

# Freight: Where we are & What's to come

By: Stephen Zambo



**THE AGL GROUP**

# What we will cover



Freight Markets



Emerging Trends



Freight Challenges



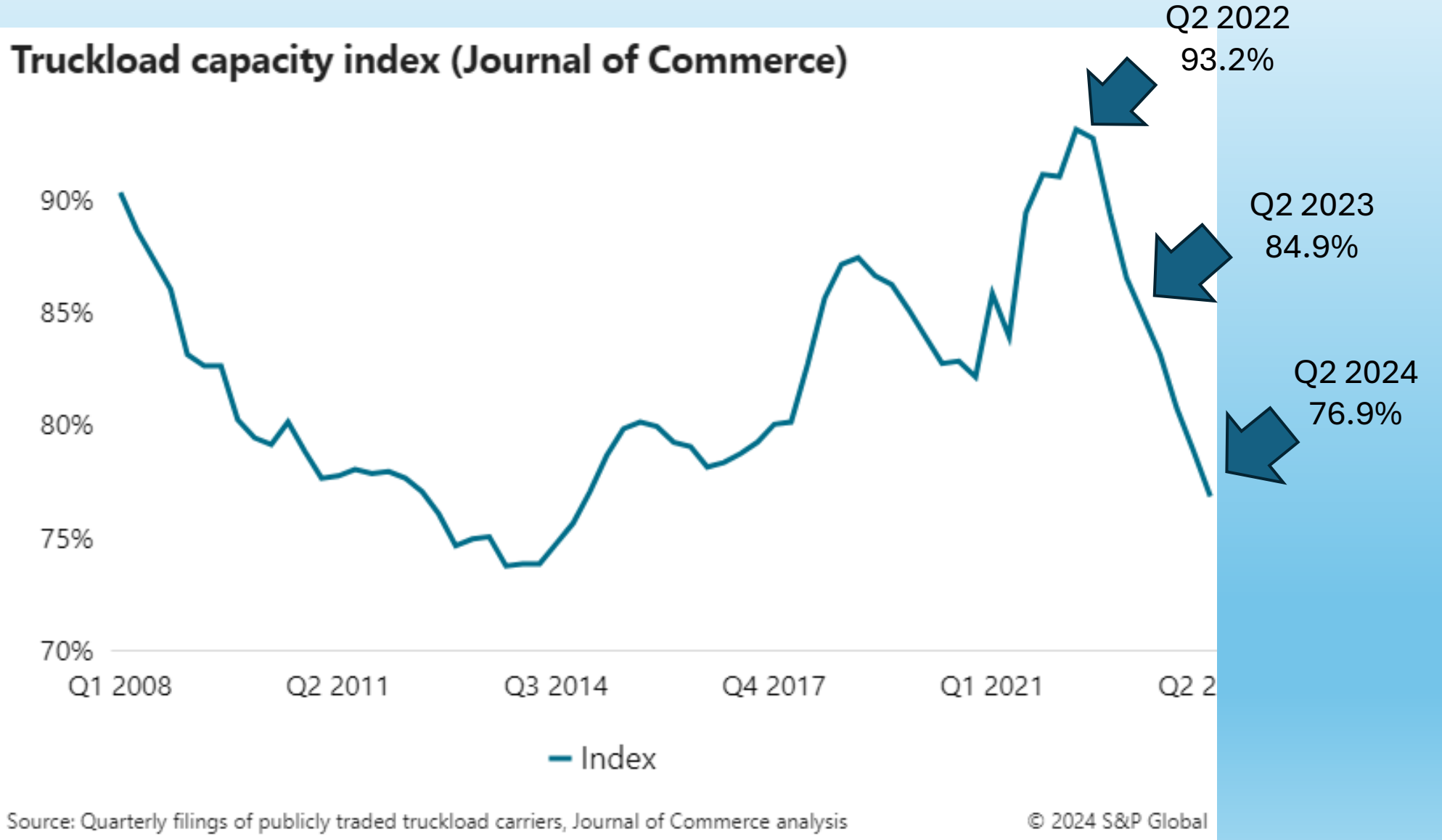
Future Markets

# About AGL

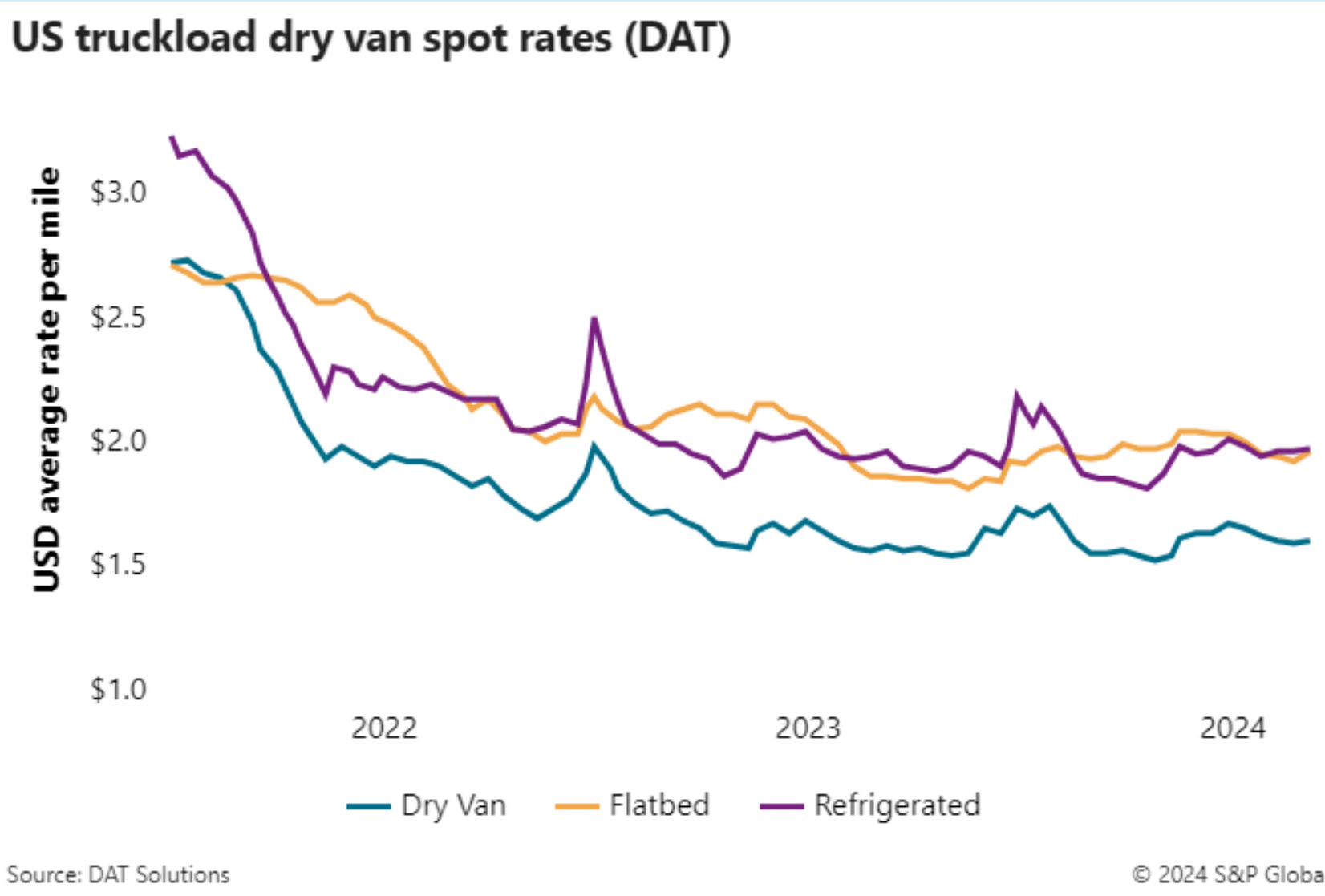
The AGL Group is a Domestic 3PL & International FMC Licensed NVOCC with a primary focus on Forest Products

- Quick Stats:
  - Co-Founded in 2013
  - Offices in Weymouth, MA – Jacksonville, FL – Barranquilla, Colombia – Blakeslee, PA – Atlanta, GA – Detroit, MI
  - 69 AGL Team members
  - Exported 28,000 40' containers of Lumber/Logs in 2024
  - 7,000 domestic trucks within the continental USA
  - 500 truckloads cross-border to Laredo, TX / Canada – Interior MX and Interior Canada
  - 400 containers of various hardwood species imported in 2024
  - 52,000 Sq Ft Reload/Warehouse in Blakeslee, PA

