



## **TD Cowen/AFS Freight Index**

July 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.

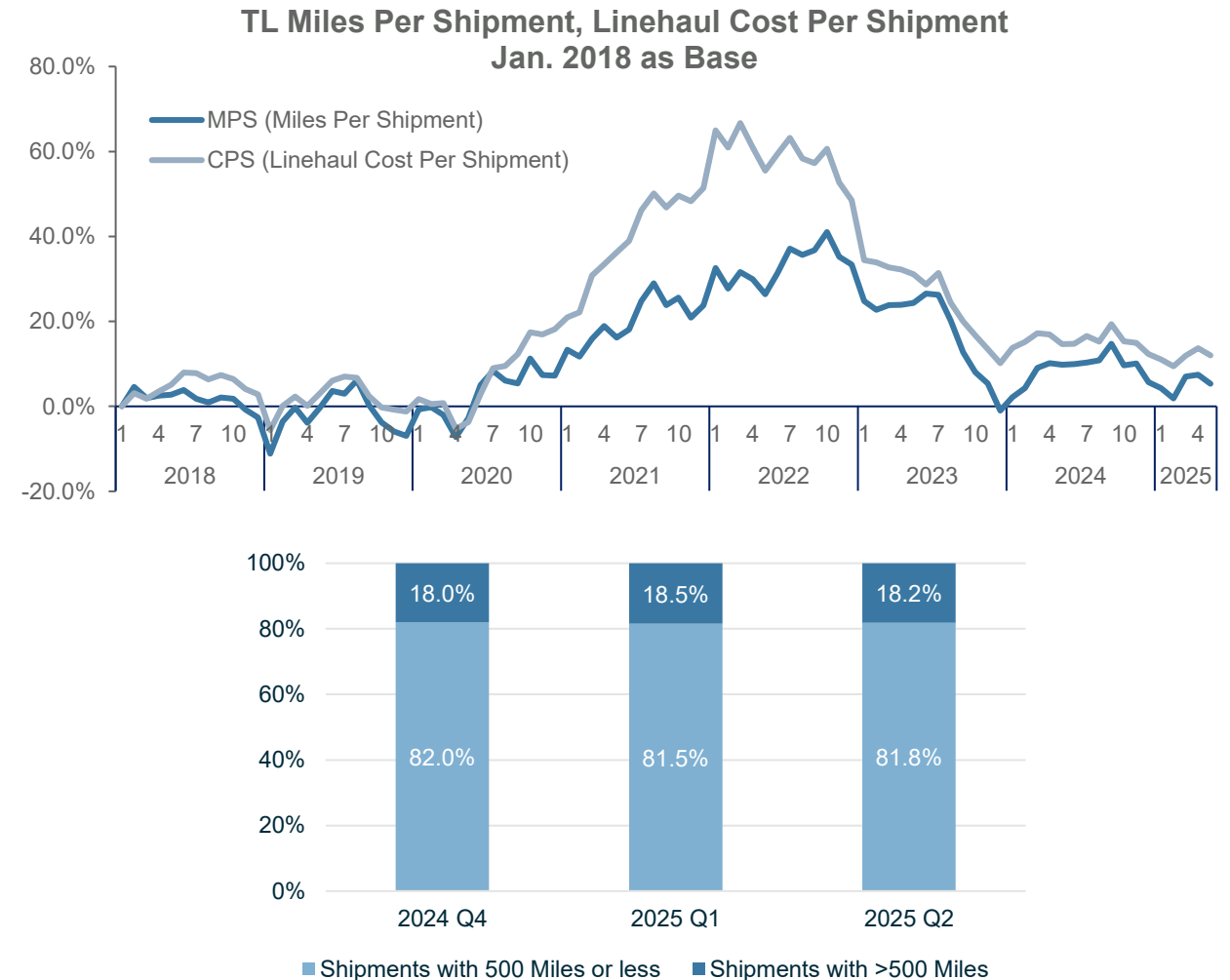
- The following rate indices are developed for these modes and quarterly rate predictions are provided using AFS freight data and macroeconomic variables.

