

## U.S. MARKET:

<b>Gross Domestic Product</b>	<p>The U.S. GDP <b>increased at an annual rate of 4.1%</b> in the second quarter of 2018, according to the advanced estimate released by the Bureau of Economic Analysis in late July. The increase in real GDP reflected positive contributions from personal consumption expenditures (PCE), exports, nonresidential fixed investment, federal government spending, and state and local government spending that were partly offset by negative contributions from residential fixed investment and private inventory investments. Imports, which are a subtraction in the calculation of GDP, increased. (Source: US BEA) As of August 3, <b>the latest GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is 4.4%</b>. (Source: Federal Reserve Bank of Atlanta) <i>(The GDPNow forecast aggregates statistical model forecasts of 13 subcomponents that comprise GDP.)</i></p>
<b>U.S. Trade Deficit</b>	<p>The U.S. goods and services <b>trade deficit increased 7.2%</b> in June 2018 to \$46.3 billion. In June, the U.S. had a trade surplus with South and Central America, Hong Kong, Brazil, United Kingdom, and Singapore. The U.S. had a trade deficit with China, European Union, Germany, Japan, Mexico, Italy, South Korea, India, Canada, OPEC, Taiwan, Saudi Arabia, and France. (Source: US DOC &amp; Census Bureau)</p>
<b>Import Volumes</b>	<p>In June 2018, the U.S. <b>imported \$212.0 billion</b> of cargo, <b>increasing 0.7%</b> from May. June imports of industrial supplies and materials (\$48.8 billion) and petroleum (\$19.6 billion) were the <b>highest since December 2014</b>. (Source: US Census)</p>
<b>Export Volumes</b>	<p>In June 2018, the U.S. <b>exported \$143.2 billion</b> of cargo, <b>decreasing 1.2%</b> from May. The June export of industrial supplies and materials (\$46.3 billion) and petroleum (\$15.4 billion) were the <b>highest on record</b>. (Source: US Census)</p>
<b>Import &amp; Export Price Index</b>	<p>U.S. import prices were <b>unchanged</b> in July 2018. Falling nonfuel prices in July offset higher fuel prices. U.S. export prices <b>decreased 0.5%</b> in July, the first monthly decrease since June 2017 and the largest since the index fell 0.6% in May 2017. Lower prices for agricultural exports drove the decline in July. (Source: Bureau of Labor Statistics)</p>
<b>Unemployment Rate</b>	<p>The unemployment rate in America <b>decreased to 3.9%</b> in July 2018, down from 4.0% in June. The decrease was mainly because of a 389,000 increase in the number of people who told BLS that they're employed. A preliminary <b>157,000 net new jobs were created</b> in July 2018, down from June (248,000) and May (268,000) but still a solid number. In the first seven months of 2018, <b>1.50 million net new jobs were created, the most since 2015</b>. Net new jobs have been positive for 94 consecutive months, the <b>longest streak on record</b>. The unemployment rate in <b>Georgia was 3.9%</b> in July 2018, <b>down from 4.1%</b> the previous month. (Source: US DOL, GDOL, AAR)</p>
<b>Labor Force Participation Rate</b>	<p>The labor force participation rate <b>remained at 62.9% in July 2018</b>. The labor force participation rate for those of prime working age (25-54) was 82.1% in July, up from 82.0% the previous month. (Source: U.S. Bureau of Labor Statistics, AAR, FRED) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i></p>
<b>Leading Economic Index</b>	<p>The Leading Economic Index for the U.S. <b>increased 0.6%</b> in July 2018, ending at a reading of 110.7. According to The Conference Board, "The strengths among the components of the leading index were very widespread, with unemployment claims, the financial components, and the ISM® New Orders Index making the largest positive contributions." (Source: Conference Board   Note: The LEI was recently revised the seasonally adjusted index to 2016 = 100) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i></p>
<b>Housing Starts</b>	<p>In June 2018, housing starts were an annualized 1,170,000 units, <b>down 12.3%</b> from the previous month, <b>4.2% lower</b> from June 2017, and <b>the lowest amount in nine months</b>. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 106.9 in June 2018, <b>up 0.9%</b> from the previous month. According to the National Association of Realtors, "After two straight months of pending sales declines, home shoppers in a majority of markets had a little more success finding a home to buy last month. The positive forces of faster economic growth and steady hiring are being met by the negative forces of higher home prices and mortgage rates. Even with slightly more homeowners putting their home on the market, inventory is still subpar and not meeting demand. As a result, affordability constraints are pricing out some would-be buyers and keeping overall sales activity below last year's pace." (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 16.7 million in July 2018, <b>down 3.1%</b> from the previous month, <b>3.4% lower</b> from July 2017, and the <b>lowest level since August 2017</b>. Year-to-date sales were 9.93 million, slightly ahead of the same period in 2017 (9.81 million). (Source: AAR) <i>(Light vehicle sales record the number of domestically produced units of cars, SUVs, mini-vans, and light trucks that are sold. Because motor vehicle sales are a large part of consumer spending in the United States, the motor vehicle sales data can provide important information on consumer-spending trends and on the overall direction of the economy.)</i></p>

