

LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) **decreased at an annual rate of 1.6% in the first quarter of 2022** according to the "third" estimate released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 6.9%. This GDP estimate is based on more complete source data than were available for the "second" estimate issued last month. This update primarily reflects a downward revision to personal consumption expenditures (PCE) that was partly offset by an upward revision to private inventory investment. The decrease in exports reflected widespread decreases in nondurable goods. The decrease in federal government spending primarily reflected a decrease in defense spending on intermediate goods and services. The decrease in private inventory investment was led by decreases in wholesale trade (mainly motor vehicles) as well as mining, utilities, and construction (notably, utilities). The increase in imports was led by an increase in goods (notably, nonfood and nonautomotive consumer goods).

Source: Bureau of Economic Analysis

U.S. Trade Deficit

The goods and services deficit was **\$87.1 billion in April 2022, down \$20.6 billion from \$107.7 billion in March**, revised. The April decrease in the goods and services deficit reflected a decrease in the goods deficit of \$19.1 billion to \$107.7 billion, and an increase in the services surplus of \$1.5 billion to \$20.7 billion. Year-to-date, the goods and services deficit increased \$107.9 billion, or 41.1%, from the same period in 2021.

Source: Bureau of Economic Analysis

Import Volumes

April 2022 **imports were \$339.7 billion, \$12.1 billion less than March imports**. Year-over-year, imports increased \$259.2 billion or 24.3%. The April import average price per barrel of crude oil (\$94.99) was the highest since August 2014 (\$96.34). April imports of automotive vehicles, parts, and engines (\$33.7 billion) were the highest on record.

Source: U.S. Census Bureau

Export Volumes

April 2022 **exports were \$252.6 billion, \$8.5 billion more than March exports**. Year-over-year, exports increased \$151.3 billion or 18.8%. April exports to the United Kingdom (\$6.6 billion) were the highest since March 2018 (\$6.8 billion). April exports of industrial supplies and materials (\$69.6 billion) were the highest on record.

Source: U.S. Census Bureau

Import & Export Price Index

The **price index for U.S. imports rose 0.6% in May 2022**, after advancing 0.4% in April. The last monthly decline for import prices was a 0.4% decrease in December 2021. The **price index for U.S. exports increased 2.8% in May 2022** following a 0.8% rise the previous month. Higher prices for both nonagricultural and agricultural exports contributed to the U.S. export price rise in May.

Source: Bureau of Labor Statistics

Unemployment Rate

Total nonfarm payroll employment **rose by 390,000 in May 2022**, and the **unemployment rate remained at 3.6%**. Notable job gains occurred in leisure and hospitality, in professional and business services, and in transportation and warehousing. Employment in retail trade declined. **Georgia unemployment rate decreased to 3.0% for May 2022**, ranking 17th in the U.S. of states with lowest unemployment.

Source: Bureau of Labor Statistics

Labor Force Participation Rate

The labor force participation rate **increased to 62.3% for May 2022**. The labor force participation rate for those of prime working age (25-54) **also increased to 82.6% for May 2022**.

Source: U.S. Bureau of Labor Statistics (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 LEI for the U.S. **decreased by 0.4% in May 2022 to 118.3**, following a 0.4% decline in April 2022. The LEI is now down 0.4% over the six-month period from November 2021 to May 2022. According to the Conference Board, "The US LEI fell again in May, fueled by tumbling stock prices, a slowdown in housing construction, and gloomier consumer expectations. The index is still near a historic high, but the US LEI suggests weaker economic activity is likely in the near term—and tighter monetary policy is poised to dampen economic growth even further."

Source: The Conference Board (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)

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Pending Home Sales Index

Pending home sales crept higher last month, ending a six-month streak of declines. However, year-over-year contract activity slid in all four regions of the U.S. The **May 2022 PHS index inched up 0.7% to 99.9, with year-over-year transactions dropping 13.6%.** According to the National Association of Realtors, “Despite the small gain in pending sales from the prior month, the housing market is clearly undergoing a transition. Contract signings are down sizably from a year ago because of much higher mortgage rates. At the median single-family home price and with a 10% down payment, the monthly mortgage payment has increased by about \$800 since the beginning of the year as mortgage rates have climbed by 2.5 percentage points since January.”

