Q4 2025

Q4 2025 CARRIER RATE REPORT

FREIGHTWAVES FREIGHTINTEL RESEARCH

(P)

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Executive summary and forecast

In the third quarter of 2025, the U.S. trucking industry exhibited signs of gradual stabilization amid persistent economic uncertainties — not least of which were on-again, off-again tariffs against major U.S. trading partners and softening demand in key sectors. Capacity began to tighten modestly as carrier exits outpaced new entrants, but only by the slimmest of margins and not to a degree felt by the market. Truckload volumes remained subdued overall, with industrial, consumer, and cross-border freight flows all under pressure.

The extended U.S.-China tariff truce did not significantly boost imports during Q3, as shippers were wary of policy shifts and weaker consumer spending. Rather, shippers appear to have taken full advantage of the initial 90-day window — in which U.S. tariffs against China were heavily reduced — to frontload goods. As such, peak season in the ocean market occurred far earlier in 2025 than in most other years, making for difficult annual comps.

Such is the current state of both the industry and the broader economy that the relevance of many of these aforementioned trends is already fading. True, getting a clear picture of the economy is made difficult by the — at the time of writing — ongoing U.S. federal government shutdown, which has delayed the release of several key economic indicators. The data which has emerged, whether from the private sector or from the rare excepted releases such as the Consumer Price Index, simply affirms what previous months' data have shown: namely, that overall conditions are precarious but consumers are perplexingly resilient.

The more interesting turnabouts, however, are found in the trucking industry. On a national scale, spot rates experienced two distinct and non-seasonal rallies in October, despite the lack of a meaningful rise in either tender rejections or freight demand. Trucking capacity — while still plentiful in most markets — did tighten at the start of the month in certain regions, such as Chicago, Texas and Florida. Not coincidentally, there were reports that foreign-born drivers in these regions were staying off the road to avoid new crackdowns on illegal immigration. Yet rejection rates moderated as the month went on, whereas spot rates did not.

Spot rates' latest rally lost steam roughly 10 days after it began. This performance aligns with our predictions in previous reports: that is, although truckload markets continue to struggle against weak demand and overcapacity, they are vulnerable to periodic melt-ups that end as abruptly as they begin. The industry can be likened to a soon-to-erupt volcano — the final outburst is preceded by a handful of earthquakes that grow in both number and intensity as the big event nears. Determining the trigger for this eruption is a fool's errand; in 2020, it was famously a global pandemic that capitalized on the aftermath of the 2019 industry recession and threw supply chains into chaos.

Thus, future trends in freight demand might not be the primary determinant of the trucking industry's health in the coming months. Fuel-inclusive spot rates rose to a national average of $2.31 per mile in Q3, despite sequential declines in both tender volumes and rejection rates. Spot rates' rise did mark 2.67% growth from the previous quarter, in line with (but on the high end of) our prior forecast for a quarterly gain between 0.5% and 3%.

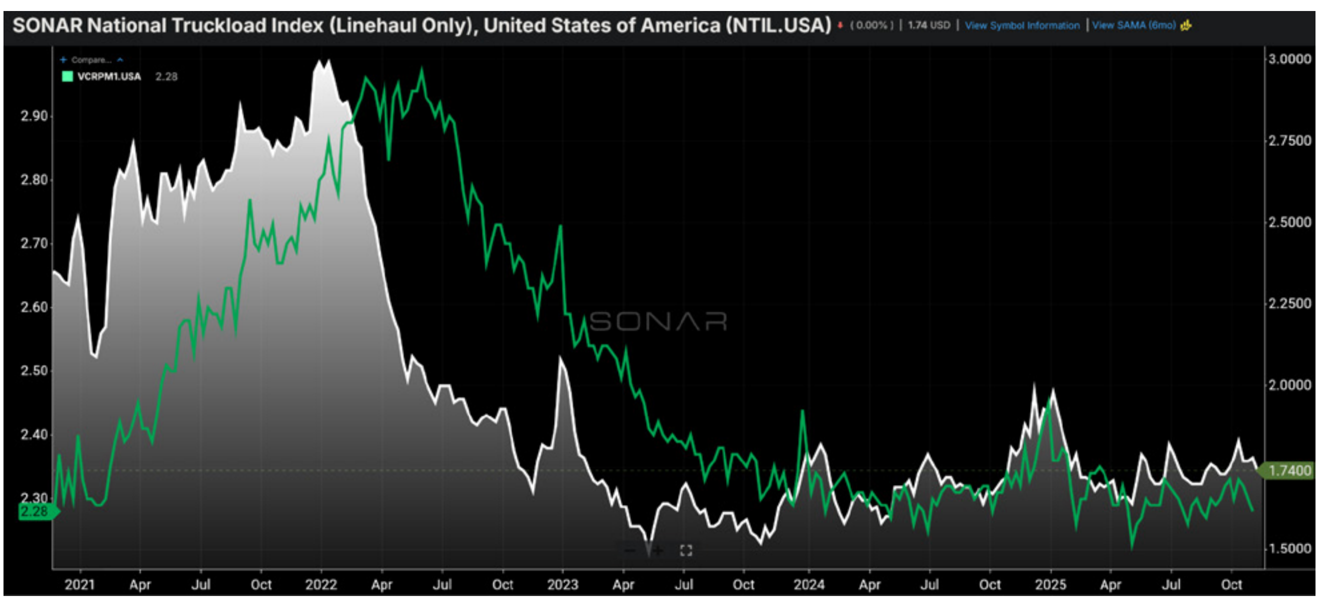
Signals from virtually every sector of both the freight economy and the broader U.S. economy are mixed; the shutdown-induced blackout on economic data certainly does not help analysts form judgments about the latter. Manufacturing sentiment is divided on whether the sector is expanding or contracting. At the time of writing, there is a possible canary warning of a new subprime debt crisis — the last of which triggered the 2007-08 global recession, which itself caused a recession for the trucking industry — but there is not enough data to judge whether this alarm is false or not.

In light of these market conditions, we believe that dry van spot rates will rally in accordance with seasonality. The two primary drivers of spot rates' growth in Q4 are the ongoing capacity crunch, which has betrayed no signs of slowing at the time of writing, and the holiday rushes that command a premium over normal rates. Granted, this premium will not be as strong an influence as it has been in other years, given that shippers have not only frontloaded demand to a high degree but also have given more share to the rails. Still, even in the industry's softest years, the Q4 holiday premium is present.

Consequently, we predict that spot rates in Q4 could rise as high as 5.5%, though this upper end of our forecast is contingent on a few factors. La Niña conditions are expected this winter season, which would bring warmer and drier weather to the lower half of the U.S. — including California, Florida and Texas — but colder and wetter weather across the Great Plains, Pacific Northwest and upper Midwest. In other words, snow and ice are expected for the regions that are most accustomed to them. Yet if severe winter weather strikes the Southeast, for instance, that would certainly be a tailwind for spot rates.

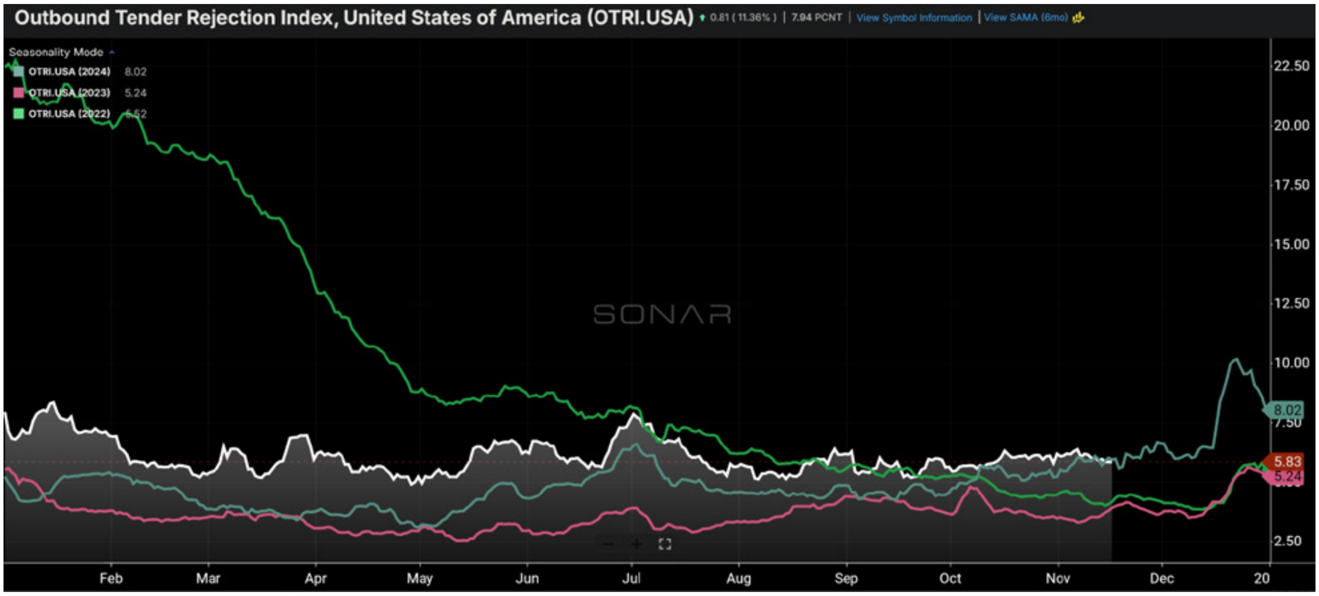
Our more measured forecast for Q4 spot rates calls for a 2.5% to 4.5% quarterly gain, which would translate to rates rising by 0.75% to 2.7% over year-ago levels. Still, it is worth stressing the potential for upside risk: In 2024, in which market conditions were looser than they are today, spot rates averaged a 6.9% rise in the back half of Q4 vs. the front half. Were that same growth to occur today, it would represent a gain of 5.3% over the previous quarter.

