

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>increased at an annual rate of 2.1%</b> in the fourth quarter of 2019, according to the second estimate released by the Bureau of Economic Analysis in late February. The increase reflected positive contributions from personal consumption expenditures (PCE), federal government spending, exports, residential fixed investment, and state and local government spending that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. (Source: US BEA) As of March 6, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the <b>first quarter of 2020 is 3.1%</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 decreased 6.7%</b> in January 2020 to \$45.3 billion. In January, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, and United Kingdom. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, Singapore, Saudi Arabia, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In January 2020, the U.S. <b>imported \$203.4 billion</b> of cargo, <b>decreasing 2.1%</b> from December. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In January 2020, the U.S. <b>exported \$136.4 billion</b> of cargo, <b>decreasing 1.5%</b> from December. The January exports to Hong Kong (\$2.0 billion) were the lowest since May 2010. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices <b>declined 0.5%</b> in February 2020, after advancing 0.1% in January. In February, falling import fuel prices more than offset higher prices for nonfuel imports. U.S. export prices <b>decreased 1.1%</b> in February 2020. In February, falling prices for both agricultural and nonagricultural exports contributed to the overall decrease. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>was 3.5%</b> in February 2020, <b>down from 3.6%</b> in January. A preliminary <b>273,000 net new jobs were created</b> in February 2020, far more than most economists were expecting. Job gains averaged 243,000 per month from December to February, the most for a 3-month period since the autumn of 2016. The unemployment rate in <b>Georgia was 3.1%</b> in January, <b>down from 3.2%</b> the previous month and <b>a record low</b>. (Source: US DOL, GDOL, AAR)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>was 63.4% in February 2020, unchanged from</b> the previous month. The labor force participation rate for those of prime working age (25-54) was 83.0% in February, <b>down 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>inclined 0.1%</b> in February 2020, to a reading of 112.1. According to The Conference Board, "The U.S. LEI rose slightly in February, but it doesn't reflect the impact of the COVID-19 pandemic which began to hit the U.S. economy in full by early March. The slight gain in February came only from half of the LEI components. In particular, the recovery in manufacturing, which looked promising until February, will now be short-lived because of the disruption in global supply chains and falling demand." (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 1.57 million in January 2020, <b>down 3.6%</b> from the previous month but <b>up 21.4%</b> year-over-year. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 108.8 in January 2020, <b>up 5.2%</b> from the previous month and <b>5.7% higher</b> year-over-year. According to the National Association of Realtors, "We are still lacking in inventory. Inventory availability will be the key to consistent future gains." (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 16.8 million in February 2020, <b>down 0.2%</b> from the previous month and <b>1.8% higher</b> year-over-year. As reported by S&amp;P Global Platts on March 4, 2020, "U.S. automotive sales appear to have avoided any significant impact from the coronavirus in February, but March sales may prove the industry's resiliency amid a recent economic slump." (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 0.6%</b> to \$19.0 trillion in January 2020. The increase in personal income in January primarily reflected increases in compensation of employees and social security benefit payments (related to annual cost of living adjustments), and other government social benefits to persons, which includes the Affordable Care Act refundable tax credit. During Q3 2019, Personal Income in Georgia was estimated at \$515.1 billion, an <b>increase of 3.8%</b> from Q2 2019. (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 February 2020 were <b>\$528.1 billion, a decrease of 0.5%</b> from the previous month, and <b>up 4.3%</b> from February 2019. Non-store retail sales were <b>7.4% 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>

