

U.S. MARKET:

Gross Domestic Product	<p>The U.S. GDP increased at an annual rate of 2.1% in the fourth quarter of 2019, according to the third estimate released by the Bureau of Economic Analysis in late March. The increase in real GDP in the fourth quarter reflected positive contributions from PCE, exports, residential fixed investment, federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. (Source: US BEA) As of April 2, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2020 is 1.3%. As noted by the Atlanta Fed, the GDPNow rate does not capture the impact of COVID-19 beyond its impact on GDP source data and relevant economic reports that have already been released. It does not anticipate the impact of COVID-19 on forthcoming economic reports beyond the standard internal dynamics of the model. (Source: Federal Reserve Bank of Atlanta) (The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</p>
U.S. Trade Deficit	<p>The U.S. goods and services trade deficit decreased 12.2% in February 2020 to \$39.9 billion. In February, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, Singapore, Saudi Arabia, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, and France. (Source: US DOC & Census Bureau)</p>
Import Volumes	<p>In February 2020, the U.S. imported \$198.4 billion of cargo, decreasing 5.0% from January, and the lowest amount since September 2016. (Source: US Census)</p>
Export Volumes	<p>In February 2020, the U.S. exported \$137.2 billion of cargo, increasing 1.0% from January. The February exports of consumer goods (\$15.9 billion) were the lowest since May 2016. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices declined 2.3% in March 2020, after decreasing 0.7% in February. The March drop was driven by lower fuel prices. U.S. export prices decreased 1.6% in March 2020. The March decrease was the largest monthly drop in export prices since the index declined 1.7% in January 2015. Decreasing prices for both nonagricultural exports and agricultural exports contributed to the March drop. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America was 4.4% in March 2020, up from 3.5% in February. A preliminary 701,000 net new jobs were lost in March 2020, the first decline since September 2010. The surveys on which the April 3 jobs numbers were based asked firms and people about their labor market status in the second week of March, before most coronavirus-related job losses occurred. The jobs report covering April, to be released May 8, will give a more realistic picture. A general rule of thumb, according to a recent piece in the Wall Street Journal, is that the unemployment rate rises by 1 percentage point for every 1.5 million initial jobless claims. If true, that means the 10 million new claims just in the past two weeks will take the unemployment rate to more than 10%, which is about where it was at its highest point in the Great Recession. Back then, it took about a year and a half to get to 10%, not two weeks. The unemployment rate in Georgia was 4.2% in March, up from 3.1% the previous month. (Source: US DOL, GDOL, AAR, The Wall Street Journal)</p>
Labor Force Participation Rate	<p>The labor force participation rate was 62.7% in March 2020, down 1.1% the previous month. The labor force participation rate for those of prime working age (25-54) was 82.6% in March, down 0.5% from the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) (The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</p>
Leading Economic Index	<p>The Leading Economic Index for the U.S. declined 6.7% in March 2020, to a reading of 104.2, and the largest decline in its 60-year history. According to The Conference Board, "The unprecedented and sudden deterioration was broad based, with the largest negative contributions coming from initial claims for unemployment insurance and stock prices. The sharp drop in the LEI reflects the sudden halting in business activity as a result of the global pandemic and suggests the US economy will be facing a very deep contraction." (Source: Conference Board Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) (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.)</p>
Housing Starts	<p>Existing home sales were an annualized and seasonally adjusted 1.599 million in February 2020, down 1.5% from the previous month but up 39.2% year-over-year. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 111.5 in February 2020, up 2.4% from the previous month and 9.4% higher year-over-year. "February's pending sales figures show the housing market had been very healthy prior to the coronavirus-induced shutdown," said Lawrence Yun, NAR's chief economist. He noted that the data does not capture the significant fallout from the pandemic or the measures taken to control the outbreak. "Numbers in the coming weeks will show just how hard the housing market was hit, but I am optimistic that the upcoming stimulus package will lessen the economic damage and we may get a V-shaped robust recovery later in the year." (Source: U.S. DOC, National Association of Realtors)</p>

