and 29% y/y in June, totaling 20,249 units. This figure was 21% below the five-year average for June.

The order backlog fell by 15,526 units, -12% m/m, to just over 113,000 units as build far outpaced net orders. This larger m/m backlog decrease compared to production reduced the backlog/build ratio to 5.6 months, the second lowest since 2020 and below the historical pre-2020 average. This ratio suggests little incentive for trailer manufacturers to adjust production levels.

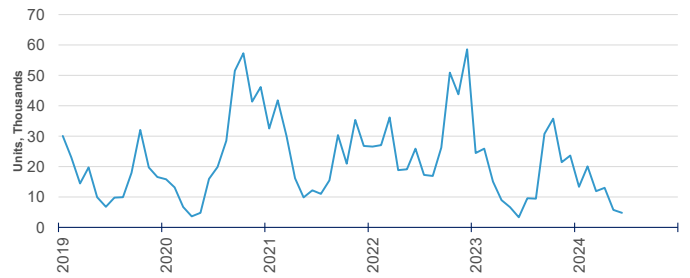
The U.S. trailer market is facing stagnant truck freight/ rates. Total 2024 YTD van net orders are down 18% y/y, with dry vans down 26% and refrigerated vans up 18%. Vocational trailer orders are down 12% y/y with flatbeds down 14%, dump trailers down 17%, and lowbeds up 6%. Tank orders fell 50%. High dealer inventories and falling used trailer values may limit near-term growth. OEMs must manage production cautiously as a result.

Market Indicators: U.S. Trailers

	Apr-24	May-24	Jun-24
Net Orders	13,017	5,767	4,788
Build	22,976	21,780	20,249
Backlogs	147,023	128,534	113,008
Backlog-to-Build Ratio	6.40	5.90	5.58
Inv.-to-Shipments Ratio	0.56	0.65	0.49

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

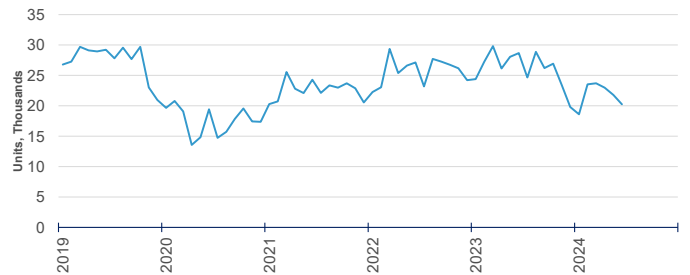
Trailer Net Orders (U.S.)



Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR



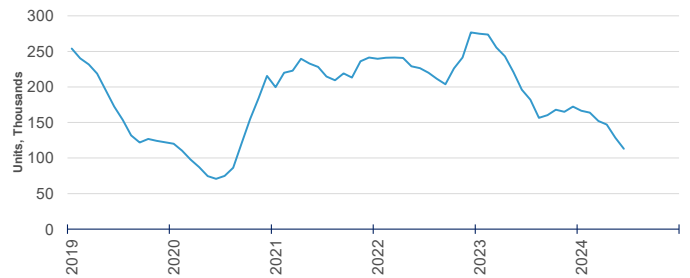
Trailer Production (U.S.)



Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR



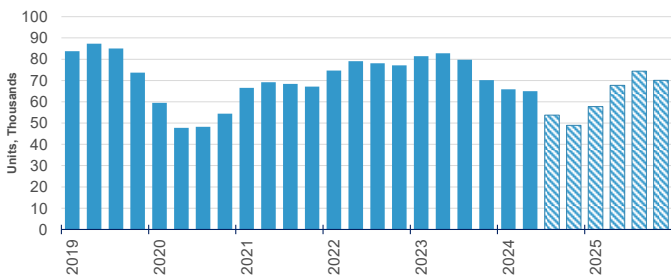
Trailer Backlogs (U.S.)



Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR



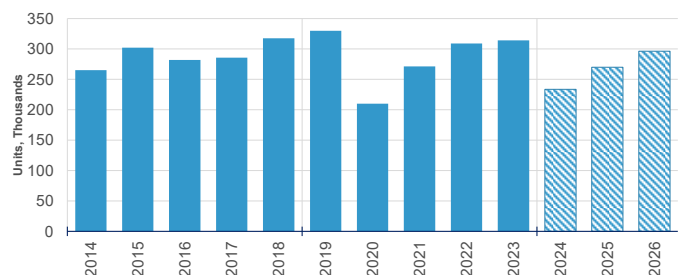
U.S. Trailer Production: Quarter



History ties to OEM Market Indicators
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Trailer Production: Annual



History ties to OEM Market Indicators
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR





Trailer Forecast

- Most segments see degradation in 2024, but van segments see improvement in 2025.

Final results for 2024Q2 came in modestly below expectations. That is leading to reductions for both Q3 and Q4 – mostly concentrated in Q3. Most units came out of dry van, but dry tank and the “all other” segment saw much more significant percentage reductions. Our expectations for build in the “all other” segment for both 2024 and 2025 have come down substantially.

Full-year expectations have mostly moved lower in 2024, but two segments have moved modestly higher. The flatbed and dump outlooks have improved by roughly 4%. Flatbed is still expected to be down significantly y/y in 2024 while dump will likely be up for the year.

For 2025, our overall outlook has not changed, but the mix was adjusted. Dry and refrigerated vans saw modest improvement, but the “all other” category saw a notable reduction. Those mix changes in 2025 meant a modest adjustment for 2026 – again, mainly stemming from modest improvements in the van segments.

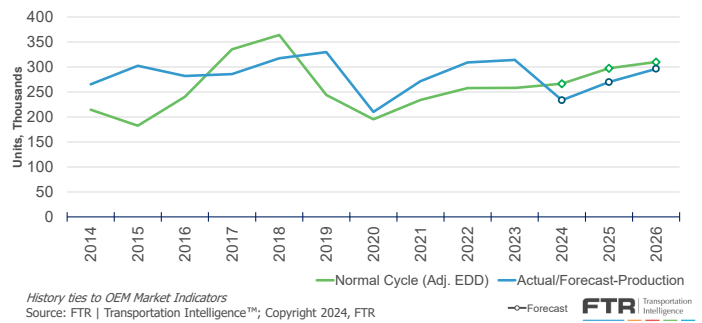
Trailer Demand Cycle

- Production is finally below demand levels.
- Demand outlook indicates muted downside risk.

All of this may lead you to ask: Why is trailer activity weakening further while the truck market continues to run at a hot level? It’s a good question, and one that we don’t have a great answer for you. Part of the issue appears to stem from the dramatic upswing in new trailer pricing that has caught up with dealers as they hold on to more expensive units while the market quickly cools.

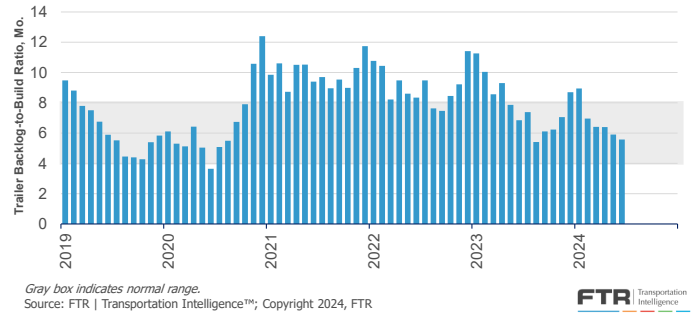
See page 10 for the detailed outlook...

U.S. Trailer Demand Cycle



New Trailer Lead Time

Average Lead Time, Order-to-Build (Months)



Forecast changes versus prior report *n/c = no change*

	2024	2025	2026
Trailer Production	-3,500	n/c	+1,300
Total Vans	-2,350	+3,180	+950
Total Tanks	-150	+180	+40
Major Vocational	+1,050	+870	+320
All Other	-2,050	-4,220	-10

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Trailer Production: Economically Derived Demand (EDD)

Normal Cycle Demand Analysis

<i>f = forecast</i>	2021	2022	2023	2024f	2025f	2026f
1. Units required/(surplus) due to freight change	105,418	4,501	27,372	103,934	55,699	73,313
2. Units needed for replacement ¹	209,730	220,385	223,115	228,630	235,811	241,821
Economically Derived Demand - Trailers	315,148	224,886	250,487	332,564	291,511	315,135
(Growth Units + Replacements = EDD)						
3. Normal Cycle (Adjusted EDD) ²	234,029	257,654	257,990	266,623	297,384	309,990
4. U.S. Trailer Production	271,335	309,059	314,208	233,500	270,000	296,300
Unmet Demand (+ Overbuy / - Underbuy) ³	+37,306	+51,405	+56,218	-33,123	-27,384	-13,690

¹ - Calculated using the long-run replacement rate of Active Trailers

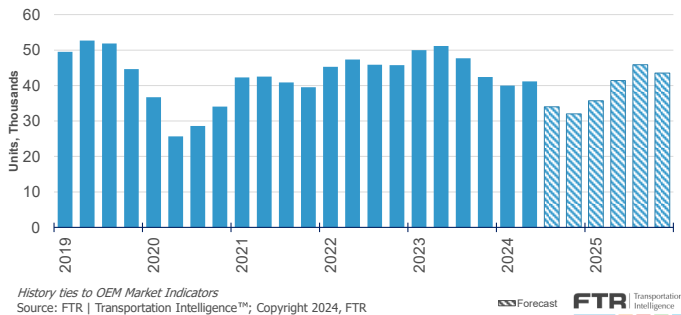
² - EDD is adjusted to account for the normal trucking cycle.

³ - Demand minus Production - Positive is an Overbuy / Negative is an Underbuy.

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Trailer Production: Dry Van



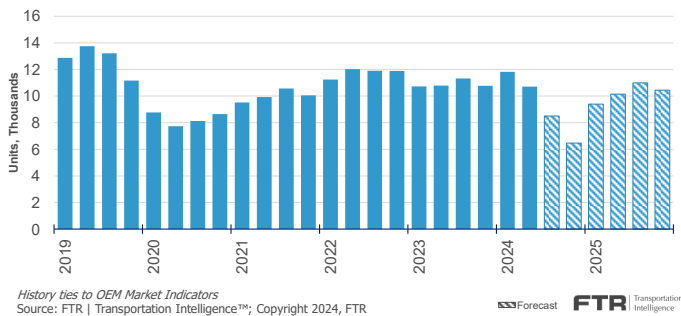
Dry Van

Dry van net orders increased 17% m/m but were down 17% y/y. Build declined 9% m/m. Weak orders and slowly declining build led to another decrease in backlogs, down to just 60,500 units. The backlog/build ratio fell for the fifth straight month to 4.8 months as the declines in backlogs continue to surpass the decreases in build. FTR’s dry van forecast shows production declining the rest of the year, hitting a low of 32,013 units in Q4 before steadily rebounding in 2025.

Refrigerated (Reefer) Van

Refrigerated van net orders rebounded more substantially than dry van, jumping 70% m/m in June. The build level was essentially unchanged m/m, producing 3,454 units. The improvement in orders limited the declines in backlogs, down just 4% m/m to 20,289 units. The backlog/build ratio had a limited decline, but it is the first time below 6.0 months since July 2020. FTR’s refrigerated van forecast is anticipating production declines with build hitting a low of just under 6,500 units in Q4. 2025, however, is anticipated to see a fairly quick recovery with annual volumes back up to 41k units.

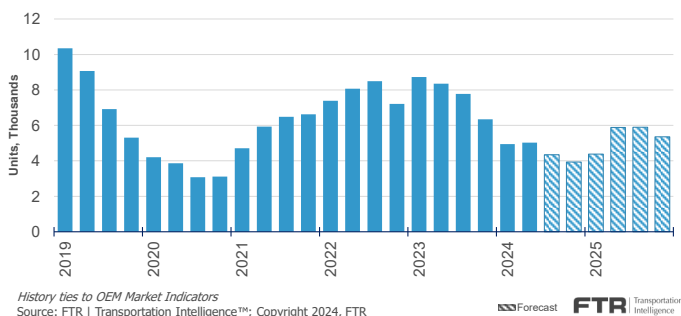
U.S. Trailer Production: Ref. Van



Flatbed

Flatbed net orders had a notable decrease, down 58% m/m following a strong increase in May. Build saw a substantial decline in June, down 7% m/m and falling nearly 44% y/y. After growing slightly in May, backlogs fell 7% m/m and were down 43% y/y. With declines in both production and backlogs, the backlog/build ratio was essentially unchanged at 7.5 months. FTR’s flatbed forecast is modestly improved, up 706 units in 2024 and 634 units in 2025. FTR is still expecting a modest slowdown to occur over the next couple of quarters, bottoming out with production of 3,935 units in Q4.

