THE ROAD AHEAD

Furniture Logistics in a High Fuel Cost, High-Tariff Economy

An outlook on diesel, freight, trade, and demand across the U.S. furniture supply chain

American Home Furnishings Association | Annual Logistics Conference 2026

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TODAY'S DISCUSSION

What we'll cover

01 The macro backdrop

Where the U.S. economy and the consumer stand in mid-2026

02 The diesel shock

Why fuel nearly doubled and what it costs per truck-mile

03 Demand, trade & industry

Sales, orders, prices, inventories, imports, and tariffs

04 The freight market

Ocean rates, domestic truckload, and total landed cost

05 Measuring the chain

Introducing the Furniture Industry Supply Chain Index

06 The road ahead

Scenarios for 2026–27 and what to do now

BOTTOM LINE UP FRONT

Three forces are reshaping furniture logistics

1

Diesel has nearly doubled

Mid-2026 on-highway diesel near $5.50/gal — about $2.00 above a year ago — driven by the Gulf energy shock. Fuel is now the largest swing factor in delivered cost.

2

Trade is being rerouted

Section 301 and a new Section 232 furniture probe are pushing sourcing out of China toward Vietnam and Mexico — reshaping lanes, lead times, and landed cost.

3

Demand is soft and bifurcated

Real furniture sales are flat-to-down as housing turnover stays low and the consumer splits K-shaped. Volume isn't bailing anyone out of cost pressure.

A two-speed economy — furniture sits on the slow side

The broad economy is firming: May payrolls rose 172,000 — a third straight strong gain, with prior months revised up — unemployment held at 4.3%, and the ISM factory index hit a four-year high. But the rate-sensitive corners (finance, housing, autos, and furniture) are still contracting. Furniture sits squarely on the slow side of that split.

+188K

3-month average payroll gains (Mar–May), revised higher — labor market firming

54.0

ISM Manufacturing PMI — a four-year high, with 16 of 18 industries expanding

–22K

Financial-services jobs in May — the rate-sensitive weak spot (housing, credit, autos)

Negative

Real wages: 3.4% pay growth vs 3.8% CPI — the household squeeze persists

Sources: BLS Employment Situation, May 2026 (June 5, 2026); Institute for Supply Management; BLS CPI. 3-month average covers Mar–May 2026.

From the Gulf to your loading dock

The 2026 fuel spike did not start at the pump. A geopolitical shock to Gulf energy supply pushed crude sharply higher; diesel — the fuel of freight — followed and then some. Every link in the furniture chain that moves a box pays the difference.

1

Gulf supply shock

Conflict risk around the Strait of Hormuz lifts crude and the diesel crack spread

→

2

Crude & diesel rise

On-highway diesel jumped from $3.90 to $4.86 in a single week, then on toward ~$5.50

