

U.S. MARKET:

Gross Domestic Product

The U.S. GDP **decreased at an annual rate of 4.8%** in the first quarter of 2020, according to the advance estimate released by the Bureau of Economic Analysis in late April. This is the first quarterly decline since Q1 2014 and the worst decline since Q4 2008. The decline in first quarter GDP was, in part, due to the response to the spread of COVID-19, as governments issued "stay-at-home" orders in March. This led to rapid changes in demand, as businesses and schools switched to remote work or canceled operations, and consumers canceled, restricted, or redirected their spending. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the first quarter of 2020 because the impacts are generally embedded in source data and cannot be separately identified. (Source: US BEA) As of May 8, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the **second quarter of 2020 is -34.9%**. As noted by the Atlanta Fed, GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model. In particular, it does not capture the impact of COVID-19 beyond its impact on GDP source data and relevant economic reports that have already been released. It does not anticipate the impact of COVID-19 on forthcoming economic reports beyond the standard internal dynamics of the model. (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 11.6%** in March 2020 to \$44.4 billion. In March, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, Saudi Arabia, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, Singapore, and France. (Source: US DOC & Census Bureau)

Import Volumes

In March 2020, the U.S. **imported \$193.7 billion** of cargo, **decreasing 5.0%** from February, and the **lowest amount since August 2017**. The March import of automotive vehicles, parts, and engines (\$27.8 billion) were the **lowest since February 2015**. The declines in March exports and imports were, in part, due to the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely, and the movement of travelers across borders was restricted. The full economic effects of the COVID-19 pandemic cannot be quantified in the trade statistics for March because the impacts are generally embedded in source data and cannot be separately identified. (Source: US Census)

Export Volumes

In March 2020, the U.S. **exported \$128.1 billion** of cargo, **decreasing 9.9%** from February, and the **lowest amount since July 2017**. The March exports of consumer goods (\$15.0 billion) were the **lowest since March 2013**. (Source: US Census)

Import & Export Price Index

U.S. import prices **declined 2.6%** in April 2020, after decreasing 2.4% in March. It was the largest monthly drop since January 2015. U.S. export prices **decreased 3.3%** in April 2020, following a decline of 1.7% in March. It was the largest monthly decrease in export prices since the index was first published on a monthly basis in December 1988. Both monthly declines were led by falling fuel prices. (Source: Bureau of Labor Statistics)

Unemployment Rate

The unemployment rate in America **was 14.7%** in April 2020, **up from 4.4%** in March. Comparable BLS data are available back to January 1948 and since then, the highest the unemployment rate ever got was 10.8%. During the Great Recession, it never exceeded 10.0%. The actual unemployment rate is almost certainly much higher than 14.7%. To be officially counted as unemployed, you have to be considered part of the labor force, and for that you have to be actively looking for work. But during recessions, many people stop looking for work because they think no jobs are available (see data on the labor force below). A preliminary **20.5 million net new jobs were lost** in April 2020. Combined with the 870,000 jobs lost in March, over 21.4 million net jobs have been lost in two months. This virtually wipes out the 22.1 million jobs gained in the record 113-month streak of consecutive job gains from October 2010 through February 2020. The unemployment rate in **Georgia was 11.9% in March, up from 4.2%** the previous month. April's numbers represent the highest one-month increase and also the highest total unemployment on record. (Source: US DOL, GDOL, AAR)

Labor Force Participation Rate

The labor force participation rate **was 60.2% in April 2020, down 4.0%** the previous month. The labor force participation rate for those of prime working age (25-54) was 79.9% in April, **down 3.3%** from 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. **declined 4.4%** in April 2020, to a reading of 98.8. According to The Conference Board, "The erosion has been very widespread, except for stock prices and the interest rate spread which partially reflect the rapid and large response of the Federal Reserve to offset the pandemic's impact and support financial conditions. The sharp declines in the LEI and CEI suggest that the US economy is now in recession territory." (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

