

LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 2.9% in the fourth quarter of 2022 according to the "advance" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 3.2%. The increase in real GDP reflected increases in private inventory investment, consumer spending, federal government spending, state and local government spending, and nonresidential fixed investment that were partly offset by decreases in residential fixed investment and exports.

Source: Bureau of Economic Analysis

U.S. Trade Deficit

The goods and services deficit was **\$61.5 billion in November 2022, down \$16.3 billion from \$77.8 billion in October**, revised. The November decrease in the goods and services deficit reflected a decrease in the goods deficit of \$15.3 billion to \$84.1 billion and an increase in the services surplus of \$1.0 billion to \$22.5 billion. **For the three months ending in November** the average goods and services deficit decreased \$1.4 billion to \$71.2 billion.

Source: Bureau of Economic Analysis

Import Volumes

November 2022 imports were \$313.4 billion, a drop of \$21.5 billion from October 2022, or a decrease of 6.4%. November imports of consumer goods (\$59.8 billion) were the lowest since December 2020 (\$59.0 billion). November imports from China (\$36.9 billion) were the lowest since February 2021 (\$33.9 billion).

Source: U.S. Census Bureau

Export Volumes

November 2022 exports were \$251.9 billion, \$5.1 billion less than October exports, a decrease of 2.0%. November exports of automotive vehicles, parts, and engines (\$14.0 billion) were the highest since August 2019 (\$14.1 billion). November real dollar exports of foods, feeds, and beverages (\$10.9 billion) were the lowest since August 2014 (\$10.7 billion).

Source: U.S. Census Bureau

Import & Export Price Index

The **price index for U.S. imports increased 3.5% over the past 12 months**, driven by higher fuel and nonfuel prices. Import fuel prices increased 0.6% in December, after declining 3.7% in November. The December advance is the first monthly increase since the index rose 5.6% in June 2022. Prices for nonfuel imports increased 0.4% in December, the first 1-month advance since a 0.4% rise in April 2022. The **price index for U.S. exports fell 2.6% in December 2022**, after declines of 0.4% in both November and October. U.S. export prices have not increased on a monthly basis since a 1.1% advance in June 2022. Lower prices for both nonagricultural and agricultural exports drove the decrease in December. Prices for U.S. exports rose 5.0% over the past 12 months, the smallest over-the-year advance since a 2.5% increase in January 2021.

Source: Bureau of Labor Statistics

Unemployment Rate

Total nonfarm payroll employment **increased by 223,000 in December 2022, and the unemployment rate edged down to 3.5%**. Notable job gains occurred in leisure and hospitality, health care, construction, and social assistance. **Georgia's unemployment rate remained unchanged in December 2022**, ranking 14th in the U.S. of states with lowest unemployment.

Source: Bureau of Labor Statistics

Labor Force Participation Rate

For December 2022 the labor force participation rate **increased to 62.3% from the previous month**. The labor force participation rate for December 2022 for those of **prime working age (25-54) was 82.4%**.

Source: U.S. Bureau of Labor Statistics (Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)

Leading Economic Index

The U.S. Leading Economic Index (LEI) **decreased by 1.0% in December 2022 to 110.5 following a decline of 1.1% in November**. The LEI is now down 4.2% over the six-month period between June and December 2022—a much steeper rate of decline than its 1.9% contraction over the previous six-month period (December 2021–June 2022). Says the Conference Board, "The US LEI fell sharply again in December—continuing to signal recession for the US economy in the near term. There was widespread weakness among leading indicators in December, indicating deteriorating conditions for labor markets, manufacturing, housing construction, and financial markets in the months ahead."

Source: The Conference Board (the LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone)

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Pending Home Sales Index

The Pending Home Sales Index **improved for the first time since May, up 2.5% to 76.9 in December 2022. Year-over-year, pending transactions dropped by 33.8%.** The Northeast and Midwest recorded month-over-month reductions, while the South and West posted monthly gains. All four U.S. regions saw year-over-year decreases in transactions, with the West experiencing the largest decline at 37.5%. According to NAR, “This recent low point in home sales activity is likely over. Mortgage rates are the dominant factor driving home sales, and recent declines in rates are clearly helping to stabilize the market. The new normal for mortgage rates will likely be in the 5.5% to 6.5% range. Job gains will steadily become important in driving local home-sales markets. The South, in particular, is set to outperform the rest of the country, thanks primarily to better job market conditions in this part of the country compared to other regions.”
Source: National Association of Realtors (an index of 100 is equal to the level of contract activity in 2001)

