



**OOIDA**  
Foundation

RESEARCH  
SAFETY  
EDUCATION

April 2025

**MARKET UPDATE**

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# Market Summary

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## Volume/Demand



Weakening



## Capacity



Loosening



## Rates



Falling



## Operating Costs



Falling



## Future Outlook



Negative



# Total Spot Market Cycle Indicator (TSMCI)

**The big picture:** Data available through Truckstop + FTR have effectively identified previous market cycles by simply measuring the spread between the Total Spot Rate and the 3-year moving average. The OOIDA Foundation is calling it the Total Spot Market Cycle Indicator (TSMCI).

- The Total Spot Rate is comprised of all three major trailer types (i.e., dry van, flatbed, and reefer) and what Truckstop calls specialized freight, which is comprised of all the loads that don't fit into the other three categories.

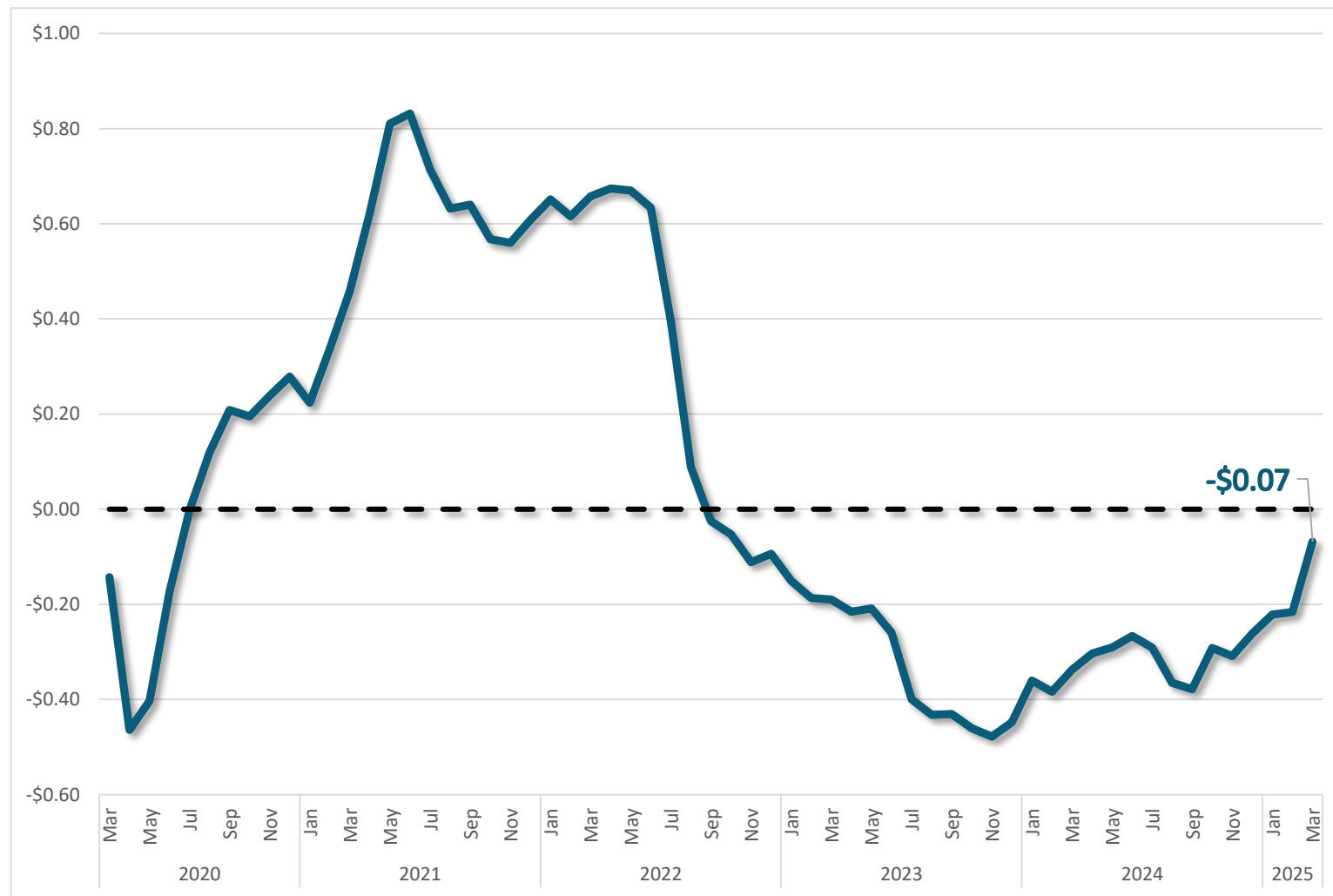
**Why it matters:** Whenever the TSMCI begins to move sharply toward zero, either positively or negatively, the market experiences a shift.

- The market crossed this threshold and entered into an upcycle in May 2017 and July 2020, both of which correspond to commonly accepted periods of bull markets.
- The opposite is also true, the market entered a downcycle, or bear territory, in October 2018 and June 2022.

**Our thoughts:** The TSMCI improved by \$0.15 per mile in March to -\$0.07, primarily due—just as it was last month—to a large increase in flatbed rates.

- The TSMCI is \$0.27 higher year-over-year when the spread was -\$0.34. The TSMCI has increased Y/Y for the past nine months.

**Bottom line:** While the TSMCI improved M/M in March, a number of worrying signs have started to emerge in the data. Primarily in ISM's Manufacturing PMI and Truckstop + FTR's market demand index. These metrics are showing unusual amounts of contraction for this time of year. The only reasonable explanation for this is tariffs and—more particularly—the uncertainty surrounding trade. We expect this to only worsen unless more clarity emerges.



Source: Truckstop + FTR | <https://freight.ftrintel.com/spotmarketinsights> | Monthly

TSMCI = (Total Spot Rate – 3-year moving average)



# Van Market Outlook

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# Van Market Outlook

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**The trucking industry** consists of several different types of operations and segments. While one size certainly doesn't fit all, market analysts typically break down the industry into three main sectors based on trailer type: Van, Flatbed, and Reefer.

It's good to know the current conditions of the freight market, but it's also important to understand what the future holds, especially for your segment of the industry.

To examine the van market outlook, we will look at:

1. **Demand** shows us how many trucks the market needs to move freight.
2. **Rates** illustrate how much the average owner-operator can expect to earn.

**We will also examine three key** economic indicators that directly impact the van market:

1. Merchant Wholesalers
2. Furniture and Household Furnishing Wholesalers
3. Household Appliances, Electrical, and Electrical Goods Wholesalers



# Demand: Van Market Demand Index (MDI)

**The big picture:** The Truckstop and FTR MDI measures the relative demand in the trucking market by calculating the ratio of load postings to truck postings on the Truckstop platform.

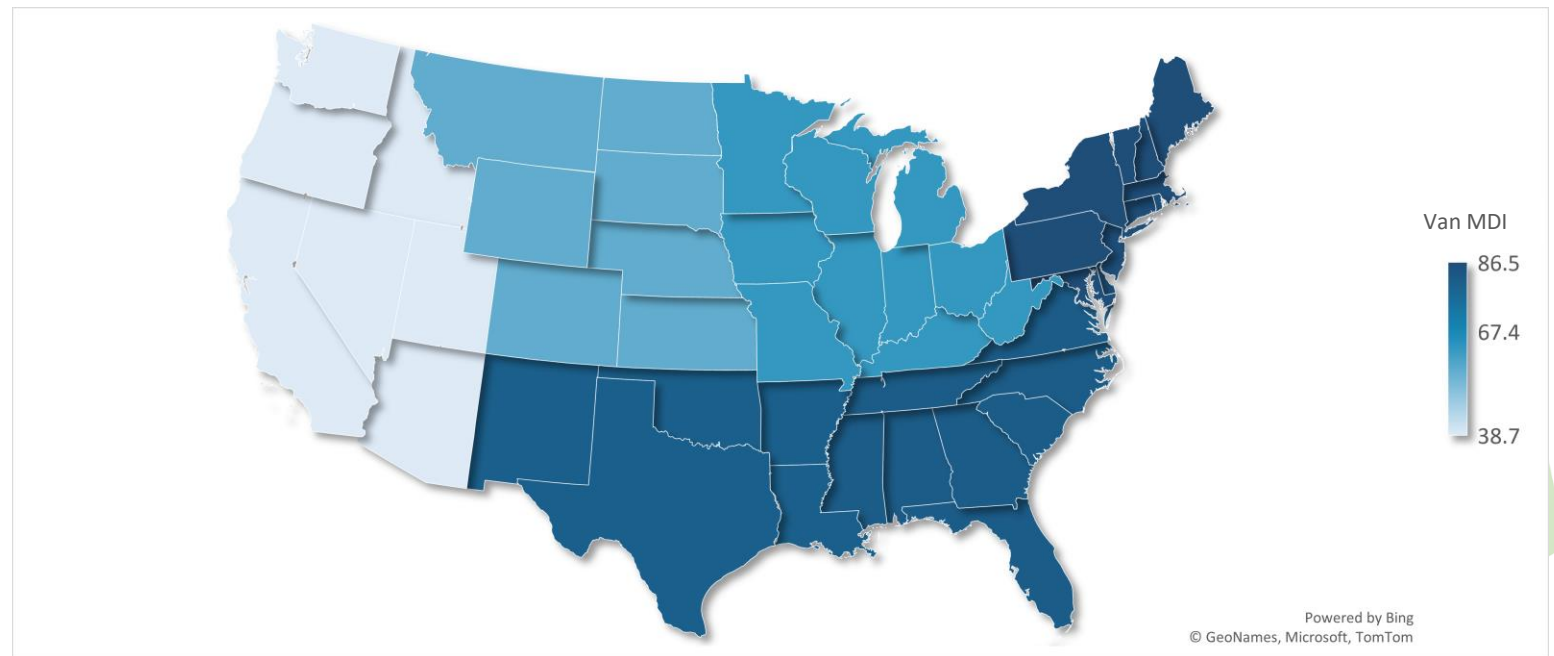
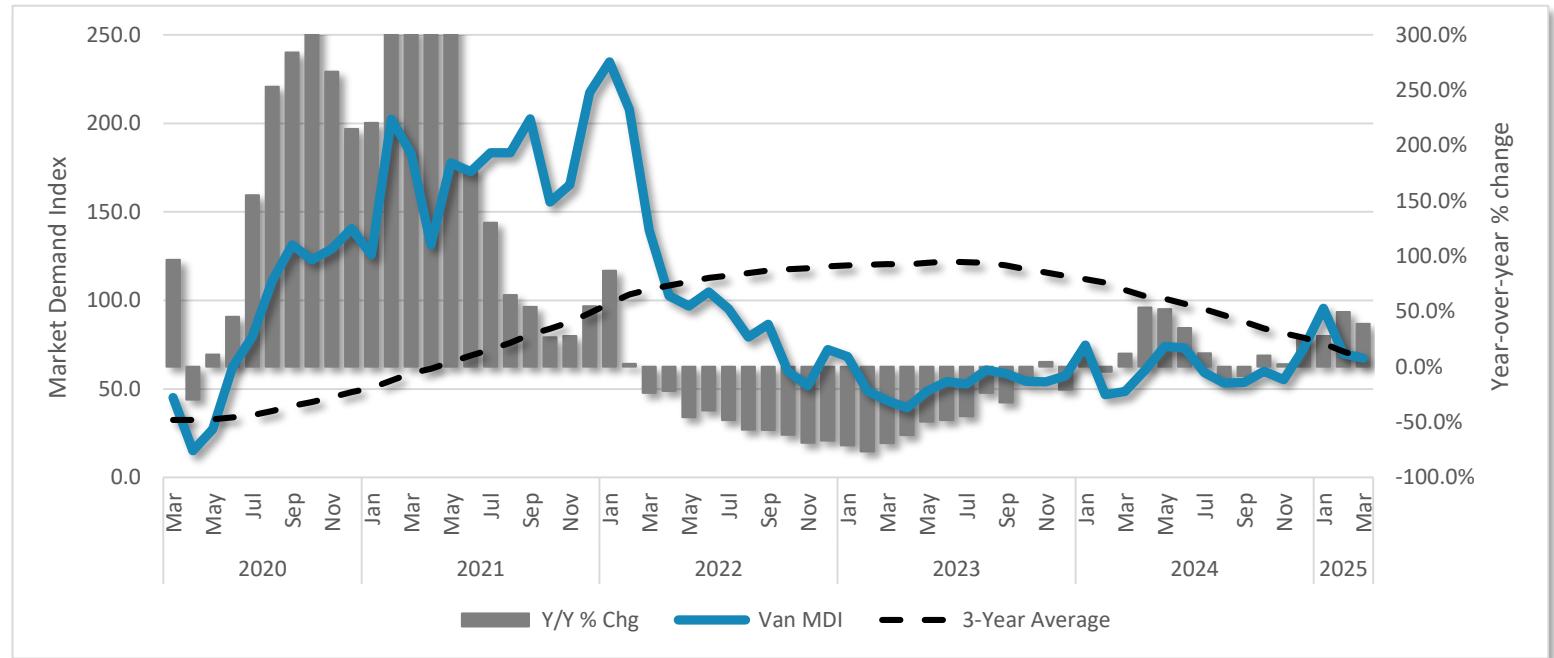
**Why it matters:** The MDI depicts the balance between available freight and available capacity at a given time, meaning that fluctuations in the ratio often signal impending changes in rates.

**Our thoughts:** The Van MDI dropped again in March. The decrease is fairly uncommon for this time of year. Seasonal trends suggest that demand should have seen a modest increase heading into spring, but early data indicates that the effects of the tariffs may already be starting to surface.

- The Van MDI fell 3.5% month-over-month to 67.4, after plummeting 27.0% last month.
- The drop was primarily due to an increase in truck availability (+9.0%) relative to the amount of freight (+5.1%) in the market compared to a month ago.
- The ratio is still 38.9% higher than last year, marking 6 consecutive months of increases, but is still below the 3-year average after briefly moving above the benchmark in January. The ratio needs to be consistently above the 3-year moving average in order to flip the market.

**Regionally speaking,** ratios were more favorable for carriers operating in the Northeast (86.5) and Southeast (81.6) regions, respectively, compared to other areas in the country.

- 3 of the 6 regions experienced a decrease in MDI. The largest decrease was in the Mountain Central region, which dropped 25.5% from 75.7 to 56.4. The next largest decline was in the Midwest, which fell 23.4% month-over-month to 62.7.
- The Southeast experienced the greatest increase at 13.2%.



# Rates: Van Spot Rates

**The big picture:** Truckstop and FTR have partnered together to provide a comprehensive picture of the spot market for various load types, including dry van.

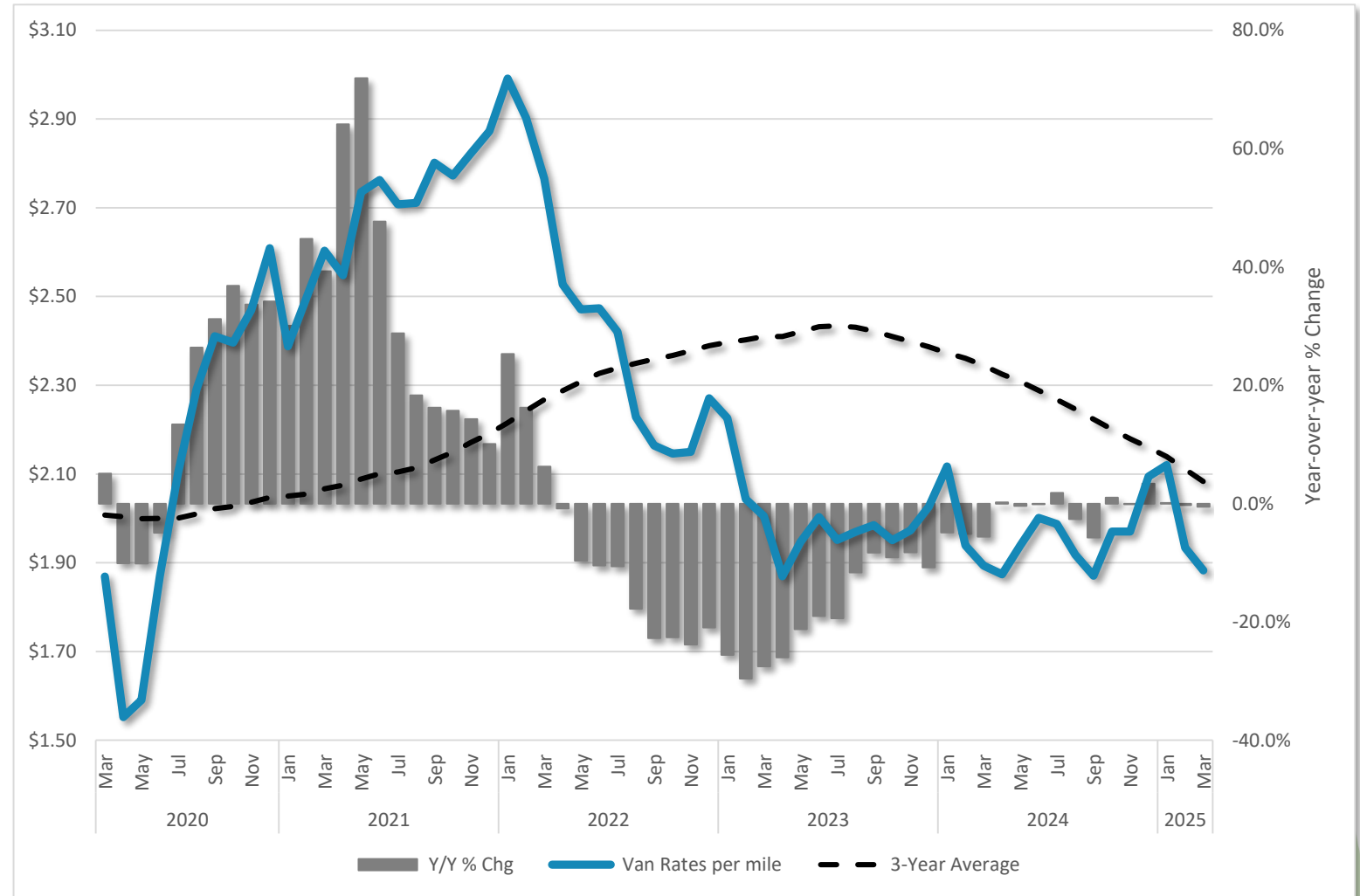
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Dry van spot rates mirrored demand and fell month-over-month (M/M) in March, after falling an astounding \$0.19 last month.

- Spot rates dropped \$0.05 per mile to \$1.88. While rates normally would increase as we move into early spring, we're not sure this will materialize this year.
- Rates are \$0.01 per mile lower than last year.
- Regionally speaking, rates fell 5 of the 6 regions. The greatest decline was in the Midwest, which decreased \$0.12 per mile after falling \$0.24 the previous month.

