

LOGISTICS MARKET SNAPSHOT



U.S. MARKET:

Gross Domestic Product Real gross domestic product (GDP) **increased at an annual rate of 1.3% in the first quarter of 2023 according to the "second" 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 \$64.2 billion in March 2023, down \$6.4 billion from \$70.6 billion in February**, revised. The March decrease in the goods and services deficit reflected a decrease in the goods deficit of \$6.4 billion to \$86.6 billion and a decrease in the services surplus of less than \$0.1 billion to \$22.4 billion. **For the three months ending in March** the average goods and services deficit decreased \$1.0 billion to \$67.8 billion.
Source: Bureau of Economic Analysis

Import Volumes **March 2023 imports were \$320.4 billion, a decrease of \$1.1 billion from February, or 0.3%.** March imports of industrial supplies and materials (\$57.9 billion) were the lowest since August 2021 (\$56.4 billion). March imports from Mexico (\$42.8 billion) were the highest on record.
Source: U.S. Census Bureau

Export Volumes **March 2023 exports were \$256.2 billion, \$5.3 billion more than February, or an increase of 2.1%.** March real dollar exports of petroleum (\$27.6 billion) were the highest on record, since the series began in 1994. March exports to the European Union (\$35.0 billion) were the highest on record.
Source: U.S. Census Bureau

Import & Export Price Index **U.S. import prices advanced 0.4% in April 2023, the first monthly increase since December 2022.** Despite the April rise, the price index for U.S. imports declined over the past year, falling 4.8% on a 12-month basis for the second consecutive month. **Prices for import fuel rose 4.5% in April** following a 3.9% drop in March and a 5.6% decline in February. Despite the monthly rise, import fuel prices fell 25.9% over the past year. Higher petroleum prices drove the increase for the month, more than offsetting lower prices for natural gas. **U.S. export prices increased 0.2% in April 2023, after declining 0.6% the previous month.** Higher prices for nonagricultural exports and agricultural exports in April each contributed to the overall advance. The price index for U.S. exports fell 5.9% from April 2022 to April 2023, the largest over-the-year drop since a 6.7% decline in May 2020. **Agricultural export prices rose 0.4% in April following a 1.9-percent decrease in March.** Higher prices for corn, nuts, meat, and vegetables in April more than offset lower fruit and soybeans prices. Despite the monthly rise, prices for agricultural exports fell 3.9% over the past year, the largest 12-month drop since the index fell 4.5 percent for the year ended June 2020.
Source: Bureau of Labor Statistics

Unemployment Rate Total nonfarm payroll **employment rose by 253,000 in April 2023, and the unemployment rate changed little at 3.4%.** Employment continued to trend up in professional and business services, health care, leisure and hospitality, and social assistance. **Georgia's unemployment rate remained unchanged at 3.1% for April 2023**, now ranking 23rd in the U.S. of states with the lowest unemployment. Nevada ranks highest in unemployment with a rate of 5.4%.
Source: Bureau of Labor Statistics

Labor Force Participation Rate For April 2023 the labor force participation rate **remained unchanged from the previous month's reading at 62.6%.** The labor force participation rate for April 2023 for those of **prime working age (25-54) increased to 83.3%.**
Source: U.S. Bureau of Labor Statistics (Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)

Leading Economic Index The Leading Economic Index (LEI) for the U.S. **declined 0.6% in April 2023 to 107.5 following a decline of 1.2% in March.** The LEI is down 4.4% over the six-month period between October 2022 and April 2023—a steeper rate of decline than its 3.8% contraction over the previous six months (April–October 2022). Says the Conference Board, “Weaknesses among underlying components were widespread—but less so than in March’s reading, which resulted in a smaller decline. Only stock prices and manufacturers’ new orders for both capital and consumer goods improved in April.” **The Conference Board forecasts a contraction of economic activity starting in Q2** leading to a mild recession by mid-2023 and continues to warn of an economic downturn this year.

