

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) **increased at an annual rate of 4.9% in the third quarter of 2023** according to the third estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.1%. The increase in **real GDP** reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. *Source: Bureau of Economic Analysis*

U.S. Trade Deficit

The goods and services deficit was **\$64.3 billion in October 2023, up \$3.1 billion from \$61.2 billion in September**, revised. The October increase in the goods and services deficit reflected an increase in the goods deficit of \$3.5 billion to \$89.8 billion and an increase in the services surplus of \$0.4 billion to \$25.5 billion. Year-to-date, the goods and services deficit decreased \$161.4 billion, or 19.8 percent, from the same period in 2022. Exports increased \$28.0 billion or 1.1 percent. Imports decreased \$133.4 billion or 4.0 percent.

Source: Bureau of Economic Analysis

Import Volumes

October 2023 **imports were \$323.0 billion, \$0.5 billion more than September imports, or an increase of 0.2%**. October imports of capital goods (\$73.2 billion) were the highest since October 2022 (\$74.5 billion). October imports from Mexico (\$42.9 billion) were the highest on record.

Source: U.S. Census Bureau

Export Volumes

October 2023 **exports were \$258.8 billion, \$2.6 billion less than September exports, or a decrease of 1.0%**. October exports of capital goods (\$51.2 billion) were the highest on record. October exports to Mexico (\$29.9 billion) were the highest since August 2022 (\$30.0 billion).

Source: U.S. Census Bureau

Import & Export Price Index

Prices for U.S. imports decreased 0.4 percent in November following a 0.6-percent decline the previous month. Lower fuel prices in November more than offset an increase in nonfuel prices. **U.S. export prices fell 0.9 percent** for the second consecutive month in November.

Source: Bureau of Labor Statistics

Unemployment Rate

Total nonfarm payroll employment increased by 199,000 in November, and the unemployment rate edged down to 3.7 percent. Job gains occurred in health care and government. Employment also increased in manufacturing, reflecting the return of workers from a strike. Employment in retail trade declined. **Georgia's unemployment remained steady 3.4% for November 2023**, now ranking 28th in the U.S. of states with the lowest unemployment, tied with Pennsylvania. Maryland shows the lowest level of unemployment at 1.8%. Nevada ranks highest in unemployment with a rate of 5.4%.

Source: Bureau of Labor Statistics

Labor Force Participation Rate

For November 2023 the labor force participation rate **returned to 62.8%, up .1% from the previous month**. The labor force participation rate for November 2023 for those of **prime working age (25-54) also remained unchanged from the previous month, reading in at 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 by 0.5% in November 2023 to 103.0** following a decline of 1.0 percent in October. The LEI contracted by 3.5 percent over the six-month period between May and November 2023, a smaller decrease than its 4.3 percent contraction over the previous six months (November 2022 to May 2023). According to The Conference Board, "Housing and labor market indicators weakened in November, reflecting warning areas for the economy. The Leading Credit Index™ and manufacturing new orders were essentially unchanged, pointing to a lack of economic growth momentum in the near term. Despite the economy's ongoing resilience—as revealed by the US CEI—and December's improvement in consumer confidence, the US LEI suggests a downshift of economic activity ahead. As a result, **The Conference Board forecasts a short and shallow recession in the first half of 2024.**"

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

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Pending Home Sales Index

Pending home sales held steady in November 2023, with the Northeast, Midwest and West posting monthly gains in transactions while the South recorded a loss. All four regions of the U.S. registered year-over-year declines in transactions. "Although declining mortgage rates did not induce more homebuyers to submit formal contracts in November, it has sparked a surge in interest, as evidenced by a higher number of lockbox openings," said Lawrence Yun, NAR chief economist. *Source: National Association of Realtors (an index of 100 is equal to the level of contract activity in 2001)*