→

3

Freight costs climb

Fuel surcharges reset higher across ocean, drayage, truckload, and last mile

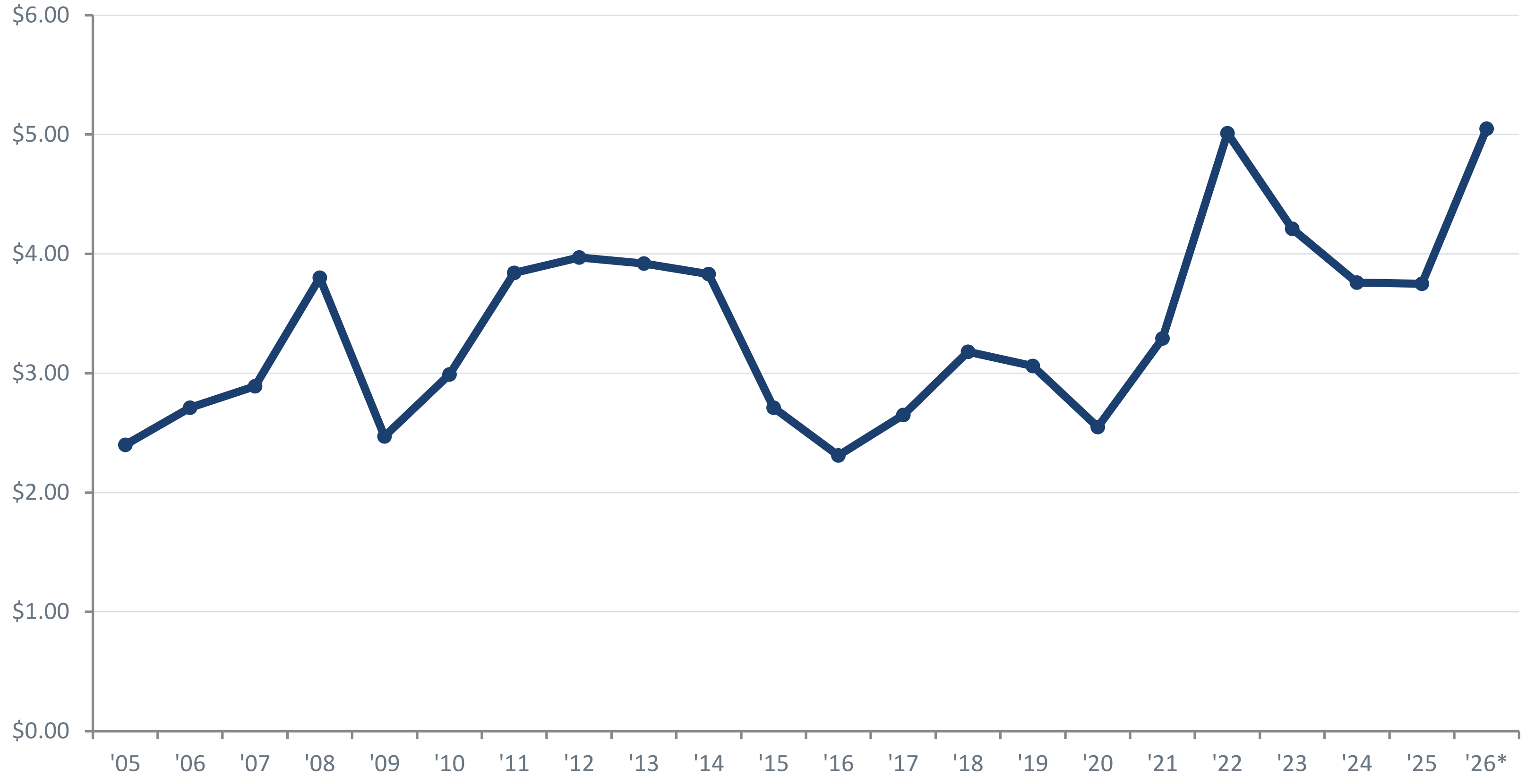
→

4

Landed cost up

A sofa’s delivered cost rises before a single retail price changes

On-highway diesel is back near record territory



~$5.50

late-May peak per gallon — near the June 2022 record of $5.82

+$2.00

above a year ago even after the recent pullback — the fuel line roughly doubled

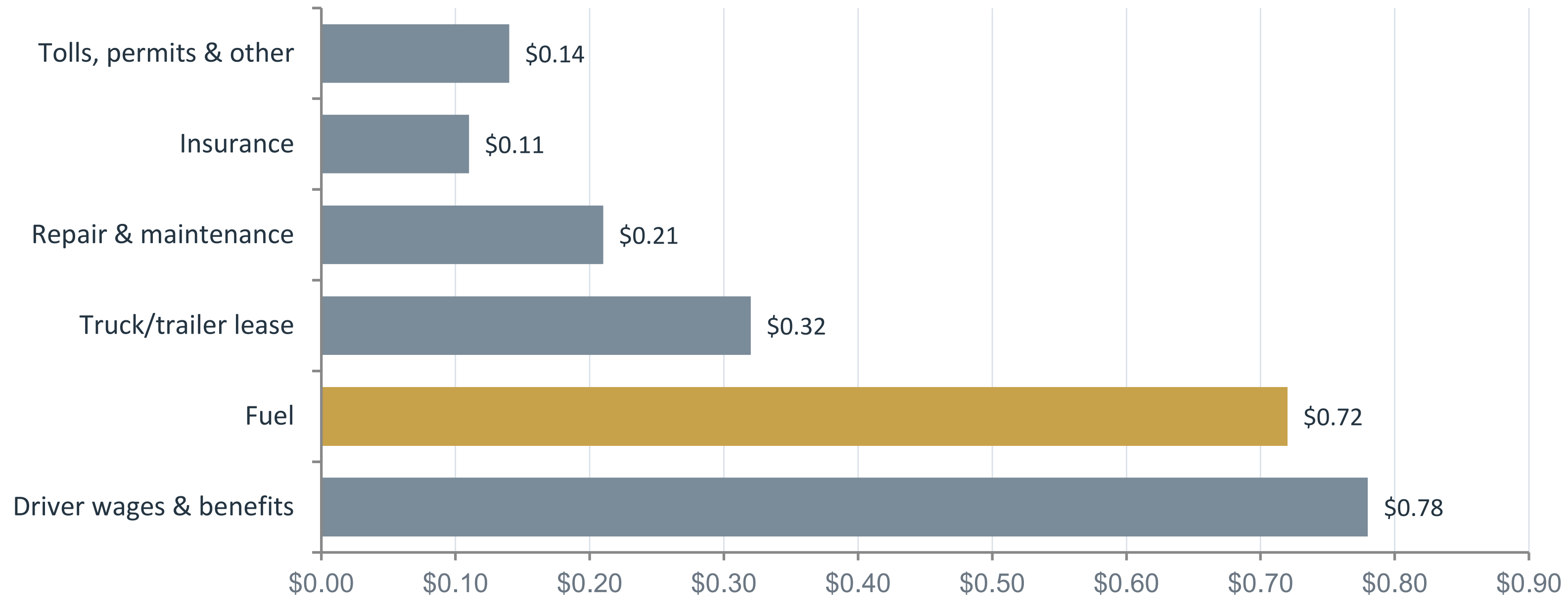
~$95

Brent, off a $119 May peak as a Hormuz deal nears — but a collapse puts $120 back in play

*Source: U.S. Energy Information Administration (EIA), Gasoline & Diesel Fuel Update and May 2026 Short-Term Energy Outlook. *2026 reflects EIA full-year forecast.*

Fuel is the swing factor in cost-per-mile

Fuel rivals the driver as the single largest line in a truckload carrier's operating cost. When diesel moves from roughly $3.70 to $5.50, the fuel component of a long-haul mile rises on the order of 45–50% — a cost that flows straight into furniture freight rates and surcharges.



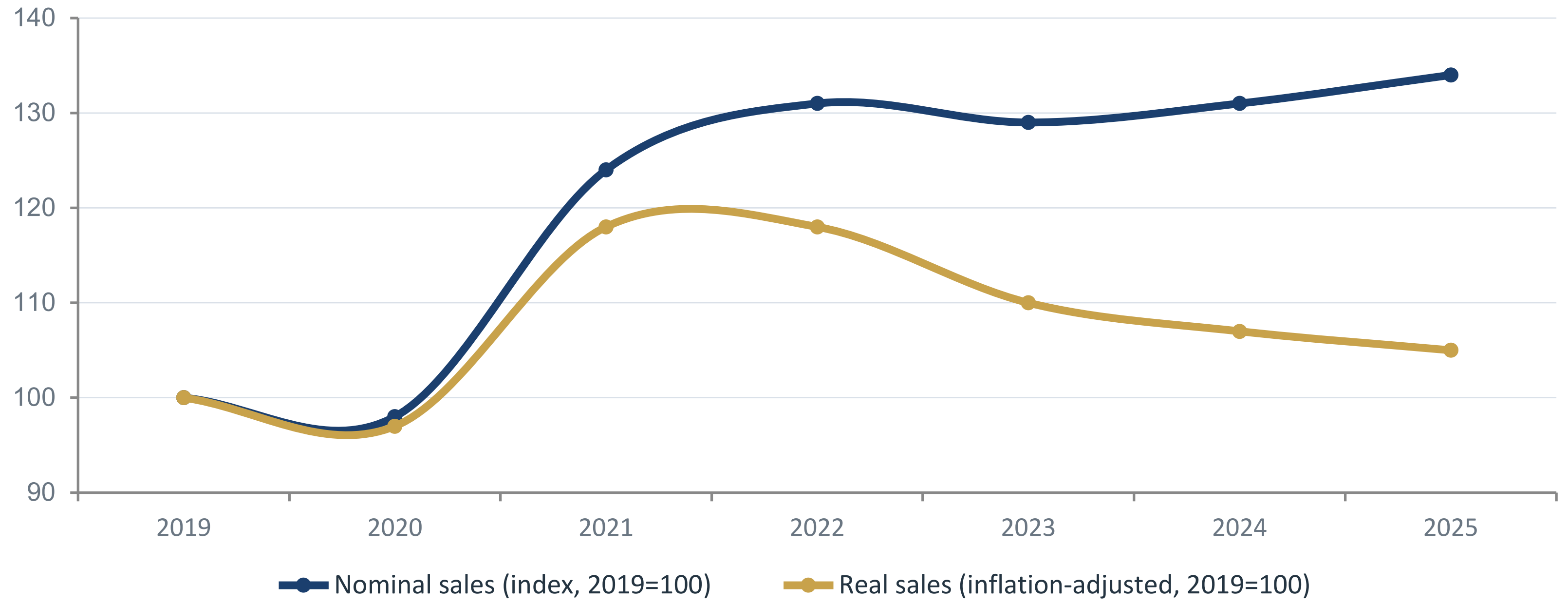
WHY IT MATTERS

- Fuel surcharges reset weekly off the EIA diesel index — so the spike passes through fast.
- Furniture's low density means you pay to move cube and weight, magnifying fuel exposure.
- Last-mile, big-and-bulky delivery is the most fuel- and labor-intensive leg of all.

Illustrative cost-per-mile structure based on ATA / ATRI operational cost benchmarks; fuel line scaled to mid-2026 diesel. Replace with your carrier data.

Furniture demand: flat in dollars, down in volume

Furniture & home-furnishings store sales topped $135 billion in 2025, but most of the recent gain is price, not units. Adjusted for inflation, real demand has been flat to lower — consistent with weak housing turnover and a cautious middle-market consumer.



$135B+

2025 furniture & home-furnishings store sales

Flat

real demand since 2022 — the cost squeeze isn't being offset by volume

Source: U.S. Census Bureau, Monthly Retail Trade (furniture & home-furnishings stores); deflated by CPI. Index illustrative; values approximate.

