

JUNE  
2026

# STATE OF THE INDUSTRY

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SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR



## On again, off again

May 29, 2026 | 1 p.m. ET

### Overview

The freight market hit another level in late May, getting hit with Roadcheck, Memorial Day, and an unexpected ruling from the Supreme Court on broker liability. Capacity, which had settled in late April and early May accelerated its tightening with spot rates and tender rejections finding new highs. This market is showing no signs of easing and it surprisingly has little to do with demand side dynamics.

After months of turbulence, energy markets are finally giving consumers a reason to smile. Crude prices have pulled back sharply from their spring highs, and diesel costs have followed suit — welcome relief for businesses and households still recovering from the shock of war-driven supply disruptions.

But beneath the surface calm, some of the oil industry's most influential voices are sounding the alarm. The buffers that have kept prices from spiraling out of control — record-high inventories, emergency reserve releases, and unusual volumes of oil in transit — are rapidly disappearing. And once they're gone, there may be very little standing between today's manageable prices and a far more painful reality.

At a high-profile Wall Street conference in late May, the chief executives of Chevron and ExxonMobil delivered strikingly candid assessments of where the market is headed. Their message, while carefully worded, pointed in one direction: higher. The term circulating quietly among oil market insiders captures the concern precisely — *tank bottoms*. It describes the moment when

global inventories fall to the bare minimum needed to keep the energy system functioning.

### 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	234 (-6%)
Gulf Coast Basin	67 (+8.1%)
Anadarko Basin	56 (+3.7%)
<b>Total</b>	<b>604 (+4%)</b>

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

WTI crude	\$86.89 (+42%)
Brent crude	\$90.5 (+42%)
<b>Brent-WTI Spread</b>	<b>\$3..61 (+103.2%)</b>

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## Oil market

Even as May was coming to a close, and consumers of diesel and other petroleum products were breathing a sigh of relief over the downward trend in prices, a new term started kicking around oil markets: tank bottoms.

The term isn't new. But it's now heard frequently because "tank bottoms" is what some oil market observers believe is staring consumers in the face. And it isn't good.

May brought price relief. The price of Brent on the CME commodity market, the world's crude benchmark, closed April with a settlement of \$114.01/barrel. On May 29, the last day of May, it settled at \$92.05/b, a decline of 19.2%.

As for diesel, ultra low sulfur diesel settled April 30 at \$3.9464/g. Settlement on May 29 was \$3.5373/g.

The high Brent settlement since the war began was \$118.03/b on April 29.

With talks of some sort of settlement between Iran and the U.S. ongoing at the end of May that would involve the reopening of the Strait of Hormuz--since there won't be a deal unless that happens--buyers have nothing but blue skies ahead...right?

That wasn't the message delivered May 28 at the Sanford Bernstein 42nd Annual Strategic Decisions Conference in New York.

Two prominent oil industry executives, in their respective fireside chats with Bob Brackett of Bernstein, both talked about what they clearly see is a coming squeeze on oil supplies unlike what has happened so far.

Mike Wirth, the CEO of Chevron, did not use the term "tank bottoms" to describe a situation in which inventories fall to the bare minimum level for the world's energy system to operate. But his questioner, Bob Brackett of Sanford Bernstein, did.

Tank bottoms does not mean inventories fall to zero. There will always be some level of inventories that fills, for example, a crude or products pipeline and allows it to operate.

That line fill is considered inventory. But it isn't very usable, since it needs to stay in the pipeline to allow it to operate.

Wirth's comments were prefaced with some math. The Strait of Hormuz is the transit route for about 20 million barrels/day of crude. That all hasn't been lost, Wirth said; alternate routes have fired up through pipelines that had either been active but underutilized or inactive. The loss in crude supply, Wirth said, is more like 12 million to 13 million b/d against a global oil market before the Iran war of about 103- to 104-million b/d. Add to that the loss of some level of refined products.

But prices haven't soared to the heights of some of the more fearful predictions, like \$150/b. The high Brent settlement was \$118.03/b on April 29.

