LOGISTICS MARKET SNAPSHOT

Georgia® CENTER OF INNOVATION

JANUARY 2024

U.S. MARKET:	
Gross Domestic Product	Real gross domestic product (GDP) **increased at an annual rate of 3.3% in the fourth quarter of 2023** according to the "advance" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.9 percent. The increase in the fourth quarter primarily reflected increases in consumer spending and exports. Imports, which are a subtraction in the calculation of GDP, increased. *Source: Bureau of Economic Analysis*
U.S. Trade Deficit	The U.S. monthly international **trade deficit decreased in November 2023** according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit decreased from $64.5 billion in October (revised) to $63.2 billion in November, as imports decreased more than exports. The goods deficit decreased $0.6 billion in November to $89.4 billion. The services surplus increased $0.7 billion in November to $26.2 billion. Year-to-date, the goods and services deficit decreased $161.8 billion, or 18.4 percent, from the same period in 2022. Exports increased $28.8 billion or 1.0 percent. Imports decreased $133.0 billion or 3.6 percent. *Source: Bureau of Economic Analysis*
Import Volumes	November 2023 **imports were $316.9 billion, $6.1 billion less than October imports, or a decrease of 1.9%.** November imports from Belgium ($2.4 billion) were the highest since November 2022 ($2.8 billion) *Source: U.S. Census Bureau*
Export Volumes	November 2023 **exports were $253.7 billion, $4.8 billion less than October exports, or an increase of 1.9%.** November exports of capital goods ($51.2 billion) were the highest on record. November exports to Vietnam ($1.0 billion) were the highest since September 2022 ($1.0 billion). *Source: U.S. Census Bureau*
Import & Export Price Index	**U.S. import prices were unchanged in December, after declining 0.5 percent in November.** Import fuel prices decreased 0.3 percent in December and nonfuel prices were unchanged. Prices for U.S. exports fell 0.9 percent in December following a 0.9-percent decline the previous month. **U.S. exports decreased 0.9 percent for the third consecutive month in December.** Those were the first 1-month declines since June 2023. Lower prices for both agricultural and nonagricultural exports contributed to the December drop. U.S. export prices fell 3.2 percent over the past year. Despite the recent declines, the December decrease was the smallest 12-month drop since February 2023. *Source: Bureau of Labor Statistics*
Unemployment Rate	**Total nonfarm payroll employment increased by 216,000 in December**, and **the unemployment rate was unchanged at 3.7 percent**, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in government, health care, social assistance, and construction, while transportation and warehousing lost jobs. **Georgia's unemployment rate remained at 3.4% for December 2023**, now ranking 25th in the U.S. of states with the lowest unemployment, tied with Arkansas, Colorado, and Oklahoma. Maryland shows the lowest level of unemployment at 1.9%. Nevada ranks highest in unemployment with a rate of 5.4%. *Source: Bureau of Labor Statistics*
Labor Force Participation Rate	For December 2023, the labor force participation rate **decreased slightly 62.5%.** The labor force participation rate for December 2023 for those of **prime working age (25-54) also decreased slightly, reading in at 83.2%.** *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 for the U.S. fell by 0.1 percent in December 2023 to 103.1** (2016=100), following a 0.5 percent decline in November. The LEI contracted by 2.9 percent over the six-month period between June and December 2023, a smaller decrease than its 4.3 percent contraction over the previous six months. "The US LEI fell slightly in December, continuing to signal underlying weakness in the US economy." **Despite the overall decline, six out of ten leading indicators made positive contributions to the LEI in December.** Nonetheless, these improvements were more than offset by weak conditions in manufacturing, the high interest-rate environment, and low consumer confidence. *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 increased 8.3% in December**. Pending home sales surged in December 2023, with month-over-month and year-over-year transaction gains in the Midwest, West, and South and losses in the Northeast. NAR forecasts a 13% increase in existing-home sales from 2023 to 4.62 million in 2024. "The housing market is off to a good start this year, as consumers benefit from falling mortgage rates and stable home prices," said NAR chief economist. "Job additions and income growth will further help with housing affordability, but increased supply will be essential to satisfying all potential demand." *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 December were at a seasonally adjusted annual rate of 1,460,000. This is 4.3 percent (±12.5 percent)* below the revised November estimate** of 1,525,000, but is 7.6 percent (±17.6 percent)* above the December 2022 rate of 1,357,000. Single-family housing starts in December were at a rate of 1,027,000; this is 8.6 percent (±11.2 percent)* below the revised November figure of 1,124,000. The December rate for units in buildings with five units or more was 417,000. An estimated 1,413,100 housing units were started in 2023. This is 9.0 percent (±2.5 percent) below the 2022 figure of 1,552,600. *Source: U.S. Census Bureau*