Source: National Association of Realtors

Housing Starts

Privately-owned housing starts in **May 2022 were at a seasonally adjusted annual rate of 1,549,000.** This is 14.4% below the revised April estimate of 1,810,000 and is 3.5% below the May 2021 rate of 1,605,000. Single-family housing starts in May were at a rate of 1,051,000; this is 9.2% below the revised April figure of 1,157,000. The May rate for units in buildings with five units or more was 469,000.

Source: U.S. Census Bureau

Light Vehicle Sales

New light-vehicle sales **fell 12.6% in May 2022 to 12.7 million units and were down 24.9% from May 2021.** May 2022's sales pace was held back by limited new-vehicle inventory across the country. OEMs have also prioritized production of higher-trimmed, and thus more expensive, vehicles. In addition, OEMs cut incentive spending—already at record lows in April—further in May. According to J.D. Power, average incentive spending per unit in May 2022 is expected to be just \$965. J.D. Power expects the average transaction price in May 2022 to total \$44,832, a record for the month of May and up 15.7% year-over-year. High values for consumers' trade-ins have increased the equity they have in those vehicles and that higher equity has helped keep average new-vehicle monthly payments from increasing as much as new-vehicle transaction prices over the past year. **According to J.D. Power, the average monthly payment for a new-vehicle finance contract is expected to hit a record high of \$687, up \$90 from May 2021. That payment increase represents a year-over-year increase of 15.1%, still below the 15.7% increase year-over-year increase in transaction prices.**

Source: National Automobile Dealers Association (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

May 2022 numbers for **personal income** increased 0.5% to \$113.4 billion from the previous month. **Disposable personal income** increased \$96.5 billion (0.5%) and **personal consumption expenditures** increased \$32.7 billion (0.2%). **Personal outlays** increased \$38.3 billion in May. **Personal saving** was \$1.01 trillion in May 2022 and the **personal saving rate**—personal saving as a percentage of disposable personal income—was 5.4%.

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

Advance estimates of U.S. retail and food services sales for May 2022, seasonally adjusted, **were \$672.9 billion, a decrease of 0.3% from the previous month, but 8.1% above May 2021.** Total sales for the March 2022 through May 2022 period were up 7.7% from the same period a year ago. Retail trade sales were down 0.4% April 2022, but up 6.9% above last year. Gasoline stations were up 43.2% from May 2021, while food services and drinking places were up 17.5% from last year.

Source: U.S. Census Bureau (Non-store retail sales are measured monthly and include internet-only sales outlets as well as other direct-to-customer channels)

E-Commerce

U.S. retail e-commerce sales for the first quarter of 2022 (adjusted for seasonal variation) **was \$250.0 billion, an increase of 2.4% from the fourth quarter of 2021.** Total retail sales for the first quarter of 2022 were estimated at \$1,747.3 billion, an increase of 3.7% from the fourth quarter of 2021. The first quarter 2022 e-commerce estimate increased 6.6% from the first quarter of 2021 while total retail sales increased 10.9% in the same period. E-commerce sales in the first quarter of 2022 accounted for 14.3% of total sales.

Note: Next release for Q2 2022 – Quarterly E-Commerce Report, will be published Friday, August 19, 2022.

Source: U.S. Census Bureau (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)

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Consumer Confidence Index

This index **decreased in June 2022 to 98.7 —down 4.5 points from 103.2 in May**—and now stands at its lowest level since February 2021. Consumers' grimmer outlook was driven by increasing concerns about inflation, in particular rising gas and food prices. Purchasing intentions for cars, homes, and major appliances held relatively steady—but intentions have cooled since the start of the year and this trend is likely to continue as the Fed aggressively raises interest rates to tame inflation. Vacation plans softened further as rising prices took their toll. Looking ahead over the next six months, consumer spending and economic growth are likely to continue facing strong headwinds from further inflation and rate hikes.

