

U.S. MARKET:

Gross Domestic Product	<p>The U.S. GDP decreased at an annual rate of 5.0% in the first quarter of 2020, according to the second estimate released by the Bureau of Economic Analysis in late May. The decrease in real GDP in the first quarter reflected negative contributions from PCE, private inventory investment, nonresidential fixed investment, and exports that were partly offset by positive contributions from residential fixed investment, federal government spending, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, decreased. (Source: US BEA) As of June 9, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2020 is -48.5%. 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.)</p>
U.S. Trade Deficit	<p>The U.S. goods and services trade deficit increased 16.7% in April 2020 to \$49.4billion. In April, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, and Saudi Arabia. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, Singapore, United Kingdom, and France. (Source: US DOC & Census Bureau)</p>
Import Volumes	<p>In April 2020, the U.S. imported \$167.4 billion of cargo, decreasing 13.6% from March, and the lowest amount since November 2010. The April import of petroleum (\$6.1 billion) were the lowest since June 1999. (Source: US Census)</p>
Export Volumes	<p>In April 2020, the U.S. exported \$95.5 billion of cargo, decreasing 25.2% from March, and the lowest amount since September 2009. The April exports of automotive vehicles, parts, and engines (\$3.8 billion) were the lowest since March 1992. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices increased 1.0% in May 2020, after decreasing 2.6% in April. The May advance was led by higher fuel prices. U.S. export prices increased 0.5% in May 2020, following a decline of 3.3% in April. Higher nonagricultural prices in May more than offset lower prices for agricultural exports. Despite the May advance, the price index for U.S. exports declined 6.0% over the past 12 months. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America was 13.3% in May 2020, down from 14.7% in April. A preliminary 2.5 million net new jobs were created in May 2020, with big gains in leisure and hospitality, construction, education and health services, and retail trade. The gains are directly related to the partial opening of the economy in many states. A big unknown is how many people who've lost their jobs during the pandemic will eventually return to those same jobs. Gregory Daco, from Oxford Economics, thinks around half the people laid off or furloughed in March through May won't be returning to their old jobs. Most of these will find a new position somewhere else eventually, but the transition could take a long time; could involve significant new training and other costs; and would make a rapid economic bounce back less likely, in part because it means those persons aren't able to participate in the consumer economy at a high level. The unemployment rate in Georgia was 9.7% in May, down from 11.9% the previous month. (Source: AAR, US DOL, GDOL)</p>
Labor Force Participation Rate	<p>The labor force participation rate was 60.8% in May 2020, up 1.0% the previous month. The labor force participation rate for those of prime working age (25-54) was 80.7% in May, up 1.0% from the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i></p>
Leading Economic Index	<p>The Leading Economic Index for the U.S. increased 2.8% in May 2020, to a reading of 99.8. According to The Conference Board, "The relative improvement in unemployment insurance claims is responsible for about two-thirds of the gain in the index. The improvements in labor markets, housing permits, and stock prices also buoyed the LEI, but new orders in manufacturing, consumers' outlook on the economy, and the Leading Credit Index™ still point to weak economic conditions. The breadth and depth of the decline in the LEI between February and April suggest the economy at large will remain in recession territory in the near term." (Source: Conference Board Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(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.)</i></p>
Housing Starts	<p>Existing home sales were an annualized and seasonally adjusted 891,000 million in April 2020, down 30.2% from the previous month, down 29.7% year-over-year, and a five-year low. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 69.0 in April 2020, down 21.8% from the previous month and 33.8% lower year-over-year. "With nearly all states under stay-at-home orders in April, it is no surprise to see the markedly reduced activity in signing contracts for home purchases," said Lawrence Yun, NAR's chief economist. "While coronavirus mitigation efforts have disrupted contract signings, the real estate industry is 'hot' in affordable price points with the wide prevalence of bidding wars for the limited inventory," he said. "In the coming months, buying activity will rise as states reopen and more consumers feel comfortable about homebuying in the midst of the social distancing measures." (Source: AAR, National Association of Realtors)</p>

