TD Cowen/AFS Freight Index

January 2026

AFS is one of the most experienced 3PLs in the country; leveraging Freight Audit and Payment data enables AFS to unlock unrivaled insights into the overall freight market.

AFS has visibility to over **$39B in transportation spend** across multiple modes flowing into our systems annually providing maximum market insight.

The freight data comes from over **1,800 clients of all sizes and industries**, representing a comprehensive view of the overall market.

With AFS' deep expertise and **44 years of experience** across all transportation modes, we have significant market insights to project future trends and industry patterns.

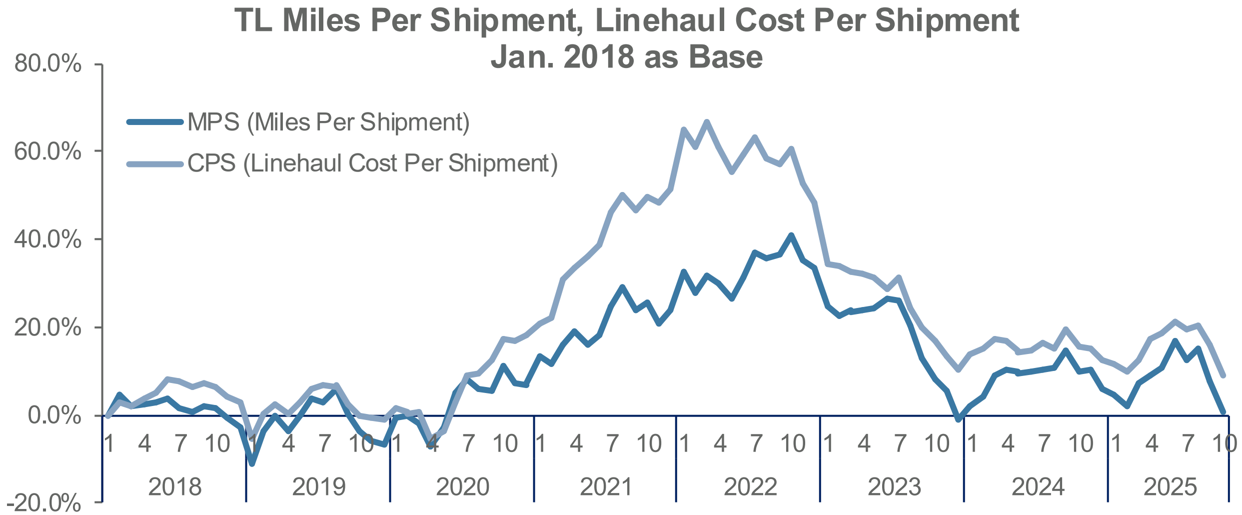
AFS' team of Data Scientists and Analysts applied Machine Learning algorithms and modeling techniques to examine the historical data for **Truckload, LTL and Parcel** since 2018.

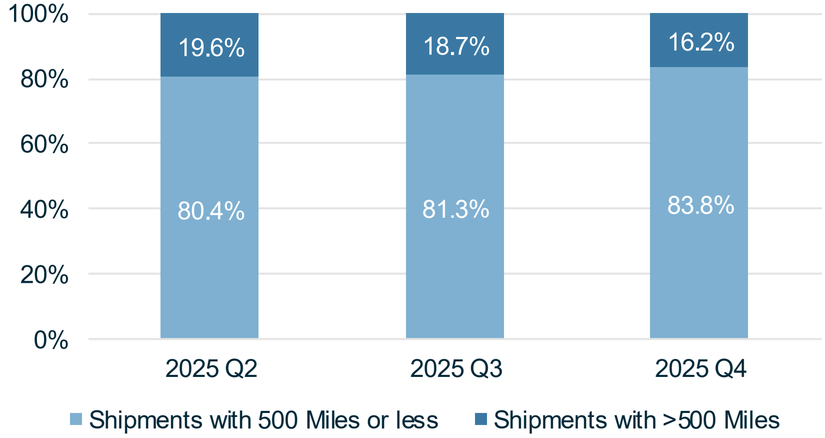
- The following rate indices are developed for these modes and quarterly rate predictions are provided using AFS freight data and macroeconomic variables.

Truckload

Following a slight increase in Q3, Truckload (TL) Linehaul Cost Per Shipment declined 8.6% in Q4:2025 and Miles Per Shipment fell 10.0% QOQ.

