AFS™

TD Cowen/AFS Freight Index

October 2025

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 **43 years of experience** across all transportation modes, we have significant market insights to project future trends and industry patterns.

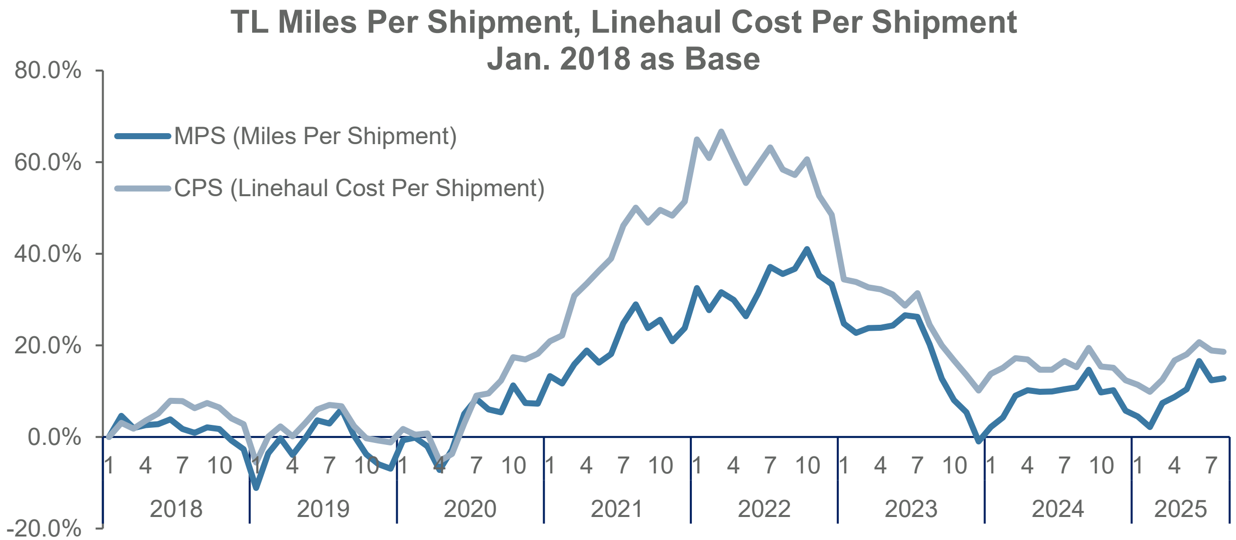
AFS' team of Data Scientists and Analysts applied Machine Learning algorithms and modeling techniques to examine the historical data for **Truckload, LTL and Parcel** since 2018.

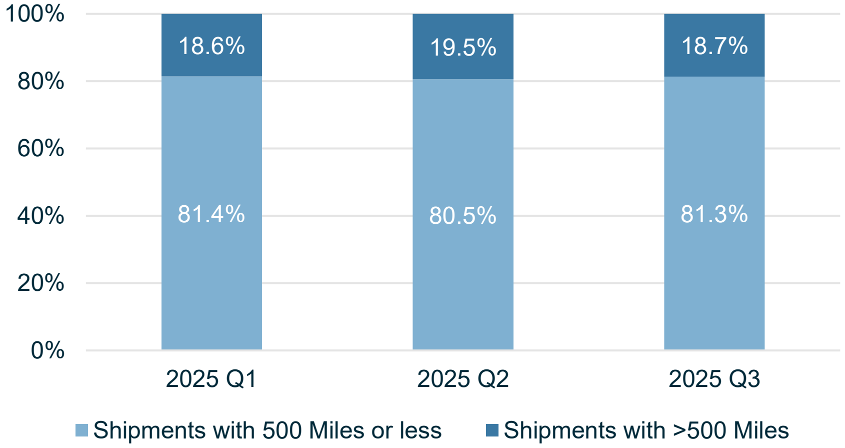
- The following rate indices are developed for these modes and quarterly rate predictions are provided using AFS freight data and macroeconomic variables.

Truckload

In Q3:2025, the average Truckload (TL) Linehaul Cost Per Shipment recorded a marginal 0.2% QOQ increase, while Miles Per Shipment rose by 0.6%.

