FEBRUARY
2026

STATE OF THE INDUSTRY

R E P O R T

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR | Ryder® Ever better.™

A rocky start

January 21 , 2025 | 1 p.m. ET

Overview

The truckload market has been slow to stabilize following a relatively active holiday season. Spot rates and tender rejection rates have eased only slightly from their mid-January peak levels.

The persistence of elevated spot and rejection rates does not appear to be driven by an unexpected surge in demand, as tender volumes have remained well below year-ago levels. Instead, the truckload market appears to be experiencing a significant contraction on the supply side, which is exerting a much stronger influence than ongoing demand weakness.

Intermodal demand continues to be historically strong. While volumes contracted in 4Q25 due to slower imports and international intermodal volume, volume returned in early January as the intermodal value proposition to many shippers remains compelling.

Import demand has been predictably weak in January. Uncertainty persists around IEEPA tariff legality and tariffs on European goods related to Greenland. However, consumer spending beat expectations in 4Q, and inventory levels are generally thin.

The U.S. economy appears to be in a holding pattern, with a mix of modest positive and negative signals, though nothing has shifted in an alarming direction.

Key data points related to labor markets and inflation were largely consistent with recent months. Inflation held near 2.7%, while labor markets continued to reflect a low-hire, low-fire environment. Job creation in 2025 fell to a multi-year low, but the unemployment rate edged up only slightly and remains within a historically strong range.

Geopolitical pressures continue to weigh on the global trade environment, with recent U.S. involvement in Venezuela and Greenland emerging as notable developments influencing domestic markets.

Macro indicators	**(y/y change)**
Dec. industrial prod. change	+0.4% (+0.7%)
Nov. retail sales change	+0.6% (+3.3%)
Dec. U.S. Class 8 orders	35,424 (+19%)
Dec. U.S. trailer orders	16,468 (-4%)

Truckload indicators	**(y/y change)**
Tender rejection rate	9.97% (+248 bps)
Average dry van spot rate[1]	$2.61/mi (+5.9%)
LAX to DAL spot rate[2]	$2.40/mi (-4.6%)
CHI to ATL spot rate	$3.21/mi (+4.2%)

Tender volumes	**(y/y change)**
Atlanta	352..65 (-8.9%)
Dallas	267.65 (-9.0%)
Los Angeles	233.03(-10.3%)
Chicago	207.78(-14.2%)

Tender rejections	**(y/y change)**
Atlanta	6.44% (+134 bps)
Dallas	7.31% (+175 bps)
Los Angeles	4.33% (-21 bps)
Chicago	9.51% (+302 bps)

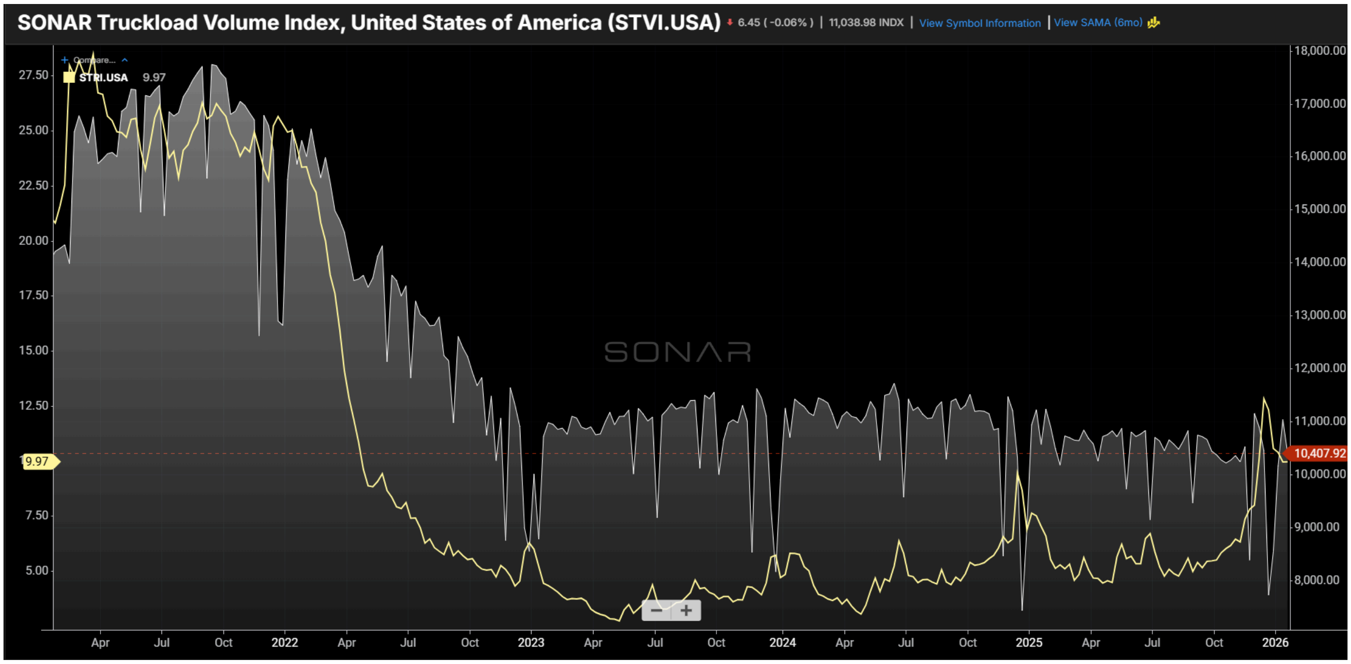
Zach Strickland
Director of Market Intelligence
zstrickland@gosonar.com
Mike Baudendistel
Head of Intermodal Solutions

[1] FreightWaves National Truckload Index
[2] FreightWaves TRAC spot rate

mbaudendistel@gosonar.com

Truckload markets

The truckload market has been slow to stabilize following a relatively active holiday season, with spot rates and tender rejection rates easing only slightly from mid-January peaks. This persistence does not appear to be demand-driven, as tender volumes remain well below year-ago levels, but instead reflects a meaningful contraction on the supply side that is outweighing ongoing demand weakness. As a result, capacity dynamics continue to exert upward pressure on rates despite subdued freight volumes, pointing to a market that remains fragile and heavily influenced by supply-side adjustments rather than a broad-based recovery in demand.



Source: SONAR Truckload Volume Index (white, right axis) and SONAR Truckload Rejection Index (green, left axis).

The STRI averaged more than 200 basis points higher than the prior year throughout the holiday period and into mid-January. As noted, winter weather was a predominant factor in keeping rejection rates elevated in early 2025, but it has not played a meaningful role so far in 2026. Rejection rates above 10% indicate fairly tight truckload capacity and an imbalance between supply and demand. The holiday peak of 13.3% was the highest since early 2022, when the pandemic-era market was winding down.

The National Truckload Index (linehaul only), which excludes the estimated cost of fuel from dry van spot rates, increased steadily from Thanksgiving week through a few days after Christmas. The NTIL was underperforming the prior year on November 29 but finished the year nearly 15% above 2024 levels. As of January 13, rates had fallen just 3.2% from peak levels and remained 8.6% higher year over year, despite weather having played a role in tightening the market last winter.

