



TD Cowen/AFS Freight Index

October 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.

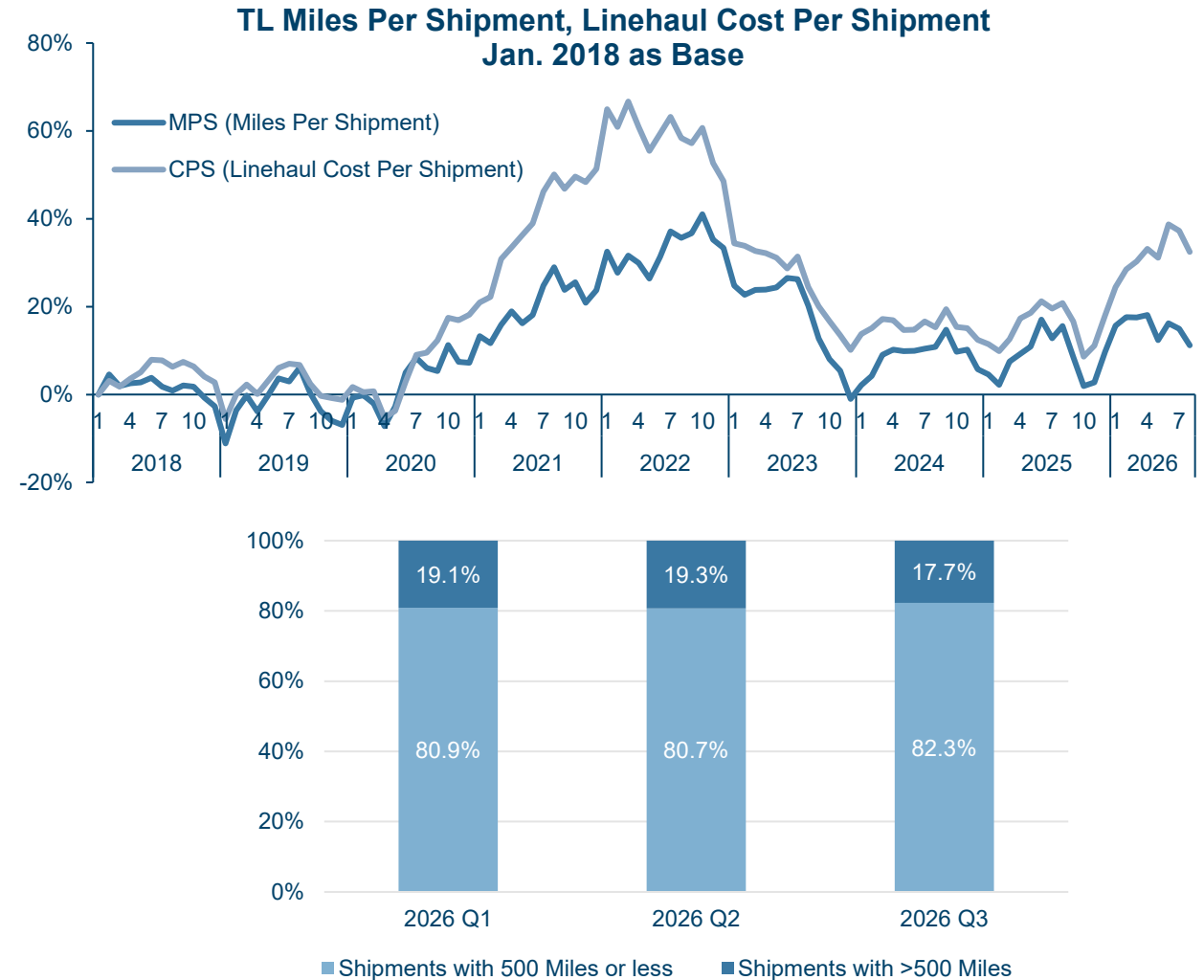
- The following rate indices are developed for these modes, and quarterly rate predictions are provided using AFS freight data and macroeconomic variables.