# Domestic Freight Capacity



# Domestic Freight - Rates



Dry Van  
Sept 2024 \$1.60  
Sept 2023 \$1.58

Flatbed  
Sept 2024 \$1.96  
Sept 2023 \$1.86

# Why the flat market & What's to come?

- Capacity has drastically left the marketplace, although there will need to be a lot more capacity leave if the current demand levels persist
  - Over 10,000 Brokers have left the market & over 100,000 trucks
- Inventory levels have started to normalize = flat demand/slight growth
- High Interest Rates = higher cost to operate, truckers are leaving the market. Cost increases (insurance, parts, driver pay, etc)
- Declining Manufacturing orders in 2023. 2024 expectation was growth. That did not happen the way many expected.
- 2023 - lowest rates in the last 4 years. 2024 rates flat YoY.
- No substantial changes on horizon.

# Carrier Alliances

## Ocean Alliances

Vessel sharing between carriers means smoother sailings for you.

### 2M



\*A Strategic Partner

### Ocean Alliance



\*Owned by COSCO



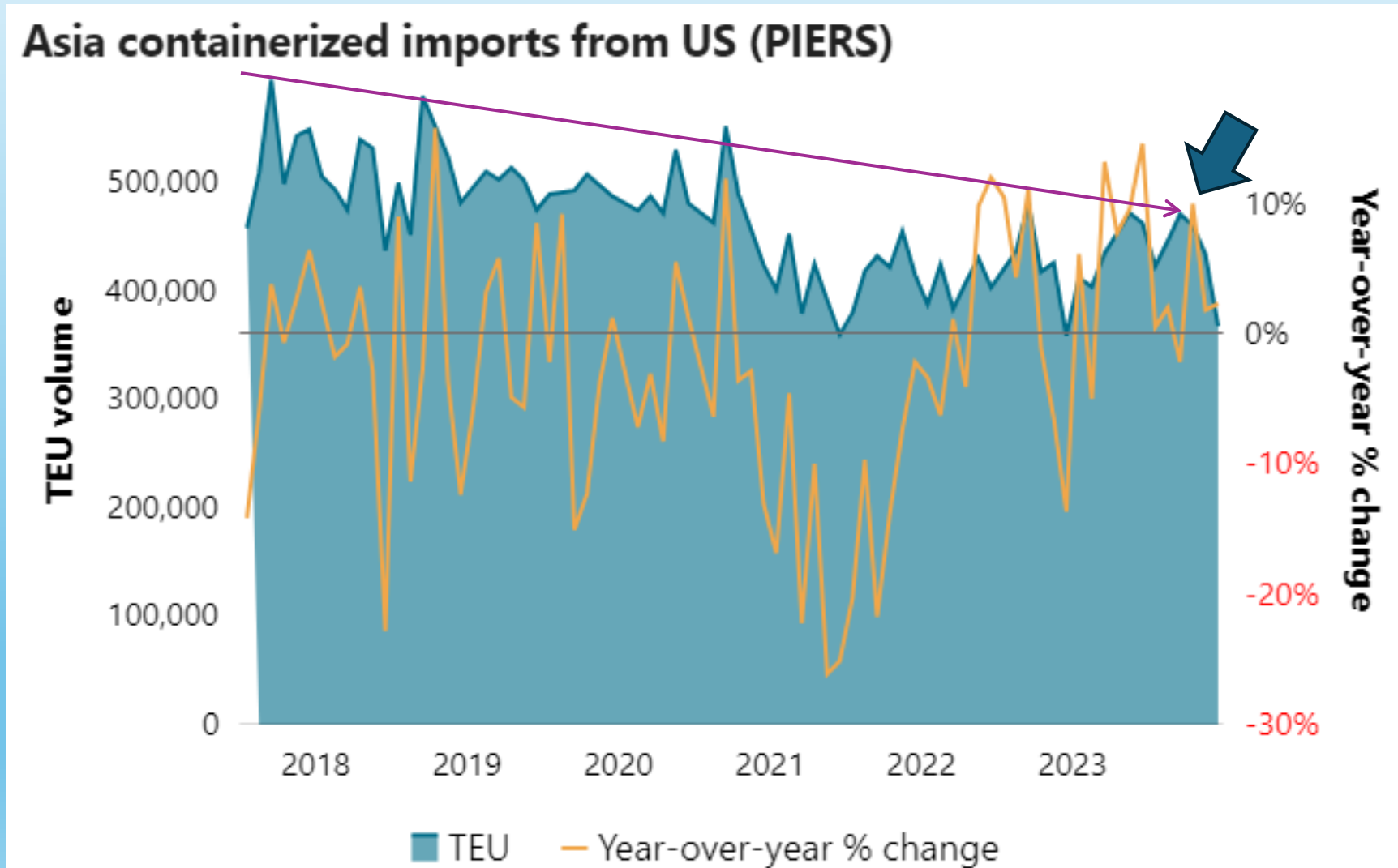
### THE Alliance



### Non-Alliance Carriers



# Export Freight Market Volumes





# Export Pricing

## US West Coast and US East Coast container spot rates to North Asia (Platts)

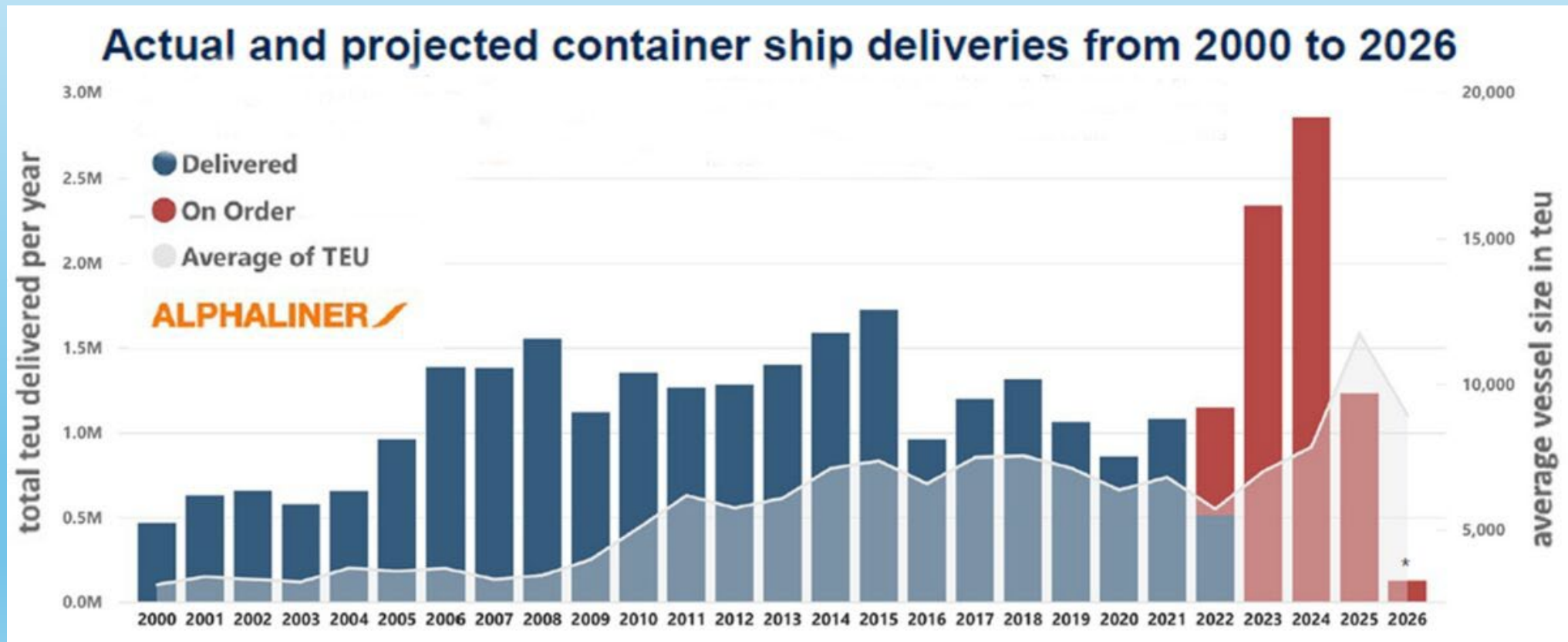


Source: Platts, S&P Global

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# Export Capacity

- Avg growth for new builds between 2001-2020 was 970,000 TEUS (435,000 – 40' containers)
- 3,900,000 TEUs on Order for 2024-2025 (1,950,000 – 40' containers) – Most in History
- Bottom Line: There is too much capacity for the amount of global freight, and that isn't changing anytime soon



# Export Market going forward

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1

## Container Capacity:

Abundant through 2024. Both for trucking, and ocean freight.

