JULY TRUCKLOAD MARKET INSIGHTS

July 17, 2026

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CURRENT ECONOMIC CONDITIONS

ECONOMIC CONDITIONS

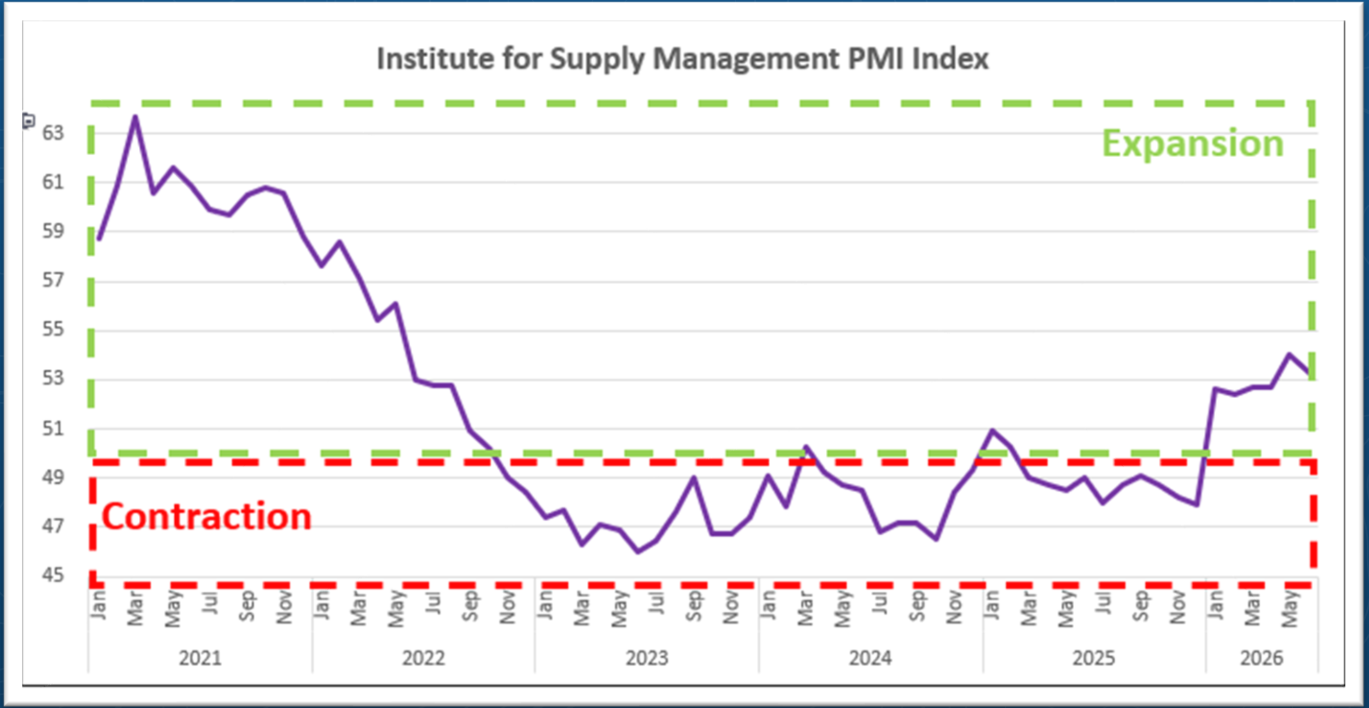
INFLATION

- The Consumer Price Index (CPI) fell 0.4% m/m in June with the annual inflation rate down to 3.5%, its largest monthly drop since April 2020
- Core inflation, excluding food and energy, remained flat with of 12-month rate of 2.6%
- The easing of prices came from a big decline in energy and an easing in services costs, particularly for housing

CONSUMER SENTIMENT

- U.S. consumer confidence remains weak by historical standards but is showing modest improvement. The University of Michigan Consumer Sentiment Index rose to 49.5 from May's record low of 44.8, while the Conference Board Consumer Confidence Index reached 91.2.
- Lower gas prices have provided some relief, but persistent inflation and growing labor market concerns continue to weigh on confidence.
- Spending remains resilient, though consumers are increasingly focused on promotions and value-driven purchases.

