

## U.S. MARKET:

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|--|---|
| <b>Gross Domestic Product</b>          | <p>The U.S. GDP <b>increased at an annual rate of 4.2%</b> in the second quarter of 2018, according to the second estimate released by the Bureau of Economic Analysis in late August. The increase in real GDP reflected upward revisions to nonresidential fixed investment and private inventory investment that were partly offset by a downward revision to personal consumption expenditures (PCE). Imports, which are a subtraction in the calculation of GDP, were revised down. (Source: US BEA) As of September 14, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is 4.4%</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 9.6%</b> in July 2018 to \$50.1 billion. In July, 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 July 2018, the U.S. <b>imported \$213.9 billion</b> of cargo, <b>increasing 0.9%</b> from June. July imports of goods (\$212.2 billion) were the <b>highest on record</b>. (Source: US Census)</p>  |
| <b>Export Volumes</b>                  | <p>In July 2018, the U.S. <b>exported \$140.8 billion</b> of cargo, <b>decreasing 1.6%</b> from June. The July export of industrial supplies and materials (\$46.5 billion) and petroleum (\$15.8 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>declined 0.6%</b> in August 2018. Falling prices for both fuel and nonfuel imports contributed to the August decline. U.S. export prices <b>decreased 0.1%</b> in August. Lower prices for nonagricultural exports more than offset higher agricultural prices. (Source: Bureau of Labor Statistics)</p>   |
| <b>Unemployment Rate</b>               | <p>The unemployment rate in America <b>remained at 3.9%</b> in August 2018. A preliminary <b>201,000 net new jobs were created</b> in August 2018, up from a revised 147,000 in July and close to June's revised 208,000. In the first eight months of 2018, <b>1.65 million net new jobs were created</b>, an average of 207,000 per month. The economy needs to create around 120,000 jobs per month to keep up with growth in the working-age population. The unemployment rate in <b>Georgia was 3.8%</b> in August 2018, <b>down from 3.9%</b> the previous month. (Source: US DOL, GDOL, AAR)</p>   |
| <b>Labor Force Participation Rate</b>  | <p>The labor force participation rate <b>slightly declined to 62.7% in August 2018</b>. The labor force participation rate for those of prime working age (25-54) was 82.0% in August, slightly down from 82.1% the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) <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 0.4%</b> in August 2018, ending at a reading of 111.2. According to The Conference Board, "The leading indicators are consistent with a solid growth scenario in the second half of 2018 and at this stage of a maturing business cycle in the US, it doesn't get much better than this. The US LEI's growth trend has moderated since the start of the year. Industrial companies that are more sensitive to the business cycle should be on the lookout for a possible moderation in economic growth in 2019. The strengths among the LEI's components were very widespread, further supporting an outlook of above 3.0 percent growth for the remainder of 2018." (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 July 2018, housing starts were an annualized 1,168,000 units, <b>up 0.9%</b> from the previous month and <b>1.4% lower</b> than July 2017. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 106.2 in July 2018, <b>down 0.7%</b> from the previous month and <b>2.3% lower</b> year-over-year. According to the National Association of Realtors, "The reason sales are falling off last year's pace is that multiple years of inadequate supply in markets with strong job growth have finally driven up home prices to a point where an increasing number of prospective buyers are unable to afford it." (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 16.6 million in August 2018, <b>down 0.6%</b> from the previous month, <b>unchanged</b> from August 2017, and the <b>lowest level since August 2017</b>. Sales last year suffered because hundreds of auto dealerships in Texas had to close due to Hurricane Harvey. Year-to-date sales were 11.41 million, up 1.1% over the same period in 2017. (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>  |
| <b>Personal Income</b>                 | <p>Personal Income <b>increased 0.3%</b> to \$17.6 trillion in July 2018. The increase in July primarily reflected increases in wages and salaries, personal dividend income, and rental income. During Q1 2018, Personal Income in Georgia was estimated at \$463.3 billion, an <b>increase of 4.0%</b> from Q4 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>  |

## Retail Sales

Advanced estimates of retail and food service sales in August 2018 were **\$509.0 billion, an increase of 0.1%** from the previous month, and **up 6.6%** from August 2017. Non-store retail sales were **10.4% higher** from the same month last year. (Source: US Census) *(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)*