Two Americas: the split that decides furniture demand

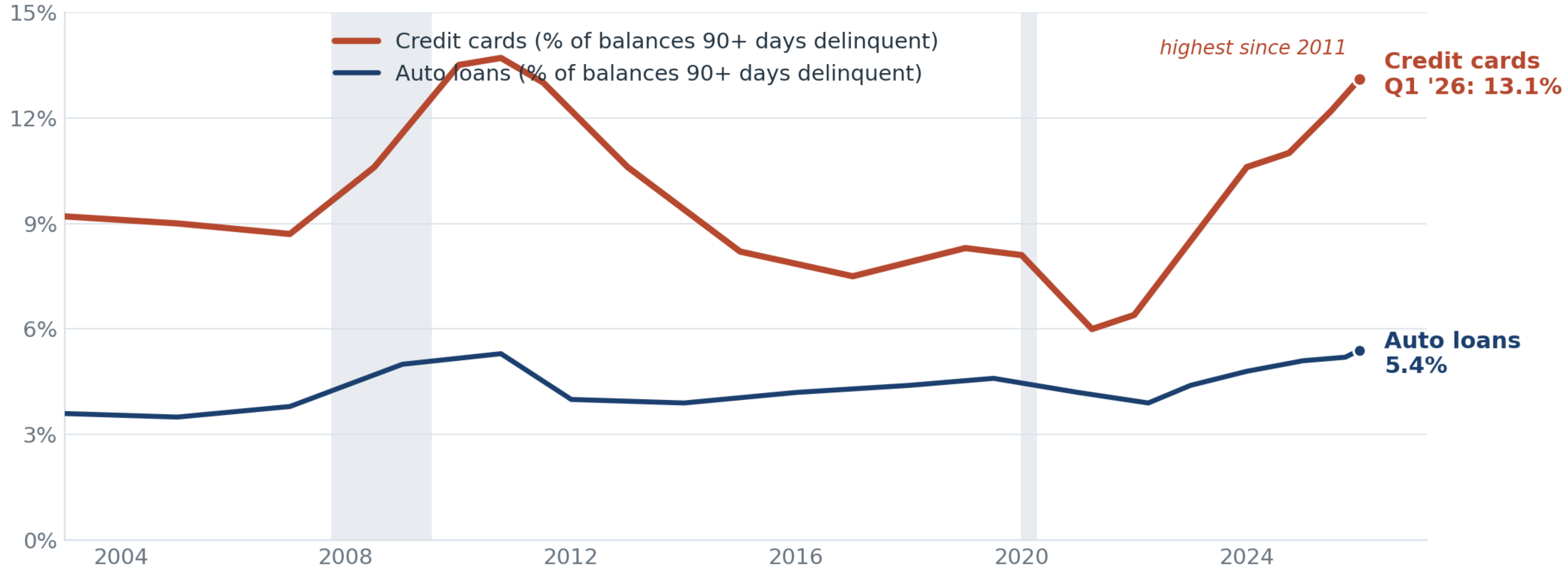
Record corporate margins now sit right next to the worst consumer-credit stress since 2011. That split matters here because furniture is a big-ticket, often credit-financed purchase — concentrated among the middle- and lower-income households that are falling behind.

13.4%	13.1%	5.4%	Bottom half
S&P 500 net profit margins — a record high	Credit-card 90+ day delinquency — highest since 2011	Serious auto-loan delinquency — near financial-crisis levels	Where big-ticket furniture demand lives — and where the stress is now

Sources: Federal Reserve Bank of New York, Q1 2026 Household Debt & Credit Report; FactSet (S&P 500 net margins).

Consumer credit stress is at a 14-year high

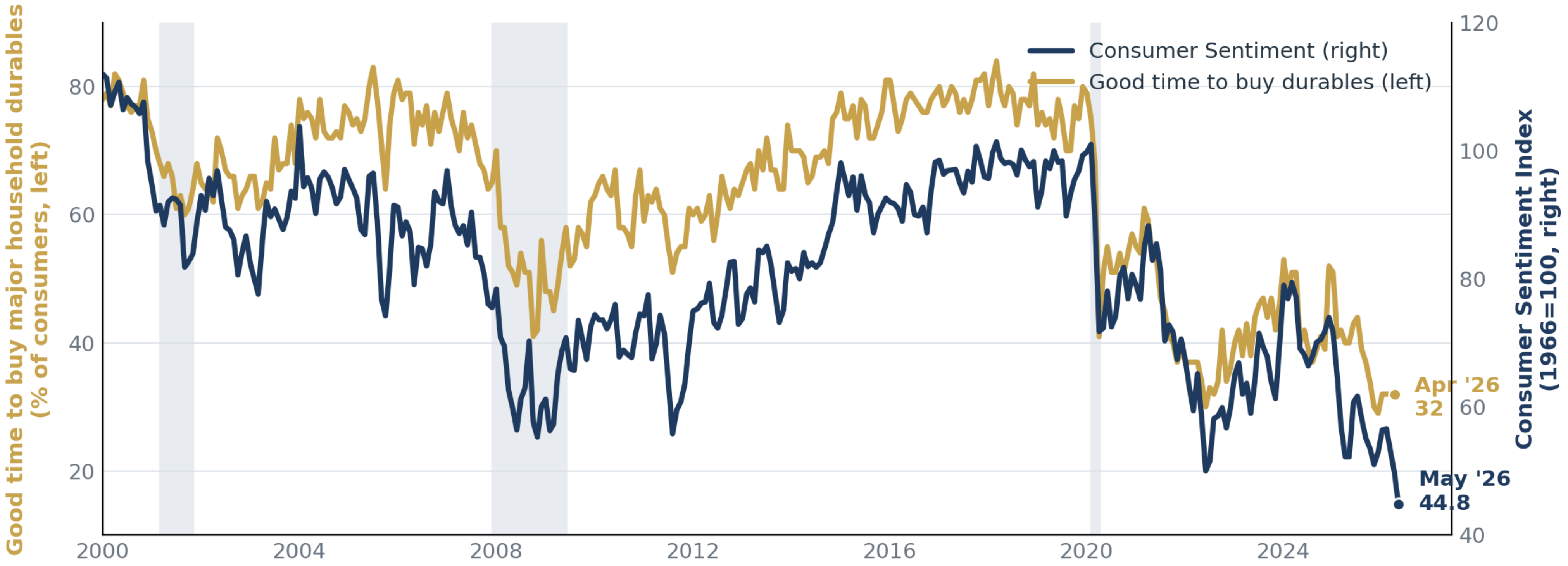
The share of credit-card balances 90+ days delinquent has climbed to 13.1% — the highest since 2011 — and serious auto-loan delinquency is brushing financial-crisis levels. The stress sits with the lower- and middle-income households that buy the most furniture on credit.



Source: Federal Reserve Bank of New York / Equifax Consumer Credit Panel, Household Debt & Credit Report — percent of balance 90+ days delinquent. Quarterly; latest Q1 2026. Path anchored to reported readings.

Big-ticket buying conditions are near record lows

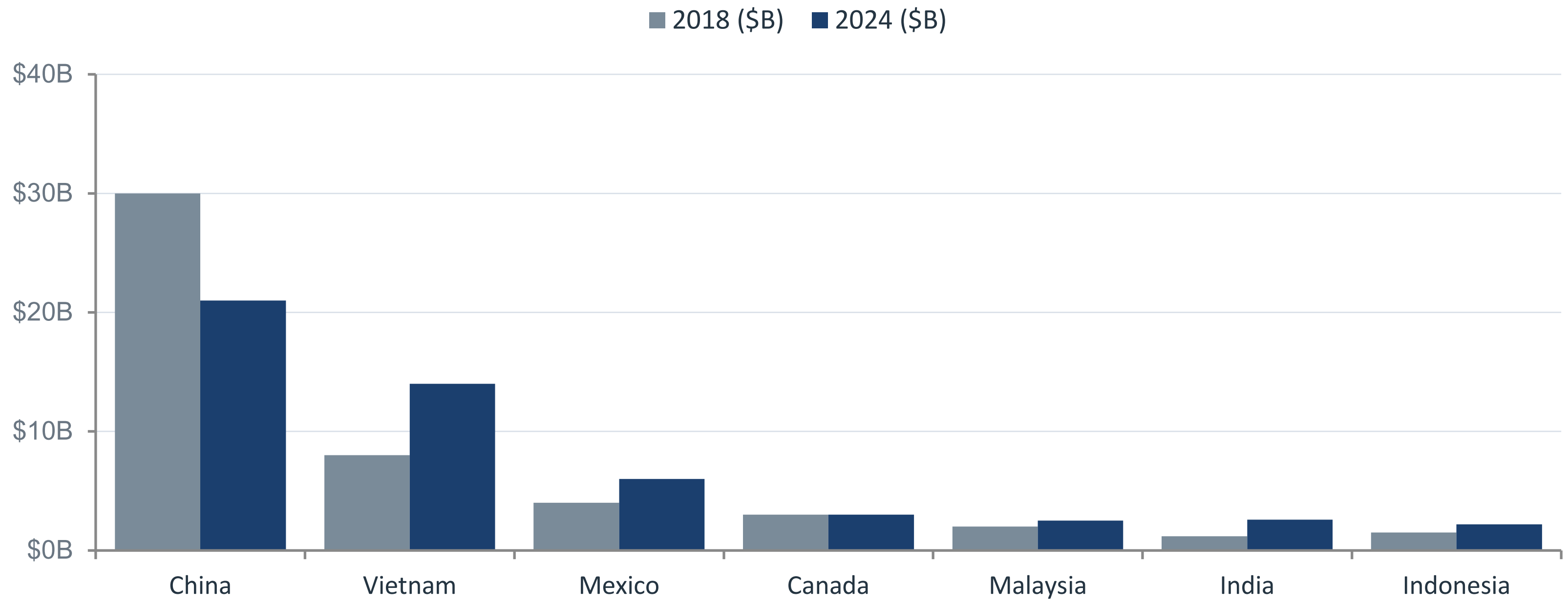
The share of consumers who say it's a good time to buy major household durables has fallen to the low 30s, tracking a Consumer Sentiment Index sitting at a record low. Furniture is the textbook "good time to buy" purchase — households delay it first and resume it last.



