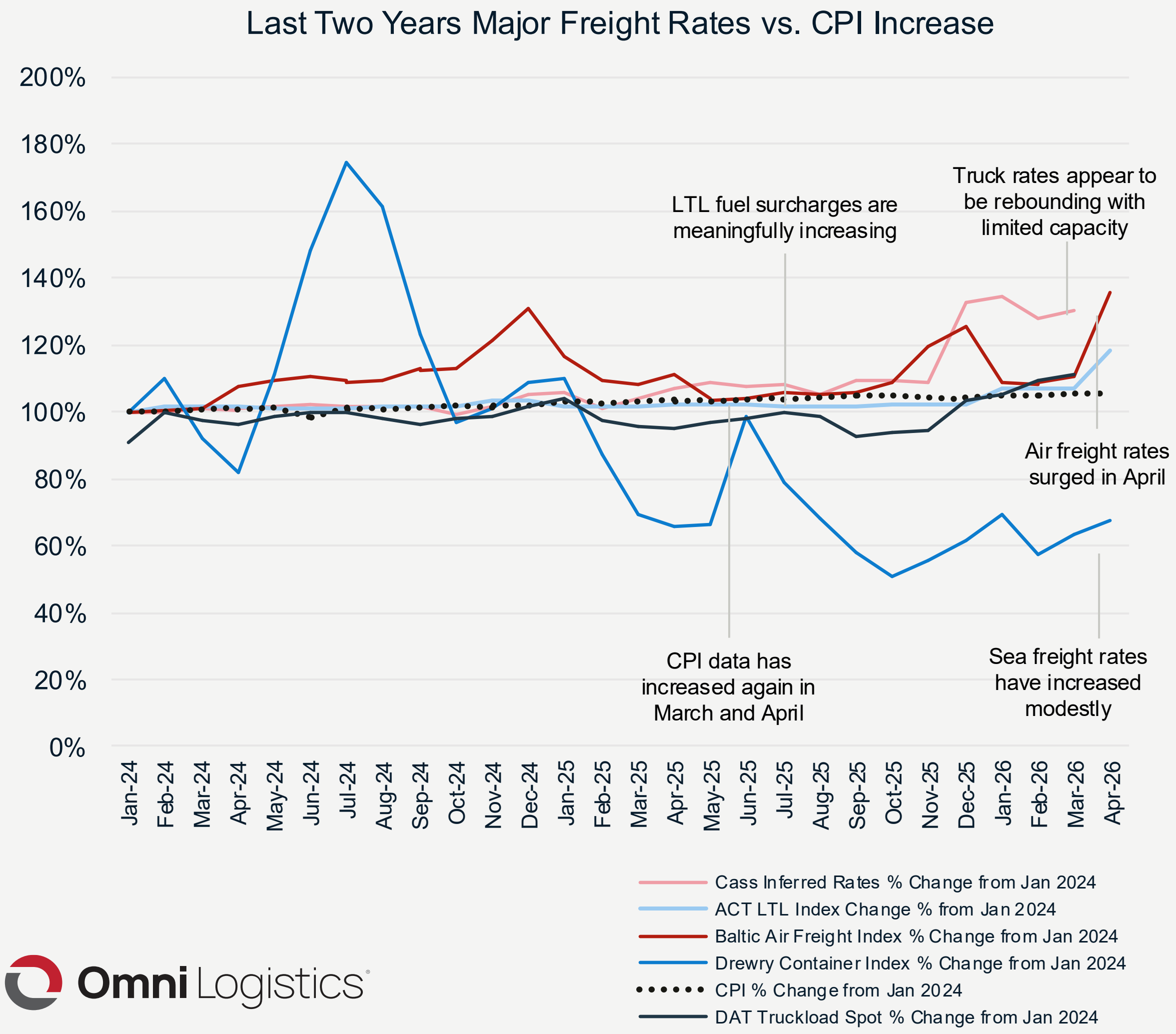
Market Insights

May 2026

Major Macro-Economic Indicators



Economic Sentiment

- The U-Mich consumer sentiment fell in April to 47.6, the lowest in the 74 year history of the survey. While the conference board's index showed slightly improved sentiment.
- The IMF cut its global growth forecast to 3.1% from 3.3% in January.
- The Logistics Managers Index climbed to 65.7 in March based on supply chain interruptions.

