

MAY
2026

STATE OF THE INDUSTRY

R E P O R T

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR



Elevated but stable

April 21, 2026 | 1 p.m. ET

Overview

Surface transportation markets remained active in late March and into April. For the first time in several years, end-of-quarter demand provided a strong boost, pushing spot rates higher. Rates settled after Easter but remained significantly above year-ago levels.

Intermodal demand finished the quarter on a strong note, with domestic volumes continuing to surpass 2025 levels, while international volumes lagged due to softer imports. Rates face increasing upward pressure as the truckload sector tightens.

Maritime activity was muted compared to last year, though that comparison is complicated by the Liberation Day tariff volatility. Ocean capacity remains oversupplied, though rates saw slight upward pressure, and instability in the Middle East continues to create uncertainty.

On the economic front, labor markets had a stronger month, with job growth significantly exceeding expectations — though prior months were revised lower. Unemployment ticked up as labor force participation slowed, leaving the overall jobs picture mixed at best.

Inflation received an expected lift, driven almost entirely by energy prices tied to the Iranian conflict. The encouraging sign is that nearly every other inflation category is trending in the right direction relative to Fed targets.

Manufacturing activity continued to show growth signals, with both ISM readings and rail carloads in expansionary territory. Flatbed activity also points to a healthy construction environment, driven largely by data center

buildout — even as housing remains weak with no clear signs of recovery.

Consumer spending remains resilient despite ongoing headwinds from inflation and economic uncertainty.

Macro indicators	(y/y change)
Feb. industrial prod. change	+0.73% (+1.23%)
Feb. retail sales change	+0.6% (+3.7%)
Mar. U.S. Class 8 orders	31,582 (+125%)
Mar. U.S. trailer orders	12,012 (-8%)

Truckload indicators	(y/y change)
Tender rejection rate	13.1% (+846 bps)
Average dry van spot rate ¹	\$3.09/mi (+39.6%)
LAX to DAL spot rate ²	\$2.60/mi (+19.3%)
CHI to ATL spot rate	\$3.13/mi (+32.6%)

Tender volumes	(y/y change)
Atlanta	414.42 (+0.8%)
Dallas	336 (-5.4%)
Los Angeles	258.59(+0.4%)
Chicago	226.63(-1.0%)

Tender rejections	(y/y change)
Atlanta	12.41% (+1170 bps)
Dallas	13.75% (+784 bps)
Los Angeles	7.35% (+524 bps)
Chicago	10.8% (+665 bps)

Zach Strickland

Director of Market Intelligence

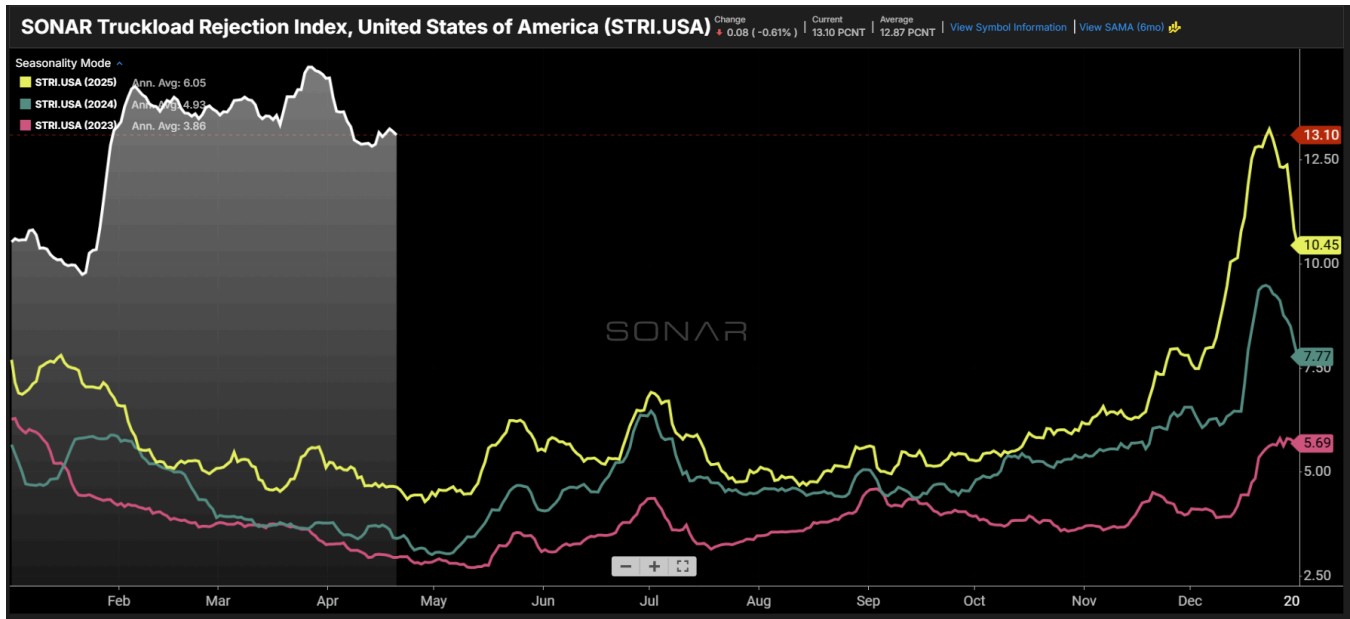
Mike Baudendistel

Head of Intermodal Solutions

¹ FreightWaves National Truckload Index
² FreightWaves TRAC spot rate

Truckload markets

Tender rejection rates hit another multi-year high in late March before sliding back below 13% in mid-April. The Easter holiday and the start of a new quarter are traditionally a softer period and should not be read as a market reset.



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

There does appear to be a longer-running trend of slow stabilization once intermittent spikes are removed from the SONAR Truckload Rejection Index (STRI). The regression suggests tender rejection rates should be declining at roughly 30–40 bps every two months, which would put the STRI between 11% and 12% by year-end. The market rarely moves linearly over that length of time, but the takeaway is that the data does not suggest a rapid improvement in available capacity, and seasonal volatility will be exacerbated throughout the year.

