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Diesel Fuel Price Surge:

What Rising Oil Prices Mean for Transportation & the Broader Economy

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Executive Summary

In the first week of March 2026, the U.S.–Israeli military conflict with Iran triggered the sharpest spike in global energy prices since the 2022 Russia-Ukraine crisis. According to the EIA's Weekly Petroleum Status Report, U.S. national average retail diesel rose from $3.459 per gallon on January 12 to $4.859 on March 10—a 40.5% increase in just eight weeks, with nearly a dollar per gallon of that increase occurring in the single week after the Strait of Hormuz effectively closed to tanker traffic. Crude oil surged past $90 per barrel, up more than 36% in a single week.

For the transportation industry, this is a direct hit on already razor-thin margins. Carriers have been operating at or below breakeven for three consecutive years during the "Great Freight Recession." The RXO Curve—the industry's leading proprietary truckload spot rate index—shows spot rates up 18.7% year-over-year as of mid-February, driven by capacity contraction, not demand growth. A diesel shock is now layering additional cost pressure onto an industry where carrier bankruptcies are at record levels.

This white paper examines the relationship between crude oil prices, EIA diesel costs, and truckload rates using actual government data; draws direct parallels to the 2022 Russia-Ukraine diesel spike to frame what may be ahead; and details the cash flow dynamics that convert diesel price spikes into carrier failures. We close with specific actions shippers, carriers, and supply chain leaders should take immediately.

The Iran Conflict and the Energy Market Shock

On March 1, 2026, the United States and Israel launched major military strikes against Iranian nuclear and military installations. Iran retaliated with attacks targeting regional energy infrastructure—including Saudi Arabia's Ras Tanura refinery and Qatari LNG facilities—and maritime targets near the Strait of Hormuz. The Strait, through which roughly 20% of the world's daily oil supply transits, was effectively closed to commercial shipping within days.

Approximately 9 million barrels of oil per day were removed from global markets through facility damage, precautionary shutdowns, and shipping paralysis. Qatar declared force majeure on LNG exports, taking about 20% of global LNG supply offline. By Friday, March 7, WTI crude settled at $90.90 per barrel. Critically for transportation, diesel prices reacted even more aggressively than gasoline due to tighter global diesel inventories and Europe's heavy dependence on Middle Eastern refined product flows through the Strait.

The Data: EIA Diesel Prices Tell the Story

Using weekly data directly from the EIA's Petroleum Status Report (PSW18), the national average for No. 2 Ultra-Low Sulfur Diesel hit a 2026 low of $3.459 per gallon on January 12. By the week of March 10, it had surged to $4.859—an increase of $1.40 per gallon (40.5%) in just eight weeks. Nearly a full dollar of that increase came in the single week between March 2 and March 10, as the full impact of the Strait of Hormuz closure and Middle Eastern refinery attacks hit wholesale markets.

The 2022 Russia-Ukraine crisis offers the most relevant precedent. In that episode, diesel prices surged from approximately $3.60 per gallon in January 2022 to a peak of $5.81 in June 2022—a 61% increase over five months. That spike came as the freight market was already tipping from the pandemic-era boom into what would become the longest downturn in trucking history. This time, the starting conditions are materially worse: carriers have already endured three years of depressed rates, non-fuel operating costs are at all-time highs, and the industry's cash reserves have been steadily depleted. A diesel spike of similar magnitude today would land on a far more fragile industry than it did in 2022.

