

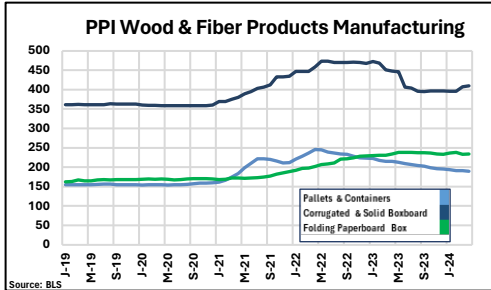
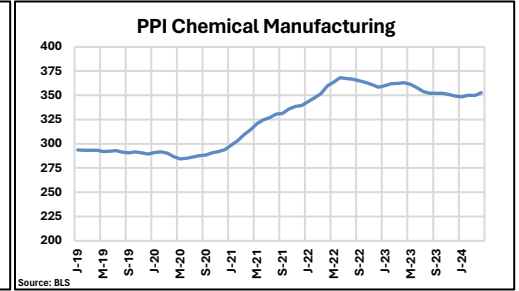
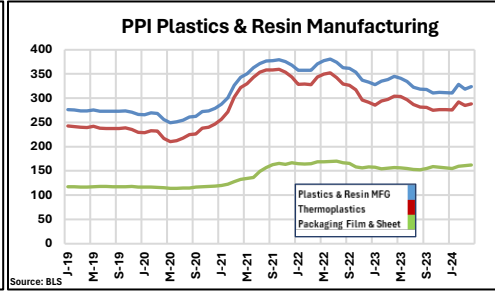
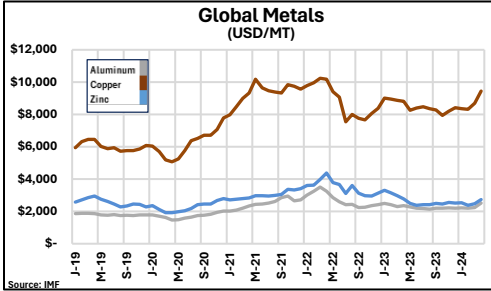
# MARKET UPDATE

SourceReit LLC

May 2024

- Aluminum and copper prices remained bullish throughout April. Copper driven by tight mine supply and demand and aluminum by US/UK Sanctions
- A \$50 per ton increase for linerboard and \$80 per ton for corrugating material as of June 1.
- The shipments component of the Cass Freight Index® fell 1.3% in April, as for-hire demand remains broadly soft.
- The U.S. manufacturing sector contracted in April, as the Manufacturing PMI® registered 49.2 percent, down 1.1 percentage points
- EIA has increased its forecast for Brent Crude from \$88 to \$90 per barrel based on reduced oil production growth and global geopolitical uncertainties.

## Commodities



	May 2024	Base	Current	MOM		YOY	
				Num	Pct	Num	Pct
Aluminum	USD/MT		\$2,499	\$269	10.8%	\$203	8.1%
Copper	USD/MT		\$9,446	\$752	8.0%	\$589	6.2%
Zinc	USD/MT		\$2,726	\$267	9.8%	-\$242	-8.9%
Wood Pallets & Containers	Dec-24	189	-1.97	-1.0%	-26.24	-13.9%	
Corrugated & Solid Boxboard	Mar-80	410	2.39	0.6%	-41.52	-10.1%	
Folding Paperboard Box	Dec-83	234	0.30	0.1%	2.81	1.2%	
Plastics & Resin MFG	Dec-80	324	4.43	1.4%	-14.13	-4.4%	
Thermoplastics	Dec-80	288	2.51	0.9%	-9.57	-3.3%	
Packaging Film & Sheet	Jun-07	162	1.79	1.1%	6.99	4.3%	
Chemical Manufacturing	Dec-83	353	2.40	0.7%	-9.50	-2.7%	
HDPE Blow	Jan-21	90.95	-3.02	-3.3%	-14.22	-16%	
HDPE Injection	Jan-21	86.21	-3.88	-4.5%	-18.97	-22%	
LLDPE Film	Jan-21	95.45	-5.45	-5.7%	-8.18	-9%	
LDPE Film	Jan-21	77.21	-3.68	-4.8%	-13.97	-18%	
HoPP Inj	Jan-21	72.40	-0.97	-1.3%	-10.71	-15%	
CoPP Inj	Jan-21	73.19	-3.31	-4.5%	-9.94	-14%	

