

Freight Market Update

July 2025



Overall Market Outlook

The economy appears stable despite shifting tariffs, while certain areas of the freight market are showing significant impact.

Employment

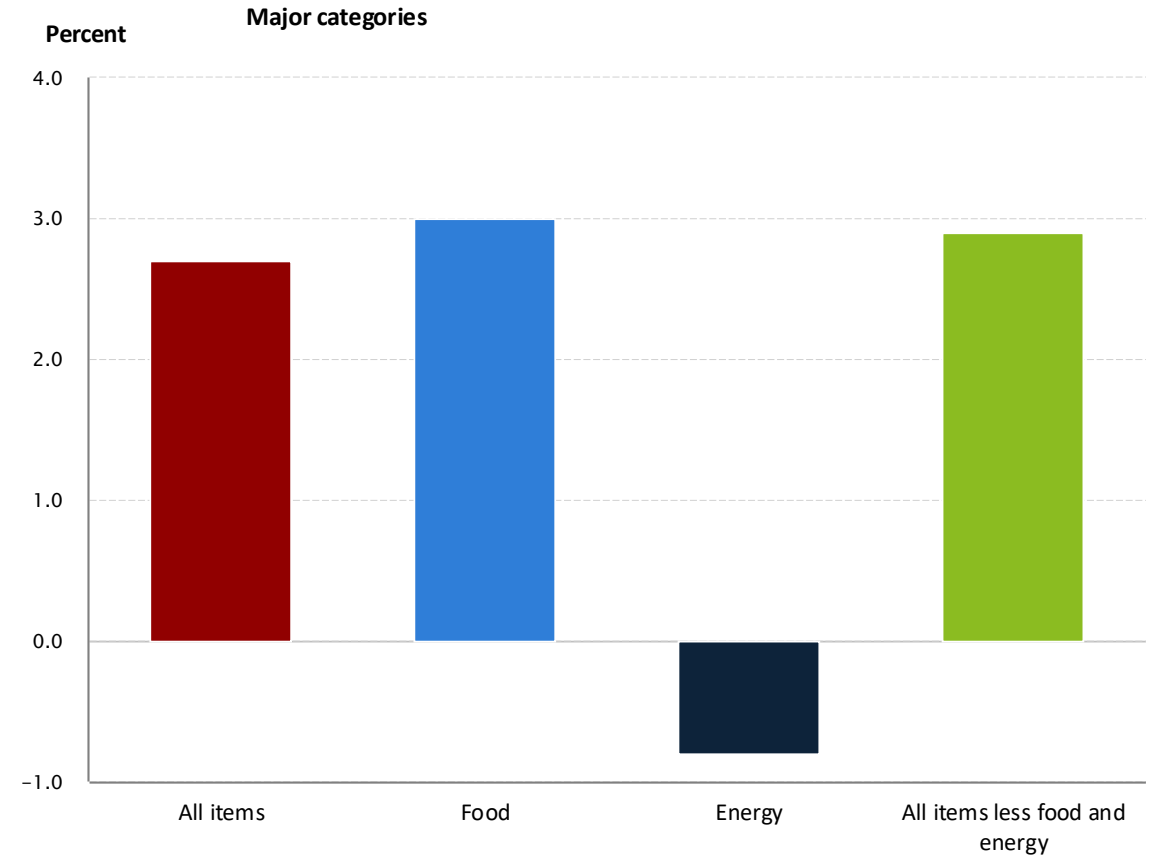
The June 2025 unemployment rate was reported at 4.1% while nonfarm payroll employment increased by 147,000 according to the U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary. The report noted the changes: “Job gains occurred in state government and health care. Federal government continued to lose jobs.”

Inflation (Consumer Price Index)

In June, 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 that shelter was a major contributor to the monthly increase: “The index for shelter rose 0.2 percent in June and was the primary factor in the all items monthly increase. The energy index rose 0.9 percent in June as the gasoline index increased 1.0 percent over the month. The index for food increased 0.3 percent as the index for food at home rose 0.3 percent and the index for food away from home rose 0.4 percent in June.”

12-month percentage change, Consumer Price Index June 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In May 2025 (the most recent month available) imports of goods only, decreased \$0.2 billion from the previous month to \$277.7 billion.

