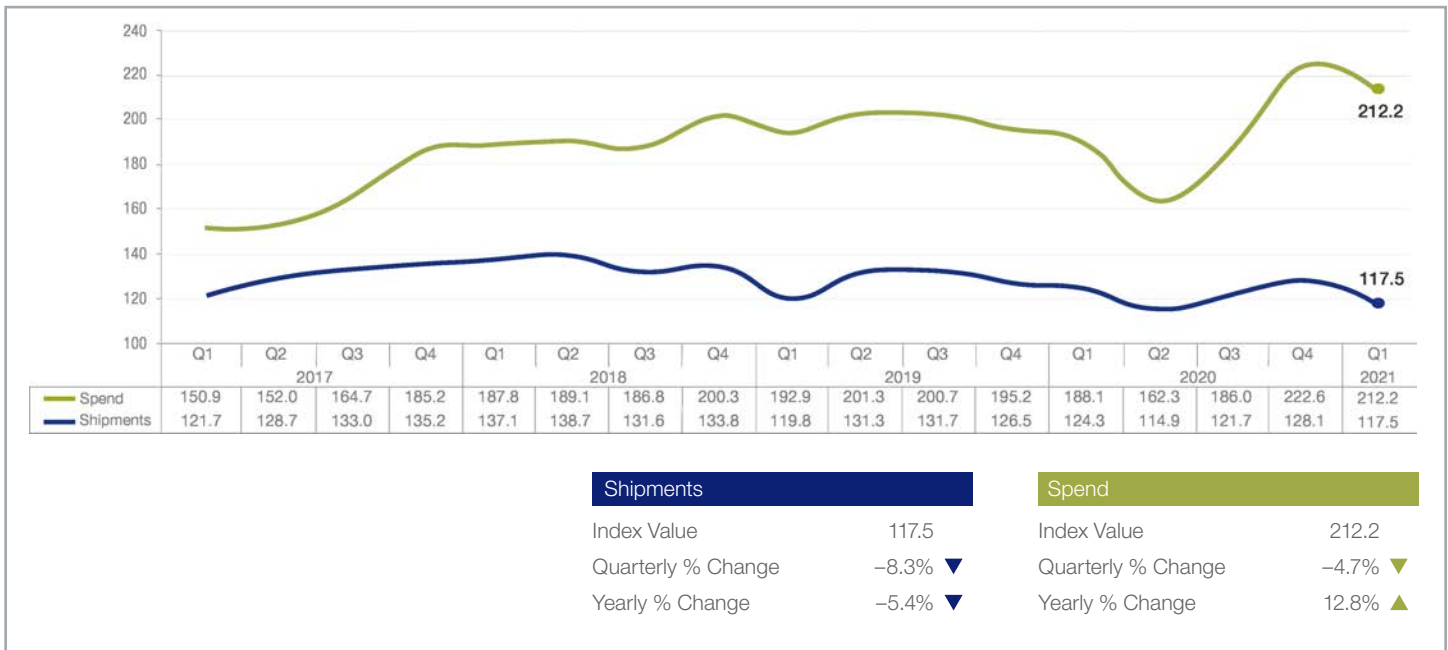


Q1 2021



U.S. Bank Freight Payment Index™

Q1 2021 National Freight Market Overview



The national truck freight market softened during the first quarter of 2021, as indicated by the U.S. Bank Shipment and Spend Indexes. This is not unusual as first quarter freight volumes are normally slower than the final quarter of the previous year. Severe weather across the country during February 2021 put additional stress on supply chains, resulting in factories being closed and people unable to work. Many supply chains were also impacted by input shortages during the quarter, with microchips being the most notable example.