Source: The Conference Board (the consumer confidence index is based on a monthly survey of 5,000 U.S. households. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer. Base year 1985=100)

Consumer & Producer Price Index

The **Consumer Price Index increased 1.0% in May 2022** on a seasonally adjusted basis after rising 0.3% in April. The increase was broad-based, with the indexes for shelter, gasoline, and food being the largest contributors. After declining in April, the energy index rose 3.9% over the month with the gasoline index rising 4.1% and the other major component indexes also increasing. The food index rose 1.2% in May as the food at home index increased 1.4%. The **Producer Price Index increased 0.8% in May 2022**, following advances of 0.4% in April and 1.6% in March. In May, nearly two-thirds of the rise in the index for final demand was due to a 1.4% advance in prices for final demand goods. The index for final demand services increased 0.4%.

Source: U.S. Bureau of Labor Statistics (the CPI measures the change in prices paid by consumer for goods and services. Base year 1999=100; the PPI measures the average price changes by producers for domestically produced goods, services, and construction. Base year 2009=100)

Small Business Optimism Index

The Small Business Optimism Index **fell 0.1 points to 93.1 in May 2022, marking the fifth consecutive month below the 48-year average of 98**. Small business owners expecting better business conditions over the next six months decreased 4 points to a net negative 54%, the lowest level recorded in the 48-year-old survey. Expectations for better business conditions have deteriorated every month since January. Inflation continues to outpace compensation which has reduced real incomes across the nation. Small business owners remain very pessimistic about the second half of the year as supply chain disruptions, inflation, and the labor shortage are not easing with 51% of owners reporting job openings that could not be filled, up four points from April. The May 2022 survey reported 39% of owners state that supply chain disruptions have had a significant impact on their business, up three points. Another 31% report a moderate impact and 22% report a mild impact. Only 8% of owners report no impact from the recent supply chain disruptions.

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Total industrial production moved up 0.2% in May 2022 from the previous month. At 105.7% of its 2017 average, total industrial production in May 2022 was 5.8% above its year-earlier level. Output has increased in every month of the year so far, with an average monthly gain of nearly 0.8%. In May, manufacturing output declined 0.1% after three months when growth averaged nearly 1%. **Capacity utilization edged up to 79.0%**, 0.5 percentage points below its long-run (1972–2021) average.

Source: The 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

The combined value of distributive trade sales and manufacturers' shipments for April 2022, (seasonally adjusted) **was estimated at \$1,813.9 billion, up 0.4% from March 2022** and was up 13.7% from April 2021. The total business **inventories/sales ratio at the end of April was 1.29**. April 2021 ratio was 1.26.

Source: U.S. Census Bureau

Manufacturing & Trade Inventory

Manufacturers' and trade inventories for April, adjusted for seasonal and trading day differences but not for price changes, **were estimated at an end-of-month level of \$2,345.1 billion, up 1.2% from March 2022** and were up 16.6% from April 2021.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The May 2022 Manufacturing PMI **registered 56.1%, an increase of 0.7 percentage points from the reading of 55.4% in April 2022**. This is the second-lowest Manufacturing PMI reading since September 2020, when it registered 55.4%. According to the Institute of Supply Management, "The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment. Despite the Employment Index contracting in May, companies improved their progress on addressing moderate-term labor shortages at all tiers of the supply chain. Slightly lower rates of quits were reported in May 2022 compared to April. Surcharge increase activity appears to be stabilizing across all industry sectors. Sentiment remained strongly optimistic regarding demand yet supply chain and pricing issues continue to remain among the industry's biggest concerns."

Source: Institute for Supply Management (The PMI combines data on new orders, production, employment, supplier deliveries, and inventory. A reading above 50 % indicates that the manufacturing economy is generally expanding.)

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Purchasing Managers Index, Services

Economic activity in the services sector grew in May for the 24th month in a row — with the Services PMI **registering 55.9%, 1.2 percentage points lower than April's reading of 55.9%**. Per the Institute of Supply Management, “Growth continues — albeit slower — for the services sector, which has expanded for all but two of the last 148 months. The sector's slowdown was due to a decline in business activity and slowing supplier deliveries. COVID-19 continues to disrupt the services sector, as well as the war in Ukraine. Labor is still a big issue, and prices continue to increase.”

Source: *Institute for Supply Management* (The PMI combines data on business activity, new orders, employment, supplier deliveries, and inventory. A reading above 50 % indicates that the manufacturing economy is generally expanding.)

