JANUARY
2026

# STATE OF THE INDUSTRY

## REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

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# Glut expected into 2026

December 30, 2025 | 1 p.m. ET

**Overview**

The freight market continues to bleed off capacity, even though this holiday season appears to have been better than expected. A few weeks of strong activity and rates does not erase the impact of the past several years.

Oil markets are entering 2026 with growing concern about a potential supply glut, a development that would benefit consumers but challenge producers. Recent International Energy Agency (IEA) forecasts point to a widening imbalance between supply and demand. Global oil demand growth is expected to remain subdued, increasing by less than 1 million barrels per day in both 2025 and 2026 — well below pre-pandemic norms and far short of the post-pandemic rebound. While some analysts see this steady demand as resilient, it is not strong enough to absorb the volume of new supply coming to market.

The supply outlook is the key driver of glut fears. As OPEC+ unwinds production cuts introduced in recent years, global supply is projected to rise sharply, with IEA data suggesting output could exceed expected 2026 demand by several million barrels per day. This surge has already pressured prices, with both Brent and WTI briefly falling below $60 per barrel in December. Several market observers warn that prices could slide into the $40 range if supply continues to outpace consumption and inventories keep building.

Although OPEC+ has paused further production increases early in 2026, it has largely stepped away from its traditional role as a swing producer. That leaves U.S. producers as the most likely source of future restraint. While U.S. output remains near record highs, declining rig counts, weakening employment, and a stronger focus on shareholder returns suggest a slowdown may eventually emerge.

**Fleet counts (six-month change)**

| | |
|---|---|
| Total for-hire fleets | 300,027 (+8.8%) |
| Total private fleets | 158,865 (+1.2%) |
| For-hire oil field specialization | 20,190 (+1.4%) |
| Private fleet oil field specialization | 8,256 (-1%) |

**Tractor counts (six-month change)**

| | |
|---|---|
| Total for-hire tractors | 1,810,000 (+2.3%) |
| Total private tractors | 766,799 (+0.6%) |
| For-hire oil field specialization | 326,544 (-1%) |
| Private fleet oil field specialization | 53,747 (+1%) |

**Active daily rig count (y/y change)**

| | |
|---|---|
| Permian Basin | 227 (-13.9%) |
| Gulf Coast Basin | 65 (19.6%) |
| Anadarko Basin | 44 (-4.3%) |
| **Total** | **545 (-7.4%)** |

**Crude oil prices per barrel (y/y change)**

| | |
|---|---|
| WTI crude | $57.99 (-18.3%) |
| Brent crude | $60.24 (-17.04%) |
| **Brent-WTI Spread** | **$2.25 (+12.5%)** |

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## Oil market

Oil markets enter 2026 with a word kicking around that should bring joy to the ears of any petroleum consumers: glut.

How one measures glut is not a set formula. But one look at the recent monthly reports of the International Energy Agency (IEA) should be enough for any observer to understand why a glut may be on the agenda for 2026.

When were the previous gluts? It's hard to say since the definition of what constitutes a glut isn't clear.

Certainly, the early days of the pandemic were a glut when the price of West Texas Intermediate crude oil turned negative for a day, an oddity driven in part by the structure of the WTI contract on the CME commodity exchange. But longer-term, it was because of the fact that demand collapsed with the global shutdown of so much economic activity and cutbacks in oil production didn't occur rapidly enough to create a balance.

A glut started to develop in 2014 and 2015 when the shale revolution in the U.S. began to do to oil production what it had done earlier to natural gas production: make it soar.

The financial crisis of 2008-2009 led to a demand-driven glut, much like the glut of 1998 when the Asian financial crisis collapsed demand in that part of the world and U.S. drivers ended up paying what was probably the lowest inflation-adjusted price (except for the pandemic) that they ever encountered.

Now the market is on the possible brink of the great glut of 2026. Will it occur?

There needs to be numbers behind the projection. And the IEA forecasts are probably the best place to start.

The IEA is an arm of the Organisation for Economic Co-operation and Development, the economic information and planning arm of mostly western economies. In turn that means they tend to be net oil importers, though countries like the United States and United Kingdom are obvious exceptions.

The agency has been putting out forecasts for 2026 in its monthly reports for most of the year. And the agency has been consistent in their message: the supply/demand forecast into next year could be great news for consumers and not so good for producers.

The IEA does not forecast prices. It also does not do a 100% supply forecast, because it does not forecast what production will be coming out of OPEC.

But its numbers are enough to see why the forecast of a glut has a numerical basis. We'll take the key data point by point.

The IEA is not forecasting much of an increase in global demand in 2026. In its latest report, issued in December with data into November, the IEA estimated that global demand in 2025 would be up 830,000 barrels/day from 2024 consumption. Its forecast for 2026 is that it would be up 860,000 b/d, and that was a higher estimate than it was just one month earlier.

Perspective is needed: between 2022 and 2023, global demand rose almost 2-million b/d, according to the IEA, going to 102.1 million b/d from 100.2 million b/d. Granted, that was still a jump powered in part by post-pandemic economic awakening. But even between 2023 and 2024, the increase was 1 million b/d. The puny increases of 2025 and 2026 earn that distinction when compared to those numbers. Pre-pandemic, annual gains were regularly in excess of 1 million b/d.

Considering the gains as muted is one way of looking at it. But at Merrill Lynch Bank of America, the commodity team in its recent 2026 outlook saw those numbers as positive.

“Helped by relatively low prices and a growing population in Asia, global oil and petroleum product demand remains steady,” the team, led by commodity and derivatives strategist Francisco Blanch, said in its report. “True, OECD demand is set to remain flat, but even that expectation is an improvement relative to gloomier forecasts from several years ago that called for major fuel efficiencies. In our view, oil consumption increases in 2025, 2026 and even 2027 will remain at around 1-million b/d, even if the share of transportation embedded in this growth continues to come down. Steady consumption increases from different sectors will likely push global oil demand above 106-million b/d over the next 2 years.”

It's the supply side, even in the absence of an OPEC forecast, where the glut narrative takes hold.

The IEA forecast now for demand in 2025 is 103.9 million b/d. For 2026, given the previously-discussed forecasts, it's 104.8 million b/d.

But with the OPEC+ group dialing back on its various production cuts going back to 2023, what the IEA is saying about supply is shocking.