# Truckload



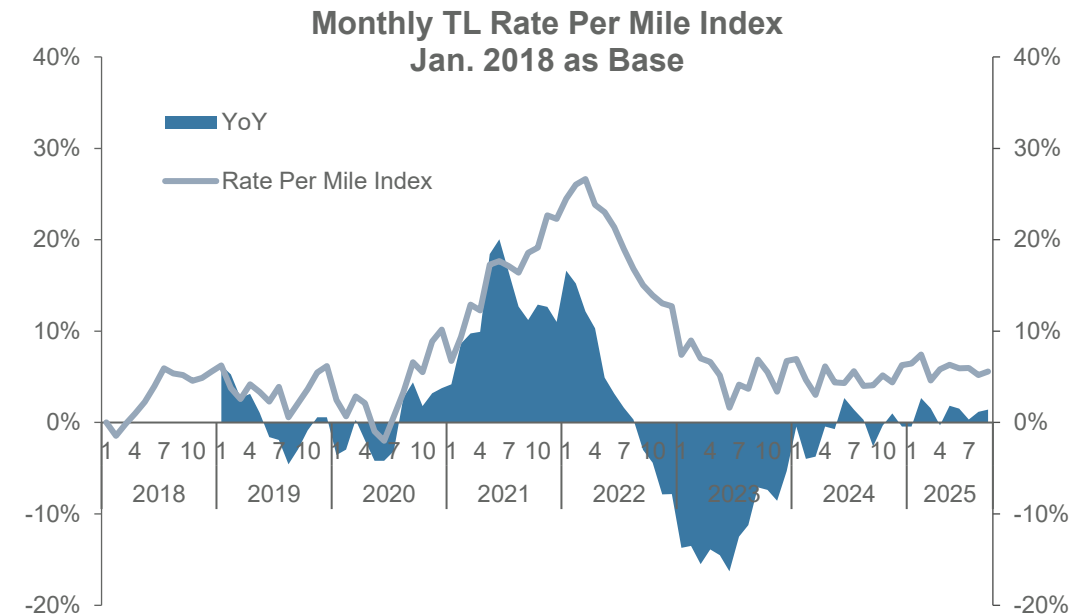
# In Q2:2025, average Truckload (TL) Linehaul Cost Per Shipment increased 1.7% QOQ, while Miles Per Shipment rose QOQ by 1.8%.

- In Q2:2025, Truckload (TL) Linehaul Cost Per Shipment (CPS) and Miles Per Shipment (MPS) showed increased alignment, potentially signaling stable market behaviors.
  - Given the continued uncertainty around tariff policies, it remains unclear whether this trend reflects a structural shift or a temporary coincidence.
  - Truckload freight rates remained under pressure from persistent excess capacity in the market.
  - However, ongoing carrier exits, combined with new regulatory guidance on stricter labor and language standards for truck drivers, could begin to ease the pressure on TL rates.
- Despite a QOQ uptick, CPS posted its tenth consecutive year-over-year quarterly decline in Q2:2025.
  - After dipping last quarter, CPS rebounded and held steady at 11.7% above the pre-pandemic levels.



# The TD Cowen/AFS Truckload Freight Index in Q3:2025 is projected to reach 5.6% in Q3:2025, reflecting a 0.4% QOQ decline and a 1.0% YOY increase.

- Ongoing trade and tariff uncertainty is hampering the truckload market's recovery from the freight recession that started three years ago.
  - Driven by front-loaded surge in imports and weakened consumer and government spending, US GDP contracted at an annual rate of 0.5% in Q1:2025.
  - After hitting a four-year low of 2.3% in April, inflation inched up to 2.4% in May 2025, as rising food and transportation costs were partially offset by continued declines in energy prices.
  - The Federal Reserve's current forecast includes two interest rate cuts before the end of 2025, but uncertainty around inflation and trade policy continues to cloud the timing.
- The TL Rate Per Mile Index is expected to ease to 5.6% in Q3:2025, continuing the trend of moderate YOY increase.



