

# LOGISTICS MARKET SNAPSHOT

## U.S. MARKET:

### Gross Domestic Product

Real gross domestic product (GDP) **increased at an annual rate of 2.9% in the third quarter of 2022 according to the "second" estimate** released by the BEA. 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. Imports decreased.

Source: Bureau of Economic Analysis

### U.S. Trade Deficit

The **goods and services deficit was \$73.3 billion in September 2022, up \$7.6 billion from \$65.7 billion in August, revised.** The September increase in the goods and services deficit reflected an increase in the goods deficit of \$6.6 billion to \$92.7 billion and a decrease in the services surplus of \$1.0 billion to \$19.5 billion. **For the three months ending in September** the average goods and services deficit decreased \$2.5 billion to \$69.8 billion. **Year-to-date**, the goods and services deficit increased \$125.6 billion, or 20.2%, from the same period in 2021.

Source: Bureau of Economic Analysis

### Import Volumes

September 2022 imports were **\$331.3 billion, \$4.8 billion more than August imports, or an increase of 1.5%.** For the three months ending in September, average imports decreased \$2.8 billion to \$329.3 billion. September imports of automotive vehicles, parts, and engines (\$34.9 billion) were the highest on record. **Imports from Mexico** increased \$0.7 billion to \$39.6 billion. **Imports from China** decreased \$2.3 billion to \$44.3 billion. **Imports from the European Union** increased \$2.2 billion to \$45.9 billion.

Source: U.S. Census Bureau

### Export Volumes

September 2022 exports were **\$258.0 billion, \$2.8 billion less than August exports, or a decrease of 1.1%.** For the three months ending in September, average exports decreased \$0.3 billion to \$259.5 billion. September petroleum surplus (\$2.8 billion) was the highest on record. **Exports to Mexico** decreased \$1.4 billion to \$27.6 billion. **Exports to the European Union** decreased \$0.3 billion to \$29.9 billion. **Exports to China** decreased \$0.9 billion to \$12.2 billion.

Source: U.S. Census Bureau

### Import & Export Price Index

U.S. **import prices fell 0.2% in October 2022 after falling 1.1% the previous month** and have not recorded a monthly increase since the index rose 0.2% in June 2022. Despite the recent declines, prices for U.S. imports increased 4.2% from October 2021 to October 2022. The 12-month rise in October was the smallest over-the-year advance since the index increased 3.0 percent for the 12 months ended February 2021. U.S. **export prices decreased 0.3% in October 2022 following a 1.5% decline in September.** This also follows a 6.4% drop for the third quarter of 2022. U.S. export prices last recorded a monthly advance in June 2022. Lower prices for agricultural exports and nonagricultural exports in October each contributed to the overall decline. Despite the recent decreases, U.S. export prices advanced 6.9% for the year ended in October.

Source: Bureau of Labor Statistics

### Unemployment Rate

Total nonfarm payroll employment **increased by 261,000 in October 2022, and the unemployment rate rose to 3.7%.** Notable job gains occurred in health care, professional and technical services, and manufacturing. **Georgia's unemployment rate increased to 2.9% for October 2022** but dropped a place – now ranking 13th in the U.S. of states with lowest unemployment.

Source: Bureau of Labor Statistics

### Labor Force Participation Rate

For October 2022 the labor force participation rate **decreased to 62.2% month-over-month.** The labor force participation rate for October 2022 for those of prime working age (25-54) **was 82.5%.**

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 (LEI) **decreased by 0.8% in October 2022 to 114.9, following a decline of 0.5% in September.** The LEI is now down 3.2% over the six-month period between April and October 2022, a reversal from its 0.5% growth over the previous six months. Per the Conference Board, "The downturn in the LEI reflects consumers' worsening outlook amid high inflation and rising interest rates, as well as declining prospects for housing construction and manufacturing." The Conference Board forecasts real GDP growth will be 1.8 percent year-over-year in 2022, and a recession is likely to start around yearend and last through mid-2023."