Light Vehicle Sales

New light vehicle sales were an annualized and seasonally adjusted 12.2 million in May 2020, **up 40.2%** from the previous month. The increase is attributed mainly to sharply higher light truck sales, which accounted for a record 77.2% of total vehicle sales in May. On a recent call to investors, Fiat Chrysler CEO Mike Manley said that, “Those types of vehicles are the ones that are much more resilient to a downturn...many truck purchases aren’t regarded as discretionary because buyers use them for work.” Light truck sales are also a major profit generator for automakers relative to cars. (Source: AAR, Fiat Chrysler) *(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 10.5%** to \$20.7 trillion in April 2020. The increase in personal income in April primarily reflected an increase in government social benefits to persons as payments were made to individuals from federal economic recovery programs in response to the COVID-19 pandemic. The April estimate for personal income and outlays was impacted by the response to the spread of COVID-19, as federal economic recovery payments were distributed, and governments continued with “stay-at-home” orders. The full economic effects of the COVID-19 pandemic cannot be quantified in the personal income and outlays estimate for April 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 May 2020 were **\$485.5 billion, an increase of 17.7%** from the previous month, but **6.1% below** May 2019. Non-store retail sales were **16.6% 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 **held steady** in May 2020, **up 0.9%** from the previous month. The index now stands at 86.6. According to The Conference Board, “The severe and widespread impact of COVID-19 has been mostly reflected in the Present Situation Index, which has plummeted nearly 100 points since the onset of the pandemic. Short-term expectations moderately increased as the gradual re-opening of the economy helped improve consumers’ spirits. However, consumers remain concerned about their financial prospects. In addition, inflation expectations continue to climb, which could lead to a sense of diminished purchasing power and curtail spending. While the decline in confidence appears to have stopped for the moment, the uneven path to recovery and potential second wave are likely to keep a cloud of uncertainty hanging over consumers’ heads.” (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 **255.8** in May 2020, **down 0.1%** from the previous month. Declines in the indexes for motor vehicle insurance, energy, and apparel more than offset increases in food and shelter indexes to result in the monthly decrease in the seasonally adjusted all items index. The Producer Price Index for final demand was **117.5** in May 2020, **up 0.4%** from the previous month. In May, the advance in the final demand index is attributable to prices for final demand goods, which climbed 1.6%. In contrast, the index for final demand services fell 0.2%. (Source: US Bureau of Labor Statistics)

Small Business Optimism Index

The Small Business Optimism Index was 94.4 in May 2020, **up 3.5% from the previous month**. According to the National Federation of Independent Business (NFIB), “As states begin to reopen, small businesses continue to navigate the economic landscape rocked by COVID-19 and new government policies. It’s still uncertain when consumers will feel comfortable returning to small businesses and begin spending again, but owners are taking the necessary precautions to reopen safely.” Out of 10 index components, eight posted gains, zero were unchanged, and two 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 May 2020, **an increase of 1.4%** from the previous month and **15.3% lower year-over-year**. Many factories resumed at least partial operations following suspensions related to COVID-19. Capacity Utilization for the industrial sector was **64.8%** in May 2020, **up 0.8%** from the previous month and **up 1.7%** from May 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 **\$1.18 trillion** in April 2020, **down 14.4% from the previous month and down 18.4% from April 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 **\$1.98 trillion** in April 2020, **down 1.3% from the previous month and down 2.2% from April of the previous year**. (Source: US Census)

Purchasing Managers Index

The National PMI was **43.1%** in May 2020, **increasing 1.6%** from the previous month. This figure indicates expansion in the overall economy after April's contraction, which ended a period of 131 consecutive months of growth. New Orders **increased 4.7% to 31.8%**, and Production **increased 5.7% to 33.2%**. According to the Institute for Supply Management (ISM), "The coronavirus pandemic impacted all manufacturing sectors for the third straight month. May appears to be a transition month, as many panelists and their suppliers returned to work late in the month. However, demand remains uncertain, likely impacting inventories, customer inventories, employment, imports and backlog of orders. Among the six biggest industry sectors, Food, Beverage & Tobacco Products remains the only industry in expansion. Transportation Equipment; Petroleum & Coal Products; and Fabricated Metal Products continue to contract at strong levels." In May, 6 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 the Southeast

In May 2020, the Southeast PMI **increased 1.8%** month-over-month to **45.9%**. New Orders in the Southeast **increased 4.5%** to 43.2% and Production was **unchanged, remaining at 45.5%**. In the month of May, the Southeast's PMI was **6.5% 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.)*

