

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>increased at an annual rate of 3.5%</b> in the third quarter of 2018, according to the second estimate released by the Bureau of Economic Analysis in late November. With this second estimate for the third quarter, the general picture of economic growth remains the same; upward revisions to nonresidential fixed investment and private inventory investment were offset by downward revisions to personal consumption expenditures (PCE) and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of December 7, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is 2.4%</b>. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit increased 1.7%</b> in October 2018 to \$55.5 billion. In October, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, and Singapore. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, South Korea, India, Canada, OPEC, Taiwan, Saudi Arabia, United Kingdom, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In October 2018, the U.S. <b>imported \$219.6 billion</b> of cargo, <b>increasing 0.2%</b> from September and the <b>highest amount on record</b>. October imports of automotive vehicles, parts, and engines (\$31.8 billion), consumer goods (\$57.4 billion), and other goods (\$10.1 billion) were the <b>highest on record</b> as well. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In October 2018, the U.S. <b>exported \$141.5 billion</b> of cargo, <b>decreasing 0.3%</b> from September. October exports of industrial supplies and materials (\$47.2 billion), consumer goods (\$17.9 billion), and petroleum (\$16.7 billion) were the <b>highest on record</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>decreased 1.6%</b> in November 2018, following a 0.5% rise the previous month. The November drop was primarily led by lower fuel prices. U.S. export prices <b>decreased 0.9%</b> in November, the largest 1-month decrease since the index fell 0.9% in January 2016 and 1.1% in December 2015. Lower nonagricultural prices in November more than offset rising agricultural prices. Despite the November decline, U.S. export prices increased 1.8% over the past year. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>was 3.7%</b> in November 2018, unchanged from October and the <b>lowest rate since December 1969</b>. A preliminary <b>155,000 net new jobs were created</b> in November 2018, slightly less than what most economists expected, however still a strong number. In the first 11 months of 2018, <b>2.27 million net new jobs were created</b>, the most since 2015. The unemployment rate in <b>Georgia was 3.6%</b> in October 2018, <b>down from 3.7%</b> the previous month. (Source: US DOL, GDOL, AAR)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>was 62.9% in November 2018, unchanged</b> from the previous month. The labor force participation rate for those of prime working age (25-54) was 82.8% in November, up from 82.3% the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i></p>
<b>Leading Economic Index</b>	<p>The Leading Economic Index for the U.S. <b>increased 0.1%</b> in October 2018, ending at a reading of 112.1 According to The Conference Board, "The US LEI increased slightly in October, and the pace of improvement slowed for the first time since May. The index still points to robust economic growth in early 2019, but the rapid pace of growth may already have peaked. While near term economic growth should remain strong, longer term growth is likely to moderate to about 2.5 percent by mid to late 2019." (Source: Conference Board   Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(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.)</i></p>
<b>Housing Starts</b>	<p>In October 2018, housing starts were an annualized 1,230,000 units, <b>up 1.7%</b> from the previous month but down from the 2018 average of 1.26 million. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 102.1 in October 2018, <b>down 2.6%</b> from the previous month and <b>6.7% lower</b> year-over-year, making this the tenth straight month of annual decreases. According to the National Association of Realtors, "The recent rise in mortgage rates have reduced the pool of eligible homebuyers. However, mortgage rates are much lower today compared to earlier this century, when mortgage rates averaged 8 percent. Additionally, there are more jobs today than there were two decades ago. So, while the long-term prospects look solid, we just have to get through this short-term period of uncertainty." (Source: U.S. DOC, National Association of Realtors)</p>
<b>Light Vehicle Sales</b>	<p>New light vehicle sales were an annualized and seasonally adjusted 17.4 million in November 2018, <b>down 0.5%</b> from the previous month and <b>down 0.7%</b> from November 2017. Year-to-date sales were 15.59million, slightly ahead of last year and fractionally lower over the same period in 2015 and 2016. (Source: AAR) <i>(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.)</i></p>
<b>Personal Income</b>	<p>Personal Income <b>increased 0.5%</b> to \$17.8 trillion in October 2018. The increase in personal income in October primarily reflected increases in wages and salaries, proprietors' income, and government social benefits to persons. Farm proprietors' income increased \$11.6 billion in October, which included subsidy payments associated with the Department of Agriculture's Market Facilitation Program. During Q2 2018, Personal Income in Georgia was estimated at \$477.8 billion, an <b>increase of 4.2%</b> from Q1 2018. (Source: U.S. Bureau of Economic Analysis) <i>(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses).</i></p>

