

### U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>decreased at an annual rate of 31.7%</b> in the second quarter of 2020, according to the second estimate released by the Bureau of Economic Analysis in late August. The decline in second quarter GDP reflected the response to COVID-19, as “stay-at-home” orders issued in March and April were partially lifted in some areas of the country in May and June, and government pandemic assistance payments were distributed to households and businesses. This led to rapid shifts in activity, as businesses and schools continued remote work and consumers and businesses canceled, restricted, or redirected their spending. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the second quarter of 2020 because the impacts are generally embedded in source data and cannot be separately identified. (Source: US BEA) As of September 16, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the <b>third quarter of 2020 is 31.7%</b>. (Source: Federal Reserve Bank of Atlanta) (The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit increased 18.9%</b> in July 2020 to \$63.6 billion. Exports and imports increased in July but remained below pre-pandemic levels, reflecting the ongoing impact of COVID-19, as many businesses continued to operate at limited capacity or ceased operations completely, and the movement of travelers across borders remained restricted. In July, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, Saudi Arabia, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, Singapore, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In July 2020, the U.S. <b>imported \$196.4 billion</b> of cargo, <b>increasing 12.3%</b> from the previous month. The July import of consumer goods (\$54.0 billion) were the <b>highest since September 2019</b>. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In July 2020, the U.S. <b>exported \$115.5 billion</b> of cargo, <b>increasing 11.9%</b> from the previous month. The July exports to Hong Kong (\$1.7 billion) and Singapore (\$1.5 billion) were the <b>lowest since August 2009</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>increased 0.9%</b> in August 2020, after increasing 1.2% the previous month. The August advance was driven by higher prices for both fuel and nonfuel imports. U.S. export prices <b>increased 0.5%</b> in August 2020, after a 0.9% increase the previous month. In August, rising nonagricultural prices more than offset falling agricultural prices. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>was 8.4%</b> in August 2020, <b>down from 10.2%</b> the previous month. A <b>preliminary 1.37 million net new jobs were created</b> in August 2020. That’s down from 1.73 million in July and 4.78 million in June, but is about what most economists expected. Job gains in August reflect continued resumptions of economic activity in much of the country. The unemployment rate in <b>Georgia was 5.6% in August, down from 7.6%</b> the previous month. (Source: AAR, US DOL, GDOL)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>was 61.7% in August 2020, up 0.5%</b> the previous month. The labor force participation rate for those of prime working age (25-54) was 81.4% in August, <b>up 0.1%</b> from 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 1.2%</b> in August 2020, to a reading of 106.5. According to The Conference Board, “While the US LEI increased again in August, the slowing pace of improvement suggests that this summer’s economic rebound may be losing steam heading into the final stretch of 2020. Despite the improvement, the LEI remains in recession territory, still 4.7 percent below its February level. Weakening in new orders for capital goods, residential construction, consumers’ outlook, and financial conditions point to increasing downside risks to the economic recovery. Looking ahead to 2021, the LEI suggests that the US economy will start the new year under substantially weakened economic conditions.” (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>Existing home sales were an annualized and seasonally adjusted 1.50 million in July 2020, <b>up 22.6%</b> from the previous month, <b>up 23.4%</b> year-over-year, and the <b>most since February 2020</b>. The index of pending home sales (sales that haven’t closed yet but contracts have been signed) was 122.1 in July 2020, <b>up 5.9%</b> from the previous month and <b>15.5% higher</b> year-over-year. According to the National Association of Realtors, “Prospective buyers missed most of the spring buying season due to pandemic-induced lockdown measures. With nearly all states at least partially reopened, the market is experiencing robust activity from the pent-up demand.” (Source: AAR, National Association of Realtors)</p>
<b>Light Vehicle Sales</b>	<p>New light vehicle sales were an annualized and seasonally adjusted 15.2 million in August 2020, <b>up 3.9%</b> from the previous month. The Covid-19 pandemic has affected the automotive industries severely. After plunging in April, both sales and production have partly recovered. A recent survey by McKinsey and Company indicates that, now that the economy and mobility seem to have improved, driving in private cars has become more attractive, especially for intercity travel. Higher auto sales in recent months partly reflect pent-up demand. Sales in coming months will depend on overall consumer income (which in turn will depend heavily on what happens in the labor market) and consumers’ willingness to spend amidst a potentially prolonged recession. (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 0.4%</b> to \$20.0 trillion in July 2020. The increase in personal income in July was more than accounted for by compensation of employees as portions of the economy continued to reopen. Proprietors' income and rental income of persons also contributed to the increase. (Source: U.S. Bureau of Economic Analysis) <i>(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses).</i></p>
