TD Cowen/AFS Freight Index

July 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 billions **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.

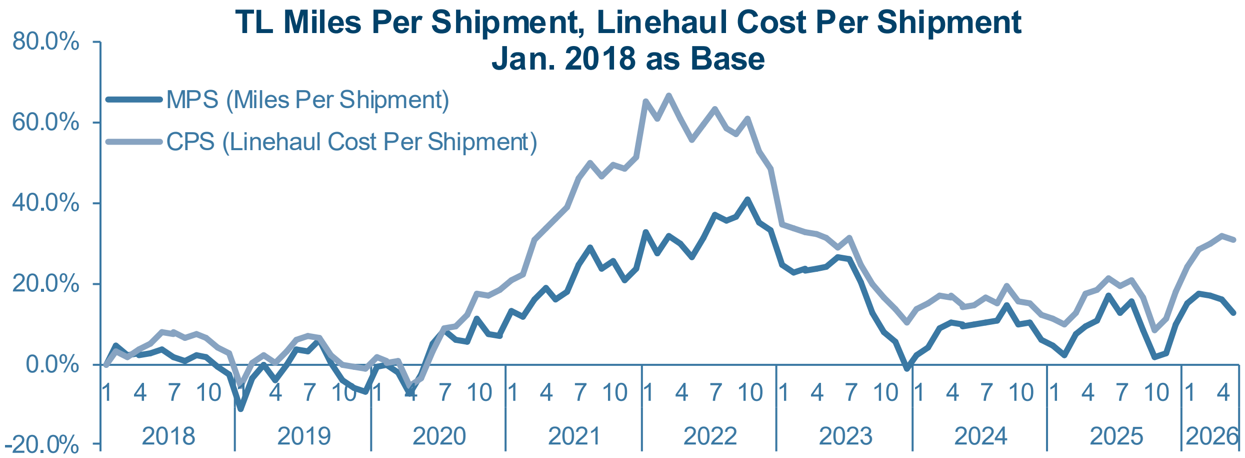
AFS' team of Data Scientists and Analysts applied Machine Learning algorithms and modeling techniques to examine the historical data for **Truckload, LTL and Parcel** since 2018.

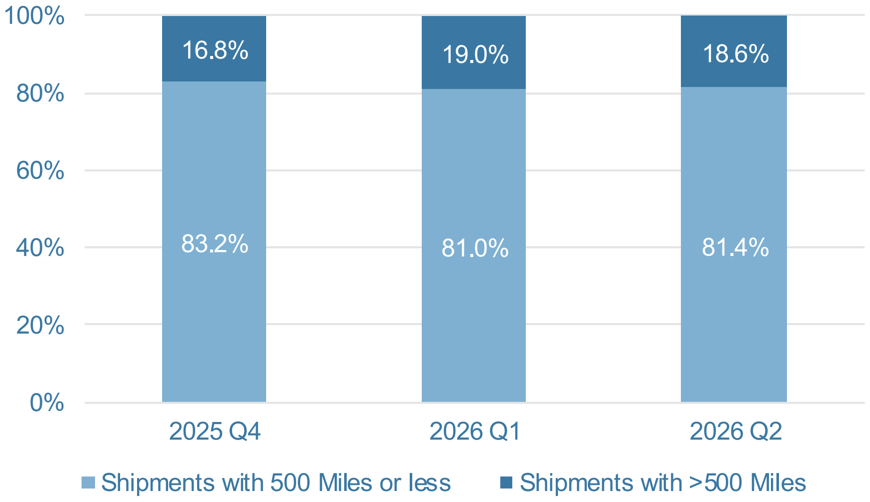
- The following rate indices are developed for these modes and quarterly rate predictions are provided using AFS freight data and macroeconomic variables.

Truckload

Truckload (TL) Linehaul Cost Per Shipment increased 3.1% QOQ in Q2:2026, despite a 1.8% QOQ reduction in Miles Per Shipment.