Housing Starts

Privately-owned housing starts in December 2022 were at a seasonally adjusted annual rate of 1,382,000. This is 1.4% below the revised November estimate of 1,401,000 and is 21.8% below the December 2021 rate of 1,768,000. **Single-family housing starts** in December were at a rate of 909,000; this is 11.3% above the revised November figure of 817,000. The December rate for units in buildings **with five units or more was 463,000.**
Source: U.S. Census Bureau

Light-Vehicle Sales

New light-vehicle sales in 2022 topped 13.7 million units, the lowest full-year sales total since 2011. The semiconductor microchip shortage, along with other supply chain disruptions, were the principal reasons why industry sales fell by 8.2% compared with 2021. Given tight microchip supplies, the automakers prioritized production of higher-trimmed light trucks, and the overall light-truck segment gained market share through the year. **Light trucks accounted for 79.2% of all new vehicles sold in 2022,** up 1.6 percentage points compared with 2021. Crossovers remained the most popular segment, representing 45.2% of all new light-vehicles sold. **Alternative-fuel vehicles also gained market share in 2022,** with sales of hybrids, plug-ins and BEVs accounting for 12.3% of all new vehicles sold—an increase of 2.7 percentage points compared with 2021. **The average new-vehicle price in December 2022 is expected to be \$46,382,** an increase of 2.5% compared with December 2021. **Average incentive spending per unit in December 2022 to total \$1,187,** a decline of 21.4% year over year.
Source: National Automobile Dealers Association (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)

Personal Income and Outlays

Personal Income increased \$49.5 billion (0.2%) in December 2022. The increase in current-dollar personal income in December primarily reflected increases in compensation and proprietors' income. The increase in compensation reflected increases in private wages and salaries in both services-producing industries and goods-producing industries. The increase in proprietors' income reflected an increase in nonfarm income that was partly offset by a decrease in farm income. **Personal Outlays decreased \$39.2 billion** in December 2022. **Personal Saving was \$637.5 billion** in December and the personal saving rate—personal saving as a percentage of disposable personal income—was 3.4%.
Source: U.S. Bureau of Economic Analysis (personal income is the income that people get from wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources; it does not include realized or unrealized capital gains or losses)

Personal Consumption Expenditures Price Index

For December 2022, the PCE price index increased 0.1%. Excluding food and energy, the PCE price index increased 0.3%. From the same month one year ago, the PCE price index for December increased 5.0%. Prices for goods increased 4.6% and prices for services increased 5.2%. Food prices increased 11.2% and energy prices increased 6.9%. Excluding food and energy, the PCE price index increased 4.4% from one year ago.
Source: U.S. Bureau of Economic Analysis (the PCE price index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services; it is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior)

Retail Sales

Advance estimates of **U.S. retail and food services sales for December 2022, were \$677.1 billion, down 1.1% from the previous month,** but up 6.0% above December 2021. Total sales for the 12 months of 2022 were up 9.2% from 2021. Total sales for the October 2022 through December 2022 period were up 6.7 percent from the same period a year ago. Retail trade sales were down 1.2% from November 2022, but up 5.2% above last year. Nonstore retailers were up 13.7% from December 2021, while food services and drinking places were up 12.1% from last year.
Source: U.S. Census Bureau (Non-store retail sales are measured monthly and include internet-only sales outlets as well as other direct-to-customer channels)

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U.S. retail e-commerce sales for the 3rd quarter of 2022 was **\$265.9 billion, an increase of 3.0% from the 2nd quarter of 2022**. Total retail sales for the 3rd quarter of 2022 were estimated at \$1,792.0 billion, an increase of 0.7% from the 2nd quarter of 2022. The 3rd quarter 2022 e-commerce estimate increased 10.8% from the 3rd quarter of 2021 while total retail sales increased 9.1% in the same period. E-commerce sales in the 3rd quarter of 2022 accounted for 14.8% of total sales.

E-Commerce

Note: Next release for Q4 2022 – U.S Quarterly Retail E-Commerce Sales, will be published Friday, February 17, 2023.
Source: U.S. Census Bureau (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)

The Consumer Confidence Index decreased in January 2023 following an upwardly revised increase in December 2022. **The Index now stands at 107.1, down from 109.0 in December** (revised). According to The Conference Board, “Consumer confidence declined in January, but it remains above the level seen last July, lowest in 2022. Consumer confidence fell the most for households earning less than \$15,000 and for households aged under 35.” Consumers’ assessment of present economic and labor market conditions improved at the start of 2023. However, they were less upbeat about the short-term outlook for jobs. They also expect business conditions to worsen in the near term. Despite that, consumers expect their incomes to remain relatively stable in the months ahead.