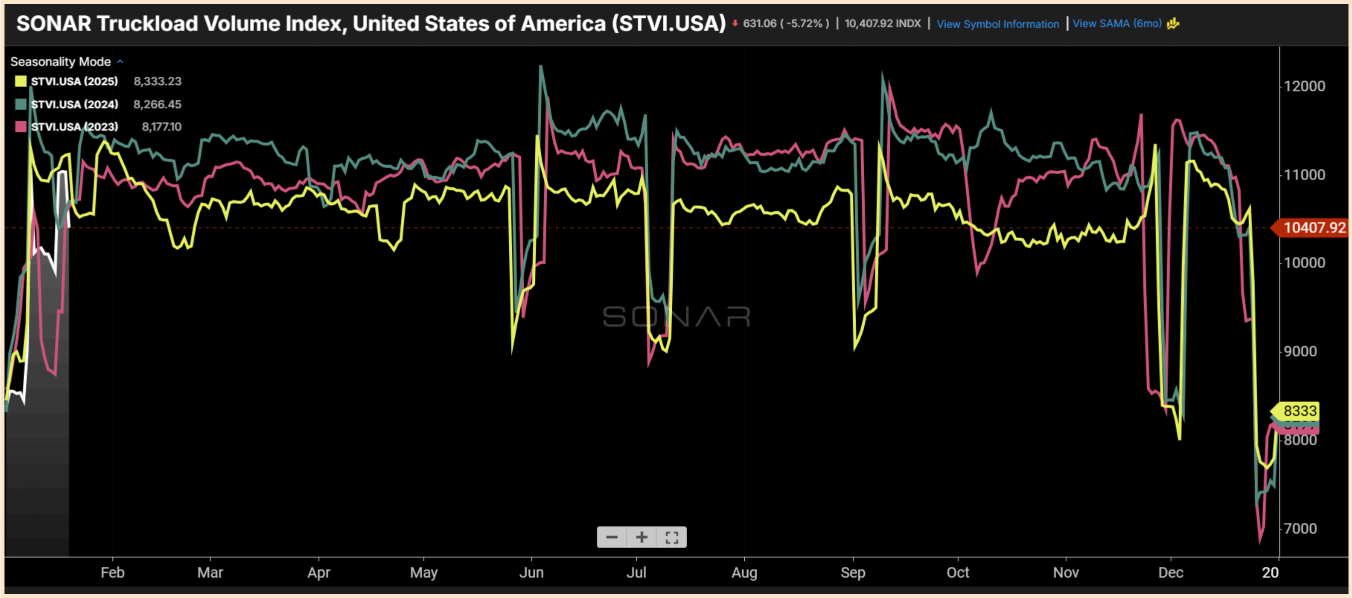


Chart: SONAR Truckload Volume Index: 2026 (white),2025 (yellow), 2024 (blue) and 2023 (pink).

Demand did recover during the holidays, as year-over-year comparisons improved from being down 6% to down 2%. It is important to note that these gains were sequential rather than annual. The SONAR Truckload Volume Index (STVI) returned to its previous baseline after the holidays, averaging roughly 6–7% lower year over year. The key takeaway is that demand remains weak, yet rejection rates stayed elevated. While rejection rates are expected to decline absent an environmental disruption, their persistence suggests the market is taking longer to normalize after the holidays as capacity continues to exit.

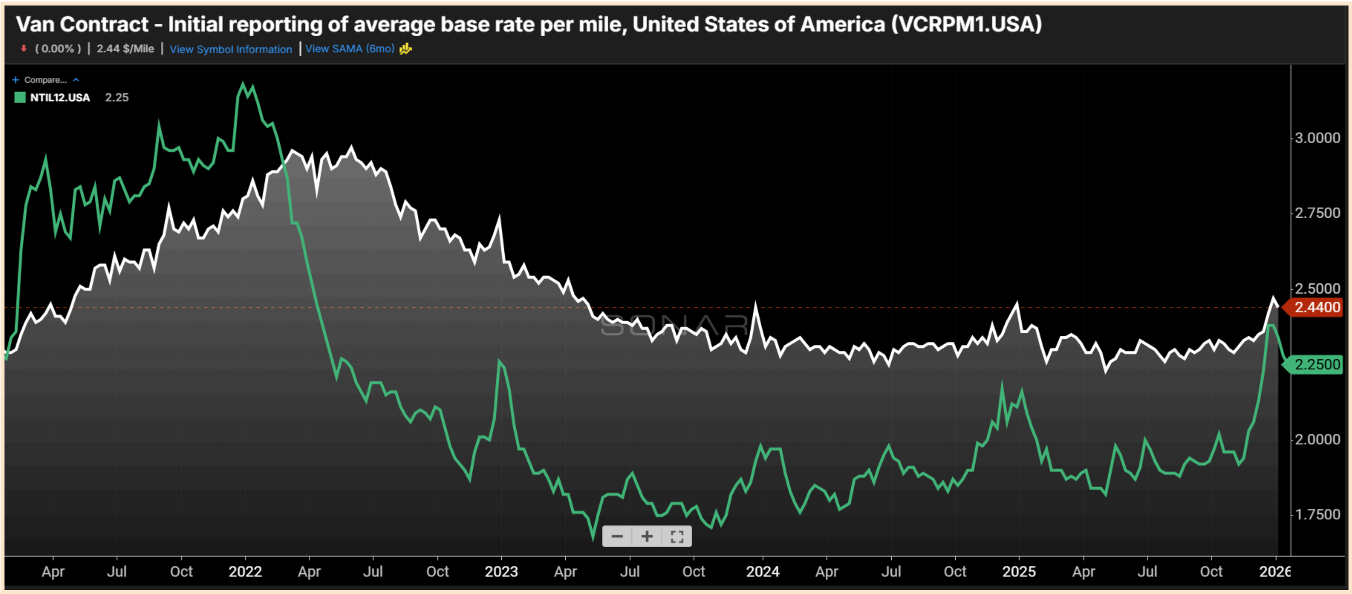
Temp-controlled season underway

The refrigerated truckload market has been especially reactive in recent months, with tender rejection rates approaching 20% around Christmas and spot rates reaching their highest levels since early 2023. While heightened volatility is typical for this smaller market, this year's seasonal spikes were notably stronger than those seen over the past two years. Both refrigerated and dry van capacity now appear to be nearing a more sustainable inflection point, even as volatility has tended to ease sharply each spring.

Reefer tender volumes started the year slowly but strengthened in December, likely driven by colder-than-average temperatures across much of the eastern U.S., which increased demand for protect-from-freeze services. Seasonal tightening was uneven, with regional rejection rate spreads widening, particularly in the Midwest, where cold weather pushed rates above 20% for much of the period.

Despite elevated rejections and spot prices, contract rates have seen little sustained upward pressure. However, ongoing supply-side constraints suggest that rate increases are increasingly likely, as volatility remains too elevated to support another year of flat contract pricing.

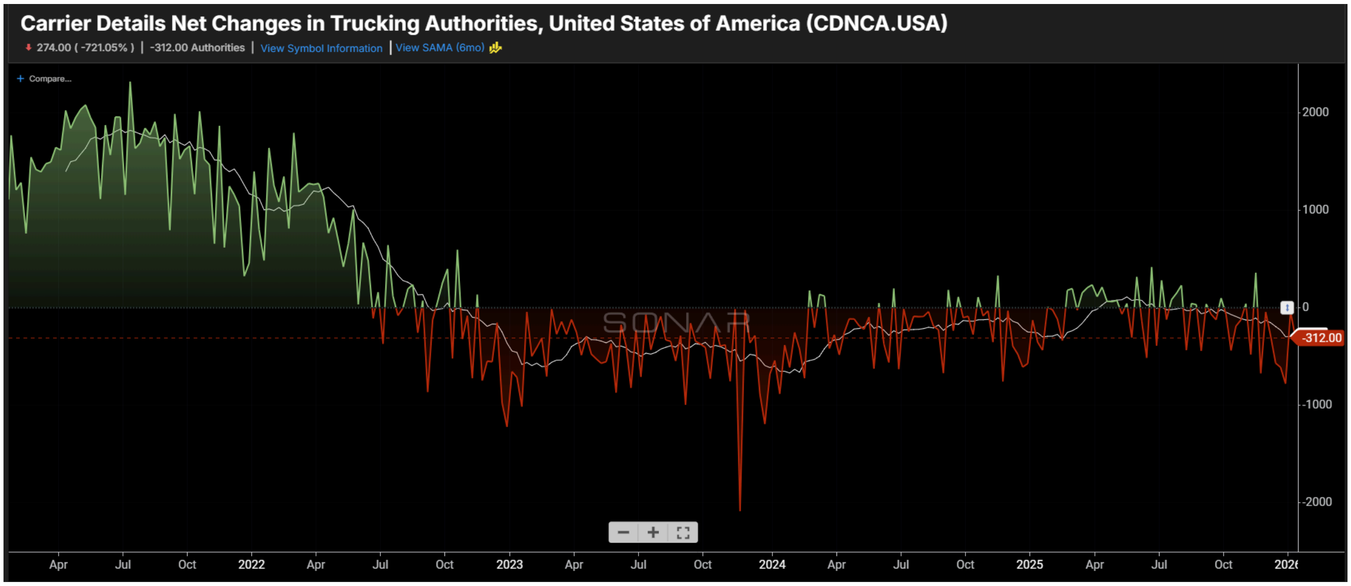
Spot-contract spread collapses



Source: SONAR. National Truckload Index excluding fuel costs above $1.20/gal (white) and initially reported dry van contract rates (green).

