

October 2026

Q4 2026



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TRENDS

Q4 2026 Market Update



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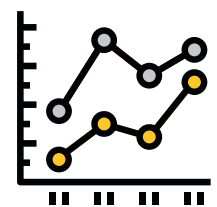
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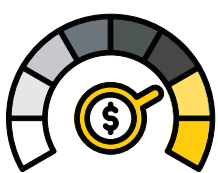
**KEY MARKET
INDICATORS**



**U.S. TRUCKING
MARKET**



**SPOT VS.
CONTRACT**



**FREIGHT PRICING
POWER INDEX**



**THE NAX
INDEX**



**TRAFFIX
FORECASTS**



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KEY MARKET INDICATORS

Capacity and diesel, not demand, is driving the Q4 freight market.

Carrier Leverage Remains Strong

Carriers now hold substantially more negotiating power than they did a year ago. That means shippers should expect firmer pricing, less tolerance for underperforming freight, and more pressure during contract renewals.

Spot and Contract Rates Have Reconnected

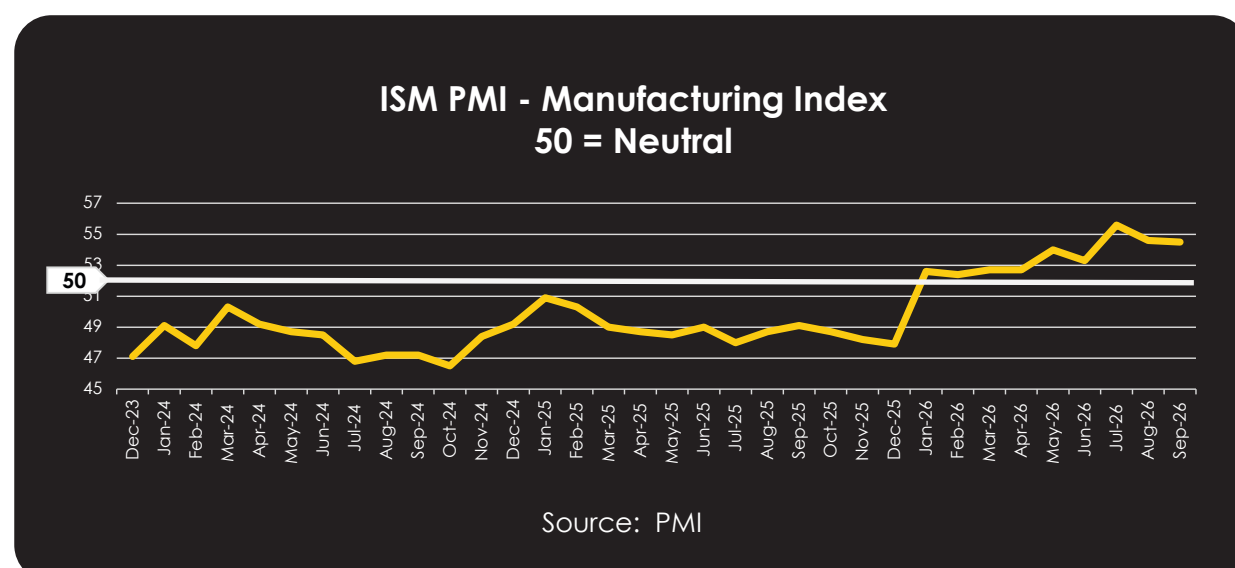
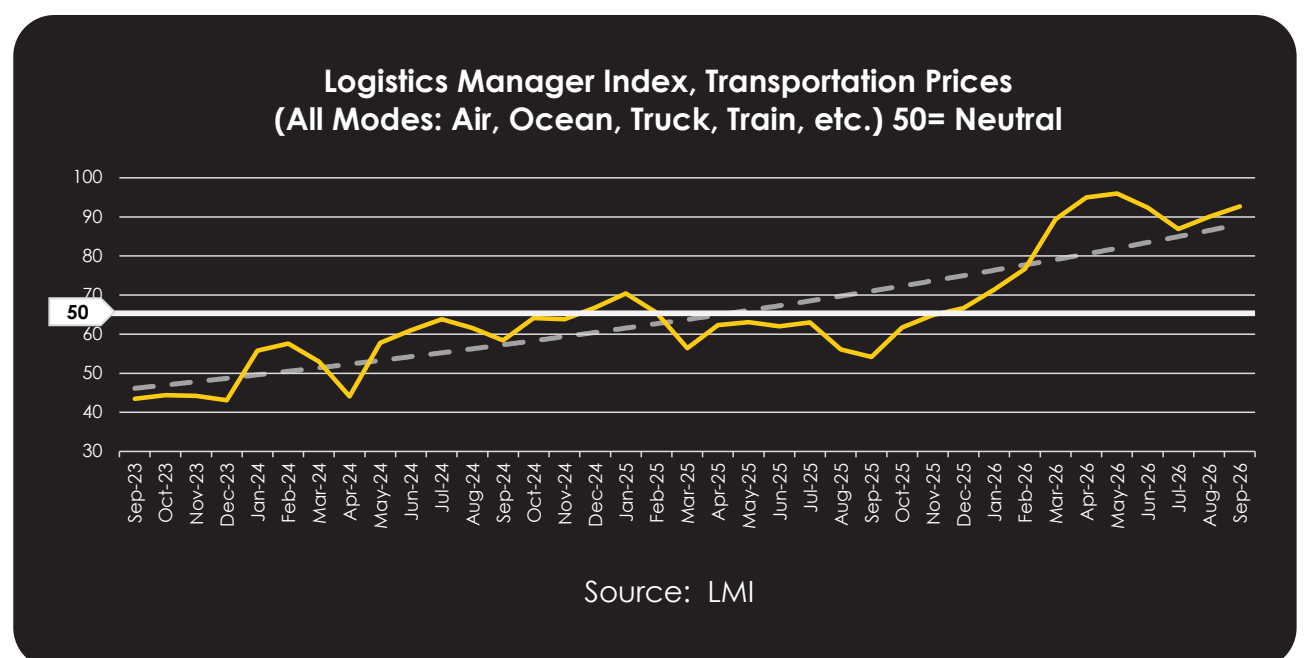
The spot-over-contract inversion seen earlier in 2026 has largely corrected. Spot rates have come off their summer peak while contract rates have moved higher, returning the market to a more typical structure. The key risk now is that another peak-season increase in spot rates could accelerate upward pressure on contract pricing.