MANUFACTURING & RETAIL INVENTORY



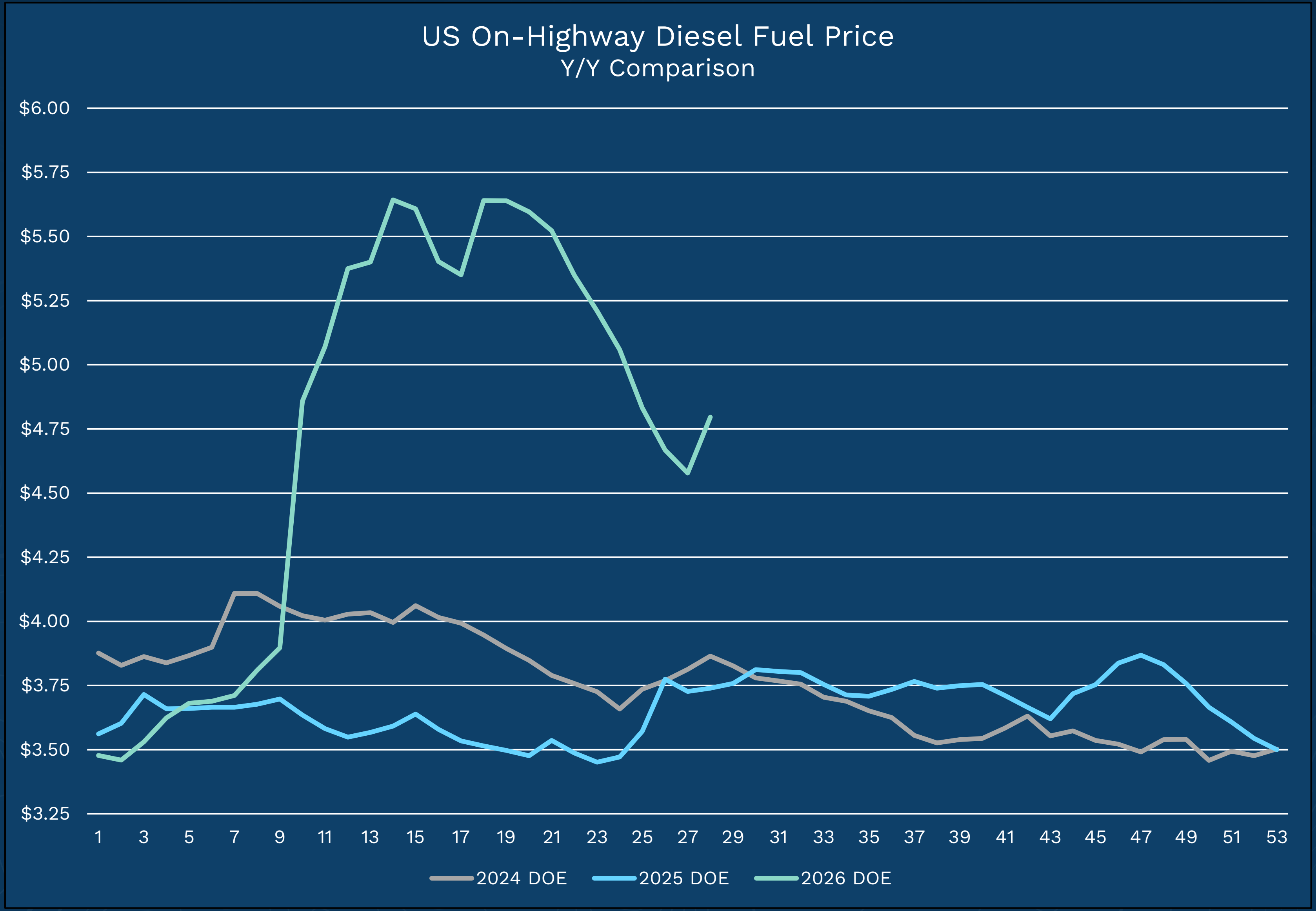
PURCHASING MANAGERS' INDEX

- **Demand improving:** Manufacturing expanded for a sixth month, growing at a slightly slower pace as compared to May.
- **New Orders** (56) moderated but continue to signal healthy future demand while **Production** (52.2) cooled showing softer output momentum. **Prices** slipped sharply from 82.1 to 73, revealing a cool-down in supply costs.
- **Overall tone predominantly cautious:** 66% of comments were negative vs. 34% positive. Geopolitical risk dominates sentiment as well as tariff uncertainty and high input costs.

RETAILERS: INVENTORIES TO SALES RATIO

- The April retail inventory-to-sales ratio remained flat month-over-month at 1.26
- Current inventory levels remain within the estimated optimal range indicating no material imbalance
- Retailers continue to operate under a “just in time” inventory strategy, maintaining disciplined stock levels amid ongoing demand uncertainty

OIL PRICES: MORE THAN JUST DIESEL



Source: U.S. Department of Energy

- **Current costs -** Current On-Highway Diesel Fuel Prices increased 4.8% this week following 10 consecutive weeks of declines as hostilities resumed in the Middle East. Current pump prices are 28.3% above 2025 levels, equating to approximately $0.21/mile YoY spot cost impact.
- **Crude oil price –** Earlier this week, Brent futures passed $86 per barrel as the US-Iran tensions intensified. Prices are headed for a 12% weekly gain, the biggest jump in one week since April.