Wirth didn't make any predictions on a number. But he clearly is thinking that there may be higher figures ahead.

One of the reasons why prices have not gone up as much as some predictions, Wirth said, is that the global oil market inventories at the beginning of March, when the war began, were at extremely high levels.

"In fact, most people's outlook was for some downward pressure on oil prices as a result of that," Wirth said. "That was a bit of an insurance policy that we've been able to draw against during the first three months of this."

Part of those inventories, according to Wirth, were "more than the normal amount of oil on the water." That was driven in part by sanctions against Iran and Russia. Oil out of those countries couldn't be sold through channels. But ultimately, it finds a way into the market.

Countries also were able to release oil from strategic reserves, Wirth said.

After discussing other recent trends, like heavy buying by Asian customers, Wirth said "you've got all this inventory that sits in between the ins and the outs, and that has been able to buffer the pressure." But that can't last forever, he added. "The buffers and the shock absorbers are being steadily drawn down and the ability for the market to absorb this imbalance is drastically diminished today versus where we started," Wirth said.

The CEOs of major oil companies are generally loath to predict prices. It could be seen by an ambitious antitrust prosecutor as signaling.

And though Wirth didn't quote a number, the message was clear in his answers.

"Over the next few weeks, we are likely to see those pressures flow through more directly to physical prices and there's more upward pressure that I would expect as we get into June and certainly into July," he said.

