



May 2026

Monthly Freight Market Update

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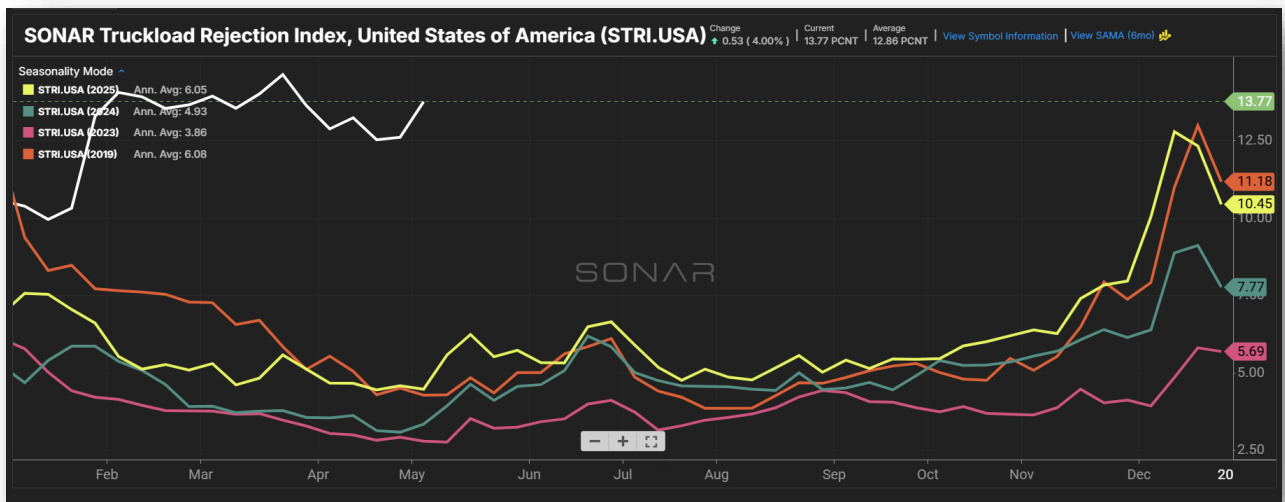
Quick Hits

- The compression has a record. April's LMI Transportation Prices hit 95.0, the second-highest reading in the index's history. Capacity collapsed to 28.4. The 66.6-point spread is the largest gap LMI has ever recorded. April said the scissors closed. May says they are glued shut.
- STRI is running 2.4× last May. 13.24 vs 5.56 a year ago. Same-week comparisons run 2.5–3×. We are already past last year's full-year average by mid-spring, and the produce handoffs, holiday peaks, and back-to-school inventory pull are still ahead of us.
- Flatbed is leading, and it's not coincidence. Flatbed Spot LH YoY +27% in May, up from +17% in April. The mechanism is the AI infrastructure buildout: structural steel, transformers, switchgear, and battery banks. Every new compute campus needs them, and most of it rides open deck.
- Reefer is the next accelerant, and Florida is showing it live. Reefer Spot LH YoY +26%; RRPI at -25%. Then the corridors stack: Yuma to Salinas mid-May, Vidalia onions and Mexican spring vegetables through June, then onto the Grain Belts, Berry, and Apple Regions of the northern latitudes through Thanksgiving.
- Imports turned the corner. IEEPA tariffs are off and Section 122 just got struck down, opening motivation and a window for the seasonal climb in order-volume positioning for Q4. LA Port imports posted +28.8%, +44.5%, and +47.6% YoY across the last week of April and the first two weeks of May.
- The Hormuz cascade reached the consumer. National gas \$4.55 (+41% pre-war). NY Fed Liberty Street Economics: low-income households' real consumption is already down 7% from the gas shock, while spending the most in nominal terms (+12%). Operational momentum is hot. Spending power is being eaten.

Demand: What's Actually Moving?

Pressure and Flow

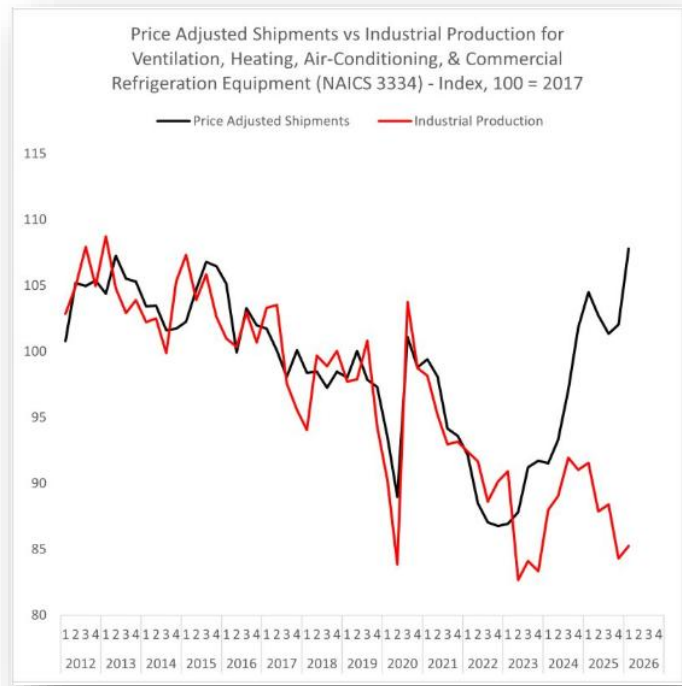
The freight river runs at a force 2× higher versus seasonal precedent, and the swell is doing the work of ten ordinary tributaries. STRI hit 13.24 in early May against 5.56 a year ago. Same-week comparisons run 2.5–3×. April's annual average was 4.93. We are already past last year's full-year average by mid-spring, and the produce handoffs, holiday peaks, and back-to-school inventory pull are still ahead.