FREIGHT VOLUME TRENDS

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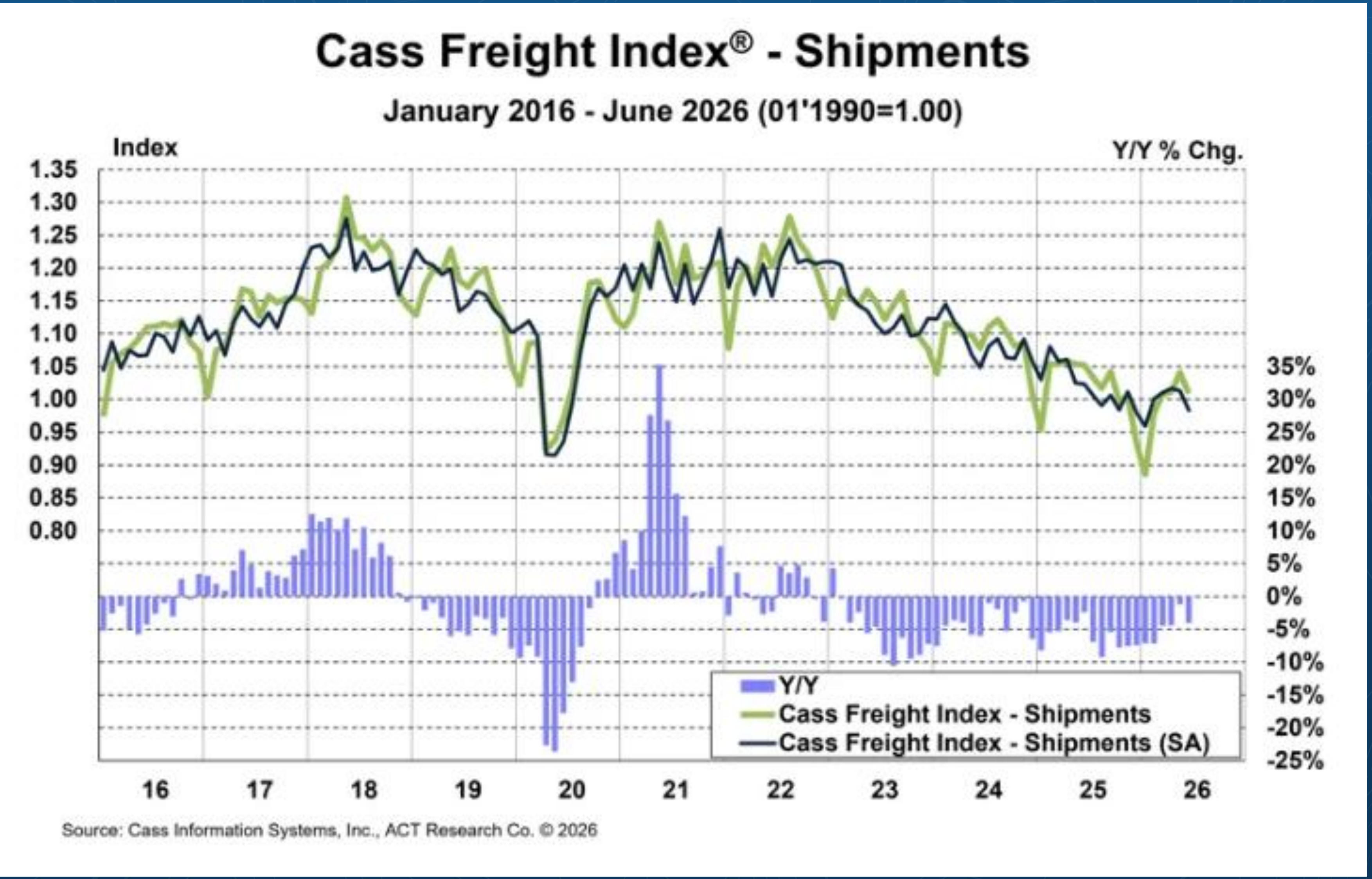


JUNE CASS FREIGHT INDEX

- Down 4.1% y/y but and 3.1% m/m.
- Seasonally adjusted down 2.9% m/m, reversing most of the year-to-date gains
- "Normal" seasonality would place shipments down roughly 3% y/y meaning June was only about one percentage point weaker than seasonal expectations.
- Domestic intermodal is seeing double-digit growth but remains too small to offset broader trucking weakness
- Data within this index includes all domestic freight modes and is derived from 36 million invoices and $36B in spend processed by Cass annually.

FREIGHT VOLUME TRENDS

Source: Bureau of Transportation Statistics
Analysis: Jason Miller – Michigan State University

- Freight demand strengthened unexpectedly in May, with truck ton-miles up 0.7% MoM and 1.4% YoY, signaling demand is contributing more to current market tightening than previously thought.
- Growth is highly concentrated in AI-related sectors, including electrical equipment, machinery, metals, and industrial wholesale distribution.
- Consumer and housing-related freight remains weak, with declines across beverages, furniture, paper, and wood products.
- Market view shifts from 90/10 to 70/30 supply vs. demand-driven pricing, as stronger freight volumes are now playing a larger role in elevated spot rates.
- Key watchout: Freight growth is heavily dependent on the AI infrastructure buildout; a slowdown in AI capex could result in a meaningful downturn for trucking demand, similar to the post-fracking freight recession of 2015–2016.

