

Uber Freight

2025 Q2 Market update & outlook

June 2025



Market update & outlook

Executive summary – 2025 Q2



Macro Economy

- The manufacturing economy fell back into contraction after tariffs.
- Consumer spending remained resilient.



US – LTL

- Demand remained low through Q1 after a weak Q4
- General rate increases are expected to be below 5%



Ocean & Air

- U.S. container imports remained strong in Q2
- Global schedule reliability improved in March by 3.0 percentage points



Warehousing

- Retail inventory continues to increase
- Inventory-to-sales ratio has remained constant over the last 12 months, suggesting JIT inventory may be the norm



US – Truckload

- The spot market rebounded in May in line with seasonal expectations.
- RFP contract rates remained flat for three consecutive months.



US – Bulk

- FTR projects moderate YoY volume improvement over the next 2 quarters
- Length of haul mix continues to trend toward shorter moves



Mexico

- Banco de México reduced benchmark interest rate in March
- Mexico's inflation rate in 2025 has eased compared to previous years



Sustainability

- EPA has significantly reduced enforcement of environmental regulations, including those related to heavy-duty truck emissions



US – Intermodal

- Rail capacity, container availability, and dray capacity all remain plentiful
- Volume expected to be up YoY overall



Europe

- Contract and spot rate indexes have both increased within the last three months
- FTL and LTL capacity remain stable



Canada

- U.S. tariffs continue to put pressure on output and new orders
- Market conditions are expected to stabilize through late 2025

Tariffs are the highest in decades

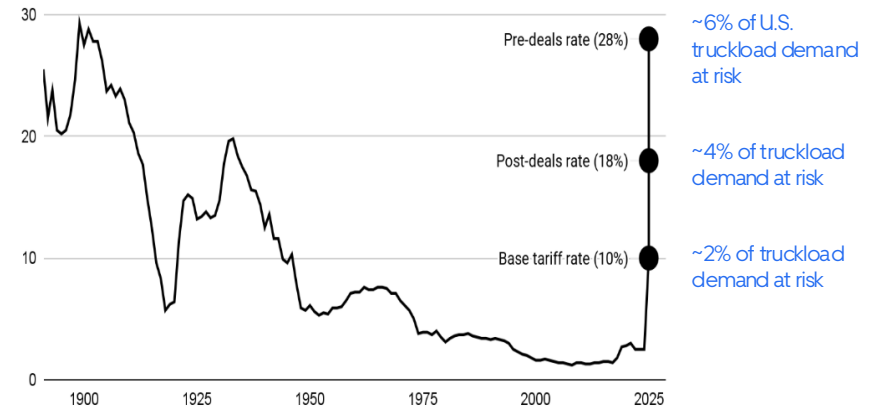
The average tariff rate rose to 28% after "Liberation Day".

Trade agreements and temporary tariff suspensions drove down the average tariff rate to **18%**. If we also assume a "post-substitution" scenario, meaning shippers finding alternative suppliers beyond China, the average tariff rate is projected to fall within a range of 10% to 18%.

A 1% increase in the average tariff rate could decrease truckload demand by 0.15% to 0.25%.

- A 10% rate could reduce demand by about 2%.
- The (pre-deals) rate of 18% - 28% could reduce demand by 4% - 6%.

Weighted Average Tariff Rate ⁽¹⁾



Most to least affected modes:

Ocean > Intermodal > Truckload

Tariff uncertainty still looms

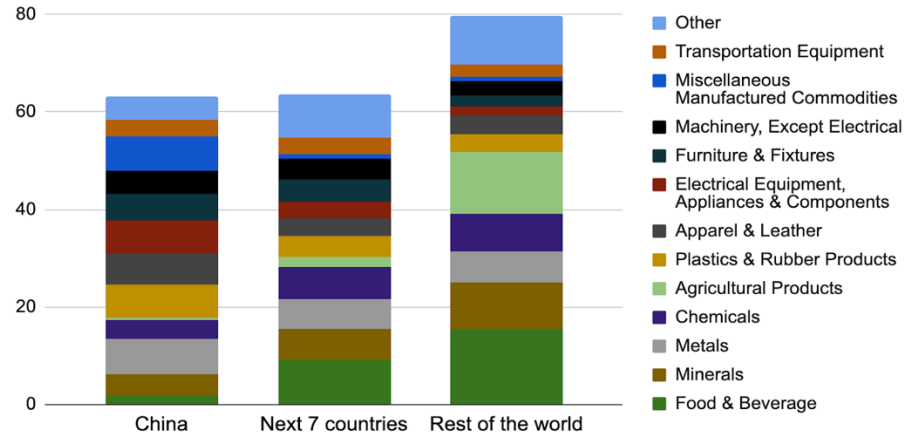
- The 90-day pause on retaliatory tariffs is nearing its end on July 9th, with very few trade deals announced.
- Despite negative sentiment, the Office of the United States Trade Representative announced a three-month extension of certain product exclusions from tariffs on Chinese imports. The White House also indicated that President Trump and Chinese President Xi Jinping are likely to hold talks this week to discuss trade and tariffs.
- President Trump announced Friday that he will be doubling tariffs on imported steel from 25% to 50%.
- A U.S. Court of International Trade (CIT) panel initially blocked President Trump's tariff orders, deeming them beyond the authority granted by the International Emergency Economic Powers Act (IEEPA). However, the Trump administration appealed this decision, and a federal appeals court on May 29th temporarily reinstated the tariffs, allowing their collection to continue pending further appeals. Meanwhile, A San Francisco-based federal judge dismissed a lawsuit filed by California Governor Gavin Newsom and Attorney General Rob Bonta challenging Trump's tariff authority.

A third of U.S. containerized imports came from China in 2024

- Almost equal to the combined imports from the next seven countries.
- China's dominance is evident in:
 - Manufactured goods (78%)
 - Electrical equipment & appliances (57% of imports)
 - Plastics and rubber (46%)
 - Apparel (45%)
 - Furniture (43%)
 - Metals (36%)
 - Transportation equipment (35%)

Containerized Imports by Country (Millions of Tons)

U.S. Census (2024)



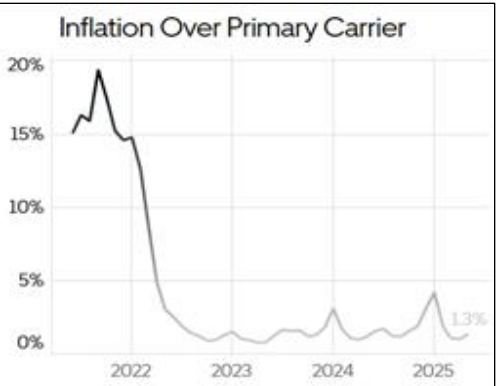
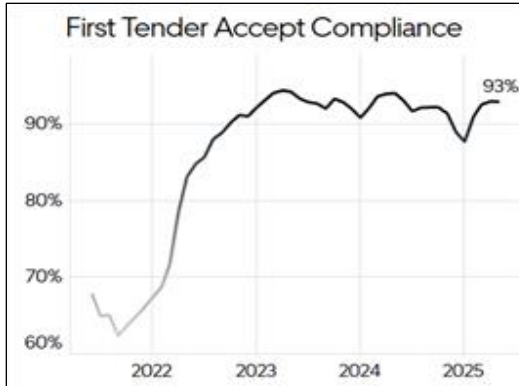
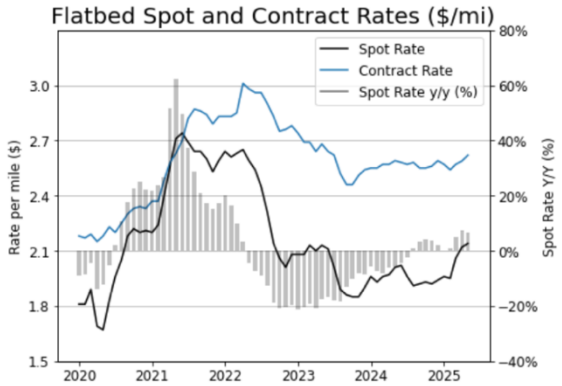
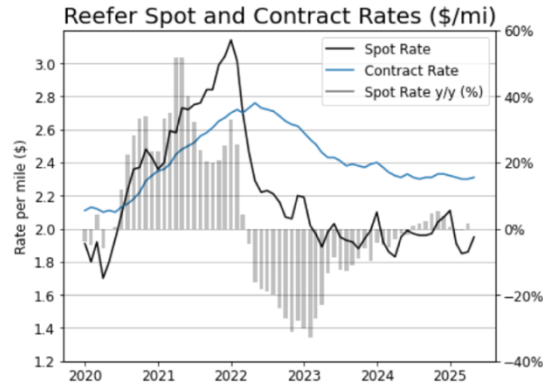
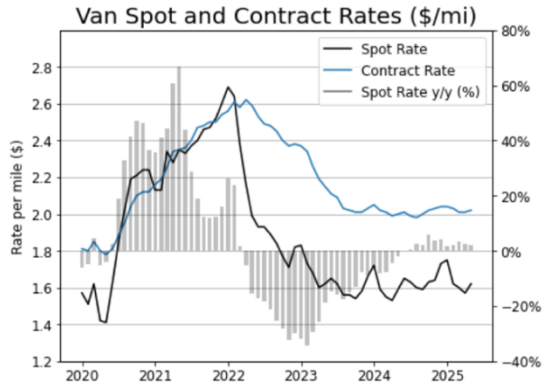
Lower U.S. / China tariff rates will still result in fewer container imports, but allow for gradual decoupling in the long-term without completely halting trade between the two countries.

