

LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) **increased at an annual rate of 5.2% in the third quarter of 2023** according to the "second" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.1%. The update primarily reflected upward revisions to nonresidential fixed investment and state and local government spending that were partly offset by a downward revision to consumer spending. The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment.

Source: Bureau of Economic Analysis

U.S. Trade Deficit

The goods and services deficit was **\$61.5 billion in September 2023, up \$2.9 billion from \$58.7 billion in August**, revised. The September increase in the goods and services deficit reflected an increase in the goods deficit of \$1.7 billion to \$86.3 billion and a decrease in the services surplus of \$1.2 billion to \$24.8 billion. For the three months ending in September, the average goods and services deficit decreased \$0.7 billion to \$61.6 billion.

Source: Bureau of Economic Analysis

Import Volumes

September 2023 **imports were \$322.7 billion, \$8.6 billion more than August imports, or an increase of 2.7%**. September imports of automotive vehicles, parts, and engines (\$40.5 billion) were the highest on record. September imports from China (\$40.3 billion) were the highest since October 2022 (\$44.6 billion).

Source: U.S. Census Bureau

Export Volumes

September 2023 **exports were \$261.1 billion, \$5.7 billion more than August exports, or an increase of 2.2%**. September exports of capital goods (\$51.1 billion) were the highest on record. September exports to Italy (\$3.2 billion) were the highest on record.

Source: U.S. Census Bureau

Import & Export Price Index

U.S. import prices declined 0.8% in October 2023, after increasing 0.4% in September. The October decrease was the largest 1-month decline since the index fell 0.8% in March 2023. Lower fuel and nonfuel prices contributed to the decrease. Prices for U.S. imports decreased 2.0% for the year ended October 2023. **Prices for U.S. exports fell 1.1% in October 2023** following a 0.5% percent increase in September. The decline in October was the largest monthly drop since a 2.1% decrease in May 2023. Lower prices for nonagricultural and agricultural exports each contributed to the October decline. U.S. export prices fell 4.9% for the year ended in October.

Source: Bureau of Labor Statistics

Unemployment Rate

Total nonfarm payroll employment increased by 150,000 in October 2023, and the unemployment rate changed little at 3.9%. Job gains occurred in health care, government, and social assistance. Employment declined in manufacturing due to strike activity. **Georgia's unemployment rate remained steady at 3.4% for October 2023**, ranking 30th in the U.S. of states with the lowest unemployment, tied with North Carolina and Pennsylvania. Maryland shows the lowest level of unemployment at 1.7%. Nevada ranks highest in unemployment with a rate of 5.4%.

Source: Bureau of Labor Statistics

Labor Force Participation Rate

For October 2023 the labor force participation rate **read at 62.7%, decreasing from the previous month**. The labor force participation rate for October 2023 for those of **prime working age (25-54) also decreased, reading in at 83.3%**.

Source: U.S. Bureau of Labor Statistics (Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)

Leading Economic Index

The Leading Economic Index (LEI) for the U.S. **fell by 0.8% in October 2023 to 103.9**, following a decline of 0.7% in September. The LEI contracted by 3.3% over the six-month period between April and October 2023, a smaller decrease than its 4.5% contraction over the previous six months (October 2022 to April 2023). Per The Conference Board, "Deteriorating consumers' expectations for business conditions, falling equities, and tighter credit conditions drove the index's most recent decline. The Conference Board **expects elevated inflation, high interest rates, and contracting consumer spending—due to depleting pandemic saving and mandatory student loan repayments—to tip the US economy into a very short recession.**"

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

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Pending Home Sales Index

The Pending Home Sales Index **dropped 1.5% to 71.4 in October 2023, the lowest number since the index was originated in 2001**. Year over year, pending transactions declined 8.5%. An index of 100 is equal to the level of contract activity in 2001. The Northeast posted a monthly gain in transactions while the Midwest, South and West all recorded losses. All four U.S. regions noted year-over-year declines in transactions. According to the National Association of Realtors, "During October, mortgage rates were at their highest, and contract signings for existing homes were at their lowest in more than 20 years. **Recent weeks' successive declines in mortgage rates will help qualify more home buyers, but limited housing inventory is significantly preventing housing demand from fully being satisfied.** Multiple offers, of course, yield only one winner, with the rest left to continue their search."

