JANUARY
2026

STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

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Holiday surprise

December 19 , 2025 | 1 p.m. ET

Overview

Domestic transportation markets came alive in late November as the holiday shipping season began in earnest. Demand strengthened compared to where it had been in the previous months, but still underperformed 2024.

Truckload spot and tender rejection rates jumped Thanksgiving week and continued to rise through December. Refrigerated or temperature controlled demand fueled much of the growth, but dry van shipments also overachieved the baseline set by October and early November. Regulatory pressures continue to weigh on capacity.

Intermodal demand remained strong with international containers having a late season surge. Domestic container shipments remained in control despite the brief blip from international as shippers seemed to still hang on to using the rails for transcontinental shipping, despite the increased sense of urgency that comes with the holidays.

Imports were underwhelming and fairly uninteresting over the past month, as most of the seasonal freight was pulled into the country over the summer. Import demand remained well below 2023 and 2024 levels, but did not collapse. In other words, this market did exactly what was expected in late fall on the heels of a volatile trade policy year.

The U.S. economy is clearly still limping along especially in the labor market as the national unemployment rate hit 4.6% according to the latest jobs report in December. This is the highest value in four years. The weakness in the jobs market was enough to push the FOMC to cut rates another quarter percent despite lingering inflation. Chair Powell stated that they saw most of the current inflation being related to tariffs and that there was little they could do about that, stating that it should peak in the first quarter. Uncertainty remains, but there are some points of optimism heading into next year with new tax breaks and a fresh start that many need.

Macro indicators	**(y/y change)**
Sep. industrial prod. change	+0.1% (+1.6%)
Oct. retail sales change	+0.1% (+1.3%)
Nov. U.S. Class 8 orders	16,265 (-45%)
Nov. U.S. trailer orders	5,690 (-63%)

Truckload indicators	**(y/y change)**
Tender rejection rate	13.69% (+465 bps)
Average dry van spot rate[1]	\$2.57/mi (+5.7%)
LAX to DAL spot rate[2]	\$2.66/mi (-3.7%)
CHI to ATL spot rate	\$3.16/mi (+20%)

Tender volumes	**(y/y change)**
Atlanta	373..03 (+1.8%)
Dallas	278.96 (-7.4%)
Los Angeles	240.33 (-9%)
Chicago	214.49 (-4%)

Tender rejections	**(y/y change)**
Atlanta	9.03% (+164 bps)
Dallas	9.75% (+305 bps)
Los Angeles	6.75% (+46 bps)
Chicago	11.63% (+289 bps)

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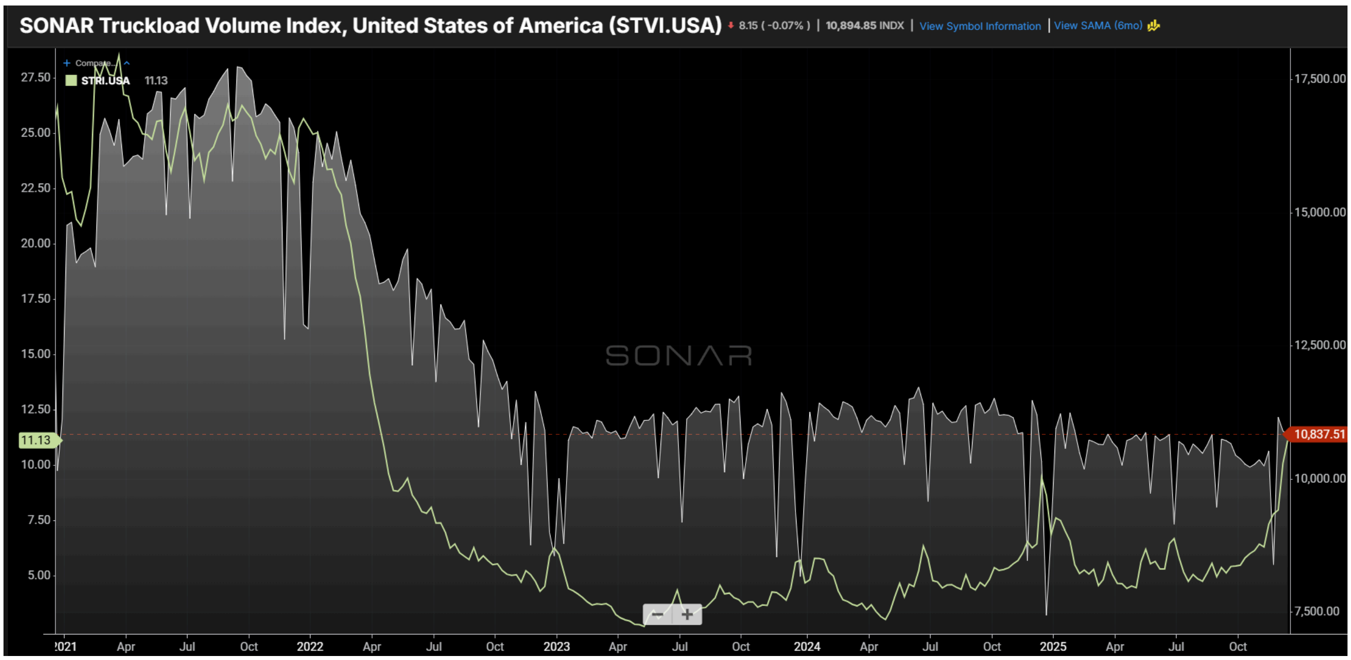
[1] FreightWaves National Truckload Index
[2] FreightWaves TRAC spot rate

Truckload markets

The truckload market tightened sharply after Thanksgiving, with spot rates and tender rejections climbing rapidly and showing little pause heading into Christmas. While seasonal strength is typical, the persistence of this move is unusual given the otherwise soft market. Demand exceeded expectations but remained below last year's levels, while intermodal volumes were stronger than anticipated. Shippers appear to be drawing down inventories, as falling warehouse utilization points to a shift toward leaner supply chains in 2026. The holiday surge has been driven largely by supply-side constraints, with limited confirmation of a sustained market inflection.



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

Tender rejection rates typically rise around Thanksgiving, but this year's increase was unusually large and persistent, extending through the three weeks beginning November 21. Rather than following the normal pattern of peaking and pulling back in mid-December, rejections remained elevated, pointing to influences beyond seasonal norms. The newly released SONAR Truckload Rejection Index (STRI) climbed earlier and more aggressively than in 2024, surpassing last year's holiday peak by early to mid-December.

Winter weather likely amplified these conditions, particularly across the Midwest, where rejection rates were most responsive. Elevated rejections were also seen in the Northwest and Mountain regions due to weather disruptions, while the West Coast experienced a more muted seasonal response. Reefer and dry van markets tightened more than they did at this point last year, whereas flatbed activity continued to soften following a volatile spring. Spot rates reflected these trends, with van and reefer rates rising while flatbed rates dipped amid continued weakness in housing and construction end markets.

