LOGISTICS
MARKET SNAPSHOT

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DECEMBER 2022

U.S. MARKET:

Gross Domestic Product	Real gross domestic product (GDP) **increased at an annual rate of 3.2% in the third quarter of 2022 according to the "third" estimate** released by the Bureau of Economic Analysis. In the second quarter, real GDP decreased 0.6%. In the second estimate, the increase in real GDP was 2.9%. The updated estimates primarily reflected upward revisions to consumer spending and nonresidential fixed investment that were partly offset by a downward revision to private inventory investment. *Source: Bureau of Economic Analysis*
U.S. Trade Deficit	The **goods and services deficit was $78.2 billion in October 2022, up $4.0 billion from $74.1 billion in September**, revised. The October increase in the goods and services deficit reflected an increase in the goods deficit of $6.1 billion to $99.6 billion and an increase in the services surplus of $2.1 billion to $21.4 billion. **For the three months ending in October** the average goods and services deficit increased $2.5 billion to $72.7 billion. **Year-to-date**, the goods and services deficit increased $136.9 billion, or 19.9%, from the same period in 2021. *Source: Bureau of Economic Analysis*
Import Volumes	**October 2022 imports were $334.8 billion, $2.2 billion more than September imports, an increase of 0.6%.** For the three months ending in September, average imports increased $1.1 billion to $331.6 billion. Year-over-year, average imports increased $41.2 billion from October 2021. October imports of automotive vehicles, parts, and engines ($35.6 billion) were the highest on record. October imports from the European Union ($53.1 billion) were the highest on record. *Source: U.S. Census Bureau*
Export Volumes	**October 2022 exports were $256.6 billion, $1.9 billion less than September exports, a decrease of 0.7%.** For the three months ending in October, average exports decreased $1.4 billion to $258.9 billion. Year-over-year, average exports increased $41.2 billion from October 2021. October exports of capital goods ($49.6 billion) were the highest on record. October exports to India ($4.3 billion) were the highest on record. *Source: U.S. Census Bureau*
Import & Export Price Index	**U.S. import prices decreased 0.6% in November 2022 and has not recorded a monthly advance since a 0.2% increase in June 2022**. U.S. import prices declined 4.6% from June to November, after rising 8.1% in the first half of 2022. Lower nonfuel and fuel prices contributed to the November decline in U.S. import prices. Nonfuel import prices decreased 0.4% in November; the largest 1-month decline since a 0.5% drop in July 2022. Prices for import fuel fell 2.8% in November following a decline of 2.7% in October. **U.S. export prices declined 0.3% in November and have not recorded a 1-month increase since rising 1.1% in June 2022**. Prices for U.S. exports advanced 6.3% from November 2021 to November 2022, the smallest 12-month increase since February 2021. Lower nonagricultural prices in November more than offset higher agricultural prices. The price index for agricultural exports rose 2.3% in November 2022, after declining 0.8% in October and 0.9% in September. Nonagricultural export prices decreased 0.6% in November following a 0.3% drop the previous month. *Source: Bureau of Labor Statistics*
Unemployment Rate	Total nonfarm payroll employment **increased by 263,000 in November 2022, and the unemployment rate was unchanged at 3.7%.** Notable job gains occurred in leisure and hospitality, health care, and government. Employment declined in retail trade and in transportation and warehousing. **Georgia's unemployment rate increased to 3.0% for November 2022,** now ranking 14th in the U.S. of states with lowest unemployment. *Source: Bureau of Labor Statistics*
Labor Force Participation Rate	For November 2022 the labor force participation rate **decreased to 62.1% month-over-month.** The labor force participation rate for November 2022 for those of prime working age (25-54) **was 82.4%.** *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 1.0% in November 2022 to 113.5 following a decline of 0.9% in October.** The LEI is now down 3.7% over the six-month period between May and November 2022—a much steeper rate of decline than its 0.8% contraction over the previous six-month period, between November 2021 and May 2022. Says the Conference Board, "The US LEI fell sharply in November, continuing the slide it's been on for most of 2022 after peaking in February. Only stock prices contributed positively to the US LEI in November. Labor market, manufacturing, and housing indicators all weakened—reflecting serious headwinds to economic growth. Interest rate spread and manufacturing new orders components were essentially unchanged in November, confirming a lack of economic growth momentum in the near term." *Source: The Conference Board* *(the LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone)*

