Georgia®
INNOVATION | LOGISTICS

JANUARY 2019 | LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product	The U.S. GDP **increased at an annual rate of 3.4%** in the third quarter of 2018, according to the third estimate released by the Bureau of Economic Analysis in late December. With this third estimate for the third quarter, the general picture of economic growth remains the same; personal consumption expenditures (PCE) and exports were revised down, and private inventory investment was revised up. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of January 3, **the latest GDPNow model** forecast for real GDP growth (seasonally adjusted annual rate) **in the fourth quarter of 2018 is 2.6%.** (Source: Federal Reserve Bank of Atlanta) *(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)*
U.S. Trade Deficit	The U.S. goods and services **trade deficit increased 1.7%** in October 2018 to $55.5 billion. In October, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, and Singapore. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, South Korea, India, Canada, OPEC, Taiwan, Saudi Arabia, United Kingdom, and France. (Source: US DOC & Census Bureau)
Import Volumes	In October 2018, the U.S. **imported $219.6 billion** of cargo, **increasing 0.2%** from September and the **highest amount on record.** October imports of automotive vehicles, parts, and engines ($31.8 billion), consumer goods ($57.4 billion), and other goods ($10.1 billion) were the **highest on record** as well**.** (Source: US Census)
Export Volumes	In October 2018, the U.S. **exported $141.5 billion** of cargo**, decreasing 0.3%** from September. October exports of industrial supplies and materials ($47.2 billion), consumer goods ($17.9 billion), and petroleum ($16.7 billion) were the **highest on record.** (Source: US Census)
Import & Export Price Index	U.S. import prices **decreased 1.0%** in December 2018. The December drop was primarily led by lower fuel prices. Prices for imports **decreased 0.6% in 2018** following a 3.2% increase the previous year. The decline in 2018 was the first calendar-year drop since import prices fell 8.3% in 2015. U.S. export prices **decreased 0.6%** in December. Nonagricultural prices declined in December, more than offsetting higher prices for agricultural goods. Despite the December downturn, U.S. **export prices increased 1.1% in 2018**. (Source: Bureau of Labor Statistics)
Unemployment Rate	The unemployment rate in America **was 3.9%** in December 2018, up from 3.7% in November. The increase was primarily due to an uptick in the labor force participation rate. A preliminary **312,000 net new jobs were created** in December 2018, the **fifth most since 2013 and far more than anyone expected**. Job gains in October and November were revised upward by 58,000. Jobs **have grown for 99 straight months, easily a record**. In 2018, **2.64 million net new jobs were created,** with healthcare, manufacturing, and construction leading the way. The unemployment rate in **Georgia was 3.5**% in November 2018, **down from 3.6%** the previous month. (Source: US DOL, GDOL, AAR)
Labor Force Participation Rate	The labor force participation rate **was 63.1% in December 2018, up 0.3%** from the previous month**.** The labor force participation rate for those of prime working age (25-54) was 82.3% in December, down from 82.8% the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) *(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)*
Leading Economic Index	The Leading Economic Index for the U.S. **increased 0.1%** in October 2018, ending at a reading of 112.1 According to The Conference Board, "The US LEI increased slightly in October, and the pace of improvement slowed for the first time since May. The index still points to robust economic growth in early 2019, but the rapid pace of growth may already have peaked. While near term economic growth should remain strong, longer term growth is likely to moderate to about 2.5 percent by mid to late 2019." (Source: Conference Board | Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) *(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)*
Housing Starts	In November 2018, housing starts were an annualized 1,260,000 units, **up 3.2%** from the previous month but **down 3.6%** from November 2017. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 101.4 in November 2018, **down 0.7%** from the previous month and **7.7% lower** year-over-year, making this the eleventh straight month of annual decreases. According to the National Association of Realtors, "The latest decline in contract signings implies more short-term pullback in the housing sector and does not yet capture the impact of recent favorable conditions of mortgage rates." (Source: U.S. DOC, National Association of Realtors)
Light Vehicle Sales	New light vehicle sales were an annualized and seasonally adjusted 17.4 million in November 2018, **down 0.5%** from the previous month and **down 0.7%** from November 2017. Year-to-date sales were 15.59million, slightly ahead of last year and fractionally lower over the same period in 2015 and 2016. (Source: AAR) (*Light vehicle sales record the number of domestically produced units of cars, SUVs, mini-vans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy.)*
Personal Income	Personal Income **increased 0.2%** to $17.8 trillion in November 2018. The increase in personal income in November primarily reflected increases in wages and salaries, and in farm proprietors' income that were partially offset by decreases in personal dividend income and social security benefits. Farm proprietors' income increased $14.9 billion in November, which included subsidy payments associated with the Department of Agriculture's Market Facilitation Program. During Q3 2018, Personal Income in Georgia was estimated at $481.8 billion, an **increase of 4.4%** from Q2 2018. (Source: U.S. Bureau of Economic Analysis) *(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses).*

