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# LTL Executive Briefing

## November 2025

Presented by SMC³

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Armada Corporate Intelligence

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# Monthly LTL Executive Briefing

## In Search of Demand

**Briefing Date: November 2025**

### Highlights

**6-Month Outlook**

**Overall:** Demand remains broadly sporadic and elusive. Recent weak consumer and corporate sentiment readings suggest that a pullback in spending and investment is still taking place. Despite notions of $5 trillion + in foreign and corporate investment, that spending is slow to manifest in the broader economy.

- Retail sales data through the front-end of the peak shows modest growth, but there are caveats.
  - The divergence in spending between households making more than $75k a year and those making less is becoming clearer. Losing the lower half of consumer spending is a concern moving forward and will likely take Fed intervention to reverse.
  - Inflation may be masking actual unit sales. Total sales revenue growth of 3% may be yielding an actual drop in total unit sales of 1%, after the impacts of inflation are factored-in.
- Not all is negative. Overall GDP is expected to be in-line with expectations, if not a bit ahead. The government shutdown will mask some growth figures, but Real GDP was still showing growth in the 3% in Q3 (likely slowing to 1.2-1.5% in Q4 with the shutdown impact). But segments of the economy continue to do well and promises for significant increases in spending and investment in 2026 are still on the table.

**Manufacturing**:

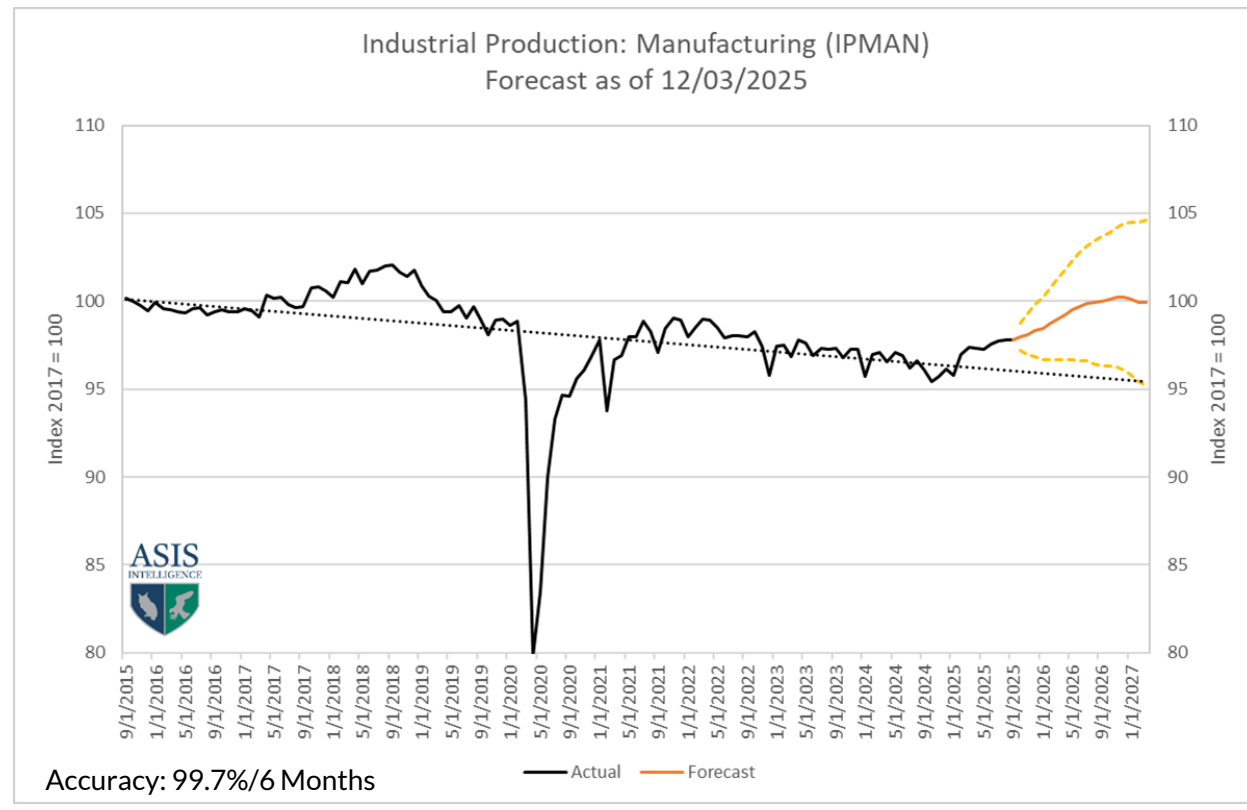
- US manufacturing data in the S&P Global PMI index shows manufacturing stable through November, the PMI was 52.2 vs. 52.5 last month. The ISM manufacturing PMI remained in contraction at 48.2, down from 48.7 in the prior month with new orders also in contraction at 47.4 (down from 49.4 in October).
- Global activity also remained sluggish through November, with some optimism seeping into the 2026 outlook in Europe, India, smaller Asian nations, and South American markets while larger Asian nations and Canada were projecting sluggishness ahead. Trade uncertainty and tariffs were still the most mentioned factor of concern looking into 2026.

**Sentiment**:

- Dismal consumer and business confidence continues to be of concern. Various measures of sentiment continue to show consumer confidence near recession levels. Corporate sentiment is also weak and remains a key concern moving forward, especially for small businesses. Even ending the government shutdown will not provide enough relief, since a possible January shutdown still looms. The concern in the freight market is that these weak sentiment measures are impacting investment and spending and will continue to do so if levels remain this low.

## Manufacturing Demand Forecast

- **Outlook:** The updated forecast for IPMAN still shows moderate growth of 2.2% for the full year (unchanged from last month and higher than contraction of -0.2% in 2024). Historic average = 2.0%.
- Conditions remain fairly flat until Q2 of next year in which a modest acceleration in growth is expected. Key drivers of that growth would include Fed easing of rates in December and a follow-up in Q1, realization of consumer-level tax breaks in March/April (which is expected to spur some additional spending), a clean trade environment and smoother supply chain replenishment cycles.
- Manufacturing PMIs as mentioned are mixed. The S&P Global measure (which may include a broader set of respondents) was still showing some strength with moderate expansion at 52.2. The ISM remained in contraction as mentioned. New orders were modest and finished inventories were building for manufacturers.
- **Importance:** Industrial Production in Manufacturing (IPMAN) has a high correlation to daily LTL shipment counts.