Light-Vehicle Sales	**New light-vehicle sales** totaled 15.46 million units in 2023, **up 12.4% from 2022**. December sales finished above expectations, with the month's SAAR reaching 15.8 million units, up 16% year over year **and up 3.2% compared with November 2023. Both fleet and retail sales increased in 2023.** Light trucks represented 80% of all new vehicles sold in 2023—an increase of 0.8 percentage points from 2022. Light trucks accounted for 82.3% of all new vehicles sold in December 2023, an all-time high for any month. In 2023 battery electric vehicle (BEV) sales topped 1.1 million units for the first time and made up 7.2% of all new light vehicles sold. *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 $81.6 billion (0.4 percent at a monthly rate) in November.** Disposable personal income (DPI)—personal income less personal current taxes—increased $71.9 billion (0.4 percent). Personal outlays—the sum of personal consumption expenditures (PCE), personal interest payments, and personal current transfer payments—increased $47.8 billion (0.2 percent) and consumer spending increased $46.7 billion (0.2 percent). **Personal saving was $839.8 billion** and the personal saving rate—personal saving as a percentage of disposable personal income—was 4.1 percent in November. *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 December 2023, **Personal income** increased $60.0 billion (0.3 percent at a monthly rate) **Disposable personal income (DPI),** personal income less personal current taxes**, increased $51.8 billion (0.3 percent) and personal consumption expenditures (PCE) increased $133.9 billion (0.7 percent). The PCE price index increased 0.2 percent.** Excluding food and energy, the PCE price index increased 0.2 percent**. Real DPI increased 0.1 percent in December and real PCE increased 0.5 percent;** goods increased 1.1 percent and services increased 0.3 percent. *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 December 2023**, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, **were $709.9 billion, up 0.6 percent** (±0.5 percent) from the previous month, and up 5.6 percent (±0.7 percent) above December 2022. Total sales for the 12 months of 2023 were up 3.2 percent (±0.4 percent) from 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 **third quarter of 2023**, adjusted for seasonal variation, but not for price changes, was **$284.1 billion, an increase of 2.3 percent (±0.4%) from the second quarter of 2023**. **E-commerce sales in the third quarter of 2023 accounted for 15.6 percent of total sales.** ***Note: Release for Q4 2023 – U.S Quarterly Retail E-Commerce Sales, will be published February 20, 2024.*** *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 **rose in January 2024 to 114.8, up from a revised 108.0 in December 2023. The reading was the highest since December 2021**, and marked the third-straight monthly increase. According to The Conference Board, "January's increase in consumer confidence likely reflected slower inflation, anticipation of lower interest rates ahead, and generally favorable employment conditions as companies continue to hoard labor. **The gain was seen across all age groups, but largest for consumers 55 and over**. Likewise, confidence improved for all incomes groups except the very top; only households earning $125,000+ saw a slight dip."
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 0.3% in December 2023** after increasing 0.1% in November. Over the last 12 months**, the all items index increased 3.4 percent** before seasonal adjustment. Indexes which increased in December include: shelter, energy, and food. The indexes for used cars and trucks and for energy, gasoline are among those that decreased over the month. The **Producer Price Index for final demand fell 0.1% in December2023**. Final demand prices moved down 0.1 percent in November and 0.4 percent in October. (See table A.) On an unadjusted basis, the index for final demand rose 1.0 percent in 2023 after increasing 6.4 percent in 2022. *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 **increased 1.3 points in December to 91.9, marking the 24th consecutive month below the 50-year average of 98.** Twenty-three percent of small business owners reported that inflation was their single most important problem in operating their business, up one point from last month, and replacing labor quality as the top concern. **"Inflation and labor quality have consistently been a tough complication for small business owners, and they are not convinced that it will get better in 2024."** Small business owners expecting better business conditions over the next six months increased six points from November to a net negative 36% (seasonally adjusted), and 25 percentage points better than last June's reading of a net negative 61%. Seasonally adjusted, a net 29% of owners plan to raise compensation in the next three months, down one point from November. The net percent of owners raising average selling prices was unchanged from November at a net 25% (seasonally adjusted). The net percent of owners who expect real sales to be higher increased four points from November to a net negative 4% (seasonally adjusted), the highest reading since January 2022.
Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Industrial production moved up 0.1 percent in December and declined 3.1 percent at an annual rate in the fourth quarter. Manufacturing output edged up 0.1 percent in December after increasing 0.2 percent in November. The index for utilities declined 1.0 percent in December, while the index for mining rose 0.9 percent. **Capacity utilization was unchanged in December at 78.6 percent, a rate that is 1.1 percentage points below its long-run (1972–2022) average.** The production of consumer goods moved up 0.2 percent, largely from gains in durable consumer goods; the production of nondurable consumer goods was flat. Manufacturing output ticked up 0.1 percent in December but declined 2.2 percent (annual rate) in the fourth quarter. Capacity utilization for manufacturing remained unchanged at 77.1 percent, a rate that is 1.1 percentage points below 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 and Trade Inventories and Sales