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Pending Home Sales Index	Pending home sales **slid for the sixth consecutive month, with the PHSI falling 4.0% to 73.9 in November 2022**. Year-over-year, pending transactions dropped by 37.8%. An index of 100 is equal to the level of contract activity in 2001. According to the NAR, "Pending home sales recorded the second-lowest monthly reading in 20 years as interest rates, which climbed at one of the fastest paces on record this year, drastically cut into the number of contract signings to buy a home. Falling home sales and construction have hurt broader economic activity." All four U.S. regions recorded month-over-month decreases, and all four regions saw year-over-year declines in transactions. *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 **November 2022 were at a seasonally adjusted annual rate of 1,427,000.** This is 0.5% below the revised October estimate of 1,434,000 and is 16.4% below the November 2021 rate of 1,706,000. Single-family housing starts in November were at a rate of 828,000; this is 4.1% below the revised October figure of 863,000. **The November rate for units in buildings with five units or more was 584,000**. *Source: U.S. Census Bureau*
Light-Vehicle Sales	New **light-vehicle sales in November 2022 of 14.1 million units was up 7.9% compared with November 2021** but down 6.5% compared with October 2022. Vehicle availability continued to improve, with inventory on the ground and in transit reaching 1.65 million units in November, up 57% year over year and up 6.9% from October. End-of-the-year inventory is expected to be roughly flat compared with the end of November's total. **November 2022's average transaction price is expected to reach $45,872—3.1% higher than a year ago**. In addition to rising transaction prices, rising interest rates and incentive spending that remains near record lows pushed new-vehicle payments higher. The average interest rate on a new-vehicle finance contract should reach 6.27%, an increase of 238 basis points from November 2021. Average incentive spending per unit is forecast to be just $1,009, down 35% year over year. **These three factors contributed to an expected average monthly payment in November 2022 of $712, an increase of $48 from November 2021**. Interest rates are poised to rise even higher before the end of the year, as the Fed is expected to boost rates again at its December meeting. *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 $80.1 billion** (0.4%) in November 2022. The increase in current-dollar personal income in November primarily reflected increases in compensation and personal income receipts on assets. The increase in compensation reflected increases in private wages and salaries in both services-producing industries and goods-producing industries. **Personal outlays increased $26.6 billion** in November 2022. **Personal saving was $461.2 billion** in November and the personal saving rate—personal saving as a percentage of disposable personal income—was 2.4%. *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 November 2022, the PCE price index increased 0.1%**. Excluding food and energy, the PCE price index increased 0.2%. Real PCE increased less than 0.1%, reflecting a decrease of 0.6% in spending on goods and an increase of 0.3% in spending on services. Within goods, spending on new motor vehicles was the leading contributor to the decrease. Within services, the largest contributor to the increase was spending on food services and accommodations. *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 November 2022, were $689.4 billion, down 0.6% from the previous month, but up 6.5% above November 2021**.Total sales for the September 2022 through November 2022 period were up 7.7% from the same period a year ago. Retail trade sales were down 0.8% from October 2022, but up 5.4% above last year. Gasoline stations were up 16.2% from November 2021, while food services and 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. Note: Next release for Q4 2022 – U.S Quarterly Retail E-Commerce Sales, will be published Friday, February 17, 2023. *Source: U.S. Census Bureau (E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online)*

