

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>increased at an annual rate of 3.4%</b> in the third quarter of 2018, according to the third estimate released by the Bureau of Economic Analysis in late December. With this third estimate for the third quarter, the general picture of economic growth remains the same; personal consumption expenditures (PCE) and exports were revised down, and private inventory investment was revised up. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of February 14, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is 1.5%</b>. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit decreased 11.5%</b> in November 2018 to \$49.3 billion. In November, the U.S. had a trade surplus with South and Central America, Hong Kong, United Kingdom, Brazil, and Singapore. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, South Korea, India, Canada, OPEC, Taiwan, Saudi Arabia, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In November 2018, the U.S. <b>imported \$211.9 billion</b> of cargo, <b>decreasing 3.6%</b> from October. November imports of automotive vehicles, parts, and engines (\$32.1 billion), were the <b>highest on record</b>. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In November 2018, the U.S. <b>exported \$140.3 billion</b> of cargo, <b>decreasing 0.8%</b> from October. November exports of capital goods (\$48.4 billion) were the <b>highest on record</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>decreased 0.5%</b> in January 2019. Both fuel and nonfuel prices contributed to the January decline. U.S. export prices <b>decreased 0.6%</b> for the second consecutive month in January 2019. Export prices have only recorded one monthly advance since June. In January, both nonagricultural prices and agricultural prices contributed to the decline. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>was 4.0%</b> in January 2019, up from 3.9% in December. The increase was primarily due to the labor force remaining relatively unchanged but the number of unemployed rising by 241,000. A preliminary <b>304,000 net new jobs were created</b> in January 2019, <b>far more than most economists expected</b>. Job gains averaged 223,000 per month in 2018. The unemployment rate in <b>Georgia was 3.6%</b> in December 2018, <b>up from 3.5%</b> the previous month. (Source: US DOL, GDOL, AAR)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>was 63.2% in January 2019, up 0.2%</b> from the previous month. The labor force participation rate for those of prime working age (25-54) was 82.6% in January, up from 82.3% 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>decreased 0.1%</b> in January 2019, ending at a reading of 111.3 According to The Conference Board, "In January, the strengths in the financial components were offset by the weaknesses in the labor market components. The US LEI has now been flat essentially since October 2018. The Conference Board forecasts that US GDP growth will likely decelerate to about 2 percent by the end of 2019." (Source: Conference Board   Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i></p>
<b>Housing Starts</b>	<p>In December 2018, existing home sales were an annualized and seasonally adjusted 4.99 million in December 2018, <b>down 6.4%</b> from November 2018 and the slowest pace in more than three years. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 99.0 in December 2018, <b>down 2.2%</b> from the previous month and <b>9.8% lower</b> year-over-year, making this the twelfth straight month of annual decreases. According to the National Association of Realtors, "The stock market correction hurt consumer confidence, record high home prices cut into affordability and mortgage rates were higher in October and November for consumers signing contracts in December." (Source: U.S. DOC, National Association of Realtors)</p>
<b>Light Vehicle Sales</b>	<p>New light vehicle sales were an annualized and seasonally adjusted 16.6 million in January 2019, <b>down 5.1%</b> from the previous month, <b>down 2.1%</b> from January 2018, and the <b>lowest for any month since August 2017</b>. The government shutdown, which lasted most of January, along with frigid weather in much of the country for several days in January, dampened consumer demand. <b>Sales for all of 2018 were 17.2 million</b>, up from 17.1 million in 2017 but down from 17.4 million in 2015 and a record 17.5 million in 2016. (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 0.2%</b> to \$17.8 trillion in November 2018. The increase in personal income in November primarily reflected increases in wages and salaries, and in farm proprietors' income that were partially offset by decreases in personal dividend income and social security benefits. Farm proprietors' income increased \$14.9 billion in November, which included subsidy payments associated with the Department of Agriculture's Market Facilitation Program. During Q3 2018, Personal Income in Georgia was estimated at \$481.8 billion, an <b>increase of 4.4%</b> from Q2 2018. (Source: U.S. Bureau of Economic Analysis) <i>(Personal income is the income received by a person from all sources. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses).</i></p>

