

Freight Market Update

May 2025



Overall Market Outlook

Several economic indicators have been holding steady despite the impact of tariff changes, while different areas of the freight market have been impacted to varying degrees.

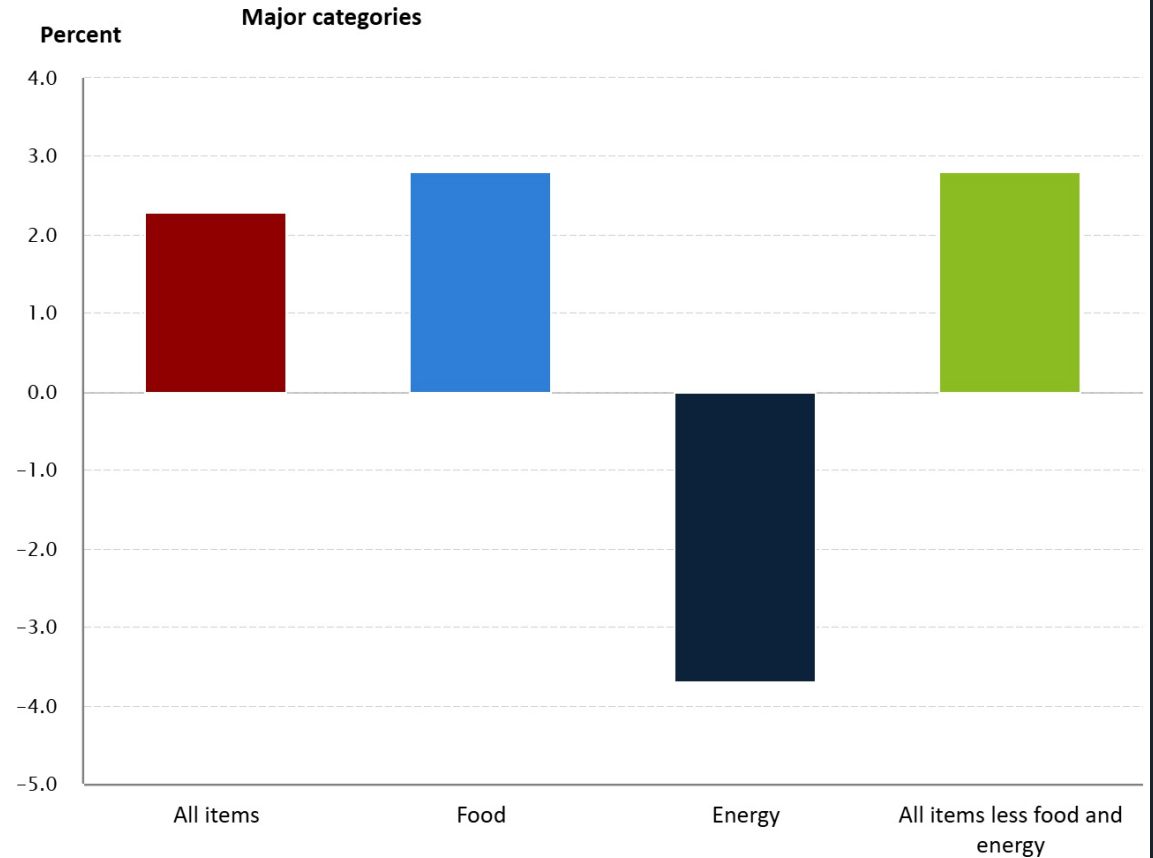
Employment

The April 2025 unemployment rate was reported at 4.2% while nonfarm payroll employment increased by 177,000 according to the U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary. The report noted the changes: "Employment continued to trend up in health care, transportation and warehousing, financial activities, and social assistance. Federal government employment declined."

Inflation (Consumer Price Index)

In April, inflation increased 0.2% and has risen 2.3% 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 shelter rose 0.3 percent in April, accounting for more than half of the all items monthly increase. The energy index also increased over the month, rising 0.7 percent as increases in the natural gas index and the electricity index more than offset a decline in the gasoline index."

