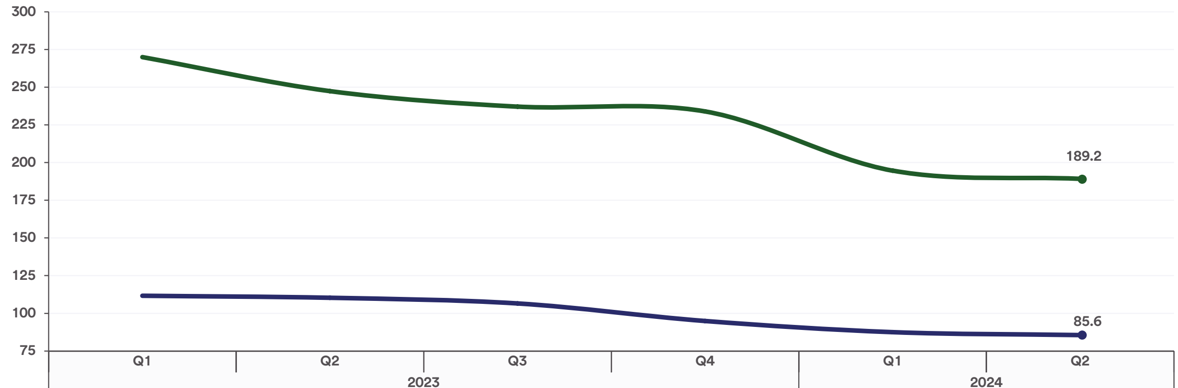
# U.S. Bank Freight Payment Index™

Q2 2024

## Q2 2024 national freight market overview




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| Spend | 269.9 | 247.4 | 237.1 | 233.9 | 194.7 | 189.2 |
| Shipments | 111.7 | 110.3 | 106.6 | 95.0 | 87.5 | 85.6 |

| Shipments | |
|---|---|
| Index value | 85.6 |
| Quarterly % change | -2.2% ▼ |
| Yearly % change | -22.4% ▼ |

| Spend | |
|---|---|
| Index value | 189.2 |
| Quarterly % change | -2.8% ▼ |
| Yearly % change | -23.5% ▼ |

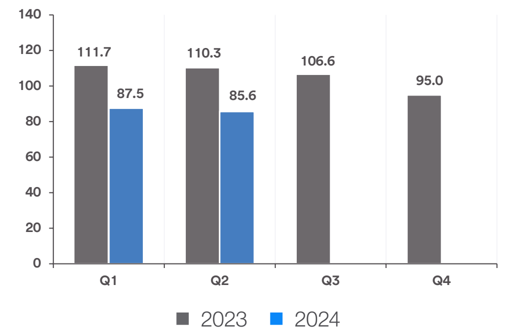
The national truck freight market continued its downward trend during the second quarter. Both the U.S. Bank shipments and spending indexes contracted from the first quarter, although the declines lessened when compared with recent quarters. Three of five regions posted sequential shipment gains from the first quarter, which may suggest that the market is nearing a bottom.

In the second quarter, the truck freight market continued to be affected by consumers spending more of their money on services, especially experiences, at the expense of goods purchases. This trend has contributed to a freight decline over the past two years. Roughly 65% of consumer spending is on services, and while this does generate freight, carriers are much more reliant on the goods economy for freight volume.[1]

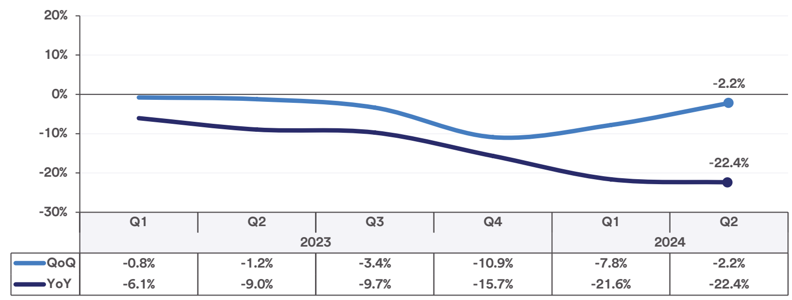
Shipper spend fell slightly faster than shipment volume did from Q1, however, the decline is likely due more to fewer shipments and falling diesel prices in the second quarter, than from freight rate decreases. For example, the national average price of diesel fuel averaged 12.5 cents less during the second quarter than during the first quarter. [2] Diesel fuel surcharges are part of spend, which can explain why spending fell more than volume during the April through June period.

