NOVEMBER
2026

STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR | Ryder Ever better.

Steady but not stable

October 28, 2026 | 1 p.m. ET

Overview

Little changed in the domestic freight market over the past month, though some easing signals did present themselves in late October. Rejection rates held fairly steady just below 14% as demand dropped throughout the month. Rejection rates then slid below 13% for the first time since May. The slippage was expected in October, but there is not much to suggest that it represents a meaningful shift ahead of the holidays.

October brought diesel buyers a rare break. The market has swung hard since the U.S. and Israel began military action against Iran on March 1, but over the last 10 days of October the AAA average retail price stayed between $6.309 and $6.352 a gallon. That's a narrow range even for normal times. On October 28 it was $6.3499, about four cents below where the month started. CME ultra low sulfur diesel futures were similarly steady and closed October at $4.8152 after a short dip early in the month.

The calm hasn't changed many analysts' minds. It's hard to find anyone who expects prices to fall meaningfully any time soon. In its October 23 report Barclays said risks "remain skewed higher in the near term," citing tight physical supply and depleted inventories. Bank of America's commodities team, led by Francisco Blanch, blamed "an acute scarcity of refined products." It pointed to attacks on shipping around Hormuz and on Russian refineries, and to demand that has held up despite high prices. Retail prices remain close to the record $6.5276 set on September 22.

Even a ceasefire wouldn't bring quick relief. The IEA says global stocks are 509 million barrels below where they were at the end of February. About 2 million b/d of Middle East refining capacity is offline, and Russia is running with roughly 30% less refining capacity than before the war.

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	243 (+2.1%)
Gulf Coast Basin	73 (+9%)
Anadarko Basin	61 (+24.5%)
Total	**645 (+12.4%)**

Crude oil prices per barrel (y/y change)

WTI crude	$102.78 (+70.9%)
Brent crude	$115.32 (+79.1%)
Brent-WTI Spread	**$12.54 (+195%)**

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Oil market

Diesel consumers: it's OK to take a breather sometimes.

As October is coming to a close, the volatility in the diesel market that has been a feature for so much of the last months, since the U.S. and Israel launched military action against Iran on the first day of March, has pulled back.

For example, in the last 10 days of the month leading up to October 28, the average U.S. retail price of diesel as reported by the AAA ranged from a low of $6.309/gallon to a high of $6.3521/g. That sort of minimal movement would be unremarkable even in normal times.

On October 28, the AAA price of $6.3499/g was about four cents less than where it was at the beginning of the month.

And yet, among professional oil watchers, it is difficult to find a true bear, one who sees any prospect of oil prices making a more significant step down anytime in the near future.

The commodity price of ultra low sulfur diesel (ULSD) traded on the CME commodity exchange closed September at about $4.95/g. After a brief but significant dip in early October, it went back to its level that seems like a sweet spot for now: enough to continue incentivizing maximum diesel production out of the world's refineries while not thoroughly destroying demand. ULSD closed the month at $4.8152/g.

But that relative stability hasn't changed the minds of too many professional oil watchers. Maybe none, in fact.

An October 23 report by Barclays entitled "Hope and Despair" pretty much summed up the bullish view.

"Fading hopes for a quick end to the Iran conflict are adding urgency to an already tight physical market, with depleted inventories and recovering demand driving steep premiums for spot supplies and increasing near-term upside risk," the report said.

The Barclays report also noted the relative stability in prices in October. But it said that "risks remain skewed higher in the near term."

One feature of the current futures market is that traders appear desperately afraid of getting caught short. There were several instances of oil and diesel prices in October taking a sudden dip when some report emerged from just about anywhere that this person was talking to that person with help from a third country–all very vague–and down the market

went. But when the reports turn out to be based on almost nothing, the price would rebound.

The type of report published by the commodities research team headed by Francisco Blanch at Bank of America Merrill Lynch is more attuned to the actual molecules making up the diesel market.

In a report released mid-month, Blanch referred to the "autumn blues" in diesel.

The report referred to "an acute scarcity of refined products" as being responsible for current prices. (Even though prices have not swung wildly over the course of the month, they are not far below the all-time high AAA price of $6.5276/g set on September 22.)

The BOA Merrill report lists all the woes impacting diesel.

- "Geopolitical disruptions are exacerbating that shortage as attacks on shipping around Hormuz make energy flows more difficult and costly, while attacks on Russian refining capacity further restrict product availability."

- "Subdued global refinery utilization limits the supply response despite extraordinary margins, while resilient OECD consumption means high prices have yet to generate sufficient demand destruction."

- “China is providing some offset as LNG and electric trucks increasingly displace diesel demand, but that structural weakness has not been sufficient to rebalance global markets.”

Most analysts including those at BOA Merrill are skeptical of recent steps taken by governments to ease the diesel pain.

The problem is none of them actually increase supply, whether it is the federal suspension of restricting (cheaper) red dye diesel to agricultural markets (a step that is almost doomed to fail on logistics alone), the Russian diesel deal announced by the Trump administration, which does not significantly increase supply and if it does may not see the fuel make it out of Russia itself, which needs the supply, or more release of strategic stocks which "effectively brings future supply forward rather than creating new barrels and comes when European commercial inventories are already depressed."