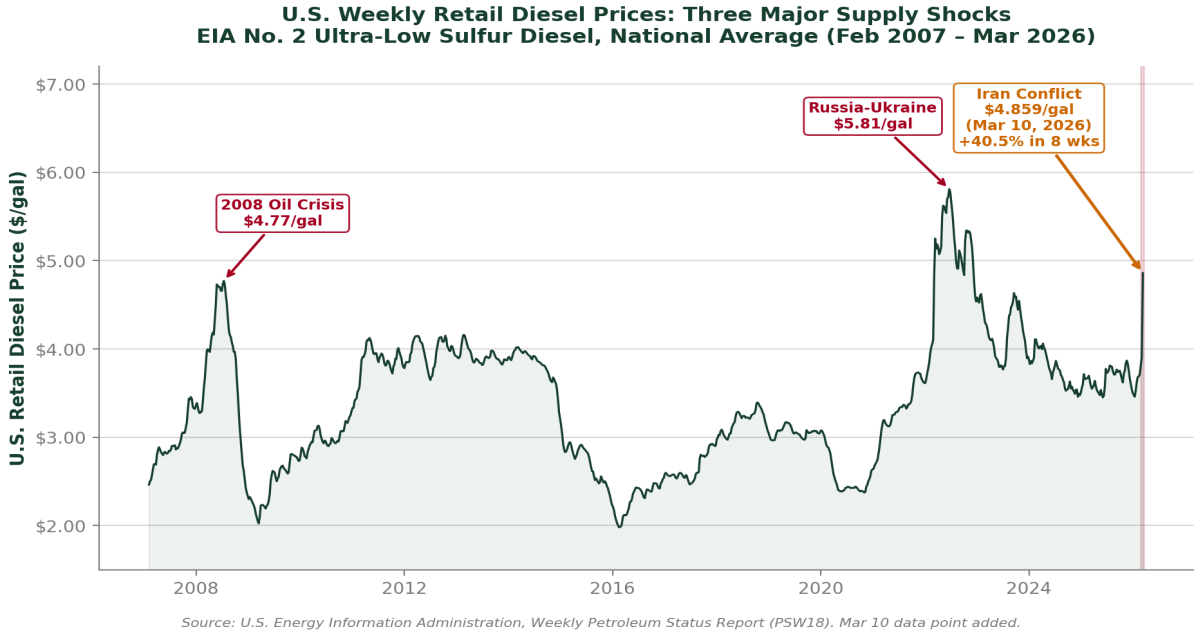

Figure 1: U.S. Weekly Retail Diesel Prices, 2007–2026 — Three Major Supply Shocks (EIA PSW18)

Figure 1 places the current spike in the full context of the EIA's 19-year diesel price record. The 2022 peak of $5.81 per gallon remains the all-time high, but the rate of the current increase—40.5% in eight weeks—is tracking significantly faster than the early weeks of the 2022 crisis. At $4.859 and climbing, diesel has already surpassed the 2008 oil crisis peak of $4.77. If the Strait

of Hormuz remains closed and Middle Eastern refining capacity stays offline, prices could approach $5.50 or higher.

The RXO Curve: Diesel, Rates, and Market Cycles

The RXO Curve is the industry's leading proprietary index for tracking truckload spot rate cycles, built from thousands of daily shipments over 18 years of transactional data. The Q1 2026 report reveals a market at a critical inflection: spot rates increased 5.2% year-over-year in Q4 2025 (up from 1.8% in Q3), and as of February 13, Q1 was tracking at 18.7% year-over-year—the highest since 2022.

What makes this rate increase notable is that it is occurring despite soft freight demand—the Cass Freight Index was down roughly 7–8% year-over-year through January, but expected to climb as tariffs ramp down. The driver is supply-side contraction: carriers leaving the market, Class 8 truck builds falling 32% below replacement levels, and regulatory changes (stricter CDL English proficiency requirements) removing additional drivers from the road. The Curve's all-in cost-per-mile index registered its highest reading in three years during Q4 2025.

Figure 2 overlays actual EIA diesel prices against the approximate RXO Curve trajectory from 2017 to present. The correlation is instructive: when diesel spikes, the all-in cost index jumps, carrier exits accelerate, capacity tightens, and rates follow. In 2022, the diesel spike coincided with the beginning of the freight market downturn—the Curve plunged from +68% to -38% as demand collapsed. Today, the Curve is moving in the opposite direction: rising into inflation even before the diesel shock hit. The current environment combines a supply-driven rate recovery with a sudden fuel cost shock—historically, the combination that produces the most volatile and inflationary freight market conditions.