Truckload



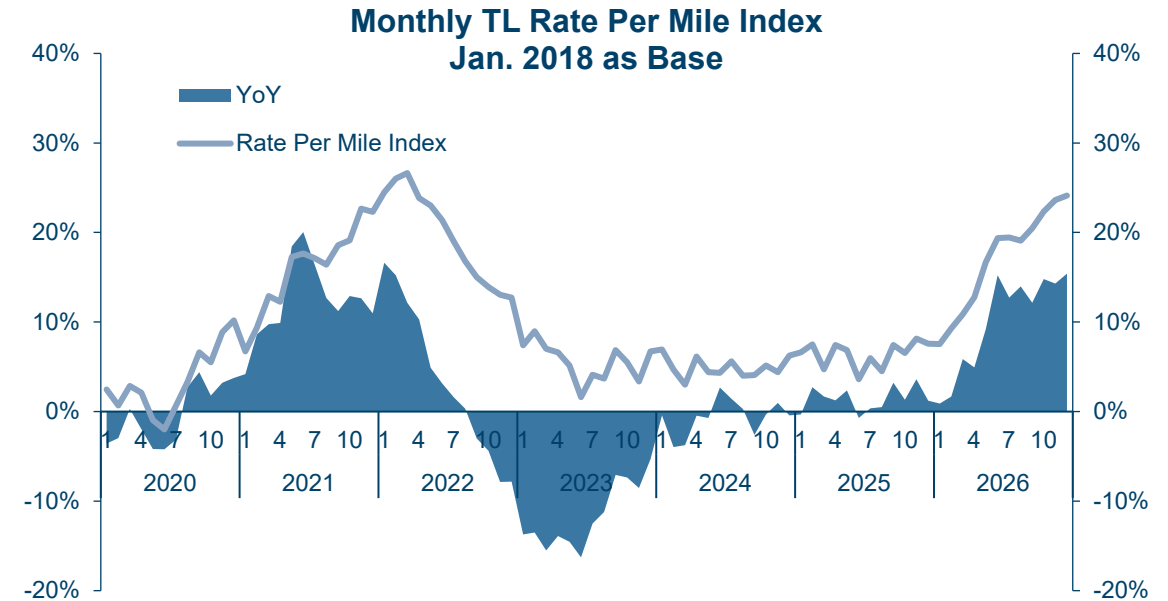
Truckload (TL) Linehaul CPS surged 15.3% YOY, overshadowing a 2.5% QOQ decline as MPS fell 5.9%.

- Average Miles Per Shipment (MPS) decline outpaced the drop in the average Linehaul Cost Per Shipment (CPS), widening the gap between the two metrics in Q3:2026, implying higher Rate Per Mile (RPM).
 - TL freight market demand remained soft, with the August ATA Truck Tonnage Index marking its fourth decline in the last 5 months, though 2026 YTD tonnage is still 1% higher YOY due to strong gains in early 2026.
- Capacity constraints continued, driven by carrier exits and federal enforcement narrowing the eligible driver pool and pipeline.
 - Over 50K drivers removed to date under non-domiciled CDL and English proficiency enforcement. FMCSA projects 194K (about 5% of all CDL holders) within two years.
 - Nearly 10K training locations have been removed from FMCSA's Training Provider Registry.
 - Combined, capacity is unlikely to rebound at the historical replacement rate, pulling forward the risk of a utilization squeeze and rate escalation.



The TD Cowen/AFS TL Rate Per Mile Index is on track to reach 23.4% in Q4:2026, its steepest annual gain of the cycle and approaching 2022 peak levels.

- With freight demand flat in 2026, the Truckload Freight Index is nearing 2022 highs on a supply driven market: driver pool contraction, carrier exits, and record fuel costs.
 - Real GDP grew at an annualized rate of 2.2% in Q2:2026, down from 2.5% in Q1. Growth remains concentrated in services and investment rather than goods, consistent with flat freight demand.
 - Inflation held at 3.4% in August, but the 0.4% month-over-month change was the highest in three months, with energy as a central driver.
 - The Federal Reserve raised rates by 25 bps in September, its first hike since 2023, and signaled another increase before year end. September's weak jobs report has since made that path less certain.
- CH Robinson's announced acquisition of RXO is expected to have no significant near-term rate impact before its 2027 close.
- The TL Rate Per Mile Index is on track to reach 23.4% in Q4:2026, up 3.1% QOQ and 14.7% YOY, marking an eighth consecutive quarter of year-over-year increases.



