

U.S. MARKET:

Gross Domestic Product	The U.S. GDP increased at an annual rate of 1.9% in the third quarter of 2019, according to the advance estimate released by the Bureau of Economic Analysis in late October. The increase reflected positive contributions from personal consumption expenditures (PCE), federal government spending, residential fixed investment, state and local government spending, and exports that were partly offset by negative contributions from nonresidential fixed investment and private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of November 8, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2019 is 1.0%. (Source: Federal Reserve Bank of Atlanta) (The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)
U.S. Trade Deficit	The U.S. goods and services trade deficit increased 4.7% in September 2019 to \$52.5 billion. In September, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, OPEC, Singapore, United Kingdom, and Saudi Arabia. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, Canada, South Korea, India, Taiwan, and France. (Source: US DOC & Census Bureau)
Import Volumes	In September 2019, the U.S. imported \$208.6 billion of cargo, decreasing 2.1% from August. The September imports of industrial supplies and materials (\$41.9 billion) were the lowest since September 2017 . (Source: US Census)
Export Volumes	In September 2019, the U.S. exported \$136.8 billion of cargo, decreasing 2.8% from August. The September exports to Italy (\$2.3 billion) were the highest on record . (Source: US Census)
Import & Export Price Index	U.S. import prices decreased 0.5% in October 2019. The decrease in October was driven by lower petroleum prices. U.S. export prices decreased 0.1% in October 2019. Price decreases for nonagricultural exports in October offset increased prices for agricultural exports. (Source: Bureau of Labor Statistics)
Unemployment Rate	The unemployment rate in America was 3.6% in October 2019, up from 3.5% in September. A preliminary 128,000 net new jobs were created in October 2019. So far in 2019, job growth has averaged 167,000 per month, down from an average of 223,000 in 2018 but still a solid result. The unemployment rate in Georgia was 3.4% in October 2019, down from 3.5% the previous month. (Source: US DOL, GDOL, AAR)
Labor Force Participation Rate	The labor force participation rate was 63.3% in October 2019, up 0.2% from the previous month. The labor force participation rate for those of prime working age (25-54) was 82.8% in October, up 0.2% 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>
Leading Economic Index	The Leading Economic Index for the U.S. decreased 0.1% in October 2019, to a reading of 111.7. According to The Conference Board, "The decline was driven by weaknesses in new orders for manufacturing, average weekly hours, and unemployment insurance claims. The major difference this month is the softening in the labor market, whereas conditions in manufacturing remain weak and show no signs of improvement yet. Taken together, the LEI suggests that the economy will end the year on a weak note, at just below 2 percent growth." (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>
Housing Starts	Existing home sales were an annualized and seasonally adjusted 1.26 million in September 2019, up 1.6% from August but 9.4% lower than September 2018. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 108.7 in September 2019, up 1.5% from the previous month and 3.9% higher year-over-year. According to the National Association of Realtors, "Historically low mortgage rates played a significant role in the two straight months of gains. Even though home prices are rising faster than income, national buying power has increased by 6% because of better interest rates. Furthermore, we've seen increased foot traffic as more buyers are evidently eager searching to become homeowners." (Source: U.S. DOC, National Association of Realtors)
Light Vehicle Sales	New light vehicle sales were an annualized and seasonally adjusted 16.5 million in October 2019, down 3.4% from the previous month and down 1.8% from October 2018. The United Auto Workers strike at GM likely impacted sales in October. Sales of light trucks continue to dominate, accounting for 74.2% of total light vehicle sales in October 2019. (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>
Personal Income	Personal income increased 0.3% to \$18.8 trillion in September 2019. The increase in personal income in September primarily reflected increases in personal interest income, farm proprietors' income, and government social benefits to persons. During Q2 2019, Personal Income in Georgia was estimated at \$510.0 billion, an increase of 4.8% from Q1 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>
Retail Sales	Advanced estimates of retail and food service sales in October 2019 were \$526.5 billion, an increase of 0.3% from the previous month, and up 3.1% from October 2018. Non-store retail sales were 12.7% higher 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>