Source: SONAR

The swell has causes you can name. AI infrastructure has become the new headwater.

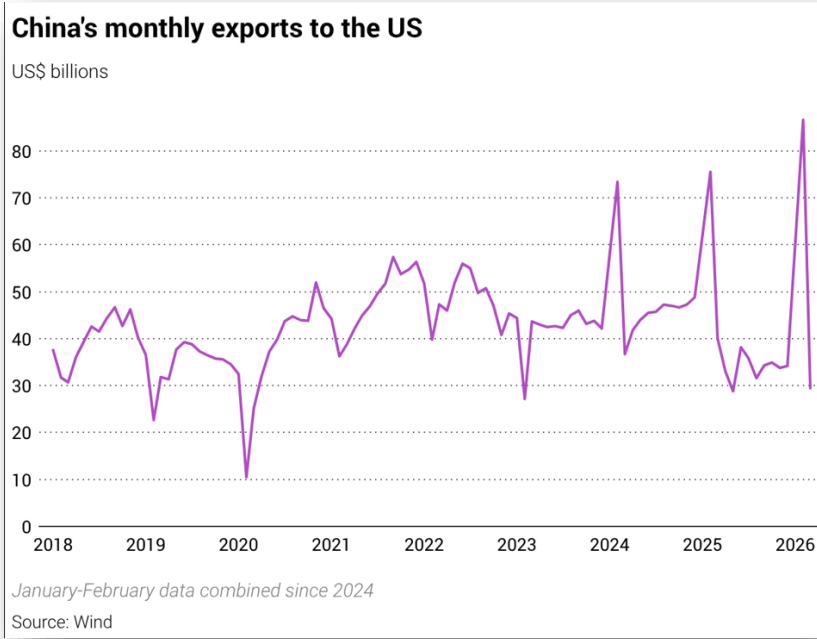
Per [Jason Miller](#), the freight signal here isn't the absolute level of construction spending, it's the rate of change at the margin. Data centers plus electric power generation only make up roughly 8.3% of all construction spending, but their deltas are running well ahead of the rest of the stack, and freight activity tracks those deltas. Flatbed Spot LH YoY came in at +27% in May, up from +17% in April. The freight is following the buildout, lane by lane, across the country.



Source: [Jason Miller](#)

Imports turned from air pocket into accelerant, and the mechanism is back-pressure releasing. The IEEPA strikedown was a kink coming out of the hose. Effective tariff rates on chemicals (excluding pharma) had built to 11.4% by October 2025, then fell to 6.8% by March 2026 once SCOTUS struck the underlying authority. Chinese chemicals fell from 36.8% to 19.7% over the same window. Per Jason Miller, March 2026 chemical imports rose +8.6% price- and seasonally-adjusted, front-loading ahead of the §301 tariffs projected to take effect around July and re-kink the hose back to roughly October 2025 levels.

The pressure built because the dependency held. Per the South China Morning Post, US-China trade isn't decoupling so much as diversifying through third-country routing, with reliance on Chinese intermediate inputs, electronics components, auto parts, and critical minerals still intact. Importers couldn't stop buying. They could only delay. When the kink releases, the surge pushes.



Source: South China Morning Post

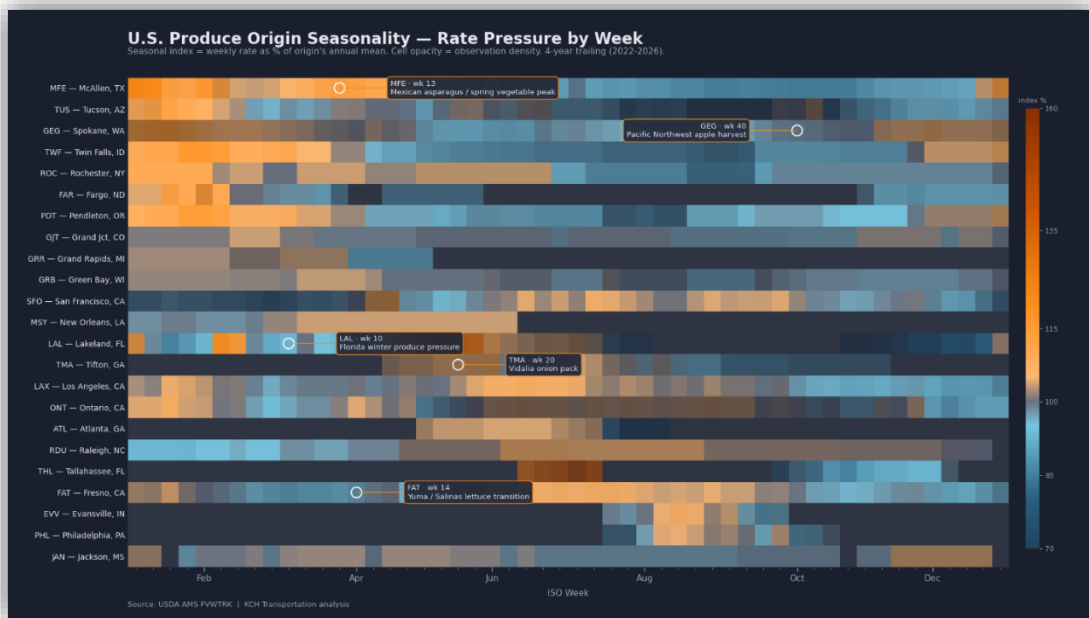
The 150-day deadline on the 10% Section tariffs got pulled this week. The Port of Los Angeles posted import surges of +28.8%, +44.5%, and +47.6% YoY across the last week of April and the first two weeks of May. Q1 dollar-value imports came in at +21.4% YoY. Inbound Ocean