Contract rates (VCRPM1) began edging higher around Christmas, but this move reflects a typical seasonal pattern tied to deteriorating route guides rather than sustained long-term pricing pressure. Historically, contract rates require a prolonged period of elevated spot rates and rejection rates beyond the holidays to move meaningfully higher. Aggregated spot rates briefly moved above the pre-holiday contract rate base during Christmas, marking the tightest relationship between these two measures since early 2022. More important than the crossover itself is the speed at which the spread contracted, highlighting how quickly market conditions can shift even when contract-spot gaps are wide.

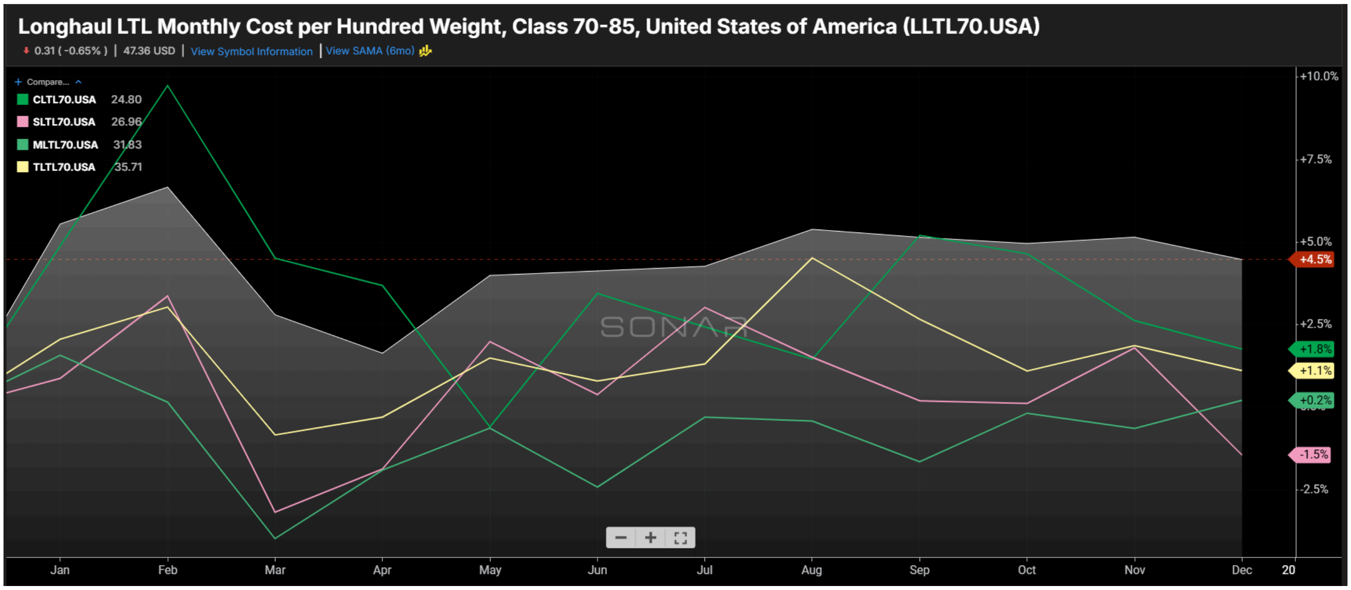
Contract rates (VCRPM1) began edging higher around Christmas, but this move reflects a typical seasonal pattern tied to deteriorating route guides rather than sustained long-term pricing pressure. Historically, contract rates require a prolonged period of elevated spot rates and rejection rates beyond the holidays to move meaningfully higher. Aggregated spot rates briefly moved above the pre-holiday contract rate base during Christmas, marking the tightest relationship between these two measures since early 2022. More important than the crossover itself is the speed at which the spread contracted, highlighting how quickly market conditions can shift even when contract-spot gaps are wide.



Carrier Details Net Changes in Trucking Authorities (baseline view) - Red indicates net contraction in active authorities, green indicates expansion

The near-continuous exodus of carriers over the past three years is now manifesting in the truckload spot market through spiking rates and in the contract market through reduced service and compliance. The primary driver of this capacity reduction is the natural function of free markets: insufficient demand to support existing supply. Carriers' balance sheets have exhausted the reserves built during the pandemic, and SBA loan runways have largely ended. There has not been enough freight volume to give carriers negotiating leverage to push rates to profitable levels, leaving cash flow too thin for many to remain operational.

LTL prices denser freight more competitively



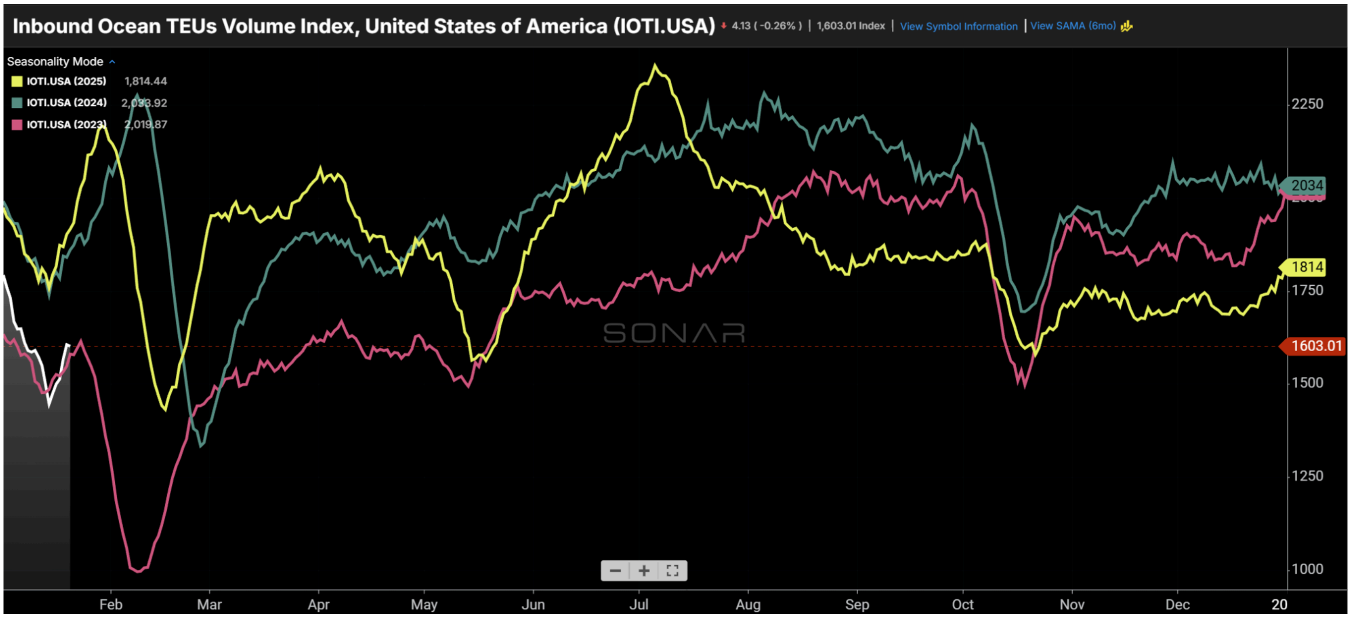
Source: SONAR. Monthly cost per hundred weight by length of haul. Longhaul (white), tweener (yellow), midhaul (light green), shorthaul (pink), local (dark green).