Existing home sales were an annualized and seasonally adjusted 1.22 million in March 2020, **down 22.3%** from the previous month but **up 1.4%** year-over-year. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 88.2 in March 2020, **down 20.8%** from the previous month and **16.3% lower** year-over-year. "The housing market is temporarily grappling with the coronavirus-induced shutdown, which pulled down new listings and new contracts," said Lawrence Yun, NAR's chief economist. "As consumers become more accustomed to social distancing protocols, and with the economy slowly and safely reopening, listings and buying activity will resume, especially given the record low mortgage rates. The usual Spring buying season will be missed, however, so a bounce-back later in the year will be insufficient to make up for the loss of sales in the second quarter," he said. "Overall, home sales are projected to have declined 14% for the year." (Source: AAR, National Association of Realtors)

Light Vehicle Sales

New light vehicle sales were an annualized and seasonally adjusted 8.6 million in April 2020, **down 24.5%** from the previous month and **47.9% lower** year-over-year. **This is the lowest value of monthly sales in 50 years.** The Wall Street Journal reported on May 1 that, despite the big decline in April, "Many dealers and executives are...reporting signs of optimism as potential buyers begin to emerge from coronavirus lockdowns." On the other hand, a Bloomberg article on May 1 warned of an inventory glut: "SUVs get parked in the sea [on cargo ships]...the crisis has left cars gathering dust on dealer lots, dealerships shuttered, auction prices slipping...fleet sales are down because rental-car and fleet operators aren't taking delivery." The big unknown is to what extent consumers will be willing to make large purchases at a time when jobs and incomes are more precarious than they were just a few months ago. (Source: AAR, WSJ, Bloomberg) *(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 **decreased 2.0%** to \$18.7 trillion in March 2020. The decrease in personal income in March primarily reflected a decrease in compensation. The decline was also in part, due to the response to the spread of COVID-19, as governments issued "stay-at-home" orders. This led to rapid changes in demand, as businesses and schools switched to remote work or canceled operations, and consumers canceled, restricted, or redirected their spending. The full economic effects of the COVID-19 pandemic cannot be quantified in the Personal Income and Outlays estimate for March 2020 because the impacts are generally embedded in source data and cannot be separately identified. (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 April 2020 were **\$403.9 billion, a decrease of 16.4%** from the previous month, and **21.6% below** April 2019. Non-store retail sales were **13.8% higher** from the same month last year. As a side note, due to recent events surrounding COVID-19, many businesses are operating on a limited capacity or have ceased operations completely. The Census Bureau has monitored response and data quality and determined that estimates in this release meet publication standards. (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 first quarter of 2020, adjusted for seasonal variation, was \$160.3 billion, **an increase of 2.4%** from the previous quarter and **14.8% higher than the first quarter of 2019.** E-commerce sales in the first quarter of 2020 accounted for 11.5% 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 **sharply declined to 86.9** in April 2020, **down 31.9%** from the previous month. According to The Conference Board, "Consumer confidence weakened significantly in April, driven by a severe deterioration in current conditions. The 90-point drop in the Present Situation Index, the largest on record, reflects the sharp contraction in economic activity and surge in unemployment claims brought about by the COVID-19 crisis. Consumers' short-term expectations for the economy and labor market improved, likely prompted by the possibility that stay-at-home restrictions will loosen soon, along with a re-opening of the economy. However, consumers were less optimistic about their financial prospects and this could have repercussions for spending as the recovery takes hold. The uncertainty of the economic effects of COVID-19 will likely cause expectations to fluctuate in the months ahead." (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 **255.9** in April 2020, **down 0.8%** from the previous month and **the largest monthly decline since December 2008.** A 20.6% decline in the gasoline index was the largest contributor to the monthly decrease in the seasonally adjusted all items index, but the indexes for apparel, motor vehicle insurance, airline fares, and lodging away from home all fell sharply as well. In contrast, food indexes rose in April, with the index for food at home posting its largest monthly increase since February 1974. The Producer Price Index for final demand was **117.0** in April 2020, **down 1.3%** from the previous month and **the largest decrease** since the index began in December 2009. In April, over 80% of the decrease in the final demand index can be traced to a 3.3% drop in prices for final demand goods. The index for final demand services moved down 0.2%. (Source: US Bureau of Labor Statistics)