**Bottom line:** The spread between the spot rate and the 3-year moving average clearly demonstrates where we are in the dry van market cycle.

- Spot rates are \$0.20 per mile below the 3-year moving average, which indicates troubling times ahead.
- Overall the spread worsened M/M by \$0.02 per mile, but is \$0.22 better than where we were last year.



Source: Truckstop + FTR | <https://freight.frintel.com/spotmarketinsights> | Monthly

# Wholesale Trade: Sales and Inventories

**The big picture:** Wholesalers act as intermediaries between manufacturers and retailers, purchasing products in bulk and then reselling them to other businesses.

- The U.S. Census Bureau reports monthly sales data and inventory-to-sale ratios for different types of industries.

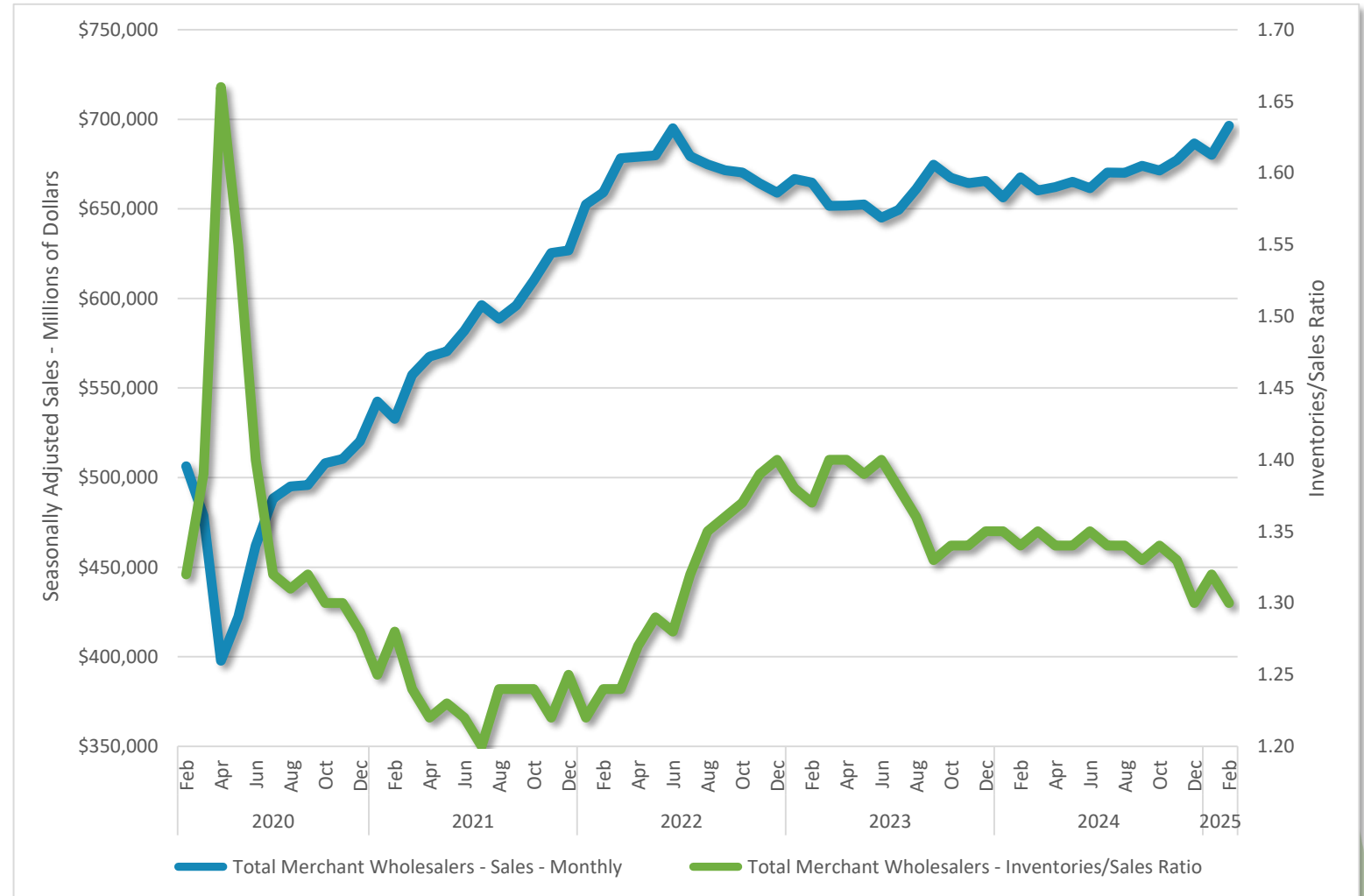
**Why it matters:** Wholesalers account for 30% of for-hire trucking ton-miles and 43% of parcel ton-miles according to the 2017 Commodity Flow Survey.

- Wholesalers' sales and inventory data help us to see which direction freight markets are headed.
- And the lower the inventory that businesses have on hand, the greater their need for freight transportation to restock their goods.

**Our thoughts:** Monthly sales increased while the inventory-to-sales ratio decreased in February, mostly due to a 3.4% increase in durable goods sales and 2. The inventory-to-sales ratio overall is 3.6% below 2019 levels.

- Sales increased \$16.19 billion to \$696.4 billion, and are 4.3%, or \$28.72 billion, higher year-over-year. This marks 11 out of 12 months of Y/Y increases.
- The inventory ratio decreased 1.5% to 1.3, after increasing 1.5% previously. The inventory ratio is 3.0% lower year-over-year, marking 4 straight months of Y/Y decline.

**The bottom line:** Wholesale trade data has a two month lag. Thus, while both sales and inventory ratios were heading in a positive direction, we expect tariffs will negatively impact this trend.



Source: U.S. Census Bureau | <https://www.census.gov/econ/currentdata/> | Monthly

# Wholesale Trade: Furniture and Appliances

**The big picture:** The U.S. Census Bureau reports monthly sales and inventory data for different types of industries, including:

- Furniture and Home Furnishings
- Household Appliances, Electrical, and Electrical Goods

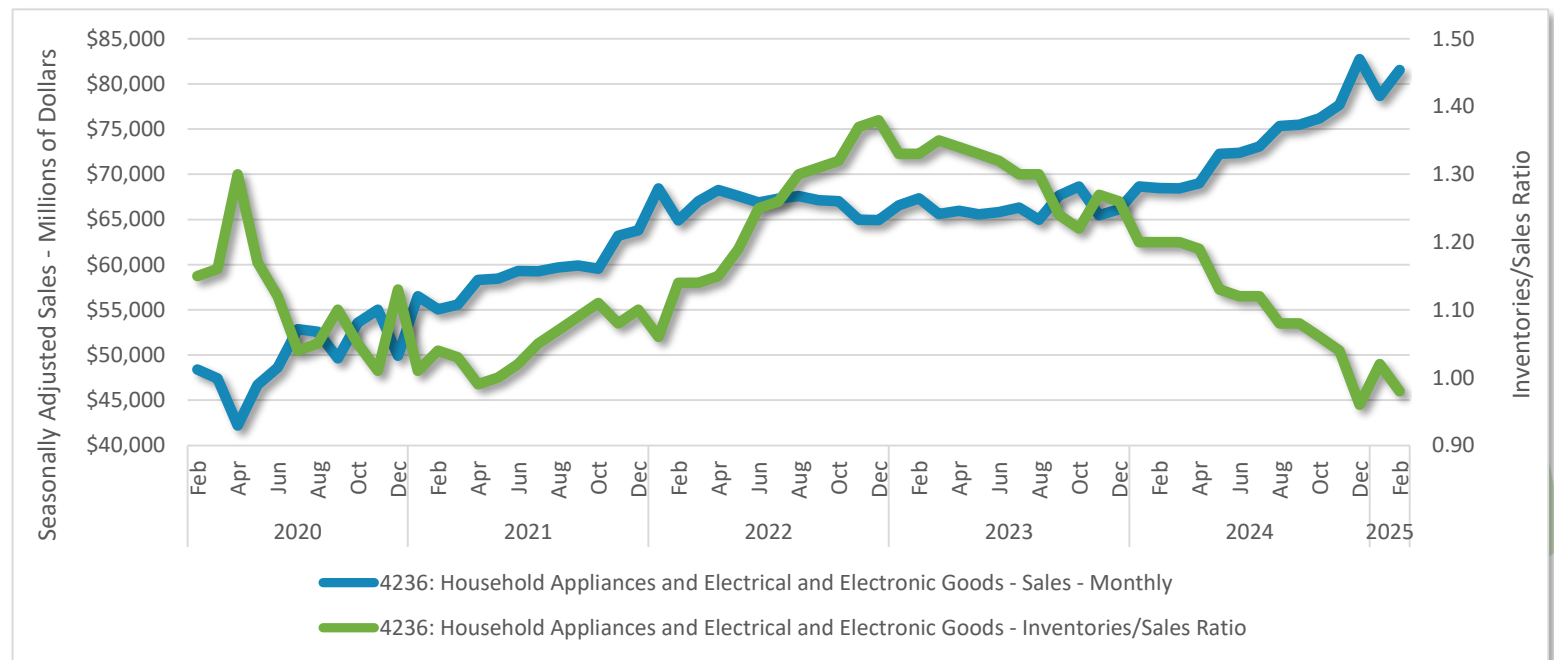
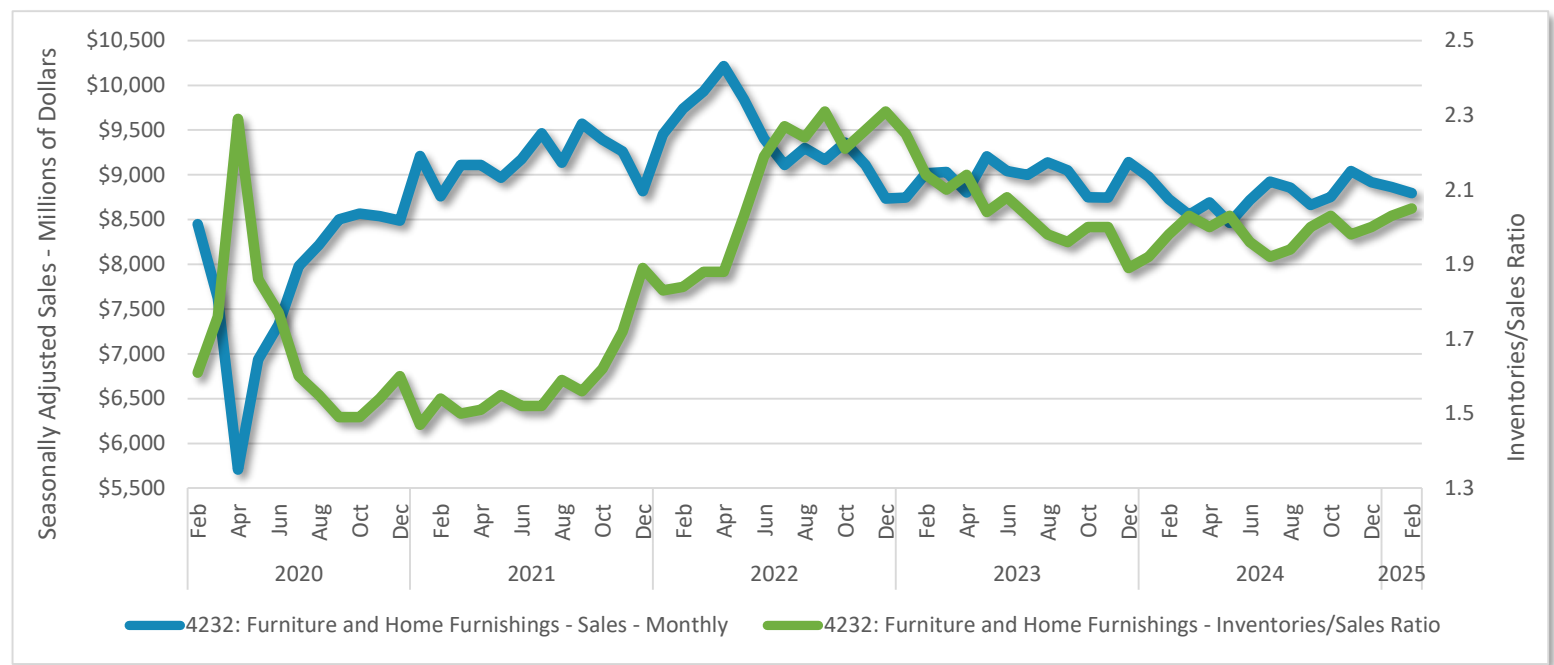
**Why it matters:** Large appliances and furniture generate freight for the dry van segment of the industry.

- Sales and inventories can help an owner-operator to see what direction freight demand is headed.

**Our thoughts:** Furniture wholesalers experienced a decrease in sales and an increase in inventories, which is a headwind for freight. While household appliance wholesalers saw the opposite.

- Furniture Sales fell 0.8% to \$8.79 billion after declining 0.6% in the previous month, while ratios rose 1.0% to 2.0. Ratios have fallen 9.9% from their peak in December 2022.
  - Sales are \$68 million, or 0.8%, higher Y/Y, while ratios are 3.6% higher Y/Y when they were 1.93.
- Household appliances increased \$2.8 billion, to \$81.54 billion. Ratios plummeted 3.9% to 0.98, which is 16.1% below 2019 levels.
  - Sales are \$13.05 billion higher than last year, marking 16 straight months of Y/Y increases, and ratios are 18.3% lower, marking 18 straight months of Y/Y decreases.

**The bottom line:** Household appliances wholesalers have been performing well ever since late 2023, but it appears they might be changing course even as furniture wholesalers continue to struggle. We'll have to see what the next couple months bring as a potential trade war is ongoing. We expect April's data will show a stark change.





# Flatbed Market Outlook

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# Flatbed Market Outlook

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**The trucking industry** consists of several different types of operations and segments. While one size certainly doesn't fit all, market analysts typically break down the industry into three main sectors based on trailer type: Van, Flatbed, and Reefer.

It's good to know the current conditions of the freight market, but it's also important to understand what the future holds, especially for your segment of the industry.

To examine the Flatbed market outlook, we will look at:

1. **Demand** shows us how many trucks the market needs to move freight.
2. **Rates** illustrate how much the average owner-operator can expect to earn.

**We will also examine three key** economic indicators that directly impact the flatbed market:

1. Industrial Production Flatbed Composite Index
2. U.S. Census Bureau Housing Unit Starts
3. U.S. Census Bureau Housing Units Under Construction



# Demand: Flatbed Market Demand Index (MDI)

**The big picture:** The Truckstop and FTR MDI measures the relative demand in the trucking market by calculating the ratio of load postings to truck postings on the Truckstop platform.

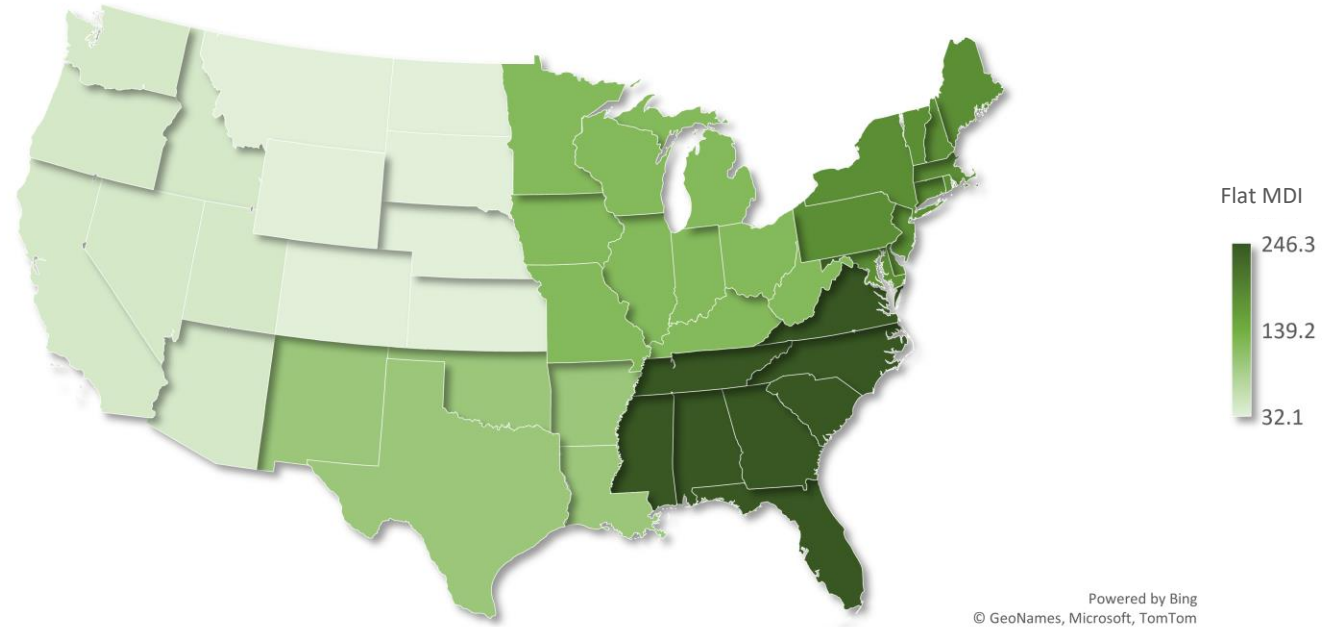
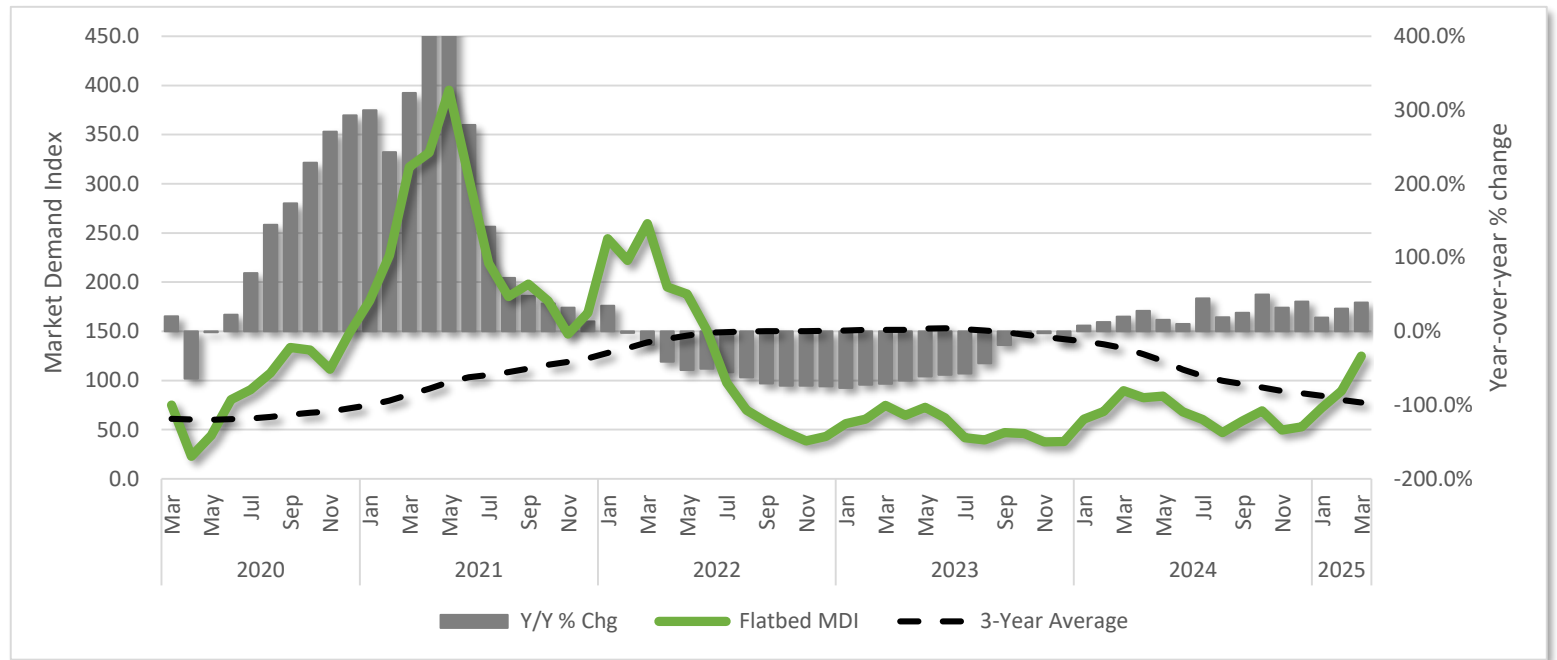
**Why it matters:** The MDI depicts the balance between available freight and available capacity at a given time, meaning that fluctuations in the ratio often signal impending changes in rates.