2027 Starts From a Higher Cost Base

Even if freight rates stop increasing, 2027 budgets will begin from a much higher exit point than 2026 began. Simply annualizing late-2026 contract levels would create roughly 4–5% inflation versus the 2026 average before any further market increase, bid pressure, or fuel change. With available capacity still constrained, expect elevated pricing over the medium term.

Manufacturing activity continued to increase in Q3, while capacity drove transportation costs higher.

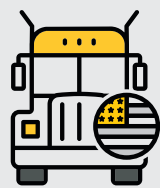
The Transportation Price Index from the Logistics Managers' Index (LMI) rose again in September, indicating transportation prices continue to increase at one of the fastest rates in recent years, driven mainly by a shortage of trucks. After a brief improvement in August, truck availability tightened again, and respondents expect capacity to remain limited over the next year. With fuel prices adding to the pressure and holiday inventory soon moving to retailers, shippers should plan for higher costs through peak season.



U.S. manufacturing grew for the ninth straight month, according to the ISM Manufacturing PMI, as factories kept taking in new orders and running at a strong pace. More goods being made means more freight to move, which adds demand on a market that already has too few trucks. With ISM's Customers' Inventories Index still low on inventory, steady shipping volumes and pressure on costs heading into peak season can be expected.

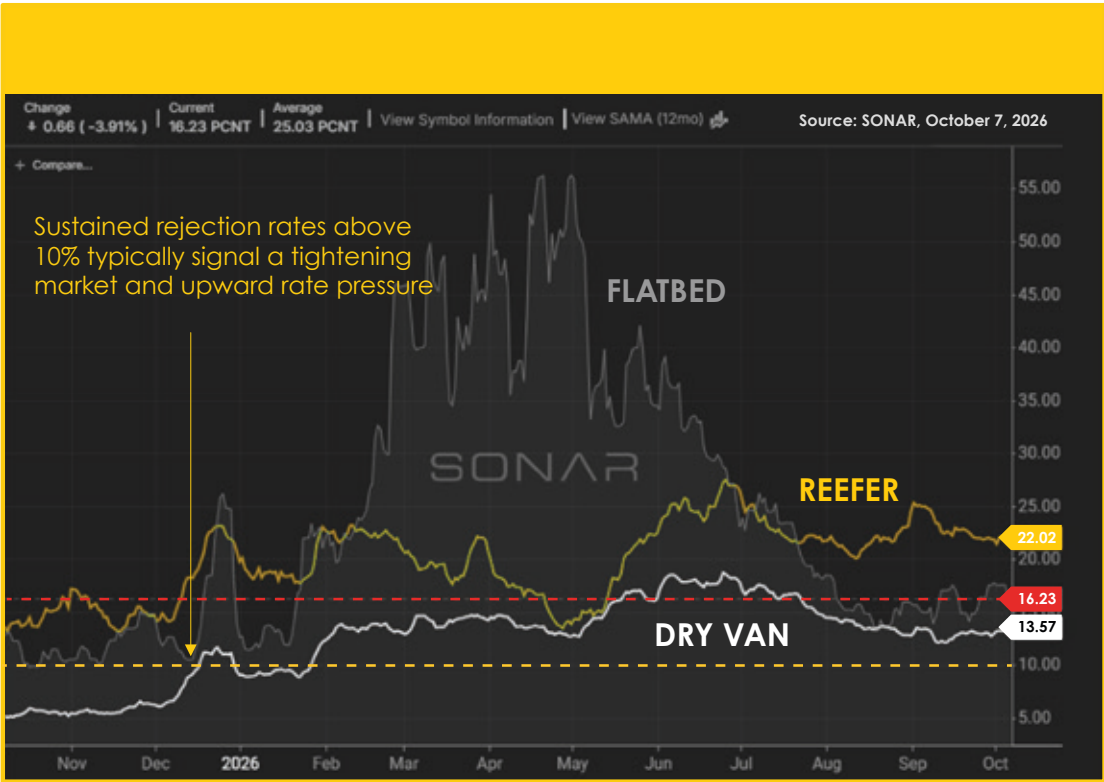


US TRUCKING MARKET



Tender rejections remain high across equipment types, signaling continued capacity pressure heading into peak season.

Flatbed Outbound Tender Rejection Index, United States of America (FOTRI.USA)



Source: FreightWaves SONAR October 7, 2026

Q3 average EDI tender rejection rates:

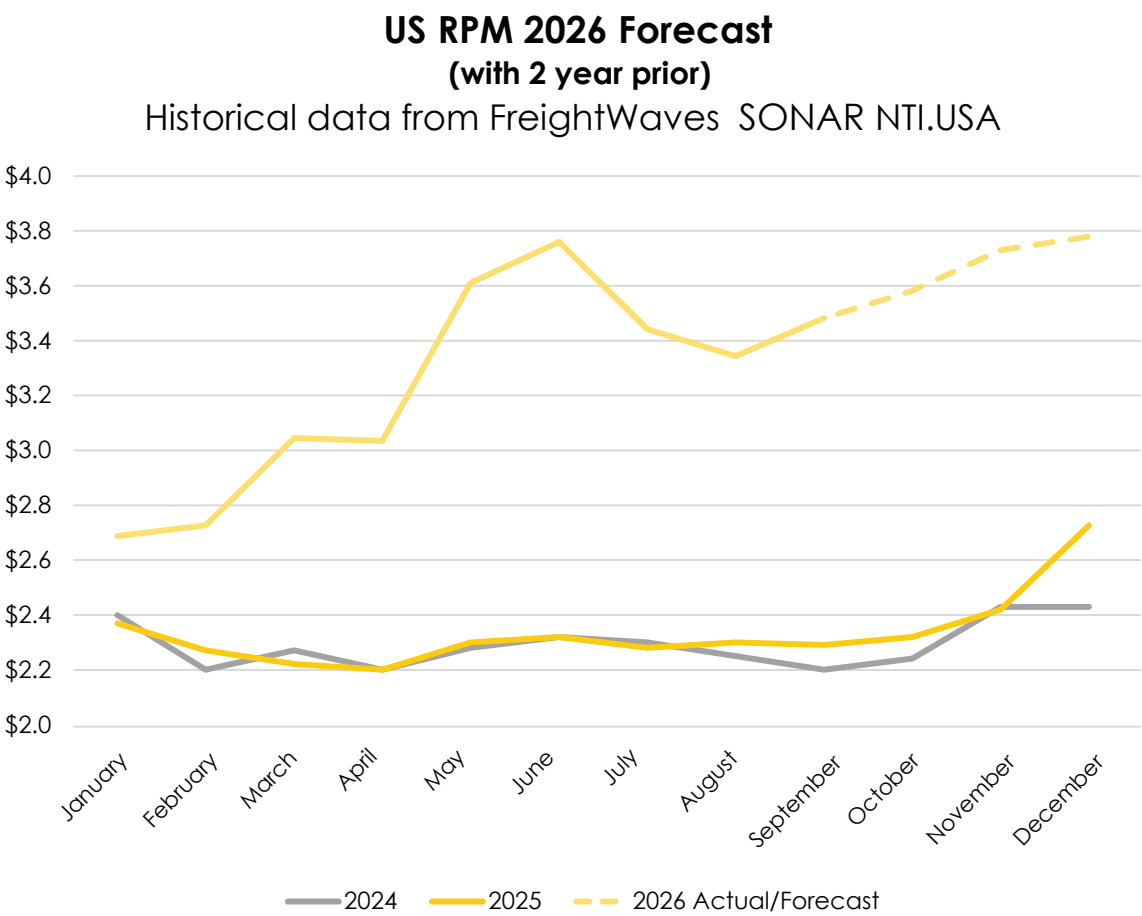
- Dry van 13%
- Reefer 23%
- Flatbed 17%

Capacity remains constrained. Dry van rejection rates have eased from mid-year highs but remain above normal market levels. Reefer and flatbed continue to show even tighter conditions, with reefer still above 20%.

Pressure remains on pricing. Historically, sustained rejection rates above roughly 10% have been associated with stronger spot-market pressure and greater carrier leverage. Current levels continue to support elevated contract pricing into Q4.

Peak season remains the key risk. The recent moderation is encouraging, but the market has not normalized. Seasonal freight, weather, or even modest demand increases could tighten capacity quickly again.

Freight rates remain high.



