



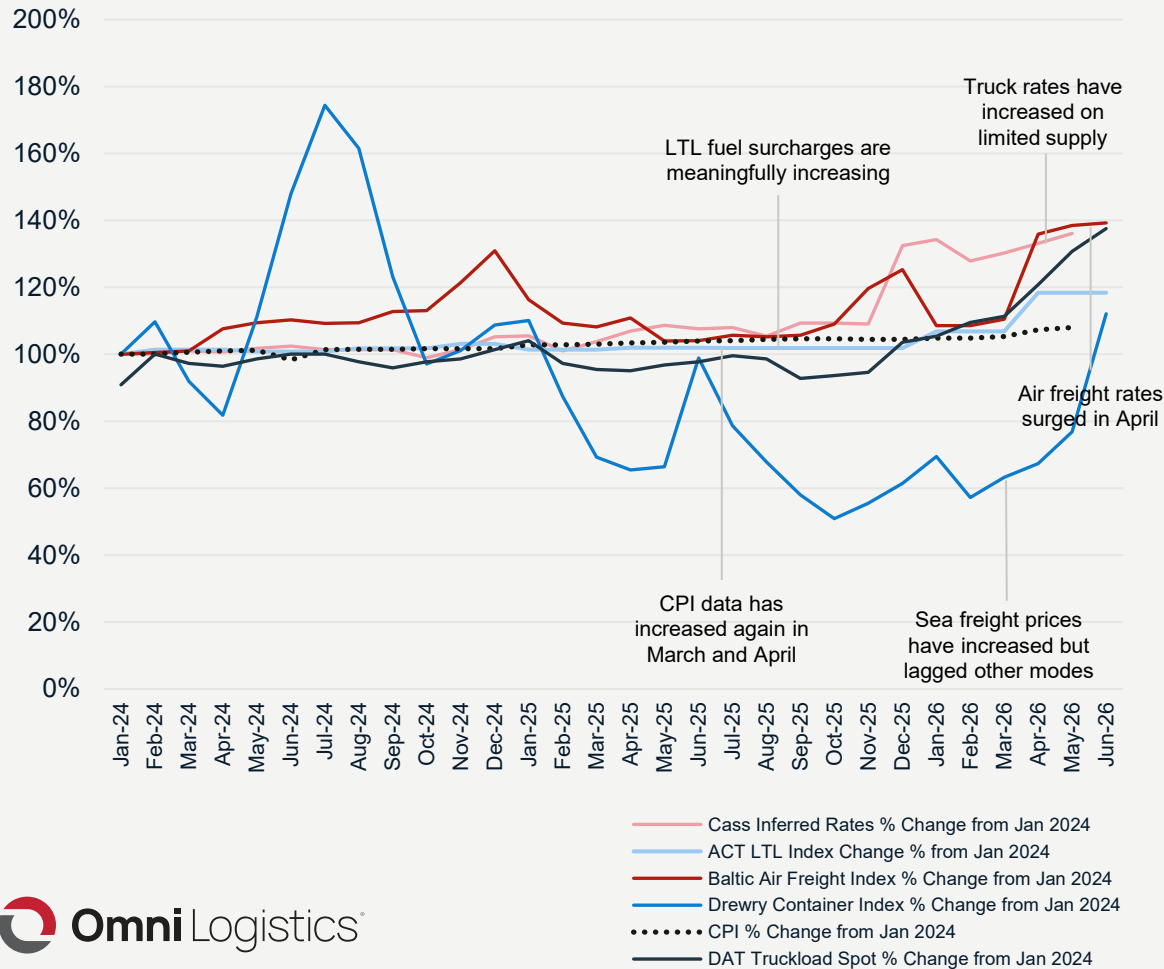
Market Insights

July 2026



Major Macro-Economic Indicators

Last Two Years Major Freight Rates vs. CPI Increase



Economic Sentiment

- The U-Mich consumer sentiment index increased to 48.9 from 44.8 in May, driven heavily by decreased gasoline prices.
- The World Bank downgraded its forecast for global growth from 2.9% to 2.5%, primarily because of the Iran war.

