

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 third estimate released by the Bureau of Economic Analysis in late June. With the third estimate, an upward revision to nonresidential fixed investment was offset by downward revisions to private inventory investment, personal consumption expenditures (PCE), and exports. (Source: US BEA) As of July 9, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2020 is -35.5%. 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 9.7% in May 2020 to \$54.6 billion. The declines in exports and imports that continued in May 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. In May, 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 May 2020, the U.S. imported \$166 billion of cargo, decreasing 0.8% from April, and the lowest amount since September 2010. The May import of automotive vehicles, parts, and engines (\$9.0 billion) were the lowest since February 1994. (Source: US Census)</p>
Export Volumes	<p>In May 2020, the U.S. exported \$90.0 billion of cargo, decreasing 5.8% from April, and the lowest amount since August 2009. The May exports of capital goods (\$31.5 billion) were the lowest since August 2009. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices increased 1.4% in June 2020, after increasing 0.8% in May. Both the June and May advances were driven by rising fuel prices. U.S. export prices increased 1.4% in June 2020, the largest 1-month advance for the index since a 1.5% increase in March 2011. In June, prices for both nonagricultural and agricultural exports contributed to the advance. Despite the June rise, prices for U.S. exports decreased 4.4% from June 2019 to June 2020. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America was 11.1% in June 2020, down from 13.3% in May. The last week of June was the 15th straight week in which initial unemployment claims exceeded 1 million. A record preliminary 4.8 million net new jobs were created in June 2020, much better than most economists expected. However, because of recent spikes in COVID-19 cases, businesses in many states have recently had to slow down, or even backtrack on their re-opening plans. Many workers in these states have reported that they've been laid off for a second time in just a few months. To the extent these things happened after mid-June, which many did, they're not captured in the June employment report. The unemployment rate in Georgia was 7.6% in June, down from 9.7% the previous month. (Source: AAR, US DOL, GDOL)</p>
Labor Force Participation Rate	<p>The labor force participation rate was 61.5% in June 2020, up 1.2% the previous month. The labor force participation rate for those of prime working age (25-54) was 81.5% in June, 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 2.0% in June 2020, to a reading of 102.0. According to The Conference Board, "The June increase in the LEI reflects improvements brought about by the incremental reopening of the economy, with labor market conditions and stock prices in particular contributing positively. However, broader financial conditions and the consumers' outlook on business conditions still point to a weak economic outlook. Together with a resurgence of new COVID-19 cases across much of the nation, the LEI suggests that the US economy 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 974,000 in May 2020, up 4.3% from the previous month but down 23.2% year-over-year. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 99.6 in May 2020, up 44.3% from the previous month (the highest month-over-month gain on record) and 5.1% lower year-over-year. "This has been a spectacular recovery for contract signings, and goes to show the resiliency of American consumers and their evergreen desire for homeownership," said Lawrence Yun, NAR's chief economist. "This bounce back also speaks to how the housing sector could lead the way for a broader economic recovery. More listings are continuously appearing as the economy reopens, helping with inventory choices. Still, more home construction is needed to counter the persistent underproduction of homes over the past decade." (Source: AAR, National Association of Realtors)</p>

