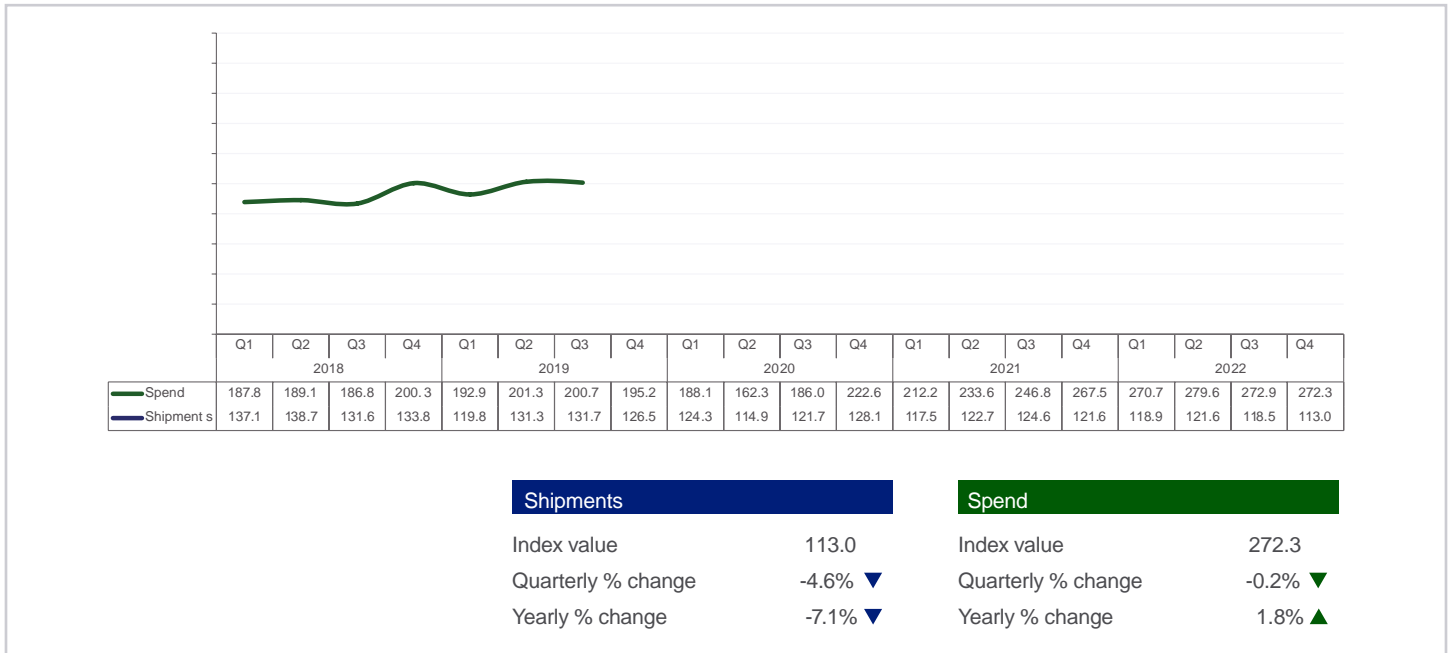




Q4 2022 national freight market overview



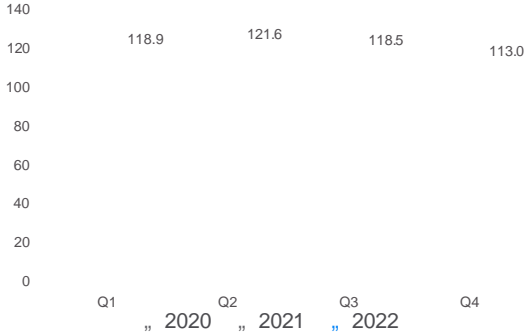
The U.S. Bank Freight Payment Index in the fourth quarter of 2022 pointed to a trucking market that continued to soften, especially in terms of freight volumes. Rising interest rates are having a disproportionately larger impact on goods consumption as many large-ticket items, like autos or homes, are so interest rate sensitive.

Through much of the pandemic, households bought a significant amount of goods, instead of services, which significantly helped truck freight shipments. However, spending has increased on services, like entertainment and travel at much higher levels than during the pandemic. Higher inflation led to less consumption of goods.