12-month percentage change, Consumer Price Index April 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In March 2025 (the most recent month available) imports of goods only, increased \$17.8 billion from the previous month to \$346.8 billion.

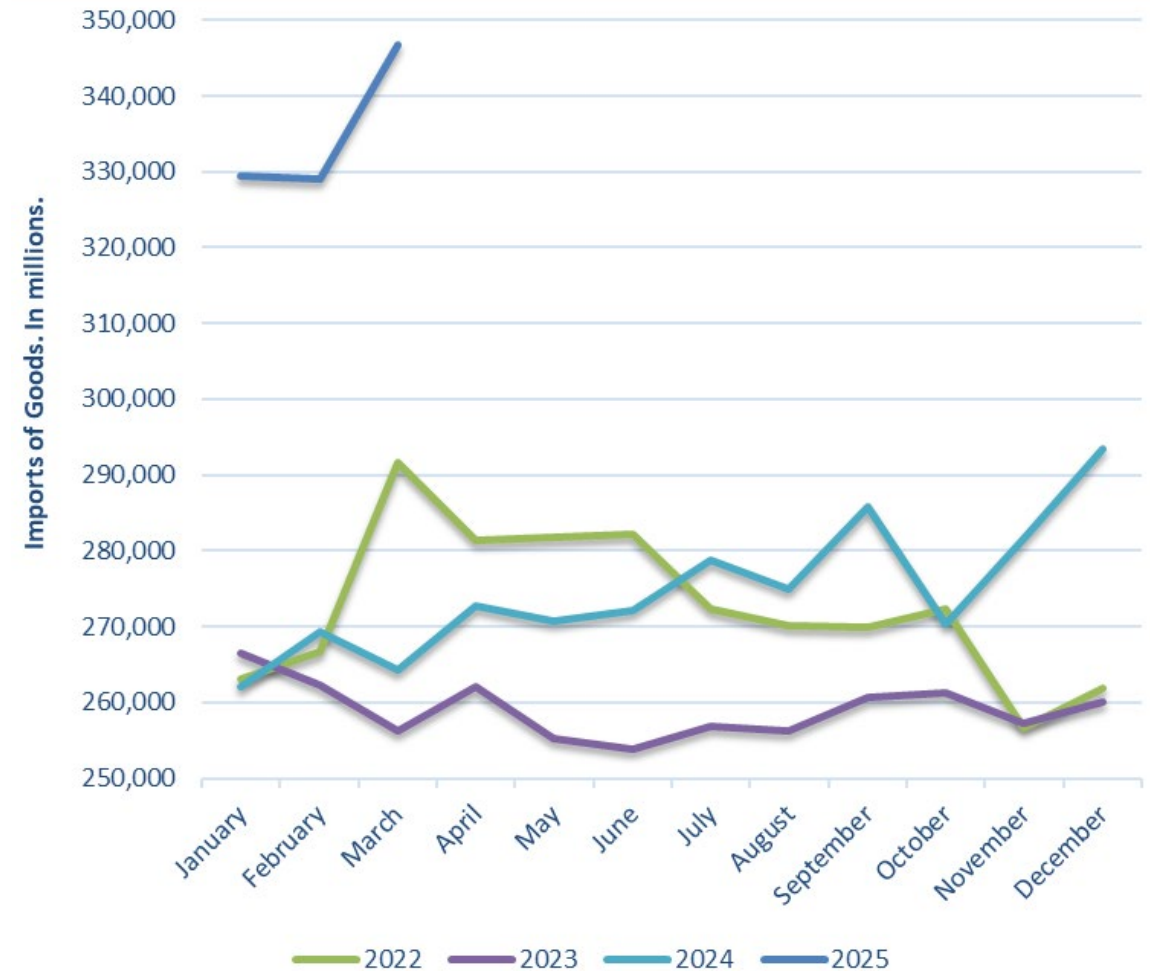
Increases came from the following sources:

- Consumer goods increased \$22.5 billion.
- Capital goods increased \$3.7 billion.
- Automotive vehicles, parts, and engines increased \$2.6 billion.
- Industrial supplies and materials decreased \$10.7 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

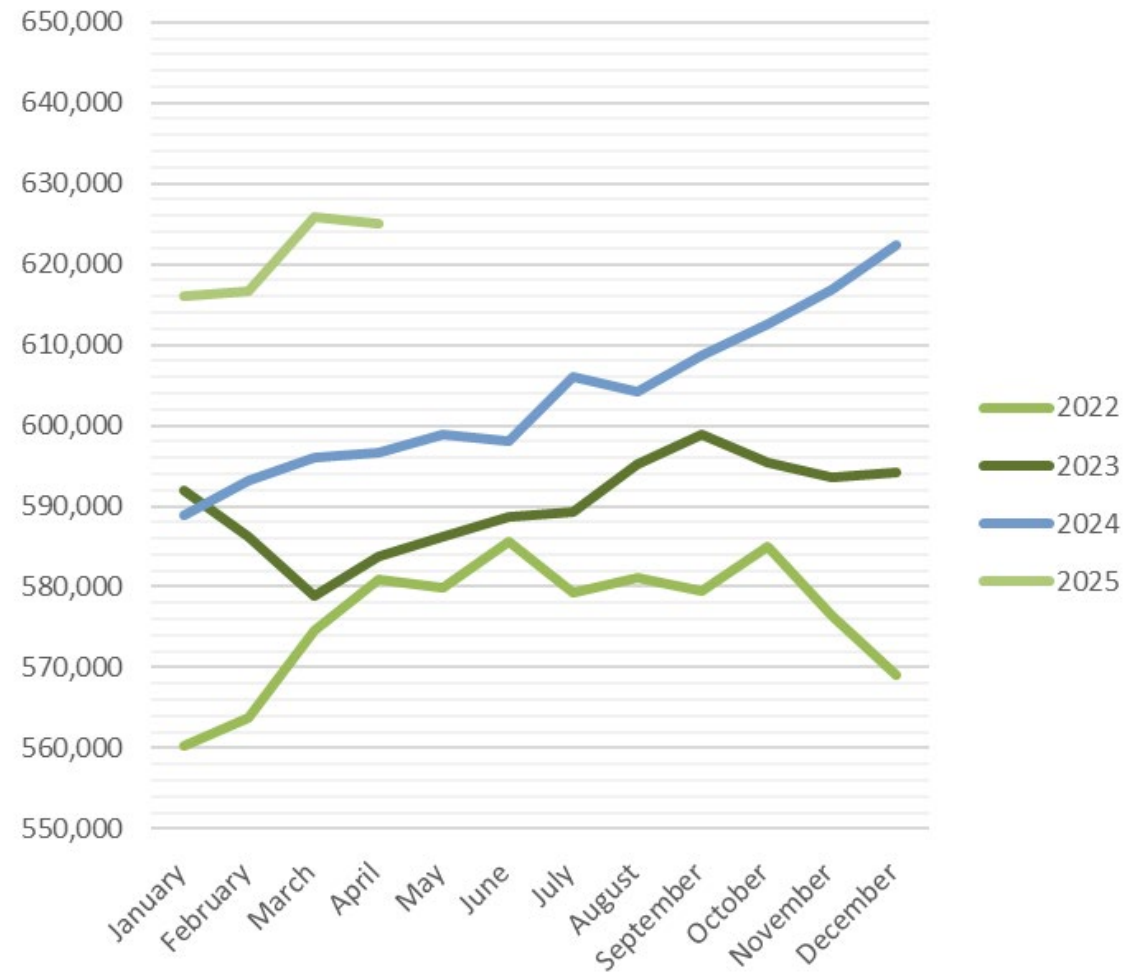
Inventories of manufactured durable goods increased \$0.5 billion or 0.1% in March versus the previous month to \$533.3 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In April, U.S. retail and food services sales were up 0.1% vs the previous month and up 5.2% versus a year ago, according to the Advance Estimates of U.S. Retail and Food Services.