Labor Force

- The March jobs report was unexpectedly positive, beating expectations. Healthcare and manufacturing both had strong jobs showings.
- Labor force participation edged below 62.0%, the lowest level since 1977.

Inflation vs Rates

- U.S. economic growth ticked up in the Q1 rebounding from a muted Q4.
- Energy prices primarily contributed to an increase in the consumer price index jumping to a YoY 3.3% increase, a two year high.
- The price index for U.S. services firm rose to a four year high of 70.7, according to Wall Street Journal.

Inventories vs Sales

- KPMG reports that 55% of U.S. retailers plan to raise their prices this year to keep up with rising costs and diminishing margins.
- Inventories tracked by the LMI are showing modest growth, but inventory costs are increasing.

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Sources: WSJ, BLS, ACT Research, Drewry, The Conference Board, U-Mich, NRF, CASS, DAT, Baltic Air, Cass, The LMI

International Trade & Freight Overview

Quick Digest

Strait of Hormuz Tensions Continue

- **Outlook:** Risk of oil prices rising as renewed U.S.–Iran tensions raised concerns over potential disruptions through the Strait of Hormuz. Elevating risk of continued heightened fuel costs, war-risk premiums, and rate pressure on Asia–Europe and Middle East lanes.

Post-Conflict Risks Loom

- **Outlook:** Even after fighting ends, commercial transit through the Strait of Hormuz is expected to remain restricted for six months or longer due to sea-mine contamination and insurer caution.

U.S. Launches IEEPA Refund Recovery Portal

- **Outlook:** CAPE Phase 1 is live as of April 20. Duty recovery is estimated at ~$166B across 53M+ entries and 330,000 importers, with future CAPE phases expected to clarify complex scenarios, including refund treatment and the status of foreign Importers of Record (IORs).

Geography Spotlights

Americas	Europe	Asia	Middle-East Africa
• IEEPA Refund Portal CAPE Phase 1 live, first refunds expected ~May 11 • Rising fuel-related surcharges across transportation networks, increasing total landed costs despite muted volume growth • Panama Canal traffic is being pulled higher by global rerouting, rising auction fees	• Asia–Europe services have normalized Cape of Good Hope rerouting, embedding longer transit times and pushing freight premiums to ~$1,850/FEU • CBAM Q1 2026 pricing available	• Multimodal and landbridge options remained in use	• Mine risk and insurer caution continue to limit commercial transits through the Strait of Hormuz

Notable Themes

Geopolitical Volatility Continues Disruptions
Forcing shippers to reassess modes and lanes, buffer transit times, and build optionality as conflict-driven risks shift quickly across corridors.

Tariff Uncertainty Remains Elevated
Potential 100% tariffs on pharmaceuticals as early as summer — complicating sourcing decisions, pricing strategies, and contract timing.

Fuel Availability and Cost Are Growing Concerns
Particularly for jet fuel and marine bunkers, as geopolitical tension and supply constraints add risk to capacity planning and end-to-end transportation budgets.

Interesting Reads

- Is cargo theft costing $60 billion annually? What that number actually represents
- Why Air Freight Is Your Best Bet When Ocean Schedules Are Disrupted
- Shipping Delays Are Moving Downstream, Not at Ports

Sources: CBP, Trade Topics, JoC, Seas News, Bloomberg, FreightWaves, Supply Chain Brain, Stripes, EU Commission, Adimar Shipping, Trade Strategies Today

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Feature Focus: Middle East Conflict

