

Freight Haulers in the Driver Seat

Higher CPG Shipping Expenses Ahead



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The average cost of diesel fuel across the U.S. is about \$2 per gallon higher than one year ago. This automatically passes on from truckload (TL) and less-than-truckload (LTL) freight haulers to their CPG and industrial shipping customers through surcharges.

Two of the eight domestic food companies we profiled in our most recent [CAC Food Chain Value Report \(click here\)](#) have released Q1 2026 earnings (JBSS and OTLY), along with multiple larger legacy CPG companies. **Increased transportation expenses and higher packaging costs due to the Iran conflict have emerged as common themes impacting Q2 and balance of 2026 guidance.**

On top of these higher costs, **shippers face increased base rate renewals for contracted TL and LTL services that are ranging 6-9% higher than prior year base rates.** This is due in part to reduced supply

(from carrier bankruptcies across an unprecedented four year-long freight recession), to carrier reductions resulting from undocumented foreign driver removals and to a pick-up in demand (freight volumes), particularly from an improving U.S. industrial manufacturing sector.

ISM-PMI and S&P Global U.S. Manufacturing PMI indices have been above their neutral readings of 50 (indicating expansion) for the last four months. **For the ISM, this followed a period where 35 out of 37 prior months were below 50, in contraction territory. The ISM metric is signaling improved manufacturing utilization not seen since mid-2022.** (We note that manufacturing employment indices have not yet confirmed a recovery, stay tuned).

Freight carriers are cautiously optimistic that improved tonnage, noticeable across



their lanes since mid-March and throughout April, will continue above normal seasonal levels. Specifically, “weight per shipment” has increased across the LTL landscape indicating higher volumes and (perhaps) an end to the freight recession.

The reduced shipping capacity combined with modestly improved industrial demand is placing pricing power in the hands of the carriers at a critical time in the contract rate renewal season. We believe shippers (including food industry participants) should expect elevated transportation costs across the balance of 2026.

We recently advised on an LTL mandate that exposed us to granular data on industrial shipping demand in the Southwest U.S. We can confirm a sense of optimism across the industry as Q2 has commenced. We noted restored “weight per shipment” metrics in March (with continuation in April) following a 15-month

period of declines. Several freight industry experts noted and quoted at Freight-Waves.com (see numerous related articles at that source), are more bullish than public LTL company CEOs have been on recent Q1 conference calls. Some experts have called the end of an unprecedented freight recession based upon early 2026 price and volume conditions. **One measure, the truckload rejection indicator, has remained “unseasonably” elevated, supporting higher TL spot market pricing.**

One LTL analyst put recent earnings upgrades in perspective, indicating the improved environment was “four parts supply (capacity) driven and one part demand (volume) driven.” **Continued improvement in the industrial “real goods” economy will lead to upward pricing pressure, even after resolution of the Iran conflict.**

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