FIGURE 1: NATIONAL TRUCKLOAD INDEX (LINEHAUL ONLY, EXCLUDING FUEL) — COMPARED TO INITIALLY REPORTED VAN CONTRACT RATES (EXCLUDING FUEL)



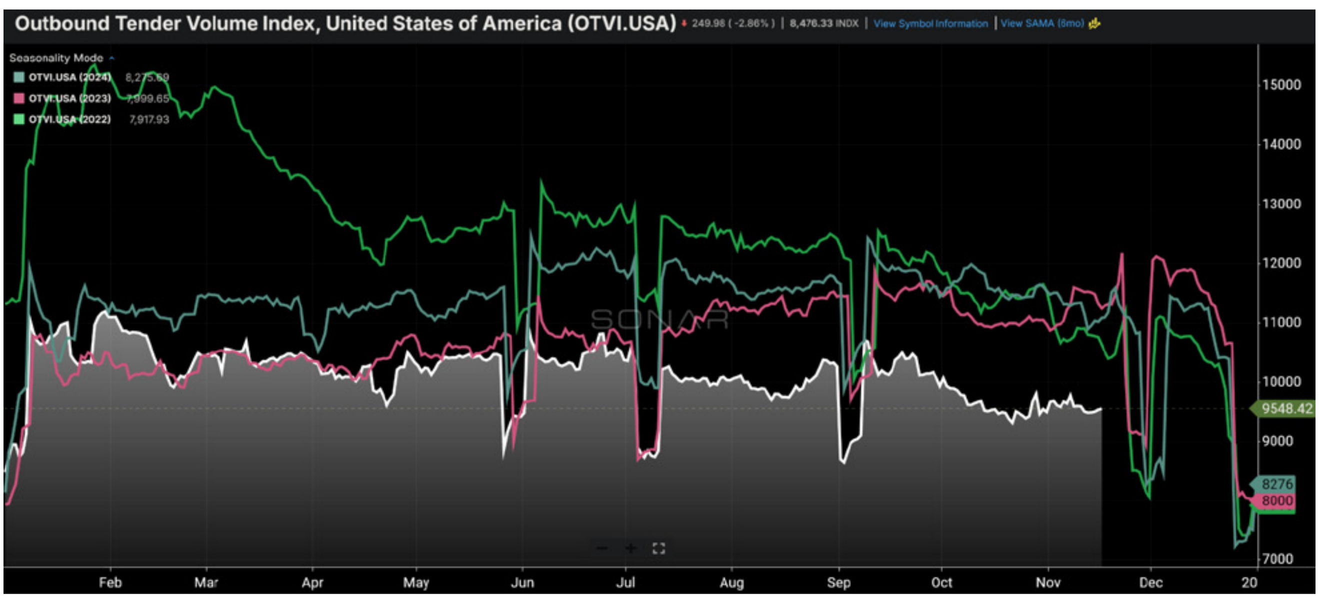
(CHART: SONAR, NATIONAL TRUCKLOAD INDEX, LINEHAUL ONLY 2024-5 {WHITE, RIGHT AXIS} COMPARED TO INITIALLY REPORTED VAN CONTRACT RATES {GREEN, LEFT AXIS})

FIGURE 2: NATIONAL OUTBOUND TENDER REJECTION INDEX



(CHART: SONAR, NATIONAL OUTBOUND TENDER REJECTION INDEX YTD 2025 {WHITE}, COMPARED TO FULL-YEAR 2024 {BLUE}, 2023 {PINK} AND 2022 {GREEN})

FIGURE 3: NATIONAL OUTBOUND TENDER VOLUME INDEX



(CHART: SONAR, NATIONAL OUTBOUND TENDER VOLUME INDEX YTD 2025 {WHITE}, COMPARED TO FULL-YEAR 2024 {BLUE}, 2023 {PINK} AND 2022 {GREEN})

FIGURE 4: FREIGHT MARKET KEY METRICS FROM PREVIOUS 7 QUARTERS

DAILY AVERAGES							
METRIC	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Tender Load Volumes Index **(OTVI.USA)**	**10,187.99**	**11,440.39**	**11,506.00**	**10,801.71**	**10,410.66**	**10,230.96**	**9,922.77**
Tender Rejection Rate **(OTRI.USA)**	**4.44%**	**4.29%**	**4.77%**	**6.31%**	**6.42%**	**5.96%**	**5.88%**
Inbound Ocean TEUs Index **(IOTI.USA)**	**1,526.38**	**1,514.49**	**1,741.06**	**1,978.22**	**1,885.93**	**1,905.35**	**1,973.08**
National Truckload Index **(NTI.USA)***	**$2.32**	**$2.27**	**$2.29**	**$2.35**	**$2.35**	**$2.25**	**$2.31**

* INCLUSIVE OF FUEL

DAILY AVERAGES (QoQ Change)							
METRIC	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Tender Load Volumes Index **(OTVI.USA)**	**-6.6%**	**12.3%**	**0.6%**	**6.12%**	**-3.62%**	**-1.73%**	**-3.01%**
Tender Rejection Rate **(OTRI.USA)**	**11.0%**	**-3.4%**	**11.2%**	**32.3%**	**1.74%**	**-7.17%**	**-1.34%**
Inbound Ocean TEUs Index **(IOTI.USA)**	**3.2%**	**-0.8%**	**15%**	**13.6%**	**-4.67%**	**1.03%**	**3.55%**
National Truckload Index **(NTI.USA)***	**2.2%**	**-2.2%**	**0.9%**	**2.62%**	**0%**	**-4.26%**	**2.67%**

* INCLUSIVE OF FUEL

FIGURE 5: AVERAGE USED TRUCK PRICES FROM PAST 7 QUARTERS

AVERAGE USED TRUCK PRICES BY AGE							
	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
3 years old	**$58,148**	**$58,694**	**$60,916**	**$66,657**	**$70,665**	**$69,211**	**$72,737**
4 years old	**$49,259**	**$50,313**	**$50,086**	**$52,161**	**$54,643**	**$55,874**	**$55,082**
5 years old	**$41,143**	**$38,314**	**$38,167**	**$40,214**	**$42,022**	**$42,896**	**$41,635**

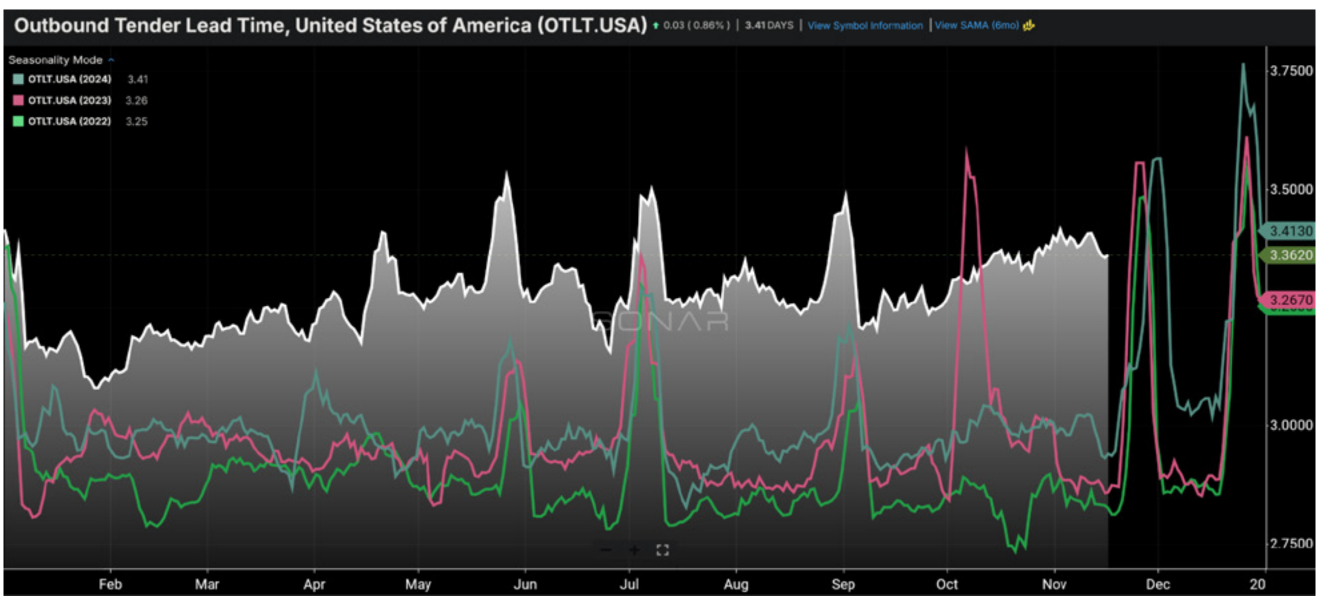
Sources: ACT Research, FreightWaves

FIGURE 6: MONTHLY NEW TRUCK ORDERS FROM PAST 7 YEARS

	2018	2019	2020	2021	2022	2023	2024	2025	Y/Y	M/M
JAN	49,136	16,105	17,204	42,307	21,041	18,624	27,212	25,744	-5.4%	-30%
FEB	40,271	16,854	14,040	44,190	21,006	23,790	27,802	18,031	-35.1%	-30%
MAR	46,593	15,783	7,632	40,049	21,301	19,010	17,494	16,456	-5.9%	-8.7%
APR	34,735	14,859	4,251	33,353	15,820	12,016	15,920	8,227	-48.3%	-50%
MAY	35,721	10,886	6,690	23,072	14,081	15,623	23,563	13,034	-44.7%	58.4%
JUN	42,213	12,979	16,010	25,824	15,444	16,773	14,611	9,493	-35%	-27.2%
JUL	52,618	10,298	20,359	25,876	11,025	15,573	13,451	13,173	-2.1%	38.8%
AUG	53,040	11,119	19,389	37,096	20,892	19,513	16,262	12,840	-21%	-2.5%
SEP	42,781	12,692	30,768	27,323	53,271	36,974	37,031	20,666	-44.2%	61%
OCT	43,526	21,864	39,089	23,391	42,359	32,287	30,643			
NOV	28,114	17,483	52,104	9,902	32,630	41,732	37,236			
DEC	21,381	20,073	50,760	22,937	30,623	26,352	36,773			
	490,129	**180,995**	**278,296**	**355,320**	**298,493**	**278,267**	**297,998**	**137,664**		
Y/Y CHANGE	65.30%	-63.07%	53.76%	27.68%	-15.99%	-6.78%	7.09%	-53.8%		
MONTHLY AVG	40,844	15,082	23,191	29,610	24,874	23,189	24,833	15,296		
ANNUALIZED	490,129	180,995	278,296	355,320	298,493	278,267	297,998	183,552		
REPL. RATE	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000		
MONTHLY R.R.	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917		
SHORTFALL/OVER-CAPACITY	-9%	4%	0%	-3%	-1%	0%	-1%	4%		

