JULY
2026

STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR | Ryder Ever better.

Peak summer

June 17 , 2026 | 1 p.m. ET

Overview

The June freight market continued to build on the momentum established in May. Spot and rejection rates climbed to new annual highs as volumes also reached their peak for the year — typical for the sixth month. Capacity remains the primary driver, with mounting barriers to entry for both drivers and carriers and a palpable reluctance among larger providers to commit to expanding their fleets.

New tariffs were proposed, adding yet another layer of complexity for companies still working to calibrate inventory levels against uncertain future demand. Ocean container bookings surged again despite meaningful rate increases at the start of June.

Intermodal continued to thrive, benefiting from significant cost savings and insulation from fuel price volatility. How much it is actively competing with trucking at this point is increasingly unclear, but both modes are in growth mode — with intermodal's comparables being considerably more difficult to beat and, by the same token, more impressive.

On the economic front, inflation remains the dominant story, though the prospect of a more permanent reopening of the Strait of Hormuz could meaningfully shift that narrative in the coming months. Inflation hit new highs as expected, yet consumers continue to show up in aggregate despite deeply negative sentiment.

Manufacturing figures remain solid, with decent growth recorded in every month of the year so far. Forward-looking indicators are also positive, though employment remains a weak spot. Aggregate figures may be masking unevenness beneath the surface, as not all manufacturing segments look equally healthy.

Housing remains weak and a drag on the economy. Prices are softening — which may be contributing to the one bright spot: existing home sales posting their strongest reading of the year.

Macro indicators	**(y/y change)**
May. industrial prod. change	+0.1% (+1.7%)
May. retail sales change	+0.9%(+6.4%)
May. U.S. Class 8 orders	21,367 (+107%)
Mar. U.S. trailer orders	12,703 (+602%)

Truckload indicators	**(y/y change)**
Tender rejection rate	16.4% (+1,111 bps)
Average dry van spot rate[1]	$3.63/mi (+61.2%)
LAX to DAL spot rate[2]	$3.13/mi (+53.4%)
CHI to ATL spot rate	$3.35/mi (+54.4%)

Tender volumes	**(y/y change)**
Atlanta	433.23 (+7.4%)
Dallas	358.6 (+19.3%)
Los Angeles	297.91 (+33.4%)
Chicago	245.62 (+9.8%)

Tender rejections	**(y/y change)**
Atlanta	17.7% (+975 bps)
Dallas	16.55% (+1032 bps)
Los Angeles	13.04% (+1011 bps)
Chicago	13.98% (+966 bps)

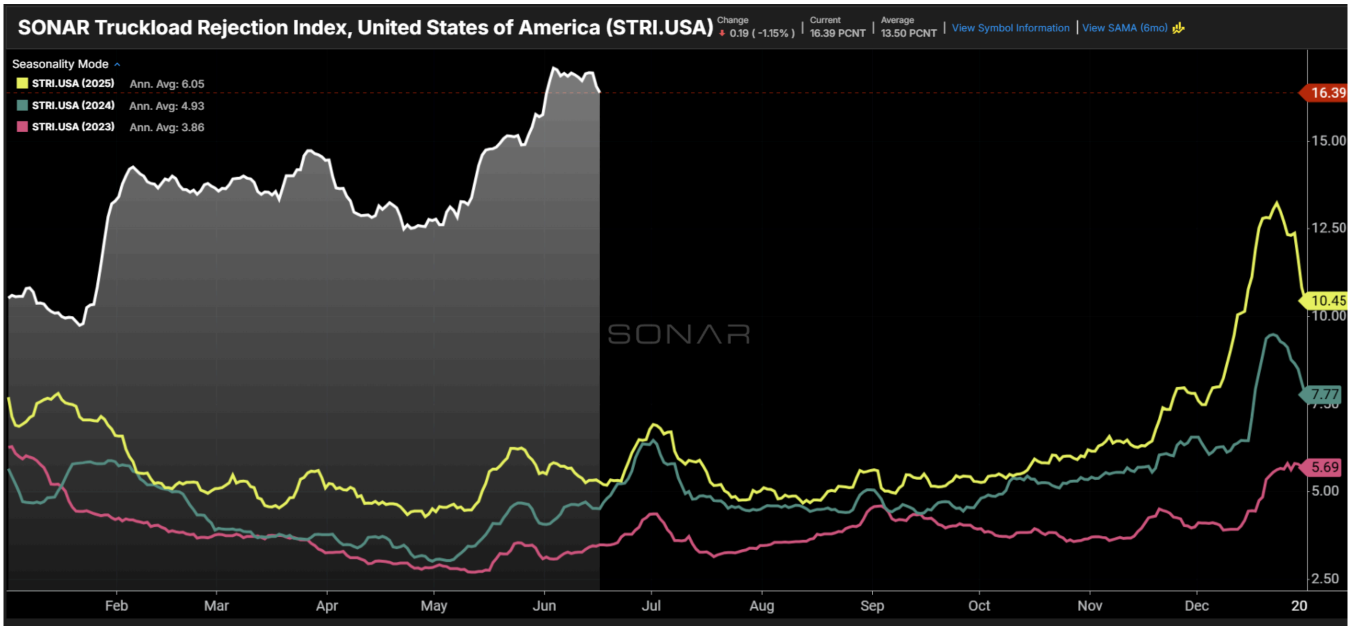
Zach Strickland
Director of Market Intelligence

Mike Baudendistel
Head of Intermodal Solutions

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

Truckload markets

National rejection rates climbed from below 15% in mid-May to a new annual high of 17.09% on June 3rd before easing slightly over the following weeks. The May increase carried some seasonal component, but was notably stronger than the pattern of the previous three years. The shape of the move was also unusual — rejections have typically fallen or moderated after the holiday rather than holding elevated.



Source: SONAR Truckload Rejection Index: 2026 (white),2025 (yellow), 2024 (blue) and 2023 (pink)

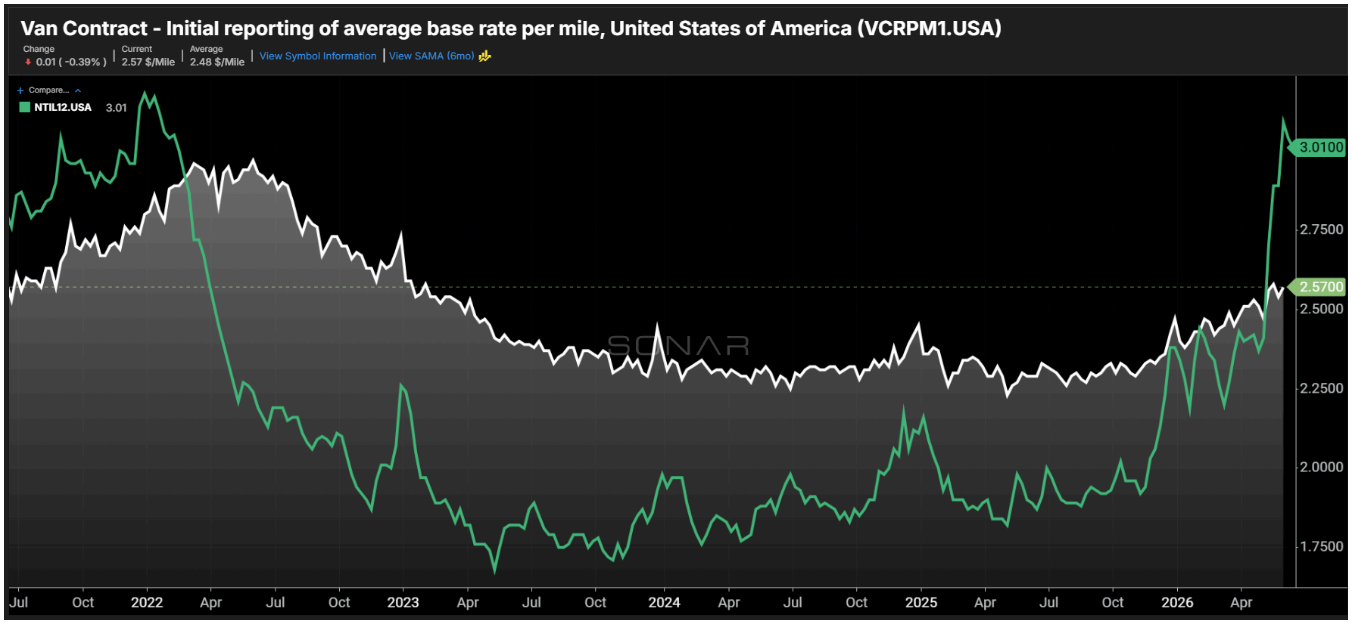
The truckload market had appeared to be slowly moderating through the spring until Roadcheck and an unexpected Supreme Court ruling sent rejections sharply higher. Heightened regulatory pressure made this year's inspection period matter more than usual, with ELD compliance as the primary focus. The ruling in the Montgomery-Caribe case, which came on the final day of the inspection period, added further pressure as many brokerages found themselves scrambling to build out carrier vetting protocols in a rapidly shifting environment. Memorial Day was a comparatively minor catalyst, but likely compounded the disruption. Rejection rates did pull back slightly mid-month, though they remained relatively flat through the first half of June.