Quick Digest

International Impact

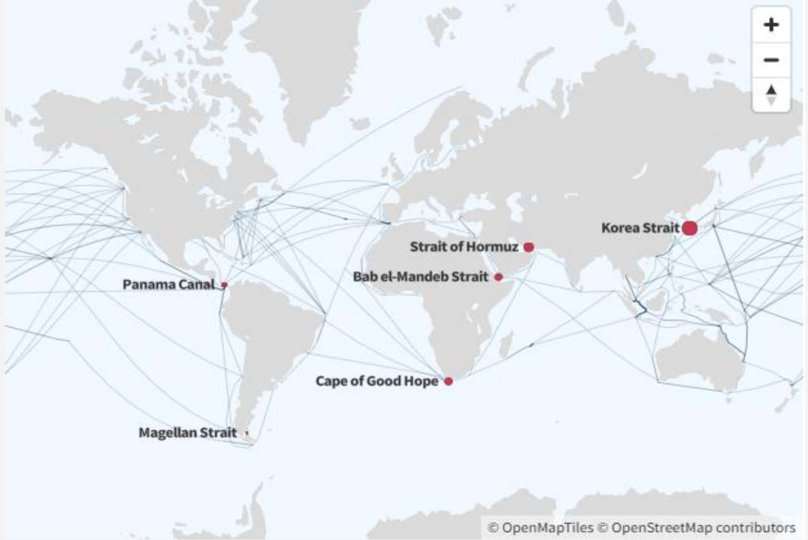
- **Outlook:** Middle East trade remains constrained by physical risk and congestion, driving limited capacity, delayed bookings, and longer transit times. High fuel costs are translating into surcharges, while energy security risks around jet and marine fuel availability remain an added concern.

North America Domestic Impact

- **Outlook:** Fuel-related cost pressure is transmitting into the domestic market, particularly in LTL. Carriers are maintaining tight pricing discipline as fuel surcharges rise, pushing LTL rates toward record levels in Q2, with limited relief expected as long as energy markets remain volatile.

Hormuz Transit Risk Remains

- **Outlook:** Sea-mine threats in the Strait of Hormuz could persist well beyond active conflict, complicating clearance and insurer approval, while shipping lines continue to seek formal guidance on transit conditions.



Key Figures

70%
of cargo ships are now taking the route around Africa

50+
Day approximate voyage through Africa's Cape of Good

30-50%
increase in cost of fuel due to rerouting

13%
Decrease in global oil supply

Notable Themes

Booking Friction Increases
Heightened security risk and unclear transit conditions are making space harder to secure, and when capacity is available it is pushed further out, extending lead times and compressing planning windows.

Capacity Tightening Becomes Structural
Prolonged geopolitical conflict and energy market disruption are expected to slow global trade growth and structurally reshape trade flows through higher costs, increased regionalization, and sustained risk aversion.

Goods Flows Are Becoming Less Agile
Trade in goods is increasingly constrained by higher transport costs, slower transit times, and reduced reliability, creating a persistent drag on supply chains and global growth even after active conflict subsides.

Interesting Reads

- Trump says the US will 'guide' stranded ships from the Strait of Hormuz
- Shipowners Face Sanctions if They Pay Iran Hormuz Fees

Sources: IMF, Reuters, AP News, Supply Chain Brain, Freight Figures, Aljazeera,

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North America LTL Freight Overview

Quick Digest

LTL Pricing Hits Records as Fuel and Demand Rise

- **Outlook:** Rising fuel costs and early demand recovery are driving U.S. LTL pricing to record highs, with key indexes and the long-haul LTL PPI showing no signs of easing. Even if fuel prices decline, carriers' yield management and returning freight suggest sustained cost pressure for shippers.