The LTL market appears to be in a holding pattern, with limited upward or downward pressure in the densest volume class bands, particularly between classes 70 and 85. Rate increases are largely concentrated in higher classes above 125, where carriers continue to be more selective about the freight they accept. Rates in the lighter classes have risen 2–7% over the past year, while heavier, lower classes have continued to see rate compression, declining an average of 5–10% year over year.

The key takeaway is that the LTL market remains highly uneven, though inflationary pressure is emerging where expected, alongside increased rate competitiveness. The LTL sector faces many of the same capacity risks as the much larger truckload market, which is showing clear signs of becoming sustainably tighter over the next year. The primary uncertainty lies in the timing of the LTL market's response, which has historically lagged truckload conditions by several months. However, in the post-COVID environment, historical patterns may be less reliable, as carriers have become more responsive to disruptive market forces.

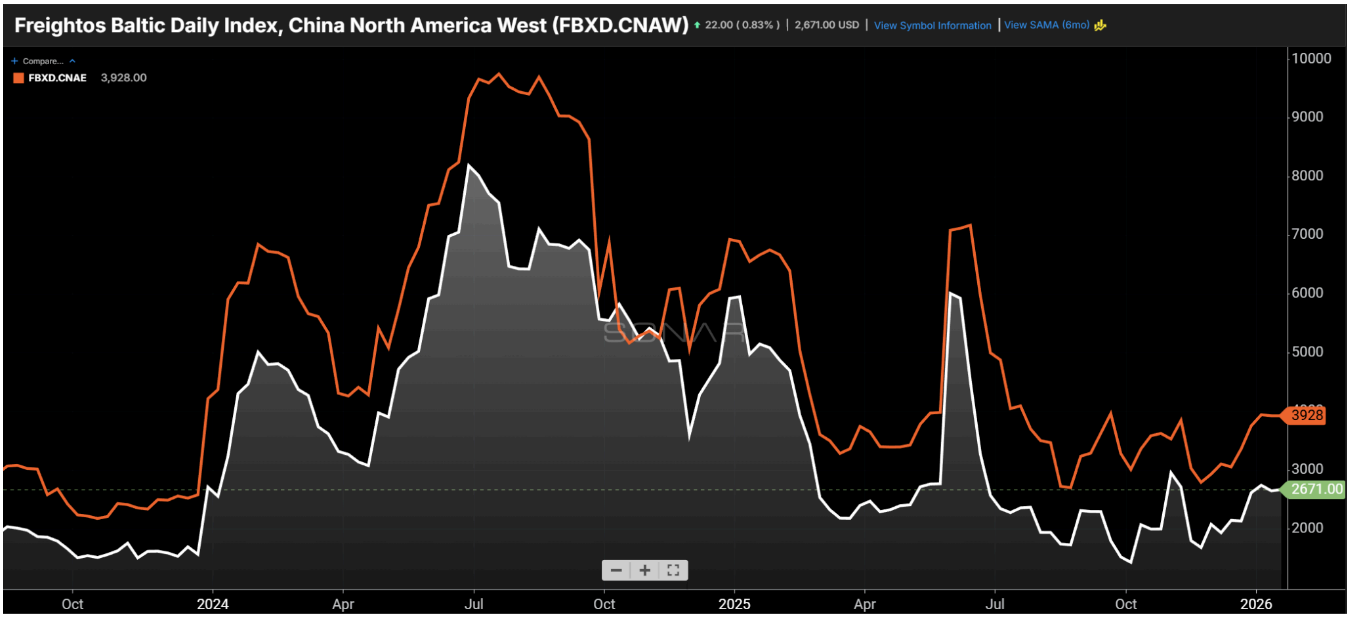
Container ship rates supported by restocking optimism, early impact from CNY

Overseas booking for US imports declined sharply in the fourth quarter relative to most of last year, and volume has also been muted to start 2026. So far this year, container ship volume of U.S. imports has been roughly in line with the muted level of January 2023 (which followed a sharp drop starting in mid-2022; see chart below), in contrast to the elevated level of container ship activity in early 2024 and early 2025. That's not a surprise since most analysts and retailers had expected year-over-year declines to persist through the first quarter. Seasonality and recent trends suggest that we will see a bounce in volume shortly due to shipping ahead of the Chinese New Year. In fact, the National Retail Federation (NRF) is expecting January volumes to be 6% higher than December, due in part to a drive to restock depleted inventories. Still, that NRF expectation for January is 5% lower year over year due to difficult comps associated with last year's import pull-forward. The potential for a court ruling on the legality of the IEEPA tariffs, and uncertainty on tariffs imposed on European imports related to Greenland negotiations, are keeping the maritime volume outlook unusually uncertain.



Source: SONAR. The Inbound Ocean TEU Volume Index, a measure of ocean demand taken at the point of overseas origin for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

The fourth quarter showed a decoupling of demand between US imports and global container ship demand, with the latter holding up far better. That largely reflected a shift in strategy from Chinese manufacturers to market more heavily to Europe amid the onerous tariffs on U.S. imports. That trend could continue, or reverse, depending on trade policy and other macroeconomic factors. Container ship lines have responded by redeploying vessels from inbound US lanes to inbound Europe lanes. That has contributed to relative stability in container ship rates.



Source: SONAR. Freightos Baltic Daily Index: China to North American West Coast (white) and China to North American East Coast (orange).

While one could argue that the container ship market is structurally oversupplied, part of why rates are below year-ago levels, the latest moves in rates have been upward, which appears related to shifts in vessel deployment, improving restocking sentiment among U.S. retailers, and an earlier-than-normal volume increase ahead of the Chinese New Year.

2026 promises to be another year with numerous variables that could contribute to volatility. For instance, carriers' potential full return (there have been some successful test sailings and route openings) to the Red Sea for transcontinental shipments would add a significant amount of capacity to the global containership market – analysts estimate between 4% and 8% of the total, but could also come with near-term congestion at European ports.

Another factor to watch is the scheduled capacity building that would add supply to the market. Flexport estimates that, based on the current order book, vessel builds could equal 5%, 9.5%, and 10% of total capacity in 2026, 2027, and 2028, respectively. Those builds are often delayed, but are difficult to cancel altogether. Meanwhile, the scrapping of old vessels has been minimal.

Rail intermodal may see volume growth despite lower "need for speed"

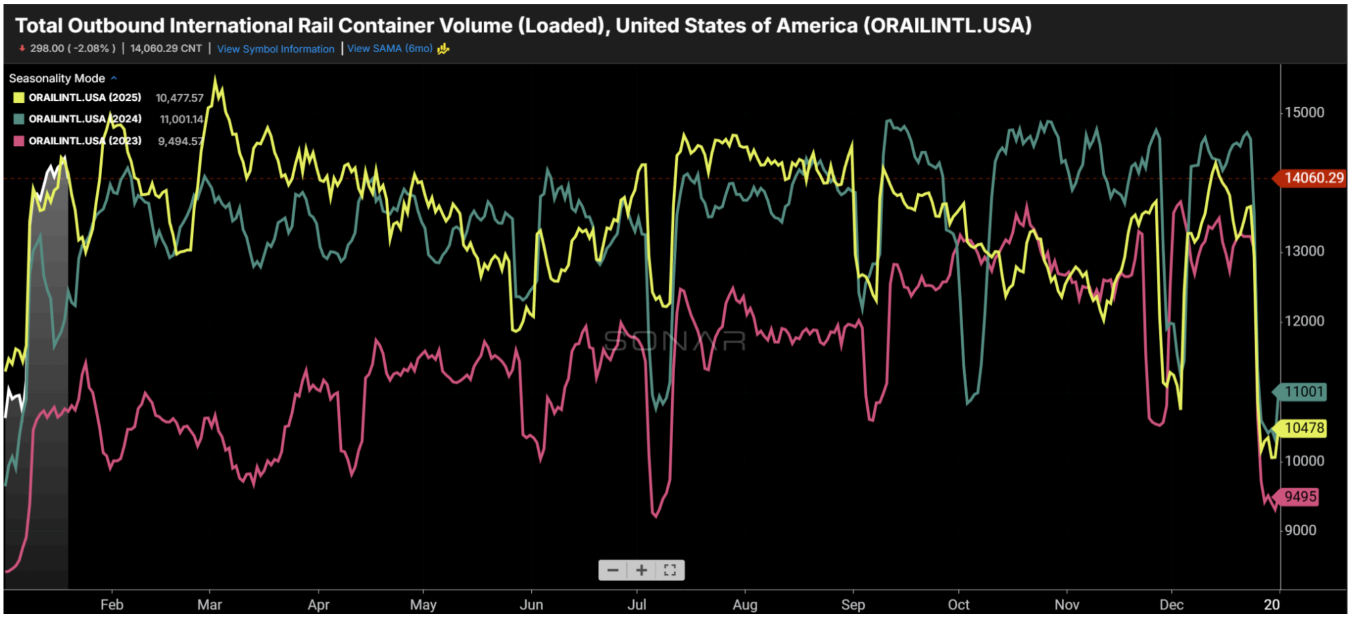


Chart: SONAR. Loaded international intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