E-Commerce	<p>The estimate of U.S. retail e-commerce sales for the second quarter of 2019, adjusted for seasonal variation, was \$146.2 billion, an increase of 4.2% from the first quarter of 2019 and 13.3% higher than the second quarter of 2018. E-commerce sales in the second quarter of 2019 accounted for 10.7% 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>
Consumer Confidence	<p>The Consumer Confidence Index decreased to 125.9 in October 2019, down 0.4% from the previous month. According to The Conference Board, “Consumer confidence was relatively flat in October, following a decrease in September. The Present Situation Index improved, but Expectations weakened slightly as consumers expressed some concerns about business conditions and job prospects. However, confidence levels remain high and there are no indications that consumers will curtail their holiday spending.” (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 257.3 in October 2019, up 0.4% from the previous month. The energy index increased 2.7% in October after recent monthly declines and accounted for more than half of the increase in the seasonally adjusted all items index. The Producer Price Index for final demand was 118.7 in October 2019, up 0.4% from the previous month. (Source: US Bureau of Labor Statistics)</p>
Small Business Optimism Index	<p>The Small Business Optimism Index was 102.4 in October 2019, up 0.6% from the previous month. According to the National Federation of Independent Business (NFIB), “Small business owners are continuing to create jobs, raise wages, and grow their businesses, thanks to tax cuts and deregulation, and nothing is stopping them except for finding qualified workers.” Out of 10 index components, eight posted gains, zero were 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>
Industrial Production and Capacity Utilization	<p>The Industrial Production Index was 108.7 in October 2019, a decrease of 0.8% from the previous month and 1.1% lower than October 2018. Capacity Utilization for the industrial sector was 76.7% in October 2019, down 0.8% 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 \$1.46 trillion in September 2019, down 0.2% from the previous month and up 0.5% from September of the previous year. (Source: US Census)</p>
Manufacturing & Trade Inventory	<p>Total value of inventory on-hand is estimated at \$2.04 trillion in September 2019, up 0.1% from the previous month and up 3.7% from September of the previous year. (Source: US Census)</p>
Purchasing Managers Index	<p>The National PMI was 48.3% in October 2019, an increase of 0.5% from the previous month, but still reflecting economic activity in the manufacturing sector contracting. New Orders increased 1.8% to 49.1%, and Production decreased 1.1% to 46.2%. In October, 5 out of the 18 manufacturing industries tracked by the ISM reported growth. According to the Institute for Supply Management, “Comments from the panel reflect an improvement from the prior month, but sentiment remains more cautious than optimistic. October was the third consecutive month of PMI® contraction, at a slower rate compared to September.” (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 October 2019, the Southeast PMI increased 3.4% month-over-month to 54.4%. New Orders in the Southeast increased 3.6% to 56.0% and Production increased 6.0% to 56.0% as well. In the month of October, the Southeast’s PMI was 12.6% above 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>
U.S. Market News	<p>Seventy-five percent of millennial shoppers have left a store without purchasing an item and instead bought the item online, according to the 12th annual Global Shopper Survey from Zebra Technologies. Fifty-three percent of Gen X shoppers reported doing the same. The leading reason for leaving stores to purchase online was out-of-stock items; 43% of retail associates surveyed cited customer complaints about out-of-stocks as their biggest point of frustration, while 39% of consumers left a store without purchasing due to the issue. This survey demonstrates that there's still a disconnect between the experience retailers think they're providing and what consumers are encountering. Overall, retailers could gain \$22 billion by recapturing sales when items are out of stock, according to a 2018 report from the Grocery Manufacturers Association. IHL Group pushed that estimate even further in another 2018 study, saying retailers are missing out on nearly \$1 trillion in sales due to out-of-stocks. That report said shoppers experience out-of-stocks as often as one in three shopping trips. (Source: supplychaindive.com)</p>

