LOGISTICS MARKET SNAPSHOT

Georgia® CENTER OF INNOVATION

APRIL 2023

U.S. MARKET:

Gross Domestic Product	Real gross domestic product (GDP) **increased at an annual rate of 1.1% in the first quarter of 2023 according to the "advance" estimate** released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 2.6%. The increase in real GDP reflected increases in consumer spending, exports, federal government spending, state and local government spending, and nonresidential fixed investment that were partly offset by decreases in private inventory investment and residential fixed investment. *Source: Bureau of Economic Analysis*
U.S. Trade Deficit	The goods and services deficit **was $70.5 billion in February 2023, up $1.9 billion from $68.7 billion in January**, revised. The February increase in the goods and services deficit reflected an increase in the goods deficit of $2.7 billion to $93.0 billion and an increase in the services surplus of $0.8 billion to $22.4 billion. **For the three months ending in February** the average goods and services deficit increased $3.3 billion to $68.8 billion. *Source: Bureau of Economic Analysis*
Import Volumes	**February 2023 imports were $321.7 billion, a decrease of $5.0 billion from January, or 1.5%.** February imports of industrial supplies and materials ($59.3 billion) were the lowest since October 2021 ($58.1 billion). February imports from China ($30.6 billion) were the lowest since March 2020 ($19.6 billion). *Source: U.S. Census Bureau*
Export Volumes	**February 2023 exports were $251.2 billion, $6.9 billion less than January, or a decrease of 2.7%.** February exports to Brazil ($3.5 billion) were the lowest since April 2021 ($3.2 billion). February exports to Taiwan ($2.9 billion) were the lowest since September 2021 ($2.8 billion). *Source: U.S. Census Bureau*
Import & Export Price Index	**U.S. import prices for U.S. imports fell 0.6% in March 2023, the largest 1-month decline since November 2022**. The price index for U.S. imports decreased 4.6% over the past year, the largest 12-month drop since the index declined 6.3% in May 2020. Lower prices for fuel and nonfuel imports each contributed to the March drop in U.S. import prices. Import fuel prices declined 2.9% in March following a 5.7-percent drop the previous month. The price index for nonfuel imports decreased 0.5% in March, after rising 0.9% over the previous 3 months. **Prices for U.S. exports fell 0.3 percent in March, after increasing 0.4% in February and 0.3 percent in January**. Lower prices in March for agricultural exports and nonagricultural exports each contributed to the overall decrease. Prices for U.S. exports decreased 4.8% for the year ended in March, the largest 12-month decline since a 6.7-percent drop from May 2019 to May 2020. The price index for agricultural exports decreased 1.5% in March, after increasing 1.2% the previous month. Prices for nonagricultural exports declined 0.2% in March following a 0.3-percent advance in February. *Source: Bureau of Labor Statistics*
Unemployment Rate	Total nonfarm payroll employment **rose by 236,000 in March 2023, and the unemployment rate changed little at 3.5%.** Employment continued to trend up in leisure and hospitality, government, professional and business services, and health care. **Georgia's unemployment rate was 3.1% for March 2023**, now ranking 21st in the U.S. of states with the lowest unemployment. Nevada ranks highest in unemployment with a rate of 5.5%. *Source: Bureau of Labor Statistics*
Labor Force Participation Rate	For March 2023 the labor force participation rate **increased to 62.6% from the previous month's reading.** The labor force participation rate for March 2023 for those of **prime working age (25-54) remained unchanged at 83.1%.** *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 Leading Economic Index (LEI) for the U.S. **fell by 1.2% in March 2023 to 108.4, following a decline of 0.5% in February**. The LEI is down 4.5% over the six-month period between September 2022 and March 2023—a steeper rate of decline than its 3.5% contraction over the previous six months (March–September 2022). Per the Conference Board, "The U.S. LEI fell to its lowest level since November of 2020, consistent with worsening economic conditions ahead. The weaknesses among the index's components were widespread in March and have been so over the past six months, which pushed the growth rate of the LEI deeper into negative territory. The Conference Board **forecasts that economic weakness will intensify and spread more widely throughout the US economy over the coming months,** leading to a recession starting in 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)*