<b>Personal Income</b>	<p>Personal Income <b>increased 0.4%</b> to \$17.5 trillion in June 2018. The increase in June primarily reflected increases in wages and salaries and personal dividend income. During Q1 2018, Personal Income in Georgia was estimated at \$463.3 billion, an <b>increase of 4.0%</b> from Q4 2017. (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 July 2018 were <b>\$507.5 billion, an increase of 0.5%</b> from the previous month, and <b>up 6.4%</b> from July 2017. Non-store retail sales were <b>8.7% higher</b> from the same month last year. (Source: US Census) <i>(Non-store retail sales are measured on a monthly basis and include internet-only sales outlets as well as other direct-to-customer channels)</i></p>
<b>E-Commerce</b>	<p>The estimate of U.S. retail e-commerce sales for the second quarter of 2018, adjusted for seasonal variation, was \$127.3 billion, an <b>increase of 3.9%</b> from the first quarter of 2018 and <b>15.2% higher than the second quarter of 2017</b>. E-commerce sales in the second quarter of 2018 accounted for 9.6% of total sales. (Source: US Census) <i>(E-Commerce sales are measured on a quarterly basis and include the sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.)</i></p>
<b>Consumer Confidence</b>	<p>The Consumer Confidence Index slightly <b>increased to 127.4</b> in July 2018, <b>up 0.2%</b> from the previous month. According to The Conference Board, “Consumers’ assessment of present-day conditions improved, suggesting that economic growth is still strong. However, while expectations continue to reflect optimism in the short-term economic outlook, back-to-back declines suggest consumers do not foresee growth accelerating.” (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)</i></p>
<b>Consumer &amp; Producer Price Index</b>	<p>The Consumer Price Index for all urban consumers was <b>251.2</b> in July 2018, <b>up 0.2%</b> from the previous month. The index for shelter accounted for nearly 60% of the seasonally adjusted monthly increase in the all items index. The Producer Price Index for final demand was <b>116.4</b> in July, <b>unchanged</b> from the previous month. In July, a 0.1% rise in the index for final demand goods offset a 0.1% decline in prices for final demand services. (Source: US Bureau of Labor Statistics)</p>
<b>Small Business Optimism Index</b>	<p>The Small Business Optimism Index was 107.9 in July, <b>up 0.7% from the previous month and the second highest level recorded</b>. The July 2018 report set new records in terms of owners reporting job creation plans and those with job openings. A seasonally-adjusted net 23 percent are planning to create new jobs, up three points from June. Thirty-seven percent of all owners reported job openings they could not fill in the current period, a one-point increase from June. Out of 10 index components, six posted gains, two declined, and two were unchanged. (Source: National Federation of Independent Business) <i>(This Index collects data from small businesses on economic topics ranging from current job openings to expected credit conditions)</i></p>
<b>Industrial Production and Capacity Utilization</b>	<p>The Industrial Production Index was 108.0 in July 2018, an <b>increase of 0.1%</b> from the previous month and <b>4.2% higher than July 2017</b>. Capacity Utilization for the industrial sector <b>remained at 78.1%</b> in July 2018. (Source: Federal Reserve) <i>(The industrial production and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial detail provided by these measures helps illuminate structural developments in the economy)</i></p>
<b>Manufacturing &amp; Trade Sales</b>	<p>Total combined sales and manufacturing shipments totaled nearly <b>\$1.45 trillion</b> in June 2018, <b>up 0.3% from the previous month and up 8.2% from June of the previous year</b>. (Source: US Census)</p>
<b>Manufacturing &amp; Trade Inventory</b>	<p>Total value of inventory on-hand is estimated at <b>\$1.94 trillion</b> in June 2018, <b>up 0.1% from the previous month and up 4.0% from June of the previous year</b>. (Source: US Census)</p>
<b>Purchasing Managers Index</b>	<p>The National PMI <b>decreased to 58.1%</b> in July 2018, a <b>decrease of 210 basis points</b> from the previous month. New Orders <b>decreased 330 basis point to 60.2%</b>, however the index has been at 60% or above for 15 straight months. Production <b>decreased 380 basis points to 58.5%</b>. In July, 17 out of the 18 manufacturing industries tracked by the ISM reported growth. (Source: Institute for Supply Management) <i>(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i></p>
<b>Purchasing Managers Index in Georgia</b>	<p>Georgia’s PMI <b>decreased 1,400 basis points</b> month-over-month, to 61.7% in July 2018. New Orders in Georgia <b>decreased to 62.5%</b> and Production <b>decreased to 66.7%</b>. Despite the decreases, Georgia’s PMI remains at a level consistent with sustained expansion in the manufacturing sector. In the month of July, Georgia’s PMI was <b>360 basis points above</b> the national PMI. (Source: Kennesaw State University) <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>