<b>Retail Sales</b>	<p>Advanced estimates of retail and food service sales in August 2020 were <b>\$537.5 billion, an increase of 0.6%</b> from the previous month, and <b>2.6% above</b> August 2019. Non-store retail sales were <b>19.6% higher</b> from the same month last year. (Source: US Census) <i>(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)</i></p>
<b>E-Commerce</b>	<p>The estimate of U.S. retail e-commerce sales for the second quarter of 2020, adjusted for seasonal variation, was \$211.5 billion, <b>an increase of 31.8%</b> from the previous quarter and <b>44.5% higher than the second quarter of 2019</b>. E-commerce sales in the first quarter of 2020 accounted for 11.5% of total sales. (Source: US Census) <i>(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)</i></p>
<b>Consumer Confidence</b>	<p>The Consumer Confidence Index <b>decreased to 84.8</b> in August 2020, <b>down 6.9%</b> from the previous month. According to The Conference Board, "The Present Situation Index decreased sharply, with consumers stating that both business and employment conditions had deteriorated over the past month. Consumers' optimism about the short-term outlook, and their financial prospects, also declined and continues on a downward path. Consumer spending has rebounded in recent months but increasing concerns amongst consumers about the economic outlook and their financial well-being will likely cause spending to cool in the months ahead." (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)</i></p>
<b>Consumer &amp; Producer Price Index</b>	<p>The Consumer Price Index for all urban consumers was 259.7 in August 2020, up 0.4% from the previous month. The monthly increase in the seasonally adjusted all items index was broad-based; a sharp rise in the used cars and trucks index was the largest factor, but the indexes for gasoline, shelter, recreation, and household furnishings and operations also contributed. The Producer Price Index for final demand was <b>118.4</b> in August 2020, <b>up 0.3%</b> from the previous month. In August, two-thirds of the advance can be traced to a 1.2-percent increase in margins for final demand trade services. (Trade indexes measure changes in margins received by wholesalers and retailers.) (Source: US Bureau of Labor Statistics)</p>
<b>Small Business Optimism Index</b>	<p>The Small Business Optimism Index was 100.2 in August 2020, <b>up 1.4% from the previous month</b>. According to the National Federation of Independent Business (NFIB), "Small businesses are working hard to recover from the state shutdowns and effects of COVID-19. We are seeing areas of improvement in the small business economy, as job openings and plans to hire are increasing, but many small businesses are still struggling and are uncertain about what the future will hold." Out of 10 index components, seven posted gains, one was unchanged, and two declined. (Source: National Federation of Independent Business) <i>(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)</i></p>
<b>Industrial Production and Capacity Utilization</b>	<p>The Industrial Production Index was 101.4 in August 2020, <b>an increase of 0.4%</b> from the previous month and <b>7.7% lower year-over-year</b>. Capacity Utilization for the industrial sector was <b>71.4%</b> in August 2020, <b>up 0.3%</b> from the previous month and <b>up 0.6%</b> year-over-year. (Source: Federal Reserve) <i>(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)</i></p>
<b>Manufacturing &amp; Trade Sales</b>	<p>Total combined sales and manufacturing shipments totaled nearly <b>\$1.44 trillion</b> in July 2020, <b>up 3.2% from the previous month but down 1.2% from July of the previous year</b>. (Source: US Census)</p>
<b>Manufacturing &amp; Trade Inventory</b>	<p>Total value of inventory on-hand is estimated at <b>\$1.91 trillion</b> in July 2020, <b>up 0.1% from the previous month and down 5.9% from July of the previous year</b>. (Source: US Census)</p>
<b>Purchasing Managers Index</b>	<p>The National PMI <b>was 56.0%</b> in August 2020, <b>increasing 1.8%</b> from the previous month. This figure indicates expansion in the overall economy for the fourth straight month. New Orders <b>increased 6.1%</b> to 67.6%, and Production <b>increased 1.2%</b> to 63.3%. According to the Institute for Supply Management (ISM), "After the coronavirus (COVID-19) brought manufacturing activity to historic lows, the sector continued its recovery in August, the first full month of operations after supply chains restarted and adjustments were made for employees to return to work. Survey Committee members reported that their companies and suppliers operated in reconfigured factories, with limited labor application due to safety restrictions." In August, 15 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) <i>(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i></p>
<b>Purchasing Managers Index in the Southeast</b>	<p>In August 2020, the Southeast PMI <b>increased 4.6%</b> month-over-month to <b>58.2%</b>. New Orders in the Southeast <b>decreased 9.1%</b> to 61.4% and Production <b>increased 4.5%</b> to 61.4%. In the month of August, the Southeast's PMI was <b>3.9% higher</b> than the national PMI. (Source: Kennesaw State University) <i>(The Southeast region includes the states of Georgia, Alabama, Florida, Tennessee, Louisiana, and Mississippi. The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i></p>

