

## U.S. MARKET:

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| <b>Gross Domestic Product</b>          | <p>The U.S. GDP <b>increased at an annual rate of 2.5%</b> in the fourth quarter of 2017, according to the second estimate released by the Bureau of Economic Analysis in late February. 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 March 16, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is 1.8%</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 5.01%</b> in January 2018 to \$56.6 billion. In January, the U.S. had a trade surplus with Hong Kong, South and Central America, Singapore, Brazil, and United Kingdom. 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 January 2018, the U.S. <b>imported \$210.7 billion</b> of cargo, <b>decreasing 0.09%</b> from December. The January imports of industrial supplies and materials (\$47.3 billion) were the <b>highest since December 2014 (\$51.8 billion)</b>. (Source: US Census)</p>  |
| <b>Export Volumes</b>                  | <p>In January 2018, the U.S. <b>exported \$134.2 billion</b> of cargo, <b>decreasing 2.19%</b> from December. The January export of consumer goods (\$17.9 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 0.4%</b> in February 2018, the seventh consecutive monthly increase. Higher prices for nonfuel imports more than offset declining prices for imported fuel. U.S. export prices <b>increased 0.2%</b> in February 2018. In February, higher prices for both nonagricultural and agricultural exports contributed to the increase in overall export prices. (Source: Bureau of Labor Statistics)</p>  |
| <b>Unemployment Rate</b>               | <p>The unemployment rate in America <b>remained at 4.1%</b> in February 2018, staying at the same rate it's been at since October 2017. A preliminary <b>313,000 net new jobs were created</b> in February 2018, up from a revised 239,000 in January and the <b>most for any month since July 2016</b>. February 2018 marked the 89<sup>th</sup> straight month of job creation, the <b>longest such streak on record</b>. The unemployment rate in <b>Georgia was 4.5%</b> in January 2018, <b>the same as</b> the previous month. Year-over-year, Georgia added 65,300 jobs. (Source: US DOL, US BLS, GDOL)</p>   |
| <b>Labor Force Participation Rate</b>  | <p>The labor force participation rate <b>increased to 63.0% in February 2018</b>. The labor force participation rate for those of prime working age (25-54) was 79.3% in February, the <b>highest level since June 2008</b>. (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 0.6%</b> in February 2018, ending at a reading of 108.7. According to The Conference Board, "the LEI rose again, despite a sharp downturn in stock markets and weakness in housing construction in February. The LEI points to robust economic growth throughout 2018. Its six-month growth rate has not been this high since the first quarter of 2011. While the Federal Reserve is on track to continue raising its benchmark rate for the rest of the year, the recent weakness in residential construction and stock prices – important leading indicators - should be monitored closely." (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 January 2018, housing starts were an annualized 1,326,000 units, <b>up 9.7%</b> from the previous month and <b>7.3% higher</b> compared to January 2017. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 104.6 in January 2018, <b>down 4.7%</b> from the previous month, <b>and the lowest level since October 2014 (104.1)</b>. According to the National Association of Realtors, January's decline "occurred because of woefully low supply levels and the sudden increase in mortgage rates. With the cost of buying a home getting more expensive and not enough inventory, some prospective buyers are either waiting until listings increase come spring or now having to delay their search entirely to save up for a larger down payment." (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 17.0 million in February 2018, <b>down 0.6%</b> from the previous month, and <b>2.3% lower</b> from February 2017. For the first two months of 2018, total light vehicle sales were down 0.8% from last year, with light trucks up 5.8% and cars down 12.3%. (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>   |

