

May 2025

# INDUSTRY UPDATES

Monthly metrics, trends, and key takeaways on the state of the LOGISTICS INDUSTRY to help your business plan for the coming months.

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## INDUSTRY UPDATES

# LTL

### **National Motor Freight Traffic Association (NFMFTA) Releases National Motor Freight Classification (NFMFC) Docket**

- The official NFMFC [Docket 2025 – 1](#) has been released with changes to take effect on July 19, 2025. It is important for all shippers prepare for the potential changes in the classes associated with the commodities they are shipping as they may be changing.
- Know the dimensions and weight of your shipments so density can be calculated
  - Evaluate your pallet utilization
  - Are you maximizing the pallet space
  - Are you using appropriate size pallets
  - Is there any overhang that can be eliminated
  - Is there any space within your pallet not being used
  - Improving your packaging & pallet utilization will potentially help reduce costs through better density

### **Capacity Declines Across LTL Carriers**

Multiple carriers showed declines YOY in both shipment count and tonnage for Q1 2025.

- ABF – Down 5.1% tonnage and 1.2% shipments
- FedEx – Down 7.6% tonnage and 4.6% shipments
- Forward Air – Down 10.9% tonnage and 12.2% shipments
- Old Dominion – Down 7.8% tonnage and 6.5% shipments
- Tforce – Down 5.5% tonnage and 8.6% shipments
- XPO – Down 8.2% tonnage and 6.6% shipments



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## INDUSTRY UPDATES

# FTL

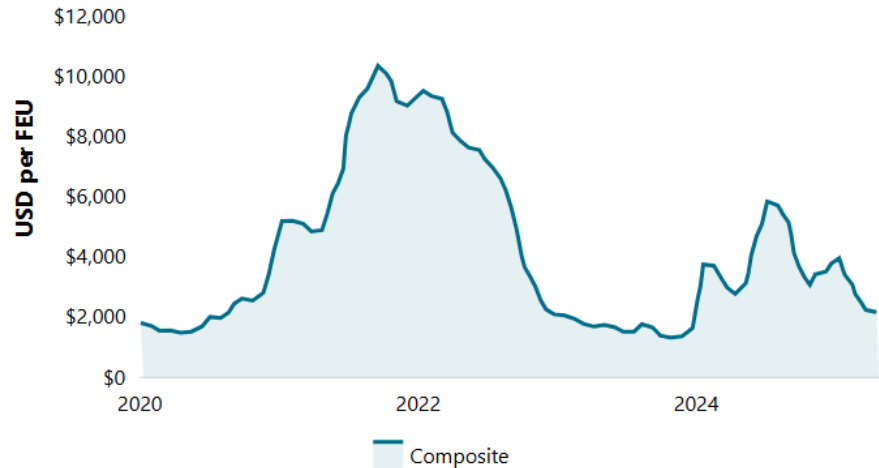
### Rates Expected To Rise

- Craig Fuller, CEO of Freightwaves predicts freight rates will increase “sharply” over the coming months due to the agreement on the recent trade war between the U.S. and China. As it relates to full truckload shipments; importers will capitalize on the reduced tariffs and ship an increased inventory overseas. Once that ports it will increase the demand and cause rates to skyrocket for domestic truckload moves. There will be a lag with truckload rates, but we should see a sharp increase once they land in the United States, roughly 90 days from now.

### DOT Blitz Week In May

- According to DAT Trendlines, capacity has loosened quite a bit to kick off the month of May. Van and flatbed linehaul rates are down while reefer rates saw a slight uptick due to produce season.
- May 13 – May 15 is DOT Blitz Week also know as the Commercial Vehicle Safety Alliance (CVSA) International Road check. It is a 72-hour initiative across U.S., Mexico and Canada. Roadside there will be a sharp increase in rates due to sinking capacity. Numerous carriers have drivers take PTO; avoiding roadside DOT checks. This causes brokers and shippers alike to pay a premium rate to move freight because the supply of trucks within the market is much lower than normal on any given year.

### World Container Shipping Index (Drewry)



Source: World Container Index assessed by Drewry

Chart info

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6M 1Y YTD MAX

#### INDUSTRY UPDATES

# International

## Tariff And Ocean Vessel Updates

- For the latest on tariffs: visit the [eShipping blog](#).

