

Freight Market Update

January 2025



Overall Market Outlook

Now that 2025 is underway, many are planning for growth. The UN has forecasted global economic growth of 2.8% for this year.

Employment

The December 2024 unemployment rate was reported at 4.1% while nonfarm payroll employment increased by 256,000 according to the U.S. Bureau of Labor Statistics (BLS) [Employment Situation Summary](#).

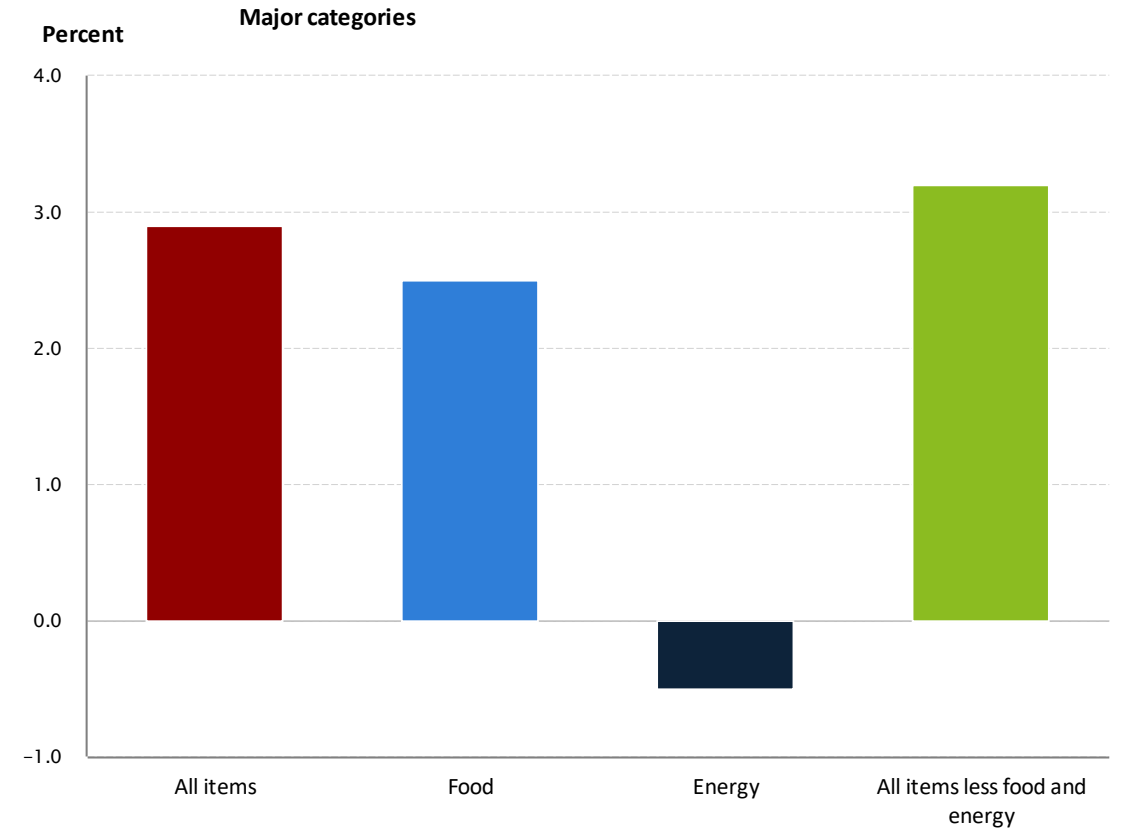
The report noted the gains: “Employment trended up in health care, government, and social assistance. Retail trade added jobs in December, following a job loss in November.”

Inflation (Consumer Price Index)

In December, inflation increased 0.4% and has risen 2.9% over the past 12 months, as reported by the [Consumer Price Index Summary](#) from the BLS.

Their report noted that energy was a major contributor to the monthly increase: “The index for energy rose 2.6 percent in December, accounting for over forty percent of the monthly all items increase.”

12-month percentage change, Consumer Price Index, selected categories



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In November 2024 (the most recent month available) imports of goods only, excluding services, increased \$11.6 billion from the previous month to \$280.9 billion.