E-Commerce	<p>The estimate of U.S. retail e-commerce sales for the fourth quarter of 2019, adjusted for seasonal variation, was \$158.0 billion, <b>an increase of 2.6%</b> from the third quarter of 2019 and <b>16.7% higher than the fourth quarter of 2018</b>. E-commerce sales in the fourth quarter of 2019 accounted for 11.4% of total sales. Total e-commerce sales for 2019 were estimated at \$601.7 billion, <b>an increase of 14.9%</b> from 2018. (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>
Consumer Confidence	<p>The Consumer Confidence Index <b>increased to 130.7</b> in February 2020, <b>up 0.3%</b> from the previous month. According to The Conference Board, “Despite the decline in the Present Situation Index, consumers continue to view current conditions quite favorably. Consumers’ short-term expectations improved, and when coupled with solid employment growth, should be enough to continue to support spending and economic growth in the near term.” (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>
Consumer & Producer Price Index	<p>The Consumer Price Index for all urban consumers was <b>259.1</b> in February 2020, <b>up 0.1%</b> from the previous month. Increases in the indexes for shelter and for food were the main causes of the increase in the seasonally adjusted all items index, more than offsetting a decline in the energy index. The Producer Price Index for final demand was <b>118.7</b> in February 2020, <b>down 0.6%</b> from the previous month. In February, 60 percent of the decline in the final demand index can be traced to a 0.9-percent decrease in prices for final demand goods. (Source: US Bureau of Labor Statistics)</p>
Small Business Optimism Index	<p>The Small Business Optimism Index was 104.5 in February 2020, <b>up 0.2% from the previous month</b>. According to the National Federation of Independent Business (NFIB), “February was another historically strong month for the small business economy, but it’s worth noting that nearly all of the survey’s responses were collected prior to the recent escalation of the coronavirus outbreak and the Federal Reserve rate cut. Business is good, but the coronavirus outbreak remains the big unknown.” Out of 10 index components, four posted gains, zero were unchanged, and six 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>
Industrial Production and Capacity Utilization	<p>The Industrial Production Index was 109.6 in February 2020, <b>an increase of 0.6%</b> from the previous month and <b>unchanged compared to February 2019</b>. Capacity Utilization for the industrial sector was <b>75.0%</b> in February 2020, <b>unchanged</b> from the previous month. (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>
Manufacturing & Trade Sales	<p>Total combined sales and manufacturing shipments totaled nearly <b>\$1.47 trillion</b> in January 2020, <b>up 0.6% from the previous month and up 2.1% from January of the previous year</b>. (Source: US Census)</p>
Manufacturing & Trade Inventory	<p>Total value of inventory on-hand is estimated at <b>\$2.04 trillion</b> in January 2020, <b>down 0.1% from the previous month and up 1.1% from January of the previous year</b>. (Source: US Census)</p>
Purchasing Managers Index	<p>The National PMI was <b>50.1%</b> in February 2020, a <b>decrease of 0.8%</b> from the previous month. New Orders <b>decreased 2.2% to 49.8%</b>, and Production <b>decreased 4.0%</b> to 50.3%. In February, 14 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>
Purchasing Managers Index in the Southeast	<p>In February 2020, the Southeast PMI <b>increased 12.2%</b> month-over-month to <b>61.0%</b>. New Orders in the Southeast <b>increased 11.7%</b> to 57.5% and Production <b>increased 26.7%</b> to 72.5% as well. In the month of February, the Southeast’s PMI was <b>19.6% higher</b> 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>

- Automotive, consumer goods and retail supply chains are in danger of stock-outs by the end of March, late April and May, respectively, due to COVID-19 related supplier delays in China, according to a report McKinsey released this month. Previous just-in-time manufacturing methods and/or traditionally low stock levels that could keep supply chains nimble may now present a significant risk as production and cargo movement out of China remains constricted, U.S. and EU factories begin to shut down to prevent the spread of COVID-19 and consumers stockpile goods amid shelter-in-place or social-distancing measures. "What used to be two to four weeks of inventory in the pipeline could easily become six days, or longer [alternatively], if no one is able to go and buy the product you're making," according to Ed Barriball, a partner at McKinsey and co-author of the report. As companies weather the current downturn they need to begin planning, even now, Barriball said, to make plans for eventually ramping up again, especially if they or their suppliers are not operating at full capacity in various parts of the world. (Source: supplychaine.com)

## U.S. Market News

- The COVID-19 crisis will bring the supply chain into the C-suite even more than it already is, said Tim Ryan, U.S. chairman and senior partner at PwC, on a Monday call with media. In a survey of financial leaders conducted the week of March 9, 34% of CFOs said supply chain issues are among their top three concerns in the current climate. A potential global recession, waning consumer confidence, direct financial impacts and potential workforce reductions were the only challenges more likely to be among the top three concerns for the 50 CFOs, 80% of which are from Fortune 1,000 companies and 44 of which are based in the U.S (the rest in Mexico). Thirty percent of the companies in PwC's survey were considering making changes to existing supply chains, but PwC executives expect that prognosis to change quickly, as the pandemic advances. The firm will conduct the same survey every two weeks to gauge shifts in sentiment. "The duration of the impact is the most important factor, and we expect that learnings from the outbreak will likely move the competitive forefront of supply chain operations toward more comprehensive, proactive modeling," reads the survey report released Monday. (Source: PwC, supplychaine.com)