UPS has applied for a patent to use blockchain technology to plan package routes and track them globally as they are handled by multiple carriers, according to a filing made public on August 16. The patent application submitted by UPS explains that as consumers demand faster, cheaper shipping while also demanding more visibility into the path of their shipments, new tools are necessary to track international shipments that involve multiple carriers. A key phrase in the patent application is "automated determination" — UPS intends for the software to not only track a package through multiple countries and carriers on a blockchain-based infrastructure, it will also determine the optimal route for each package, seemingly without human intervention. The patent also explains that as a package is tracked on its path, necessary payments can be triggered throughout each step. A major benefit of blockchain technology is the supposed ability to inextricably link delivery and payment, allowing for instantaneous transactions with delivery, triggered by the delivery itself and not a secondary action by the carrier. The patent also mentions that "virtual currencies" such as Bitcoin and Ethereum may be acceptable forms of payment in this system. (Source: supplychaindive.com)

## U.S. Market News

### MULTIMODAL:

<b>Dow Jones Transportation Index</b>	Dow Jones Transportation Index <b>increased 7.1%</b> in July 2018, ending at a reading of 11,077. <i>(A price-weighted average of 20 U.S. companies in the transportation industry, average of July 1<sup>st</sup> thru July 31<sup>st</sup>. The index includes railroads, airlines, trucking, marine transportation, delivery services, and logistics companies.</i>
<b>NASDAQ Transportation Index</b>	NASDAQ Transportation Index <b>increased 4.3%</b> in July 2018, ending at a reading of 5,451. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of July 1<sup>st</sup> thru July 31<sup>st</sup>)</i>
<b>DOT Freight Transportation Service Index</b>	The USDOT's freight transportation services index was 136.5 in June 2018, an <b>increase of 0.4%</b> from the previous month, <b>8.2% higher</b> than June 2017, and the <b>highest level of all time</b> . June marked the fourth time a new high has been reached in the past five months. The June increase was driven by increases in trucking, water, and rail intermodal, while pipeline, air freight and rail carloads decreased. (Source: US BTS)
<b>Cass Freight Index</b>	The Cass Freight Shipments Index was 1.245 in July 2018, a <b>decrease of 0.2%</b> from the previous month, and an <b>increase of 10.6%</b> year-over-year. The Cass Freight Expenditures Index was 2.901 in July, an <b>increase of 0.2%</b> from the previous month and an <b>increase of 17.9%</b> year-over-year. According to Cass Information Systems, "These indexes are displaying accelerating strength on top of increasingly difficult comparisons. Demand is exceeding capacity in most modes of transportation by a significant amount. In turn, pricing power has erupted in those modes to levels that continue to spark overall inflationary concerns in the broader economy. We do not fear long-term inflationary pressure as technology continues to provide multiple ways to increase asset utilization and price discovery in all parts of the economy, especially in transportation." (Source: Cass Information Systems   Cassinfo.com) <i>(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
<b>Shippers Conditions Index</b>	The Shippers Conditions Index for May 2018 remained in double digit negative territory, <b>increasing to a reading of -12.3</b> . According to FTR, "Shippers are in an extended period of difficult conditions because of a tight truck market and sub-par rail service. While conditions are expected to stabilize, there is unlikely to be a significant improvement for shippers before the end of the year." Economic indicators generally suggest continued strength in freight volume, keeping capacity tight and rates up. (Source: FTR Transportation Intelligence   ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for shippers)</i>
<b>NAFTA Trade</b>	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$107.3 billion in May 2018, <b>up 4.4%</b> from the previous month, and <b>up 9.2%</b> year-over-year. May marked the <b>19<sup>th</sup> straight month</b> in which the year-over-year value of U.S. NAFTA freight increased from the same month of the previous year. Trucks carried \$67.9 billion of U.S.-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both U.S.-NAFTA partners. (Source: US BTS)
<b>Multimodal News Clips:</b>	The Appalachian Regional Port (ARP), Georgia's new inland terminal located in Murray County, has officially opened for business. The new state-of-the-art facility will provide logistics solutions for customers in a four-state region and remove an estimated 50,000 trucks and 15 million truck miles from local highways every year. Through intermodal rail service from CSX, the Appalachian Regional Port offers customers across North Georgia, Northeast Alabama, Tennessee and Kentucky a more efficient option to move cargo to and from Savannah's container port. Handling both import and export containers, CSX will provide service on a direct, 388-mile rail route to and from the Port of Savannah's Garden City Terminal. (Source: GPA)