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)

# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## Pending Home Sales Index

Pending home sales slid for the fifth consecutive month, **with the PHSI declining 4.6% to 77.1 in October 2022. Year-over-year, pending transactions slipped by 37.0%.** Per the NAR, "October was a difficult month for home buyers as they faced 20-year-high mortgage rates. The upcoming months should see a return of buyers, as mortgage rates appear to have already peaked and have been coming down since mid-November."

*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 October 2022 were at a seasonally adjusted annual rate of 1,425,000. **This is 4.2% below the revised September estimate of 1,488,000 and is 8.8% below the October 2021 rate of 1,563,000.** Single-family housing starts in October were at a rate of 855,000; this is 6.1% below the revised September figure of 911,000. The October rate for units in buildings with five units or more was 556,000.

*Source: U.S. Census Bureau*

## Light Vehicle Sales

New light-vehicle sales in **October 2022 totaled 14.9 million units, the second-highest monthly total this year.** It was up 12.7% from October 2021 and up 9.8% from last month. Greater vehicle availability is likely the reason: at the end of October, inventory on the ground and in transit totaled 1.54 million units. This is an increase of 7.8% from September and marked the first-time inventory has exceeded 1.5 million units since May 2021. Delayed purchases from September courtesy of Hurricane Ian likely provided a small boost to October's sales volumes as well. **The average new-vehicle transaction price in October 2022 is expected to be \$45,599,** up 2.7% year over year but down only \$26 from September. Transaction prices have cooled somewhat from highs of \$46,000-plus this past July and August, but OEM discounts remain at record lows. Average incentive spending per unit is expected to total \$882—down 44.7% from October 2021 and the sixth straight month below \$1,000. At the end of September, **the average interest rate on a new-vehicle finance contract had risen above its pre-pandemic level** and will likely reach 6.03%, an increase of 199 basis points from October 2021 and the first time the average rate has been above 6% since mid-2019.

*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%.

Note: Next release for Personal Income and Outlays, October 2022, will be published Thursday, December 3, 2022.

*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%.

Note: Next release for Personal Income and Outlays, October 2022, will be published Thursday, December 3, 2022.

*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 October 2022, were \$694.5 billion, up 1.3% from the previous month, and 8.3% above October 2021.** Total sales for the August 2022 through October 2022 period were up 8.9% from the same period a year ago. Retail trade sales were up 1.2% from September 2022, and up 7.5% above last year. Gasoline stations were up 17.8% from October 2021, while food services/drinking places were up 14.1% 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 3rd quarter of 2022 **was \$265.9 billion, an increase of 3.0% from the 2nd quarter of 2022.** Total retail sales for the 3rd quarter of 2022 were estimated at \$1,792.0 billion, an increase of 0.7% from the 2nd quarter of 2022. The 3rd quarter 2022 e-commerce estimate increased 10.8% from the 3rd quarter of 2021 while total retail sales increased 9.1% in the same period. E-commerce sales in the 3rd quarter of 2022 accounted for 14.8% 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)*

# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## Consumer Confidence Index

The CCI decreased in November 2022 after also losing ground the previous month. The **index now stands at 100.2, down from 102.2 in October**. Per The Conference Board, “Inflation expectations increased to their highest level since July, with both gas and food prices as the main culprits. Intentions to purchase homes, automobiles, and big-ticket appliances all cooled. The combination of inflation and interest rate hikes will continue to pose challenges to confidence and economic growth into early 2023.” Consumers remain pessimistic about the short-term business conditions outlook in November – 19.9% of consumers expect business conditions to improve, up slightly from 19.6%.

*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 October 2022 (seasonally adjusted) the same increase as in September**. Over the last 12 months, the all items index increased 7.7%. The index for all items less food and energy rose 0.3% in October, after rising 0.6% in September. The indexes for shelter, motor vehicle insurance, recreation, new vehicles, and personal care were among those that increased over the month. Indexes which declined in October 2022 included the used cars and trucks, medical care, apparel, and airline fares indices. The **Producer Price Index for final demand increased 0.2% in October 2022**. Final demand prices rose 0.2% in September and were unchanged in August. Prices for final demand less foods, energy, and trade services advanced 0.2% in October following a 0.3% rise in September. For the 12 months ended in October, the index for final demand less foods, energy, and trade services increased 5.4%.

