

U.S. MARKET:

Gross Domestic Product	<p>The U.S. GDP increased at an annual rate of 3.5% in the third quarter of 2018, according to the advance estimate released by the Bureau of Economic Analysis in late October. The increase in real GDP in the third quarter reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, state and local government spending, federal government spending, and nonresidential fixed investment that were partly offset by negative contributions from exports and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of November 9, the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is 2.9%. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
U.S. Trade Deficit	<p>The U.S. goods and services trade deficit increased 1.3% in September 2018 to \$54.0 billion. In September, the U.S. had a trade surplus with South and Central America, Hong Kong, 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, United Kingdom, and France. (Source: US DOC & Census Bureau)</p>
Import Volumes	<p>In September 2018, the U.S. imported \$219.1 billion of cargo, increasing 1.6% from August and the highest amount on record. September imports of services (\$47.5 billion) were the highest on record as well. (Source: US Census)</p>
Export Volumes	<p>In September 2018, the U.S. exported \$141.9 billion of cargo, increasing 2.1% from August. September exports of industrial supplies and materials (\$46.9 billion) were the highest on record. (Source: US Census)</p>
Import & Export Price Index	<p>U.S. import prices increased 0.5% in October 2018, the largest monthly increase since a 0.9% rise in May. Higher fuel and nonfuel prices contributed to the October increase. U.S. export prices increased 0.4% in October after recording no change in September. Higher nonagricultural prices more than offset decreasing agricultural prices. (Source: Bureau of Labor Statistics)</p>
Unemployment Rate	<p>The unemployment rate in America was 3.7% in October 2018, unchanged from September and the lowest rate since December 1969. A preliminary 250,000 net new jobs were created in October 2018, far more than what most economists expected. Job gains in September were revised downward to 118,000. In the first ten months of 2018, 2.13 million net new jobs were created, an average of 213,000 per month. The unemployment rate in Georgia was 3.6% in October 2018, down from 3.7% the previous month. (Source: US DOL, GDOL, AAR)</p>
Labor Force Participation Rate	<p>The labor force participation rate was 62.9% in October 2018, up from 62.7% the previous month. The labor force participation rate for those of prime working age (25-54) was 82.3% in October, up from 81.8% 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>
Leading Economic Index	<p>The Leading Economic Index for the U.S. increased 0.1% in October 2018, ending at a reading of 112.1 According to The Conference Board, "The US LEI increased slightly in October, and the pace of improvement slowed for the first time since May. The index still points to robust economic growth in early 2019, but the rapid pace of growth may already have peaked. While near term economic growth should remain strong, longer term growth is likely to moderate to about 2.5 percent by mid to late 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>
Housing Starts	<p>In September 2018, housing starts were an annualized 1,201,000 units, down 5.3% from the previous month and 3.7% higher than September 2017. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 104.6 in September 2018, up 0.5% from the previous month and 1.0% lower year-over-year. According to the National Association of Realtors, "When compared to the year 2000, when the housing market was considered very healthy and home sales figures were roughly equivalent, the affordability conditions were much lower compared to now. So even though affordability has been falling recently, the demand for housing should remain steady." (Source: U.S. DOC, National Association of Realtors)</p>
Light Vehicle Sales	<p>New light vehicle sales were an annualized and seasonally adjusted 17.5 million in October 2018, up 0.5% from the previous month, up 0.5% from October 2017, and the most for any month this year. Taken together, September (17.4 million) and October suggest that the second-half slowdown that began in July has moderated. Year-to-date sales were 14.21 million, essentially flat with last year and fractionally lower over the same period in 2015 and 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>
Personal Income	<p>Personal Income increased 0.2% to \$17.7 trillion in September 2018. The increase in personal income in September primarily reflected increases in wages and salaries, government social benefits to persons, and rental income of persons that were partially offset by a decrease in proprietors' income. During Q2 2018, Personal Income in Georgia was estimated at \$477.8 billion, an increase of 4.2% from Q1 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 October 2018 were **\$511.5 billion, an increase of 0.8%** from the previous month, and **up 4.6%** from October 2017. Non-store retail sales were **10.4% 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 **increased to 137.9** in October 2018, **up 1.9%** from the previous month and the **highest level since September 2000 (142.5)**. According to The Conference Board, “Consumers’ assessment of present-day conditions remains quite positive, primarily due to strong employment growth. The Expectations Index posted another gain in October, suggesting that consumers do not foresee the economy losing steam anytime soon. Rather, they expect the strong pace of growth to carry over into early 2019.” (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 **252.8** in October 2018, **up 0.3%** from the previous month. An increase in the gasoline index was responsible for over one-third of the seasonally adjusted increase in the all items index; advances in the indexes for shelter, used cars and trucks, and electricity also contributed. The Producer Price Index for final demand was **117.2** in October, **up 0.6%** from the previous month. In October, over 60% of the rise in final demand prices can be traced to a 0.7% advance in the index for final demand services. (Source: US Bureau of Labor Statistics)