### Logistics Manager's Index

The Logistics Manager's Index was 66.0 in August 2020, an **increase of 3.0%** from the previous month and the **highest reading since November 2018**. According to the LMI researchers, "This month's LMI displays rapid growth in Transportation Prices and a drop-off in available Transportation Capacity. The crunch on available warehousing continues, and the cost of holding inventory remains high." (Source: the-lmi.com) *(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 percent indicates that logistics is expanding; a reading below 50 percent is indicative of a shrinking logistics industry.)*

### U.S. Market News

UPS will hire 100,000 seasonal workers starting in October to work through January, according to an announcement earlier this month. A large number of the temporary hires will move into permanent positions, Charlene Thomas, chief human resources officer, said in a statement. The majority of the hires will be package handlers, drivers, driver-helpers and personal vehicle drivers. This is the third year in a row UPS has set out to hire 100,000 workers for peak season. But this year the seasonal hires will start one month earlier. The pandemic has sent e-commerce volumes soaring for two quarters, and stakeholders are predicting a more drawn-out peak season, with topline volume expectations still hazy. DHL Express has also announced plans to hire 7,000 associates for peak season. FedEx hired 55,000 additional workers for peak season last year and has yet to make a similar announcement this year, but a Fox Business report suggests it may hire 70,000 workers for peak 2020. (Source: UPS, supplychaindive.com)

### MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **increased 11.7%** in August 2020, ending at a reading of 11,185. *(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

NASDAQ Transportation Index **increased 8.6%** in August 2020, ending at a reading of 5,174. *(Averaged share weights of NASDAQ-listed companies classified as transportation companies)*

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 128.9 in July 2020, **down 0.3%** from the previous month and **7.8% lower** than July 2019. The July increase was due to growth in rail intermodal, rail carload, water, and pipeline, despite declines in air freight and trucking. The July increase took place against the background of growth in several other indicators. (Source: US BTS)