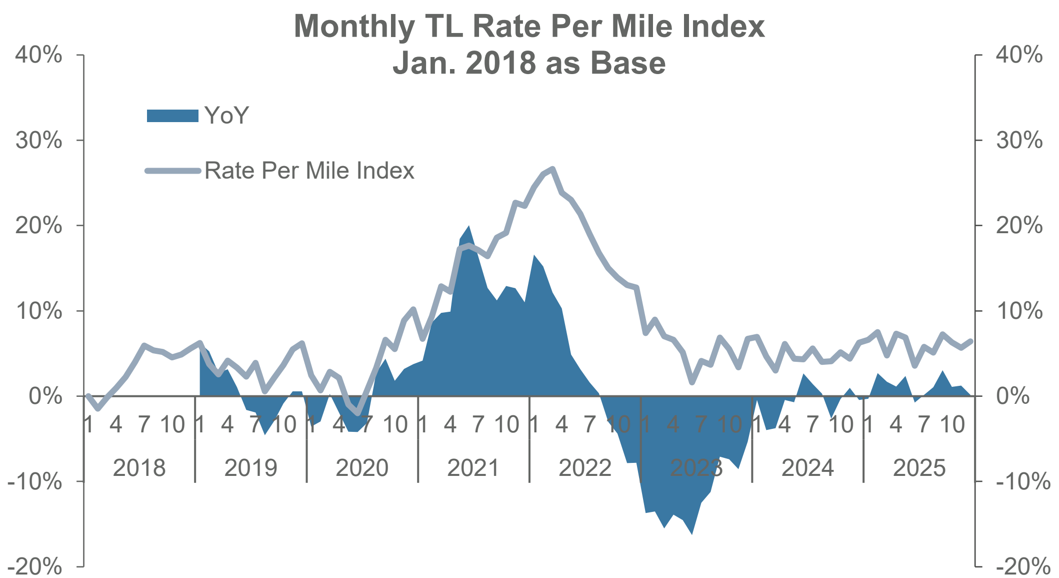
- The Truckload (TL) Linehaul Cost Per Shipment (CPS) and Miles Per Shipment (MPS) remained highly correlated, both continued to grow modestly in Q3:2025.
  - Despite early-quarter momentum driven by pre-inventory restocking activities, the freight market was constrained by persistent uncertainty around tariff policies in Q3:2025.
  - Excess capacity continued to exert downward pressure on TL rates in Q3:2025.
  - The DOT reported that heightened enforcement of labor and language compliance rules for commercial truck drivers led to the exit of approximately 3,000 drivers.
- After a prolonged YOY decline, CPS posted a 1.5% YOY increase in Q3:2025, but underlying conditions suggest the recovery remains tentative.





In Q4:2025, the TD Cowen/AFS Truckload Freight Index is expected to reach 6.1%, reflecting a modest QOQ increase of 0.1% and a 0.9% YOY gain.

- The Truckload freight market continues to face headwinds from sluggish demand and shifting tariff policies, despite improvement in some macroeconomic indicators.
    - The US economy expanded at a 3.8% annual rate in Q2:2025, driven by reduced imports and increase in consumer spending. However, persistent inflation and trade policy uncertainty continue to cloud the outlook.
    - Inflation continued its steady increase from the four-year low of 2.3% in April, reaching 2.9% in August, primarily driven by cost increases from shelter, food and energy. The growing price pressure may influence future monetary policy response.
    - Following a quarter-point rate cut in September, the Federal Reserve indicated the possibility of two additional cuts before year-end 2025, reflecting a shift toward a more neutral stance aiming to balance rising labor market risks against still elevated inflation.
- TL Rate Per Mile Index is forecasted to extend its moderate YOY growth and reach 6.1% in Q4:2025.