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%	16.4%	19.7%	23.4%

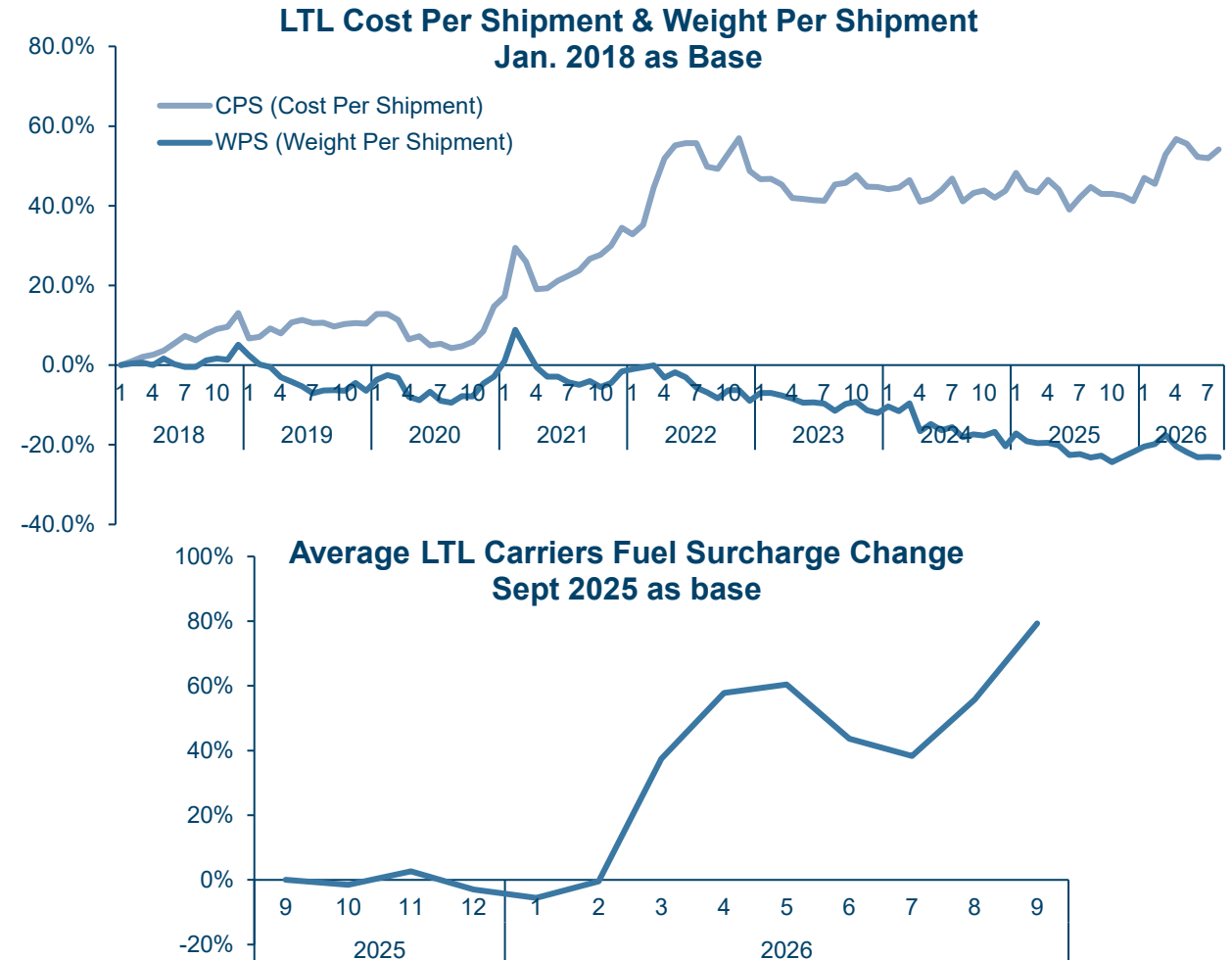
Jan. 2018 = Base, Q4:2026 forecasted

LTL



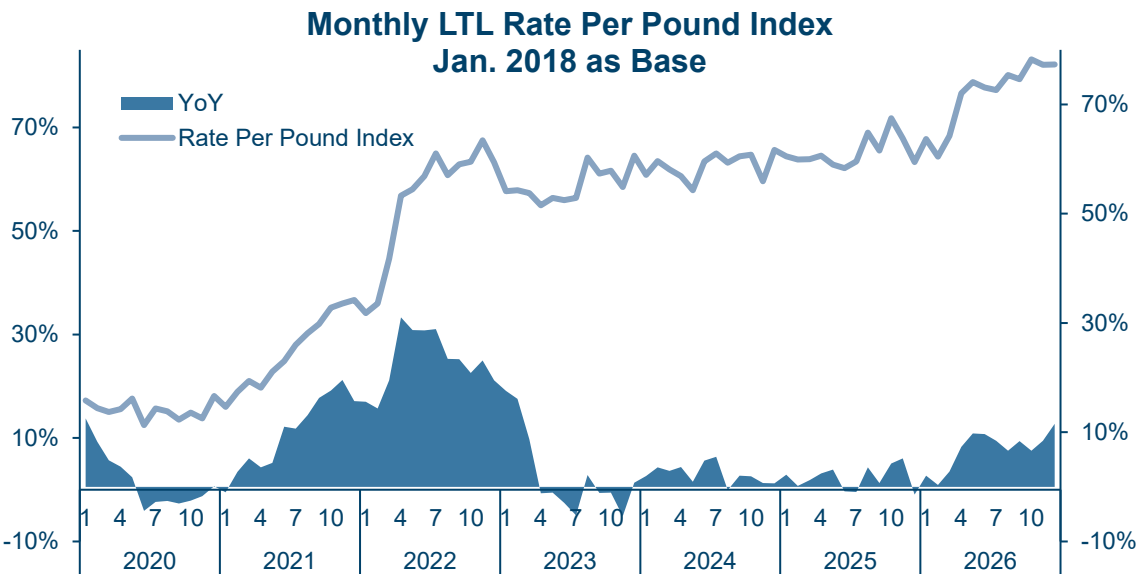
LTL Cost Per Shipment fell 2.8% QOQ in Q3:2026 as Weight Per Shipment declined 3.4%, lifting Rate Per Pound 0.6% QOQ.

- Record fuel costs and declining shipment weight sustained a persistently wide gap between LTL Cost Per Shipment (CPS) and Weight Per Shipment (WPS) through Q3:2026.
 - Disruptions to global crude and refined product supply pushed diesel to an all-time high of \$6.53 per gallon in September, lifting LTL fuel surcharge 79% above prior year level.
 - Accelerated midyear GRIs, including ArcBest at 5.9% in June and Saia at 7.1% in July, supported a 1.2% QOQ increase in linehaul rates despite a 2.2% QOQ decline in average length of haul.
 - Shipment weight remained a headwind, with average WPS down 3.4% QOQ and 2.3% YOY.
 - CPS declined 2.8% QOQ but held 5.3% above prior year, primarily on higher fuel surcharges.



In Q4:2026, the TD Cowen/AFS LTL Freight Index is forecast to reach a new all-time high of 82.5%, up 2.1% QOQ and 8.8% YOY.

- Underlying LTL demand remained soft in 2026, with national carriers reporting mid-single-digit tonnage declines, while disciplined pricing and elevated fuel costs drove continued rate growth.
 - Carriers continue to prioritize yield and pricing discipline over tonnage, leveraging high density networks to sustain pricing power.
 - The September ISM manufacturing PMI came in at 54.5, a ninth straight month of expansion, while the Prices Index jumped 6.8 points to 77.9, signaling sustained input cost inflation.
 - Fuel is expected to remain a key driver in Q4:2026. The unresolved conflict continues to constrain crude oil supply, while low inventories and refinery utilization near capacity leave no near-term relief heading into the seasonally tighter quarter.
- Supported by strong pricing momentum, the TD Cowen/AFS LTL Freight Index is expected to reach a third consecutive record-high of 82.5% in Q4:2026, representing a 2.1% QOQ increase and 8.8% YOY gain.



