

Uber Freight

Chemical Current

Supply chain newsletter for
chemical shippers

May 2025



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Executive summary

The chemical manufacturing sector in the U.S. experienced a modest uptick in early 2025, as reported by the American Chemistry Council's (ACC) Chemical Manufacturing Economic Sentiment Index (ESI). New orders, production, and capacity utilization showed improvement, despite ongoing challenges like weak demand in key markets and escalating operational costs. Outlook for the remainder of the year is less optimistic, with over two-thirds of chemical manufacturers anticipating worsening conditions in the next six months, driven by rising expenses related to raw materials, energy, transportation, and labor, as well as regulatory pressures that may hinder investment and innovation.

While chemical manufacturing expanded slightly, The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) remains in contraction for the second consecutive month, registering 48.7 for April 2025. This decline was driven by reduced output, slower supplier deliveries, and diminishing new orders, particularly in export markets affected by ongoing trade uncertainties. Despite these challenges, the U.S. Chemical Production Regional Index (CPRI) showed a 6.6% year-over-year increase, suggesting regional resilience, especially in areas like the Mid-Atlantic and Northeast.

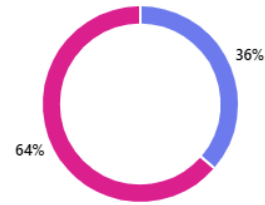
Quarterly bulk carrier survey

A special thank you to all carriers that took the time to complete our quarterly survey. Your insights into market conditions, operational challenges, and future priorities are invaluable. We sincerely appreciate your commitment to advancing the discussion on innovation, sustainability, and service excellence across the bulk freight sector.



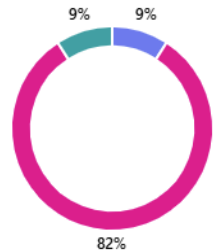
How do you view the current conditions for the bulk market?

- Favorable
- Unfavorable



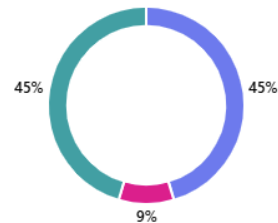
How do you EXPECT geopolitical and/or trade disruptions to affect your business over the next 3 months

- Favorable
- Unfavorable
- No Impact



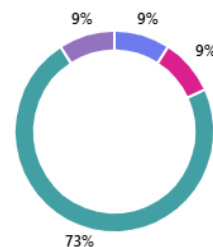
Are you currently experiencing a positive or negative shift in demand for bulk transportation?

- Positive
- Negative
- Neutral



Currently, what is the biggest issue you are facing with tank washes?

- Scarcity
- Location
- Price Increases
- Wait Times



“Voice of the carrier”

Bulk carriers generally perceived the current bulk market as unfavorable with 45% of surveyed participants experiencing negative impacts from geopolitical issues & trade disruptions in the previous quarter. Bulk carriers also displayed limited confidence in near-term improvements, driven by uncertainty about the market’s direction

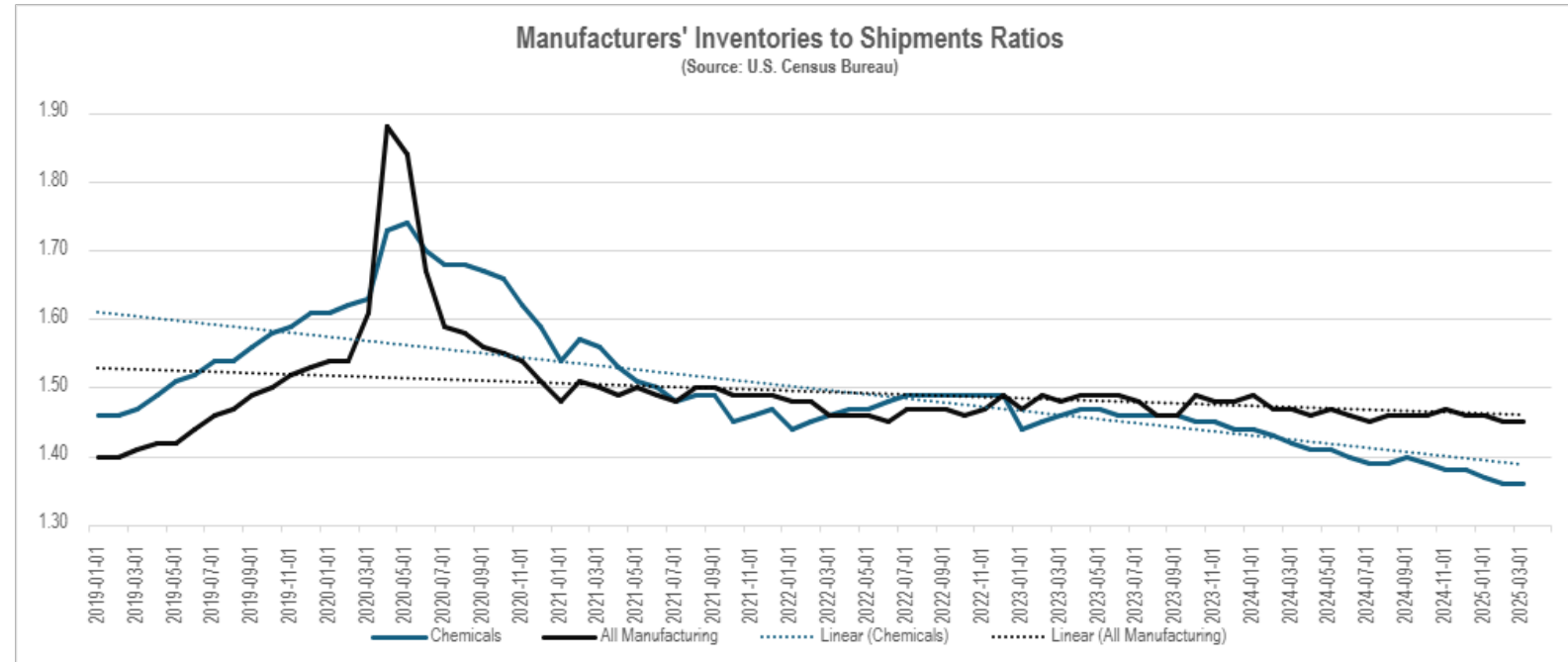
- Current key business influencers are split between driver retention and the broader market environment
- Though demand is either stable or rising for many, hiring remains a critical issue, with 91% struggling to find qualified bulk drivers
- Communication with customers and clarity on loading requirements show room for improvement
- 91% expect unfavorable outcomes in the near term due to concerns of future negative impacts from on-going geopolitical issues & fallout from the tariff rollercoaster
- The pace of technological adoption is largely viewed as average, but furthermore, bulk carriers expressed willingness to invest in innovative & sustainable technology to meet customer requirements if needed