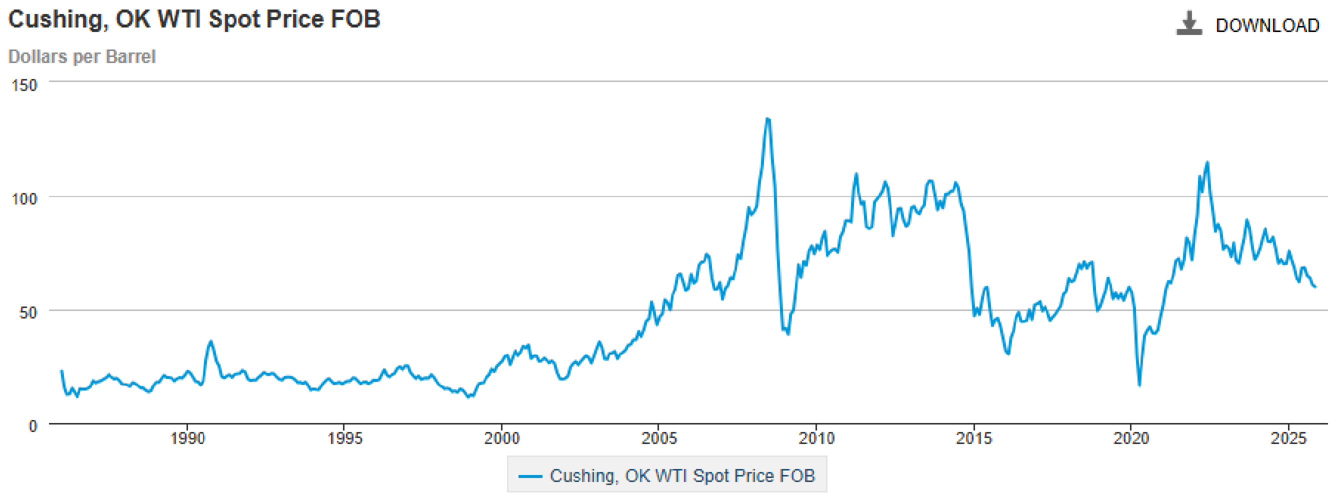
The IEA does estimate full global supply retroactively; it just doesn't do a full forecast for OPEC.

In its latest report, it saw that the unwinding of those cuts as well as supply increases in other parts of the world lifted supply from a fully year 2024 average of 103.1 million b/d in the fourth quarter of 2025 to 103.5 million b/d in the first quarter, 105.3 million b/d in the second and 108.1 million b/d in the third quarter. These are enormous increases over a short period of time.

Even in the absence of a forecast for OPEC output, a comparison can be made. In one corner, we’ll lock in the third quarter global supply figure of 108.1 million b/d. In the other corner, we’ve got estimated demand in 2026 of 103.8 million b/d.

That’s quite the mismatch. And it’s why analysts are talking about a glut.

In mid-December, both West Texas Intermediate, the U.S. benchmark crude, and Brent, the global crude benchmark, settled at less than $60/b on the same day. That hadn’t happened since 2021.




(Chart: EIA)

And while Brent prices popped up above $60/b soon after that, the move did not end talk of even lower prices.

A perfect example of that was from Dan Pickering, founder of Pickering Energy Partners and a long-time observer of oil markets.

In a late December interview with CNBC, Pickering said it wasn't out of the question that crude oil might see a "four-handle," another way of describing a price in the $40/b range.

"Under these circumstances, oil could have a four handle," Pickering said. "Why? Because we've got too much of it. We're in an oversupplied market. Inventories are rising and rising dramatically. The question is, who's going to blink first in terms of turning off supply? Will it be the U.S.? Will it be shale? Will it be OPEC? Will it be some geopolitical event? But the bottom line is, we have not yet found the price that will discourage supply, so the price probably will keep going lower."

The supply increase out of OPEC, according to the IEA, took it from 32.8 million b/d in the first quarter of 2024 to 34.7 million b/d in the third quarter of 2025. That is almost 2 million b/d in a market where demand is rising less than 1 million b/d.

Pickering isn't alone. Mike McGlone, the senior commodity strategist for Bloomberg Intelligence, said in a late December report that "Brent crude oil remains in a downward price cycle heading into 2026, potentially toward $40 a barrel.

"Bear markets are known for sharp price spikes followed by renewed selling pressure as producers respond and increase supply," he wrote, describing the current trends as the "hangover from the 2022 spike." The highest Brent settlement that year was $123.58 on June 8.

Blanch, in his group's report, noted that the OPEC+ increases that have been steadily approved by the group for months now are coming to an end.

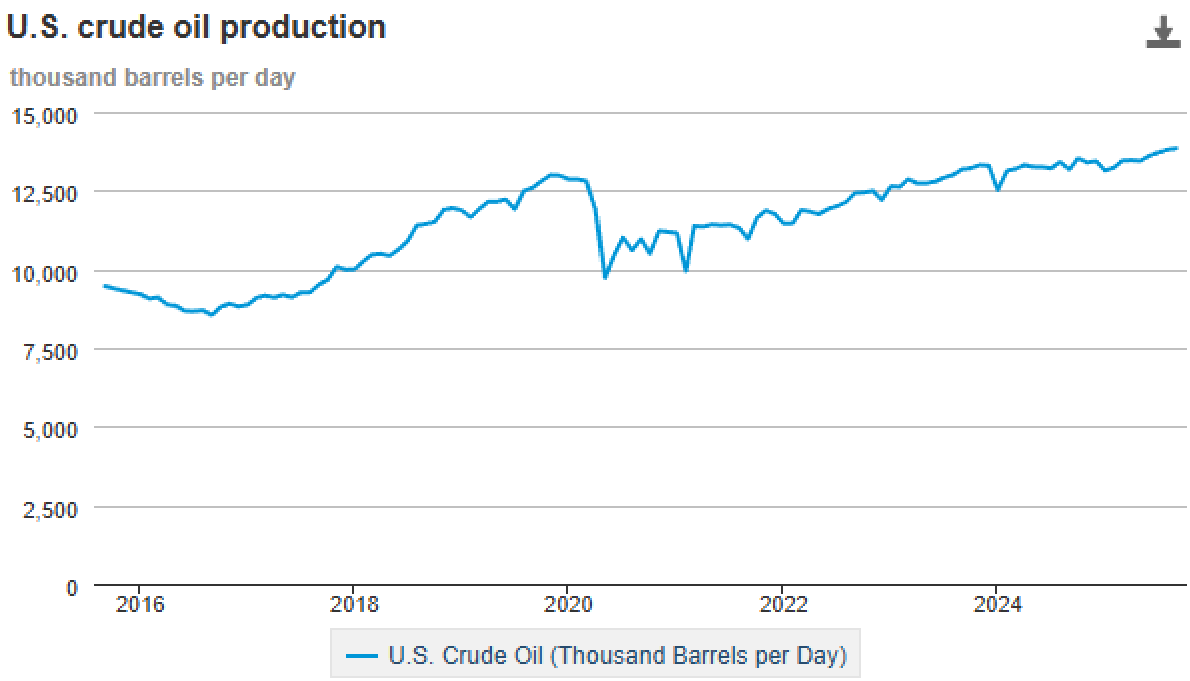
While the OPEC+ group consists of all the members of OPEC as well as a group of non-OPEC oil exporters nominally led by Russia, it's really eight countries that have been putting more oil on to the market. Blanch referred to them as the Group of 8: Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria, and Oman.

At a November meeting, they did announce a plan to again further roll back production cuts in November and put another 137,000 b/d on to the market, a figure that has been the size of several earlier increases.

But the group of eight also agreed that the increases wouldn't continue into 2026 for at least the first three months of the year. The members' action came with an explanation that "seasonal dynamics limit market appetite for fresh barrels in the first quarter of the year. Importantly, the group has shown that it is prepared to act pre-emptively and limit supply additions to the global oil market."

That may address the question posed by Pickering: who is going to be the swing producer and take excess supply off the market? That traditionally is the job of OPEC and then later OPEC+. But except for the decision to pause production increases in the first three months of 2026, it's a role the exporters have abandoned for now.

The obvious candidate to reduce output then would be the U.S.




(Chart: EIA)

The U.S. oil industry pre-pandemic operated on an unsustainable arc, whereas one observer put it, companies would borrow a lot of money, drill a lot of wells, produce a lot of hydrocarbons (including natural gas and natural gas liquids, like propane), borrow some more money, repeat.