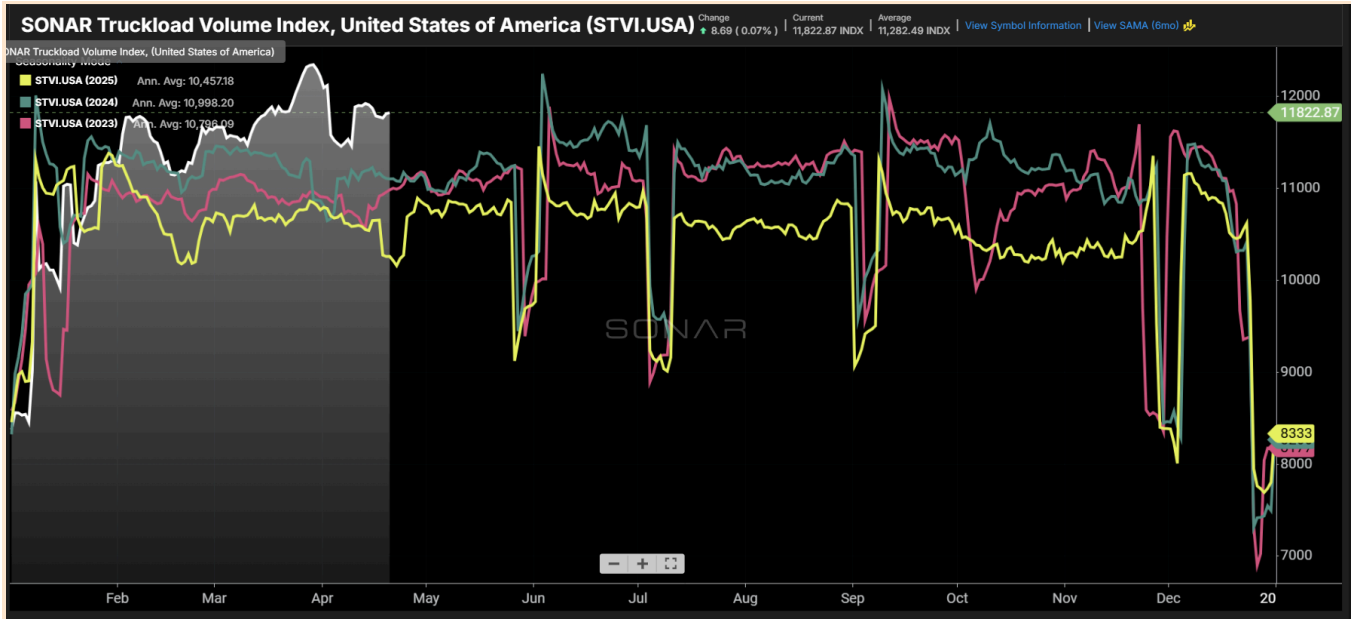


Chart: SONAR Truckload Volume Index: 2026 (white), 2025 (yellow), 2024 (blue) and 2023 (pink).

Tender volumes averaged 8–9% higher year-over-year from March into mid-April, and around 5–6% higher than 2024 levels. The 2025 comparison is much easier due to the influence of tariffs and intermodal pulling freight out of the truckload market at maximum levels. Tender volumes collapsed in February of last year as trade policy concerns weighed on supply chains.

Accepted volumes averaged only around 1% higher year-over-year, but this is not necessarily a reliable demand-side indicator, as many rejected tenders become spot loads outside of the route guide. Regardless, the data still supports the view that this market shift is primarily driven by a prolonged capacity drawdown, potentially exacerbated by increased regulatory pressures over the past year. If demand were to increase at any meaningful level, the market would not be able to handle it well.

Spot rates faced upward pressure over the past month but have not been a reliable measure of market conditions due to the rapid increase in fuel costs. While it is true that carriers cannot always pass fuel or other underlying costs along without market support, the severely compressed nature of rates — held down for three-plus years — is creating more of a springboard-type rate environment.

While rejection rates have plateaued, spot rates have continued to climb as fuel cost pressures are passed along more easily. This is an interesting nuance: rates are reflecting immediate inflationary pressure on top of market tightening.

Fuel prices rose roughly 70 cents per gallon from March 15 to April 10, but began to moderate as optimism around a resolution to the conflict in Iran took hold in markets. These moves were driven almost entirely by speculation on future global supply concerns rather than any physical shortage of diesel domestically. The severe drops in wholesale or rack prices at various points illustrate just how sentiment-driven these prices can be. Until the conflict is definitively resolved, there will be little certainty around the price of diesel.

Produce season begins

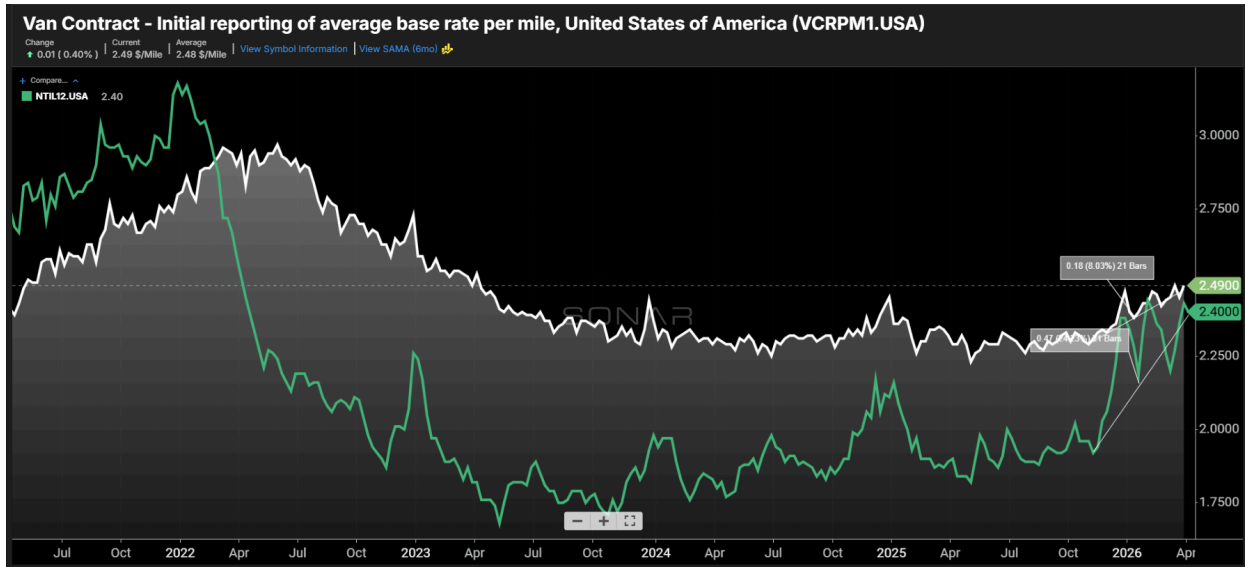
The refrigerated freight market showed notable strength in early Q2, with rejection rates falling from their late-March spike but remaining well above year-ago levels — 15.5% in mid-April 2025 versus 6.2% in April 2024. Spot rates, while elevated, are difficult to interpret cleanly due to fuel price fluctuations.

The most significant development was the resurgence of California's spring produce season. Spot rates out of the Central Valley surged 62% above 2024 levels, and Fresno rejection rates jumped from under 7% to over 20% by mid-April. However, the produce season appeared to be a reflection of broader market tightness rather than a driver of it, and had not yet shown a strong nationwide capacity impact.

Produce rates were broadly higher across most major growing regions, including Mexico crossings, with outbound Florida being the primary exception — though that was expected to normalize within a month.

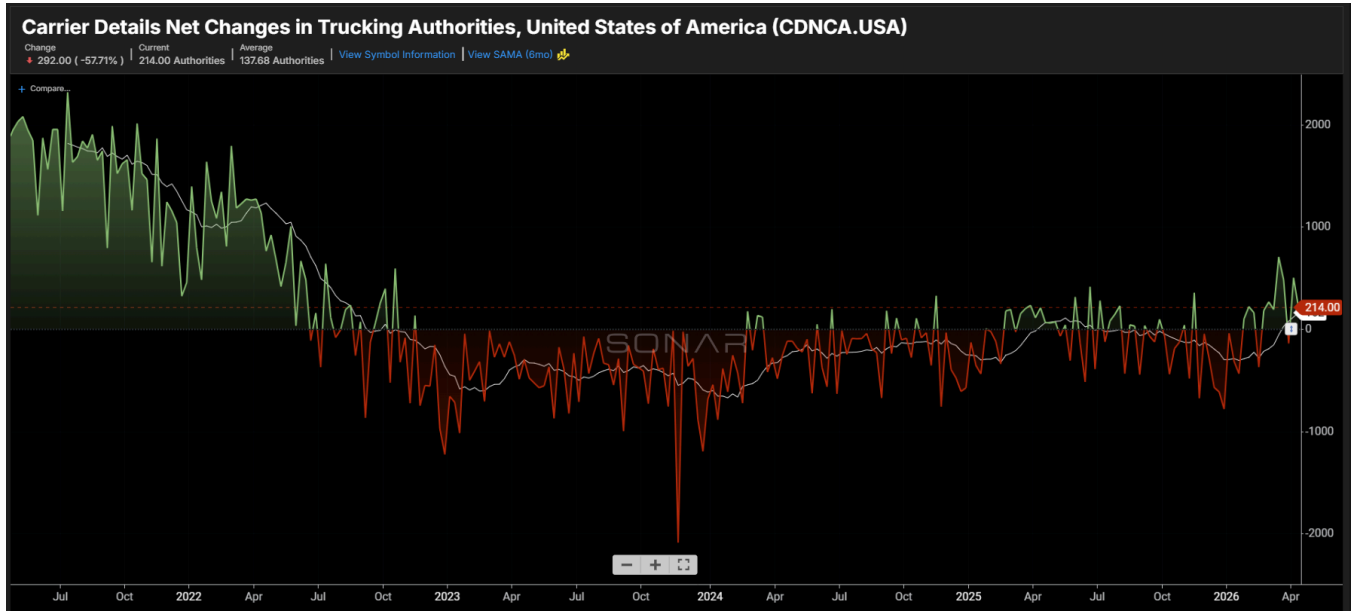
Regionally, reefer rejection rates were relatively clustered in the 10–15% range, with the Midwest holding above 20% before easing into April. Tender volumes declined seasonally, as some year-round refrigerated freight shifts to dry van during moderate temperatures, while the spot market picks up activity from seasonal loads that fall outside long-term contracts.