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%	6.0%	5.6%	

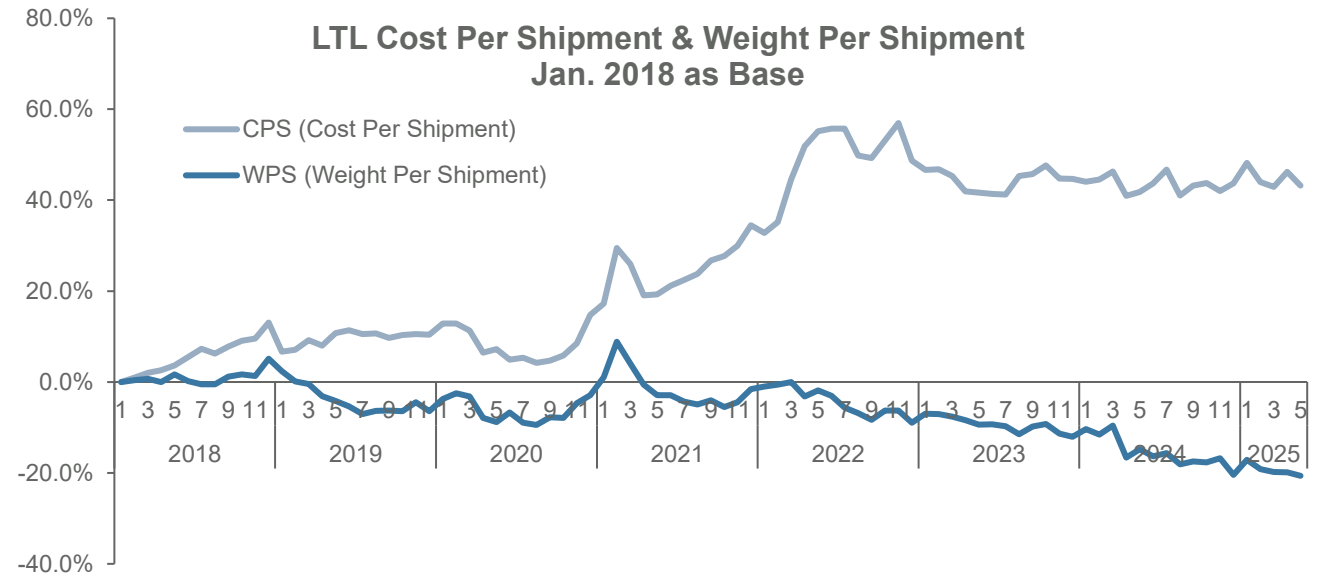
Jan. 2018 = Base, Q3:2025 forecasted

LTL



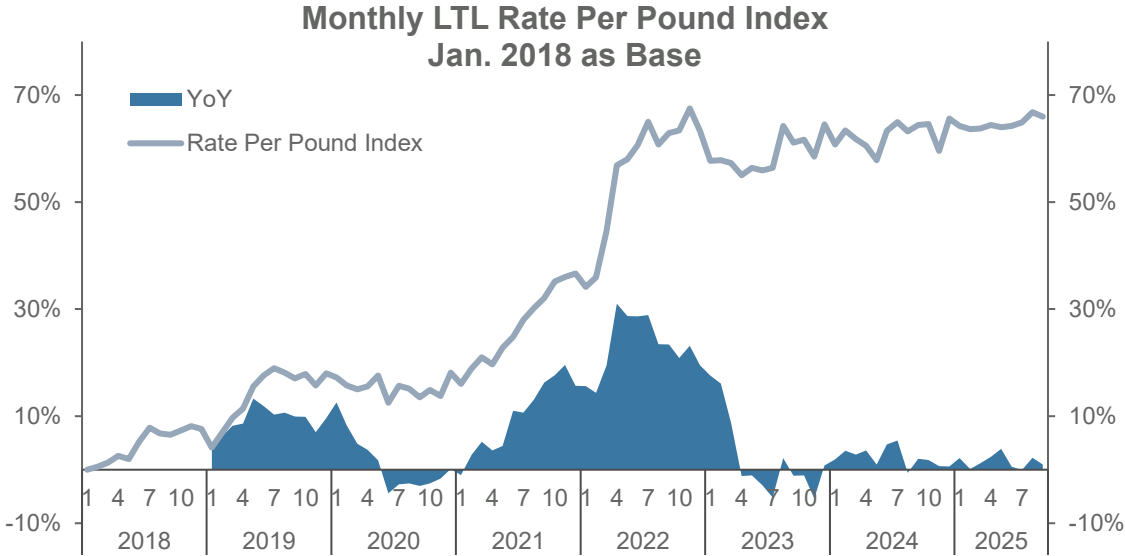
In Q2:2025, the LTL Cost Per Shipment declined 1.6% QOQ, primarily driven by a 1.8% QOQ reduction in the average Weight Per Shipment.

