

2025 BULK FREIGHT OUTLOOK

RILEY GEORGE

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New Year, New Administration, New Uncertainties

Agenda:

- Economy Overview
- Market Conditions
 - Re-balancing
 - Freight Outlook
 - Fuel
 - Regulation
 - Tariffs
 - Level And Direction Of Interest Rates
- Advice

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Economy Overview

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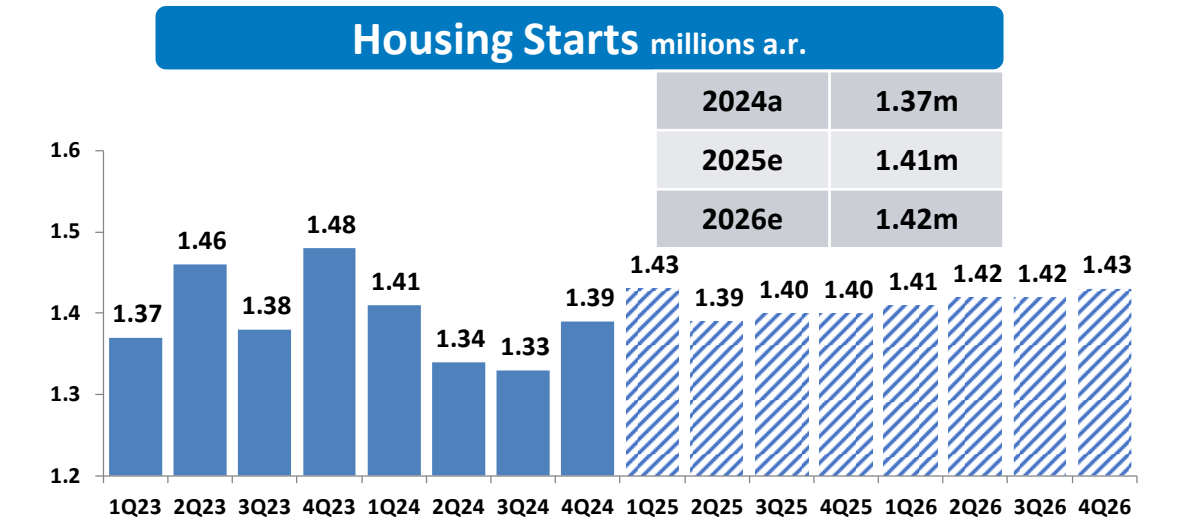
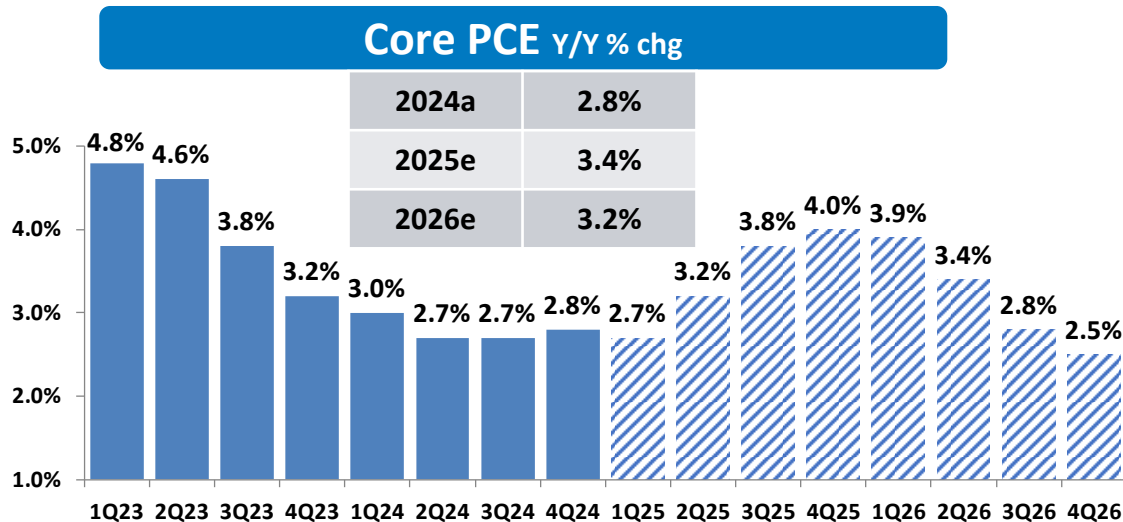
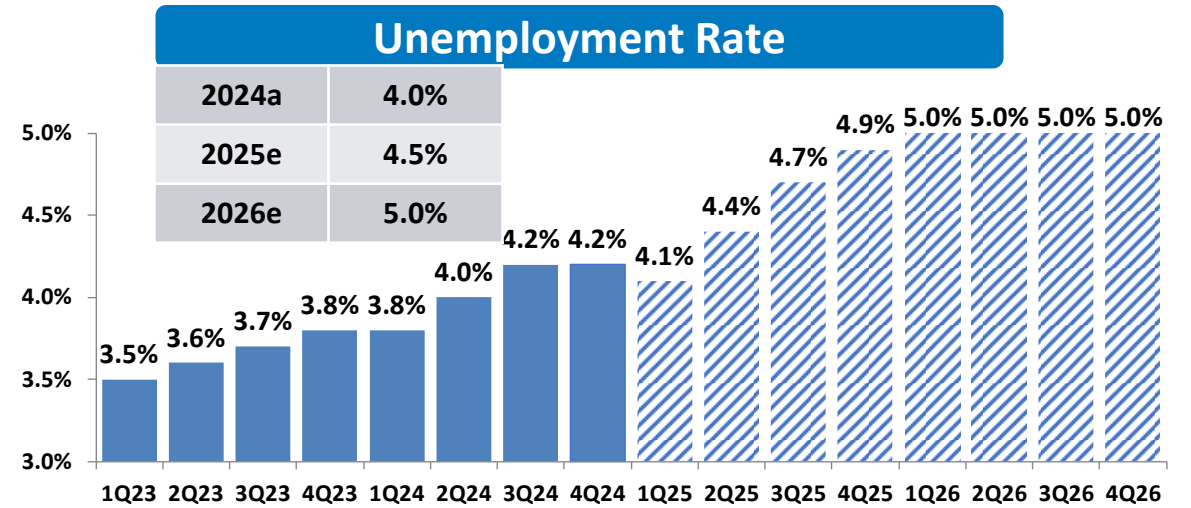
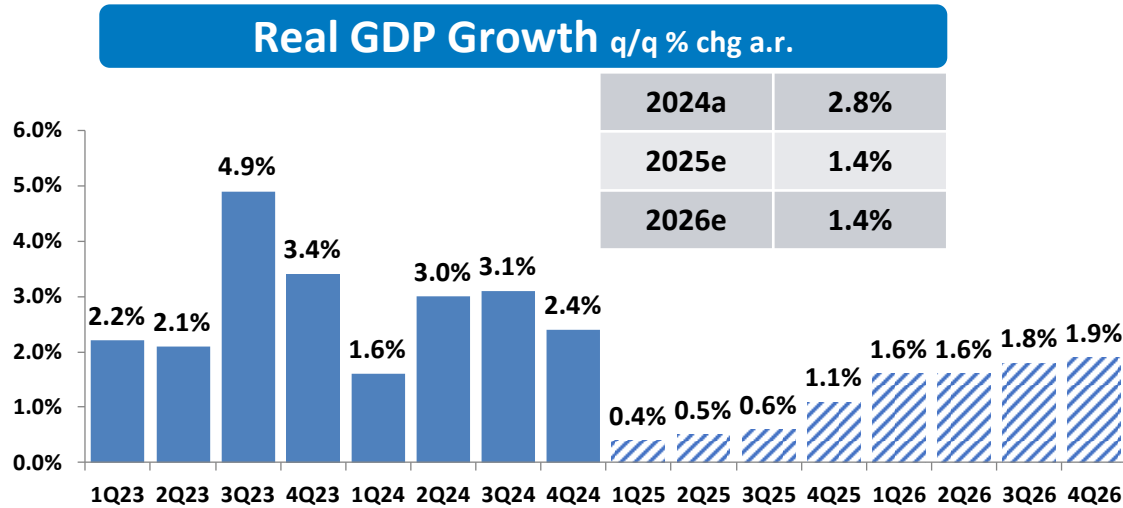


