



Q1 2025 national freight market overview



The national truck freight market was mixed in the first quarter with many factors, some positive and some negative having an impact. Harsh winter storms and wildfires disrupted the market, while accelerated imports helped freight transportation services demand. Although there had been signs of the truck freight market improving, in the end, the U.S. Bank national metrics were down from the fourth quarter of 2024 as well as on a year-over-year basis versus the first quarter of 2024.

Truck freight levels had a couple of significant negative influences during the early part of the quarter. For one, much of the country experienced an abnormal winter season, including a few major storms. Parts of the South and Southeast saw significant snowfall, and in some cases, the most precipitation in many years. Since most parts of the South are ill equipped to deal with such large amounts of snow it can wreak havoc on highway travel and supply chains. It is not easy to make up lost freight volumes later. The devastating wildfires in southern California also impacted freight volumes for nearly a month, although the West did report higher shipments overall for the full quarter.

Throughout the quarter, one trend that impacted freight levels was accelerated imports and domestic product manufacturing trying to get head of expected tariffs levied on U.S. imports. Not all shippers or importers accelerated imports, but many did. Some exporters also increased production to try and beat retaliatory tariffs.

Consumer activity was also mixed in the first quarter. There are signs that households accelerated big purchases, like new cars or light trucks, ahead of any tariffs, but that was unlikely to result in a significant increase in freight shipments, as those vehicles were mainly taken from existing inventories. From a national perspective, other data showed retail sales slowing creating a headwind for truck freight. In fact, inflation adjusted retail sales were up very little in January and February of 2025.¹

Severe winter storms, wildfires, tariff uncertainty and soft retail sales, led to a ninth consecutive quarter with national declines in quarterly and yearly shipment and spend volumes.

Freight rates – per mile

Data powered by **DAT**

Freight spot, contract and fuel rates per-mile – quarter-over-quarter

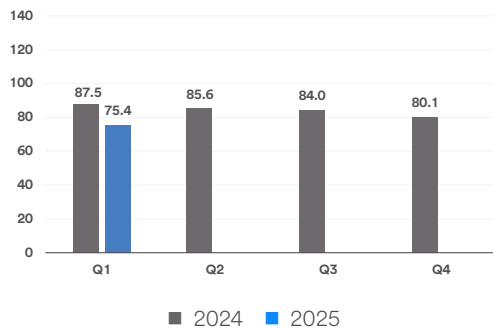
As will be referenced in this report, the national spending index fell less than did the shipments index. This suggests that the price per shipment rose during the quarter, likely from shrinking capacity as some fleets exit the industry, while some remaining fleets reduce truck and driver counts. The DAT rate data supports these observations.

The quarterly average spot market rate rose again in the first quarter, adding 0.9% on top of the fourth quarter 0.4% gain. DAT contract rate data showed an equal increase from the fourth quarter as spot rates, up 0.8%. This metric was off 2.9% from a year earlier.

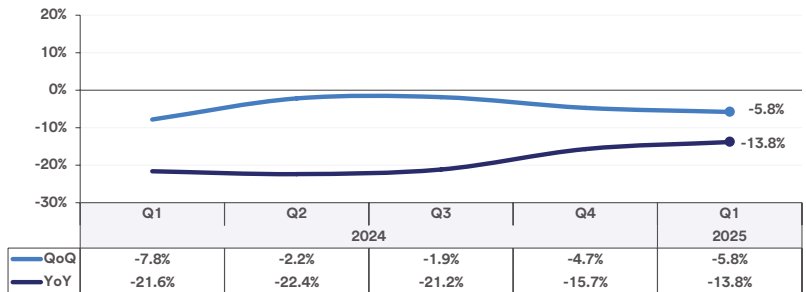
As mentioned in this report, lower diesel fuel prices led to lower fuel surcharges for shippers. The inverse is true as well. Both changes impact the U.S. Bank spending metric. In the first quarter, DAT's fuel rate was mixed, rising 2.3% from the fourth quarter, but falling 14% from the first quarter in 2024, which coincides with declining fuel prices.

Spot, contract and fuel prices all ticked up modestly when compared to Q4. However, all were down on a year-over-year basis with fuel prices dropping 14%.