Source: The Conference Board (the LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone)

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Pending Home Sales Index

The Pending Home Sales Index – a forward-looking indicator of home sales based on contract signings – **remained at 78.9 in April 2023**, posting no change from the previous month. **Year-over-year, pending transactions dropped by 20.3%**. Three U.S. regions posted monthly gains, while the Northeast decreased. All four regions saw year-over-year declines in transactions. **Not all buying interests are being completed due to limited inventory,**" says The National Association of Realtors. "Affordability challenges certainly remain and continue to hold back contract signings, but a sizeable increase in housing inventory will be critical to get more Americans moving."
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 April 2023 were at a seasonally adjusted annual rate of 1,401,000**. This is 2.2% above the revised March estimate of 1,371,000, but is 22.3% below the April 2022 rate of 1,803,000. Single-family housing starts in April were at a rate of 846,000; this is 1.6 percent above the revised March figure of 833,000. **The April 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 April 2023 rose significantly year-over-year. **The 15.9 million units for April represents an increase of 11.4% compared with 14.3 million units for April 2022.** Increased vehicle availability, which alleviated some consumer and fleet pent-up demand, helped fuel the sales rise. Fleet sales are forecast to account for 16% of April 2023 sales. **Average interest rates and transaction prices remain high and continue to keep new-vehicle monthly payments elevated.** The average interest rate on a new-vehicle finance contract in April 2023 is expected to be \$729, an increase of \$48 year-over-year. The average interest rate on a new-vehicle finance contract should reach 6.8% in April 2023, or 227 basis points higher compared with April 2022. **Average incentive spending per unit in April is expected to total \$1,599, an increase of 58.9% compared with April 2022.** While average incentive spending has risen from rock-bottom lows, it has not increased equally for all OEMs. Some OEMs have been able to substantially boost new-vehicle supply, but others are still struggling with vehicle production.
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 April 2023. Disposable personal income (DPI) increased \$79.4 billion (0.4%). The increase in current-dollar personal income in April primarily reflected increases in compensation and personal income receipts on assets that were partly offset by a decrease in personal current transfer receipts. The increase in compensation was led by private wages and salaries. **Personal outlays increased \$156.0 billion in April 2023.** Personal savings were \$802.1 billion in April and the personal saving rate—personal saving as a percentage of disposable personal income—was 4.1 percent.
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

The Personal Consumption Expenditures (PCE) **price index increased 0.4% For April 2023.** Excluding food and energy, the PCE price index increased 0.4%. The 0.5% increase in real PCE in April reflected an increase of 0.8% in spending on goods and an increase of 0.3% in spending on services. Within goods, the largest contributor to the increase was spending for motor vehicles and parts (led by new motor vehicles). Within services, the increase was led by spending for financial services and insurance. From the same month one year ago, the PCE price index for April increased 4.4%.
Source: U.S. Bureau of Economic Analysis (the PCE price index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services; it is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior)

Retail Sales

Advance estimates of U.S. retail and food services sales **for April 2023 were \$686.1 billion, up 0.4% from the previous month,** and up 1.6% above April 2022. Total sales for the February 2023 through April 2023 period were up 3.1% from the same period a year ago. Retail trade sales were up 0.4% from March 2023, and up 0.5% above last year. Non-store retailers were up 8.0% from last year, **while food services and drinking places were up 9.4% from April 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 first quarter of 2023, adjusted for seasonal variation, **was \$272.6 billion, an increase of 3.0% from the fourth quarter of 2022.** Total retail sales for the first quarter of 2023 were estimated at \$1,799.5 billion, an increase of 0.9% from the fourth quarter of 2022. The first quarter 2023 e-commerce estimate increased 7.8% from the first quarter of 2022 while total retail sales increased 3.4% in the same period. **E-commerce sales in the first quarter of 2023 accounted for 15.1% 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)

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Consumer Confidence Index

The Consumer Confidence Index **fell in May 2023 to 102.3, down from an upwardly revised 103.7 in April.** Says The Conference Board, “Consumer confidence declined in May as consumers’ view of current conditions became somewhat less upbeat while their expectations remained gloomy. Consumers also became more downbeat about future business conditions, however, expectations for jobs and incomes over the next six months held relatively steady. **While consumer confidence has fallen across all age and income categories over the past three months, May’s decline reflects a particularly notable worsening in the outlook among consumers over 55 years of age.**”