> The national truck freight market remained very sluggish during the second quarter; both the U.S. Bank shipments and spending indexes contracted from the first quarter of 2024.

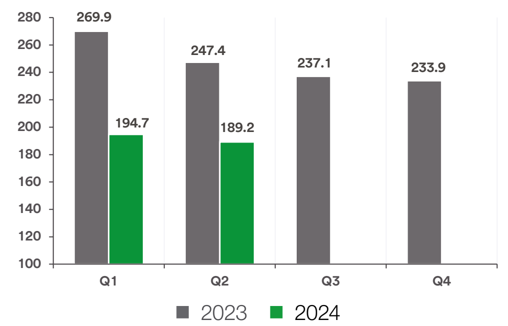
### Shipments – index value



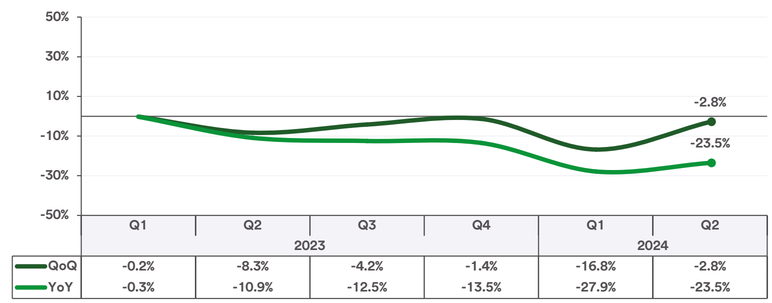

### Shipments – % change




### Spend – index value




### Spend – % change




## National shipments and spending – quarter-over-quarter, year-over-year

During the second quarter of 2024, and for the eighth consecutive quarter, the U.S. Bank National Shipments Index contracted as compared with the previous quarter. Specifically, shipments declined 2.2% compared with the first quarter. The number of shipments in the second quarter was 32.3% below the final quarter in 2019, suggesting the market is well below pre-pandemic levels. National shipments were off 22.4% from the second quarter of 2023.

The U.S. Bank National Spend Index fell 2.8% from the first quarter of 2024, but as mentioned previously, it is likely that the decrease came from lower volume and falling fuel prices rather than significant freight rate cuts. Compared with a year earlier, the spend index contracted 23.5%, a slightly larger decline than in shipments over the same period. Many factors continue to weigh on the truck freight supply chain, affecting carriers and shippers. These include rising consumer spending on experiences versus goods, and slower growth in the job market.

Furthermore, consumer debt is rising. While retail inflation for goods is slowing, most goods prices remain at higher levels. This can affect the volume of goods moved as households watch their expenses. The overall housing market softened in the second quarter in the face of continued elevated mortgage rates, and factory output had slower growth as well.[3] These factors all impact shipment volume. Higher costs also impact carriers. In the current market, the combination of lower volumes, suppressed rates, and higher costs is a triplicate problem for the industry. This "stagflation" is a difficult situation that is likely to cause further capacity reductions in the industry.[4]

> Continued consumer spending on experiences, versus goods, drove the U.S. Bank National Shipments Index downward in Q2, the eighth consecutive quarter with a decline in shipment volumes.

