

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation index was up 0.7% during the month of August. <i>(Stock performance of twenty large, well-known U.S. companies in the transportation industry, average of August 10th thru September 10th)</i>
NASDAQ Transportation Index	NASDAQ Transportation Index increased 2.2% in August. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of August 10th thru September 10th)</i>
DOT Freight Transportation Index	The USDOT's freight transportation services index rose 0.1% in July 2012. The index's reading of 109.6 was 1.9% higher year-over-year. (Source: US DOT)
Cass Freight Index	The August shipments index fell 1.1% over the previous month and also fell 1.1% year-over-year. The August expenditures index decreased 1.1% for the month, and increased 3.8% year over year. <i>(Source: Cass Information Systems Cassinfo.com) (Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
Import Volumes	In July, the U.S. imported about \$225.3 billion of cargo. July U.S. imports have decreased 0.8% in terms of value from June, and grew 0.6% year-over-year. (Source: US Census)
Export Volumes	In July, the U.S. exported more than \$183.3 billion of cargo. July U.S. exports have decreased 1% in terms of value over the previous month and grew 2.8% year-over-year. (Source: US Census)
Import & Export Price Index	U.S. import prices rose 0.7% in August. Import prices fell 2.2% over the past year. The price index for U.S. exports rose 0.9% in August, following a 0.4% decrease in July. Export prices decreased 0.9% year-over-year. (Source: Bureau of Labor Statistics)
Multimodal News Clips:	<ul style="list-style-type: none"> Merchandise exports from Georgia increased by \$600 million in the first half of 2012 compared to the same period in 2011. The increase from \$17 to \$17.6 billion included increases to Australia (+34%), China (+13%), Japan (+11%), Mexico (+11%), and the United Kingdom (+7%). Transportation equipment, machinery, chemicals, paper, and food were the primary export categories for the period. (Source: US Commerce Department) Last week, the Federal Reserve said it would pump \$40 billion into the U.S. economy each month until it saw a sustained upturn in the weak jobs market. The Fed's latest announcement for the third round of quantitative easing is being called questionable after the disappointing results of QE2. On Friday, ratings firm Egan-Jones cut its credit rating on the U.S. government to "AA-" from "AA," citing its opinion that QE3 would hurt the U.S. economy and the country's credit quality.

RAIL:

U.S. Freight Rail Traffic	Railroad bulk carload freight in August 2012 fell 0.7% from July 2012. Freight traffic in August fell 1.4% from August 2011. Coal and grain shipments continued to be the main cause of the decline in shipments. Carloads excluding coal and grain increased 3.5% over the previous year. <i>(Source: AAR.org) (Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
U.S. Intermodal Rail Traffic	Intermodal rail traffic in August 2012 was 4.3% higher than in August 2011 and 0.4% lower than July 2012 totals. Intermodal loadings experienced year-over-year gains for 33 straight months . Intermodal shipments in August reached the second-highest volume for the month on record. <i>(Source: AAR.org) (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 July was 579.4, up 4.1% from the previous month and 7.2% 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>
Freight Cars in Storage	The number of freight cars in storage has decreased to 311,226 (20.3% of the fleet) on September 1, down 3,745 from a month earlier. (Source: AAR.org) <i>(A freight car is "in storage" if it has had a loaded revenue move since 2005, but not in the past 60 days. Decrease here = more demand)</i>
Class 1 Railroad Employment	Railroad employment in July 2012 decreased by 1,153 employees to 162,006 employees. Total Class 1 rail employment in July 2012 was 1.9% higher than it was in July 2011. (Source: U.S. STB)
Short Line Rail Traffic	In August 2012, short line railroad shipments across North America rose 2.5% compared to the same month last year. A sampling of about 420 small railroads in the U.S. and Canada loaded 673,061 railcars and intermodal units during the month of August. (Source: RMI RailConnect Index rmiindemand.com)
Railroad News Clips:	<ul style="list-style-type: none"> The largest Canadian railroad, Canadian National Railway, plans to buy more than 2,200 railcars and 1,300 new containers this year to support increased rail traffic. The railroad company saw a 4% year-over-year rise in volume in the second quarter, which included a 13% jump in intermodal volume. Short lines saw intermodal traffic rise 80.8% year-over-year during the week ending September 1, 2012. That increase boosted overall carloads to 137,396, up 5.6% over the same week last year.