## Retail Sales

Advanced estimates of retail and food service sales in November 2018 were **\$513.5 billion, an increase of 0.2%** from the previous month, and **up 4.2%** from November 2017. Non-store retail sales were **10.4% higher** from the same month last year. (Source: US Census) *(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)*

## E-Commerce

The estimate of U.S. retail e-commerce sales for the third quarter of 2018, adjusted for seasonal variation, was \$130.9 billion, **an increase of 3.1%** from the second quarter of 2018 and **14.5% higher than the third quarter of 2017**. E-commerce sales in the third quarter of 2018 accounted for 9.8% of total sales. (Source: US Census) *(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

The Consumer Confidence Index **decreased to 135.7** in November 2018, **down 1.6%** from the previous month but **5.5% higher** than November 2017. According to The Conference Board, “Consumers’ assessment of current conditions increased slightly, with job growth the main driver of improvement. Expectations, on the other hand, weakened somewhat in November, primarily due to a less optimistic view of future business conditions and personal income prospects. Overall, consumers are still quite confident that economic growth will continue at a solid pace into early 2019. However, if expectations soften further in the coming months, the pace of growth is likely to begin moderating.” (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.)*

## Consumer & Producer Price Index

The Consumer Price Index for all urban consumers was **252.9** in November 2018, **unchanged** from the previous month. The gasoline index declined 4.2 percent in November, offsetting increases in an array of indexes including shelter and used cars and trucks. Other major energy component indexes were mixed, with the index for fuel oil falling but the indexes for electricity and natural gas rising. The Producer Price Index for final demand was **117.3** in November, **up 0.1%** from the previous month. In November, the rise in the final demand index can be traced to a 0.3% increase in prices for final demand services. In contrast, the index for final demand goods decreased 0.4%. (Source: US Bureau of Labor Statistics)

## Small Business Optimism Index

The Small Business Optimism Index was 104.8 during November 2018, **down 2.4% from the previous month and 2.5% lower than November 2017**. According to the National Federation of Independent Business (NFIB), “Slightly more than half of the decline was attributable to Expected Business Conditions and Expected Real Sales. Increases in compensation tied a near 30-year high as owners seek to attract more qualified candidates. An increasing percentage of owners reported capital outlays and higher sales.” Out of 10 index components, zero posted gains, two were unchanged, and eight declined. (Source: National Federation of Independent Business) *(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)*

## Industrial Production and Capacity Utilization

The Industrial Production Index was 109.4 in November 2018, **an increase of 0.6%** from the previous month and **3.9% higher than November 2017**. Capacity Utilization for the industrial sector was **78.5%** in November 2018, **an increase of 0.5%** from the previous month and **2.0%** higher than November 2017. (Source: 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 Sales

Total combined sales and manufacturing shipments totaled nearly **\$1.47 trillion** in October 2018, **up 0.3% from the previous month and up 6.1% from October of the previous year**. (Source: US Census)

## Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$1.98 trillion** in October 2018, **up 0.6% from the previous month and up 5.2% from October of the previous year**. (Source: US Census)

## Purchasing Managers Index

The National PMI **increased to 59.3%** in November 2018, an **increase of 160 basis points** from the previous month. With a reading above 50, the overall economy grew for the 115<sup>th</sup> consecutive month. New Orders **increased 620 basis points to 62.1%**, and Production **increased 70 basis points to 60.6%**. In November, 13 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## Purchasing Managers Index in Georgia

In October 2018, Georgia’s PMI **decreased 1,080 basis points** month-over-month to 49.2%. According to Kennesaw State University Econometric Center, October’s decrease was skewed by a drop in New Orders and sampling variation likely contributed to local pullback. New Orders in Georgia **decreased to 46.2%** and Production **decreased to 46.2%**. In the month of October, Georgia’s PMI was **850 basis points below** the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## U.S. Market News

