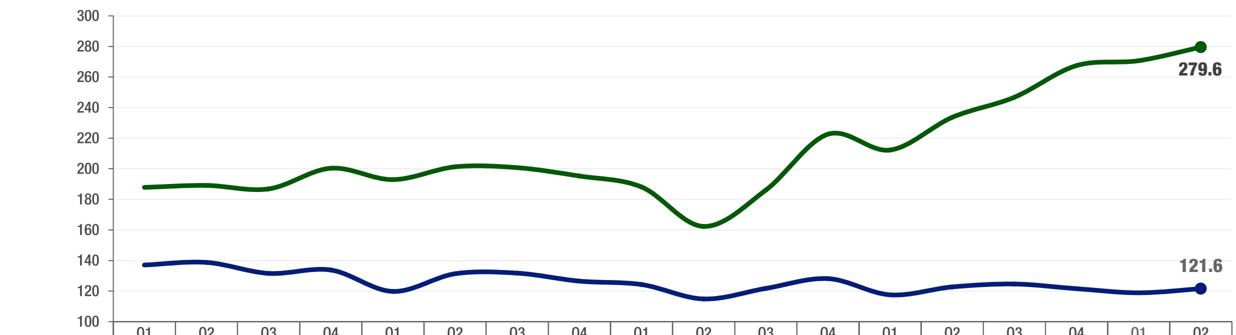
# U.S. Bank Freight Payment Index™

Q2 2022

## Q2 2022 national freight market overview




| | 2018 Q1 | 2018 Q2 | 2018 Q3 | 2018 Q4 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spend | 187.8 | 189.1 | 186.8 | 200.3 | 192.9 | 201.3 | 200.7 | 195.2 | 188.1 | 162.3 | 186.0 | 222.6 | 212.2 | 233.6 | 246.8 | 267.5 | 270.7 | 279.6 |
| Shipments | 137.1 | 138.7 | 131.6 | 133.8 | 119.8 | 131.3 | 131.7 | 126.5 | 124.3 | 114.9 | 121.7 | 128.1 | 117.5 | 122.7 | 124.6 | 121.6 | 118.9 | 121.6 |

| Shipments | |
|---|---|
| Index value | 121.6 |
| Quarterly % change | 2.3% ▲ |
| Yearly % change | -0.9% ▼ |

| Spend | |
|---|---|
| Index value | 279.6 |
| Quarterly % change | 3.3% ▲ |
| Yearly % change | 19.7% ▲ |

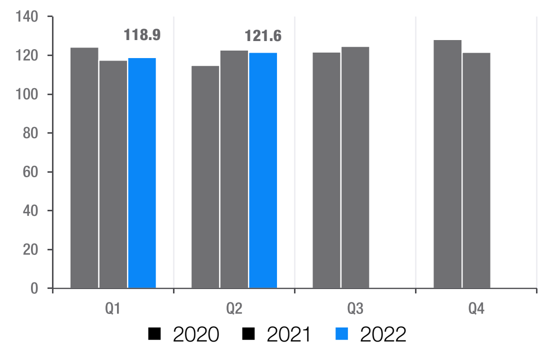
The national truck freight market grew during the second quarter of 2022 after falling the previous two quarters. The increase was due, in part, to a transition in the freight market versus a surge in the overall goods-economy. The number of shipments increased slightly above the historical average as contract freight outperformed the traditional spot market.[1]

During the second half of 2020 and most of 2021, shippers put more freight in the spot market than usual, to manage capacity constraints, both in terms of drivers and equipment. Households spent more on goods in 2021 as spending on travel and services remained constrained due to the pandemic. However, the economy contracted in the first quarter of 2022, which allowed shippers to pull freight out of the spot market. This resulted in significant drops in spot market prices and volumes. More freight was moved back to their contract carriers.[2] This contributed to the U.S. Bank freight market metrics rising during the second quarter.