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%	77.7%	78.8%	82.5%

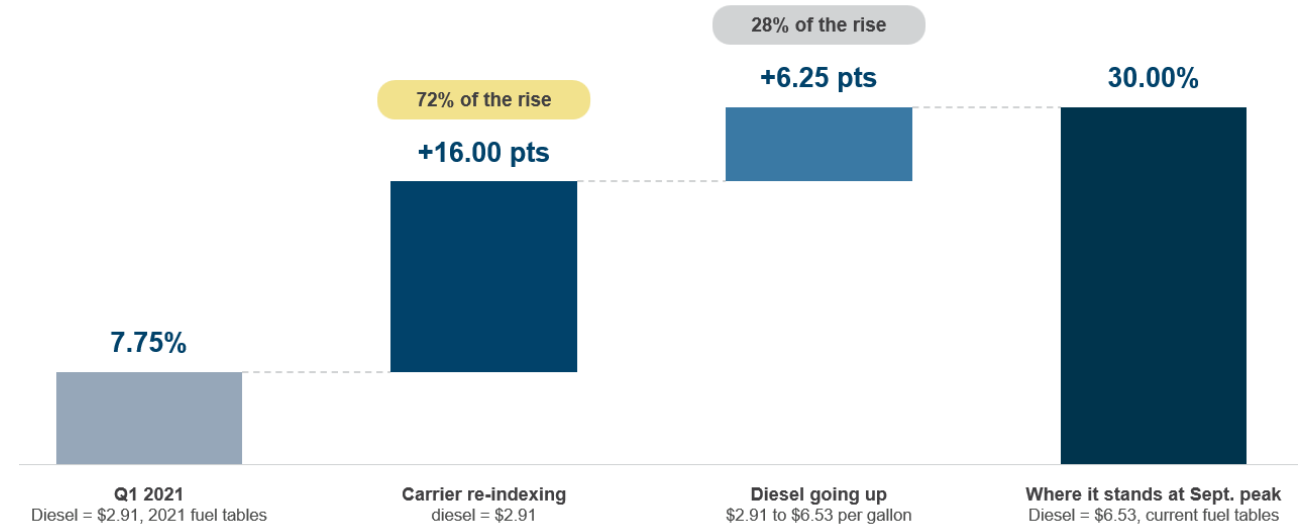
Jan. 2018 = Base, Q4:2026 forecasted

Parcel



The fuel surcharge has largely stopped being about fuel: 72% of the 22.25-point rise since Q1:2021 came from the table, not the pump.

- Fuel surcharge is a pricing and revenue lever for carriers, not a cost pass through. Diesel price rose from an average of \$2.91 in Q1:2021 to a record-high of \$6.53 in September, and carrier fuel surcharge increased from an average of 7.75% to 30%.
 - Of the 22.25 points increase since Q1:2021, 16 points came from carriers rewriting the tables and only 6.25 from diesel increases.
 - A return to 2021 diesel prices would not return fuel surcharges to 2021 levels. Shippers would still pay 23.75%, roughly triple what they paid in Q1:2021.
- The current fuel tables are three times flatter below \$5.00 than above it, a design that pays off only if diesel falls. September's record-high put diesel on the steep end instead, potentially paving the way for the next table revision.



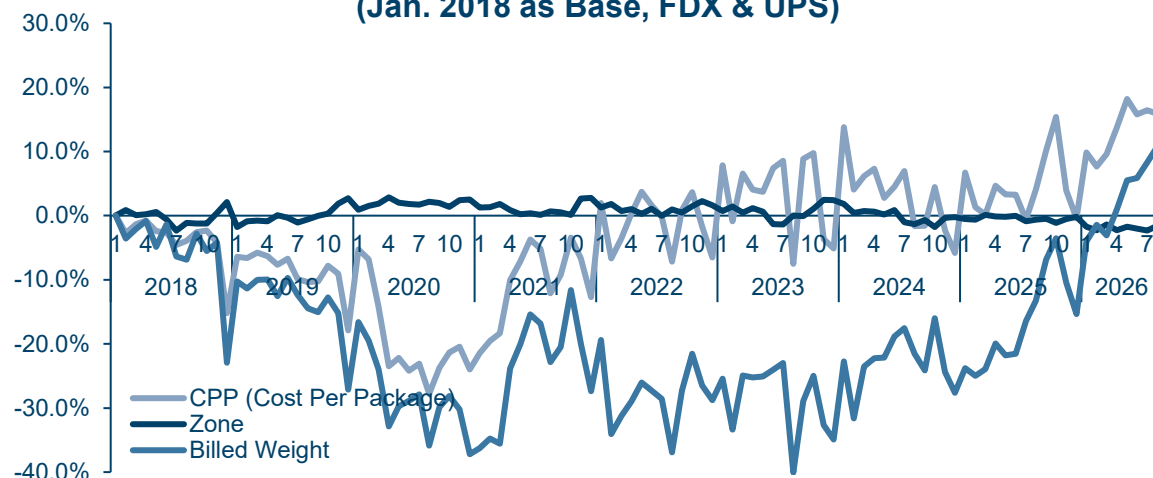
- FedEx opened GRI season in September with an average of 5.9% increase effective Jan. 4, 2027, the fourth consecutive year at the same number.
 - Priority Overnight, 2 Day and Ground carry the highest increases.
 - Remote Delivery Area Surcharge (DAS) coverage expanded by 71%, reclassifying 2,533 zip codes from Extended to Remote. Affected destinations will see DAS charges more than double for residential or triple for commercial.

