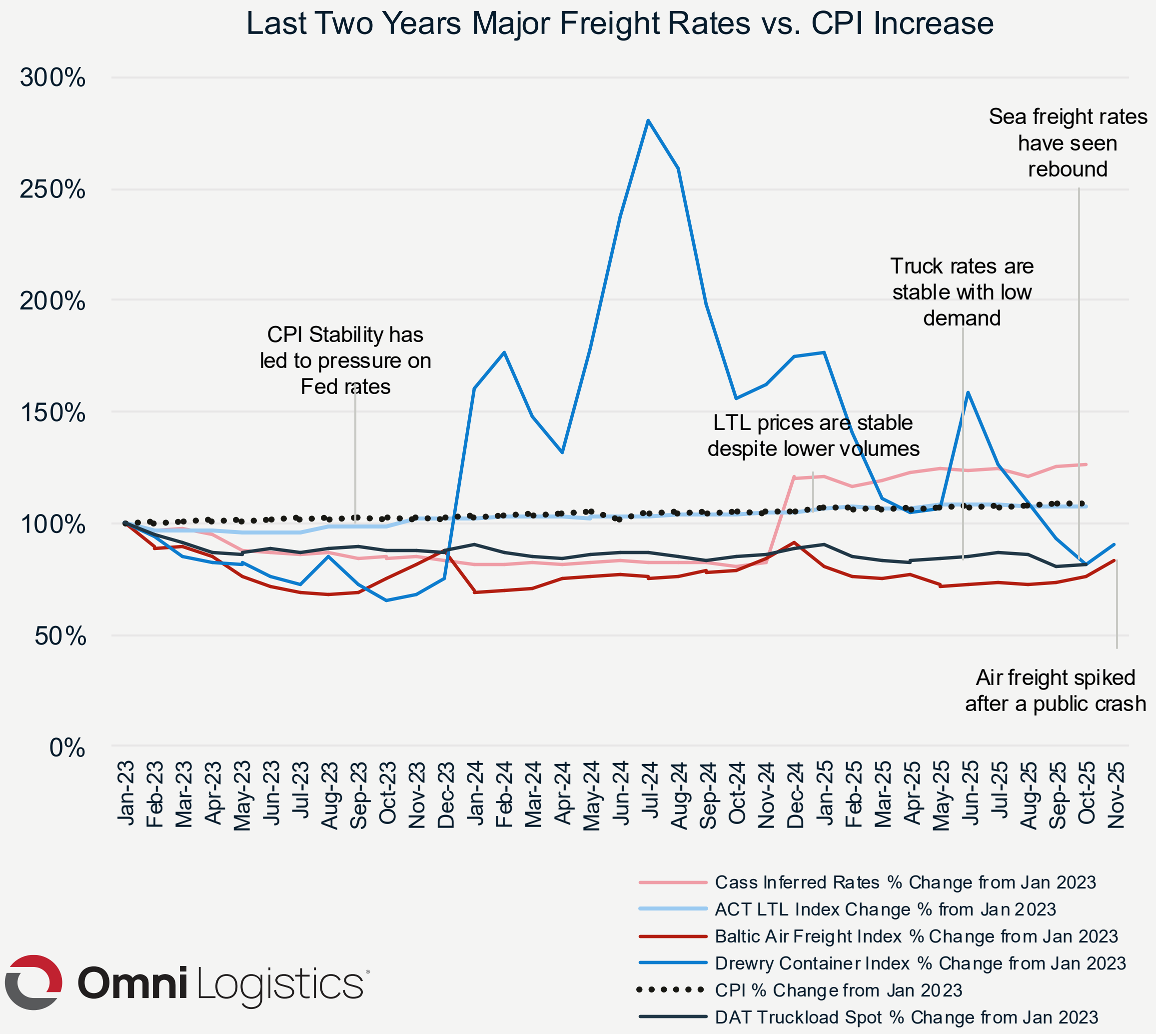
Omni Logistics Market Insights

December 2025

Major Macro-Economic Indicators



Economic Sentiment

- U-Mich consumer sentiment has dropped to 51 and the Conference Board's reading decreased to 88.7, near pandemic era lows
- There is continued bifurcation of spending patterns between high- and low-income households

Labor Force

- September unemployment came in at 4.4%, the highest level in four years
- U.S. payrolls rose an adjusted 119,000 in September, beating expectations
- Inflation-adjusted average hourly earnings stagnated in September

