Weekly Transportation Update

Market Updates for Transportation Professionals

April 25, 2025

HEADLINE

Trump administration eyes push for domestic truck production.

- New orders for core capital goods were steady in March.
- Sales of new homes rise in March while sales of existing homes fall.
- Van spot rates were mixed as flatbed rates kept rising despite falling volume.
- Intermodal volume looks to head south soon due to tariffs.

Overview

The week was fairly light on economic indicators and even for tariff activity despite some rays of hope – but little more than that – for a de-escalation of the trade war with China. However, the Trump administration launched of an inquiry into the national security implications of imports of medium- and heavy-duty trucks and key components – presumably a precursor to imposition of tariffs or quotas.

Among other things, the government investigation specifically questions whether truck prices might be artificially suppressed due to unfair foreign competition – a notion that surely comes as news to U.S. fleets buying commercial trucks.

Another development that came too late for last week's update was a final schedule of port fees to be assessed on Chinese-flag ocean carriers and on Chinese-built vessels operated by others. The measure is scaled back in some key respects but could still represent a significant added cost, especially for larger ships in later years.

Otherwise, the week was a mixed bag for the housing market as sales of new homes rose sharply while sales of existing homes fell sharply. Meanwhile, demand for durable manufactured goods barely moved if you ignore a huge jump in civilian aircraft orders.

Section 232 investigation of truck imports

So far, the trucking industry's worries about tariffs have been mostly about the near-certain impact on freight demand in the months ahead. Clearly, costs for materials and components needed to build commercial vehicles will be rising due to broad-based tariffs, but so far, the industry has not been directly in the crosshairs. That might be about to change as the Trump administration this week took a first step toward potential tariffs or other restrictions on commercial trucks and components built outside the U.S.

The U.S. Commerce Department launched an investigation under Section 232 of the Trade Expansion Act to determine the national security implications of imports of medium- and heavy-duty trucks and key components needed to build them. The department's Bureau of Industry and Security (BIS) invited comments, data, and analysis by May 16 in response to a series of questions.

Although the Federal Register notice does not include any specific proposed response, it does raise the possibility of imposing tariffs or quotas on trucks and truck parts if deemed necessary to protect national security. The BIS notice poses several topics that its Office of Strategic Industries and Economic Security are focused on. Those include:

- The extent to which domestic production can meet demand;

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Key Takeaways

- U.S. floats push for more domestic truck build.
- USTR finalizes compromise port call fees.
- Aircraft aside, durable goods orders were flat.
- Existing-home sales fall sharply in March.
- Sales of new homes rise as does the inventory.
- Mortgage rates dip marginally in the latest week.
- Diesel prices fell again in the latest week.
- Flatbed spot volume falls sharply again.
- CDL hiring activity appeared normal in February.
- Intermodal volume is solid but will drop soon.
- Railcar demand was quite weak in Q1.

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- The concentration of imports from a small number of suppliers and associated risks;
- The impact of foreign government subsidies and predatory trade practices on the competitiveness of the U.S. industry;
- The economic impact of artificially suppressed prices due to foreign unfair trade practices and state-sponsored overproduction;
- The potential for export restrictions by foreign nations to weaponize their control over supplies of trucks and truck parts;
- The feasibility of increasing domestic capacity for truck and truck part production; and
- The impact of current trade policies on domestic production of trucks and truck parts and whether additional measures, including tariffs or quotas, are needed to protect national security.

For the April 25 BIS Federal Register notice, visit https://www.federalregister.gov/d/2025-07260.

Tariff and trade update

Late last week, the Trump administration finalized one more weapon in its trade war with China before sending signals earlier this week that the U.S. was prepared to de-escalate.

According to media reports, Treasury Secretary Scott Bessent privately told investors that a trade war with China was unsustainable, and President Trump also suggested that the U.S. would be pulling back on tariffs. However, the White House later clarified that he meant that tariffs would decline in the context of a trade deal. It is unclear whether there has been any significant progress regarding talks.

Port fees on shipping related to China

Last week, the U.S. Trade Representative (USTR) announced a schedule of port fees aimed simultaneously at countering China and encouraging the U.S. shipbuilding industry.

Earlier this year, the U.S. proposed fees of $1 million for each U.S. port call by a Chinese-flag ocean carrier and of $500,000 to $1.5 million for port calls by Chinese-built ships operated by other carriers, depending on the percentage of a carrier's fleet that was comprised of Chinese-built vessels.