### Cass Freight Index

The Cass Freight Shipments Index was 1.018 in July 2020, an **increase of 0.3%** from the previous month, and a **decrease of 13.1%** year-over-year. The Cass Freight Expenditures Index was 2.452 in July, an **increase of 2.8%** from the previous month and a **decrease of 14.3%** year-over-year. According to Cass Information Systems, "The Cass Freight Index showed that sequential volume improvement continued in June but still remains well below year-ago levels and also below where we were in the first quarter of the year. According to carriers on second quarter earnings calls, July was better than expected in the trucking market, both from a rate and demand standpoint. Rail traffic has also continued to march higher off the bottom at a faster pace than the Cass Freight Index (rail is only a small part of this index). Everything in the freight world, although mostly still below year-ago volume levels, seems at least to be moving in the same direction – up." (Source: Cass Information Systems | Cassinfo.com) *(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)*

### Shippers Conditions Index

After two historic months, FTR's Shippers Conditions Index weakened markedly in **June's reading of 1.03**, down from 24.8 in May. The key shift month-over-month was in capacity utilization which had been a strong positive in May but was the only negative factor in June. Rates remained a positive contributor to the June SCI but a much smaller one than in May. FTR's current outlook is for stronger conditions with SCI readings in the mid-to-high single digits through the rest of 2020. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for shippers)*

### North American Transborder Freight

Surface transport-related trade between the U.S., Canada, and Mexico totaled \$82.1 billion in June 2020, **46.3% higher than the previous month but 20.9% lower year-over-year**. Trucks carried \$56.5 billion of transborder freight and continued to be the most heavily utilized mode for moving goods between the U.S. and other North American countries (Canada and Mexico). (Source: US BTS)

### Multimodal News Clips:

The Department of Transportation released a National Freight Strategic Plan earlier this month to help implement the National Multimodal Freight Policy. The plan outlines goals and strategies to guide multimodal freight policies, investments and programs at the federal and state levels. The policy and its plan were created under the Fixing America's Surface Transportation Act — passed in 2015 and set to expire Sept. 30. The plan identifies freight challenges and data and research needs, and intends to provide a framework for increased cross-sector and cross-mode collaboration between federal, state and local authorities. It was developed with input from multiple agencies, as well as carriers, shippers and other stakeholders in the public and private sectors. According to the plan, the federal government will contribute in four overarching ways: updating or eliminating regulations that increase costs for shippers and consumers; improving collaboration between stakeholders, including multi-state investment; providing federal funds specifically for freight projects; and investing in data, analytics and research. (Source: USDOT, supplychaindive.com)

#### RAIL:

<b>U.S. Freight Rail Traffic</b>	Total originated carloads on U.S. railroads averaged 224,557 per week in August 2020, <b>down 14.9% from August 2019 and the lowest weekly average for total carloads for August since sometime before 1988, when AAR's data began.</b> Total carloads in the first eight months of 2020 were down 16.0%, or 1.42 million carloads. (Source: AAR.org) <i>(Report includes rail car-loadings by 20 different major commodity categories)</i>
<b>U.S. Intermodal Rail Traffic</b>	U.S. intermodal originations were <b>up 3.0%</b> in August 2020 from August 2019. Weekly volumes averaged 280,739 containers and trailers per week in August 2020, <b>the most since October 2018, and the fifth most for any month in history.</b> (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
<b>Railroad Fuel Price Index</b>	The index of average railroad fuel prices in August 2020 was 259.6, <b>up 0.7%</b> from the previous month and <b>31.6% lower</b> year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i>
<b>Class 1 Railroad Employment</b>	Railroad employment in July 2020 <b>increased by 1.102 employees</b> to 117,230 employees total. (Source: U.S. STB, AAR)
<b>Railroad News Clips:</b>	The Surface Transportation Board and the Federal Railroad Administration issued joint letters to the seven Class I railroads last month, expressing concern over missed industrial switches and "excessively late or annulled" trains in recent months due to insufficient crew sizes. "It is our expectation that there will be heightened emphasis on improving employee availability, equipment resources, and robust communication to quickly resolve service issues as they arise and to prevent them from becoming widespread," according to the letter. While the STB and FRA commended the railroads for delivering essential goods during the early months of the pandemic, they expressed concern about their ability to handle expected increases in intermodal volume during the upcoming harvest season. "Given the challenges related to changing demand patterns and operating conditions, increased communication and transparency with rail shippers is especially important," the letter said. (Source: <a href="http://progressiverailroading.com">progressiverailroading.com</a> )