## MULTIMODAL:

### Dow Jones Transportation Index

Dow Jones Transportation Index **decreased 11.4%** in February 2020, ending at a reading of 9,388. (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 **decreased 11.4%** in February 2020, ending at a reading of 4,597. (Averaged share weights of NASDAQ-listed companies classified as transportation companies)

### DOT Freight Transportation Service Index

The USDOT's freight transportation services index was 137.4 in January 2020, **unchanged** from the previous month and **1.0% lower** than January 2019. The Freight TSI was unchanged in January from December due to declines in water and pipeline, while trucking, rail carload, rail intermodal, and air freight increased. (Source: US BTS)

### Cass Freight Index

The Cass Freight Shipments Index was 1.085 in February 2020, an **increase of 6.2%** from the previous month, and a **decrease of 7.5%** year-over-year. The Cass Freight Expenditures Index was 2.679 in February, an **increase of 4.3%** from the previous month and a **decrease of 6.8%** year-over-year. According to Cass Information Systems, "Unlike a month ago when the stock market brushed off coronavirus (SARS-CoV-2/COVID-19) concerns, there has now been a significant sell-off, as investors confront the uncertainty around containment and eventual impact on consumer demand and global supply chains. While China looks to be on its way out of the worst of it, the large economies of the U.S. and Europe are still on the front end of dealing with the coronavirus. This certainly puts some doubt around our view that 2Q20 could see actual y/y growth in domestic U.S. shipments and freight costs, as traditional seasonal freight patterns may not hold. We are hearing Chinese manufacturing activity is picking back up but at below-average levels. And then there is the issue of moving the goods produced out of the country and to the U.S., which may be limited by airfreight capacity, truck capacity, and/or container capacity." (Source: Cass Information Systems | Cassinfo.com) (Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)

### Shippers Conditions Index

The Shippers Conditions Index for December 2019 **declined to 4.6**, reflecting a still-positive rate outlook. According to FTR, "The coronavirus has muddled the 2020 picture a bit, by creating the potential for a surge of volumes and port congestion once the virus' effects are resolved in China. But any potential issues from a surge are likely to be short lived because of the excess capacity available across freight modes as the year begins." (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 \$96.3 billion in December 2019, **up 4.0%** compared to December 2018. Trucks carried \$57.2 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)

### Multimodal News Clips:

DHL Global Forwarding has invoked force majeure, a spokesperson confirmed to Supply Chain Dive Friday. The company alerted customers of the decision this week. Force majeure is a provision in many service contracts that describes the conditions under which a provider can be relieved of liability for non-performance, based on events that are beyond the provider's control. "With almost all elements of the air and ocean supply chain on certain trade lanes currently being impossible to predict or control, DHL Global Forwarding decided to declare 'Force Majeure' and to reserve the right to modify its services to the prevailing circumstances consequent to the virus," a Deutsche Post DHL Group spokesperson told Supply Chain Dive in an email. DHL's decision does not mean all customers will be affected, nor affected equally. It also doesn't mean DHL customers can back out of their contracts despite altered circumstances. A customers' rights will depend on the language of the contract, the applicable law and the specifics of the disruption. (Source: DHL, supplychaindive.com)

## RAIL:

### U.S. Freight Rail Traffic

Total originated U.S. carloads were **7.3%, or 73,058 carloads, lower** in February 2020, from February 2019, their 13<sup>th</sup> consecutive monthly decline. Weekly average total carloads in February 2020 were 231,771, the lowest weekly average for any month since January 1988, when AAR's data begin. (Source: AAR.org) (Report includes rail car-loadings by 20 different major commodity categories)