International intermodal volume had a weak fourth quarter, as expected, driven by a decline in import volume. Meanwhile, domestic intermodal volume posted a solid fourth quarter, reflective of true peak season volume, and roughly in line with the fourth quarter of 2024, which also had a solid domestic intermodal peak.

So far, intermodal volume has gotten off to a fast start to 2026 both in the international and domestic segments. Total import volume may be depressed currently, but the recent decline in downstream inventory levels, driven by solid holiday consumption, may be leading to imports going directly on the rails rather than warehoused in upstream locations near ports.

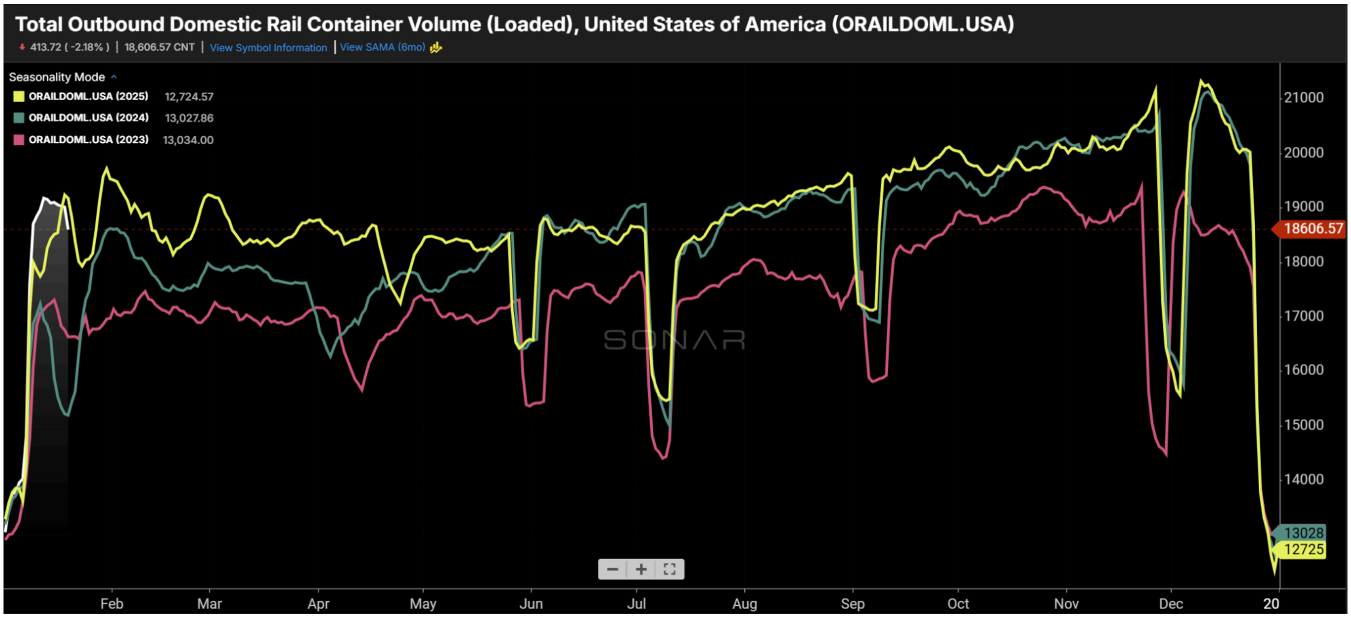


Chart: SONAR. Loaded domestic intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Meanwhile, the solid domestic intermodal volume to start the year reflects numerous factors, including strong service levels, a reduction in the time-sensitivity of freight this time of year, and a generally wide spread in rates between intermodal and truckload.

The average intermodal spot rate across 100 lanes (shown below via the INTRM.USA ticker) indicated there were no major capacity shortages during peak season. In fact, the average intermodal spot rate dropped during peak, in contrast to rising truckload spot rates.

The presence of excess domestic intermodal capacity has been highlighted in the past few quarters by comments made by multimodal carriers J.B. Hunt and Hub Group, which have both indicated that they could handle around 15%-20% additional intermodal volume, or more, with their current fleet of containers. Carriers are looking to put those excess containers to work, which includes calling on shippers that have historically only used truckload. The domestic intermodal carriers are opening up new intermodal origin-destination pairs that have historically not been well served by intermodal. In addition, Class I railroads are establishing partnerships as a competitive response to Union Pacific's pending acquisition of Norfolk Southern, which should enable them to grow their intermodal volume.

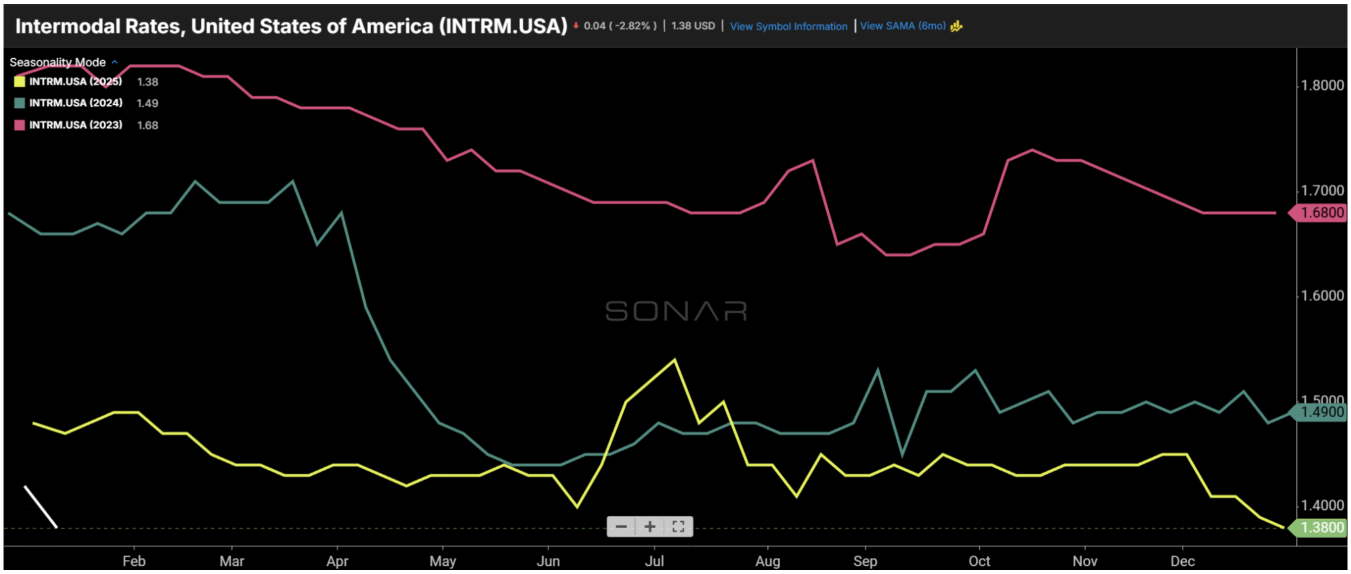


Chart: SONAR. *Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).*

Intermodal pricing renewals go into effect as contracts roll over, which is weighted toward the first half of the year. While it's too early to see a definitive trend in contract rates in SONAR data (although intermodal contract rates in major lanes are up ~3% in the past six months, see the chart below), when considering the likely outcome of bid season, several influential factors are mixed. Carriers can argue that intermodal is delivering more value than in the past, given the strong service levels. Plus, according to SONAR, the spread in rates, including fuel, between dry van and domestic intermodal is 20%-30% or more in many of the densest lanes. That suggests there is room for intermodal rates to rise while still providing shippers with meaningful savings versus truckload. Importantly, the latest truckload data suggests that it could be in a period of market transition with evidence that a carriers' market could be upon us shortly. The main counterpoint, which support the view that rates should be no higher, or barely higher, than last year, include the ample availability of capacity, as measured in container availability, as described above. On its fourth quarter earnings call, multimodal carrier J.B. Hunt said it was not approaching bid season any differently this year, which implies that a major increase in intermodal contract rates this year is unlikely.