TEUs sit at 1,809 against a 5-year average of 1,686. Inventories that drained through 2025 are refilling into a freight market tighter than anyone was building for.

Construction adds another corridor. Housing starts +10.8% in March with 1.372M units permitted. The pulse runs from raw materials through fabrication into delivery, and each stage of that chain needs trucks the freight market doesn't have spare.

Then the seasonal handoffs stack. Reefer Spot LH YoY is already +26% with RRPI at -25%, the same depths the dry van rate floor reached at trough. Florida is the live demonstration this week.

Per Dean Croke's [May 6 produce report](#), the state hit DAT's Shortage classification as Mother's Day cut-flower imports through Miami, CVSA's Roadcheck inspection blitz, and the open of watermelon season converged on the same capacity pool, against an outbound base already depleted by Winter Storm Fern crop losses earlier this season. DAT reefer out of FL is up 25% YoY, South Texas → Boston jumped +31% week-over-week as Northeast lanes absorb what Florida can't cover, and Vidalia onion volume +27% week-over-week with double-digit gains across every reported lane.

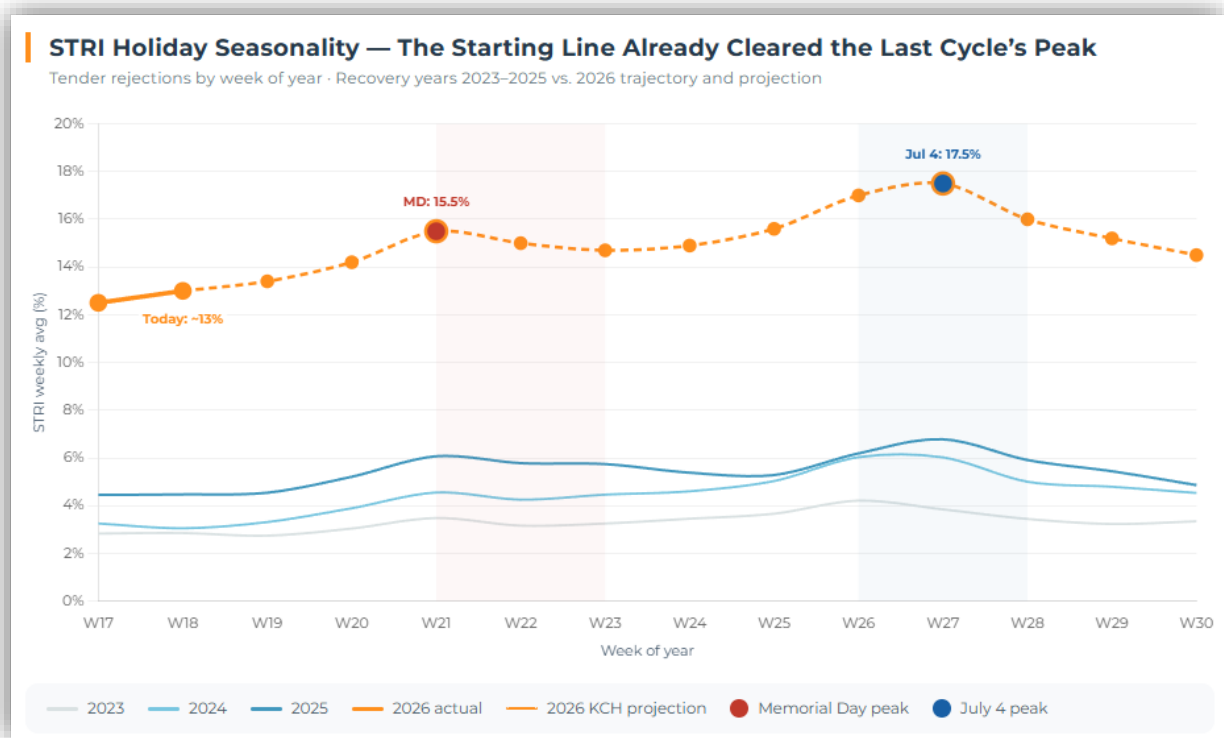


Source: USDA

Per CVSA's published Roadcheck results, the inspection blitz has produced vehicle out-of-service rates between 16.5% and 23% every year for the last decade, 23% in 2024 and 18.4% in 2025. Roughly one in five inspected trucks get parked during the window. The 2026 event runs May 12–14, layering a known and predictable capacity subtraction on top of the holiday surge. Roadcheck doesn't move the year. It moves the week.

From here the corridors compound. Yuma transitions to Salinas lettuce mid-May. Vidalia onion pack and Mexican spring vegetables run through June. GA and FL hand off to IL, WI, and MI in August and September. PNW apple harvest and Christmas trees bookend October through December. Each handoff stacks a new lane on top of the holiday peaks (Memorial Day, July 4, back-to-school) without releasing the lanes that came before. Reefer doesn't have a slow month between here and Thanksgiving.

