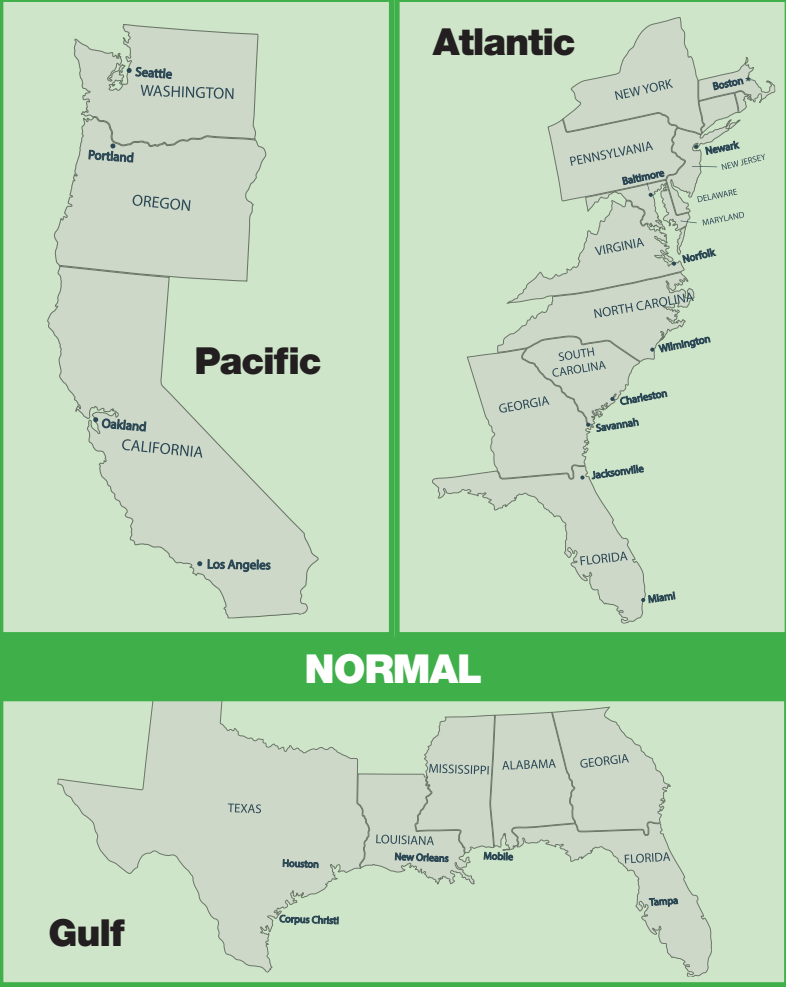


PORT CONTAINER DRAY OPERATIONS

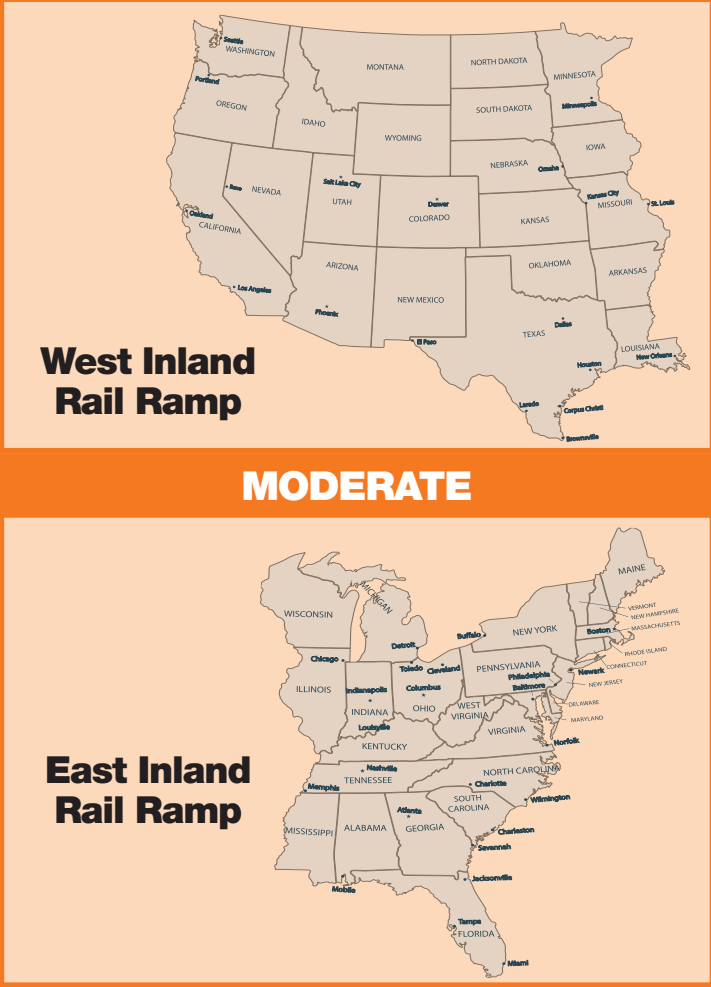
NORMAL

NORMAL



OCEAN/DOMESTIC CONTAINER
RAIL RAMP OPERATIONS

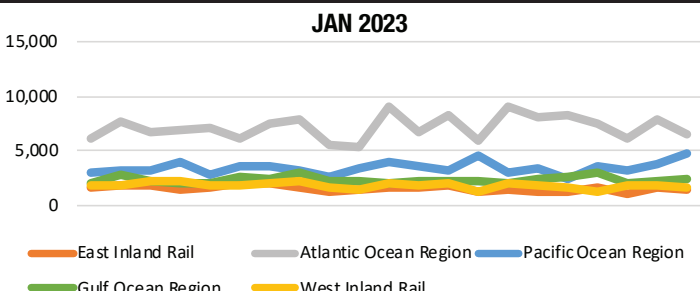
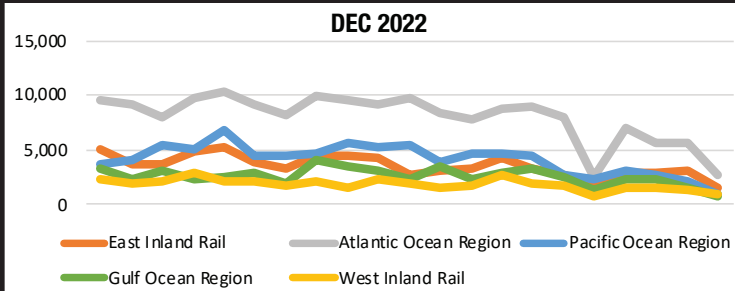
MODERATE



DEC. 2022

US PORT/RAIL RAMP TRUCKING DEMAND

JAN. 2023



SUMMARY – FEBRUARY, 2023

- + Lunar New year peak is upon us. While this year’s peak is muted compared to the last few years, it is still registering in our data this month. This elevated volume will last through the end of February and then there will be another downturn in volume through April. Review of export data from overseas supports this as well. China’s exports alone were down 9% YOY in December and similar trends are being seen in Europe.
- + Even with this slight increase in volumes, current operations are not being hindered at this time. Ocean and Rail container operations currently have plenty of bandwidth with trucking capacity, chassis availability, and abundant access to the terminals.
- + There are still significant concerns that there will not be enough Ocean chassis equipment at inland rail ramps to process IPI freight coming into the US. IPI container traffic is reaching pre-pandemic levels as the booking behavior of BCO’s returns to booking to rail ramps as close to DC and storage capacity as possible to lessen transportation costs. Chassis providers and trucking providers need to proactively monitor this and plan to reposition chassis now as there could be significant operational constraints