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US Full Truckload

Seasonality remains the primary market driver

Spot rates and tender rejections rose in the second half of May after a soft start to the quarter

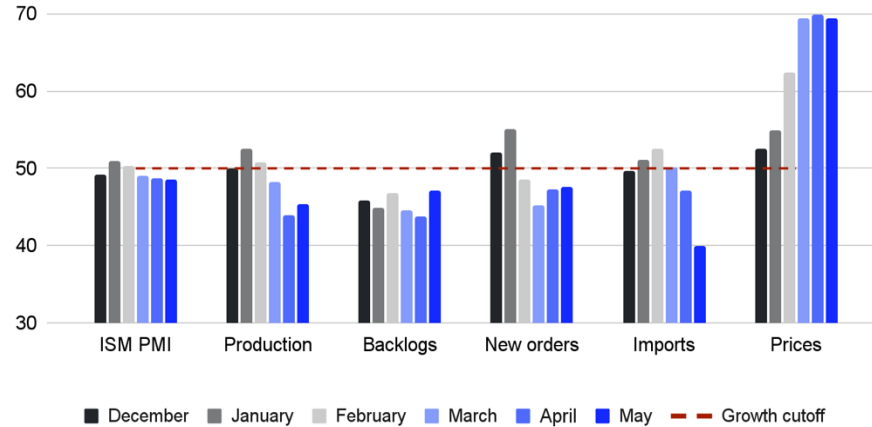


Key Factors Impacting Truckload Demand

Consumer spending remains strong, but the manufacturing economy is contracting after tariffs

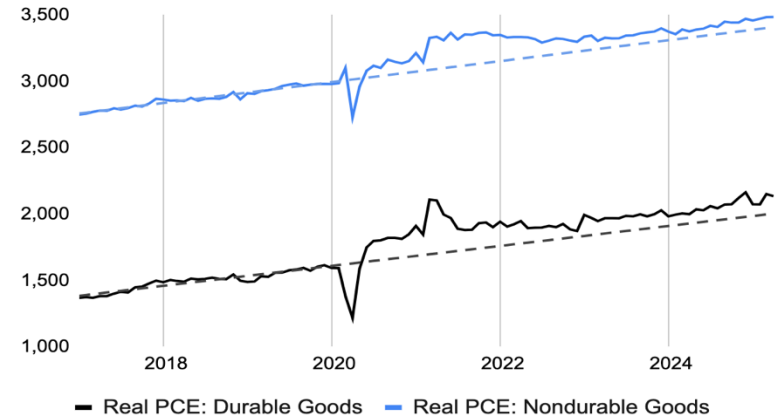
Manufacturing PMI (ISM)

Values above 50 imply expansion and below 50 imply contraction



Real Spending on Durable and Nondurable Goods

Billions of 2017 Dollars (US Bureau of Economic Analysis)



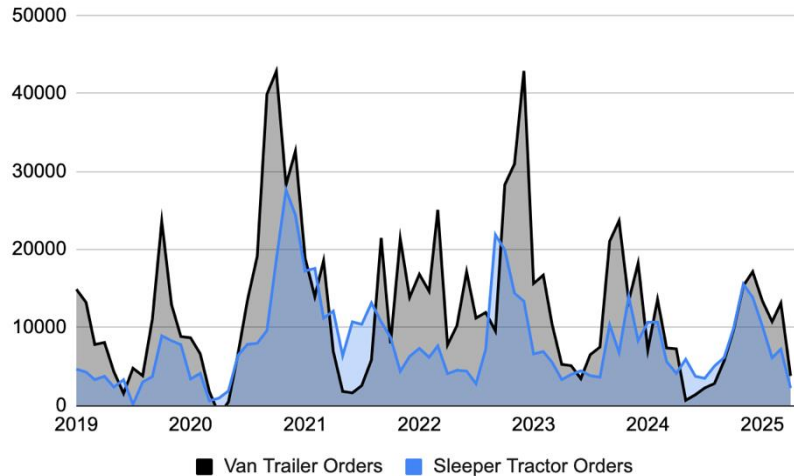
The ISM PMI decreased to 48.5 in May, signaling a third consecutive month of contraction in the manufacturing sector. The New Orders and Backlogs indices were below 50, suggesting a weakening of future demand. Notably, the Imports Index fell to its lowest level since June 2009 as manufacturers halted or paused imports in response to tariffs.

Spending on goods fell slightly in April as tariffs hampered purchases of automobiles, furniture, and appliances. However, this dip was relatively minor, as overall goods spending had increased by 4.4% year-over-year. Spending continues to be supported by income growth, with real income rising by 0.7% in April and 2.9% y/y.

Key Factors Impacting Truckload Supply

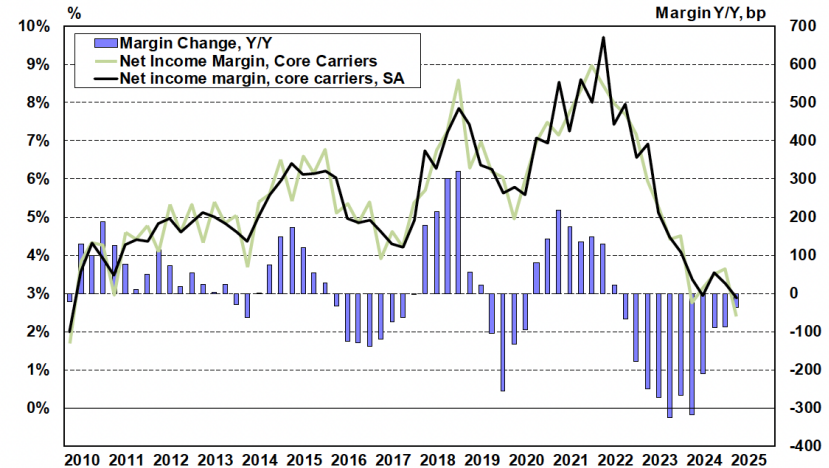
Trucking employment remained stable, but tractor and trailer orders collapsed

Tractor and Trailer Net Orders ⁽¹⁾



Dry van trailer orders plummeted in May to just 3,780 units, marking a significant 47% year-over-year decrease and a dramatic 71% drop from April. Notably, April's net orders were the lowest since 2020. Sales and production also experienced substantial year-over-year declines of 30% and 32%, respectively. Similarly, sleeper tractor orders fell to 2,224 units in May, their lowest level since April 2020.

TL Carriers' Net Income Margin - Core Carriers ⁽¹⁾



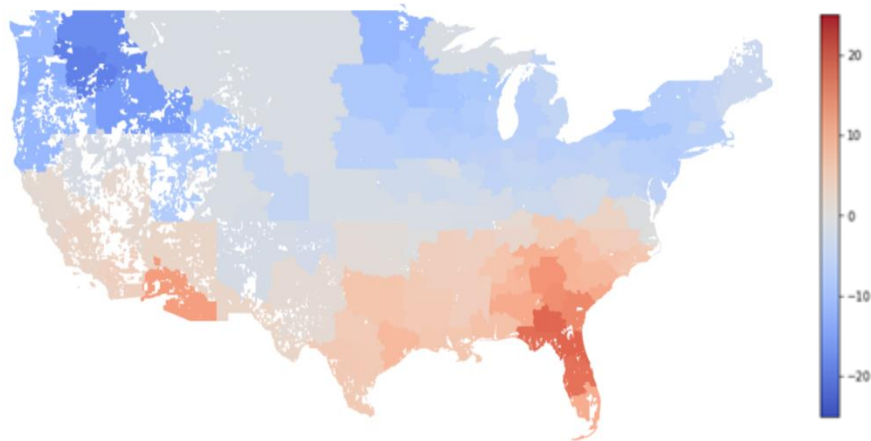
Source: ACT Research Co. © 2025

ACT Research attributed these decreases to carrier profitability falling to its lowest level since Q1 2010, according to public truckload carriers' data. Carriers have also indicated to Uber Freight that planning their capital expenses has been challenging amid tariff uncertainty. Notably, driver employment has remained stable YTD according to data from the U.S. Bureau of Labor Statistics.

Short-term Outlook: Expected Change in Van Spot Rates in the Next Quarter

June Seasonal Pressure Based on Historical Data

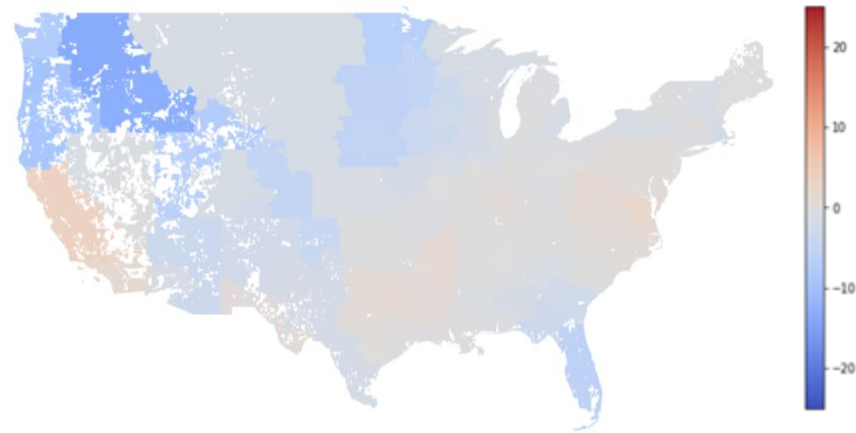
Spot rates relative to their year average (percent)



Spot rates typically experience a rapid increase from late May into early June, particularly in Southern markets like Florida, California, Texas, and Arizona. In contrast, Northern markets tend to remain relatively soft during this period.

August Seasonal Pressure Based on Historical Data

Spot rates relative to their year average (percent)



After the 4th of July, the market typically softens as produce volumes decrease. Tightness might persist in California, where shippers usually begin preparations for peak season. However, tariffs might suppress import volumes this year.

Current procurement headlines

Bid Activity

- Annual full-network RFP events continue to be the trend, with supplemental mini-RFPs utilized to support the route guide as needed between bid cycles.
- Saw a slightly extended RFP season. Events have been mostly flat, but some shippers started RFP's earlier in Q4 and Q1.

Strategic Trends

- Most shippers are trying to keep their incumbents in place, if possible, through the RFP cycle, but will shift as needed.
- Two-Round bidding events remain a best practice – Round-2 Expressive Feedback is a driver of additional rate compression depending on a carrier's level of competitiveness after Round-1
- Volume cutoffs remain a key strategic discussion while preparing to release an RFP event: a low-volume strategy for coverage and backup carriers.

Carrier Behavior

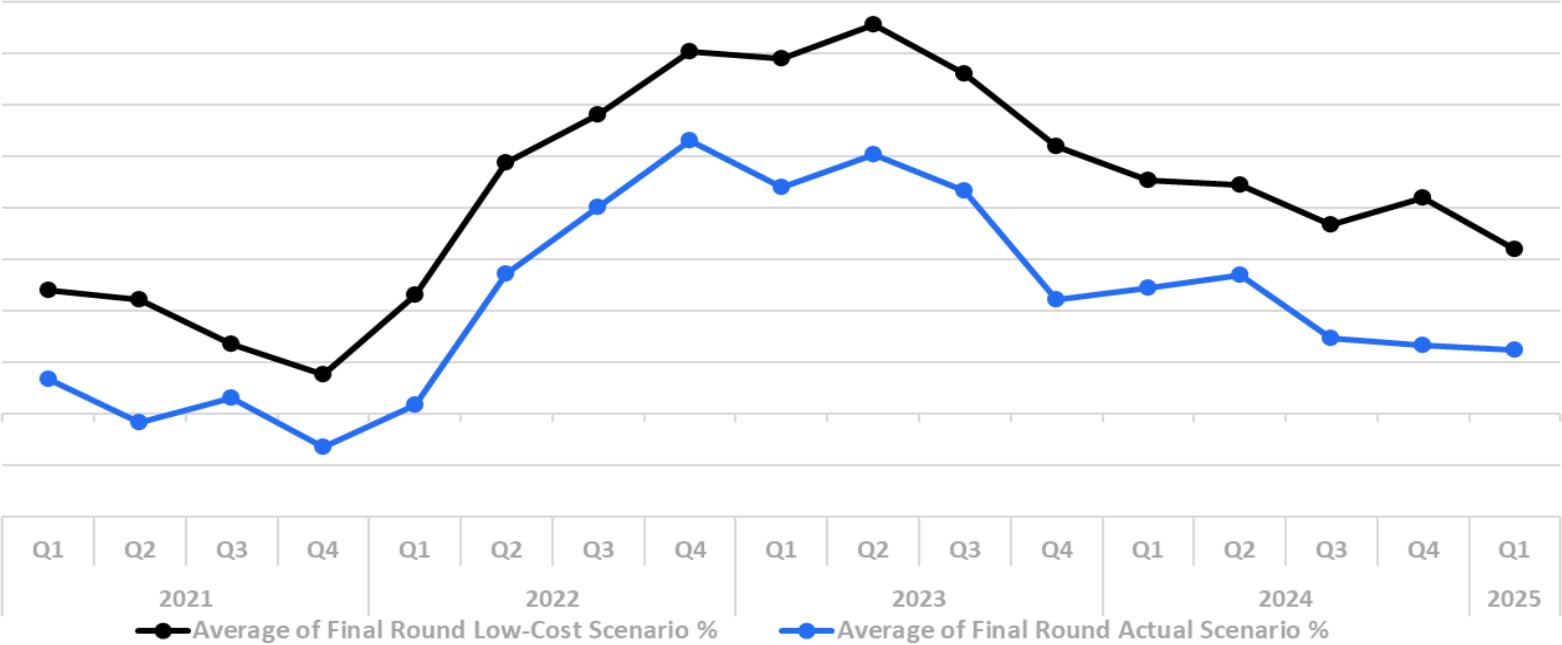
- TL carriers continue to cast a wide net in bids but are starting to narrow focus to preferred volume vs. any volume
- Mixed carrier earnings and shuffling RFP have caused carriers to look to replace lost freight quickly in Q2
- Brokers continue to be aggressive in an attempt to capture market share, but less shippers taking those rates
- Incumbent carriers trying to stay whole in RFPs. Some even push pricing increases with little success