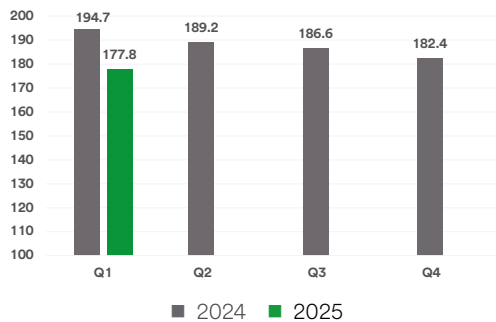
Shipments – index value



Shipments – % change



Spend – index value



Spend – % change



National shipments and spending – quarter-over-quarter, year-over-year

During the first quarter of 2025, the U.S. Bank National Shipments Index fell 5.8% from the final quarter of last year. While the quarter-over-quarter drop was worse, the year-over-year decline improved, falling 13.8% from the first quarter of 2024 compared with the previous annual decrease of 15.7%. This was the best year-over-year reading since the third quarter of 2023.

The U.S. Bank National Spend Index declined 2.5% from the previous quarter, which was slightly larger than the 2.2% decrease in the fourth quarter. Spending was down 8.6% from a year earlier. This was the ninth straight year-over-year drop, and the smallest reduction since Q1 2023, after four straight quarters with greater than 20% declines.

While both shipment metrics were down, the interesting trend is that spend fell less than shipment volumes, from both the previous quarter and a year earlier. A couple of developments can account for this difference. One, compared with the fourth quarter 2024, diesel prices did rise, which increased fuel surcharges to shippers.² Two, the differential between spending and shipments suggests that industry capacity is getting tighter.

On the freight demand front, another factor impacting first quarter freight market was falling housing starts. Housing starts, which are a leading indicator for truck freight, were down from the fourth quarter and from the same period in 2024.³ On a positive note, factory output in January and February improved, but some of that was due to ramping up production to get ahead of the tariffs and potential retaliatory levies by other countries on U.S. exports.

National shipments dropped for the 11th consecutive quarter. While also down on a yearly basis, the YoY declines were the smallest since the third quarter of 2023.

Regional shipments and spending – quarter-over-quarter, year-over-year

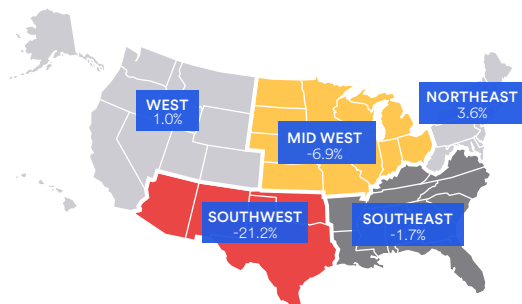
Regional results in the first quarter were contradictory with two regions witnessing modest gains in shipments, while one region reported a large decrease from the fourth quarter. Quarterly spend also rose in two regions in Q1, but one of those regions did not witness an increase in shipments over the same period. Compared with a year earlier, two regions reported increases in shipments, while three regions saw increases in spend. Essentially, this was a perplexing set of results, with no dominant theme rising to the forefront.

The strongest growth occurred in the Northeast region, which saw increases across the board for volumes and shipper spend, both on a quarterly basis and from a year earlier. No other region saw these positive results. The most significantly impacted region was the Midwest, with declines across the board, followed closely by the Southeast. The West saw mostly gains with shipments up from the fourth quarter and a year earlier. Spending was up from a year earlier but fell slightly from the fourth quarter.

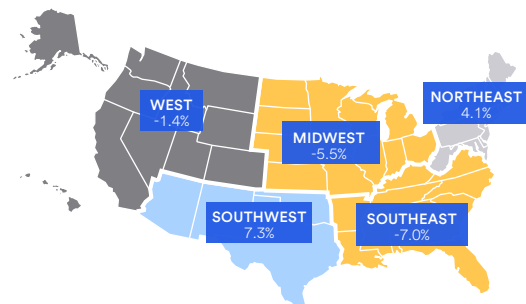
And then there was the Southwest region. This region saw significant declines in volumes, including the largest yearly decline in the U.S. Bank Freight Payment Index history, but at the same time posting gains in shipper spend both sequentially and from a year earlier.

Variations in the regional results were mixed in Q1 with the NE posting across the board increases for the first time in 11 quarters, while the SW region's 40.1% drop in YoY shipments is the largest decline in Index history.