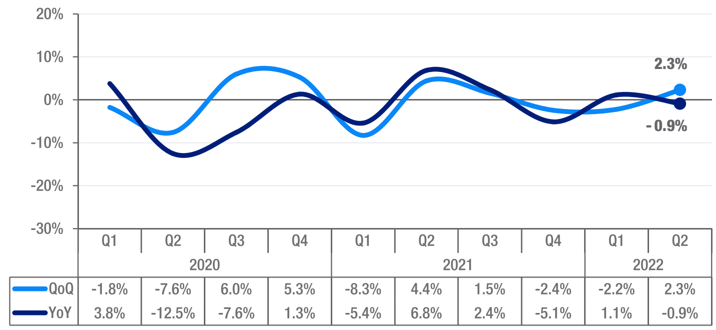
One trend that continued in the second quarter was the high cost of diesel fuel, which impacted freight outlays during the quarter as reflected in the U.S. Bank National Spend Index. Besides the high level of fuel surcharges, contract pricing seemed to hold steady compared with spot market rates, which fell significantly during the quarter.

> The national truck freight market grew 2.3% during the second quarter of 2022 after falling roughly the same percentage each of the two previous quarters.

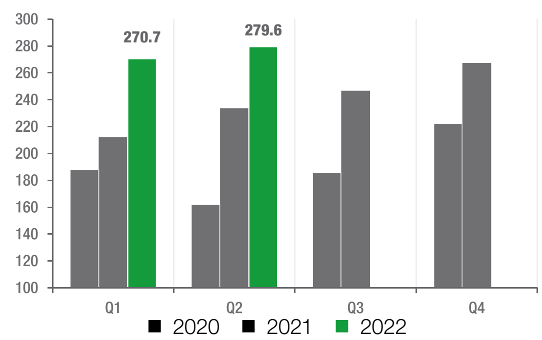
### Shipments – index value



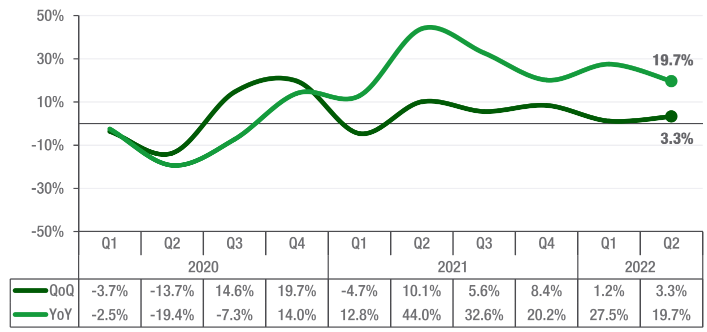

### Shipments – % change




### Spend – index value




### Spend – % change




## National shipments and spending — quarter over quarter, year over year

After falling on average 2.3% in each of the previous two quarters, the U.S. Bank National Shipments Index increased by 2.3% during the second quarter. The level of shipments rebounded to the level they were during the final three months of 2021. Household consumption of goods decelerated or even contracted slightly, housing starts decreased with higher home prices and mortgage rates, but factory output held strong. Compared with a year earlier, the U.S. Bank National Shipments Index contracted 0.9%.

Spending remained high during the second quarter. The U.S. Bank National Spend Index increased 3.3% over the first quarter. This is reflective of steady contract pricing, but also significantly higher fuel prices, which pushed up fuel surcharges. Diesel fuel prices, according to the Energy Information Administration, reached a record high during the second quarter.[3] Compared with a year earlier, the U.S. Bank National Spend index was up 19.7%, which is historically robust, but the smallest year-over-year gain since the first quarter of 2021.

What is clear from the national numbers, both shipments and spending, is that there was not a significant slowdown of the entire freight market in the second quarter. While the spot market was very soft, contract freight performed very well.

> After falling on average 2.3% in each of the previous two quarters, the U.S. Bank National Shipments Index increased by 2.3% during the second quarter of 2022.

> What is clear from the national numbers, is that there was not a significant slowdown of the entire freight market in Q2.