### RAIL:

<b>U.S. Freight Rail Traffic</b>	Originations of carloads in July 2018 totaled 1,048,293 units, a <b>decrease of 3.0%</b> from the previous month but an <b>increase of 3.5%</b> from July 2017, marking the fifth straight year-over-year monthly increase. Total carloads averaged 262,073 per week in July 2018, the most for any July since 2015. For the first seven
----------------------------------	--

U.S. Intermodal Rail Traffic	<p>months of 2018, total carloads were up 1.6%, or 122,377 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></p> <p>Intermodal rail traffic totaled 1,108,142 units in July 2018, <b>a decrease of 4.5% from the previous month but 6.9% higher than July 2017</b>. Average weekly intermodal volume in July 2018 was 277,036 units, <b>easily the most ever for July</b>. Year-to-date intermodal volume through July totaled 8,261,699 units, <b>up 6.1%</b> over the same period last year and the <b>highest January-July total ever</b>. (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i></p>
Railroad Fuel Price Index	<p>The index of average railroad fuel prices in July 2018 was 442.2, <b>down 0.5%</b> from the previous month and <b>42.4% higher</b> year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i></p>
Class 1 Railroad Employment	<p>Railroad employment in June 2018 <b>increased 0.2% from the previous month</b> to 147,282 employees total. In June, the majority of the increase was seen in the train and engine category which rose by 194 employees. (Source: U.S. STB, AAR)</p>
Short Line Rail Traffic	<p>In June 2018, short line railroad shipments across North America <b>decreased 3.6% from the previous month and increased 1.3% year-over-year</b>. A sampling of about 500 short line and regional railroads loaded <b>365,595 railcars</b> and intermodal units during the month of June. All "other" carloads led gains with a 10.0% increase. Coal led declines for the second consecutive month, with a decrease of 18.8%. (Source: Railinc Short Line and Regional Traffic Index)</p>
Railroad News Clips:	<p>The regional and short-line rail industry added billions of dollars in value to the U.S. economy in 2016, according to an economic impact report released this month by the American Short Line and Regional Railroad Association (ASLRRA). Prepared for ASLRRA by PricewaterhouseCoopers LLP, the report shows that the industry, composed of 603 Class II and III railroads, provides "significant contributions" to the nation's economy, according to an ASLRRA press release. The total direct, indirect and induced impact of the regionals and short lines is 61,070 jobs, \$3.8 billion in labor income, and \$6.5 billion in value added to the economy in 2016. Additionally, industries that rely on short lines' transportation services provided 478,820 jobs, \$26.1 billion in labor income and \$56.2 billion in value added to the economy that year. (Source: Progressiverailroading.com)</p>