Freight spending slipped compared to a gain in the fourth quarter. Despite

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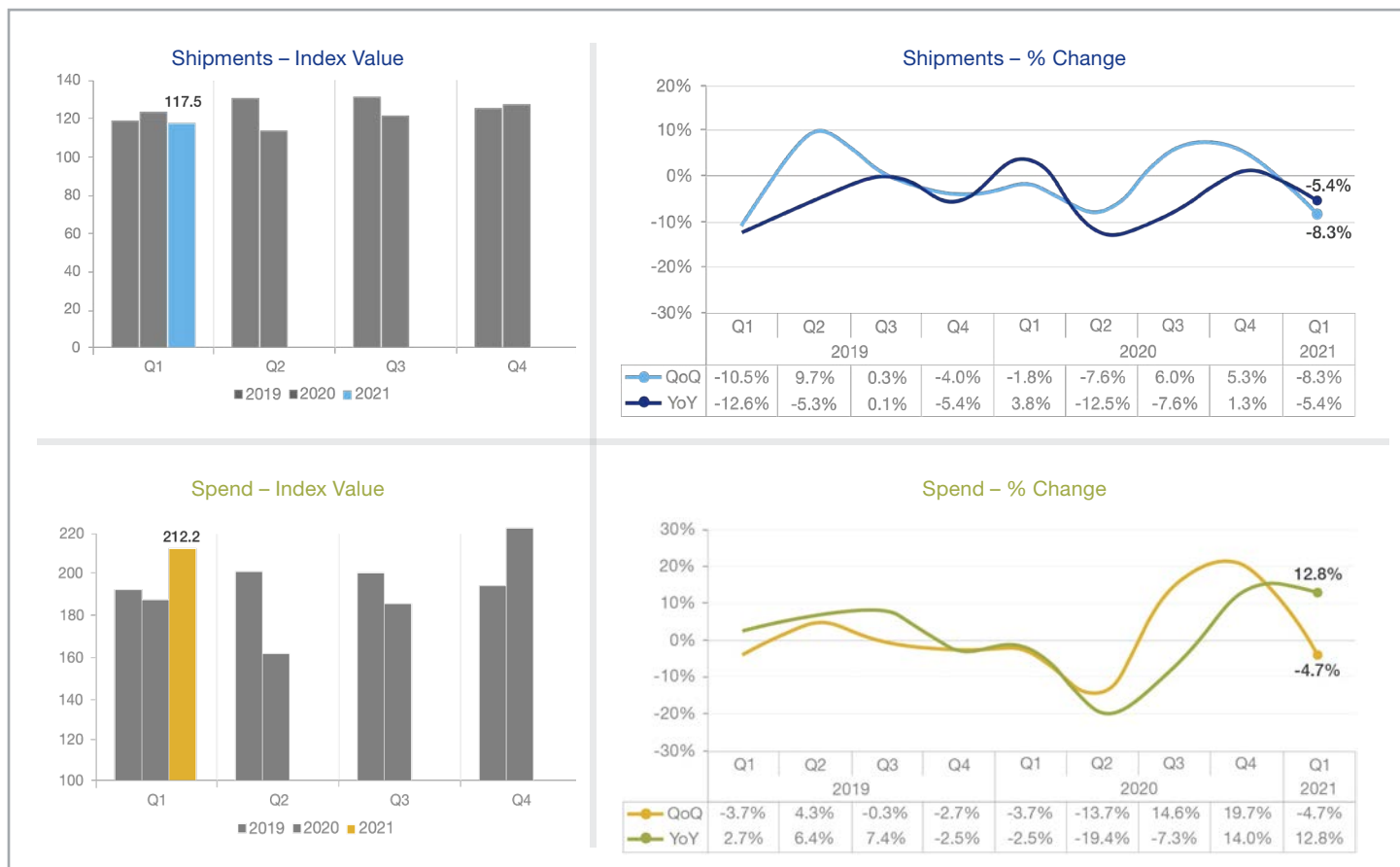
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the quarter-to-quarter drop in the spend index, the truck market remained very tight because the level of spending stayed high and increased from a year earlier.

Household spending power is strong heading into the spring and summer as much of the population received the government stimulus. Additionally, household savings are up significantly over the past year. Factory output is expected to increase, and home construction should remain strong, both leading to rising freight volumes on top of solid retail sales.

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National Shipments and Spend — Quarter-over-Quarter, Year-over-Year

The U.S. Bank Shipment Index contracted 8.3% during the first quarter, after it increased a combined 11.3% in the third and fourth quarters of 2020.¹

Severe winter weather impacts to construction, retail, factory output and energy production, combined with supply chain shortages, led to a larger drop than normal in the first quarter. Shipments are usually down in the first quarter, so a decline is not unusual, but this time the decline was more significant. For example, the U.S. Bank Shipment Index contracted during nine of the 11 years of historical first quarter data, or 82% of the time. Over those nine first quarter drops, the average decline was 4.2% compared to this quarter's drop of 8.3. On a year-over-year basis, the shipments index contracted 5.4%.