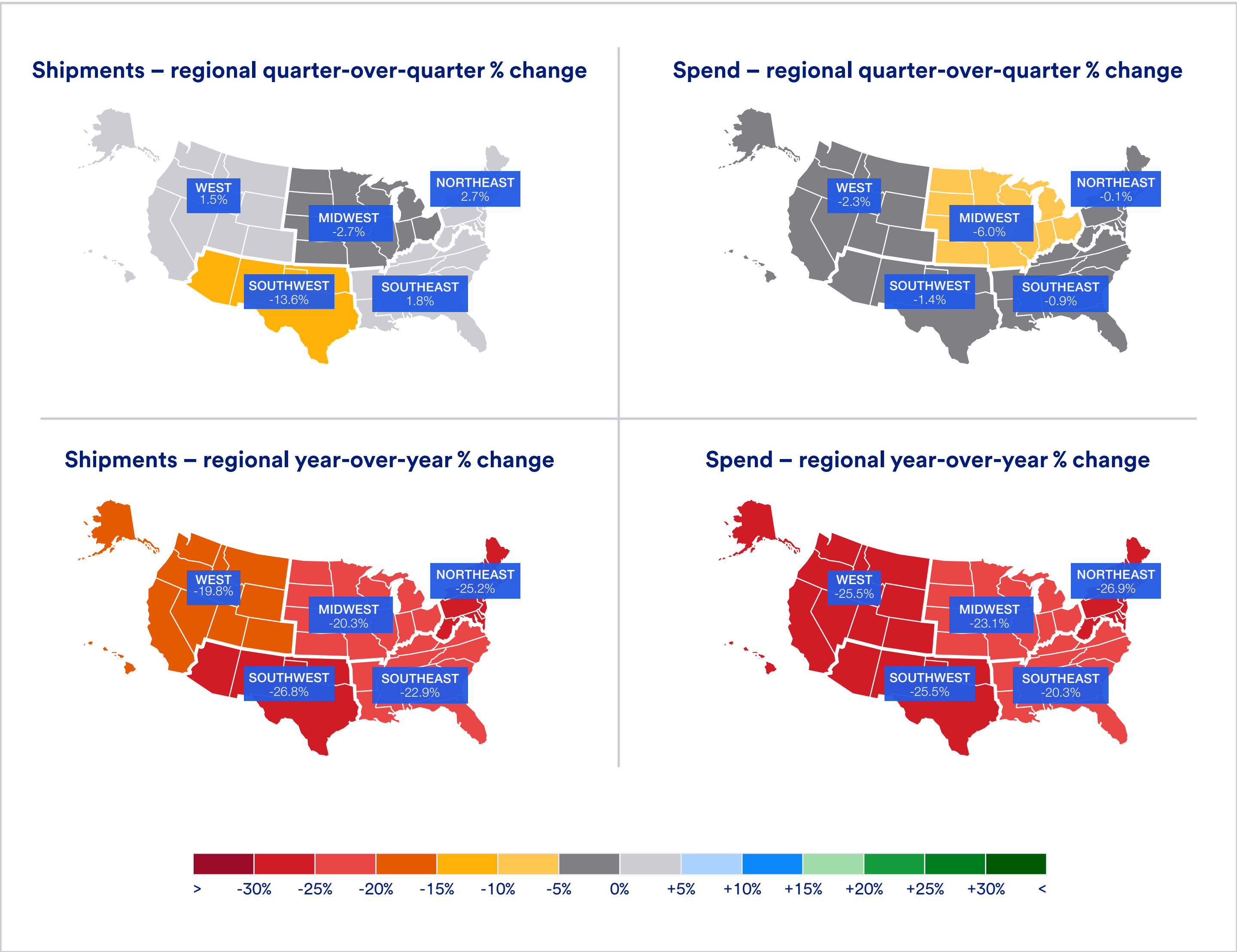
## Regional shipments and spending – quarter-over-quarter, year-over-year

While the national freight market was down during the second quarter, regional impacts fared differently in shipment volume. Three of the five regions posted increases in freight levels compared with the first quarter, including the Northeast, Southeast, and West. This is further evidence that the freight market may be nearing its bottom. Excluding the 13.6% sequential decrease in Southwest freight volumes, the overall freight market looks different during the second quarter, compared to Q1 2024.

However, year-over-year, shipments were off significantly. This highlights the continued freight market weakness, despite the modest sequential gains in some regions. The largest drop was in the Southwest, falling more than 26%. Although much of that decline can be attributed to freight in the region being at very high levels during the second quarter of 2023.

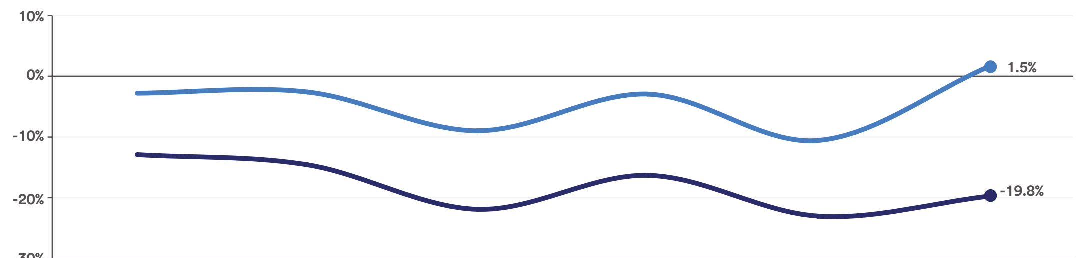
And while quarterly freight volumes were mixed, spend was not. All regions posted declines in shipper spend during the quarter. However, excluding the 6% drop in the Midwest, the other reductions were minimal, suggesting that freight rate decreases were likely very moderate, or nonexistent, depending on the region.[5] Shippers spent approximately 20% to 26% less in the regions moving goods via truck during the second quarter than a year earlier. This was the combination of lower volumes and lower rates, as well as less spending from fuel surcharges as diesel prices were lower compared with the second quarter of 2023.