- In Q2:2025, the gap between LTL Cost Per Shipment (CPS) and Weight Per Shipment (WPS) widened slightly as WPS declined faster than CPS, partially due to soft demand in the LTL sector.
  - WPS declined by 5.1% YOY while CPS fell by 2.9%, indicating that carriers are holding firm on pricing and emphasizing revenue management strategies.
  - A 1.3% QOQ drop in average carrier fuel surcharges placed downward pressure on CPS, while a 3.6% rise in average length of haul exerted upward pressure.
- Despite easing fuel costs and lighter weights, LTL CPS remained elevated, with early June data showing signs of moderation in rates.



# The TD Cowen/AFS LTL Freight Index is forecast to hit a new record high of 65.9% in Q3:2025, marking a 1.0% increase both QOQ and YOY.

- LTL carriers continue to grapple with sluggish demand and mounting challenges stemming from the current trade policies.
  - While demand softness is well-documented, shifting trade policies pose additional challenges, driving carriers to maintain their focus on yield management tactics.
  - The ISM Manufacturing PMI experienced its fourth consecutive month of contraction in June 2025, suggesting the LTL freight recovery may be prolonged.
  - The NMFC system will transition to a density-based classification framework in July 2025, raising costs for shipments with low density or inefficient packaging.
- The TD Cowen/AFS LTL Freight Index in Q3:2025 is expected to reach 65.9%, marking a 1.0% YOY increase, in part due to seasonal factors.
  - Q3:2025 will register the seventh consecutive quarter with positive YOY changes, signaling continued yield momentum despite ongoing market uncertainties.



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%	64.2%	<b>65.9%</b>	

Jan. 2018 = Base, Q3:2025 forecasted



Parcel



## Carriers have weaponized fuel surcharge as a revenue tool, with UPS leading aggressive pricing shifts and FedEx possibly following suit.

- Carriers continued to rely on fuel surcharge as a quiet revenue lever – easy to impose, broadly applied, highly effective at revenue generation, and often lacking transparency to shippers.
  - Fuel surcharge has largely decoupled from the actual fuel costs, shifting from its original intent as a cost-recovery mechanism to a tool for revenue extraction.
  - Figure 1 illustrates the evolution of fuel surcharges over the past 12 months, holding diesel price constant at June month-end level to highlight increases driven by carrier actions rather than fuel price fluctuations.
  - It is worth noting that FedEx and UPS fuel surcharge rates are identical as of June 2025.
- UPS has taken a more aggressive approach in 2025, overhauling its rating logic and rolling out new surcharges. While some of the changes are structured to encourage operational efficiency, others function as penalties.

