



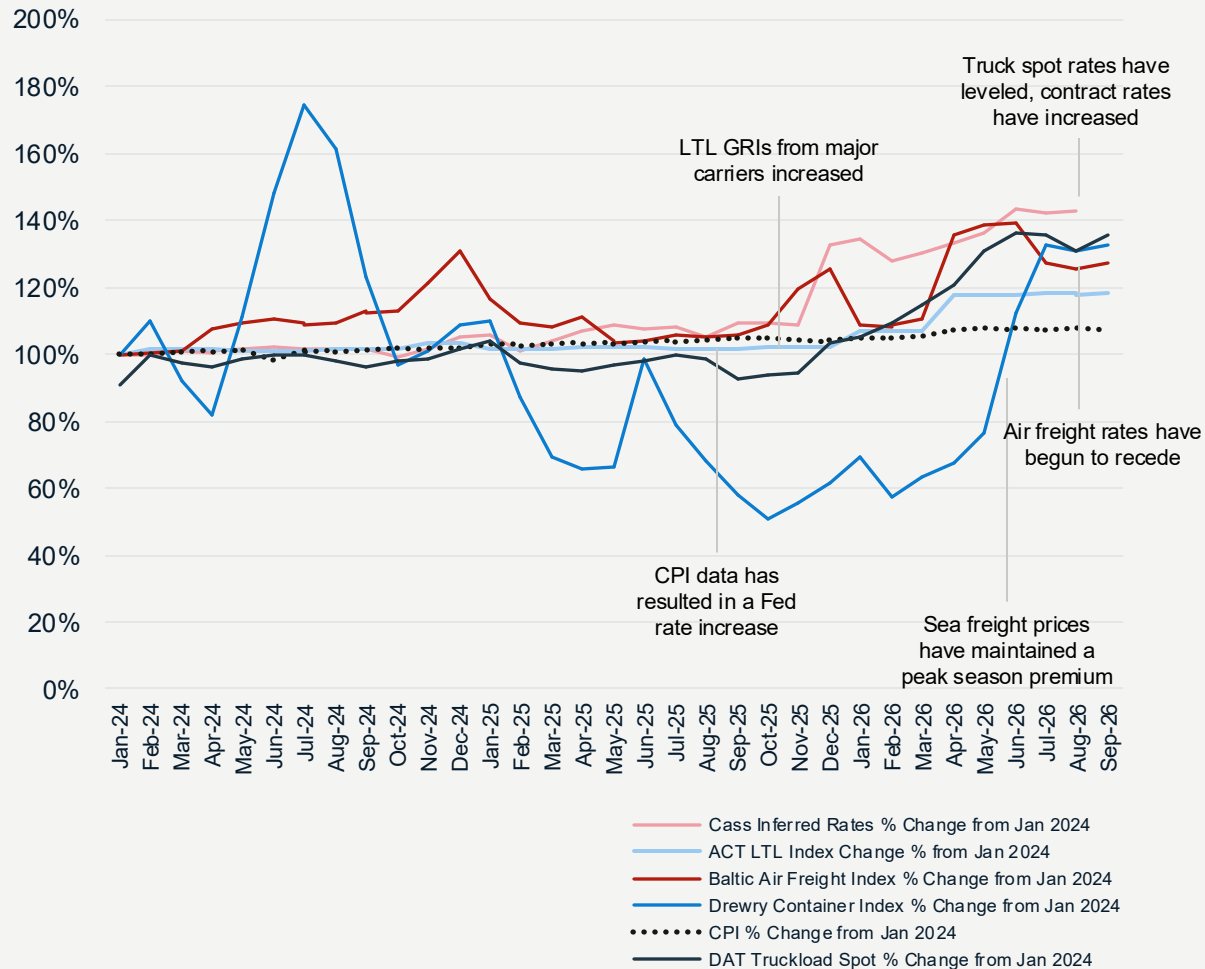
Market Insights

October 2026



Major Macro-Economic Indicators

Last Two Years Major Freight Rates vs. CPI Increase



Economic Sentiment

- U-Mich consumer sentiment is near an all time low at 48.1
- 45% of respondents to a Gallup poll rate the economy as poor
- Consumer sentiment continues to weaken despite generally resilient economic and spending indicators.

