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STATE OF THE INDUSTRY

REPORT

SUPPLY CHAIN | DEDICATED TRANSPORTATION | FLEET MANAGEMENT SOLUTIONS

SONAR

April is the cruelest month

March 21, 2025 | 9 a.m. ET

Overview

Freight demand recovered somewhat from February's seasonal weakness, but activity has lessened since January and remains stagnant.

The truckload market has experienced a significant slowdown in tender volumes, but it is likely a result of multiple factors, including higher inventory levels, uncertainty around tariffs and general seasonal fluctuations. Tender rejection rates have held up better than expected given the decline in volume, showing that the market has in fact bled off a significant amount of capacity the past two years.

The intermodal market has fully recovered from its February lull and continues to take share from trucking. Intermodal pricing remains fairly stable, but it is interesting to see carriers are more optimistic about pricing in headhaul lanes than in backhaul lanes.

The maritime market has seen container rates plummet as carriers grapple with frontloaded demand, a shipbuilding revival and the gradual reopening of the Red Sea — all of which translates to softer volumes and greater capacity. Still, volumes look to be robust for the first half of 2025, after which they are expected to depreciate significantly.

The macroeconomic picture is arguably as cloudy as it has been in quite some time, but that is largely due to uncertainty around policy decisions with the new administration. The labor market has remained fairly strong, though the February jobs report was underwhelming. Retail sales were weaker than forecast in February even after downward revisions to the prior month, while data shows that inflation is still present in day-to-day life.

Macro indicators	(y/y change)
Feb. industrial prod. change	+0.7% (+1.4%)
Feb. retail sales change	+0.5% (+3.4%)
Feb. U.S. Class 8 orders	14,850 (-36%)
Feb. U.S. trailer orders	18,000 (+3%)

Truckload indicators	(y/y change)
Tender rejection rate	5.73% (+205 bps)
Average dry van spot rate[1]	$2.25/mi (-1.3%)
LAX to DAL spot rate[2]	$2.13/mi (+8.67%)
CHI to ATL spot rate	$2.59/mi (+8.37%)

Tender volumes	(y/y change)
Atlanta	382.46 (-5.8%)
Dallas	340.9 (-15.4%)
Los Angeles	225.73 (-9.5%)
Chicago	190.58 (-13.8%)

Tender rejections	(y/y change)
Atlanta	6.65% (+375 bps)
Dallas	6.45% (+290 bps)
Los Angeles	2.32% (-62 bps)
Chicago	6.14% (+382 bps)

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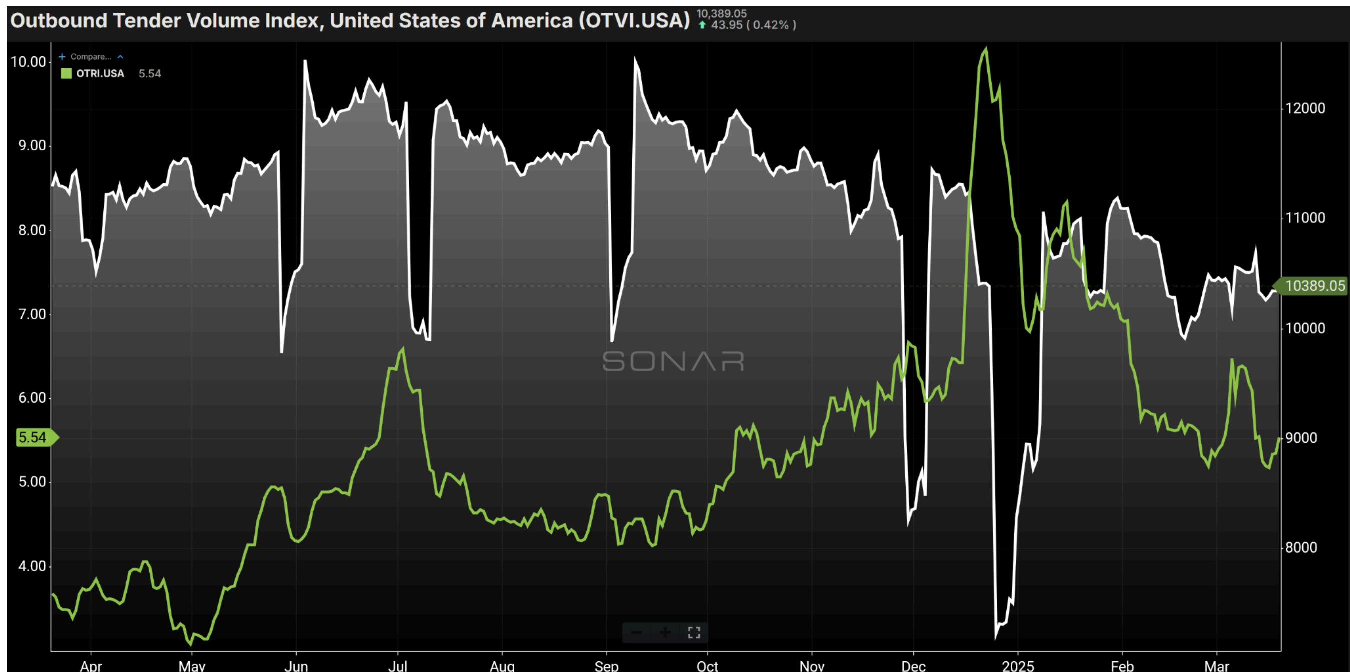
[1] FreightWaves National Truckload Index
[2] FreightWaves TRAC spot rate

Truckload markets

Freight demand rebounded from February's seasonal weakness but has plateaued since the beginning of March. Still, despite yearly declines in truckload volumes, tender rejection rates remain well above 2024 levels — a clear indication that a meaningful amount of capacity has left (and continues to leave) the market. If freight demand should surge unexpectedly in the spring and summer months, truckload markets would be vulnerable to a melt-up that would see spot rates rally.



Source: SONAR. Outbound Tender Volume Index (white, right axis) and Outbound Tender Reject Index (green, left axis).

The impact of tariffs, which took effect against all Chinese goods in February and have since expanded to include certain items from Canada and Mexico, has already appeared in SONAR data. Yet the uncertainty that is a feature of the Trump administration's trade policy makes it difficult to delineate between long-term shifts in market fundamentals and short-term noise. One thing that has long been obvious is that shippers prepared for this shake-up by pulling their freight forward. This proactivity has disrupted seasonal norms to some extent, making yearly comps difficult as the Outbound Tender Volume Index (OTVI) is down 8.3% year over year (y/y).

March is historically a month in which freight demand recovers from its post-holiday slump, with produce and bulky summer merchandise beginning to move. Yet 2025 will likely march to the beat of a different drummer: With Florida, Texas is one of the earliest beneficiaries of springtime produce, thanks to its cross-border trade with Mexico. But produce volumes from south of the border are sure to be dampened by the new levies. On the other hand, shippers appear to be quite content with slow-walking their freight on the rails, which doubles as an alternative means of inventory management – comparable to what was seen in 2022. For now, however, OTVI is up 4.8% month over month (m/m).