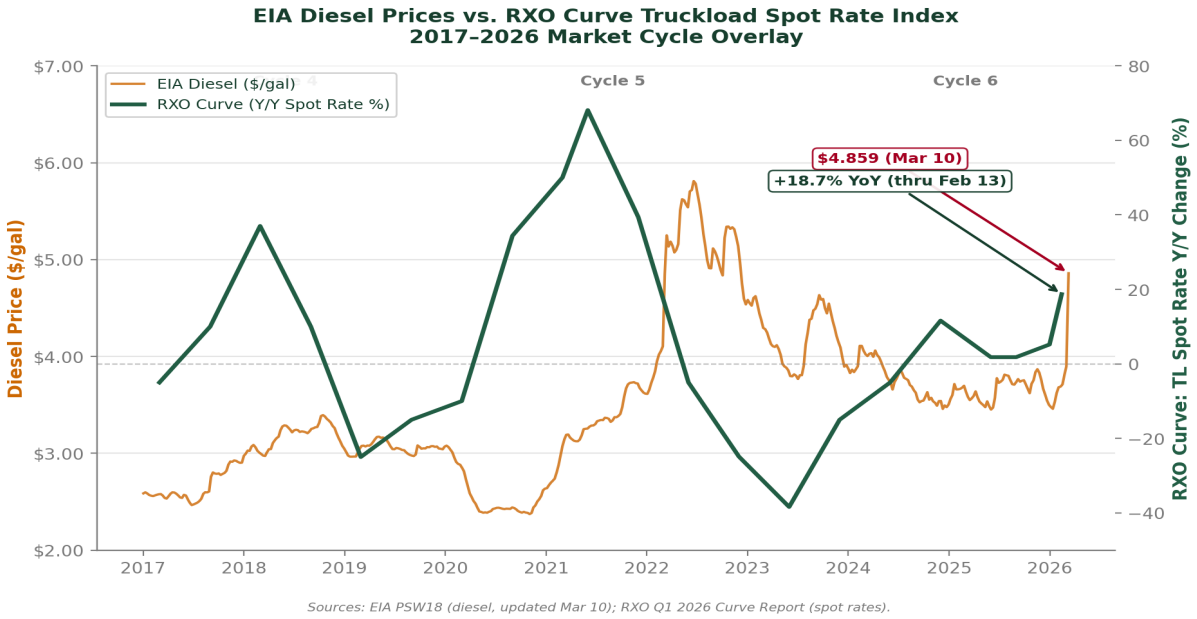

Figure 2: EIA Diesel Prices vs. RXO Curve Truckload Spot Rate Index, 2017–2026

Carrier Operating Costs and the Cash Flow Squeeze

According to ATRI's 2025 report, the average total cost to operate a truck in 2024 was $2.26 per mile. Fuel accounted for $0.48 per mile—roughly 21% of total operating costs. However, non-fuel operating costs rose to a record $1.779 per mile. Carriers entered 2026 with the highest fixed-cost base ever recorded by ATRI.

If diesel sustains above $4.50 per gallon, fuel cost per mile could jump to approximately $0.70—a 46% increase adding roughly $0.22 per mile. For a fleet running 500 trucks at 120,000 miles annually, that translates to over $13 million in additional annual fuel expense. The truckload segment reported an average operating margin of negative 2.3% in 2024—there is essentially no margin to absorb a cost increase of this magnitude.

The structural challenge is timing. Fuel must be purchased at today's price. Fuel surcharges—calculated weekly against the EIA index—are settled on net-30 to net-60 payment terms. When diesel rises $1.40 per gallon in eight weeks, carriers are purchasing fuel at $4.86 while collecting surcharge revenue based on prior weeks' index, and not receiving payment for another 30 to 60 days. This working capital gap is manageable during periods of stable fuel prices. During rapid price escalation, it becomes a balance sheet event—particularly for carriers that have been drawing down reserves through three years of depressed rates.