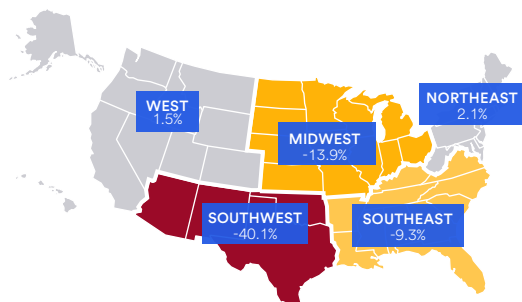
Shipments – regional quarter-over-quarter % change



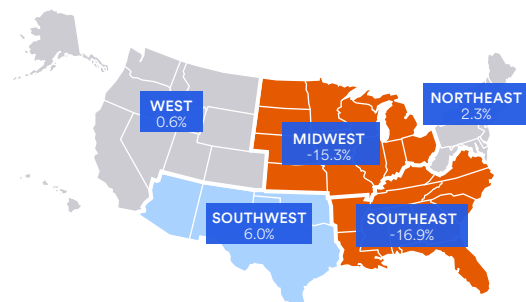
Spend – regional quarter-over-quarter % change

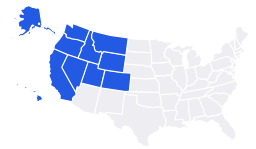


Shipments – regional year-over-year % change



Spend – regional year-over-year % change

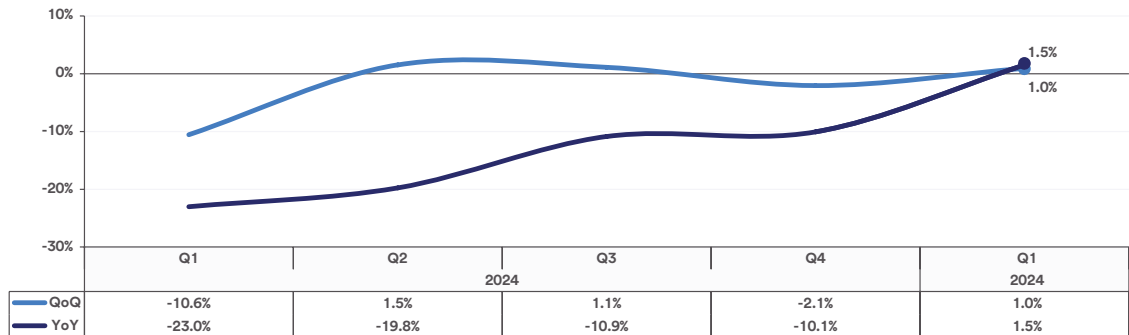




West regional shipments and spending – quarter-over-quarter, year-over-year

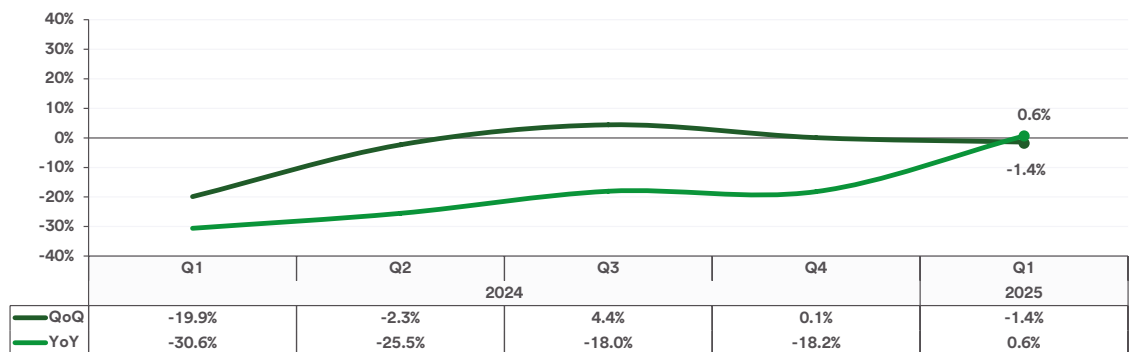
Shipments

Last four quarterly index values (starting w/ current quarter): **100.9 | 99.9 | 102.0 | 100.9**



Spend

Last four quarterly values (starting w/ current quarter): **230.1 | 233.4 | 233.3 | 223.4**



