LOGISTICS MARKET SNAPSHOT

Georgia® CENTER OF INNOVATION

OCTOBER 2022

U.S. MARKET:

Gross Domestic Product	Real gross domestic product (GDP) **increased at an annual rate of 2.6% in the third quarter of 2022** according to the “advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP decreased 0.6%. The increase in real GDP reflected increases in exports, consumer spending, nonresidential fixed investment, federal government spending, and state and local government spending, that were partly offset by decreases in residential fixed investment and private inventory investment. *Source: Bureau of Economic Analysis*
U.S. Trade Deficit	The **goods and services deficit was $67.4 billion in August 2022, down $3.1 billion from $70.5 billion in July, revised**. The August decrease in the goods and services deficit reflected a decrease in the goods deficit of $3.4 billion to $87.6 billion and a decrease in the services surplus of $0.4 billion to $20.2 billion. **For the three months ending in August** the average goods and services deficit decreased $6.2 billion to $72.9 billion. **Year-to-date**, the goods and services deficit increased $132.3 billion, or 24.4%, from the same period in 2021. *Source: Bureau of Economic Analysis*
Import Volumes	August 2022 imports **were $326.3 billion, $3.7 billion less than July** imports**,** or a decline of 1.1%. August imports of automotive vehicles, parts, and engines ($34.4 billion) were the highest on record. August imports from China ($50.3 billion) were the highest since October 2018 ($52.1 billion). Average imports increased $47.2 billion from August 2021. *Source: U.S. Census Bureau*
Export Volumes	August 2022 **exports were $258.9 billion, $0.7 billion less than July** exports, or a decline of 0.3%. August exports of capital goods ($48.5 billion) were the highest on record. August exports to Netherlands ($6.6 billion) were the highest on record. Average exports increased $45.0 billion from August 2021. *Source: U.S. Census Bureau*
Import & Export Price Index	**U.S. import prices decreased 1.2% in September 2022 after declining 1.1% the previous month and 3.7% in the third quarter of 2022**. The quarterly drop was the largest 3-month decline since the index fell 4.3% for the 3 months ending May 2020. Prices for U.S. imports rose 6.0% over the past year, the smallest 12-month advance since the index rose 3.0% for the year ending February 2021. **U.S. export prices declined 0.8% in September 2022 following a 1.7-percent decline in August and a 6.2% decrease in the third quarter of 2022.** The quarterly drop was the largest 3-month decrease since the index fell 7.3% from September 2008 to December 2008. Lower agricultural and nonagricultural prices each contributed to the September decline. Prices for U.S. exports rose 9.5% over the past year, the smallest 12-month advance since a 5.4% increase in February 2021. *Source: Bureau of Labor Statistics*
Unemployment Rate	Total nonfarm payroll employment **increased by 263,000 in September 2022, and the unemployment rate edged down to 3.5%.** Notable job gains occurred in leisure and hospitality and in health care. **Georgia unemployment rate remained steady at 2.8% for September 2022**, now ranking 14th in the U.S. of states with lowest unemployment. *Source: Bureau of Labor Statistics*
Labor Force Participation Rate	For September 2022 the labor force participation rate **decreased to 62.3% month-over-month.** The labor force participation rate for September 2022 for those of prime working age (25-54) **was 82.7%.** *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 U.S. Leading Economic Index **decreased by 0.4% in September 2022 to 115.9 after remaining unchanged in August**. The LEI is down 2.8% over the six-month period between March and September 2022, a reversal from its 1.4% growth over the previous six months. According to The Conference Board, “The US LEI fell again in September and its persistent downward trajectory in recent months suggests a recession is increasingly likely before yearend. The six-month growth rate of the LEI fell deeper into negative territory in September, and weaknesses among the leading indicators were widespread. Amid high inflation, slowing labor markets, rising interest rates, and tighter credit conditions.” The Conference Board forecasts real GDP growth will be 1.5% year-over-year in 2022, before slowing further in the first half of next year. *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	**The September 2022 U.S. pending home sales index dropped for the fourth straight month, down 10.2% to 79.5**. Month-over-month, contract signings pulled back in all four major U.S. regions. Pending sales decreased in all regions compared to one year ago. Persistent inflation has proven quite harmful to the housing market. The Federal Reserve has drastically raised interest rates to quell inflation, which has resulted in fewer buyers and even fewer sellers. Per the NAR "The new normal for mortgage rates could be around 7% for a while. On a $300,000 loan, that translates to a typical monthly mortgage payment of nearly $2,000, compared to $1,265 just one year ago – a difference of more than $700 per month." *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 September 2022 were at a seasonally adjusted annual rate of 1,439,000. **This is 8.1% below the revised August estimate of 1,566,000 and is 7.7% below the September 2021 rate of 1,559,000.** Single-family housing starts in September were at a rate of 892,000; this is 4.7% below the revised August figure of 936,000. The September 2022 rate for units in buildings with five units or more was 530,000. *Source: U.S. Census Bureau*
