

LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) **decreased at an annual rate of 0.9% in the second quarter of 2022** according to the "advance" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 1.6%. The decrease in real GDP reflected decreases in private inventory investment, residential fixed investment, federal government spending, state and local government spending, and nonresidential fixed investment that were partly offset by increases in exports and personal consumption expenditures (PCE). Imports, which are a subtraction in the calculation of GDP, increased.
Source: Bureau of Economic Analysis

U.S. Trade Deficit

The goods and services deficit was **\$85.5 billion in May 2022, down \$1.1 billion from \$86.7 billion in April**, revised. The April decrease in the goods and services deficit reflected a decrease in the goods deficit of \$2.9 billion to \$105.0 billion and a decrease in the services surplus of \$1.7 billion to \$19.4 billion. Year-to-date, the goods and services deficit increased \$126.5 billion, or 38.4%, from the same period in 2021.
Source: Bureau of Economic Analysis

Import Volumes

May 2022 **imports were \$341.4 billion, \$1.9 billion more than April imports**. Year-over-year, imports increased \$323.6 billion or 24.0%. The May import average price per barrel of crude oil (\$98.99) was the highest since October 2013 (\$99.96). April imports from the European Union (\$49.0 billion) were the highest on record.
Source: U.S. Census Bureau

Export Volumes

May 2022 **exports were \$255.9 billion, \$3.0 billion more than April exports**. Year-over-year, exports increased \$197.1 billion or 19.4%. May exports to Mexico (\$28.9 billion) were the highest on record. May petroleum exports (\$27.7 billion) were the highest on record.
Source: U.S. Census Bureau

Import & Export Price Index

Prices for U.S. **imports increased 0.2% in June 2022** following a 0.5% advance the previous month. Higher import fuel prices in June more than offset lower nonfuel prices. Prices for U.S. imports advanced 10.7% over the past year. Prices for U.S. **exports rose 0.7% in June 2022**, after advancing 2.9% the previous month. Higher nonagricultural prices in June more than offset lower agricultural prices. U.S. export prices increased 18.2% from June 2021 to June 2022.
Source: Bureau of Labor Statistics

Unemployment Rate

For June 2022, total nonfarm payroll employment **rose by 372,000** and the **unemployment rate held steady at 3.6%**. Notable job gains occurred in professional and business services, leisure and hospitality, and health care. **Georgia unemployment rate decreased to 2.9% for June 2022**, ranking 18th in the U.S. of states with lowest unemployment.
Source: Bureau of Labor Statistics

Labor Force Participation Rate

The labor force participation rate **decreased to 62.2% for June 2022**. The labor force participation rate for those of prime working age (25-54) **also decreased to 82.3% for June 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 0.8% in June 2022 to 117.1** after declining by 0.6% in May 2022. The LEI was down by 1.8% over the first half of 2022, a reversal from its 3.3% growth over the second half of 2021. Per The Conference Board, "The US LEI declined for a fourth consecutive month suggesting economic growth is likely to slow further in the near-term as recession risks grow. Consumer pessimism about future business conditions, moderating labor market conditions, falling stock prices, and weaker manufacturing new orders drove the LEI's decline in June. The coincident economic index which rose in June suggests the economy grew through the second quarter. However, the forward-looking LEI points to a U.S. economic downturn ahead. A U.S. recession around the end of this year and early next is now likely."
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

Following a slight increase in May 2022, **pending home sales decreased 8.6% to 91.0 in June 2022** as escalating mortgage rates and housing prices impacted potential buyers. All four major regions posted month-over-month and year-over-year declines, the largest of which occurred in the West. According to NAR, “Buying a home in June was about 80% more expensive than in June 2019. Nearly a quarter of buyers who purchased a home three years ago would be unable to do so now because they no longer earn the qualifying income to buy a median-priced home today. Contract signings to buy a home will keep tumbling down as long as mortgage rates keep climbing, as has happened this year to date. There are indications that mortgage rates may be topping or very close to a cyclical high in July. If so, pending contracts should also begin to stabilize.”

Source: National Association of Realtors

Housing Starts

Privately-owned housing starts in June 2022 were at a seasonally adjusted annual rate of 1,559,000. This is 2.0% below the revised May estimate of 1,591,000 and is 6.3% below the June 2021 rate of 1,664,000. **Single-family housing starts in June 2022 were at a rate of 982,000;** this is 8.1% below the revised May figure of 1,068,000. The June 2022 rate for units in buildings with five units or more was 568,000.