Consumer Confidence Index

Source: The Conference Board (the consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer. Base year 1985=100)

The **Consumer Price Index declined 0.1% in December 2022** after increasing 0.1% in November. The index for gasoline was by far the largest contributor to the monthly all items decrease, more than offsetting increases in shelter indexes. The food index increased 0.3% over the month with the food at home index rising 0.2%. The energy index decreased 4.5% over the month as the gasoline index declined; other major energy component indexes increased over the month. The **Producer Price Index for final demand declined 0.5% in December 2022**. Final demand prices advanced 0.2% in November and 0.4% in October. On an unadjusted basis, the index for final demand increased 6.2% in 2022 after rising 10.0% in 2021.

Consumer & Producer Price Index

Source: U.S. Bureau of Labor Statistics (the CPI measures the change in prices paid by consumer for goods and services. Base year 1999=100; the PPI measures the average price changes by producers for domestically produced goods, services, and construction. Base year 2009=100)

The Small Business Optimism Index **declined 2.1 points in December 2022 to 89.8, marking the 12th consecutive month below the 49-year average of 98**. Owners expecting better business conditions over the next six months worsened by eight points from November to a net negative 51%. Inflation remains the single most important business problem with 32% of owners reporting it as their top problem in operating their business. Per the NFIB, “Small business owners are not optimistic about 2023 as sales and business conditions are expected to deteriorate. Owners are managing several economic uncertainties and persistent inflation and they continue to make business and operational changes to compensate.”

Small Business Optimism Index

Source: National Federation of Independent Business

Industrial production decreased 0.7% in December 2022 and 1.7% at an annual rate in the fourth quarter. In December, manufacturing output fell 1.3% amid widespread declines across the sector. The index for utilities jumped 3.8%, as cold temperatures boosted the demand for heating, while the index for mining moved down 0.9%. At 103.4% of its 2017 average, total industrial production in December was 1.6% above its year-earlier level. **Capacity utilization dropped 0.6 percentage points in December to 78.8%**, a rate that is 0.8 percentage points below its long-run (1972–2021) average. Capacity utilization for manufacturing decreased 1.0 percentage points in December to 77.5%, a rate that is 0.7 percentage points below its long-run average. The operating rate for mining fell 0.9 percentage points to 87.7%, while the operating rate for utilities jumped 2.7 percentage points to 76.8%.

Industrial Production & Capacity Utilization

Source: The 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)

Manufacturers' and trade inventories for November 2022 were estimated at an end-of-month level of \$2,476.5 billion, up 0.4% from October 2022 and were up 15.1% from November 2021. The combined value of distributive **trade sales and manufacturers' shipments** for November 2022 was estimated at \$1,838.2 billion, down 0.8% from October 2022, but was up 7.4% from November 2021. The total business **inventories/sales ratio** at the end of November was 1.35. The November 2021 ratio was 1.26.

Manufacturing and Trade Inventories & Sales

Source: U.S. Census Bureau

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JANUARY 2023

Purchasing Managers Index, Manufacturing

The December 2022 Manufacturing PMI registered **48.4%**, **0.6 percentage points lower than the 49% recorded in November**. Regarding the overall economy, this figure indicates contraction after 30 straight months of expansion. This figure is the lowest since May 2020, when it registered 43.5%. According to ISM, “Companies confirm that they are continuing to manage head counts through a combination of hiring freezes, employee attrition and layoffs. Inputs — defined as supplier deliveries, inventories, prices, and imports — accommodated future demand growth. Of the six biggest manufacturing industries, one — Petroleum & Coal Products — registered moderate growth in December.”

Source: Institute for Supply Management (The PMI combines data on new orders, production, employment, supplier deliveries, and inventory. A reading above 50 % indicates that the manufacturing economy is generally expanding.)

Purchasing Managers Index, Services

For December 2022, the Services PMI registered **49.6%**, **6.9 percentage points lower than November’s reading of 56.5%**. The composite index contracted for the first time since May 2020, when it registered 45.2%. According to ISM, “Companies indicate that supplier deliveries were faster in December, based on increased capacity and improved logistics. Employment contracted due to a combination of decreased hiring due to economic uncertainty and an inability to backfill open positions. The holiday season contributed to the continued growth in business activity, albeit at a slower rate.”

