MARCH
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Weather or not

February 23 , 2026 | 1 p.m. ET

Overview

Weather dominated headlines in late January and much of February. The domestic freight market was hit by Winter Storm Fern in late January and was still recovering by the end of February. The prolonged instability left many wondering whether this was the catalyst the truckload market had been anticipating—one that could usher in a more sustained period of tightness.

Intermodal demand took a brief hit during the storm but rebounded quickly, as shippers moved with renewed urgency after losing several days of productivity.

Maritime activity followed a more typical seasonal pattern, despite looming tariff decisions that weighed on importers until late February. Container volumes trailed the previous two years, though those periods were marked by defensive, preemptive ordering strategies, making year-over-year comparisons less instructive.

The macroeconomic backdrop remained mixed, showing simultaneous signs of strength and weakness. The labor market appears stable but uneven, with job growth concentrated in healthcare and education.

Meanwhile, the industrial sector delivered a surprise, as the PMI posted its first expansion since January of last year, driven largely by new orders. Many economists expect a rebound in capital expenditures this year, supported by stimulus measures in the "One Big Beautiful Bill."

The most significant yet least actionable development remains the legal ruling on the IEEPA tariffs, as uncertainty persists over the future structure of global tariffs and their implications for importers.

Macro indicators	**(y/y change)**
Jan. industrial prod. change	+0.7% (+0.6%)
Dec. retail sales change	-0.02%(+0.45%)
Jan. U.S. Class 8 orders	26,289 (+76%)
Dec. U.S. trailer orders	14,273 (+7%)

Truckload indicators	**(y/y change)**
Tender rejection rate	13.61% (+833 bps)
Average dry van spot rate[1]	$2.74/mi (+19.7%)
LAX to DAL spot rate[2]	$2.38/mi (+11.7%)
CHI to ATL spot rate	$3.39/mi (+30.4%)

Tender volumes	**(y/y change)**
Atlanta	372.38 (+4.4%)
Dallas	299.03 (+9.3%)
Los Angeles	223.79(-4.8%)
Chicago	234.61(+13.5%)

Tender rejections	**(y/y change)**
Atlanta	9.46% (+316 bps)
Dallas	11.03% (+405 bps)
Los Angeles	3.51% (+150 bps)
Chicago	14.32% (+882 bps)

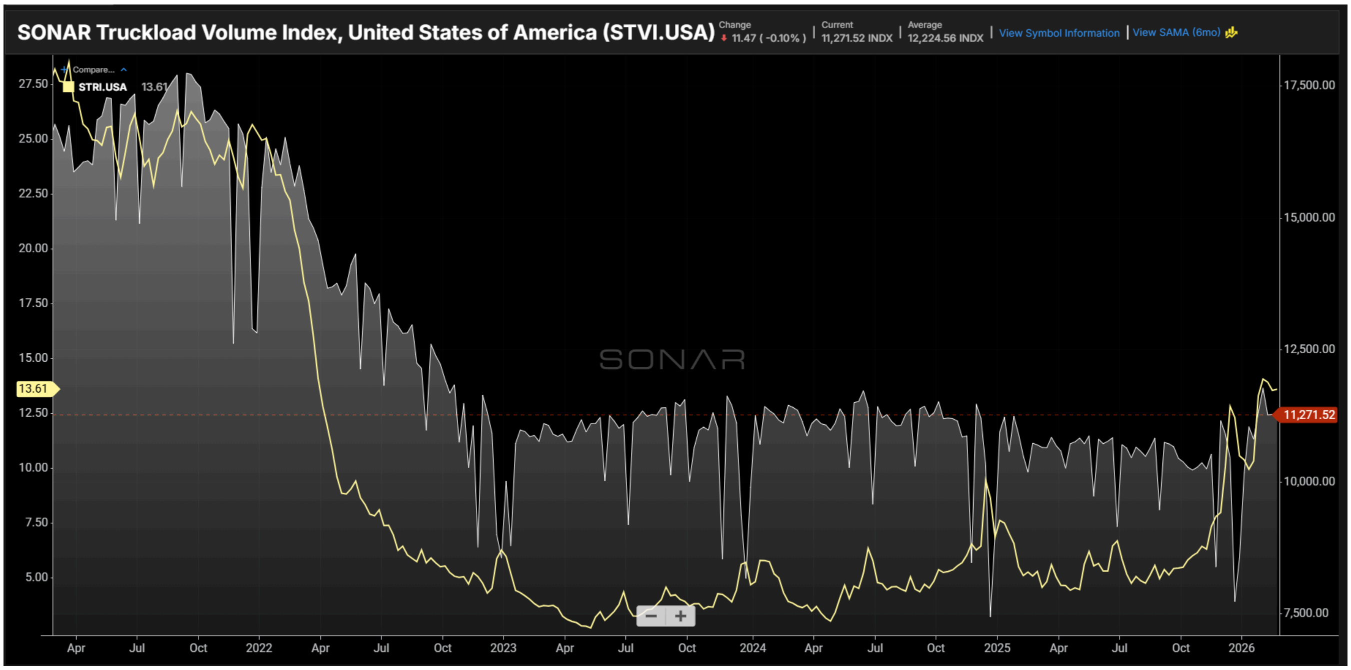
Zach Strickland
Director of Market Intelligence

Mike Baudendistel
Head of Intermodal Solutions

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

Truckload markets

The truckload market was slowly recovering from the holidays when Winter Storm Fern struck. For the third consecutive year, winter weather has caused significant disruption in the trucking sector. This most recent system may have either exacerbated — or exposed — the underlying vulnerability in the market that many had only recently begun to question.



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

The SONAR National Truckload Rejection Index (STRI) jumped from 9.8% on January 22 to 14.27% on February 5, surpassing the Christmas peak of 13.24% recorded on December 23. The fact that STRI remained above 9% in mid-to-late January should not be overlooked. While the winter storm clearly had a major impact on freight flows, the magnitude of the spike — given the already tight starting point — may be the more important takeaway. It supports the idea that a longer-term cycle of tightening capacity and rate inflation may be beginning to emerge.

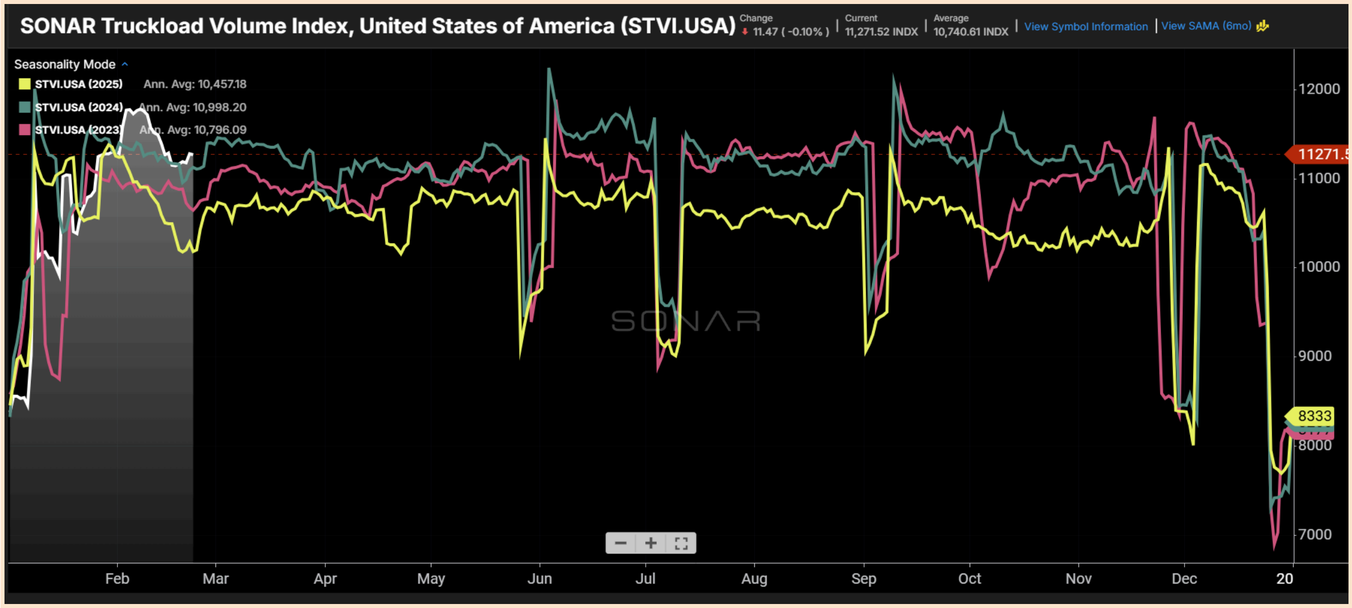


Chart: SONAR Truckload Volume Index: 2026 (white),2025 (yellow), 2024 (blue) and 2023 (pink).