The U.S. Bank National Spend Index fell 4.7% from the fourth quarter, more

Severe weather impacts combined with supply chain shortages lead to a larger drop than normal in Q1.

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in line with historical trends, but only after rising a total of 37.2% during the two previous quarters.² Truck capacity remained constrained during the first quarter due to a host of factors, including a very tight driver market. Additionally, the winter storms during Q1 2021 affected shipments by creating a lack of truck capacity, as many trucks were caught in the weather. A lack of truck capacity created increased pricing, which raised the spend index relative to shipments. Finally, diesel fuel prices rose significantly during the first quarter, resulting in higher spending as fuel surcharges are included in the index calculations. According to the Energy Information Administration, the national average price of diesel increased 18% from the fourth quarter (2020) average price, and rose 1.1% from the first quarter of 2020.³ Compared with the first quarter in 2020, the spend index was up 12.8%.

Winter storms during Q1 2021 affected shipments by creating a lack of truck capacity, as many trucks were caught in the weather.

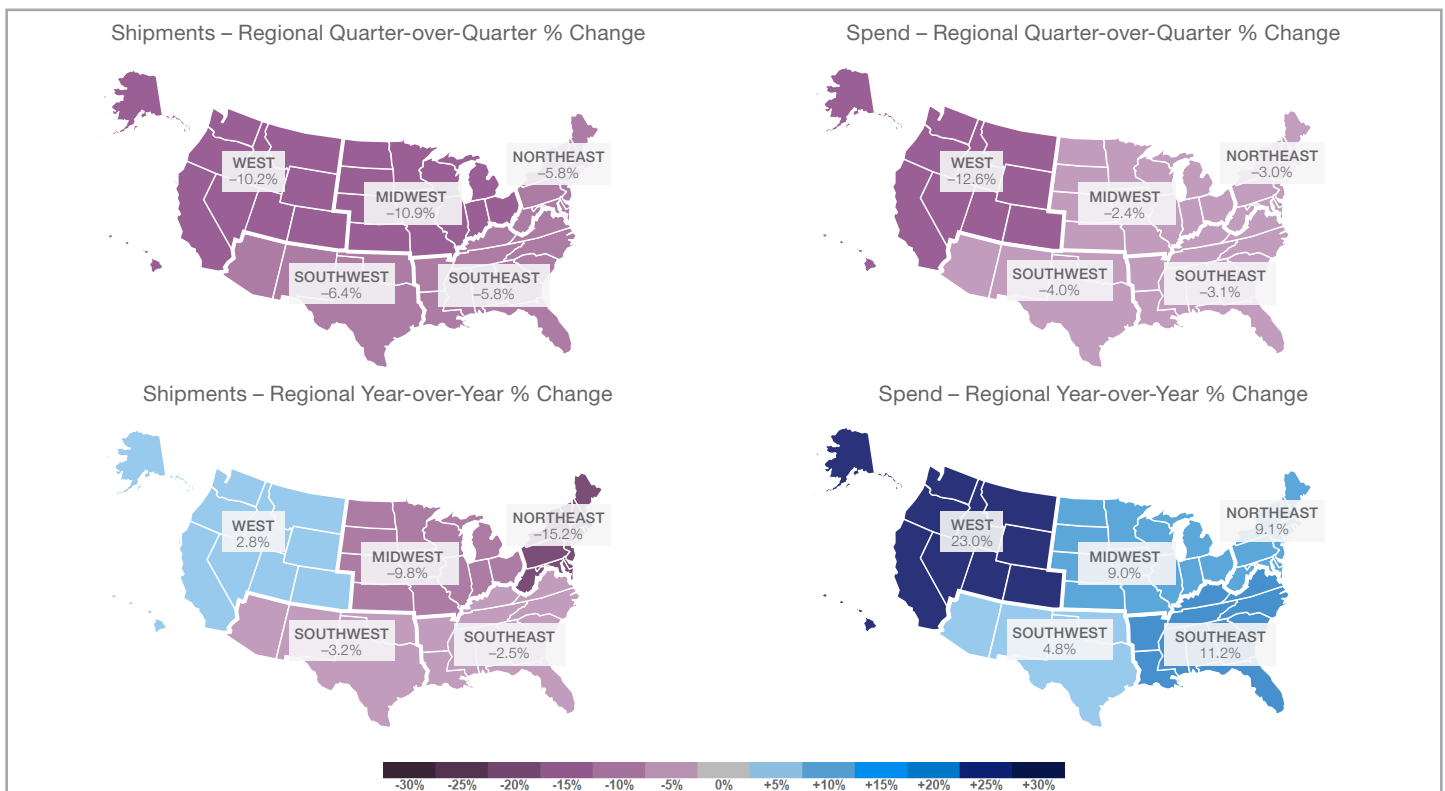
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Regional Shipments and Spend — Quarter-over-Quarter, Year-over-Year

