US PORT/RAIL RAMP FREIGHT INDEX

PORT CONTAINER DRAY OPERATIONS

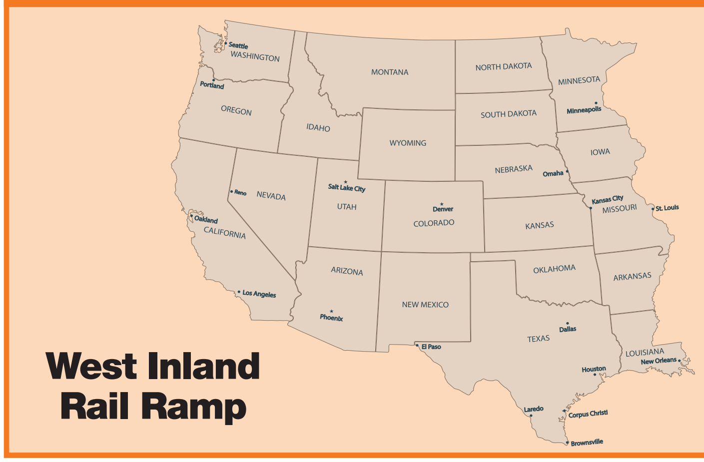
NORMAL

MODERATE

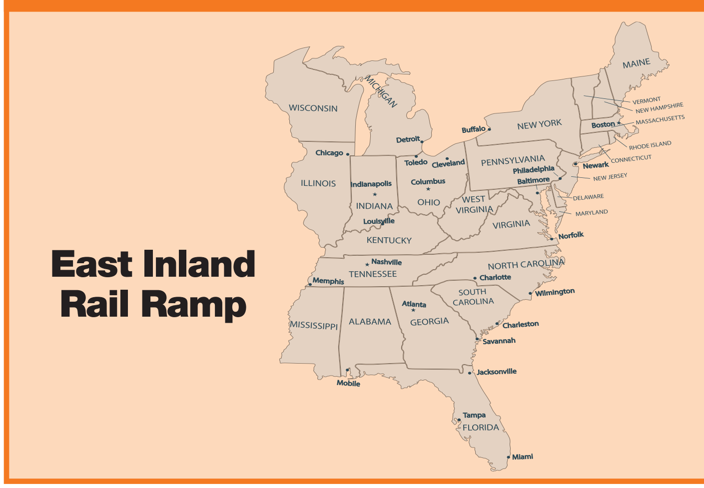
HIGH

OCEAN/DOMESTIC CONTAINER RAIL RAMP OPERATIONS

MODERATE



MODERATE



SUMMARY – 10/22

- Peak ocean freight volumes should be completely absorbed in Q4 by mid to end of Oct. Q4 projections are for pre-Q4 2018 congestion at ports throughout the US for the most part as we get to Nov. and Dec.
- October exceptions being NY/NJ and Savannah, GA which have higher volumes but balanced inbound volumes and Houston, TX which is seeing higher inbound volumes, a chassis imbalance and terminal congestion above normal levels.
- Empty container termination is still a significant challenge in NY/NJ which is affecting available chassis and container storage. West coast labor disruption probability is low currently as both sides continue to negotiate in good faith and Executive Branch engagement is high going into the mid-term elections. Spot market ocean container and inland dray rates will continue to push downward. Overflow oceanside transload capacity is readily available, especially on the west coast.
- Seasonal domestic truckload pricing will inch up as peak shipping season starts up from Oct. through Jan.
- Opportunities for vessel bookings are optimal to LA/LB as long as the labor stability continues to hold and drayage capacity is underutilized.
- Inland rail ramps will become severely challenged as congestion increases and chassis pools are depleted from IPI containers moving from LA/LB inland.

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Pacific Region – NORMAL

- **SEATAC** – Vessel congestion low. Terminals at normal operations. Adequate chassis equipment available. Container storage availability moderate. Transload availability high. Outbound domestic capacity availability high.
- **OAK** – Vessel congestion low. Terminals at normal operations. Adequate chassis equipment available. Container storage availability moderate. Transload availability moderate. Outbound domestic capacity availability high.
- **LA/LB** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability high. Transload availability high. Outbound domestic capacity availability high.

