Market Update – The Rearview & the Road Ahead

Demand Levels & Outlook

Demand Weakness Extends

Freight demand remains under pressure, with July marking the 30th consecutive month of shipment declines per Cass Information Systems. Shipments fell 1.8% month-over-month (↓1.7% seasonally adjusted) and 6.9% year-over-year, the steepest annual decline since January. Volumes have now contracted for three straight months, reflecting persistent weakness across freight markets.

Looking ahead, Cass projects shipments could fall 8% y/y in August, though a recent uptick in imports may help temper some of the decline.

Truckload Linehaul Index

(Excludes fuel and surcharges):

- ↓ 0.6% m/m in July.
- ↑ 2.4% y/y, the strongest growth since September 2022.
- The index has posted y/y gains every month in 2025 and is on track for a modest full-year increase.
  - Even though shipment volumes are falling, the steady y/y growth in linehaul rates suggests that capacity reductions, not stronger demand, are supporting pricing. In other words, rates are holding up despite weak demand because supply is tightening, not because freight volumes are growing.

Broader Demand Indicators

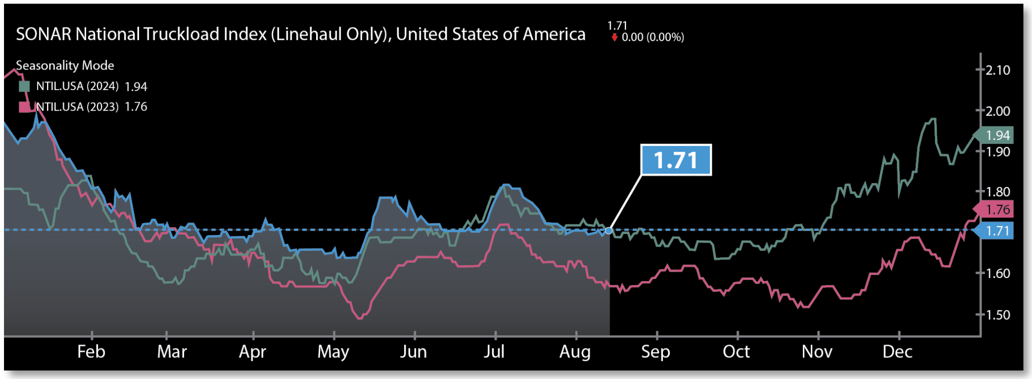
- **Truckload ton-mile index:** ↓ 0.2% m/m in June, but ↑ 1% y/y, driven by sectors like wood products, petroleum, and machinery, which are less dry van–centric.
  - The slight y/y increase reflects strength in heavy industries that use flatbeds and tankers, meaning the growth isn't benefiting the core dry van market, where demand remains weak.
- **Tender rejections:** Running above 2024 levels, but still not signaling a broad recovery in capacity tightening.

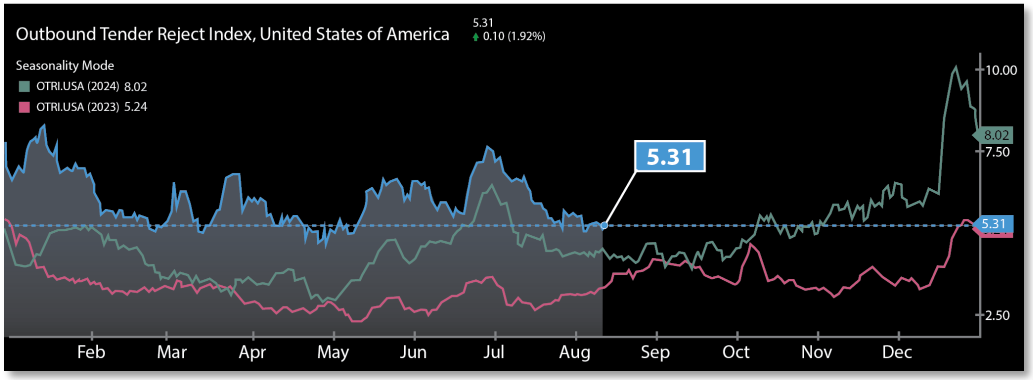
Outlook

Tariff impacts: Ongoing steel/aluminum tariffs now cover $320B in imports, including truck trailers and industrial equipment. These are likely to create cost-push inflation and dampen demand in key freight-heavy industries.

Economic drag: Trade uncertainty and weak housing construction continue to weigh on freight activity.

Capacity shift ahead: Cass notes that lower commercial vehicle production and manufacturing job losses could tighten supply in 2026, pushing more freight back to the for-hire market.