Pending Home Sales Index

Pending home sales decreased for the first time since November 2022, **falling by 5.2% to 78.9 in March 2023. Year over year, pending transactions dropped by 23.2%.** Says the National Association of Realtors, "The lack of housing inventory is a major constraint to rising sales. Multiple offers are still occurring on about a third of all listings, and 28% of homes are selling above list price. Limited housing supply is simply not meeting demand nationally." **Three U.S. regions posted monthly losses, while the South increased.** All four regions saw year-over-year declines in transactions. **NAR forecasts that mortgage rates will drop – with the 30-year fixed mortgage rate progressively falling to 6.0% this year and to 5.6% in 2024**.
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 March 2023 were at a seasonally adjusted annual rate of 1,420,000**. This is 0.8% below the revised February estimate of 1,432,000 and is 17.2% below the March 2022 rate of 1,716,000. **Single-family housing starts** in March 2023 were at a rate of 861,000; this is 2.7% above the revised February figure of 838,000. The March 2023 rate for units in **buildings with five units or more was 542,000**.
Source: U.S. Census Bureau

Light-Vehicle Sales

New light-vehicle sales in **February 2023 increased year-over-year for the seventh straight month to 14.9 million units**, up 8.6% from February 2022. This boost was likely aided by higher inventory and incentive spending. Fleet sales also rose, **jumping 39% from February 2022**. Average incentive spending per unit was expected to total $1,335 this February, up 4.7% compared with a year ago. Monthly payments continue to increase due to rising interest rates and elevated new-vehicle prices. **The average monthly payment in February 2023 should reach $722, up $59 year over year**. The average interest rate on a new-vehicle finance contract in February is expected to be 6.8%—an increase of 252 basis points over last year.
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 $67.9 billion (0.3%) in March 2023. Disposable personal income (DPI) increased $71.7 billion (0.4%). The increase in current-dollar personal income in March primarily reflected increases in compensation, personal income receipts on assets, and rental income of persons that were partly offset by decreases in proprietors' income and personal current transfer receipts. **Personal outlays increased $21.5 billion in March 2023**. Personal saving was $1.00 trillion in March and the personal saving rate—personal saving as a percentage of disposable personal income—was 5.1%.
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 March 2023 the Personal Consumption Expenditures (PCE) price index increased 0.1%. Excluding food and energy, the PCE price index increased 0.3%. Prices for goods decreased 0.2% and prices for services increased 0.2%. Food prices decreased 0.2% and energy prices decreased 3.7%. Excluding food and energy, the PCE price index increased 0.3**%. Real PCE decreased less than 0.1%.** This decrease in real PCE in March reflected a decrease of 0.4% in spending on goods that was partly offset by an increase of 0.1% in spending on services. Within goods, a decrease in motor vehicles and parts was partly offset by an increase in gasoline and other energy goods. Within services, the increase was led by housing and utilities.
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 March 2023, were $691.7 billion, down 1.0% from the previous month, but up 2.9% above March 2022. **Total sales for the January 2023 through March 2023 period were up 5.4% from the same period a year ago. Retail trade sales were down 1.2% from February 2023, but up 1.5% above last year.** Nonstore retailers were up 12.3% from last year, while food services and drinking places were up 13.0% from March 2022.
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 fourth quarter of 2022, adjusted for seasonal variation, **was $262.0 billion, a decrease of 0.1% from the third quarter of 2022.** Total retail sales for the fourth quarter of 2022 were estimated at $1,785.8 billion, a decrease of 0.3% from the third quarter of 2022. The fourth quarter 2022 e commerce estimate increased 6.5% from the fourth quarter of 2021, while total retail sales increased 5.7% in the same period. **E-commerce sales in the fourth quarter of 2022 accounted for 14.7% of total sales.**

Note: Next release for Q1 2023 – U.S Quarterly Retail E-Commerce Sales, will be published Thursday, May 18, 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)

Consumer Confidence Index

The Consumer Confidence Index in **April 2023 fell to 101.3, down from 104.0 in March**. According to The Conference Board, "While consumers' relatively favorable assessment of the current business environment improved somewhat in April, their expectations fell and remain below the level which often signals a recession looming in the short-term. April's decline in consumer confidence reflects particular deterioration in expectations for consumers under 55 years of age and for households earning $50,000 and over. **Overall purchasing plans for homes, autos, appliances, and vacations all pulled back in April**, a signal that consumers may be economizing amid growing pessimism."