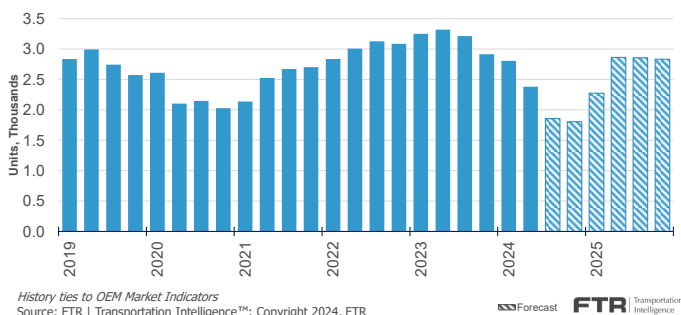
U.S. Trailer Production: Flatbed



Tank

Tank trailer net orders were just 15 units in June. However, it is a tale of two markets. Dry tank orders were relatively stable at 92 units, but liquid tank net orders weakened in June and actually turned negative. Despite the weak orders, tank build levels were down just 5% m/m. Backlogs fell another 6% m/m to 8,265 units. The backlog/build ratio remains relatively high at 10.9 months. Most of the strength in the ratio is due to the liquid tank segment. This limits some of the downside risks stemming from the negative orders. This could simply be a cleaning of the production slots and preparing to open the 2025 order books. FTR’s tank trailer forecast shows production declining until hitting a Q4 low of 1,805 units. Most of the recent improvement comes from the liquid tank segment simply due to the backlogs that are available to maintain production.

U.S. Trailer Production: Tank





Medium-Duty Market

- 2024 YTD CL 4-7 retail sales grew 3% y/y; build was up 8% y/y.
- Inventory grew to a record 113k units.

June Classes 4-7 retail sales decreased 3% m/m and 7% y/y to 22,731 units. 2024 YTD Classes 4-5 retail sales were up 18% y/y while Classes 6-7 were down 8% y/y.

May factory shipments fell 10% m/m and 9% y/y to 19,767 units. 2024 YTD build for Classes 4-5 was up 29% y/y and down 4% y/y for Classes 6-7. Record inventory and inventory/sales ratios for both segments are increasingly concerning.

Medium-Duty Forecast

- Demand for medium-duty vehicles remains firm.
- Unprecedented inventory levels will limit build.

Continued positive real GDP growth is sustaining resilient medium-duty demand. Strong production levels this year have increased the 2024 medium-duty forecast by 8,560, reaching 240,750 units, which slightly surpasses the 2023 market. However, production rates/levels are expected to slow soon due to high inventory levels. The forecasts for 2025/2026 were unchanged. *For more analysis of the anticipated demand impact of the EPA 2027 NOx regulations on this segment, see the commentary on page 23.*

See page 11 for the detailed outlook...

Forecast changes versus prior report		n/c = no change		
Factory Shipments	2024	2025	2026	
Medium-Duty (Cl. 4-7)	+8,560	n/c	n/c	
Class 4-5	+4,970	n/c	n/c	
Class 6-7	+3,590	n/c	n/c	

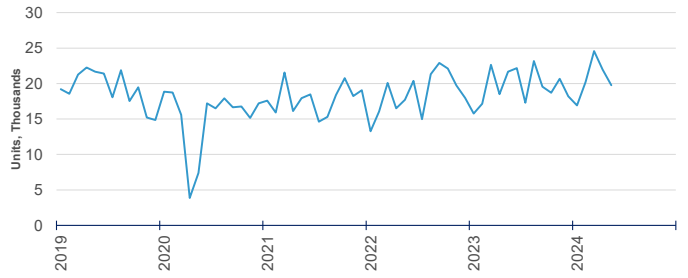
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Market Indicators: N.A. Medium-Duty

	Apr-24	May-24	Jun-24
Cl. 4-7 Factory Ship.	21,959	19,767	n/a
Class 4-5	9,077	8,214	n/a
Class 6-7	12,882	11,553	n/a
Cl. 4-7 Retail Sales	23,438	23,443	22,731
Class 4-5	11,232	11,798	11,009
Class 6-7	12,206	11,645	11,721
Cl. 4-7 Inv.-to-Sales Ratio	4.57	4.57	4.97

Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR; Data includes Classes 4-7

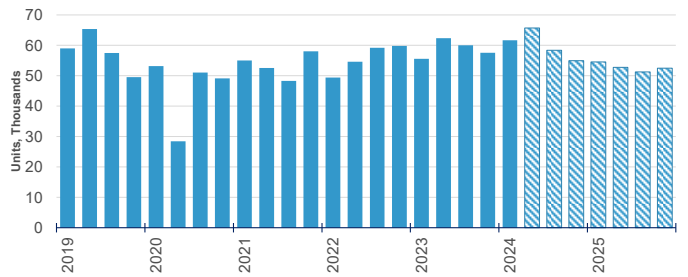
Cl. 4-7 Factory Shipments (N.A.)



Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



N.A. Cl. 4-7 Factory Shipments: Quarter

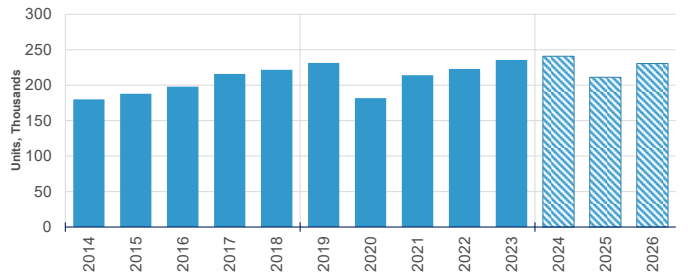


History ties to Wards Intelligence

Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



N.A. Cl. 4-7 Factory Shipments: Annual

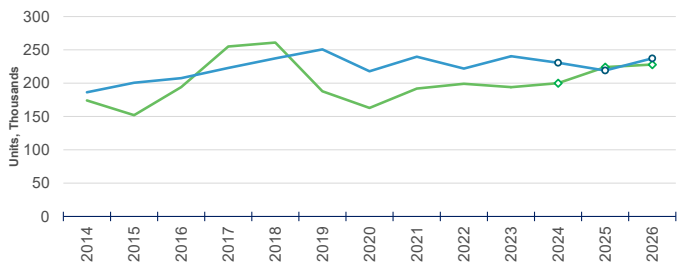


History ties to Wards Intelligence

Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Classes 4-7 Demand Cycle



History ties to Wards Intelligence

Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR





N.A. Class 8 Equipment Outlook

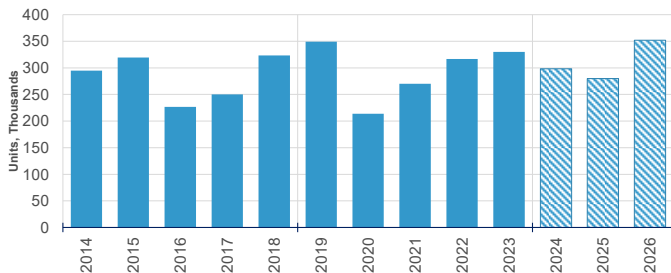
Factory Shipments & Retail Sales - Units, Actual (By Destination)

	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
<i>F = Forecast</i>		F	F	F	F	F	F	F		F	F	F
North America Factory Shipments												
Total Class 8	81,660	77,716	79,500	59,624	58,899	70,404	72,398	78,299	330,042	298,500	280,000	352,000
% Change, Y/Y	-3.9%	-8.0%	-3.6%	-23.7%	-27.9%	-9.4%	-8.9%	31.3%	4.2%	-9.6%	-6.2%	25.7%
U.S.	65,783	63,818	63,817	48,032	48,401	57,852	59,493	64,344	273,599	241,450	230,090	287,500
% Change, Y/Y	-6.8%	-8.7%	-6.8%	-25.6%	-26.4%	-9.3%	-6.8%	34.0%	6.5%	-11.8%	-4.7%	25.0%
Canada	9,074	7,822	7,962	6,078	5,685	6,798	6,991	7,559	31,868	30,936	27,033	33,000
% Change, Y/Y	14.2%	-6.5%	3.6%	-22.8%	-37.3%	-13.1%	-12.2%	24.4%	12.3%	-2.9%	-12.6%	22.1%
Mexico	5,573	5,046	6,600	4,700	3,938	4,707	4,838	5,234	19,700	21,919	18,717	25,900
% Change, Y/Y	10.9%	1.7%	31.9%	-0.2%	-29.3%	-6.7%	-26.7%	11.4%	-19.2%	11.3%	-14.6%	38.4%
Export	1,230	1,030	1,121	814	875	1,047	1,076	1,162	4,875	4,195	4,160	5,600
% Change, Y/Y	-8.6%	-17.1%	-10.9%	-20.8%	-28.9%	1.6%	-4.0%	42.8%	-28.8%	-13.9%	-0.8%	34.6%
<i>F = Forecast</i>			F	F	F	F	F	F		F	F	F
North America Retail Sales												
Total Class 8	73,258	75,068	69,483	76,340	68,110	76,950	78,120	81,820	339,138	294,149	305,000	354,500
% Change, Y/Y	-9.9%	-16.3%	-18.5%	-7.9%	-7.0%	2.5%	12.4%	7.2%	6.9%	-13.3%	3.7%	16.2%
U.S.	55,862	57,667	52,500	60,376	54,130	61,100	62,050	65,350	266,752	226,405	242,630	290,000
Canada	6,461	7,607	6,947	7,066	6,700	7,800	7,900	8,100	30,297	28,081	30,500	33,000
Mexico	9,705	8,764	9,071	8,088	6,400	7,000	7,100	7,200	37,214	35,628	27,700	25,900
Export	1,230	1,030	965	810	880	1,050	1,070	1,170	4,875	4,035	4,170	5,600
N.A. Inventories	72,738	79,936	92,268	78,936	72,192	67,942	64,476	62,929	59,133	78,936	62,929	60,429
Inventory-to-Sales Ratio (mo.)	2.98	3.19	3.98	3.10	3.18	2.65	2.48	2.31	2.09	3.22	2.48	2.05

Historical data ties to Wards Intelligence RS3 and FS5 Reports and OEM reported data

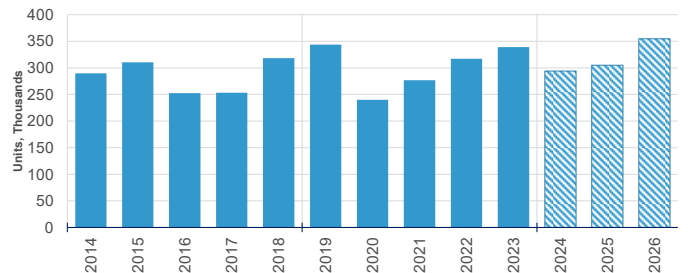
Source: Wards Intelligence, OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Class 8 Factory Shipments: Annual



History ties to Wards Intelligence and OEM Market Indicators
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Class 8 Retail Sales: Annual



History ties to Wards Intelligence and OEM Market Indicators
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Heavy-Duty Trailer Equipment Outlook

Production - Units, Actual (By Destination)

	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
<i>F = Forecast</i>			F	F	F	F	F	F		F	F	F
U.S. Production												
Total Heavy-Duty Trailers	65,831	65,005	53,690	48,974	57,738	67,760	74,401	70,101	314,208	233,500	270,000	296,300
% Change, Y/Y	-19.2%	-21.5%	-32.7%	-30.2%	-12.3%	4.2%	38.6%	43.1%	1.7%	-25.7%	15.6%	9.7%
Dry Vans	40,018	41,184	33,984	32,013	35,710	41,390	45,890	43,510	191,215	147,199	166,500	179,900
Refrigerated Vans	11,818	10,715	8,500	6,466	9,400	10,150	11,000	10,450	43,615	37,499	41,000	44,750
Flatbeds	4,943	5,027	4,344	3,935	4,380	5,880	5,890	5,350	31,183	18,249	21,500	23,000
Dumps	2,346	2,550	2,242	2,063	2,120	2,430	2,110	1,940	8,558	9,201	8,600	9,150
Low Beds (HD)	1,235	1,103	962	900	965	950	945	890	3,698	4,200	3,750	3,950
Liquid Tanks	2,203	1,820	1,300	1,278	1,600	2,000	1,991	2,009	9,393	6,601	7,600	8,200
Dry Tanks	604	561	558	527	675	865	865	825	3,307	2,250	3,230	3,450
Other Trailers ¹	2,664	2,045	1,800	1,792	2,888	4,095	5,710	5,127	23,239	8,301	17,820	23,900
MEMO: Total Vans (Dry+Ref.)	51,836	51,899	42,484	38,479	45,110	51,540	56,890	53,960	234,830	184,698	207,500	224,650
% Change, Y/Y	-14.6%	-16.2%	-28.0%	-27.6%	-13.0%	-0.7%	33.9%	40.2%	1.5%	-21.3%	12.3%	8.3%
MEMO: Total Major Voc. ²	8,524	8,680	7,548	6,898	7,465	9,260	8,945	8,180	43,439	31,650	33,850	36,100
% Change, Y/Y	-27.7%	-23.1%	-30.6%	-27.3%	-12.4%	6.7%	18.5%	18.6%	1.7%	-27.1%	7.0%	6.6%
MEMO: Total Tanks (Liquid+Dry)	2,807	2,381	1,858	1,805	2,275	2,865	2,856	2,834	12,700	8,851	10,830	11,650
% Change, Y/Y	-13.7%	-28.3%	-42.2%	-38.1%	-19.0%	20.3%	53.7%	57.0%	5.3%	-30.3%	22.4%	7.6%
N.A. Production												
Total Heavy-Duty Trailers	73,931	73,205	61,490	55,974	65,238	76,260	83,501	79,001	349,208	264,600	304,000	332,800
% Change, Y/Y	-18.2%	-20.4%	-30.7%	-28.4%	-11.8%	4.2%	35.8%	41.1%	1.7%	-24.2%	14.9%	9.5%
U.S.	65,831	65,005	53,690	48,974	57,738	67,760	74,401	70,101	314,208	233,500	270,000	296,300
Canada	5,000	4,800	4,500	4,100	4,400	4,900	5,300	5,200	20,600	18,400	19,800	21,400
Mexico	3,100	3,400	3,300	2,900	3,100	3,600	3,800	3,700	14,400	12,700	14,200	15,100

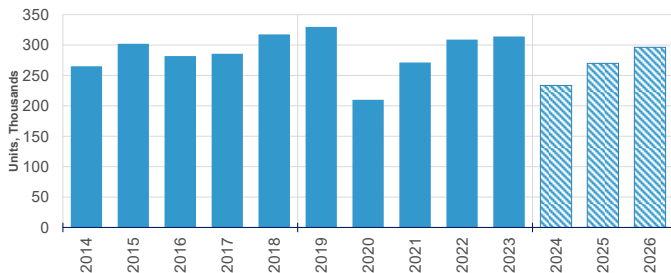
¹ - Specialty vocational trailers including grain, livestock, logging, auto hauling, etc. // ² - Major Vocational Trailers = Sum of Flatbed, Dump and Low Bed trailers.