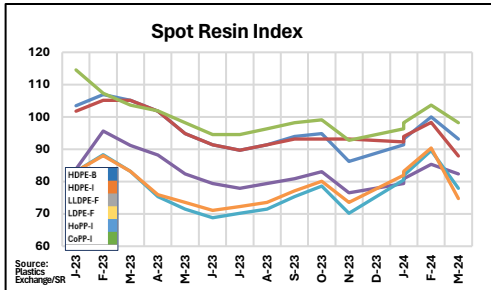
The copper price uptrend accelerated throughout April and mid May. Prices surged nearly 15.2% from the close of March. Despite these recent surges, the copper price today still faces numerous risks. (Metal Miner)

The aluminum price remained bullish throughout April, rising 11.47% month over month. However, prices found a peak on April 22 but then retraced to the downside during the remainder of the month and into early May. (Metal Miner)

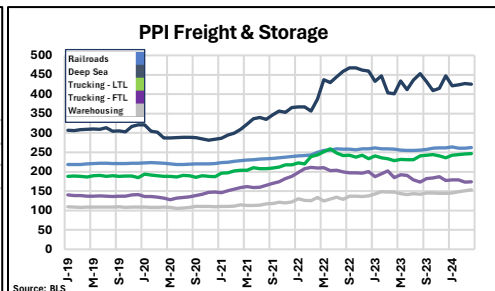
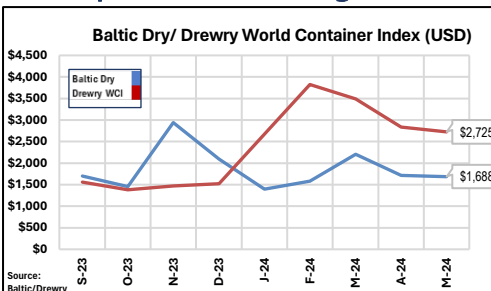
As expected, a wave of linerboard price increases is coming in June. Multiple fiber companies are aiming for their second announced bump of the year after the first round only partially took hold, analysts say. Most companies intend for a \$50 per ton increase for linerboard and \$80 per ton for corrugating material as of June 1. (Packaging Dive)

April PE contracts were not completely settled well into May as the major indices took diverging views on pricing; one posted up \$.03/lb and another maintained their flat position.

Polypropylene contracts followed PGP contracts down a dime in April and there could be a little more downside ahead this month, but PGP has also been inching back higher and producers are looking for \$.03/lb margin expansion for May. (Plastics News)

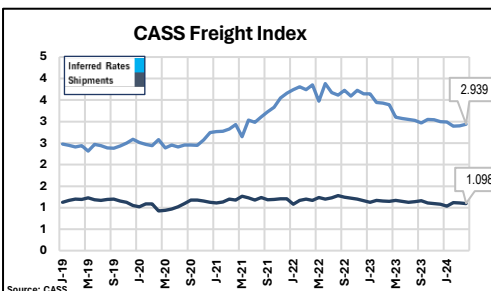


## Transportation & Freight



	May 2024	Base	Current	MOM		YOY	
				Num	Pct	Num	Pct
Railroads	Dec-84	263	2.35	0.9%	4.01	2%	
Deep Sea	Jun-88	426	-1.90	-0.4%	22.25	5%	
Trucking - LTL	Dec-03	247	1.46	0.6%	13.61	6%	
Trucking - FTL	Dec-03	174	0.96	0.6%	-28.29	-16%	
Warehousing	Dec-06	154	2.83	1.8%	5.96	4%	

According to FMCSA data, long-haul carrier exit rates were flat in April at around 7,900 authority revocations. Still, with 11% fewer carriers joining or re-joining the market, net capacity decreased by just over 1,100 carriers last month.