What they didn't do was generate enough free cash flow to pay dividends. And the industry has made it clear: those days are over. We're going to operate like grownups from now on.

For example, in a recent report about shale giant EOG Resources, Morningstar said of the company: "The firm aims to return over 70% of its free cash flow to shareholders through dividends and share repurchases." That didn't used to happen.

The most obvious sign of a slowdown by the U.S. industry would be a drop in production . That isn't occurring yet.

U.S. crude production in the week ended December 12 was 13.84 million b/d. That wasn't an all-time high, but it's close.

But employment in oil and gas extraction has been weakening. The Bureau of Labor Statistics' figures in the latest monthly employment report through March showed a seasonally adjusted level of 121,200 workers in that category. That was up 700 jobs from October. But it was down 1,700 jobs from a year ago and down 1,900 jobs from the recent peak of 132,100 jobs in January.

However, the industry has been shedding jobs for years. The BLS reported employment of 198,800 jobs in January 2015. That was down about 18,000 jobs just five years later.

## Rig Count by Basin

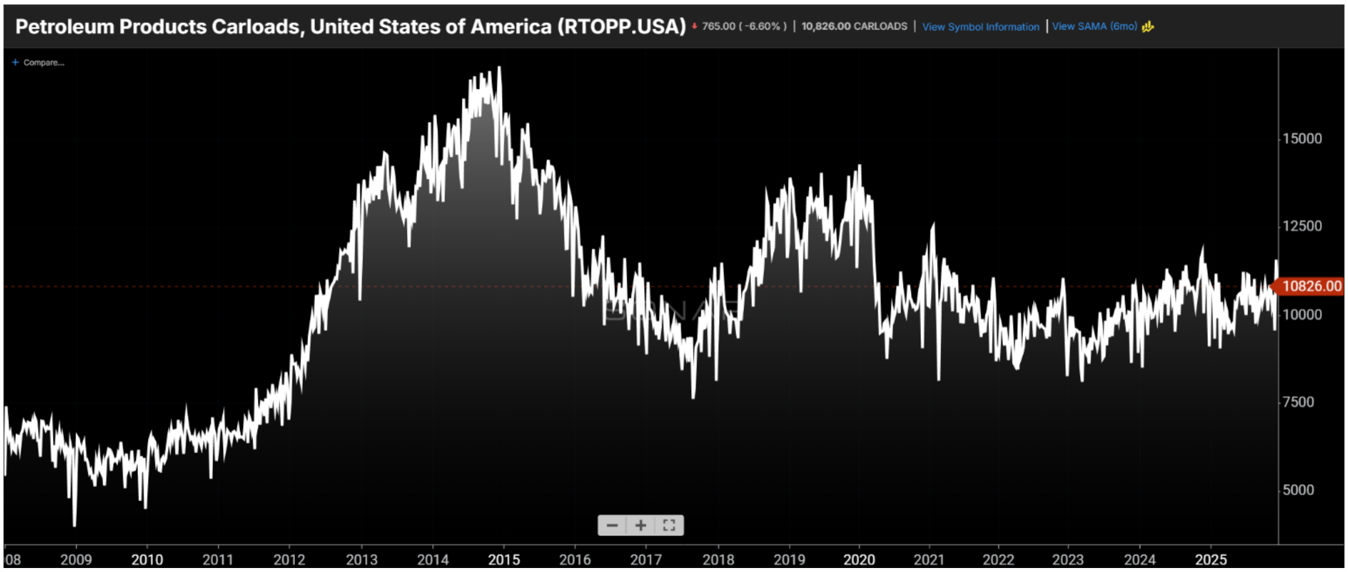
| Play | 12/22/25 | 12/23/25 | 12/24/25 | 12/25/25 | 12/26/25 | 12/27/25 | 12/28/25 | 12/29/25 | 1 Day Δ | % | 1 Month Δ | % | 1 Year Δ | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ANADARKO BASIN | 42 | 43 | 44 | 44 | 44 | 44 | 44 | 43 | -1 | -2.3 | 2 | 4.9 | -3 | -6.5 |
| APPALACHIA | 38 | 39 | 39 | 39 | 41 | 41 | 41 | 41 | 0 | 0 | 0 | 0 | 5 | 13.9 |
| DJ BASIN | 9 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 0 | 0 | -2 | -20 | -2 | -20 |
| GULF COAST BASIN (INCLUDING EAGLE FORD) | 63 | 64 | 64 | 64 | 65 | 66 | 66 | 65 | -1 | -1.5 | -1 | -1.5 | 9 | 16.1 |
| PERMIAN | 229 | 227 | 228 | 228 | 230 | 230 | 229 | 225 | -4 | -1.7 | -5 | -2.2 | -41 | -15.4 |
| WILLISTON BASIN | 29 | 30 | 30 | 30 | 29 | 29 | 28 | 30 | 2 | 7.1 | -1 | -3.2 | -7 | -18.9 |
| OTHER | 160 | 155 | 158 | 158 | 156 | 156 | 158 | 162 | 4 | 2.5 | 9 | 5.9 | 48 | 42.1 |
| Total | 570 | 566 | 571 | 571 | 573 | 574 | 574 | 574 | 0 | 0 | 2 | 0.3 | 9 | 1.6 |

*Figure 1:Rig Count by Basin. Source: Enervus*

The Baker Hughes rig count also shows a slowdown. Its fourth quarter 2024 average was 586 rigs in service. A year later, the average through most of December was 548. However, as the continued strength of U.S. output shows, the correlation between the rig count and output has diverged, and it did so several years ago given the greater efficiency of what just one rig can do.

But that sort of slowdown, when extended to the world, is part of the same type of cycle that McGlone spoke about. The price gets high; there's lots of drilling and production. A glut ensued. Drilling slows down and eventually production does also. Then the price rises as supply tightens. This is the commodity cycle in pretty much everything and it has been for hundreds of years. (This author heard a long-time commodity expert talk about how whale oil had disrupted the business of candlemakers as part of a classic commodity cycle as a new technology disrupted the demand for candles. Whale oil in a lamp was a vast improvement.)

The question is whether ground zero of that slowdown will take place in the U.S. It doesn't seem likely it will be in any key OPEC+ nations; they're full steam ahead on their output plans. That leaves the entity with shareholders who expect to receive dividends and generate free cash flow to be the ones most likely to throttle back. And they're in the U.S.



A decline in U.S output could reduce the volume of crude moved by rail. (Chart: SONAR)

One factor in the supply/demand balance that the IEA has been consistent in citing is the global impact of electric vehicles (EVs).

Even with various tax breaks for their use under siege in the U.S., the IEA has not wavered in seeing the global picture. Given that the price of a commodity is set on the margin–the last barrel sold by an entity selling the last barrel supplied–the loss of demand for those last barrels because of EVs, according to the IEA, is having an impact on price.

It is particularly important for the Chinese market. The impact of that continued push in China for EVs can be seen in demand numbers from the agency.

China's demand for petroleum was 15.2 million b/d in 2022, behind only the U.S. It moved up to 16.5 million b/d a year later.

But the IEA sees only a 16.7 million b/d market in 2025 and 16.9 million b/d in 2029.