Accuracy: 99.7%/6 Months

# Monthly LTL Executive Briefing

**Briefing Date: November 2025**

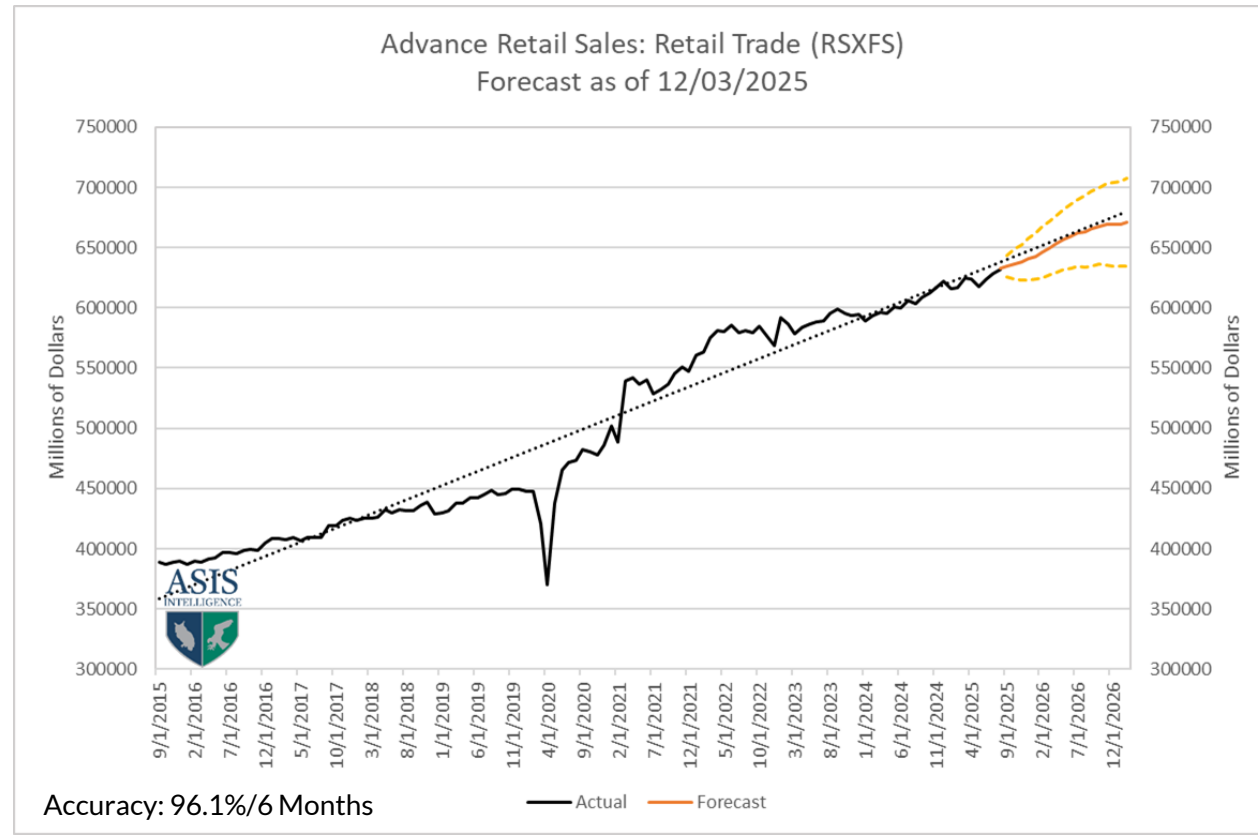
## Retail Demand Forecast

- **Outlook:** The most recent retail model remained modestly below the long-term average (black-dotted line in the graph on the right). The outlook shows continued growth overall, but conditions will be choppy through the first part of 2026.

- As is well reported, there is concern that many consumers are using more aggressive debt instruments to make retail purchases during the peak season. Typically, that depresses spending in the subsequent quarters – to a degree. Last year's surge in buy-now-pay-later utilization did not have as large an effect on spending in Q1 and Q2 as expected, but cumulative debt buildup for middle- and lower-income families could eventually take its toll.

- Inflation will play a modest role in this forecast. Inflation adjusted retail sales through September were up a modest 1.2% Y/Y.

- **Importance:** Consumer spending accounts for 70% of US GDP and is a primary sector for LTL, accounting for nearly 40% of total revenue for many carriers.



Accuracy: 96.1%/6 Months

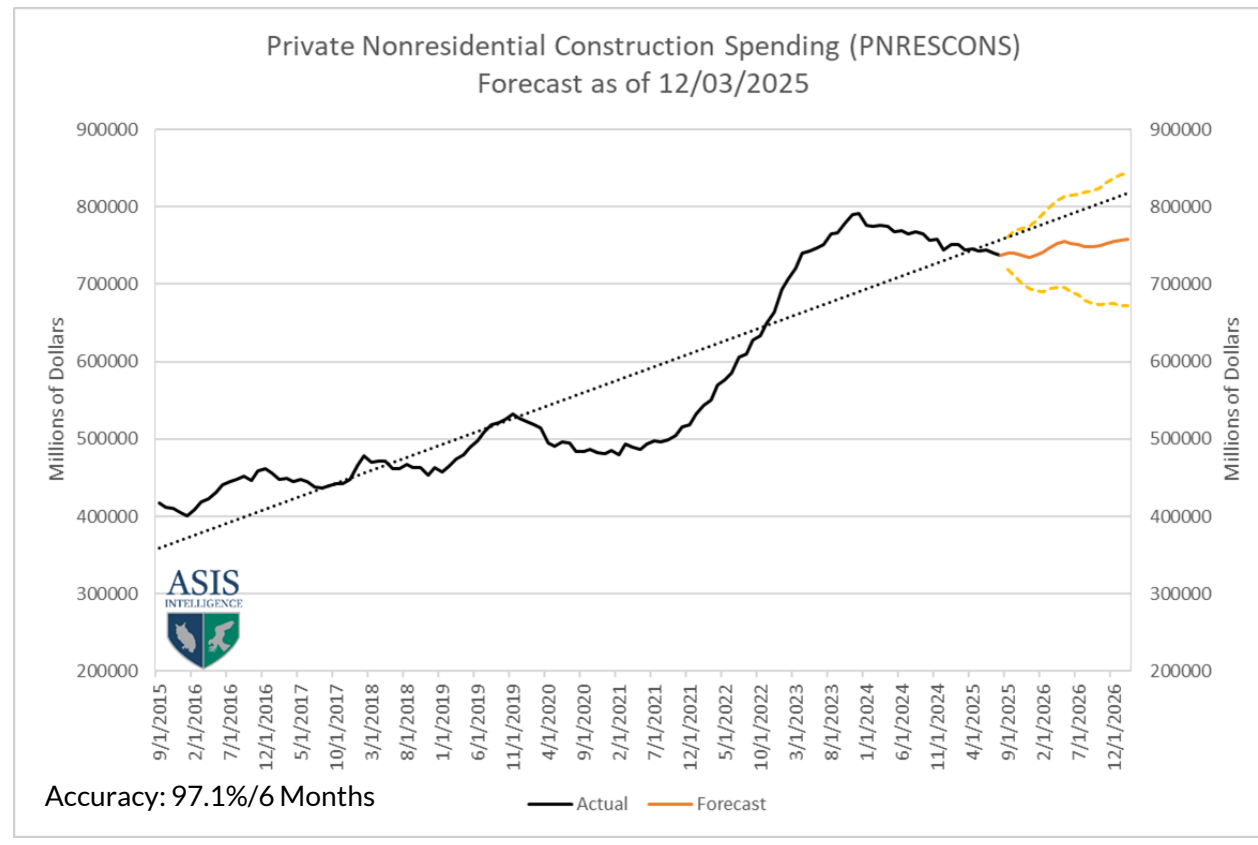
## Nonresidential Construction Demand Forecast

- **Outlook:** The forecast for nonresidential construction remained sluggish in the new outlook. This one is also picking up a Q2 improvement in activity.