MULTIMODAL:

Dow Jones Transportation Index	<p>Dow Jones Transportation Index increased 3.7% in October 2019, ending at a reading of 10,498. <i>(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.)</i></p>
NASDAQ Transportation Index	<p>NASDAQ Transportation Index increased 4.8% in October 2019, ending at a reading of 5,166. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies)</i></p>

DOT Freight Transportation Service Index	The USDOT's freight transportation services index was 136.6 in September 2019, a decrease of 2.5% from the previous month and 0.1% lower than September 2018. The September decrease was broad based, driven by significant declines in water, rail carloads, trucking, pipeline and air freight, while rail intermodal increased modestly. (Source: US BTS)
Cass Freight Index	The Cass Freight Shipments Index was 1.152 in October 2019, a decrease of 3.9% from the previous month, and a decrease of 5.9% year-over-year. The Cass Freight Expenditures Index was 2.800 in October, a decrease of 1.9% from the previous month and a decrease of 4.1% year-over-year. According to Cass Information Systems, "All of these negative percentages were against tough comparisons (some extremely tough), and the Cass Shipments Index has gone negative before without being followed by a negative GDP. However, demand is weaker across almost all modes of transportation, both domestically and internationally. We know that freight flows are a leading indicator, so by definition there is a lag between what they are predicting and when the outcome is reported. Nevertheless, we see a growing risk that GDP will go negative by year's end." (Source: Cass Information Systems Cassinfo.com) <i>(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
Shippers Conditions Index	The Shippers Conditions Index for August 2019 increased to 6.4, reflecting a still-positive rate outlook. The August SCI improved from July but falls below June's 8.8 reading which likely represents the peak of the current cycle. FTR projects a softening in the SCI measure due to firmer freight rates. However, the index is projected to stay in positive territory through 2020. The sizable unknown is how IMO2020 ultimately affects fuel prices and the associated shipping costs. (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for shippers)</i>
North American Transborder Freight	Surface transport-related trade between the U.S., Canada, and Mexico totaled \$101.4 billion in September 2019, down 0.2% compared to September 2018. Trucks carried \$64.0 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:	UPS is planning to launch a new offering for tracking healthcare-related shipments in the first quarter of next year called UPS Premier that will use Internet of Things (IoT) sensors to track packages. UPS Premier will use on-package sensors to track items throughout the logistics network and will give priority to "time-dependent and temperature-sensitive packages to help increase on-time reliability," the company explained. "With these technologies and processing plans, we will have greater flexibility to protect these urgent packages along the 'chain of custody,' provide contingency solutions and ensure best-in-class service reliability," UPS CEO David Abney said in a statement when the project was announced. The ability to trace medical shipments will move from a nice-to-have to a requirement in 2023. This is when the Food and Drug Administration's new serialization regulations will take effect. The rules will require makers of prescription drugs to have "an electronic, interoperable system to identify and trace" the products they sell in the United States, according to the FDA. (Source: UPS, FDA, supplychaindive.com)

RAIL:

U.S. Freight Rail Traffic	Total carloads originated by U.S. railroads in October 2019 were down 8.4% (112,703 carloads) from October 2018. It was the ninth straight year-over-year decline and the biggest percentage decline since March 2019. For the first ten months of 2019, total U.S. carloads were down 4.3%, or 497,121 carloads, from the same period in 2018. (Source: AAR.org) <i>(Report includes rail car-loadings by 20 different major commodity categories)</i>
U.S. Intermodal Rail Traffic	U.S. intermodal originations in October 2019 were down 7.8% from October 2018, the ninth straight monthly decline – something that hasn't happened since 2009 during the Great Recession. Year-to-date intermodal volume through October was down 4.5%, or 553,863 containers and trailers, from 2018. (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
Railroad Fuel Price Index	The index of average railroad fuel prices in October 2019 was 401.0, up 2.6% from the previous month and 16.5% lower 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>
Class 1 Railroad Employment	Railroad employment in September 2019 decreased to 136,865 employees total, with most of the decline in total employees the result of an 1,376-person decrease in train and engine employment. (Source: U.S. STB, AAR)
Short Line Rail Traffic	In October 2019, short line railroad shipments across North America decreased 1.2% year-over-year . A sampling of about 500 short line and regional railroads loaded 364,612 railcars and intermodal units during the month of October. Motor Vehicles and Equipment led gains with a 29.5% increase. Metals and Products led declines, with a decrease of 13.0%. (Source: Railinc Short Line and Regional Traffic Index)
Railroad News Clips:	U.S. Transportation Secretary Elaine Chao announced "significant" plans to improve grade crossing safety, including a proposed rulemaking that would require states to draft safety plans for public crossings nationwide. Chao issued her statement as part a grade-crossing safety summit hosted by the Federal Railroad Administration (FRA). Chao noted that the FRA's proposed rulemaking, filed Nov. 7 in the Federal Register, would require all states and the District of Columbia to develop and implement new or updated crossing action plans no later than a year after the final rule's effective date.

The FRA will review the states' plans for sufficiency and, upon approval, the FRA will publish the plans on the internet. The action plans will enable states to prioritize infrastructure and equipment investments at railway crossings using a variety of resources, including federal formula funds and grants, USDOT officials said. (Source: progressiverailroading.com)

TRUCKING:

Truck Tonnage Index	The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 118.1 in October 2019, a decrease of 0.3% from the previous month and an increase of 1.7% from October 2018 . According to ATA Chief Economist Bob Costello, "October's tonnage change, both sequentially and year-over-year, fits with an economic outlook for more moderate growth in the fourth quarter. The ongoing slowdown in manufacturing activity also weighed on truck tonnage last month." (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 October 2019 decreased 8.3% compared to the previous month, and was 10.3% lower year-over-year. Truck capacity increased 23.9% for the month, and increased 10.7% year-over-year. (Source: DAT Trendlines www.dat.com)
Refrigerated Trucking	In October 2019, the load-to-truck ratio for refrigerated loads decreased to 3.41 loads per truck. In October, the national spot market reefer rate was \$2.11 per mile, down from \$2.16 the previous month. (Source: DAT Trendlines www.dat.com)
Trucking Conditions Index	The Trucking Conditions Index in September 2019 decreased to a reading of -2.94, the lowest reading since May 2019 . The TCI reflected a relatively weak environment for carriers, however FTR does not forecast any further eroding of the TCI with an expected near-neutral measure through the first half of 2020. (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i>
Diesel Prices	As of November 18, 2019 the U.S. average diesel price was \$3.07 per gallon . The U.S. average diesel price was \$0.20 lower than the same week last year. The average price of diesel in the Lower Atlantic states was \$2.92 per gallon, 4.8% less than the national average price . (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i>
Trucking Employment	The trucking industry workforce increased 0.1% to 1,513,600 employees total in September 2019. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were \$25.60/hour in September 2019, up 0.7% from the previous month. The average weekly hours totaled 41.9 in September, up 0.7% from the previous month. (Source: U.S. Bureau of Labor Statistics)
U.S. Truck & Trailer Orders (Class 8)	Preliminary October 2019 Class 8 truck orders totaled 22,100 units, up 79% from September but 51% lower than October 2018. According to FTR, "Fleets are only ordering for their immediate needs. They are not willing to speculate much beyond the first quarter of next year. The OEMs have plenty of open capacity right now, so carriers are willing to approach 2020 a step at a time." Preliminary October 2019 net trailer orders totaled 31,800 units, up 71% from September, but 42% lower than October 2018. According to FTR, "This is great news for the trailer market. Several large dry van fleets placed requirement orders for 2020, showing they have confidence in the freight markets going into next year. Dry van orders were strong despite a lull in freight growth." (Source: FTR Transportation Intelligence ftrintel.com)
Trucking News Clip	Uber Freight more than doubled load volume in the third quarter year-over-year, executives said on the company's earnings call. Freight bookings, defined as what shippers pay before discounts and refunds, grew 81% year-over-year in Q3 to reach \$223 million. Revenue grew slightly slower, up 78% for the quarter to \$218 million. But losses are growing too — earnings before interest, taxes, depreciation and amortization (EBITDA) was down 161% in Q3 to -\$81 million. The firm has separated Uber Freight from its "other bets" category within financial reports for the first time this quarter, meaning the segment's bookings, revenue, adjusted net revenue and adjusted EBITDA will be reported separately from now on. "Freight growth was driven by load volume increases over 100% in spite of soft market conditions," said Uber CFO Nelson Chai, adding that the service is "rapidly taking share" in the U.S. market. Uber Freight also operates in Germany and announced an expansion to Canada last week. (Source: Uber, supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in September 2019 was down 4.5% compared to September 2018 . According to the IATA, "Most of the decline in air freight volumes occurred in late 2018 and early 2019, with the downward trend having plateaued since that time. If the current trend is continued in the monthly outcomes, the year-on-year growth rate will return to positive territory in the early part of next year." (Source: IATA.org.) <i>(Global air freight covers international and domestic scheduled air traffic.)</i>
Air Freight Price Index	In August 2019, average airfreight rates for East-West routes decreased 4% year-over-year to \$2.46 per kilogram. (Source: Drewry, aircargonews.net) <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>
Jet Fuel Prices	As of November 15, 2019 the global average jet fuel price was \$78.36 per barrel; down 0.9% from the previous month, and 8.0% lower 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>

