

LOGISTICS MARKET SNAPSHOT

U.S. MARKET:

Gross Domestic Product

Real gross domestic product (GDP) **increased at an annual rate of 4.9% in the third quarter of 2023** according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.1%. The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, and residential fixed investment that were partly offset by a decrease in nonresidential fixed investment. **Imports, which are a subtraction in the calculation of GDP, increased.**

Source: Bureau of Economic Analysis

U.S. Trade Deficit

The goods and services deficit was **\$58.3 billion in August 2023, down \$6.4 billion from \$64.7 billion in July**, revised. The August decrease in the goods and services deficit reflected a decrease in the goods deficit of \$5.5 billion to \$84.5 billion and an increase in the services surplus of \$1.0 billion to \$26.2 billion. For the three months ending in August, the average goods and services deficit decreased \$2.8 billion to \$62.2 billion.

Source: Bureau of Economic Analysis

Import Volumes

August 2023 **imports were \$314.3 billion, \$2.3 billion less than July imports, or a decrease of 0.7%**. August quantity of crude oil imports (211.9 million barrels) was the highest since July 2019 (214.0 million barrels). August imports from Singapore (\$4.8 billion) were the highest on record.

Source: U.S. Census Bureau

Export Volumes

August 2023 **exports were \$256.0 billion, \$4.1 billion more than July exports, or an increase of 1.6%**. August exports of capital goods (\$51.0 billion) were the highest on record. August exports of foods, feeds, and beverages (\$12.4 billion) were the lowest since August 2020 (\$11.6 billion).

Source: U.S. Census Bureau

Import & Export Price Index

Prices for U.S. imports ticked up 0.1% in September 2023 following a 0.6% advance the previous month. Higher fuel prices drove the September increase. Despite the recent increases, prices for U.S. imports declined 1.7% for the year ended in September. U.S. import prices last declined on a monthly basis in June, and advanced 0.9% in the third quarter of 2023. **U.S. export prices rose 0.7% in September 2023** following a 1.1% increase in August. Higher prices for nonagricultural exports in September more than offset lower agricultural prices. Despite the recent advances, prices for U.S. exports decreased 4.1% over the past year. The 12-month drop in September was the smallest over-the-year decline since February 2023.

Source: Bureau of Labor Statistics

Unemployment Rate

Total nonfarm payroll employment **rose by 336,000 in September 2023, and the unemployment rate was unchanged at 3.8%**. Job gains occurred in leisure and hospitality; government; health care; professional, scientific, and technical services; and social assistance. In September, **employment in transportation and warehousing changed little (+9,000)**. Truck transportation added 9,000 jobs, following a decline of 25,000 in August that largely reflected a business closure. Air transportation added 5,000 jobs in September. Employment in transportation and warehousing has shown little net change over the year. **Georgia's unemployment rate increased to 3.4% for September 2023**, now ranking 30th in the U.S. of states with the lowest unemployment, tied with North Carolina, Ohio, and Pennsylvania. Maryland shows the lowest level of unemployment at 1.6%. Nevada ranks highest in unemployment with a rate of 5.4%.

Source: Bureau of Labor Statistics

Labor Force Participation Rate

For September 2023 the labor force participation rate **held steady at 62.8%, seeing no change from the previous month**. The labor force participation rate for September 2023 for those of **prime working age (25-54) also remained unchanged, reading in at 83.5%**.

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 Leading Economic Index (LEI) for the U.S. **declined by 0.7% in September 2023 to 104.6** following a decline of 0.5 percent in August. The LEI is down 3.4% over the six-month period between March and September 2023, an improvement from its 4.6% contraction over the previous six months (September 2022 to March 2023). According to The Conference Board, **"The LEI for the US fell again in September, marking a year and a half of consecutive monthly declines since April 2022. Negative or flat contributions from nine of the index's ten components more than offset fewer initial claims for unemployment insurance. Although the 6-month growth rate in the LEI is somewhat less negative, and the recession signal did not sound, it still signals risk of economic weakness 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 **rose 1.1% to 72.6 in September 2023. Year over year, pending transactions declined 11%.** Month over month, contract signings increased in the Northeast, Midwest and South but decreased in the West. Pending home sales fell in all four U.S. regions compared to one year ago. Says the National Association of Realtors, “Despite the slight gain, pending contracts remain at historically low levels due to the highest mortgage rates in 20 years. Furthermore, inventory remains tight, which hinders sales but keeps home prices elevated.” The National Association of Realtors **forecasts that the 30-year fixed mortgage rate will average 6.9% for 2023 and decrease to an average of 6.3% in 2024.**
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 **September 2023 were at a seasonally adjusted annual rate of 1,358,000.** This is 7.0% above the revised August estimate of 1,269,000, but is 7.2% below the September 2022 rate of 1,463,000. Single-family housing starts in September were at a rate of 963,000; this is 3.2% the revised August figure of 933,000. **The September 2023 rate for units in buildings with five units or more was 383,000.**
Source: U.S. Census Bureau