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U.S. Key Economic Indicators – Slowing Growth; Skating On Thin Ice For Recession



Source: BMO Economics as of 4/4/25

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Market Conditions

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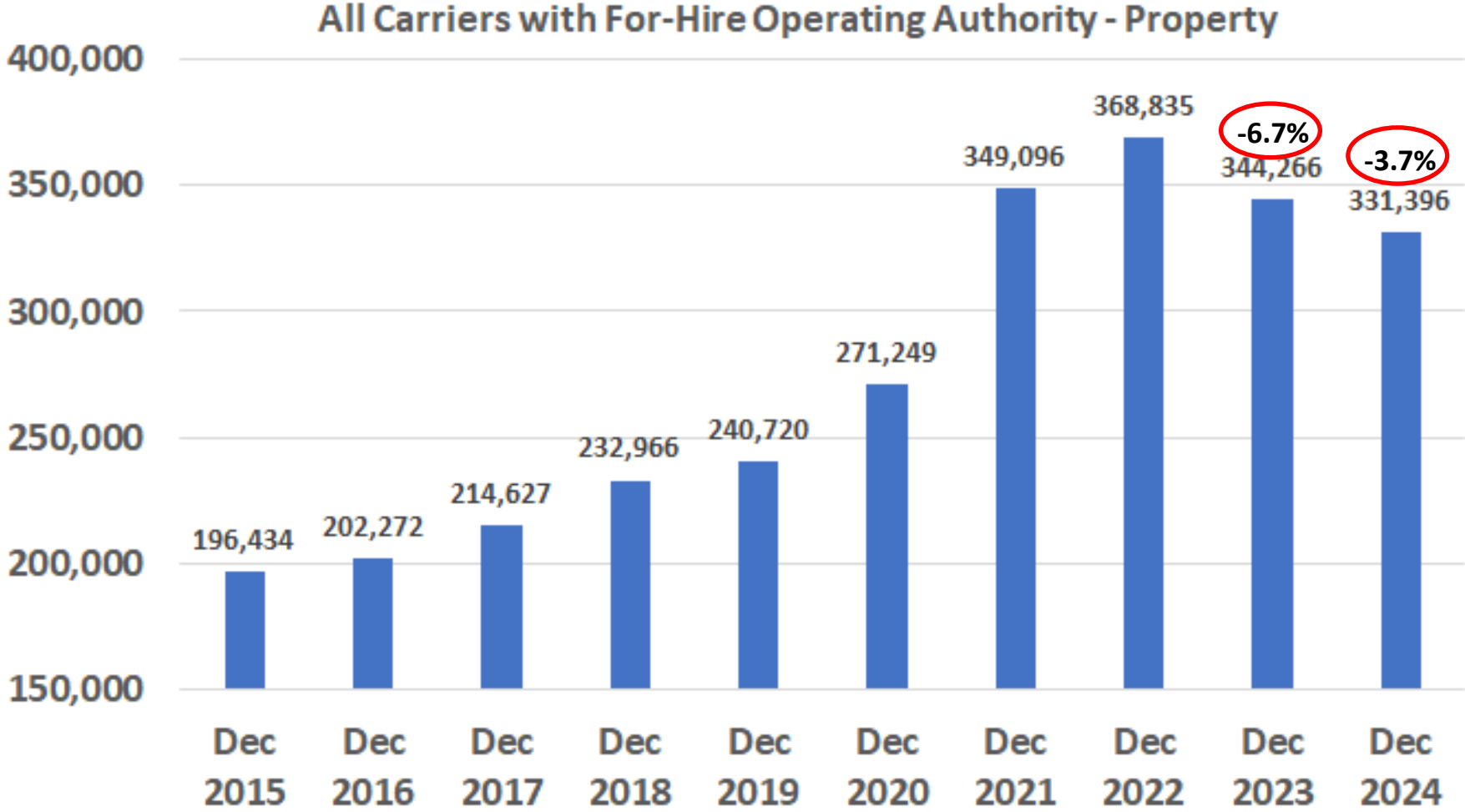


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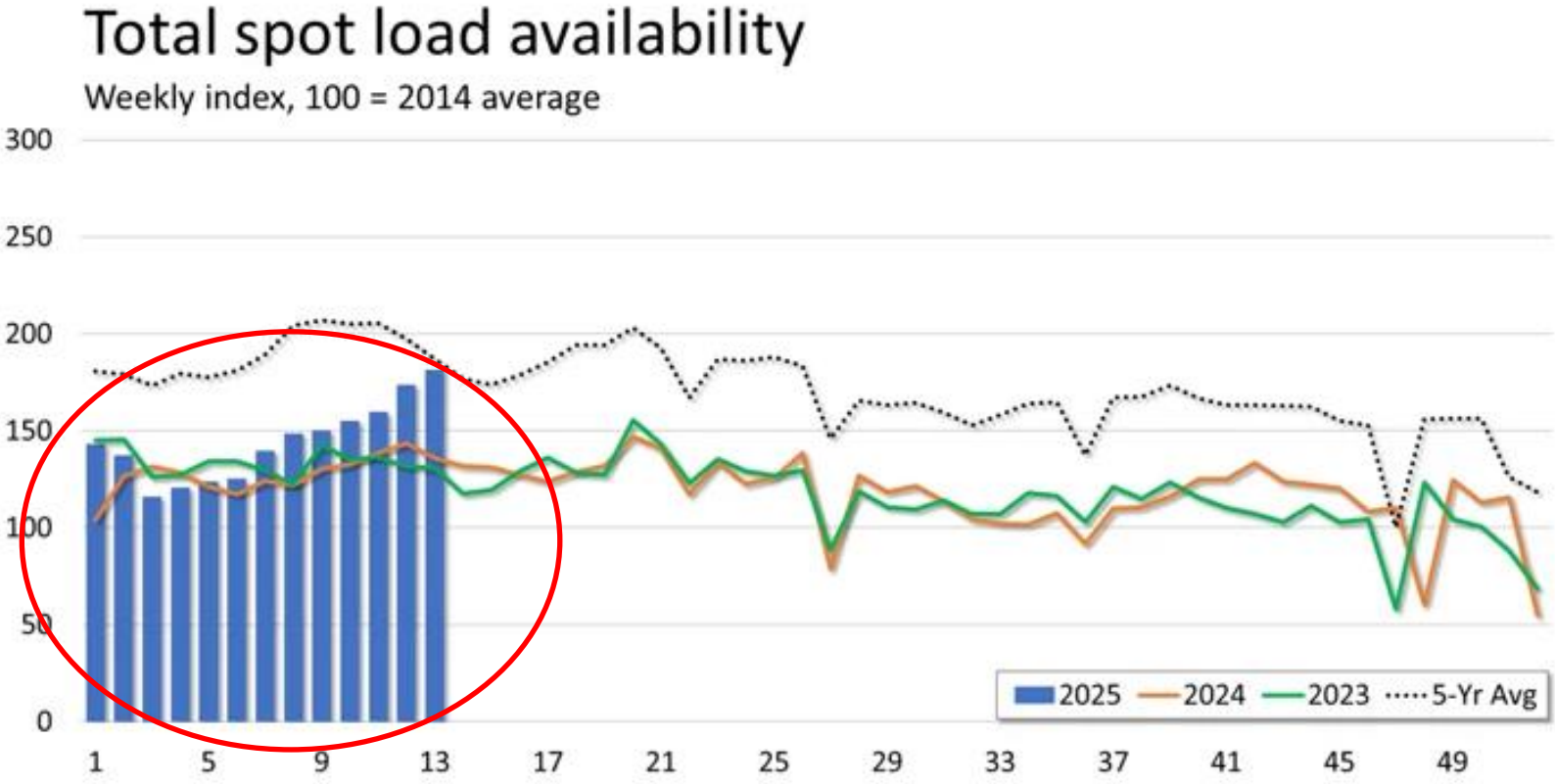
Rebalancing - Measured Progress Toward A Healthier For-Hire Market