### U.S. Intermodal Rail Traffic

In February 2020, U.S. railroads were **down 8.9%, or 96,897 containers and trailers, from February 2019**, their 13<sup>th</sup> consecutive monthly decline. (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 2020 was 384.8, **down 2.8%** from the previous month and **7.4% higher** year-over-year. (Source: AAR.org) (Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)

### Class 1 Railroad Employment

Railroad employment in January 2020 **decreased 2.4%** to 128,311 employees total. (Source: U.S. STB, AAR)

### Railroad News Clips:

Falling intermodal volumes — likely impacted by the coronavirus outbreak — contributed to the 7.6 percent decline in U.S. freight railroad traffic during the week ending March 14 compared with the same period a year ago. "Intermodal, rather than other rail sectors, is likely to see the earliest impacts from the coronavirus because large amounts of intermodal traffic go to or come from ports — roughly half of U.S. intermodal is exports or imports," said AAR Senior Vice President John Gray in a press release. "This is emphasized by the fact four of the five carriers of intermodal traffic from West Coast ports, the principal gateways serving the Chinese trade, saw declines in their intermodal business handled," he continued. "Similar declines in the East also suggest that the problem has begun to spread to other regions of the supply chain." (Source: AAR, progressiverrailroading.com)

## TRUCKING:

### Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 117.4 in February 2020, a **decrease of 0.2% from the previous month and an increase of 5.4% from February 2019**. According to ATA Chief Economist Bob Costello, "After a strong January, I'm a pleasantly surprised that the index didn't fall much last month. I continue to expect tonnage to moderate like other indicators, including retail sales, manufacturing activity and housing starts. Additionally, the level of inventories throughout the supply chain have increased, which is a drag on truck freight." (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 February 2020 **decreased 7.5%** compared to the previous month, and was **13.4% higher** year-over-year. Truck capacity **decreased 2.8%** for the month, and **increased 13.7%** year-over-year. (Source: DAT Trendlines | www.dat.com)

### Refrigerated Trucking

In February 2020, the load-to-truck ratio for refrigerated loads **decreased to 3.85 loads per truck**. In February, the national spot market reefer rate was \$2.09 per mile, down from \$2.24 the previous month. (Source: DAT Trendlines | www.dat.com)

### Trucking Conditions Index

The Trucking Conditions Index in December 2019 **increased to a reading of 3.02**, due to improved freight demand and spot rates. The December reading is the highest since January 2019 and the first positive reading since 0.28 in July. FTR expects the TCI to return to readings closer to neutral conditions before improving modestly in the second half of 2020. (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)

### Diesel Prices

As of March 16, 2020 the U.S. average diesel price was **\$2.73 per gallon**. The U.S. average diesel price was **\$0.34 lower** than the same week last year. The average price of diesel in the Lower Atlantic states was **\$2.62 per gallon, 4.0% less than the national average price**. (Source: U.S. DOE) (Reflects the costs and profits of the entire production and distribution chain.)

### Trucking Employment

The trucking industry workforce **increased 0.1% to 1,529,400 employees total** in February 2020. (Source: U.S. Bureau of Labor Statistics)

## Trucking Earnings and Hours

The average earnings of truck transportation employees were \$25.98/hour in January 2020, **up 0.9%** from the previous month. The average weekly hours totaled 40.3 in January, **down 2.4%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary February 2020 Class 8 truck orders totaled **14,100 units, down 20%** from the previous month, **18% lower** than February 2019, and the **lowest order activity for the month of February** since 2010. According to FTR, "It appears fleets have decided to delay some orders until the health crisis has passed. There is no pressure for fleets to order more trucks since most carriers have enough capacity to handle current freight volumes." Preliminary January 2020 net trailer orders totaled **16,600 units, essentially unchanged** from December, **and the lowest January order activity since 2011**. According to FTR, "Much of the uncertainty that was present in the economy has been abated. Two trade deals have been signed, some tariffs have been softened, the manufacturing outlook has improved, and the situation in the Middle East has calmed. However, fears about the coronavirus have now caused the equipment markets to pause and buyers to remain cautious. Business investment, both inside and outside the transportation industry, will continue to tighten the closer we get the presidential election. Fleets are confident to replace older trailers, but under the current low-growth freight environment, there is no motivation to expand operations." (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