TRUCKING:

Trucking Volume	The ATA's seasonally adjusted cargo index remained steady in July after rising 1.2% in June. The for-hire truck tonnage index rose 3.7% year-over-year. (Source: American Trucking Association Trucking.org)
Truckload Freight	The spot market for truckload freight in August rose 4.5% compared to the previous month, and was 17.5% higher year-over-year. Truck capacity rose 16.9% for the month, and was up 23.6% year-over-year. (Source: TransCore Freight Index www.transcorefreightsolutions.com)
Diesel Prices	U.S. average diesel prices rose slightly to \$4.132 per gallon , rising just 0.5¢ last week. The U.S. average diesel price was 27¢ higher than the same week last year. The average price of diesel in the lower Atlantic states was \$4.049 per gallon. (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i>
Trucking Employment	The trucking industry added 1,400 jobs in August. The trucking workforce increased 0.1% over the previous month and rose 3.8% over the previous year. (Source: U.S. Bureau of Labor Statistics)
Truck Orders	Orders for heavy-duty Class 8 trucks in North America are expected to total 15,935 units in August 2012, the second-lowest month for orders since August 2010. August orders were 27% higher than the previous month and 22.3% lower than the same month last year. (Source: FTR Associates ftrassociates.com)
NAFTA Trade	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico, was up 6.6% in June compared to the same month in 2011, reaching \$82.6 billion . June was the 31st consecutive month of year-over-year increases. (Source: US DOT)
Trucking News Clips:	<ul style="list-style-type: none"> U.S. truck shipments of fresh produce totaled 8.9 million tons in 2Q 2012, up 24% from the previous quarter and 1% higher than the same quarter last year. (Source: U.S. Department of Agriculture) The annualized turnover rate at large carriers reached 106% in the second quarter despite slower economic growth. A 100% turnover rate means truckload carriers need to replace the equivalent of their entire driver pool each year just to maintain employment and capacity at the same level. A high driver turnover rate can cost larger truckload companies millions of dollars a year. The turnover rate increased 16% over the 90% turnover rate from the first quarter.

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in July fell 3.2% from one year ago and remained steady from the previous month. North American air freight in July fell 3.5% year-over-year. (Source: IATA.org) <i>(Global air freight covers international and domestic scheduled air traffic. North American traffic includes only domestic freight traffic.)</i>
Atlanta Air Cargo Traffic	In June, Hartsfield-Jackson Atlanta International Airport transported 54,755 metric tons of cargo, a 1% decline from the previous month and a 3.24% decrease year-over-year. (Source: HJIA)
Air Freight Price Index	In July, average international air cargo prices rose 4.7% from the previous month. Average air freight rates were down 4.8% year-over-year. (Source: Bureau of Labor Statistics) <i>(The Drewry Air Freight Price Index is based on the average of rates (\$US per kg) for cargoes of 100+kg to 1,000+kg cargoes from Shanghai to London, Moscow, Prague, New York, and Los Angeles.)</i>
Jet Fuel Prices	As of August 31, 2012, the global average jet fuel price was \$137.40 per barrel; up 11% from the previous month, and 5.3% higher 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:	<ul style="list-style-type: none"> This year's race to provide the latest smartphones and tablets is good news for many shipping companies, as it will likely raise airfreight rates significantly. Apple, Google, Microsoft and Amazon all have brand new offerings in mobile technology. It is anticipated that the critical mass of many new products will result in a crunch that will cause average airfreight rates to rise to \$5 a kilogram in September, according to the SJ Consulting Group. (Source: www.cargobusinessnews.com) The world freighter fleet is expected to nearly double during the next 20 years to keep pace with the 5.2% annual growth of air cargo traffic. Boeing projects that the fleet will increase from 1,700 aircraft in 2011 to 3,200 aircraft in 2031. Of the 2,760 freighter deliveries through 2031, about 1,820 will be conversions from passenger jets, while the remaining 940, valued at \$250 billion, will be new orders.

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OCEAN FREIGHT:

Import Volumes

Import shipment volume, in TEUs, at U.S. ports **increased 9%** in July from the previous month and **rose 10.8%** over the previous year. July saw the **highest volume of imports** seen in one month since August 2010, **raising expectations** for this year's holiday season. (Source: Zepol Corporation | zepol.com)

Shanghai Containerized Freight Index

The September 7th SCFI comprehensive reading was **\$1,267.02 per FEU**; **down 2.1%** from the previous week, and **21.7% higher** year-over-year. The spot rate for shipments to the U.S. East Coast was **\$3,720 per FEU**, **up 28.6%** from the previous year. (Source: Shanghai Shipping Exchange | www1.chineseshipping.com.cn/en)
(The Shanghai Containerized Freight Index is a weekly reported average export spot rate from Shanghai for 15 different trade lanes.)