**Our thoughts:** The Flatbed MDI jumped again in March, which is typical for this time of the year as we head into spring.

- The Flatbed MDI increased 39.6% month-over-month to 124.9, after rising 24.0% last month. This marks four consecutive months of increases.
- The increase was a combination of an increase in freight (+41.1%) and a relatively small increase in available trucks (+1.1%) compared to a month ago.
- The ratio is 39.2% higher than last year, marking nine straight months of growth, and is 61.2% above the 3-year average, which is a positive indicator of demand for this sector.

**Regionally speaking,** ratios were more favorable for carriers operating in the Southeast (246.3) and Northeast (178.3) regions, respectively, compared to other areas in the country.

- 5 of the 6 regions experienced an increase in MDI. The largest increase being the South Central region, which soared 58.1% from 62.2 to 98.3.
- The only decrease was in the Mountain Central region, which fell 39.9% from 53.5 to 32.1.



# Rates: Flatbed Spot Rates

**The big picture:** Truckstop and FTR have partnered together to provide a comprehensive picture of the spot market for various load types, including flatbed.

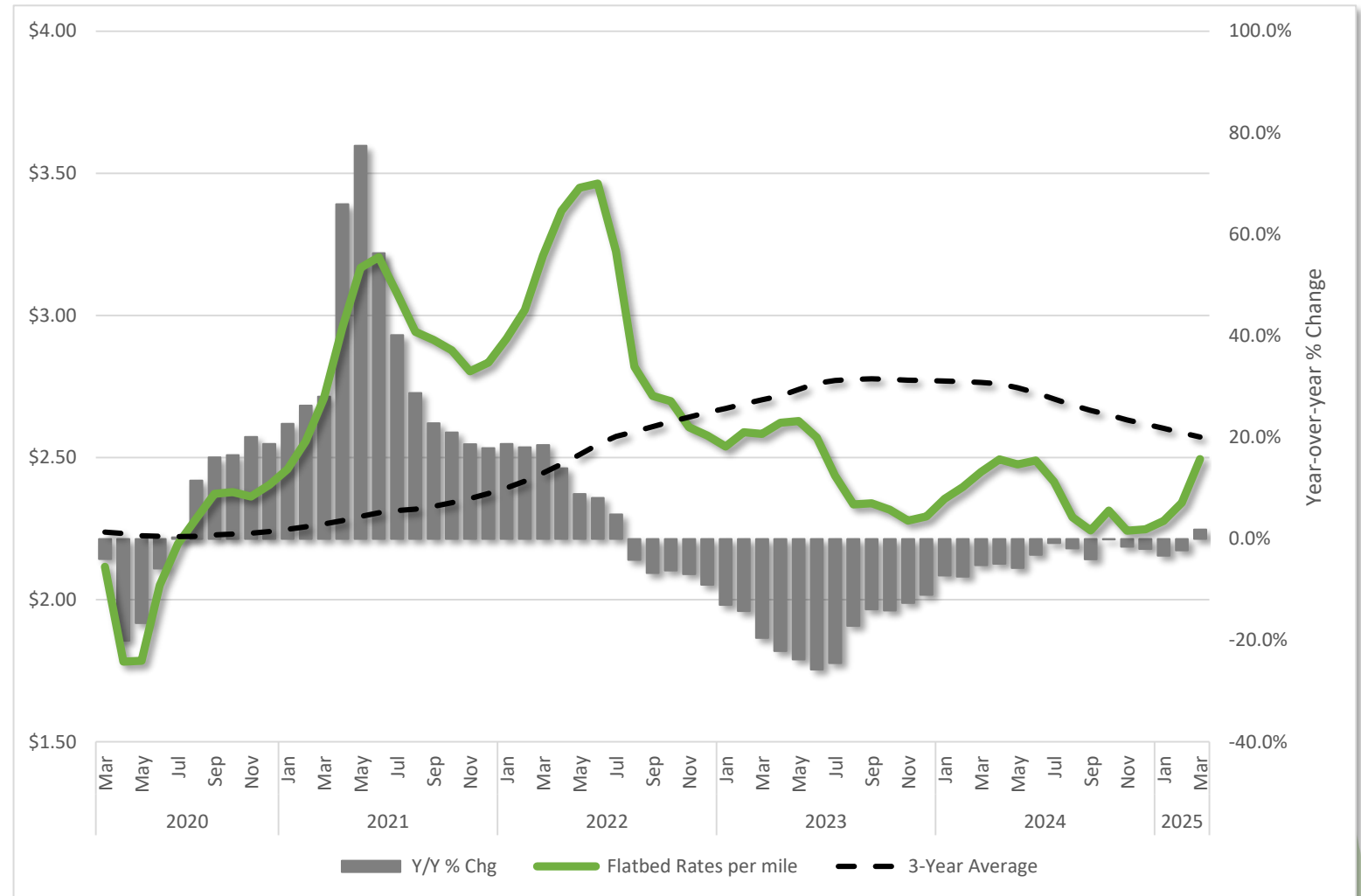
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Flatbed spot rates jumped upward month-over-month (M/M) in March, after increasing \$0.06 per mile last month, marking four straight months of growth.

- Spot rates increased \$0.15 per mile M/M to \$2.49, and are 1.8%, or \$0.04 per mile higher than last year.
- Flatbed spot rates increased year-over-year for the first time 32 months, but are \$0.08 per mile below the 3-year moving average (\$2.57).
- Regionally speaking, all 6 regions experienced an increase in rates. The largest increase occurred in the Southeast region, which jumped \$0.18 to \$2.54 per mile.

**Bottom line:** The spread between the spot rate and the 3-year moving average clearly demonstrates where we are in the flatbed market cycle.

- The spread improved M/M by \$0.17 per mile in March, and is \$0.24 better than where we were last year.



Source: Truckstop + FTR | <https://freight.frintel.com/spotmarketinsights> | Monthly

# Industrial Production: Flatbed Composite Index

**The big picture:** The Federal Reserve Board's Industrial Production (IP) index measures the real output of various manufacturing industries.

- Manufacturing makes up about 60% of all for-hire trucking ton-miles, making the IP Index a great indicator of future demand.

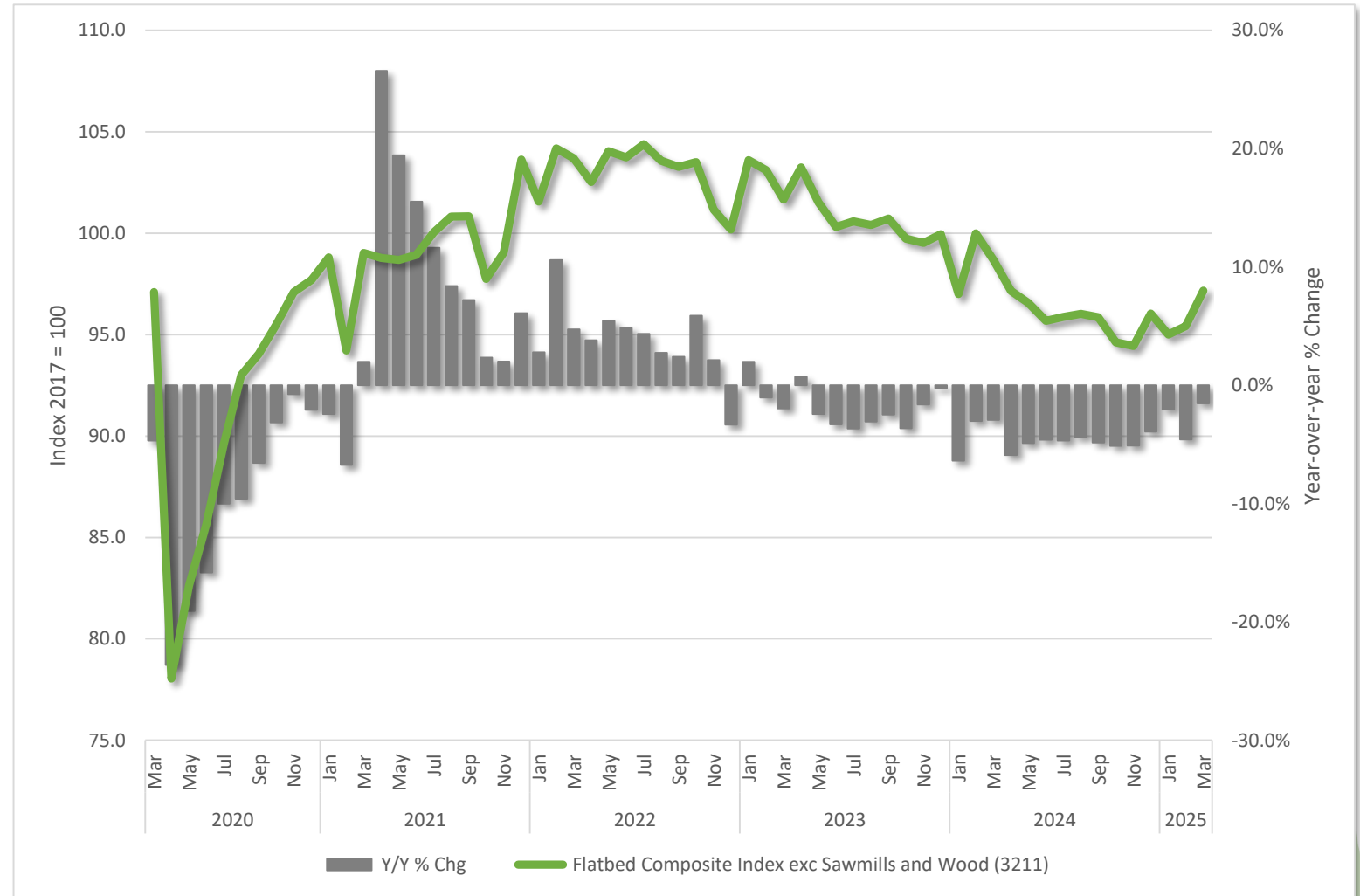
**Why it matters:** Flatbed trucking is often linked to industries related to steel production, construction materials, mining, agriculture equipment, heavy machinery, oil and gas equipment, and lumber shipments.

- With this in mind, we've created a composite index using these sectors to forecast demand for flatbed trucking.

**Our thoughts:** The seasonally-adjusted flatbed composite index (FCI), which correlates strongly with the spot market, increased in March after rising 0.4% in February following adjustments.

- The FCI jumped 1.8% to 97.2, marking two consecutive months of growth following adjustments.
- The FCI is 1.5% lower year-over-year when the index read at 98.7. The FCI has declined Y/Y for 23 straight months.
- The index is 2.5% below the 3-year average.

**Bottom line:** The primary driver for the increase in March was due to mining except oil and gas (NAICS 212) and cement and concrete product (NAICS 3273)



Source: Federal Reserve Board | <https://www.federalreserve.gov/releases/g17/Current/> | Monthly

# Housing: Starts, Under Construction, Completed

**The big picture:** The U.S. Census Bureau publishes monthly estimates on the number:

- Housing starts, and
- Housing under construction.

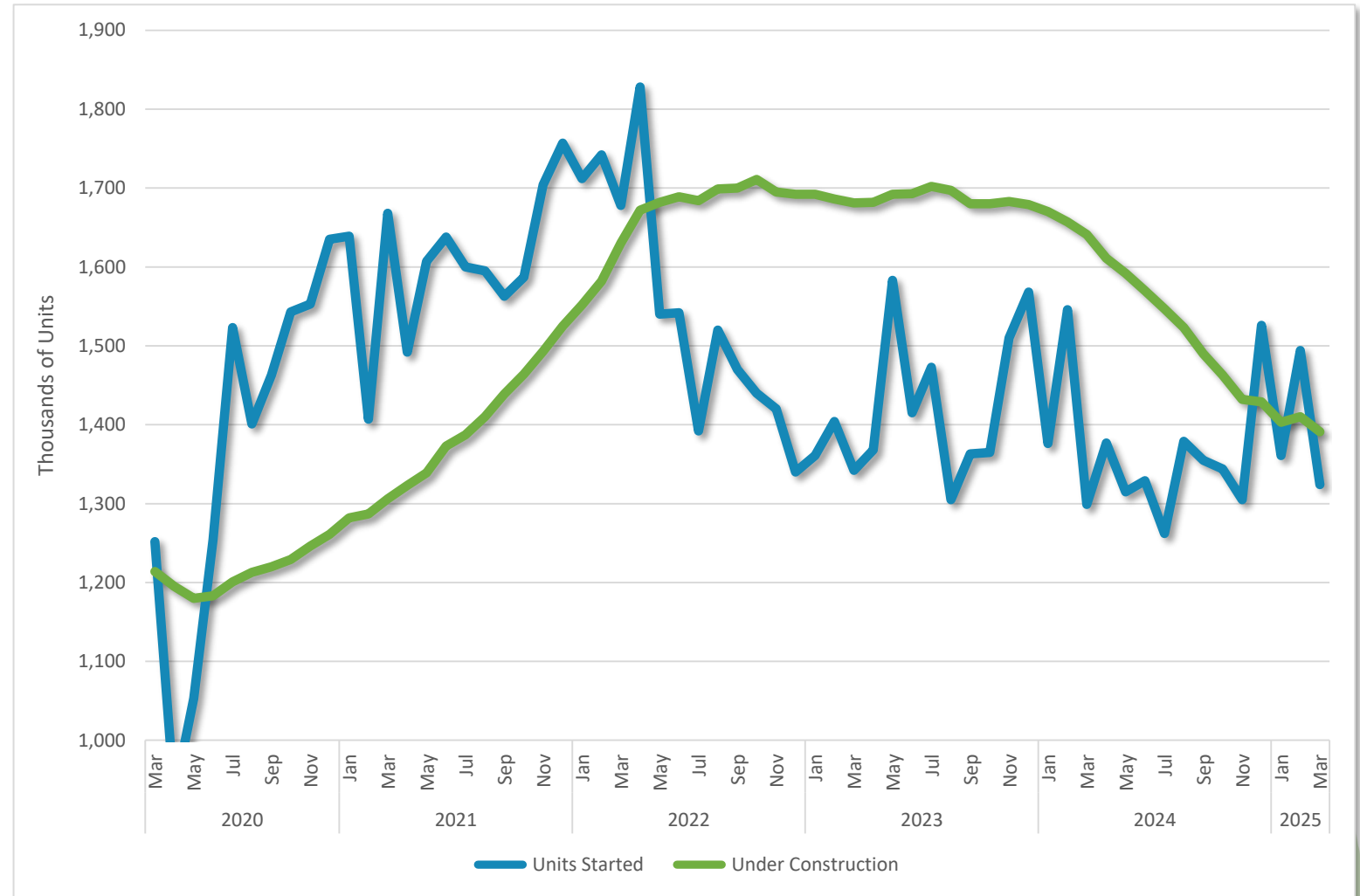
**Why it matters:** New housing is an important capital good that spurs additional consumer spending on appliances and furniture.

- It's a key economic indicator, especially for the flatbed trucking sector, which hauls a variety of building materials.

**Our thoughts:** Housing starts contracted in March after rising 9.8% in the previous month after adjustments. If tariff policies remain in place, we expect that housing starts will continue to contract overall.

- New starts plummeted 11.4%, or 170,000 houses, month-over-month to 1.324 million, but are up 1.9%, or 25,000 homes year-over-year (Y/Y), marking 4 Y/Y increases in 13 months.
- Houses under construction decreased in March after turning positive for the 1<sup>st</sup> time in 13 months in February. Construction decreased 1.3% to 1.391 million, and are 15.2% lower Y/Y.
- Completed houses (not pictured) dropped 2.1% month-over-month but are up 3.9%, or 58,000 homes, Y/Y.

**Bottom line:** The 10-year U.S. Treasury Yield (not pictured), which directly impacts mortgage rates, fell 0.2 percentage points in March, but remains high. The median price for existing single-family homes (not pictured) was 3.7% higher February compared to the previous year. This presents a headwind for the housing market and, in turn, for freight demand.



Source: FRED | <https://fred.stlouisfed.org/series/HOUST> and <https://fred.stlouisfed.org/series/UNDCONTSA> | Monthly



# Reefer Market Outlook

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# Reefer Market Outlook

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**The trucking industry** consists of several different types of operations and segments. While one size certainly doesn't fit all, market analysts typically break down the industry into three main sectors based on trailer type: Van, Flatbed, and Reefer.

It's good to know the current conditions of the freight market, but it's also important to understand what the future holds, especially for your segment of the industry.

To examine the reefer market outlook, we will look at:

1. **Demand** shows us how many trucks the market needs to move freight.
2. **Rates** illustrate how much the average owner-operator can expect to earn.

