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STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

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OPEC+ takes its foot off the gas

November 21, 2025 | 1 p.m. ET

Overview

The dynamics in the freight market continue to evolve as overall demand has declined, but the capacity side of the market has remained fairly stable. Niche markets are facing a more volatile period, which is to be expected during periods of transition.

Oil markets are still contending against a global supply glut, a fact that compelled OPEC to withhold further output hikes in Q1 2026. This glut could be made worse by the return of Russian supply to global markets, if a U.S.-drafted peace proposal brings an end to the war between Russia and Ukraine.

The longest shutdown of the U.S. federal government came to a close on Nov. 12, but much data from the blackout period is missing. As a result, the Federal Reserve will lack several key economic indicators when making its December rate-cut decision. Unless unemployment poses a serious threat in November labor market data (a distinct possibility, given that the unemployment rate ticked up to 4.4% in September), the Fed will likely pause its cutting cycle in December.

Crude inventories in Cushing, Oklahoma, are low, and efforts to refill the Strategic Petroleum Reserve are slow but in motion. U.S. petroleum consumption faltered after its summer peak, leaving it unlikely that 2025 will match 2019's pre-pandemic high. Rail carloads of petroleum products have ebbed somewhat yet are up over 2022-23 levels, though the plastics industry has warned of a slowdown.

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	233 (-14%)
Gulf Coast Basin	66 (+4.8%)
Anadarko Basin	45 (-8.2%)
Total	**580 (-2.2%)**

Crude oil prices per barrel (y/y change)

WTI crude	$59.14 (-15.6%)
Brent crude	$63.38 (-15.7%)
Brent-WTI Spread	**$4.24 (-16.4%)**

Michael Rudolph
Research Analyst
mrudolph@gosonar.com
(847) 602-3144

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.

National economic outlook

Lasting 43 days, the longest shutdown of the U.S. federal government came to a close on Nov. 12. Analysts estimate that the shutdown will be a drag of 60 to 90 basis points (bps) on GDP in Q4, though estimates range as high as 150 bps. Beyond this effect, however, the shutdown appears to be mostly sound and little fury: Q1 2026's GDP growth will be boosted as hours worked and government spending renormalizes, just as negative growth in Q1 of this year — the result of a massive pre-tariff wave of imports — led to robust, but ultimately meaningless, growth in Q2.

Arguably the worst effect of the shutdown from a macroeconomic standpoint was the lack of key economic data. Payroll figures from September were eventually released (as discussed below), but certain datasets will retain a blank spot — most notably, the Consumer Price Index for October.

Inflation data cannot be collected retroactively, and November's data will be skewed in at least two ways: First, given the time constraints, the sample size will be smaller than in normal months (Bank of America estimates a reduction of roughly 25%). But second, November's CPI data will be skewed by post-Thanksgiving sales events such as Black Friday. In other words, a clean reading on inflation will not be possible until January at the earliest.

The reason the data blackout is such an important problem is that the Federal Reserve will be once again flying effectively blind at its December meeting. The data fog is likely to convince the Fed to be overly cautious when deciding to cut interest rates; the key determinant of a cut in December would be a high November unemployment rate, with the cutoff most probably at 4.5% or above.

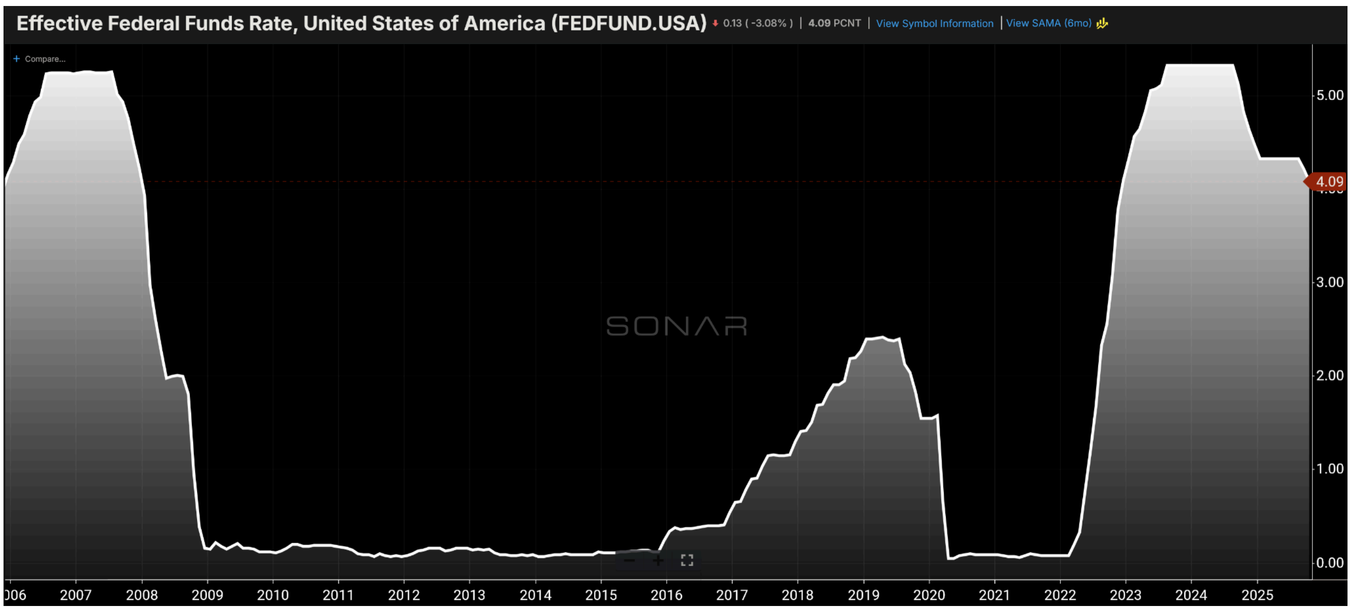


Chart: SONAR. Effective federal funds rate.

Still, the Fed's decision is complicated by more than the lingering effects of the blackout. Last week, the White House released an updated list of agricultural products that qualify for an exemption to the sweeping "reciprocal" tariffs. Mostly, these exemptions are granted to food products that cannot be grown in the U.S. (like coffee, spices, cocoa and tropical fruits), thus frustrating the tariffs' long-term goal of reshoring goods production. This move is part of a larger campaign by the Trump administration, termed “Operation Affordability,” to lower food prices ahead of the 2026 midterm elections.

Another pre-election overture from the White House — one that will most hinder the Fed’s battle against rising inflation — will be the huge injection of disposable income in the first half of 2026. Part of this injection is guaranteed: The One Big Beautiful Bill Act, passed in July, will provide an estimated $91 billion in tax relief thanks to its retroactive provisions for 2025. This number includes approximately $59 billion disbursed through tax refunds (primarily between February and April during filing season) and $32 billion in reduced liabilities, such as the new “no tax on tips” policy and a $6,000 “senior bonus” deduction for Social Security recipients.

But President Trump has publicly floated the idea of a $2,000 “tariff rebate” check that would function much like the COVID-era stimulus checks. On Nov. 9, Trump wrote that “a dividend of at least $2000 a person (not including high income people!) will be paid to everyone.” Yet not all in his cabinet were on board: The same day, Treasury Secretary Scott Bessent stated in an interview that he had not discussed the tariff rebate idea with the president, saying that the dividend “could come in lots of forms, in lots of ways… It could be just the tax decreases that we are seeing on the president’s agenda — you know, no tax on tips, no tax on overtime, no tax on Social Security, deductibility of auto loads.”