Source: FreightWaves SONAR October 7, 2026

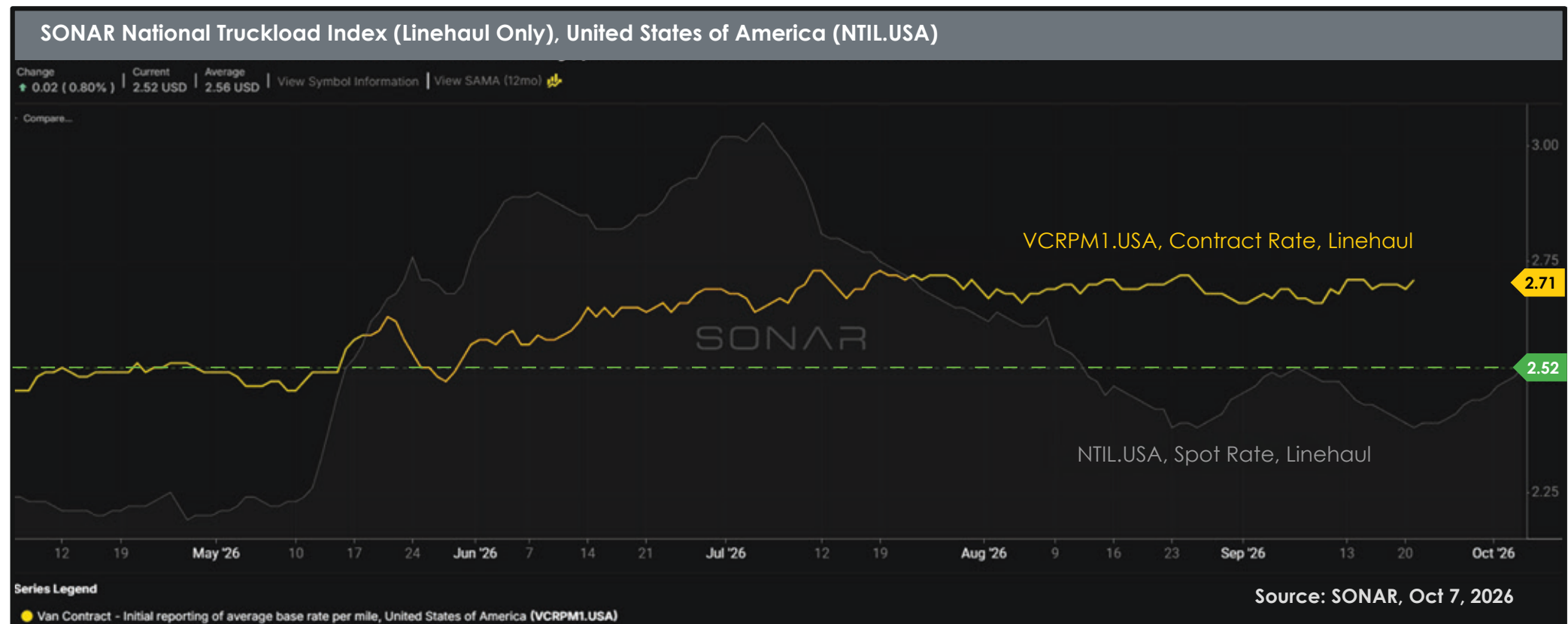
- ✓ Spot rates declined from their July 4 peak and then began to rebound late September into the first week of October
- ✓ Diesel prices reached record levels in September, adding to transportation costs before easing in early October
- ✓ However, a lack of capacity is the main driver for elevated rates
- ✓ Heading into peak, we expect renewed upward rate pressure, with spot rates potentially challenging the highs reached earlier this year
- ✓ Looking ahead to 2027, we should expect more of what we saw in 2026, rather than a return to 2025
- ✓ Weather events and other external shocks could increase rates even higher, while a decrease in demand and economic recession could drive rates down





SPOT VS CONTRACT LINEHAUL COST COMPARISON

Contract rates have caught up with the spring surge in spot rates, returning to more typical pricing pattern.