Contract rates continue to rise



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

Market tightness has made an impact on long-term contract rates, as represented by VCRPM1, which is based on invoice data. As tenders are rejected and route guides fail, shippers call on secondary providers who are typically higher-priced, which materializes as higher contract rates. While it is difficult to determine how much of this increase is permanent, the trendline is smooth enough to suggest the 8% increase since last October reflects a meaningful rise in the market value of long-term agreements — and it probably has further to go. Given that VCRPM1 has already increased 8% and rejection rates remain above 12%, a 10% increase by mid-year is likely, followed by a possible further push heading into the fourth quarter.

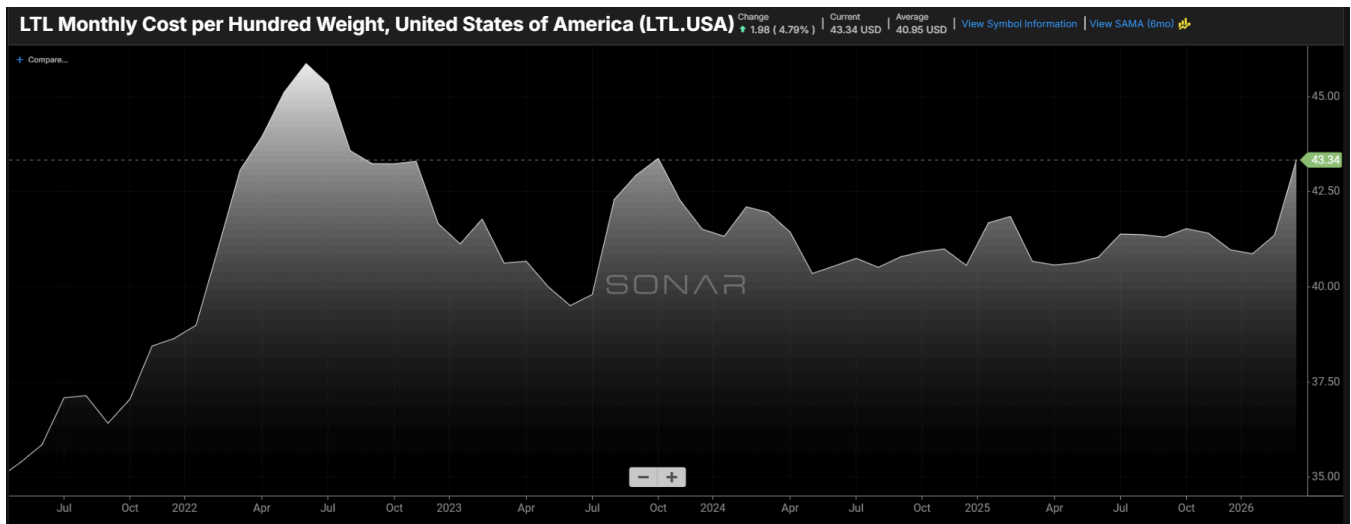


Carrier Details Net Changes in Trucking Authorities (baseline view) - Red indicates net contraction in active authorities, green indicates expansion

Net changes in operating authorities have turned positive over the past few months as revocations and exits have slowed dramatically. The market is far from recovered — as indicated by tender rejections and spot rates — but conditions appear to have improved enough to stem the bleeding as cash flows recover. That said, it would be premature to call this the definitive end of capacity attrition based on this data alone, as it skews toward growth and exits tend to be underreported with a lag.

Perhaps the better takeaway is that this data supports the view that rates heading into the holiday season were largely below break-even for most carriers, and have since improved enough to more sustainably cover operating costs.

LTL rate resurgence



Source: SONAR. LTL monthly cost per hundred weight - national index

After a somewhat surprisingly sluggish start, LTL rates trended higher in March — significantly so in the higher class bands. After posting annual declines of 2% and 1% in the first two months of the year, rates reversed course rapidly and increased approximately 5–6% in March. LTL rates generally lag the truckload contract market by about three to six months and move at a slower pace.

This recent move is somewhat non-traditional in the sense that truckload contract rates did not show strong growth until February, yet there was also no meaningful deterioration in contract rates late last year that would explain the sharp LTL declines in January and February. The spike in March appears to reflect both a response to a tightening truckload environment and a normalization following the weakness seen earlier in the year.

As usual, there is nuance in the aggregate picture. Lower class bands showed the least upward pressure, with class 50–65 rates still moving 2% lower year-over-year — though that was a significant improvement from -7% in February and -11% in January. Higher class bands saw the most upward pressure, with class 125+ increasing 9% year-over-year in March, sharply higher than the 1% in January and 3% in February.

With truckload rates continuing to show pressure, further rate pressure in this segment should follow.

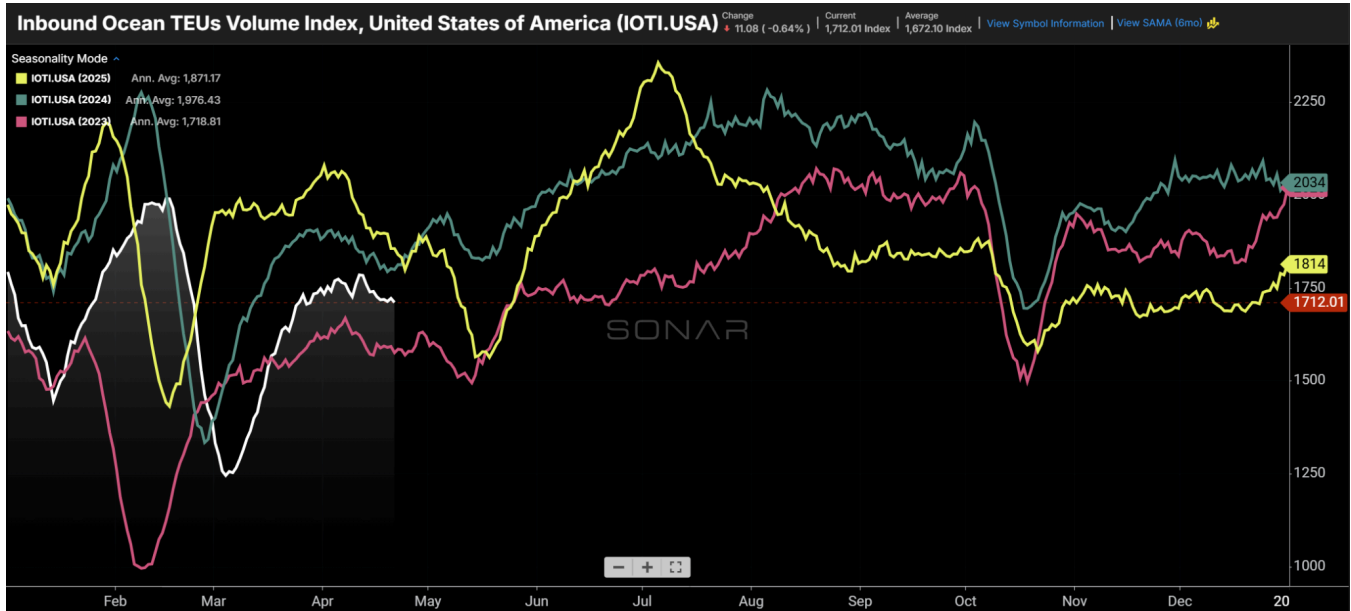
Iran conflict contributes to stabilizing ocean rates

The container ship market is in flux following the Supreme Court ruling deeming the IEEPA tariffs illegal, the onset of the war in Iran, and inflationary factors that may or may not impact consumer spending.