Housing Starts

Privately-owned housing starts in **November** were at a seasonally adjusted annual rate of 1,560,000. This is **14.8 percent (±14.0 percent) above** the revised October estimate of 1,359,000 and is 9.3 percent (±14.6 percent) * above the November 2022 rate of 1,427,000. **Single-family housing starts in November were at a rate of 1,143,000; this is 18.0 percent (±12.9 percent) above the revised October figure** of 969,000. The November rate for units in buildings with five units or more was 404,000. *Source: U.S. Census Bureau*

Light-Vehicle Sales

New light-vehicle sales in November 2023 totaled a SAAR of 15.3 million units, marking the second month of sequential month-over-month SAAR declines. Yet despite the cooling SAARs of the past few months, November's figure was still up 7.4% from November 2022 and marked the 15th straight month of year-over-year SAAR increases. Through 11 months of the year, new light-vehicle sales increased 12.2% compared with the same period last year. Year-to-date sales of battery electric vehicles (BEVs) topped 1 million units during November, the first time BEV sales have exceeded that threshold in a single sales year. Through 11 months of the year, BEV sales totaled 1,007,984, an increase of 50.7% year over year. And BEVs sold by franchised dealerships represented 39.7% of all the new BEVs sold so far this year. **Note: NADA Market Beat for October 2023 survey period had not yet been released at time of Logistics Market Snapshot publication.** *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

Personal income increased \$81.6 billion (0.4 percent at a monthly rate) in November, according to estimates released today by the Bureau of Economic Analysis (tables 2 and 3). **Disposable personal income (DPI)**, personal income less personal current taxes, increased \$71.9 billion (0.4 percent) and **personal consumption expenditures (PCE)** increased \$46.7 billion (0.2 percent). The **PCE price index** decreased 0.1 percent. Excluding food and energy, the PCE price index increased 0.1 percent (table 5). **Real DPI** increased 0.4 percent in November and **real PCE** increased 0.3 percent; goods increased 0.5 percent and services increased 0.2 percent. Within services, the largest contributors to the increase were housing and utilities (led by housing) and food services and accommodations (led by purchased meals and beverages). Within goods, the leading contributor to the decrease was gasoline and other energy goods (led by motor vehicle fuels, lubricants, and fluids). *Source: U.S. Bureau of Economic Analysis (the PCE price index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services; it is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior)*

Retail Sales

Advance estimates of U.S. retail and food services sales for November 2023, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$705.7 billion, up 0.3 percent (±0.5 percent) * from the previous month, and up 4.1 percent (±0.7 percent) above November 2022. Total sales for the September 2023 through November 2023 period were up 3.4 percent (±0.4 percent) from the same period a year ago. The September 2023 to October 2023 percent change was revised from down 0.1 percent (±0.5 percent) * to down 0.2 percent (±0.2 percent) *. Retail trade sales were up 0.1 percent (±0.5 percent) * from October 2023, and up 3.1 percent (±0.5 percent) above last year. Nonstore retailers were up 10.6 percent (±1.6 percent) from last year, while food services and drinking places were up 11.3 percent (±2.3 percent) from November 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% from the second quarter of 2023.** Total retail sales for the third quarter of 2023 were estimated at \$1,825.3 billion, an increase of 1.5 percent (±0.2%) from the second quarter of 2023. The third quarter 2023 e-commerce estimate increased 7.6 percent (±1.2%) from the third quarter of 2022 while total retail sales increased 2.3

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Consumer Confidence Index

percent ($\pm 0.4\%$) in the same period. **E-commerce sales in the third quarter of 2023 accounted for 15.6 percent of total sales.**

Note: Release for Q3 2023 – U.S. Quarterly Retail E-Commerce Sales, will be published Friday, November 17, 2023.

