TranzAct

Freight Market Update

April 2025

Overall Market Outlook

The changes to tariffs have many preparing for challenging economic conditions. Here's a look at recent indicators that precede the reciprocal tariff announcement.

Employment

The March 2025 unemployment rate was reported at 4.2% while nonfarm payroll employment increased by 228,000 according to the U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary.

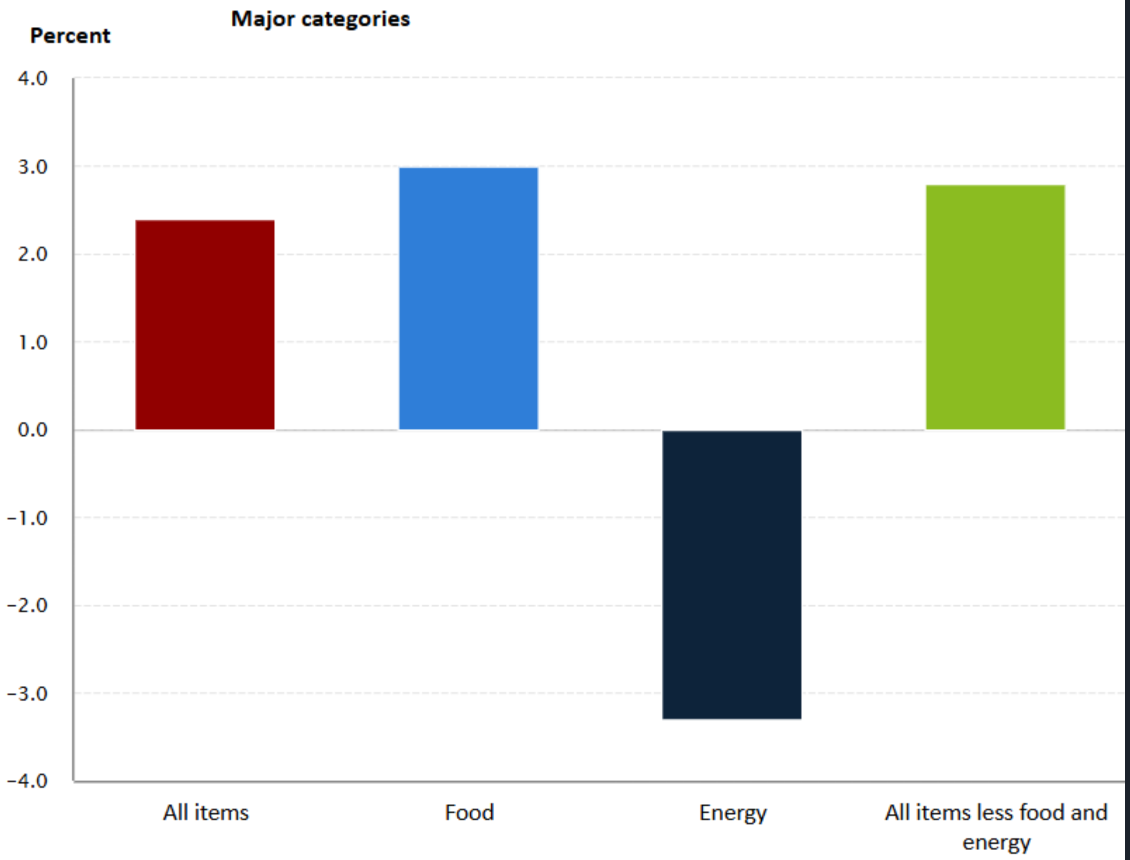
The report noted the changes: "Job gains occurred in health care, in social assistance, and in transportation and warehousing."

Inflation (Consumer Price Index)

In March, inflation decreased 0.1% and has risen 2.4% over the past 12 months, as reported by the Consumer Price Index Summary from the BLS.

Their report noted that shelter was a major contributor to the monthly increase: "The index for energy fell 2.4 percent in March, as a 6.3-percent decline in the index for gasoline more than offset increases in the indexes for electricity and natural gas."

