

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>decreased at an annual rate of 32.9%</b> in the second quarter of 2020, according to the advanced estimate released by the Bureau of Economic Analysis in late July. The decline in second quarter GDP reflected the response to COVID-19, as "stay-at-home" orders issued in March and April were partially lifted in some areas of the country in May and June, and government pandemic assistance payments were distributed to households and businesses. This led to rapid shifts in activity, as businesses and schools continued remote work and consumers and businesses canceled, restricted, or redirected their spending. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the second quarter of 2020 because the impacts are generally embedded in source data and cannot be separately identified. (Source: US BEA) As of August 14, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the <b>third quarter of 2020 is 26.2%</b>. (Source: Federal Reserve Bank of Atlanta) (The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit decreased 7.5%</b> in June 2020 to \$50.7 billion. Exports and imports increased in June following monthly declines since March that were, in part, due to the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely, and the movement of travelers across borders was restricted. In June, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, Singapore, Saudi Arabia, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In June 2020, the U.S. <b>imported \$175.0 billion</b> of cargo, <b>increasing 9.0%</b> from the previous month. The June import of industrial supplies and materials (\$35.4 billion) were the <b>lowest since April 2016</b>. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In June 2020, the U.S. <b>exported \$102.9 billion</b> of cargo, <b>increasing 13.0%</b> from the previous month. The June exports of foods, feeds, and beverages (\$9.9 billion) were the <b>lowest since April 2016</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>increased 0.7%</b> in July 2020, after increasing 1.4% the previous month. The July advance was driven by rising fuel prices. U.S. export prices <b>increased 0.8%</b> in July 2020, after a 1.2% increase the previous month. In July, prices for both nonagricultural and agricultural exports contributed to the advance. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>was 10.2%</b> in July 2020, <b>down from 11.1%</b> the previous month. A <b>preliminary 1.8 million net new jobs were created</b> in July 2020. Over the last 3 months, more than 9 million net new jobs have been created, by far an <b>all-time record</b>. Unfortunately, more than 22 million jobs were lost in March and April, so that still leaves roughly 13 million fewer people employed today than in February, before COVID-19 froze the economy. The unemployment rate in <b>Georgia was 7.6% in July, unchanged</b> from the previous month. (Source: AAR, US DOL, GDOL)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>was 61.4% in July 2020, down 0.2%</b> the previous month. The labor force participation rate for those of prime working age (25-54) was 81.3% in July, <b>down 0.2%</b> from 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 1.4%</b> in July 2020, to a reading of 104.4. According to The Conference Board, "The US LEI increased for the third consecutive month in July, albeit at a slower pace than the sharp increases in the previous two months. Despite the recent gains in the LEI, which remain fairly broad-based, the initial post-pandemic recovery appears to be losing steam. The LEI suggests that the pace of economic growth will weaken substantially during the final months of 2020." (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>Existing home sales were an annualized and seasonally adjusted 1.19 million in June 2020, <b>up 17.3%</b> from the previous month but <b>down 4.0%</b> year-over-year. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 116.1 in June 2020, <b>up 16.6%</b> from the previous month and <b>6.3% higher</b> year-over-year. "It is quite surprising and remarkable that, in the midst of a global pandemic, contract activity for home purchases is higher compared to one year ago," said Lawrence Yun, NAR's chief economist. "Consumers are taking advantage of record-low mortgage rates resulting from the Federal Reserve's maximum liquidity monetary policy." (Source: AAR, National Association of Realtors)</p>
<b>Light Vehicle Sales</b>	<p>New light vehicle sales were an annualized and seasonally adjusted 14.5 million in July 2020, <b>up 11.1%</b> from the previous month. Sales are getting close to their pre-pandemic January and February levels, though sales in July were still 12.1% below July last year. Dealers are pulling back on incentive offers and many buyers are running out of cash to spend, so the coming months are not guaranteed to be good for the auto industry. (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>decreased 1.1%</b> to \$19.9 trillion in June 2020. The decrease in personal income in June was more than accounted for by a decrease in government social benefits to persons as payments made to individuals from federal economic recovery programs in response to the COVID-19 pandemic continued, but at a lower level than in May. (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 July 2020 were **\$536.0 billion, an increase of 1.2%** from the previous month, and **2.7% above** July 2019. Non-store retail sales were **19.8% 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) *(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 second quarter of 2020, adjusted for seasonal variation, was \$211.5 billion, **an increase of 31.8%** from the previous quarter and **44.5% higher than the second quarter of 2019**. E-commerce sales in the first quarter of 2020 accounted for 11.5% 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 92.6** in July 2020, **down 5.7%** from the previous month. According to The Conference Board, "Looking ahead, consumers have grown less optimistic about the short-term outlook for the economy and labor market and remain subdued about their financial prospects. Such uncertainty about the short-term future does not bode well for the recovery, nor for consumer spending." (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 **258.7** in July 2020, **up 0.6%** from the previous month. The gasoline index rose sharply in July and accounted for about one quarter of the monthly increase in the seasonally adjusted all items index. The Producer Price Index for final demand was **118.0** in July 2020, **up 0.6%** from the previous month. In July, the advance in the final demand index was led by a 0.5-percent rise in prices for final demand services. The index for final demand goods also moved higher, increasing 0.8 percent. (Source: US Bureau of Labor Statistics)