## Regional shipments and spending — quarter over quarter, year over year

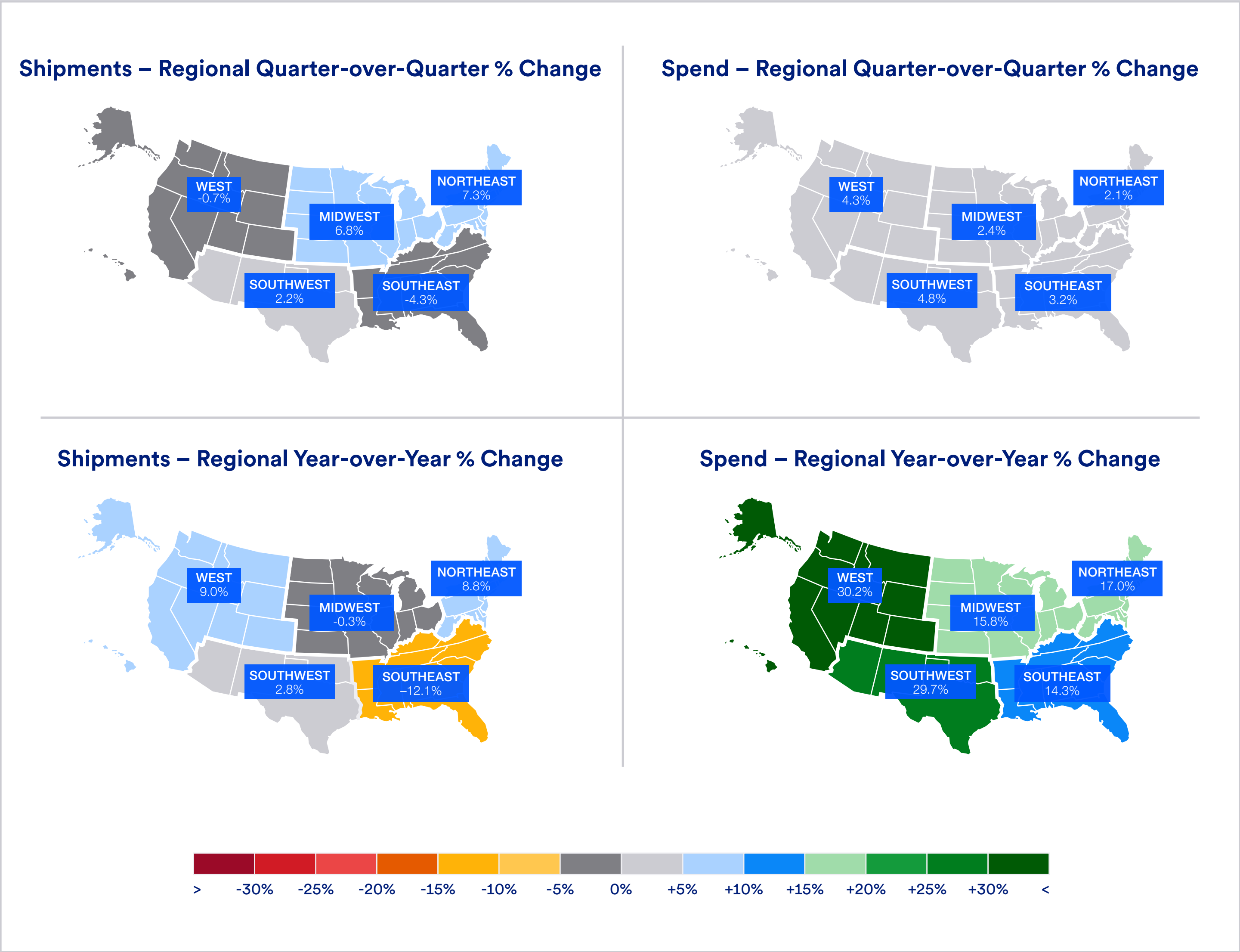
Shipments did not increase in all the regions during the second quarter. Two regions, the Southeast and West, both saw decreasing volumes during the quarter, with the largest drop coming in the Southeast (-4.3%) compared with the first quarter. The West region recorded a much smaller decline of 0.7%.

