

Freight Market Update

August 2025



Overall Market Outlook

Throughout the year economic indicators have held relatively steady.

Employment

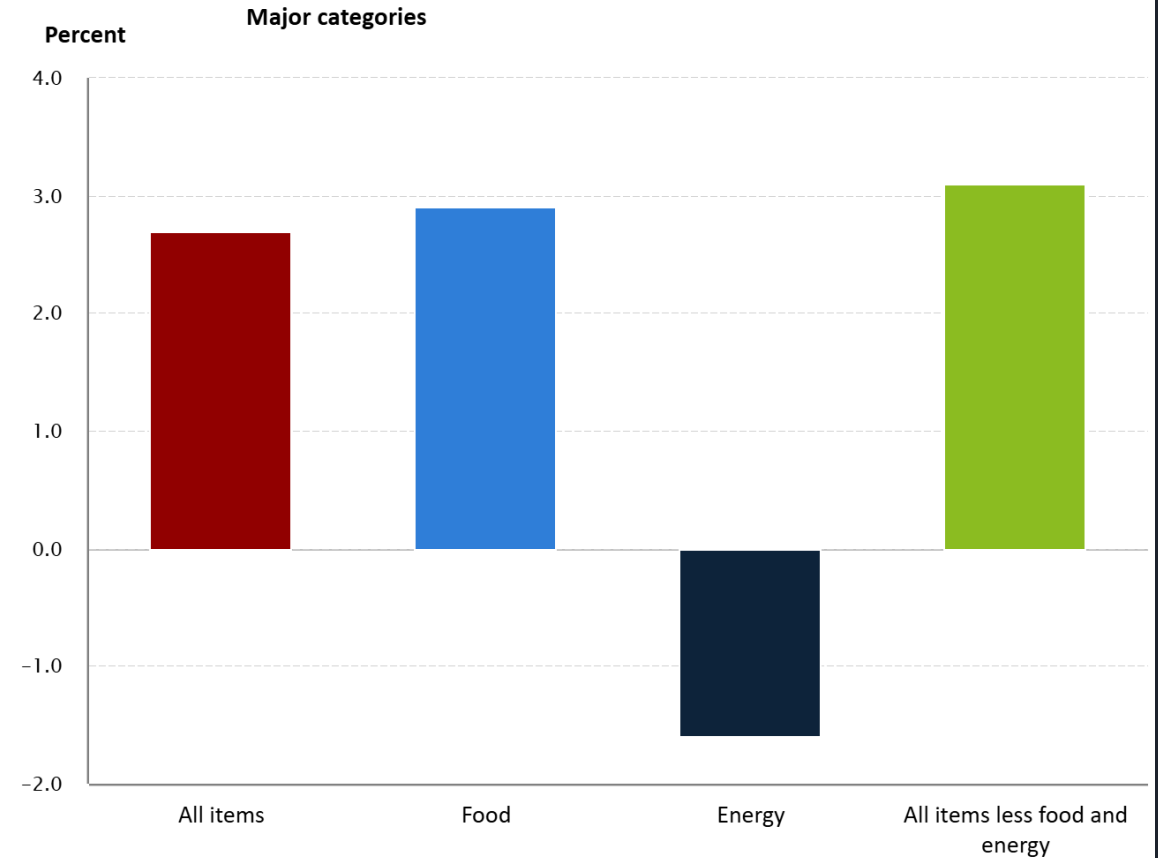
The July 2025 unemployment rate was reported at 4.2% (a 0.1% increase from the previous month) while nonfarm payroll employment increased by 73,000 according to the U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary. The report noted the changes: “Employment continued to trend up in health care and in social assistance. Federal government continued to lose jobs.”

Inflation (Consumer Price Index)

In July, inflation increased 0.2% and has risen 2.7% 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 0.2 percent in July and was the primary factor in the all items monthly increase. The food index was unchanged over the month as the food away from home index rose 0.3 percent while the food at home index fell 0.1 percent. In contrast, the index for energy fell 1.1 percent in July as the index for gasoline decreased 2.2 percent over the month.”

12-month percentage change, Consumer Price Index July 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In June 2025 (the most recent month available) imports of goods only decreased \$12.6 billion from the previous month to \$265.0 billion.