One week later, Bessent appeared for another interview in which, regarding the $2,000 rebate checks, he stated: “We will see. We need legislation for that… Those could go out.” Bessent clarified that the payments would be “for working families” with an income limit. On the next day, Trump indicated that Americans could expect the $2,000 rebate checks by “mid-2026”; when pressed by a reporter if the checks would arrive by Christmas of this year, Trump shot down the possibility.

Leaving aside potential disagreement within his cabinet and the possibility of legislative aid in pushing these checks, there is one major obstacle to the idea: the Supreme Court. In early November, the Supreme Court began hearing the case on the legality of tariffs effected under the International Economic Emergency Act (IEEPA). IEEPA tariffs represent about 70% of the U.S.’ current effective tariff rate of 15% and thus account for roughly 1.5% of GDP in revenues.

There are three central questions to this case. The first is whether IEEPA grants the president to tariff or not; the second is whether the current tariffs can be likened to a tax, a power which constitutionally rests with Congress; the third is whether the Supreme Court itself can have the responsibility to arbitrate what is and what is not a national emergency, a power which traditionally falls under the purview of the executive branch. Accordingly, the Supreme Court could rule firmly against the legality of IEEPA tariffs; it could differentiate among the imposed tariffs, finding that some are legal (like the fentanyl-emergency tariffs) and some are not (like the broad reciprocal tariffs); or it could defer the matter entirely to the president.

Unfortunately for the Trump administration — and perhaps fortunately for the Fed — most of the justices on the Supreme Court have expressed open skepticism about the president’s authority to impose tariffs under IEEPA. For one, Chief Justice John Robers unambiguously stated that tariffs are “the imposition of taxes on Americans,” which “has always been the core power of Congress.” Other justices, including appointees from the first Trump administration, also voiced concern that IEEPA tariffs marked a violation of the separation of powers. Either way, a ruling could be possible as early as mid-December.

There are many possibilities on what may occur if some or all of these tariffs are voided — too many, in fact, to cover in this current paper. But the primary takeaways are that: the Trump administration will immediately seek to pull other levers (e.g., Section 122) to keep the tariffs in place; the U.S.' trade deals made under this regime would likely be invalidated, though they might not; the effective tariff rate would fall to around 12% until the tariffs are reinstated; and about half of the tariff revenues lost to the adverse ruling could be recovered.

It is admittedly strange timing that this Supreme Court drama is unfolding just after the U.S. and China agreed to a ceasefire in their trade war. Effective Nov. 10, both parties withdrew the bulk of their tariffs against one another, pledging to suspend further escalations for one year. Not coincidentally, this ceasefire expires just after the U.S.' 2026 midterm elections, freeing the administration up to focus on its other agendas — like deregulation — until that time.

One of the major aims of the Trump administration's deregulation agenda is undoubtedly to resuscitate the ailing labor market by incentivizing businesses' investments. (Of course, such incentives can only be so effective while interest rates are still high.)

It is truly difficult to tell, looking at September's delayed payroll data, whether the jobs market is in such dire straits or not. Job growth in the month smashed through all previous estimates from Wall Street — which ranged from 100,000 to minus-20,000 — and was more than double the consensus forecast of 50,000, with the headline number shooting to 119,000. This growth makes September the strongest month for job creation since April.

This growth did not reach the transportation and warehousing sector, however, as jobs there fell by 25,300 m/m. Though the largest losses were sustained in the warehousing and storage subsector (down 10,700 m/m), there was a steep decline in the truck transportation subsector (down 6,800 m/m) as well as among couriers and messengers (down 6,700 m/m). This latter category does include parcel delivery companies like UPS and FedEx, but also local food and grocery delivery services such as DoorDash and Postmates.

Yet, even as the headline payrolls number was blisteringly hot, a glance at the unemployment rate dumped cold water on the celebration. The unemployment rate ticked up to 4.4%, its highest level since October 2021. Recall that analysts pegged the Fed's willingness to cut rates in December — data fog be damned — at the unemployment rate settling at 4.5% or above. The next official labor market print will arrive the day before the Fed begins its blackout phase for the December rate decision; it could very well convince them that rising unemployment is a greater concern than rising inflation.

Manufacturing

Sentiment in the manufacturing sector, the largest driver of domestic truckload demand, was markedly divided throughout Q3 — a trend that has continued in Q4 so far. While New York manufacturers saw an unexpected brightening of their current business conditions, hope for future improvement in the sector ebbed. This outlook was nearly the mirror image of their counterparts in Philadelphia, in which present conditions continued to worsen but optimism grew for the coming six months.

Building on October's surprising turn towards bullishness, the Empire State Manufacturing Survey — conducted monthly by the Federal Reserve Bank of New York — surprised markets yet again in November. The survey's headline General Business Conditions Index surged 8.0 points m/m to 18.7, completely torpedoing the consensus forecast of a dip to 5.8 and marking its fourth expansionary reading in the last five months. This stunning growth was driven by an equally impressive gain in the New Orders Index (up 12.2 points m/m to 15.9) and a lesser but still appreciated gain in the Shipments Index (up 2.4 points m/m to 16.8).

Yet, although New York manufacturers continue to expect that conditions will improve over the coming six months, their optimism lost some enthusiasm. The forward-looking General Business Conditions Index fell 11.2 points m/m to a still-expansionary 19.1. Similar performances were seen in the future counterparts of the indices for New Orders (down 11.6 points m/m to 23.3) and Shipments (down 8.3 points m/m to 23.3). One bright spot, however, was the Capital Expenditures Index, which rose 14.4 points m/m out of the red to 11.5. This latter gain was likely effected by tax advantages under the Trump administration's aforementioned deregulatory agenda, though an expectation for falling interest rates certainly played a role also.

The outlook among Philadelphia manufacturers was not so sunny, however. November's print of the Manufacturing Business Outlook Survey — conducted monthly by the Federal Reserve Bank of Philadelphia — saw the headline index remain in contraction at minus-1.7, even after climbing 11.1 points m/m. This monthly growth occurred despite most of the current indicators plummeting: most notably, the indices for new orders (down 26.8 points m/m to minus-8.6) and shipments (down 14.7 points m/m to minus-8.7).

Perhaps out of the belief that, since present conditions had deteriorated so much, the future could not help but see improvements, the forward-looking index for general business activity rose 13.4 points m/m to 49.6. The forecast for new orders gained 5.8 points m/m to 55.6, yet the outlook for shipments remained flat at 48.4. It is somewhat odd to see such strong optimism relative to New York, in which manufacturers are generally contended with their present lot and do not see as much runway for further growth.