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 April 2023 after increasing 0.1% in March.** Over the last 12 months, the all-items index increased 4.9% before seasonal adjustment. The index for all items less food and energy rose 0.4% in April, as it did in March. **Indexes which increased in April include shelter, used cars and trucks, motor vehicle insurance, recreation, household furnishings and operations, and personal care.** The index for airline fares and the index for new vehicles were among those that decreased over the month. The **Producer Price Index for final demand advanced 0.2% in April 2023.** Final demand prices fell 0.4% in March and were unchanged in February. Prices for final demand less foods, energy, and trade services rose 0.2% in April after inching up 0.1% in March. For the 12 months ended in April, the index for final demand less foods, energy, and trade services increased 3.4%.

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 **decreased by 1.1 points in April to 89.0. This marks the 16th consecutive month below the survey’s 49-year history of 98.** Labor quality was the top business problem at 24%, with inflation in second place by one point at 23%. According to the National Federation of Independent Business, “**Optimism is not improving on Main Street as more owners struggle with finding qualified workers for their open positions. Inflation remains a top concern for small businesses but is showing signs of easing.**” Fifty-six percent of owners reported capital outlays in the last six months, down one point from March. Of those making expenditures, 40% reported spending on new equipment, 23% acquired vehicles, and 11% spent money on new fixtures and furniture.

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Industrial production rose 0.5% in April 2023 after moving sideways the previous two months. In April, manufacturing increased 1.0%, bolstered by a strong gain in the output of motor vehicles and parts; factory output excluding motor vehicles and parts moved up 0.4%. The index for mining rose 0.6%, while the index for utilities dropped 3.1%, as milder temperatures in April lowered demand for heating. **Capacity utilization edged up to 79.7% in April 2023,** a rate that is equal to its long-run average. Capacity utilization for manufacturing moved up 0.7 percentage points in April to 78.3%, a rate that is 0.1 percentage points above its long-run average.

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 & Trade Inventories and Sales

Manufacturers’ and trade **inventories for March 2023 were estimated at an end-of-month level of \$2,490.0 billion,** down 0.1 percent% from February 2023, but were up 6.5% from March 2022. The combined value of distributive trade **sales and manufacturers’ shipments for March 2023 was estimated at \$1,790.8 billion,** down 1.1% from February 2023 and was down 0.3% from March 2022. **The total business inventories/sales ratio based on seasonally adjusted data at the end of March was 1.39.** The March 2022 ratio was 1.30.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The **April 2023 Manufacturing PMI registered 47.1%, 0.8 percentage points higher than the 46.3% recorded in March.** Regarding the overall economy, this figure indicates a fifth month of contraction after a 30-month period of expansion. According to the Institute for Supply Management, “The U.S. manufacturing sector contracted again; however, the Manufacturing PMI improved compared to the previous month, indicating slower contraction. The April composite index reading reflects companies continuing to manage outputs to better match demand for the first half of 2023 and prepare for growth in the late summer/early fall period.” **Of the 6 biggest manufacturing industries, 2 — Petroleum & Coal Products; and Transportation Equipment — registered growth in April.**

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

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Purchasing Managers Index, Services

Economic activity in the services sector expanded for the fourth consecutive month as the **Services PMI registered 51.9% in April 2023**. The sector has grown in 34 of the last 35 months, with the lone contraction in December 2022. According to the Institute for Supply Management, **“There has been a slight uptick in the rate of growth for the services sector, due mostly to the increase in new orders and ongoing improvements in both capacity and supply logistics.** The majority of respondents are mostly positive about business conditions; however, some respondents are wary of potential headwinds associated with inflation and an economic slowdown.”