## Small Business Optimism Index

The Small Business Optimism Index was 98.8 in July 2020, **down 1.8% from the previous month**. According to the National Federation of Independent Business (NFIB), "This summer has been challenging for many small business owners who are working hard to keep their doors open and remain in business. Small business represents nearly half of the GDP and this month we saw a dip in optimism. There is still plenty of work to be done to get businesses back to pre-crisis numbers." Out of 10 index components, four posted gains, one were unchanged, and five 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 100.2 in July 2020, **an increase of 3.0%** from the previous month and **8.4% lower year-over-year**. Capacity Utilization for the industrial sector was **70.6%** in July 2020, **up 2.1%** from the previous month and **up 0.8%** from July 2019. (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 **\$1.39 trillion** in June 2020, **up 8.4% from the previous month but down 4.3% from June of the previous year**. 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 estimates in this release meet publication standards. (Source: US Census)

## Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$1.91 trillion** in June 2020, **down 1.1% from the previous month and down 5.8% from June of the previous year**. (Source: US Census)

## Purchasing Managers Index

The National PMI was **54.2%** in July 2020, **increasing 1.6%** from the previous month. This figure indicates expansion in the overall economy for the third straight month. New Orders **increased 5.1%** to 61.5%, and Production **increased 4.8%** to 62.1%. According to the Institute for Supply Management (ISM), "The growth cycle continues for the third straight month after three prior months of COVID-19 disruptions. Demand and consumption continued to drive expansion growth, with inputs remaining at parity with supply and demand." In July, 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 the Southeast

In July 2020, the Southeast PMI **increased 6.0%** month-over-month to **53.6%**. New Orders in the Southeast **increased 20.5%** to 70.5% and Production **decreased 1.2%** to 56.8%. In the month of July, the Southeast's PMI was **1.1% lower** than 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.)*

## Logistics Manager's Index

The Logistics Manager's Index was 63.0 in July 2020, **an increase of 1.3%** from the previous month and the **highest reading since January 2019**. According to the LMI researchers, "This growth seems to be primarily driven by upstream respondents, perhaps indicating a shift back towards the dynamics we observed this Spring, when inventories accumulated upstream as retailers and other downstream firms experienced partial closures (as is now happening in some areas) and cancelled orders. It remains to be seen whether this trend towards recovery will continue, or whether there will be a subsequent dip linked to the ongoing secondary outbreak. For the moment however, it appears that the logistics industry has begun to regain its footing." (Source: the-lmi.com) *(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 percent indicates that logistics is expanding; a reading below 50 percent is indicative of a shrinking logistics industry.)*