## TRUCKING:

Truck Tonnage Index	<p>The ATA's seasonally adjusted For-Hire Truck Tonnage Index was 115.0 in July 2018, an <b>increase of 1.9% from the previous month and an increase of 8.6% from July 2017</b>. According to ATA Chief Economist Bob Costello, "Truck freight remained very strong in July when accounting for normal seasonality. Both the month-to-month and year-over-year gains were the largest in three months. This robust growth stems from solid manufacturing, retail sales, and construction activity. The industry's biggest challenge isn't finding enough freight, but recruiting and retaining quality drivers." (Source: American Trucking Associations   Trucking.org. Note: ATA recently revised the seasonally adjusted index to 2015 = 100)</p>
Truckload Freight	<p>The spot market for truckload-freight available for pick-up in July 2018 <b>decreased 29%</b> compared to the previous month, and was <b>45% higher</b> year-over-year. Truck capacity <b>increased 12%</b> for the month, and <b>increased 20%</b> year-over-year. (Source: DAT Trendlines   www.dat.com)</p>
Refrigerated Trucking	<p>In July 2018, refrigerated loads posted on load boards <b>decreased 24%</b> while refrigerated truck posts <b>increased 14%</b>, compared to the previous month. That caused the load-to-truck ratio to <b>decrease 33%</b> to 8.8 loads per truck. The ratio was <b>unchanged</b> compared to July 2017. In July, the national reefer rate was \$2.61 per mile, \$0.09 lower than the previous month and \$0.54 higher than July 2017. (Source: DAT Trendlines   www.dat.com)</p>
Trucking Conditions Index	<p>The Trucking Conditions Index in June 2018 <b>slightly decreased to a reading of 11.18</b>, reflecting continued full capacity utilization. According to FTR, "Conditions for truckers are at their most favorable during this period and through July with capacity crunch at its peak. In the second half of the year, there will be some stabilization due to added capacity and productivity enhancements in the segment; however, trucking conditions will remain very strong over the next year or more, with TCI levels through the period above 2017 readings." (Source: FTR Transportation Intelligence   ftrintel.com) <i>(Figures below zero indicate a less-than-ideal environment for trucking)</i></p>
Diesel Prices	<p>As of August 6, 2018 the U.S. average diesel price was <b>\$3.22 per gallon</b>. The U.S. average diesel price was <b>\$0.64 higher</b> than the same week last year. The average price of diesel in the Southeastern Atlantic states was <b>\$3.09 per gallon, 4.0% less than the national average price</b>. (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i></p>
Trucking Employment	<p>The trucking industry workforce <b>increased by approximately 4,400 employees to 1,480,900 employees total</b> in July 2018. The trucking industry workforce <b>increased 0.3%</b> over the previous month and <b>increased 0.6%</b> over July 2017. (Source: U.S. Bureau of Labor Statistics)</p>

## Trucking Earnings and Hours

The average earnings of truck transportation employees were \$24.14/hour in June 2018, **up 0.2%** from the previous month. The average weekly hours totaled 42.4 in June, **up 1.4%** 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 52,250 units in July 2018, an **increase of 25%** from the previous month, **187% higher** year-over-year, and the **highest level on record**. According to FTR, "Fleets are desperate to get new trucks, but supply is limited. Because fleets are frustrated by the current situation and are uncertain when they can receive trucks, they are placing a large volume of orders in hopes of getting some deliveries at some point in the future. In essence, there is a truck shortage." Preliminary July 2018 net trailer orders came in at **28,000 units, up 50%** from the previous month, and **up 109%** from July 2017. OEMs have opened up some of the 2019 order boards, so fleets have started ordering a couple months early to reserve build spots and lock in prices. Carriers expect to add more trucks in 2019 and will need additional trailers for them. (Source: FTR Transportation Intelligence | ftrintel.com)

## Trucking News Clip

Just five trucking freight markets currently account for 18% of the entire load volume of U.S. domestic freight, according to a new SONAR market-share index released this month by Freightwaves. The entire U.S. domestic freight volume is divided up among 135 total markets. The top five markets include Atlanta, GA (4.48% market share), Ontario, CA (4.12%), Joliet, IL (3.46%), Harrisburg, PA (3.10%), and Dallas, TX (2.83%). The West Coast ports bulge in preparation for the holiday shopping season, while Atlanta-based traffic blossoms with agricultural products in the summer. The market share rankings fluctuate with seasonal traffic surges, but the top performers are typically the usual suspects, according to Craig Fuller, CEO of FreightWaves. (Source: Supplychaindive.com, Freightwaves.com)