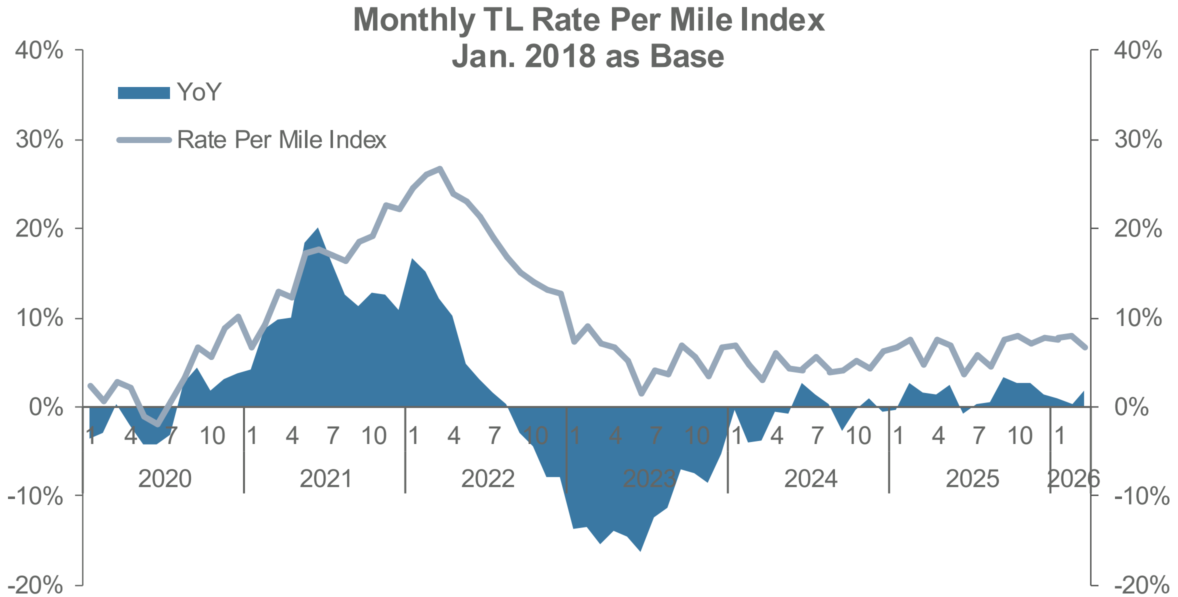
- With the Truckload (TL) market stabilizing under flat demand and decreasing capacity, the TL Linehaul Cost Per Shipment (CPS) and Miles Per Shipment (MPS) remained closely aligned in Q4:2025.
  - Q4 Truckload demand remained subdued; the ATA Truck Tonnage Index rose only 0.2% in November 2025 after large declines of 1.9% in October and 0.8% in September.
  - Capacity conditions may tighten as carrier exits and industry consolidation continue, with stricter CDL compliance enforcement potentially adding incremental pressure. In December 2025, the DOT indicated that approximately 9,000 drivers could be placed out of service for not meeting language proficiency requirements.
- Lower CPS is also associated with an increase in short-haul shipments, reflecting ongoing shipper network regionalization and mode optimization efforts.





The TD Cowen/AFS Truckload Freight Index is projected to ease to 7.4% in Q1:2026, with a modest 1.1% YOY increase.

- While the broader macroeconomic environment appears to be improving, the truckload freight market shows only tentative signs of recovery in late December 2025, as demand remained flat and shifting trade policies continue to weigh on its progress.
  - The US economy expanded at a reported annual rate of 4.3% in the third quarter of 2025, marking its strongest growth in the past two years, supported by strong consumer spending, rising exports, declining imports and higher government spending.
  - Inflation declined to 2.7% in November 2025, reversing a five-month upward trend and reflecting stabilization of prices and tariff-related effects; however, the report followed a prolonged government shutdown that disrupted CPI data collection and may have introduced estimation and timing impacts.
  - After three Federal Reserve rate cuts in late 2025, further reductions are broadly expected in 2026 as labor market conditions soften, with timing contingent on incoming economic data.
- The TL Rate Per Mile Index is expected to maintain YOY growth, reaching 7.4% in Q1:2026.