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 March 2023** after increasing 0.4% in February. Over the last 12 months, the all items index increased 5.0% before seasonal adjustment. The index for all items less food and energy rose 0.4% in March, after rising 0.5% in February. **Indexes which increased in March include shelter, motor vehicle insurance, airline fares, household furnishings and operations, and new vehicles**. The index for medical care and the index for used cars and trucks were among those that decreased over the month. The **Producer Price Index for Final Demand** declined 0.5% in March. Final demand prices were unchanged in February and increased 0.4% in January. Prices for final demand less foods, energy, and trade services edged up 0.1% in March after rising 0.2% in February. For the 12 months ended in March, the index for final demand less foods, energy, and trade services increased 3.6%.

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 **decreased in March 2023 to 90.1, marking the 15th consecutive month below the 49-year average of 98.** Down 0.8 points from last month, 24% of owners reported inflation as their single most important business problem, a 4% month-to-month decrease. Small business owners expecting better business conditions over the next six months remain at a net negative 47%. Says the National Federation of Independent Business, "**Small business owners are cynical about future economic conditions.** Hiring plans fell to their lowest level since May 2020, but strong consumer spending has kept Main Street alive and supported strong labor demand."

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Industrial production rose 0.4% in March 2023 and was little changed in the first quarter, increasing at an annual rate of 0.2%. In March, manufacturing and mining output each fell 0.5%. The index for utilities jumped 8.4%, as the return to more seasonal weather after a mild February boosted the demand for heating. At 103.0% of its 2017 average, total industrial production in March was 0.5% above its year-earlier level. **Capacity utilization moved up to 79.8% in March 2023, a rate that is 0.1 percentage points above its long-run (1972–2022) average**. Capacity utilization for manufacturing moved down 0.5 percentage points in March to 78.1%, a rate that is 0.1 percentage points below its long-run average. The operating rate for mining fell 0.5 percentage points to 91.1%, while the operating rate for utilities jumped 5.6 percentage points to 75.3%.

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 & Sales

Manufacturers' and **trade inventories for February 2023 were estimated at an end-of-month level of $2,471.6 billion**, up 0.2% from January 2023 and were up 9.1% from February 2022. The combined value of distributive **trade sales and manufacturers' shipments for February 2023 was estimated at $1,817.9 billion**, virtually unchanged from January 2023, but was up 3.3% from February 2022. **The total business inventories/sales ratio based on seasonally adjusted data at the end of February 2023 was 1.36**. The February 2022 ratio was 1.29.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The March 2023 **Manufacturing PMI registered 46.3%, 1.4 percentage points lower than the 47.7% recorded in February**. Regarding the overall economy, this figure indicates a fourth month of contraction after a 30-month period of expansion. The Manufacturing PMI is at its lowest level since May 2020, when it registered 43.5%. Per the Institute for Supply Management, "With survey panelists reporting softening new order rates over the previous 10 months, the March composite index reading reflects companies continuing to slow outputs to better match demand for the first half of 2023 and prepare for growth in the late summer/early fall period." "**Of the six biggest manufacturing industries, two — Petroleum & Coal Products; and Machinery — registered growth in March**. The remaining manufacturing industries that reported growth in March are: Printing & Related Support Activities; Miscellaneous Manufacturing; Fabricated Metal Products; Primary Metals.

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

Economic activity in the services sector expanded in for the third consecutive month as the **Services PMI registered 51.2% for March 2023, 3.9 percentage points lower than February's reading of 55.1%.** Per the Institute for Supply Management, "There has been a pullback in the rate of growth for the services sector, attributed mainly to (1) a cooling off in the new orders growth rate, (2) an employment environment that varies by industry and (3) continued improvements in capacity and logistics, a positive impact on supplier performance**. The majority of respondents report a positive outlook on business conditions**."

