TRANSPORTATION & LOGISTICS | March 2026

Industry Update

2026 Freight Market Outlook: Early Trends to Watch

- Freight markets are gradually recovering as supply-demand dynamics are recalibrating towards more normalized levels
- Early 2026 macro indicators show signs of improving demand, led by the ISM Manufacturing PMI, which reached its highest level since August 2022
- Import volumes have eased from the elevated levels seen in 2024 and 2025, with a meaningful rebound unlikely until excess front-loaded inventories are worked down and restocking activity resumes
- Capacity across U.S. supply chains has tightened, and heightened federal compliance and CDL enforcement requirements are expected to remove additional trucking capacity from the market
- In February 2026, the Supreme Court ruled that the President lacked authority to impose tariffs, holding that the IEEPA statute does not authorize tariff measures
- Recent military action in Iran and broader Middle East escalation could further disrupt ocean and air freight, raise fuel costs, and increase transit-time volatility across global networks

52.6
ISM Mfg PMI as of January 2026
Highest level in 4 years

59.6
LMI Composite as of January 2026
Highest level in 11 months

Key Demand Indicators

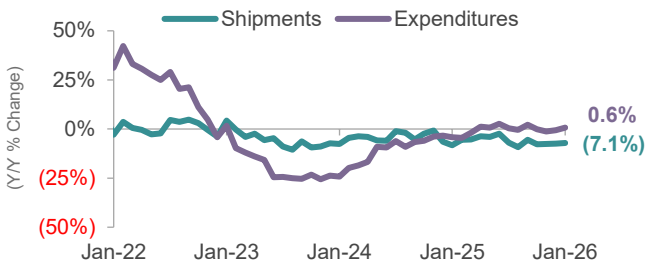
	Latest Release	Prior Period	vs. Prior Period	One Year Ago	Y/Y Change
ISM Manufacturing PMI[1]	**52.6**	47.9	9.8% ▲	50.5	4.1% ▲
ISM Manufacturing PMI – New Orders[1]	**57.1**	47.4	20.4% ▲	53.3	7.1% ▲
Housing Starts (Seasonally-Adj. Annual Rate)[2]	**1,404k**	1,322k	6.2% ▲	1,514k	(7.2%) ▼
Core PCE (Y/Y % Change)[2]	**3.0%**	2.8%	20 bps ▲	3.0%	0 bps —
Wholesale Inventory-To Sales Ratio[3]	**1.28x**	1.30x	(1.5%) ▼	1.32x	(3.0%) ▼
U.S. International Trade of Goods – Imports[2]	**$280.1B**	$269.9B	3.7% ▲	$293.2B	(4.4%) ▼
Truck Tonnage Index[1]	**113.0**	112.5	0.4% ▲	112.5	0.5% ▲

Latest Release: (1) January 2026, (2) December 2025 (3) November 2025. Note: Arrow colors are representative of the perceived impact to freight markets. ▲ = positive impact, ▼ = negative impact, — = no change

Freight Market Recalibration

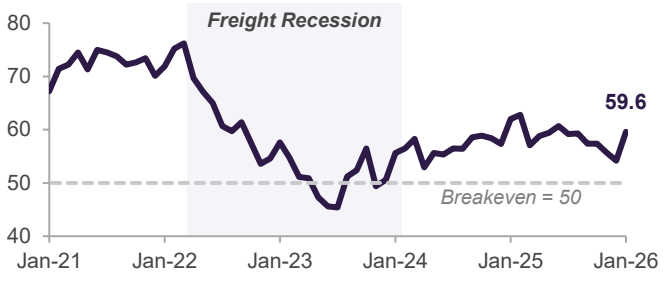
Cass Freight Index: Shipments & Expenditures

The shipments index remains in contractionary territory while expenditures were mostly flat in 2025, indicating that the average cost per shipment is stable despite demand softness.



Logistics Managers' Index ("LMI")

January showed continued expansion in the logistics sector, with the LMI rising month-over-month, driven by higher inventory levels and increased warehouse utilization.



Data updated as of 3/2/2026
Sources: Bloomberg, Federal Reserve, Institute for Supply Management, U.S. Census Bureau, Department of Transportation, American Trucking Associations, Bureau of Economic Analysis, Logistics Managers' Index, Cass Information Systems

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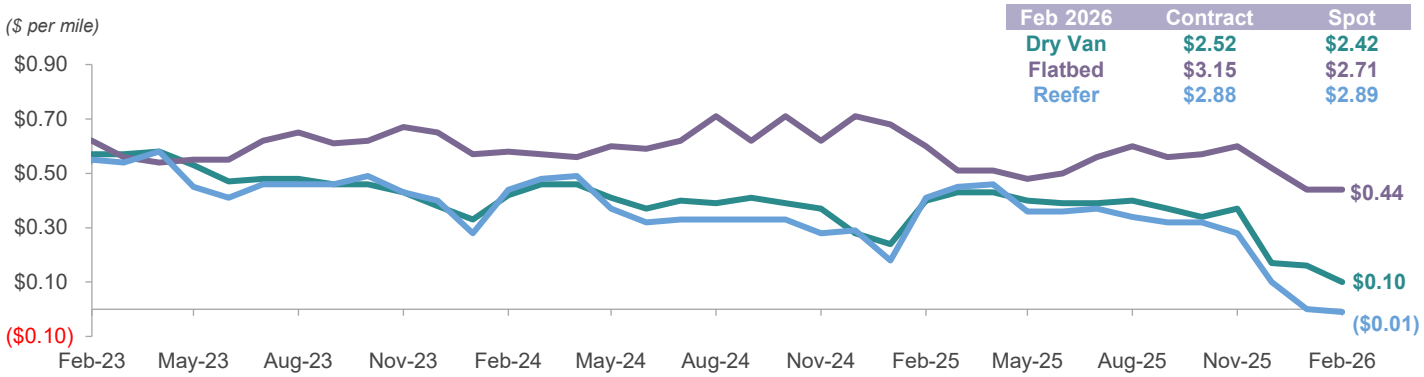
Truckload Market Updates