Tender volumes, as measured by the SONAR Tender Volume Index (STVI), also received a weather-related boost. However, this trend appears less durable than elevated rejection rates and will likely fade over the next few months. Sustained volume strength depends more heavily on broader economic conditions, which remain difficult to interpret. Even so, the data suggests that meaningful demand-side acceleration may not be necessary for a sustained cyclical turn in the trucking market this year.

Unlike rejection rates, tender volumes entered the year much softer than 2025 levels, running roughly 6–8% lower heading into the MLK Jr. holiday weekend. By the first week of February, STVI was more than 7% higher year over year. Some of this growth is exaggerated by tender "waterfalling" within route guides, but not entirely. Backlogs resulting from lost transit time likely contributed to the demand-side lift.

This dynamic may also help explain the unexpected strength in January's ISM report, where new orders exceeded expectations. However, it remains difficult to determine how much of this was influenced by December's sharper-than-expected inventory drawdown, as many companies appeared to reduce inventory levels below target.

Spot rates followed a similar trajectory to rejection rates, though they were declining sharply in the week prior to the storm. The disruption pushed dry van spot rates (excluding fuel) up more than 12.5% in less than two weeks before peaking in early February. Rates initially surged across the eastern half of the U.S., then gradually spread to other regions as carrier networks struggled to rebalance.

A secondary — though more geographically limited — storm struck the Carolinas the weekend following Fern, prolonging disruption along the eastern seaboard.

Regional rejection data highlights the divergence in market conditions across the country. The Midwest, heavily impacted by weather since early December, has been the most challenging region for sourcing capacity this winter. In contrast, the West Coast has remained largely insulated from the disturbances affecting other parts of the country.

The Midwest rejection rate climbed above 18% in early February — its highest level since March 2022. Meanwhile, the West Coast rejection rate of 4.5% was only slightly above last summer's peak. It is worth noting that many high-volume lanes, particularly outbound from Los Angeles, secured rate increases last year.

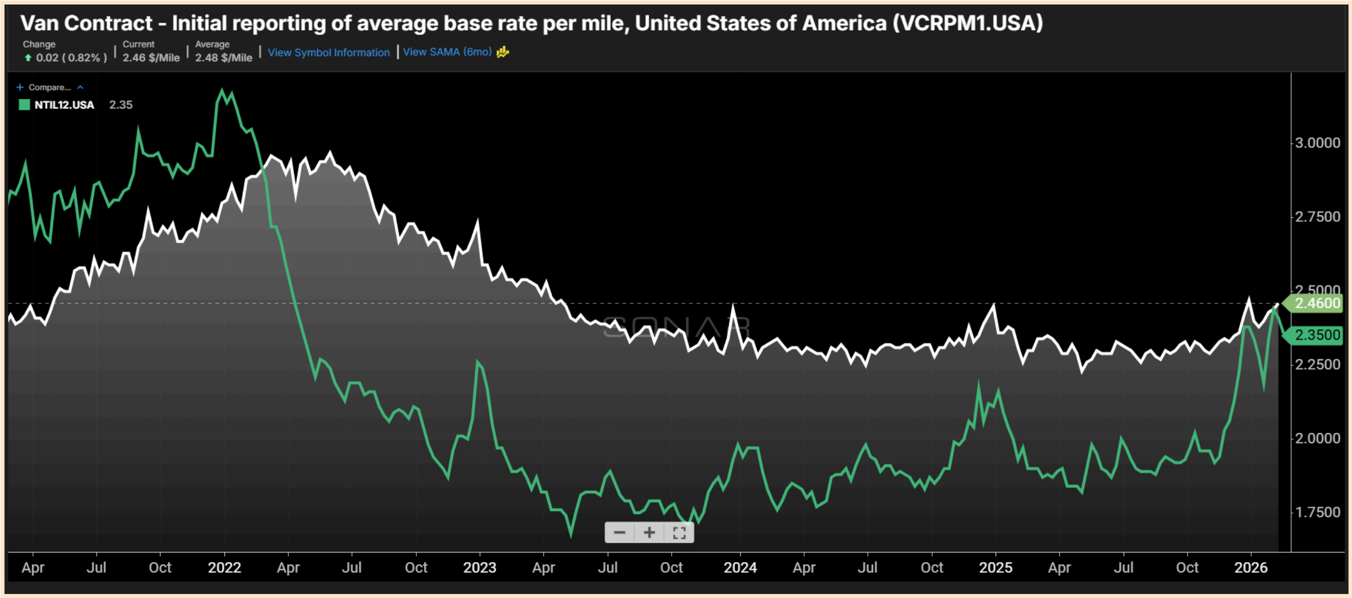
The need to protect from freeze

The refrigerated (reefer) truckload market reacted even more sharply than dry van to the late-January winter storm, with both spot rates and tender rejection rates spiking higher and remaining elevated for longer. The Reefer Truckload Index (RTI) rose 13% over two weeks, while rejection rates climbed from 15% to nearly 20%, surpassing holiday rate peaks. Unlike the past two years, tightening appears broader—particularly in dry van—suggesting this is not just a narrow seasonal surge.

The Midwest has seen the greatest disruption, with reefer rejection rates exceeding 20% as of February 10. Given that the Midwest accounts for roughly one-third of national tender volume, its tightness carries outsized significance. Smaller regions like the Mountain and Northwest also experienced volatility, while the West Coast showed less softness than typical for this time of year.

Although February is generally the domestic produce offseason, freezing temperatures in Florida drove spot rates to their highest levels since 2021 amid harvest concerns and limited capacity. California's Central Valley is also showing a gradual upward rate trend. Contract rates, however, have yet to meaningfully respond, as invoice-based data tends to lag and it remains unclear whether recent tightening is temporary or structural.