Neil Chapman, a senior vice president at ExxonMobil, also didn't use the term tank bottoms. But much of what he said echoed Wirth.

Chapman's comments might have been even more shocking, only because ExxonMobil has long been extremely cautious in discussions about where markets were headed.

Chapman was more direct.

He mentioned some of the same conditions Wirth did that have helped oil prices stay in check without getting to extremely high levels: inventory draws, high amounts of oil on the water, strategic stock releases.

But those are now in the rearview mirror.

"We're approaching unheard of inventory levels," Chapman said, also in a fireside discussion with Brackett. "I mean, really, really low levels. You can debate whether that's going to hit those really low levels in 2 weeks or 3 weeks. But once you get to that point, then you'll see (the) price shoot up."

Fundamentals react to those sorts of market prices, Chapman said. "What happens is when the price gets to a certain level, demand destruction brings it back into balance," he said. "Prices go so high, it becomes unaffordable and that's what happens."

Current price levels, according to Chapman, have been obtained by "running down inventories. That can't last forever."

The research firm of HFI Research was even more skeptical that the market can avoid a crisis no matter how soon the Strait of Hormuz opens.

In an emailed article that describes the oil market as being "past the point of no return," HFI predicted a price shock.

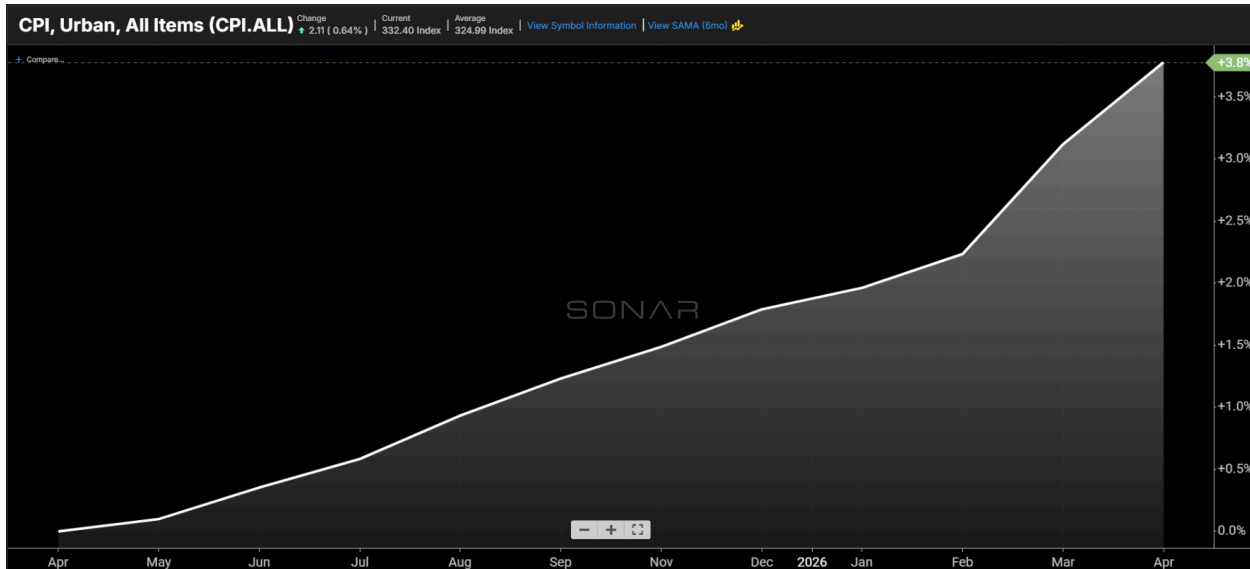
"Now that we are a month past the oil market breaking point, logistical constraints make it impossible for production shut-in to restart until August," HFI said. "Most ballast tankers are headed for the U.S. to drain the last remaining excess crude in storage, and the time it will take to return to the Persian Gulf all but guarantees more delays."