Despite annual demand remaining weak, truckload volumes exceeded expectations compared with early fall. The SONAR Truckload Volume Index (STVI) improved from running 5–6% below 2024 levels in September and October to just 2–3% lower in late November and early December. Volume gains were concentrated in shorter hauls typical of peak fulfillment, while longer-haul freight showed modest stabilization. Intermodal and truckload volumes surged simultaneously around Thanksgiving, suggesting overall demand growth rather than a shift between modes.

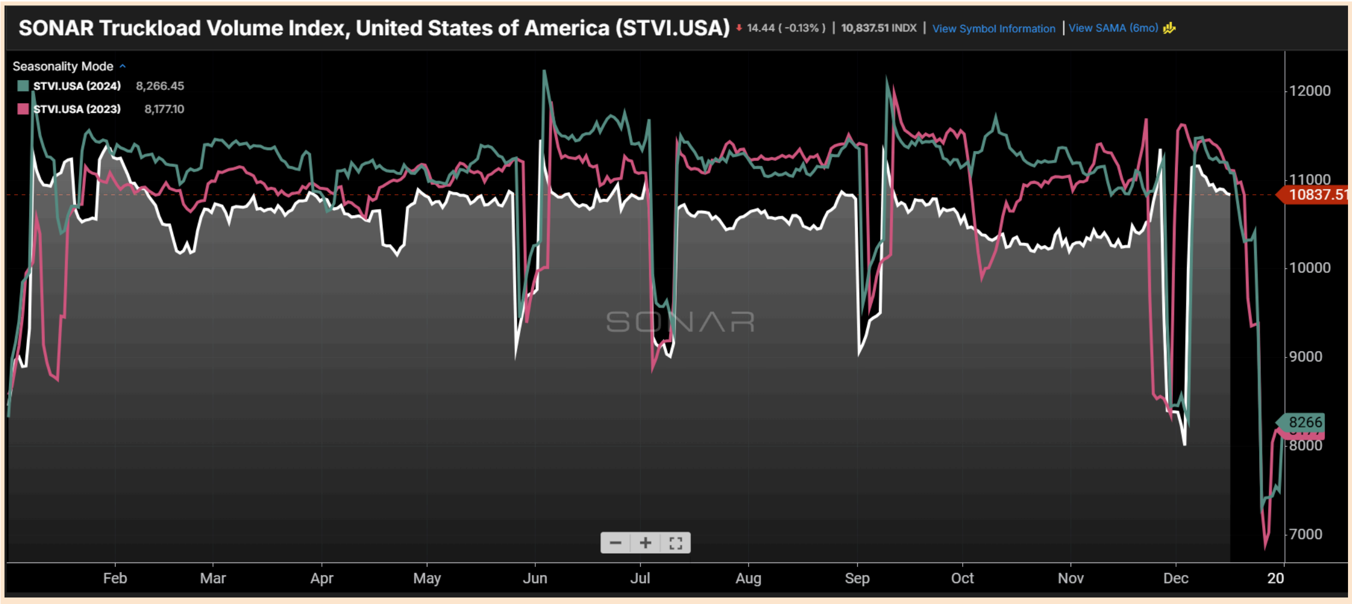
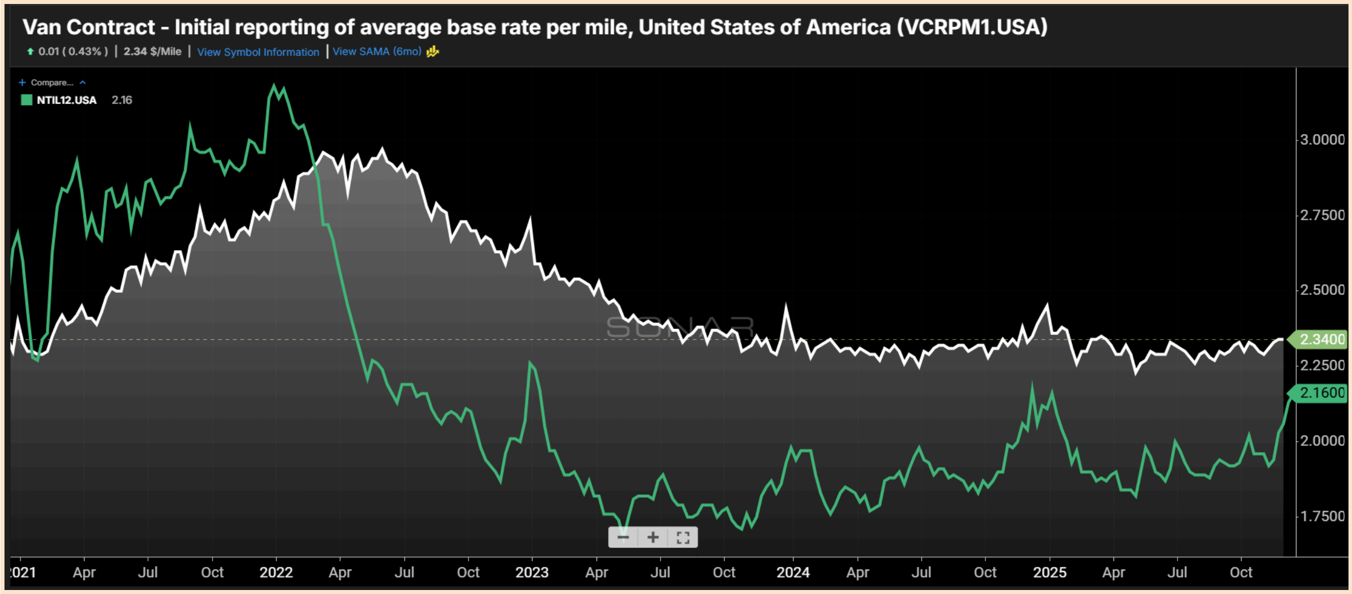


Chart: SONAR Truckload Volume Index: 2025 (white), 2024 (blue) and 2023 (pink).

The STVI spiked ahead of Thanksgiving, driven in part by elevated tender rejections but also by stronger demand, particularly at the local level. While volumes remained below the prior two years, the year-over-year gap narrowed to 2–3% from 5–6%. This surge suggests that some businesses may have entered the period with leaner inventories than expected, or that retail demand was stronger than anticipated. There is little evidence that this represents a sustained shift in demand-side fundamentals beyond the holiday period, but it does mark another upside surprise that was not signaled by earlier indicators.

Any future growth will be spurred by increasing investment and economic growth, which remains very unclear at this point.