Chemical transportation trends



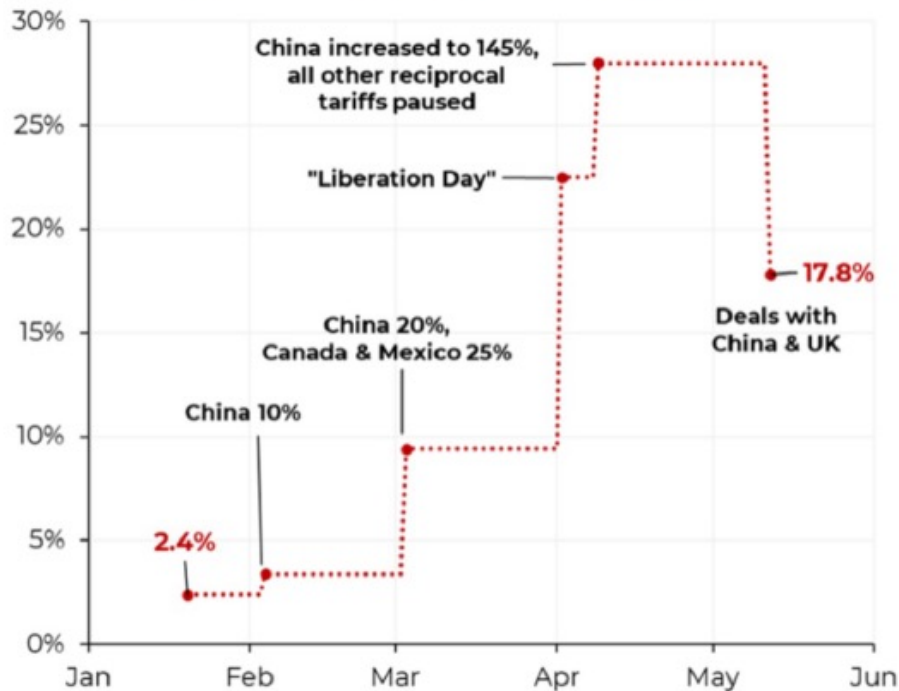
Inventory levels

- Although destocking has concluded, restocking has yet to commence, indicating that manufacturers continue to strategically manage inventories due to ongoing trade uncertainties, rising production costs, & fluctuation demand
- Inventory to shipment levels for all manufacturers down -1.4% YoY
- Chemical inventories down -4.9% YoY