Small Business Optimism Index

The Small Business Optimism Index was 90.9 in April 2020, **down 5.5% from the previous month**, with owners expressing certainty the economy will weaken in the near-term, but expecting it to improve over the next six months. According to the National Federation of Independent Business (NFIB), "The impact from this pandemic, including government stay-at-home orders and mandated non-essential business closures has had a devastating impact on the small business economy. Owners are starting to benefit from the PPP and EIDL small business loan programs as they try to reopen and keep employees on staff. Small business owners need more flexibility, though, in using the PPP loan to support business operations and liability protection so that all these efforts to support small businesses are not ultimately lost in costly litigation." Out of 10 index components, one posted gains, zero were unchanged, and nine 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 92.6 in April 2020, **a decrease of 11.2%** from the previous month and the **largest monthly drop** in the 101-year history of the index. The COVID-19 (coronavirus disease 2019) pandemic has led many factories to slow or suspend operations throughout the month. Compared to April 2019, the Index was **down 15.0%**. Capacity Utilization for the industrial sector was **64.9%** in April 2020, **down 8.3%** from the previous month and **up 1.8%** from April 2019. (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 **\$1.38 trillion** in March 2020, **down 5.2% from the previous month and down 4.9% from March of the previous year**. Due to recent events surrounding COVID-19, many businesses are operating on a limited capacity or have ceased operations completely. The Census Bureau has monitored response and data quality and determined estimates in this release meet publication standards. (Source: US Census)

Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$2.01 trillion** in March 2020, **down 0.2% from the previous month and down 0.3% from March of the previous year**. (Source: US Census)

Purchasing Managers Index

The National PMI was **41.5%** in April 2020, **decreasing 7.6%** from the previous month and **ending 131 consecutive months of expansion in the overall economy**. New Orders **decreased 15.1%** to 27.1%, and Production **decreased 20.2%** to 27.5%. According to the Institute for Supply Management (ISM), "Comments from the panel were strongly negative (three negative comments for every one positive comment) regarding the near-term outlook, with sentiment clearly impacted by the coronavirus (COVID-19) pandemic and continuing energy market recession. The PMI® indicates a level of manufacturing-sector contraction not seen since April 2009, with a strongly negative trajectory. The coronavirus pandemic and global energy market weakness continue to impact all manufacturing sectors for the second straight month. Among the six big industry sectors, Food, Beverage & Tobacco Products remains the strongest. Transportation Equipment and Fabricated Metal Products are the weakest of the big six sectors." In April, 2 out of the 18 manufacturing industries tracked by the ISM reported growth – Paper Products and Food, Beverage, & Tobacco Products. (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 the Southeast

In April 2020, the Southeast PMI **decreased 14.0%** month-over-month to **44.1%**. New Orders in the Southeast **decreased 20.9%** to 38.6% and Production **decreased 16.5%** to 45.5%. In the month of April, the Southeast's PMI was **6.0% higher** the national PMI. (Source: Kennesaw State University) *(The Southeast region includes the states of Georgia, Alabama, Florida, Tennessee, Louisiana, and Mississippi. 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

Amazon's shipping costs increased 49% in the first quarter compared to the same period last year, reaching \$10.9 billion worldwide, according to earnings results issued late last month. "It's taking longer to get things into our warehouse and out of our warehouse," CFO Brian Olsavsky said on the company's earnings call. Shipping speed on Prime items jumped from one to four days for essential items during the quarter ending March 31 — longer for non-essential items. Amazon hired 85,000 new workers in the first quarter after it had to suspend nonessential items coming into warehouses for more than a week. The company reported \$600 million in COVID-19 related costs in Q1, most of which Olsavsky called "people costs," meaning increased compensation and "relief funds" for employees, along with the cost of decreased productivity. Operational expenses, such as personal protective equipment and cleaning services, are also included, which will continue and increase in the second quarter. "Under normal circumstances, in this coming Q2, we'd expect to make some \$4 billion or more in operating profit. But these aren't normal circumstances. Instead, we expect to spend the entirety of that \$4 billion, and perhaps a bit more, on COVID-related expenses getting products to customers and keeping employees safe," CEO Jeff Bezos said in a statement. (Source: Amazon, supplychaindive.com)

MULTIMODAL:

Dow Jones Transportation Index

Dow Jones Transportation Index **increased 13.9%** in April 2020, ending at a reading of 8,377. *(A price-weighted average of 20 U.S. companies in the transportation industry. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)*

NASDAQ Transportation Index

NASDAQ Transportation Index **increased 10.9%** in April 2020, ending at a reading of 4,168. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies)*