Logistics Managers' Index

The **Logistics Managers' Index reads at 67.1 in May 2022, slightly above the all-time average of 65.3 for the overall index, but down considerably (-9.1) from March's all-time high reading of 76.2**. The downward shift in the index continues to be driven by a loosening in the transportation market, as more capacity comes online, and prices decrease. Despite this slowdown, the market is observing a healthy rate of growth in transportation, but one that pales in comparison to the unsustainable growth rates observed in 2021. Inventory levels are unseasonably high, packing warehouses to the gills and driving costs up for both inventory and warehousing. The warehousing sector may have had the capacity to add more jobs, but due to ongoing labor shortage, North American firms across multiple industries spent \$646 million on 11,595 robots through the first quarter of 2022. This expansion comes after an already significant 44.6% increase in 2021. Analysts predict a continued 20-30% growth of coworking robots, or “cobots”, through 2026. The consequences from the lack of warehousing capacity ripple outward throughout supply chains. Shipping containers continue to be a chokepoint as they sit on docks due to a shortage in available space. Containers are sitting for an average of six days to be picked up by rail, during normal conditions this should only be two days.

Source: *Logistics Managers' Index* (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 % indicates that logistics is expanding; a reading below 50 % is indicative of a shrinking logistics industry.)

U.S. Market News Clip

Since the beginning of the COVID-19 pandemic, experts have struggled to understand exactly what is happening with the U.S. economy. In the spring of 2020, many observers feared massive job loss and economic hardship, but robust federal stimulus helped stem the worst effects. Through much of 2021, the labor market experienced an unprecedented combination of relatively high unemployment, high numbers of job vacancies, and record numbers of job switches. Better-than-expected economic performance throughout the pandemic has given more households the means to spend on big purchases like houses or durable goods—leading to massive price increases in many categories. Looming over it all was the pandemic itself, as waves of COVID-19 could suddenly depress demand in categories like hospitality and travel or snarl the supply chains that the economy relies on.

Source: *Metro Atlanta CEO*; [link to article](#)

MULTIMODAL:

Dow Jones Transportation Average

As of June 29, 2022, the Dow Jones Transportation Average **closed at a reading of 13,280.43**.

Source: *Marketwatch* (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

As of June 29, 2022, the NASDAQ Transportation Index **closed at a reading of 5,043.64**.

Source: *Marketwatch, Inc* (A capitalization-weighted stock market index designed to measure the performance of all NASDAQ stocks in the transportation sector.)

Freight Transportation Services Index

The level of for-hire freight shipments **in April 2022 decreased 1.3% to 140.2**, lower than the all-time high level of 142.0 in August 2019. The Freight TSI decreased 0.4% in April from March due to seasonally adjusted decreases in trucking and rail carloads, while rail intermodal, air freight, water and pipeline grew.

Source: *U.S. Bureau of Transportation Statistics* (TSI is based on the amount of freight carried by the for-hire transportation industry)

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Cass Freight Index for Shipments & Expenditures

The shipments component of the Cass Freight Index increased 5.4% month-over-month in May 2022, more than recovering the 2.6% decline in April. The expenditures component of the Cass Freight Index, which measures the total amount spent on freight, fell 4.9% month-over-month in May with shipments up 5.4% and rates down 9.8%. These rates are largely mixed, with more LTL and less TL in the data set. Significant risks, such as new COVID variants, remain. Equipment capacity remains limited and could tighten further if the Russia/Ukraine war or China lockdowns worsen the chip shortage. 2022 has featured a big improvement in driver availability, and a flattening of freight demand. This is a deflationary combination, though it will take several months to filter from the spot market into contract rates. There have been tentative signs of recovering intermodal network fluidity as chassis production continues to accelerate and brisk hiring continues. Intermodal volumes continue to underperform the shipments component of the Cass Freight Index, though to a lesser degree as the latter has softened in recent months.

Source: Cass Information Systems (Based upon transportation dollars and measures the total amount spent on freight and shipments of Cass clients comprised of over 400 shipping companies)

Shippers Conditions Index

The SCI fell to a reading of -23.1 for March 2022, the most negative reading ever for the index. This followed what had been the record low in February of -17.9. The sharp decline was expected due to the record surge in diesel prices coupled with tighter capacity utilization. The near-term outlook is highly negative even before factoring in a new surge in diesel prices occurring in early May. According to FTR, "Fuel costs, labor costs, and ongoing congestion across the supply chain are going to keep the pressure high on shippers as we move into the summer months. There is little relief in sight, though there is the potential for downside economic pressure to reduce demand in the second half. But that is far from certain and also not the ideal way for shippers to experience better conditions and more capacity in their supply chains."

Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for shippers)

North American Transborder Freight

Total transborder freight between the U.S. and North American countries (Mexico and Canada) for April 2022 was valued at **\$135.3 billion, up 26.0% compared to April 2021**. Freight between the U.S. and Canada totaled \$69.1 billion. Freight between the U.S. and Mexico totaled \$66.2 billion. **Trucks moved \$79.6 billion of freight**, up 16.5% compared to April 2021. **Railways moved \$19.3 billion of freight**, up 22.6% compared to April 2021. **Vessels moved \$13.2 billion of freight**, a staggering increase of 103.07% compared to April 2021. **Pipelines moved \$12.6 billion of freight**, a significant jump of 59.49% compared to April 2021. **Air moved \$4.5 billion of freight**, up 21.95% compared to April 2021.

Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

Low chassis availability has been challenging supply chains on both U.S. coasts. "You're going to need at least double the amount of fleet you have if you're going to have consistent tripling of the street dwell time," James Segata, vice president of strategy, TRAC Intermodal said. Reasons for not returning chassis on time can be outside a trucker's control, such as when they are waiting to load or unload at warehouses or outside port terminals. But the recent supply crunch has prompted TRAC to focus on refurbishing, upgrading, and repairing unused chassis to raise its fleet utilization rate to as close to 100% as possible.

Source: Transport Dive; [link to article](#)

RAIL:

U.S. Freight Rail Traffic

U.S. railroads originated 928,742 carloads in May 2022, down 3.7%, or 35,821 carloads from May 2021. U.S. railroads also originated 1,102,558 containers and trailers in May 2022, down 4.3%, or 49,258 units, from the same month last year. Combined U.S. carload and intermodal originations in May 2022 were 2,031,300, down 4.0%, or 85,079 carloads and intermodal units from May 2021. According to the Association of American Railroads, "Rail traffic volumes in May reflected an economy that is a mixture of good and not-so-good. Auto production and auto carloads seem to be slowly recovering; crushed stone and sand and food-related volumes are showing strength while intermodal had its best month since June 2021. On the other hand, carloads of chemicals fell for the first time in more than a year in May, while grain volumes continued to be disappointing when compared to those of 2021 and the latter half of 2020."

Source: Association of American Railroads (Report includes rail car-loadings by 20 different major commodity categories)

Railroad Fuel Price Index

The index of average railroad fuel prices for May 2022 rose to 812.3. This is a month-over-month increase of 8.52%, and a year-over-year increase of 96.96%.

Source: Association of American Railroads (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)

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Class 1 Railroad Employment

Total railroad employment for **May 2022 was 115,735 workers**, an increase from 115,510 workers in April 2022.

Source: U.S. Surface Transportation Board

Railroad News Clip

The debate on whether the U.S. federal government should allow the movement of liquefied natural gas by rail could come to a head this summer, with the Pipeline and Hazardous Materials Safety Administration (PHMSA) poised to make some big decisions. By June 30, PHMSA and the Federal Railroad Administration are expected to issue their decision on whether they should temporarily suspend a 2020 rule allowing for the transport of LNG by rail via specialized tank cars while they review the impact on safety, the environment and on Native American tribes.

Source: FreightWaves; [link to article](#)

TRUCKING:

Cowen/AFS Freight Index

Steady growth in the full **truckload index is expected to slow compared to previous quarters, growing from 25.2% in Q1 to plateau at 27.1% in Q2**. Data indicates continued truckload rate-per-mile increases, though at a slower rate compared to 2021. The **LTL index is expected to reach an all-time high of 40.9% in Q2 2022** compared to the January 2018 baseline – a 4% quarter-over-quarter increase. With LTL rates at historic highs, shippers are considering alternatives like shipment consolidation, multi-stop truckload and additional warehousing solutions to help manage freight spend. **The express parcel index is forecasted to stay above the 2018 baseline, growing from 0.8% in Q1 2022 to 1.8% in Q2 2022**. The express parcel net effective fuel surcharge increased 24.7% in Q1 2022 compared with the previous quarter. The **ground parcel index is expected to reach an all-time high of 24.6% in Q2 2022**. Outside of fuel related factors, billed weight and cost per package were once again closely correlated in Q1 2022, after a long divergence that started Q3 2021.