² - Major Vocational Trailers = Sum of Flatbed, Dump and Low Bed trailers.

NOTE: Low Beds includes only heavy-duty trailers (80,000+ lb capacity) that are generally used for on-highway, freight-related, longer hauls. It does not include "Medium Duty" Low Beds (Approx. 40,000 to 79,000 lb capacity). For comparison purposes, FTR estimates that trailers in the Medium Low Bed category are less than 5,000 units per year.

Source: OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR

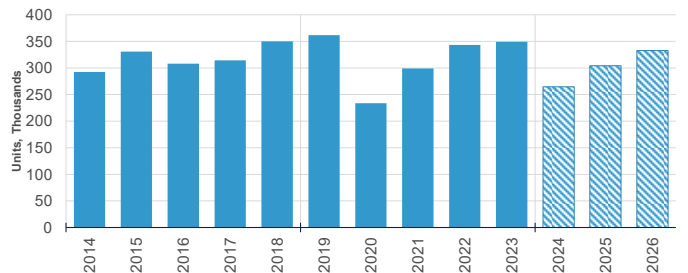
U.S. Trailer Production: Annual



History ties to OEM Market Indicators
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



N.A. Trailer Production: Annual



History ties to OEM Market Indicators
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR





N.A. Medium-Duty (Cl. 4-7) Equipment Outlook

Factory Shipments & Retail Sales - Units, Actual (By Destination)

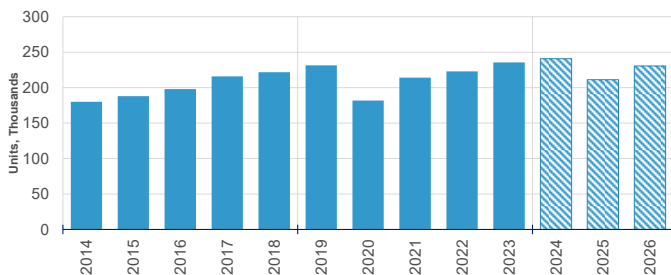
	2024				2025				Annual				
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026	
<i>F = Forecast</i>			F	F	F	F	F	F			F	F	F
North America Factory Shipments													
Total Class 4-7	61,683	65,713	58,400	54,954	54,500	52,750	51,250	52,500	235,467	240,750	211,000	230,400	
% Change, Y/Y	11.1%	5.4%	-2.7%	-4.5%	-11.6%	-19.7%	-12.2%	-4.5%	5.6%	2.2%	-12.4%	9.2%	
U.S.	58,076	61,740	54,880	51,680	51,320	49,570	48,200	49,360	221,604	226,376	198,450	216,700	
% Change, Y/Y	11.0%	5.1%	-2.6%	-4.6%	-11.6%	-19.7%	-12.2%	-4.5%	6.2%	2.2%	-12.3%	9.2%	
Canada	2,633	2,890	2,576	2,391	2,346	2,291	2,214	2,253	10,402	10,490	9,104	10,170	
% Change, Y/Y	13.7%	-1.6%	-6.9%	0.4%	-10.9%	-20.7%	-14.1%	-5.8%	0.4%	0.8%	-13.2%	11.7%	
Mexico	353	320	340	340	290	290	300	300	1,265	1,353	1,180	1,280	
% Change, Y/Y	-28.7%	627.3%	32.8%	-27.7%	-17.8%	-9.4%	-11.8%	-11.8%	-19.0%	7.0%	-12.8%	8.5%	
Export	621	763	604	543	544	599	536	587	2,196	2,531	2,266	2,250	
% Change, Y/Y	51.8%	23.3%	-4.9%	1.9%	-12.4%	-21.5%	-11.3%	8.1%	-9.8%	15.3%	-10.5%	-0.7%	
MEMO: N.A. Cl. 4-5	27,105	28,541	25,400	23,954	22,500	22,250	22,500	22,750	91,671	105,000	90,000	92,000	
% Change, Y/Y	45.2%	15.3%	1.8%	2.8%	-17.0%	-22.0%	-11.4%	-5.0%	-2.2%	14.5%	-14.3%	2.2%	
MEMO: N.A. Cl. 6-7	34,578	37,172	33,000	31,000	32,000	30,500	28,750	29,750	143,796	135,750	121,000	138,400	
% Change, Y/Y	-6.2%	-1.1%	-5.9%	-9.5%	-7.5%	-17.9%	-12.9%	-4.0%	11.3%	-5.6%	-10.9%	14.4%	

	2024				2025				Annual				
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026	
<i>F = Forecast</i>			F	F	F	F	F	F			F	F	F
North America Retail Sales													
Total Class 4-7	65,010	70,375	62,700	66,250	62,500	61,250	62,500	64,750	273,910	264,335	251,000	270,875	
% Change, Y/Y	8.0%	-1.0%	-12.7%	-6.4%	-3.9%	-13.0%	-0.3%	-2.3%	9.2%	-3.5%	-5.0%	7.9%	
U.S.	57,307	60,907	54,750	57,810	54,610	53,360	54,560	56,490	240,525	230,774	219,020	237,280	
Canada	3,532	4,505	3,710	3,870	3,660	3,680	3,670	3,820	15,409	15,617	14,830	15,450	
Mexico	3,550	4,200	3,660	3,970	3,660	3,630	3,700	3,830	15,780	15,380	14,820	15,740	
Export	621	763	580	600	570	580	570	610	2,196	2,564	2,330	2,405	
MEMO: N.A. Cl. 4-5	32,101	34,760	31,400	32,700	29,250	29,500	29,750	31,500	126,389	130,961	120,000	126,000	
% Change, Y/Y	35.7%	5.0%	-6.8%	-9.0%	-8.9%	-15.1%	-5.3%	-3.7%	4.9%	3.6%	-8.4%	5.0%	
MEMO: N.A. Cl. 6-7	32,909	35,614	31,300	33,550	33,250	31,750	32,750	33,250	147,521	133,373	131,000	144,875	
% Change, Y/Y	-9.9%	-6.2%	-17.9%	-3.8%	1.0%	-10.9%	4.6%	-0.9%	13.1%	-9.6%	-1.8%	10.6%	
N.A. Inventories	100,266	109,113	114,155	112,469	116,058	119,157	119,778	120,011	91,724	112,469	120,011	129,143	
Inventory-to-Sales Ratio (mo.)	4.63	4.65	5.46	5.09	5.57	5.84	5.75	5.56	1.00	5.11	5.74	5.72	

Historical data ties to Wards Intelligence RS3 and FS5 Reports

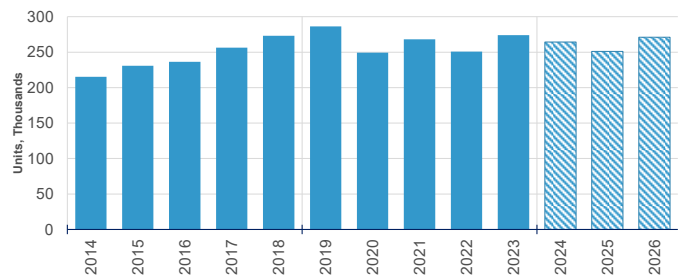
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Cl. 4-7 Factory Shipments: Annual



History ties to Wards Intelligence
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Cl. 4-7 Retail Sales: Annual



History ties to Wards Intelligence
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR



Economic Environment

- The GDP forecast sees slight improvement.
- The freight outlook strengthened a bit.

FTR's 2024 forecast for Gross Domestic Product is unchanged for now, but stronger-than-expected results for Q2 might lead to an improvement next month. The current forecasts for 2025 and 2026 are marginally stronger than they were in the prior forecast.

The freight volume outlook is stronger for 2024 and 2025 due in large part to an improved outlook for the industrial sector as well as a benchmark revision to that data, which also yielded stronger growth in our 2022 estimates.

Equipment Environment

- The long-term CV outlook remains very positive.
- Near-term, high inventories are a growing concern.

Improvements in the truck freight market, easing supply chain issues, and anticipated economic and industrial growth will drive improving demand for trucks and trailers over the next five years.

During this period, Class 8 and trailer are projected to remain below demand, likely increasing build rates in 2025 and beyond. The one exception is the modest EPA 2027 NOx overbuy forecast for Class 8 in 2026, which will push sales above expected demand for a limited period of time.

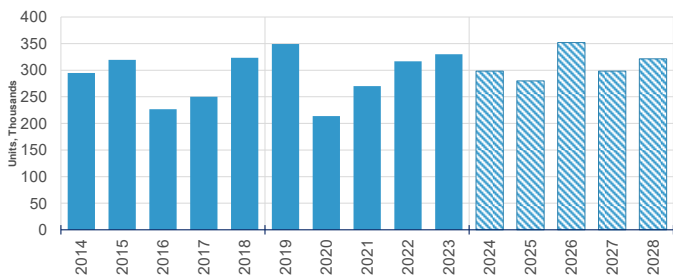
5-Year Outlook: Economic, Freight & CV Equipment Forecasts

Forecasts of key economic, freight, and equipment data

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<i>F = Forecast</i>						F	F	F	F	F
U.S. Economic & Freight Outlook										
Real GDP	2.5%	-2.2%	5.8%	1.9%	2.5%	2.4%	1.9%	2.2%	2.2%	2.2%
Goods Transportation Sector	1.7%	-2.8%	10.7%	3.1%	0.0%	2.5%	2.8%	2.8%	2.9%	3.0%
Industrial Production	-0.7%	-7.1%	4.4%	3.4%	0.2%	0.7%	1.4%	0.9%	1.0%	1.1%
Cl. 8 Truck Tonmiles	-0.8%	-4.0%	3.9%	2.3%	0.0%	1.3%	2.0%	1.7%	1.8%	1.8%
Cl. 8 Truck Loadings	0.4%	-4.1%	4.8%	2.5%	0.2%	1.6%	2.4%	1.9%	1.8%	1.7%
Cl. 8 Total Utilization (%)	87.1%	84.1%	90.5%	90.1%	87.3%	88.6%	90.1%	90.2%	90.3%	90.6%
Commercial Vehicle Outlook										
Class 8 - N.A. Factory Shipments	349,053	213,934	270,120	316,626	330,042	298,500	280,000	352,000	298,200	321,400
% Change, Y/Y	7.9%	-38.7%	26.3%	17.2%	4.2%	-9.6%	-6.2%	25.7%	-15.3%	7.8%
Class 4-7 - N.A. Factory Shipments	231,326	181,807	213,908	222,972	235,467	240,750	211,000	230,400	214,273	231,876
% Change, Y/Y	4.3%	-21.4%	17.7%	4.2%	5.6%	2.2%	-12.4%	9.2%	-7.0%	8.2%
MEMO: Class 4-5	82,069	81,456	101,621	93,777	91,671	105,000	90,000	92,000	95,000	100,000
MEMO: Class 6-7	149,257	100,351	112,287	129,195	143,796	135,750	121,000	138,400	119,273	131,876
Trailers - U.S. Production	329,769	209,987	271,335	309,059	314,208	233,500	270,000	296,300	302,000	305,000
% Change, Y/Y	3.9%	-36.3%	29.2%	13.9%	1.7%	-25.7%	15.6%	9.7%	1.9%	1.0%
MEMO: Total Vans (Dry+Ref.)	249,651	158,302	205,193	231,296	234,830	184,698	207,500	224,650	228,796	231,057
MEMO: Total Major Vocational	45,127	25,435	34,794	42,731	43,439	31,650	33,850	36,100	36,536	36,822
MEMO: Total Tanks (Liquid+Dry)	11,145	8,888	10,037	12,058	12,700	8,851	10,830	11,650	12,005	12,152

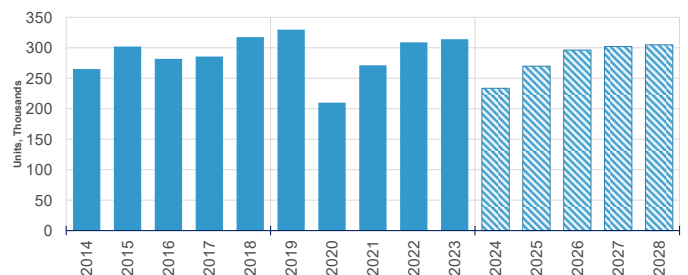
Source: BEA, Federal Reserve, Witte Econometrics, Wards Intelligence, OEM Market Indicators, FTR | Transportation Intelligence™; Copyright 2024, FTR

N.A. Class 8 Factory Shipments: Annual



History ties to Wards Intelligence and OEM Market Indicators
Source: Wards Intelligence, FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Trailer Production: Annual



History ties to OEM Market Indicators
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



Freight Outlook

FTR's forecast for total truck loadings in 2024 is an increase of 1.6% y/y, up from 1.1% previously. All equipment types saw at least some improvement.

