LOGISTICS MARKET SNAPSHOT

Georgia® CENTER OF INNOVATION

AUGUST 2022

U.S. MARKET:	
Gross Domestic Product	Real gross domestic product (GDP) **decreased at an annual rate of 0.6% in the second quarter of 2022** according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 1.6%. In the advance estimate, the decrease in real GDP was 0.9%. The update primarily reflects upward revisions to consumer spending and private inventory investment that were partly offset by a downward revision to residential fixed investment. The decrease in real GDP reflected decreases in private inventory investment, residential fixed investment, federal government spending, and state and local government spending, that were partly offset by increases in exports and consumer spending. *Source: Bureau of Economic Analysis*
U.S. Trade Deficit	The **goods and services deficit was $79.6 billion in June 2022, down $5.3 billion from $84.9 billion in May**, revised. The June decrease in the goods and services deficit reflected a decrease in the goods deficit of $4.9 billion to $99.5 billion and an increase in the services surplus of $0.3 billion to $19.9 billion. Year-to-date, the goods and services deficit increased $134.1 billion, or 33.4%, from the same period in 2021. *Source: Bureau of Economic Analysis*
Import Volumes	June 2022 **imports were $340.4 billion, a decrease of 0.3% from the previous month.** The June import average price per barrel of crude oil ($104.81) was the highest since May 2012 ($108.00). June petroleum imports ($27.8 billion) were the highest since May 2014 ($28.6 billion). June imports from Canada ($40.6 billion) were the highest on record. *Source: U.S. Census Bureau*
Export Volumes	June 2022 **exports were $260.8 billion, an increase of 1.7% more than May 2022**. June exports of goods ($183.0 billion) were the highest on record. June exports of industrial supplies and materials ($78.2 billion) were the highest on record. June exports to Netherlands ($6.4 billion) were the highest on record. *Source: U.S. Census Bureau*
Import & Export Price Index	Prices for U.S. **imports declined on a monthly basis in July for the first time since December 2021, decreasing 1.4%**. The decline was the largest drop in import prices since the index fell 2.6 percent in April 2020. U.S. **export prices fell 3.3% in July 2022, after rising 0.7% in June**. The July decline was the largest 1-month decrease since the index fell 3.5% in April 2020. Lower agricultural and nonagricultural prices each contributed to the July decline. *Source: Bureau of Labor Statistics*
Unemployment Rate	Total nonfarm payroll employment **rose by 528,000 in July 2022, and the unemployment rate edged down to 3.5%.** Job growth was widespread, led by gains in leisure and hospitality, professional and business services, and health care. Both total nonfarm employment and the unemployment rate have returned to their February 2020 pre-pandemic levels. **Georgia unemployment rate decreased to 2.8% for July 2022**, ranking 18th in the U.S. of states with lowest unemployment. *Source: Bureau of Labor Statistics*
Labor Force Participation Rate	**For July 2022 t**he labor force participation rate **decreased to 62.1% month-over-month.** The labor force participation rate for those of prime working age **(25-54) increased to 63.3% month-over-month.** *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 July 2022 to 116.6 after declining by 0.7 percent in June**. Per TCB, "The U.S. LEI declined for a fifth consecutive month in July, suggesting recession risks are rising in the near term. Consumer pessimism and equity market volatility as well as slowing labor markets, housing construction, and manufacturing new orders suggest that economic weakness will intensify and spread more broadly throughout the US economy. *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)*