Composite Truckload Rate Per Mile Freight Index

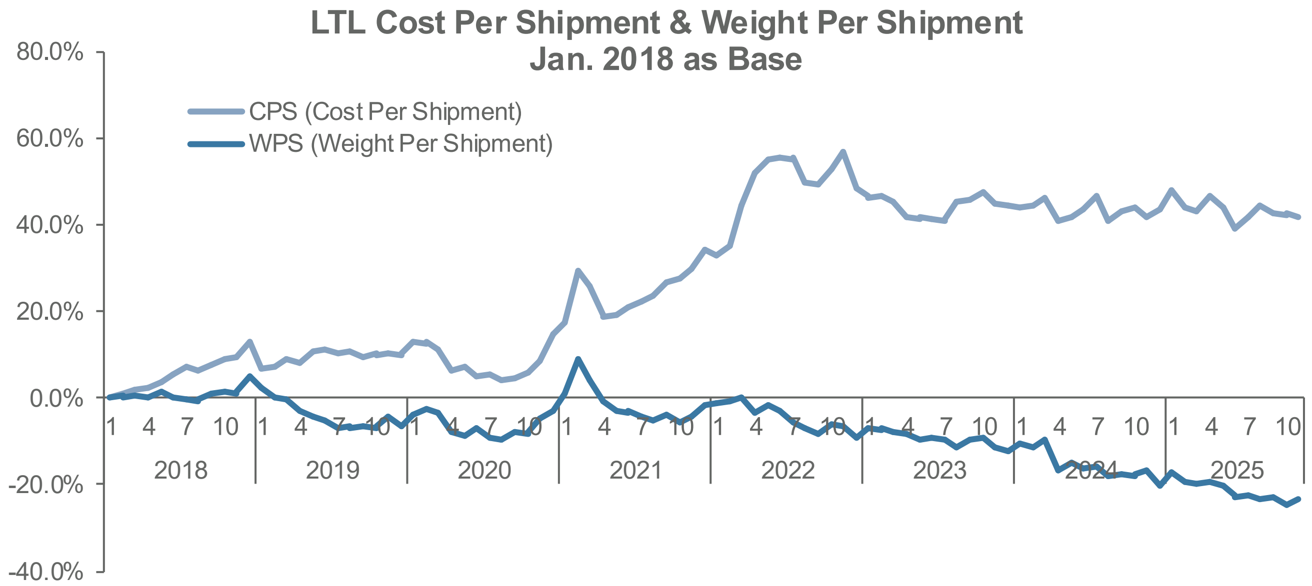
Year	Q1	Q2	Q3	Q4
2023	7.8%	4.3%	4.8%	5.2%
2024	4.9%	5.0%	4.6%	5.2%
2025	6.2%	5.9%	6.0%	7.6%
2026	**7.4%**			

Jan. 2018 = Base, Q1:2026 forecasted

LTL

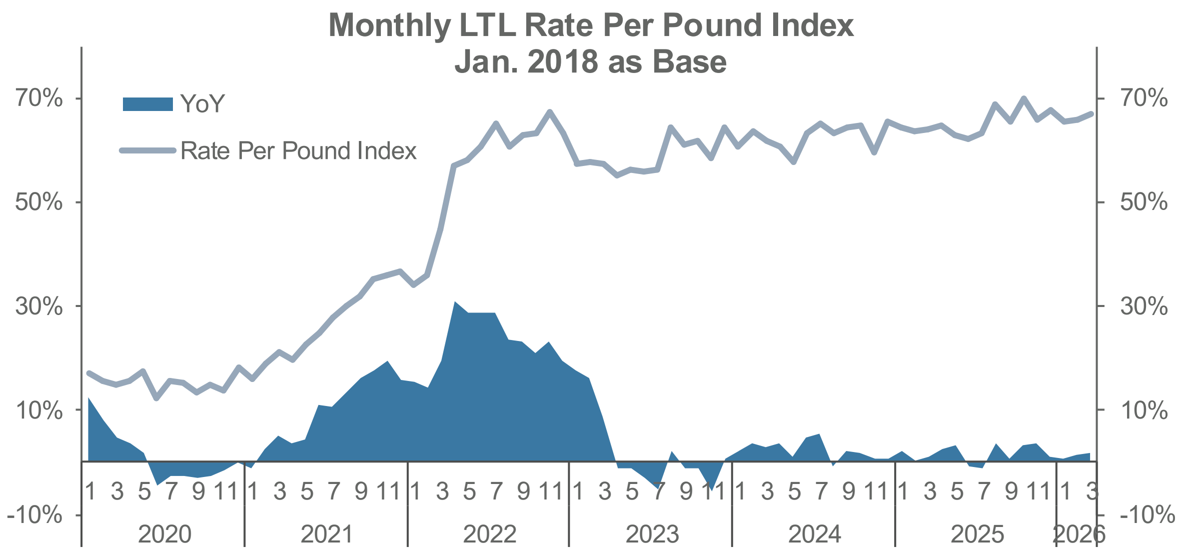
In Q4:2025, LTL Cost Per Shipment declined slightly by 0.3% QOQ, while the average Weight Per Shipment fell by 1.6% QOQ.