CAGR
 2016-2019 +5.2%
 2020-2024 +6.6%
 ~ 21k Carriers Above
 Pre-Covid Trend

Source: FMCSA

Weekly Truck Spot Freight Volume – Tariff Frontloading Extends 10-Week Streak

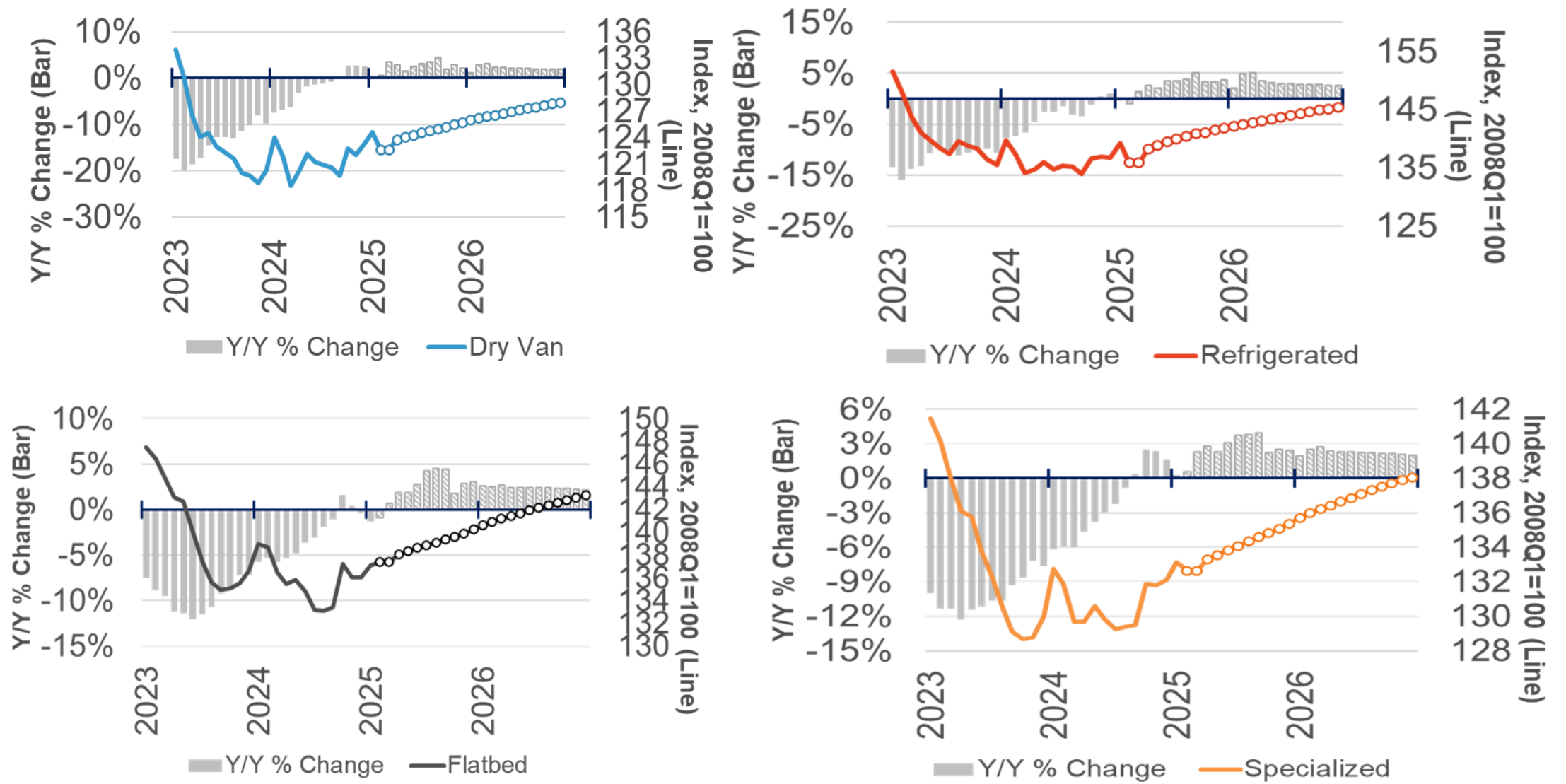


Source: Truckstop, FTR - <http://freight.ftrintel.com/spotmarketinsights>

Source: FTR as of 4/7/25

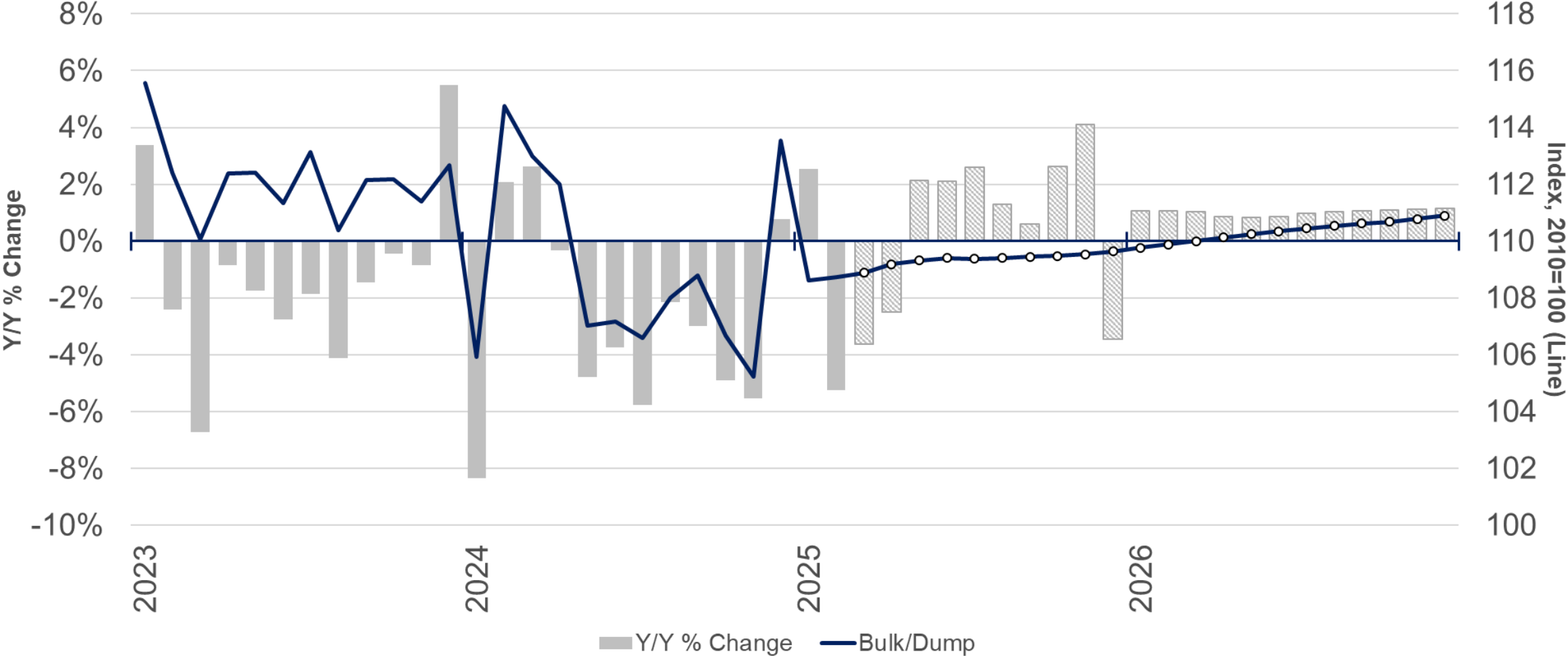