12-month percentage change, Consumer Price Index
March 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In February 2025 (the most recent month available) imports of goods only, decreased $0.5 billion from the previous month to $328.9 billion.

Increases came from the following sources:

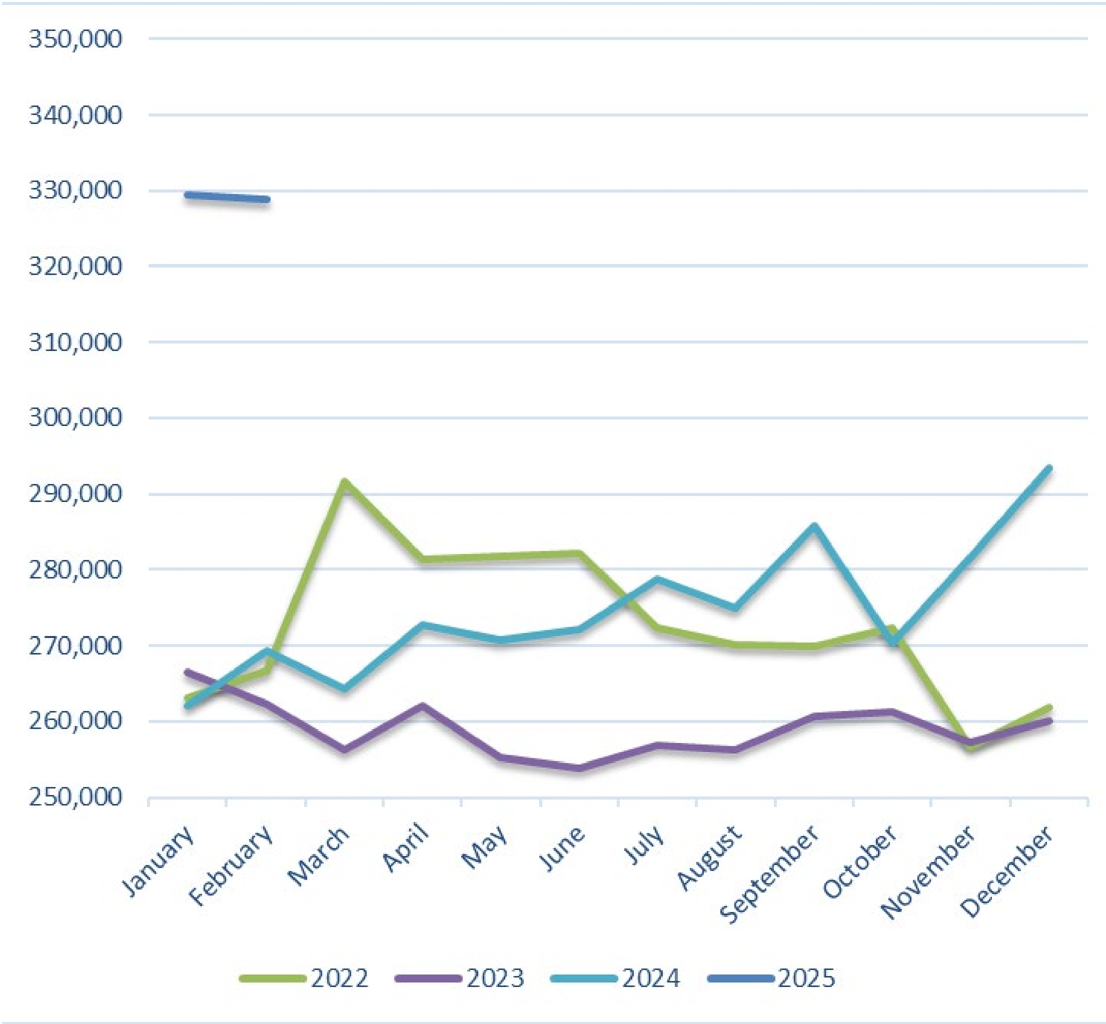
- Industrial supplies and materials decreased $4.2 billion.
- Consumer goods increased $2.4 billion.
- Capital goods increased $1.0 billion.