“The rapid and accelerating deployment of light, medium and heavy electric vehicles is the most important drag on Chinese fuel demand growth,” the IEA said in its December report.

October passenger car sales, according to the China Passenger Car Association, saw an EV market share of 55%. That number is ”a share that is likely to rise further in November based on preliminary data, undermining gasoline demand growth," the IEA report. It added that through the first 10 months of the year, EV sales were 29% more than a year earlier.

Battery-powered truck sales were up 200%, according to the data. That's a direct hit on diesel demand.

Markets can demonstrate their view of the supply/demand balance in a multitude of ways. The overall decline in Brent prices from the start of the year is the most obvious sign of it.

Brent reached its high level for 2025 soon after the new year began, settling at $82.03 on January 15. The downward drift has not been in a straight line, and it never became a plunge. But three sub-$60 settlements in late December marked a roughly $23 slide through 2025.

| Overview | | | | |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| **Brent crude oil** (dollars per barrel) | 82 | 81 | *69* | *55* |
| **Gasoline retail price** (dollars per gallon) | 3.52 | 3.31 | *3.11* | *3.00* |
| **U.S. crude oil production** (million barrels per day) | 12.9 | 13.2 | *13.6* | *13.5* |

(Chart: EIA)

But a very un-glut like behavior has been in place in comparing the first month futures prices to the second month.

In a perfectly balanced market, the kind they teach in Econ 101, the second month's price is greater than the first month to reflect the cost of storage and the time value of money. That continues into the third month and goes down the line until it stops for any of a variety of reasons. That structure is called contango.

The reverse is backwardation, where the highest-priced barrel is the first month, reflecting a tight market. That immediate delivery barrel is the most valuable when supplies are scarce.

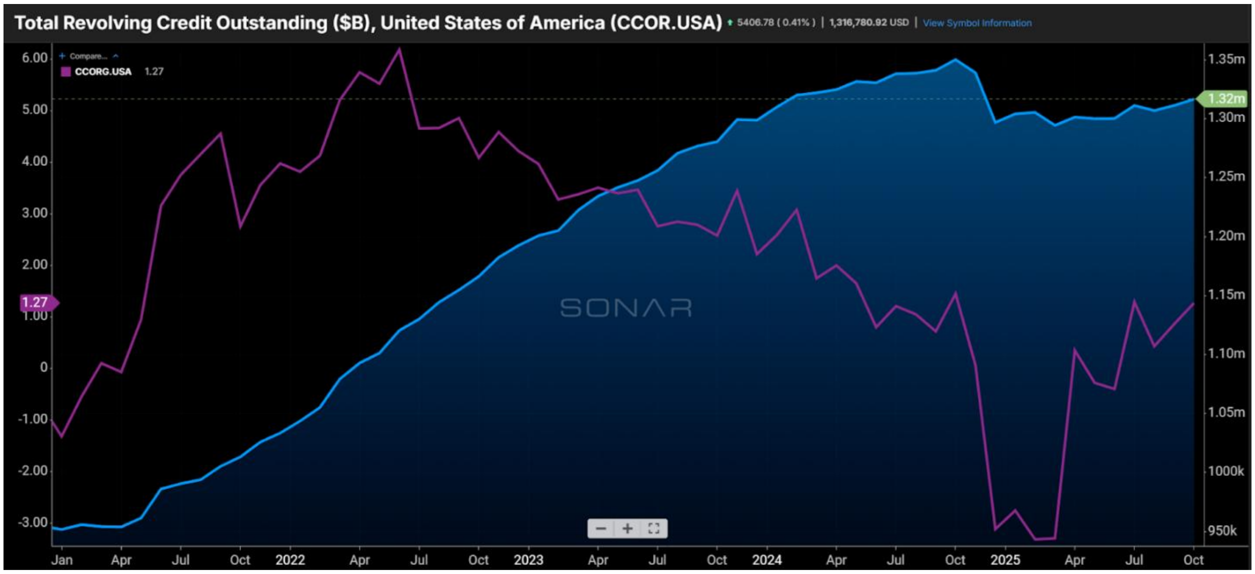
A market on the verge of glut would be expected to be in contango, and there would be a widening of that month-to-month spread. But possibly because of international tensions, higher interest rates that discourage inventory building or some other reason, backwardation has prevailed in Brent and diesel.

The spread has narrowed but it is still there. Watch for its disappearance; when that happens, that's when the glut may finally have arrived.

**National economic outlook**

**Consumers pay more for less**

Black Friday and Cyber Monday data show that consumers are still spending heavily, but getting a lot less for what they are paying for. According to a recent Flexport webinar, consumer spending increased 7% year-over-year on those two days, driven by a 7% increase in average selling price and flat volume. The implication for freight is that a continued increase in consumer spending is not translating to higher freight volume. While that data shows consumer willingness and ability to keep spending, there are also hits of consumer pressure on Black Friday and Cyber Monday. Those include a 1%-2% decline in the number of units purchased per transaction and an 11% increase in the use of "buy now, pay later," which is primarily targeting younger consumers and is often used by consumers to afford items with higher average selling prices.




Meanwhile, the National Retail Federation (NRF) continues to lobby against tariffs and is expecting the trade policies that it disagrees with to put a damper on ocean volume early next year. It remains to be seen whether the Administration's trade policies will be upheld by courts. The NRF's Global Port Tracker shows October TEU volume down 7.9% year over year and is expecting to report declines of 11.6% and 12.7% in November and December, respectively.