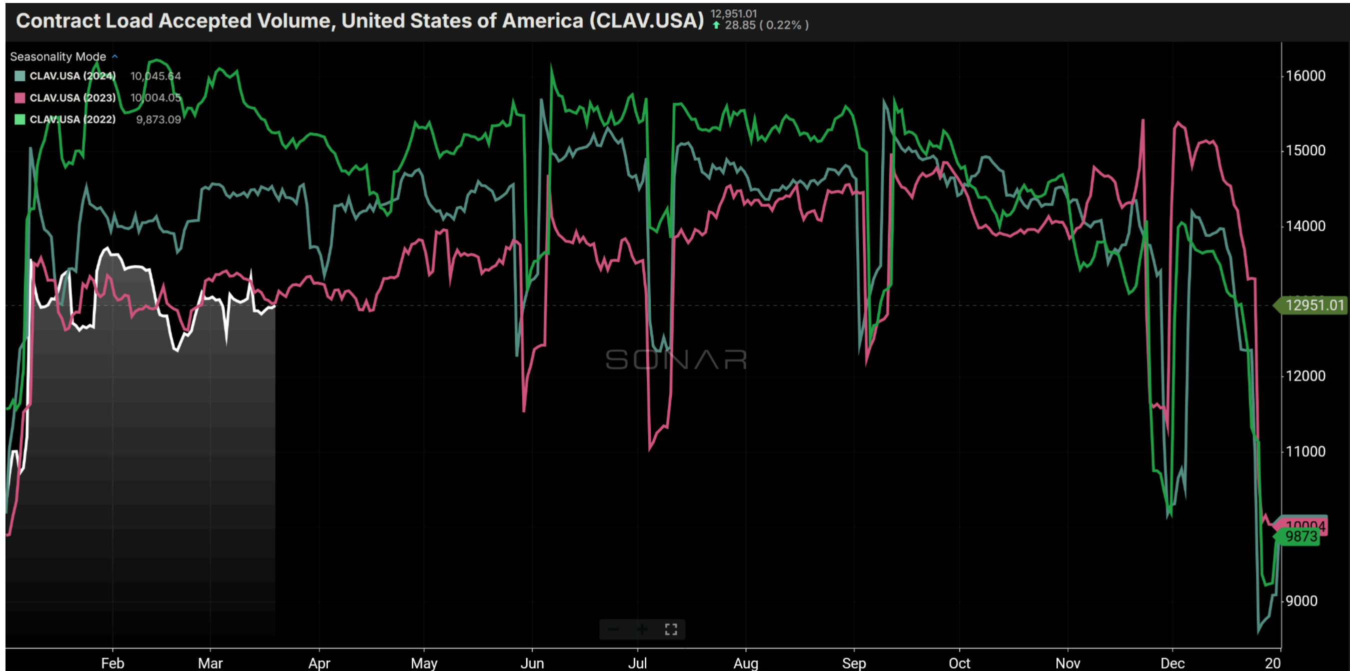
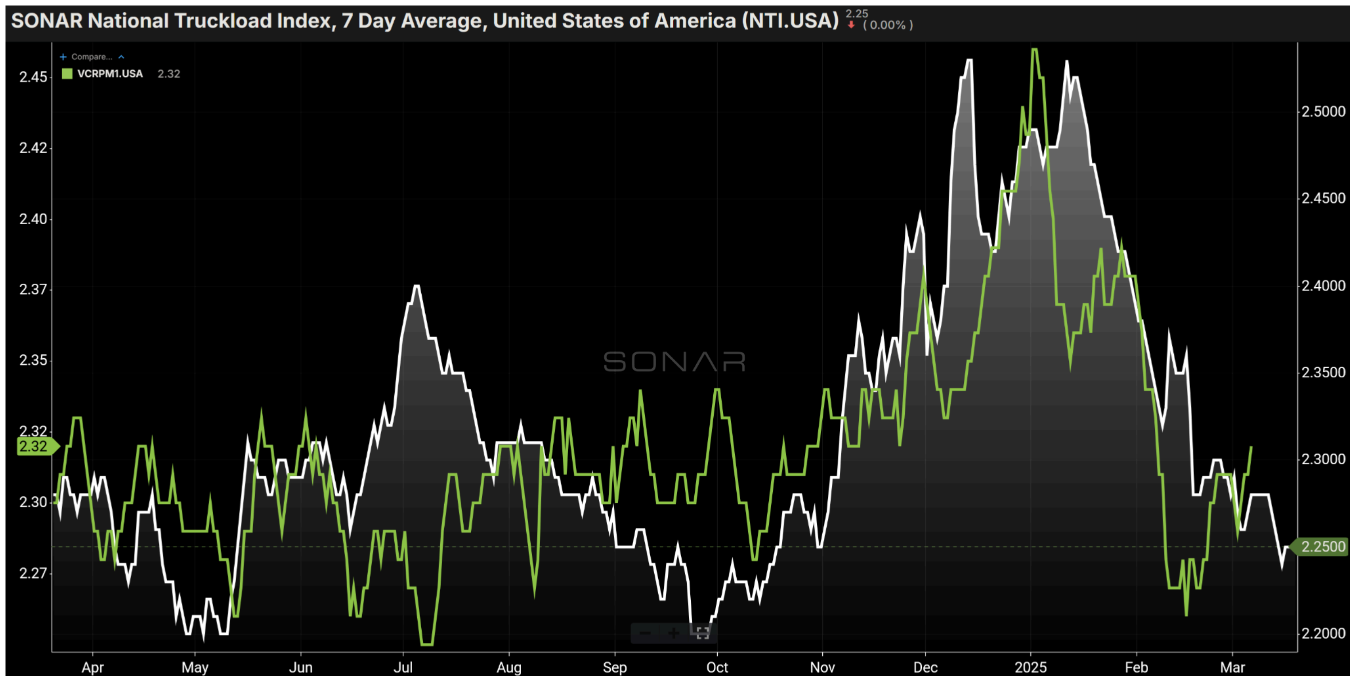


Chart: SONAR. Contract Load Accepted Volume: 2025 (white), 2024 (green) and 2023 (pink).

Since OTVI accounts for both accepted and rejected tenders, it doesn't necessarily display true freight volume levels because of the inclusion of rejected tenders.

Contract Load Accepted Volume is an index that measures accepted load volumes moving under contractual agreements; in short, it is similar to OTVI but without the rejected tenders. At present, accepted tenders are down 9.8% y/y.

Tumbling diesel prices weigh on spot rates



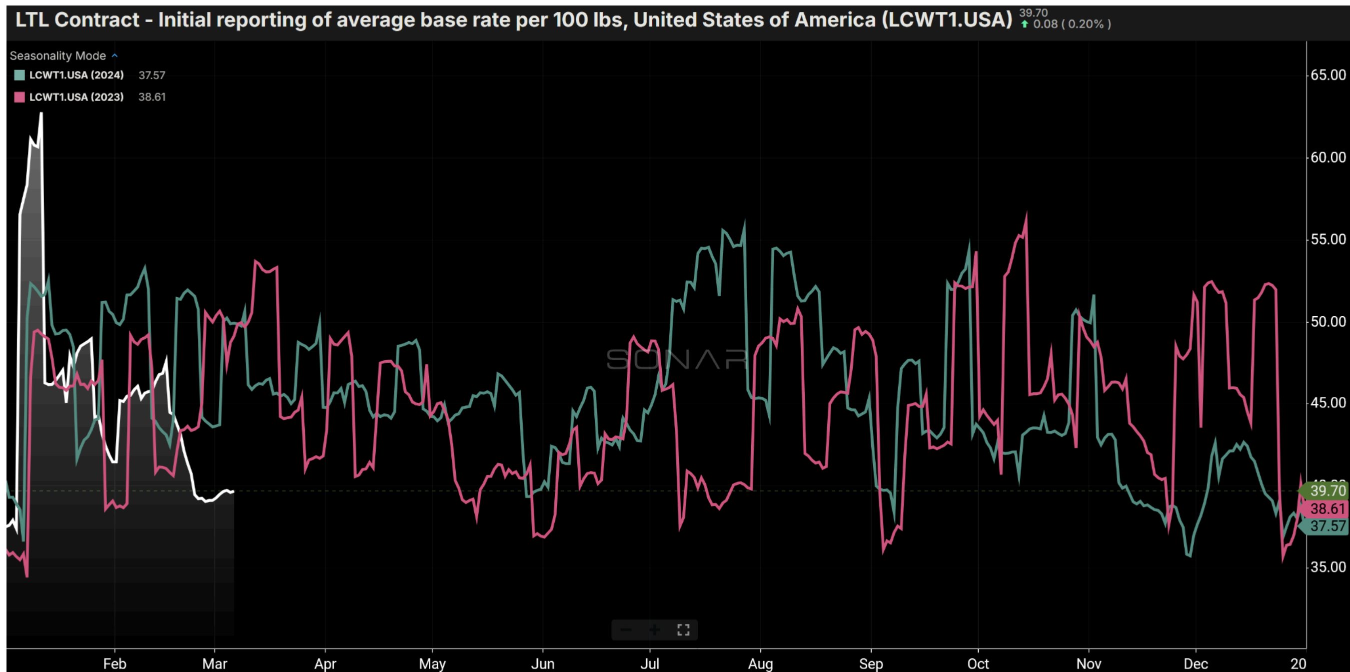
Source: SONAR. National Truckload Index (white, right axis) and initially reported dry van contract rates (green, left axis).

According to the Energy Information Administration, the weekly average retail diesel price — the most widely used benchmark for fuel surcharges — fell a combined 11 cents per gallon in the first two weeks of March. This decline, which brought the national average to $3.582 per gallon, was the largest two-week drop since December 2023. For trucking companies, diesel costs are typically the second-largest operational cost (behind wages), though larger carriers are able to profit off the difference between retail surcharges and wholesale prices.

The National Truckload Index (NTI) — a seven-day moving average of national dry van spot rates that is inclusive of fuel — flattened out in early March, down 1.3% y/y at $2.25 per mile.

Contract rates, which are exclusive of fuel and other accessorials, depreciated significantly as a result of the recent bid cycle. Though carriers had nominally more pricing power in this latest bid cycle, shippers appeared more concerned about cost savings than in previous years. This race to the bottom for rates, with its accompanying lack of regard for service metrics, is likely aided by shippers' confidence in the rails as a viable alternative. Inventory levels are high on a national basis, and shippers hardly feel the pull of urgency with such supply. Still, low contract rates will ensure that shippers are vulnerable to a sudden melt-up, if or when it should occur. At present, contract rates are unchanged y/y at $2.32 per mile.

Depressed LTL rates stand at crossroads



Source: SONAR. Initially reported LTL contract rate per hundredweight: 2025 (white), 2024 (green) and 2023 (pink).

Less-than-truckload rates suffered a drubbing in the early months of 2025, with prices sliding below the (admittedly, historically strong) levels of 2023-24. Many of the largest LTL carriers are divided on whether to maintain pricing discipline or to grow volumes at any cost. Carriers opting for the latter strategy of growth tend also to be justifying recent network expansions that occurred through acquisitions or else from the fire sale of assets that was triggered by Yellow's bankruptcy in 2023.