Dry van

Dry van loadings are forecast to increase 2.4% y/y, up from 1.9% previously. The 2025 forecast is slightly stronger at 2.5% growth off the higher 2024 base.

Refrigerated

Refrigerated loadings are forecast to increase 2.7% y/y, up from 2.2% in the prior outlook. The 2025 forecast is unchanged at 3.4% growth y/y.

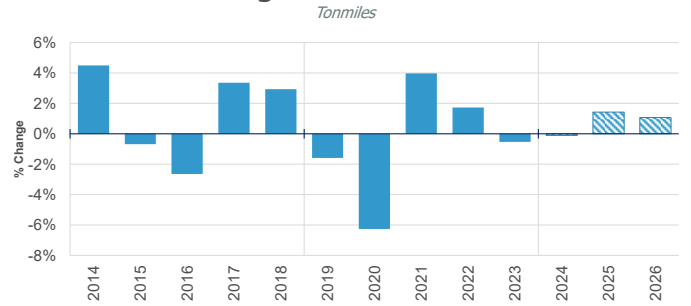
Flatbed

Flatbed loadings are forecast at a decrease of 0.5% y/y, up from a 0.9% decline previously. The 2025 forecast is 3.1% growth, up from 2.9%.

Other equipment types

- Specialized is forecast at 1.5% growth in 2024.
- Tank is forecast at 2.4% growth in 2024.
- Bulk/dump is forecast at 1.0% growth in 2024.

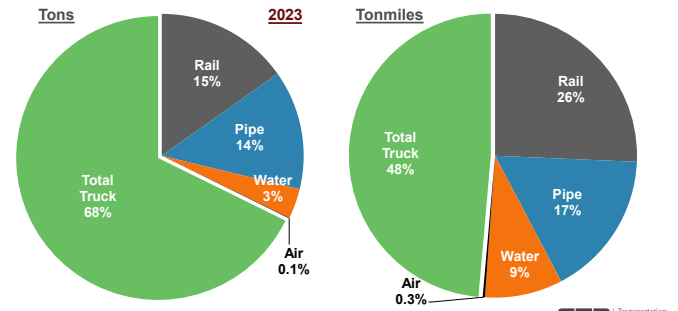
U.S. Freight Outlook: Annual



Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence

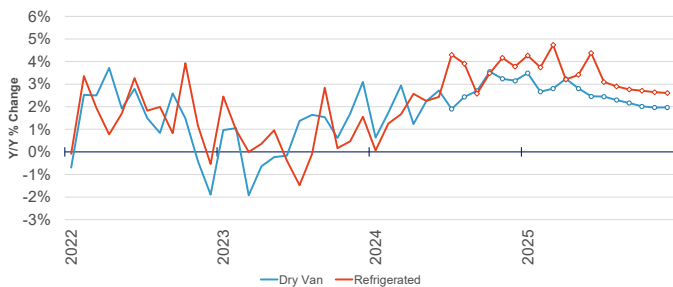
U.S. Freight: Modal Share



Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence

Freight Outlook: Dry & Refrigerated

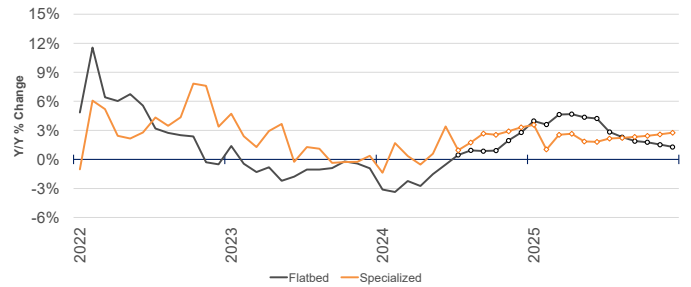


Data is seasonally adjusted

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence

Freight Outlook: Flatbed & Specialized

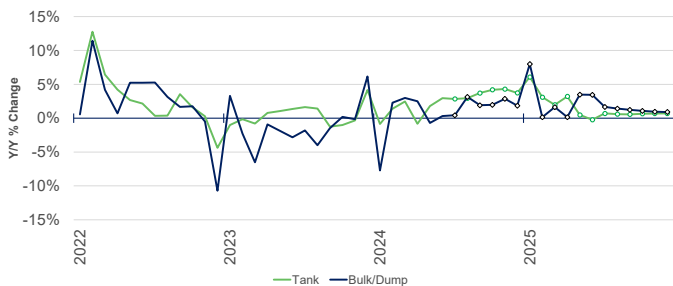


Data is seasonally adjusted

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence

Freight Outlook: Tank vs Bulk/Dump

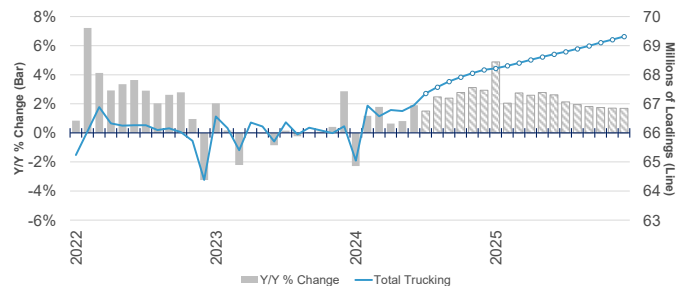


Data is seasonally adjusted

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence

Freight Outlook: Total Trucking



Data is seasonally adjusted

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

Forecast FTR Transportation Intelligence



U.S. Freight Outlook by Mode

Tonmiles (billions) & Tonnage (millions); Data is Seasonally Adjusted

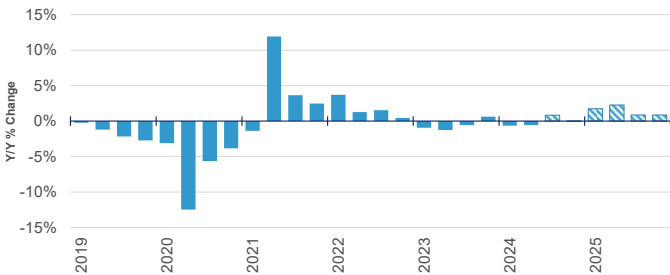
	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
F = Forecast			F	F	F	F	F	F		F	F	F
Total Tonmiles (All Modes)	1,333.4	1,330.7	1,351.8	1,355.0	1,356.5	1,360.8	1,363.5	1,366.6	5,376.5	5,370.9	5,447.3	5,505.8
% Change, Y/Y	-0.7%	-0.6%	0.8%	0.0%	1.7%	2.3%	0.9%	0.9%	-0.5%	-0.1%	1.4%	1.1%
Total Truck Tonmiles	652.9	659.6	665.5	670.1	671.6	674.4	676.8	679.5	2,614.6	2,648.0	2,702.2	2,746.8
% Change, Y/Y	-0.1%	0.7%	1.8%	2.7%	2.9%	2.3%	1.7%	1.4%	0.0%	1.3%	2.0%	1.7%
Short Haul ¹	86.0	85.8	86.8	87.1	87.2	87.4	87.6	87.8	352.2	345.7	349.9	353.0
Medium Haul ²	184.6	187.6	188.6	189.7	189.9	190.6	191.7	192.6	737.5	750.5	764.8	777.7
Long Haul ³	382.3	386.2	390.1	393.3	394.5	396.4	397.6	399.1	1,524.9	1,551.9	1,587.5	1,616.1
Total Rail Tonmiles	343.2	331.2	345.1	344.1	344.9	346.7	346.9	347.3	1,379.8	1,363.6	1,385.8	1,399.4
% Change, Y/Y	-1.0%	-2.1%	2.0%	-3.5%	0.5%	4.7%	0.5%	0.9%	-1.0%	-1.2%	1.6%	1.0%
Total Waterways Tonmiles	118.4	119.4	120.1	120.0	119.7	119.9	120.3	120.6	475.3	477.9	480.4	484.2
% Change, Y/Y	0.3%	1.0%	0.8%	0.1%	1.1%	0.5%	0.1%	0.5%	0.7%	0.5%	0.5%	0.8%
Total Pipeline Tonmiles	215.3	217.0	217.5	217.2	216.6	216.1	215.8	215.6	892.9	866.9	864.0	860.3
% Change, Y/Y	-2.3%	-3.0%	-3.9%	-2.4%	0.6%	-0.4%	-0.8%	-0.8%	-1.9%	-2.9%	-0.3%	-0.4%
Total Air Cargo Tonmiles	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	13.8	14.4	14.8	15.1
% Change, Y/Y	5.0%	3.9%	5.5%	2.4%	2.1%	3.7%	2.5%	2.3%	-0.9%	4.2%	2.7%	2.3%
Total Tonnage (All Modes)	5,252.1	5,273.8	5,337.6	5,352.4	5,359.0	5,369.3	5,383.8	5,399.5	21,241.7	21,215.9	21,511.5	21,756.1
% Change, Y/Y	-1.1%	-0.5%	0.4%	0.7%	2.0%	1.8%	0.9%	0.9%	-0.5%	-0.1%	1.4%	1.1%
Total Truck Tonnage	3,863.3	3,895.2	3,931.9	3,950.1	3,957.9	3,967.5	3,981.5	3,996.4	15,567.1	15,640.4	15,903.2	16,125.5
% Change, Y/Y	-1.0%	0.1%	1.0%	1.8%	2.4%	1.9%	1.3%	1.2%	-0.5%	0.5%	1.7%	1.4%
Short Haul ¹	1,873.9	1,882.1	1,901.8	1,910.7	1,913.7	1,917.4	1,921.9	1,926.9	7,639.6	7,568.4	7,679.8	7,755.6
Medium Haul ²	1,040.7	1,054.9	1,062.2	1,063.7	1,065.4	1,066.8	1,073.5	1,079.8	4,143.7	4,221.6	4,285.5	4,364.2
Long Haul ³	948.7	958.2	968.0	975.7	978.9	983.3	986.1	989.7	3,783.8	3,850.4	3,937.9	4,005.7
Total Rail Tonnage	435.0	415.8	433.7	431.9	432.6	434.3	434.3	434.2	1,782.6	1,716.4	1,735.3	1,747.9
% Change, Y/Y	-3.3%	-5.1%	-2.4%	-4.0%	-0.5%	4.4%	0.1%	0.5%	0.7%	-3.7%	1.1%	0.7%
Total Waterways Tonnage	195.1	195.7	198.6	198.3	198.0	198.3	198.9	199.4	788.8	787.7	794.6	801.3
% Change, Y/Y	-0.5%	-0.1%	0.3%	-0.2%	1.5%	1.4%	0.2%	0.5%	0.8%	-0.1%	0.9%	0.8%
Total Pipeline Tonnage	760.1	767.5	769.7	768.4	766.8	765.5	765.4	765.8	3,126.8	3,065.7	3,063.5	3,066.1
% Change, Y/Y	-1.3%	-1.9%	-2.8%	-1.8%	0.9%	-0.3%	-0.6%	-0.3%	-0.9%	-2.0%	-0.1%	0.1%
Total Air Cargo Tonnage	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.8	14.0	14.6	14.9	15.3
% Change, Y/Y	5.0%	3.9%	5.5%	2.4%	2.1%	3.7%	2.5%	2.3%	-0.9%	4.2%	2.7%	2.3%

¹ - Short Haul - Average Length of Haul less than 125 miles. Designated by Commodity at the 3-Digit level.
² - Medium Haul - Average Length of Haul between 125 and 299 miles. Designated by Commodity at the 3-Digit level.
³ - Long Haul - Average Length of Haul 300 miles and longer. Designated by Commodity at the 3-Digit level.

