

# LOGISTICS MARKET SNAPSHOT

SEPTEMBER 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 "third" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 1.6%, as previously published. 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. 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 \$70.6 billion in July 2022, down \$10.2 billion from \$80.9 billion in June**, revised. The July decrease in the goods and services deficit reflected a decrease in the goods deficit of \$8.2 billion to \$91.1 billion and an increase in the services surplus of \$2.1 billion to \$20.4 billion. Year-to-date, the goods and services deficit increased \$136.6 billion, or 29.0%, from the same period in 2021. Exports increased \$286.4 billion or 19.9%. Imports increased \$423.0 billion or 22.1%.

*Source: Bureau of Economic Analysis*

### Import Volumes

July 2022 **imports were \$329.9 billion, a decrease of 2.9% from the previous month**. July petroleum imports (\$28.4 billion) were the highest since May 2014 (\$28.6 billion). July imports from Taiwan (\$8.5 billion) were the highest on record. July imports of trucks, buses, and special purpose vehicles increased \$0.5 billion.

*Source: U.S. Census Bureau*

### Export Volumes

July 2022 **exports were 259.3 billion, an increase of 0.2% from June 2022**. July exports of capital goods (\$48.2 billion) were the highest since May 2018 (\$48.3 billion). July exports to South Korea (\$6.4 billion) were the highest on record. July non-petroleum exports (\$153.3 billion) were the highest on record.

*Source: U.S. Census Bureau*

### Import & Export Price Index

Prices for **U.S. imports declined 1.0% in August 2022** following a 1.5% decrease in July. This is the first time import prices have decreased in consecutive months since February, March, and April 2020. Lower fuel and nonfuel prices in August contributed to the decline in U.S. import prices. **U.S. export prices fell 1.6% in August 2022**, after declining 3.7% the previous month. The revised July drop was the largest decrease since the monthly percent change series was first published in January 1989. Lower agricultural and nonagricultural prices each contributed to the August decline. Despite the recent drops, prices for U.S. exports advanced 10.8% over the past 12 months.

*Source: Bureau of Labor Statistics*

### Unemployment Rate

Total nonfarm payroll employment **increased by 315,000 in August 2022, and the unemployment rate rose to 3.7%**. Notable job gains occurred in professional and business services, health care, and retail trade. **Georgia unemployment rate remained steady at 2.8% for August 2022**, ranking 15th in the U.S. of states with lowest unemployment.

*Source: Bureau of Labor Statistics*

### Labor Force Participation Rate

For August 2022 the labor force participation rate **increased to 62.4% month-over-month**. The labor force participation rate for August 2022 for those of prime working age (25-54) **was 82.8%**.

**CORRECTION:** The August 2022 Logistics Snapshot incorrectly listed information in this section. The correct July 2022 labor force participation rate for those of prime working age (25-54) was 82.4% and not 63.3%.

*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 0.3% in August 2022 to 116.2 after declining by 0.5% in July**. The LEI fell 2.7% over the six-month period between February and August 2022, a reversal from its 1.7% growth over the previous six months. Per The Conference Board, "This index declined for a sixth consecutive month potentially signaling a recession. Furthermore, labor market strength is expected to continue moderating in the months ahead. Indeed, the average workweek in manufacturing contracted in four of the last six months—a notable sign, as firms reduce hours before reducing their workforce. Economic activity will continue slowing more broadly throughout the US economy and is likely to contract. A major driver of this slowdown has been the Federal Reserve's rapid tightening of monetary policy to counter inflationary pressures."

*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

U.S. pending home sales **fell 2.0% to 88.4 in August 2022**. Year-over-year, pending transactions **dwindled by 24.2%**. Three out of four major regions experienced month-over-month decreases in transactions; However, the West saw a modest gain. Year-over-year, all four regions posted double-digit declines. According to NAR, "The direction of mortgage rates – upward or downward – is the prime mover for home buying, and decade-high rates have deeply cut into contract signings. If mortgage rates moderate and the economy continues adding jobs, then home buying should also stabilize."

*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 August 2022 were at a seasonally adjusted annual rate of 1,575,000**. This is 12.2% above the revised July estimate of 1,404,000, but is 0.1% below the August 2021 rate of 1,576,000. Single-family housing starts in August were at a rate of 935,000; this is 3.4% above the revised July figure of 904,000. The August rate for units in buildings with five units or more was 621,000.