U.S. Manufacturing

In March, new orders of manufactured durable goods increased $26.6 billion or 9.2% versus the previous month to $315.7 billion, as reported in the latest Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders.

Shipments of manufactured durable goods increased $0.2 billion or 0.1% to $293.0 billion in the same time frame.

U.S. International Trade - Imports of Goods
Seasonally Adjusted. In millions of dollars



Overall Market Outlook

Inventories

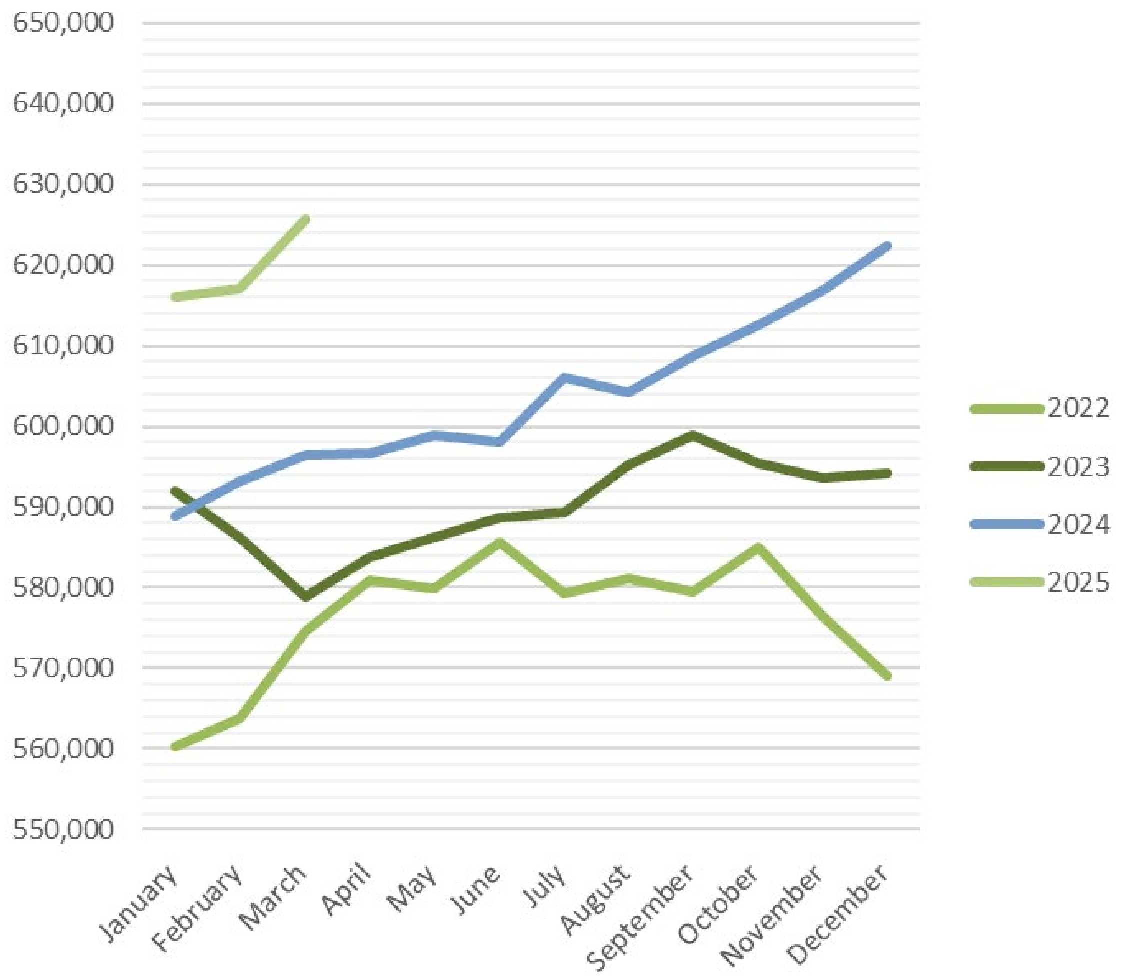
Inventories of manufactured durable goods increased $0.5 billion or 0.1% in March versus the previous month to $533.3 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