It is entirely possible that given the way the market has reacted to hints of peace talks--a sharp move down--that there will be an even more magnified move if something actually happens to end or limit hostilities.

But should that happen, there is still a lot of work to do. Global inventories have been run down to keep the world running. But the International Energy Agency reported in its October report that global stocks were 509 million barrels less than they were at the end of February, amounting to 2.4 million b/d. Those will need to be rebuilt.

The IEA also reported that lost Middle East refining capacity due to attacks and shutdowns because of an inability to get products out of the Strait of Hormuz totals about 2 million b/d. It has been noted by several analysts that the oil that is coming out of the Strait is almost completely crude with few products. That has helped lead diesel to continue to hover near a 90 cents to $1/gallon spread over crude, extremely wide by historic norms.

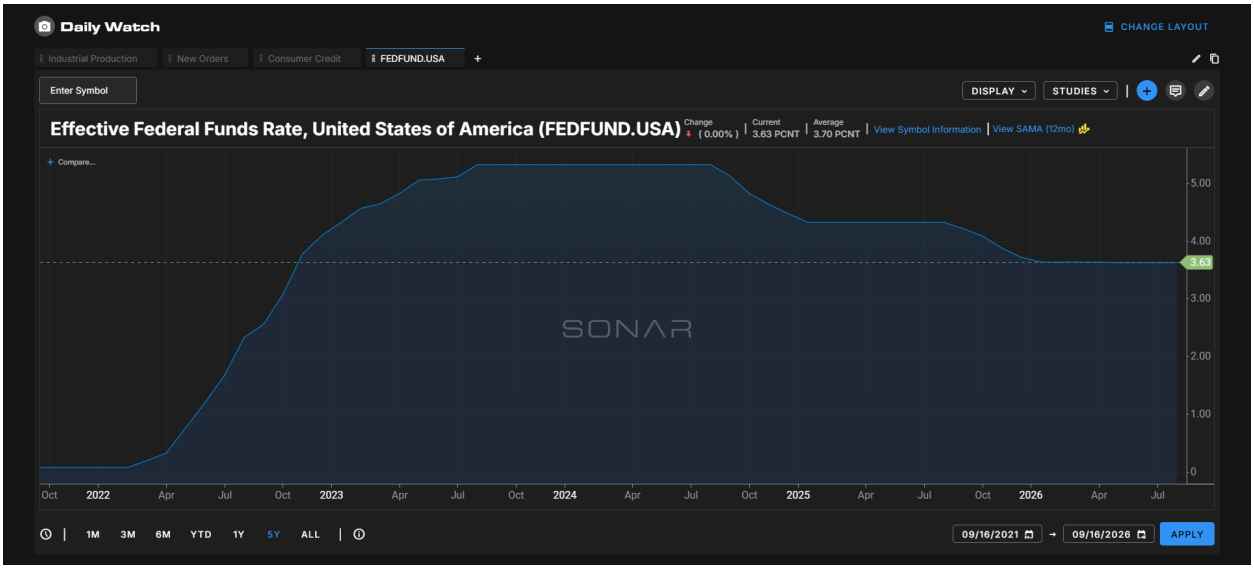
The IEA also reported that its baseline forecast for Russia, target of Ukraine attacks, is that it is now operating with about 30% less refining capacity than before the war. That was a September forecast. It is likely to be more than that now.

Looming over all of this is talk, admittedly vague, of some sort of escalation of military action after Election Day.

If as a consumer you enjoyed the stability of October, there is no guarantee it will run through the end of the year.

National economic outlook

The Federal Open Market Committee raised the target range for the federal funds rate by a quarter percentage point, to 3.75% - 4.00%, on September 16, in a 12–0 vote. The Committee's statement characterized economic activity as expanding at a solid pace, citing resilient domestic spending, strong productivity growth, and robust capital investment, and noted that job gains have kept pace with the workforce while the unemployment rate has changed little. The Committee described inflation as elevated and said the rate increase would support a “timelier return” to its stated 2% goal, measured by PCE. A higher policy rate raises the marginal cost of carrying inventory, financing equipment, and floating receivables, a modest but direct cost pressure on capital-intensive carriers and equipment lessors across the freight sector.



SONAR Tickers: FEDFUND.USA

Trade tensions between the United States and Canada remained elevated following the collapse of bilateral trade talks in late August. Canada's Department of Finance imposed retaliatory tariffs of 15%, 25%, and 50% on roughly C$27.6 billion in U.S. imports effective September 8, in response to the 50% tariffs the United States placed on a broad range of Canadian products under Proclamation 11048, effective August 22. On September 8, POTUS signed Proclamation 11063, invoking Section 338 of the Tariff Act of 1930, which converts certain of those tariffed Canadian products, specifically alcoholic beverages, dairy products, and motor vehicle products, from a 50% duty to an outright import ban, effective September 29 at 12:01 a.m. Eastern time; goods imported before that date remain subject to the 50% duty rather than the ban. The administration also modified the underlying tariff list effective September 15, removing rock salt and cement while adding all-terrain vehicles and additional dairy products. It should be noted that Canadian imports of the products banned comprise a relatively small portion of the U.S. markets. The largest overall net-imported category, spirits, is primarily composed of Canadian whiskies, liqueurs, and cordials.