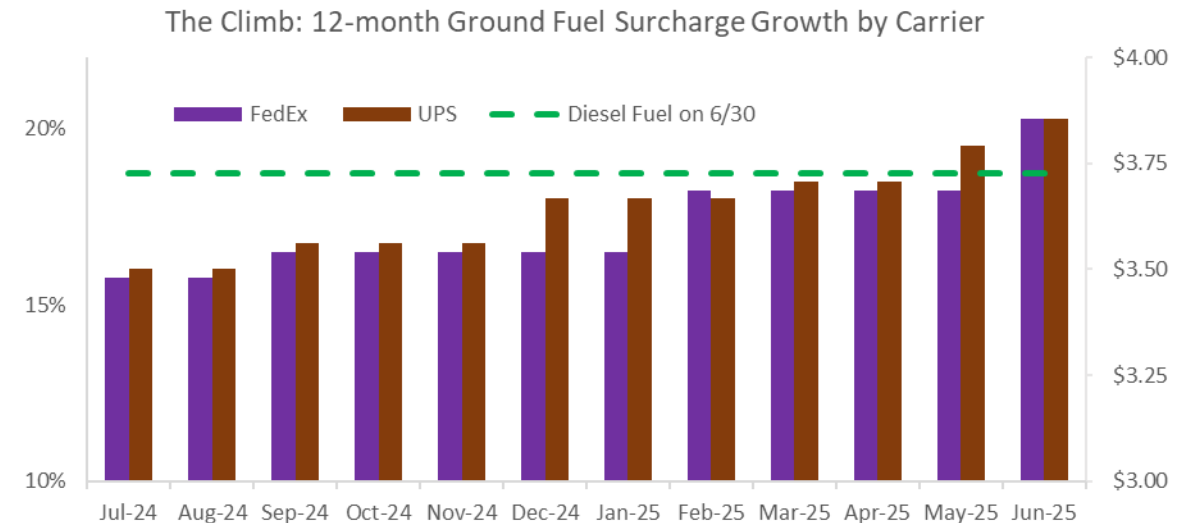


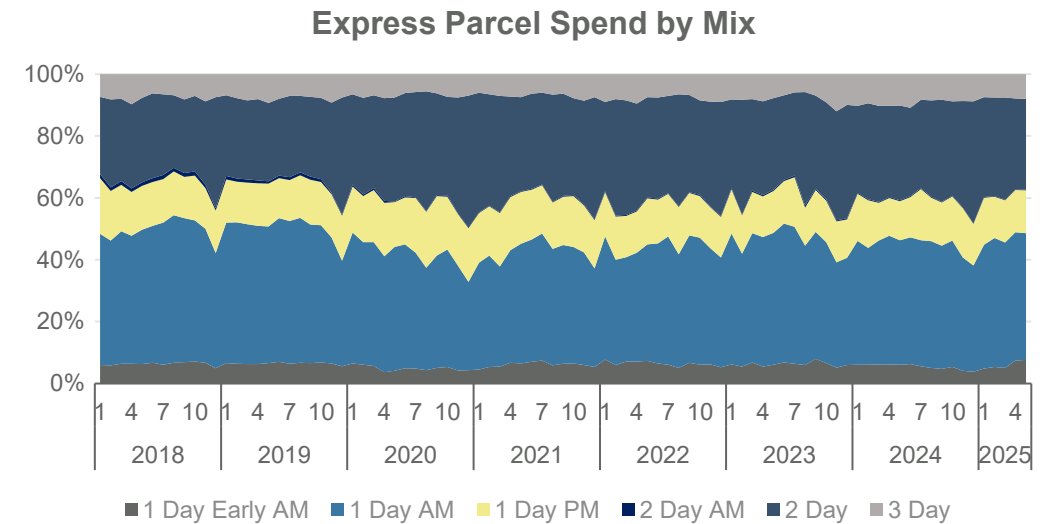
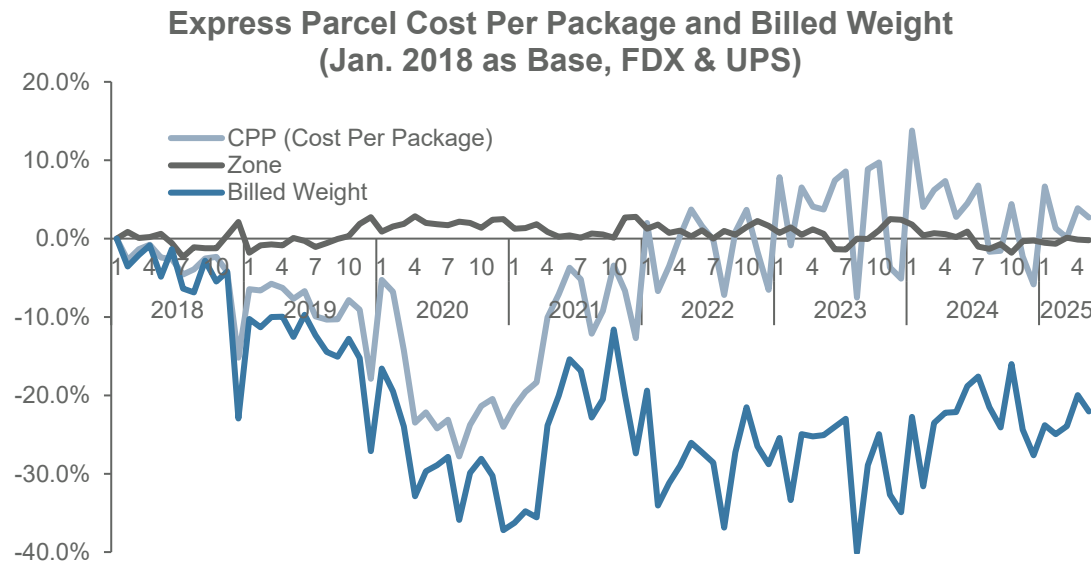
Fig. 1