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

For the second consecutive month **the LMI has reached a new all-time low, reading in at 50.9 in April 2023**. While this is only slightly down (-0.2) from March’s reading of 51.1, it marks a new nadir in the 6.5-year history of the index. **This new low is being driven by a dip in Inventory Levels**, which are down (-4.7) to 50.9, suggesting that respondents continue to get closer to properly balancing their supply of goods and working through the glut many of them have been saddled with for the last year. The drop in inventories has led to a significant (-9.9) **drop in Warehousing Utilization** which in turn has dropped Warehousing Prices – particularly for Downstream firms – as the metric reads in below 70.0 for the first time since August of 2020. This comes on the heels of Inventory Costs dipping below 70.0 for the first time in over two years in March, demonstrating the somewhat lagged nature of Warehousing Costs.

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 U.S. supply chain is healing from early pandemic shocks that sent shipping costs skyrocketing and squeezed supplies of everything from toilet paper to pasta, but more than three years later, material shortages and hiring woes linger. Rates for trucking, ocean shipping and other transportation tumbled after U.S. consumers shifted spending from big-ticket items like furniture, BBQ grills and big-screen TVs to travel and other entertainment, offering a reprieve to beleaguered shippers. The labor market remains tight, which is fueling costs. Elsewhere, machine parts shortages persist and cement has become difficult to find as automakers and other manufacturers catch up with demand and the U.S. ramps up infrastructure projects.

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

MULTIMODAL:

Dow Jones Transportation Average

As of May 30, 2023, the Dow Jones Transportation Average **closed at a reading of 13,965.64.**

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 May 30, 2023, the NASDAQ Transportation Index **closed at a reading of 5,727.92.**

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 **March 2023 measured 134.4, 5.0% below the all-time high level of 141.5 in August 2022**. The Freight TSI decreased in March due to seasonally adjusted decreases in rail intermodal, water, air freight, and trucking, while rail carload and pipeline grew. **The March freight index decrease was the largest decrease since the beginning of the COVID pandemic in April 2020**. For-hire freight shipments measured by the index were down 2.0% in March 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 April 2023 to a reading of 1.144**. This is a 2.4% year-over-year decrease as freight markets remain muted and continue to work through an extended soft patch. Declining real retail sales trends and ongoing destocking remain the primary headwinds to freight volumes, but dynamics are shifting as real incomes are improving, and the worst of the destock is most likely in the rearview. The **expenditures component of the Cass Freight Index**, which measures the total amount spent on freight, fell 2.1% month-over-month and 14.0% year-over-year in April. The expenditures component rose 23% in 2022, after a record 38% increase in 2021, but is set to decline about 12% in 2023, assuming normal seasonal patterns from here throughout.

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) for **March 2023 dipped to a reading of 4.5, down from the previous month's reading of 5.1.** This reflects slightly less favorable overall conditions. For only the third time since May 2020, all four freight factors for the SCI – freight demand, capacity utilization, rates, and fuel costs were positive contributors to the index. According to FTR, **“Despite the small decline, the overall story of positive shipper conditions and a stable outlook remains in place this month and are expected to hold firm for the balance of 2023.”** More favorable rates and lower fuel costs were partially offset by tighter capacity and stronger volume.

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 **March 2023 was valued at \$141.5 billion, down 0.3% compared to March 2022.** Freight between the U.S. and Canada totaled \$69.4 billion, down 4.8% from March 2022. Freight between the U.S. and Mexico totaled \$72.1 billion, up 4.5% from March 2022. **Air moved \$5.2 billion** of freight, down 7.9% compared to March 2022. **Pipelines moved \$10.1 billion** of freight, down 17.6% compared to March 2022. **Vessels moved \$10.8 billion** of freight, down 9.8% compared to March 2022. **Railways moved \$18.6 billion** of freight, down 7.9% compared to March 2022. **Trucks moved \$90.2 billion** of freight, up 5.4% compared to March 2022.