## **National economic outlook**

### **Inflation grows as Iranian conflict persists**

Inflation has taken the top spot among rising concerns for many economists as the conflict in Iran shows no clear end in sight, despite messaging to the contrary. The headline CPI figure increased to 3.8% from 3.3% in March, well above the Fed's 2% target.

The primary driver of the increase was, as expected, energy. Gasoline prices in April were 28% higher than the prior year, while electricity was up 6%. Food prices were also a contributor, with fruits and vegetables coming in 6.1% higher and non-alcoholic beverages following at a 5.1% annual increase. Rising transportation costs are a component of these increases, driven in part by fuel but more significantly by a lack of capacity.

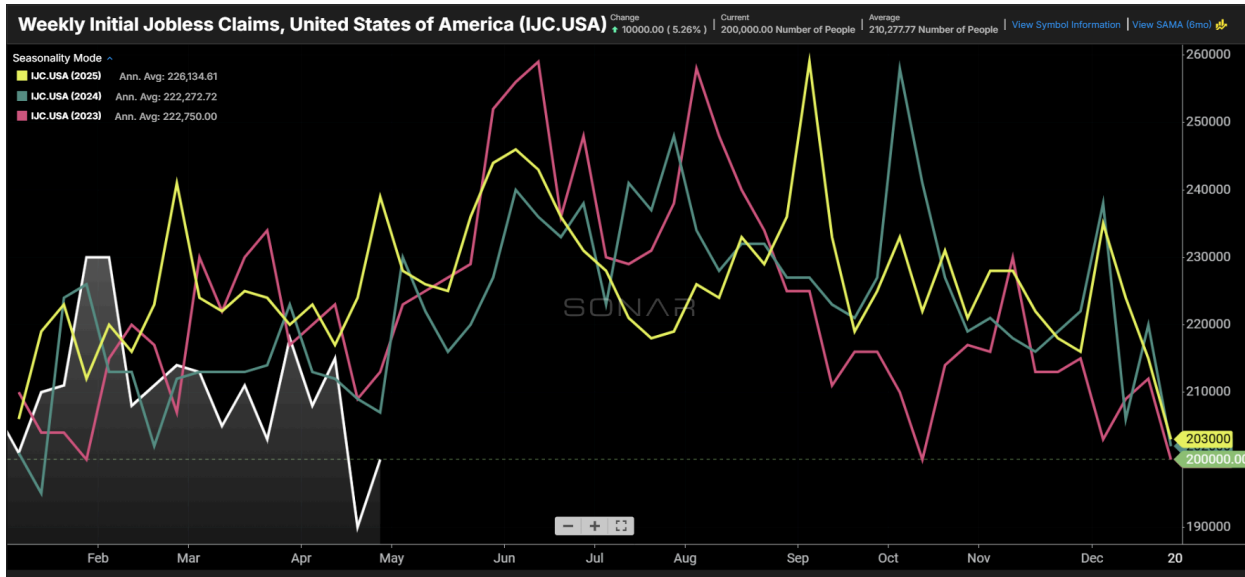


In other categories, airline fares were up over 20%, while motor vehicle maintenance and, somewhat surprisingly, apparel all showed stronger-than-average increases. The housing component, which has drawn criticism for being too slow to reflect real-world conditions, came in above target but softer than many other components at 2.8%.

Possibly more concerning is the accelerating growth in the Producer Price Index (PPI), which rose a seasonally adjusted 1.4% month-over-month and 6% year-over-year in April — the highest annual growth reading since December 2022. Energy was again a strong driver, but core PPI excluding food and energy rose 1% over March, well above the 0.4% expectation.

There are other price pressures developing with no direct connection to the conflict in Iran. Trade services increased 2.7%, suggesting some lagging tariff inflation may be coming into play. Machinery and equipment wholesaling increased 3.5%, pointing to a more structural and persistent inflationary pressure.

The other component of the Fed's dual mandate, the labor market, showed continued resilience despite ongoing negative sentiment. The 115,000 jobs added in April greatly exceeded expectations, though those expectations were historically low at 55,000. Unemployment held at a stable 4.3%, though that figure does not capture the continued decline in labor force participation driven by reduced immigration and workers exiting the workforce for various reasons.



Job creation has been erratic so far in 2026 but is outpacing 2025 by a wide margin. Healthcare once again led sector growth, continuing a recurring theme over the past year. Initial jobless claims averaged approximately 18,000 fewer per week in April compared to 2025, further supporting the narrative of a "low hire, low fire" labor market.

Taken together, the data paints a picture of overall stability — one that would support the Fed holding rates flat or moving toward hikes later in the year if current conditions persist.