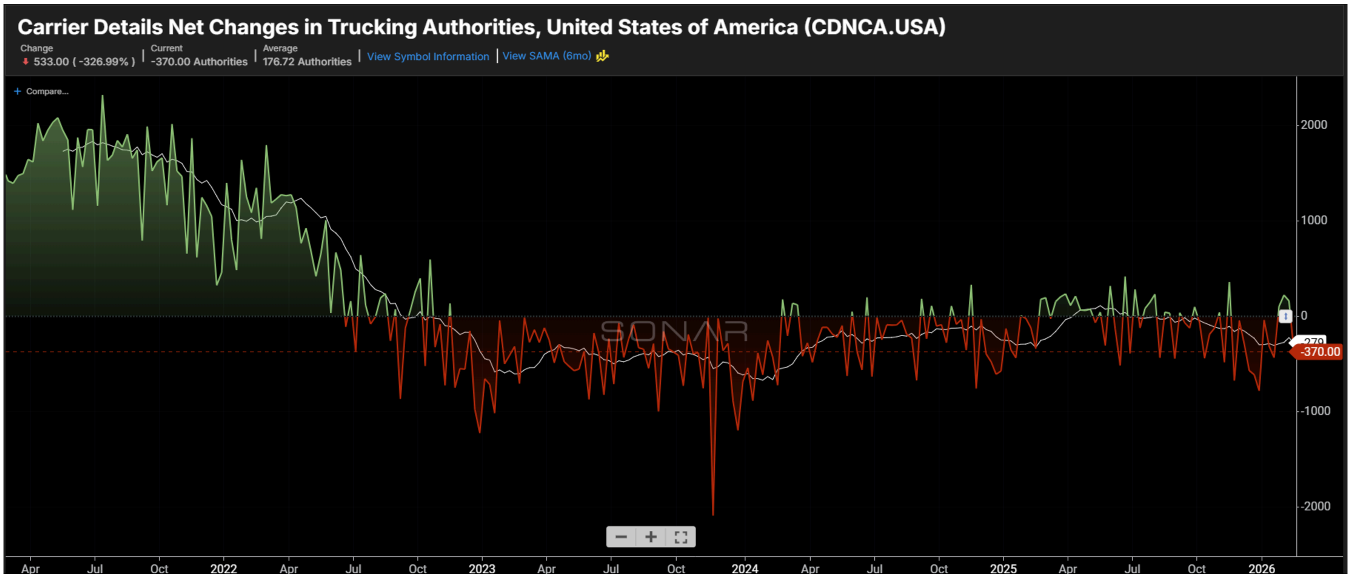
Spot pressure pushes upward on contract rates



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

There appears to have been enough sustained disruption in the market to start putting upward pressure on contract rates. The spot-contract rates spread collapsed in December, but was re-expanding in early January. Winter Storm Fern reignited the tender rejection rates and subsequently the spot market. The fragility of the market was on full display as both spot and rejection rates were resistant to falling into late February, well after the weather had improved.

Most would have dismissed the holiday volatility as transitory without the added instability created by the weather. Even without the winter storms, the market appeared to be in a state ripe for flipping, as rejection rates had barely contracted below 10% — a historically high figure especially in January. Many carrier earnings calls mentioned their ability to start getting rate increases.

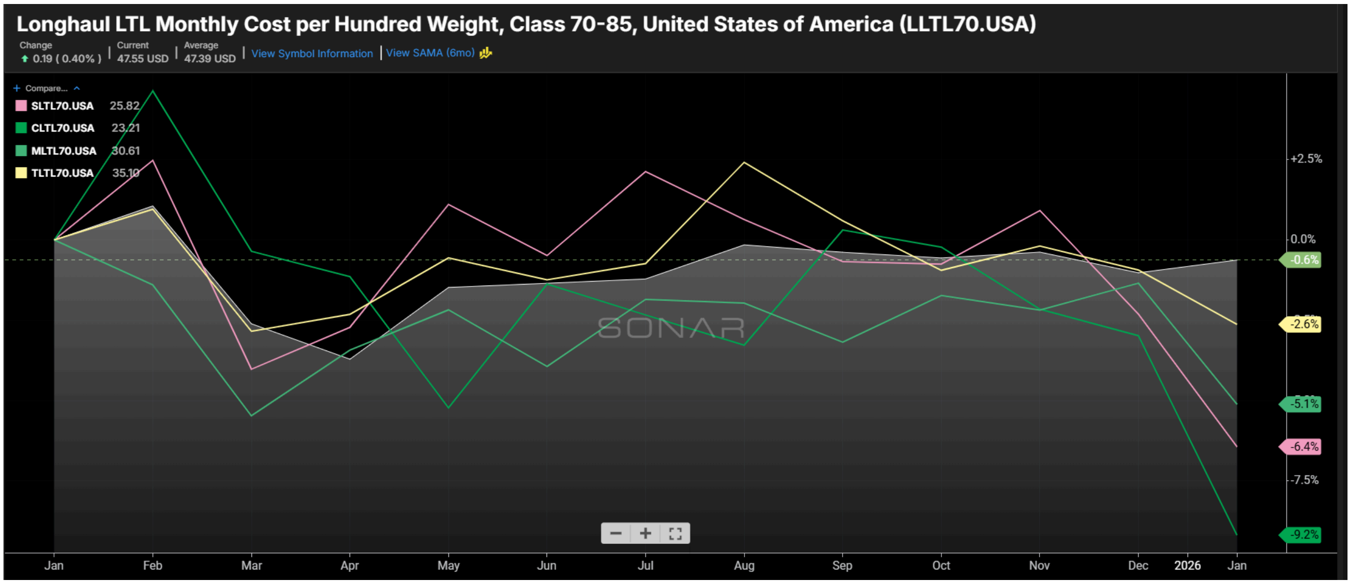


Carrier Details Net Changes in Trucking Authorities (baseline view) - Red indicates net contraction in active authorities, green indicates expansion

Capacity continues to exit the market, though the pace has slowed in recent weeks. Net revocations fell to their lowest level since early 2022—when the market was loosening—by mid-February.

On average, net changes in operating authority remained heavily negative, indicating that despite signs of a market shift, there is still enough momentum to push carriers offline. Two months of improved conditions is hardly enough to meaningfully repair most balance sheets.

LTL prices drop in front of the weather



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

Somewhat surprisingly, LTL rates softened in January. However, the late-month timing of the storm may have limited its impact on aggregate pricing data. January marked the first month in which nearly all freight class bands showed consistent year-over-year declines.

The middle classes — which account for the highest volumes — had been mixed and were beginning to show upward pressure late last year. In January, they declined across nearly every length of haul. The long-haul segment (over 800 miles) was the most stable.

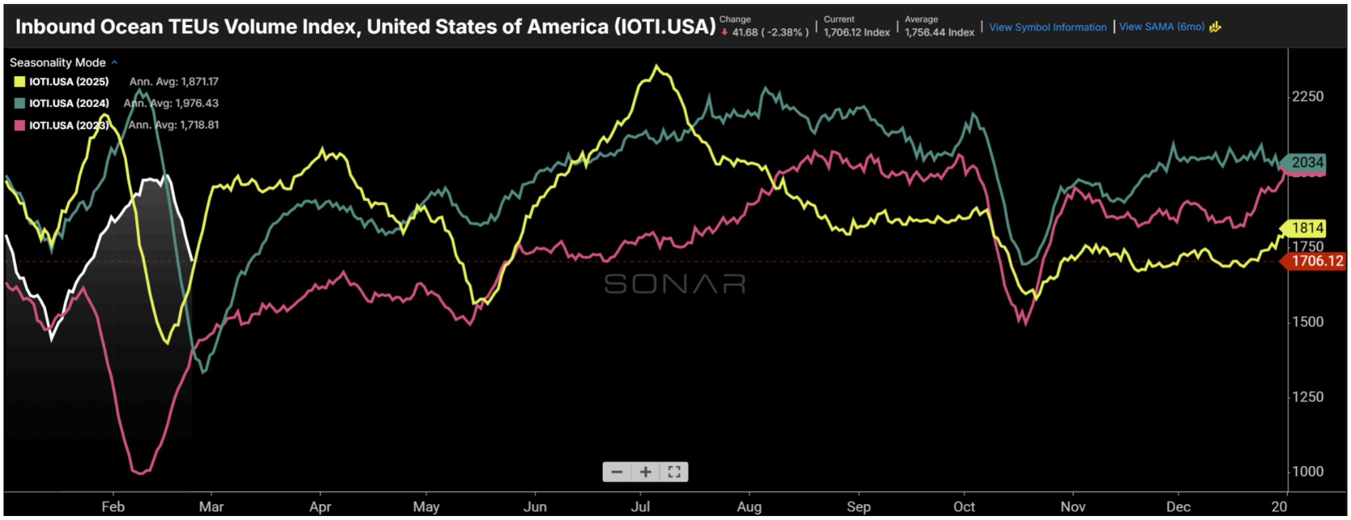
Higher, "fluffier" classes above 125 were largely flat from a pricing standpoint, but this represents a step down from prior months, when prices had been rising consistently across all mileage bands.

