



BACK IT UP

Monthly Review on All Things Market,
Economy and Transportation.



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At PGT Services, we want you to have the information you need to make educated decisions. These bite-sized market updates allow you to spend less time digging through news outlets and more time focusing on your core competencies.

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JANUARY 2025

January saw significant disruptions to the transportation sector, primarily due to severe winter weather. The widespread and persistent nature of winter storms caused more significant delays and logistical challenges than hurricanes have in recent years, highlighting the vulnerability of supply chains to seasonal weather patterns. Simultaneously, the trucking industry experienced a notable shift towards shorter hauls, potentially driven by businesses seeking to optimize last-mile delivery and bring distribution centers closer to consumers. This trend could have broader implications for intermodal transportation and overall freight network efficiency.

Beyond weather and haul lengths, the trucking market continues to show signs of positive momentum, with a tightening gap between spot and contract rates. Key freight hubs are experiencing tighter capacity, indicating healthy demand. Furthermore, advancements in autonomous trucking technology are accelerating, with Kodiak Robotics demonstrating the viability of driverless deliveries in a commercial setting. Regulatory changes are also on the horizon, with a federal panel recommending a ban on lease-purchase agreements, potentially reshaping the landscape for owner-operators. Finally, infrastructure repair efforts are underway following hurricane damage, ensuring the continued flow of goods along critical transportation routes.

WINTER WEATHER HAS BEEN MORE DISRUPTIVE TO TRANSPORTATION THAN HURRICANES

This winter's weather has thrown a bigger wrench into transportation than hurricanes have in recent years. While hurricanes grab headlines, the consistent and widespread nature of winter storms, coupled with their unpredictable timing and geographic impact, create more persistent disruptions. FEMA's improved hurricane response has also contributed to minimizing hurricane-related transportation issues.

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THE TRUCKING MARKET IS STILL HEADED IN THE RIGHT DIRECTION

Despite some fluctuations, the trucking market remains on a positive trajectory. The gap between spot and contract truckload rates is narrowing, indicating a more balanced market. Key freight hubs like Los Angeles, Dallas, and Chicago are experiencing tighter capacity than the national average, which is important to watch.

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FMCSA PANEL RECOMMENDS BAN ON TRUCK LEASE-PURCHASE CONTRACTS

A Federal Motor Carrier Safety Administration (FMCSA) panel has recommended banning lease-purchase contracts for trucking. These contracts, often marketed as pathways to truck ownership, have come under scrutiny for potentially exploitative practices. The panel's recommendation could lead to significant changes in how trucking companies and owner-operators structure their agreements.

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KODIAK ROBOTICS STRIKES FIRST IN THE DRIVERLESS TRUCK COMMERCIALIZATION RACE

Kodiak Robotics is making strides in autonomous trucking. They've partnered with Atlas Energy Solutions to successfully complete 100 deliveries of proppant using their self-driving "RoboTrucks" on Atlas's "Dune Express," a 42-mile autonomous corridor in the desert. This marks a significant step towards commercializing driverless truck technology, and Atlas plans to expand its autonomous operations throughout the year.

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TRUCKLOAD'S SHRINKING LENGTH OF HAUL

We're seeing a trend towards shorter truck hauls. The average distance a truckload travels has decreased significantly. This shift could be due to businesses aiming to bring distribution centers closer to consumers, streamlining last-mile delivery and potentially impacting intermodal rail, which has seen a 6% increase in demand compared to last year.

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DOT RELEASES \$320M TO REPAIR HELENE-DAMAGED TRUCK ROUTES

The Department of Transportation (DOT) is allocating \$320 million to repair roads and bridges damaged by Hurricane Helene. This funding will help restore critical transportation infrastructure and ensure the smooth flow of goods along key trucking routes affected by the storm.

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