Solid port volumes and improved factory output in the West helped the region see modest gains in volumes from the fourth quarter and a year earlier. While freight was disrupted by the horrific wildfires in the Los Angeles area, it was also likely offset in part by loads containing supplies for the community. Like many natural disasters, key supplies including food and water are brought in afterwards via trucks. However, rebuilding takes time, often many months. Insurance adjusters must assess the damage and building permits have to be acquired. There is a lot of paperwork and prep before the rebuilding process starts and significant amounts of truck freight is brought in. Meanwhile during the quarter, West Coast ports saw import volumes up in the 5% to 10% range as there was some pull forward of freight in anticipation of the tariffs, helping truck freight volumes.⁴

The U.S. Bank West Regional Shipments Index during the first quarter rose 1.0% sequentially after dropping 2.1% in the fourth quarter. This could indicate that freight in the region has hit bottom and has yet to rise in a significant manner. In fact, compared with a year earlier, shipments in the West rose 1.5%, the first year-over-year gain since the second quarter in 2022.

After rising a total of 4.5% in the previous two quarters, the U.S. Bank West Regional Spend Index eased 1.4% from the final quarter in 2024. Still, shippers had to spend 0.6% more than they did in the same quarter last year to move their freight. Considering volumes were up 1.5% over the same period, that isn't bad news for shippers. Overall, the West Coast freight market may be slowly on the mend.

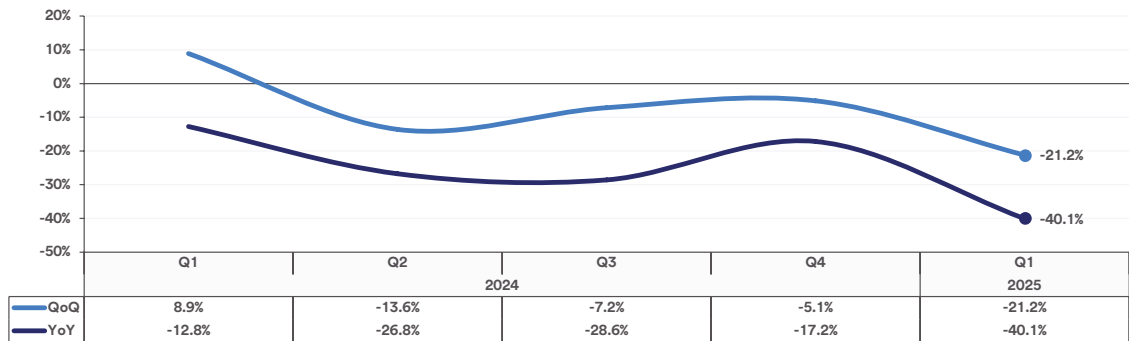
Despite prolonged catastrophic wildfires in southern California, strong port activity and robust factory output propelled the West region to modest quarterly and yearly gains in shipments.



Southwest regional shipments and spending – quarter-over-quarter, year-over-year

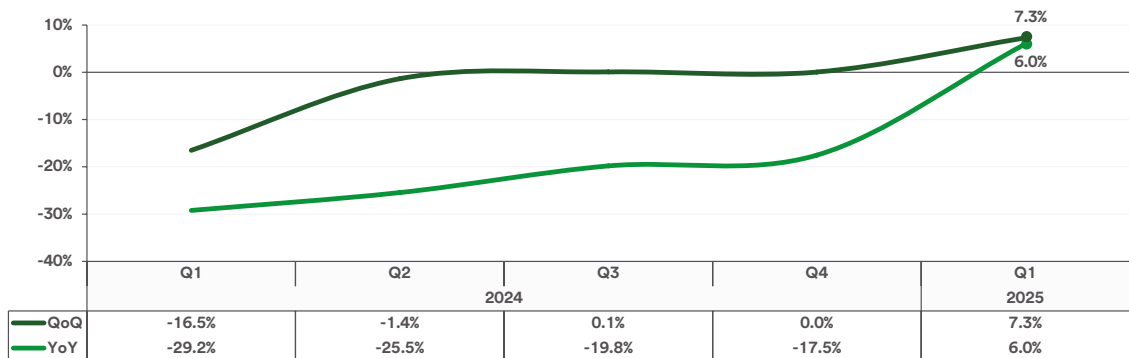
Shipments

Last four quarterly index values (starting w/ current quarter): **81.4 | 103.3 | 108.9 | 117.3**



Spend

Last four quarterly index values (starting w/ current quarter): **215.6 | 200.9 | 200.8 | 200.7**



The Southwest region saw very unusual results during the first quarter of the year. The volume of shipments contracted by a huge amount. The 21.2% sequential drop was one of the largest in the last few years, and the 40.1% yearly decrease was the largest in U.S. Bank Freight Payment Index history. The year-over-year decline was the sixth straight quarterly drop.