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 51.1 in March 2023**, this is down (-3.6) from February's reading of 54.7 in February. **This is the lowest reading for the overall index in the 6.5-year history of the LMI.** This is being driven by an **all-time low in Transportation Prices**, which are down (-5.0) to 31.1, reaching a nadir for the second consecutive month. Relatedly, **Transportation Utilization** reads in at 50.0, indicating no upward movement for the first time in 2023. **Inventory Levels** (55.6) continue to grow, though at a decreasing (-6.8) rate. And both **Transportation (71.4) and Warehousing Capacity** (58.2) continue their upward climb. In March of 2023 **only Warehousing Prices remains in the realm of significant expansion.** This likely reflects the long-term contracts that many firms are under – keeping them in warehouses longer than they really need them at elevated prices. In many ways Warehousing Prices are a lagging indicator. If demand continues to soften and this metric were to dip much further, there is a chance that the overall index could shift into contraction. **There is still some hope that the freight market will pick back up later in 2023,** but the optimism that many carriers had been reporting for the second half of 2023 seems to have faded somewhat. While many still anticipate some growth, many are pessimistic that 2023 will see a return to the busy times of 2020-21.

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

Shares of transportation stocks are lagging behind the broader U.S. stock market, reflecting rising investor concerns of a recession following weaker demand for goods, travel and materials, while underscoring how economic uncertainties could choke off a strong run for the transportation industry. Weighing on the transportation sector are worries about weaker demand for goods and a potential global recession, which are widely expected as a result of the Federal Reserve's aggressive monetary tightening. When demand falls, companies which transport goods will have excess capacity and lose pricing power, but that could become a bigger problem when coinciding with still-elevated wholesale inflation and a steady wage growth.

Source: MarketWatch; link to article

MULTIMODAL:

Dow Jones Transportation Average

As of April 28, 2023, the Dow Jones Transportation Average **closed at a reading of 14,021.87.**

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 April 28, 2023, the NASDAQ Transportation Index **closed at a reading of 5,743.86.**

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 **February 2023 measured 138.7, which was 2.0% below the all-time high level of 141.5 in August 2022**. The Freight TSI increased in February due to seasonally adjusted increases in rail intermodal, water, air freight, and trucking, while rail carload, and pipeline declined. For-hire freight shipments in February 2023 (138.7) were 46.0% higher than the low in April 2009 during the recession (95.0). The February 2023 level was 2% below the historic peak reached in August 2022 (141.5). For-hire freight shipments measured by the index were up 0.7% in February 2023 compared to the end of 2022.

Source: U.S. Bureau of Transportation Statistics (TSI is based on the amount of freight carried by the for-hire transportation industry)

Freight Index for Shipments and Expenditures

The **shipments component of the Cass Freight Index fell 1.0% month-over-month in March 2023** as freight markets continue to work through an extended soft patch. On a year-over-year basis, the index turned to a 4.0% decline after a 0.3% year-over-year decline in February. Soft real retail sales trends and ongoing destocking remain the primary headwinds to freight volumes, and sharp import declines suggest this type of environment will persist for some time. Normal seasonality from the March level suggests 1%-3% year-over-year declines for the next few months. The **expenditures component of the Cass Freight Index, which measures the total amount spent on freight, fell 1.5% month-over-month in March 2023**, and fell 12.0% year-over-year, following a 9.7% year-over-year decline in February. The expenditures component of the Cass Freight Index rose 23% in 2022, after a record 38% increase in 2021, but is set to retrench in 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 Shippers Conditions Index (SCI) **in February 2023, with a small decline to 5.1 from 5.4 in January, reflects an environment that is mostly favorable and stable for shippers**. Slightly lower fuel costs and relatively weak freight demand offset stronger rates and utilization in the month. The outlook is for market conditions to remain in a modestly favorable range for shippers through 2023 with expected gradual deterioration in 2024. Per FTR, "A relatively stable, slightly favorable outlook for shippers is unlikely to be moved over the next few months. But **shippers need to carefully watch the underlying economy for signs of change that could alter the economic calculus between shippers and their transportation providers**."
Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for shippers)

