

Freight Market Update

June 2025



Overall Market Outlook

Tariffs are causing swings in different areas of the freight market while the economic response has been less pronounced.

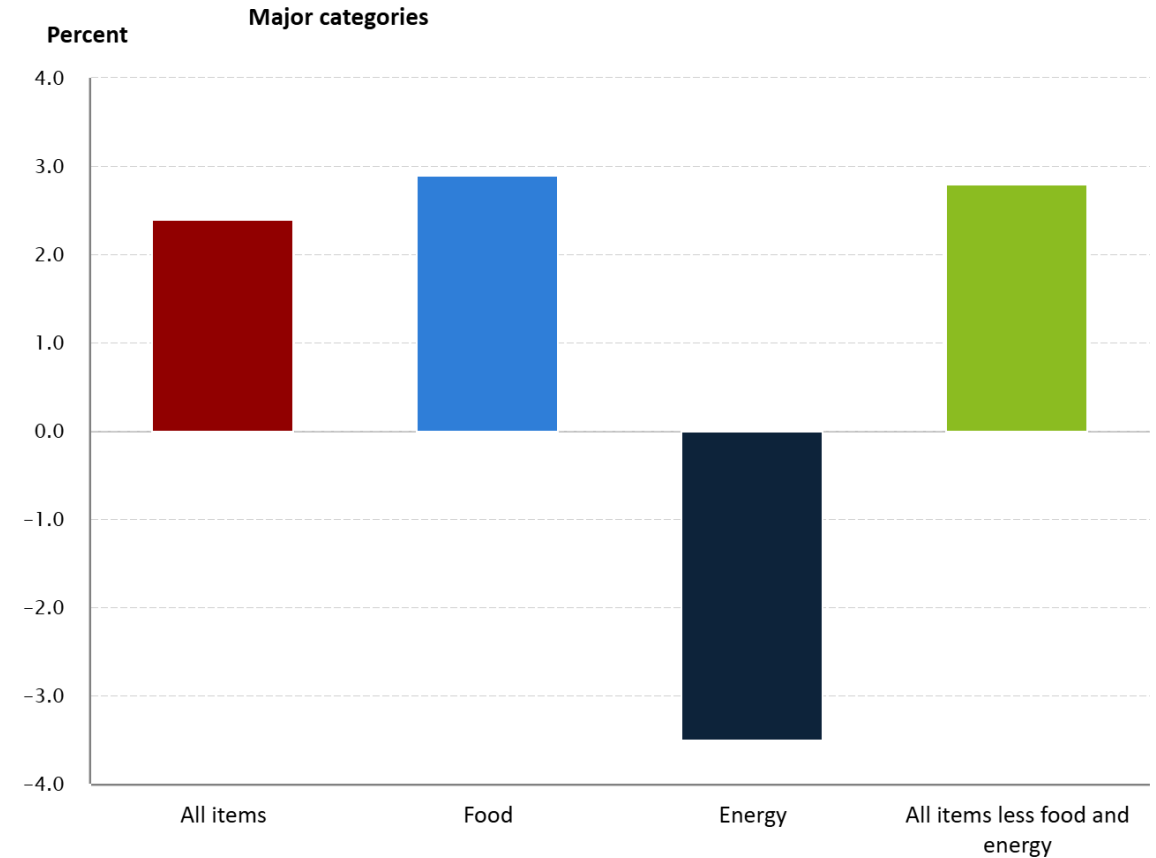
Employment

The May 2025 unemployment rate was reported at 4.2% (the same as the previous month) while nonfarm payroll employment increased by 139,000 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, leisure and hospitality, and social assistance. Federal government continued to lose jobs."

Inflation (Consumer Price Index)

In May, inflation increased 0.1% and has risen 2.4% 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 May and was the primary factor in the all items monthly increase. The food index increased 0.3 percent as both of its major components, the index for food at home and the index for food away from home also rose 0.3 percent in May. In contrast, the energy index declined 1.0 percent in May as the gasoline index fell over the month."