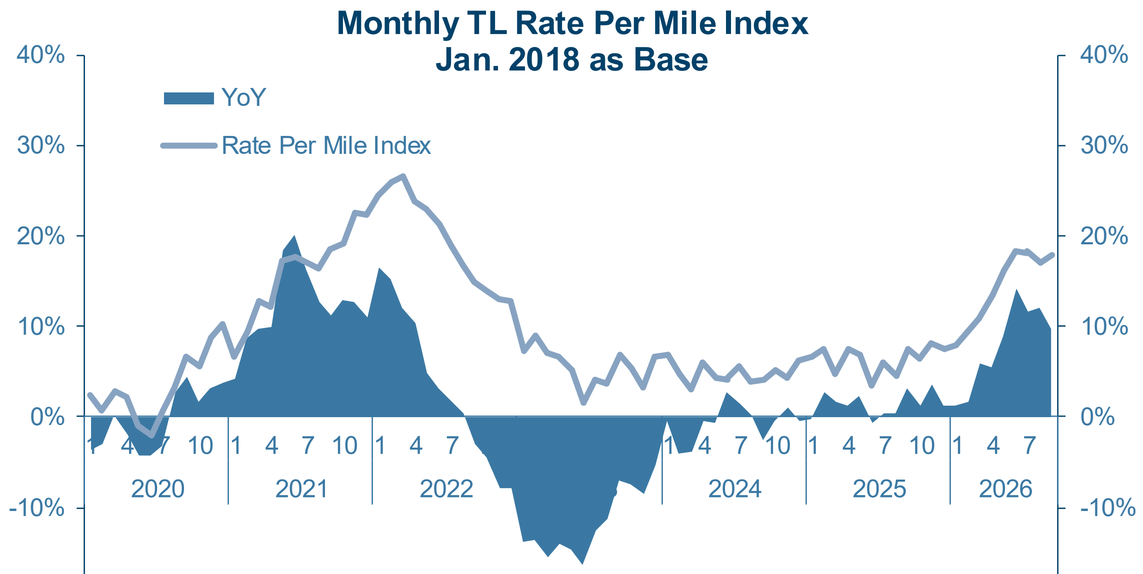
- The divergence between Truckload Linehaul Cost Per Shipment (CPS) and Miles Per Shipment (MPS) expanded in Q2:2026 with the two metrics pulling in opposite directions.
    - The increasing share of short haul shipments contributed to lower MPS.
        - Modal conversion on long haul lanes, driven by record fuel costs in Q2:2026, further compressed MPS.
    - The May ATA tonnage index extended its YOY gains to six consecutive months; however, a second straight MOM decline highlights subdued broader demand trends heading into the second half of 2026.
    - Heightened regulatory enforcement, including FMCSA policies on non-domiciled CDL eligibility and English Language Proficiency, has reduced the driver pool by more than 48,000 over the past year. Alongside continued carrier exits, these dynamics have tightened market capacity and contributed to upward pressure on CPS.





In Q3:2026, the TD Cowen/AFS Truckload Freight Index is expected to climb to a four-year high of 17.7%, reflecting a 11.0% YOY increase and a 1.5% QOQ gain.

- The Truckload Freight Index has maintained its upward trend starting Q3:2025, with momentum rooted more in capacity contraction than demand driven recovery. While early indicators point to improving freight demand, the full effect has yet to materialize.
  - The U.S. economy grew 2.1% in Q1:2026, a rebound from Q4:2025's near-stall, though underlying demand remained soft as consumer spending growth decelerated notably.
  - Inflation accelerated to a three-year high of 4.2% in May, with soaring energy costs accounting for over 60% of the monthly increase, reflecting the sustained fuel price shock that has defined Q2:2026.
  - In June 2026, the Federal Reserve held interest rates steady while indicating that a potential rate hike before year-end is increasingly likely, reinforcing a higher-for-longer rate environment that continues to weigh on freight demand recovery.
- The TL Rate Per Mile Index is anticipated to reach 17.7% in Q3:2026, marking a 1.5% QOQ increase and a 11.0% YOY rise.



