



# **Market Update: The Rearview & the Road Ahead**

# Demand Levels & Outlook

## Demand Signals

Truckload demand is increasing, but the recovery is inconsistent.

- First-tender acceptance rate: 85%
- Previous year: 92%
- Spot truckload rates: ↑ 25% year over year

**What this means:** Lower tender acceptance means more freight is falling out of routing guides and into backup carriers or the spot market. At the same time, higher spot rates indicate tightening supply relative to demand.

### Demand growth is not uniform

- Retail and CPG freight: growing
- Industrial freight: still relatively weak
- Manufacturing: early signals of improvement

This split is creating lane-specific disruptions rather than a broad freight surge.

Flatbed demand is extremely strong

- Flatbed load-to-truck ratio:
  - 60+:1 in late February
  - 71:1 in early March

For context: Ratios above 10:1 typically indicate tight markets.

### Drivers of Demand

Large infrastructure projects, including:

- AI data center construction
- Nuclear power projects
- Natural gas power generation
- Diesel generation facilities

Flatbed spot markets have been running hot for roughly 18 months.

**What this means:** Shippers moving construction materials, energy equipment, and industrial components may face tight capacity and elevated pricing pressure.

## Strait of Hormuz Disruption

- 20% of global oil supply moves through the Strait
- The waterway is only 21 miles wide at its narrowest point
- 19 vessels have been attacked near the Iranian coast since the conflict began

### If disruptions continue:

- Energy prices will continue to rise
- Transportation fuel costs will continue to increase
- Supply chains may face longer transit times

## Shipper Conditions Deteriorate as Fuel Spike Threatens Capacity

The FTR Shippers Conditions Index (SCI) indicates the freight environment may soon become significantly more difficult for shippers.

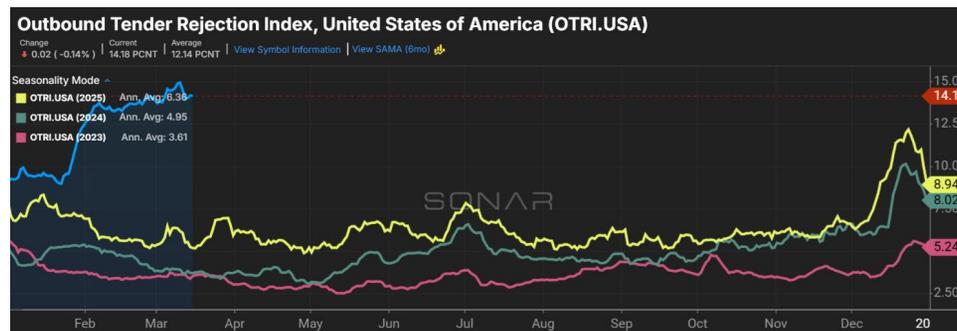
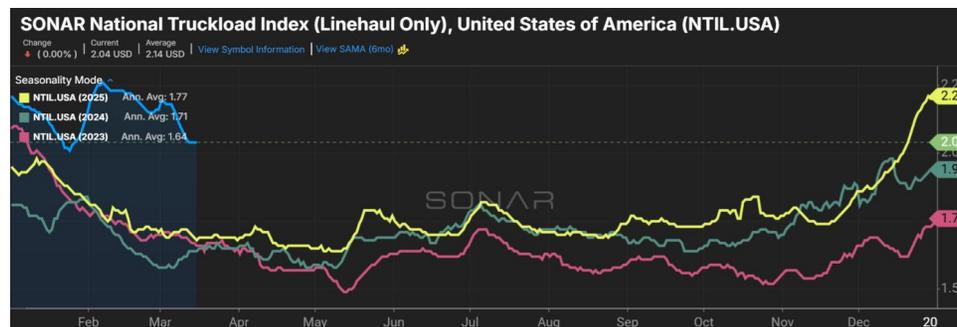
- January SCI: -5.0
- Lowest reading on record: -23.1 (March 2022)

Negative readings indicate tight capacity and rising costs for shippers. FTR previously forecast conditions would weaken further in early 2026. The situation has become more concerning due to fuel prices.

### Diesel Price Movement

- ↑ \$0.96 increase in one week
- The previous record spike in March 2022 was ↑ \$1.15 over two weeks

If rising fuel prices reduce carrier capacity, the SCI could fall below the worst levels ever recorded.



Source:Freightwaves

# Supply, Capacity & Carrier Operating Costs

## Supply & Capacity

The biggest near-term shift in the freight market is a forced reduction in driver supply. Under the FMCSA's Final Rule on nondomiciled CDLs, the current population of roughly 200,000 holders is expected to shrink sharply over time, with only about 6,000 new nondomiciled CDLs issued annually going forward. FMCSA estimates 194,000 current holders will lose renewal eligibility, while broader estimates put total market removals between 214,000 and 437,000 drivers.