Light Vehicle Sales

New light vehicle sales were an annualized and seasonally adjusted 13.0 million in June 2020, **up 5.7%** from the previous month. An article in the Wall Street Journal on July 1 reported that “Auto makers earlier in the spring rushed to offer recession-era discounts and financing deals, which bolstered sales of profit-rich pickup trucks and sped a rebound in retail sales as dealers got better at selling cars online....But many dealerships are running low on inventory as auto makers ramp up output after several weeks of factory downtime. Deals are drying up as car companies spend less on cash-back offers and pull back on attractive seven-year financing deals that brought customers to dealer lots during the pandemic.” (Source: AAR, WSJ) *(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 4.2%** to \$19.8 trillion in May 2020. The decrease in personal income in May primarily reflected a decrease in government social benefits to persons as payments made to individuals from federal economic recovery programs in response to the COVID-19 pandemic continued, but at a lower level than in April. (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 June 2020 were **\$524.3 billion, an increase of 7.5%** from the previous month, and **1.1% above** June 2019. Non-store retail sales were **23.5% 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 **increased to 98.1** in June 2020, **up 12.2%** from the previous month. According to The Conference Board, “Consumer Confidence partially rebounded in June but remains well below pre-pandemic levels. The re-opening of the economy and relative improvement in unemployment claims helped improve consumers’ assessment of current conditions, but the Present Situation Index suggests that economic conditions remain weak. Looking ahead, consumers are less pessimistic about the short-term outlook, but do not foresee a significant pickup in economic activity. Faced with an uncertain and uneven path to recovery, and a potential COVID-19 resurgence, it’s too soon to say that consumers have turned the corner and are ready to begin spending at pre-pandemic levels.” (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 **257.2** in June 2020, **up 0.6%** from the previous month. The gasoline index rose sharply in June after recent declines and accounted for over half of the monthly increase in the seasonally adjusted all items index. The Producer Price Index for final demand was **117.3** in June 2020, **down 0.2%** from the previous month. In June, the decrease in the final demand index is attributable to a 0.3-percent decline in prices for final demand services. In contrast, the index for final demand goods rose 0.2 percent. (Source: US Bureau of Labor Statistics)

Small Business Optimism Index

The Small Business Optimism Index was 100.6 in June 2020, **up 6.2% from the previous month**. According to the National Federation of Independent Business (NFIB), “Small businesses are navigating the various federal and state policies in order to reopen their business and they are doing their best to adjust their business decisions accordingly. We’re starting to see positive signs of increased consumer spending, but there is still much work to be done to get back to pre-crisis levels.” 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 97.5 in June 2020, **an increase of 5.4%** from the previous month and **10.8% lower year-over-year**. For the second quarter as a whole, the index fell 42.6 percent at an annual rate, its largest quarterly decrease since the industrial sector retrenched after World War II. Capacity Utilization for the industrial sector was **68.6%** in June 2020, **up 3.5%** from the previous month and **up 1.0%** from June 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 **\$1.28 trillion** in May 2020, **up 8.4% from the previous month but down 11.8% from May 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 **\$1.93 trillion** in May 2020, **down 2.3% from the previous month and down 4.8% from May of the previous year**. (Source: US Census)

Purchasing Managers Index

The National PMI **was 52.6%** in June 2020, **increasing 9.5%** from the previous month. This figure indicates expansion in the overall economy for the second straight month. New Orders **increased 24.6%** to 56.4%, and Production **increased 24.1%** to 57.3%. According to the Institute for Supply Management (ISM), "June signifies manufacturing entering an expected expansion cycle after the disruption caused by the coronavirus (COVID-19) pandemic. Comments from the panel were positive (1.3 positive comments for every one cautious comment), reversing the cautious trend which began in March. The manufacturing sector is reversing the heavy contraction of April, with the PMI® increasing month-over-month at a rate not seen since August 1980, with several other indexes also posting gains not seen in modern times." In June, 13 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 June 2020, the Southeast PMI **increased 1.7%** month-over-month to **47.6%**. New Orders in the Southeast **increased 6.8%** to 50.0% and Production **increased 14.8%** to 58.0%. In the month of June, the Southeast's PMI was **9.5% lower** than 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 61.7 in June 2020, an **increase of 7.2%** from the previous month and the **highest reading since February 2019**. According to the LMI researchers, "The reopening of the economy has clearly played a role here, with downstream firms reporting a significant surge in retail on-hand. This, combined with the already high levels of stock have driven up inventory metrics, and put an unprecedented in the history of the LMI premium on warehousing space. The readings in inventory and warehousing are continuations of trends observed last month, the major difference in June was the comeback of transportation, with both Transportation Utilization and Transportation Prices up by double digits. With the new round of COVID-19 outbreaks and the potential to re-shutter portions of the economy, whether or not this upswing will continue is anyone's guess. For the moment however, the LMI is reporting growth levels not seen since late 2018." (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