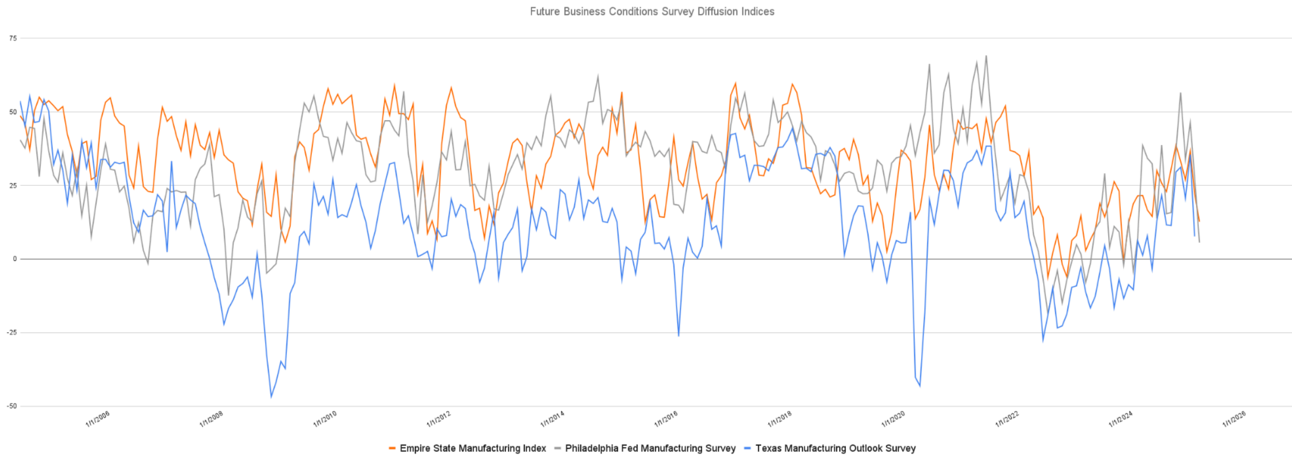
At the time of writing, the average LTL contract rate has fallen $6.17 per hundredweight over the past month. Now sitting at $39.70 per hundredweight, shipping via LTL is 20.5% less expensive than it was a year ago.

Whether LTL rates will rally depends largely on the validity of rumors that Amazon will enter the industry as a for-hire carrier. The e-commerce behemoth's strategic maneuvering toward LTL capabilities was revealed in late February by job postings for LTL product managers and network designers. These roles, apparently destined for Amazon Freight — the company's truckload and intermodal division — signal a clear intent to build out internal LTL capacity.

Needless to say, the entry of another heavyweight would drive down LTL rates. But some LTL carriers remain cautiously optimistic about a potential recovery in the latter half of 2025. One such carrier, who is playing the long game of maintaining pricing discipline, pointed to the Institute for Supply Management's PMI moving back into expansion after 26 consecutive months of contraction. This leading indicator typically precedes increased LTL volumes by several months.

Macroeconomic conditions

Though hope has been sustained by the belief that interest rate cuts were just around the corner, pessimistic cracks are beginning to form in manufacturers' outlooks as the possibility of rate cuts fades. Still, most indicators point to expansion even if optimism is on the wane. Following the imposition of 25% tariffs on all foreign-sourced steel and aluminum in March, businesses are worried about input costs rising over the next few months.



Activity among New York manufacturing firms dropped heavily in March, according to the Empire State Manufacturing Survey conducted by the Federal Reserve Bank of New York. With a final reading of minus-20, the headline index for general business conditions flipped into contraction after a 25.7-point monthly drop. This decline was driven primarily by similar forays into contraction for the Shipments and New Orders indexes, which suffered respective monthly declines of 22.7 and 26.3 points. One slight positive among the current indexes was an uptick in the Inventories Index, which saw a 4.6-point bump to 13.3, implying that manufacturers still have plenty of freight in the pipeline.

Turning to the forward-looking indexes, which probe survey respondents' expectations for improvements (or deterioration) over the next six months, optimism still reigned but was beginning to dim. The headline index for general business conditions fell 9.5 points from February but was still positive at 12.7. The indexes for new orders and shipments changed even less, with the latter actually inching up 0.3 points to 23. For freight markets, these positive indexes indicate that manufacturers fully expect truckload demand to continue growing in the latter part of 2025.

The outlook was slightly sunnier in Philadelphia, however, thanks in large part to present-day expansion in its manufacturing sector. The current General Business Activity Index within the Manufacturing Business Outlook Survey, conducted monthly by the Federal Reserve Bank of Philadelphia, fell 5.6 points m/m but remained positive at 12.5. This fall was cushioned by a massive m/m rise of 14.4 points in the Number of Employees Index, which settled at 19.7 for the month.

Yet there were worrying declines in Philadelphia's freight-intensive indexes. The New Orders Index tumbled 13.2 points m/m to 8.7 while, at 2.0, the Shipments Index barely remained positive after nosediving 24.3 points m/m. The forward-looking General Business Activity Index, despite losing 22.2

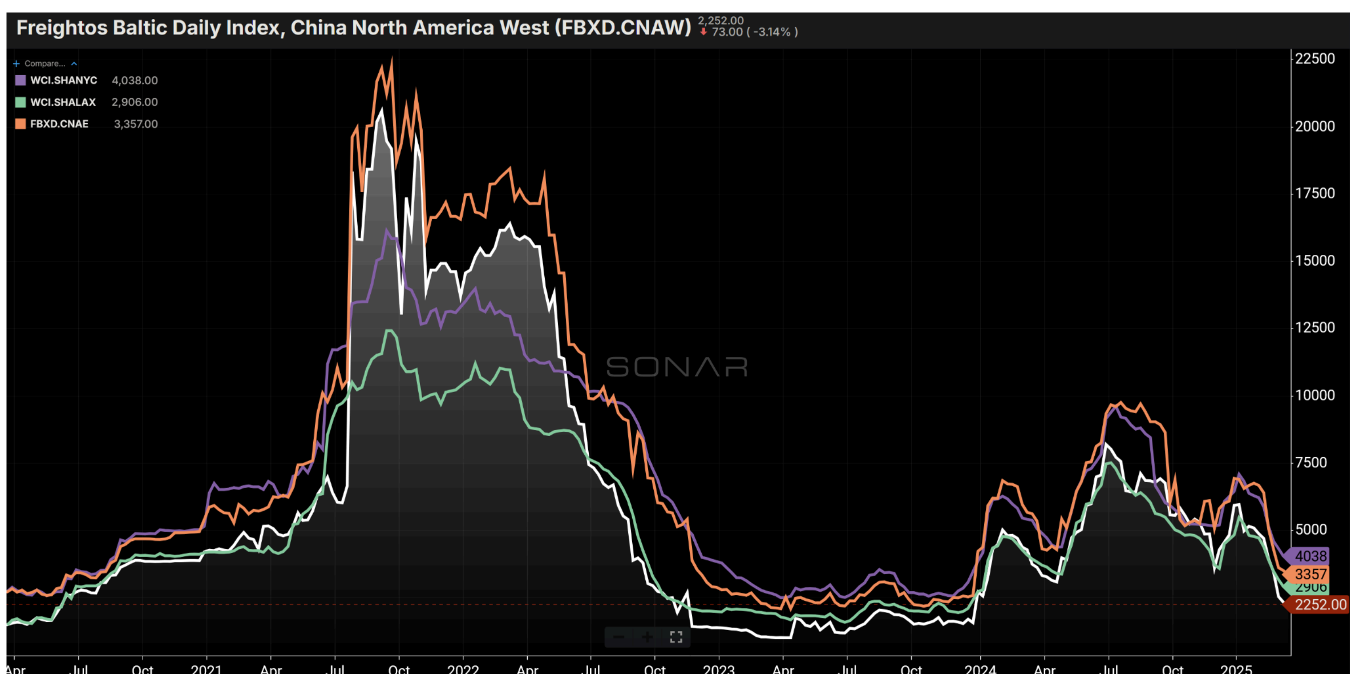
points m/m, was expansionary at 5.6. Manufacturers do expect both shipments and new orders to increase over the next six months, with their respective indexes at 11.3 and 2.3.

The Federal Reserve Bank of Dallas releases the Texas Manufacturing Outlook Survey during the final week of the month, but the mood of Texas business firms in February was similar to that of their New York counterparts in March. The survey's Future General Business Activity Index fell 27.8 points m/m to 7.7, bringing it to its lowest level since last May. This latest reading is nearly half of the series' all-time average of 12.5. Only 25.6% of survey respondents expect conditions to improve over the next six months, against 17.9% of firms that expect them to worsen.

Data from the labor market showed stability in February, even if growth was slightly weaker than expected. A total of 151,000 nonfarm jobs were added in the month — up from January's downwardly revised reading of 125,000 but just shy of the consensus estimate of 160,000. At first glance, the transportation and warehousing sector saw robust job growth in February, with a total of 17,800 jobs added. This rally was a mirage, however, as 23,500 of the sector's new positions came from the couriers and messengers subsector — this category includes parcel delivery companies like UPS or FedEx, but also local food and grocery delivery services such as DoorDash or Postmates. The truck transportation subsector, meanwhile, lost a net 1,900 positions in the month, with a similar 600-job loss in rail transportation.

Maritime: Clash of the titans

Container rates face the multiheaded Hydra of frontloaded demand, a shipbuilding revival and the gradual reopening of the Red Sea and Suez Canal. In essence, these three factors translate to softer volumes and greater capacity: a massive headwind for maritime rates. Yet even though 2024 was host to incredibly strong demand, the first half of 2025 is shaping up to be comparably robust. The issue, then, is that demand is likely to collapse in the back half of the year, taking rates with it.