Light-Vehicle Sales

New light-vehicle sales in September 2023 increased year-over-year for the 13th straight month. September 2023's 15.7 million units represents an increase of 14.4% compared to September 2022. Raw volume in the third quarter of the year totaled 3.95 million units, up 16.8% compared to the third quarter last year. According to Wards Intelligence, fleet deliveries represented an estimated 16.1% of total sales in September 2023, up slightly compared to August 2023's 15.1%. Sales would have likely been slightly higher in September were it not for the ongoing UAW strike and its impact on light-vehicle production. So far, impacts to production have not been significant enough to slow sales, but October's sales results could be impacted if the strike continues to expand during the month. New light-vehicle inventory on the ground an in-transit totaled 1.93 million units at the start of September.

Note: NADA Market Beat for October 2023 survey period had not yet been released at time of Logistics Market Snapshot publication.
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 \$77.8 billion in September 2023. Disposable personal income (DPI), personal income less personal current taxes, increased \$56.1 billion (0.3 %). The increase in current-dollar personal income in September primarily reflected increases in compensation, personal income receipts on assets, nonfarm proprietors' income, and rental income of person. Personal outlays, the sum of PCE, personal interest payments, and personal current transfer payments, increased \$175.1 billion in September 2023. **Personal saving was \$687.7 billion in September 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 September 2023 Personal Consumption Expenditures (PCE) increased \$138.7 billion, or 0.7%. **The PCE price index increased 0.4%.** Excluding food and energy, the PCE price index increased 0.3%. Goods increased 0.5% and services increased 0.3%. **Within services, the largest contributors to the increase** were other services (led by international travel), housing and utilities (led by housing), health care (led by hospitals and nursing homes), and transportation (led by air transportation). **Within goods, the leading contributors to the increase** were other nondurable goods (led by prescription drugs) and motor vehicles and parts (led by new motor vehicles).

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 **September 2023 were \$704.9 billion, up 0.7% from the previous month, and up 3.8% above September 2022.** Total sales for the July 2023 through September 2023 period were up 3.1% from the same period a year ago. Retail trade sales were up 0.7% from August 2023, and up 3.0% above last year. Nonstore retailers were up 8.4% from last year, while food services and drinking places were up 9.2% from September 2022.

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)

E-Commerce

U.S. retail e-commerce sales for the first quarter of 2023, adjusted for seasonal variation, **was \$272.6 billion, an increase of 3.0% from the fourth quarter of 2022.** Total retail sales for the first quarter of 2023 were estimated at \$1,799.5 billion, an increase of 0.9% from the fourth quarter of 2022. The first quarter 2023 e-commerce estimate increased 7.8% from the first quarter of 2022 while total retail sales increased 3.4% in the same period. **E-commerce sales in the first quarter of 2023 accounted for 15.1% of total sales.**

Note: Release for Q3 2023 – U.S. Quarterly Retail E-Commerce Sales, will be published Friday, November 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)

Consumer Confidence Index

The Consumer Confidence Index **declined moderately in October 2023 to 102.6, down from an upwardly revised 104.3 in September.** Consumer fears of an impending recession remain elevated, consistent with the short and shallow economic contraction we anticipate for the first half of 2024. Per The Conference Board, “Consumer confidence fell again in October 2023, marking three consecutive months of decline. Responses showed that consumers continued to be preoccupied with rising prices in general, and for grocery and gasoline prices in particular. **Consumers also expressed concerns about the political situation and higher interest rates. Worries around war/conflicts also rose, amid the recent turmoil in the Middle East. The decline in consumer confidence was evident across householders aged 35 and up, and not limited to any one income group.**”