- Through September, new project 'announcements' were still running twice as high as prior years (a good signal for the year ahead). But many of these are conceptual and remain in the design and planning phase. Until they become active construction projects, they will not show up in spending data.

- As mentioned before, there are many 'announcements' of more than $5 trillion in 'promises' to build in the US by firms and countries, but there is no guarantee that it will happen and those planned projects were not yet showing up through November.

- **Importance:** Nonresidential construction is the largest competitor for CDL drivers.



Accuracy: 97.1%/6 Months

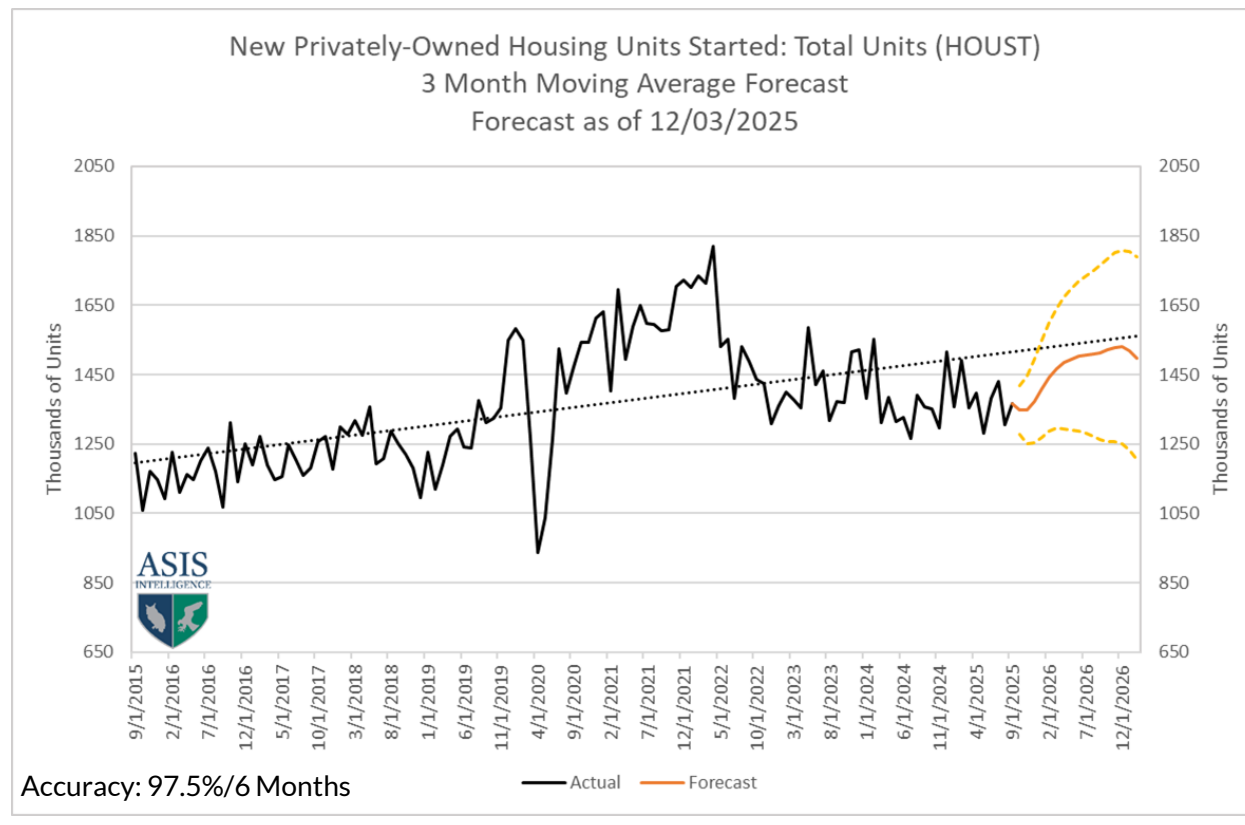
## Residential Construction Demand Forecast

- **Outlook:** The residential housing market is showing a far more optimistic outlook in the latest readings.

- Several forecasts in the marketplace are suggesting that the housing market will rebound in 2026 largely due to pent-up demand and interest rates that are expected to approach 6% by mid-year. NAR is forecasting a 5% annual increase in home building activity in 2026 (arguably coming off weaker 2025 performance). The firm forecasts 2026 starts to be perhaps as high as 1.45 million, up from 1.31 million this year and 1.35 in 2024.

- Despite this, home builder sentiment is still depressed and housing data (prior to the government shutdown) showed continued sluggishness. Sentiment can change quickly, but builders are looking for more foot traffic.

- **Importance**: A single home can produce up to 7 full truckloads of freight and the residential market can contribute more than 16% of US GDP.