Source: National Association of Realtors (an index of 100 is equal to the level of contract activity in 2001)

Housing Starts

Privately-owned **housing starts in October 2023 were at a seasonally adjusted annual rate of 1,372,000**. This is 1.9% above the revised September estimate of 1,346,000, but is 4.2% below the October 2022 rate of 1,432,000. Single-family housing starts in October were at a rate of 970,000; this is 0.2% above the revised September figure of 968,000. The October rate for units in buildings with five units or more was 382,000.

Source: U.S. Census Bureau

Light-Vehicle Sales

New light-vehicle sales in **October 2023 totaled 15.5 million units, up 5.6% from October 2022's 14.7 million**. Sales cooled at the end of October, finishing below expectations, but still marked the 14th straight month of year-over-year increases. Preliminary estimates of sales losses resulting from the UAW strikes totaled 35,000 units. Still, lost sales from strike-affected OEMs do not appear to have been made up by other OEMs. **Although the strike's impact on production was significant, totaling roughly 200,000 units, total industry inventory was not significantly affected.** New light-vehicle inventory on the ground and in transit at the beginning of October totaled 2.06 million units and October's month-end inventory totaled 2.15 million units, an increase of 4.4%. The crossover segment continues to be the most popular, accounting for 47.2% of new vehicles sold so far this year. Sales of alternative-fuel vehicles—hybrids, plug-in hybrids and battery electric vehicles (BEVs)—represented 16.4% of all new vehicles sold year to date.

Source: National Automobile Dealers Association (Light vehicle sales record the number of domestically produced units of cars, SUVs, mini-vans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy)

Personal Income and Outlays

Personal income increased \$57.1 billion (0.2% at a monthly rate) in October 2023. Disposable personal income increased \$63.4 billion (0.3%). The increase in current-dollar personal income in October primarily reflected increases in personal income receipts on assets and compensation that were partly offset by a decrease in personal current transfer **Personal outlays**, the sum of PCE, personal interest payments, and personal current transfer payments, increased \$43.8 billion in October 2023. **Personal saving** was \$768.6 billion in October and the **personal saving rate**—personal saving as a percentage of disposable personal income—was 3.8%.

Source: U.S. Bureau of Economic Analysis (personal income is the income that people get from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources; it does not include realized or unrealized capital gains or losses)

Personal Consumption Expenditures Price Index

For October 2023 Personal Consumption Expenditures (PCE) increased \$41.2 billion (0.2%). The **PCE price index increased less than 0.1%**. Excluding food and energy, the PCE price index increased 0.2%. **Within services, the largest contributors to the increase** were other services (led by international travel), health care (led by hospital and nursing home services), and food services and accommodations (led by accommodations). **Within goods, the largest contributor to the increase** was gasoline and other energy goods.

Source: U.S. Bureau of Economic Analysis (the PCE price index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services; it is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior)

Retail Sales

Advance estimates of U.S. retail and food services sales **for October 2023 were \$705.0 billion, down 0.1% from the previous month**, and up 2.5% above October 2022. Total sales for the August 2023 through October 2023 period were up 3.1% from the same period a year ago. Retail trade sales were down 0.2% from September 2023, and up 1.6% above last year. Gasoline Stations were down 7.5% from last year, while non-store retailers were up 7.6% from October 2022.

Source: U.S. Census Bureau (Non-store retail sales are measured monthly and include internet-only sales outlets as well as other direct-to-customer channels)

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E-Commerce

U.S. retail e-commerce sales for the 3rd quarter of 2023 (seasonally adjusted) was \$284.1 billion, an increase of 2.3% from the 2nd quarter of 2023. Total retail sales for the 3rd quarter of 2023 were estimated at \$1,825.3 billion, an increase of 1.5% from the 2nd quarter of 2023. The 3rd quarter 2023 e-commerce estimate increased 7.6% from the 3rd quarter of 2022 while total retail sales increased 2.3% in the same period. **E-commerce sales in the 3rd quarter of 2023 accounted for 15.6% of total sales, an increase from 15.1% in the 2nd quarter.**