Freight Outlook – Rate Projections



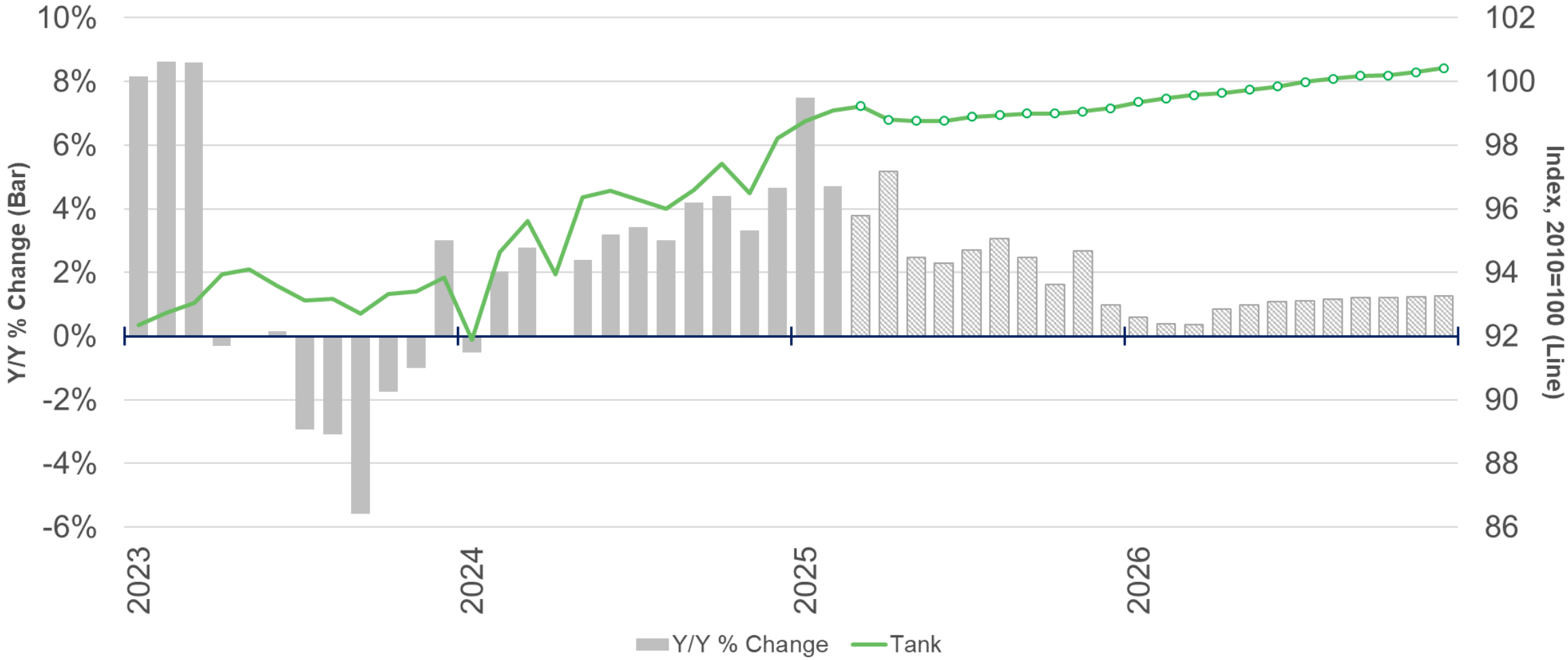
Source: FTR

Freight Outlook - Bulk/Dump



Source: FTR

Freight Outlook - Tank

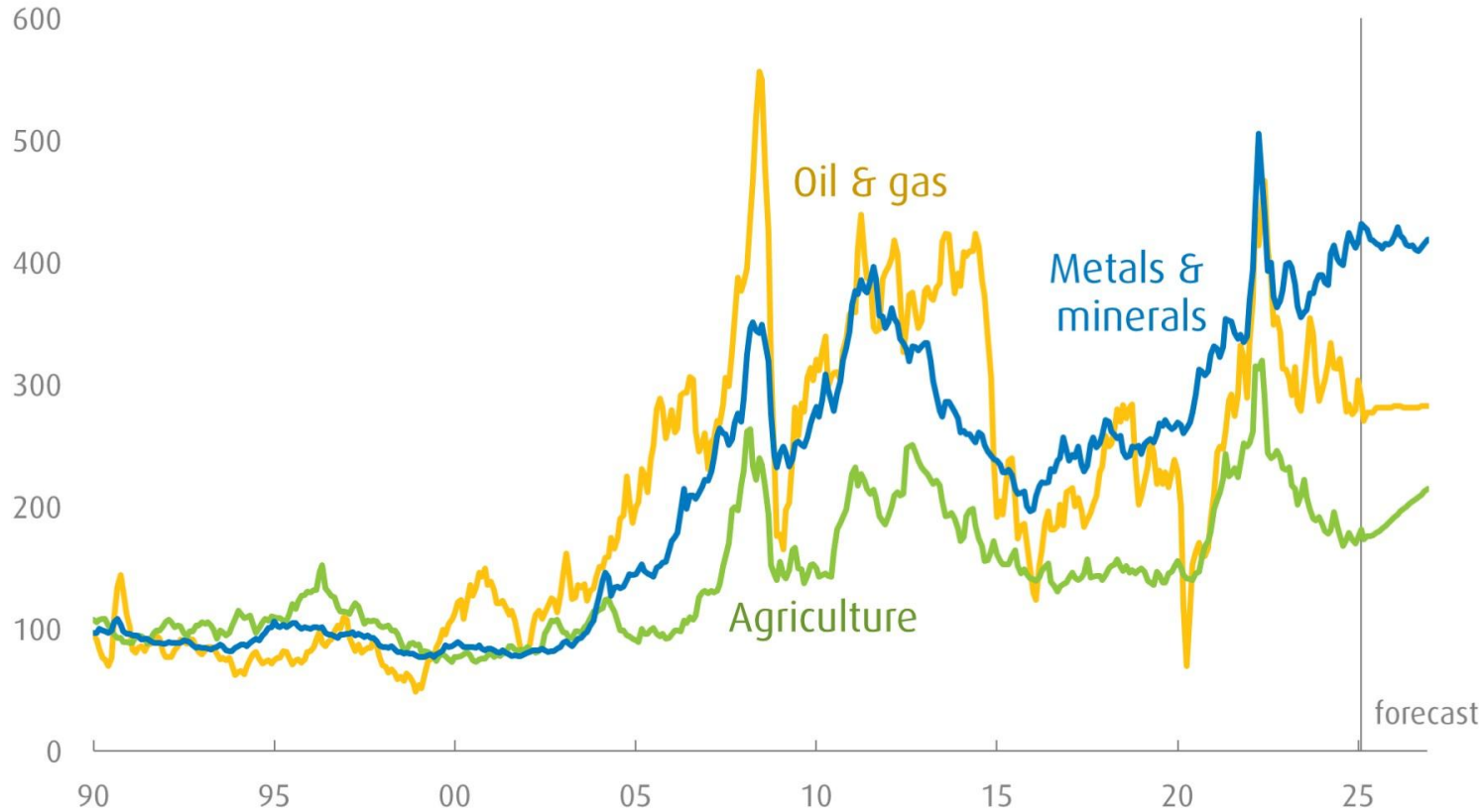


Source: FTR

Commodities still strong despite growth concerns

(1990 = 100)

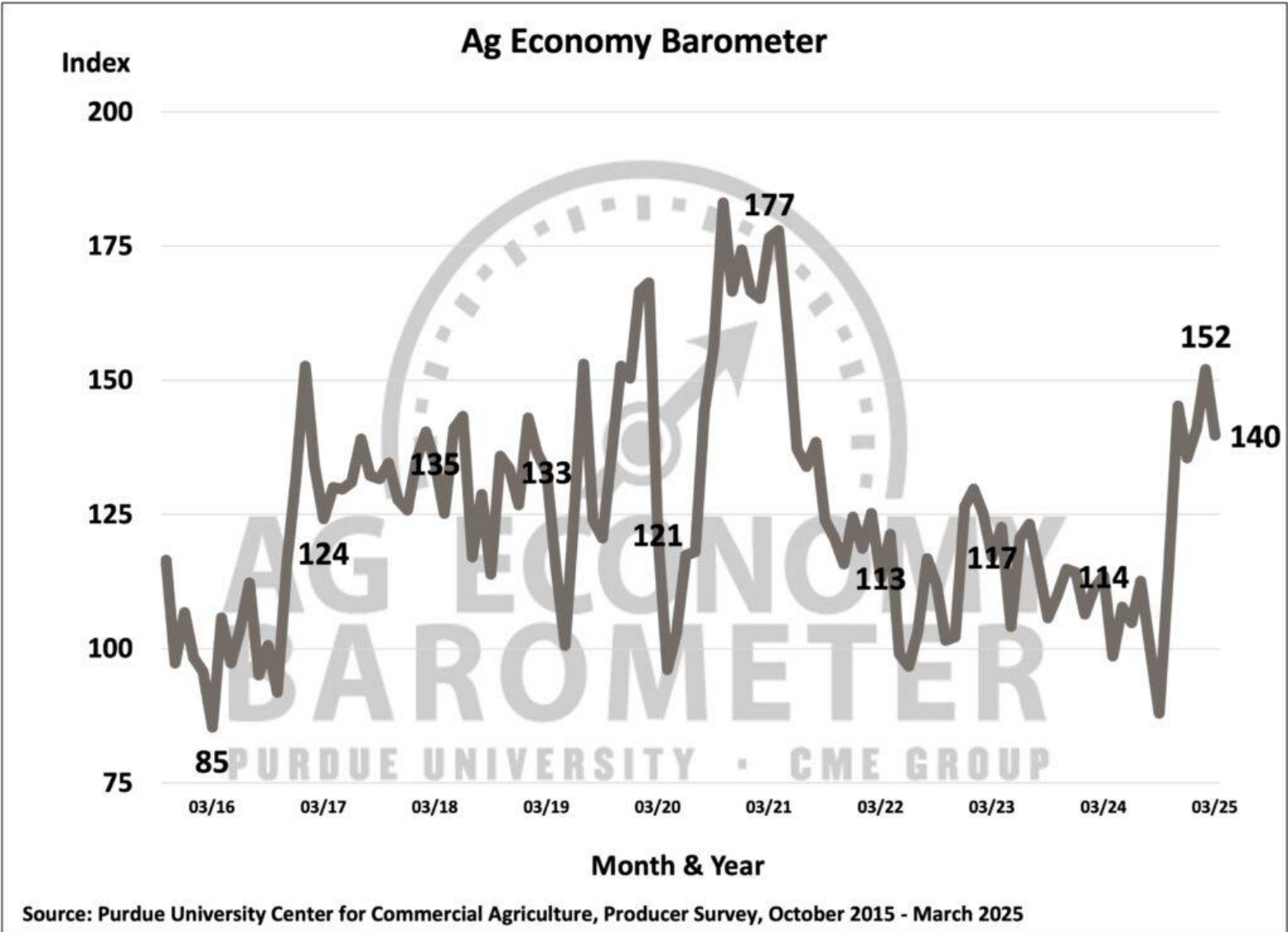
BMO Capital Markets Economics Commodity Price Index



		24	25	26
WTI oil	US\$/bbl	76.10	70.00	70.00
Natural gas ¹	US\$/mmbtu	2.19	3.50	3.50
Gold	US\$/oz	2,387	2,750	2,600
Aluminum	US\$/lb	1.10	1.08	1.15
Copper	US\$/lb	4.15	4.05	4.20
Nickel	US\$/lb	7.63	7.10	7.50
Potash	US\$/tonne	295	292	305
Wheat	US\$/bushel	5.72	5.80	6.80
Canola	US\$/tonne	448	450	510
Lumber	US\$/mbf	413	480	450