12-month percentage change, Consumer Price Index May 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In April 2025 (the most recent month available) imports of goods only, decreased \$68.9 billion from the previous month to \$277.9 billion.

Decreases came from the following sources:

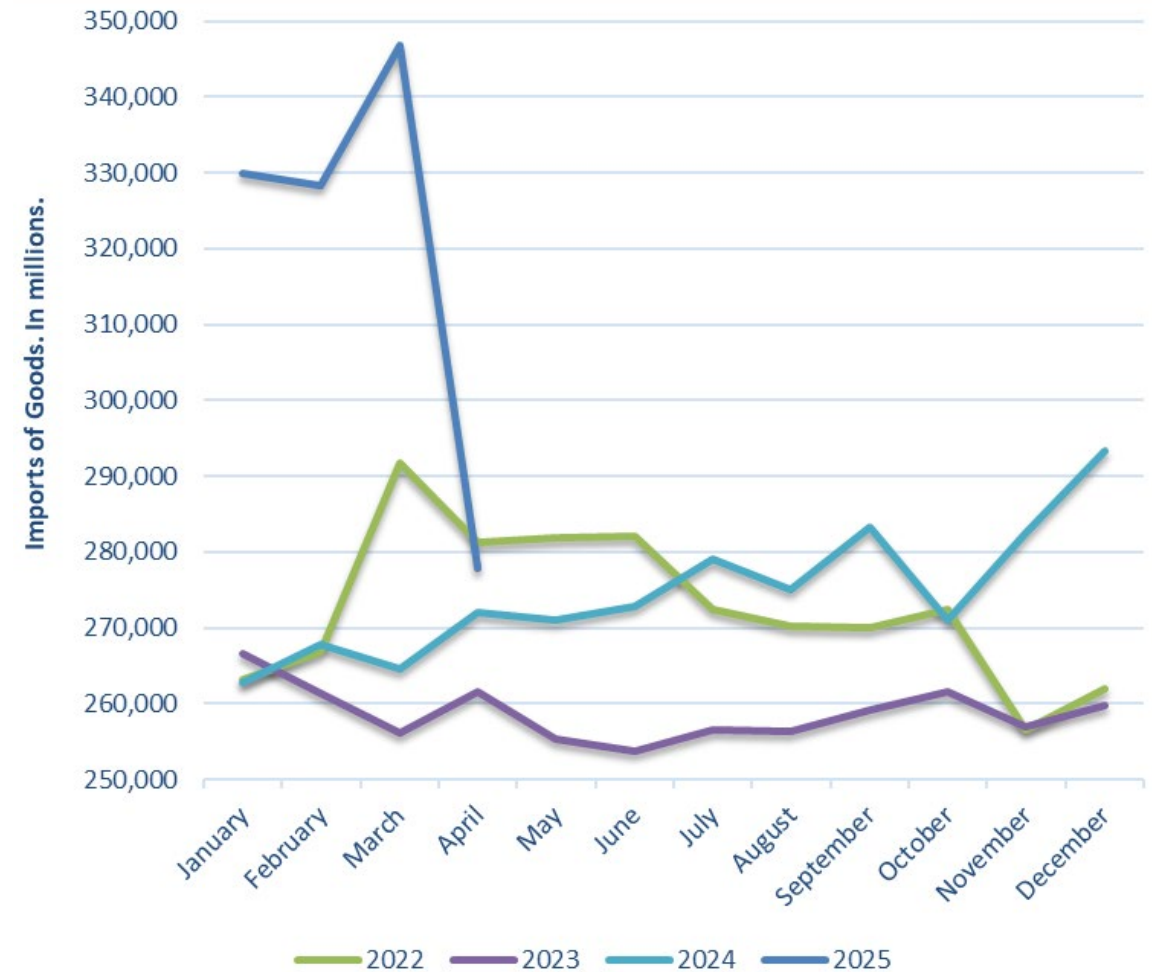
- Consumer goods decreased \$33.0 billion.
- Industrial supplies and materials decreased \$23.3 billion.
- Automotive vehicles, parts, and engines decreased \$8.3 billion.