Retail Sales	Advanced estimates of retail and food service sales in November 2018 were **$513.5 billion**, **an increase of 0.2%** from the previous month, and **up 4.2%** from November 2017. Non-store retail sales were **10.4% higher** from the same month last year. (Source: US Census) *(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)*
E-Commerce	The estimate of U.S. retail e-commerce sales for the third quarter of 2018, adjusted for seasonal variation, was $130.9 billion, **an increase of 3.1%** from the second quarter of 2018 and **14.5% higher than the third quarter of 2017**. E-commerce sales in the third quarter of 2018 accounted for 9.8% of total sales. (Source: US Census) *(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)*
Consumer Confidence	The Consumer Confidence Index **decreased to 128.1** in December 2018, **down 6.1%** from the previous month but **4.1% higher** than December 2017. According to The Conference Board, "Expectations regarding job prospects and business conditions weakened, but still suggest that the economy will continue expanding at a solid pace in the short-term. While consumers are ending 2018 on a strong note, back-to-back declines in Expectations are reflective of an increasing concern that the pace of economic growth will begin moderating in the first half of 2019." (Source: The Conference Board) *(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)*
Consumer & Producer Price Index	The Consumer Price Index for all urban consumers was **252.7** in December 2018, **down 0.1%** from the previous month. The decline in the all items index was caused by a sharp decrease in the gasoline index, which fell 7.5% in December. This decline more than offset increases in several indexes including shelter, food, and other energy components. The Producer Price Index for final demand was **117.1** in December, **down 0.2%** from the previous month. In December, 80% of the decrease in the final demand index is attributable to a 0.4% decline in prices for final demand goods. The index for final demand services edged down 0.1%. (Source: US Bureau of Labor Statistics)
Small Business Optimism Index	The Small Business Optimism Index was 104.4 during December 2018, **down 0.4% from the previous month and 0.5% lower than December 2017.** According to the National Federation of Independent Business (NFIB), "Unfilled jobs and the lack of qualified applicants continue to be a primary driver, with job openings setting a record high and job creation plans strengthening. Reports of higher worker compensation remained near record levels and inventory investment plans surged. Expected real sales growth and expected business conditions in the next six months, however, accounted for the modest decline in the Index." Out of 10 index components, four posted gains, zero were unchanged, and six declined. (Source: National Federation of Independent Business) *(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)*
Industrial Production and Capacity Utilization	The Industrial Production Index was 109.9 in December 2018, **an increase of 0.3%** from the previous month and **4.0% higher than December 2017.** Capacity Utilization for the industrial sector was **78.7%** in December 2018, **an increase of 2.1%** from December 2017. (Source: Federal Reserve) *(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)*
Manufacturing & Trade Sales	Total combined sales and manufacturing shipments totaled nearly **$1.47 trillion** in October 2018, **up 0.3% from the previous month and up 6.1% from October of the previous year**. (Source: US Census)
Manufacturing & Trade Inventory	Total value of inventory on-hand is estimated at **$1.98 trillion** in October 2018, **up 0.6% from the previous month and up 5.2% from October of the previous year.** (Source: US Census)
Purchasing Managers Index	The National PMI **decreased to 54.1%** in December 2018, a **decrease of 520 basis points** from the previous month. With a reading above 50, the overall economy grew for the 116th consecutive month, although at a slower rate. New Orders **decreased 1,100 basis points to** 51.5%, and Production **decreased 630 basis points** to 54.3%. In December, 11 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment.* A reading above 50 indicates that the manufacturing economy is generally expanding.*)*
Purchasing Managers Index in Georgia	In December 2018, Georgia's PMI **decreased 400 basis points** month-over-month to 53.0%. According to Kennesaw State University Econometric Center, the National PMI decreased during the month with Georgia and Southeast Indices following suit. Despite the decreases, indices are still consistent with expansion in manufacturing. New Orders in Georgia **increased** to 55.0% and Production **decreased** to 50.0%. In the month of December, Georgia's PMI was **110 basis points below** the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment.* A reading above 50 indicates that the manufacturing economy is generally expanding.*)*
U.S. Market News	FedEx, UPS, and USPS were all above 97% with on-time deliveries in peak season 2018. USPS posted the best on-time delivery rate in peak season 2018 with 98.8% of Parcel Select deliveries made on time, followed closely by UPS at 98.3% on time and FedEx at 97.6%, according to data from ShipMatrix. All three carriers made concrete efforts to boost capacity ahead of peak season, and these stats are the first indication of investments paying off. UPS improved its on-time rate the most of the three carriers, up 3% compared to last season. The other two carriers improved by less than 1%. In September, UPS announced it would hire 100,000 seasonal employees — a 5% boost from previous years. The carrier also spent billions in 2018 to add aircraft and vehicles and invested in automation, projecting a resultant 350,000-400,000 pieces per hour of sorting capacity in the U.S. each year from 2018 to 2020. No carrier has yet released its peak season 2018 volume. (Source: supplychaindive.com, ShipMatrix)