That pressure is being compounded by continued carrier exits. More than 6,400 carrier authorities were revoked in December 2025 alone, extending the market's correction from a prolonged period of oversupply.

- Spot rates rose from roughly \$2.60 to \$2.82 per mile from mid-January to February
- Tender rejections are increasing
- Some lanes are showing weaker routing guide compliance

At the same time, a future source of capacity is building in the background. Class 8 orders reached 30,800 units in January (↑ 20% y/y) and 46,200 in February (↑ 156% y/y). That rebound appears to be driven more by large-fleet replacement cycles and EPA 2027 positioning than by broad market expansion, but it still matters because capacity removed today could begin re-entering the market within 12–18 months.

**Bottom line on capacity:** the market is tightening now, but it is doing so because supply is leaving faster than it is being replaced.

## Carrier Operating Costs

Carriers are facing that tightening backdrop while also absorbing rapidly rising fuel costs. Diesel has climbed to about \$5.11 per gallon, nearly \$1 per gallon higher than before the recent oil shock, and some fleets report fuel costs rising 25% since late February.

**For carriers, that translates into meaningful budget pressure:**

- Monthly fuel spend rising from roughly \$12K–\$13K to about \$15K
- An annual impact of roughly \$100,000
- Fuel surcharge increases of about 10% in some cases

Even with surcharge adjustments, carriers are struggling to fully recover the increase, which is tightening margins and adding pressure to freight pricing. Fuel remains especially volatile because oil market disruption can still move carrier costs quickly, even with strategic reserve releases of 172M barrels in the U.S. and 400M barrels globally.

## What This Means

This is a market defined by two supply-side realities:

- Available capacity is shrinking through regulatory enforcement and carrier exits
- Carrier operating costs are rising at the same time, led by diesel

That combination is pushing the market toward firmer pricing, especially in lanes where routing guide compliance is already slipping.



Source: DAT

# Contract & Spot Market Rate Trends

## Contract Outlook

Contract rates are improving, but at a slower and more measured pace than spot.

FTR indicates contract rates are recovering steadily, with year-over-year improvement accelerating. However, the recovery remains cautious, with contract pricing lagging behind spot market gains.

Fuel is a major driver of upward pressure. Diesel reached \$4.859 per gallon, with cost-per-mile impact rising to \$0.69, up nearly \$0.14 in one week. This is increasing pressure on carriers to push for higher rates in both contract and spot negotiations.

Broader indicators support continued firming. The Logistics Managers' Index rose to 61.5 in February (from 59.6), with transportation prices at their highest level since early 2022. At the same time, capacity is contracting while utilization rises, a combination that typically supports higher contract rates over time.

## Flatbed

Flatbed continues to be the most stable and consistently firm spot market.

FTR shows flatbed rates ↑ 14% year over year, while DAT reports the national linehaul rate at \$2.31 per mile, down just \$0.02 last week after a six-week upward trend.

### Rates remain elevated:

- \$0.25 per mile (12%) above last year
- \$0.34 per mile (15%) above the five-year average

### Capacity conditions are notably tight:

- Load posts increased 7% week over week
- Volumes are 47% higher year over year
- Load-to-truck ratio surged to 76.39 (↑ 10%)

This strength continues to be driven by machinery movement, data center construction, and nonresidential project freight.

## Reefer

Reefer spot rates are showing a similar pattern of strong year-over-year performance with short-term softening.

FTR reports reefer rates are up 27% year over year, but DAT data shows a \$0.08 per mile decline last week, marking the fifth consecutive weekly drop and erasing recent weather-driven gains.

### Even with that decline, reefer linehaul remains elevated at:

- \$0.41 per mile (22%) above last year
- \$0.44 per mile (19%) above the five-year average

Demand remains highly lane-specific, with continued tightness in produce-driven markets such as South Texas, Nogales, and Florida, where pricing strength is still evident.

## Dry Van

Dry van spot rates have been recovering since around Thanksgiving and are currently up 19% year over year according to FTR. However, DAT's latest weekly data shows the national average dry van linehaul spot rate (excluding fuel) fell \$0.08 per mile last week.

Fuel is playing a major role in current pricing dynamics. Surcharges increased from \$0.44 to \$0.60 per mile in just two weeks, pushing all-in rates higher even as underlying linehaul softened. Despite the weekly dip, dry van linehaul remains \$0.28 per mile (18%) above last year and \$0.32 per mile (17%) above the five-year average.

### Underlying conditions remain supportive:

- Load posts are 48% higher year over year
- Equipment posts are down 9%
- Load-to-truck ratio increased to 8.12 (↑ 5% w/w)