## Retail Sales

Advanced estimates of retail and food service sales in December 2018 were **\$505.8 billion, a decrease of 1.2%** from the previous month, but **up 2.3%** from December 2017. Non-store retail sales were **9.6% higher** from the same month last year. (Source: US Census) *(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)*

## E-Commerce

The estimate of U.S. retail e-commerce sales for the third quarter of 2018, adjusted for seasonal variation, was \$130.9 billion, **an increase of 3.1%** from the second quarter of 2018 and **14.5% higher than the third quarter of 2017**. E-commerce sales in the third quarter of 2018 accounted for 9.8% of total sales. (Source: US Census) *(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)*

## Consumer Confidence

The Consumer Confidence Index **decreased to 120.2** in January 2019, **down 5.1%** from the previous month. According to The Conference Board, "The Present Situation Index was virtually unchanged, suggesting economic conditions remain favorable. Expectations, however, declined sharply as financial market volatility and the government shutdown appear to have impacted consumers. Shock events such as government shutdowns (i.e. 2013) tend to have sharp, but temporary, impacts on consumer confidence. Thus, it appears that this month's decline is more the result of a temporary shock than a precursor to a significant slowdown in the coming months." (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.)*

## Consumer & Producer Price Index

The Consumer Price Index for all urban consumers was **252.7** in January 2019, **unchanged** from the previous month. The energy index declined for the third consecutive month, offsetting increases in the indexes for all items less food and energy and for food. The Producer Price Index for final demand was **117.1** in January 2019, **down 0.1%** from the previous month. In January, the decline in the final demand index can be traced to a 0.8% decrease in prices for final demand goods. In contrast, the index for final demand services increased 0.3%. (Source: US Bureau of Labor Statistics)

## Small Business Optimism Index

The Small Business Optimism Index was 101.2 during January 2019, **down 3.1% from the previous month** and the lowest level since the latter half of 2016. According to the National Federation of Independent Business (NFIB), "Business operations are still very strong, but small business owners' expectations about the future are shaky. One thing small businesses make clear to us is their dislike for uncertainty, and while they are continuing to create jobs and increase compensation at a frenetic pace, the political climate is affecting how they view the future." Out of 10 index components, three posted gains, zero were unchanged, and seven declined. (Source: National Federation of Independent Business) *(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)*

## Industrial Production and Capacity Utilization

The Industrial Production Index was 109.4 in January 2019, **a decrease of 0.6%** from the previous month and **3.8% higher than January 2018**. Capacity Utilization for the industrial sector was **78.2%** in January 2019, **an increase of 2.2%** from January 2018. (Source: Federal Reserve) *(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)*

## Manufacturing & Trade Sales

Total combined sales and manufacturing shipments totaled nearly **\$1.46 trillion** in November 2018, **down 0.3% from the previous month** and **up 4.2% from November of the previous year**. (Source: US Census)

## Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$1.98 trillion** in November 2018, **down 0.1% from the previous month** and **up 4.6% from November of the previous year**. (Source: US Census)

## Purchasing Managers Index

The National PMI **increased to 56.6%** in January 2019, an **increase of 2.3%** from the previous month. With a reading above 50, the overall economy grew for the 117<sup>th</sup> consecutive month. New Orders **increased 6.9%** to 58.2%, and Production **increased 6.4%** to 60.5%. In January, 14 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## Purchasing Managers Index in Georgia

In January 2019, Georgia's PMI **increased 0.8%** month-over-month to 53.8%. New Orders in Georgia **decreased to 53.8%** and Production **increased to 61.5%**. In the month of January, Georgia's PMI was **4.9% below** the national PMI. (Source: Kennesaw State University) *(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)*

