

Freight Market Update

September 2025



Overall Market Outlook

As we head into the holiday season, uncertainty has become a top concern as shippers deal with shifting tariffs and regulations. Domestic freight providers continue to face market downturn, and international shipping is expected to decline sharply due to seasonality and the pull forward from tariffs. Despite these conditions the economy has shown resilience.

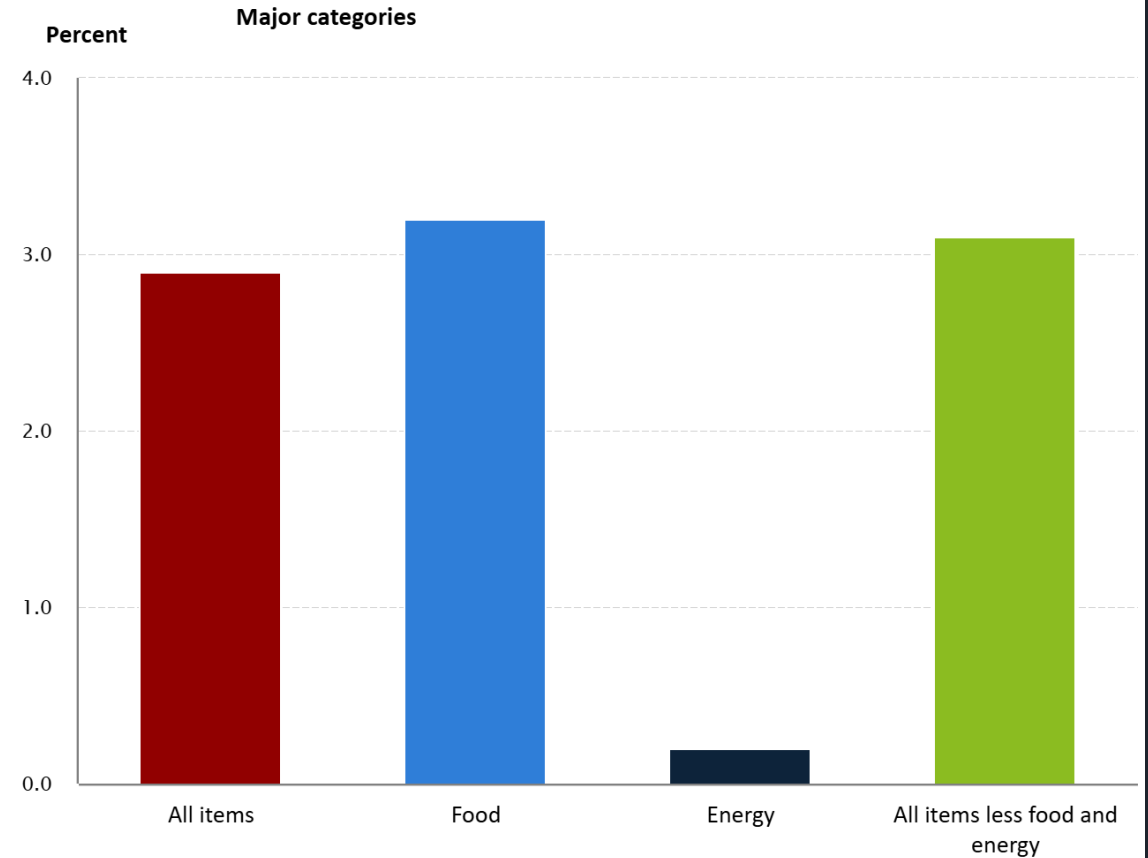
Employment

The August 2025 unemployment rate was reported at 4.3% while nonfarm payroll employment increased by 22,000 and “has shown little change since April” according to the U.S. Bureau of Labor Statistics (BLS) Employment Situation Summary. The report noted the changes: “A job gain in health care was partially offset by losses in federal government and in mining, quarrying, and oil and gas extraction.”

Inflation (Consumer Price Index)

In August, 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 shelter was once again a major contributor to the monthly increase: “The index for shelter rose 0.4 percent in August and was the largest factor in the all items monthly increase.”