Source: U.S. Bureau of Transportation Statistics

**Multimodal
News Clip**

The House Transportation and Infrastructure Committee (T&I) recently passed a slate of bills aimed at addressing supply-chain disruptions. The bills include H.R. 3372, which would establish a 10-year pilot program for states to increase truck weights on federal highways, and H.R. 3317, which would close a loophole in current federal law that prohibits Federal Transit Administration funds from being used to buy rail cars or buses from foreign state-owned or controlled companies. H.R. 3372 would establish the pilot program to allow commercial trucks on the Interstate Highway System to weigh as much as 91,000 pounds, up from the current maximum of 80,000. The bill is opposed by many in the rail industry.

Source: Progressive Railroading; [link to article](#)

RAIL:

**U.S. Freight
Rail Traffic**

U.S. railroads **originated 936,637 carloads in April 2023**, up 1.8%, or 16,981 carloads, from April 2022. U.S. railroads also **originated 945,313 containers and trailers in April 2023**, down 12.7%, or 137,879 units, from the same month last year. **Combined U.S. carload and intermodal originations in April 2023 were 1,881,950**, down 6.0%, or 120,898 carloads and intermodal units from April 2022. Per the Association of American Railroads, “Intermodal continues to suffer because of significantly lower trade activity at ports, weaker consumer demand, and continued excess retail inventories from the pandemic era. These headwinds won’t last forever. When they dissipate, railroads will be prepared to meet their customers’ needs safely and reliably.”

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 April 2023 was 551.7.** This is a month-over-month decrease of 4.83%, and a year-over-year decrease of 26.29%.

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 **April 2023 was 121,391 workers**, an increase from 120,668 workers in March 2023. Total number of workers in April 2022 was 115,510.

Source: U.S. Surface Transportation Board

**Railroad
News Clip**

A coalition of 75 shipper groups — led by the National Customs Brokers & Forwarders Association of America, the National Industrial Transportation League, and the National Retail Federation — appealed this week to lawmakers to clarify that railroads should be billing ocean carriers, not shippers, for overseas import containers that the railroads pick up at the ports and transport to and store at rail yards throughout the country. “Rail storage, a form of demurrage, is charged by railroads as part of international ocean transportation at the nation’s interior rail terminals,” the shippers wrote in a letter to the leadership of the House Transportation and Infrastructure Committee. Regulations should also be amended to make clear that the storage fees be subject to the demurrage and detention invoicing requirements of the Ocean Shipping Reform Act of 2022 (OSRA), the groups maintain, which is under the jurisdiction of the Federal Maritime Commission.

Source: American Shipper; [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.

Note: The Cowen-AFS Q2 2023 Report/Q3 2023 Forecast will be released July 2023.

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 0.8% month-over-month in April 2023 to 146.6, after a 0.6% month-over-month decline in March**. On a year-over-year basis, the Cass Truckload Linehaul Index fell 12.3% in April after a 9.6% year-over-year decline in March. Demand recovery is an important part of the outlook, but supply trends are shifting as well. Although new equipment production is elevated, we estimate DOT operating authorities have been declining for about seven months now, and employment is broadly following suit. Says Cass Information Systems, “We see the U.S. freight transportation industry on the verge of a new cycle as we begin to transition from the bottoming phase into the early phase of the freight cycle in the months 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 accessories. Provides trends in baseline truckload prices)

Truck Tonnage Index

The For-Hire Truck Tonnage Index **fell 1.7% in April 2023 after decreasing 2.8% in March**. In April, the index equaled 112.7 compared with 114.7 in March. According to the American Trucking Associations, “The goods-portion of the economy is soft and as a result, even contract truck freight is now falling, albeit not nearly as much as the spot market. The tonnage index hit the lowest level since September 2021 in April and has now fallen on a year-over-year basis for two straight months.”

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 April 2023 was 1.9**. This is a month-over-month decrease of 7.3% and a 44.4% decrease from the same period last year. **Georgia’s load-to-truck ratio** for vans for April 2023 remained steady at an average of 2.6 – 5.4 loads for every truck. For May 2023, the **spot rate** (national average) for dry van freight lost a penny from the previous month to a reading of \$2.06. **Contract rates** registered an average of \$2.63 for the same month. The average outbound van rate for the Southeast region rose 6 cents month-over-month, registering at \$2.11 for May 2023.