## U.S. Market News

- Reports of cargo theft in the U.S. dropped 19% between 2017 and 2018, according to numbers from SensiGuard. There were 592 thefts in the U.S. last year worth an average of \$142,342. Full truckloads accounted for 74% of cargo thefts, and electronics were the most common item stolen, making up 20% of all thefts. It's not clear what led to the drop in thefts this year, but in last year's report SensiGuard said declining theft numbers were the result of criminals "honing in on shipments that they know can be fenced easily, or target products that have been 'ordered' by grey and black market distributors." While the number of overall thefts dropped between 2016 and 2017, the overall cost did not, which could be a sign that thieves are getting better at targeting desired shipments, the report said. (Source: supplychaindive.com, SensiGuard)
- Lineage Logistics, a global cold storage leader, announced its acquisition of Preferred Freezer Services in a deal valued at more than \$1 billion. The two closely held companies will together encompass more than 200 facilities with 1.3 billion cubic feet of cold-storage space across North America, Europe and Asia, including 17 automated facilities where robotic cranes move and store pallets of goods in unlit, low-oxygen rooms. Preferred is the third largest provider of cold storage, and its combination with Lineage would supplant current leader Americold Realty Trust, according to the Global Cold Chain Alliance, an industry group. The deal comes amid a rising demand for cold storage, driven in part by consumer desire for fresh food and fast delivery. "Everybody needs to get close to the population," said John Huguenard of Jones Lang LaSalle, an investment management company. With more locations, operators such as Lineage can provide better service to their largest customers, he said. (Source: Wall Street Journal, supplychaindive.com)

## MULTIMODAL:

<b>Dow Jones Transportation Index</b>	Dow Jones Transportation Index <b>increased 9.3%</b> in January 2019, ending at a reading of 10,059. (A price-weighted average of 20 U.S. companies in the transportation industry, average of January 1 <sup>st</sup> thru January 31 <sup>st</sup> . The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.)
<b>NASDAQ Transportation Index</b>	NASDAQ Transportation Index <b>increased 6.8%</b> in January 2019, ending at a reading of 4,924. (Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of January 1 <sup>st</sup> thru January 31 <sup>st</sup> )
<b>DOT Freight Transportation Service Index</b>	The USDOT's freight transportation services index was 134.2 in December 2018, a <b>decrease of 3.1%</b> from the previous month but <b>1.4% higher</b> than December 2017. For the full year 2018, the index rose 1.4%, the third consecutive annual rise but down from the 6.8% increase in 2017. The December decrease in the Freight TSI was driven by declines in trucking and pipeline, while rail carload, air freight, water and rail intermodal increased. (Source: US BTS)
<b>Cass Freight Index</b>	The Cass Freight Shipments Index was 1.128 in January 2019, a <b>decrease of 1.2%</b> from the previous month, and a <b>decrease of 0.3%</b> year-over-year. The Cass Freight Expenditures Index was 2.792 in January, a <b>decrease of 4.0%</b> from the previous month and an <b>increase of 7.8%</b> year-over-year. According to Cass Information Systems, "The current levels of volume and pricing growth are suggesting that the U.S. economy is still growing, just not at the rate it was, and that it may have reached its short-term expansion limit." (Source: Cass Information Systems   Cassinfo.com) (Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)
<b>Shippers Conditions Index</b>	The Shippers Conditions Index for November 2018 increased from the previous month, to a <b>reading of 0.1</b> . This is the first positive reading for the index in more than two years and is the best since August of 2016. FTR expects the SCI to stay within a range close to neutral throughout 2019. However, the measure could move into even more positive territory if freight demand weakens further alongside strong truck buying and improved driver hiring pushing freight rates lower. (Source: FTR Transportation Intelligence   ftrintel.com) (Figures below zero indicate a less-than-ideal environment for shippers)
<b>NAFTA Trade</b>	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$110.8 billion in October 2018, <b>up 9.0%</b> from the previous month, and <b>up 10.2%</b> year-over-year. October marked the <b>24<sup>th</sup> straight month</b> in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried \$70.1 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)
<b>Multimodal News Clips:</b>	Walmart has launched its own fleet of intermodal containers and begun using its own drivers to move containers from rail hubs to Walmart stores, according to VP of Inbound Logistics Ken Braunbach. Braunbach could not confirm the number of containers, nor how large the program is likely to become, but described the capacity added to Walmart's network as "supplemental." The new container, designed internally at Walmart, include chassis and doublestacking capability along with a roll-up door, which allows for more flexibility in unloading at stores. "We wanted to have that flexibility, which no other container provides," said Braunbach. He emphasized Walmart is far from causing a significant change in its freight needs, but has been pleasantly surprised by the extra efficiency gained by taking more control of intermodal loads. The retailer determined its daycab trucks, a minority in its fleet of 8,000 vehicles, were a good fit for drayage. Taking over this part of the chain from 3PLs has saved hours or even days of transit time for each container. Taking control of containers directly from railroads is also saving time. Class I railroads continue a slow march toward precision scheduled rail (PSR), which can make for fewer options and less flexibility, but often greater reliability for shippers. Braunbach said the response from railroads has been mixed, but largely positive, adding that the scheme may allow Walmart to utilize more rail in its freight mix. (Source: supplychaindive.com)