Light Vehicle Sales	New light-vehicle sales in **September 2022 totaled a 13.5 million units, up 9.6% from 1 year ago**. New light-vehicle sales in September 2021, the weakest since May 2020, were limited by the lowest inventory level on record for at least 36 years. Sales in September continued to be limited by available inventory but were also impacted somewhat by Hurricane Ian. Transaction prices remained at near-record levels in September. The **average new-vehicle transaction price is projected to reach $45,622, up 10.3% year over year** and the fourth-highest price ever. Average incentive spending per unit is expected to total $936, down 47.8% year over year and the fifth straight month of sub-$1,000 average incentive spending. As the Fed continues to increase the federal funds rate to cool inflation, rates for new- and used-vehicle finance contracts have risen as well. **The average interest rate on a new-vehicle finance contract will likely reach 5.71% in September 2022**. The month's average interest rate would represent an increase of 169 basis points from September 2021 and would mark the first month since the pandemic began that the average rate on a new-vehicle finance contract was above its February 2020 average of 5.5%. *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 $78.9 billion, or 0.4% in September 2022** from August. The increase in current-dollar personal income in September primarily reflected increases in compensation and personal income receipts on assets, which reflected increases in both interest and dividend income. **Personal outlays increased $125.5 billion in September 2022**. Personal saving was $581.6 billion in September and the personal saving rate—personal saving as a percentage of disposable personal income—was 3.1%. *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 September 2022**, the PCE price index increased 0.3%. Excluding food and energy, the PCE price index increased 0.5%. Prices for goods decreased 0.1%, reflecting a decrease in prices for nondurable goods (led by gasoline and other energy goods). Prices for services increased 0.6% (led by housing and transportation services). Food prices increased 0.6% and energy prices decreased 2.4%. *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 September 2022, were $684.0 billion, an increase of 0.5% from the previous month, and 8.2% above September 2021**. Total sales for the July 2022 through September 2022 period were up 9.2% from the same period a year ago. Retail trade sales were down 0.1 percent% from August 2022, but up 7.8% above last year. Gasoline stations were up 20.6% from September 2021, while non-store retailers were up 11.6% 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)*
Consumer Confidence Index	The CCI decreased in October 2022 after back-to-back monthly gains. The **index now stands at 102.5, down from 107.8 in September.** According to The Conference Board, "Consumer confidence retreated in October, after advancing in August and September. Notably, concerns about inflation—which had been receding since July—picked up again, with both gas and food prices serving as main drivers. Vacation intentions cooled; however, intentions to purchase homes, automobiles, and big-ticket appliances all rose. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending, which could result in a challenging holiday season for retailers. And, given inventories are already in place, if demand falls short, it may result in steep discounting which would reduce retailers' profit margins." *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 0.4% in September 2022 on a seasonally adjusted basis after rising 0.1% in August**. Over the last 12 months, the all items index increased 8.2% before seasonal adjustment. Increases in the shelter, food, and medical care indexes were the largest of many contributors to the monthly seasonally adjusted all items increase. These increases were partly offset by a 4.9% 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 2.1 percent over the month as the gasoline index declined, but the natural gas and electricity indexes increased. The **Producer Price Index for final demand increased 0.4% in September 2022** (seasonally adjusted). Final demand prices declined 0.2% in August and 0.4% in July. In September, two-thirds of the increase in the index for final demand can be traced to a 0.4% rise in prices for final demand services. Prices for final demand less foods, energy, and trade services advanced 0.4 percent in September, the largest rise since increasing 0.5 percent in May. *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 0.3 points in September to 92.1, making the ninth consecutive month below the 48-year average of 98. Inflation was the single most important problem** in operating their business for 30% of owners. According to NFIB, "Inflation and worker shortages continue to be the hardest challenges facing small business owners. Even with these challenges, owners are still seeking opportunities to grow their business in the current period." Fifty-six percent of owners reported capital outlays in the last six months, up four points. Twenty-four percent plan capital outlays in the next few months, down one point. **Thirty-two percent of owners reported that supply chain disruptions have had a significant impact** on their business. Thirty-four percent report a moderate impact and 22% report a mild impact. Owners' plans to fill open positions remain elevated, with 23% planning to create new jobs in the next three months. Of those owners trying to hire, **89% reported few or no qualified applicants for the positions they were trying to fill**. *Source: National Federation of Independent Business*
Industrial Production & Capacity Utilization	**Total industrial production increased 0.4% in September 2022 and 2.9 percent at an annual rate in the third quarter**. This is **5.3% above its year-earlier level** and 105.2% of its 2017 average. **Capacity utilization moved up 0.2 percentage points in September 2022 to 80.3%,** a rate that is 0.7 percentage points above its long-run (1972–2021) average. In September, manufacturing output rose 0.4% after advancing a similar amount in the previous month. The index for mining moved up 0.6%, and the index for utilities fell 0.3%. *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 Inventories and Sales