Inflation vs Rates

- October inflation numbers were not published due to the U.S. government shutdown
- Rates cuts have been paused while the economy reports mixed data
- September CPI increase showed a 3.0% YoY increase, below analysts' expectations

Inventories vs Sales

- The National Retail Federation projects a holiday sales increase of 3.7-4.2% YoY and reports that retailers are relatively well stocked with pre-tariff imports
- U.S. home sales increased 1.2% MoM in October, an eight-month high
- Retail salesrose a seasonally adjusted 0.2% in September
- September durable goods orders increased 0.5%

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Sources: BLS, Univ. of Michigan, LMI, St. Louis FRED, CASS, WSJ, U.S. Commerce Dept.,

International Trade & Freight Overview

Quick Digest

U.S. Government Shutdown Ends
- **Outlook:** Backlogs and delayed tariff-related processes may persist for weeks resulting in slower processing times as agencies work through accumulated filings.

U.S. Trade Deficit Narrows
- **Outlook:** Imports fell faster than exports, reflecting softer demand for goods in August. While this eases pressure on shipping volumes, it signals a shift in trade dynamics that could affect carrier capacity planning.

Ocean Carriers Cautious on Suez Return
- **Outlook:** Despite a Red Sea ceasefire, carriers remain cautious of Suez Canal transits due to security risks and high insurance costs, driving longer ocean routes and boosting air cargo demand.

Global Goods Trade Slows as Tariff Front-Loading Ends
- **Outlook:** WTO's Goods Trade Barometer fell, signaling moderation in trade growth as earlier front-loading ahead of U.S. tariffs fades.

Geography Spotlights

Americas	Europe	Asia	Middle-East Africa
- U.S. announced several trade deals: El Salvador, Argentina, Ecuador, and Guatemala, Switzerland, Liechtenstein, and Southeast Asia - Tariff rollback on food and agricultural products	- EU accelerates timeline to phase out de minimis exemptions for low-value imports, effective early 2026	- China resumes soybean purchases from the U.S., signaling improved trade relations - US-China Trade Deal reached, effective Nov. 10	- Carriers are cautiously returning to the Suez Canal

Notable Themes

E-Commerce Shifts from Duty-Free Elimination
Ending duty-free thresholds for low-value imports is raising landed costs, adding customs complexity, and pushing e-commerce toward regional warehousing and localized inventory.

Cargo Theft Risks Escalate
Record losses as criminals target high-value freight through both physical theft and cyber-enabled schemes, driving up security costs and causing operational disruptions.

Geopolitical Pressures Disrupt Trade
Conflicts and trade policy shifts are driving route changes, longer lead times, and higher costs for shippers, forcing contingency planning and inventory adjustments.

Ripple Effects of Front-Loading's End
Global trade growth is slowing as companies stop accelerating shipments ahead of tariff deadlines, reducing short-term volatility but increasing long-term cost and compliance pressures.

Interesting Reads

- China's Shift From Diesel Trucks Changes Global Fuel Demand
- EU moves up timeline to end de minimis exemptions
- Manufacturing Slump Deepens in November as Orders Decline

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Sources: Transport Topics, MSN, White House, JoC, Loadstar, Supply Chain Brain, WSJ, WTO

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U.S. Domestic Freight Overview

Quick Digest

Cyber Criminals are Targeting Freight
- **Outlook:** The number and severity of freight thefts continues to increase. Criminals are increasingly using digital identity theft to mimic carriers and shippers.

Court Blocks FMCSA CDL Order
- **Outlook:** Halt to directive requiring states to revoke certain commercial driver licenses, citing procedural concerns. Eases immediate pressure on driver availability, but uncertainty remains as legal challenges continue.

EPA to Proceed With 2027 NOx Rules
- **Outlook:** Stricter nitrogen oxide standards for heavy-duty trucks, set for 2027, could raise equipment costs and limit fleet availability as manufacturers adapt to compliance requirements.

Holiday Shipping Season Brings Timing Pressures
- **Outlook:** Earlier cutoffs and potential capacity constraints mean shippers should expect higher costs and tighter delivery windows.

Key Figures

-11% YoY change in the DAT truckload volume index for dry vans in October	**-29.6%** YoY change in the retail sales of Class 8 heavy trucks in October	**-7.8%** Average truckload rates in September vs. the market peak in May 2022

Notable Themes

Stricter CDL Oversight
Greater focus on driver licensing and compliance may reduce available capacity and potential cost pressures if enforcement trends persist.