Carrier Pricing Q2

- RFP pricing has been flat over the last 3 quarters

Procurement Insights

Savings Gap Between Low-Cost & Final Scenario - Truckload



- This graph represents the difference between the Low-Cost procurement Scenario (Base) vs the final scenario
- The higher the data point, the higher the savings %
- The wider the gap, the more aggressive but potentially not viable pricing
- Final results have flattened over the last 3 quarters

Best practices for 2025

Carrier Management

- **Establish strategic relationships** with key providers in your network
- **Create symbiotic, long-term goals** with key partners
- **Partner with carriers** on company initiatives around technology, best practices, ease of doing business
- **Develop formal processes** to address service and performance improvement plans

Navigating Volatility

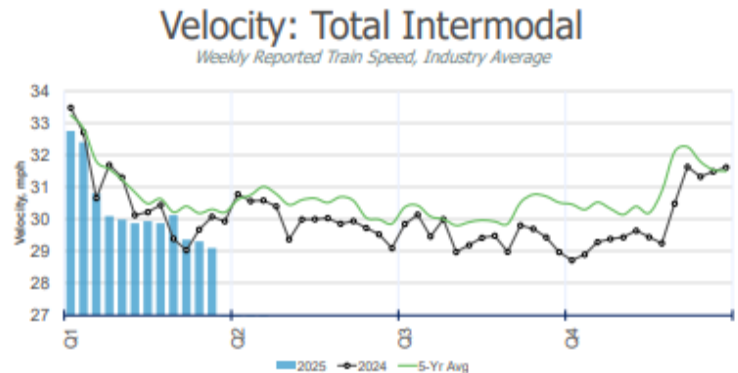
- **Understand where your rates are** to the market
- **Work with your carrier base** to understand their network and cost pressures
- **Work with strategic carriers for cost and price transparency** within your network and create an action plan for out-of-process lanes
- **Stay close to your incumbents** on critical lanes to understand price trends and capacity changes
- **Understand your carrier base's tracking and technology capabilities** and set clear expectations
- **Routing Guide** setup becomes more critical in a tightening market, such as backup carriers, low volume, etc.

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US Intermodal

Key factors impacting intermodal supply

- Rail capacity and container availability remain plentiful overall.
- While rail velocity is lower than 2024 and the 5 year average, other than weather related events, the intermodal networks remain fluid overall at this time.
- Dray capacity remains plentiful across the intermodal network.
- The railroads and asset providers have continued to focus on improving network balance, especially in getting equipment to Los Angeles.



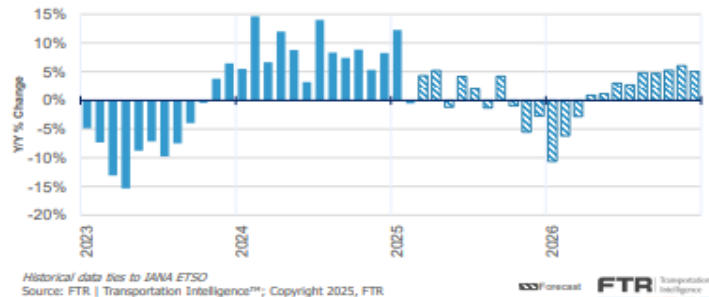
Weekly Data. Source: STB, FTR | Transportation Intelligence™; Copyright 2025, FTR



Key factors impacting intermodal demand

- For the first time since November 2023, intermodal volume was down year over year in February. Volume is expected to still be up year over year overall, with an even split between domestic and international volume (per FTR). This is subject to change due to the impact of tariffs.
- Over-the-road capacity is still plentiful overall, which will impact intermodal demand.
- Shipper inventory levels are mixed, though many shippers pre-bought inventory in advance of the tariffs being announced.
- Even prior to tariffs being announced, some import volume had shifted from the west coast back to the east coast. That has a negative impact on intermodal demand.
- All of this results in a lot of uncertainty on what the intermodal volume will be for the balance of 2025.

Rail Intermodal Loads Outlook



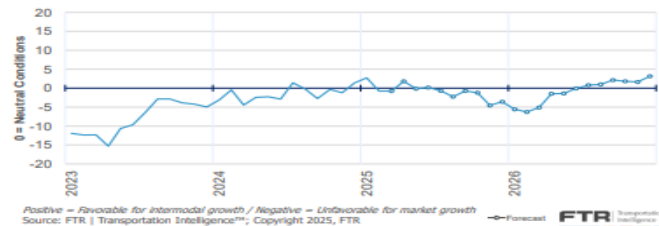
Our expectations of intermodal rail volumes have moved up slightly to 1.5% y/y from last month's forecast of 1.0%. Growth is still expected to be spread relatively evenly between domestic and international equipment. However, any significant changes in tariff policy will likely alter these expectations, dependent on timing and amounts.

Current pricing, outlook, recommendation

- Spot rates continue to be lower overall to compete with truck prices.
- The change in contract rates during bid season was mixed, but overall rates generally held flat year over year. The variances occurred at the lane level with rates still going down on lanes into capacity deficit markets and rates went up out of the deficit markets.
- The projection may have been for intermodal rates to have started to go up year over year in the second and third quarters, but that is subject to change now with the potential impact of the tariffs.
- At this time, shippers should still be able to achieve year over year held rates, with select reductions on some lanes.

FTR Intermodal Competitive Index

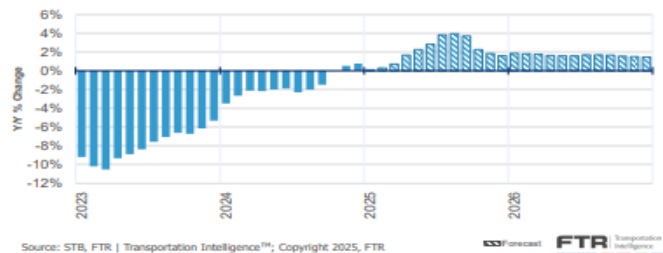
ICI is a measure of domestic rail intermodal's competitive landscape versus OTR Trucking



FTR's Intermodal Competitive Index (ICI) fell to -0.8 in February from 2.7 the month before, indicating a more neutral shipper environment for domestic intermodal compared to OTR trucking. Mostly neutral conditions are expected to continue through October before turning more negative as 2025 closes.

Intermodal Price Pressure Index

Rail Linehaul + Drayage, Revenue per Load exc. Fuel Surcharge



After falling y/y for two consecutive years, domestic intermodal pricing is expected to grow in 2025 at a rate of 2.1%, followed by 1.7% in 2026.

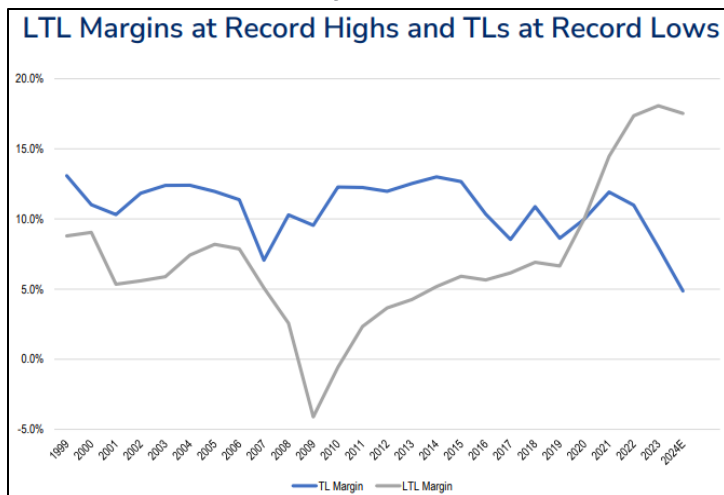
This gradual increase of rates comes amid tightening truck capacity and stable levels of intermodal demand.

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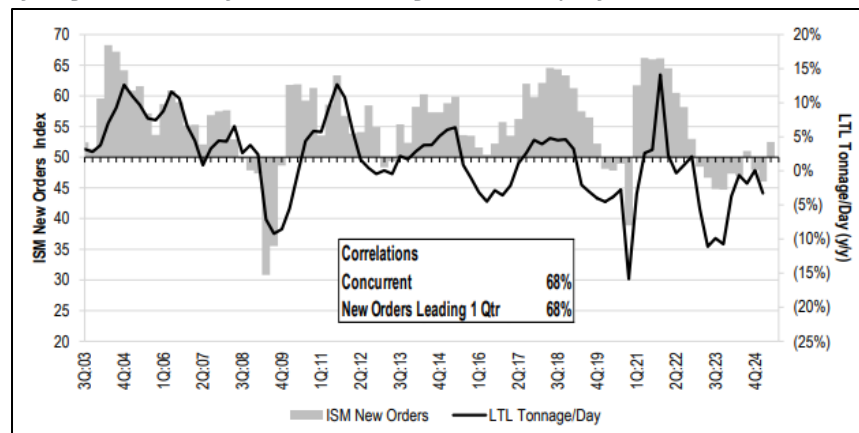
Less-than-truckload

LTL Market Trends

- LTL demand remained low through Q1 after a weak Q4.
- LTL carrier sentiment from recent conversations leans towards economic acceleration in Q2 and remains strong through Q4, mostly based on “business-friendly” policies and regulations.
- General rate increases (GRI) are expected to be below 5%, we expect most negotiations with carriers to land in the 2-3% increase range.
- Carriers invested heavily in 2023 and 2024 and are relying on healthy economic growth to pay the bills.