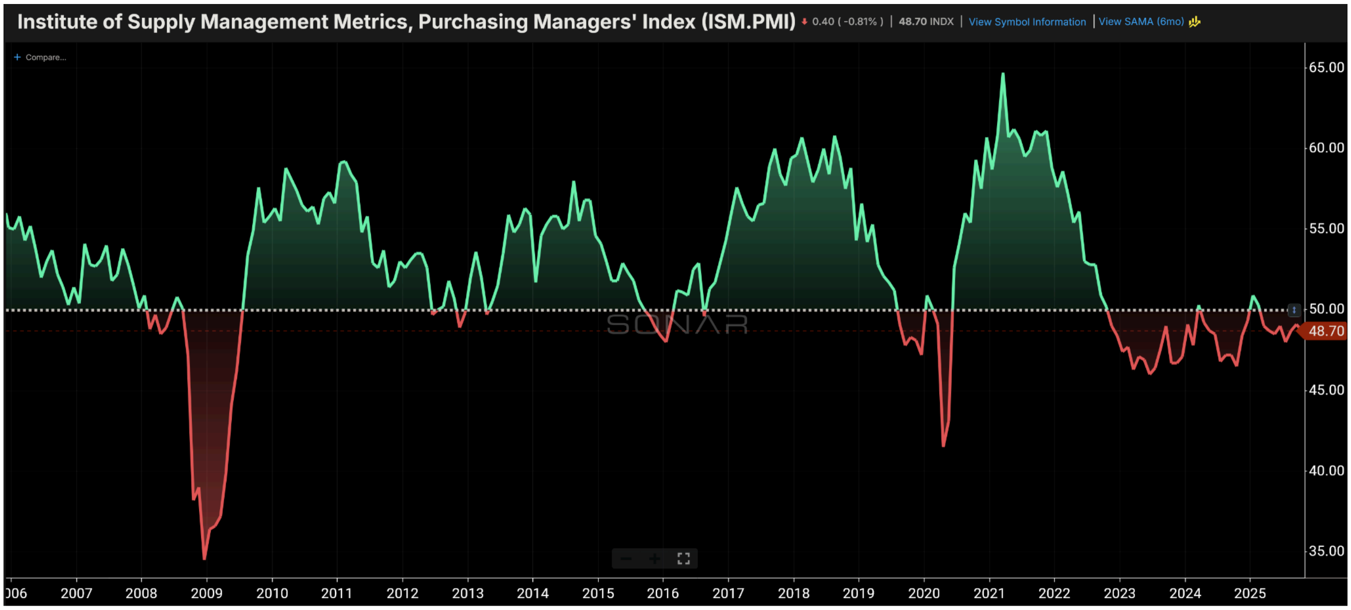


Chart: SONAR. Institute for Supply Management's Manufacturing PMI.

National sentiment indices were similarly confusing. Firms are unable to form a consensus on whether the sector is expanding or contracting, although most agree the intensity of either change is low. The Institute for Supply Management's Manufacturing PMI eased to 48.7% in October, down 4 points from 49.1% in September. October's reading thus marked the eighth consecutive month of contraction. Even within the survey, the subindices were divided: New orders rose 0.5 points m/m but remained in the red at 49.4%; production fell 2.8 points m/m and fell into contraction at 48.2%; and supplier deliveries accelerated 1.6 points m/m to 54.2%.

Prices continued to increase but at a slower pace, down 3.9 points m/m at 58%, while new export orders and imports both improved but remained in contraction at 44.5% (up 1.5 points m/m) and 45.4% (up 0.7 points m/m), respectively. Six industries reported growth, up from the lonely two in September. 58% of manufacturing GDP contracted (down from 67%), yet the share in strong contraction rose to 41%, up 13 whole points from the month prior.

Looking at the S&P Global US Manufacturing PMI is almost like looking at data from another sector altogether. S&P's headline PMI rose to 52.5 in October, the third consecutive month of expansion. Output increased at a stronger rate, supported by the fastest growth in new orders in 20 months. This growth was driven primarily by domestic demand, as new export orders declined for the fourth straight month — the sharpest drop since July — for obvious reasons.

Chris Williamson, chief business economist at S&P Global Market Intelligence, summarized the report: "US manufacturers reported a solid start to the fourth quarter with production rising at an increased rate in response to an encouragingly robust jump in new orders. However, lift the hood and the picture is not so healthy. Most worrying is the unprecedented rise in unsold stock reported in October, widely linked to weaker than anticipated sales to customers, especially in export markets, which could trigger a downshifting of production in the coming months unless demand revives."

Helping to explain the fading enthusiasm seen among New York manufacturers, Williamson continued: "Companies have also become less optimistic about the year ahead, with sentiment back down close to the gloomy levels seen around the April tariff announcements. US trade policy uncertainties are again a big factor in damaging business spirits, with tariff policies being increasingly blamed both on rising export losses and import supply chain disruptions. … Business confidence among producers of consumer goods is now down to its lowest for two years as firms [grow] increasingly worried about household spending in the US and falling sales to consumers in export markets."

Housing and construction

Since falling from this cycle's peak at 7.79% in October 2023, the average rate on a 30-year fixed mortgage has remained solidly rangebound between 6% and 7%. In 2022-23, rising mortgage rates did not — as they normally do — deter prospective buyers from purchasing homes, given a rare combination of low inventory levels and a nationwide shift to remote work that made rural housing more attractive.

But this dynamic has not held over the past few years, as intractably high mortgage rates are weighing on housing market activity. Per Freddie Mac, the current average rate on a 30-year fixed mortgage stands at 6.24%, 3 bps lower m/m and 54 bps lower y/y.

Existing-home sales, which comprise the vast majority of home sales in the U.S., increased to a seven-month high in September — a high which was then topped in October. Yet even this data confronts us with the K-shaped economy, as most of the sales activity was concentrated in the upper end of the market. Even so, existing-home sales rose 1.5% m/m in September and 1.2% m/m in October. The median sales price of an existing home is mercifully down from June's high of $432,700, but October's gain partially reversed September's decline, with the median price up 2.1% y/y at $415,200.

As with most official datasets typically covered in this report, further details on housing starts and building permits were delayed by the government shutdown and have yet to be released. At the time of writing, the consensus forecast is for October's housing starts to come in at 1.32 million, a bit higher than August's — the last month for which data is available — 1.31 million. Building permits are expected to see a 0.6% bump over August to 1.33 million.

These forecasts are made more credible by the current release of the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index, which gauges national sentiment around single-family construction. The headline index ticked up one point from October to 38 — its highest reading since April, albeit one which indicates contraction under the no-change threshold of 50. Future sales expansions barely managed to remain expansionary, falling three points from the month prior to 51. The survey also revealed that 41% of builders stated they cut prices in November, a record high in the post-pandemic era, by an average of 6%.

"More builders are using incentives to get deals closed, including lowering prices," said NAHB Chairman Buddy Hughes, "but many potential buyers still remain on the fence." NAHB Chief Economist Robert Dietz added, "We continue to see demand-side weakness as a softening labor market and stretched consumer finances are contributing to a difficult sales environment. After a decline for single-family housing starts in 2025, NAHB is forecasting a slight gain in 2026 as builders continue to report future sales conditions in marginally positive territory."

Indeed, the NAHB is not alone in forecasting a brighter tomorrow for the U.S. housing market. Goldman Sachs recently argued that "if mortgage rates remain around 6.15% … the pace of home price appreciation is likely to start to recover in 2026 due to pent-up housing demand." Lawrence Yun, chief economist at the National Association of Realtors, believes that sales of existing homes will rebound 14% in 2026 after years of stagnation. "Next year is really the year that we will see a measurable increase in sales," Yun said in mid-November. "Home prices nationwide are in no danger of declining."