Spot rates surge during holidays, boosted by weather



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

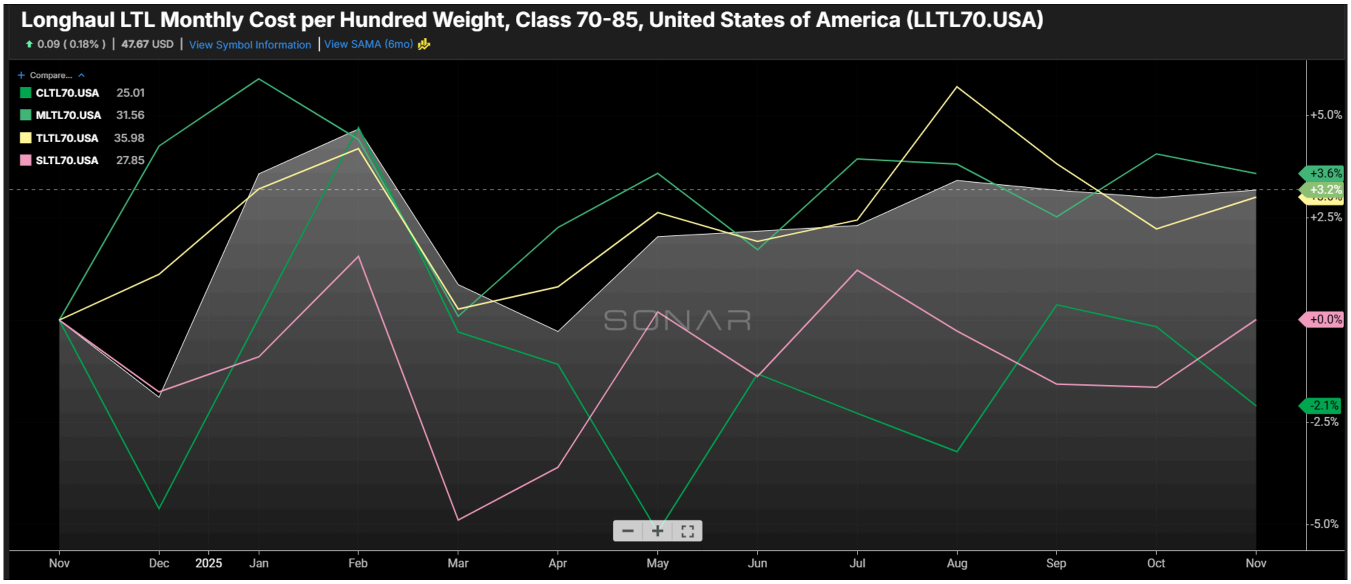
Spot rates—excluding estimated fuel costs above $1.20 per gallon to make them comparable with contract linehaul rates—tracked closely with 2024 levels through late November and early December, but showed greater persistence heading into Christmas week. In contrast, spot rates in 2024 were more erratic during the intra-holiday period, though they began climbing earlier, with a gradual increase starting in October. This year, spot rates remained largely dormant throughout the fall, showing little volatility until Thanksgiving week, when they surged and showed few signs of slowing as Christmas approached. By December 16, the NTIL12 was up 4% year over year.

Contract rates for dry van freight remained largely unaffected by recent seasonal turbulence, as expected given that contract pricing is rarely influenced by short-term disruptions. Historically, contract rates only move higher after sustained periods of spot rate inflation, typically when tender rejection rates remain consistently above the 7–8% range. Some early upward pressure appeared at this point last year, but that move was driven more by expectations than by realized market conditions.

The sharp reactivity of the spot market suggests underlying fragility that was not evident during the flat conditions of the fall. Carriers may be holding capacity back or bidding below operating costs in an effort to survive, leading to service degradation and rapid spot rate escalation when disruptions emerge. Holiday periods are not necessarily demand-driven events, but rather reflect temporary capacity losses as drivers leave the road—particularly when operating margins are already strained.

Large fleets have reduced overhead and trimmed equipment to manage costs, leaving limited buffers for seasonal surges. While demand is unlikely to grow meaningfully in early 2026, supply-side dynamics remain extremely tight. Winter weather, in particular, has the potential to be more disruptive than usual this season.

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).

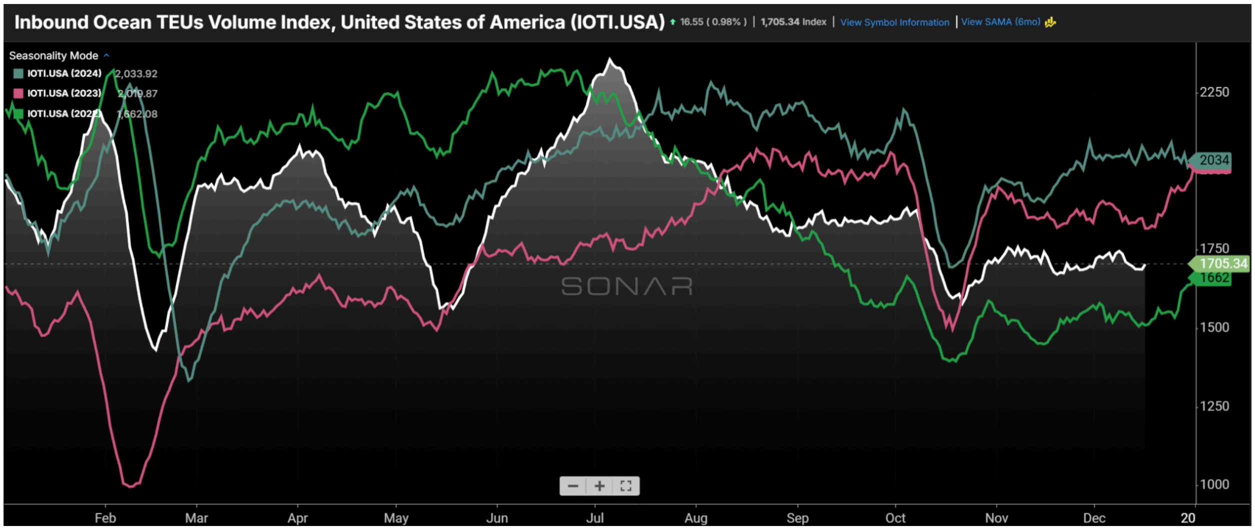
The LTL market appears to be gradually moving toward a more balanced state, with pricing trends in the most prevalent class bands (70–85) showing more inflationary signals than they did just a few months ago. There are now slightly more rate increases than decreases appearing in carrier pricing, though on a year-over-year basis the environment remains relatively flat.

In contrast, the densest class bands (50–65) remain highly competitive, with every mileage band showing strong deflationary pressure year over year. Many rates are running 5–7% lower than at this time last year. This likely reflects ongoing weakness in the industrial economy, as carriers compete for a smaller pool of the most desirable freight.