- The upcoming UPS changes to the Additional Handling surcharge could impose substantial cost burdens on shippers. FedEx's lack of an immediate matching response suggests system constraints and hints a possible "me too" move later.

# Express Parcel



The Cost Per Package for Express Parcel increased by 1.1% QOQ in Q2:2025, driven by higher billed weight and favorable shift in service mix.

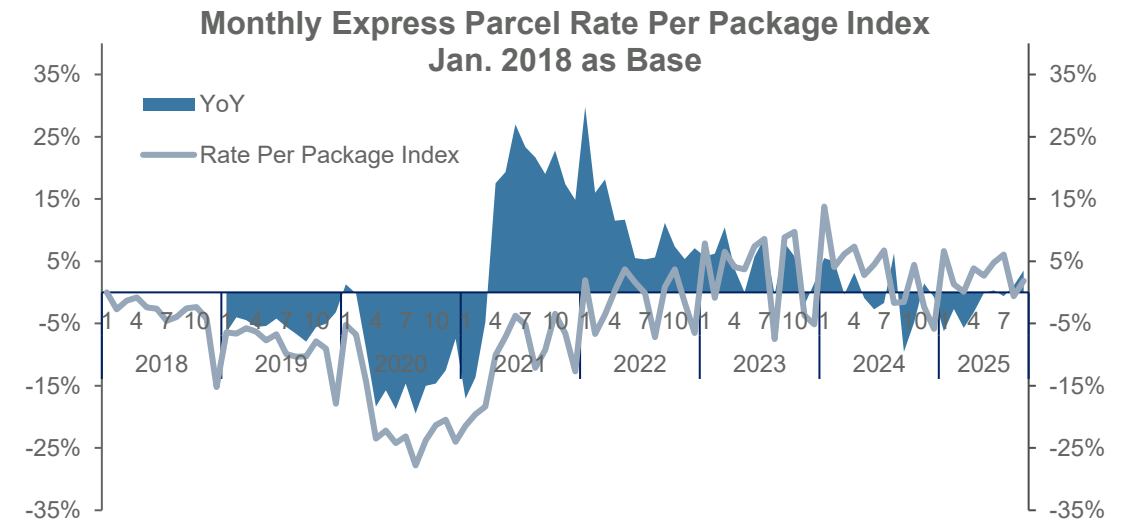


- Express Parcel Cost Per Package rose by 1.1% QOQ, primarily due to heavier weight per package and increased usage of premium services in Q2:2025.
  - The average billed weight per package rebounded, contributing to an increase in Cost Per Package.
  - Service mix shifted favorably toward premium services, increasing by 2.6 percentage points QOQ.

- Despite a 10.3% QOQ decline in USGC jet fuel index, carrier fuel surcharge rates increased by 0.6% due to frequent carrier adjustments.
- Following last quarter's discount decline, Q2 levels held steady, suggesting an emerging trend of pricing power shifting toward carriers.

# The TD Cowen/AFS Express Parcel Freight Index is projected to reach 2.3% in Q3:2025, a 1.1% YOY increase but a 1.4% QOQ decrease.