Pending Home Sales Index	U.S. pending home sales **slid 1.0% to 89.8 in July. Year-over-year, pending transactions sank 19.9%. It was the second straight monthly decline and the eighth in the last nine months**. Pending sales fell in three of four major regions, with the West posting a small increase. According to NAR, "In June, housing affordability plummeted to its lowest level since 1989. Accounting for a 30-year fixed-rate mortgage and a 20% down payment, **the monthly mortgage payment on a typical home jumped to $1,944, an increase of 54%, or $679, from one year ago.** Inventories are growing for homes in the upper price ranges, but limited supply at lower price points is hindering transaction activity." *Source: National Association of Realtors (an index of 100 is equal to the level of contract activity in 2001)*
Housing Starts	**Privately-owned housing starts in July 2022 were at a seasonally adjusted annual rate of 1,446,000**. This is 9.6% below the revised June estimate of 1,599,000 and is 8.1% below the July 2021 rate of 1,573,000. **Single-family housing starts in July 2022 were at a rate of 916,000**; this is 10.1% below the revised June figure of 1,019,000. The July rate for units in buildings with five units or more was 514,000. *Source: U.S. Census Bureau*
Light Vehicle Sales	New light-vehicle sales for **July 2022 totaled 13.4 million units, up 2.5% from June and down 8.9% from July 2021**, when sales first started to be constrained by the microchip shortage. As has been the case all year, sales continue to be limited by lack of new-vehicle inventory. At the start of July, new-vehicle inventory on the ground and in transit was 1.2 million units, and much won't change in that overall level by the end of the month. **Sales of battery electric vehicles (BEVs) reached 5% of all new light-vehicle sales through July 2022—the highest market share for BEVs to date. Sales of BEVs by franchised dealerships have accounted for 34% of all BEV sales this year.** The average monthly payment for a new vehicle reached an all-time high, topping $700, with the average monthly payment for a new vehicle on track to be $708—an increase of $81 dollars compared with July 2021 and resulting in part from higher new-vehicle transaction prices, rising interest rates and lower discounts. **July 2022's average transaction price, says J.D. Power, is expected to reach $45,869, just shy of the all-time record set last month**. *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 $47.0 billion, or 0.2% in July2022** from the previous month. Disposable personal income (DPI) increased $37.6 billion (0.2%) and personal consumption expenditures (PCE) increased $23.7 billion (0.1%). Personal outlays increased $27.0 billion in July 2022. Personal saving was $932.3 billion in for the same month and the personal saving rate—personal saving as a percentage of disposable personal income—was 5.0%. *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 July 2022, seasonally adjusted, were $682.8 billion, virtually unchanged from the previous month, but 10.3% above July 2021. Total sales for the May 2022 through July 2022 period were up 9.2 percent (±0.5 percent) from the same period a year ago. Retail trade sales were virtually unchanged from June 2022, but up 10.1% above last year. Gasoline stations were up 39.9% from July 2021, while nonstore retailers were up 20.2% 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 second quarter of 2022 (adjusted for seasonal variation) **was $257.3 billion, an increase of 2.7% from the first quarter of 2022**. Total retail sales for the second quarter of 2022 were estimated at $1,778.6 billion, an increase of 1.9% from the first quarter of 2022. The second quarter 2022 e-commerce estimate increased 6.8% from the second quarter of 2021 while total retail sales increased 7.2% in the same period. E-commerce sales in the second quarter of 2022 accounted for 14.5 percent of total sales. *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)*