The opposite trend is evident in lighter, lower-density freight. Rates for classes 125 and above are increasing across all mileage bands, suggesting carriers have greater pricing power in these categories. This may also reflect a growing share of freight moving into higher classes as density-based pricing models are adopted, though the trend was already present before those changes were implemented.

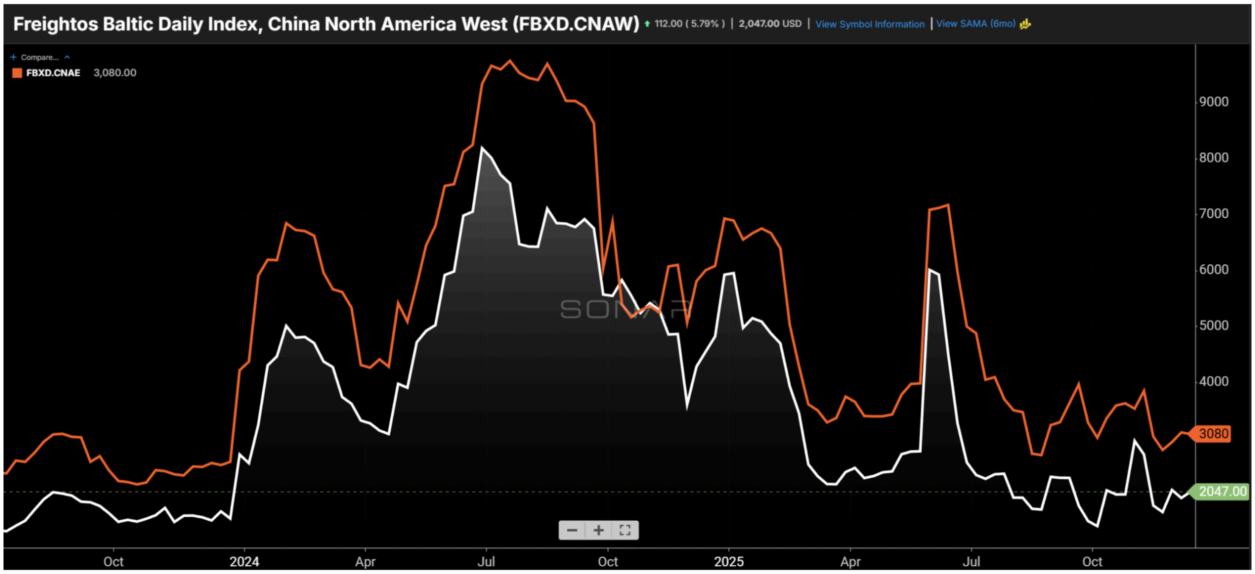
Maritime – The container ship sector appears structurally oversupplied

As expected, overseas booking for US imports declined sharply in the fourth quarter, following an import pull-forward that took place last year and earlier this year. Most analysts expect year-over-year declines to persist through the first quarter of next year. Meanwhile, there has been a decoupling of demand between US imports and global demand, which has held up far better. That trend could continue, or reverse, depending on trade policy, fiscal and monetary policy, and other macroeconomic factors. But, for now, some container ship lines have redeployed vessels from inbound US lanes to inbound Europe lanes.



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

Rates in the key China-to-US trade lanes have been volatile, but the general trend is downward. Freightos Asia-US container rates fell sharply in mid-November as GRIs failed to stick, highlighting weak fundamentals. 2026 promises to be another year with numerous variables that could contribute to volatility. For instance, carriers' potential return 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. Such a return would likely create massive near-term congestion, particularly at European ports, as carriers simultaneously move to shorten Asia-to-Europe, and to a lesser extent, Asia-to-US East Coast lead times.



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

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, with a record number of vessels older than 20 years. While there may be pent-up demand for scrapping that could reduce capacity, older vessels are generally smaller, which makes them useful as feeder vessels, giving carriers an incentive to keep them in service. In short, the ocean industry is likely headed towards structural overcapacity, but shippers may still experience disruptions due to congestion and/or blank sailings.

Rail intermodal is delivering a solid value proposition

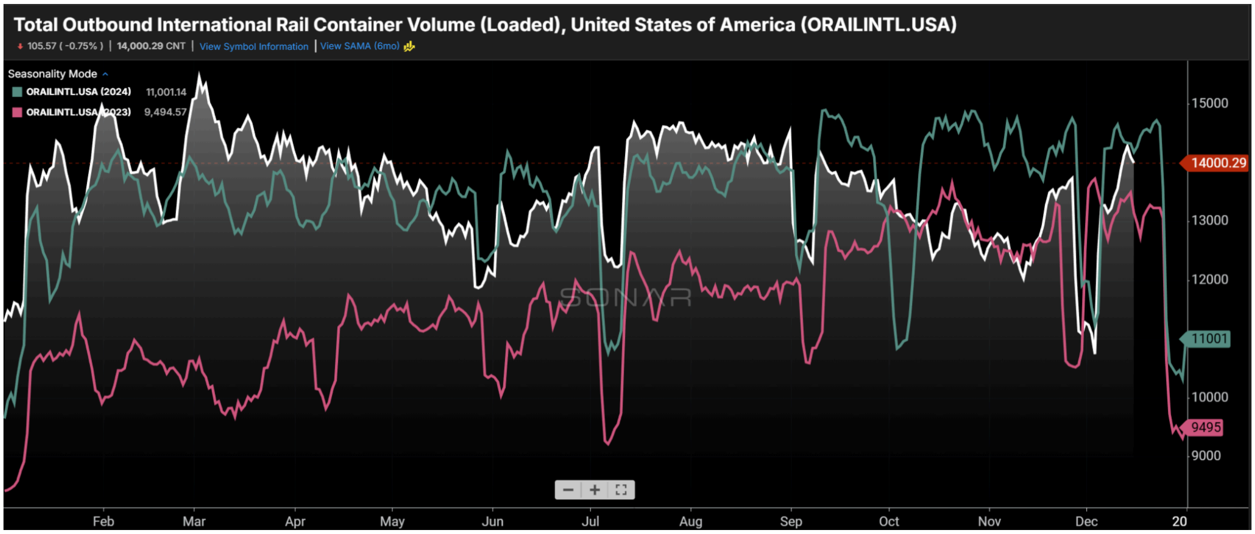


Chart: SONAR. Loaded international intermodal container volumes for 2025 (white), 2024 (blue), and 2023 (pink).