Source: Company Reports; Wolfe Research.



Source: Company Reports; Bloomberg; FactSet; Wolfe Research.

2025 – Shipper outlook and recommendations

- We have revised our outlook on GRIs from 4-5% to 2-3%.
- We strongly recommend renewing with higher service incumbents and supplementing the network with niche regional or low-cost carriers.
- We expect the uptick in pricing and volume to be slow unless there is a sudden increase in demand for truckload capacity, which could shift volume shipments to LTL.
- All in all, the LTL industry remains healthy with good alternatives for shippers and LTL pricing should not have a dramatic impact on shipper's budgets this year.
- The National Motor Freight Classification (NMFC) changes in 2025 will accelerate the requirement to calculate density and dimensional data on shipments to drive accurate upfront pricing.

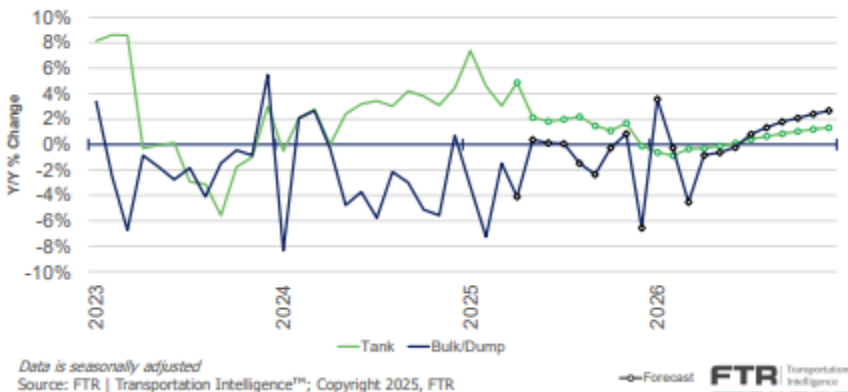
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US Bulk

Bulk Market Trends

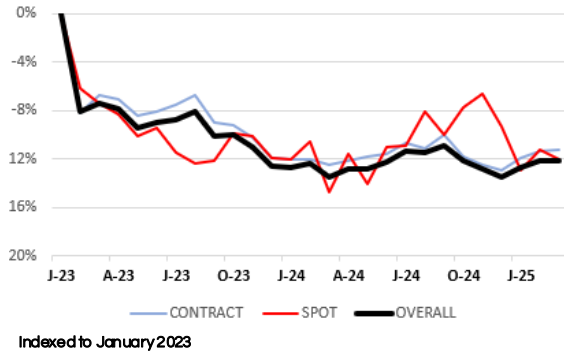
- FTR projects moderate YoY volume improvement over the next 2 quarters, before softening in Q4, and then remaining flat through 2026
- Overall YoY growth for 2025 is now projected at 2.6%, down from the previous projection of 3.3%, based on softened expectations for chemicals, fuels, and food
- The long-term outlook for tank volume is more favorable, with steady growth projected during 2026

Freight Outlook: Tank vs Bulk/Dump

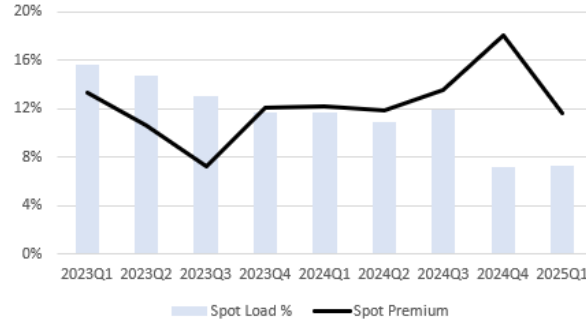


Uber Freight Bulk Network Trends

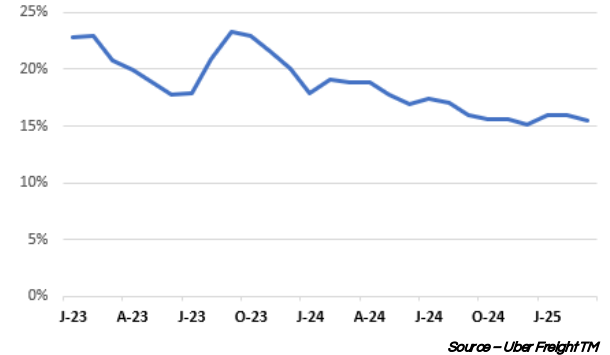
Bulk Linehaul Trend



Spot Activity



Fuel as percent of linehaul



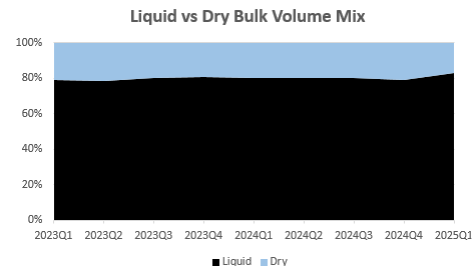
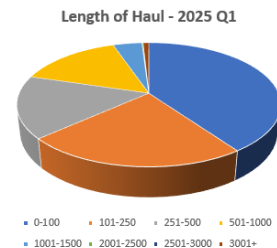
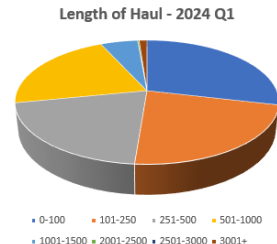
- Contract and overall rates rose slightly to start the year, then stabilized during Q1
- Overall rates rose slightly YoY
- Following an end-of-year rise, spot rates fell at the beginning of Q1 and then rose slightly during the quarter

- Spot volume remained low in Q1, level with the result from Q4, and down nearly 25% YoY, and over 50% compared to Q1 2023.
- Following a year-end spike in spot premiums, Q1 showed a drop back to levels seen in the first half of 2024

- Fuel surcharge costs mirror the path of the National DOE fuel rates. After gradual steady decline during 2024, fuel prices rose during January, then gradually dropped again during February and March,
- Q1 ended with the national average up 2.5% from the end of Q4, but down 10.1% YoY

Uber Freight Bulk Network Trends

- Length of haul mix continues to trend toward shorter moves. In Q1 2024, 51.3% of shipments were under 250 miles. In Q1 2025, that figure was 63.4%. That figure is also up slightly QoQ, with Q4 2024 at 62.9%.
 - As this segment has grown, mid-range hauls of 501-1000 miles (typical 2-day transits) have dropped the most year-over-year, from 21.3% to 15.1%.
 - Long haul moves (>1000 miles) have also dropped, but not as much, going from 6.8% to 5.2% of the mix.
- The Liquid/Dry mix in our network has remained relatively stable, with generally an 80/20 split, Liquid vs. Dry. Liquid did jump to 83.2% in Q1, the highest split in 2 years.



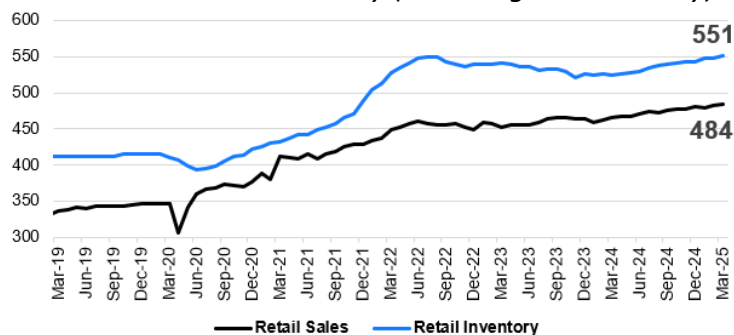
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Warehousing

Inventory levels

Retail sales and retail inventory levels reach new all-time highs.

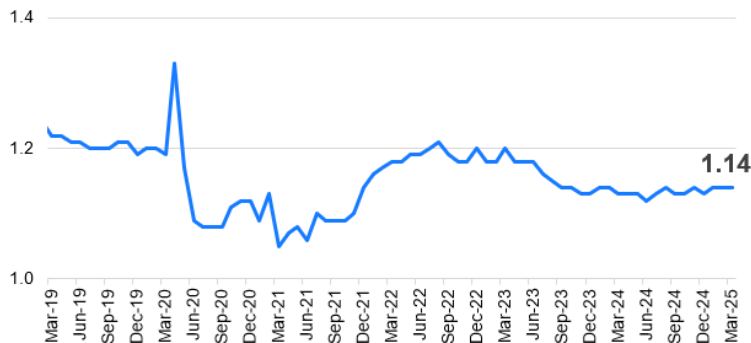
Retail sales & retail inventory (excluding auto industry) ⁽¹⁾



Q1 2025 inventory:

- Retail inventory continued to increase in Q1 2025. After continued growth in Q2 through Q4 2024, retail inventory landed at **\$551B** in Mar 2025 a new all-time high.
- Retail sales held strong through Mar 2025 at **\$484B**, a new all-time high.
- The inventory-to-sales ratio ticked back up to **1.14** in Jan-Mar 2025. This is in line with the 12-month running average.
- Figures suggest that the mass of inventory that was coming into the U.S. in February has trickled down to the retail level in March. ⁽²⁾

Inventory to sales ratio (excluding auto industry) ⁽¹⁾



Q1 2025 → Q2 2025 outlook:

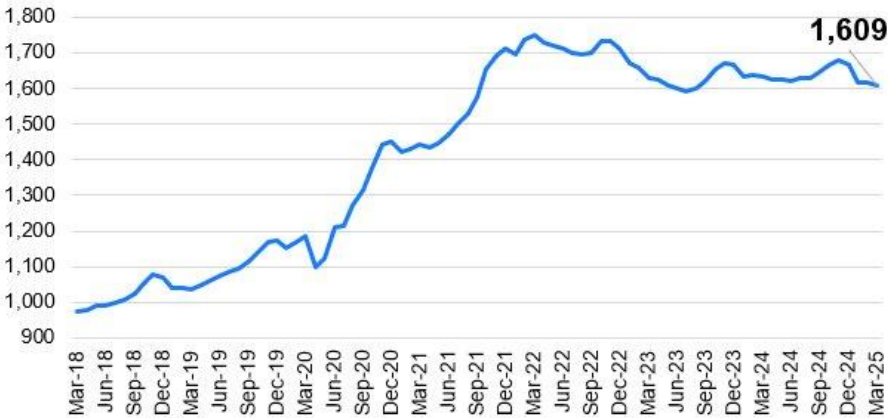
- The inventory-to-sales ratio has stayed around 1.13-1.14 for most of the last 12 months. Suggesting that the world of JIT inventory may be the new norm.
- Major retailers and manufacturers, have indicated that tariffs are leading to increased costs, which may be passed on to consumers. ⁽³⁾
- If costs are passed on to consumers, sales may go down which will in turn have an affect on inventory levels, but for now it seems like business as usual.

Warehouse labor trends

Warehouse employment decreases in Q1 2025 as wages rise a penny short of tying the all-time high.