The river is swifter because the headwaters are heavier. Through summer, the swell carries.



Source: SONAR | KCH Projection

Supply: Why the Rate Train Keeps Rollin’

The Scissors Glued Shut in April. May Won’t Open ‘Em.

Three measurement layers triangulate the same answer.

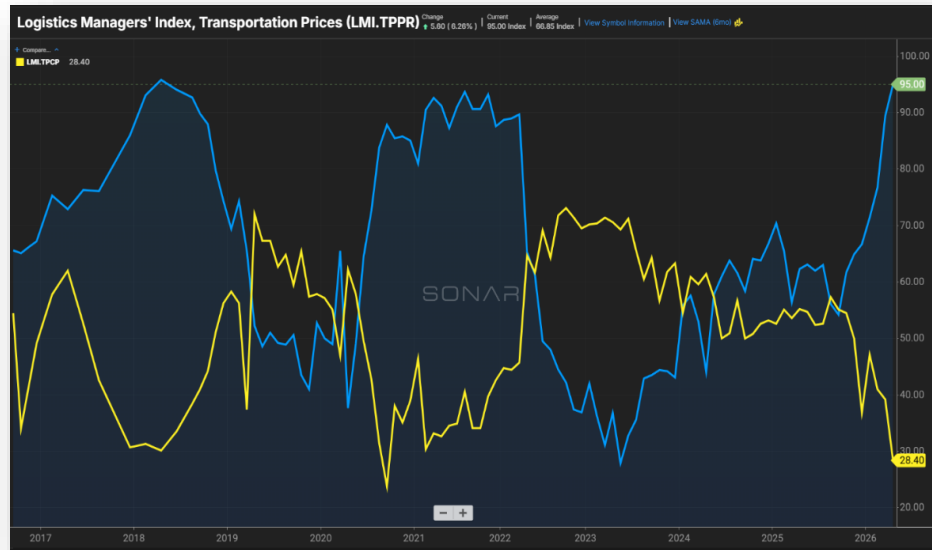
Real-time tender data has the rejection signal at multi-year highs and well above the same week of any year since the 2021 cycle.

Surveys put April’s LMI Transportation Prices at 95.0

(second-highest ever) against a Capacity reading of 28.4 (second-lowest ever). The 66.6-point spread is the largest in LMI history, and Transportation Utilization at 69.6 is the highest since November 2021. Aggregate logistics costs at 242.4 are running at the fastest pace since March 2022; LMI notes that readings above 240 are strongly significantly predictive of future supply-induced inflation.

Payment data closes the loop. US Bank’s Q1 Freight Payment Index showed spend +12.9% QoQ (the largest jump since pandemic recovery) with all five regions posting double-digit YoY spend gains for the first time since Q2 2022. Spot rates +11.9% QoQ. Diesel up 55% over the quarter. The Midwest posted its first YoY shipment gain in six years.

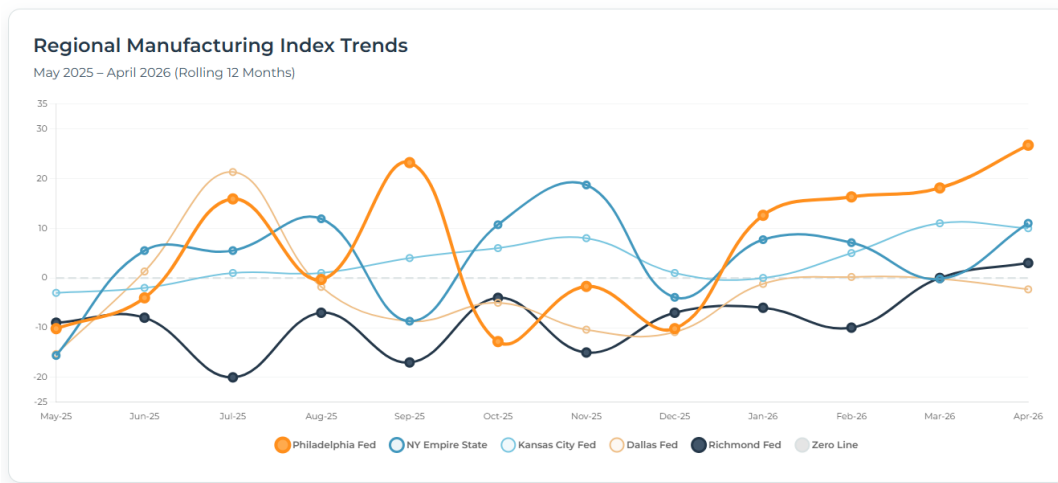
None of these signals are leading the others. They are arriving together.