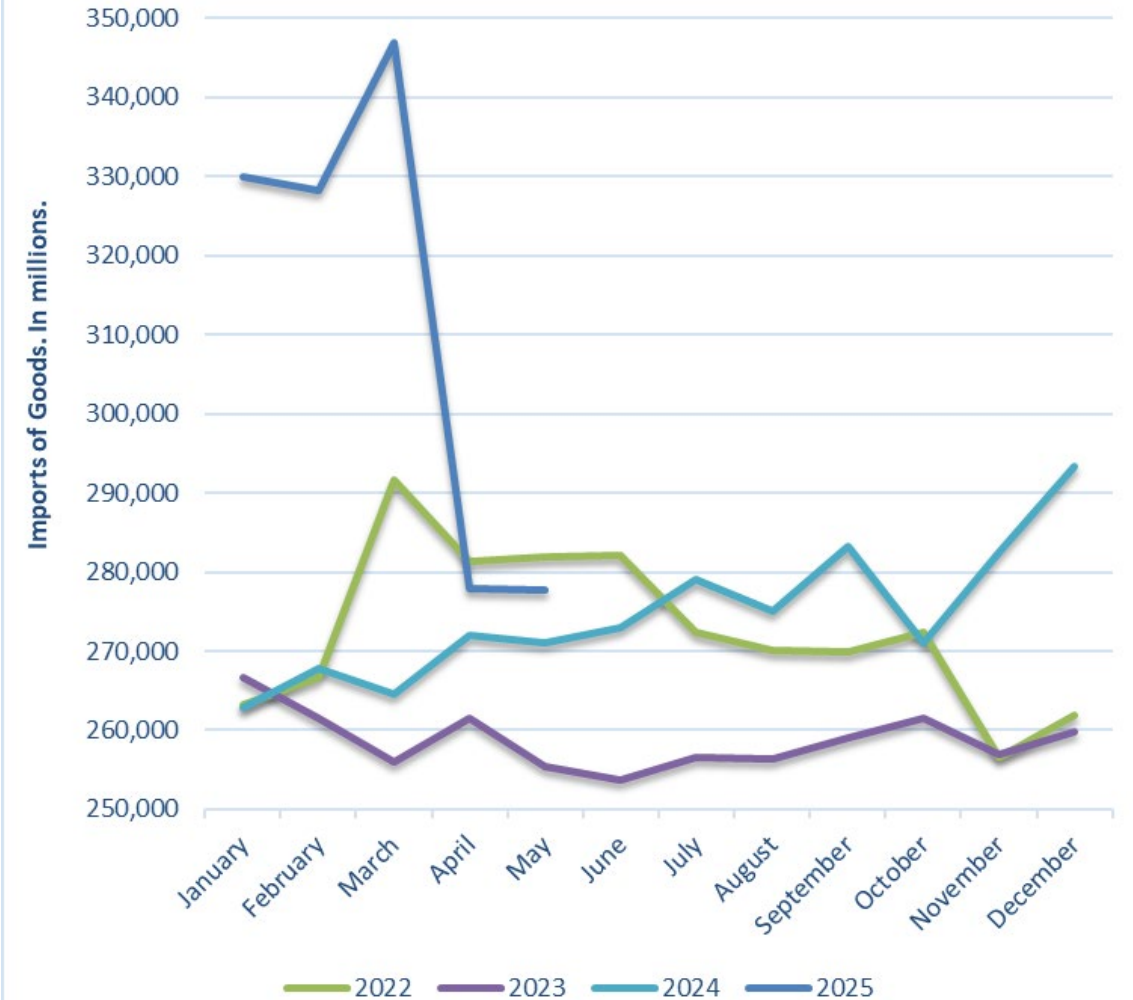
Changes came from the following sources:

- Consumer goods decreased \$4.0 billion.
- Industrial supplies and materials decreased \$0.9 billion.
- Automotive vehicles, parts, and engines increased \$3.4 billion.
- Other goods increased \$1.0 billion.
- Capital goods increased \$0.3 billion.

U.S. Manufacturing

In May, new orders of manufactured durable goods increased \$48.3 billion or 16.4% versus the previous month to \$343.6 billion, as reported in the latest Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders. Shipments of manufactured durable goods increased \$0.6 billion or 0.2% to \$301.0 billion in the same time frame.