Source: University of Michigan Surveys of Consumers (via FRED / Refinitiv), monthly. Latest: durables Apr 2026, sentiment May 2026. Shaded areas denote U.S. recessions.

Sourcing is migrating out of China

The U.S. is the world's largest furniture importer — over $72 billion in 2024. Tariffs have collapsed China's share and lifted Vietnam, Mexico, and other Southeast Asian suppliers. New lanes mean new lead times, port mixes, and drayage patterns for everyone who moves the goods.



–30%

drop in furniture imports from China, 2018–2024

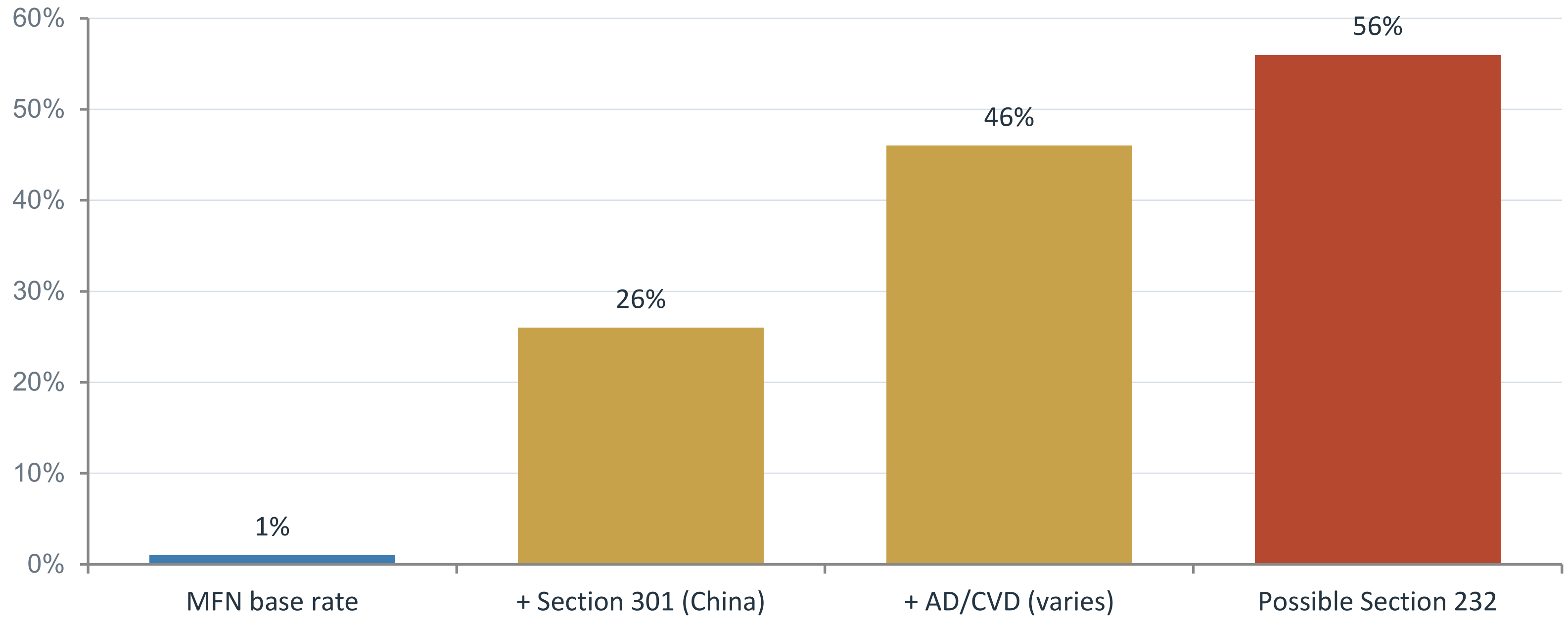
+75%

rise in imports from Vietnam over the same period

Source: U.S. Census Bureau / Dept. of Commerce (HS 94). Country values approximate and rounded; verify against your trade data before publication.

The tariff stack is now a primary cost driver

Layered duties — base MFN rates, Section 301 China tariffs, antidumping/countervailing orders, and a pending Section 232 furniture investigation — have made trade policy, not freight, the largest swing in landed cost for many SKUs.



WHAT TO WATCH

- The Section 232 furniture probe could add a national-security tariff on top of existing duties.
- Treasury's reshoring doctrine targets rivals specifically — expect selective tariffs and equity stakes aimed at adversarial sourcing, not a uniform wall.
- Origin and substantial-transformation rules now decide the duty — document everything.

Illustrative; actual duties depend on HTS code, origin, and current orders. Rates shown are representative, not specific guidance.

What public furniture companies are telling investors

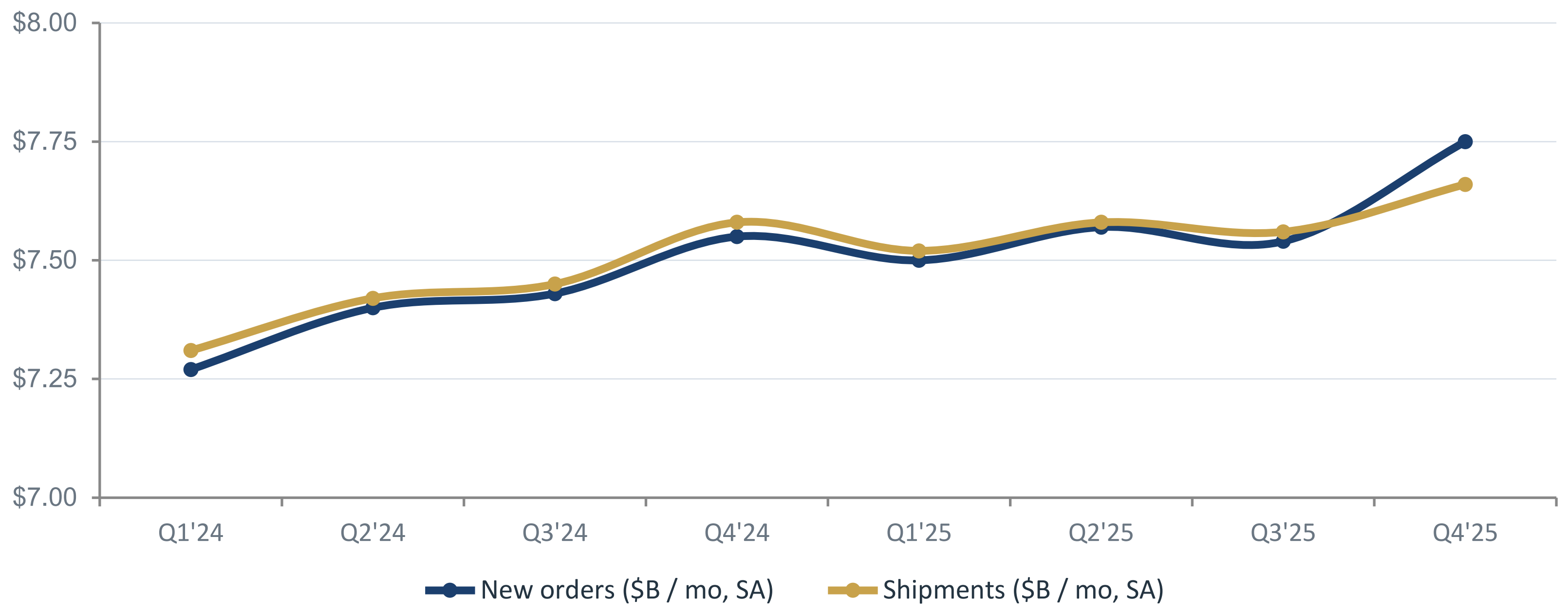
Tariffs dominate every disclosure. Domestic manufacturers are insulated; importers are not — and demand reads soft to choppy across the board.