North American Transborder Freight

Total Transborder freight moved by all modes of transportation between the U.S. and North American countries (Mexico and Canada) **for February 2023 was valued at $119.9 billion, up 6.6% compared to February 2022**. Freight between the U.S. and Canada totaled $59.3 billion, up 5.5% from February 2022. Freight between the U.S. and Mexico totaled $60.6 billion, up 7.8% from February 2022. **Air moved $4.0 billion** of freight, down 6.2% compared to February 2022. **Vessels moved $8.6 billion** of freight, down 4.6% compared to February 2022. **Pipelines moved $9.5 billion** of freight, down 3.7% compared to February 2022. **Railways moved $16.7 billion** of freight, up 9.2% compared to February 2022. **Trucks moved $75.9 billion** of freight, up 9.7% compared to February 2022.
Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

A recently held House Transportation & Infrastructure (T&I) Committee hearing focused on oversight of the bipartisan $1.2 billion Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, with a sharp focus on "ensuring it is implemented as Congress intended." The legislation, which represents the single largest investment in repairing and reconstructing the nation's bridges since the construction of the interstate highway system, was signed into law by President Biden in November 2021. A key objective of it is to "ease inflationary pressures and strengthen supply chains by making long overdue improvements for our nation's ports, airports, rail, and roads," according to the White House.
Source: Logistics Management; link to article

RAIL:

U.S. Freight Rail Traffic

U.S. railroads **originated 1,164,052 carloads in March 2023, down 1.2%**, or 13,794 carloads, from March 2022. U.S. railroads also **originated 1,159,656 containers and trailers in March 2023, down 13.3%**, or 178,555 units, from the same month last year. **Combined U.S. carload and intermodal originations in March 2023 were 2,323,708, down 7.6%**, or 192,349 carloads and intermodal units from March 2022. According to the Association of American Railroads, "Rail volumes today are being negatively influenced by broader economic trends, including slowdowns in industrial output, high inventory levels at many retailers, lower port activity and consumer spending that's not as robust as it was during most of the last three years. To date, there are no clear economic indicators that suggest this uncertainty will not continue into the immediate future."
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 March 2023 was 579.7.** This is a month-over-month decrease of 3.81%, and a year-over-year decrease of 17.24%.

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 **March 2023 was 120,668 workers**, an increase from 120,210 workers in February 2023. Total number of workers in March 2022 was 115,042.

Source: U.S. Surface Transportation Board

Railroad News Clip

Canadian Pacific and Kansas City Southern have made their rail merger official, a month after federal regulators with the U.S. Surface Transportation Board (STB) approved the deal under conditions concerning competitive rates, environmental impacts, worker protections, and passenger rail access. The formal business merger became complete when shares of Kansas City Southern (KCS) were transferred from a voting trust—where they had been stored to ensure independence during the review process—to an affiliate of CP. With that step complete, the combined companies are now known as a new corporation called Canadian Pacific Kansas City (CPKC), with its global headquarters in Calgary, Alberta, and a network of some 20,000 miles of rail and 20,000 employees.
Source: DC Velocity; link to article

TRUCKING:

Cowen/AFS Freight Index

In Q2 2023, the **Truckload Rate Per Mile Index** is projected to fall to 6.6% above the January 2018 baseline – a 0.8% quarter-over-quarter decrease and a 13.1% YoY decline. Data indicates that carriers are using lower rates to gain volume due to a significant decrease in demand caused by a mix of these cooling inventory levels, high interest rates and inflation. In Q1:2023, **the LTL Rate Per Pound Index** experienced the most significant quarter-over-quarter decline on record, dropping from 64.0% above the January 2018 baseline to 57.0%. Excess capacity and lower diesel costs are exerting pricing pressure which contribute to the decline in Rate Per Pound in Q1:2023. The Q2 **Express Parcel Index** expects a continued increase of 1.1% quarter-over-quarter driven by parcel carriers strategic pricing to recoup lost revenue from declining volumes. Both FedEx and UPS reported decreasing year-over-year volumes, and their strategies to adapt to this situation will significantly influence express parcel rates going forward. Rates increased 4.0% quarter-over-quarter in Q1 2023, driven partly by a seasonal rebound of average billed weight per package and zone. The latest **Ground Parcel Index** expects a continuation of historically high levels, increasing 1.7% quarter-over-quarter to 31.7% above the January 2018 baseline. Ground parcel data indicates an average discount increase of 1.6%, suggesting carriers are willing to trade discounts for packages on the belt. However, there is also evidence in the data to indicate the growth of small- and medium-sized shippers, thus masking the full impact of discount increase.
Source: AFS Logistics (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