The Trump Administration replaced the IEEPA tariffs with 10% tariffs (the Administration later said those could be increased to 15%) under Section 122 of the Trade Act of 1974, which are only in effect for 150 days, through July 24th, after which it would need Congressional approval. The Administration has several other legal avenues for imposing tariffs, so it seems like tariffs are likely to continue in some form, but tariffs remain a major area of uncertainty.

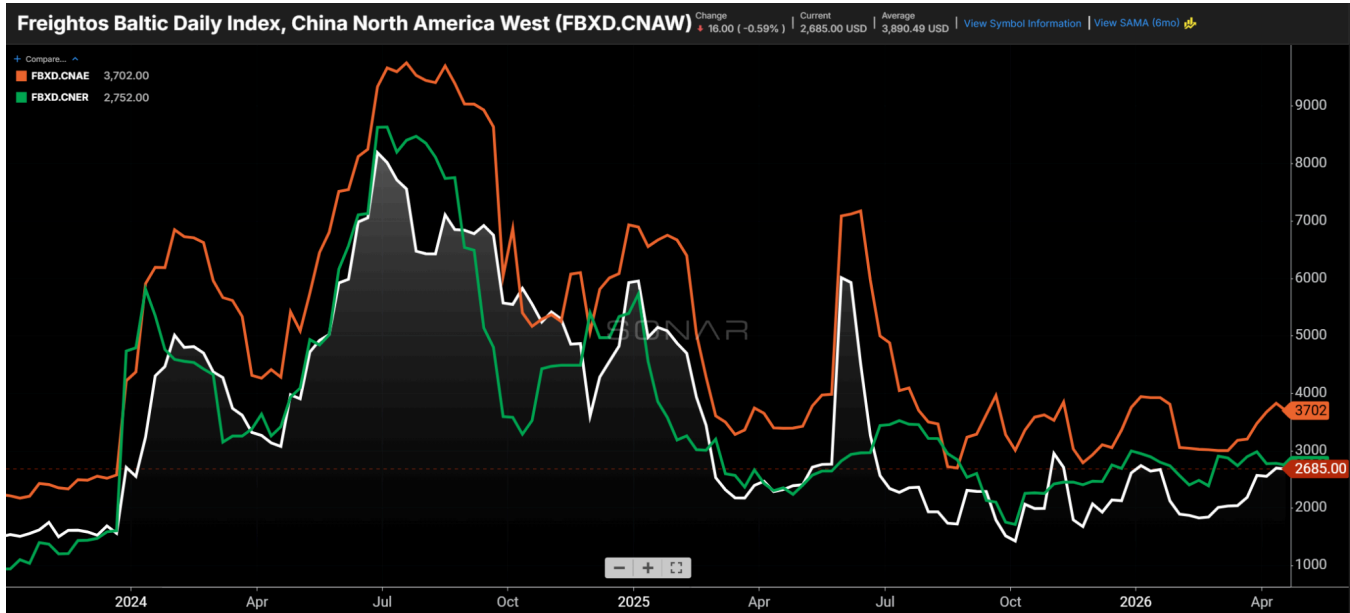
Meanwhile, the onset of the war with Iran has led to a surge in energy prices and also caused major container ship lines to alter operations to once again avoid the Red Sea and Suez Canal (although Houthi attacks have been absent for a long time). That is a major factor constraining supply, as longer routing around Africa significantly reduces effective capacity. Carriers have also faced major cost pressure from surging bunker costs, which could result in slow steaming or carriers blanking sailings.

Import volume and ocean booking volume, while down year over year against difficult comps, have held up better than many anticipated. Port of LA Director Gene Seroka put it well – while imports were down 3% in March, they were still in line with the 5-year average. Against difficult comps from the past two years, demand for container ship bookings for U.S. imports (chart below) remains below those levels for now, but that is likely to change as year-ago comps ease in May.



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).

While longer routings to avoid the Red Sea reduce effective capacity, the container shipping market still appears to be structurally oversupplied as scheduled ship builds (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). Ocean rates have risen sharply in the past two months in response to world events and rising fuel costs, but remain lower than most of the period since the Red Sea attacks started in late 2023. As a result, several major container ship lines posted losses in 2025 as weaker rates more than offset volume growth. A full return to the Red Sea, which seems unlikely in the near term, could potentially increase global containership capacity by 4%-8%, according to analyst estimates, which would likely lead to a sharp decline in ocean rates.



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).

Tightening truckload market is benefiting intermodal carriers in competitive lanes

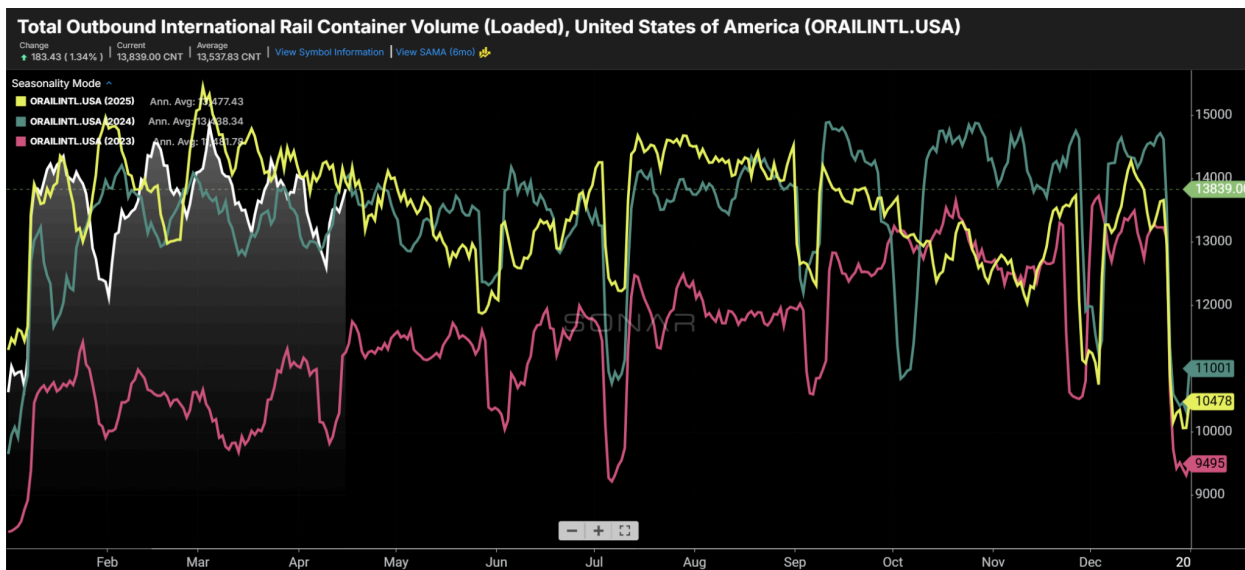


Chart: SONAR. Loaded international intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Total intermodal volume posted a strong first quarter, particularly in the domestic containerized segment. International intermodal volume is currently trending in line with levels of the past two years, after declining 2% year over year in the first quarter. That 1Q decline was largely due to difficult comparisons given last year’s import strength. The Class I railroads had anticipated a year-over-year drop in international intermodal volume coming into the year, and the associated impact that mix

has on margins, and the year-to-date decline has not been any worse than expected. If anything, it held up better than import and ocean booking volumes imply, which suggests that fewer goods are being warehoused near ports, such as in California’s Inland Empire.