Warehouse Employment ⁽¹⁾

Thousands of employees



By the end of Q1 2025, there has been a decrease of approximately **59,200** jobs in warehousing. This is the lowest number of warehouse employees since **Aug 2023**. Most likely due to the reduced consumer spending, tariff uncertainties, and a push towards automation to mitigate labor issues following a strong holiday season.

Warehouse Non-Supervisory Wages ⁽¹⁾

Per Hour Rate



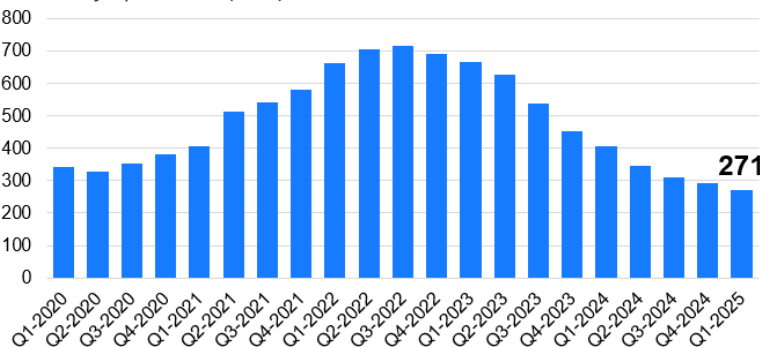
Average warehouse non-supervisory wages jumped considerably at the end of Q1 2025. Wages landed at **\$24.42/hr.** in Mar 2025. This is a **1.5%** jump compared to the end of Q4 2024 and a **2.6%** jump compared to this time last year. The increase in wages is most likely fueled by the drop in warehouse employment as companies try to attract warehouse talent.

Warehouse space outlook

Pipeline thinning, quarterly deliveries reach lowest point in four year.

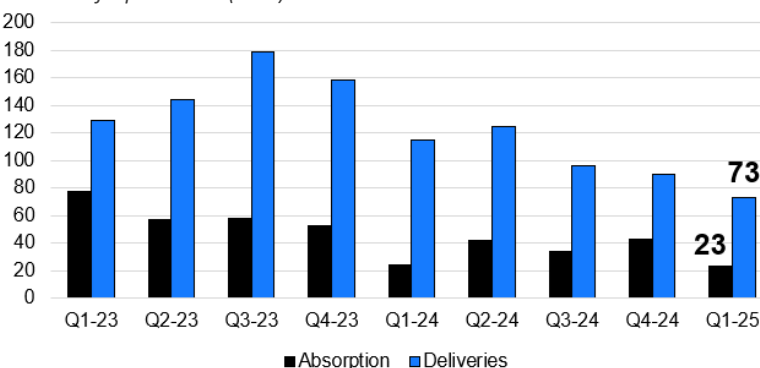
Under Construction ⁽¹⁾

Millions of Square Feet (MSF)



Net Absorptions & Completions ⁽¹⁾

Millions of Square Feet (MSF)



Q1 2025 Warehousing Recap:

- The construction pipeline **fell by 33% YOY**, ending the quarter at **270.8 MSF**. Thinning out mostly in the West and Midwest regions. ⁽¹⁾
- Net absorption is down from **42.4 MSF** observed in Q4 2024, but on par with levels absorbed a year ago. ⁽¹⁾
- Just **72.6 MSF** of new industrial buildings completed construction in the first quarter of 2025, a **41% YOY decline**. ⁽¹⁾

Q1 2025 → Q2 2025 Outlook:

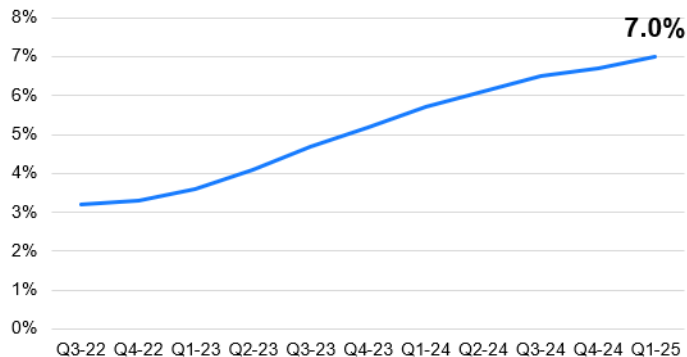
- New construction starts may decrease due to volatile material prices and uncertain tenant demand, leading to a declining construction pipeline which will help preserve occupancy at existing industrial assets. ⁽¹⁾

Space availability and cost

Vacancies rise while asking rents begins to flatten.

Vacancies ⁽¹⁾

Rate (%)



Q1 2025 Warehousing Recap:

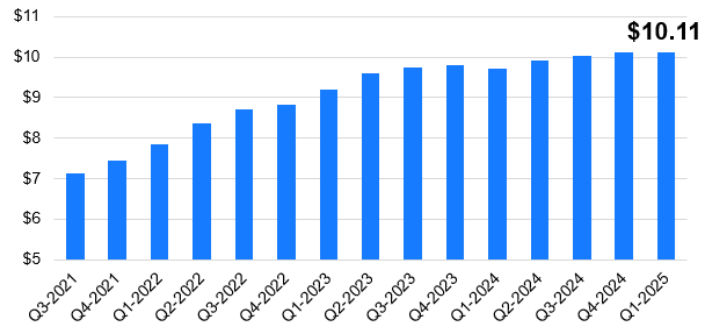
- The U.S. industrial vacancy rate increased 30 bps QOQ to 7.0%, marking its highest level since 2014. ⁽¹⁾
- Although industrial rents continue to appreciate at a reasonably healthy clip overall—4.3% YOY, rates have held steady at \$10.11 PSF over H2 2024. ⁽¹⁾

Q1 2025 → Q2 2025 Outlook:

- Overall, while Q2 2025 may represent the peak in warehouse vacancies, the outlook for the remainder of the year points toward gradual improvement as supply and demand move toward equilibrium. ⁽²⁾
- As vacancy levels off in 2025, rents are expected to stabilize. Although some markets may have further rental rate declines, these rates should also level off. ⁽²⁾

Asking Rent ⁽¹⁾

\$ Per Square Feet (PSF)



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Europe

Factors affecting supply

Key points around capacity, pricing, and driver shortages

- The European contract rate index increased by 0.36% in the last three months and increased by 1.15% in the last 12 months.
- The European spot rate index increased by 1.58% in the last three months but fell 1.66% over the last six months.
- FTL and LTL capacity remain stable outside of peak periods.
- Tyre costs are set to increase in 2025 as EU regulations have banned non-compliant natural rubber imports from the end of 2024.
- The Brent crude oil price was stable, starting and ending the quarter at \$75 per barrel. The cost has decreased sharply in early April 2025 to as low as \$63 per barrel due to the global trade disruptions.
- Truck sales are down – Traton group reported that sales were down in Q1 2025 vs Q1 2024 at Scania (-16%) and MAN (-14%). However, they did also report growth in the sale of electric vehicles, albeit volumes are still low.

Factors affecting demand

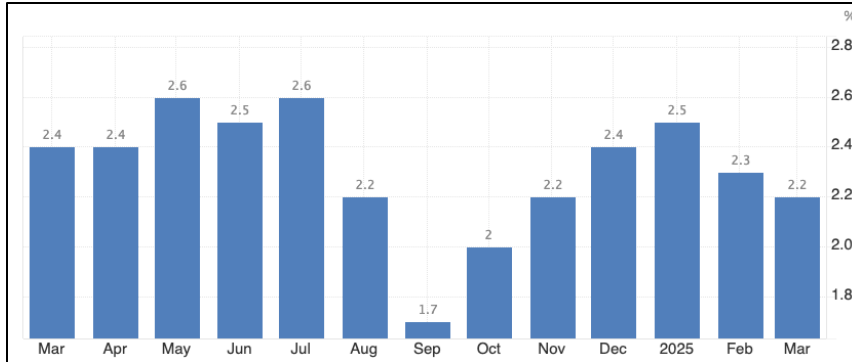
Inflation under control, but PMI remains below 50 and geopolitical risks and trade disruptions affect GDP forecasts.

GDP Economic Outlook (EO)

	2024	2025		2026	
		Interim EO projections	Difference from December EO	Interim EO projections	Difference from December EO
World	3.2	3.1	-0.2	3.0	-0.3
G20*	3.3	3.1	-0.2	2.9	-0.3
Australia	1.1	1.9	0.0	1.8	-0.7
Canada	1.5	0.7	-1.3	0.7	-1.3
Euro area	0.7	1.0	-0.3	1.2	-0.3
Germany	-0.2	0.4	-0.3	1.1	-0.1
France	1.1	0.8	-0.1	1.0	0.0
Italy	0.7	0.7	-0.2	0.9	-0.3
Spain ²	3.2	2.6	0.3	2.1	0.1

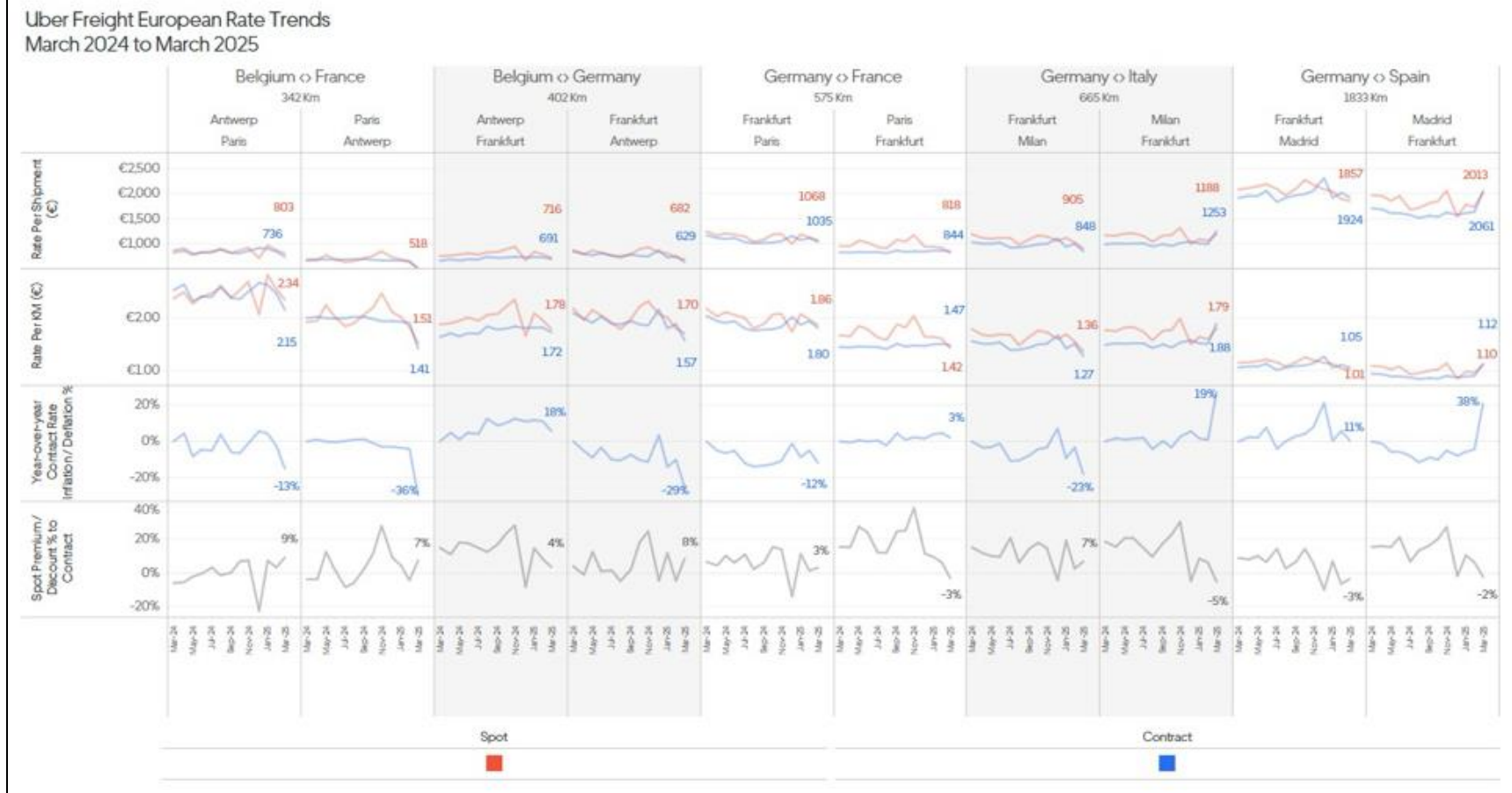
- The OECD has lowered its eurozone GDP growth forecast to 1.0% for 2025, down from 1.3% in December, citing weak investment and rising geopolitical risks.
- The Euro area inflation rate was at 2.2% in March, down from the January 2025 high of 2.5%. Inflation is still above the European Central Bank target of 2% making short-term interest rate cuts less likely.
- The Purchasing Managers Index (PMI) for the Euro Area climbed to 48.7 in March, up from 45.1 in December. The level is at it's highest for 26 months, but still remains just below the expansion threshold of 50.