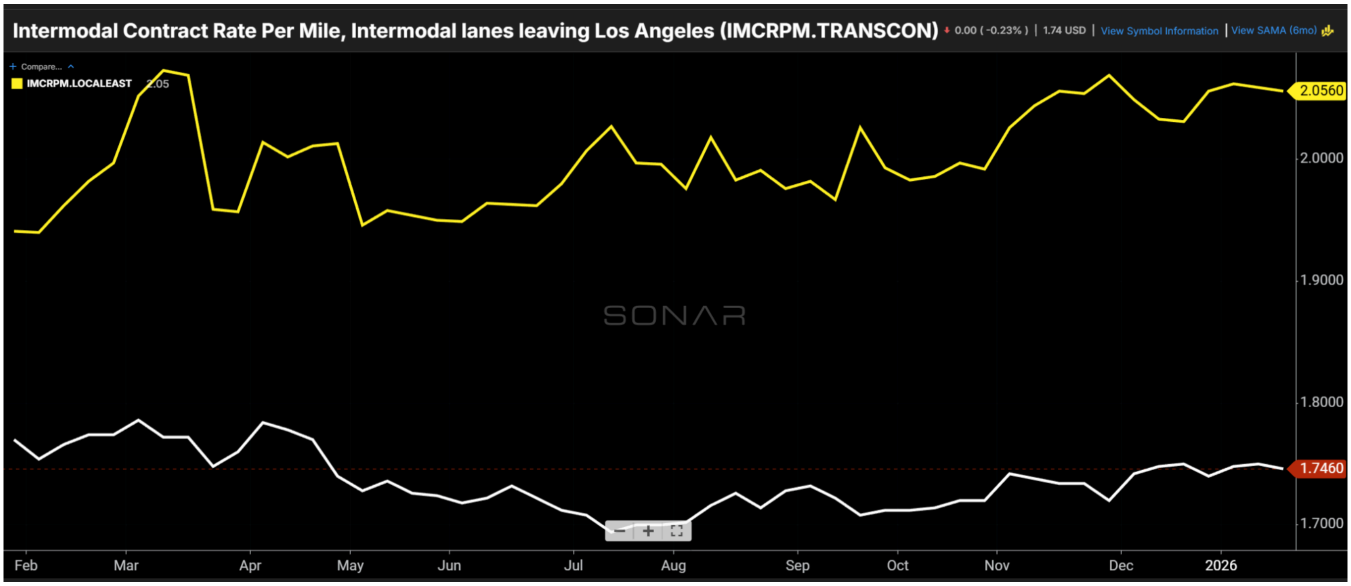
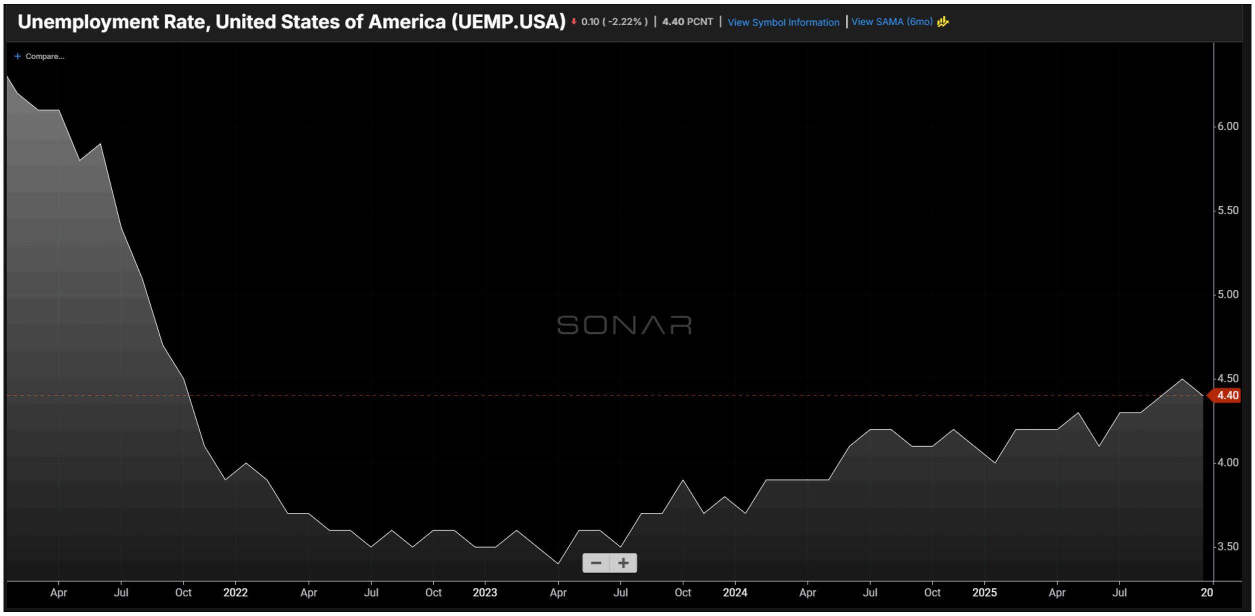


Chart: FreightWaves SONAR. Average domestic intermodal contract rates for an average of five long-haul transcontinental lanes (white) and nine "local east" lanes (yellow).

Macro Trends and Other Events We're Watching

More up than down

The overall read on the U.S. economy is sluggish, but not recessive in aggregate. The three GDP releases in 2025 paint a fairly robust growth picture, though shifting trade flows have made those figures more difficult to interpret in terms of how businesses and consumers are actually faring domestically. The primary challenge is erratic trade policy implementation, which has caused import and export volumes to fluctuate in ways not seen in recent years, complicating historical comparisons. Imports are a net drag on GDP, while exports are additive, and both are measured in dollar terms. As a result, higher-value goods such as pharmaceuticals and electronics have had an outsized impact on volatility, particularly as tariffs have been imposed unevenly. Over the past 30 to 40 years, trade behavior has generally been stable, with changes occurring gradually—making the recent volatility especially disruptive.