Increases came from the following sources:

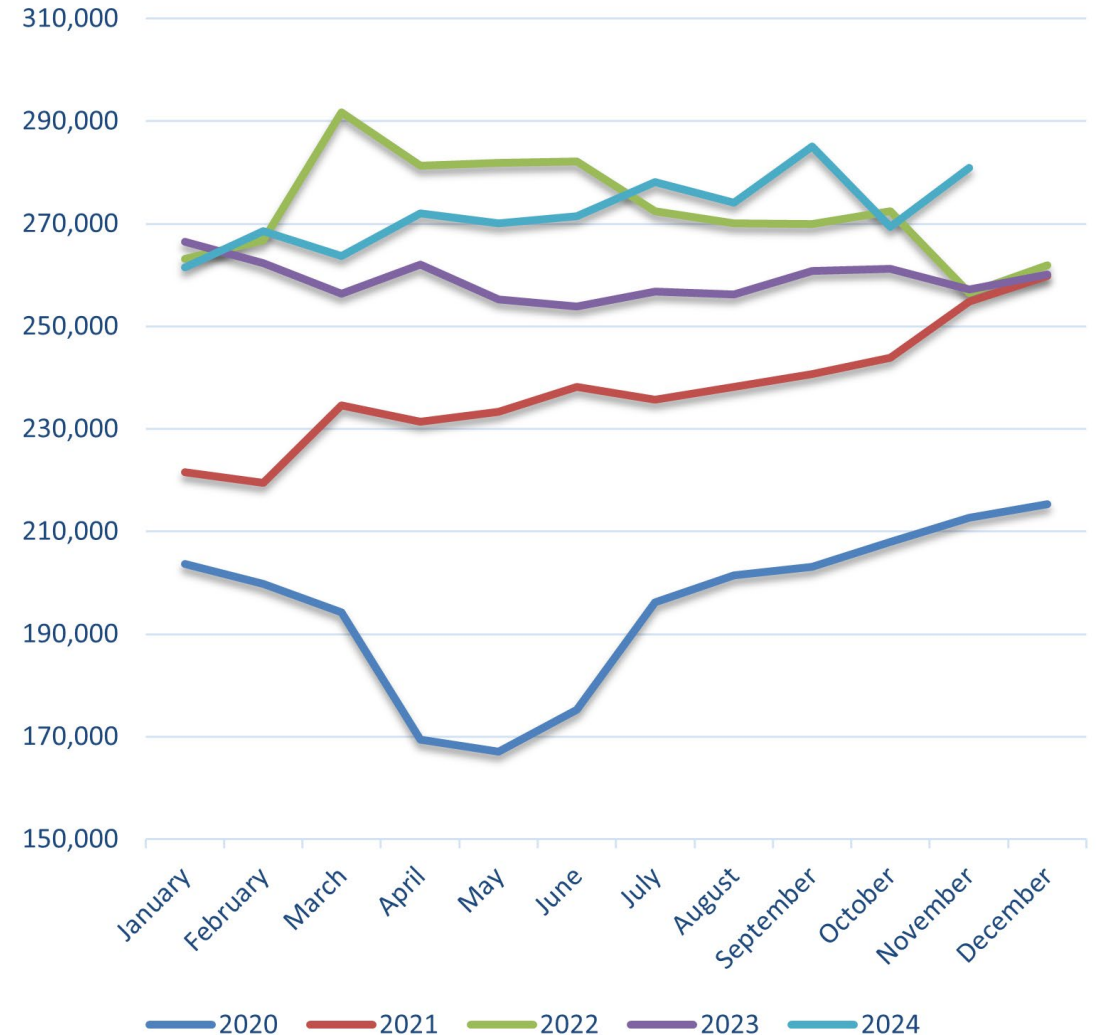
- Industrial supplies and materials increased \$3.7 billion.
- Capital goods increased \$3.5 billion.
- Foods, feeds, and beverages increased \$1.4 billion.
- Automotive vehicles, parts, and engines increased

U.S. Manufacturing

In November, new orders of manufactured durable goods decreased \$3.0 billion or 1.1% 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 \$0.3 billion or 0.1% in the same time frame.