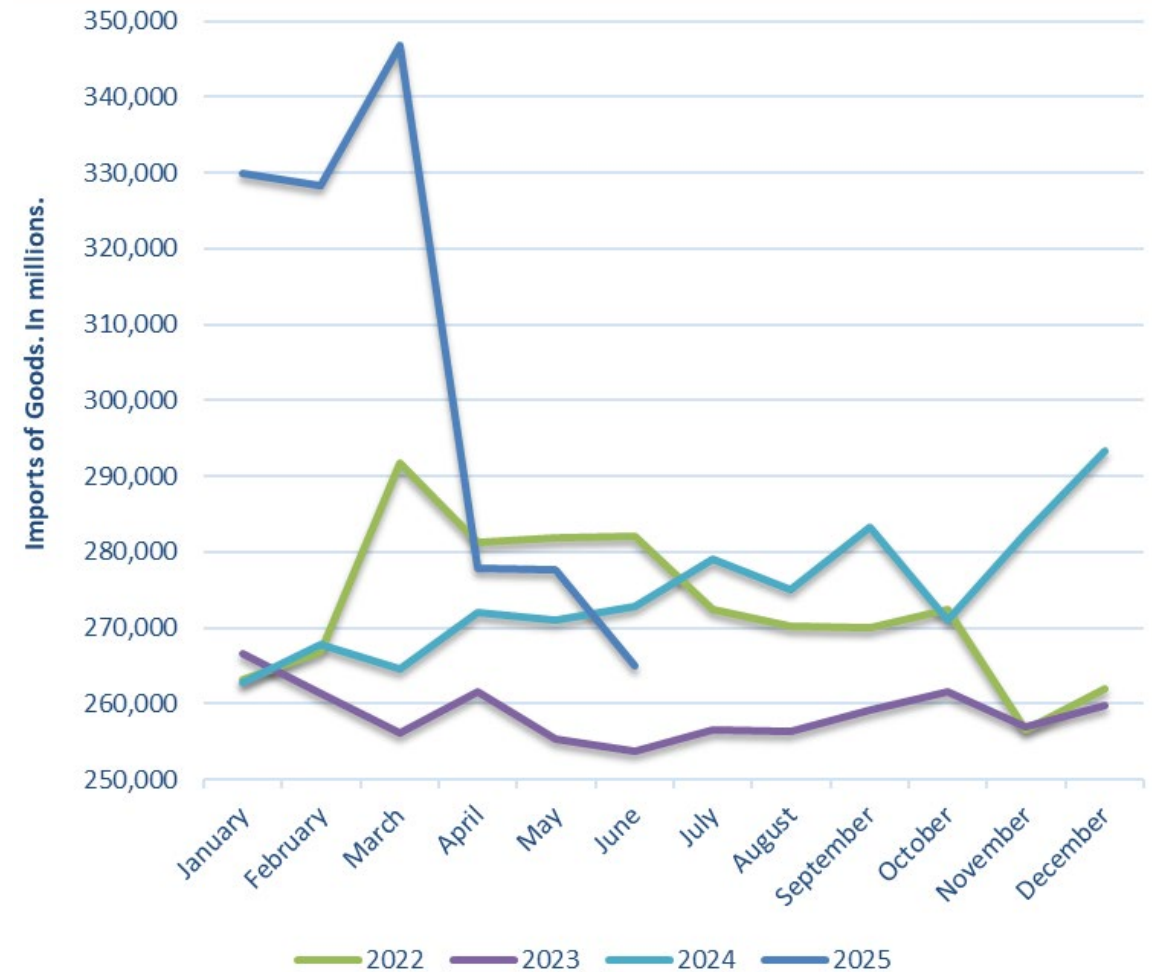
Changes came from the following sources:

- Consumer goods decreased \$8.4 billion.
 - Pharmaceutical preparations decreased \$9.6 billion.
- Industrial supplies and materials decreased \$2.7 billion.
 - Crude oil decreased \$1.0 billion.
 - Nuclear fuel materials decreased \$0.4 billion.
 - Other petroleum products increased \$0.5 billion.
- Automotive vehicles, parts, and engines decreased \$1.3 billion.
 - Passenger cars decreased \$1.1 billion.

U.S. Manufacturing

In June, new orders of manufactured durable goods decreased \$32.1 billion or 9.3% versus the previous month to \$311.8 billion, as reported in the latest Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders. Shipments of manufactured durable goods increased \$1.4 billion or 0.5% to \$302.5 billion in the same time frame.