DOT Freight Transportation Service Index	The USDOT's freight transportation services index was 136.8 in March 2020, up 0.5% from the previous month and 0.9% lower than March 2019. The Freight TSI increased in March from February due to growth in air freight, trucking and water, despite declines in rail carload, rail intermodal and pipeline. The TSI rise was likely due to growth in shipping in the first part of the month. The increase for the month took place against a background of decline in other indicators driven largely by the impact of the COVID-19 virus in the latter part of the month. (Source: US BTS)
Cass Freight Index	The Cass Freight Shipments Index was 0.923 in April 2020, a decrease of 15.1% from the previous month, and a decrease of 22.7% year-over-year. The Cass Freight Expenditures Index was 2.379 in April, a decrease of 18.2% from the previous month and a decrease of 10.3% year-over-year. According to Cass Information Systems, "The Cass Freight Index showed the expected big dip in activity last month, after all the March consumer panic buying subsided, leaving us with just the negative impact of shut-in orders and rising unemployment levels. For April, the overall index for both shipments and expenditures fell sharply y/y to recessionary levels. This is concerning but would be more concerning if it weren't a self-inflicted wound. Businesses and mobility were severely limited by unprecedented governmental restrictions in April, and those are loosening here in May and should further loosen on their way back to "normal" in June." (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 increased significantly in February 2020 to a reading of 7.93 up from January's 3.73. This increase ended three straight months of small declines. It is likely to increase dramatically in the next few months in response to weak volumes and rates stemming from the COVID-19 pandemic. The sharp uptick is not necessarily a sign that shippers are doing well, as much as it showcases the impact on transportation of the COVID-19 virus. It is not expected to remain at elevated levels for long, but will remain positive for shippers through the balance of 2020 as capacity will be slow to reach equilibrium. According to FTR, "The one positive for shippers out of the virus will be a much more positive environment for the balance of 2020 than was expected otherwise. It will take time for capacity and volume to right size and while it does, shippers should be able to obtain favorable terms to ship their goods." (Source: FTR Transportation Intelligence ftrintel.com) (Figures below zero indicate a less-than-ideal environment for shippers)
North American Transborder Freight	Surface transport-related trade between the U.S., Canada, and Mexico totaled \$95.9 billion in February 2020, up 1.9% compared to February 2019. Trucks carried \$60.8 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:	Using electric, autonomous drones for package deliveries can result in "operational costs [that] are at least 70% lower than a van delivery service," Pedro Pacheco, a senior director analyst at Gartner, said in a company research note published this month. These cost savings come from avoiding traffic. Drones can cover greater distances in shorter amounts of time, thereby saving fuel, cutting costs-per-mile and reducing their carbon footprint, Pacheco said. Some experts disagree about the energy efficiency of drone fleets. A Rand report from 2017, and a January study conducted by researchers from Martin Luther University in Germany, found using drone fleets could use roughly the same or up to 10 times more energy, respectively, than traditional van deliveries, when run at scale. The studies from Rand and Martin Luther University agreed that if the goal is to reduce a logistics operation's carbon footprint, using drones was a good option. Electricity can be drawn from renewable sources, and using them for less intensive deliveries could help shippers transition to being more environmentally friendly as they electrify their trucking fleets, the studies found. (Source:supplychaindive.com)

RAIL:

U.S. Freight Rail Traffic	Total originated U.S. carloads in April 2020 averaged 196,107 per week, easily the lowest weekly average for any month since before January 1988 , when AAR's data began. The five months from December 2019 through April 2020 are the five lowest-volume months (measured by weekly average total carloads), since before 1988. In April 2020, total carloads were down 25.2%, or 329,693 carloads, from last April . That's the biggest year-over-year monthly percentage decline since AAR's data began. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)
U.S. Intermodal Rail Traffic	In April 2020, U.S. railroads were down 17.2%, or 227,165 containers and trailers, from April 2019 . April was the 15 th consecutive year-over-year decline for intermodal, but it and March 2020 (a 12.2% decline) had by far the biggest percentage declines in those 15 months. (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 April 2020 was 196.4, down 26.3% from the previous month and 53.7% 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 March 2020 increased by 233 to 127,867 employees total. (Source: U.S. STB, AAR)
Railroad News Clips:	Union Pacific is shuttering its Cold Connect service, which shuttled reefer cargo from the West Coast to a facility in New York. Cold Connect was sold as a way for shippers of perishable goods to ship across the country, using a network of temperature-controlled storage and transportation solutions provided by the company. Union Pacific acquired the Cold Connect assets from Railflex in 2017. "However, with COVID-19 impacting volume and truck prices, it is no longer

sustainable to continue operations," a Union Pacific spokesperson said in an email. Cold Connect was a service of Loup Logistics, which is a Union Pacific subsidiary. (Source: Union Pacific, supplychaindive.com)