Composite Truckload Rate Per Mile Freight Index

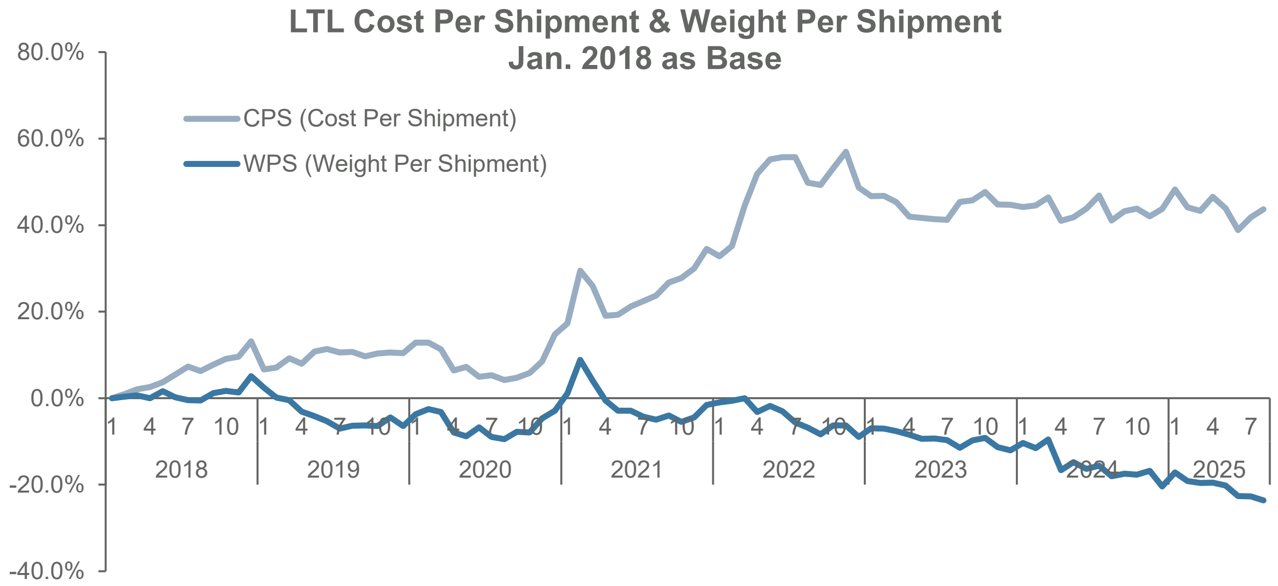
Year	Q1	Q2	Q3	Q4
2022	25.7%	22.8%	17.0%	12.9%
2023	7.8%	4.3%	4.8%	5.2%
2024	4.9%	5.0%	4.6%	5.2%
2025	6.2%	5.9%	6.0%	**6.1%**

Jan. 2018 = Base, Q4:2025 forecasted

LTL

The LTL Cost Per Shipment experienced a 1.8% QOQ decline in Q3:2025, accompanied by a 3.0% decrease on the average Weight Per shipment.

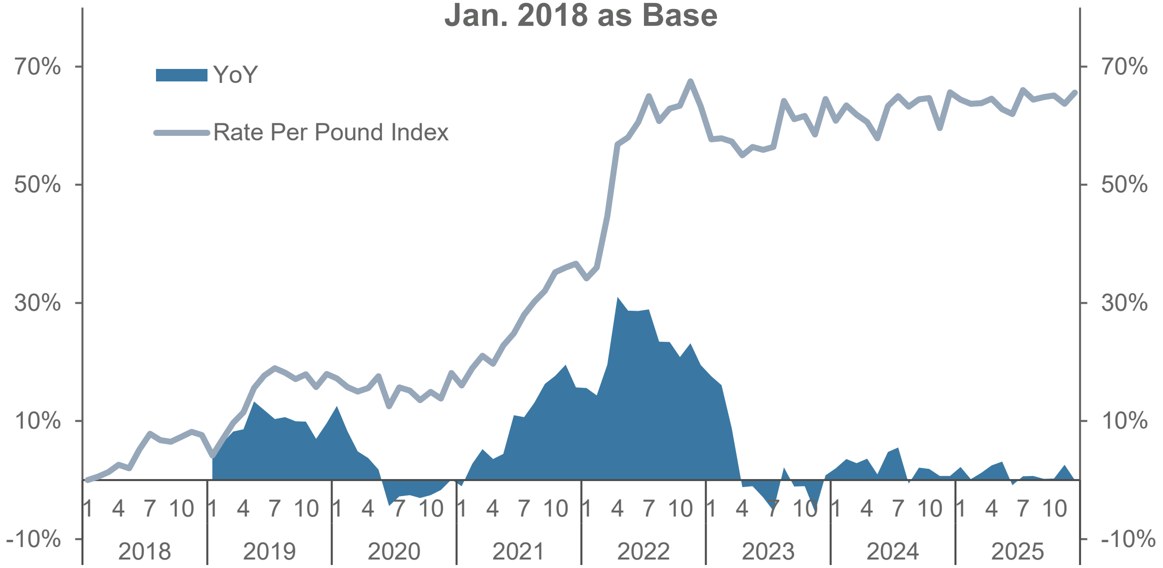
- In Q3:2025, the decline in LTL Weight Per Shipment (WPS) continued to outpace the decrease in Cost Per Shipment (CPS), driving a further divergence between the two metrics.
  - Softer industrial demand and reduced heavy-freight activity drove a sharp 7.4% YOY decrease in WPS. However, carriers maintained pricing discipline, limiting the YOY CPS decline to just 0.7%.
  - A 5.6% QOQ increase in average carrier fuel surcharges, combined with a 1.3% rise in average length of haul, contributed upward pressure on CPS.
- LTL CPS has shown limited volatility and stayed elevated since Q2:2023, suggesting carriers' success on yield management and margin protection efforts.