Consumer Confidence Index	The CCI **increased in August 2022 following three consecutive monthly declines. The Index now stands at 103.2 up from 95.3 the previous month**. According to The Conference Board, "Purchasing intentions increased after a July pullback, and vacation intentions reached an 8-month high. Looking ahead, August's improvement in confidence may help support spending, but inflation and additional rate hikes still pose risks to economic growth in the short term." *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 was unchanged in July 2022 on a seasonally adjusted basis after rising 1.3% in June**. Over the last 12 months, the all items index increased 8.5% before seasonal adjustment. The gasoline index fell 7.7% in July and offset increases in the food and shelter indexes, resulting in the all items index being unchanged over the month. The energy index fell 4.6% over the month as the indexes for gasoline and natural gas declined, but the index for electricity increased. The **Producer Price Index for final demand fell 0.5% in July 2022**, seasonally adjusted. This decline followed advances of 1.0% in June and 0.8% in May. Prices for final demand less foods, energy, and trade services moved up 0.2% in July following a 0.3% rise in June. *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 **rose 0.4 points in July 2022 to 89.9**, however, it is the sixth consecutive month below the 48-year average of 98. **Thirty-seven percent of small business owners reported that inflation was their single most important problem in operating their business, an increase of three points from June** and the highest level since the fourth quarter of 1979. NFIB's monthly jobs report lists a net 48% of businesses reported raising compensation and a net 25% plan to raise compensation in the next three months. Nine percent of owners cited labor costs as their top business problem and 21% said that labor quality was their top business problem, remaining in second place behind inflation. Per NFIB, "The uncertainty in the small business sector is climbing again as owners continue to manage historic inflation, labor shortages, and supply chain disruptions. As we move into the second half of 2022, owners will continue to manage their businesses into a very uncertain future." *Source: National Federation of Independent Business*
Industrial Production & Capacity Utilization	At 104.8% of its 2017 average, **total industrial production in July was 3.9% above its year-earlier level and increased 0.6% month-over-month**. Manufacturing output gained 0.7% after having fallen 0.4% in each of the two previous months. **Capacity utilization moved up 0.4 percentage points in July** to 80.3%, a rate that is 0.7 percentage points above its long-run (1972–2021) average. Capacity utilization for manufacturing increased 0.5 percentage points in July to 79.8%, 1.6 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 June 2022, adjusted for seasonal and trading day differences but not for price changes, **was estimated at $1,858.1 billion, up 1.3% from May 2022** and was up 14.5% from June 2021. The total business inventories/sales ratio at the end of June was 1.30. The June 2021 ratio was 1.26. *Source: U.S. Census Bureau*
Manufacturing & Trade Inventory	Manufacturers' and trade inventories for June 2022, adjusted for seasonal and trading day differences but not for price changes, were estimated at an end-of-month level of $2,419.5 billion, up 1.4% from May 2022 and were up 18.5% from June 2021. The total business inventories/sales ratio at the end of June was 1.30. The June 2021 ratio was 1.26. *Source: U.S. Census Bureau*
Purchasing Managers Index, Manufacturing	The **July 2022 Manufacturing PMI registered 52.8%, down 0.2 percentage points from the reading of 53.0% in June 2022**. This is the lowest Manufacturing PMI figure since June 2020, when it registered 52.4%. The U.S. manufacturing sector continues expanding — though slightly less so in July — as new order rates continue to contract, supplier deliveries improve, and prices soften to acceptable levels. Companies continue to hire at strong rates with few indications of layoffs, hiring freezes or headcount reduction through attrition. Companies reported higher rates of quits, reversing June's positive trend. Prices expansion eased dramatically in July, but instability in global energy markets continues. Sentiment remained optimistic regarding demand, though businesses are now expressing concern about a softening in the economy, as new order rates contracted for the second month amid developing anxiety about excess inventory in the supply chain. *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

For **July 2022, the Services PMI registered 56.7%, 1.4 percentage points higher than the June 2022 reading of 55.3%.** The slight increase in services sector growth was due to an increase in business activity and new orders. Availability issues with overland trucking, a restricted labor pool, various material shortages and inflation continue to be impediments for 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 Manager's Index

The Logistics Manager's Index **reads at 60.7 for July 2022, down 4.3 points from June's reading of 65.0. This is the lowest reading since May of 2020 and the second consecutive reading below the all-time index average of 65.3**. While this does still represent a healthy rate of expansion in the logistics industry, it is a far cry from March when the index hit an all-time high reading of 76.2. As is often the case, transportation metrics are the driving force behind this shift. The downshifts observed in transportation metrics were much more muted in the last week of July leaving open a possibility for a bit of recovery moving into peak season. Warehousing and Inventory metrics continue to buoy the logistics sector. Inventory levels remain high (and are responsible for dragging down U.S. GDP in the second quarter), and warehouses continue to struggle to hold and manage the volume.
Source: Logistics Manager's 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

As its name suggests, the Inflation Reduction Act of 2022 (IRA) signed into law by President Joe Biden earlier this month is designed to reduce inflation, but it also includes $300 billion worth of grants and incentives for clean energy and initiatives to combat climate change. The goal of the incentives is to accelerate electric vehicle adoption, green ports, increase renewable energy capacity and support products made in the U.S. There are also tax reforms and provisions for health care. The climate legislation is supposed to help the U.S. lower greenhouse gas emissions by 40% by 2030 compared to 2005 levels.
Source: American Shipper; link to article

MULTIMODAL:

Dow Jones Transportation Average

As of August 29, 2022, the Dow Jones Transportation Average **closed at a reading of 14,232.72.**

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 August 29, 2022, the NASDAQ Transportation Index **closed at a reading of 5,505.12.**

