April 2026

Monthly Freight Market Update

What's Inside?

Quick Hits

- The ISM sees three straight months of expansion. Richmond breaks a 13-month hibernation. Kansas City is near a four year high. And the manufacturing recovery stopped being a regional story. It's a continental one with the freight data is starting to match.

- SONAR Tender Rejections have doubled since November, **sitting at 14.5%.** Accepted loads are rising simultaneously, which only happens one way: the total number of tenders is growing. That is demand in the data, not just tight supply creating the illusion of it.

- **ISM Prices Paid reached 78.3 in March**, matching the June 2022 peak. Worsening steel and aluminum tariffs, Iran-war petroleum costs, and broader import duties are compounding at the same time. Three storms over the same field.

- Fuel surcharges surged **49% month-over-month**. Fuel's share of carrier costs had been declining for a decade. It's reversing hard, into a non-fuel base that's already at an all-time high. In 2022 carriers absorbed the spike into linehaul. That cushion is gone.

- **Dry van spot all-in reached $2.52** in March. We track the gap between contract linehaul and spot all-in through our Reprice Index (RPI): -17% van in March, widening fast. The contract-spot linehaul spread has gone from **$0.41 a year ago to near parity.** Shippers with spring bids still open are repricing into a different market than the one they budgeted in Q4.

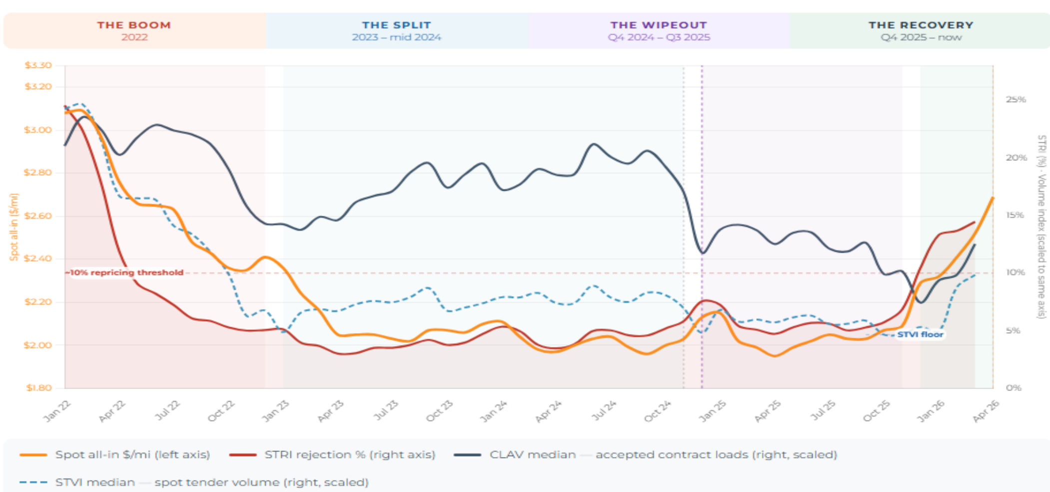
- April showers bring May flowers, and this year they're arriving by **Reefer at $2.97/mi all-in and blooming**. A CVSA ELD blitz runs May 12-14, landing in peak produce season with STRI already above 14%. ISM Prices Paid at 78.3 is the same reading that preceded the 2022 demand collapse. The freight market is tightening. The question is whether the economy underneath it can hold the weight.

Demand: What Wasn't in the Book

Freight Econ 101

In a textbook freight market, demand and supply move together in a way that's easy to follow. Shippers put loads on the board, carriers bid for them, rates reflect the balance. When manufacturing picks up, more loads enter the market, carriers get busier, spot rates rise, and contract rates follow a few months later. Higher volume, higher price, right on cue. Rejection rates are a good barometer: when they climb past roughly 10%, the market is tight enough that carriers can say no and still fill their truck. Rates follow rejections like a shadow.

The last four years broke that picture. The 2021 boom ran so hot that carriers piled in (fleets, drivers, trailers) at exactly the wrong moment. By the time that capacity arrived, the demand wave had already passed. What followed was three years where spot rates crashed, contract rates followed slowly and grudgingly, and volume kept drifting lower even as more trucks chased fewer loads. Traditional relationships between the indicators turned murky. Rejection rates in the 3–4% range were supposed to mean soft rates. They did. But the cost floor beneath carriers kept rising: driver wages, equipment payments, insurance. The industry kept exiting even while rates barely moved. A slow bleed dressed up as stability.