Source: Institute for Supply Management (The PMI combines data on business activity, new orders, employment, supplier deliveries, and inventory. A reading above 50 % indicates that the manufacturing economy is generally expanding.)

Logistics Managers’ Index

The Logistics Managers’ Index reads in at **54.6 in December 2022, up 1.0 point from November’s reading of 53.6**. The overall index had declined in seven of the eight months leading up to December’s reading, so even this modest increase is a marked change. Like November, Inventory Levels (57.3) are increasing at a much slower rate than was observed throughout most of 2022. Inventory Levels were much higher for Downstream than for Upstream firms (62.8 to 53.3 respectively), which is indicative of the split we observe in December. Essentially, Downstream respondents such as retailers held higher levels of inventory and dealt with more limited warehousing as they pushed to get goods to consumers for holiday shopping.

Transportation metrics were weak across all levels of the supply chain. Transportation Utilization was down to 48.1, marking the first time it has dipped into contraction territory since April of 2020. Transportation Prices contracted at a rate of 36.9, which is the sharpest rate of contraction measured for this metric in the over six years of the Logistics Managers’ Index.

Source: Logistics Manager’s Index (The LMI score is a combination eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. The LMI is calculated using a diffusion index, in which any reading above 50% indicates that logistics is expanding; a reading below 50% is indicative of a shrinking logistics industry.)

U.S. Market News Clip

Trucking companies are navigating a challenging economic environment where stubbornly high costs for goods are affecting what shippers are willing to pay for transport, experts warned. “It’s really tough right now,” said Paul Bingham, Economics and Country Risk Director at S&P Global Market Intelligence. “The pressures are there, with the demand going away and the inflation being stronger than I think any of them were hoping. There’s been some relief on the diesel fuel side, but that really hasn’t made up entirely for the depressed market.”

Source: Transport Topics; [link to article](#)

MULTIMODAL:

Dow Jones Transportation Average

As of January 27, 2023, the Dow Jones Transportation Average closed at a reading of **14,483.33**.

Source: Marketwatch (A price-weighted average of 20 U.S. companies in the transportation industry. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)

NASDAQ Transportation Index

As of January 27, 2023, the NASDAQ Transportation Index closed at a reading of **5,901.22**.

Source: Marketwatch, Inc (A capitalization-weighted stock market index designed to measure the performance of all NASDAQ stocks in the transportation sector.)

Freight Transportation Services Index

The level of for-hire freight shipments in **November 2022 measured 137.8, 3.0% below the all-time high level of 142.1** from August 2019. The Freight TSI decreased in November due to seasonally adjusted decreases in trucking, rail carload, rail intermodal, and pipeline, while air freight and water grew. For-hire freight shipments are up 4.2% in the five years from November 2017 and are up 22.8% in the 10 years from November 2012.

Source: U.S. Bureau of Transportation Statistics (TSI is based on the amount of freight carried by the for-hire transportation industry)

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Cass Freight Index for Shipments and Expenditures

The shipments component of the CFI fell 3.9% year-over-year in December 2022. On a month-over-month basis, the index fell 3.3%, but seasonality boosts December's month-over-month performance to a 1.2% gain on a seasonally adjusted basis. Normal seasonality from here would have shipments back in positive territory in the first half of 2023, but sharpening declines in imports, into the West Coast in particular, suggest near-term trends may soften further. The expenditures component of the CFI fell 4.3% year-over-year in December 2022, inflecting from a 4.7% increase in November. This Index includes changes in fuel, modal mix, intramodal mix, and accessorial charges. The expenditures component of this Index rose 23% in 2022 after a record 38% increase in 2021 but is set to retrench in 2023.

Source: Cass Information Systems (Based upon transportation dollars and measures the total amount spent on freight and shipments of Cass clients comprised of over 400 shipping companies)

Shippers Conditions Index

The SCI improved in November 2022 to 3.0 from the previous reading of -0.3. A more favorable freight environment and lower fuel costs boosted the index into positive territory after two months in the negative range. The fuel cost component remained slightly negative but improved sharply month-over-month while rates were the most favorable for shippers since June 2020. The outlook is solidly positive for shippers into 2024. Per FTR, "Truck-focused shippers are likely to experience the largest improvements relative to rail and intermodal shippers."