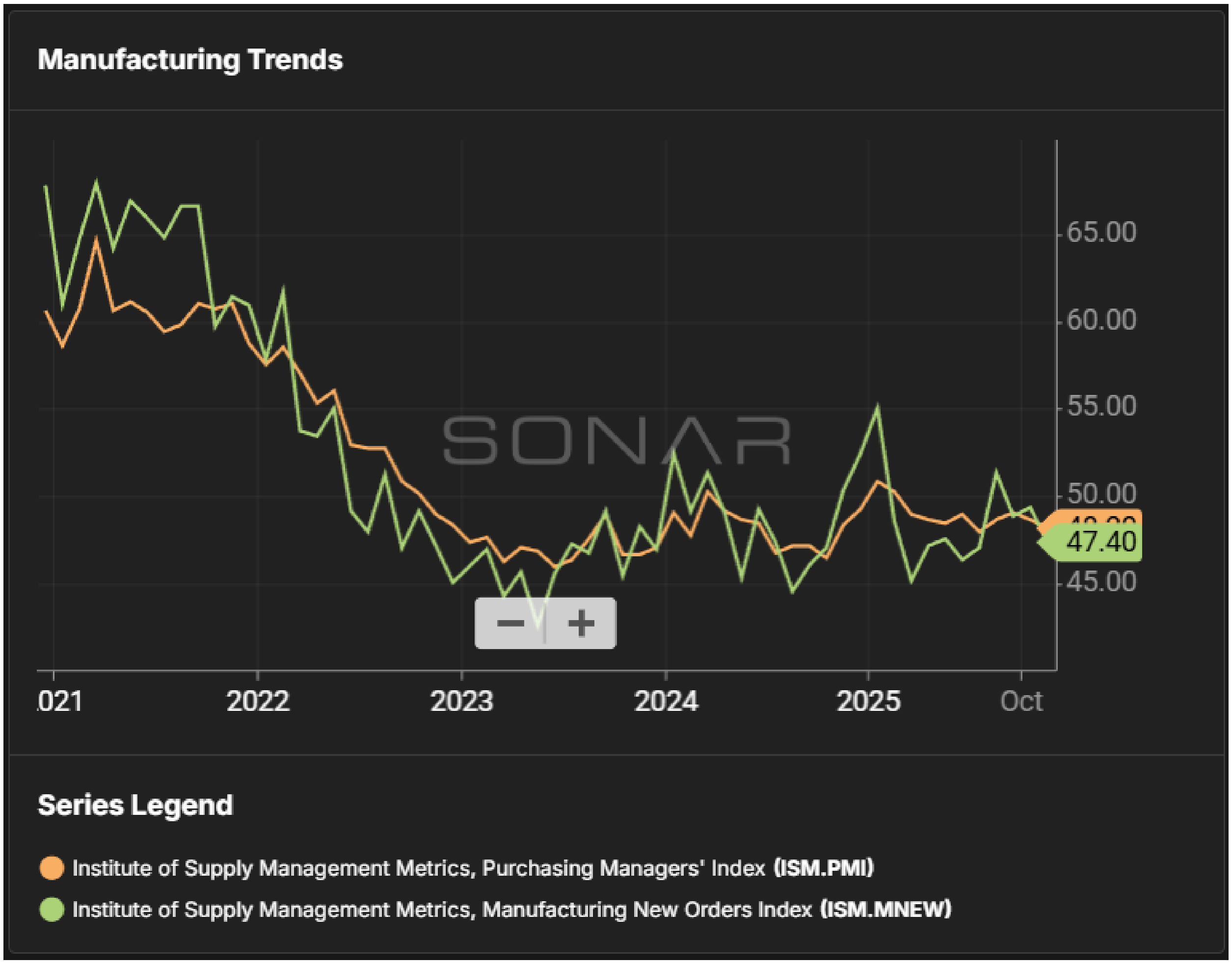
The NRF's latest Retail Monitor report shows that total consumer spending increased 4.53% year over year, the lowest growth since June. Categories that result in little or no freight seem to be growing the fastest. According to the NRF, the category that grew the most in October was "digital products," up 15% year over year, and the category that declined the most was "building and garden supplies," down 9.4% year over year.

Meanwhile, the Consumer Packaged Goods industry is showing results that are mixed by category, reflecting macro trends. Categories faring the best are those that cater to higher-income households, including health-focused categories and fresh pet food. At the same time, amid food inflation, which has become a major political football, many consumers are trading down to private label brands that are typically priced 20%-30% less than national brands while also shifting grocery shopping to big-box retailers, such as Walmart. To save costs and mitigate sales pressure, many national brands are cutting lower-velocity SKUs, which also streamlines their supply chains while increasing automation.

**Uncertainty, commodity inflation hold back manufacturing sector**

The manufacturing sector is slowing its activity due to uncertainty over tariffs and potential retaliation from foreign trading partners. The Institute of Supply Management Metrics, Purchasing Managers' Index (ISM.PMI) reading of 48.2 in November shows manufacturing in contraction, and has been in the past nine months. That is down half a point from 48.7 in October, suggesting the manufacturing decline is worsening.

The Institute for Supply Management provides numerous other readings that go into the Manufacturing PMI. The general trend that those metrics show greater contraction in many of the forward-looking demand indicators, such as New Orders (47.4 in November, from 49.4 in October), Supplier Deliveries (49.3 in November from 54.2 in October), and Backlog of Orders (44.0 in November from 47.9 in October). Respondents to the ISM survey cited tariff uncertainty, softening demand, and inflation in certain key commodities as reasons for the decline in manufacturing activity. Inflationary commodities include aluminum, copper, electrical components, and rare earth materials, which more than offset deflation in petroleum-based fuels and freight packing materials.



*Source: SONAR Executive Dashboard.*

The Federal Reserve Board of Governors releases Industrial Production and Capacity Utilization data. The most recent data (released December 3) shows industrial production up 1.6% year over year in September (though down .3 and .2 percentage points from June and July, respectively). Capacity utilization was 75.9% in September, which is 3.6 percentage points below its long-run average, and down slightly from 76.1%-76.2% in June and July.

Two ways that the industrial economy translates to freight demand are rail carload traffic and flatbed truckload demand. Rail carload traffic historically grows when the industrial economy does, as it is industrial-heavy after excluding coal and agriculture. According to data from the Association of American Railroads, total U.S. carload traffic is up 1.86% year over year in the past four weeks. However, coal and agriculture are up both up 5.0% year over year, in the past four weeks, while many industrial-oriented sectors are faring much worse – for instance, forest products carloads and motor vehicle carloads (below) are down 7.2% and 4.5% year over year, respectively, in the past four weeks. Stubbornly high auto prices appear to have finally changed buyers' behavior. The November 2025 light vehicle sales seasonally-adjusted annual rate in November 2025 was 15.596, down 5.5% from 16.514 in November 2024.

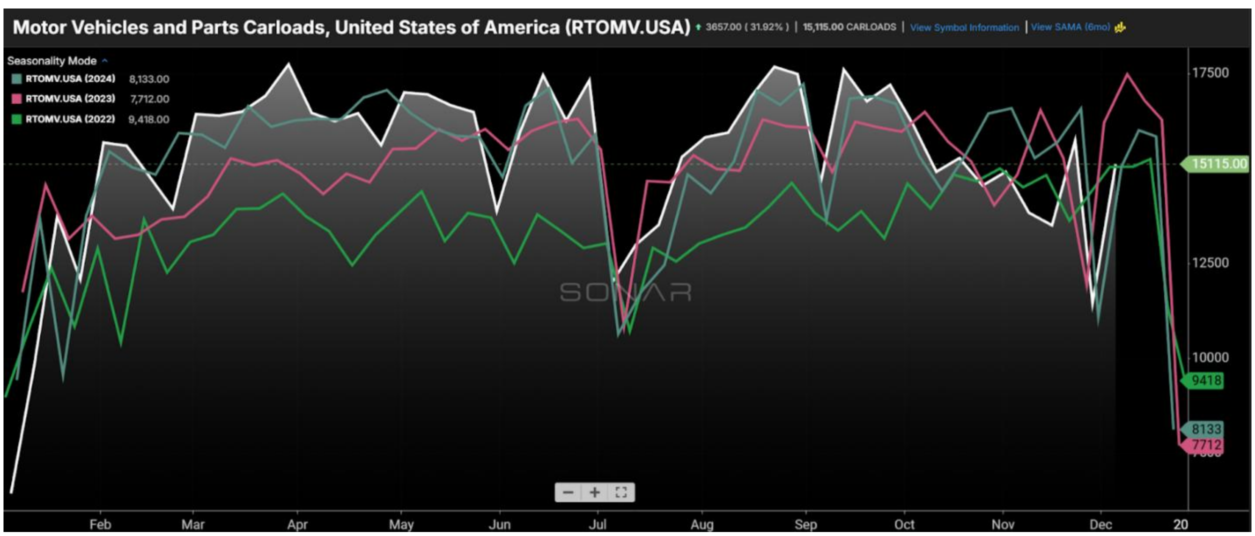


*Chart: SONAR. Rail carload originations, motor vehicles, which primarily consist of finished vehicles: 2025 (white), 2024 (blue), and 2023 (pink).*

**Regulatory pressures will continue to be a theme in 2026**

Regulatory concerns—including non-domiciled CDL issuances, English language proficiency (ELP) enforcement, ELD standards, and CDL school oversight—remain top of mind for the industry and are likely to remain a theme into 2026.