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)

Consumer & Producer Price Index

The **Consumer Price Index rose 0.4% in September 2023** after increasing 0.6% in August. Over the last 12 months, the all-items index increased 3.7% before seasonal adjustment. Indexes which increased in September include: rent, owners’ equivalent rent, lodging away from home, motor vehicle insurance, recreation, personal care, and new vehicles. The indexes for used cars and trucks and for apparel were among those that decreased over the month. The **Producer Price Index for final demand increased 0.5% in September 2023.** Final demand prices rose 0.7% in August and 0.6% in July. Leading the increase in the final demand index in September, prices for final demand goods rose 0.9%. The index for final demand services advanced 0.3%. Prices for final demand less foods, energy, and trade services increased 0.2% in September, the fourth consecutive advance. For the 12 months ended in September, the index for final demand less foods, energy, and trade services moved up 2.8%.

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)

Small Business Optimism Index

The Small Business Optimism Index **decreased half of a point in September 2023 to 90.8. September’s reading marks the 21st consecutive month below the 49-year average of 98.** Twenty-three percent of owners reported that inflation was their single most important problem in operating their business, unchanged from last month and tied with labor quality as the top concern. Per the National Federation of Independent Business, “Owners remain pessimistic about future business conditions, which has contributed to the low optimism they have regarding the economy. **Sales growth among small businesses have slowed and the bottom line is being squeezed, leaving owners few options beyond raising selling prices for financial relief.**” Small business owners expecting better business conditions over the next six months deteriorated six points from August to a net negative 43% seasonally adjusted, however, 18 percentage points better than last June’s reading of net negative 61% and definitely at recession levels.

Source: National Federation of Independent Business

Industrial Production & Capacity Utilization

Industrial production increased 0.3% in September 2023 and at 103.6 percent of its 2017 average, was 0.1 above its year-earlier level. Manufacturing output rose 0.4%, with gains of 1% or more recorded by wood products, primary metals, and plastics and rubber products. Declines of 1% or more were recorded by apparel and leather as well as printing and support. **The index for motor vehicles and parts moved up only 0.3%,** as motor vehicle assemblies were held down by the ongoing strike against three automakers. **Capacity utilization moved up 0.2 percentage points to 79.7% in September 2023.** Capacity utilization for manufacturing edged up 0.1 percentage point to 77.8%. The operating rate for mining increased 0.5 percentage points to 95.1% while the operating rate for utilities decreased 0.4 percentage point to 72.7%.

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)

Manufacturing and Trade Inventories and Sales

Manufacturers’ and **trade inventories for August 2023** were estimated at an end-of-month level of \$2,548.7 billion, up 0.4% from July 2023 and were up 1.0% from August 2022. The combined value of **distributive trade sales** and manufacturers’ shipments for August 2023 was estimated at \$1,857.2 billion, up 1.3% from July 2023 and was up 0.2% from August 2022. The **total business inventories/sales ratio** based on seasonally adjusted data at the end of August was 1.37. The August 2022 ratio was 1.36.

Source: U.S. Census Bureau

Purchasing Managers Index, Manufacturing

The Manufacturing PMI **registered 49% for September 2023, 1.4 percentage points higher than the 47.6% recorded in August.** The overall economy expanded weakly after nine months of contraction following a 30-month period of expansion. Of the six biggest manufacturing industries, two — Food, Beverage & Tobacco Products; and Petroleum & Coal Products — registered growth in September. Per the Institute for Supply Management, “**Demand remains soft, but production execution improved compared to August as companies prepared for the fourth quarter and the close of the fiscal year. Suppliers continue to have capacity.**”

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.)

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Purchasing Managers Index, Services

For September 2023, the **Services PMI registered 53.6%, 0.9 percentage points lower than August's reading of 54.5%**. Economic activity in the services sector has expanded for the ninth consecutive month, and grown in 39 of the last 40 months, with the lone contraction in December 2022. **The 13 services industries reporting growth in September — listed in order — are:** Real Estate, Rental & Leasing; Retail Trade; Mining; Other Services; Utilities; Health Care & Social Assistance; Finance & Insurance; Construction; Professional, Scientific & Technical Services; Public Administration; Information; Transportation & Warehousing; and Educational Services.