- As evidenced by average discounts staying stable in the most recent quarters, both UPS and FedEx appear committed to prioritizing revenue quality while driving cost efficiencies.
  - In its June earnings call, FedEx confirmed “improvement in the pricing environment”, signaling increased confidence in capturing higher yields.
- Both carriers continue to focus on network optimization, executing facility closures and workforce reductions to calibrate operational capacity with evolving volume trends and cost structures.
- The fuel surcharge arms race is expected to persist into Q3:2025.
- The TD Cowen/AFS Express Parcel Freight Index is forecast to reach 2.3% for Q3:2025, reflecting seasonal changes.



**Express Parcel Rate Per Package Freight Index**

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%	3.8%	<b>2.3%</b>	

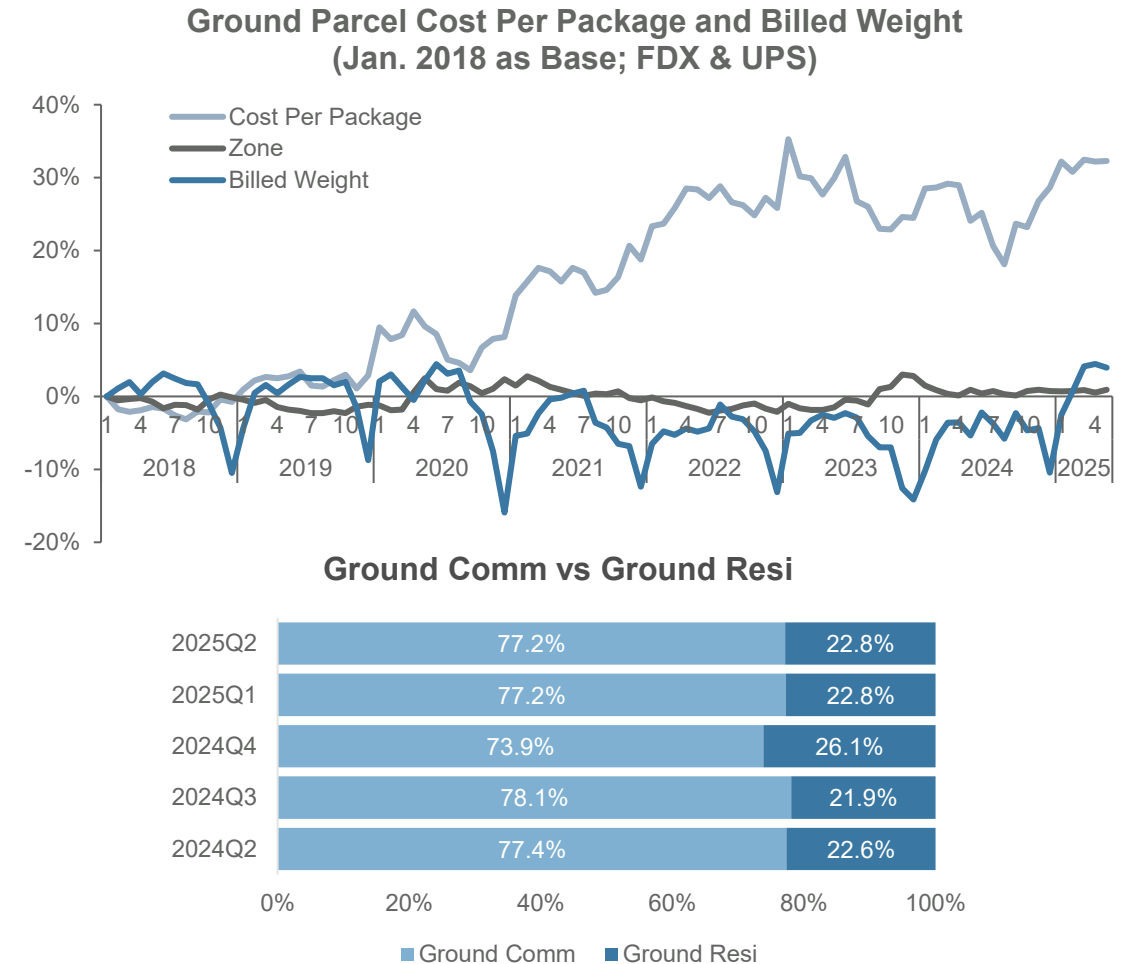
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# Ground Parcel