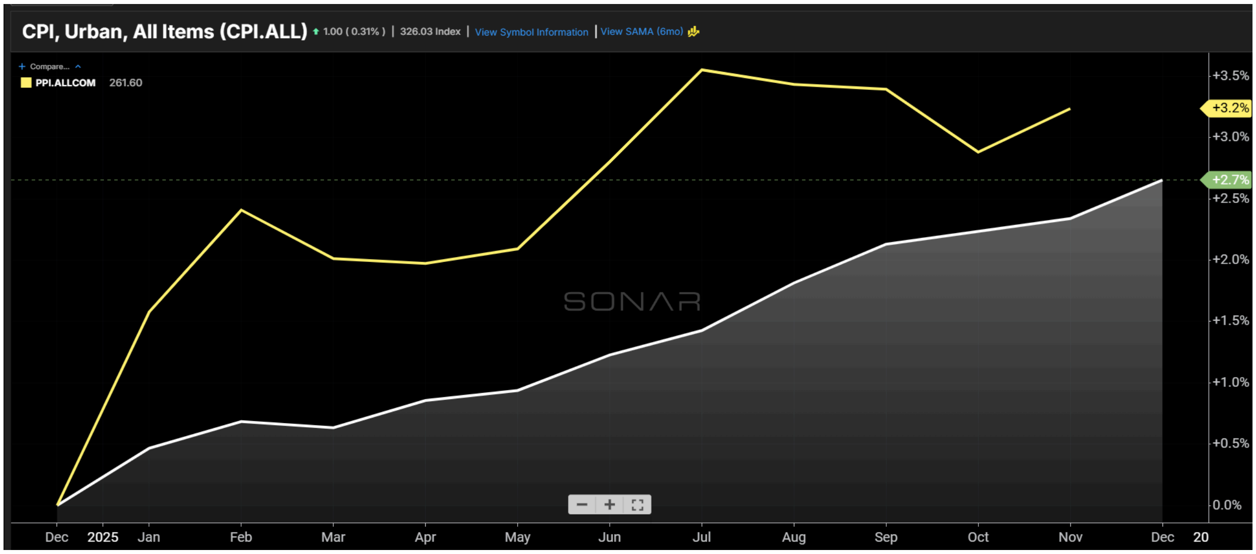


While many economists agree that GDP figures are less representative than they once were, labor market data has become a focal point due to mixed signals. For example, December's unemployment rate declined to 4.4% from 4.5% in November, yet payrolls increased by only 50,000 jobs. This weaker-than-expected reading capped off the softest year of job growth since the pandemic, even as overall employment remains historically solid.

There is a growing sense of stagnation in the labor market. The terms "low hire" and "low fire" are frequently used to describe businesses' reluctance to meaningfully adjust staffing levels. While artificial intelligence often receives the credit—or blame, depending on perspective—there is stronger evidence that companies are adopting defensive strategies as they wait for greater clarity from policymakers or more consistent demand from consumers.

Consumer outperformance during the recent holiday season—highlighted by a 0.6% month-over-month increase in retail sales in November and sharp inventory drawdowns reflected in January's LMI—should help bolster confidence heading into the year, at least from a demand standpoint. Trade policy, however, remains in limbo.

The largest unresolved question centers on the legality of the IEEPA tariffs imposed by the Trump administration last year, which account for roughly $130 billion of the $250 billion in total tariffs collected. While the administration has indicated it would pursue alternative avenues to implement these duties if the Supreme Court rules against them, the resulting policy uncertainty continues to be a significant headwind for businesses seeking a more stable path forward.



Inflation held steady in December at approximately 2.7%, still above the Fed's 2% target but not indicative of renewed acceleration. Questions remain regarding how much influence tariffs have already had—or may still have—on inflation, particularly as companies appear to have absorbed some of these costs. This is reflected in the faster rate of increase in Producer Price Indices (PPI) relative to the Consumer Price Index (CPI). Should inflation continue to ease and the labor market soften further, the Federal Reserve would have a clearer path to continue lowering interest rates.

While the economy remains uneven across sectors, the overall picture is tilted modestly toward optimism.

Manufacturing and industrial data sets are mixed amid uncertainty and cost pressure

The Institute of Supply Management Metrics, Purchasing Managers' Index (ISM.PMI) reading of 47.9 in December shows manufacturing in contraction, and has been in the past ten months. That is down 30 basis points from November and down 80 basis points from October, suggesting the decline in manufacturing activity worsened throughout the fourth quarter.

The Institute for Supply Management provides numerous other readings that go into the Manufacturing PMI. The general direction of several of the forward-looking metrics shows more relative optimism than the output readings. For instance, New Orders (47.7 in December, from 47.4 in November) and Backlog of Orders (45.8 in December from 44.0 in November) both showed improvement month over month. Inventory metrics declined further, both in total (45.2 in December from 48.9 in November) and for customers (43.3 in December from 44.7 in November), which may presage a further pickup in orders and backlog.

Respondents to the ISM survey cited tariff uncertainty, softening demand for capital equipment, and cost inflation as the major reasons for their perceived decline in manufacturing activity. Inflationary commodities include aluminum and copper, which more than offset deflation in petroleum-based fuels.

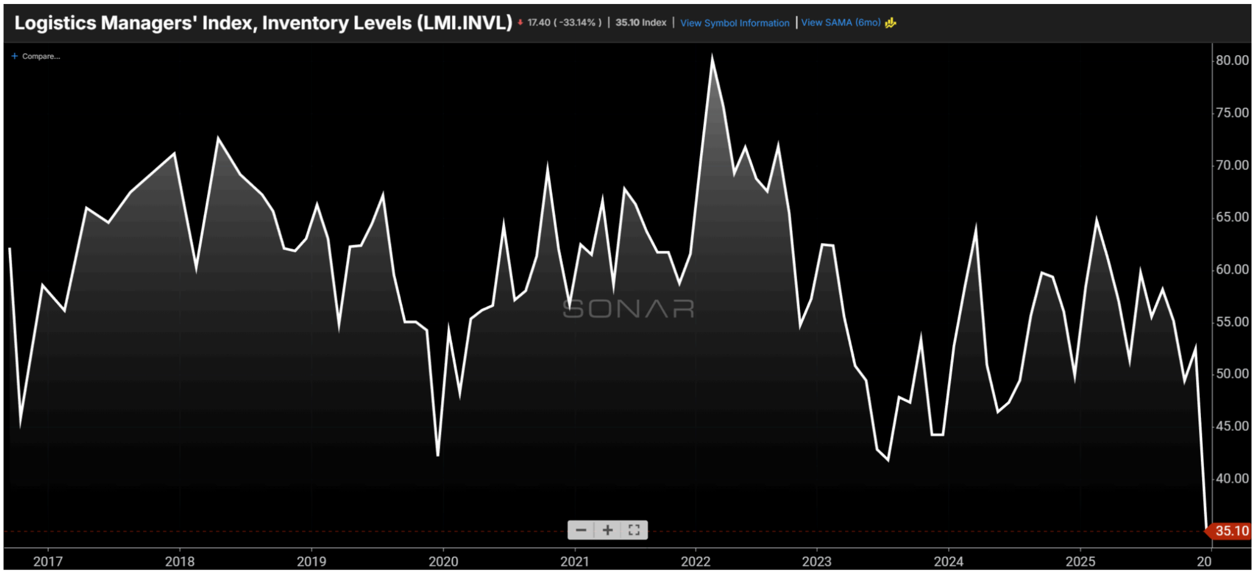
The Federal Reserve Board of Governors releases Industrial Production and Capacity Utilization data. The most recent data (released December 23) shows industrial production up 2.5% year over year in November. It also shows a distinct divergence between durable goods (down 5.9% y/y) and non-durable goods (up 2.7% y/y), which reflects a lack of willingness to take risks on big-ticket items. The total growth of 2.5% year over year seems at odds with the ISM Index discussed above; some suggest Industrial Production presents a more representative view of the industrial economy than the ISM PMI since it reflects actual, rather than planned, activity and sentiment.

Ways that the industrial economy translates to freight demand include several categories of rail carload traffic, flatbed truckload demand, and LTL demand. Rail carload traffic, which is reported each week by the Association of American Railroads, historically grows, over an extended period, when the industrial economy does, as it is industrial-heavy after excluding coal and agriculture. According to data from the Association of American Railroads, total U.S. carload traffic is down 9.1% year over year in the past four weeks (ending January 10th). And, numbers look even worse when the relatively non-economically-sensitive segments of coal and agriculture are excluded (which are up 8.3% andd 8.7%, respectively, the past four weeks). Many industrial-oriented sectors are faring much worse – for instance, forest products, carloads, and metallic ores/metals are down 22.5% and 23.8% year over year, respectively, in the past four weeks.