Labor Force

- The U.S. added 172,000 non-farm jobs in May, well above forecasts, and both April and March reports were revised upwards by a combined 93,000 jobs.
- U6 (real unemployment) stands at 8.1%, a MoM decline but still noticeably higher than the headline 4.3%.

Inflation vs Rates

- YoY inflation in May hit a three year high of 4.2%, driven heavily by fuel prices.
- The Bureau of Transportation Statistics estimates 19% of producer cost increases are from transportation.
- The European Central Bank is the first major world bank to raise rates in response to Iran war related cost surges.

Inventories vs Sales

- Sales growth rose more than forecast for U.S. retailers in May, 0.9%, consumers made more purchases in spite of higher fuel prices.
- U.S. businesses spend \$2.4T on transportation and inventory costs in 2025, or around 7.8% of GDP, driven heavily by ocean rates. Total spend and share of GDP is expected to rise in 2026.

Sources: U-Mich, Conference Board, WSJ, BLS, DAT, Drewry, Baltic Indices, ACT Research, Cass

International Trade & Freight Overview

Quick Digest

Section 301 Tariffs Poised to Replace Expiring Duties

- **Outlook:** New Section 301 forced-labor tariffs of 10%–12.5% are under consideration for imports from 60 economies and could be implemented before current Section 122 duties expire in late July, potentially extending tariff exposure and supply-chain uncertainty for importers.

Middle East Supply Chain Outlook Remains Uncertain

- **Outlook:** Ongoing U.S.-Iran negotiations have improved the potential for trade normalization, but uncertainty surrounding access through the Strait of Hormuz continues to pose risks for global shipping and energy supply chains.

Oil Prices Ease as Negotiation Talks Continue

- **Outlook:** Oil prices have declined as U.S.-Iran negotiations advance, easing concerns over energy supply disruptions and helping reduce upward pressure on fuel and transportation costs.

U.S. Customs Enforcement Order Issued

- **Outlook:** New U.S. Customs Enforcement measures will require enhanced importer disclosures, stronger IOR requirements, greater supply chain transparency, and expanded enforcement targeting forced labor, origin evasion, undervaluation, and transshipment violations, with implementation expected by early Fall 2026.

Geography Spotlights

Americas	Europe	Asia-Pacific
<ul style="list-style-type: none"> - IEEPA Refund processing, CAPE Phase 2 includes recon. entries effective June 29. - Section 122 duty collection continues, set to expire July 24. - USMCA joint review to convene July 1. - Eligible mail shipments valued under \$2,500 will require monthly electronic filing, 10-digit HTS classification reporting, and duty payment, compliance effective October 2026. 	<ul style="list-style-type: none"> - €3 customs duty per item on low-value e-commerce parcels entering EU, effective July 1. - EU nations planning a multinational mission to support safe navigation in the Strait of Hormuz. - EU Commission to publish EU Forced Labour Regulation (EUFLR) guidelines, ahead of December 2027 implementation. 	<ul style="list-style-type: none"> - Ocean rate hikes on trans-Pacific and Asia-Europe routes. - Technology shipments and inventory stockpiling boosted air cargo volumes in May.
		Middle East
		<ul style="list-style-type: none"> - Air Cargo connectivity improves as regional airspace restrictions ease and capacity continues to recover.

Notable Themes



Early Peak Season Pull-Forward

Tariff uncertainty, rising transportation costs, and expected price increases are accelerating import activity, prompting shippers to move cargo ahead of anticipated trade and cost changes.



Fuel Cost Pressures Ease

Oil prices have returned near pre-conflict levels, helping moderate transportation and supply chain cost volatility.