Not all data supports such a sunny outlook, however. The number of foreclosures across the U.S. has been on a rapid incline, according to research from ATTOM. In October, foreclosure starts were up 6% m/m and 20% y/y, while completed foreclosures skyrocketed 32% y/y. "Even with these increases," cautioned ATTOM CEO Rob Barber, "activity remains well below historic highs."

Still, this optimistic spin ignores the fact that lenders do not always immediately press for a foreclosure if the borrower is severely behind on payments. Rather, it is common for lenders to forbear, modify loans, or hold off on issuing notices of default (i.e., foreclosure starts). First, it is important to note that banks do not automatically assume possession of a foreclosed home; a foreclosure is a forced public sale in which the lender makes the initial bid, the price of which is determined by the loan's outstanding balance, insurance, unpaid taxes and the costs of the foreclosure process itself, among other factors.

If no third-party buyer exists to outbid the lender, then the bank repossesses the property. The lender can keep this title on their books as real estate owned (REO). Upon acquiring REO, the lender records the property at the lower of its carrying amount — the book value of the loan plus costs — or fair value minus selling costs. If initial fair value exceeds the carrying amount, no immediate loss is booked; in other words, the lender is able to presume that the value of the property exceeds their initial investment.

But if housing prices fall (say, due to a weakening labor market), the lender is stuck with the property unless it wishes to sell at a loss. Thus, there are several reasons why a lender might wish to delay foreclosure proceedings: Delays avoid costly legal fees, property maintenance, and immediate recognition of losses, while foreclosures are expensive and flood markets with supply. In declining markets, REO sales at losses hurt banks' balance sheets more.

To summarize, then, that foreclosures were up 32% y/y in October is cause for concern alone. Yet this figure does not reveal the number of borrowers that are at risk of foreclosure, but are avoiding it simply because the lender does not want to risk assuming ownership of a property depreciating in value. There are plenty of alarm bells ringing that suggest the U.S. consumer is in a tight spot, from delinquency rates on credit cards to Q3 earnings. The housing market might thus be nearer to a collapse than many suppose.

Oil market

In the back half of 2025, OPEC+ has been torn between *de facto* leader Saudi Arabia's desire to recapture market share lost over the past several years and price stability. After numerous failed attempts to juice oil prices by withholding supply, Saudi Arabia eventually adopted a devil-may-care attitude with regard to price stability. Seemingly, the oil-rich kingdom turned to a strategy it attempted in 2014 and in 2020: Leaning into the market decline, it undercut producers with higher operating costs (like those in the U.S.).

Yet this strategy largely backfired both times, as — rather than eliminating the U.S. as a major competitor — it prompted U.S. producers to consolidate and to become lean and scrappy. The reign of U.S. shale, enabled by technological advances, officially began in late 2019 when the U.S. became a net exporter of petroleum for the first time in decades.

Whether fearing a reprise of this failure or else concerned that too-low oil prices would hinder its national investments, Saudi Arabia stepped away from the ledge at OPEC+'s November meeting. Although the cartel would raise its December quota by 137,000 barrels per day (bpd), it unexpectedly added that it would halt any further production increases throughout the first three months of 2026, citing "seasonality" for its weak Q1 demand forecast.

Seasonality aside, this pause is an implicit admission that OPEC+ recognizes the global supply glut currently at play. Moreover, despite most of its members' low production cost, OPEC now seems to fear the implications of oil prices dipping too low — say, beneath $50 a barrel. Rather than repeat its mistakes from 2014 and 2020, Saudi Arabia apparently desires a long, slow and shallow price war, as opposed to one in which U.S. producers are shocked into fitness.

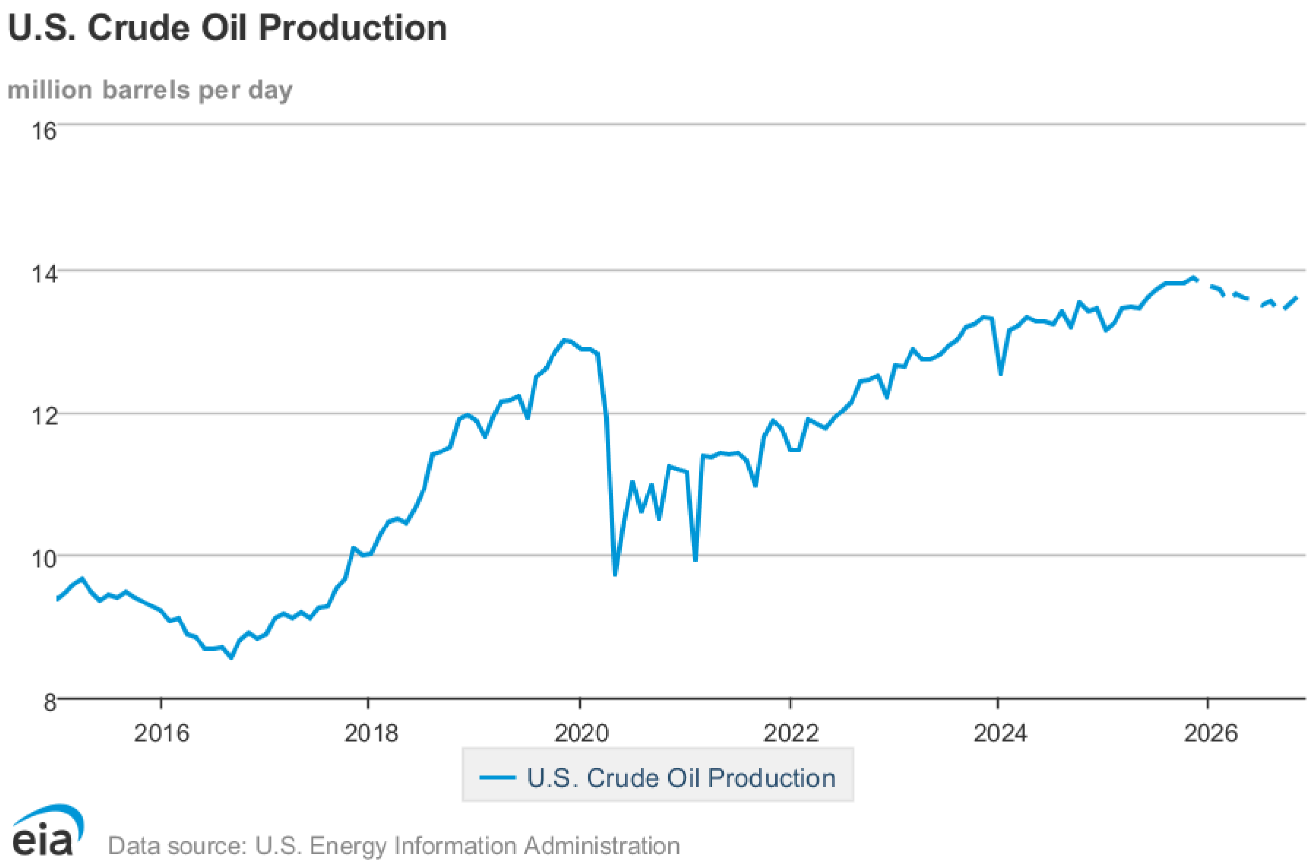
Still, although a not-so-secret price war is underway, relations between Saudi Crown Prince Mohammed bin Salman and U.S. President Donald Trump are outwardly cordial. During the Saudi prince's visit to the White House in mid-November, Trump interceded and dismissed a reporter's question meant for Prince Mohammed about the 2018 killing of journalist Jamal Khashoggi, questioning which "embarrass[ed]" the Saudi prince and pertained to an episode "he knew nothing about."

