A LOGISTICS NEWSLETTER

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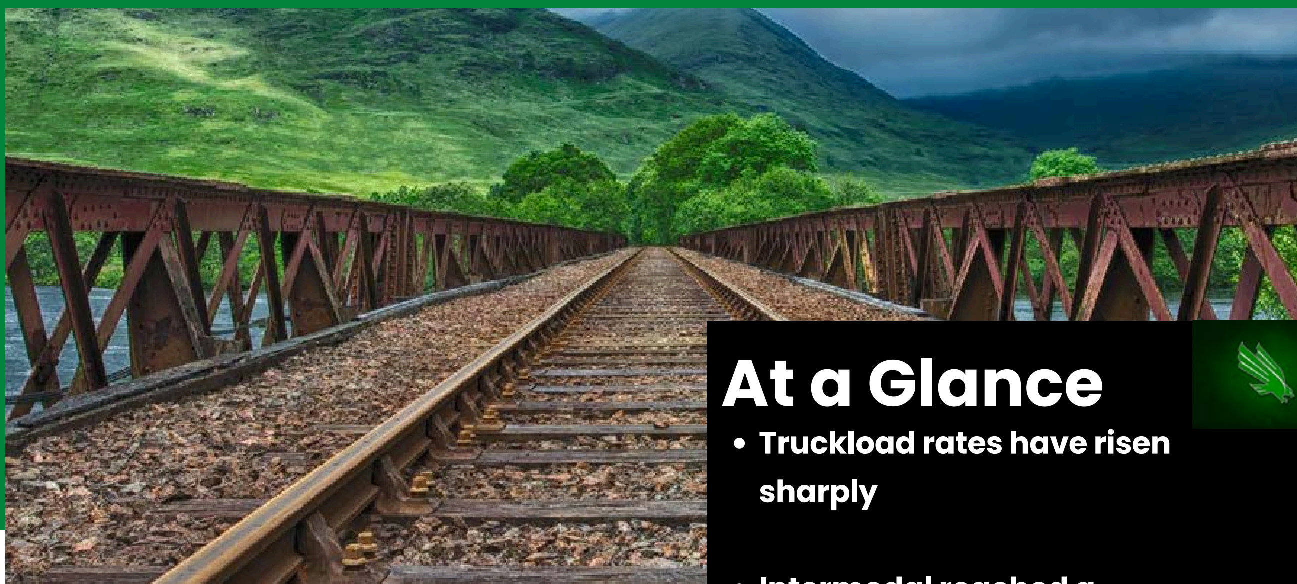

At a Glance

- **Truckload rates have risen sharply**
- **Intermodal reached a monthly record**
- **The new record has multiple causes**
- **Capacity is becoming less forgiving**

As Trucking Costs Climb, Intermodal Sets a Record

June's record intermodal volume came amid broader freight and industrial gains, while rising dry-van spot rates are giving shippers another reason to look at rail. Some of that reduction in truckload capacity is concentrated in border-connected lanes rather than the national market. Recent enforcement action and visa revocations have pushed some Mexico-domiciled drivers out of domestic U.S. moves they were not authorized to make.[i] On paper, that capacity was never supposed to be there, but some border markets had been using it in practice.