*Source: U.S. Census Bureau*

### Light Vehicle Sales

New light-vehicle sales in **August 2022 totaled 13.2 million units, up roughly 0.7% from August 2021 but down 1.1% from this July**. August 2022's raw sales volume of 1.28 million units was roughly flat compared with July's total. Inventory continues to be the main impediment to increasing new-vehicle sales volumes above the rates seen in recent months. 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**. According to J.D. Power, the average monthly payment for a new vehicle is 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 and Outlays

**Personal income increased \$71.6 billion, or 0.3% in August 2022** from the previous month. Disposable personal income (DPI) increased \$67.6 billion (0.4%) and personal consumption expenditures (PCE) increased \$67.5 billion (0.4%). **Personal outlays increased \$67.8 billion in August 2022**. Personal saving was \$652.8 billion in August and the personal saving rate—personal saving as a percentage of disposable personal income—was 3.5%.

*Source: U.S. Bureau of Economic Analysis (personal income is the income that people get from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources; it does not include realized or unrealized capital gains or losses)*

### Personal Consumption Expenditures Price Index

**For August 2022, the PCE price index increased 0.3%**. Excluding food and energy, the PCE price index increased 0.6%. Prices for goods decreased 0.3 percent and prices for services increased 0.6 percent. Within services, the largest contributors to the increase were spending for housing and utilities, transportation, and health care. Within goods, spending for gasoline and other energy goods was the leading contributor to the decrease. Food prices increased 0.8% and energy prices decreased 5.5%.

*Source: U.S. Bureau of Economic Analysis (the PCE price index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services; it is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior)*

### Retail Sales

Advance estimates of **U.S. retail and food services sales for August 2022, were \$683.3 billion, an increase of 0.3% from the previous month, and 9.1% above August 2021**. Total sales for the June 2022 through August 2022 period were up 9.3% from the same period a year ago. Retail trade sales were up 0.2% from July 2022, and up 8.9% above last year. Gasoline stations were up 29.3% from August 2021, while nonstore retailers were up 11.2% 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.

**Note: Next release for Quarterly E-Commerce report, Q3 2022, will be published Friday, November 18, 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

The Confidence Index **increased in September 2022 for the second consecutive month. The Index now stands at 108.0, up from 103.6 in August.** Per The Conference Board, “Concerns about inflation dissipated further in September—prompted largely by declining prices at the gas pump—and are now at their lowest level since the start of the year. Purchasing intentions were mixed, with intentions to buy automobiles and big-ticket appliances up, while home purchasing intentions fell. The latter no doubt reflects rising mortgage rates and a cooling housing market. Looking ahead, the improvement in confidence may bode well for consumer spending in the final months of 2022, but inflation and interest-rate hikes remain strong headwinds to 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 rose 0.1% in August 2022 on a seasonally adjusted basis after being unchanged in July.** Over the last 12 months, the all items index increased 8.3% before seasonal adjustment. Increases in the shelter, food, and medical care indexes were the largest of many contributors to the broad-based monthly all items increase. These increases were mostly offset by a 10.6% decline in the gasoline index. The food index continued to rise, increasing 0.8% over the month as the food at home index rose 0.7%. The energy index fell 5.0% over the month as the gasoline index declined, but the electricity and natural gas indexes increased. The **Producer Price Index for final demand fell 0.1% in August 2022 (seasonally adjusted).** Final demand prices decreased 0.4% in July and advanced 1.0% in June. The index for final demand goods fell 1.2% in August after declining 1.7% in July. The August decrease can be traced to a 6.0% drop in prices for final demand energy. Conversely, the index for final demand goods less foods and energy rose 0.2%, while prices for final demand foods were unchanged.

*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 1.9 points in August 2022 to 91.8, marking the eighth consecutive month below the 48-year average of 98 but reversing some of the declines in the first half of the year.** Inflation was the single most important problem in operating their business for 29% of owners, a decrease of eight points from July's highest reading since the fourth quarter of 1979. According to NFIB, “The small business economy is still recovering from the pandemic while inflation continues to be a serious problem for owners across the nation. Owners are managing the rising costs of utilities, fuel, labor, supplies, materials, rent, and inventory to protect their earnings. The worker shortage is impacting small business productivity as owners raise compensation to attract better workers.”