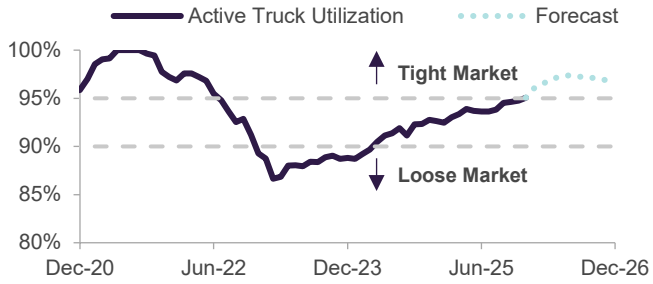
Trucking Contract vs. Spot Rate Trends

The spread between contract and spot rates has compressed to its narrowest level in three years across major modes, reflecting sustained upward pressure in spot markets. If spot rates continue to firm, this convergence is likely to translate into upward movement in contract rates as shippers enter new bid cycles.



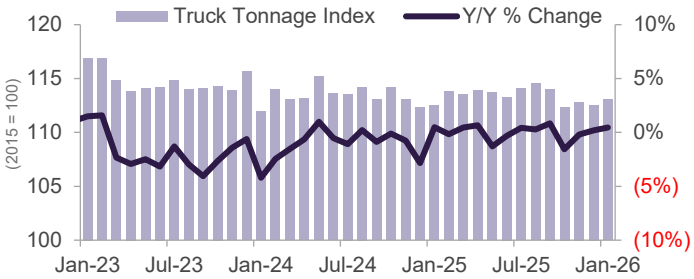
Active Truck Utilization Rate

Truck utilization has rebounded and is approaching levels consistent with a tightening capacity environment, driven by continued carrier attrition and emerging pockets of demand improvement.



Truck Tonnage

ATA's For-Hire Truck Tonnage Index showed truck demand was essentially flat in 2025, with year-to-date tonnage up just 0.1%, reflecting consistently soft freight conditions.

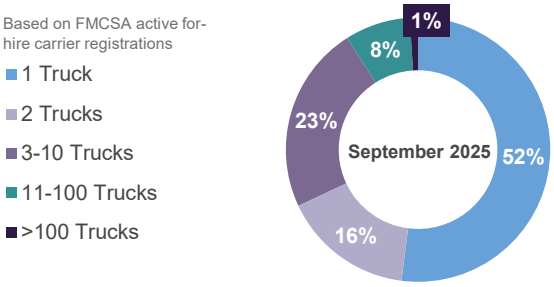


A Fragmented Carrier Landscape Faces Heightened Compliance and Capacity Constraints

Non-domiciled CDL issuance climbed through 2024 but then fell sharply following a series of federal enforcement actions in late 2025 that imposed stricter visa, identity-verification, and eligibility requirements. These measures significantly narrowed the pool of drivers eligible for non-domiciled CDLs and are continuing to reduce the available driver base. Trucking capacity is likely to tighten further as new federal rules governing CDL eligibility, immigration-status verification, and English-language proficiency move toward full enforcement, creating additional barriers to entry and accelerating the attrition of non-domiciled drivers.

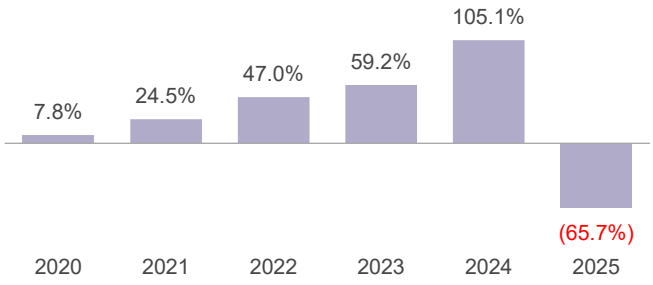
Registered Motor Carriers by Fleet Size

Industry structure remains highly fragmented, with meaningful scale concentrated among a small subset of carriers operating 100+ trucks.



Non-Domiciled CDL Issuance (Y/Y % Change)

Stricter verification rules reversed non-domiciled CDL growth and are expected to sideline ~200K drivers.



Data updated as of 3/2/2026
Sources: Bloomberg, Federal Reserve, DAT Freight, FTR, U.S. Census Bureau, Department of Transportation, American Trucking Associations, Bureau of Economic Analysis, Federal Motor Carrier Safety Association, Department of Driver Services

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