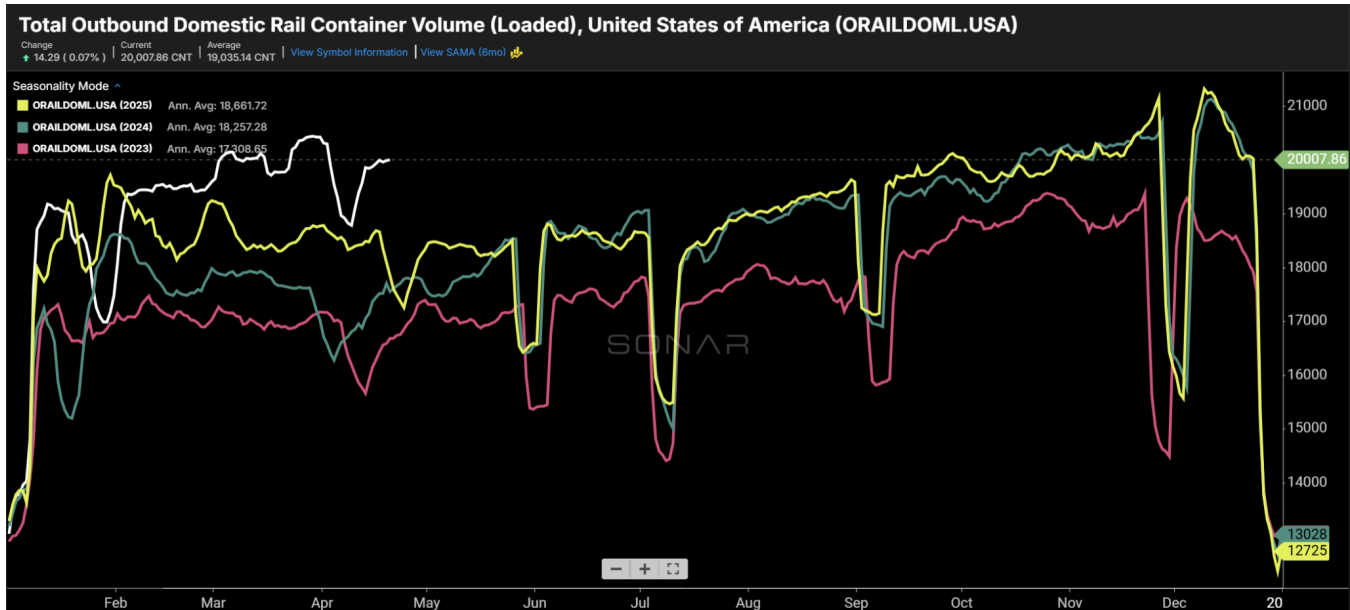


Chart: SONAR. Loaded domestic intermodal container volumes for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Meanwhile, building upon the fourth quarter peak, domestic intermodal volume posted a strong 1Q, up 3.6% year over year, with acceleration in March. April volume remained strong as well. As of April 15th, containerized domestic intermodal volumes were higher by 6.4% year over year. Shippers continue to find value in intermodal service, and rail networks recovered quickly from winter storms, highlighting their resiliency.

Growth in domestic rail intermodal volume reflects numerous factors, including favorable service levels, a generally wide spread in rates between intermodal and truckload, ample 53’ container availability, and a tightening truckload market. 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.

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. Carriers are promoting network balance via price discrimination between headhaul and backhaul lanes. J.B. Hunt’s management said that its rates are rising on all headhaul lanes, but backhaul lanes may see rate declines to promote network balance.

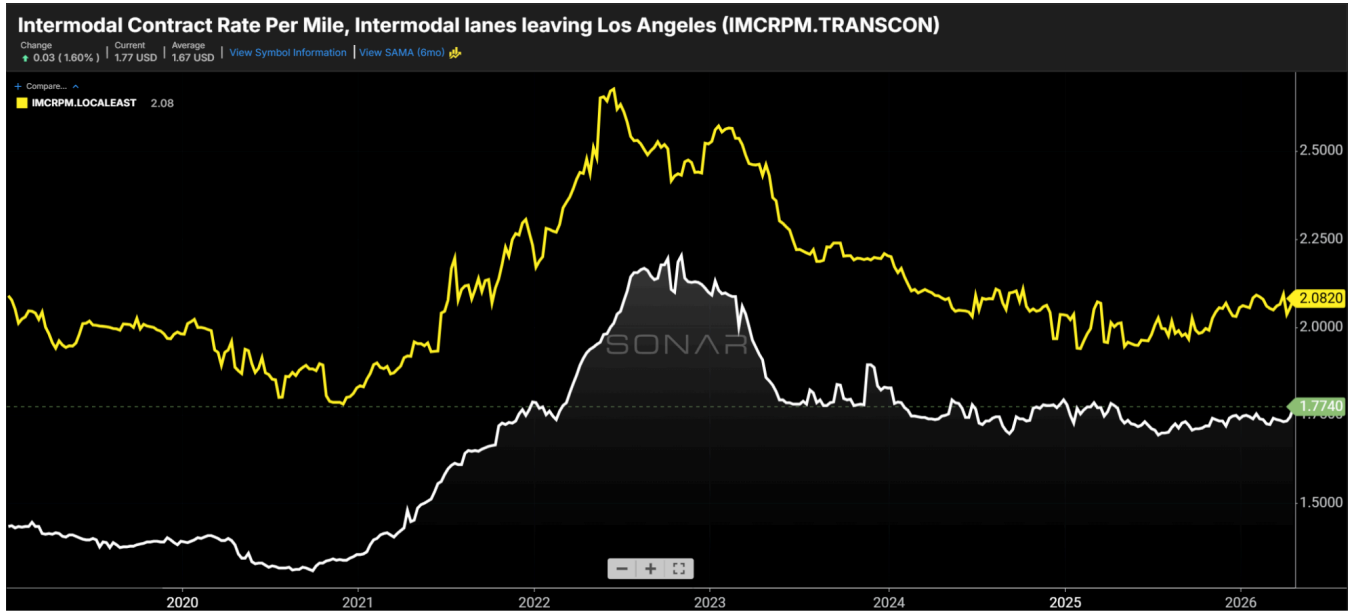


Chart: FreightWaves SONAR. Average domestic intermodal contract rates for an average of five long-haul transcontinental lanes (white) and nine “local east” lanes (yellow).

The tightening truckload market is impacting intermodal rates, but more in some lanes than others. On its first quarter earnings call, J.B. Hunt’s management said that the tightening truckload market is having the biggest impact on local east lanes since those lanes are highly competitive with truckload. At the same time, there is a more competitive dynamic in the transcontinental lanes due to competition between domestic intermodal companies, several of which are trying to put underutilized containers to work.