Source: U.S. Census Bureau

Light Vehicle Sales

New light-vehicle sales **in June 2022 were down year-over-year but up slightly from last month. June 2022's SAAR of 13 million units was down 16% compared with June 2021 but up 2.3% compared with May 2022.** June's sales brought the second-quarter SAAR to a total of 13.4 million units—a decrease from the first quarter's 14.1 million. Demand is still outpacing supply, and a lack of inventory continues to be the biggest factor limiting sales. According to Wards Intelligence, **inventory at the start of June 2022 was down 25% year-over-year and was less than a third of the pre-pandemic level.** Given the tight inventory situation, manufacturers further reduced incentive spending in June, with average incentive spending per unit expected to total just \$930, down 59.4% from June 2021. With OEMs still prioritizing the production of higher-trimmed, more-expensive vehicles, the average transaction price is expected to set an all-time record in June likely totaling \$45,844—a 14.5% year-over-year increase. **Current expectations show that consumers' average trade-in equity will total a record-high \$10,381 - an increase of 49.2% compared with a year ago.** Numerous other supply chain disruptions have limited OEM production, and many OEMs continue to nearly complete their vehicles and park them while they await chips. Unfortunately, these supply chain issues will continue to limit new-vehicle production, inventory, and sales levels for the rest of the year.

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

Personal income increased \$133.5 billion, or 0.6% in June 2022 from May 2022. Disposable personal income (DPI) increased \$120.4 billion (0.7%) and personal consumption expenditures (PCE) increased \$181.1 billion (1.1%). Personal outlays increased \$186.5 billion in June 2022. Personal saving was \$944.5 billion in June and the personal saving rate—personal saving as a percentage of disposable personal income—was 5.1%.

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 June 2022, seasonally adjusted, **were \$680.6 billion, an increase of 1.0% from the previous month, and 8.4% above June 2021.** Total sales for the April 2022 through June 2022 period were up 8.1% from the same period a year ago. Retail trade sales were up 1.0% from May 2022, and up 7.7% above last year. Gasoline stations were up 49.1% from June 2021, while food services and drinking places were up 13.4% 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

Following a larger decline in June, the CCI **decreased in July 2022 and now stands at 95.7, down 2.7 points from 98.4 in June**. According to The Conference Board, “Confidence fell for a third consecutive month in July as concerns about inflation—rising gas and food prices, in particular—continued to weigh on consumers. As the Fed raises interest rates to rein in inflation, purchasing intentions for cars, homes, and major appliances all pulled back further in July. Looking ahead, inflation and additional rate hikes are likely to continue posing strong headwinds for consumer spending and economic growth over the next six months.”

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. Base year 1985=100)

Consumer & Producer Price Index

The **Consumer Price Index increased 1.3% in June 2022** on a seasonally adjusted basis after rising 1.0% in May. The increase was broad-based, with the indexes for gasoline, shelter, and food being the largest contributors. The energy index rose 7.5% over the month and contributed nearly half of the all items increase, with the gasoline index rising 11.2% and the other major component indexes also rising. The food index rose 1.0% in June, as did the food at home index. The **Producer Price Index increased 1.1% in June 2022** (seasonally adjusted). This rise followed advances of 0.9% in May and 0.4% in April. On an unadjusted basis, final demand prices moved up 11.3% for the 12 months ending in June, the largest increase since a record 11.6% jump in March 2022.

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 **dropped 3.6 points in June to 89.5**, marking the sixth consecutive month below the 48-year average of 98. **Small business owners expecting better business conditions over the next six months decreased seven points to a net negative 61%, the lowest level recorded in the 48-year survey**. Expectations for better conditions have worsened every month this year. Inflation continues to be a top problem for small businesses with 34% of owners reporting it was their single most important problem in operating their business, an increase of six points from May and the highest level since quarter four in 1980. According to NFIB, “As inflation continues to dominate business decisions, small business owners’ expectations for better business conditions have reached a new low. On top of the immediate challenges facing small business owners including inflation and worker shortages, the outlook for economic policy is not encouraging either as policy talks have shifted to tax increases and more regulations”. Fifty-one percent of owners reported capital outlays in the last six months, down two points from May. Of those making expenditures, 37% reported spending on new equipment, 23% acquired vehicles, and 14% improved or expanded facilities. Five percent acquired new buildings or land for expansion and 13% spent money for new fixtures and furniture.