DEMAND CATALYSTS: CURRENT FACTORS

RESIDENTIAL CONSTRUCTION

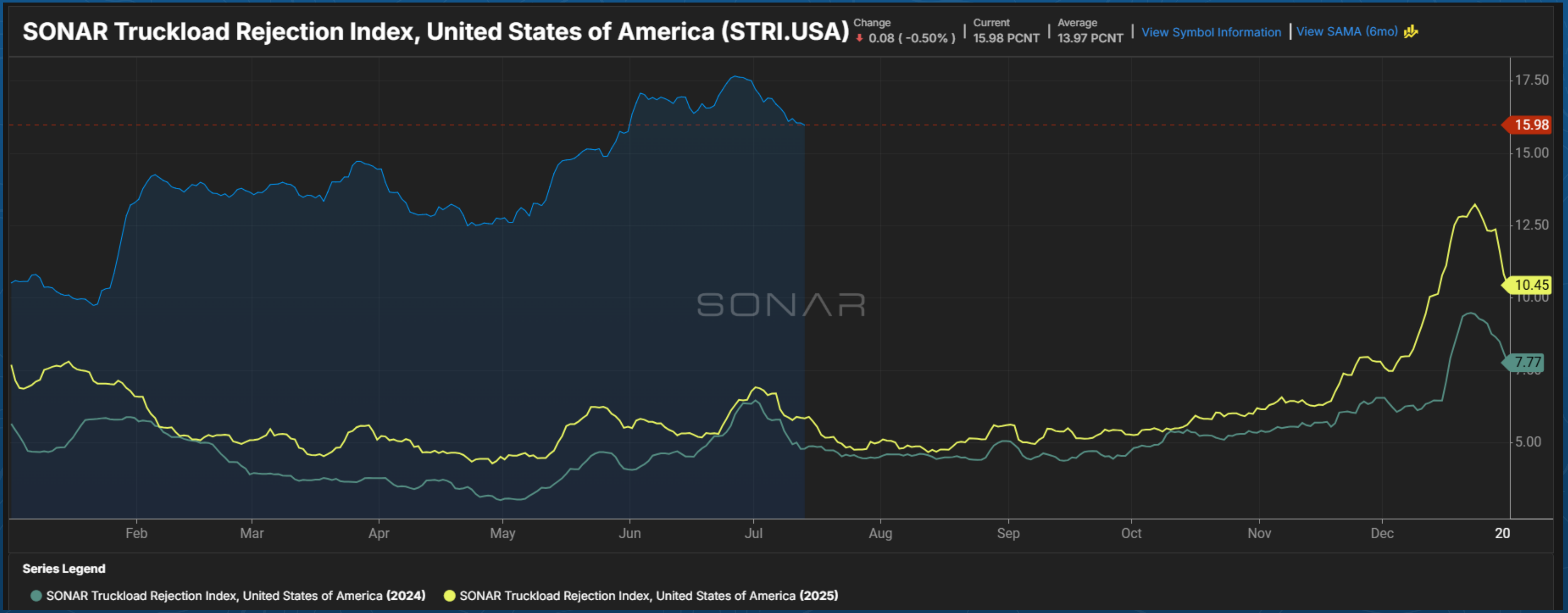
- Housing starts fell sharply in May, dropping 15.4% to their lowest level since 2019 (excluding the 2020 lockdown period), driven by a 41.6% decline in multifamily construction.
- Overall housing starts were down 8.7% year-over-year.
- Home sales were mixed: existing home sales increased, while new home sales declined.
- Rising new-home inventory and mortgage rates near 6.5% continue to weigh on future housing construction activity.

IMPORTS AND TARIFF IMPACTS

- U.S. container import volumes are experiencing an early, compressed peak season in 2026 with July projected to break all-time monthly records. This spike is driven by retailers "frontloading" merchandise to beat expected August tariff increases.
- A 10% across-the-board Section 122 tariff expires July 24 unless extended by Congress.
- New trade investigations (forced labor, excess capacity) could result in additional tariffs under Section 301.
- **USMCA**: The U.S. declined to lock in a long-term agreement, citing trade deficits and a desire to renegotiate specific provisions
  - The treaty remains in effect but requires reviews
  - Trade uncertainty delays expenditures, factory expansions, and hiring
- International trade accounts for ~16–25% of U.S. surface freight volume.