#### TRUCKING:

<b>Truck Tonnage Index</b>	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 107.5 in August 2020, a <b>decrease of 5.6% from the previous month and a decrease of 8.9% from August 2019.</b> According to ATA Chief Economist Bob Costello, "The August softness suggests that freight is very uneven in the trucking industry. The trucking sectors that haul for the industrial and energy industries are not seeing the surge in freight like the consumer side of the economy. The industrial loads tend to be heavier, so they count more in a tonnage calculation than most consumer-related loads. Fleets hauling for retailers are generally seeing strong freight volumes. Carriers hauling heavier industrial products generally saw softer volumes in August." (Source: American Trucking Associations   <a href="http://Trucking.org">Trucking.org</a> . Note: ATA recently revised the seasonally adjusted index to 2015 = 100)
<b>Truckload Freight</b>	The spot market for truckload-freight available for pick-up in August 2020 <b>increased 9.8%</b> compared to the previous month, and was <b>94.0% higher</b> year-over-year. Truck capacity <b>decreased 6.1%</b> for the month, and <b>decreased 15.3%</b> year-over-year. (Source: DAT Trendlines   <a href="http://www.dat.com">www.dat.com</a> )
<b>Refrigerated Trucking</b>	In August 2020, the load-to-truck ratio for refrigerated loads was 9.32 loads per truck <b>up from 7.32</b> the previous month. In August, the national spot market reefer rate was \$2.44 per mile, <b>up</b> from \$2.30 the previous month. (Source: DAT Trendlines   <a href="http://www.dat.com">www.dat.com</a> )
<b>Trucking Conditions Index</b>	The Trucking Conditions Index in July 2020 <b>was 2.84, a decrease from 11.35 the previous month.</b> According to FTR, "Carriers took advantage of stronger freight rates while the freight demand and capacity utilization that set the stage for those rates settled somewhat during the month." FTR expects the TCI to stay in positive territory through the balance of the year and into 2021. (Source: FTR Transportation Intelligence   <a href="http://ftrintel.com">ftrintel.com</a> ) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i>
<b>Diesel Prices</b>	As of September 14, 2020 the U.S. average diesel price was <b>\$2.42 per gallon.</b> The U.S. average diesel price was <b>\$0.56 lower</b> than the same week last year. The average price of diesel in the Lower Atlantic states was <b>\$2.35 per gallon, \$0.51 lower</b> than the same week last year. (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i>
<b>Trucking Employment</b>	The trucking industry workforce <b>increased 0.7% to 1,449,500 employees total</b> in August 2020. (Source: U.S. Bureau of Labor Statistics)
<b>Trucking Earnings and Hours</b>	The average earnings of truck transportation employees were \$26.30/hour in July 2020, <b>up 1.2%</b> from the previous month. The average weekly hours totaled 41.2 in July, <b>up 0.2%</b> from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary August 2020 Class 8 truck orders totaled **20,500 units, up 3%** from the previous month, and **90% higher** than August 2019. According to FTR, "Large fleets continue to buy new trucks according to their replacement cycles, with a few orders going towards expansion purposes. Orders are expected to stay in the 20,000 range for the next few months with buyer confidence increasing as the economy recovers and freight volumes rise." Final August 2020 net trailer orders totaled **28,700 units, up 49%** from June, **174% higher than August 2019, and the highest level since October 2019.** According to FTR, "The volume was much higher than expected and an indication that the industry is making a surprisingly quick recovery from the pandemic. Backlogs should rise back to where they were in March, and the new orders solidify van production for most OEMs through this year." (Source: FTR Transportation Intelligence | ftrintel.com)