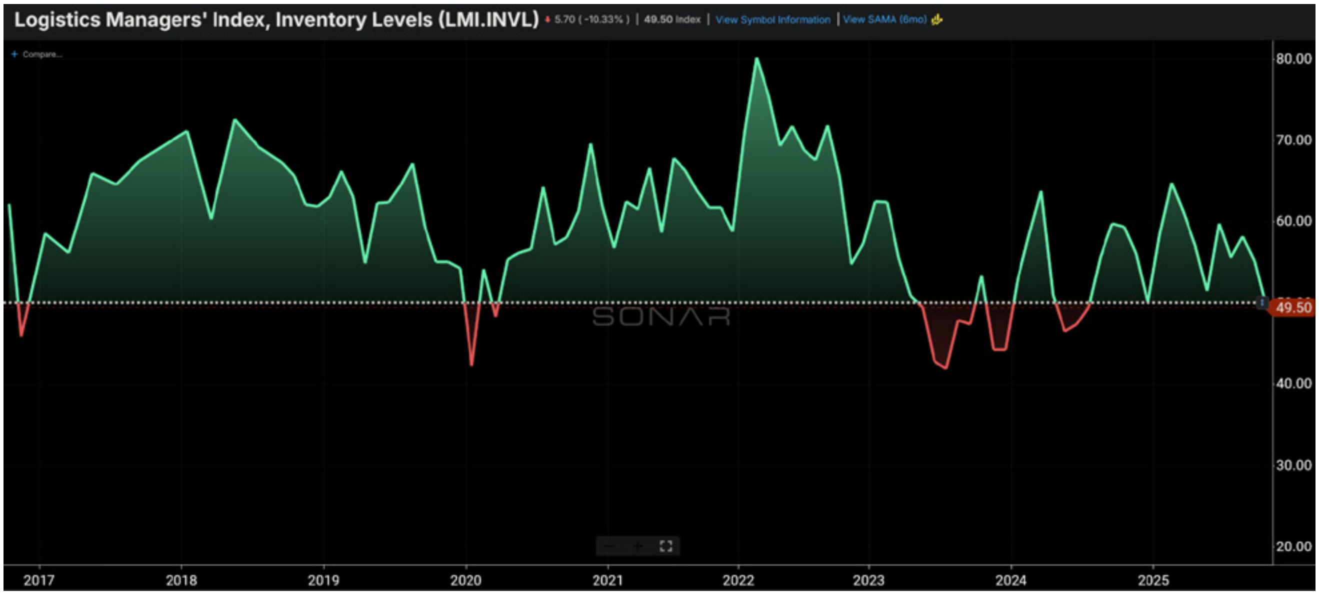
Sources: ACT Research, FreightWaves

FIGURE 7: NATIONAL OUTBOUND TENDER LEAD TIME



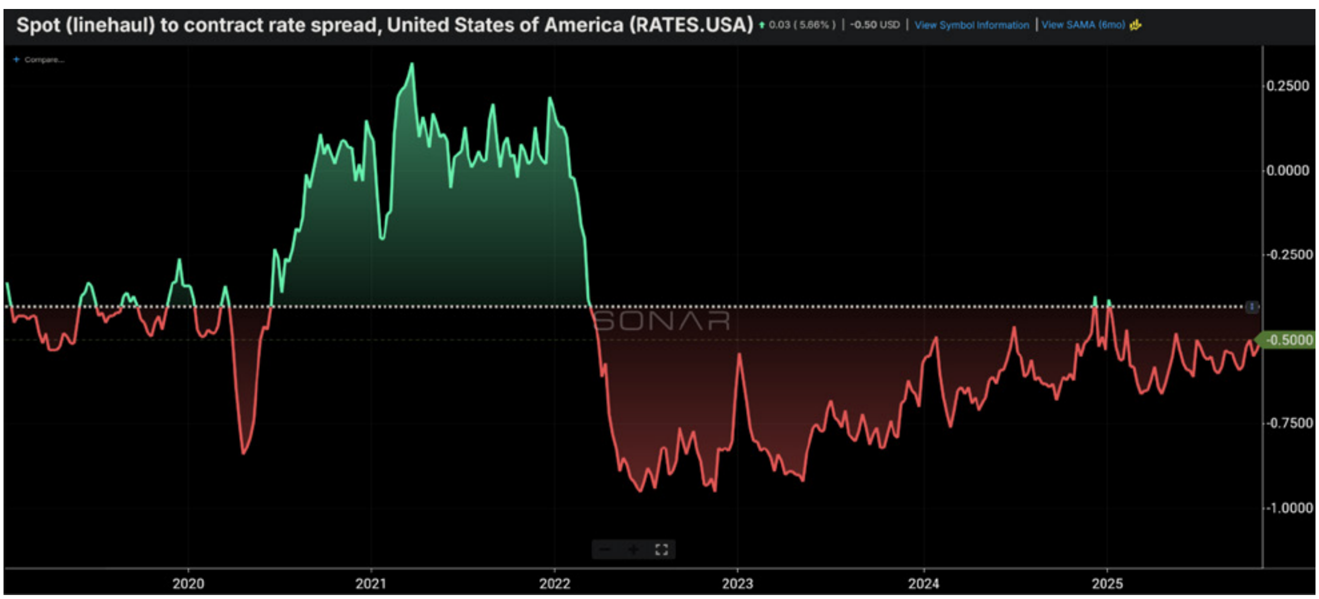
(CHART: SONAR, NATIONAL OUTBOUND TENDER LEAD TIME)

FIGURE 8: INVENTORY LEVELS EXPANSION VS. CONTRACTION



(CHART: SONAR, LOGISTICS MANAGERS' INDEX INVENTORY LEVELS — READINGS ABOVE 50 INDICATE EXPANSION AND BELOW 50 INDICATE CONTRACTION)

FIGURE 9: SPOT-TO-CONTRACT RATE SPREAD



(CHART: SONAR, NATIONAL TRUCKLOAD INDEX, LINEHAUL ONLY, SPOT-TO-CONTRACT RATE SPREAD)

Supply — The tables are (slowly) turning

Continuing a trend inherited from the previous quarter, but only just, shippers in Q3 yet again found capacity easier to secure than in the quarter prior. Despite weak demand, the national average tender rejection rate — OTRI, or the Outbound Tender Rejection Index — held above 5% throughout the late summer and has become more volatile relative to 2024. Labor Day, which had been a non-event in the past two years due to persistent oversupply, produced its most meaningful tightening effect since 2021.

More generally, OTRI outperformed the levels of 2022 in late August and most of September, and consistently outpaced year-ago levels throughout the entire quarter. Q3 began with OTRI near 8%, thanks to the expected tightening triggered by Independence Day. The rest of July was defined by the slow loss of momentum as OTRI tumbled back to around 5.2%.

Tender rejections — a measure of capacity relative to demand — are primarily driven by two forces. The first, and most common, scenario occurs when carriers abandon their previously contracted freight to pursue higher-paying opportunities in spot markets.

Roughly three of every 50 contracted loads were rejected in the quarter, as tender rejections stabilized at this level by Q3's end. Such levels are within range of the dynamic equilibrium one sees in a stable freight economy, in which rejection rates can vary from 5% to 10%.

The second factor behind rising tender rejections is a sheer lack of capacity within a volatile market. This lack can occur on both a regional scale or a national one: At the start of October, there were reports that foreign-born truckers were staying off the road to avoid crackdowns on illegal immigration in the trucking industry.

The epicenter of this still-emergent trend appears to be Chicago, as Immigration and Customs Enforcement (ICE) launched Operation Midway Blitz on Sept. 9. At its outset, this operation targeted illegal immigrants with criminal records; the situation escalated a month into ICE's action, when President Trump ordered the federalization of 300 Illinois National Guardsmen to quell the city's growing riots.

Operation Midway Blitz is starting to have a curious knock-on effect for the trucking industry, however. By the second week of October, ICE agents arrested dozens of Serbian nationals who work as truck drivers in the region. According to the Serbian Times, these arrests mostly took place at highway weigh stations in the states of Illinois, Indiana, Michigan and Texas, with one such arrest occurring at the Canadian border. The Serbian diaspora is a not insignificant presence in the industry; accordingly, Midwestern spot markets were the first to be impacted.

According to federal data from 2021, a little under one-fifth of U.S. drivers were foreign-born (whether in the U.S. legally or otherwise). Such foreign drivers are typically employed by small carriers or else work as owner-operators, given the higher safety and language proficiency requirements demanded by the corporate structure of enterprise carriers.

What is most interesting, however, is the degree to which tender rejection rates and dry van spot rates have uncoupled over the past month. At the time of writing, OTRI is at its highest level since 2021 for this time of year and has been (excepting one single day) during the whole of October thus far. But these comps are fairly easy: OTRI's overperformance was achieved by more or less stagnating.

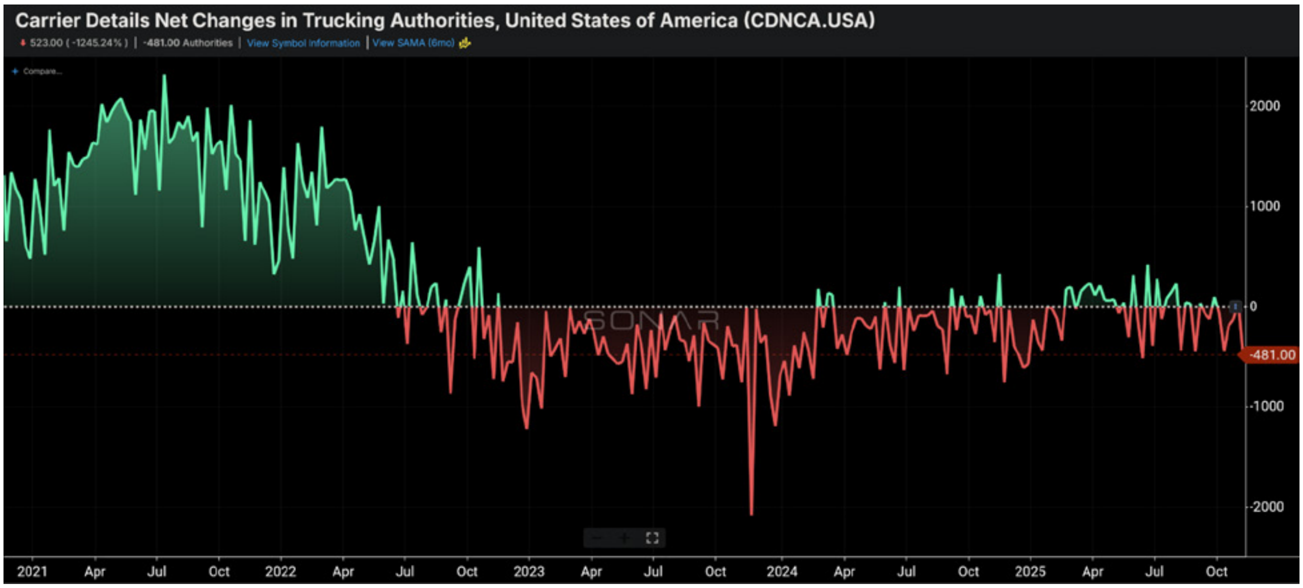
We will further discuss spot rates' recent performance in a later section; for now, it is worth noting that spot rates experienced two separate rallies in October without a concurrent rise in tender rejections.