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 **rose 1.7% to an all-time high in June 2022** from May, rising for the second consecutive month. From June 2021 to June 2022 the index rose 4.6%. The Freight TSI reached a new all-time high in June due to seasonally adjusted increases in trucking, rail carloads, air freight, and water, while rail intermodal 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 rose 0.4% on a year-over-year basis in July 2022 after a 2.3% decline in June 2022, in line with expectations. Freight demand has flattened out this year with inflation near 9% and significant substitution from goods back to services. Considering the extraordinary goods consumption during the pandemic, a reversal as services have reopened should not be much of a surprise. **The expenditures component of the Cass Freight Index fell 3.6% month-over-month in July 2022** from the record level in June 2022 but was still 28% higher than year-ago levels. Part of the month-over-month decline in rates was due to lower fuel prices. This index includes changes in fuel, modal mix, intramodal mix, and accessorial charges.
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 improved somewhat in June 2022 to a less negative reading of -4.0 from the previous -6.2 in May**. A slowing of diesel price gains in June was the largest factor. Freight market dynamics netted out little change and aside from April, the June SCI reading was the strongest since September 2020. The outlook is improving and given plummeting diesel prices, a positive SCI for July appears likely. Per FTR, "Lower diesel prices will create a slowly improving situation for shippers, but it will likely be the only factor improving in the near term. Congestion remains an issue at ports and inland rail terminals, and it will likely hold back how much capacity is available in the system during the peak season." *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) **by all modes of transportation in June 2022 was valued at $141.2 billion, up 21.8% compared to June 2021**. Freight between the U.S. and Mexico totaled $67.9 billion, up 18.8% from June 2021. Freight between the U.S. and Canada totaled $73.3 billion, up 24.7% from June 2021. **Air moved** $4.9 billion of freight, the same moved in June 2021. **Pipelines moved** $14.9 billion of freight, up 42.9% compared to June 2021. **Railways moved** $18.9 billion of freight, up 13.2% compared to June 2021. **Trucks moved** $83.4 billion of freight, up 15.5% compared to June 2021. **Vessels moved** $13.3 billion of freight, up 37.6% compared to June 2021. *Source: U.S. Bureau of Transportation Statistics*
Multimodal News Clip	July intermodal volumes were mostly down, according to data provided to LM by the Intermodal Association of America. Looking at ISO container volume levels, IANA President and CEO Joni Casey recently explained that ISO container volumes were flat, or dropped, in the second half of last year. Through the first seven months of 2022, IANA reported that total intermodal volume—at 10,428,630 units—is down 5.1%. Trailers—at 570,241—are down 20.4%, and domestic containers—at 4,806,591—are up 5.1% annually. All domestic equipment—at 5,376,862—are down 0.9%. ISO containers—at 5,051,768—are down 10.8%. Peak season has not gone away, and although flattened over the years, there's expectation that it is expected to continue, with more steady traffic patterns versus peaks and valleys throughout the year. *Source: Logistics Management; link to article*
RAIL:	
U.S. Freight Rail Traffic	U.S. railroads **originated 906,903 carloads in July 2022, up 0.2%, or 2,213 carloads, from July 2021**. U.S. railroads also **originated 1,033,906 containers and trailers in July 2022, down 3%, or 32,094 units**, from the same month last year. Combined U.S. carload and intermodal originations in July 2022 were 1,940,809, down 1.5 percent, or 29,881 carloads and intermodal units from July 2021. According to the Association of American Railroads, "Rail traffic in July was evenly balanced between commodities with carload gains and those with carload declines. As such, it does not provide definitive evidence regarding the state of the overall economy. In that respect, it is very similar to most other recent economic indicators." *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 **July 2022 fell to 781.7.** This is a month-over-month drop of 9.7%, and a year-over-year increase of 72.4% *Source: Association of American Railroads (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)*
Class 1 Railroad Employment	Total railroad employment for **July 2022 was 116,407 workers**, an increase from 116,251 workers in June 2022. *Source: U.S. Surface Transportation Board*
Railroad News Clip	Early this summer, farmers worried that millions of chickens in California's Central Valley might soon peck each other to death. The birds were running perilously low on feed, which should have been delivered by Union Pacific Railroad from Midwestern corn producers. Executives at Foster Farms began behaving like, well, chickens with their heads cut off. After unsuccessfully pleading with another railroad for relief and paying more than $1.5 million on backup transportation modes like trucks, Foster Farms turned to the federal government. Federal regulators and the White House have been scrambling to prevent poor service and a possible strike from jamming up a vital but often overlooked network. The U.S. freight rail system is now poised on the brink of total paralysis because of a contract dispute between 115,000 rail workers and their employers. *Source: Wired; 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 rose 10.5% year-over-year in July 2022 to 162.7** after rising 11.6% year-over-year in June 2022. On a month-over-month basis, the Cass Truckload Linehaul Index fell 1.8% for the second straight month. After an extraordinary truckload rate cycle over the past two years, the market balance has shifted, with capacity now growing briskly and demand falling slightly year-to-date. 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. *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 accessorials. Provides trends in baseline truckload prices)*
Truck Tonnage Index	American Trucking Associations' advanced seasonally adjusted **For-Hire Truck Tonnage Index fell 1.1% in July 2022 after rising 0.5% in June**. In July, the index equaled 116.2 versus 117.5 in June. Per the ATA, "Tonnage declined sequentially in July for only the second time during the last twelve months. Despite the dip from June, tonnage remains at elevated levels and increased significantly from a year earlier. While tonnage is much stronger than a year ago, the monthly gains have moderated as the year has gone on. The combination of softer consumption of goods, falling home construction, and slower manufacturing activity are the main reasons." *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 $2.53 for August 2022,** down from $2.64 in July 2022. The national **van load-to-truck ratio for July 2022 was 3.84, a 0.8% decrease** from the previous month**. Georgia's load-to-truck** ratio for vans has declined from the previous month with an average reading of 2.6 – 5.4 loads for every truck. *Source: DAT Freight & Analytics*
Truckload Freight, Refrigerated	For July 2022, the national load-to-truck ratio for refrigerated hauls **increased to 7.24 loads per truck, a month-over-month increase of 3.0% and a 42.3% decline from the same period a year ago.** Georgia's ratio has dropped, now at an average of 2.3 – 5.5 reefer loads per truck. The national spot market reefer rate **for August 2022 was $2.90 per mile, a 9-cent decrease since July 2022.** *Source: DAT Freight & Analytics*
Trucking Conditions Index	Trucking conditions deteriorated further in June 2022 as fuel and financing costs and freight rates were negative factors. **The TCI fell to -3.36 from -0.3 in May. Before May and June, the TCI had not been negative in consecutive months since April and May 2020.** In addition to negative cost and pricing conditions in June, freight volume and capacity utilization were weaker positive factors than they had been in May. Per FTR, "We might still see some positive outliers in the TCI – especially if diesel prices continue to fall sharply – but the truck freight market has hit an inflection point. Modestly negative readings likely will be the norm rather than the exception, although we are not forecasting that the bottom will drop out. We still expect that freight volume will grow slightly this year and next and that capacity utilization will bottom out above the 10-year average. However, this forecast does not presume an economic recession, so downside risks are substantial." *Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)*