The National Truckload Index (NTI), which measures all-in aggregated dry van spot rates, rose approximately 20% between May 11 and June 6 — the fastest rate of expansion since the winter of 2021, when the Texas power grid failure triggered several days of productivity losses in an already fragile market. Spot rates began to settle as fuel prices also declined.

Separating the influence of fuel costs from underlying market pressure is difficult, as carriers' ability to pass along costs on the spot market depends on how tight or loose conditions are. A comparison of the estimated cost per gallon — based on a fuel efficiency of 7 miles per gallon — against all-in spot rates (NTI) reveals three distinct periods of negative or negligible correlation between the two.

There is some lag given the speed at which fuel prices move relative to carrier pricing, but the most recent period does appear to show a meaningful relationship. The average cost per gallon peaked at $0.81 on May 28 before falling $0.06 to $0.75 by June 15. The NTI peaked at $3.73 on June 3 and had declined $0.09 to $3.64 by June 15, suggesting market pressure eased beyond what fuel cost reductions alone would explain.

Spot rates sustaining well above contract



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

As of May 31, the VCRPM1 — which measures average base truckload rates for contract loads — had increased nearly 13% since October. The NTIL12, which strips out an estimated fuel surcharge-equivalent amount for spot loads, had risen 58% over the same period. The contract market is estimated to be roughly four to five times the size of the spot market, but operates on a much slower negotiation cycle, averaging around 12 months. While the VCRPM1 captures contract rates, it is also picking up routing guide deterioration: primary carriers — typically the lowest-cost option — are increasingly passing on lower-priced freight, leaving secondary providers to cover it at higher price points. This dynamic is likely the primary driver of the index's gradual rise, though more permanent rate increases are also becoming increasingly likely. The sharp jump in spot rates above contract levels, with the spread now approaching historical highs of $0.41 per mile, suggests the VCRPM1 has further room to climb.

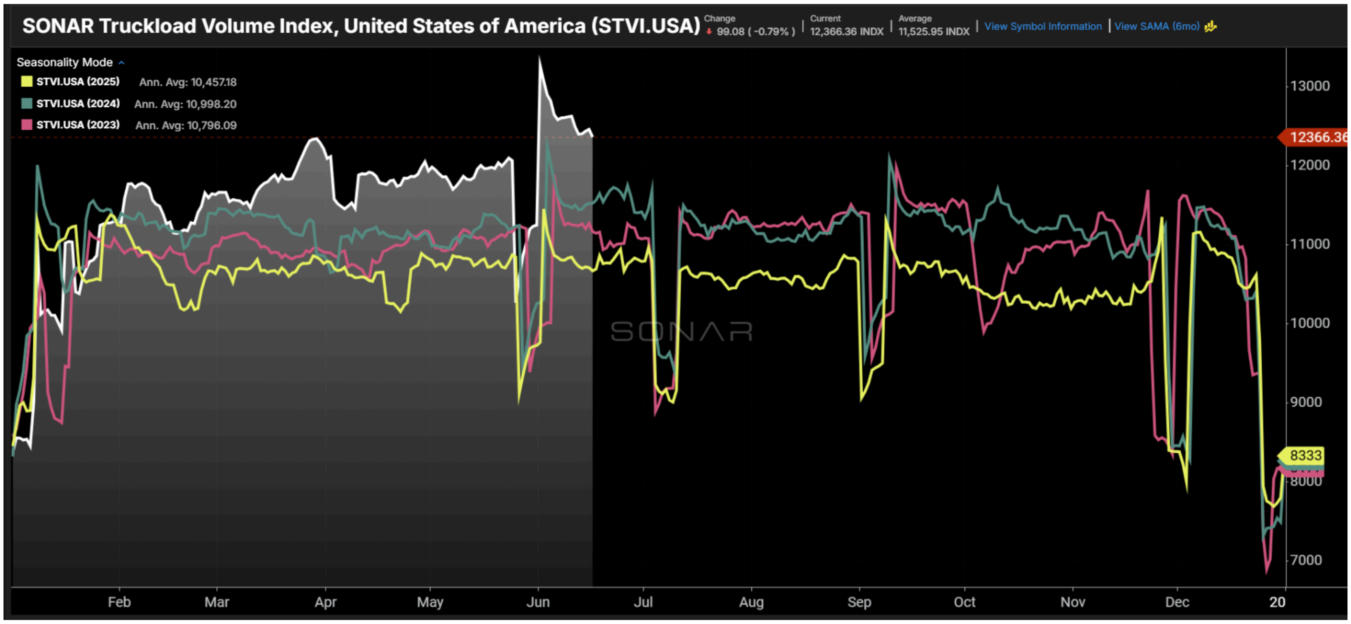


Chart: SONAR Truckload Volume Index: 2026 (white),2025 (yellow), 2024 (blue) and 2023 (pink).

Tender volumes surged after Memorial Day as shippers played catch-up, a move likely compounded by the broker liability shock in May. Tender volumes have averaged nearly 15% higher year-over-year since mid-May. More notably, the STVI was still running more than 8% above June 2024 levels through mid-month — a historically strong demand period.

Accepted tender volumes (ASTVI) tell a somewhat different story, and should be read as a measure of how much demand carriers can absorb when rejection rates are elevated. Accepted volumes at this point in 2024 were roughly 5% higher than current early-June levels, illustrating that less capacity is available now, given that rejection rates were around 4.5% in mid-June of that year. Using accepted tenders as a proxy for available capacity relative to demand, and layering in current rejection rates, the market appears to be roughly 10–15% undersupplied with little near-term sign of relief. Based on a prior analysis — likely in need of updating — capacity tends to grow around 1% per month in a high-margin environment, which would put this market in recovery well into 2027 if demand holds.