While it can be noted that total intermodal volume has fallen in the fourth quarter from the third, outside of holiday periods, that is only accurate in the international (i.e., 40' and 20') sector, which is heavily dependent upon import volume. And, even international volume has improved in recent weeks. Meanwhile, loaded containerized domestic intermodal volume (chart below) is up slightly in the fourth quarter, year over year, against a difficult year-ago comp, and is having a meaningful peak season.

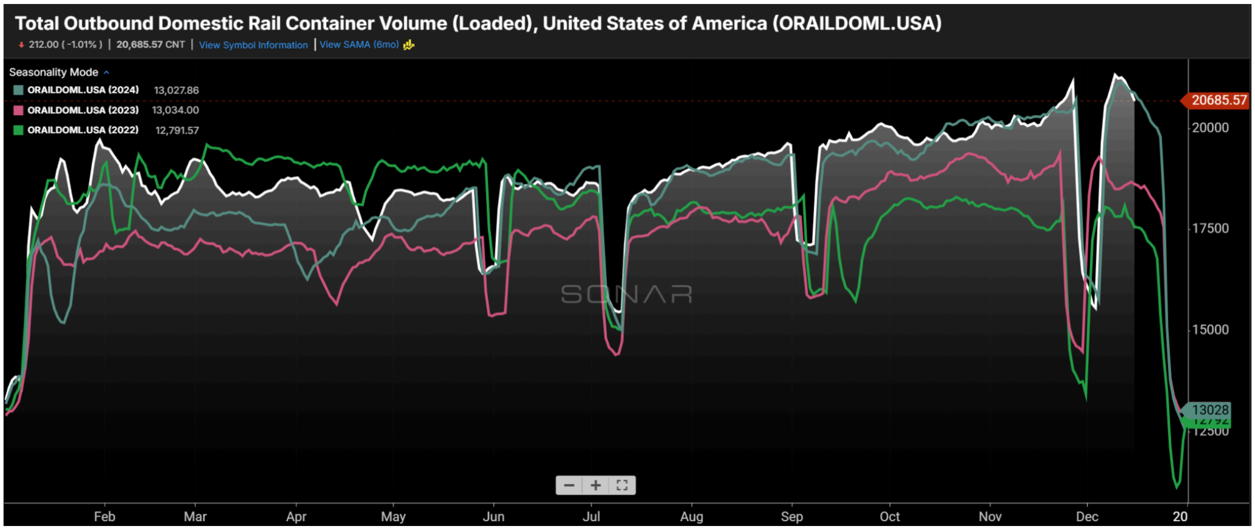


Chart: SONAR. Loaded domestic intermodal container volumes for 2025 (white), 2024 (blue), 2023 (pink), and 2022 (green).

The solid intermodal peak season reflects numerous factors, including strong service levels, a reduction in the time-sensitivity of imported freight that was pulled forward and then warehoused near port locations, and a generally wide spread in rates between truckload. The average intermodal spot rate across 100 lanes (shown below via the INTRM.USA ticker) indicates there were no major capacity shortages this year. Not much intermodal volume moves on the spot market, but when carriers look to protect capacity for contractual shippers, spot rates spike. The only time the average intermodal spot rate spiked this year was around the start of July, which reflected early peak season surcharges, coinciding with the import pull-forward. 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.

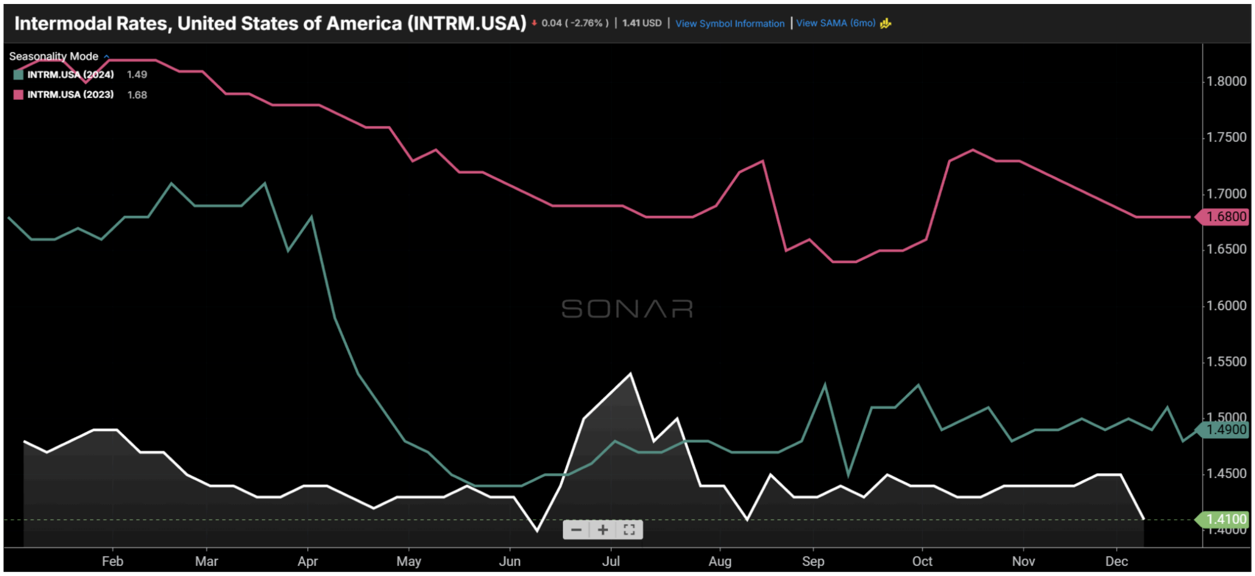


Chart: SONAR. *Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2025 (white), 2024 (green), and 2023 (pink).*

Intermodal bid season is underway, starting in the fourth quarter, with the bulk of intermodal pricing renewals going into effect as contracts roll over in the first half of next year. When considering how bid season is likely to progress, the influential factors are mixed. Carriers will likely 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.

The counterpoints, 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. The biggest and likely swing factor is the state of the domestic truckload market. Absent a change in truckload market fundamentals (it remains to be seen whether the increase in tender rejection rates in December will mark a turn in the market), the truckload market may remain too loose for intermodal rates to move much (they haven't the past two years – see Intermodal Contract chart below, which shows a nationwide average).