Small Business Optimism Index

The Small Business Optimism Index was 107.4 during October 2018, **down 0.5% from the previous month but 3.5% higher than October 2017**. According to the National Federation of Independent Business (NFIB), “October’s report sets the stage for solid economic and employment growth in the fourth quarter, while inflation and interest rates remain historically tame. Small businesses are moving the economy forward.” Out of 10 index components, one posted gains, four were unchanged, and five 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 109.1 in October 2018, **an increase of 0.1%** from the previous month and **4.1% higher than October 2017**. Capacity Utilization for the industrial sector was **78.4%** in October 2018, **a decrease of 0.1%** from the previous month and **1.9%** higher than October 2017. (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 **\$1.47 trillion** in September 2018, **up 0.4% from the previous month and up 6.6% from September of the previous year**. (Source: US Census)

Manufacturing & Trade Inventory

Total value of inventory on-hand is estimated at **\$1.97 trillion** in September 2018, **up 0.3% from the previous month and up 4.4% from September of the previous year**. (Source: US Census)

Purchasing Managers Index

The National PMI **decreased to 57.7%** in October 2018, a **decrease of 210 basis points** from the previous month. With a reading above 50 however, the overall economy grew for the 114th consecutive month. New Orders **decreased 440 basis points** to 57.4%, and Production **decreased 400 basis points** to 59.9%. In October, 13 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 October 2018, Georgia’s PMI **decreased 1,080 basis points** month-over-month to 49.2%. According to Kennesaw State University Econometric Center, October’s decrease was skewed by a drop in New Orders and sampling variation likely contributed to local pullback. New Orders in Georgia **decreased** to 46.2% and Production **decreased** to 46.2%. In the month of October, Georgia’s PMI was **850 basis points 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

Technology firm RichRelevance's Digital Grocery Survey: 2018 Holiday Edition found 44% of Americans plan to purchase groceries online this holiday season, up from 20% last year. The most popular online purchases are ingredients for side dishes (56%), canned items (51%) and beverages, including alcohol (44%). Turkey (33%) and desserts are (31%) the least likely item to be purchased online, demonstrating consumer reluctance to purchase fresh items without seeing them first. Seventy-five percent of those surveyed say they turn to online shopping to save time, but those who don't use the services cite a lack of trust that others will pick the best or freshest items (50%) followed by a reluctance to spend extra money (37%). According to RichRelevance, Amazon is the top online grocery destination for shoppers (57%), followed by big-box retailers such as Walmart and Target (48%). Traditional supermarkets like Safeway and Kroger will attract a significant, but comparatively quite smaller, number of online shoppers (30%) this holiday. (Source: richrelevance, supplychainedive.com)