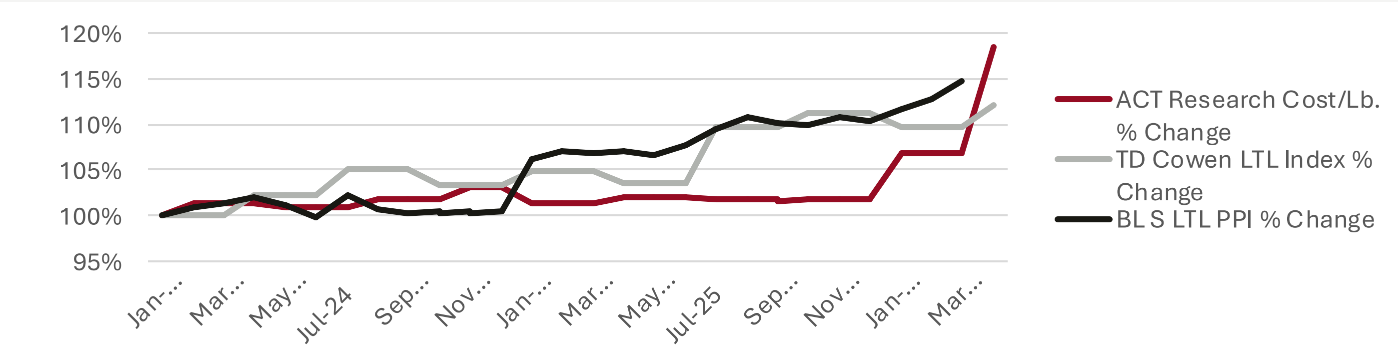
Manufacturing Activity and LTL Volume Divergences

- **Outlook:** Although manufacturing growth typically supports LTL volume gains, improving delivery conditions suggest less overall freight is moving, pointing to a divergence between production activity and freight demand.

LTL Rates Rise Ahead of Demand Recovery

- **Outlook:** U.S. LTL pricing continues to move higher even before a full industrial demand rebound takes hold, reflecting strong carrier pricing discipline. Fuel costs and capacity constraints are reinforcing rate increases, limiting near-term relief for shippers despite mixed shipment volumes.

LTL Price Indices



Notable Themes

Warehouse Vacancy Tightens as Lease Rates Rise

Warehouse vacancy has dipped below peak levels, pushing rents higher as the Southeast leads new construction. Lease rates are near $10/sf (national average $9.94/sf), sustaining pressure on warehouse-dependent shippers.

Reverse Logistics Emerges as a Growth Lever

Parcel and LTL carriers are increasingly targeting the $700B+ returns supply chain as a strategic growth opportunity, shifting focus from outbound fulfillment to value recovery and recommerce flows.

CASS Rates Increasing

CASS rates measure increased volume demand in full truckload, primarily going in dry van trailers. It is seen as a leading indicator of LTL demand.

Interesting Reads

- UPS has implemented a $100M investment into RFID tags to eliminate 20M manual scans of labels per day
- The Two Materials That Predict Freight Demand Both Just Posted Gains

Sources: Institute of Supply Chain Management, WSJ, Transport Topics, TD Cowen-AFS, ACT Research, BLS, Cushman and Wakefield, FreightWaves

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North America Freight Overview

Quick Digest

Truck Carriers Reduce Utilization Amid Fuel Pressure

- **Outlook:** DAT survey showing 18% of carriers parking trucks due to fuel costs, while 45% are avoiding heavier loads that fuel surcharges fail to cover. Elevated fuel costs are compounding an already-tight capacity environment, reducing effective carrier availability and tightening options for shippers.

Spot Market Exposure to Fuel Costs Increases

- **Outlook:** Shippers may see higher spot rates or tighter spot capacity as carriers seek cost recovery beyond fuel surcharges alone.

Flatbed Rates Spike Ahead of Construction Season

- **Outlook:** Flatbed rates have surged more than $0.50 per mile, outpacing dry van and reefer increases as demand lift tied to the start of construction activity builds.

Key Figures

14.7%
YoY decline in class 4 to class 7 medium truck sales

131%
YoY increase in Class 8 truck purchases in March, a total of 38,050 units

$5.403
national average price of diesel in mid-April

Notable Themes

Rail Volumes See Selective Uptick
Some shippers are shifting freight from over-the-road to rail, using intermodal options to reduce fuel exposure and transportation costs amid elevated diesel prices.