Following a record high of 65.1% in Q3, the TD Cowen/AFS LTL Freight Index is expected to ease to 64.8% in Q4:2025, a 1.1% YOY increase.

- Despite soft demand, LTL carriers continue to demonstrate pricing power, prioritizing profitability, yield management and network efficiency over volume growth.
  - Ongoing tariff policy changes exacerbated uncertainty, complicating pricing and network planning across LTL sector.
  - The ISM Manufacturing PMI Index remained in contraction for the seventh consecutive month in September 2025, although the latest reading of 49.1% reflected a slight month-over-month improvement from August.
- The TD Cowen/AFS LTL Freight Index in Q4:2025 is projected to reach 64.8%, a 0.2% QOQ decline but a 1.1% YOY increase.
  - Q4:2025 will mark the eighth consecutive quarter of YOY increase, highlighting sustained yield resilience amid a mixed economic backdrop.

Monthly LTL Rate Per Pound Index
Jan. 2018 as Base



LTL Rate Per Pound Freight Index

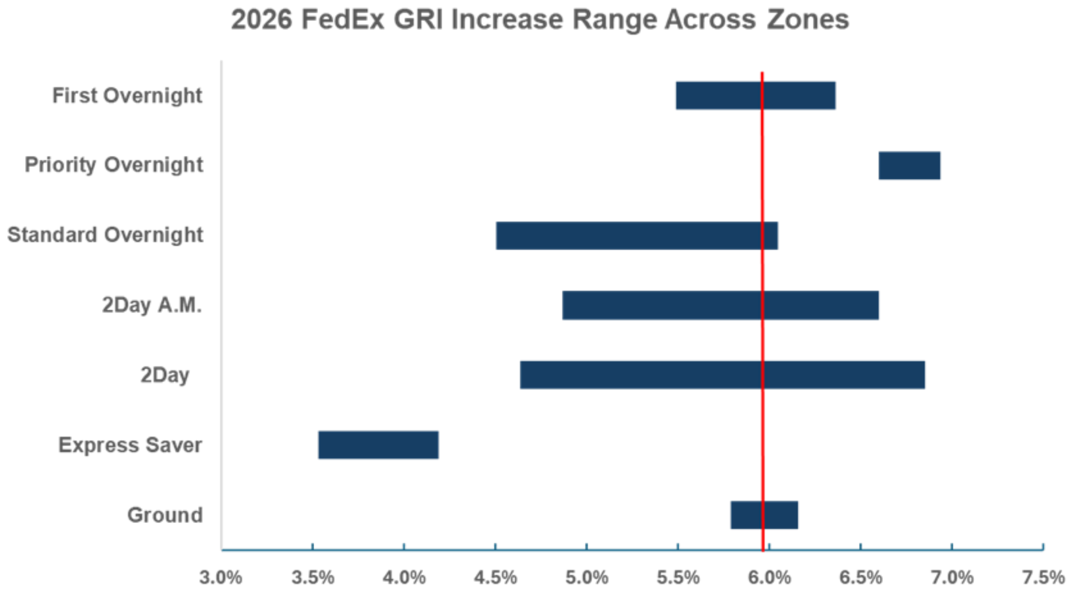
Year	Q1	Q2	Q3	Q4
2022	38.5%	58.5%	62.7%	64.6%
2023	57.4%	55.4%	60.6%	61.3%
2024	61.0%	62.3%	64.1%	63.0%
2025	63.9%	63.2%	65.1%	**64.8%**

Jan. 2018 = Base, Q4:2025 forecasted

Parcel

The parcel market's competitive rhythm remains unchanged, as FedEx and UPS alternate leading rate adjustments that steadily raise the industry baseline.