CAPACITY HEADWINDS

FREIGHT REJECTIONS: CARRIER EXITS CATCHING UP



Source: FreightWaves/SONAR Outbound Tender Volume Index – Symbol OTRI

- The current national tender rejection rate is 16.0%. Rejection rates in the 6% - 8% range indicate a more balanced market
- Rejection rates remain well above 2024 and 2025 levels of 4.8% and 5.9%, reflecting the impact of company exits and reduced capacity numbers from larger carriers
- Rejections are declining from their end-of-quarter peak but remain elevated as ongoing supply-side pressure continues to support elevated rejection activity.
- Rejections should decline as contract pricing resets higher

REGULATORY PRESSURES ON CAPACITY AND BROKER LIABILITY

CAPACITY LEGISLATION AND LIABILITY IN THE NEWS

- **Montgomery vs Caribe Transport**- Brokers must exercise reasonable care when hiring carriers.
- **TIA petition for Rulemaking -** The TIA petitioned the FMCSA to establish a motor carrier safety selection standard and publish a list of high-risk motor carriers considering the Supreme Court decision.
- **CDL Schools -** 550 "CDL mills" closed following in-person audits. 7,000 schools removed from the Training Provider Registry (TPR) since 2025.
- **English Proficiency** - Penalties shift from out-of-service orders to license revocation.
- **Motus registration system** - Replacing legacy infrastructure and better track carrier compliance.
- **Business location requirements -** Physical location requirement where records can be inspected within a 48-hour window.

ELECTRONIC LOGGING DEVICES

- 12 devices revoked in May for failing to meet safety standards this year. Since January 2025, the FMCSA has removed 79 devices.
- ELD compliance an area of focus during the CVSA International Road Check.
- Offshore staffing auditing logs and limiting safety.

NON-DOMICILED DRIVERS

- 194,000 non-domiciled CDL holders expected to exit market over five years.
- Delilah’s Law: Proposed federal legislation prohibits states from issuing CDLs to individuals who are not U.S. citizens, lawful permanent residents, or valid work visa holders.
- Some carriers are preemptively reducing non-domiciled drivers.