Accuracy: 97.5%/6 Months

# Monthly LTL Executive Briefing

## Automotive Demand Forecast

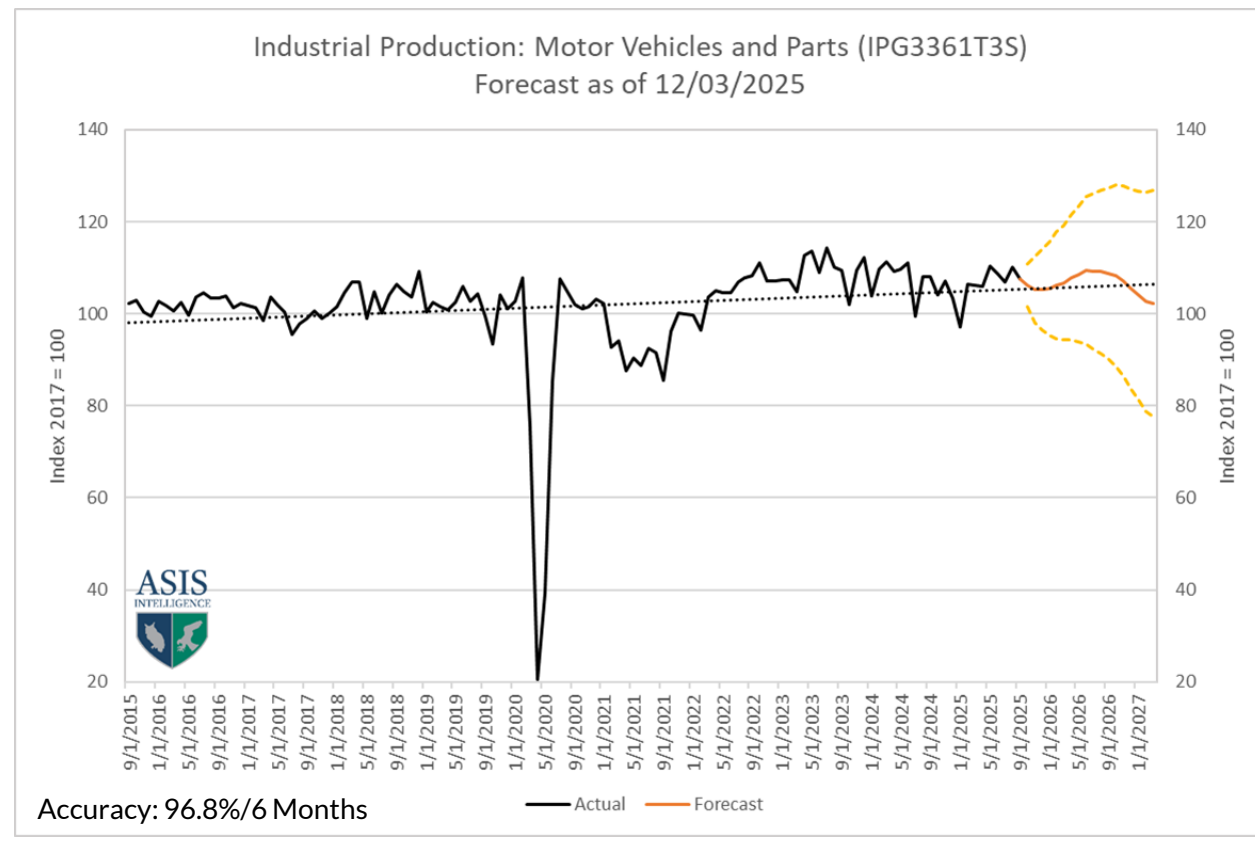
**Briefing Date: November 2025**

- **Outlook:** The automotive forecast turned much weaker in this month's output. After a sluggish end to the year, it is predicting modest improvement in Q2/Q3 before tailing off by the end of 2026. Again, the tail end of the forecast can "whip" a bit as new data is released, but the front end is typically stable – and it is not sending growth signals.

- Government data is slow to be released, but private sector data showed that actual unit sales in November were at a 15.6-million-unit pace for 2025, down from the 16.2M average for Q3 and below consensus forecasts for 15.7M. If this data proves accurate (vs. Federal figures) this is a 5.2% annual drop.

- The Federal Reserve lowering interest rates will help spur sales and the interest tax deduction for auto sales will specifically help many lower- and middle-income households.

- **Importance:** The auto sector is one of the largest employers in the country, accounting for 11 million direct/indirect jobs. Many LTL shipments feed the sector ranging from OEMs to Tier 1, 2, and 3 suppliers.



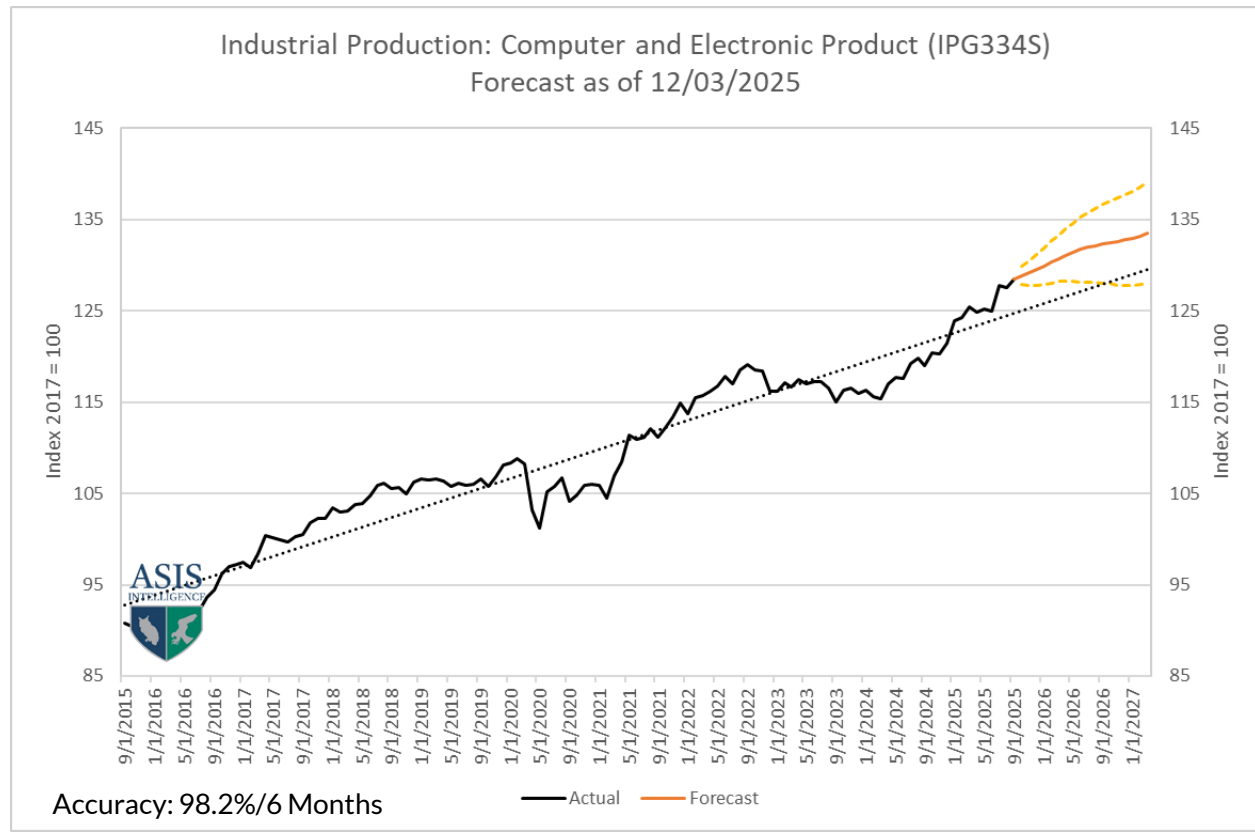

Accuracy: 96.8%/6 Months

## Computers and Electronic Product Demand Forecast

- **Outlook:** Computer manufacturing activity continued to show a strong growth signal in the latest forecast, continuing through 2026 and into 2027.

- Many analysts are starting to call for some acceleration in consumer and small business computer replenishment cycles. Many made purchases during the 2020 lockdown period, and those units will be approaching 6 years of age. That replenishment cycle, along with large corporate spending for data centers, advanced manufacturing, and automation should keep sales firm.

- **Importance:** Computer and electronic sales will play a bigger role in future LTL freight volumes as technology becomes even more prolific. In addition, it is a strong driver of expedited and high-value goods shipments.



