

U.S. MARKET:

Gross Domestic Product	<p>The U.S. GDP increased at an annual rate of 3.1% in the second quarter of 2017 according to the third estimate released by the Bureau of Economic Analysis in late September. In the first quarter, real GDP increased 1.2%. With this third estimate for the second quarter, private inventory investment increased more than previously estimated, but the general picture of economic growth remains the same. (Source: US BEA) As of October 13, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is 2.7%. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
U.S. Trade Deficit	<p>The U.S. goods and services trade deficit decreased 2.75% in August 2017 to \$42.4 billion. In August, the U.S. had a trade surplus with South and Central America, Hong Kong, Singapore, United Kingdom, and Brazil. The U.S. had a trade deficit with China, European Union, Japan, Mexico, Germany, Italy, South Korea, India, Taiwan, France, Canada, Saudi Arabia, and OPEC. (Source: US DOC & Census Bureau)</p>
Import Volumes	<p>In August 2017, the U.S. imported \$193.6 billion of cargo, decreasing 0.15% from July. The August imports of industrial supplies and materials (\$40.0 billion) were the lowest since November 2016. (Source: US Census)</p>
Export Volumes	<p>In August 2017, the U.S. exported \$129.2 billion of cargo, increasing 0.47% from July. The August exports of capital goods (\$45.3 billion) and non-petroleum exports (\$119.6 billion) were the highest since April 2015. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices increased 0.7% in September 2017, the largest monthly rise since June 2016. The last time import prices advanced by more than 0.7% was a 1.2% increase in May 2016. Higher prices for both fuel and nonfuel imports contributed to the overall rise in import prices for September. U.S. export prices increased 0.8% in September 2017, the largest monthly rise since the index increased 0.8% in June 2016. The September advance was driven by rising prices for nonagricultural commodities; agricultural export prices decreased in September. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America decreased to 4.2% in September 2017, down from 4.4% the previous month and the lowest it's been since early 2001. A preliminary net 33,000 jobs were lost in September 2017, ending the 83 consecutive month streak of US gaining jobs; the longest such streak since data collection of this type began in 1939. However, according to the BLS the September net new jobs amount is distorted by the hurricanes. The BLS notes that employees who are not paid for the pay period that includes the 12th of the month are not counted as employed, and that likely includes many employees in areas affected by the hurricanes and at establishments outside the area that do business with establishments affected by the storms. The unemployment rate in Georgia was 4.5% in September 2017, down 4.2% from the previous month. (Source: US DOL, US BLS)</p>
Workforce Participation Rate	<p>The workforce participation rate was 63.1% in September 2017, up 0.32% from the prior month. (Source: U.S. Bureau of Labor Statistics) <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>
Leading Economic Index	<p>The Leading Economic Index for the U.S. decreased 0.16% in September 2017, ending at a reading of 128.6 and the first month-to-month decline in the last 12 months. According to The Conference Board, the September decrease is partly a result of the temporary impact of the recent hurricanes. The source of weakness was concentrated in labor markets and residential construction, while the majority of the LEI components continued to contribute positively. Despite September's decline, the trend in the US LEI remains consistent with continuing solid growth in the US economy for the second half of the year. (Source: Conference Board) <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>
Housing Starts	<p>In August, housing starts were an annualized 1,180,000 units, down 0.84% from the previous month but 1.4% higher than August 2016. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 106.3 in August 2017, down 2.6% from the previous month, 2.6% lower than August 2016, and the lowest reading since January 2016. According to the National Association of Realtors, "August was another month of declining contract activity because of the one-two punch of limited listings and home prices rising far above incomes. Demand continues to overwhelm supply in most of the country, and as a result, many would-be buyers from earlier in the year are still in the market for a home, while others have perhaps decided to temporarily postpone their search." (Source: U.S. DOC, National Association of Realtors)</p>
Light Vehicle Sales	<p>New light vehicle sales were an annualized and seasonally adjusted 18.5 million in September 2017, up 15.3% from the previous month, 6.0% higher from September 2016, and the best sales month since July 2005. Labor Day discounts, higher fleet sale, and hurricane-related replacements all contributed to the solid month. (Source: AAR) <i>(Light vehicle sales record the number of domestically produced units of cars, SUVs, mini-vans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy.)</i></p>