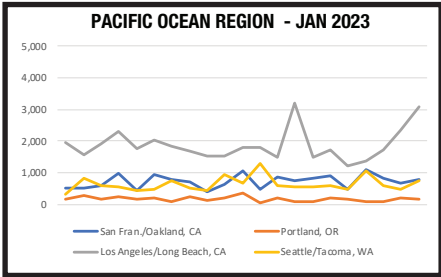
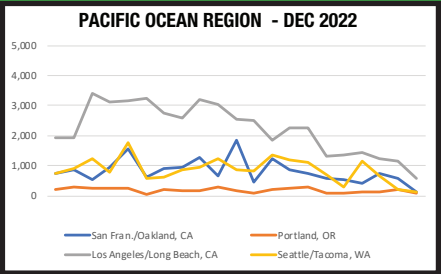
- as we get closer to this summer and fall retail peak season.
- + Another major concern is the volume and duration of freight being stored on wheeled containers in the US as BCO DC’s continue to work through significant inventory levels. This will cause two major problems for Shippers:
 1. If containers are sitting on chassis, those chassis can not be used on newly arriving containers. That will put additional stress on chassis pools throughout the US—especially inland rail ramp pools.
 2. In Q2 and Q3 the excessive amount of box detention for containers dwelling at these DC’s will be billed to BCO’s and Shippers. This will cost larger volume Shippers tens of millions of dollars per quarter. This will add to the headwinds that Shippers are already struggling with to stay profitable. These charges, on top of weaker consumer demand and pressure to lower the cost of goods sold to process historically high inventory levels, will ripple through earnings.

PACIFIC REGION – NORMAL

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

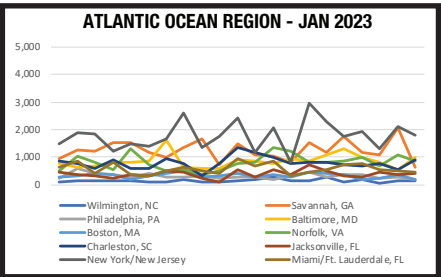
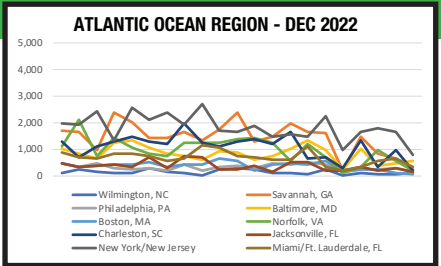
OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Focus on solutions to pain points exposed over the last 24 months. Strategize with domestic transportation providers for SOP creation to maximize operational production prior to Q3 peak volumes.*

POTENTIAL HEADWINDS – *Labor disruption.*



ATLANTIC REGION – NORMAL

- NY/NJ** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- NORFOLK** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- CHARLESTON** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- SAVANNAH** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- MIAMI** - Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.

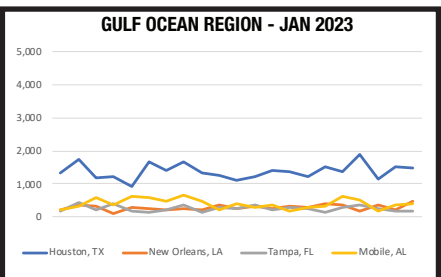
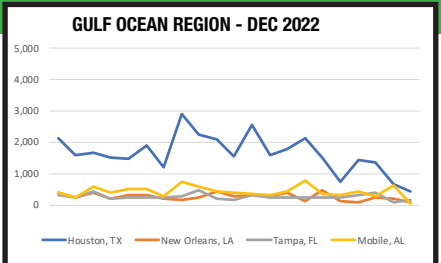


OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Consider short term pop-up storage in 3pl's and grounding operations for containers to lessen reliance on storing freight in ocean containers.*

POTENTIAL HEADWINDS – *Slightly higher volumes due to Lunar New Year and booking to avoid West Coast ports due to unsettled labor negotiations. Receiving capacity at DC's.*

GULF REGION – NORMAL

- TAMPA** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- MOBILE** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- NEW ORLEANS** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.
- HOUSTON** – Vessel congestion low. Terminals at normal operations. Chassis readily available. Container storage availability normal. Transload availability normal. Outbound domestic capacity availability normal.