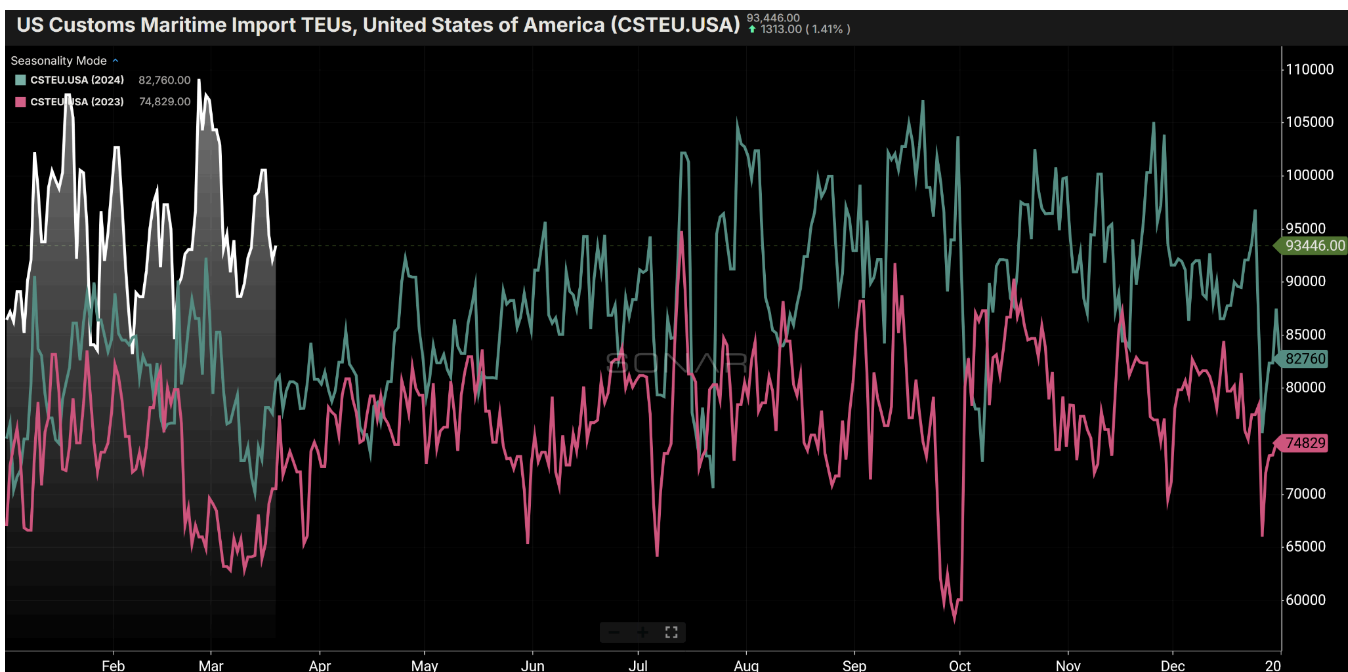
Source: SONAR. Freightos Baltic Daily Index: China to North American West Coast (white) and China to North American East Coast (orange). Drewry World Container Indexes: Shanghai to Los Angeles (green), Shanghai to New York (purple).

For months, shippers have pulled forward imports in a race against the tariffs promised by the Trump administration. Levies against Chinese goods are now up to 25%, though they might reach 60% in the coming weeks. President Donald Trump previously described February's 10% tariff hike as "just an opening salvo" against China, one which drew a 15% retaliatory tariff on U.S. agricultural products. Speaking for China's Foreign Ministry, Lin Jian said that "China will fight until the end" if the U.S. "insists on waging a tariff war, trade war or any other kind of war."

Trans-Pacific container rates have plummeted since the start of the year, with all four major indexes from China to both North American coasts down on both a monthly and yearly basis.

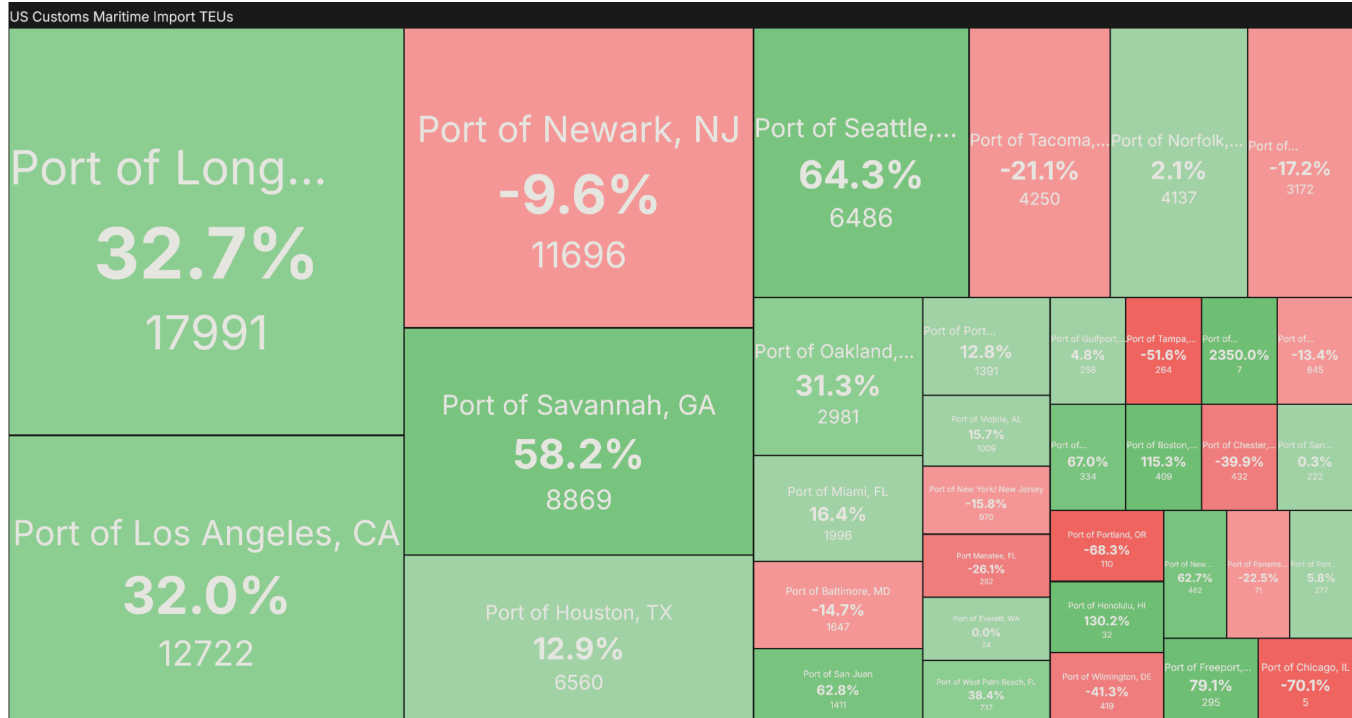
The Freightos Baltic Daily Index from China to the North American West Coast suffered the largest decline of the four indexes, plummeting 50% m/m to $2,252 per forty-foot equivalent unit. On a yearly basis, this rate is down 39.4%. From China to the North American East Coast, spot rates have tumbled 40% m/m to $3,357 per FEU, down 33% y/y. Unfortunately for ocean carriers, this barrage likely represents only the first volley in a trade war against China that is expected to last months if not years.

The Drewry World Container Index likewise suffered significant declines on a monthly basis, also turning negative y/y. The WCI from Shanghai to Los Angeles fell 25.3% m/m to $2,906 per FEU, down 26.1% y/y. The WCI from Shanghai to New York saw the smallest monthly decline of these four indexes, though it too fell 21.2% m/m to $4,038 per FEU, a decrease of 24.9% y/y.



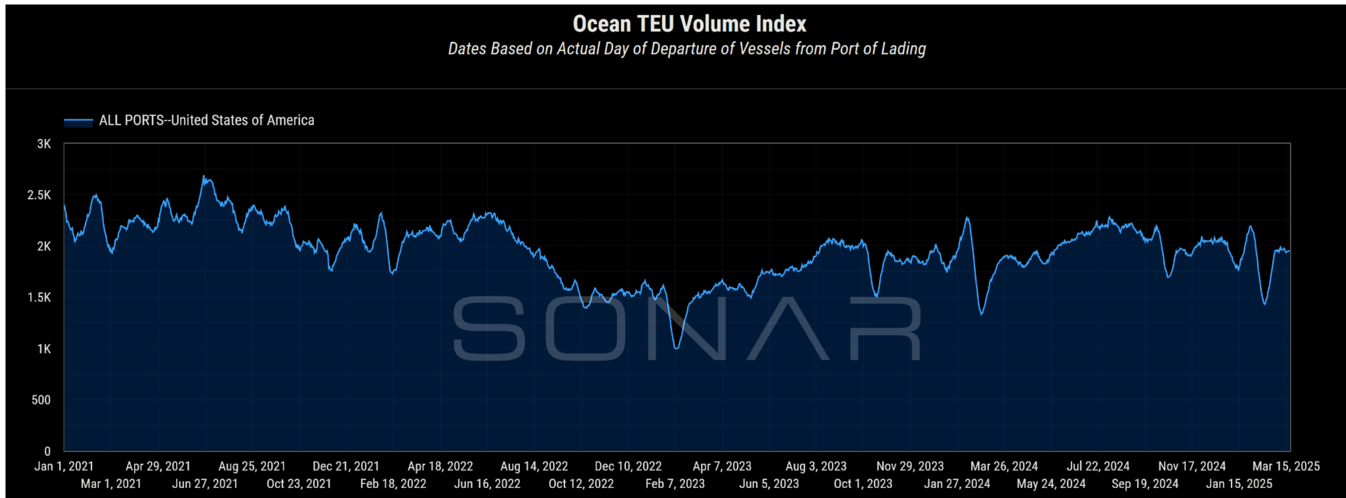
Source: SONAR. U.S. Customs Maritime Import TEUs: 2025 (white), 2024 (green) and 2023 (pink).