TRUCKING:

Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 104.9 in April 2020, a **decrease of 12.2% from the previous month and a decrease of 11.3% from April 2019**. According to ATA Chief Economist Bob Costello, "April's monthly decline was the largest in 26 years when there was a labor strike in April 1994. Considering that April factory output and retail sales plummeted, the large drop in truck freight is not surprising. However, not all fleets saw large declines in April. Those hauling food for grocery stores and those involved in the on-line retail supply chain outperformed most other fleets. Some fleets witnessed very large declines in freight last month. These historic declines show just how much trucking was impacted by our national response to the COVID-19 pandemic. As the nation starts taking small steps toward reopening, we should see some modest improvements in the freight market, but the size of April's decline gives us an idea of how long the road back may be." (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 April 2020 **decreased 67.2%** compared to the previous month, and was **54.2% lower** year-over-year. Truck capacity **increased 12.5%** for the month, and **increased 6.8%** year-over-year. As of May 15, according to DAT, "As some states attempt to return to normal life and produce enters supply chains, the increased demand brings some relief for carriers that have struggled with low rates during the COVID-19 crisis." (Source: DAT Trendlines | www.dat.com)

Refrigerated Trucking

In April 2020, the load-to-truck ratio for refrigerated loads was 1.71 loads per truck **down from 5.59** the previous month. In April, the national spot market reefer rate was \$1.91 per mile, **down** from \$2.19 the previous month. (Source: DAT Trendlines | www.dat.com)

Trucking Conditions Index

The Trucking Conditions Index in February 2020 **decreased to a reading of 0.96**. Sharp declines in freight volumes, utilization, and rates due to the COVID-19 pandemic could lead to the worst overall trucking conditions on record during the second quarter of this year, according to FTR's projections for the Trucking Conditions Index (TCI). FTR forecasts that the TCI will hit its lowest points in April and May, but the current outlook is for the index to remain negative well into 2021. According to FTR, "The need to restock grocery shelves provided a brief boost for some segments, but the economic shutdown now has taken a toll on the whole industry. While an economic restart likely will begin in May, the damage wrought during this period will weaken trucking conditions for months to come." (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of May 18, 2020 the U.S. average diesel price was **\$2.38 per gallon**. The U.S. average diesel price was **\$0.77 lower** than the same week last year. The average price of diesel in the Lower Atlantic states was **\$2.34 per gallon, \$0.68 lower** than the same week last year. (Source: U.S. DOE) (Reflects the costs and profits of the entire production and distribution chain.)

Trucking Employment

The trucking industry workforce **decreased 5.8% to 1,435,600 employees total** in April 2020. (Source: U.S. Bureau of Labor Statistics)

Trucking Earnings and Hours

The average earnings of truck transportation employees were \$26.09/hour in March 2020, **up 0.2%** from the previous month. The average weekly hours totaled 40.5 in March, **down 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

U.S. Truck & Trailer Orders (Class 8)

Preliminary April 2020 Class 8 truck orders totaled **4,000 units, down 44%** from the previous month, **73% lower** than April 2019, and the lowest amount in the modern era (1996). According to FTR, "Fleets are delaying ordering trucks until the economic uncertainty over the COVID-19 crisis abates. Fleets also canceled a significant number of orders which were scheduled for near-term deliveries." Preliminary March 2020 net trailer orders totaled **7,400 units, down 48%** from February, and **52% lower than March 2019**. Uncertainty over the duration of the COVID-19 crisis is limiting orders to short-term, definite needs. FTR expects orders to stay near the 10,000-truck mark for a few months until economic activity regenerates. (Source: FTR Transportation Intelligence | ftrintel.com)