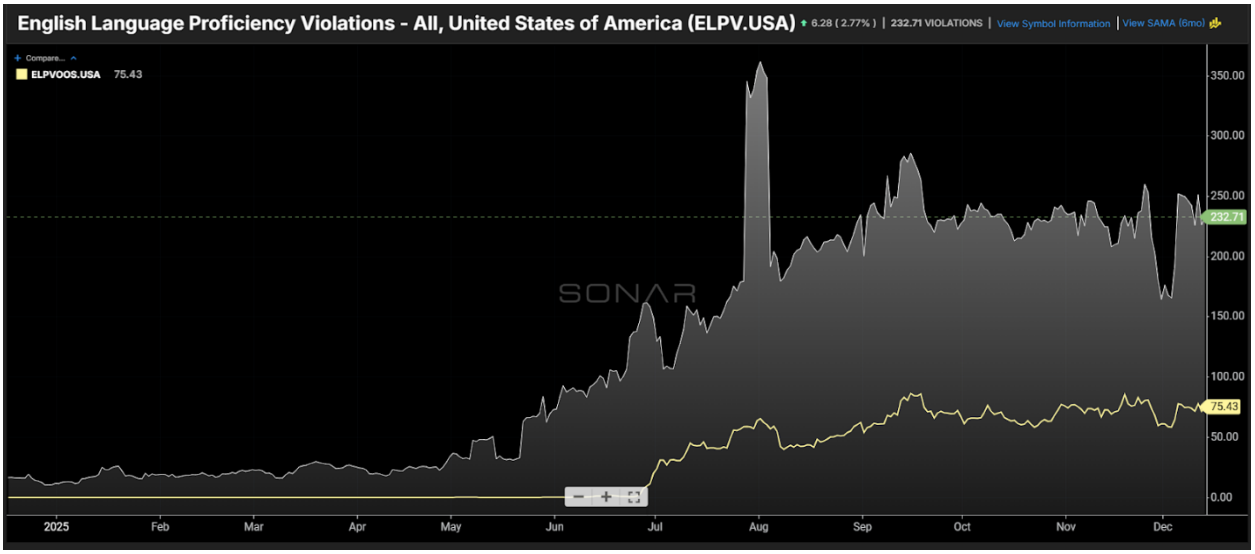



*Chart: SONAR. English Language Proficiency Violations (ELPV), out of service (ELPVOOS) reported by the DOT*

ELP violations are averaging roughly 230 per week, with approximately 75 resulting in out-of-service orders, according to DOT data. While enforcement criteria remain unclear, activity appears to have settled into a steady cadence.

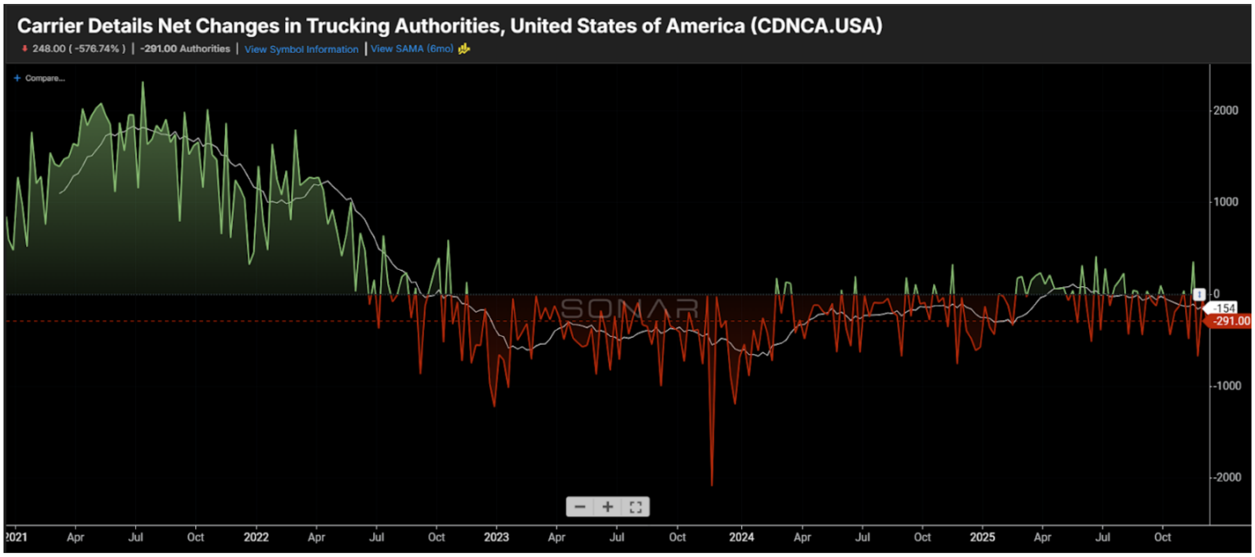



*Chart: SONAR. Carrier Details Net Changes in Trucking Authorities reported weekly*

Net changes in operating authorities continue to be decisively negative, averaging roughly 154 net exits per week over the past three months. This data historically skews toward growth due to the lagged reporting of exits, making the current trend notable. The seasonal increase in exits began slightly earlier than normal this year, with a downturn emerging in late October.