Diesel Prices	As of August 29, 2022, the **U.S. average diesel price was $5.11 per gallon**. This is a month-over-month decline of $0.15 and $1.78 higher during the same week in 2021. The average price of diesel in the **Lower Atlantic states was $4.99 per gallon**, 16 cents cheaper month-over-month and $1.79 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	July 2022 numbers (preliminary) for the trucking industry **increased to 1,595,000 employees,** up from 1,591,500 employees for June 2022. *Source: U.S. Bureau of Labor Statistics*
Trucking Earnings & Hours	For June 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were $27.85/hour**, **a $0.31 drop** from the previous month of $28.16 (revised). June 2022 showed **average weekly hours totaling 42.1** (preliminary). *Source: U.S. Bureau of Labor Statistics*
U.S. Truck & Trailer Orders (Class 8)	Preliminary North American Class 8 **net orders for July 2022 fell to their lowest level since November 2021 at 10,600 units. Order activity was the weakest for the month of July since 2019, down 33% from June and down 60% year-over-year**. Class 8 orders have now totaled 244,000 for the past twelve months. OEMs have essentially run out of build slots for 2022 and are not yet entering orders for 2023. The continued supply chain disruptions are limiting OEM output in 2022 and the fluctuating cost of materials and components has caused delays in confirming orders for shipment next year. Demand for new trucks remains strong. Per FTR, "July is typically the weakest order month of the year, so it is no surprise orders dipped to around 10,000 units. Despite the economic uncertainty, demand for new trucks is expected to remain robust in 2023. Freight is still forecast to grow at a steady clip. When booking commences for 2023, possibly as early as September, Class 8 orders could reach record heights." *Source: FTR Transportation Intelligence*
Trucking News Clip	Automated operations company Motive published a recent study stating businesses can improve fuel efficiency and optimize vehicle maintenance by using data insights and AI-powered automation. In the study, Motive analyzed more than 800 commercial fleets across a two-year period beginning in January 2020, identified what top fleets with the best fuel performance increase did to improve their fuel efficiency and measured their impact. Top-performing fleets used the Motive Automated Operations Platform insights to reduce fuel consumption by 13%, while also improving driving behaviors and focusing on maintenance. *Source: The Trucker; link to article*

