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STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR

Oil floods the market

March 21, 2025 | 1 p.m. ET

Overview

The dynamics in the freight market continue to shift as overall demand has declined, but the capacity side of the market has remained fairly stable. Niche markets are facing a more volatile period, which is to be expected during periods of transition.

The macroeconomic picture is similarly volatile. Fears about resurgent inflation have been stoked by chaotic trade policies under the new Trump administration, which has implemented and delayed tariffs on equally short notice. Meanwhile, the U.S. labor market, though softening, is not yet weak enough to compel the Federal Reserve to accelerate quantitative easing. Accordingly, the Fed maintained its target range for the federal funds rate between 4.25% and 4.5% at its March meeting.

Oil markets were rocked by an unexpected boost to supply: In early March, OPEC+ announced plans to increase oil production by 2.2 million barrels per day (bpd) over the next 18 months. The cartel cited a healthier market outlook in defense of its decision, despite recent price declines. Domestic oil production set new record highs in February and is forecast to continue doing so over the next several months.

Crude inventories in Cushing, Oklahoma, are low, and efforts to refill the Strategic Petroleum Reserve are slow. U.S. petroleum consumption, however, is well above pre-pandemic levels. Rail carloads of petroleum products show sustained, if uneven, growth.

Fleet counts (six-month change)

Total for-hire fleets	300,027 (+8.8%)
Total private fleets	158,865 (+1.2%)
For-hire oil field specialization	20,190 (+1.4%)
Private fleet oil field specialization	8,256 (-1%)

Tractor counts (six-month change)

Total for-hire tractors	1,810,000 (+2.3%)
Total private tractors	766,799 (+0.6%)
For-hire oil field specialization	326,544 (-1%)
Private fleet oil field specialization	53,747 (+1%)

Active daily rig count (y/y change)

Permian Basin	270 (-6.9%)
Gulf Coast Basin	60 (-18.9%)
Anadarko Basin	65 (+32.7%)
Total	**619 (-4.3%)**

Crude oil prices per barrel (y/y change)

WTI crude	$67.94 (-15.7%)
Brent crude	$71.77 (-15.4%)
Brent-WTI Spread	**$3.83 (-8.8%)**

Michael Rudolph
Research Analyst
mrudolph@firecrown.com
(847) 602-3144

Flatbed safety is exacting but essential

Given the open nature of flatbed trailers, it is arguably more important for flatbed drivers to follow best safety practices than for drivers in any other mode. This is compounded by the fact that flatbed drivers are uniquely responsible for ensuring that their loads are properly secured and, if necessary, covered by tarps. Otherwise, cargo can shift or even fall in transit, harming not only drivers and their equipment but also fellow motorists.

Thus, drivers should first choose high-quality straps, chains and binders that are designed to withstand the weight and type of cargo being transported. When loading, drivers must be careful to confirm that cargo is distributed evenly across the deck to maintain stability and to prevent excessive stress on specific areas of the flatbed. If applicable, drivers should employ edge or corner protectors to protect straps from sharp edges as well as sensitive cargo from damage caused by undistributed downward force.

Flatbeds also serve a vital role for the domestic oil and gas industry, in part because safety can be compromised by the (often) time-sensitive nature of such deliveries. As such, it is critical that the pre-trip inspection be fully carried out, not only with regard to the vehicle and trailer but also to the rigging equipment used, checking for frays or other signs of excessive wear.

Finally, special attention should be paid to the surroundings when the flatbed is not in use, particularly during loading and unloading. Trucks should be parked on a surface that is as flat as possible, taking care that the truck is not only level from front to back but also untroubled by side grades. To be sure, side grades need special attention when the truck is in motion, such that a heavy object does not suddenly shift forward into the cab or backward into any traffic. When dealing with hazardous materials, drivers should be aware of potential obstacles during loading and unloading that could impede an evacuation route.

Truck capacity outlook

The trucking capacity outlook is showing signs that capacity is exiting the market, which is needed to firm up pricing, but at a relatively slow rate. The back half of the year is traditionally a period when capacity tightens across modes. But with all the added capacity throughout the year, the usual tightening was muted throughout the fourth quarter of 2023.

The interesting growth areas haven't necessarily been in carriers or tractors but in the number of trailers added over the past few years. When the market reacted to the COVID-19 pandemic, semiconductor shortages prevented new truck order backlogs from being worked through. This led to fleets investing elsewhere, namely in trailer counts, which was one of the first areas addressed when the increased rates were sustained throughout the back half of 2020 and early '21.

With rates falling rapidly, the growth in capacity will likely return to levels closer to 2019 until some of the capacity added over the past year is removed from the market.

Total Fleets, Tractors and Trailers				Percent Change since February 2022		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Jul-22	498,170	2,780,000	4,298,588	5.75%	1.83%	14.34%
Feb-22	471,102	2,730,000	3,759,410			
Total For-Hire Fleets, Tractors and Trailers				**Percent Change since February 2022**		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Jul-22	300,027	1,810,000	3,022,330	8.76%	2.26%	1.00%
Feb-22	275,856	1,770,000	2,992,449			
Total Private Fleets, Tractors and Trailers				**Percent Change since February 2022**		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Jul-22	158,865	766,799	1,147,612	1.20%	0.63%	49.63%
Feb-22	156,979	761,967	766,961			

Source: Federal Motor Carrier Safety Administration monthly census data.

Since February 2022, the total number of fleets, which is filtered to those that report having at least one tractor and 20,000 or more annual miles per tractor on their MCS150 forms, has increased by 5.75%. Carriers have to report the data only once every two years, so the growth over the past two years is evident from the rise in July's numbers compared to February's. The average fleet size (number of tractors divided by fleet count) declined from 5.8 to 5.5, which indicates that growth is stemming from smaller carriers entering the market.

Growth in carrier and tractor counts is emerging from for-hire carriers, which is expected as the number of owner-operators has increased dramatically over the past two years. Overall, the number of carriers has jumped by 8.8% since February, but the number of tractors has increased by only 2.3%. This signals that owner-operators are the largest group to experience growth between February and July 2022.

While the for-hire side of the trucking industry is experiencing gains in carriers and tractors, private fleets are where most of the growth in trailer counts is originating. Between February and July 2022, private fleet trailer counts increased by 49%. Again, it is important to note that carriers have to report this number only biennially, so it really shows the growth over the past two years.

The for-hire market may see some consolidation — and bankruptcies — over the next six to 12 months, but it may not actually show up in the data, with carriers having to report only once every two years and new carriers always entering the market. As the freight market softens, the difference is that drivers will return to the umbrella of large enterprise carriers and thus may actually be double counted at some point in the future.

Total Fleets, Trucks and Trailers with oilfield or liquid/gas specialization				6 month % Change		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Feb-22	28,446	380,291	1,074,897	0.7%	-0.5%	0.9%
6 months ago	28,260	382,131	1,065,222			

Total For-Hire Fleets, Trucks and Trailers with oilfield or liquid/gas specialization				6 month % Change		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Feb-22	20,190	326,544	923,705	1.4%	-0.7%	1.2%
6 months ago	19,906	328,902	912,408			

Total Private Fleets, Trucks and Trailers with oilfield or liquid/gas specialization				6 month % Change		
Time Period	Carriers	Tractors	Trailers	% Carriers	% Tractors	% Trailers
Feb-22	8,256	53,747	151,192	-1.2%	1.0%	-1.1%
6 months ago	8,354	53,229	152,814			

Source: FMCSA monthly census data.

The capacity landscape for carriers with oil and gas exposure was relatively unchanged from six months ago as their numbers have increased across the board. The largest rise is in the for-hire market, where the number of carriers has risen by 1.4%.