Decline in Class Shipments Index
More shippers are consolidating their freight into truckloads to take advantage of low truckload prices while LTL prices remain elevated.

Ongoing Uncertainty Constrains Truck Orders
Class 8 orders fell sharply in October as carriers delay fleet investments amid weak freight demand and carrier oversupply.

Rail Merger Tie-up
Multiple state attorney generals have indicated opposition for the NS-UP merger. A trans-continental railroad would directly affect intermodal and rail-to-truck conversions.

Interesting Reads

- Airbus A320s have been grounded for safety reasons
- USPS plans to raise prices effective Jan 18th
- Illinois Lawmakers Approve 30% Truck Toll Hike

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Sources: Transport Topics, AAR, ATA, WSJ, AP News,

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Air Freight Overview

Quick Digest

MD-11 Grounding Impacting Peak Capacity

- **Outlook:** After the tragic crash of UPS 2976, the FAA mandated all MD-11 to be inspected and corrective actions implemented prior to further operation. This has led to a significant capacity crunch with over 70 aircraft grounded between UPS, FedEx, and Western Global.

E-commerce is driving Air Cargo Volumes during peak

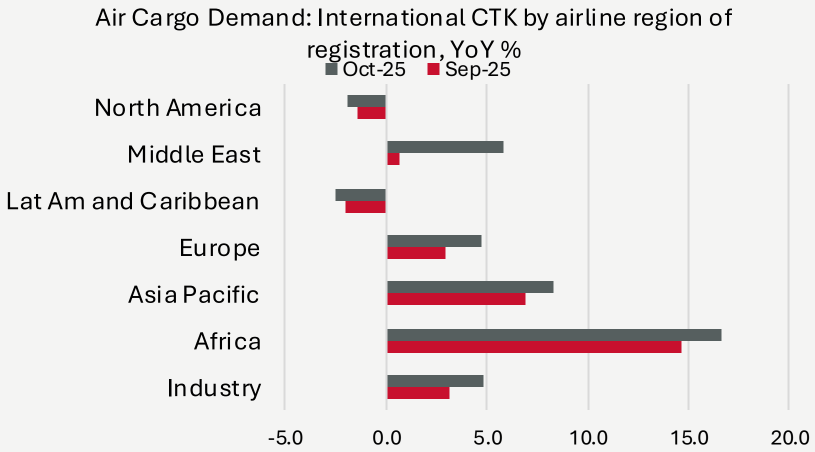
- **Outlook:** On the heels of Black Friday there is strong e-commerce demand as shippers adapt to new duty requirements, signaling resilience to the de minimis set back.

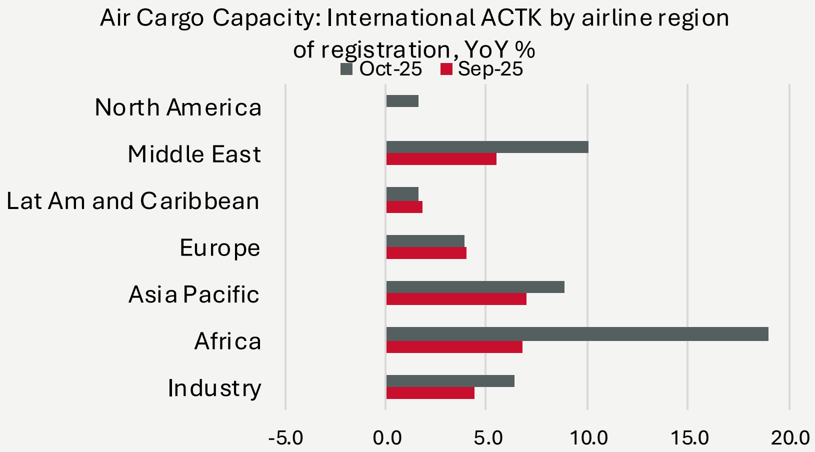
Air Cargo Demand grows 4.1% in October

- **Outlook:** Global air freight demand reached an all-time high growing in Oct - the 8th consecutive month of growth. Leading the way was Tech, E-Commerce and front loading due to expiring tariff exemptions.

Air Cargo Capacity grows 4.5% in October

- **Outlook:** Capacity grew in October with the Middle East, Europe, Asia Pacific and Africa all seeing October YoY growth surpassing September.