#### Trucking News Clip

The FMCSA is proposing a pilot to study an HOS change, according to a notice last month. The change would allow drivers one off-duty break of at least 30 minutes, no more than three hours, that would pause the 14-hour driving window, according to the notice. Drivers would still need to take 10 consecutive hours off duty at the end of a shift. The pilot program, called the Split Duty Period Pilot Program, would last three years or fewer and would be open "to a certain number" of CDL holders, the notice stated. The FMCSA is requesting public comments on the proposed pilot. The public comment period is open for 60 days. (Source: FMCSA, supplychaindive.com)

### AIR FREIGHT:

#### Air Cargo Traffic

Global air freight traffic in July 2020 **was down 13.5% compared to July 2019**, the slowest decline since February, when COVID-19 was still mostly impacting Asia. (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

#### Jet Fuel Prices

As of September 11, 2020 the global average jet fuel price was \$39.45 per barrel; **down 12.6%** from the previous month, and **48.5% lower** 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:

Amazon Air has grown its fleet by adding nine Boeing 737s between May and July, the most planes the company has added in a three-month period, according to the report, "Amazon Air's Summer Surge" from DePaul University. The company's daily flight activity has increased over roughly the same period of time — April to August. Amazon Air flew 108 flights on the second-to-last Thursday in August, which is a 27% increase compared to the second-to-last Thursday in April, the report noted. The uptick in traffic is "extraordinary growth considering that it comes on the heels of much previous expansion, and that global air cargo was down more than 20% in June and July," the report reads. Having more planes means Amazon Air doesn't have to rely solely on the market to provide the capacity it needs to move its inventory. The report does note that analysts told the researchers "a significant amount of cargo may move on planes not registered to Amazon Air, particularly on international routes." And the DePaul researchers expect the expansion of Amazon to continue at "a pace similar to this year" going into 2021. "By the end of 2021, Amazon Air could cross the 200-flights-a-day threshold, making it about twice the size it was in early 2020," the report concludes. "With only a modest increase in fleet utilization, this will require about 74 – 75 airplanes, which the airline is on track to achieve." (Source: DePaul University, Amazon, supplychaindive.com)

### OCEAN FREIGHT:

#### Import Volumes by Ocean

In July 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.92 million TEUs, a **19.3% increase** from the previous month and **2.3% lower** year-over-year. July's numbers were higher than most expected. According to the NRF, "It's important to be careful how much to read into these numbers after all we've seen this year, but retailers are importing far more merchandise for the holidays than we expected even a month ago. Some of these imports are helping replenish inventories that started to run low after consumers unleashed pent-up demand when stores reopened. But this is the clearest sign yet that we could be in for a much happier holiday season than many had thought." (Source: NRF/Hackett Associates)

#### Shanghai Containerized Freight Index

The September 18, 2020 SCFI comprehensive reading was \$1,409 per FEU, **up 24.4%** from last month. The spot rate for shipments to the U.S. East Coast was \$4,634 per FEU, **up 17.2%** 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.)*

#### Georgia Ports Authority

The Port of Savannah moved 441,600 TEUs in August 2020, an **increase of 22.4%** from the previous month and **1.0% higher** than August 2019. The GPA **set a record** for intermodal cargo, handling 49,402 containers by rail, and moved more containers through the Appalachian Regional Port than ever before at 3,420 lifts, an increase of 96 percent. In August, Savannah **moved more containers over its docks, more cargo through its rail yards and more trade in and out of its inland terminals than at any other point in its 75-year history.** (Source: GPA)