Personal Income	<p>Personal Income increased 0.17% to \$16.46 trillion in August 2017. The increase in August primarily reflected an increase in government social benefits to persons and compensation of employees. During Q2 2017, Personal Income in Georgia was estimated at \$450.4 billion, an increase of 1.0% from Q1 2017 and the 4th fastest growth rate in the country. (Source: U.S. Bureau of Economic Analysis) <i>(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses.)</i></p>
Retail Sales	<p>Advanced estimates of retail and food service sales in September 2017 were \$483.8 billion, an increase of 1.56% from the previous month, and up 4.67% from September 2016. Non-store retail sales were up 0.5% from the previous month and were 9.2% higher from the same month last year. (Source: US Census) <i>(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)</i></p>
E-Commerce	<p>The estimate of U.S. retail e-commerce sales for the second quarter of 2017, adjusted for seasonal variation, was \$111.5 billion, an increase of 4.8% from the first quarter of 2017 and 16.2% higher than the second quarter of 2016. (Source: US Census) <i>(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)</i></p>
Consumer Confidence	<p>The Consumer Confidence Index decreased to 119.8 in September, down 0.5% from August. According to The Conference Board, although the decrease in September was small, confidence in Texas and Florida decreased considerably, as these two states were the most severely impacted by Hurricanes Harvey and Irma. Despite the slight downtick in confidence, consumers' assessment of current conditions remains quite favorable and their expectations for the short-term suggest the economy will continue expanding at its current pace. (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)</i></p>
Consumer & Producer Price Index	<p>The Consumer Price Index for all urban consumers was 246.3 in September, up 0.53% from the previous month. The index for gasoline, which increased 13.1%, accounted for nearly three-fourths of the increase. The Producer Price Index for final demand was 113.4 in September, an increase of 0.44% from the previous month. The majority of the increase is attributable to the index for final demand goods, which increased 0.7%. (Source: US Bureau of Labor Statistics)</p>
Small Business Optimism Index	<p>The Small Business Optimism Index was 103.0 in September, a decrease of 2.18% from the previous month but 9.46% higher than September 2016. According to the NFIB, the decrease was led by a steep drop in sales expectations, not just in hurricane-affected states, but across the country. Three of the 10 index components increased, while six declined and one remained unchanged. The index that measures inventory plans rose 7% as more business owners anticipate a strong 4th quarter. (Source: National Federation of Independent Business) <i>(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)</i></p>
Industrial Production and Capacity Utilization	<p>The Industrial Production Index was 104.6 in September 2017, an increase of 0.29% from the previous month and 0.48% higher than September 2016. The continued effects of Hurricane Harvey and, to a lesser degree, the effects of Hurricane Irma combined to hold down the growth in total production in September by ¼ percentage point. Capacity utilization for the industrial sector increased 0.26% in September 2017 to 76.0%. (Source: Federal Reserve) <i>(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)</i></p>
Manufacturing & Trade Sales	<p>Total combined sales and manufacturing shipments totaled nearly \$1.37 trillion in August 2017, up 0.7% from July 2017 and up 5.5% from August of the previous year. (Source: US Census)</p>
Manufacturing & Trade Inventory	<p>Total value of inventory on-hand is estimated at \$1.89 trillion in August 2017, up 0.7% from July 2017 and up 3.6% from August of the previous year. (Source: US Census)</p>
Purchasing Managers Index	<p>The National PMI increased to 60.8% in September 2017, an increase of 200 basis points over the previous month and the highest reading since May 2004. New orders increased 430 basis point to 64.6% and production increased 120 basis points to 62.2%. According to the Institute for Supply Management, comments from respondents reflected expanding business conditions, with new orders, production, employment, order backlogs and exports all growing in September compared to August. In September, 17 out of the 18 manufacturing industries tracked by the ISM reported growth during the month. (Source: Institute for Supply Management) <i>(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.)</i></p>