Source: U.S. Census Bureau (E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online)

The Consumer Price Index increased in December to 110.7, up from a downwardly revised 101.0 in November. The **Present Situation Index**—based on consumers' assessment of current business and labor market conditions—rose to 148.5 (1985=100) from 136.5 last month. The **Expectations Index**—based on consumers' short-term outlook for income, business, and labor market conditions—leapt to 85.6 (1985=100) in December, up from its downwardly revised reading of 77.4 in November. This sharp increase brings expectations back to the levels of optimism last seen in July of this year. "December's increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months." *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 for All Urban Consumers (CPI-U)** increased **0.1 percent in November** on a seasonally adjusted basis, after being unchanged in October. Over the last 12 months, the all items index increased 3.1 percent before seasonal adjustment. Indexes which increased in September include rent, owners' equivalent rent, lodging away from home, motor vehicle insurance, recreation, personal care, and new vehicles. The indexes for used cars and trucks and for apparel were among those that decreased over the month. The **Producer Price Index for final demand was unchanged in November**, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices decreased 0.4 percent in October and 0.4 percent in September. (See table A.) On an unadjusted basis, the index for final demand increased 0.9 percent for the 12 months ended in November.

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 0.1 point in November to 90.6, which marks the 23rd consecutive month below the 50-year average of 98.** Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, unchanged from October but 10 points lower than this time last year. "Job openings on Main Street remain elevated as the economy saw a strong third quarter. However, even with the growing economy, small business owners have not seen a strong wave of workers to fill their open positions. Inflation also continues to be an issue among small businesses." *Source: National Federation of Independent Business*

Industrial Production & Capacity Utilization

Industrial production increased 0.2% in November 2023, and manufacturing output rose 0.3 percent. The increase in manufacturing output was more than accounted for by a 7.1 percent bounceback in motor vehicles and parts production following the resolution of strikes at several major automakers. The index for manufacturing excluding motor vehicles and parts decreased 0.2 percent. The output of utilities moved down 0.4 percent, and the output of mines moved up 0.3 percent. Total industrial production in November was 0.4 percent below its year-earlier level. Capacity utilization moved up 0.1 percentage point to 78.8 percent in November, a rate that is 0.9 percentage point below its long-run (1972–2022) 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

Sales -The combined value of distributive trade sales and manufacturers' shipments for October, adjusted for seasonal and trading day differences but not for price changes, was estimated at \$1,856.2 billion, down 1.0 percent (± 0.2 percent) from September 2023 and was down 0.2 percent (± 0.3 percent) * from October 2022. **Inventories**- Manufacturers' and trade inventories for October, adjusted for seasonal and trading day differences but not for price changes, were estimated at an end-of-month level of \$2,550.0 billion, down 0.1 percent (± 0.1 percent) * from September 2023, but were up 0.6 percent (± 0.5 percent) from October 2022. **Inventories/Sales Ratio**- The total business inventories/sales ratio based on seasonally adjusted data at the end of October was 1.37. The October 2022 ratio was 1.36. *Source: U.S. Census Bureau*

Purchasing Managers Index, Manufacturing

The Manufacturing PMI® **registered 46.7 percent in November**, unchanged from the 46.7 percent recorded in October. The overall economy continued in contraction for a second month after one month of weak expansion preceded by nine months of contraction and a 30-month period of expansion before that. Economic activity in the **manufacturing sector contracted in November for the 13th consecutive month** following a 28-month period of growth,

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

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Purchasing Managers Index, Services

"In November, the Services PMI® registered **52.7 percent, 0.9 percentage point higher than October's reading of 51.8** percent. The composite index indicated growth in November for the 11th consecutive month after a reading of 49.2 percent in December 2022, which was the first contraction since May 2020 (45.4 percent). The Business Activity Index registered 55.1 percent; a 1-percentage point increase compared to the reading of 54.1 percent in October. The New Orders Index expanded in November for the 11th consecutive month after contracting in December for the first time since May 2020; the figure of 55.5 percent equals the October reading. The Supplier Deliveries Index registered 49.6 percent; 2.1 percentage points higher than the 47.5 percent recorded in October. The index remained in contraction territory for the second consecutive month, indicating that supplier delivery performance was 'faster' in contrast to the 'slowing' status in September. In the last 10 months, the average reading of 48.1 percent (with a low of 45.8 in March) reflects the fastest supplier delivery performance since June 2009, when the index registered 46 percent.