The **manufacturers' and trade inventories for August 2022**, seasonally adjusted, were estimated at an end-of-month level of $2,453.2 billion, up 0.8% from July 2022, and up 18.2% from August 2021. The combined value of distributive **trade sales and manufacturers' shipments for August 2022**, seasonally adjusted, was estimated at $1,843.2 billion, up 0.3% from July 2022 and up 12.6% from August 2021. The August 2022 **total business inventories/sales ratio** was 1.33. The August 2021 ratio was 1.27.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The September Manufacturing PMI **registered 50.9%, 1.9 percentage points lower than the 52.8% recorded in August**. This figure indicates expansion in the overall economy for the 28th month in a row after contraction in April and May 2020. The Manufacturing PMI figure is the lowest since May 2020, when it registered 43.5%. The U.S. manufacturing sector continues to expand, but at the lowest rate since the pandemic recovery began. Following four straight months of companies reporting softening new orders rates, the September index reading reflects companies adjusting to potential future lower demand. Of the six biggest manufacturing industries, four — Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products — registered moderate-to-strong growth in September.

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 September 2022, the **Services PMI registered 56.7%, 0.2 percentage points lower than August's reading of 56.9%.** The services sector had a slight pullback in growth for the month of September due to decreases in business activity and new orders. Employment improved and supplier deliveries slowed at a slightly slower rate. There have been improvements regarding supply chain efficiency, operating capacity and materials availability; however, performance remains less than ideal. Employment continued to improve despite the 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 Managers' Index **reads at 61.4 in September, up 1.7 points from August's reading of 59.7, and marking a return to the 60's** after a one-month detour into the 50's. The sustained growth in the logistics industry continues to be fueled by high levels of inventory and the associated levels of cost and utilization associated with holding them. On the other hand, transportation metrics continue their slowed pace, reaching the second highest level of capacity growth, and the third fastest rate of price contraction in the history of the index. Interestingly, Transportation Utilization is the outlier here, as both utilization metrics in the index were up significantly in September. Essentially, it seems that inventory has been moved early and is ready to go for Q4. The question now is whether it will start moving soon, or if systems will remain clogged through the rest of 2022.