Fuel prices retreating

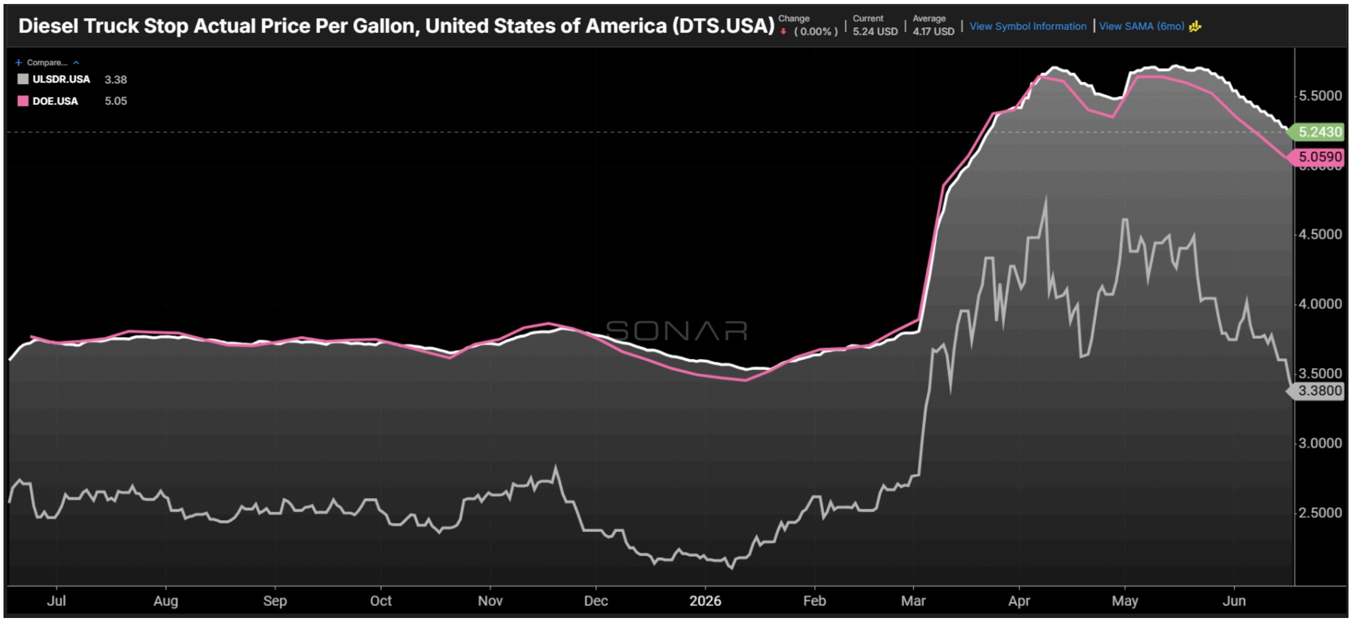
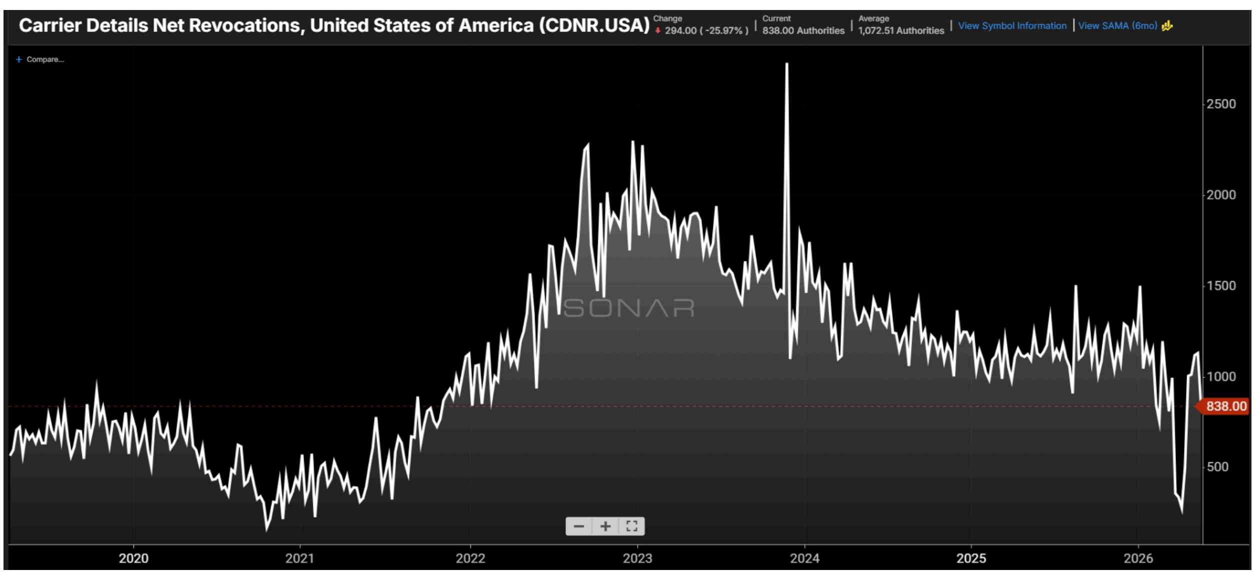


Chart: Diesel Truck Stop (DTS - white), DOE weekly ULSD price (pink), wholesale price ULSDR (grey)

Fuel prices declined steadily throughout the month, counter to what supply and demand dynamics in the physical crude market would have implied. Prior to the memorandum of understanding announced on June 15, there was no substantive path to resolution of the Iran conflict in sight. While nothing is certain, the $0.38 per gallon decline in the DOE's average diesel price over the past month appears to have relieved some pressure on spot rates. The fact that both retail and wholesale prices fell before any agreement was in place suggests further declines may follow — a development that would help combat inflation and potentially support demand.

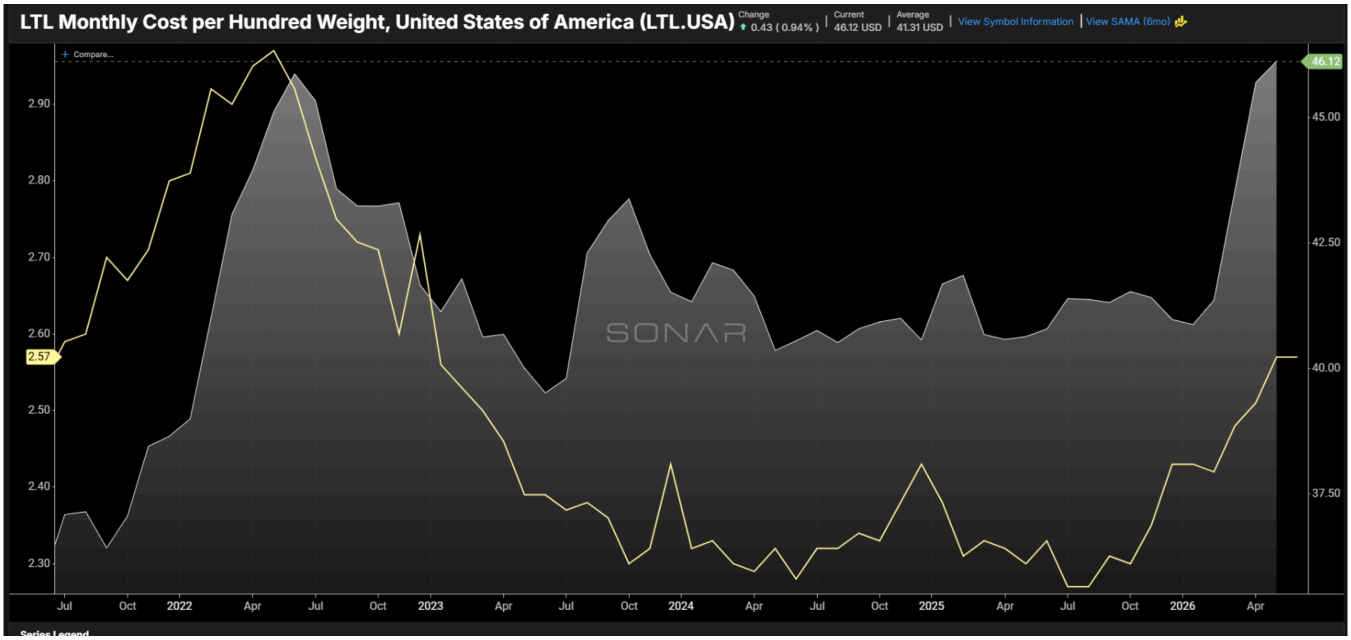
Carrier exits rebound



Carrier Details Net Revocations - Measure of carriers exiting the market

While carrier exits appear to have slowed over the past few months, they remain elevated from a historical perspective. The read is that fuel volatility combined with the multi-year freight recession are still weighing on carriers. Net revocations are not reflective of non-domiciled operators or many that have been put out of service for English language requirement violations. Those rarely get reported in a timely manner. Revocations tend to measure those that have self-reported or have had no active miles over the past year, making it a relatively sluggish indicator. The broker liability ruling is expected to exacerbate this process as carrier vetting becomes more rigorous in the coming months.

LTL benefits from fuel increase, but more permanent rate increases coming



Source: SONAR. LTL monthly cost per hundred weight (white) compared to dry van contract (yellow) - national indices

LTL rate increases slowed in May, largely due to the flattening of fuel prices. A closer look at the LTL data — available in the SONAR sitrep — reveals that nearly all upward movement in the LTL rate indices since March has been attributable to rising fuel surcharges. ArcBest's announcement of an early general rate increase of 5.9% signals that LTL providers are looking to lock in these revenue gains on a more permanent basis, particularly as fuel prices begin to slide.

For context, most LTL contracts include a fuel surcharge tied to a percentage of the linehaul base cost. Using a representative surcharge table — one that begins applying a 0.5% upcharge when the DOE average hits approximately $1.20 per gallon, increasing 0.5% for every additional $0.06 per gallon — surcharges have likely risen from around 20% in early March to nearly 40% today, effectively doubling fuel-related revenue in a short period.