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

## Small Business Optimism Index

The Small Business Optimism Index **declined 0.8 points in October 2022 to 91.3**, which is the 10th consecutive month below the 49-year average of 98. For 33% of owners, inflation was the single most important problem in operating their business, 3 points higher than September’s reading and 4 points lower than July’s highest reading since the fourth quarter of 1979. Owners continue to show a dismal view about future sales growth and business conditions but are still looking to hire new workers. In addition to inflation, supply chain disruptions, and labor shortages continue to limit the ability of many small businesses to meet the demand for their products and services. **Fifty-four percent reported capital outlays in the last six months, down two points from September**. Of those making expenditures, 37% reported spending on new equipment, 22% acquired vehicles, and 17% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 6% acquired new buildings or land for expansion. Twenty-three percent plan capital outlays in the next few months.

*Source: National Federation of Independent Business*

## Industrial Production & Capacity Utilization

Total **industrial production decreased 0.1% in October 2022**, and its gain in September was revised down to 0.1%. At 104.7% of its 2017 average, total industrial production in October was 3.3% above its year-earlier reading. **Capacity utilization decreased 0.2 percentage points in October 2022 to 79.9%**, a rate that is 0.3 percentage points above its long-run (1972–2021) average. The major market groups recorded mixed results in October. Gains were registered by consumer goods, business equipment, and defense and space equipment, while losses were posted by construction supplies and materials.

*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 & Sales

The **manufacturing and trade inventories for September 2022 (seasonally adjusted) were estimated at an end-of-month level of \$2,464.4 billion**, up 0.4% from August 2022 and up 17.8% from September 2021. The combined value of distributive **manufacturing and trade sales for September 2022 was estimated at \$1,847.9 billion**, up 0.2% from August 2022 and was up 11.5% from September 2021. The total **business inventories/sales ratio** at the end of September was 1.33. The September 2021 ratio was 1.26.

*Source: U.S. Census Bureau*

## Purchasing Managers Index, Manufacturing

The October 2022 Manufacturing PMI **registered 50.2%, 0.7 percentage points lower than the 50.9% recorded in September**. This figure indicates expansion in the overall economy for the 29th 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%. With companies reporting softening new order rates over the previous five months, the October index reading reflects companies’ preparing for potential future lower demand. Of the six biggest manufacturing industries, three — Machinery; Petroleum & Coal Products; and Transportation Equipment — registered moderate-to-strong growth in October.

*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.)*



# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## Purchasing Managers Index, Services

In October 2022, the **Services PMI registered 54.4%, 2.3 percentage points lower than September's reading of 56.7%**. This is the lowest reading since May 2020, when the index registered 45.2%. Supplier deliveries continued to slow, at a faster rate in October. There are still challenges in hiring qualified workers, and due to uncertainty regarding economic conditions, some companies are holding off on backfilling open positions. Supply chain and logistical issues persist but are not as encumbering as they were earlier in the year.

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

## Logistics Managers' Index

The Logistics Managers' Index reads at **57.5 for October 2022, down 3.9 points from September's reading of 61.4**. This is the second month out of the last three that the overall index has read in below 60.0. This month's reading is the lowest since May of 2020 at the height of COVID-19 lockdowns, however, a rating over 50.0 still signifies growth. The engine of this growth is warehousing and inventory metrics. Although there is some evidence that firms are winding down their inventories, the costs associated with holding them remain high, as there continues to be a lack of available Warehousing Capacity. Inventory seems to be sitting idly (primarily downstream) clogging warehouses where retailers hope for a busy Q4. The flipside of that is that the normal peak season for carriers has not materialized, as there has been less to move than as usually seen during this time of year. Although transportation does not seem to be experiencing the same capacity issues as the warehousing sector, Ecommerce is expected to be up 2.5% from last year, so some demand for transportation could still materialize.