Increased Customs Enforcement

Customs authorities are increasing enforcement activity worldwide, driving greater scrutiny of trade compliance, origin claims, forced labor due diligence, and importer recordkeeping.

Interesting Reads

- [Qatar Gas Terminal Explosion Could Further Shake Markets](#)
- [Global shipping faces renewed Panama Canal risks from emerging El Niño](#)
- [Experts: Hormuz won't see return to full cargo flow for 3 months](#)
- [New White House executive order targets customs loopholes, tightens import enforcement](#)

Sources: FreightWaves, Transport Topics, SupplyChainBrain, MSN, DC Velocity, EU Commission, Air Cargo News, Transport Topics, MSN, Logistics Management

North America Freight Overview

Quick Digest

Freight Recovery Gains Momentum

- **Outlook:** Dry van spot rates have surged more than 50% YoY, signaling an end to the freight downturn. Strong demand, including data center-related shipments, combined with tighter driver availability, is contributing to firmer capacity and rising transportation rates.

Fuel Costs Ease, Surcharges Remain

- **Outlook:** Fuel prices have retreated from recent highs, but carriers continue to maintain fuel surcharges as energy markets remain volatile and pricing remains above pre-conflict levels.

U.S. Supply Chain Visibility Initiative Announced

- **Outlook:** USDOT's proposed American Supply Chain Sovereignty Initiative would expand freight visibility through a shared dashboard and create a "pre-screened" container process similar to TSA PreCheck, with the goal of reducing bottlenecks, accelerating cargo movement, and improving supply chain predictability.

Key Figures

\$150.8B

Value of North American transborder freight moved by all modes of transportation in April, up 19% YoY

264K+

Intermodal containers and trailers carried on U.S. railroads in late May, up 10% YoY

31%

Year-over-year increase in dry van spot rates, reflecting tightening freight capacity

\$18M

Estimated value of freight stolen daily across the U.S. trucking industry

Notable Themes



Transportation Pricing Continues to Climb
Frontloading activity, capacity reductions, and improving manufacturing demand are driving higher transportation rates across truckload and LTL markets despite only modest freight volume growth.



Regulatory Enforcement Impacts Capacity
State and federal enforcement actions targeting non-domiciled drivers continue to tighten truckload capacity and reshape freight market dynamics.



Shipper Interest in Rail
Lower transportation costs are driving increased interest in rail and intermodal services, with rates near \$1 per mile, roughly one-third of current dry van spot rates.

Interesting Reads

- [Legislation to scrap a 12% excise tax on new heavy-duty trucks, tractors and trailers was introduced in the Senate](#)
- [Canada Post to end door-to-door delivery for 620K addresses by 2027](#)
- [Transportation Secretary Announces American Supply Chain Sovereignty Initiative](#)
- [US Crude, Gasoline Inventories Continue to Sink](#)
- [BNSF launches RELOAD program to increase empty container utilization](#)

North America LTL Freight Overview

Quick Digest

Freight Recovery Signals Improving Demand

- **Outlook:** The freight downturn appears to have ended, with markets entering a recovery phase as industrial activity and shipping demand improve.

Import Growth Supports LTL Demand

- **Outlook:** Rising trans-Pacific import volumes are increasing demand for LTL and expedited services as shippers look to accelerate inland transportation and recover time lost in ocean transit.