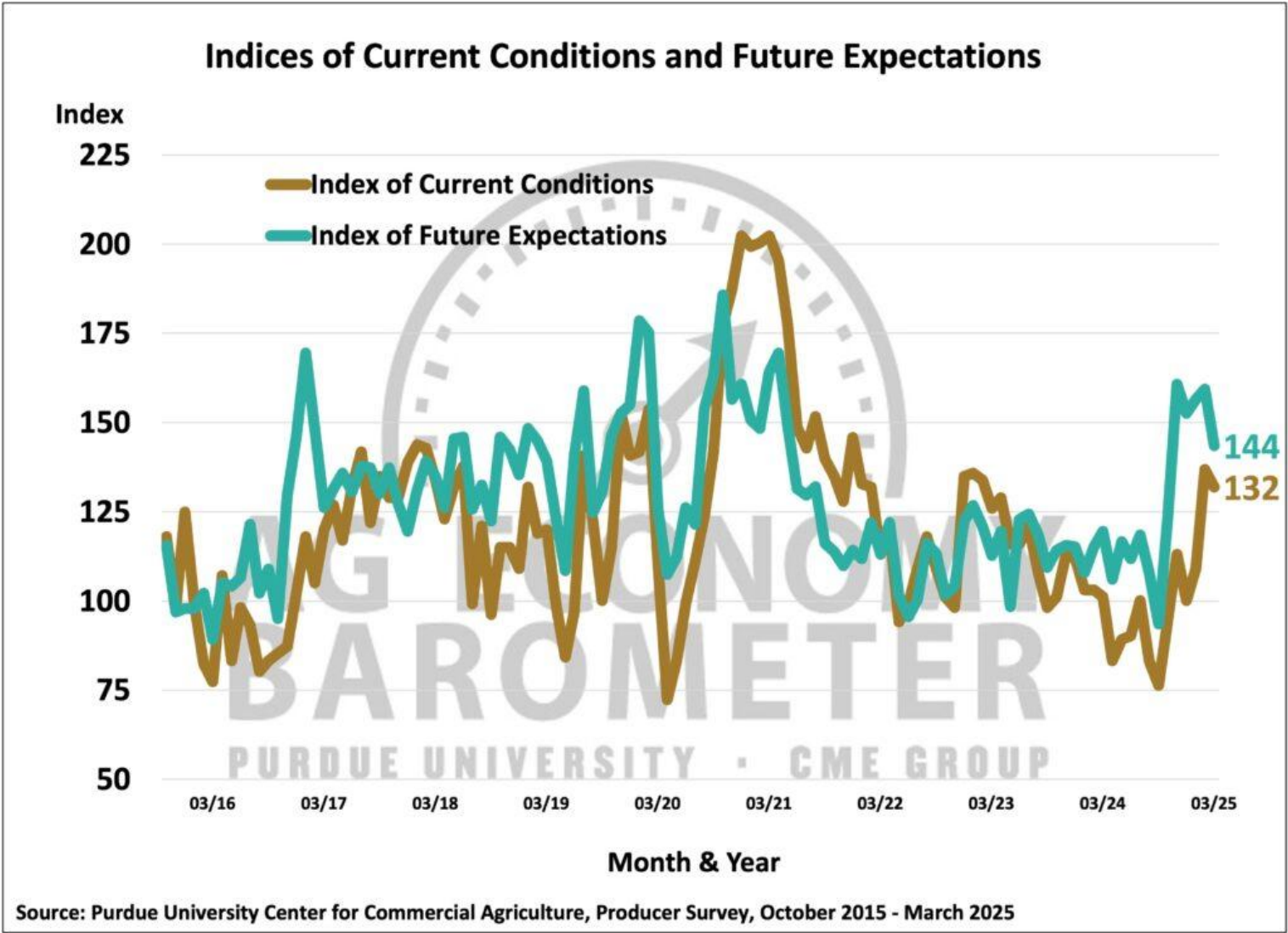
¹ Henry Hub

Freight Outlook - Farmer Sentiment Retreats But Still Elevated



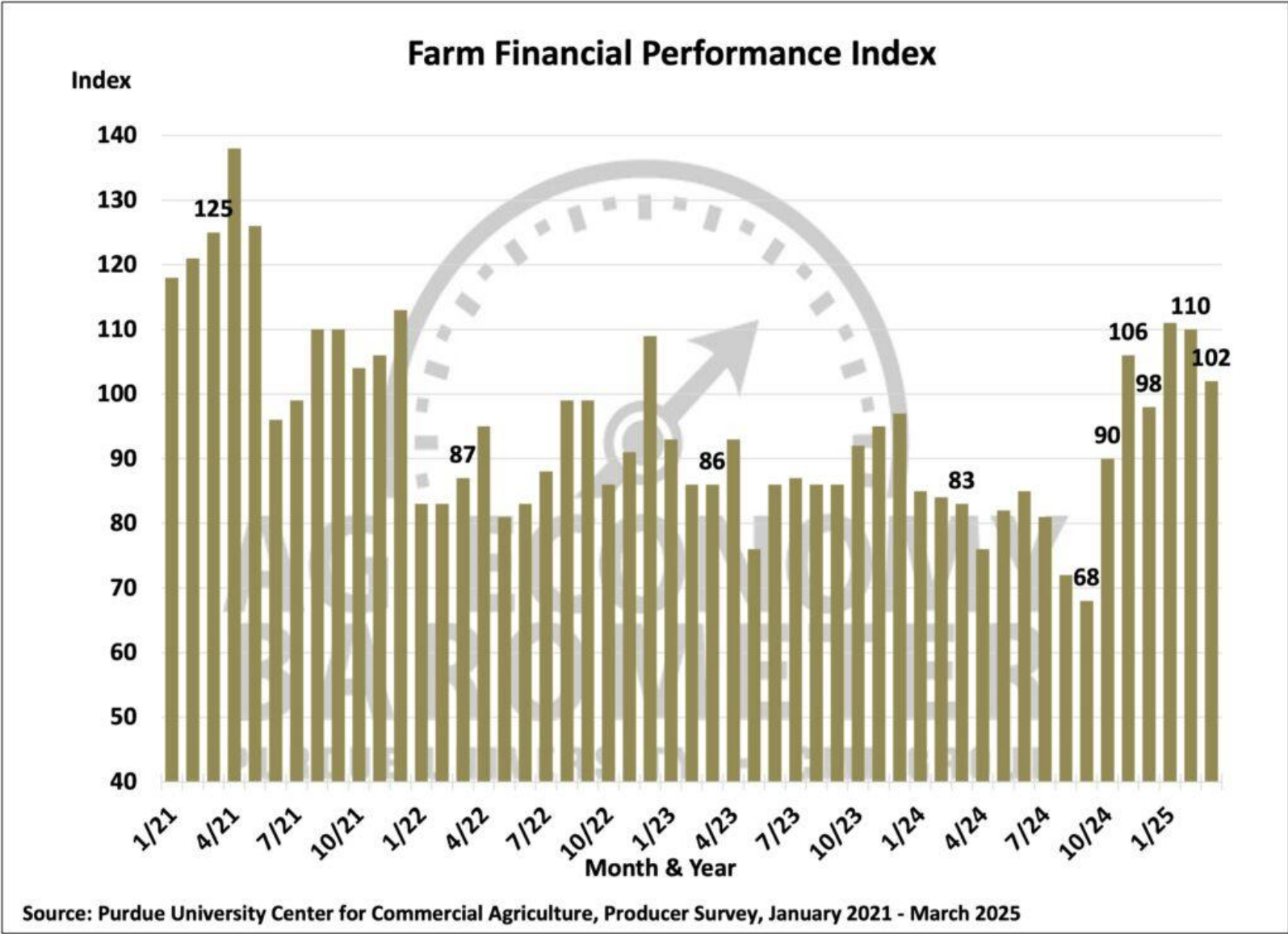
Source: Purdue University Center for Commercial Agriculture

Freight Outlook - Farm Current Conditions And Future Expectations Retreat But Still Elevated