Despite lower volumes, spending on truck freight services didn't fall as much during the fourth quarter. The average price of diesel fuel fell during the quarter, yet contract freight rates remained relatively stable, which indicates that industry capacity overall is likely shrinking, at least modestly. Some capacity, from small to very small motor carriers, is most likely leaving the market as cost pressures remain high, especially when coupled with lower spot market volumes and rates.

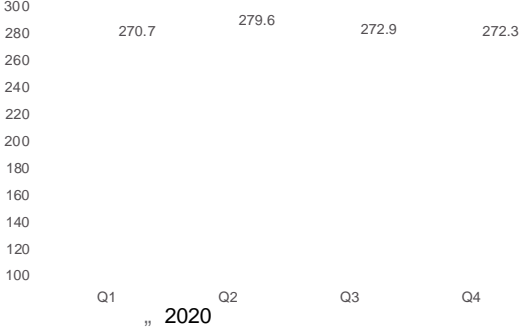
Macro-economic factors, and a continued shift away from goods procurement to services in Q4, led to a continued decline in shipments to the lowest levels since Q1 2014.

Shipments – index value

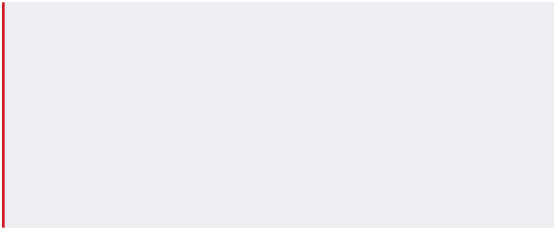


Shipments – % change

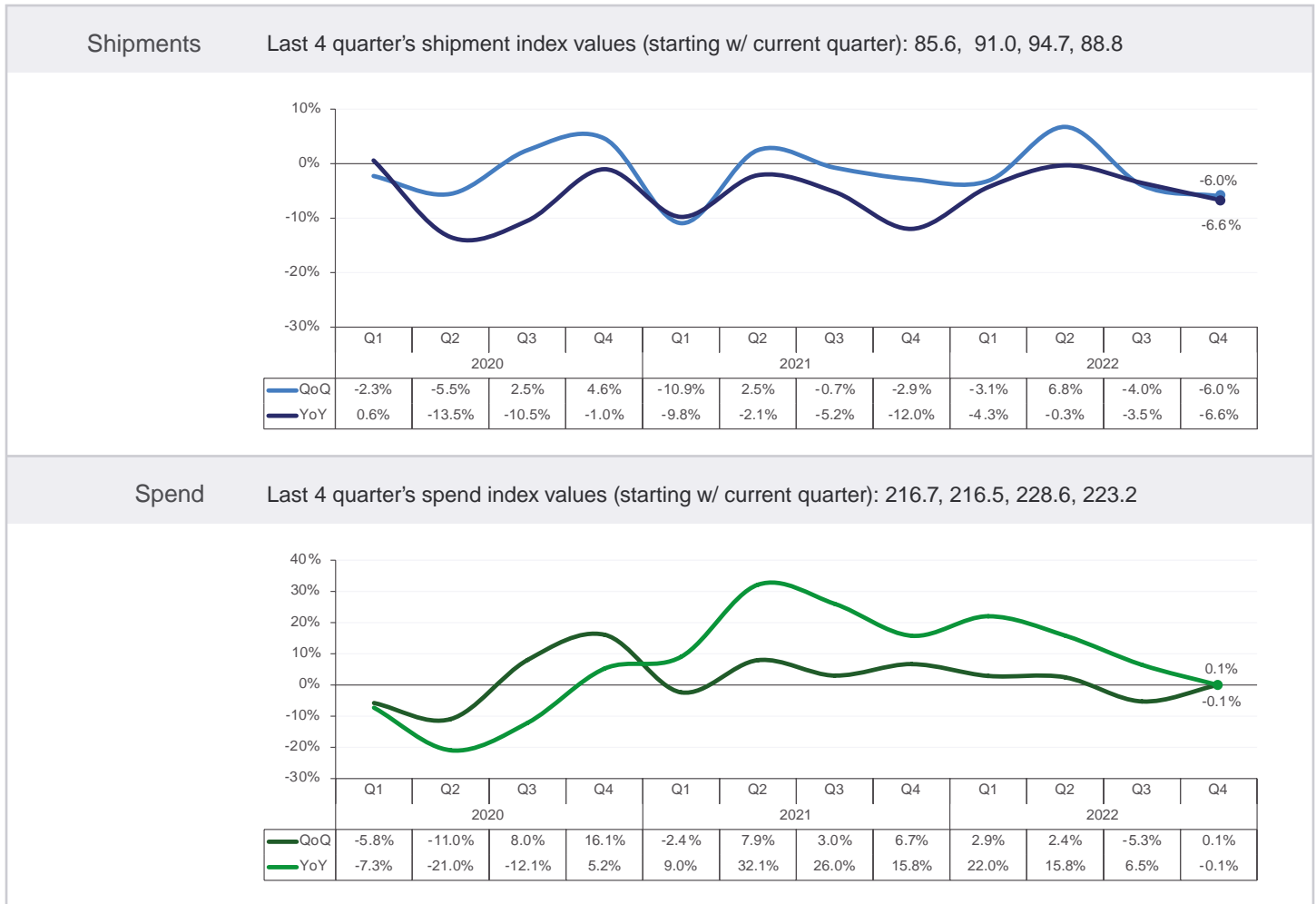
Spend – index value



Spend – % change

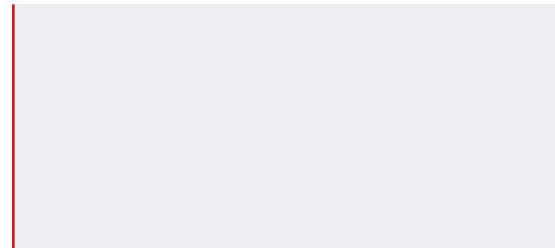


Midwest regional shipments and spending — quarter over quarter, year-over-year



Freight volumes in the Midwest continued to be weak during the fourth quarter, falling 6% sequentially. Compared with a year earlier, the Midwest Regional Shipments Index contracted 6.6%, continuing a trend of quarterly declines dating back to the first quarter of 2020.

After dropping 5.3% in the third quarter, the Midwest Regional Spend Index



About the index

The U.S. Bank Freight Payment Index is a quarterly publication representing freight shipping volumes and spend on national and regional levels. The U.S. Bank Freight Payment Index source data is based on the actual transaction payment date, contains our highest-volume domestic freight modes of truckload and less-than-truckload, and is both seasonally and calendar adjusted. The first-quarter 2010 base point is 100. The chain-based index point for each subsequent quarter represents that quarter's volume in relation to the immediately preceding quarter.

For more than 20 years, organizations have turned to U.S. Bank Freight Payment for the service, reliability and security that only a bank can provide. The pioneer in electronic freight payment, U.S. Bank Freight Payment processes more than \$46 billion in freight payments annually for our corporate and federal government clients. Through a comprehensive online solution, organizations can streamline and automate their freight audit and payment processes and obtain the business intelligence needed to maintain a competitive supply chain.