Effective May 14, 2025 - Due to negotiations in Geneva, Switzerland, China and the United States have agreed to lower their reciprocal/retaliatory tariff duties to 10% vs the current 125%.

- The executive order was issued on May 12<sup>th</sup>, 2025 addressing the reciprocal duty decrease and lowering of De minimis duty charges. The executive order can be found here [Modifying Reciprocal Tariff Rates to Reflect Discussions with the People's Republic of China – The White House](#).
- The decrease to the reciprocal tariff will be effective for any shipments entered for consumption on or after May 14, 2025. The decrease will be in effect for 90 days. At the end of the 90-day period the reciprocal tariff amount will return to 34% instead of 125%.

De Minimis Changes effective on or after May 14, 2025 are:

- U.S. postal packages will change from 120% to 54% duty rate.
- July 1, 2025 change to \$200 per postal item will be removed completely.

## Red Sea Updates

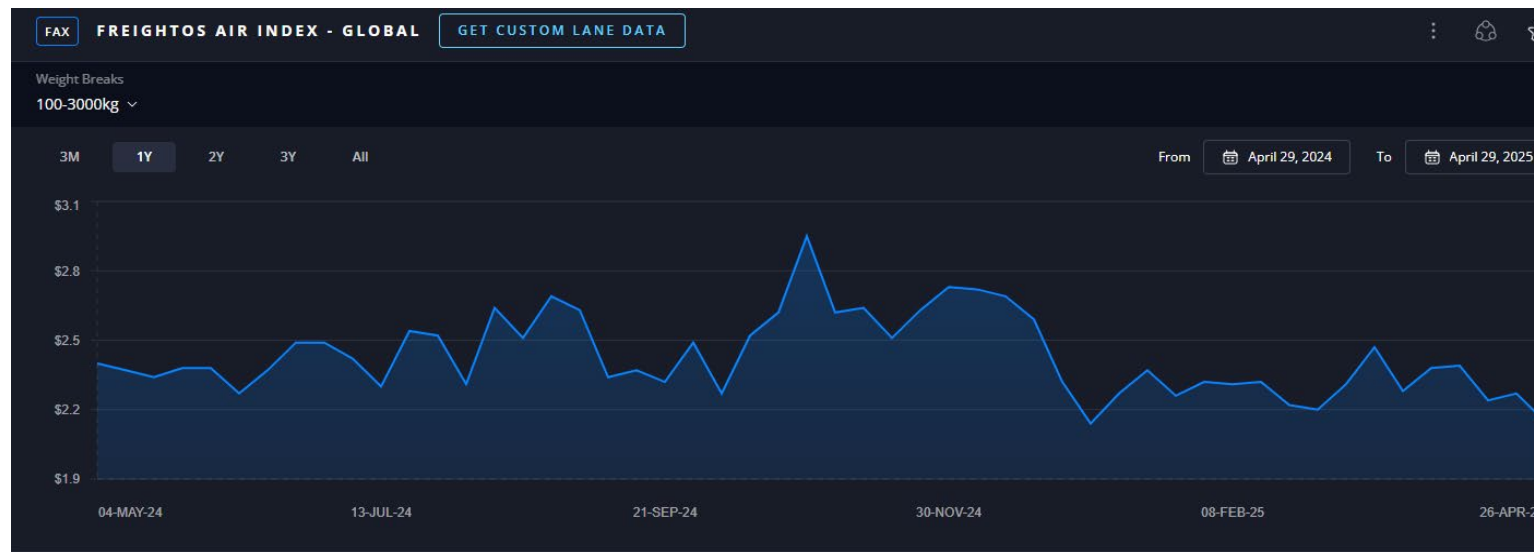
- [President Trump said Yemen's Houthis](#) have agreed to halt their attacks on shipping and that Washington would in turn stop carrying out strikes on the Iran-backed rebels. Trump's claims have been backed up by Oman's foreign minister, who has been negotiating between the two sides.
- Maersk has ruled out a return to Red Sea transits this year despite an assertion from U.S. President last week that Houthi militants in Yemen "have capitulated" and agreed to stop attacks on commercial shipping in the region reported by the [Journal of Commerce](#) (JOC).