> For the first time since the second quarter of 2022, three of the five regions reported increases in quarterly shipment volumes, which might indicate that the freight market may be nearing its bottom.



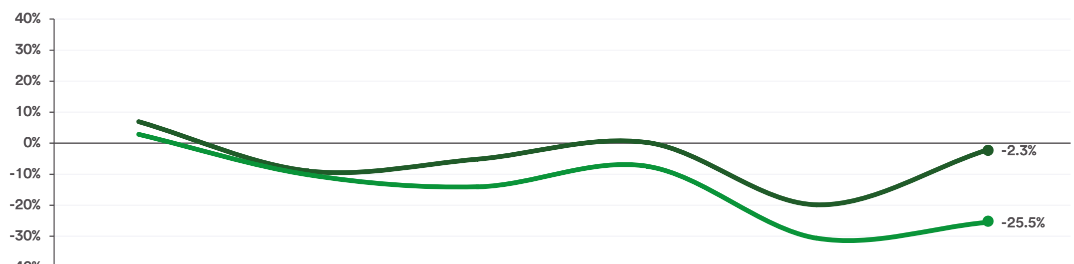
## West regional shipments and spending – quarter-over-quarter, year-over-year

**Shipments** Last four quarterly index values (starting w/ current quarter): **100.9, 89.4, 109.6, 113.0**




| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---|---|---|---|---|---|
| QoQ | -2.8% | -2.6% | -9.0% | -2.9% | -10.6% | 1.5% |
| YoY | -12.9% | -14.6% | -21.9% | -16.3% | -23.0% | -19.8% |

**Spend** Last four quarterly values (starting w/ current quarter): **223.4, 228.6, 285.3, 284.6**




| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---|---|---|---|---|---|
| QoQ | 6.9% | -9.0% | -5.1% | 0.2% | -19.9% | -2.3% |
| YoY | 2.8% | -10.2% | -14.1% | -7.4% | -30.6% | -25.5% |

The West region had mixed results compared with the first quarter of the year, as shipments grew, but shipper spending on truck transportation contracted moderately. Specifically, the U.S. Bank West Regional Shipments Index increased 1.5% from the first quarter of 2024, marking the first sequential gain in the metric since the first quarter of 2022. Despite the modest gain from the first quarter, volumes were off 19.8% from a year earlier.

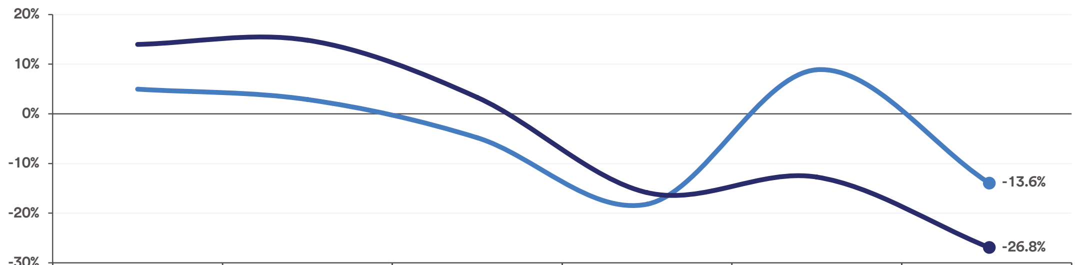
While volumes improved, the U.S. Bank West Regional Spend Index contracted by 2.3%. This reduced spend was required to move 1.5% more freight. Lower fuel prices can account for some of this decrease as lower fuel surcharges, but it is likely that freight rates contracted somewhat in the West region. Some positive trends in this region include modest gains in housing starts and better seaport volumes,[6] which can help truck freight. While not complete, second quarter data appears to show more housing starts in the Western states, which leads to more truck freight volumes of building materials, appliances, and even furniture.[7]

Additionally, inbound containers arriving to West Coast seaports were up recently, although May was a little more mixed.[8] With big box retailer inventories relatively low, this region can continue to see some positive freight trends from imports. Furthermore, truck transported exports and imports through California land ports of entry with Mexico have been increasing so far this year into the second quarter as well.[9]

> Following eight consecutive quarters with declining shipment volumes, upticks in housing starts and West coast sea and land ports activity helped the region bounce back with a modest 1.5% gain in Q2.