*Source: National Federation of Independent Business*

## Industrial Production & Capacity Utilization

At 104.5% of its 2017 average, **total industrial production for August 2022 declined 0.2% month-over-month** was 3.7% above its year-earlier level. **Capacity utilization declined 0.2 percentage points in August 2022 to 80.0%**, a rate that is 0.4 percentage points above its long-run (1972–2021) average. Industrial production decreased 0.2% in August 2022. Manufacturing output edged up 0.1% after increasing 0.6% in July. The index for mining was unchanged, and the index for utilities decreased 2.3%.

*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 and Trade Sales and Inventories

The combined value of distributive trade sales and manufacturers' shipments for July 2022, seasonally adjusted, **was estimated at \$1,839.5 billion, down 0.9% from June 2022, but was up 12.5% from July 2021.** Manufacturers' and trade inventories for July 2022, seasonally adjusted, were estimated at an **end-of-month level of \$2,434.3 billion, up 0.6% from June 2022 and were up 18.4% from July 2021.** The total business inventories/sales ratio based on seasonally adjusted data at the end of July was 1.32. The July 2021 ratio was 1.26.

*Source: U.S. Census Bureau*

## Purchasing Managers Index, Manufacturing

The **August 2022 Manufacturing PMI registered 52.8%, the same reading as recorded in July.** This figure indicates expansion in the overall economy for the 27th month in a row after contraction in April and May 2020. For a second straight month, the Manufacturing PMI figure is the lowest since June 2020, when it registered 52.4%. The U.S. manufacturing sector continues expanding at rates similar to the prior two months. New order rates returned to expansion levels, supplier deliveries remain at appropriate tension levels and prices softened again, reflecting movement toward supply/demand balance. Companies continued to hire at strong rates in August, with few indications of layoffs, hiring freezes or head-count reductions through attrition. Lower rates of quits were reported, indication a positive trend. Prices expansion eased dramatically in August, which — when coupled with lead times easing — should bring buyers back into the market, improving new order levels.

*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

For August 2022, the Services PMI registered **56.9%, 0.2 percentage points higher than July's reading of 56.7%**. Despite an improvement in inventory levels, services businesses continue to struggle to replenish their stocks. The services sector's slight uptick in growth for the month of August is due to increases in business activity, new orders and employment. Based on comments from Business Survey Committee respondents, there are some supply chain, logistics and cost improvements; however, material shortages remain a challenge. Employment improved slightly despite a restricted labor market.

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 59.7 for August 2022, down 1.0 point from July's reading of 60.7**. This is the first reading below 60.0 since May of 2020 and the third consecutive reading below the all-time index average of 65.3. The logistics industry is currently facing an interesting mix of decreased consumer demand, but with an abundance of goods throughout supply chain systems. The dynamic at work is somewhat similar to what was seen during the early days of COVID when distribution networks became constipated with inventories due to an unexpected drop in consumer demand. As always, the story behind this month's reading is nuanced, with a mix of both positive and negative economic indicators. This mix has resulted in the tightest warehousing market we have seen in years, along with the loosest transportation market.

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

In light of supply chain challenges post-pandemic, some manufacturers have decided to reshore their production, with varying results. Reshoring, the process of returning the production and manufacturing of goods to a company's original country, gained momentum in the pandemic era, according to new data. The concept also continues to evolve, experts say, as companies re-evaluate the challenges and opportunities of reshoring, or "nearshoring," and shape the process to fit their particular needs. The Reshoring Initiative recently reported reshoring and foreign direct investment announcements in 2021 added up to 261,000 jobs, up 46 percent from 2020. The original off-shoring trend that began in the late 20th century was mostly driven by potential cost savings overseas. But companies have become more cognizant of other costs and risks, driving some to reshore.

Source: *Area Development*; [link to article](#)

## MULTIMODAL:

### Dow Jones Transportation Average

As of September 29, 2022, the Dow Jones Transportation Average **closed at a reading of 12,257.9**.

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 September 29, 2022, the NASDAQ Transportation Index **closed at a reading of 4,856.19**.

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 for **July 2022 fell 0.6% to 139.6 and was 1.8% below the all-time high level of 142.1** in August 2019. This decline is due to seasonally adjusted decreases in trucking, rail carloads, rail intermodal, and pipeline, even while air freight and water increased.