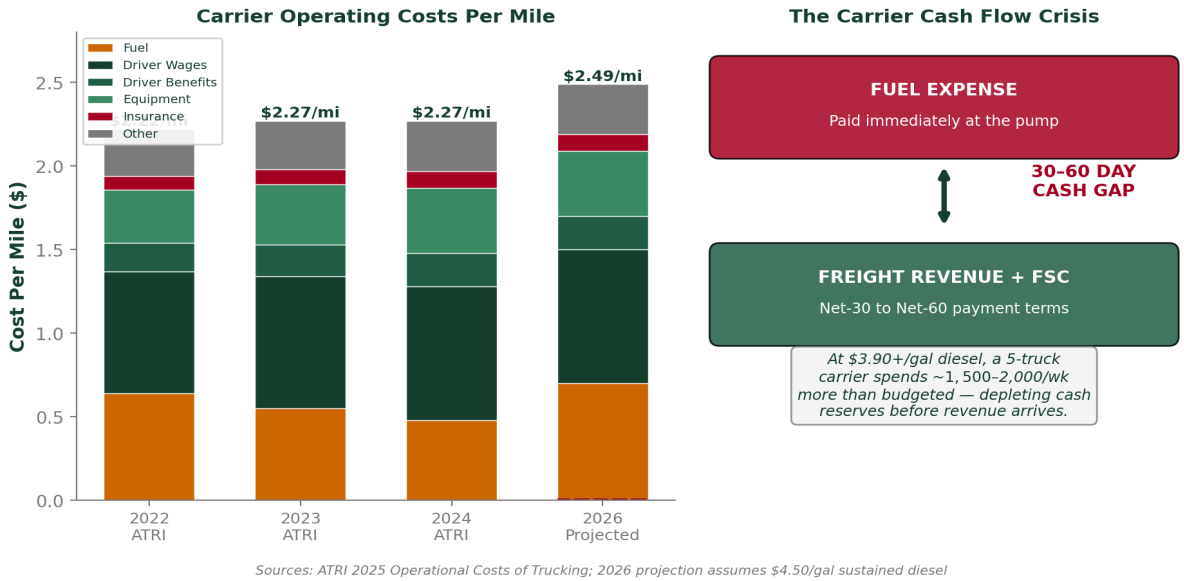

Figure 3: Carrier Operating Cost Breakdown (ATRI) and the Fuel Expense Timing Gap

Accelerating Carrier Exits

The industry was already experiencing the highest rate of carrier failures on record before the Iran conflict. The FMCSA reported a 10% decline in active motor carriers in 2024. Over 370 transportation and logistics companies filed for bankruptcy in the past five years, with 41% concentrated in the last two years. In early 2026, STG Logistics filed to restructure $1.2 billion in debt, followed by Standard Forwarding Freight, Mast Trucking, and dozens of mid-sized operators.

The diesel price shock threatens to sharply accelerate this trend. The carriers most exposed are those that have been operating near breakeven with depleted cash reserves—a description that fits a significant portion of the truckload sector after three years of the freight recession. The paradox is that further capacity exit will eventually push rates higher for surviving carriers, but for those who exhaust their working capital in the next 30 to 90 days, that recovery arrives too late.

For shippers, this creates a direct supply chain risk: the carrier base is shrinking, the carriers that remain are under acute financial stress, and the cost of replacing lost capacity in a tightening market is rising rapidly. For carriers with strong balance sheets, this is a moment of opportunity—but only if they manage the near-term fuel cost exposure effectively.

Broader Economic Implications

Diesel powers virtually every mode of goods movement—trucking, rail, marine, agriculture, and construction. When diesel prices rise sharply, the cost of transporting every physical product increases, creating inflationary pressure at a time when Core CPI had only recently decelerated to the mid-2% range. The Q1 2026 RXO Curve report notes GDP growth is forecast at approximately 2.1% for 2026, with goods consumption at depressed levels—the economy has limited capacity to absorb additional cost shocks.