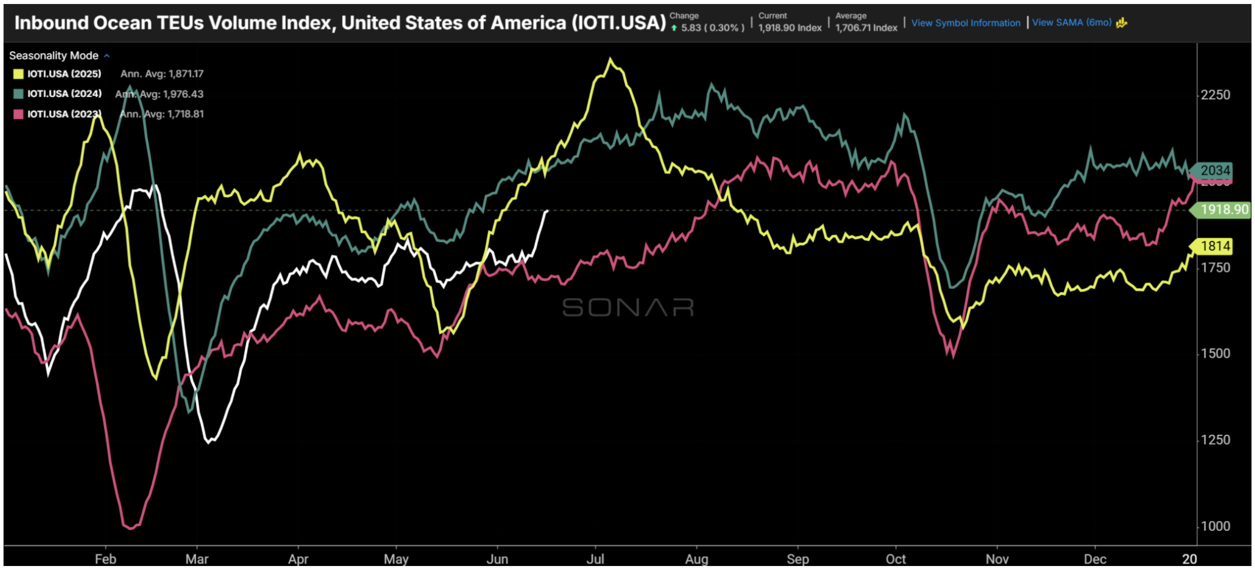
Q1 earnings reports from publicly traded LTL carriers were noticeably mixed, with signs of diverging strategies: some providers, like Old Dominion, pursued rate increases at the expense of new business, while others cut rates to win new accounts. Drawing firm conclusions is difficult given the data challenges inherent to LTL — particularly mixing problems — but the earlier-year data suggests the LTL market had not yet felt the effects of the transitioning truckload environment, which tends to filter through on a three-to-six month lag.

Back-end data combined with public earnings reports suggests overall LTL volumes have grown, though not dramatically. LTL capacity is not as constrained as truckload directly, but the linehaul networks connecting hubs are heavily exposed to the broader truckload market — functioning much like a shipper operating a large private fleet with a portion outsourced to the for-hire market. For this reason, rate increases appear all but inevitable, with elevated fuel costs providing some near-term cushion for carriers and giving them time to implement.

Spot rates and volumes point to early peak season

It's becoming clearer that tariffs on U.S. trading partners will continue after July 24th, when the current 10% tariffs under Section 122 are set to expire. In early June, the Trump Administration proposed Section 301 tariffs, which would be 10%-12.5%, with a written comment deadline of July 6th.

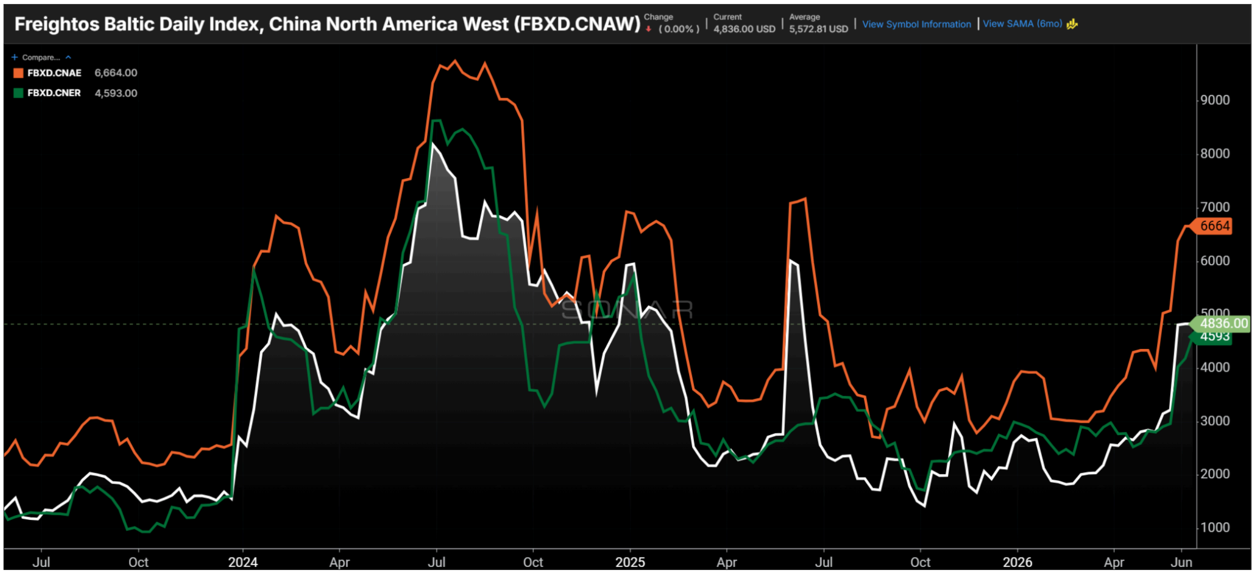
Amid an uncertain tariff backdrop, evidence is mounting that shippers are moving ocean cargo into the U.S. early, which is resulting in an early peak season. Ocean booking volume for U.S. imports (IOTI.USA) has shot up considerably in recent days, although it will still likely trail last year's import demand through early July due to difficult year-over-year comps. In general, pressures on consumers' cost of living do not seem to have materially impacted import demand.



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).

Even with demand improving, the container shipping market should, in theory, be structurally oversupplied as capacity additions from scheduled ship builds exceed the expected demand growth. Some container ship lines are now reporting losses, a reversal from the days of windfall profits during the pandemic.

Ocean spot rates, however, don't look at all like they are coming from an industry that is oversupplied. The spot rates in the China to US West Coast and China to US East Coast lanes are up 17% and 7%, respectively, year over year. The ocean spot rates in those lanes are now roughly at the same levels as they were at the start of the Houthi attacks in late 2023. Shippers are reluctant to enter into new contracts because of the possibility that prevailing rates may fall sharply once geopolitical risk subsides. That is pushing more volume to the spot market, helping to support rates. Bunker fuel prices also contributed to the rising spot rates, and for that reason, ocean spot rates may fall from here in light of the deal to reopen the Strait of Hormuz. It should be noted, however, that some analysts expect a full return to pre-crisis normalcy to take 2-3 months.



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

Intermodal/Rail

Domestic intermodal volumes hit record 1Q levels

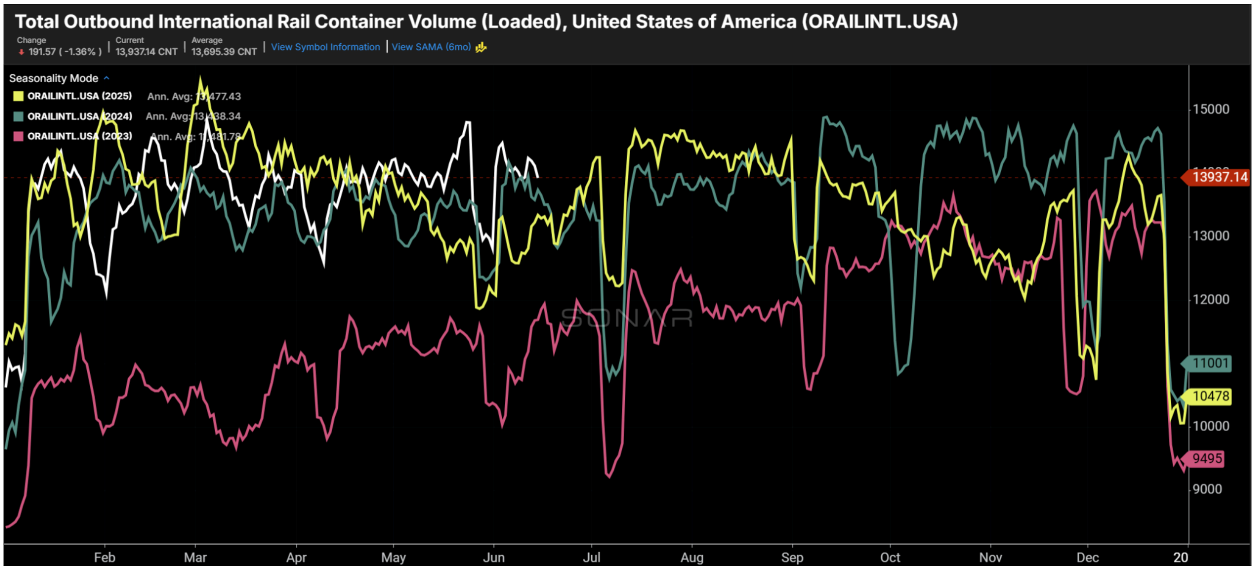


Chart: SONAR. Loaded international intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Intermodal volume has been strong year-to-date, particularly in the domestic containerized segment, which involves the movement of 53' containers. However, in recent weeks, international intermodal volume has picked up on a year-over-year basis and is up 4% year over year in the past week. International intermodal volume is largely a function of import demand coming through the West Coast and should benefit in the coming weeks from an early peak season.