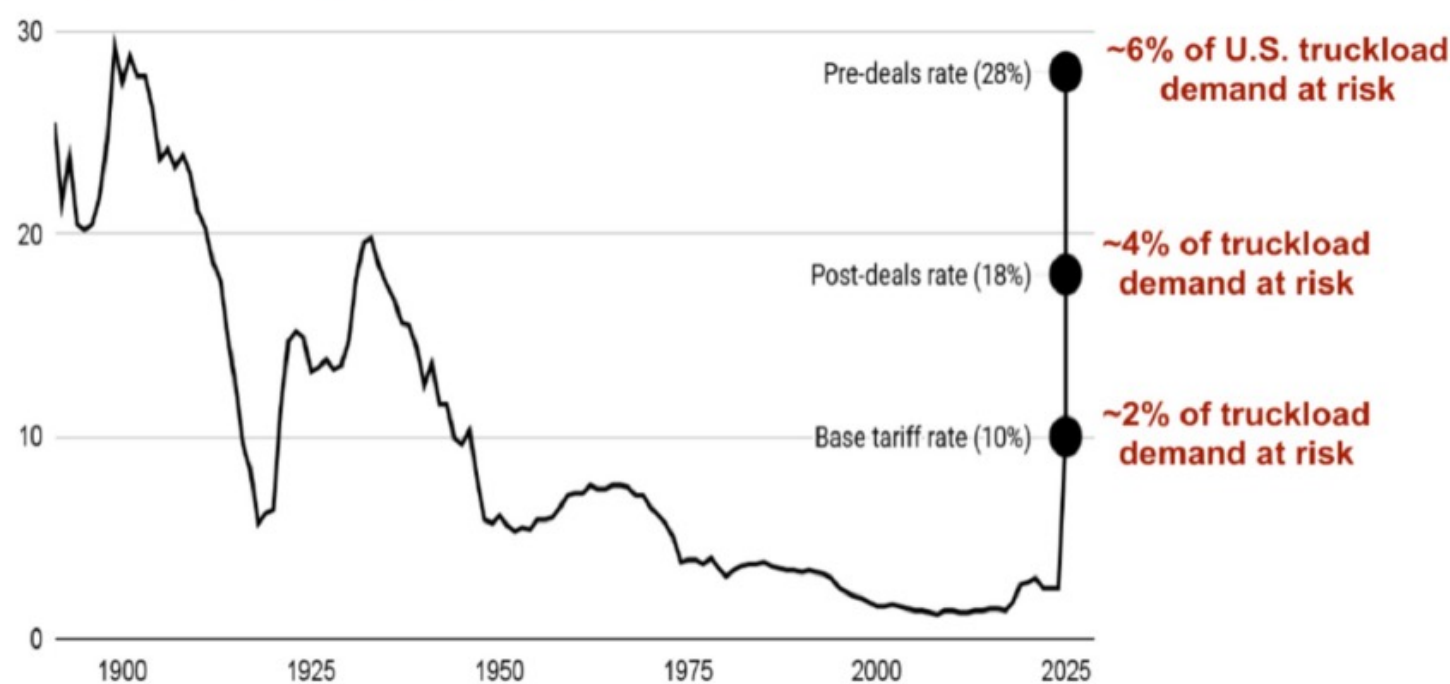


The U.S.-China trade agreement is a positive development for the freight market, but truck volumes are still expected to fall.

Estimated U.S. Average Tariff Rate



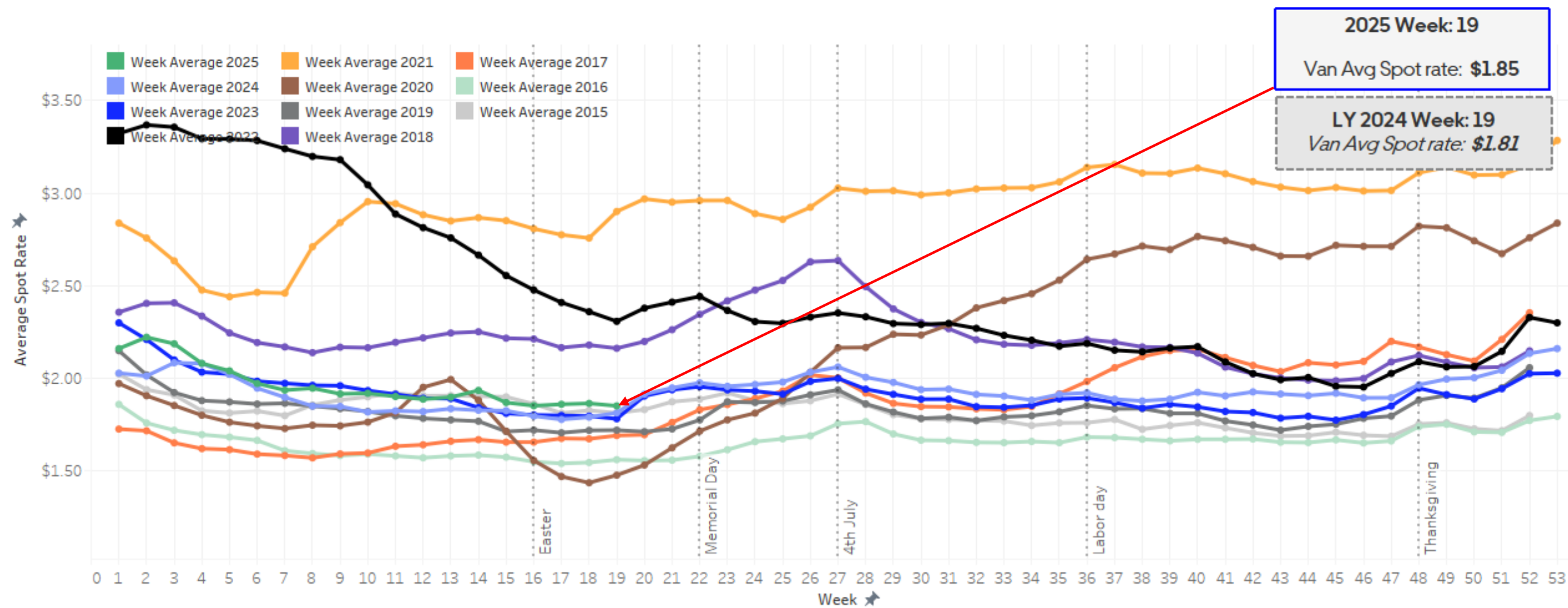
Historical U.S. Average Tariff Rate



The agreement lowers the weighted average tariff rate from 28% to 17.8%. If shippers substitute some Chinese imports with goods from other countries, this average tariff rate could decrease further, potentially settling between 10% and the 17.8%. We estimate that a 1% increase in the average tariff rate reduces freight demand by 0.2%. Consequently, only about 2%-4% of freight volumes are now at risk, down from the 6% estimated prior to the deal.