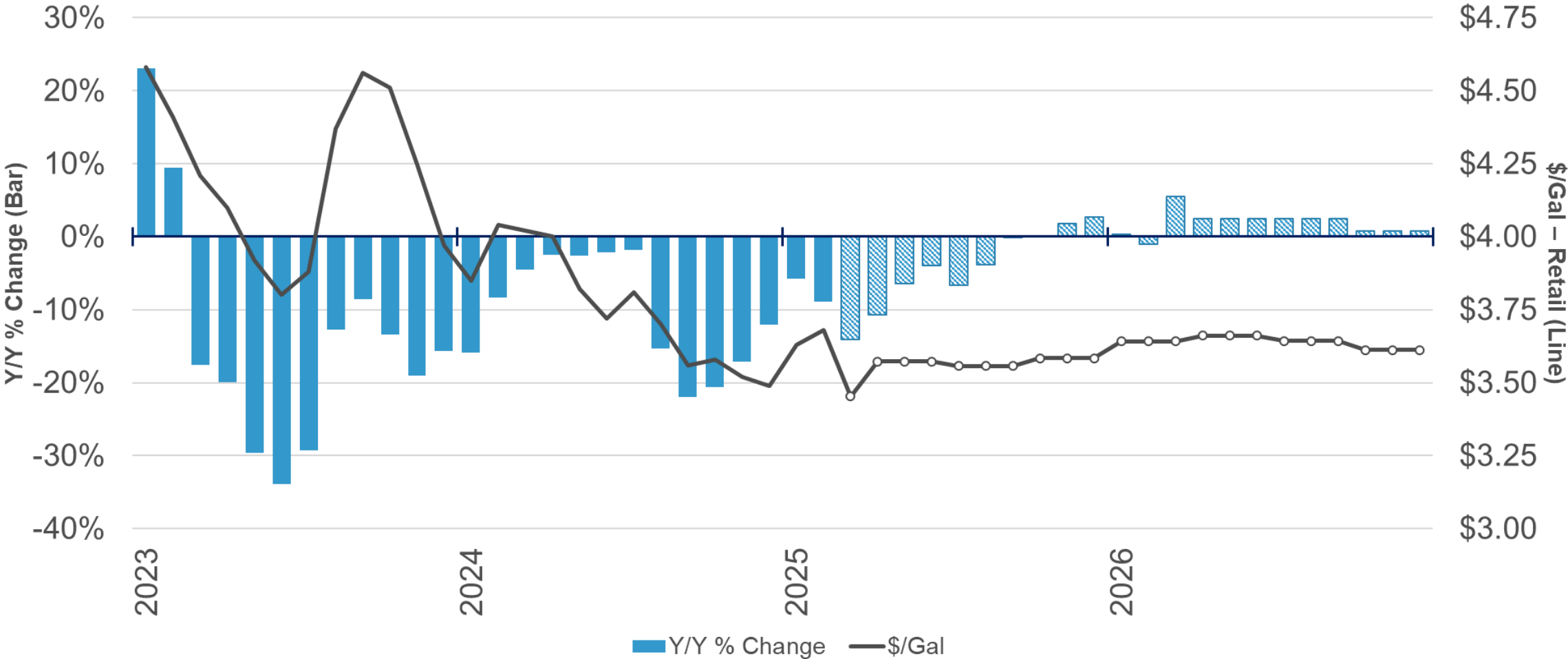
Source: Purdue University Center for Commercial Agriculture

Freight Outlook - Farm Financial Performance Softens But Still Elevated



Source: Purdue University Center for Commercial Agriculture

Diesel Price Outlook



Source: FTR

CARB's ACF EPA waiver withdrawal

- **Regulatory uncertainty** – CARB withdrew its ACF EPA waiver request, pausing fleet ZEV mandates but keeping the ACT rule.
- **Federal intervention possible** – The Trump administration may revoke ACT and NOx waivers, blocking other states from adopting ZEV rules.
- **Industry disruption** – Trucking groups say ZEV mandates hurt sales; Class 8 truck registrations in CA are down 50% y/y.
- **Manufacturers still obligated** – Despite uncertainty, CTP requires OEM compliance with ACT and NOx rules.
- **Potential EPA rollback** – Federal GHG rules may be relaxed, easing pressure for ZEV adoption.
- **Uncertain future for fleets & dealers** – Without fleet mandates, ZEV sales requirements could hurt OEMs and dealerships.
- **Long-term implications** – The industry faces policy shifts, infrastructure challenges, and market risks as ZEV rules remain contested.

Source: FTR

Tariffs - Impact On The N.A. CV Industry

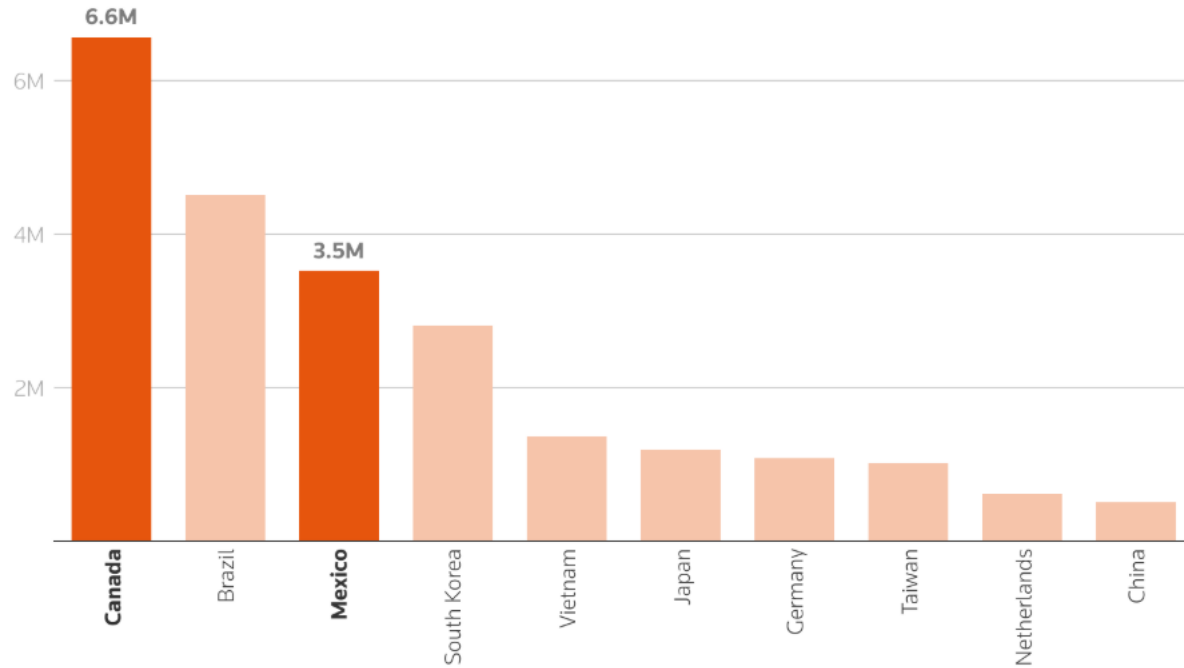
- **Significant U.S. tariffs** – including a 25% tariff on steel, aluminum, and fabricated component imports effective March 12; an incremental 20% tariff on all Chinese imports (10% implemented on February 4, an additional 10% effective March 4).
- **Reciprocal tariff system** announced April 2 (full details still being determined):
 - **Canada & Mexico: No change—USMCA-compliant goods remain tariff-free (0%); non-USMCA compliant goods maintain existing 25% tariff.**
 - Baseline 10% tariff imposed on imports from all countries, effective April 5, 2025.
 - Individualized reciprocal higher tariffs will apply to countries with the largest U.S. trade deficits (~60 countries), effective April 9, 2025.
 - Exempted products: Steel/aluminum articles and autos/auto parts already subject to existing Section 232 tariffs remain unaffected.