Intermodal contract rates historically move on a lag compared to how quickly they move in truckload, due to annual intermodal bid cycles with few shorter-term agreements. As a result, SONAR intermodal contract rate data hasn’t moved much, but appreciation is likely in the second half of the year. However, intermodal spot rates have moved noticeably higher in recent weeks, putting them at parity with truckload spot rates in many 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 and where they are positioning equipment. Intermodal spot rates are higher year over year in about 80% of lanes, and the largest spot rate increases have been in deeply headhaul lanes, such as inbound Florida lanes.

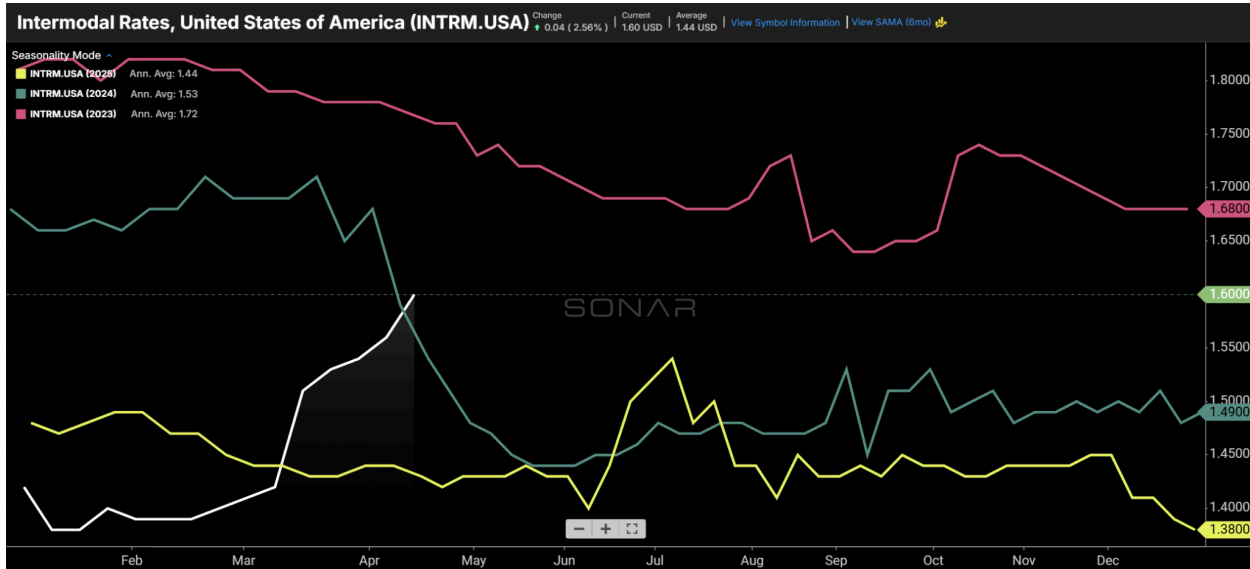
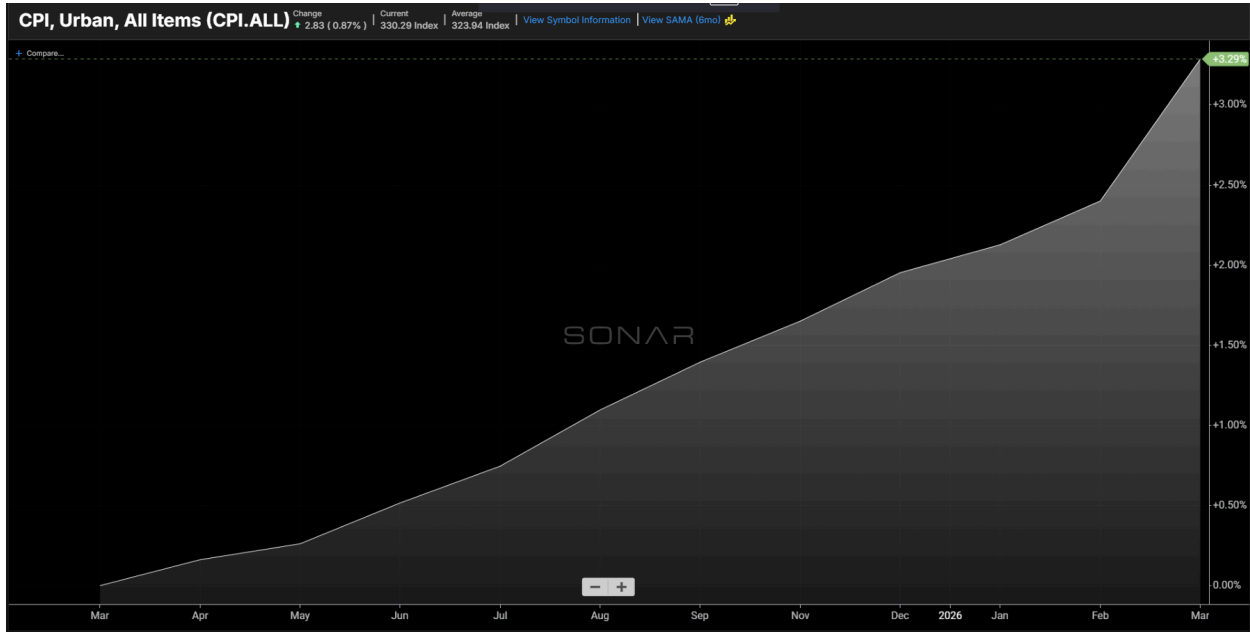


Chart: SONAR. Average intermodal spot rates to move 53-foot containers door to door, including fuel surcharges for 2026 (white), 2025 (yellow), 2024 (green), and 2023 (pink).

Macro Trends and Other Events We’re Watching

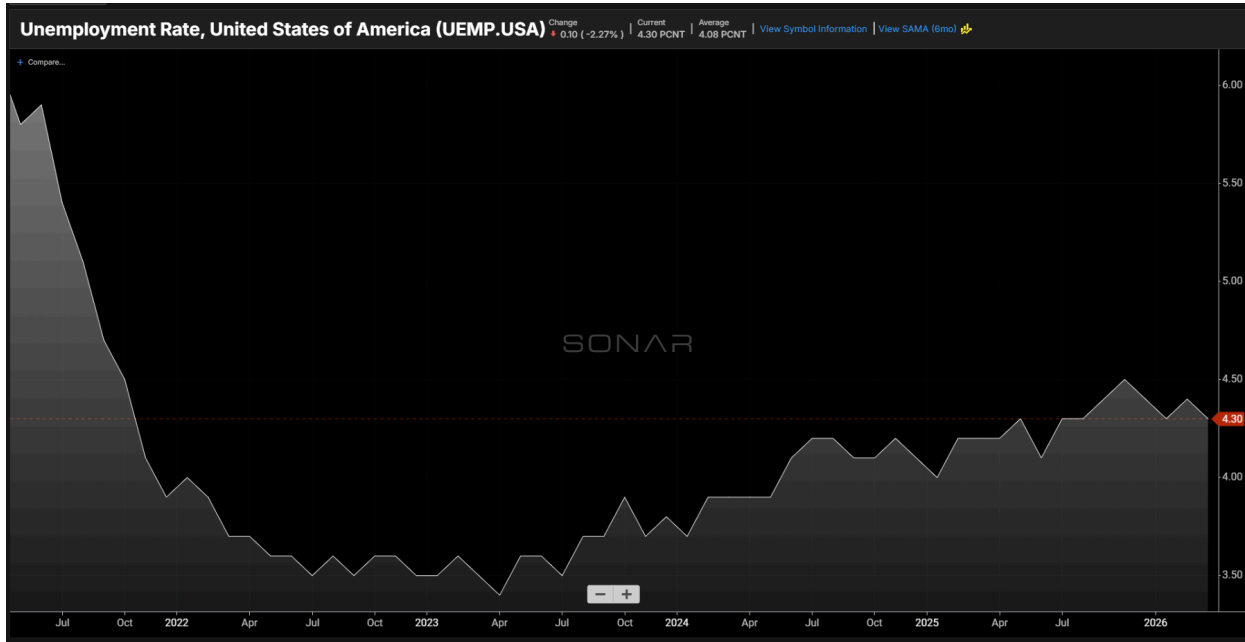
Iranian conflict remains top concern

The Strait of Hormuz remained a critical chokepoint and concern for the global economy throughout March and into mid-April. While the U.S. supply of oil and natural gas remained strong, pressure mounted from other countries that rely more heavily on oil and its derivatives shipped via tankers out of the Persian Gulf. Speculation and market pressures were the primary drivers pushing the price of crude oil above \$112 for the first time since June 2022, when Russia invaded Ukraine. The primary concern is that global supplies would erode and inflation would expand rapidly beyond energy and fuel costs. Markets were erratic as rumors and reports painted a picture of uncertainty.