Company	Model & sourcing	Tariff exposure & response	Latest demand read
RETAILERS & IMPORTERS — most exposed to tariffs and ocean freight			
Williams-Sonoma *WSM*	Multi-brand retailer (Pottery Barn, West Elm); largely imported	Active tariff mitigation; sourcing shifts; scale buffers margin	Q1'26 comp +4.8%, ~16% op margin — outperforming
Wayfair *W*	Online marketplace; supplier-shipped imports	Flags tariffs plus shipment & fuel disruptions as risks	$12.5B FY25 revenue; category soft; nearing profitability
RH *RH*	Luxury; heavily Asia-sourced	High exposure; pricing + sourcing diversification	Housing-pressured; cautious
Havertys *HVT*	Southeast retailer; imported case goods & upholstery	Raised prices May '25; built inventory ahead of tariffs	FY25 sales +5%; weak housing, cautious consumer
MANUFACTURERS & VERTICALLY INTEGRATED — more domestic, more insulated			
La-Z-Boy *LZB*	~90% made in U.S. (U.S. / Mexico)	Minimal exposure; nominal price adjustments	Choppy demand; flat North America wholesale volume
Ethan Allen *ETD*	~75% made in North America	~5% avg price increases; ~$15–20M annual exposure	Sluggish demand; flagged a March Iran-conflict pullback
Flexsteel *FLXS*	Mixed; Vietnam-sourced soft seating	~11% of sales from tariff surcharges	Sales +1%; retailers cautious on replenishment
Hooker Furnishings *HOFT*	Import-heavy (Vietnam) + domestic upholstery	Cut fixed costs ~25%; opened an Asia warehouse	Weak demand; divested two divisions
Bassett *BSET*	Vertically integrated maker & retailer	Tariff-driven margin pressure	Q1'26 sales −2.2%; mid-January demand slowdown

Source: company SEC filings and earnings calls, fiscal 2025–2026 (10-K, 10-Q, 8-K, transcripts). Figures as reported by each company; demand reads are most-recent quarter.

Orders and shipments are holding flat

Factory-level new orders and shipments for furniture and related products have moved sideways around $7.5–7.8 billion a month. There's no demand collapse — but no real momentum either, which is exactly the backdrop that makes cost control decisive.



~$7.8B

latest monthly furniture new orders (SA)

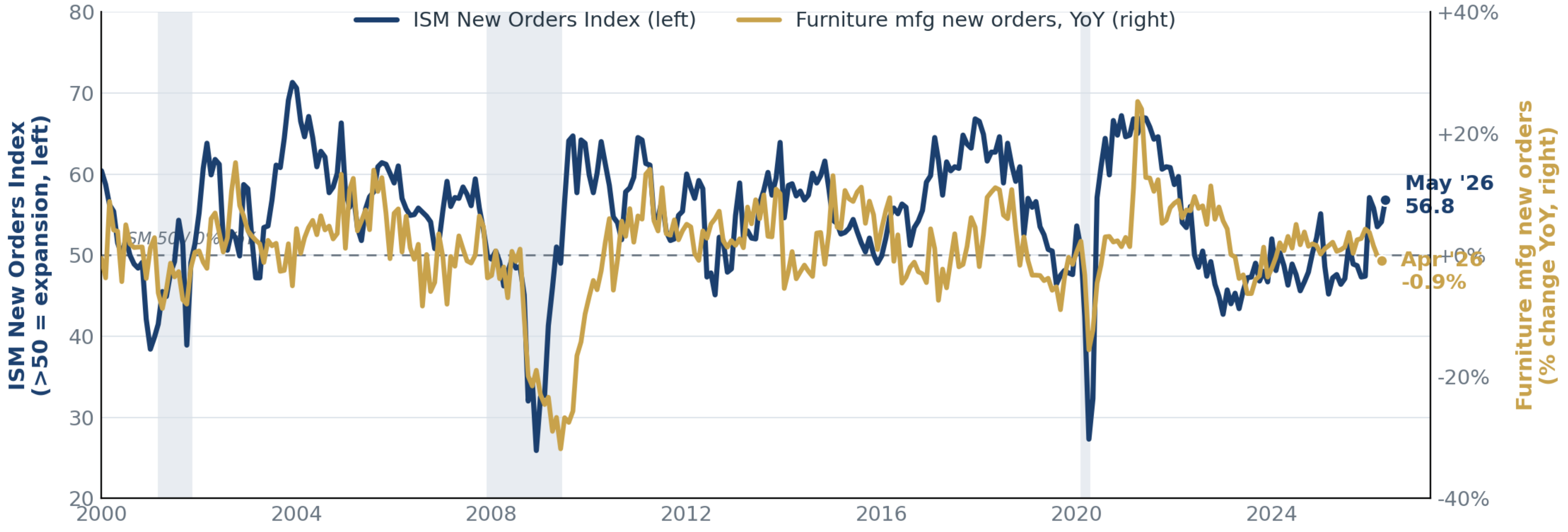
Flat

orders and shipments move together — a stable, low-backlog pipeline

Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories & Orders (M3) — Furniture & Related Products. Quarterly avg, illustrative path anchored to latest readings; paste full FRED series A37SNO.

Furniture orders are lagging the manufacturing recovery

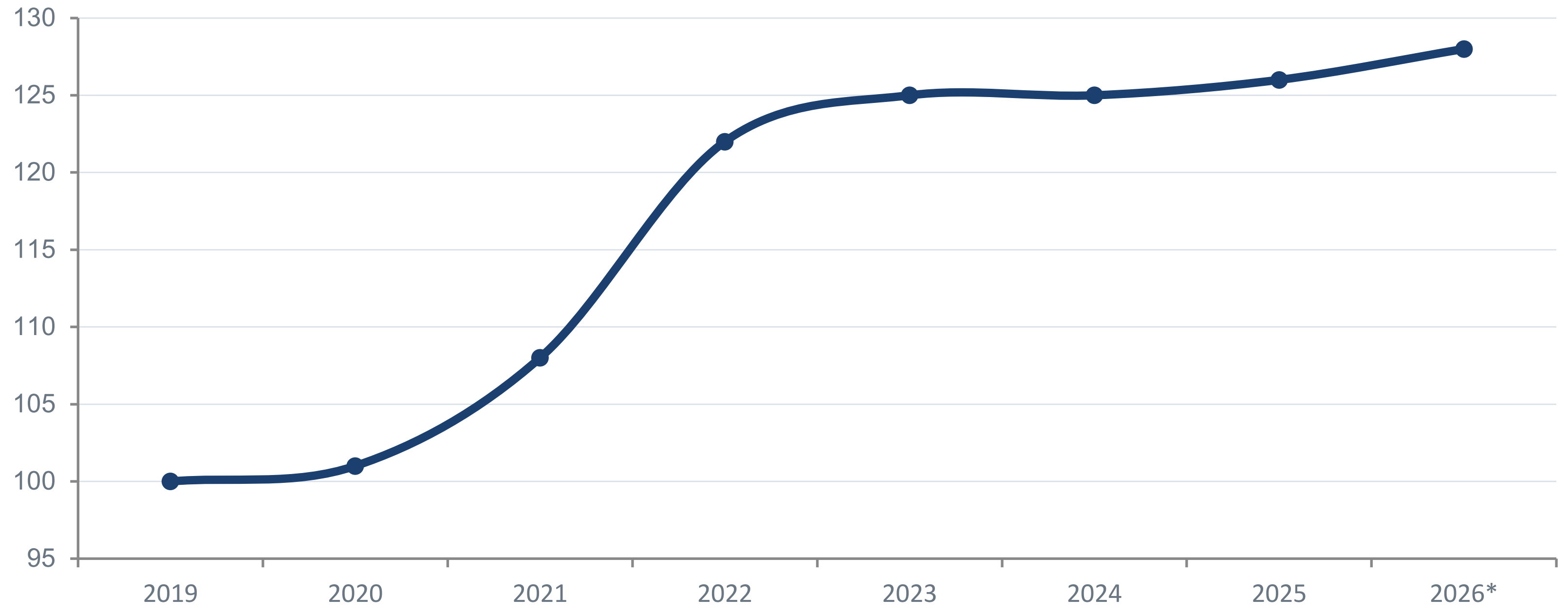
The ISM New Orders Index is back in expansion at 56.8, part of a manufacturing PMI that just hit a four-year high with 16 of 18 industries growing. But furniture-specific new orders are running flat to slightly negative year over year — the broad factory rebound, which usually pulls employment up with a one-to-three-month lag, simply isn't reaching furniture.