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



Overall Market Outlook

Inventories

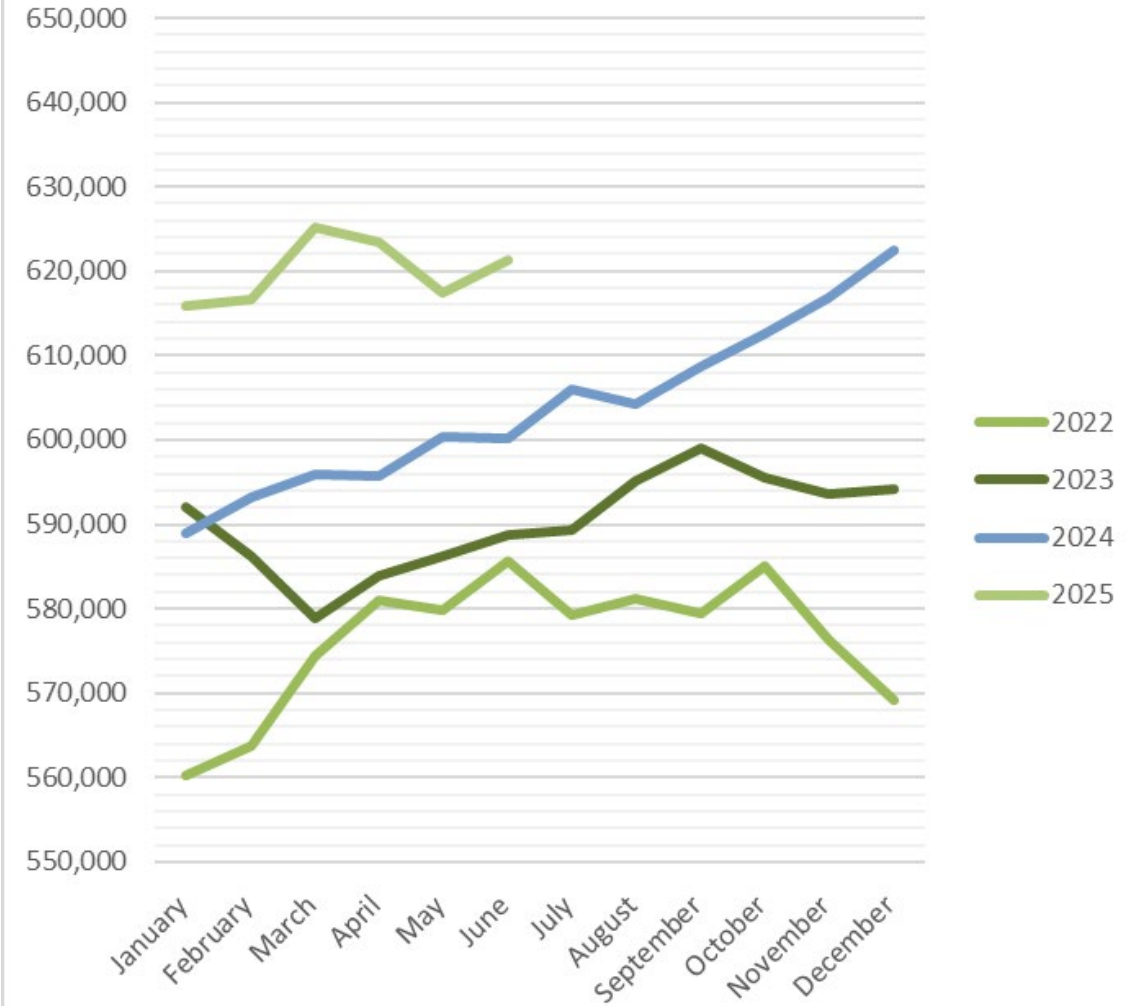
Inventories of manufactured durable goods increased \$1.1 billion or 0.2% in May versus the previous month to \$587.8 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In June, U.S. retail and food services sales were up 0.6% 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 also up 0.6% from the previous month and up 3.5% from last year.

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



Truckload

Market Update

Truckload supply and demand

In June 2025, spot load posts were down 7.2% versus the previous month, and up 6.1% versus a year ago according to DAT Trendlines. In the same month, spot rates for van increased slightly to \$2.02 while flatbed remained \$2.57 and reefer increased to \$2.37. The Van load to truck ratio of 5.8 was flat from May to June, which is a higher ratio than anything reported in 2023 or 2024. The ATA Truckload Tonnage Index decreased 0.4% in June versus the previous month and 0.1% versus a year ago.

Diesel prices languishing

As of the week of July 21, the price of diesel increased \$0.05 from the previous week to \$3.81 per gallon, according to U.S. Energy Information Administration. With this increase, the national price is now about \$0.03 above the price a year ago.

While there have been price increases in the past few weeks and concern over the impact of geopolitical events, there has also been news that production will increase. Transport Topics reported on July 7 that “Eight members of the OPEC+ alliance of oil exporting countries say they will boost production by 548,000 barrels per day in August in a move that could further reduce gas prices this year.”

The article noted that this is part of a larger plan to boost production. “A statement said the new measures were in accordance with a December decision to put off increasing production at that time, but gradually increase it by 2.2 million barrels per day over an 18-month period starting in April and ending in fall 2026.”

Less than Truckload (LTL)

Market Update

NMFC freight class changes underway

On July 19, freight classification changes from the NMFTA became effective. This is the first phase of a planned streamlining of the freight classification system. The items included in this first round were published in their Docket 2025-1.

While these changes could have a large impact over time, for now multiple LTL carriers have communicated that they aren't planning to alter their rates until the end of an existing contract. FedEx Freight, the largest LTL carrier, is delaying any freight classification changes for 150 days to give customers more time to prepare.