- LTL Weight Per Shipment (WPS) continued to outpace the decline in Cost Per Shipment (CPS), resulting in a wider divergence between the two measures in Q4:2025.
  - The LTL market has experienced sustained soft demand and continued modal shifts.
  - Since Q2:2022, LTL CPS has remained more than 40% above January 2018 levels, while WPS has declined by over 20% during the same period.
  - Despite lower volumes, LTL rates remained resilient as carriers maintained yield discipline and capacity balance; WPS declined 7.1% YOY in contrast to a 4.5% YOY decrease in CPS.
  - Average length of haul fell 2.6% QOQ and fuel surcharge decreased 1.4%, contributing to modest downward pressure on CPS.



The TD Cowen/AFS LTL Freight Index is forecast to moderate to 66.1% in Q1:2026 from the record-high of 67.9% in Q4:2025, reflecting seasonal adjustment.

- Amid ongoing demand softness, LTL carriers are placing greater focus on network efficiency, advanced revenue management, and disciplined pricing practices to sustain margins and profitability.
  - Trade policy uncertainty and elevated interest rates continue to weigh on manufacturing activity, limiting near-term improvement in the LTL market.
  - In December 2025, the ISM Manufacturing PMI remained in contraction for the tenth consecutive month at 47.9%, driven by weak new orders and employment, while production showed signs of improvement.
- The TD Cowen/AFS LTL Freight Index is projected at 66.1% in Q1:2026, extending YOY growth for a ninth quarter despite a 1.0% QOQ decline.



LTL Rate Per Pound Freight Index

Year	Q1	Q2	Q3	Q4
2023	57.4%	55.4%	60.6%	61.3%
2024	61.0%	62.3%	64.1%	63.0%
2025	63.9%	63.2%	66.9%	67.9%
2026	**66.1%**			

Jan. 2018 = Base, Q1:2026 forecasted

Parcel

In the aftermath of the 2026 GRIs, rate positioning between FedEx and UPS remains closely aligned, with limited material differentiation.

- Both FedEx and UPS implemented a 5.9% General Rate Increase (GRI) for 2026, taking effect on 12/22/2025 (UPS) and 1/5/2026 (FedEx).
- While 2026 introduced slightly wider gaps for select services, overall rate positioning remains largely consistent (Fig. 1).
- Fig. 2 summarizes rate positioning for major surcharges. Although FedEx is lower across more surcharge categories, the gaps are typically less than 1%.
  - There is a notable difference between the two carriers on Large Package/Oversize surcharge for commercial shipments. FedEx prices this surcharge in line with residential shipments, while UPS is nearly 15% lower.
- Following UPS's fuel surcharge update effective 1/5/2026, a 0.5% gap remains for domestic Air and Ground fuel surcharges. The carriers may narrow this difference through future surcharge increases.

2026 List Rate Comparison
(FDX over UPS)

Fig. 1

Services	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1 Day Early AM	1.6%	1.6%	0.6%	0.3%	0.4%	0.0%	0.5%
1 Day AM	1.2%	1.3%	0.4%	(0.0%)	0.1%	(0.2%)	0.3%
1 Day PM	(0.6%)	1.3%	(2.3%)	(2.3%)	(2.1%)	(2.2%)	(1.8%)
2 Day AM	2.4%	5.1%	5.3%	5.7%	0.8%	(0.7%)	(0.9%)
2 Day	(0.6%)	(0.2%)	2.0%	1.8%	0.7%	0.3%	0.3%
3 Day	28.1%	23.7%	23.5%	18.3%	10.5%	11.9%	11.8%
Ground	(0.2%)	0.1%	0.9%	0.9%	1.1%	1.3%	0.5%