## RAIL:

### U.S. Freight Rail Traffic

Originations of carloads in January 2019 totaled 1,238,000 units, an **increase of 21.1%** from the previous month and an **increase of 1.7%** from January 2018. Weekly average total carloads in January 2019 were 247,697, the fewest for any month since January 2018. According to AAR, "The extreme cold this year at the end of January in many parts of the country limited rail operations substantially, though it's impossible to precisely calculate what carloads would have been if weather had been more normal." (Source: AAR.org) *(Report includes rail car-loadings by 20 different major commodity categories)*

### U.S. Intermodal Rail Traffic

Intermodal rail traffic totaled 1,316,000 units in January 2019, **up 19.6%** from the previous month and **0.5% higher than January 2018**. Weekly average intermodal volume in January 2019 was 263,234, the **most ever for January**. (Source: AAR.org) *(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)*

### Railroad Fuel Price Index

The index of average railroad fuel prices in January 2019 was 358.2, **down 2.4%** from the previous month and **12.8% lower** year-over-year. (Source: AAR.org)  
*(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)*

### Class 1 Railroad Employment

Railroad employment in December 2018 **decreased 0.9% from the previous month** to 147,620 employees total. Maintenance of way employment fell by 513 in December; it always falls this time of year due to the end of the construction season in much of the country. Train and engine employment (the engineers and conductors in locomotive cabs) fell by 446 in December, their first decline in nearly a year. (Source: U.S. STB, AAR)

### Short Line Rail Traffic

In January 2019, short line railroad shipments across North America **increased 6.2% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 358,785 railcars** and intermodal units during the month of January. Trailer or container led gains with a 31.8% increase. Motor vehicles and equipment led declines, with a decrease of 6.5%. (Source: Railinc Short Line and Regional Traffic Index)

### Railroad News Clips:

Norfolk Southern laid out its plan to implement precision scheduled railroading (PSR) at an investor conference at the railroad's new headquarters in Atlanta earlier this month. The plan includes centralizing operations, reducing staff, running fewer, heavier, faster trains and optimizing the network in order to increase efficiency. CEO Jim Squires said the railroad will change its service and prioritize loads differently in a move toward "being clear about what we can and can't do," which will lead to some shedding of customers. The chairman explained success will be judged by three metrics: Service Delivery Index (SDI), which is a metric based on whether the railroad delivers on the commitments it makes to its customers, Train and employee productivity measured by the tonnage of traffic moved per active crew member, and Cars-on-line measured in tonnage per train. The end-all-be-all of metrics will be the operating ratio (OR) — a single figure that speaks to the overall efficiency of the railroad. With the goal of 60% by 2021, Norfolk Southern looks to fall in line with the other railroads that have adopted PSR, all of which had OR's below 62% last year. (Source: supplychaindive.com)

