

FREIGHT MARKET UPDATE

DECEMBER 2024

OVERALL MARKET OUTLOOK

With 2025 just ahead, many are watching for the impact of tariffs and further interest rate cuts.

Employment

The November 2024 unemployment rate of 4.2% was virtually unchanged from the previous month while nonfarm payroll employment rose by about 227,000 according to the U.S. Bureau of Labor Statistics (BLS) [Employment Situation Summary](#).

The report noted that job increases “Employment trended up in health care, leisure and hospitality, government, and social assistance. Retail trade lost jobs.”

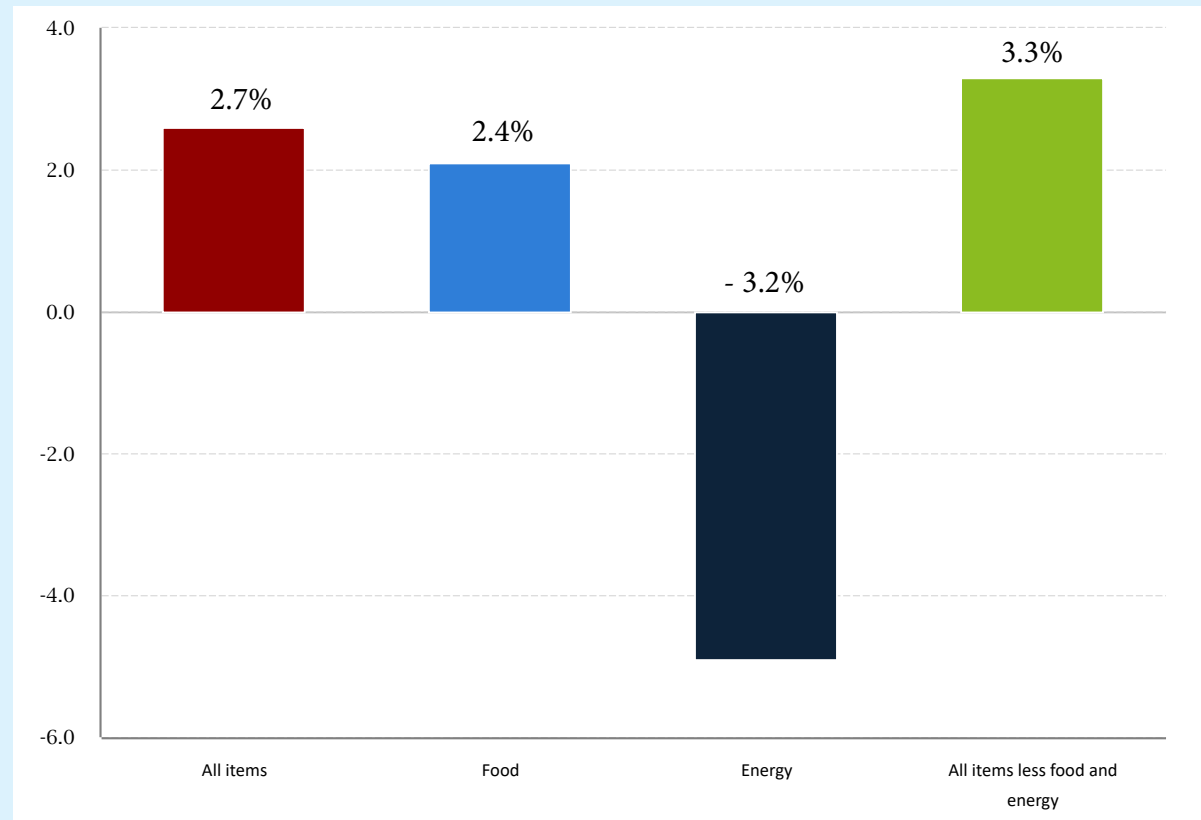
Inflation (Consumer Price Index)

In November, inflation increased 0.3% and has risen 2.7% over the past 12 months as reported by the [Consumer Price Index Summary](#) from the BLS.