This behavior is bizarre, since the primary driver of higher spot rates is either tighter capacity on an absolute scale — say, due to carrier bankruptcies or mouldering authorities — or else a rushing wave of freight demand that ties up capacity (as happened in the 2020-21 pandemic boom). Yet, as discussed below, there has been no such rise in freight demand, which is at its lowest point for this time of year since at least 2019.

What of an absolute loss of capacity, then? This explanation also does not seem to bear fruit: Per data from Carrier Details [Fig. 10], a net 19 trucking authorities were added to the market each week throughout Q2 and Q3. While October averaged net losses of roughly 150 trucking authorities per week, this trend fails to explain the month's instant rise in spot rates without an equal rise in tender rejections, though it does prime the market for further vulnerability.

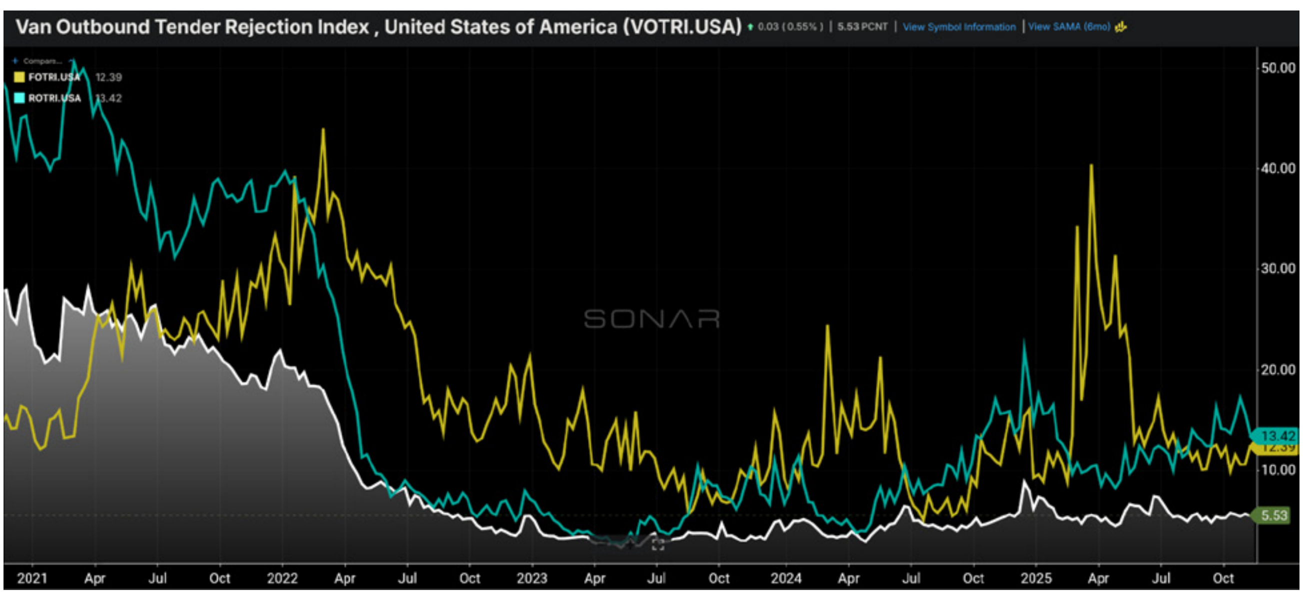
"Vulnerability" is the operative word when discussing rejection rates. Even though excess capacity is being shed at a snail's pace while freight demand is soft, this trend is leading to an inevitable crescendo, which will be occasioned by a sudden shock in demand. Such a shock is made all the more likely by the U.S.' unpredictable trade policy under the new Trump administration, which might compel shippers in 2026 to pull their freight forward once again if U.S.-China relations deteriorate even further.

FIGURE 10: NET CHANGES IN TRUCKING AUTHORITIES



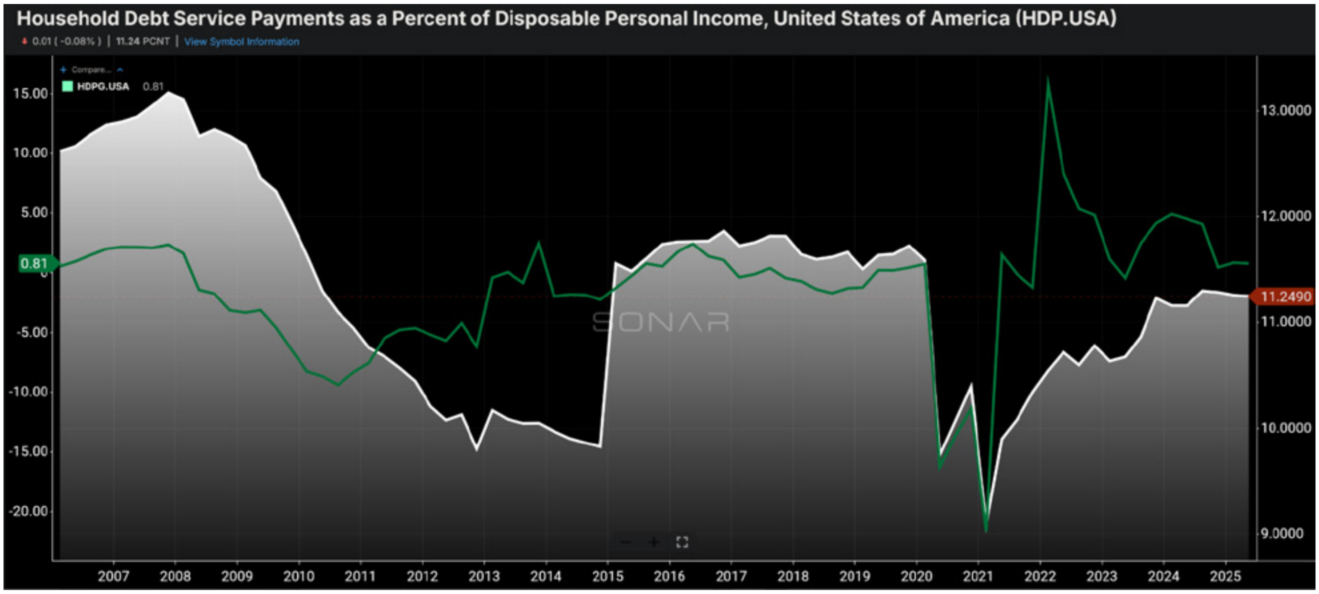
(CHART: SONAR, NET CHANGES IN TRUCKING AUTHORITIES)

FIGURE 11: NATIONAL OUTBOUND TENDER REJECTION INDEX ACROSS MODES



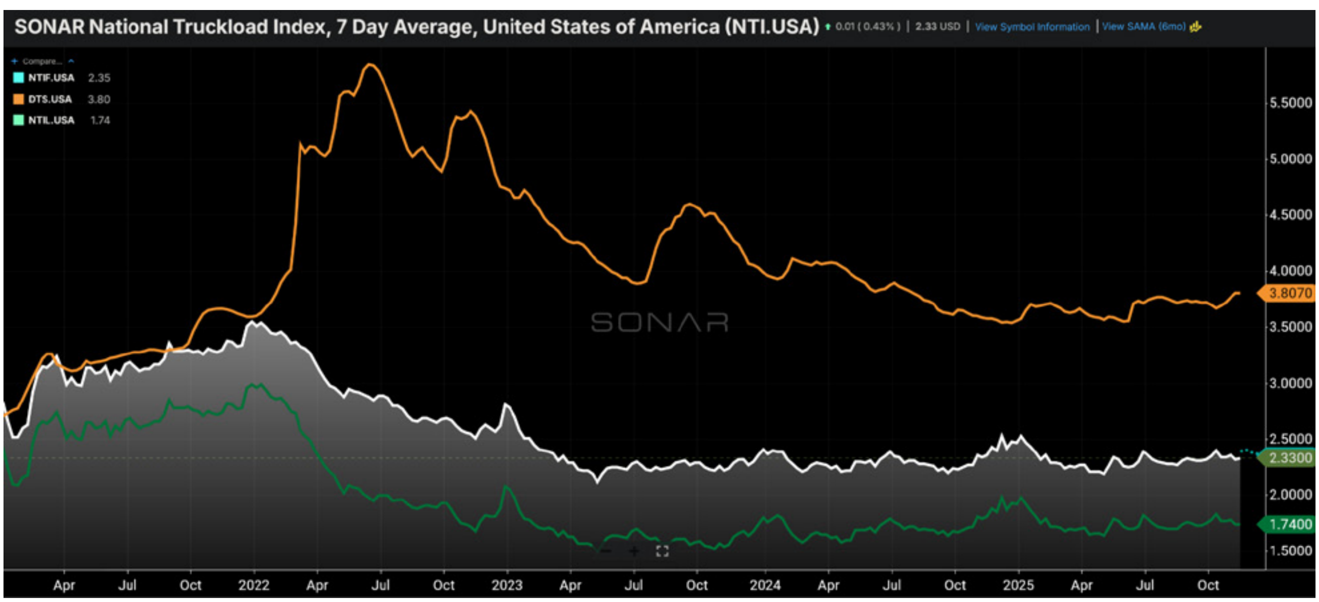
(CHART: SONAR, VAN OUTBOUND TENDER REJECTION INDEX {WHITE}, FLATBED OUTBOUND TENDER REJECTION INDEX {YELLOW} AND REFRIGERATED OUTBOUND TENDER REJECTION INDEX {BLUE})