Even with additional carriers in the market, the number of available tractors has declined by nearly 1%, indicating a couple of things: Smaller carriers are entering the market, and larger carriers with exposure to oil and gas are thinning out their fleets.

While the number of tractors has declined in the past six months, for-hire carriers have added trailer capacity to their fleets, increasing the number of available trailers by 1.2% in the six-month span.

Private fleets haven't experienced the same fate, as there were 98 fewer private carriers operating in the oil and gas space over the past six months. Those continuing to operate have added to their fleets, however, as the number of available tractors has increased by 1%.

Total Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California

Time Period	Carriers	Tractors	Trailers
Jul-22	993	15,858	11,629

Total For-Hire Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California

Time Period	Carriers	Tractors	Trailers
Jul-22	549	3,651	5,262

Total Private Fleets, Tractors and Trailers with oilfield or liquid/gas specialization in California

Time Period	Carriers	Tractors	Trailers
Jul-22	395	11,799	5,967

Source: FMCSA monthly census data.

Nearly 1,000 carriers based in California were operating in oil field services or liquid/gas specialization as of last July. The vast majority, in both the overall trucking industry and the oil and gas industry, were for-hire carriers. More than 55% of the fleets in California that operate in the space are for-hire carriers, whereas private fleets make up just under 40% of carriers.

Private fleets do make up the vast majority of tractors in California. Of the 15,858 total tractors that operate in the oil and gas industry, 11,799 are from private fleets, which is roughly 75%. For-hire fleets have an average of 6.65 tractors, compared to private fleets with nearly 300 tractors in operation.

The difference in trailers is less dramatic as for-hire fleets have 45% of the trailers in California. But it is important to note that this data only includes owned trailers and not those that carriers have leased.

Ultimately, the capacity outlook appears quite different than it did at the beginning of 2022. The extreme growth over the past two years has passed its peak and is slowly starting to correct itself. However, having to report counts to the FMCSA only once every two years may mean the data does not show the capacity exiting the market as quickly as it actually does.

National economic outlook

After its unexpectedly suspenseful Tuesday and Wednesday meeting, the Federal Open Market Committee announced that it would continue holding its target range for the federal funds rate between 4.25% and 4.5%. In a press conference after this announcement, Federal Reserve Chair Jerome Powell remarked that, although “conditions remain solid” in the U.S. labor market and “longer-term inflation expectations are mostly well anchored,” tariffs remain a key source of uncertainty when deciding on future policy.

“You would expect that expectations of inflation over the course of a year would move around because conditions change,” Powell continued, “and in this case we have tariffs coming in. We don’t know how big. There are so many things we don’t know. But we kind of know there are going to be tariffs and they tend to bring growth down. [Tariffs] tend to bring inflation up in the first instance.”

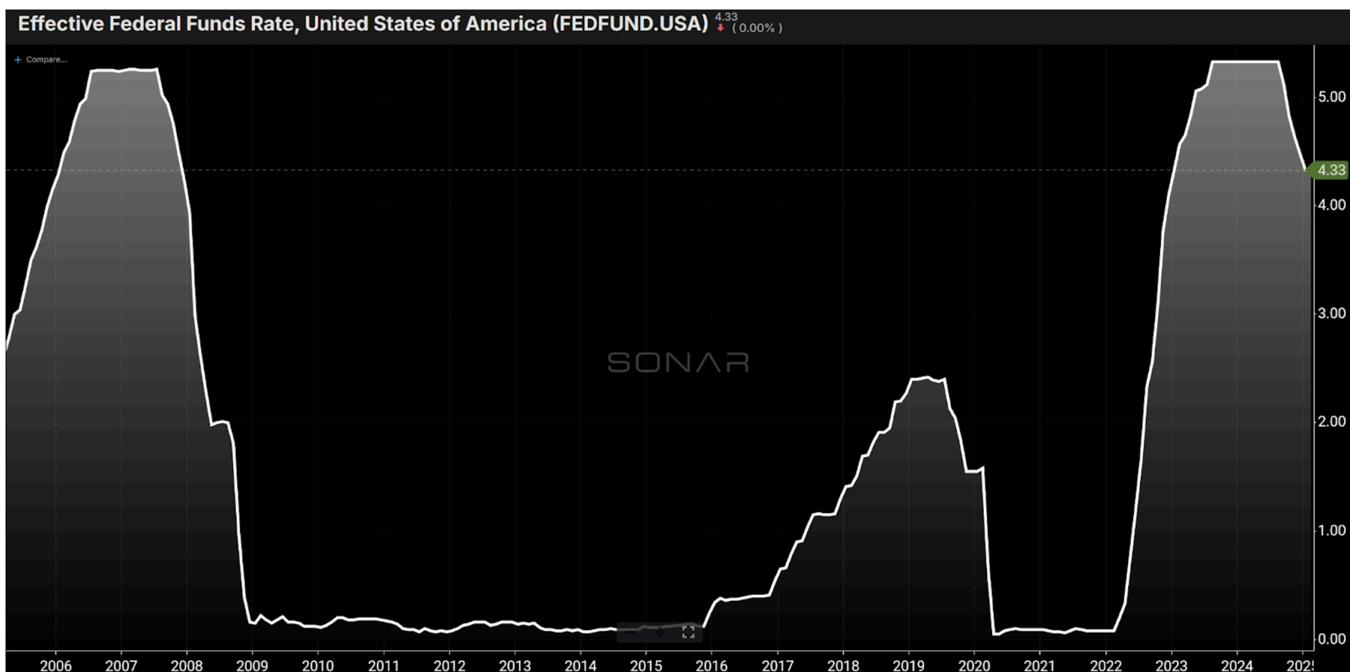


Chart: SONAR. Effective federal funds rate.

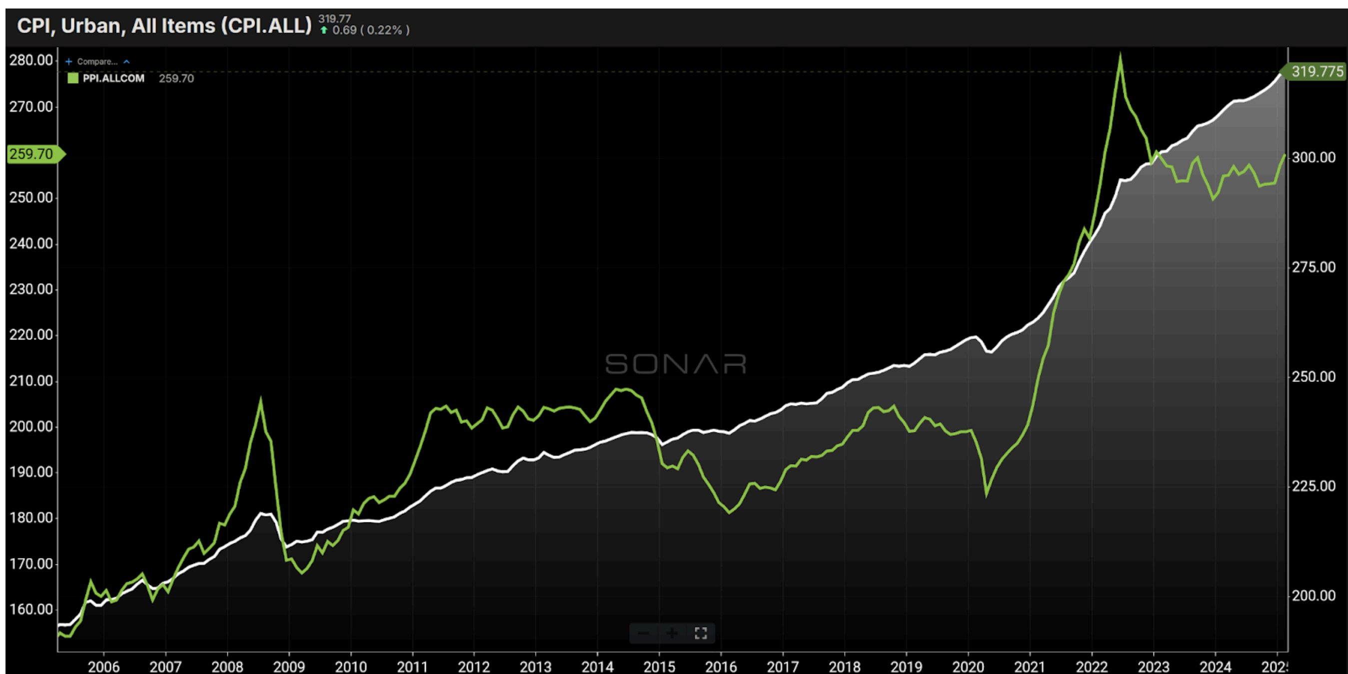
The impact of the Trump administration’s new tariffs, whether enacted or threatened, has not yet been tangibly represented in most data. Nevertheless, the United States’ chaotic approach to trade has sent jitters throughout both global and domestic markets — especially freight markets. Following a 30-day pause on all new tariffs against Canada and Mexico, a 25% levy was set to be imposed at the beginning of March. But, on March 6, Trump suspended tariffs on all goods from Canada and Mexico that adhere to the U.S.-Mexico-Canada Agreement, a trade framework that was established in Trump’s first term.