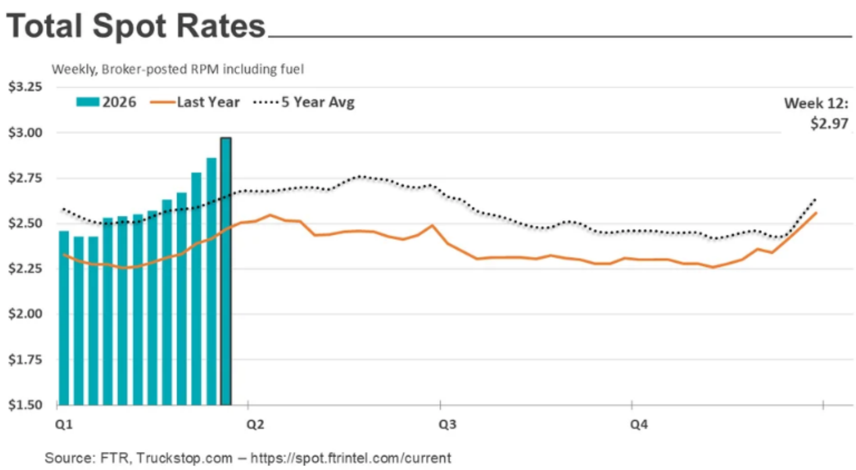
Three Layers, One Direction

Freight inflections show up in three layers. Real-time tender data moves first. Surveys confirm the breadth. Payment data validates months later. When all three converge, the signal is real.

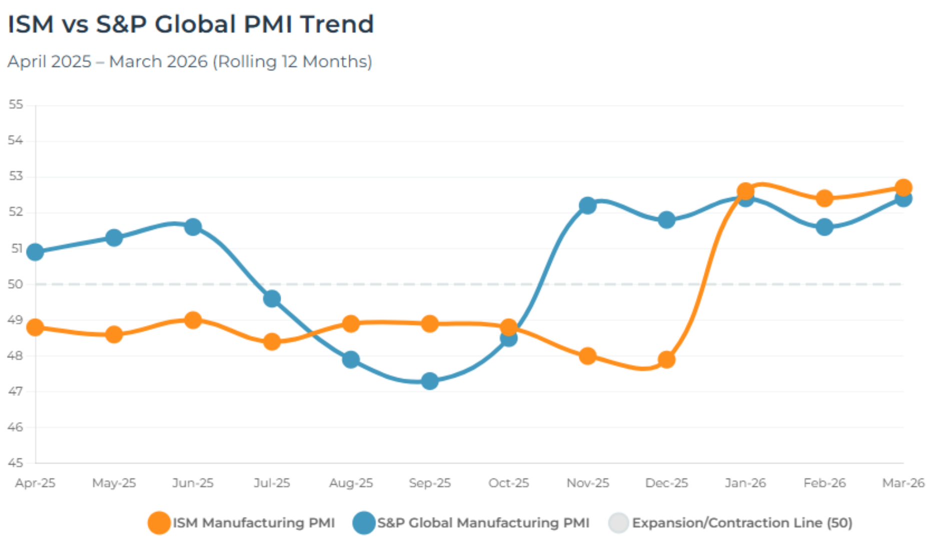
The real-time layer broke in December. **STRI doubled from 6.85% to 10.45% in one month**. Spot all-in jumped $0.20. CLAV dropped to its cycle low. That was the inflection, and it happened before Hormuz. Three years of accumulated supply contraction finally tipped the balance. By March, STRI reached 14.46% and CLAV had recovered to **12,581, five consecutive months of improvement**. The proof that this is demand arriving and not just supply vanishing: CLAV and STRI cannot rise simultaneously unless the total tender pool is growing. More loads tendered, more accepted, more rejected. The denominator is expanding.

CarrierSource's Shipper Demand Index confirms it from the sourcing side. Their platform hit **125 the last week of March**, more than two standard deviations above normal and 30% above the same week last year. The equipment mix also gives a hat tip: open deck and final-mile are leading, with final-mile's recovery since early 2026 consistent with a shift toward just-in-time ordering as shippers pull capacity forward into a tightening market that LMI author Zachary Rogers of Colorado State has discussed.

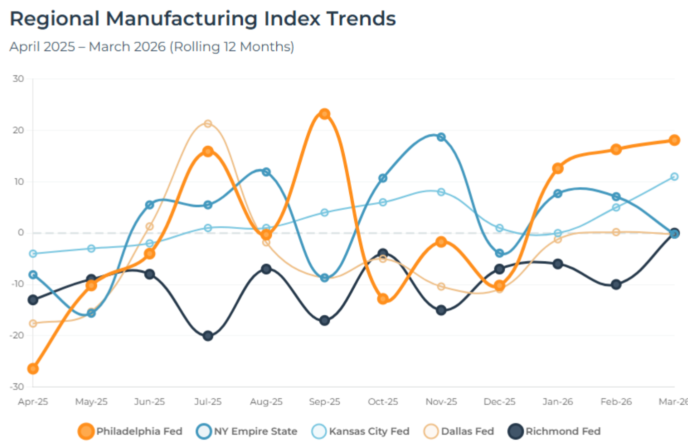
FTR's weekly spot data corroborates: total spot loads **hit 234.1 in week 12, the highest since June 2022**. Load postings ran 35% above the prior year. The Market Demand Index reached its highest since February 2022. Broker-posted rates rose 11.4 cents in a single non-holiday week, the largest such increase on record.