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

Consumer Confidence Index

The Consumer Confidence Index increased in November 2023 to 102.0, up from a downwardly revised 99.1 in October. While consumer fears of an impending recession abated slightly—to the lowest levels seen this year—around two-thirds of consumers surveyed still perceive a recession to be “somewhat” or “very likely” to occur over the next 12 months. Says the Conference Board, “Consumer confidence increased in November, following three consecutive months of decline. November’s increase in consumer confidence was concentrated primarily among householders aged 55 and up; by contrast, confidence among householders aged 35-54 declined slightly. General improvements were seen across the spectrum of income groups surveyed. **Nonetheless, consumers remain preoccupied with rising prices in general, followed by war/conflicts and higher interest rates.**”

Source: The Conference Board (the consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer. Base year 1985=100)

Consumer & Producer Price Index

The **Consumer Price Index was unchanged in October 2023, after increasing 0.4% in September.** Over the last 12 months, the all-items index increased 3.2% before seasonal adjustment. **Indexes which increased** in October include rent, owners’ equivalent rent, motor vehicle insurance, medical care, recreation, and personal care. The indexes for lodging away from home, used cars and trucks, communication, and airline fares **were among those that decreased** over the month.

The Producer Price Index for final demand fell 0.5% in October 2023, after advancing 0.4% in September. The October decline is the largest decrease in final demand prices since a 1.2% drop in April 2020. The index for final demand goods fell 1.4% while prices for final demand services were unchanged. **The index for final demand less foods, energy, and trade services advanced 0.1% in October**, the fifth consecutive rise. For the 12 months ended in October, prices for final demand less foods, energy, and trade services moved up 2.9%.

Source: U.S. Bureau of Labor Statistics (the CPI measures the change in prices paid by consumer for goods and services. Base year 1999=100; the PPI measures the average price changes by producers for domestically produced goods, services, and construction. Base year 2009=100)

Small Business Optimism Index

The **Small Business Optimism Index decreased 0.1 points in October 2023 to 90.7**, marking the 22nd month below the 50-year average. The last time the Optimism Index was at or above the average was December 2021. **Key data points include: 22% of owners reported that inflation was their single most important problem in operating their business, down one point from last month;** 43% of owners reported job openings that were hard to fill, unchanged from September and remains historically very high; a net 24% plan to raise compensation in the next three months, up one point from September. Says the National Federation of Independent Business, **“October data shows that small businesses are still recovering, and owners are not optimistic about better business conditions.** Small business owners are not growing their inventories as labor and energy costs are not falling, making it a gloomy outlook for the remainder of the year.”

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Industrial production declined 0.6% in October 2023. Manufacturing output fell 0.7%. Much of this decline was due to a 10% drop in the output of motor vehicles and parts that was affected by strikes at several major manufacturers of motor vehicles—the index for manufacturing excluding motor vehicles and parts edged up 0.1%. The index for utilities decreased 1.6%, and the output of mines increased 0.4%. **Capacity utilization moved down 0.6 percentage points to 78.9% in October 2023.** Capacity utilization for manufacturing moved down 0.6 percentage point to 77.2%. The operating rate for mining increased 0.5 percentage point to 94.3 while the operating rate for utilities decreased 1.3 percentage points to 71.4%.

Source: The Federal Reserve (The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)

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Manufacturing and Trade Inventories and Sales

Manufacturers' and **trade inventories for September 2023** were estimated at an end-of-month level of \$2,559.2 billion, up 0.4% from August 2023 and were up 1.3% from September 2022. The combined value of **distributive trade sales** and manufacturers' shipments for September 2023 was estimated at \$1,879.3 billion, up 1.1% from August 2023 and was up 1.6% from September 2022. The **total business inventories/sales ratio** at the end of September 2023 was 1.36. The September 2022 ratio was 1.37.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The **Manufacturing PMI registered 46.7% in October 2023**, 2.3 percentage points lower than the 49% recorded in September. The overall economy dropped back into contraction after one month of weak expansion preceded by nine months of contraction and a 30-month period of expansion before that. Of the six biggest manufacturing industries, only one — Food, Beverage & Tobacco Products — registered growth in October. According to the Institute for Supply Management, **“Demand remains soft, but production execution is stable compared to September as companies continue to manage outputs, material inputs, and — more aggressively — labor costs.”**

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

Purchasing Managers Index, Services

For October 2023, the **Services PMI registered 51.8%, 1.8 percentage points lower than September's reading of 53.6%**. Economic activity in the services sector expanded in October for the 10th consecutive month, and has grown in 40 of the last 41 months, with the lone contraction in December 2022. **The 5 industries reporting a decrease in the month of October are:** Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Mining; Wholesale Trade; and Professional, Scientific & Technical Services.