## TRUCKING:

### Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 117.3 in January 2019, an **increase of 2.3% from the previous month and an increase of 5.5% from January 2018**. According to ATA Chief Economist Bob Costello, "After monthly declines in both November and December, tonnage snapped back in January. I was very pleased to see this rebound. But we should expect some moderation in tonnage this year as most of the key sectors that generate truck freight tonnage are expected to decelerate." (Source: American Trucking Associations | Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)

### Truckload Freight

The spot market for truckload-freight available for pick-up in January 2019 **increased 2.7%** compared to the previous month, and was **34% lower** year-over-year. Truck capacity **increased 16%** for the month, and **increased 49%** year-over-year. (Source: DAT Trendlines | www.dat.com)

### Refrigerated Trucking

In January 2019, refrigerated loads posted on load boards **decreased 5.6%** while refrigerated truck posts **increased 9.3%**, compared to the previous month. That caused the load-to-truck ratio to **decrease to 6.2 loads per truck**, which is a typical seasonal trend. In January, the national reefer rate was \$2.30 per mile, \$0.14 lower than the previous month. While it's common for rates to decline in January, the drop was steeper than usual due to abundant capacity and declining fuel costs. Compared to the unseasonably high rates of January 2018, the national average in January 2019 was \$0.33 lower than January 2018. (Source: DAT Trendlines | www.dat.com)

### Trucking Conditions Index

The Trucking Conditions Index in December 2018 **increased to a reading of 11.46**. The sharply improved December reading is a result of strong month-over-month growth in volumes along with a favorable fuel environment. However, FTR forecasts that this level will not be sustained in 2019 with readings falling back to the mid-single digit positive readings in January and moving steadily to more neutral conditions likely by Q4. (Source: FTR Transportation Intelligence | ftrintel.com) *(Figures below zero indicate a less-than-ideal environment for trucking)*

### Diesel Prices

As of February 25, 2019 the U.S. average diesel price was **\$3.04 per gallon**. The U.S. average diesel price was **\$0.04 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$2.94 per gallon, 3.3% less than the national average price**. (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*

<b>Trucking Employment</b>	The trucking industry workforce <b>increased by approximately 3,600 employees to 1,514,900 employees total</b> in January 2019. The trucking industry workforce <b>increased 0.2%</b> over the previous month and <b>increased 3.3%</b> over January 2018. (Source: U.S. Bureau of Labor Statistics)
<b>Trucking Earnings and Hours</b>	The average earnings of truck transportation employees were \$24.83/hour in December 2018, <b>up 0.8%</b> from the previous month. The average weekly hours totaled 42.2 in December, <b>up 1.0%</b> from the previous month. (Source: U.S. Bureau of Labor Statistics)
<b>U.S. Truck &amp; Trailer Orders (Class 8)</b>	Preliminary data for heavy-duty Class 8 trucks net orders in North America were 15,600 units in January 2019, <b>down 26%</b> from the previous month and the lowest total since October 2016. According to FTR, "The low Class 8 order number was not entirely unexpected, as the great majority of fleets already have all their orders in for 2019 and don't need to place any more orders for a while. Backlogs are expected to fall, but should remain over 70% higher than a year ago." Preliminary January 2019 net trailer orders totaled <b>26,300 units, down 5%</b> from December 2018 and <b>39% lower</b> than January 2018. According to FTR, "Although down from December, January orders came in higher than expected. The order level meets current trailer production rates so backlogs remain near record levels. The considerable y/y negative comparison for trailer orders is primarily the result of the huge spike in orders during January 2018, as fleets scrambled to catch up with robust freight growth. Cancellations were elevated in January for the second straight month, as fleets shift orders around to more precisely fit their requirements. Orders during the month were particularly strong for specialty trailers." (Source: FTR Transportation Intelligence   ftrintel.com)
<b>Trucking News Clip</b>	The trucking industry experienced almost 1.2 billion hours of delay in 2016 because of traffic congestion on the National Highway System, according to a 2018 report from ATRI. Year-over-year truck speeds dropped by an average of about 9% in the top 10 bottleneck locations, an indicator of increased congestion on busy freight roadways, ATRI said. "This delay is the equivalent of 425,533 commercial truck drivers, sitting idle for an entire working year...it is estimated that the additional operational costs incurred by the trucking industry due to traffic congestion were \$74.5 billion," the report said. The cost to shippers and carriers can be staggering. "For UPS, if all of our vehicles are delayed just five minutes a day, every day, it costs our company \$114 million a year. In order to combat congestion, many companies must plan operational redundancies to meet their customer needs," Rich McArdle, president of UPS Freight, said in a statement. "Using data like ATRI's bottleneck report can help both companies and elected officials to make more informed decisions." (Source: supplychaindive.com, ATRI)