## Manufacturing

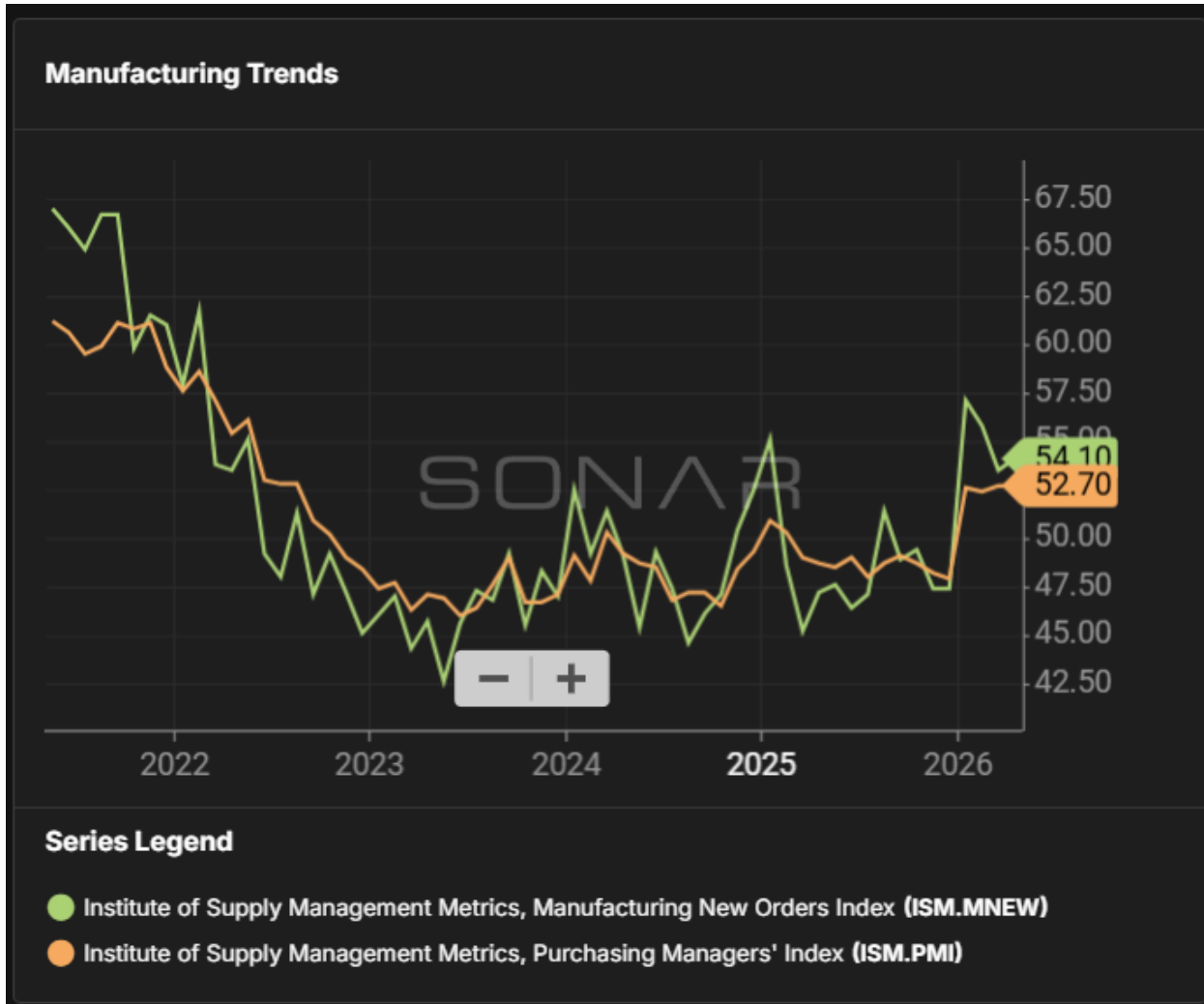
### The industrial economy continues to expand, but manufacturers are being pressured by commodity prices

The Institute of Supply Management (ISM), Purchasing Managers' Index (ISM.PMI), shows manufacturing activity in expansion. The ISM.PMI ticked reading was 52.7 in April, the same reading as the previous month, indicating growth in the industrial economy for the fourth consecutive month. The recent growth likely reflects some pent-up demand; since prior to January 2026, the ISM showed that the industrial economy had been in contraction for 26 consecutive months.

The Institute for Supply Management also continued to provide optimistic readings in the forward-looking New Orders Index, which was 54.1, showing expansion in new orders, and a pick-up from 53.5 in February. The Backlog of Orders Index also showed expansion with a reading of 51.4, down 3 percentage points from the prior month. Meanwhile, inventory metrics showed a further decline, with the Inventory Index of 49 percent. The inventory index was higher than it had been in the prior two months, but still points to a need for replenishment. The combination of rising new orders and declining inventory levels suggests industrial freight demand should remain strong in the coming months.