As noted, the lagging nature of LTL activity relative to truckload, combined with the timing of the storm, suggests next month could show a corrective rebound if loads were delayed — particularly in manufacturing, where order backlogs and production lags tend to be more pronounced.

Oversupplied container ship segment may get a boost from tariff changes

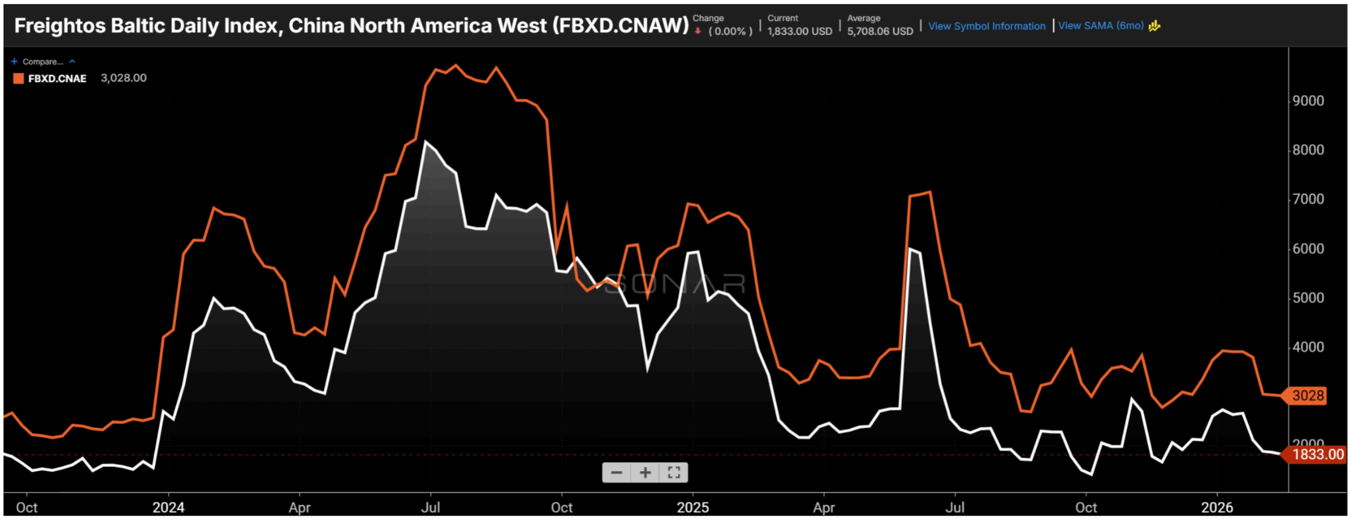
Following the positive impact of an inventory pull-forward, container ship volume of U.S. imports tailed off in the 4Q and has remained below prior year levels so far this year, against a difficult comp. Maersk forecasts global container volume to grow 2%-4% in 2026, but the inbound North American trade lanes are starting much slower than that, and year-over-year declines in the volume of imports and overseas bookings will likely persist through at least the end of the first quarter, with the exception of timing differences due to the Lunar New Year.

Along similar lines, the National Retail Federation (NRF) expects import volume at the major U.S. ports to see a significant decline in the first half of 2026, driven by the continued impact of tariffs. Supporting that forecast, the NRF reported January volumes to be 6% higher than the prior month (December 2025), due in part to a drive to restock depleted inventories, but still 5% lower year over year. Those forecasts were issued before the Supreme Court declared the IEEPA tariffs unlawful. While it's unclear whether that will ultimately have a positive impact on container volume, or just be replaced with another tariff method, the court's decision has made most analysts moderately more bullish.



The falloff in import bookings in the past week was expected seasonally due to the timing of the Chinese New Year, which is two weeks later this year, with the holiday officially on February 17th. 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 container ship market is structurally oversupplied, which, at a high level, is putting pressure on rates. But ocean rates have been volatile week to week in response to world events. Major container ship lines posted losses in 2025 as weaker rates more than offset volume growth. Freightos spot rates in the trans-Pacific lanes trended downward by about $700/container in the past month to a little less than $2,000. Meanwhile, the spot rate from China to the US East Coast came down to around $3,000/container.



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

2026 promises to be another year with numerous variables that could contribute to volatility. For instance, carriers' potential full return (likely a gradual one with fits and starts) 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.

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. Builds are often delayed, but are difficult to cancel altogether. Meanwhile, the scrapping of old vessels has been minimal. Ocean carriers are likely to manage capacity downward in response to overcapacity by blanking sailings, changing sailing schedules, and slow steaming, particularly if the overcapacity is exacerbated by a full return to the Red Sea.

Rail intermodal rates could be influenced by a tightening truckload market

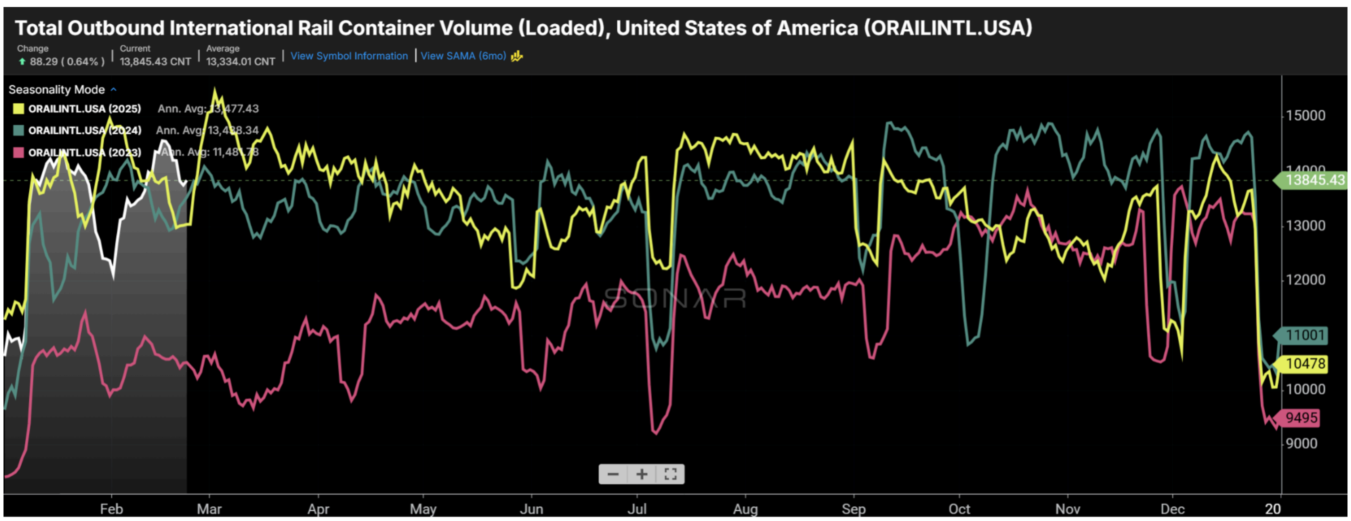


Chart: SONAR. Loaded international intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Overall intermodal volume has gotten off to a strong start to 2026, but with divergence between the international and domestic segments. International intermodal volume is currently trending only slightly above levels of the past two years. Part of that is just a matter of difficult comparisons given the import strength in early 2024 and 2025. The timing of international intermodal shipments is also influenced by this year's Chinese New Year, which took place two weeks later than last year.