The CPI print for March produced an elevated figure of 3.3% annual growth, but as expected, most of that was driven by energy costs. The positive news is that everything outside of energy — which represents a supply-driven shock that should be temporary — was well within reason. The Fed still has to take the headline figure into account when making monetary policy decisions, though that calculus depends heavily on the labor market.

The BLS reported 178,000 jobs were created in March, following the 133,000 (revised higher) loss reported in February. This beat expectations, but was once again heavily dependent on the healthcare segment, which added 76,000 positions. This continues a longer-running trend of employment being driven largely by a single sector, as companies appear resistant to making strong investment decisions — reportedly due to continued uncertainty around the economic environment and the growing role of AI.



The unemployment rate ticked lower to 4.3%, down from 4.4% in February. This was partly reflected in a decline in labor force participation, which fell to 61.9% — its lowest level since November 2021. The overall read is that the labor market is holding in aggregate, but the underlying data reflects a general softening trend once the outperforming healthcare sector is removed.

Manufacturing

Industrial activity broke its slump and expanded throughout 1Q

The Institute of Supply Management (ISM), Purchasing Managers' Index (ISM.PMI), continues to support the view that manufacturing activity is expanding. The ISM.PMI ticked reading was 52.7 in March, indicating that the industrial economy for three consecutive months and had been in expansion throughout the first quarter. That marks a sea change, since prior to January 2026, that index showed that the industrial economy 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 53.5, showing expansion in new orders. While that reading was down from 55.8 in February, it was still only the third time it showed new order expansion since August and one of the highest readings since February 2022. Similarly, the Backlog of Orders Index also showed expansion with a reading of 54.4 percent. Meanwhile, inventory metrics showed additional declines, with the Inventory Index of 47.1, down from 41.1 in February. The combination of rising new orders and declining inventory levels suggests that additional order volume should remain strong in the coming months.

Respondents to the ISM survey generally provided [comments](#) that were more guarded (64 percent of comments were negative) than the bullish headline ISM numbers indicate. Despite the Supreme Court overruling the IEEPA tariffs, respondents cited an expectation that tariffs would return in some form. In addition, they also cited the conflict in Iran as adding a new layer of uncertainty and putting

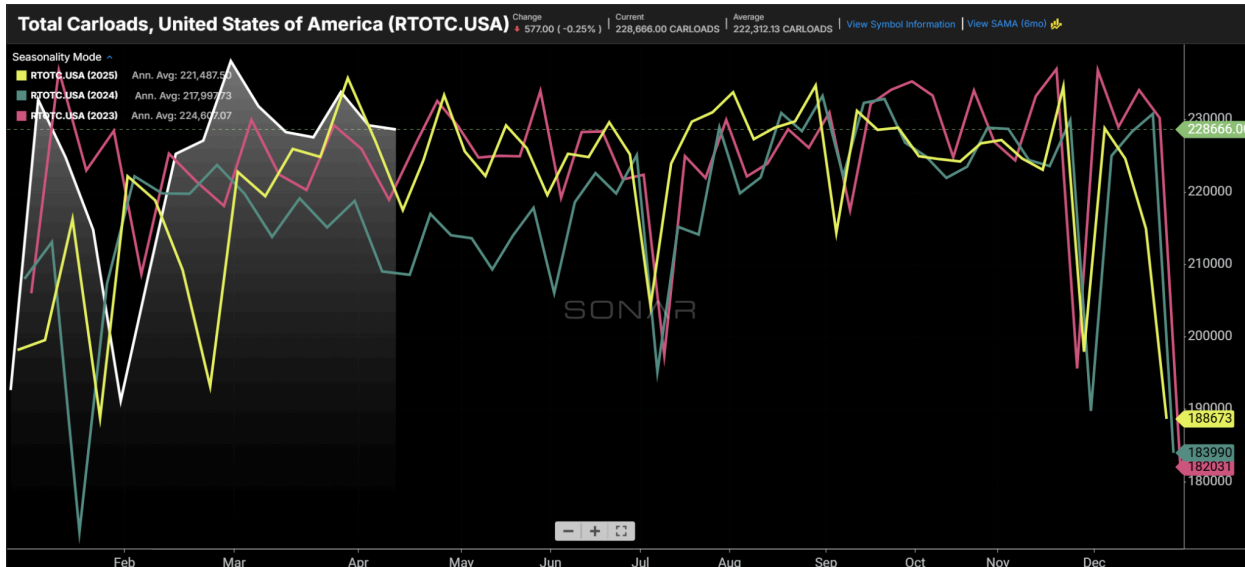
pressure on input costs, which is making U.S.-produced products less competitive. As a result, industrial companies are managing headcount tightly, which is consistent with the employment index remaining in contraction at 48.7. Some respondents mentioned recalibrating supply chain expectations in response to higher energy prices. In addition to energy, metals (aluminum, in particular) continue to be inflationary, and some respondents are citing memory price escalation that cannot be mitigated in other areas.



The most recent Federal Reserve Board of Governors data on Industrial Production and Capacity Utilization, released April 16th, shows that after growing at an annual rate of 0.7% in the fourth quarter, industrial production and manufacturing grew at a 2.4% and 3.0% annual rate, respectively, in the first quarter. 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 0.6% year over year, in the past four weeks (ending April 11th), and is up 4.0% year over year, year-to-date. In the past several weeks, there has been a surge in traffic tied to commodity prices and the U.S.'s competitive advantage of having low natural gas prices. In particular, in the past four weeks, the chemicals and petroleum segments are up 5.6% and 8.7%, year over year, respectively. 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. But traffic is beating those expectations, highlighting momentum in the industrial economy.