Still, volumes continue to pour through U.S. ports, aided both by a post-Lunar New Year rush and shippers' sustained desire to stay ahead of any potential escalation of a multifront trade war. Compared with this time last month, 4.2% more TEUs are clearing U.S. ports, though this metric is prone to volatility from one day to the next. Relative to 2024, TEUs clearing U.S. ports are up by a massive 15.2%.



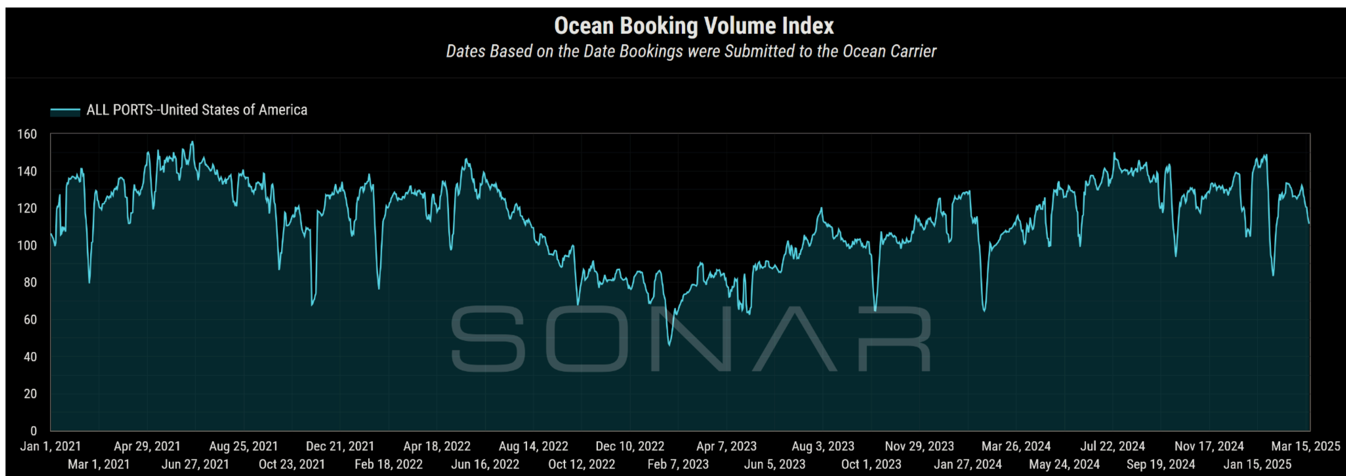
Source: SONAR. Maritime Import Shipments by Port — Tree Map.

A comfortable majority of U.S. ports are still seeing imported TEUs outpacing year-ago levels, with only one of the top five busiest ports (the Port of New York and New Jersey) seeing a y/y decline. Though there is necessarily some delay between a ship's arrival at a port of discharge and its goods' clearing customs, the United States' busiest container ports have very slim backlogs at present.



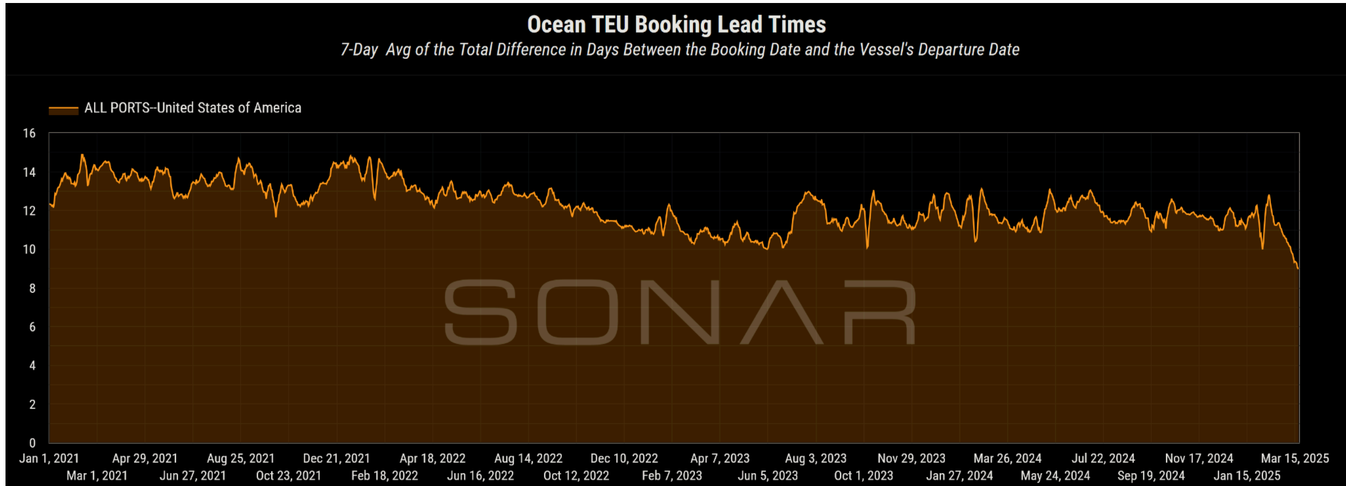
Source: SONAR Container Atlas. Ocean TEU Volume Index — all global ports to all U.S. ports.

The Ocean TEU Volume Index, a gauge of container trade from all global ports to all U.S. ports as TEUs leave origin ports, has recovered from the lull caused by Lunar New Year but has not returned to January's highs. Over the past month, the Ocean TEU Volume Index inbound to all U.S. ports surged by 36.6%, though this growth comes against incredibly easy comps from a period in which Chinese exports slowed to a standstill. Even so, TEU volumes remain up an impressive 6.7% y/y.



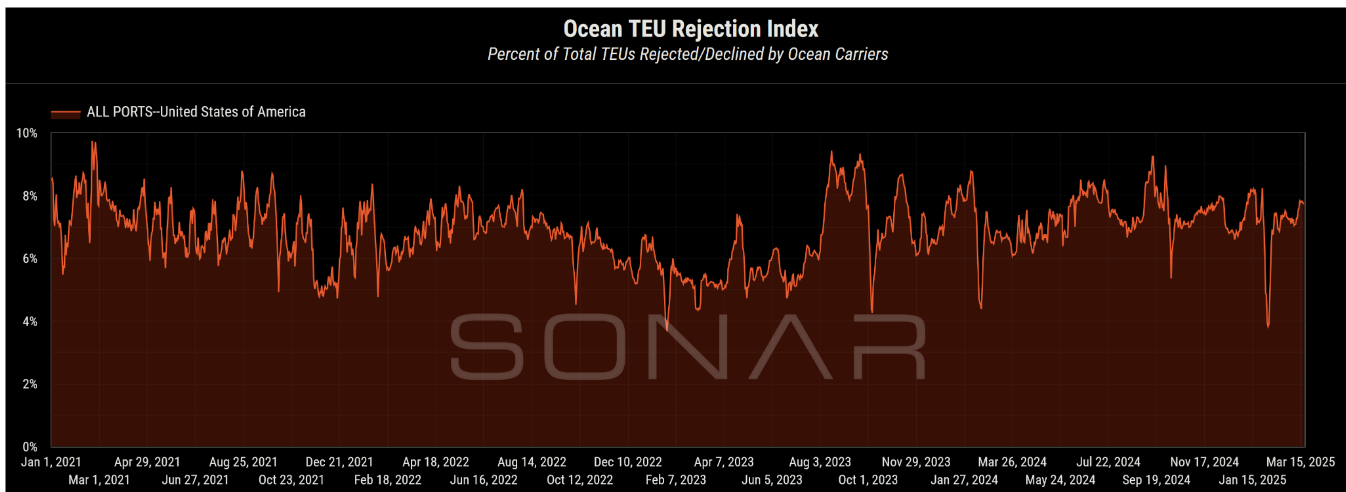
Source: SONAR Container Atlas. Ocean Booking Volume Index — all global ports to all U.S. ports.

Further upstream, bookings have fallen precipitously throughout March, presumably as a result of the additional 10% levy against all Chinese imports that was imposed at the start of the month. The Ocean Booking Volume Index is down 11% over the past month, lacking any seasonal explanation for this decline. For context, bookings to the U.S. grew 13.4% over the full course of March 2024. Still, bookings are up 4% compared to this time last year, though this y/y growth is likely to be negative come April.



Source: SONAR Container Atlas. TEU booking lead times — all global ports to all U.S. ports.

Ocean TEU Booking Lead Times are shorter than they have been at any point in the past four years. Shorter lead times can be interpreted a handful of ways, but the most likely explanation at present is that shippers are desperate to get their imports stateside before the multifront trade war escalates further with new tariffs and possible retaliation. Luckily, there is plenty of available capacity on vessels, so bookings can occur closer to a vessel's departure date. Over the past month, booking lead times have fallen more than 25% to an average of just nine days.



Source: SONAR Container Atlas. Ocean TEU Rejection Index — all global ports to all U.S. ports.

The Ocean TEU Rejection Index signals that ocean carriers are trying to adjust capacity in an effort to hold rates elevated, though that is not having the desired effect. Over the past month, ocean TEU rejection rates have increased by 80 bps to 7.73%, 96 bps higher than they were this time last year.