Banned Good	2025 Canadian Imports Value (Million USD)	2025 US Market Size (Million USD)	Can Imp % of US Mkt Size	US 2025 FAS Trade Balance (Million USD)
Beer	19.2	35,900	0.05%	-2.6
Molasses	0.8	8,980	0.01%	11.3
Motorcycles >800cc	80.6	6,100	1.32%	39.1

Non-Alcoholic Beer	4.8	583	0.83%	-2.2
Spirits	673	36,410	1.85%	-495.7
Whey/Dairy	34.9	1,800	1.94%	33.6
Wine	62.1	13,480	0.46%	41.8

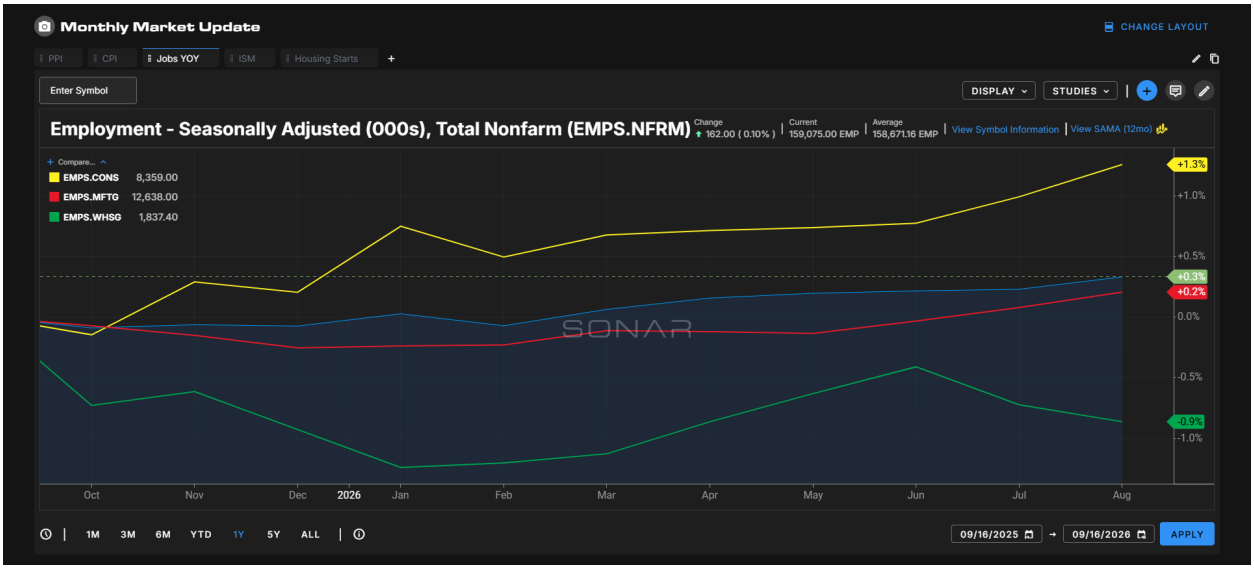
Import and Trade Balance Data Source: USITC DataWeb
U.S. Market Size Data Sources: Mordor Intelligence, Distilled Spirits Council of U.S., Grand View Research, Brewers Assoc.

Import prices, a direct read on tariff cost pass-through, rose 0.7% in August following a 0.3% decline in July, and were up 7.0% over the twelve months ended August, the largest year-over-year increase since 2022, according to BLS's Import and Export Price Indexes release published September 16; nonfuel import prices, which strip out the volatile petroleum and natural gas categories, were up 5.5% over the same twelve months, also the largest such increase since 2022. Export prices rose 0.6% in August and were up 8.6% over the twelve months ended August. For carriers moving cross-border traffic through Great Lakes, Northeast, and Pacific Northwest gateways, the shift from tariff to outright prohibition on entire product categories is a more disruptive supply-chain event than a duty increase, since banned goods cannot move at any price after the effective date, and rerouting or resourcing of affected freight lanes will likely begin ahead of the September 29 deadline.

Separately, the United States and Mexico held a fourth round of talks in early September as part of the mandatory 2026 joint review of the United States-Mexico-Canada Agreement. The two governments remain apart on several core issues, including Washington's push for a 50% U.S.-made content requirement for vehicles to qualify for preferential USMCA access, the existing 40% labor value content rule requiring a $16-per-hour wage floor, Section 232 duties of 25% on autos and 50% on steel and aluminum, and U.S. and Canadian demands for nondiscriminatory access to Mexico's electricity market. The original July 1 deadline for concluding the review passed without resolution, and no date has been set for a fifth round. Because USMCA preferential treatment underpins a substantial share of cross-border truckload freight moving through Laredo, El Paso, and other Mexican border crossings, continued uncertainty over automotive content rules is likely to keep shippers and carriers cautious about long-term lane commitments in cross-border automotive freight until the review concludes.