Composite Truckload Rate Per Mile Freight Index

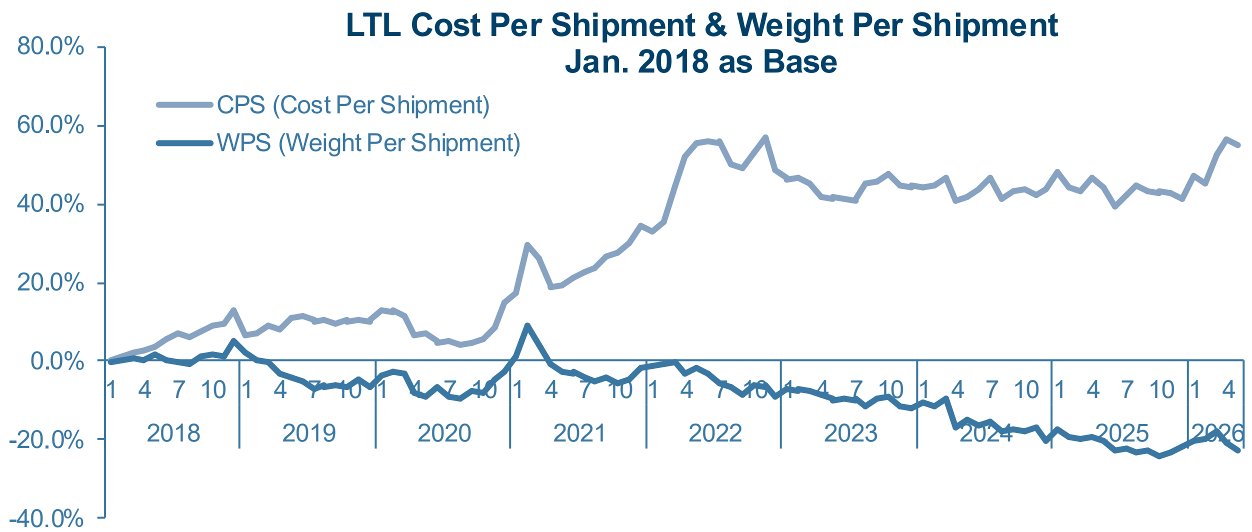
Year	Q1	Q2	Q3	Q4
2023	7.8%	4.3%	4.8%	5.2%
2024	4.9%	5.0%	4.6%	5.2%
2025	6.2%	5.9%	6.0%	7.6%
2026	9.4%	16.0%	**17.7%**	

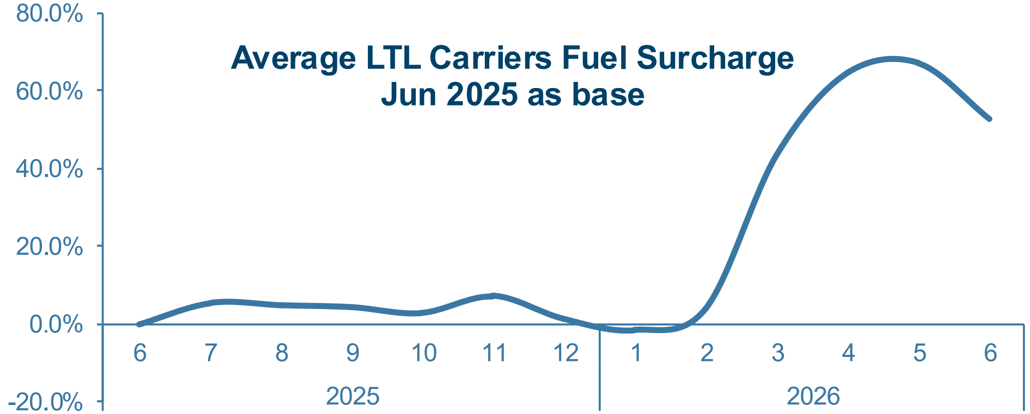
Jan. 2018 = Base, Q3:2026 forecasted

LTL

In Q2:2026, LTL Cost Per Shipment rose 0.7% QOQ while Weight Per Shipment decreased 4.8% over the same period.

- Rising fuel costs widened the divergence between LTL Cost Per Shipment (CPS) and Weight Per Shipment (WPS) in Q2:2026, driving CPS to its highest level since 2023, while LTL demand showed slight improvement QOQ.
  - Middle East geopolitical disruptions drove diesel prices up approximately 51% in Q2:2026 versus the early-2026 average.
  - LTL fuel surcharge remained relatively stable through February 2026 before surging over 60% above the June 2025 baseline level in Q2:2026.
  - The fuel surge translated into a 65% YOY increase in net fuel cost per shipment, representing the single largest driver of cost escalation for LTL shippers in Q2:2026.
  - Weight Per Shipment reversed its brief recovery in Q1:2026 and experienced a 2.9% YOY decline, reflecting continued softness in industrial and manufacturing demand alongside ongoing modal shifts.