No such forbearance was seen for the 10% bump to tariffs against Chinese goods, which took effect on March 3. Within a week, China responded with retaliatory tariffs, including a 10% tariff on most agricultural products and a 15% tariff on chicken, wheat, corn and cotton. China also suspended the export permits for three U.S. soybean producers — a significant move, given that China represented half of all U.S. soybean exports in 2024.

Nor are there any planned exemptions for the 25% tariffs on all imported steel and aluminum, which took effect on March 12. These metal tariffs prompted responses from Canada and the European Union, with new trade duties imposed on roughly $49 billion worth of U.S. goods.

Still, recent data on both supply- and demand-side inflation was cooler than expected. In February, consumer prices rose at their slowest pace in four months, allaying — however briefly — market jitters about inflationary pressures. While the Consumer Price Index's yearly rise of 2.8% (against January's 3% and consensus expectations of a 2.9% gain) was not cool enough to persuade the Federal Reserve to cut interest rates at its March 18-19 meeting, it does give the Fed some breathing room to direct policy in the coming months.

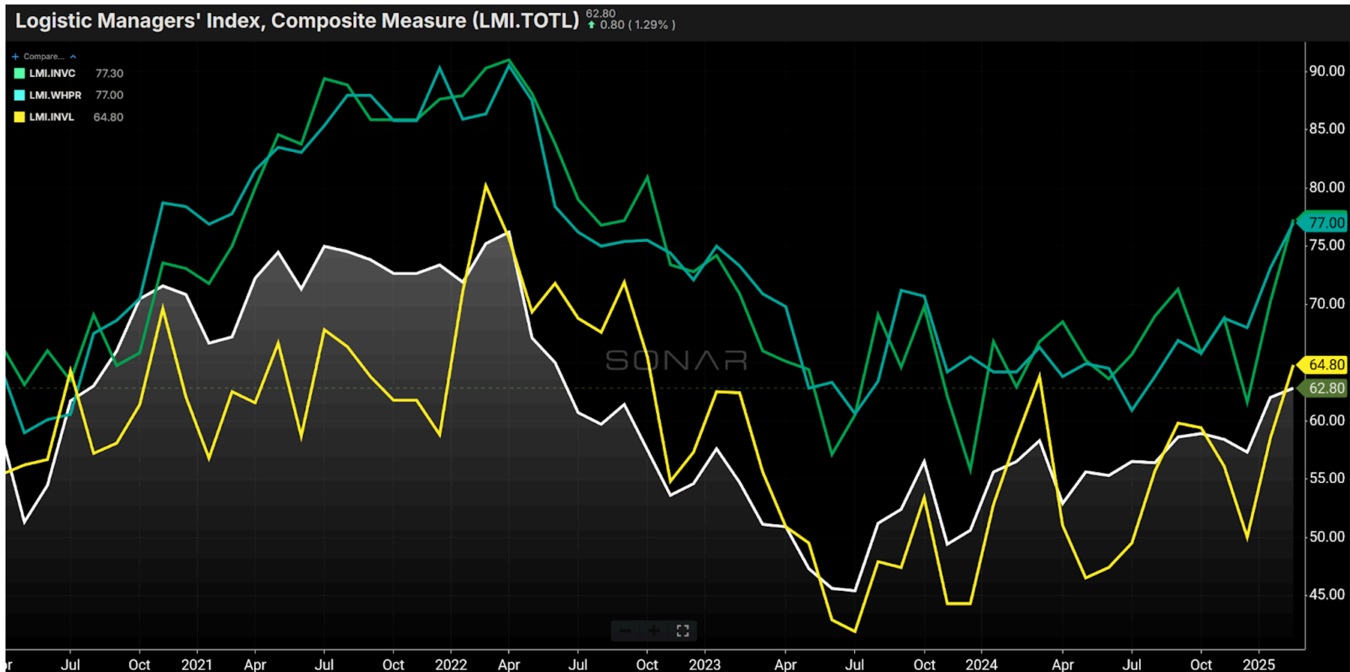
Even so, some analysts argue that the impact of the Trump administration's new tariffs — which went into effect on all Chinese goods in February and have since widened to include certain items from Canada and Mexico — have yet to show up in the inflation data. Core inflation, which excludes goods with volatile pricing like food and energy, rose only 0.2% from January. Furniture, toys and consumer electronics all saw limited price growth in February; these items are the most vulnerable to levies against China.



Source: SONAR. Consumer Price Index (white, right axis) versus Producer Price Index (green, left axis).

In line with this cool release on demand-side inflation, the most recent print of the Producer Price Index was similarly below consensus. In February, the headline PPI was unchanged from the month prior, far better than the consensus expectation for a 0.3% monthly rise. Even better, however, was the monthly change in the core PPI. The core PPI ticked down 0.1% from January (versus the 0.3% rise expected), its coolest performance since April 2020.

While February's PPI is good news for most businesses, there are some caveats. First, the vast majority of analysts expect the PPI to heat up in the coming months. Trump's new 25% tariffs on foreign steel and aluminum are forecast to have a broad impact on producers' input costs. Second, the core PPI's drop was brought about by a decline in prices of transportation services. While prices for the truck transportation sector did see modest growth of 2.1% over last year, this performance lags greatly behind the core PPI's yearly gain of 3.3%.



Source: SONAR. Logistics Managers' Index (white), inventory levels (yellow), inventory costs (green) and warehouse prices (blue).

Finally, record import levels ahead of new tariffs have shaped sentiment among supply chain managers, per the February release of the Logistics Managers' Index (LMI). The headline LMI ticked up 0.8 points m/m to 62.8 — the index's fastest rate of expansion since June 2022. The subindex for inventory levels jumped 6.3 points m/m to 64.8, as the inventory costs subindex rose 7.1 points m/m to 77.3. While any reading above 50 indicates expansion, readings above 70 point to "significant growth."

"So far 2025 stands in stark contrast to the more JIT [just-in-time] inventory patterns of 2024 when average inventory level growth was a lean 52.7," the report said. "It is likely that this increase has been at least partially driven by continually shifting trade policies."

Growth rates for inventories and costs changed dramatically in the latter half of February. Inventory levels had a reading of 69.6 at the start of the month but slowed to an expansion rate of 60 by the end of the month. Inventory costs, meanwhile, surged from 71.1 to 82.7 from the beginning to the end of the month. Warehouse prices jumped more than 18 points to 85.6 in the second half of February.

