

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>increased at an annual rate of 2.6%</b> in the fourth quarter of 2017, according to the advance estimate released by the Bureau of Economic Analysis in late January. In the third quarter, real GDP increased 3.2%. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, exports, residential fixed investment, state and local government spending, and federal government spending that were partly offset by a negative contribution from private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of February 14, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is 3.2%</b>. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit increased 5.36%</b> in December 2017 to \$53.1 billion. In December, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, United Kingdom, and Singapore. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, South Korea, India, Canada, OPEC, Taiwan, Saudi Arabia, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In December 2017, the U.S. <b>imported \$210.8 billion</b> of cargo, <b>increasing 2.88%</b> from November. The November imports of goods (\$209.3 billion), foods, feeds, &amp; beverages (\$11.9 billion), capital goods (\$57.2 billion) consumer goods (\$55.5 billion) and non-petroleum imports (\$193.5 billion) were the <b>highest on record</b>. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In December 2017, the U.S. <b>exported \$137.5 billion</b> of cargo, <b>increasing 2.54%</b> from November. The December export of capital goods (\$47.4 billion) were the <b>highest on record</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>increased 1.0%</b> in January 2018, the largest one-month rise since the index increased 1.2% in May 2016. Higher prices for both nonfuel imports and fuel imports contributed to the January advance. U.S. export prices <b>increased 0.8%</b> in January 2018. The index has not risen by more than 0.8% since it advanced 1.1% in May 2016. In January, the increase in nonagricultural prices more than offset a decline in agricultural prices. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>remained at 4.1%</b> in January 2018, staying at the same rate it's been at since October 2017. A preliminary <b>200,000 net new jobs were created</b> in January 2018, up from 160,000 in December. January 2018 marked the 88<sup>th</sup> straight month of job creation, the <b>longest such streak on record</b>. The unemployment rate in <b>Georgia was 4.4%</b> in December 2017, <b>up from 4.3%</b> the previous month. In December, Georgia added 5,600 new jobs to end the year with <b>all-time record high</b> employment of 4,518,900. (Source: US DOL, US BLS, GDOL)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>remained at 62.7% in January 2018</b>. The labor force participation rate for those of prime working age (25-54) was 89.0% in January, remaining the same as the previous month. (Source: U.S. Bureau of Labor Statistics, AAR) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i></p>
<b>Leading Economic Index</b>	<p>The Leading Economic Index for the U.S. <b>increased 1.0%</b> in January 2018, ending at a reading of 108.1. According to The Conference Board, the LEI accelerated further in January and continues to point to robust economic growth in the first half of 2018. While the recent stock market volatility will not be reflected in the U.S. LEI until next month, consumers' and business' outlook on the economy had been improving for several months and should not be greatly impacted. (Source: Conference Board   Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i></p>
<b>Housing Starts</b>	<p>In December 2017, housing starts were an annualized 1,192,000 units, <b>down 8.2%</b> from the previous month and <b>6.0% lower</b> compared to December 2016. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 110.1 in December 2017, <b>up 0.5%</b> from the previous month, <b>and the highest reading since March 2017 (111.3)</b>. According to the National Association of Realtors, the prospect of higher mortgage rates may be encouraging more aspiring buyers to begin their search now. In 2018, the NAR forecasts existing-home sales and price growth as moderate, primarily because of the new tax law's expected impact in high-cost housing markets. (Source: U.S. DOC, National Association of Realtors)</p>
<b>Light Vehicle Sales</b>	<p>New light vehicle sales were an annualized and seasonally adjusted 17.1 million in January 2018, <b>down 3.9%</b> from the previous month, and <b>1.0% lower</b> from January 2017. Sales of both autos and light trucks fell in January 2018 compared to the previous month, though light truck sales in January 2018 were higher than in January 2017. (Source: AAR) <i>(Light vehicle sales record the number of domestically produced units of cars, SUVs, minivans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy.)</i></p>