Source: Institute for Supply Management (ISM New Orders Index) and U.S. Census Bureau M3 (furniture & related products new orders, YoY), via Refinitiv. Latest: ISM May 2026, furniture Apr 2026. Shaded areas denote U.S. recessions.

Furniture prices: the pandemic surge has cooled

Producer prices for household furniture jumped roughly 20% in 2021–22 as lumber, foam, and freight spiked. They've since plateaued — but tariffs on imported inputs and finished goods are a fresh upward nudge in 2026.



+22%

furniture producer prices since 2019 — most of it front-loaded in 2021–22

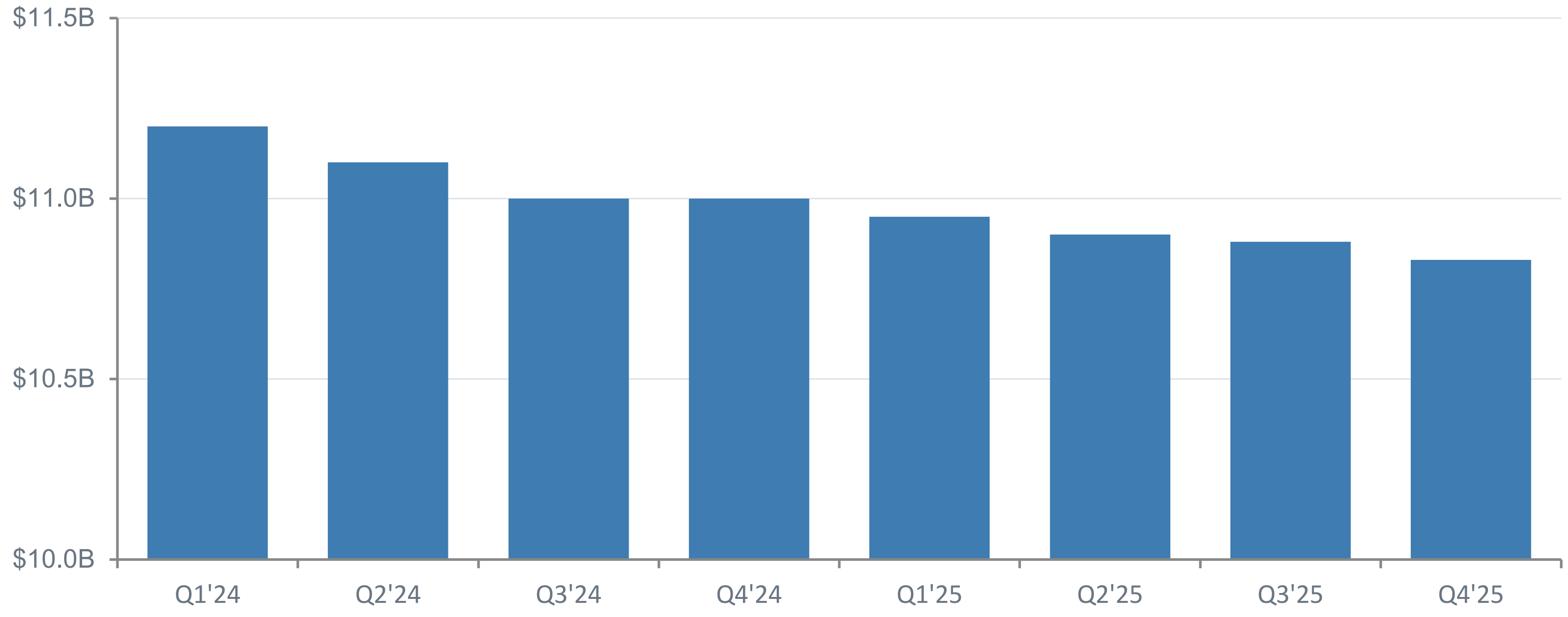
Tariff push

import duties are the main upside risk to prices from here

Source: U.S. Bureau of Labor Statistics, Producer Price Index — household furniture manufacturing. Indexed, illustrative path; paste full FRED series (PPI NAICS 3371) before presenting.

Inventories are lean — but watch the ratio

Manufacturers have drawn furniture inventories down to about $10.8 billion. The inventories-to-shipments ratio sits near 1.4 — lean by historical standards, but a demand air-pocket would push it up fast and pressure both pricing and storage cost.



1.41

inventories-to-shipments ratio — lean, near a multi-year low

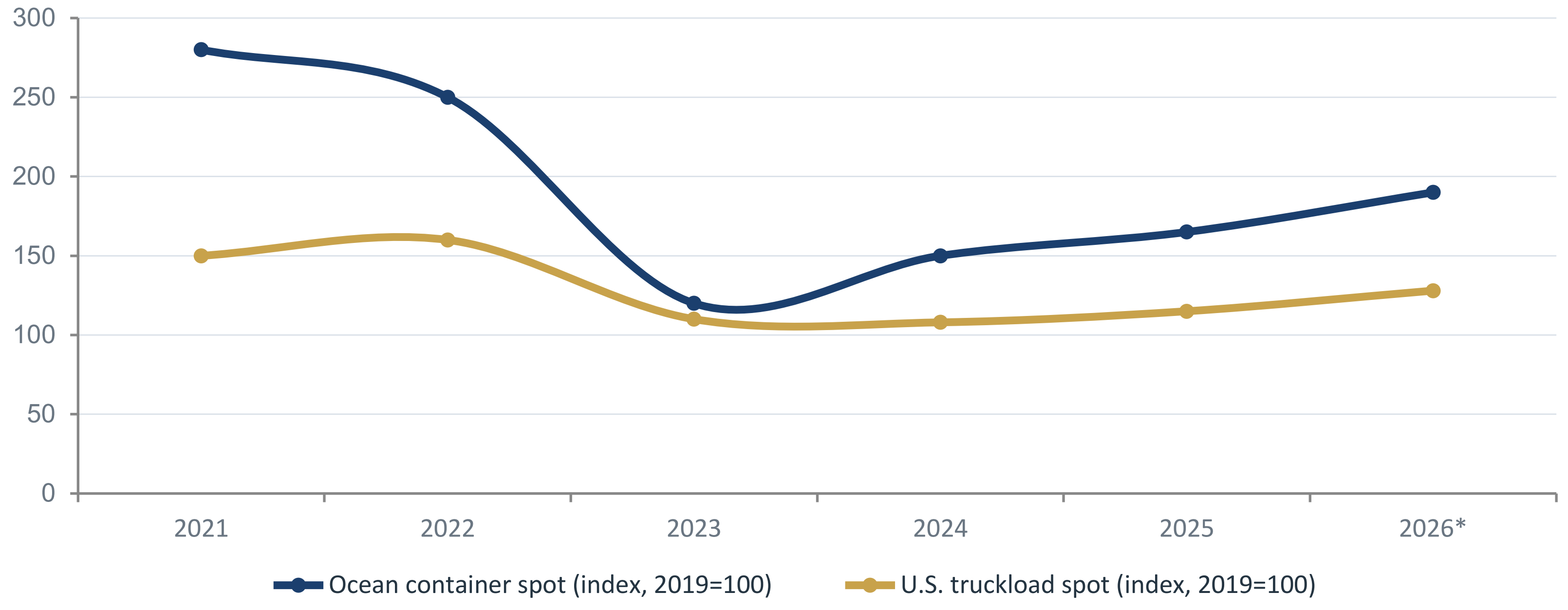
$10.8B

total furniture inventories — drawn down over the past year

Source: U.S. Census Bureau, M3 Survey — Furniture & Related Products inventories and inventories-to-shipments ratio. Quarterly, illustrative path anchored to latest readings (FRED A37STI / A37SIS).