Delivery companies are warning shoppers to send holiday gifts and make online purchases as soon as possible, as a record number of packages are expected to be delivered. The U.S. Postal Service, UPS Inc. and FedEx Corp. have taken extra steps to ensure timely delivery of billions of packages this holiday season, including adding staff, infrastructure and pop-up locations. The Postal Service expects to deliver more than 16 billion pieces of mail during the holidays, including 900 million packages. To handle the influx, it has expanded retail hours, added 8,000 new vehicles to its fleet, expanded operational capacity with new equipment, hired seasonal staff and enhanced package processing systems to handle 25,000 packages per hour. Some 15-23% of packages usually are delayed during the holidays, said Sri Sridhar, CEO of lateshipment.com, one of the largest independent trackers of packages. This holiday season, even express shipments could see a jump in delays to 14% or 15% as retailers add free two-day shipping to stay competitive in delivery wars. To avoid major crowds lining up at the three major delivery companies, experts say to avoid the week of Dec. 17-21. USPS expects more than 8 million customers to go to their local post office Dec. 17 alone, the busiest day of the season. (Source: ttnews.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 6.2%** in November 2018, ending at a reading of 10,820. (A price-weighted average of 20 U.S. companies in the transportation industry, average of November 1<sup>st</sup> thru November 30<sup>th</sup>. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

### NASDAQ Transportation Index

NASDAQ Transportation Index **increased 6.3%** in November 2018, ending at a reading of 5,389. (Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of November 1<sup>st</sup> thru November 30<sup>th</sup>)

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 138.8 in October 2018, an **increase of 2.0%** from the previous month, **6.4% higher** than October 2017 and the **highest level of all time**. The October increase in the Freight TSI was driven by significant growth in trucking and water, while pipeline, air freight, rail carload, and rail intermodal decreased modestly. (Source: US BTS)

### Cass Freight Index

The Cass Freight Shipments Index was 1.162 in November 2018, a **decrease of 5.1%** from the previous month, and an **increase of 0.6%** year-over-year. The Cass Freight Expenditures Index was 2.849 in November, a **decrease of 2.4%** from the previous month and an **increase of 8.4%** year-over-year. According to Cass Information Systems, "November was another month of high volatility and a sense of growing uncertainty in both the U.S. and global financial markets. Despite all of the 'hand-wringing' on Wall Street, the Transportation economy continues to signal economic expansion. The hard data of physical goods flow, which is uninfluenced by human emotion, confirms that people are still making things, shipping things, and buying / consuming things. Although not at the scorching pace attained earlier this year, expansion is still taking place at an above average." (Source: Cass Information Systems | Cassinfo.com) (Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)

### Shippers Conditions Index

The Shippers Conditions Index for September 2018 slightly increased from the previous month, to a **reading of -7.6**. After hitting an all-time low in May, the SCI has steadily moved upward, albeit still in significantly negative territory. According to FTR, "The slow improvement in conditions for shippers that was present toward the end of the summer continued in September, but it will be a slow crawl back to a neutral position over the next year. Conditions for shippers are not as bad as they were earlier in 2018, but remain a long way from ideal." (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for shippers)

### NAFTA Trade

Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$101.6 billion in September 2018, **down 4.9%** from the previous month, but **up 7.7%** year-over-year. September marked the **23<sup>rd</sup> straight month** in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried \$63.3 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)