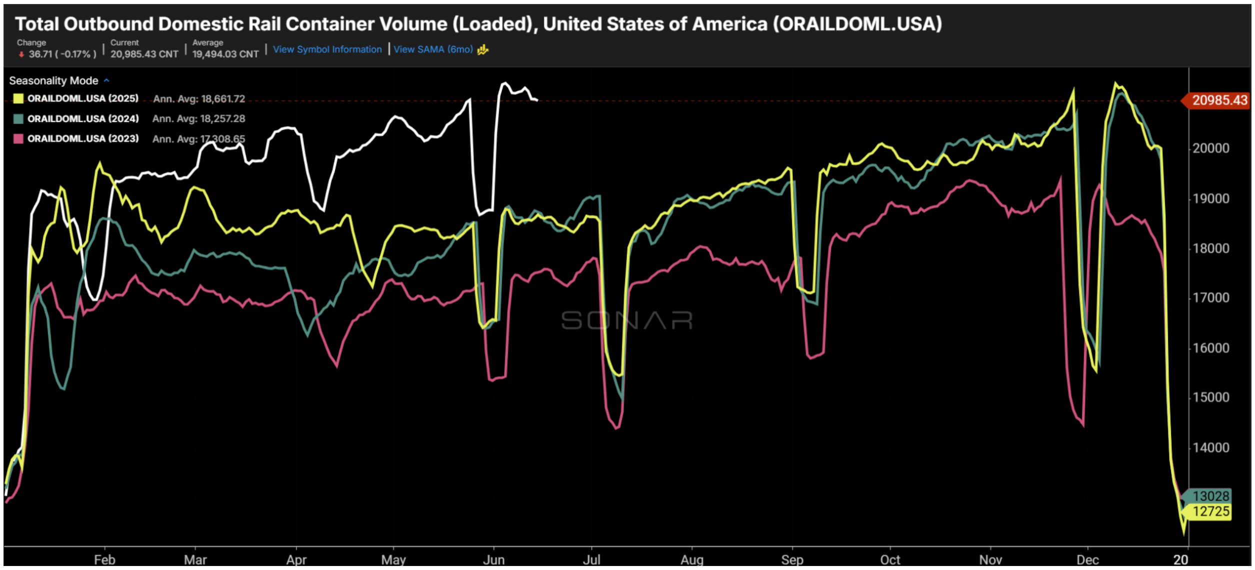


Chart: SONAR. Loaded domestic intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Meanwhile, containerized domestic intermodal volume is posting unseasonably strong volume, and volume levels that would be strong even for a fall peak season. In the past week, domestic intermodal volume was up 12.5% year over year, using a 7-day moving average.

Growth in domestic rail intermodal volume reflects numerous factors, including favorable service levels, a generally wide spread in rates between intermodal and truckload contract rates, ample 53' container availability, a tight truckload market, and high fuel prices. Intermodal has about half the fuel surcharge of truckload, which created a great deal of interest in intermodal since the start of the Iran conflict. Some of that interest has diminished over the past couple of weeks, but it would be a misconception to think that massive volumes of freight move back and forth between modes based on short-term changes in fuel prices. Rather, fuel is an important swing factor, and service levels have remained solid by most accounts. In addition, domestic intermodal carriers and railroads are expanding service into and out of locations that have historically not been well served by intermodal, and intermodal service offerings have been enhanced by newly established rail partnerships between Class I railroads as a competitive response to UP's pending acquisition of Norfolk Southern. As a result, Norfolk Southern lost some intermodal market share to CSX, a trend that is expected to continue.

The presence of excess domestic intermodal capacity has been highlighted in the past few quarters by comments made by multimodal carriers J.B. Hunt, Hub Group, and Schneider, which have all indicated that they could handle about 20% additional intermodal volume with their current fleet of domestic containers. While that excess may no longer be 20%, given the recent volume increase, carriers remain able to handle incremental loads, and competition continues to be heated between carriers.

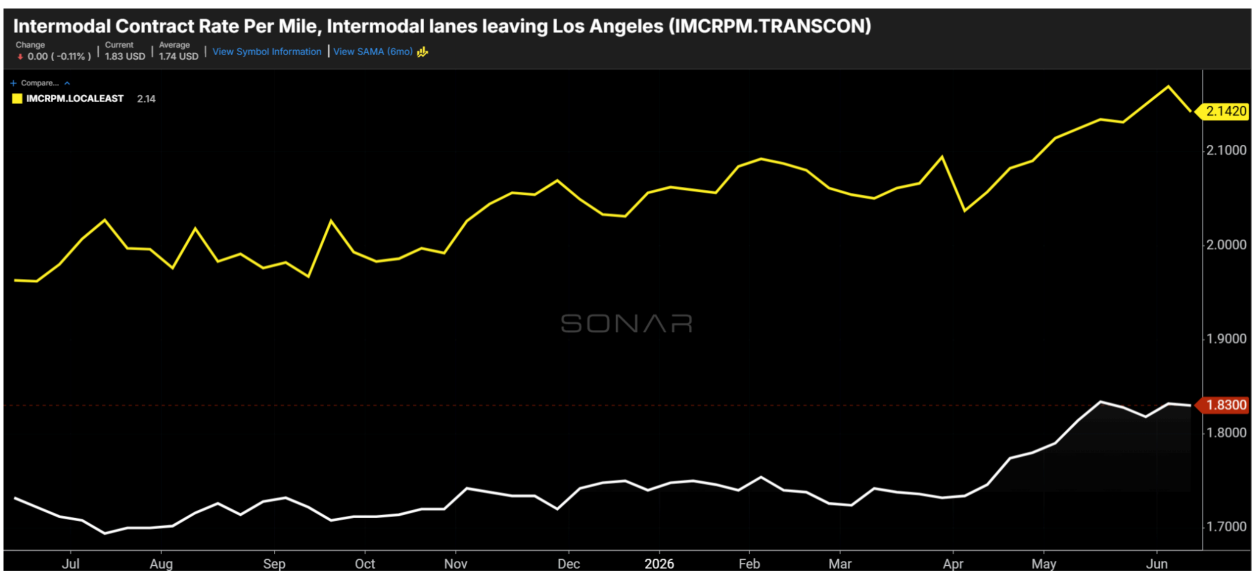


Chart: FreightWaves SONAR. Average domestic intermodal contract rates for an average of five long-haul transcontinental lanes (white) and nine "local east" lanes (yellow). Rates include fuel surcharges, but exclude all other accessorials.

The tightening truckload market is impacting intermodal rates, but more so in shorter-haul lanes that are competitive with truckload, such as "local east" lanes. Carriers are encouraging improvement in network balance by taking rates up in headhaul lanes and keeping rates relatively unchanged, or even lowering them, in backhaul lanes. There remains a high degree of competition in transcontinental lanes due to competition between the domestic intermodal companies; those lanes are relatively insulated from truckload competition, both during times of market tightening and loosening.

Intermodal contract rates historically move on a lag compared to how quickly they move in truckload, due to annual intermodal bid cycles, and short-term rate adjustments are rare. As a result, SONAR intermodal contract rate data, in aggregate, hasn't moved much yet, but rate appreciation should become more noticeable in the second half of this year and next year as more contracts are re-priced.

However, intermodal spot rates increased in recent weeks for most lanes. While not much intermodal volume moves on the spot market, the rising rates still indicate that carriers are becoming more judicious about accepting incremental loads (those not on contract) and where they are positioning equipment. Intermodal rates in SONAR are the highest for eastbound loads that are outbound from Chicago or Joliet.