## U.S. Market News

More than 60% of logistics companies will use data and artificial intelligence to ship goods ahead of purchase orders in the next three to five years, according to an Ericsson survey of nearly 2,000 logistics professionals from China, Germany, Sweden and the United States. Seven in 10 decision makers surveyed said their business will need to be part of a broader logistics industry information sharing system, to have the visibility required to send the right type and quantity of goods to a client before they've been ordered, which Ericsson described as "preemptive logistics." About one-third of respondents said the inability to quickly share accurate information between customers and suppliers is a roadblock for their business. Disruption from the COVID-19 pandemic has amplified that challenge. The report said preemptive logistics and the pandemic could change warehousing networks in the coming years. Localized warehouses are likely to become more common, as opposed to shipping orders from a centralized warehouse, to reach customers quickly and to have enough stock to absorb demand shifts, the report said. (Source: Ericsson, supplychainedive.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 9.2%** in July 2020, ending at a reading of 9,994. (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 **increased 5.8%** in July 2020, ending at a reading of 4,769. (Averaged share weights of NASDAQ-listed companies classified as transportation companies)

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 128.3 in June 2020, **up 0.9%** from the previous month but **7.6% lower** than June 2019. The June increase was due to growth in rail intermodal, rail carload, trucking, the largest mode, and pipeline, despite declines in air freight and water. The June increase took place against the background of growth in several other indicators. (Source: US BTS)

### Cass Freight Index

The Cass Freight Shipments Index was 1.018 in July 2020, an **increase of 4.8%** from the previous month, and a **decrease of 13.1%** year-over-year. The Cass Freight Expenditures Index was 2.452 in July, an **increase of 2.8%** from the previous month and a **decrease of 14.3%** year-over-year. According to Cass Information Systems, "The Cass Freight Index showed that sequential volume improvement continued in June but still remains well below year-ago levels and also below where we were in the first quarter of the year. According to carriers on second quarter earnings calls, July was better than expected in the trucking market, both from a rate and demand standpoint. Rail traffic has also continued to march higher off the bottom at a faster pace than the Cass Freight Index (rail is only a small part of this index). Everything in the freight world, although mostly still below year-ago volume levels, seems at least to be moving in the same direction – up." (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 May **fell sharply to a reading of 24.8**, down from the extraordinarily high pandemic-impacted 41.3 April reading. According to FTR, "There is more uncertainty in the economy and freight markets now than at any time since the very early days of the COVID-19 crisis. While shipper's conditions are likely to slowly become less positive over the summer months, they will likely remain positive until the full extent and timing of the economic recovery take hold." (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 \$56.1 billion in May 2020, **48.9% lower than May 2019 and the lowest amount since May 2009**. Trucks carried \$39.1 billion of transborder freight and continued to be the most heavily utilized mode for moving goods between the U.S. and other North American countries (Canada and Mexico). (Source: US BTS)

### Multimodal News Clips:

The American Trucking Associations' Intermodal Motor Carrier Conference has filed a Federal Maritime Commission complaint against the Ocean Carrier Equipment Management Association and 11 of the largest ocean carriers, claiming they have limited chassis choice across the country, resulting in overcharging or other damages totaling "as much as \$1.8 billion" over the last three years, according to a press release from the association and the complaint. The IMCC is asking the FMC for multiple cease and desist orders, including relief from the enforcement or adoption of "any regulation or practice that limits the ability of a motor carrier to select the chassis provider it designates for merchant haulage movements or other movements," the complaint reads. The ocean carriers have largely turned over chassis management to three Intermodal Equipment Providers who the IMCC claims undercharge ocean carriers while overcharging for merchant haulage, resulting in the estimated \$1.8 billion in overcharges. The OCEMA disagrees that chassis choice has been limited. "The ATA suit at FMC is based on a false premise of lack of choice for truckers," Jeff Lawrence, an attorney for OCEMA, said in an email. "Motor carriers have choice all around the country. CCM runs pools that impact maybe 20% of the US based international chassis fleet. Truckers can bring their own chassis at all CCM locations. [Ocean] carriers overwhelmingly let motor carriers bring their own equipment and choose alternate vendors that CCM pools uniqueness make available." (Source:supplychainedive.com)

## RAIL:

### U.S. Freight Rail Traffic

Total originated carloads on U.S. railroads averaged 208,403 per week in July 2020. That's the **most since March 2020, but it's also by far the lowest weekly average for July since our records begin in 1988**. Total carloads were **down 17.6%** in July 2020 from July 2019. That's the 18th straight year-over-year decline but the smallest percentage decline since March 2020. Total carloads in the first seven months of 2020 were down 16.2%, or 1.27 million carloads. (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*