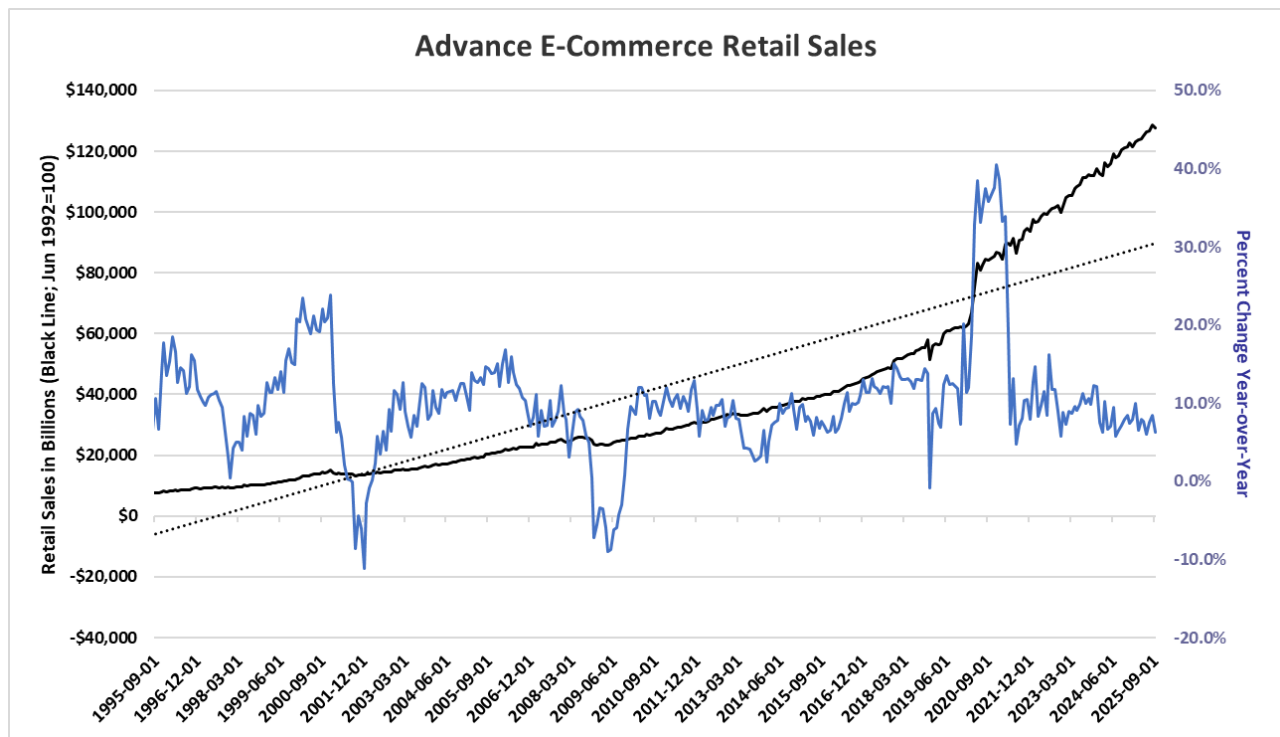

Accuracy: 98.2%/6 Months

## E-Commerce Sales

- **Outlook:** Government data is still lagging, but September sales settled back down into a 6% Y/Y growth level. That is somewhat underperforming (sales in September last year were up 7.4% Y/Y).

- Private sector e-commerce sales data for the start of the peak is bullish. Adobe Analytics reported that sales were up 7% Y/Y for Cyber Week. But again, discounting was significant as some sources reported discounting in electronics on-average may be as high as 31% (compared to 25% last year).

- **Importance:** E-commerce as a sales channel has had a prolific impact on LTL freight volumes over the past two decades and will continue to be a strong driver of growth as it continues to gain market share over traditional brick-and-mortar.