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Total **industrial production declined 0.2% in June 2022** but advanced at an annual rate of 6.1% for the second quarter as a whole. Manufacturing output declined 0.5% for a second consecutive month in June; even so, it rose at an annual rate of 4.2% in the second quarter. **Capacity utilization decreased 0.3 percentage points in June 2022 to 80.0%**, a rate that is 0.4 percentage points above its long-run 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 May 2022, adjusted for seasonal and trading day differences but not for price changes, **was estimated at \$1,829.1 billion, up 0.7% from April 2022** and was up 14.4% from May 2021.

Source: U.S. Census Bureau

Manufacturing & Trade Inventory

Manufacturers’ and trade inventories for May 2022 (seasonally adjusted) **were estimated at an end-of-month level of \$2,381.9 billion, up 1.4% from April 2022** and were up 17.7% from May 2021. The total **business inventories/sales ratio based on seasonally adjusted data at the end of May was 1.30**. The May 2021 ratio was 1.27.

Source: U.S. Census Bureau

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Purchasing Managers Index, Manufacturing

The **June 2022 Manufacturing PMI registered 53%, down 3.1 percentage points from the reading of 56.1% in May 2022.** This figure indicates expansion in the overall economy for the 25th month in a row after a contraction in April and May 2020. This is the lowest Manufacturing PMI reading since June 2020, when it registered 52.4%. According to the Institute of Supply Management, “The U.S. manufacturing sector continues to be powered — though less so in June — by demand while held back by supply chain constraints.” Companies improved their progress on addressing moderate-term labor shortages at all tiers of the supply chain. Panelists reported lower rates of quits compared to May. Prices expansion slightly eased for a third straight month in June, but instability in global energy markets continues. Sentiment remained optimistic regarding demand, although businesses continue to note supply chain and pricing issues as their 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.)

Purchasing Managers Index, Services

Economic activity in the services sector grew in **June 2022 for the 25th month in a row — with the Services PMI registering 55.3%, 0.6 percentage points lower than May’s reading of 55.9%. This is the lowest reading since May 2020 (45.2%).**

According to the Institute of Supply Management, “Services businesses continue to struggle to replenish inventories, indicating that inventories are in ‘too low’ territory and insufficient for current business requirements. Growth continues — albeit slower — for the services sector, which has expanded for all but two of the last 149 months. The slight slowdown in services sector growth was due to a decline in new orders and employment. Logistical challenges, a restricted labor pool, material shortages, inflation, the coronavirus pandemic and the war in Ukraine continue to negatively impact the services sector.”

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 65.0 for June 2022, down 2.1 points from the May reading** and slightly below the all-time average of 65.3. While this does still represent a healthy rate of expansion in the logistics industry, it is a stark contrast from three months ago when the index hit an all-time high reading of 76.2. The steep decline is reflective of what we have seen in the overall economy in the last three months, moving from the record-setting expansion of the last 18 months to the greatly subdued level of growth observed throughout Q2. The slowdown in the rate of expansion is the product of the continued slowdown in the transportation market. However, the overall logistics industry continues to expand, driven primarily by high levels of inventory growth and the associated costs. While transportation capacity has now expanded for two consecutive months (although at a slower pace in June than in May), warehousing capacity continues to contract -- the slight expansion observed in the back half of May did not translate to further growth in June.

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

A key report this month could show the US economy technically entered a recession last quarter. But the nation’s ports tell a different story. The persistent deluge of imports — which is also playing out at other key US container ports such as Los Angeles and Savannah, Georgia — is one reason logistics experts remain cautious about the state of the U.S. supply chain, even though ports no longer face the backlogs of last fall. Throngs of 18-wheelers are the clearest sign of brisk activity at the Port Newark-Elizabeth marine terminals in northern New Jersey, defying talk of a US economic slowdown.