<b>Personal Income</b>	<p>Personal Income <b>increased 0.35%</b> to \$16.7 trillion in December 2017. The increase in December primarily reflected increases in wages and salaries and personal interest income. During Q3 2017, Personal Income in Georgia was estimated at \$451.2 billion, an increase of 0.6% from Q2 2017. (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>
<b>Retail Sales</b>	<p>Advanced estimates of retail and food service sales in January 2018 were <b>\$492.0 billion, a decrease of 0.3%</b> from the previous month, but <b>up 3.6%</b> from January 2017. Non-store retail sales were <b>13.2% higher</b> 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>
<b>E-Commerce</b>	<p>The estimate of U.S. retail e-commerce sales for the fourth quarter of 2017, adjusted for seasonal variation, was \$119.0 billion, <b>an increase of 3.2%</b> from the third quarter of 2017 and <b>16.9% higher than the third quarter of 2016</b>. E-commerce sales in the fourth quarter of 2017 accounted for 9.1% of total sales. (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>
<b>Consumer Confidence</b>	<p>The Consumer Confidence Index <b>increased to 125.4</b> in January 2018, <b>up 1.9%</b> from December. According to The Conference Board, consumers' assessment of current conditions decreased slightly, but remains at historically strong levels. Expectations improved, though consumers were somewhat ambivalent about their income prospects over the coming months, perhaps the result of some uncertainty regarding the impact of the tax plan. Overall, however, consumers remain quite confident that the solid pace of growth seen in late 2017 will continue into 2018. (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>
<b>Consumer &amp; Producer Price Index</b>	<p>The Consumer Price Index for all urban consumers was <b>249.2 in January 2018, up 0.52%</b> from the previous month. The increase was broad-based, with increased in the indexes for gasoline, shelter, apparel, medical care, and food all contributing. The Producer Price Index for final demand was <b>114.9 in January, an increase of 0.44%</b> from the previous month. The January increase is attributable to a 0.3% increase in prices for final demand services and a 0.7% advance in the index for final demand goods. (Source: US Bureau of Labor Statistics)</p>
<b>Small Business Optimism Index</b>	<p>The Small Business Optimism Index was 106.9 in January, <b>an increase of 1.9% from the previous month</b>. January 2018 set a record with the number of small business owners saying "Now is a good time to expand." That index component made up 32% of the SBOI as a whole. Out of 10 components, six posted gains, two declined, and two remained unchanged. (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>
<b>Industrial Production and Capacity Utilization</b>	<p>The Industrial Production Index was 107.2 in January 2018, <b>a decrease of 0.1%</b> from the previous month but <b>3.7% higher than January 2017</b>. Capacity utilization for the industrial sector <b>decreased 0.2%</b> in January 2018 to 77.5%. (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>
<b>Manufacturing &amp; Trade Sales</b>	<p>Total combined sales and manufacturing shipments totaled nearly <b>\$1.43 trillion</b> in December 2017, <b>up 0.6% from November 2017 and up 6.7% from December of the previous year</b>. (Source: US Census)</p>
<b>Manufacturing &amp; Trade Inventory</b>	<p>Total value of inventory on-hand is estimated at <b>\$1.90 trillion</b> in December 2017, <b>up 0.4% from November 2017 and up 3.2% from December of the previous year</b>. (Source: US Census)</p>
<b>Purchasing Managers Index</b>	<p>The National PMI <b>declined to 59.1%</b> in January 2018, a <b>decrease of 20 basis points</b> from the previous month but still <b>one of the highest levels reached in years</b>. While New Orders <b>decreased 200 basis point to 65.4%</b> they were still the highest level recorded since January 2004. Production <b>decreased 70 basis points to 64.5%</b>. According to the Institute for Supply Management, "comments from the panel reflect expanding business conditions. There are a lot of strong feelings 2018 is going to be a good year." In January, 14 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>
<b>Purchasing Managers Index in Georgia</b>	<p><b>Georgia's PMI decreased 250 basis points</b> month-over-month, to 60.0% in December 2017. New orders in Georgia <b>decreased to 65.0%</b> and production <b>decreased to 45.0%</b>. Seasonal factors and lower response rates contributed to the volatile regional index components this month. In the month of December, Georgia's PMI was 30 basis points above the national PMI. (Source: Kennesaw State University) <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>