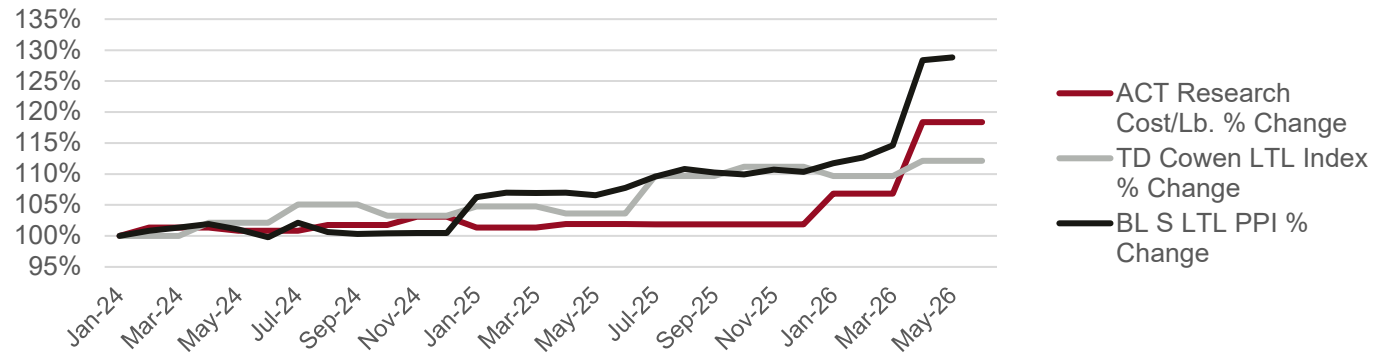
LTL Capacity Continues to Tighten

- **Outlook:** Capacity conditions are becoming firmer across LTL networks, creating a more challenging shipping environment and increasing pricing pressure for shippers.

LTL Carriers Maintain Pricing Discipline

- **Outlook:** Stable demand, disciplined capacity management, and improving freight conditions continue to support a healthy LTL pricing environment. Tightening truckload capacity is also shifting additional freight into LTL networks, contributing to firmer market conditions.

Key Figures



Notable Themes



Manufacturing & Import Demand Drive Freight Volumes

Rising U.S. manufacturing activity and growing import volumes are supporting stronger freight demand, particularly across expedited and LTL transportation networks.



LTL Costs Continue to Rise

Strengthening industrial demand, tightening trucking capacity, and disciplined carrier pricing are driving higher LTL rates and sustained transportation cost pressures for shippers.



Contract Rates Continue to Normalize

Contract pricing is continuing to align with market conditions as earlier spot rate increases flow through transportation agreements.

Interesting Reads

- [Amazon Launches Less-Than-Truckload Unit](#)
- [UPS announced plans to invest \\$48M to build 27 temp-controlled freight cross-docks worldwide](#)
- [Amazon's LTL gap has a name: Forward Air](#)
- [Amazon Freight says truckload freight moving to LTL](#)

Air Freight Overview

Quick Digest

Air Cargo Demand Accelerates

- **Outlook:** Air cargo demand grew 6.0% YoY in May on strong semiconductor and AI-driven demand from APAC. Middle East demand continues to improved from -54.3% YoY in March to -8.9% in May, while APAC growth reached 8.0% YoY.

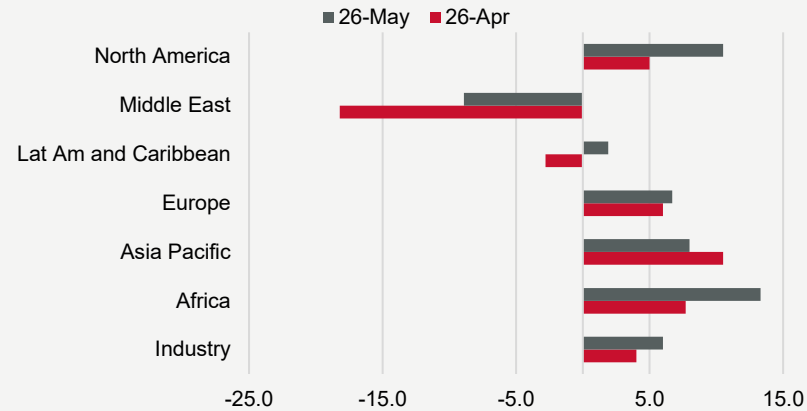
Air Cargo Capacity Continues to Recover

- **Outlook:** Air cargo supply increased 1.9% YoY in May as Middle East capacity gradually recovered. Capacity growth improved from 52.4% in March to 9.2% in May, while trans-Pacific freighter growth continues to drive overall capacity increases.