Consumer Conditions & Retail

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

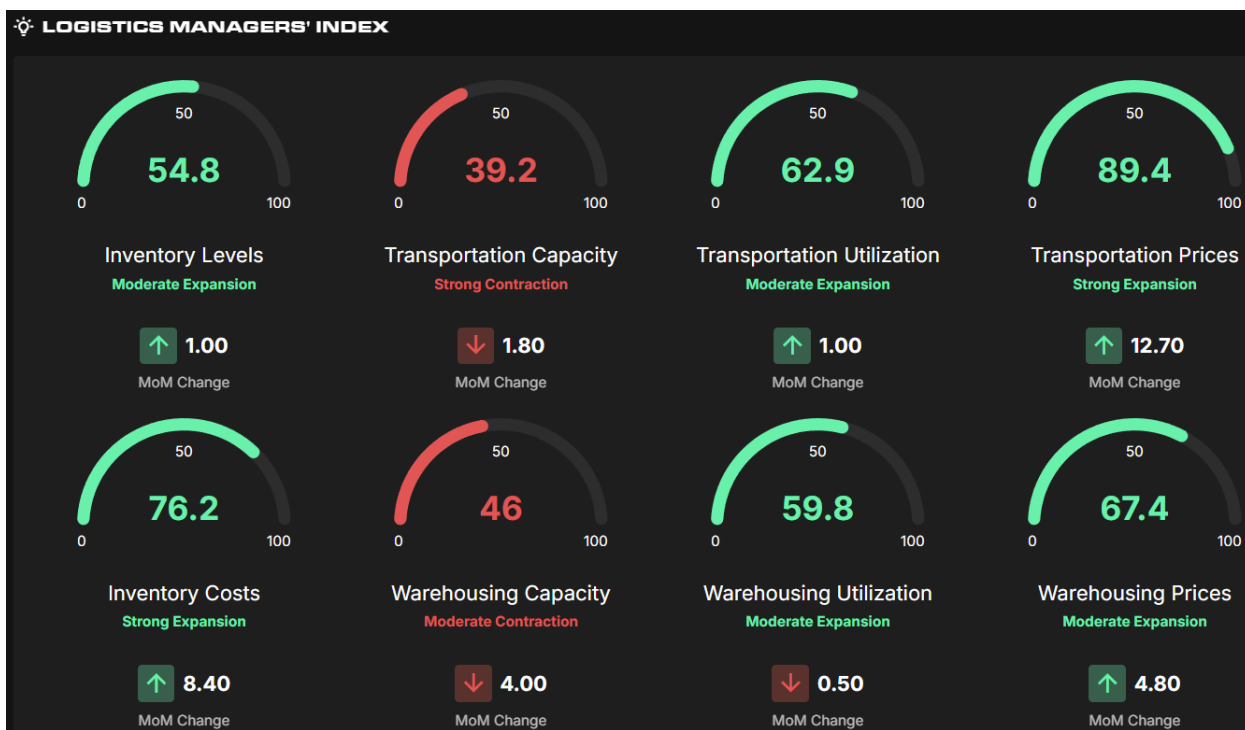
Data from the Bureau of Economic Analysis for February (released April 9th) shows that Personal Consumption Expenditures increased 2.8% from February 2025 and increased 3.0%, excluding food and energy. A rising CPI (3.3%, up from 2.4% due primarily to rising energy costs) is leaving average households with slightly less disposable income (DPI – personal income less personal current taxes), which was down 0.1% in March from the prior month. While personal consumption expenditures (up 0.5%) continue to rise, consumers are pulling back in recreation and food/beverages. Retail sales continue to exceed our sentiment surveys that show some of the lowest readings in history in recent months in the University of Michigan sentiment survey. It had shown some improvement in early March, but those gains were immediately erased upon the onset of the war with Iran, and it is currently about 9% below year-ago levels. The war has hit sentiment across income groups as it intensified concerns over rising inflation and declining asset prices.

Consumer packaged goods (CPG) companies are starting to feel more pressure from changes in consumer behavior since their clientele comprises all income levels, including those that are

disproportionately impacted by rising energy prices. 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. Finally admitting that GLP-1 drugs are causing consumers to eat less, CPG companies are introducing products to match diminished cravings. CPG companies are also dealing with volatile ingredient markets, including ingredients that are impacted by the ~30% surge in fertilizer prices.

Companies are keeping inventory levels leaner to hedge against the potential for a more pronounced drop in consumer spending and also to mitigate historically high 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, such as a significant rate discount to truckload, as described below).

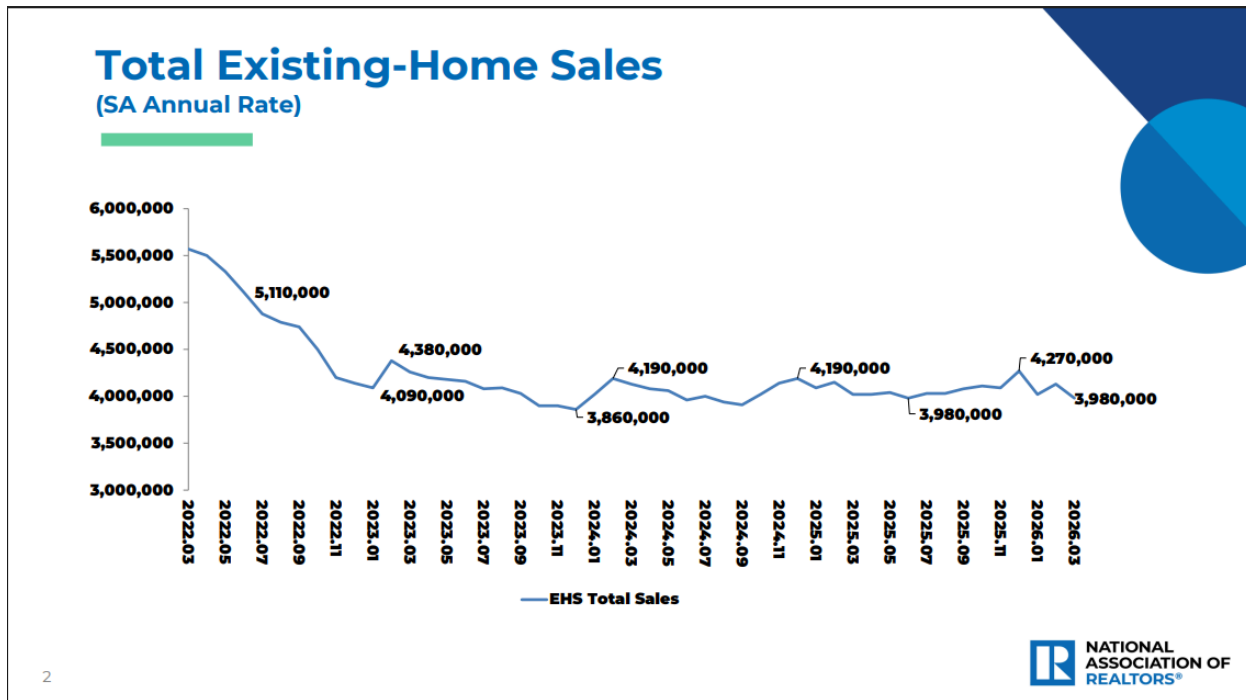
After the Logistics Managers' Index reported one of the biggest declines in inventory in December, it rebounded to moderate expansion in the first three months of the year (with readings in January, February, and March of 53.9, 53.8, and 54.8, respectively).



The NRF's latest Retail Monitor [report](#) highlights consumer spending that picked up in March. According to the NRF, total retail sales, excluding auto dealers and gas stations, increased 7.05% year over year in March, which marks a slight acceleration from the prior two months. The NRF attributes the growth to higher tax refunds (average of \$3,521, up 11% y/y), which more than offset the negative impact of energy price inflation. The only NRF category that declined on a year-over-year basis is building and garden supply stores, which were down 0.47% year over year.

Housing & Construction

Existing home sales fell 3.6% M/M to a seasonally adjusted rate of 3.98 million units in March, which was the lowest reading since last June. The recent trajectory has caused the National Association of Realtors (NAR) to adjust its sales forecast lower from 14% to 4% growth in 2026.



Market sentiment remains weak as job market stagnation and rising prices and mortgage rates keep many homeowners locked in place with sub 4% mortgages. Mortgage rates reversed course in March, moving from below 6% in late February and getting close to 6.5% by early April. Rates did recover slightly as market risk fell on optimism around the war in Iran being resolved, but nothing is sitting on solid ground.

Housing starts and construction data releases for March and February were delayed until late April, but there is little to suggest single family construction will rebound as permits for January were down 5.8% Y/Y and single family permits down 0.9%. The separation in January starts and permits data suggests builders have diminishing expectations for demand. The housing market outlook for the rest of the year looks fairly anemic as builder sentiment reported by the NAHB hit a four-year low in April with a value of 34, falling from 38 in March.

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