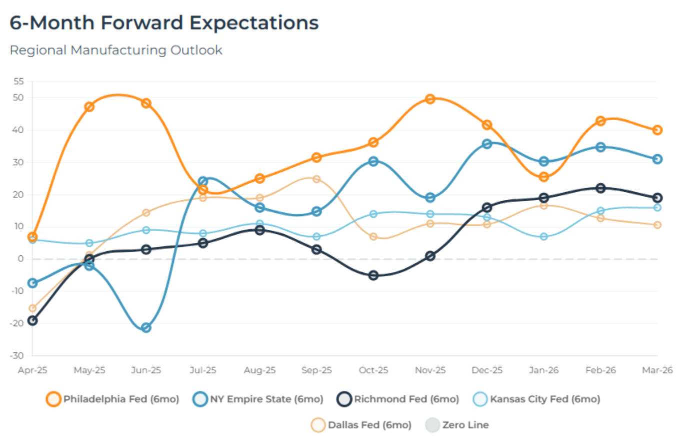
The survey layer confirmed the breadth. **ISM at 52.7** in March, cycle high, third straight expansion after 26 consecutive contractions. S&P Global at 52.4 puts both surveys in near-convergence for the first time since early 2022. Richmond ended a 13-month contraction streak. Kansas City hit its highest since July 2022. Four of five Fed districts at or above zero.



The last layer is the validator it's supposed to be. Freight payments invoiced weeks after ship date. Government releases built on accuracy over timeliness. CASS shipments were down 7% year-over-year in February, measuring invoices on freight that moved in December and January. Real number, not dismissed here. But CASS expenditures are running above prior-year levels even as shipment counts declined. Paying more to move less is what pricing power looks like when it first arrives. BLS **NAICS 484 employment at 1,462,500 in February**, down 126,100 from the October 2022 peak. The workforce contraction has been slow and continuous, not a crash. Which is exactly why it took so long to show up in rates.



This is the first month in this cycle where demand, cost pressure, and capacity tightening are all pointing the same direction at the same time. We just don't like the rain in the forecast.



Supply: Two Blades, One Pair of Scissors

What Makes the Cuts

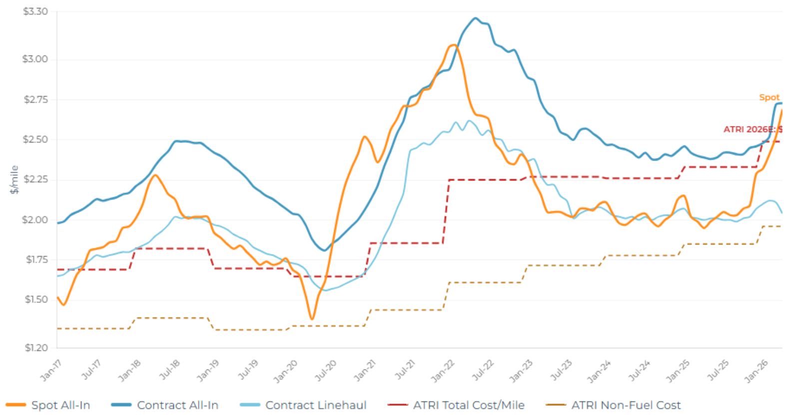
Most freight cycles have one dominant force. Demand pulls up and supply follows. It falls and supply falls back to meet it. One blade is usually bringing all the force.

What makes this cycle different is that both blades are moving at once. The demand blade is shifting right: more loads, broader geographic coverage, recovery across haul lengths. Production at 55.1 exceeds New Orders at 53.5, meaning manufacturers are running down backlogs. That's the freight-heaviest phase of the cycle.

The supply blade is simultaneously shifting left: fewer trucks, higher operating costs, longer reentry timelines. When both blades move toward each other, rates don't just recover. They reset. The scissors close faster than either blade alone would suggest, and the new equilibrium lands higher than a demand-only recovery would justify.

The cost floor is the bottom blade, and it never stopped rising.

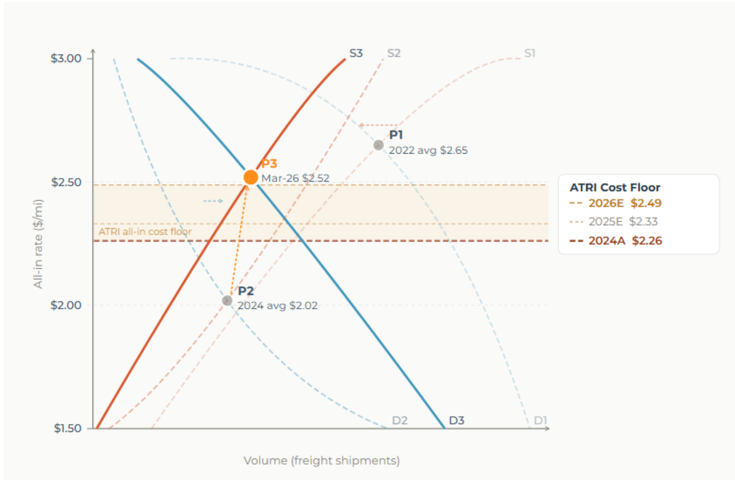
ATRI's 2024 operational cost data puts total per-mile **carrier costs at $2.26/mi**, an all-time high reached during the deepest freight trough in a generation. **Non-fuel costs reached $1.779** per mile: driver wages at $0.798, truck and trailer payments at $0.390 (up from $0.279 in 2021), insurance premiums up 10.4% in Q1 2025 alone. These costs escalate at 3 to 5% annually regardless of what the freight market does. They are the floor that didn't exist in prior cycles, the reason rates couldn't fall as far as volume did, and the mechanism by which roughly **20,000 fleet exits since May 2023** were demand-driven rather than regulatory. Carriers didn't fail a compliance audit. They covered more road than margin.