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Consumer Confidence Index	This index increased in December 2022 following back-to-back monthly declines. **The index now stands at 108.3, up sharply from 101.4 in November.** According to The Conference Board, “Consumer confidence bounced back in December, reversing consecutive declines in October and November to reach its highest level since April 2022. Inflation expectations retreated in December to their lowest level since September 2021, with recent declines in gas prices a major impetus. Vacation intentions improved but plans to purchase homes and big-ticket appliances cooled further. This shift in consumers’ preference from big-ticket items to services will continue in 2023, as will headwinds from inflation and interest rate hikes.” *Source: The Conference Board (the consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer. Base year 1985=100)*
Consumer & Producer Price Index	The **Consumer Price Index rose 0.1% in November 2022 on a seasonally adjusted basis, after increasing 0.4% in October**. Over the last 12 months, the all-items index increased 7.1% before seasonal adjustment. The index for shelter was by far the largest contributor to the monthly all items increase, more than offsetting decreases in energy indexes. The food index increased 0.5% over the month with the food at home index also rising 0.5 %. The energy index decreased 1.6% over the month as the gasoline index, the natural gas index, and the electricity index all declined. The **Producer Price Index for final demand advanced 0.3% in November 2022**. Final demand prices also rose 0.3% in both October and September. Prices for final demand less foods, energy, and trade services moved up 0.3% in November after rising 0.2% in October. For the 12 months ended in November, the index for final demand less foods, energy, and trade services increased 4.9%. *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 0.6 points in November to 91.9. November’s reading is the 11th consecutive month below the 49-year average of 98.** Inflation remains the top business problem for small business owners, with 32% reporting it as their single most important problem in operating their business, five points lower than July’s highest reading since the fourth quarter of 1979. Per the NFIB, ““The small business economy is recovering as owners manage an ongoing labor shortage, supply chain disruptions, and historic inflation.” **Forty-four percent of owners reported job openings that were hard to fill, down two points from October, but historically high and not typical of a recession period**. A net negative 2% of owners viewed current inventory stocks as “too low” in November, down two points. By industry, shortages were the most frequent in wholesale (18%), manufacturing (14%), transportation (12%), and retail (11%). Shortages in construction (9%) have been reduced because home sales and new construction have slowed. *Source: National Federation of Independent Business*
Industrial Production & Capacity Utilization	**Industrial production declined 0.2% in November 2022.** Decreases of 0.6% for manufacturing and 0.7% for mining were partly offset by a rebound of 3.6% for utilities following three months of declines. At 104.5% of its 2017 average, total industrial production in November was 2.5% above its year-earlier reading. **Capacity utilization moved down 0.2 percentage points in November 2022 to 79.7%,** a rate that is 0.1 percentage point above its long-run (1972–2021) average. Decreases were broad based across market groups with the primary exceptions of consumer energy products, energy materials, and defense and space equipment. The output of consumer durables fell about 2%, led by automotive products, while the output of consumer non-energy nondurables decreased about 0.5%. *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	**Manufacturers' and trade inventories** for October 2022 were estimated at an end-of-month level of $2,468.3 billion, up 0.3% from September 2022 and were up 16.5% from October 2021. The combined value of distributive **trade sales and manufacturers' shipments** for October 2022 was estimated at $1,859.5 billion, up 0.8% from September 2022 and was up 10.1% from October 2021. The total business **inventories/sales ratio based on seasonally adjusted data at the end of October was 1.33**. The October 2021 ratio was 1.25. *Source: U.S. Census Bureau*
Purchasing Managers Index, Manufacturing	The November 2022 Manufacturing PMI **registered 49%, 1.2 percentage points lower than the 50.2% recorded in October**. Regarding the overall economy, this figure indicates expansion for the 30th month in a row after contraction in April and May 2020. This Manufacturing PMI figure is the lowest since May 2020, when it registered 43.5%. According to ISM, “Companies continue to judiciously manage hiring, and managing head counts and total supply chain inventories remain primary goals. Order backlogs, prices and now lead times are declining rapidly, which should bring buyers and sellers back to the table to refill order books based on 2023 business plans.” Of the six biggest manufacturing industries, two — Petroleum & Coal Products; and Transportation Equipment — registered weak-to-moderate growth in November. *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 November 2022, the Services PMI **registered 56.5%, 2.1 percentage points higher than October's reading of 54.4%**, an indicator that economic activity in the services sector has grown for the 30th month in a row. According to ISM, "Supplier deliveries continued to slow, albeit at a slower rate in November. Increased capacity and shorter lead times have resulted in a continued improvement in supply chain and logistics performance. A new fiscal period and the holiday season have contributed to stronger business activity and increased employment."
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 **in at 53.6 in November 2022, down 3.9 points from October's reading of 57.5**. This is the third month out of the last four that the overall index has read in below 60.0. It is also the second lowest overall reading in the history of the index, only surpassing the reading of 51.3 from April 2020 at the height of COVID-19 lockdowns, however, as the rating is over 50.0, this still registers as a very moderate rate of growth. In a change from what we have observed throughout 2022, inventory metrics are now settling into more sustainable rates of growth. Inventory Levels have decreased significantly, particularly for Upstream respondents. This is likely indicative of goods being positioned downstream for the holiday season, and more importantly for supply chains, being purchased by consumers. Despite the reductions in inventories, Warehousing Capacity remains tight, which in turn ensures continued expansion in Warehousing Prices. However, the transportation market continues to fall from the dizzying heights that had become the norm during 2021.
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