### Multimodal News Clips:

U.S. Transportation Secretary Elaine Chao announced that the DOT is funding 91 road, rail, transit and port infrastructure projects in 49 states and Washington, D.C., in the amount of \$1.5 billion through its discretionary Better Utilizing Investments to Leverage Development (BUILD) grant program. The department had to whittle the list of 2018 applicants down to the 91 winning projects after receiving a record 851 applications totaling \$10.8 billion. The grant program specifically targets rural communities that have historically seen low investment. Projects in such areas were given priority based on safety, quality of life, environmental protection, state of repair, innovation and other criteria. The DOT also considered projects that utilize public-private partnerships and non-federal revenue. Another federal grant initiative that addresses the need to improve rural infrastructure is the Infrastructure for Rebuilding America (INFRA) program. In June, the DOT announced that \$1.5 billion would be made available through INFRA through discretionary grant awards. One project in the running is the \$184 million addition of 17 miles of express lanes on State Road 400 in Georgia. No final decisions have been made about which projects will receive funding. BUILD grants, formerly known as TIGER (Transportation Investment Generating Economic Recovery) grants, also help fund rural projects, which received a record 64% share of funding in the most recent allocation. Congress requires that at least 20% of the grants go toward rural projects. (Source: supplychaindiver.com)

## RAIL:

### U.S. Freight Rail Traffic

Originations of carloads in November 2018 totaled 1,032,000 units, a **decrease of 22.9%** from the previous month and a **decrease of 0.2%** from November 2017. This marked the first year-over-year monthly decline in nine months. Weekly average total carloads in November 2018 were 258,017, the lowest for November since sometime before 1988, when the data first began. (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*

### U.S. Intermodal Rail Traffic

Intermodal rail traffic totaled 1,100,000 units in November 2018, a **decrease of 23.8%** from the previous month but **2.5% higher than November 2017**. Year-to-date intermodal volume through November was up 5.5%, or 699,102 units, from last year. If that percentage holds for one more month, 2018 will have the largest annual percentage gain for intermodal since 2010. (Source: AAR.org) *(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)*

### Railroad Fuel Price Index

The index of average railroad fuel prices in October 2018 was 467.7 **up 2.3%** from the previous month and **26.8% higher** year-over-year. (Source: AAR.org)  
*(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)*

### Class 1 Railroad Employment

Railroad employment in October 2018 **increased 0.4% from the previous month** to 148,719 employees total, the **ninth straight month-to-month increase**. Employee categories seeing gains included maintenance of equipment, train and engine, and maintenance of way and structures. (Source: U.S. STB, AAR)

### Short Line Rail Traffic

In October 2018, short line railroad shipments across North America **increased 7.0% from the previous month and increased 2.9% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 375,486 railcars** and intermodal units during the month of October. Nonmetallic Minerals led gains with a 52.3% increase. Coal led declines for the sixth consecutive month, with a decrease of 32.6%. (Source: Railinc Short Line and Regional Traffic Index)

### Railroad News Clips:

The trade association of U.S. freight railroads advised the federal government to take a balanced approach to automation as a way to a safer, more efficient and more productive industry in the coming years. In a filing to the U.S. Department of Transportation, the Association of American Railroads urged policy that encourages innovation across all modes of transportation as the agency develops a regulatory framework for autonomous-vehicle technology. "Technology has the potential to create breakthrough gains in safety performance, just as it does for other transportation modes," AAR said. In its filing, AAR stated that increased automation will result in meaningful safety improvement. Keenly aware of rapid developments in automation by the trucking industry, AAR also urged mode-neutral federal transportation policy. "Railroads are an essential component of our national transportation network, delivering cost-effective and environmentally-friendly freight transportation that reduces highway congestion. For railroads to remain a viable, competitive alternative to other transportation modes, USDOT must support automation in all modes of transportation, including rail. Without equal application across modes, federal policies have the potential to inadvertently shift freight from one mode to another." (Source: Railwayage.com)

## TRUCKING:

### Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 119.9 in October 2018, an **increase of 6.3% from the previous month and an increase of 9.5% from October 2017**. According to ATA Chief Economist Bob Costello, "Last month's strength was due, at least in part, to strong import numbers, especially on the West Coast. This is likely a pull ahead of imports as shippers try to take delivery of goods before January 1 when tariffs on a large list of goods China increases from 10% to 25%." (Source: American Trucking Associations | Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

### Truckload Freight

The spot market for truckload-freight available for pick-up in November 2018 **decreased 1.8%** compared to the previous month, and was **8.3% lower** year-over-year. Truck capacity **decreased 10%** for the month, and **increased 30%** year-over-year. (Source: DAT Trendlines | www.dat.com)

