SUPPLYCHAINBRAIN
ONE FORUM • ONE FOCUS • MANY MINDS

EDITORS' 2025 OUTLOOK

Will Relatively Stable Freight Rates Stay That Way in 2025?

February 4, 2025
Robert J. Bowman, SupplyChainBrain

Shippers are holding their collective breath to see how a rash of uncertainties surrounding the U.S. and global economies will impact freight rates in 2025.

The usual factors — oil prices, seasonal demand, overall strength of consumer markets and labor supply — are all at play. Add to that wars in Ukraine and the Middle East, the simmering trade dispute between the U.S. and China, and the trade policies of the new Trump administration, and the picture gets cloudier still.

Given those conditions, one might find it surprising that current rates for truck, ocean and air freight are as stable as they are. Yet it feels like that state of affairs could change at any moment.

Trucking

The trucking market can be subject to wild swings in capacity, as operators regularly come and go in line with shifting consumer demand, and affect rates accordingly. In fact, the sector is still marked by overcapacity, resulting from the entry of many new players with the fading of the COVID-19 pandemic. Truckload carriers had a "pretty muted" peak season in the last quarter of 2024, due in part to extremely cold weather in some parts of the country that lasted into the early part of 2025, says Ken Adamo, chief of analytics with DAT Freight & Analytics.

That was followed by the usual post-holidays slowdown, which can extend into early March — "the doldrums of the freight calendar," as Adamo puts it. The actual duration of that period tends to set the stage for rate levels in the remainder of the year.

By late January, the national average for truckload spot rates was up across the board compared with November: by 8 cents for van, to $2.11 per mile; 2 cents for reefer, to $2.47, and 2 cents for flatbed, to $2.39.

Truckload contract rates during that same period were up 2 cents for van, to $2.42 per mile; 3 cents for flatbed, to $3.06, and unchanged for reefer, at $2.74 per mile.

Despite capacity that's still around 8% higher than during the pandemic, truck supply and demand are essentially "at equilibrium" at the moment, Adamo says. But some potential crises could bring new shocks to the system as the year wears on. Chief among them is the fallout from the Trump administration's foreign trade policy. A trade war with Mexico or Canada, triggered by Trump's threat to impose 25% tariffs on imports from both countries, would have "massive implications for the North American freight market," he says.

Of less concern in the short term, he believes, is the possibility of a spike in oil prices, even with the continuing war between Russia and Ukraine. "Right now, American energy independence is at a point where I don't see a ton of potential shock."

Ocean

Ocean container movements are traditionally subject to even wider swings in rate levels than trucking, as carriers react to events in the global economy and geopolitical strife. Missile attacks by Houthi rebels on shipping in the Red Sea, beginning in October of 2023, forced major carriers to reroute ships around Africa's Cape of Good Hope, with a commensurate rise in rates to account for the extra sailing time. At the same time, drought conditions in the Panama Canal, restricting the passage of larger ships, also contributed to higher operating costs.

Transpacific container rates rose sharply to between $6,000 and $7,000 per 40-foot equivalent unit (FEU) at the beginning of this year, in response to traditional demand ahead of Lunar New Year, according to Freightos. (Strong demand was also the result of some frontloading of cargoes by shippers looking to get ahead of new tariffs imposed by President Trump on imports from China.) Since then, rates have stayed roughly the same — level at around $5,924 per FEU from Asia to the U.S. West Coast; down 1% to $6,898 from Asia to the U.S. East Coast, and up 1% to $5,640 from Asia to North Europe.

Nevertheless, for the first time in eight years, ocean carriers were unable to enact a general rate increase in the spot market, says Eric Rosica, sales supervisor with OEC Group New York. The addition of new and ever-larger ships in the trades over the past year "has made it harder for carriers to find ways to keep rates the why they want," he says.

Rosica doesn't expect the cessation of attacks on shipping in the Red Sea to result in a significant permanent drop in rates (even if the Houthis make good on their promise to stop them). Shippers have gotten accustomed to the longer sailing times, he says, and the "emergency" surcharges imposed during that crisis may well become baked into base rates.

Nevertheless, Rosica expects container spot rates on major lanes to decline somewhat from their New Year's high by April — barring any unforeseen disruptions in global shipping — as carriers enter into annual negotiations for service contracts with big shippers. "Hopefully, it will finally resemble an almost-normal year," he says.

Air

Air freight volumes have gotten a big lift from the flood of e-commerce shipments moving from China to the U.S. and elsewhere over the last few years, says Judah Levine, head of research with Freightos. Whether that windfall continues in 2025 depends on American politics. It is largely the result of a U.S. Customs rule exempting from duties individual import shipments with a value of less than $800 — the so-called de minimis allowance. The Chinese e-commerce sellers Shein and Temu have taken particular advantage of that loophole, sending millions of low-value shipments to U.S. consumers on a duty-free basis. A rulemaking initiated by the outgoing Biden Administration last year seeks to lower or even eliminate the $800 ceiling, which could greatly depress air freight volumes if approved by regulators.

Freightos' Air Index for the last week of January found weekly air rates increasing 7% to $5.61 per kilo from China to North America; 2% to $3.26 from China to North Europe, and 3% to $2.33 from North Europe to North America. Despite the end of peak season, rates remained "highly elevated relative to norms for this time of year due largely to e-commerce demand," the report said.

An "almost-normal" year for freight markets? Perhaps. But the experiences of the last few years suggest that disruptive events — the most likely being a bruising trade war set off by the new Trump tariffs — could alter the picture at any time.

RELATED CONTENT

RELATED VIDEOS