Source: DAT Freight & Analytics

Truckload Freight, Refrigerated

The national **load-to-truck ratio for refrigerated hauls decreased 11.2% to 2.7 loads per truck in April 2023**. This is a year-over-year decrease of 57.1% from April 2022. **Georgia’s load-to-truck ratio** for April 2023 remained steady, averaging 2.3 – 5.5 reefer loads per truck. The average national **spot market reefer rate for May 2023 was \$2.45 per mile**, rising 4 cents from the previous month. Contract rates for reefers averaged \$2.91 for the same month. The average outbound rate for the **Southeast region for reefer freight** registered at \$2.55 for May 2023.

Source: DAT Freight & Analytics

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Trucking Conditions Index

The Trucking Conditions Index (TCI) reflected persistent unfavorable conditions for carriers **with a reading of -5.83 for March 2023, a decrease from -5.17 in February**. Lower fuel costs and slightly stronger utilization partially offset a more negative rate environment as spot rates continued to deteriorate. **Financing costs are also still a challenge**. Market conditions are expected to remain at least modestly unfavorable for trucking companies into 2024. Per FTR, "We have yet to see clear indications that enough drivers are exiting the market to set the stage for a capacity-driven rebound. Although many very small carriers are failing, so far larger carriers have absorbed that driver capacity. **Freight demand appears just strong enough to keep most drivers employed but not strong enough to keep them fully utilized.**"

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

Diesel Prices

As of May 29, 2023, the **U.S. average diesel price was \$3.85 per gallon**. This is a month-over-month decline of \$ 0.22 and \$1.69 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states was \$3.74 per gallon**, declining \$0.26 month-over-month, and a \$1.81 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

April 2023 numbers (preliminary) for the trucking industry **increased to 1,612,500 employees**, an increase from 1,609,500 employees (preliminary) for March 2023.

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For March 2023, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$30.02/hour**, falling a little over a dime from the previous month's rate of \$30.14. March 2023 showed **average weekly hours totaling and even 40.0** (preliminary) up from 39.9 hours for February 2023.

Source: U.S. Bureau of Labor Statistics

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

Preliminary North American Class 8 net orders **fell in April 2023 for the sixth time in the last seven months, coming in at 12,050 units. Order activity was down 37% month-over-month** and 20% year-over-year. Class 8 orders have totaled 298,500 for the previous 12 months. Says FTR, "When 2024 order boards open later this year, we anticipate some modest additional strength in order activity. There still are indications that fleets are requesting equipment, and there has been no notable uptick in cancellations. The incoming order rate for March was 145,000 (annualized) which is on par with the weak order levels during the summer of 2022. **Despite the weakness, we do not anticipate much, if any, negative impact on production levels over the next few quarters.**"

Source: FTR Transportation Intelligence

Trucking News Clip

An American trucking association is the latest to sound the alarm over a "freight recession" gripping the US, saying it will be tough for trucking companies to stay afloat if the slump in freight rates does not subside soon. If things don't pick up by Memorial Day, analysts expect the freight market to stay around current levels for the rest of the year, Andrew King, a research analyst at the Owner-Operator Independent Drivers Association, or OOIDA, told Insider. "That will be really tough for a lot of carriers to stay in business," he added.

Source: Business Insider Topics; [link to article](#)

AIR FREIGHT:

Air Cargo Traffic

Global air cargo demand **decreased in March 2023, but at a slower rate than in February and January, with cargo tonne-kilometers (CTKs) falling by 7.7% year-over-year**. This reflects a continued trend of improvement compared to the steep annual decline of -16.8% observed in January and double-digit decreases in earlier months. **Air cargo capacity grew 9.9% year-over-year, primarily due to the increasing belly-hold capacity from passenger aircraft**. The diminished strength of fundamental air cargo drivers, such as trade and manufacturing exports, continued to dampen potential gains in air cargo traffic, as global new export orders remained weak for a full year. While China's reopening has helped its economic outlook and cargo traffic on Asia Pacific trade lanes, its new export orders retreated in March after a slight improvement in February.