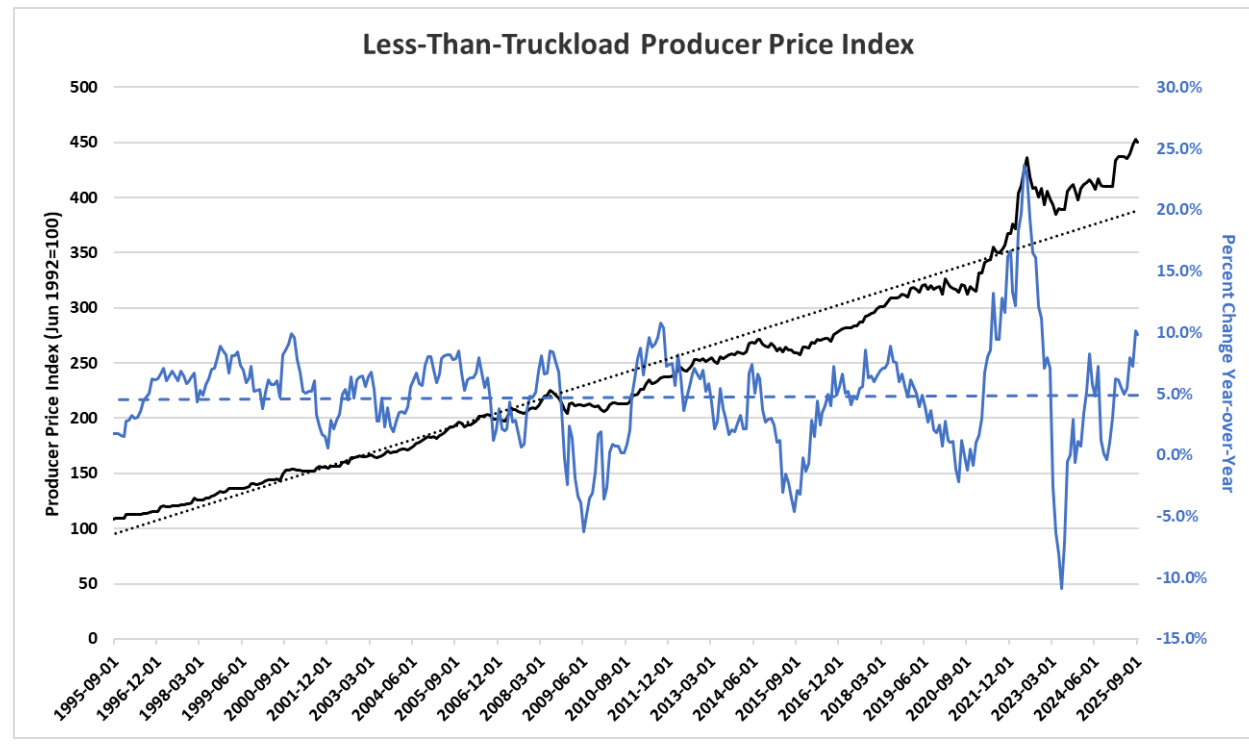


# Monthly LTL Executive Briefing

**Briefing Date: November 2025**

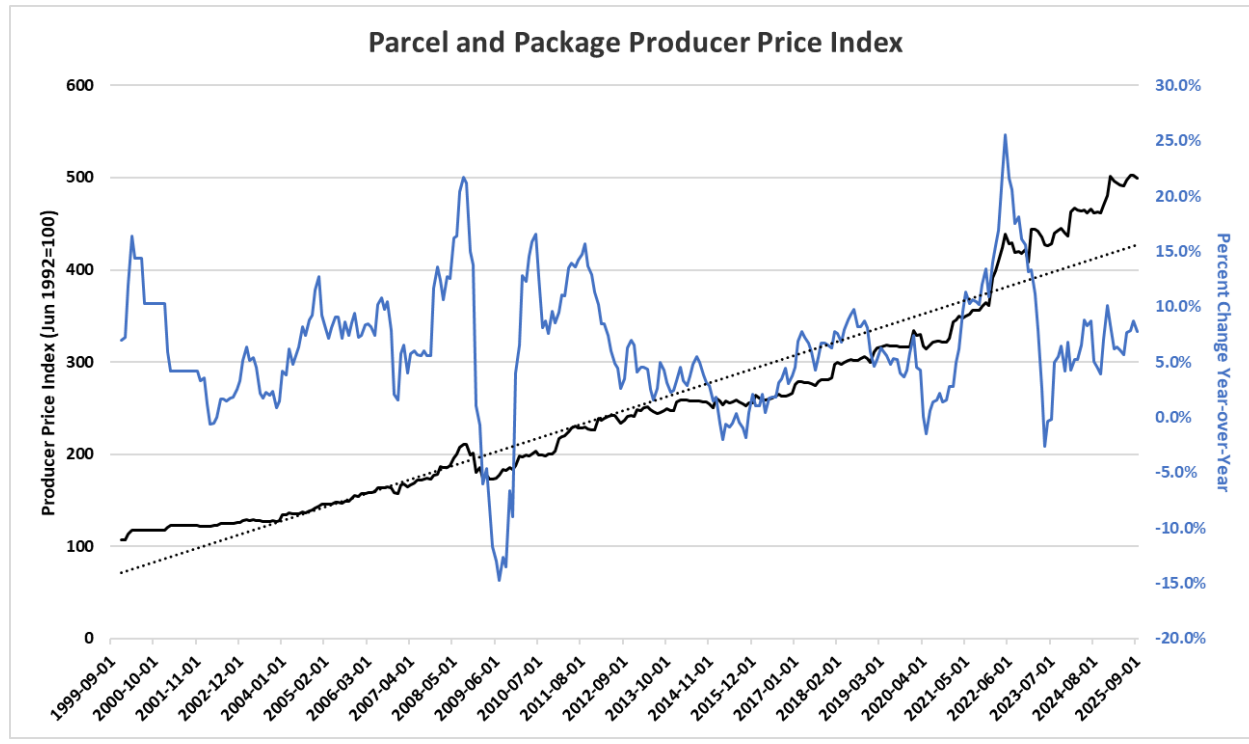
## LTL Producer Price Index

- The LTL Producer Price Index includes both contract/spot rates and has fuel in the mix. The survey is conducted by the Census Bureau each month and incorporates 150-200 surveys of users of LTL. Although just recently released after the government shutdown, the PPIs still lagged a month at the time of writing.
- The index was moderately lower by 0.5% M/M in September (+1.1% last month and the latest available) and remained up sharply by 9.9% Y/Y (+10.1% Y/Y last month).
- It continues to remain well above the long-term trend (dotted black line) and is still sharply higher in the past five months despite the soft sequential pace.
- Mode shift from LTL to TL was being mentioned more frequently, which could add pricing pressure concurrent with softer demand signals.



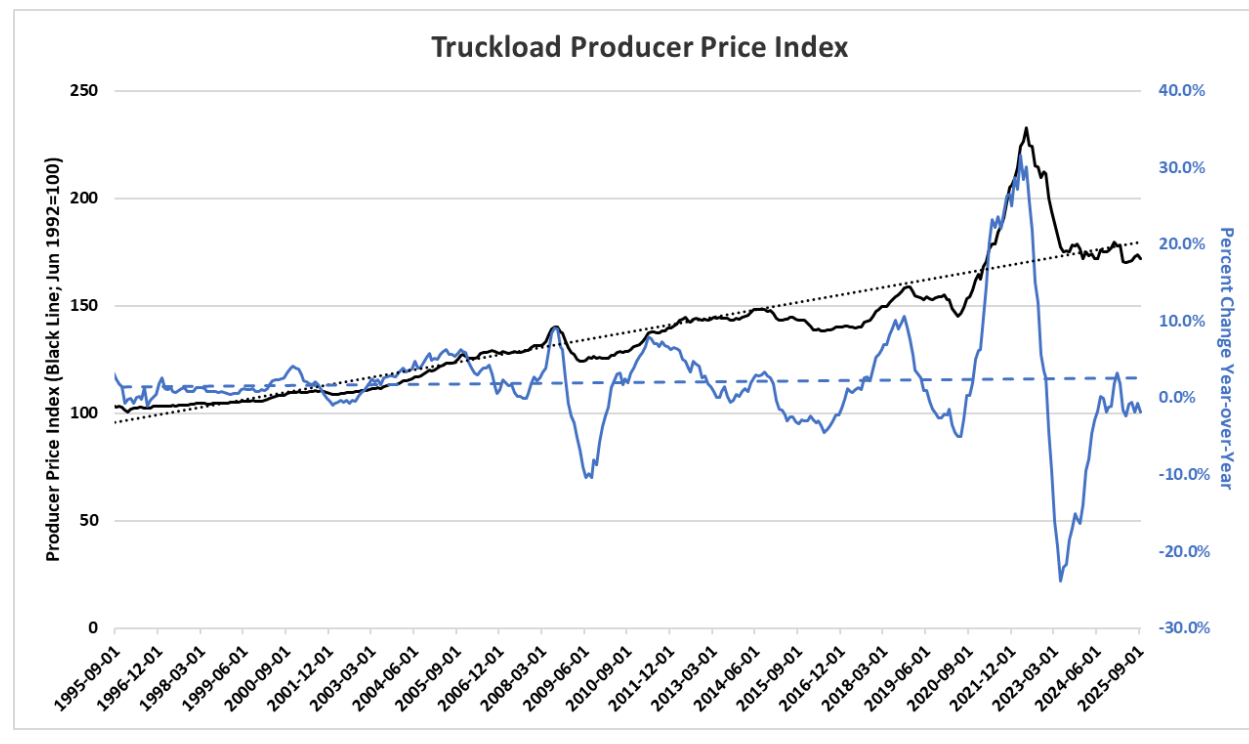

## Parcel Producer Price Index

- **Outlook:** The Producer Price Index for parcel and package was lower by 0.6% M/M through September (unchanged last month) but remained significantly higher by 7.8% Y/Y (8.7% last month).
- Volumes are expected to increase 5% Y/Y to more than 2.3 billion packages, being affected by one extra shopping day this year between Thanksgiving and Christmas.
- Despite a 5.9% GRI, TD Cowen estimated that the effective price increase for most shippers was closer to 8-12% due to aggressive surcharge hikes (large/bulk packages and remote area deliveries).
- Among the 4 largest providers, Amazon and FedEx were reporting solid growth while other carriers were flat or down slightly, likely reflecting shipper mix differences (more closely related to "K" shaped consumer spending trends).
- **Importance:** Parcel volumes driven by e-commerce have been a strong driver of LTL growth over the past decade.




