



# Market Update: The Rearview & the Road Ahead

# Demand Levels & Outlook

## WHERE DEMAND IS SOFTENING

Consumer-facing freight is under real strain. Two years of high prices have driven sentiment to a record low, and households are trading down, softening retail and grocery volumes.

Indicator	Reading
Consumer Sentiment	44.8
Expected Inflation, 12-mo	4.8%
Retail spend ex-gas, Apr	+0.3%
New-home sales, Apr	-6.2%
Mortgage rate	6.51%

- **Record-low sentiment** — UMich fell to 44.8 in May, the lowest ever, and 57% of consumers say high prices are eroding their finances.
- **Discretionary pullback** — April retail rose just 0.3% ex-gas as appliances, furniture and home goods all declined on deferred purchases.
- **K-shaped strain** — households under \$100k are cutting back hardest, while mortgages near 6.51% and 1M fewer car sales cool housing and autos.

## WHERE DEMAND IS SURGING

A parallel industrial boom is offsetting that weakness. The AI build-out, data centers, power, and semiconductors are driving record demand for specialized, heavy-haul capacity.

<b>+47.4%</b> Port L.A. YoY	<b>2.41M</b> May TEUs	<b>+10%</b> Intermodal YoY
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- **Specialized lanes booming** — structural steel, transformers, switchgear and cooling systems are flowing to data-center and grid projects nationwide.
- **Imports pulling forward** — May volumes hit 2.41M TEUs (+9% MoM), with China-origin freight +28.1% YoY and Gulf Coast ports near records.
- **Intermodal +10% YoY** — shippers are chasing rail's fuel-efficiency edge as diesel stays elevated.
- **Leaner inventories** — stock levels run below 2021–22, which could cushion any eventual demand correction.

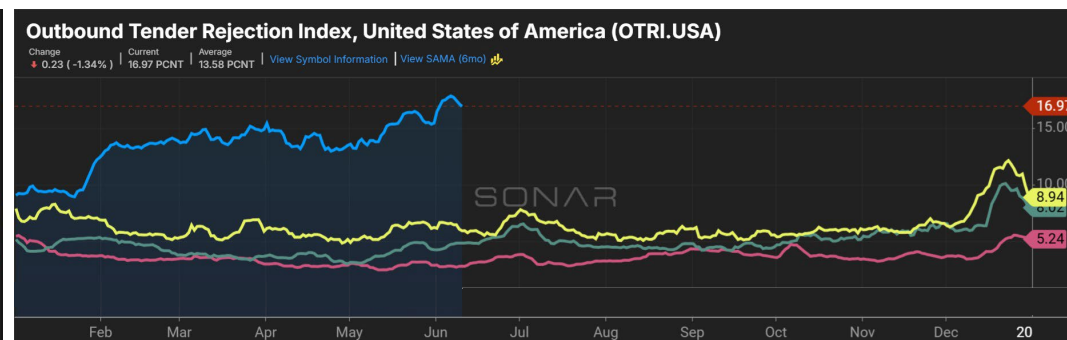
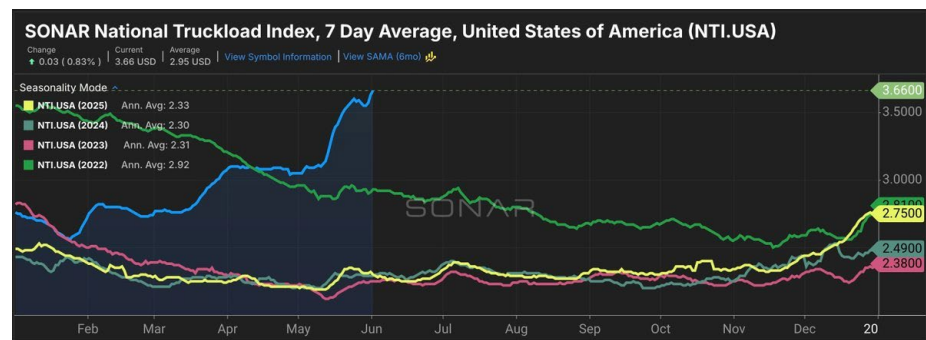
## THE ROAD AHEAD

The near-term path hinges on whether the consumer keeps absorbing record costs. The Fed may tighten further, but easing fuel and lean inventories could soften the landing.

- **Fed on watch** — a July hike is on the table, and 30-year Treasury yields hit 5.197%, the highest since 2007.
- **Fuel relief ahead** — a reopening of the Strait of Hormuz should gradually pull crude and diesel off war-driven highs.
- **Watch the tipping point** — demand destruction tends to build slowly, then accelerate if prices stay high.
- **Plan for both** — budget for soft consumer freight while protecting access to tightening industrial capacity.