Truckload Linehaul Index

The Truckload Linehaul Index fell 0.6% **month-over-month** in March 2023 to 147.7, after a 0.4% **month-over-month** decline in February. This index fell 9.6% year-over-year in March after a 6.0% year-over-year decline in February. As a broad truckload market indicator, this index includes both spot and contract freight. **With spot rates already down significantly, the larger contract market is likely to continue adjusting down, if more gradually, but in the same direction**. Over the past year, the primary modal trend as capacity growth accelerated has been a considerable increase in the proportion of TL freight, and consequent declines in LTL and intermodal volumes.
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

The For-Hire Truck Tonnage Index **fell 5.4% in March 2023 after increasing 0.9% in February**. In March, the index equaled 111.6 compared with 118.0 in February. Says the American Trucking Associations, "After increasing a total of 2.6% during the three previous months, March's sequential decline was the largest monthly drop since April 2020 during the start of the pandemic. Falling home construction, decreasing factory output and soft retail sales all hurt contract freight tonnage – which dominates ATA's tonnage index – during the month. **Despite the largest year-over-year drop since October 2020, contract freight remains more robust than the spot market, which continues to see prolonged weakness**."
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 March 2023 was 2.05.** This is a month-over-month decrease of 18.8% and a 55.2% decrease from the same period last year. **Georgia's load-to-truck ratio** for vans for March 2023 remained steady at an average of 2.6 – 5.4 loads for every truck. For **April 2023, the spot rate (national average) for dry van freight dropped a dime from the previous month to a reading of $2.07.** The average spot rate for the **Southeast region** for dry van freight dropped 9 cents month-over-month, registering at $2.05 for April 2023. *Source: DAT Freight & Analytics*
Truckload Freight, Refrigerated	The national **load-to-truck ratio for refrigerated hauls decreased 21.1% to 3.04 loads per truck in March 2023.** This is a year-over-year decrease of 63.8% from March 2022. **Georgia's load-to-truck ratio** for March 2023 fell, averaging 2.3 – 5.5 reefer loads per truck. The average national **spot market reefer rate for April 2023 was $2.41 per mile,** falling 10 cents from the previous month. The average rate for the **Southeast region for reefer freight** registered at $2.32 for April 2023. *Source: DAT Freight & Analytics*
Trucking Conditions Index	The Trucking Conditions Index (TCI) **declined to -5.17 in February 2023, dropping from January's reading of -1.71, reflecting weaker freight rates and volume**. Those headwinds for trucking companies more than offset slight improvements in utilization and fuel costs. Financing costs remain a negative factor for carriers, but they are largely stable. The TCI is forecast to remain in negative territory until well into 2024. Says FTR, "While market conditions for trucking companies weakened in February, the relatively better – though still negative – TCI in January was the outlier. The industrial and consumer sectors are sluggish, although spending on goods is still elevated and consumer inflation is slowing. **Freight volume is holding up better than many anticipated, but downside risks are substantia**l." *Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)*
Diesel Prices	As of April 24, 2023, the **U.S. average diesel price was $4.07 per gallon**. This is a month-over-month decline of $ 0.05 and $1.09 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states was $4.00 per gallon**, declining $0.08 month-over-month, and a $1.08 decrease over the same week the previous year. *Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)*
Trucking Employment	March 2023 numbers (preliminary) for the trucking industry **increased to 1,612,000 employees,** an increase from 1,606,300 employees (preliminary) for February 2023. *Source: U.S. Bureau of Labor Statistics*
Trucking Earnings & Hours	For February 2023, the average earnings (preliminary) for occupations commonly found in truck transportation **were $30.08/hour**, **jumping $0.33** from the previous month's rate of $29.76. February 2023 showed **average weekly hours totaling 40.7** (preliminary) down from 41.2 hours for January 2023. *Source: U.S. Bureau of Labor Statistics*
U.S. Truck & Trailer Orders (Class 8)	The preliminary North American Class 8 net **orders fell in March 2023 for the fifth time in the last six** months, coming in at 19,000 units for the month. After rising in February, March orders declined 18% month-over-month and 11% year-over-year. Class 8 orders have totaled 301,500 units over the last 12 months. According to FTR, "With build activity over the last several months hovering near 27,000 units, backlogs likely fell during the month. Given that backlogs are sitting at such high levels, however, it is difficult to ascertain if there is a fundamental weakening in the Class 8 equipment market given order activity levels. **Overall, the numbers were solid and will have little impact on production levels over the next two quarters. This is a welcome sign that demand has not collapsed and that fleets still have access to capital.**" *Source: FTR Transportation Intelligence*