Light Vehicle Sales	<p>New light vehicle sales were an annualized and seasonally adjusted 11.4 million in March 2020, down 32.1% from the previous month and 37.9% lower year-over-year. This is the lowest value of monthly sales since April 2010. As reported by the Wall Street Journal on April 1, “Car companies already had been grappling with collapsing sales in Europe and China as the virus spread around the globe earlier this year. But new-car demand in the U.S. has held strong, all the way through the first half or March. The turning point came midmonth, when buyers began steering clear of showrooms to avoid interactions with others. U.S. car factories went dark soon after and many dealers have since temporarily closed their locations to comply with stay-at-home orders.” The sales chief of a major car company said, “Consumers obviously and understandably shifted their priorities.” The Wall Street Journal reports that analysts expect the declines to deepen in April, with a rebound not likely until the summer, at the earliest. (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>
Personal Income	<p>Personal Income increased 0.6% to \$19.1 trillion in February 2020. The increase in personal income in February primarily reflected increases in compensation of employees and farm proprietors’ income. During all of 2019, Personal Income in Georgia was estimated at \$511.7 billion, an increase of 4.7% from CY 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	<p>Advanced estimates of retail and food service sales in March 2020 were \$483.1 billion, a decrease of 8.7% from the previous month, and 6.2% below March 2019. Non-store retail sales were 3.1% higher from the same month last year. As a side note, due to recent events surrounding COVID-19, many businesses are operating on a limited capacity or have ceased operations completely. The Census Bureau has monitored response and data quality and determined that estimates in this release meet publication standards. (Source: US Census) <i>(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)</i></p>
E-Commerce	<p>The estimate of U.S. retail e-commerce sales for the fourth quarter of 2019, adjusted for seasonal variation, was \$158.0 billion, an increase of 2.6% from the third quarter of 2019 and 16.7% higher than the fourth quarter of 2018. E-commerce sales in the fourth quarter of 2019 accounted for 11.4% of total sales. Total e-commerce sales for 2019 were estimated at \$601.7 billion, an increase of 14.9% from 2018. (Source: US Census) <i>(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.)</i></p>
Consumer Confidence	<p>The Consumer Confidence Index sharply declined to 120.0 in March 2020, down 12.6% from the previous month. According to The Conference Board, “Consumer confidence declined sharply in March due to a deterioration in the short-term outlook. The Present Situation Index remained relatively strong, reflective of an economy that was on solid footing, and prior to the recent surge in unemployment claims. However, the intensification of COVID-19 and extreme volatility in the financial markets have increased uncertainty about the outlook for the economy and jobs. March’s decline in confidence is more in line with a severe contraction – rather than a temporary shock – and further declines are sure to follow.” (Source: The Conference Board) <i>(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.)</i></p>
Consumer & Producer Price Index	<p>The Consumer Price Index for all urban consumers was 258.0 in March 2020, down 0.4% from the previous month and the largest monthly decline since January 2015. A sharp decline in the gasoline index was a major cause of the monthly decrease in the seasonally adjusted all items index, with decreases in the indexes for airline fares, lodging away from home, and apparel also contributing. The Producer Price Index for final demand was 118.5 in March 2020, down 0.2% from the previous month. In March, the decrease in the final demand index can be traced to a 1.0-percent drop in prices for final demand goods. The index for final demand services moved up 0.2 percent. (Source: US Bureau of Labor Statistics)</p>
Small Business Optimism Index	<p>The Small Business Optimism Index was 96.4 in March 2020, down 8.1% from the previous month, and the largest monthly decline in the survey’s history. According to the National Federation of Independent Business (NFIB), “Small businesses are living through the coronavirus pandemic right now and it’s hard to say what the severity of the disruption will be, but we do know they’re feeling the urgency. It is vital that these businesses have access to federal funds that are made available through the CARES Act to keep the doors open on Main Street.” Out of 10 index components, one posted gains, zero were unchanged, and nine declined. (Source: National Federation of Independent Business) <i>(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)</i></p>
Industrial Production and Capacity Utilization	<p>The Industrial Production Index was 103.7 in March 2020, a decrease of 5.4% from the previous month, as the COVID-19 (coronavirus disease 2019) pandemic led many factories to suspend operations late in the month. Compared to March 2019, the Index was down 5.5%. Capacity Utilization for the industrial sector was 72.7% in March 2020, up 1.9% from March 2019. (Source: Federal Reserve) <i>(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)</i></p>
Manufacturing & Trade Sales	<p>Total combined sales and manufacturing shipments totaled nearly \$1.46 trillion in February 2020, down 0.5% from the previous month and up 1.4% from February of the previous year. (Source: US Census)</p>
Manufacturing & Trade Inventory	<p>Total value of inventory on-hand is estimated at \$2.01 trillion in February 2020, down 0.4% from the previous month and down 0.1% from February of the previous year. (Source: US Census)</p>