Their report noted the contributors: “The index for all items less food and energy rose 0.3 percent in November, as it did in each of the previous 3 months. Indexes that increased in November include shelter, used cars and trucks, household furnishings and operations, medical care, new vehicles, and recreation.”

November 2024

12 month percent change - Consumer Price Index selected categories, not seasonally adjusted



Source: [U.S. Bureau of Labor Statistics](#)

OVERALL MARKET OUTLOOK

Imports

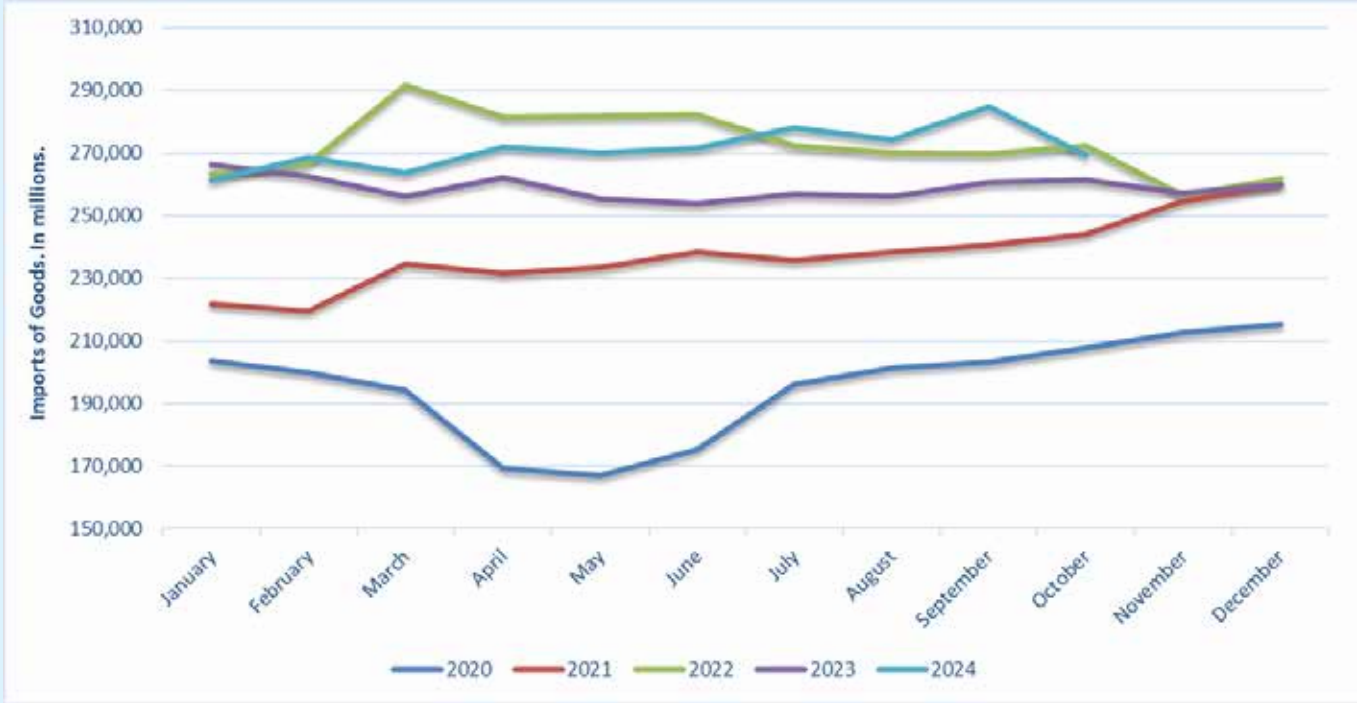
In October 2024 (the most recent month available) imports of goods only, excluding services, decreased \$15.7 billion from the previous month to \$269.3 billion.