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

Jet Fuel Prices

As of May 19, 2023, the global average jet fuel price **ended at \$92.67/bbl, a decline of 5.8% from the previous month** and falling 36.3% 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

CMA CGM Air Cargo, the fledgling freighter venture of the French shipping line by the same name, has pulled out of the U.S. market again and redeployed aircraft to Asia and the Middle East, the company confirmed. CMA CGM's website no longer shows Chicago and Miami as destinations for its freighter fleet. The last time a CMA CGM aircraft departed Chicago was on April 29, according to flight tracking site Flightradar24. The freighter deployed on the Chicago route is now being used on a new route to Mumbai, India. CMA CGM Air Cargo resumed service to the United States in January after abruptly suspending operations to Chicago and Atlanta late last year so two Airbus A330 planes could temporarily work for Qatar Airways and DHL Express. The company said at the time that the decision had more to do with steps required to register the aircraft in France. In January, it told FreightWaves that Chicago and Miami "will remain key destinations of our network." One year into a shipping downturn, CMA CGM Air Cargo is still searching for optimal routes to deploy its small fleet of four A330-200s and two Boeing 777 cargo jets.

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

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of May 26, 2023, the SCFI comprehensive reading was **\$983.46 per FEU**. This is a 1.62% decrease from the previous month, and a **76.44% 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 (GPA) recorded its **third busiest April ever last month, with 408,686 twenty-foot equivalent container units of cargo**, behind April 2022 (495,782 TEUs) and April 2021 (466,633). The port's volume last month constituted a 12% increase over its pre-pandemic performance in April 2019, when Garden City Terminal handled 364,481 TEUs. **GPA recently received NEPA (National Environmental Policy Act) approval for the Northeast Georgia Inland Port in the Gainesville-Hall County area.** The Authority will now finalize a grant agreement with the U.S. Department of Transportation Maritime Administration, and then move on to construction. MARAD has awarded GPA a grant of up to \$46.8 million to build a new inland container port along the I-85/I-985 corridor. Earthwork is slated to begin in July, with terminal construction scheduled to begin January 2024 and wrap up by July 2026.

Source: Georgia Ports Authority

Ocean Freight News Clip

Boxship owners are losing money on once-lucrative trans-Pacific routes from Asia as weaker demand for apparel, furniture and electronics cuts into ocean carriers' earnings. Ship operators including A.P. Moller-Maersk and Hapag-Lloyd say they need freight rates to increase to cover their operating costs. For now, there are too many ships in the water bidding for cargo, resulting in heavy competition on prices. Average daily freight rates from Asia to the U.S. West Coast across the Pacific are at roughly \$1,500 per 40-foot container, compared with more than \$14,000 a year ago, according to the Freightos Baltic Index.

Source: Wall Street Journal; [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.**

Note: Next release for Q2 2023 – U.S. National Industrial Vacancy, will be published Thursday, July 6, 2023.

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.

Note: Next release for Q2 2023 – U.S. National Asking Rents, will be published Thursday, July 6, 2023.
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.

Note: Next release for Q2 2023 – U.S. National Industrial Absorption, will be published Thursday, July 6, 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 April 2023 numbers for the warehousing industry workforce comes in at **1,925,900 employees, increasing from 1,921,900 employees** for March 2023 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

March 2023 average hourly earnings in the warehousing and storage subsector reads in at **\$23.18/hour (preliminary), little change from the February 2023 rate of \$22.17 hour (revised)**. The **average weekly hours were 39.7 for March 2023 (preliminary)** down from 40.0 hours in February 2023.

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

The demand for warehouse automation rose after the pandemic as e-commerce accelerated and increased the need for warehousing space, particularly in industries such as retail, manufacturing, logistics and parcel delivery. However, demand dipped in 2022 for end-to-end warehouse automation technologies other than robots in response to excess capacity built during the pandemic, the decline in e-commerce rates and the overall slowdown in the global economy, according to a recent report from Interact Analysis.

Source: CFO Drive; [link to article](#)

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