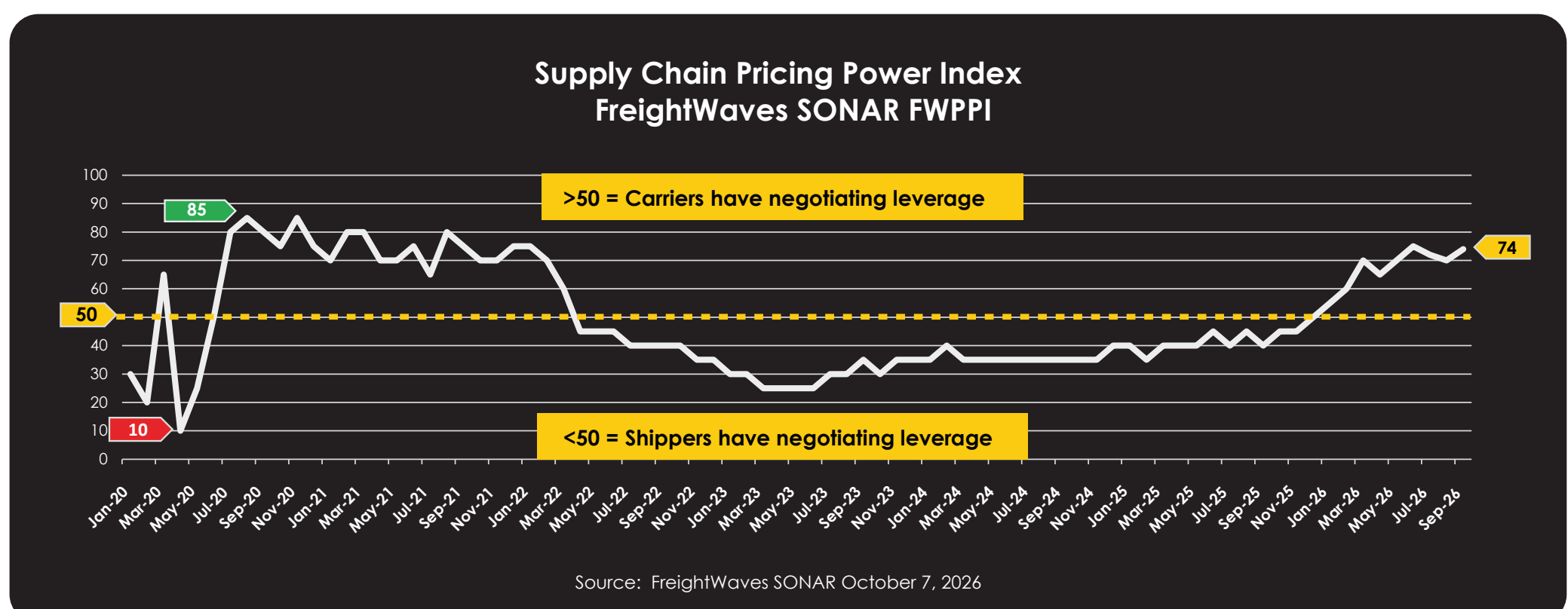


- Earlier this year, linehaul spot rates rose above contract rates, which led carriers to favor higher-paying spot freight over contracted loads. That pressure pushed contract rates up, and they are now roughly 10% higher than in the spring. (Note: linehaul excludes fuel costs)
- Spot linehaul rates have dropped from their July 4 peak and are now below contract linehaul rates again. However, if spot rates continue to rise through peak, then we'd expect more upward pressure on contract rates. This is especially critical as we head into a time when most contracts are renegotiated with providers.



FREIGHT PRICING POWER INDEX