Trucking News Clip

Latest infrastructure legislation has resulted in new ways to examine the increases in roadway fatalities in recent years. The Department of Transportation (DOT) calls its most recent program to turn around the dismal trend the National Roadway Safety Strategy. At the core of this strategy is a departmentwide adoption of the Safe System Approach, which focuses on five key objectives: safer people, safer roads, safer vehicles, safer speeds and post-crash care, according to DOT documents. “We will launch new programs, coordinate and improve existing programs, and adopt a foundational set of principles to guide this strategy.” DOT said the “safe system approach,” which researchers say is gaining traction, differs significantly from a conventional safety approach.
Source: Transport Topics; link to article

AIR FREIGHT:

Air Cargo Traffic

Compared with a year ago**, cargo tonne-kilometers (CTKs) were 7.5% lower in February 2023, a significant improvement from the 14.9% annual decline in January**. Global air cargo capacity, measured by available cargo tonne-kilometers (ACTKs), grew 8.6% year-on-year (YoY). This growth was driven by the return of passenger aircraft belly-hold capacity in international markets, which increased 57.0% YoY and recovered 75.1% of pre-pandemic capacity in February. **International air cargo traffic saw varied performance across regions, with Africa and North America maintaining their lead in the recovery of cargo traffic**. China's reopening played a significant role in improving the performance of Asia-related route areas.
Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)

Jet Fuel Prices

As of April 21, 2023, the global average jet fuel price **ended at $95.76/bbl, a decline of 6.6% from the previous month** and falling 37.9% 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 carriers are pushing customers to use electronic air waybills, which experts say are key to improving processes, increasing shipment visibility and eliminating errors. Earlier this year, for instance, carrier IAG Cargo implemented a charging fee for using paper AWBs as the company strives to digitize its operations and procedures. The eAWB has been available for more than 10 years but the air cargo industry at large has lagged in shipping document digitization.
Source: Supply Chain Dive; link to article

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of April 28, 2023, the SCFI comprehensive **reading was $999.73 per FEU.** This is an 8.22% increase from the previous month, **and a 76.07% 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 has achieved 8 consecutive months of growth for Roll-on/Roll-off cargo. **The Port of Brunswick handled 62,100 units of vehicles and heavy equipment in March 2023**, while Savannah’s Ocean Terminal added another 1,700 units, for a total of 63,800. March volumes increased 22% over the same month last year. C**ontainer volumes for March 2023 were 367,880 twenty-foot equivalent container units**, compared to 444,690 TEUs in the same month last year. GPA now handles one out of every 8.8 loaded twenty-foot equivalent container units in the U.S., its highest national market share ever.
Source: Georgia Ports Authority

Ocean Freight News Clip

Spot container freight indexes are still falling. Cargo shippers are signing annual contracts at sharply lower rates than last year. Import demand continues to be crippled by high inventories. A massive wave of new container ships is now hitting the market in full force. And yet, the container shipping industry does not appear to be battening down the hatches for a looming storm. It is not behaving like an industry facing an imminent crisis. The rates paid by liner companies to charter container ships bottomed out earlier this year and are now increasing. The duration of charters is rising as well. The number of idle container ships has decreased in recent weeks. Liner companies continue to buy more vessels in the secondhand market. The expected tsunami of ship recycling has yet to occur. The number of older ships demolished year to date is lower than expected. And container lines continue to place orders at shipyards for more vessels.
Source: American Shipper; link to article