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

Logistics Managers' Index

The Logistics Manager's Index for **October 2023 read in at 56.5, up 4.1 from September's reading of 52.4**. This represents the strongest rate of expansion for the logistics industry since January of this year. An overall reading of 56.5 represents slow but unspectacular growth that is above what has been seen throughout much of this year, but still below the highs of the previous few years and slower than the all-time average expansion rate of 62.8. This change comes from increases in 5 of the 8 sub-metrics in this index. There is a very slight decrease in expansion for **Warehousing Prices** and contraction for both capacity metrics (although it should be pointed out that decreasing capacity actually means increased activity).

Transportation Prices continue to contract, but are doing so at their slowest rate since September 2022. These upward movements are catalyzed by **Inventory Levels** moving back to expansion after 5 consecutive months of contraction. Whether increased inventories are temporary bursts of seasonal expansion or the sign of a larger move back towards stronger economic growth remains to be seen. **It appears October's inventory and overall index scores are a marked step forward for the logistics industry.**

Source: Logistics Manager's Index (The LMI score is a combination eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. The LMI is calculated using a diffusion index, in which any reading above 50% indicates that logistics is expanding; a reading below 50% is indicative of a shrinking logistics industry.)

U.S. Market News Clip

Companies have significantly increased investment in supply chain innovation in 2023, nearly doubling the average spend compared to 2022, according to research from Catena Solutions. According to a recently released report, Supply Chain Trends & Insights: Innovation, the average investment in supply chain innovation increased to just over \$20 million this year, up from slightly more than \$10 million a year ago. It was under \$10 million in 2021. “Disruption and innovation go hand in hand. While these seemingly black swan events transform into regular occurrences, companies will invest more time, money, and resources into innovation to minimize the impact of disruption,” the report noted. Probably not-so surprising is the fact that the COVID-19 pandemic accelerated digital transformation, with 64% of supply chain executives saying it did, and 60% saying the pandemic increased their supply chain's importance. The research found 67% of CEOs plan on increasing investments in disruption detection and innovation processes.

Source: Supply Chain Management Review; [link to article](#)

INTERMODAL:

Dow Jones Transportation Average

As of November 28, 2023, the Dow Jones Transportation Average **closed at a reading of 14,816.24**.

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

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NASDAQ Transportation Index

As of November 28, 2023, the NASDAQ Transportation Index **closed at a reading of 6,050.35.**

Source: Marketwatch, Inc (A capitalization-weighted stock market index designed to measure the performance of all NASDAQ stocks in the transportation sector.)

Freight Transportation Services Index

The level of for-hire freight shipments in **September 2023 measured 138.6, unchanged from the previous month.** The Freight TSI remained unchanged in September due to seasonally adjusted increases in pipeline, rail intermodal and rail carload, while air, water, and trucking decreased. **Year to date**, for-hire freight shipments were up 1.3%. **Regarding index highs and lows**, for-hire freight shipments in September were 45.9% higher than the low in April 2009 during the recession (95.0). The September 2023 level was 1.8% below the historic peak (since 2000) reached in August 2019.

Source: U.S. Bureau of Transportation Statistics (TSI is based on the amount of freight carried by the for-hire transportation industry)

Freight Index for Shipments and Expenditures

The **shipments component of the Cass Freight Index fell 4.7% month-over-month in October 2023**, more than reversing the past two months of gains to reach a new cycle low. We note this data set includes automotive, so the UAW strike may have had an impact this month, which suggests a rebound in the months to come. The **expenditures component of the Cass Freight Index for October 2023 fell 2.2% month-over-month** and 23% year-over-year. In 2022, the expenditures component of the Cass Freight Index rose 23%, after a record 38% increase in 2021. However this is set to decline about 18% in 2023 as both freight volume and rates remain under pressure at this point in the cycle.