12-month percentage change, Consumer Price Index August 2025



Source: U.S. Bureau of Labor Statistics.

Overall Market Outlook

Imports

In July 2025 (the most recent month available) imports of goods only, increased \$18.4 billion from the previous month to \$283.3 billion.

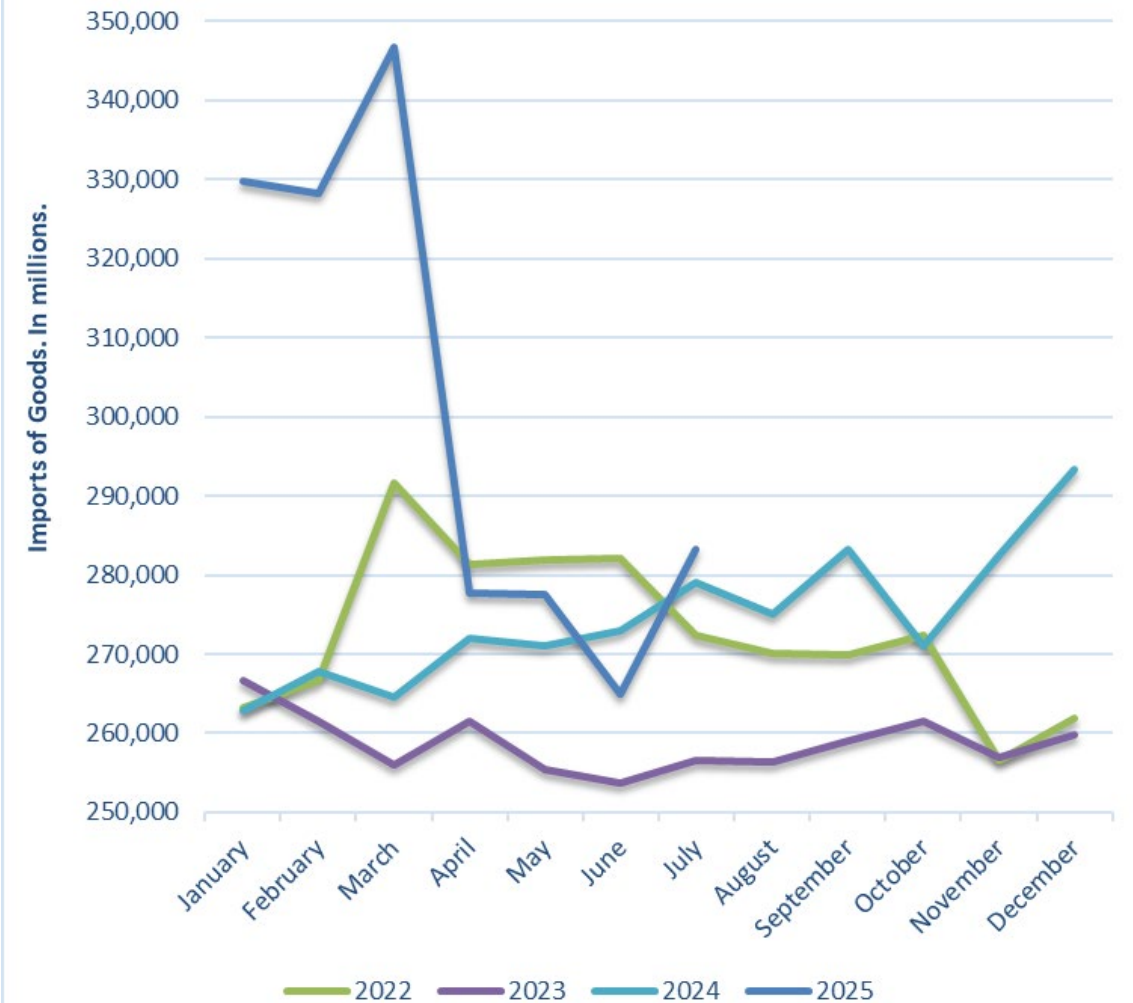
Changes came from the following sources:

- Industrial supplies and materials increased \$12.5 billion.
- Capital goods increased \$4.7 billion.
- Consumer goods increased \$1.3 billion.
- Automotive vehicles, parts, and engines decreased \$1.4 billion.