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

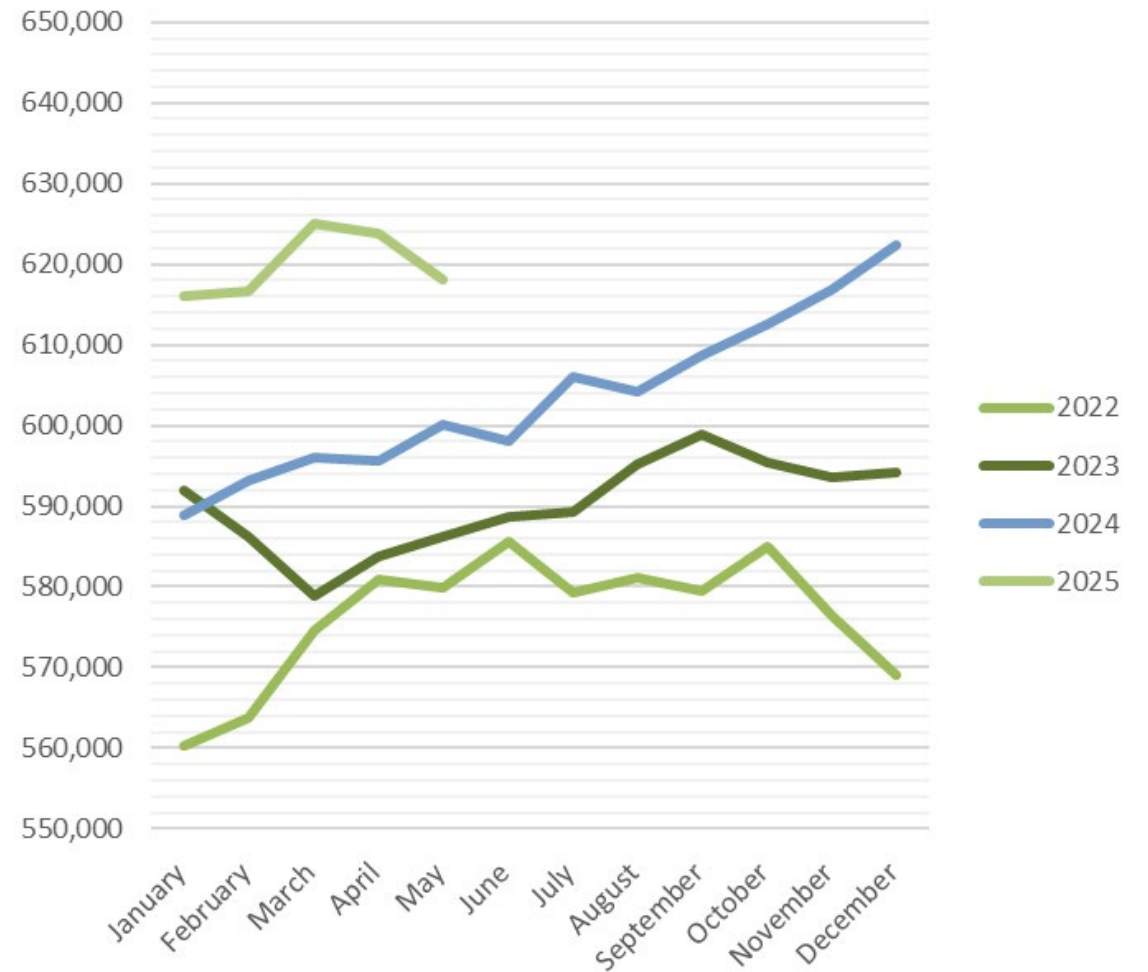
Inventories of manufactured durable goods increased \$1.1 billion or 0.2% in May versus the previous month to \$587.8 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In May, U.S. retail and food services sales were down 0.9% vs the previous month and up 3.3% versus a year ago, according to the Advance Estimates of U.S. Retail and Food Services.