### U.S. Intermodal Rail Traffic

U.S. intermodal originations were **down just 1.4%** in July 2020 from July 2019, their **best performance since February 2019**. Weekly average originations in July 2020 were 259,192 containers and trailers, the most since October 2019 and a huge improvement from the 2020 low of 219,085 in April. In the first seven months of 2020, intermodal originations totaled 7.49 million, down 9.1% (751,100 units) from last year. Whether intermodal continues to grow will depend largely on what happens to U.S. consumer spending, which in turn will depend on myriad factors including job growth, whether unemployment benefits are extended, and, of course, the degree to which Covid-19 continues to spread. (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 July 2020 was 257.8, **up 10.8%** from the previous month and **34.0% 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 June 2020 **decreased by 2,752 employees** to 116,128 employees total. (Source: U.S. STB, AAR)

### Railroad News Clips:

As of June 30, positive train control (PTC) systems are governing operations on nearly 99% of all 57,537-PTC mandated rail route miles, the Federal Railroad Administration (FRA) announced earlier this month. The news is based on the railroads' quarterly reports on their progress toward implementing PTC systems on their railroads as required by federal law. As of the end of the second quarter, nearly all railroads subject to the federal mandate are operating their systems in revenue service or in advanced field testing, also known as revenue service demonstration (RSD), FRA officials said in a press release. (Source:progressiverailroading.com)

## TRUCKING:

### Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 109.6 in July 2020, a **decrease of 5.1% from the previous month and a decrease of 8.3% from July 2019**. According to ATA Chief Economist Bob Costello, "It is likely that tonnage was down because many fleets didn't have the capacity to take advantage of stronger retail freight volumes. Therefore, much of that overflow freight moved to the spot market, which did increase in July. Other ATA data shows that for-hire truckload fleets are operating 3% fewer trucks this summer than a year earlier, so it can be difficult to take on a significant amount of additional freight." (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 July 2020 **increased 14.6%** compared to the previous month, and was **75.6% higher** year-over-year. Truck capacity **decreased 6.4%** for the month, and **decreased 10.1%** year-over-year. (Source: DAT Trendlines | www.dat.com)

### Refrigerated Trucking

In July 2020, the load-to-truck ratio for refrigerated loads was 7.38 loads per truck **up from 5.47** the previous month. In July, the national spot market reefer rate was \$2.30 per mile, **up** from \$2.16 the previous month. (Source: DAT Trendlines | www.dat.com)

### Trucking Conditions Index

The Trucking Conditions Index in June 2020 **increased to a reading of 11.35, the highest level in a decade**. According to FTR, "The reversal of fortune in trucking has been staggering but fairly simple to understand. Freight demand came roaring back in June after the contraction in March and April, but capacity has barely moved. We remain concerned that Washington's financial support subsidized the economic rebound significantly and that continued strong support might be necessary until a vaccine is widely available. However, even putting that issue aside, we anticipate some stabilization as an inventory rebuild probably accounts for some of the recent demand growth. Also, we see some indications that carriers are beginning to restore driver capacity, at least modestly." (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

### Diesel Prices

As of August 17, 2020 the U.S. average diesel price was **\$2.42 per gallon**. The U.S. average diesel price was **\$0.56 lower** than the same week last year. The average price of diesel in the Lower Atlantic states was **\$2.36 per gallon, \$0.52 lower** than the same week last year. (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*

### Trucking Employment

The trucking industry workforce **increased 0.1% to 1,438,600 employees total** in July 2020. (Source: U.S. Bureau of Labor Statistics)

### Trucking Earnings and Hours

The average earnings of truck transportation employees were \$25.98/hour in June 2020, **down 0.5%** from the previous month. The average weekly hours totaled 41.0 in June, **up 2.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary July 2020 Class 8 truck orders totaled **20,000 units, up 28%** from the previous month, and **50% higher** than July 2019. According to FTR, “As we hit the height of summer demand, the freight markets showed strength and resilience and that led to additional orders for trucks. The order activity for both June and July was more robust than expected and is good news for the equipment producers. However, despite the increasing orders, FTR still expects the Class 8 market to maintain a slow, steady recovery.” Final July 2020 net trailer orders totaled **19,300 units, up 33%** from June, **84% higher than July 2019, and the highest level for the year.** According to FTR, “Fleets are displaying renewed confidence in the freight markets and have increased their ordering volumes accordingly. OEM’s also feel much better about business conditions than they did in Q2. While sales are not vibrant, they are still much better than were expected only a couple of months ago.” (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

