

## U.S. MARKET:

### Gross Domestic Product

The U.S. GDP **increased at an annual rate of 3.5%** in the third quarter of 2016 according to the third estimate released by the Bureau of Economic Analysis in late December. In the second quarter, real GDP increased 1.4%. (Source: US BEA) The latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2016 is 2.9%. (Source: Federal Reserve Bank of Atlanta) *(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)*

### U.S. Trade Deficit

The U.S. goods and services trade deficit **increased 6.6%** in November to \$45.2 billion. Exports of goods **decreased 0.5%** to \$122.4 billion and imports of goods **increased 1.4%** to \$189.0 billion. (Source: US DOC & Census Bureau)

### Consumer Confidence

The Consumer Confidence Index **increased to 113.7** in December 2016, **up 3.9%** from November, and **the highest level since August 2001**. According to The Conference Board, the increase was due solely to increasing expectations. The post-election surge in optimism for the economy, jobs and income prospects were most pronounced among older consumers. Although another metric declined (consumers' assessment of current conditions), the overall index still suggests that economic growth continued through the final months of 2016. (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.)*

### Unemployment Rate

The unemployment rate in America **increased to 4.7%** in December 2016, thanks in part to an increase in the size of the labor force. A preliminary 156,000 net new jobs were created in December 2016, **23.5% less than November**. Employment gains occurred in health care and social assistance industries. The unemployment rate in Georgia was 5.3% in November. (Source: US DOL)

### Workforce Participation Rate

The workforce participation rate **increased 0.16% to 62.7** in December. (Source: U.S. Bureau of Labor Statistics) *(The 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 for the U.S. **was unchanged** in November, remaining at a reading of 124.6. According to The Conference Board, the industrial and construction indicators in November held the U.S. LEI back; weakness in those metrics was offset by improvements in the interest rate spread, initial unemployment insurance claims, and stock prices. (Source: 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.)*

### Industrial Production and Capacity Utilization

The Industrial Production Index was 104.6 in December, **an increase of 0.87%** from the previous month and 0.58% higher year-over-year. Capacity utilization for the industrial sector **increased 0.8%** from the previous month to 75.5%. (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)*

### Retail Sales

Advanced estimates of retail and food service sales in December were \$469.1 billion, **an increase of 0.6%** from the previous month, and **up 4.1%** from December 2015. Non-store retail sales were **up 11.4%** from last year, and includes internet-only sales outlets as well as other direct-to-customer channels. (Source: US Census)

### Manufacturing & Trade Sales

Total combined sales and manufacturing shipments totaled nearly **\$1.32 trillion** in November 2016, **up 0.1% from October and up 2.3% from November of the previous year**. (Source: US Census)

### Manufacturing & Trade Inventory

Total value of inventory on hand is estimated at **\$1.82 trillion** in November 2016, **up 0.7% from October and up 1.5% from November of the previous year**. (Source: US Census)

### Housing Starts

In November, housing starts were an annualized 1,090,000 units, **down 18.6%** from the previous month and the second lowest month in 2016. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was **107.3 in November, down 2.5% from the previous month**. The brisk upswing in mortgage rates and not enough inventory dispirited some would-be buyers, according to the National Association of Realtors. (Source: U.S. DOC, National Association of Realtors)

### Personal Income

Personal Income **increased less than 0.1%** to \$16.23 trillion in November 2016. The increase in personal income in November primarily reflected increases in personal interest income and rental income of persons that were mostly offset by a decrease wages and salaries. During Q3 2016, Personal Income in Georgia was estimated at \$432.1 billion, an increase of 1.0% from Q2. (Source: U.S. Bureau of Economic Analysis) *(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).*

### Consumer & Producer Price Index

The consumer price index for all urban consumers was **241.4 in December, an increase of 0.04%** from the previous month. The producer price index for final demand was **110.9 in December, an increase of 0.1%** from the previous month. (Source: US Bureau of Labor Statistics)

## Purchasing Managers Index

The National PMI **increased to 54.7%** in December 2016, an **increase of 150 basis points** over the previous month and the 91<sup>st</sup> consecutive month for growth in the overall economy. December's reading also marked the **highest reading for the year**. New orders **increased 720 basis points** to 60.2%. Production **increased 430 basis points** to 60.3%. (Source: Institute for Supply Management) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## Purchasing Managers Index in Georgia