Manufacturing

In October, new orders of manufactured durable goods increased \$0.7 billion or 0.2% versus the previous month, as reported in the latest [Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders](#).

Shipments of manufactured durable goods decreased \$1.6 billion or 0.6% in the same time frame.

U.S. International Trade - Imports of Goods
Seasonally Adjusted (by Commodity/Service)
In millions of dollars



Source: [Bureau of Economic Analysis](#)

OVERALL MARKET OUTLOOK

Inventories

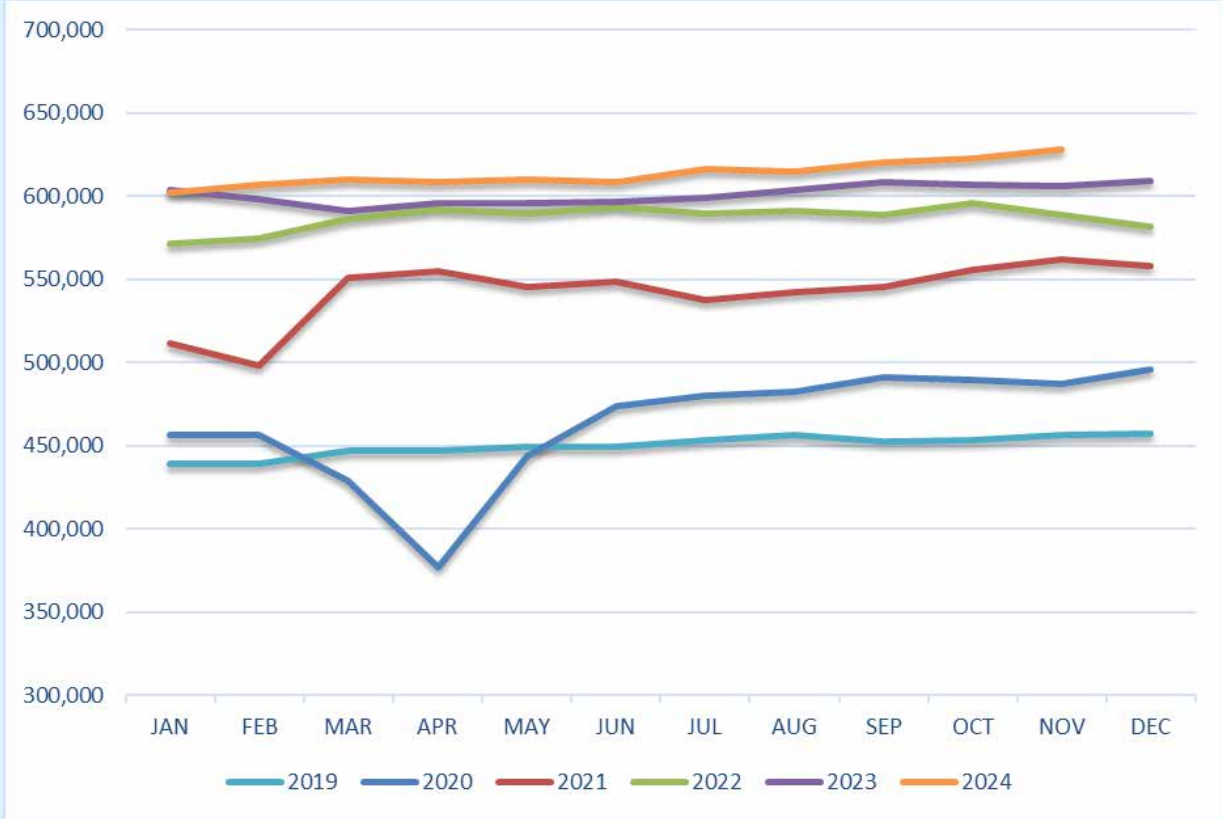
In October, inventories of manufactured durable goods decreased \$0.2 billion versus the previous month, according to the latest [Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders](#).