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

North American Transborder Freight

Total transborder freight between the U.S. and North American countries (Mexico and Canada) by all modes of transportation for November 2022 was valued at \$125.8 billion, up 4.8% compared to November 2021. Freight between the U.S. and Mexico totaled \$62.4 billion, up 6.3% from November 2021. Freight between the U.S. and Canada totaled \$63.4 billion, up 3.3% from November 2021. Air moved \$4.9 billion of freight, a 6.5% increase from November 2021. Vessels moved \$9.3 billion of freight, down 3.7% compared to November 2021. Pipelines moved \$11.0 billion of freight, up 7.4% compared to November 2021. Railways moved \$16.5 billion of freight, up 0.2% compared to November 2021. Trucks moved \$78.6 billion of freight, up 7.0% compared to November 2021.

Source: U.S. Bureau of Transportation Statistics

Multimodal News Clip

Australia's WiseTech Global Ltd. agreed to acquire U.S.-based transport-management software provider Envase Technologies for \$230 million in what its chief executive said is a strategically significant move. Envase provides transport-management system software for intermodal trucking and landside logistics in North America. Landside logistics is one of the six key development priorities for WiseTech's CargoWise platform, WiseTech Chief Executive Richard White said. WiseTech expects to complete the transaction in February.

Source: MarketWatch; [link to article](#)

RAIL:

U.S. Freight Rail Traffic

U.S. railroads originated 842,171 carloads in December 2022, down 4.4%, or 38,476 carloads, from December 2021. U.S. railroads also originated 900,213 containers and trailers in December 2022, down 5.2%, or 49,107 units, from the same month last year. Combined U.S. carload and intermodal originations in December 2022 were 1,742,384, down 4.8%, or 87,583 carloads and intermodal units from December 2021. According to the Association of American Railroads, "Coal carloads grew solidly in 2022 largely because higher natural gas prices made coal-fired electricity generation more competitive. However, those same higher natural gas prices, along with other market disruptors, hurt rail chemical volumes since natural gas is a key raw material for chemical manufacturing. Grain carloads in 2022 were slightly higher than the annual average over the past decade, but they were down year-over-year because 2021 was the best year for grain carloads since 2008. Intermodal volume in 2022 was the sixth best ever, but down from an even stronger 2021."

Source: Association of American Railroads (Report includes rail car-loadings by 20 different major commodity categories)

Railroad Fuel Price Index

The index of average railroad fuel prices for December 2022 is 608.0. This is a month-over-month decrease of 17.86%, and a year-over-year increase of 31.12%.

Source: Association of American Railroads (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)

Class 1 Railroad Employment

Total railroad employment for December 2022 was 119,349 workers, an increase from 118,944 workers in November 2022. Total number of workers in December 2021 was 114,889.

Source: U.S. Surface Transportation Board

**Railroad
News Clip**

The state has upgraded 138 miles of the Heart of Georgia Railroad, the first project the state has completed under a federal program to upgrade rail projects nationwide. This project began in July 2020 and is part of upgrading the HOG railroad as part of a multi-year Georgia Department of Transportation initiative to bring the line into Class II compliance. Work included track and rail bridge upgrades to support 286,000-pound rail cars and remove speed restrictions on sections of the line, one of several the state owns.

Source: *The Center Square*; [link to article](#)

TRUCKING:

**Cowen/AFS
Freight Index**

For Q3 2022, **Truckload (TL) Linehaul Cost Per Shipment** showed a quarter-over-quarter decline of 0.8% but an increase of 6.4% year-over-year. Truckload rates held up despite truckload volume declining 10% year-over-year. This could be evidence of logistics professionals taking prudent steps to rein in costs by consolidating smaller, more frequent LTL shipments into truckload shipments in the face of record-high transportation costs earlier this year. Quarter-over-quarter, **Average LTL Weight Per Shipment** declined 4.1% in Q3 2022. **LTL Cost Per Shipment** dropped by 2.4%, but experienced year-over-year increase of 20.3%. Average **fuel surcharge per shipment** decreased by 5.4% quarter-over-quarter due to lower crude oil prices, but average accessorial charges per shipment increased 8.4% during the same period. Among major LTL carriers, the average fuel surcharge decreased from 47.7% in Q2 2022 to 44.6% in Q3 2022. The Q3 2022 **Ground Parcel Freight Index** remained relatively steady at 26.6%, down from 27.2% the previous quarter. Ground parcel rates flattened due to lower fuel surcharges and a higher average discount, indicating more relaxed carrier pricing in pursuit of volume. The index was 15.1% for Q3 2021. The Q3 2022 **Express Parcel Freight Index** declined to -1.3% after seeing a record high of 4.8% from the previous quarter. Although this is a year-over-year increase of 4.3%, this drop was largely due to declining average billed weight, lower average fuel surcharges, and service mix changes.