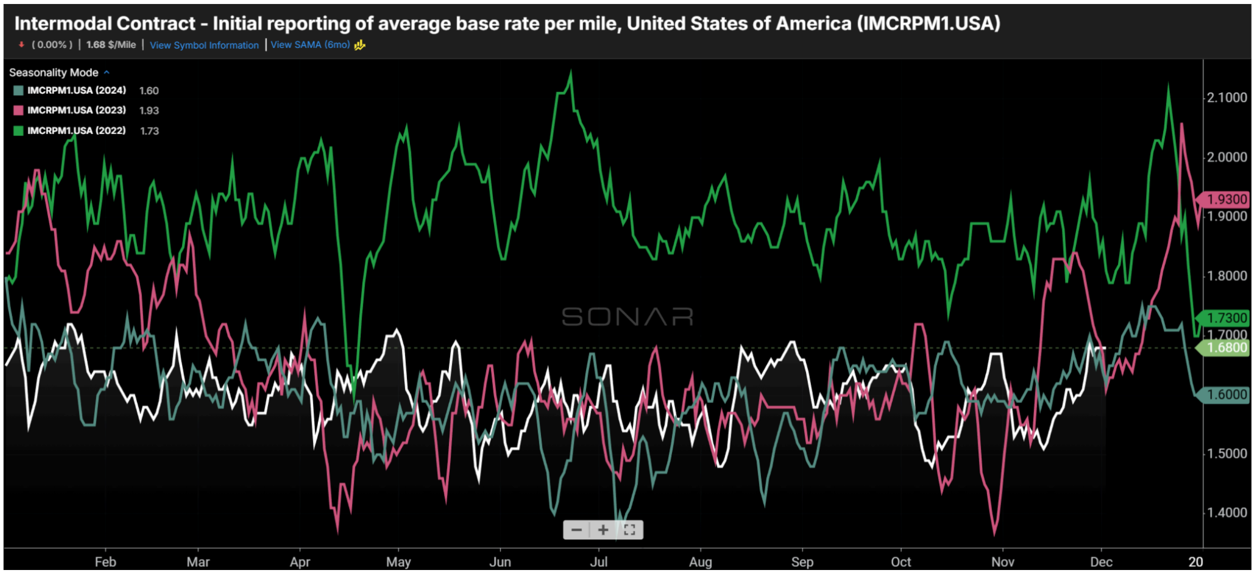
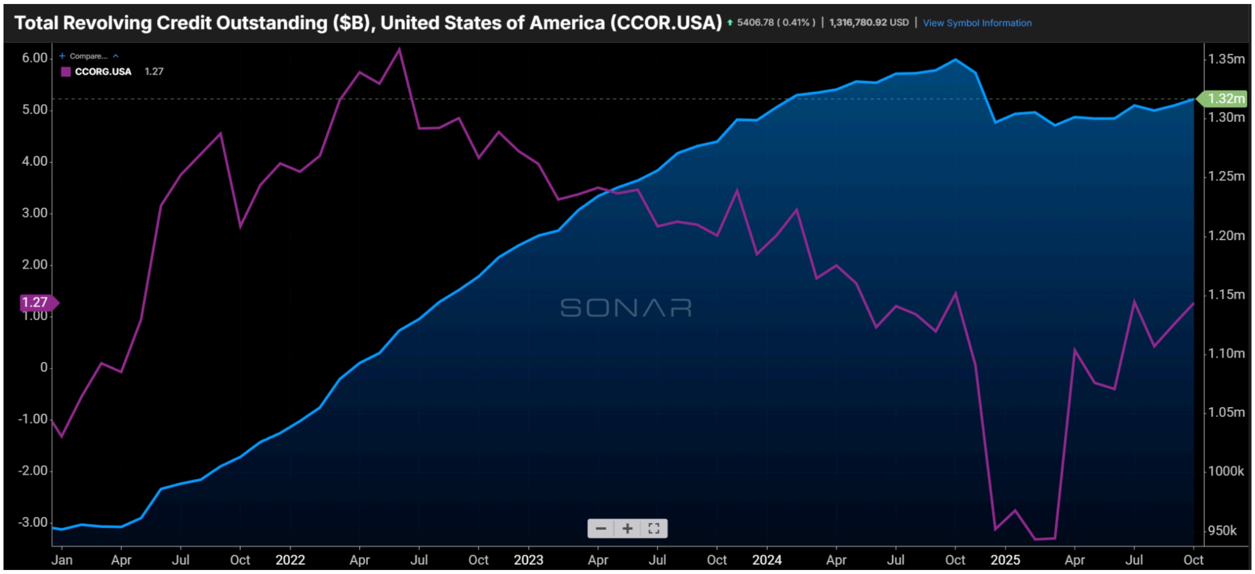


Chart: FreightWaves SONAR. Average domestic intermodal contract rates in 2025 (white), 2024 (blue), 2023 (pink), and 2022 (green).

Macro Trends and Other Events We're Watching

Consumers pay more for less

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



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

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

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

Uncertainty, commodity inflation hold back manufacturing sector

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

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

Source: SONAR Executive Dashboard.

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

Two ways that the industrial economy translates to freight demand are rail carload traffic and flatbed truckload demand. Rail carload traffic historically grows when the industrial economy does, as it is industrial-heavy after excluding coal and agriculture. According to data from the Association of

American Railroads, total U.S. carload traffic is up 1.86% year over year in the past four weeks. However, coal and agriculture are up both up 5.0% year over year, in the past four weeks, while many industrial-oriented sectors are faring much worse – for instance, forest products carloads and motor vehicle carloads (below) are down 7.2% and 4.5% year over year, respectively, in the past four weeks. Stubbornly high auto prices appear to have finally changed buyers' behavior. The November 2025 light vehicle sales seasonally-adjusted annual rate in November 2025 was 15.596, down 5.5% from 16.514 in November 2024.

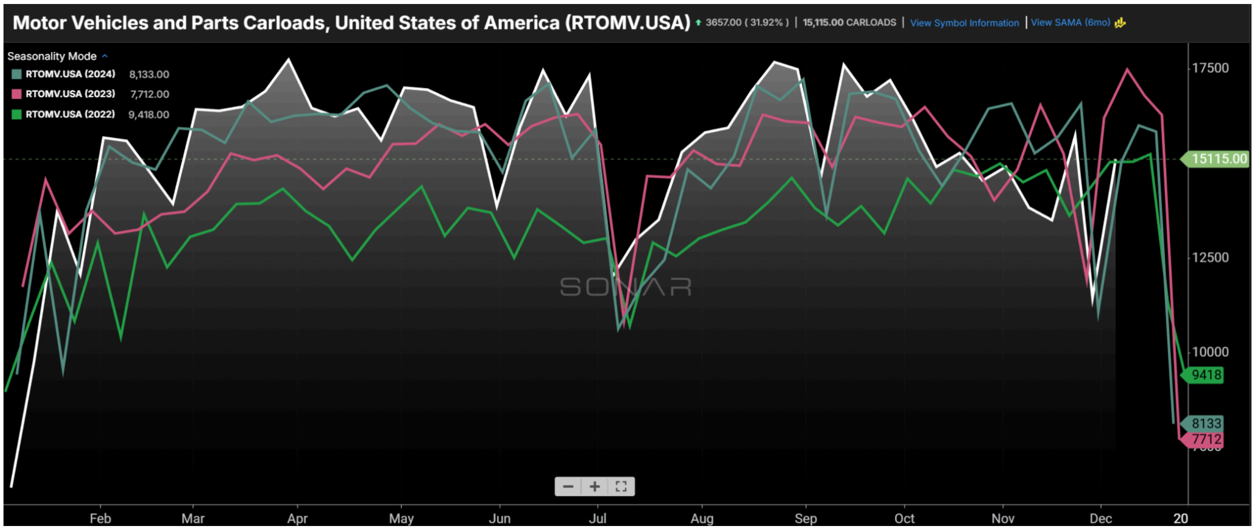


Chart: SONAR. Rail carload originations, motor vehicles, which primarily consist of finished vehicles: 2025 (white), 2024 (blue), and 2023 (pink).