Retail sales

In November, U.S. retail and food services sales were up 0.7% vs the previous month and up 3.8% versus a year ago, according to the [Advance Monthly Sales of Retail and Food Services](#).

Retail trade sales alone were similarly up 0.9% from the previous month and up 4.1% from last year.

Retail Trade: U.S. Total Not Seasonally Adjusted Sales



Source: [U.S. Census Bureau Time Series Data](#)

TRUCKLOAD MARKET

In the truckload market, there have been slight increases for truckload rates lately despite the lack of robust demand.

DEMAND: In November 2024, spot load posts were down 25.7% versus the previous month, and down 7.5% versus a year ago according to DAT Trendlines.

SUPPLY/ CAPACITY: The Van load to truck ratio has increased over the past two months and stood at 3.85 for November 2024. For over two years, this ratio has ranged between 2 to 5, after falling sharply in early 2022.

RATES: For December, spot rates are projected to move up slightly for van and flatbed, and decline slightly for reefer.

As of the week of 12/16/24, diesel retail prices were reported at \$3.49 per gallon nationwide. Diesel prices have fallen slightly for the last several months and are \$0.40 lower than a year ago.

Looking ahead, truckload carriers are contending with higher internal costs and an uncertain market.



LTL MARKET

In the LTL market, upcoming changes to freight class by the NMFTA in 2025 could have a major impact on pricing.

This will require shippers to ensure that they have a system in place to determine and document freight class, in order to prevent surprises. In line with this, shippers could benefit from taking a new look at items such as pallet configuration and the accuracy of their Bills of Lading.

The initial round of changes is planned to be announced in Docket 1 on January 30, 2025.

We'll be hosting a webinar on January 9, 2025 at 11am Central and encourage you to [join us](#).

As reported by the Journal of Commerce, major LTL carriers are seeking mid- to upper-single-digit rate increases for 2025. In order to prevent further increases from freight class changes, get ahead of the curve.



UPCOMING 2025 NMFC CHANGES

What is Changing in the NMFC System?

- NMFTA is rolling out changes gradually, starting with Docket 2025-1.
- Key adjustments include a standardized density scale and unique identifiers for shipments requiring special handling or pose higher liability.
- Also, condensed commodity listings and an updated classification tool will make it easier for shippers to classify their goods.
- TranzAct's expertise with years of experience in LTL management and procurement offers guidance and tools to help shippers adapt to these changes.

What is the strategy for Docket 2025-1?

Taken directly from the NMFTA:

- NMFTA The strategy for 2025-1 is: Expand FCDC 11-subprovision density progression to 13 – subs by adding classes 50 and 55. This will affect all current items that are already at full density.
- Make all items with modified density breaks but NO handling, stowability and liability issues 13 – sub full density items.
- Make single class items with NO handling, stowability and liability issues 13 – sub full density items.
- Make sub provision items with multiple classes and NO handling, stowability and

What are the Key Dates for the NMFC Changes?

- January 30, 2025: Docket 2025-1, outlining the proposed NMFC changes, will be released for public review and feedback.
- March 30, 2025: An open meeting will be held to discuss and gather feedback on the proposed changes.
- July 2025: Final approved changes will be made public, with implementation to follow shortly thereafter.
- Stay tuned for further developments.

PARCEL

In the parcel market, shipping volumes and costs are on the rise once again.

The Wall Street Journal recently reported, “Americans overall bought \$300 billion in retail goods online last quarter, with e-commerce accounting for 16.2% of all retail sales, nearly back to the proportion at peak levels in 2020.”

Parcel carriers have been stepping up their surcharges in addition to issuing large rate increases, as reported by Bloomberg and others. For example, like UPS, FedEx will be going to a 40 pound minimum for over dimensional freight and charging fuel surcharges on accessorial charges.