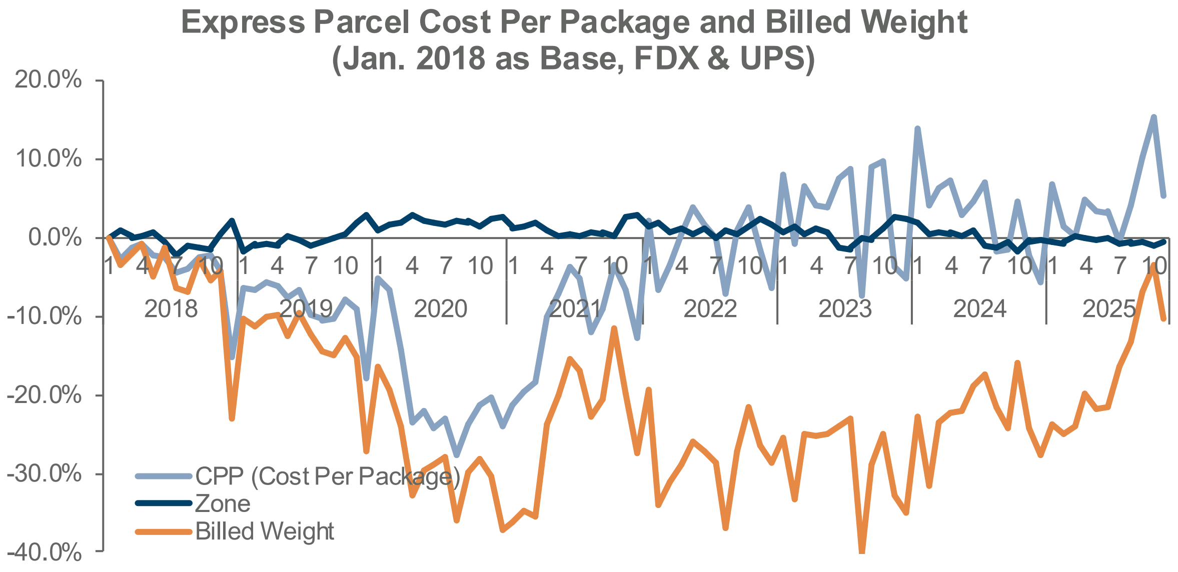
2026 Major Surcharge Rate Advantage

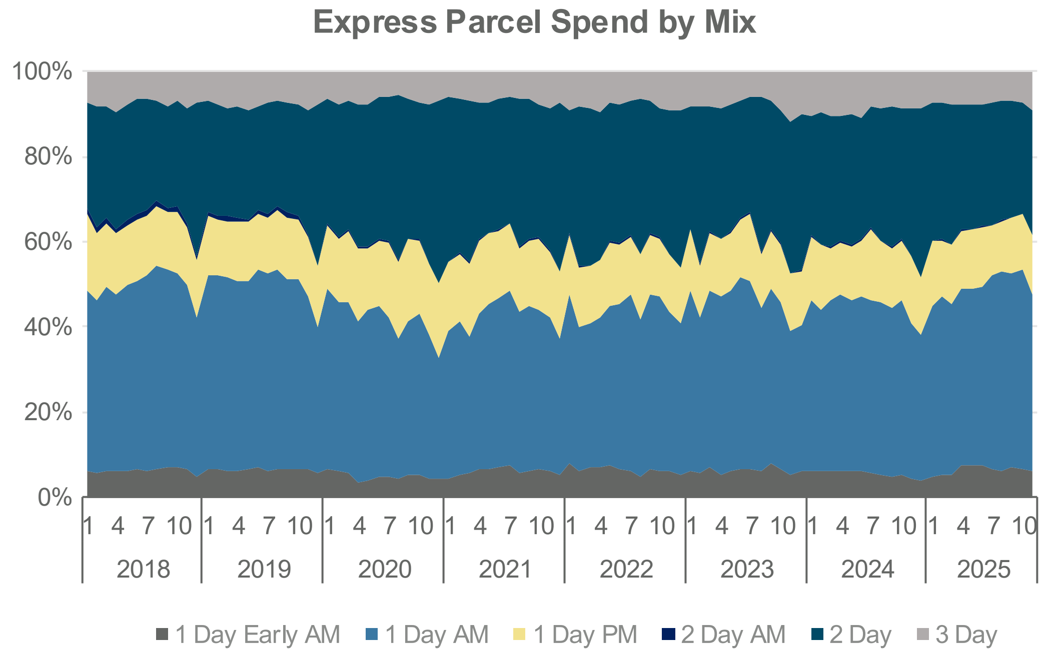
	FedEx	UPS
Additional Handling - Dimension	✓	
Additional Handling - Packaging	✓	
Additional Handling - Weight	✓	
Address Correction		✓
Deliver Area Surcharge - Air	✓	
Deliver Area Surcharge - Ground	✓	
Large Package/Oversize - Commercial		✓
Large Package/Oversize - Residential	✓	
Residential	✓	

Fig. 2

Express Parcel

In contrast to typical seasonable declines, Express Parcel Cost Per Package rose 0.8% QOQ in Q4:2025, primarily due to Demand Surcharges, fuel, and higher billed weight.