Air Freight News Clips:

Delta Cargo has partnered with last-mile delivery provider Roadie to offer door-to-door, same-day, cross-country delivery in some cities, the companies announced this week. Delivery is available for packages originating in Atlanta, a Delta hub, with the option of 55 destination cities. The service, called DASH, plans to add "dozens" of cities before the end of the year. It can be used for packages less than 100 pounds and less than 90 linear inches, but TSA Known Shipper status is needed for packages over 16 ounces. The service is targeted at "time-critical shipments in industries including medical, manufacturing, automotive, industrial parts and more" and will be available 24/7, according to the press release. A Roadie driver will pick up packages and drive them to the airport where the cargo will be loaded onto a Delta plane. This plane will then fly to the city where the package is being delivered. A second Roadie driver will then pick up the package from the airport and drive it to its final destination. (Source: Delta, Roadie, supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In September 2019, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.87 million TEUs, a **4.7% decrease** from the previous month and **0.2% higher** than September 2018. According to NRF, "Retailers are highly competitive, but the ability to compete has been challenging this year because of the uncertainty of the trade war and continued tariff escalation. Retailers are encouraged by reports that China and the United States have agreed to remove at least some of the existing tariffs once a 'phase one' deal is signed. We are eager to see concrete evidence that the trade war is coming to an end with a final deal that removes all tariffs." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The November 22nd SCFI comprehensive reading was \$702 per FEU, down 1.8% from last month. The spot rate for shipments to the U.S. East Coast was \$2,256 per FEU, down 3.4% 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.)*

Port of Savannah

The Port of Savannah moved 428,400 TEUs in October 2019, an **increase of 14,600 TEUs, or 3.5%** over October 2018. The strong month gave the Port of Savannah a fiscal year-to-date total of 1.6 million TEUs, up 90,600, or 6 percent. Total tonnage crossing all GPA terminals reached 13 million tons July through October, **up 4.7%** or 583,500 tons, including containerized, bulk and breakbulk cargo. (Source: GPA)