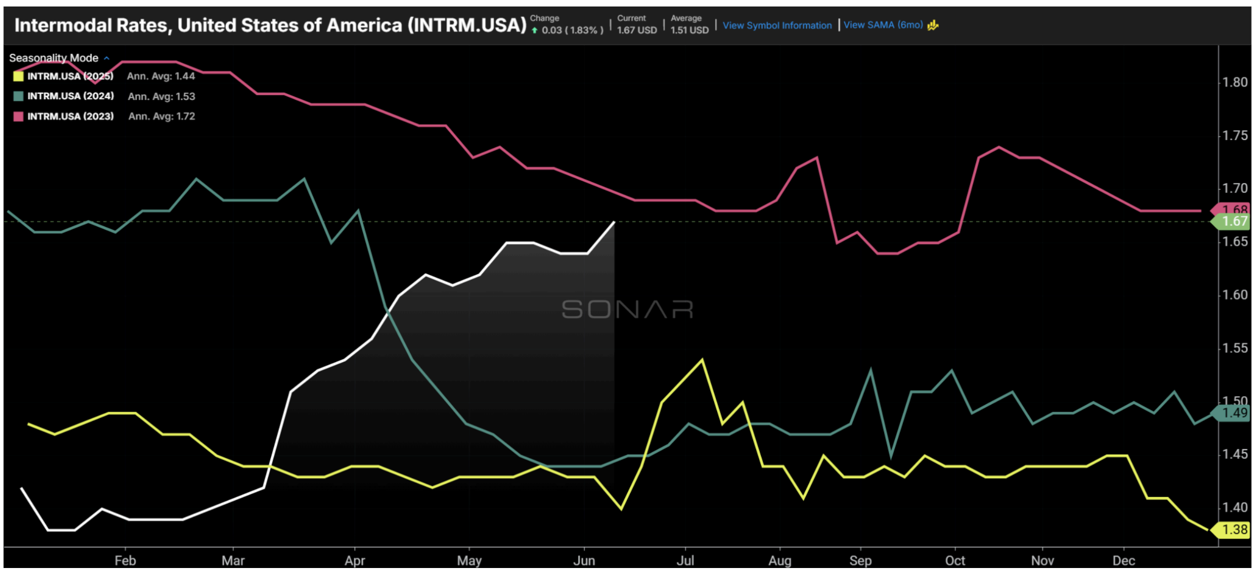


Chart: SONAR. *Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).*

Macro Trends and Other Events We're Watching

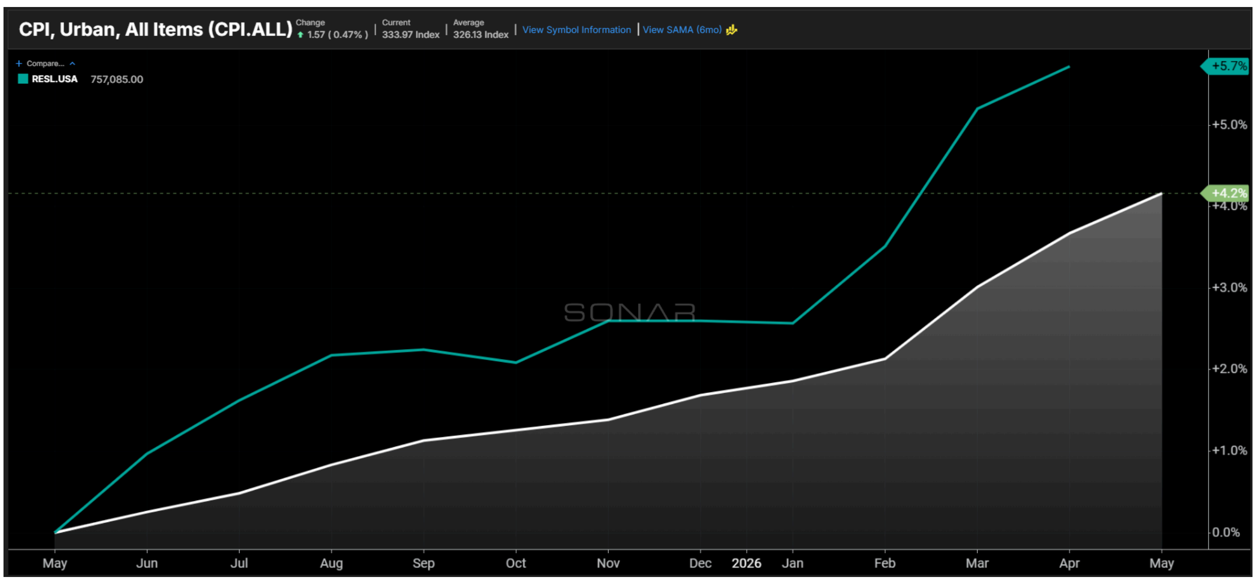
Getting repetitive

Inflation remained the central challenge facing the economy over the past month, though its precise impact has been difficult to quantify. Consumers have shown considerable resilience, alongside a surprisingly strong labor market that added far more jobs than economists expected in May. Inflation has become an increasingly polarizing topic since the pandemic era, when then-Fed Chair Powell famously mislabeled it "transitory" — a characterization he has since walked back. That misstep has fueled growing questions about how inflationary figures should be interpreted in aggregate and what role the Fed should play in managing them.

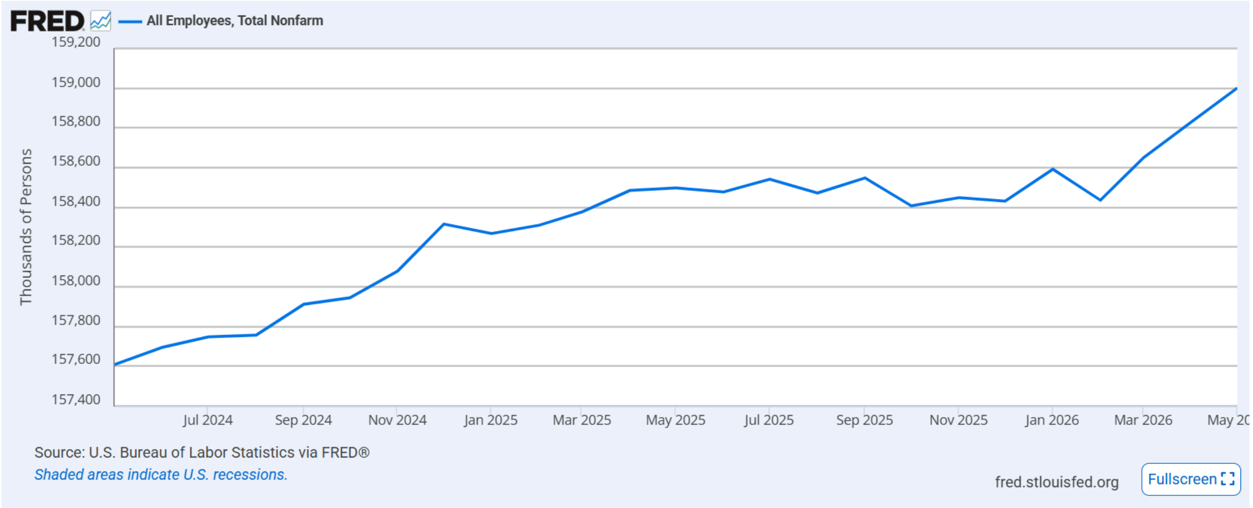
Economic analysis has grown increasingly politicized, with data points weaponized as talking points on both sides of the debate. This dynamic has helped push consumer sentiment to cycle lows, with a May reading of 44.8 — despite no meaningful decline in spending. The K-shaped economy helps explain part of this disconnect: lower-income earners carry more weight in sentiment indices, while stronger spending among higher-income brackets can obscure weakness in the aggregate picture.

Early June readings showed a notable rebound, rising to 48.9, with easing gasoline prices cited as a contributor to improved sentiment. A planned meeting between Iran and the U.S. also lifted Wall Street's spirits, with markets growing more optimistic about either a temporary reopening of the Strait of Hormuz — allowing oil repositories to be replenished globally — or a more lasting resolution to the conflict. At the time of writing, no agreement had been reached.