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 **November 2023 read in at 49.4, down from October's reading of 56.5**. This dip back into (very mild) contraction ends what had been three consecutive months of expanding rates of growth. The 7.1-point drop is the largest since the start of the ongoing downturn back in April 2022. However, the reason behind this decline is much different than the one from 19 months ago. November's dip was largely triggered by a decline in Inventory Levels (-9.1) which is attributable to Q4 holiday sales and the subsequent dips in Warehousing Capacity (+3.6) and Transportation Capacity (+5.2) and slowdown in Warehousing Utilization (-14.0) and Transportation Utilization (-10.7). We saw a similar decline in utilization metrics back in April 2022, but in that instance, it was because inventories were holding still.

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

Companies that assembled new supply-chain strategies in the wake of the Covid-19 pandemic are having to put those plans into practice far faster than they may have thought possible. Global supply chains are entering 2024 roiled by disruptions at two of the world's crucial trade corridors -- the Panama Canal and the Suez Canal -- even as geopolitical tensions appear set to take a more prominent role in sourcing and distribution. That could potentially force countries and companies to redraw trade maps that have been built over decades. At the same time, startups and longstanding businesses are establishing the new supply chains behind clean energy, including the operations backing an automotive sector that is a foundation of manufacturing logistics networks.

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

INTERMODAL:

Dow Jones Transportation Average

As of December 29, 2023, the Dow Jones Transportation Average **closed at a reading of 15,898.85**.

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 December 29, 2023, the NASDAQ Transportation Index **closed at a reading of 6,605.71**.

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

October 2023 Freight Transportation Services Index (TSI) Up 0.1% from the Previous Month and Down 0.9% from the Same Month Last Year. The level of for-hire freight shipments in October measured by the Freight TSI (138.8) was 1.6% below the all-time high level of 141.1 in August 2019.

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 1.3% month-over-month in November 2023 and 8.9% year over year, after a 9.5% year over year decline in October**. The expenditures component of the Cass Freight Index, which measures the total amount spent on freight, fell 1.3% m/m and 26% y/y in November.

With shipments down 1.3% m/m, we infer rates were flat m/m in November.

Source: Cass Information Systems (Based upon transportation dollars and measures the total amount spent on freight and shipments of Cass clients comprised of over 400 shipping companies)

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Shippers Conditions Index

The Shippers Conditions Index (SCI) moved into positive territory in September to a reading of 0.35 from the previous -2.7 in August. The slowing of the recent surge in diesel prices helped shippers as market conditions otherwise were mostly stable. The neutral reading just above zero shows a relatively stable result, but it moves the index back into positive territory on an easing of diesel prices. Otherwise, the market is little changed. Moving forward, it is likely that diesel prices will determine what the change in the index will be for the next few months.

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 **September 2023 was valued at \$131.8 billion, down 1.6% compared to September 2022.** Freight between the U.S. and Canada totaled \$64.7 billion, down 2.7% from September 2022. Freight between the U.S. and Mexico totaled \$67.1 billion, down 0.5% from September 2022. Trucks moved \$82.1 billion of freight, up 0.3% compared to September 2022. Railways moved \$18.0 billion of freight, up 6.7% compared to September 2022. Vessels moved \$11.7 billion of freight, up 6.4% compared to September 2022. Pipelines moved \$9.2 billion of freight, down 29.0% compared to September 2022. Air moved \$4.9 billion of freight, down 0.2% compared to September 2022

Source: U.S. Bureau of Transportation Statistics

Intermodal News Clip

Despite U.S. intermodal containers traffic trending lower on a cumulative basis in 2023, intermodal rail is still a viable way to not only compete against the trucking market but also to support the long-term growth of the North American freight rail industry — provided that the industry and its stakeholders be willing to take some risks to ensure the success of rail, according to a report from consulting firm Supply Chain Ecology and commissioned by environmental group Environmental Defense Fund (EDF).