## AIR FREIGHT:

<b>Air Cargo Traffic</b>	Global air freight traffic in December 2018 <b>was down 0.5% compared to December 2017</b> , the lowest annual growth rate since early 2016. For the year as a whole, FTKs <b>increased by 3.5%</b> in 2018, down from 9.7% in 2017. With capacity increasing faster than demand, the 2018 freight load factor fell by 0.9% compared with 2017. According to the IATA, "While a slowdown in freight demand growth was expected following the boost from the inventory restocking cycle in 2017, there are indications that the data are also reflecting the impact of the increasing headwinds to freight demand from renewed signs of weakness in global trade and economic indicators." (Source: IATA.org.) <i>(Global air freight covers international and domestic scheduled air traffic.)</i>
<b>Atlanta Air Cargo Traffic</b>	In December 2018, Hartsfield-Jackson Atlanta International Airport transported <b>56,049 metric tons</b> of cargo, a <b>5.0% decrease</b> from the previous month and a <b>9.4% decrease</b> year-over-year. (Source: HJAIA)
<b>Air Freight Price Index</b>	In December 2018, average airfreight rates for East-West routes decreased 3.5% over the previous month to reach \$3.07 per kilogram. Rates hit their peak in November, reaching \$3.18 – the highest rate seen in the past four peak seasons. Drewry said it expects rates to continue to decrease in January. (Source: Drewry, aircargoworld.com) <i>(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)</i>
<b>Jet Fuel Prices</b>	As of February 22, 2019 the global average jet fuel price was \$82.54 per barrel; <b>up 7.6%</b> from the previous month, and <b>1.8% higher</b> year-over-year. (Source: IATA.org, platts.com) <i>(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)</i>
<b>Air Freight News Clips:</b>	Boeing is ramping up production from 52 737s per month to 57 per month in order to deliver on its 2019 goal of between 895 and 905 planes, said Boeing executives on the company's fourth-quarter earnings call. When supply chain issues and supplier shortages threatened the company's ambitious production targets early in 2018, Boeing fundamentally changed the way it managed suppliers, parts and processes. Earlier this year the company announced it broke its own production record, delivering 806 jets in 2018, missing its stated goal of 810 to 815 by just a handful. The work to recover from a troubled supply chain is ongoing, and executives on the call said Boeing personnel are being placed in supplier factories to better understand the workflow and ensure on-time delivery. (Source: Boeing, supplychaindive.com)