U.S. Manufacturing

In August, new orders of manufactured durable goods increased \$8.9 billion or 2.9% versus the previous month to \$312.1 billion, as reported in the latest Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders. Shipments of manufactured durable goods decreased \$0.5 billion or 0.2% to \$307.5 billion in the same time frame.

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



Overall Market Outlook

Inventories

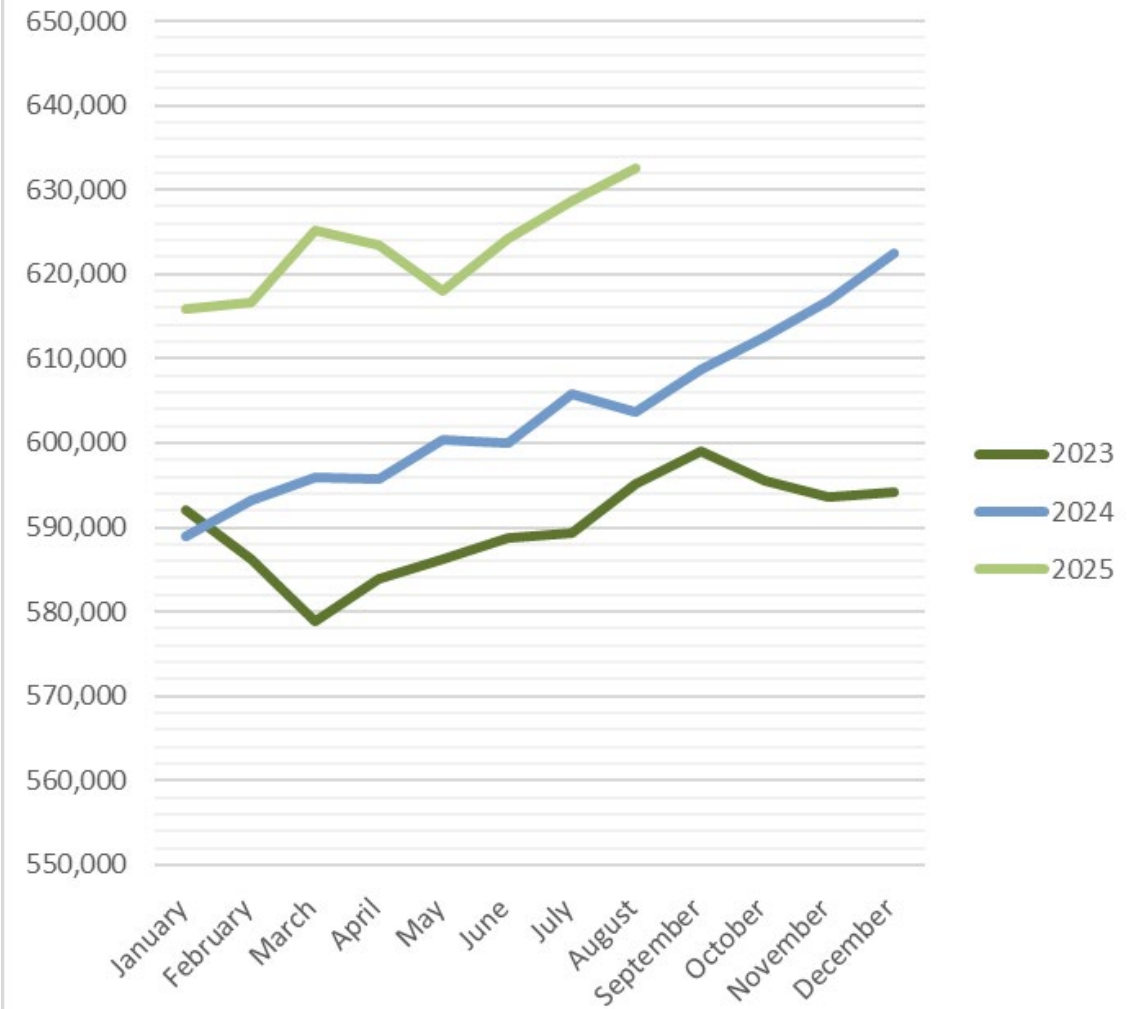
In August, inventories of manufactured durable goods decreased \$0.1 billion versus the previous month to \$590.8 billion, according to the latest Monthly Advance Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders.