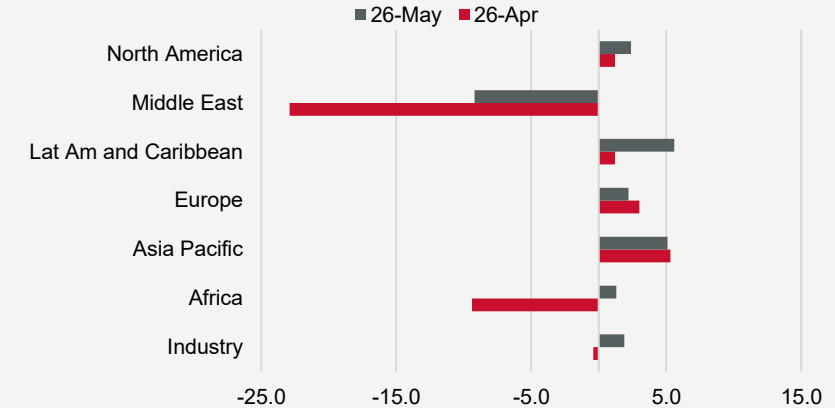
Jet Fuel Prices Remain Elevated

- **Outlook:** Jet fuel declined 16% in May as Middle East tensions eased, but production challenges continue to constrain capacity and keep carrier yields and surcharges at heightened levels.

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



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



Notable Themes



Air Capacity Constraints Limit Flexibility

Despite increased flight activity in the Middle East, airfreight capacity remains constrained. Ongoing rerouting and diversion requirements continue to limit available cargo space and payload capacity.



Air Cargo Market Remains Strong

IATA projects the air cargo market to exceed \$160B in 2026, supported by 5.6% volume growth. Elevated yields continue to be driven by Middle East disruptions, constrained capacity, and fuel-related pressures.



AI & High-Tech Demand Drives APAC Growth

Strong demand for semiconductors, AI infrastructure, and high-tech products is fueling air cargo growth in Taiwan and across APAC. Demand is expected to remain strong as investment in data centers and advanced technology continues.

Interesting Reads

- [Air cargo cautiously welcomes US-Iran peace deal](#)
- [Space logistics: achieving end-to-end mobility for space](#)
- [IATA Global Outlook for Air Transport](#)
- [Recruitment, capacity and cyber attacks are air cargo's biggest challenges](#)
- [High-Tech demand consumes Taiwan-US airfreight capacity](#)

Sources: Air Cargo News, IATA, Xeneta

Ocean Freight Overview

Quick Digest

Container Shipping Recovery Expected to Take Months

- **Outlook:** While the reopening of the Strait of Hormuz is a positive step, market disruptions are expected to persist. Industry analysts project it could take until mid-September for container shipping networks to normalize, with freight rates likely to remain elevated in the near term due to vessel backlogs, capacity dislocations, and ongoing recovery efforts.

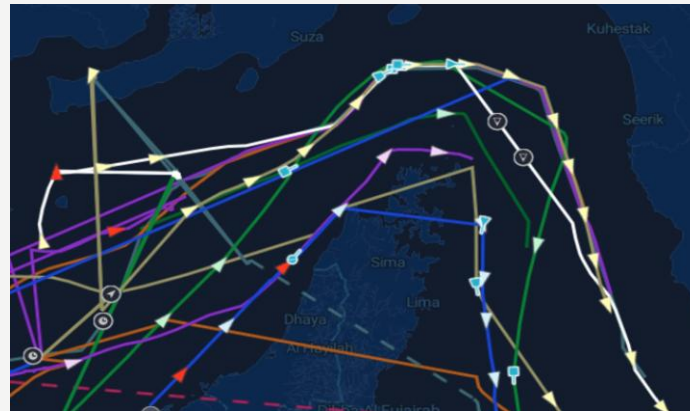
Iran Considers Strait of Hormuz Transit Fees

- **Outlook:** Iran has announced plans to introduce fees for vessels transiting the Strait of Hormuz after the current 60-day negotiation period ends. While details remain unclear, potential transit charges could increase shipping costs.