**We will also examine two key** economic indicators that directly impact the reefer market:

1. USDA Refrigerated Truck Volumes
2. USDA Truck Availability Data



# Demand: Reefer Market Demand Index (MDI)

**The big picture:** The Truckstop and FTR MDI measures the relative demand in the trucking market by calculating the ratio of load postings to truck postings on the Truckstop platform.

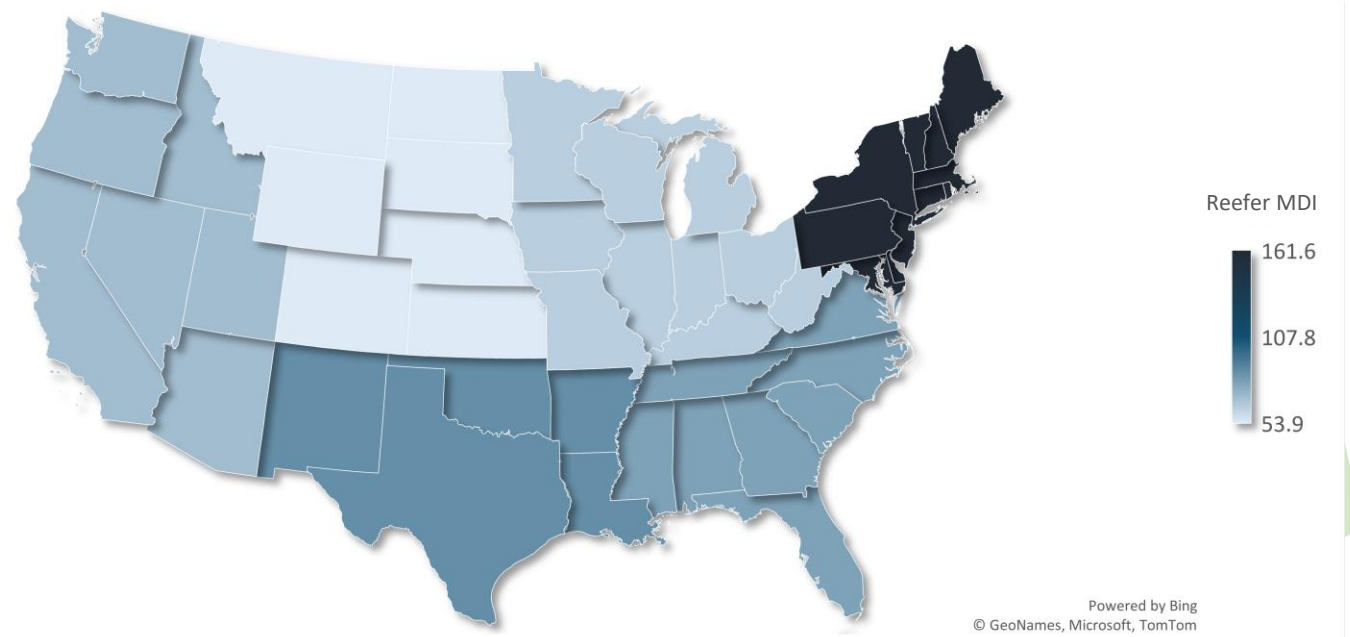
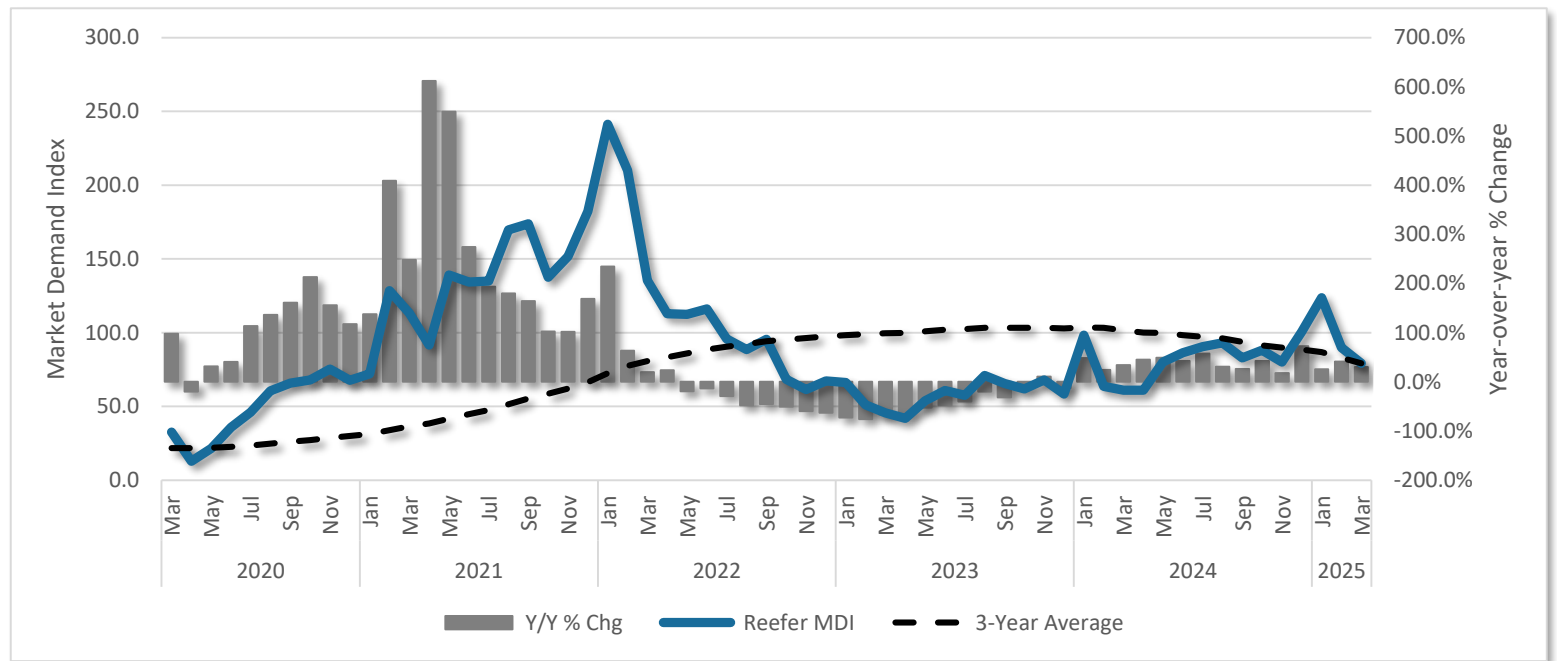
**Why it matters:** The MDI depicts the balance between available freight and available capacity at a given time, meaning that fluctuations in the ratio often signal impending changes in rates.

**Our thoughts:** The Reefer MDI fell again in March. The decrease was typical for the season as demand usually decreases/remains flat until the start of produce season in April.

- The Reefer MDI fell 11.9% month-over-month to 79.2, after plummeting 27.3% last month.
- MDI declined primarily due to a decrease in freight (-1.6%) relative to a large increase in truck capacity (+11.8%) compared to the previous month.
- The ratio is still 29.9% higher than last year, marking 15 consecutive months of increases, but is 0.1% below the 3-year average.

**Regionally speaking,** ratios were more favorable for carriers operating in the Northeast (161.6) and the South Central (85.6) regions, compared to other areas in the country.

- 4 of the 6 regions experienced a decrease in MDI. The largest decline was in the South Central region, which dropped 23.0%. The second largest decline occurred in the Mountain Central region, which fell 22.1% from 69.2 to 53.9.



# Rates: Reefer Spot Rates

**The big picture:** Truckstop and FTR have partnered together to provide a comprehensive picture of the spot market for various load types, including dry van.

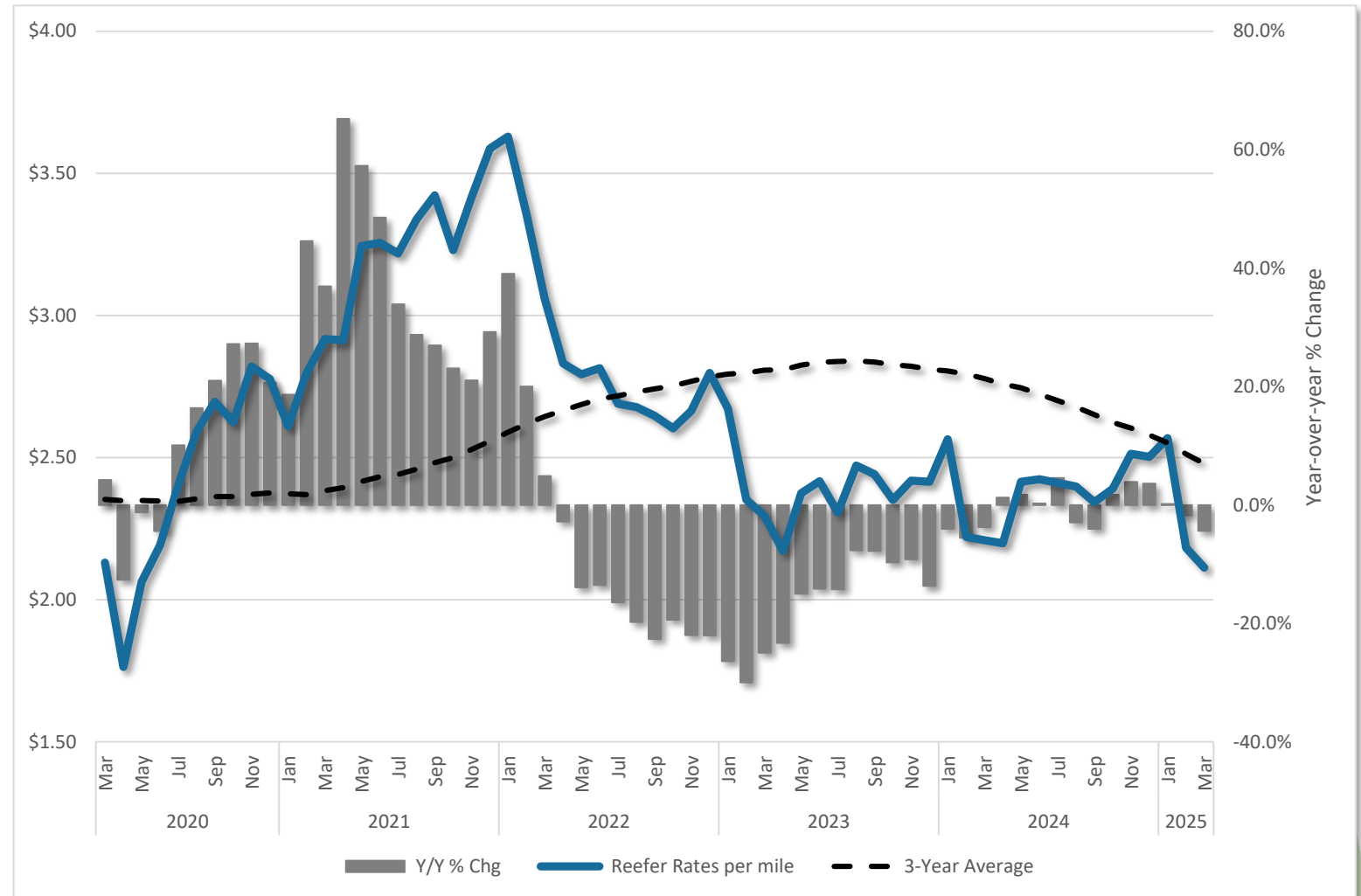
**Why it matters:** These rates reflect the condition of the freight market in real-time. Please note that they include fuel surcharges.

**Our thoughts:** Reefer spot rates moved with demand and fell significantly month-over-month (M/M) in March, after dropping \$0.39 per mile in the previous month.

- Spot rates dropped \$0.07 per mile M/M to \$2.11, marking 2 consecutive months of contraction, and are \$0.10 lower than last year when rates were \$2.21.
- Spot rates have decreased year-over-year for 2 straight months, and are \$0.37 per mile below the 3-year moving average.
- Regionally speaking, all 6 regions experienced a decrease in rates. The largest decrease occurred in the Midwest, where rates fell \$0.49 per mile to \$2.39. The smallest decrease was in the Southeast, which dropped \$0.13 per mile to \$2.00.

**Bottom line:** The spread between the spot rate and the 3-year moving average clearly demonstrates where we are in the reefer market cycle.

- The spread worsened by \$0.04 per mile M/M, but is \$0.20 better than last year when the spread was negative \$0.57.



Source: Truckstop + FTR | <https://freight.ftrintel.com/spotmarketinsights> | Monthly

# Fruit and Vegetable Industry: Truck Volume

**The big picture:** The USDA's Crops report includes daily fruit and vegetable volume data by weight for different regions and commodities.

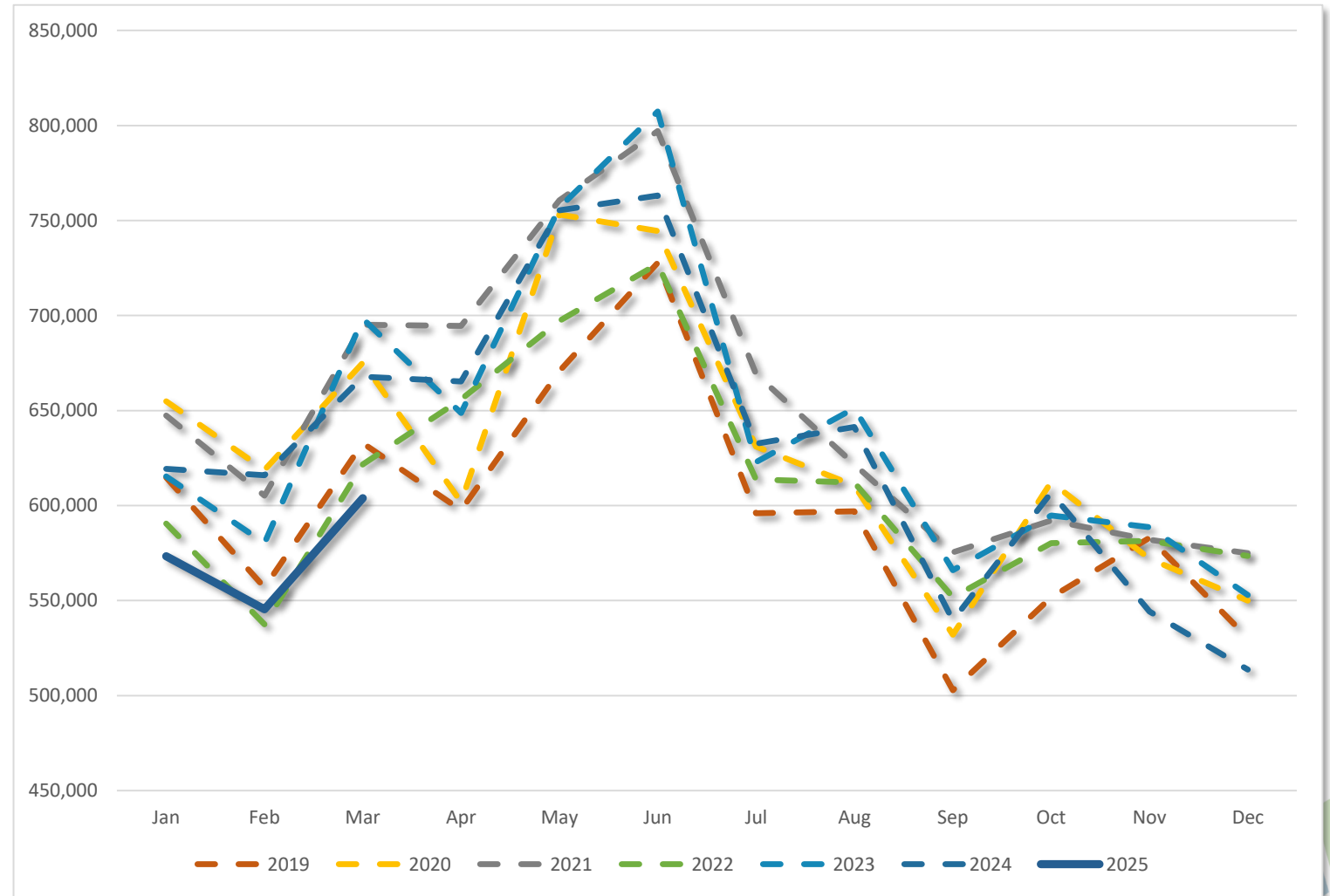
**Why it matters:** This information is a barometer for the health of the overall reefer market.

- It also provides visibility into what exactly is driving reefer rates, either volume, capacity, or a combination of both.

**Our thoughts:** Reefer volumes jumped in March after dropping 4.9% in February following adjustments. The chart depicts that volumes are low compared to the seasonal trend, but this might be due to the winter storms and the fires in California.

- Reefer volumes increased 10.7% month-over-month to 603,865 pounds, but are 23.1%, or 154,141 pounds, lower year-over-year.
- The California region increased 44.3% month-over-month, but is 73.3% lower compared to last year.
- 12 regions experienced increases in volumes. The greatest increases occurred in the California, New York, and Florida regions, respectively.

**The bottom line:** Volumes are substantially lower than where we were in 2019, which is a bad indicator for freight demand.



Source: USDA | <https://agtransport.usda.gov/stories/s/56s5-rpde> | Weekly

# Fruit and Vegetable Industry: Truck Availability

**The big picture:** The USDA's Crops report includes daily fruit and vegetable data for refrigerated truck availability across different regions and commodities.