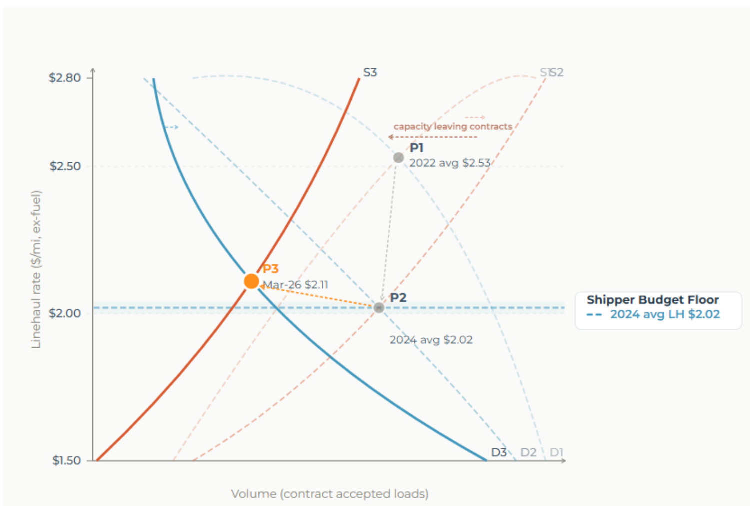
Source: Beau King, KCH Transportation | DAT Dry Van National Averages | ATRI Operational Costs of Trucking (2017-2024 actual, 2025-26 projected at 3-5% non-fuel escalation)

The approximately 20,000 fleets that exited are not coming back on a normal timeline. The operators who survived are the best-capitalized and most selective, and each one independently arrives at the same rate floor because each one faces the same cost structure. No coordination required. **The CDL non-domiciled renewal wave, roughly 194,000 licenses facing renewal through August 2027**, extends the expected capacity response timeline from six to nine months to twelve to eighteen. The Dalilah Law doesn't need to pass to matter. Carriers evaluating reentry are already asking whether it makes sense to recruit drivers whose licenses may be challenged within a year. The on-ramp was narrow. It is getting narrower.

The dual cost floor comparison below shows where spot and contract each sit relative to their respective operating cost floors.



Source: Beau King, KCH Transportation
Data: DAT Dry Van National Averages | FreightWaves SONAR STVI | ATRI Operational Costs of Trucking (2024 full-year: $2.260/mi)
Projections: 2025E based on avg diesel $3.66/gal + non-fuel escalation; 2026E reflects ISM Prices Paid 78.3, tariff pass-through
March 2026



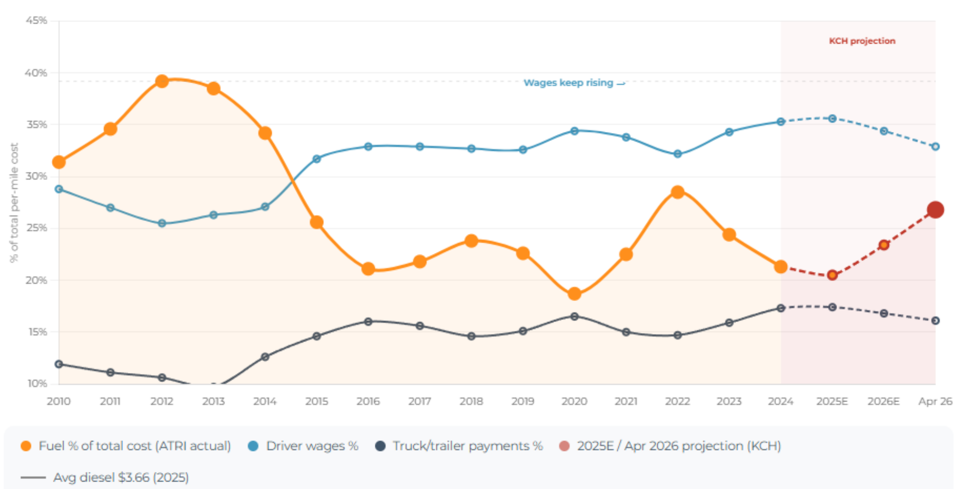
Source: Beau King, KCH Transportation
Data: DAT Dry Van National Averages | FreightWaves SONAR CLAV | Budget benchmark = 2024 full-year avg contract linehaul ($2.02/mi)
March 2026

Fueling the Burn

Fuel is the most visible cost in trucking and the most misread right now.