Source:Freightwaves

Supply, Capacity & Carrier Operating Costs

Capacity is tightening modestly

Truck postings ↓ 5.7% m/m, ↓ 30% y/y (DAT), while load postings are up. That lifted load-to-truck ratios sharply for dry van and refrigerated freight (↑ 11–14% m/m).

FTR/Truckstop data show the same pattern: total load activity ↑ 5.9% in late July, while truck postings ↓ 5.2%. The Market Demand Index hit a 3-week high, signaling fewer trucks available relative to freight needs.

Driver employment remains unstable.
Bureau of Labor Statistics: trucking employment ↑ 4,000 jobs in July after losses in May/June. Swings are driven by tariff timing; import frontloading creates short bursts of hiring, then pullbacks. With front-loading largely done and tariffs raising consumer prices, more driver job losses are likely.

Small fleets are pulling back.

- Truckstop/Bloomberg survey: only 21% plan new equipment purchases (↓ from 38% in Q1).
- Nearly half (48%) unsure when rates will bottom (↑ 7 points from Q1).
- 38% believe tariffs will significantly hurt the industry (↑ from 30%).

Overall, the signals indicate weaker reinvestment and a higher risk of attrition among small fleets.

New equipment orders slowing.
ACT Research: Class 8 tractor orders trending down across timeframes:

- 12-month average:176k units
- 6-month pace: 129k units
- 3-month pace: 97k units

The decline shows how sharply demand has cooled.

Vocational trucks (construction, utility) mirror this trend, falling from 86k (12m) to 54k (3m).

Tractor sales had been firm as fleets tapped tariff-free inventory, but retail sales expected to go down as prices rise.

Utilization still positive upstream.

July Logistics Managers' Index: Transportation Utilization = 59.5 (↑). Smaller and mid-size firms holding tariff-driven inventory are keeping trucks busier in port and regional lanes, even as larger fleets remain cautious.

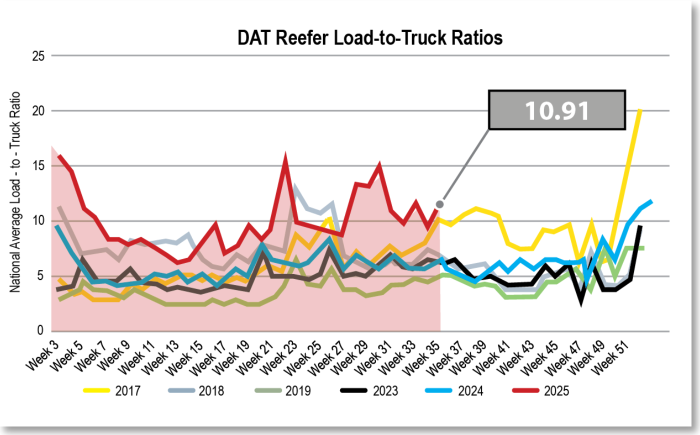
Carrier Operating Costs

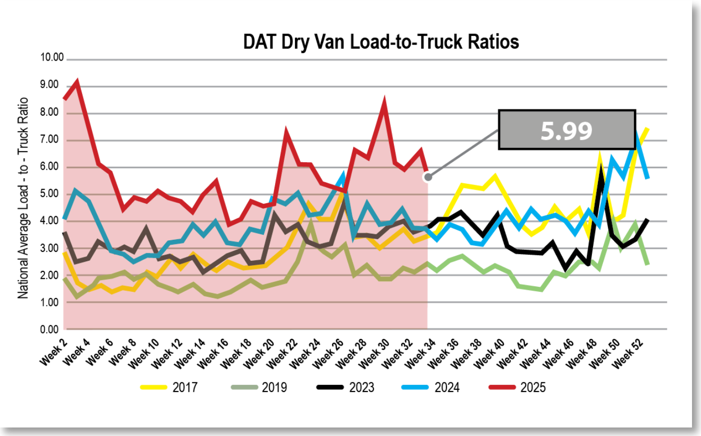
Equipment prices climbing with tariffs.
Tariffs have already added 2–4% to new tractor prices, with further increases likely. That makes fleet renewal/expansion harder to justify.

Fuel squeeze.
U.S. diesel averaging $3.81/gal (↑ slightly). Higher prices cut into margins, especially for small carriers lacking strong fuel surcharge recovery.

Labor & maintenance costs elevated.
Rising wages and parts/repair expenses keep operating costs high. In a low-rate environment, this is forcing weaker carriers out of the market.

Policy adds more risk.
"Tariff-linked inflation" plus the EPA's pending low-NOx truck rules complicate long-term equipment planning.