Georgia's PMI **decreased 440 basis points** month-over-month, to 55.6% in December. New orders in Georgia **increased** to 62.5 and production **decreased** to 56.3. The index for utilities, which makes up part of industrial production, dropped as warmer-than-normal temperatures reduced the demand for heating. Georgia's PMI is now **90 basis points above** the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 0.69%** in December 2016, ending at a reading of 9,043. *(Stock performance of twenty large, well-known U.S. companies in the transportation industry, average of Dec. 1<sup>st</sup> thru Dec. 31<sup>st</sup>)*

### NASDAQ Transportation Index

NASDAQ Transportation Index **increased 1.25%** in December 2016, ending at a reading of 4,063. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of Dec. 1<sup>st</sup> thru Dec. 31<sup>st</sup>)*

### DOT Freight Transportation Index

The USDOT's freight transportation services index **increased 0.5%** in November, to a reading of 123.2. All freight modes grew from October except for pipeline. (Source: US DOT)

### Cass Freight Index

The November shipments index **decreased 3.0%** from the previous month to 1.087 and **decreased 0.5%** year-over-year. The November expenditures index **decreased 1.8%** for the month to 2.300, and **decreased 4.5%** year-over-year. Data is beginning to suggest that the American consumer is starting to spend a little more and that the industrial economy's rate of deceleration has eased. (Source: Cass Information Systems | Cassinfo.com) *(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)*

### Import Volumes

In November, the U.S. **imported \$189.0 billion** of cargo, **increasing 1.34%** from October. The November imports of goods were the highest since August 2015. (Source: US Census)

### Export Volumes

In November, the U.S. **exported \$122.4 billion** of cargo, **decreasing 0.6%** from October. The November exports of capital goods were the lowest since September 2011. (Source: US Census)

### Import & Export Price Index

U.S. import prices **increased 0.4%** in December. The advance was primarily driven by higher fuel prices which more than offset lower nonfuel prices. U.S. export prices **increased 0.3%** in December, with higher nonagricultural prices more than offsetting declining agricultural prices. (Source: Bureau of Labor Statistics)

### Shippers Conditions Index

The Shippers Conditions Index for October **increased to a neutral reading of 0.4**. FTR expects that shippers will see a couple more months of neutral market conditions before they may be impacted in the latter half of 2017. The impact would in part be due to potential capacity issues stemming from the Electronic Logging Device (ELD) implementation scheduled for the end of 2017. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for shippers)*

### E-Commerce

E-Commerce revenue was up 9% in November compared to November 2015. Mobile shopping (phones and tablets) accounted for 31% of online shopping, up from 29% in November 2015. The estimate of U.S. retail e-commerce sales for the third quarter of 2016, adjusted for seasonal variation, was \$101.3 billion, an increase of 4.0% from the second quarter of 2016. (Source: Custora E-Commerce Pulse, US Census)

### Multimodal News Clips:

- U.S. light vehicle sales were a seasonally adjusted and annualized **18.3 million in December 2016, the most for any month since July 2005**. In December, light trucks accounted for 64% of vehicle sales, the most for any month ever recorded. (Source: AAR)
- UPS has announced its acquisition of U.K.-based Freightex, a provider of truckload, less-than-truckload (LTL), specialized, and refrigerated over-the-road services. UPS officials said that this acquisition helps to immediately establish the company's presence in the growing U.K. and European third-party logistics (3PL) over-the-road brokerage transportation market, while also establishing a new global and regional company growth platform from an established base of carriers and customers. (Source: Supply Chain 24/7)

## RAIL:

### U.S. Freight Rail Traffic

Originations of carloads in December 2016 totaled 973,642, a **decrease of 26.1%** from the previous month, but an **increase of 2.8%** from December 2015. **This is the second straight year-over-year carload increase, something that hasn't happened since December 2014 and January 2015**. It is important to note however, that an intense winter storm impacted much of the eastern U.S. in the last week of December

2015, which caused December 2016's number to appear more favorable than they really are. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories as well as intermodal units)