Express Parcel

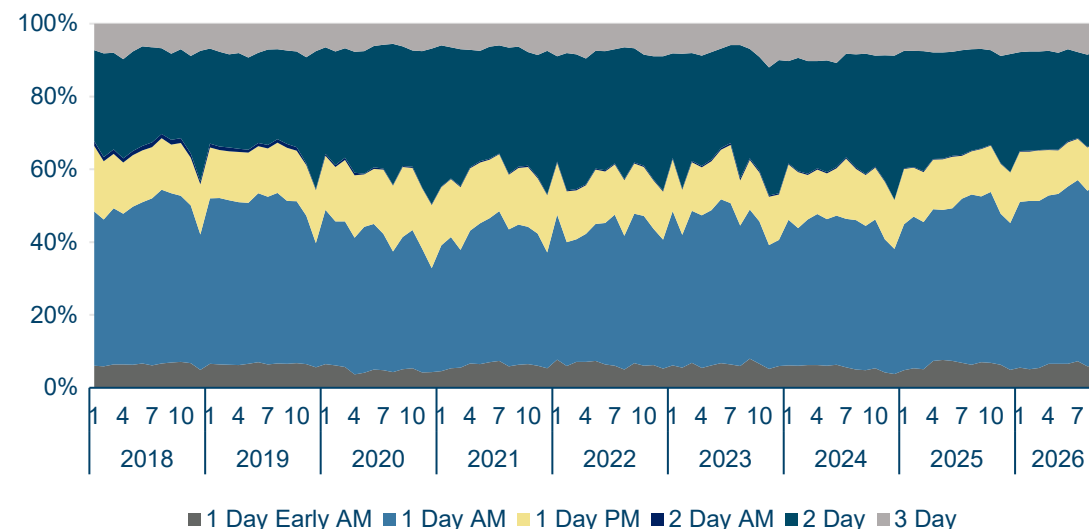


Express Parcel Cost Per Package increased 1.1% QOQ in Q3:2026, driven by higher billed weight, favorable service mix and higher fuel in September.

**Express Parcel Cost Per Package and Billed Weight
(Jan. 2018 as Base, FDX & UPS)**



Express Parcel Spend by Mix

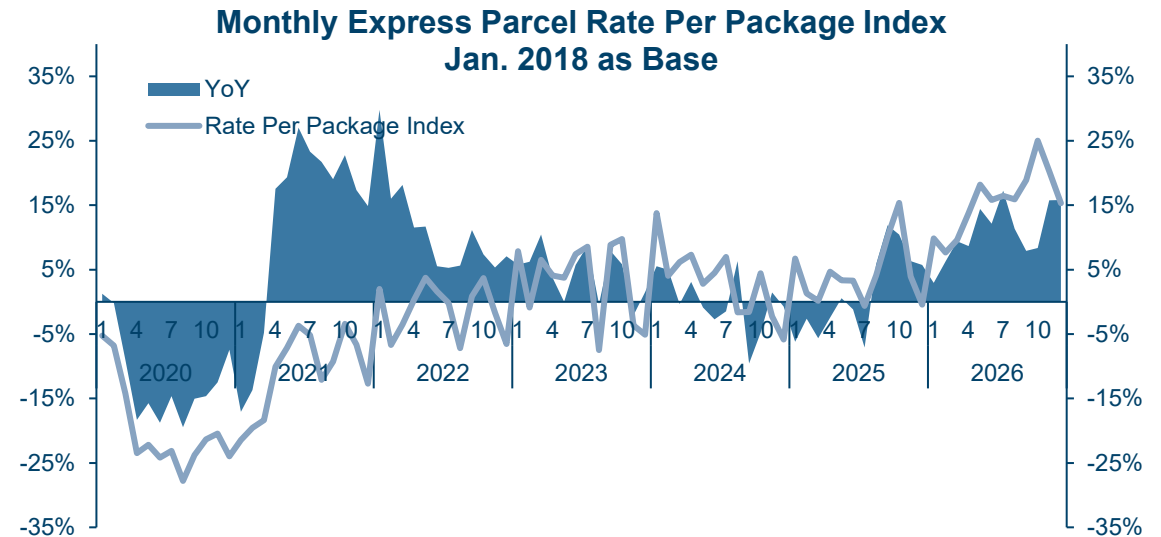


- Express Parcel Cost Per Package (CPP) continued to rise in Q3:2026, as higher billed weight, a richer service mix and increased accessorials outweighed lower fuel costs early in the quarter.
 - The average billed weight continued to increase, reflecting an ongoing decline in the share of lightweight shipments and carrier rating rule changes that raise billable weight.