Logistics Manager's Index

The Logistics Manager's Index was 54.5 in May 2020, an **increase of 3.2%** from the all-time low score set the previous month. According to the LMI researchers, "Similar to April's report, we observe a somewhat bifurcated logistics industry, as Warehousing and Inventory metrics come in high, and Transportation metrics continue to struggle. This is likely because firms, particularly those upstream from the consumer, are saddled with high levels of unsellable inventory, driving up their storage costs. Transportation remains slow, although it seems it has stabilized since last month." (Source: the-lmi.com) *(The LMI score is a combination eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. The LMI is calculated using a diffusion index, in which any reading above 50 percent indicates that logistics is expanding; a reading below 50 percent is indicative of a shrinking logistics industry.)*

U.S. Market News

Carrier diversity will be key for shippers preparing for this year's peak season, panelists said during a webinar earlier this month. "Every retailer should be focusing on diversifying their carriers. Shake up that carrier mix," said DHL eCommerce Solutions Regional Sales Manager Kim Gimble. "All of the carriers are not best at everything." Shippers should look to regional carriers to supplement their main, national carrier, David Sullivan, VP of professional services at Shipware, said on the webinar. Regional networks are, for the most part, built for business-to-consumer operations and have "much less onerous" pickup requirements, he said. Because of the coronavirus, flexibility is also important in fulfillment models. "What we're recommending to folks is, have a backup plan if you lose a facility," said David Glick, CTO at Flexe and former VP of fulfillment technology at Amazon. One case of COVID-19 could take a fulfillment center offline for a number of days, he said. The pandemic introduced atypical market conditions and consumer-buying patterns, upping demand in e-commerce and increasing the need for business-to-consumer deliveries. In the U.S., e-commerce spending grew 93% in May year over year, according to a SpendingPulse report from Mastercard. That has resulted in peak-season-level demand for some companies. "It's going to be Black Friday every day until it's Black Friday — and then it's going to be Black Friday times-two," Glick said. (Source: supplychaindive.com)

MULTIMODAL:

Dow Jones Transportation Index

Dow Jones Transportation Index **increased 10.1%** in May 2020, ending at a reading of 8,969. *(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 11.9%** in May 2020, ending at a reading of 4,535. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies)*

DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 125.1 in April 2020, **down 7.7%** from the previous month and **10.0% lower** than April 2019. The April decrease was the **largest monthly decrease since a 5.0% decline in March 2009**, during the great recession. There were declines in all freight modes except pipeline. The decline in rail carloads was particularly steep at 14.0%, but there were significant declines in multiple modes which were also likely due to weakness in manufacturing and construction. (Source: US BTS)

Cass Freight Index

The Cass Freight Shipments Index was 0.938 in May 2020, an **increase of 1.6%** from the previous month, and a **decrease of 23.6%** year-over-year. The Cass Freight Expenditures Index was 2.243 in May, a **decrease of 5.7%** from the previous month and a **decrease of 21.2%** year-over-year. According to Cass Information Systems, "We were surprised not to see more of an up-tick; the re-opening schedule appears to have unfolded slower than we anticipated—and also because the freight data reported by some of the public companies (LTL carriers and rails specifically) showed a more significant sequential jump and better y/y improvements than Cass showed. June is normally the best month of the second quarter, and we'd expect a significant improvement in the Cass Index this month — even if still well below year-ago readings. We do not believe we will reach 2019 freight activity levels until 2021 (at the earliest) due to the significant rise in unemployment and other results of government intervention." (Source: Cass Information Systems | Cassinfo.com) *(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)*