FIGURE 12: HOUSEHOLD DEBT AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME



(CHART: SONAR, HOUSEHOLD DEBT SERVICE PAYMENTS AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME {WHITE, RIGHT AXIS}, HOUSEHOLD DEBT SERVICE PAYMENTS AS A PERCENTAGE OF DISPOSABLE PERSONAL INCOME Y/Y CHANGE {GREEN, LEFT AXIS})

FIGURE 13: TRUCKLOAD SPOT RATES RELATIVE TO DIESEL PRICES



(CHART: SONAR, NATIONAL TRUCKLOAD INDEX {WHITE} WITH 28-DAY FORECAST {BLUE} COMPARED TO THE NATIONAL TRUCKLOAD INDEX (LINEHAUL ONLY) {GREEN} AND RETAIL TRUCKSTOP DIESEL PRICES {ORANGE})

Q3 2025 Earnings Roundup

The third quarter of 2025 saw most heavyweight carriers and brokers struggle to meet analyst expectations, largely due to persistently soft freight demand and rising operational expenses. While their forecasts for Q4 were subdued at best, industry participants are growing hopeful for a market recovery in 2026. This optimism is supported by tightening capacity trends, itself caused by increased regulation of truck drivers, whether they hold non-domiciled CDLs, lack proficiency in the English language, or simply do not have proper immigration papers. Even though it was largely unmentioned in calls, these capacity exits will hit the market by 2026's tax refund season, which should see a substantial injection of money to consumers. Coupled together, then, 2026 could be a year in which the spot market sees a melt-up in rates.

Below are the summarized Q3 earnings for some key players:

Knight-Swift sorely missed the seasonal bump it normally sees in the quarter, therefore missing analysts' expectations as well. The company reported an adjusted EPS of 32 cents for Q3 — below both the consensus forecast of 37 cents and its prior guidance of 36 to 42 cents, and down 5.9% y/y. Knight-Swift faced unique headwinds such as a $58 million callout of "unusual items," which included a $28.8 million impairment charge resulting from the rebrand of some of its recent LTL acquisitions.

Schneider National was bruised by rising insurance costs and persistently soft demand, but it is optimistic that a regulatory crackdown will tighten capacity, thereby boosting spot rates. The carrier reported a Q3 adjusted EPS of 12 cents, 8 cents below consensus and down 6 cents y/y. Consequently, it lowered its full-year guidance from a range of 75 to 90 cents to "approximately 70 cents." In response to a possible melt-up in spot rates, Schneider has heavily increased its exposure to the spot market, believing that the current crackdown will take out more capacity than 2017's ELD mandate.

Marten Transport's truckload segment posted its worst operating margin in six quarters, with y/y declines of 1.4% in average revenue net of fuel per tractor per week, 2% in average tractor count, and 4.7% in average miles per trip. As a result, its Q3 EPS came in at 3 cents, slightly below consensus of 4 cents and down 2 cents y/y. Q3 was the final quarter in which Marten will report on its intermodal segment, as its sale to Hub Group closed Sept. 30. Intermodal has long been a drag on Marten's profitability, but obvious challenges remain with its truckload segment.

Heartland Express reported its ninth consecutive quarterly loss with Q3, with yet another negative operating margin (90 bps worse y/y). While its operations have seen sequential improvements, the carrier does not anticipate a recovery until next year. Heartland's Q3 EPS was a net loss of 11 cents, still 1 cent ahead of both consensus and year-ago results. Its fleet acquisitions, made at the start of the freight recession in 2022, continue to be an albatross around its neck.

Landstar compensated for soft dry van demand with continued strength in its flatbed volumes. As with other companies, Landstar expects the regulatory crackdown on the driver population to tip the scales in carriers' favor soon. Until then, the broker reported its Q3 adjusted EPS at $1.22, 1 cent shy of the consensus estimate and 19 cents lower y/y. Landstar did not provide guidance for the coming quarters, citing market volatility.

Werner Enterprises CEO Derek Leathers believes that ongoing enforcement actions and capacity exits could lead to a "more balanced" market in 2026. The carrier posted a negative adjusted EPS of 3 cents in Q3, well below the 14-cent gain expected and down

18 cents y/y. While Leathers stated that the carrier was "entering peak season with healthy consumer demand and strong retail alignment," he nevertheless forecast continued freight softness in Q4.

XPO saw improved margins even at the trough of the market cycle, posting a 150-bps y/y gain to its operating ratio. The LTL carrier cited AI-led productivity initiatives as aiding its growth, despite its revenue being flat y/y. XPO reported Q3 adjusted EPS of $1.07, 5 cents higher than both consensus and its year-ago result. Still, the carrier is bracing for margin deterioration in a soft Q4, though it expects this trend to reverse in 2026.

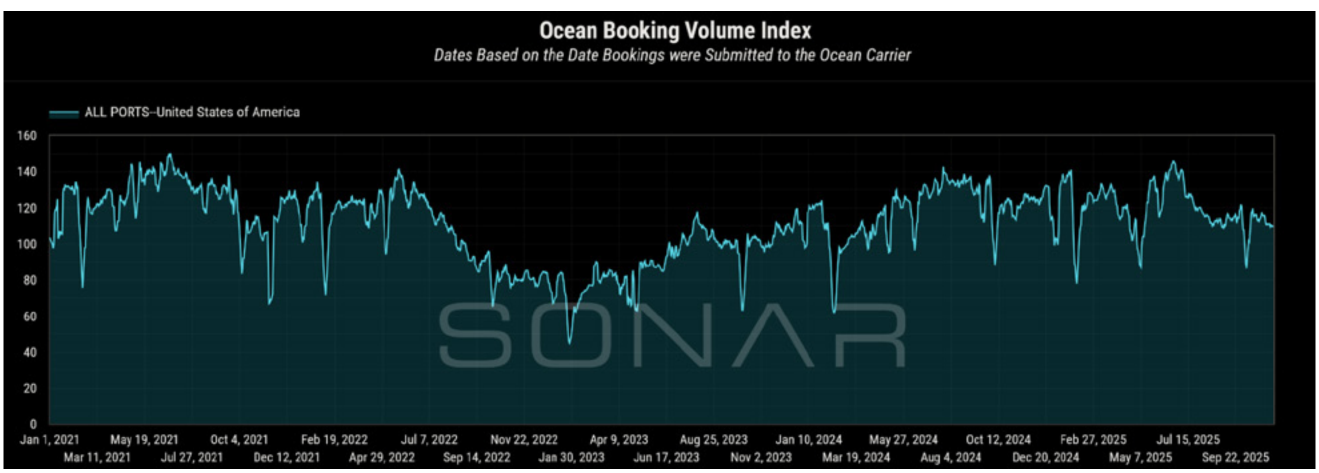
Old Dominion, as demand continues to underperform seasonally, is focused on controlling costs and maintaining service levels. The LTL carrier was named by Mastio & Co. as the top national carrier for the 16th consecutive year in 2025, ranked first in 23 of the 28 service categories. Even so, Q3 tonnage fell against easy year-ago comps, though — at $1.28 — its Q3 adjusted EPS outperformed consensus by 6 cents. Its EPS was, however, down 15 cents y/y.

ArcBest beat Q3 expectations but warned of margin deterioration in Q4. Soft demand is expected to push its asset-based unit to near-breakeven operating results and post-pandemic lows. Still, ArcBest posted Q3 adjusted EPS of $1.46, 9 cents better than consensus but down 18 cents y/y. The company stated that the pricing environment remains rational, yet did note elevated bid activity: Contract renewals were up 4.5% y/y in the quarter.

Saia, like many of its peers, is leaning on cost controls and efficiency initiatives across an expanded terminal network to bridge the gap until the market's eventual recovery. Saia reported Q3 adjusted EPS of $2.81, 25 cents ahead of consensus though down 65 cents y/y. Higher interest expense from debt incurred to fund terminal purchases and a slightly higher tax rate combined for a 6-cent drag on the period. While the company normally sees 250 to 350 bps of margin degradation from Q3 to Q4, management said that this year would likely see a decline of 300 to 400 bps due to subseasonal demand.

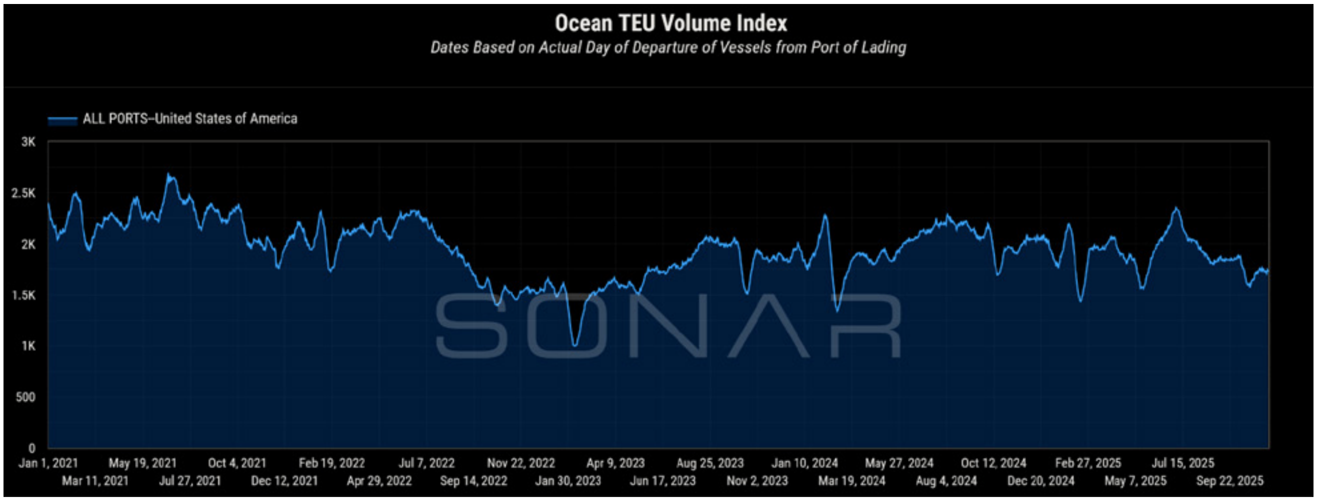
Hub Group edged ahead of Q3 expectations, thanks to improving intermodal volumes that brought an earlier peak season. The intermodal provider reported diluted EPS of 47 cents, just above consensus' 48-cent forecast but down 5 cents y/y. Hub Group was enthusiastic about the proposed merger between Union Pacific and Norfolk Southern, given that the company is "exclusive partners" with both railroads.