### Refrigerated Trucking

In November 2018, refrigerated loads posted on load boards **increased 8%** while refrigerated truck posts **decreased 5%**, compared to the previous month. That caused the load-to-truck ratio to **increase 15%** to 7.2 loads per truck. The ratio was **40% lower** compared to November 2017. In November, the national reefer rate was \$2.48 per mile, \$0.06 higher than the previous month and \$0.05 higher than November 2017. (Source: DAT Trendlines | www.dat.com)

### Trucking Conditions Index

The Trucking Conditions Index in October 2018 **decreased to a reading of 3.17**, more than a point lower than September. Stabilizing truckload rates and a short-lived run up in diesel prices were largely responsible for a continued deterioration in trucking conditions during October. According to FTR, "October's conditions index confirms the general sense that the current cycle has peaked. Although we anticipate improved conditions for the remainder of 2018 and much of 2019 compared to October, we appear to be headed gradually toward neutral territory." (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

### Diesel Prices

As of December 10, 2018 the U.S. average diesel price was **\$3.16 per gallon**. The U.S. average diesel price was **\$0.25 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$3.05 per gallon, 3.5% less than the national average price**. (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*

### Trucking Employment

The trucking industry workforce **increased by approximately 4,500 employees to 1,493,000 employees total** in November 2018. The trucking industry workforce **increased 0.3%** over the previous month and **increased 2.5%** over November 2017. (Source: U.S. Bureau of Labor Statistics)

### Trucking Earnings and Hours

The average earnings of truck transportation employees were \$24.67/hour in October 2018, **up 0.2%** from the previous month. The average weekly hours totaled 41.7 in October, **down 1.0%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary data for heavy-duty Class 8 trucks net orders in North America were 27,500 units in November 2018, **down 36.1%** from the previous month but **20.5% higher** year-over-year. November orders were the lowest total this year and the weakest since September 2017. However, the drop off in order activity was expected, as OEM's have nearly filled their order boards for 2019. Backlogs will start to recede, but still remain close to record volumes. Preliminary October 2018 net trailer orders totaled **53,000 units, up 67%** from October 2017. Orders from the past 12 months now total 423,000 units. According to FTR, "This was another great month for trailer orders. Fleets need to expand to handle steady freight growth. Capacity utilization remains at highly elevated levels. Trailers are being used to make drivers more productive and to help move goods as fast as possible. The supply chain is struggling to perform well, and more trailers are needed to improve delivery times. Fleets are expecting the good times to continue and want to make sure they have an adequate supply of trailers throughout 2019." (Source: FTR Transportation Intelligence | ftrintel.com)

### Trucking News Clip

A new report by McKinsey & Company predicts fully autonomous trucks being used in regular operations in little more than a decade. Initial autonomous truck operations are already in their embryonic stages and the report predicts that the overall adoption curve will take place in four major stages, beginning in 2018 and extending out to 2027 and beyond. In the first wave, two-truck platoons with drivers operating each vehicle with Level 3 automation will take to the roads between now and 2020, taking advantage of aerodynamics and subsequent fuel savings. Connected convoys will develop and operational algorithms and vehicle communications networks will mature and expand, leading to the second wave of autonomous truck development in or around 2023. In the second phase, the authors predict, driverless platooning on interstate highways will become operational, with a driver in the lead truck of the platoon and unmanned trucks following close behind. The report projects that by 2026 unmanned autonomous trucks operating on all segments of the Interstate highway system and on geofenced areas (subject to weather and visibility conditions) will be normal. And finally, more than a decade from now, McKinsey and Company expects to see the industry's first Level 5, fully autonomous trucks hit the road, working across their entire operational scale without any human interaction at all. (Source: McKinsey & Company, truckinginfo.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in October 2018 **increased by 3.1% year-over-year**, well below the five-year average pace (5.1%) but consistent with the typical pattern seen after inventory restocking cycles. According to the IATA, "The moderation in year-on-year FTK growth that we have seen over the past year or so is typical of the pattern after inventory restocking cycles in the past. Air freight volumes grew much faster than global goods trade in 2017 as firms turned to the speed afforded by air freight to restock inventory levels quickly. However, FTK growth is on track to underperform that of global goods trade in 2018." (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