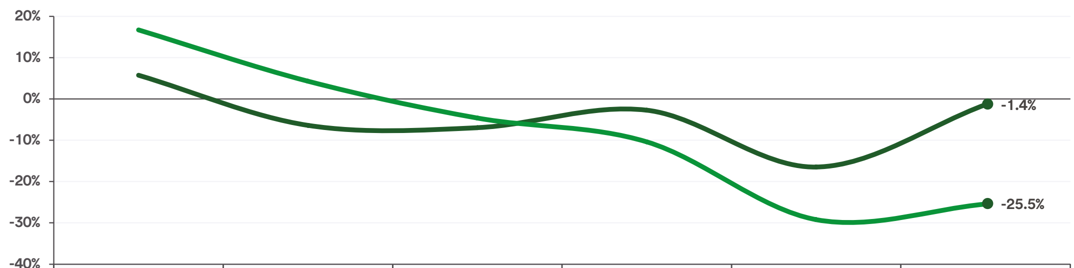
## Southwest regional shipments and spending – quarter-over-quarter, year-over-year

**Shipments** Last four quarterly index values (starting w/ current quarter): **117.3, 135.8, 124.7, 152.5**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | 5.0% | 2.9% | -4.8% | -18.2% | 8.9% | -13.6% |
| YoY | 14.0% | 14.8% | 3.3% | -15.9% | -12.8% | -26.8% |

**Spend** Last four quarterly index values (starting w/ current quarter): **200.7, 203.4, 243.6, 250.4**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | 5.7% | -6.4% | -7.0% | -2.7% | -16.5% | -1.4% |
| YoY | 16.7% | 4.3% | -4.6% | -10.4% | -29.2% | -25.5% |

After outperforming all other regions from the second half of 2022 through the first half of 2023, the U.S. Bank Southwest Regional Shipment Index has seen significant reductions in the last few quarters, including a 13.6% drop from the first quarter of this year. Since hitting a high in the second quarter of 2023, truck freight volumes in the region have fallen 26.8%, which was also the year-over-year drop in the second quarter.

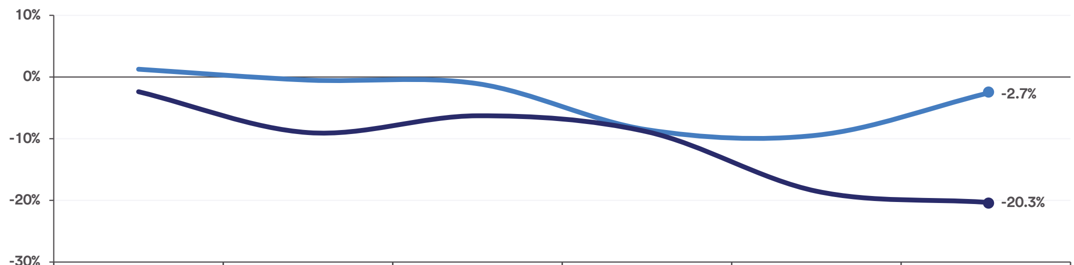
After sharply declining 16.5% in the first quarter, the U.S. Bank Southwest Regional Spend Index fell just 1.4% during the second quarter, a significantly better result than the drop in volumes. Comparing shipment volume to spend over the last few quarters suggests that freight pricing in the region has been very weak this year. Some of that weakness is likely due to more capacity in the region, which carriers worked to fill.

As other regions saw lackluster volumes in the first half of the year, especially in the first quarter, strong freight movement between Mexico and the U.S. helped this region.[10,11] Due to the higher capacity in the region, it likely hurt freight rates, which put more downward pressure on shipper spend than volumes.

> After outperforming the other four regions since the onset of the pandemic, the Southwest saw a 13.6% drop, just its sixth decline in quarterly shipment volumes since Q1 2020.