FIGURE 14: CONTAINER ATLAS OCEAN BOOKING VOLUME INDEX



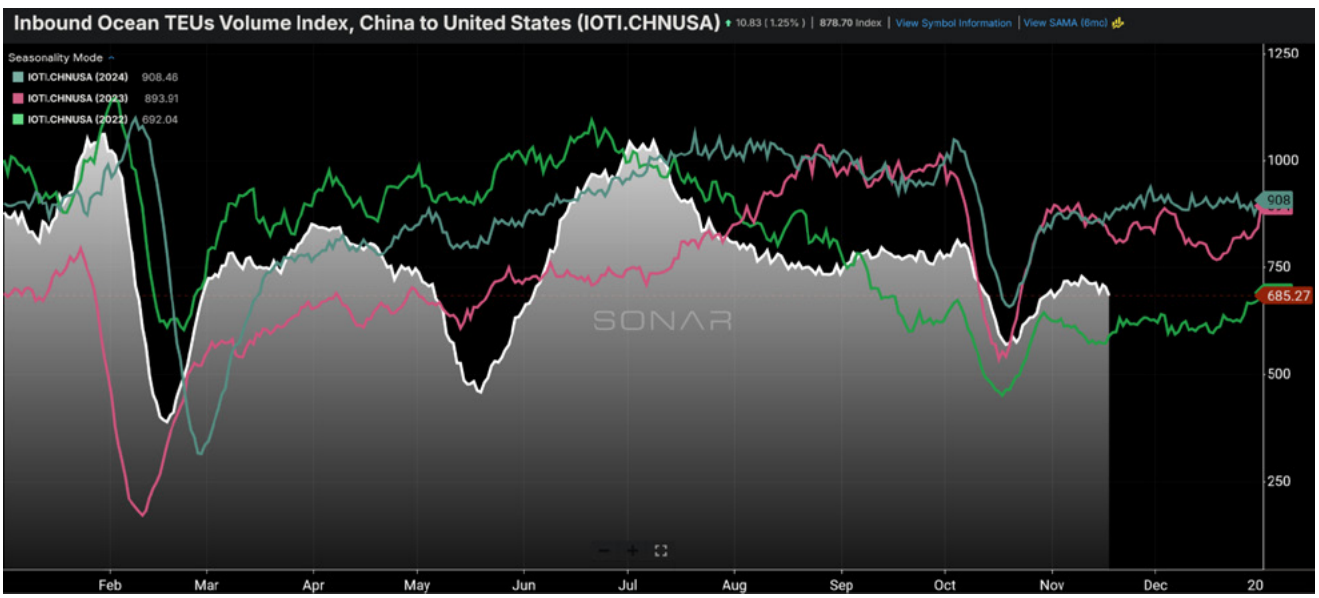
(CHART: SONAR, CONTAINER ATLAS, OCEAN BOOKING VOLUME INDEX, ALL COUNTRIES TO UNITED STATES SINCE 2021)

FIGURE 15: CONTAINER ATLAS OCEAN TEU VOLUME INDEX



(CHART: SONAR, CONTAINER ATLAS, OCEAN TEU VOLUME INDEX, ALL COUNTRIES TO UNITED STATES SINCE 2021)

FIGURE 16: TEU IMPORTS FROM CHINA



(CHART: SONAR, INBOUND OCEAN TEUs VOLUME INDEX (CHINA TO UNITED STATES)} YTD 2025 {WHITE}, 2024 {BLUE}, 2023 {PINK}, AND 2022 {GREEN})

Demand — Waiting on the world to change

Freight demand remained sluggish throughout the third quarter amid indelible economic uncertainty, including reignited trade tensions with China and a softening labor market. All in all, truckload volumes are mostly comparable to 2018 — a backhanded compliment if ever there was one. On the one hand, 2018 represented the tail end of the pre-pandemic era's last trucking boom and was a year in which demand was considered robust at the time.

But for volumes in 2025 to remain essentially stagnant since that time implies seven years of lost compounded growth, as demand has failed to advance meaningfully despite the earlier pull-forwards related to tariffs. In fact, the volatility of U.S. trade policy and cautious consumer spending are the two most culpable factors behind freight demand's continued weakness.

The U.S.-China trade war — once thought to be dormant until Nov. 10, when the 90-day tariff ceasefire extension was to expire — has recently been rekindled. On Oct. 9, China announced enhanced restrictions on rare-earth exports, citing national security concerns. This chokehold, along with the U.S.' vice grip on technology necessary for advanced AI, has been a major point of contention in the two countries' protracted bargaining. Trump responded to the restriction by calling it "extremely hostile" and retaliating with a threat of a 100% tariff hike against China by Nov. 1 "or sooner."

Several weeks after it was issued, this threat proved to be nothing more than the U.S.' opening move ahead of the Oct. 30 summit between Trump and Chinese President Xi Jinping. While Trump described the meeting as "amazing" and said, "On a scale of 0 to 10, with 10 being the best, the meeting was a 12," arguably little of substance was achieved. The U.S. and China did agree to a one-year trade deal under which export controls of semiconductor chips and rare earths, respectively, would be eased. The U.S. also agreed to lower tariffs against China by 10%, leaving the average levy on Chinese imports at 45%, in exchange for China agreeing "to work very hard" to block exports of precursor chemicals for fentanyl.

As predicted, however, no permanent trade deal was achieved during the summit and many concerns remain unaddressed. Even considering the 10% reduction, U.S. tariffs against China remain near historical highs. While China's easing of export controls for rare earths was a key issue, there is precious little detail over the degree to which these controls will be eased. Most of all, there is no fundamental change to the relationship between the two superpowers: With only a temporary, non-binding agreement in place, it is more than possible that tensions will flare once more in the near future.

The impact of the U.S.' aggressive stance toward China is already evident: China's exports to the U.S. fell 27% y/y in September even as global shipments rose. Industry data from Container Trade Statistics showed that August was host to a new record high of 16.61 million twenty-foot equivalent units shipped in a month, with global TEUs up 4.4% y/y in the year-to-date. This growth came despite a 0.5% m/m decline in North American imports, as China has sustained its overall export momentum by diversifying to Africa, Europe, and other Asian nations.

One additional sign of growing risk to import volumes from China is its energetic stockpiling of crude oil in 2025 so far. This behavior has helped keep oil above $60 per barrel, despite fears of a global economic slowdown. Analysis from commodity trading firm Gunvor suggests that China has been adding nearly one million barrels per day to its national reserves since March. This behavior could imply that China believes it might soon be frozen out of the global market like Russia, perhaps due to an upcoming military operation (in Taiwan, say). But unlike Russia, China is not a significant producer of oil and so would be almost wholly reliant on supply from Russia and other, less Western-aligned members of OPEC+.

Aside from the U.S.' multi-front trade war, the other primary factor impacting freight demand is consumer health. Secretary Bessent stated that the ongoing federal government shutdown began to noticeably impact the U.S. economy and citizens' lives after two weeks; at present, the shutdown has lasted four weeks. Analysts estimate the shutdown could shave 10 to 20 bps off economic growth for each week it persists, though much of the lost activity might soon be recouped once the impasse is resolved. Over 600,000 federal workers have been furloughed with states' repayment in doubt, possibly costing the national economy $15 billion per week.

One thing perhaps underappreciated by analysts is the degree to which the shutdown might trigger an explosive crisis in November. Funding for the Supplemental Nutrition Assistance Program (SNAP, commonly known as "food stamps") — which has an annual budget north of $100 billion and is by far the single largest food welfare program in the world — is set to run out just ahead of the holidays. Around 42 million people (or 12% of the U.S. population) have been reliant on SNAP benefits in 2025.

Unfortunately, the shutdown has also delayed the release of many key economic datasets — including those on the labor market, consumer spending and new construction activity — indefinitely. But given the unusual importance of September's print on the Consumer Price Index to social security cost-of-living adjustments, the Bureau of Labor Statistics decided to release the data even as the shutdown continued.

Despite this drama, the September CPI was fairly underwhelming, though it proved sufficient to keep the Federal Reserve on track to cut interest rates at its late October meeting. The CPI was slightly cooler than expected (up 3% y/y vs. a 3.1% y/y rise forecast), with a surge in prices of gasoline (up 4.1% y/y) partially offset by a welcome tempering of rental costs (up 3.4% y/y, its smallest annual gain since Dec. 2021). Food prices rose 0.2% m/m after jumping 0.5% m/m in August; grocery store food prices ticked up 0.3% m/m.

The good news is that, although September's CPI posted the largest annual growth since the start of the year, the primary culprit — gasoline — is expected to come down since oil prices plummeted in October. Resurgent inflation did not stop the Fed from lowering interest rates by 25 bps at its latest meeting. Fed Chair Jerome Powell did indulge in some jawboning as he sought to temper expectations that a December rate cut was inevitable. "Far from it," he told reporters in the post-meeting press conference.