## TL Producer Price Index

- The truckload Producer Price Index includes spot and contract rates (and fuel), and like other PPIs, was affected by the government shutdown. September was the latest data available at this time.
- The PPI for TL was down by 1.0% M/M through September (+0.6% last month and the latest available); and it remained moderately lower by 1.8% Y/Y (-0.8% Y/Y last month) and is still slightly below the long-term trend (dotted black line).
- DAT showed spot TL rates up 0.5% Y/Y through November and were up 05% M/M vs. October levels as well.
- Load-to-Truck-Ratios were still sharply ahead of 2024 levels; ratios were 5.55 compared to 3.85 last year and 3.21 in 2023.



# Monthly LTL Executive Briefing

**Briefing Date: November 2025**

## Macroeconomic Outlook

| | 6-Month Outlook |
|---|---|
| • **Federal Reserve Has the Fodder for December Cuts**<br>  • Weaker private labor data would seem to support another Fed rate cut in December. However, inflation data is still a concern among many Open Market Committee members. The Fed will meet December 15-16 and will not only announce new rate policy but will also provide its updated rate forecast for 2026. In its last version, the Fed forecasted a 25-basis cut in December and another in Q1. Although moderate, these cuts would help build some momentum for some sectors (specifically discretionary retail and automotive). | |
| • **Product Spending Still Lagging**<br>  • Between 2020 and 2022, product spending accounted for nearly 38% of total spending, and historically has been 33-35%. Since 2022, product spending has only contributed 30% of total spending, a figure that seems small but equates to more than $1.05 trillion in total spending that remains shifted to services and experiences, and away from sectors that drive freight demand.<br>  • The problem is that many consumers spent heavily during the pandemic on durable goods, products that have a lifespan of 3-15 years. Some sectors are returning into their replenishment cycles, but some will remain sluggish for some time. Other economic factors will have to drive new demand (improved new housing construction specifically). | |
| • **Diesel Price Forecast for 2026 Moves Up in Latest Release**<br>  • The EIA has moved its per-gallon forecast for retail diesel from $3.40 a gallon for 2026 to $3.50 a gallon. Wholesale prices are projected to average $2.15. The latest national average for diesel prices moved higher M/M to $3.76 a gallon at the time of writing ($3.69 a gallon in the last briefing) and were now $.22 per gallon higher than last year. US exports of refined diesel are up 22% Y/Y, keeping inventories tighter despite softer crude oil prices. | |
| • **Residential Housing: NAR Lifts 2026 Outlook**<br>  • Government data on housing was still lagging at the time of writing (due to the prolonged government shutdown). But private sector data showed divergent views.<br>  • The National Association of Home Builders (NAHB) showed that builder sentiment was still weak at 38 points (it was 83 in 2022 for perspective), and the long-term average was 53. Price discounting is accelerating and foot traffic is sluggish.<br>  • But the National Association of Realtors (NAR) has significantly lifted its forecast for 2026 with existing home sales growth of 14% Y/Y and new homes sales more moderately growing at a 5% rate. Much of the catalyst for this change is that NAR is projecting interest rates to move from 6.7% on average in '25 to 6.0% in '26. | |
| • **Labor Condition Concerns Remain Elevated**<br>  • With government data lacking, most focus is still on private data from ADP. The latest reading showed a divergence in experiences with large firms still adding headcounts while small firms were shedding.<br>  • Private payrolls fell by 32,000 in November overall (against expectations for 20K-40K additions).<br>  • Professional and Business Services shed 26K, information 20K, manufacturing 18K, and construction 9K.<br>  • One additional concern is that many of the headcount losses continued a white-collar layoff trend that could affect consumer spending at a more alarming rate than prior cycles. Job replacement (whether directly or indirectly related to AI and automation) is beginning to hit high-paying positions, and those losing their positions are reporting a longer period out of work before finding a new role. | |

## Macroeconomic Outlook

Source: US Federal Reserve

| | 2024 | | | | 2025 | | | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | | | | | |
| Real GDP | 1.6 | 3.0 | 3.1 | 2.3 | -0.5 | 3.8 | 3.3 | 1.4 | 2.3 | -2.8 | 5.9 | 2.1 | 2.9 | 2.7 | 2.2 | 2.5 |
| Unemployment rate (%) | 3.8 | 4.0 | 4.2 | 4.2 | 4.2 | 4.1 | 4.2 | 4.3 | 3.7 | 8.1 | 5.4 | 3.6 | 3.6 | 4.2 | 4.3 | 4.2 |
| PCE Inflation (%Y/Y) | 2.7 | 2.6 | 2.3 | 2.5 | 2.5 | 2.5 | 2.8 | 3.0 | 1.5 | 1.1 | 4.0 | 5.6 | 3.7 | 2.5 | 2.9 | 2.5 |
| Core PCE Inflation (%Y/Y) | 3.0 | 2.7 | 2.6 | 2.8 | 2.6 | 2.7 | 2.9 | 3.0 | 1.7 | 1.3 | 3.5 | 4.8 | 4.1 | 2.5 | 3.0 | 2.5 |
| Fed Funds Rate | 5.4 | 5.2 | 4.8 | 4.3 | 4.3 | 4.1 | 3.8 | 3.6 | 1.6 | 0.1 | 0.1 | 4.4 | 5.4 | 4.3 | 3.6 | 3.4 |
| Canada Real GDP | 0.6 | 0.9 | 1.0 | 1.6 | 0.6 | 0.9 | 1.0 | 1.6 | 1.8 | -5.2 | 4.5 | 3.4 | 1.1 | 1.6 | 1.7 | 2.0 |
| Unemployment rate (%) | 6.1 | 6.4 | 6.5 | 6.6 | 6.7 | 6.5 | 6.5 | 6.5 | 5.8 | 9.7 | 7.5 | 5.3 | 5.8 | 6.5 | 6.5 | 6.3 |
| Mexico Real GDP | 1.8 | 1.0 | 1.0 | 2.1 | 0.6 | 1.0 | 1.0 | 2.1 | -1.8 | -8.2 | 5.0 | 2.7 | 1.6 | 1.3 | 1.5 | 2.5 |
| Unemployment rate (%) | 2.3 | 2.9 | 3.0 | 3.2 | 3.2 | 3.4 | 3.3 | 3.2 | 5.0 | 7.9 | 7.1 | 4.1 | 2.6 | 3.2 | 3.2 | 3.2 |

# Monthly LTL Executive Briefing

## Additional Market-Shaping Items to Note

**Briefing Date: November 2025**

- **Sentiment Remains Weak, Which is Impacting Spending**
  - Coming out of the government shutdown, consumer sentiment data is not rebounding as expected. Various readings from different sources show sentiment still near historically low levels (University of Michigan at second lowest reading on record and the Conference Board Expectations Index plummeted to 63.2 – with readings under 80 historically signaling a recession within 12 months). There was a lot happening in a short period of time in October/November, and we need to see another month or two of sentiment data to see if it "pops", but this is having a significant impact on demand and discretionary spending (non-essential).
  - Keep in mind the "K" shaped recovery. Upper and upper-middle-income households and larger corporations are still faring well, while lower and lower-middle-income households and small businesses have spent through their emergency resources and many are trimming spending. This divergence (arguably the first since 1979-1982) is why there is such a large range of experiences in the market. Some firms are booming, while others are struggling to survive.