Rail intermodal: Taking share from the roads

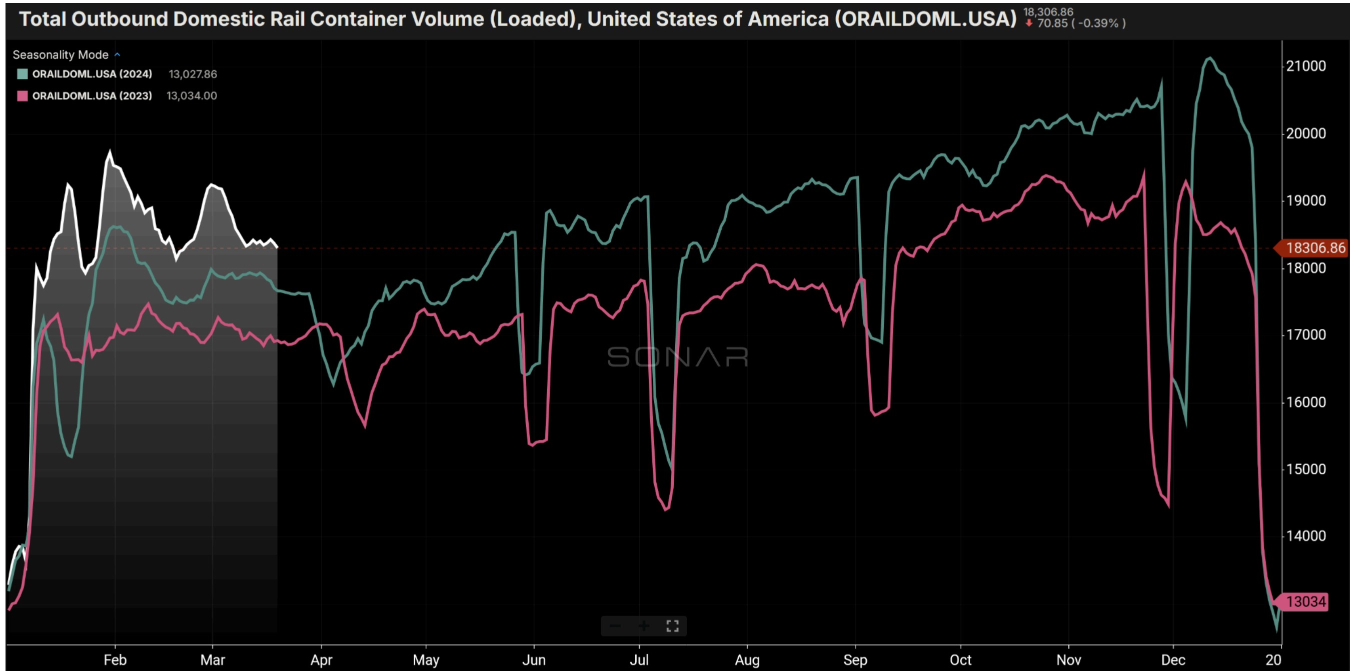


Chart: SONAR. Loaded domestic intermodal container volumes for 2025 (white), 2024 (green) and 2023 (pink).

After years of service disruptions diminished their appeal, the rails have rebranded themselves as viable and cost-effective alternatives to long-haul trucking. Seasonal ebbs notwithstanding, intermodal volume has had a strong start to the year in both its international and domestic segments. Rail intermodal has taken a great deal of share from trucking in the more dense corridors, like those coming out of Los Angeles, where it has a more established presence.

Perhaps the most important factor behind intermodal's recent success has been shippers' complete lack of urgency to move domestic freight. After the 2020-21 boom, shippers dealt with the fallout of the bullwhip effect — when surges in demand are magnified by upstream suppliers — by keeping inventories lean and abiding by a just-in-time approach to their stock. This approach was justified at the time by widely available truckload capacity.

Yet after the reelection of Donald Trump, shippers understood that tariffs would likely follow. Accordingly, and with the slow but steady exodus of trucking capacity, shippers raced to get their goods ashore. This surge has driven up the cost of warehousing space, particularly in cities with large container ports. Intermodal thus serves as a way of getting freight closer to its final destination but also, given its relative slowness, as an alternative means of storing inventory without renting warehousing space at exorbitant rates.

Intermodal volumes, having peaked at the beginning of March, are up 7% y/y and 3.8% m/m, though this latter growth comes against incredibly easy comps due to the impact of Lunar New Year. Total domestic intermodal volumes are down a slight 0.2% m/m but up 3.5% y/y. Loaded domestic intermodal volumes are up a scant 0.3% m/m but are up a more substantial 3.6% y/y. Empty domestic intermodal volumes completely erased the small bump in loaded volumes, as they fell 2.6% m/m but remained up 3.1% y/y for the time being.

Given that there is less transloading of imports from international containers into domestic containers, the international segment of intermodal has been the clear winner of the two. Total international intermodal volumes have surged 8.6% m/m, though again this growth was made possible in part by easy comps. On a yearly basis, international intermodal volumes are up 11.2%. Total loaded international intermodal volumes have rebounded after briefly turning negative y/y back in February. Total loaded international intermodal volumes are up 11.3% m/m and 9.4% y/y. Empty international intermodal volumes, on the other hand, barely rose against easy comps with only a 1.6% m/m bump, though they remain up a healthy 17.1% y/y.

Intermodal pricing remains stable

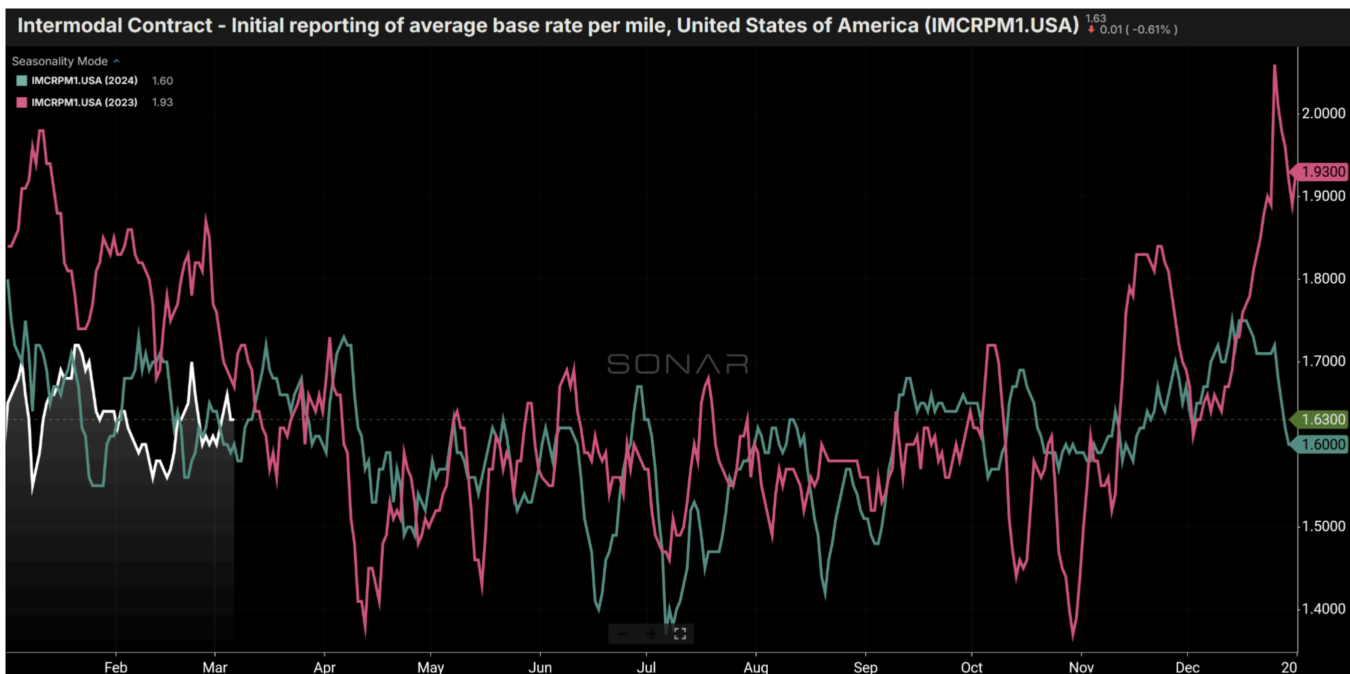


Chart: FreightWaves SONAR. Intermodal contract rates on a sample of domestic intermodal lanes in 2025 (white), 2024 (green) and 2023 (pink).

For the most part, intermodal contract rates were tightly rangebound between $1.50 and $1.75 per mile in 2024. This trend has continued into 2025, though preliminary data suggest shorter peaks and wider valleys to be the defining feature of rates' natural fluctuations this year. At the time of writing, initially reported intermodal contract rates are averaging $1.63 per mile, up 3 cents from the month prior. This initially reported average is similarly 3 cents per mile higher than it was at this time last year.