## INDUSTRY UPDATES

# International

### De Minimis Change Unlikely To Spark Demand

- While the reduction in “de minimis” tariffs on Chinese exports to the U.S. is unlikely to spark a surge in demand for air cargo on the trans-Pacific, any increase in demand could tighten capacity and push rates higher given the large numbers of freighter aircraft that have been shifted to other trade lanes.
- The trans-Pacific market saw a mass exodus of freighter capacity as e-commerce bookings dried up ahead of the Trump administration’s May 2 elimination of the duty-free exemption for low-value shipments, with many aircraft being switched to Latin American routes. Data from air freight analyst Rotate shows daily average freighter capacity on the China-U.S. corridor has declined 39% since May 2.



## INDUSTRY UPDATES

# Parcel

### Amazon Reaches Deal with FedEx after UPS Pullback

- After UPS announced they were reducing the volume of packages handled for Amazon by more than 50%, Amazon has reached a deal with FedEx to help close this gap. Amazon announced they will see “cost favorability” with FedEx compared to UPS. Most of these shipments will come from large / bulky residential shipments.

### UPS Expands Ground Service Level Offerings

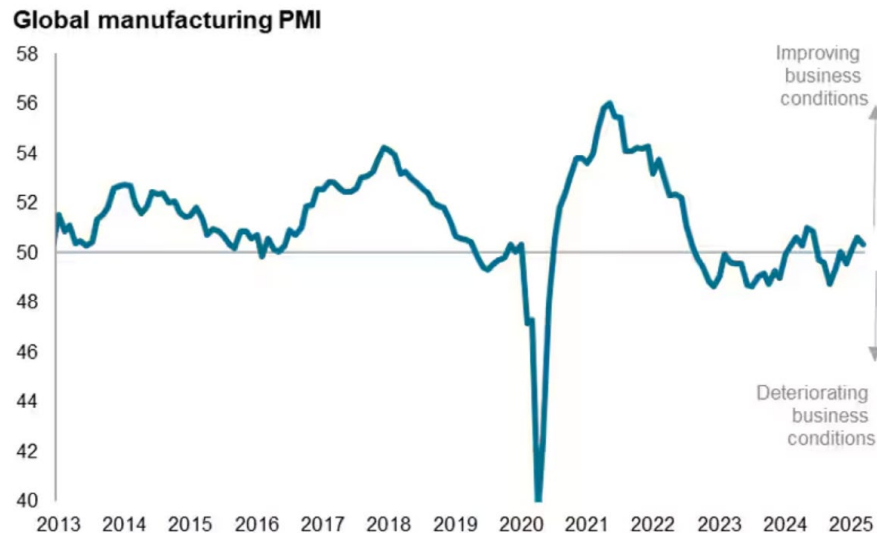
- UPS Ground Saver: this is the service level that all previous ‘Surepost’ shipments now travel on. This low-cost service level takes advantage of shipments that can withstand 1-2 additional days of transit compared to Ground.
- UPS Ground with Freight Pricing: This is a similar offering to what FedEx provides, with pricing that applies to ‘less-than-pallet’ shipments that weigh more than 150 lbs.
- If you are not currently utilizing these programs and are interested in the impact, please reach out to your Account manager.

## INDUSTRY UPDATES

# Warehousing

### Purchasing Managers' Index Updates

- The global manufacturing sector remained only just in expansion territory in March. While signaling improved economic conditions for a third successive month, at 50.3, down from 50.6 in February, the Global Manufacturing PMI, sponsored by J.P. Morgan and compiled by S&P Global Market Intelligence, indicated only a very modest rate of improvement to point to a largely moribund global factory sector.
- While manufacturers outside of the U.S. collectively reported the slowest input cost growth in five months in March, U.S. producers reported the steepest rise since August 2022. Higher raw material and input prices in the U.S. were commonly blamed on suppliers pushing through tariff-related hikes across a broad spectrum of materials, as well as higher wage costs according [to S&P Global article](#).



Data compiled April 2025.  
PMI (Purchasing Managers' Index) 50 = no change on prior month  
Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.  
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