Federal CDL Enforcement Pressure Persists
The FMCSA continues to threaten funding action against states with non-compliant CDL practices, adding regulatory friction and contributing to ongoing driver and capacity constraints.

USMCA Trade Flows Face New Strain
Renewed trade tensions between the U.S. and Canada are introducing friction into cross-border freight flows that had previously moved smoothly via common carriers.

Interesting Reads

- An electric truck charging hub with 76 stations opened in Southern California
- Nearly $400M of inland waterway construction was earmarked in the Army Corps of Engineers 2026 plan
- 60 Minutes blows open notorious chameleon carrier network

Sources: DAT analytics, Trucking Dive, Waterways Journal, Pew Research, Transport Topics, EIA, Railway Age

May 2026

Air Freight Overview

Quick Digest

Middle East Air Demand Reverses

- **Outlook:** Middle East air cargo demand finished March down 4.8% YoY as pre-conflict surge activity unwound. Cancellations, airport and airspace closures, and fuel-related disruptions drove a sharp pullback, with regional demand down more than 50% late in the month.

Global Air Cargo Capacity Contracts

- **Outlook:** Global air cargo capacity ended March down 4.7% YoY and continued to decline into April. Capacity losses were concentrated in the Middle East (-19%) and Africa (-12.1%), while Asia-Pacific and Europe saw early April declines near 5%.

Fuel Costs Sustain Air Freight Pressure

- **Outlook:** Air cargo fuel costs rose 10.6% YoY in March, reinforcing cost pressure across international networks. Elevated fuel prices are driving routing changes and cancellations while contributing to a 1.8% increase in yields.

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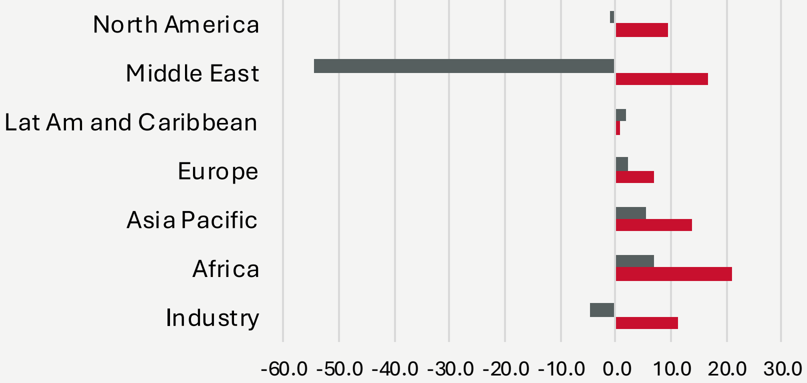
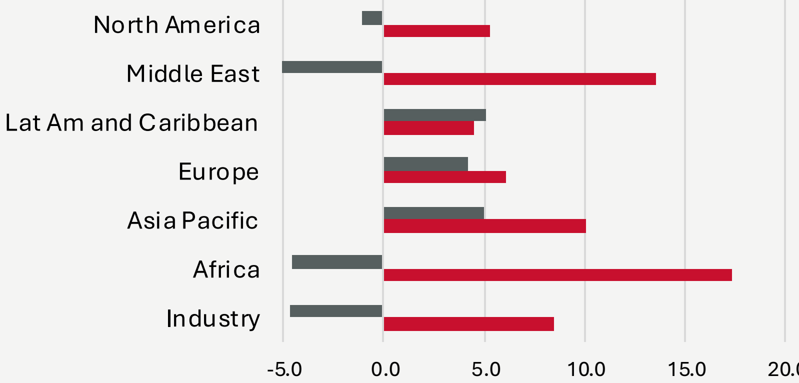
Air Cargo Demand: Market CTK by airline region of registration, YoY %



Air Cargo Capacity: Market ACTK by airline region of registration, YoY %



Notable Themes

Demand Reroutes Away From the Middle East
Conflict and capacity loss in the Middle East are pushing Asia–Europe and Asia–Americas air cargo flows to bypass traditional regional hubs.