### Ocean Freight Business News:

Reefer traffic in ocean shipping is expected to grow at a 3.7% annual rate to reach 156 million tonnes by 2024, according to a forecast from Drewry. Reefer cargo is expected to be more resilient than dry cargo through the economic downturn caused by the COVID-19 pandemic. While many are willing to cut back on items that travel in dry containers, such as apparel or electronics, the food traveling in reefers remains a priority. Dry cargo is expected to grow at an annual rate of 2.2% over the same period. "Availability of refrigerated shipping container equipment remains a challenge, due to the highly imbalanced nature of reefer trade routes," Drewry's head of reefer shipping research, Philip Gray, said in a statement. "And Drewry expects conditions to tighten as equipment fleet growth is not expected to keep pace with projected cargo demand." Specialized reefer ships are expected to lose their share of the reefer market to containerships. Drewry projected market share for specialized reefer ships will fall from 13% in 2019 to just 8% by 2024. (Source: Drewry, supplychaindive.com)

### WAREHOUSING & DISTRIBUTION:

**Industrial Vacancy** The U.S. industrial vacancy rate in the second quarter of 2020 saw its first significant uptick coming in at **5.3%**. That vacancy rate is still 40 basis point (bps) below the five-year historical average of 5.7% for all product types. Despite vacancy increasing by 30 bps over last quarter, alleviating some—but certainly not all—of the pressure on the supply constrained markets. In the U.S., industrial vacancy rates have declined or held steady over the past year in 25 of the 80 markets tracked by Cushman & Wakefield. The vacancy rate in **Atlanta, GA was 7.0%** in Q2 of 2020. (Source: Cushman & Wakefield)

**Warehouse Rent Rates** Such tight market conditions and solid demand continued to support YOY rent growth in the second quarter of 2020. U.S. industrial asking rents **increased 2.1%** from the second quarter 2019 to second quarter 2020, closing the first half of the year at \$6.58 per square foot (psf). **The average asking rent in Atlanta was \$4.44/SF in Q2 2020.** (Source: Cushman & Wakefield)

**Industrial Absorption** The U.S. industrial market finished the first half of 2020 at a moderately strong pace, **absorbing 43.9 million square feet (msf)** in the second quarter bringing the mid-year total to 89.8 msf of absorption. Net occupancy growth in the first half of the year is down year-over-year (YOY) but absorption levels remained positive and will remain so heading into the second half of 2020. Despite the slow start to the year and increased concern around COVID-19 impacts, demand for industrial space won out. (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** The nationwide warehousing industry workforce **increased 2.9%** to 1,221,600 employees total in August 2020. (Source: U.S. Bureau of Labor Statistics)

**Warehouse Earnings and Hours** The average earnings of warehousing & storage employees across the U.S. were \$21.19/hour in July 2020, **up 0.7%** from the previous month. The average weekly hours totaled 39.3 in July, **up 0.8%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

- W&D Business News:**
- Lineage Logistics raised \$1.6 billion in new equity for business growth and to continue its investment in technology and automation, according to a press release. The cold storage provider will use the equity in part to fund future M&A, adding to its growing list of recent acquisitions and in response to the global demand for cold storage. Lineage Logistics raising more than a billion dollars means it can invest in more properties and more automation as cold storage demand is forecast to continue. More customers than ever are buying groceries online during the pandemic, translating into the need for even more cold storage to fulfill online food orders. Lineage aims to develop "the world's most fully automated warehouses." The company's focus on automation is in line with its steps to patent technology for the automated location of inventory in the warehouse. Machine learning to reduce energy consumption, temperature automation to eliminate waste and the usage of aerospace principles to preserve produce, are some of the other technologies listed on its website. (Source: Lineage Logistics, supplychaindive.com)
  - Energy and sports beverage company BANG ENERGY will invest \$145 million in opening its first Southeastern manufacturing and distribution facility in Douglasville, Georgia, delivering 600 new jobs to the community, which includes Lithia Springs. Once fully operational, the more than 644,000-square-foot facility, located at 7705 Staples Drive, will have the capacity to produce more than 4,000 cans per minute. (Source: Georgia.org)

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For more information about the **Logistics Market Snapshot** or the many other resources and activities of the **Georgia Center of Innovation for Logistics** please contact:  
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