The Bureau of Labor Statistics reported that total nonfarm payroll employment rose by 162,000 in August (+0.10% of the July employment base), following a July gain of 21,000 (+0.01%), itself revised up from an initially reported decline of 23,000. Combined, employment in June and July was revised 55,000 higher than previously reported, with June revised up 11,000 and July revised up 44,000. Within the industry detail,

manufacturing employment rose to 12,638,000 in August from 12,622,000 in July, a gain of 16,000 jobs (+0.13%), while transportation and warehousing employment rose to 6,606,300 from 6,601,300, a gain of 5,000 jobs (+0.08%). For a freight-dependent economy, sustained, if modest, growth in transportation and warehousing payrolls alongside upward revisions to the two prior months suggests carrier and warehouse hiring has not stalled despite the trade uncertainty described above.



SONAR Tickers: EMPS.NFRM, EMPS.MFTG, EMPS.WHSG, EMPS.CONS

The unemployment rate held at 4.1% in August, unchanged from July, while the labor force participation rate rose to 61.6% from 61.4%. The number of persons marginally attached to the labor force, meaning those who wanted and were available for work and had looked within the past year but not the past four weeks, fell to 1.7 million in August from 1.8 million in July, a decline of roughly 100,000. Discouraged workers, a subset of the marginally attached who had stopped looking specifically because they believed no jobs were available to them, fell to 441,000 from 476,000, a decline of 35,000, or about 7.4%. BLS itself characterized both August changes as "little changed" relative to this series' typical month-to-month volatility, but the reported declines provide useful context for the unchanged headline unemployment rate: fewer workers on the margins of the labor force withdrew from active job search in August than in July. For the freight labor market specifically, a stable unemployment rate combined with continued transportation and warehousing payroll growth suggests carriers are not yet competing for drivers and warehouse staff against a deteriorating broader labor market.

Taken together, trade policy remains the dominant source of near-term uncertainty for freight, even as the FOMC removed one source of ambiguity by raising rates a quarter point on September 16. Tariff and counter-tariff actions against Canada are shifting from cost increases toward outright market access restrictions on specific product categories, import

prices are rising at their fastest twelve-month pace since 2022, and the USMCA joint review remains unresolved past its original deadline. Against that backdrop, the labor market data are comparatively steady, with nonfarm, manufacturing, and transportation and warehousing payrolls all posting gains and the unemployment rate holding flat. That steadiness is a modest positive for freight demand, but it will not by itself offset the disruption an outright ban on entire Canadian product categories, or a higher cost of capital following the rate increase, could bring to affected lanes.

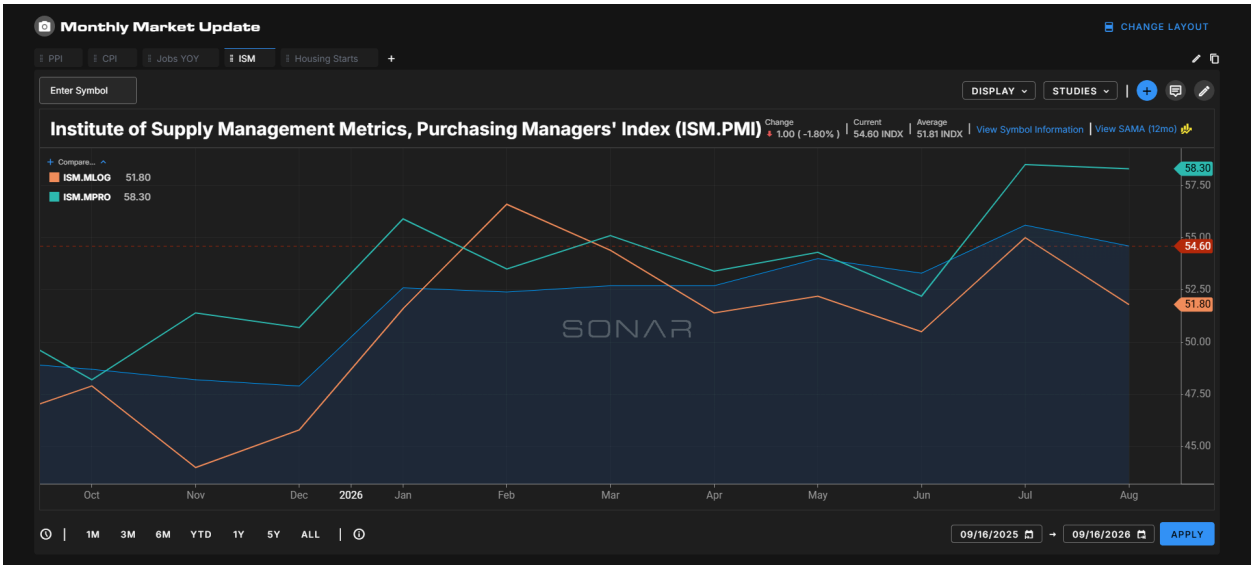
Manufacturing

New orders for manufactured goods rose 0.9%, or $5.8 billion, to $663.6 billion in July, according to the Census Bureau's Full Report on Manufacturers' Shipments, Inventories, and Orders, released September 2, the most recent data available. That followed a 0.2% decline to $657.8 billion in June. Within the July total, new orders for transportation equipment rose 2.3% to $116.2 billion from $113.6 billion, the largest dollar gain among major industry categories. Transportation equipment orders serve as a leading indicator of truck, trailer, and railcar production schedules, and the July increase points to steadier near-term equipment-related freight movement even as the broader factory orders series has been uneven month to month.