After peaking at 39% of total carrier operating costs in 2012, fuel's share had been declining for a decade, falling to 21% by 2024 as driver wages and equipment payments became the dominant expense layers. That structural shift is now reversing. At current diesel prices, well above March's already elevated average, fuel's share is heading back toward levels not seen since the early years of that decline. The reversal matters not because fuel is back in charge, but because it is adding a third source of cost pressure to a base that was already at an all-time high.

The mechanism differs by market type. On the contract side, fuel surcharges do what they are designed to do: pass diesel exposure through to the shipper. April FSCs surged 49% month-over-month. Contract carriers are earning more on surcharges at exactly the moment linehaul rates are under repricing pressure. On the spot side, the mechanism is rejection. When STRI exceeds roughly 10%, carriers begin declining loads that don't cover the full all-in cost at current diesel. The rejected load finds another truck at a higher all-in price. Fuel passes through not via a line-item surcharge but via market clearing. March confirms the split: spot all-in at $2.52 while spot linehaul held at $1.91. April running $2.69 all-in against $2.00 linehaul. Fuel is going where it belongs. The 2022 playbook of absorbing fuel into linehaul compression required margin room that no longer exists.



FTR estimates carriers' fuel costs per mile rose 21-24 cents in just three weeks. Crude closed March 27 at its highest since July 2022. In the first three weeks of the Iran conflict, the national average retail diesel price soared **$1.48 per gallon, the largest three-week increase on record.**

The Honest Risk

ISM Prices Paid went 59.0 in January, 70.5 in February, 78.3 in March. The two-month acceleration is the fastest since the post-COVID supply chain crisis. Three simultaneous drivers are compounding rather than substituting: steel and aluminum tariffs flowing through trailer and equipment replacement costs; petroleum-based product surge from the Iran conflict affecting plastics, resins, and packaging feedstocks; and import duties still transmitting through component costs at the manufacturer level.

The Iran conflict's freight implications run well beyond on-highway diesel. The Persian **Gulf supplies roughly 20% of global LNG**. That LNG is the primary feedstock for ethylene and propylene, which become the polyolefins, resins, and films used across food processing, consumer goods, and industrial packaging. Fertilizer is heavily natural-gas-derived, and Gulf disruption raises agricultural input costs on a six-to-nine-month lag. What began as a geopolitical headline is transmitting through the supply chain in ways that are only beginning to surface in PPI data.

Which brings honest risk into view. ISM Prices Paid at 78.3 is also the reading that immediately preceded the fastest freight demand collapse in modern trucking history. The structural difference is real. The cost floor provides rate support that did not exist at the onset of the 2022 downcycle. But manufacturers are currently absorbing costs they cannot yet pass through. ISM Prices Received is not keeping pace with Prices Paid. Margin compression at the manufacturer level historically precedes order caution. Eighteen consecutive months of depleted customer inventories provide a buffer. That buffer is not unlimited.

Near-Term Flashpoint: May 12–14

The Commercial Vehicle Safety Alliance runs its Operation Safe Driver blitz May 12–14, with this cycle's emphasis on ELD compliance. The date was set before the fuel surge and Hormuz developments. ELD enforcement actions pull non-compliant hours from available supply, temporarily but meaningfully, at a moment when effective capacity is already at a multi-year low. The timing lands against Mother's Day flower volumes peaking mid-month and the broader spring perishables ramp. This is a match landing near very dry timber, in a market with no slack to absorb a supply disruption.

The produce calendar is stacking on top of it. Dean Croke of DAT's weekly USDA Produce Truck Rate Report (week of March 31) explains every major growing region tightening simultaneously for the first time this year. Nogales posted its first truck shortage of 2026. California broke a four-week pricing flatline with rate jumps as high as 17%. South Texas reefer linehaul out of McAllen is running 26% above last year. **Florida posted its largest single-week gains since February. The Vidalia onion season opens April 13, and the Yuma-to-Salinas lettuce transition is weeks away.** CVSA enforcement landing May 12-14 during peak produce movement adds a supply pinch to a market that's already short of reefers.

How This Moves Through Food Prices

Most people experience freight through grocery receipts, not rate sheets. The connection is real, and the current environment makes it unusually direct.

The USDA's Economic Research Service tracks where each grocery dollar goes through its food dollar series. Farm inputs take 10.2 cents. Food processing takes 27.7 cents. Wholesale distribution takes 11.5 cents. The grocery store itself takes 29 cents. **Transportation and storage take 6.3 cents**, split across three distinct freight legs: bulk agricultural haul from farm to processing plant (bulk, long haul van, and reefer), finished goods from plant to regional DC (long-haul dry van and reefer, the core KCH lane, 300-800 miles), and local delivery from DC to store (multi-stop, LTL, dedicated). Each leg uses different equipment, runs on different economics, and tightens at different points in the cycle. Right now, all three are tightening at once.