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

Diesel prices have increased by 33% for November deliveries. Reserves for diesel this time of year have not been this low since 1951, with the greatest shortfall in the Northeast region including New York and New England. Diesel inventories in the New York/New England markets are facing an acute crisis, down over 50% since last year and at the lowest level since 1990. East Coast refineries are making as much diesel as they can and dependent on tankers and barges for supply, any weather delay causes a terminal to run out of product. According to the EIA, East Coast refineries operated at 100% capacity in June and July. The Midwest is also seeing supply constraints, pushing up costs for farmers. Additionally, traders are diverting tankers away from Europe to the U.S. because the price of U.S. diesel is now higher than in Europe so they can make a larger profit. So far, two tankers have arrived and unloaded. Competition with Europe for diesel supplies will intensify next year when an EU ban on Russian refined product purchases is implemented. Diesel exports are of particular interest with the date of February 5, 2023, when the EU sanctions on Russian refined oil products is set to begin.

Source: CNBC; link to article

MULTIMODAL:

Dow Jones Transportation Average

As of October 28, 2022, the Dow Jones Transportation Average **closed at a reading of 13,574.98.**

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 October 28, 2022, the NASDAQ Transportation Index **closed at a reading of 5,287.86.**

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

Freight Transportation Services Index

The level of for-hire freight shipments in **August 2022 rose 0.2% to 140.9, increasing after a one-month decline**. This was 0.7% below the all-time high level of 141.9 in August 2019. The August freight index increase was the tenth increase in twelve months, for a total increase of 4.9% since August 2021. The August Freight TSI is 12.5% above the pandemic low in April 2020; it has increased in 19 of the 28 months since that low.
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 fell 2.9% month-over-month in September 2022**, reversing much of the 5.5% rise in August. U.S. freight volumes continued to exceed low expectations in September with more buoyant demand than feared in the start of peak shipping season. the considerable improvement in the past two months likely reflects a combination of several temporary factors: retail discounting to clear excess inventory in some categories, seasonal inventory building ahead of the holidays, repositioning mis-timed inventory, and easing supply constraints - particularly in auto production. The **expenditures component of the Cass Freight Index** rose 0.3% month-over-month in September 2022 after a 1.9% month-over-month increase in August. The increase in rates month-over-month appears mainly due to mix changes and seasonality. The expenditures index was still 21% higher than year-ago levels in September, accelerating slightly from 20% in August. Simply following normal seasonality from here, this index is on track for a 23% increase in 2022 and would turn down on a year-over-year basis next February 2023.
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 remained positive **in August 2022 improving to a 5.0 reading up from 4.5 in July**. Core freight conditions – demand, capacity, utilization, and freight rates were mildly favorable for the month, but the biggest boost to the shipper environment came from falling diesel prices. The outlook is for market conditions to hover around the neutral territory with some slightly positive and some slightly negative readings through 2023 when readings are expected to become more solidly negative. Per the FTR, "Shippers face multiple rounds of uncertainty in the coming months as diesel prices turn back higher and the harvest competes for capacity with other freight, while overall active trucking utilization eases back toward its historical average."
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 (Canada and Mexico) **by all modes of transportation for August 2022 was valued at $140.3, up 24.1% compared to August 2021**. Freight between the U.S. and Canada totaled $70.0 billion, up 23.3% from August 2021. Freight between the U.S. and Mexico totaled $70.3 billion, up 24.9% from August 2021. **Air moved** $4.7 billion of freight, a 4.4% increase to August 2021. **Vessels moved** $13.5 billion of freight, up 53.4% compared to August 2021. **Pipelines moved** $14.6 billion of freight, a 67.8% increase compared to August 2021. **Railways moved** $17.9 billion of freight, up 15.9% compared to August 2021. **Trucks moved** $83.9 billion of freight, a 19.0% increase compared to August 2021.
Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

Intermodal operators, already challenged on numerous fronts, have little ability to flex up as peak season rolls on. Shippers are wise to make contingency plans to avoid further supply chain pain. Those challenges reflect persistent issues that rail service providers, drayage firms, shippers both import and export, and warehouse operators have been dealing with since the onset of Covid. Containers are piling up at seaports and inland port intermodal (IPI) facilities (off port or inland rail depots where containers are staged and loaded on stack trains). Intermodal rail capacity remains stubbornly problematic. Train departures are delayed or canceled as the rail lines continue to recover from staffing shortages, a residual effect of Covid-driven furloughs and layoffs. On-time arrival of dispatched trains is mired in the mid-70% range. While capacity remains tight, publisher of the monthly "Intermodal in Depth" report Larry Gross believes demand is beginning to slacken, which may provide some relief through the end of the year.
Source: DC Velocity ; link to article