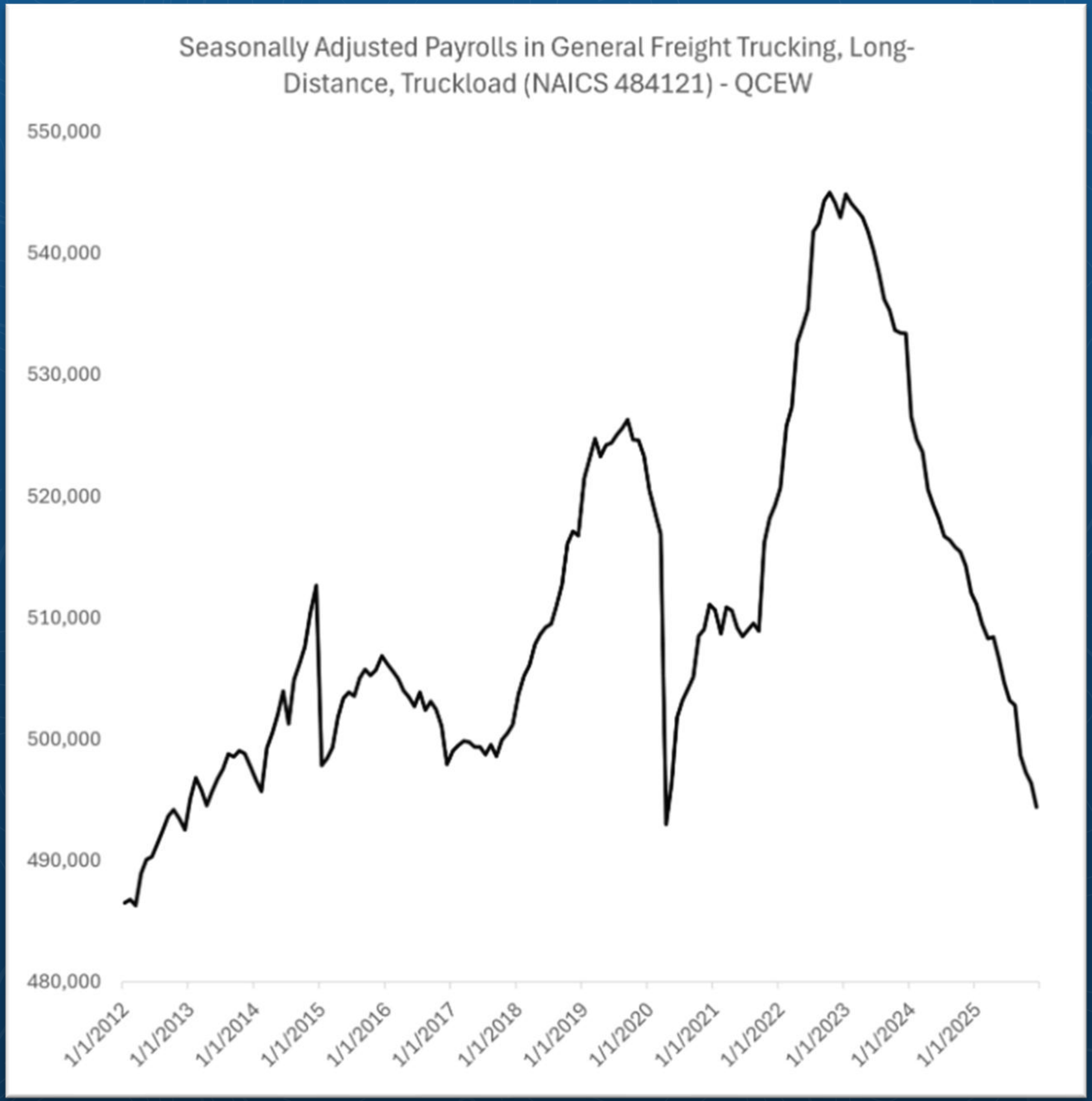
INFLATIONARY PRESSURES ON CAPACITY

ATRI Analysis of the Operational Costs of Trucking: 2026 Update

- Average trucking operating costs reached a record $2.336 per mile in 2025, up 3.4% YoY (+4.2% excluding fuel)
- Driver compensation exceeded $1.00 per mile for the first time
- Fleets deferred equipment replacement, leading to:
  - Rising maintenance expenses
  - Fewer miles between breakdowns
- Carriers responded by reducing capacity:
  - Fleet sizes down 2.4%
  - Approximately 10% of trucks parked/unseated
  - Effective industry capacity down 5.5%

Rising operating costs continue to pressure carrier profitability and support capacity discipline, creating a higher long-term floor for truckload rates even as freight demand remains relatively subdued.

TRUCKING JOB DATA: CAN CAPACITY ABSORB A DEMAND INFLUX?

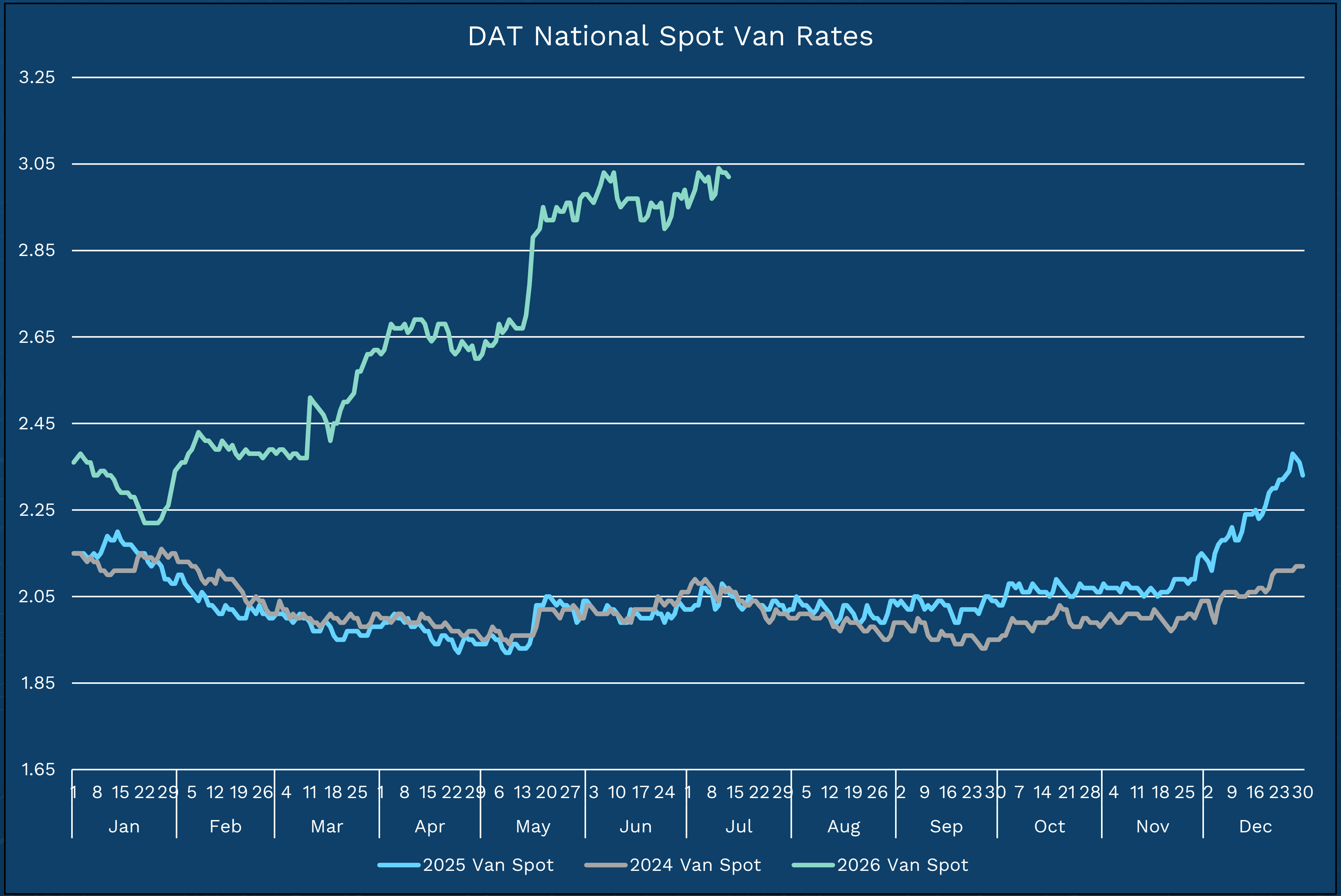


Source: Bureau of Labor Statistics, Jason Miller

- Seasonally adjusted payroll employment for general freight long-distance truckload is down 9.3% from the 2022 peak and down 3.4% y/y with absolute payroll levels at early 2013 levels.
- Jason Miller projects capacity is off by about 5% from where it needs to be for the market to be in equilibrium.
- Capacity exits are still to come as regulatory and inflationary pressures persist, even with rising rates.