Retail trade sales alone were also up 0.1% from the previous month and up 4.7% from last year.

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



Market Update

Truckload supply and demand

In April 2025, spot load posts were up 3.0% versus the previous month, and up 17.0% versus a year ago according to DAT Trendlines. In the same month, spot rates for van decreased slightly to \$1.96 while flatbed and reefer increased slightly to \$2.57 and \$2.28 respectively. The Van load to truck ratio has declined from 7.2 in January to 4.48 in April. This is still above the ratio for most of the past two years.

The ATA Truckload Tonnage Index decreased 0.3% in April versus the previous month and rose 0.1% versus April 2024 when adjusting for seasonality. Without adjusting, tonnage declined 2.2% from the previous month. Transport Topics reported that truckload demand has been outperforming 2024 for the last four months.

New regulations and other changes could reshape the trucking industry

Several potential changes are underway that could impact the trucking industry due to a new administration. These center around loosening emissions regulations and tightening regulations in other areas. For example, there is a proposed federal investigation into whether imports of trucks and parts threaten national security that is opposed by the ATA and U.S. Chamber of Commerce.

Additionally, new leadership in areas that influence transportation could lead to new rules. The Federal Highway Administration has nominated Sean McMaster to lead this body and the confirmation process is ongoing.

Less than Truckload (LTL)

Market Update

LTL market growth in 2024

According to the Journal of Commerce, the LTL market is seeing some growth, at least among the larger LTL carriers. "Excluding the last remnants of Yellow's revenue, the largest US LTL carriers boosted their top line by 3.9% last year [2024], with daily volumes rising 2.7% and terminal numbers up almost 3%."

NMFC changes still set for July

The original May launch date for NMFC changes was pushed back to July 19, 2025 and this date is nearing without a further extension. This change will reduce the number of freight classifications for many shippers and impact a large portion of the items being shipped. Further changes to classifications are expected to continue throughout the year with dates yet to be determined.

New leadership for FedEx Freight

As FedEx prepares to spin off its LTL division, they have recently named company veteran John Smith to lead the way forward as CEO. The current plans are for FedEx Freight to become a separate public company by June 2026. Until the spin off is complete, he will hold his current position as CEO of U.S. and Canada Ground Operations. He has served in different roles at FedEx Freight for over 20 years. In his new role he will lead a fleet of over 30k vehicles that bring in an annual revenue over \$9 billion.

Parcel

Market Update

New Postmaster General

USPS has nominated a David Steiner as the new Postmaster General and CEO following the resignation by Louis DeJoy in March. If confirmed, he is expected to begin the role in July. For the past 12 years he has served as the President and CEO of Waste Management and held other roles there previously. He currently serves on the board of FedEx which he would be leaving.

Parcel investments

UPS recently entered an agreement to acquire Canada-based Andlauer Healthcare Group for \$1.6 billion to expand their healthcare logistics services.

To compete with Walmart Amazon plans to invest \$4 billion by the end of 2026 to expand their rural last mile delivery services. According to FreightWaves, "Walmart's ability to fulfill orders from its stores and clubs has been a key driver of its e-commerce growth, CEO Doug McMillon said during an investor town hall last month. The retailer's coverage of U.S. households with same-day delivery has grown by 22% during the past two years. The company can now provide same-day delivery to 93% of U.S. residences, up from 76% of households two years ago, he said."

Parcel costs

UPS and FedEx have issued some new pricing changes that impact delivery zones. Both companies are adding zip codes that will fall into an extended delivery area starting June 2. For companies that are impacted by this and other charges, negotiation could be possible to mitigate these increases.

Rail & Intermodal

Market Update

New leadership for Federal Railroad Administration

David Fink has been nominated to head the Federal Railroad Administration. In response to a request from the AAR to remove the rule requiring a two-person train crew, he has responded that he intends to uphold this rule.