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 Manager's Index for **September 2023 read in at 52.4, up from August's reading of 51.2. This marks the second straight month of expansion after five consecutive months of reaching new lows.** This move is fueled by continued growth in the warehousing market, increased inventory costs, and some signs of green shoots emerging in the transportation industry. Unlike last month, both Upstream and Downstream firms are seeing growth in the overall index. Many firms struggled with have too much inventory over the last year and a half, and some smaller firms may be reticent to build them back up gain for the fear that they would not be able to financially absorb another large overage. **This high cost of managing inventory is partly due to resiliency in warehousing.** Warehousing Prices were the big mover in this month's report, with the U.S. national average for warehousing rent at \$9.59 per square foot. The continued growth in prices is likely being driven by the fact that many of the new spaces being built are either located in large metros, designed for ecommerce, or in many cases both. **The freight recession is still ongoing, but in a continuation of what we have observed since late July it seems that cracks in the recession are beginning to form.**

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

Air logistics stakeholders may want to pump the brakes on celebrations of shipping volumes and rates finally climbing from the depths of a prolonged downturn. Newfound optimism is tempered by the fact that growth has more to do with normal seasonal patterns than a fundamental shift in demand. The market is essentially flat versus an anemic final stretch in 2022, according to the latest data. And with no signs of a demand push as consumer finances get squeezed, analysts remain bearish about prospects for a traditional shipping peak leading up to the holiday season. More industry experts now say real growth in the air cargo sector is still a year away.

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

INTERMODAL:

Dow Jones Transportation Average

As of October 30, 2023, the Dow Jones Transportation Average **closed at a reading of 13,826.69.**

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 October 30, 2023, the NASDAQ Transportation Index **closed at a reading of 5,630.50.**

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 **August 2023 measured 138.5, 1.9% below the all-time high level of 141.2 in August 2022.** The Freight TSI increased in August due to seasonally adjusted increases in trucking, air freight, water, and pipeline while rail intermodal and rail carload were down. The August increase came in the context of positive results for other indicators. The Federal Reserve Board Industrial Production (IP) Index was up 0.4% in August, reflecting increases of 0.1% in manufacturing, 1.4% in mining and 0.9% in utilities. Housing starts were down 11.3% while personal income increased by 0.4%.

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

Freight Index for Shipments and Expenditures

The **shipments component of the Cass Freight Index rose 1.7% month-over-month in September 2023,** following a 1.9% month-over-month increase in August. On a year-over-year basis, the index was 6.3% lower in September, after a 10.6% decline in August. As expected, the 2023 peak season is off to a muted start with a slightly improving trend. **The expenditures component of the Cass Freight Index fell 0.2% month-over-month and 25% year-over-year in September 2023.** The expenditures component of the Cass Freight Index rose 23% in 2022, after a record 38% increase in 2021, but is set to decline about 18% in. Both freight volume and rates remain under pressure at this point in the cycle, but fuel price increases could somewhat limit the savings for shipper.

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 Shippers Conditions Index (SCI) **continued to fall in August 2023 to its first negative reading since October 2022 at -2.7**. Freight rates were not quite as positive as they had been during the month with the real market challenge for shippers being the recent surge in diesel prices. Says FTR Transportation Intelligence, “The decline was almost entirely the result of higher diesel prices as overall capacity remains abundant across modes. But diesel prices pushed up rates and fuel surcharges leading to a less favorable environment for shippers. It is possible that diesel prices stay elevated for an extended period of time.”

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

North American Transborder Freight

Total transborder freight moved by all modes of transportation between the United States and North American countries Mexico and Canada for **August 2023 was valued at \$130.0 billion, down 1.7% compared to August 2022**. Freight between the U.S. and Mexico totaled \$70.8 billion, up 0.7% from August 2022. Freight between the U.S. and Canada totaled \$67.2 billion, down 4.0% from August 2022. **Air moved \$5.1 billion of freight, up 9.80% compared to 1 August 2022. Pipelines moved \$9.8 billion of freight, down 33.4% compared to August 2022. Railways moved \$17.7 billion of freight, down 1.0% compared to August 2022. Trucks moved \$87.8 billion of freight, up 4.6% compared to August 2022. Vessels moved \$11.9 billion of freight, down 11.8% compared to August 2022.**