The Census Bureau's Advance Report on Durable Goods, released August 26, showed new orders for durable goods increasing 1.1%, or $3.6 billion, to $339.3 billion in July, building on a revised 0.5% gain in June. Durable goods orders capture long-lived manufactured equipment, including machinery, computers, and transportation equipment, much of which moves via flatbed, heavy-haul, or intermodal freight, and two consecutive monthly increases suggest modest but sustained demand for the equipment-related freight tied to this category.

The Federal Reserve Bank of New York's Empire State Manufacturing Survey, covering responses collected September 2-10, showed the General Business Conditions Index falling to 7.6 in September from 20.6 in August, a decline of 13.0 points, though the index remained in positive territory. New orders fell to 2.0 from 17.3, and shipments fell to -3.2 from 11.7, while prices paid rose to 63.1 from 58.6, edging above the survey's four-year high, and prices received rose to 28.1 from 22.7. The employment index was little changed at 10.6 in September from 9.3 in August, and the average workweek index rose sharply to 17.0 from 6.9, its highest reading in roughly five years. The survey's six-month-ahead outlook eased to 29.0 from 32.1. NY Fed economic research advisor Richard Deitz noted that, on the heels of strong growth in August, New York State manufacturing activity continued to pick up modestly in September, with employment growing at a solid pace while pricing pressures intensified. The combination of slowing new orders and shipments alongside a longer average workweek and rising input costs suggests New York-area manufacturers are managing current volumes with existing staff rather than expanding capacity, a pattern that points to steady, rather than growing, near-term freight demand from the region.

The Institute for Supply Management's Manufacturing PMI registered 54.6% in August, down from 55.6% in July, marking the eighth consecutive month the index has signaled expansion following a ten-month contraction period. The New Orders Index eased to 53.7% in August from 56.7% in July, while the Supplier Deliveries Index rose to 59.3%, indicating slower supplier delivery performance for a ninth consecutive month. Slower supplier deliveries alongside continued, if decelerating, order growth suggest freight networks are still absorbing manufacturing demand without significant slack, a combination that has historically supported truckload utilization even as growth moderates.



SONAR Tickers: ISM.PMI, ISM.MPRO, ISM.MLOG

The Federal Reserve Bank of Dallas's Texas Manufacturing Outlook Survey showed its general business activity index climbing to 11.6 in August from 1.3 in July, in the survey's most recent release, published August 31. The production index rose to 16.1 from 10.1, and the new orders index increased to 22.0 from 6.4, over the same period. The September survey had not yet been released as of this writing. Because Texas anchors Gulf Coast port traffic, Permian Basin activity, and cross-border trade through Laredo, the acceleration in Texas factory output and new orders is directly relevant to truckload and cross-border freight volumes moving through the state's freight corridors.

The Federal Reserve's G.17 Industrial Production and Capacity Utilization release, published August 18 and the most recent available as of this writing (the August edition had not yet posted), showed total industrial production rising 0.2% in July, following a 0.3% gain in June, and up 1.1% from a year earlier. Manufacturing output also rose 0.2% in July after a 0.3% June gain, with manufacturing output excluding motor vehicles and parts up a stronger 0.4%; durable goods manufacturing rose 0.7%, business equipment output rose 0.8%, and construction supplies output rose 0.8%, while consumer goods production fell 0.4%, on a 1.4% drop in durable consumer goods. Motor vehicles and parts production fell 2.1% in July,

the sharpest decline among major durable-goods categories. Capacity utilization for total industry edged up to 76.3% in July from 76.2% in June, still 3.1 percentage points below its 1972–2025 long-run average; manufacturing capacity utilization rose to 76.0% from 75.9%, 2.2 points below its long-run average. Broad-based growth in business equipment and construction supplies output, alongside a sharp pullback in motor vehicle production specifically, suggests freight tied to industrial and construction inputs is expanding even as auto-sector freight faces a near-term headwind from the motor vehicle production decline.

Taken together, national and regional manufacturing indicators describe an industrial base still expanding but decelerating on several fronts. Factory orders and durable goods orders both posted gains in July, and ISM's national index remained in expansion territory in August despite cooling new orders and slower supplier deliveries. Regionally, Texas manufacturing accelerated sharply in August, while New York's Empire State survey showed conditions softening from a strong August reading even as employment and hours worked increased. Industrial production data, the most recent available covering July, showed broad-based growth outside the motor vehicle sector, consistent with the equipment and construction-related order strength seen elsewhere in this section. Collectively, the available data point to a manufacturing sector generating steady, if uneven, order and equipment-related freight volume, with the Texas-New York regional divergence and the motor-vehicle-specific production decline standing out as the clearest soft spots.