All regions posted declines in the National Shipment Index, both quarter-to-quarter and year-over-year with the exception of the West. Several regions were hit hard by the winter weather during the quarter. The West saw the second largest drop in shipments from the previous quarter but posted an increase from a year earlier and was the only region to see a year-over-year gain.

In terms of spending, all regions posted declines from the fourth quarter, but showed gains from a year earlier. The fact that all regions saw year-over-year increases suggests that truck capacity remains tight nationwide. In fact, according to the U.S. Department of Labor, for-hire trucking employment was down more than 40,000 workers in the first quarter of 2021 compared with the same quarter in 2020.⁴ In percentage terms, this decline was larger than transportation services and warehousing employment overall as well as construction industry employment, a key competitor industry for labor.

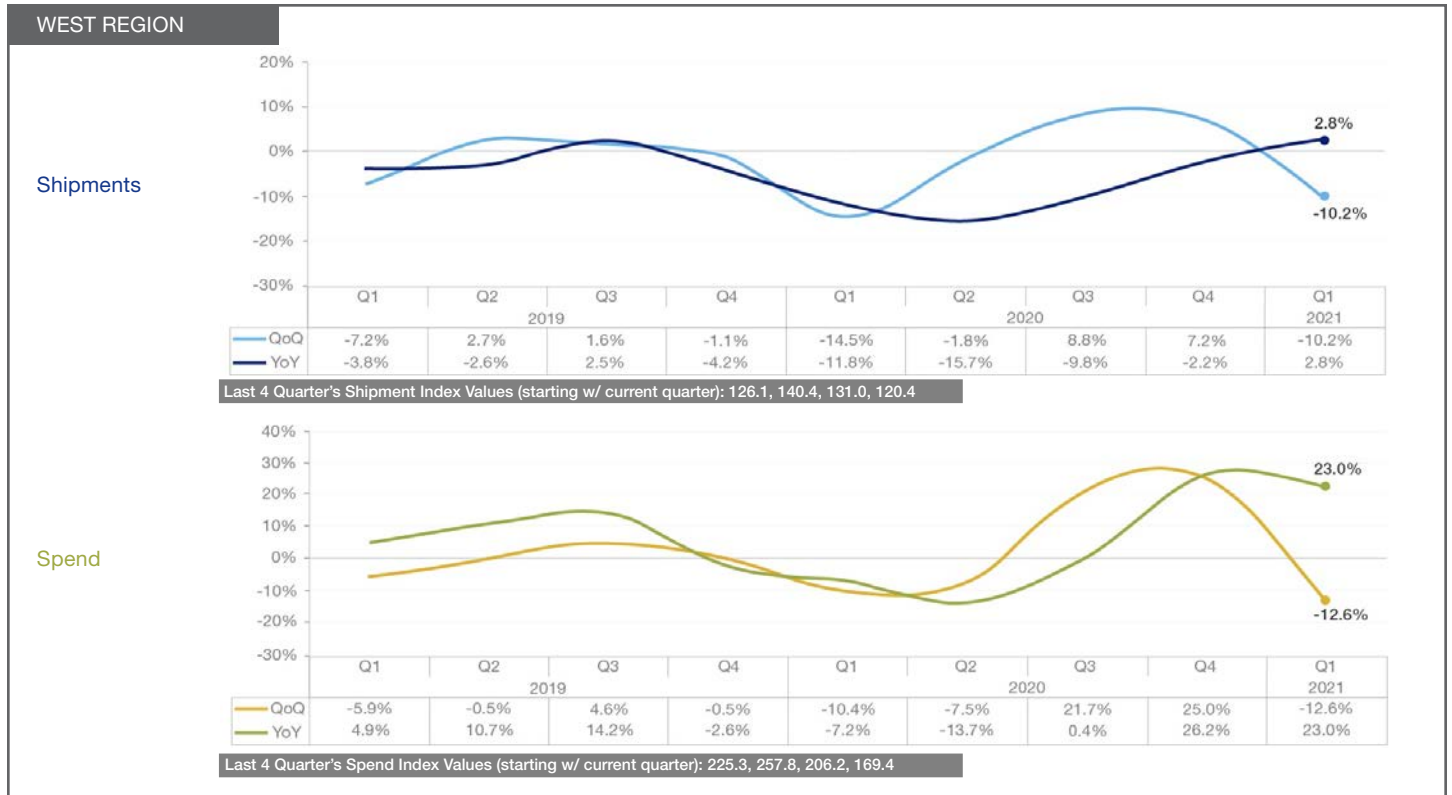
In terms of spending, all regions posted declines from Q4, but showed gains from a year earlier.