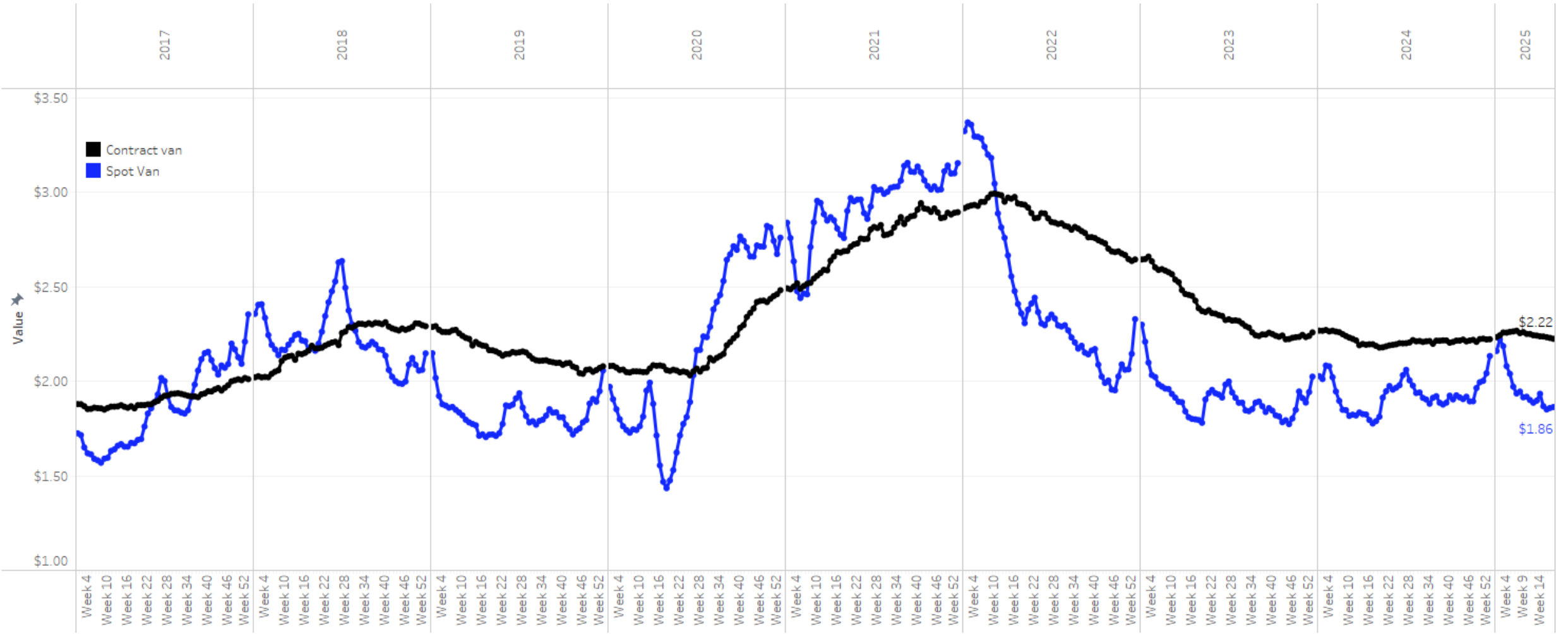
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Weekly Average Van Spot Rate



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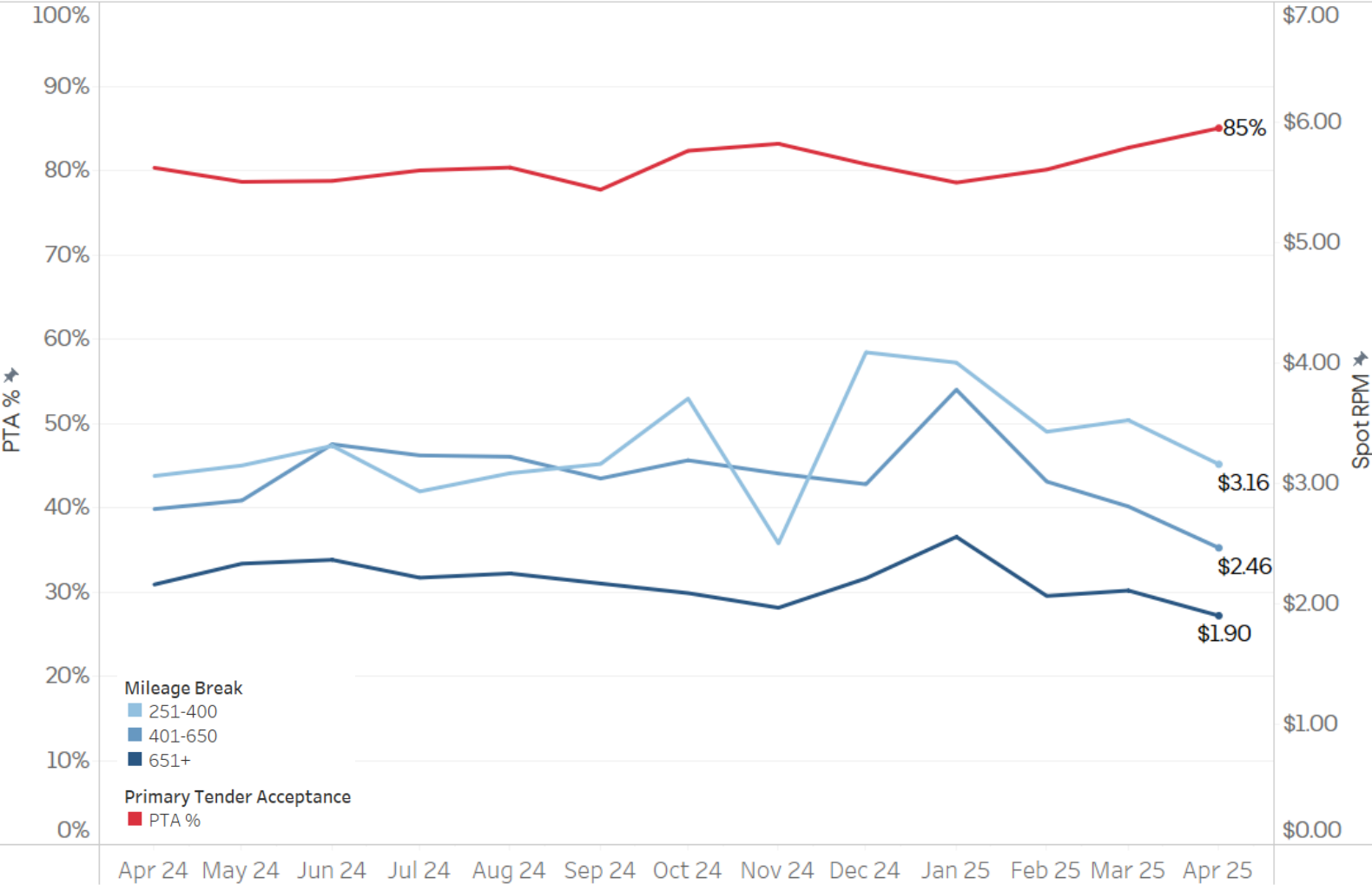
Weekly Average Van Spot vs Contract rates