NATIONAL RATE TRENDS

NATIONAL SPOT RATES



DAT's Van National Spot Rate (inclusive of fuel) increased 47.5% year over year in June and rose 5.8% month over month from May.

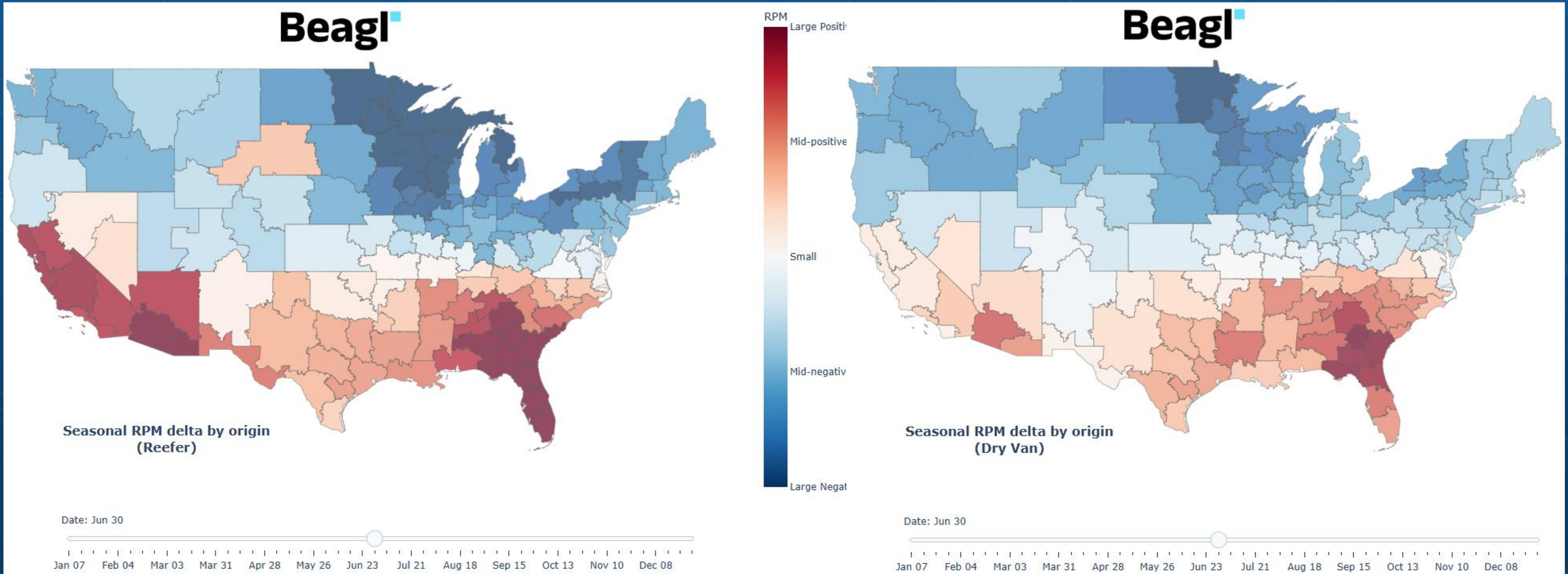
Excluding fuel costs, the linehaul pricing increased 11.2% sequentially for the month and 42.6% y/y.

Total expenditures should decline through July and into August along seasonal trends but will remain elevated from a year-over-year perspective.

DAT's Van National Contract rate continues to rise, up 10.7% y/y in June with a sequential increase of 2.9% from May.