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West regional volumes fell 10.2% from the final quarter of 2020, which was the second largest drop among all the regions. Compared to the first quarter of 2020, the West Shipment Index was up 2.8%. This was the first year-over-year increase in volumes since Q3 2019. West Coast seaports saw very strong container imports volumes which aided shipments generally. However, reduced export volumes impacted freight in this region. Additionally, harsh winter weather, especially in the Rocky Mountains, affected freight in the West.

The West Spend Index fell 12.6% from the final quarter of 2020, but it was still at the second highest level on record. Additionally, the index surged 23% from a year earlier, the largest year-over-year increase among the five regions.

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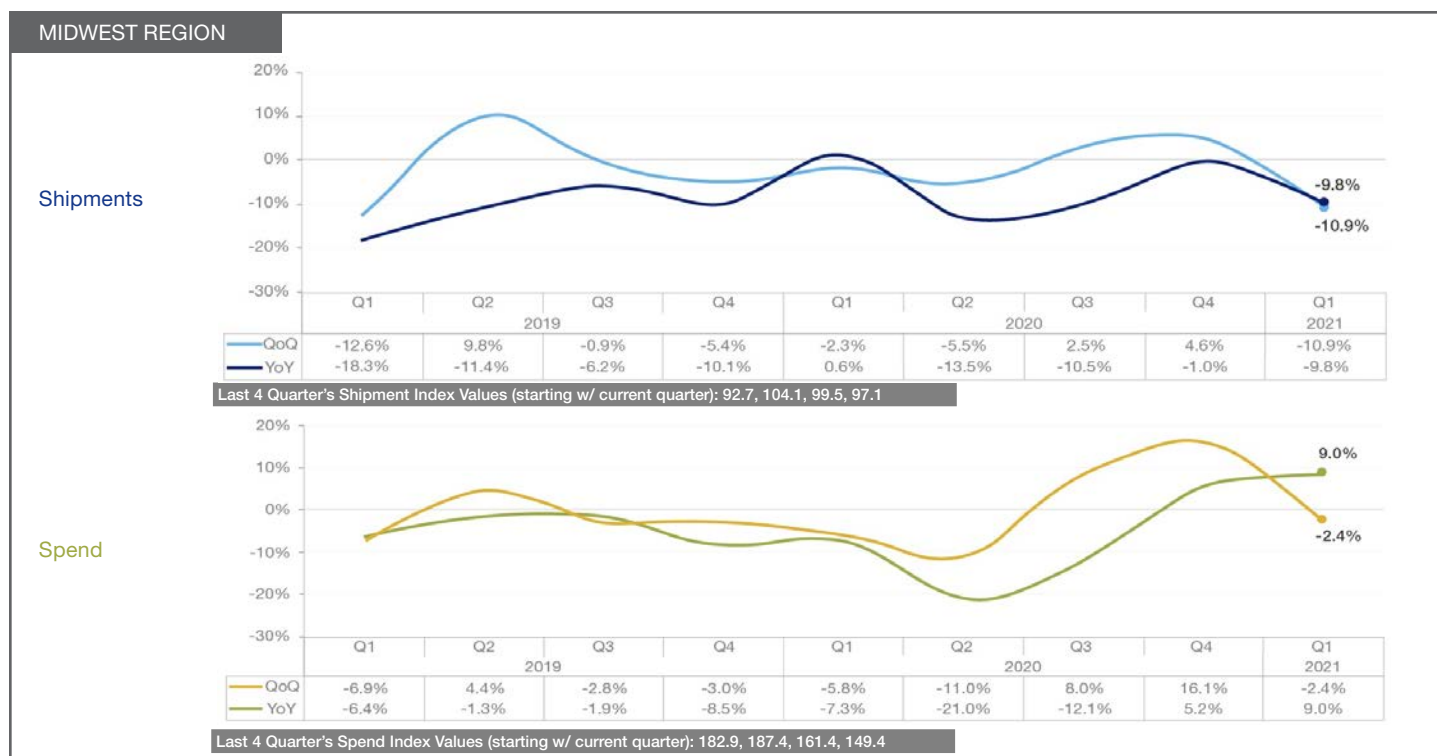