Hazardous materials tendering trends

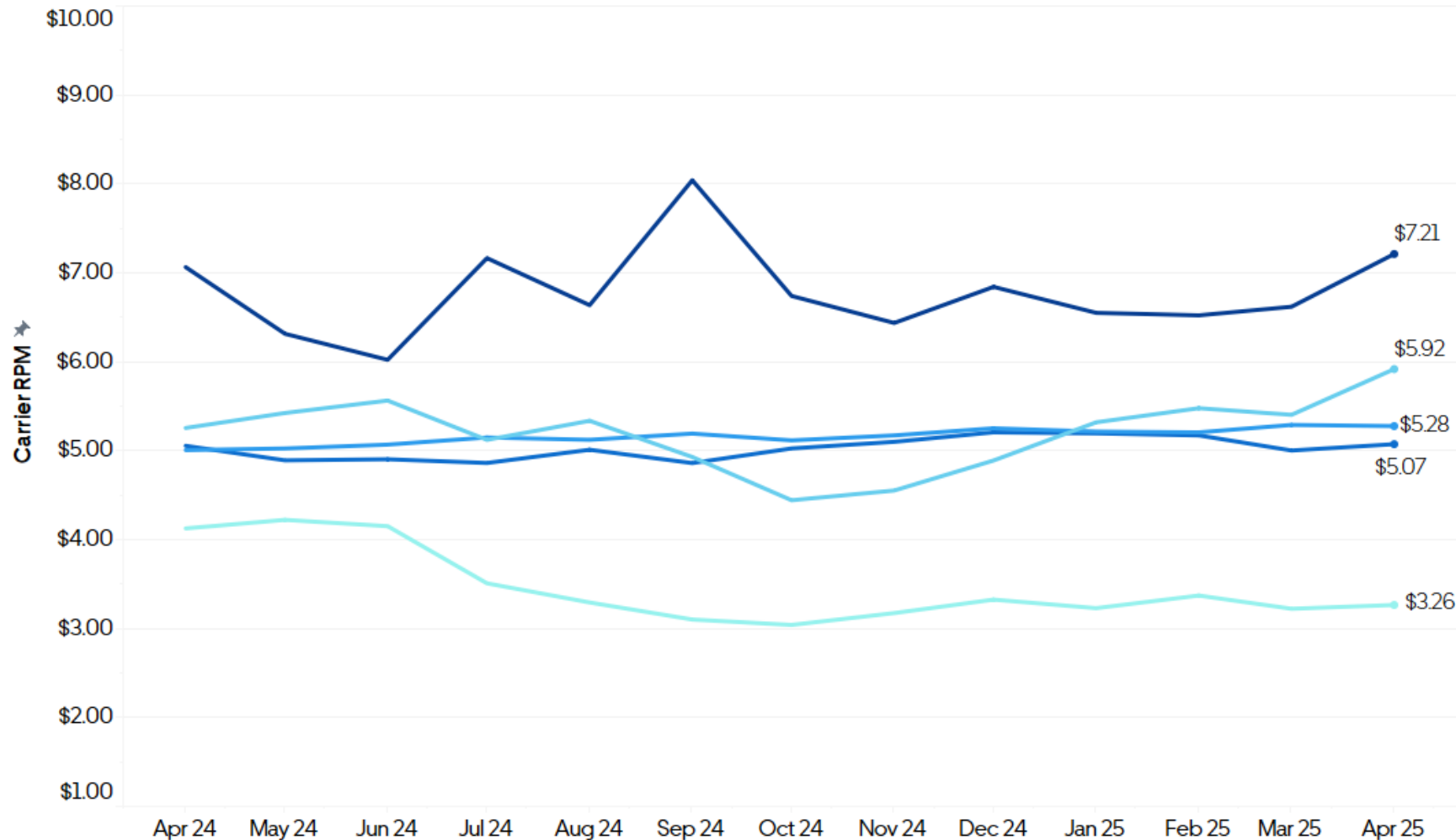
- Spot Rate per Mile (RPM) for long haul (> 650 miles) dry van Truckload (TL) Hazmat has retreated to a new 1 year low of \$1.90 but still clinging on to a 2.6% premium over average dry van spot rates
- Upward trend for Primary Tender Acceptance (PTA) for Hazmat Truckload (TL) continues with April setting a new 1 year high at 85%