Note: At this publication's deadline, The Cowen-AFS Q4 2022 Report/Q1 2023 Forecast, has not yet been released.
Source: *AFS Logistics* (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

**Truckload
Linehaul Index**

The **December 2022 Index fell 1.0% month-over-month to 150.5, after a 1.2% month-over-month decline in November.** On a year-over-year basis, the Cass Truckload Linehaul Index was up 1.7% after a similar increase in November. With a tougher comparison in January, this index is likely to turn down on a year-over-year basis. New truckload contracts are generally being renewed with considerable rate reductions, but this pressure will be partly offset by strong trends since Thanksgiving in spot rates, which have held most of their gains even as drivers have by and large come back from holiday break.

Source: *Cass Information Systems* (this index is an indicator of market fluctuations in per-mile dry van truckload pricing in the U.S. and does not include other components like fuel and accessories. Provides trends in baseline truckload prices)

**Truck
Tonnage Index**

American Trucking Associations' Truck Tonnage Index **rose 0.4% in December 2022 after decreasing 2.5% in November.** In December, the index equaled 115.2 versus 114.8 in November. Says the ATA, "Despite weakening in the second half, 2022 overall was a solid year for truck freight tonnage. **Tonnage outperformed some other key metrics that drive truck freight**, like housing starts and factory output during the final month of the year. This is probably because contract truckload freight is still outperforming the spot market and less-than-truckload freight after underperforming both of those sectors in 2021. The index's yearly gains were primarily driven by strength in the first half of 2022, **so despite a marked slowdown as the year ended, for the year as a whole, tonnage posted a very solid year overall.**"

Source: *American Trucking Associations* (Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

**Truckload
Freight, Van**

The **national van load-to-truck ratio for December 2022 was 3.45.** This is a month-over-month increase of 28.2% and a 47.3% decrease from the same period last year. **Georgia's load-to-truck ratio** for vans for December 2022 remained steady at an average of 2.6 – 5.4 loads for every truck. The **spot rate (national average) for dry van freight remained unchanged from the previous, reading \$2.41 for January 2023.** The average spot rate for the **Southeast region** for dry van freight registered at \$2.32 for January 2023.

Source: *DAT Freight & Analytics*

**Truckload Freight,
Refrigerated**

The national **load-to-truck ratio for refrigerated hauls increased 15.3% to 5.69 loads per truck in December 2022,** and a 59.4% decrease from December 2021. **Georgia's load-to-truck ratio** for December 2022 increased, averaging 5.6 – 11.9 reefer loads per truck. The average national **spot market reefer rate for January 2023 was \$2.81 per mile,** sliding 2 cents from the previous month. The average rate for the **Southeast region for reefer freight** registered at \$2.47 for January 2023.

Source: *DAT Freight & Analytics*

LOGISTICS MARKET SNAPSHOT

Trucking Conditions Index

FTR's Trucking Conditions Index **improved in November 2022 to -7.94 despite a weakened freight rate environment.** October's -11.16 reading had been the weakest since the April 2020 contraction. According to FTR, "Improved automotive output remains an upside possibility **but only if vehicle sales improve and the supply chain remains stable.** Slowing trucking job growth and carrier creation coupled with a surge in carrier failures likely mean the industry is starting to lose driver capacity. If so, market conditions for carriers might outperform our current outlook starting late this year as capacity could prove tighter than reflected in this forecast, potentially leading to stronger rates."

Source: FTR Transportation Intelligence (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of January 30, 2023, the **U.S. average diesel price was \$4.62 per gallon.** This is a month-over-month decrease of 9 cents and \$0.77 higher than the same week in 2022. The average price of diesel in the **Lower Atlantic states was \$4.72 per gallon,** 12 cents higher month-over-month, and \$0.96 increase over the same week the previous year.

Source: U.S. Energy Information Administration (Reflects the costs and profits of the entire production and distribution chain)

Trucking Employment

December 2022 numbers (preliminary) for the trucking industry **increased to 1,601,500 employees,** up from 1,599,400 employees (preliminary) for November 2022.