2

## Demand:

3.2% growth worldwide (IMF).

With added vessel space, this will not move the needle at all.

3

## Container Rates:

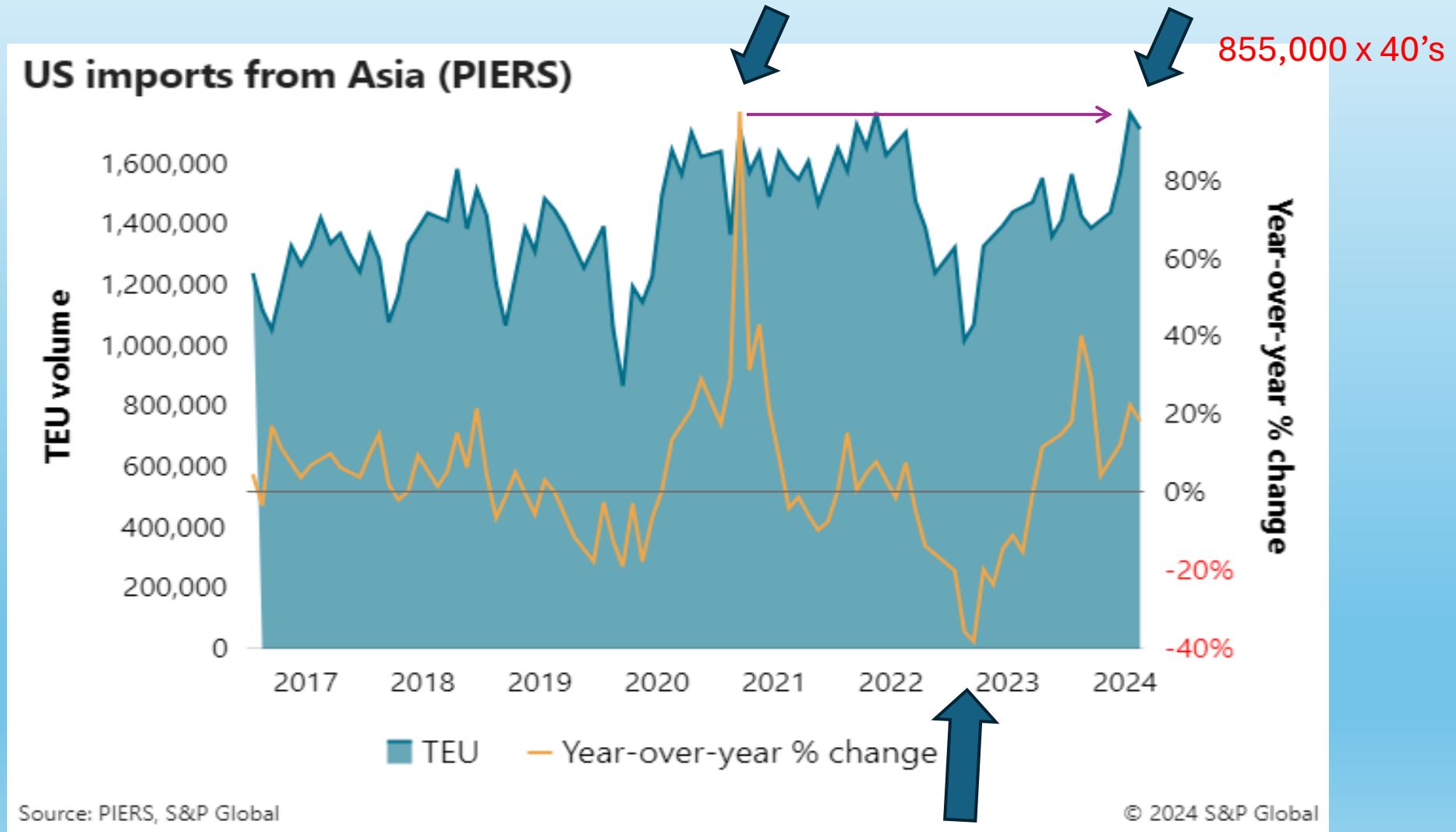
Bottomed out. Stagnant through 2025, unless a black swan event happens **AND** demand booms.