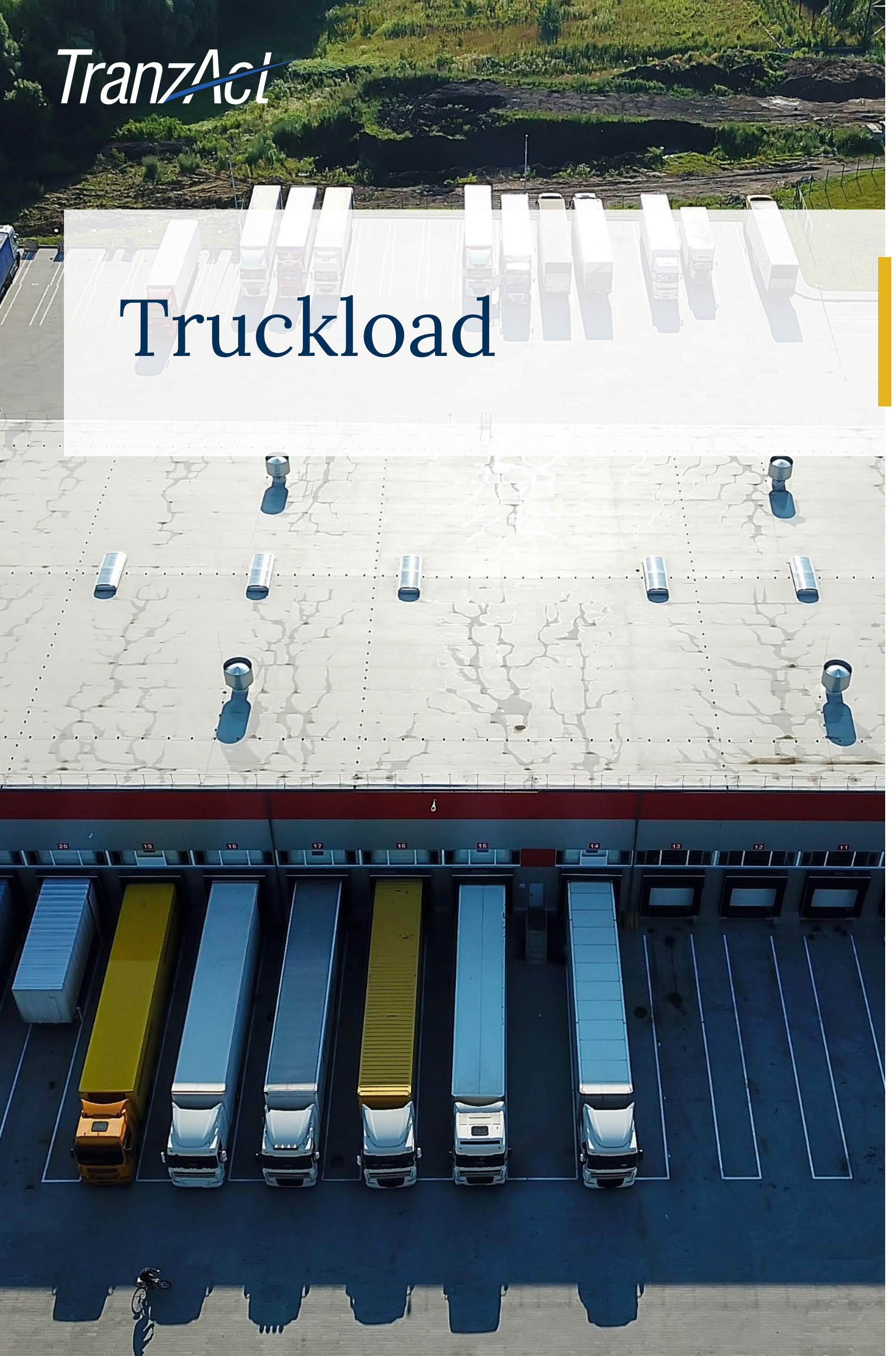
Retail Sales

In March, U.S. retail and food services sales were up 1.4% vs the previous month and up 4.6% versus a year ago, according to the Advance Estimates of U.S. Retail and Food Services.