After two days of hearings in March involving dozens of stakeholders, USTR settled on a fee regime that is more moderate in numerous respects, although it is more complicated and could ultimately impose fees as large or larger than the original plan, depending on the size of the vessel used.

Among the compromises were a six-month grace period as initial fees would not take effect until October, presumably to allow for the fees to be considered as part of a broader trade deal with China.

Also, the fees would be imposed per voyage, not port call, removing any disincentive for ships to visit more than one U.S. port. Moreover, the port fees would be capped at five per year per vessel. Non-Chinese operators of Chinese vessels also could get relief from fees if they order any U.S.-built vessels.

Fees would be phased in over three years with the final increase coming in April 2028. Fees on Chinese-flag carriers would start at $50 per net ton in October and rise to $140 per net ton by April 2028.

Fees on Chinese-built vessels would start at the higher of $18 per net ton or $120 per container in October and rise to $33 per net ton or $250 per container in April 2028.

USTR's actions include other elements, such as a separate fee schedule for foreign-built car carrier vessels and an eventual restriction on transporting liquefied natural gas via foreign vessels.

Durable goods orders

Technically, new orders for durable manufactured goods in March rose by the most in eight months, but the strength was solely a function of a 139% surge in civilian aircraft orders.

Total new orders increased 9.2% m/m, seasonally adjusted, but orders excluding transportation equipment were flat m/m. Total new orders were up 11.9% y/y; new orders excluding transportation were 2.2% higher y/y.

New orders for core capital goods – nondefense capital goods excluding aircraft – ticked up 0.1% in March and were up 1.8% y/y.

Because Census Bureau data on manufacturing orders is not adjusted for inflation, FTR estimates

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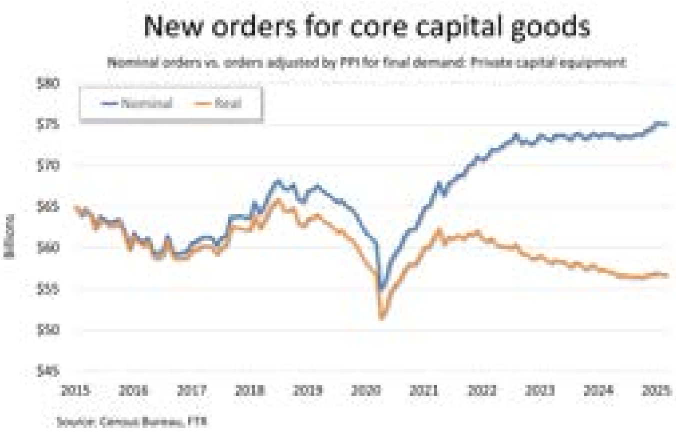


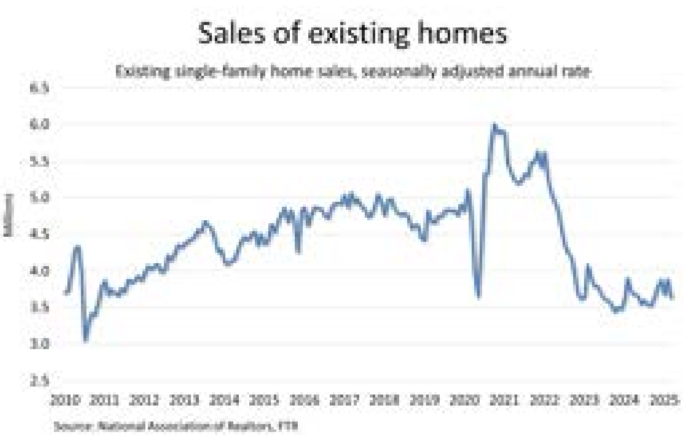
real new orders for core capital goods using the Producer Price Index for private capital equipment. Viewed through this prism, real orders declined 0.2% m/m and were down 0.7% y/y.

Sales of existing homes

On a seasonally adjusted basis, sales of existing single-family homes in March fell by the most since November 2022, according to data released by the National Association of Realtors (NAR). Sales dropped 6.4% m/m to 3.64 million annualized – the lowest level since September – and were down 2.2% y/y, the weakest comparison since June.

The inventory of homes on the market continued to recover in March, rising for a third straight month after a sharp drop in December following last fall's brief run-up in sales. Inventories are still below levels achieved last summer but otherwise they are basically the strongest since late 2020.

