



**RXO**

**State of the Industry Report  
June 2023**

## Industry Insight from RXO Experts

### RXO Air Freight Market Update

“ RXO Air Transport provides tip-of-the-spear solutions available to support all RXO business lines as customers continue increasing demand for maximum speed, agility and premium support for domestic North America and international service. RXO air solutions include; on-demand charter, scheduled air freight and on-board courier (OBC), and Dedicated Capacity Solutions<sup>SM</sup>, where our experts create custom air solutions for recurring or long-term needs. Our air leadership team has 250 years of collective military, commercial and business aviation expertise, backed by a proprietary air TMS and global network of air carriers. Our exclusive new RXO air fleet of Saab 340B+ midsize cargo aircraft service the US, Mexico, Canada and Caribbean. Reduced global and US trade volumes, plus seasonal Q2 moderation in automotive sector volume, are creating increased charter and air freight capacity with reduced rates in most payload categories and lanes (ex. - \$25-<50k for regional US charters, or \$1-3/kg and \$3-5/kg US-Europe/Asia or Europe/Asia-US air freight rates, respectively. RXO air can expedite virtually any cargo, from documents, small packages and hazmat, up to oversize or heavy lift 100,000+ kg payloads with transit times USMCA <12 hours or globally <24-36 hours. ”

**Eric Giangiardano**  
Senior Director - Air Transport, Expedite  
Statesville, NC



### RXO IN THE NEWS

To learn more about RXO and see our current news releases, please use the following link:

<https://rxo.com/news/>

[RXO Expands Ann Arbor Office](#)

[RXO Leader Named SupplyTech Breakthrough Company CEO of the Year](#)

[RXO Expands Columbia, South Carolina Office](#)

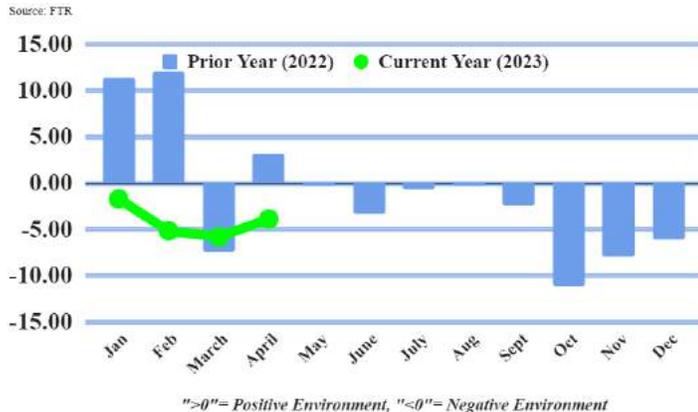


## Top Industry News

### Spot Rate Reactivity on the Rise

- Spot rates' recent rise is a product of freight pattern shift and elevated contracts.
- The average dry van truckload spot rate excluding the estimated cost of fuel (NTIL) has increased 4.2% since the end of April, while carrier contracted load rejection rates are still near all-time lows. While overall capacity is still extremely loose, some areas of the country have seen increasing spot rates and underlying freight flows continue to shift.

[Read more from FreightWaves.](#)