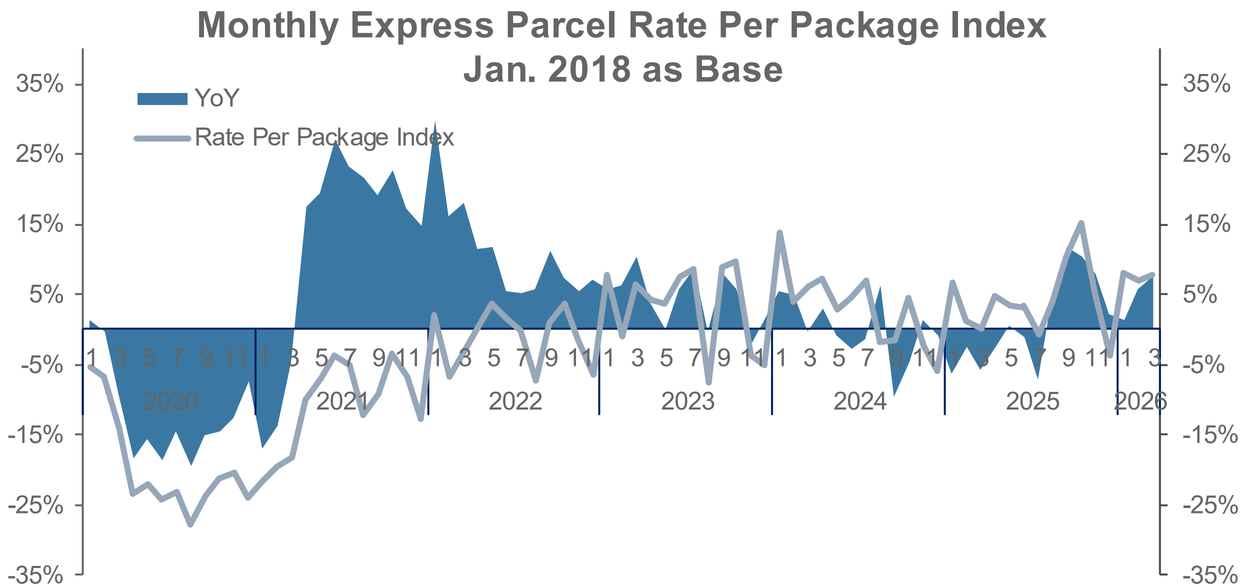




- Express Parcel Cost Per Package (CPP) exceeded forecasts in Q4:2025, as several offsetting dynamics ultimately pushed rates higher.
  - Higher average billed weight remained a key driver of increased CPP.
  - Accessorial CPP rose materially in Q4:2025, reflecting Demand Surcharges and higher residential deliveries during the holiday season.
  - In Q4:2025, a 3% YOY increase in the USGC index translated into a 23% YOY hike in fuel surcharge.
  - Deferred services increased 2.6 percentage points QOQ, contributing to downward pressure on rates through a seasonal shift in service mix.

The TD Cowen/AFS Express Parcel Freight Index is projected to reach 7.6% in Q1:2026, up 2.5% QOQ and 4.9% YOY.

- In response to evolving global trade policies and macroeconomic headwinds, carriers are intensifying their focus on cost management, network improvements and revenue quality.
- Persistent competitive pressures across the logistics industry are prompting carriers to employ strategic levers to protect share and support volume growth.
  - As the pricing environment improves, carriers are balancing long-term pricing discipline with efforts to maintain revenue quality while driving volume.
  - Discounting increased again following two consecutive quarters of decline in early 2025, with the uptick concentrated among larger shippers.
- The TD Cowen/AFS Express Parcel Freight Index is expected to be 7.6% in Q1:2026, up by 4.9% YOY.
  - The impact of the 2026 GRI is anticipated to peak in the first quarter as new rates take effect.