Rising energy costs could also complicate the Federal Reserve's monetary policy path, potentially delaying anticipated rate cuts and tightening financial conditions. For industries beyond transportation—agriculture entering planting season, construction, food and beverage, retail—the downstream effects of higher freight costs will compound existing margin pressure. The ripple effect from diesel prices does not stop at the loading dock.

What You Should Do Now

For Shippers

Review your fuel surcharge program. An outdated or below-market surcharge schedule does not save you money—it accelerates the failure of your carrier partners, disrupts your network, and ultimately drives up cost as you scramble to replace capacity. Outdated schedules will likely force the carrier base to bake in additional margin within their linehaul pricing due to risk of under reimbursement. Ensure your surcharge baseline, miles-per-gallon assumptions, and index reference (EIA national vs. regional) are current and fair.

Stress-test your transportation budget. Model scenarios at $4.50, $5.00, and $5.50 per gallon diesel sustained over 60 to 90 days. Understand the total landed cost impact and identify where in your network you have flexibility to absorb or redistribute increases.

Accelerate payment terms to strategic carriers. The cost of a quick-pay discount is trivial compared to the cost of losing a reliable carrier to a working capital crisis mid-contract. Consider offering 15-day payment terms to your most critical providers during periods of rapid fuel price escalation. Remember that most costs related to moving freight is absorbed within the first 15 days of a shipment.

Lock in contract capacity now. The RXO Curve shows spot rates already up 18.7% year-over-year. A diesel shock layered on top of structural capacity contraction creates conditions for rapid rate escalation. Securing contract commitments now, before the next RFP cycle, may be the most impactful cost-avoidance decision you make this year.

Implement Advanced Fuel Reimbursement Mechanisms. Fuel reimbursement is meant to be a passthrough based on the actual cost of purchasing fuel. DOE based models often include time, tax, geographic, and pricing distortions that can be mitigated through advanced offerings.

For Carriers

Enforce fuel surcharge on every load. Ensure your surcharges are documented, communicated, and applied—including on spot freight and broker loads. In a rapidly rising fuel market, even small misalignments compound quickly across a large fleet.

Evaluate your fuel procurement strategy. Your fleet should be buying on OPIS-based pricing with a structured procurement program that leverages your volume across your network. The spread between a well-structured OPIS program and retail purchasing widens significantly in volatile markets like this one. If your fuel procurement strategy has not been reviewed recently, Applied Value can help.

Protect your working capital position. If your operating cash covers fewer than 45 days of expenses, this is the moment to take proactive steps. Review your receivables aging, accelerate collections where possible, renegotiate payment terms with your largest customers, and defer discretionary capital expenditures. The carriers that survive commodity price shocks are those that enter them with liquidity and a clear line of sight on their cash position over the next 90 days. Finance and operations leadership should be reviewing weekly cash flow forecasts as a standing agenda item until fuel markets stabilize.

Drive fuel efficiency gains across your fleet. At $4.50 per gallon, the difference between 6.0 and 6.5 MPG across a 500-truck fleet running 120,000 annual miles per unit is approximately $4.6 million. Speed management, idle reduction programs, tire pressure monitoring, aerodynamic equipment, and route optimization are not operational nice-to-haves at these price levels—they are direct bottom-line levers.

For Supply Chain Leaders Across the Enterprise

This moment demands proactive scenario planning beyond transportation. The second- and third-order effects of sustained energy price escalation—rising input costs, shifting trade lane economics, potential modal conversions, inventory strategy adjustments, and the impact on supplier and carrier financial stability—should be modeled across the entire supply chain.

Whether your exposure is primarily in freight, manufacturing, agriculture, or a complex multi-modal network, the core question is the same: where are your cost assumptions most vulnerable to a sustained energy price shock, and what levers do you have to mitigate that exposure before it reaches the P&L?

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Disclaimer: This white paper is for informational purposes only and does not constitute financial, legal, or investment advice. Sources: EIA PSW18, ATRI 2025 Operational Costs of Trucking, RXO Q1 2026 Curve Report, FreightWaves, BankruptcyData, and news outlets as cited. Data current as of March 10, 2026.

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