Parcel rates will increase by 5.9% for UPS shipments on December 23, 2024 and also by 5.9% for FedEx shipments on January 6, 2025. Similarly, USPS plans to increase its rates by 3.2% for Priority Mail and Priority Mail Express, 3.9% for USPS Ground Advantage and 9.2% for Parcel Select on January 23, 2025.

In light of the struggles at USPS, president-elect Donald Trump has suggested there is a possibility of converting this into the private sector.



RAIL & INTERMODAL



In the rail industry, it's been a great year for intermodal.

Overall intermodal volumes are up 9.2% YTD versus last year. As reported by FreightWaves, "Continued strong consumer demand and port activity fueled record intermodal results in November, for three of the top five weeks since AAR started collecting data in 1988."

Heading into 2025, there are questions around whether tariffs could hamper volumes for cross border operators such as Canadian Pacific Kansas City.

Railroad volumes

For the first 50 weeks of 2024 vs the same period last year, total U.S. carloads decreased 3.1% and intermodal units increased 9.2%. Combined, there was a 3.3% increase in U.S. rail traffic in 2024 vs 2023 YTD, according to the American Association of Railroads (AAR).

In the same time frame, Canadian rail volumes were down 1.0% and Mexican railroad volumes are up 3.0%.

Perfecting Pallet Dimensions

Unless you're a shipper that knows the dimensions on each and every pallet that goes to an LTL carrier, your company could lose money. How could that happen? If your actual freight charges exceed the amounts you are billing your customer on prepaid and add, or delivered costs shipments, these discrepancies could add up to a big number and significantly impact your bottom line.

Mike Regan, Co-Founder, TranzAct Technologies



OCEAN

In the ocean sector, the potential for another strike at East Coast ports on January 15, 2025 is looking more likely. With talks stalled and the new deadline approaching, president elect Trump has voiced his support for the ILA.

At the same time, the threat of tariffs is causing many companies to pull forward orders. The Wall Street Journal reported that this could lead to an inventory mismatch: “The push to stockpile goods at homes alongside the moves by companies to pull forward overseas orders threatens to distort underlying demand, complicating efforts to plan out inventory replenishment in the coming months. That could also lead retailers to restock in bigger numbers, potentially fueling an inventory glut next year.”

These developments are happening during a strong year for imports. As reported by FreightWaves, the Port of Los Angeles is well ahead of previous years: “Year to date, the port has processed 9,375,735 TEUs, ahead 19% from the previous year and 5% above the five-year average.”

Looking to 2025, shippers could be faced with navigating several issues such as the tariffs, labor unrest, and the continued conflict in the Red Sea.



AIR



In the air freight market, cargo growth has been strong throughout 2024.

IATA's October 2024 Air Cargo Market Analysis reported that "Global Cargo Tonne-Kilometers (CTK) grew by 9.8% year-on-year (YoY) in October, marking the 15th consecutive month of growth."

The report also noted that air cargo demand through October 2024 has increased 12.2% versus the same period last year, and "the latest CTK volume reached a new year-to-date record." Air cargo capacity has risen 8.5% YTD and grown for 43 consecutive months.

The Wall Street Journal reported that Boeing has resumed production of several aircraft types.