Retail Sales

In August, U.S. retail and food services sales were up 0.6% vs the previous month and up 5.0% 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 4.8% from last year.

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



Truckload

Market Update

Truckload supply and demand

In August 2025, spot load posts were down 13.0% versus the previous month, and up 20.3% versus a year ago according to DAT Trendlines. In the same month, spot rates for van decreased slightly to \$2.03 while flatbed decreased to \$2.49 and reefer remained to \$2.41. The Van load to truck ratio for August was 5.81, which is down from July and the beginning of the year, but above any ratio reported in 2023 or 2024.

The ATA Truckload Tonnage Index increased 0.9% in August versus the previous month. According to Transport Topics, "Trucking activity reached its highest level since December 2023 in August, but prospects for the rest of 2025 are dimmer as the impact of tariffs on U.S. and global economic fortunes bites harder." They also noted they're seeing mixed information about manufacturing performance and that "typical freight demand drivers including the housing market and the holiday shipping season are underperforming."

Trucking regulation changes

The trucking industry is in the midst of ongoing regulatory changes. A 25% tariff on imported heavy trucks took effect on October 1, and the ATA has voiced opposition due to the financial strain it places on owners and operators. The FMCSA on September 26 issued an interim final rule imposing new requirements for noncitizens to obtain a CDL or CLP. This rule will halt the issuance of CDLs or revoke them for in cases where they are not in compliance. This does not apply to citizens of Canada or Mexico since the U.S. recognizes the commercial licenses from those countries. Additionally, regulations around emissions and autonomous vehicles are being evaluated.

Less than Truckload (LTL)

Market Update

FedEx Freight to spin-off by June 2026

The spin-off of FedEx Freight continues to move forward with a goal of completing this transition by June 2026. FreightWaves recently reported, “The nation’s largest less-than-truckload carrier, FedEx Freight, is on track to become a standalone public company by June of next year. Parent company FedEx said Thursday it plans to spend \$600 million enhancing IT infrastructure and systems ahead of the spinoff.” Along with other LTL carriers, they have been experiencing declines in tonnage and revenue lately.

LTL market downturn continues

LTL carriers continue to deal with a tough market and larger carriers such as Old Dominion and XPO reported tonnage declines in August. According to the Journal of Commerce, “Excess capacity and lower rates are drawing some LTL freight into the truckload sector, helping to depress overall LTL volumes”. Looking ahead, the LTL market could benefit from increased manufacturing activity, a housing market rebound, or a stabilization around tariffs that increases demand.

Parcel

Market Update

Canadian postal system overhaul

In Canada, the postal system is facing significant challenges. Due to ongoing financial losses, a new initiative was launched to end household delivery and switch to community mailboxes, which was met with a strike. The Wall Street Journal reports, "Canada Post workers went on strike after the government ordered that the money-losing state-run service abandon door-to-door delivery, close post offices and cut operating expenses. [...] Letter-mail volumes have plunged about 70% since 2006, and its share in the parcel-delivery market has shrunk from 62% in 2019 to about 24% now." The U.S. postal system has similarly faced ongoing losses and recently changed leadership.

Moving on from de minimis

DHL is expanding its team of customs agents in order to handle the increased customs requirements following the end of de minimis. Deutsche Post and others are resuming parcel shipments into the U.S. after halting these due to the changing regulations. The impact to FedEx was significant and caused them to reduce freight aircraft from Asia to the U.S. by 25%. According to FreightWaves, the previous end of the de minimis exemption for China and Hong Kong, also had an impact since "They represented more than 70% of the 1.4 billion packages imported in fiscal year 2024 under a rule that allowed shipments valued below \$800 to clear customs duty free and with minimal paperwork." Continued shifts in the parcel network could be seen due to these changes.