## U.S. Market News

According to a report released by last mile solutions provider Localz and Supply Chain and Logistics Business Intelligence, retailers are more interested in full supply chain visibility and precision rather than same-day delivery operations. While same-day delivery is still important to retailers and consumers — it ranked second on the list of priorities in the report — full visibility is considered critical. Full visibility of the last mile being more important to customers than speedy delivery indicates that consumer preferences are little more nuanced than originally thought. That's why, as the report notes, 3PLs are increasingly offering direct-to-consumer services to their manufacturing customers to better meet demand. And that's what the next wave of e-commerce is likely to be: delivery flexibility rather than speed. Now that consumers know they can get shipments fast and cheap or free, they want to be able to control when, where and how they receive shipments. The ability to change addresses, delivery times and places is going to be the 3PL's next challenge, especially as the internet-driven economy centers around rapidly changing consumer preferences. (Source: Localz, SupplyChainDive.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 3.39%** in January 2018, ending at a reading of 10,972. (A price-weighted average of 20 U.S. companies in the transportation industry, average of January 1<sup>st</sup> thru January 31<sup>st</sup>. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

### NASDAQ Transportation Index

NASDAQ Transportation Index **increased 3.88%** in January 2018, ending at a reading of 5,075. (Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of January 1<sup>st</sup> thru January 31<sup>st</sup>)

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 132.0 in December 2017, an **increase of 0.69%** from the previous month, **6.1% higher** than December 2016, and the **highest level of all time**. The December increase was broad based, with increases in Rail Carloads, Rail Intermodal, Trucking, and Water, while Pipeline and Air Freight declined. (Source: US DOT)

### Cass Freight Index

The Cass Freight Shipments Index was 1.151 in December 2017, a **decrease of 0.3%** from the previous month, but an **increase of 7.2%** year-over-year and the **largest year-over-year increase** on record. Data continues to suggest that the consumer is starting to spend a little, although not with brick and mortar retailers. The Cass Freight Expenditures Index was 2.638 in December, an **increase of 0.3%** from the previous month and an **increase of 16.0%** year-over-year. According to Cass Information Systems, December's 16.0% increase signals shippers are willing to pay for services to get goods picked up and delivered in modes throughout the transportation industry. (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 November 2017 **increased to a reading of -8.9**. According to FTR, while the index remains in solidly negative territory, its forward-looking components suggest longer term improvement throughout 2018 due to potentially less pressure on capacity from regulations and slower freight growth. However, FTR notes that there is the possibility that conditions could decline for shippers in the near term as the U.S. economy continues to expand. (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for shippers)

### NAFTA Trade

Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$100.6 billion in November 2017, **up 0.1%** from the previous month, and **up 10.4%** year-over-year. November marked the **13<sup>th</sup> straight month** in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried 63.1% of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)

### Multimodal News Clips:

- Earlier this month reports emerged that Amazon is exploring plans to launch its own parcel delivery service. Known as "Shipping with Amazon," or SWA, the service will involve the online retailer picking up parcels from businesses and shipping them to consumers. It's expected to roll out in Los Angeles in the coming weeks, according to the Wall Street Journal. Money.com reported that the company recently leased 40 air freight aircraft and has begun arranging maritime freight shipments from China while quietly building up a new force of urban delivery drivers. Analysts believe that regardless of how aggressive any Amazon move into the P&D (pickup & delivery) space might be, it is likely the online retailer would have to continue to use both UPS and FedEx, as well as other shippers, for quite some time until any proprietary P&D fleet was able to handle the company's massive volume of freight on its own. (Source:Truckinginfo.com, The Wall Street Journal, Money.com)
- CMA CGM will charge an emergency intermodal fee beginning March 16 to beneficial cargo owners (BCOs), non-vessel-operating common carriers (NVOs) and logistics providers. The purpose of the surcharge is to offset escalating costs, which CMA CGM attributes to the electronic logging device (ELD) mandate and the driver shortage in the trucking industry. The fee isn't necessarily an unusual move. Carriers have imposed fees for a variety of reason, whether for cancellations, peak seasons, or high fuel prices. (Source: JOC.com, Supplychaindive.com)