Labor Force

- The U.S. added 162,000 jobs in August, exceeding expectations but dipped below expectations to only 29,000 in September
- A reading of the labor market by the Conference Board indicates underemployment is easing
- Unemployment slightly increased to 4.2% in September

Inflation vs Rates

- Fuel prices are a primary concern as diesel prices hit a record high and gasoline prices hit a Labor Day high
- GDP growth was upwardly revised for Q2 to 2.2% above the previously reported 1.5%
- Inflation for August came in at 3.4% - exactly on projections
- Rates increased a quarter of a percentage after a unanimous Fed decision

Inventories vs Sales

- Sales at U.S. retailers rebounded in August, up 1.2%, after a 0.5% decrease in July
- Even outside of increased fuel prices sales showed strength
- Small and medium sized businesses are moving inventory faster but are reporting high incidence of dead stock

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

International Trade & Freight Overview

Quick Digest

U.S.-China Trade Eases with Proposed Tariff Relief

- **Outlook:** The U.S. and China approved a framework for tariff relief on \$60 billion in bilateral trade, extending current trade truce provisions through January 10, 2027 and supporting a more stable transpacific trade environment.

Golden Week Reduces Near-Term Export Volumes

- **Outlook:** Factory closures during China's Oct. 1-7 Golden Week holiday are expected to temporarily suppress export activity, resulting in schedule adjustments and capacity management across Asia trade lanes. Capacity pressures and transit disruptions expected to persist into October even after the holiday ends.

Continued Capacity and Cost Pressures

- **Outlook:** Air cargo demand remains resilient, with August volumes up approximately 6% YoY against broadly flat capacity, while ocean carriers continue managing post-holiday demand. Although rate growth has moderated, capacity remains tight and air spot rates are still roughly 24% above prior-year levels.

Sources: American Journal of Transportation, Transport Topics, International Trade Today, Air Cargo News, KPMG, Supply Chain Brain, Journal of Commerce, Maritime Executive, Politico

Geography Spotlights

Americas	Europe	Asia	Middle-East Africa
- Panama Canal capacity will increase to 33 daily transits beginning October 15, including 10 Neo-Panamax slots, supporting improved vessel flow and network reliability.	- Limited routing flexibility is restricting European carriers' ability to shift capacity to North America and Latin America, leading some operators to consolidate volumes through key hubs rather than redeploy aircraft. - EU expands low-value import fees, with a €3 duty now in force and a €2 handling fee plus new data requirements effective November 1.	- Europe bound e-commerce volume continues to soften; rates are slightly lower. - Flight cancellations are reducing effective capacity and supporting a broader upward rate trend.	- Carriers continue monitoring Middle East routing risks, with network planning focused on maintaining schedule reliability amid ongoing regional uncertainty.

Notable Themes



U.S. CBP Scrutiny Increases for Nonresident and DDP Importers

Foreign Importer of Record (IOR) enforcement is placing greater focus on nonresident importers, DDP transactions, e-commerce fulfillment models, and outdated importer records, increasing compliance and cargo clearance risks.



Golden Week Pull-Forward Demand Pressures Freight Networks

Ahead of Golden Week, shippers pulled freight forward to secure vessel and air capacity, increasing pressure on rates and space availability. While demand is expected to normalize after the holiday, capacity constraints may continue to impact costs and transit times through October.



International Freight Costs Remain Elevated
Pre-Golden Week shipping activity, resilient demand, and elevated fuel costs continue to support higher transportation costs and limit near-term relief across international freight markets.

Interesting Reads

- [The future of importing into the US: An AI and technology guide](#)
- [China extends two trade barrier probes into US till December 27](#)
- [The next generation of supply chains will prioritize optionality over permanence](#)
- [Cargo thieves are 'laundering freight' through the supply chain](#)
- [World Trade Organization reform failure could cost 10% of global GDP, report warns](#)

North America Freight Overview

Quick Digest

Rising Fuel Costs Continue to Pressure Truck Capacity

- Outlook:** FTR's Trucking Conditions Index moderated in July following record carrier-favorable conditions in May and June, but capacity remains tight. Diesel prices are up more than 50% YoY and truckload contract rates have risen 18%, sustaining elevated transportation costs as peak season demand builds.