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Freight Outlook: Quarterly

Tonmiles

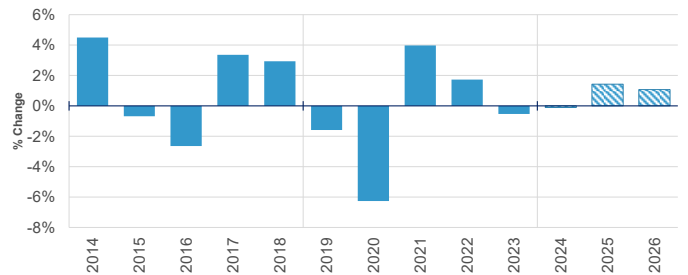


Data is seasonally adjusted
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Freight Outlook: Annual

Tonmiles



Source: FTR | Transportation Intelligence™; Copyright 2024, FTR





U.S. Truck Freight Outlook

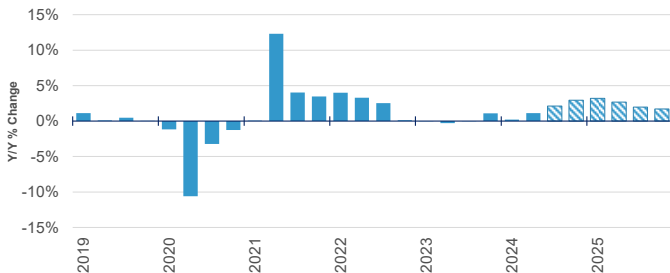
Tons/Tonmiles/Loadings/Productivity; Data is Seasonally Adjusted

	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
<i>F = Forecast</i>			F	F	F	F	F	F		F	F	F
Truck Tonnage (millions)												
Total Truck Tonnage	3,863.3	3,895.2	3,931.9	3,950.1	3,957.9	3,967.5	3,981.5	3,996.4	15,567.1	15,640.4	15,903.2	16,125.5
% Change, Y/Y	-1.0%	0.1%	1.0%	1.8%	2.4%	1.9%	1.3%	1.2%	-0.5%	0.5%	1.7%	1.4%
Class 8 Tractor/Trailer	2,440.4	2,458.8	2,481.2	2,490.4	2,494.9	2,501.1	2,510.3	2,520.5	9,849.7	9,870.8	10,026.8	10,170.9
Class 8 Straight Truck	1,000.0	1,010.4	1,020.6	1,027.6	1,029.7	1,032.1	1,034.9	1,037.6	4,034.7	4,058.7	4,134.3	4,183.9
Medium-Duty Straight Truck	422.9	426.0	430.1	432.0	433.2	434.3	436.2	438.2	1,682.7	1,711.0	1,742.0	1,770.7
Truck Tonmiles (billions)												
Total Truck Tonmiles	652.9	659.6	665.5	670.1	671.6	674.4	676.8	679.5	2,614.6	2,648.0	2,702.2	2,746.8
% Change, Y/Y	-0.1%	0.7%	1.8%	2.7%	2.9%	2.3%	1.7%	1.4%	0.0%	1.3%	2.0%	1.7%
Class 8 Tractor/Trailer	588.4	594.3	599.5	603.7	605.0	607.6	609.8	612.3	2,354.6	2,386.0	2,434.7	2,475.7
Class 8 Straight Truck	34.1	34.5	34.9	35.1	35.2	35.3	35.3	35.4	138.2	138.6	141.2	142.8
Medium-Duty Straight Truck	30.4	30.7	31.1	31.3	31.4	31.5	31.6	31.7	121.8	123.5	126.3	128.3
Class 8 Truck Loadings (millions)												
Total Class 8 Loadings	198.6	200.5	202.7	204.1	204.9	205.8	206.7	207.6	793.2	805.9	825.1	840.4
% Change, Y/Y	0.2%	1.1%	2.1%	2.9%	3.2%	2.7%	2.0%	1.7%	0.2%	1.6%	2.4%	1.9%
Class 8 Tractor/Trailer	163.7	165.3	167.1	168.3	169.0	169.8	170.6	171.4	653.0	664.5	680.9	694.5
Class 8 Straight Truck	34.8	35.2	35.6	35.8	35.9	36.0	36.1	36.2	140.2	141.3	144.2	145.9
Commercial Vehicle Productivity												
Class 8 Utilization (%)	87.1%	88.3%	89.2%	89.7%	89.7%	90.1%	90.3%	90.3%	87.3%	88.6%	90.1%	90.2%
Tonmiles per Active Vehicle	183,374	182,397	181,928	181,403	180,989	180,541	180,318	180,061	740,734	729,101	721,909	716,927
% Change, Y/Y	-0.9%	-1.3%	-2.1%	-1.9%	-1.3%	-1.0%	-0.9%	-0.7%	1.2%	-1.6%	-1.0%	-0.7%
Trailer Utilization (%)	81.8%	82.6%	83.3%	84.0%	83.9%	84.3%	84.4%	84.4%	82.3%	82.9%	84.3%	84.6%
Tonmiles per Active Trailer	154,608	154,648	154,433	154,053	153,843	153,568	153,550	153,488	621,293	617,742	614,449	612,544
% Change, Y/Y	-0.5%	-0.5%	-0.4%	-0.9%	-0.5%	-0.7%	-0.6%	-0.4%	-0.6%	-0.6%	-0.5%	-0.3%
Medium-Duty Utilization (%)	73.2%	72.9%	73.8%	74.3%	74.4%	74.5%	74.4%	74.3%	73.9%	73.6%	74.4%	74.1%
Tonmiles per Active Vehicle	10,474	10,629	10,585	10,512	10,502	10,507	10,544	10,559	41,939	42,200	42,112	42,304
% Change, Y/Y	-0.6%	1.8%	0.9%	0.4%	0.3%	-1.1%	-0.4%	0.4%	1.2%	0.6%	-0.2%	0.5%

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR

U.S. Truck Freight Outlook: Quarterly

Class 8 Loadings

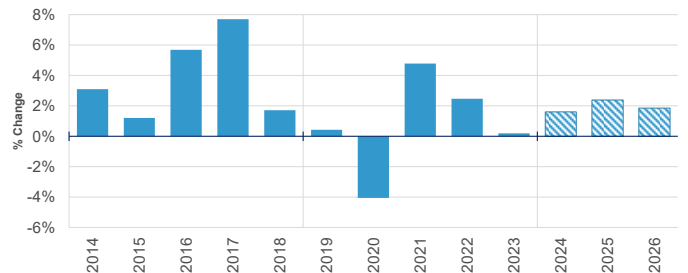


Data is seasonally adjusted
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



U.S. Truck Freight Outlook: Annual

Class 8 Loadings



Source: FTR | Transportation Intelligence™; Copyright 2024, FTR





U.S. Truck Freight Outlook: Commodity Groups & Trailer Types

Seasonally Adjusted (000,000s of Loadings Originated), Class 8 Vehicles

f = forecast	MONTH							QUARTER				
	Apr-24	May-24	Jun-24	Jul-24f	Aug-24f	Sep-24f	Oct-24f	Q1'24	Q2'24	Q3'24f	Q4'24f	Q1'25f
Total Truck Loadings	66.78	66.75	66.95	67.36	67.58	67.76	67.92	198.56	200.49	202.70	204.14	204.93
% Change, Y/Y	0.6%	0.8%	1.9%	1.5%	2.5%	2.4%	2.8%	-0.2%	-1.1%	-2.1%	-2.9%	-3.1%
Active Truck Utilization Rate (%) ²	89.9%	90.7%	91.3%	91.9%	92.4%	92.9%	93.4%	89.3%	90.6%	92.4%	93.7%	94.6%
Commodity Groups												
Food & Kindred Products	9.96	10.08	10.14	10.15	10.19	10.22	10.25	29.93	30.18	30.56	30.84	31.06
Stone, Clay, Glass & Concrete	5.69	5.64	5.69	5.78	5.83	5.86	5.88	17.12	17.03	17.47	17.72	17.95
Nonmetallic Minerals, Except Fuels	10.32	9.69	9.69	9.97	10.00	10.04	10.08	29.31	29.71	30.01	30.29	30.36
Chemicals & Allied Products	2.94	3.01	3.05	3.01	3.01	3.01	3.01	8.61	9.00	9.03	9.02	9.02
Transportation Equipment	5.76	5.82	5.86	5.75	5.75	5.76	5.83	17.01	17.44	17.26	17.51	17.35
All Other	32.11	32.50	32.51	32.69	32.80	32.87	32.88	96.58	97.13	98.36	98.77	99.19
Trailer Types												
Dry Van	21.53	21.66	21.77	21.79	21.86	21.93	22.01	64.52	64.96	65.59	66.17	66.45
Reefer Van	4.61	4.61	4.58	4.64	4.66	4.68	4.69	13.62	13.80	13.98	14.10	14.20
Flatbed	7.63	7.66	7.67	7.78	7.82	7.86	7.87	22.96	22.95	23.46	23.69	23.89
Specialized	10.43	10.54	10.58	10.58	10.60	10.62	10.64	31.25	31.55	31.80	31.96	31.99
Tank	6.96	7.15	7.20	7.14	7.15	7.16	7.16	20.75	21.31	21.45	21.49	21.52
Bulk/Dump *	15.62	15.14	15.15	15.43	15.48	15.52	15.56	45.44	45.91	46.43	46.75	46.87
Y/Y % Change ¹												
Commodity Groups												
Food & Kindred Products	-0.5%	2.2%	2.5%	3.2%	3.7%	3.7%	3.7%	-0.5%	-1.4%	-3.4%	-3.8%	-3.6%
Stone, Clay, Glass & Concrete	-6.0%	-6.3%	-3.7%	-2.5%	-2.1%	-1.2%	-1.7%	9.0%	5.6%	2.0%	-0.2%	-4.6%
Nonmetallic Minerals, Except Fuels	4.7%	-2.1%	-1.3%	-0.1%	3.9%	2.5%	2.4%	1.6%	-0.4%	-2.0%	-2.8%	-3.4%
Chemicals & Allied Products	0.1%	3.0%	3.2%	2.7%	1.3%	3.6%	5.2%	1.2%	-2.1%	-2.5%	-4.9%	-4.6%
Transportation Equipment	0.4%	0.6%	2.4%	-0.1%	1.6%	2.4%	7.1%	-3.0%	-1.1%	-1.3%	-4.2%	-2.0%
All Other	1.1%	2.5%	3.5%	2.4%	2.8%	2.5%	2.5%	-1.9%	-2.3%	-2.5%	-2.7%	-2.6%
Trailer Types												
Dry Van	1.2%	2.2%	2.7%	1.9%	2.4%	2.7%	3.6%	-1.7%	-2.0%	-2.3%	-3.2%	-2.9%
Reefer Van	2.6%	2.3%	2.4%	4.3%	3.9%	2.6%	3.5%	-1.0%	-2.4%	-3.5%	-3.7%	-4.1%
Flatbed	-2.7%	-1.5%	-0.5%	0.5%	0.9%	0.9%	0.9%	3.0%	1.6%	-0.7%	-1.8%	-3.9%
Specialized	-0.5%	0.6%	3.4%	0.9%	1.7%	2.7%	2.5%	-0.2%	-1.1%	-1.8%	-2.8%	-2.3%
Tank	-0.8%	1.8%	2.9%	2.8%	3.0%	3.7%	4.2%	-1.0%	-1.3%	-3.1%	-3.9%	-3.6%
Bulk/Dump *	2.5%	-0.7%	0.3%	0.4%	3.2%	1.9%	2.0%	0.9%	-0.7%	-1.8%	-2.2%	-3.0%

Annual Data

f = forecast	2023	2024f	2025f	2026f	2022	2023	2024f	2025f	2026f
Total Truck Loadings	793.19	805.88	825.06	840.37	2.5%	0.2%	1.6%	2.4%	1.9%
Active Truck Utilization Rate (%) ²	89.2%	91.5%	95.2%	96.1%					
Commodity Groups									
Food & Kindred Products	118.72	121.51	125.10	127.47	2.2%	-0.2%	2.3%	3.0%	1.9%
Stone, Clay, Glass & Concrete	72.16	69.34	72.05	72.61	6.6%	-1.8%	-3.9%	3.9%	0.8%
Nonmetallic Minerals, Except Fuels	118.20	119.32	121.90	123.45	3.2%	-1.5%	0.9%	2.2%	1.3%
Chemicals & Allied Products	34.90	35.65	36.03	35.99	4.4%	2.0%	2.2%	1.0%	-0.1%
Transportation Equipment	67.57	69.22	70.49	73.78	4.1%	7.3%	2.4%	1.8%	4.7%
Other	381.64	390.84	399.50	407.07	1.2%	-0.1%	2.4%	2.2%	1.9%
Trailer Types									
Dry Van	255.18	261.24	267.83	274.08	1.4%	0.7%	2.4%	2.5%	2.3%
Reefer Van	54.04	55.50	57.37	58.74	1.7%	0.6%	2.7%	3.4%	2.4%
Flatbed	93.51	93.06	95.92	96.79	4.2%	-0.8%	-0.5%	3.1%	0.9%
Specialized	124.68	126.56	129.51	133.46	4.0%	1.4%	1.5%	2.3%	3.1%
Tank	83.01	84.99	86.28	87.05	2.8%	0.5%	2.4%	1.5%	0.9%
Bulk/Dump *	182.78	184.53	188.16	190.25	2.2%	-1.1%	1.0%	2.0%	1.1%

Preliminary Data: Based on economic data and subject to revision. f = forecast

* - Straight Truck Loadings are included under the Bulk/Dump trailer types category.