Source: U.S. Bureau of Transportation Statistics

Intermodal News Clip

Ongoing tight capacity on roll-on/roll-off (Ro/Ro) vessels has forced vehicle manufacturers to load cars into containers, providing a sprinkling of new freight for ocean carriers trying to mitigate deliveries of new, larger ships. Some US vehicle makers are receiving more finished goods than usual, thanks to easing semiconductor shortages and rising demand for electric vehicles. Ro/Ro carriers have newbuilding vessels on order equal to about 30% of the present fleet, with vessel deliveries scheduled to begin in 2024, but they'll primarily offset retired tonnage rather than expand fleet capacity, say industry insiders.

Source: U.S. News & World Report; [link to article](#)

RAIL:

U.S. Freight Rail Traffic

U.S. railroads originated **921,716 carloads in September 2023**, up 2.3%, or 20,754 carloads, from September 2022. U.S. railroads also originated **1,008,896 containers and trailers in September 2023**, up 0.7%, or 7,096 units, from the same month last year. **Combined U.S. carload and intermodal originations in September 2023 were 1,930,612**, up 1.5%, or 27,850 carloads and intermodal units from September 2022. Says the Association of American Railroads, “Rail traffic, although improving, remains in uncertain territory along with the economy. Intermodal had the best volume month of the year in September, **showing, after three years, that “peak season” still exists although much more reserved and occurring somewhat later than past peaks**. Grain shipments improved slightly from extremely low summer levels, while chemicals and petroleum products had reasonably solid months. However, a sustained boost across rail categories will require stronger overall industrial growth.”

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 September 2023 was 676.7**. This is a month-over-month increase of 8.31%, and a year-over-year decrease of 5.33%.

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 **September 2023 was 122,464 workers**, a decrease from 122,792 workers in August 2023. Total number of workers in September 2022 was 117,582.

Source: U.S. Surface Transportation Board

**Rail Freight
News Clip**

The Transportation Security Administration (TSA) recently announced updates to three security directives regulating passenger and freight railroads to protect critical rail operations and facilities. The revised directives have been renewed for one year, and include updates aimed at strengthening the rail industry's defenses against cyberattacks, TSA officials said in a press release. The directives require TSA-specified passenger and freight railroad carriers to take action to prevent disruption and degradation to their infrastructure with a "flexible, performance-based approach, consistent with TSA's requirements for pipeline operators," administration officials said.

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

ROAD:

**Cowen/AFS
Freight Index**

Truckload Rates: Data from Q3 validates last quarter's expectation that truckload rates found a floor. The rate per mile index stayed relatively flat with modest growth from Q2 to Q3, and that trend of sequential improvement is expected to continue in Q4, in line with expectations for a muted peak season. Data from Q3:2023 indicated a continued decline in both cost per shipment (CPS) and miles per shipment (MPS), likely due to shippers' efforts to optimize inventories and logistics networks.

LTL Rates: Prior to the Yellow bankruptcy, analysts expected that the collapse of the nation's third-largest LTL carrier would send a supply-side shock to pricing. The Q3 index data validates that expectation, revealing 2.2% quarter-over-quarter (QoQ) rate growth. The lift in costs can be attributed to carriers exercising restraint in advance of Yellow's demise, former Yellow freight shifting to new carriers with higher average pricing, and a rise in fuel surcharges. **Express Parcel Rates:** Data shows the effects of higher discounting and falling billed weight in Q3:2023, which were more than enough to offset an increased fuel surcharge, for a net decline in cost-per-package QoQ. Looking ahead, the index projects a quarterly increase that falls in line with the established pace of growth from Q3 to Q4 in previous years. **Ground Parcel Rates:** In Q3:2023, ground parcel rates experienced their first year-over-year decline since 2019, as carriers used more aggressive discounting to secure volume in a softening market. Looking ahead, the index projects a mild quarterly increase consistent with a muted peak season, but for the second-straight quarter, rates would still be lower than they were a year prior.

Source: *AFS Logistics* (An index providing a snapshot of less-than-truckload shipping, full truckload shipping, and parcel shipping.)