- Service mix shifted further toward premium, a 1.2 percentage points increase QOQ.
- Higher accessorials cost added further upward pressure on CPP.
- The average carrier fuel surcharge declined a half percentage point QOQ, though September reversed the trend with an increase of more than 2 percentage points.

The TD Cowen/AFS Express Parcel Freight Index is forecast to extend its run of record-highs to 20.3% in Q4:2026, increasing 2.7% QOQ and 13.8% YOY.

- FedEx and UPS continue to lean on network reconfiguration and efficiency initiatives to lower operating costs, supporting margin improvement into 2027.
- Improved cost structure and revenue management capabilities give both carriers room to discount more aggressively while protecting margin.
 - Both FedEx and UPS are deepening discounts, with FedEx moving further than UPS.
 - Q3:2026 showed a divergence in approach: FedEx discounting skewed strongly toward large customers, while UPS increases were concentrated in the small and medium segments.
- Demand Surcharges began in late September and will escalate from late November, adding upward pressure on CPP in Q4:2026.
- The combination of deeper base discounts and higher surcharges continues to widen the gap between headline rates and what shippers pay.



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%	15.8%	17.1%	20.3%

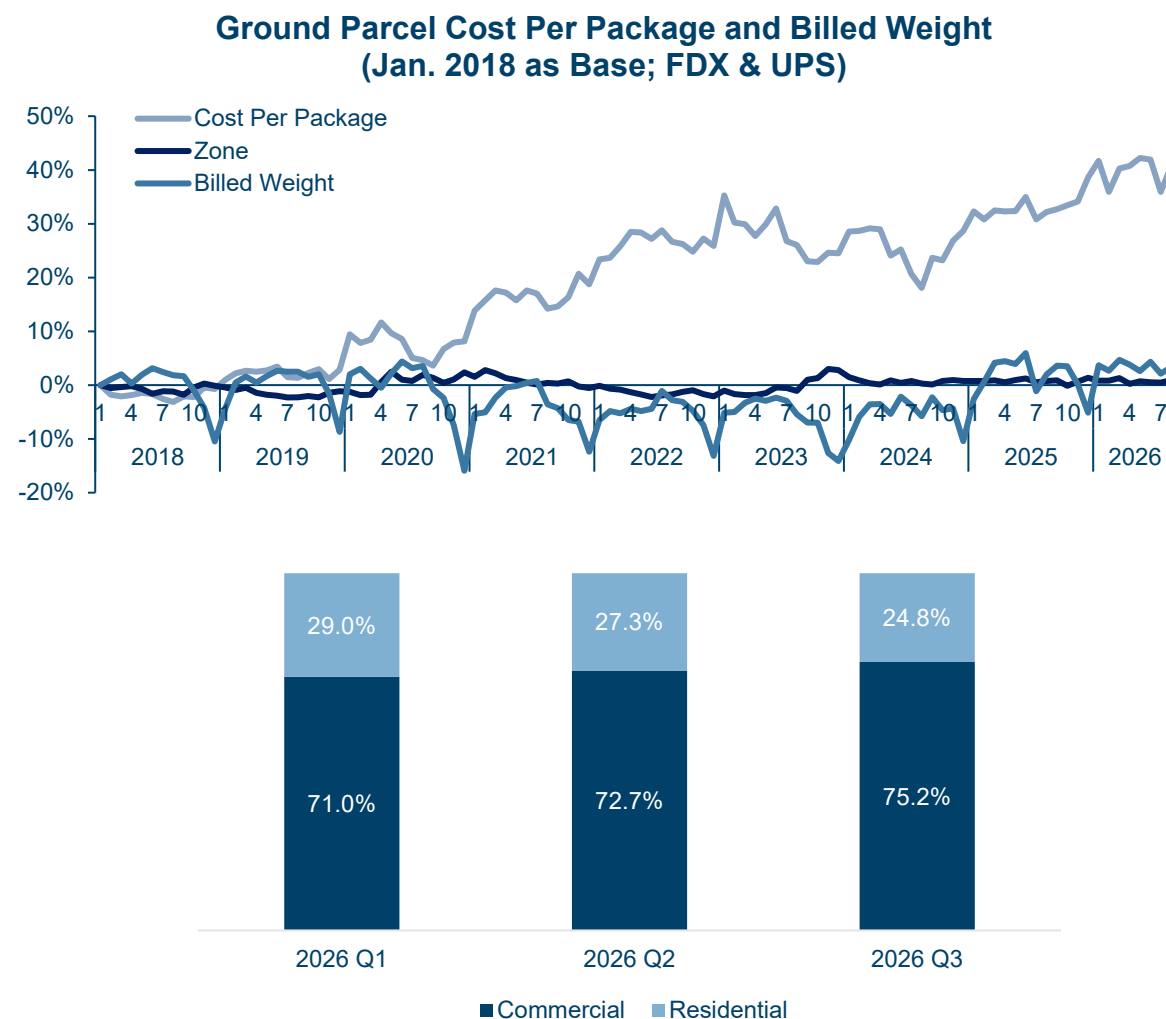
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Ground Parcel