Source: Digital Journal; [link to article](#)

MULTIMODAL:

Dow Jones Transportation Average

As of July 27, 2022, the Dow Jones Transportation Average **closed at a reading of 13,847.01.**

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 July 27, 2022, the NASDAQ Transportation Index **closed at a reading of 5,390.03.**

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

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Freight Transportation Services Index

The level of for-hire freight shipments in **May 2022 was 140.1, 1.3% below the all-time high level of 142.0** in August 2019 (the April index was revised to 139.7 from 140.2). The Freight TSI increased 0.3% in May 2022 from April due to seasonally adjusted increases in trucking, rail carloads, and rail intermodal. Air freight, water and pipeline declined.

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

Cass Freight Index for Shipments & Expenditures

The shipments component of the Cass Freight Index declined 2.3% on a year-over-year basis in June 2022, similar to the 2.7% year-over-year decline in May 2022. Month-to-month changes saw a decline of 2.6%. Although effects from China lockdowns were likely slight in June, the shipments component has now been down 4 of 6 months this year on a year-over-year basis. That includes January, which was impacted significantly by Omicron, but there has not been much follow through on the rebound. **The expenditures component of the Cass Freight Index rose 8.8% month-over-month in June 2022 to a new record**, with shipments down 2.6% and rates up 11.7%. The expenditures portion of the Cass Freight Index was still 25% higher than year-ago levels in June, and there was more truckload in the mix in June and more less-than-truckload (LTL) in May.

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 in May 2022 to a -6.2 reading. After relatively stable diesel prices in April, large increases in May coupled with tighter capacity utilization led to tougher market conditions despite some rate relief. The outlook for the SCI is for little change as utilization and rates are expected to remain mildly unfavorable for shippers. Occasional positive readings are possible depending on changes in fuel costs and market dynamics. Per FTR, "There is a lot of uncertainty in the weeks and months ahead as congestion remains a front burner issue for anyone moving freight through the port and rail supply chain. There is no easy solution to the congestion woes facing the ports and rail carriers, and it is unlikely to improve meaningfully before the peak season ramps up."

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 May 2022 was valued at \$139.4 billion, up 28.3% compared to May 2021.** Freight between the U.S. and Mexico totaled \$68.4 billion. Freight between the U.S. and Canada totaled \$71.0 billion. **Air moved \$4.7 billion of freight, up 4.4% compared to May 2021. Pipelines moved \$13.7 billion of freight, up 98.5% compared to May 2021. Railways moved \$19.3 billion of freight, up 21.0% compared to May 2021. Trucks moved \$82.1 billion of freight, up 20.7% compared to May 2021. Vessels moved \$14.2 billion of freight, up 71.0% compared to May 2021.**

Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

Although there have been colossal highs and lows in the North American intermodal sector of late, the Intermodal Association of North America (IANA) forecasters see what Class I intermodalists see. Citing growing transloads and tight trucking conditions that contribute to truck traffic conversions to rail, they expect 2022 domestic container volume to rise 6.4% compared with 2021's total. A greater share of imports will flow to East and Gulf coast ports, and a larger amount of transloaded freight will move in domestic containers off the West Coast, association officials project.

Source: Progressive Railroading; [link to article](#)

RAIL:

U.S. Freight Rail Traffic

U.S. railroads **originated 1,157,555 carloads in June 2022, down 1.5%, or 17,970 carloads, from June 2021.** U.S. railroads also **originated 1,323,119 containers and trailers in June 2022, down 4.6%, or 63,483 units, from the same month last year.** Combined U.S. carload and intermodal originations in June 2022 were 2,480,674, down 3.2%, or 81,453 carloads and intermodal units from June 2021. Per the Association of American Railroads, "As conjecture grows about the direction of the U.S. economy, June rail traffic doesn't offer definitive answers on whether a recession is looming or not. Like many other economic indicators today, rail traffic is a mix of red, yellow, and green with some traffic lines, such as automotive, providing generally positive indicators while others, such as chemicals, being a bit more subdued than they were earlier in the year."

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 **June 2022 rose to 865.9.** This is a month-over-month increase of 6.6%, and a year-over-year increase of 102.5%

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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Total railroad employment for **June 2022 was 116,251 workers**, an increase from 115,771 workers in May 2022 (revised).

Class 1 Railroad Employment

Source: U.S. Surface Transportation Board

Railroad News Clip

Major railroads will be required to maintain two-person crews under a new rule announced Wednesday that will thwart industry efforts to cut crews down to one person. The Federal Railroad Administration said in a rule published in the Federal Register that railroads will be required to continue using two-person crews in most circumstances as they haul all kinds of cargo, including hazardous materials, across the country. But there will be an exception to allow short-line railroads that have already been using one-man crews to continue using them and railroads can apply for permission to use smaller crews if they can prove it is safe.