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



Overall Market Outlook

Inventories

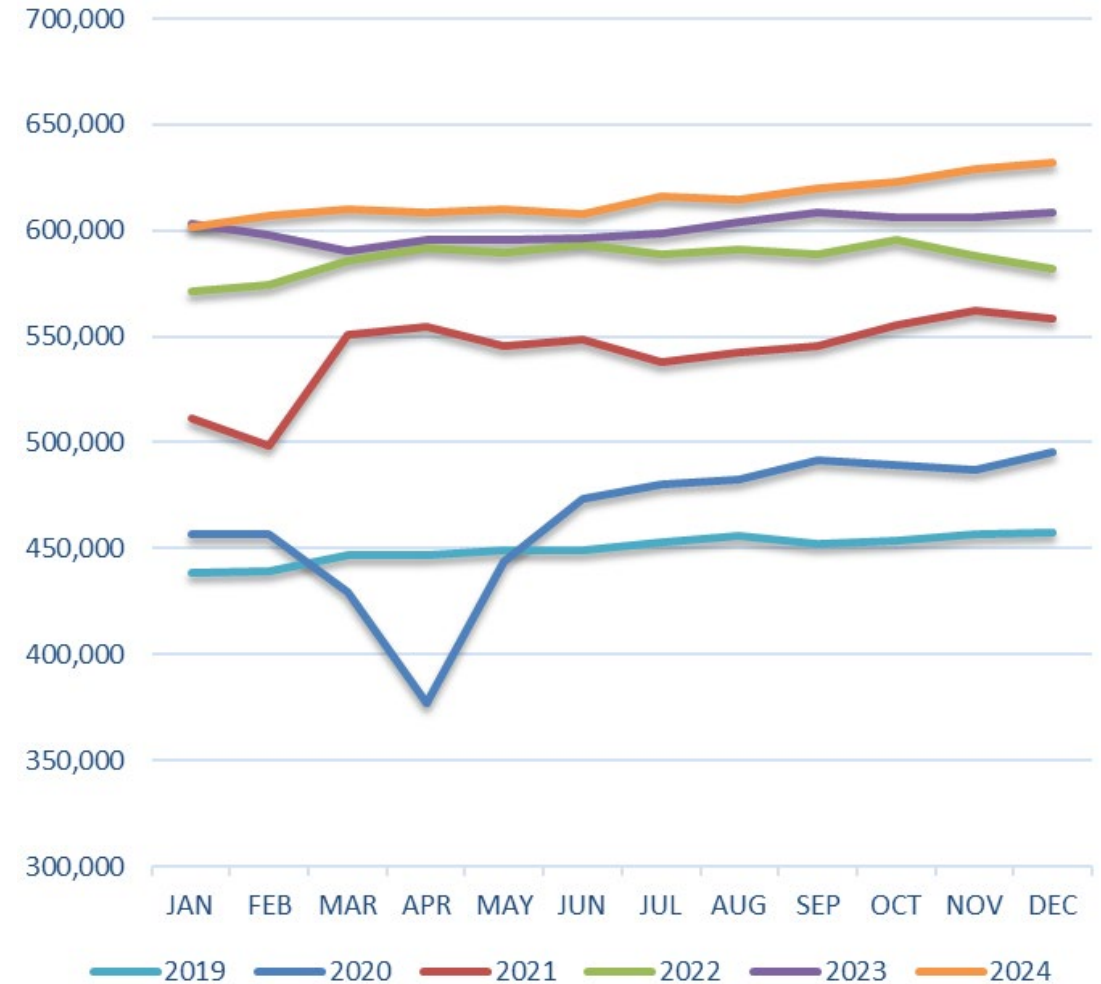
Inventories of manufactured durable goods increased \$1.9 billion in November versus the previous month, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In December, U.S. retail and food services sales were up 0.4% vs the previous month and up 3.9% versus a year ago, according to the Advance Estimates of U.S. Retail and Food Services.

Retail trade sales alone were similarly up 0.6% from the previous month and up 4.2% from last year.

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





Truckload

Market Update

Truckload rates in 2025

As carriers continue to wait for a significant increase in demand, truckload rates have been largely stagnant. The reasons behind this were recently shared in a Transport Topics article along with expectations: “Contract truckload rates have yet to bottom out, and negative year-over-year comparisons are expected for several months in 2025, according to FTR Transportation Intelligence Vice President of Trucking Avery Vise. [...] However, FTR expects contract truckload rates to increase 2.2% on a full-year basis in 2025, Vise said during a Jan. 9 webinar, adding that by the end of 2025, contract rates will be rising 5% year on year.”

Truckload supply and demand

In December 2024, spot load posts were up 17.3% versus the previous month, and up 23.3% versus a year ago according to DAT Trendlines. The Van load to truck ratio rose to 6.14 for December 2024, the highest point since March 2022. At the same time, the December 2024 ATA For-Hire Truck Tonnage Index decreased 1.1% from November 2024, and declined 3.2% compared with December 2023 on a seasonally adjusted basis.

Truckload costs

Truckload carriers are no longer facing a CARB proposal that would have required trucking companies to gradually switch to zero-emission vehicles, a measure that would have increased costs. However, they are now facing the prospect of congestion pricing which has been implemented in New York City and may be rolled out in other cities. Diesel prices have begun 2025 slightly below last year. As of the week of 1/20/25, diesel retail prices were reported at \$3.71 per gallon nationwide, a \$0.12 decrease from a year ago.

Less than Truckload (LTL)

Market Update

NMFC changes just ahead

The NMFTA's changes to the LTL classification process will affect approximately 2,500 items this year and another group of about 3,000 items will be reviewed in the next two to three years. These changes will make it more important for shippers to have accurate measurements and weights for the products being placed on an LTL trailer and know how their products are packaged and shipped.