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

Shippers Conditions Index

The Shippers Conditions Index (SCI) **moved into positive territory in September 2023 to a reading of 0.35 from the previous -2.7 in August.** The slowing of the recent surge in diesel prices helped shippers as market conditions otherwise were mostly stable. Per FTR Transportation Intelligence, "The neutral reading just above zero shows a relatively stable result, but it moves the index back into positive territory on an easing of diesel prices. Otherwise, the market is little changed. **Moving forward, it is likely that diesel prices will determine what the change in the index will be for the next few months.**"

Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for shippers)

North American Transborder Freight

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

Source: U.S. Bureau of Transportation Statistics

Intermodal News Clip

NSF Railway and J. B. Hunt Transport Services said they have launched a new premium service called Quantum Intermodal, designed for shippers who have time-sensitive cargo that has traditionally been hauled via trucks because of inconsistent rail service. Quantum will offer shippers priority loading and unloading of containers, priority drayage, and a team of J. B. Hunt and BNSF operations staff in Fort Worth, Texas, who will pay special attention to all loads. The Fort Worth office is housed within BNSF's corporate headquarters. BNSF and J. B. Hunt believe that Quantum loads will have a 95% on-time performance standard. Pricing will likely be more expensive than standard intermodal service but cheaper than truckload in most cases. The pilot program began in July on the West Coast before this official announcement. The name of the new service harkens back to 1989 when BNSF and J. B. Hunt began the first-ever trailer-on-flat car service called Quantum.

Source: Journal of Commerce; [link to article](#)

RAIL:

U.S. Freight Rail Traffic

U.S. railroads **originated 921,591 carloads in October 2023**, down 0.3%, or 2,921 carloads, from October 2022. U.S. railroads also **originated 1,075,731 containers and trailers** in October 2023, up 2.2%, or 23,201 units, from the same month last year. **Combined U.S. carload and intermodal originations in October 2023 were 1,997,322**, up 1.0%, or 20,280 carloads and intermodal units from October 2022. According to the Association of American Railroads, "Combined carload and intermodal volumes on U.S. railroads in October were the most for any month since June 2021, a span of 28 months. Part of that relates to intermodal seasonality and concerns over Panama Canal capacity, but part of it also reflects an economy that remains resilient as reflected by recent strong GDP data".

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

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Railroad Fuel Price Index

The index of **average railroad fuel prices for October 2023 was 649.1**. This is a month-over-month decrease of 4.16%, and a year-over-year decrease of 17.78%.

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

Class 1 Railroad Employment

Total railroad employment for **October 2023 was 122,393 workers**, a decrease from 122,464 workers in September 2023. Total number of workers in October 2022 was 118,208.

Source: U.S. Surface Transportation Board

Rail Freight News Clip

A Biden administration proposal to change how rail carriers report air emissions data is getting pushback not just from rail companies but from state government agencies as well. The Environmental Protection Agency's proposed rule, issued in August, is considering making rail yard locomotive activity reporting mandatory as opposed to the current voluntary reporting structure. The reporting of locomotive activity is aimed at improving air quality in local communities. EPA notes in its proposal that the current approach to informing its National Emissions Inventory, a triennial estimate of air pollution sources, relies on voluntary reporting from private rail companies. "While this approach has mutual benefit to both the EPA and those companies, it is nevertheless a voluntary measure," according to the agency, which is therefore considering a "rail companies" option "that would additionally regulate the rail companies directly to provide activity data to EPA."