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



Overall Market Outlook

Inventories

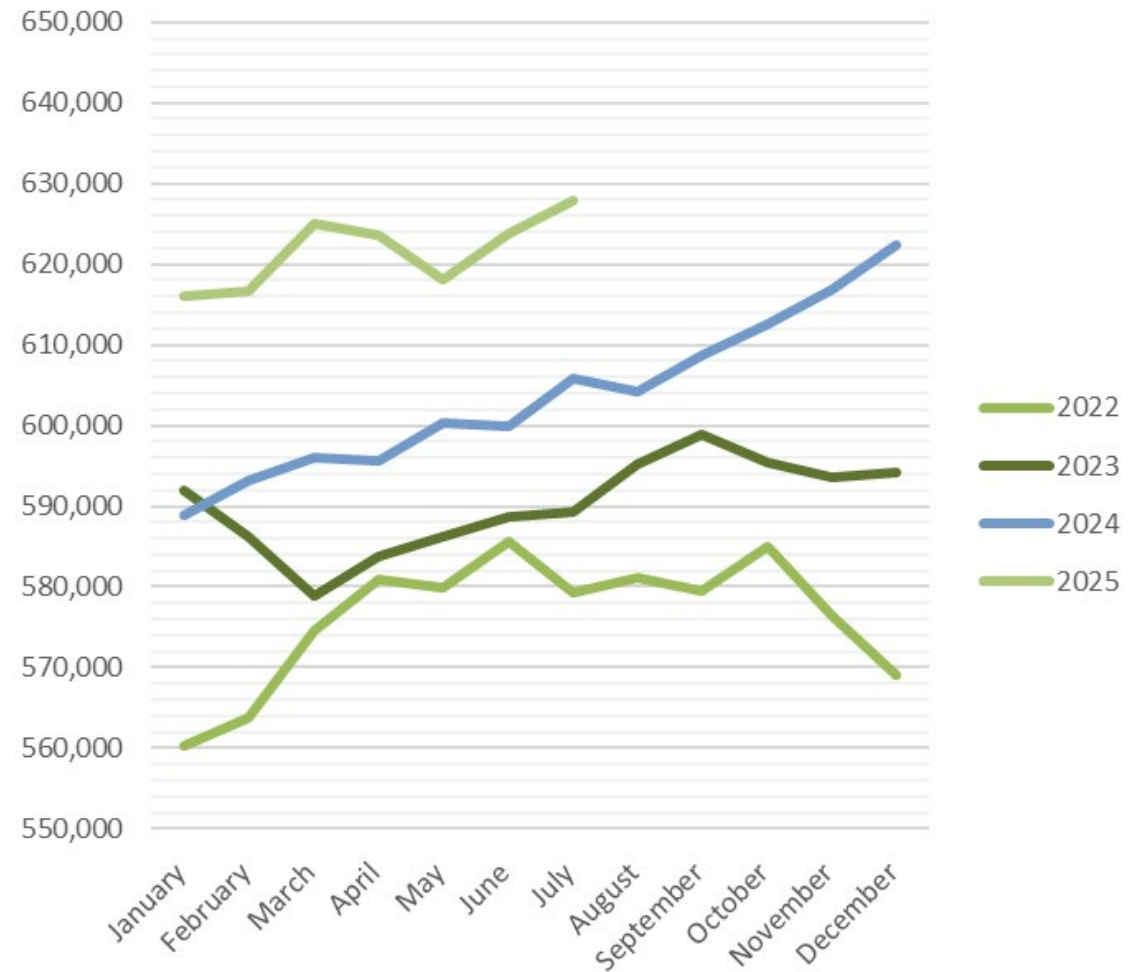
Inventories of manufactured durable goods increased \$0.9 billion or 0.2% in June versus the previous month to \$588.6 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In July, U.S. retail and food services sales were up 0.5% 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 0.7% from the previous month and up 3.7% from last year.

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



Truckload

Market Update

Truckload supply and demand

In July 2025, spot load posts were up 1.7% versus the previous month, and up 19.9% versus a year ago according to DAT Trendlines. In the same month, spot rates for van increased slightly to \$2.06 while flatbed decreased to \$2.55 and reefer increased to \$2.42. The Van load to truck ratio for July was 6.46, which is the second highest ratio since January 2023.

The ATA Truckload Tonnage Index increased 0.6% in July versus the previous month and decreased versus a year ago. The ATA also reported that “Year-to-date, compared with the same period in 2024, tonnage was unchanged.”

Trucking regulation changes

A number of regulations that impact the trucking industry have been made recently. On an immediate basis, trucking companies may be impacted by new regulations for drivers that could reduce the driver pool. Regulations around emissions are also changing to lower the requirements for carriers and could reduce their fleet operating costs over the long term. Additionally, the rules for autonomous vehicles are loosening and could move the implementation of commercial driverless trucks forward at a faster pace.

Less than Truckload (LTL)

Market Update

Impact of freight class changes delayed

Although freight classification changes took effect July 19, there has not been much change to date. The Journal of Commerce recently reported that shippers aren't yet seeing a financial impact: "Less-than-truckload costs are up 7.3% year over year, according to the latest US data, but changes to the LTL classification system are adding little, if anything, to shipper rates." This could be due to many carriers communicating plans to delay any rate changes until the next contract. The largest LTL shipper, FedEx Freight, provided a 150-day delay to customers.

Despite the market conditions, LTL carriers are expanding as reported by JOC. "Well-financed LTL trucking companies are investing in network expansion despite flat revenues and falling shipment counts as shippers demand more speed." As in the past, the LTL carriers appear to be weathering a less favorable market without the necessity of closures.