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation Index **decreased 15.3%** in December 2018, ending at a reading of 9,170. *(A price-weighted average of 20 U.S. companies in the transportation industry, average of December 1st thru December 31st. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.*
NASDAQ Transportation Index	NASDAQ Transportation Index **decreased 14.6%** in December 2018, ending at a reading of 4,605. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of December 1st thru December 31st)*
DOT Freight Transportation Service Index	The USDOT's freight transportation services index was 140.0 in November 2018, an **increase of 1.3%** from the previous month, **6.7% higher** than November 2017 and the **highest level of all time.** The November increase in the Freight TSI was driven by significant growth in trucking, air freight and pipeline, while water and rail intermodal decreased and rail carloads were stable. (Source: US BTS)
Cass Freight Index	The Cass Freight Shipments Index was 1.142 in December 2018, a **decrease of 1.7%** from the previous month, and a **decrease of 0.8%** year-over-year. The Cass Freight Expenditures Index was 2.903 in December, **an increase of 1.9%** from the previous month and an **increase of 10.0%** year-over-year. According to Cass Information Systems, “December was a month of growing uncertainty and severe declines in the U.S. financial markets. Equity valuations fell, most commodity prices continued to be weak, and interest rates declined. Despite all the ‘hand-wringing’ on Wall Street, the transportation economy continues to signal economic expansion. The uninfluenced-by-human-emotion hard data of physical goods flow confirms that people are still making things, shipping things, and buying/consuming things, perhaps not at the scorching pace attained earlier this year, but still at an above-average pace.” (Source: Cass Information Systems | Cassinfo.com) *(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)*
Shippers Conditions Index	The Shippers Conditions Index for October 2018 increased from the previous month, to a **reading of -2.1,** showing indications that the worst may well be over for shippers. They are seeing the best environment in more than a year because of stabilizing rates and moderating fuel prices. The range of SCI readings should continue this trend into 2019, possibly even entering positive territory by mid-year. Increasing capacity, rate stabilization and the continued soft fuel prices are all positive factors for shippers. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for shippers)*
NAFTA Trade	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled $110.8 billion in October 2018, **up 9.0%** from the previous month, and **up 10.2%** year-over-year. October marked the **24th straight month** in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried $70.1 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)
Multimodal News Clips:	Intermodal rail growth is driving warehouse construction near hubs. Cities like Atlanta, Chicago, and Dallas are experiencing growth in industrial real estate construction stoked by the rising role of inland rail hubs near those cities, according to a recent report from JLL Research. "There is a direct linkage to rail volume growth and warehouse inventory growth," the report said, which puts the growth in industrial real estate in those three markets at 3-12% in the last five years. Railroads have gained a fair bit of business in light of 2017 and 2018's trucking capacity crunch, shifting the warehouse needs of the U.S. and bringing more industrial development to cities with hubs for intermodal rail. Increased traffic between coastal ports and inland transit hubs have led to non-stop or expedited service, making cities near these hubs desirable for warehouse renters. "These non-stop 'hot trains' typically have fewer delays for the end user, as containers may only be handled or 'touched' two or three times before arriving at the beneficial cargo owner’s (BCO) loading dock," according to the report. JLL's Director of Research George Cutro told Supply Chain Dive that intermodal yards act somewhat like 3PL sort centers — serving as a bridge between coastal ports and shipper pickups. If you have thousands and thousands of containers coming in via ship, it makes more sense to pick them up at an intermodal yard than to try to truck them to your warehouse," said Cutro, adding that large retailers heavily reliant on imports are more likely to seize on these rail hub adjacent cities than 3PLs, for example, which are more likely to be receiving product from domestic manufacturers. JLL posits that in light of current work by railroads in the areas of infrastructure and efficiency, the growth in rail freight is unlikely to subside and the construction growth along with it — especially because some of this growth is coming from the railroads themselves. (Source: supplychaindive.com, JLL)