Purchasing Managers Index in Georgia

Georgia's PMI decreased 30 basis points month-over-month, to 58.3% in September 2017. New orders in Georgia **increased** to 66.7% and production **decreased** to 54.2%. With readings above 50, Georgia's manufacturing activity continues to expand, but at a more moderate pace. Rising new orders component signals that production should remain healthy in the coming month. In the month of September, Georgia's PMI was 250 basis points below the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

U.S. Market News

Earlier this month the National Retail Federation and EuroCommerce announced an agreement to work together in developing a common approach on implementing new EU data protection regulations. According to the NRF, "this cooperative effort will help retailers on both sides of the Atlantic prepare their businesses for implementation of the regulations with a retail-specific approach that continues the seamless operations and personalized shopping experiences our customers expect." As background, the General Data Protection Regulation, adopted by the European Parliament and Council in April 2016, sets out changes to almost every area of customer data processing. Once the GDPR comes into force in May 2018, retailers with storefronts, websites, mobile apps or other digital platforms serving customers will face new compliance standards, additional administrative burdens and liability for violations as well as more stringent enforcement penalties. (Source: NRF)

MULTIMODAL:

Dow Jones Transportation Index

Dow Jones Transportation Index **increased 6.38%** in September 2017 ending at a reading of 9,914. *(A price-weighted average of 20 U.S. companies in the transportation industry, average of September 1st thru September 30th. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)*

NASDAQ Transportation Index

NASDAQ Transportation Index **increased 6.65%** in September 2017, ending at a reading of 4,779. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of September 1st thru September 30th)*

DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 130.7 in August 2017, an **increase of 1.48%** from the previous month, the first time the TSI has exceeded the level of 130, and the **highest level of all time**. The August increase driven by was driven by a large gain in trucking and smaller gains in air freight and rail intermodal. Water and pipeline freight decreased while rail carloads were stable. August marks the fourth month in 2017 in which the freight index reached an all-time high. (Source: US DOT)

Cass Freight Index

The August shipments index **increased 2.8%** from the previous month to 1.158 and **increased 3.9%** year-over-year. Data is suggesting that the consumer is starting to spend a little, although not with brick and mortar retailers. It also suggests that, with the surge in the price of crude oil in October of last year, the industrial economy's rate of deceleration first eased and then began a modest improvement led by the fracking of DUCs (drilled uncompleted wells). The August expenditures index **increased 1.6%** from the previous month to 2.499, and **increased 9.7%** year-over-year. The August expenditures index has exceeded all previous level for August with the exception of August 2014. (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 July 2017 **increased to a near neutral reading of -0.1**. FTR forecasts declines in this index during 2017 and 2018 as spot market prices possibly continue to increase, with smaller, but notable, increases affecting the contract market. Hurricane recovery is expected to contribute additional stimulus several months out. Prior to Hurricane Harvey, spot market rates were nearing gains of 20% y/y. The latest data puts gains approaching 30% which may put significant pricing pressure on the contract portion of the market as the 4th quarter approaches. Hurricane disruptions will slowly subside over the next month, but recovery activity will stay elevated for several months. FTR expects that with the upcoming ELD implementation, elevated fuel prices, and modest acceleration in overall freight demand, the freight market may be adversely affected as 2017 ends and we move into 2018.