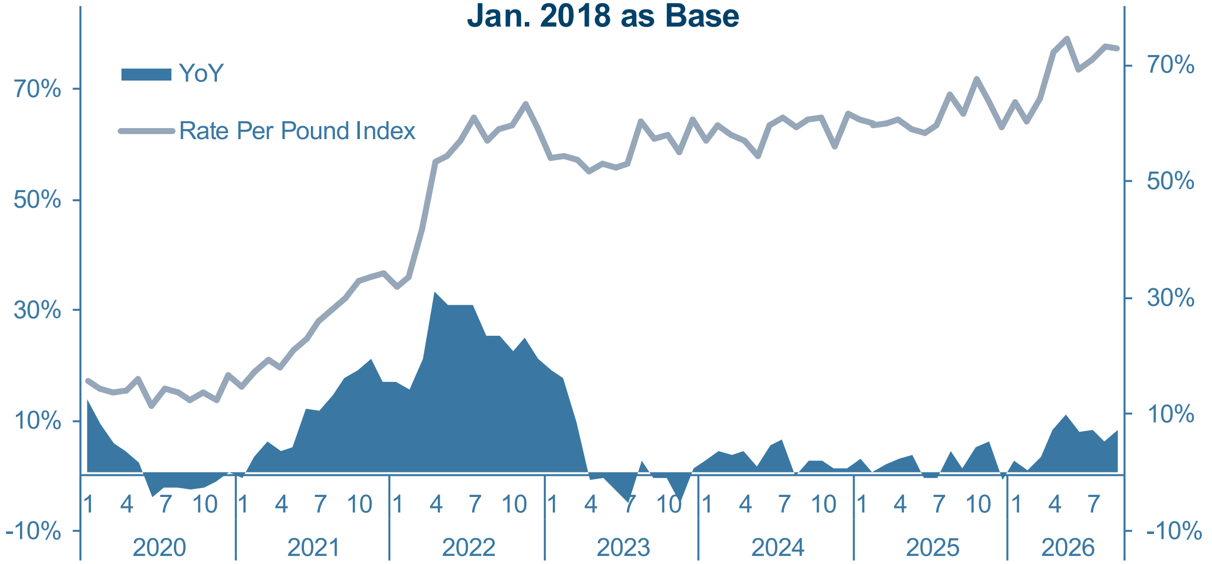




The TD Cowen/AFS LTL Freight Index is forecast to reach historic high of 76.8% in Q3:2026, up 0.2% QOQ and 5.9% YOY.

- The LTL industry is experiencing its most structural shift in competitive landscape since Yellow's collapse in 2023.
    - The FedEx Freight spinoff, completed on Jun. 1, creates a pure-play publicly traded LTL carrier that reinforces pricing discipline and sharpens competitive intent across the market.
    - Amazon's full-scale entry into external LTL freight is nascent, with limited near-term impact on the broader LTL market but introducing a meaningful pricing benchmark that cannot be ignored.
- The Q2:2026 Rate Per Pound came in above forecast, primarily driven by the prolonged conflicts in the Middle East pushing average net fuel cost per pound up by 46% QOQ.
- The TD Cowen/AFS LTL Freight Index is projected to reach 76.8% in Q3:2026, sustaining its historically elevated levels.

Monthly LTL Rate Per Pound Index
Jan. 2018 as Base



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%	67.8%
2026	66.9%	76.5%	**76.8%**	

Jan. 2018 = Base, Q3:2026 forecasted

Parcel

The era of two dominant parcel carriers is fading as surcharge fatigue drives shippers toward Amazon and alternative carriers.

- Amazon Supply Chain Services opening its logistics network to external shippers introduces a structurally different competitive dynamic. While near-term scale remains limited, the long-term implications for FedEx and UPS pricing power are meaningful, particularly in the residential and SMB segments where Amazon's network density is strongest.
- Regional and last-mile carriers, including OnTrac, GLS, Spee-Dee, Veho, and UniUni, more than doubled their volumes year over year in 2025 (Fig. 1), expanding market share, narrowing the gap with national carriers, and increasing competitive pressure across the parcel market.
- FedEx and UPS have quietly rewritten their fuel surcharge tables multiple times over the past 12 months (Fig. 2), a game both carriers have mastered, ensuring fuel surcharge revenue holds firm even as diesel prices fall.
  - At $4.50 per gallon diesel, Ground fuel surcharges now run 24.5% to 25%, compared to 22.5% a year ago.
  - Drop diesel to $4.00, shippers would still be paying 24% to 24.5% versus 21% under the tables last year.

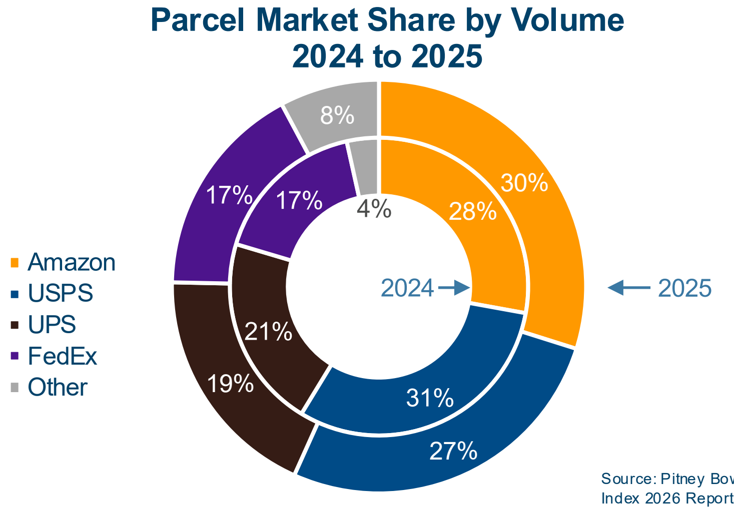


Fig. 1

Source: Pitney Bowes Parcel Shipping Index 2026 Reports.