FedEx has completed the installation of four robotic sortation arms from Yaskawa America and Plus One Robotics at its Memphis Hub, according to a company announcement. The process began in March as part of the carrier's efforts to handle increased e-commerce parcel volume amid the coronavirus pandemic. The four arms use suctions to pick up and transfer small parcels from bins onto conveyor belts in the hub. Together, their throughput is equivalent to that of three FedEx employees, according to Aaron Prather, senior advisor for technology planning and research at FedEx Express. "We see automation as an opportunity to enhance our team members' jobs, make them more comfortable and easy, and above all, as safe as possible," Prather said. "Incorporating this robotic installation at the Memphis hub has given team members the opportunity to take on additional tasks within the operations." Peak season has come early for the e-commerce industry this year driven by consumers ordering goods online rather than shopping in brick-and-mortar stores. DHL said it was seeing peak season volumes as early as April, and hired additional staff in June as the volume uptick is expected to continue through the summer. (Source: supplychaindiver.com)

MULTIMODAL:

Dow Jones Transportation Index

Dow Jones Transportation Index **increased 2.3%** in June 2020, ending at a reading of 9,172. *(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 1.2%** in June 2020, ending at a reading of 4,568. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies)*

DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 127.4 in May 2020, **up 1.6%** from the previous month but **8.5% lower** than May 2019. The May increase was due to growth in rail intermodal, trucking (the largest mode), and pipeline, despite declines in rail carload, air freight and water. The May increase took place against the background of growth in several other indicators. (Source: US BTS)

Cass Freight Index

The Cass Freight Shipments Index was 0.971 in June 2020, an **increase of 3.5%** from the previous month, and a **decrease of 17.8%** year-over-year. The Cass Freight Expenditures Index was 2.386 in June, an **increase of 6.4%** from the previous month and a **decrease of 18.3%** year-over-year. According to Cass Information Systems, "We were thinking the June rebound would have been stronger, based on what we're hearing on the trucking side and what we've been seeing with respect to rail traffic and with the ISM Index now back >50. In our view, U.S. freight volumes (the amount of "stuff" moving around the country) will not return to 2019 levels until 2021 at the earliest. Given the most recent Cass readings, there is still a wide gap to bridge." (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 April soared to a reading of 41.3 , more than double March's 19.7 measure. According to FTR, "While April's SCI rating is strong, April was not necessarily as great a time to be a shipper as the result would imply because of the effects of the COVID-19 shutdowns all across the country. While the result will come down in May as capacity gets absorbed by the restart of manufacturing facilities, it will remain a good time to be a shipper through this year and into 2021." (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 \$58.1 billion in April 2020, down 41.2% from the previous month, 44.4% lower than April 2019, and the lowest amount since May 2009 . Trucks carried \$38.5 billion of transborder freight and continued to be the most heavily utilized mode for moving goods between the U.S. and other North American countries (Canada and Mexico). (Source: US BTS)
Multimodal News Clips:	A study commissioned by the Coalition Against Bigger Trucks (CABT) asserts that allowing heavier and longer trucks on U.S. roads could divert intermodal and railcar traffic from rail to truck by as much as 25% and even by as much as 60% under certain scenarios. The study, "Estimating the Rail-to-Truck Traffic Divisions Attributable to Increased Truck Size and Weight," sought to quantify how much intermodal and railcar traffic could be taken off the railroads should trucking companies be allowed to utilize longer trucks of varying lengths. It also studied how rail traffic might be affected by trucks that can handle heavier loads due to increased cargo capacity. The report concluded that how much rail volume gets diverted to trucks varies by truck configuration. An increase in allowed total gross truck weights from 80,000 to 91,000 pounds – but with no change in trailer length – is estimated to result in the diversion of 2.6 million railroad carloads and 1.8 million intermodal units annually, according to the report. (Source:americanshipper.com)

RAIL:

U.S. Freight Rail Traffic	Total originated U.S. carloads decreased 22.4% in June 2020 compared to June 2019. Average weekly total carloads in June were 198,564, the third lowest of any month in record going back to January 1988. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)
U.S. Intermodal Rail Traffic	U.S. intermodal originations were down 6.6% year-over-year in June 2020, the smallest percentage decline since January 2020 and much better than the 13.0% decline in May 2020. An average of 251,233 containers and trailers originated each week in June, the most since November 2019 . (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 June 2020 was 232.6, up 25.4% from the previous month and 39.0% 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 May 2020 decreased by 5,550 employees to 118,880 employees total. (Source: U.S. STB, AAR)
Railroad News Clips:	A majority of U.S. adults agree that the freight-rail industry is critically important to the nation's economy, according to a new poll conducted on behalf of the Association of American Railroads (AAR). Conducted by Morning Consult, the poll also found that 75 percent of respondents view the freight-rail industry as safe, AAR officials said in a press release. "While freight railroads have worked quietly behind the scenes during the pandemic, the American people have clearly recognized the hard work and dedication of railroaders has and will continue to help power our economy," said AAR President and Chief Executive Officer Ian Jefferies. As Congress considers surface transportation legislation, lawmakers should keep the public's support of freight rail in mind and "abandon any efforts that would weaken the industry's ability to serve their customers and the nation," Jefferies added. (Source:progressiverailroading.com, AAR)

TRUCKING:

Truck Tonnage Index	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 115.3 in June 2020, an increase of 8.7% from the previous month and a decrease of 1.3% from June 2019 . According to ATA Chief Economist Bob Costello, "Not surprisingly, as more states lifted restrictions in June, truck tonnage was robust. While the gain in June was the single best month since January 2013, the solid gain was not enough to put tonnage back to pre-pandemic levels, but it is close. I am hearing good anecdotal freight reports for July, but I am concerned that freight could slow as more states reinstate restrictions due to increasing Coronavirus cases." (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 June 2020 increased 82.0% compared to the previous month, and was 22.5% higher year-over-year. Truck capacity decreased 3.9% for the month, and increased 7.8% year-over-year. (Source: DAT Trendlines www.dat.com)
Refrigerated Trucking	In June 2020, the load-to-truck ratio for refrigerated loads was 5.47 loads per truck up from 3.05 the previous month. In June, the national spot market reefer rate was \$2.15 per mile, up from \$2.03 the previous month. (Source: DAT Trendlines www.dat.com)

Trucking Conditions Index	The Trucking Conditions Index in May 2020 increased to a reading of -5.19 . While much improved, May's reading is quite negative from a historical perspective. A sharp increase in freight was primarily responsible for the improvement as rates and utilization were still weak. According to FTR, "The spot market is the strongest in two years, which certainly suggests upside to our current outlook. However, the recent increases in COVID-19 cases in some large U.S. states means that we are not out the woods yet as some states are moderating their reopening and many universities and school systems remain uncertain about their plans." (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i>
Diesel Prices	As of July 13, 2020 the U.S. average diesel price was \$2.43 per gallon . The U.S. average diesel price was \$0.61 lower than the same week last year. The average price of diesel in the Lower Atlantic states was \$2.38 per gallon, \$0.55 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>
Trucking Employment	The trucking industry workforce increased 0.6% to 1,440,700 employees total in June 2020. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were \$26.10/hour in May 2020, down 0.3% from the previous month. The average weekly hours totaled 40.0 in May, up 3.1% from the previous month. (Source: U.S. Bureau of Labor Statistics)
U.S. Truck & Trailer Orders (Class 8)	Preliminary June 2020 Class 8 truck orders totaled 15,500 units, up 130% from the previous month, and 20% higher than June 2019. According to FTR, "Fleets' confidence is improving gradually, as the economy and freight markets recover from the pandemic-related restrictions. The June order volume may not be sustainable in July, however, because some of the larger fleet orders may be difficult to replicate in the short term. Order volume should exceed the 10,000-unit mark throughout the summer as freight volumes continue to improve." 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)
Trucking News Clip	The trucking industry generated \$791.7 billion in revenue in 2019, moving 11.84 billion tons of freight, according to the latest edition of American Trucking Associations' annual data compendium – ATA American Trucking Trends 2020. Other findings in the report include: In 2019, trucking's revenues accounted for 80.4% of the nation's freight bill; Trucks moved 67.7% of surface freight between the U.S. and Canada and 83.1% of cross-border trade with Mexico, for a total of \$772 billion worth of goods; There are 7.95 million people employed in trucking-related jobs, up 140,000 from the previous year. This includes 3.6 million professional drivers; Women make up 6.7% of the industry's drivers and minorities account for 41.5% of truckers. Most carriers are small companies – 91.3% of fleets operate six or fewer trucks and 97.4% operate 20 or fewer. (Source: trucking.org)