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

RAIL:

U.S. Freight Rail Traffic

For the week ending December 23, 2023, total U.S. weekly rail traffic was 486,787 carloads and intermodal units, up 24.2 percent compared with the same week last year. Total carloads for the week ending December 23 were 230,946 carloads, up 23.7 percent compared with the same week in 2022, while U.S. weekly intermodal volume was 255,841 containers and trailers, up 24.7 percent compared to 2022.

Source: Association of American Railroads (Report includes rail car-loadings by 20 different major commodity categories)

Railroad Fuel Price Index

The index of **average railroad fuel prices for November 2023 was 580.4.**

Source: Association of American Railroads (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)

Class 1 Railroad Employment

Total railroad employment for **November 2023 was 122,356 workers**, a decrease from 122,393 workers in October 2023.

Source: U.S. Surface Transportation Board

Rail Freight News Clip

U.S. Customs and Border Protection is temporarily suspending freight train railway crossings at border bridges in El Paso and Eagle Pass to shift staffing because of a surging numbers of migrants, CBP said. The border agency temporarily suspended operations at the international railway crossings starting at 8 a.m. (local time) on Monday, Dec. 18, at bridges in El Paso and in Eagle Pass in South Texas.

Source: El Paso Times; [link to article](#)

ROAD:

Cowen/AFS Freight Index

Truckload Rates: Truckload (TL) average Linehaul Cost Per Shipment maintained its descent in Q3:2023, with a decline of 19.9% YOY and 3.6% QOQ. The Q4:2023 TD Cowen/AFS Truckload Freight Index is expected to remain flattish with a slight increase to 4.6%, a YOY decline of 7.3%.

LTL Rates: LTL Cost Per Shipment showed slight improvement in Q3:2023, increasing by 0.8% QOQ while Weight Per Shipment declined by 1.9% QOQ. The TD Cowen/AFS LTL Freight Index is forecasted to increase slightly QOQ to reach 59.3% for Q4:2023, a YOY decline of 3.2%.

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) fell 0.3% m/m in November to 140.7**, after a 0.6% m/m decline in October. The November level was a new cycle low and down 7.5% y/y, but shows further stabilization. On a y/y basis, the Cass Truckload Linehaul Index fell 8.3% y/y in October, after a 9.1% y/y decline in September.

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 accessories. Provides trends in baseline truckload prices)

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Truck Tonnage Index

For-Hire Truck Tonnage Index decreased 1% in November after increasing 0.8% in October. In November, the index equaled 113.7 (2015=100) compared with 114.9 in October. *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. *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 refrigerated was in the 2.3 – 5.5 range. *Source: DAT Freight & Analytics*

Trucking Conditions Index

The **Trucking Conditions Index in October improved to a reading of -6.07 from -8.97 in September**. Falling diesel prices were primarily responsible for less harsh financial conditions in October, but the market remains difficult for trucking companies. The outlook is for gradual improvement, but TCI readings are forecast to remain negative through 2024. "The decline in diesel prices represented the only positive contribution to October's TCI, although rates and cost of capital were less negative factors than they had been in September. As we have discussed frequently, the combination of stagnant freight volume and surprisingly resilient capacity is thwarting a near-term turnaround for the truckload sector. Our analysis suggests that market conditions for carriers will not start to recover until the second half of 2024 absent an acceleration in the current rate of capacity loss." *Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)*

Diesel Prices

As of December 25, 2023, the **U.S. average diesel price was \$3.914 per gallon**. This is \$0.623 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states came in at \$3.879 per gallon**, which is \$.72 less than the same week in 2022. *Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)*

Trucking Employment

November 2023 numbers (preliminary) for the trucking industry **read at 1,581,300 employees**, increasing from 1,580,600 employees (preliminary) for October 2023. *Source: U.S. Bureau of Labor Statistics*

Trucking Earnings & Hours

For October 2023, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$30.69/hour**. **October 2023 showed average weekly hours totaling 40.7 hours** (preliminary) up from 40.4 hours in September 2023. *Source: U.S. Bureau of Labor Statistics*