Such cordiality has not been extended to Russia, however. In late October, Trump imposed sanctions against Russia for the first time in his second term. The sanctions targeted Russia's two largest oil companies: Roseneft and Lukoil, which together comprise about half of the country's total oil exports. Somewhat surprisingly, these sanctions prompted China and India — the two lifelines for Russia's energy sector since 2022 — to massively reduce their purchases of Russian crude for December. As a result, JPMorgan reported that nearly a third of Russia's seaborne oil exports were stranded in tankers immediately prior to the Nov. 21 deadline of the new U.S. sanctions.

If China and India remain committed to abstaining from Russian oil, it would be a major blow to Russia. Together, the two nations account for about 80% of Russia's crude exports, with oil and gas revenues worth roughly a quarter of Russia's federal budget. Yet, while China is being unusually faithful to the deal according to various sources, India's abstinence is in question: Though Trump first made the ultimatum to India in August, the country increased its buying of Russian crude by 11% m/m in October. Even so, Indian refiners bought 5 million barrels of oil from the U.S., Iraq and the United Arab Emirates for delivery in January to compensate for lost Russian crude. Time will ultimately tell whether India decides a partnership with the U.S. (and its capricious leader) or cheap energy is more important.

In October, gross domestic oil production rose 10,000 bpd m/m to 13.79 million bpd, a gain that erased September's slight dip of 10,000 bpd m/m. Production figures from previous months continue to be heavily revised, as September's numbers were raised 80,000 bpd from its initial reading of 13.71 million bpd.

In a prior print of its Short-Term Energy Outlook, the U.S. Energy Information Administration forecast that domestic crude oil production would plummet 80,000 bpd m/m to 13.63 million bpd in October. This prediction was a bust in every regard: Not only did the EIA miss the direction of October's growth, but the revisions to September's data put the forecast far below the actual numbers. October's output was 160,000 bpd above the EIA's prior forecast.



After factoring in revisions to prior months' data, the EIA now predicts that domestic crude oil production will rise to a new all-time high in November, after which point output will decline throughout most of 2026. As with its previous forecast, the EIA is calling for a sharp, upward correction in the final quarter of that year, albeit one which will not match November's high. The EIA continues to predict that the full years of 2025 and '26 will outpace 2024's production average of 13.21 million bpd, which should solidify the U.S.' status as the top producer globally.
In November, the EIA projects that oil production will top out at 13.86 million bpd after a m/m gain of 70,000 bpd.

The Baker Hughes active rig count is thought to signal future demand for drilling as well as inputs into the oil industry. The Baker Hughes active rig count for the U.S. as a whole totaled 549 rotary rigs as of Nov. 14. This latest count marks a steep decline of 6% y/y, continuing a long string of y/y losses.

Breaking that down into basins, Enverus, a leading SaaS company focused on the energy sector, releases daily active rig counts.

Basin	Daily Active Rig Count	1-mo. Change	M/M Percent Change	1-yr. Change	Y/Y Percent Change
Anadarko Basin	45	-3	-6.3%	-4	-8.2%
Appalachia	37	-2	-5.1%	4	12.1%
DJ Basin	9	-2	-18.2%	1	12.5%
Gulf Coast Basin	66	2	3.1%	3	4.8%
Permian Basin	233	-1	-0.4%	-38	-14%
Williston Basin	31	-1	-3.1%	-3	-8.8%
Other	159	13	8.9%	24	17.8%
Total	**580**	**6**	**1.0%**	**-13**	**-2.2%**

Source: Enverus daily active rig count as of Nov. 20.

The historic flurry of dealmaking in the Permian, once thought to be in the rearview mirror, is not quite over yet. SM Energy and Civitas Resources announced a $13 billion merger in early November that would create one of the 10 largest independent oil producers in the U.S. The new company, to be named SM Energy, will focus operations in the Permian Basin, where it will own more than 800,000 acres of land. This news follows major, planned divestments from the region, in which one supermajor said that it plans to sell $20 billion of pipelines and other infrastructure in the Permian and Eagle Ford basins by 2027.

Speaking of the supermajors, a common theme running throughout the Q3 earnings season was for 2026 to be a year in which profits trump production. To this end, share buybacks, asset sales and workforce reductions will abound to generate free cash flow. Not all are following this playbook, however: Though oil prices have tumbled throughout 2025 so far, one major is increasing its capital expenditure to position itself for a market turnaround. Yet this strategy is not set in stone, as the supermajor has tracked below capex guidance from last year, pushing projects down the line as certain markets fail to develop as hoped.

WTI on steady decline throughout November, with little potential to rally from $59/bbl in near future

November saw a change of heart from one of the industry's largest bears. The International Energy Agency (IEA) has consistently predicted that fossil fuel consumption would peak this decade, a belief consistently challenged by industry participants. Yet in its latest World Energy Outlook, the IEA said that global oil and gas demand would continue to rise over the next 25 years, *ceteris paribus*. Not without a note of despair, IEA Executive Director said that "climate change is declining — and declining rapidly — in the international energy policy agenda."

Despite this sudden turn, the IEA remains highly bearish on oil demand relative to OPEC — a statement which will almost certainly be evergreen, given OPEC's stake in the market. In fact, the two organizations' forecasts for 2026 diverged to an historic extent: With the IEA calling oil demand next year at 104.7 million bpd and OPEC forecasting 106.5 million bpd, the gulf of 1.8 million bpd in between is the largest gap in over two decades and represents the equivalent of Mexico's annual consumption. The EIA's forecast sits, as it customarily does, somewhere in the middle, reading 105.2 million bpd.