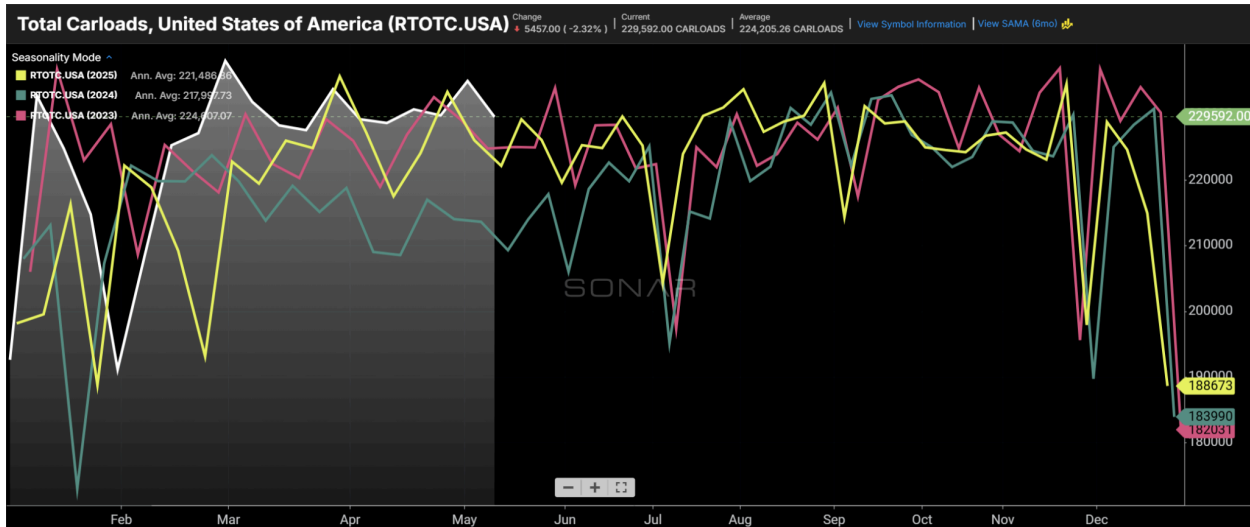
Respondents to the ISM survey generally provided comments that were more guarded (negative comments outnumbered positive comments 2.2 to 1) than ISM readings would suggest. Despite the

Supreme Court overruling the IEEPA tariffs, respondents continue to cite tariff concerns as well as the impact that the Iran war is having on commodity costs. As a result, industrial companies are managing headcount tightly. Some companies have recalibrated supply chain expectations in response to higher energy prices and higher prices of other commodities. With the exception of natural gas, virtually all other industrial commodities are experiencing inflation.



The most recent Federal Reserve Board of Governors data on Industrial Production and Capacity Utilization, released May 15th, shows that industrial production grew 1.4% year over year in April with growth in most categories.

Industrial activity translates to freight demand through rail carload traffic, flatbed truckload demand, and LTL demand. Rail carload traffic, which is reported each week by the Association of American Railroads, historically grows when the industrial economy does, since it is industrial-heavy after excluding coal and agriculture.



Total U.S. carload traffic, as reported by the Association of American Railroads, is up 2.6% year over year, in the past four weeks (ending May 9th), and is up 3.6% year over year, year-to-date through the first 18 weeks of the year. In the past several weeks, chemicals and petroleum volume on the rails have picked up in response to the U.S.'s competitive advantage of having low natural gas prices. In the past four weeks, the chemicals and petroleum segments have been up 2.5% and 11.6%, year over year, respectively. The Class I railroads issued more optimistic commentary on their first quarter earnings calls than they had on their fourth quarter earnings calls, which called for total revenue increases in the mid single-digit range, almost entirely on price.