Freight costs are firming again into 2026

After the 2021–22 spike and a 2023–24 reset, both ocean and domestic freight are firming again. An early peak season and tighter capacity are lifting container spot rates, while diesel pushes truckload rates up from the bottom of the cycle.



Early peak

front-loading ahead of tariff deadlines is tightening vessel capacity

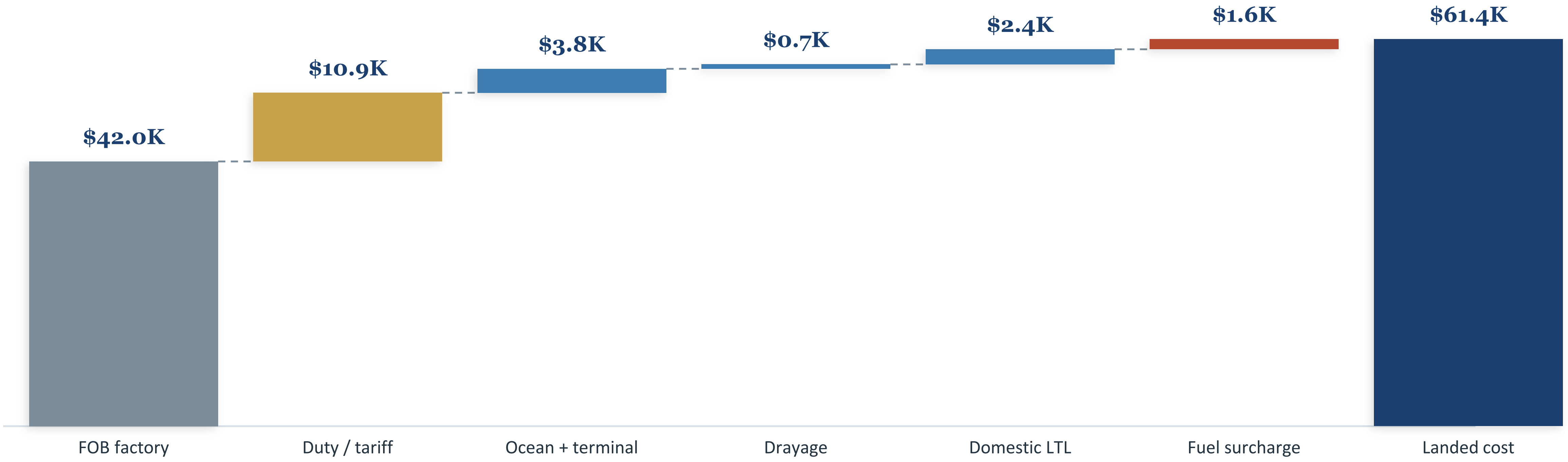
Lead times

longer booking windows reduce scheduling flexibility for buyers

*Indexed and illustrative, based on Drewry WCI / Cass Freight Index patterns (2019=100). *2026 reflects year-to-date direction. Replace with your preferred index series.*

Landed cost: where the money actually goes

A 40-foot container of upholstered furniture from Southeast Asia. The FOB factory price is only the starting point — duty, ocean freight, drayage, and domestic delivery (all fuel-sensitive) stack on top to determine true landed cost.



Illustrative worked example for one 40' container of upholstered furniture (~$42K FOB), early-2026 conditions. Figures rounded; actuals vary by lane, origin, and HTS.

The Furniture Industry Supply Chain Index

A monthly, ISM-style diffusion index purpose-built for furniture — the first of its kind. Each month a fixed panel across the chain reports whether activity rose, fell, or held steady. Above 50 signals expansion; below 50, contraction.

Manufacturers

Production, imports, inventory position

Suppliers

Output, prices charged, capacity utilization

Wholesalers

Imports received, inventory sentiment

Retailers

Demand & traffic, inventory, promotions

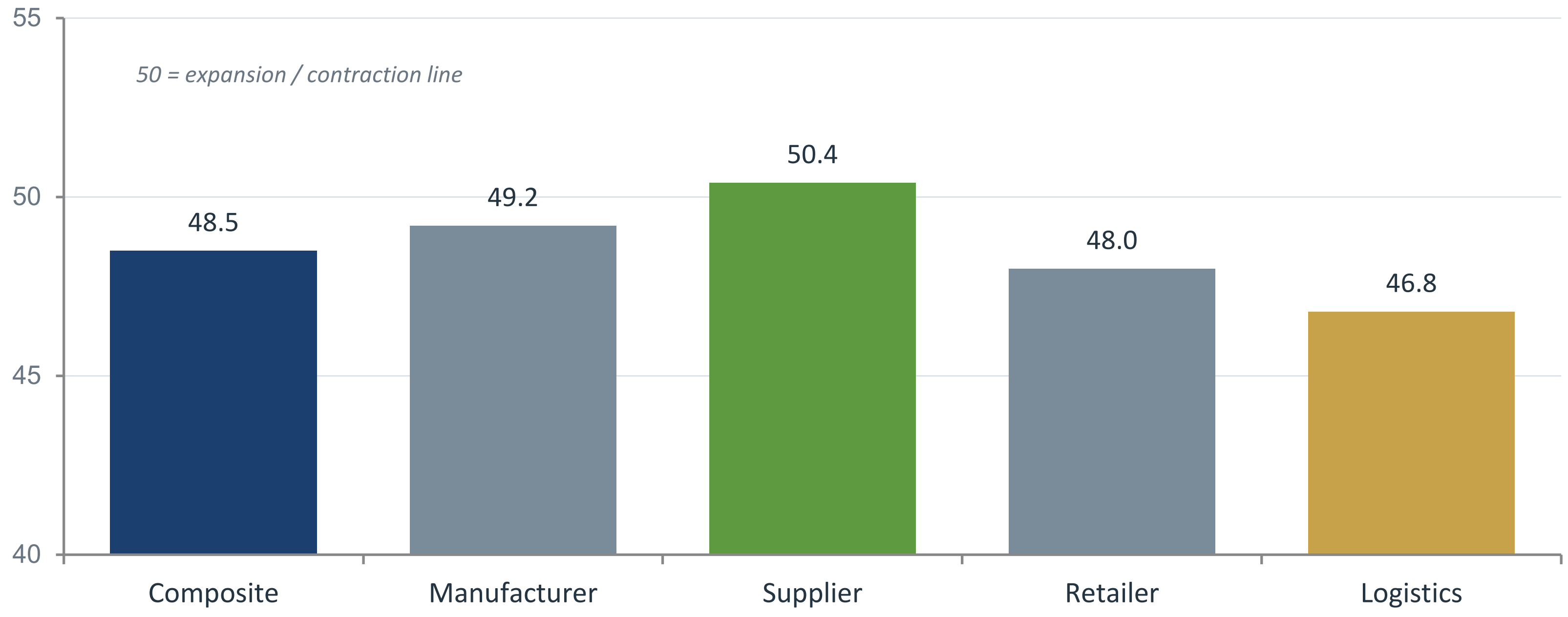
Logistics

Shipment volume, capacity, on-time delivery

The Logistics sub-index is what this room produces — and the leading read on how cost and capacity stress is moving through the chain.

What the index shows: a chain under pressure

In a hypothetical reading, the headline composite sits just below the 50 line — a chain that is contracting modestly. Logistics is the softest sub-index, reflecting volume softness against still-rising cost and capacity strain.



46.8

Logistics sub-index — the weakest link this reading

48.5

Headline composite — modest, broad-based contraction

Illustrative readings from the Furniture Industry Supply Chain Index methodology; not yet based on live survey responses. Live data begins with panel launch.