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in May 2020 was down 20.3% compared to May 2019 , a slight improvement from the 25.6% decline seen in April. While supply chains remain disrupted amid low available capacity levels, cargo load factors eased a little and belly cargo capacity increased this month, hinting that the capacity crunch seen since March may start to unwind soon. (Source: IATA.org,) <i>(Global air freight covers international and domestic scheduled air traffic.)</i>
Jet Fuel Prices	As of July 10, 2020 the global average jet fuel price was \$45.58 per barrel; up 12.7% from the previous month, and 45.0% lower year-over-year. (Source: IATA.org, platts.com) <i>(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)</i>
Air Freight News Clips:	The Federal Aviation Administration (FAA) will allow airlines to remove seats and use seat tracks to secure cargo in passenger airplanes if there are no passengers on board, according to an exemption issued by the agency earlier this month. As coronavirus cases creep up across the country, it has similarly led to another uptick in demand for personal protective equipment (PPE), according to forwarders who spoke with Supply Chain Dive. In April and May, airfreight rates skyrocketed because "everyone everywhere needed PPE yesterday," Brian Bourke, the chief growth officer at Seko Logistics, told Supply Chain Dive in an interview. But many companies were able to fill stockpiles, and last month many shippers began turning back to the slower ocean freight again for PPE shipments. "While stockpiles amassed, many are drawing down, thus creating a renewed demand for air-cargo services," Brandon Fried, the executive director for The Airforwarders Association, told Supply Chain Dive in an email. (Source: FAA, supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In May 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.53 million TEUs, a **4.8% decrease** from the previous month and **17.2% lower** year-over-year. According to the NRF, "Economic indicators show that the recession brought on by the pandemic may be easing, but retailers are being conservative with the amount of merchandise they import this year. The outlook for imports is slowly improving, but these are still some of the lowest numbers we've seen in years. U.S. imports are performing like a yo-yo, up one month and down the next with no apparent cause that can realistically point to either a crashing or booming economy. We're starting to go out to eat and buy clothing again, but how sustainable is that? The danger is that the rising number of virus infections is leading to renewed restrictions, which may cause demand to weaken again." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The July 10, 2020 SCFI comprehensive reading was \$1,033 per FEU, **up 4.6%** from last month. The spot rate for shipments to the U.S. East Coast was \$3,297 per FEU, **up 0.3%** 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 338,917 TEUs in June 2020, an **increase of 0.5%** from the previous month and **6.4% lower** than June 2019. The Port of Savannah handled 4.44 million twenty-foot equivalent container units in Fiscal Year 2020, down less than 1% compared to the previous year. Despite COVID-19 disruptions, total tons crossing all GPA docks reached a **record 37.77 million, up 0.6%**, or 223,000 tons, compared to FY2019. Container tons **grew 2%** (560,440 tons) to reach 33.5 million tons for the year, **another record**. "Cargo volume reductions related to COVID-19 were offset by the strength of our export markets and record volumes earlier in the year," said Griff Lynch, GPA's executive director. (Source: GPA)

Port of Brunswick

The GPA is upgrading Berth 2 at Colonel's Island in Brunswick for dedicated Roll-on/Roll-off service. (Source: GPA)

Ocean Freight Business News:

Until container carriers can agree on a common "business language," the electronic conveyance of important information will be lost in translation, according to Digital Container Shipping Association (DCSA) CEO Thomas Bagge. Bagge said during a World Economic Forum webinar earlier this month that DCSA's nine members — CMA CGM, Evergreen Marine, Hapag-Lloyd, HMM, Maersk, MSC, ONE, Yang Ming and ZIM — had six different definitions for what constitutes a vessel's arrival in port. The ocean container shipping industry "is using quite antiquated processes," from quoting to booking to bills of lading. "It's quite a lot of back and forth," he said. "One of our members has estimated they have about 50 email exchanges per one booking that is made." The nine companies represented by DCSA, which was founded in April 2019 to push for digitization standards, carry about 70% of the world's containerized traffic. "Each of them had over the years individually tried and individually failed and individually invested and failed again in terms of their digital transformation," said Bagge, asserting that the ocean container carriers are "still lagging behind some of the more advanced industries. Without having the proper foundation, they felt that they couldn't go any further and that's the reason why we were created in April of last year." (Source: DCSA, americanshipper.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The U.S. industrial vacancy rate in the second quarter of 2020 saw its first significant uptick coming in at **5.3%**. That vacancy rate is still 40 basis point (bps) below the five-year historical average of 5.7% for all product types. Despite vacancy increasing by 30 bps over last quarter, alleviating some—but certainly not all—of the pressure on the supply constrained markets. In the U.S., industrial vacancy rates have declined or held steady over the past year in 25 of the 80 markets tracked by Cushman & Wakefield. The vacancy rate in **Atlanta, GA was 7.0%** in Q2 of 2020. (Source: Cushman & Wakefield)

Warehouse Rent Rates

Such tight market conditions and solid demand continued to support YOY rent growth in the second quarter of 2020. U.S. industrial asking rents **increased 2.1%** from the second quarter 2019 to second quarter 2020, closing the first half of the year at \$6.58 per square foot (psf). **The average asking rent in Atlanta was \$4.44/SF in Q2 2020.** (Source: Cushman & Wakefield)

Industrial Absorption

The U.S. industrial market finished the first half of 2020 at a moderately strong pace, **absorbing 43.9 million square feet (msf)** in the second quarter bringing the mid-year total to 89.8 msf of absorption. Net occupancy growth in the first half of the year is down year-over-year (YOY) but absorption levels remained positive and will remain so heading into the second half of 2020. Despite the slow start to the year and increased concern around COVID-19 impacts, demand for industrial space won out. (Source: Cushman & Wakefield) *(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 5.3%** to 1,194,400 employees total in June 2020. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$21.98/hour in May 2020, **down 0.1%** from the previous month. The average weekly hours totaled 38.1 in May, **down 0.3%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- With peak season looming, Amazon will restrict warehouse space based on inventory productivity for third-party sellers using Amazon's fulfillment services starting Aug. 16, the company told sellers in a notice this month. Amazon has set a threshold for inventory performance under which sellers' stocks held in Amazon warehouses within the "Fulfilled by Amazon" (FBA) program will be limited. Sellers can improve their inventory productivity score by reducing excess supply and improving sell-through, according to the notice. Amazon said the majority of sellers will not be affected by the change, and inventory ceilings that do apply represent approximately three months of stock. Amazon will open 33 new fulfillment centers this year, according to the notice. "Even though it's July, we're preparing early for the holiday season to meet sustained increased demand, and have already reduced our own Retail product ordering to accommodate more of your products and help you continue to see sales growth," it reads. (Source: Amazon, supplychaindive.com)
 - Frito-Lay, a division of PepsiCo and a leading snack manufacturer, will expand its operations in the City of Perry, town of Kathleen, creating 120 new jobs and investing \$200 million in the Houston County project. This expansion will add a manufacturing line producing Frito-Lay tortilla chip products, a second line producing Baked Cheetos Puffs, strategic space for a future manufacturing line and a warehouse building to address the new manufacturing lines and future growth. (Source: Georgia.org)
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