**Truckload
Linehaul Index**

The Truckload Linehaul Index (TLI) **rose 0.5% month-over-month in September 2023 to 142.0, after a 0.5% month-over-month decline in August.** The small increase is more likely a pause than a trend change, but reinforces some anecdotes of fleets addressing accepted but unacceptable rates. While not likely widespread, this suggests rates are nearing their lows. On a year-over-year basis, the TLI fell 9.1% in September, after an 11.5% year-over-year decline in August.

Source: *Cass Information Systems* (this index measures the per-mile change in linehaul rates and 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**

The For-Hire Truck Tonnage Index **decreased 1.1% in September 2023 after rising 0.2% in August. In September, the index equaled 113.9 compared with 115.2 in August.** Says the American Trucking Associations, "After hitting a bottom in April, tonnage increased in three of the previous four months, gaining a total of 2.2% before September's drop. However, this freight market remains in flux, and the index contracted by 1.1% in September, which erased half of those gains. While it is likely a bottom has been hit in truck freight tonnage, **there could still be choppy waters ahead as the freight market remains volatile.**"

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 September 2023 was 2.78.** The August 2023 ratio was 2.83 and the September 2022 ratio was 3.54. **Georgia's load-to-truck ratio** for vans for September 2023 remained steady, averaging 1.1 – 2.5 loads for every truck. For October 2023, **the spot rate** (national average) for dry van freight decreased 2 cents from the previous month to a reading of \$2.09. **Contract rates** registered an average of \$2.59 for the same month. Month-over-month, the average outbound van rate for the Southeast region declined, registering at \$1.99 for October 2023.

Source: *DAT Freight & Analytics*

**Truckload Freight,
Refrigerated**

The national **load-to-truck ratio for refrigerated hauls fell to 3.43 loads per truck in September 2023.** The August 2023 ratio was 4.41 and the September 2022 ratio was 6.33. **Georgia's load-to-truck ratio** for September 2023 fell, averaging 0.0 – 2.2 reefer loads per truck. The average national **spot market reefer rate for October 2023 was \$2.46 per mile**, decreasing 6 cents from the previous month. Contract rates for reefers averaged \$2.97 for the same month. The average outbound rate for the **Southeast region for reefer freight** registered at \$2.18 for October 2023.

Source: *DAT Freight & Analytics*

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OCTOBER 2023

Trucking Conditions Index

The Trucking Conditions Index **fell to -12.54 in August 2023 from the July reading of -5.34 due to sharply higher diesel prices and weaker freight volume**. August's TCI implies the toughest overall market conditions for carriers since April 2020, although surges in fuel prices tend to hurt small operations disproportionately as they are less likely to benefit from fuel surcharges. With fuel costs stabilizing for now, the outlook is for improved conditions, but expectations for the TCI to turn consistently positive are not anticipated until late 2024.

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

Diesel Prices

As of October 30, 2023, the **U.S. average diesel price was \$4.45 per gallon**. This is an 13-cent decrease month-over-month and \$0.86 lower than the same week in 2022. The average price of diesel in the **Lower Atlantic states came in at \$4.21 per gallon**, showing a 21-cent drop from the previous month. Prices were nearly one dollar more during the same period in 2022, averaging \$5.18 per gallon.

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

Trucking Employment

September 2023 numbers (preliminary) for the trucking industry **read at 1,584,500 employees**, increasing from 1,575,700 employees (preliminary) for August 2023.

Source: U.S. Bureau of Labor Statistics

Trucking Earnings & Hours

For August 2023, the average earnings (preliminary) for occupations commonly found in truck transportation **were \$30.79/hour**, falling from the previous month's rate of \$31.00. August 2023 showed **average weekly hours totaling 40.5 hours** (preliminary) up from 40.2 hours in July 2023.

Source: U.S. Bureau of Labor Statistics

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

North American Class 8 orders for September 2023 read in at 31,200 units, up 94% versus August and down 45% year-over-year. Both the month-over-month increase and the year-over-year decrease were well within expectations given that build slots have opened for 2024 production and that the market continues to normalize after last year's exceptional order volumes. Total Class 8 orders for the previous 12 months have equaled 270,000 units.