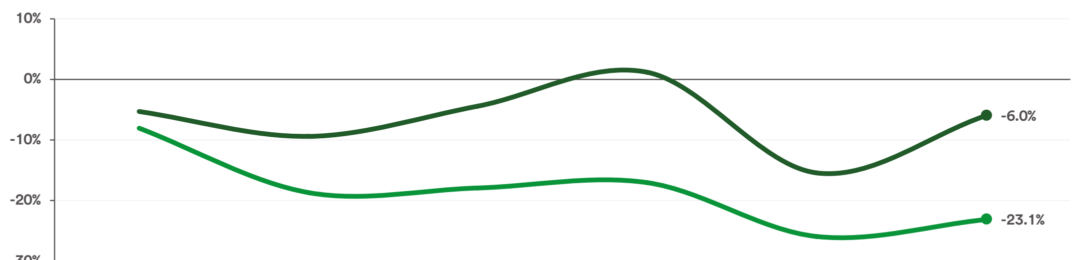
## Midwest regional shipments and spending – quarter-over-quarter, year-over-year

**Shipments** Last four quarterly index values (starting w/ current quarter): **68.7, 70.6, 78.0, 85.3**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | 1.3% | -0.5% | -1.1% | -8.6% | -9.5% | -2.7% |
| YoY | -2.4% | -9.0% | -6.3% | -8.9% | -18.5% | -20.3% |

**Spend** Last four quarterly index values (starting w/ current quarter): **142.9, 152.1, 179.8, 177.7**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | -5.3% | -9.4% | -4.4% | 1.2% | -15.4% | -6.0% |
| YoY | -8.0% | -18.7% | -17.9% | -17.0% | -25.9% | -23.1% |

Besides the Southwest region, only the Midwest posted a decline in volumes during the second quarter. The U.S. Bank Midwest Regional Shipment Index fell 2.7% from the first quarter. Compared with a year earlier, truck freight shipments were down 20.3%. This fits with recent reports from the Federal Reserve Beige Books in Midwest regions.

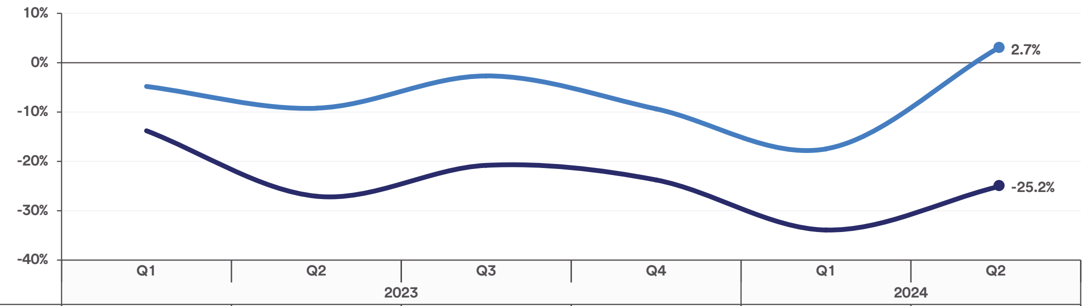
For example, the Cleveland Federal Reserve Bank District reports from businesses included, “modest declines in consumer spending” while, “multiple retailers indicated that customer foot traffic was lower.” Plus, manufacturing in the region was flat.[12] Meanwhile, the Chicago Regional Federal Reserve Bank reported, “manufacturing demand decreased slightly in April and early May.”[13] In addition, the Minneapolis Federal Reserve Bank noted very weak construction equipment sales relative to seasonal norms,[14] while the St. Louis Federal Reserve Bank reported softer demand for manufacturers, especially with automotive, food processing, and textile products.[15] All these trends continued to weigh on truck freight demand in the region.

Lower volumes and lower diesel fuel prices in the region, resulted in lower spend. The U.S. Bank Midwest Regional Spend Index contracted 6% from the first quarter, which was the fifth sequential drop in the last six quarters. Compared with a year earlier, this metric decreased 23.1%.

> The Midwest was one of only two regions to post a decline in shipment volumes (2.7%) compared to Q1, and its 6.0% drop in quarterly spend was the nearly three times larger than the next highest region.

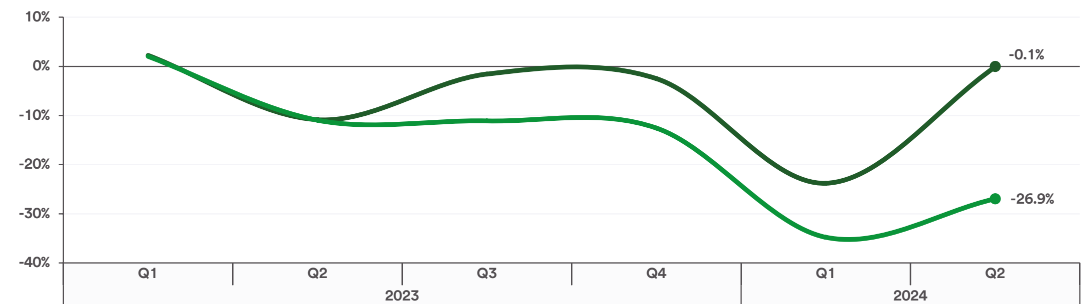
## Northeast regional shipments and spending – quarter-over-quarter, year-over-year