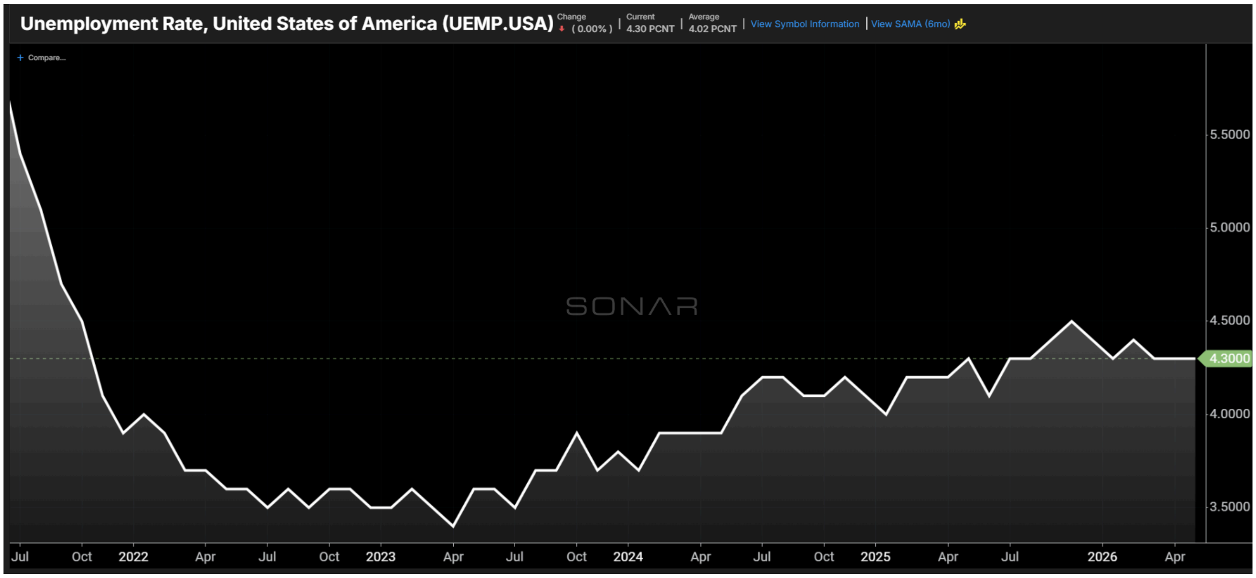
All eyes remain firmly fixed on the Middle East, which carries the greatest potential to meaningfully move both the global and U.S. economies.



May CPI came in at an annualized rate of 4.2%, with core figures — stripping out food and energy — rising 2.9%. Much of that core inflation can be traced, at least indirectly, to rising energy and transportation costs. The Producer Price Index (PPI), which tracks wholesale prices and many upstream input costs, increased 6.5% on an annual basis. While not all input costs are ultimately passed through to consumers, this figure suggests that cost pressure is building in supply chains — and the longer it persists, the more likely it is to filter through to CPI.



The labor market sent a surprisingly strong signal. Nonfarm payrolls jumped 172,000 in May — well above the consensus estimate of 80,000 — while the unemployment rate held steady at 4.3%. Job gains were concentrated in leisure and hospitality (+70K), local government (+55K), and health care (+35K). Wage growth, however, is cooling: average hourly earnings rose 3.4% year-over-year, down from 3.6% in April, and real average hourly earnings actually declined 0.1% as CPI outpaced wage gains. A troubling undercurrent persists: the long-term unemployed now account for 27.5% of all unemployed — the highest share this cycle — reflecting a low-hire, low-fire dynamic in which job loss increasingly means prolonged unemployment.



This past month broke from the recent trend of health care dominating sector-level job growth. While leisure and hospitality typically sees seasonal strength this time of year, this year's gains clearly outpaced historical norms.

Manufacturing

The industrial economy remains one of the primary freight demand growth drivers

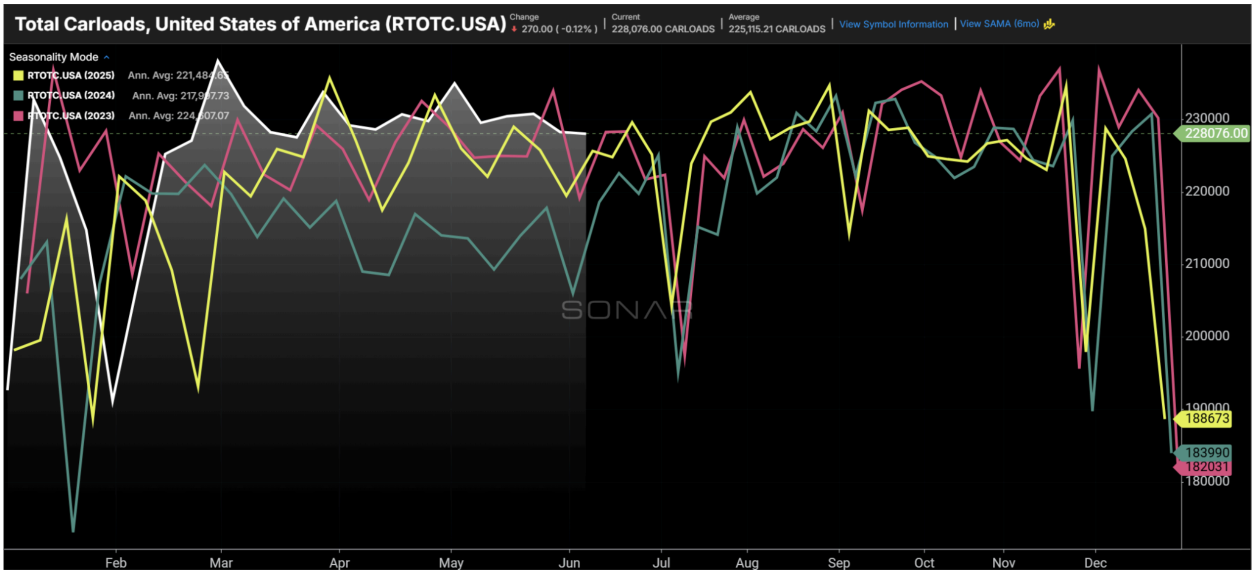
The Institute of Supply Management (ISM), Purchasing Managers' Index (ISM.PMI), continues to show manufacturing activity in expansion. The ISM.PMI ticked reading was 54 in May, up from 52.7 in both March and April, indicating growth in the industrial economy for the fifth consecutive month. This year has been one of recovery for the industrial economy; prior to January 2026, the ISM showed that it had been in contraction for 26 consecutive months.

The Institute for Supply Management also continued to provide optimistic readings in the forward-looking New Orders Index, which was 54, showing expansion in new orders, and essentially in line with the previous month. The Backlog of Orders Index also showed expansion with a reading of 52.2, up 80 basis points from the previous month. Meanwhile, inventories were essentially unchanged at 49.9 percent, up from 49.0 in April. The inventory index has been gradually rising over the past few months, suggesting that companies are now maintaining inventories. While inventory levels did not contract, they remain in "too low" territory, according to the ISM, suggesting that manufacturing should remain in demand.

Respondents to the ISM survey generally provided comments that were more guarded, although they do not reflect the potential winding down of the Iran conflict. The theme of respondents' comments was inflation, particularly for energy, electronics, and materials that are in short supply as a result of the data center buildout. Respondents said that there were no commodities that fell in price that would help to partially offset inflation and highlighted numerous commodities that are in short supply, including aluminum, electrical components, and steel.

The most recent Federal Reserve Board of Governors data on Industrial Production and Capacity Utilization, released June 15th, shows that industrial production grew 1.7% year over year in May, with growth in most categories. That's a slight acceleration from 1.4% year over year growth in April.

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



Total U.S. carload traffic, as reported by the Association of American Railroads, is up 2.5% year over year, in the past four weeks (ending June 6th), and is up 3.3% year over year, year-to-date through the first 22 weeks of the year. That is consistent with growth in the industrial economy – rail carload traffic generally grows when the industrial economy does. In the past several weeks, chemicals and petroleum volume on the rails have picked up in response to the U.S.'s competitive advantage of having low natural gas prices. In the past four weeks, the chemicals and petroleum segments have been up 2.6% and 4.7%, year over year, respectively.