Retail trade sales alone were also up 1.4% from the previous month and up 4.6% from last year.

Retail Trade: U.S. Total
Seasonally Adjusted Sales. In millions.





Truckload

Market Update

Truckload supply and demand

In March 2025, spot load posts were up 10.9% versus the previous month, and up 22.2% versus a year ago according to DAT Trendlines. Rates for van and reefer declined while flatbed increased. Contract rates are still above spot rates with no indication of narrowing.

The Van load to truck ratio has declined from 7.2 in January to 4.8 in March. This is still above the ratio for most of the past two years.

The ATA Truckload Tonnage Index reported a 1.5% decrease for March after a strong February with a 2.8% increase. Transport Topics reported that overall the first quarter of demand was strong. “The U.S. freight market slowed in March after a robust February, but data for the first quarter of 2025 as a whole suggested a turnaround was underway, according to American Trucking Associations.”

Truckload costs

One possible cost relief measure for carriers came from the Department of Transportation earlier this month when they announced a repeal of a Federal Highway Administration rule for states to establish emission-reduction goals, according to Transport Topics. The DOT is looking for input from truckers, trade organizations and small businesses for other ways to reduce trucking regulations. Other regulatory changes could come from FMCSA, which is currently searching for the top leadership role of Administrator.

Less than Truckload (LTL)

Market Update

NMFC changes approaching

There are only a few months left for shippers to prepare for upcoming changes to freight classification being implemented by the NMFTA on July 19, 2025. These changes are expected to have a significant impact as a large volume of freight is reclassified this year.

LTL network and service offering updates

New LTL offerings were recently launched by UPS and Amazon in early April. UPS launched a service called UPS Ground with Freight Pricing which offers a simplified version of LTL shipping and targets loads over 150 pounds. According to Transport Topics, “The service covers nationwide delivery and skips common freight surcharges such as liftgate fees, inside delivery costs and pallet weight charges. It’s positioned as a hybrid solution that uses the company’s parcel network to handle freight-size deliveries, offering greater predictability in cost and transit time.”

Amazon launched an inbound only LTL service for their customers called Amazon Freight which is being described as a more cost-effective option for their vendors to ship into their distribution centers. According to FreightWaves, “The option is available on the Amazon Freight portal along with extant full truckload service. The site provides quotes up to 14 days ahead of shipment and allows users to compare full- and less-than-truckload options side by side. The site also allows load tracking, invoicing and payment options.”

Another significant move in the LTL market is the FedEx Freight spin-off which is now expected to conclude by June 2026. They’ve communicated that for customers it will be business as usual throughout this transition.

Parcel

End to an exemption

The exemption for de minimis is expected to come to an end on May 2 for goods worth less than $800. Discount e-commerce retailers Shein and Temu have communicated their intention to raise prices to compensate for the cost increases.

Market fragmentation

A report from ShipMatrix in early April concluded that although U.S. parcel volumes hit a new record in 2024, UPS and FedEx are losing share to other providers such as large retailers and regional parcel carriers. As noted by FreightWaves, “In 2024, parcel volumes reached an all-time high of 23.8 billion, up 4% from the prior year and 50% since 2019. Parcel delivery revenues grew 4.1% to $188 billion, with an average revenue of $8 per parcel.” They also noted that parcel volumes are expected to grow at a 4% compound annual rate for the next 3 years.

Offering updates

UPS has rebranded SurePost as Ground Saver after ending its contract with the U.S. Postal Service for last mile delivery.

According to Transport Topics, “UPS Ground Saver is designed for non-urgent shipments and offers a lower-cost alternative to standard UPS Ground. The service is aimed at direct-to-consumer brands and online retailers seeking to trim shipping expenses without sacrificing reliability. Packages are delivered using the existing UPS network, with transit times about one to two days longer than standard ground service.”