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 3.6% on a year-over-year basis in August 2022**, ahead of the revised 1.9% year-over-year increase in July and the -0.3% average year-to-date through July. The August reading is the best since the record set in May 2018. The improvement may not be sustainable but the summer improvement likely reflects a combination of successful discounting campaigns by retailers, seasonal inventory building ahead of the holidays, easing supply constraints, particularly in auto production, and reversal of China lockdown effects in June and July. The **expenditures component of the Cass Freight Index rose 1.9% month-over-month in August 2022** after a 3.0% decline in July, with shipments up 6.6% and rates down 4.4%. Roughly 7-8 percentage points of the year-over-year increase in the expenditures index is due to fuel prices alone, and 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)

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### Shippers Conditions Index

The SCI improved in July 2022 into a positive range for the first time since September 2020 at a positive 4.5 reading from the negative 4.0 in June. The marked gain in shippers' conditions during July was primarily due to the loosening of capacity utilization and sharply lower diesel prices. The outlook is generally for shippers' market conditions to be weaker than they were in July but better than they have been during most of the pandemic.

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 for July 2022 was valued at **\$132.6 billion, up 19.1% compared to July 2021**. Freight between the U.S. and Mexico totaled \$65.2 billion, up 17.2% from July 2021. Freight between the U.S. and Canada totaled \$67.4 billion, up 21.0% from July 2021. **Railways moved** \$17.5 billion of freight, up 11.3% compared to July 2021. **Trucks moved** \$77.5 billion of freight, up 12.9% compared to July 2021. **Air moved** \$4.6 billion of freight, the same moved in July 2021. **Pipelines moved** \$14.1 billion of freight, a 62.0% increase compared to July 2021. **Vessels moved** \$13.5 billion of freight, up 64.6% compared to July 2021.

Source: U.S. Bureau of Transportation Statistics

### Multimodal News Clip

The great chassis squeeze of 2021-22 isn't over and likely will leave in its wake a changed market for the equipment so vital for intermodal movements, according to a panel of industry executives. That was a key takeaway from an executive panel at the Intermodal Association of North America's annual exposition. While the worst may be behind the industry, things aren't all that much better, several of the panel members said. The disruption in the market has taken a staid corner of the supply chain and put it through a wrenching change, said Ronald Widdows, the CEO of FlexiVan, which leases chassis. "Customers didn't have to think about chassis," said Widdows, talking about earlier markets. "It came with the container." But that's changed, according to Widdows. "If you've gone through the experience of the last two years, you get it now," he said. "The awareness is that if I need a set of wheels and it's not there, the effect is not just on my supply chain, but it threatens the business model."

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

## RAIL:

### U.S. Freight Rail Traffic

U.S. railroads **originated 1,189,892 carloads in August 2022, up 2.3% or 27,040 carloads, from August 2021**. U.S. railroads also **originated 1,335,618 containers and trailers in August 2022, down 1.2%, or 15,856 units**, from the same month last year. Combined U.S. carload and intermodal originations in August 2022 were 2,525,510, up 0.4%, or 11,184 carloads and intermodal units from August 2021. Per the Association of American Railroads, "Things can change quickly, but there are reasons to believe the economy is on track to stimulate continued improvements in rail volumes. To be sure, some traffic categories are doing better than others, just like some sectors of the economy are doing better than others. Through additional hiring and continued investments, railroads are preparing themselves for growth."

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 **August 2022 is 727.7**, for a month-over-month drop of 6.9%, and a year-over-year increase of 68.3%.

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 **August 2022 was 117,014 workers**, an increase from 116,407 workers in July 2022.

Source: U.S. Surface Transportation Board

### Railroad News Clip

With the railroad strike averted, experts say there are several best practices businesses can follow to safeguard their supply chains, defend against future disruptions, and limit their risk. Brian Marks, senior lecturer and executive director of the entrepreneurship and innovation program at the University of New Haven, said small businesses don't have some of the built-in advantages larger companies have in their supplier networks. They can't dictate prices or spread out increased shipping costs at similar levels. Marks said that makes it critical for small companies to be proactive and plan ahead when disruptions are likely. He said some companies try to deflect risk by buying in high quantities, but he said that strategy could backfire in uncertain economic environments. Companies could be left with too much inventory. Against that backdrop, Marks said small businesses need to be innovative, creative and even collaborative.