With revised federal hours of service scheduled to take effect Sept. 29, ELD providers have also been planning how best to assist fleets with the changes. The revisions make four key changes to the existing HOS rules, dealing with the 30-minute break rule, the split sleeper berth options, the adverse driving conditions exception and the short-haul exception. The change that has probably resulted in the most interest is the change in rules requiring a 30-minute break after no more than eight hours of consecutive driving. This can now be satisfied by the on-duty/not driving status, rather than off-duty status. That means a driver’s “break” could be satisfied by stopping to fuel the truck, for instance. ELD providers have been hosting webinars for their customers that cover the changes and their potential impact on local, regional, and long-haul drivers. (Source: truckinginfo.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in June 2020 **was down 17.6% compared to June 2019**, a slight improvement from the 20.1% decline seen in May. Cargo demand in June was softer than would normally be suggested by manufacturing output and new export orders, which were stabilizing in most parts of the world in June. That relative underperformance was driven by air freight losing market share of total world trade in recent months, as buyers are turning to cheaper but slower means of transport. (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

### Jet Fuel Prices

As of August 14, 2020 the global average jet fuel price was \$45.11 per barrel; **unchanged** from the previous month, and **40.4% 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:

United Airlines has operated more than 5,000 cargo-only flights since March 19, a significant milestone for an airline where passenger service dominated before the pandemic. The passenger freighters have transported more than 170 million pounds of cargo, including medical supplies for the COVID-19 response, food aid and commodities for U.S. military bases, United said on its blog. The Chicago-based carrier quickly switched gears to transition Boeing 777 and 787 aircraft idled by the pandemic shutdown into dedicated cargo service, resulting in a 36% jump in second-quarter cargo revenue compared to 2019. It is able to maximize capacity on some flights by placing mail and light boxes in the seats and overhead bins. Cargo, which represented more than a quarter of total revenue, went from a little-recognized side business to a major component propping up the company during a crisis. (Source: United Airlines, freightwaves.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In June 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.61 million TEUs, a **4.9% increase** from the previous month and **10.5% lower** year-over-year. Imports at major U.S. retail container ports during 2020 are expected to see their lowest total in four years as the impact of the coronavirus pandemic on the U.S. economy continues. According to the NRF, “The economy is recovering but retailers are being careful not to import more than they can sell. Shelves will be stocked, but this is not the year to be left with warehouses full of unsold merchandise.” (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The August 21, 2020 SCFI comprehensive reading was \$1,133 per FEU, **up 14.5%** from last month. The spot rate for shipments to the U.S. East Coast was \$3,953 per FEU, **up 19.9%** 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 360,700 TEUs in July 2020, an **increase of 6.6%** from the previous month and **6.8% lower** than July 2019. The Port of Savannah **exported more loaded containers than any other port in the country** from January through May, achieving a 12.2% market share. Among Savannah's top export commodities, the biggest gainers for the period were raw cotton, which grew by 61.0% (16,377 TEUs) for a total of 43,234 TEUs, woodpulp, up by 15.8% (11,539 TEUs) for a total of 84,595 TEUs, and kaolin clay, up 23.7% (7,964 TEUs) for a total of 41,527 TEUs. (Source: GPA)

### Port of Brunswick

The GPA is upgrading Berth 2 at Colonel's Island in Brunswick for dedicated Roll-on/Roll-off service. (Source: GPA)