While freight logistics may still be in the middle of the storm front, we can see a sunnier forecast for the future. FinTech in trucking helps batten down the hatches during the inflationary storm and make recovery faster on the other side. The emergence of FinTech is directly addressing some of the more common pain points for owner-operators and carriers, especially as inflation has made it more challenging for them to run their businesses. As drivers see higher costs and lower margins amid unpredictable shipping schedules, FinTech solutions offer alternatives to legacy models that require drivers who need cash flow to pay high fees or wait long periods before getting paid.
Source: Supply & Demand Chain Executive; link to article

MULTIMODAL:

Dow Jones Transportation Average

As of January 3, 2023, the Dow Jones Transportation Average **closed at a reading of 13,383.44.**

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 January 3, 2023, the NASDAQ Transportation Index **closed at a reading of 5,334.82.**

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 October 2022 fell 0.8% from September, measuring 140.7. This is 1.0% below the all-time high level of 142.1 in August 2019**. The October freight index decrease was the 3rd decrease in 7 months for a total increase of 0.1% since March. It was the 4th month-over-month decrease in 14 months, for a total increase of 4.6% since August 2021. From October 2021 to October 2022 the index rose 2.6%.
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 and Expenditures

The **shipments component of the CFI fell 1.9% month-over-month and declined 0.4% year-over-year in November 2022.** After some noise in recent months related to comparisons and other temporary factors like repositioning mistimed inventory, and consumers getting ahead of rising interest rates, freight volumes settled back to a flattish level in November versus a year ago. Sharpening declines in imports, into the West Coast in particular, suggest near-term trends could soften further. Normal seasonality from here would have shipments down 5% year-over-year in December and about flat for the year. The **expenditures component of the CFI rose 4.7% year-over-year in November 2022, slowing from an 11.1% increase in October**. Expenditures rose 1.8% month-over-month after a 4.9% drop in October. Following normal seasonality from here, this component of the index is now likely to be flattish on a y/y basis in December and end the year with a 23% increase. This index includes changes in fuel, modal mix, intramodal mix, and accessorial charges.
Source: Cass Information Systems (Based upon transportation dollars and measures the total amount spent on freight and shipments of Cass clients comprised of over 400 shipping companies)

Shippers Conditions Index

The SCI **improved in October 2022 to a barely negative -0.3 reading from the previous -3.1 in September 2022.** Aside from a large increase in diesel prices during the month, shippers' market conditions were more positive month-over-month. The greatest improvement resulted from a loosening of capacity utilization to the most favorable climate since May 2020 and freight volume and rates were marginally more favorable in October. Per FTR, "A trend toward weakening diesel prices will aid shipper conditions in the months ahead along with weakening truck utilization which should allow for additional capacity to open up and help stabilize shipper conditions for at least a period of time before things turn negative again in 2023."

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.

Note: Next release for North American Freight Data, October 2022, published January 5, 2023 (after this edition's deadline).

Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

Eighty percent of supply chain executives polled in a recent survey revealed they cannot digitally track the movement of direct and indirect materials across their enterprise network. According to Verusen's 2022 State of the Supply Chain Research, the top priority of supply chain industry leaders is reducing material supply risk to avoid unplanned production delays and outages. The annual survey explores supply chain professionals' current perspectives, activities, and challenges related to the impact of the rapid shift in supply chains and consequent business conditions.

Source: Supply Chain 24/7; link to article

RAIL:

U.S. Freight Rail Traffic

U.S. railroads originated **1,162,736 carloads in November 2022, down 0.9%, or 10,437 carloads, from November 2021**. U.S. railroads also originated **1,230,291 containers and trailers in November 2022, down 5.4%, or 70,107 units, from the same month last year**. Combined U.S. carload and intermodal originations in November 2022 were 2,393,027, down 3.3%, or 80,544 carloads and intermodal units from November 2021. According to the Association of American Railroads, "Thanksgiving week is one of the lowest volume weeks of the year for rail traffic, which means November rail volumes frequently do not clearly demonstrate underlying sequential trends. As has been the case for months, some sectors continue to show strength while others face headwinds. For example, relatively slow lumber carloads are consistent with the weak market for new home construction. Conversely, rail hauled motor vehicles and vehicle parts volumes have been rising as automakers have increased output thanks to greater parts availability."

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 November 2022 is 740.2.** This is a month-over-month increase of 4.58%, and a year-over-year increase of 50.53%.

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 **November 2022 was 118,944 workers**, an increase from 118,208 workers in October 2022. Total number of workers in November 2021 was 113,957.