Notable Themes

Duty-Free Ends, Costs Climb
Ending de minimis exemptions raises duties and compliance burdens for low-value imports. Shippers face higher costs and margin pressure, prompting shifts toward faster air solutions and smarter inventory strategies.

Air Freight Demand Gains Momentum
October volumes increased as capacity growth continued, signaling steady recovery and improved reliability for shippers heading into 2026.

US Government Back to Work
The longest government shutdown in history ended on Nov 12. The lingering impacts of 10,000 cancelled flights and air controller shortages were seen well after the shutdown officially ended.

AI Tech Booming
The AI revolution is driving demand for data centers and computer hardware which is driving air cargo demand for tech and semi-con equipment – primarily on the Transpacific routes.

Interesting Reads

- FAA Mandates MD-11 Inspections After Deadly UPS Crash
- Global Air Freight Tightens As Peak Season Demand Rises In December
- AFA Urges Policy Makers to Ramp Up Flights Following End of Shutdown
- Air Cargo E-Commerce Volumes Quickly Recover After de Minimis Set Back

Sources: Air Cargo News, Stat Times, IATA

Ocean Freight Overview

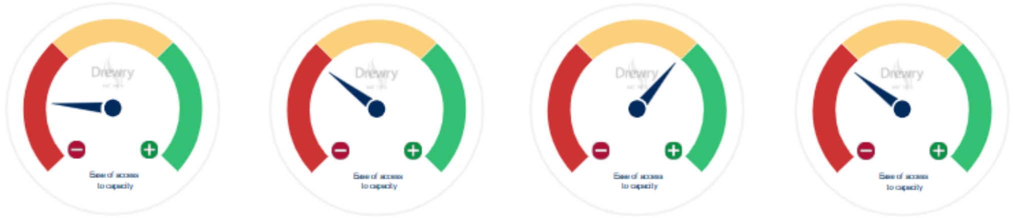
Quick Digest

Freight Rates Temporarily Rebound Amid Capacity Discipline
- **Outlook:** Carriers implemented general rate increases expecting a surge in demand that never met expectation. They are expected to try again for December.

Artificial Supply Crunch Continues Among Weak Demand
- **Outlook:** Steamship lines continue to restrict capacity while volumes remain low heading into 2026. Larger vessels from historical orders continue to enter the market giving carriers ample capacity when demand complies.

Schedule Reliability Diminished MoM In October
- **Outlook:** Blank sailings, strikes, and geo-political conflicts all contribute to a drop off in schedule reliability. After three steady months October saw a 3.5 percent decrease in carrier schedule performance.

Ease of Capacity Access Indicators



Transpacific Week 41 - 20

Asia N. Europe & Med Week 41 - 20

Transatlantic Week 41 - 20

South Asia N. Europe & Med Week 41 - 20

Notable Themes

Multi-Purpose Vessels see increase in BESS demand
As Battery Energy Storage Systems see increase in manufacture weight and regulations MPV's and Omni Logistics stand to benefit from energy projects over the coming years.

Red Sea return remains uncertain
Ocean liners remain optimistic for a return through the Suez Canal, but no timetables provided due to continued uncertainty in the region.

Rail Uncertainty Ripples into Ocean Logistics
Postponed rail consolidation raises uncertainty for inland connectivity, potentially slowing container flows beyond ports and increasing strain on drayage and transloading networks.

U.S. retailers throttling back on orders leading to a soft 2026 prediction
Frontloading at the beginning of the year and keeping inventory lean, retailers are avoiding overstocking despite sales being strong due to uncertain economic conditions.

Interesting Reads

- Battery storage cargoes to power up MPV, heavy-lift sector
- MSC's ultra-large vessels create two-tier fleet on MED–NAEC
- UP says cargo owners in Midwest would benefit from NS merger