Trucking capacity is getting tighter as demand surges from retailers and manufacturers hustling to replenish stores and distribution centers cleaned out by shoppers stockpiling food and sanitizing supplies. On March 17, the average rate to hire a truck on the spot market, where businesses book last-minute transportation, had increased 6.1% since Feb. 29 to \$1.89 per mile including fuel, according to online freight marketplace DAT Solutions LLC. Shipments of items such as electronics and health and beauty products are being delayed as retailers make more room in distribution centers and stores for food, paper products and diapers, according to Mac Pinkerton, president of freight broker C.H. Robinson Worldwide Inc.'s North American Surface Transportation division. FMCSA recently lifted hourly driving restrictions for truckers hauling critical medical goods and food for emergency restocking of stores in response to the pandemic. On March 18, the agency expanded its national emergency declaration to include fuel, paper products and other groceries as well as raw materials such as paper, plastic and alcohol used to manufacture essential items. (Source: The Wall Street Journal)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in January 2020 **was down 3.3% compared to January 2019** about a 2 percentage points faster pace of decline compared to the previous month. According to the IATA, "The timing of the Chinese New Year holiday along with the progress in the US-China trade negotiations helped to postpone the bulk of the negative impact of the coronavirus on air cargo till February." (Source: IATA.org.) *(Global air freight covers international and domestic scheduled air traffic.)*

### Air Freight Price Index

In January 2020, average airfreight rates for East-West routes **decreased 5.0%** from the previous month to \$2.59 per kilogram. Drewry suggests that the coronavirus is negatively impacting industry trends after what was already a challenging year for airfreight last year. "After the worst year for air cargo since the global downturn of 2009, the industry appeared poised for a return to modest growth in 2020," Drewry said, "But the COVID-19 outbreak has clouded the outlook. Therefore, Drewry expects no upturn in airfreight rates until the epidemic can be brought under control." (Source: Drewry, [aircargonews.net](http://aircargonews.net)) *(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)*

### Jet Fuel Prices

As of March 13, 2020 the global average jet fuel price was \$42.19 per barrel; **down 37.5%** from the previous month, and **47.8% lower year-over-year**. (Source: IATA.org, [platts.com](http://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:

The price is climbing for air cargo headed out of China as factories come back online, numbers from the TAC Index show. Shippers eager to move products have encountered a freight environment with reduced capacity, pushing prices higher. Airfreight rates from China to the U.S. increased by 27% between Feb. 24 and March 9 to reach \$3.49 per kilogram, according to the latest numbers from the TAC Index. Air cargo rates within Asia are also increasing, an indication that factories are beginning to restock, according to note from Freightos. Flight cancellations out of China have removed 5,100 tons of capacity from China per day on average, which has led to a 36% year-over-year decline in total airfreight capacity out of mainland China, according to an operational update from Agility Logistics. (Source: [supplychaindive.com](http://supplychaindive.com))

## OCEAN FREIGHT:

### Import Volumes by Ocean

In January 2020, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.82 million TEUs, a **5.7% increase** from the previous month but **3.8% lower** year-over-year. According to the NRF, "There are still a lot of unknowns to fully determine the impact of the coronavirus on the supply chain. As factories in China continue to come back online, products are now flowing again. But there are still issues affecting cargo movement, including the availability of truck drivers to move cargo to Chinese ports." Based on current estimates, the NRF said everything should be back to normal by May 2020: According to the report, imports will jump to 2.02 million TEU that month, which marks a 9.3% increase year-over-year, based on the assumption that most factories in China will have resumed production and will be trying to make up for lower volume. (Source: NRF/Hackett Associates)

## Shanghai Containerized Freight Index

The March 20, 2020 SCFI comprehensive reading was \$898 per FEU, **down 1.3%** from last month. The spot rate for shipments to the U.S. East Coast was \$2,785 per FEU, **down 0.6%** 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.)*

## Port of Savannah

The Port of Savannah moved 364,405 TEUs in February 2020, a **decrease of 3.5%** from the previous month but **17.0% higher year-over-year and the busiest February in GPA history**. Although March volumes are expected to dip due to the impact of COVID-19 compared to March 2019, all terminals remain open for business, with normal vessel operations, terminal services, and Monday-Friday truck gate hours. (Source: GPA)