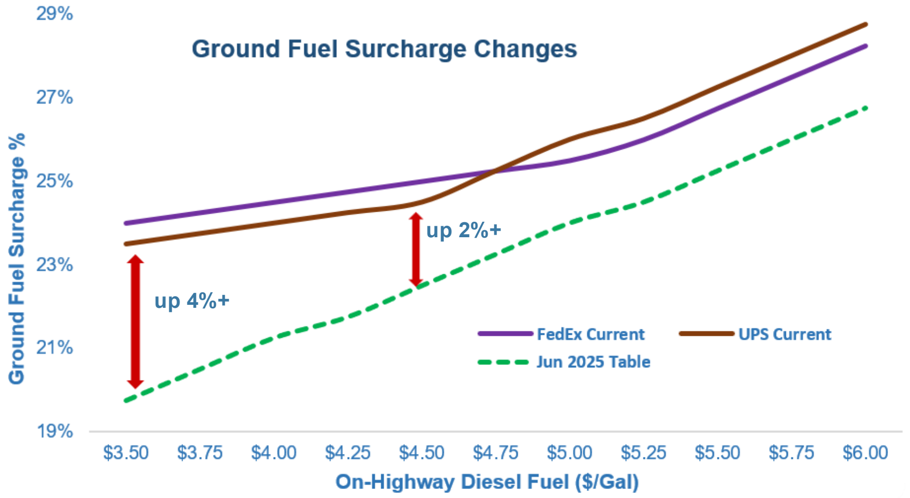
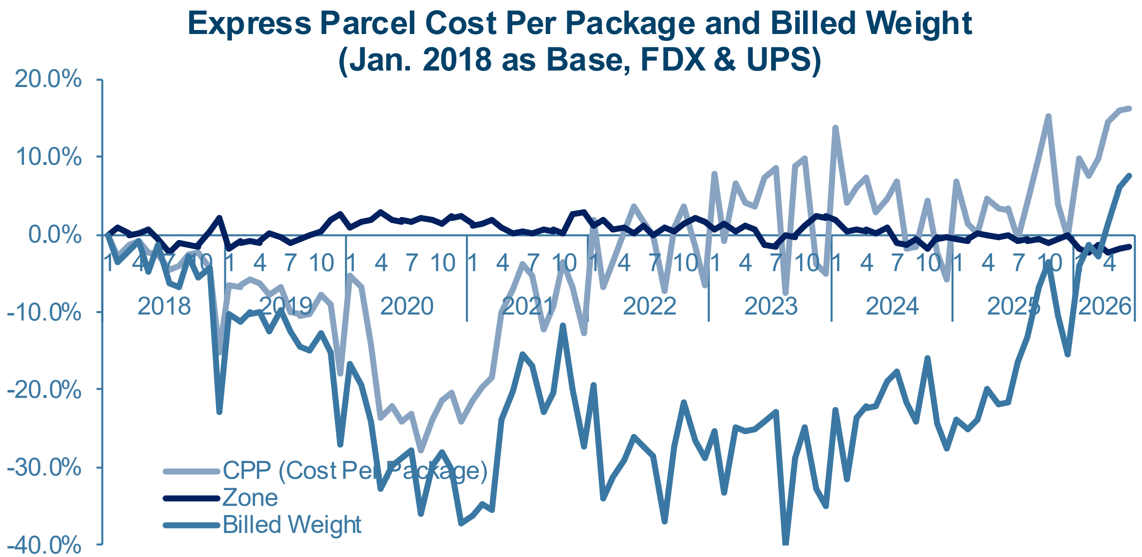
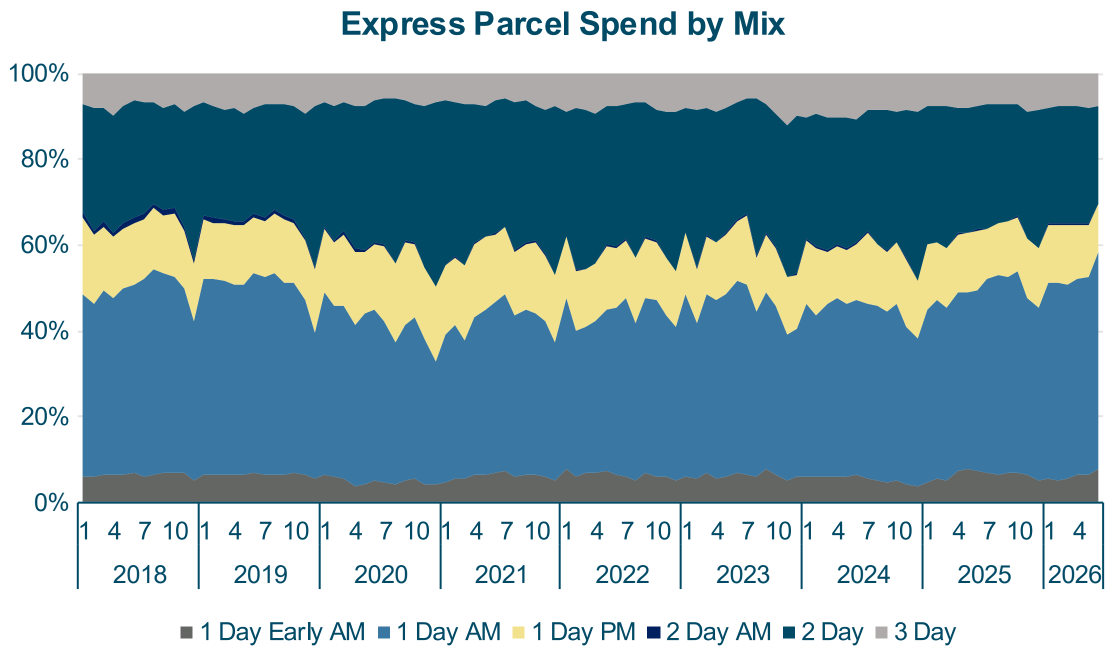