Purchasing Managers Index

The National PMI was **49.1%** in March 2020, a **decrease of 1.0%** from the previous month. New Orders **decreased 7.6%** to 42.2%, and Production **decreased 2.6%** to 47.7%. According to the Institute for Supply Management (ISM), "Comments from the panel were negative regarding the near-term outlook, with sentiment clearly impacted by the coronavirus (COVID-19) pandemic and energy market volatility. The PMI® returned to contraction territory, and with a negative trajectory." In March, 10 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 the Southeast

In March 2020, the Southeast PMI **increased 2.9%** month-over-month to **58.1%**. New Orders in the Southeast **increased 2.0%** to 59.5% and Production **decreased 10.6%** to 61.9%. In the month of March, the Southeast's PMI was **18.3% higher** the national PMI. (Source: Kennesaw State University) *(The Southeast region includes the states of Georgia, Alabama, Florida, Tennessee, Louisiana, and Mississippi. 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

The National Association of Manufacturers (NAM) has released the "American Renewal Action Plan," in which it lobbies for a range of steps that would protect the manufacturing industry legally and financially as it continues or restarts business during the coronavirus pandemic, according to a press release. The industry is calling on Congress to provide more financial incentives for manufacturers that switch to the production of essential goods, including personal protective equipment (PPE). "The nation is not prepared for the near-constant demand for personal protective equipment that will come from all industries as states prepare to reopen their economies," the industry group said. Financial incentives for manufacturers that switch to producing PPE is just one of NAM's recommendations. The industry is also calling for the Strategic National Stockpile to be replenished, for cargo capacity to be expanded with prioritization for medical cargo, and for the U.S. government to coordinate with foreign governments on guidance for essential businesses. (Source: supplychaindive.com)

MULTIMODAL:

Dow Jones Transportation Index

Dow Jones Transportation Index **decreased 18.4%** in March 2020, ending at a reading of 7,732. *(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

NASDAQ Transportation Index **decreased 18.8%** in March 2020, ending at a reading of 3,754. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies)*

DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 137.2 in February 2020, **up 0.2%** from the previous month and **0.1% higher** than February 2019. The Freight TSI grew in February from January due to growth in air freight and significant growth in pipeline, and despite declines in rail carload, rail intermodal and water, and no change in trucking. (Source: US BTS)

Cass Freight Index

The Cass Freight Shipments Index was 1.087 in March 2020, an **increase of 0.2%** from the previous month, and a **decrease of 9.2%** year-over-year. The Cass Freight Expenditures Index was 2.651 in March, a **decrease of 1.0%** from the previous month and a **decrease of 8.2%** year-over-year. According to Cass Information Systems, "So, as we've been writing this year, the market initially brushed off coronavirus (SARS-CoV-2/COVID-19) concerns in February, thinking it was just "a China thing." Last month it got a strong dose of reality that unwound earlier gains and drove fast and severe selling of stocks. In April-to-date (4/13/20), investors appear more optimistic about a flattening of the curve and a re-opening of business (and society) sooner rather than later. We expect future market volatility to continue in the coming weeks, as we believe front line issues will get worse and draw headlines before any good news really comes to the millions of people impacted by the current crisis." (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 January 2020 **declined to 3.7**. While the reading in January was still positive, the measure has dropped each of the last three months and in January was the lowest since October 2018. According to FTR, "The rapidly changing dynamics of the coronavirus' effects on supply chain chains make shipper conditions highly volatile. A significant weakening of the underlying economy will challenge shipper volumes over the next few months even as capacity becomes more abundant." (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for shippers)*

North American Transborder Freight

Surface transport-related trade between the U.S., Canada, and Mexico totaled \$95.9 billion in February 2020, **up 1.9%** compared to February 2019. Trucks carried \$60.8 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:

The United States Postal Service (USPS) is shipping mail and parcels to ten European countries via ocean freight "to address the issue of limited air transportation resulting from widespread flight cancellations and restrictions due to COVID-19," according to a postal service advisory dated April 23. The first batch of mail shipped to Europe in this way left JFK International Service Center in New York for the Port of Rotterdam April 20 carrying five containers of mail weighing 32,768 kilograms, according to the advisory. Shipping mail and parcels in this manner can delay and add uncertainty to arrival times. "Sea route arrival dates are not exact and may vary depending on weather related events and queuing at port of arrival," the advisory said. USPS estimates an additional seven to twelve days of transit time to cover port unloading, customs clearance, transit to a sorting facility, sorting and final transit, and delivery. (Source: USPS, supplychaindive.com)