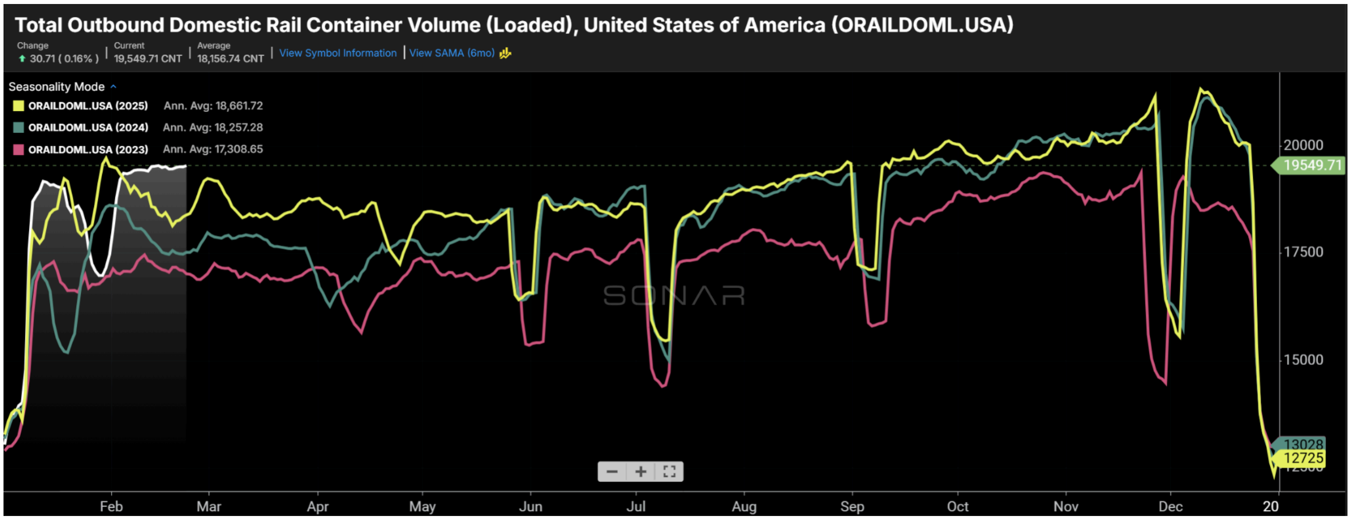


Chart: SONAR. Loaded domestic intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Meanwhile, building upon the fourth quarter peak, domestic intermodal volume was very strong to start the year and hasn't shown its typical February dip. Rail networks recovered quickly from winter storms and, within a few days, were posting normal operating metrics.

Domestic rail intermodal volume reflects numerous factors, including service levels that are the strongest they have ever been, a generally wide spread in rates between intermodal and truckload, ample 53' container availability, and the early stages of the tightening in the truckload market. In addition, domestic intermodal carriers and railroads are opening up new intermodal origin-destination pairs that have historically not been well served by intermodal. That includes making greater use of locations not well served by intermodal, the impact of newly established rail partnerships, and making use of new north-south lanes into and out of Mexico.

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 anywhere from 15% to 25% additional intermodal volume, or more, with their current fleet of domestic containers. Part of handling incremental volume involves improved network balance. Carriers promote network balance via pricing, taking rates higher in headhaul lanes and keeping rates unchanged or lowering them in backhaul lanes (see the difference between headhaul Transcon and Local East pricing indexes below).

Intermodal pricing renewals are largely going into effect; intermodal bid season starts in 4Q, and most contracts roll over in the first half of the year. So far, it appears that intermodal contract rates reflect a competitive pricing environment. The main factor driving this is the ample availability of capacity, as measured in domestic container availability, as described above. The impact of a tightening truckload market hasn't yet been seen in intermodal rate data, but that may be forthcoming. So far, rising truckload rates have mostly taken place in the spot market, which usually leads to an increase in the dry van truckload market, which then leads to increases in domestic intermodal rates.

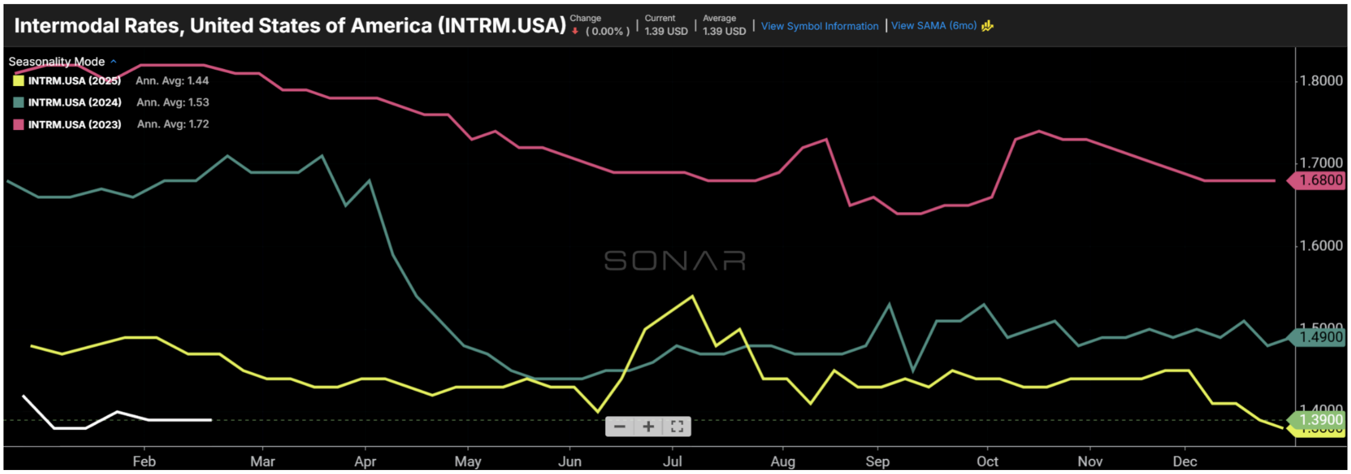


Chart: SONAR. *Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).*

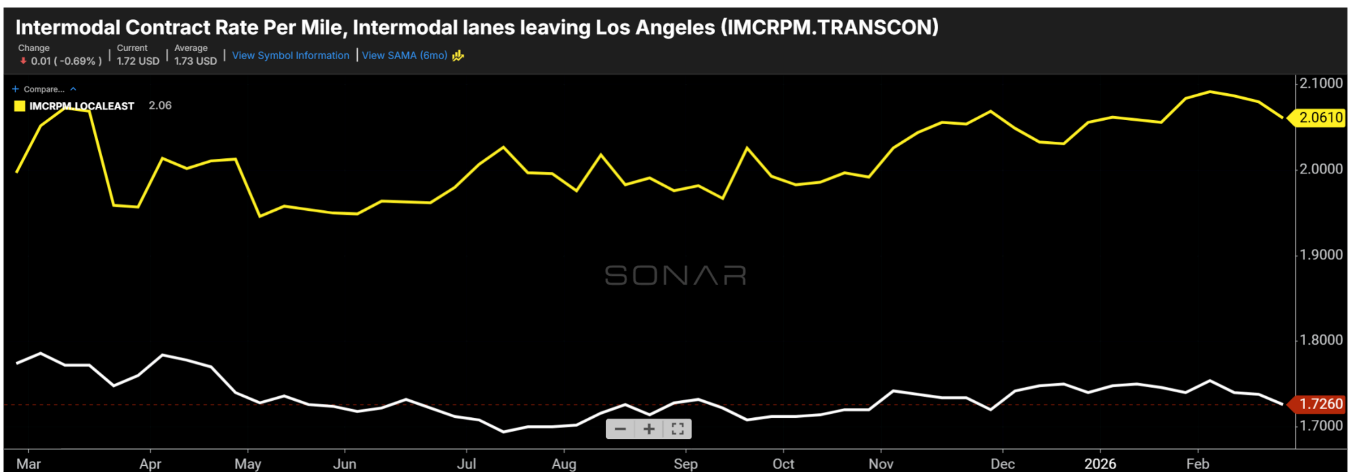


Chart: FreightWaves SONAR. Average domestic intermodal contract rates for an average of five long-haul transcontinental lanes (white) and nine "local east" lanes (yellow).