¹ - Y/Y % Change: Current period vs. year-ago period.

² - Utilization Rate: Trucks in use as a percentage of trucks actively competing for freight.

Source: FTR | Transportation Intelligence™; Copyright 2024, FTR



Summary

- Commercial auto premium costs ease a bit in June.
- Trucking wages decline in May.
- Diesel prices return to downward trend.
- Trucking jobs mostly stable in June after May drop.
- Active utilization looks a bit stronger later this year.
- Stronger spot rates soften 2024 truckload rate deficit.
- Used truck pricing decreases shallow for newer units.

Carrier Costs

The steady rise in the commercial auto insurance premium Producer Price Index took at least a break in June as the PPI declined 0.3% m/m and eased to 2.4% y/y from 3.0% y/y in May. The small m/m decrease in June was the first of any size since March 2023.

The PPI probably reflects the directional change in truckers' premiums but likely understates the scope of the gains as it includes a large number of light-duty vehicles, including rental car fleets.

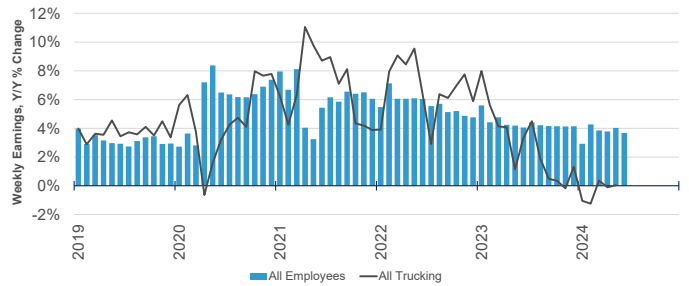
Average weekly earnings for trucking employees declined 0.4% m/m, seasonally adjusted, in May. Earnings were up 2.6% y/y. Wages were basically flat m/m in LTL but were down 0.4% in long-distance specialized trucking and down 1.2% in general freight truckload.

Diesel Prices

Diesel prices recently began to ease after a four-week run-up in late June and early July totaling about 21 cents. Even with the recent upturn, variability appears to be narrowing as prices settle into a range that is comparable to the early 2010s. FTR forecasts modest price increases during 2024 to a little over \$4 a gallon during most of 2025.

Prices recently had been running close to last year's levels, but a surge that started in mid-July 2023 means that diesel prices are notably lower y/y now.

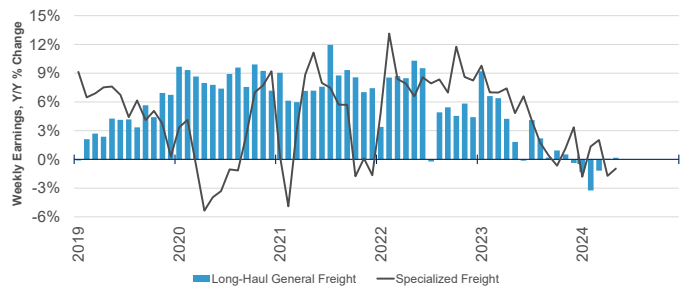
Weekly Earnings: Total vs Trucking



Source: BLS, FTR | Transportation Intelligence™; Copyright 2024, FTR



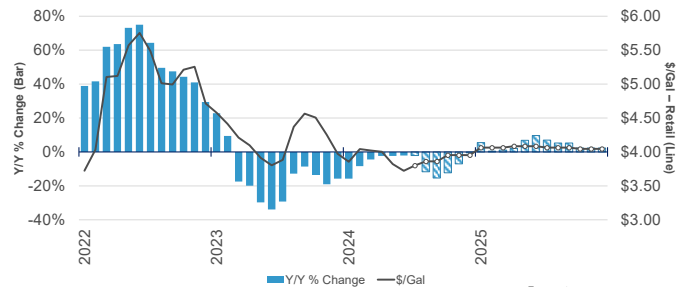
Weekly Earnings: Long-Haul TL vs Special



Source: BLS, FTR | Transportation Intelligence™; Copyright 2024, FTR



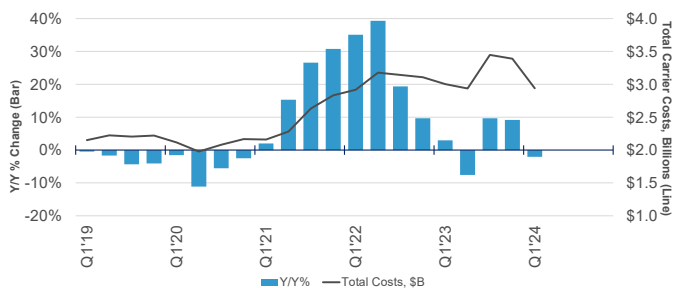
Diesel Price Outlook



Source: EIA, FTR | Transportation Intelligence™; Copyright 2024, FTR



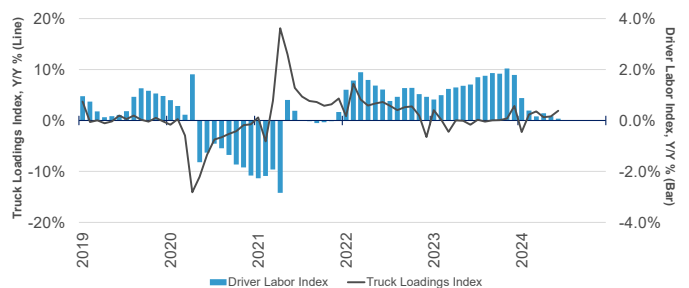
TL Carriers: Total Costs



Source: SEC Filings, Company Reports, FTR | Transportation Intelligence™; Copyright 2024, FTR



Driver Supply Vs. Truck Demand



Data is seasonally adjusted
Source: FTR | Transportation Intelligence™; Copyright 2024, FTR





Driver Hiring

For-hire trucking's payroll employment barely changed in June at down just 100 jobs, seasonally adjusted, although April and May estimates were downwardly revised by 1,400 jobs. Employment is down 1.9% y/y. However, if job levels were to hold steady through August they would be basically flat y/y due mostly to Yellow's exit.

More granular data available only through May shows a loss of 1,700 jobs m/m in general freight truckload, which is down 10,400 jobs, or 1.9%, y/y.

Utilization & Capacity

Stronger truck loadings yield modestly stronger active truck utilization through 2025 – especially later this year and early next. Our forecast anticipates active utilization exceeding the 10-year average of 92% this summer and hitting 95% by the second quarter of next year.

An annual benchmark revision of Federal Reserve industrial production data yielded very small and largely inconsequential changes in active utilization estimates for 2022 through 2024 YTD.

Fewer for-hire trucking firms exited the market on a net basis in the second quarter as the number of new carriers entering was higher and the number of carriers losing authority declined. The net decrease of 2,821 carriers was the smallest during the current downturn.

Trucking Rates

The 2024 forecast for total truckload rates firmed for the second straight month but remains negative at down 1.5% y/y. The forecast for contract rates was essentially unchanged at down 3.1%, but the spot forecast increased notably to +1.9% y/y from +0.3% previously. The total rate forecast for 2025 is +5.1%, up from +3.5%.

The LTL rate forecast for 2024 is unchanged at +1.8% from 2023. The 2025 forecast improved to +2.9% y/y from +1.6% in the prior outlook.

J.D. Power Used Truck Market Summary

The average sleeper tractor retailed in June was 68 months old, had 443,999 miles, and brought \$56,134, J.D. Power Valuation Services said. Compared with May, this average sleeper was three months newer, had 5,655 (1.3%) more miles, and brought \$3,626 (6.1%) less money. Compared with June 2023, this average sleeper was six months newer, had 16,161 (3.5%) fewer miles, and brought \$12,464 (18.2%) less money.

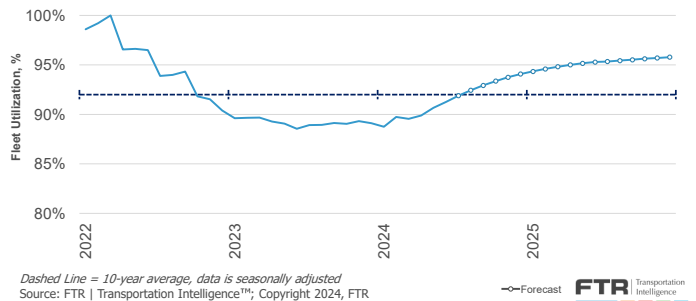
For more information visit:

<https://www.jdpowervalues.com/commercial-truck-blog>

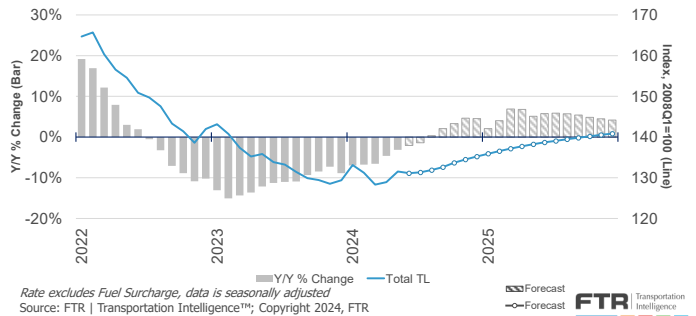
Source: J.D. Power Valuation Services [includes graph at right]

Active Truck Utilization Outlook

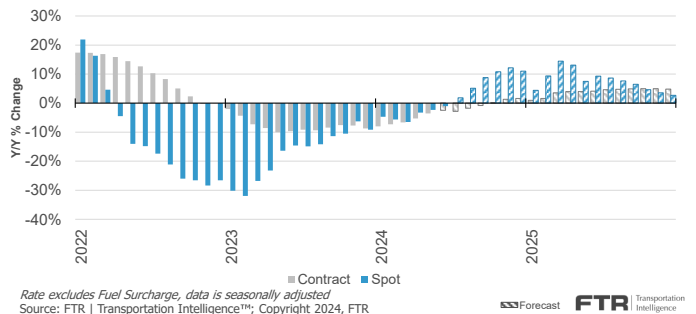
Share of seated trucks actively engaged in freight hauling



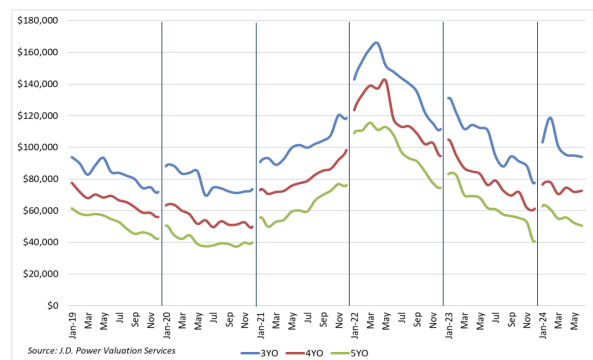
Rate Outlook: Total TL



Truckload Rates: Spot vs Contract



Average Retail Selling Price: 3- to 5-Year-Old Sleeper Tractors, Adjusted for Mileage (Nominal Numbers)





Summary

The U.S. economy as measured by the Gross Domestic Product (GDP) grew at an annualized rate of 2.8% in the second quarter, according to the initial estimate from the Bureau of Economic Analysis. Growth was double that in the first quarter and nearly a point stronger than FTR's forecast. Industrial production also was strong in Q2, rising 4.3% annualized – the highest growth rate since 2021Q4.

Indicators in June specifically were nearly uniformly positive with home sales the big exception. Even flat retail sales were stronger than they appeared because sales figures were depressed by lower prices. The labor market was notably cooler, but that development is complicated as it could yield an acceleration in interest rate cuts.

Consumer

Retail and food service sales were flat in current dollars in June, but a decline in prices for commodities means that sales ticked up when adjusted for inflation. Real retail trade sales were up 0.3% m/m and 2.3% y/y.

Real consumer spending ticked up 0.2% m/m, seasonally adjusted, with growth in services and goods participating in the gain equally. Consumer spending was up 2.6% y/y, which is the same as May's comparison.

Manufacturing

The Institute for Supply Management's manufacturing index dipped in June, declining two-tenths of a point to 48.5% for the third month back in contraction territory after a single month in slight expansion territory in March. The production component declined 1.7 points to 48.5%. The new orders component rose 3.9 points to 49.3%.

Manufacturing production rose 0.4% m/m in June following an upwardly revised 1.0% gain in May. Output was up 1.1% y/y, matching the comparisons in January and December 2023. One major contributor was record production of motor vehicles and parts.

Residential Construction

Housing starts increased a modest 3.0% m/m, seasonally adjusted, in June following an upward revision of May's preliminary estimate. Starts were down 4.4% y/y and 12% below the pre-pandemic month of February 2020. Multi-family starts jumped 22% but were still down 23.4% y/y. Single-family starts declined 2.2% but were up 5.4% y/y.