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For November 2022, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$29.67/hour, a penny increase** from the previous month of \$29.68 (revised). November 2022 showed **average weekly hours totaling 40.8** (preliminary).

Source: U.S. Bureau of Labor Statistics

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

FTR reports preliminary North American Class 8 net orders **for December 2022 fell for the third consecutive month to 28,300 units. Class 8 orders are quickly moderating with a fall of 21% month-over-month;** however, they compare favorably year-over-year at 25% higher. Orders for the past 12 months total 302,000 units. There has likely been some end-of-year cleanup of the order boards as OEMs look to firm up their production schedules. Orders are now in line with sales and production levels, so any further reductions in incoming orders will start to eat into backlogs.

Source: FTR Transportation Intelligence

Trucking News Clip

A trucking industry push to spread the message about anti-trafficking efforts is gaining momentum. Truckers Against Trafficking (TAT) has trained over 1.5 million as of the beginning of 2023, up from 1.3 million a year ago, the organization told Transport Dive. The group provides educational and training materials to carriers at no cost. Laura Cyrus, senior director of industry training and outreach for TAT, said many companies have found a way to integrate the organization's materials into their onboardings or trainings. As part of National Human Trafficking Prevention Month in January, Uber Freight, a silver sponsor of the initiative, stressed the importance of fighting human trafficking, encouraging shippers and carriers on its platform to use TAT's free training, which includes an app. Other anti-trafficking efforts this month came through videos involving federal agency administrators including Robin Hutcheson of the Federal Motor Carrier Safety Administration and Shailen Bhatt of the Federal Highway Administration.

Source: Transport Dive; [link to article](#)

AIR FREIGHT:

Air Cargo Traffic

Industry-wide air cargo demand, measured by cargo tonne-kilometers (CTKs), **slowed from 21.0 billion in October 2022 to 20.6 billion in November 2022. This represents a 13.7% decline compared to the same month in 2021** and is also 10.1% lower than the corresponding pre-pandemic level. The industry performed less well than expected in a traditional peak season due to multiple headwinds in the current global economy. The weaker air cargo demand is a result of multiple headwinds. Inflation remains high, curtailing the spending capacity of households. The ongoing war in Ukraine disrupts trade flows, and the unusual strength of the US dollar makes commodities traded in US dollar more expensive in local currency terms.

Source: International Air Transport Association (Global air freight covers international and domestic scheduled air traffic.)

LOGISTICS MARKET SNAPSHOT

As of January 27, 2023, the global average jet fuel price **ended at \$146.05/bbl, a 12.7% increase from the previous month and 38.2% higher year-over-year.**

Jet Fuel Prices

Source: *International Air Transport Association* (the weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)

Air Freight News Clip

Natilus is developing a family of pilotless aircraft it claims will increase cargo volume by 60% and cut carbon emissions in half, thereby making air shipments more affordable. The efficiency gains are possible because of carbon-fiber composite airframes and a blended-wing body — essentially a uniframe in which sections meld together — that creates more usable volume and better aerodynamics than a traditional airliner. Ameriflight, which flies 156 small turboprop aircraft daily to more than 200 destinations in the U.S. and the Caribbean, signed a letter of intent with San Diego-based Natilus for 20 Kona feeder aircraft valued at \$134 million, the companies announced. The large, regional feeder airline for UPS and other overnight express carriers last week tentatively committed to buy 20 remote-controlled cargo planes, with a novel design, for middle-mile deliveries.

Source: *FreightWaves*; [link to article](#)

OCEAN FREIGHT:

Shanghai Containerized Freight Index

As of January 20, 2023, the SCFI comprehensive **reading was \$1,029.75 per FEU. This is a 6.98% decrease** from the previous month, and a 79.62% decrease year-over year.

Source: *Shanghai Shipping Exchange* (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.)