Source: ABC News; [link to article](#)

TRUCKING:

Cowen/AFS Freight Index

Truckload (TL) rates declined in Q2:2022 by 5.2% quarter-over-quarter, however, the year-over-year increase of 14.5% illustrates that the industry remains robust. Price and distance remained strongly correlated in Q2:2022, and the overall miles per shipment decreased by 6.7% compared to the previous quarter, likely due to inventory build-up and loosening port congestion. **Average LTL shipment weight continued its downward trend in 2022, yet LTL Cost Per Shipment skyrocketed, increasing by 6.8% quarter-over-quarter** due to higher fuel prices in Q2:2022. Among major LTL carriers, the average fuel surcharge increased to 47.6% in Q2:2022, from 34% in Q1:2022. In addition to fuel, higher-than-normal accessorial increases, such as excessive length charges, drove higher costs as carriers priced to avoid moving undesirable freight. **Ground parcel rates showed a continued increase since January 2022** due to higher fuel surcharges, higher average billed weight, and good general rate increase (GRI) retention. Fuel surcharges in ground parcel more than doubled year-over-year, far outpacing the 69% increase in on-highway diesel fuel rates on which they are based. On a quarter-over-quarter basis, **express parcel rates grew 7.9% from Q1:2022**, driven by fuel surcharge increases, weight, service mix, and the continued impact of the 2022 GRI. Fuel surcharges more than tripled on a year-over-year basis, far outpacing the 125% increase of the USGC Kerosene-type Jet Fuel rates on which they are based.

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

Truckload Linehaul Index

The Cass Truckload Linehaul Index, which measures market fluctuations in per-mile truckload linehaul rates, **rose 11.6% year-over-year in June 2022 to 165.7** after rising 13.2% year-over-year in May 2022. Similar to what has occurred in the spot market, the surge in fuel costs to shippers, which are excluded from this index, will also likely act as a brake on linehaul rates. After an extraordinary truckload rate cycle, the market balance has shifted, with capacity now growing briskly and demand falling, which will limit further upside in this index and likely press it lower in the coming months.

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 accessories. Provides trends in baseline truckload prices)

Truck Tonnage Index

American Trucking Associations' advanced seasonally adjusted **For-Hire Truck Tonnage Index increased 2.7% in June 2022 after rising 0.3% in May**. In June, the index equaled 120.1 versus 116.9 in May. According to ATA, "The transition in the freight market from spot back to contract continues. The tonnage index is dominated by contract freight, so while the spot market has slowed as freight softens, contract carriers are backfilling those losses with loads from shippers reducing spot market exposure. Essentially, the market is transitioning back to pre-pandemic shares of contract versus spot market."

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 \$2.68 for June 2022**, down from \$2.71 in May 2022. The national **van load-to-truck ratio for June 2022 was 3.88, a 11.6% decrease** from the previous month. **Georgia's load-to-truck ratio for vans is among the highest in the country, remaining at an average reading of 5.5+ loads for every truck.**

Source: DAT Freight & Analytics

Truckload Freight, Refrigerated

For June 2022, the national load-to-truck ratio for refrigerated hauls **fell to 7.03 loads per truck, a month-over-month decrease of 6.76%**. **Georgia's ratio** remains among the highest in the country at an average of 12+ reefer loads per truck. The national spot market reefer rate **for June 2022 was \$3.04 per mile, a 3-cent decrease since May 2022.**

Source: DAT Freight & Analytics

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Trucking Conditions Index

The Trucking Conditions Index for **May 2022 fell back into negative territory with a -0.3 reading from 3.21 in April 2022**. Sharp increases in diesel prices during May offset slightly improved freight market conditions for carriers. Freight demand, capacity utilization, and freight rates were slightly stronger in May but together were unable to diminish the negative impact of then-record diesel prices during the month. According to FTR, “Upward pressures on trucking conditions are largely history at this point. The question now is how high and strong of a floor remains. Employment data from recent months suggest that drivers are readily available for larger carriers, although much of that growth surely is coming at the expense of very small carriers that are failing due to record diesel prices – at least until recent weeks – and normalizing spot rates. Meanwhile, despite soaring inflation and other worries, consumer spending and industrial production have remained surprisingly healthy. Driver capacity has faded as a wild card as the resilience of freight demand has taken its place.”