On the other hand, both the Northeast (7.3%) and Midwest (6.8%) regions not only posted volume gains, but they saw their largest increases in three years. This is reflective of solid manufacturing output in the second quarter, which remains one of the best performing sectors of the current economy. Based on data from the Federal Reserve, factory output increased about 5% in the second quarter compared with a year earlier.[4]

The regional spend indexes were more consistent during the second quarter, all showing an increase over the first quarter. Higher diesel fuel prices were a significant reason for these gains, but there is also evidence that shippers returned to contract rates, reducing the reliance on the spot market,  during the second quarter.[5]

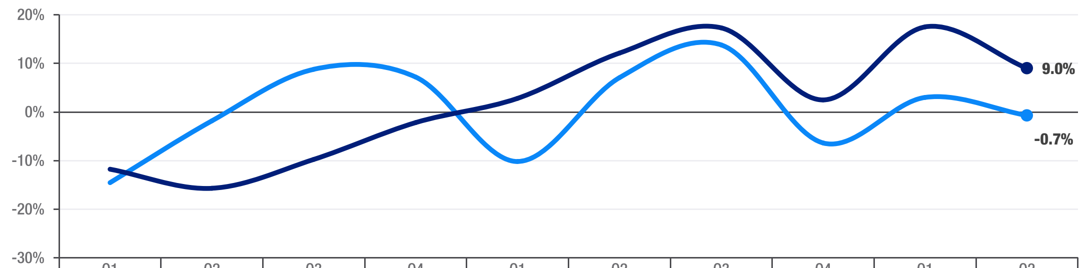
The Northeast and Midwest regions rebounded with quarterly increases in shipments, their first such increases in at least three quarters.

Higher diesel fuel prices continue to drive double-digit growth in year-over-year spend.



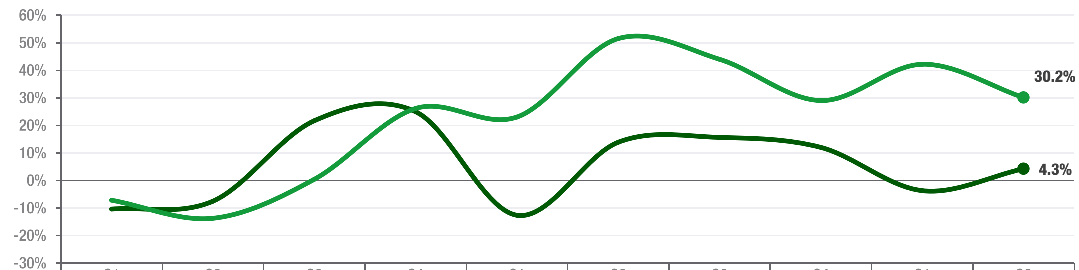
# West regional shipments and spending — quarter over quarter, year over year

**Shipments** Last 4 quarter's shipment index values (starting w/ current quarter): **147.2, 148.2, 143.9, 153.7**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -14.5% | -1.8% | 8.8% | 7.2% | -10.2% | 7.1% | 13.8% | -6.4% | 3.0% | -0.7% |
| YoY | -11.8% | -15.7% | -9.8% | -2.2% | 2.8% | 12.1% | 17.3% | 2.5% | 17.5% | 9.0% |

**Spend** Last 4 quarter's spend index values (starting w/ current quarter): **334.0, 320.3, 332.6, 296.9**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -10.4% | -7.5% | 21.7% | 25.0% | -12.6% | 13.9% | 15.7% | 12.0% | -3.7% | 4.3% |
| YoY | -7.2% | -13.7% | 0.4% | 26.2% | 23.0% | 51.5% | 44.0% | 29.0% | 42.2% | 30.2% |

The West Regional Shipments Index contracted only 0.7% during the second quarter. Considering the national shipments metric increased 2.3% and three regions posted increases over the first quarter, the decline suggests the West freight economy was one of the slowest in Q2. While West Coast port activity was still historically high, their volumes overall did slow in the second quarter, which negatively impacted freight activity in the region.