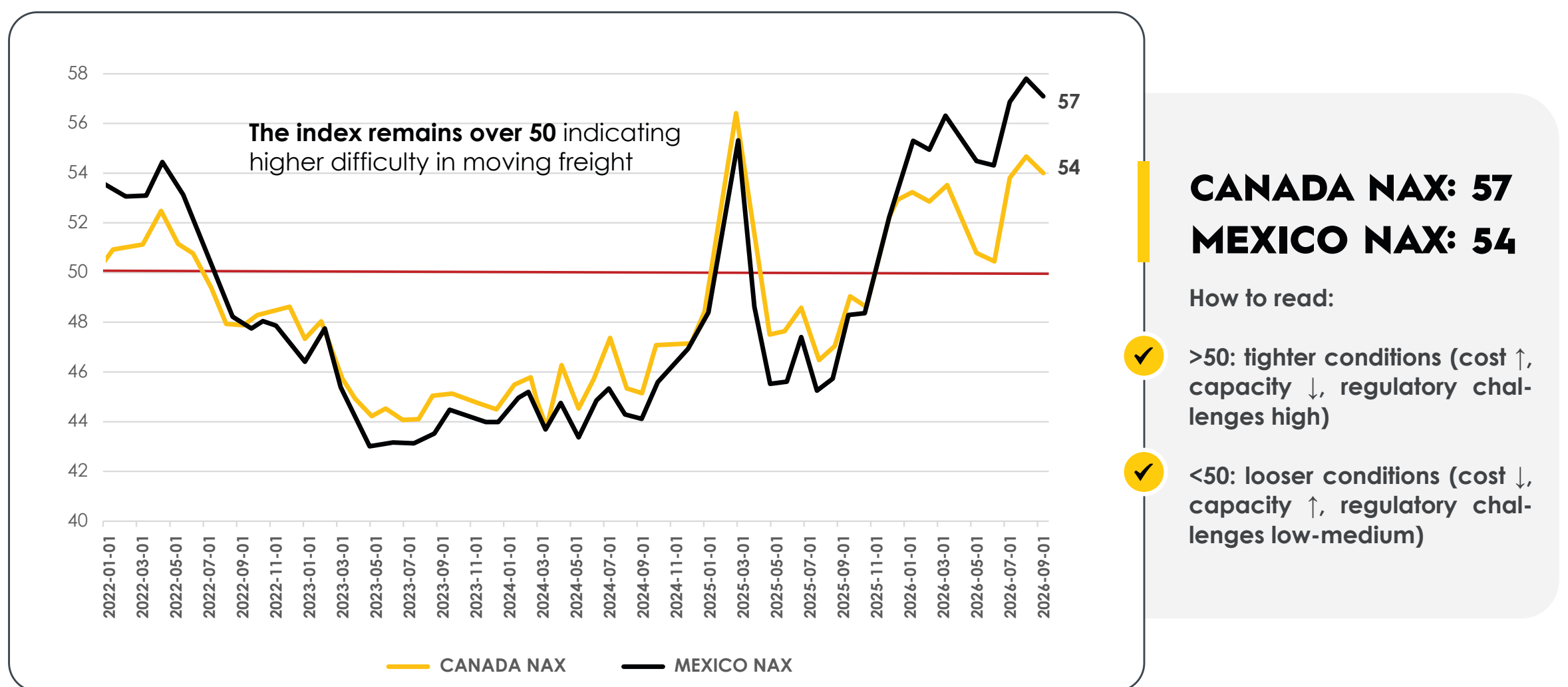
The FreightWaves SONAR Supply Chain Pricing Power Index, which shows whether shippers or carriers have the upper hand in setting rates, held near 74 in September, close to its highest level since early 2022. After more than three years below the neutral 50 mark, the index has indicated that carriers have power for the past three quarters. Conditions are still below the extremes of the pandemic, but shippers have less negotiating leverage than at any time since 2022. Carriers are likely to keep that advantage through peak season. Shippers should expect firm pricing in upcoming bids, and building provider relationships will help ensure access to capacity.