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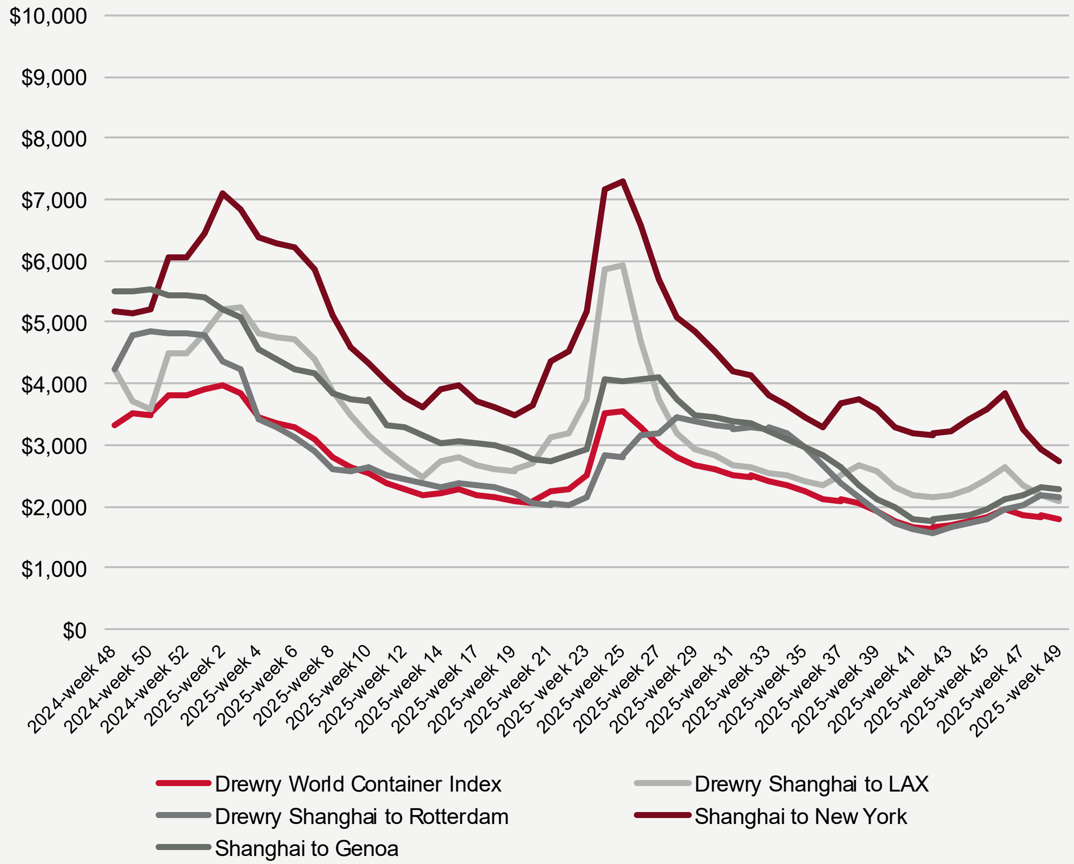
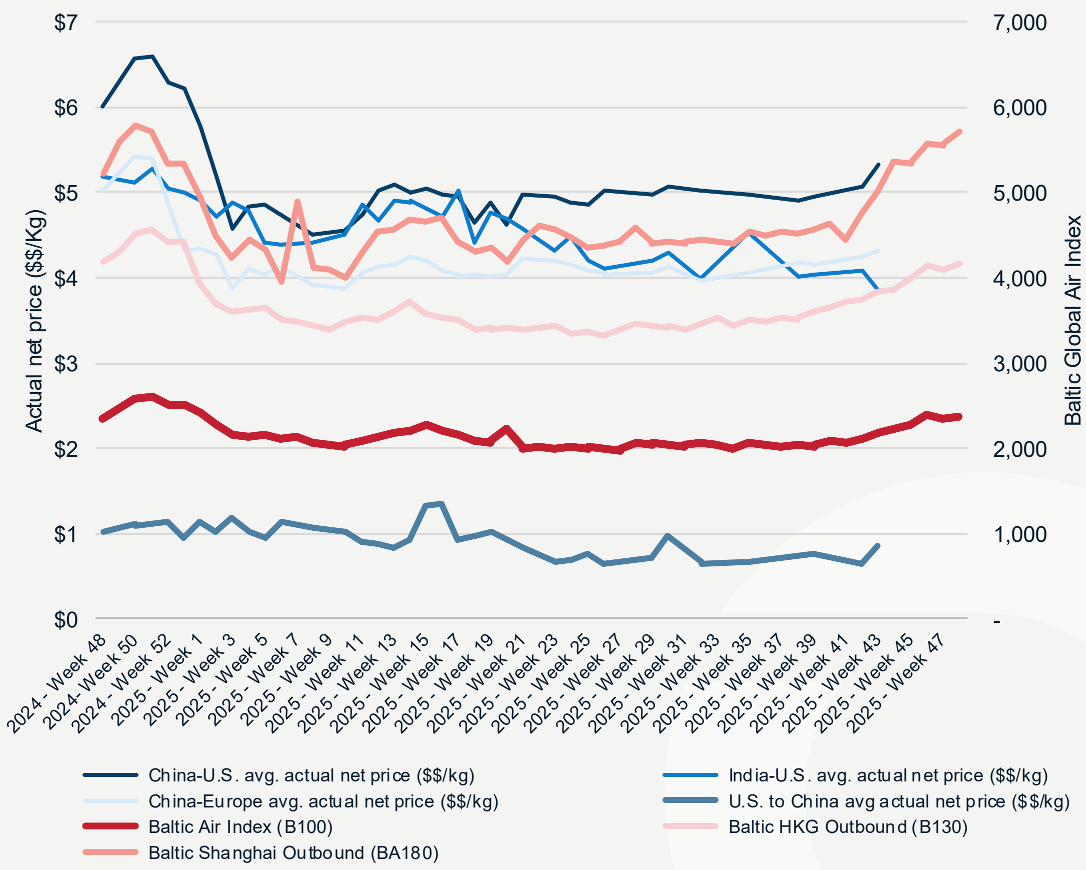
Sources: Maritime Hub, JOC, Port Technology, Drewry, Lloyds List