Note: Next release for the Cowen-AFS Q2 2022 Report/Q3 2022 Forecast, will be published Friday, July 15, 2022.

Source: AFS Logistics (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

Truckload Linehaul Index

The **May 2022 index rose year-over-year to 168.6 after rising 14.1% year-over-year in April**. While truckload rates have had an extraordinary cycle, the key leading indicators have fallen sharply over the past few months. With the large declines in spot rates coming just ahead of the big spring contract season, the lead time between spot and contract may be compressed somewhat. Growing evidence of weaker goods consumption, rising services substitution, and rebuilt inventories, with some categories now overstocked, was perhaps the most impactful news in freight this month. Just as the freight plateau is being reinforced, trucking employment rose the most on record with 27,300 new jobs added in the past two months. The nearly 5% year-over-year growth rate in Transportation Employment data show a very different market balance than just six months ago.

Source: Cass Information Systems (this index is an indicator of market fluctuations in per-mile dry van truckload pricing in the U.S. and does not include other components like fuel and accessorial. Provides trends in baseline truckload prices)

Truck Tonnage Index

American Trucking Associations' advanced estimates of the For-Hire Truck Tonnage Index **increased 0.5% in May 2022 after falling 1.4% in April**. In May, the index equaled 117.1 versus 116.5 in April (revised). Per ATA, "The transition in the freight market continued in May with the index hitting the second highest level since the pandemic started. Specifically, on the market transition, this tonnage index is dominated by contract freight. The traditional spot market has slowed as freight softens, but these contract carriers are backfilling any losses in freight with loads from shippers that is reducing spot market exposure. Essentially the market is transitioning back to pre-pandemic shares of contract versus spot market. Additionally, economic indicators that are important to trucking slowed in May, including retail sales, housing starts, and manufacturing output".

Source: American Trucking Associations (Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

Truckload Freight, Van

The **spot rate (national average) for dry van freight decreased to \$2.71 for May 2022** from \$2.79 for the month of April. The national **van load-to-truck ratio for May 2022 was 4.39 a 28.36% increase** from the previous month. **Georgia's load-to-truck ratio for vans is among the highest in the country, increasing to an average reading of 5.5+ loads for every truck.**

Source: DAT Freight & Analytics

Truckload Freight, Refrigerated

For May 2022, the national load-to-truck ratio for refrigerated hauls **rose to 7.54 loads per truck, a month-over-month increase of 19.87%**. **Georgia's ratio** is among the highest in the country at an average of 12+ reefer loads per truck. The national spot market reefer rate for **May 2022 was \$3.07 per mile, an 8-cent decrease since April 2022.**

Source: DAT Freight & Analytics

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Trucking Conditions Index

The index for April 2022 rebounded to a reading of 3.21 from March when the index fell to -7.38. However, the April reading otherwise was weak for the pandemic market as it was the lowest since July 2020 aside from March's negative reading. Diesel prices in April were relatively stable, but softer capacity utilization and freight rates made for positive but lackluster market conditions for trucking companies. The outlook is mildly positive in the near term, but ongoing fuel price increases and other factors could result in further negative readings. Per FTR, "Recent strong gains in trucking's payroll employment support our analysis that freight demand has remained solid and that weaker spot market metrics this year indicate a shift of activity back to more normal route guides. Driver availability no longer is the key issue to watch in trucking conditions; increasingly, the principal question will be the resilience of freight demand. Downside risks are high and growing due to inflation and related stresses, but our forecasting model so far is not identifying a downturn."

Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of June 13, 2022, the U.S. average diesel price was \$5.71 per gallon. This is a month-over-month increase of \$0.10, and \$2.43 higher during the same week in 2021. The average price of diesel in the Lower Atlantic states was \$5.73 per gallon, \$2.55 higher than the same week last year.

Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)

Trucking Employment

May 2022 numbers (preliminary) for the trucking industry increased to 1,581,300 employees, up from 1,568,000 employees for April 2022 (revised).