Regulatory pressures will continue to be a theme in 2026

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

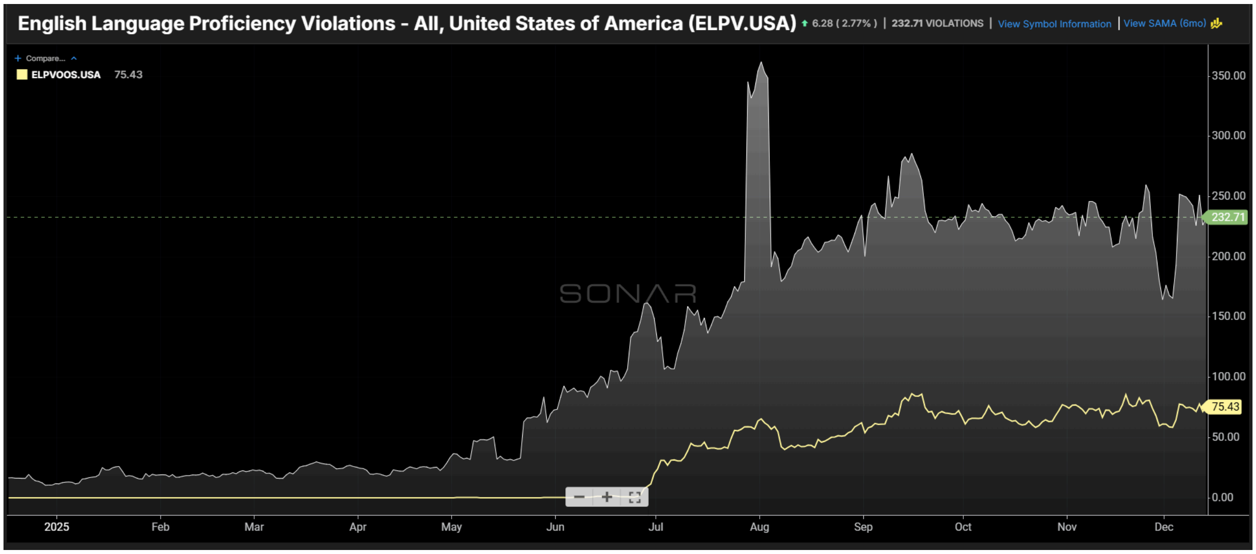


Chart: SONAR. English Language Proficiency Violations (ELPV), out of service (ELPVOOS) reported by the DOT

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

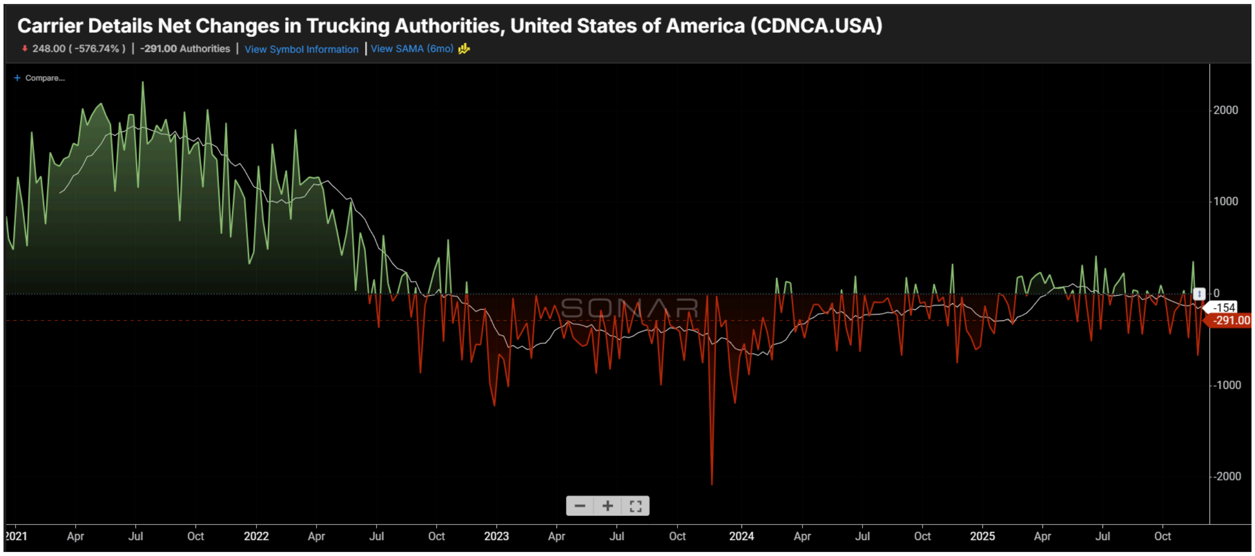


Chart: SONAR. Carrier Details Net Changes in Trucking Authorities reported weekly

