Persistent Transportation Cost Increases Hitting CPG Food Companies



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Midway into 3rd Quarter earnings releases, CPG food investors are hearing about elevated transportation costs impacting margins. Not all cost pressures will abate rapidly, even if diesel prices recede meaningfully with potential solutions to the Iran conflict. TL and LTL carriers have reported substantial general rate increases (mid-to-high single digit pricing power) heading into the 2027 contract season.

Larger public CPG food companies have traded up in a group over the past six to seven weeks as money has rotated from AI/tech stocks into the consumer staples, value and dividend cohort.

This may be a problem for general investors who have reallocated capital into consumer staples companies from AI and technology investments.

We anticipate diverging performance ahead for this group based upon results from Q3 earnings reports. Not all boats will rise (or hold recent gains) based upon our expectations. The group has been relatively cheap for several years and numerous factors remain in play (including persistent GRI transport cost inflation) which may keep these company valuations cheaper for longer into the future.

Months ago (see previous article here) we discussed headwinds facing larger branded food CPG producers, including changes in consumer demand due to GLP-1 initiatives and elevated costs ranging from increased commodity costs, packaging expenses and transportation expenses. We also pointed out that a universe of public TL and LTL carriers signaled an elevated shipping rate environment ahead resulting from years of fleet reductions and (more recently) driver shortages.



On November 10, the Bureau of Labor Statistics released its CPI Index for October with Core CPI increasing 0.3% (excluding volatile food and energy costs). This reading was higher than expected and likely raises the odds of a Fed rate hike in December 2026 to combat higher persistent inflation.

So far this earnings season, we can confirm cost inflation as an issue for the universe of smaller CPG food companies that we monitor.

Oatly Group AB (OTLY): Management highlighted inflationary headwinds driven by U.S. freight and fuel expenses. Per Oatly, North American diesel prices were up 70% since February 2026 and 40% since early July. The company lowered its full-year 2026 profit and EBITDA guidance and announced price increases in North America starting in Q1 2027. [MarketBeat Oct. 28, Motley Fool Oct. 28]

Armanino Foods of Distinction (AMNF): In its Q3 2026 transcript, management noted persistent margin strain tied to inflation and "freight pressure". To combat rising logistics expenses, the company accelerated its annual price hike strategy into early Q4 2026. [Investing.com Nov 10]

Suja Life, Inc. (SUJA): Suja's transcript states that "freight costs increased, driven by higher carrier rates as fuel prices and labor availability pushed transportation costs up," compressing its gross margin down. [Investing.com Nov 10]

Our takeaways for readers are as follows: (1) Not all food companies will hold onto recent price appreciation that resulted from investor money flows into this sector. (2) Recent (GRIs) from ground-based freight carriers will not be transitory and will keep consumer food prices higher for longer (even as fuel surcharges subside).



The numbers behind the freight squeeze

Diesel prices and carrier rate increases, 2026

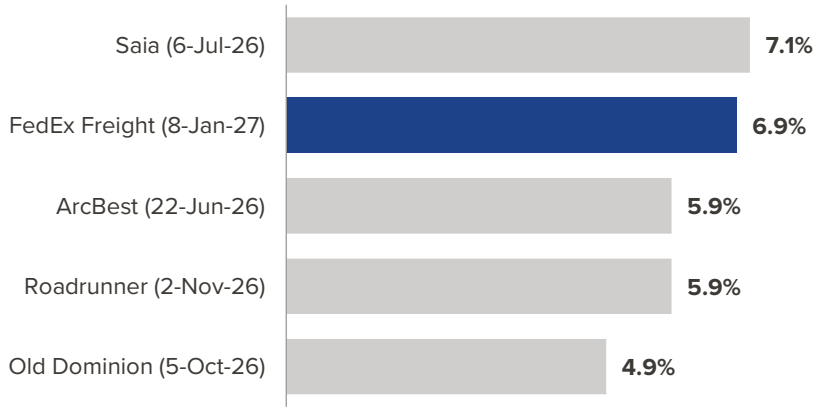
U.S. diesel is up 66% since early February 2026

Weekly U.S. average on-highway diesel retail price (US$ per gallon)



LTL carriers are pushing mid-to-high single-digit rate increases

Latest announced general rate increase (GRI), by carrier and effective date



10.8%

Saia's average contract renewal increase in Q3 2026, well above its 7.1% GRI

FedEx Freight's 6.9% (highlighted) is the first 2027 GRI among the carriers shown

Sources: U.S. Energy Information Administration, weekly retail on-highway diesel prices (data to 9 November 2026); carrier announcements as reported by FreightWaves, Yahoo Finance and CCJ (September–November 2026); Saia Q3 2026 results (29 October 2026).

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