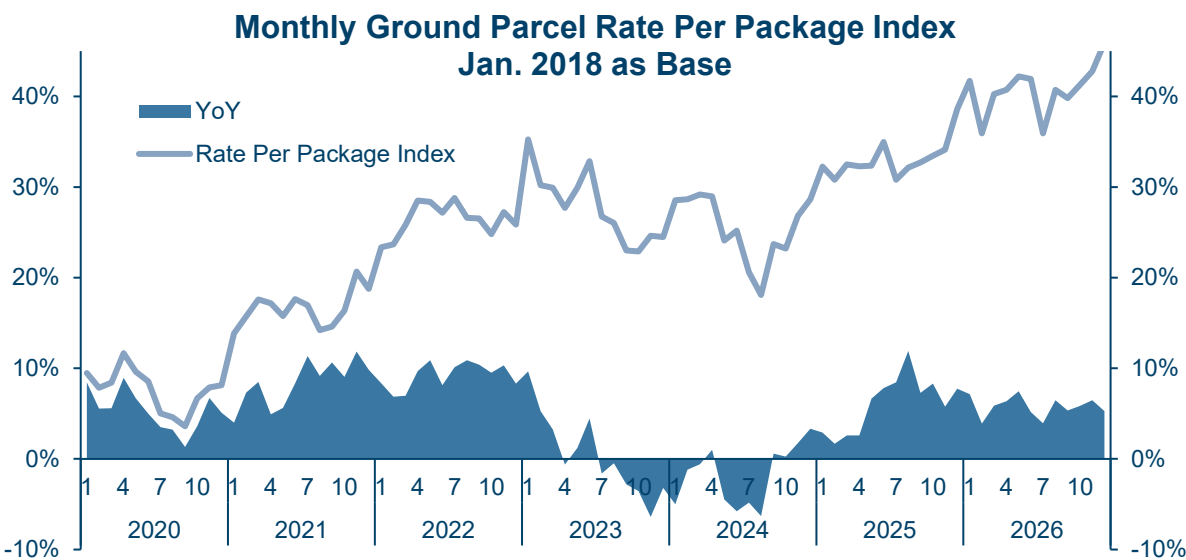
Ground Parcel Cost Per Package declined 2.0% QOQ in Q3:2026, due to lower fuel surcharge and accessorial spend.

- Ground Parcel CPP declined 2.0% QOQ as lower fuel surcharges, reduced accessorials and deeper discounting offset continued rate pressure.
 - The average effective fuel surcharge paid by shippers fell 4.7%, as diesel moderated through the first two months of the quarter before reaching a record-high in September.
 - Average accessorial charges declined, partly driven by a higher mix of commercial volume.
 - After a small decline in Q2:2026, discounts increased for both FedEx and UPS, returning to Q1 levels. Both carriers favored large shippers over small and medium ones.
- With diesel prices reaching a historic-high in late Q3:2026, carriers are likely to make further fuel-related adjustments to capture the market driven revenue windfall.



The TD Cowen/AFS Ground Parcel Freight Index is projected to set a record of 43.3% in Q4:2026, up 5.8% YOY and 3.2% QOQ.

- Demand Surcharges, which started in late September, will directly increase the average Ground Parcel Rate Per Package.
- Repeated fuel table revisions have decoupled fuel surcharges from diesel on the way down; even if crude oil price retreats in Q4:2026, the effective fuel surcharge will not fall materially.
- Alternative carriers continue to gain share as shippers diversify away from FedEx and UPS, a trend that accelerates into holiday peak when capacity tightens and tiered demand surcharges penalize incremental volume.
- A record Q4:2026 index reading would make 2026 the most expensive year yet for Ground parcel shippers.



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%	41.6%	38.8%	43.3%

Jan. 2018 = Base, Q4:2026 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

\$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 Providers² 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.