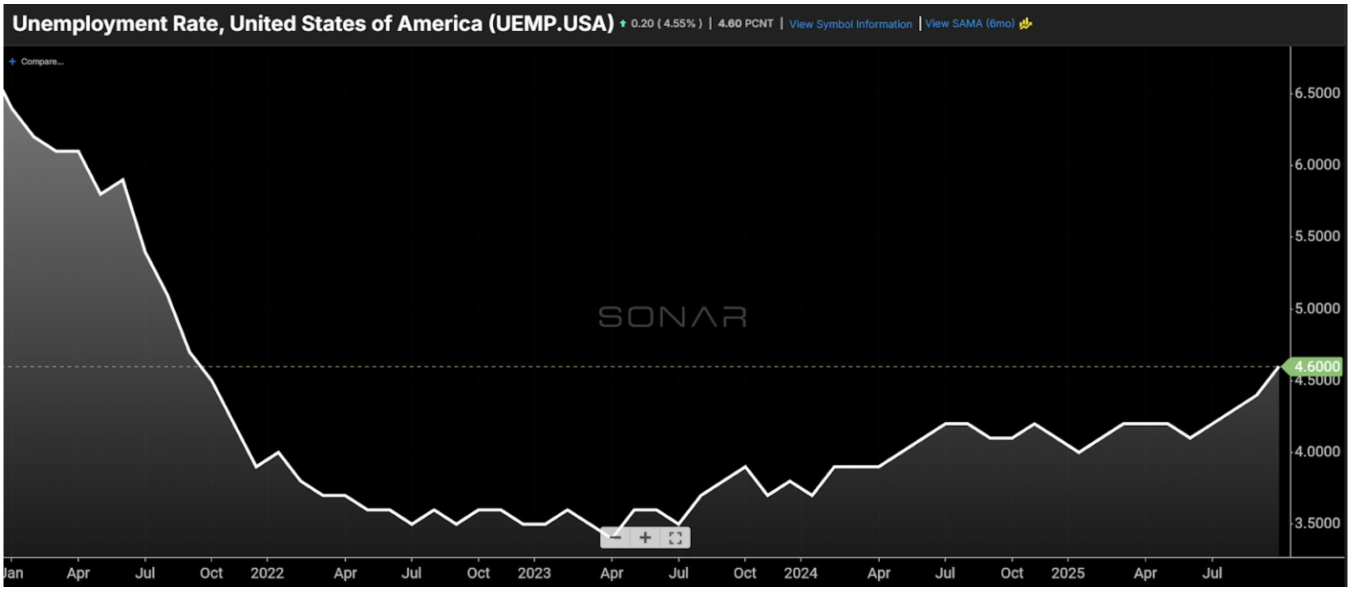
**Fed cuts rates on weak labor market**

The ongoing tension between inflation and the labor market remains the central story for the U.S. economy—at least from the Federal Reserve's perspective. The Fed cut interest rates by another quarter point in December despite inflation staying above the 2% target. Chair Powell noted that much of the inflation overshoot has been driven by tariffs, which he expects to peak sometime in the first quarter of 2026. He also emphasized that labor-market weakness is now a greater concern.

Powell added that most current investment is flowing into AI and data centers rather than being spread evenly across the broader economy. He suggested this imbalance poses a risk, as the concentration of capital isn't contributing significantly to overall inflation. With most inflation coming from goods, the implication is that price pressures are not being driven purely by demand, and further rate cuts may have limited near-term impact.

According to the Fed, services are experiencing disinflation and helping to keep overall inflation contained. Housing market weakness also persists. While housing is not a primary determinant in rate decisions, Powell acknowledged it plays a role in the broader assessment.

Powell signaled that he now views interest rates as "neutral" rather than restrictive, suggesting the Fed is positioned to observe how the economy evolves early next year. Many interpret this as the likely final rate cut of his tenure, which ends in June, after which a Trump appointee is expected to continue easing.




The labor market is broadly seen as deteriorating, with the Fed no longer viewing unemployment as low. Both labor demand and supply are slowing, and risks appear skewed toward further weakening. Data revisions have been consistently negative over the past year. It's also important to note that official data has been delayed, with the most recent reports covering October, while more timely indicators—such as ADP's figures—suggest further deterioration. ADP reported that the private sector shed 32,000 jobs in November and the most recent unemployment rate ticked up to 4.6%, its highest reading in four years.

Overall, the picture remains uncertain. Political dynamics around economic policy have made the outlook less predictable. Still, markets appear more optimistic about growth in 2026, with many economists currently projecting around 2.4% GDP growth next year—up from estimates below 2% earlier in the year.

**Housing affordability weighs on building and sales volume**

There is still limited data available as release schedules resume on a delayed cadence. The most significant release in the housing and construction sector as of mid-December was the NAHB Housing Market Index (HMI), which measures homebuilder sentiment. The HMI increased modestly from 38 to 39 over the past month but remained in negative territory, as readings below 50 indicate contraction rather than expansion. Rising costs were cited as a major headwind as the broader economy continues to slow. In addition, immigration enforcement is constraining labor supply, and there is little reason to expect a meaningful increase in buyer activity at this point in the year.

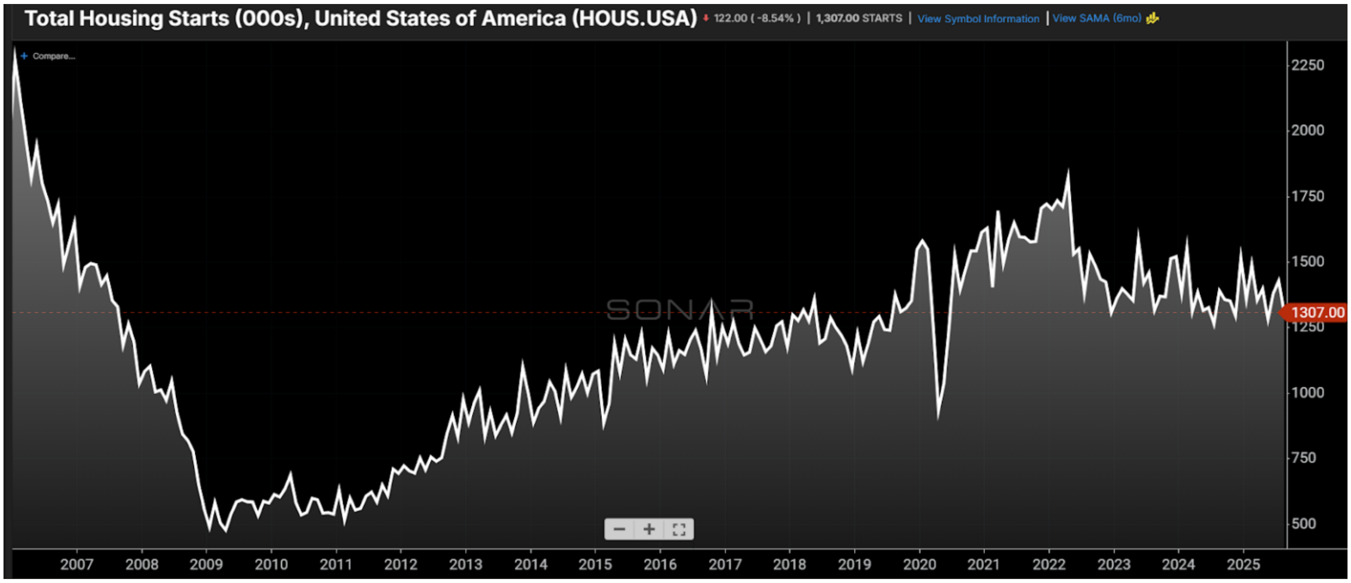



*Chart: SONAR. Total U.S. housing starts (in thousands).*

More data will be released over the next month, though much of it will be backward-looking and less relevant as the new year begins. In other words, these releases will reflect market conditions that may no longer be representative of the outlook ahead.

## Flatbed safety is exacting but essential

Given the open nature of flatbed trailers, it is arguably more important for flatbed drivers to follow best safety practices than for drivers in any other mode. This is compounded by the fact that flatbed drivers are uniquely responsible for ensuring that their loads are properly secured and, if necessary, covered by tarps. Otherwise, cargo can shift or even fall in transit, harming not only drivers and their equipment but also fellow motorists.

Thus, drivers should first choose high-quality straps, chains and binders that are designed to withstand the weight and type of cargo being transported. When loading, drivers must be careful to confirm that cargo is distributed evenly across the deck to maintain stability and to prevent excessive stress on specific areas of the flatbed. If applicable, drivers should employ edge or corner protectors to protect straps from sharp edges as well as sensitive cargo from damage caused by undistributed downward force.

Flatbeds also serve a vital role for the domestic oil and gas industry, in part because safety can be compromised by the (often) time-sensitive nature of such deliveries. As such, it is critical that the pre-trip inspection be fully carried out, not only with regard to the vehicle and trailer but also to the rigging equipment used, checking for frays or other signs of excessive wear.

Finally, special attention should be paid to the surroundings when the flatbed is not in use, particularly during loading and unloading. Trucks should be parked on a surface that is as flat as possible, taking care that the truck is not only level from front to back but also untroubled by side grades. To be sure, side grades need special attention when the truck is in motion, such that a heavy object does not suddenly shift forward into the cab or backward into any traffic. When dealing with hazardous materials, drivers should be aware of potential obstacles during loading and unloading that could impede an evacuation route.