Manufacturing

Sentiment throughout the manufacturing sector was mixed in February, with short-term positives offset by fears that inflation would weigh on demand in the coming months. Still, given the current administration's focus on reshoring manufacturing from East Asia and Mexico, the U.S. industrial sector is well positioned for growth in the long run.

The Institute for Supply Management's Manufacturing PMI saw its second straight month of expansion in February, following 26 consecutive months of contraction. Even so, the headline index's rate of growth diminished from January, falling from 50.9 to 50.3. While the breakeven point for the index is 50, the consensus is that the overall economy is likely to expand even if the PMI is slightly contractionary (42.3 to 49.9).

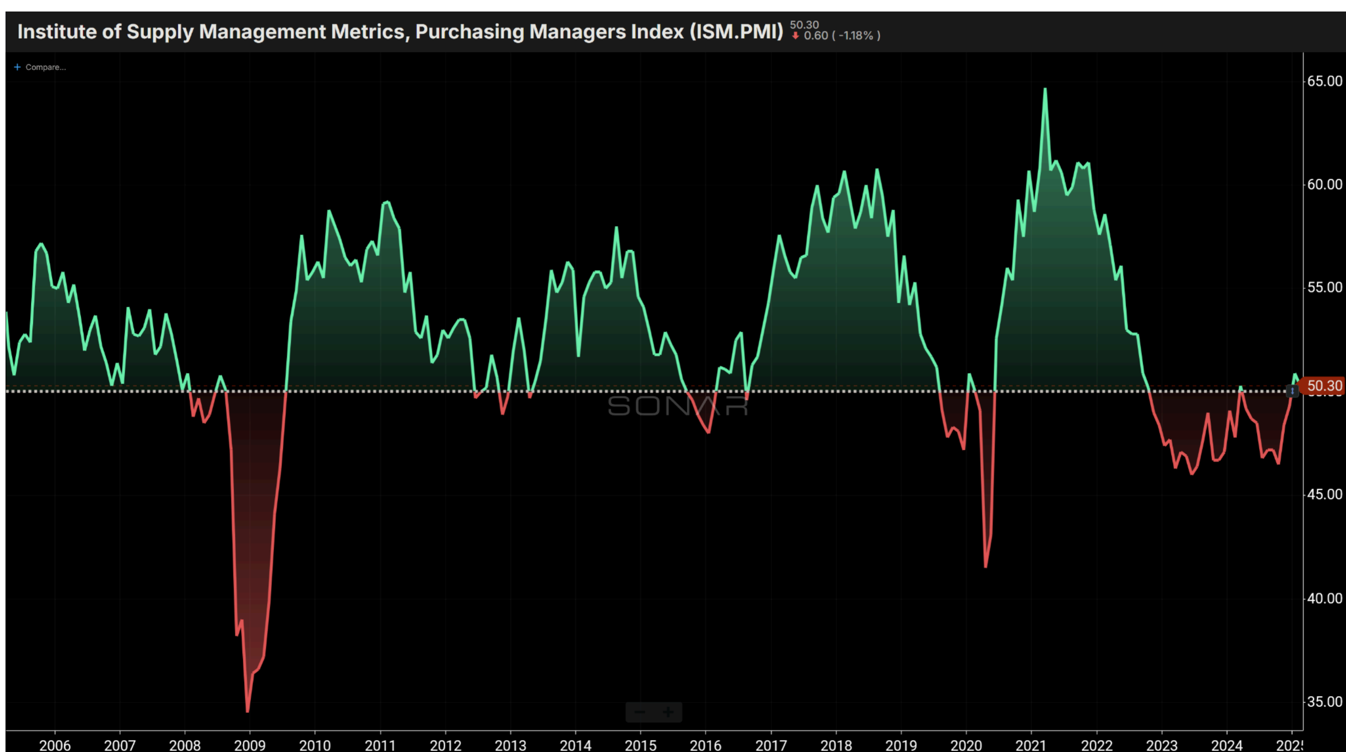


Chart: SONAR. Institute for Supply Management's Manufacturing PMI.

Unsurprisingly, the ISM's Imports Index was one of the few subindexes to see growth in February, as domestic manufacturers rushed to get foreign inputs ashore before new tariffs against China, Mexico and Canada took effect. The Imports Index rose 1.5 points m/m to 52.6, though this gain will likely be undone by April if not March.

Perhaps most worrying was the steep decline in the ISM's New Orders Index, which flipped from January's 55.1 into contraction at 48.6. One anonymous survey respondent expounded on this change: "Customers are pausing on new orders as a result of uncertainty regarding tariffs. There is no clear direction from the administration on how they will be implemented, so it's harder to project how they will affect business."

The sharpest growth was unfortunately seen in the ISM's Prices Index, which surged 7.5 points m/m to 62.4. Another survey respondent pointed to recent changes in trade policy as driving this inflation: "The incoming tariffs are causing our products to increase in price. Sweeping price increases are incoming from suppliers. Most are noting increases in labor costs. Vendors are indicating open capacity. Inflationary pressures are a concern." Supply-side inflation typically takes about six months to trickle down to the consumer, though there is some indication that manufacturers are being more proactive in passing on cost increases.

The other major release on industrial sentiment, the S&P Global US Manufacturing PMI, was markedly more optimistic. The headline index rose from 51.2 to a 32-month high of 52.7, beating last week's preliminary estimate of 51.6. February's growth came from a rise in both industrial output and new orders.

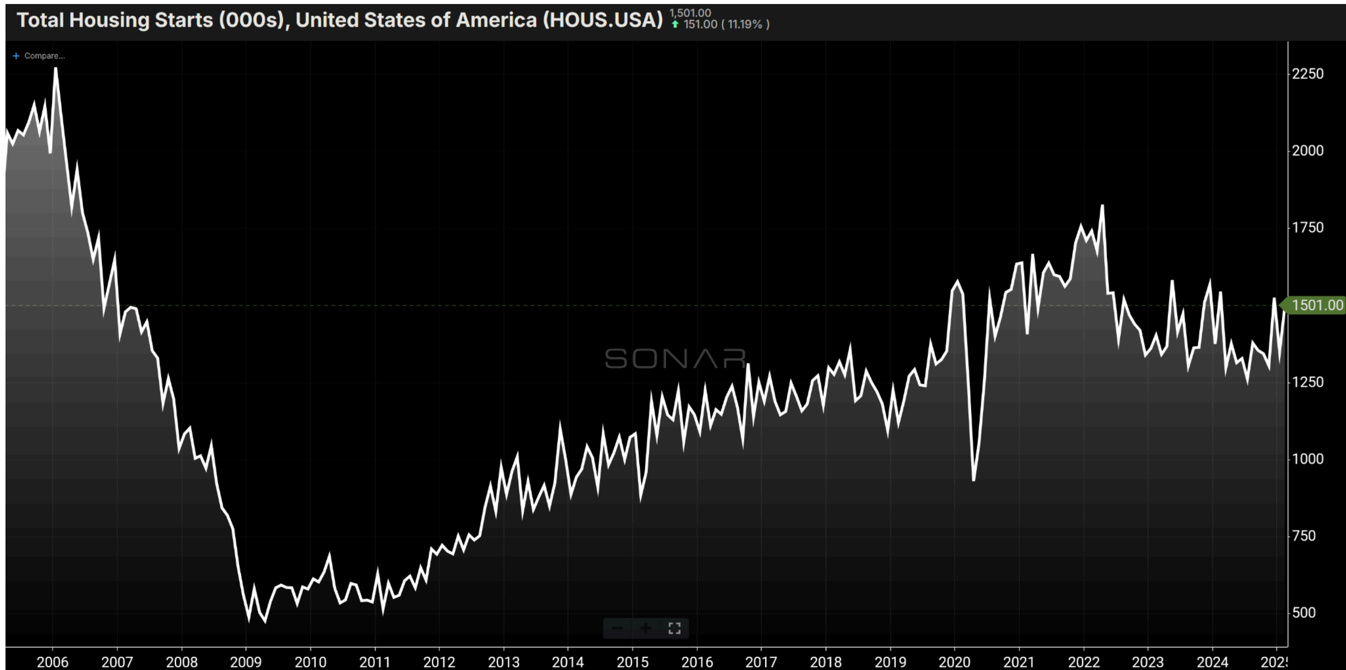
There is a concern, however, that these tailwinds might reverse course in the near future: Per Chris Williamson, chief business economist at S&P Global Market Intelligence, "growth was partially driven by client restocking, with customers reportedly keen to get ahead of higher prices and possible supply challenges should a wider range of goods be subject to tariffs." These tariff-induced fears have darkened businesses' outlook for the year ahead, a quick reversal from January's jubilance.