Source: U.S. Surface Transportation Board

Railroad News Clip

The drama about whether union members would go on strike has passed, with Congress passing legislation and President Joe Biden signing that legislation requiring all unions to ratify the labor agreement that union and railroad negotiators reached in September. But the battle scars still remain and those scars must be healed in order for the rail industry not only to fully restore service levels but also to thrive and assume the role as a vital and necessary freight transportation mode. How can the railroads and the unions move on? They can do so through local negotiations and through changing railroad culture. But both endeavors will have challenges.

Source: FreightWaves; link to article

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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.

Note: At this publication's deadline, The Cowen-AFS Q4 2022 Report/Q1 2023 Forecast, has not yet been released.

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

Truckload Linehaul Index

The **November 2022 index fell 1.2% month-over-month, after a 1.5% decline in October.** Year-over-year, the TLI saw a 1.7% increase versus the 2.0% year-over-year increase for October. The index seems likely to stay positive on a year-over-year basis in December but will likely start declining in January 2023. As a broad market indicator, this index includes both spot and contract freight, and with spot rates already down significantly, the larger contract market is likely to continue adjusting down more gradually but in the same direction.

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 **decreased 2.5% in November after slipping 1.2% in October.** In November, the index equaled 114.7 versus 117.6 in October. Says the ATA, ""The decreases match anecdotal reports of a soft fall freight season as well as a slowing goods-economy generally. Housing-related freight is particularly weak." Compared with November 2021, the index increased 0.8%, which was the 15th straight year-over-year gain, but the smallest over that period. In October, the index was up 4% from a year earlier. Year-to-date through November, compared with the same period in 2021, tonnage was up 3.7%.

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 November 2022 was 2.68.** This is a decline of 7.8% month-over-month and a 48.2% decrease from the same period last year. **Georgia's load-to-truck ratio** for vans for November 2022 increased to an average of 2.6 – 5.4 loads for every truck. The **spot rate (national average) for dry van freight remained steady, increasing one cent to $2.39 for December 2022,** from the previous month. The average spot rate for the **Southeast region** for dry van freight registered at $2.30 for December 2022.

Source: DAT Freight & Analytics

Truckload Freight, Refrigerated

The national **load-to-truck ratio for refrigerated hauls decreased to 4.95 loads per truck in November 2022**, declining from an average of 5.11 loads month-over-month, and an average of 11.92 loads in November 2021. **Georgia's load-to-truck ratio** for November held steady, averaging 2.3-5.5 reefer loads per truck. The average national **spot market reefer rate for December 2022 was $2.73 per mile, falling 6 cents from the previous month.** The average rate for the **Southeast region for reefer freight** registered at $2.42 for November 2022.

Source: DAT Freight & Analytics

Trucking Conditions Index

FTR's Trucking Conditions Index (TCI) **for October 2022 fell to a -11.16 reading from the -2.35 reported for September**. Sharp increases in fuel and financing costs coupled with an unfavorable trend in freight rates resulted in a major deterioration of financial conditions for trucking companies during October. **The October TCI was the weakest since the all-time low reading of -28.66 in April 2020.** According to FTR, "The rate environment looks to keep market conditions at least mildly negative into 2024. Plunging diesel prices obviously are bolstering financial conditions in the near term, and the hit from financing costs likely will begin moderating by mid-2023. Those costs have disproportionately hurt smaller carriers recently, and improvements in those situations likewise will not help larger carriers as much as smaller ones."

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

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Diesel Prices	As of January 2, 2023, the **U.S. average diesel price was $4.58 per gallon**. This is a month-over-month decrease of $0.38 and $0.97 higher than the same week in 2022. The average price of diesel in the **Lower Atlantic states was $4.69 per gallon**, $0.26 lower month-over-month and a $1.20 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	November 2022 numbers (preliminary) for the trucking industry **increased to 1,601,300 employees,** up from 1,600,000 employees (preliminary) for October 2022. *Source: U.S. Bureau of Labor Statistics*
Trucking Earnings & Hours	For October 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were $29.71/hour**, **almost a nickel decrease** from the previous month of $29.75 (revised). October 2022 showed **average weekly hours totaling 41.3** (preliminary). *Source: U.S. Bureau of Labor Statistics*
U.S. Truck & Trailer Orders (Class 8)	FTR reports preliminary North American Class 8 net orders for November 2022 fell to 34,300, well below September's 56,000-unit record. Orders may have declined over the last two months, but compared to last year's weak results, they are showing tremendous gains. November order activity was down 20% month-over-month, but up 254 % year-over-year. Class 8 orders now total 295,000 for the last 12 months. *Source: FTR Transportation Intelligence*
Trucking News Clip	The Owner-Operator Independent Drivers Association announced this month its support of a bipartisan Senate bill that would invest hundreds of millions of federal dollars in truck parking. The Truck Parking Safety Improvement Act, introduced by U.S. Sens. Cynthia Lummis, a Wyoming Republican, and Mark Kelly, an Arizona Democrat, seeks to address a shortage of safe parking that OOIDA says has worsened in recent years to just 1 parking spot for every 11 trucks on the road. *Source: Transport Dive; link to article*