RAIL:

U.S. Freight Rail Traffic	Originations of carloads in December 2018 totaled 1,022,000 units, a **decrease of 1.0%** from the previous month and an **increase of 2.9%** from December 2017. December was the ninth year-over-year monthly increase for total carloads in 2018 and reversed a slight decline in November. Weekly average total carloads in December 2018 were 255,495, the most for December since 2014. For all of 2018, U.S. railroads originated 13.64 million carloads, **up 1.8%** over 2017. (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*
U.S. Intermodal Rail Traffic	Intermodal rail traffic totaled 1,100,000 units in December 2018, **unchanged** from the previous month but **5.0% higher than December 2017.** Weekly average intermodal volume in December 2018 was 274,029, easily the **highest weekly average for December for intermodal in history**. The top 10 intermodal weeks in history were all in 2018, as were nine of the top ten intermodal months. Intermodal volume for all of 2018 was 14.47 million containers and trailers, u**p**

	5.5% over 2017 and breaking 2017's old record of 13.72 million. (Source: AAR.org) *(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)*
Railroad Fuel Price Index	The index of average railroad fuel prices in December 2018 was 367.0 **down 15.2%** from the previous month and **5.6% lower** year-over-year. (Source: AAR.org) *(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)*
Class 1 Railroad Employment	Railroad employment in November 2018 **increased 0.2% from the previous month** to 148,981 employees total, the **tenth straight month-to-month increase and the highest level since May 2017.** The majority of the gains were seen in the train and engine category, increasing by 500 employees. (Source: U.S. STB, AAR)
Short Line Rail Traffic	In November 2018, short line railroad shipments across North America **decreased 8.0% from the previous month and increased 0.2% year-over-year.** A sampling of about 500 short line and regional railroads **loaded 345,507 railcars** and intermodal units during the month of November. Nonmetallic Minerals led gains with a 27.7% increase. Coal led declines for the seventh consecutive month, with a decrease of 27.8%. (Source: Railinc Short Line and Regional Traffic Index)
Railroad News Clips:	The Federal Railroad Administration (FRA) has awarded $46.30 million in grant funding for 11 projects in 10 states to assist with deploying Positive Train Control (PTC) systems. This marks the second selection of PTC systems deployment projects under the Fiscal Year 2018 Consolidated Appropriations Act administered via the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program, collectively totaling $250 million. The CRISI Program was authorized by the Fixing America's Surface Transportation (FAST) Act to provide funding "to improve the safety, efficiency, and reliability of intercity passenger rail and freight rail transportation systems." The awards will fund many aspects of PTC system implementation for intercity passenger or commuter rail and freight rail transportation, including back office PTC systems; wayside, communications, and onboard PTC system equipment; personnel training; PTC system testing; and interoperability. (Source: Railwayage.com)

TRUCKING:

Truck Tonnage Index	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 111.9 in December 2018, a **decrease of 4.3% from the previous month and an increase of 1.4% from December 2017.** The Index **increased 6.6%** in all of 2018 – the **largest annual gain since 1998** (10.1%) and significantly better than the 3.8% increase in 2017. According to ATA Chief Economist Bob Costello, "The good news is that 2018 was a banner year for truck tonnage, witnessing the largest annual increase we've seen in two decades. With that said, there is evidence that the industry and economy is moderating as tonnage fell a combined total of 5.6% in October and November after hitting an all-time high in October." (Source: American Trucking Associations | Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)
Truckload Freight	The spot market for truckload-freight available for pick-up in December 2018 **decreased 5.5%** compared to the previous month, and was **19% lower** year-over-year. Truck capacity **decreased 11%** for the month, and **increased 34%** year-over-year. (Source: DAT Trendlines | www.dat.com)
Refrigerated Trucking	In December 2018, refrigerated loads posted on load boards **decreased 9%** while refrigerated truck posts **decreased 9%** as well, compared to the previous month. That caused the load-to-truck ratio to **remain at** 7.2 loads per truck. The ratio was **49% lower** compared to December 2017. In December, the national reefer rate was $2.44 per mile, $0.03 lower than the previous month and $0.04 lower than December 2017. (Source: DAT Trendlines | www.dat.com)
Trucking Conditions Index	The Trucking Conditions Index in November 2018 **increased to a reading of 5.84,** more than two and a half points higher than October. The improvement was due primarily to a slightly firmer rate environment and lower diesel prices. The 2018 November TCI was basically unchanged from a year ago, in spite of the volatility affecting the index over the past twelve months. The future outlook for the index is generally a more stable path in 2019 culminating in a near neutral reading by mid-year. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*
Diesel Prices	As of January 7, 2019 the U.S. average diesel price was **$3.01 per gallon.** The U.S. average diesel price was **$0.01 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **$2.92 per gallon, 3.0% less than the national average price**. (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*
Trucking Employment	The trucking industry workforce **increased by approximately 2,900 employees to 1,496,900 employees total** in December 2018. The trucking industry workforce **increased 0.1%** over the previous month and **increased 2.3%** over December 2017. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were $24.66/hour in November 2018, **virtually unchanged** from the previous month. The average weekly hours totaled 41.8 in November, **up 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

U.S. Truck & Trailer Orders (Class 8)	Preliminary data for heavy-duty Class 8 trucks net orders in North America were 21,000 units in December 2018, **down 23.6%** from the previous month and the lowest total since August 2017. December order activity was as expected, with fleets ordering to secure a dwindling number of available build slots in the second half of 2019. According to FTR, "Order rates right now are not that relevant because of the record-breaking totals recorded in June and July last year. Fleets got a jump on ordering to reserve 2019 build slots, so orders had to fall off at some point, and December was the start of it." Preliminary December 2018 net trailer orders totaled **28,000 units**, **down 38%** from November 2017 and **39% lower** than December 2017. According to FTR, "This drop was expected since the first half of the year is already booked for dry vans and refrigerated vans. Most of the big fleets already have their requirements orders in for 2019. Now the medium and small fleets are searching for the remaining build slots, based on their expected needs in the second half of the year. Flatbed, tanker and dump fleets continue to order at respectable rates, indicating the economy is generating freight demand across various sectors and industries." Total trailers orders of 127,000 units in Q4 2018 were the second highest quarter ever with 2018 totaling 409,800 trailer orders, **by far a record year**. (Source: FTR Transportation Intelligence | ftrintel.com)
Trucking News Clip	After a 2018 that saw record-setting levels of freight-hauling demand and driver pay as tonnage levels reached a 20-year high, the trucking industry is expected to remain strong in 2019 but undergo a bit of a cool-down, economists say. "[Last year,] of course, was as good a year as the truck market has ever had — it was a record year in a number of ways," Transport Futures Principal and Economist Noel Perry said during an interview on Transport Topics Radio. "The spot market started the year at extraordinarily tight levels, and the contract market has been tight all year. So, it was a great year." He noted, however, that things trailed off as the year closed. "The fourth quarter was down enough in several categories to indicate we're not going to sustain that peak performance in 2019." FTR Transportation Intelligence projected freight growth will start the year at more than 3% and then drop to 2% in the second half of 2019. "The peak in the industry looked to be somewhere in that May-to-September period, where things were extremely hot and now, yes they're off of peak. But starting 2019 we are in good shape," FTR Vice President of Commercial Vehicles Don Ake told Transport Topics. (Source: Transport Topics – ttnews.com)