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The overall **U.S. industrial vacancy rate ticked higher by 40 basis points (bps) in Q1 2023 to 3.6%** but sits well below the 10-year historical average of 5.3%. The uptick was mainly due to the plethora of speculative deliveries coupled with the normalization of demand. **Regionally, the South yielded the highest increase in vacancy with a 60-bps jump to 4.2%, making it the first region to surpass the 3% range**. This is unsurprising with the level of new construction activity, especially speculative space coming on the market in this region. The West remains the only region with a sub-3% overall vacancy rate. **Savannah, GA reported** a vacancy rate of 0.2% for Q1 2023, compared to 0.7% for Q4 2022. **Atlanta, GA reported** a vacancy rate of 4.1% for Q1 2023, compared to 3.2% in Q4 2022.
Source: Cushman & Wakefield

Warehouse Rent Rates

Asking **rental rate growth remained elevated during the first quarter, rising 3.5% quarter-over-quarter to yet another new high of $9.19 per square foot (psf) and eclipsing the $9.00-psf mark for the first time.** While the rate of increase edged higher, expect growth to temper later in the year and into next year, as it returns toward more sustainable levels. Compared to first quarter 2022, rents have swelled by 17.2%, slightly off the record annual growth achieved over the last three quarters. Furthermore, as new speculative construction deliveries—which are priced at a premium—persist, expect growth to continue despite the projected rise in vacancy. Despite ongoing headwinds, rent growth will persevere amid high occupancy rates, growing in the single digits annually over the next few years. However, some port-proximate and coastal markets will likely achieve stronger growth in that time. **For Savannah, GA** the average asking rental rate for Q1 2023 was $6.48, compared to $5.88 for Q1 2022. **For Atlanta, GA** the average asking rental rate for Q1 2023 was $7.19, compared to $6.65 for Q1 2022.
Source: Cushman & Wakefield

Industrial Absorption

Net absorption came in at 62.5 **million square feet (msf),** for the first quarter of 2023 and was comparable to quarterly totals registered earlier in the expansion cycle (2016-2019). While overall net absorption had a notable deceleration in the first quarter, results varied by market with Houston, Dallas/Fort Worth, Phoenix, Indianapolis, Atlanta, the Pennsylvania I-81/I-78 Corridor, and Las Vegas all recording more than 2.8 msf of positive net demand. Conversely, net occupancy gains were tempered across most other markets. Tenant demand is forecasted to decelerate and register totals closer to those achieved earlier in the expansion cycle, as consumer spending shifts away from purchasing goods amid softer economic conditions. However, growth will continue with almost 350 msf of absorption anticipated in 2023 and 2024 combined, as the market rebalances amid the new wave of supply. **For Savannah, GA,** Q1 2023 net absorption registered at 2,159,187 compared to 2,609,130 for Q4 2022. **For Atlanta, GA**, Q1 2023 net absorption registered at 3,029,908 compared to 8,976,274 for Q4 2022.
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 March 2023 numbers for the warehousing industry workforce comes in at **1,910,600 employees, decreasing from 1,922,400 employees** for February 2023 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

February 2023 average hourly earnings in the warehousing and storage subsector **increased to $23.25/hour (preliminary) from the January 2023 rate of $22.97 hour (revised)**. The **average weekly hours were 40.0 for February 2023** (preliminary) down from 40.3 hours in January 2023.

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip	Well aware of the storm clouds brewing on the macroeconomic horizon, Walmart is doubling down on its supply chain-led transformation into an omnichannel retailer with an integrated, flexible and intelligent distribution and fulfillment network. For Walmart, leveraging its supply chain to unlock new margin gains is integral to “Everyday Low Cost,” which enables “Everyday Low Prices.” Walmart management believes there are (at least) two big ways that supply chain investments can address the overall business environment. First, for Walmart, supply chain has always been a place of experimentation, where small investments that have proven to generate operating leverage can then be scaled. Second, e-commerce is the fastest part of Walmart’s business — growing 17% y/y in the fourth quarter — and connecting all of its inventory and rationalizing its network helps power that growth. *Source: FreightWaves; link to article*

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