## Consumer Conditions & Retail

### Inflation has hit consumer sentiment, but not overall spending levels

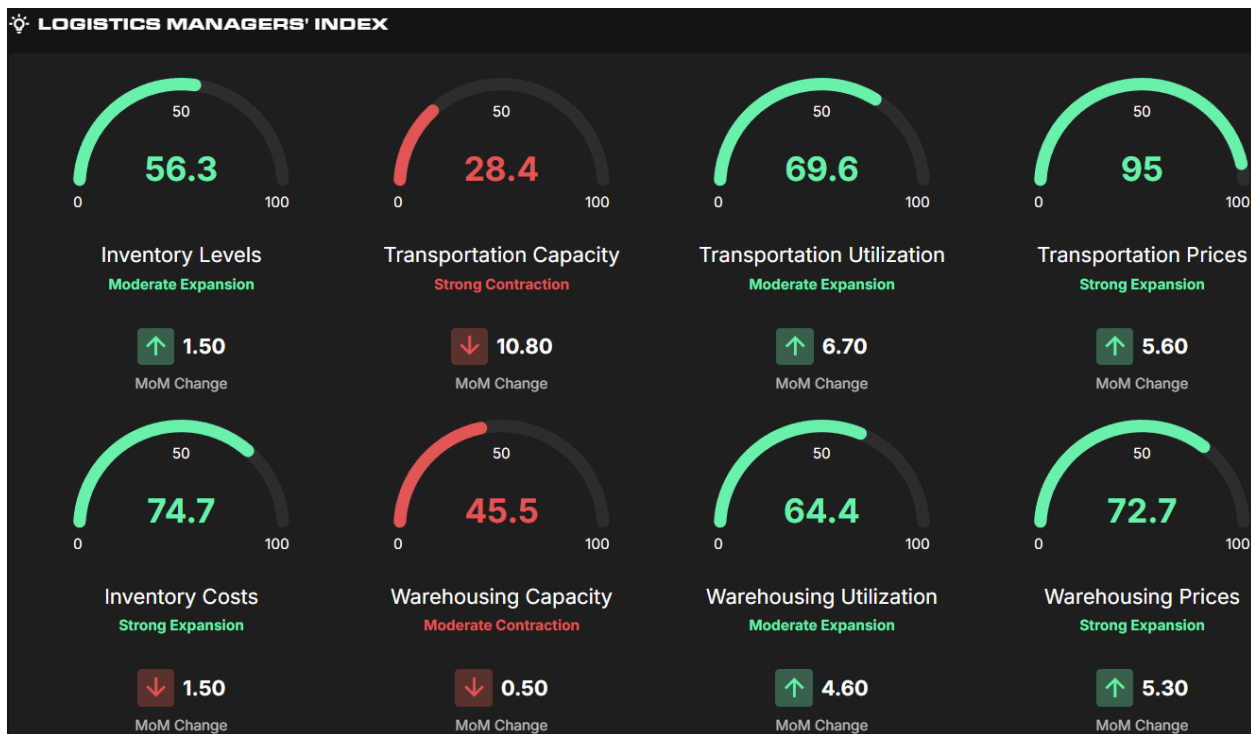
Data from the Bureau of Economic Analysis for February (released April 30th) shows that Personal Consumption Expenditures increased 3.5% from March 2025 and increased 3.2%, excluding food and energy. A rising CPI (3.8% annual rate in April) is leaving average households with slightly less disposable income. DPI (personal income less personal current taxes) increased 0.6% from the prior month. While personal consumption expenditures (up 0.2% at a monthly rate in March) continue to rise, many consumers are struggling, and some are pulling back in recreational equipment and experiences as well as food/beverages (GLP-1 drugs are also having an impact).

Consumer sentiment surveys, such as the University of Michigan sentiment survey, continue to deteriorate. The Michigan Index of Consumer Sentiment dropped from 49.8 in April to 48.2 in May. Consumers' assessment of current economic conditions declined more sharply, from 52.5 in April to 47.8 in May. Inflation and the affordability of big-ticket purchases continue to be consumers' greatest concerns – consumers' year-ahead inflation expectations average 4.5%.

CPG companies are feeling pressure from consumer behavior since their clientele comprises all income levels, including those that are disproportionately impacted by rising energy prices. The Kraft Heinz CEO made [headlines](#) by saying that its customers are running out of money by the end of the

month. Consumers are shopping more for private label and in club stores. CPG companies have adjusted pack sizes, both by introducing more single-serving items for consumers, minimizing cash outflow, and offering bulk packs for consumers trying to minimize per-serving costs. CPG companies are also dealing with volatile ingredient markets across a range of inputs.

Companies are attempting to balance high warehousing costs with the ability to satisfy demand. After the Logistics Managers' Index reported one of the biggest declines in inventory in December, it rebounded to moderate expansion in each of the first four months of the year (with readings in January, February, March, and April of 53.9, 53.8, 54.8, and 56.3, respectively). That is still well below the LMI readings for Inventory Costs and Warehousing Prices, which were 74.7 and 72.7, respectively.



