



Spiking fuel prices drive record-high freight rates: Q2 TD Cowen/AFS Freight Index

Dramatic fuel price increase headlines litany of factors responsible for structurally higher-cost U.S. transportation environment

- Supply-side squeeze pushes truckload pricing to highest levels since Q4 2022
- Continued focus on higher-margin freight and soaring diesel prices push LTL index to new peak
- Parcel pricing hits record levels as carriers capitalize on surging fuel prices, though uneven discounting can offer shippers some relief

ATLANTA (April 14, 2026) – [AFS Logistics](#) and TD Cowen announce the second quarter (Q2) 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 index projects new highs across all modes for Q2 as skyrocketing fuel prices combine with truckload capacity constraints and disciplined yield management by LTL and parcel carriers to shape a higher-cost freight landscape.

“While the term ‘new normal’ may conjure unpleasant memories of the COVID era, businesses should brace themselves for a new normal of elevated fuel costs,” says Andy Dyer, CEO, AFS Logistics. “Not only do the structural causes that spurred this spike take time to unwind, the related pricing changes, particularly in parcel, tend to be ‘sticky’ with effects that linger even after the underlying price of fuel recedes.”

Truckload: Supply-side correction pushes rates to 13-quarter high amid stable demand

Mixed signals and uncertainty continue to characterize the macroeconomic picture, with the U.S. economy decelerating to [0.5% growth in Q4 2025](#) and renewed inflation concerns as escalating conflict in the Middle East caused oil prices to [soar 50% in March](#), pushing inflation to [3.3%](#). The [ATA truck tonnage index](#) shows trucking activity building momentum, rising 0.7% in January and 2.6% in February – reaching its highest level in three years. However, the early signs of recovery are driven more by tightening capacity than a broad demand rebound.

The cumulative effect of carriers leaving the market and strict regulatory enforcement continues to constrain capacity, driving a steady supply-side push to higher truckload pricing. Q1 2026 data shows the effect of continued upward pricing pressure, as the supply-side correction and winter storm disruptions



pushed linehaul cost per shipment up 10.2% QoQ – a surge that cannot be explained by distance alone, as miles per shipment rose just 8.2%. Looking ahead to Q2 2026, the truckload rate per mile index is projected to reach 10.1% above the January 2018 baseline – the first quarter above 10% in over three years.

Parcel: Opportunistic carriers take advantage of sky-high fuel prices

Fuel surcharges are a cornerstone of FedEx and UPS pricing strategy, and frequent adjustments to fuel surcharge tables positioned them to claim major incremental revenue as fuel prices spiked in March. In Q1 2026, the price of diesel fuel rose approximately 10% year-over-year (YoY), but ground fuel surcharges rose 26.7%. Across the broader parcel market, other carriers are following the example set by FedEx and UPS, with the U.S. Postal Service proposing a fuel surcharge for the first time in its history, Amazon introducing fuel-related fees and OnTrac updating its surcharge tables in the wake of spiking fuel prices.

“Carriers have used the fuel surcharge as a potent revenue generator for years, ratcheting tables higher even during periods with relatively cheap fuel,” says Mingshu Bates, Chief Analytics Officer and President of Parcel, AFS Logistics. “Now that we have sky-high oil prices dominating headlines and priming the market to expect fuel to be a major cost, carriers have no reason to stop pulling that lever.”

Over a five-year period, the effect of fuel and other surcharge changes combined with annual general rate increases (GRIs) adds up to cost increases that significantly outpace inflation. For example, a 5-pound package shipped via ground from Atlanta to a residential address in New York City cost \$22.52 in 2022 compared to \$31.94 in 2026 – a 41.8% increase compared to cumulative inflation of just 15.1% over the same interval. The fuel surcharge alone increased 131% from 2022 to 2026.

Express parcel cost per package came in higher than initially forecast, reaching 8.5% above the January 2018 baseline in Q1. That upward trend is expected to continue in Q2, with the express parcel index projected to reach a record high of 10.3% in Q2 2026 – up 6.4% YoY. GRIs took full effect in Q1 and when U.S. Gulf Coast jet fuel spiked 38% YoY in March, fuel surcharges shot up, too, coming in 46% higher than Q1 levels a year ago.

Elevated fuel surcharges and GRIs also proved a potent combination in ground parcel, with the rate per package index reaching 39.3% in Q1 2026. While peak-related demand surcharges fell away in mid-January, sustained diesel price increases and related fuel surcharges are expected to continue driving higher costs. The ground parcel index is projected to set a record high for the third straight quarter – reaching 42.0% in Q2 2026, representing a 1.9% QoQ and 6.6% YoY increase.



“While both FedEx and UPS continue to publicly double down on strict pricing discipline and margin protection, the execution of that strategy appears inconsistent, revealing pockets of opportunity for shippers navigating a fundamentally expensive environment,” says Bates. “For one, larger express shippers wield sufficient leverage to get concessions that small-to-medium customers cannot. And ground shows a rare case in which the carriers are not moving in lockstep, with UPS tightening pricing but FedEx deploying deeper discounts to pursue volume – diverging practices that threaten to erode overall pricing discipline over time.”

LTL: Record highs ahead as surging fuel costs join stabilizing demand

Q1 2026 reversed trends of declining weight and cost per shipment, with weight exhibiting the first quarterly gain in two years, up 3.8% QoQ. Carrier pricing discipline has held cost per shipment at elevated levels despite falling weights, and the reversal of that decline together with a sharp rise in fuel surcharges drove a 3.0% QoQ increase in cost per shipment. U.S. manufacturing activity [expanded for a third consecutive month](#) in March, with gains in new orders and production signaling early recovery in industrial activity and gradual support for freight demand. Looking ahead, the LTL rate per pound index is projected to reach a record high of 68.4%, up 3.2% YoY and the 10th consecutive quarterly YoY increase.

“For quarter after quarter, LTL pricing stability seemed to hinge on carriers resisting the temptation to ‘buy’ volumes with pricing concessions as they weathered a stubbornly long demand trough,” says Mich Fabriga, Vice President of LTL Pricing, AFS Logistics. “Now fuel prices are primed to make a lasting impact and we’re finally seeing some signs of recovering demand. Positive signals like expanding manufacturing activity align with positive weight and cost per shipment trends in our data.”

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 billions in annual transportation spend across all modes and includes actual net charges that factor in accessories 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.

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