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On the Road, Off the Market

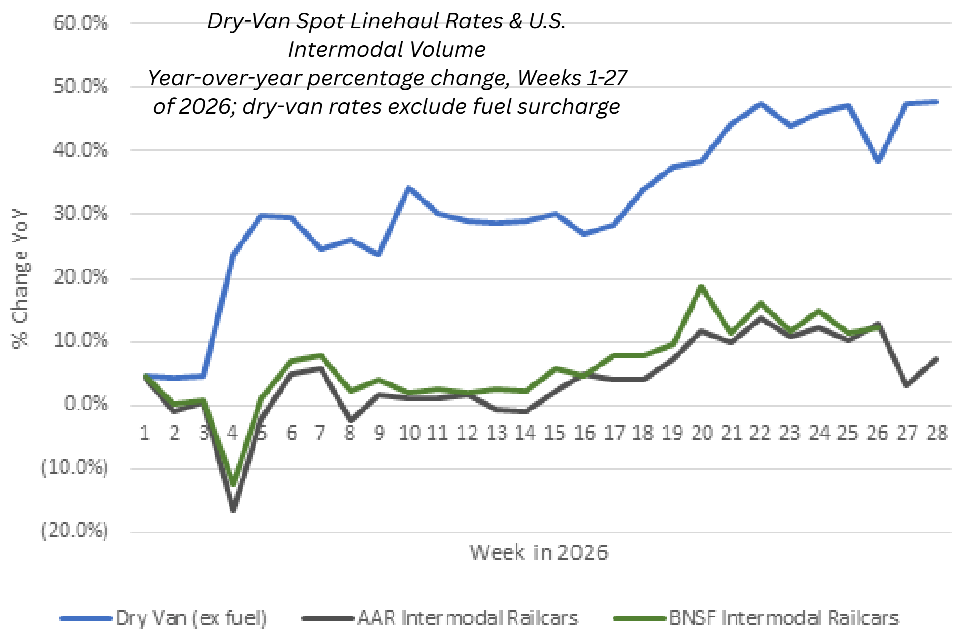
Cabotage is domestic transportation within a country by a foreign carrier. In trucking, Mexican carriers may move qualifying international freight into or out of the United States, but they generally can't pick up a domestic load in one U.S. city and deliver it to another.[ii] Stricter enforcement takes those carriers out of the available pool, with the clearest effects in border-connected freight markets.

Crossing the Line

Dry-van spot rates, excluding fuel, stayed well above 2025 levels and climbed sharply through late spring. AAR and BNSF intermodal volumes also strengthened through June before dropping in the July 4th holiday week. Freight, like most of us, does less work around a holiday.

Crossing the Line

Other changes reach the market more broadly. While English proficiency has been a federal requirement for commercial drivers since 1936, stricter roadside enforcement means that drivers who don't meet the standard can be placed out of service.[iii] Rules for non-domiciled CDLs are also tightening, limiting who can obtain or renew them.[iv] This is the sort of capacity change that arrives through audits, expirations, and renewals, rather than all at once.



Sources: DAT iQ weekly dry-van spot linehaul rates; Association of American Railroads weekly U.S. intermodal traffic; BNSF Railway weekly intermodal traffic. Jim McNatt Institute Calculations

A separate constraint comes from broker risk. In May, the Supreme Court unanimously allowed a negligent-hiring claim against a freight broker to proceed in Montgomery v. Caribe Transport II.[v] The ruling doesn't make brokers liable for every carrier they hire, but it gives them another reason to keep the carrier list short.

Taken together, these pressures help explain a truck market that looks larger on paper than it is in practice. June's Logistics Managers' Index found transportation capacity contracting for a seventh consecutive month, while utilization reached an eight-year high and prices remained near record territory.[vi] Drivers can be placed out of service or lose the credentials they need to work, while carriers that remain on the road may be screened out by brokers, insurers, or shippers. The trucks don't have to disappear for the capacity to shrink.

And Then Comes the Freight Bill

A tighter truck market changes more than the rate itself. Shippers that are slow to load, difficult to forecast, or slow to pay become more expensive to serve, and therefore easier for carriers to turn down. Retailers, manufacturers, and distributors may have to absorb some of the increase, pass it along to their consumers, or look again at intermodal where the tradeoffs make sense.

Montgomery may add another line to the bill as well. More careful carrier vetting narrows the pool brokers are willing to use, while added compliance, insurance, and legal costs may also work their way into pricing. For reliable, compliant fleets, that creates leverage: they can be more selective about whose freight they move and on what terms.

The Handoff

- **Truckload rates have risen sharply**. By late June, truckload rates were nearly 50% higher than a year earlier.
- **Intermodal reached a monthly record.** Average weekly U.S. volume reached a new high in June, while second-quarter traffic rose 6.7 percent from a year earlier.
- **New record has multiple causes.** Stronger freight activity, tighter usable truck capacity, higher truckload rates, and improved rail performance all appear to contribute.
- **Capacity is becoming less forgiving.** When carriers have choices, the easy freight gets chosen first. Reliable forecasts, quick turns, workable payment terms, and established relationships all affect which freight qualifies.