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

Preliminary North American Class 8 net orders for November 2023 read in at 36,750 units, up 32% over October and up 2% year-over-year. Those comparisons fell within expectations given seasonal tendencies and the considerable y/y decrease during October. Total Class 8 orders for the previous 12 months have equaled 255,500 units. Build slots continue to be filled at a healthy rate. The slight y/y increase in orders in November shows a market that is still performing at a high level historically. *Source: FTR Transportation Intelligence*

Road Freight News Clip

Georgia will need to spend at least \$81 billion on transportation improvements by 2050 to keep people and freight moving on highways that otherwise will become increasingly congested, state Commissioner of Transportation Russell McMurtry warned Wednesday. Manufacturing, agricultural production, and warehouse distribution are all expected to grow exponentially in Georgia by 2050, resulting in a doubling of freight tonnage from 2015, the last time Georgia lawmakers passed major transportation funding legislation. The increased traffic that growth will bring will cause the costs businesses will be forced to absorb to rise from \$14.4 million in 2015 to \$33.3 million by 2050, a 131% increase, McMurtry said. The state embarked on a major transportation improvement program in 2016 that includes significant upgrades to interstate highway interchanges, widening of interstate highways, construction of commercial vehicle lanes, and last-mile road improvements near the Port of Savannah. *Source: Savannah CEO; [link to article](#)*

AIR:

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Air Cargo Traffic

Industry-wide air cargo demand recorded **21.9 billion cargo tonne-kilometers (CTKs) in October 2023**. This represents a 3.8% increase on a year-on-year (YoY) basis. Despite this growth, the industry's performance remains slightly lower than the pre-Covid level by 2.4%. Seasonally adjusted (SA) CTKs grew by 4.5% this month, a 2.7 percentage points increase compared to September. The sustained annual growth in CTKs since August highlights the ongoing recovery of the global air cargo market and a positive signal to close the year with a better performance.

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

Jet Fuel Prices

As of December 29, 2023, the global average jet fuel price **ended at \$104.41/bbl, a decrease of 10.00% from the previous month**. This is a 24.7% 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

The air cargo market is experiencing an unexpected bounce during the traditional peak shipping season culminating the year, fueled by e-commerce exports from China, but revenues for air logistics companies could be lower even if strengthening demand carries over into 2024, according to industry experts. Still, the vibe in industry circles is that the worst of the freight recession is in the rearview mirror, with next year bringing welcome stability even if it takes until late summer for a full-throated recovery to take hold. "There's overall shipper confidence that the market will be more predictable and more consistent. There's more trust going into next year and as a result I think you'll see more semiannual or annual contracts. That's a really good signal that the market is starting to stabilize, and shippers have confidence that supply and demand are going to be more balanced," said Zeid Houssami, global head of airfreight at Flexport, in a webinar on Wednesday for the logistics firm's customers.

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

OCEAN:

Shanghai Containerized Freight Index

As December 29, 2023, the China Shanghai Containerized Freight Index **reading was \$1,759.58 per FEU**. As compared to \$5,046.66 in December 2022.

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

Total TEUs for all terminals at the Port of Savannah was **417,145 in November 2023** which is a 10.3% decrease overall.

Source: Georgia Ports Authority

Ocean Freight News Clip

The Panama Canal, the century-old engineering marvel that revolutionized global trade, is being squeezed shut by drought and forcing shippers worldwide to face a painful choice. They [can wait in line for days or weeks](#), as low water levels limit the number of ships passing through the 50-mile waterway, carrying cars, consumer goods, fruit and fuel. They can pay millions of dollars to jump ahead in the queue, if a ship with a booked reservation drops out. Or they can sail an entire continent out of the way, sending their ships around the southern tips of Africa and South America, or through the busy Suez Canal.

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

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The record new supply coming online coupled with moderating demand and occupiers right sizing their footprints have led to another rise in vacancy for the U.S. industrial market. **At 4.7%, the overall vacancy rate climbed 70 basis points (bps) quarter-over-quarter (QOQ) — up 120 bps since the start of the year. The rate, however, still sits 210 bps below the 15-year average of 6.8%.** While many markets have recorded upticks in vacancy over the last few quarters, 40 of the 83 markets are boasting rates at 4% or lower. Some key markets in the South and West are continuing to experience tight conditions despite slowing demand for space. **Savannah, GA reported** a vacancy rate of 4.6% for Q3 2023, compared to 0.9% for Q3 2022. **Atlanta, GA reported** a vacancy rate of 5.5% for Q3 2023, compared to 2.9% in Q3 2022.