## Global Economic Items to Note

- **November Manufacturing Mixed**
  - The November US PMI according to S&P Global slipped from 52.5 to 52.2. New orders, which are critical for forecasting LTL movement in the weeks ahead, were sluggish this month. Comparatively, the ISM manufacturing PMI remained in contraction at 48.2, down from 48.7 in the prior month with new orders also in contraction at 47.4 (down from 49.4 in October).

- **Important Details**
  - Global manufacturing slipped into seasonal moderation in November, but the look ahead differs by region. European firms are generally more upbeat about 2026 along with South American manufacturers. Asian firms are still uncertain about the outlook for 2026. Pockets such as Vietnam, Singapore, Thailand, and India were far more optimistic than their counterparts.

  - The biggest signal coming out of the November reports was a general concern over profitability. Many foreign firms have "eaten" tariff impacts, discounting products to maintain market share but significantly trimming margins. Many were signaling in their November surveys that they were likely unable to continue this into Q1 without risking liquidity and closure. That could signal a 'delayed wave' of inflation pressure mounting for early next year. And of course, that will bring Federal Reserve inflation concerns to the forefront if this plays out as expected.

| | | | Manufacturing | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| Country PMI | Trade with US (in billions) | Current Month | Latest Month PMI | Prior Month PMI | M/M Change | Current Month | Latest Month PMI | Prior Month PMI | M/M Change |
| US | | Nov | 52.2 | 52.5 | -0.3 | Nov | 54.1 | 54.8 | -0.7 |
| Global PMI | $ 4,700 | Nov | 50.5 | 50.9 | -0.4 | Nov | 52.7 | 53.0 | -0.3 |
| Canada | $ 665 | Nov | 48.4 | 49.6 | -1.2 | Nov | 44.3 | 50.5 | -6.2 |
| Mexico | $ 661 | Nov | 47.3 | 49.5 | -2.2 | | | | |
| China | $ 655 | Nov | 49.9 | 50.6 | -0.7 | Nov | 52.1 | 52.6 | -0.5 |
| Eurozone PMI | $ 632 | Nov | 49.6 | 50.0 | -0.4 | Nov | 52.8 | 52.5 | 0.3 |
| ASEAN | $ 369 | Nov | 53.0 | 52.7 | 0.3 | | | | |
| Japan | $ 210 | Nov | 48.7 | 48.2 | 0.5 | Nov | 53.2 | 53.1 | 0.1 |
| Germany | $ 201 | Nov | 48.2 | 49.6 | -1.4 | Nov | 53.1 | 54.6 | -1.5 |
| South Korea | $ 161 | Nov | 49.4 | 49.4 | 0.0 | | | | |
| UK | $ 118 | Nov | 50.2 | 49.7 | 0.5 | Nov | 51.3 | 52.3 | -1.0 |
| Taiwan | $ 114 | Nov | 48.8 | 47.7 | 1.1 | | | | |
| India | $ 113 | Nov | 56.6 | 59.2 | -2.6 | Nov | 59.8 | 58.9 | 0.9 |
| Vietnam | $ 113 | Nov | 53.8 | 54.5 | -0.7 | | | | |
| Netherlands | $ 88 | Nov | 51.8 | 51.8 | 0.0 | | | | |
| Ireland | $ 88 | Nov | 52.8 | 50.9 | 1.9 | Nov | 58.5 | 56.7 | 1.8 |
| Switzerland | $ 87 | Oct | 48.2 | 46.3 | 1.9 | | | | |
| Italy | $ 83 | Nov | 50.6 | 49.9 | 0.7 | Nov | 55.0 | 54.0 | 1.0 |
| France | $ 80 | Nov | 47.8 | 48.8 | -1.0 | Nov | 51.4 | 48.0 | 3.4 |
| Brazil | $ 78 | Nov | 48.8 | 48.2 | 0.6 | Nov | 50.1 | 47.7 | 2.4 |
| Singapore | $ 65 | Nov | 55.4 | 57.4 | -2.0 | | | | |
| Thailand | $ 60 | Nov | 56.8 | 56.6 | 0.2 | | | | |
| Australia | $ 39 | Nov | 51.6 | 49.7 | 1.9 | Nov | 52.8 | 52.5 | 0.3 |
| Indonesia | $ 37 | Nov | 53.3 | 51.2 | 2.1 | | | | |
| Russia | $ 36 | Nov | 48.3 | 48.0 | 0.3 | Nov | 52.2 | 51.7 | 0.5 |
| Spain | $ 35 | Nov | 51.5 | 52.1 | -0.6 | Nov | 55.6 | 56.6 | -1.0 |
| Hong Kong | $ 34 | Nov | 52.9 | 51.2 | 1.7 | | | | |
| Philippines | $ 23 | Nov | 47.4 | 50.1 | -2.7 | | | | |
| Poland | $ 11 | Nov | 49.1 | 48.8 | 0.3 | | | | |
| Greece | $ 3 | Nov | 52.7 | 53.5 | -0.8 | | | | |

Sources: S&P Global, Caixin, JP Morgan, Jibun Bank, Nevi, BME, CIPS

## Important to Note

- **One Significant Factor Keeping Freight Volumes Sluggish**
  - It was mentioned last month that one of the reasons for the delayed recovery of freight volumes is the divergence between consumer services spending vs. product spending. Historically, spending on services has accounted for approximately 65-67% of total spending while product spending has made up the remaining 33-35%. But during the pandemic, goods spending surged to 37-40% of total personal consumption expenditures, much of it on durable goods that have an average lifespan of 3-15 years.

  - After the spending spree slowed in 2022, inventories surged and as consumers shifted more of their spending to services, freight volumes stalled. Today, services spending is still 70% of total spending. That gap in product spending (from 33-35% which is normal to 30% today), just to put in perspective, is more than $1.05 trillion in spending that would normally be in the product sector (driving freight demand).

  - **What brings it back and when does it get back into a historical "norm"?** Consumers loaded up on durable goods purchases during the lockdown, and only a portion of those products are hitting their replacement cycles (i.e. recreational products, some autos, computers, etc.) But other categories like furniture, appliances, RVs, boats, etc. are still far away from their replenishment cycle. Changing economic conditions are needed to push consumers to make new purchases in those categories (to push them to replace products that are still working). What will change this cycle fastest is real wage growth, stable stock market performance, easing credit conditions, and improvements in consumer and business sentiment.

  - As for timing, much of it will come down to the Fed easing of interest rates to quickly improve sentiment. Having a more certain and stable operating and trade environment will help – but that seems to remain a bit elusive. New home construction is critical, and if the NAR forecast mentioned prior is any indication, there could be some modest improvement in 2026 construction. But it will take time, this "feels" more like a Q2 and beyond scenario (which seems to correspond with most of the forecast models covered earlier in this month's briefing). And that would be driven first and foremost by the Fed easing rates and Treasury yield rates following it downward.