## RAIL:

<b>U.S. Freight Rail Traffic</b>	Originations of carloads in January 2018 totaled 1,217,405 units, an <b>increase of 21.9%</b> from the previous month but a <b>decrease of 3.4%</b> from January 2017. Total carloads averaged 243,481 per week in January 2018; since 1988, when AAR's U.S. data begin, only 2016 had a lower weekly average in January. In January, extreme cold and blizzards negatively impacted carloads in many parts of the country, although it is important to note that winter weather is a problem most years. (Source: AAR.org) <i>(Report includes rail car-loadings by 20 different major commodity categories)</i>
<b>U.S. Intermodal Rail Traffic</b>	Intermodal rail traffic totaled 1.31 million units in January 2018, an <b>increase of 22.4% from the previous month and 3.5% higher than January 2017</b> . Average weekly volume in January 2018 was 262,028 units, <b>the most for any January in history</b> . (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
<b>Railroad Fuel Price Index</b>	The index of average railroad fuel prices in January 2018 was 410.9, <b>up 5.7%</b> from the previous month and <b>23.2% higher</b> year-over-year. (Source: AAR.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 December 2017 <b>decreased 0.37% from the previous month</b> to 145,416 employees total, the ninth straight month-to-month decline. In December, the majority of the decline was from lower maintenance of way employment, which typically has a seasonal decline in the winter. (Source: U.S. STB, AAR)
<b>Short Line Rail Traffic</b>	In December 2017, short line railroad shipments across North America <b>decreased 4.8% from the previous month but increased 0.1.4% year-over-year</b> . A sampling of about 500 short line and regional railroads loaded <b>329,320 railcars</b> and intermodal units during the month of December. Crushed stone, sand, and gravel led gains for the third month, up 31.6% over the previous year. Trailer or containers led declines, down 30.4% from the previous year. (Source: Railinc Short Line and Regional Traffic Index)
<b>Railroad News Clips:</b>	BNSF Railway Company announced it recently became the first Class I railroad to join the Blockchain in Transportation Alliance (BiTA). BiTA is comprised of more than 200 freight transportation companies working to develop blockchain standards for the logistics industry and the supply chain as a whole. Members of BiTA include Schneider, FedEx, and SAP. BiTA will work to define what data goes into the freight transportation blockchain, how that data is formatted, how the data is structured, and in what cases blockchain would be used. (Source: Railwayage.com)