RAIL:

U.S. Freight Rail Traffic

U.S. railroads **originated 928,590 carloads in September 2022, down 1.1%, or 10,639 carloads, from September 2021**. U.S. railroads also **originated 1,011,304 containers and trailers in September 2022, down 4.8%, or 51,039 units,** from the same month last year. Combined U.S. carload and intermodal originations in September 2022 were 1,939,894, down 3.1%, or 61,678 carloads and intermodal units from September 2021. According to the Association of American Railroads, "Intermodal slowed as consumers continued to switch consumption more toward services and away from goods. However, two underlying factors have helped magnify this trend for railroads. The first is overbuying by many retailers in late 2020 and during 2021 that is now being reflected in substantial inventories of unsold goods that weakens replacement demand. Meanwhile, a slackening of internet buying from its pandemic peak, has softened trailer movements of packaged goods by rail."
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 **September 2022 is 713.8,** for a month-over-month decrease of 1.9%, and a year-over-year increase of 59.7%.

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 **September 2022 was 117,582 workers**, an increase from **117,014** workers in August 2022. Total workers in September 2021 was 114,218.

Source: U.S. Surface Transportation Board

Railroad News Clip

In a joint letter to President Biden, 322 local, state, and federal trade associations are calling on the Biden Administration to continue to work with the United States railroad labor unions and railroads to ensure the tentative agreement between the parties, which was brokered by the White House, is ratified. The letter observed that two railroad labor unions—the Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters (BMWED) and the Brotherhood of Railroad Signalmen—have rejected the conditions of the tentative agreement, highlighting concerns that other railroad unions may follow suite. According to industry observers, the T&E (train and equipment) unions, BLET and SMART-TD ratification dates are not until November 17, with their outcomes potentially playing a major part in how things could develop.
Source: Logistics Management; link to article

TRUCKING:

Cowen/AFS Freight Index

For Q3 2022, **Truckload (TL) Linehaul Cost Per Shipment** showed a quarter-over-quarter decline of 0.8% but an increase of 6.4% year-over-year. Truckload rates held up despite truckload volume declining 10% year-over-year. This could be evidence of logistics professionals taking prudent steps to rein in costs by consolidating smaller, more frequent LTL shipments into truckload shipments in the face of record-high transportation costs earlier this year. Quarter-over-quarter, Average **LTL Weight Per Shipment** declined 4.1% in Q3 2022. **LTL Cost Per Shipmen**t dropped by 2.4%, but experienced year-over-year increase of 20.3%. Average **fuel surcharge per shipment** decreased by 5.4% quarter-over-quarter due to lower crude oil prices, but average accessorial charges per shipment increased 8.4% during the same period. Among major LTL carriers, the average fuel surcharge decreased from 47.7% in Q2 2022 to 44.6% in Q3 2022. The Q3 2022 **Ground Parcel Freight** Index remained relatively steady at 26.6%, down from 27.2% the previous quarter. Ground parcel rates flattened due to lower fuel surcharges and a higher average discount, indicating more relaxed carrier pricing in pursuit of volume. The index was 15.1% for Q3 2021. The Q3 2022 **Express Parcel Freight** Index declined to -1.3% after seeing a record high of 4.8% from the previous quarter. Although this is a year-over-year increase of 4.3%, this drop was largely due to declining average billed weight, lower average fuel surcharges, and service mix changes.
Source: AFS Logistics (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