4

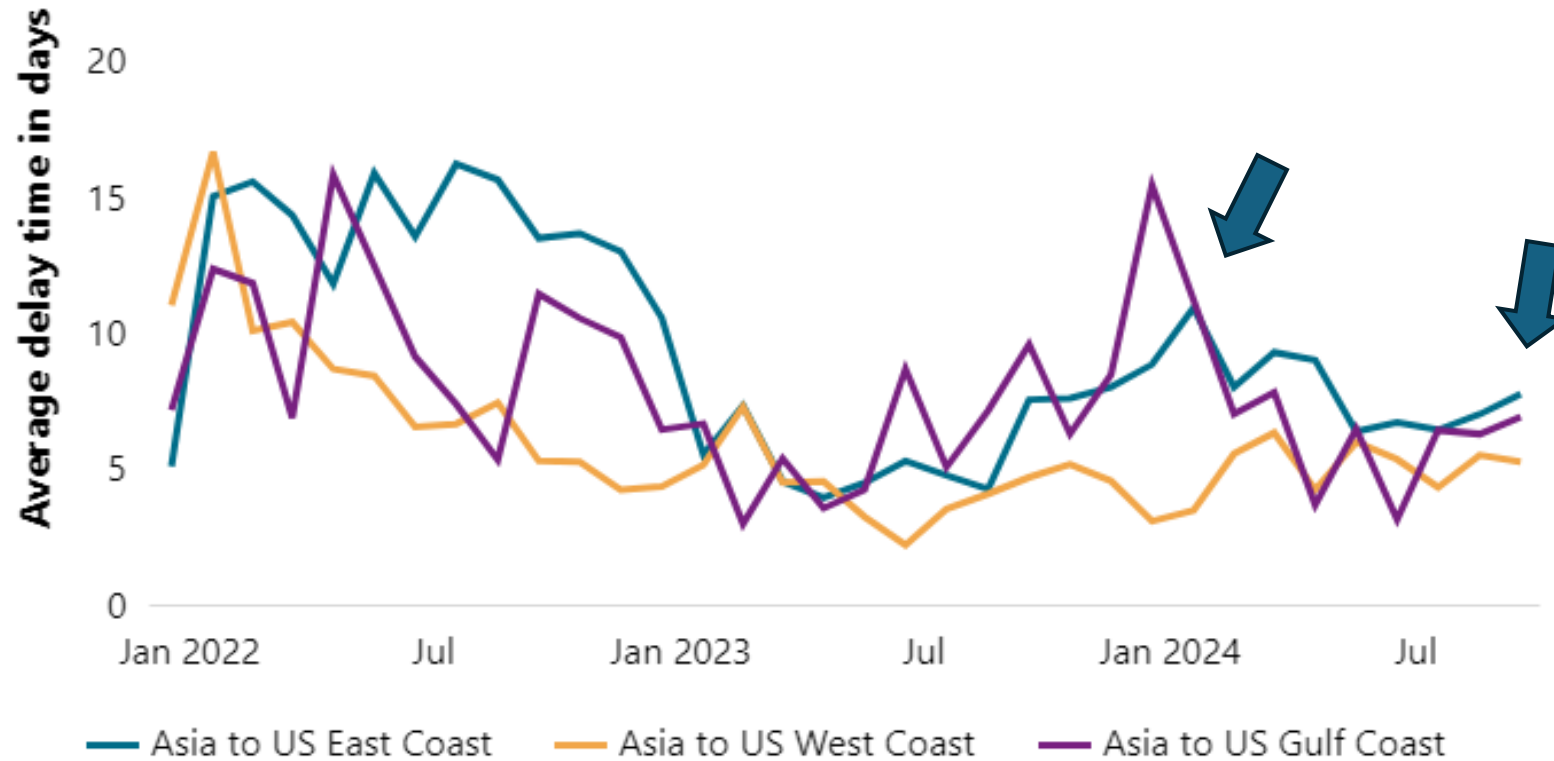
## Drayage Pricing:

Bottom is in. Unless a boom in freight, levels will remain suppressed for remainder of 2024 through 2025.