Market Rates: Ocean & Air

World Container Market Rates – Last 52 Weeks



Major Air Freight Market Rates – Last 52 Weeks



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Sources: Drewry, Baltic Air Index, AirCargo News

Customs & Trade Compliance Trends Overview

Quick Digest

U.S. Exempts Agricultural Products from Reciprocal Tariffs
- **Outlook:** Expected to ease cost pressures on food imports and improve market access for U.S. agricultural exporters.

Supreme Court Hears Arguments on IEEPA Tariff Validity
- **Outlook**: Potential refunds hinge on litigation outcomes; proactive compliance steps now could safeguard financial recovery if tariffs are invalidated.

India Maps Global Trade Rules to Boost Export Compliance
- **Outlook:** The initiative aims to strengthen export competitiveness and minimize disruptions from regulatory mismatches.

Regulatory & Tariff Updates

USA
- DOJ use of the False Claims Act increased to pursue tariff evasion tied to transshipment schemes, alongside CBP's deployment of AI-driven origin verification.

EU / UK
- EUDR to apply to medium and large enterprises from December 30, 2025, small and micro enterprises from June 30, 2026.
- CBAM to streamline reporting requirements in January 2026.
- EU will ban imports of petroleum products made with Russian crude oil, effective January 26, 2026.
- EU to phase out de minimis exemptions for low-value imports, effective early 2026.
- U.S., Switzerland, and Liechtenstein agreed on a trade framework reducing tariffs on select goods to 15%, with plans for further liberalization in 2026.
- 0% tariff rate for all U.K. medicines exported to the U.S.

Mexico
- Introduced major customs law changes to combat tax evasion and smuggling, boost revenue, and modernize administration through digitalization.

Latin America
- U.S., Argentina, Guatemala, and Ecuador announce trade framework to expand agricultural exports, reduce tariffs, and strengthen regulatory cooperation. Final agreements expected in early 2026.

Notable Themes

Tariff Tensions Ease
Trade tensions ease as fewer new duties and stable trade agreements reduce uncertainty. Shippers gain predictability for sourcing and routing, enabling longer-term planning.

Compliance as a Core Trade Strategy
Regulatory complexity is increasingly shaping trade security policies, making compliance not just a requirement but a strategic capability.

AI-Powered Trade Enforcement
Customs authorities are adopting AI to detect transshipment and fraud in real time, shifting from reactive audits to proactive surveillance, increasing the need for advanced compliance tools.

Domestic Safeguards on the Rise
Governments are increasingly deploying domestic safeguard measures, such as subsidies, sourcing mandates, and protective clauses, to shield local industries from tariff volatility and trade disruptions.

Interesting Reads

- EU members seek safeguards in US tariff deal to protect industry
- WTO says AI-related buying binge and a spike in US imports spur unexpected rise in goods trade
- Higher tariffs take toll on global growth, and impact is set to linger

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Sources: White House, The National Law Review, MSN. Global Import Blog, International Trade Today, Customs & International Trade Law Blog, USTR, Business Mirror, WSJ, JD Supra, Supply Chain Brain, Transport Topics

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