### Atlanta Air Cargo Traffic

In October 2018, Hartsfield-Jackson Atlanta International Airport transported **60,752 metric tons** of cargo, a **6.0% decrease** from the previous month and a **1.1% decrease** year-over-year. (Source: HJAIA)

### Air Freight Price Index

In October 2018, average airfreight rates for East-West routes increased \$0.20 over the previous month to reach \$3.02 per kilogram. Drewry expects rates to continue to increase in November. (Source: Drewry, aircargonews.net) *(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)*

### Jet Fuel Prices

As of December 7, 2018 the global average jet fuel price was \$76.68 per barrel; **down 15.4%** from the previous month, and **2.2% higher** year-over-year. (Source: IATA.org, platts.com) *(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)*

### Air Freight News Clips:

Air cargo market growth is expected to continue to soften in 2019 with a slowdown in world trade predicted to hit volume and yield performance. In its annual market update, airline association IATA said that it expects cargo volumes to grow by 4.1% to 63.7m tonnes this year but improvements will then slow to 3.7% to 65.9m tonnes in 2019. This would represent the slowest rate of growth recorded by the industry since 2016. Cargo yield growth is also expected to slow next year, slipping from an "exceptional" 10% year-on-year improvement in 2018 to an increase of 2% in 2019. However, the cargo sector will benefit from lower costs next year. Finally, overall cargo revenues are expected to reach \$116.1bn, up from \$109.8bn in 2018. The organization said weaker growth levels were a reflection of the trade outlook. (Source: IATA, aircargonews.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In October 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 2.04 million TEUs, a **9.0% increase** from the previous month, **13.6% higher** than October 2017, and the **highest amount for a single month** since the records began in 2000. According to Hackett Associates, “We see a significant slowdown in import growth in 2019 as the market adjusts to higher prices due to the...tariffs and the impact on consumer and industry confidence going forward. We project that imports at our monitored ports will have grown significantly in 2018 but that there will be no import growth in the first half of 2019 compared with the same period in 2018.” (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The December 7<sup>th</sup> SCFI comprehensive reading was **\$861 per FEU, down 10.4%** from last month. The spot rate for shipments to the U.S. East Coast was **\$3,136 per FEU, down 13.2%** from the previous month. (Source: Shanghai Shipping Exchange | [www1.chineseshipping.com.cn/en](http://www1.chineseshipping.com.cn/en)) *(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.)*

### Baltic Dry Index

The Baltic Dry Index **decreased 17.4%** in November 2018, ending at 1,231. Compared to November 2017, the index **decreased 22.0%**. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND).) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

### Port of Savannah

The Port of Savannah moved 344,506 TEUs in November 2018, a **16.8% decrease** from the previous month, but **11.4% higher** compared to November 2017 and the **25<sup>th</sup> consecutive month of positive year-over-year growth**. The Georgia Ports Authority is **on track to reach 4.36 million twenty-foot equivalent container units handled in 2018, its highest volumes ever in a calendar year**. The performance would mean an increase of 8 percent (312,385 TEUs) compared to CY2017. For Calendar Year 2018 through November, the Port of Savannah has handled 4 million twenty-foot equivalent container units, up from 3.72 million over the same period last year. Containers currently booked for December will add approximately 362,000 TEUs to the annual total. (Source: GPA)

### Port of Brunswick

The Georgia Ports Authority handled 59,297 units of Roll-on/Roll-off cargo in November 2018, **an increase of 12,135 units, or 25%**. Colonel's Island Terminal at the Port of Brunswick led the growth, adding nearly 12,000 vehicles to its total from November 2017. (Source: GPA)