Manufacturers' and trade inventories for November, adjusted for seasonal and trading day differences but not for price changes, were estimated at an end-of-month level **of $2,548.9 billion, down 0.1 percent (±0.1 percent)* from October 2023,** but were up 0.4 percent (±0.5 percent)* from November 2022. The **total business inventories/sales ratio** based on seasonally adjusted data **at the end of November was 1.37**. The November 2022 ratio was 1.38.
Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The **Manufacturing PMI® registered 47.4 percent in December, up 0.7 percentage point from the 46.7 percent recorded in November.** The overall economy continued in contraction for a third month after one month of weak expansion preceded by nine months of contraction and a 30-month period of expansion before that. Of the six biggest manufacturing industries, none registered growth in December.
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

For December 2023, **the Services PMI registered 50.6%, 2.1 percentage points lower than November's reading of 52.7 percent.** Economic activity in the **services sector expanded in December** for the 12th consecutive month, and grown in 42 of the last 43 months, with the lone contraction in December 2022. The nine services industries reporting growth in December — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Health Care & Social Assistance; Transportation & Warehousing; Other Services; Utilities; Retail Trade; Professional, Scientific & Technical Services; and Public Administration. The nine industries reporting a decrease in the month of December — listed in order — are: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Wholesale Trade; Mining; Information; Educational Services; Management of Companies & Support Services; Construction; and Finance & Insurance**.**

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 Manager's Index for **December 2023 read in at 50.6.** The Logistics Managers' Index moved back into expansion territory in December. This movement back to growth was led by increased activity among the three warehousing metrics. Warehousing Capacity is tighter (-5.5) while Utilization (+7.4) and Prices (+1.2) are both expanding at increasing rates. Inventory Levels continued to decline at a steady pace (although they were breaking even Downstream – likely indicative of JIT practices products selling briskly). This movement is likely the catalyst behind Transportation Utilization moving back into expansion (+4.6). Despite this, freight continues to struggle, with Transportation Prices decreasing at an increasing rate (-1.1). Finally, it is worth noting that Inventory Costs are growing at 55.8 (-6.3) but at the lowest level recorded in the history of the index. It will be interesting to continue monitoring this metric so see if it continues to moderate given the clear push towards JIT inventory management.

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

Expectations for artificial intelligence (AI) in logistics tend to be epic, such as the large-scale optimization of networks or widespread replacement of workers. But the reality is much more mundane and often nitty-gritty: using visual AI to identify tractor-trailers as they arrive at warehouses and direct them to freight docks, for example.