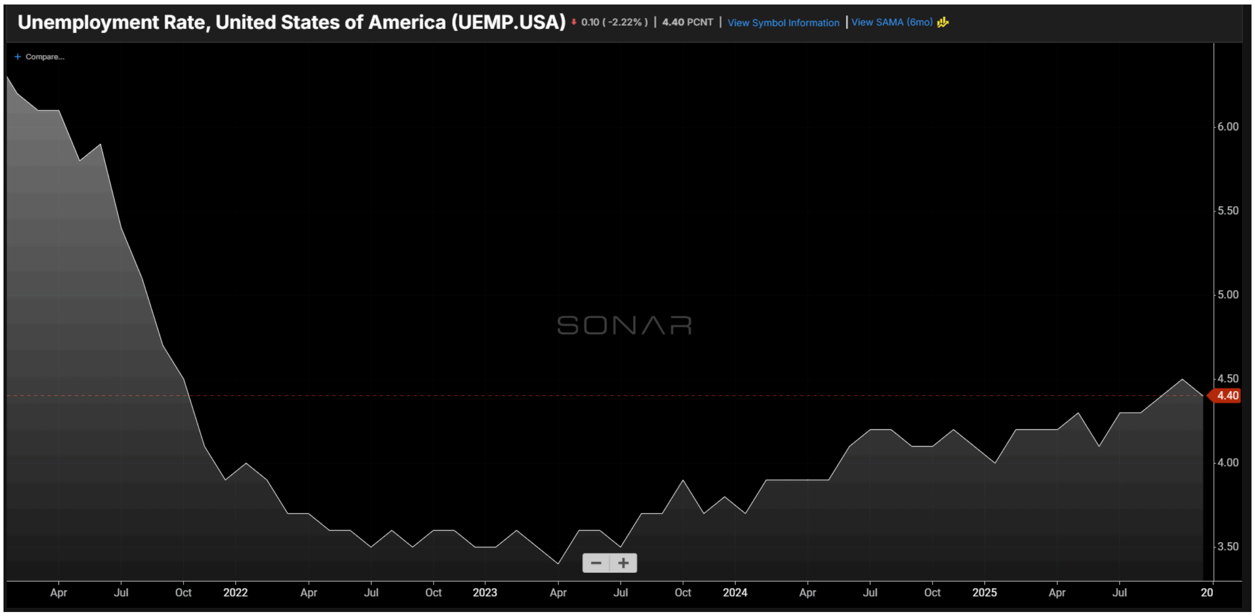
Macro Trends and Other Events We're Watching

Some cautious green shoots

Much of the economic sentiment remains deeply negative, but most of the data supports a sluggish — though not recessionary — economy. In many cases, the data is slowly recovering from relative lows. It may simply be that we need to reestablish what a "good" economy looks like, as evaluating conditions in the aggregate has become increasingly challenging.

The labor market is a prime example. The ADP report showed a disappointing 22,000 jobs created in January, while the BLS figure surprised to the upside with 132,000. Historically, the two reports do not always align due to ADP's blind spot around government employment, but they tend to converge over time.

Looking deeper, most of the job creation (82,000) came from health services, making the gains fairly concentrated. There were also notes about a historically low response rate, partly due to winter weather disruptions. Additionally, methodology changes are expected in the near future. With downward revisions being the norm, it is difficult to draw strong conclusions from the BLS figure beyond the fact that it was not disappointing.



The unemployment rate ticked down to 4.3%, but this was partly due to declining labor force participation driven by lower immigration and demographic trends. This does not necessarily make the data negative, but it does suggest the improvement should be viewed as a discounted positive. The longer-running trend of gradual increases in unemployment remains intact, meaning a single monthly decline is not a trend reversal.

Employment figures are critical to the forward outlook, as they are one of the two primary metrics guiding Federal Reserve monetary policy — the other being inflation.

In manufacturing, the surprise growth print in the ISM was January's highlight. However, like the labor data, it lacks sufficient historical support to confirm a meaningful acceleration in growth and was accompanied by negative commentary from respondents regarding ongoing tariff challenges. In other words, it may prove to be a blip.

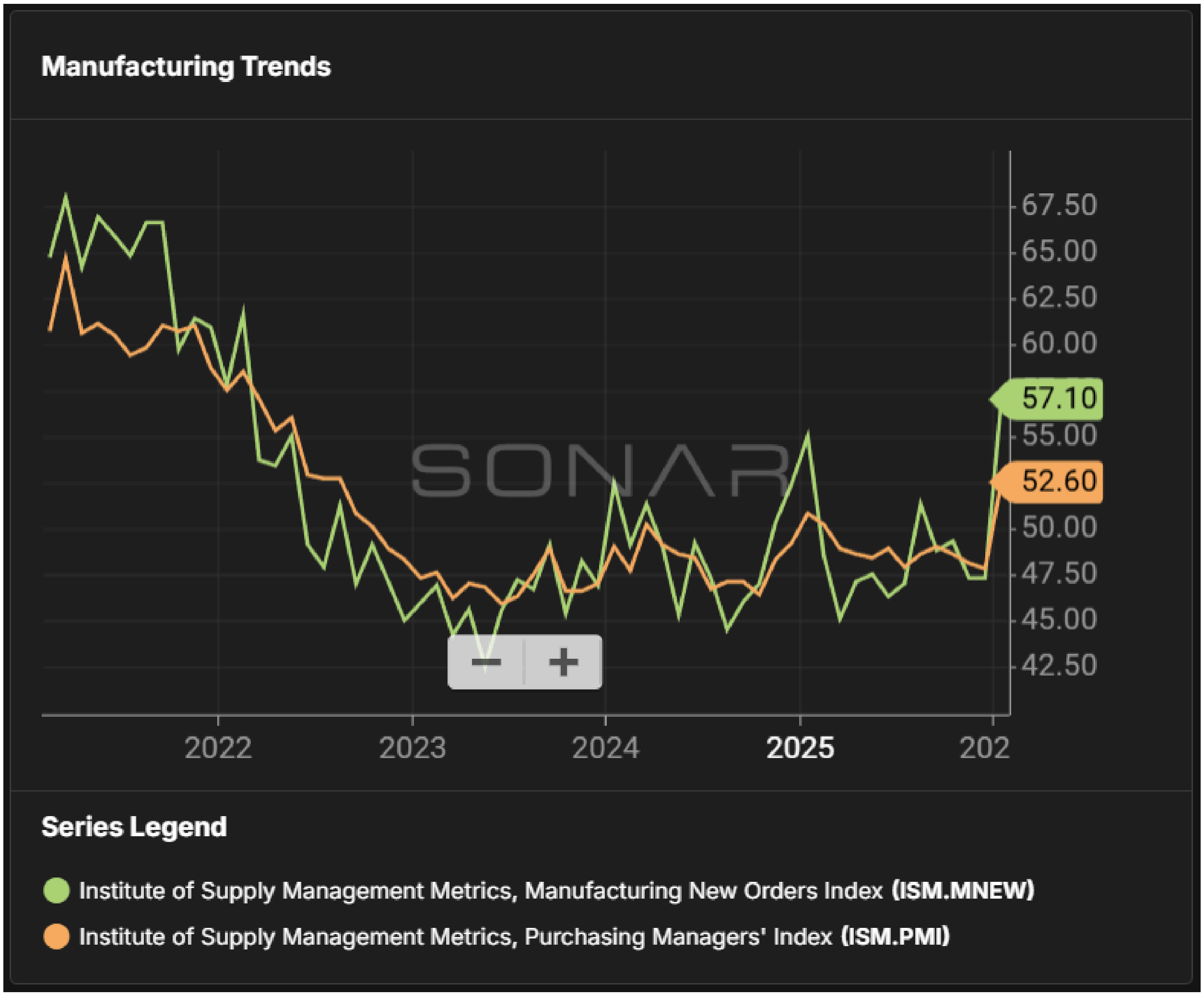
The housing market is still questionable, as existing home sales hit a two year low. Weather could have easily depressed these figures and should not be overly targeted for concern. Consumers are still spending despite deepening negative sentiment. However, spending remains highly uneven and top-heavy. Lower-income households are pulling back, while higher-income consumers are offsetting some of the weakness. How long this dynamic can persist remains uncertain. Even so, the overall picture is not bad.