## E-Commerce

The estimate of U.S. retail e-commerce sales for the second quarter of 2018, adjusted for seasonal variation, was \$127.3 billion, **an increase of 3.9%** from the first quarter of 2018 and **15.2% higher than the second quarter of 2017**. E-commerce sales in the second quarter of 2018 accounted for 9.6% of total sales. (Source: US Census) *(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)*

## Consumer Confidence

The Consumer Confidence Index **increased to 133.4** in August 2018, **up 4.3%** from the previous month and the **highest level since October 2000**. According to The Conference Board, "Consumers' assessment of current business and labor market conditions improved further. Expectations, which had declined in June and July, bounced back in August and continue to suggest solid economic growth for the remainder of 2018. Overall, these historically high confidence levels should continue to support healthy consumer spending in the near-term." (Source: The Conference Board) *(The consumer confidence index is based on a monthly survey of 5,000 U.S. households. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)*

## Consumer & Producer Price Index

The Consumer Price Index for all urban consumers was **251.8** in August 2018, **up 0.2%** from the previous month. Increases in the indexes for shelter and energy were the main contributors to the monthly increase. The Producer Price Index for final demand was **116.3** in August, **down 0.1%** from the previous month. In August, a 0.1% decrease in prices for final demand services contributed to the decline. (Source: US Bureau of Labor Statistics)

## Small Business Optimism Index

The Small Business Optimism Index was 108.8 during August 2018, **up 0.8% from the previous month and the highest level recorded**. According to the National Federation of Independent Business (NFIB), "The record-breaking figure is driven by small business owners executing on the plans they've put in place due to dramatic changes in the nation's economic policy." Out of 10 index components, six posted gains and four declined. (Source: National Federation of Independent Business) *(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)*

## Industrial Production and Capacity Utilization

The Industrial Production Index was 108.2 in August 2018, **an increase of 0.4%** from the previous month and **4.9% higher than August 2017**. Capacity Utilization for the industrial sector was **78.1%** in August 2018, **up from 77.9%** in July 2018. (Source: Federal Reserve) *(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)*

## Manufacturing & Trade Sales

Total combined sales and manufacturing shipments totaled nearly **\$1.45 trillion** in July 2018, **up 0.2% from the previous month and up 8.1% from July of the previous year**. (Source: US Census)

## Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$1.95 trillion** in July 2018, **up 0.6% from the previous month and up 4.3% from July of the previous year**. (Source: US Census)

## Purchasing Managers Index

The National PMI **increased to 61.3%** in August 2018, an **increase of 320 basis points** from the previous month and the **highest level since May 2004**. New Orders **increased 490 basis point** to 65.1%, and Production **increased 480 basis points** to 63.3%. In August, 16 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## Purchasing Managers Index in Georgia

Georgia's PMI **increased 470 basis points** month-over-month, to 66.4% in August 2018. New Orders in Georgia **increased** to 67.9% and Production **increased** to 67.1%. In the month of August, Georgia's PMI was **510 basis points above** the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## U.S. Market News

Hurricane Florence disrupted deliveries nationwide, according to data from bulk delivery management technology provider Convey. During the week of September 10, Convey reports a 49% increase in shipments exceptions — meaning parcels and less than truckload deliveries that were unable to be properly delivered — from the previous week, paired with just a 2% drop in shipments. The total number of delivery exceptions, by Convey's count was 317,576. "As typical with any storm of this force and scale, Florence brought exponential increases in delivery delays across carrier networks, upending typical weekly exception figures for the Carolinas in the double digits with numbers in the tens of thousands," said Dan Bebout, founder and VP of customer success at Convey. (Source: Convey, supplychainedive.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 2.0%** in August 2018, ending at a reading of 11,303. *(A price-weighted average of 20 U.S. companies in the transportation industry, average of August 1<sup>st</sup> thru August 31<sup>st</sup>. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)*

### NASDAQ Transportation Index

NASDAQ Transportation Index **increased 2.6%** in August 2018, ending at a reading of 5,593. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of August 1<sup>st</sup> thru August 31<sup>st</sup>)*