Source: SONAR

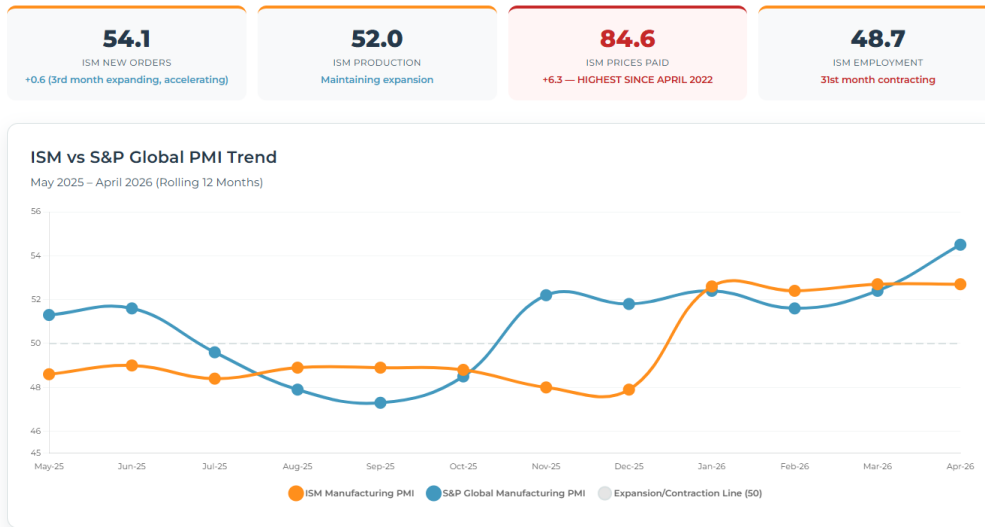
What's Pushing the Lock Closed

LMI joined the survey layer this month as the standout, but the broader survey set is reading the same direction. Our composite of the five regional Fed manufacturing surveys averaged against ISM new orders puts the aggregate at its best reading since February 2022. The internal divergence is the more interesting finding: the regional Fed average came in at +1.12 against ISM at -0.43, the largest gap since late 2013–2014. The likely read is exposure. ISM tilts towards the biggest entities that absorb tariff and Iran-war friction first; the regional Fed cohort captures a broader mid-market base feeling the new-order pulse without the same cross-border drag. Both are saying orders are firming. They disagree on how cleanly.



Source: Regional Fed Business and Manufacturing Surveys

The ISM vs S&P Global comparison shows the same fault line in the headline data. S&P Global new orders posted their largest single-month jump since May 2022 while ISM read more muted. Same shape. Larger firms reading the friction first.

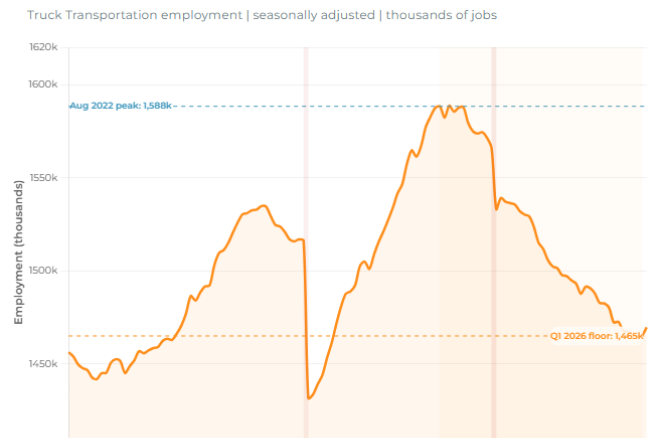


Source: ISM PMI and S&P US Flash PMI

The Beige Book describes the same thing in plain language. Eight of twelve districts expanded. Driver supply was cited explicitly as a constraint (Cleveland). Rail and trucking volumes were noted at simultaneous highs (Chicago). Manufacturing margin compression, where input prices rise faster than selling prices, is widespread. Hormuz feedstock disruption is now named as a fertilizer constraint (Minneapolis).

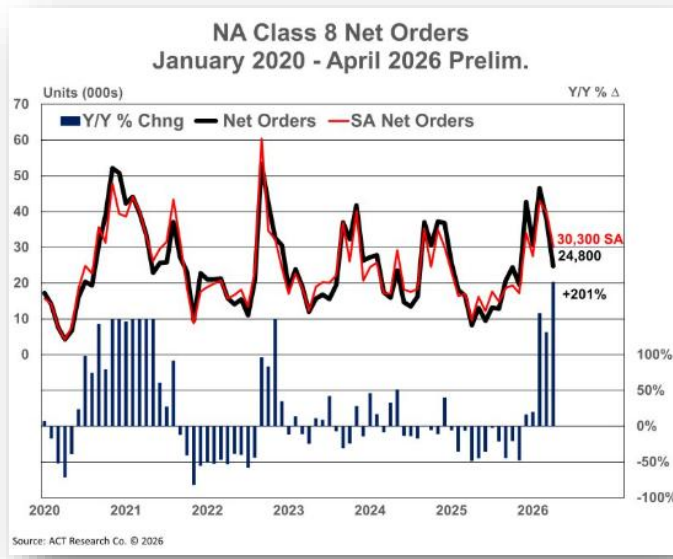
The Heavyweights

The capacity floor is cementing. FMCSA’s non-domiciled CDL final rule took effect March 16. As of this week, 28,000 of an estimated 194,000 non-domiciled CDLs have been revoked. FMCSA projects the eligible foreign-driver pool drops to roughly 6,000, limited to H-2A, H-2B, and E-2 visa holders subject to consular vetting. California and New York received final noncompliance notices with rescinded federal funding. Oregon and Nevada permanently ceased issuance.



Source: BLS

Even as broader employment data shows some firming (178k jobs added in March, 115K in April, with jobless claims down 26k late April), the trucking-specific picture has bottomed and just begun to lift, but a single +4.3k April print does not unwind a multi-year drain. The recovery has started; matriculation through the full freight rate stack will take quarters, not weeks.