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

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## 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 accessorials 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.

**Note: Next release for Quarterly Cowen/AFS Index, Q3 2022, will be published Friday, October 14, 2022.**

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

### Truckload Linehaul Index

The TLI rose **7.4% year-over-year in August 2022 to 159.7, after rising 10.5% year-over-year in July**. On a month-over-month basis, the Cass Truckload Linehaul Index fell 1.8%, similar to the declines in June and July. Even with a summer volume uptick, freight markets are loose heading into peak season, largely due to the significant supply response which gained momentum this year. 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' For-Hire Truck Tonnage Index **rose 2.8% in August 2022 after decreasing 1.5% in July**. In August, the index equaled 119 (2015=100) versus 115.8 in July. According to the ATA, "Tonnage snapped back in August after a weaker than expected July. With the economy in transition to slower growth and changing consumer patterns, we may see more volatility in the months ahead. There are areas of freight growth in consumer spending and manufacturing, which is helping to offset the weakness in new home construction."

*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 declined to \$2.46 for September 2022**, down from \$2.52 in August 2022. The national **van load-to-truck ratio for August 2022 was 3.54, a 7.8% decrease** from the previous month and 42.5% decrease from the same time last year. **Georgia's load-to-truck ratio for vans has deviated from previous trends, declining to an average reading of 1.1 – 2.5 loads for every truck.**

*Source: DAT Freight & Analytics*

### Truckload Freight, Refrigerated

For August 2022, the national load-to-truck ratio for refrigerated hauls **decreased to 7.08 loads per truck, a month-over-month decline of 2.2% and a 52.5% decline from the same period a year ago**. Georgia's ratio remained steady, averaging 2.3 – 5.5 reefer loads per truck. The national spot market reefer rate **for September 2022 was \$2.85 per mile, a 4-cent decrease from the previous month.**

*Source: DAT Freight & Analytics*

### Trucking Conditions Index

FTR's Trucking Conditions Index (TCI) **improved in July 2022 to a reading of -0.7 from the previous -3.36** principally because of falling diesel prices. Although the index was just below the index's base of zero, it was the third consecutive month of negative readings – a situation that had not occurred since March-May 2020. FTR expects that trucking market conditions are in for a long period of moderate weakness.

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

### Diesel Prices

As of September 26, 2022, the **U.S. average diesel price was \$4.89 per gallon**. This is a month-over-month decline of \$0.22 and \$1.48 higher during the same week in 2021. The average price of diesel in the **Lower Atlantic states was \$4.75 per gallon**, 24 cents cheaper month-over-month and \$1.46 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)*



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## Trucking Employment

August 2022 numbers (preliminary) for the trucking industry **increased to 1,595,000 employees**, up from 1,594,700 employees (preliminary) for July 2022.

Source: U.S. Bureau of Labor Statistics

## Trucking Earnings & Hours

For July 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$29.21/hour, a \$0.15 increase** from the previous month of \$29.06 (revised). July 2022 showed **average weekly hours totaling 42.1** (preliminary).

Source: U.S. Bureau of Labor Statistics

## Trucking News Clip

The American Transportation Research Institute (ATRI) released the findings of its 2022 update to An Analysis of the Operational Costs of Trucking. A record number of motor carriers contributed their 2021 financial data for this year's research. The "Ops Costs" report provides detailed breakdowns of numerous line-item costs by fleet size and sector, allowing for tailored benchmarking. The total marginal cost of trucking grew by 12.7% in 2021 to \$1.855 per mile, the highest on record. Overall, fleets with 100 or fewer trucks spent 4.9 cents more per mile than fleets with more than 100 trucks – closing the 2020 gap with larger fleets by 70%. While larger fleets spent less than smaller fleets on insurance premiums per mile, the advantage was offset by higher out-of-pocket incident costs per mile for large fleets.

Source: American Transportation Research Institute; [link to article](#)

## AIR FREIGHT:

### Air Cargo Traffic

**Seasonally adjusted cargo tonne-kilometers (CTKs) faltered in July 2022 with a 2.3% contraction compared with June**, which was flat from May. Compared with a year ago, July CTKs were 9.7% lower, a weakening from the 6.7% decline in June. Pent-up demand generated during latest Omicron-related lockdowns should prevent notable declines in volumes at least in the near term. Globally, the easing of restrictions in China and reduced disruption in global supply chains are likely to be supportive of world trade and air cargo volumes in coming months, while high inflation and rising interest rates are expected to have a dampening effect on demand.