Hazmat TL: PTA % vs Spot RPM by Mileage Break (Trailing 13 Months)



Bulk pricing trends

Bulk Rate per Mile by Equipment Type(Trailing 13 Months)



- Multi-Compartment, Liquid Bulk Tankers, & Dry Bulk Tanker rates remain stable
- ISO Tank/Intermodal rates are up 8.78% month-over-month driven by the pull forward of inventories in response to new tariffs



Diesel fuel pricing trends



Current national diesel price - **\$3.536/gal**
(As of 5/19/25)



Brent Crude - **\$66.40 (\$/bbl)**
(As of 5/20/25)



WTI Crude - **\$63.07 (\$/bbl)**
(As of 5/20/25)

Current dry van
fuel surcharge



Fuel Surcharge

\$0.37 (\$0.00)

Source: DAT (as of 5/20/25)

→ Rate is neutral

Current reefer
fuel surcharge



Fuel Surcharge

\$0.40 (\$0.00)

Source: DAT (as of 5/20/25)

→ Rate is neutral

1 Year national diesel fuel averages



Source: DAT

- National average for diesel has declined for the sixth straight week
- Diesel prices for the week of May 19 fell another 6 cents, settling at \$3.536 per gallon.
- Down approximately -6.68% YoY, this decline is timely cost relief for freight carriers amidst the tariff rollercoaster.
- West Texas Intermediate (WTI) crude oil remains volatile in the \$54-\$64 range

Chemical supply chain overview



Chemical industry news and updates: Energy

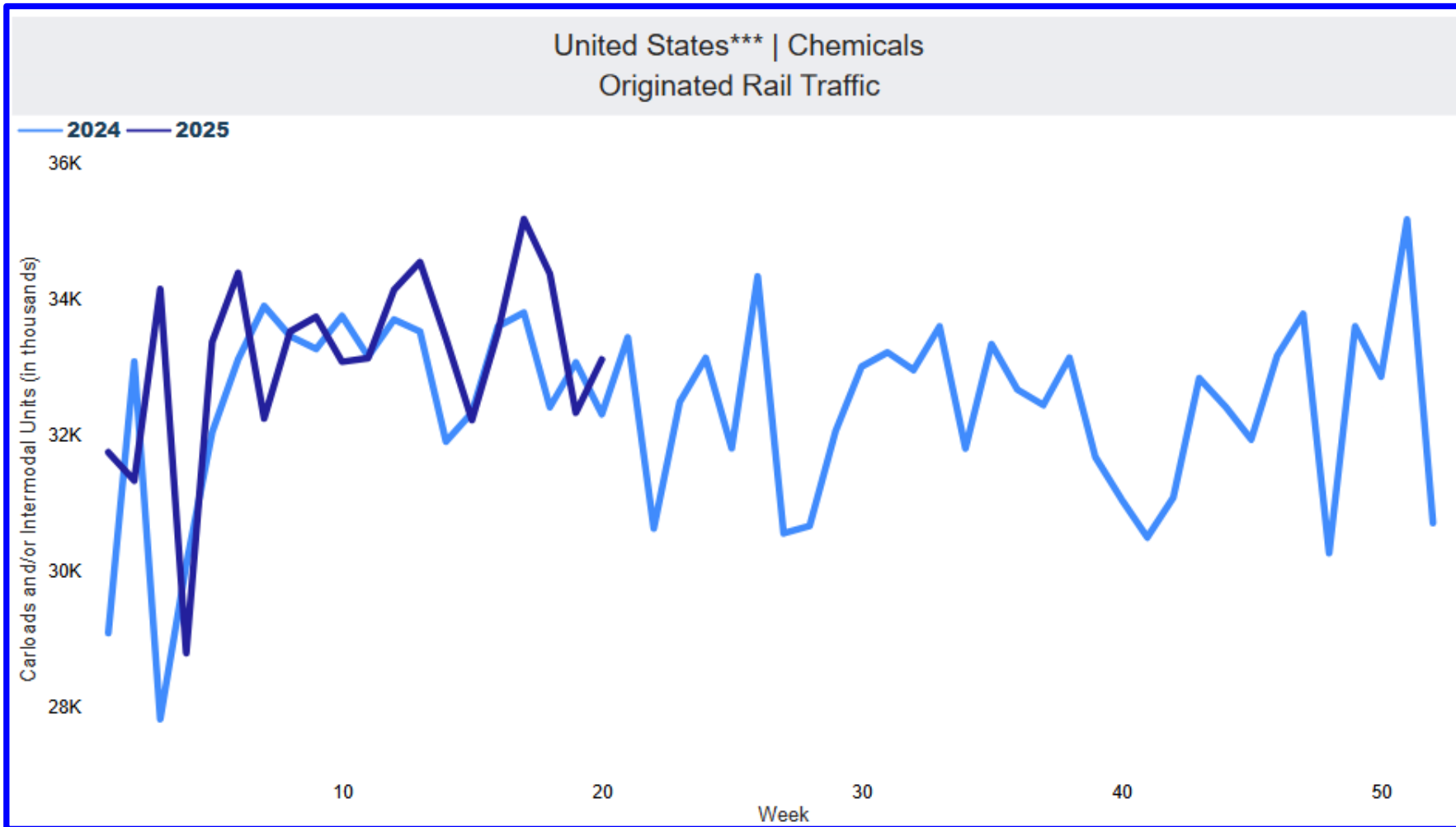
**12-week moving average of WTI prices and US Rig Counts have historic correlation*