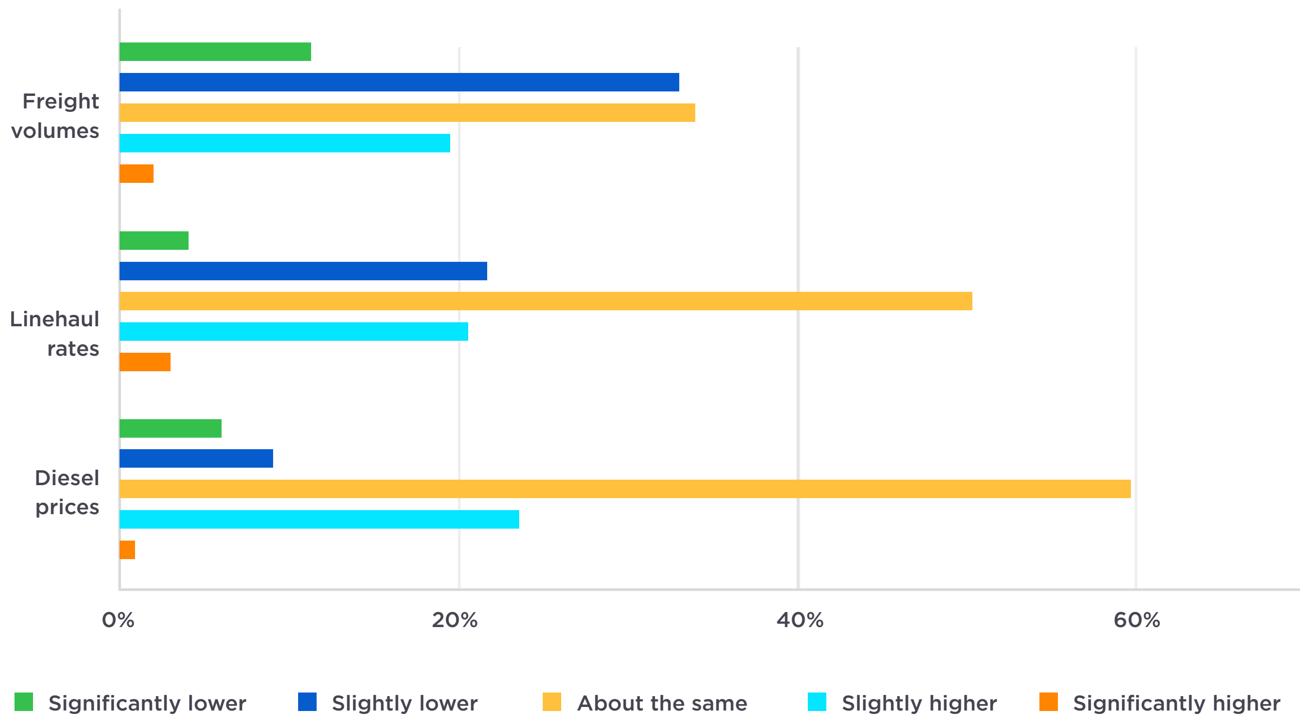
Still, though the Fed is feeling an increased urgency to intervene before the labor market falls into severe contraction, the mood has not totally soured. Philadelphia Fed President Anna Paulson stated in a mid-October speech that she "anticipate[s] that 2026 will see growth near potential, and inflation rising and then subsiding as tariffs — together with current and past monetary policy restrictiveness — work their way through." Although Paulson is not presently a voting member of the Federal Open Market Committee, she will be one in 2026, making her opinion on monetary policy an important bellwether.

As seen in the rapid shifts of the U.S.-China trade war, the FOMC will find that geopolitical risk is in no short supply going forward. The IMF warns that U.S. inflation could rise in the second half of 2025 due to tariffs no longer being absorbed by importers. JPMorgan Chase CEO Jamie Dimon highlighted a heightened degree of uncertainty from tariffs and geopolitical tensions threatening the U.S. economy, despite its apparent health.

One possible canary for a new subprime debt crisis — the last of which, relating to subprime mortgages, crippled the global economy in 2007 — is the mid-September liquidation of auto lender Tricolor Holdings. Tricolor specialized in high-interest car loans to buyers with no credit history or Social Security number, including undocumented migrants in the U.S. Southwest. Its collapse could be a harbinger of many things, not least of which is higher enforcement of immigration policy. But the most concerning sign would be young peoples' inability to make payments on both student and auto loans, should Tricolor prove more than a mere outlier.

FIGURE 17: CARRIER VOLUME, RATE AND FUEL EXPECTATIONS

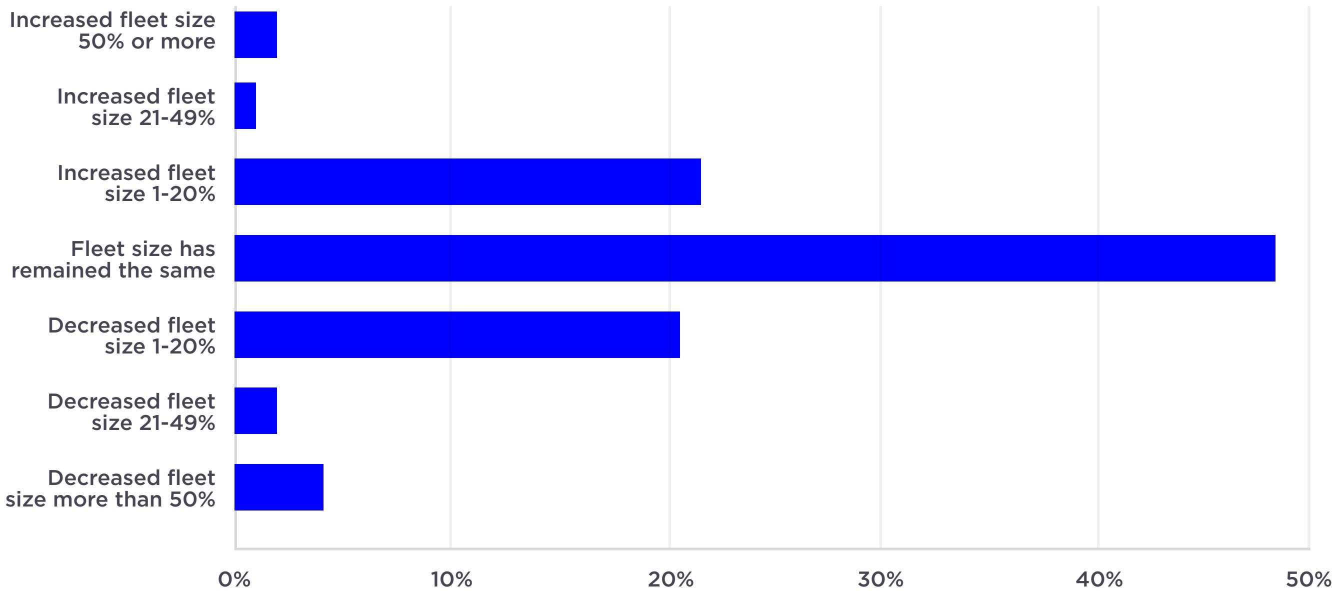
Where do you expect each of the following to be at the end of Q4 vs. the beginning of Q4?



(CHART: FREIGHTWAVES RESEARCH SURVEY, NOVEMBER 2025)

FIGURE 18: CARRIER CAPACITY TRENDS OVER THE PAST 12 MONTHS

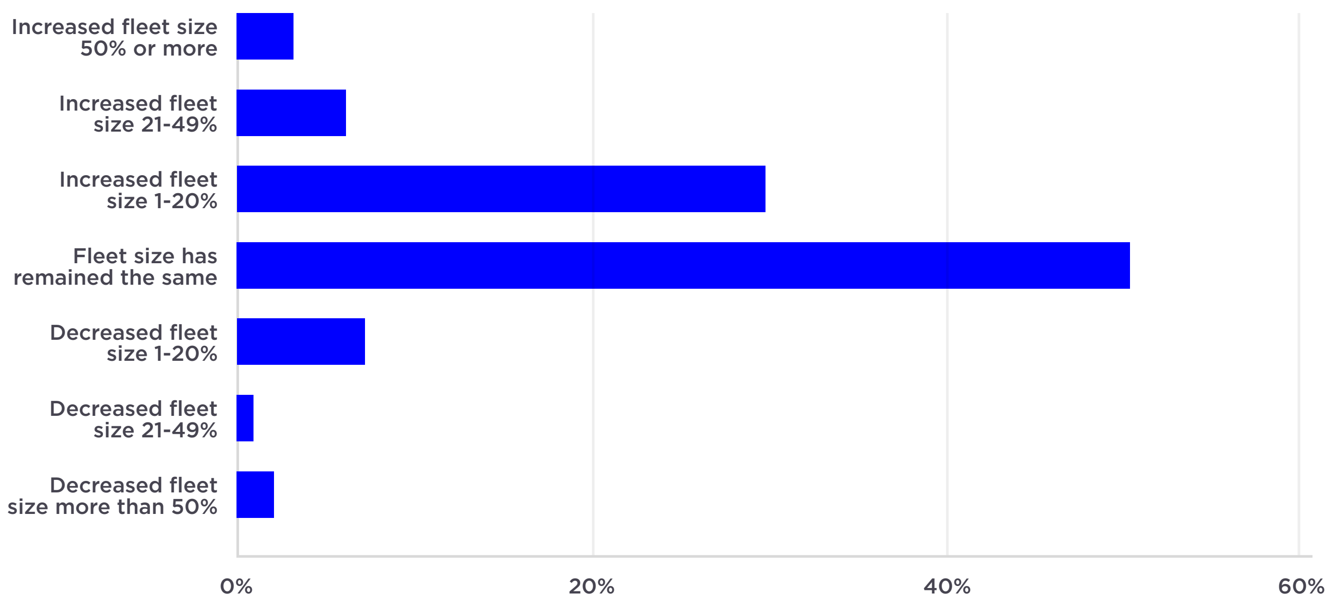
How much capacity have you added to your fleet over the past 12 months?



(CHART: FREIGHTWAVES RESEARCH SURVEY, NOVEMBER 2025)

FIGURE 19: CARRIER CAPACITY EXPECTATIONS OVER THE NEXT 12 MONTHS

How much capacity do you plan to add to your fleet over the next 12 months?



(CHART: FREIGHTWAVES RESEARCH SURVEY, NOVEMBER 2025)

FreightWaves' Carrier Survey Takeaways

Reversing some of Q3's optimistic gains, the number of carriers that believe freight volumes will decline by some degree throughout the fourth quarter (44.3%) now outnumber those that expect an increase (21.7%) two-to-one. Still, a slim plurality (34%) anticipate that volumes will remain unchanged, followed closely by the camp (33%) calling for a slight decline.

Opinion on whether linehaul rates would rise or fall, however, was sharply divided: While the majority of carriers (50.5%) believe that rates will remain unchanged during Q4, those that expect rates to rise (23.7%) are only narrowly outnumbered by those that expect them to fall (25.8%). Apart from those carriers that expect no change in diesel prices by the end of the year (59.8%), most believe that fuel costs will end 2025 slightly higher (23.7%).