Home sales declined in June, especially existing single-family homes, which saw sales fall 5.1% – the largest m/m decrease since November 2022. Existing-home sales were down 4.3% y/y. Sales of new single-family homes dipped 0.6% m/m and were down 7.4% y/y.

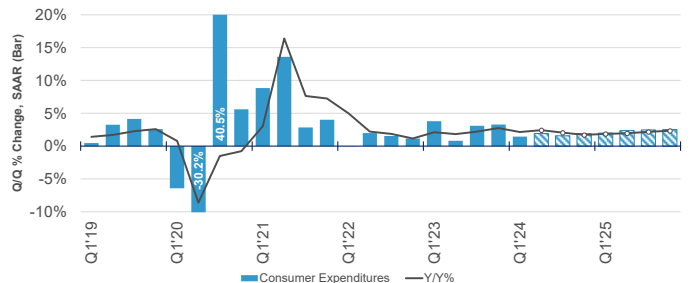
U.S. Economic Outlook Overview

Q/Q % Change, SAAR	Q1'24	Q2'24f	2024f	2025f
Real Gross Domestic Product (GDP)	1.4%	1.9%	2.4%	1.9%
Industrial Production (IP)	-2.1%	4.3%	0.7%	1.4%
Goods Transport Sector (GTS)	0.7%	3.7%	2.5%	2.8%

f = forecast

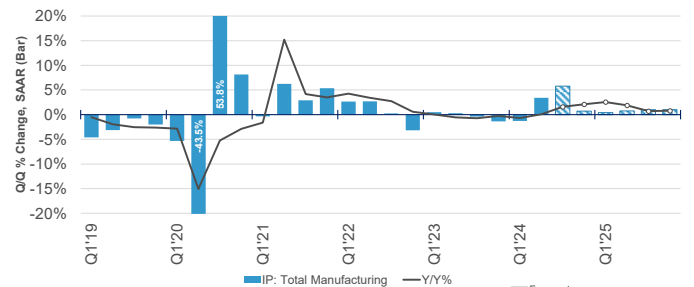
Source: Witte Econometrics, FTR; Copyright 2024, FTR

GDP: Consumer Expenditures



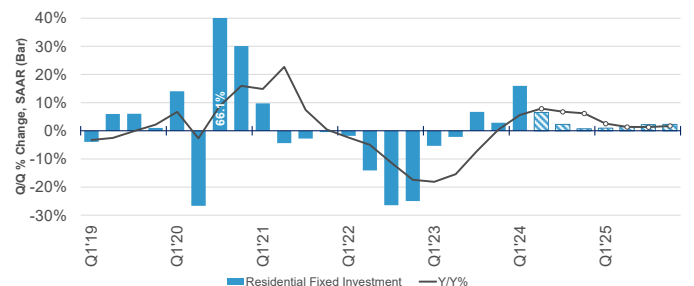
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Source: BEA, Witte Econometrics, FTR | Transportation Intelligence™

IP Outlook: Manufacturing



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Source: Federal Reserve, Witte Econometrics, FTR | Transportation Intelligence™

GDP: Residential Investment



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Source: BEA, Witte Econometrics, FTR | Transportation Intelligence™



Automotive

Motor vehicles and parts production in June basically matched the seasonally adjusted record set in July 2023. Output rose 1.6% m/m and was up 4.2% y/y.

However, a key factor in June's relative strength was the Federal Reserve's annual benchmark revision of industrial production data. The revision resulted in minor changes going back several years, but downward revisions were more significant starting in April of last year.

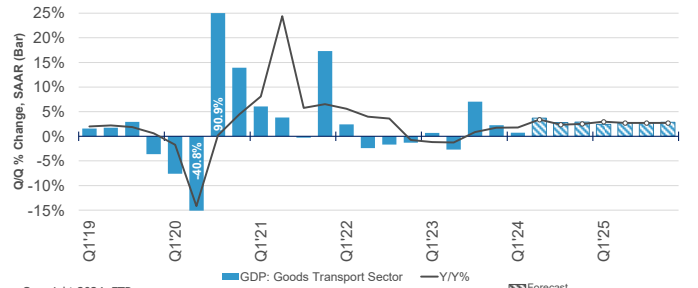
Sales of automobiles and light trucks fell 4% m/m to an annualized rate of 15.29 million in June, but at least some of that decline clearly is not organic. According to media reports, cyberattacks against a major supplier of software to auto dealers crippled thousands of dealer operations from June 19 through the beginning of July.

The retail automotive inventories/sales ratio in June ticked up to 2.0 – the highest since April 2020 but still leaner than typical between 2014 and the pandemic.

International trade

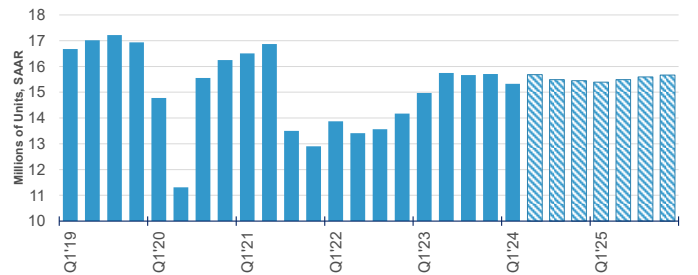
The nominal U.S. trade deficit edged up to \$75.1 billion in May while the nominal goods deficit increased slightly to \$100.2 billion. Goods exports decreased 1.7% m/m, while goods imports were down 0.8%. The May trade deficit with Mexico was the highest on record.

GDP: Goods Transport Sector



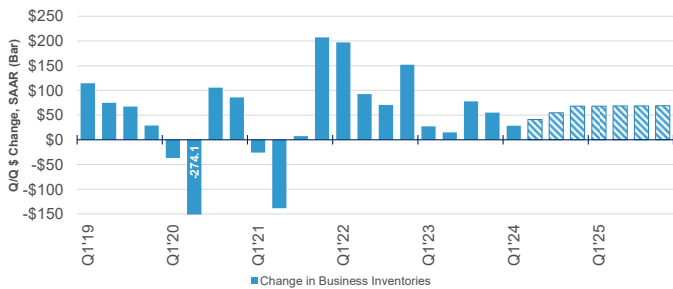
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Auto Sales Outlook



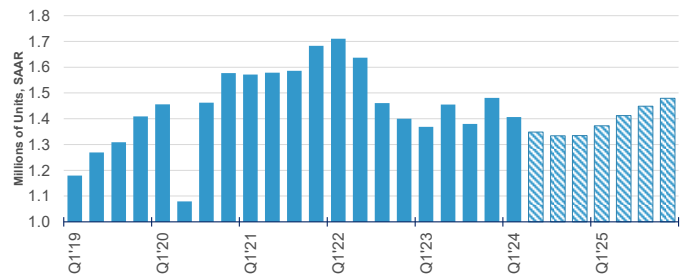
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GDP: Business Inventories



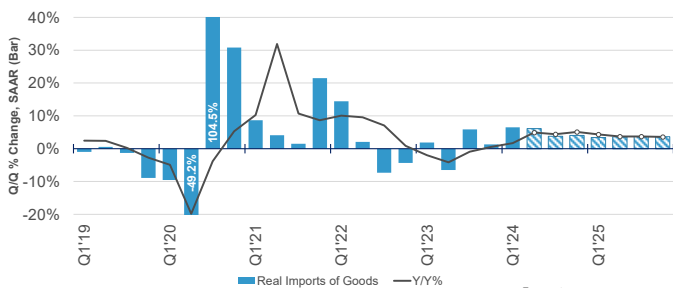
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Housing Starts Outlook



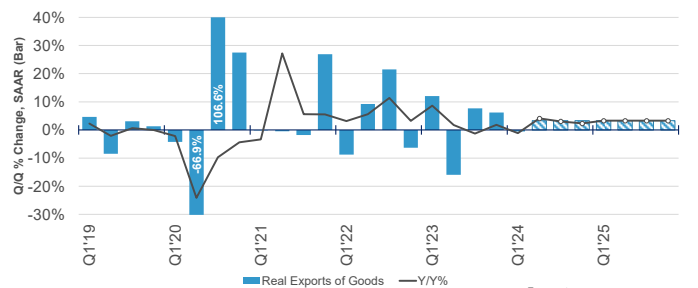
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GDP: Imports of Goods



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GDP: Exports of Goods



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Monthly Business & Economic Highlights

June's Economic Environment

Looking at a broad scope of economic indicators would lead us to anticipate slower GDP growth than we are currently seeing.

	Mar	Apr	May	Jun	Impact	Y/Y Chg.	Comments
INDUSTRIAL PRODUCTION							
Total Industrial Production	-0.2%	0.0%	0.9%	0.6%	▲	1.6%	Revised industrial data doesn't change the topline view, but makes notable changes to some subcategories. Overall, the result for Q2 was quite positive.
Total Manufacturing	0.2%	-0.5%	1.0%	0.4%	▲	1.1%	
Automobile and Light Duty Motor Vehicle Production	2.7%	-0.5%	0.2%	3.0%	▲	8.0%	
BUSINESS INDICATORS							
Unemployment Rate	3.8%	3.9%	4.0%	4.1%	●	50 bp	Employment continues on its slow path towards stable, but lower, payroll growth. Other business indicators remain a mixed bag, but producer pricing has been coming down steadily.
Job Creation (Payroll Employment)	310k	108k	218k	206k	▲	2,611k	
ISM Manufacturing Index	50.3	49.2	49.2	48.5	▼	250 bp	
CONSUMER INDICATORS							
Consumer Confidence (Conference Board)	103.1	97.5	101.3	100.4	●	-9.7 pts	Retail activity remains muted, but we actually saw a decline in inflation during June. Housing activity remains muted and is unlikely to move upwards until mortgage rates begin to fall.
Housing Starts	-16.0%	6.0%	-4.6%	3.0%	●	-4.4%	
Retail Sales	0.5%	-0.2%	0.3%	0.0%	●	2.3%	
Consumer Price Index	0.4%	0.3%	0.0%	-0.1%	▲	3.0%	
OIL AND FUEL							
National Avg. Diesel/Gal.	\$4.022	\$4.002	\$3.822	\$3.722	▲	-2.1%	Diesel prices have settled at a level that is below \$4/gal. Crude oil prices have also been steady over the last few months.
W. Texas Int. Crude Oil (\$Bbl.)	\$81.28	\$85.35	\$80.02	\$79.77	●	13.6%	

Impacts: ▲ = Positive / ▼ = Negative / ● = Neutral

Source: Federal Reserve, BLS, ISM, Conference Board, Census Bureau, EIA, FTR | Transportation Intelligence™; Copyright 2024, FTR

Employment

The U.S. added 206,000 payroll jobs m/m, seasonally adjusted, in June, according to preliminary data from the Bureau of Labor Statistics. BLS revised earlier estimates of April and May employment downward by a net of 111,000 jobs. The 532,000 jobs added in the second quarter is the fewest for a quarter during the post-lockdown recovery period.

The unemployment rate ticked up to 4.1% for the highest reading since the same rate in November 2021. The rate is still mild relative to history; the average during the period of 2015 through 2019 was 4.4%. Labor participation rates ticked up to 62.6%. Job openings changed little in June at 8.2 million – the second lowest level since February 2021.

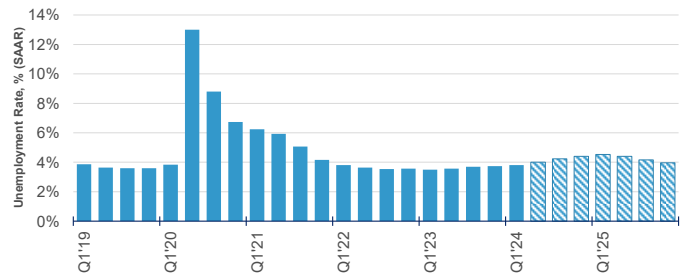
Forecast Risks

With GDP and industrial production coming in stronger than expected in Q2, our current forecasts arguably are too conservative. However, volatility introduces both upside and downside risks. Also, a low savings rate and softer job growth could cut into consumer spending.

On the other hand, interest rates are clear headwinds for both the housing market and business investment, so milder inflation and a cooler labor market might yield near-term rate cuts, which could spark strong gains.

See page 22 for detailed economic outlook...