Source: Journal of Commerce; link to article

INTERMODAL:

Dow Jones Transportation Average

As of January 26, 2024, the Dow Jones Transportation Average **closed at a reading of 15,849.82.**

Source: Marketwatch (A price-weighted average of 20 U.S. companies in the transportation industry. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

NASDAQ Transportation Index

As of January 26, 2024, the NASDAQ Transportation Index **closed at a reading of 6,693.18.**

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 November measured by the Freight TSI (138.6) was 1.8% below the all-time high level of 141.1 reached in August 2022.** The Freight TSI decreased in November due to seasonally adjusted decreases in air freight, pipeline, and trucking, while rail intermodal, rail carload, and water grew. The November decrease came in the context of increases in some other indicators. The Federal Reserve Board Industrial Production Index increased 0.2% in November, reflecting increases of 0.3% in manufacturing and 0.3% in mining while utilities decreased 0.4%. Housing starts and personal income increased 14.8% and 0.4%, respectively.

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 1.6% m/m in December but increased 2.1% m/m in seasonally adjusted (SA) terms**, as volumes fell less than normal in the holiday shortened month. On a y/y basis, the index declined 7.2% y/y, after an 8.9% y/y decline in November. U.S. freight volumes, as measured by the Cass Freight Index®, have fallen for most of the past two years, similar to prior downcycles in both length and magnitude, except for the pandemic downturn. After rising 0.6% in 2022, the index declined 5.5% 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) rose two points in November to 6.3** reflecting the most favorable market conditions for shippers since June. Falling fuel prices continue to bolster already positive market conditions and played the largest role in the rising November SCI. "Although market conditions for shippers have improved for three straight months, we do not expect the trend to continue beyond early 2024. The recent strength in the SCI has largely been a function of sharply lower fuel costs. Our forecast remains for a gradual weakening of the SCI toward neutral territory by the end of 2024. Shippers will not see the highly favorable conditions they enjoyed during the first half of 2023, but at worst we expect only mildly unfavorable conditions during a portion of 2025." *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 United States and North American countries Mexico and Canada for **November 2023 was valued at $131.0 billion, up 4.1% compared to November 2022.** Freight between the U.S. and Mexico totaled $65.8 billion, up 5.4% from November 2022. Freight between the U.S. and Canada totaled $65.2 billion, up 2.8% from November 2022. **Trucks moved $82.2 billion of freight,** up 4.6% compared to November 2022. **Railways moved $17.3 billion of freight,** up 4.8% compared to November 2022. **Pipelines moved $10.5 billion of freight,** down 4.7% compared to November 2022. **Vessels moved $10.4 billion of freight,** up 11.5% compared to November 2022. **Air moved $4.9 billion of freight**, down 3.7% compared to November 2022. Multiple modes declined due to decreases in value of oil and energy commodities *Source: U.S. Bureau of Transportation Statistics*
Intermodal News Clip	Georgia Ports continues its focus on infrastructure and engineering projects in 2024 to create business opportunities for customers, business partners, communities, and rural Georgians. The **Blue Ridge Connector** is a catalyst for enabling businesses to succeed through a competitive supply chain in a growing Northeast Georgia regional market. Opening in 2026, the Blue Ridge Connector will serve as an important connection for this growing distribution area. The 104-acre location will link to the Port of Savannah's **Mason Mega Rail** – the largest on-dock rail facility in North America, with daily rail departures on CSX and Norfolk Southern to inland markets. The port currently moves approximately 20% of cargo via rail to inland destinations and 80% by truck. *Source: GAPorts.com; link to article*
RAIL:	
U.S. Freight Rail Traffic	U.S. railroads originated **876,881 carloads in December 2023**, up 7.3%, or 59,804 carloads, from December 2022. U.S. railroads also originated **982,383 containers and trailers in December 2023**, up 10.2%, or 90,881 units, from the same month last year. Combined U.S. carload and intermodal originations in December 2023 were 1,859,264, up 8.8%, or 150,685 carloads and intermodal units from December 2022. Per the Association of American Railroads, "Total U.S. rail carloads were up 2.0% in the fourth quarter of 2023 over the fourth quarter of 2022, while U.S. intermodal was up 5.5% over the same period. **That means Q4 was clearly the best quarter of 2023 for U.S. rail volumes on a year-over-year basis, signaling that intense rail efforts to improve service quality are paying off**." Railroads are hopeful that gains in the fourth quarter will carry over into the first quarter of 2024 and beyond. *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 December 2023 was 519.2.** This is a month-over-month decrease of 10.54%, and a year-over-year decrease of 14.61%. *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 **December 2023 was 122,343 workers**, a decrease from 122,356 workers in November 2023. Total number of workers in December 2022 was 119,373. *Source: U.S. Surface Transportation Board*
Rail Freight News Clip	Last year, Norfolk Southern Corporation partnered with 62 customers to complete strategic industrial development projects that expanded operations or created new facilities along its rail network. Collectively, these projects represent $3.1 billion in investment and the creation of more than 4,150 new jobs. "Norfolk Southern worked with customers and economic development partners to facilitate broad-based industrial development in 2023 and set the stage for growth in 2024," said Ed Elkins, Executive Vice President and Chief Marketing Officer, Norfolk Southern. "Our 2023 project list, and 2024 pipeline, reflect our ability to serve a diverse customer portfolio with our expanding supply chain offerings. We're making further productivity enhancements – demonstrating to our existing and prospective customers that Norfolk Southern is a safe, reliable, and efficient railroad, and a partner for growth." *Source: BusinessFacilities.com; link to article*