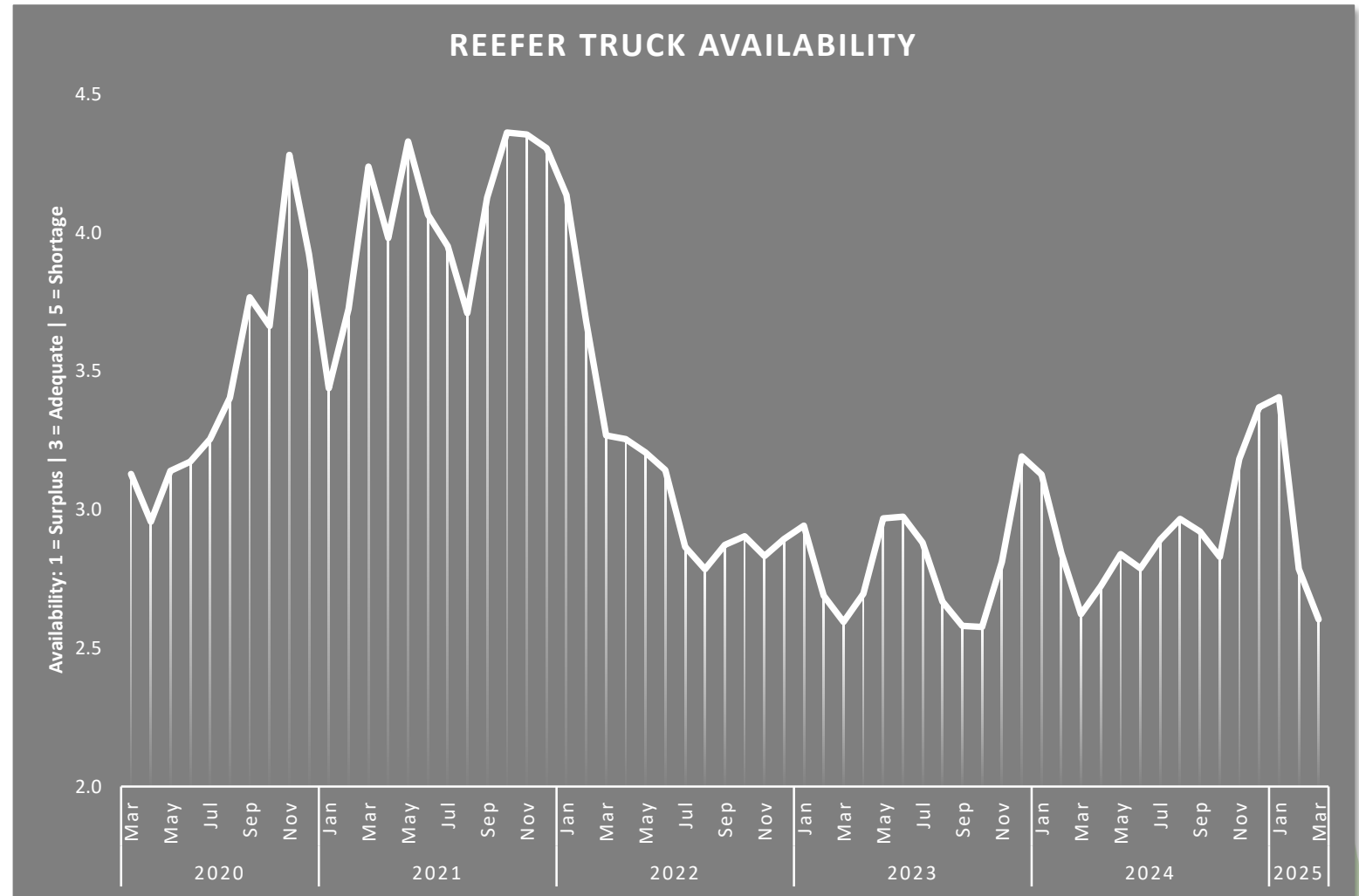
**Why it matters:** This information is a barometer for the health of the overall reefer market.

- **Reefer Truck Availability** is coded on a scale of 1 to 5, with 1 representing a surplus and 5 representing a shortage of trucks.

**Our thoughts:** Though volumes went up, reefer truck capacity continues to loosen. However, this loosening is typical for this time of year.

- Reefer truck availability loosened to 2.6, and is 1% looser than the previous year. Capacity is 12.6% more loose than in 2019.
- Availability was mostly flat overall, while the Texas and California regions experienced the greatest loosening compared to the previous month.

**Bottom line:** The market continues to be plagued with persistent overcapacity—even despite the increase in volumes—which is a headwind for rates. Tariffs could further exacerbate the issue by raising prices for farmers.



Source: USDA | <https://agtransport.usda.gov/stories/s/56s5-rpde> | Monthly



# Trucking Market Update

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# Trucking Market Update

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**OOFI designed** this update to help the owner-operator gain insight into the current conditions of today's freight market. To do so, we will look at four key categories:

- 1. Volume** levels help us to see how much freight needs to be moved overall.
- 2. Supply/Demand** shows us how many trucks there are in the market and how many are needed.
- 3. Rates** illustrate how much the average owner-operator can expect to currently earn.
- 4. Operating Costs** depict the every-day expenses for the average owner-operator.

**The bottom line:** OOFI will break down each category and explain how they pertain to you as a small business owner.



# Volume: Cass Shipment Index

**The big picture:** The Cass Shipment Index includes data from all domestic freight modes with trucking accounting for more than 75% of all activity.

- The index is an indicator of U.S. shipping activity, containing 37 million invoices across 400 companies and manufacturers.

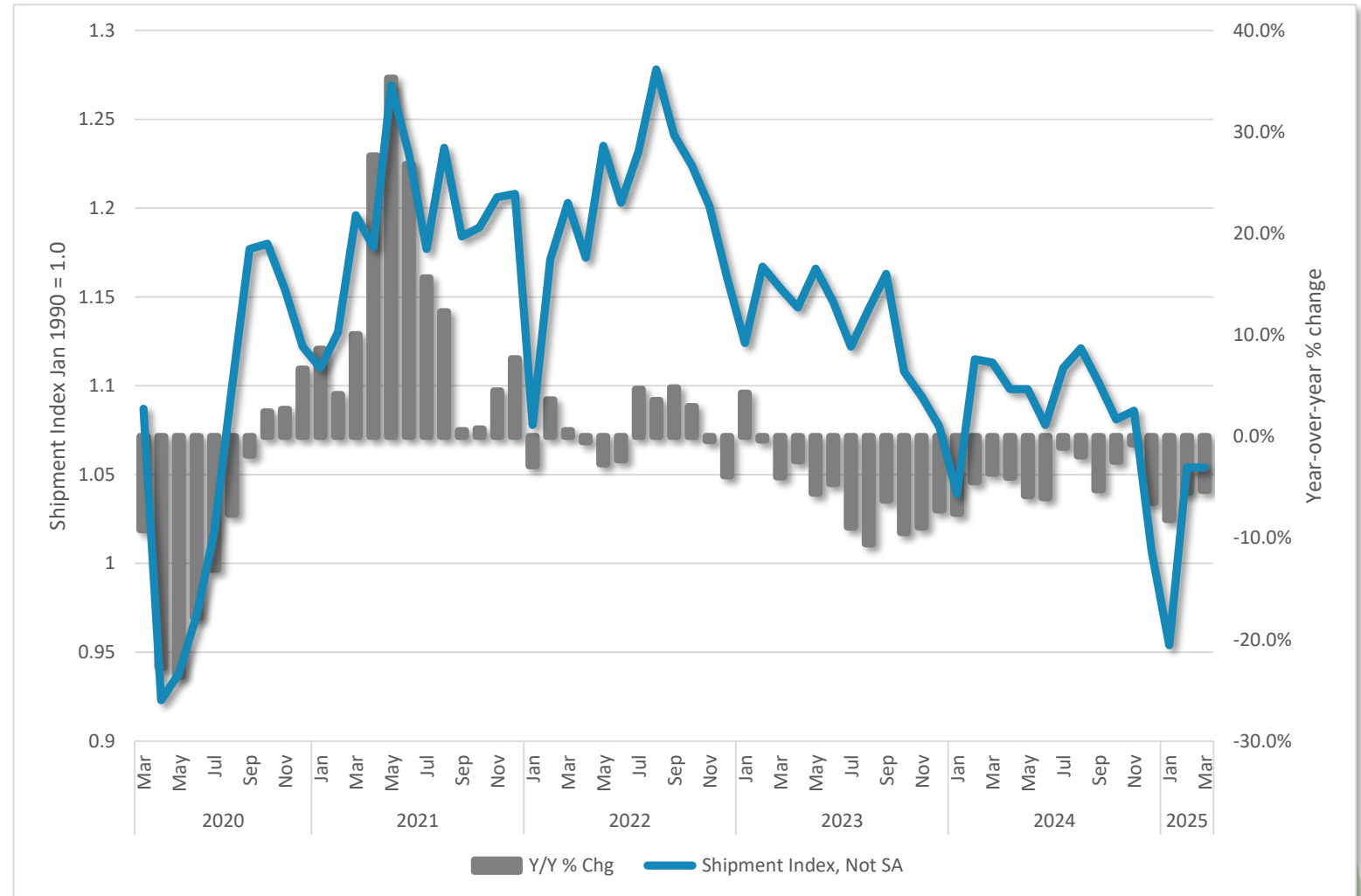
**Why it matters:** This index shows monthly shipment volumes from the entire Cass client base.

**Our thoughts:** The Cass Shipment Index was unchanged month-over-month at 1.05 in March after jumping 10.5% in February. The Shipment Index decreased 5.3% year-over-year.

- Expenditures, which measure the total amount spent on freight, increased 1.5% to 3.17 when SA, but are down 2.8% Y/Y.
- Inferred rates, which are calculated by dividing expenditures by shipments to explain the movement in cost per shipment, rose 3.7% to 3.00 when SA.
- Truckload linehaul rates, which includes both spot and contract rates, decreased 0.1% to 143, ending 6 consecutive months of increases. Rates were positive Y/Y for the third straight month.

**Bottom line:** According to Cass, “We expect a few more months of brisk demand for pre-tariff goods, followed by a tariff adjustment period with lower goods demand. It’s been 39 months since the first Y/Y decline of this cycle.”

- **In short,** Cass believes, “The trade war is likely to extend the for-hire freight recession as higher prices reduce goods affordability and consumers’ real incomes.”



Source: Cass Freight Index | <https://www.cassinfor.com/freight-audit-payment/cass-transportation-indexes/cass-freight-index>

# Supply: Truck Employment

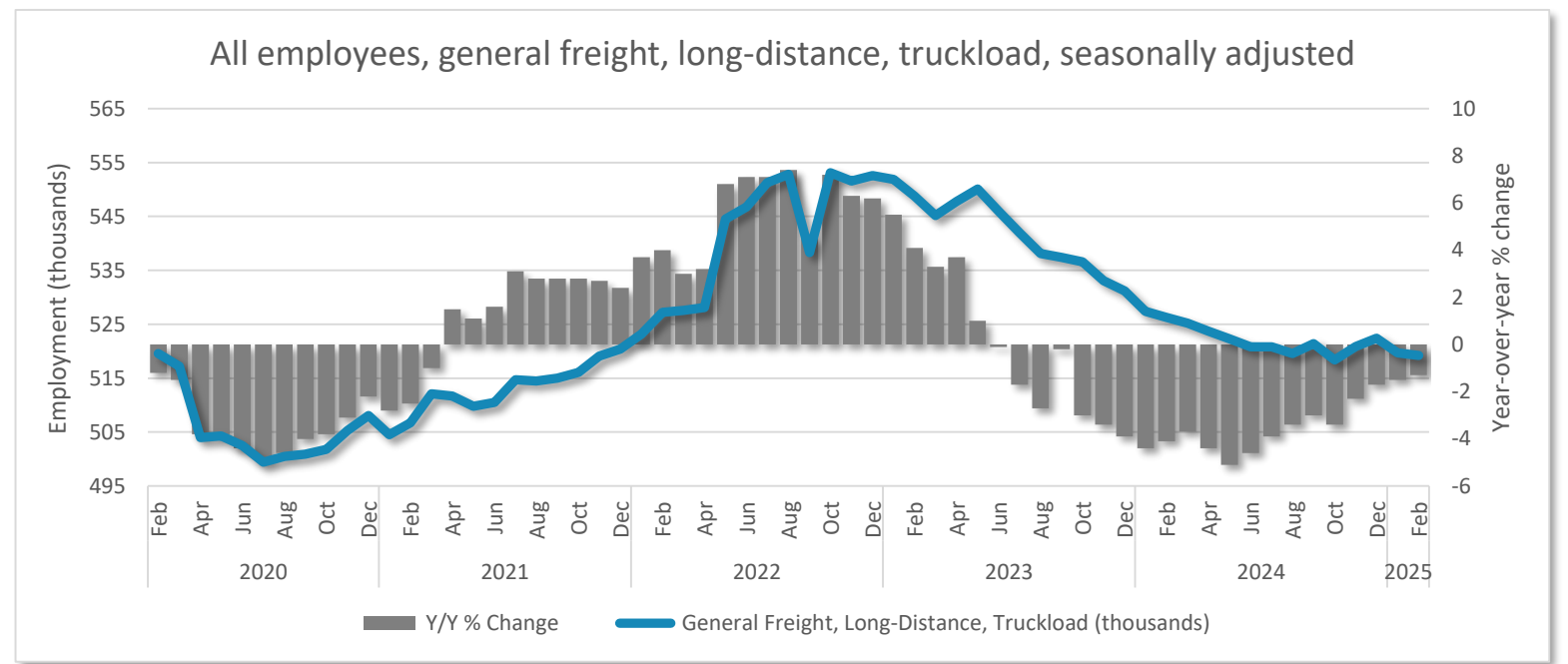
**The big picture:** The Bureau of Labor Statistics releases monthly payroll data concerning various industries and sectors, including trucking.

**Why it matters:** Overall truck transportation employment helps us to see how much driver capacity, or supply, is out there in the industry, though this category includes more than just drivers.

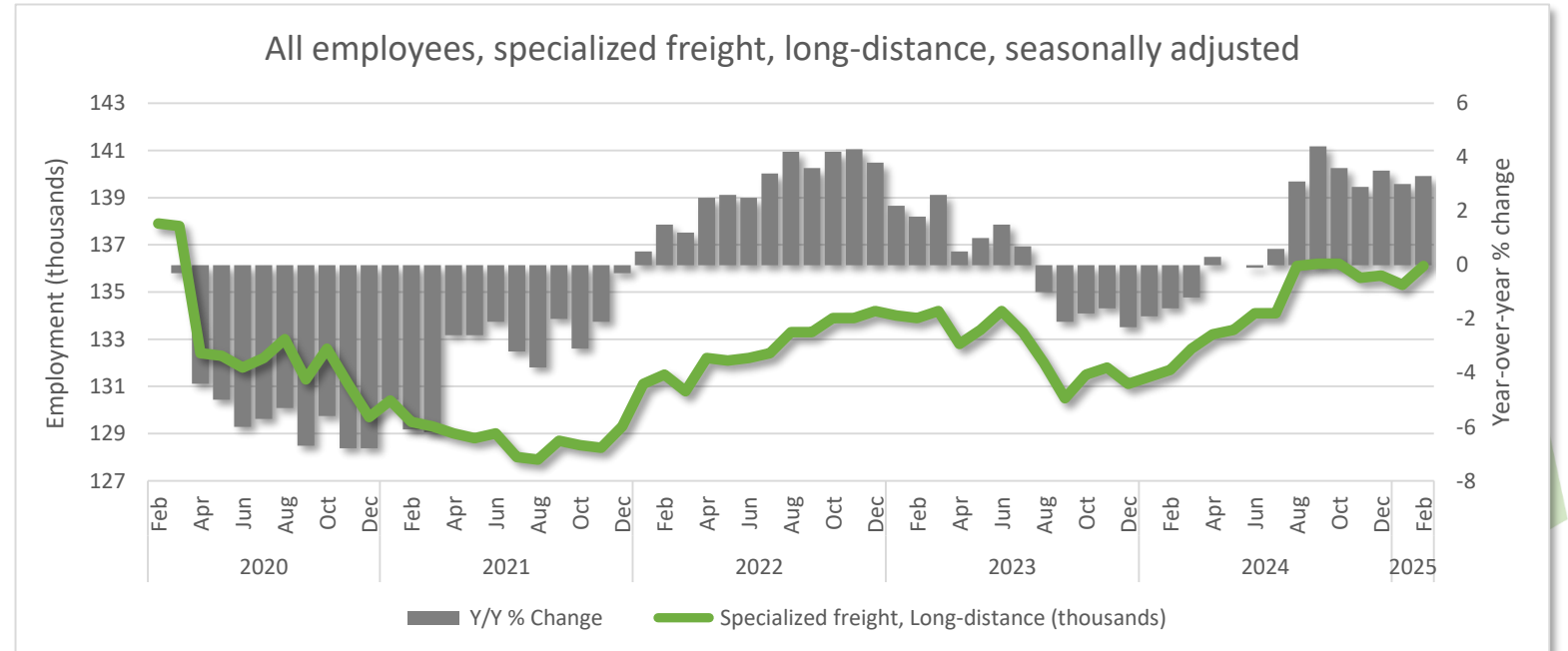
- Employment levels are also a good indicator for demand and rates, as demand drives supply. Thus, when demand increases, wages and rates also increase to attract more supply. The opposite is also true.

**Our thoughts:** Truck employment numbers overall (not pictured) jumped 0.6%, or 9,600, in March to 1.525 million people following adjustments, but are down 0.3% year-over-year. This marks 22 Y/Y decreases in 23 months.

- Employment for general freight trucking, long-distance, truckload, which best represents our members, decreased 0.1%, or 500 jobs, month-over-month in February.
- It's 1.4%, or 7,100 jobs, lower Y/Y, which is the 20<sup>th</sup> consecutive month of Y/Y decreases, and 0.8% lower than 2019 levels.
- Specialized freight trucking, long-distance, which represents flatbed, reefers, and other equipment types, increased by 800 jobs month-over-month to 136,100.
- This figure is 3.3%, or 4,400 jobs, higher year-over-year. This is the 7<sup>th</sup> consecutive Y/Y increase after 12-months of straight declines. This figure is 2.4%, or 3,300 jobs, below 2019 levels.



Source: BLS | <https://beta.bls.gov/dataViewer/view/timeseries/CES4348412101> | Monthly



Source: BLS | <https://beta.bls.gov/dataViewer/view/timeseries/CES4348423001> | Monthly

# Demand: Class 8 Orders and Sales

**The big picture:** ACT Research obtains data from truck and trailer original equipment manufacturers (OEMs) and dealerships, and provides monthly reports and forecasts.

- This data includes Class 8 truck orders and sales.