Trucking Enforcement and Regulatory Changes Could Further Tighten Capacity

- Outlook:** Federal enforcement efforts targeting chameleon carriers, stricter English-language proficiency enforcement, enhanced carrier compliance standards, and tighter non-domiciled CDL requirements could reduce driver availability, adding further pressure to domestic freight capacity.

Truckload Capacity Continues to Tighten

- Outlook:** Truckload rates are expected to rise another 10% in 2027 as capacity exits the market and carriers become more selective about freight. With less excess capacity available, shippers should expect greater rate volatility and increased sensitivity to seasonal demand surges and disruptions.

Sources: Supply Chain Brain, Wall Street Journal, Transport Topics, AAR, ACT research, EIA, DAT, National Private Truck Council, American Journal of Transportation, Supply Chain 24/7, Sea News, Truck News

Key Figures

\$6.529 Record high diesel prices hit in mid-September.	301,456 Record weekly count of trailers and containers transiting U.S. railroads in mid-September.	6.7% Increase in DAT contract van rates over the past two months, versus a 1.3% decline in spot rates.	70% Share of U.S. shippers considering expansion of private fleets, according to a National Private Truck Council survey.
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Notable Themes



Federal Enforcement Further Tightens Driver Capacity
Enhanced U.S. DOT enforcement efforts have removed more than 28,000 drivers from service since early 2025, contributing to ongoing capacity constraints as carriers continue to navigate driver shortages and rising operating costs.



Freight Market Volatility Remains Elevated
Carrier rates, accessorial charges, and service expectations continue to shift at a rapid pace, requiring shippers to stay agile and closely monitor transportation costs.



Manufacturing Growth Supports Freight Demand
U.S. manufacturing expanded for a ninth straight month, with a 54.5 PMI supporting continued domestic freight demand.

Interesting Reads

- [The FMCSA is progressing freight broker transparency rules for White House review, despite some industry pushback](#)
- [The Trump administration has eased hours of service requirements for drivers hauling gasoline and diesel](#)
- [Why Customs Expertise Gives North American Supply Chains an Advantage](#)
- [CBP pilot to test electronic truck export manifests](#)
- [Nearshoring Growth Collides with Tightening US-Mexico Trucking Capacity](#)

North America LTL Freight Overview

Quick Digest

LTL Volumes Mixed as Capacity Tightens

- Outlook:** LTL carriers reported mixed August shipment trends, with XPO (+5.7%) and Saia (+1.1%) posting growth while Old Dominion (-2.4%) and ArcBest (-4.0%) saw declines. Tight truckload capacity is driving some freight into LTL networks, supporting pricing and selective volume growth despite a softer overall freight market.

LTL Rate Pressures to Persist in Q4

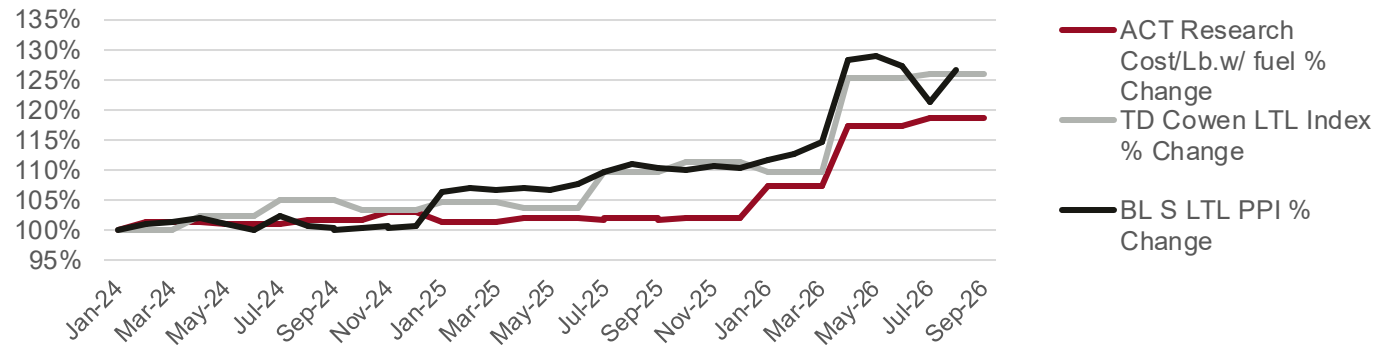
- Outlook:** LTL rates are expected to rise 4% to 8% as carriers continue implementing rate increases and managing higher operating costs. Increased scrutiny of shipment dimensions, weights, and classifications is also driving additional charges, making shipment accuracy critical to controlling transportation spend.