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ROAD:

Cowen/AFS Freight Index	**Truckload Rates:** Truckload (TL) average Linehaul Cost Per Shipment continued its downward trend in Q4:2023, with a decline of 24.0% YOY and 7.6% QOQ. The Q1:2024 TD Cowen/AFS Truckload Freight Index is expected to stay flattish at 4.6%, down slightly by 0.2% QOQ and 2.9% YOY. **LTL Rates:** In Q4:2023, LTL Cost Per Shipment witnessed a modest decrease of 0.7% QOQ, accompanied by a 0.4% QOQ decline in Weight Per Shipment. As LTL carriers absorbed Yellow's volume in the second half of 2023, the absence of a resurgence in demand is likely to exert downward pressure on rates in Q1:2024. No significant increase on fuel surcharge is expected in Q1:2024, barring any substantial impact from the recent disruptions in the Red Sea. The most recent pattern of subtle fluctuations in the LTL Rate Per Pound is expected to continue into Q1:2024, reflecting a decrease of 0.7% QOQ. **Express Parcel Rates**: Despite the Demand Surcharges taking effect in Q4:2023, the Express Parcel rates declined by 2.2% QOQ, driven by unfavorable service mix and discount changes. Express Parcel saw an unusually significant mix shift. Traditionally, the Q4 premium service mix is 3 to 5 percentage points lower than Q3. However, in Q4:2023 the premium service mix dropped by 6.3 percentage points QOQ. TD Cowen/AFS Express Parcel Freight Index will reach 1.8% in Q1:2024, reflecting a 1.6% QOQ increase and a 2.2% YOY decrease. **Ground Parcel Rates:** Parcel carriers have "fueled" the fire by introducing fuel surcharge hikes atypically disconnected from previous General Rate Increase (GRI) announcements of late 2023. Ground Parcel rates showed a modest increase of 0.7% QOQ in Q4:2023 mainly influenced by higher accessorial charges, average zone and fuel, despite a 3.7% QOQ drop in average billed weight. Ground Parcel Cost Per Package rebounded in Q4:2023, driven by favorable changes in accessorial charges, zone and fuel. *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 (TLI) **rose 0.4% month-over-month in December 2023 to 141.3, with a year-over-year decrease of 6.1%**. Global ocean shipping disruptions will likely add to air and land freight movements in 2024. The two primary routes from Asia to the U.S. East Coast have been snarled by conflict in the Red Sea and low water in the Panama Canal, which is essentially a perfect storm restricting access to the U.S. East Coast. *Source: Cass Information Systems (this index measures the per-mile change in linehaul rates and 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 **increased 2.1% in December after falling 1.4% in November. In December, the index equaled 115.7 (2015=100) compared with 113.3 in November.** Says the American Trucking Association, "While 2023 ended on a better note, truck tonnage remained in a recession as it continued to fall on a year-over-year basis,"**.** "With that said, for-hire contract freight, which is what comprises our index, in December was 2.6% above the trough in April. For the entire year, tonnage contracted 1.7% from 2022 levels. This makes 2023 the worst annual reading since 2020 when the index fell 4% from 2019, and the only year since 2020 that tonnage contracted." *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 December 2023 was 1.93.** The November 2023 ratio was 2.12 and the December 2022 ratio was 3.45. **Georgia's load-to-truck ratio** for vans for December 2023 remained steady, averaging 1.1 – 2.5 loads for every truck. For January 2024, **the spot rate** (national average) for dry van freight had a reading of $2.14. **Contract rates** registered an average of $2.50 for the same month. The average van rates in the southeast region are $2.02. *Source: DAT Freight & Analytics*
Truckload Freight, Refrigerated	The national **load-to-truck ratio for refrigerated hauls fell to 2.58 loads per truck in December 2023.** The November 2023 ratio was 3.16 and the December 2022 ratio was 5.69. **Georgia's load-to-truck ratio** for December 2023 averaged 2.3-5.5 loads per truck. The average national **spot market reefer rate for January 2024 was $2.58 per mile,** increasing 10 cents from the previous month. Contract rates for reefers averaged $2.86 for January 2024. The average outbound rate for the **Southeast region for reefer freight** registered at $2.28 for December 2023. *Source: DAT Freight & Analytics*
Trucking Conditions Index	**The Trucking Conditions Index for November improved to a reading of -1.35** from the previous month's -6.07. The gain resulted primarily from a sharp drop in fuel prices, but all key factors contributing to FTR's Trucking Conditions Index were more favorable for carriers in November. The outlook remains modestly negative through late 2024. *Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)*
Diesel Prices	As of January 22, 2024, the **U.S. average diesel price was $3.84 per gallon**. This is a 5-cent increase month-over-month and $0.77 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states came in at $3.85 per gallon.** *Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)*