Part of the decline might be attributable to the winter storms, as Texas, by far the largest freight market in the region, was hit by snow and cold in January which is unusual for the area. For example, the area east of Houston was impacted by both cold and snow. Other trends hurting volumes in the area include regional manufacturing activity, which declined in February, and soft retail sales.⁵

In the face of these impacts, it was surprising to see that shippers spent more to move significantly less freight. In fact, spending jumped 7.3% from the final quarter of last year and increased 6% from the same period in 2024. Explaining the spending increases, given the falling freight volumes, is a challenge. However, it could be a combination of factors. For example, chemical production has been quite strong in the U.S. Chemical output in January and February across the U.S. was 6.6% higher than during the same period in 2024; Texas is a huge producer of chemicals, which are more costly to ship. Another reason could simply be that truck capacity left the region.

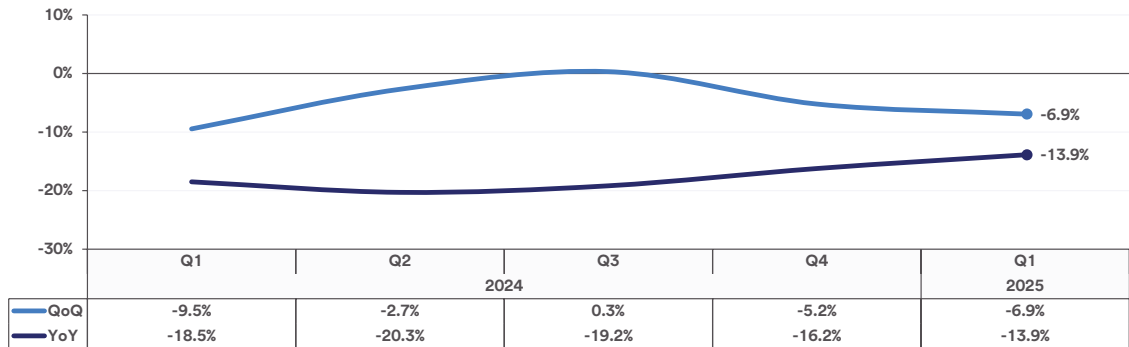
Even with historic declines in quarterly (21.2%) and yearly (40.1%) shipment volumes, the Southwest region posted the largest QoQ and YoY spend increases among the five regions.



Midwest regional shipments and spending – quarter-over-quarter, year-over-year

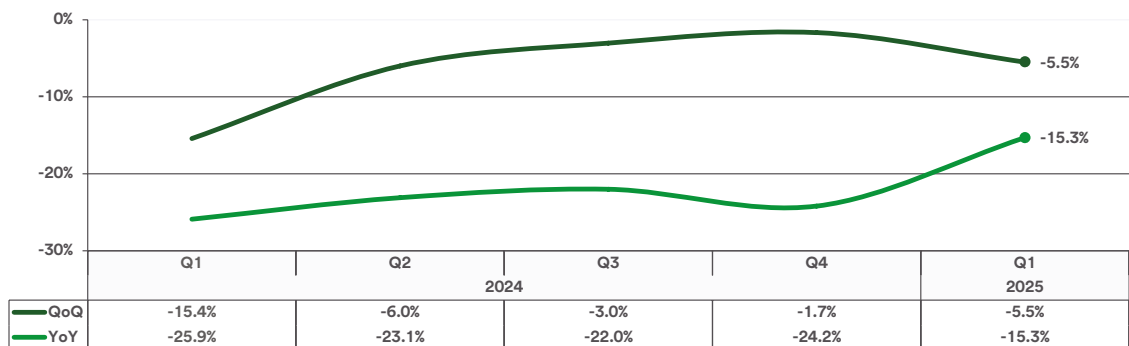
Shipments

Last four quarterly index values (starting w/ current quarter): **60.8 | 65.3 | 68.9 | 68.7**



Spend

Last four quarterly index values (starting w/ current quarter): **128.8 | 136.3 | 138.6 | 142.9**



The Midwest truck freight market posted another tough quarter in the first three months of the year. Starting with volumes, truck freight shipments contracted 6.9% from the fourth quarter, which was the largest sequential drop in a year. Compared with a year earlier, volumes contracted 13.9%.