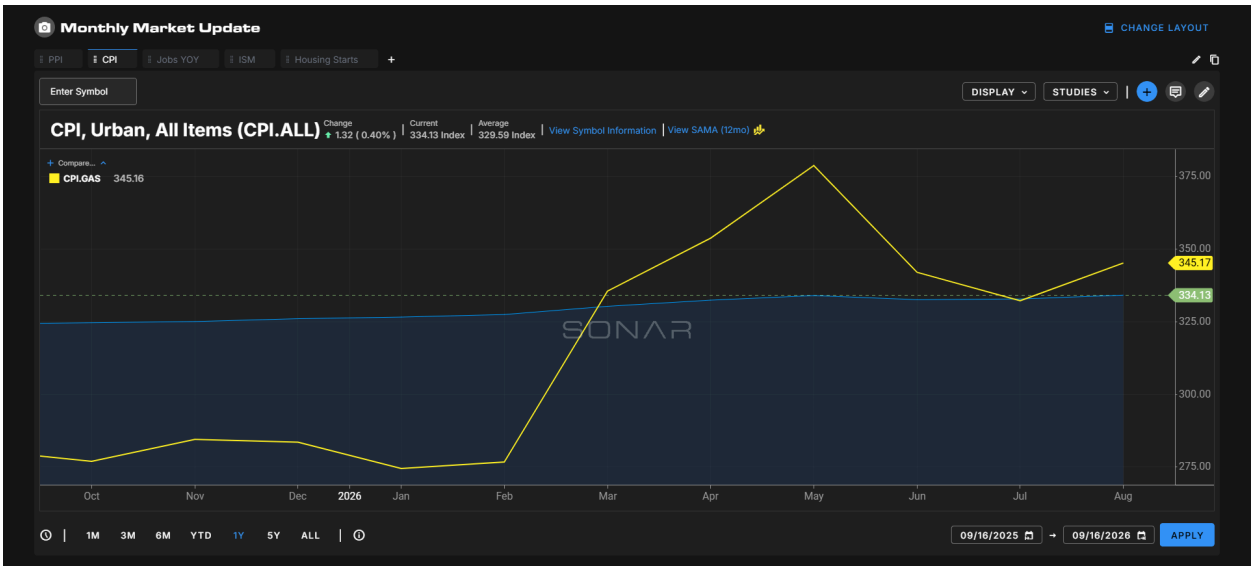
Consumer and Retail

The Census Bureau's Advance Monthly Retail Trade and Food Services report for August, released September 16, showed retail and food services sales rising 1.2%, seasonally adjusted, to $773.9 billion, following a downwardly revised 0.5% decline in July to $764.5 billion; sales excluding motor vehicles and parts rose 1.4%, and sales excluding both motor vehicles and gasoline stations rose 1.2%. Total sales were up 6.0% from August 2025. Sales at building material and garden equipment and supplies dealers fell 0.2%, seasonally adjusted, to $42,227 million in August, following a 0.1% decline in July to $42,318 million, though the category remained up 5.1% from a year earlier. A broad-based August rebound in general retail sales, alongside a second straight monthly decline in the building-materials category specifically, suggests general consumer-goods freight volumes strengthened into August even as the freight tied to construction and home-improvement retail continued to soften, consistent with the housing data described below.

The Federal Reserve's G.19 Consumer Credit release, published September 8, showed total consumer credit growing at a seasonally adjusted annual rate of 4.2% in July, up from 3.4% in June, with the outstanding balance rising to $5,186.2 billion from $5,168.1 billion. Revolving credit, mainly credit card balances, grew 2.5% in July after 6.0% in June, reaching $1,357.2 billion outstanding, up from $1,354.4 billion. Nonrevolving credit, comprising auto loans and other installment debt and excluding real-estate-secured borrowing, grew 4.8% in July after 2.5% in June, with balances rising to $3,829.0 billion from $3,813.7 billion. The G.19's quarterly

Terms of Credit Card Plans table puts the average rate on accounts assessed interest at 22.15% for the second quarter of 2026; third-quarter figures, covering a period that does not close until September 30, have not yet been published. Nonrevolving credit's July acceleration is consistent with continued household financing of vehicle and durable-goods purchases, a signal that supports steady, rather than deteriorating, freight demand tied to auto shipments and home-goods movement.