## Port of Brunswick

In Roll-on/Roll-off trade, GPA handled 657,685 units of cars, trucks and tractors in 2019, an increase of 12,167 units, or 2 percent. "Both Savannah and Brunswick are outperforming the market, with Garden City container trade growing at a rate three times faster than the U.S. total, and Brunswick Ro/Ro units increasing despite a drop in U.S. vehicle sales in 2019," said GPA Board Chairman Will McKnight. (Source: Savannahnow.com, GPA)

## Ocean Freight Business News:

The impact on container shipping lines from the coronavirus pandemic could total about 17 million twenty-foot equivalent units (TEUs), according to Lars Jensen, CEO of Copenhagen-based SeaIntelligence Consulting. That amounts to about 10% of global volumes in a normal world, Jensen told wealth management firm UBS. Jensen did say he expects a strong volume rebound in 2021. Jensen told UBS during a conference call that there currently is a ripple effect from the supply crunch in China. "This consists of insufficient transport capacity for EU and U.S. exporters," the UBS call summary said. With the rapid spread of the coronavirus in Europe and the United States, Jensen expects importers to reduce stock levels "until they see clear evidence of demand rebounding." Earlier this month Jensen wrote in an online post that the "the situation is unprecedented" but "there is one clear comparison: the financial crisis in 2008," when global container volumes dropped by 10%. If the same contraction rate occurs this year, "this equals a decline of 17 million TEU globally for container lines" and ports and terminals could "potentially be looking at a loss of 80 million TEU of handling volume." (Source: freightwaves.com)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy rate was 5.2%** at the end of the fourth quarter of 2019, up from 5.1% the previous quarter and up from 4.9% in Q4 2018. None of the 49 markets tracked by NGKF had a double-digit vacancy rate during Q4 2019. The vacancy rate in **Atlanta, GA was 7.6%** in Q4 of 2019. (Source: NGKF)

### Warehouse Rent Rates

In Q4 2019, the average asking rent across the U.S. was **\$7.41/SF, 4.5% higher** from one year ago and the highest quarterly average recorded this cycle. Industrial rents have increased by 32.3% over the past five years and have ticked up every quarter since the third quarter of 2011, showing both the consistency and upside of the market. **The average asking rent in Atlanta was \$5.01/SF in Q4 2019.** (Source: NGKF)

### Industrial Absorption

Net absorption in the U.S. **increased 2.2%** during the fourth quarter of 2019, posting 50.6 million square feet of net absorption. Net absorption decreased 17.6% compared with 61.4 million square feet in Q4 of 2018. Of the 49 industrial markets tracked by NGKF, 17 absorbed 1 million square feet or more in Q4 2019. (Source: NGKF) *(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)*

### Warehouse Employment

The nationwide warehousing industry workforce **increased 0.4%** to 1,204,200 employees total in February 2020. (Source: U.S. Bureau of Labor Statistics)

### Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.79/hour in January 2020, **up 0.2%** from the previous month. The average weekly hours totaled 40.1 in January, **down 6.3%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

### W&D Business News:

- The logistics real estate sector could be among the best positioned to handle inventory supply and demand disruptions from the COVID-19 outbreak due to standard long-term occupancy contracts and a potential shift to more regional supply chains in the future, according to a report from Prologis released in March. While the disruption to global supply chains was arguably not as severe as the impact of COVID-19, shippers filled warehouse space with inventory stockpiles to get ahead of China tariffs or Brexit-related trade slowdowns, the report found. Prologis predicts the sector could see a similar trend once supply chains and consumer demand normalize and backlogged inventory begins to rush forward. (Source: Prologis, [supplychaindive.com](http://supplychaindive.com))
- Governor Brian P. Kemp announced that Kerry Group will expand its operations in Rome, Georgia, investing \$125 million, its largest-ever capital expenditure investment. The project will employ more than 400 people during the construction phase and more than 100 new full-time positions when the facility is fully operational. Headquartered in Ireland, Kerry Group is a leader in the global food industry and employs more than 25,000 people worldwide. Construction on the Floyd County project will begin immediately and is expected to be completed by early 2021 to more than double the production capacity of the existing site within the same footprint. (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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