## WHAT IT MEANS FOR SHIPPERS

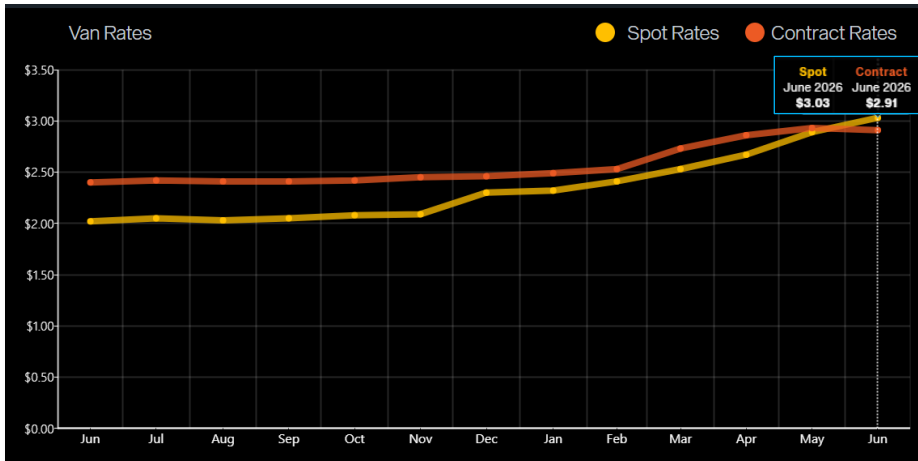
Budget conservatively on consumer lanes while securing capacity early on industrial and import-driven lanes; that is where pull-forward and the AI build-out are tightening trucks fastest. Favor committed relationships over spot opportunism.



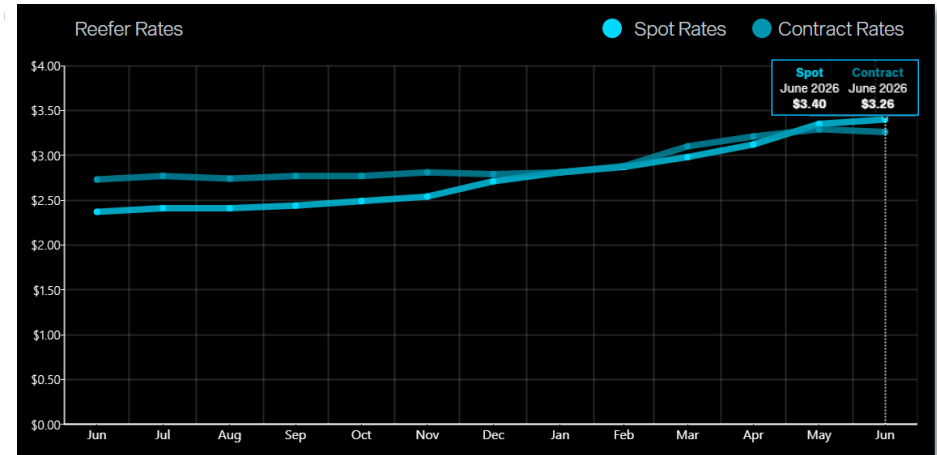
Source:Freightwaves

# Supply, Capacity & Carrier Operating Costs

VAN LOAD-TO-TRUCK RATIO



REEFER LOAD-TO-TRUCK RATIO



Source: DAT

## CAPACITY IS LEAVING THE MARKET

The capacity squeeze is structural, not seasonal. Years of losses and a wave of regulatory enforcement are pulling trucks out of the market faster than freight is growing.

Indicator	Reading
LMI transportation capacity	31.7
ACT capacity index	50.2
Capacity utilization	69.5
Months of contraction	6
Class 8 used price, Apr	\$59,122

- **Six months of contraction** — capacity sits at 31.7 versus a neutral 50, one of the deepest readings on record.
- **Enforcement purge** — non-domiciled CDL, English-proficiency and cabotage rules, plus visa revocations, are removing hundreds of thousands of drivers.

- **Liability ruling** — a landmark broker-liability decision is tightening vetting and steering freight to larger, asset-backed fleets.

## COSTS ARE AT RECORD HIGHS

Every mile now costs more to run. Diesel has climbed back toward war-driven highs, and transportation pricing just set an all-time record, leaving carriers little margin to absorb.

\$5.51 Diesel / gal	96.0 LMI prices	98.2 Small carriers
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- **Diesel near \$5.51/gal** — up from \$3.72 in February and roughly 50% above June 2025, adding cost to every load.
- **Record pricing** — LMI transport prices hit an all-time high of 96.0; small carriers report an even higher 98.2.

- **Equipment inflation** — EPA 2027 rules are set to lift new- and used-truck prices; average Class 8 used already rose to \$59,122 (+1.9% YoY).