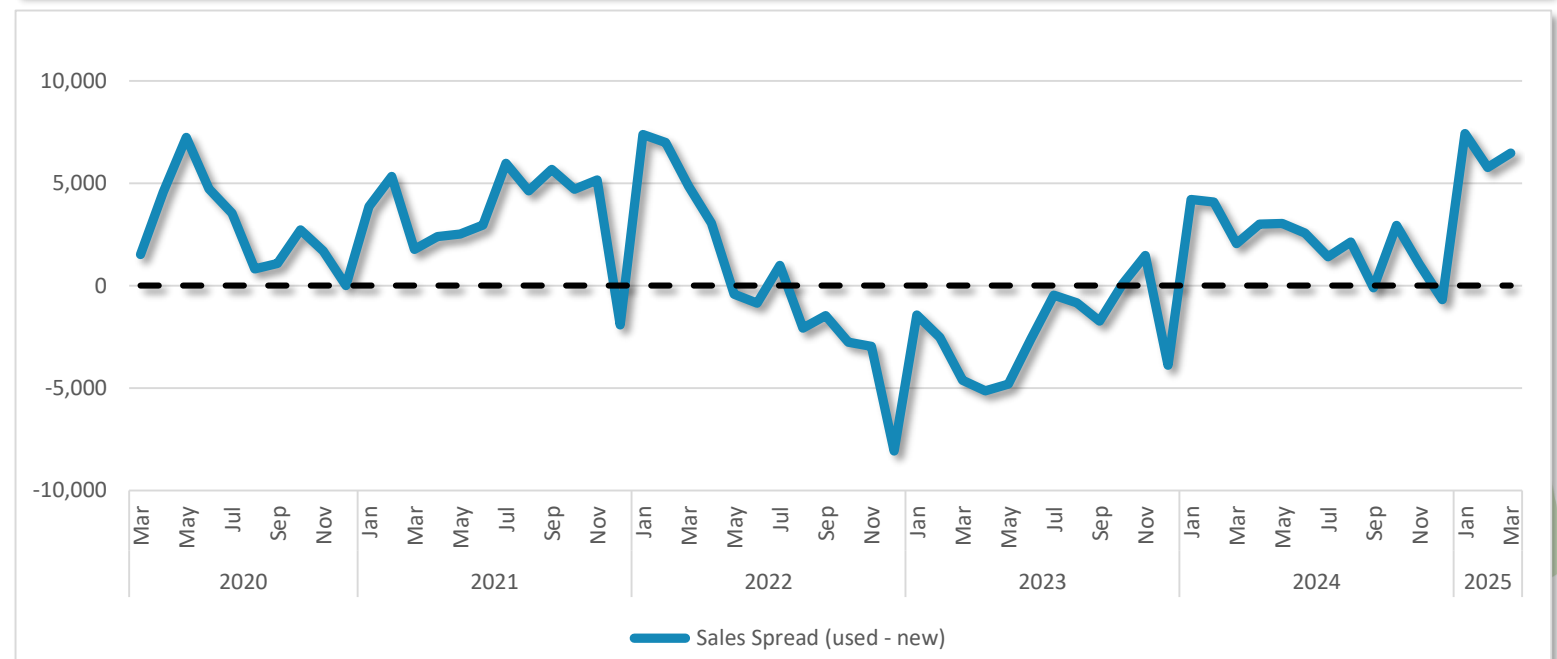
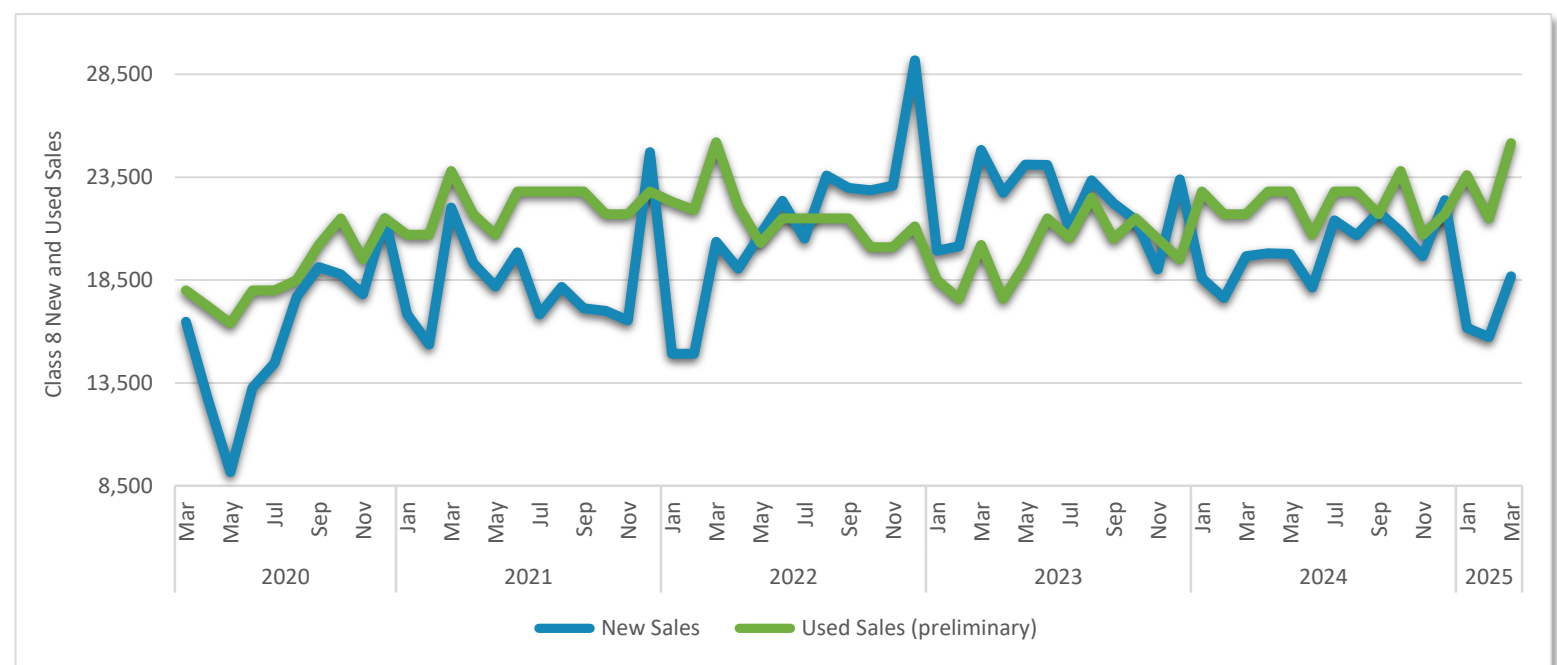
**Why it matters:** Class 8 orders and sales data will help an owner-operator to see both the demand for trucks and current truck capacity.

- Demand for trucks tends to spike when new orders increase following a steady increase in rates as depicted in the top figure (2017-2018 and 2020).
- Truck capacity tends to loosen when new sales eclipse used sales as shown in the bottom chart (2018-2019 and 2022-2023).

**Our thoughts:** New sales climbed 18.8% in March to 18,862, primarily due to seasonality, but are still 5.0% lower year-over-year. New orders (not pictured) declined 12.6% to 16,000 after plummeting 29.1% last month.

- Preliminary used sales figures increased 17%, or 3,655 units, in March to 25,155, and are up 15.9% compared to last year.
- Used sales eclipsed new ones for the 14th time in 15 months. This time by 6,473 units.

While March appeared positive, there are concerning signs. Carter Veith, research analyst at ACT Research, stated, “The first quarter of 2025 has been defined by one word: uncertainty. Whether the slowdown in orders is a result of moderating economic activity, private fleets pausing expansion, or a response to trade and policy uncertainty remains an open question.”



Source: ACT Research | <https://www.actresearch.net/> | Monthly

Note: 16,000 Class 8 retail sales per month, or 190,000 per year, is the accepted U.S. replacement level

# Rates: Logistics Managers' Index (LMI)

**The big picture:** The LMI is a diffusion index that measures supply chain conditions.

- The LMI consists of eight key logistics metrics ranging from inventory levels to transportation utilization.
- Any number below 50 is indicative of contraction, while any number above 50 is indicative of expansion.

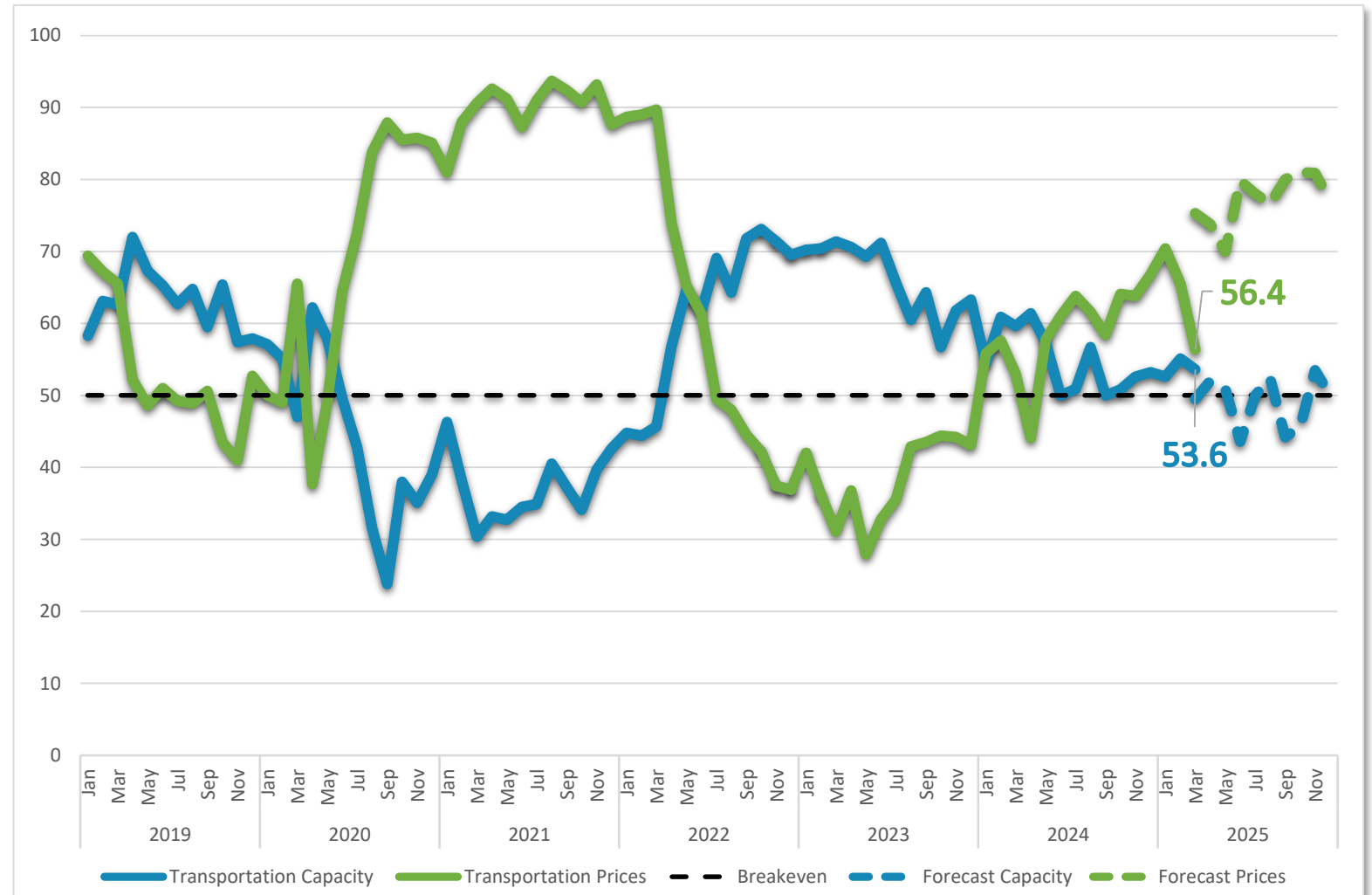
**Why it matters:** The LMI reflects the strength of the overall economy as it measures both upstream and downstream conditions.

- When the two curves depicted in this chart invert, meaning transportation capacity exceeds prices, it signals bad news for freight rates.

**Our thoughts:** The LMI overall dropped 5.6 points to 57.1, due to sharp declines in all three price/cost metrics. Transportation prices outpaced capacity again in March, but just barely.

- Prices declined 7.0% month-over month to 65.5, but are 13.7% higher year-over-year (Y/Y), when the index read 57.6.
- Transportation capacity increased 4.8% to 55.1, which is 9.5% lower Y/Y. Transportation capacity reversed its more recent trend and turned upwards, which is a bad sign for demand.

**Bottom line:** According to LMI, transportation metrics slowed significantly in the second half of the month. In fact, when looking at the latter part of the month, transportation capacity overtook prices, which could signal a possible downturn in the freight market if the market continues on its current trajectory. This of course would be quite devastating to trucking.



Source: LMI | <https://www.the-lmi.com/> | Monthly

# Rates: Producer Price Index (PPI) Long-Distance, Truckload, Primary Services

**The big picture:** The PPI is a group of indexes that measures selling prices domestic producers receive for their output.

- One index focuses on long-haul, truckload carriers.
- The primary index shows how much carriers are charging their customers for their main service – hauling truckloads.

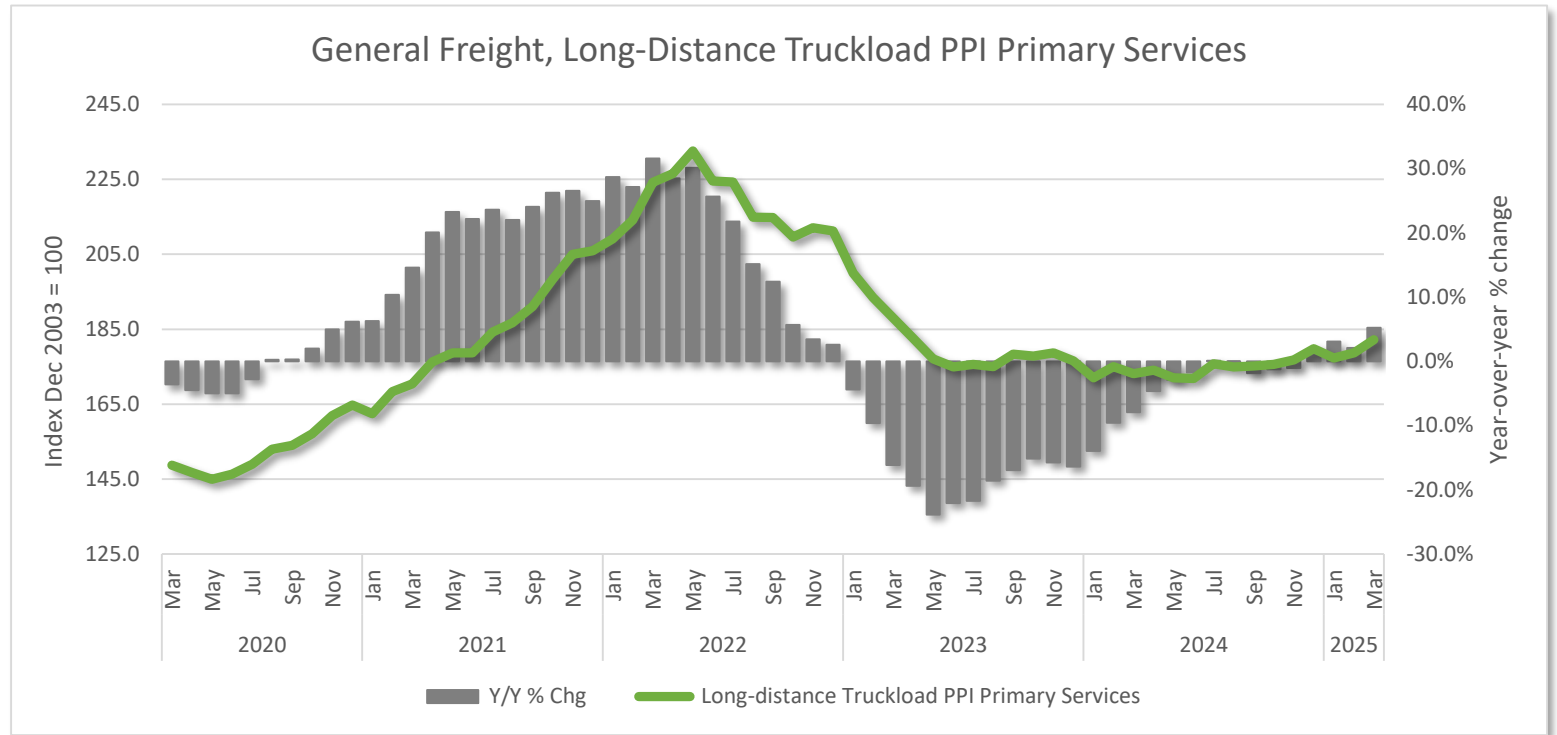
**Why it matters:** Changes in this particular index reflect the general direction that freight rates are heading (i.e., up or down) for the long-haul owner-operator.

**Our thoughts:** The index moved upward in March after increasing 0.7% in February following readjustments.

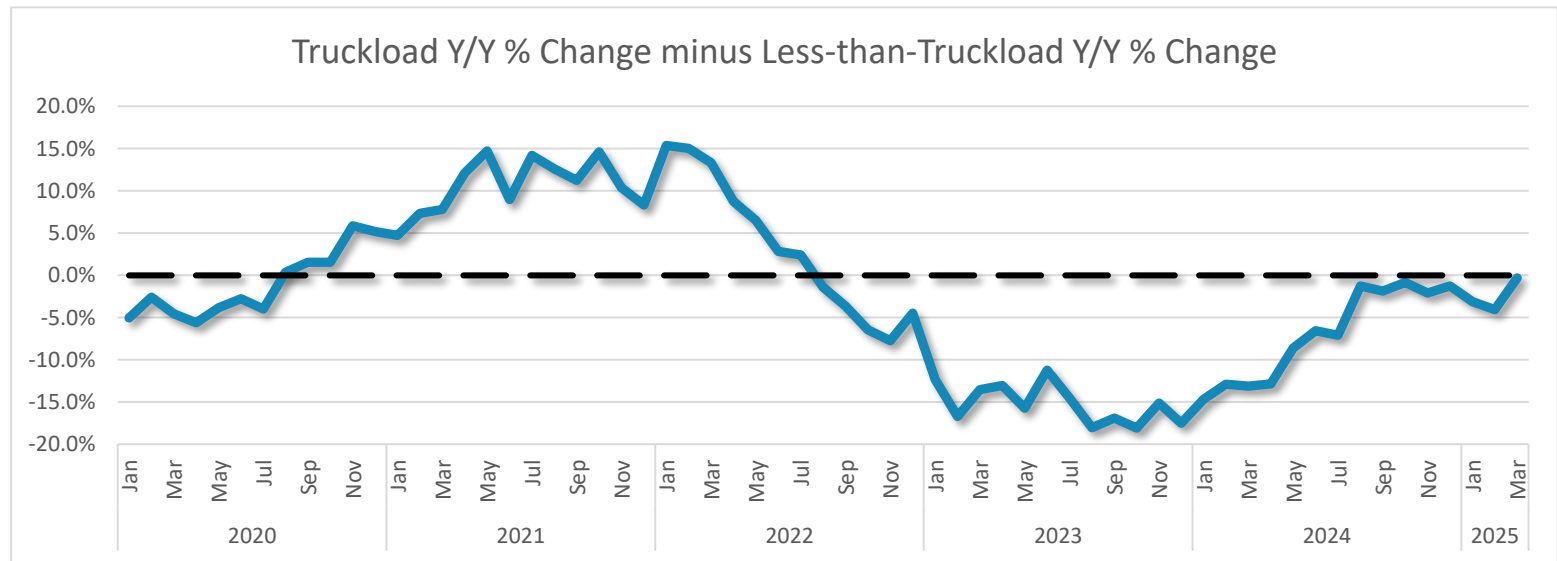
- The long-haul PPI rose 2.0% to 182.2, month-over-month, marking 2 consecutive months of increases.
- The PPI is 5.2% higher year-over-year, marking 4 straight months of Y/Y increases. While this is a positive indicator overall, it appears that the index is posed to turn negative again in the coming months.