Many factors reduced volumes in the region over the first three months of the year. Manufacturing was soft, according to reports from the Federal Reserve.⁶ Winter weather was also a problem in the Midwest region, as businesses saw declines in output and sales and couldn't make up for those losses in later weeks. In addition, housing starts declined more than 30% in the region from the end of 2024, which was also a negative impact on truck freight.⁷ Some areas in the Midwest also reported soft consumer spending.⁸ Finally, regional volumes from Canada, early in the quarter, were off significantly from a year earlier, dropping more than 20%, in part attributable to the winter weather.⁹ In short, there were many reasons for slower truck freight during the first quarter.

Weaker volumes helped pull down shipper spending levels during the quarter, as outlays contracted by 5.5%. Shipper spend was down 15.3% from a year earlier. While this was the smallest year-over-year decline in two years, it was the second largest among the five regions over the same period. Only the Southeast (-16.9%) saw a larger drop in Q1.

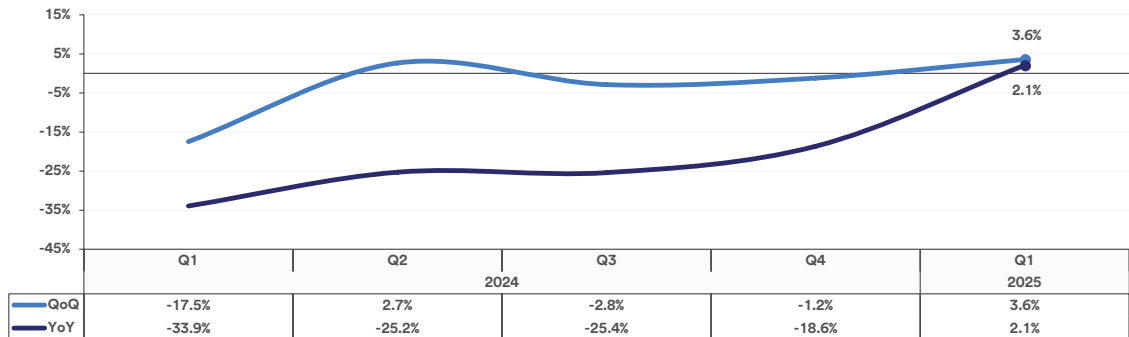
Soft manufacturing output and continued slowness in the housing sector in the Midwest region, led to a second straight quarter with declines in yearly and quarterly shipments and spend.



Northeast regional shipments and spending – quarter-over-quarter, year-over-year

Shipments

Last four quarterly index values (starting w/ current quarter): **57.4 | 55.4 | 56.1 | 57.7**



Spend

Last four quarterly values (starting w/ current quarter): **157.2 | 151.1 | 149.6 | 153.5**

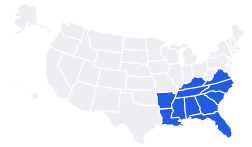


The Northeast region saw the best first quarter among all regions in both shipments and spend from the previous quarter, and a year earlier. Truck freight volumes rose 3.6% over the fourth quarter, which was the region's largest sequential gain since the second quarter of 2022. This put the level of freight to nearly second quarter 2024 levels. Furthermore, shipments were up 2.1% over the same quarter in 2024. Part of this gain was the result of freight being soft for some time in the Northeast. However, a 2.1% gain is quite an improvement and indicates that freight in the region may have finally hit bottom.

At the same time, shippers had to pay more to have this freight moved. Part of that was simply due to more freight being transported. But since spending rose slightly more than volumes both sequential (4.1%) and from a year earlier (2.3%), it suggests that freight rates did rise modestly in Q1. The sequential increase was the largest in over three years; the year-over-year gain was the first in two years.

Both manufacturing activity and consumer spending in the region grew modestly in the quarter. While food service activity was off sharply, the remainder of retail sales was strong.¹⁰ This is one data point suggesting the expected transition from experience spending to buying more goods has begun, which would be positive for most carriers and shippers. Also, the port of New York saw solid import volume gains between 5% and 10% in January and February, which also helped freight levels in the region.¹¹