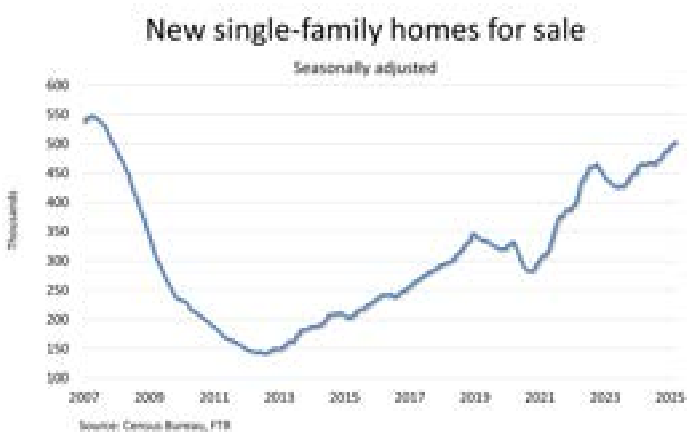
In announcing the March data, NAR attributed the weakness principally to affordability challenges due to high mortgage rates, which is chilling both buying and selling, leading to historically low residential housing mobility.



Sales of new homes

In contrast to existing-home sales, sales of new single-family homes recorded a healthy increase in March. Sales rose 7.4% m/m, seasonally adjusted, to an annual rate of 724,000 – the highest level since September. Despite volatility, new-home sales generally have been running at levels comparable with those seen prior to the pandemic.

One dynamic that could keep sales strong but might hurt future home construction is a high inventory of new homes for sale. In March, the number of new homes on the market ticked up 0.6% to 503,000, seasonally adjusted – the highest level since October 2007.



Flush inventories might be taking a toll on pricing. The median price of a new home sold declined for a second straight month in March to $403,600, which is higher than November's median price but otherwise the lowest in more than three years. High inventories and weakening pricing could be a troubling combination for residential construction.

Mortgage rates

Mortgage rates changed little in the latest week after the big increase in the previous week. The average rate on a 30-year fixed-rate mortgage eased slightly to 6.81%, according to Freddie Mac.

Diesel and petroleum prices

The national average retail price of on-highway diesel fell 4.5 cents to $3.534 a gallon during the

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week ended April 21. Although diesel prices have risen in nearly twice as many weeks as they have fallen this year, the national average price is at its lowest level of 2025 by nearly 3 cents.

In the latest week, prices fell in all regions, ranging from practically no change in the Rocky Mountain region to a drop of more than 7 cents in the Gulf Coast region.

Crude prices, meanwhile, have settled significantly and have been trading in a range of $62 to $64 a barrel recently.

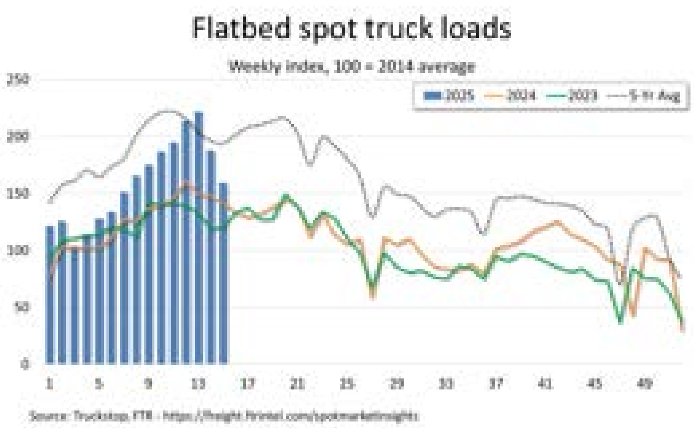
Trucking

For the first time this year, broker-posted spot rates for dry van and refrigerated equipment moved in opposite directions during the week ended April 18 (week 15).

Dry van spot rates fell to their lowest level since late April 2024 and were less than 2 cents higher than they were in June 2020. Refrigerated spot rates, however, were the highest in 10 weeks. Easter might have played a role in refrigerated's strength, although pre-Easter gains are inconsistent.

Flatbed rates rose for a 10th straight week – a streak not matched in three years – to their highest level since October 2022.