Georgia Ports Authority

The Georgia Ports Authority **handled a record 5.9 million twenty-foot equivalent container units in Calendar Year 2022, an increase of 5% over 2021.** The Port of Savannah achieved four of its top five months for container volume in CY2022, with trade volumes peaking in August at an all-time high of 575,500 TEUs. In addition to record container cargo in 2022, GPA achieved a 16% increase in breakbulk tonnage to nearly 3.3 million tons last year, an improvement of 443,000 tons compared to 2021. In Roll-on/Roll-off cargo, Colonel's Island Terminal in Brunswick handled 651,101 units of autos and heavy machinery. Ocean Terminal in Savannah moved another 19,630 Ro/Ro units, for a total of 670,731, an increase of 0.4%. **Total tonnage crossing all GPA docks reached 42.4 million tons last year, an increase of about 2% or nearly 760,000 tons.**

Source: *Georgia Ports Authority*

Ocean Freight News Clip

Prices in the most volatile segment of ocean shipping are collapsing, but top retailers like Walmart and Home Depot should not expect relief until the spring contract renegotiation season, industry experts said. The cost to send a container from Asia to the United States on the demand-sensitive spot market has tumbled more than 80% from its September peak above \$20,000 for a 40-foot container, according to freight booking platform Freightos. Spot rates, which cover anywhere from 10% to 40% of ocean container shipments and are considered a key indicator of the industry's health, are in free fall as recession looms and the pandemic-fueled U.S. import bubble deflates.

Source: *Reuters*; [link to article](#)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **U.S. industrial vacancy rate ticked to 3.3%—20 basis points (bps) higher than the prior quarter.** Despite the uptick, vacancy is still 140 bps lower than it was pre-pandemic and remains more than 300 bps lower than its 10-year average of 6.5%. In fact, 12 markets registered vacancy rates of 2.0% or lower at year-end with port-proximate industrial markets including Los Angeles, Savannah, Northern New Jersey, and Charleston among the tightest in the nation. **Savannah, GA reported** a vacancy rate of 0.7% for Q4 2022, compared to 0.5% Q4 2021. **Atlanta, GA reported** a vacancy rate of 3.3% for Q4 2022, compared to 3.1% in Q4 2021.

Source: *Cushman & Wakefield*

LOGISTICS MARKET SNAPSHOT

JANUARY 2023

Warehouse Rent Rates

Asking rents for industrial space soared in 2022 but have shown signs of moderating in recent quarters. In the fourth quarter, the **average industrial asking rental rate climbed only 1.0% quarter-over-quarter to \$8.81 per square foot (psf)** but swelled by 18.6% year-over-year, marking the strongest year in history for annual rental rate growth. Charleston, Inland Empire, Phoenix, and Miami all recorded annual gains of 40% or higher. Coastal and port/population-proximate markets continued to be priced at a premium over the rest of the country with 9 of the 10 highest priced warehouse markets concentrated within California and New York/New Jersey. **For Savannah, GA** the average asking rental rate for Q4 2022 was \$6.15, compared to \$5.56 for Q4 2021. **For Atlanta, GA** the average asking rental rate for Q4 2022 was \$7.14, compared to \$6.35 for Q4 2021.
Source: Cushman & Wakefield

Industrial Absorption

The U.S. industrial market finished 2022 with its second highest total for **overall net absorption on record at 477.3 million square feet (msf), coming in just behind the 561.4 msf registered in 2021**. On a quarterly basis, slowing demand amid economic headwinds, coupled with historically tight market conditions, pushed the fourth quarter total to 107.3 msf, down 9.4% from the third quarter. Still, this marked the ninth straight quarter in which absorption surpassed the 100-msf mark and indicates that demand for industrial space remains strong going into the new year. Regionally, the South represented almost half of the square feet absorbed throughout the quarter, despite accounting for just one-third of the nation's inventory. Of the 81 markets tracked by Cushman & Wakefield, 19 recorded more than 2.0 msf of net absorption in the fourth quarter while another nine exceeded 1.0 msf. **For Savannah, GA**, Q4 2022 net absorption registered at 2,609,130 compared to 7,538,835 for Q3 2022. **For Atlanta, GA**, Q4 2022 net absorption registered at 9,155,564 compared to 4,041,995 for Q3 2022.
Source: Cushman & Wakefield (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

Preliminary December 2022 numbers for the warehousing industry workforce comes in at **1,725,200 employees, a decrease from 1,728,200 employees** for November 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

November 2022 average hourly earnings in the warehousing and storage subsector **increased to \$22.62/hour (preliminary) from the October 2022 rate of \$22.50/hour (revised)**. The **average weekly hours were 42.2** for November 2022 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

The warehouse automation market has been on a tear the last couple of years, driven by major spending by Amazon and other companies with ecommerce fulfillment operations. With the ecommerce surge that occurred during the early months of the pandemic, companies with fulfillment operations looked to expand their DC networks and the automation used within them, fueling record growth for providers of warehouse automation systems.

Source: Modern Materials Handling; [link to article](#)

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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's logistics team please contact:

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