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

ROAD:

Cowen/AFS Freight Index

Truckload Rates: Data from Q3 validates last quarter's expectation that truckload rates found a floor. The rate per mile index stayed relatively flat with modest growth from Q2 to Q3, and that trend of sequential improvement is expected to continue in Q4, in line with expectations for a muted peak season. Data from Q3:2023 indicated a continued decline in both cost per shipment (CPS) and miles per shipment (MPS), likely due to shippers' efforts to optimize inventories and logistics networks. **LTL Rates:** Prior to the Yellow bankruptcy, analysts expected that the collapse of the nation's third-largest LTL carrier would send a supply-side shock to pricing. The Q3 index data validates that expectation, revealing 2.2% quarter-over-quarter (QoQ) rate growth. The lift in costs can be attributed to carriers exercising restraint in advance of Yellow's demise, former Yellow freight shifting to new carriers with higher average pricing, and a rise in fuel surcharges. **Express Parcel Rates:** Data shows the effects of higher discounting and falling billed weight in Q3:2023, which were more than enough to offset an increased fuel surcharge, for a net decline in cost-per-package QoQ. Looking ahead, the index projects a quarterly increase that falls in line with the established pace of growth from Q3 to Q4 in previous years. **Ground Parcel Rates:** In Q3:2023, ground parcel rates experienced their first year-over-year decline since 2019, as carriers used more aggressive discounting to secure volume in a softening market. Looking ahead, the index projects a mild quarterly increase consistent with a muted peak season, but for the second-straight quarter, rates would still be lower than they were a year prior.

Note: The Cowen-AFS Q4 2023 Report/Q1 2024 Forecast will be released January 2024.

Source: AFS Logistics (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

Truckload Linehaul Index

The Truckload Linehaul Index **fell 0.6% month-over-month in October 2023 to 141.1, after a 0.5% month-over-month increase in September**. The October level was a new cycle low, but only 0.1% below August, as truckload rate trends have been stabilizing, albeit still finding a bottom. As a broad truckload market indicator, this index includes both spot and contract freight. **With spot rates stabilizing over the past several months**, downward pressure on the larger contract market is lessening, with a few instances of contract rate increases bucking the downtrend of late.

Source: Cass Information Systems (this index measures the per-mile change in linehaul rates and is an indicator of market fluctuations in per-mile dry van truckload pricing in the U.S. and does not include other components like fuel and accessorial. Provides trends in baseline truckload prices)

Truck Tonnage Index

The For-Hire Truck Tonnage Index **increased 1.1% in October 2023 after declining 1.1% in September**. In October, the index equaled 115.2 compared with 113.9 in September. According to the American Trucking Associations, "Tonnage has slowly and inconsistently improved, but remains 3% below its recent peak in September 2022. Despite the monthly gain, truck freight remains soft as it continues to contract on a year-over-year basis. **This for-hire truck freight index, which includes both truckload and LTL freight, is dominated by contract freight with minimal amounts of spot market loads. The traditional spot market remains much weaker than contract tonnage.**"

Source: American Trucking Associations (Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

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Truckload Freight, Van

The **national van load-to-truck ratio for October 2023 was 2.11, a decrease** from the September ratio of 2.78. The October 2022 ratio was 2.92. **Georgia's load-to-truck ratio** for vans for October 2023 remained steady, averaging 1.1 – 2.5 loads for every truck. For November 2023, **the spot rate** (national average) for dry van freight decreased 3 cents from the previous month to a reading of \$2.06. **Contract rates** registered an average of \$2.57 for the same month. Month-over-month, the average outbound van rate for the Southeast region declined, registering at \$1.95 for November 2023.

Source: DAT Freight & Analytics

Truckload Freight, Refrigerated

The national **load-to-truck ratio for refrigerated hauls read at 2.95 loads per truck in October 2023, decreasing from a ratio of 3.43 in September.** The October 2022 ratio was 5.11. **Georgia's load-to-truck ratio** for October 2023 remains one of the lowest in the country, averaging 0.0 – 2.2 reefer loads per truck. The average national **spot market reefer rate for November 2023 was \$2.49 per mile**, increasing 2 cents from the previous month. Contract rates for reefers averaged \$2.95 for November 2023. The average outbound rate for the **Southeast region for reefer freight declined** and registered at \$2.12 for October 2023.