### Ocean Freight Business News:

Capacity on the transpacific lane has begun to show YoY growth. But as carriers bring more volume into the market, rates keep climbing, Lars Jensen, the head of consulting at Sea-Intelligence, said. Carriers have announced blank sailings for week 36 (Aug. 31 to Sept. 6), and just five out of 117 trips have been canceled for the week, according to tracking by Drewry. "The reduction of additional blanked sailings in August and first week of September comes a relief to the shippers, who struggled to secure space since the Covid-19 outbreak and the implementation of the cancelled sailings at an industrial scale," Drewry wrote in a release. Laden imports and total ocean freight volume was still down year over year (YoY) in June, but it improved "considerably" compared to the volume trough in March, according to the latest release from Sea-Intelligence. "Given these volume developments, it appears as if the Transpacific trade is over the Coronavirus hump, and perhaps is the indication which prompted the carriers to increase capacity" in the third quarter of this year, Sea-Intelligence CEO Alan Murphy said in a release, adding that capacity for Asia-North America West Coast stands at 13.1%, YoY, and 16.6%, YoY, on Asia-North America East Coast. "This is the strongest capacity growth in a decade," Murphy said. (Source: Sea-Intelligence, Drewry, supplychaindive.com)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The U.S. industrial vacancy rate in the second quarter of 2020 saw its first significant uptick coming in at **5.3%**. That vacancy rate is still 40 basis point (bps) below the five-year historical average of 5.7% for all product types. Despite vacancy increasing by 30 bps over last quarter, alleviating some—but certainly not all—of the pressure on the supply constrained markets. In the U.S., industrial vacancy rates have declined or held steady over the past year in 25 of the 80 markets tracked by Cushman & Wakefield. The vacancy rate in **Atlanta, GA was 7.0%** in Q2 of 2020. (Source: Cushman & Wakefield)

### Warehouse Rent Rates

Such tight market conditions and solid demand continued to support YOY rent growth in the second quarter of 2020. U.S. industrial asking rents **increased 2.1%** from the second quarter 2019 to second quarter 2020, closing the first half of the year at \$6.58 per square foot (psf). **The average asking rent in Atlanta was \$4.44/SF in Q2 2020.** (Source: Cushman & Wakefield)

### Industrial Absorption

The U.S. industrial market finished the first half of 2020 at a moderately strong pace, **absorbing 43.9 million square feet (msf)** in the second quarter bringing the mid-year total to 89.8 msf of absorption. Net occupancy growth in the first half of the year is down year-over-year (YOY) but absorption levels remained positive and will remain so heading into the second half of 2020. Despite the slow start to the year and increased concern around COVID-19 impacts, demand for industrial space won out. (Source: Cushman & Wakefield) *(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)*

### Warehouse Employment

The nationwide warehousing industry workforce **decreased 0.5%** to 1,188,700 employees total in July 2020. (Source: U.S. Bureau of Labor Statistics)

### Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$21.03/hour in June 2020, **down 4.5%** from the previous month. The average weekly hours totaled 39.1 in June, **up 2.6%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

### W&D Business News:

- Amazon will increase its fulfillment network square footage by 50% by the end of the year to keep up with the demand shock brought on by the coronavirus pandemic, CFO Brian Olsavsky said on an earnings call. The company increased square footage by 15% in 2019. The additional space will include fulfillment, delivery and sortation capacity. "We expect the majority of this capacity to come online in late Q3 and into Q4," Olsavsky said. Amazon moved into its flex space usually reserved for peak season to handle the 40% Q2 jump in sales. With the slack in the network absorbed, the company is building up supply chain capacity ahead of an online-centric holiday shopping season. "We need to build the inventory more for Q4, and we've run out of space," Olsavsky said. (Source: Amazon, supplychaindive.com)
- Zinus USA, Inc., a rapidly growing e-commerce mattress and furniture company and subsidiary of Zinus Inc., will develop their first North American advanced manufacturing facility in McDonough, Georgia. The company will invest \$108 million and create 804 jobs in Henry County. (Source: Georgia.org)

**To sign-up to receive these free monthly snapshots, visit: [www.GeorgiaLogistics.com](http://www.GeorgiaLogistics.com)**

For more information about the **Logistics Market Snapshot** or the many other resources and activities of the **Georgia Center of Innovation for Logistics** please contact:  
**Emily Schrenk Butler, Senior Project Manager | [EButler@georgia.org](mailto:EButler@georgia.org) | 912.966.7842**