LTL Carriers Invest Amid Freight Shift

- Outlook:** As shippers move more freight into LTL networks, carriers are investing in terminals, service centers, and equipment to expand capacity and improve network density. At the same time, truck orders are up 36% YoY as fleets accelerate equipment purchases ahead of EPA 2027 emissions regulations.

Sources: Netstock, Freight Waves, ACT Research, BLS, TD Cowen/AFS, WSJ, ISM, SupplyChain247, Freight Wise, Freightos, Atlantic Logistics

Key Figures



Notable Themes



LTL Capacity Buffers Shrink

While service remains stable, emerging transit-time variability suggests carriers have less excess capacity to absorb demand spikes and are becoming more selective about the freight they accept.



Fuel Surcharges Remain a Key LTL Cost Driver

With diesel prices near record highs, LTL fuel surcharges remain elevated and can be passed through to shippers quickly, creating ongoing transportation cost volatility.



Regulatory Enforcement Tightens Freight Capacity

Federal enforcement targeting illegal CDLs, non-compliant ELDs, and driver qualification requirements is reducing available truckload capacity, driving some freight into LTL networks and increasing pressure on available capacity.

Interesting Reads

- [LTL carriers benefit in Q3 from rebounding freight market](#)
- [US LTL truck pricing climbs 4.5% in August rebound: PPI](#)
- [Carrier verification: Who's really hauling your freight?](#)
- [DOT's 'Operation Saturday Night Fever' takes truckers off the road](#)

Air Freight Overview

Quick Digest

Air Cargo Demand Increased 4.4% YoY in Aug

- Outlook:** Asia Pacific and North America accounted for more than 70% of global demand growth. Manufacturing output and new export orders continued expanding, while global trade increased 6% YoY in July, marking the 33rd consecutive month of growth.

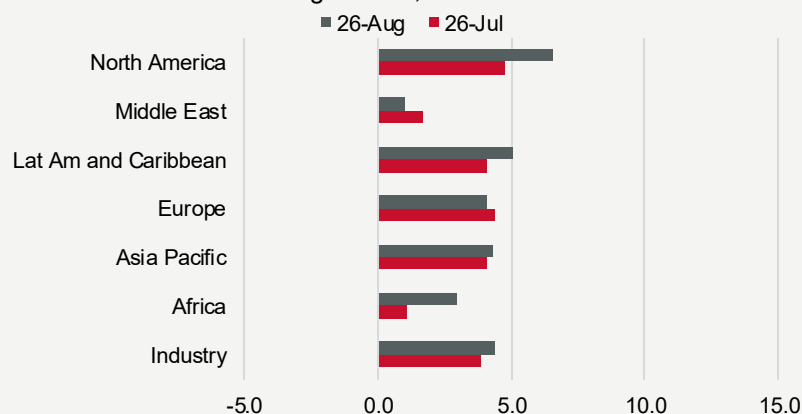
Air Cargo Capacity Tightened in August

- Outlook:** Global air cargo capacity declined 0.1% YoY while demand increased 4.4%, supporting higher load factors and creating continued capacity pressure heading into the Q4 peak season.