<b>U.S. Intermodal Rail Traffic</b>	Intermodal rail traffic totaled 1,011,870 units in December 2016, <b>a decrease of 23.3% from the previous month but an 11.2% increase over December 2015</b> . Average weekly intermodal volume in December 2016 (252,968 units) was easily <b>the highest for any December in history</b> . (Source: AAR.org) (Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)
<b>Intermodal Competitive Index</b>	The Intermodal Competitive Index <b>increased to a reading of 5.26</b> in October. The October reading reflects continued moderately favorable conditions affecting the intermodal market. While intermodal rates are still lower than a year ago, they have started to show some improvement. (Source: FTR Transportation Intelligence   ftrintel.com) (Index includes factors like relative rates vs. truck, industry capacity vs. demand, fuel prices, and intermodal service levels. Figures above 0 indicate favorable conditions for intermodal to compete with truck)
<b>Railroad Fuel Price Index</b>	The index of average railroad fuel prices in November was 298.6, <b>down 8.3%</b> from the previous month and <b>1.5% lower</b> year-over-year. (Source: erAAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i>
<b>Class 1 Railroad Employment</b>	Railroad employment in November <b>decreased 0.27% from the previous month</b> , to 151,494 employees total. In November, maintenance of way employment was down 453 employees, more than accounting for the total employment loss for the month. Maintenance of way employment typically falls during this time because it's difficult to do outdoor infrastructure work in the winter. (Source: U.S. STB)
<b>Short Line Rail Traffic</b>	In December 2016, short line railroad shipments across North America <b>increased 3.8%</b> compared to the same month last year. A sampling of about 413 small railroads in the U.S. and Canada <b>loaded 505,861 railcars</b> and intermodal units during the month of December. (Source: RailConnect Index   GE Transportation)
<b>Railroad News Clips:</b>	<ul style="list-style-type: none"> <li>The U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA) last week issued an advanced notice of proposed rulemaking (ANPRM) that seeks additional information from industry, the public, and state and local governments on the safety of crude oil transportation by rail. The notice seeks input on a range of questions associated with establishing a vapor pressure threshold for crude oil in transportation, the U.S. Department of Transportation officials said. The USDOT has taken more than 30 actions over the past two years to improve crude-by-rail safety, including issuing a rulemaking package in May 2015 to improve tank car durability, braking and the safe transportation of energy products. (Source: Progressive Railroading)</li> </ul>

## TRUCKING:

<b>Truck Tonnage Index</b>	The ATA's seasonally adjusted For-Hire Truck Tonnage Index <b>increased by 8.2% to 142.4</b> in November. Compared with November 2015, the SA index increased 5.7%, the first year-over-year gain since August. ATA believes the November gain overstates the strength in the freight market, but believes some of the improvement will continue into 2017. (Source: American Trucking Association   Trucking.org)
<b>Truckload Freight</b>	The spot market for truckload-freight available for pick-up in December <b>increased 84 basis points</b> compared to the previous month, and was <b>20 basis points lower</b> year-over-year. Truck capacity <b>decreased 63 basis points</b> for the month, and <b>decreased 88 basis points</b> year-over-year. (Source: DAT Trendlines   www.dat.com)
<b>Trucking Conditions Index</b>	The Trucking Conditions Index for November was 4.58, changed little from the previous month's adjusted reading of 4.38. The current TCI level is consistent with FTR's forecasts of steadily improving trucking conditions heading into 2017. An expectation for stronger demand, along with the mandate for Electronic Logging Devices (ELDs) should tighten capacity through 2017, with the TCI possibly hitting positive double digits by the end of the year. (Source: FTR Transportation Intelligence   ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)
<b>Diesel Prices</b>	As of January 9, 2017 the U.S. average diesel price was <b>\$2.59 per gallon</b> . The U.S. average diesel price was <b>\$0.42 higher</b> than the same week last year. The average price of diesel in the Southeastern Atlantic states was <b>\$2.52 per gallon, 2.7% less than the national average price</b> . (Source: U.S. DOE) (Reflects the costs and profits of the entire production and distribution chain.)
<b>Trucking Employment</b>	The trucking industry workforce <b>increased by approximately 1,400 employees to 1,474,200 employees total</b> in December. The trucking industry workforce <b>increased 0.10%</b> over the previous month and <b>increased 0.71%</b> over December 2015. (Source: U.S. Bureau of Labor Statistics)
<b>Trucking Earnings and Hours</b>	The average earnings of truck transportation employees were \$22.72/hour in November, <b>down 0.31%</b> from the previous month. The average weekly hours totaled 41.9 in November, <b>down 0.24%</b> from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary data for heavy-duty Class 8 trucks net orders in North America were **21,228 units** in December 2016, an **increase of 9.8%** from the previous month. Final November net trailer orders came in at **35,800 units**, beating expectations by a wide margin. According to FTR, fleets took more time than usual to determine their 2017 requirements, but the large-size fleets then place some impressive orders. The high order totals were primarily driven by fleets replacing older dry vans. Refrigerated van orders were also strong, reflecting the continued growth of temperature-controlled freight. November orders were **up 78%** from the previous month but **down 8%** year-over-year. (Source: FTR Transportation Intelligence | ftrintel.com)