**Shipments** Last four quarterly index values (starting w/ current quarter): **57.7, 56.7, 68.1, 75.1**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | -4.8% | -9.2% | -2.7% | -9.4% | -17.5% | 2.7% |
| YoY | -13.8% | -27.1% | -20.8% | -23.8% | -33.9% | -25.2% |

**Spend** Last four quarterly values (starting w/ current quarter): **153.5, 153.7, 201.7, 206.9**




| | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2024 Q2 |
|---|---|---|---|---|---|---|
| QoQ | 2.2% | -10.9% | -1.6% | -2.5% | -23.8% | -0.1% |
| YoY | 2.0% | -11.0% | -11.1% | -12.5% | -34.8% | -26.9% |

For the first time in two years, the Northeast region saw a sequential increase in truck freight shipments during the second quarter. Specifically, the U.S. Bank Northeast Regional Shipment Index rose 2.7% from the first quarter of 2024. With the large declines in recent quarters, shipments in the Northeast were off 25.2% from a year ago.

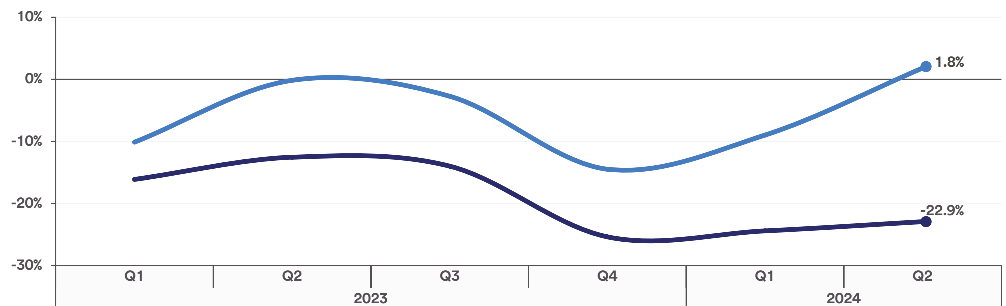
One factor in the modest increase over last quarter may be that retail sales of goods stopped falling in the Northeast. According to the most recent Beige Book published by the Federal Reserve in the New York District, "consumer spending picked up slightly after slow sales in the spring. Spending on goods mostly held steady, while spending on entertainment and recreation ticked up."[16] This statement also highlights the goods versus experiences issue that the trucking industry has been dealing with for the last 18 to 24 months.

While volumes rose slightly from the first quarter, the U.S. Bank Northeast Regional Spend Index eased slightly lower (-0.1%), after dropping more than 23% in the first quarter. Carriers may be disappointed that shipper spend was essentially flat in the region on 2.7% more volume, which implies that there have been some rate reductions. However, this difference can also come from lower diesel fuel prices. Fuel prices in New England averaged 10.8 cents less (or -2.5%) in the second quarter compared with the first quarter.[17] Compared with a year earlier, shipper spending was down 26.9%.

Steady consumer spending on goods in the Northeast enabled the region to post its first sequential increase (2.7%) in shipments in two years, while its 0.1% dip in spending was the smallest quarterly decline among the five regions

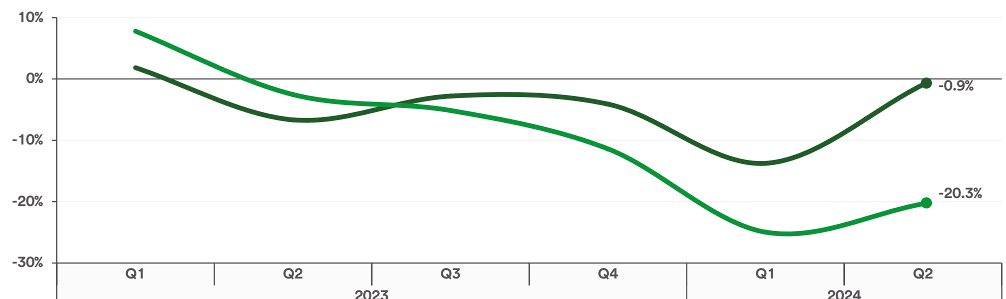
## Southeast regional shipments and spending – quarter-over-quarter, year-over-year