*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

The hiring frenzy in logistics driven by pandemic-fueled shopping appears to be cooling off – warehousing and storage companies cut payrolls by 20,000 workers last month as supply-chain bottlenecks eased. Operators of warehouses, trucking fleets and other freight businesses say they are paring their payroll growth as the supply-chain disruptions that led to tens of thousands of new jobs recede. Several freight executives say they expect to reduce staff by attrition, though some suggest layoffs could come as their companies cut costs. According to the recent Bureau of Labor Statistics report, warehousing and storage companies, which added more than 400,000 jobs in two years through the end of 2021, dropped 20,000 jobs from September 2022 to October 2022. It was the fourth straight monthly pullback in payrolls and the largest since the sector lost 75,000 jobs in April 2020 as pandemic lockdowns took hold.

*Source: Wall Street Journal; [link to article](#)*

## MULTIMODAL:

### Dow Jones Transportation Average

As of November 29, 2022, the Dow Jones Transportation Average **closed at a reading of 14,370.08**.

*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 November 29, 2022, the NASDAQ Transportation Index **closed at a reading of 5,645.95**.

*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 **September 2022 increased 0.3% to 142.0** – 0.1% below the all-time high level of 142.1 in August 2019. The Freight TSI increased in September due to increases in trucking, rail carloads, water and air freight, while rail intermodal and pipeline decreased. Year-to-date, shipments measured by the index were up 3.3% in September compared to the end of 2021.

*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 1.4% month-over-month in October 2022**. On a year-over-year basis, the index rose 2.9%, decelerated from 4.8% in September. With freight demand hit by inflation, substitution from goods back to services, and now excess inventory, the improvement in the past few months is still a little puzzling. It likely reflects a combination of: inventory building ahead of the holidays, repositioning of mistimed inventory, consumers getting ahead of rising interest rates, and easing supply constraints (particularly in auto production). The **expenditures component of the Cass Freight Index fell 4.9% in October 2022** after a 0.3% month-over-month increase in September. The expenditures index slowed to an 11% year-over-year increase in October from 21% in September. Expenditures fell 4.0% month-over-month in October, with shipments up 0.3% month-over-month and rates down 4.3%. 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)*

# LOGISTICS MARKET SNAPSHOT

## Shippers Conditions Index

The SCI fell in September 2022 and dropped to a negative reading of -3.1 from a positive 5.0 in August. The freight environment was tougher for shippers in September as capacity utilization tightened and freight volume increased. The monthly decline appears to be an outlier as conditions, although volatile, should generally improve as capacity utilization loosens. However, fuel costs will remain a major wild card. According to FTR, “A slowing freight market will help ease shippers’ pain points over the coming weeks and months with the slow freight growth expected to continue for much of 2023. This will give rail carriers an opportunity to hire to meet demand and use that headcount to improve service levels for the next upward cycle.”

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 September 2022 was valued at \$133.9 billion, up 22.6% compared to September 2021. Freight between the U.S. and Mexico totaled \$67.4 billion, up 23.0% from September 2021. Freight between the U.S. and Canada totaled \$66.5 billion, up 22.3% from September 2021. **Air moved** \$4.9 billion of freight, a 19.5% increase from September 2021. **Vessels moved** \$11.0 billion of freight, up 39.2% compared to September 2021. **Pipelines moved** \$12.9 billion of freight, a 51.7% increase compared to September 2021. **Trucks moved** \$81.9 billion of freight, up 19.4% compared to September 2021. **Railways moved** \$16.9 billion of freight, a 14.9% increase compared to September 2021.

Source: U.S. Bureau of Transportation Statistics

## Multimodal News Clip

While there was a shortage of containers at the height of the Covid pandemic, the global economy is now facing the opposite problem: too many containers. On top of falling freight rates, data shows container depots — used to house containers after they are unloaded — are now filling up or full. It points to more signs of falling global demand and an impending economic slowdown. Traders and shippers say the decline in global consumer demand is not a sign the global economy is normalizing after a frantic post-lockdown consumption rush but a downward shift in consumption appetites.