## TRUCKING:

<b>Truck Tonnage Index</b>	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 111.6 in January 2018, an <b>increase of 2.0% from the previous month and an increase of 8.8% from January 2017</b> . According to the ATA, January's gain fit with anecdotal reports from fleets – that freight was solid in what is typically a softer month. ATA expects freight tonnage to remain robust in the months ahead. (Source: American Trucking Associations   Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)
<b>Truckload Freight</b>	The spot market for truckload-freight available for pick-up in January 2018 <b>increased 26%</b> compared to the previous month, and was <b>134% higher</b> year-over-year. Truck capacity <b>increased 4.1%</b> for the month, and <b>decreased 6.9%</b> year-over-year. (Source: DAT Trendlines   www.dat.com)
<b>Refrigerated Trucking</b>	In January 2018, refrigerated loads posted on load boards <b>increased 17%</b> while refrigerated truck posts <b>increased 3%</b> , compared to December. That caused the load-to-truck ratio to <b>increase 14%</b> to 16.1 loads per truck. The ratio was <b>up 118%</b> compared to January 2017. (Source: DAT Trendlines   www.dat.com)
<b>Trucking Conditions Index</b>	The Trucking Conditions Index <b>increased to a reading of 9.2 in December 2017</b> , reflecting a full capacity environment driven by continued strength in freight demand. FTR expects the index to remain elevated and potentially increase further in 2018. According to FTR "fleets have been running very efficiently the past few years, with capacity utilization in the high 90% range. Couple this efficiency with increases in freight volumes and productivity hits due to weather and regulations, and it's no surprise to the industry that the end of 2017 and the beginning of 2018 have been good for carriers." (Source: FTR Transportation Intelligence   ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i>
<b>Diesel Prices</b>	As of February 19, 2018 the U.S. average diesel price was <b>\$3.02 per gallon</b> . The U.S. average diesel price was <b>\$0.45 higher</b> than the same week last year. The average price of diesel in the Southeastern Atlantic states was <b>\$2.93 per gallon, 2.9% less than the national average price</b> . (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i>
<b>Trucking Employment</b>	The trucking industry workforce <b>increased by approximately 2,200 employees to 1,460,000 employees total</b> in January 2018. The trucking industry workforce <b>increased 0.15%</b> over the previous month and <b>decreased 0.18%</b> over January 2017. (Source: U.S. Bureau of Labor Statistics)
<b>Trucking Earnings and Hours</b>	The average earnings of truck transportation employees were \$23.75/hour in December 2017, <b>up 0.17%</b> from the previous month. The average weekly hours totaled 42.1 in December, <b>up 0.48%</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 **47,200 units** in January 2018, an **increase of 28.2%** from the previous month, **115.9% higher year-over-year**, and the **highest order number of any month since early 2006**. According to FTR, orders for heavy duty trucks surged to start 2018. These levels were well above already strong expectations and continue to indicate that the equipment markets are still reacting to the tight capacity in the truck marketplace. Preliminary January 2018 net trailer orders came in at **40,000 units**, **down 12.6%** from the previous month, but **up 21.9%** from January 2017, and the first time on record that the industry has been at those levels in any 3-month period. According to FTR, carriers continue to add trailers as a way to increase total productivity and all trailer segments are looking very positive for 2018. (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

Temporary exemptions and a phased-in enforcement period have made it difficult to gauge the full impact of the electronic logging device (ELD) mandate, according to FTR analysts. The firm summarized the exemptions currently in place and noted the many exemption applications that are still pending. One includes the Owner-Operator Independent Drivers Association's (OOIDA) petition to exempt "small business" trucking operations of less than \$27.5 million in annual revenue. On the enforcement side, 17 states reportedly have decided to not do any enforcement until April 1, 12 states are leaving it up to the individual officer, and 19 are currently writing ELD tickets. The FMCSA has asked states to use a specific violation code between Dec. 18 and April 1 to indicate ELD violations, which would not affect CSA scores, but would allow FMCSA to gather data on ELD use. However, the code is not appearing in publicly available data. Data is showing an increase in codes for "no logs available" and "violations related to use of e-logs" which will affect carrier CSA scores. These factors are making it difficult to get a solid picture of ELD compliance at this point in time. (Source: Truckinginfo.com, FTR)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in December 2017 **increased by 5.7% year-over-year**, and **increased 9.0%** for all of 2017. According to the IATA, air freight outperformed global goods trade by the widest margin since 2010, driven by the restocking cycle and buoyant demand for manufactured exports. Indicators remain consistent with year-on-year freight growth remaining at solid rates during the first half of 2018. (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

### Atlanta Air Cargo Traffic

In December 2017, Hartsfield-Jackson Atlanta International Airport transported **59,928 metric tons** of cargo, a **1.18% increase** from the previous month and a **4.40% decrease** year-over-year. For all of 2017, HJIA transported **685,338 metric tons** of cargo, a **5.66% increase** over 2016. (Source: HJIA)