RAIL:

U.S. Freight Rail Traffic	Total originated U.S. carloads in March 2020 were 57,148 carloads, or 6.0% lower than March 2019, their 14 th consecutive year-over-year decline. Weekly average total carloads in March 2020 were 224,918, the lowest weekly average for any month since January 1988, when AAR's data begin. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)
U.S. Intermodal Rail Traffic	In March 2020, U.S. railroads were down 12.2% from March 2019 , the biggest year-over-year percentage decline since September 2009. Weekly average intermodal volume in March 2020 (233,845 units) was the lowest for March since 2013. (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 March 2020 was 266.5, down 21.8% from the previous month and 34.8% lower 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 February 2020 decreased 0.5% to 127,634 employees total. (Source: U.S. STB, AAR)
Railroad News Clips:	CSX has put 400 locomotives in storage since the end of March to cut costs in light of down volumes caused by the manufacturing and economic slowdown from COVID-19. CSX's total volume for the first quarter was down 1% year-over-year, executives reported on the railroad's first-quarter earnings call this month. Crew starts were down 11% YoY in the first quarter (ended March 31), and the railroad has been working aggressively to reduce train starts further since the middle of March, said CFO Kevin Boone. With 400 additional locomotives off the network, CSX's total count is now less than 50% of the 4,000 it operated before implementing precision-scheduled railroading (PSR) in 2017. The railroad now has the task of maintaining the service and reliability improvements it's achieved through PSR, while cutting costs further than that strategy has dictated, executives explained. (Source: CSX, supplychaindive.com)

TRUCKING:

Truck Tonnage Index	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 120.4 in March 2020, an increase of 1.2% from the previous month and an increase of 4.3% from March 2019 . According to ATA Chief Economist Bob Costello, "March was the storm before the calm, especially for carriers hauling consumer staples, which experienced strong freight levels. But there was a huge divergence among freight types. While freight to grocery stores and big box retailers was strong in March, especially late March, due to surge buying by households, freight was anemic in other supply chains, like that for gasoline, restaurants, and auto factories. Because of this, and the continued shuttering of many parts of the economy, I would expect April tonnage to be very soft." (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 March 2020 increased 39.1% compared to the previous month, and was 44.6% higher year-over-year. Truck capacity increased 6.3% for the month, and increased 4.2% year-over-year. As of April 8, according to DAT, "Our best working assumption is that conditions should level out over the next couple of weeks and stabilize before certain regional upticks in shipping due to produce. The overall timing and flow of imports will play a large part in this, as will the policies around social distancing." (Source: DAT Trendlines www.dat.com)
Refrigerated Trucking	In March 2020, the load-to-truck ratio for refrigerated loads increased to 5.59 loads per truck . In March, the national spot market reefer rate was \$2.19 per mile, up from \$2.09 the previous month. (Source: DAT Trendlines www.dat.com)
Trucking Conditions Index	The Trucking Conditions Index in February 2020 decreased to a reading of 0.96 . Sharp declines in freight volumes, utilization, and rates due to the COVID-19 pandemic could lead to the worst overall trucking conditions on record during the second quarter of this year, according to FTR's projections for the Trucking Conditions Index (TCI). FTR forecasts that the TCI will hit its lowest points in April and May, but the current outlook is for the index to remain negative well into 2021. According to FTR, "The need to restock grocery shelves provided a brief boost for some segments, but the economic shutdown now has taken a toll on the whole industry. While an economic restart likely will begin in May, the damage wrought during this period will weaken trucking conditions for months to come." (Source: FTR Transportation Intelligence ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)
Diesel Prices	As of April 13, 2020 the U.S. average diesel price was \$2.50 per gallon . The U.S. average diesel price was \$0.61 lower than the same week last year. The average price of diesel in the Lower Atlantic states was \$2.45 per gallon, 2.0% 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 decreased 0.01% to 1,527,900 employees total in March 2020. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were \$26.06/hour in February 2020, up 0.3% from the previous month. The average weekly hours totaled 40.6 in February, up 0.7% from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary March 2020 Class 8 truck orders totaled **6,500 units, down 54%** from the previous month and **55% lower** than March 2019. According to FTR, “The trailer market is mirroring the Class 8 side, as fleets are extremely cautious due to the anxiety about the virus. The orders placed in March are for units that are perceived to be absolutely necessary for relatively short-term needs. Fleets will also delay replacing older trailers until the economic situation stabilizes.” Preliminary March 2020 net trailer orders totaled **7,400 units, down 48%** from February, and **52% lower than March 2019**. Uncertainty over the duration of the COVID-19 crisis is limiting orders to short-term, definite needs. FTR expects orders to stay near the 10,000-truck mark for a few months until economic activity regenerates. (Source: FTR Transportation Intelligence | ftrintel.com)