- FedEx was first to announce the Demand Surcharge for the 2025 holiday shipping season. UPS followed FedEx 7 weeks later and unveiled a nearly identical structure for Demand Surcharges covering Additional Handling (AHS) and Oversize/Large Package (LP) charges and the "blanket" Demand Surcharge.
- UPS modified its Demand Residential Surcharge rating logic (affecting major B2C shippers) to mirror FedEx's model, a minor structural change with potentially substantial financial impact for customers.
- UPS announced updates to its Additional Handling and Large Package Surcharge criteria in late 2024 but postponed implementation twice in 2025, effectively giving FedEx time to roll out a similar policy ahead of the revised effective date.
  - FedEx introduced its own version with a slight variation, modifying both the qualification thresholds and application rules, thereby creating subtle but notable market differentiation.

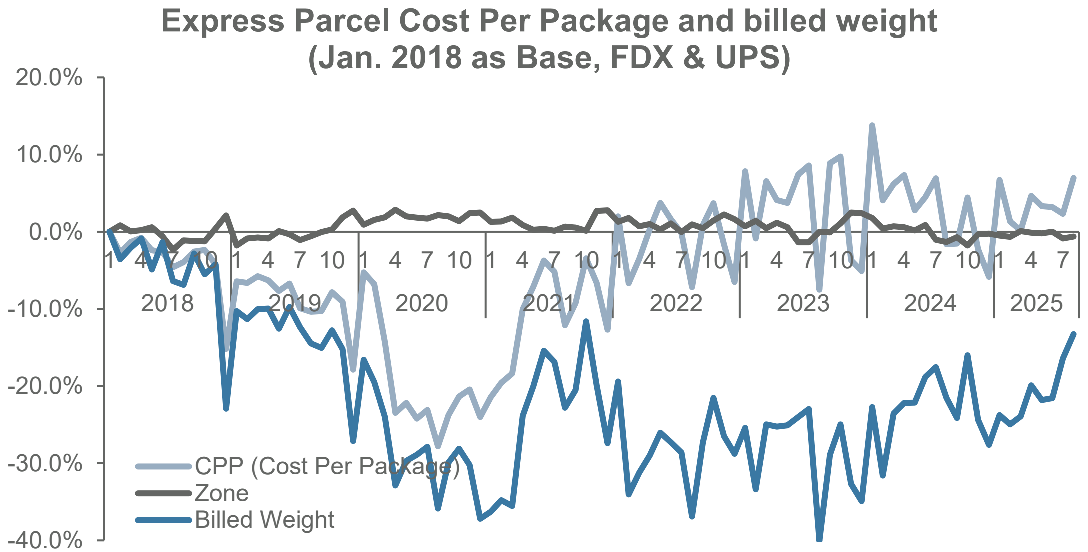


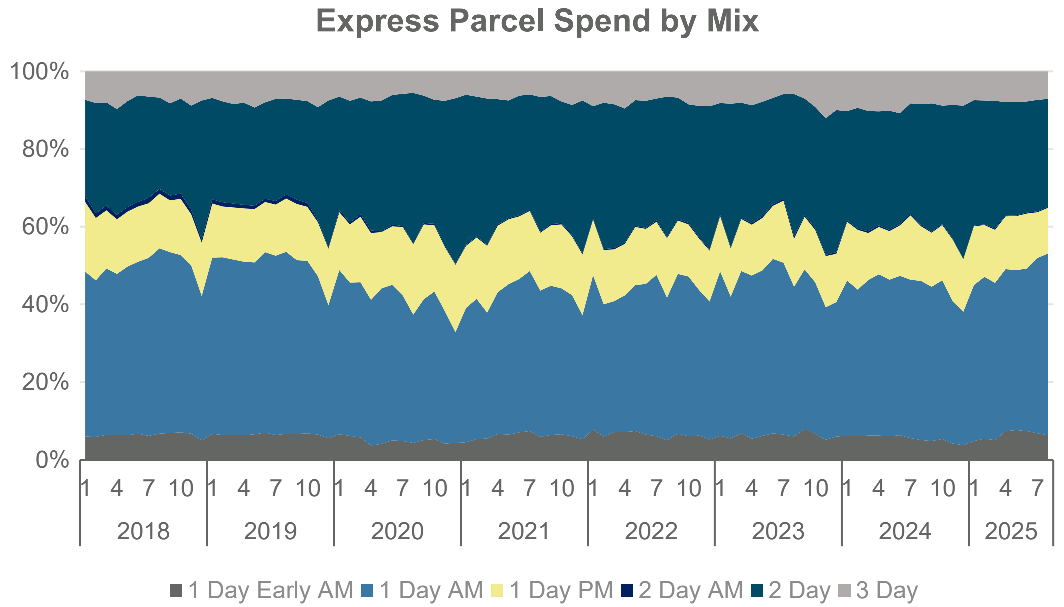
Note: Average increase range reflects zones 2 to 8 and weight up to 100 lbs.