CROSS BORDER CONDITIONS - THE NAX INDEX OCT 2026

Your Barometer For Ease of North American Cross Border Freight

Conditions eased slightly, but limited capacity and high fuel costs continue to challenge cross-border shippers.



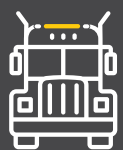
- ✓ Cross-border freight still takes more planning than usual, with Canada and Mexico both above 50. Flexible pickup windows give carriers more room to cover loads.
- ✓ Truck availability has not improved despite softer demand, leaving fewer options if contracted capacity falls through. Book critical lanes early and keep backup carriers ready.
- ✓ High diesel prices and tight capacity are keeping costs elevated, even with soft shipment volumes. Review fuel surcharge terms and total transportation costs, not just base rates.
- ✓ Trade-policy uncertainty remains, but changes have brought some temporary clarity for U.S.–Canada shipments. Review duties and landed costs on impacted lanes.
- ✓ Canada remains more difficult than previously, particularly for arranging truck capacity due to trade policy uncertainty.





TRAFFIX FORECASTS

Insights and predictions by mode



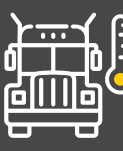
Dry-van: Dry van rates are expected to stay well above last year, driven by fewer available trucks rather than strong demand. Capacity can tighten quickly when volumes rise, and high fuel costs may push some carriers out. Expect volatility through the holidays and year-end.



LTL: LTL rates are expected to stay steady, with carrier rate increases likely in December and January, especially for shippers contracting directly with carriers. With truckload capacity tight, more freight is moving to LTL, giving carriers added pricing leverage.



Flatbed: The flatbed market remains extremely tight and volatile, with rates staying high even when they would normally cool off. Limited capacity and high diesel prices are expected to keep upward pressure on rates for the rest of the year, so shippers should plan for higher costs and secure capacity early.



Temperature Controlled: Refrigerated capacity ended the quarter as tight as at any point this year, and high fuel costs are keeping rates elevated. Rates that do settle are doing so higher than expected, and they can change quickly. October may be slower, but November and December are expected to be busy, so secure capacity early.



Intermodal: Intermodal volumes are expected to continue growing as shippers look for alternatives to a tighter truckload market. Available intermodal capacity is becoming limited in some origin markets. Shippers who book early will have the best chance of securing capacity and avoiding disruptions.



Drayage: Expect continued disruption through the fourth quarter. Higher ocean rates, strong imports and rising fuel costs are straining ports, equipment and trucking. Plan for higher costs and longer lead times.