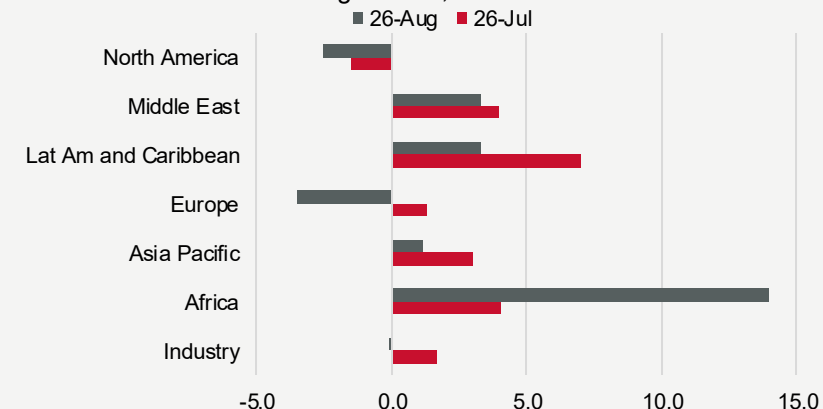
Jet Fuel Prices Remain Elevated

- Outlook:** Jet fuel prices increased 8.3% MoM and remain nearly 80% above prior-year levels. Although prices have eased from their mid-year peak near \$200 per barrel, fuel costs remain a significant contributor to elevated airfreight rates.

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



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



Notable Themes



China Holiday Disruptions Impact Air Cargo

The Mid-Autumn Festival and Golden Week holiday period is reducing export activity in China, with softer demand expected during the holiday and capacity imbalances potentially affecting shipments in the weeks that follow.



Shippers Prioritize Pricing Flexibility

Strong demand, constrained capacity, and elevated fuel costs are driving shippers toward flexible, market-based pricing agreements rather than long-term fixed-rate commitments.



Q4 Air Capacity Expected to Tighten

Peak season demand, ocean congestion, and tariff uncertainty could drive additional freight to air cargo in Q4, increasing competition for available capacity and supporting elevated rates.

Interesting Reads

- [Xeneta: Shippers want short-term deals as demand squeezes capacity](#)
- [Central Asia air cargo demand growth presents charter challenges](#)
- [Middle East air capacity set to recover in Q4 to within 5% of 2025 levels, reports IBA](#)
- [‘Hyperscaler’ boom: 33 freighters a day carrying data center-related air trade to the US](#)
- [Undeclared DGs emerge as growing air cargo safety risk](#)

Sources: IATA, Air Cargo News, Air Cargo Week, American Journal of Transportation, Stat Times, Xeneta

Ocean Freight Overview

Quick Digest

Panama and Suez Canal Conditions Support Faster Ocean Transit

- **Outlook:** The Panama Canal will increase Neopanamax transits from 9 to 10 vessels per day beginning October 15 and restore the maximum authorized draft to 49 feet as water levels recover. At the same time, select carriers are returning to the Suez Canal, reducing India-to U.S. East Coast transit times by up to two weeks and improving network efficiency.

October Ocean Freight Volatility Expected

- **Outlook:** 12 double-sailings are scheduled on Asia-Europe and Mediterranean services between Oct. 1-14, creating excess capacity as post-Golden Week demand softens and increasing the risk of blank sailings and schedule disruptions later in the month.

Fuel Prices Remain Elevated

- **Outlook:** Container shipping fuel costs remain elevated despite improving fuel availability, keeping pressure on ocean freight operating expenses and supporting higher transportation costs across global trade lanes.

Key Figures

\$30B

in bilateral imports could see tariffs reduced to Most-Favored-Nation (MFN) levels under the proposed U.S.-China trade framework.

33

daily canal transits beginning October 15, including 10 Neo-Panamax slots, increasing Panama Canal vessel throughput.

9%

projected container vessel capacity growth in 2027, following 4.6% growth in 2026.

32.3%

container vessel schedule reliability in Asia during August 2026, impacted by ongoing port congestion.

Notable Themes



China Diversification Accelerates

Ongoing trade uncertainty is prompting importers to diversify sourcing and reassess supply chain strategies, increasing logistics complexity across global trade lanes.



Golden Week May Drive Ocean Schedule Volatility

Factory closures and weaker post-holiday demand may lead to schedule adjustments, blank sailings, and service disruptions across key Asia-Europe trade lanes.