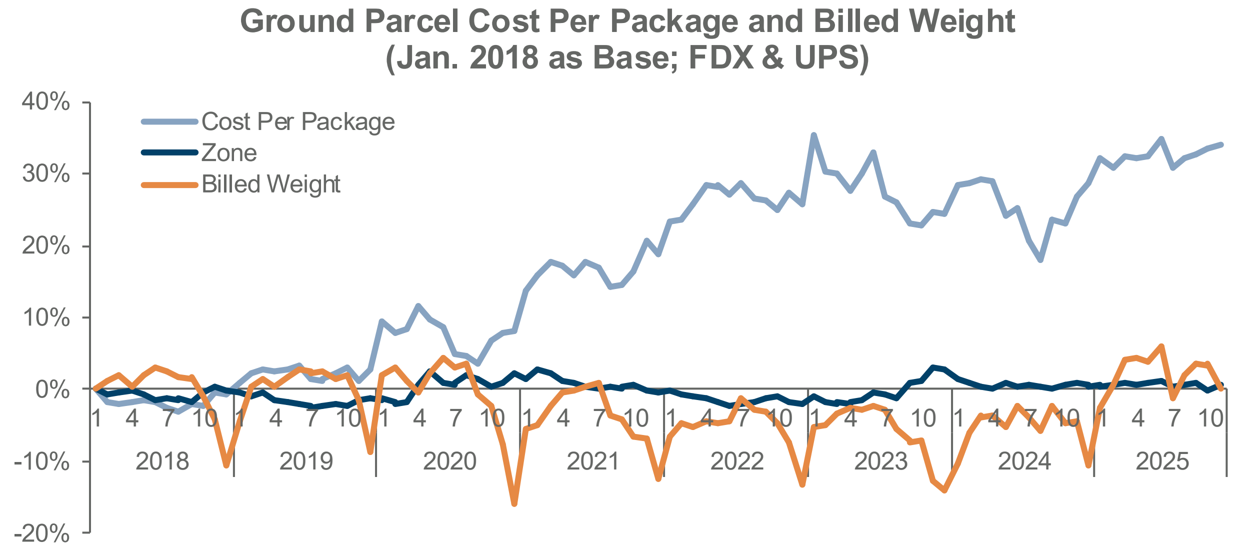
Year	Q1	Q2	Q3	Q4
2023	4.1%	3.8%	2.4%	0.9%
2024	4.5%	4.5%	0.7%	(1.7%)
2025	2.6%	3.7%	4.2%	5.0%
2026	**7.6%**			

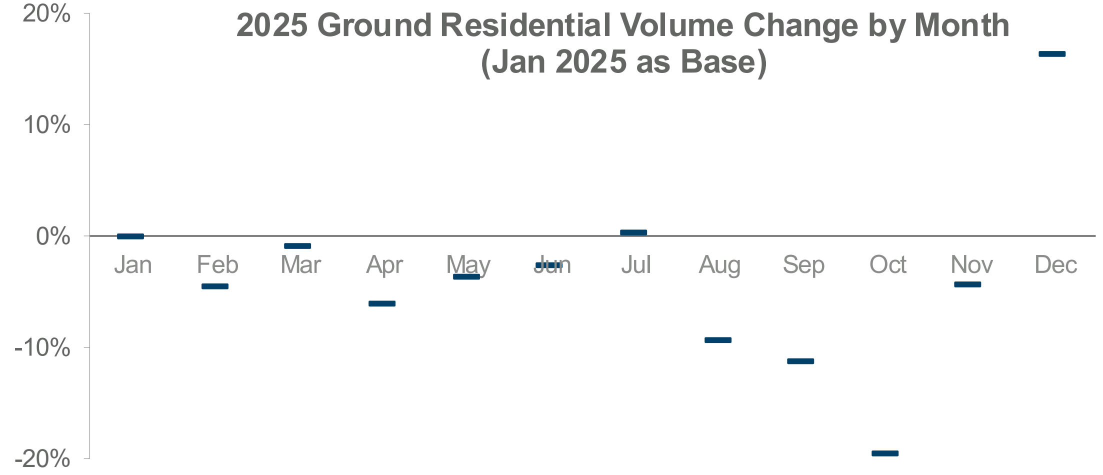
Jan. 2018 = Base, Q1:2026 forecasted

Ground Parcel

Ground Parcel Cost Per Package rose1.8% QOQ in Q4:2025, reaching a record high of 34.1%, driven primarily by higher accessorial charges.