## OCEAN FREIGHT:

### Import Volumes by Ocean

In December 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.97 million TEUs, an **8.8% increase** from the previous month and **13.9% higher** than December 2017. According to NRF, "With trade talks with China still unresolved, retailers appear to be bringing spring merchandise into the country early in case tariffs go up in March." U.S. tariffs of 10% on \$200 billion worth of Chinese goods that took effect last September are scheduled to increase to 25% on March 1 unless negotiations that began in December are successful. Hackett Associates adds that "U.S. containerized imports continue to be robust with retailers and other businesses trying to beat potential tariff increases in March. The problem is that warehouses and storage facilities are running out of space." (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The February 22<sup>nd</sup> SCFI comprehensive reading was **\$847 per FEU, down 9.9%** from last month. The spot rate for shipments to the U.S. East Coast was **\$2,837 per FEU, down 6.7%** from the previous month. (Source: Shanghai Shipping Exchange | [www1.chineseshipping.com.cn/en](http://www1.chineseshipping.com.cn/en)) *(The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)*

### Baltic Dry Index

The Baltic Dry Index **decreased 47.4%** in January 2019, ending at 668. The Chinese New Year is cited as one of the key reasons for the decline. Compared to January 2018, the index **decreased 42.0%**. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND).) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

### Port of Savannah

The Port of Savannah moved 433,975 TEUs in January 2019, a **23.6% increase** from the previous month, **28% higher** compared to January 2018 and the **busiest month in Port Authority history**. At the Georgia Foreign Trade Conference this month, Georgia Ports Authority Executive Director Griff Lynch unveiled GPA's Big Berth/Big Ship program that will allow the Port of Savannah to simultaneously handle six 14,000 TEU vessels by 2024. Currently, Savannah's Garden City Terminal is equipped to handle two of these vessels and by April of this year that number will increase to three. Over the next five years, the Authority plans to add another 21 Neo-Panamax ship-to-shore cranes, replacing 14 of its older models to bring the total fleet to 37. Dock upgrades are already under way to support the new, larger machines. In addition to the ship-to-shore cranes GPA is adding, a dozen new rubber-tired gantry cranes will bring the number Garden City Terminal's container handling cranes to 158. Ten RTGs will be commissioned in July, with another two in September. (Source: GPA)

### Port of Brunswick

The first of Kia's new Telluride vehicles were loaded for export onto the Roll-on/Roll-off vessel Sirius on February 26 at the Port of Brunswick. The 8-person SUVs are destined for ports around the Arabian Peninsula. "The Telluride is a bold, capable new offering, and the largest Kia ever," said Stuart Countess, chief administrative officer and vice president of Kia Motors Manufacturing Georgia (KMMG). "For KMMG, it's the logical next step in our commitment to meeting U.S. and global demand." As Telluride shipments reach the Port of Brunswick, International Auto Processing will inspect the vehicles, wash and apply wrap guard, install tow hooks and adjust tire pressure, among other services. Ocean carrier Glovis will move the vessels overseas. (Source: GPA)

### Ocean Freight Business News:

A.P. Moller-Maersk said the ocean side of its business had a good fourth quarter as shippers rushed to move product before the U.S.-China trade war escalated further, but a laundry list of complications in 2019 makes for soft growth projections. Revenue was up 9.3% year-over-year for the carrier at the end of 2018, heavily influenced by the acquisition of Hamburg Süd, which closed at the end of 2017. Maersk executives expect shipment volumes to grow around 2% in 2019, but they offered a strong caveat that multiple sources of uncertainty could easily throw off those expectations. Executives on the carrier's fourth-quarter earnings call made it clear that due to the shifting winds of international trade and industry regulation, the path ahead for Maersk is foggy. 2018 was a transitional year for Maersk, integrating Damco (less freight forwarding) and Maersk Line under one roof, and integrating Hamburg Süd, and the carrier still managed improvement in capacity and efficiency. (Source: [supplychaindive.com](http://supplychaindive.com))

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy was 5.0%** at the end of the fourth quarter of 2018, down 20 basis points year-over-year. None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q4 2018. The vacancy rate in **Atlanta, GA was 6.8%** in Q4 of 2018. (Source: NGKF)