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

Multimodal News Clips:

During the State of the Port address earlier this month, the Georgia Ports Authority (GPA) outlined plans to accommodate record growth and expand new markets. Those plans included a \$128 million Mega-Rail Project which would add an additional track on terminal to allow the GPA to better handle 10,000-foot long unit trains. More efficient rail offerings will position Savannah to rapidly increase service to an arc of inland markets, from Atlanta to Memphis, St. Louis, Chicago and the Ohio Valley. Construction is expected to begin in the first quarter of Calendar Year 2018, with completion expected at the end of 2020. A plan to add capacity for motor carriers was also outlined. The GPA will expand its current gate structure by adding six truck lanes, giving Garden City Terminal a total of 54 lanes, a 12.5 percent increase. (Source: GPA)

RAIL:

U.S. Freight Rail Traffic

Originations of carloads in September 2017 totaled 1,044,563, a **decrease of 22.2%** from the previous month and a **decrease of 2.3%** from September 2016. Average total weekly carloads in September 2017 (261,141) were the lowest for the month of September since sometime prior to 1988, when AAR's records began. In the first nine months of 2017, total U.S. rail carloads were 10.11 million, **up 3.8% over the same period last year.** (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*

U.S. Intermodal Rail Traffic

Intermodal rail traffic totaled 1,080,444 units in September 2017, a **decrease of 22.8% from the previous month but 3.8% higher than September 2016.** Weekly average intermodal volume in September 2017 (270,111) were the **second highest for September in history.** Hurricanes contributed to preventing a record from being set this year, however the last two weeks in September were **the top two intermodal weeks in history** for U.S. railroads. (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 September 2017 was 371.1, **up 9.24%** from the previous month and **24.1% higher** year-over-year. (Source: AAR.org)
(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)

Class 1 Railroad Employment

Railroad employment in August 2017 **decreased 0.15% from the previous month** to 147,319 employees total, the fifth straight month-to-month decline and the lowest employment total since January 2010. Most of the employment decline in August was in the maintenance of way and maintenance of equipment categories. Train and engine employment grew in August, but not by enough to offset the losses. (Source: U.S. STB, AAR)

Short Line Rail Traffic

In July 2017, short line railroad shipments across North America **decreased 2.09% from the previous month but increased 4.83% year-over-year.** A sampling of about 500 short line and regional railroads **loaded 353,632 railcars** and intermodal units during the month of July. Coal led the year-over-year gains, with a 25.9% increase over July 2016. (Source: Railinc Short Line and Regional Traffic Index)

Railroad News Clips:

Earlier this month the Federal Railroad Administration (FRA) released a Tier I combined Final Environmental Impact Statement and a Record of Decision (FEIS/ROD) for the proposed high-speed passenger-rail system between Atlanta and Chattanooga, Tennessee. The FEIS/ROD marks the completion of the Tier 1 environmental review process under federal law. This documents the FRA's identification of a preferred corridor, which would begin on the east side of Hartsfield-Jackson Atlanta International Airport (HJIA) at the proposed HJIA/Southern Crescent Station and end at a proposed downtown Chattanooga station, according to an FRA press release. The high-speed project would run about 120 miles along Interstate 75. The chosen corridor includes eight rail stations and would take about 88 minutes to travel from the first to last station along the corridor. (Source: ProgressiveRailroading.com)

TRUCKING:

Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 144.4 in September 2017, a **decrease of 0.9% from the previous month and an increase of 7.4% from September 2016.** According to the ATA, tonnage gave back some of the solid gain in August, but remains at very high levels despite the weather-related issues during the month. The ATA expects that rebuilding from the hurricanes and other natural disasters like the wildfires in California will add to freight demand. (Source: American Trucking Associations | Trucking.org)

Truckload Freight

The spot market for truckload-freight available for pick-up in September **increased 580 basis points** compared to the previous month, and was **920 basis points higher** year-over-year. Truck capacity **decreased 2,500 basis points** for the month, and **decreased 580 basis points** year-over-year. (Source: DAT Trendlines | www.dat.com)