## NAFTA Trade

Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$91.1 billion in November 2016, **increasing 3.2%** year-over-year. The increase was only the second time since December 2014 in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. (Source: US DOT)

## Trucking News Clip

- The Owner Operator Independent Drivers Association (OODIA) has been denied a rehearing of a court decision in its lawsuit against the federal electronic logging device (ELD) mandate, OODIA announced on January 12. In October, a three-judge panel of the U.S. Court of Appeals rejected OOIDA's argument that the ELD rule should be thrown out because it would violate drivers' rights to privacy under the Fourth Amendment. At that time, the court stated that it found the ELD rule is "not arbitrary or capricious, nor does it violate the Fourth Amendment." In response, in December OOIDA petitioned for a rehearing of the decision by the full court. The court has now rejected this petition as well. OOIDA said that it is preparing an appeal to the Supreme Court. (Source: Trucking nfo.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in November **increased by 6.8%** year-over-year, **and increased by 3.2% year-to-date**. While this was a slowdown from October's pace (a 20-month high of 8.4%), it was still more than two-and-a-half times the average annual growth rate seen over the past decade (2.6%). Available capacity grew 4.4% in the month, ending at 47.2%. The International Air Transport Association (IATA) expects that the growth will continue into 2017, particularly with the shipment of high-value consumer electronics and their component parts. (Source: IATA.org, Wall Street Journal) (*Global air freight covers international and domestic scheduled air traffic.*)

### Atlanta Air Cargo Traffic

In November, Hartsfield-Jackson Atlanta International Airport transported **55,752 metric tons** of cargo, a **4.8% decrease** from the previous month and a **3.5% increase** year-over-year. (Source: HJIA)

### Air Freight Price Index

The latest Drewry East-West Airfreight Price Index **increased 6.2 points to 103.2 in November, the highest level this year**. Drewry's analysis noted that anecdotal evidence and carrier reports suggest that high capacity may continue well into the peak season. (Source: Drewry) (*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 January 13, 2017 the global average jet fuel price was \$65.50 per barrel; **up 2.6%** from the previous month, and **38.2% higher** year-over-year. (Source: IATA.org, platts.com) (*The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel*)

### Air Freight News Clips:

- Airline carriers canceled only 0.29% of their scheduled domestic flights in November 2016, the lowest for any of the 263 months with comparable records beginning in January 1995, and below the previous low of 0.33% in September 2016. In addition, the U.S. carriers reporting mishandled baggage data posted a mishandled baggage rate of 2.02 reports per 1,000 passengers in November, the lowest rate since mishandled baggage reporting started in 1987. (Source: Bureau of Transportation Statistics)

## OCEAN FREIGHT:

### Import Volumes

In November, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.64 million TEUs, a **1.8% decrease** from October due to most imported holiday merchandise already having arrived but was **10.8% higher** from November 2015. (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The January 13<sup>th</sup> SCFI comprehensive reading was **\$990.24 per FEU**; **up 24.1%** from last month. The spot rate for shipments to the U.S. East Coast was **\$3,594 per FEU**, **up 53.5%** from the previous month. (Source: Shanghai Shipping Exchange | www1.chineseshipping.com.cn/en, American Shipper) (*The Shanghai Containerized Freight Index is a weekly reported average export spot rate from Shanghai for 15 different trade lanes.*)

### Baltic Dry Index

The Baltic Dry Index **decreased 20.1%** in December, ending at 961 and the biggest monthly drop since January. The decline was driven by declining Capesize and Panamax rates. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND)) (*The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.*)

## TSA Bunker Surcharges

Between January 1 and March 31 2017, the bunker fuel surcharge will total **\$288 per FEU** for shipments to the West coast ocean ports and **\$549 per FEU** for shipments to the East coast and Gulf ports.