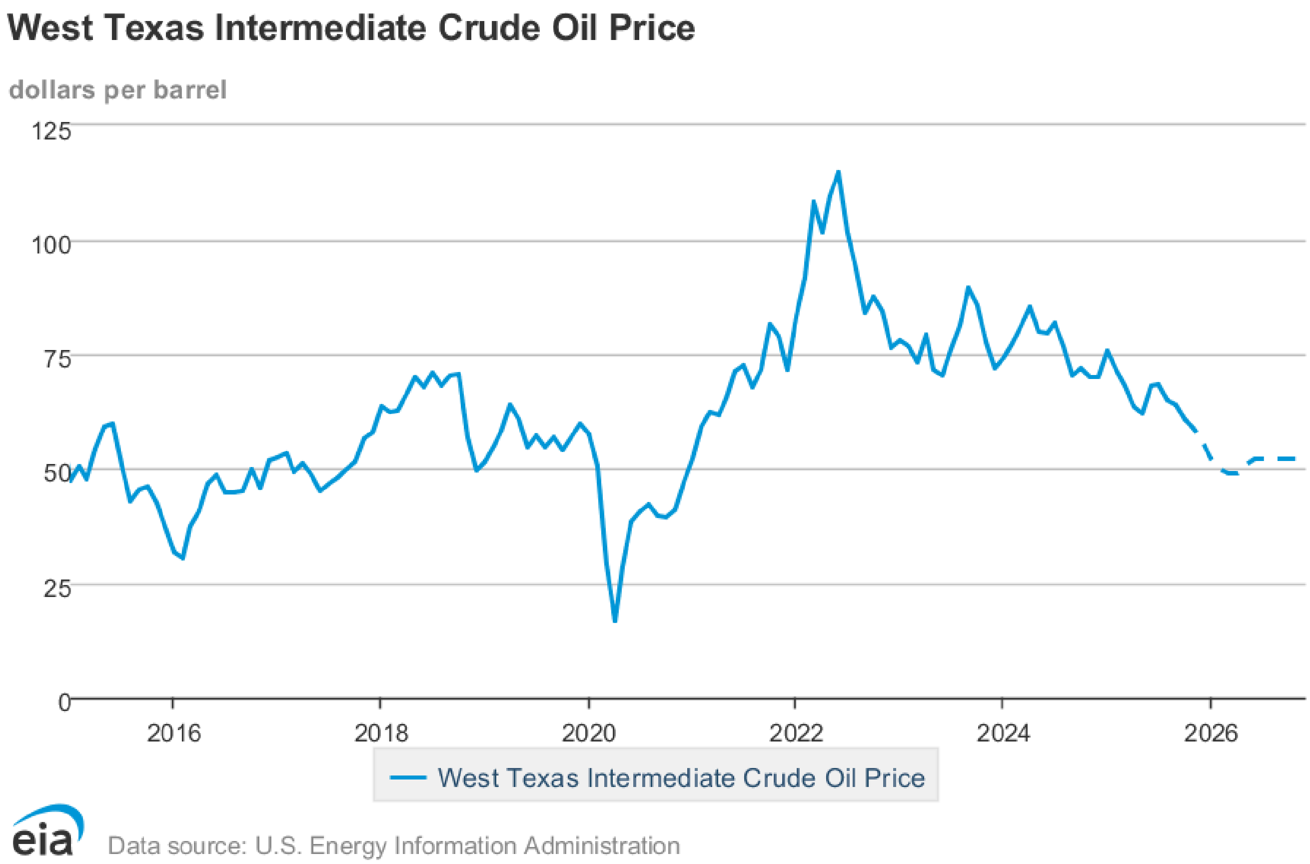
Crude oil prices have been incontestably weak throughout November. They have yet to reach the lows of October — a month in which the tenuous Israel-Hamas ceasefire went into effect and in which Trump pledged to meet with Russian President Vladimir Putin to secure an end to the Russia-Ukraine war — but they have fallen on news of record U.S. production and large inventory builds.

For a brief spell, there was a promise of a rally in mid-November as markets responded to renewed Ukrainian drone strikes on Russia's energy infrastructure. Yet even this development could not stop November from being one of the most uneventful months in recent memory. With 80% of its demand (China and India) divesting from their exposure to Russian crude, the attacks had little impact on global fundamentals and thus did not trigger a supply scare. As a matter of fact, the price of Russia's flagship Urals blend hit a three-year low just days after the attack, sinking to $36 per barrel.

It is possible that Russia might soon start paying customers to take its oil — though perhaps not. On Nov. 19, Reuters reported that U.S. and Russian officials drafted a 28-point proposal to end the Russia-Ukraine war, a proposal that Ukrainian President Volodymyr Zelenskyy will be urged to accept in a Nov. 20 meeting with top U.S. military officials. Details of this plan include Ukraine's ceding of some territory and weaponry, reducing the size of its military and banning the presence of foreign troops on Ukrainian soil — all concessions that Russia has sought for years.

Accordingly, prices of West Texas Intermediate crude (WTI) — a domestic benchmark — have fallen steadily from the surprise rally of late October but remain precariously hovering above mid-October's lows. WTI sits at $59.14 per barrel at the time of writing, up 1% from its monthly low of $58.49, which came as markets misinterpreted OPEC's 2026 forecast as calling for an oil surplus rather than a simply "balanced market." Whether the above proposal will lead to the rehabilitation of Russia on the global stage is to be determined. But if it does, it goes without saying that fears of a supply glut will be made worse by the return of Russian oil to European markets.

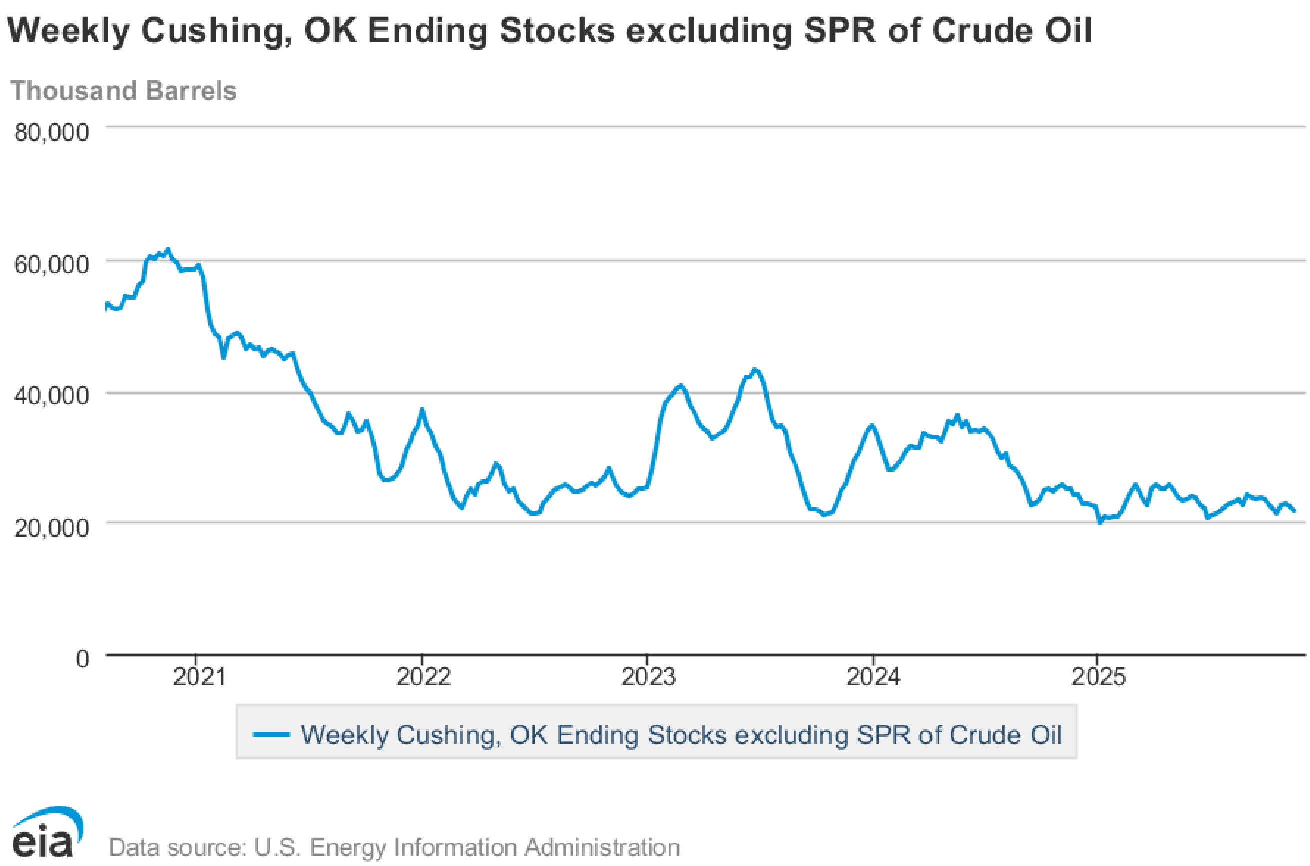
According to EIA projections, WTI will tumble below $50/bbl by early 2026, with analysts firmly in agreement.