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

### Jet Fuel Prices

As of September 23, 2022, the global average jet fuel price ended at **\$127.36/bbl, a 17.9% decrease versus 1 month ago** and 47.2 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

Hartsfield-Jackson International Airport ranks as the world's third-largest "megahub" for international flight connectivity, according to a study by travel data firm OAG, a reflection of the strong U.S. rebound in air travel. The Atlanta airport came in behind Chicago O'Hare in the No. 1 position and Dallas/Fort Worth International Airport at No. 2. Atlanta is Delta's largest hub, O'Hare is a United Airlines hub and DFW is an American Airlines hub. Atlanta moved up in the ranking from the No. 8 spot in 2019, which was the last time OAG issued a ranking of megahubs.

Source: Atlanta Journal-Constitution; [link to article](#)

## OCEAN FREIGHT:

### Shanghai Containerized Freight Index

As of September 23, 2022, the SCFI comprehensive reading was **\$2,072.04 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

For August 2022, the Georgia Ports Authority (GPA) experienced its busiest month ever, **handling 575,513 twenty-foot equivalent container units, an increase of 18.5% or 89,918 TEUs over the same month last year**. Intermodal volumes, including operations at Garden City Terminal and the Appalachian Regional Port, totaled nearly 51,700 rail lifts in August, up by more than 4,000 lifts compared to the same month last year. GPA has ordered eight new ship-to-shore cranes, set to be commissioned in December 2023. Additionally, work has begun on the Garden City Terminal West Expansion Phase II. The project will add 90 acres of container storage space to be supported by 15 electric rubber-tired gantry cranes. The project will add 1 million TEUs of annual container handling capacity, coming online in phases in 2023 and 2024.

Source: Georgia Ports Authority

# LOGISTICS MARKET SNAPSHOT

SEPTEMBER 2022

## Ocean Freight News Clip

The Biden administration's plan for addressing supply chain congestion will shift away from urging ports to move to 24/7 operations after failing to get major traction among ports and businesses due to the cost involved. "It's a free market economy," White House Port and Supply Chain Envoy Gen. Stephen Lyons told reporters Monday at the ASCM Connect Annual Conference. "People are driven by their incentive structures, and they will respond to what will provide them the greatest return on their investment." Lyons said that the potential of shifting to 24/7 operations to expand productivity "is very sound," but that there was not "a willingness to do that in some places." Some terminals that had moved toward 24/7 operations ended up reducing hours after seeing low utilization, Lyons said. Instead, efforts will remain focused on data collection and identifying potential incentives to encourage shippers and carriers to move cargo faster.

Source: Supply Chain Dive; [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 August 2022 numbers for the warehousing industry workforce comes in at **1,782,900 employees, a decline from 1,789,100 employees** for July 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

### Warehouse Earnings & Hours

July 2022 average hourly earnings in the warehousing and storage subsector **increased \$0.33 to \$22.48/hour (preliminary) from the June 2022 rate of \$22.15/hour (revised).** The **average weekly hours were 38.6** for July 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics





# LOGISTICS MARKET SNAPSHOT

SEPTEMBER 2022

## Warehouse & Distribution News Clip

As of the second quarter, Savannah's vacancy rate hovered below 1%, one of the lowest of any markets in the U.S. Companies are gravitating toward Savannah to escape severe delays at other popular ports further up the East Coast and along the West Coast. Savannah experiences congestion, but its wait times are often shorter than its rivals in Los Angeles and Long Beach, industry experts say. Another selling point is the relatively short trip from the port to Hartsfield-Jackson Atlanta International Airport, the busiest in the nation. The Savannah region is home to about 86.7 million square feet of industrial space, almost all of which is already leased up, according to a Q2 report from CBRE. To satisfy some of the pent-up demand, there is currently so much space under construction that it will grow the market's inventory of space by more than 25%. In the first half of the year, Savannah captured seven of the 100 largest U.S. warehouse leases, totaling 7.4 million square feet of space, according to CBRE. 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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