Source: DAT

Contract & Spot Market Rate Trends

Dry Van

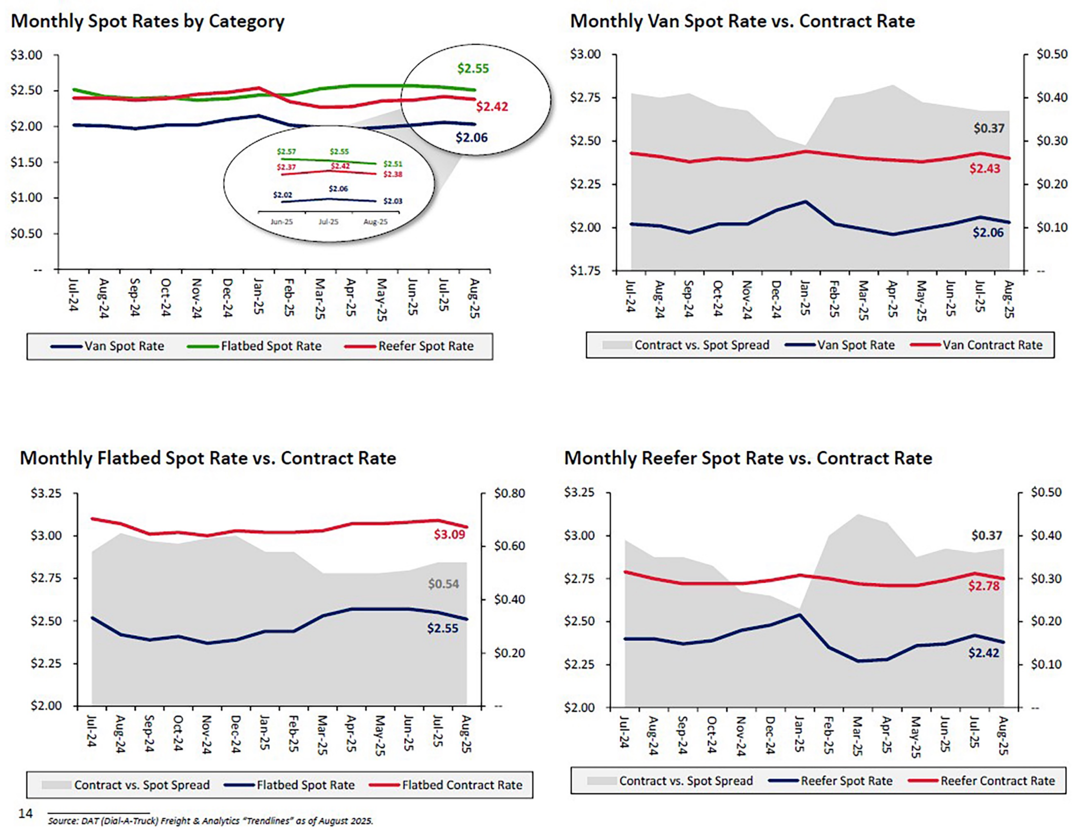
- Spot Rates (National): Linehaul spot rates ↑ by $0.01, averaging just under $1.65/mile.
  - That's $0.02 above last year and $0.06 above 2023, showing modest improvement over the past two years.
- High-Volume Lanes: For DAT's top 50 lanes, spot rates held at $1.99/mile for the third week in a row, $0.34 above the national 7-day average.
- Regional View (Midwest): In the 13 key Midwest states (46% of national load volume), spot rates dipped $0.01 to $1.86/mile, even as load volumes rose 3%. Midwest carriers are still earning $0.21/mile above the national rolling average, highlighting stronger regional dynamics.

Reefer

- Spot Rates: Reefer rates rebounded after a one-cent decline the prior week, averaging just over $1.97/mile.
  - That's $0.01 higher than last year and $0.03 above 2023, showing steady year-over-year gains, though momentum is modest.

Flatbed

- Contract vs. Spot Context: The ATA Truck Tonnage Index (heavily weighted toward contract freight) slipped 0.4% in June after a 0.1% dip in May, signaling softening in contract volumes.
  - This highlights a growing disconnect between contract and spot markets, while contract demand is easing, spot trends are showing resilience.
- Spot Rates: National flatbed spot rates ↑ $0.01 to $2.04/mile, which is $0.09 higher than 2024 and $0.11 higher than 2023.



Source: BofA Securities

Our Greatest Asset

Our people are our greatest asset. They are at the heart of everything we do. We provide relentless support to every customer by combining our peoples' expertise and empathy with advanced technology. Every customer matters. Every shipment matters. We sweat the details so you don't have to. And **we never lose our drive to deliver.**

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SPOT