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

## RAIL:

## U.S. Freight Rail Traffic

U.S. railroads originated 952,074 carloads in October 2022, up 0.5%, or 5,121 carloads, from October 2021. U.S. railroads also originated 1,062,422 containers and trailers in October 2022, down 1.4%, or 15,095 units, from the same month last year. Combined U.S. carload and intermodal originations in October 2022 were 2,014,496, down 0.5 percent, or 9,974 carloads and intermodal units from October 2021. Per the Association of American Railroads, “October is usually one of the highest-volume months of the year for rail carloads, and it’s the top month so far this year. Carloads of grain surged upward as U.S. producers sought alternatives to the Mississippi River constraints while motor vehicles had one of their better months since pre-pandemic times. Carloads of chemicals were down in part because of high natural gas feedstock prices. U.S. intermodal volumes remained subdued in October thanks largely to high inventories at many retailers, lower port volumes and still-scarce warehouse capacity for many rail intermodal customers.”

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 October 2022 is 775.8, for a month-over-month increase of 8.7%, and a year-over-year increase of 57.0%.

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 October 2022 was 118,208 workers, an increase from 117,582 workers in September 2022. Total workers in September 2021 was 114,182.

Source: U.S. Surface Transportation Board

## Railroad News Clip

Members of the Cincinnati Southern Railway Board, which oversees the nation’s only interstate municipally owned railroad, voted 5-0 to sell Cincinnati’s railroad to Norfolk Southern for \$1.6 billion. Atlanta-based Norfolk Southern (NYSE: NSC) moves 30 trains a day and employs hundreds of people over that line, said Mike McClellan, the chief strategy officer for Norfolk Southern. Under the proposal that will be sent to voters if Ohio lawmakers approve needed changes to state law, the money will be set aside and invested by the board with the help of money managers. The sale and investment into a trust fund will generate an initial \$56 million a year to be used only on existing city infrastructure without tapping into the principal, according to city estimates. Meanwhile, the city would be guaranteed to receive \$25 million a year, the same amount of funding as it receives now.

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

# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## 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 Shipment** 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 accessorials 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.

Note: Next release for the Cowen-AFS Q4 2022 Report/Q1 2023 Forecast, will be published January 2023.

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

### Truckload Linehaul Index

The **October 2022 TLI** fell 1.5% month-over-month, after a 2.2% decline in September. Year-over-year, the index saw an increase of 2.0% in October 2022 after rising 3.9% year-over-year in September. As a broad market indicator, this index includes both spot and contract freight, and with spot rates already down significantly, it's only a matter of time until the index begins to decline on a year-over-year basis, even with December to come.

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 **declined 2.3% in October 2022 after rising 0.8% in September**. In October, the index equaled 116.3 versus 119.1 in September. According to the ATA, "The decrease fits with the anecdotal reports of a muted fall freight season. It also coincides with a slowing economy. Housing is a weak spot in freight in addition to a slowing in personal consumption of goods. While factory related freight is holding up better than other areas, it is also decelerating." Compared with October 2021, the index increased 2.8%.

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

### Truckload Freight, Van

The **national van load-to-truck ratio for October 2022 was 2.92**. This is a 17.6% month-over-month decrease and 47.7% decrease the same period last year. **Georgia's load-to-truck ratio** for vans for October 2022 remained steady at an average of 1.1 – 2.5 loads for every truck. The **spot rate (national average) for dry van freight declined to \$2.38 for November 2022**, down from \$2.42 in October. The average spot rate for the **Southeast region** for dry van freight registered at \$2.28 for November 2022.

Source: DAT Freight & Analytics

### Truckload Freight, Refrigerated

The national **load-to-truck ratio for refrigerated hauls decreased to 5.11 loads per truck in October 2022**, a month-over-month declining from a ratio of 6.33 month-over-month, and a whopping 12.03 loads the same time last year. **Georgia's load-to-truck ratio** for October held steady, averaging 2.3-5.5 reefer loads per truck. The average national **spot market reefer rate for November 2022 was \$2.79 per mile, unchanged from the previous month**. The average rate for the **Southeast region** for reefer freight registered at \$2.46 for November 2022.