May 2024	Index	YOY	MOM
Inferred Freight Rates	2.939	-13.3%	1.4%
Cass Freight Index® - Shipments	1.098	-4.0%	-1.3%

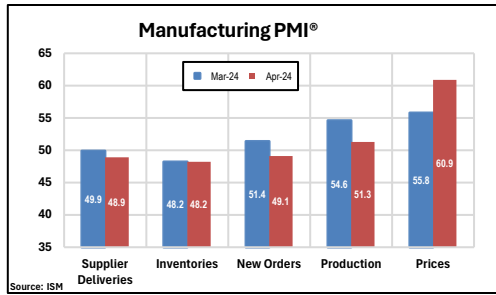
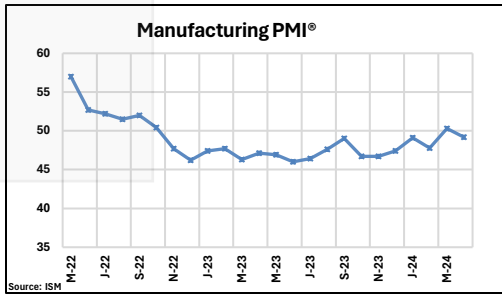
The shipments component of the Cass Freight Index® fell 1.3% m/m in April, as for-hire demand remains broadly soft. The index fell 1.6% m/m in seasonally adjusted (SA) terms, returning volumes to the cycle lows of 2H'23.

The rates embedded in the two components of the Cass Freight Index—reflecting the average cost of freight—declined 13% y/y in April, the narrowest decline in eleven months.

The Logistics Manager's Index reads in at 52.9 in April 2024. This is down (-5.4) from March's reading of 58.3, which was the highest rate of growth in 18 months. This is the slowest rate of growth observed so far in 2024 and is primarily driven by a 12.8-point reduction in inventory level expansion.

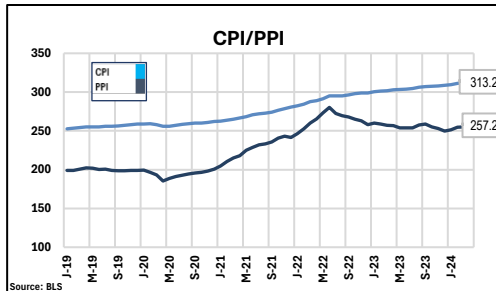
Labor contract negotiations covering port workers on the East and Gulf coasts are expected to begin soon with local-level bargaining slated to wrap up May 24th, according to a joint announcement from union and employer representatives.

## Economic Indicators



## PMI® at 49.2%

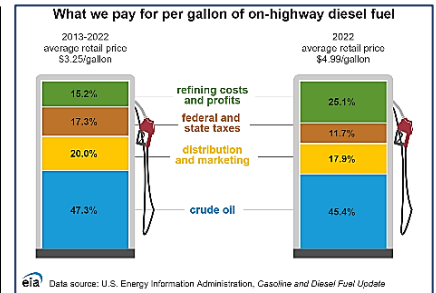
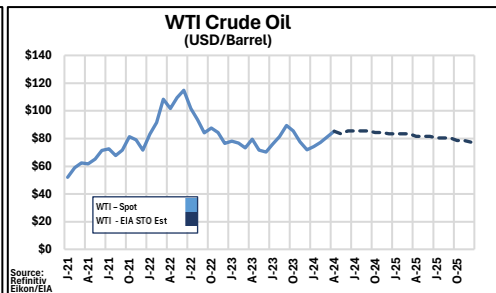
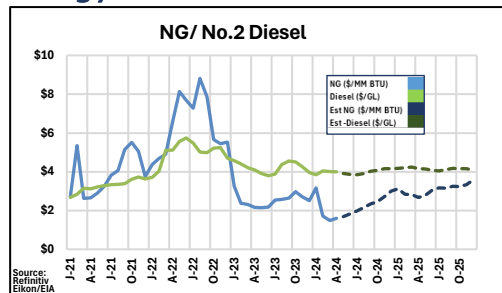
The U.S. manufacturing sector contracted in April, as the Manufacturing PMI® registered 49.2 percent, down 1.1 percentage points compared to March's reading of 50.3 percent. After breaking a 16-month streak of contraction with an expansion in March, the manufacturing sector dropped back into contraction. Only one out of five subindexes that directly factor into the Manufacturing PMI® is in expansion territory, down from two in March.