Source: ACT Research

Class 8 truck orders are booming on the order book, but the trucks ordered in Q1 don't deliver until Q3 and Q4, and they don't fix the driver problem when they arrive. ATRI's marginal cost data sets the rate floor. Diesel still running 40% above pre-war levels and gas at \$4.55 set the operating cost floor.

Capacity is only starting the recovery timeline. A sturdy floor is lifting the entire rate stack from below while the demand pulse drives it forward. That is the binding agent this quarter.

Modal Shifts

When Push Comes to Shove

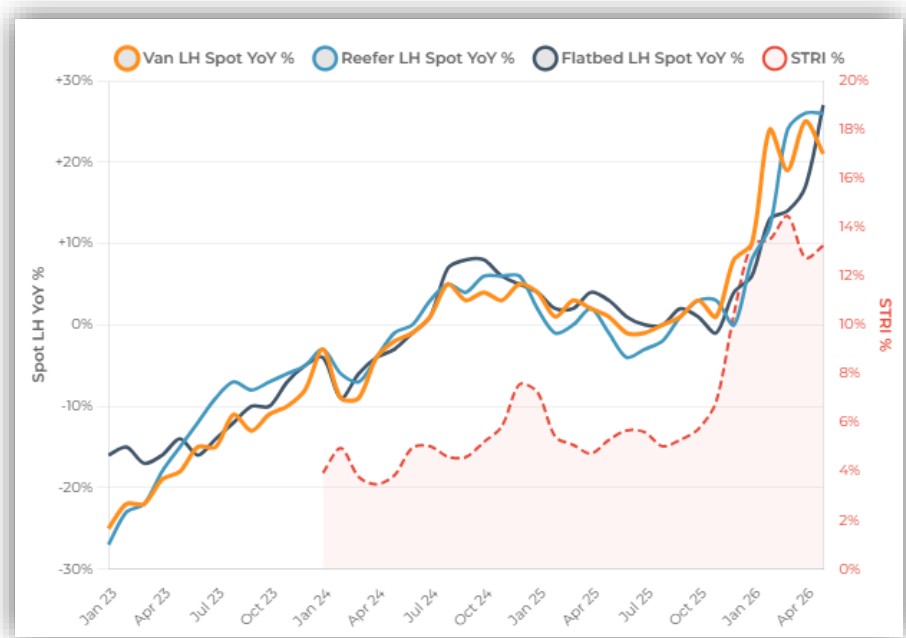
Flatbed leads on causation. Flatbed Spot LH YoY +27% in May, up from +17% in April. Flatbed all-in spot at \$3.30 sits within reach of the June 2021 record. The mechanism is the AI infrastructure buildout.

Alternative-electric investment (wind, solar, dry-waste, geothermal structures) accelerated since early 2023 alongside the popularization of LLMs, and real private investment in electrical transmission, distribution, and industrial goods is running roughly 40% above 2019 levels. The data-center steel and large storage batteries that ride flatbeds are the visible end of that build. Hyperscaler capex from Amazon, Microsoft, and Alphabet shows little sign of slowing. Per Miller, the most fragile leg of the hyperscaler stool is Meta, the one major buyer whose AI spend isn't cross-subsidized by cloud revenue. For now, the order book carries.

Reefer leads on calendar. Reefer Spot LH YoY +26%; RRPI at -25%, matching the dry van rate floor's prior-cycle depths. Florida tightness and corridor handoffs are detailed in the Demand section.

The mode-level read is straightforward:

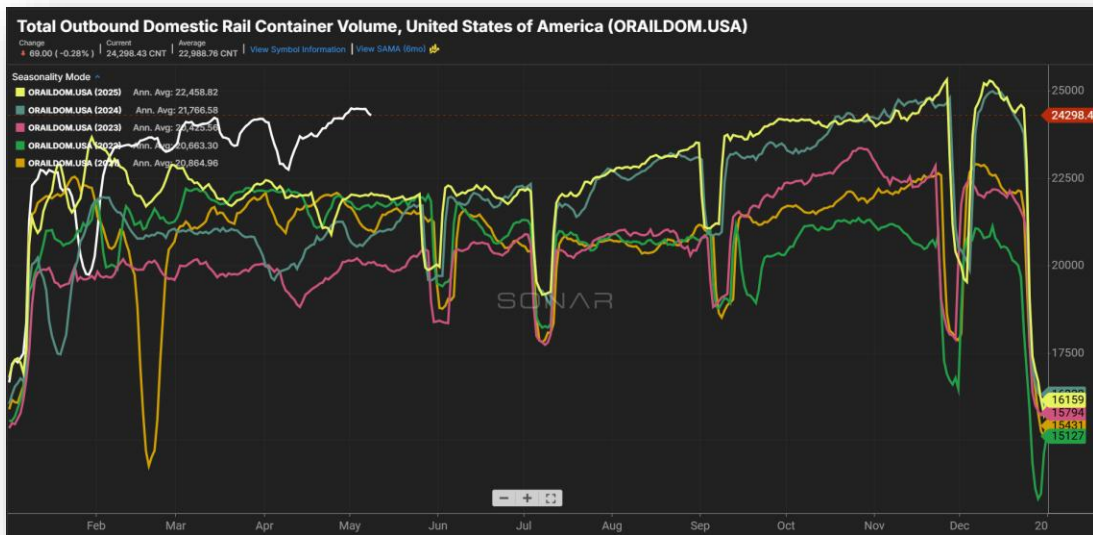
reefer's only break in the next thirty weeks is the two-week window between Thanksgiving and Christmas. Every other week has a corridor opening, a holiday peak, or both. The cycle is no longer waiting on demand to firm. The calendar is



Source: DAT | SONAR

doing the work.