Housing and construction

Since falling from this cycle's peak at 7.79% in October 2023, the average rate on a 30-year fixed mortgage has remained solidly range-bound between 6% and 7%. In 2022-23, rising mortgage rates did not — as they normally do — deter prospective buyers from purchasing homes, given a rare combination of low inventory levels and a nationwide shift to remote work that made rural housing markets more attractive.

But this dynamic has not held over the past year, as intractably high mortgage rates are weighing on housing market activity. Per Freddie Mac, the current average rate on a 30-year fixed mortgage stands at 6.65%, 22 basis points lower m/m but only 9 bps lower y/y.

Existing home sales, which comprise the vast majority of home sales in the U.S., retreated in January. According to the National Association of Realtors, existing home sales tumbled 4.9% m/m in January at a seasonally adjusted annualized rate of 4.08 million. Existing home sales were up 2% y/y, but such growth pales in comparison to December's 9.3% y/y rise. Despite this anemic growth, the median price of an existing home continues to surge, up 4.8% y/y at $396,900.



Source: SONAR. Total U.S. housing starts (in thousands).

U.S. housing starts rose at a far higher rate than expected in February, rebounding from January's severe winter storms that suppressed building activity. Consensus estimates had pegged housing starts to rise only 1.4% m/m, but, thanks to a surge in new single-family housing projects, starts instead skyrocketed 11.2% m/m. This recovery is still hindered by issues of oversupply and rising input costs (particularly Canadian lumber that is newly tariffed), so repeat performances are not expected in the coming months.

The constant ebb and flow of mortgage rates is dampening sentiment. In February, Fannie Mae's Home Purchase Sentiment Index (HPSI) fell 1.8 points m/m to 71.6. On a yearly basis, the HPSI is down 1.2 points. The share of survey respondents who believed that it was a good time to sell their house ticked down to 62%, though the minority share of consumers who thought it was a good time to buy grew to 24%.

"In February, the HPSI saw its first year-over-year decline in nearly two years, which was mostly due to a shrinking share of consumers expressing optimism about the direction of mortgage rates," said Mark Palim, Fannie Mae senior vice president and chief economist. "This growing pessimism makes sense, as mortgage rates had remained near the 7% threshold for a few months.

"The decline in sentiment was further impacted by consumers' growing concerns about their own personal financial situations. While some consumers may be slowly acclimating to the higher mortgage rate environment, the vast majority continue to believe it is a 'bad time' to buy a home – with high home prices cited as the primary sticking point. We continue to expect home sales activity to remain relatively light over our forecast horizon due to the ongoing lack of supply and overall unaffordability."

Oil market

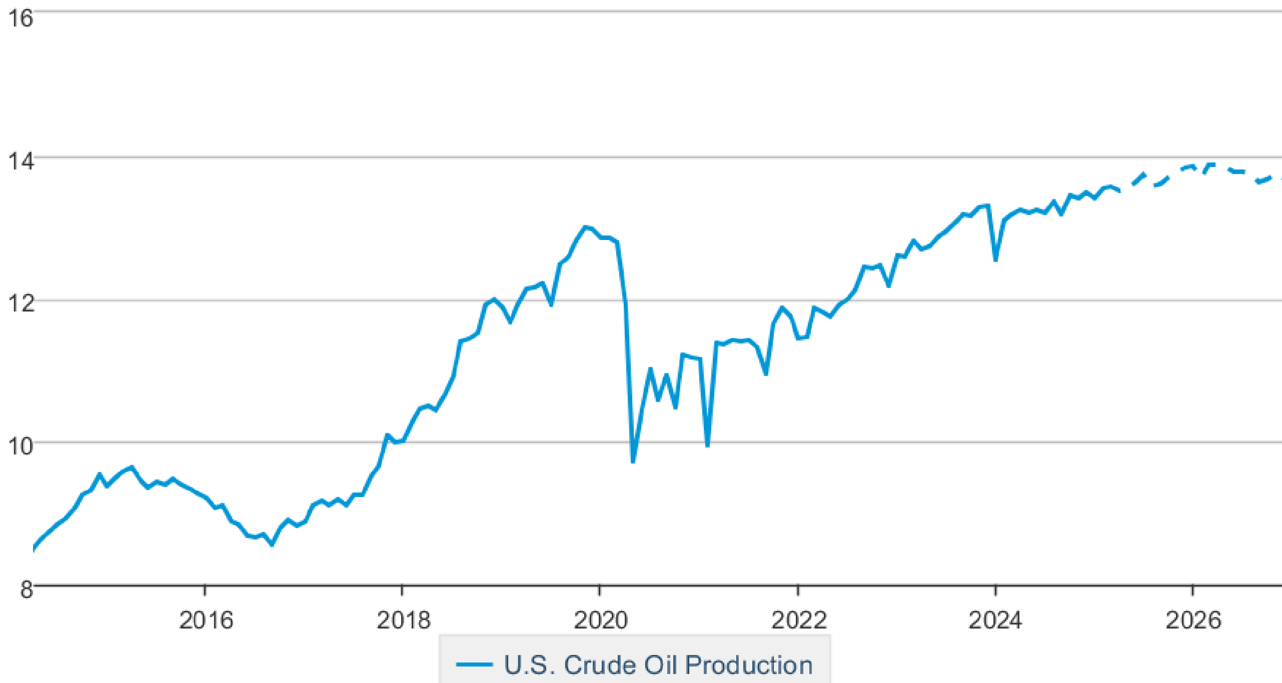
In an unexpected move that triggered a massive sell-off in crude oil, OPEC+ announced it was finally set to increase oil production in April after nearly a year of delayed plans. After it cut the output quotas of its member countries — the bulk of which was borne by leader Saudi Arabia itself — in mid-2022, OPEC+ will return production of 2.2 million barrels per day to global markets over the next 18 months.

The reason behind this sudden change of heart was not immediately clear. The cartel cited a "healthier oil market outlook" for 2025 and 2026 in support of its decision, yet crude oil prices have been tumbling this year on fears about the potential impact of tariffs to U.S. economic activity and — if a peace deal is achieved between Russia and Ukraine — the possibility of Russian supply returning to the market.

Yet, though baffling, OPEC+'s decision is not ludicrous. One of the final acts of the Biden administration was to tighten sanctions on Russian oil, sanctions that impacted roughly 25% of the country's total exports. Following these sanctions, India pledged to forgo Russian crude, thus tightening the market. Manufacturing activity in China has been unexpectedly strong, per S&P Global's February PMI. Moreover, the Trump administration has further constrained supply from Iran and Venezuela, going so far as to revoke Chevron's sanction waiver in the latter country and thus taking 240,000 bpd off the table.