## Truck capacity outlook

The trucking capacity outlook is showing signs that capacity is exiting the market, which is needed to firm up pricing, but at a relatively slow rate. The back half of the year is traditionally a period when capacity tightens across modes. But with all the added capacity throughout the year, the usual tightening was muted throughout the fourth quarter of 2023.

The interesting growth areas haven't necessarily been in carriers or tractors but in the number of trailers added over the past few years. When the market reacted to the COVID-19 pandemic, semiconductor shortages prevented new truck order backlogs from being worked through. This led to fleets investing elsewhere, namely in trailer counts, which was one of the first areas addressed when the increased rates were sustained throughout the back half of 2020 and early '21.

With rates falling rapidly, the growth in capacity will likely return to levels closer to 2019 until some of the capacity added over the past year is removed from the market.

| Total Fleets, Tractors and Trailers | | | | Percent Change since February 2022 | | |
|---|---|---|---|---|---|---|
| Time Period | Carriers | Tractors | Trailers | % Carriers | % Tractors | % Trailers |
| Jul-22 | 498,170 | 2,780,000 | 4,298,588 | 5.75% | 1.83% | 14.34% |
| Feb-22 | 471,102 | 2,730,000 | 3,759,410 | | | |
| **Total For-Hire Fleets, Tractors and Trailers** | | | | **Percent Change since February 2022** | | |
| Time Period | Carriers | Tractors | Trailers | % Carriers | % Tractors | % Trailers |
| Jul-22 | 300,027 | 1,810,000 | 3,022,330 | 8.76% | 2.26% | 1.00% |
| Feb-22 | 275,856 | 1,770,000 | 2,992,449 | | | |
| **Total Private Fleets, Tractors and Trailers** | | | | **Percent Change since February 2022** | | |
| Time Period | Carriers | Tractors | Trailers | % Carriers | % Tractors | % Trailers |
| Jul-22 | 158,865 | 766,799 | 1,147,612 | 1.20% | 0.63% | 49.63% |
| Feb-22 | 156,979 | 761,967 | 766,961 | | | |

*Source: Federal Motor Carrier Safety Administration monthly census data.*

Since February 2022, the total number of fleets, which is filtered to those that report having at least one tractor and 20,000 or more annual miles per tractor on their MCS150 forms, has increased by 5.75%. Carriers have to report the data only once every two years, so the growth over the past two years is evident from the rise in July's numbers compared to February's. The average fleet size (number of tractors divided by fleet count) declined from 5.8 to 5.5, which indicates that growth is stemming from smaller carriers entering the market.

Growth in carrier and tractor counts is emerging from for-hire carriers, which is expected as the number of owner-operators has increased dramatically over the past two years. Overall, the number of carriers has jumped by 8.8% since February, but the number of tractors has increased by only 2.3%. This signals that owner-operators are the largest group to experience growth between February and July 2022.

While the for-hire side of the trucking industry is experiencing gains in carriers and tractors, private fleets are where most of the growth in trailer counts is originating. Between February and July 2022, private fleet trailer counts increased by 49%. Again, it is important to note that carriers have to report this number only biennially, so it really shows the growth over the past two years.

The for-hire market may see some consolidation — and bankruptcies — over the next six to 12 months, but it may not actually show up in the data, with carriers having to report only once every two years and new carriers always entering the market. As the freight market softens, the difference is that drivers will return to the umbrella of large enterprise carriers and thus may actually be double counted at some point in the future.

| **Total Fleets, Trucks and Trailers with oilfield or liquid/gas specialization** | | | | **6 month % Change** | | |
|---|---|---|---|---|---|---|
| **Time Period** | **Carriers** | **Tractors** | **Trailers** | **% Carriers** | **% Tractors** | **% Trailers** |
| Feb-22 | 28,446 | 380,291 | 1,074,897 | 0.7% | -0.5% | 0.9% |
| 6 months ago | 28,260 | 382,131 | 1,065,222 | | | |
| **Total For-Hire Fleets, Trucks and Trailers with oilfield or liquid/gas specialization** | | | | **6 month % Change** | | |
| **Time Period** | **Carriers** | **Tractors** | **Trailers** | **% Carriers** | **% Tractors** | **% Trailers** |
| Feb-22 | 20,190 | 326,544 | 923,705 | 1.4% | -0.7% | 1.2% |
| 6 months ago | 19,906 | 328,902 | 912,408 | | | |
| **Total Private Fleets, Trucks and Trailers with oilfield or liquid/gas specialization** | | | | **6 month % Change** | | |
| **Time Period** | **Carriers** | **Tractors** | **Trailers** | **% Carriers** | **% Tractors** | **% Trailers** |
| Feb-22 | 8,256 | 53,747 | 151,192 | -1.2% | 1.0% | -1.1% |
| 6 months ago | 8,354 | 53,229 | 152,814 | | | |

*Source: FMCSA monthly census data.*

The capacity landscape for carriers with oil and gas exposure was relatively unchanged from six months ago as their numbers have increased across the board. The largest rise is in the for-hire market, where the number of carriers has risen by 1.4%.

Even with additional carriers in the market, the number of available tractors has declined by nearly 1%, indicating a couple of things: Smaller carriers are entering the market, and larger carriers with exposure to oil and gas are thinning out their fleets.

While the number of tractors has declined in the past six months, for-hire carriers have added trailer capacity to their fleets, increasing the number of available trailers by 1.2% in the six-month span.

Private fleets haven't experienced the same fate, as there were 98 fewer private carriers operating in the oil and gas space over the past six months. Those continuing to operate have added to their fleets, however, as the number of available tractors has increased by 1%.

**Total Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California**

| Time Period | Carriers | Tractors | Trailers |
|---|---|---|---|
| Jul-22 | 993 | 15,858 | 11,629 |

**Total For-Hire Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California**

| Time Period | Carriers | Tractors | Trailers |
|---|---|---|---|
| Jul-22 | 549 | 3,651 | 5,262 |

**Total Private Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California**

| Time Period | Carriers | Tractors | Trailers |
|---|---|---|---|
| Jul-22 | 395 | 11,799 | 5,967 |

*Source: FMCSA monthly census data.*

Nearly 1,000 carriers based in California were operating in oil field services or liquid/gas specialization as of last July. The vast majority, in both the overall trucking industry and the oil and gas industry, were for-hire carriers. More than 55% of the fleets in California that operate in the space are for-hire carriers, whereas private fleets make up just under 40% of carriers.

Private fleets do make up the vast majority of tractors in California. Of the 15,858 total tractors that operate in the oil and gas industry, 11,799 are from private fleets, which is roughly 75%. For-hire fleets have an average of 6.65 tractors, compared to private fleets with nearly 300 tractors in operation.

The difference in trailers is less dramatic as for-hire fleets have 45% of the trailers in California. But it is important to note that this data only includes owned trailers and not those that carriers have leased.

Ultimately, the capacity outlook appears quite different than it did at the beginning of 2022. The extreme growth over the past two years has passed its peak and is slowly starting to correct itself. However, having to report counts to the FMCSA only once every two years may mean the data does not show the capacity exiting the market as quickly as it actually does.

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