Forward-looking manufacturing data points toward reasons for optimism

The Institute of Supply Management (ISM), Purchasing Managers' Index (ISM.PMI), readings for January raise the question of whether one month makes a trend. The ISM.PMI ticked reading rose considerably from 47.9 in December to 52.6 in January, which indicates that there was finally expansion in the manufacturing sector after 26 straight months of contraction. The Institute for Supply Management also provided optimistic readings in the forward-looking New Orders Index, which showed expansion for the first time since August with a reading of 57.1. That was the highest value since February 2022. Meanwhile, inventory metrics showed declines, with the Inventory Index of 47.6 (up 1.9 from December), which may presage a further pickup in orders and backlog.

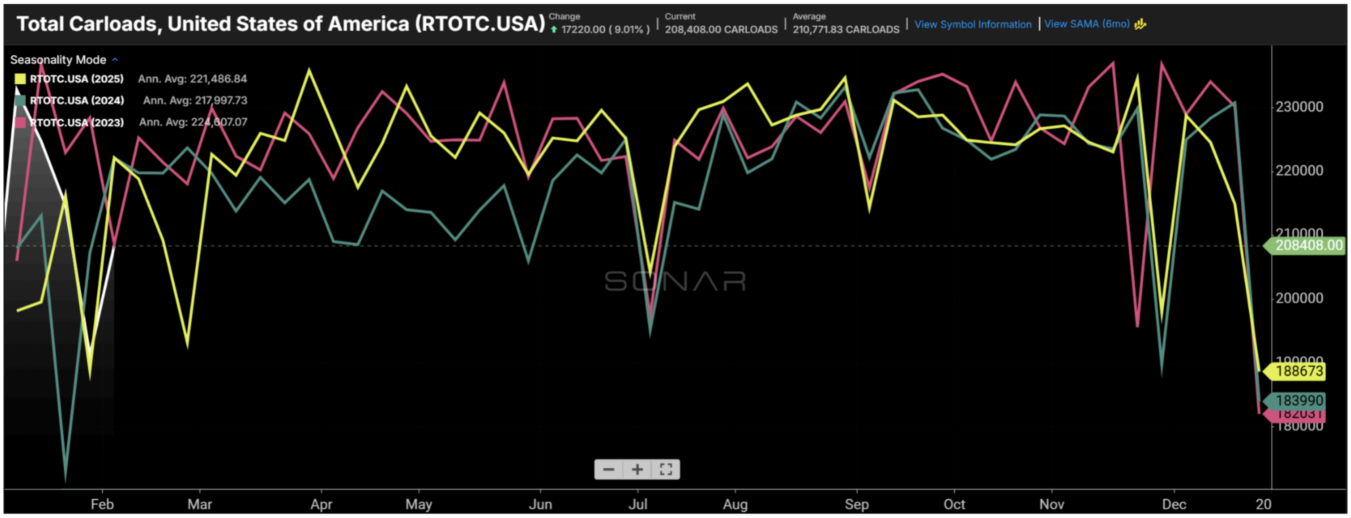
Bulls on the industrial economy cite pickups in not only the overall ISM, but several of the forward-looking components, such as new orders and backlogs, as well as a decline in inventories. They may also point to a tightening flatbed market, which is somewhat tied to the industrial economy. Meanwhile, bears would counter that January is a reorder month after the holidays, and purchases may just be getting ahead of tariff-related price increases.

Respondents to the ISM survey generally provided comments that were much more guarded than the January numbers would suggest. Tariff uncertainty, weak demand for transportation equipment, cost inflation, anti-US sentiment (hurting exports), and lack of labor availability (due to data center construction) were all cited as major challenges. Inflationary commodities include aluminum and copper, which more than offset deflation in petroleum-based fuels. In short, manufacturers believe that there is too much uncertainty with tariffs and geopolitics to begin major capital projects.



The most recent Federal Reserve Board of Governors data on Industrial Production and Capacity Utilization, released February 18th, shows that after growing at an annual rate of 0.7% in the fourth quarter, industrial production grew 0.7% in January. On a year-over-year basis, January Industrial Production grew 2.3% year over year. Notably, the 0.6% increase in manufacturing output in January was the largest monthly increase since February 2025. 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 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, as it is industrial-heavy after excluding coal and agriculture.



Total U.S. carload traffic, as reported by the Association of American Railroads, is up 3.3% year over year, year-to-date (ending February 14th). That may be a better way to look at rail carloads than the past four weeks, given the volatility caused by the winter storms. Despite the increase, several economically sensitive traffic components have posted declines. For instance, motor vehicle and parts carloads are down 5% year over year, and forest products carloads are down 7% year over year. On their fourth quarter earnings calls, the Class I railroads issued generally cautious statements on the industrial economy, which contributed to guidance for total revenue, with pricing only growing in the mid single-digit range, on average.

Is gloomy consumer sentiment starting to translate to a drop in retail sales?

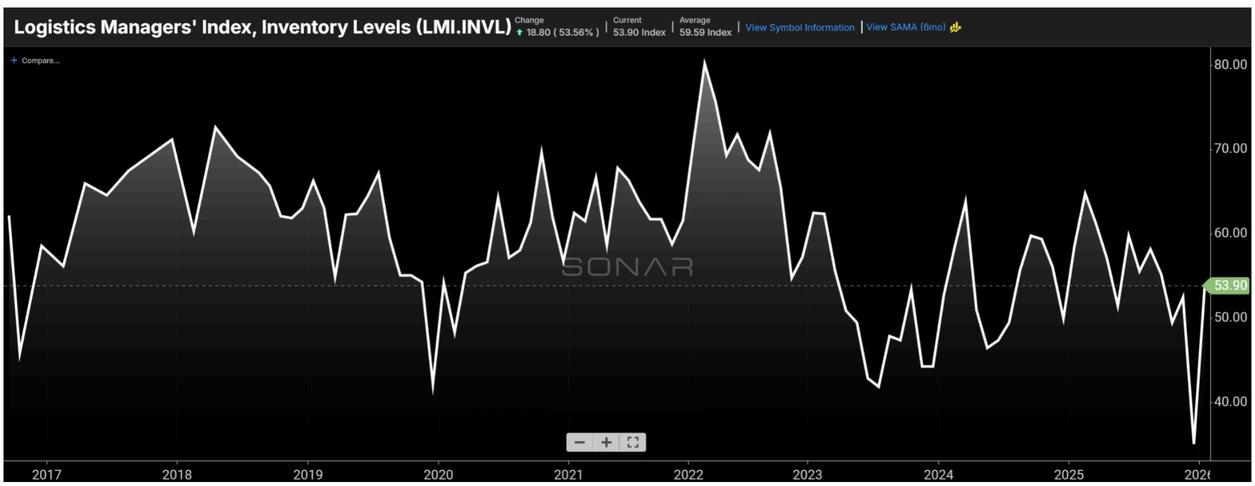
The U.S. consumer held up well this past holiday season, with credit card processors reporting about a 4% increase in spending during the holiday season. Data from the Census Bureau for December (released February 10th) shows that retail and food services sales increased 2.4% from December 2024, when adjusted for holiday differences, but not for price levels. That was a slowdown from a 3.3% year over year increase in November and below the 3.0% year over year growth for all of the fourth quarter.