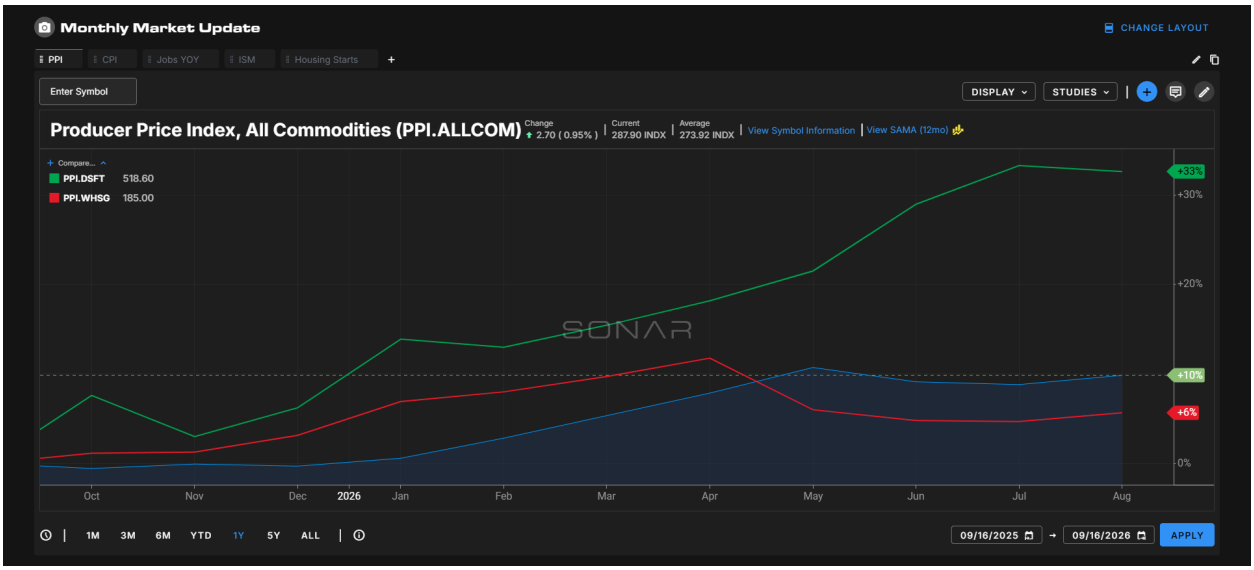
The Bureau of Labor Statistics' Consumer Price Index release for August, published September 11, showed the CPI-U index for all urban consumers rising 0.4% on a seasonally adjusted basis, following a 0.1% rise in July, with the unadjusted index level at 334.980, up from 333.918. The all-items index was up 3.4% over the twelve months ended August, matching the 3.4% twelve-month increase reported for July. The gasoline index rose 3.9% on a seasonally adjusted basis in August, after falling 2.9% in July; over the twelve months ended August, gasoline was up 27.4%, compared with a 24.6% twelve-month gain reported in July. Money spent at the pump is money unavailable for other retail purchases, and the accelerating gasoline index points to tightening discretionary purchasing capacity, a constraint on the consumer-goods demand that underlies truckload and less-than-truckload freight volumes.



SONAR Tickers: CPI.ALL, CPI.GAS

The Bureau of Labor Statistics' Producer Price Index release for August, published September 10, showed the not-seasonally-adjusted price index for water transportation of freight up 16.7% over the twelve months ended August, with the seasonally adjusted index unchanged from July to August after a 1.2% rise from June to July. The index for warehousing, storage, and related services rose 4.0% unadjusted over the same twelve-month period, with the seasonally adjusted index up 0.6% from July to August, reversing a 0.1% decline the month before. Both series are drawn from BLS Table 2, within

the transportation and warehousing services for intermediate demand category, which posted an aggregate unadjusted twelve-month increase of 9.2%. The release attributed over a third of August's increase in the broader final-demand goods index to a 24.1% jump in diesel fuel prices, and BLS's intermediate-demand tables show the No. 2 diesel fuel index up 77.8% unadjusted over the twelve months ended August, after a 24.1% seasonally adjusted increase from July to August alone, reversing declines of 17.8% and 5.0% in the two prior months. The EIA's Gasoline and Diesel Fuel Update, released September 15, put the U.S. average retail diesel price at $6.285 per gallon for the week ending September 14, up 5.3% from the prior week's $5.967 and up 68.1% from $3.739 a year earlier; the U.S. average retail gasoline price stood at $4.319 per gallon for the same week, up 3.9% from the prior week's $4.157 and up 36.3% from $3.168 a year earlier. Diesel's week-over-week acceleration outpacing gasoline's, on top of the PPI's July–August seasonally adjusted jump, suggests intermediate-demand pricing pressure in the freight sector is currently concentrated in fuel costs rather than broad-based rate increases, and the scale of the diesel move has direct implications for carrier operating costs and, by extension, freight rates industry-wide.



SONAR Tickers: PPI.ALLCOM, PPI.WHSG, PPI.DSFT

The University of Michigan Surveys of Consumers' preliminary reading for September put the Index of Consumer Sentiment at 47.8, down from the final August reading of 51.7. The September preliminary figure included a Current Economic Conditions index of 50.9 and an Index of Consumer Expectations of 45.8, with survey director Joanne Hsu noting that year-ahead inflation expectations rose to 4.6% from 4.0% and long-run inflation expectations rose to 3.4%. Declining sentiment alongside rising inflation expectations signals reduced consumer willingness to spend on discretionary goods, a headwind for the retail and consumer-goods volumes that feed truckload and parcel freight demand.

Taken together, the consumer-economy data describe a household sector that increased overall retail spending in August, per the broad-based sales rebound, while continuing to finance vehicle and durable-goods purchases through nonrevolving credit, against a backdrop of sharply accelerating diesel and gasoline prices and a sharp drop in consumer sentiment. Rising fuel costs at both the producer and consumer level point in one direction: a growing share of household and carrier budgets is being absorbed by fuel, a constraint the August retail rebound has so far absorbed but that the sentiment data suggest may not persist. Building-materials retail sales moved opposite the broader retail total, reinforcing the softness already evident in the housing data below.