Trucking News Clip

The American Transportation Research Institute (ATRI) reported “unprecedented” truck movement, especially through some of the nation's tightest bottlenecks, in a report issued this month. Some trucks are traveling at more than double the speed at which they usually move during rush hour at bottlenecks, such the notorious intersection of I-85 and I-285 in Atlanta, known locally as “Spaghetti Junction.” ATRI found truck speeds are typically less than 15 mph due to congestion at that time and place. Last week, truck speeds averaged 53 mph through the interstates’ intersection, still below the legal speed limit. COVID-19 has caused many employers to ask workers to stay home. As traffic dissipates because of such work-from-home policies, trucks move quickly, delivering relief supplies to markets, hospitals, gas stations and other essential businesses, the institute found. ATRI uses real-time GPS data gathered anonymously from 1 million trucks, allowing the research arm of the American Trucking Associations (ATA) to analyze freight flows. With COVID-19 keeping many commuters home, researchers are seeing what truck speeds might look like without bottlenecks and congestion. (Source: ATRI, supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in February 2020 was **down 9.1% compared to February 2019**, confirming the significant early impacts of the COVID-19 virus outbreak on air cargo. According to the IATA, “Although the global spread of COVID-19 intensified in February, the initial impacts were most keenly experienced in Asia Pacific, via factory closures and supply chain bottlenecks in the region.” (Source: IATA.org,) *(Global air freight covers international and domestic scheduled air traffic.)*

Air Freight Price Index

In February 2020, average airfreight rates for East-West routes **decreased \$0.09** from the previous month to \$2.50 per kilogram. “The Drewry East-West Airfreight Price Index for February was up by 0.84 points at a value of 84.9 from a year earlier value of 84.1, although it sank from January’s level of 88.0,” Drewry Sea & Air Shipper Insight said. “November 2019 was the only period in the past 14 months that the index climbed over the 100.0 mark of May 2012”. Drewry Sea & Air Shipper Insight also suggested that airfreight rates will “remain challenged next month because of weak global demand”. (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 April 9, 2020 the global average jet fuel price was \$25.64 per barrel; **down 39.2%** from the previous month, and **69.7% lower** 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:

The Federal Aviation Administration issued guidance this month for safe carriage of cargo in passenger planes. Passenger airlines all over the world are redirecting their fleets to ferry cargo since stay-at-home orders and travel bans have decreased passenger flights by roughly 90%. American Airlines, Delta, Hawaiian, and United Airlines have leveraged the bellies and passenger cabins of their aircraft for cargo flights, often removing seats and using the empty tracks to secure cargo. The guidelines instruct airlines on the acceptable weight distribution of cargo, staffing of planes and precautions to avoid fire or other detrimental effects from hazardous materials. The FAA’s guidelines add formal safety standards to a practice many global airlines have already undertaken — retasking passenger planes. And it’s not just financial necessity, nor the urgent need for essential supplies to fight COVID-19 that drives these shifts. The global air cargo supply relies heavily on the belly space of passenger planes and with the vast majority of commercial flights canceled, the industry has lost capacity and demand is high. (Source:supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In February 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.51 million TEUs, a **17.0% decrease** from the previous month and **6.8% lower** year-over-year. According to the NRF, February numbers are normally lower than January because of annual factory shutdowns in China for Lunar New Year celebrations. But the shutdowns lasted longer than usual and continued into March because of the coronavirus outbreak. While actual numbers for March are not yet available, estimates show that imports plunged to 1.27 million TEU, down 21.3 percent year-over-year and the lowest level seen since 1.21 million TEU in February 2015 during a labor dispute that caused slowdowns at West Coast ports that winter. (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The April 17 20, 2020 SCFI comprehensive reading was \$829 per FEU, **down 7.7%** from last month. The spot rate for shipments to the U.S. East Coast was \$2,637 per FEU, **down 5.3%** from the previous month. (Source: Shanghai Shipping Exchange | 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.)*