**CPI** - In April, the Consumer Price Index for All Urban Consumers increased 0.3 percent, seasonally adjusted, and rose 3.4 percent over the last 12 months, not seasonally adjusted.

**PPI** - The Producer Price Index for final demand rose 0.5 percent in April. Prices for final demand services increased 0.6 percent, and the index for final demand goods moved up 0.4 percent. The index for final demand advanced 2.2 percent for the 12 months ended in April.

## Energy



	May 2024	Current	MoM		YoY	
			Num	Pct	Num	Pct
Henry Hub Natural Gas	\$1.60	\$0.11	7%	-\$0.56	-286%	
U.S. No 2 Diesel	\$4.00	-\$0.02	0%	-\$0.10	-2%	
WTI Spot	\$85.35	\$4.07	5%	\$5.90	7%	

U.S. dry natural gas production to fall by 2% from the first quarter of 2024 (1Q24) to 2Q24 as a result of low natural gas prices. EIA also forecasts 1% less natural gas will be produced in the United States in 2024 than last year before production increases by 2% in 2025 to a record of almost 105 billion cubic feet per day (Bcf/d).

EIA expects voluntary OPEC+ crude oil production cuts and ongoing geopolitical risks will keep the Brent crude oil spot price near \$90 per barrel (b) for the remainder of 2024 before falling to an average of \$85/b in 2025 as global oil production growth picks up.

Solar supplies most of the EIA forecasted growth in U.S. electricity generation this year. We expect total U.S. electricity generation will grow by 3% (114 billion kilowatt hours) in 2024, and we forecast generation from utility-scale solar will contribute almost 60% of that increase. Among other renewable sources, wind contributes 19% of 2024 U.S. electricity generation growth, and hydropower contributes 13%.

## About Us

SourceReit is a niche firm focused on helping companies drive sustainable savings. Over the last 25 years, we have developed proven processes and deep category expertise, delivering an average of 5-10% in savings to the bottom line. Our transformational strategies have been successfully implemented globally, yielding sustainable improvements and driving value.

- Consulting & Project Management Services
- Education & Training
- Interim/Fractional Leadership
- Advisory Services

We provide sourcing and process improvements that impact your bottom line without compromising quality or service. Properly executed supply chain and procurement strategies are key drivers in delivering top-line growth through optimized product availability and partner-driven innovation.

**Global**  
We have experience operating on six continents and provide a strong international approach to serving customer needs.

**Proven Experience**  
We have delivered over \$750 Million in savings to our business partners through collaboration and innovative supply strategies.

**Flexible**  
We can help you find the right solutions and services that meet your needs.

**Process Driven**  
We provide a focused, driven approach to process excellence, based on over 25 years of delivering world-class solutions."

Selected Links	
<a href="#">London Metal Exchange</a>	Base Metal contracts, options and pricing
<a href="#">US Bureau of Labor and Statistics</a>	Measures labor market activity, working conditions, price changes, and productivity in the U.S. economy
<a href="#">Drewry World Container Index</a>	Tracks the cost of transporting 40-foot containers on eight major routes
<a href="#">U.S. Energy Information Administration (EIA)</a>	Provides information and data products covering energy production, stocks, demand, imports, exports, and prices
<a href="#">Fast Markets</a>	Cross-commodity price reporting agency for markets including agriculture, forest products, metals and mining.
<a href="#">Cass Freight Index</a>	Monthly measurement of freight activity in North America, including freight volumes and expenditures.
<a href="#">LOGISTICS MANAGERS' INDEX</a>	LMI score is a combination of eight unique components that make up the logistics industry