The NRF's latest Retail Monitor contends that consumer spending is holding up well in the face of higher energy prices. According to the NRF, total retail sales, excluding auto dealers and gas stations, increased 5.73% year over year. While that is a deceleration from 7.05% reported in March, it is still high given the recent increase in inflation and the continued poor consumer sentiment (if consumer sentiment is an actual meaningful indicator). The NRF attributes the growth to higher tax refunds (average of \$3,521, up 11% y/y), which more than offset the negative impact of energy price inflation. The only NRF category that declined on a year-over-year basis is building and garden supplies, where down 2.7% year over year.

## Housing & Construction

Existing home sales came in 0.2% higher in April, essentially flat compared to a year ago and slightly below economist expectations. Sales have been hovering around the 4 million annualized pace since 2023, well below the historical norm of approximately 5 million units.

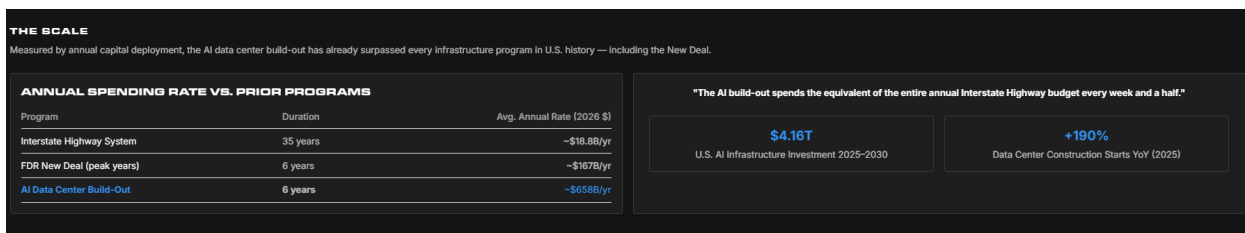
National median prices increased 0.9% in April, but that headline figure masks significant regional divergence. Many boomtown markets in Sun Belt states such as Florida, Texas, and Arizona have seen notable price declines, while several Rust Belt markets are posting some of the strongest increases in the country.

Inventory levels improved slightly but remain low. Unsold inventory rose 5.8% in April, though supply is still roughly one month below what is considered a healthy, balanced market.

Mortgage rates remain a key headwind for buyers, with most forecasts keeping them above 6% for the remainder of the year. Long-term Treasury yields have been pushed higher by the elevated risk environment stemming from the extended conflict in Iran, which has pulled mortgage rates higher in turn.

With prices and rates remaining elevated and the job market continuing to show little momentum, there is little reason to expect the housing sector to shift meaningfully in the near term, despite some underlying unevenness in the data.

From a freight perspective, the weakness in housing is not the significant drag it would normally be, given the outsized growth in data center construction across the country. The long-term buildout over the next approximately six years is expected to rival or exceed the scale of some of the largest infrastructure projects in the country's history.



This buildout is driving substantial demand pressure in the flatbed space and shows no signs of slowing.

### 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.

<b>Total Fleets, Trucks and Trailers with oilfield or liquid/gas specialization</b>				<b>6 month % Change</b>		
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>	<b>% Carriers</b>	<b>% Tractors</b>	<b>% Trailers</b>
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			
<b>Total For-Hire Fleets, Trucks and Trailers with oilfield or liquid/gas specialization</b>				<b>6 month % Change</b>		
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>	<b>% Carriers</b>	<b>% Tractors</b>	<b>% Trailers</b>
Feb-22	20,190	326,544	923,705	1.4%	-0.7%	1.2%
6 months ago	19,906	328,902	912,408			
<b>Total Private Fleets, Trucks and Trailers with oilfield or liquid/gas specialization</b>				<b>6 month % Change</b>		
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>	<b>% Carriers</b>	<b>% Tractors</b>	<b>% Trailers</b>
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%.

<b>Total Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California</b>			
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>
Jul-22	993	15,858	11,629
<b>Total For-Hire Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California</b>			
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>
Jul-22	549	3,651	5,262
<b>Total Private Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California</b>			
<b>Time Period</b>	<b>Carriers</b>	<b>Tractors</b>	<b>Trailers</b>
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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