- FedEx revealed a 5.9% average rate increase for 2026, with the actual rate hikes varying across services, weight breaks and zones.

Express Parcel

Express Parcel Cost Per Package continued to increase in Q3:2025, up 0.3% QOQ, driven by higher billed weight, increased fuel and a more premium service mix.

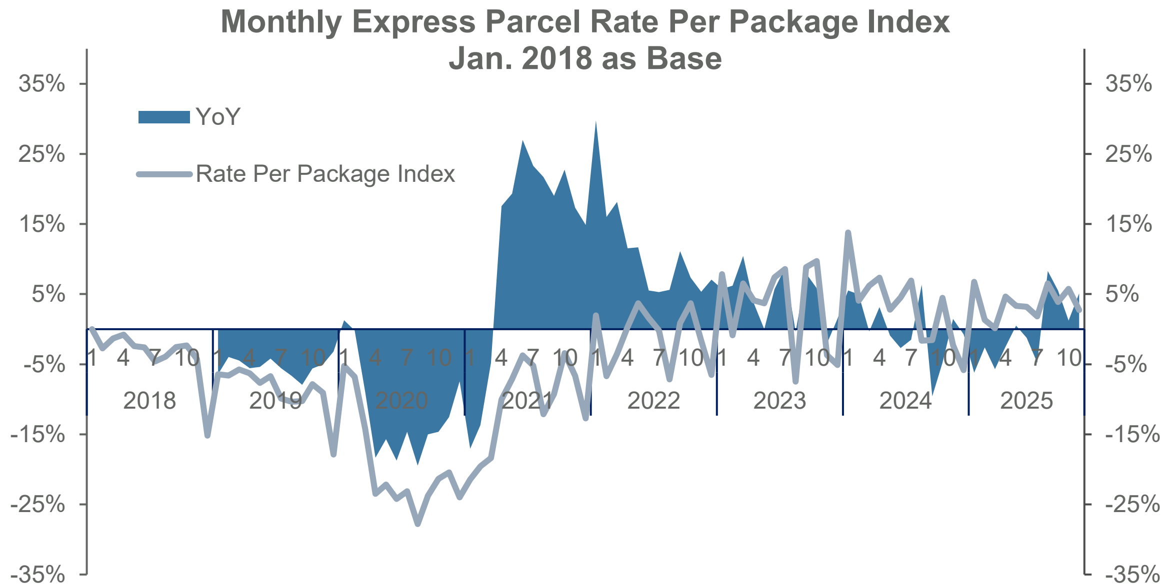




- Express Parcel Cost Per Package rose more than expected in Q3:2025, as multiple contributing factors collectively exerted upward pressure on rates.
  - The average billed weight increase continued to drive up the Cost Per Package.
  - Although there was no fuel surcharge adjustment in Q3, prior changes continued to yield gains in Q3:2025. Despite a 5.9% YOY decline in USGC jet fuel prices, carrier fuel surcharge rose 17.1% YOY.
  - The service mix shifted further toward premium services; a 1.4 percentage points increase QOQ.
  - Accessorial cost per package rose in Q3:2025, partly driven by the mid-quarter carrier changes.

The TD Cowen/AFS Express Parcel Freight Index is projected to reach 2.1% in Q4:2025, a seasonal 1.8% QOQ decline but 3.9% YOY increase.