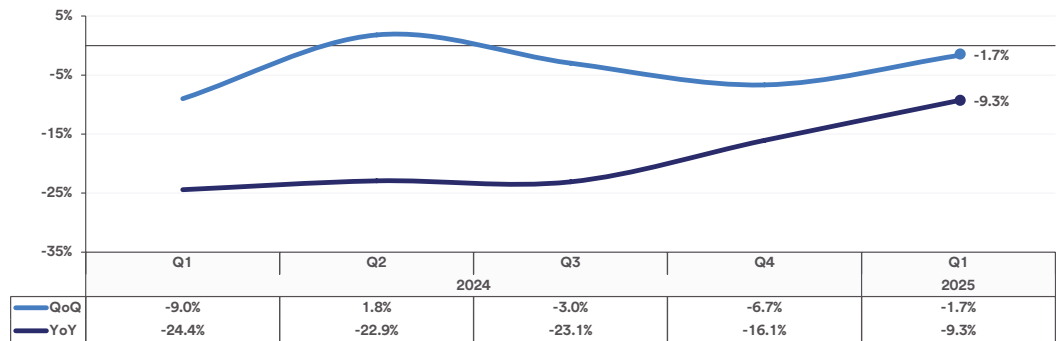
Strong retail sales and an uptick in import volumes helped the Northeast region post increases in QoQ and YoY shipments and spend, the best performance of the five regions.



Southeast regional shipments and spending – quarter-over-quarter, year-over-year

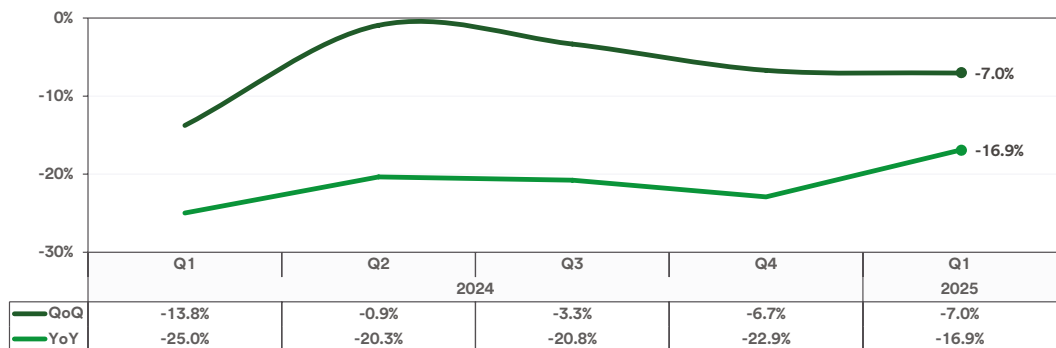
Shipments

Last four quarterly index values (starting w/ current quarter): **82.9 | 84.3 | 90.3 | 93.1**



Spend

Last four quarterly index values (starting w/ current quarter): **215.2 | 231.5 | 248.1 | 256.7**



The Southeast region was just one of two regions during the quarter, the other being the Midwest, where all metrics were down. A large reason for this softness was the unusual winter weather that hit the Southeast, bringing significant snow totals to areas that often don't see snow for years, as well as frigid cold temperatures.¹² These types of weather events hurt truck freight volumes, and it is difficult to get caught up afterwards.

The Federal Reserve's Beige Book Atlanta Bank section stated: "Trucking firms noted a decline in truck load volumes, which was attributed partially to winter weather events. The weather during the quarter, along with soft to flat demand for manufactured goods produced in the region, slowed truck volumes in the region. Modest to flat growth in retail sales added to the downward pressure on truck freight volume, which was down 1.7% from the previous quarter and 9.3% versus a year earlier."¹³

As truck freight shipments declined, so too did shipper spending to move that freight. However, the U.S. Bank Southeast Regional Spending Index contracted more than shipment volumes, suggesting that capacity was fairly loose in the region over the first three months of the year. Specifically, spending was off 7% from the fourth quarter, while plunging 16.9% from the first quarter in 2024. The year-over-year reading was probably pulled down in part due to falling diesel fuel prices over that period, but that doesn't account for all of the decline.

Atypical winter storms, modest retail sales and flat manufacturing in the Southeast region, led to a third straight quarter with declining quarterly and yearly shipment and spend volumes.

About the index

The U.S. Bank Freight Payment Index is a quarterly publication representing freight shipping and spend volumes on national and regional levels. The U.S. Bank Freight Payment Index source data is based on the actual transaction payment date, contains our highest-volume domestic freight modes of truckload and less-than-truckload, and is both seasonally and calendar adjusted. The first-quarter 2010 base point is 100. The chain-based index point for each subsequent quarter represents that quarter's volume in relation to the immediately preceding quarter.