**1 big thing:** When TL rates fall, LTL shippers shift volume to the TL sector to reduce costs. As a result, subtracting the Y/Y % change for LTL's PPI from TL's PPI provides a useful market indicator. **[Please Note:** I changed the formula to make the chart more intuitive.

- A value above 0% suggests an improving market, while a value below 0% indicates a downturn.
- TL minus LTL Y/Y % change is negative 0.3%, increasing 3.8 percentage points month-over-month. While TL minus LTL is close to crossing zero, we expect the index to reverse course and fall further below zero in the coming months.



Source: FRED | <https://fred.stlouisfed.org/graph/?g=1CiSq> | Monthly



Source: FRED | <https://fred.stlouisfed.org/graph/?g=1tIFP> | Monthly

# Costs: Diesel Fuel

**The big picture:** The U.S. Energy Information Administration (EIA) tracks the weekly changes in on-highway diesel fuel prices throughout the country.

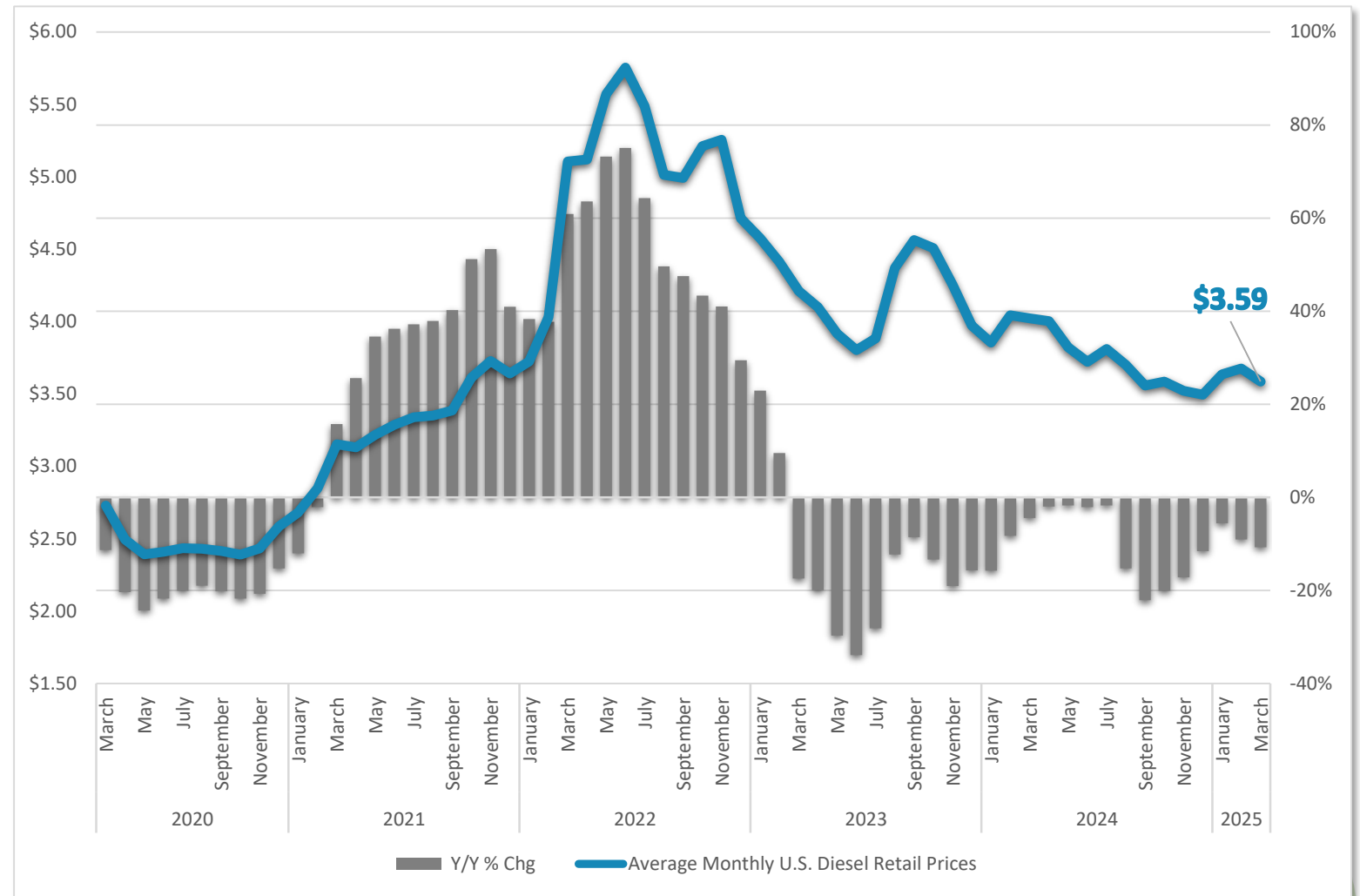
**Why it matters:** Fuel is the number one expense for owner-operators.

- Fuel comprises over 45% of the average owner-operator's cost of operation.
- **Yes, but** it normally represents 25-30%.

**Our thoughts:** Fuel prices decreased \$0.09 per gallon in March after increasing \$0.04 in February and \$0.14 in January.

- The average price for diesel fuel declined 2.4% month-over-month to \$3.59 per gallon, ending the two consecutive months of increases.
- The average diesel price was 10.9% lower year-over-year when the cost was \$4.02 per gallon, and is \$0.20 per gallon, lower than the 5-year average.
- The average diesel price has declined year-over-year for 25 straight months, which has helped to reduce operating costs for owner-operators.

**Bottom line:** While tariffs will definitely hurt freight demand, and thereby rates, they should bring diesel prices down as well.



Source: U.S. EIA | <https://www.eia.gov/petroleum/gasdiesel/> | Weekly

# Costs: Used Truck Prices

**The big picture:** Most individuals seeking to become an owner-operator first look to the used truck market due to the high cost of new trucks.

**Why it matters:** Used truck prices provide a good picture of the strength or weakness of the freight market. For example, monthly year-over-year decreases indicate that the market is in a downcycle due to weak demand.

- As spot rates turn upward, the number of individuals seeking to become an owner-operator also increase, pushing used prices higher.

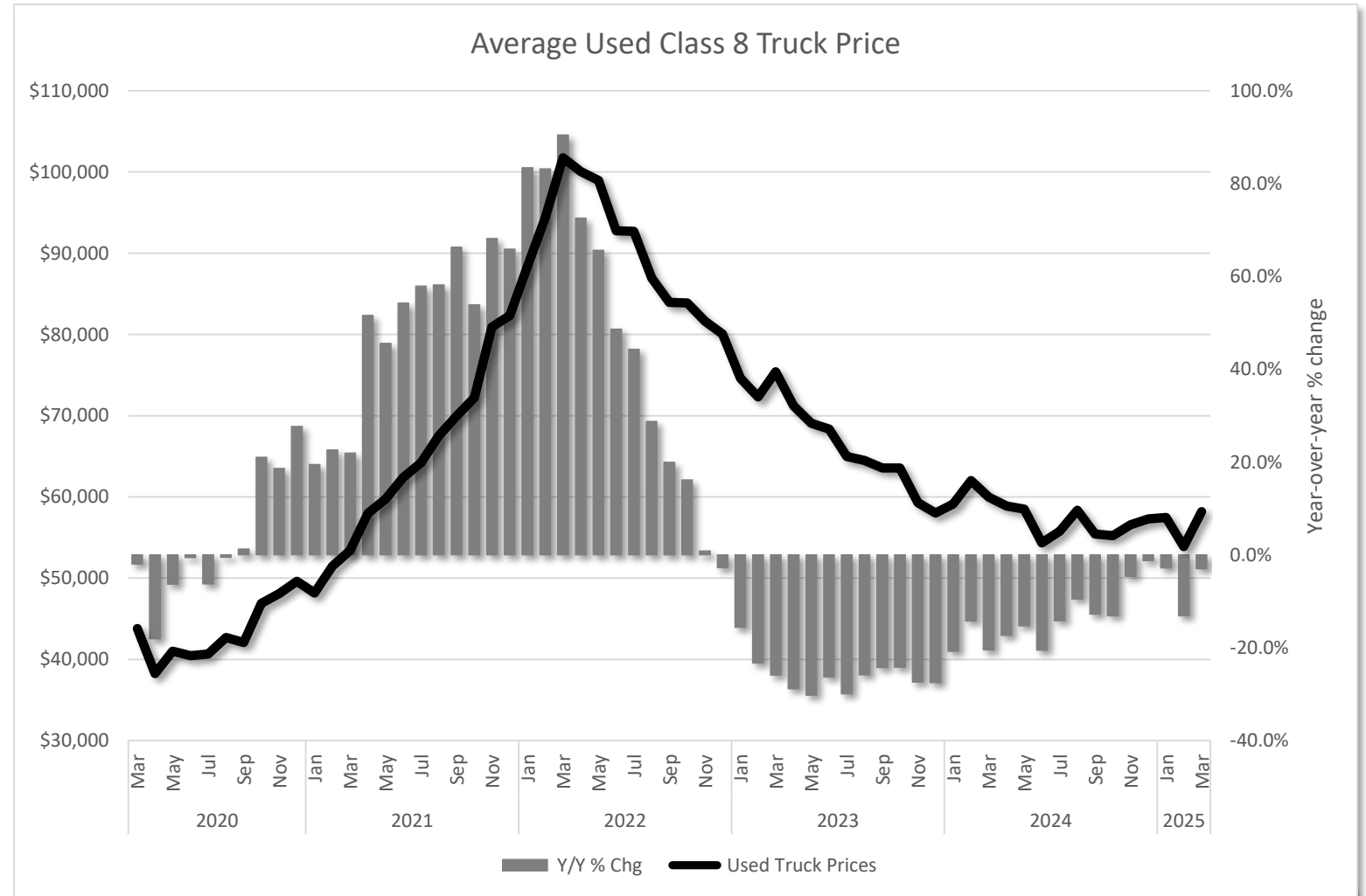
**Our thoughts:** Preliminary used truck prices spiked 8.0% in March after falling 6.2% in February following adjustments.

- Preliminary used Class 8 truck prices increased approximately \$4,311 to \$57,371.
- Prices are still 3.0% lower year-over-year however, and 11.7% below the 3-year moving average.

While preliminary used truck prices appeared to turn positive year-over-year in December for the first time in 25 months, readjustments to the data showed otherwise.

- Preliminary used truck prices have now been negative for 28 consecutive months.

**Bottom line:** Though prices edged closer to flipping positive in March, which would actually be a positive sign that the freight market is poised to turn upward, we don't expect this will continue in the coming months. Moreover, there is almost always a correction from the preliminary numbers.



Source: ACT Research | <https://www.actresearch.net/> | Monthly | August's numbers are preliminary



# Freight Market Outlook

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# Overall Freight Market Outlook

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**While it's good** to know the current conditions of the freight market, it's also important to understand what the future holds. OOFI designed this segment to examine key economic factors that can impact the forthcoming market and thereby your bottom line.

To do so, we will look at four key categories:

- 1. Consumer and Wage Conditions** help us to see the impact of inflation and therefore purchasing power.
- 2. Manufacturing and Inventory** is one of the primary movers and shakers when it comes to freight volumes.
- 3. Inventory and Intermodal** are leading indicators for freight demand, and a primary driver of pressure on capacity.

**The bottom line:** OOFI will break down each category and explain how each one can potentially affect the overall freight market and thus how they pertain to you as a small business owner.



# Consumer and Wages:

## Wages and CPI

**The big picture:** Consumers move the U.S. economy. As consumer conditions change, so too does business and shipping activity.

- While the Consumer Price Index (CPI) measures the average price change for a basket of goods and services over time.

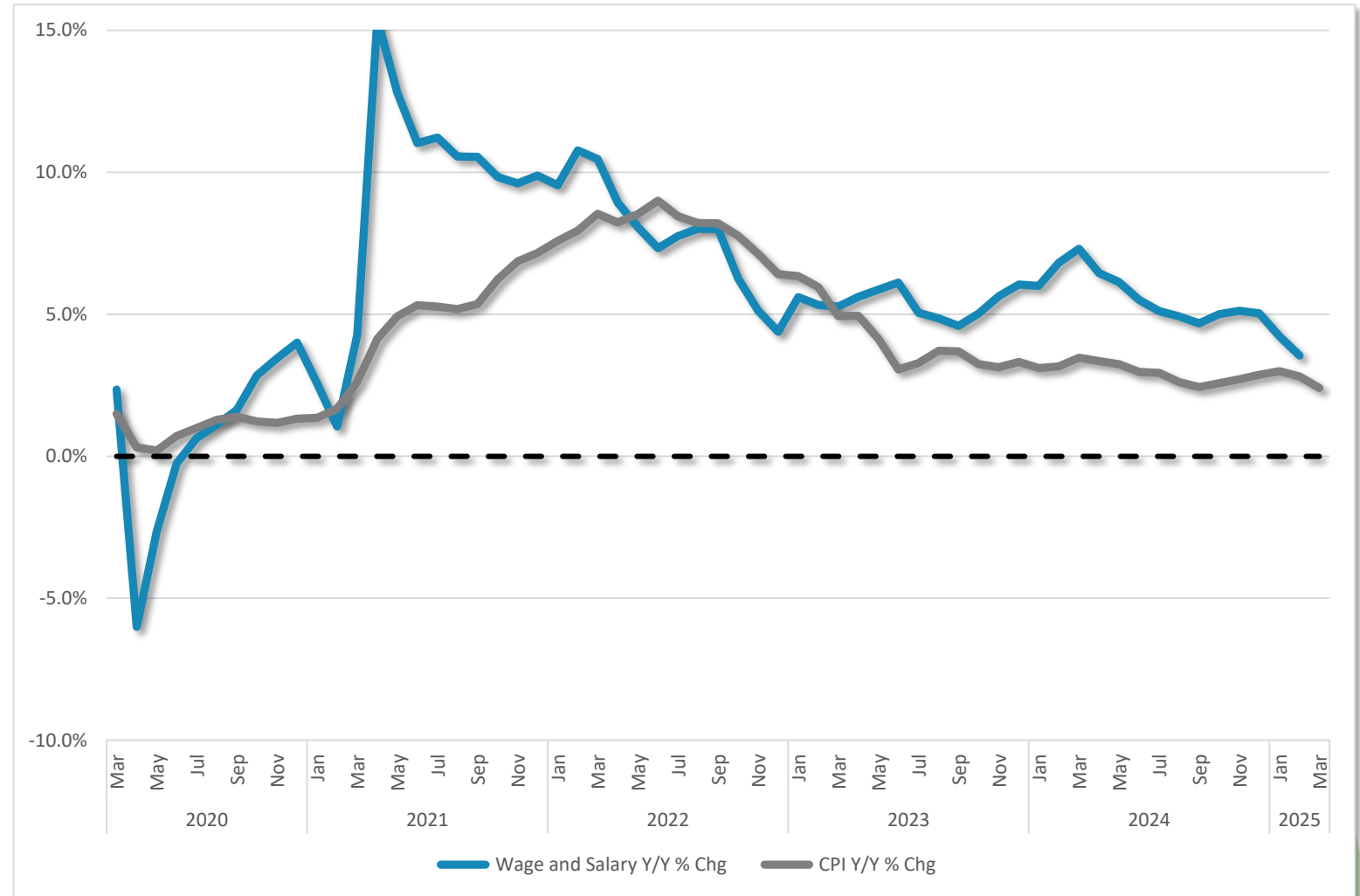
**Why it matters:** Wage and salary growth as well as CPI have great influence on consumers and can thereby help the Owner-operator gauge the health of the market.

- For example, when wage and salary growth outstrip CPI, people typically purchase more goods, both durable and non-durable.
- This creates more freight demand downstream. Conversely, when wage growth continues to slide it creates a headwind for demand.

**Our thoughts:** Wages and salary growth declined ever so slightly year-over-year in February, while CPI also moved downward in March.

- Wages and salary disbursements increased 0.4%, or \$55.8 billion, month-over-month, but declined 0.7 percentage points year-over-year to 3.5%.
- The BLS reported that the CPI fell 0.4 percentage points in March from year-ago levels to 2.4%.
- The Fed cut interest rates each month between September and December, but now they're projecting that they will only cut rates twice this year. They plan to bring it down to 3.9%.

Core CPI, which excludes food and energy, dropped 0.3 percentage points month-over-month to 2.8%. Both the service and shelter portions of CPI declined in March as well, while energy plummeted, falling 2.9 percentage points to 3.2%.



Source: FRED | [https://fred.stlouisfed.org/graph/?graph\\_id=1397250&rn=408](https://fred.stlouisfed.org/graph/?graph_id=1397250&rn=408) | Monthly

# Manufacturing: Industrial Production

**The big picture:** The Federal Reserve Board's Industrial Production (IP) index measures the real output of various manufacturing industries.

**Why it matters:** Manufacturing makes up approximately 60% of all for-hire trucking ton-miles, making the IP Index a great indicator of future demand.

