



Large carriers shape freight markets: Q1 TD Cowen/AFS Freight Index

Prolonged soft demand favors truckload carriers capable of sustaining lower margins, LTL and parcel carriers with enough market share to exert pricing power

- Index shows only tentative signs of recovery in truckload freight, as supply side-pressures and seasonality push moderate rate growth, but demand stays flat
- Data shows record-high LTL rates in Q4 as carriers flex pricing power despite limited demand
- AFS projects parcel rates to reach a record high in Q1, driven by the combined effect of seasonal trends and subtle-yet-potent pricing actions by carriers

ATLANTA (Jan. 14, 2026) – [AFS Logistics](#) and TD Cowen announce the first quarter (Q1) 2026 release of the TD Cowen/AFS Freight Index, a snapshot with predictive pricing for truckload, less-than-truckload (LTL) and parcel transportation markets. The latest data shows higher rates and market dynamics across modes that favor large carriers. In truckload, a prolonged period of low demand favors large carriers capable of sustaining lower margins, especially with a meaningful market recovery still on the horizon. Record high rates in LTL and parcel show major carriers’ ability to wield market share and pricing discipline to shape markets in their favor.

Truckload: Still fragile, but limited signs of recovery

On the supply side of the equation, the truckload freight market is showing signs of recovery. Carrier exits, industry consolidation and stricter enforcement of CDL and language proficiency requirements all exert downward pressure on capacity. In Q4 2025, the truckload rate per mile index reached 7.6% above the January 2018 baseline – the first quarter above 7% since Q1 2023.

“The common sentiment around the industry is that carriers who have weathered the rock-bottom rates of the past three years will be rewarded with a recovery in 2026. There are some reasons to believe, with rejection rates rising [above 10% in December](#) and spot market rates inching up closer to contract rates,” says Aaron LaGanke, Vice President of Freight Services, AFS Logistics. “But when exactly that shift will occur is anyone’s guess. Plenty of voices expected a turnaround by mid-2025 that didn’t materialize, and today’s landscape still lacks a demand-side spark to ignite a full recovery.”



While excess capacity is falling away, demand for truckload freight services remains subdued. The [ATA Truck Tonnage Index](#) rose only 0.2% in November 2025 after larger declines of 1.9% in October and 0.8% in September. The close alignment of cost and miles per shipment further paints the picture of a freight market stabilizing under flat demand. In Q4 2025, cost per shipment fell 8.6% quarter-over-quarter (QoQ) and miles per shipment fell 10% over the same period. Looking ahead, the truckload rate per mile index is expected to stay relatively flat in Q1 2026, reaching 7.4% above the January 2018 baseline – a slight quarterly decline but a 1.1% year-over-year (YoY) increase.

LTL: A testament to continued carrier pricing strength

The fact that LTL cost per shipment has remained more than 40% above January 2018 levels since Q2 2022, even as weight per shipment has declined by 20% over the same interval, is a testament to carriers' exceptional pricing discipline. Despite challenging macroeconomic conditions, as evidenced by [U.S. manufacturing activity contracting for the tenth consecutive month](#), carriers' focus on network efficiency, advanced revenue management and disciplined pricing has continued to be an effective strategy to sustain margins and profitability. In Q4 2025, the LTL rate per pound index came in even higher than projected, setting a new record high at 67.9% above the January 2018 baseline. In Q1 2026, the index is projected to hit 66.1% – a 1% QoQ decline, but a ninth straight quarter of YoY growth.

“Even as demand has remained limited and mode optimization enables shippers to find savings, LTL carriers have resisted the urge to ‘buy’ freight volume via pricing concessions,” says Mich Fabriga, Vice President of LTL Pricing, AFS Logistics. “For shippers, understanding how their freight fits into the carriers' network optimization puzzle is an important element to optimize freight spend, especially in anticipation of a market turnaround later in 2026.”

Parcel: Peak season, pricing actions drive record-high rates

In Q4 2025, ground parcel cost per package exceeded projections and reached record levels. This record high was driven not only by increased package volumes, but the nature of those volumes and the associated fees they trigger, as evidenced by the average accessorial cost rising 13% QoQ in Q4 2025. This rise was driven by established seasonal factors, such as a major increase in residential shipments driving up residential delivery surcharges, but also a newer page in carriers' pricing playbook: a “blanket” demand surcharge. Introduced for the previous peak season, this surcharge applies to everything except for ground commercial shipments – a major shift from previous demand charges that more precisely targeted delivery cost drivers like volume surges, large packages and additional handling requirements.



As a result, the ground parcel rate per package index came in at 34.1% above the January 2018 baseline in Q4 2025. But the index is projected to go even higher to start the new year, with upward pressure from the carriers' general rate increases (GRIs), which include not only base rate and surcharge increases, but also a new rating logic for certain package dimensions. The index is expected to reach 38.9% – up 5.4% YoY and 3.6% QoQ, though the pace of growth may moderate as seasonal impacts normalize.

In express parcel, cost per package exceeded forecasts in Q4 2025, driven by several key factors that pushed rates higher, including demand surcharges, an increase in residential deliveries and higher average billed weight. The sharp increase in average billed weight during 2025 corresponds with carriers enforcing a 40-pound minimum billable weight for packages qualifying for the Additional Handling – Dimension surcharge. For example, if a package weighs 10 pounds but is subject to additional handling, its billed weight is 40 pounds regardless of its actual weight. As in ground parcel, express rates are also projected to receive a boost from GRIs in Q1 2026, reaching 7.6% above the January 2018 baseline, up from 5% in Q4 2025.

“Record-high rates do not spell good news for shippers, but there is still room for pricing concessions if shippers know where to look and what buttons to push,” says Mingshu Bates, Chief Analytics Officer and President of Parcel, AFS Logistics. “That’s true anecdotally and it’s supported by data. After stalling over the last two quarters, discounting resumed an upward trend at the end of 2025. While not indicative of a return to the loose market of a couple years ago, it underlines the point that carriers are willing to make some concessions to secure strategically valuable volume.”

About the TD Cowen/AFS Freight Index

The TD Cowen/AFS Freight Index launched in October 2021, offering a unique perspective on the transportation market through its dataset and forward-looking view. Expected rate levels are derived from visibility to over \$39 billion of annual transportation spend across all modes and includes actual net charges that factor in accessorials such as fuel surcharges. Past performance and machine learning produce predictions for the remainder of the quarter, set against a baseline of 2018 rates for each mode.

About AFS Logistics

AFS is a group of shipping strategists that helps more than 1,800 companies across 35 countries better understand their freight costs. The company has over \$11 billion in transportation spend under management, and uses that data along with decades of truckload, LTL and parcel experience to help advise, optimize and manage client shipping programs. AFS provides support throughout the process of



buying, planning, executing and settling transportation services, constantly assessing performance to ensure shippers only pay what they should and get the service and operational outcomes they deserve.

The company was founded in 1982 and employs more than 380 teammates across the U.S. and Canada. AFS is regularly part of the Inc. 5000 list of fastest growing companies. To learn more, visit www.afs.net.

###

Media contact:

Dan Gauss

Koroberi

336.409.5391

dan@koroberi.com