Shippers Conditions Index	<p>The Shippers Conditions Index for March was at 19.7, which more than doubled the level of February, reflecting the most favorable market conditions ever. Operational challenges remain, but utilization, rates, and fuel costs all turned highly favorable due to COVID-related influences. FTR projects that increasingly favorable conditions for shippers will likely send this index significantly higher in Q2 as plunging capacity utilization causes rates to fall and fuel costs sink further. According to FTR, “We know that the SCI is going to surge in the second quarter as the pandemic drove freight levels down, thus, freeing up an unprecedented amount of trucking capacity. The real question is when will the turning point occur and start to move the SCI lower again. With recent freight data through the end of May showing an uptick in activity, the SCI should move in an inverse fashion and drive the index number lower in June. One thing we will be watching is a potential shortage of capacity available for shippers in the short-term as carrier’s and drivers adjust to any sporadic upsurge in regional demand over the next several months. However, much will depend on the spread of the coronavirus and its impact on the broader economy.” (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for shippers)</i></p>
North American Transborder Freight	<p>Surface transport-related trade between the U.S., Canada, and Mexico totaled \$98.8 billion in March 2020, down 7.9% compared to March 2019. Trucks carried \$62.6 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)</p>
Multimodal News Clips:	<p>The U.S. Department of Transportation (USDOT) announced it intends to award \$906 million in Infrastructure for Rebuilding America (INFRA) grants to 20 projects in 20 states. Funding will be used to pay for projects that will improve highways, bridges, ports and railroads to better connect communities, enhance safety and support economic growth, U.S. Transportation Secretary Elaine Chao said in a press release. Demand for the INFRA grants far exceeded available funds. USDOT evaluated 173 eligible applications from 47 states and the District of Columbia for a collective request of \$7.4 billion in grant funds. INFRA was established under the 2015 Fixing America’s Surface Transportation (FAST) Act. As required under that law, Congress will have 60 days to review the USDOT’s proposed project awardees. After the 60-day review, the department is free to begin obligating funding, department officials said. (Source:progressiverailroading.com)</p>

RAIL:

U.S. Freight Rail Traffic	<p>Total originated U.S. carloads in May 2020 decreased 27.7% (282,965 carloads) in May 2020 from April 2020, the biggest year-over-year monthly percentage decline on record (AAR’s data began in January 1988). Average weekly total carloads in May were 185,043, also the lowest on record. (Source: AAR.org) <i>(Report includes rail car-loadings by 20 different major commodity categories)</i></p>
U.S. Intermodal Rail Traffic	<p>U.S. intermodal originations were down 13.0% in May 2020, an improvement from the 17.2% decline in April 2020 but still the 16th straight year-over-year monthly decline for intermodal. Prior to the pandemic, the average monthly decline was around 6%, which is clearly much less than the declines of the past two months. Intermodal is suffering from, among other things, weak consumer demand and fewer cargo ships calling on U.S. ports. (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i></p>
Railroad Fuel Price Index	<p>The index of average railroad fuel prices in May 2020 was 185.5, down 5.5% from the previous month and 56.9% lower year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i></p>
Class 1 Railroad Employment	<p>Railroad employment in April 2020 decreased by 3,437 employees to 124,430 employees total. (Source: U.S. STB, AAR)</p>
Railroad News Clips:	<p>The Pipeline and Hazardous Materials Safety Administration (PHMSA), in consultation with the Federal Railroad Administration (FRA), earlier this month issued a final rule authorizing the bulk transportation of liquefied natural gas (LNG) by rail. Specifically, the rule will permit the bulk transportation of LNG in specification tank cars with enhanced outer tank requirements and additional operational controls. Additionally, the rule requires remote monitoring of the pressure and location of LNG tank cars. Moreover, to improve braking, the rule requires a two-way end of train or distributed power system when a train is transporting 20 or more tank cars loaded with LNG in a continuous block, or 35 or more such tank cars of LNG anywhere in the train consist. The rule also requires railroads to conduct route risk assessments to evaluate safety and security. (Source:progressiverailroading.com)</p>

TRUCKING:

Truck Tonnage Index	<p>The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 106.1 in May 2020, a decrease of 1.0% from the previous month and a decrease of 9.6% from May 2019. According to ATA Chief Economist Bob Costello, "First, while down over 10 percent sequentially in April, truck tonnage did not fall as much as other economic indicators that month. This means that any rebound is tougher since tonnage didn't fall substantially to begin with. Second, there are indications that freight continues to improve as more and more states and localities lift lockdown restrictions. While the overall economy will likely take more than a year to recover, assuming the pandemic doesn't spike again, the trucking industry could recover back to pre-COVID levels before many other industries because it hasn't fallen as much. As retail sales improve and housing starts recover, that will help trucking. The risk for trucking is that the virus surges again and places start to shut back down again." (Source: American Trucking Associations Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)</p>
Truckload Freight	<p>The spot market for truckload-freight available for pick-up in May 2020 increased 79.6% compared to the previous month, and was 8.5% lower year-over-year. Truck capacity decreased 11.8% for the month, and decreased 9.0% year-over-year. As of June 16, according to DAT, "The usual late spring / early summer produce harvests are providing an expected lift, and businesses around the country are beginning to reopen, creating more demand for truckload shipments in recent weeks. But we're by no means back to business as usual. The pace of the recovery slowed last week, while the number of COVID-19 hotspots grew." (Source: DAT Trendlines www.dat.com)</p>
Refrigerated Trucking	<p>In May 2020, the load-to-truck ratio for refrigerated loads was 3.05 loads per truck up from 1.72 the previous month. In May, the national spot market reefer rate was \$2.02 per mile, up from \$1.91 the previous month. (Source: DAT Trendlines www.dat.com)</p>
Trucking Conditions Index	<p>The Trucking Conditions Index in April 2020 decreased to a reading of -28.66, reflecting the contraction due to the COVID-19 pandemic and the lowest reading in the Index's history. The previous low was -16.08 in September 2008. The only significant positive factor for the TCI was the cost of fuel; demand, utilization, and rates were extremely negative. According to FTR, "Spot market load volumes have recovered well since bottoming out in mid-April, although the recovery seems to have stalled out a bit. The unprecedented depth and speed of the contraction and the severity of disruption in supply chains and freight networks will make it difficult to assess in the short run whether higher volumes are merely temporary or part of a sustained rebound." (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i></p>
Diesel Prices	<p>As of June 15, 2020 the U.S. average diesel price was \$2.40 per gallon. The U.S. average diesel price was \$0.66 lower than the same week last year. The average price of diesel in the Lower Atlantic states was \$2.35 per gallon, \$0.60 lower than the same week last year. (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i></p>
Trucking Employment	<p>The trucking industry workforce decreased 0.1% to 1,431,600 employees total in May 2020. (Source: U.S. Bureau of Labor Statistics)</p>
Trucking Earnings and Hours	<p>The average earnings of truck transportation employees were \$26.17/hour in April 2020, up 0.2% from the previous month. The average weekly hours totaled 38.8 in April, down 4.2% from the previous month. (Source: U.S. Bureau of Labor Statistics)</p>
U.S. Truck & Trailer Orders (Class 8)	<p>Preliminary May 2020 Class 8 truck orders totaled 6,600 units, up 61% from the previous month, but 37% lower than May 2019. According to FTR, "Fleets remain reluctant to order trucks, as states extended restrictions due to COVID-19, creating additional economic turmoil. Orders are expected to continue to increase modestly, as economic activity resumes after many of the constraints are lifted." Final May 2020 net trailer orders totaled 4,300 units, up 1200% from April (April represented the lowest order month since 1990), but 64% lower than May 2019. According to FTR, "All segments except flatbeds and specialty experienced m/m order increases. It appears that fleets were still reluctant to replace old trailers in the throes of the pandemic, which crashed the economy in March. Carriers continue to monitor the freight markets closely before committing to placing orders for 2020 deliveries." (Source: FTR Transportation Intelligence ftrintel.com)</p>
Trucking News Clip	<p>Truck traffic is back to normal in many states, according to research from Samsara, a telematics and technology firm. "U.S. states have returned to above 95% of pre-COVID-19 commercial driving activity, both in terms of miles driven and vehicles on the road. States that had limited or no shelter-in-place orders are now seeing a 7% average increase in both areas," the company said in a blog post. Long-haul trucking and construction remain stable, reaching pre-COVID-19 commercial driving activity, Samsara said. Samsara's research indicates trucking is in a good position to recover, relative to other industries. The company found long-haul transportation experienced one of the quicker recoveries from the COVID-19 pandemic and related shutdowns. Given the nation's needs for goods from all parts of the country, that is not surprising. "Food and beverage and wholesale trade transportation have also essentially reached pre-COVID-19 commercial driving activity," Samsara found. (Source: Samsara, supplychaindive.com)</p>

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in April 2020 **was down 27.7% compared to April 2019**. This was due to subdued demand together with the disruption in manufacturing activity as COVID-19 reached all regions of the world. (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 June 19, 2020 the global average jet fuel price was \$45.51 per barrel; **up 30.4%** from the previous month, and **42.4% 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:

The Federal Emergency Management Agency (FEMA) is phasing out Project Airbridge, according to an announcement last week. Project Airbridge was a temporary program, under which FEMA bought dedicated cargo flights from carrier partners, transporting medical supplies from Asia to the U.S. from multiple suppliers. Traditionally, PPE would be transported to the U.S. via ocean carrier, taking 30-40 days, according to FEMA. The agency tapped private airlines to expedite the process as stocks of essential supplies began to dwindle. Instead of a month or more, the "airbridge" took two days. The project's last flight is scheduled to land in the U.S. June 30. The first Project Airbridge flight landed in New York March 29. By June 18, when FEMA announced the phaseout, the project had facilitated around 250 flights, according to the agency. FEMA's Unified Coordination Group approved the phaseout, "recognizing the PPE supply chain is stabilizing across the nation," the agency said. "Project Airbridge will remain an option" if the U.S. should need it again, FEMA's release said. The agency has a Memorandum of Agreement in place with its airline partners to help redeploy the program if needed, according to the spokesperson. (Source: FEMA, supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In April 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.61 million TEUs, a **17.0% increase** from the previous month but **7.8% lower** year-over-year. According to the NRF, "The numbers we're seeing are still below last year, but are better than what we expected a month ago. It may still be too soon to say but we'll take that as a sign that the situation could be slowly starting to improve. Consumers want to get back to shopping, and as more people get back to work, retailers want to be sure their shelves are stocked." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The June 19, 2020 SCFI comprehensive reading was \$988 per FEU, **up 15.7%** from last month. The spot rate for shipments to the U.S. East Coast was \$3,288 per FEU, **up 29.3%** 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 337,359 TEUs in May 2020, a **decrease of 0.2%** from the previous month and **9.7% lower** than May 2019. Despite the decrease, May numbers were better than expected. Throughout the COVID-19 crisis, the GPA remained open for business, implementing strategic safety practices to protect the workers and port users facilitating global commerce. Georgia export commodities from peanuts and forest products to kaolin and poultry have continued to reach their markets on time and in some cases achieving year-over-year increases in trade. (Source: GPA)

Port of Brunswick

For the fiscal year to date, GPA's container trade is slightly behind its FYTD2019 performance, at 4.1 million twenty-foot equivalent container units, a decrease of 18,670 or 0.5%. Total cargo for the period from July 2019 through May 2020 reached 34.7 million tons, an increase of nearly 350,000 or 1%. (Source: GPA)

Ocean Freight Business News:

Ocean carriers have begun reinstating blank sailings along the Transpacific route to the U.S. West Coast, but canceled trips are set to increase again in the third quarter, according to the most recent release from Sea-Intelligence. Other routes continue to see decreased capacity, but the route heading to the West Coast is seeing "a significant reduction in blank sailings." "The data ... supports the notion that the carriers had simply removed too much capacity from the West Coast trade for a period, and now need to ensure sufficient capacity is available [to] address the resultant roll-pool of cargo," Sea-Intelligence CEO Alan Murphy said in the release. "Once this is addressed, the blank sailings level is set to rise again." Sea-Intelligence also revised its carrier profitability forecast in light of rates increasing "substantially." Carriers would take home \$9 billion in profit at the current rate levels, but a rate war in the second half of the year could result in a \$7 billion loss. (Source: Sea-Intelligence, supplychaindive.com)

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 **increased 0.8%** to 1,134,600 employees total in May 2020. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$22.04/hour in April 2020, **up 5.8%** from the previous month. The average weekly hours totaled 38.1 in April, **down 4.0%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- The shift from brick-and-mortar to e-commerce operations is expected to intensify as a result of the coronavirus pandemic, which will likely cause greater investment in warehouse space because e-commerce requires three times the logistics space of traditional storefronts, according to a new report from Prologis. "Online order fulfillment requires more logistics space because 100% of inventory is stored within a warehouse (vs. store shelves), which allows for greater product variety, deeper inventory levels, space-intensive parcel shipping operations, and additional value-add activities such as processing returns," the report reads. In the U.S., e-commerce spending grew 93% year over year in May, according to a report from MasterCard. Following the pandemic and stay-at-home orders, it is a trend that experts expect to continue going forward. (Source: Prologis, MasterCard, supplychaindive.com)
- The Adams Companies announces completion of a speculative industrial building, its first in Hart County, Georgia. The 143,590 square foot Class A facility sits on a 14.8 acre tract in the Gateway Industrial Park in Hartwell, Georgia. The Industrial Park was the first project by the Joint Development Authority of Franklin, Hart, and Stephens Counties. (Source: The Adams Company)

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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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