Unemployment Rate Outlook



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Source: BEA, Witte Econometrics, FTR | Transportation Intelligence™

SSS Forecast FTR | Transportation Intelligence

U.S. Economic Outlook Probabilities

GDP Forecast Confidence Levels

	Next 4 Quarters		Following 2 Years	
	GDP Range	Probability	GDP Range	Probability
Faster Growth	>2.5%	20%	>3.0%	20%
Base Forecast	2.0%	55%	2.0%	50%
Slower Growth	<1.5%	25%	<1.0%	30%

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U.S. Economic & Industrial Outlook

Forecasts of key economic data

	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
F = Forecast		F	F	F	F	F	F	F		F	F	F
Gross Domestic Product (SAAR)												
Real GDP	1.4%	1.9%	1.8%	1.9%	1.8%	2.1%	2.1%	2.2%	2.5%	2.4%	1.9%	2.2%
Consumer Expenditures	1.5%	1.9%	1.6%	1.9%	2.0%	2.4%	2.5%	2.5%	2.2%	2.1%	2.1%	2.5%
Residential Fixed Investment	16.0%	6.5%	2.2%	0.7%	0.9%	1.5%	2.2%	2.3%	-10.6%	6.6%	1.7%	2.2%
Business Investment, Structures	3.4%	1.8%	1.3%	1.1%	1.2%	1.2%	1.2%	1.1%	13.2%	5.7%	1.2%	1.1%
Business Investment, Equipment	1.6%	1.9%	1.6%	2.1%	2.3%	2.8%	3.1%	3.3%	-0.3%	0.8%	2.4%	3.4%
Change-Business Inventories	28.6	41.2	54.6	68.0	68.0	68.3	68.7	69.0	43.7	48.1	68.5	69.9
Real Exports of Goods	-0.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	2.6%	2.1%	3.3%	3.3%
Real Imports of Goods	6.5%	6.1%	3.8%	4.0%	3.4%	3.6%	3.7%	3.7%	-1.6%	4.0%	3.8%	3.5%
Goods Transport Sector	0.7%	3.7%	2.8%	2.9%	2.4%	2.7%	2.8%	2.8%	0.0%	2.5%	2.8%	2.8%
CPI Index	3.8%	4.0%	3.6%	3.2%	3.0%	2.8%	2.7%	2.6%	4.1%	3.5%	3.1%	2.5%
Housing Starts - Millions (SAAR)												
Housing Starts - Millions (SAAR)	1.41	1.35	1.33	1.33	1.37	1.41	1.45	1.48	1.42	1.36	1.43	1.55
% Change (SAAR)	-18.5%	-15.7%	-4.1%	0.2%	11.7%	12.2%	10.8%	8.6%	-8.4%	-4.6%	5.3%	8.4%
Auto Sales - Millions (SAAR)	15.3	15.7	15.5	15.4	15.4	15.5	15.6	15.7	15.5	15.5	15.5	15.7
3 Month T-Bill Rate, %	5.5%	5.5%	5.5%	5.2%	4.7%	4.3%	3.8%	3.4%	5.3%	5.4%	4.1%	3.1%
Moody AAA Bonds, %	5.0%	5.2%	5.3%	5.4%	5.4%	5.4%	5.4%	5.4%	4.8%	5.2%	5.4%	5.4%
Unemployment Rate, %	3.8%	4.0%	4.2%	4.4%	4.5%	4.4%	4.2%	4.0%	3.6%	4.1%	4.3%	3.7%
Federal Surplus, \$ (SAAR)	-\$1,580	-\$1,598	-\$1,656	-\$1,686	-\$1,678	-\$1,626	-\$1,549	-\$1,511	-\$1,664	-\$1,630	-\$1,591	-\$1,456

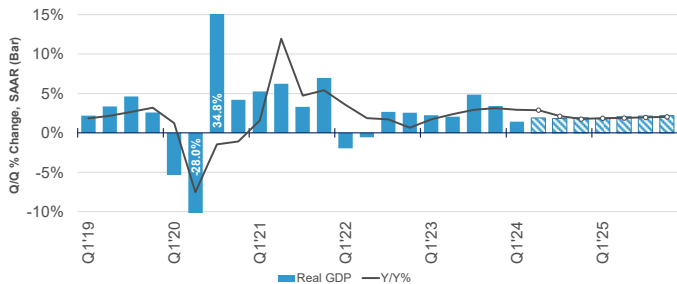
	2024				2025				Annual			
	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	2023	2024	2025	2026
F = Forecast			F	F	F	F	F	F		F	F	F
Industrial Production (SAAR)												
Total IP	-2.1%	4.3%	4.9%	0.5%	0.4%	0.7%	0.9%	0.9%	0.2%	0.7%	1.4%	0.9%
Manufacturing, Total	-1.3%	3.4%	5.8%	0.7%	0.4%	0.8%	1.0%	1.0%	-0.4%	0.8%	1.5%	1.0%
Manufacturing, Non-Durables	-2.3%	4.6%	4.4%	0.7%	0.2%	0.3%	0.7%	0.9%	-0.9%	0.8%	1.2%	0.8%
Food	-4.2%	1.3%	2.8%	1.8%	0.9%	0.8%	0.9%	0.9%	-1.5%	-0.9%	1.3%	1.0%
Chemicals	-3.0%	9.5%	6.5%	2.0%	0.7%	0.6%	0.8%	0.9%	1.5%	1.6%	2.2%	1.0%
Petroleum Products	-2.2%	3.3%	1.2%	-5.3%	-1.4%	-0.7%	1.7%	2.4%	0.5%	1.3%	-0.8%	1.6%
Manufacturing, Durables	-0.3%	2.2%	7.1%	0.8%	0.6%	1.2%	1.2%	1.1%	0.2%	0.8%	1.7%	1.1%
Clay & Glass	-13.2%	-3.9%	5.3%	0.1%	-0.7%	-0.5%	0.2%	0.5%	-1.5%	-4.9%	0.2%	0.4%
Fabricated Metal	2.6%	-2.2%	3.7%	2.0%	0.4%	0.8%	0.8%	0.4%	-0.8%	0.3%	1.1%	0.3%
Lumber & Wood	-5.9%	3.7%	3.4%	1.1%	-0.3%	0.5%	0.6%	0.3%	-5.7%	-0.3%	1.0%	0.3%
Mining	-5.6%	3.4%	2.3%	0.4%	-1.0%	-0.1%	0.5%	0.5%	4.8%	-0.4%	0.4%	0.5%
Utilities	-3.0%	12.0%	2.1%	-0.9%	2.6%	1.8%	0.7%	1.4%	-1.9%	2.3%	2.0%	1.4%

Q/Q % Change, SAAR // F = Forecast

SAAR is Seasonally Adjusted Annual Rates or Seasonally Adjusted Quarter to Quarter Changes at Annual Rates.

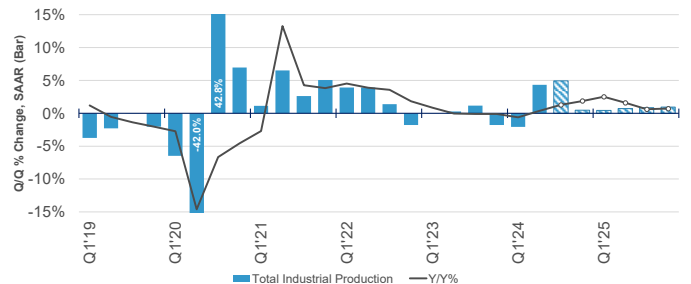
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Real GDP Outlook



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Source: BEA, Witte Econometrics, FTR | Transportation Intelligence™

Industrial Production Outlook



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Source: Federal Reserve, Witte Econometrics, FTR | Transportation Intelligence™



EPA 2027 overbuy: steering through the NOx regulations ***Our view on the 2026 overbuy for Classes 6-8 trucks/tractors.***

The upcoming implementation of the U.S. Environmental Protection Agency (EPA) 2027 nitrogen oxides (NOx) regulations is anticipated to create potential market shifts within the trucking industry, affecting Class 8 and Classes 6-7 tractors and straight trucks in particular.

FTR's analysis, grounded in historical data and economically derived demand (EDD), provides a view of the potential overbuy (aka pre-buy) scenarios and market impacts. This commentary offers an examination of the forecasts and the factors influencing them.

Historical context and methodology

FTR employs EDD analysis to evaluate market conditions and accurately predict equipment demand. EDD considers overall economic conditions and the freight market to better understand the pressures for adding, replacing, or scrapping equipment. This analytical methodology is highly effective for understanding buyer behavior, serving as a leading indicator.

Historically, significant overbuy periods have coincided with major regulatory changes. Over the past 20 years, two key periods influenced overbuy activity: the 2004 EPA mandate, implemented in late 2002, and the 2007 EPA mandate, which took effect on January 1, 2007.

For Class 8, the 2002 implementation saw an overbuy peak of 9,000 units (after normalizing for typical behavior) over three months, contrary to larger industry estimates. During EPA 2007, a Class 8 overbuy began in 2006Q2, peaking at 77,000 units by early 2007, significantly disrupting the market. This disruption along with a housing slowdown and other economic weakness led to a sharp decline in demand during the Great Recession.

Class 8 factory shipment forecast

FTR forecasts a moderate overbuy of 23,800 (25,000 including 1,200 overbuy units in 2027Q1) Class 8 units in 2026 ahead of the EPA 2027 NOx regulations. The overbuy forecast for Class 8 trucks is driven primarily by the anticipated cost increases

associated with the new emissions regulations. Exact EPA 2027 cost increases are difficult to pin down yet, but some press articles have noted a potential 10% to 12% increase, which include additional hardware needed to meet NOx compliance as well as mandated longer regulatory useful life and emissions-related warranty periods.

In contrast to the EPA 2007 Class 8 overbuy, the scale of the EPA 2027 Class 8 overbuy is expected to be moderated by ongoing production constraints. Labor shortages and supply chain disruptions are significant potential factors limiting the industry's ability to ramp up production. These constraints are expected to cap the total overbuy at 25,000 units, despite potentially higher demand.

In total, FTR projects North American Class 8 factory shipments to reach 352,000 units in 2026, including the anticipated overbuy of 23,800 units. This overbuy is projected to begin in 2026Q2 and end in 2027Q1, followed by a negative impact on production through 2028Q2 as the market undergoes a payback period. The base forecast is rooted in EDD, which already indicated high demand levels for 2026.

FTR's forecast for Class 8 trucks are as follows:

North America Class 8 Factory Shipments Forecast			
		Included EPA 27	
	Base Forecast	Overbuy Units	Current Forecast
2024	298,500	0	298,500
2025	280,000	0	280,000
2026	328,200	23,800	352,000
2027	315,900	(17,700)	298,200
2028	327,500	(6,100)	321,400

Classes 6-7 factory shipment forecast

For Classes 6-7 trucks, FTR projects a smaller overbuy of around 12,000 units. The drivers of this forecast are akin to those for Class 8, emphasizing cost avoidance and production limitations. However, the smaller scale of the overbuy compared to Class

(Continued on page 24)



(Continued from page 23)

Class 8 trucks reflects the different market dynamics/size and fleet management strategies within the Classes 6-7 segment.

In total, FTR forecasts North American Classes 6-7 factory shipments to reach 138,400 units in 2026, including the anticipated overbuy of ~12,000 units. This overbuy is expected to follow the same timeline as Class 8, beginning in 2026Q2 and concluding in 2027Q1, with a subsequent negative effect on production through 2028Q2.

FTR's forecast for Classes 6-7 trucks is as follows:

	Base Forecast	Included EPA 27	
		Overbuy Units	Current Forecast
2024	135,750	0	135,750
2025	121,000	0	121,000
2026	126,525	11,875	138,400
2027	128,023	(8,750)	119,273
2028	135,001	(3,125)	131,876

No overbuy expected for Classes 4-5

FTR's analysis does not include an overbuy forecast for Classes 4-5 trucks ahead of EPA 2027. This omission is based on the different market dynamics and buyer behaviors associated with these classes as well as the lack of a Classes 4-5 overbuy in 2006 ahead of EPA 2007 regulations.

Classes 4-5 trucks generally serve different industries and purposes compared to Class 8 and Classes 6-7 trucks, and their market is less sensitive to the cost pressures and regulatory impacts driving the anticipated overbuy in the larger classes.

Challenges to EPA emissions regulations

At the end of its term in June, the U.S. Supreme Court overturned a longstanding doctrine that had given federal agencies the benefit of the doubt when interpreting Congressional intent. The new ruling holds that when intent is arguably ambiguous, courts

should exercise independent judgment over the reasonability of regulations and other actions.

The Supreme Court's rejection of the so-called "Chevron deference" doctrine could impact litigation over EPA's NOx rules as well as its greenhouse gas (GHG) reduction rules for heavy-duty trucks by subjecting the agency's statutory interpretations to stricter judicial scrutiny. EPA might be forced to offer more justifications for its rules, likely leading to more legal challenges and potential delays. However, due to the high level of uncertainty surrounding the potential success of legal challenges, FTR is not accounting for this issue in our forecast.

Conclusion

FTR's overbuy forecast offers a balanced view of the potential market impacts of the EPA 2027 NOx regulations. While some industry observers anticipate overbuying as early as this year, FTR's analysis indicates this is unlikely due to historical trends and current market conditions.

Despite historical tendencies toward overbuying, the current economic environment, labor market, and supply chain challenges suggest a more measured response compared to previous regulatory changes. FTR's forecasts for Class 8 and Classes 6-7 trucks predict modest overbuy volume, driven by cost avoidance and limited by production capacities.

As the implementation date nears, continuous monitoring of economic indicators and freight market dynamics will be essential. FTR's ongoing updates to our forecasts will help industry participants make informed decisions and adapt to evolving market conditions confidently.

For further insights into the potential impacts of the EPA 2027 NOx regulations, attend the FTR Transportation Conference on September 9 in Indianapolis. The panel session "Bracing for the 2027 Emissions Change" will feature representatives from Cummins, Penske, and others. For more information, visit www.ftrconference.com.



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