Source: FTR

Tariffs - Canada & Mexico Will Feel The Brunt Of Steel & Aluminum Tariffs

Mexico and Canada accounted for almost 40% of US steel imports last year

U.S. imports of steel mill products (Net tons)

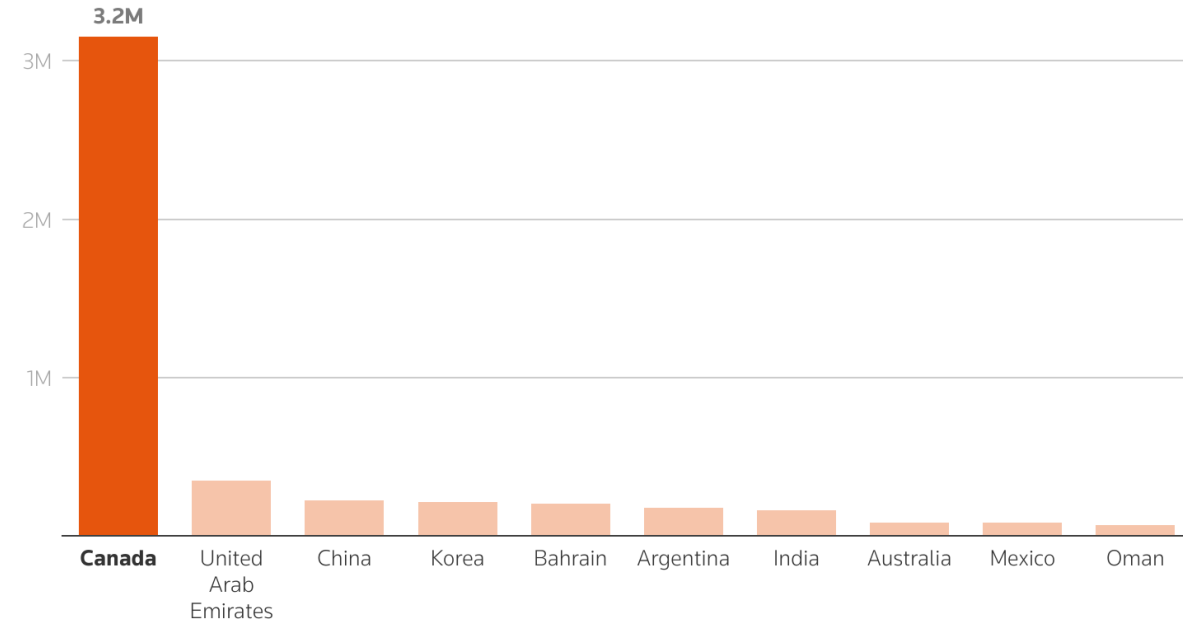


Source: U.S. Census Bureau via American Iron and Steel Institute

Bar chart showing US steel imports by country of origin

U.S. aluminum imports from Canada dwarf other trading partners

Imports of aluminum products for domestic consumption (metric tons), 2024



Note:

Source: U.S. Department of Commerce

Source: Bloomberg 2/11/25

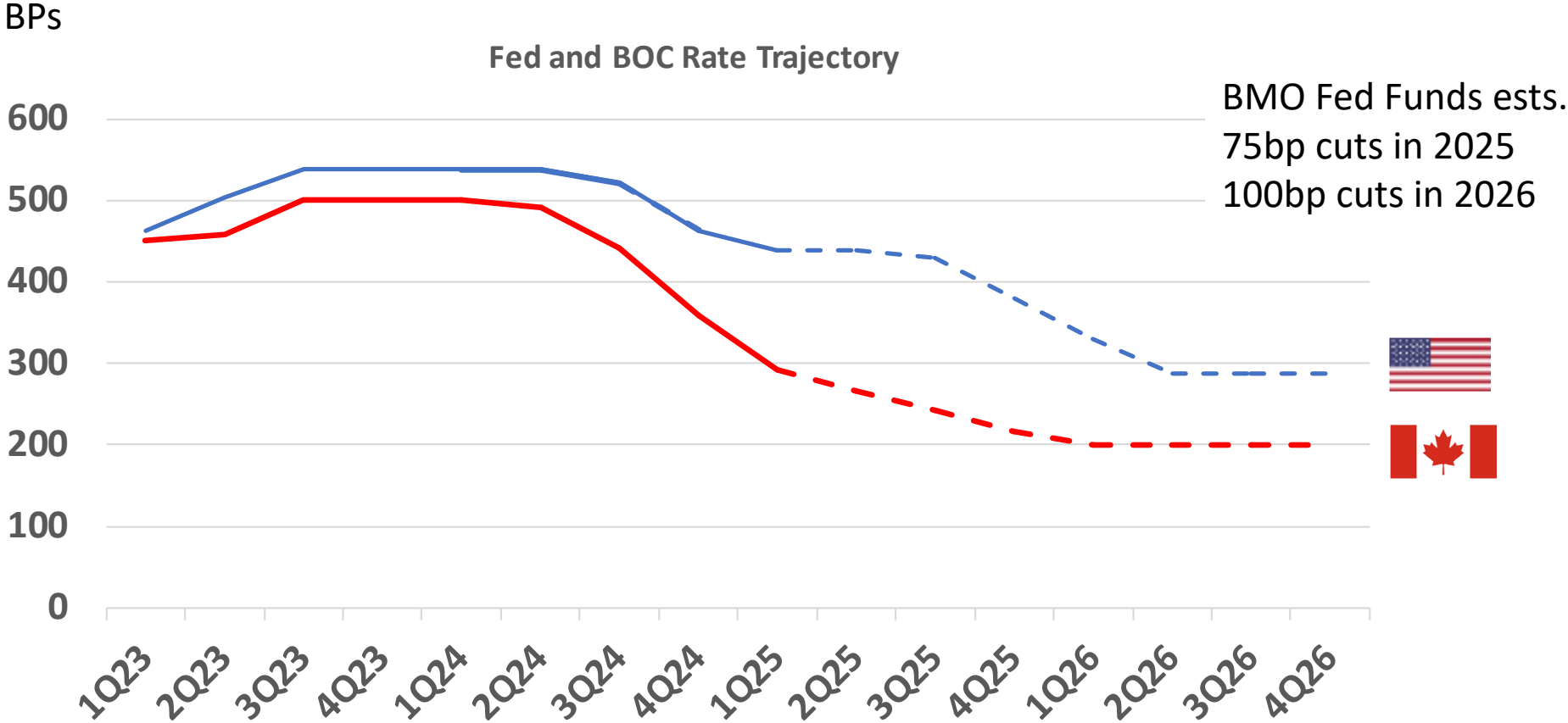
Tariffs - Impact On The N.A. CV Industry

25% U.S. tariffs on steel and aluminum imports

Vehicle/Trailer Category	Total Estimated Cost Increase %	Main Components Affected
Class 8 Trucks/Tractors	~4%-6%	Chassis, frame, axles, fuel tanks, aluminum wheels
Class 4-7 Trucks	~4%-5%	Steel frame, suspension, crossmembers
Van Trailers (Dry & Reefer)	~6%-8%	Trailer body panels, sidewalls, aluminum/steel undercarriage
Other Heavy-Duty Trailers (Flatbed, Dump, Lowbed, Tank, etc.)	~8%-10%	Dump beds, tanker shells, flatbed frames, structural steel

Source: FTR

Interest Rates - Fed Cuts On Pause For Now But The Direction Is Still Lower



Source: BMO Economics as of 4/4/25

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Advice & Final Thoughts

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Final Thoughts – The Road To Recovery, “Less Bad” Is Good

Freight Demand

- Overall freight demand is middling, rebalancing is happening
- Lower interest rates & relaxed regulations will push demand
- Tariff threats are driving unusual volatility in 1H25, good & bad

Capacity

- Nearing the right amount of carriers, maybe...
- Still good equipment replacement timing demand is supportive
- EPA'27 targeted by new EPA Head, pre-buy in doubt – stay tuned

Freight Rates

- Slow grind higher
- Fuel price stabilization to make for better rate control
- Less trucks on the road, better pay, stay in your lane

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THANK YOU!

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