AIR FREIGHT:

Air Cargo Traffic	**Seasonally adjusted cargo tonne-kilometers (CTKs) for June 2022 increased by 0.7%** following a flat outturn last month. Compared with a year ago, June CTKs were 6.4% lower, a modest improvement from the 8.7% decline in May. The easing of restrictions in China and reduced disruption in global supply chains is likely to be good news for world trade and air cargo volumes in coming months. However, the impact of high inflation and rising interest rates will work against this expected recovery. *Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)*
Jet Fuel Prices	As of August 26, 2022, the global average jet fuel price ended at $**155.15/bbl, an increase of 8.5% versus 1 month ago** and 95.9% 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	Shippers are shifting more volume away from the fast-but-expensive air transport mode as ocean freight congestion eases on some lanes. Global schedule reliability improved year-over-year in June 2022, the first time this has occurred since the pandemic began. With ports in China appearing to have returned to normal operations and U.S. West Coast congestion lessening in Q2, shippers have committed to less expensive transport options, like ocean shipping, to reduce the impact of freight costs on their bottom line. *Source: Supply Chain Dive; link to article*

OCEAN FREIGHT:

Shanghai Containerized Freight Index	As of August 26, 2022, the SCFI comprehensive reading was **$3,154.26 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 started the new fiscal year with the fastest start ever, **handling 530,800 twenty-foot equivalent container units in July 2022, an increase of 18%**. Since January, GPA has moved 3.4 million TEUs, up 231,400 or 7% over its performance during the same period in 2021 – a record year in which GPA handled 5.6 million TEUs. Annualized, the July volumes have the Port of Savannah moving containers at a rate of more than 6 million TEUs per year. GPA has shifted operations to start two hours earlier, with gates now open from 4 a.m. to 9 p.m. without interruption. Since the new hours were implemented on Aug. 1, the port has seen strong adoption from drivers, with 3,000 transactions completed in the 4 a.m. to 6 a.m. time block during one week alone. *Source: Georgia Ports Authority*
Ocean Freight News Clip	Peak season for ocean freight is underway and DHL Global Forwarding says it's way too early to declare a softening in trade volumes and a decrease in congestion. The maritime and logistics industry has been in a continuous loop of problems fueling congestion. Land capacity issues creating port and terminal congestion, a lack of railcars, and the unavailability of truckers and chassis have impacted all trade participants. Both cancelled sailings reduce the number of ships available to transport freight and the tight supply of containers are two of the factors that can influence the increase in container prices. *Source: CNBC; 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 July 2022 numbers for the warehousing industry workforce comes in at **1,793,300 employees, an increase from 1,794,900 employees** for June 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse Earnings & Hours	June 2022 average hourly earnings in the warehousing and storage subsector **fell a little more than a third of a dollar to $22.13/hour (preliminary) from last month's rate of $22.50/hour (revised)**. The **average weekly hours were 40.3** for May 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse & Distribution News Clip	Business leaders will only be able to implement the future of warehouse tech if employees are adequately trained to use, fix, and improve upon the technology at their disposal. This may seem straightforward at first — employees in supply chain management have been reskilled before — but learning to make the best use of futuristic warehouse tech may require an entirely different approach to education and training. Fortunately, the future of warehouse tech has largely kept up with demand. New, headline-grabbing tech like autonomous forklifts reduce risks, improve efficiency, and help warehouse managers implement the technology of the future. *Source: TechTalks; link to article*

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