Fig. 2

Express Parcel

Express Parcel Cost Per Package increased 5.9% QOQ in Q2:2026, driven by elevated fuel surcharges, higher billed weight and favorable service mix.



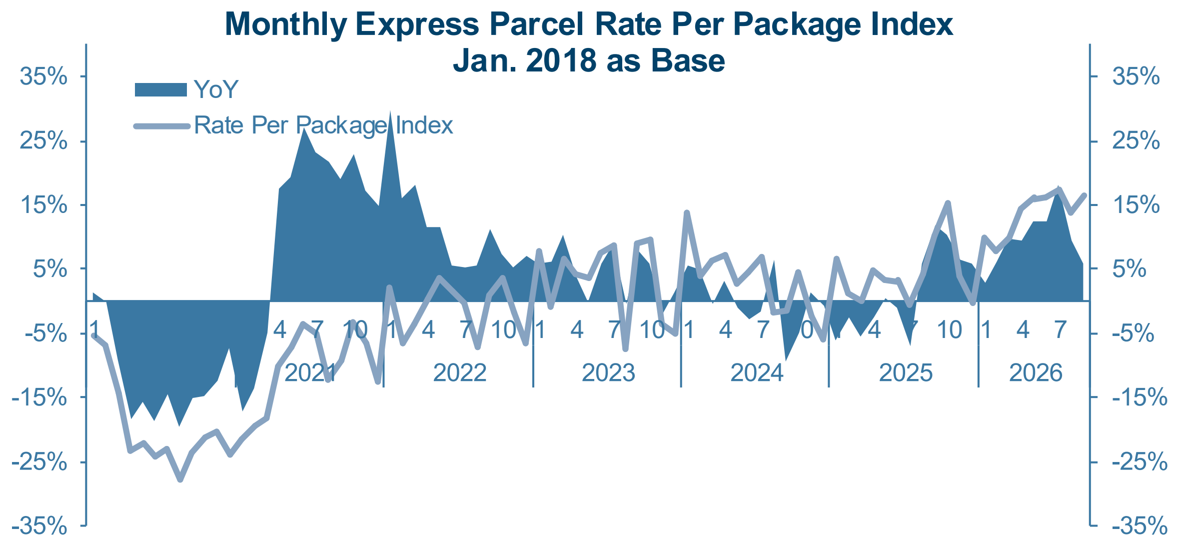


- Escalated fuel surcharges propelled Express Parcel Cost Per Package (CPP) above forecast in Q2:2026, with higher average billed weight serving as a secondary driver.
  - Fuel surcharges in Q2:2026 rose 65.4% YOY, reflecting both a 90% YOY surge in USGC jet fuel prices and result of carriers' fuel surcharge adjustments.

- The cumulative effect of carrier changes to measurement rounding rules and Additional Handling Surcharge policies continued to push average billed weight higher.
- Continued increase in premium services provided a meaningful lift to CPP.