The Southwest Shipment Index contracted 6.4% from the final quarter of 2020. A large factor that contributed to this drop was that Texas, a huge truck freight market in the Southwest region, was hit hard by an ice storm in February. Many factories were closed, households were iced in and energy output slowed substantially. Compared with a year earlier, volumes were down 3.2%.

The Southwest Spend Index contracted 4% from the fourth quarter but increased 4.8% from a year earlier. This is the second straight quarter of year-over-year gains in the metric. Higher rates for carriers, as well as rising diesel fuel prices, were predominantly responsible for the increased spending.

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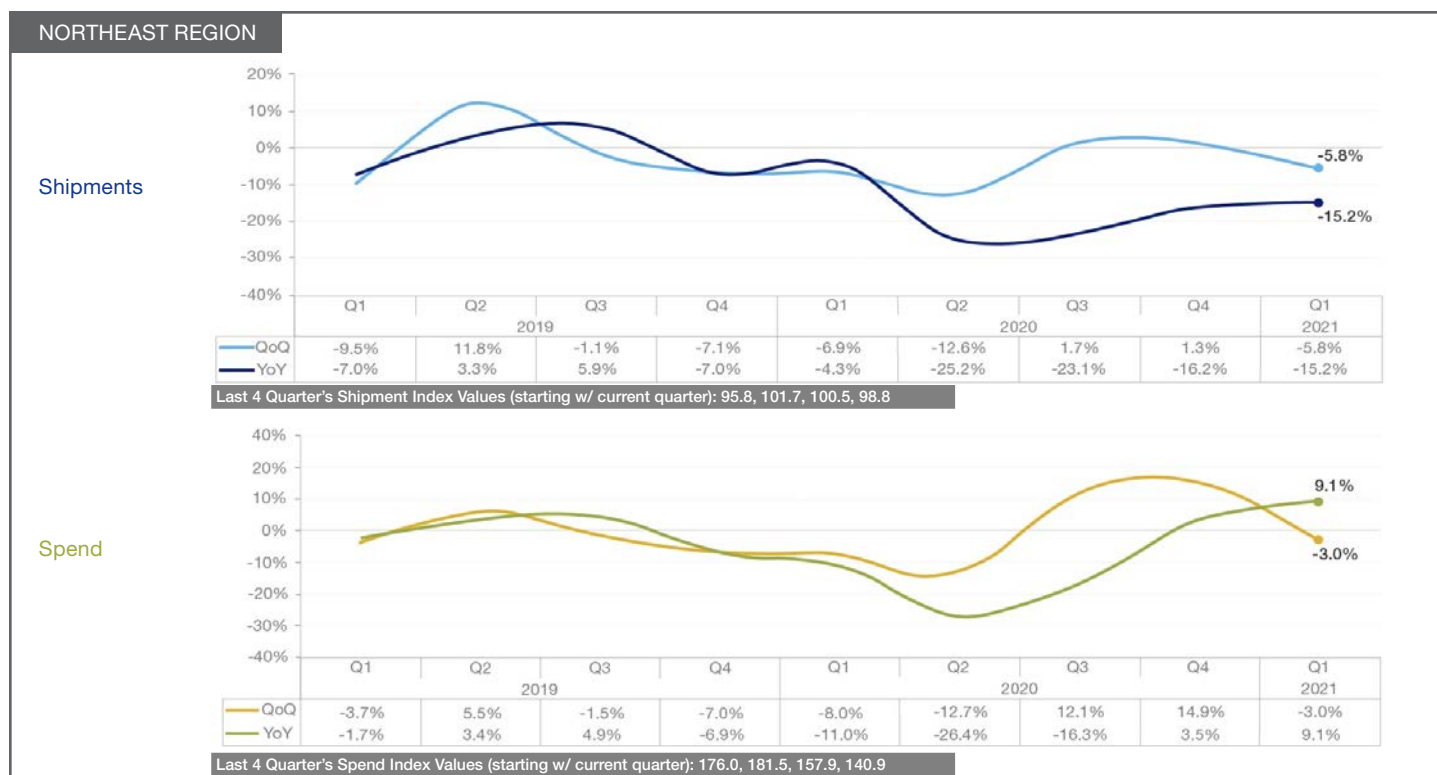