Canada-U.S. Cross-border: Outbound rates have risen sharply heading into Q4, and unpredictable diesel prices are expected to keep pressure on rates into winter. Driver shortages could add volatility in November and December. Inbound Canada freight remains soft, so shippers can secure capacity below market rates by shopping carefully and booking early.



U.S.-Mexico Cross-border: Trade demand remains strong, with Laredo still the main gateway. Northbound trucks have tightened, and border delays are increasingly driven by equipment, paperwork and congestion, made worse by a new crossing-notice process (AVC). Expect a tight but manageable market through year-end. Plan early, line up carriers and keep documentation ready.



Warehousing: Warehouse demand is strengthening into year-end as inventory levels rebuild and available capacity tightens. For shippers needing peak or overflow capacity, third-party warehousing can provide flexibility without a longer-term space commitment.





TRAFFIX FORECASTS: 2026 BUDGETING GUIDANCE

Three Planning Scenarios for 2027

1

Base Case: Elevated rates hold, with moderate further inflation

The most likely outcome is that 2027 begins from a materially higher rate base than 2026, with contract pricing remaining firm through bid season. Even if spot rates stabilize, the higher exit rate from 2026 creates embedded inflation before any additional market movement occurs. A 5–8% full-year linehaul increase is a solid planning range for most truckload budgets.

2

Softening Case: Demand weakens and pricing pressure eases

If economic growth slows, freight demand softens, and peak season proves less disruptive than expected, spot pricing could ease and contract increases could moderate later in the year. However, because 2027 starts from a higher cost base, a meaningful full-year decline versus 2026 is still unlikely. This scenario would be more about slower inflation than true deflation, and budgeting 2–5% full-year increase would be prudent.

3

Tight-Market Case: Capacity remains constrained and peak strength carries forward

If tender rejections remain elevated, spot rates rise through peak, and/or weather, fuel, or other disruptions tighten the market further, contract pricing could reset materially higher during 2027 bid cycles. High-single-digit increases would become more common, with double-digit pressure possible on difficult or capacity-constrained lanes. Full year expense could be 8–12% higher, or more.

Planning Guidance:

For most shippers, a +5% to +8% YoY increase in truckload linehaul is a reasonable base planning range for 2027, with risk for higher rates the first half of the year. The key budgeting point is that 2027 starts from the higher late-2026 rate environment, not the 2026 average. Roughly 4–5% of rate inflation can be created simply by annualizing where contract rates exited 2026, before accounting for new bid pressure or fuel. Fuel should also be budgeted separately because it can move materially independent of linehaul.



TRAFFIX FORECASTS:

Tight Conditions Will Carry Into 2027



- ✓ Freight demand is relatively flat year over year heading into Q4, with improving manufacturing providing a tailwind
- ✓ Lack of capacity is still the main driving force in the freight market, with trucks still at a premium and tender rejections still high
- ✓ Diesel fuel prices have become another major factor pushing up overall logistics spend, especially from contract fuel surcharge tables
- ✓ Renewed spot-market pressure could put additional upward pressure on contract rates
- ✓ Pricing pressure is extending beyond truckload, although intermodal can still provide savings opportunities for long-haul freight with sufficient lead time
- ✓ As capacity remains scarce, and freight demand is likely to increase heading into peak season, expect a volatile environment for most shippers and geographies

TRAFFIX RECOMMENDATIONS:

- 🎯 **Prepare for peak:** Expect conditions to be volatile, capacity to be scarce, and deadlines to be challenging. Set expectations internally and externally on the obstacles the entire market will face. Consider additional safety stock where possible. Evaluate other modes and be prepared for sharp spot-rate increases during peak.
- 🎯 **Budget for Inflation:** Plan YoY rate increases through Q4 and throughout 2027. Separate linehaul, fuel, and accessorail assumptions so changes can be managed independently. Align forecasts and outlook internally and with key transportation providers.
- 🎯 **Preserve Flexibility:** Avoid overcommitting to long-term pricing during elevated market conditions Use short-term terms, indexed structures, mode conversion, and lane-specific strategies where appropriate so you can benefit if conditions soften later in 2027.