Additionally, UPS has increased their focus on healthcare and has moved to expand in this area by acquiring cold-chain logistics providers.

Rail & Intermodal

Market Update

Tariff impact on rail freight

A tariff exemption for freight that falls under the United States-Mexico-Canada Agreement could temper any reduction in cross-border rail freight.

According to FreightWaves, “The exclusion continues a policy that has been ongoing since early March when a 25% tariff was placed on non-USMCA-compliant goods – products deemed to be made in Canada and Mexico but that do not meet the requirements of the USMCA rules of origin for preferential tariff treatment.”

Under the executive order, USMCA compliant goods will be exempted indefinitely.

Railroad volumes

For the first 16 weeks of 2025 vs the same period last year, total U.S. carloads increased 1.1% and intermodal units increased 8.3%. Combined, there was a 5.0% increase in U.S. rail traffic, according to the American Association of Railroads (AAR).

In the same time frame, Canadian rail volumes were flat and Mexican railroad volumes were down 10.1%.

USTR port fees revised

An initial plan to charge a fee around $1 million for each port call made by a Chinese vessel has been revised. Under the new plan, the fee is based on a ship's size or number of containers, whichever is greater. The plan also phases in these fees over time. According to FreightWaves, "In the details of the USTR action, fees on Chinese vessel owners and operators for the first 180 days as of April 17 will be set at $0. In the first phase, after 180 days, the charge will be $50 per net ton per U.S. voyage, increasing incrementally over the following years up to $140 by April 17, 2028. The fee will be charged up to five times per year, per vessel."

The article also noted that "China produces about 1,700 ships per year compared to around five for the U.S." The fees will come with several exemptions such as vessels operated on the Great Lakes.

Blank sailings surge

Due to uncertainty, many shippers refrained from booking ocean freight which led to a dramatic decrease in bookings and imports during the first weeks of April.

The Journal of Commerce reported that, "Container lines have blanked at least 80 sailings this month compared to 51 in March 2020, when volumes crashed amid early COVID-19 lockdowns, according to Sea-Intelligence Maritime Analysis." This came following a port surge with record volumes at the Port of Los Angeles earlier this year.

Air

Air cargo demand expected to drop

The combined effects of the end to the de minimis exemption for shipments under $800 on May 2 and higher tariffs is expected to cause a significant decrease in air cargo demand

As reported by FreightWaves, “E-commerce shipments account for an estimated 50% to 60% of China-U.S. air volumes and an estimated 20% of global air cargo volumes, according to logistics providers and the International Air Transport Association.”

The removal of the de minimis exemption for Chinese shipments will require retailers to file formal customs entries and provide significantly more information. This is expected to increase both the time to process a shipment as well as the costs. “The National Foreign Trade Council calculates that without de minimis the average $50 package would require about $31 in paperwork, a brokerage fee of $20, plus tariffs and taxes, which would more than double the delivery cost.”

Formal entry process for shipments

Another customs change is affecting shipments with a value between $800 and $2500. In another article, FreightWaves reported that “U.S. Customs and Border Protection on April 5, in response to President Donald Trump’s order for reciprocal tariffs under emergency authority, began requiring a formal entry process for all shipments with a value above $800. Previously shipments between $800 and $2,500 could be cleared using a simplified and expedited entry process. The reciprocal tariffs on trading partners have been paused, but the change to informal entry rules remains.” These shipments are now subject to customs duties in addition.

As a result, DHL has paused accepting shipments with a value above $800 because of the extra documentation required and also notified customers that they’re experiencing multiday shipping delays.

TranzAct Technologies Inc.
Logistics Management Solutions

About TranzAct

A Nationally and Internationally Certified Women's Business Enterprise, our superior technology, quality processes, and comprehensive network help our customers reduce costs while improving services.

Our solutions provide shippers of all modes with freight audit and payment, reporting and TMS applications, rate negotiation and procurement savings, contract development, consulting and analysis. With offices around the globe, we serve our clients on a 24/7 basis.

Resources

Access more resources on our website at:
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