Trucking Employment	December 2023 numbers (preliminary) for the trucking industry **read at 1,586,300 employees,** a slight increase over the previous month *Source: U.S. Bureau of Labor Statistics*
Trucking Earnings & Hours	For November 2023, the average hourly earnings (preliminary) for occupations commonly found in truck transportation **were $30.51/hour**, falling from the previous month's rate of $30.71. November 2023 showed **average weekly hours totaling 40.6 hours** (preliminary) down from 40.7 hours in October 2023. *Source: U.S. Bureau of Labor Statistics*
U.S. Truck & Trailer Orders (Class 8)	**North American Class 8 preliminary net orders for December came in at 26,620 units, which was 26% below November and down 6% y/y.** Those comparisons fell within expectations given seasonal tendencies. "Despite the slight year-over-year decrease in orders in December, the market is still performing at a high level historically. Even as the freight markets have been weak for an extended period, fleets are still ordering equipment. Order levels were above the historical average but continue to follow seasonal trends, reinforcing our expectations for replacement demand in 2024." *Source: FTR Transportation Intelligence*
Road Freight News Clip	Elmer Bontrager, a Kentucky-based truck driver, doesn't mind his overly helpful big rig. But he knows it has its limits. Bontrager's semi-truck wants to alert him whenever it seems like he's going to mess up. The problem is, the truck isn't always correct. A weigh station, for example, might have a stop sign where the truck only needs to stop if another light is red; his know-it-all truck might want to stop anyways. Or, his truck may confuse tire tracks or cracks in the pavement with lane markings, or believe a trash can on the side of a curvy rural street is a car he's about to smash into. The techy truck, provided to him by his employer, can't distinguish between a threat and a routine blip. So-called advanced driver-assistance systems have become ubiquitous in trucks over the past 10 years, said Suman Narayanan, director of engineering of Dailmer Trucks North America's Automated Technology Group. These technologies monitor if a driver is abiding by lane markings, keeping appropriate distance from the vehicle ahead and other key driving activities. Narayanan said the technologies have the "potential to mitigate accidents," but they are "not a replacement for highly attentive and well-trained driver."*Source: FreightWaves; link to article*
AIR:	
Air Cargo Traffic	**Global air cargo demand registered an impressive 8.3% year-on-year (YoY) growth in November 2023 – the highest annual growth of air cargo tonne-kilometers (CTKs) in roughly two years.** At this point, industry CTKs lag 2019 levels by 2.5%. International CTKs expanded YoY both globally (+8.1%) as well as across all major trade lanes except intraEurope. The annual growth is headed by routes involving Middle East and Asia. Available cargo tonne-kilometers (ACTKs), which measure global air cargo capacity, maintained levels above 2019 for the past seven months. The continued expansion of international passenger belly capacity contributed to an ACTK upsurge of 13.7% YoY in November. The expansion in global air cargo traffic is accompanied by a small uptick in load factors (month-on-month) and supported by steady global trade figures, easing inflation across most major economies, decreasing jet fuel prices, and increasing air freight yields. *Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)*
Jet Fuel Prices	As of January 19, 2023, the global average jet fuel price **ended at $108.92/bbl, a decrease of 25.9% from the previous month.** This is a 3% decline, 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 demand saw its strongest year-over-year growth in almost two years in November, rising 8.3 percent to 22.4 billion cargo to-kilometers (CTK) over the year prior, according to data from the International Air Transport Association (IATA). This represents the fourth consecutive month of rising air cargo demand and is the biggest since an 8.4 percent uptick in December 2021. But with the conflict-ridden Red Sea off limits for major container shipping companies like Maersk and Mediterranean Shipping Company (MSC) and ocean transit times increasing, shippers could look for shipping solutions in the skies. *Source: Sourcing Journal; link to article*
OCEAN:	
Shanghai Containerized Freight Index	As of January 26, 2024, the Shanghai Containerized Freight Index **reading was $2,179.09 per FEU.** This is a decrease from $2,239.61 the previous month, **and an 111.6% increase 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.)*