22+ years of experience

\$46 billion in global freight payments annually

About Bob Costello

Bob Costello is the chief economist & senior vice president of International Trade Policy and Cross-Border Operations for the American Trucking Associations (ATA), the national trade association for the trucking industry. As Chief Economist, he manages ATA's collection, analysis and dissemination of trucking economic information. This includes several monthly trucking economic indicators, motor carrier financial and operating data, an annual freight transportation forecast, driver wage studies, weekly diesel fuel price and economic reports, and a yearly trucking almanac.

Bob also conducts economic analyses of proposed regulations and legislation affecting the trucking industry and heads up ATA's International Trade Policy and Cross Border Operations Department. In this capacity, he works on issues related to USMCA, tariffs, customs, and immigration. He is often cited in the news media as an expert on trucking economics and serves on the 45-member Advisory Committee on Supply Chain Competitiveness to provide the Secretary of Commerce with detailed advice on the elements of a comprehensive national freight infrastructure and freight policy.

He is on the Board of Directors for the Border Trade Alliance and is also a member of the National Association for Business Economics and a member of the Industrial Economists Group at Harvard University. Prior to joining ATA in 1997, Bob was an economist with Joel Popkin & Company in Washington D.C., an economic consulting firm that specializes in the analysis of wages, inflation, and economic trends.

About U.S. Bank

U.S. Bancorp, with approximately 77,000 employees and \$675 billion in assets as of December 31, 2022, is the parent company of U.S. Bank National Association. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. MUFG Union Bank, consisting primarily of retail banking branches on the West Coast, joined U.S. Bancorp in 2022. The company has been recognized for its approach to digital innovation, social responsibility, and customer service, including being named one of the 2022 World's Most Ethical Companies and Fortune's most admired superregional bank.

Learn more at usbank.com/about.

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