Consumers gobble up inventory

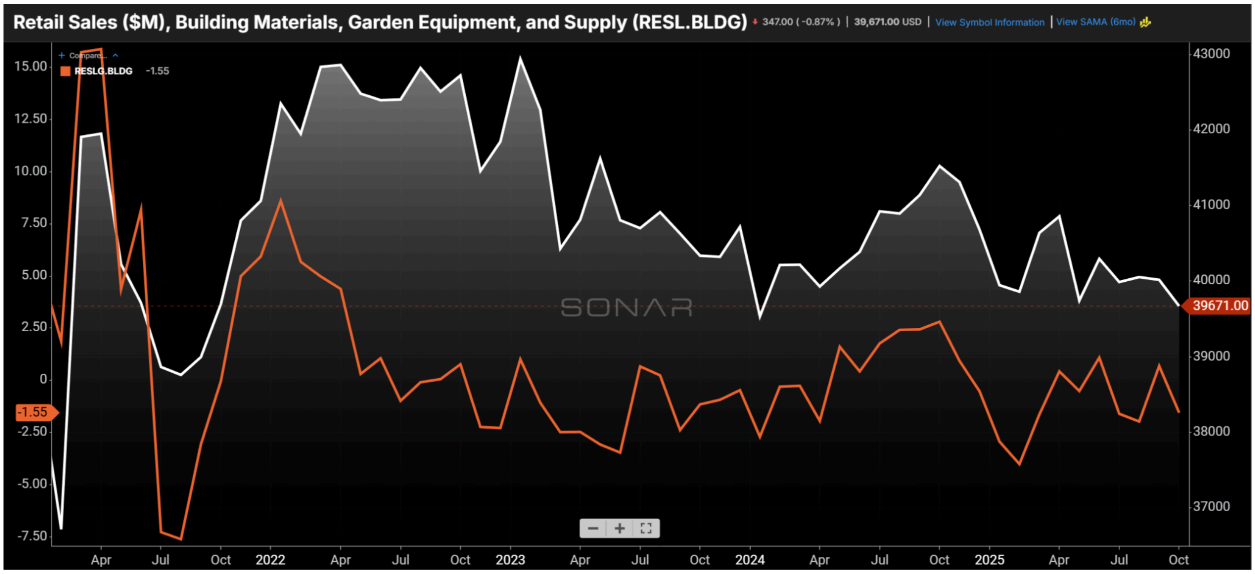
The maxim of not betting against the U.S. consumer held this past holiday season. Despite higher price levels, credit card processors reported about a 4% increase in spending during the holiday season, with a 6.8% growth for e-commerce, according to Abode Analytics. Data from the Census Bureau shows that November retail sales grew 0.6% in November from October (up 3.3% year over year), exceeding the consensus estimate of 0.4% month over month growth.

Most of that growth in retail sales reflected higher price levels rather than any growth in the volumes of items being moved. Still, holiday sales exceeded most companies' expectations since they may have been too heavily relying on consumer sentiment indexes, which have proven to be a poor indicator of future consumer spending. The result was one of the biggest drops in the Logistics Managers' Index of inventory levels in history. Inventory contraction was concentrated in downstream locations at or near centers of consumption.



While higher spending growth at higher price levels may not be translating into incremental freight volume, consumer goods companies and retailers have shifted their inventory management practices to a more just-in-time methodology amid rising warehousing costs. That may increase the time-sensitivity of many goods, supporting demand for long-haul truckload at the expense of rail intermodal (though intermodal volume is likely to be supported by other factors, as described below).

The NRF's latest Retail Monitor report shows that total consumer spending increased 3.58% year over year in December, a deceleration in the growth rate reported in the previous several months. The only categories that are declining on a year over year basis, according to the report, are those related to housing, with Building & Garden Supplies and Furniture & Home Furnishings down 5% and 1%, respectively.

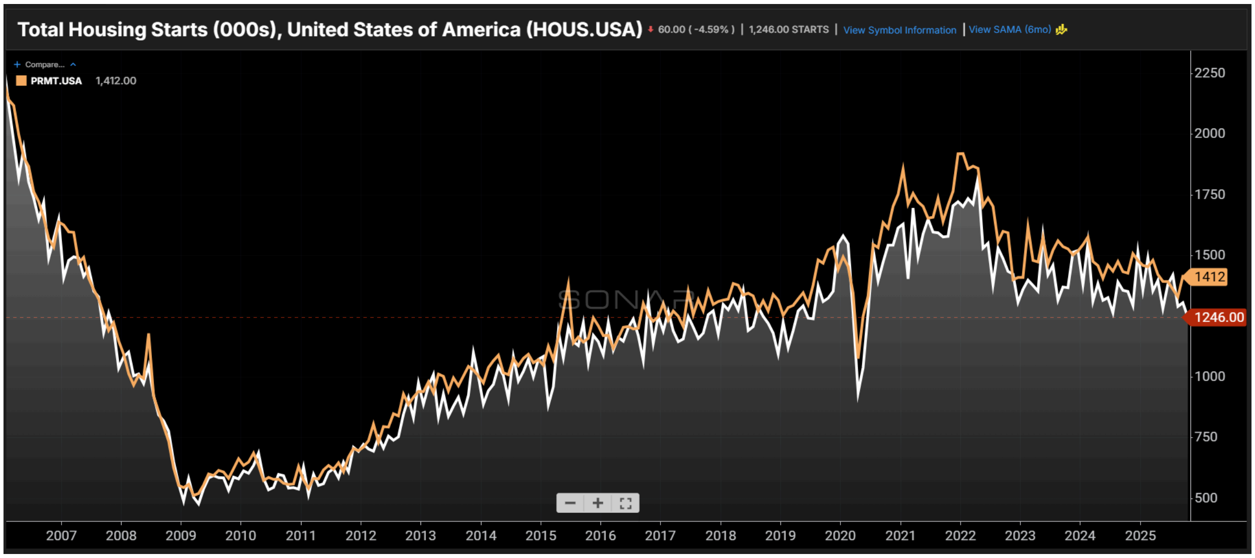


Meanwhile, the Consumer Packaged Goods industry and retailers are contending with several trends, including groceries, which are inflating at a 2.4% rate, and with many categories 30%+ higher than pre-pandemic levels. Most consumers continue to look for value and are wary of the emergence of "surge pricing" that adjusts in response to product availability. Affluent consumers are doing half of the spending and are doing so aggressively, but that wasn't enough to prevent Sake Global from needing to file Chapter 11.

Health-focused categories and fresh pet food continue to be winning categories, and CPG companies are rolling out more GLP-1-friendly foods and are putting synthetic protein in absolutely everything. At the same time, amid food inflation, which has become a major political football, many consumers are trading down to private label brands that are typically priced 20%-30% less than national brands while also shifting grocery shopping to big-box retailers, such as Walmart. To save costs and mitigate sales pressure, many national brands are cutting lower-velocity SKUs, which also streamlines their supply chains while increasing automation.

Housing's crawl off the floor

Existing home sales beat expectations by a wide margin in December, rising 5.1% month over month and 1.1% year over year. Inventory increased to 1.8 million units, up 3.5% from December 2024, though this still represents a relatively lean 3.3 months of supply. Notably, these figures reflect closings that occurred before the recent decline in mortgage rates, which were around 6.18% in early January—down from above 7% in early 2024. This suggests underlying demand may be stronger than headline affordability conditions implied late last year.



On a more lagging note, housing starts in October were disappointing, falling to their lowest level since 2020. The weakness was driven primarily by a downturn in multifamily construction. Single-family starts edged higher during the month but remained near multi-year lows. This data reflects activity shortly after the first interest rate cut, when mortgage rates had yet to meaningfully decline. Builder sentiment was also subdued at that time and remained weak through December, which is likely to weigh on starts data through much of 2025.

While the housing market is showing early signs of stabilization, there is little evidence of a rapid or robust recovery in the near term. Builders remain cautious amid ongoing affordability challenges, which could keep inventories constrained and prices relatively stable. Further declines in mortgage rates will be a key factor to monitor in the coming months to determine whether builder activity accelerates. Absent that, housing appears poised for a slow and gradual recovery this year.

TO LEARN MORE, VISIT RYDER.COM