In February, gross domestic oil production swelled 140,000 bpd m/m to 13.54 million, more than undoing January's weather-induced dip to 13.4 million bpd. Production figures from previous months continued to be heavily revised, as January's data was pulled up from an initial reading of 13.31 million bpd.

In a prior print of its Short-Term Energy Outlook, the U.S. Energy Information Administration forecast that domestic crude oil production would average 13.4 million bpd in the first quarter of 2025. This forecast has been revised up to 13.5 million bpd in the EIA's latest release.



Data source: U.S. Energy Information Administration

After factoring in revisions to prior months' data, the EIA now predicts that domestic crude oil production will continue to set record highs over consecutive months until July 2025, at which point U.S. production will peak at 13.73 million bpd. After a brief decline, production is forecast to pick up in the final months of 2025 before peaking again at 13.88 million bpd in April 2026. The EIA continued to predict that the full years of 2025 and '26 will outpace 2024's production average of 13.22 million bpd, solidifying the United States' status as the top global producer. In March, the EIA projects that crude oil production will tick up by 30,000 bpd m/m to 13.57 million bpd.

The Baker Hughes active rig count is thought to signal future demand for drilling as well as inputs into the oil industry. The Baker Hughes active rig count for the U.S. as a whole totaled 592 rotary rigs as of March 14. This latest count marks a steep decline of 5.9% y/y, continuing a series of y/y losses.

Breaking that down into basins, Enverus, a leading SaaS company focused on the energy market, releases daily active rig counts.

Basin	Daily Active Rig Count	1-mo. Change	M/M Percent Change	1-yr. Change	Y/Y Percent Change
Anadarko Basin	65	7	12.1%	16	32.7%
Appalachia	32	0	0%	-13	-28.9%
DJ Basin	11	3	37.5%	-1	-8.3%
Gulf Coast Basin	60	-4	-6.3%	-14	-18.9%
Permian Basin	270	1	0.4%	-20	-6.9%
Williston Basin	33	-4	-10.8%	-4	-10.8%
Other	148	14	10.4%	8	5.7%
Total	**619**	**17**	**2.8%**	**-28**	**-4.3%**

Source: Enverus daily active rig count as of March 17.

The current administration is coming into conflict with U.S. oil executives over the ideal price of crude oil. President Donald Trump has indicated that he would like to see oil fall to or below $50 per barrel, as he argues that such prices would help tame inflation. Yet Scott Sheffield — founder of Pioneer National Resources who last year sold the Permian Basin's top producer to ExxonMobil for $63 billion — argues that $50-per-barrel oil would plunge the industry into a downturn. "It's really hard to make money at $50 oil," Sheffield said in a March interview with Bloomberg. "You've really got to hunker down. You may have to lay off some people. You've got to focus on your best prospects. We'll see what happens over the next two or three years."

Crude prices tumble from February's highs, with March bottoming out at $66 a barrel

Oil prices sank at the start of March after OPEC+'s surprise increases to production quotas. This slide was aggravated by fears that the Trump administration's new tariffs against Canada, Mexico and China would slow the U.S. economy, weighing on demand. A brief correction was seen after comments from Alexander Novak, Russia's deputy prime minister, who suggested that OPEC+ might reverse its decision to increase production in the coming months. This correction was helped by an announcement from U.S. Energy Secretary Chris Wright, who revealed plans to refill the United States' Strategic Petroleum Reserve with $20 billion of oil.

Still, oil prices have remained rangebound between $65 and $68 a barrel since the initial sell-off. At March's annual CERAWeek meeting in Houston — one of the energy industry's largest conferences — bulls and bears were divided over the future direction of crude prices. Torbjörn Törnqvist, chair of large commodity trading firm Gunvor Group, stated at the conference that "the industry is overdrilling now; that is clear. We are drilling more inside and outside OPEC than demand growth warrants."

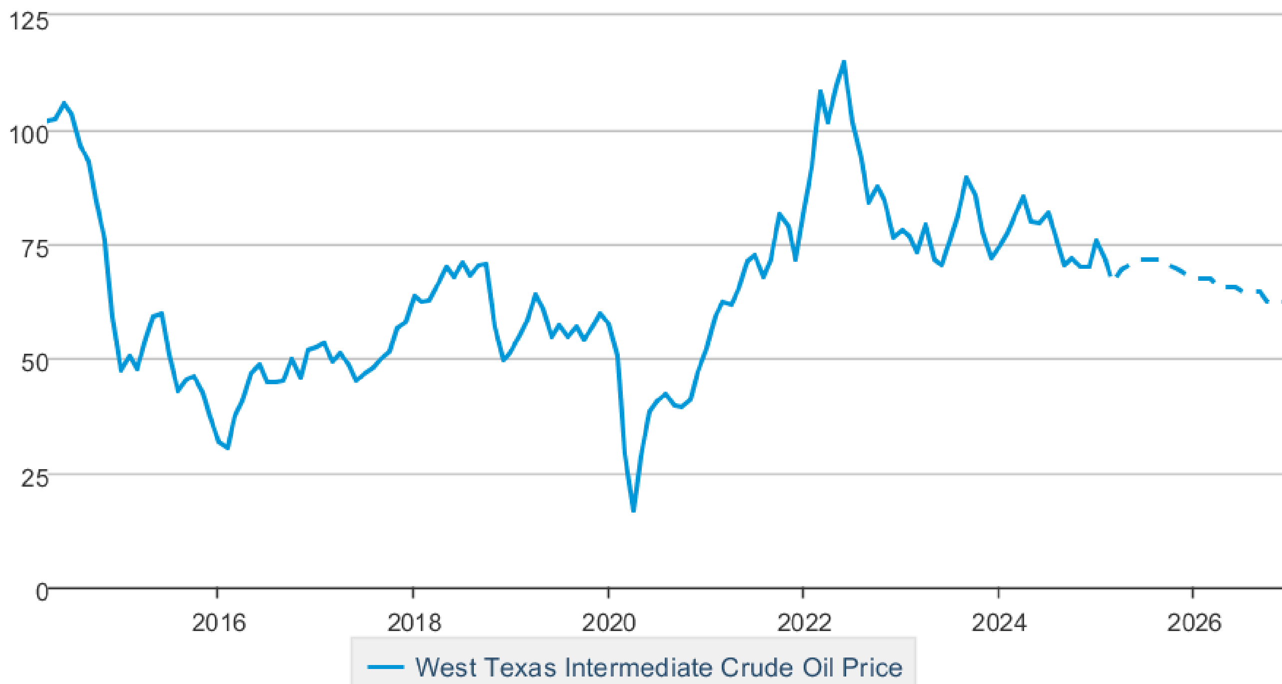
One telling highlight of the event was the clash between Saudi Aramco CEO Amin Nasser and International Energy Agency Executive Director Fatih Birol. The IEA, which has forecast that demand for oil will peak by the end of the current decade, is characteristically bearish in its outlook. But this view was not shared by Nasser, who noted the "inherent flaws" in transitioning from conventional fuels and who claimed that he pays "little attention to forecasts claiming that next year will be peak this or peak that."

In its latest Monthly Oil Market Report, OPEC — which naturally takes a bullish view on crude oil demand — forecast that global demand would rise from 104.5 million bpd in 2024 to 106.3 million bpd in 2025. The IEA took a more tepid view, predicting that demand would rise by just 1 million bpd

in 2025, with global supply exceeding demand by 600,000 bpd if OPEC+ remained committed to production increases.

For now, prices of West Texas Intermediate crude (WTI) — a domestic benchmark — are down more than $6 a barrel from early February's high of $73.32 a barrel. Over the past few weeks, Brent and WTI alike have been rangebound, not deviating more than $2 per barrel from their respective baselines. Given rising production from the U.S. and OPEC+, there are concerns that oil will at least briefly dip below $60 a barrel in the coming weeks. However, demand has surprised to the upside in the year so far, which could offset any bearish causes for concern.