Transpacific Rates Remain Elevated

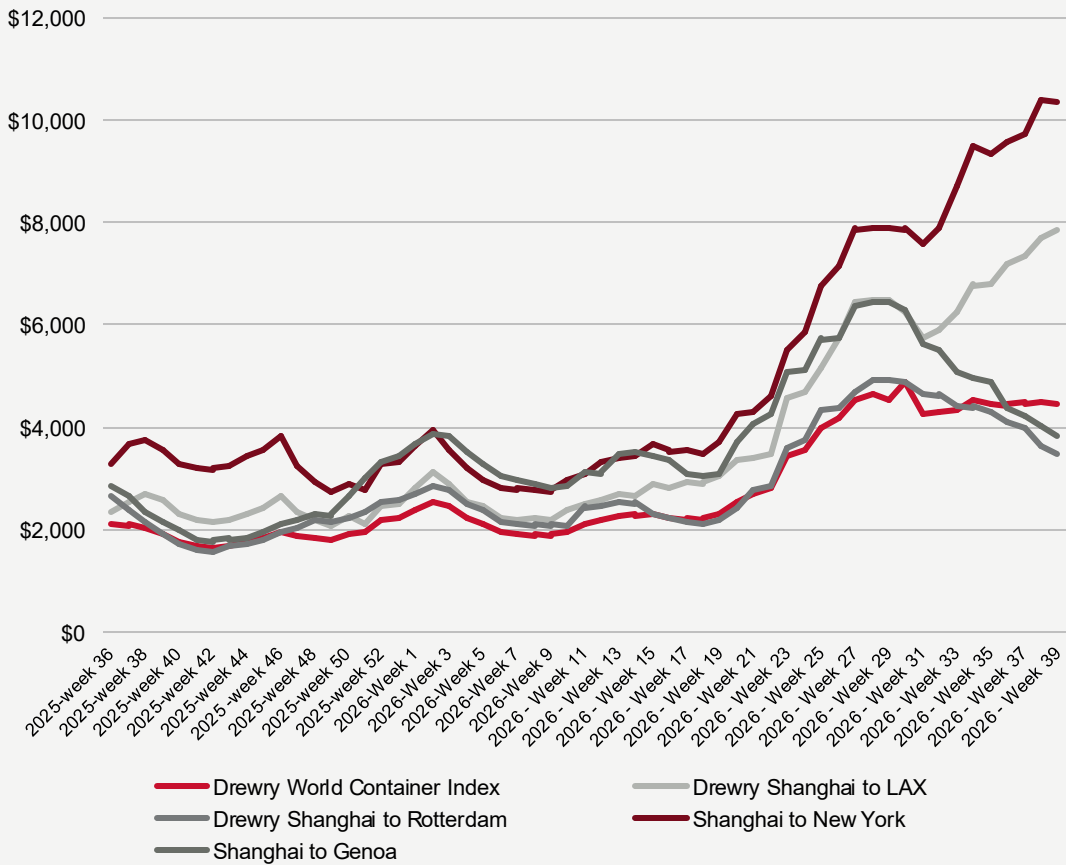
Asia-U.S. container rates continue to trend above historical norms, supported by geopolitical uncertainty, higher operating costs, and shifting carrier networks.