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For April 2022, the average earnings (preliminary) for occupations commonly found in truck transportation were \$28.74/hour, almost a quarter dollar increase from the previous month (revised). April showed average weekly hours totaling 40.5.

Source: U.S. Bureau of Labor Statistics

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

Preliminary North American Class 8 net orders dipped in May 2022 to the lowest total since November 2021 at 13,300 units. May order activity was down 13% month-over-month and down 43% year-over-year. Class 8 orders have totaled 270,000 units over the last twelve months. According to FTR, "OEMs are quickly running out of build slots for 2022 and with production still constrained by the supply chain, especially semiconductors, they cannot increase build rates this year. OEMs are not booking many orders for 2023 because the cost of commodities and other components are inflated and variable, making accurate quoting difficult. Orders could even slide under 10,000 in the summer months before the cycle begins for next year. Demand for new trucks remains healthy. Freight is growing and fleets need more trucks to keep up with customer demands and to trade in older vehicles. The supply of new trucks has been running way behind demand for over a year now and many fleets need to catch up to their replacement cycles."

Source: FTR Transportation Intelligence

Trucking News Clip

A 'Great Purge' is pushing small truckers out of business at an unprecedented rate. It's not an ideal situation for America's 2 million truck drivers. Too many truck drivers for the amount of work available means lower and lower pay. During the last major trucking recession in 2019, hundreds of trucking companies declared bankruptcy, unable to cover the costs of running a trucking company with deflating rates. In May, net motor carrier revocations hit a record high, according to an analysis of federal data by FTR Transportation Intelligence. January and March of this year were the previous records.

Source: FreightWaves; [link to article](#)

AIR FREIGHT:

Air Cargo Traffic

April 2022 industry-wide cargo tonne-kilometers (CTKs) were 11.2% lower than the same time a year ago, and 2.7% below the level seen in March 2022, signaling a continuation of supply chain and capacity issues that are impacting air cargo operations. The main reasons behind the downturn are the Omicron wave spreading in China and the ongoing Ukraine-Russia war, both of which cause supply chain and capacity issues that are limiting the movement of air cargo. Aside from these extraordinary events, airlines are adding to their air cargo capacity despite widespread inflation, pointing to a degree of optimism amidst the challenges. The coming months will be critical in terms of how the various factors influencing air cargo will evolve.

Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)

LOGISTICS MARKET SNAPSHOT

JUNE 2022

Jet Fuel Prices

As of June 25, 2022, the global average jet fuel price is **\$172.73/bbl**, a **9.3% increase versus 1 month ago** and 117.0% higher than the same period last year.

Source: International Air Transport Association (the weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)

Air Freight News Clip

The Federal Aviation Administration allocated \$20.2 million for five airport projects in Georgia. The money is part of the second round of the 2022 Airport Improvement Program, a \$518 million nationwide program for airport infrastructure projects. The money for The Peach State includes nearly \$13.4 million for the Georgia State Block Grant Program. The money goes to the Georgia Department of Transportation for improvements at nonprimary general aviation airports. In May, as part of the first round of AIP grants, the FAA announced more than \$15 million for the Georgia State Block Grant Program for runway rehabilitation and safety improvement initiatives.

Source: The Center Square; [link to article](#)

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of June 25, 2022, the SCFI comprehensive reading was **\$4,216.13 per FEU**.

Source: Shanghai Shipping Exchange (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.)

Georgia Ports Authority

The Georgia Ports Authority moved an all-time high 519,390 twenty-foot equivalent container units in May 2022, breaking the previous record of 504,350 TEUs set in October 2021. GPA's May volumes grew by 8.5%, or 40,770 TEUs, compared to the same month last year. In addition to the container trade, GPA achieved a 28% increase in breakbulk cargo for the month. Breakbulk commodities including iron and steel, rubber, and forest products reached 320,722 tons in May 2022, up 70,780 tons. The Port of Savannah completed 327,400 truck gate moves in May, counting loaded import and export containers, as well as the movement of empty chassis. Per GPA, "Thanks to the flexibility of motor carriers taking advantage of night gate hours, Garden City Terminal facilitated more than 15,000 truck moves between the hours of 7 p.m. and 11 p.m. last month, up from just over 10,000 in April." Another 48,000 containers (approximately 88,000 TEUs) moved by rail in May.