Port of Savannah

The Port of Savannah moved 335,789 TEUs in March 2020, a **decrease of 7.9%** from the previous month and **18.2% lower year-over-year**. This decrease was expected due to COVID-19. March was the **third busiest month for containerized exports in the GPA's history**. For the fiscal year to date (July-March), refrigerated exports have grown by 10%, up by more than 6,000 TEUs for a total of 68,400 TEUs. (Source: GPA)

Port of Brunswick

The GPA in March handled 66,318 units of cars, trucks and heavy machinery, an increase of 25.7% over the prior year. For the fiscal year through the end of March, Georgia's ports have handled 505,192 ro-ro units, an increase of 5% or 24,143 units compared to the same period last year. (Source: GPA)

Ocean Freight Business News:

At 35% of ports, the coronavirus outbreak and response efforts have increased demand for warehouse storage for food and medical supplies, according to a survey of 90 global ports conducted by the World Ports Sustainability Program (WPSP). As the demand for medical supplies and food increases across the world, the demand for storage of these items will grow. The survey results suggest ports are managing some of this increase. But an uptick in blank sailings issued by carriers has resulted in operational changes at ports across the country. There have been 435 sailings canceled in 2020, which works out to a demand drop of 7 Million TEUs, according to the latest numbers from Sea-Intelligence. The result has been a decrease in volume at ports around the world. (Source: supplychaindive.com, WPSP, Sea Intelligence)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy rate was 5.4%** at the end of the first quarter of 2020, up from 5.2% the previous quarter and up from 4.9% in Q1 2019. The vacancy rate in **Atlanta, GA was 8.1%** in Q1 of 2020. With a large construction pipeline, vacancy rates may increase in the coming years, though industrial market impacts – both positive and negative – from the coronavirus pandemic will shape the industry's standing moving forward. The industrial market will play an outsized role throughout the duration of the outbreak in the short term, and may see lasting changes beyond the initial economic recovery as more supply chain functions are returned to the U.S. (Source: NGKF)

Warehouse Rent Rates

In Q1 2020, the average asking rent across the U.S. was **\$7.54/SF, 4.1% higher** from one year ago and matching the average asking rental rate for Q4 2019. This marks the first quarter in five years in which the average asking rent has failed to increase, suggesting that rents may be reaching a point that even some large tenants cannot afford. **The average asking rent in Atlanta was \$5.03/SF in Q1 2020.** (Source: NGKF)

Industrial Absorption

Net absorption in the U.S. **decreased 13.3%** during the first quarter of 2020, posting 48.3 million square feet of net absorption. However, the pace of absorption approximated the first quarter of 2019, and demand for industrial space remains high. Absorption is likely to remain sturdy in 2020 notwithstanding the serious economic challenges facing the nation, as distribution centers that allow customers to receive home delivery of essential goods are of great importance. Of the 49 industrial markets tracked by NGKF, 37 has positive net absorption in Q1 of 2020. (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 0.7%** to 1,215,000 employees total in March 2020. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.99/hour in February 2020, **up 0.7%** from the previous month. The average weekly hours totaled 39.5 in February, **down 1.3%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- In a new research report, entitled "Industrial Development Slows Due to COVID-19-Related Delays," CBRE found that 80%—or 16 out of 20—of the top U.S. markets for under-construction space, which represent 70% of total under-construction national inventory, have workers active and on site for essential projects. As for the impact of COVID-19 on industrial real estate, CBRE noted that it has reduced leasing activity for the 309 million square-foot, a record, under construction at the end of 2019. What's more, before COVID-19, CBRE said there were minimal fears regarding vacancy rate increases, due to robust demand for first-generation space, with more than one-third of this new construction having already been committed by occupiers at the end of last year. Another factor impacting the market brought on by COVID-19, according to CBRE, is that speculative construction projects have are now on hold, to a large degree, and will, in turn, result in less first-generation space entering the market in 2021. The firm said that could result in the overall vacancy rate slipping to pre-COVID-19 levels towards the end of 2021 should there be a rebound in business activity by the end of 2020. (Source: CBRE, mmh.com)
- Laurens County's Highway 257 Rail Site is officially a "Georgia Ready for Accelerated Development" (GRAD) Certified property, with the new "Select" status. Along with its ideal location in Laurens County, the site's new "GRAD Select" status provides an additional seal of approval that makes it attractive for future industrial development. The goal of the GRAD program is to establish a pool of pre-qualified industrial sites for which the due diligence has already been completed prior to a visit from a business that may be interested in the location. (Source: Georgia.org)

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