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation Index decreased 10.4% in October 2018, ending at a reading of 10,191. <i>(A price-weighted average of 20 U.S. companies in the transportation industry, average of October 1st thru October 31st. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.</i>
NASDAQ Transportation Index	NASDAQ Transportation Index decreased 9.6% in October 2018, ending at a reading of 5,072. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of October 1st thru October 31st)</i>
DOT Freight Transportation Service Index	The USDOT's freight transportation services index was 134.9 in September 2018, a decrease of 0.3% from the previous month but 4.7% higher than September 2017 and the fifth highest level of all time . The September decrease in the Freight TSI was driven by declines in trucking, pipeline, rail carload, and air. Water and rail intermodal increased. (Source: US BTS)
Cass Freight Index	The Cass Freight Shipments Index was 1.224 in October 2018, a decrease of 1.4% from the previous month, and an increase of 6.2% year-over-year. The Cass Freight Expenditures Index was 2.919 in October, a decrease of 2.4% from the previous month and an increase of 12.0% year-over-year. According to Cass Information Systems, "Despite all the recent turmoil in the financial markets and the resulting concerns about the strength of the economy, the Cass Freight Shipments Index is clearly signaling that the U.S. economy, at least for now, continues to be extraordinarily strong. Simply stated, when shipment volume is up 6.2%, it is the result of an expanding economy." (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 2018 slightly increased from the previous month, to a reading of -8.8 . After hitting an all-time low in May, the SCI has steadily moved upward, albeit still in significantly negative territory. Overall, shippers are experiencing some relief from excessively tight capacity, and FTR expects that to continue with rate growth moderating accordingly. By mid to late 2019 the SCI could be recording neutral readings. According to FTR, "Shippers have experienced some relief in recent weeks as trucking capacity has loosened and rail service stabilized. However, going into the peak season and the potential for some shippers to pull forward imported volumes, it will bear watching to see if service continues to improve through the end of 2018." (Source: FTR Transportation Intelligence ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for shippers)</i>
NAFTA Trade	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$101.6 billion in September 2018, down 4.9% from the previous month, but up 7.7% year-over-year. September marked the 23rd straight month in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried \$63.3 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:	After acquiring a 30% stake in Ceva Logistics in October, CMA CGM is selling its freight management company CMA CGM Log for \$105 million to the Swiss company. The deal is expected to close in the second quarter of 2019 pending regulatory approval. "Via a takeover bid, we hope to obtain the majority of CEVA's share capital and unleash its full potential," said CMA CGM CEO Rodolphe Saadé. CMA CGM has laid out a plan to boost revenue to \$9 billion, or 5% growth per year. The deals come amid improved profitability for both companies. CMA CGM posted 6.3% growth in revenue despite the increasing impact of tariffs on shippers in the third quarter, the company announced in a press release. The integration of CMA CGM Log is expected to add around 170,000 TEUs of ocean container traffic as well customs clearance, carrier haulage and airfreight forwarding revenues. (Source: Suppychaine.com)

RAIL:

U.S. Freight Rail Traffic	Originations of carloads in October 2018 totaled 1,338,037 units, an increase of 25.4% from the previous month and an increase of 1.0% from October 2017. This marks the eighth straight year-over-year monthly increase, but is also the smallest percentage increase in those eight months. For the first ten months of 2018, total carloads were up 1.9%, or 212,136 carloads, over the same time period the previous year. (Source: AAR.org) <i>(Report includes rail car-loadings by 20 different major commodity categories)</i>
U.S. Intermodal Rail Traffic	Intermodal rail traffic totaled 1,443,914 units in October 2018, an increase of 28.1% from the previous month and 4.2% higher than October 2017 . Average weekly intermodal volume in October 2018 was 288,783 units, the second most for any month in history (behind June 2018). The top ten highest-volume U.S. intermodal weeks in history have occurred since the middle of May 2018; eight of the top ten U.S. intermodal months in history have been in 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 2018 was 467.7 up 2.3% from the previous month and 26.8% higher 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 2018 increased 0.02% from the previous month to 148,171 employees total, the eighth straight month-to-month increase . In September, the majority of the increase was seen in the train and engine category which rose by 199 employees. (Source: U.S. STB, AAR)

Short Line Rail Traffic

In September 2018, short line railroad shipments across North America **decreased 10.3% from the previous month and increased 4.0% year-over-year**. A sampling of about 500 short line and regional railroads **loaded 351,034 railcars** and intermodal units during the month of September. Trailers or containers led gains with a 19.6% increase. Coal led declines for the fifth consecutive month, with a decrease of 12.4%. (Source: Railinc Short Line and Regional Traffic Index)

Railroad News Clips:

More than three dozen freight and commuter railroads continued to post progress in the third quarter toward either implementing positive train control (PTC) systems or qualifying for a two-year deadline extension, according to the Federal Railroad Administration's (FRA) Q3 PTC data released this month. As of Sept. 30, 24 railroads had installed all of their system hardware, 11 others had installed between 95% and 99% of the required hardware, and all impacted railroads had acquired sufficient radio spectrum. In addition, Q3 data shows only five "at-risk" railroads, down 67% from the 15 at 2017's end and 44% from the nine at second quarter's end, they said. The FRA considers any railroad that has installed less than 95% of system hardware to be at risk of not meeting either the federally mandated deadline of Dec. 31, or the statutory criteria necessary to qualify for an extension to 2020's end. (Source: Progressiverailroading.com)