### Air Freight Price Index

Airfreight rates in December 2017 decreased to \$3.06 per kg, a drop of 9 cents from the previous month but in-line with seasonal trends. Year-over-year, airfreight rates in December 2017 were 8% above December 2016, and Drewry expects prices to remain well above the annual comparisons in January 2018. (Source: Drewry, aircargonews.net) *(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)*

### Jet Fuel Prices

As of February 16, 2018 the global average jet fuel price was \$78.90 per barrel; **down 4.6%** from the previous month, and **18.8% 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:

With Valentine's Day and the Chinese Lunar New Year falling in the same week this year, the demand for air cargo is expected to increase dramatically. The shipping of perishable flowers, plants, chocolates, and gifts from around the world could reach record levels for some carriers. UPS said it expects to transport more than 8 million pounds of flowers to destinations in the United States, which is equivalent to 64 filled 767 aircraft. American Airlines Cargo, which shipped more than 18 million pounds of flowers alone in 2017, said it expects to see an increase in 2018. Most Valentine's Day flowers, the carrier added, come from Latin American countries, such as Ecuador, Costa Rica and Colombia. (Source: aircargoworld.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In December 2017, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.72 million TEUs. With most holiday merchandise already in the country by that time, December marked a **2.1% decrease** from the previous month but was **8.4% higher** from December 2016. According to the National Retail Federation and Hackett Associates, 20.5 million TEUs were imported during 2017, an **increase of 7.6%** compared to 2016. The NRF expects the nation's major retail container ports to grow 4.9% during the first half of 2018, compared to the same period the previous year. (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The February 14<sup>th</sup> SCFI comprehensive reading was **\$867.16 per FEU**, **up 3.2%** from last month. The **spot rate for shipments to the U.S. East Coast was \$2,767 per FEU**, **down 0.9%** from the previous month. (Source: Shanghai Shipping Exchange | www1.chineseshipping.com.cn/en) *(The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)*

### Baltic Dry Index

The Baltic Dry Index **decreased 15.6%** in January 2018, ending at 1,152. It was announced earlier this month that there will be changes in the way the BDI is measured. The BDI will now get its heaviest weighting from giant Capesize ships that haul iron ore and coal, while the smallest Handysize carrier will be removed altogether. According to the Baltic Index Council, the shift is designed to address the fact that there's not enough derivatives trading of Handysize rates for financial institutions to create the necessary hedges of the over-arching BDI. By eliminating those smaller vessels, the BDI will now reflect charter prices where there are appropriate underlying derivatives markets. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND), ShippingWatch.com) *(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 **338,793 TEUs** in January 2018, a **4.8% increase** from the previous month and **2.2% higher** compared to January 2017. At the 50<sup>th</sup> annual Georgia Foreign Trade Conference held earlier this month, it was announced that Savannah's outer harbor dredging will be finished in March, bringing the Savannah Harbor Expansion Project to 50 percent completion. Deepening the inner harbor should be complete by late 2021, allowing Neo-Panamax vessels to take on more cargo and transit the river with greater scheduling flexibility. (Source: GPA)

### Port of Brunswick

At the Port of Brunswick, the GPA is well on its way to developing an annual capacity of 1.4 million vehicles. In just the past year, the GPA has spent \$25 million to increase roll on/roll off space, and plans to spend another \$20 million in the next 18 months to grow and attract additional auto business to Georgia. (Source: GPA)

