

# Saia still benefiting from Yellow's collapse as US LTL market resets



*A partnership with Fletes Mexico is helping to drive more freight to Saia, according to SJ Consulting Group. Photo credit: Jon Tetzlaff / Shutterstock.com.*

**William B. Cassidy, Senior Editor | Jun 7, 2024, 10:23 AM EDT**

US less-than-truckload (LTL) freight demand appears to be rising in the second quarter, but volumes aren't rising evenly across the field of LTL providers.

Saia, the ninth-largest US LTL provider by revenue, this week said it increased its average daily shipment count 18.6% year over year in May, following an 18% increase in April.

The April-May gains followed a nearly 16% year-over-year jump in shipment volume at Saia in the first quarter. LTL tonnage also rose in the first two months of the second quarter, climbing 7.6% in April and 9.8% in May year over year, Saia said in its mid-quarter report.

Saia released its April and May statistics without comment, but the company has been one of the biggest beneficiaries of the collapse of Yellow last July.

Saia's double-digit volume gains are a sign of the restructuring or rebalancing of the LTL sector in the wake of Yellow's failure, rather than a broader LTL freight revival. Ten months after Yellow's shutdown, the freight formerly hauled by its subsidiaries continues to shift in the LTL market, said Satish Jindel, president of SJ Consulting Group.

"Last fall companies gave Yellow's freight to whatever carrier could handle the shipments," he said. "They didn't have time to plan and optimize to get the right rates, and they probably paid too much. And some carriers rejected freight that didn't fit them."

Shippers are finding Saia to be a "good fit" for their LTL freight, Jindel said. And it's not because they're a low-priced carrier. Saia's average contract rate renewal rose 9.2% in the first quarter, according to the company's first-quarter earnings report.

"I've had people ask me if Saia made a mistake in their press release, if the 18% increase was really 1.8%," Jindel told the *Journal of Commerce*. "It's no mistake, but the 18.6% increase is exceptional."

Saia's "exceptional" volume gain also comes as the carrier opens more of the 28 LTL terminals it acquired from Yellow. The Georgia-based carrier also added more than 3,000 pieces of equipment to its fleet in the first quarter, including trucks, trailers and forklifts.

In addition, Saia's partnership with Fletes Mexico, Yellow's former Mexican LTL partner, is driving new business to Saia, Jindel said. "Yellow was the largest cross-border LTL carrier, and more of that business is now going to Saia, a month after it partnered with Fletes Mexico," he said.

## Correcting for 'distortion'

If Saia's gains are exceptional, Old Dominion Freight Line (ODFL) provides a clearer barometer of the broader LTL market absent the distortion caused by the collapse of Yellow last year.

ODFL, the second-largest US LTL provider, on Wednesday reported a 2.3% year-over-year increase in its average daily shipment count in May, contributing to a 5.6% gain in LTL revenue per day from a year ago.

“ODFL is among the few carriers that may have taken on some Yellow shipments but then decided they were not the best fit for them, either telling shippers to accept a rate increase or find someone else to move them,” Jindel said.

And although ODFL made a stalking horse bid for all of Yellow's terminals, it did not buy any facilities during Yellow's auction. The North Carolina-based carrier has added terminals this year, but its growth has been organic.

A 1.5% annualized increase in daily LTL tons at ODFL in May might point to growth in heavier industrial freight, as the US manufacturing industry still shows signs of an anemic expansion.

Stronger new orders prompted a faster expansion in production midway through the second quarter, helping to push the S&P Global US manufacturing purchasing managers index (PMI) up from a neutral reading of 50 in April to 51.3 in May.

The PMI, produced by S&P Global, parent company of the *Journal of Commerce*, is showing more strength in US manufacturing than the Institute of Supply Management's PMI, which has contracted the past two months, dropping from 49.2 in April to 48.7 last month.

LTL executives pay close attention to PMI data as the majority of their freight, similar to most truck freight in general, is generated by domestic manufacturers. Manufacturing accounts for 59% of US truck volumes, according to US Census Bureau data.

ODFL executives have said they are seeing “signs of life” in the second quarter, although not a boom in LTL demand, as shippers roll out new projects and invest in their businesses.

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