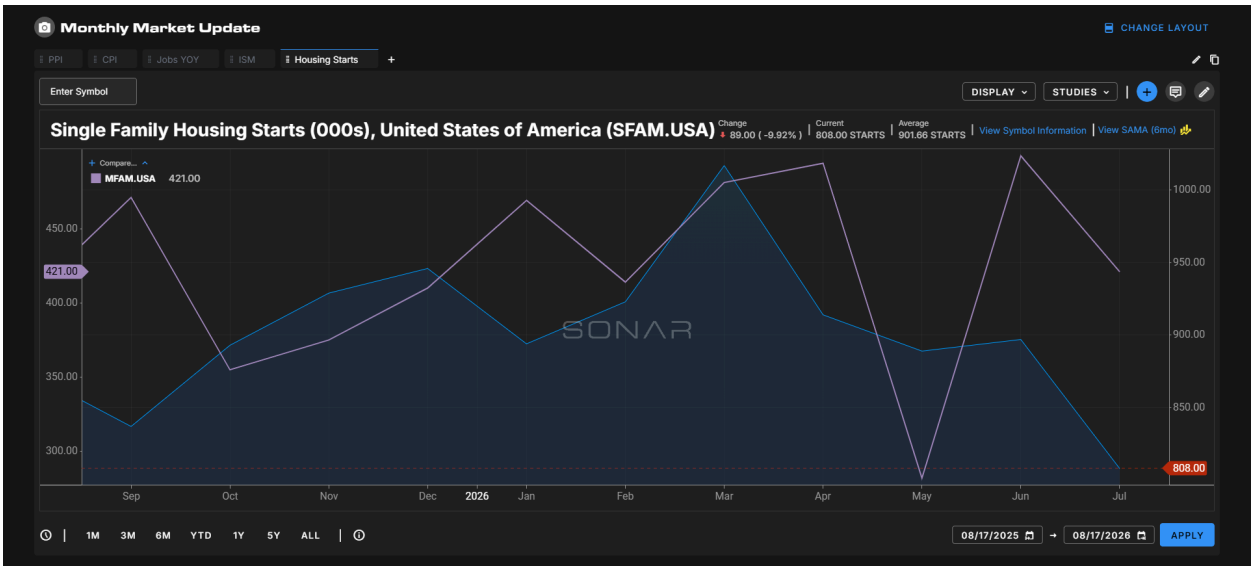
Construction and Housing

Freddie Mac's Primary Mortgage Market Survey put the average rate on a 30-year fixed-rate mortgage at 6.76% for the week ending September 10, up from 6.71% the prior week and above the 6.35% recorded a year earlier. The Census Bureau's Housing Vacancies and Homeownership survey put the national homeownership rate at 65.0% in the second quarter of 2026, down from 65.3% in the first quarter and unchanged from the second quarter of 2025. Elevated borrowing costs and a flat homeownership rate continue to constrain the pool of moving-related household goods freight generated by home purchases, since higher rates suppress the transaction volume that typically accompanies a change of residence and the associated demand for household-goods carriers and last-mile furniture and appliance delivery.

The National Association of Realtors reported that existing-home sales fell 2.0% in August to a seasonally adjusted annual rate of 3.98 million, following a 1.7% decline in July to 4.06 million. The Census Bureau's New Residential Sales report showed new single-family home sales at a seasonally adjusted annual rate of 607,000 in July, down from 678,000 in June. The median price of an existing home sold in August was $429,100, up 1.6% from a year earlier but down from July's median of $434,100; the median price of a new home sold in July was $393,800, down from June's $403,100, while the average new-home sales price rose to $508,800 from $488,900. Softening sales volumes across both existing and new construction, alongside declining new-home transaction pricing, point to continued softness in near-term demand for moving-related household goods freight and for the flatbed and dry van freight tied to new-home construction materials and finished-goods delivery.

Total privately owned housing starts fell 12.4% in July to a seasonally adjusted annual rate of 1,239,000 units, down from 1,415,000 in June, according to the Census Bureau's New Residential Construction report. Single-family starts declined 9.9% to 808,000 units from 897,000 in June, while multi-family starts of five units or more fell 15.6% to 421,000 units from 499,000. August starts data had not yet been published as of this writing; the Census Bureau's next release is scheduled for September 17. The broad-based pullback across both single-family and multi-family starts signals reduced near-term demand for flatbed freight

hauling lumber, drywall, and other structural building materials, as well as for carriers moving HVAC equipment, cabinetry, and other finishing materials to jobsites.



SONAR Tickers: SFAM.USA, MFAM.USA

The NAHB/Wells Fargo Housing Market Index rose one point to 35 in August from 34 in July, with component readings of 39 for current sales conditions, 43 for six-month sales expectations, and 23 for prospective buyer traffic. Readings below 50 indicate that more builders view conditions as poor than good, and the index has remained below that threshold for well over a year. Persistently subdued builder sentiment, even with a modest month-over-month improvement, is consistent with the muted single-family starts data and suggests building-materials freight volumes are unlikely to see a near-term rebound.

NAR's Pending Home Sales Index, a leading indicator of existing-home sales based on signed contracts, fell 2.3% in July to 71.2, its second consecutive monthly decline following a 5.4% drop in June. Because pending sales typically convert to closed existing-home sales within one to two months, the July reading points to continued softness in existing-home sales, and by extension moving-related freight, heading into the fall.

Taken together, these indicators describe a housing market still constrained by elevated financing costs, with mortgage rates near 6.8%, homeownership essentially flat, and sales, construction, and builder sentiment all either declining or holding at historically weak levels. For the freight industry, this combination points to continued softness in moving-related household goods volumes, building-materials flatbed freight, and appliance and furniture last-mile delivery through the remainder of 2026, with the pending sales and housing starts data offering little indication of a near-term inflection.

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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