Retail trade sales alone were also down 0.9% from the previous month and up 3.0% from last year.

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



Truckload

Market Update

Truckload supply and demand

In May 2025, spot load posts were up 5.3% versus the previous month, and up 7.2% versus a year ago according to DAT Trendlines. In the same month, spot rates for van increased slightly to \$1.99 while flatbed remained \$2.57 and reefer increased to \$2.36. The Van load to truck ratio rose to 5.8 in May from 4.5 in April, the second highest ratio of the year.

The ATA Truckload Tonnage Index decreased 0.1% in May versus the previous month seasonally adjusted and rose 2.9% when adjusting for seasonality. May also marked the first year over year decrease in 2025.

As of the week of June 24, diesel price of diesel sharply increased \$0.20 to \$3.78 a gallon, according to U.S. Energy Information Administration. With this increase, the national price is now about penny above the price a year ago.

Deregulatory Package Proposed by the DOT

Truckload carriers and operators may get relief from the removal of several regulations as reported by Transport Topics. “The Department of Transportation has proposed slashing or amending about two dozen federal trucking regulations — many of them relatively minor — but others thought to be outdated or imposing a hardship on truckers.” This effort is being led by Transportation Secretary Sean McDuffy. According to the article, “These actions also help streamline the Code of Federal Regulations by deleting more than 73,000 words from the Federal Register, DOT said.”

Less than Truckload (LTL)

Market Update

NMFC Freight Class Changes Begin July 19

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

New Beginnings at Estes

After acquiring 52 terminals from Yellow recently, Estes has been incorporating them into their network quickly and expanding their capacity. In 2024, they added a total of 704 terminal doors according to Transport Topics, which was a 6.1% increase. They plan to continue adding terminals and doors, with a goal of 14,000 total doors for 2026.

Estes also recently launched a Customer Excellence Award and TranzAct was honored to be named a recipient. They introduced the award this year to acknowledge customers who demonstrate exemplary commitment to quality in their shipping practices. As a top 10 LTL carrier, Estes recognizes the importance of fostering strong, collaborative relationships with partners who prioritize excellence and reliability in their operations.

Parcel

Market Update

Small Parcel Shipments from China Fall

In response to tariffs, the value of small parcel shipments fell 40% in May according to Transport Topics. "The value of small parcels sent from China to the U.S. fell to just over \$1 billion in May, the least since early 2023, according to customs data released June 20. The 40% plunge from the same month last year marks a sharp reversal for a booming trade route, coming just as the U.S. government eliminated a long-standing tariff loophole." The article also noted that small parcel shipments rose globally.

FedEx Celebrates Legacy of Fred Smith

In mid-June, the founder of FedEx passed away from natural causes at age 80 in his home of Memphis, Tennessee.

According to the press release from FedEx, after serving as a charter pilot while attending Yale College, he had the idea to begin an "integrated air-to-ground system that would ensure overnight delivery, a concept that would eventually become Federal Express." After college, he served four years in the United States Marine Corps (USMC), then launched Federal Express in 1973 with a fleet of 14 Dassault Falcon jets. From this beginning, the company grew and now FedEx "employs more than 500,000 team members globally, connects more than 220 countries and territories, and moves nearly \$2 trillion in goods annually and more than 17 million shipments per day."

USPS Celebrates 250 Years

This year marks 250 years since the United States Postal Service was founded in 1775. A press release from USPS noted that, "Although the United States only makes up 4 percent of the world's population, the U.S. Postal Service handles 44 percent of mail across the entire globe." It also noted that they service nearly 169 million addresses nationwide.