Volumes in the Midwest slowed in the first quarter after two straight gains totaling 7.2%.⁵ Specifically, the Midwest Shipment Index contracted 10.9%, the largest drop in two years. A number of events impacted this region and limited truck activity, including severe winter storms, auto plant production slowdowns, shutdowns driven by supply shortages and stalled agriculture exports from the lack of international shipping containers. Shipment volumes were lower by 9.8% from a year earlier. The factors listed above contributed to the year-over-year decline, as did single-family housing starts, which, according to data from the U.S. Census Bureau, were flat to down slightly during the first quarter compared with a year earlier.⁶ Nationwide, those starts were up mid to high single-digits in percentage terms.

But like most of the other regions, the Midwest Spend Index showed better results as it declined just 2.4% from the final quarter of 2020 and jumped 9% from a year earlier. Tight capacity due to difficulties in finding qualified drivers, as well as trucks stranded during the winter storms, helped push rates up during the quarter.

The Midwest Shipment Index contracted 10.9%, the largest drop in two years.

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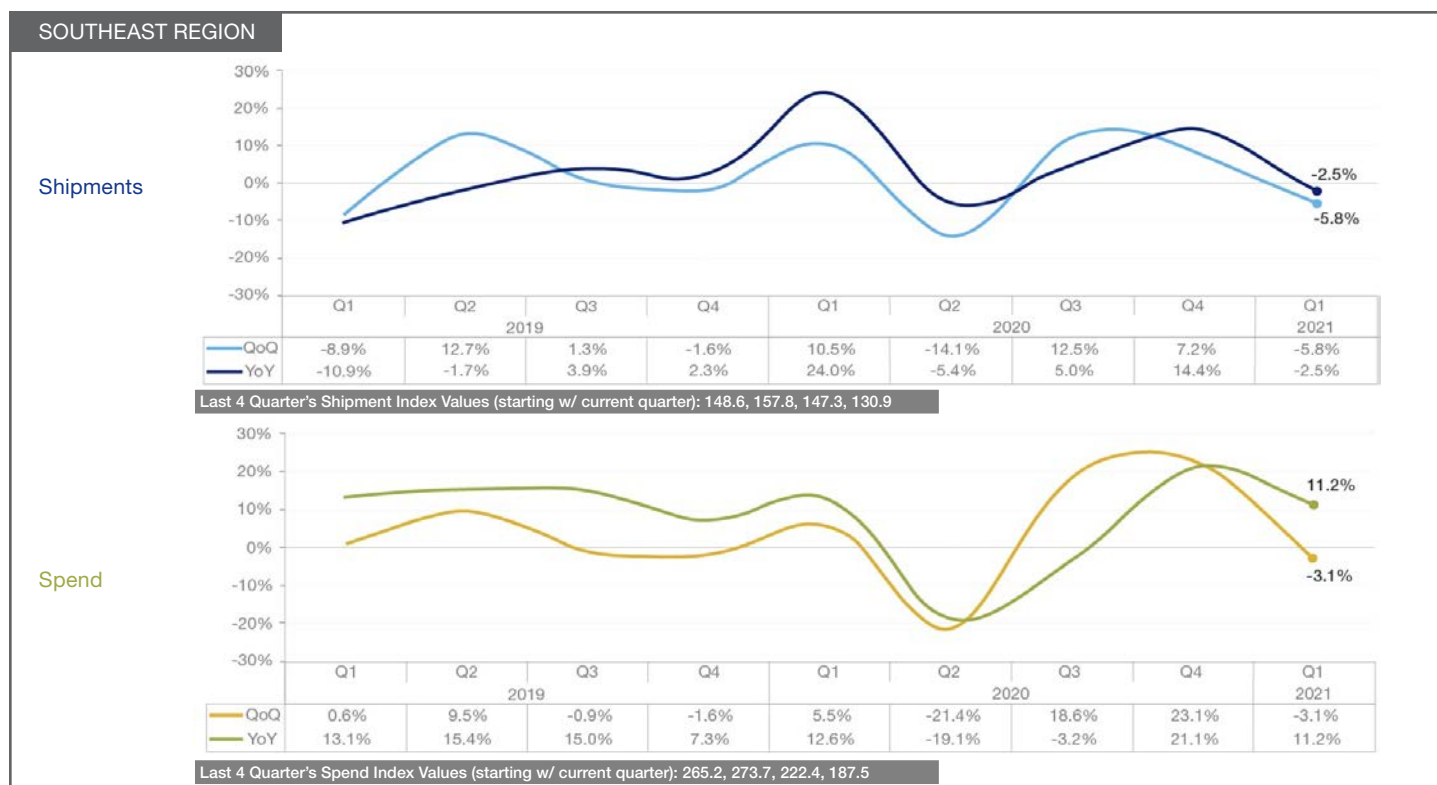