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 135.1 in July 2018, a **decrease of 0.9%** from the previous record-holding month, but **4.8% higher** than July 2017 and the **third highest level of all time**. June marked the fourth time a new high has been reached in the past five months. The July decrease in the Freight TSI was driven by decreases in all modes except Air Freight and Rail Intermodal. (Source: US BTS)

### Cass Freight Index

The Cass Freight Shipments Index was 1.227 in August 2018, a **decrease of 1.4%** from the previous month, and an **increase of 6.0%** year-over-year. The Cass Freight Expenditures Index was 2.917 in August, an **increase of 0.6%** from the previous month and an **increase of 16.7%** year-over-year. According to Cass Information Systems, the indexes "are clearly signaling that the U.S. economy, at least for now, is ignoring all the angst coming out of Washington D.C. about the trade wars. Despite Wall Street's concerns about the increased threat of inflation or interest rates hikes, these indexes are displaying accelerating strength on top of increasingly difficult comparisons." (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 June 2018 improved by nearly three points from the previous month, to a **reading of -9.5**, indicating the worst may be over for now. However, FTR cautions that "conditions have not gotten that much better with rates still rising especially in the truckload sector. Total shipping costs for 2018 should be around 12% higher than 2017, with 2019 forecast to be up another 6%. Overall, there are some signs of stability coming into the market for drivers, capacity, and rates." (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 \$106.2 billion in June 2018, **down 1.0%** from the previous month, and **up 6.4%** year-over-year. June marked the **20<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 \$66.6 billion 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:

During a meeting of the Georgia Ports Authority Board of Directors earlier this month, the GPA approved \$92 million for the Mason Mega Rail Terminal. Mason Mega Rail will combine the current on-dock CSX and Norfolk Southern rail terminals into one facility, providing each railroad with at least nine 2,700-foot working tracks. The project will double the Port of Savannah's annual rail capacity to 1 million containers and deliver the largest on-terminal rail facility in North America by 2020. The work approved by the board includes 124,000 feet of new track, 88 automated switches and rail control devices, as well as the rail and power infrastructure to support the operation of rail-mounted gantry cranes. The added rail capacity will better accommodate 10,000-foot long unit trains on Garden City Terminal. These more cost-effective trains will provide faster, more frequent service over greater distances. This will extend the territory best served by the Port of Savannah along an arc of cities ranging from Memphis to St. Louis, Chicago and Cincinnati. (Source: GPA)

## RAIL:

### U.S. Freight Rail Traffic

Originations of carloads in August 2018 totaled 1,386,026 units, an **increase of 32.2%** from the previous month and an **increase of 3.8%** from August 2017, marking the sixth straight year-over-year monthly increase. Total carloads averaged 277,205 per week in August 2018, the most for any month since October 2015. For the first eight months of 2018, total carloads were up 1.9%, or 172,712 carloads, over the same time period the previous year. (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*

### U.S. Intermodal Rail Traffic

Intermodal rail traffic totaled 1,442,920 units in August 2018, an **increase of 30.2% from the previous month and 5.1% higher than August 2017**. Average weekly intermodal volume in August 2018 was 288,584 units, the **second highest weekly average for any month in history**. Year-to-date intermodal volume through August totaled 9,704,619 units, **up 6.0%** over the same period last year and the **highest January-August total ever**. (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 August 2018 was 443.0 **up 0.2%** from the previous month and **30.4% 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 July 2018 **increased 0.1% from the previous month** to 147,426 employees total. In July, the majority of the increase was seen in the train and engine category which rose by 104 employees. (Source: U.S. STB, AAR)

## Short Line Rail Traffic

In July 2018, short line railroad shipments across North America **increased 2.0% from the previous month and increased 5.5% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 372,917 railcars** and intermodal units during the month of July. Metals and products led gains with a 22.6% increase. Coal led declines for the third consecutive month, with a decrease of 13.6%. (Source: Railinc Short Line and Regional Traffic Index)