LTL network changes

FedEx has announced that they will spin off FedEx Freight.

According to the Wall Street Journal, the motive came from a combination of an activist investor and the results of their internal review, and could lead to changes. "FedEx's decision to carve out its FedEx Freight business into a standalone, publicly traded company over the next 18 months will put LTL's biggest operator in a position to draw more investment and set a strategy outside the corporate structure that includes FedEx's giant package business."

Additionally, the Journal of Commerce reported that regional LTL carriers are "leading a new wave of merger-and-acquisition activity".

Parcel

Market Update

New directions for UPS and FedEx

Recently, UPS has made two large acquisitions as part of their goal to double their \$10 billion UPS Healthcare business by 2026.

At FedEx, the FedEx Freight spin off follows suit with the UPS spin off of their LTL business to TFI International in 2021. This change is expected to become finalized within the next 18 months and could lead to new direction.

Ecommerce in 2025

As the year progresses, several trends could impact ecommerce and parcel freight demand. In their predictions for 2025, the National Retail Federation suggested that we'll see a rebound of stores and growth of online marketplaces.

Another item to watch this year is the impact of a possible removal of the "de minimis" exemption on import tariffs.



Rail & Intermodal

Market Update

Strong intermodal volumes in 2024

For the 52 weeks of 2024 vs 2023, carloads were down 2.9% while intermodal was up 9.3% and total combined traffic increased 3.4% according to the AAR. As noted by FreightWaves, although carloads were down in 2024, there are areas of growth: “excluding coal, carloads were narrowly up in December from the same month in 2023, and for 11 months in 2024 – the first time that had occurred since 2018, led by chemicals and grain.”

New directions for the rail industry

A highly regulated industry is facing one less constraint for the time being. “The California Air Resources Board (CARB) has scrapped its controversial rule that would have required the use of zero-emissions locomotives in the state beginning in 2030” according to FreightWaves. They noted that “Because CARB’s regulations are stricter than those imposed on the federal level, the agency requires waivers from the EPA in order to enforce them.” This was opposed by the AAR on the grounds of the difficulty in transitioning equipment. Despite the lack of a mandate, CN is testing a hybrid-electric locomotive. Additionally, the STB has a new chairman, Patrick J. Fuchs, who has been designated by President Trump as chairman of the five-member board.

Railroad volumes

For the first 3 weeks of 2025 vs the same period last year, total U.S. carloads increased 3.4% and intermodal units increased 14.0%. Combined, there was a 9.1% increase in U.S. rail traffic, 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%.

Ocean

Market Update

Record volumes in 2024

Container volumes throughout 2024 surpassed 2023 levels at ports across the United States. At the ports included in the NRF's Global Port Tracker, TEUs were up 15.2% year over year. The Port of Los Angeles experienced their second best year ever, moving 10.3 million containers throughout 2024, which was about a 20% increase over the previous year. Maersk is predicting a 7% increase in global trade growth in 2025 according to Reuters.

Rates rising overall

In 2024, the Drewry World Container Index began the year around \$3000 per 40 ft container and ended the year nearing \$3900, with a spike to nearly \$6000 this past summer. For the week of 1/23/25, the index was at \$3445.

In 2025, spot and contract rates could face pressure from the impact of tariffs, a reopening of the Red Sea, increases in capacity and other factors.

Red Sea resolution

Although there has been a pledge from Houthis not to attack vessels in the Red Sea, except for Israel-linked vessels, ocean carriers are apprehensive about returning to this region.



Market Update

Air cargo volumes grew significantly in 2024

In 2024, air cargo volumes soared throughout the year. According to FreightWaves, “Cargo demand this year has grown year over year between 10% and 13%, depending on whether it is measured by traffic (cargo ton kilometers) or tons, with the consensus growth rate at 12%.” As of November, global CTKs increased for 16 consecutive months.

Capacity has grown at a slower pace. According to IATA’s November 2024 Air Cargo Market Analysis, “Year-to-date, ACTK [available cargo ton kilometers] jumped by 7.7%. The cargo load factor (CLF), which indicates the balance between demand and supply, increased by 1.6 percentage points year-to-date compared to the value in November 2023.”

Slower growth anticipated in 2025

IATA noted in their November 2024 Air Cargo Market Analysis that growth has been decelerating since September to single digits. They’re forecasting a growth rate of around 5-7% for 2025, while Xenata is predicting that demand will grow 4-6%. Growth will be influenced by the impact of tariffs, the state of the Red Sea, and other factors.



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