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Weak US industrial activity casts cold light on LTL demand outlook

Old Dominion Freight Line saw revenue, tonnage and shipments drop in May, but revenue per hundredweight, a measure of profitability, kept rising. Photo credit: Andriy Blokhin / Shutterstock.com.

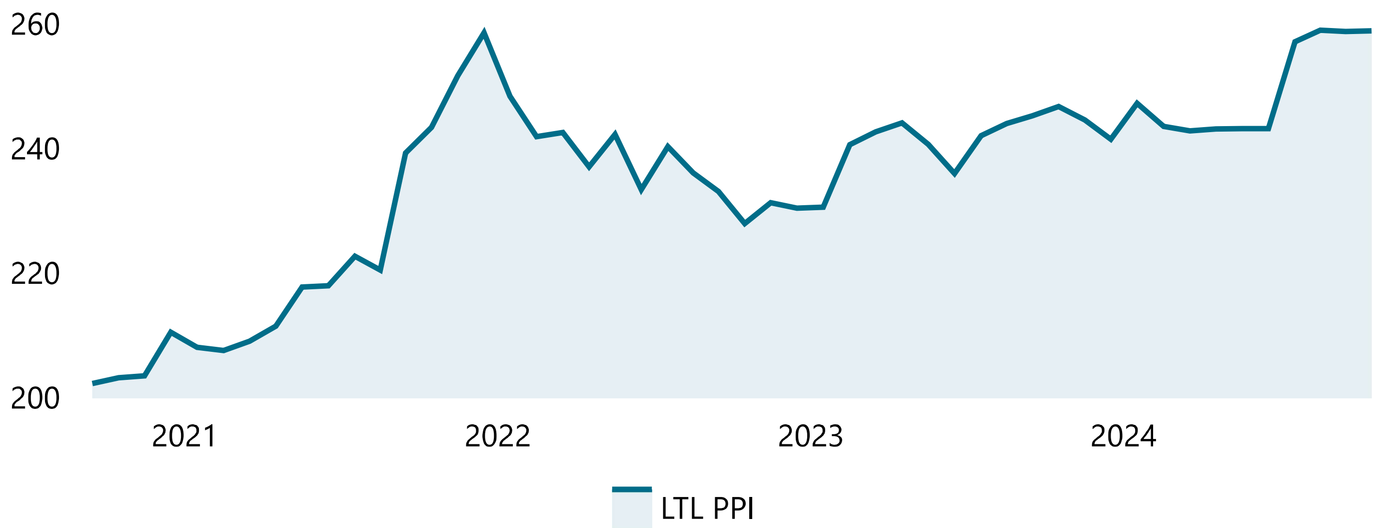
William B. Cassidy, Senior Editor | Jun 4, 2025, 2:38 PM EDT

Soft demand for less-than-truckload (LTL) freight and service in the US appears poised to get even softer, as publicly owned LTL providers prepare to release mid-quarter market reports.

Shippers should expect volumes to vary across carriers, but pricing is likely to stay at its current elevated levels, with the US long-distance LTL producer price index (PPI) at 259 for the past three months, a record high and about 5% higher than a year ago.

LTL pricing level with 2022 peak for three months

Producer price indices based on selling prices for trucking services



Source: US Bureau of Labor Statistics data, JOC analysis

1Y 2Y YTD MAX

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Shipments and tonnage both decreased year over year in May at Old Dominion Freight Line (ODFL), the second-largest US LTL trucking company, ODFL said Wednesday. ODFL reported an 8.4% decrease in LTL tonnage and a 6.8% drop in LTL shipments per day

Revenue fell 5.8% year over year in May, but LTL revenue per hundredweight, excluding fuel surcharges, rose 5.6%. ODFL remains one of the most disciplined LTL carriers when it comes to pricing, and its operating ratio — a measure of profitability — is in the 70s.

A drop in LTL revenue, or shipments, may not point to a broader market slump, but may reflect a carrier's refusal to lower rates to get freight at the expense of profitability. Last year, the aggregate LTL shipment count among the Top 25 LTL Carriers rose 2.5%.