Early Peak Season Pushes Ocean Rates Higher

- **Outlook:** Early peak season demand and tariff-related frontloading continue to push ocean freight rates higher, with capacity tightening across major trade lanes.

Hormuz Transit Flows



Key Figures

75%+

below pre-conflict Hormuz traffic

10%

of global container capacity impacted by Hormuz disruption

62%

Hormuz transits by mainstream carriers

25

Hormuz vessel transits during early traffic recovery

*Strait of Hormuz crossings out of the Gulf on 6/22

Notable Themes



Ocean Rates Remain Under Pressure

Early peak season demand, tariff-driven frontloading, and persistent capacity constraints are keeping ocean rates elevated, with carriers signaling additional rate increases and surcharges through July.



Peak Season Expected to Extend Beyond Summer

Strong import demand and continued inventory replenishment are expected to sustain elevated volumes through Q3, with retailers and carriers anticipating peak-season conditions extending into Aug-Sept.



Strait of Hormuz Recovery Remains Gradual

While vessel traffic is returning, congestion, displaced capacity, and network disruptions mean a full recovery of shipping flows through the Strait of Hormuz is expected to take several months.

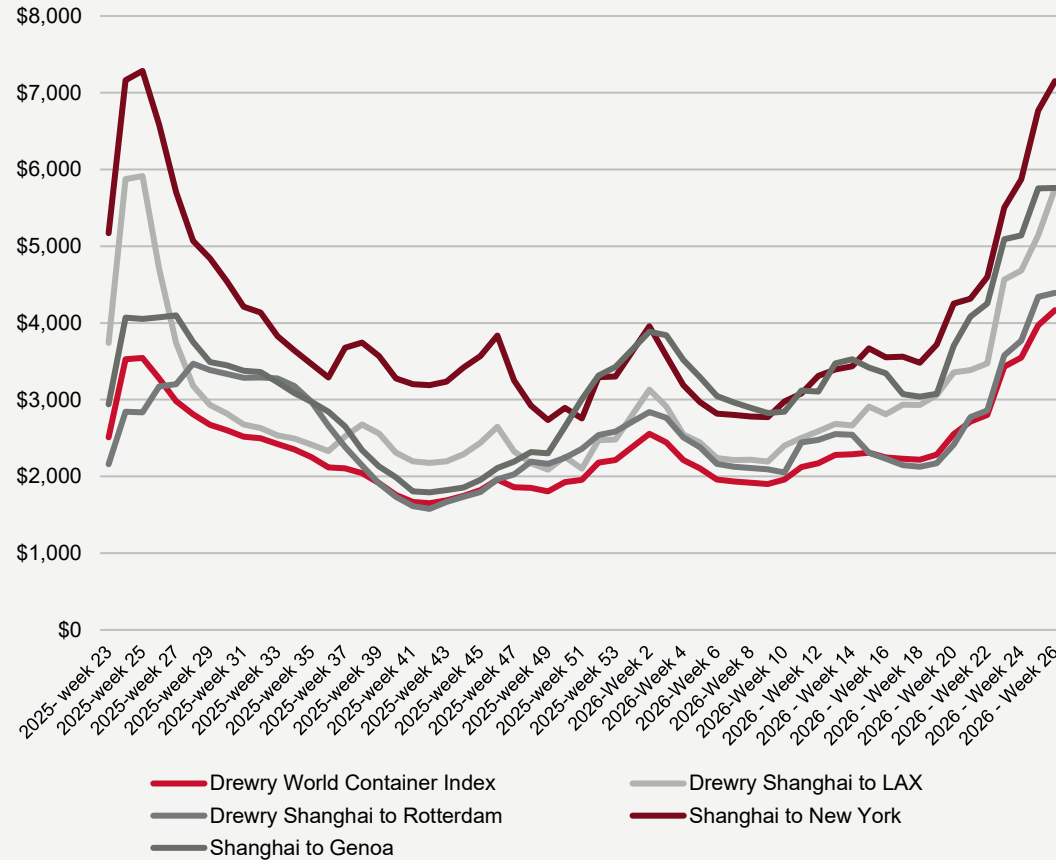
Interesting Reads

- [UAE Moves to Cut Dependency on Strait of Hormuz to 'Zero'](#)
- [Import Prices Rise Most in Nearly 4 Years on War, AI Boom](#)
- [Descartes: U.S. Imports from Hormuz-affected ports "collapsed" in May](#)
- [2025 Claims Data Shows That Shipping Has Come a Long Way on Safety](#)

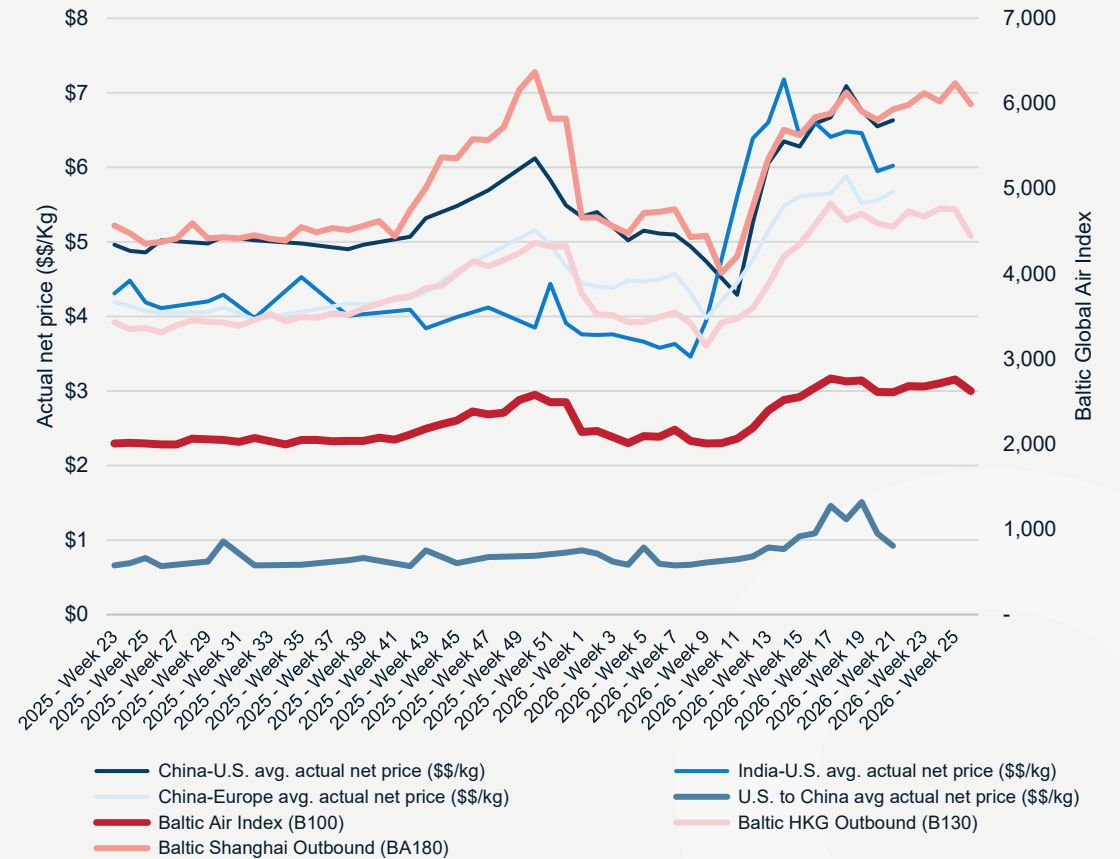
Sources: Trade Winds News, Transport Topics, DC Velocity, Air Cargo News, Yahoo Finance