Source: Georgia Ports Authority

Ocean Freight News Clip

Industry groups lauded the passage of the Ocean Shipping Reform Act of 2022, which lawmakers say will reduce shipping costs and empower the Federal Maritime Commission to crack down on unscrupulous shipping practices. The House voted 369-42 to send the bill to the president's desk. President Joe Biden is expected to sign the measure, according to the Agriculture Transportation Coalition.

Source: Transport Dive; [link to article](#)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The U.S. industrial vacancy rate—**already at an all-time low**—declined further to **3.3% at the end of Q1 2022**. This is the fourth straight quarter in which a new record low for vacancy was achieved, surpassing last quarter's 3.5%. The vacancy rate is now 260 bps below the 10-year historical average of 5.9% with every region in the U.S. reporting sub-4% vacancy for the first time ever. **Savannah continues to be one of the tightest U.S. markets, with a reported vacancy rate of 0.5%**, compared to 3.5% during the same period last year. **Atlanta reports a vacancy rate of 3.2%** for Q1 2022, compared to 5.0% in Q1 2021.

Note: Next release for Q2 2022 – U.S. National Industrial Vacancy, will be published Thursday, July 7, 2022.

Source: Cushman & Wakefield

Warehouse Rent Rates

The on-going tight market conditions and aggressive competition for space saw another quarter of rent growth in Q1 2022, increasing 15.2% year-over-year. **At \$7.89 per square foot (psf), Q1 2022 is fast approaching the \$8 psf mark for the first time in U.S. history.** Warehouse/distribution rents rose 15.7% during the same period to \$7.24 psf. This is the first time that overall net asking rents for warehouse/ distribution space surpassed the \$7 psf mark. **The average asking rent in Savannah** rose to \$5.88 psf in Q1 2022, up from \$5.56 the previous quarter. **For Atlanta, the average rate for Q1 2022 jumped** nearly a half dollar to \$6.71, up from \$6.29 psf (revised) in Q4 2021.

Note: Next release for Q1 2022 - U.S. National Asking Rents, will be published Thursday, July 7, 2022.

Source: Cushman & Wakefield

LOGISTICS MARKET SNAPSHOT

JUNE 2022

Industrial Absorption

The U.S. industrial market started off the year strong with demand outpacing supply for the sixth consecutive quarter. Though the first quarter of the year is traditionally slower, **the market absorbed over 108.7 million square feet (msf) in Q1 2022—up 7.8% over the 100.8 msf reported Q1 2021.** Of the 81 industrial markets tracked, 31 markets had more than 1.0 msf of positive net absorption and six markets posted over 5.0 msf of positive absorption in the first quarter alone. **New leasing activity surpassed 200 msf for the sixth quarter in a row as well.** (Prior to the last six quarters, 200 msf of leasing activity in a single quarter had never been achieved.) Such figures could put the market on pace to see another year of new leasing activity surpassing 700 msf which happened for the first time ever in 2020. Nearly half of the U.S. markets tracked—39 out of 81—posted year-over-year increases in new leasing activity.

Note: Next release for Q1 2022 – U.S. National Industrial Absorption, will be published Thursday, July 7, 2022.

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

Preliminary May 2022 numbers for the warehousing industry workforce comes in at **1,801,400 employees, an increase from 1,783,700 employees** for April 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

April 2022 average hourly earnings in the warehousing and storage subsector **increased to \$22.23/hour (preliminary) from last month's rate of \$22.17/hour (revised).** The **average weekly hours were 38.6** for April 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

Prologis has agreed to buy Duke Realty for \$26 billion, concluding a protracted courtship that saw the Indianapolis-based company rebuff repeated overtures from its fellow giant industrial REIT. Duke Realty owns about 14 million square feet of industrial space in Atlanta, according to its website. Last month, the company pre-leased about 113,000 square feet of speculative industrial space near Savannah to touch screen manufacturer Newline Interactive. The acquisition will add to Prologis' existing Atlanta portfolio, which includes 170 warehouses that total 31 million square feet of space. The combination, which takes a major competitor off the board, creates an industrial real estate powerhouse with more than 150 million square feet of space with another 11 million square feet under development.

Source: Atlanta Business Chronicle; [link to article](#)

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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's logistics team please contact:

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