The EIA's latest Short-Term Energy Outlook, released in November, was slightly more bullish in its 2026 oil price forecast even if the fundamental direction did not change. The EIA expects WTI spot prices to decline until next March, where they will bottom out at $49 per barrel. After that point, prices will see only a slight recovery to $52 per barrel in June, a level at which they will remain for the remainder of the year. The EIA also maintained its bearishness on WTI in relation to Brent, as the agency expects the latter to command a premium of $3.66 per barrel over the former during the course of 2025-26.

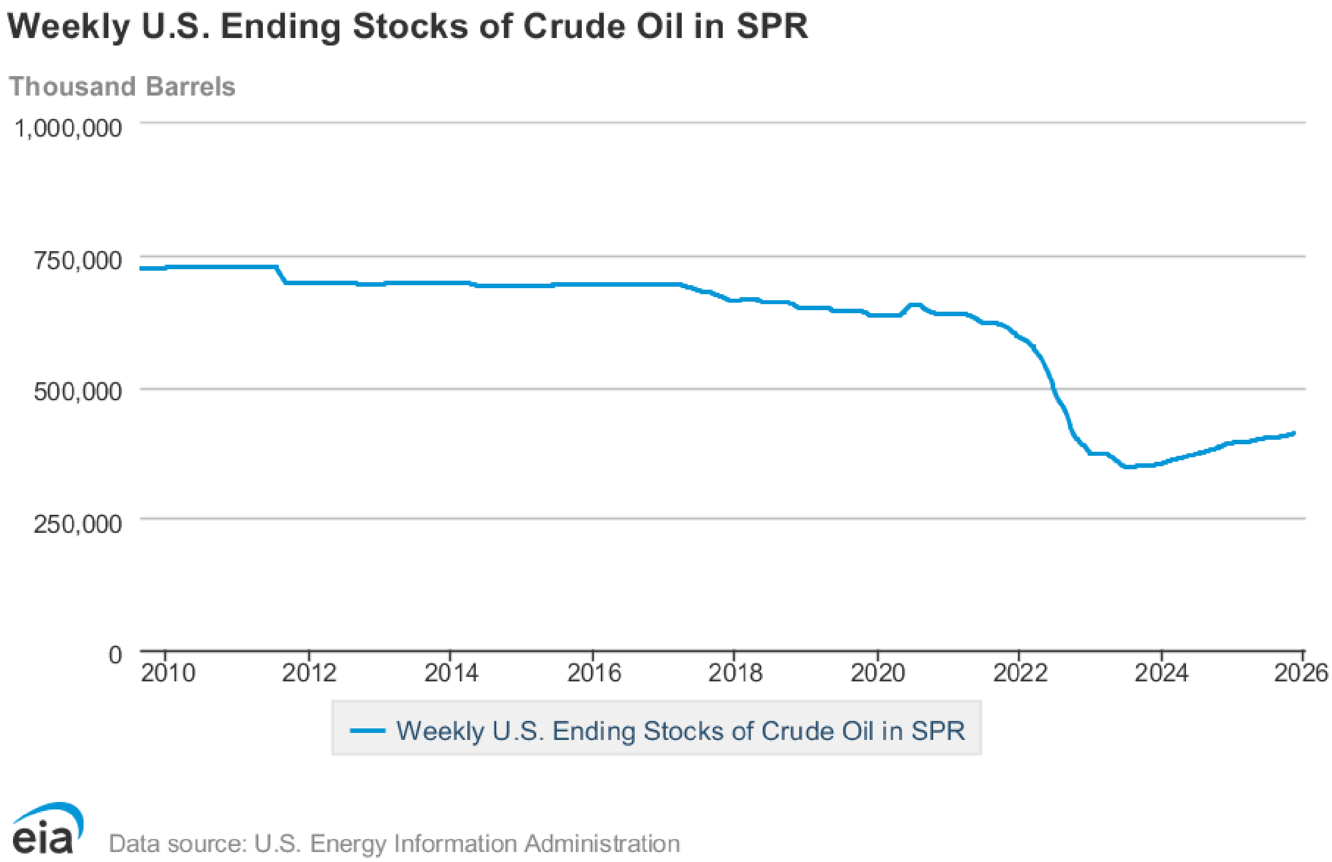
Ongoing concerns about global supply have led some investors to bring their earlier forecasts in line with the EIA's. In mid-November, Goldman Sachs issued an update to its prior forecast that sees WTI averaging $52 per barrel in 2026 (down from $55) and Brent holding at $56 per barrel (down from $58). But two weeks prior, Morgan Stanley actually revised its outlook to be more bearish, pegging Brent at $60 per barrel for 2026 (up from $57.50). It cited OPEC's desire to maintain price stability — as seen in its Q1 2026 pause on production increases — in favor of its more optimistic forecast.