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| <b>Personal Income</b>                                | <p>Personal Income <b>increased 0.39%</b> to \$16.8 trillion in January 2018. The increase in January primarily reflected increases in wages and salaries and social security benefits that were partially offset by an increase in contributions for government social insurance. During Q4 2017, Personal Income in Georgia was estimated at \$457.8 billion, an <b>increase of 1.2%</b> from Q3 2017. In all of 2017, Personal Income in Georgia <b>increased 3.8%</b>. (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 February 2018 were <b>\$492.0 billion, a decrease of 0.1%</b> from the previous month, but <b>up 4.0%</b> from February 2017. Non-store retail sales were <b>11.4% 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, an <b>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 130.8</b> in February 2018, <b>up 5.2%</b> from January, and the <b>highest level since 2000</b>. According to The Conference Board, consumers' assessment of current conditions was more favorable this month, with the labor force the main driver. Despite the recent stock market volatility, consumers expressed greater optimism about short-term prospects for business and labor market conditions, as well as their financial prospects. Overall, consumers remain quite confident that the economy will continue expanding at a strong pace in the months ahead. (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>249.6 in February 2018, up 0.2%</b> from the previous month. The indexes for shelter, apparel, and motor vehicle insurance all rose and contributed to the increase. The Producer Price Index for final demand was <b>115.1 in February, an increase of 0.2%</b> from the previous month. The February increase is attributable to a 0.3% increase in prices for final demand services. (Source: US Bureau of Labor Statistics)</p>   |
| <b>Small Business Optimism Index</b>                  | <p>The Small Business Optimism Index was 107.6 in February, an <b>increase of 0.65% from the previous month</b>, and the <b>second highest reading</b> in its' 45-year history. For the first time since 2006, taxes received the fewest votes as the number 1 business problem for small business. Out of 10 components, six posted gains, one declined, and three 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 108.2 in February 2018, an <b>increase of 1.1%</b> from the previous month and <b>4.4% higher than February 2017</b>. Capacity utilization for the industrial sector <b>increased 0.9%</b> in February 2018 to 78.1%. (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 January 2018, <b>down 0.2% from December 2017</b> and <b>up 5.7% from January 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>\$1.92 trillion</b> in January 2018, <b>up 0.6% from December 2017</b> and <b>up 3.7% from January of the previous year</b>. (Source: US Census)</p>  |
| <b>Purchasing Managers Index</b>                      | <p>The National PMI <b>increased to 60.8%</b> in February 2018, an <b>increase of 170 basis points</b> from the previous month, and the <b>highest level since May 2004</b>. New Orders <b>decreased 120 basis point</b> to 64.2% and Production <b>decreased 250 basis points</b> to 62.0%. The gain in February was mainly due to rising raw material prices and a surge in employment. In February, 15 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 increased 850 basis points</b> month-over-month, to 67.7% in February 2018. New orders in Georgia <b>increased to 80.8%</b> and production <b>increased to 73.1%</b>. In the month of February, Georgia's PMI was <b>690 basis points above</b> 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

DHL is piloting a range of new technologies in its U.S. operations, including a service from their eCommerce unit called Parcel Metro. The service uses technology and software to crowdsource drivers for deliveries and track shipments in real time, with the goal of meeting consumer demands for same-day and next-day delivery. Customer loyalty "is won and lost in how well the orders are fulfilled and delivered," Charles Brewer, CEO, DHL eCommerce, said in a company press release. Parcel Metro seeks to address this key challenge for online retailers, as consumers want their goods delivered in shorter periods of time. With the roll-out in urban areas across the U.S., DHL positions its service in locations that are close to consumers, thus decreasing transport times from end to end. Parcel Metro is already available in Chicago, New York and Los Angeles. DHL plans to introduce the service later this year in Dallas, Atlanta, San Francisco and Washington, D.C. (Source: DHL, SupplyChainDive.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **decreased 5.39%** in February 2018, ending at a reading of 10,381. (A price-weighted average of 20 U.S. companies in the transportation industry, average of February 1<sup>st</sup> thru February 28<sup>th</sup>. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

### NASDAQ Transportation Index

NASDAQ Transportation Index **decreased 2.67%** in February 2018, ending at a reading of 5,131. (Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of February 1<sup>st</sup> thru February 28<sup>th</sup>)

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 132.8 in January 2018, a **decrease of 0.38%** from the previous month, **6.3% higher** than January 2017, and the **second highest level of all time**. Decreases in rail carloads, rail intermodal, pipeline and water resulted in the January decline while trucking and air freight increased. (Source: US DOT)

### Cass Freight Index

The Cass Freight Shipments Index was 1.131 in January 2018, a **decrease of 1.7%** from the previous month, but an **increase of 12.5%** year-over-year. According to the Index report, "volume has continued to grow at such a pace that capacity in most modes has become extraordinary tight. Pricing power has erupted in those modes to levels that spark overall inflationary concerns in the broader economy." The Cass Freight Expenditures Index was 2.590 in January, a **decrease of 1.8%** from the previous month but an **increase of 14.2%** year-over-year. According to Cass Information Systems, January's 14.2% increase signals that "capacity is tight, demand is strong, and 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 December 2017 slightly **increased to a reading of -8.8**. According to FTR, carrier capacity remains extremely tight with rate acceleration expected through Q2, keeping the index in decidedly negative territory through early 2018. The Shippers Conditions Index could improve later in the year dependent upon how much carriers can add capacity to meet the strong demand, as well as shippers adjusting supply chains to enhance carrier productivity. (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 \$93.5 billion in December 2017, **down 7.1%** from the previous month, but **up 7.4%** year-over-year. December marked the **14<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 60.7% 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:

National transportation leaders and stakeholders, including representatives from the U.S. Department of Transportation (USDOT), Federal Highway Administration (FHA), Federal Motor Carrier Safety Administration (FMCSA), American Trucking Associations and state-level transportation departments, joined at USDOT this month for a public listening summit on automated vehicle (AV) policy. The summit centered around the draft AV 3.0 Framework, which will create a standard vocabulary and understanding of AV concepts and opportunities. The three main priorities of AV 3.0 are safety, infrastructure and preparing for the future. It will include guidance for ports, rail, trucking and mass transit and is expected to be released as early as summer 2018. (Source:Supplychainedive.com)

## RAIL:

### U.S. Freight Rail Traffic

Originations of carloads in February 2018 totaled 1,028,141 units, a **decrease of 15.5%** from the previous month and a **decrease of 0.3%** from February 2017. Total carloads averaged 257,035 per week in February 2018; since 1988, when AAR's U.S. data begin, only 2016 had a lower weekly average in February. For the first two months of 2018, total carloads were down 2.0%, or 45,184 carloads, to 2.245 million, the lowest January-February total since 1988 other than 2016. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)

### U.S. Intermodal Rail Traffic

Intermodal rail traffic totaled 1,104,001 million units in February 2018, a **decrease of 15.7% from the previous month but 6.9% higher than February 2017**. Average weekly volume in February 2018 was

276,000 units, the **second highest month in history for U.S. railroads**. According to AAR, since February is not typically one of the highest volume months of the year for intermodal, it's reasonable to expect new intermodal records to be set in the months ahead, especially this coming fall. (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 February 2018 was 401.8, **down 2.2%** from the previous month and **20.4% 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 January 2018 **decreased 0.75% from the previous month** to 144,329 employees total, the tenth straight month-to-month decline. According to AAR, train and engine employment has been trending flat to slightly upward for the past couple of years, which is not the case for other categories of rail employees. (Source: U.S. STB, AAR)

### Short Line Rail Traffic

In January 2018, short line railroad shipments across North America **increased 2.7% from the previous month but decreased 2.3% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 338,247 railcars** and intermodal units during the month of January. Crushed stone, sand, and gravel led gains for the fourth month, up 13.6% over the previous year. Trailer or containers led declines for the second consecutive month, down 28.3% from the previous year. (Source: Railinc Short Line and Regional Traffic Index)

### Railroad News Clips:

In late 2017, the American Short Line and Regional Railroad Association (ASLRRA) released a new strategic plan that featured seven objectives aimed at addressing small railroads' biggest challenges. One of the plan's goals was to educate short lines about the implications of adopting new technology. Like their Class I counterparts, regionals and short lines are doing what they can to stay on top of the latest technological trends. Part of that involves learning how to leverage their growing collection of track, locomotive and equipment data. By combing through Big Data and taking advantage of automation, railroads can drive efficiencies and predict when major components might fail. ASLRRA is currently working with Norfolk Southern Railway, Genesee & Wyoming Inc., Anacostia Rail Holdings and a shipper to pilot a new platform that would provide up-to-date information on loaded and unloaded cars on their networks. It is one of several projects that is aiming to improve exchanges between short lines, Class Is, and shippers. (Source: Progressiverrailroading.com)

## TRUCKING:

### Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 109.2 in February 2018, a **decrease of 2.6% from the previous month and an increase of 5.7% from February 2017**. According to the ATA, despite a softer February than January, freight remains robust as exhibited in the year-over-year increase. The drivers of truck freight – personal consumption, factory output and construction – are good, plus the inventory cycle is in favor of motor carriers, so freight tonnage is expected to grow at a decent pace in the months ahead. (Source: American Trucking Associations | Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