### Ocean Freight Business News:

The Federal Maritime Commission (FMC) announced it would create a Shipper Advisory Board, which would regularly offer information and insights on emerging maritime issues to the regulator. The decision was made as part of a vote to approve the recommendations made in the final report of Fact Finding Investigation No. 28, an investigation into detention and demurrage fees. The "complexity of port operations and the wide variation in port procedures and practices supported the conclusion" to create such a board for the Commission, according to the report. The report notes other advisory boards — of "other stakeholders" and those involved in freight delivery — would also benefit. In creating the Shipper Advisory Board, the FMC is standardizing an approach it has used to regulate in the past two years — using small teams of stakeholders to develop recommendations for the private sector to implement. (Source: Supplychaindive.com)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy was 5.1%** at the end of the third quarter of 2018, matching the previous quarter's rate but down 20 basis points year-over-year. None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q3 2018. According to NGKF, this speaks to the overall strength of the national industrial market and also helps to explain why investors have become keen on this product type. According to NCREIF, the U.S. industrial sector achieved a 3.58% total return during Q2 2018, significantly outperforming all other property sectors. Industrial outperformed the second-best performing sector, hotel, by 163 basis points during Q2 2018. The vacancy rate in **Atlanta, GA was 7.2%** in Q3 of 2018. (Source: NGKF)

### Warehouse Rent Rates

In Q3 2018, the average asking rent across the U.S. was **\$6.96/SF, up 2.7%** from the prior quarter, **8.4% higher** from one year ago, **and the highest average recorded this cycle**. According to NGKF, e-commerce tenants are demanding top-quality distribution centers that can offer higher ceiling heights and automated warehouse management systems, which are helping to drive rents to record highs. **The average asking rent in Atlanta was \$5.18/SF in Q3 2018.** (Source: NGKF)

### Industrial Absorption

Net absorption in the U.S. decreased by nearly 12.9 million square feet during Q3 2018, totaling 49.7 million square feet, the lowest quarterly absorption total recorded since the third quarter of 2013. Of the 49 industrial markets tracked by NGKF, 20 absorbed 1 million square feet or more in Q3, led by Atlanta which absorbed 5.4 million square feet. (Source: NGKF) *(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

The nationwide warehousing industry workforce **increased by 6,200 employees** to 1,063,500 employees total in November 2018. The warehouse industry workforce **increased 0.6%** from the previous month and **increased 4.9%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

### Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.13/hour in October 2018, **down 0.2%** from the previous month. The average weekly hours totaled 42.1 in October, **down 0.7%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

**W&D Business News:**

- JLL, a commercial real estate firm, has released a report titled “Urban Infill: the route to delivery solutions.” The report focuses on urban infill warehouse and distribution space to fill last-mile gap. In the report, JLL explained that among the United States-based markets it broadly defines as optimal urban infill destinations, last-mile availability is 180 basis points below the market, with rental rates having seen steady gains going back to the beginning of 2017. Closing the “last-mile gap” in a cost-effective and timely way for e-tailers and their delivery partners to be able to meet, in many cases, same-day delivery commitments continues to be a challenge, according to JLL. What’s more, there is no one clear way, approach, practice, or method to augment the current situation either, as different regions and markets deal with different challenges and situations. Gillam Campbell, research manager, Industrial for JLL, and a co-author of the report, said that perhaps the biggest takeaway of this report is that urban infill as it relates to last mile is not just in urban corridors, it is throughout all metropolitan areas. “People who live in the suburbs, for instance, order a lot online, too, and there are also opportunities in outlying areas of metros for urban infill supply and for locations for e-commerce companies to have distribution centers.” (Source: JLL, Logisticsmgmt.com )
- Wayfair Inc., one of the world’s largest online destinations for the home, will create 1,000 jobs and open a new 1,164,800-square-foot facility in Savannah. New jobs will include supervisory, administrative and warehouse positions. Wayfair and its landlord plan to invest approximately \$45 million in the project over the next five years. Headquartered in Boston, Wayfair operates offices and warehouses throughout the U.S., Canada and Europe. Wayfair currently operates a warehouse and distribution center in McDonough. “We are excited to expand our team in the State of Georgia as we continue to scale our logistics operations to support the rapid growth of our business,” said James Savarese, chief operating officer of Wayfair. “The State of Georgia and the Savannah Economic Development Authority have been great partners to us. We look forward to contributing to economic development in the region with the creation of 1,000 new jobs and the opening of a new, state-of-the-art facility in Savannah.” (Source: Georgia.org)

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