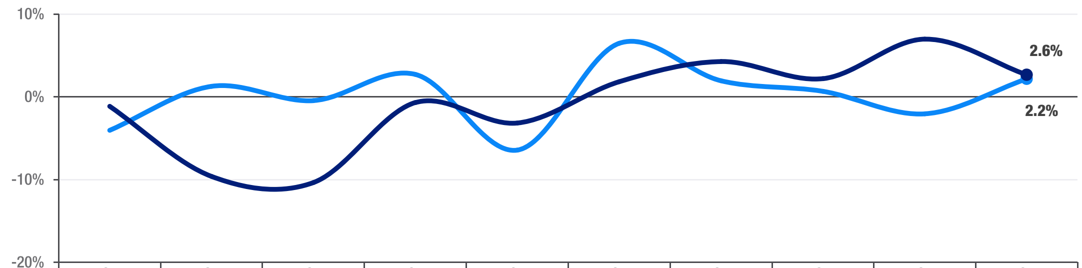
Furthermore, new housing starts in the West region also fell in the quarter based on preliminary data from the Census Bureau.[6] These trends contributed to modest decreases in volume from the first quarter. Despite the quarter-to-quarter drop, the level of shipments was up 9% from a year earlier, the largest gain among all five regions.

The West Regional Spend Index rose 4.3% from the first quarter, in part due to rising fuel costs. The second quarter gain more than erased the 3.7% quarter-to-quarter loss in the first quarter. Compared with a year earlier, spending was up 30.2%, which was the largest yearly gain among all regions.

> The West region posted the largest gain in shipment volumes versus the same quarter in 2021 and had the second highest quarterly gain in spend.

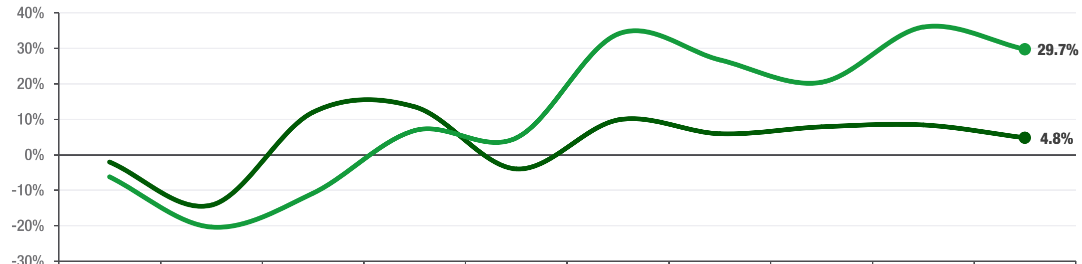
## Southwest regional shipments and spending — quarter over quarter, year over year

**Shipments** Last 4 quarter's shipment index values (starting w/ current quarter): **139.5, 136.5, 139.4, 138.5**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -4.1% | 1.3% | -0.5% | 2.7% | -6.4% | 6.5% | 1.9% | 0.7% | -2.1% | 2.2% |
| YoY | -1.2% | -9.6% | -10.4% | -0.7% | -3.2% | 1.8% | 4.3% | 2.2% | 7.0% | 2.6% |

**Spend** Last 4 quarter's spend index values (starting w/ current quarter): **258.1, 246.4, 227.3, 210.7**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -2.1% | -14.2% | 12.0% | 13.5% | -4.0% | 9.8% | 5.9% | 7.9% | 8.4% | 4.8% |
| YoY | -6.2% | -20.4% | -10.9% | 6.9% | 4.8% | 34.1% | 26.8% | 20.4% | 36.0% | 29.7% |

The Southwest Regional Shipments Index increased 2.2% sequentially, erasing the 2.1% decline in the first quarter. Compared with a year earlier, volumes rose 2.6% the fifth straight year-over-year increase.

The Southwest recorded the fifth straight quarterly gain (4.8%) in spending in Q2. Compared with a year earlier, spending jumped 29.7%, the second largest among the five regions, just behind the West Coast gain of 30.2%.

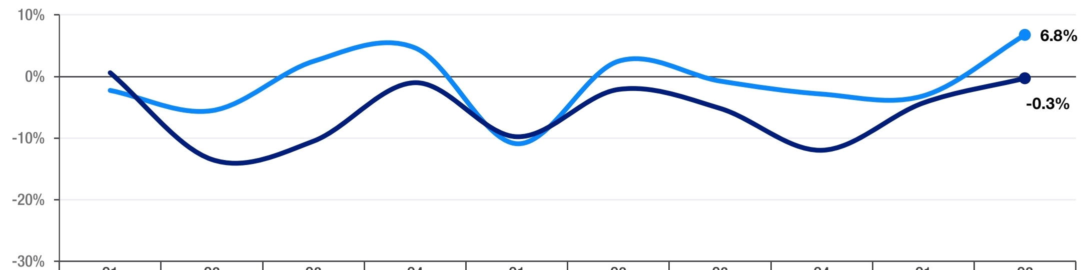
This region continues to see solid gains for both volumes and spending. This is helped from truck-transported international trade volumes with Mexico. In the second quarter, the value of truck-transported trade with Mexico through Texas ports alone increased double-digits from a year earlier.[7]

> Robust cross-border trade with Mexico continues to power the Southwest. The region saw increases in shipments and spend, both quarterly and year-over-year.