The TD Cowen/AFS Express Parcel Freight Index is forecast to hit an all-time high of 15.8% in Q3:2026, increasing 0.3% QOQ and 11.1% YOY.

- Despite intensified competitive dynamics in the parcel industry, FedEx and UPS continued to leverage revenue management tactics to defend market positions and protect yield, even as volume trends remained under pressure.
  - Fuel surcharge table adjustments are a well-established component of carrier pricing strategy, sustaining high surcharge revenue even as fuel prices decline.
  - Overall discount levels increased in Q2:2026, with gains concentrated among small and medium shippers; for large customers, a divergence emerged in Express Parcel as FedEx deployed deeper discounts while UPS maintained tighter pricing discipline.
  - Demand Surcharges are expected to return toward the end of Q3:2026, adding further upward pressure on CPP.
- The TD Cowen/AFS Express Parcel Freight Index is expected to achieve a record high of 15.8% in Q3:2026, up 11.1% YOY.



Express Parcel Rate Per Package Freight Index

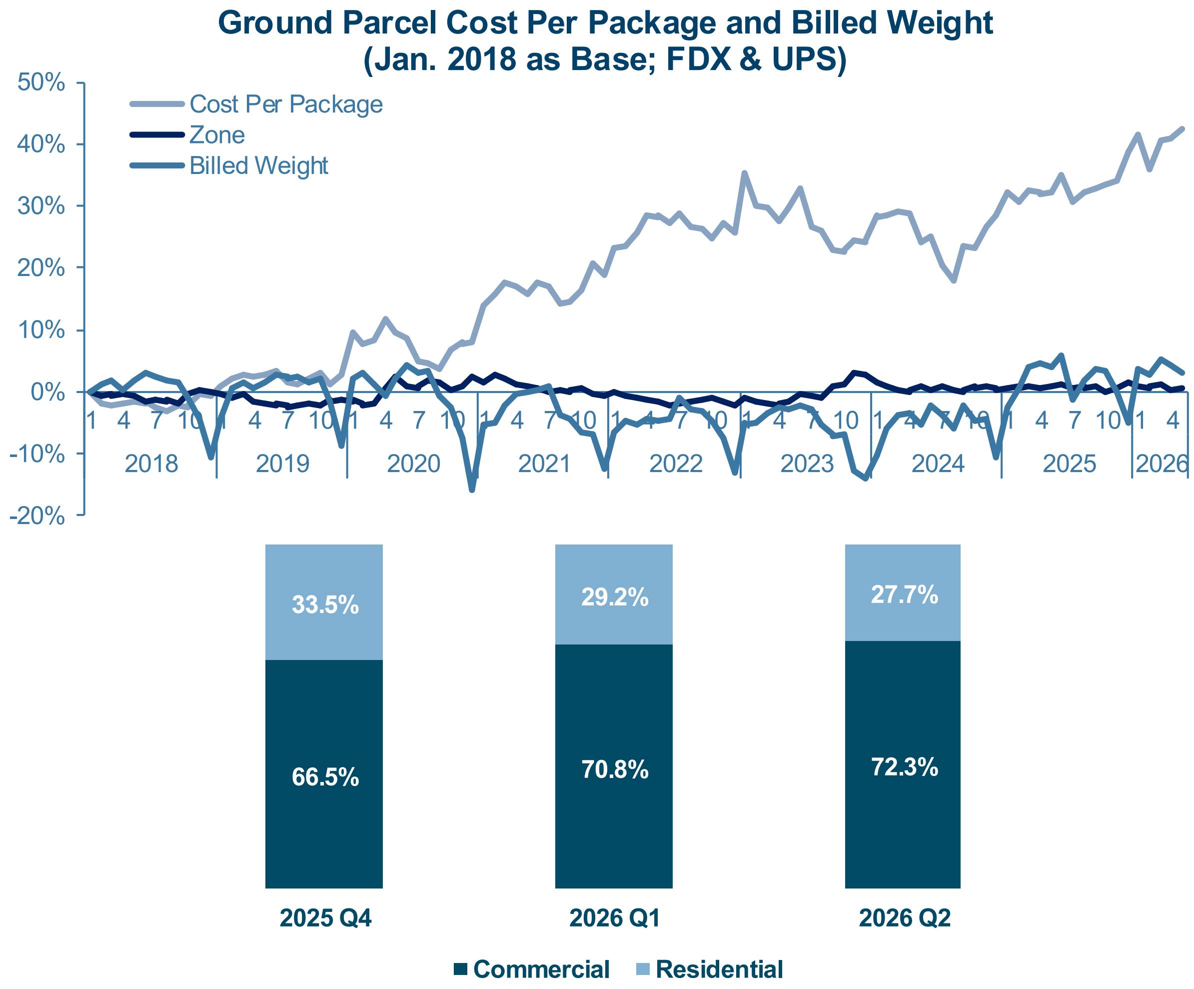
Year	Q1	Q2	Q3	Q4
2023	4.1%	3.8%	2.4%	0.9%
2024	4.5%	4.5%	0.7%	(1.7%)
2025	2.6%	3.7%	4.2%	5.7%
2026	9.1%	15.5%	**15.8%**	