LOGISTICS MARKET SNAPSHOT

Georgia® CENTER OF INNOVATION

JANUARY 2024

Georgia Ports Authority

Ocean Network Express will launch a new containership service between Savannah and West India in May 2024. **The new offering will give the Georgia Ports Authority 10 services via the Suez Canal,** with nine calling on the Indian subcontinent. "ONE's West India North America service recognizes a growing shift in global sourcing, with more manufacturers adding operations on the subcontinent," said Griff Lynch, GPA president and CEO. "With the world's largest population, India also represents a tremendous market opportunity for U.S. exporters. The Port of Savannah is strategically positioned to take advantage of this trend, providing more connections to India for supply chain flexibility."
Source: Georgia Ports Authority

Ocean Freight News Clip

The Panama Canal has faded from the headlines amid all the focus on the Red Sea. But fallout to global supply chains from Panama's drought is far from over. The country has entered its dry season, which extends until May. Transits declined yet again in December as reservations were further restricted, according to newly released data from the Panama Canal Authority (ACP). On a positive note, the pace of the decline has slowed and more rain than expected in November allowed the ACP to increase reservation slots this month. There were 746 ship transits in December, including transits through both the older Panamax locks and the larger Neopanamax locks that debuted in 2016. December transits fell 4.7% versus November, a much lower rate of decline than in November, when transits plunged 21.9% versus October. To put the latest numbers in historical perspective, December's transits were 27.5% below transits in December 2015, before the Neopanamax locks went into service. The Neopanamax locks took almost a decade to build and cost over $5 billion.
Source: FreightWaves.com; link to article

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

Overall vacancy continued to edge upward during the final quarter of 2023, rising 70 basis points (bps) to 5.2%, marking the first time the rate surpassed the 5% mark since the third quarter of 2020. Historically speaking, however, occupancy remains tight, as the vacancy rate resides 180 bps lower than the 10-year pre-pandemic historical average of 7%. The Midwest is now the tightest region, at 4.6%, while the South posted the highest vacancy rate (6.0%) due to the abundance of new supply delivering to the market. Of the 83 markets tracked by Cushman & Wakefield, 48 posted rates below 5%, including nine that remain below 3%. While new supply has been the key driver of increasing vacancy rates, occupiers continued to place space on the sublease market in the fourth quarter. As a result, the sublease vacancy rate ticked nominally higher to 0.5%, now accounting for one-tenth of vacant space. **Preliminary vacancy rates for Q4 in the Atlanta and Savannah markets are 6.4% and 7.0% respectively.**
Source: Cushman & Wakefield