## THE ROAD AHEAD

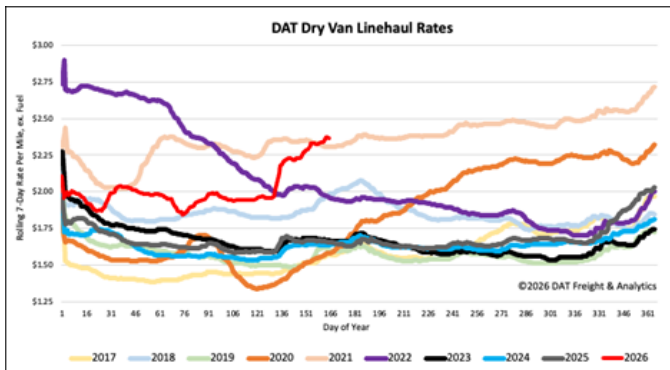
Conditions favor scale, and relief is conditional. Capacity is concentrated among large, compliant fleets, so any loosening depends on fuel easing or demand softening.

- **Scale wins** — capacity is concentrating among large, compliant fleets, squeezing smaller carriers and their shippers.
- **Fleets defending capacity** — Class 8 used sales rose 5.5% YoY, a sign of holding rather than expanding.
- **Pre-buy building** — EPA 2027 demand is expected to grow into the second half, adding equipment-cost pressure.
- **Little slack** — utilization near a two-year high means relief depends on lower fuel or softer demand, not new trucks.

# Contract & Spot Market Rate Trends

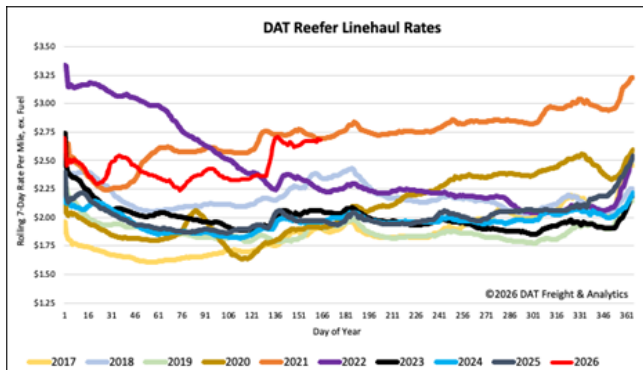
## DRY VAN LINEHAUL

**\$2.37/mi** +42% YoY · record for Week 24



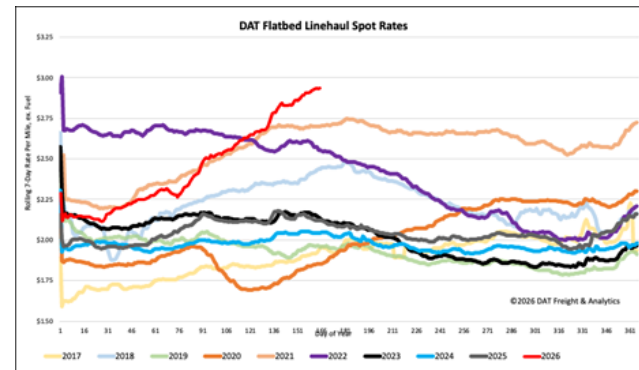
## REEFER LINEHAUL

**\$2.68/mi** +36% YoY · produce \$4.09/mi



## FLATBED LINEHAUL

**\$2.94/mi** +38% YoY · 13 wks up, record



Source: DAT

## CARRIERS REGAIN LEVERAGE

Spot rates are setting fresh records, led by flatbed, and contract rates have finally turned positive after a nearly four-year decline. With capacity tightening and bid season accelerating, pricing leverage has shifted decisively toward carriers, and routing guides built in a softer market are breaking down.

- **Flatbed contract +6% YoY** — ending a nearly four-year decline in open-deck contract pricing.
- **Carriers guiding higher** — large fleets point to 20% cumulative rate gains over two years.
- **2026 outlooks** — spot seen 20–25% above 2025; contract 5–10% higher.
- **LTL moving early** — 6% general rate increases are filing weeks ahead of schedule.

## SPOT MARKET AT RECORDS

- **Near record** — national truckload spot \$3.65–3.83/mi, up 49% YoY.
- **Van leads ex-fuel** — 25% above 2025; spot volumes up 44% YoY.
- **Flatbed streak** — 13+ straight weekly gains on industrial demand.
- **Guides crumbling** — mini-bids spike as tender rejections climb.

## WHAT TO WATCH

The rally is supply-driven and could reverse fast: a July Fed rate hike or an oil spike toward \$150–160 could pull capacity back and echo the 2022 downturn. Watch fuel, enforcement and tender rejections.

## FOR SHIPPERS

Treat today's rates as the new baseline, not a temporary peak: renew early and secure committed capacity, while keeping flexibility for a possible second-half reversal.