## AIR FREIGHT:

### Air Cargo Traffic

Global air freight traffic in June 2018 **increased by 2.7% year-over-year**, down from 3.8% in May and almost half of the five-year average freight tonne kilometer (FTK) growth rate (5.1%). According to the IATA, "The latest growth outcome may have been distorted in part by the grounding of the entire Nippon Cargo fleet for much of the month. It is difficult to know for certain how much of the affected demand was carried by other operators, but we estimate that the disruption could conceivably have reduced industry-wide annual FTK growth by up to 0.5 percentage points in June." (Source: IATA.org,) *(Global air freight covers international and domestic scheduled air traffic.)*

### Atlanta Air Cargo Traffic

In June 2018, Hartsfield-Jackson Atlanta International Airport transported **55,437 metric tons** of cargo, a **7.1% decrease** from the previous month and a **4.5% decrease** year-over-year. (Source: HJAIA)

### Air Freight Price Index

In June 2018, average airfreight rates for East-West routes decreased \$0.10 from the previous month but were still up by 7% year-over-year to \$2.70. According to Drewry, "The ramifications of the trade war between the US and China, as well as tariffs on the EU and Canada make it hard to predict the market." (Source: Drewry, [aircargoworld.com](http://aircargoworld.com)) *(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 August 17, 2018 the global average jet fuel price was \$87.00 per barrel; **up 1.4%** from the previous month, and **36.5% higher** 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 International Air Cargo Association (TIACA) warned efficiency in the air cargo industry will decrease as a result of the truck driver shortage. In a TIACA newsletter, TIACA board member Denis Choumert said that the air cargo industry would not be able to escape the consequences of the driver shortage. "Delays in consignments delivery, missing planes, airlines losing time slots at the airport are only a few constraints that a lack of drivers may bring to the air freight sector. Each day of delay causes considerable damage to shippers. Perishables, medicines, and flowers – products that shippers transport by air – have a short life cycle. Here, time and reliability are very important assets." Choumert called on the whole supply chain to work together to solve the issue: "TIACA should take a role here to initiate first steps and to innovate. If we do not take action now, the efficiency in air cargo industry will decrease, and that is the last thing all of us wish to happen." (Source: [Aircarionews.net](http://Aircarionews.net))

## OCEAN FREIGHT:

## Import Volumes by Ocean

In June 2018, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.85 million TEUs, a **1.6% increase** from the previous month, **7.8% higher** than May 2017, and the **record number of TEUs imported during a single month** (record set in August 2017). July and August are estimated to be even higher. According to the National Retail Federation, “We’re seeing new record levels every month this summer. Much of that is to meet consumer demand as tax reform and a thriving economy drive retail sales, but part of it seems to be concern over what’s to come. Tariffs on most consumer products have yet to take effect but retailers appear to be getting prepared before that can happen.” (Source: NRF/Hackett Associates)

## Shanghai Containerized Freight Index

The August 17<sup>th</sup> SCFI comprehensive reading was **\$891 per FEU, up 8.0%** from last month. The spot rate for shipments to the U.S. East Coast was **\$3,317 per FEU, up 22.4%** from the previous month. (Source: Shanghai Shipping Exchange | [www1.chineseshipping.com.cn/en](http://www1.chineseshipping.com.cn/en)) *(The Shanghai Containerized Freight Index reflects the spot rates of the Shanghai container transport market. It is a weekly reported average spot rate of 15 major container trade routes exported from Shanghai to regions around the globe.)*

## Baltic Dry Index

The Baltic Dry Index **increased 26.1%** in July 2018, ending at 1,747. Compared to July 2017, the index **increased 84.7%**. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND).) *(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)*

## Port of Savannah

The Port of Savannah moved **378,767 TEUs** in July 2018, a **2.2% increase** from the previous month, **12.7% higher** compared to July 2017, and the **second busiest month on record** for the Port of Savannah. July also marked the **busiest month on record for intermodal cargo**, at 41,070 container moves, for an increase of 20.8% compared to July 2017. Total GPA tonnage in July grew by 10.5%, or nearly 300,000 tons, for a total of 3.15 million tons. (Source: GPA)

## Port of Brunswick

Breakbulk tonnage crossing all docks **increased by 14.4%** (33,494 tons) in July 2018 for a total of 265,891 tons of cargo. At East River Terminal in Brunswick, bulk cargo **grew by 43 percent**. Terminal operator Logistec moved an additional 29,670 tons last month, for a total of 98,483. In roll-on/roll-off cargo, the GPA handled 53,419 units of autos and machinery, an **increase of 5%**, or 2,610 units, compared to July 2017. Colonel’s Island Terminal at the Port of Brunswick moved the majority of that Ro/Ro cargo, accounting for 50,850 units of the total. (Source: GPA)