What else we're watching



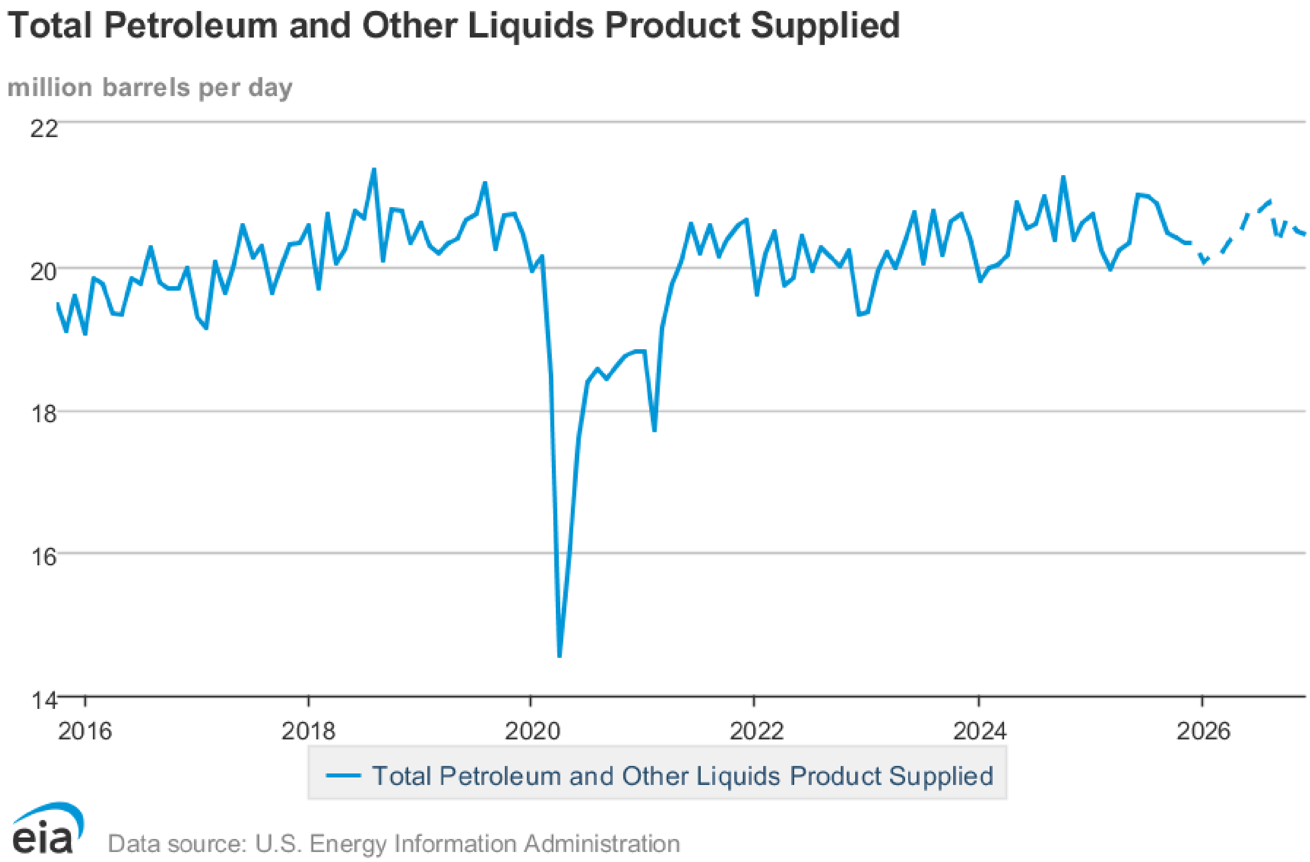
U.S. inventories of crude oil increased rapidly in the first week of November, but a surprise draw in the second week of the month stabilized prices falling in response to the U.S.-drafted peace proposal for the Russia-Ukraine war. Crude stocks fell 3.4 million barrels in the week ended Nov. 14, a decline that was far greater than the consensus forecast of a 603,000-barrel draw and one that followed growth of 6.4 million barrels in the week prior.

After falling to a months-long low in mid-October, crude inventories at Oklahoma's Cushing Hub saw unsteady gains that soured into losses just four weeks later. Inventory growth is still negative on a yearly basis. In the week ended Nov. 14, Cushing stocks fell 698,000 barrels from the week prior to 21.8 million barrels, marking a 13.4% y/y loss.

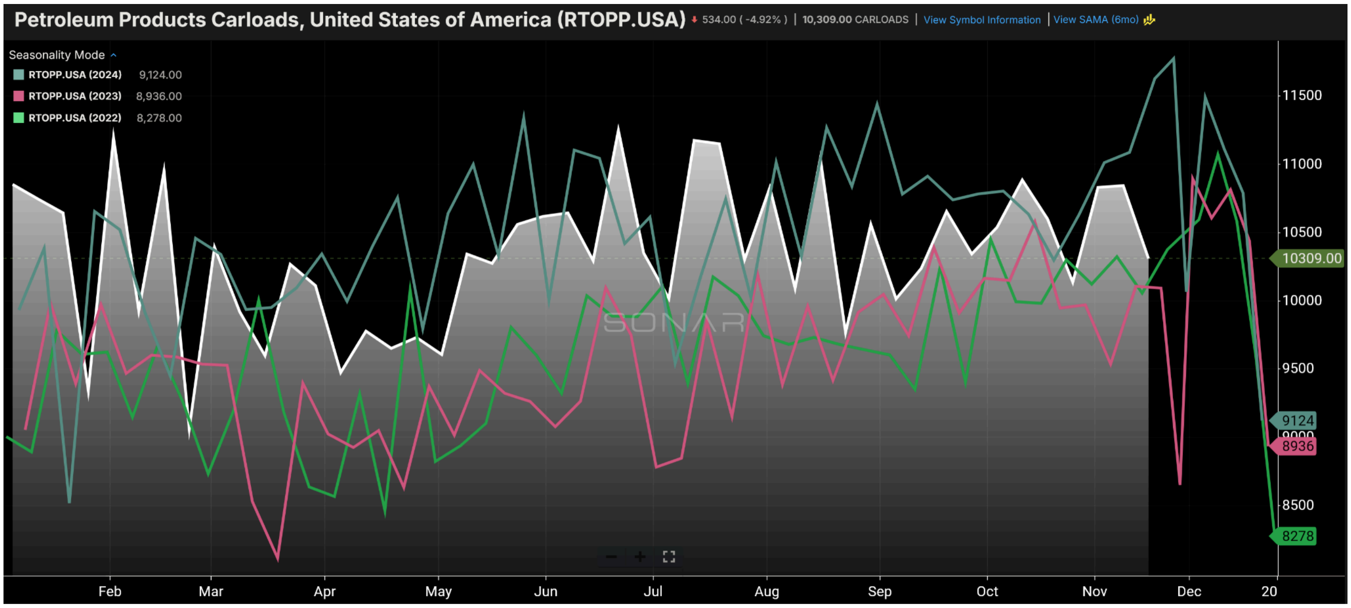


Levels of the U.S. Strategic Petroleum Reserve have been diminished ever since the previous administration drew heavily (and controversially) from it in 2022, in an effort to protect against the sudden loss of Russian supply. This sale of nearly 300 million barrels pushed the SPR to its lowest level in 40 years.

In late October, the U.S. Department of Energy announced its intention to purchase 1 million barrels of crude oil for delivery to the SPR. Harold Hamm, founder and chairman of E&P firm Continental Resources, expressed his support for the measure, citing currently low oil prices as an opportune time to refill the SPR. Hamm also underscored this purchase as a matter of national security, comparing it against China's building of its own petroleum reserves: "China has refilled theirs, they're refilling it up to 1.1 billion barrels, while ours is about 400 million."



Indeed, with only 410.9 million barrels in stock, the SPR is currently well below its maximum capacity. It is nevertheless at its fullest since September 2022, with inventories up 6% y/y. In an emergency, assuming that both domestic production and imports were entirely halted, the SPR would be sufficient to meet U.S. demand for just over 20 days. U.S. consumption of petroleum and all other liquid fuels has fallen steadily from June's peak, leaving it doubtful that this year's average will match 2019's pre-pandemic high of 20.54 million bpd. At present, U.S. consumption averages 20.4 million bpd.



Source: SONAR. Rail carloads of petroleum products: 2025 (white), 2024 (green), 2023 (pink) and 2022 (dark green).

Mirroring the rise and fall of inventory at the Cushing Hub, rail volumes of petroleum products declined in late October, recovered in early November, then lost all gains later in the month. By far the most major news from the plastics industry was private equity firm Clayton, Dubilier and Rice's $10.3 billion take-private acquisition of Sealed Air Corporation — the manufacturer of Bubble Wrap and Cryovac food packaging. Not only was this the plastics industry's largest M&A deal in 2025, it was one of the year's largest take-private acquisitions across all sectors. In a field beleaguered by resin price volatility, sustainability regulations and trade uncertainty, the deal was a much-welcomed positive sign that the U.S. plastics industry remains highly investable, durable, and positioned for growth — even in a high-interest-rate environment.

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