### Ocean Freight Business News:

Ocean shipping rates are expected to start rising in 2018 as demand outstrips capacity for the first time in several years, according to a report put out earlier this month by S&P Global Ratings. After two years of bankruptcies and carrier consolidation, S&P said the ratings for the top 17 carriers have now stabilized, signaling positive growth. However, S&P also reported that global indicators including nations' trade and regulatory policies could prevent the industry from rebounding robustly this year. The report states that "freight rates will ultimately depend upon how prudent the leading container liners are in their capacity management decisions...we see a risk that new orders will accelerate." The report also notes that due to increased enforcement of environmental regulations, carriers will likely see added costs in making their operations more environmentally friendly, however in the long run, investment in sustainable practices will be economically viable. (Source: S&P Global, Supplychaindive.com)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy remained low during the fourth quarter of 2017, ending at 5.5%**. The nationwide vacancy rate was 5.4% in Q3 2017 and 5.5% in Q4 2016. None of the 49 markets tracked by NGKF had a double-digit vacancy rate at year-end of 2017. According to NCREIF, U.S. industrial is the only core property sector to have achieved a double-digit unlevered total return over the past four quarters, totaling 12.8% overall. Industrial outperformed the second-best performing sector, apartments, by 658 basis points between the third quarter of 2016 and the third quarter of 2017. The vacancy rate in **Atlanta, GA was 7.4%** in Q4 of 2017. (Source: NGKF)

### Warehouse Rent Rates

In Q4 2017, the average asking rent across the U.S. was **\$6.51/SF, up 1.2%** from the prior quarter **and up 5.9%** from Q4 2016. Seven of the 49 markets tracked by NGKF posted double-digit rent gains during 2017. According to NGKF, modern distribution centers that meet the needs of online retailers, complete with higher ceiling heights and automated warehouse and management control systems, have seen strong national rent growth because of robust demand. **The average asking rent in Atlanta was \$4.83/SF in Q4 2017.** (Source: NGKF)

### Industrial Absorption

Net absorption in the U.S. during Q4 2017 remained robust, totaling 56.6 million square feet. While demand remained strong, it was down from 60.8 million square feet the previous quarter and 65.4 million square feet recording during Q4 2016. The national absorption total for all of 2017 measured 224.3 million square feet, the fourth consecutive year in which U.S. industrial absorption measured 200 million square feet or greater. Of the 49 industrial markets tracked by NGKF, 21 absorbed 1 million square feet or more in Q4. One of the **largest leases of the quarter was signed by CEVA Logistics, for 404,700 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 5,300 employees** to 1,016,500 employees total in January 2018. The warehouse industry workforce **increased 0.5%** from the previous month and **increased 7.3%** 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 \$19.61/hour in December 2017, **up 0.31%** from the previous month. The average weekly hours totaled 43.1 in December, **down 2.1%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

## W&D Business News:

- The U.S. warehousing market continues to remain in a position of strength, according to a report issued earlier this month by supply chain consultancy Armstrong & Associates. U.S. warehousing costs for 2017 were estimated to be \$148.7 billion, a 3.3% increase over 2016's \$143.7 billion, according to Armstrong. Nearly \$70 billion of that total was attributed to commercial warehousing, and the third-party logistics (3PL) value-added warehousing and distribution (VAWD) market accounted for an estimated \$40.5 billion. Also included in the report were North American e-commerce logistics revenues, which Armstrong said came in at \$9.5 billion in 2016 and anticipated to double by 2020. A 3PL provider said in the report that the warehousing industry has continued to evolve year over year, especially with e-commerce becoming an increasingly larger sales channel and consumer buying behavior shifting more online. They said that e-commerce is causing shippers to increase the number of products and SKUs they offer, which is leading to the need for more warehousing space. (Source: Logistics Management, Armstrong & Associates)
- OFS Fitel, LLC (OFS), manufacturer of optical fiber products, announced that they will create 200 jobs and invest \$138.9 million in the expansion of both their Norcross and Carrollton facilities in Georgia. OFS is a wholly-owned subsidiary of Japanese parent company, Furukawa Electric Co., Ltd. In 2017 Furukawa Electric announced plans to nearly double its 2016 optical fiber manufacturing capacity by 2019 and to increase its optical fiber cable manufacturing capacity. (Source: Georgia.org)

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