Source: FTR Transportation Intelligence

Road Freight News Clip

New preliminary data from the Federal Motor Carrier Safety Administration shows a noticeable drop in large-truck crash injuries and fatalities, a positive development as the agency considers new rules designed to prevent such crashes and mitigate their effects. Fatalities resulting from crashes involving large trucks (weighing over 10,000 pounds) fell 14.4% — from 1,175 to 1,006 — in the first quarter of 2023 compared to the same period in 2022, according to the latest statistics published by FMCSA's Motor Carrier Management Information System (MCMIS), dropping below the 10-year trend.

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

AIR:

Air Cargo Traffic

Industry-wide air cargo demand stood at a seasonally-adjusted **20.8 billion cargo tonne-kilometers (CTKs) in August 2023**. Compared with the previous year, global CTKs grew by 1.5% year-on-year, which is the first annual growth seen by the industry since February 2022. However, industry CTKs remained 1.3% lower than their pre-pandemic level in 2019. Air cargo's historic tie with industrial production and cross-border trade trended back to realignment. **However, the sustained annual contraction of trade remains a worrying signal to air cargo demand**. Airlines in the Asia Pacific, North America, Latin America, and Middle East regions registered annual growth in their international CTKs in August, owing to the improved traffic in major trade lanes.

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

Jet Fuel Prices

As of October 27, 2023, the global average jet fuel price **ended at \$118.76/bbl, a decrease of 9.4% from the previous month**. This is a 14.3% decline, year-over-year.

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

Israel's Civil Aviation Authority (CAA) has said international flights continue to operate to and from Israel in light of recent events. The CAA said that currently "the Israeli airlines are operating as usual". The organization added that currently "there are still international flights to and from Israel by many airlines". Israel-headquartered El Al, which includes El Al Cargo – in the process of beginning freighter operations, said in a social media post that its flights to and from "depart as usual". The Israel Airports Authority, which operates Ben Gurion Airport in Tel Aviv, said that the airport "is working as planned including departures and landings".

Source: *Air Cargo News*; [link to article](#)

OCEAN:

Shanghai Containerized Freight Index

As of October 27, 2023, the China Shanghai Containerized Freight Index reading was **\$1,012.60 per FEU**. This is a 13.24% increase from the previous month, and a **50.55% 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

Georgia Ports Authority (GPA) leaders presented recent updates at both the Savannah State of the Port event and Brunswick State of the Port event, both held in October 2023. In Savannah, President and CEO Griff Lynch and others gave updates on the port's \$1.9 billion master plan and infrastructure investments, while in Brunswick, leaders explained how the Port of Brunswick is poised to become the top auto and machinery port in the U.S., with 264 acres of land for development and improvements totaling more than \$262 million. GPA handled volumes for FY2023 of 5.4 million TEU and forecasts 4-6 percent growth for the coming years. At the Port of Brunswick, Roll-on/Roll-off cargo hit a record in FY2023, leading GPA to an overall growth of 17.7 percent over the previous year, at 723,515 units.

Source: *Georgia Ports Authority*

Ocean Freight News Clip

The Port of Savannah is poised to grow again, with a 395-acre cargo container terminal planned for an island in the middle of the Savannah River. The Georgia Ports Authority (GPA) recently submitted a permitting application for the terminal with the U.S. Army Corps of Engineers. The facility is to be built on land the authority owns in the shadow of Savannah's Talmadge Bridge on Hutchinson Island, a 2,000-acre isle that prior in the 1990s was a CSX railroad-owned wildland.

Source: *The Atlanta Journal-Constitution*; [link to article](#)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The record new supply coming online coupled with moderating demand and occupiers right sizing their footprints have led to another rise in vacancy for the U.S. industrial market. **At 4.7%, the overall vacancy rate climbed 70 basis points (bps) quarter-over-quarter (QOQ) — up 120 bps since the start of the year. The rate, however, still sits 210 bps below the 15-year average of 6.8%.** While many markets have recorded upticks in vacancy over the last few quarters, 40 of the 83 markets are boasting rates at 4% or lower. Some key markets in the South and West are continuing to experience tight conditions despite slowing demand for space. **Savannah, GA reported** a vacancy rate of 4.6% for Q3 2023, compared to 0.9% for Q3 2022. **Atlanta, GA reported** a vacancy rate of 5.5% for Q3 2023, compared to 2.9% in Q3 2022.