Intermodal captures cost-conscious freight. When trucking rates reset upward and contracts lock higher across modes, the cost-sensitive middle of the freight book moves to rail. The Chicago Beige Book observation that rail and trucking are simultaneously at multi-year highs is the operational tell. Rail is catching the freight that trucking can't price competitively right now, complementing rather than substituting where capacity is available.



Source: SONAR

The split is the interesting thing. Three modes leading on three different mechanisms: flatbed on AI infrastructure, reefer on seasonal compounding, intermodal on rate arbitrage. All three reinforce the same picture. Demand is real, broad-based, and anchored across modes. This is not a single-driver rally.

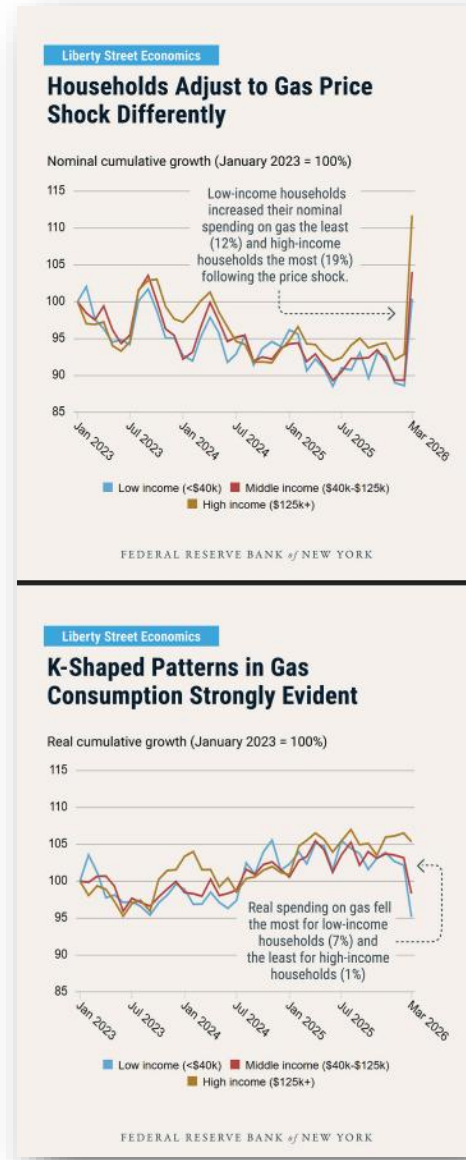
Macro Drivers

The Channels Are Narrowing

The river carries the surge, and the same upstream forces that swelled it are narrowing every channel downstream. That is where the macro picture gets honest.

Energy is no longer hypothetical. National gas at \$4.55 (+41% pre-war). Diesel down 19¢ from two weeks ago but still running 40% above pre-war. Energy prices +12.5% YoY in March, up from +0.5% YoY in February. That is an inflection, not a drift. PCE +0.7% MoM and +3.5% YoY in March, the largest reading since May 2023. Core PCE 0.3% MoM and 3.2% YoY (Hormuz hasn't hit core yet). Retail sales +1.7% in March, but only +0.6% ex-gasoline. The headline number was fuel-driven.

The K-shape is empirical, not narrative. NY Fed Liberty Street Economics' work on the gas shock shows low-income households (under \$64k) increased nominal spending the most, by 12%, while their real consumption fell 7%, the largest real hit of any income tier. Middle-income (+19% nominal) absorbed most of it. High-income (+12% nominal) absorbed nearly all of it. Low-income real consumption is already showing the destruction. They cannot substitute, hedge, or absorb. As Hormuz drags, the gap widens.



Source: NY Federal Reserve Bank

Consumer sentiment is the noisiest signal here. University of Michigan at 49.8 is the lowest reading in the index's history, surpassing June 2022's 50.0. Consumer Expectations at 48.1, down 7.0. Set against that, retail sales rose, jobless claims fell, and 115k jobs were added in April. Sentiment overstates the present and historically diverges from spending. What matters for freight is that the cost mechanisms compressing the consumer are real and operating regardless of sentiment, and the Beige Book describes manufacturer margin compression (input > selling) in the same chain. The squeeze is moving through the food dollar, the gas dollar, and the rent dollar in real time.

Two engines, one chassis. The freight economy has two power sources. The operational engine (ports, AI infrastructure, produce, holiday pulses, contract resets) is running hot, and the rates reflect it. The consumer-end engine, real spending power and demand for what the trucks ultimately deliver, is sputtering. Both are bolted to the same chassis. The freight economy can lead the consumer economy for one or two quarters; the consumer economy ultimately determines what the trucks carry. The gap between the two is what Q3 will measure.

The ISM-FRB Divergence is the Yellow Flag

When the manufacturer cohort most exposed to global trade and tariff policy (larger firms in the ISM) reads -0.43 while the broader regional Fed cohort reads +1.12, the natural interpretation is that the larger, more globally-coupled firms are absorbing the macro friction first. The 2013–2014 precedent eventually saw both series reconverge upward. The path to reconvergence in 2026 is muddier; the friction sources (energy, tariffs, geopolitical risk) are still active, not resolved.