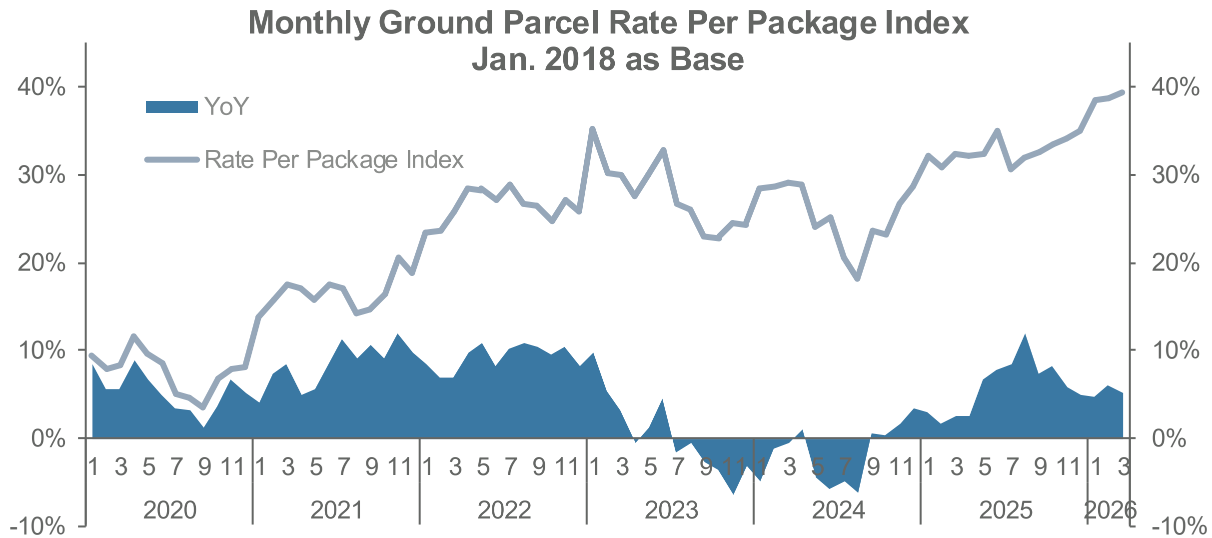
- In Q4:2025, Ground Parcel Cost Per Package (CPP) exceeded projections and set a new record, supported by seasonal lifts in residential shipments and carrier surcharges.
  - Average accessorial cost increased 13% QOQ, a rise significantly driven by Demand Surcharges.
  - The higher share of residential shipments contributed to the QOQ change in net accessorial CPP. Q4:2025 demonstrated steady seasonal increase in the residential volume share.
- Carriers continued to leverage fuel surcharge as a key mechanism to sustain high CPP.
  - On-highway diesel fuel price declined 1.5% QOQ, yet carrier fuel surcharges increased 0.9%. On a YOY basis, a 4.7% increase in diesel prices corresponded with a 26% increase in carrier fuel surcharges.
  - After a five-month hiatus of fuel surcharge changes, carriers announced new changes effective in late 2025 and early 2026.





A new record for the TD Cowen/AFS Ground Parcel Freight Index is expected in Q1:2026, climbing to 38.9% with growth rates of 5.4% YOY and 3.6% QOQ.

- The TD Cowen/AFS Ground Parcel Freight Index is expected to set yet another record in Q1:2026.
  - The 2026 GRIs, including base rates and surcharge increases, along with new rating logic for certain package dimensions, are expected to exert upward pressure on CPP.
  - Fuel surcharge changes are anticipated to continue upholding carrier yields, despite easing diesel costs and ongoing volume pressures.
  - After stalling over the last two quarters, Ground parcel discounting resumed an upward trend in Q4:2025. Unlike Express Parcel, the shift appears to benefit small and medium-sized shippers more than large shippers.
- Following a record-high 2025, the TD Cowen/AFS Ground Parcel Freight Index is expected to remain elevated in 2026, although the pace of change may moderate as seasonal impacts normalize.



Ground Parcel Rate Per Package Freight Index

Year	Q1	Q2	Q3	Q4
2023	31.0%	28.9%	23.4%	23.8%
2024	28.8%	26.2%	20.8%	26.3%
2025	31.8%	33.2%	31.8%	34.1%
2026	38.9%			

Jan. 2018 = Base, Q1:2026 forecasted

Appendix

For companies who ship, we end shipping cost **uncertainty**.

More than
1,800 clients in **35** countries

11.7 years
average client tenure

$39B
Global shipment dataset available for benchmarking

$11B
Transportation spend under management

$183M
Saved for our Clients Annually

"As capacity further tightens, freight rates increase, and e-commerce flourishes, customers can benefit from the transportation cost savings and visibility achieved through a relationship with 3PLs such as AFS Logistics." – **Armstrong & Associates**

AFS named in the **GARTNER**[1] 2023 Market Guide for Freight Audit and Payment Providers[2] and **GARTNER**[1] 2023 Market Guide For Benchmarking Services For Transportation Rates And Logistics Performance Metrics.

AFS is a group of shipping strategists that helps more than 1,800 companies across 35 countries better understand their freight costs. The company has over $11 billion in transportation spend under management, and uses that data along with decades of truckload, LTL and parcel experience to help advise, optimize and manage client shipping programs. AFS provides support throughout the process of buying, planning, executing and settling transportation services, constantly assessing performance to ensure shippers only pay what they should and get the service and operational outcomes they deserve.

The company was founded in 1982 and employs more than 380 teammates across the U.S. and Canada. AFS is regularly part of the Inc. 5000 list of fastest growing companies.

To learn more, visit www.afs.net.