Rail & Intermodal

Market Update

Railway Rules Under Review

The new administration continues to weigh a number of legislative measures that could impact the rail industry. One bipartisan bill would tighten regulations and “limit the number of hours for employees supervising traffic flow in railroad yards” according to FreightWaves. Other legislation proposed by the DOT would loosen regulations and “roll back protections for federal inspectors and investigators put in place in 2021” according to another FreightWaves article. Additionally, a house panel is weighing regulations from the Federal Railroad Administration.

Railroad Volumes

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

For the first 25 weeks of 2025 vs the same period last year, total U.S. carloads increased 2.5% and intermodal units increased 5.4%. Combined, there was a 4.1% increase in U.S. rail traffic, according to the American Association of Railroads (AAR). For the week ending June 21, carloads were up 4.5% and intermodal volumes were down 2.9% versus the same week last year.

In the same time frame, cumulative Canadian rail volumes were up 1.1%. For the week ending June 21, carloads were up 1.3% and intermodal volumes were up 8.9% versus the same week last year.

Cumulative Mexican railroad volumes are down 8.8% YTD v last year. For the week ending June 21, carloads were up 1.8% and intermodal volumes were down 10.7% versus the same week last year.

Ocean

Market Update

Tariff Tensions

A pause on tariffs will end on July 9 and talks are ongoing.

According to Transport Topics, the Supreme Court refused to put a possible challenge to the tariffs on a fast track. "The rebuff means the administration will have the normal 30 days to file a full response, not the much shorter period the companies sought in their June 17 filing. [...] The companies want the court to take the unusual step of considering the case without waiting for a federal appeals court to rule." Meanwhile, the federal appeals court is allowing the tariffs to stay in effect until that panel hears arguments July 31.

Whether or not the country specific tariffs are allowed to continue, new tariffs may roll out using different areas of authority. In addition to a tariff on steel and aluminum imposed under Section 232 of the Trade Expansion Act, the administration is investigating tariffs on items such as heavy trucks and pharmaceuticals, with investigations underway.

According to a June 18 article by Transport Topics, "The Commerce Department is set within weeks to announce the outcomes of its investigations into sectors deemed vital to national security, including semiconductors, pharmaceuticals and critical minerals. The probes are widely expected to result in levies on a range of foreign-made products in those industries."

Strait of Hormuz

Ocean carriers are making contingency plans in case threats to close the Strait of Hormuz materialize. The Wall Street Journal reported, "About a fifth of the world's petroleum passes through the 20-mile-wide strait, where dozens of skyscraper-size tankers each day funnel into a pair of 2-mile-wide traffic lanes separated by a 2-mile-wide buffer."

Ocean Shipping Rates

Ocean shipping rates have decreased recently after a brief time of tight capacity. The Journal of Commerce reported, "A rapid infusion of capacity into the trans-Pacific combined with slowing volumes ahead of the peak season abruptly ended a brief and mildly intense period of tightness. Rates from North Asia to West Coast North America were assessed at \$2,900/FEU on June 20 by S&P Global Platts, a drop of \$1,100 drop versus the prior week, according to the Platts Global Container Freight Weekly."



Market Update

Disruptions Spur Demand

The potential for disruptions to manufacturing are leading to increased air freight demand. As reported by the Wall Street Journal in late June, “Companies are opting for expensive airfreight whenever licenses are granted to prevent costly production shutdowns. Some manufacturers are experimenting with workarounds that would allow them to make their products without the materials.”

IATA April 2025 Air Cargo Market Analysis

There continues to be growth for air cargo demand according to IATA’s April 2025 Air Cargo Market Analysis. “The industry’s air cargo demand, measured in Cargo-Ton-Kilometers (CTK), climbed 5.8% Year-on-Year (YOY) in April. Seasonally adjusted, CTK rose by 2.3% compared to March (month-on-month, MoM).”

However, air cargo space is growing at a slightly faster rate: “Global available cargo space, Available Cargo-Ton Kilometers (ACTK), expanded by 6.3% from March 2025, while capacity utilization, Cargo Load Factor (CLF), lost 0.2 percentage points from April 2024.”

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 air cargo demand for the remainder of the year is expected to slow. “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

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