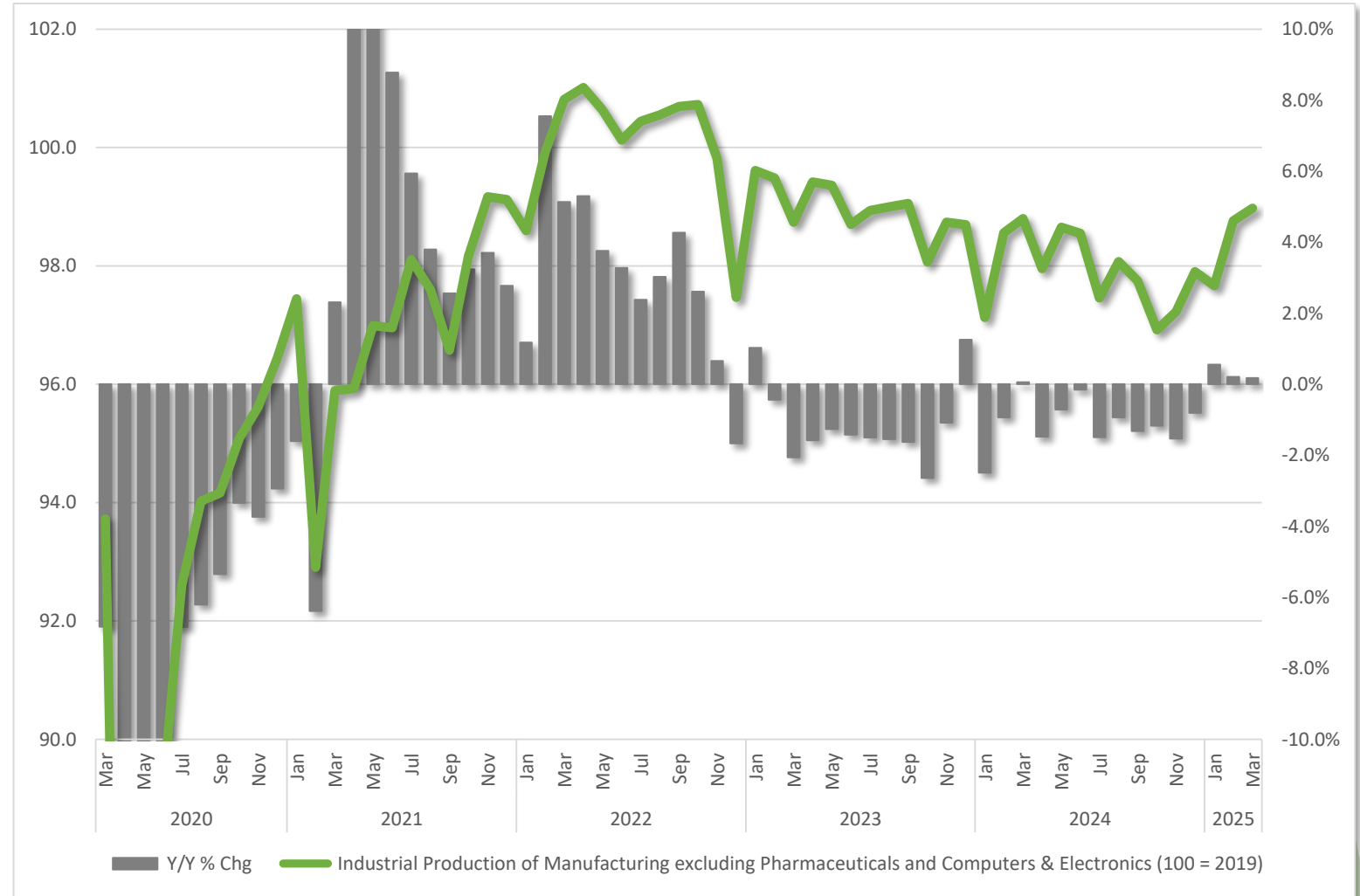
This is especially true when removing pharmaceuticals (NAICS 3254) and computer and electronic products (NAICS 334), as these sectors have an outsized influence on the overall manufacturing index considering how little freight they generate.

- Historically, decreases in manufacturing activity have corresponded with either the start, or worsening, of a freight recession in the trucking sector.
- These cycles often take years to correct themselves.

**Our thoughts:** Manufacturing activity excluding pharmaceuticals and computer and electronics increased again month-over-month, while simultaneously ticking upward year-over-year (Y/Y) in March.

- Manufacturing activity increased 0.2% to 98.98 after rising 1.1% last month following adjustments, and is up 0.2% Y/Y.
- Activity has only been up Y/Y for five times in 27 months
- Activity was 1.0% below 2019 levels.

**Bottom line:** While it seemed likely at the start of the year that the ongoing manufacturing recession would end by Q2—especially with Q1 2025 turning positive for the first time in nine quarters—we no longer expect a full recovery to materialize, largely due to the impact of tariffs.



Source: Federal Reserve Board | <https://www.federalreserve.gov/releases/g17/Current/> | Monthly

# Manufacturing: ISM

## Manufacturing PMI

**The big picture:** The Institute for Supply Management's (ISM) Manufacturing PMI is a diffusion index based on data compiled from purchasing and supply executives.

- The PMI measures ten different leading indicators, including new orders, production, backlogs, inventories, etc.
- Any number below 50 indicates contraction, while any number above 50 indicates expansion.

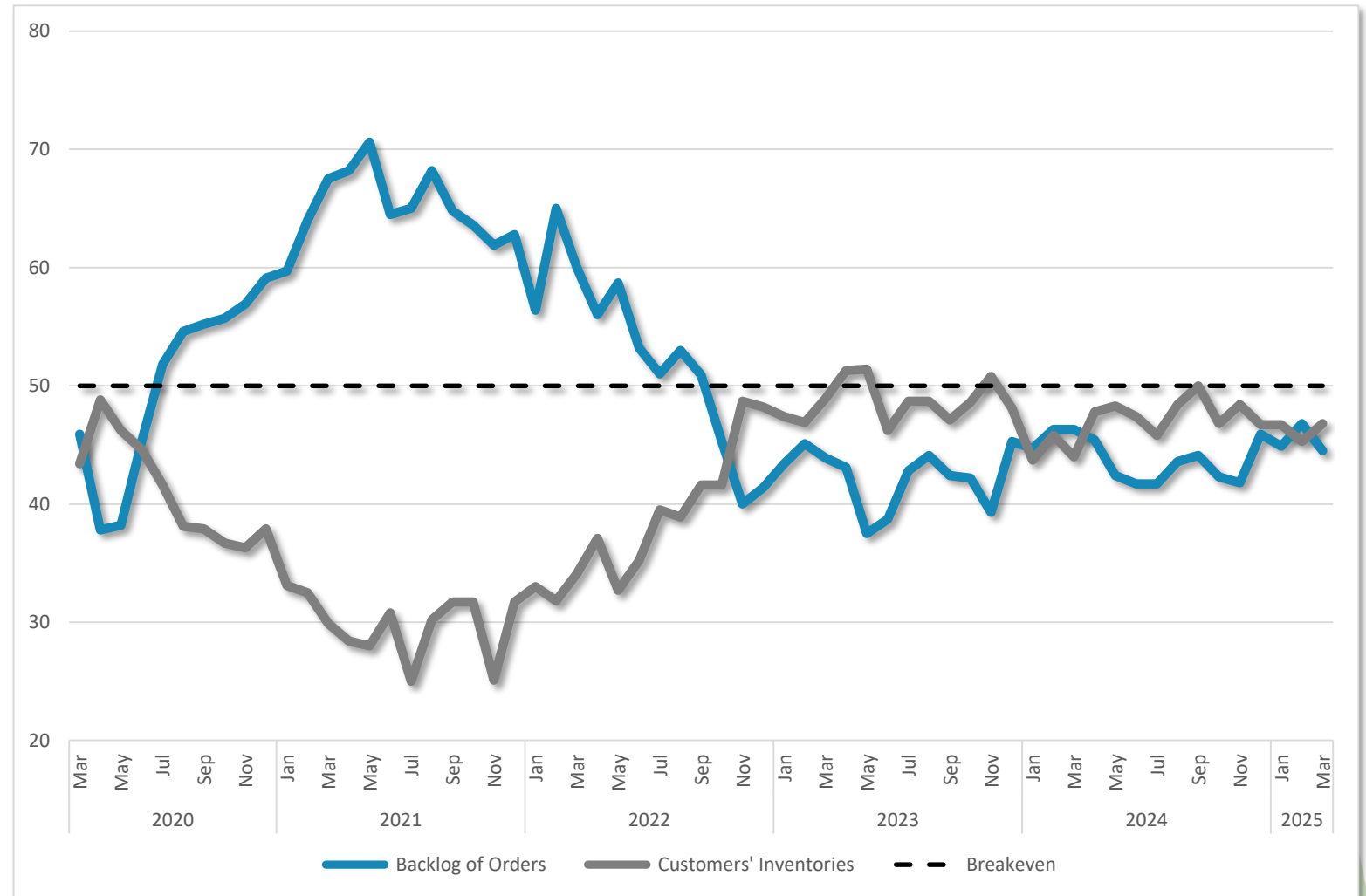
**Why it matters:** The ISM Manufacturing PMI is a reliable economic indicator that provides a sense of direction for the trucking market as shown in the chart. The ISM is highly correlated with spot rates.

- When backlogs increase and customers' inventories move downward, rates rise. The opposite is also true.

**Our thoughts:** According to ISM, the U.S. manufacturing sector contracted in March after two straight months of growth. The New Orders Index (not pictured) plummeted again. This time falling 3.4 points to 45.2%, which marks two consecutive months of contraction.

- Backlogs decreased 4.9% to 44.5, after rising 4.2% last month. Backlogs have been in contraction territory for 30 straight months.
- Customers' inventories jumped 3.3% to 46.8. They are 6.4% higher year-over-year when they were 44.
- As predicted, customer inventories surpassed backlogs—probably due to tariffs—which is bad for freight demand.

**The bottom line:** Demand weakened. Output, measured by production and employment, also weakened as factory output contracted, indicating that panelists' companies are revising production plans due to economic headwinds. Employment moved deeper into contraction territory.



Source: ISM | <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/> | Monthly

# Inventory: Machinery Wholesalers Inventories to Sales Ratio

**The big picture:** The inventories to sales ratios show the relationship of the end-of-month values of inventory compared to monthly sales.

- For example, a ratio of 2.5 would indicate that a firm has enough product on hand to cover two and a half months of sales.
- The machinery, equipment, and supplies wholesaler's ratio consists of firms that sell bulldozers, farm equipment, industrial machines, supplies for those machines, and transportation equipment excluding motor vehicles.

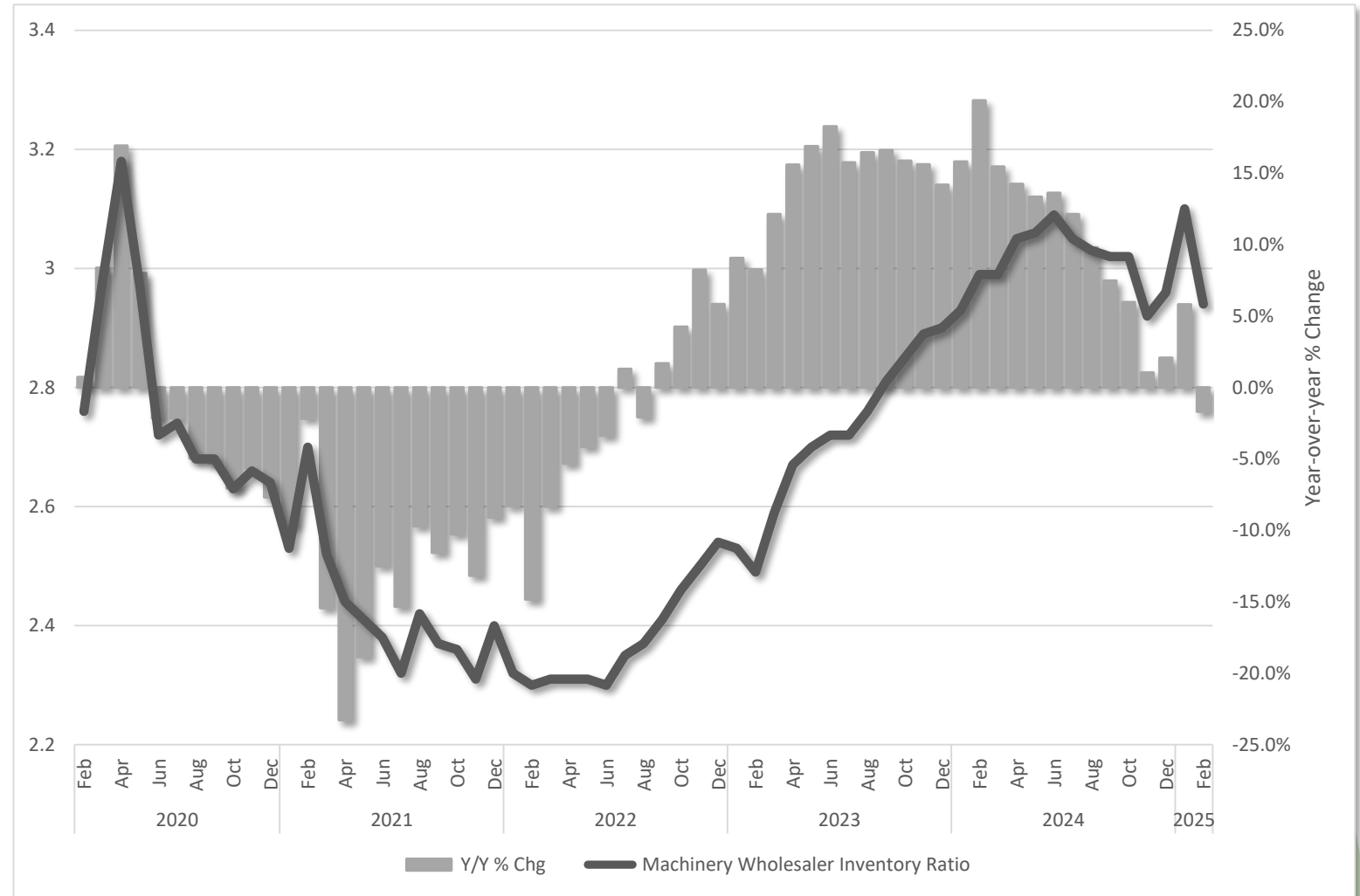
**Why it matters:** Movements in the inventory ratio for machinery wholesalers closely tracks the conditions in the trucking sector historically.

- When inventory levels are high, spot rates contract, while the opposite is also true.

**Our thoughts:** Inventory levels unsurprisingly decreased in this sector. Mostly due to the delay in reporting. We expect to see inventories increase in the coming months due to tariffs.

- The inventories-to-sales ratio plummeted 5.2% to 2.94 after rising 4.7% in the previous month.
- The ratio is 1.7% lower year-over-year. This is the first Y/Y decline in 32 straight months. However, we don't expect this to last.

**A respondent to ISM's survey** who operates in this sector explained, "Business condition is deteriorating at a fast pace. Tariffs and economic uncertainty are making the current business environment challenging."



Source: FRED | <https://fred.stlouisfed.org/series/R4238IM163SCEN#0> | Monthly

# Intermodal: Containers and Trailers

**The big picture:** Trucking is a key part of the intermodal transportation system.

- Intermodal involves moving freight using two or more modes of transportation—like rail, truck, and ship—without handling the actual cargo when changing modes.

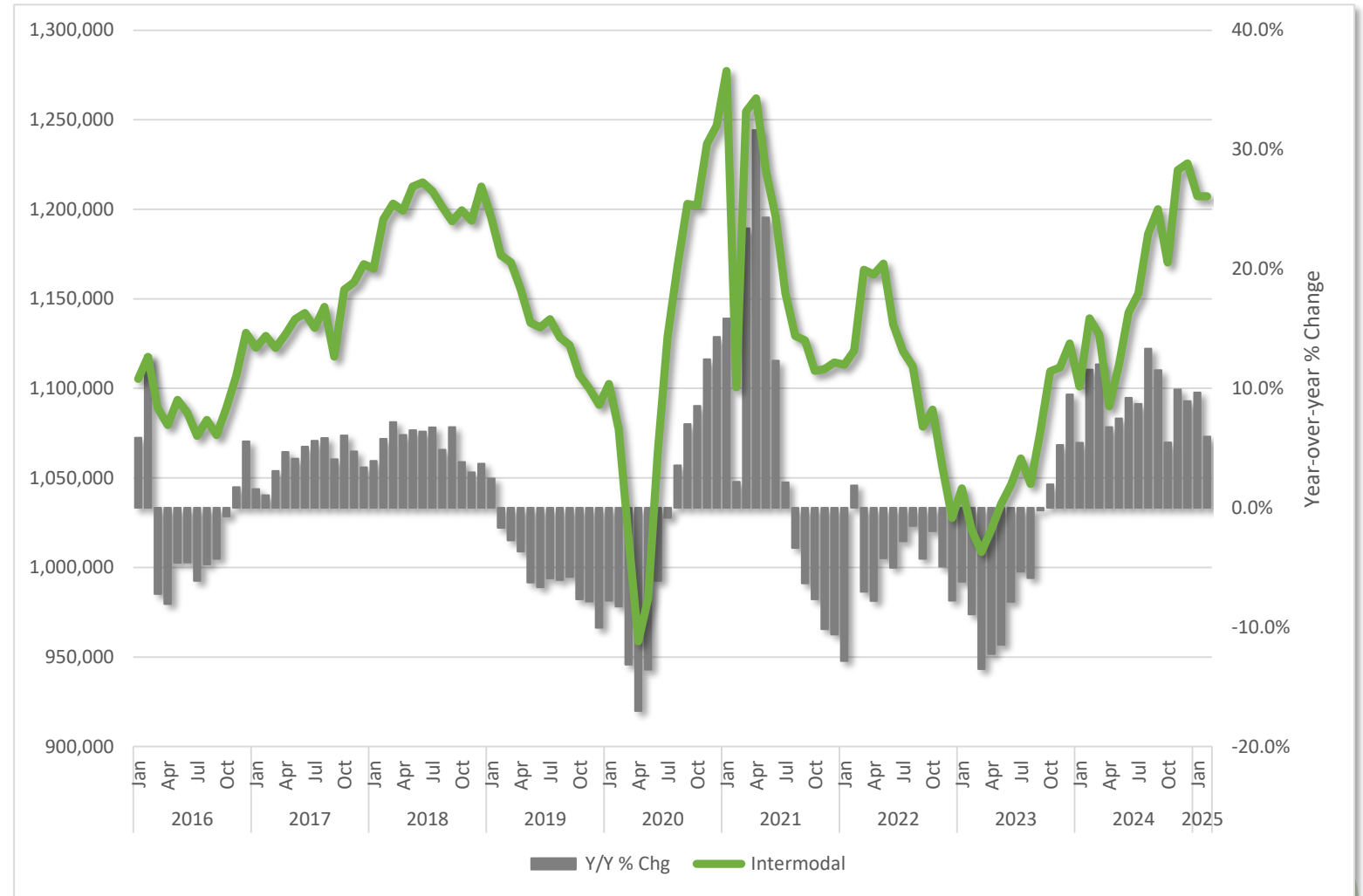
**Why it matters:** Trucking is used for both first and last mile.

- An increase in intermodal freight will translate into greater demand for trucks downstream as the chart demonstrates.
- Notice how sharp increases in intermodal volumes in 2017 and 2020 correlate with upcycles in trucking. The reverse is also true.

**Our thoughts:** Intermodal volumes flattened in February primarily due to weather and an early Lunar New Year, but still managed to increase year-over-year according to [C.H. Robinson's Freight Market Update](#). Most models however, project volumes to gradually decrease to the point where Q4 2025 growth is flat to down.

- Carloads increased 3,300 month-over-month to 931,520, but are down 2.2%, or 20,693 carloads, year-over-year.
- Intermodal declined 165 loads to 1.207 million, but is up 6.0%, or 68,044 loads, year-over-year.

According to C.H. Robinson, importers are concerned over tariffs. Many importers have already pulled orders forward to keep costs down, but there may soon be a downturn in imports caused by inflated inventories and decreased demand.



Source: Intermodal: <https://fred.stlouisfed.org/series/RAILFRTINTERMODALD11> | Monthly



# OOIDA Foundation

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