Source: DAT Freight & Analytics

Trucking Conditions Index

The **Trucking Conditions Index improved to -8.97 in September 2023, from -12.54 in August 2023** due mostly to more stable fuel prices and modestly stronger freight demand. Market conditions remain quite tough for carriers and the outlook is for consistently negative readings for the TCI into late 2024. According to FTR Transportation Intelligence, "Although carriers today are seeing some temporary relief due to the recent drop in diesel prices, freight rates look to improve only gradually over the next year. The trucking industry continues to struggle with more capacity than is ideal given sluggish freight volume. **Many operations apparently are hanging on or maintaining driver levels in hopes of a near-term rebound, but that approach amounts to an increasingly high stakes game of chicken.**"

Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of November 27, 2023, the **U.S. average diesel price was \$4.14 per gallon.** This is 31 cents cheaper month-over-month and \$1.00 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states came in at \$3.95 per gallon**, showing a 26-cent drop from the previous month. Prices were over one dollar more during the same period in 2022, averaging \$5.08 per gallon.

Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)

Trucking Employment

October 2023 numbers (preliminary) for the trucking industry **read at 1,578,600 employees**, decreasing from 1,583,600 employees (preliminary) for September 2023.

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For September 2023, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$30.49/hour**, falling from August's rate of \$30.68. September 2023 showed **average weekly hours totaling 40.9 hours** (preliminary) up from 40.7 hours in August 2023.

Source: U.S. Bureau of Labor Statistics

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

North American Class 8 orders for October 2023 came in at 28,000 units, down 10% from September and 35% from October 2022. The weaker comparisons were well within expectations given the weakness in freight transportation and the ongoing normalization of equipment markets following exceptional demand in 2022. Class 8 orders totaled 255,000 units over the past 12 months. Says FTR Transportation Intelligence, "**Build slots continue to be filled at a healthy rate. Despite freight weakness, fleets continue to be willing to order new equipment, affirming our expectations of replacement demand during 2024.**"

Source: FTR Transportation Intelligence

Road Freight News Clip

The Biden administration has finalized a rule requiring each state to track and monitor greenhouse gas emissions from vehicles despite opposition from some states and road and bridge builders. The Federal Highway Administration (FHWA), which issued the rule, established 2022 as the reference year by which targets will be measured. The new rule requires each state's department of transportation to establish declining carbon dioxide targets — using fuel sales, fuel efficiency and vehicles-miles-traveled data — and report on their progress. The rule does not mandate how low targets must be in each state. Instead, according to the rule, each state may set targets "that are appropriate for their communities and that work for their respective climate change and other policy priorities, as long as the targets aim to reduce emissions over time." It also does not impose penalties on a state for failing to meet its GHG targets.

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

LOGISTICS MARKET SNAPSHOT

AIR:

Air Cargo Traffic

Global air cargo demand continued its year-on-year growth in **September 2023, recording 20.8 billion cargo tonne-kilometers (CTKs)**, and increasing by 1.9% compared to September 2022 levels. Compared to the pre-Covid level, global CTKs remained 1.3% lower. **Air cargo capacity increased by 12.1% year-on-year, driven by strong growth of international belly cargo capacity** from airlines in the Asia Pacific, Latin America, and the Middle East regions. Inflation in the U.S. remained flat in September, while the recent surge in global jet fuel prices led to an increase in air cargo yields for the first time since November 2022.

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

Jet Fuel Prices

As of November 17, 2023, the global average jet fuel price **ended at \$115.02/bbl. This is a decrease of 4.8% versus the prior month's average** and a 17.0% decrease versus the prior year's average.

Source: International Air Transport Association (the weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)

Air Freight News Clip

The southern African nation of Namibia may not be on the map for many in Atlanta, but it grabbed the attention last week of top officials at the world's busiest airport. Hartsfield-Jackson Atlanta International Airport General Manager Balram "B" Bheodari led a delegation to the country to "advance air service development efforts," the airport told Global Atlanta in a statement. That's airport-speak for wooing new passenger or cargo flights. The trip comes as incentives focused on attracting new foreign carriers, especially those from Asia and Africa, remain in effect as Hartsfield-Jackson continues its outreach to these world regions after winning Ethiopian Airlines for four-times-weekly service earlier this year. The country has an honorary consulate in Albany, Ga., covering the state.

Source: Global Atlanta; [link to article](#)

OCEAN:

Shanghai Containerized Freight Index

As of November 24, 2023, the China Shanghai Containerized Freight Index **reading was \$993.21 per FEU**. This is a 1.93% decrease from the previous month, **and a 21.29% decrease year-over year**.