## Railroad News Clips:

The Federal Railroad Administration is making available the remaining \$46.3 million of \$250 million in Positive Train Control (PTC) Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program grant money. On September 12, FRA issued a Notice of Funding Opportunity (NOFO), to solicit applications. More than \$203 million in CRISI funds were awarded to 28 PTC programs in late August for intercity passenger rail, freight rail and/or commuter rail PTC implementation projects. Eligible projects included back-office systems; wayside, communications and onboard hardware equipment; software; equipment installation; spectrum; any component, testing and training for the implementation of PTC; and interoperability. Guidelines for this second solicitation are identical and applications are due by Oct. 12, 2018, 30 days after the NOFO is published in the Federal Register. (Source: Railwayage.com)

## TRUCKING:

## Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 112.9 in August 2018, a **decrease of 1.8% from the previous month and an increase of 4.5% from August 2017**. According to ATA Chief Economist Bob Costello, "Truck freight remained solid in August despite the monthly decline. However, the year-over-year increase was the smallest since July 2017. The deceleration in the year-over-year increases has begun due to more difficult year-over-year comparisons. It was a year ago when freight began to surge. We should all expect smaller year-over-year gains going forward than we witnessed over the last year." (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 August 2018 **decreased 7.1%** compared to the previous month, and was **27% higher** year-over-year. Truck capacity **increased 10%** for the month, and **increased 18%** year-over-year. (Source: DAT Trendlines | www.dat.com)

## Refrigerated Trucking

In August 2018, refrigerated loads posted on load boards **increased 6%** while refrigerated truck posts **increased 5%**, compared to the previous month. That caused the load-to-truck ratio to **increase 1%** to 8.9 loads per truck. The ratio was **9% lower** compared to August 2017. In August, the national reefer rate was \$2.49 per mile, \$0.10 lower than the previous month and \$0.41 higher than August 2017. (Source: DAT Trendlines | www.dat.com)

## Trucking Conditions Index

The Trucking Conditions Index in July 2018 **increased to a reading of 14.04**, and with the exception of February 2018, reflects the strongest conditions the industry has seen since early 2004. FTR predicts that the TCI has peaked and will remain moderate for the balance of the year. According to FTR, "Carriers might not see stronger conditions in the current cycle, but they shouldn't lose too much sleep over it. We expect the TCI to remain in double-digit territory into 2019. With manufacturing and construction hot and the labor market tight, it would be very difficult for capacity growth to outstrip freight demand for quite some time." (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

## Diesel Prices

As of September 17, 2018 the U.S. average diesel price was **\$3.26 per gallon**. The U.S. average diesel price was **\$0.47 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$3.13 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 5,700 employees to 1,483,100 employees total** in August 2018. The trucking industry workforce **increased 0.4%** over the previous month and **increased 0.8%** over August 2017. (Source: U.S. Bureau of Labor Statistics)

## Trucking Earnings and Hours

The average earnings of truck transportation employees were \$24.32/hour in July 2018, **up 0.8%** from the previous month. The average weekly hours totaled 42.5 in July, **up 0.2%** 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 52,400 units in August 2018, **up 0.3%** from the previous month, **153% higher** year-over-year, and the **highest level on record**. According to FTR, "Fleets are ordering early and often and orders this plentiful indicate fleets are highly confident the flourishing freight market will persist for a while. Current economic and manufacturing data point to a strong start to 2019." Preliminary August 2018 net trailer orders exceeded expectations, coming in at **35,300 units, up 27%** from the previous month, and **up 141%** from August 2017. FTR notes that "Orders should remain sturdy for the rest of the year, with continued steady freight growth and tight industry capacity. There is strong demand for new trailers, and we expect this to continue well into 2019. It is a good sign that fleets expect a robust year in 2019 and are ordering trailers earlier than normal in anticipation." (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