Given the CPI of 2.7%, more than 100% of total retail and food services sales reflect higher price levels with an implied 0.3% drop in volume. The major areas where consumers are pulling back include furniture and home improvement, which are segments heavily related to home sales. Still, retail sales continue to exceed sentiment surveys that suggest that most companies are pessimistic about their own financial position, given rising price levels (the University of Michigan survey shows that consumers are expecting 3.5% inflation versus 2.3%-3.0% before the pandemic) and a slowdown in hiring. Never before have consumer behavior and consumer sentiment diverged so widely. The most common explanation is that it's all about the K-shaped economy, with households in the top 10% driving 50% of consumer spending and continuing to spend freely.

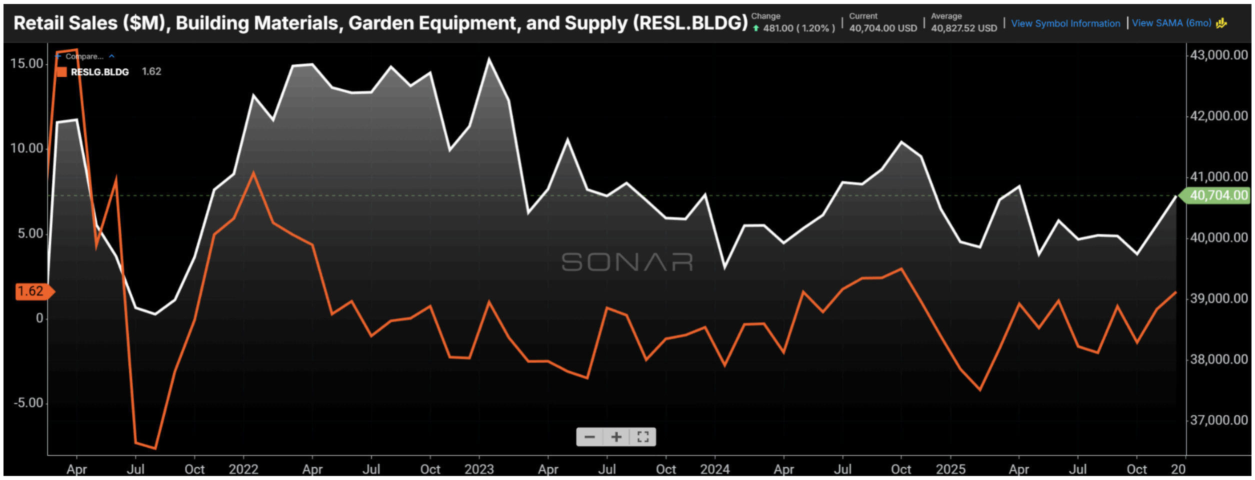
Consumer packaged goods (CPG) companies are starting to feel more pressure from changes in consumer behavior since their clientele comprises all income levels. Looking for value, consumers are shopping more in value and club stores. CPG companies have adjusted pack sizes, both by introducing more single-serving items for consumers, minimizing cash outflow, and offering bulk packs for consumers trying to minimize per-serving costs. Snack maker Mondelez said that the average shopping basket for US consumers hasn't grown in the past two to three years. Coca-Cola missed fourth-quarter earnings on disappointing demand, with case growth of only 1% in the U.S. In short, it appears that many consumers are starting to sweat the small expenses.

Companies are keeping inventory levels leaner to hedge against the potential for a more pronounced drop in consumer spending and also to mitigate rising warehousing costs. A more just-in-time approach 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).

After the Logistics Managers' Index reported one of the biggest declines in inventory in December, it rebounded to expansion at 53.9. It is likely that the increase in inventory reflected a correction from December and also seasonal restocking, which is typical in January.



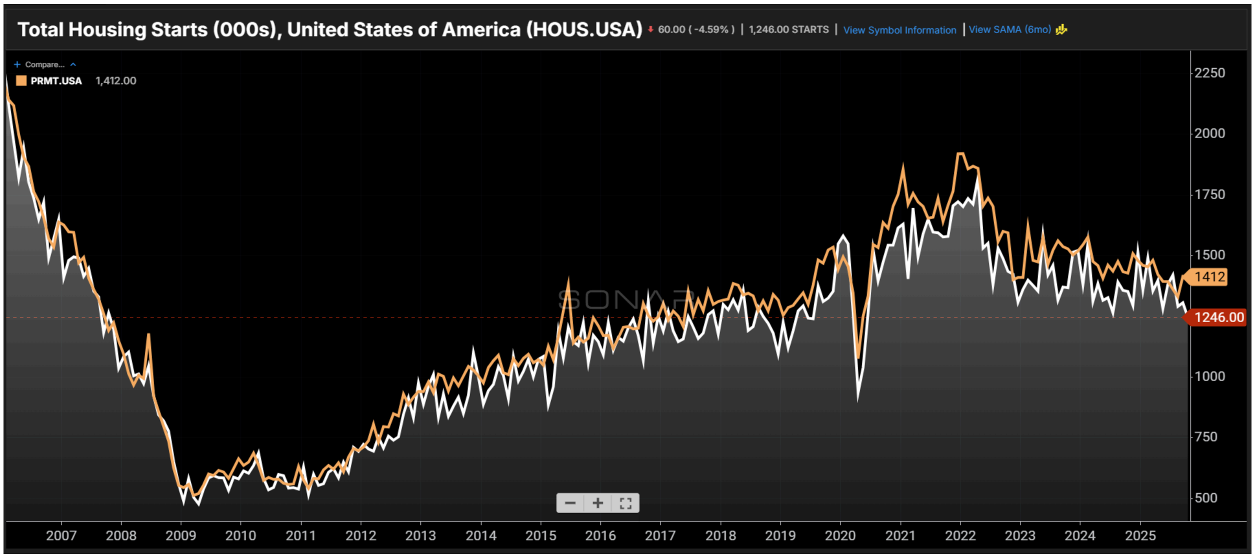
The NRF's latest Retail Monitor report highlights consumer spending that remains resilient. According to the NRF, total retail sales, excluding auto dealers and gas stations, increased 5.7% in January. That was an acceleration in the growth rate from 3.58% year over year in December. The only categories 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 2% and 6%, respectively.



Housing

Existing home sales have been volatile in recent months, with the general trend of homes sitting on the market for longer and the housing market gradually shifting toward becoming more of a buyers' market. After beating expectations by a wide margin in December (up 5.1% month over month and up 1.1% year over year), existing home sales declined 8.4% month over month in January, which was down 4.4% year over year. Of course, few people househunt in a blizzard.

Housing inventory declined 0.8% from December, which was up 3.4% from January 2025, though this still represents a relatively lean 3.7 months of supply. Homes are taking longer to sell, averaging 46 days versus 41 a year earlier. As a result, homes are more often being taken off the market, if only to "reset the clock" on the number of days on the market. Taking longer to sell may presage a drop in prices. Mortgage rates are about 6.1% versus 6.9% a year ago, which helps with affordability, but hasn't yet moved the needle on sales volume.



On a more lagging note, housing starts in December had a 1.448mm SAAR, 4.3 percent above the November rate, but 2.2 percent below the December 2024 rate. This data reflects activity that was too soon after the first interest rate cut to make a difference. Overall builder sentiment remains subdued, which may keep a lid on housing starts data through much of 2026.

While the housing market is showing early signs of stabilization, there is little evidence of a rapid or robust recovery in the near term. The class I railroads called out homebuilding headwinds on their fourth quarter earnings calls as one reason why they are not expecting robust carload volume growth this year. Builders remain cautious amid ongoing affordability challenges, which could keep inventories constrained and prices at elevated levels. Further declines in mortgage rates will be a key factor to monitor in the coming months to determine whether builder activity accelerates and whether homeowners are willing to relinquish their current mortgage rates. Absent that, housing appears poised for a slow and gradual recovery this year, with many homeowners “stuck” and others priced out.

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