Air Cargo Rates Reach Cycle Highs
Rates are at their highest levels since October 2022, rising 30% YoY in April as capacity reductions tighten markets. Jet fuel prices are up more than 50% YoY, sustaining upward pressure on rates amid a slower-than-expected capacity recovery.

Hong Kong Reinforces Hub Leadership
With an increase of 2.7% YoY HKG maintained its spot at the top of air cargo hubs for 2025. From a US perspective ANC, SDF, MIA and MEM made the top 10.

Interesting Reads

- Air freight rates rise further as global market trends remain mixed
- Global air cargo spot rates hit three-year high in April
- Flower shipments boost global tonnages
- Hong Kong Airport remains top global hub for air cargo
- Qatar Airways continues network restoration

Sources: IATA, Air Cargo Update, Stat Times, Ajot, Air Cargo Update, Qatar Airways

May 2026

Ocean Freight Overview

Quick Digest

Carrier Consolidation Pressure Builds

- **Outlook:** The Hapag-Lloyd–Zim deal signals renewed momentum toward consolidation, which could reduce carrier choices and weaken rate leverage for shippers over time. Larger, scaled carriers may offer greater network resilience, but at the cost of increased pricing discipline and service dependency.

Cost Pressures Drive New Round of Ocean Rate Hikes

- **Outlook:** Ocean carriers are rolling out general rate increases and fuel surcharges as higher bunker costs and security-related expenses hit operating margins. Adding near-term cost pressure for shippers, with limited relief expected amid ongoing geopolitical and fuel volatility.

Panama Canal Congestion Raises Delay and Cost Risks

- **Outlook:** Disputes and El Niño-driven water constraints at the Panama Canal are increasing the likelihood of vessel queues, draft limits, and transit delays. Reports of carriers paying for priority passage highlight tightening capacity, leaving shippers exposed to slower transit times, rerouting, and higher costs.

Key Figures

~85% of global container capacity controlled by Top 10 carriers	**30 days** Wait time for dry bulk vessels in Panama Canal	**~2,000 vessels** Trapped in Strait of Hormuz

Notable Themes

Bunker Fuel Supply Risks Rise
Escalating security tensions around the Strait of Hormuz are raising the risk of bunker fuel shortages, increasing cost and availability uncertainty for ocean carriers and shippers.

Carriers Reduce Exposure to Conflict Zones
Carriers are suspending and reshaping Middle East services as regional conflict raises security and operational risks, reducing capacity options and increasing routing uncertainty for shippers.

Carriers Shift to Shorter-Term Pricing Models
Carriers are increasingly pivoting to weekly rate adjustments as market volatility and cost uncertainty persist.

Interesting Reads

- Panama Canal Traffic Jam Spurs $4M Line-Jumping Payment
- MSC became the first carrier to operate 1,000 vessels
- Trump grants 90-day Jones Act waiver extension to curb energy costs

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Sources: JoC, Yahoo, Stripes, Supply Chain Brain, MSN, Seas News, 27/7 Supply Chain, Supply Chain Drive