### Truckload Freight

The spot market for truckload-freight available for pick-up in February 2018 **decreased 14%** compared to the previous month, and was **121% higher** year-over-year. Truck capacity **increased 2.9%** for the month, and **decreased 8.5%** year-over-year. (Source: DAT Trendlines | www.dat.com)

### Refrigerated Trucking

In February 2018, refrigerated loads posted on load boards **decreased 38%** while refrigerated truck posts **increased 2%**, compared to January. That caused the load-to-truck ratio to **decrease 39%** to 9.8 loads per truck. The ratio was **up 106%** compared to February 2017. In February, the national reefer rate was \$2.42 per mile. That was \$0.22 lower than the previous month, which was the highest monthly average ever recorded in DAT Trendlines. Compared to February 2017, the rate was \$0.56 higher. (Source: DAT Trendlines | www.dat.com)

### Trucking Conditions Index

The Trucking Conditions Index **increased to a reading of 11.5 in January 2018**, reflecting a full capacity environment and the accompanying rate increases being realized by carriers, according to FTR. Trucking conditions have been unusually strong in Q1 with carriers approaching the most favorable environment they have experienced in 14 years. ELD full implementation and strong freight demand will keep the TCI reading in positive double-digits with the peak likely being reached during the second quarter. FTR currently forecasts a softening in the index later in 2018, as increased labor and equipment costs along with slowing rate growth are likely to lead to modest softening of trucking conditions. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

### Diesel Prices

As of March 19, 2018 the U.S. average diesel price was **\$2.97 per gallon**. The U.S. average diesel price was **\$0.43 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$2.85 per gallon, 4.0% 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 **increased by approximately 5,600 employees to 1,470,000 employees total** in February 2018. The trucking industry workforce **increased 0.38%** over the previous month and **decreased 0.09%** over February 2017. (Source: U.S. Bureau of Labor Statistics)

## Trucking Earnings and Hours

The average earnings of truck transportation employees were \$23.81/hour in January 2018, **up 0.1%** from the previous month. The average weekly hours totaled 40.6 in January, **down 3.3%** 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 **40,200 units** in February 2018, a **decrease of 15%** from the previous month, but **76% higher year-over-year**. February's orders were well above expectations and marked the second consecutive month for volume exceeding the 40,000 level, something that has not happened since November-December 2014. According to FTR, fleets are striving to add hauling capacity in response to strong freight growth. OEM orders were sturdy across the board for all markets and truck types. Preliminary February 2018 net trailer orders came in at **32,000 units, down 20%** from the previous month, but **up 24%** from February 2017. If the preliminary numbers hold, it will be a record February for trailer orders. (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

The Federal Motor Carrier Safety Administration announced a new waiver from the electronic logging device (ELD) mandate for livestock and agriculture haulers, and offered additional enforcement insight as full implementation nears. A 90-day waiver issued in December was scheduled to expire on March 18, however another 90-day waiver extending into June has been granted. In the coming months, the FMCSA also plans to publish final guidance on the agricultural 150 air-mile, hours-of-service exemption and on personal conveyance. Beginning in April, a driver cited for not using an ELD will be placed out of service for 10 hours. After that rest period, the trucker will be allowed to proceed to the final destination, provided they at least have a paper log. However, that driver must use the ELD before heading back out on the road. According to the FMCSA, it will be up to the discretion of law enforcement whether to allow truckers to complete a nearby trip if they are using an ELD and found to be over available hours. This reflects the same policy as in the past. (Source: Fleetowner.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in January 2018 **increased by 8.0% year-over-year**. According to the IATA, the shifting timing of Chinese New Year can distort annual growth rates at the start of each year. Once February data is reported, a more complete picture of the strength of freight demand during the first months of 2018 will be available. The demand drivers of air freight remain supportive, with global manufacturers in particular still reporting buoyant demand for their exports. (Source: IATA.org,) (*Global air freight covers international and domestic scheduled air traffic.*)

### Atlanta Air Cargo Traffic

In January 2018, Hartsfield-Jackson Atlanta International Airport transported **49,729 metric tons** of cargo, a **17.0% decrease** from the previous month and a **3.58% decrease** year-over-year. (Source: HJIAIA)

### Air Freight Price Index

Airfreight rates in January 2018 decreased to \$2.76 per kg, a drop of 30 cents from the previous month. Year-over-year, airfreight rates in January 2018 were 2% above January 2017, and Drewry expects further declines in line with seasonal trends. (Source: Drewry, airargonews.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 March 2, 2018 the global average jet fuel price was \$79.10 per barrel; **down 6.0%** from the previous month, and **21.9% 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:

The International Air Transport Association (IATA) has launched a new online air cargo tool to assist airlines, handlers, third-party logistics providers and shippers to comply with dangerous goods requirements. IATA estimates that more than 1.25 million dangerous goods shipments are now transported by air each year. DG AutoCheck allows air cargo shippers and logistics providers to check the compliance of the shipper's declaration for dangerous goods against all related rules and regulations contained in the IATA Dangerous Goods Regulations. In addition, DG AutoCheck allows ground handlers to accept or reject a shipment during physical inspections by providing a "pictorial representation" of the package with the marking and labelling required for air transport. According to the IATA, "automation with DG AutoCheck brings us a giant step forward. The cargo supply chain will benefit from greater efficiency, streamlined processes and enhanced safety." (Source: AmericanShipper.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In January 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.73 million TEUs, a **0.2% increase** from the previous month and **1.8% higher** from January 2017. According to the National Retail Federation and Hackett Associates, imports at the nations' major retail container ports are expected to dip slightly this month, the result of annual Asian factory shutdowns for Lunar New Year. (Source: NRF/Hackett Associates)

## Shanghai Containerized Freight Index

The March 16<sup>th</sup> SCFI comprehensive reading was **\$675.46 per FEU, down 22.1%** from last month. The **spot rate for shipments to the U.S. East Coast was \$2,009 per FEU, down 27.4%** from the previous month. (Source: Shanghai Shipping Exchange | [www1.chineseshipping.com.cn/en](http://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 3.5%** in February 2018, ending at 1,192. It was announced earlier last 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 **341,093 TEUs** in February 2018, a **0.7% increase** from the previous month, **3.2% higher** compared to February 2017, and the **busiest February on record**. Earlier this month, it was announced that Savannah's **outer harbor dredging was complete**, marking the midpoint of the Savannah Harbor Expansion Project (SHEP). 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, total auto and machinery units were up by 13.2 percent in February 2018 (5,648 units) for a total of 48,501. (Source: GPA)

## Ocean Freight Business News:

A consortium comprising AB InBev, Accenture, APL, Kuehne + Nagel and a European customs organization has successfully tested a blockchain solution that can save the ocean shipping industry hundreds of millions of dollars each year and reduce the need for data entry by up to 80%. The solution, developed by Accenture, exchanges documents via blockchain technology, instead of physically or digitally. An international shipment of goods typically requires more than 20 different documents, many of which are often paper-based, to enable the goods to move from exporter to importer. The consortium collaborated to test 12 real shipments, with various destinations, each with different regulatory requirements. The tests confirmed that blockchain can reduce operating costs and increase supply chain visibility. (Source: Accenture, 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 400 employees** to 1,014,400 employees total in February 2018. The warehouse industry workforce **increased 0.04%** from the previous month and **increased 7.24%** 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 \$19.92/hour in January 2018, **up 1.6%** from the previous month. The average weekly hours totaled 41.8 in January, **down 3.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

**W&D Business News:**

- Online grocery sales are expected to increase over the next six years, and as a result, shift the demand for cold storage from retail space to industrial space in warehouses and distribution centers, according to a report from real estate firm CBRE. While online grocery sales represented only \$19 billion or about 3% of total grocery sales in 2017, they're poised to reach \$100 billion (13%) by 2024, according to FMI/Nielsen. Cold storage accounts for 180 million square feet of industrial space (to be delivered to homes) and 300 million square feet of retail space (to be sold in traditional brick-and-mortar stores). CBRE expects 35 million square feet of cold storage to shift from retail to industrial by 2024. (Source: CBRE, Supplychaindive.com)
- Corvaglia Group, a Switzerland based supplier to the beverage industry, will build a new manufacturing facility in Newnan, Georgia. The new operation will create a variety of advanced manufacturing jobs and bring an investment of \$25 million to Coweta County. This new U.S. production facility will complement Corvaglia's existing operations in Eschlikon, Switzerland and Ixtlahuaca, Mexico. The facility will be operational by the end of 2018. Additionally, Corvaglia will bring high-speed digital printing to the new U.S. facility. (Source: Georgia.org)

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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:  
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