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

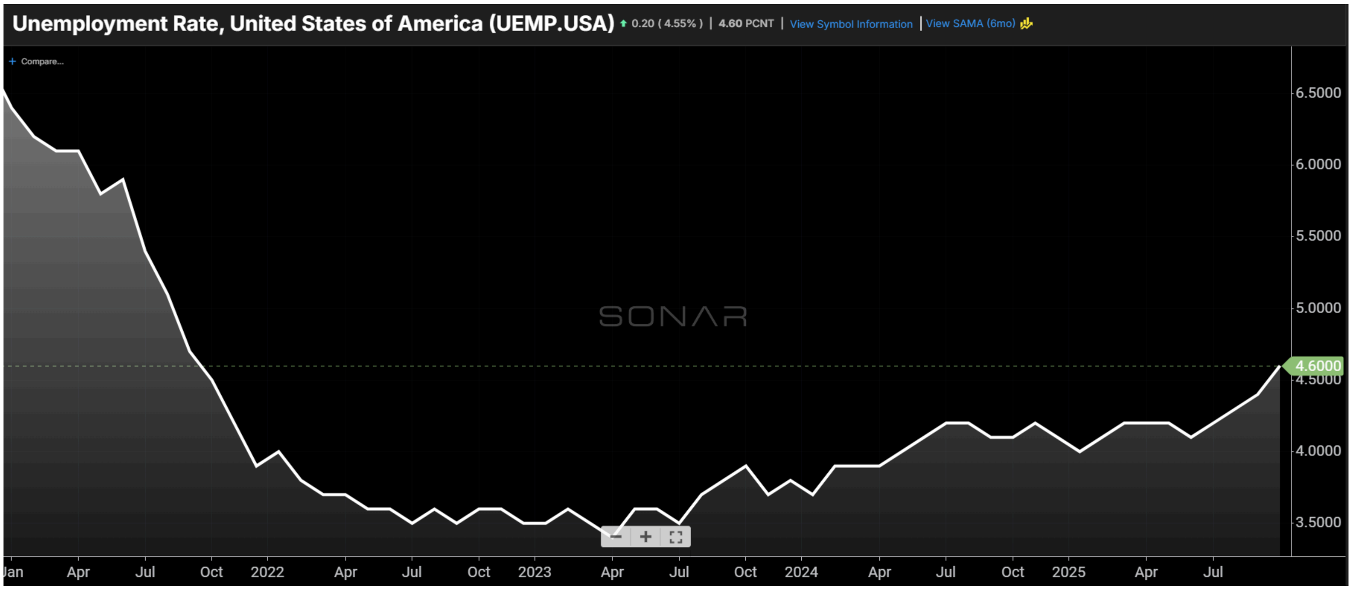
Fed cuts rates on weak labor market

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

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

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

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



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

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

Housing affordability weighs on building and sales volume

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

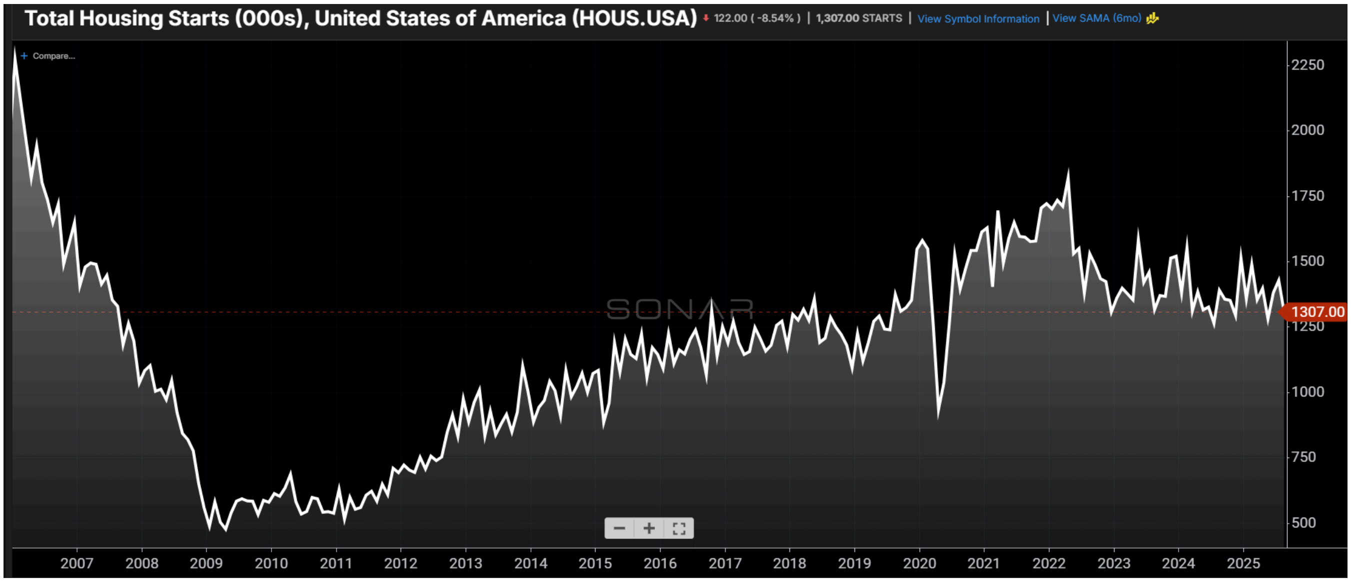
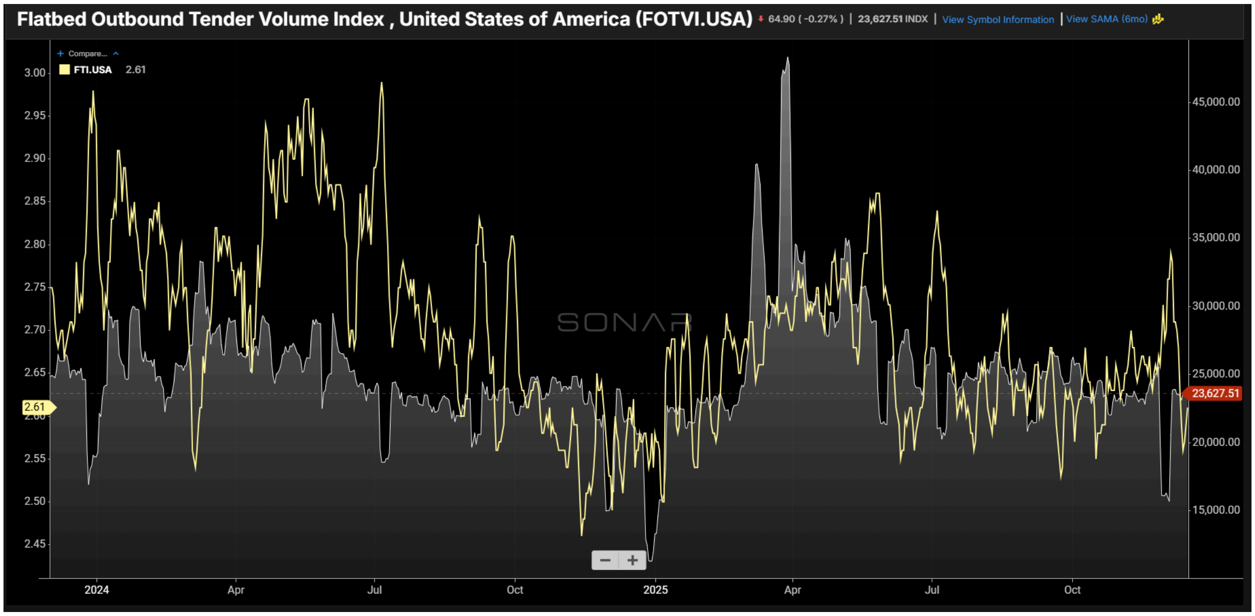


Chart: SONAR. Total U.S. housing starts (in thousands).

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



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