OPPORTUNITY FOR OPERATIONAL EFFICIENCY – *Consider short term pop-up storage in 3pl's and grounding operations for containers to lessen reliance on storing freight in ocean containers.*

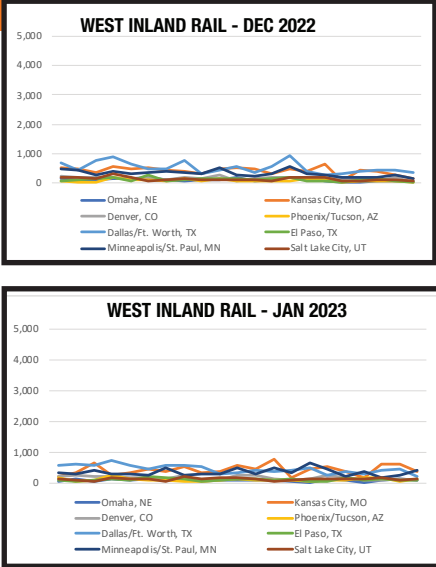
POTENTIAL HEADWINDS – *Slightly higher volumes due to Lunar New Year and booking to avoid West Coast ports due to unsettled labor negotiations. Receiving capacity at DC's.*

WEST INLAND RAIL RAMP REGION – MODERATE

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

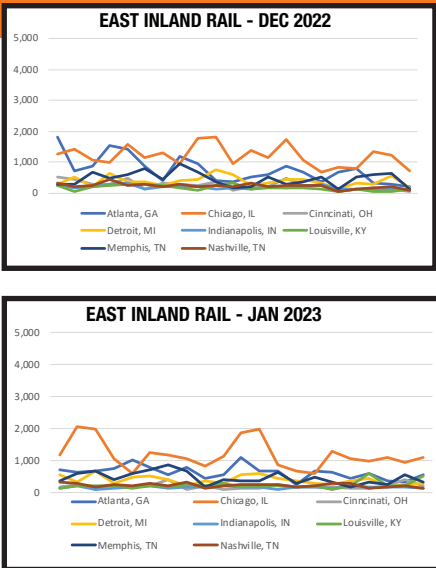
OPPORTUNITY FOR OPERATIONAL EFFICIENCY – Consider short term pop-up storage in 3pl’s and grounding operations for containers to lessen reliance on storing freight in ocean containers.

POTENTIAL HEADWINDS – Ocean chassis availability. Significant volume increases as IPI bookings continue to move to pre-pandemic levels.



EAST INLAND RAIL RAMP REGION – MODERATE

- CHICAGO** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.
- MEMPHIS** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.
- NASHVILLE** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.
- CHARLOTTE** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.
- ATLANTA** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.
- COLUMBUS** – Congestion low. Ramps at normal operations. Chassis availability low. Container storage normal. Container availability normal.



OPPORTUNITY FOR OPERATIONAL EFFICIENCY – Consider short term pop-up storage in 3pl’s and grounding operations for containers to lessen reliance on storing freight in ocean containers.

POTENTIAL HEADWINDS – Ocean chassis availability. Significant volume increases as IPI bookings continue to move to pre-pandemic levels.

ITS INSIDER ADVANTAGE OF THE MONTH

- BCO’s and Shippers of all sizes are taking over control of their dray trucking operations at the rail ramps and ports at levels we haven’t seen before. There are two ways to do this:
 - By booking to the CY (Port) or Rail Ramp, then selecting and managing their own trucking capacity.
 - Another way—and not as widely known—is to book to the door with multiple steamship lines and NVOs, then selecting a trucker or transportation provider to be their CNT (Customer Nominated Trucker).

This CNT designation allows a BCO or Shipper to control their trucking capacity and have complete visibility of their freight as it moves through the domestic supply chain. This designation also allows the BCO to operate under a new or existing door-to-door contract as the commercial relationship with the transportation provider is with the selected NVO or SSL not the BCO.
 - The CNT designation, if done correctly, is the best way to manage 2023’s Ocean Carrier contracts. This allows the BCO to take advantage of having multiple contracts with NVOs and SSLs and more importantly being able to use the ocean container spot market where booking rates are at historic lows.
 - It is important to note that the selection of a trucking or transportation partner is the most important piece of this strategy. A BCO or Shipper should select a transportation provider that has capacity in all markets that the BCO operates in, and that has a commercial relationship with the NVO or SSLs in use by the BCO. BCOs also want to ensure that their transportation provider has a robust visibility platform that tracks containers and equipment throughout the lifecycle of a container, and a TMS that can integrate with all visibility platforms in use by the BCO.
- Reach out to me directly for if you have any questions on this strategy.