According to EIA projections, WTI will plateau at $71.50 a barrel throughout the summer, but analysts have diverging forecasts.

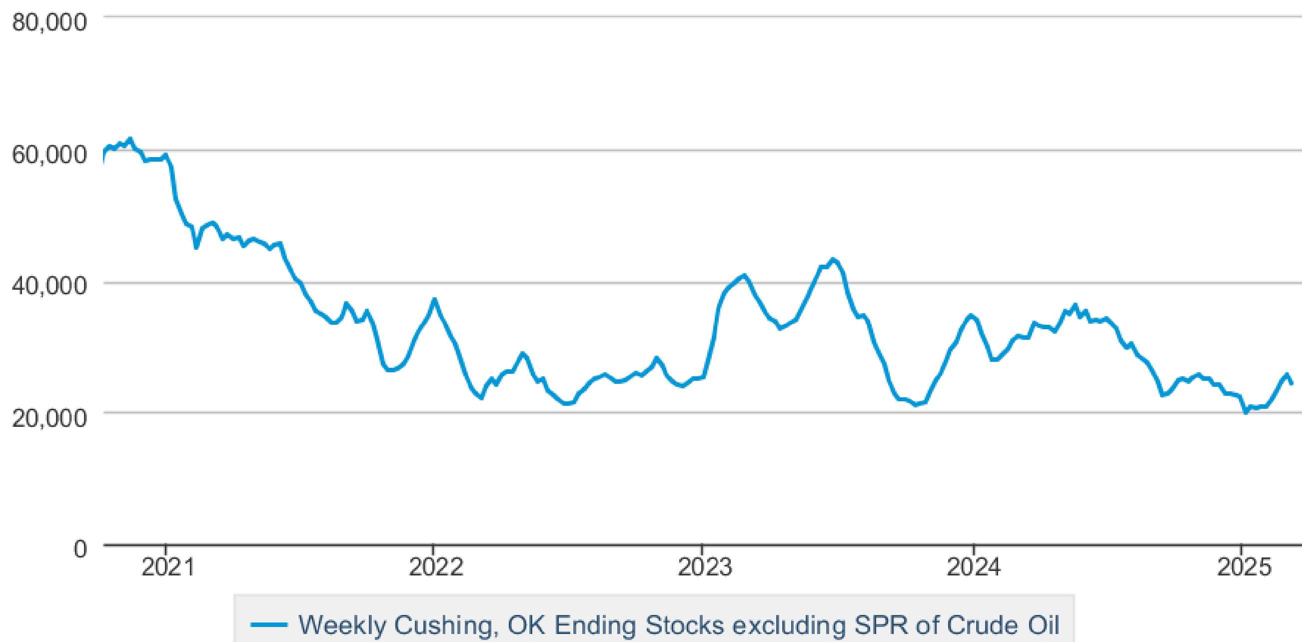


Data source: U.S. Energy Information Administration

The EIA's latest Short-Term Energy Outlook, published in early March, became slightly more bullish on near-term WTI prices. In February, the EIA had forecast that WTI would dwindle to $68 a barrel by October and end 2025 at that level. But in March, the EIA revised its forecast, now seeing WTI reach October at $70.50 a barrel before finishing the year at $68.50. The EIA also foresees that Brent spot prices will command an average premium of $3.54 a barrel over WTI, narrowing from 2024's $3.96-per-barrel spread.

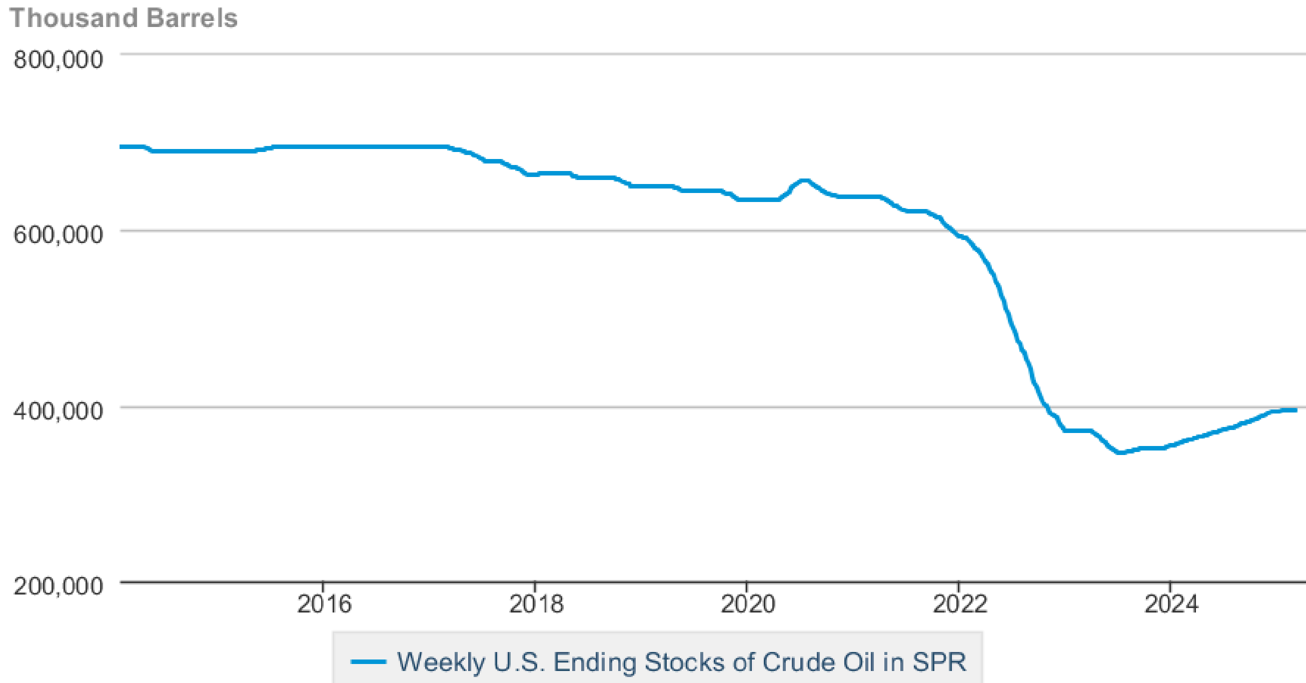
On the whole, traders and analysts tended to be more bearish than EIA projections. Goldman Sachs recently cut its Brent forecast on expectations that the U.S. economy would slow and that OPEC+'s production increase would induce oversupply. Cutting its December forecast by $5 a barrel, Goldman now sees Brent reaching $71 at the end of the year — undercutting the EIA's forecast by a dollar per barrel. Barclays cut its Brent forecast by $9 a barrel following OPEC+'s announcement, though its analysts cautioned that the bank was not turning "bearish relative to the curve, as inventories are low and still declining, and risks to the supply outlook are also skewed to the downside, due to price-sensitive producers pulling back and geopolitical tensions."

What else we're watching



Although U.S. crude stocks grew overall in mid-March, there was an unexpected drop in the inventories at Oklahoma's Cushing Hub. At the beginning of the year, the EIA reported that Cushing stocks had dropped to a 10-year low. Analysts noted that, while some portion of this surprising draw could be attributed to seasonal trends, the degree to which inventories were depleted was highly irregular and was likely caused in part by severe winter weather.