The 2012 Parallel Has Names Now

GDPNow ran 3.1% in early Q2, then revised down to 1.6%. Manufacturing employment (per S&P Global PMI Employment) is falling for the first time in nine months. The FOMC has three dissents, a split committee. Tariff refund claims opened April 20 for 300,000+ importers, with the first wave expected in 60–90 days. Ford projects \$1B in 2026 tariff costs (down from \$2B in 2025) with \$1.3B in expected refunds. GM expects \$2.5–\$3.5B with roughly \$500M back. EU autos went from 15% to 25% in the latest negotiation cycle. Aluminum tariffs are not affected by the IEEPA strikedown.

The 2012 setup is the parallel: fuel hot, freight tight, then H2 spending crowdout. The difference is the deeper supply floor. 20,000 fleets out since 2023, 28,000 CDLs

revoked already, the eligible foreign-driver pool projected to shrink to roughly 6,000.

The cyclical recovery has a ceiling. Translation for 2026: even if the H2 headwinds win, they don't unstick the scissors fast. They stop them tightening further. The river slows, the channels widen incrementally, and the lock relaxes by quarters, not weeks. The structural floor doesn't break — it just stops compressing.

The Final Grade

The Good News: Every operational layer says go through summer. STRI 2.4× last May with the produce handoffs and holiday peaks still ahead. LMI Transportation Prices second-highest ever, Capacity second-lowest, Utilization highest since November 2021. Inbound Ocean TEUs running well above the five-year average. Class 8 orders booming. Construction strong. AI infrastructure adding lane density nobody had two years ago. The capacity floor is structural, and rates are resetting higher from below as much as they are being pushed higher from above. Carriers operating right now have the strongest data backing they have had since the 2018–2021 cycle. Shippers locking contract before August are doing so against a market that has not yet seen its peak.

The Bad News: The same forces driving the swell are narrowing every channel downstream. Manufacturer margins are compressing (Beige Book input > selling). Shipper budgets are absorbing +27% YoY contract linehaul increases. Consumer wallets are taking the K-shape hit, with low-income real consumption already down 7%. Sentiment at U Mich record lows. PCE accelerating. Core inflation 3.2% YoY before Hormuz fully passes through. The §301 tariff cycle is set to return effective rates to October 2025 levels in roughly two months, and the import front-load has a clock on it. The freight engine runs hot while the consumer engine sputters, and they are bolted to the same chassis. The momentum carries. The friction rises every mile.

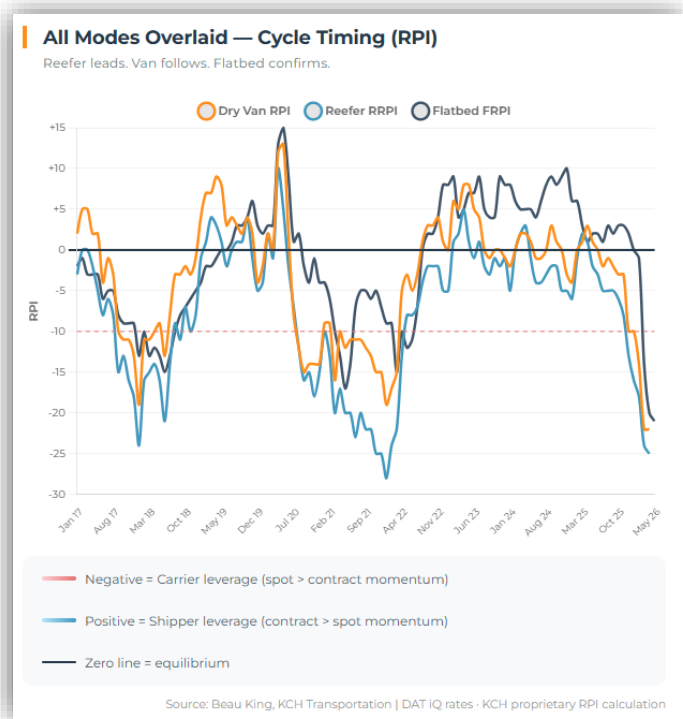
Three Markets, Three Realities

Shippers: The May closing market is harder than April's. LA Port import data implies your Q3 contract awards already need to assume continued tightness. The August lull is real but does not reset to today's rates. It resets to a higher new-normal. Q4

peak season re-tightens what summer cooled. Build the new floor into your Q3–Q4 budgets now; waiting for relief that doesn't arrive is the most expensive thing you can do this cycle.

Carriers: Use the next eight weeks. The data is on your side. Every produce handoff is still ahead, AI infrastructure freight is structural, and the import front-load runs through July. Lock contract rates that survive a softer August so Q4 is a margin year, not a chase year. Bring RPI numbers, ATRI cost data, and LMI Transportation Prices to the table when you negotiate.

Manufacturers: The input-output spread is the leading indicator of when the consumer breaks. Beige Book is describing compression now. The K-shape is showing it in NY Fed real-consumption data. ISM is showing it in the divergence with regional Fed surveys. Margin protection has to be planned for Q3 specifically. The freight pulse and the energy floor will not let cost relief arrive on the timing the recovery thesis assumed.



Source: DAT | KCH Analytics

The push runs against real friction.
 The story of the next two quarters is which is stronger.

Crafted by [Beau King](#) | KCH Transportation