# Midwest regional shipments and spending — quarter over quarter, year over year

**Shipments**

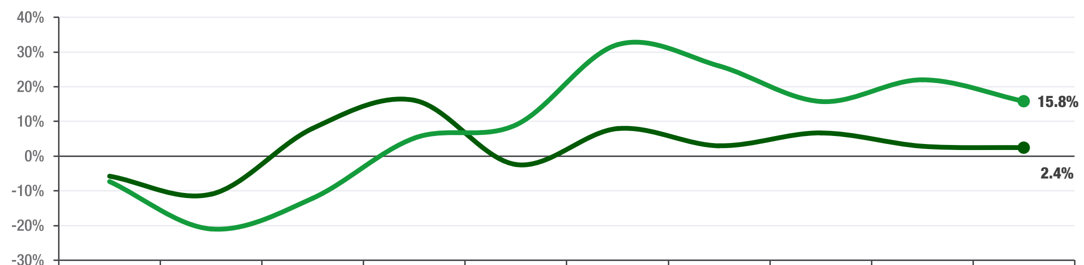
Last 4 quarter's shipment index values (starting w/ current quarter): **94.7, 88.8, 91.6, 94.3**




| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -2.3% | -5.5% | 2.5% | 4.6% | -10.9% | 2.5% | -0.7% | -2.9% | -3.1% | 6.8% |
| YoY | 0.6% | -13.5% | -10.5% | -1.0% | -9.8% | -2.1% | -5.2% | -12.0% | -4.3% | -0.3% |

**Spend**

Last 4 quarter's spend index values (starting w/ current quarter): **228.6, 223.2, 216.9, 203.3**




| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -5.8% | -11.0% | 8.0% | 16.1% | -2.4% | 7.9% | 3.0% | 6.7% | 2.9% | 2.4% |
| YoY | -7.3% | -21.0% | -12.1% | 5.2% | 9.0% | 32.1% | 26.0% | 15.8% | 22.0% | 15.8% |

The Midwest Regional Shipments Index saw a robust 6.8% increase compared with the first quarter, which was the second-largest sequential increase among the regions. Compared with a year earlier, shipment volumes contracted just 0.3%, the best year-over-year reading since the first quarter of 2020.

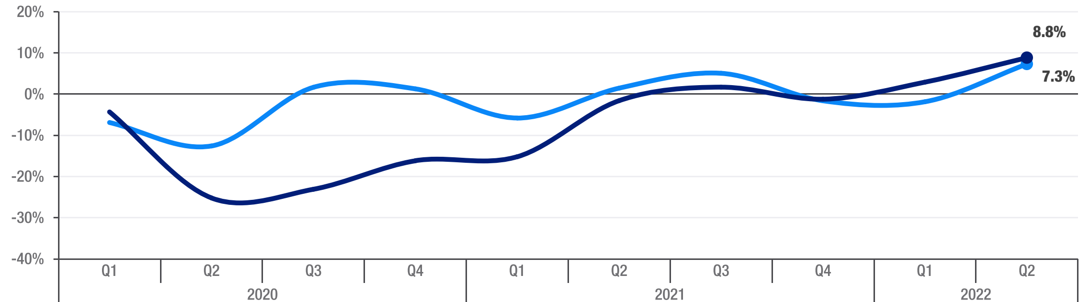
While consumer spending on goods slowed and the housing market cooled, one area that continues to be strong is manufacturing output, which is helping truck freight in this region.

The second quarter saw the Midwest Regional Spend Index increase 2.4% from the first quarter and 15.8% from a year earlier.

> The Midwest Regional Shipments Index saw a robust 6.8% increase compared with Q1 2022, the second highest jump of all five regions.

