

## FedEx Freight battles weak US industrial sector ahead of spinoff



*FedEx Freight's revenue declined 5% while LTL shipments dropped 6% year over year in the fiscal quarter ending Feb. 28. Photo credit: Red Herring / Shutterstock.com.*

[Ari Ashe, Senior Editor, Intermodal Rail](#) | Mar 20, 2026, 3:09 PM EDT

Revenue and shipments in FedEx's less-than-truckload (LTL) division fell during its fiscal third quarter amid the ongoing sluggish US industrial economy as the parent company prepares for a planned spinoff in June of the LTL business.

Revenue for FedEx Freight dropped 5% year over year to \$1.99 billion between December and February, the company's fiscal third quarter, while shipments were down 6%. Revenue per shipment, however, increased 1% year over year.

"It's a broader LTL market that we're in, and there's nothing necessarily unique about our volumes," Marshall Witt, CFO of FedEx Freight, said on an earnings call late Thursday. "We need to continue to improve our yield growth ... we will expect to

continue to improve our customer experience ... we expect to continue to be disciplined in our pricing contract renewals.”

Fourth-quarter and full fiscal-year revenue for LTL will likely be down by low-single-digit percentages year over year, according to the company.

More attention on the call, however, was paid to the FedEx Freight spinoff and an investor day on April 8, during which the company will outline a new strategy for LTL focused on yield over volume.

As a standalone company, FedEx Freight might reject low-margin or unprofitable freight from shippers who previously used LTL as part of a larger commercial relationship with FedEx’s parcel, logistics, and airfreight divisions.

The freight division has hired its sales and operation teams, created new computer systems and secured a \$3.7 billion debt offering in January.

“We look at those as good cost incurrences primarily because they’re related to building our IT infrastructure,” Witt said. “Also building out our talent, and that represents both folks that are coming on board externally and folks that are transitioning over from FedEx Corporation. Having those folks and platforms being built now and being ready to address the spin off and the standalone of FedEx Freight is a positive outcome for us.”

FedEx also pointed to the possibility that the growth in data centers will generate freight volumes.

“We know that as data centers expand, that yes, there will be some LTL business for my friends over at [FedEx] Freight, but in addition, there is going to be some parcel business,” Brie Carere, FedEx’s chief commercial officer, said on Thursday’s call.

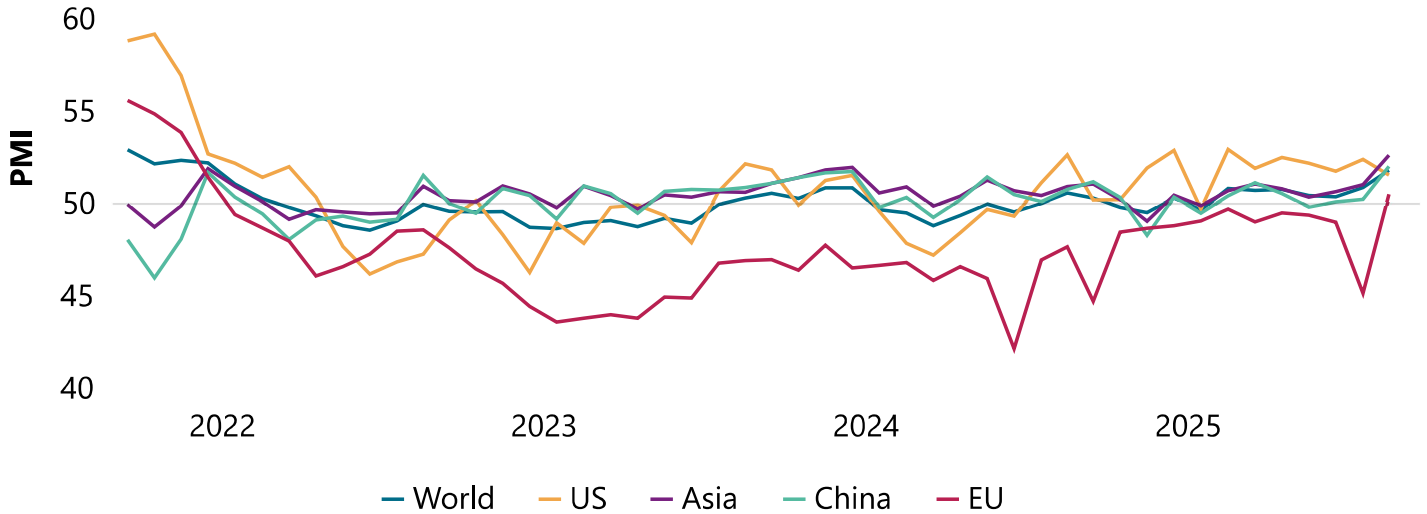
## **Small encouraging signs**

There are some small encouraging signs for the LTL industry overall.

The Institute for Supply Chain Management reports that the Purchasing Managers’ Index for manufacturing was in expansion territory in February, at 52.4, for a second consecutive month after spending most of 2025 in contraction territory.

### Global manufacturing growth streak continues

Seasonally-adjusted manufacturing Purchasing Managers' Indexes (PMIs); an index reading of more than 50 indicates growth since the previous month



Source: S&P Global

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6M	1Y	2Y	26M	YTD	MAX
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In an intra-quarter update, ArcBest, parent of LTL provider ABF Freight System, reported that revenue per day was up 1% and shipments were up 2% year over year in January and February combined. XPO reported shipments per day grew 3% year over year in February, although it did not disclose revenue.

But Old Dominion Freight Line reported revenue per day declined 3.3% and shipments fell 7% in February.

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