Euro Area annual inflation rate



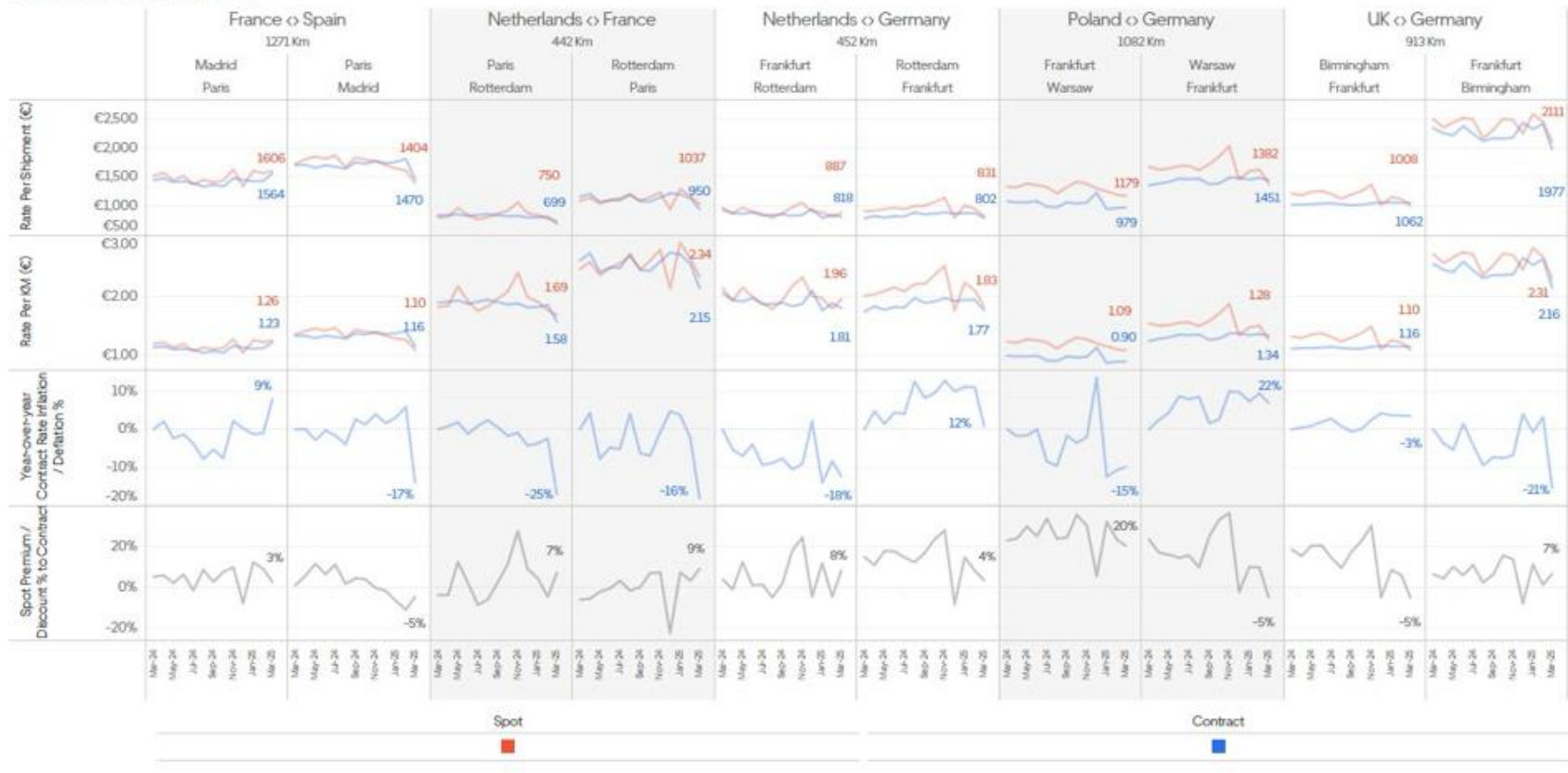
Sources: OECD Economic Outlook, Eurostat

European rate trends



European rate trends

Uber Freight European Rate Trends
March 2024 to March 2025



Outlook: Freight supply and demand

- Euro area GDP growth is expected to be 1.0% in 2025, and 1.2% in 2026.
- Fuel prices are likely to remain highly volatile, as global trade tensions remain unpredictable.
- A forecast from IRU shows driver shortages across Europe are expected to worsen again in 2025, primarily caused by an ageing driver population. The driver shortage is expected to lead to a rise in unfilled positions to 15% in 2025.
- Toll rates are continuing to undergo major changes in 2025 as environmental and regulatory changes take affect.
- Increasing costs for operators in terms of tolls, drivers and tyres are expected to put some upward pressure on contract rates in the medium term.
- The trade disruptions as a results of tariffs has the potential to increase demand for intra European transportation as manufacturers redirect goods to alternative markets

Recommendations

- Contract rates continue to be relatively soft. Procure with medium term agreements as carrier cost pressures increase.
- Focus on network and carrier capacity to see and react to any changing network trends because of tariffs.
- Run scenario analysis on the impact of tariffs on suppliers, customers and carriers to be prepared for ongoing uncertainty.

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International

Global supply chain impacts

U.S. container imports remained strong in April 2025, rising 1.2% from March and 9.1% year-over-year, totaling 2.41 million TEUs—marking the second-highest April on record. This growth came despite rising tariff pressures and global trade uncertainty.

Global schedule reliability improved in March by 3.0 percentage points M/M to 57.5%, the highest level recorded since November 2023.

Market disruptions.

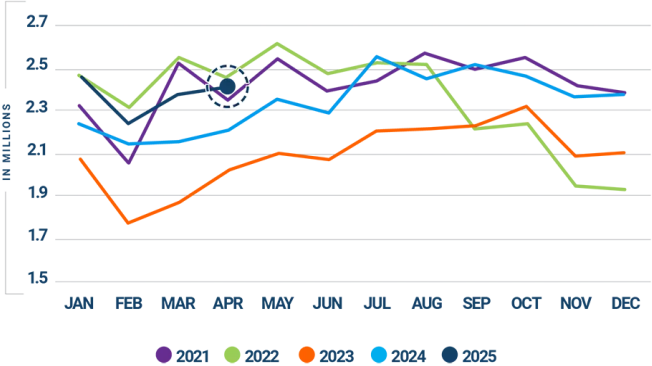
• **Tariffs:**

- Universal Baseline - 10% tariff on all imports from countries except Canada and Mexico, effective April 5, 2025.
- Country Specific Reciprocal: Additional tariffs effective April 9, 2025, ranging from 10% to 50%.
- Chinese Imports: Average 30% across all Chinese imports. Additional tariffs on a 90-day pause. Chinese Retaliation: Reduced to 10% tariff on all U.S. imports.
- Automotive: 25% tariff on all imported automobiles and automotive parts, effective April 3, 2025.

• **Proposed US Port Fees on Chinese Ships:** The U.S. Trade Representative (USTR) announced a phased fee system targeting Chinese-linked shipping, with charges based on vessel size and type, starting at \$0 and increasing gradually over several years.

• **Red Sea :** Renewed Houthi attacks continue to force vessels to reroute around the Cape of Good Hope.

2021-2025 U.S. Container Import Volume (TEUs)



Source: Descartes Datamyne™

Figure 7: April 2024 to April 2025 Comparison of U.S. Import Volumes from Top 10 Countries of Origin

Country of Origin (CoO)	TEU Change	% Change
CHINA	49,461	6.6%
VIETNAM	61,040	32.5%
SOUTH KOREA	(13,550)	-11.7%
INDIA	7,934	7.5%
THAILAND	12,244	13.4%
JAPAN	(7,981)	-12.1%
GERMANY	1,913	3.0%
TAIWAN	(2,000)	-3.3%
ITALY	16,222	29.9%
HONG KONG	13,821	28.8%
Total Top 10 Ports	139,103	9.0%

Source: Descartes Datamyne™

Global Ocean Container Rates

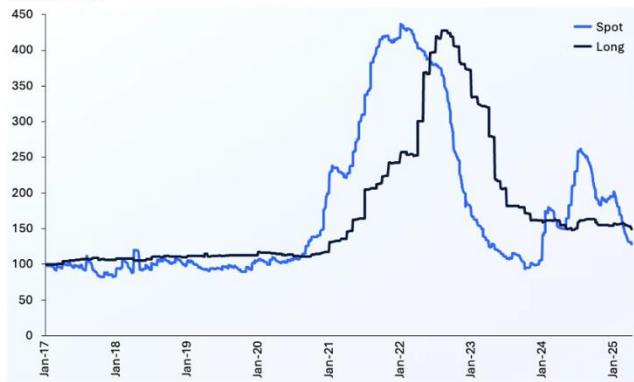
Drewry World Container Index (WCI) - 15 May 25 (US\$/40ft)



- **Global spot rates** fell 35% in Q1 2025 to **\$2,260 per FEU**, the lowest since pre-Red Sea Crisis.
- Major trade routes, like **Far East outbound**, saw rates drop 48%.
- Spot rates now **below long-term rates**, reversing the trend from 2024.
- Rate drops driven by **falling demand**, frontloading by shippers, and **new vessel deliveries**.
- **Idle fleet remains low (0.6%)**, despite weaker demand, due to fronthaul growth and new alliance schedules.