Hours of Service (HOS) was the most common driver violation discovered during this year's International Roadcheck by the Commercial Vehicle Safety Alliance (CVSA). During the three-day event in early June, 67,502 inspections were conducted. More than 2,600 drivers were put out of service, and among those, 43.7% were due to HOS violations. "Of the total number of inspections conducted during International Roadcheck, less than 2 percent of drivers were placed out of service for hours-of-service violations," CVSA noted. With enforcement of the electronic logging device (ELD) mandate going into effect earlier this year, the 2018 International Roadcheck "served as the perfect opportunity to highlight the importance of hours-of-service regulations and compliance," CVSA said. While inspectors looked at several criteria, a 37-step process that checks everything from mechanical conditions to driver's licenses, this year's specific focus was on HOS compliance. The Federal Motor Carrier Safety Administration is seeking public comment on rules related to HOS and the ELD mandate. The deadline to submit comments is October 10, 2018. (Source: Supplychaindive.com, truckinginfo.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in July 2018 **increased by 2.1% year-over-year**, down from 2.7% in June and well below the five-year average freight tonne kilometer (FTK) growth rate (5.1%). According to the IATA, "The moderation in the seasonally adjusted FTK trend mainly reflects the fact that the inventory restocking cycle – which underpinned the strong period of growth in 2016 and early-2017 – had largely run its course by the end of last year. (Recall that air freight typically gains market share from slower transport modes during periods when firms need to restock inventory levels quickly.)" (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

### Atlanta Air Cargo Traffic

In July 2018, Hartsfield-Jackson Atlanta International Airport transported **54,526 metric tons** of cargo, a **1.6% decrease** from the previous month and a **3.8% decrease** year-over-year. (Source: HJAI/A)

### Air Freight Price Index

In July 2018, average airfreight rates for East-West routes increased \$0.06 year-over-year. The figure is calculated using a combination of the base rate, the fuel surcharge and the security surcharge, but excluding door delivery costs. However, according to the August edition of Drewry Sea & Air Shipper Insight, "Drewry's East-West Airfreight Price Index shows a broad softening of rates in July from the previous month, slipping three percentage points... Drewry expects there is no discernible upward pressure on rates in August." (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 September 21, 2018 the global average jet fuel price was \$91.65 per barrel; **up 4.7%** from the previous month, and **28.4% 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:

Earlier this month the Airport Council International (ACI) released its finalized list of the world's top 20 busiest cargo airports in 2017. Total cargo volumes handled (loaded and unloaded freight and mail) increased by 7.8 percent from the previous year, to 50.6 million tonnes. Even though the each of the airports appearing in 2016's top 20 list resurfaced in 2017, there was some reshuffling of the order of rankings. Airports in the Asia-Pacific region continued to handle the highest volumes of cargo, while Africa's airports saw the highest rate of growth from the previous year. (Source: Aircargoworld.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In July 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.9 million TEUs, a **2.8% increase** from the previous month, **5.6% higher** than July 2017, and **the record number of TEUs imported during a single month** (previous record was held just last month). According to the National Retail Federation, "Retail sales are growing stronger than expected this year thanks to tax cuts and job creation, but tariffs are the wild card that threaten to throw away a significant portion of those benefits. The current boom in shipping can primarily be explained by importers' response to the U.S. trade war with China. Consumers appear to be spending money on goods ahead of the tariff price increases that will eventually come. But there could be a rocky road ahead as the impact of tariffs begins to be more fully felt." (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The September 21<sup>st</sup> SCFI comprehensive reading was **\$890 per FEU**, **down 0.2%** from last month. The spot rate for shipments to the U.S. East Coast was **\$3,502 per FEU**, **up 5.6%** 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 9.7%** in August 2018, ending at 1,579. Compared to August 2017, the index **increased 33.4%**. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND)) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

## Port of Savannah

The Port of Savannah moved **375,844 TEUs** in August 2018, a **0.8% decrease** from the previous month, but **7.9% higher** compared to August 2017. In August, the GPA handled 86,200 intermodal TEUs, **33% higher** compared to August 2017. During the annual State of the Port event this month, GPA Executive Director Griff Lynch detailed GPA's 10-year, \$2.5 billion plan to expand the capacity of the nation's fastest growing and single largest container terminal from 5.5 million TEUs to 8 million. "We're preparing to redefine the Port of Savannah as not simply the load center for the Southeastern U.S., but as the port of choice for major inland markets east of the Mississippi River," Lynch said. (Source: GPA)

## Port of Brunswick

Breakbulk tonnage crossing all docks **increased by 14.4%** (33,494 tons) in July 2018 for a total of 265,891 tons of cargo. At East River Terminal in Brunswick, bulk cargo **grew by 43 percent**. Terminal operator Logistec moved an additional 29,670 tons last month, for a total of 98,483. In roll-on/roll-off cargo, the GPA handled 53,419 units of autos and machinery, an **increase of 5%**, or 2,610 units, compared to July 2017. Colonel's Island Terminal at the Port of Brunswick moved the majority of that Ro/Ro cargo, accounting for 50,850 units of the total. (Source: GPA)