# Import : What a year can do



## Trans-Pacific ocean reliability, scheduled vs actual arrival (Gnosis Freight)



Source: Gnosis Freight

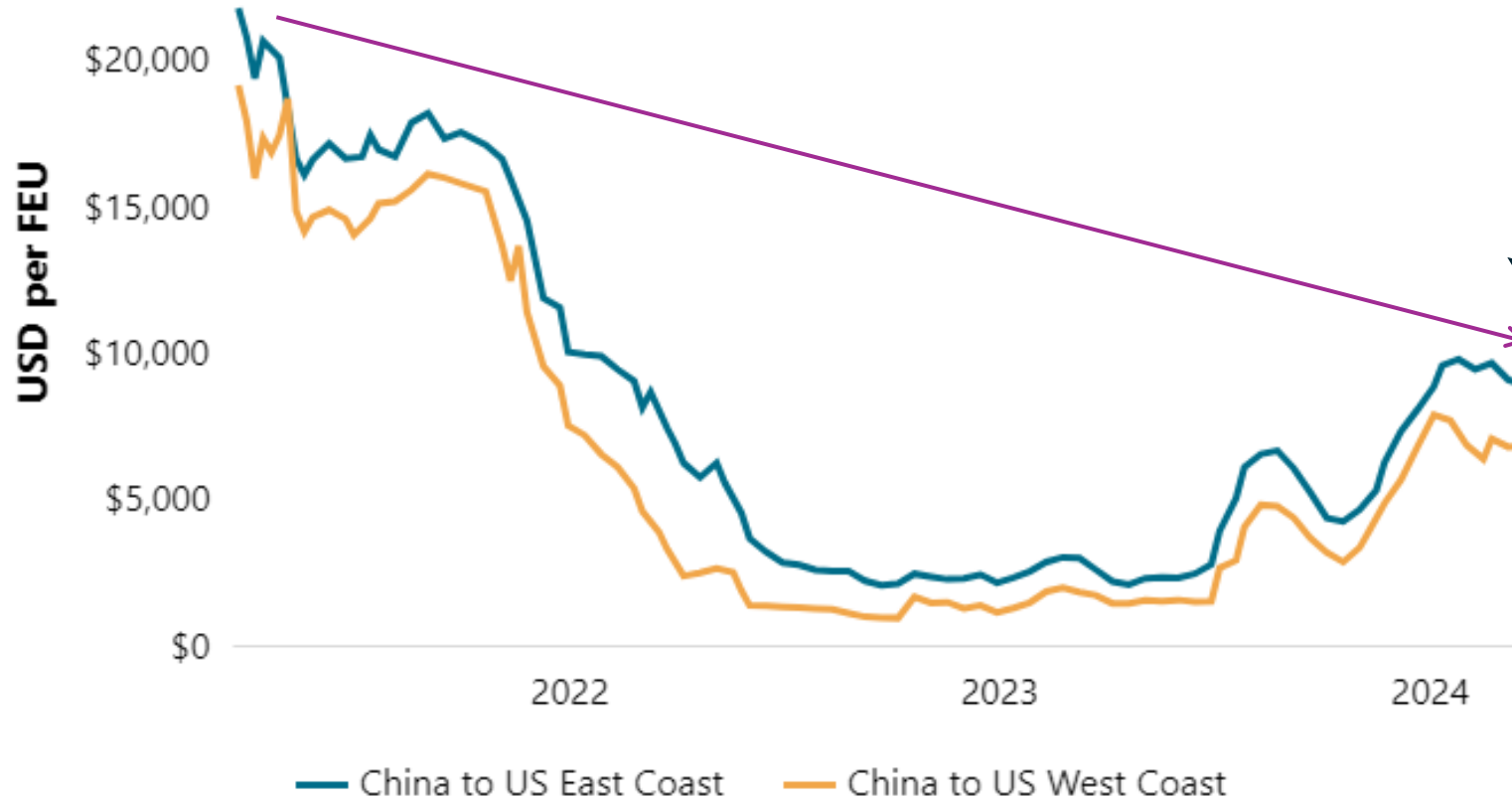
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# Import – Vessel Reliability