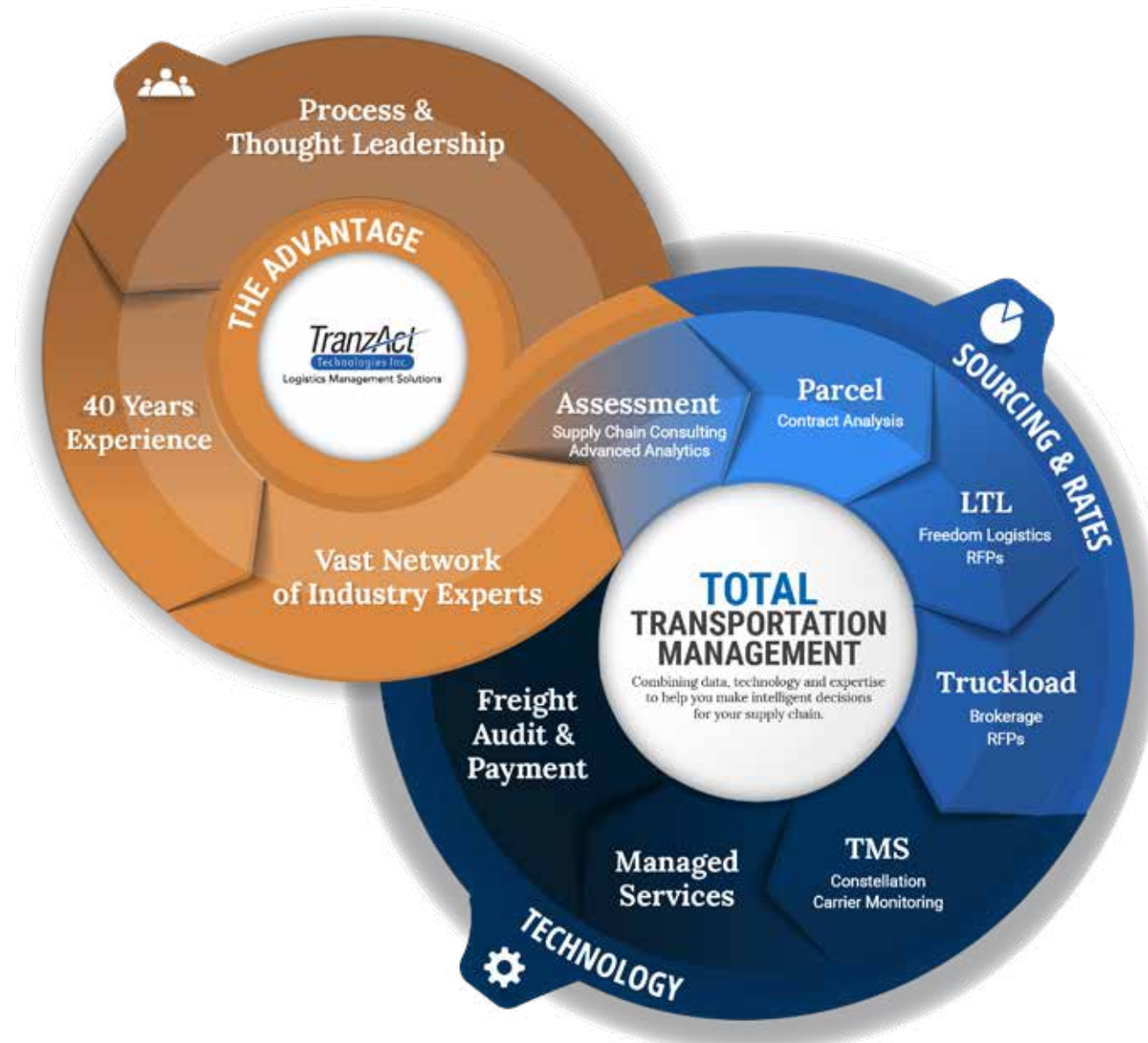
In 2025, shippers could be faced with continued increases in demand and rates for air cargo.

WE EMPOWER SHIPPERS THROUGH TECHNOLOGY AND EXPERTISE

- **Constellation TMS:** Our transportation management system can calculate density, track variances, and integrate with your ERP to provide real-time visibility into your freight costs and classifications.

[Sign up for a demo >](#)

- **Expert Guidance:** TranzAct's team of SME professionals will help you navigate these changes smoothly, ensuring your operations remain compliant and cost-effective.
- **Comprehensive Support:** From sourcing alternatives to supply chain assessments, TranzAct provides everything you need to reduce freight costs, improve efficiency, and align with the evolving NMFC framework.





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.

Access more great information online at:

www.tranzact.com/resources

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