Interesting Reads

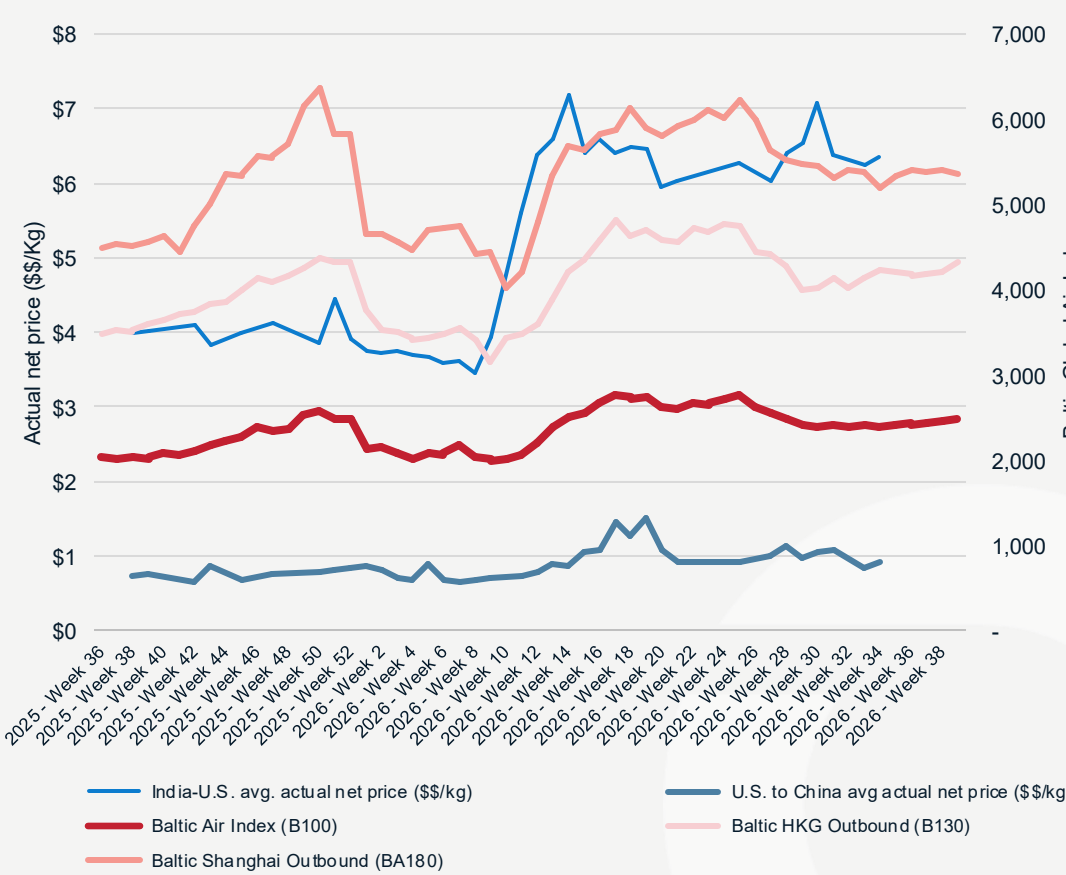
- [U.S., Japan and South Korea Look to Establish Arctic Maritime Pact](#)
- [Trade groups urge USTR to extend pause on China-linked ship fees](#)
- [Asia-Europe container trade hits record as exports surge](#)
- [Does the EU's Emissions Trading System match reality?](#)

Market Rates: Ocean & Air

World Container Market Rates – Last 52 Weeks



Major Air Freight Market Rates – Last 52 Weeks



Customs & Tariff Developments Overview

Quick Digest

Targeted Product Categories May Benefit from US-CN Tariff Relief

- **Outlook:** Proposed U.S.-China tariff relief covers approximately \$30B of imports, led by toys (\$9.8B), small kitchen appliances, plastic household goods, child safety products, and vacuum flasks, while apparel and footwear were notably excluded. Implementation timing and final duty reductions have not yet been announced.

CBP Enforcement Measures Expand Through Year-End

- **Outlook:** Following Executive Order 14411, CBP is advancing enhanced Importer of Record (IOR) oversight, with additional measures expected by December 3.

CAPE Phase 3 Launches October 6

- **Outlook:** CBP's CAPE Phase 3 implementation will focus on finally liquidated entries subject to IEEPA duties, specifically for importers that filed suit with the Court of International Trade (CIT) and received a reliquidation order.

EU Implements New Union Customs Code

- **Outlook:** The EU's new Union Customs Code (UCC) entered into force on September 20, establishing new customs governance and data requirements, including mandatory product identifiers in customs declarations effective November 1, 2026.