Source: *Cushman & Wakefield*

Warehouse Rent Rates

The overall industrial average asking rental rate inched higher to **\$9.73 per square foot (psf), up just 0.9% from the second quarter**. Three of the four regions posted modest gains quarter-over-quarter, but the West region recorded a 0.6% decrease in the average rent. Amid cooling demand, year-over-year rent growth slowed for the fourth straight quarter to 12.3% in Q3 2023. The Northeast region saw a 16.6% rise YOY while the South region posted an 11.1% increase during that time. Many landlords are keeping rents steady, but some have begun to lower rates in existing sub-Class A facilities. Meanwhile, the additional new speculative supply, priced well above the market average, has continued to exert upward pressure on the average rental rates in markets where healthy delivery totals have occurred. **For Savannah, GA** the average asking rental rate for Q3 2023 was \$7.41, compared to \$6.14 for Q3 2022. **For Atlanta, GA** the average asking rental rate for Q3 2023 was \$6.70, compared to \$7.06 for Q3 2022.

Source: *Cushman & Wakefield*

LOGISTICS MARKET SNAPSHOT

Industrial Absorption

Although absorption totals continued to moderate each of the last four quarters, net growth is still occurring. **The 46.2 million square feet (msf) of overall net absorption registered in the third quarter was 12.7% lower than what was registered during the previous quarter and pushed the YTD total to 174.1 msf.** This puts the market on pace to eclipse 210 msf by the close of 2023. **Of the 83 markets tracked by this report, 63% recorded positive absorption during the third quarter, led by Dallas/Fort Worth, Savannah, Charlotte and Houston,** all of which exceeded 4 msf of net occupancy gains. Conversely, just 7 markets posted negative absorption of 1 msf or greater, led by Northern and Central New Jersey and the Inland Empire. **For Savannah, GA,** Q3 2023 net absorption registered at 6,607,110 compared to 7,538,835 for Q3 2022. **For Atlanta, GA,** Q3 2023 net absorption registered at 2,600,533 compared to 4,432,738 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 September 2023 numbers for the warehousing industry workforce comes in at **1,844,100 employees, a decrease from 1,887,900 employees** for August 2023 (preliminary).

Source: U.S. Bureau of Labor Statistics

Warehouse Earnings & Hours

August 2023 average hourly earnings in the warehousing and storage subsector comes in at **\$23.95/hour (preliminary), unchanged from the August 2023 rate.** The **average weekly hours were 41.2 for August 2023** (preliminary) up from 40.7 hours in July 2023.

Source: U.S. Bureau of Labor Statistics

Warehouse & Distribution News Clip

Freight transportation and logistics services provider Ryder System Inc. said it has inked a definitive agreement to acquire the outstanding equity of IFS Holdings LLC, also known as Impact Fulfillment Services (IFS), a provider of contract packaging, contract manufacturing, and warehousing services for shippers in the consumer-packaged goods (CPG), retail, and healthcare sectors. Financial terms of the deal were not disclosed, but Ryder did state that, as per the terms of the transaction, it will acquire 15 IFS locations in Florida, Georgia, Illinois, North Carolina, Ohio, Pennsylvania, Texas, Utah, and California. Ryder added that it expects bringing IFS into the fold to add roughly \$250 million in annual total revenue to Ryder's supply chain solutions group, with the deal expected to be made official in early November 2023.

Source: Logistics Management; [link to article](#)

LOGISTICS MARKET SNAPSHOT

The free Logistics Market Snapshot is compiled and prepared monthly by the Georgia Center of Innovation



The Georgia Center of Innovation's logistics team is the leading statewide resource for fueling logistics industry growth and global competitiveness. The Center works to address the needs and opportunities of companies of any size involved in logistics and freight transportation – both providers and heavy consumers of logistics services. The Center provides industry knowledge and technical expertise, connections to state resources in research and innovation, and joins together an extensive cross-sector industry network. As an industry focused component of the Georgia Department of Economic Development (GDEcD) the Center has main offices in Savannah and

Atlanta with activity in all parts of the State.

The Center represents all segments of the logistics industry and provides a unique platform for companies to network, address industry issues and share knowledge. **Simply put, the Center is a catalyst to help logistics-enabled businesses clear the path to innovation and growth.**

**For more information about Georgia's Center of Innovation, Logistics please contact:
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