NEAR-TERM MARKET OUTLOOK

SEASONALITY: PRODUCE & 100 DAYS OF SUMMER



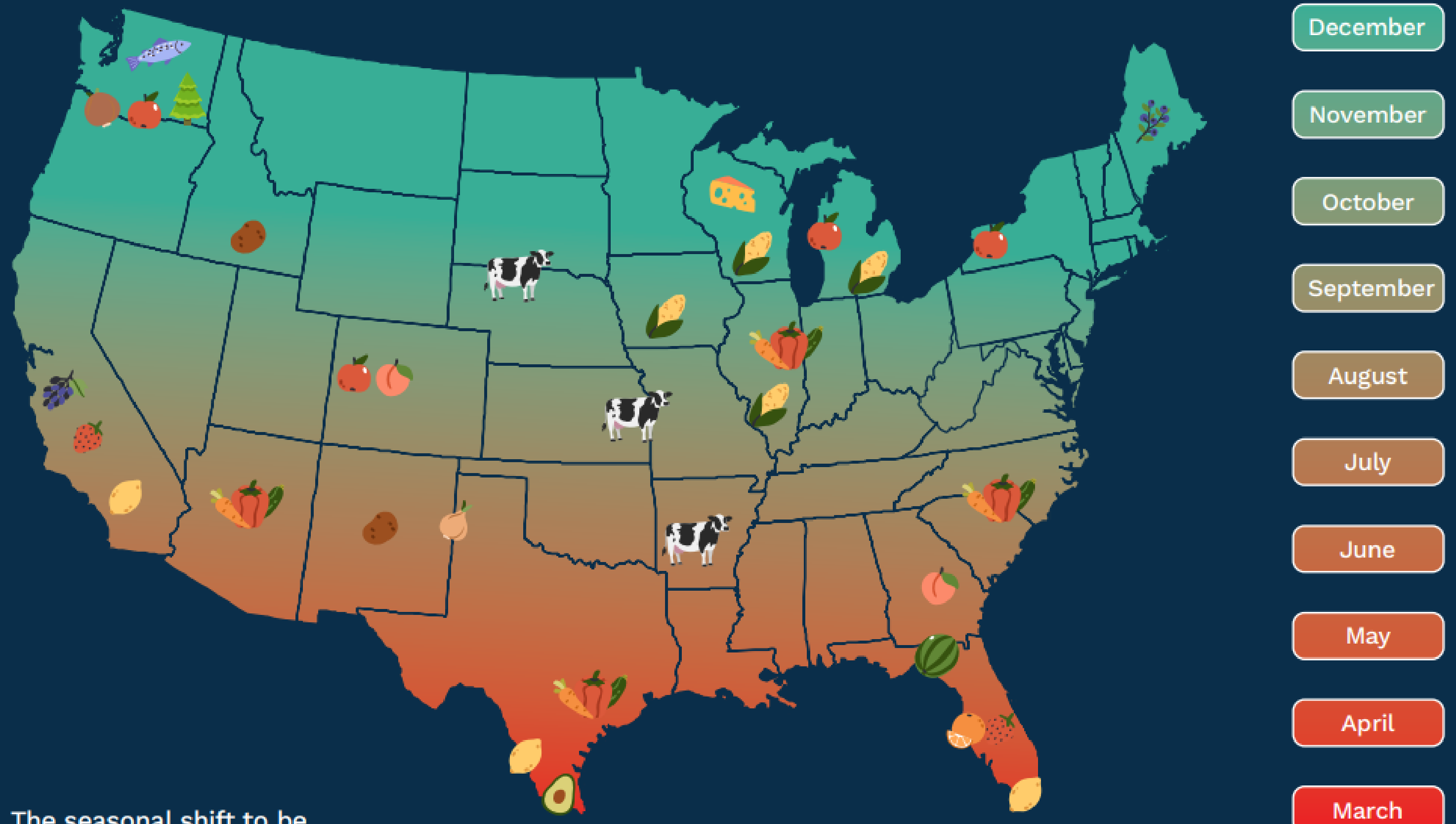
Source: BEAGL

- Expect cost pressure and capacity constraints in southern markets as produce season continues. Northern markets will experience looser capacity and reduced demand, allowing for firmer carrier negotiations.
  - Florida capacity has stabilized with rates decreasing. Georgia will soon follow suit.
  - Capacity and rate challenges will move north into the Carolinas as harvest season begins

PRODUCE MAP

Seasonal **Demand Cycle**

The below map will show the most effective ways to minimize disruptions and anticipate trends during seasonal shifts.



The seasonal shift to be aware of in January and February is winter weather throughout the country.

SEASONAL DEMAND CYCLE

This map highlights key demand cycles in the agricultural market across the country.

It illustrates the most effective ways to minimize disruptions and anticipate trends during seasonal shifts.

The seasonal shift to be aware of in January and February is winter weather throughout the country.

UPCOMING MARKET EVENTS

Produce continues to constrain capacity in southern markets

- Florida capacity has stabilized with rates decreasing. Georgia will soon follow suit.
- Capacity and rate challenges will move north into the Carolinas as harvest season begins

Fourth Quarter Peak Shipping Season

- Holiday shipping begins and continues through the end-of-year

HIGH-LEVEL SUMMARY

- **Economic Conditions**
  - Consumer sentiment at historic lows as inflation and energy concerns persist.
- **Freight Volume Trends**
  - Volumes showing signs of growth but highly segmented by industry.
- **Capacity Headwinds**
  - Federal regulation enforcement and rising carrier costs impacting available supply.
- **National Rate Trends**
  - Supply-side pressure driving rate growth.
- **Near Term Outlook**
  - Outside of further fuel instability and potential tropical disturbances, spot pricing should stabilize if not decline the next two months
  - Contract pricing will continue to rise throughout the remainder of 2026 and into 2027