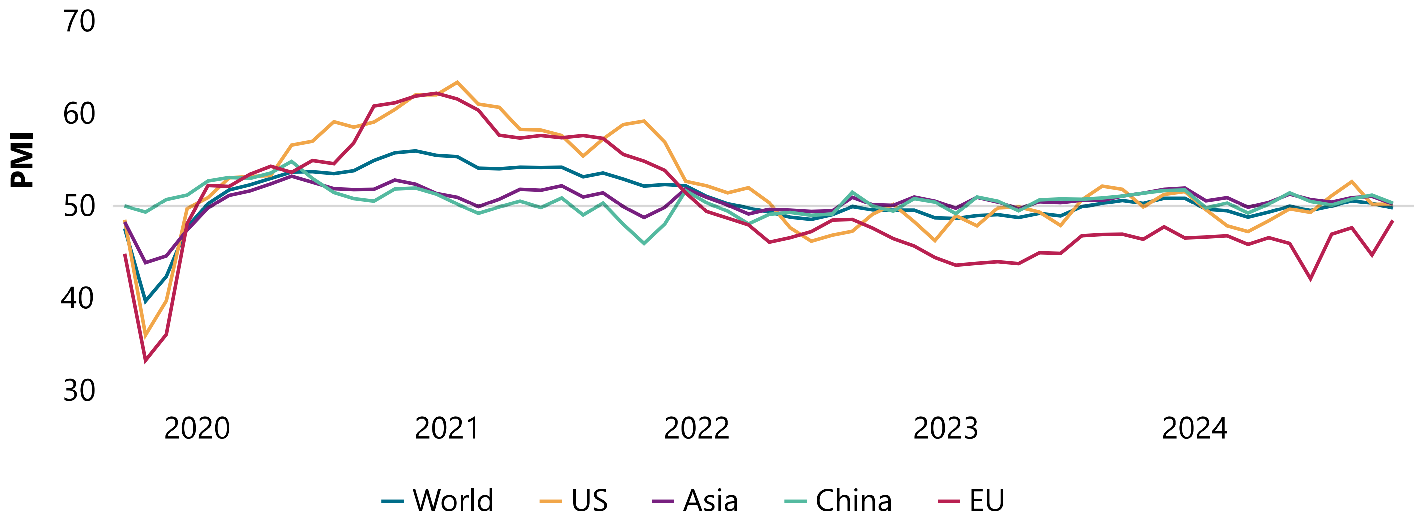
The drop in demand ODFL saw in May comes as US manufacturers cope with high input inventories and fluctuations in orders as vendors frontload freight to avoid high

US tariffs. Industrial manufacturing makes up the bulk of LTL freight in the US.

The S&P Global Purchasing Managers' Index (PMI) rose to 52 in May, up from 50.2 in April and the fifth straight month the PMI has been above 50, the breaking point dividing expansion from contraction. But that's not necessarily a sign of industrial health.

Global manufacturing PMIs flash red

Manufacturing purchasing managers' index, seasonally adjusted; index more than 50 indicates growth since the previous month



Source: S&P Global

6M 1Y YTD MAX

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"The rise in the PMI during May masks worrying developments under the hood of the US manufacturing economy," said Chris Williamson, S&P Global's chief business economist.

"While growth of new orders picked up and suppliers were reportedly busier as companies built up their inventory levels at an unprecedented rate, the common theme was a temporary surge in demand as manufacturers and their customers worry about supply issues and rising prices," Williamson said in a statement this week.

That surge in demand and inventories also coincides with frontloading of goods from China and elsewhere during a pair of 90-day pauses on higher US tariffs, pauses that will expire in July and August, barring further extensions or the successful negotiation of trade deals.

While the S&P Global monthly US Manufacturing PMI has shown tepid expansion in 2025, the Institute for Supply Management (ISM) PMI has been in contraction for four months, dropping 0.2 percentage point in May to 48.5.

The ISM inventories index dropped into contraction after three positive months as businesses completed frontloading of goods ahead of tariffs, ISM said.

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