Global Average Rates

Index 100 = 2017



Source: Xeneta

XENETA

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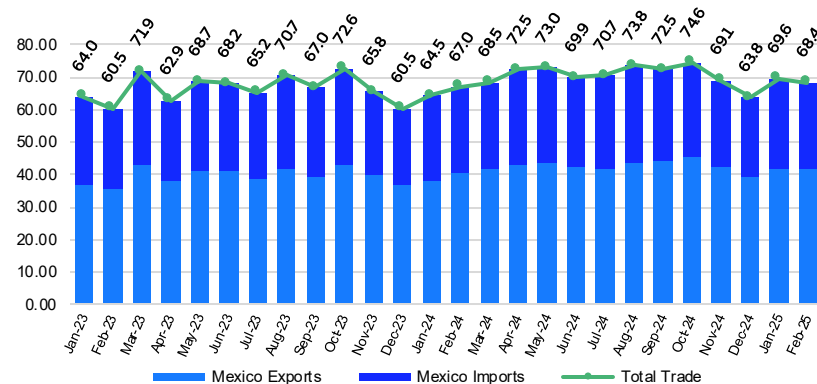
Mexico Truckload

Mexico economic outlook

Mexico economy

- Mexico's economy is navigating a period of great uncertainty driven by an escalating trade tension with the United States and a softened domestic environment.
- In March 2025, Fitch Ratings downgraded Mexico's GDP forecast to a -0.4% contraction, arguing a *technical recession* after two consecutive quarters of negative growth.
- While USMCA-eligible goods remain exempt from reciprocal tariffs, non-compliant products are now subject to a 10% tariff. In parallel, the U.S.A. imposed a 25% tariff on Mexican steel and aluminum exports, deteriorating investor confidence, and disrupting key manufacturing supply chains. Sectors such as automotive, electronics, and agriculture are particularly exposed. Analysts warn that prolonged trade frictions could produce lasting macroeconomic impacts.
- In response to the economic deceleration and moderating inflation, Banco de México reduced the benchmark interest rate to 9.00% in March, its lowest level since September 2022. Further cuts are expected, with the policy rate projected to reach 8.25% by the end of the year, as monetary easing is deployed to support growth and stabilize market expectations.

U.S. - Mexico Trade in Billion USD



Source: census.gov

Mexico economic outlook

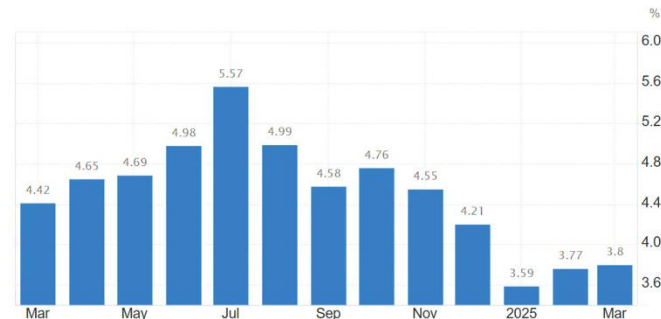
Inflation:

- Although the introduction of tariffs has stirred trade tensions, Mexico's inflation rate in 2025 has eased compared to the previous year.
- This slowdown reflects a mix of contributing factors such as softer domestic demand driven by a weaker economic activity, the monetary policy adjustments by Banxico, particularly rate cuts, and a global environment with less inflationary pressure.
- While tariffs have raised prices in select product categories, their broader inflationary effect has been muted. Combining the aforementioned factors has helped contain inflationary risks, reinforcing Banxico's credibility and price stability efforts.

Exchange Rate:

- The exchange rate for March 2025 closed at \$20.47 USD/MXN. For the first three weeks of Q2 2025, the exchange rate fluctuated from \$20.82 to \$19.71 MXN/USD. During March and April, the Mexican peso reached levels last seen in November 2024.
- While short-term appreciation has been driven by external factors, structural risks related to trade policy and domestic growth pressures remain. Investors are advised to monitor central bank guidance and geopolitical developments closely.

Mexico Inflation 2024-2025



Source: Inegi (Instituto Nacional de Estadística y Geografía)

Exchange Rate USD/MXN



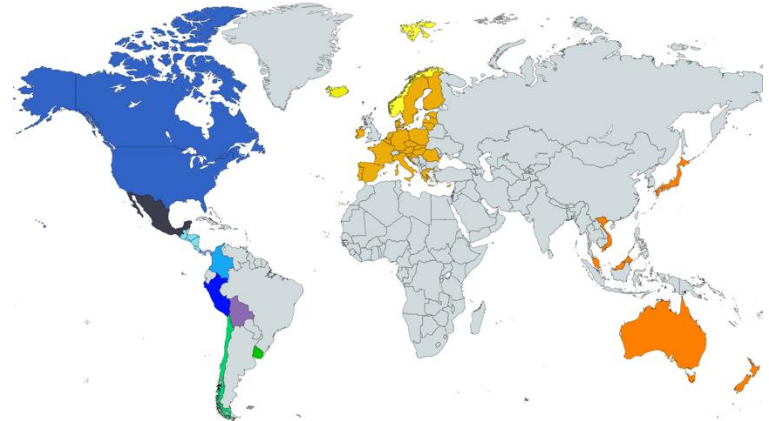
Source: Trading Economy

Mexico economic outlook

Nearshoring

- Mexico's nearshoring prospects are gaining renewed momentum, driven by its strategic advantages under the United States-Mexico-Canada Agreement (USMCA) and a favorable trade environment. While the U.S.A. has imposed new tariffs of up to 25% on imports from Asia, particularly targeting Chinese goods, Mexican exports remain largely exempt, with over 90% of shipments to the U.S.A. qualifying for tariff-free treatment. This positions Mexico as a reliable alternative for companies seeking to reduce exposure to trade friction and long lead times from overseas markets.
- This favorable setting has regained interest from global manufacturers, including automotive leaders such as BMW, Volkswagen, and Mercedes-Benz, who are exploring expansions in Mexico to take advantage of USMCA benefits and avoid U.S. tariffs on non-originating goods. As a result, Mexico's role in North American supply chains is becoming increasingly strategic.
- Analysts from BBVA and BBC highlight that Mexico faces less protectionist pressure than other U.S.A. trade partners due to its deep integration with the American market.

Mexico's Free Trade Agreements

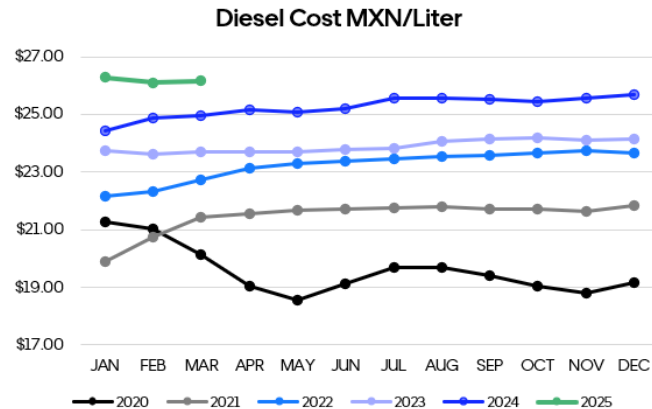


Source: gob.mx

Mexico current situation

Transportation cost and capacity

- Diesel costs have been on the rise. In March, the average cost per liter closed at \$26.17, a 4.8% increase compared to March 2024.
- Cross-border carriers continue to report ample equipment availability in Mexico. Although many carriers began the year requesting double-digit rate increases due to uncertainty, their strategy has shifted toward a more protectionist approach. Most are now seeking to secure freight at more moderate and sustainable increases.
- Freight volumes remain volatile. During Q1, some shippers experienced overflows ahead of the tariff implementation to move as much product as possible before the effective date, while others have scaled back production and adopted a wait-and-see approach, seeking greater clarity around future trade policies.



Source: gob.mx

Outlook

- Despite President Trump's announcement of a 90-day suspension on most tariffs, volume instability and trade uncertainty are expected to persist, potentially through to the scheduled USMCA review in mid-2026.
- To fully capitalize on nearshoring opportunities, Mexico must continue to address infrastructure bottlenecks, regulatory delays, and ensure compliance with USMCA rules to maintain investor confidence.
- Carriers continue to prioritize securing consistent volume and keeping their trucks moving. Due to ongoing uncertainty, many have shifted their plans from fleet expansion to fleet renewal.

Recommendations

- Flexibility remains key. Alternate border crossings, transloading, and different transportation modes can offer advantages during periods of traffic congestion.
- In a constantly changing environment, stay in close contact with your Uber Freight representatives to stay informed about updates related to foreign trade.
- Strengthen partnerships with incumbent carriers to remain aligned with market trends and respond proactively to shifting conditions.

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Canada

Tariff rush, resilient consumer leads unlikely Q1 growth

Canadian Macroeconomic Outlook



After a consensus on dampening of economic growth for 2025, Bank of Canada's April quarterly monetary policy took a unique approach by providing scenario-based projections cutting their outlook to range between 1.24 and -1.15% depending on the extent and intensity of future US tariffs¹. While many criticized the central bank for being too conservative in its outlook and policy rate action, Q1 GDP growth ringing in at a better-than-expected %0.36, beating expectations of revised projections, with manufacturing, IT, and retail being the top growth sectors for the period².

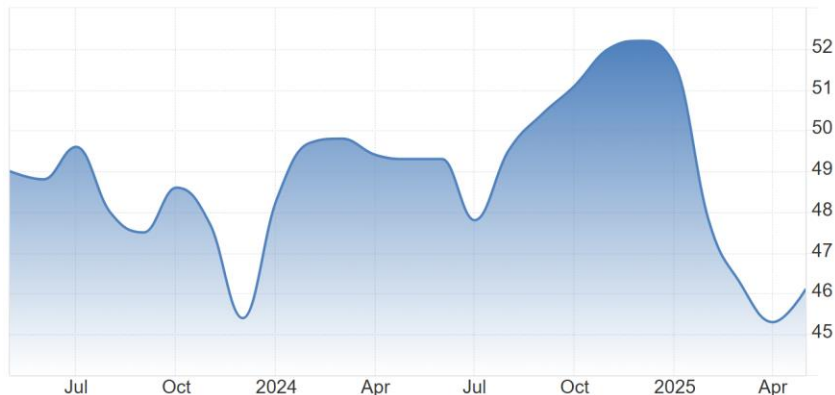
While downstream consumer activity remained surprisingly resilient and on the rise through Q1 and into mid-Q2³, upstream activity from manufacturers continue to reflect a lack of trust with the S&P PMI still in negative territory in May⁴.