### Warehouse Rent Rates

In Q4 2018, the average asking rent across the U.S. was **\$7.16/SF, up 3.0%** from the prior quarter and **10.3% higher** from one year ago. Industrial rents have increased in each quarter since third-quarter 2011, affirming the incredible resilience and consistency of the market. According to NGKF, e-commerce tenants are demanding top-quality distribution centers that can offer higher ceiling heights and automated warehouse management systems, which are helping to drive rents to record highs. **The average asking rent in Atlanta was \$7.16/SF in Q4 2018.** (Source: NGKF)

<b>Industrial Absorption</b>	<p>Net absorption in the U.S. <b>decreased slightly</b> during the fourth quarter of 2018, posting 60.3 million square feet of net absorption compared with 62.4 million square feet in the third quarter. However, the total amount increased compared with fourth quarter of 2017. Overall, demand remains healthy, as annual net absorption measured 238.0 million square feet of absorption in 2018, compared with 239.9 million square feet of absorption in 2017. Of the 49 industrial markets tracked by NGKF, 17 absorbed 1 million square feet or more in Q4, led by Atlanta which absorbed 7.2 million square feet. (Source: NGKF) <i>(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)</i></p>
<b>Warehouse Employment</b>	<p>The nationwide warehousing industry workforce <b>increased by 15,100 employees</b> to 1,187,500 employees total in January 2019. The warehouse industry workforce <b>increased 1.3%</b> from the previous month and <b>increased 17.1%</b> year-over-year. (Source: U.S. Bureau of Labor Statistics)</p>
<b>Warehouse Earnings and Hours</b>	<p>The average earnings of warehousing &amp; storage employees across the U.S. were \$20.09/hour in December 2018, <b>up 0.1%</b> from the previous month. The average weekly hours totaled 43.8 in December, <b>down 0.7%</b> from the previous month. (Source: U.S. Bureau of Labor Statistics)</p>
<b>W&amp;D Business News:</b>	<ul style="list-style-type: none"> <li>• More than 2,000 new establishments classified as either warehouse or storage have been added to the U.S. market since 2008, according to numbers from the Bureau of Labor Statistics (BLS). This growth has not been enough to keep pace with the increase in demand for these types of industrial real estate spaces. Demand has outpaced supply of warehouse space since 2010, according to CBRE. The location companies want to build these new logistics facilities is typically dense and urban, which complicates the process and slows development, David Egan, CBRE's head of industrial and logistics research, told Supply Chain Dive in an interview. The promise of one-day and same-day delivery means companies need warehouse space where the people are, in dense urban areas such as Los Angeles, San Francisco and New Jersey. Land in these areas is hard to come by and expensive when you can find it, Egan said. One of the biggest headaches that comes with building in an urban area, though, is the entitlements process. Studies have to be done to see how a new building will impact traffic, sewer and the electric grid. This, Egan said, can add months to the development process. But some people are getting creative. One current trend is the conversion of old retail real estate into new industrial space. This has solution has its own huddles, though, as getting approval to change the zoning to an industrial space can sometimes be a tough sell. (Source:supplychaindive.com, CBRE, BLS)</li> <li>• Boehringer Ingelheim Animal Health USA Inc., a leading animal health company, will create 225 jobs and invest more than \$120 million in Gwinnett, Clarke, and Hall counties in Georgia. The company has located its North American headquarters in Duluth, creating 75 new jobs; is adding more than 100 new jobs at its manufacturing and R&amp;D facility in Athens; and more than 50 jobs at the company's Gainesville manufacturing facility. Headquartered in Ingelheim, Germany, Boehringer Ingelheim operates globally with 145 affiliates and around 47,500 employees. The focus of the family-owned company, founded in 1885, is researching, developing, manufacturing, and marketing new medications of high therapeutic value for human and veterinary medicine. (Source: Georgia.org)</li> </ul>

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