TRUCKING:

Truck Tonnage Index

The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 119.9 in October 2018, an **increase of 6.3% from the previous month and an increase of 9.5% from October 2017**. According to ATA Chief Economist Bob Costello, "Last month's strength was due, at least in part, to strong import numbers, especially on the West Coast. This is likely a pull ahead of imports as shippers try to take delivery of goods before January 1 when tariffs on a large list of goods China increases from 10% to 25%." (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 2018 **decreased 10%** compared to the previous month, and was **10% lower** year-over-year. Truck capacity **increased 25%** for the month, and **increased 37%** year-over-year. (Source: DAT Trendlines | www.dat.com)

Refrigerated Trucking

In October 2018, refrigerated loads posted on load boards **decreased 9%** while refrigerated truck posts **increased 16%**, compared to the previous month. That caused the load-to-truck ratio to **decrease 22%** to 6.3 loads per truck. The ratio was **39% lower** compared to October 2017. In October, the national reefer rate was \$2.43 per mile, \$0.07 lower than the previous month and \$0.02 higher than October 2017. (Source: DAT Trendlines | www.dat.com)

Trucking Conditions Index

The Trucking Conditions Index in September 2018 **decreased to a reading of 4.58** but continues to reflect a very stable carrier environment. According to FTR, "September is a near-term outlier that mostly reflects an unusually rapid stabilization of the spot market due to capacity gains, ongoing completion of bid cycles, and continued adjustment to the electronic logging device environment. A strong economy and labor market should make for a strong fourth quarter heading into a promising 2019, but it's likely that trucking conditions have peaked in the current cycle." (Source: FTR Transportation Intelligence | ftrintel.com) (Figures below zero indicate a less-than-ideal environment for trucking)

Diesel Prices

As of November 5, 2018 the U.S. average diesel price was **\$3.33 per gallon**. The U.S. average diesel price was **\$0.45 higher** than the same week last year. The average price of diesel in the Southeastern Atlantic states was **\$3.20 per gallon, 3.9% 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 by approximately 2,400 employees to 1,492,200 employees total** in October 2018. The trucking industry workforce **increased 0.2%** over the previous month and **increased 2.5%** over October 2017. (Source: U.S. Bureau of Labor Statistics)

Trucking Earnings and Hours

The average earnings of truck transportation employees were \$24.61/hour in September 2018, **up 0.7%** from the previous month. The average weekly hours totaled 42.1 in September, **unchanged** from the previous month. (Source: U.S. Bureau of Labor Statistics)

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

Preliminary data for heavy-duty Class 8 trucks net orders in North America were 43,000 units in October 2018, **up 2%** from the previous month, **19% higher** year-over-year, and **surpassing 40,000 units for a record eighth month in a row**. According to FTR, "October is traditionally the start of the next year's order season, so to see strong numbers now is not surprising. But ordering for 2019 began in July with back-to-back record months. For orders to still be this hefty in October after that is remarkable." Preliminary October 2018 net trailer orders totaled **53,000 units, up 67%** from October 2017. Orders from the past 12 months now total 423,000 units. According to FTR, "This was another great month for trailer orders. Fleets need to expand to handle steady freight growth. Capacity utilization remains at highly elevated levels. Trailers are being used to make drivers more productive and to help move goods as fast as possible. The supply chain is struggling to perform well, and more trailers are needed to improve delivery times. Fleets are expecting the good times to continue and want to make sure they have an adequate supply of trailers throughout 2019." (Source: FTR Transportation Intelligence | ftrintel.com)