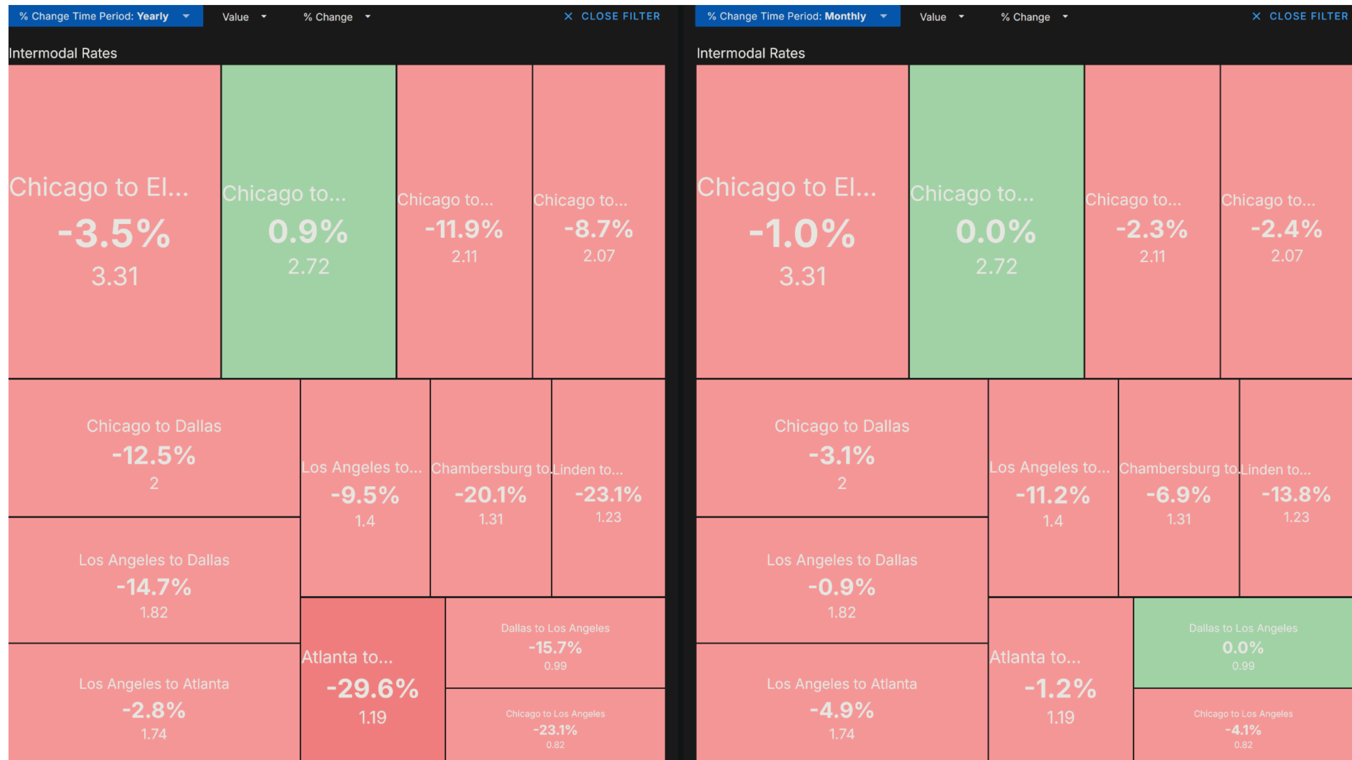


Chart: SONAR. Intermodal spot rates to move 53-foot containers door to door, including fuel surcharges and their respective y/y (left) and m/m changes.

On the other side of the equation, intermodal spot rates suggest that there is almost no need for carriers to protect contracted capacity. The national intermodal spot rate has decayed to its lowest level — excepting the first few months of the pandemic — since August 2019. On average, intermodal spot rates are down 12.9% y/y and 2.7% m/m. Looking at the densest lanes, spot rates are down on a monthly basis for all but two — Dallas to Los Angeles and Chicago to Chambersburg, Pennsylvania — for which rates have not changed.

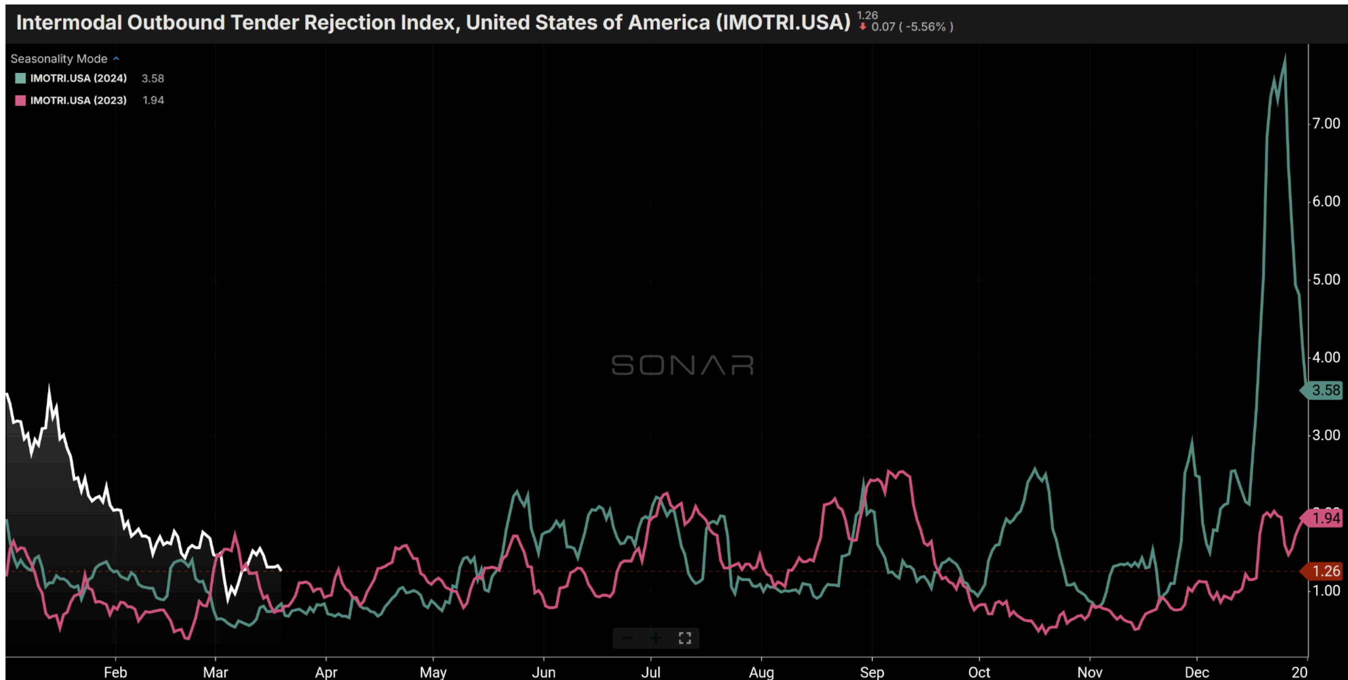


Chart: SONAR. National intermodal outbound tender rejection rates in 2025 (white), 2024 (green) and 2023 (pink).

Intermodal tender rejections offer a way to gauge service disruptions as carriers often operate on “auto-accept,” especially when contract rates are competitive with spot rates. Intermodal tender rejection rates have fallen by 23 bps over the past month to 1.26%, though that is 42 bps higher than they were this time last year.

What else we’re watching

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.”

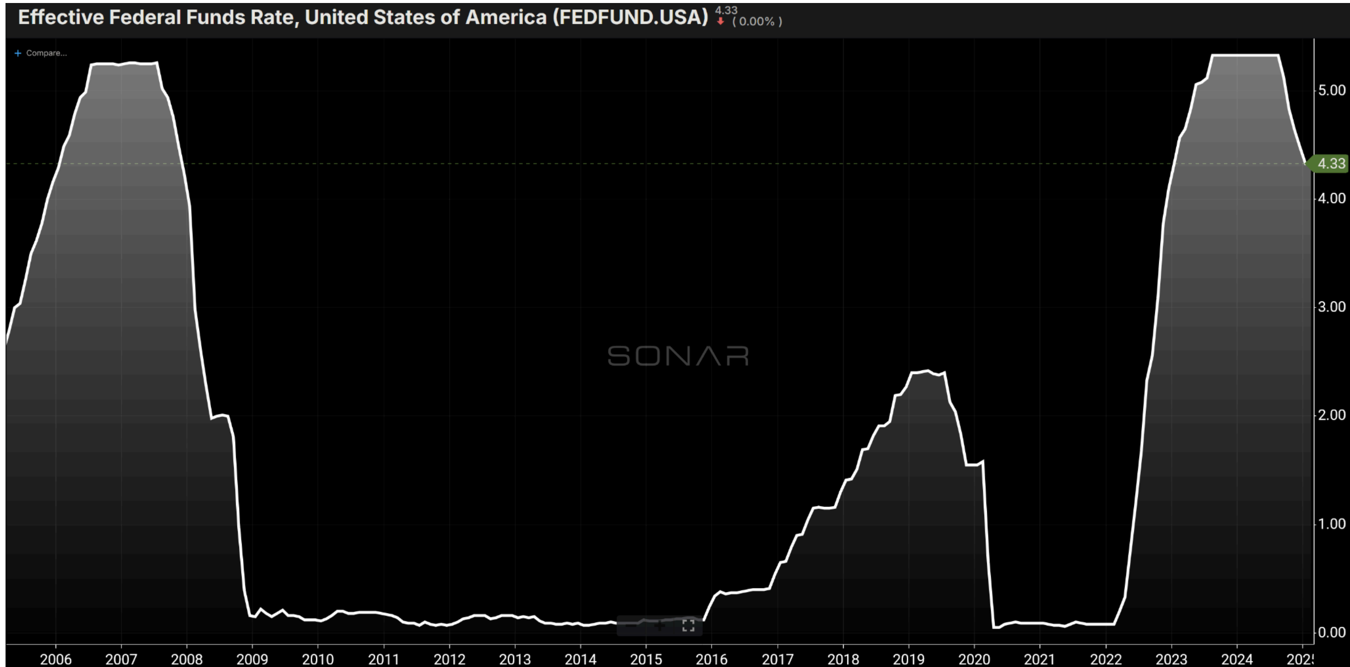


Chart: SONAR. Effective federal funds rate.