Consumer Conditions & Retail

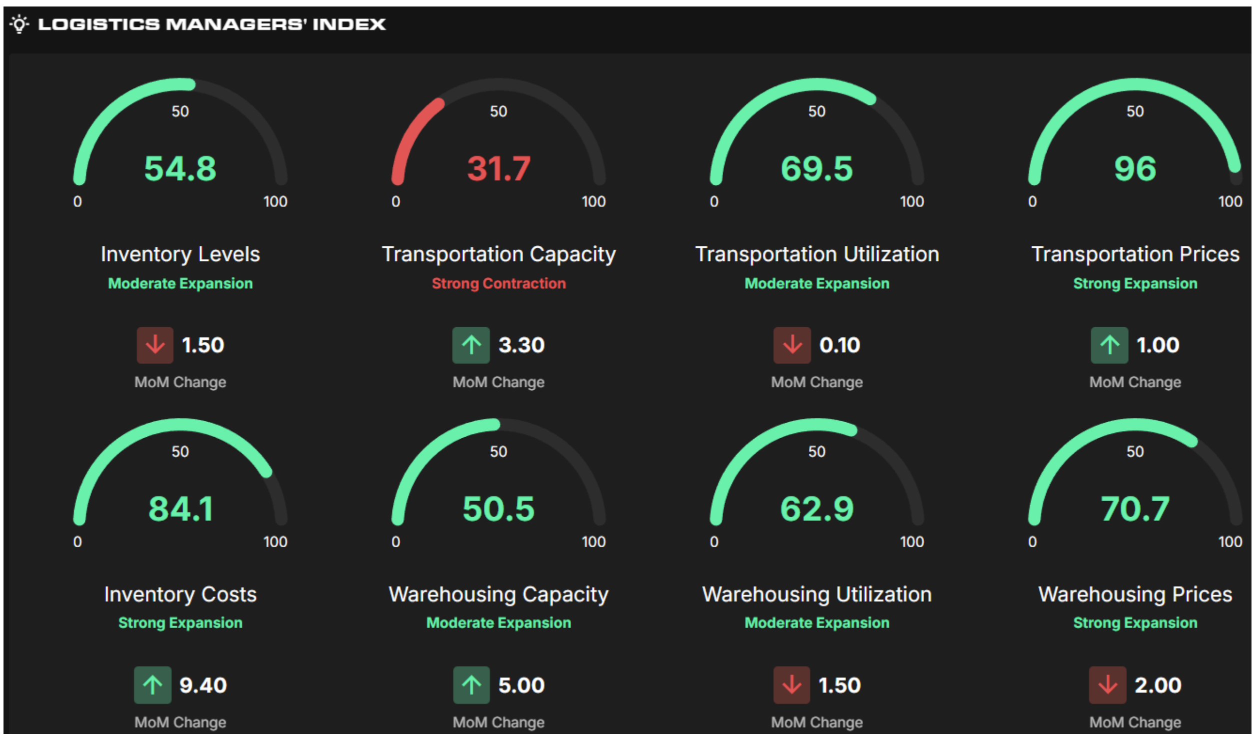
Consumers are showing signs of strain, but are holding on

Data from the Bureau of Economic Analysis for April (released May 28th) shows that Personal Consumption Expenditures increased 3.8% from May 2025 and increased 3.3%, excluding food and energy. Current CPI levels (4.2% all-in and 2.9%, excluding food and energy) suggest that the growth in expenditures strictly reflects higher price levels rather than an increase in units consumed. Real Disposable Personal Income (personal income less personal current taxes) declined 0.5% in April from the prior month. Many middle and lower-income consumers are struggling, which is reflected in the aggregate credit card balance, which hit a record $1.25 trillion.

Consumer sentiment surveys, such as the University of Michigan sentiment survey, continue to deteriorate. The Michigan Index of Consumer Sentiment increased in June (48.9) from May (44.8), but remains sharply lower y/y (60.7 in June 2025). The improvement in the latest reading reflects a bit of relief at the gas pump. Consumers' overall assessment of current economic conditions remains dour, but also more pessimistic than any aggregated measure of consumer spending would suggest. One theory is that the aggregate spending level is being propped up by professionals and asset owners. Inflation and the affordability of big-ticket purchases continue to be consumers' greatest concerns. Consumers' year-ahead inflation expectations average an elevated 4.6%, up from just 3.6% before the Iran conflict.

CPG companies are feeling pressure from consumer behavior since their clientele comprises all income levels. CPG companies are also dealing with volatile ingredient markets across a range of inputs, which are causing CPG companies to continue to go to retailers requesting increases to on-shelf prices. The proliferation of GLP-1 usage, which is now being used by at least one individual in about 20% of households, is a major headwind to packaged food and snacks.

Companies are attempting to balance high warehousing costs with the ability to satisfy demand. The Logistics Managers' Index suggests that many companies are rebuilding inventories after a period where inventories became thin. After the Logistics Managers' Index reported one of the biggest declines in inventory in December 2025, it rebounded to moderate expansion in each of the first five months of the year (with readings in January, February, March, April, and May of 53.9, 53.8, 54.8, 56.3, and 54.8, respectively. Moderate inventory growth, from low levels, supports freight volumes that exceed underlying consumption levels. That is still well below the LMI readings for Inventory Costs and Warehousing Prices, which were near records in May at 84.1 and 70.7, respectively.



The NRF's latest Retail Monitor contends that consumer spending is holding up well in the face of higher energy prices. According to the NRF, total retail sales, excluding auto dealers and gas stations, increased 7.2% year over year. This year, the NRF numbers, which exclude gas and automotive, outperformed governmental consumer data. The only NRF categories that declined on a year-over-year basis are building/garden supplies and furniture, which are both a reflection of the housing market.

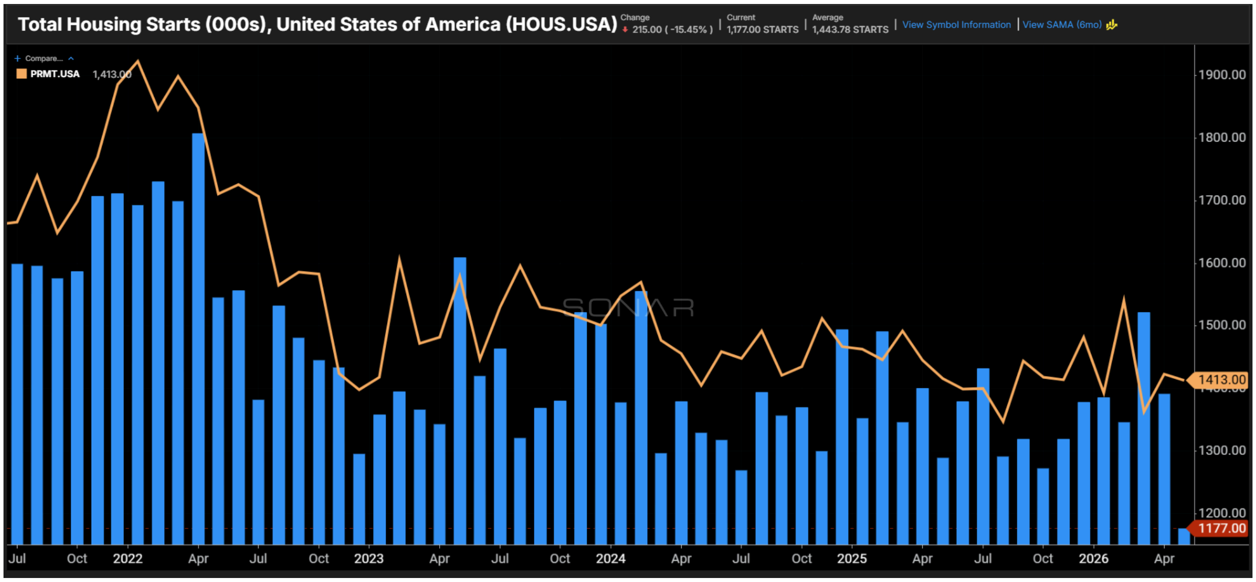
Housing & Construction

The non-residential construction market continues to be dominated by the AI data center buildout, though growth is being constrained by labor shortages, power grid limitations, and community opposition. Spending on data centers now reportedly outpaces office space in commercial real estate. The labor shortage and elevated materials demand are also contributing to cost inflation, which is weighing on other construction segments whose returns are not expected to be as strong.

Existing home sales were a bright spot, climbing 3.2% from April and topping many economists' expectations. The seasonally adjusted figure of 4.17 million units was the highest of the year, though still well below the historical norm of 5.2 million. First-time buyers accounted for 35% of all purchases — the highest share since June 2020 — though still below the historical norm of 40%.

Home price growth has slowed to well below wage growth, which may be providing some affordability relief. Average home values rose just 0.7% over the past year, according to Zillow, and the S&P CoreLogic Case-Shiller Index showed only a 0.72% annual increase in March on a seasonally adjusted basis. The trend points to a clear flattening in home prices, which, when viewed against wage inflation, represents a net negative for homeowners building equity.

Thirty-year mortgage rates averaged roughly 6.5% in early June, down from 6.84% a year ago but still relatively elevated by the standards of the past decade and approximately 50 basis points above the 2026 low set in early March. The forward outlook for mortgage rates involves some push and pull. With inflation still weighing on the Fed, there is little reason to expect rate cuts in the near term. However, a reopening of the Strait of Hormuz could ease pressure on bond markets and, by extension, mortgage rates. The base case in that scenario is a gradual decline, though rates would remain far above pre-pandemic levels.



Housing starts were dismal in May, plummeting 15.4% from April to a seasonally adjusted annual rate of 1,177,000. Building permits held relatively steady, falling just 0.7% from April and 0.2% year-over-year.

This likely reflects a correction following an overzealous start to the spring season — starts exceeded 1,152,000 in March, and April remained relatively firm at 1,139,000 — even as demand softened and inflation concerns grew.

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