Six cents sounds small until you realize it's the one line item in the chain that can't be substituted, delayed, or sourced from a cheaper alternative. A food processor can switch packaging suppliers. A retailer can adjust margins. Nobody can choose a cheaper way to move strawberries from Oxnard to Philadelphia by Friday. The freight moves on the timeline the produce dictates, at whatever rate clears the market. That inelasticity is why freight cost increases transmit to consumer prices even when they represent a small share of the total.

The current environment pressures all three legs simultaneously. First, the transport cost itself: FSCs up 49% month-over-month, spot reefer all-in at $2.97 in March. Second, the packaging cost: petroleum-based resins and films, sourced partly from Gulf feedstocks, flowing through to the plastic trays, wrap, and bags that every item in the refrigerated section requires. Third, the growing cost: fertilizer inputs, natural-gas-derived, facing the same Gulf feedstock disruption with a harvest-cycle lag. A food processor absorbing all three at once while watching ISM Prices Received lag Prices Paid is the manufacturer-level margin compression described above. Eventually, it passes through.

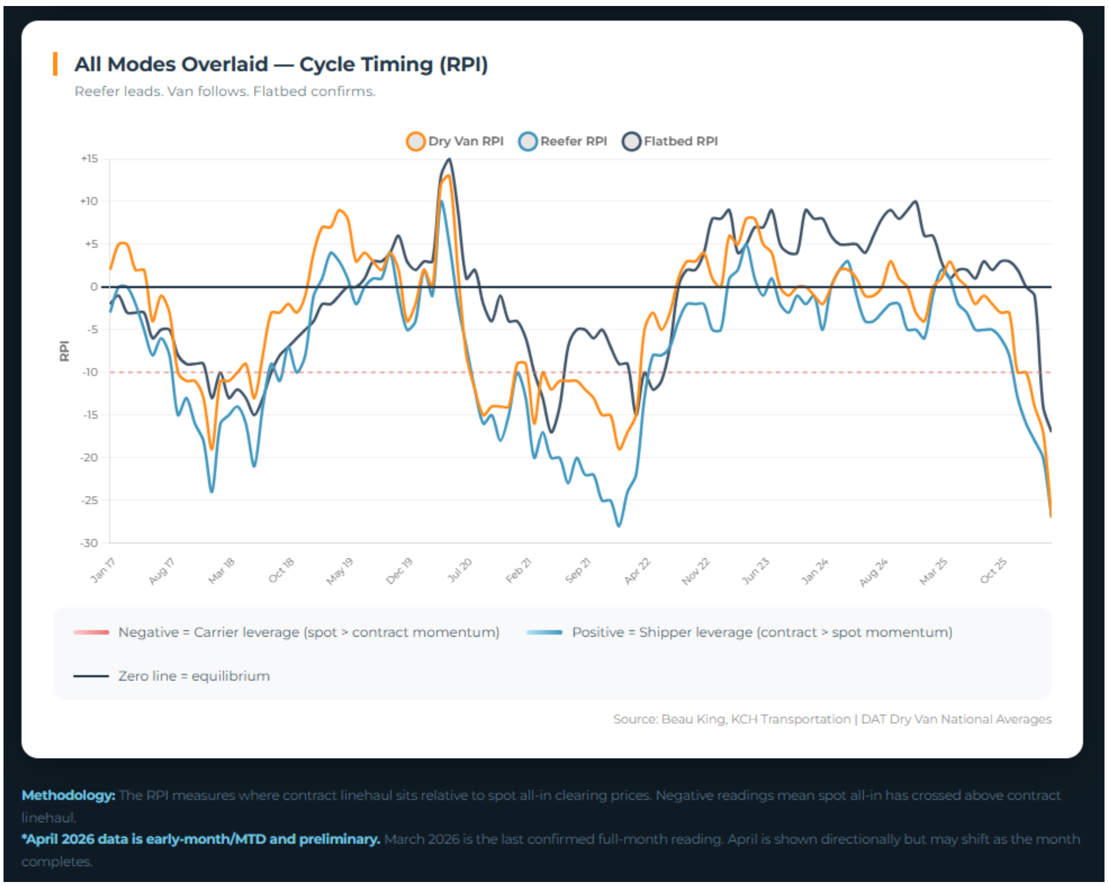
That transmission is already showing up in cleared rates. DAT's weekly USDA Produce Truck Rate Report (week of March 31) **shows Nogales-to-Boston reefer loads clearing $10,000-$10,600. Nogales-to-Chicago hit full shortage at $5,900-$6,200**. South Texas reefer linehaul ran 46-51% above prior year on Miami and LA lanes. Florida reversed three weeks of stable pricing with 7-18% gains in a single week. These aren't projections. They're what shippers paid to move beans, strawberries, tomatoes, and peppers last week. When the capacity isn't there, produce doesn't wait. The loads that budgeted off California's four-week flatline just watched their baseline reset by $1,000-$1,500 per load overnight.