Truckload Linehaul Index

The **September 2022 TLI fell to a 3.9% year-over-year increase after rising 7.4% year-over-year in August**. On a month-over-month basis, this index fell 2.2%, larger than the 1.8% month-over-month declines of the past three months. As a broad market indicator, this index includes both spot and contract freight. With significantly declining spot rates, it's expected this index will begin to decline on a year-over-year basis. The recent resurgence of fuel costs, 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 **increased 0.5% in September 2022 after rising 2.1% in August**. In September, the index equaled 118.8 versus 118.2 in August. Per the ATA, "The latest gain put tonnage at the highest level since August 2019 and the third highest level on record. This is another example of how the contract freight market remains strong despite weakness in the spot market this year. During the third quarter, tonnage increased 0.5% over the second quarter while increasing 5.6% over the same period in 2021. That was the largest quarterly year-over-year increase since the second quarter of 2018."
Source: American Trucking Associations (Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

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Truckload Freight, Van	The national **van load-to-truck ratio for September 2022 was 3.54, unchanged** from the previous month and a 43.9% decrease from the same time last year**.** The **spot rate (national average) for dry van freight declined to $2.45 for September 2022,** down from $2.52 in August 2022. **Georgia's load-to-truck** ratio for vans for September 2022 has deviated from previous trends, declining to an average reading of 1.1 – 2.5 loads for every truck. The average spot rate for the **Southeast region** for dry van freight registered at $2.36 for September 2022. *Source: DAT Freight & Analytics*
Truckload Freight, Refrigerated	The average national **spot market reefer rate for September 2022 was $2.84 per mile,** a 6-cent decrease from the previous month. September saw the national **load-to-truck ratio for refrigerated hauls decreased to 6.33 loads per truck**, a month-over-month decline of 10.59% and a 53.2% decline from the same period a year ago. **Georgia's load-to-truck ratio** for September 2022 held steady, averaging 2.3-5.5 reefer loads per truck. The average rate for the **Southeast region for reefer freight** registered at $2.53 for September 2022. *Source: DAT Freight & Analytics*
Trucking Conditions Index	FTR's Trucking Conditions Index (TCI) **barely improved in August 2022 to a reading of -0.25 from the previous -0.7 reading in July**. The marginally stronger trucking conditions were due almost exclusively to falling diesel prices. The largest negative factor was financing costs as the Federal Reserve continues to battle inflation through sharp increases in the federal funds rate. Per FTR, "Although truck freight dynamics are softening broadly, smaller carriers likely will see a disproportionate negative impact in overall financial conditions due to sharp increases in financing costs and great volatility in diesel prices. Because small carriers are less likely to have reliable fuel surcharges in place, they typically feel the effects of changing diesel prices more profoundly than larger carriers do. That situation helped in July and August as diesel prices fell, but it will turn out to be a big negative in October at least. Small carriers also are less likely than larger ones to achieve comfortable financing terms for equipment and other needs for capital." *Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)*
Diesel Prices	As of October 24, 2022, the **U.S. average diesel price was $5.34 per gallon**. This is a month-over-month increase of $0.45 and $1.63 higher than the same week in 2021. The average price of diesel in the **Lower Atlantic states was $5.18 per gallon**, $0.43 higher month-over-month and a $1.56 increase over 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	September 2022 numbers (preliminary) for the trucking industry **decreased to 1,580,800 employees,** down from 1,592,200 employees (preliminary) for August 2022. *Source: U.S. Bureau of Labor Statistics*
Trucking Earnings & Hours	For August 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were $29.57/hour**, **almost a half dollar increase** from the previous month of $29.17 (revised). August 2022 showed **average weekly hours totaling 42.3** (preliminary). *Source: U.S. Bureau of Labor Statistics*
U.S. Truck & Trailer Orders (Class 8)	Preliminary North American Class 8 net orders for **September 2022 rose to 56,500 units, the most ever for a single month**. September order activity was an increase of 169% month-over-month and a 102% increase, year-over-year, with Class 8 orders now totaling 254,000 units for the last 12 months. September order activity is further testimony that there remains a tremendous level of pent-up demand. While September's spike in orders is a positive sign for the industry, build rates continue to be impacted by component shortages as suppliers continue to face supply chain bottlenecks and labor shortages. According to FTR, "Demand continues to put pressure on manufacturers as many dealerships have now indicated that OEMs are now allocating production capacity for 2023 build slots. This is in large part an effort to improve on time delivery performance while also reducing the impact a potential component shortage may have on production plans." *Source: FTR Transportation Intelligence*