The Northeast was also impacted by the large storms that hit the Midwest and South in February. One important indicator in the region that was affected by the storms was home construction. According to data from the U.S. Census Bureau, new housing starts for multi-family units fell significantly during the first quarter (around 20%) from a year earlier. In total, the Northeast Shipment Index fell 5.8% from the fourth quarter and 15.2% from a year earlier.

Spending on truck freight services held up better during the first quarter because of tighter capacity and rising rates. The Northeast Spend Index fell just 3% from the fourth quarter of 2020 and jumped 9.1% from a year earlier.

One important indicator in the region that was affected by the storms was home construction.

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Southeast truck freight slipped 5.8% in the first quarter compared with the fourth quarter of 2020. The Southeast Shipment Index was also down 2.5% from a year earlier.

Spending in the region fell 3.1% during the first three months of this year. Compared with a year earlier, the Southeast Spend Index was up 11.2%. The combination of higher rates and fuel surcharge revenue helped support the spend index. Related to fuel surcharges, the Energy Information Administration reported that the average price of diesel fuel increased 13.6% from fourth quarter of last year to the first quarter of this year in the central Atlantic region, while jumping 18.8% over the same period in the lower Atlantic states.⁷ Rising fuel prices increase costs for carriers, but they also boost fuel surcharge revenue.

Compared with a year earlier, the Southeast Spend Index was up 11.2%.

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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 \$31.4 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.

20+ years of experience

\$31.4 billion in global freight payments annually

About Bob Costello

Bob Costello is the chief economist and senior vice president 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 monthly trucking economic data, 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.

Bob is often cited in the news media as an expert on trucking economics, including The Wall Street Journal, Businessweek, CNBC, FOX Business Channel and National Public Radio.

In March 2010, the U.S. Secretary of Transportation appointed Bob to the Advisory Council on Transportation Statistics (ACTS), which advises the Department's Bureau of Transportation Statistics (BTS).

Bob currently serves on the American Transportation Research Institute's Research Advisory Committee. He is a member of the National Association for Business Economics and has served on several research and project panels for the Transportation Research Board, which is part of the National Academies. He is also a member of the Industrial Economists Group at Harvard University.

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About U.S. Bank

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U.S. Bancorp, with more than 70,000 employees and \$553 billion in assets as of March 31, 2021, is the parent company of U.S. Bank, the fifth-largest commercial bank in the United States. The Minneapolis-based bank blends its relationship teams, branches and ATM network with mobile and online tools that allow customers to bank how, when and where they prefer. U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted financial partner, a commitment recognized by the Ethisphere Institute naming the bank a 2020 World's Most Ethical Company.

For more information:

CPSTransportation@usbank.com

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¹Percent change calculated using the sum of Q3 & Q4-2020 Shipment Index values

²Percent change calculated using the sum of Q3 & Q4-2020 Spend Index values

³U.S. Energy Information Administration/Gasoline and Diesel Fuel Update

⁴Bureau of Labor Statistics Data

⁵Percent change calculated using the sum of Q3 & Q4-2020 Shipment Index values

⁶The U.S. Census Bureau/New Residential Construction

⁷U.S. Energy Information Administration/Gasoline and Diesel Fuel Update