Source: DAT Freight & Analytics

### Trucking Conditions Index

FTR's Trucking Conditions Index (TCI) **deteriorated in September 2022 to a -2.35 reading from a near-neutral -0.25 in August**. Weaker freight rates and an end to the sharp drop in diesel prices were the key factors in the change relative to August, although those negatives were partially offset by stronger freight demand and capacity utilization. Overall, the largest negative contributor to the September TCI was the cost of capital as the Federal Reserve battles inflation with higher interest rates. According to FTR, "After 18 months of mostly double-digit TCI readings, the index has been negative in all but one month since February. We expect market conditions to remain mildly negative for carriers in most months at least through 2023, but that weakness likely will not mirror the strength seen in late 2020 through early 2022. Trucking companies that managed their businesses well during the good times should remain healthy and outperform those that had relied on a robust market to remain afloat."

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



# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## Diesel Prices

As of November 28, 2022, the **U.S. average diesel price was \$5.14 per gallon**. This is a month-over-month decrease of \$0.17 and \$1.42 higher than the same week in 2021. The average price of diesel in the **Lower Atlantic states was \$5.08 per gallon**, \$0.10 lower month-over-month and a \$1.52 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

October 2022 numbers (preliminary) for the trucking industry **increased to 1,601,100 employees**, up from 1,587,900 employees (preliminary) for September 2022.

Source: U.S. Bureau of Labor Statistics

## Trucking Earnings & Hours

For September 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$29.70/hour, a 20-cent increase** from the previous month of \$29.50 (revised). September 2022 showed **average weekly hours totaling 41.1** (preliminary).

Source: U.S. Bureau of Labor Statistics

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

Preliminary North American Class 8 net orders for **October 2022 remained elevated for the second consecutive month, coming in at 43,200 units**. October order activity decreased 23% month-over-month but increased 77% year-over-year with Class 8 orders now totaling 271,000 units for the last 12 months. Net orders in October continue to solidify the notion that there remains a tremendous amount of pent-up replacement demand in the market due to the constricted production environment of the past two years that has limited many fleets from replacing aged equipment. According to FTR, "OEMs are now filling build slots well into Q2 and the early part of Q3 2023. Component shortages continue to be a week-to-week issue; however, the overall sentiment from manufacturers is optimistic that improvements will be made in the coming months and throughout the first half of next year."

Source: FTR Transportation Intelligence

## Trucking News Clip

A proposal meant to revolutionize roadside inspection by requiring fleets and owner-operators to equip their trucks with a new electronic identification system was roundly rejected by much of the trucking industry. The advance notice of proposed rulemaking issued by the Federal Motor Carrier Safety Administration in September responded to a request by the Commercial Vehicle Safety Alliance. CVSA contends that establishing a unique, universal electronic vehicle identifier for all commercial motor vehicles would boost safety by improving how roadside inspectors target unsafe vehicles and drivers.

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

## Air Cargo Traffic

Industry-wide cargo tonne-kilometers (CTKs) in **September 2022 were 20.33 billion, a slight decline compared to 20.36 billion in August**. Although this is a 10.6% decrease year-over-year, air cargo activity continued to track at near pre-pandemic levels. The softening air cargo demand is attributable to multiple headwinds. As most of the world's regions recover from the pandemic, post-pandemic consumer spending habits are likely to lean towards vacation travel more than home shopping via e-commerce. High inflation levels and the increasing fear of an economic recession have a negative impact on the global flows of goods and services. In addition, the ongoing war in Ukraine still affects cargo capacity, with a number of important air cargo carriers directly impacted.