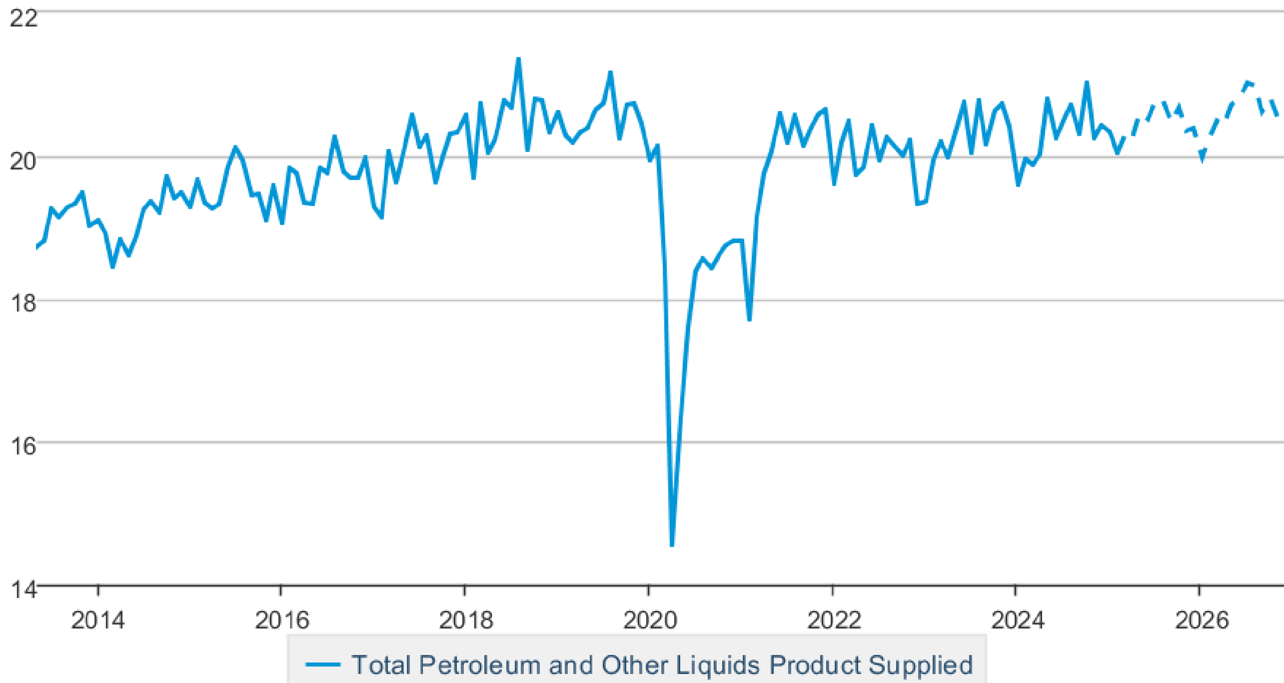
Since dropping to this low of 20 million barrels, Cushing stocks have been slow to replenish. In the week ending March 7, the Cushing Hub had 24.5 million barrels of crude on hand, a 22% y/y decline.



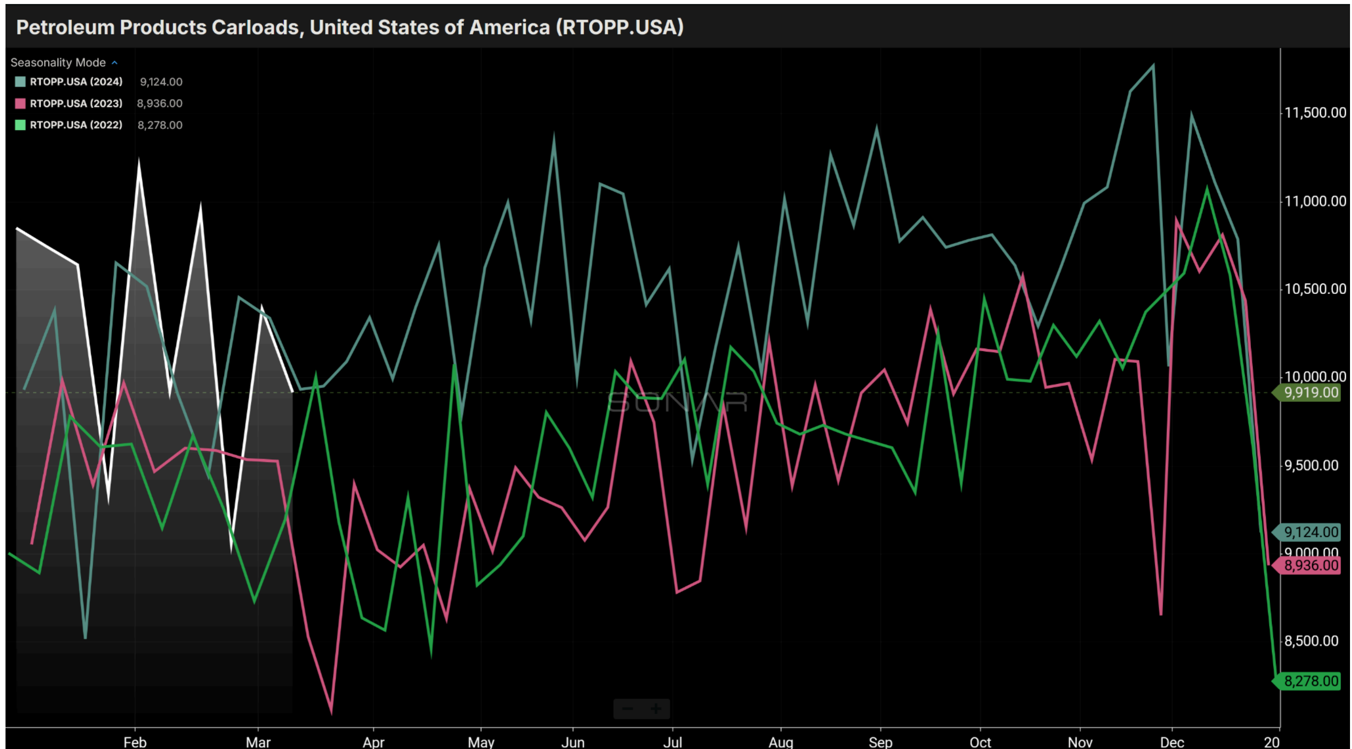
Data source: U.S. Energy Information Administration

Efforts to refill the Strategic Petroleum Reserve have languished ever since the previous administration drew heavily (and controversially) from it in 2022, in an effort to protect against the sudden loss of Russian supply. This sale of nearly 300 million barrels pushed the SPR to its lowest level in 40 years.

In early March, U.S. Energy Secretary Chris Wright estimated it would take $20 billion and several years to realize the Trump administration's goal of refilling the SPR close to maximum capacity. This estimated cost would be enough to purchase roughly 301 million barrels and would put the SPR's inventory just shy of its total capacity of 727 million barrels. At the time of writing, the Department of Energy has yet to make any budget requests to Congress, according to a department spokesperson.



The SPR currently contains 396.6 million barrels of crude oil. In an emergency, assuming that both domestic production and imports were entirely halted, the SPR would be sufficient to meet U.S. demand for just over 19 days. U.S. consumption of petroleum and all other liquid fuels has yet to return to 2019's pre-pandemic high of 20.54 million bpd, though the EIA forecasts that it will exceed this rate in 2026. At present, U.S. consumption averages 20.05 million bpd.



Source: SONAR. Rail carloads of petroleum products: 2025 (white), 2024 (blue), 2023 (pink) and 2022 (green).

Strong production levels throughout the final quarter of 2024 and the early stages of 2025 have allowed the railroads to use petroleum products as a growth engine. Total petroleum product carloads are off the highs established in November but showed sustained growth compared to the previous three years in the first two months of 2025. While carloads took a hit in March, there is reason to believe that this lull is only seasonal, given comparable ebbs in 2022-24. Over the past month, total petroleum product carloads have fallen 0.08% and are down 0.17% compared to the same week last year.

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