Sources ¹ Bank of Canada, Monetary Policy Report—Apr. 2025. ² Statistics Canada, GDP at basic prices 36-10-0434-01. ³ RBC, Consumer Spending Tracker. ⁴ S&P Global Canada Manufacturing PMI®, June 2nd, 2025.

May marks softer-than-Q1 PMI slide

Manufacturing

Canada Manufacturing PMI^{1,2}



S&P Global's PMI is a weighted average of the following five indices: New Orders, Output, Employment, Suppliers' Delivery Times and Stocks of Purchases.

The index is generated through a stratified survey to almost 400 global manufacturers, with responses indicating the direction of change compared to the previous month.

After sliding from 52.2 to 45.3 between December through April, May was an inflection point seeing the index rise to 46.1. Although the index still reflected declines across all five categories, employment led the contraction, recording a five-year high rate of reduction.

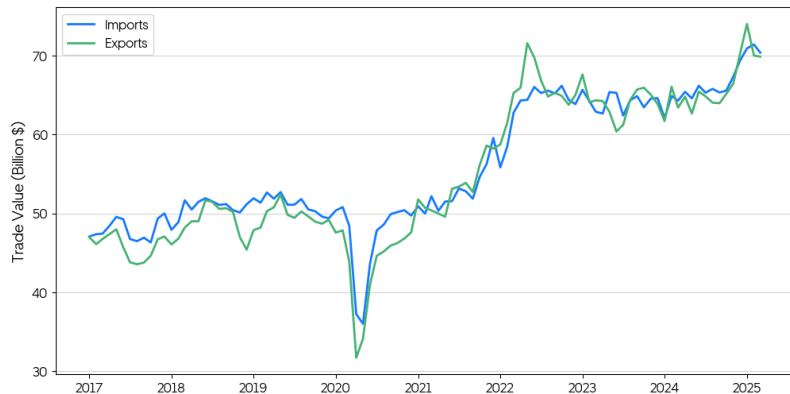
U.S. tariffs put pressure on output and new orders, with S&P panelists noting broad reluctance to commit to new contracts. Subdued purchasing activity led firms to further reduce inventories, exacerbated by weak lead times that lagged replenishment orders. Input costs were also impacted, with livestock, metals, and plastics topping the list of commodities for which vendors raised prices.

Sources ¹ S&P Global Canada Manufacturing PMI®, June 2nd, 2025. ² tradingeconomics.com

January drives Q1 exports to all-time high

International Trade

International merchandise trade, all Partners



Source: Statistics Canada, 12-10-0011-01.

International merchandise trade, with USA



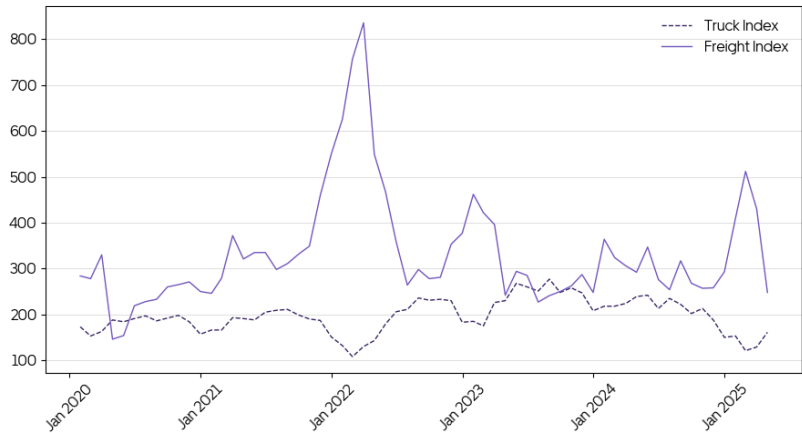
As businesses expedited goods over the border at the end of January to beat tariffs, the US recorded its widest historic monthly trade deficit with Canada (\$14.4B) even though peak shipping activity only intensified near month's end. After a historic month of \$74B in January exports, February and March levelled at \$70B respectively.

Spot market reels from February peak, contract rates trend up

Transportation Capacity



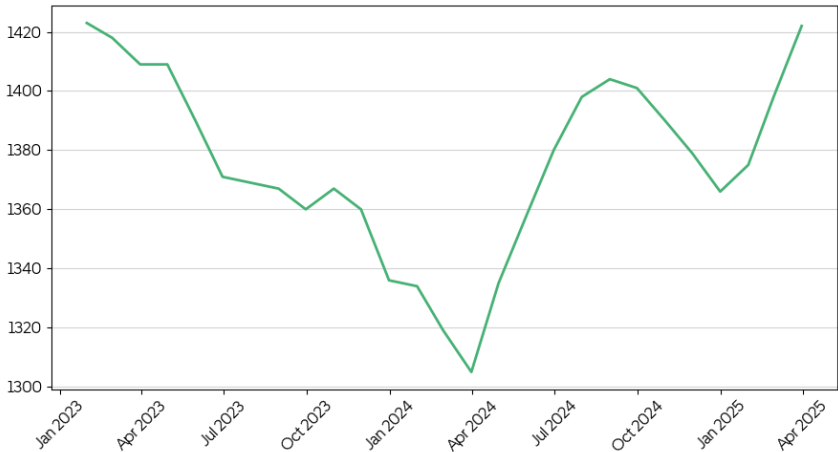
Spot Freight Index
Monthly Trends, Freight and Trucks



Source ¹ Loadlink, Freight Index, April 2025.



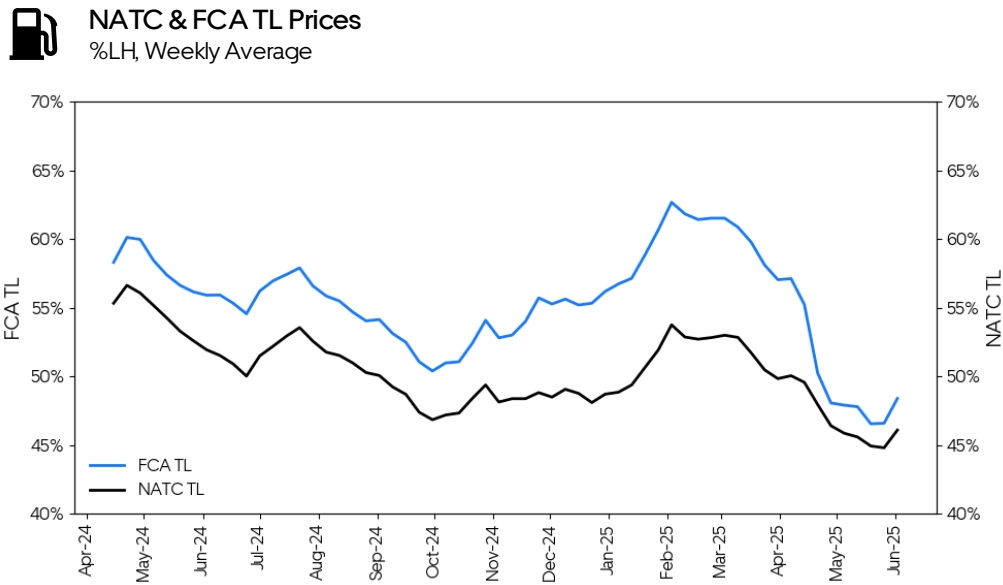
Contracted Base Freight Cost Index
4-Month Moving Average



Source Nulogx, Base Freight Cost Index, March 2025, released May.

Fuel avoids up-cycle, carbon tax lift lowers Canadian Diesel

Transportation Cost Drivers



Source: EIA, Gasoline and Diesel Fuel Update.

Availability momentum cools in a relatively quiet Q1

National Warehousing Update: Q1 '25



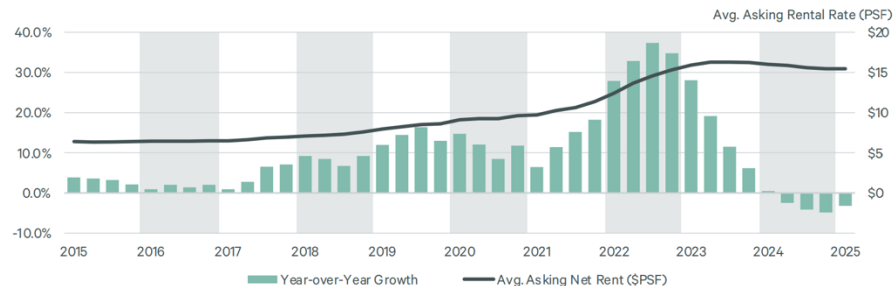
National Industrial Real Estate Supply & Demand¹

New Supply & Net Absorption (in MSF)



National Average Asking Net Rental Rate¹

Year-on-Year Growth (%)



Net absorption outpaced the typically slower Q1 new supply, helping to ease some of the excess space coming to market. However, this wasn't enough to prevent national availability from climbing to 5.0%—a level not seen since Q4 2016. All major markets, except Edmonton (down 70 bps), recorded higher year-over-year availability, with London seeing a sharp rise from around 1% to 3.6%.

Toronto led the country in absorption and was the only market to launch a significant volume of new projects, adding 1.9 million sq. ft. in Q1 starts. Overall availability in the market also dropped to 4.6%, declining for the first time since Q1 2022.

Market conditions are expected to stabilize through late 2025 as new supply declines², but uncertainty around tariffs and economic headwinds may limit demand recovery. Vacancy may edge up slightly, though at a slower pace.

Recommendations

Optimize cross-border flows

- Explore non-resident importer status to leverage duty mitigation strategies, while ensuring compliance.
- Zone Skip international parcel shipments through pre-labelling and consolidating into LTL at origin, and clearing customs as a consolidated entry.

Maintain access to capacity through RFQs or mini-bids as the market rebalances

- Conduct carrier RFPs and secure capacity at prevailing rates as the market begins to stabilize.
- Forecast, simulate and optimize contract award volume % to determine desirable exposure to spot market.
- Evaluate, standardize, and renegotiate accessorial charges.

Implement network efficiencies

- Utilize sailing schedules to optimize long-distance freight transportation.
- Where feasible, hold orders for 24-48 hours to create consolidation opportunities.
- Explore multi-stop truckload or pooling alternatives as potential replacements for conventional hub-and-spoke LTL shipping methods.
- Avoid national tariffs through zone skipping, tendering cargo as regional carriers from a deconsolidation point

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Sustainability

Sustainability policy updates

- **Rollback of Clean Trucks Plan:** The Trump administration has initiated a reevaluation of the 2022 Heavy-Duty Nitrous Oxide (NOx) Rule, part of the Clean Trucks Plan, citing concerns over compliance costs and potential impacts on the cost of goods.
- **Suspension of Enforcement Actions:** The Environmental Protection Agency (EPA) has significantly reduced enforcement of environmental regulations, including those related to heavy-duty truck emissions.
- **Reversal of Fuel Economy Standards:** The administration has ordered a rollback of federal fuel economy standards, which could affect the adoption of electric vehicles in the heavy-duty sector.
- **State-Level Mandates Affected:** California has withdrawn its mandate for zero-emissions trucks, signaling potential challenges to state-level initiatives promoting electric vehicles.

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