Source: [USDA Food Dollar Research]

Rates: The Spread

The contract-spot linehaul **spread was $0.41 a year ago**. By February it compressed to $0.12. March printed $0.20, which looks like a reversal until you pull it apart: spot linehaul dipped mid-month as fuel costs absorbed into all-in pricing, then gave it all back by month-end. By the time March rolled into April, contract and spot linehaul hit parity. The spread that gave shippers a cushion for three years is gone.

When that gap was $0.41, routing guides held. Shippers could tender to contract carriers at known rates and use spot as a release valve. At parity, the release valve is the same price as the pipe. Carriers rejecting contract tenders at 14.46% aren't being hostile. It just costs less to sit than to run the load.



The full March picture: dry van spot all-in at $2.52, spot linehaul at $1.91, contract linehaul at $2.11. **RPI at -17% van, -20% reefer, -14%** flatbed. Reefer spot all-in at $2.97. Flatbed at $3.08. Flatbed moved furthest and fastest as data center construction, ISM-driven durable goods backlogs, and Hormuz-boosted extraction activity all landed on one equipment type during its seasonal peak.

April MTD is directional only, using early-week data that is inherently volatile. What it shows: all-in spot at $2.69 against $2.00 linehaul. RPI widening to -27% van, -27% reefer, -17% flatbed. Contract linehaul at $2.04, below February's $2.12, reflecting renewals that locked in before the March inflection. Contracts repriced before STRI broke above 14% are going to look very different from contracts closing in May.

The cost floor is the bottom blade. ATRI all-in costs at **$2.26 in 2024 are heading to $2.40-$2.49 by year-end** at the documented 3-5% non-fuel escalation rate. Spot all-in at $2.52 in March cleared the 2024 floor. Contract linehaul at $2.11 clears the ex-fuel floor of $1.78-$1.96 estimated for 2026 but sits $0.29-$0.38 below the all-in cost floor. That gap is the spring bid season repricing argument in a single number. The RPI widened from -17% in March to -27% in early April. Carriers don't need to explain the ask. The data does it for them.

The Final Grade

Think of a freight market like a restaurant approaching the dinner rush. For three years, the kitchen was overstaffed, the dining room was half-empty, and managers were cutting shifts to control costs. Cooks left for other jobs. Equipment didn't get replaced. The skeleton crew that remained got very good at running a lean operation, and got used to setting prices that covered what it actually cost to keep the kitchen open.

Now the reservations are filling back up. Not at the 2021 pace when every seat was taken and they were turning people away. Something more measured than that. But the dining room is filling, the kitchen is at capacity with the crew it has, and a supplier just told the chef that chicken prices are up, the plastic wrap for the takeout containers costs 30% more, and the delivery driver needs a raise because fuel doubled. The guest checking the menu tonight is going to pay more than the guest from six months ago. Not because the restaurant got greedy, but because the bottom dollar now sits a mile high.

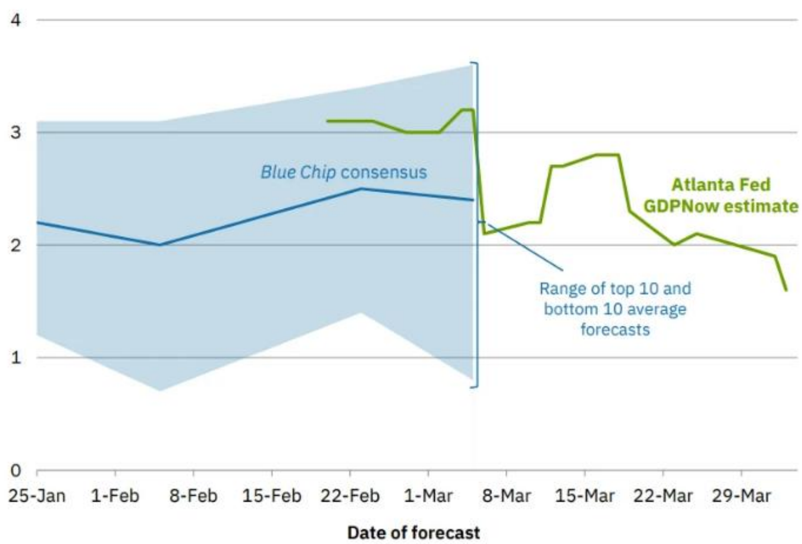
It is worth saying plainly what that false start cost. Carriers who held on through 2023 expecting 2024 to turn, then through 2024 expecting 2025 to turn, made three years of below-cost decisions before this inflection arrived. The ones who survived are not the same population that entered the downcycle. The fleet exits were not evenly distributed. They came disproportionately from the spot-dependent OTR operators who had no contract floor beneath them when STVI collapsed. The same segment now seeing the recovery first.