Market Rates: Ocean & Air

World Container Market Rates – Last 52 Weeks



Major Air Freight Market Rates – Last 52 Weeks



Customs & Trade Compliance Trends Overview

Quick Digest

U.S. CBP Issues New Forced Labor Enforcement Guidance

- Outlook:** New operational guidance aligns UFLPA, WRO, Findings, and CAATSA enforcement into a single framework, reinforcing documentation requirements and a 30-day timeline for importers to demonstrate supply chains are free of forced labor. High-risk sectors include seafood, apparel, cotton, steel, aluminum, lithium, tomatoes, and polysilicon-related products.

IEEPA Tariff Refund Process Expanded

- Outlook:** CBP launched CAPE Phase 2 on June 29, expanding IEEPA tariff refund eligibility to unfiled reconciliation entries, with Phase 3 expected by the end of July for certain liquidated entries. Details on Phase 3 eligibility and scope remain unclear.

USTR Proposes Broad New Section 301 Tariffs

- Outlook:** USTR is proposing new Section 301 tariffs tied to forced labor enforcement and other alleged unfair trade practices, including 10%–12.5% duties on imports from 60 economies and a proposed 37.5% tariff on Brazil. Public comments and hearings run through early July, with final determinations expected later in Q3 2026.

New U.S. Postal Entry Process for Low Value Shipments

- Outlook:** Effective July 24, eligible mail low value shipments (under \$2,500) will be subject to a new CBP postal entry process requiring electronic filing, 10-digit HTS classification reporting, and monthly duty payment, with a compliance deadline of October 22, 2026.

Regulatory & Tariff Updates

North America	EU / UK	Middle East-Africa
<ul style="list-style-type: none"> - U.S. CPSC mandatory eFiling begins July 8 for most imported consumer products. - U.S. Section 122 10% global tariff expires July 24 unless extended or replaced. - Mexico's MVE and Manufacturer/Exporter Registry requirements take effect July 31. - New Section 232 exemptions require enhanced documentation, traceability, and ongoing reporting. - Enhanced importer transparency, stronger IOR requirements, and expanded enforcement measures expected by early Fall 2026. 	<ul style="list-style-type: none"> - EU–U.S. Tariff Agreement: Eliminates remaining tariffs on U.S. industrial goods, expands access for U.S. seafood and select agricultural products, and extends MFN duty suspension on lobster through 2030. - €3 customs duty per item on low-value e-commerce (under €150) parcels entering EU, effective July 1. - EU approved CBAM simplifications, including a new 50-ton annual import threshold and streamlined requirements for smaller importers. 	<ul style="list-style-type: none"> - GCC countries continue progressing negotiations on a free trade agreement with the UK.

Notable Themes



Rising Compliance Demands

New forced labor, origin verification, and documentation requirements are increasing importer accountability and driving greater compliance complexity across global supply chains.



Tariff Changes on the Horizon

Pending trade actions, expiring provisions, and ongoing tariff negotiations are creating uncertainty for importers as businesses prepare for potential duty changes across key markets.



Enhanced Supply Chain Due Diligence

Growing regulatory enforcement is increasing expectations for visibility across multi-tier suppliers, manufacturing processes, and sourcing practices.

Interesting Reads

- [U.S. CBP Forced Labor Enforcement Operational Guidance for Importers](#)
- [23 Non-Importer States to Cross-Appeal CIT's Section 122 Standing Ruling](#)
- [Customs Bonds: Why Requirements are Changing and How to Prepare](#)
- [Podcast | The Tariff Conundrum for Supply Chains: Pass Along, or Absorb?](#)
- [British EUDR? UK government to introduce anti-deforestation rules](#)

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