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in November 2018 **were unchanged year-over-year,** the slowest growth rate since March 2016. FTKs increased by 3.9% in annual terms over the first 11 months of 2018, compared to 10.0% over the same period a year ago. According to the IATA, "Much of the moderation in FTK growth that we have seen over the past year or so has reflected the typical pattern seen after inventory restocking cycles in the past. Recall that air freight volumes grew much faster than global goods trade during 2017 as firms turned to the speed afforded by air freight to restock their inventory levels quickly." (Source: IATA.org,) *(Global air freight covers international and domestic scheduled air traffic.)*
Atlanta Air Cargo Traffic	In November 2018, Hartsfield-Jackson Atlanta International Airport transported **58,974 metric tons** of cargo, a **3.0% decrease** from the previous month and a **6.1% decrease** year-over-year. (Source: HJAIA)
Air Freight Price Index	In November 2018, average airfreight rates for East-West routes increased 5% over the previous month to reach $3.18 per kilogram. Drewry noted that fuel surcharges have begun to decrease on some routes, following a particularly pricey period for fuel, which will have a soothing effect on rates. (Source: Drewry, aircargonews.net) *(The Drewry East-West Air Freight Price Index is based on the average of rates ($US per kg) for air freight services on 21 major East-West routes.)*
Jet Fuel Prices	As of January 11, 2019 the global average jet fuel price was $77.56 per barrel; **up 3.2%** from the previous month, and **6.4% lower** year-over-year. (Source: IATA.org, platts.com) *(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)*
Air Freight News Clips:	December cargo throughput results for the world's airport are still trickling in, but early analysis indicates an overall diminished peak season for air freight. With only a couple of exceptions in Europe and Asia, volumes and traffic across most airports posted year-over-year declines in volume for December, and declines or very modest growth overall for 2018, underperforming overall expectations of 4-5% annual growth in air freight traffic. The uncertain global trade environment, volatile economic performance across multiple markets, and the upcoming Brexit are likely contributing to the weakness in air cargo figures during the second half of 2018. (Source: aircargoworld.com)

OCEAN FREIGHT:

Import Volumes by Ocean	In November 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.81 million TEUs, an **11.4% decrease** from the previous record-setting month and **2.5% higher** than November 2017. According to Hackett Associates, "With the holiday season behind us, the immediate pressure to stock up on merchandise has passed but retailers remain concerned about tariffs and their impact on the nation's economy. Retailers have also brought in much of their spring merchandise early to protect consumers against higher prices that will eventually come with tariffs. There have been record-high levels of imports over the past several months, primarily due to raised inventories ahead of expected tariff increases. But we are projecting declining volumes in the coming months and an overall weakness in imports for the first half of the year." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index	The January 11th SCFI comprehensive reading was **$940 per FEU**, **up 9.1%** from last month. The spot rate for shipments to the U.S. East Coast was **$3,040 per FEU**, **down 3.1%** from the previous month. (Source: Shanghai Shipping Exchange | www1.chineseshipping.com.cn/en) *(The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)*
Baltic Dry Index	The Baltic Dry Index **increased 3.3%** in December 2018, ending at 1,271. Compared to December 2017, the index **decreased 7.0%.** (Source: www.bloomberg.com/quote/BDIY:IND,) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*
Port of Savannah	The Port of Savannah moved 351,366 TEUs in December 2018, a **2.0% increase** from the previous month, **8.7% higher** compared to December 2017 and the **busiest December in Port Authority history**. During Calendar Year 2018, the Port of Savannah moved 4.35 million TEUs, **its highest annual volume ever**, and a 7.5% increase over 2017. **Nine of the GPA's 10 busiest months were in 2018.** The Port of Savannah **handled its most ever containers by rail** in 2018, moving 478,669 containers - approximately 860,000 TEUs - via Class I rail providers Norfolk Southern and CSX. The rail volume represented a **19% increase** compared to 2017. December also closed the second quarter of the GPA's fiscal year. For the first half of Fiscal Year 2019 (July-December 2018), the Port of Savannah moved 2.2 million TEUs, up 176,800 TEUS, or **8.6%**. In total cargo, GPA handled 18.1 million tons for the first half of FY2019. (Source: GPA)
Port of Brunswick	In Brunswick, autos and machinery increased by 6.4% (18,911 units) in the first half of Fiscal Year 2019 (July-December 2018) for a total of 315,611 units. At GPA's Colonel's Island, the single largest autoport in North America, expansion projects are under way that will double GPA's rail capacity and significantly increase near-dock storage. The Authority also plans to develop another 400 acres to bring annual throughput capacity to 1.5 million vehicles in the coming years. (Source: GPA)
Ocean Freight Business News:	Members of the Ocean Alliance met in Hainan, China, earlier this month to sign a five-year extension of the "world's largest operational agreement between shipping companies," according to a CMA CGM press release. The new deal locks the participation of four of the top 10 shipping lines in the world into the most expansive shipping alliance, by capacity, at a time when new players are looking to enter the global market. CMA CGM, COSCO, Evergreen, and OOCL will participate in the deal through 2027. The original agreement, which began in 2017, did not expire until 2023. During the visit to China, the companies also launched the "Ocean Alliance Day 3 Product," which will have the four lines deploy 330 containerships with a total capacity of 3.8 million TEUs starting in April 2019. (Source: Supplychaindive.com, CMA CGM)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy	The **nationwide vacancy was 5.1%** at the end of the third quarter of 2018, matching the previous quarter's rate but down 20 basis points year-over-year**.** None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q3 2018. According to NGKF, this speaks to the overall strength of the national industrial market and also helps to explain why investors have become keen on this product type. According to NCREIF, the U.S. industrial sector achieved a 3.58% total return during Q2 2018, significantly outperforming all other property sectors. Industrial outperformed the second-best performing sector, hotel, by 163 basis points during Q2 2018. The vacancy rate in **Atlanta, GA was 7.2%** in Q3 of 2018. (Source: NGKF)
Warehouse Rent Rates	In Q3 2018, the average asking rent across the U.S. was **$6.96/SF, up 2.7%** from the prior quarter, **8.4% higher** from one year ago, **and the highest average recorded this cycle**. According to NGKF, e-commerce tenants are demanding top-quality distribution centers that can offer higher ceiling heights and automated warehouse management systems, which are helping to drive rents to record highs. **The average asking rent in Atlanta was $5.18/SF in Q3 2018.** (Source: NGKF)
Industrial Absorption	Net absorption in the U.S. decreased by nearly 12.9 million square feet during Q3 2018, totaling 49.7 million square feet, the lowest quarterly absorption total recorded since the third quarter of 2013. Of the 49 industrial markets tracked by NGKF, 20 absorbed 1 million square feet or more in Q3, led by Atlanta which absorbed 5.4 million square feet. (Source: NGKF) *(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)*
Warehouse Employment	The nationwide warehousing industry workforce **increased by 1,700 employees** to 1,063,900 employees total in December 2018. The warehouse industry workforce **increased 0.2%** from the previous month and **increased 5.2%** year-over-year. (Source: U.S. Bureau of Labor Statistics)
Warehouse Earnings and Hours	The average earnings of warehousing & storage employees across the U.S. were $19.89/hour in November 2018, **down 1.2%** from the previous month. The average weekly hours totaled 44.1 in November, **up 5.0%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- The availability of industrial real estate fell to its lowest level since 2000 with only 7% of space available, according to a report from CBRE. The fourth quarter of 2018 marked the 34th consecutive quarter of declining industrial real estate availability. This lack of space is being driven by the boom in e-commerce and a generally strong U.S. economy, according to Richard Barkham, CBRE Global Chief Economist. "While factors such as higher interest rates and trade-protection worries are headwinds, the U.S. industrial real estate market will continue to draw momentum from the healthy U.S. labor-market, brisk import activity aided by the strong dollar and robust consumer confidence," Barkham said in a statement. But the struggle doesn't end with finding available warehouse space. Companies are in need of space that can handle the needs of a large-scale e-commerce model. However, only 11% of warehouse space was built in the last decade, and the remaining space might not be up to snuff for modern day demands. Barkham told The Wall Street Journal he expects warehouse space to remain limited throughout 2019. But there are signs this could be changing--retailers are keeping a close eye on trade talks between the U.S. and China, which could play a role how the economy performs in the coming year, according to the National Retail Federation. A report from JLL specifically said these worries could carry over into less demand in the industrial real estate sector, The Wall Street Journal reported. (Source:supplychaindive.com, CBRE, WSJ, NRF)
- Hapag-Lloyd America, LLC, a multinational transportation company, will create 363 jobs and invest $5.5 million in an expansion of the Hapag-Lloyd Quality Service Center in Gwinnett County. New jobs will include positions in administration, technical support and customer service. Hapag-Lloyd offers a fleet with a total capacity of 1.6 Million TEU and a container stock of approximately 2.6 million TEU. With 120 liner services, the company provides reliable connections between more than 600 ports worldwide. Following this expansion, the Hapag-Lloyd Quality Service Center will handle the majority of the company's non-sales related activities in the U.S. and enable the company to further improve its customer experience and service delivery. (Source: Georgia.org)

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For more information about the **Logistics Market Snapshot** or the many other resources and activities of the **Georgia Center of Innovation for Logistics** please contact:

Emily Schrenk Butler, Senior Project Manager| EButler@georgia.org | 912.966.7842