(Source: Transpacific Stabilization Agreement) *(The Transpacific Stabilization Agreement is a research and discussion forum of major ocean container shipping lines that carry cargo from Asia to ports in the U.S.)*

## Port of Savannah

The Port of Savannah moved **292,172 TEUs** in December 2016, a **12.3% increase from December 2015, and a record for the GPA**. Although this December's volume is a **2.8% decrease** from the previous month, TEU volume decline from November to December is typical, and in fact, the decrease is 153 basis points less than the average month-over-month decrease of the prior five years (-4.4%). (Source: GPA)

## Port of Brunswick

The 1-millionth Kia car to pass through the Port of Brunswick arrived earlier this January. Since 2004, the Korean automaker has used Brunswick as its port of entry to import cars bound for Georgia, Florida, South Carolina, North Carolina, Tennessee, and Alabama. Since the KIA-GPA partnership began nearly 13 years ago, the Port of Brunswick's Colonel's Island has become one of the busiest auto import sites in the U.S. (Source: Golden Isles News)

## Ocean Freight Business News:

- Due to several setbacks in 2016, including Hurricane Matthew and delayed funding from the U.S. Federal Government, the original 2019 completion deadline for the Savannah Harbor Expansion Project (SHEP) has been extended. While the State of Georgia has already budgeted its \$266 million share of the \$706 million project, the federal government has not yet appropriated all of its portion. About 25% of the overall deepening project has already been completed which includes part of the outer harbor, though it will be about two years before they start deepening the inner harbor, delaying completion to 2021. Once SHEP is complete, the overall benefits to the average consumer will include paying less for shipping costs because larger vessels holding more goods will be calling on the Port of Savannah. (Source: WTOC)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy rate was 5.8%** at the end of the third quarter in 2016, a 16-year low. It is down from 6.1% in Q2 and 6.5% in Q3 of 2015. The decline from the second quarter is notable this late in the cycle, when construction has already ramped up; it demonstrates the magnitude of demand that is driving the market. The industrial vacancy rate in Savannah, GA was 2.6% in Q3 of 2016. (Source: NGKF, Colliers)

### Warehouse Rent Rates

In Q3 2016, the average asking rent across the U.S. was \$5.96/SF triple net, up 1.8% from the prior quarter and up 5.9% from a year ago. It was the strongest four-quarter rent gain in the current cycle. The average asking rent in Atlanta was \$4.63/SF. (Source: NGKF)

### Industrial Absorption

Net absorption in the US during Q3 2016 totaled 76.5 million square feet, **setting an all-time record nearly 7 million square feet above the previous record set in Q4 2015**. Year-to-date, 24 mega-big-box projects with at least 1 million square feet have been delivered, including four in metro-Atlanta. (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 warehousing industry workforce **increased by 1,600 employees** to 879,100 employees total in December. The warehouse industry workforce **increased 0.18%** from the previous month and **increased 4.57%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

### Warehouse Earnings and Hours

The average earnings of warehousing & storage employees were \$19.25/hour in November, **down 0.41%** from the previous month. The average weekly hours totaled 42.9 in November, **up 1.18%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

## W&D Business News:

- Z Gallerie, a premier lifestyle brand in the fashion home space, will create 115 new jobs and invest \$3.7 million in an east coast distribution center and customer service center in Douglas County, Georgia. The distribution center is slated to operate at full capacity by 2019, and the newly created positions will include in-house activity as well as transportation of goods. The facility will be approximately 225,000 square-feet of office and warehouse space. (Source: Georgia.org)
- The Linde Group, a leading manufacturer and supplier of industrial gases, will create 35 jobs and invest \$40 million in a custom-engineered air separation plant in Cook County, Georgia. Headquartered in Munich, Germany, The Linde Group produces and sells atmospheric gases such as argon, liquid nitrogen, and liquid oxygen for a variety of industries including health care, food processing, and metal manufacturing. The new large-scale air separation facility will supplement markets currently supplied by plants in Cartersville and Aiken, South Carolina. The facility is scheduled to be completed in the first quarter of 2019. (Source: Georgia.org)



**JANUARY  
2017**

**LOGISTICS  
MARKET SNAPSHOT**

*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, Industry Coordinator | [ESchrenk@georgia.org](mailto:ESchrenk@georgia.org) | 912.966.7842**