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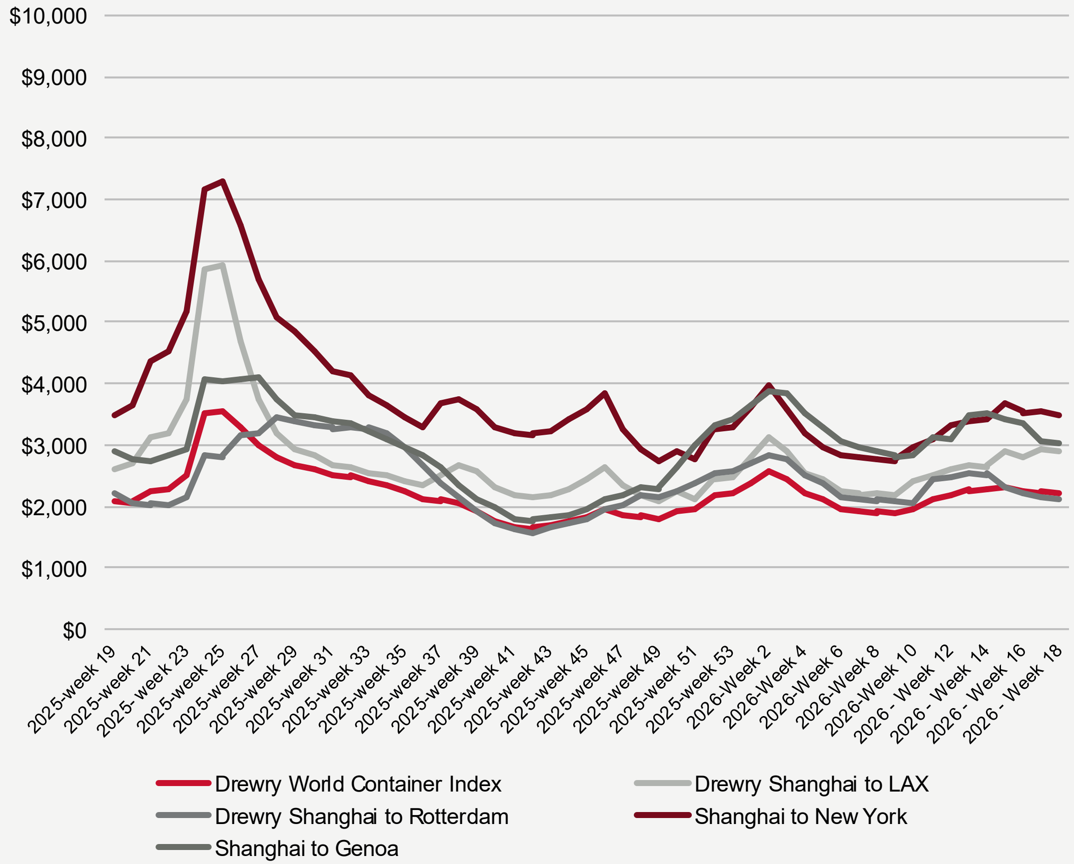
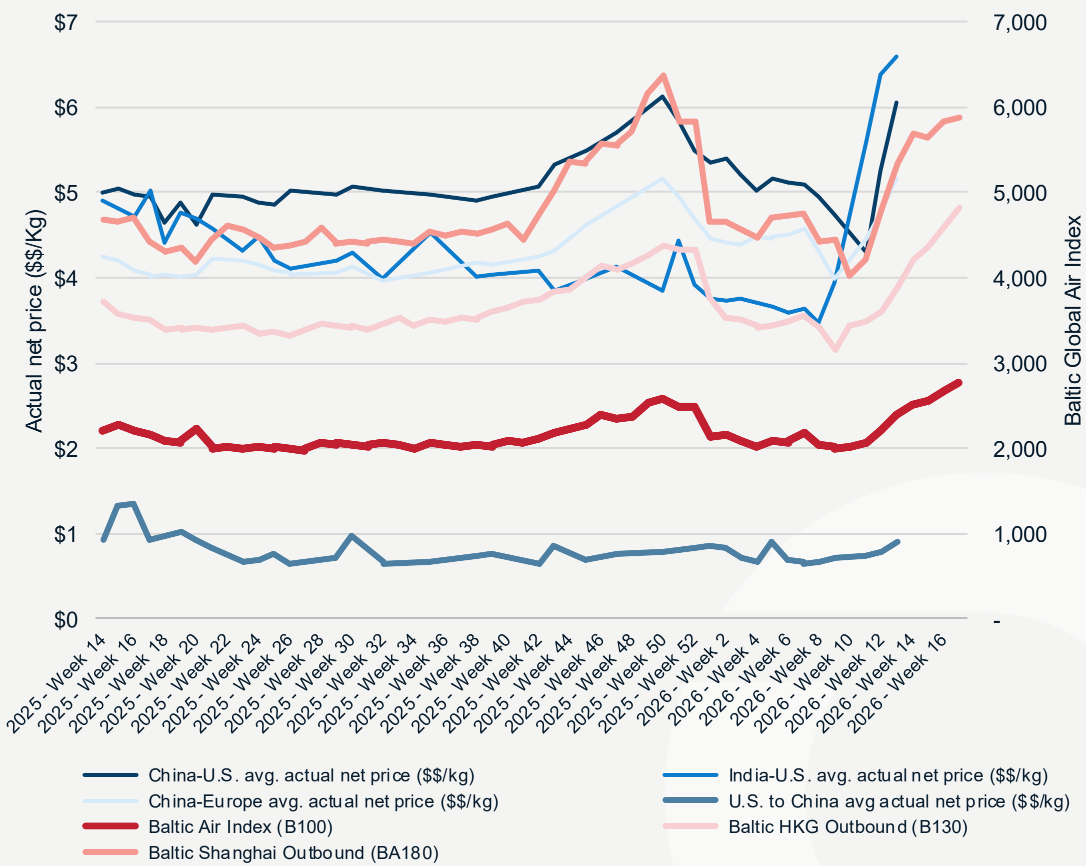
Market Rates: Ocean & Air