Port of Brunswick

Colonel's Island Terminal at the Port of Brunswick and Ocean Terminal in Savannah handled a total of 63,353 units in October, an **increase of 7.8%** or 4,600 units. For the fiscal year to date, Ro/Ro volumes remained flat at 220,000 units. Georgia is the second busiest U.S. hub for the import-export of Ro/Ro cargo behind only Baltimore. (Source: Savannahnow.com, GPA)

Ocean Freight Business News:

Maersk and Hapag-Lloyd announced new fuel charges meant to offset the carriers' transition to more expensive fuel required by International Maritime Organization sulfur regulations that take effect Jan. 1. Both companies said the new fees would take effect Dec. 1, according to press releases from the two carriers. "Switching from high-sulphur fuels to the new low-sulphur fuel will inevitably result in higher fuel prices in the short term. Volatility is also expected to increase, particularly during the transition period. Given these circumstances, we will implement the ITC (IMO2020 Transition Charge) to cope with the additional costs as well as to have a sustainable and transparent method of pricing our services for our customers," Hapag-Lloyd CEO Rolf Habben Jansen said in a statement. The IMO 2020-compliant fuel is expected to be 50% more expensive than the fuel currently used by cargo ships, according to Drewry. A review by consulting firm AlixPartners concluded shipping lines would need "significantly higher" surcharges ranging from 33% to 40% depending on the route to offset the cost of the more expensive low sulfur fuel. (Source: Maersk, Hapag-Lloyd, Drewry, AlixPartners, supplychaindive.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy rate was 5.1%** at the end of the third quarter of 2019, up from 5.0% the previous quarter and up from 4.9% in Q3 2018. None of the 49 markets tracked by NGKF had a double-digit vacancy rate during Q3 2019. The vacancy rate in **Atlanta, GA was 7.8%** in Q3 of 2019. (Source: NGKF)

Warehouse Rent Rates

In Q3 2019, the average asking rent across the U.S. was **\$7.40/SF, 7.4% higher** from one year ago and the highest quarterly average recorded this cycle. Industrial rents have increased by 32.6% 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 \$5.14/SF in Q3 2019.** (Source: NGKF)

Industrial Absorption

Although overall market demand remains high, net absorption has decelerated through the first three quarters of 2019, as the amount of top-quality available product remains limited, even with a growing construction pipeline. Net absorption in the U.S. **decreased** during the third quarter of 2019, posting 40.2 million square feet of net absorption compared with 73.6 million square feet in Q3 of 2018. Of the 49 industrial markets tracked by NGKF, 14 absorbed 1 million square feet or more in Q3 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 0.04%** to 1,197,600 employees total in October 2019. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.84/hour in September 2019, **up 0.7%** from the previous month. The average weekly hours totaled 41.3 in September, **up 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- The use of RFID instead of barcodes by a Turkish denim manufacturer resulted in reduced labor cost and product loss, according to a 2017 paper published in The International Journal of Advanced Manufacturing Technology. Researchers estimated the monthly savings added up to 5,454 euros (\$6,059) for workforce, and 15,625 euros (\$17,357) for product loss and penalty costs. The initial investment for the manufacturer, which produces two million denim products per year, was 312,233 euros (\$346,852). (Though this could have changed since the paper was published as the technology is becoming less expensive.) The company was transitioning from a barcode system for tracking its work in progress inventory. The researchers also found RFID scanning required about half as many employees as barcode scanning. The factory needed 18 employees to handle barcode reading but only needed 10 for RFID scanning. The final cost comparison included the labor required to sew in the RFID tags and remove them before shipping. (Source: supplychaindive.com)
- Nippon Light Metal Georgia (NLMGA), a company specializing in aluminum products for the automotive industry, will build a new manufacturing facility in Adairsville, creating 110 jobs and investing \$50 million in the project. In building this new facility, NLMGA will strive to achieve further growth and expand their business in order to continue creating value for its customers in the automotive sector. The company broke ground on the new facility on November 20. (Source: Georgia.org)

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