AIR FREIGHT:

Air Cargo Traffic	Global air cargo demand, measured by cargo tonne-kilometers (CTKs), had a **positive monthly growth in October 2022 measuring 21.1 billion CTKs, increasing 3.5% month-over-month**. However, industry CTKs fell by 13.6% year-over-year compared to the same month in 2022 and were also 6.2% lower than the pre-pandemic levels in 2019. The months-long double-digit year-over-year growth of international CTKs in Latin America came to an end in October, with only 0.3% year-over-year growth. Headwinds in the air cargo industry persisted in October, including high inflation rates in advanced economies, weak performance in the global flows of goods and services, the ongoing war in Ukraine, and the unusual strength of the US dollar. All of these factors put downward pressure on air cargo growth. *Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)*
Jet Fuel Prices	As of December 30, 2022, the global average jet fuel price **ended at $129.58/bbl, a 5.6% increase from the previous month** and 41.8% higher year-over-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	Air cargo rates dropped for the third consecutive month in November as demand slows and shippers flock to an improved ocean landscape. Some retailers saw financial and operational benefits in Q3 as air cargo rates and volumes continued to soften. Meanwhile, ocean transport's improved market landscape has prompted some retailers to move shipments away from air freight and back onto boats, despite longer transit times. Looking ahead, shippers are expected to see ongoing benefit from softening rates in both air and ocean, potentially lowering shipping costs in 2023. In turn, industry stakeholders are opting for shorter capacity commitments. *Source: Supply Chain Dive; link to article*

LOGISTICS MARKET SNAPSHOT

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OCEAN FREIGHT:

Shanghai Containerized Freight Index	As of December 30, 2022, the SCFI comprehensive reading was $1,107.5 per FEU. This is a 9.95% decrease from the previous month, and a 78.05% 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 **moved 464,883 twenty-foot equivalent container units in November**, a decrease of 6.2% or 30,866 TEUs compared to the same month last year. Compared to November 2019, the Port of Savannah's performance constitutes an increase of 28% over three years, well above GPA's pre-pandemic expansion, which averaged 4% to 5%, annually. As of January 2, 2023, Savannah has reduced its vessel queue to 11 container ships, down 63% from November 1, when there were 30 vessels at anchor. GPA expects to clear the backlog by end of month. *Source: Georgia Ports Authority*
Ocean Freight News Clip	Nearly a third of logistics managers at major companies and trade groups say they do not know how much trade they would return to the West Coast once an International Longshore and Warehouse Union, or ILWU, labor deal is reached, according to CNBC's supply chain survey. Negotiations between the ILWU and their employer, the Pacific Maritime Association, have been ongoing since May 10, 2022. Eighteen percent of respondents said they would bring back 10% of their diverted trade, another 12% surveyed said they would bring back 20% of the trade they moved away, and another 12% were more bullish, saying they would bring back 60% of their diverted trade. *Source: CNBC; 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*
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 November 2022 numbers for the warehousing industry workforce comes in at **1,727,600 employees, a decrease from 1,740,100 employees** for October 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse Earnings & Hours	October 2022 average hourly earnings in the warehousing and storage subsector experienced a **increased a dime to $22.48/hour (preliminary) from the September 2022 rate of $22.38/hour (revised)**. The **average weekly hours were 41.7** for October 2022 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse & Distribution News Clip	Demand for dry and cold chain warehousing remained strong in 2022 and is expected to continue climbing steadily in 2023. As the sectors continue to evolve, warehouse operators are attracting investor attention, consolidating, and changing their names. The increased focus on all things supply chain, fulfillment, distribution and shipping propelled third-party logistics (3PL) providers and refrigerated warehousing and logistics providers through a busy 2022 and set up them up for more success in the coming year. Investors took a bigger interest in the sector, which experienced some internal consolidation as 3PL operators acquired one another. *Source: Logistics Management; link to article*

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For more information about the **Logistics Market Snapshot** or the many other resources and activities of the Georgia Center of Innovation's logistics team please contact:

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