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

## Jet Fuel Prices

As of November 25, 2022, the global average jet fuel price **ended at \$123.95/bbl, a 10.9% decrease month-over-month** and 42.6% 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)

# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## Air Freight News Clip

MSC Air Cargo is preparing to launch its weekly service ahead of schedule, with some flights starting this December, according to a schedule notice on the carrier's website. The air carrier will operate services connecting Mexico City (MEX), Indianapolis (IND), Frankfurt (HHN) and Hong Kong (HKG). An additional connection between HKG and Anchorage (ANC) on the way to MEX is also listed on the December schedule. In September, MSC Air Cargo said it anticipated launching its air cargo service in 2023 following the delivery of four 777-200F aircraft, all of which will be operated by Atlas Air. But with the first aircraft arriving in November, the new air freight arm of the ocean shipping company is moving a little faster. The remainder of the four 777-220F aircraft are expected to be delivered throughout 2023.

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

## OCEAN FREIGHT:

### Shanghai Containerized Freight Index

As of November 25, 2022, the SCFI comprehensive reading was \$1,229.9 per FEU. This is a 27.5% decrease from this time last month, and a 73.3% decrease year-over-year.

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 **552,800 twenty-foot equivalent container units in October 2022, for an increase of 9.6%** (48,460 TEUs) compared to the same month last year. The Port of Brunswick achieved significant growth in October 2022. Colonel's Island Terminal handled 70,233 units of Roll-on/Roll-off cargo last month, an increase of 22,045 units or nearly 46 percent. The Georgia Ports Authority has moved more than half a million twenty-foot equivalent container units in three of the last four months. Since July, 160 importers were either new customers at the Port of Savannah or existing customers who grew their Savannah trade by 20% or more.

Source: Georgia Ports Authority

### Ocean Freight News Clip

Container line AP Moller-Maersk, one of the world's largest consumers of bunker fuel, plans to ship a quarter of the cargo it carries using green fuels by the end of the decade. The company's target is to transport a minimum of 25% of its ocean cargo using green fuels by 2030. The firm's current fleet capacity is 4.25 million TEU. Maersk currently has about 296,100 TEU of methanol-fueled container ship capacity on order -- in 19 ships of various sizes -- for delivery before 2025. That amounts to about 7% of its current fleet capacity. If the company is to meet its new 2030 target using methanol-fueled tonnage, it could need to order another 45 17,000 TEU ships with methanol propulsion for delivery before 2030, as well as set up production deals to secure the necessary fuel supply. Over the longer term the company will still need a rapid shift into zero-carbon fuels, with a 2040 target of net zero GHG emissions across all of its operations.

Source: Ship & Bunker; [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.

Note: Next release for Q4 2022 – U.S. National Industrial Vacancy, will be published Friday, January 13, 2023.

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.

Note: Next release for Q4 2022 - U.S. National Asking Rents, will be published Friday, January 13, 2023.

Source: Cushman & Wakefield



# LOGISTICS MARKET SNAPSHOT

NOVEMBER 2022

## 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.**

Note: Next release for Q4 2022 – U.S. National Industrial Absorption, will be published Friday, January 13, 2023.

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 October 2022 numbers for the warehousing industry workforce comes in at **1,742,100 employees, an increase from 1,762,100 employees** for September 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

## Warehouse Earnings & Hours

September 2022 average hourly earnings in the warehousing and storage subsector experienced a **slight increase to \$22.39/hour (preliminary) from the August 2022 rate of \$22.41/hour (revised)**. The **average weekly hours were 41.2** for September 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

## Warehouse & Distribution News Clip

Electric lift trucks are evolving to deal with pressures wrought by e-commerce, including labor shortages and higher handling volumes, through high- and low-tech means. High tech innovations, like fully autonomous electric lift trucks, are improving efficiency for today's rapidly growing e-commerce fulfillment. Low tech features—such as the attachment units—are getting companies the maximum productivity from their lift truck fleets. In contrast to warehouse settings, these would be electric trucks which eliminate many human errors and provide accuracy and safety when moving goods indoors.

Source: SupplyChain247; [link to article](#)

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**Malissa MacKay | [mmackay@georgia.org](mailto:mmackay@georgia.org) | 912.966.7842**