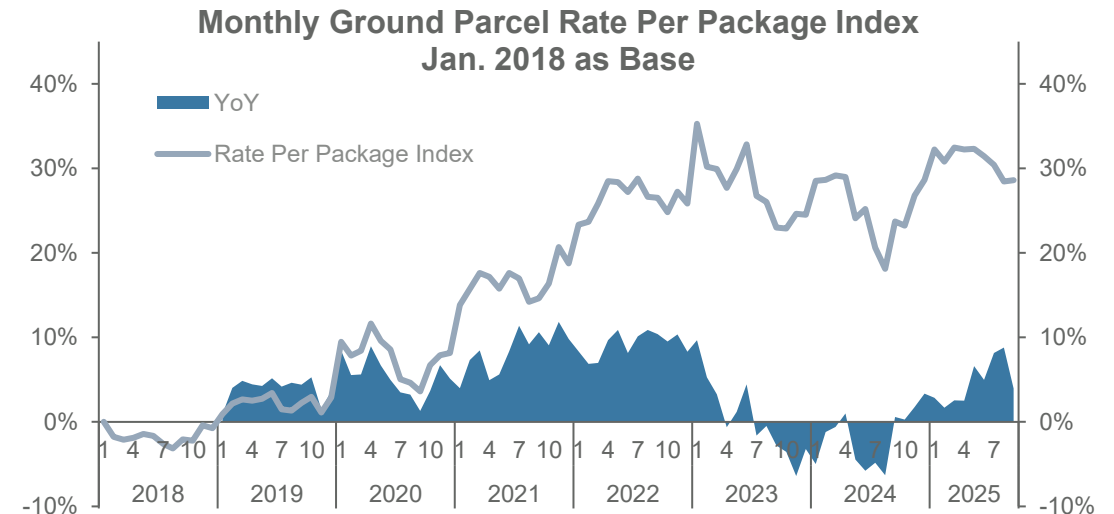
# Ground Parcel Cost Per Package edged up 0.1% QOQ, reaching a record high of 32% in Q2:2025.

- In Q2:2025, Ground Parcel Cost Per Package rose 0.1% QOQ, resulting in a significant YOY increase of 4.6%.
  - The recent trend of frequent carrier rate increases prompted shippers to optimize costs by diverting low-value, lightweight packages to slower services or alternative carriers. This shift drove a discernible rise in average billed weight per package, ultimately driving Cost Per Package higher.
  - Despite a 1.9% quarterly decline in diesel prices, carrier fuel surcharges increased 5.1% QOQ.
  - The downward trend in accessorial spend persists, partially driven by the phase-out of peak season demand surcharges. Ground Commercial and Residential have stabilized to pre-peak operational norms, exerting downward pressure on accessories.



# The TD Cowen/AFS Ground Parcel Freight Index is expected to reach 29.2% in Q3:2025, representing a 7.0% YOY increase and a 2.2% QOQ decrease.

- The TD Cowen/AFS Ground Parcel Freight Index is forecasted to be 29.2% in Q3:2025, declining 2.2% QOQ.
  - With volume pressures persisting, carriers are doubling down on revenue optimization through fuel surcharge adjustments and targeted accessorial fee updates, just in time for 2025 peak season.
  - As carriers more effectively balance cost and revenue, discounts are stabilizing, reflecting a more carrier-friendly pricing environment.
  - FedEx initiatives integrating Express and Ground networks enabled streamlined pickup operations and introduced a unified pricing structure for pickup fees.
- The TD Cowen/AFS Ground Parcel Freight Index is projected to remain elevated in Q3:2025, influenced by ongoing revenue quality efforts and gradual shifts in pricing dynamics.



**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%	32.0%	29.2%	

Jan. 2018 = Base, Q3:2025 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**<sup>1</sup> 2023 Market Guide for Freight Audit and Payment Providers<sup>2</sup> and **GARTNER**<sup>1</sup> 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](http://www.afs.net).