An article by Transport Topics explained the reasoning for these changes. "NMFTA's changes are intended to reflect more closely the actual cost of shipping freight by shifting the LTL segment of the freight market from commodity-based to density-based classifications. The current 11-tier system was replaced by a revised 13-subprovision (subs) density scale. The changes reclassify more than 2,000 NMFC items."

In order to prepare for future negotiations, one important piece of information needed that many shippers do not have today is the dimensions of freight.

Parcel

Market Update

New USPS postmaster confirmed

Following the resignation of former postmaster General Louis DeJoy in March of this year, David Steiner began this role on Tuesday, July 15. The former postmaster general faced scrutiny over USPS operating losses, and was four years into a plan called Delivering for America that was designed to reduced expenses by \$4 billion a year and increase revenue by \$5 billion a year.

The new postmaster has served as the President and CEO of Waste Management for the past 12 years, and served in other roles there beforehand.

U.S. parcel market expected to grow 36% by 2030

An increasingly competitive parcel market is experiencing volume growth and that trend is expected to continue according to the latest annual report from Pitney Bowes. Their report forecasts that by 2030, U.S. parcel volumes will have grown 36% overall, with annual growth around 5% per year. In 2024, U.S. parcel volume increased 3.4% to 22.4 billion, while revenue grew 2.7%.

As reported by FreightWaves, "Revenue growth for U.S. parcel shipping lagged volumes last year as an influx of new last-mile delivery companies put downward pressure on prices". The article mentioned that pricing pressure is expected to continue with a sizeable challenge coming from Amazon, and another challenge coming from the USPS's new lost-cost shipping option, Ground Advantage.

Major railway merger

In late July, Union Pacific and Norfolk Southern confirmed that they're in advanced merger discussions. If it moves forward, this merger would create the largest rail operator in the U.S. with combined revenue estimated around \$200 billion. According to the Wall Street Journal, "If it does happen, a deal would create a coast-to-coast rail network—something no single railroad currently does." A merger would require review from the US Surface Transportation Board and could take a few years to complete. There is now speculation that BSNF will look to acquire CSX to remain competitive with a larger rail company.

Railroad Volumes

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

For the first 29 weeks of 2025 vs the same period last year, total U.S. carloads increased 2.7% and intermodal units increased 5.0%. Combined, there was a 3.9% increase in U.S. rail traffic, according to the American Association of Railroads (AAR). For the week ending July 19, carloads were up 7.3% and intermodal volumes was up 4.3% versus the same week last year.

Canadian rail volumes are up 1.3% YTD vs last year. For the week ending July 19, carloads were down 2.6% and intermodal volumes were up 7.5% versus the same week last year.

Mexican rail volumes are down 6.2% YTD vs last year. For the week ending July 19, carloads were up 23.4% and intermodal volumes were up 28.1% versus the same week last year.



Rail & Intermodal

Ocean

Market Update

Tariff deals downstream

Trade deals are getting attention while the question of whether the tariffs can move forward remains undecided. Recently, trade deals were reached with Japan and the European Union, both for a 15% reciprocal tariff on many items.

For the first half of 2025, there was \$108 billion collected in U.S. customs duties compared to about \$56 billion for the first half of 2024 as reported by the U.S. Treasury Department. The impact on companies has been mixed with some reporting no impact and others significantly affected. The USMCA trade agreement has sheltered some companies for the time being.

While the country-specific tariffs may be off the table soon, item specific tariffs such as those for copper and steel, are more likely to remain.

Shipping rates drop

A drop in imports due to tariffs has led to a drop in shipping rates. The Journal of Commerce reported "The fresh capacity carriers rushed into the US' busiest trade lane in April and May is no longer needed, sending rates on a downward spiral and forcing carriers to shelve proposed price hikes." The use of blank sailings is expected to limit capacity during times of low or falling demand.



Market Update

Tariff impact ongoing

The demand for air cargo slowed in May due to tariff timing and the removal of the de minimis exemption for China. While companies such as American Airlines and Alaska Air have recently reported growth year over year, IATA is forecasting a slow down for the remainder of the year.

IATA Air Cargo Market Analysis – May 2025

Air cargo demand, measured in Cargo Tonne Kilometers (CTK), rose 2.2% year-over-year in May. This is a decline from the 5.8% rate in April due to the timing of tariffs. Available cargo space expanded by 2.0% year-over-year in May. Their report also noted a reduction in costs. “Jet fuel costs dropped 18.8% YoY and decreased 4.3% month-on-month, a fourth consecutive monthly decrease. Cargo freight rates declined for the first time in 2025 by 2.9% YoY and 3.7% MoM.”

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

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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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