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

Diesel Prices

As of July 25, 2022, the **U.S. average diesel price was \$5.26 per gallon**. This is a month-over-month decline of \$0.52 and \$1.92 higher during the same week in 2021. The average price of diesel in the **Lower Atlantic states was \$5.15 per gallon**, 54 cents cheaper month-over-month and \$1.94 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

June 2022 numbers (preliminary) for the trucking industry **increased to 1,589,500 employees**, up from 1,585,200 employees for May 2022 (revised).

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For May 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$28.12/hour, a jump of \$0.83** from the previous month of (revised). April 2022 showed **average weekly hours totaling 42.3**.

Source: U.S. Bureau of Labor Statistics

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

Preliminary North American Class 8 net orders for **June 2022 rose modestly to 15,000 units**. Orders continue to be subdued, as 2023 build slots remain restricted due to limited visibility into future conditions surrounding material costs and lead times. **June activity was up 13% from May 2022 and down 36% year-over-year**. OEMs are quickly running out of build slots in 2022. OEMs are still working to increase build rates; however, semiconductors, tires, and other key components remain in short supply and continue to limit production. According to FTR, “The June number is positive in the sense that all OEMs entered orders indicating some optimism about improved future supply chain performance. The current order volume still understates the tremendous demand for new trucks. OEMs are delaying entering these orders until they know how many they will be able to build each month. Supply chain delays continue to constrain build rates. As a result of replacement demand, fleets still need a considerable number of new trucks right now. Industry capacity remains extremely tight, resulting in elevated freight rates. The carriers have freight to haul and funds available for new trucks, but OEMs remain limited due to parts shortages.”

Source: FTR Transportation Intelligence

Trucking News Clip

The Safe Driver Apprenticeship Pilot Program would allow select drivers between 18 and 20 years old to operate in trucking interstate commerce while the government collects safety data on the impacts. Most U.S. states already let drivers younger than 21 obtain commercial driver's licenses and operate heavy-duty vehicles within their states. But the Federal Motor Carrier Safety Administration (FMCSA) does not permit those same drivers to cross state lines. Some truck safety and insurance groups are questioning the merits of the federal under-21 commercial driver apprenticeship program. Trucking industry groups, however, are backing the pilot program in comments submitted to the Federal Register this summer.

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

AIR FREIGHT:

Air Cargo Traffic

Industry-wide wide cargo tonne-kilometers for **May 2022 were down 8.3% year-over-year**. This is a slight improvement on the **April decline of 9.1% from the same time last year**, signaling a modest easing of supply chain and capacity issues that are impacting air cargo operations. Disruptions to supply still exist though the situation has improved significantly. Notably, the lockdowns in China due to the Omicron wave have been eased. While other regions experienced some contraction in volumes, carriers in Asia Pacific have countered earlier declines with a 3.1% increase in May 2022 compared with April 2022. The coming months will see, on the one hand, capacity constraints easing as some regions bring capacity online and, on the other hand, downward pressure on demand will likely increase as inflation remains elevated.

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

LOGISTICS MARKET SNAPSHOT

JULY 2022

As of July 22, 2022, the global average jet fuel price ended at **\$138.39/bbl**, a **19.9% decrease versus 1 month ago** and 74.0% higher than the same period last year.

Jet Fuel Prices

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 amount of global air shipments declined during the prior two months in line with slower economic growth and seasonal patterns, while a surprisingly muted post-shutdown recovery of Chinese manufacturing has dampened potential rate increases, according to new market data. More recent indicators, however, suggest the slack period could end soon. Air cargo volumes have now dropped for four consecutive months after huge gains in 2021 relative to 2020 and pre-pandemic levels. The International Air Transport Association reported Thursday that cargo volume shrank 8.3% in May compared to the unusually strong 2021. That was an improvement from the 9.1% negative growth in April — a figure the group revised upward after initially calculating an 11.2% decline for the month.