Opportunity for operational efficiency – *SSL booking into Port of Los Angeles. Transloading from ocean container to domestic OTR capacity.*

Potential headwinds – *Labor disruption. Delayed IPI transfers causing congestion at terminals/ramps and delayed delivery to inland DC's. Dual transaction mandates at terminals limiting availability to pull containers from terminals. Inland BCO coastal DC receiving capacity*

Atlantic Region – MODERATE

- **NY/NJ** – Vessel congestion moderate. Moderate terminal congestion. Chassis pools depleted. Container storage availability low. Transload availability low. Outbound domestic capacity availability high.
- **Norfolk** – Vessel congestion low. Terminals at normal operations. Chassis pools low. Container storage availability low. Transload availability moderate. Outbound domestic capacity availability moderate.
- **Charleston SC** – Vessel congestion low. Terminals at normal operations. Chassis pools low. Container storage availability high. Transload availability high. Outbound domestic capacity availability moderate.
- **Savannah** – Vessel congestion high. Slight terminal congestion. Chassis pools low. Container storage availability low. Transload availability medium. Outbound domestic capacity availability moderate.
- **Miami** - Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability high. Transload availability high. Outbound domestic capacity availability high.

OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *SSL booking into Ports of Baltimore MD & Jacksonville FL. Transloading from ocean container to domestic OTR capacity.*

POTENTIAL HEADWINDS – *Atlantic hurricane season. Inland BCO coastal DC receiving capacity. Limited empty container returns in NY/NJ. Chassis availability in SAV&NY/NJ. Available container storage in SAV&NY/NJ.*

Gulf Region – HIGH

- **Tampa** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability high. Transload availability high. Outbound domestic capacity availability high.
- **Mobile** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability high. Transload availability high. Outbound domestic capacity availability high.
- **NOLA** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability high. Transload availability high. Outbound domestic capacity availability high.
- **Houston** – Vessel congestion high. Terminals congested. Chassis pools depleted. Container storage availability low. Transload availability high. Outbound domestic capacity availability high.

OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Transloading from ocean container to domestic OTR capacity. Inland 3PL/BCO DC receiving capacity.*

POTENTIAL HEADWINDS – *Gulf hurricane season. Chassis availability in Houston. Available container storage in Houston. Vessel congestion at Houston area terminals.*

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West Inland Rail Ramp Region – MODERATE

- **SLC** – Congestion low. Ramps at normal operations. Chassis availability high. Container storage medium. Container availability low.
- **DENVER** – Congestion low. Ramps at normal operations. Chassis availability moderate. Container storage moderate. Container availability moderate.
- **DALLAS** – Congestion low. Ramps at normal operations. Chassis availability moderate. Container storage moderate. Container availability moderate.

OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Inland 3PL/BCO DC receiving capacity. Export equipment and capacity availability.*

POTENTIAL HEADWINDS – *Delayed IPI transfer from LA/LB causing longer transit time, ramp congestion and severely depleted chassis pools.*

East Inland Rail Ramp Region – MODERATE

- **Chicago IL** - Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.
- **Memphis** – Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.
- **Nashville** – Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.
- **Charlotte** – Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.
- **Atlanta** – Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.
- **Columbus** – Congestion moderate. Ramps at normal operations. Chassis availability low. Container storage low. Container availability low.

OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Inland 3PL/BCO DC receiving capacity. Export equipment and capacity availability.*

POTENTIAL HEADWINDS – *Delayed IPI transfer from LA/LB causing longer transit time, ramp congestion and severely depleted chassis pools.*

AND NOW THE GOOD NEWS

We've all gotten too used to the constant negative news regarding ocean containerized shipping over last few years.

Our team at ITS would like to change that narrative starting this month—I'll be posting on a monthly basis going forward, highlighting the silver linings in this mode of transportation that can both save you time and money, and maximize your supply chain efficiencies. Let's get it started:

We have survived the most challenging time in international shipping from Q4 2018 – Q2 2021. Rates have come down significantly in most dray markets since peaks in Q1/Q2 2022. If like most BCO's your dray rates were set during Q1/Q2 2022 reach out to non-incumbent providers to seek insight into current spot rates or engage in RFP activity.

Spot SSL rates have come down significantly over the last 6-8 weeks and should continue to do so as we get through Q4 22/Q1 23. If BCO DC's allocated to process ocean freight are at capacity look to engage your supply chain providers to transload hot SKU's to domestic OTR capacity and one-way to less congested inland DC's. This will eliminate using ocean containers for storage and will minimize per diem.

Have a great day!