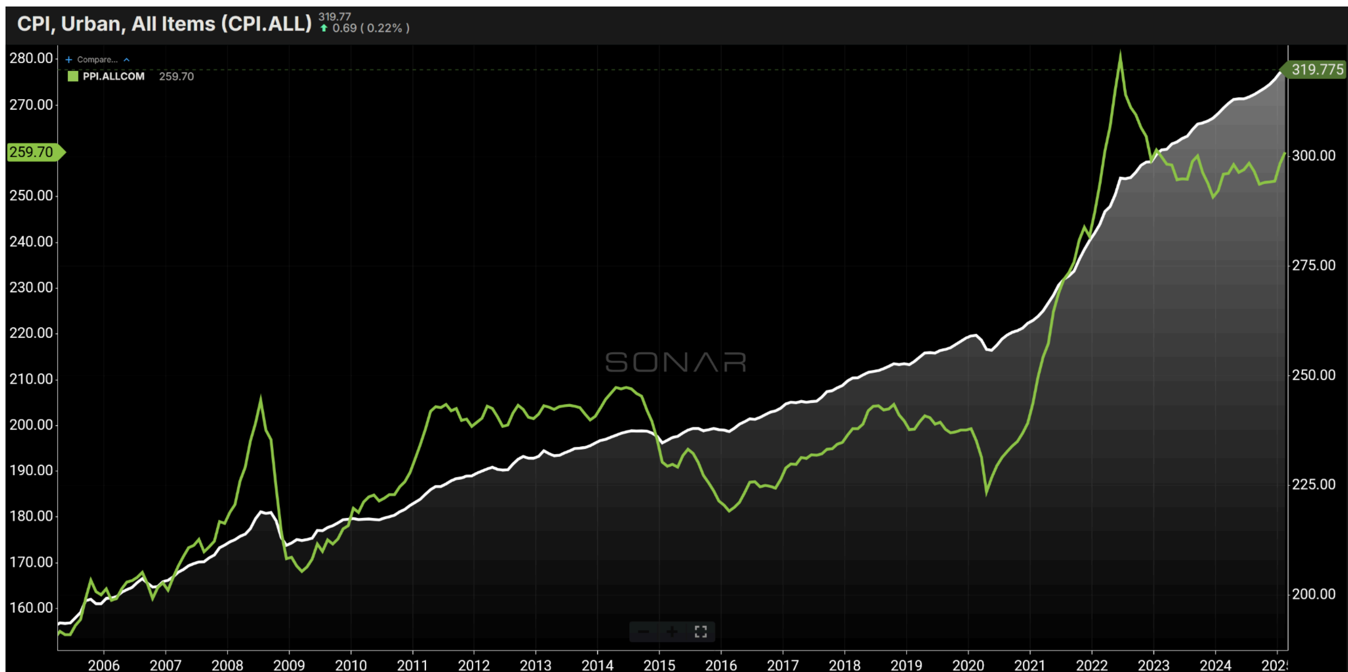
The impact of the Trump administration's new tariffs, whether enacted or threatened, has not yet been tangibly represented in most data. Nevertheless, the United States' chaotic approach to trade has sent jitters throughout both global and domestic markets — especially freight markets. Following a 30-day 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.

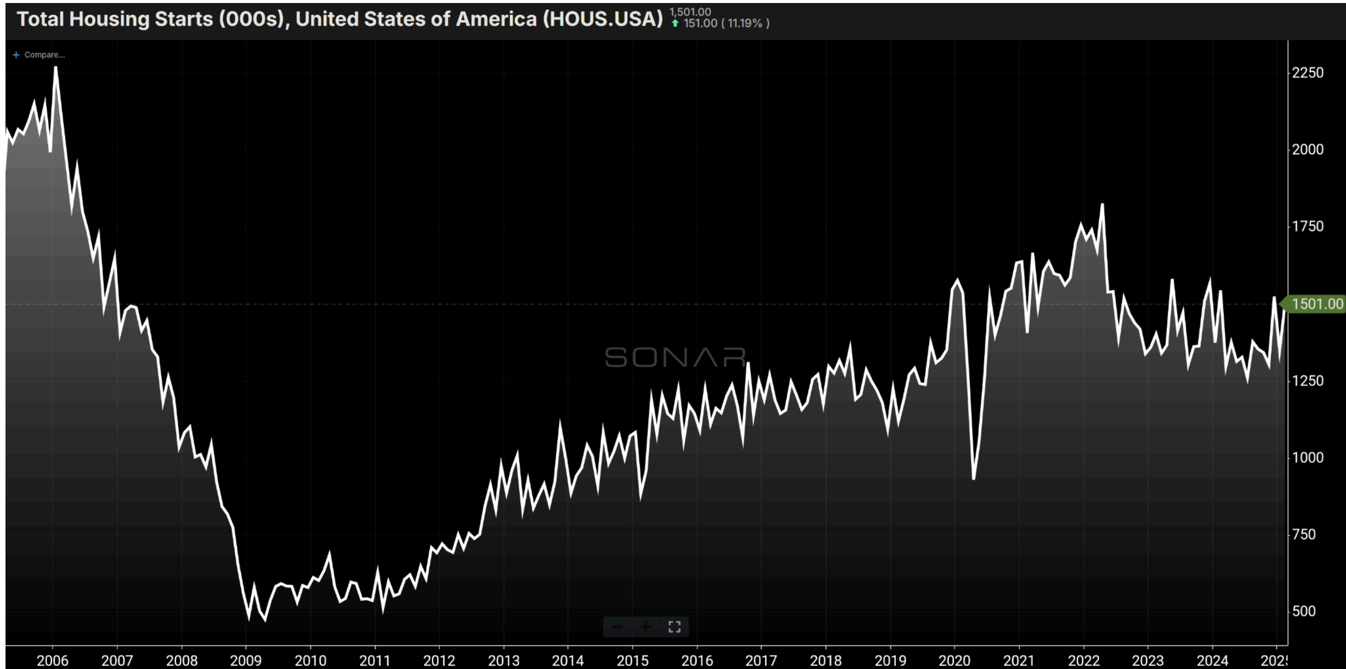
Even so, some analysts argue that the impact of the Trump administration's new tariffs — which went into effect on all Chinese goods in February and have since widened to include certain items from Canada and Mexico — have yet to show up in the inflation data. Core inflation, which excludes goods with 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%.



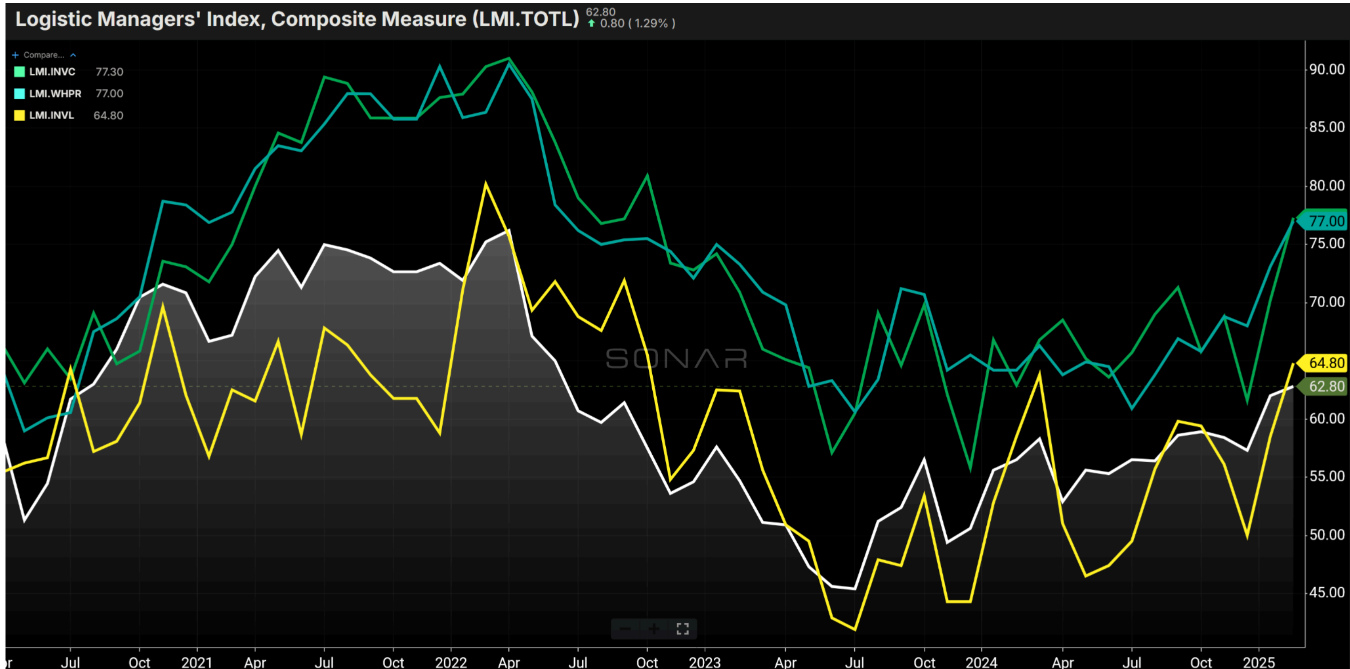
Source: SONAR. Total U.S. housing starts (in thousands).

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."



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.

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