## Northeast regional shipments and spending — quarter over quarter, year over year

**Shipments** Last 4 quarter's shipment index values (starting w/ current quarter): **105.9, 98.7, 100.5, 102.2**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -6.9% | -12.6% | 1.7% | 1.3% | -5.8% | 1.5% | 5.1% | -1.6% | -1.8% | 7.3% |
| YoY | -4.3% | -25.2% | -23.1% | -16.2% | -15.2% | -1.6% | 1.7% | -1.2% | 2.9% | 8.8% |

**Spend** Last 4 quarter's spend index values (starting w/ current quarter): **236.0, 231.1, 224.7, 208.0**


| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -8.0% | -12.7% | 12.1% | 14.9% | -3.0% | 14.6% | 3.1% | 8.0% | 2.9% | 2.1% |
| YoY | -11.0% | -26.4% | -16.3% | 3.5% | 9.1% | 43.1% | 31.7% | 23.8% | 31.3% | 17.0% |

The Northeast Regional Shipments Index recorded the strongest gain on a sequential basis among the five regions, rising 7.3% over the first quarter. This was the region's largest quarterly gain in three years. Like the Midwest region, higher factory output is likely helping freight volumes in the Northeast.

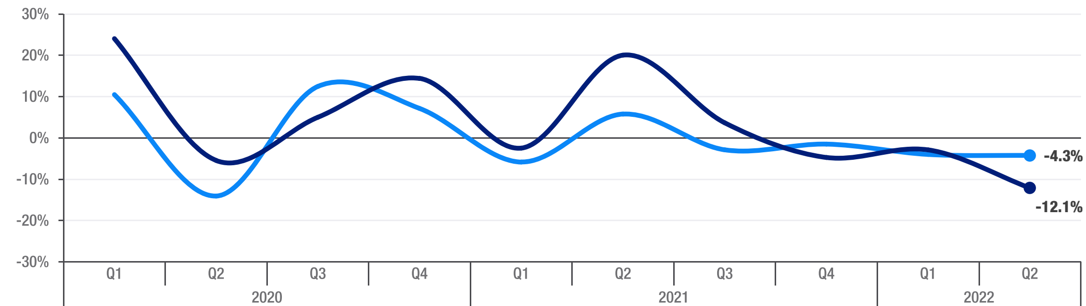
Despite higher prices and rising mortgage rates, Northeast housing starts seemed to have fared much better than other regions during the second quarter, based on preliminary Census Bureau data. Compared with a year earlier, the Northeast Regional Shipments Index jumped 8.8%, the second largest year-over-year gain among the five regions.

While volumes increased 7.3% from the first quarter, the amount shippers had to spend to move that freight only increased 2.1%. Considering that fuel surcharges were up significantly as diesel prices across the nation increased, the small 2.1% increase was positive from a shipper perspective. Compared with the second quarter in 2021, this metric was up 17%, although this increase was significantly smaller than the 31.3% year-over-year increase during the first quarter of the year.

Compared with a year earlier, the Northeast Regional Shipments Index jumped 8.8%, the second largest year-over-year gain among the five regions.

## Southeast regional shipments and spending — quarter over quarter, year over year

**Shipments** Last 4 quarter's shipment index values (starting w/ current quarter): **138.1, 144.3, 150.3, 152.6**




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | 10.5% | -14.1% | 12.5% | 7.2% | -5.8% | 5.8% | -2.9% | -1.5% | -4.0% | -4.3% |
| YoY | 24.0% | -5.4% | 5.0% | 14.4% | -2.5% | 20.0% | 3.6% | -4.7% | -2.9% | -12.1% |

**Spend** Last 4 quarter's spend index values (starting w/ current quarter): **330.6, 320.3, 324.9, 299.5**


| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | 5.5% | -21.4% | 18.6% | 23.1% | -3.1% | 9.0% | 3.6% | 8.4% | -1.4% | 3.2% |
| YoY | 12.6% | -19.1% | -3.2% | 21.1% | 11.2% | 54.2% | 34.7% | 18.7% | 20.8% | 14.3% |

Since the final quarter of 2020, volumes in the southeast have fallen in five of the six quarters. During the second quarter, the Southeast Regional Shipments Index contracted 4.3% from the previous quarter. Compared with a year earlier, the index contracted just over 12%, by far the worst reading among the five regions.