## Ocean Freight Business News:

Maersk, the world’s largest container line, is about to test the frigid waters of the Arctic in a trial of shorter shipping lanes that could become viable as warmer temperatures open up the Northern Sea Route. On or around Sept. 1, Denmark-based Maersk plans to send its first container ship through the Arctic to explore whether the once inhospitable route could become feasible in the future. Many analysts see the test as a turning point for both the shipping industry and the Arctic. Over the past decade, as Earth has warmed, global shipping companies have increasingly eyed the Arctic as a way to cut precious — and expensive — travel time. However, conditions have been seen as too harsh and unpredictable for massive shipping containers. Now Maersk is going to give it a try with what it says is a one-off voyage. It is sending the Venta Maersk — a new ship with a reinforced hull and a capacity of 3,600 containers — into the polar sea. Maersk says it does “not see the Northern Sea Route as an alternative to our usual routes. We plan new services according to our customers’ demand, trading patterns and population centers.” (Source: NPR)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

The **nationwide vacancy remained low during the second quarter of 2018, ending at 5.2%**. This is identical to the vacancy rate recorded since the fourth quarter of 2017 as well as the rate recorded one year ago. None of the 49 markets tracked by NGKF had a double-digit vacancy rate as of Q2 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 3.25% unlevered total return during Q1 2018, far outperforming all other property sectors. Industrial outperformed the second-best performing sector, office, by 145 basis points during Q1 2018. The vacancy rate in **Atlanta, GA was 5.2%** in Q2 of 2018. (Source: NGKF)

### Warehouse Rent Rates

In Q2 2018, the average asking rent across the U.S. was **\$6.79/SF, up 1.8%** from the prior quarter **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 \$4.94/SF in Q2 2018.** (Source: NGKF)

### Industrial Absorption

Net absorption in the U.S. increased by nearly 3.0 million square feet during Q2 2018, totaling 56.1 million square feet. Of the 49 industrial markets tracked by NGKF, 17 absorbed 1 million square feet or more in Q2, including Atlanta which absorbed 5.3 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 3,600 employees** to 1,037,200 employees total in July 2018. The warehouse industry workforce **increased 0.4%** from the previous month and **increased 9.1%** 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 \$20.18/hour in June 2018, **up 0.7%** from the previous month. The average weekly hours totaled 42.7 in June, **up 1.7%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

**W&D Business News:**

- Results from EmployBridge Prologistix's 2018 Warehouse Employee Opinion Survey, conducted in March of this year, were released earlier this month. According to the national survey of nearly 16,000 hourly workers, pay ranked as the single most important factor for the eleventh consecutive year among warehouse workers. For the first time since the survey was established in 2007, a majority of 65 percent of warehouse workers reported earning hourly rates of \$12 or more. "It appears from our survey findings that \$12 an hour has become the bare minimum wage for warehouse workers however, we're seeing many of our clients offering more attractive wages in order to secure quality talent given the single-digit unemployment market," said Brian Devine, EmployBridge Senior Vice President and creator of the survey. "In fact, our data shows in certain markets employers are paying up to \$2 more per hour to attract and retain workers during the upcoming peak season. In today's environment, keeping abreast of changing supply and demand for specific skills in your local market is essential to securing the hourly workers companies need." (Source: Supplychaindive.com, EmployBridge)
- Jaguar Land Rover Classic has announced a new operations hub in Savannah, Georgia. The new facility, Jaguar Land Rover Classic's first facility outside of Europe, will provide access to a range of authentic Jaguar and Land Rover Classic cars, services, parts and experiences. The facility will also include a state-of-the-art 42-bay workshop for comprehensive vehicle health checks, service and repairs for all Jaguar and Land Rover vehicles out of production for a decade or more. Jaguar Land Rover Classic's new facility will be located near Savannah/Hilton Head International Airport and the Port of Savannah, the largest single container terminal in North America. Construction of the new facility will begin in autumn. (Source: Georgia.org)

---

***To sign-up to receive these free monthly snapshots, visit: [www.GeorgiaLogistics.com](http://www.GeorgiaLogistics.com)***

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:

**Emily Schrenk Butler, Senior Project Manager | [EButler@georgia.org](mailto:EButler@georgia.org) | 912.966.7842**