Regulatory & Tariff Updates

United States	Mexico	Europe
- U.S. COAC recommended a centralized CBP trade guidance portal and feedback mechanism to improve communication and resource accessibility for the trade community. - The U.S. imposed an import ban on nearly \$1B of Canadian goods, adding to existing 50% tariffs on \$20B of imports.	- As part of Mexico's 2027 economic package, proposed Ley Aduanera reforms would expand customs valuation enforcement and increase the risk of shipment inspections, cargo holds, and cross-border clearance delays.	- Switzerland approved the EFTA-Mercosur trade agreement, reducing tariffs and expanding market access across Argentina, Brazil, Paraguay, and Uruguay. - EU's new €3 duty on low-value e-commerce imports is now in effect, while a new €2 handling fee and mandatory product identifiers on customs declarations (e.g., manufacturer IDs, EANs, and QR-related data) take effect November 1.

Notable Themes



U.S. CBP Enters a New Era of Customs Enforcement
CBP is advancing enhanced Importer of Record (IOR) vetting and stricter enforcement, signaling a more aggressive compliance environment with increased scrutiny of import participants, supply chain data, and trade compliance practices.



Know Your Trade Partners
Emphasis on enhanced due diligence across the supply chain, urging importers and brokers to validate business partners, importer identities, and authorization controls to combat fraud and identity misuse.



Global Trade Integration Continues to Advance
Recent trade agreement activity across Europe, Asia, and South America reflects continued efforts to lower trade barriers and support long-term growth in cross-border commerce.

Interesting Reads

- [A Confluence of Tariff Changes: Why 'Classify Once' No Longer Works](#)
- [Companies weigh uses for tariff refund cash](#)
- [Think Tank Scholar: Trade Diversion From China Hides Vulnerabilities](#)
- [EU and Philippines reach "substantial agreement" on free trade](#)
- [A Practical Roadmap for compliance with the EU Forced Labour Regulation](#)

Sanctions & Export Controls Overview

Key Developments

EU Updates Dual Use Controls	The European Commission updated Annex I to Regulation (EU) 2021/821, expanding controls on semiconductor-related technologies. Separately, the European Court of Justice Advocate General, in Case C-538/25, advised broader criteria for treating non-listed items as dual-use, potentially expanding the scope of future export controls.
UK Expands Defense Export Flexibilities	The UK Export Control Joint Unit updated its defense-related Open General Export License (OGEL). The revision allows certain UK-origin military goods, software, and technology to be exported to France, Germany, or Spain for incorporation into larger systems, provided UK-origin content does not exceed 20% of the final system's value.
U.S.-China Trade Truce Extended	U.S. and Chinese officials indicated the current trade truce will remain in effect through January 10, 2027. Officials also signaled a potential extension of the suspension of the BIS Affiliates Rule, though formal guidance has not yet been issued.
FinCEN Issues Iran Procurement Alert	FinCEN issued Alert FIN-2026-Alert006 identifying Iranian procurement networks supporting the country's aviation sector. The alert outlines red-flag indicators to help businesses detect and prevent the diversion of goods, services, and technology to Iranian commercial aviation entities.
Russia and Iran Sanctions Authority Expanded	The U.S. Administration signed the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, expanding authorities to impose sanctions, tariffs, and other economic measures targeting Russia and Iran. Separately, the U.S. Department of Justice continues to pursue export control and sanctions enforcement actions involving military and scientific goods, with recent cases focused on false end-user, destination, and shipping information used to evade U.S. restrictions.
India Court Limits Sanctions-Based Service Restrictions	Delhi High Court ordered SAP to restore services suspended due to EU sanctions. The court found that foreign sanctions alone did not establish a legal basis for suspending contractual performance in India.

Notable Enforcement Trends

Russia and Iran Remain Key Enforcement Priorities
U.S. authorities continue expanding sanctions authorities and enforcement activity targeting Russia and Iran, with heightened focus on procurement networks, military-related goods, and sanctions evasion.

Diversion Risk Drives Enforcement Activity
Regulators are increasing scrutiny of end users, shipment destinations, intermediaries, and procurement channels, reflecting ongoing efforts to prevent export control and sanctions circumvention.

Local Courts Challenge Global Compliance Decisions
Recent court decisions highlight the growing importance of local legal requirements, creating potential conflicts between multinational sanctions policies and domestic contractual obligations.

Sources: EU Commission, UK Export Control Joint Unit, EU Court of Justice, US Congress, FinCEN, US Department of Justice, Bennink Dunin-Wasowicz Law Firm

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