Some of the factors for this decline include softer housing starts as well as lackluster retail sales. Regarding the latter, this is a region with a significant amount of tourism, which is outperforming the buying of goods recently. And while services (tourism-related) do require trucking, it is less intensive than for the transportation of goods.

While freight shipment volumes fell 4.3%, the Southeast Regional Spend Index rose 3.2% on a quarterly basis. Higher diesel fuel prices, and thus fuel surcharges, contributed to the gain. Compared with a year earlier, spending in the Southeast was up 14.3%, which was the smallest increase from a year earlier among all five regions.

> The Southeast was the only region of the five to see quarterly and year-over-year declines in shipments.

## About the index

The U.S. Bank Freight Payment Index is a quarterly publication representing freight shipping volumes and spend on national and regional levels. The U.S. Bank Freight Payment Index source data is based on the actual transaction payment date, contains our highest-volume domestic freight modes of truckload and less-than-truckload, and is both seasonally and calendar adjusted. The first-quarter 2010 base point is 100. The chain-based index point for each subsequent quarter represents that quarter's volume in relation to the immediately preceding quarter.

For more than 20 years, organizations have turned to U.S. Bank Freight Payment for the service, reliability and security that only a bank can provide. The pioneer in electronic freight payment, U.S. Bank Freight Payment processes more than $37 billion in freight payments annually for our corporate and federal government clients. Through a comprehensive online solution, organizations can streamline and automate their freight audit and payment processes and obtain the business intelligence needed to maintain a competitive supply chain.

22+ years of experience

$37 billion in global freight payments annually

## About Bob Costello

Bob Costello is the chief economist & senior vice president of International Trade Policy and Cross-Border Operations for the American Trucking Associations (ATA), the national trade association for the trucking industry. As Chief Economist, he manages ATA's collection, analysis and dissemination of trucking economic information. This includes several monthly trucking economic indicators, motor carrier financial and operating data, an annual freight transportation forecast, driver wage studies, weekly diesel fuel price and economic reports, and a yearly trucking almanac.

Bob also conducts economic analyses of proposed regulations and legislation affecting the trucking industry and heads up ATA's International Trade Policy and Cross Border Operations Department. In this capacity, he works on issues related USMCA, tariffs, customs, and immigration. He is often cited in the news media as an expert on trucking economics and serves on the 45-member Advisory Committee on Supply Chain Competitiveness to provide the Secretary of Commerce with detailed advice on the elements of a comprehensive national freight infrastructure and freight policy.

He is on the Board of Directors for the Border Trade Alliance and is also a member of the National Association for Business Economics and a member of the Industrial Economists Group at Harvard University. Prior to joining ATA in 1997, Bob was an economist with Joel Popkin & Company in Washington D.C., an economic consulting firm that specializes in the analysis of wages, inflation, and economic trends.

## About U.S. Bank (usbank.com)

U.S. Bancorp, with with about 70,000 employees and $591 billion in assets as of June 30, 2022, is the parent company of U.S. Bank National Association. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility, and customer service, including being named one of the 2022 World's Most Ethical Companies and Fortune's most admired superregional bank.

Learn more at **usbank.com/about**.

### For more information:

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usbank.com

[1] Contract freight refers to shipments hauled by motor carriers that have long-term contracts with their shippers usually covering prices and volumes. Conversely, spot market freight pricing and volumes can change frequently and significantly. The U.S. Bank Indexes are more reflective of contract freight as opposed to spot market freight/FreightWaves

[2] This ability to move freight to contract carriers is the combination of a small amount of capacity growth, combined with slightly better utilization and carriers backfilling any freight lost with other shippers' freight/Transport Topics

[3] U.S. Energy Information Administration/Gasoline and Diesel Fuel Update

[4] United States Industrial Production/Trading Economics

[5] U.S. Energy Information Administration/Gasoline and Diesel Fuel Update

[6] The U.S. Census Bureau/New Residential Construction

[7] U.S. Department of Transportation/Bureau of Transportation Statistics


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