Why this matters:

ERD Shifts Trucking  
Availability,  
Planning/Inventory,  
Detention & Demurrage

## China to US container spot rates (Freightos)



Source: Freightos

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## Import – Freight Rates

USEC  
2021 - \$21,804  
2024 - \$8,952

USWC  
2021 - \$19,175  
2024 - \$6,875

# Import Market going forward

- Election will dictate much of international markets going forward
  - Due to policy
- Record Import Volumes in 2024, expect a retrace in 2025, prices to follow
- “Front Loading” is almost done and over
- Prices are at the highest they’ve been in 4 years. Last time they were that high, it was during COVID boom and a record

# Freight Trends



Consolidation in the NVOCC/Freight Forwarding Space



Steamship Lines will enter new markets & reorg services over next 18 months



Artificial Intelligence



“Near” Shore Opportunities (Mexico, LatAM)



Foreign Markets (Mexico, India, SE Asia)



Additional OTR trucking companies & brokerages to fold



# Freight Challenges

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Technology – Lack of  
standardization

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ILA Strike

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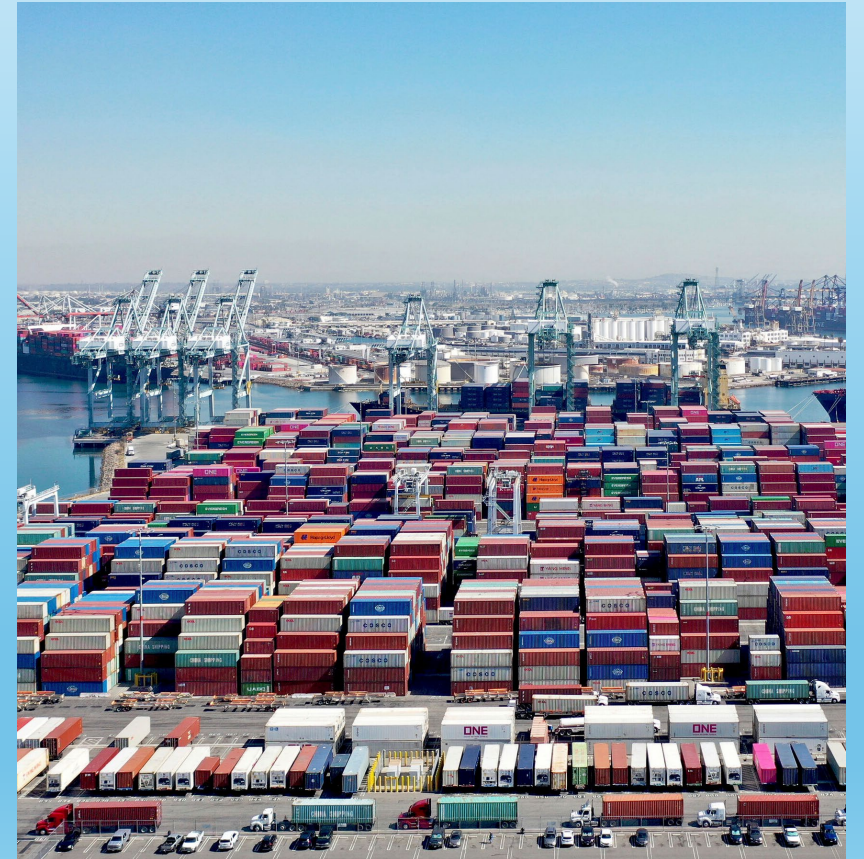
Vessel  
Schedules/Reliability

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Regulatory related issues  
(EUDR)

# ILA Strike

- 2002 Strike ILWU on West Coast cost \$1bn PER DAY
- ILA intends to strike if no deal by Sept 30<sup>th</sup>
  - ILA includes All East Coast ports AND Gulfports
- Automation at the heart of negotiations
- ILA wants 77% increase, Employers association offered 40%
- \$1,000 - \$3,000 surcharges announced starting Oct 21<sup>st</sup> by some carriers



Q&A – Thank you!