Source: Cushman & Wakefield

Note: Q4 2023 results will be released Jan. 17, 2024

Warehouse Rent Rates

The overall **industrial average asking rental rate inched higher to \$9.73 per square foot (psf), up just 0.9% from the second quarter**. Three of the four regions posted modest gains quarter-over-quarter, but the West region recorded a 0.6% decrease in the average rent. Amid cooling demand, year-over-year rent growth slowed for the fourth straight quarter to 12.3% in Q3 2023. The Northeast region saw a 16.6% rise YOY while the South region posted an 11.1% increase during that time. Many landlords are keeping rents steady, but some have begun to lower rates in existing sub-Class A facilities. Meanwhile, the additional new speculative supply, priced well above the market average, has continued to exert upward pressure on the average rental rates in markets where healthy delivery totals have occurred. **For Savannah, GA** the average asking rental rate for Q3 2023 was \$7.41, compared to \$6.14 for Q3 2022. **For Atlanta, GA** the average asking rental rate for Q3 2023 was \$6.70, compared to \$7.06 for Q3 2022.

Source: Cushman & Wakefield

Note: Q4 2023 results will be released Jan. 17, 2024

LOGISTICS MARKET SNAPSHOT

DECEMBER 2023

Industrial Absorption

Although absorption totals continued to moderate each of the last four quarters, net growth is still occurring. **The 46.2 million square feet (msf) of overall net absorption registered in the third quarter was 12.7% lower than what was registered during the previous quarter and pushed the YTD total to 174.1 msf.** This puts the market on pace to eclipse 210 msf by the close of 2023. **Of the 83 markets tracked by this report, 63% recorded positive absorption during the third quarter, led by Dallas/Fort Worth, Savannah, Charlotte and Houston,** all of which exceeded 4 msf of net occupancy gains. Conversely, just 7 markets posted negative absorption of 1 msf or greater, led by Northern and Central New Jersey and the Inland Empire. **For Savannah, GA,** Q3 2023 net absorption registered at 6,607,110 compared to 7,538,835 for Q3 2022. **For Atlanta, GA,** Q3 2023 net absorption registered at 2,600,533 compared to 4,432,738 for Q3 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.)

Note: Q4 2023 results will be released Jan. 17, 2024

Warehouse Employment

Preliminary November 2023 numbers for the warehousing industry workforce comes in at **1,861,000 employees, a decrease from 1869,100 employees** for October 2023 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

October 2023 average hourly earnings in the warehousing and storage subsector comes in at **\$24.06/hour (preliminary), up .11 from the September 2023 rate.** The **average weekly hours were 41.0 for October 2023** (preliminary) down from 41.2 hours in September 2023.

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

The appetite for continued exposure to China continues to change among North American companies, with nearly three-quarters of companies in a recent AlixPartners' survey already starting to reduce their exposure, and more than half planning to reduce exposure next year by more than 10%. The results of part of a global survey conducted by AlixPartners with supply chain professionals. The firm broke down results by region. The North American results included responses from 100 executives in five industries, with 60% working for companies that have reported at least \$5 billion sales. The results found that companies are generally targeting a 40% reduction in their share of sourcing from China to reduce exposure, with the U.S. (plus 30%) and Mexico (plus 10%) expected to see the biggest gains. While the effort remains in the early stages, AlixPartners found that companies are making decisions on make vs. buy strategies and investing in supplier development, logistics and distribution footprint changes, and global procurement cost modeling.

Source: Logistics Management; [link to article](#)

LOGISTICS MARKET SNAPSHOT

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.**

For more information about Georgia's Center of Innovation, Logistics please contact:
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