Trucking News Clip

The FMCSA has finalized changes to HOS rules, the agency announced earlier this month. According to the FMCSA, the final rule institutes four changes. It requires a break after eight hours of consecutive driving and allows the break to be satisfied by a driver using on-duty, not driving status, rather than off-duty status. It modifies the sleeper-berth exception to allow drivers to split their required 10 hours off duty into two periods: an 8/2 split, or a 7/3 split — with neither period counting against the driver's 14-hour driving window. It modifies the adverse driving conditions exception by extending the maximum window during which driving is permitted by two hours, and it extends the maximum duty period allowed under the short-haul exception from 12 hours and 100 air miles to now 14 hours and 150 air miles. The agency said "modernizing" the HOS rules will save the U.S. economy and consumers nearly \$274 million annually. (Source: FMCSA, supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in March 2020 **was down 15.2% compared to March 2019**, driven by sharply weaker demand across all regions as the COVID-19 outbreak extended to become a global pandemic. According to the IATA, global air cargo volumes have been weakening since November 2018 due to global trade tensions (notably US-China), now compounded by the COVID-19 outbreak. (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

Air Freight Price Index

In February 2020, average airfreight rates for East-West routes **decreased \$0.09** from the previous month to \$2.50 per kilogram. "The Drewry East-West Airfreight Price Index for February was up by 0.84 points at a value of 84.9 from a year earlier value of 84.1, although it sank from January's level of 88.0," Drewry Sea & Air Shipper Insight said. "November 2019 was the only period in the past 14 months that the index climbed over the 100.0 mark of May 2012". Drewry Sea & Air Shipper Insight also suggested that airfreight rates will "remain challenged next month because of weak global demand". (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 May 15, 2020 the global average jet fuel price was \$30.38 per barrel; **up 13.6%** from the previous month, and **65.5% 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:

U.S. airlines will soon fly temporary freighters with cargo, instead of passengers, in the seats. Since domestic passenger carriers began operating some aircraft in cargo-only mode two months ago, they have been largely restricted to loading freight in the lower hold where baggage and shipments normally ride. Earlier this month, the Federal Aviation Administration issued an exemption allowing airlines to carry cargo on seats. Airlines had requested a two year break from existing regulations, but the FAA said the exemption is only valid through the end of 2020. The petition was filed by Airlines for America (A4A) on behalf of its members, so interested carriers must still submit a letter of intent and receive specific authorization from the agency. The FAA determined the exemption was justified to ensure critical shipments for the COVID-19 response are not delayed at a time when most passenger flights have been suspended, creating severe capacity shortages for freight. Permitting the use of seats to increase aircraft efficiency "supports the sustainment of this critical component of the U.S. transportation infrastructure during the public health emergency and while passenger demand remains depressed, which may persist past the public health emergency," the decision said. (Source: americanshipper.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In March 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.37 million TEUs, a **9.1% decrease** from the previous month, **14.8% lower** year-over-year, and the **lowest volumes since 1.34 million TEUs in March 2016**. According to the NRF, Imports at major U.S. retail container ports are expected to see double-digit year-over-year declines this spring and summer as the economic effects of the coronavirus pandemic continue. "Factories in China are largely back online and stores that closed here in the U.S. are starting to reopen, but volume is far lower than what we would see in a 'normal' year," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "Shoppers will come back and there is still a need for essential items, but the economic recovery will be gradual and retailers will adjust the amount of merchandise they import to meet demand." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The May 15, 2020 SCFI comprehensive reading was \$854 per FEU, **up 3.0%** from last month. The spot rate for shipments to the U.S. East Coast was \$2,542 per FEU, **down 3.6%** 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.)*

Port of Savannah

The Port of Savannah moved 337,890 TEUs in April 2020 despite approximately 20 voided sailings. April numbers were **0.6% higher** than the previous month and **7.3% lower** year-over-year. The GPA anticipates at least 82 voided sailings for April through June, or approximately 17% of its normal vessel calls. According to GPA Executive Director Griff Lynch, "Exports were down [approximately 4 percent], but still better than we expected. There was a lot of demand for forest products. The load counts were limited in some ways by the voided vessels. Clay was really strong. And refrigerated cargo had some of the best weeks we've ever had, exports such as poultry." Lynch noted how a vessel of imports is necessary to move those export products back to Asia. Volumes in May and June could plunge more than 20% in Savannah, Lynch said, because of factory orders that were canceled in March and April when lockdowns to combat the pandemic in the US began to take hold. (Source: GPA, JOC)