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

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of July 22, 2022, the SCFI comprehensive reading was **\$3996.77 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 Port of Savannah ended Fiscal Year 2022 with a record **June, handling 494,107 TEUs in total cargo, up 10.6% or 47,300 TEUs compared to the same month last year**. In addition to increased container trade, breakbulk tonnage also saw strong growth in FY2022, up 15.7% to more than 3 million tons. GPA is experiencing record truck turns during both its day and night-gate operations. Garden City Terminal saw a weekday average of 14,500 truck moves in June, counting both inbound and outbound gate exchanges. Mayor's Point Terminal in Brunswick turned in a particularly strong performance, with breakbulk forest products leaping from 52,244 tons in FY2021 to 252,000 tons in the fiscal year ending June 30.

Source: Georgia Ports Authority

Ocean Freight News Clip

Early numbers for Q2 2022 point to ongoing bonanza for ocean carriers. Container shipping stocks are down double digits since March of this year, yet ocean carriers are still posting record or near-record results. Several lines — such as Cosco, OOCL, Evergreen, and Yang Ming — have just released preliminary revenues and profits for Q2 2022 as well as monthly operating data through June.

Source: American Shipper; [link to article](#)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The U.S. industrial vacancy rate declined, yet again, by 10 bps quarter-over-quarter, **bringing the Q2 2022 rate to a new low of 3.1%**. Vacancy now stands 120 bps lower than a year ago. This is also the second quarter in a row that every region in the U.S. reported vacancy below 4%—the lowest was recorded in the West region at just 2.4%. **More broadly, there are 20 markets with a vacancy rate of less than 2%, of which four are below 1%. Savannah, GA is still one of the tightest U.S. markets, with a reported vacancy rate of 0.6%**, compared to a still low 2.6% during the same period last year. **Atlanta, GA reports a vacancy rate of 2.7% for Q2 2022**, compared to 4.3% in Q2 2021.

Source: Cushman & Wakefield

Warehouse Rent Rates

Tight market conditions and the elevated demand levels continue to exert substantial pressure on asking rents, which increased by 19% year-over-year in Q2 2022, the most significant annual rent growth ever reported. **At \$8.36 per square foot (psf), Q2 2022 is the first quarter to eclipse the \$8.00 psf mark in 20+ years of tracking rental data**. Much of this is due to the lack of space in the market and the fact that landlords can dictate pricing in a way the market hasn't experienced. This is especially true in the primary markets, as well as those with other desirable qualities like ample labor and prime access to transportation infrastructure like ports, rail, and major interstates. **The average asking rent in Atlanta, GA jumped a few dimes to \$6.89 psf in Q2 2022**, up from the revised rate of \$6.58 the previous quarter. **For Savannah, GA, the average rate for Q2 2022 rose nearly a quarter to \$6.12**, up from \$5.88 psf (revised) in Q2 2022. Source: Cushman & Wakefield

Industrial Absorption

The U.S. industrial market absorbed over 236.3 msf through the first half of the year. Demand was largely concentrated in the South, where the region accounted for 45% of net absorption in the first half of 2022. New leasing activity reached 408.2 msf in the first half of the year. This figure still puts leasing activity on track to surpass 800 msf in 2022. The industrial construction pipeline reached an unprecedented 699 msf in Q2 2022. This is up 112% over pre-pandemic levels, and 177% above the 10-year average. However, fears of oversupply or imminent market imbalances are likely overblown. Just under 26% of the industrial space under construction is pre-leased, which leaves well over 500 msf of product currently without tenant commitments to be delivered over the next couple years. Of the current projects that have broken ground, 20% are BTS. Even if all speculative product were to hit the market immediately as vacant, the national vacancy rate would rise to 6.3%—a chip shot away from its historical average of 6%.

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 June 2022 numbers for the warehousing industry workforce comes in at **1,821,600 employees, an increase from 1,804,100 employees** for May 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

May 2022 average hourly earnings in the warehousing and storage subsector **increased nearly a quarter to \$22.50/hour (preliminary) from last month's rate of \$22.26/hour (revised)**. The **average weekly hours were 39.3** for May 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

Warehouse labor constraints continue to plague many companies, impacting production levels and causing delivery delays. With a 49% turnover rate in the sector last year, businesses are straining to attract and retain talent. Those looking to secure talent should expand their hiring pools and offer potential workers opportunities to learn new skills or advance in their careers, experts say. Companies can combat the notion that warehouse jobs are terminal careers by providing clear opportunities for workers to advance. Showcasing how smart technology enables warehouses can spur more interest from potential employees, particularly if companies can show clear upward career mobility for people that work with the technology.

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

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