• Baker Hughes Rig Count dropped for the third consecutive week, down 2 MoM to 573

Baker Hughes Total US Rig Count verse WTI Price



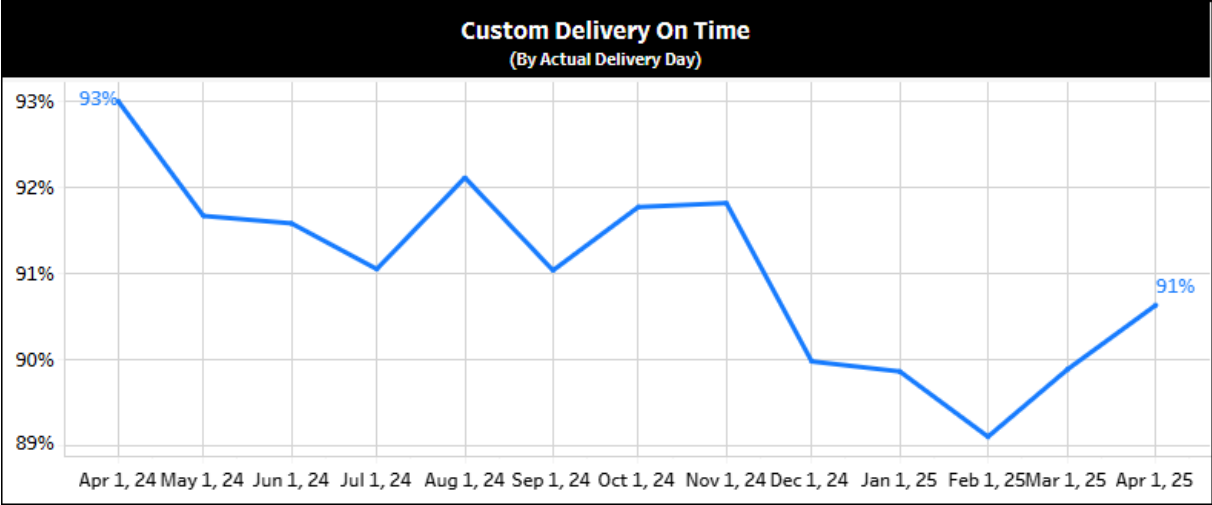
Weekly rail traffic - Chemicals



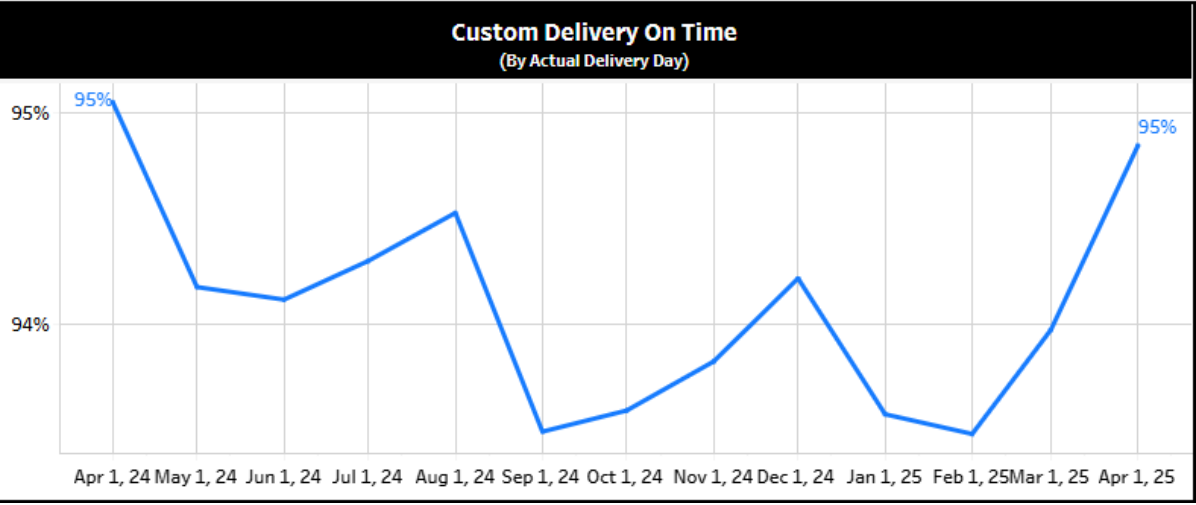
Data from the Association of American Railroads shows that chemical railcar loadings reached 33,113 during the week ending May 17. This marks a 1.8% year-over-year increase based on the 13-week moving average and a 2.0% rise compared to the same period last year. Additionally, loadings have increased in 8 of the past 13 weeks.