Trucking Conditions Index

The Trucking Conditions Index **decreased to a reading of 1.41 in August 2017.** According to FTR, August's reading is not wholly reflective of the current environment for truckers. The TCI primarily tracks the contract markets which have largely been unaffected by the current tightness influencing spot market rates. In addition, the major disruptions from Hurricanes Harvey and Irma had most of their impacts starting in September. FTR stated that while the recent weather events made it feel like it happened all at once, spot markets have actually been moving in this direction for the past year. Load activity was rising, truck availability was falling, and rates were already up 20% y/y before the storms hit. Spot market rates are a leading indicator; and, although there is a lag, contract markets are starting to follow suit. FTR believes there is a possibility that shippers may have to deal with double-digit rate increases as bid season approaches. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

Diesel Prices

As of October 16, 2017 the U.S. average diesel price was **\$2.78 per gallon.** The U.S. average diesel price was **\$0.30 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$2.71 per gallon, 2.5% less than the national average price.** (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*

Trucking Employment

The trucking industry workforce **decreased by approximately 100 employees to 1,471,200 employees total** in September 2017. The trucking industry workforce **decreased 0.01%** over the previous month and **increased 0.62%** over September 2016. (Source: U.S. Bureau of Labor Statistics)

Trucking Earnings and Hours

The average earnings of truck transportation employees were \$23.51/hour in August 2017, **up 0.26%** from the previous month. The average weekly hours totaled 42.2 in August, **down 0.47%** 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 **22,055 units** in September 2017, an **increase of 6.6%** from the previous month, and **59.9% higher year-over-year**. Order volume for September met FTR's expectations as the market builds momentum heading into the Fall-order season. Orders from Canada were particularly robust as fleets are benefitting from a strong economy. North American Class 8 orders for the past twelve months have totaled 239,000 units. According to FTR, this is a healthy, growing truck market, which is in excellent position for greater expansion in 2018. Class 8 order rates are expected to jump in Q4. Final September 2017 net trailer orders came in at **21,500 units, up 47.2%** from the previous month and **up 82.2%** from September 2016. September's orders met expectations and support the FTR forecast of another strong trailer market in 2018. Trailer orders have now totaled 275,000 units over the past twelve months, much in line with 2017 production numbers. According to FTR, when fleets begin ordering more trailers in September, it indicates the market should be robust the following year. FTR expects ordering activity to accelerate in October and stay elevated throughout Q4. Production rates should stay at higher levels, continuing into 2018. (Source: FTR Transportation Intelligence | ftrintel.com)

NAFTA Trade

Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$89.2 billion in July 2017, **down 10.6%** from the previous month, but **up 6.6%** year-over-year. July marked the ninth straight month in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. The value of commodities moving by vessel increased 24.0%, pipeline by 23.1%, rail by 4.4%, truck by 4.0%, and air by 2.3%. The large percentage increase in the value of goods moving by vessel and pipeline is due in part to an increase in the volume of mineral fuel imports. Trucks carried 63.2% of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)

Trucking News Clip

The shortage of qualified truck drivers is projected to hit an all-time high of 50,000 by the end of 2017, according to Bob Costello, chief economist of American Trucking Associations (ATA). "In addition to the sheer lack of drivers, fleets are also suffering from a lack of qualified drivers, which amplifies the effects of the shortage on carriers," Costello said at a panel discussion at the 2017 ATA Management Conference & Exhibition in Orlando earlier this month. Costello cautioned if action was not taken to address the driver shortage, the figure could swell to more than 174,000 by 2026. Replacing retiring drivers account for nearly half of the shortage, followed by overall industry growth. (Source: fleetowner.com)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in August 2017 **increased by 12.1% year-over-year**, up from a revised 10.9% in July and still well ahead of the five and ten-year average rates (4.4% and 3.2%, respectively). Annual freight traffic growth has now been in double-digit territory for four of the past six months. According to the IATA, indicators continue to suggest that the cyclical upturn in air freight growth may be nearing a peak. However, with the seasonally-adjusted traffic trend remaining robust, the data are currently not showing this impact. (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

Atlanta Air Cargo Traffic

In August 2017, Hartsfield-Jackson Atlanta International Airport transported **56,902 metric tons** of cargo, a **0.37% increase** from the previous month and a **6.13% increase** year-over-year. (Source: HJAIA)