For 25 years, organizations have turned to U.S. Bank Freight Payment for the service, reliability and security of a federally regulated financial institution and payments provider. The pioneer in electronic freight payment, U.S. Bank Freight Payment processes more than \$43 billion in freight payments annually for our corporate and federal government clients. Through a comprehensive online solution, organizations can streamline and automate their freight audit and payment processes and obtain the business intelligence needed to maintain a competitive supply chain.

25 years of experience

\$43 billion in global freight payments annually

About Bob Costello

Bob Costello is the chief economist & senior vice president of International Trade & Security Policy for the American Trucking Associations (ATA), the national trade association for the trucking industry. As Chief Economist, he manages ATA's collection, analysis and dissemination of trucking economic information. This includes several monthly trucking economic indicators, motor carrier financial and operating data, an annual freight transportation forecast, driver wage studies, weekly diesel fuel price and economic reports, and a yearly trucking almanac.

Bob also conducts economic analyses of proposed regulations and legislation affecting the trucking industry and heads up ATA's International Trade Policy and Cross Border Operations Department. In this capacity, he works on issues related USMCA, tariffs, customs, and immigration. He is often cited in the news media as an expert on trucking economics and serves on the 45-member Advisory Committee on Supply Chain Competitiveness to provide the Secretary of Commerce with detailed advice on the elements of a comprehensive national freight infrastructure and freight policy.

He is on the Board of Directors for the Border Trade Alliance and is also a member of the National Association for Business Economics and a member of the Industrial Economists Group at Harvard University. Prior to joining ATA in 1997, Bob was an economist with Joel Popkin & Company in Washington D.C., an economic consulting firm that specializes in the analysis of wages, inflation, and economic trends.

About U.S. Bank usbank.com

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About DAT dat.com

DAT Freight & Analytics operates DAT One, North America's largest truckload freight marketplace, and DAT iQ, the industry's leading freight data analytics service. Shippers, transportation brokers, carriers, news organizations, and industry analysts rely on DAT for market trends and data insights based on more than 235 million annual load posts and a database of over \$1 trillion in freight market transactions. Founded in 1978, DAT is a business unit of Roper Technologies (Nasdaq: ROP), a constituent of the Nasdaq 100, S&P 500, and Fortune 1000. Headquartered in Beaverton, Ore., DAT continues to set the standard for innovation in the trucking and logistics industry. Visit dat.com for more information.

For more information:

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usbank.com/transportation-solutions/freight

1 Retail sales excluding food services, like restaurant sales. Looking at real or inflation data gets closer to a volume metric because it takes out price effects.

2 According to data published by the Energy Information Administration, the national average price of diesel in the first quarter was 9.8 cents per gallon or 2.8% higher than in the final quarter of 2024. Compared with the same period last year, however, diesel prices were 34.2 cents per gallon or 8.6% lower.

3 Not seasonally adjusted total housing starts for January and February published by the Census Bureau

4 Data from various ports on the West Coast, including Los Angeles, Long Beach, Oakland, and Seattle/Tacoma.

5 The Beige Book: Summary of Commentary on Current Economic Conditions by the Federal Reserve District. *Federal Reserve (Bank of Dallas)*. 5 March 2025.

6 The Beige Book: Summary of Commentary on Current Economic Conditions by the Federal Reserve Districts. *Federal Reserve (Banks of Dallas & St. Louis)*. 5 March 2025.

7 Not seasonally adjusted total housing starts for January and February in the Midwest region published by the Census Bureau.

8 The Beige Book: Summary of Commentary on Current Economic Conditions by the Federal Reserve District. *Federal Reserve (Bank of Minneapolis)*. 5 March 2025.

9 Based on U.S. Census Bureau data from U.S. Customs and Border Protection.

10 The Beige Book: Summary of Commentary on Current Economic Conditions by the Federal Reserve Districts. *Federal Reserve (Banks of Boston, New York & Philadelphia)*. 5 March 2025.

11 Data from various ports, including New York.

12 According to reports by NOAA on January 22nd, Baton Rouge, LA, hit 7 degrees, which was the coldest temperature recorded since records began in 1930. NOAA also reported that locations in Louisiana, Mississippi, Alabama, and Florida accumulated 10 inches or more of snowfall from the January storm.

13 The Beige Book: Summary of Commentary on Current Economic Conditions by the Federal Reserve Districts. *Federal Reserve (Atlanta & Richmond)*. 5 March 2025.

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