<https://freight.frintel.com/trucking-conditions-index>

Source: Freight International Intelligence

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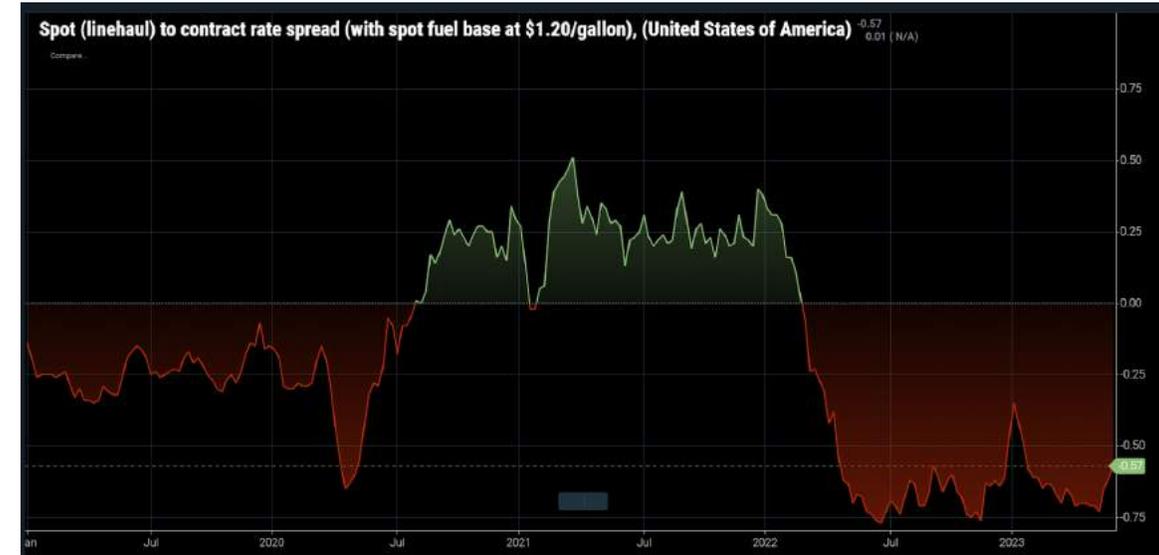


Chart: Perhaps the strongest reasoning behind the apparent discrepancy between tender rejections and spot rate is the fact that contract rates are still averaging well above spot. FreightWaves SONAR

Source: FreightWaves

### FTR's Trucking Conditions Index Shows Modest Improvement while Long-Term Issues Remain Intact

- FTR said improvement was due to stronger freight volume and a somewhat less negative environment for financing costs. And it added that weaker capacity utilization and a deceleration in fuel cost decreases partially offset those improvements. Looking ahead to the coming months, FTR said it expects negative TCI readings to remain intact through the middle of 2024.

[See more from Logistics Management.](#)

## US and Global Macroeconomics

### Supply Chain Legislation Awaits Votes in House, Senate

[Transport Topics](#): Several lawmakers calling for passage of big picture bills before August recess.

### Industry Sector Rankings Show Growth, Acquisitions by Carriers

[Transport Topics](#): Most of North America's largest for-hire motor carriers operating in many diverse segments of the trucking industry reported higher revenues last year as contract freight rates held up far better than spot market activity.

### GDP Growth in Q1 2023 Revised to 2%

[Transport Topics](#): Showing surprising resilience in the face of higher interest rates, the U.S. economy grew at a 2% annual pace from January through March as consumers spent at the fastest pace in nearly two years.

### Biden Administration Announces Infrastructure Investments

- [Transport Topics](#): DOT gives \$2.2 billion in funding for 162 projects.

## Truckload and LTL

### Transportation Prices Fall at Fastest-Ever Pace in May

- Supply chain activity slid to an all-time low for a third straight month in May, according to data compiled in the Logistics Managers' Index (LMI).
- A report aggregating responses from supply chain executives showed the index stood at 47.3, the first reading in contraction territory for the 6.5-year-old data set. The mark was 3.6 percentage points below the April level and notably below a neutral level of 50.

[See more from FreightWaves.](#)

### Freight Shipments, Spend See Largest Y/Y Declines in Nearly 3 Years

“Declining real retail sales trends and ongoing destocking remain the primary headwinds to freight volumes, but dynamics are shifting as real incomes improve and the worst of the destock is in the rearview,” ACT Research’s Tim Denoyer commented..

[See more from FreightWaves.](#)



Source: Jim Allen/FreightWaves



**Chart:** The Contract Load Accepted Volume Index measures accepted load volumes moving under contractual agreements. It excludes all rejected tenders. CLAV.USA remains depressed from levels posted a year ago. SONAR - FreightWaves.