MEASURING THE CHAIN — PART 3

Warehousing and last mile bear the cost

Furniture ranks among the hardest freight to handle: bulky, fragile, low-density, and high-touch. That puts the squeeze where this room lives — in storage economics and in the most expensive leg of all, the final mile to the customer's door.

Storage economics

Demurrage and per-diem accrue when containers can't be unloaded; cube-hungry furniture fills racking fast, raising cost per unit stored.

Drayage & chassis

Port-to-DC moves run hundreds of dollars per container and swing with chassis availability and lane congestion.

Big-and-bulky last mile

Two-person, in-home delivery is the most fuel- and labor-intensive step — and the one customers judge you on.

Returns & damage

High-freight markets make damaged goods costlier to replace; reverse logistics quietly erodes margin.

Three scenarios for 2026–27

Our published framework hinges on the Iran/Hormuz outcome — a tentative deal puts the base case at 55%, a stall or collapse the 30% downside. The Fed is on hold at Chair Warsh's first meeting (June 16–17); any cut is conditional, and a 2027 hike is now the live risk.

	Base case · 55%	Downside · 30%	Upside · 15%
Diesel	Brent retraces toward $80 by Q4; diesel eases but stays elevated	Deal collapses; Brent back above $120; diesel spikes again	Brent $70–75 by Q3; meaningful diesel relief
Tariffs	301 stays; 232 adds a furniture duty; selective decoupling from rivals	Broad 232 + higher rates on targeted countries	Negotiated relief and exemptions
Freight	Firm; early peak, normal Q4	Hormuz disruption → capacity crunch, rate spike	Soft demand keeps rates capped
Demand	Flat real sales; consumer-credit stress contained but persistent	Credit stress deepens; recession-led volume decline	A later, conditional rate cut revives housing turnover & furniture demand
Fed / rates	On hold; a 25 bp cut possible by September, but conditional	Boxed in by inflation; cuts off the table, 2027 hike risk rises	Energy & shelter cool; cuts resume and support demand

Scenario framework is judgmental and for planning discussion; not a forecast of any single outcome.

U.S. Economic & Financial Outlook

Piedmont Crescent Capital • As of May 31, 2026

Indicator	Units	Annual						Quarterly Forecast				
		2022	2023	2024	2025	2026	2027	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27
		Actual				Forecast		Forecast				
Output												
Real GDP	% q/q SAAR	2.5	2.9	2.8	2.1	2.5	3.0	1.6	2.8	3.1	2.9	2.8
4th Qtr-to-4th Qtr Change, Yr/Yr Chg for Qtly Data	% YoY	*1.3*	*3.4*	*2.4*	*2.0*	*2.6*	*3.0*	*2.6*	*2.3*	*2.0*	*2.6*	*2.8*
Final Sales to Private Domestic Purchasers	% q/q SAAR	2.9	2.7	3.0	2.6	2.5	2.9	2.4	3.3	3.4	3.1	3.1
Consumer Spending	% q/q SAAR	3.0	2.6	2.9	2.6	2.1	1.9	1.4	1.8	1.9	1.8	2.0
Nonresidential Fixed Investment	% q/q SAAR	6.5	7.3	2.9	4.1	5.7	4.7	10.1	7.0	6.3	5.6	5.2
Residential Investment	% q/q SAAR	-8.1	-7.8	3.2	-2.2	-3.5	4.0	-6.2	1.1	1.6	2.5	2.9
Industrial Production, Manufacturing	% YoY	0.4	-0.8	-0.9	1.0	2.0	3.0	1.3	1.7	2.2	2.7	2.8
Light Vehicle Sales	Mil. units, SAAR	13.8	15.5	15.9	16.2	15.9	16.5	15.4	15.8	16.1	16.3	16.5
Labor Market												
Unemployment Rate	%	3.7	3.6	4.0	4.3	4.5	4.4	4.3	4.4	4.5	4.6	4.5
Nonfarm Payrolls	Avg. mo. chg, thous.	522	279	150	62	72	125	40	60	55	65	75
Employment Cost Index	% YoY	4.9	4.5	3.9	3.5	3.4	3.5	3.4	3.4	3.4	3.4	3.5
Housing Market												
Housing Starts	Thous. units, SAAR	1,552	1,421	1,371	1,357	1,426	1,450	1,413	1,420	1,430	1,440	1,410
New Home Sales	Thous. units, SAAR	637	665	685	679	667	740	627	650	680	710	720
Existing Home Sales	Thous. units, SAAR	5,030	4,090	4,060	4,060	4,096	4,240	4,043	4,050	4,120	4,170	4,200
Case-Shiller National Home Prices	% YoY	14.8	2.5	5.1	2.2	1.6	2.3	0.8	1.0	1.2	1.5	2.2
Inflation										0		
Consumer Price Index (CPI)	% YoY	8.0	4.1	3.0	2.6	3.0	2.4	2.7	3.9	3.6	3.4	3.1
Core CPI	% YoY	6.2	4.8	3.4	2.8	2.6	2.3	2.5	2.8	2.7	2.6	2.4
PCE Deflator	% YoY	6.5	3.8	2.6	2.6	3.0	2.5	3.1	3.7	3.4	3.1	2.8
Core PCE Deflator	% YoY	5.3	4.2	2.9	2.8	2.9	2.4	3.1	3.3	3.1	2.8	2.6
Interest Rates & Markets												
Fed Funds Target Range	Avg / Range, % EOP	1.68	5.02	5.14	4.21	3.44	3.38	3.5-3.75	3.5-3.75	3.25-3.5	3.25-3.5	3.25-3.5
2-Year Treasury	% (period end)	2.99	4.58	4.37	3.81	3.65	3.5	3.78	3.75	3.65	3.55	3.50
10-Year Treasury	% (period end)	2.95	3.96	4.21	4.29	4.25	4.40	4.35	4.40	4.30	4.30	4.40
30-Year Mortgage Rate	% (period end)	5.34	6.81	6.72	6.60	6.10	6.20	6.10	6.50	6.30	6.30	6.30
Brent Crude	$/bbl, period avg	99.00	82.32	79.91	68.32	93.25	80.00	78.00	105.00	100.00	90.00	85.00
Trade-Weighted Dollar Index	% chg, period	6.7	-0.4	2.2	-0.1	1.5	0.7	-1.4	0.4	-0.3	0.4	0.5

Source: Piedmont Crescent Capital, BLS, BEA, Census, Federal Reserve, EIA. Forecast values shown in shaded cells. Annual figures are full-year averages or YoY %; quarterly figures are SAAR or period-average as noted in Units.

What to do now

1 Lock fuel mechanics

Revisit fuel-surcharge formulas and reset frequency so cost passes through cleanly—and fairly—both ways.

2 Diversify origins & ports

Build redundancy across Vietnam, Mexico, and others; pre-clear documentation for substantial-transformation rules.

3 Pull inventory forward selectively

Front-load tariff-exposed SKUs where carrying cost is less than expected duty or freight increases.

4 Tighten the last mile

Route-optimize big-and-bulky delivery and attack damage/returns — the costliest, most fuel-heavy leg.

5 Measure monthly

Join the Furniture Index panel so you're managing the chain off data, not anecdotes.

6 Stress-test the plan

Run your 2026–27 budget against the downside diesel and tariff cases, not just the base.

IN SUMMARY

Key takeaways

Cost, not volume, is the story.

Diesel near $5.50 and a heavier tariff stack are raising delivered cost while real demand stays flat. Margin defense runs through logistics.

The map is being redrawn.

Sourcing is migrating from China to Vietnam and Mexico — new lanes, ports, and lead times for everyone who moves the goods.

Freight is firming off the bottom.

Early peak season and tight capacity mean the 2023–24 freight relief is largely over; plan for higher, not lower.

Measure it monthly.

The Furniture Industry Supply Chain Index turns the chain's pulse — and the Logistics sub-index especially — into a leading indicator you can act on.

Thank you

Questions, and a conversation about joining the Furniture Industry Supply Chain Index panel, are welcome.

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Economic & supply-chain research for the furniture industry