Trucking News Clip

The American Transportation Research Institute (ATRI) has put out a call for trucking fleets to submit data from electronic logging devices (ELD) to support research into policy issues for the industry. The ATRI is collecting data in response to the Federal Motor Carrier Safety Administration's (FMCSA) call for a third-party clearinghouse where the data from the onboard devices recording truckers' hours of service could be stored and studied confidentially. The ATRI plans to use real-world data generated during millions of truck miles to better understand driver and carrier safety, operations and productivity using the data available from ELDs. ELDs track the truck's location and duty status, automating a formerly paper-based process. The ATRI expects ELD data to reveal how much time drivers actually spend in detention, waiting on shippers and receivers to load and unload, and in traffic congestion. The ATRI already tracks information from 85,000 trucks, which helps shape industry policy positions on a range of issues including truck parking, border-crossing data and traffic congestion. (Source: ARTI, Supplychaindive.com)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in September 2018 **increased by 2.0% year-over-year**, well below the five-year average pace (5.1%) but consistent with the typical pattern seen after inventory-led upturns in the past. According to the IATA, "The key point is that the moderation in FTK growth over the past year or so is typical of the pattern seen historically following inventory restocking cycles. Recall that air freight volumes grew much faster than global goods trade in 2017 as firms turned to air freight from other modes of transport to restock inventory levels quickly. But amid signs that the inventory restocking cycle peaked in late 2017, the best of this boost to demand has long since passed." (Source: IATA.org,) (*Global air freight covers international and domestic scheduled air traffic.*)

Atlanta Air Cargo Traffic

In September 2018, Hartsfield-Jackson Atlanta International Airport transported **57,324 metric tons** of cargo, a **4.1% decrease** from the previous month and a **0.2% decrease** year-over-year. (Source: HJATA)

Air Freight Price Index

In September 2018, average airfreight rates for East-West routes increased \$0.24 over the previous month to reach \$2.81 per kilogram. Drewry expects rates to continue to increase in October. (Source: Drewry, 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 November 9, 2018 the global average jet fuel price was \$88.32 per barrel; **down 11.1%** from the previous month, and **14.9% higher** year-over-year. (Source: IATA.org, platts.com) (*The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel*)

Air Freight News Clips:

The International Air Transport Association (IATA) has called for urgent action by the UK and the European Union to put in place contingency planning for the continuation of air services in the event of a 'no-deal Brexit', and to move much faster to bring certainty to three critical air transport issues: ensuring connectivity, safety and security, and efficient border management. In a commissioned report, the IATA outlines nine risks to the air transport industry from the separation. Among these is the so-called "slowing" of supply chains that may result from additional customs checks for previously expedited goods, like aircraft parts. In one example, the report outlines the industry's reliance on just-in-time supply chains for their maintenance and repair operations. An Airbus A350, for example, has four million parts produced by 1,500 companies in 30 different countries. Lack of clarity over customs procedures could pose "a serious threat." The UK and the EU are currently in negotiations to determine how, exactly, a Brexit can be carried out. (Source: IATA, Supplychaindive.com)

OCEAN FREIGHT:

Import Volumes by Ocean

In September 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.87 million TEUs, a **1.3% decrease** from the previous month but **4.6% higher** than September 2017. According to the National Retail Federation, "Imports have usually dropped off significantly by this time of year but we're still seeing numbers that could have set records in the past. Part of this is driven by consumer demand in the strong economy but retailers also know that tariffs on the latest round of goods are set to more than double in just a few weeks. If there are shipments that can be moved up, it makes sense to do that before the price goes up." (Source: NRF/Hackett Associates)

Shanghai Containerized Freight Index

The November 9th SCFI comprehensive reading was **\$961 per FEU, up 3.9%** from last month. The spot rate for shipments to the U.S. East Coast was **\$3,613 per FEU, up 9.4%** 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.*)

Baltic Dry Index

The Baltic Dry Index **decreased 3.3%** in October 2018, ending at 1,490. Compared to October 2017, the index **decreased 2.1%**. (Source: 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 413,800 TEUs in October 2018, a **13.6% increase** from the previous month, **1.0% higher** compared to October 2017 and the **most container cargo moved in a month in the GPA's history**. Containerized trade at the Port of Savannah has **increased by 8%** for the fiscal year to date (July-October 2018) totaling 1.53 million TEUs – up 113,000 compared to the same period last year. Intermodal rail cargo **grew by 8.7%** for the month, compared to October 2017. For the fiscal year to date, the Port of Savannah has handled 172,416 containers by rail, an increase of 33,596, or 24% compared to the same period a year ago. (Source: GPA)

Port of Brunswick

During the Brunswick State of the Port, it was announced that 630,000 units of cars, trucks, and tractors were handled through Georgia terminals during Fiscal Year 2018 (July-June 2018). A series of infrastructure projects were outlined that will increase capacity and provide new opportunities in Roll-on/Roll-off cargo handling. Over the next 12 months, GPA will add 60 dockside acres to the Ro/Ro operation. The new space will increase car storage by 8,250 spaces. GPA also plans to add a new cross-terminal road linking the three vessel berths, as well as a new access road between the docks and the island's south side. These improvements will offer a more direct route to existing auto processing lots and new development on the south end of the terminal. (Source: GPA)