Merger reactions

The announcement of the proposed merger between Union Pacific and Norfolk Southern continues to generate reactions. The Wall Street Journal recently reported that the nation's largest railroad union has backed this merger after being promised job protection for their current employees. "The deal with the transportation division of the International Association of Sheet Metal, Air, Rail and Transportation Workers grants lifetime job security and preferential hiring for terminal employees affected by the proposed merger. The SMART-TD union initially opposed the deal announced in July, saying mergers often lead to job cuts and poorer service." The decision is being determined by the Surface Transportation Board, which recently requested a longer timeline for review.

Railroad Volumes

Railroad volumes rose throughout early 2025 for both carloads and intermodal and have seen a recent downturn, especially for international freight.

For the first 38 weeks of 2025 vs the same period last year, total U.S. carloads increased 2.2% and intermodal units increased 3.6%. Combined, there was a 3.0% increase in U.S. rail traffic, according to the American Association of Railroads (AAR). For the week ending September 20, carloads were down 1.8% and intermodal volumes were down 2.2% versus the same week last year.

Canadian rail volumes are up 2.1% YTD vs last year. For the week ending September 20, carloads were down 2.8% and intermodal units were up 4.2% versus the same week last year.

Mexican rail volumes are down 7.5% YTD vs last year. For the week ending September 20, carloads were down 13.1% and intermodal units were down 0.2% versus the same week last year.

Rail & Intermodal

Ocean

Market Update

U.S. fees on Chinese ships take effect October 14

On October 14, the Section 301 fees from the USTR for vessels made or operated by China will begin taking effect and are planned to be phased in over three years. A recent article from FreightWaves reported on the potential costs at the Port of LA. “Rough estimates of how much the fees could drive up shipping costs have ranged from \$175 to \$300 per container, Seroka said, though he expects any increases to hit smaller ports harder than Los Angeles.” Another article noted Maersk does not plan to add any surcharges for shippers when these fees take effect.

Blank sailings ahead

With the tariffs in effect and peak season past, container volumes are expected to decline for the remainder of the year. The Journal of Commerce reported, “After initially holding back on blank sailings, carriers have announced additional capacity withdrawals to match the slowing demand ahead of Oct. 1, when Chinese factories close for eight days for the National Day holiday.”

Container rates fall

The spot rates for ocean contains are declining significantly. In late September, the Journal of Commerce noted, “spot rates to the West Coast have fallen 30% over the past three weeks, with East Coast prices down almost 20%.” Drewry also posted an ongoing decline. “Drewry's World Container Index (WCI) fell 8% to \$1,761 per 40ft container, marking the 15th consecutive week of declines, with rates on major trade routes—Transpacific and Asia—Europe—also trending downwards.” Additionally, the WCI is down 52% from January 2025.



Market Update

Future of Air Cargo

In August, IATA hosted the first IATA Cargo Experts Conference in Brussels, Belgium with over 350 delegates from 40 countries. In their Cargo Tracker newsletter for August they noted the themes from this event. “The conference highlighted how digitalization, data-driven technologies, and collaboration are transforming air cargo, pharma logistics, e-commerce operations, and cargo claims management. Key themes included implementing global standards like ONE Record, enhancing supply chain visibility, leveraging AI for efficiency, and adopting sustainable practices to ensure resilient, patient-centric, and customer-focused operations.”

IATA Air Cargo Market Analysis – August 2025

In August, air cargo demand, measured in Cargo Tonne Kilometers (CTK), rose 4.1% year-over-year, dropping from 5.5% in July. Available cargo space expanded by 3.7% year-over-year. Jet fuel costs decreased 6.4% YoY in the fourteenth consecutive annual decline. Freight rates decreased 2.0% YoY and increased 0.5% month-over-month.



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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