- Parcel carriers are grappling with the impacts of trade policy changes, including the elimination of the de minimis duty-free exemption. These changes have increased costs, added operational complexity, and placed downward pressure on low-value parcel volumes.
- Both FedEx and UPS continue to focus on tightening pricing discipline and improve their pricing capture rate.
  - The cumulative impact of past fuel surcharge increases has enabled carriers to maintain elevated package rates while preserving the flexibility to offer targeted discounts.
  - After two quarters of muted discounting activity, the average discount began to increase again in Q3:2025 for Express Parcel.
- The TD Cowen/AFS Express Parcel Freight Index is expected to be 2.1% for Q4:2025, up by 3.9% YOY.



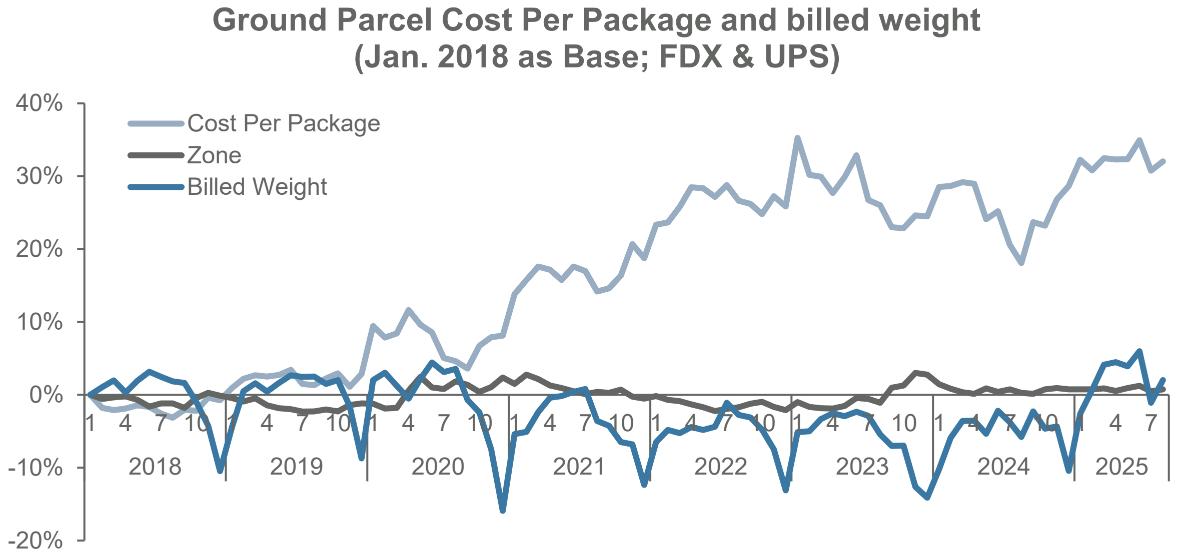
Year	Q1	Q2	Q3	Q4
2022	(3.0%)	2.3%	(1.0%)	0.6%
2023	4.1%	3.8%	2.4%	0.9%
2024	4.5%	4.5%	0.7%	(1.7%)
2025	2.6%	3.7%	4.0%	**2.1%**

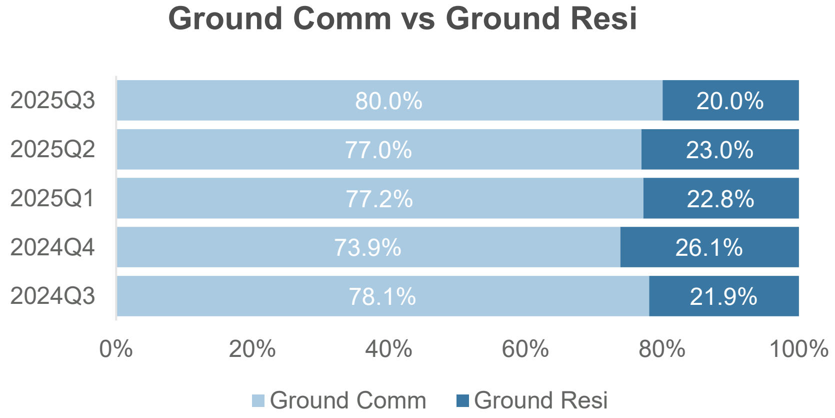
Jan. 2018 = Base, Q4:2025 forecasted

Ground Parcel

Q3:2025 Ground Parcel Cost Per Package fell 1.5% QOQ from the Q2 record high of 33.2%, yet it remained up 8.6% YOY.