The demand confirmation is as broad as it has been since early 2022. Continental rather than regional. Three measurement layers pointing the same direction. CLAV and STRI rising simultaneously, the one combination that proves volume is growing rather than supply simply running out. Rail and long-haul TL at highs together rather than in opposition.

The supply constraint is structural and self-reinforcing. The cost floor rises whether or not freight volumes recover. The CDL pipeline is narrowing. The Dalilah Law doesn't need to pass to slow reentry. And the fuel cost that was supposed to be the manageable variable has become an accelerant on a base that was already fully committed.

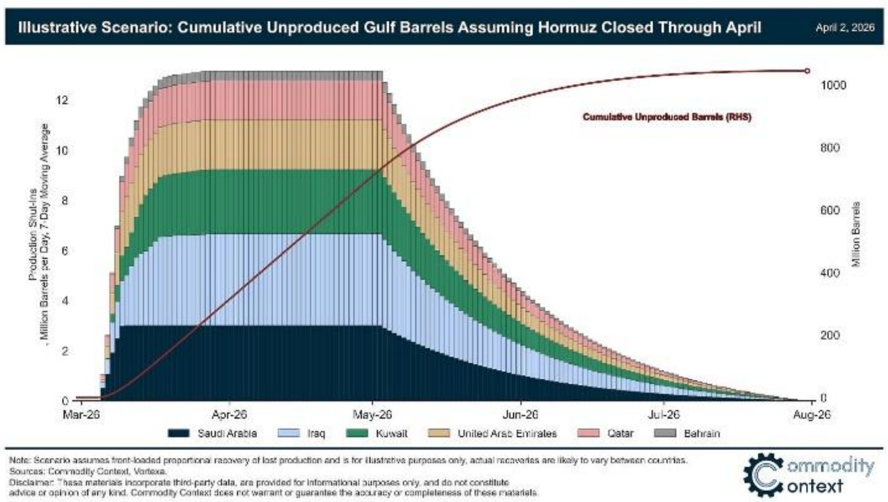
But the kitchen has a gas bill, and the customers are already ordering less. The Atlanta Fed's GDPNow model fell from **3.1% at the start of Q1 to 1.6% by April 2**. Not broad-based weakness: net exports subtracted 0.76 percentage points from Q1 growth as trade flows adjusted to the tariff environment. Personal consumption slowed, with PCE contributing roughly 1% to growth before March data is even incorporated. March is likely softer still. Gas prices were elevated all month, and that spending doesn't show up in freight right away. It shows up at the pump and disappears from the discretionary budget.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2026: Q1
Quarterly percent change (SAAR)



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

On the supply side, Commodity Context's illustrative scenario (assuming Hormuz remains closed through April with front-loaded production recovery) reaches approximately **one billion cumulative unproduced Gulf barrels** by August. The chart is labeled illustrative for good reason: actual recovery timelines will vary by country and production type. But the direction is not illustrative. Saudi Arabia, Iraq, Kuwait, the UAE, Qatar, and Bahrain are all in the stack. If the closure extends into May, the feedstock implications for petrochemicals, fertilizers, and plastics described earlier in this report stop being a lagged risk and become a present one.



The pattern is worth naming soberly. Fuel ran hot, freight tightened, ISM Prices Paid spiked, and then the spending crowdout hit in the second half and took the upcycle with it before contract books fully repriced. It happened in 2012. The structural differences this time are real: the supply floor is deeper, the capacity exits are larger, and the cost base has no margin to absorb a demand reversal the way it did then. But the mechanism is the same. ISM Prices Paid at 78.3 lifts rate floors on one side of the ledger and squeezes the manufacturers generating the orders that fill those trucks on the other. Both things at once.

The order is confirmed. So is the bill. The question is whether the kitchen can keep the ovens on long enough to collect.

Three Things to Watch Heading into May

CVSA ELD enforcement May 12–14: Watch spot rejection rates the week of the blitz against the current 14.46% baseline. A move toward 17–18% during the flower peak confirms effective capacity is thinner than the headline numbers suggest.

April CASS release: The first payment-based data point to capture the Q1 acceleration. Shipments YoY narrowing from -7% is meaningful. Expenditures index staying above 3.0 confirms pricing power is holding through the measurement lag.

Spring bid season close: Contracts awarded for April start locked in at one market. Contracts closing in May do so against a different STRI, a different fuel environment, and a different RPI. The spread between early and late bidders will be visible in aggregate rate data by June.

Produce season acceleration: The Yuma-to-Salinas transition in the next two to three weeks adds California outbound capacity pressure to a reefer market already at Slight Shortage across every growing region. California, Florida, South Texas, and Nogales all tightened simultaneously in the week of March 31. If that broadening holds through April, reefer rates will pull van capacity into temperature-controlled moves on the lanes where both equipment types compete. Watch the reefer RPI, which already moved from -13% in December to -20% in March, for whether the produce season creates a second leg up before the summer transition.

Crafted by [Beau King]