Parcel

Market Update

Expansion of de minimis

On July 30, President Trump signed an executive order that will end the de minimis exemption (which allows goods under \$800 to enter without tariffs) for all countries effective August 29. In May 2025, this exemption was cancelled for China only.

According to the Wall Street Journal, "Some low-value goods will be charged an 'ad-valorem' duty reflecting the duties on the origin country. Others will receive a 'specific duty' ranging from \$80 to \$200 an item, but only for six months, after which all products will be charged the ad-valorem rate. American travelers can bring up to \$200 of merchandise into the U.S. duty-free."

In addition to the costs, companies will have to deal with greater complexity and could face shipment delays. Transport Topics reported on August 22 that this is leading to disruptions as postal services across the world suspend parcel deliveries to the U.S. due to confusion over the new process. The article noted that this will affect over 4 million parcels that enter the U.S. daily.

The article also noted that "CBP outlined in an Aug. 15 bulletin how the flat fees would be calculated, corresponding to the countries' tariff rates. The agency also offered some additional instruction to shippers on Aug. 21, when it issued guidance certifying two companies to collect and pay duties on behalf of international mail carriers."

As an alternative, shippers may be able to use parcel carriers that already have services in place to pay duties ahead of U.S. arrival, such as UPS and FedEx.

Rail & Intermodal

Market Update

Merger reactions

The merger between Union Pacific and Norfolk Southern is moving ahead and causing many reactions. The U.S. Commerce Secretary has communicated support for the merger noting that it will lead to greater efficiency.

BNSF and CSX announced a new partnership in which they will provide coast-to-coast rail services in the U.S. and internationally. Additionally, activist investor Ancora Holdings is now pushing for CSX to pursue a merger with BNSF or CPKC.

Railroad Volumes

Railroad volumes have been rising throughout 2025 for both carloads and intermodal, with a recent downturn, especially for international freight.

For the first 33 weeks of 2025 vs the same period last year, total U.S. carloads increased 2.7% and intermodal units increased 4.4%. Combined, there was a 3.6% increase in U.S. rail traffic, according to the American Association of Railroads (AAR). For the week ending August 16, carloads were down 0.9% and intermodal volumes were down 0.6% versus the same week last year.

Canadian rail volumes are up 1.5% YTD vs last year. For the week ending August 16, carloads were down 8.1% and intermodal volumes were up 3.6% versus the same week last year.

Mexican rail volumes are down 8.9% YTD vs last year. For the week ending August 16, carloads were down 22.8% and intermodal volumes were down 23.3% versus the same week last year.

Ocean

Market Update

Container import record

In July, containerized imports into the U.S. reached a record high as shippers rushed to import goods ahead of tariffs taking effect. Lower import levels are expected for the remainder of the year.

Tariff financial impact

A new study has found that the actual paid amount of tariffs have been lower than expected, as reported by the Wall Street Journal. "Barclays economists studied census data to see what tariffs importers actually paid in May. They found the weighted-average tariff rate—the average of all tariffs, adjusted for import volume from each country—that month was around 9%, well below the 12% they had previously estimated." The article noted that half of U.S. imports were duty-free and that the tariff rates are expected to rise. "Barclays expects weighted-average tariffs to end up at around 15%, far higher than last year's 2.5%."

Due to increased costs, shippers are pushing for reduced ocean rates according to the Journal of Commerce. Ocean carriers are also facing additional costs when the taxes on ships built or operated by China take effect on October 14 of this year.



Market Update

Air cargo demand expected to decline

A long streak of growth for air cargo demand is expected to end since freight was frontloaded ahead of tariffs and the de minimis exemption is planned to end on August 29. However, ongoing sudden tariff changes could bolster air freight demand at times.

IATA Air Cargo Market Analysis – June 2025

Air cargo demand, measured in Cargo Tonne Kilometers (CTK), rose 0.8% year-over-year in June. This is a slow down from the 2.2% rate in May. Available cargo space expanded by 1.6% year-over-year in June, although there was a decline in traffic to and from North America. Jet fuel costs decreased 12% YoY in June. Freight rates decreased 2.5% YoY and increased 0.9% month-over-month.

IATA Global Outlook for Air Transport – June 2025

IATA recently released their Global Outlook for Air Transport. One highlight of this report is that the demand for the remainder of the year is expected to slow significantly. “Global growth in air cargo in 2025 should slow more substantially, to only 0.7% YoY. Tariffs will reduce trade, and so will, importantly, the removal of the de minimis exemption, which allowed parcels worth less than USD 800 to enter the US free of customs procedures.” The report also mentioned that aircraft deliveries are 30% behind peak levels and may take 3-5 years to recover.



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:
www.tranzact.com/resources

Contact

TranzAct Technologies, Inc. 360 W. Butterfield Rd.
Ste. 400
Elmhurst, IL 60126

630.833.0890

solutions@tranzact.com

www.tranzact.com