## Ocean Freight Business News:

A.P. Moller Maersk will merge Maersk Line and Damco into one organization at the beginning of 2019 in an effort to provide "end-to-end logistic solutions for cargo owners," the company announced earlier this month. Damco's freight forwarding businesses will continue to operate as a separate entity, allowing the company to "focus fully on freight forwarding." The realignment of Damco to focus only on freight forwarding comes at a time when supply chains are increasingly streamlined. Many shippers and carriers have sought to eliminate intermediaries such as distributors and freight forwarders. Three of A.P. Moller Maersk's regional carriers — MCC Transport, Sealand and Seago Line — will merge as "SeaLand - A Maersk Company," beginning Oct. 1. (Source: Supplychaindive.com, Maersk)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy remained low during the second quarter of 2018, ending at 5.2%**. This is identical to the vacancy rate recorded since the fourth quarter of 2017 as well as the rate recorded one year ago. None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q2 2018. According to NGKF, this speaks to the overall strength of the national industrial market and also helps to explain why investors have become keen on this product type. According to NCREIF, the U.S. industrial sector achieved a 3.25% unlevered total return during Q1 2018, far outperforming all other property sectors. Industrial outperformed the second-best performing sector, office, by 145 basis points during Q1 2018. The vacancy rate in **Atlanta, GA was 5.2%** in Q2 of 2018. (Source: NGKF)

### Warehouse Rent Rates

In Q2 2018, the average asking rent across the U.S. was **\$6.79/SF, up 1.8%** from the prior quarter **and the highest average recorded this cycle**. According to NGKF, e-commerce tenants are demanding top-quality distribution centers that can offer higher ceiling heights and automated warehouse management systems, which are helping to drive rents to record highs. **The average asking rent in Atlanta was \$4.94/SF in Q2 2018.** (Source: NGKF)

### Industrial Absorption

Net absorption in the U.S. increased by nearly 3.0 million square feet during Q2 2018, totaling 56.1 million square feet. Of the 49 industrial markets tracked by NGKF, 17 absorbed 1 million square feet or more in Q2, including Atlanta which absorbed 5.3 million square feet. (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 2,400 employees** to 1,036,300 employees total in August 2018. The warehouse industry workforce **increased 0.2%** from the previous month and **increased 8.5%** 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 \$20.12/hour in July 2018, **down 0.3%** from the previous month. The average weekly hours totaled 42.6 in July, **down 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

**W&D Business News:**

- Third-party logistics (3PLs) and e-commerce companies accounted for 56% of the 100 largest warehouse leases by square footage in the first half of 2018, according to a recent report by CBRE. 3PLs were the largest large-lease holders, with 33 leases. The top 100 largest leases for 2018 ranged from 417,000 to 2 million square feet. E-commerce companies were the second-largest leaseholders, with 23 leases. Adam Mullen, CBRE Americas leader of industrial and logistics reported that "This is the first time ever that we've had 3PLs lead the pack for top deals." Traditionally, e-commerce and food and beverage companies have led the list. Outsourcing fulfillment and logistics allows businesses to adapt more quickly to changing requirements. "It allows you to be more nimble with your supply chain and let somebody else take care of it while you focus on your core competency," said Mullen. Consumer desire for faster delivery is also driving shippers to choose warehouse real estate closer to population centers. Inland Empire, California, Atlanta and Chicago had the largest amount of square footage represented in the top 100 deals. (Source: CBRE, Supplychaindive.com)
  - Nisshinbo Automotive Manufacturing, Inc. (NAMI), a leading manufacturer and supplier of environmentally friendly brake pads, will create 100 jobs and invest \$72 million in an expansion of its Covington, Georgia facility. New jobs at the facility will include positions in production and administration. NAMI has maintained a presence in Newton County for more than two decades. Along with NAMI's business development center in Sterling Heights, Michigan, NAMI's facility in Newton County produces high-quality friction materials for automotive manufacturers and develops environmentally friendly, copper-free brake pads. (Source: Georgia.org)
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