Railroad volumes

Railroad volumes have been rising throughout 2025 for both carloads and intermodal.

For the first 20 weeks of 2025 vs the same period last year, total U.S. carloads increased 2.2% and intermodal units increased 7.5%. Combined, there was a 5.1% increase in U.S. rail traffic, according to the American Association of Railroads (AAR). For the week ending May 17, carloads were up 7.1% and intermodal volumes were up 0.3% versus the same week last year.

In the same time frame, cumulative Canadian rail volumes were up 0.6%. For the week ending May 17, carloads were flat and intermodal volumes were up 6.8% versus the same week last year.

Cumulative Mexican railroad volumes are down 11.2% YTD versus last year. However, for the week ending May 17, carloads were up 27.8% and intermodal volumes were up 9.6% versus the same week in 2024.

Ocean

Market Update

Ocean container demand rebounds

After a drop in ocean container books and record blank sailings around the first week of April, ocean container booking soared following the announcement of the 90-day pause for tariffs with China.

The Wall Street Journal reported that during the week of May 12, “The head of Germany’s Hapag-Lloyd said containership bookings have shot up more than 50% this week compared with the four previous weeks and were up by double-digit percentages from before President Trump imposed new tariffs on Chinese imports last month.” In a call with analysts, he also remarked that volumes are expected to be “higher over the next 60 to 90 days, though he said he didn’t expect them to hold at the levels seen this week.”

Although he didn’t expect delays at U.S. ports, the Journal of Commerce reported “Forwarders expect congestion and container shortages to worsen in the next few weeks as carriers redeploy vessels to trans-Pacific services from Asia-Europe trades to meet increased demand from shippers.” This year, the ports of LA and Long Beach have dealt with record import volumes without any substantial delays, a promising sign for the heavy import volumes expected ahead.

The spot rates for ocean containers have risen less sharply than bookings. The average price to move a 40-foot container from Shanghai to Los Angeles rose 16% during the second full week of May versus the previous week according to the Drewry World Container Index.

Ongoing ocean shipping concerns

Looking further ahead, escalated costs are still expected due to tariffs and related measures. The Journal of Commerce reports, “Under their current configuration, the newest round of tariffs targeting China’s maritime industry will add \$7 billion in costs for US ports, according to one estimate.” On the brighter side, at least one ocean carrier, CMA CGM, is expecting to avert port call fees since less than half of their fleet was built in China.



Market Update

Drop in air cargo due to ending of the de minimis exemption

The de minimis exemption which previously allowed goods with a retail value under \$800 to be imported without duties or customs processing ended on May 2. Following this change, air freight between the U.S. and China dropped by around a third according to reports. Along with the temporary tariff reductions between the U.S. and China, the de minimis charges have been softened. The Wall Street Journal reported, “the White House late Monday [May 12] ordered the “de minimis” duty on shipments from China and Hong Kong reduced to 54% from 120%.” These changes could have a major impact on retailers who ship direct from China, such as Temu.

Air cargo market trends

According to IATA March 2025 Air Cargo Market Analysis, air cargo demand has been rising once again. “Air cargo demand, measured in Cargo-Ton-Kilometers (CTK), climbed 4.4% in March, returning from February’s brief, mild decline. Seasonally adjusted, CTK rose by 3.3% from February 2025, also reversing February’s soft fall.”

At the same time, air cargo capacity grew at a slightly slower pace. “Global available cargo space, Available Cargo-Ton Kilometers (ACTK), expanded by 4.3% from last March, while capacity utilization, Cargo Load Factor (CLF), ended up by 0.1 points to 47.5% from March 2024.” The report also noted that although jet fuel costs dropped 17.3% YoY, “cargo revenue rates climbed by 3.8% yearly and 6.6% from February.” Future reports will provide a better idea of how the air cargo market has been impacted by tariff changes.



About TranzAct

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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.

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