World Container Market Rates – Last 52 Weeks



Major Air Freight Market Rates – Last 52 Weeks



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Sources: Drewry, Baltic Air Indexes, TAC

May 2026

Customs & Trade Compliance Trends Overview

Quick Digest

CAPE Portal Live for IEEPA Refunds

- **Outlook:** Phase 1 applies to certain unliquidated entries and entries within 80 days of liquidation, requiring refund claim and ACH set up. Additional scenarios are expected in future phases, indicating a staged rollout. Refunds to take 60–90 days from acceptance.

Tariff Re-Escalation Risk

- **Outlook:** Treasury Secretary Scott Bessent signaled that tariffs could return to IEEPA-level rates by early July, with the administration potentially using Section 301 authority, reviving near-term uncertainty for import costs and customs planning.

WTO Weighs Extending E-commerce Tariff Moratorium

- **Outlook:** WTO members are debating a five-year extension of the global ban on customs duties for cross-border electronic transmissions, potentially running through 2031, though consensus remains elusive.

Regulatory & Tariff Updates

U.S.	Europe	Asia	Middle-East Africa
• IEEPA refund processing begins, Phase 1 for unliquidated entries • Section 122 tariffs, expected to expire July 24, 2026 • Section 232 assessment changes for certain aluminum, steel, and copper products, effective April 6 • USMCA first joint review due July 1 • Expanded Section 301 investigations initiated	• EU releases AEO – Customs Cooperation to Detect, Report and React to Suspicious Activities • European Commission has published the first price of CBAM certificates for 2026 Q1, purchasing CBAM certificates required from February 2027 • EU anticipating 25% auto tariff from U.S., retaliation expected	• China issued new regulations establishing a formal system for investigating and responding to foreign actions deemed harmful to it's industrial and supply-chain security	• WTO delayed adoption of a ruling on India's ICT import duties until October 2026

Notable Themes

Localization and Import Retrenchment to Offset Trade Risk
Shippers are both localizing and redcuing import volumes to avoid tariff risk and policy volatility.

Tariff Uncertainty Disrupts Planning
Ongoing tariff uncertainty is complicating customs and supply chain planning, with many shippers opting against frontloading imports amid unclear policy direction and timing.

Customs Tighten Focus on Suspicious Trade Activity
Customs authorities are expanding programs to detect, report, and respond to suspicious trade behavior, signaling higher expectations on shippers to proactively manage supply chain risk.

Interesting Reads

- U.S. CBP Expands Product Authentication Tech Program
- Trump said tariffs hit foreign countries, but the refund checks are going to US importers
- CAPE Claims Underway – Next CBP Update May 12, 2026

Sources: CBP, EU Commission, Supply Chain Brain, International Trade Today, MSN, V. Alexander & Co., WTO, Reuters, International Trade Today, Trade Strategies Today

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