Air Freight Price Index

The latest report from Drewry shows that airfreight rates in August remained relatively flat, **increasing by only \$0.01** over the previous month and over August 2016. The latest figures from Drewry show that the average all-in buy rate across 28 major east-west lanes stood at \$2.63 per kg. Drewry expects the market to pick up as it heads towards the peak season. (Source: Drewry, Air Cargo World) *(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 October 13, 2017 the global average jet fuel price was \$69.90 per barrel; **down 0.4%** from the previous month, and **12.8% 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:

Freight forwarders are bracing for a busy peak period by securing air cargo capacity under block space (BSA) and ACMI agreements. Earlier this month, Kuehne+Nagel secured ACMI capacity after seeing demand increase by more than 20% in the third quarter of the year, which equates to seven extra full Boeing 747Fs per day. K+N said that while it regularly utilizes ACMI capacity, it has increased the amount secured this year, particularly for China exports. Earlier this year, Dachser sent out a customer note stating that it had secured extra charter capacity for the peak season, while in September DHL's forwarding arm announced that it would begin operating an ACMI airfreight operation utilizing B747F capacity. The topic also came up at a recent panel discussion at the Freighters World conference, with all-cargo executives agreeing they had noticed an increase in the number of forwarders and e-commerce companies looking to secure freighter capacity rather than rely on belly space. (Source: aircargonews.net)

OCEAN FREIGHT:

Import Volumes by Ocean

In August 2017, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.78 million TEUs, a **1.4% increase** from the previous month, **5.6% higher** from August 2016, and an **all-time monthly record**, breaking the previous record set last month. According to the National Retail Federation and Hackett Associates, with consumers buying more, retailers are bringing in more merchandise for the busy holiday season. NRF views this as a positive sign regarding retailers' expectations in consumer demand. (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The October 20th SCFI comprehensive reading was **\$747.38 per FEU, down 3.51%** from last month. The **spot rate for shipments to the U.S. East Coast was \$1,755 per FEU, down 22.65%** 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.)*

Baltic Dry Index

The Baltic Dry Index **increased 14.5%** in September 2017, ending at 1,356. According to analysts, the market has been primarily driven by the increased activity that has been noted in the iron ore and coal commodities over the past couple of months. The drive of higher grade iron ore and coal pushed most Chinese steel mills to seek bigger volumes of imports from Australia and Brazil, helping not only ramp up total volumes of imports of these two vital commodities but also help pile on extra tonne-miles in demand thanks to the long distances. (Source: www.bloomberg.com/quote/BDIY:IND, Allied Shipbroking) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

Port of Savannah

The Port of Savannah moved **325,141 TEUs** in September 2017, a **6.6% decrease from the previous month but 5.4% higher year-over-year**. During the first quarter of FY2018 (July 1-Sept. 30) the Port of Savannah moved more than **1 million TEUs** across Garden City, **growing by 5.8%** or 55,629 TEUs over the same period in FY17. Container tons **grew by 8.1%**, or 543,761 tons, to reach 7.23 million tons for the quarter ending Sept. 30. (Source: GPA)

Port of Brunswick

At the annual State of the Port address earlier this month, the GPA announced that they increased auto processing capacity at Colonel's Island Terminal by 50 percent over the past 12 months, all of which has been absorbed by processors and manufacturers. The Roll-on/Roll-off terminal has expanded from 60,000 spaces in 2016 to 90,000 spaces today, for a total capacity of 800,000 cars per year. The additional space already has been absorbed by auto processors Wallenius Wilhelmsen Logistics, Mercedes and International Auto Processors. The three port customers have increased their operations by a total of 200 acres on the island's south side, bringing auto processing space to 600 acres. Plans call for further expansion that will allow the GPA to move, process and store some 1.4 million vehicles annually. In FY2017, the GPA handled 607,000 units of Ro/Ro cargo in Brunswick. (Source: GPA)

Ocean Freight Business News:

Earlier this month shareholders of Cosco Shipping Holdings approved the \$6.3 billion takeover of Orient Overseas (International) LTD., leaving just a few regulatory approvals to secure before the deal will be completed. OOIL is the Hong Kong-listed parent company of OOCL and after the takeover, the Cosco-OOCL carrier will step over CMA CGM to become the world's third largest container line. Cosco will hold 90.1% of OOIL and the Shanghai International Port Group will hold 9.9%. (Source: JOC.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy remained low during the third quarter of 2017, ending at 5.5%**. It is down from 5.6% in Q3 2016. None of the 46 markets tracked by NGKF had a double-digit vacancy rate as of Q3 2017. According to NCREIF, U.S. industrial is the only core property sector to have achieved a double-digit unlevered total return in 2016, totaling 12.4% overall. Industrial outperformed the second-best performing sector, retail, by 550 basis points between the second quarter of 2016 and the second quarter of 2017. The vacancy rate in **Atlanta, GA was 7.7%** in Q3 of 2017. (Source: NGKF)

Warehouse Rent Rates

In Q3 2017, the average asking rent across the U.S. was **\$6.36/SF, up 1.4%** from the prior quarter **and up 5.5%** from Q3 2016. Eight of the 46 markets tracked by NGKF experienced gains in the average asking rent over the past four quarters. According to NGKF, rents are rising especially rapidly for modern distribution centers that meet the needs of online retailers, complete with higher ceiling heights and automated warehouse and management control systems. **The average asking rent in Atlanta was \$4.77/SF in Q3 2017.** (Source: NGKF)

Industrial Absorption

Net absorption in the U.S. during Q3 2017 remained robust, totaling 53.9 million square feet. While demand remained strong, it was **down 36.1%** from Q3 2016 but **up 2.1%** from the previous quarter. Of the 46 industrial markets tracked by NGKF, 20 absorbed 1 million square feet or more in Q3, led by California's Inland Empire with 6.4 million square feet and **Atlanta posting a strong total of 3.7 million square feet of absorption.** One of the **largest leases of the quarter was signed by online fashion retailer ASOS, for 1.0 million square feet in Atlanta, Georgia.** (Source: NGKF) *(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)*

Warehouse Employment

The nationwide warehousing industry workforce **increased by 4,800 employees** to 961,000 employees total in September 2017. The warehouse industry workforce **increased 0.50%** from the previous month and **increased 3.78%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$19.45/hour in August 2017, **down 0.82%** from the previous month. The average weekly hours totaled 42.4 in August, **up 0.47%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- Amazon is testing an expansion of its delivery operations, including overseeing pickup and delivery of items from third-party seller warehouses to customers, according to a Bloomberg News report. In response to the report, Amazon issued a statement saying "We are using the same carrier partners to offer this program that we've used for years, including UPS, USPS, and FedEx." The program referenced by Amazon is Seller Fulfilled Prime, a service that lets third-party sellers use the Amazon Prime two-day shipping badge on their products, with the caveat that they must meet Amazon shipping requirements. The goal of the program Amazon is reportedly experimenting with is to expand the breadth of items available under Amazon Prime. It would go along with programs like Seller Fulfilled Prime and Fulfillment by Amazon, which lets third-party sellers send their goods to Amazon warehouses and get them under the Prime rapid delivery umbrella. (Source: Supplychain247.com, Bloomberg News)
- Nestlé Purina PetCare Company announced they will create as many as 240 new jobs and invest \$320 million in a manufacturing facility and distribution center in Hartwell, Georgia. Purina, a global leader in pet care, currently employs more than 8,000 individuals in the U.S. Leading Purina brands include Purina ONE, Dog Chow, Friskies, Tidy Cats and Pro Plan. Purina plans to create the jobs over the next five years at the new location. The company will invest \$320 million at the site by the end of 2023 and expects to close on the property later this year, contingent on completion of due diligence and satisfaction of closing conditions. Distribution center operations are expected to begin in 2018, with production to follow in 2019. (Source: Georgia.org)

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