Trucking News Clip

The day after Hurricane Ian made its deadly landfall in Florida on Sept. 28, Joe Myerly steered a flatbed carrying five massive meat smokers and a dry van full of kitchen supplies to the Port Charlotte Town Center in Charlotte County. Emergency crews in boats, which were rescuing people stranded in their homes, blocked one highway exit, the 55-year-old truck driver said. Myerly passed them as he navigated the treacherous roads from a staging area at the Georgia line to deliver the needed supplies following the Category 4 hurricane. Myerly, part of a team of volunteers for the disaster aid nonprofit Operation BBQ Relief, helped the organization set up and supply a free meal distribution site that aims to give out at least a million hot lunches and dinners to Floridians in need after the storm. The nonprofit has relied on truck drivers like Myerly to supply its post-disaster food distribution efforts since its founding in 2011. But an extra boost from the trucking industry after Hurricane Ian is supporting what is becoming the organization's largest response to date.
Source: Transport Dive; link to article

Air Cargo Traffic

Seasonally adjusted cargo tonne-kilometers (CTKs) rebounded in August 2022 with a 1.0% growth compared with July. This is a solid comeback from the marked decline of 9.6% year-over-year in the previous month. Compared with a year ago, August 2022 CTKs were 8.3% lower. This signals the resilience of the air cargo industry under mounting pressures from the recent economic volatility and geopolitical conflicts. Globally, the recovery in the Asia market brought positive growth in air cargo demand in some of the largest cargo markets. Inflation levels in G7 countries dropped for the first time since November 2020, signaling stronger confidence in world trade and the global air cargo market.
Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)

Jet Fuel Prices

As of October14, 2022, the global average jet fuel price **ended at $144.45/bbl, a 18.8% increase month-over-month** and 47.3% higher than the same week last year.

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

Air Freight News Clip

The Georgia Department of Transportation released its Statewide Air Cargo Study that provides a comprehensive review of the air cargo industry in Georgia. The study was conducted from July 2021 to September 2022 and was designed to identify current and forecasted air cargo activity to determine if new facilities or improvements to existing facilities are needed, and to estimate costs associated with the identified improvement needs. The study shows $30 billion in commodities arrive and depart Georgia by air each year. Domestically, goods with a total annual value of almost $3 billion are transported by air to and from Georgia. Internationally, the value is almost $27 billion. Top commodities by value include electronics, motor vehicle parts, pharmaceuticals, machinery and transport equipment. Air cargo tonnage for airports with scheduled service in Albany, Columbus, Savannah, Stateseboro and Swainsboro is forecasted to grow at an average annual growth rate of 2.8 percent, nearly doubling the annual cargo tonnage from 34,810 metric tons in 2019 to 62,170 metric tons in 2040.
Source: Metro Atlanta CEO; link to article

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of October 28, 2022, the SCFI comprehensive reading was $**1,697.65 per FEU,** compared to $2,072.04 this time last month**.**

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 **handled more than 1.5 million twenty-foot equivalent container units in the first quarter** of Fiscal Year 2023 (July-September), an increase of 135,000 TEUs, or 9.6% over the same period last year. The Port of Savannah handled 776,067 TEUs of loaded and empty exports in the first quarter, while import trade totaled 766,525 TEUs. Loaded containers represented 70% of the total container trade. **In intermodal rail, GPA grew lifts 6.4% in the first quarter**. Counting all rail cargo moved through Garden City Terminal, the Appalachian Regional Port and GPA's pop-up container yards, rail lifts totaled nearly 146,000 for the three-month period, an increase of 8,775.
Source: Georgia Ports Authority