Port of Brunswick

The GPA moved 42,491 roll-on/roll-off (ro-ro) units in April 2020, according to preliminary data. That's down 10.2%, or 4,822 units, year-over-year. The decline is expected, as the automobile industry has been hit hard by the global pandemic. (Source: GPA)

Ocean Freight Business News:

Maersk expects to cancel 140 sailings in the second quarter after issuing 90 blank sailings (a 3.5% drop in capacity) earlier this year, the carrier said in its first-quarter report released this month. The void trips are a way for the carrier to cut costs as demand for ocean freight falls due to lockdown measures stemming from the coronavirus pandemic. Maersk expects demand to fall 20% to 25% in the second quarter across all its businesses, it said in the report. The company had been forecasting a 1% to 3% increase in demand for ocean freight in 2020. The size of the company's global container fleet has grown to 23.3 million as of the end of the first quarter. The idle fleet grew to 9.4% (2.2 million TEUs) in the first quarter, which Maersk said was the "highest record in more than 10 years." (Source: supplychaindive.com, Maersk)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy rate was 5.4%** at the end of the first quarter of 2020, up from 5.2% the previous quarter and up from 4.9% in Q1 2019. The vacancy rate in **Atlanta, GA was 8.1%** in Q1 of 2020. With a large construction pipeline, vacancy rates may increase in the coming years, though industrial market impacts – both positive and negative – from the coronavirus pandemic will shape the industry's standing moving forward. The industrial market will play an outsized role throughout the duration of the outbreak in the short term, and may see lasting changes beyond the initial economic recovery as more supply chain functions are returned to the U.S. (Source: NGKF)

Warehouse Rent Rates

In Q1 2020, the average asking rent across the U.S. was **\$7.54/SF, 4.1% higher** from one year ago and matching the average asking rental rate for Q4 2019. This marks the first quarter in five years in which the average asking rent has failed to increase, suggesting that rents may be reaching a point that even some large tenants cannot afford. **The average asking rent in Atlanta was \$5.03/SF in Q1 2020.** (Source: NGKF)

Industrial Absorption

Net absorption in the U.S. **decreased 13.3%** during the first quarter of 2020, posting 48.3 million square feet of net absorption. However, the pace of absorption approximated the first quarter of 2019, and demand for industrial space remains high. Absorption is likely to remain sturdy in 2020 notwithstanding the serious economic challenges facing the nation, as distribution centers that allow customers to receive home delivery of essential goods are of great importance. Of the 49 industrial markets tracked by NGKF, 37 has positive net absorption in Q1 of 2020. (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 **decreased 6.1%** to 1,143,000 employees total in April 2020. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$21.03/hour in March 2020, **down 0.2%** from the previous month. The average weekly hours totaled 39.6 in March, **up 0.5%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- The coronavirus crisis has caused commercial real-estate sales and leasing to grind to a near halt, but industrial space remains resilient. Warehouses, which cater to growing e-commerce and logistics sectors, continue to find users and buyers. They have seen a surge of demand in recent years from both tenants and buyers as they have become key cogs for growing e-commerce and logistics businesses. That interest has only grown amid the pandemic, which has appeared to accelerate a years-long shift away from traditional brick-and-mortar shopping to online commerce. Confidence in the sector has pushed buyers, sellers and tenants to push ahead with deals at a moment when much of the rest of the commercial property market is frozen. The continued leasing activity in the industrial market goes beyond just big names such as Amazon and Walmart that have gobbled up space in the sector for years. "Amazon is a big piece of demand but they're not the only ones by any means," said Joe Taylor, the president and CEO of the New Jersey-based warehouse builder and investment firm Matrix Development Group. "We're seeing increased activity by all the retailers on the e-commerce front." (Source: businessinsider.com)
- SK innovation, a developer and manufacturer of lithium-ion batteries for electric vehicles (EVs), will begin construction in July on their second electric vehicle battery manufacturing facility in Jackson County. This announcement is part of the company's announced \$1.67 billion investment in Georgia. When both facilities are complete in 2023, SK innovation will have the capacity to produce batteries for 310,000 electric vehicles per year to help meet consumer demand. (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:
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