Source: Shanghai Shipping Exchange (The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)

Georgia Ports Authority

The **Port of Savannah handled 449,000 twenty-foot equivalent units (TEUs) in October 2023**, for its fourth-busiest October ever and a 5% increase over the same month in 2019, the most recent year not affected by the pandemic. For the fiscal year to date, the Port of Savannah has handled 1.7 million TEUs, a decrease of 18% or 382,580 TEUs compared to the same period in FY2023, which saw some of the busiest months in GPA history. In **Roll-on/Roll-off cargo, GPA handled 67,500 units of autos and machinery in October 2023**, down 5.8% or 4,160 units compared to the same month last year. For the fiscal year to date, GPA has handled 271,364 Ro/Ro units, up 17 percent or 39,500 units. **Containers moved by rail grew by 9% at Garden City Terminal in October 2023**, an increase of nearly 4,000 containers to 47,750. At the Appalachian Regional Port, rail cargo grew by 22% last month for a record October. Garden City Terminal handled 129 container ship calls last month, an increase of 26% compared to October 2022. Says Georgia Ports Authority President and CEO Griff Lynch, "**For the first time in two and a half years, all berths are open at Garden City Terminal for faster, more efficient cargo handling**. We appreciate our customers' patience during the renovation of Berth 1, and look forward to providing the world-class vessel service they have come to expect from GPA."

Source: Georgia Ports Authority

Ocean Freight News Clip

Gov. Brian Kemp urged members of Georgia's congressional delegation Monday to support a request by the Georgia Ports Authority (GPA) for a study of the economic and environmental impacts of another deepening of Savannah Harbor. The \$1 billion Savannah Harbor Expansion Project (SHEP) completed in March of last year was designed to accommodate containerized-cargo ships with capacities of up to 8,200 twenty-foot equivalent units (TEUs). However, vessels with capacities of more than 16,000 TEUs are now calling at the Port of Savannah. "GPA is vital to our national supply chain and as a job creator for our state," Kemp wrote in a letter to U.S. Rep. Buddy Carter, R-Savannah, copies of which went to the offices of all members of the delegation. "It is critical we work together to ensure GPA can continue to accommodate ever-larger container vessels calling on our ports."

Source: Capitol Beat; [link to article](#)

LOGISTICS MARKET SNAPSHOT

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

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

Note: Next release for Q4 2023 – U.S. National Industrial Vacancy, will be published January 2024.

Source: Cushman & Wakefield

Warehouse Rent Rates

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

Note: Next release for Q4 2023 – U.S. National Asking Rents, will be published January 2024.

Source: Cushman & Wakefield

Industrial Absorption

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

Note: Next release for Q4 2023 – U.S. National Industrial Absorption, will be published January 2024.

Source: Cushman & Wakefield (Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)

Warehouse Employment

Preliminary October 2023 numbers for the warehousing industry workforce comes in at **1,871,000 employees, a decrease from 1,882,400 employees** for August 2023 (preliminary). This is the 16th consecutive month of decrease since July 2022.

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

September 2023 average hourly earnings in the warehousing and storage subsector comes in at **\$23.95/hour (preliminary), down from the August 2023 rate of \$23.98.** The **average weekly hours were 41.2 for September 2023 (preliminary)** unchanged August 2023 hours.

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

The holiday rush is on, bringing with it packages, boxes, bags and familiar scenes of shoppers knocking each other over. Less visible is the peril lurking inside thousands of warehouses and distribution centers around the country. The reliance upon heavy-duty industrial equipment to haul loads combined with a hectic, unrelenting pace—exacerbated by a dearth of well-trained workers—has made the warehouse space notorious for injuries and accidents. The potential hazards in the fast-paced warehousing and storage industry include those associated with powered industrial trucks (forklifts and pallet movers), ergonomics, material handling, hazardous chemicals, slips/trips/falls and, in recent years, incidents connected with the rise of robotics, according to the U.S. Occupational Safety and Health Administration.

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

LOGISTICS MARKET SNAPSHOT

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



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

Atlanta with activity in all parts of the State.

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

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