Ocean Freight News Clip	A survey of eight large North American ports shows an evolving supply chain design that is likely to change yet again with the proliferation of electric vehicles. And in the case of an automotive OEM's global supply chain, of which maritime ports are standard nodes, it means deciding which production and distribution processes will be entrusted to a given port. Port-conducted localization encompasses some or all of the actions that must be taken into account for the specificities of the vehicle import or export market. This might include adjusting the car configuration to comply with legal requirements (installing head and tail lights of the right color) and linguistics constraints (infotainement programming), and/or processing the information flow associated with the import or export operation (handling customs documentation). *Source: Supply Chain Management; link to article*

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy	**The U.S. industrial vacancy rate remained tight at 3.2%, a 20-basis point (bps) quarter-over-quarter increase**. Compared to one year prior, the rate has fallen 60-bps, ending Q3 well below the five-year (2017-2021) historical average of 4.7%. Each region once again posted vacancy rates sub-4%. The West region boasts the lowest rate of the four U.S. regions at 2.5%, followed by the Northeast (3%). Of the 81 markets tracked by Cushman & Wakefield, 4 markets recorded sub-1% rates this quarter. **Savannah, GA reported** a vacancy rate of 0.9% for Q3 2022, compared to 1.0% Q3 2021. **Atlanta, GA reported** a vacancy rate of 2.9% for Q3 2022, compared to 3.9% in Q3 2021. *Source: Cushman & Wakefield*
Warehouse Rent Rates	The U.S. overall **industrial asking rental rate finished the third quarter at $8.70 per square foot (psf). This measured a 4% climb quarter-over-quarter and a 22% annual increase—marking the strongest year-over-year growth rate recorded.** Looking at the three-year trend, the average asking rate has surged by 35.1%. Nine markets saw double-digit rent growth during Q3, led by Philadelphia's 28.5% increase. The highest-priced markets continued to be coastal and port proximate—as 15 such markets registered average rates above $15.00 psf. **For Savannah, GA** the average asking rental rate for Q3 2022 was $6.14, compared to $5.30 for Q3 2021. **For Atlanta, GA** the average asking rental rate for Q3 2022 was $7.14, compared to $5.89 for Q3 2021. *Source: Cushman & Wakefield*
Industrial Absorption	The U.S. industrial sector continued to see heightened levels of absorption with net absorption registering at **108.2 million square feet (msf) for the third quarter of 2022. This is down from 132 msf registered in the prior quarter**, but still at a level consistent with very robust demand. This is the eighth straight quarter where absorption exceeded the 100 msf mark. For context, prior to the pandemic, there had never been a quarter that reached the 100 msf-level. **Fueling third quarter absorption was the South region, which accounted for 48.8% of the total, despite representing just one-third** of the U.S. industrial inventory. On the market level, 19 of the 81 markets tracked by Cushman & Wakefield registered more than 2 msf of quarterly net absorption, four of which -- Pennsylvania (I-81/I-78 Corridor), Dallas/Fort Worth, Savannah, and Houston -- exceeded 5 msf. **For Savannah, GA,** Q3 2022 net absorption registered at 7,538,835 compared to 4,699,196 for Q3 2021. **For Atlanta, GA**, Q3 2022 net absorption registered at 4,492,534 compared to 5,109,565 for Q3 2021. *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 September 2022 numbers for the warehousing industry workforce comes in at **1,782,200 employees, an increase from 1,782,000 employees** for August 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse Earnings & Hours	August 2022 average hourly earnings in the warehousing and storage subsector **decreased almost a quarter dollar to $22.29/hour (preliminary) from the July 2022 rate of $22.51/hour (revised)**. The **average weekly hours were 39.1** for August 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*

Warehouse & Distribution News Clip

Retail giant Walmart recently acquired e-grocery automation firm Alert Innovation, which produces custom-built inventory-handling technology. According to the release, Alert Innovation's Alphabot system is designed to store, retrieve and dispense orders by using robots that move omnidirectionally without lifts or conveyors — providing fewer space constraints and making the tech easier to scale. The retail giant said the Alphabot technology will allow it to leverage its massive store footprint — 4,700 stores located within 10 miles of 90% of the U.S. population — for storage and fulfillment. Walmart has worked with Alert since 2016 to customize automation for its grocery micro-fulfillment operation and began piloting the Alphabot in 2019.
Source: Supply Chain Dive; link to article

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