Total load activity fell 11%, declining for a second week in a row after 10 straight weeks of increases. Flatbed spot volume fell about 15% for a second straight week after a sustained run-up, suggesting that the bulk of its recent strength from February through early April was likely due to pulling ahead



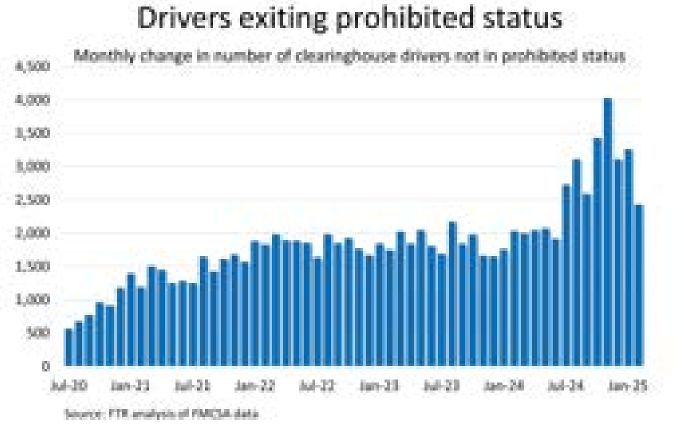
imports of steel and aluminum and, perhaps, of heavy equipment in advance of tariffs. If this is the dynamic, flatbed spot volume should settle soon.

For more on week 15 spot metrics for truck freight, visit https://freight.ftrintel.com/spotmarketinsights.

CDL hiring activity

Data related to the hiring of drivers required to hold commercial driver's licenses (CDLs) in February showed no signs of the surge experienced in the trucking industry's payroll employment in March.

The number of pre-employment queries of the Federal Motor Carrier Safety Administration's fell 7.4% m/m after the very sharp – but typical – recovery in queries during January following the usual holiday lull. Queries in February trailed those in February 2024, although only by 0.7%.



Meanwhile, the impact of November's regulatory change requiring CDL downgrades for drivers barred by the clearinghouse appears to be winding down. The number of drivers exiting prohibited status by completing return-to-duty requirements had been elevated since July, peaking in November.

December and January levels were still quite high, but the February level dropped sharply. The rate is still higher than the norm before last summer, but it appears that the bulk of drivers seeking to clear themselves for driving have done so.

As of March 1, more than 287,000 drivers – 4.9% of unique CDL holders queried – have had at least one violation since the clearinghouse launched in January 2020. Of those, nearly 183,000 drivers – almost 64% of those with a violation – are still barred from driving.

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Rail/Intermodal

For the week ended April 19, total rail traffic across North America rose 1.3% y/y. Intermodal volume was up 2.9% while carloads declined 0.4%.

Carload volumes saw weakness across most major commodity groups with only agriculture and coal showing y/y gains. The agriculture group rose 0.8% y/y, supported by grain, up 4.5%, and grain mill products, up 7.4%. However, this growth was tempered by sharp declines in farm products excluding grain, down 21.1%, and food products, down 9.8%.

Coal volumes rebounded, rising 18.2% y/y after notable w/w declines. All other major commodity groups declined y/y, including metallic products, down 10.9%; chemicals, down 5.3% (driven largely by petroleum); nonmetallic minerals, down 4.7%; autos, down 4.2%; and forest products, down 3.8%.

Intermodal volume

Intermodal traffic remains positive but showed continued signs of moderation, posting its slowest y/y growth in eight weeks. Underlying carrier trends reveal that U.S. railroads continue to lead with traffic up 5.4% y/y. However, all four U.S. Class I carriers have experienced w/w declines in recent weeks.

Canadian carriers' intermodal traffic fell 2.5% y/y in the latest week as Canadian National reported declines while CPKC saw modest intermodal growth. Intermodal traffic for Mexican carrier GMXT continues to struggle, falling 15.7% y/y.

Looking ahead, the impact of new tariff policies – particularly those targeting China – is expected to weigh on intermodal volumes. For example, Flexport CEO Ryan Peterson reported a 60% drop in China-to-U.S. bookings in the three weeks following the tariff announcements.

Port Optimizer, a tool that tracks container activity in the San Pedro Bay area, showed a 29% w/w decline in vessel departures from China to ports in Southern California.

With pressure mounting on the Trans-Pacific lanes, West Coast ports likely will bear the brunt of the fallout, although all North American ports likely feel the sting, at least to some extent. Some of the pain from plunging imports from China, however, will be mitigated by goods demand shifting to other Asian nations such as Malaysia and Vietnam.

Railcar demand

The Railway Supply Institute released its ARCI data for the first quarter, revealing softness in all key indicators for new railcar activity across North America. New orders totaled 5,085 units – the lowest in five quarters.

Deliveries came in at 7,810 units, which is the weakest in 15 quarters. Backlogs now sit at 31,548 – the lowest level since 2011. While clearly a soft quarter, results were not as weak as might have been expected given ongoing economic uncertainty and the evolving tariff landscape.

Next week we will release our changes to the FTR railcar delivery forecast, followed by our full Rail Equipment Outlook shortly thereafter.

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