Source: FreightWaves

## Modes Overview



### Parcel and Last Mile

- Speed Still Rules in Home Delivery, Study finds. [More from FreightWaves.](#)
- Teamsters Break Off UPS Talks, Warn Strike ‘Inevitable’. [More from Transport Topics.](#)



### Ocean, Air and Rail Cargo

- Container Shipping Trilemma: Weak Rates, New Ships, Pricy Charters. [More from FreightWaves.](#)
- Air Cargo’s Busy Season Looking more like Molehill than Mountain Peak. [More from FreightWaves.](#)
- Train Derailment Sends Tanker Cars into Yellowstone River. [More from FreightWaves.](#)



### Dedicated Transportation

- RXO Makes Dedicated Freight Accessible, Desirable for Shippers and Carriers. [More from FreightWaves.](#)



### Refrigerated Transportation

- Canadian Pacific Kansas City expands Mexico intermodal reefer rail service. [More from FreightWaves.](#)

## Infrastructure and Regulation

### USDA Offers Up to \$500 Million in Biofuel Grants

Agriculture Secretary Tom Vilsack announced that up to \$500 million in federal funds are available to boost supplies of American-made biofuel while awarding \$25 million to 59 biodiesel and ethanol infrastructure projects across the country.

[Read more from Transport Topics.](#)

### CSX and CPKC Will Connect to Increase Traffic in Southeast

- CSX and CPKC railroads announced a deal June 28 that will allow them to beef up a little-used connection between their two networks in the southeastern United States to handle a significant amount of freight.
- The deal involves a section of track linking the two massive railroads that is currently used only for local traffic. This could one day turn it into a major pipeline for all kinds of cargo.

[Read more from Transport Topics.](#)

### SAE International Plans to Standardize Tesla's EV Chargers

- A key U.S. automotive industry organization says it will set performance standards for Tesla's electric vehicle charging cords in another move toward using the Tesla plug on all EVs.
- The move by SAE International, formerly the Society of Automotive Engineers, comes just weeks after Ford, General Motors and Rivian said they would join Tesla's large Supercharger network and adopt its North American Charging Standard connector in new versions of their electric vehicles. But a rival connector called CCS is still in thousands of current EVs and will stay in use.
- [Read more from Transport Topics.](#)

## Cross-border: Mexico, Canada and International

### **Railroads Move to Create More Access Between Mexico, Texas, US Southeast**

Aiming to keep up with competitors in road and sea transportation, three major freight railroads announced plans to create a new trade route for shippers connecting Mexico, Texas and the U.S. Southeast.

[Read more from FreightWaves.](#)

### **Florida Tomato Growers want US to Terminate Mexico Trade Deal**

A trade group is calling on the U.S. to end the 2019 Tomato Suspension Agreement with Mexico, saying it has failed to protect Florida growers against unfair trade practices.

[Read more from FreightWaves.](#)

### **CN Adjusting Rail Operations Amid Fierce Canada Wildfires**

Railway in contact with shippers as it assesses wildfire situation.

[Read more from FreightWaves.](#)



## Technology

### Chinese Chipmaker Asks Suppliers to Buy Back Banned Gear

[SupplyChainBrain](#): The company is China's foremost developer of memory chips, but broad U.S. export restrictions and its inclusion on a trade blacklist in late 2022 deprived the organization of access to the latest manufacturing hardware.

### As Electric Truck Batteries Evolve, it's all About the Range

[FreightWaves](#): Chemistry holds the key to moving beyond regional and drayage hauling.

### EV Makers Racing for Supplies of Lithium for Batteries

- [Transport Topics](#): Potential lithium shortage poses roadblock to ramped up EV production.



Source: John Locher/Associated Press

## Initiatives – Safety and Sustainability

### FMCSA Plans Driver Behavior Study on Self-Driving Trucks

The Federal Motor Carrier Safety Administration is seeking approval from the Office of Management and Budget to conduct a human-factors study that will examine the effect of nondriving secondary task engagement, transfer of control and training on driver behavior in commercial motor vehicles equipped with L2 advanced driver-assistance systems and L3 automated driving systems.

[Read more from Transport Topics.](#)

### Senate EPW Leaders Introduce Diesel Emissions Bill

Legislation that would reauthorize the Diesel Emissions Reduction Act through fiscal 2029 was recently introduced in the U.S. Senate. Legislation is designed to promote health benefits by improving air quality.

[Read more from Transport Topics.](#)



Source: U.S. DOT



Source: CHUYN/Getty Images

# **RXO**

**Massive capacity. Cutting edge-technology.**