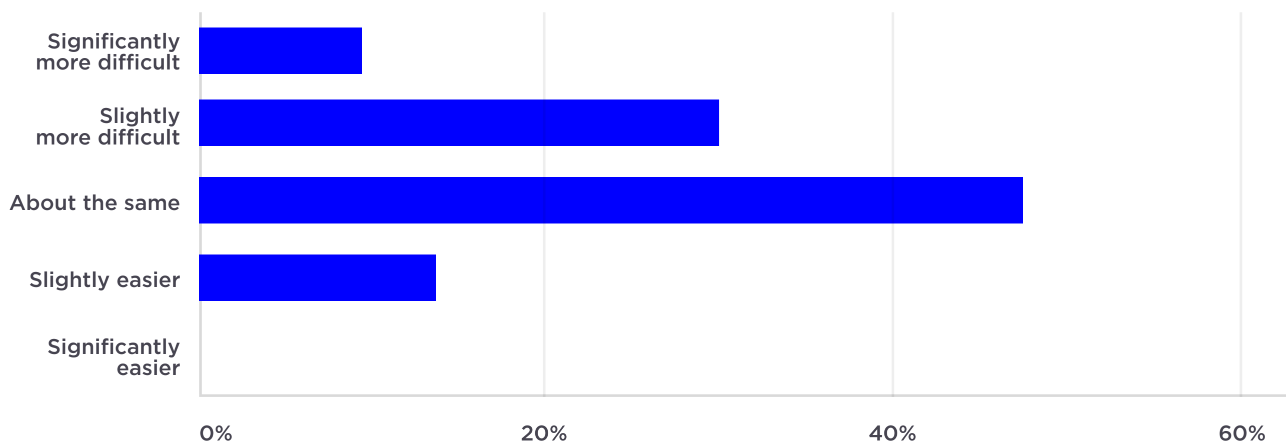
From these findings alone, one might assume that carriers are preparing for the downturn to persist deep into 2026. But carriers are more optimistic when it comes to their own business: Leaving aside the cohort that expects no change (50.5%), most carriers are planning to add to their fleet (39.2%) over the next 12 months, while only 10.3% of respondents plan to trim their fleet size by any degree.

This latter expectation against cutting back operations, however, does not necessarily imply that carriers are all-in on the market turning. Rather, it could simply mean that carriers have already made the necessary cuts: When asked about changes to fleet size over the past 12 months, 26.8% of respondents said that they had reduced the number of trucks they owned, against the 24.7% that said they added to their fleet.

Looking back on previous survey data from Q3, little has changed in carriers' expectations for growth. In Q3, 40% of respondents stated they planned to add more capacity to their business and only 7% aimed to reduce truck count. In Q4, the number of those planning cuts grew 330 bps yet the number of those planning additions shrank only 80 bps.

FIGURE 20: RECRUITING AND HIRING EXPECTATIONS OVER THE NEXT 6 MONTHS

What do you expect for driver recruiting and hiring over the next 6 months, compared to now?



(CHART: FREIGHTWAVES RESEARCH SURVEY, NOVEMBER 2025)

Survey data on driver recruitment and hiring over the next six months indicates a prevailing sentiment that the status quo will be maintained, with a plurality (47.4%) of respondents expecting the labor market to neither cool nor heat up significantly.

Yet, against the unshakeable consensus of a broad labor market slowdown in the U.S., carriers that did expect some change largely expected hiring conditions to become more difficult in the coming six months (39.2%) — a sharp turnaround from last quarter's survey, in which this opinion was shared among only 18% of respondents.

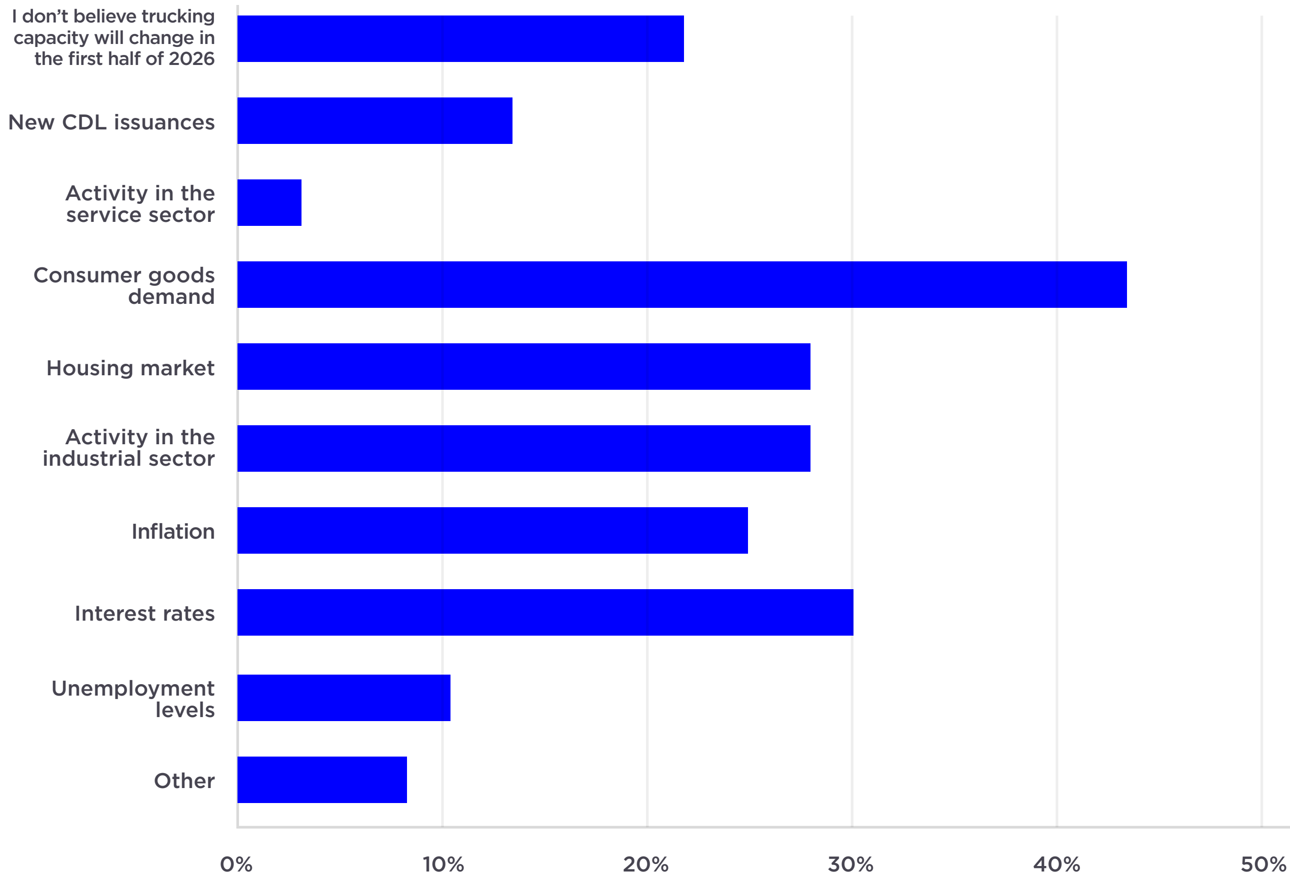
Though carriers did not explicitly state their reasons for this belief, which flies in the face of all available data from the U.S. economy, it is likely that the immigration crackdown is behind it. As stated previously, larger carriers are mostly insulated from this loss of capacity, given their comparatively stringent hiring requirements (in which both technical proficiency as well as proficiency in the English language must be strictly proven).

But smaller carriers, prompted by cratering spot rates over the past several years, have had to take advantage of cheap labor to stay afloat. More often than not, such cheap labor comes in the form of immigrants with expired or otherwise invalid visas who achieved their licenses via so-called "CDL mills." CDL mills proliferated after Feb. 2022, when a regulatory change allowed virtually anyone to self-certify as a CDL trainer without demonstrating proper qualifications or adhering to state licensing requirements.

Although federal action has yet to be taken against CDL mills directly, the ongoing crackdown on illegal immigrants has targeted their primary customer base and is erasing large swaths of capacity. That surveyed carriers have suddenly flipped their hiring expectations over a single quarter — even as all other sectors of the U.S. economy are warning of a slowing labor market — is further evidence of this trend.

FIGURE 21: PRIMARY DRIVERS OF TRUCKING CAPACITY OVER THE NEXT 6 MONTHS

Which of the following will most likely be primary drivers for trucking capacity in the first half of 2026?



(CHART: FREIGHTWAVES RESEARCH SURVEY, NOVEMBER 2025)

Still, when asked directly about the primary drivers of trucking capacity in the first half of next year, carriers' answers hardly differed from prior surveys. Yet again, a marked plurality (43.3%) expected consumer goods demand to be the most influential factor. This data point underscores the relationship between consumer buying trends and the health of freight markets, particularly in regions that lack both a substantial manufacturing base and a steady stream of import volumes.

There was notably less consensus about other influences, however. A distant second (29.9%) went to those carriers that had their eyes on interest-rate changes over the next few months, with third place (27.8%) tied between respondents that believed industrial sector activity was going to be a key factor and those that believed the housing market would play an outsized role on trucking capacity.

Of course, it is difficult to say that anyone is wrong or right here — all such considerations are important. Perhaps more than any other sector of the U.S. economy, the industrial sector is the most attuned to interest rates, as they help to determine businesses' appetite for capital expenditures. In the U.S., manufacturers account for the majority of domestic, over-the-road freight demand, with imports (including imports of construction materials for the housing market) as a key source of truckload volumes that are international in origin.

Those 21.7% of respondents who anticipated no change in trucking capacity over the next few months fell to sixth place, down from being the fourth-largest share in Q3's survey. This belief could be justified by an expectation that the current loss of capacity could lead to higher spot rates, thus incentivizing new entrants (or re-entrants) to enter the market within a matter of months. Accordingly, even though the capacity situation would be volatile in the first half of 2026, it would appear little changed from an absolute perspective in a few months' time.

FreightWaves

FreightWaves SONAR gives subscribers access to aggregated freight data to analyze domestic and global freight market activity. FreightWaves' current and historical data is generated from thousands of exclusive sources representing more than $200 billion of contract and spot freight transactions. Using SONAR's Market Dashboard, users leverage thousands of data points across major North American transportation lanes to observe supply chain movement and trends. Supply chain, logistics and global operations organizations use SONAR to identify transportation-related efficiencies and opportunities.

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