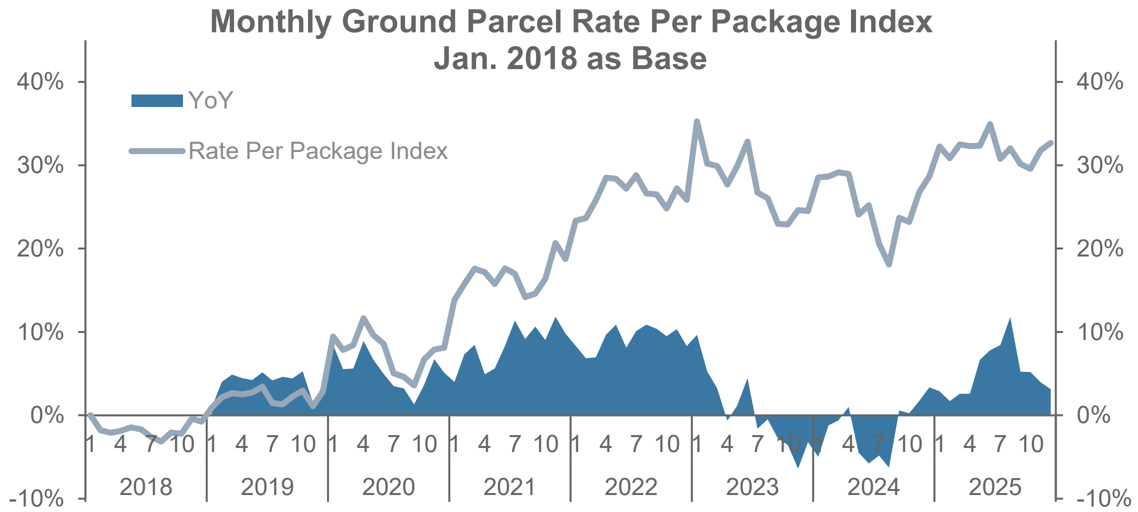
- In Q3:2025, Ground Parcel Cost Per Package declined by 1.5% QOQ, primarily driven by package mix change and the decline in average billed weight.
  - Coinciding with the carriers' focus on growing B2B volume, commercial shipments increased their share by 3 percentage points in Q3:2025.
  - The increase in commercial volume put downward pressure on the overall Cost Per Package due to lower accessorial charges.
  - Both the average billed weight and zone decreased in Q3:2025, contributing to a lower Cost Per Package.
- The on-highway diesel fuel price rose 1.3% YOY, while the carrier Ground fuel surcharge rates increased 26.1% YOY, perpetuating cumulative effects of prior fuel surcharge adjustments.





The TD Cowen/AFS Ground Parcel Freight Index is projected at 32.4% in Q4:2025, reflecting a 4.8% YOY and a 0.9% QOQ increase.

- The TD Cowen/AFS Ground Parcel Freight Index is anticipated to rise to 32.4% in Q4:2025.
  - Parcel Demand Surcharges taking effect in Q4:2025 will directly increase the average Ground Parcel Rate Per Package.
  - Both FedEx and UPS implemented changes to their dimensional measurement rounding rules in August, with the full impact expected to appear in Q4:2025.
  - The pattern change in Ground discounts lagged Express Parcel, with Q3:2025 marking the first decline after nearly two years of steady increases. This change is expected to help uphold the Rate Per Package in Q4:2025.
- With the TD Cowen/AFS Ground Parcel Freight Index forecasted to remain elevated in Q4:2025, the full year 2025 is projected to set a record for the highest average Rate Per Package.



Ground Parcel Rate Per Package Freight Index

Year	Q1	Q2	Q3	Q4
2022	23.9%	27.4%	26.9%	26.0%
2023	31.0%	28.9%	23.4%	23.8%
2024	28.8%	26.2%	20.8%	26.3%
2025	31.8%	33.2%	31.2%	**32.4%**

Jan. 2018 = Base, Q4:2025 forecasted

Appendix

For companies who ship, we end shipping cost uncertainty.

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