Chemical vertical on-time delivery by mode

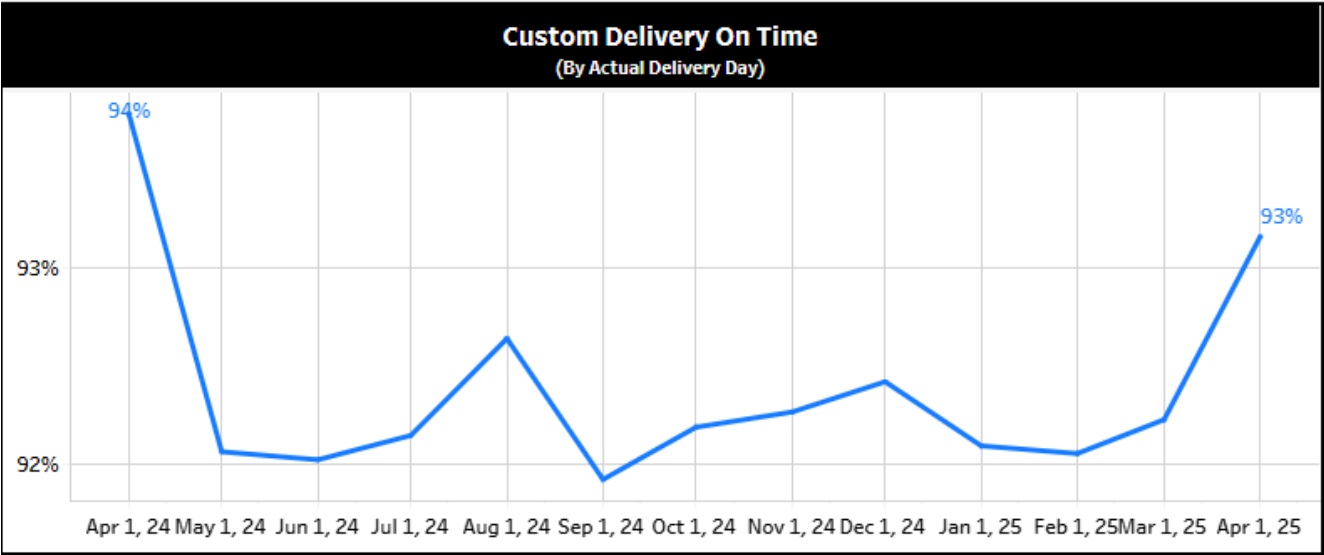
LTL



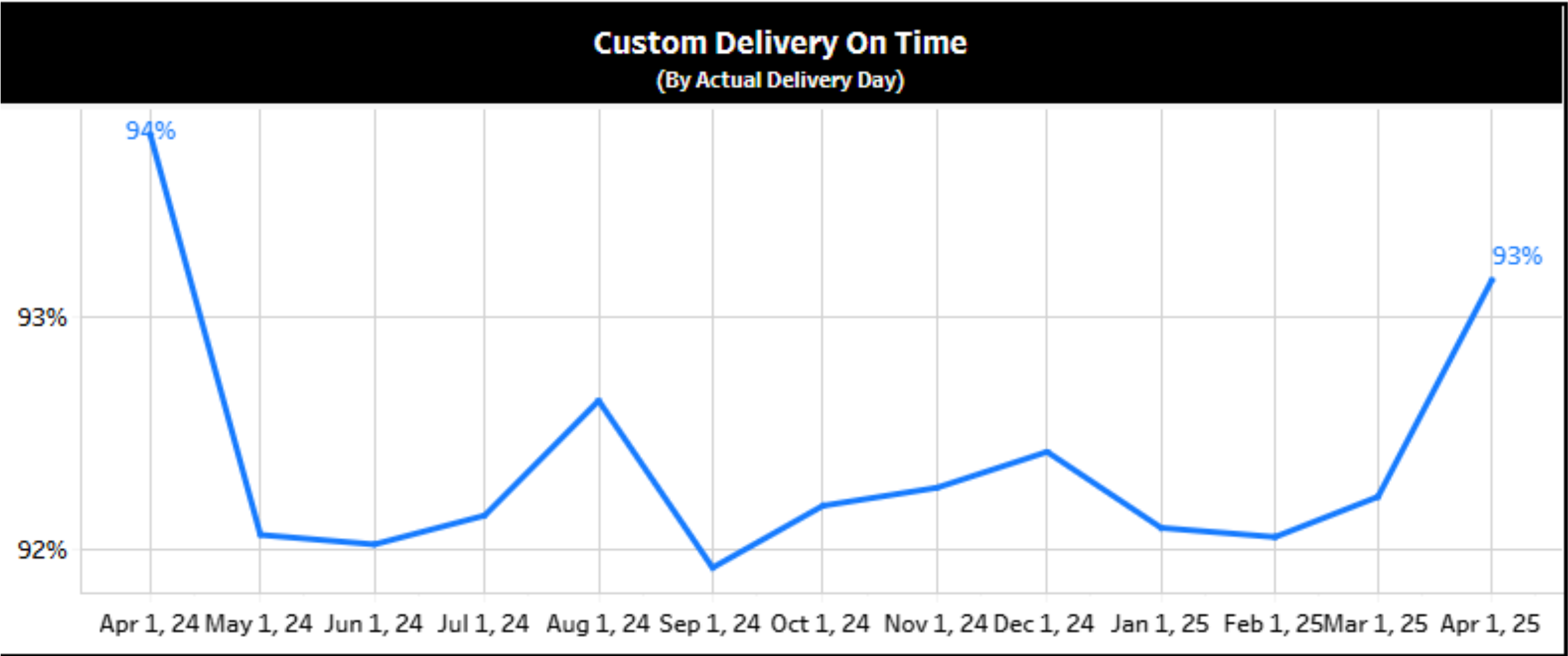
TL



Other



Chemical vertical on-time delivery*



*More than 170,000 shipments each month, including all modes and two-hour tolerance for delivery appointments

Upcoming LTL NMFC class changes

The July 19, 2025 NMFC update will move 40% of all NMFC items to density-based classification

What does this mean?

In order to properly rate & route LTL shipments containing density-based items, shippers must know accurate weight & dimensions

Without accurate shipment info or wide-band operational FAKs, LTL reclassifications within the FAP process will drastically increase resulting in higher-than-expected LTL charges



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