Warehouse Rent Rates

As market conditions soften amid rising vacancy rates and normalizing leasing totals, **asking rents inched higher, to $9.79 per square foot (psf).** The 0.5% quarterly increase was well below the growth rates achieved since the start of 2021 (3.8% per quarter). On an annual basis, rental rate growth reached 10% at year-end 2023. Regionally, only the Northeast sustained annual asking rental rate growth of more than 10% — at 16.1% — while the remaining regions ended 2023 in the 5.5%-6.7% range. Although there have been some markets that have seen average asking rental rates decline marginally in recent quarters, 80% of the U.S. sustained positive YOY rent growth, although many are expected to see growth decelerate further in 2024. **For Savannah, GA** the average asking rental rate for W/D Q4 2023 was $7.45, compared to $6.15 for Q4 2022. **For Atlanta, GA** the average asking rental rate for Q4 2023 was $6.91, compared to $7.09 for Q4 2022.
Source: Cushman & Wakefield

Industrial Absorption

In Q4 2023, overall net absorption came in at 41.1 million square feet (msf), down marginally from the previous quarter. This pushed the annual total to 224.3 msf, which is on par with the 10-year pre-pandemic (2010-2019) average of 224.8 msf. Almost all the positive absorption recorded across the country was fueled by newly delivered, pre-leased industrial facilities. The South region propelled absorption, accounting for 58.5% of the 2023 figure. Three-fourths of U.S. markets (63 of the 83 tracked by Cushman & Wakefield) recorded positive absorption for the year, including 17 with more than 5 msf of annual net gains. Meanwhile, coastal markets, such as Southern California, New Jersey, Oakland/East Bay and the Pacific Northwest yielded notable occupancy losses throughout the second half of the year. New leasing activity, while down in the second half of the year, remained healthy. The 133.8 msf reported in the fourth quarter was 9.3% higher than the 10-year pre-pandemic quarterly average and helped push the 2023 total to 588 msf, the fifth-strongest year on record **For Savannah, GA,** Q4 2023 net absorption registered at 2,428,841 which was down from the previous quarter and compared to 2,609,130 for Q4 2022. **For Atlanta, GA**, Q4 2023 net absorption registered at 341,423 compared to 8,363,629 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 December 2023 numbers for the warehousing industry workforce comes in at **1,851,200 employees, a decrease from 1,856,100 employees** for November 2023 (preliminary). *Source: U.S. Bureau of Labor Statistics*
Warehouse Earnings & Hours	November 2023 average hourly earnings in the warehousing and storage subsector comes in at **$23.96/hour (preliminary), down $.06 from October 2023 rate**. The **average weekly hours were 41.1 for November 2023** (preliminary) up from 39.5 hours in October 2023. *Source: U.S. Bureau of Labor Statistics*
Warehouse & Distribution News Clip	A development team announced plans Wednesday for a warehouse complex roughly an hour southwest of downtown Atlanta aimed at the region's growing manufacturing and logistics industries. Located along I-85, the complex will rise near Kia's West Point manufacturing plant as well as factories and facilities by Walmart, Kimberly-Clark and Duracell. Grandview Partners, a minority-owned real estate fund manager based in Connecticut, said LaGrange's status as a growing industrial hub will only increase with the future West Georgia Inland Port, a rail terminal set to connect to the state's Port of Savannah. *Source: Atlanta Journal Constitution; link to article*

The free Logistics Market Snapshot is compiled and prepared monthly by the Georgia Center of Innovation

The Georgia Center of Innovation's logistics team is the leading statewide resource for fueling logistics industry growth and global competitiveness. The Center works to address the needs and opportunities of companies of any size involved in logistics and freight transportation – both providers and heavy consumers of logistics services. The Center provides industry knowledge and technical expertise, connections to state resources in research and innovation, and joins together an extensive cross-sector industry network. As an industry focused component of the Georgia Department of Economic Development (GDEcD) the Center has main offices in Savannah and Atlanta with activity in all parts of the State.

The Center represents all segments of the logistics industry and provides a unique platform for companies to network, address industry issues and share knowledge. **Simply put, the Center is a catalyst to help logistics-enabled businesses clear the path to innovation and growth**.

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