Ocean Freight Business News:

In a joint announcement, A.P. Moller Maersk, CMA CGM, Hapag-Lloyd, MSC and Ocean Network Express (ONE) confirmed previously forecasted plans to form a global association of ocean shipping lines. The players want to create free, open-source information technology to decrease friction in the industry and increase transparency, according to the announcement. The first step is to write common data standards to increase interoperability between carriers and customers. One major area of uncertainty is how regulators will react to this much coordination the carriers, who together represent nearly 60% of container market share. The association itself is a non-profit organization and all ocean carriers will be invited to join once it is officially established, which may be early 2019 barring regulatory hurdles, according to the release. In terms of what kind of technological solutions the association will pursue, André Simha, CIO of MSC, said common data standards, blockchain and cybersecurity would be on the list, with the central goal of streamlining information technology for the entire industry to relieve some operational burden for carriers and improve the customer experience. (Source: Supplychaindive.com, one-line.com)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The **nationwide vacancy was 5.1%** at the end of the third quarter of 2018, matching the previous quarter's rate but down 20 basis points year-over-year. None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q3 2018. According to NGKF, this speaks to the overall strength of the national industrial market and also helps to explain why investors have become keen on this product type. According to NCREIF, the U.S. industrial sector achieved a 3.58% total return during Q2 2018, significantly outperforming all other property sectors. Industrial outperformed the second-best performing sector, hotel, by 163 basis points during Q2 2018. The vacancy rate in **Atlanta, GA was 7.2%** in Q3 of 2018. (Source: NGKF)

Warehouse Rent Rates

In Q3 2018, the average asking rent across the U.S. was **\$6.96/SF, up 2.7%** from the prior quarter, **8.4% higher** from one year ago, **and the highest average recorded this cycle**. 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 \$5.18/SF in Q3 2018.** (Source: NGKF)

Industrial Absorption

Net absorption in the U.S. decreased by nearly 12.9 million square feet during Q3 2018, totaling 49.7 million square feet, the lowest quarterly absorption total recorded since the third quarter of 2013. Of the 49 industrial markets tracked by NGKF, 20 absorbed 1 million square feet or more in Q3, led by Atlanta which absorbed 5.4 million square feet. (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 by 7,600 employees** to 1,058,200 employees total in October 2018. The warehouse industry workforce **increased 0.7%** from the previous month and **increased 5.4%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

Warehouse Earnings and Hours

The average earnings of warehousing & storage employees across the U.S. were \$20.20/hour in September 2018, **up 0.5%** from the previous month. The average weekly hours totaled 42.5 in September, **down 0.2%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

W&D Business News:

- What is already expected to be a big peak season in terms of retail sales will likely be bolstered by a new acronym: buy-online, ship-to-store (BOSS), according to a new report from CBRE. The new initiative differs from buy-online, pick-up in-store (BOPIS) as it is not based on store stock, but is fulfilled from a warehouse. Ship-to-store, over store pick-up for online purchases, offers retailers even more efficiency because picking and packing at the warehouse is generally cheaper than doing so in the store, and the warehouse also has a lower overwhelm point for special items such as the most popular holiday toys. "With the newly advanced BOSS program that entices shoppers to retrieve items from the store, retailers can both forego delivery costs and offer more inventory without having to stock it at the store," according to the report. (Source: CBRE, Supplychaindive.com)

- Fox Factory Holding Corp., a designer and manufacturer of performance-defining, ride dynamics products primarily for bicycles and powered vehicles, expects to create up to 800 jobs and invest up to \$50 million in new Georgia facilities including the relocation of its corporate headquarters to Georgia. The 23-acre site will diversify the company's manufacturing platform and provide additional long-term capacity to support growth in its Powered Vehicles Group. The first phase of the Hall County project is expected to be completed in early 2020. When complete, the new facility will be used for manufacturing, warehousing, distribution and office space. Fox Factory Holding Corp. is expected to relocate its corporate headquarters from Scotts Valley, California, to its existing offices in Georgia by the end of 2018. (Source: Georgia.org)
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