**Shipments** Last four quarterly index values (starting w/ current quarter): **93.1, 91.4, 100.4, 117.5**




| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---|---|---|---|---|---|
| QoQ | -10.1% | -0.2% | -2.7% | -14.5% | -9.0% | 1.8% |
| YoY | -16.1% | -12.6% | -14.0% | -25.4% | -24.4% | -22.9% |

**Spend** Last four quarterly index values (starting w/ current quarter): **256.7, 259.0, 300.4, 313.2**




| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---|---|---|---|---|---|
| QoQ | 1.8% | -6.7% | -2.8% | -4.1% | -13.8% | -0.9% |
| YoY | 7.8% | -2.5% | -5.1% | -11.4% | -25.0% | -20.3% |

For the first time since the second quarter of 2021, truck freight shipments in the Southeast rose during the second quarter. Specifically, the U.S. Bank Southeast Regional Shipment Index increased 1.8% from the first quarter. Compared with a year earlier, this metric was off 22.9%.

Slightly better home construction in the region, at least through May, helped freight in the region.[18] Furthermore, the Atlanta Federal Reserve Bank recently reported that, "retailers reported consumer demand was generally healthy," in April and the first half of May.[19] Seaport container imports in the region likely helped freight too, with the Federal Reserve Bank of Richmond reporting in its Beige Book, "ports in Virginia and South Carolina reported moderate to strong (up to double-digit) increases in imports, beyond the additional volume that they picked up from diverted Baltimore cargo."[20]

Shipper spending in the region fell slightly during the second quarter, as the U.S. Bank Southeast Regional Spend Index contracted 0.9% from first quarter levels. However, this was a much better result than the nearly 14% plunge in the first quarter of the year. Compared with the second quarter in 2023, spending was off 20.3%.

> Strong import activity across the region's ports and a healthy consumer demand for goods, helped the Southwest region post the second highest increase (1.8%) in quarterly shipments and the second lowest (0.9%) decline in quarterly spend.

## About the index

The U.S. Bank Freight Payment Index is a quarterly publication representing freight shipping and spend volumes 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 25 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 $42 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.

**25 years** of experience

**$42.8 billion** in global freight payments annually

## About Bob Costello

Bob Costello is the chief economist & senior vice president of International Trade & Security Policy 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 more than 70,000 employees and $680 billion in assets as of June 30, 2024, is the parent company of U.S. Bank National Association. Headquartered in Minneapolis, the company serves millions of customers locally, nationally and globally through a diversified mix of businesses including consumer banking, business banking, commercial banking, institutional banking, payments and wealth management. U.S. Bancorp has been recognized for its approach to digital innovation, community partnerships and customer service, including being named one of the 2024 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/transportation-solutions/freight

[1] 2024 Personal Consumption Expenditures total $15.6T; Personal Consumption Expenditures for Services total $10.25T or %65.5 of Total PCE/Bureau of Economic Analysis
[2] U.S. Energy Information Administration/Gasoline and Diesel Fuel Update
[3] The U.S. Census Bureau and the U.S. Department of Housing and Urban Development
[4] "Stagflation" term is used to describe higher costs, lower volumes and low rates all concurrently impacting capacity in the market/FreightWaves State of Logistics 2024 report
[5] Correlation of Shipments to Spend with higher Spend/Shipments is an indication of higher cost to ship (rates); in Q2 most ratios were lower indicating modest spend increases
[6] U.S. Department of Transportation/Bureau of Transportation Statistics
[7] The U.S. Census Bureau and the U.S. Department of Housing and Urban Development
[8] U.S. Department of Transportation/Bureau of Transportation Statistics
[9] U.S. Department of Transportation/Bureau of Transportation Statistics
[10] U.S. Department of Transportation/Bureau of Transportation Statistics
[11] U.S. Department of Transportation/Bureau of Transportation Statistics
[12] Cleveland Regional Fed Bank/Summary of Current Economic Conditions
[13] Chicago Regional Fed Bank Region/Summary of Current Economic Conditions
[14] St. Louis Regional Fed Bank/Summary of Current Economic Conditions
[15] Minneapolis Regional Fed Bank/Summary of Current Economic Conditions
[16] New York Regional Fed Bank/Summary of Current Economic Conditions
[17] Fed Beige Book National Summary May 2024/www.federalreserve.gov
[18] Fed Beige Book National Summary May 2024/www.federalreserve.gov
[19] Atlanta Regional Fed Bank/Summary of Current Economic Conditions
[20] Richmond Regional Fed Bank/ Summary of Current Economic Conditions


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