Jan. 2018 = Base, Q3:2026 forecasted

Ground Parcel

Ground Parcel Cost Per Package rose 2.2% QOQ and 6.9% YOY in Q2:2026, extending its record high streak to a third consecutive quarter.

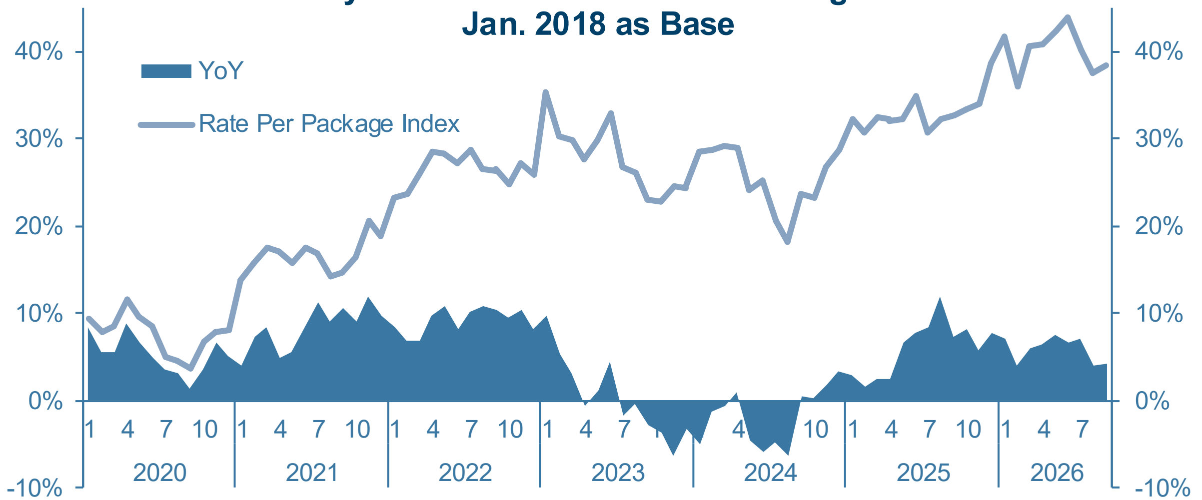
- Elevated fuel surcharges drove Ground Parcel Cost Per Package (CPP) to a new record of 42.4% in Q2:2026.
  - The escalation in crude oil prices translated into a substantial 53% YOY jump in diesel prices in Q2:2026, resulting in average net fuel surcharge per package increasing by 40% YOY.
  - The higher share of commercial shipments contributed to lower net accessorial CPP.
- Carriers' deliberate focus on revenue quality and premium B2B verticals have contributed to a slight decline in discount levels QOQ, reflecting a disciplined pricing environment aimed at protecting yield and margin integrity.
  - Unlike Q1:2026, both FedEx and UPS tightened pricing controls in the second quarter, especially for larger shippers.



TD Cowen AFS Ground Parcel Freight Index is projected to reach 38.7% in Q3:2026, up 5.2% YOY but down 2.6% QOQ.

- The TD Cowen/AFS Ground Parcel Freight Index is anticipated to ease seasonally to 38.7% in Q3:2026.
  - Diesel prices are expected to moderate in Q3:2026; however, carrier fuel surcharge table adjustments are expected to provide little relief on fuel.
  - As Amazon Logistics and alternative carriers gain momentum, competitive pressure in Ground Parcel will continue to intensify.
  - Both FedEx and UPS continue to cite revenue quality as a top priority, yet targeted discounting remains an active competitive lever. To what extent the discounting chips away at pricing discipline is the central question heading into the second half.
- TD Cowen/AFS Ground Parcel Freight Index is forecast to remain elevated in Q3:2026, on track to make 2026 the year with the highest CPP on record.

Monthly Ground Parcel Rate Per Package Index
Jan. 2018 as Base



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%	35.5%
2026	39.4%	42.4%	**38.7%**	

Jan. 2018 = Base, Q3:2026 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

$13B
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.