A Second Look at Rail

Putting the lines next to each other, rail's appeal is not difficult to see. By week 27, dry-van spot rates, excluding fuel, were 49 percent above their year-earlier level.[vii] AAR and BNSF intermodal volumes also ran above last year for most of the period. Both intermodal series fell sharply in week 27, the July 4th holiday week. Intermodal turned positive after truckload rates were already rising, and both strengthened from there. The figures don't tell us exactly how much freight shifted from road to rail, but the timing fits.

Worth the Trouble

With capacity tighter, shippers have more reason to look closely at the parts of the move they control. Carriers can plan around steady volumes and dependable appointments. Late forecasts, long waits at the dock, and invoices paid months after delivery are harder to absorb. Expect those costs to come back in rates, in a carrier's willingness to take the load, or both.

Start with the forecast. Carriers need enough notice to position drivers and equipment, along with a credible picture of volume, timing, origin, and destination. A forecast that's revised every few days isn't doing much forecasting. The same is true at the dock: freight should be ready, appointment windows should be realistic, and a door available when the truck arrives. Every hour spent waiting is an hour of capacity nobody else can use. Where volumes allow, drop-and-hook keeps the driver's schedule from becoming the shipper's loading schedule.

Payment terms put capital under the same strain. Carriers pay for fuel, payroll, maintenance, and equipment long before a 60- or 120- day invoice comes due, and stretching those terms asks the carrier to finance the shipper's operation. Expect that cost to return as a higher rate, or as a preference for other freight.

Nobody likes being called only when there's a problem, and carriers are no exception. These relationships should be built before they're needed. Regular conversations about forecasts, difficult lanes, and expected demand will leave fewer surprises when capacity tightens. None of this means every load should stay on the highway; intermodal belongs in the lane review as well.

What We're Watching

1. **Truckload rates after the summer peak.** If rates stay elevated as seasonal demand eases up, seasonality explains less. Watch for routing guide failures and mid-contract repricing into the fall; both would point to a deeper capacity problem.
2. **Domestic intermodal growth**. A rebound in weeks 28-30 would support the view that week 27 was holiday noise rather than a break in the trend. Continued gains at BNSF and across the national market would strengthen the case for a genuine truck-to-rail shift; if that rebound doesn't come, the holiday explanation will need another look.
3. **Border-connected lanes.** Cabotage and non-domiciled CDL enforcement should leave their clearest mark in Mexico-related and southern-border markets. Firmer rates, thinner availability, and fewer substitute carriers there would help separate the regulatory effect from the national trend.
4. **Broker behavior after *Montgomery*.** The ruling may be easier to see in broker behavior than in court. Higher insurance thresholds, tighter safety screens, and shorter carrier lists would reduce the usable pool of carriers in the near-term before later court cases establish how far the decision reaches.

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[i] Noi Mahoney, "US Revokes 20,000 Visas for Mexican Truckers as Cabotage Crackdown Expands," FreightWaves, June 23, 2026. [ii] Federal Motor Carrier Safety Administration, "Prohibition on Engaging in U.S. Point-to-Point Transportation," U.S. Department of Transportation, September 18, 2018. [iii] Federal Motor Carrier Safety Administration, "Driver Qualifications; Regulatory Guidance Concerning the Applicability of Language Requirement to Drivers Who Do Not Meet the Hearing Standard," Federal Register, October 1, 2014; Federal Motor Carrier Safety Administration, "English Language Proficiency Roadside Enforcement Policy FAQs," April 16, 2026. [iv] Federal Motor Carrier Safety Administration, "Restoring Integrity to the Issuance of Non-Domiciled Commercial Drivers Licenses (CDL)," February 13, 2026; Federal Motor Carrier Safety Administration, "Non-Domiciled CDL 2026 Final Rule FAQs," March 30, 2026. [v] Supreme Court of the United States, Montgomery [v.] Caribe Transport II, LLC, No. 24-1238, May 14, 2026. [vi] Zac Rogers et al., "June 2026 Logistics Manager's Index Report," Logistics Managers' Index, July 7, 2026. [vii] Dean Croke, "Dry Van Report: Freight Rate Surge Masks Sluggish Demand Driven by AI Boom," DAT Freight & Analytics, July 7, 2026.