Ocean Bulk Freight Rates

The Baltic Dry Index **fell 19.9%** in August, ending at **703**. The BDI has **fallen an additional 5.8%** during the first half of September. (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.)

TSA Bunker Surcharges

Between October 1 and December 31, 2012, the bunker fuel surcharge will total **\$527 per FEU** for shipments to the West coast ocean ports and **\$1,020 per FEU** for shipments to the East coast and Gulf ports. (Source: Transpacific Stabilization Agreement) *(The Transpacific Stabilization Agreement is a research and discussion forum of major ocean container shipping lines that carry cargo from Asia to ports in the U.S.)*

Port of Savannah

The Port of Savannah moved **270,611 TEUs** in August 2012, the port's **second-highest** monthly TEU count ever. Containerized shipments in August represented a **7.3% increase** over July 2012 and were **13.8% higher** year-over-year. Overall, the Georgia Ports Authority moved a total of **2.3 million tons** of cargo during the month of August, an **increase of 13%** from the same month last year. 259 ships called on Georgia ports last month, an **increase of 36 ships** from August 2011. (Source: GPA)

Port of Brunswick

At the Port of Brunswick, bulk cargo **jumped 62.3%** to 80,176 tons, while breakbulk cargo **increased 46.2%** to 108,585 tons. Automobile and machinery units **increased 45.7%** on the month, totaling 57,113 units. August was the **second-highest month** for roll-on, roll-off units at the GPA. (Source: GPA)

Ocean Freight Business News:

- Import volume through major U.S. container ports is expected to **increase 8.5%** in September and remain strong through the holiday peak season despite the threat of an East and Gulf Coast port strike. Total U.S. containerized imports in 2012 are expected to total **16 million TEUs**, **up 4.2%** over 2011. (Source: NRF/Hackett Associates)
- For a time, negotiations were suspended between the **U.S. Maritime Alliance (USMX)** and the **International Longshoremen's Association (ILA)**. Last week, the Federal Mediation and Conciliation Service stepped in to ensure negotiations continue. Talks will continue in the week beginning September 17, giving the parties just two weeks before the current contract expires on **September 30**. If contract terms are not agreeable before the deadline, the use of the **Taft-Hartley Act** could force the unions back to work for an 80-day "cooling off" period, which would cover the remainder of the peak shipping season.
- U.S. shippers are concerned about the impact of the potential strikes at U.S. East and Gulf Coast ports. The shipping lines are implementing huge **surcharges** in the case of a strike by the ILA. Some of the announced surcharges would amount to as much as **\$1,000 per container**. Shippers are being faced with extra costs from the surcharges, possible penalties for mis-deliveries of goods, and consequences from lost sales.

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

The U.S. average industrial vacancy rate was **9.3%** during Q2 2012, **down 0.3%** from the previous quarter. Overall vacancy was **9.8%** in Atlanta and **12.4%** in Savannah during the second quarter. (Source: Cushman & Wakefield)

Warehouse Rent Rates

In Q2 2012, warehouse and distribution rental rates in the US averaged **\$4.30 per square foot**. Rental rates for warehouse space averaged **\$3.37/square foot** in Atlanta and **\$3.62/square foot** in Savannah. (Source: Cushman & Wakefield)

Industrial Absorption

Net absorption in the US during Q2 2012 totaled **+41.55 million square feet**. Absorption during the 2Q totaled nearly **+2.4 million square feet** in Atlanta and **+158,000 square feet** in Savannah. The Atlanta market has experienced **28.8% growth** in industrial leasing activity year-over-year. (Source: Cushman & Wakefield)
(Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)

Purchasing Managers Index

The National PMI **fell 0.2 point** to 49.6 in August 2012. New orders **decreased 0.9 point** to 47.1 and production **fell 4.1 points** to 47.2. (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

Georgia's PMI **fell 1.4 points** to 50.4 in August. New orders in Georgia **decreased 6.8 points** to 50 and production **increased 1 point** to 55.6. Georgia's PMI of 50.4 **outperformed the national PMI by 0.8 point** and has remained above 50 for the **eighth consecutive month**. (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.)*

W&D Business News:

- Lineage Logistics announced that it has acquired **Stanford Refrigerated Warehouses**, a third-party warehousing logistics company headquartered in Macon, Georgia. With **12 million square feet** and **240 million cubic feet of capacity**, Lineage is the **third largest** refrigerated warehouse company in North America. After the acquisition, Lineage Logistics will enhance its presence and capacity in the Southeast region to support its customers.
- Austrian steel group Voestalpine will build a **\$62 million manufacturing facility** near Cartersville, Georgia. The plant is set to start production in mid-2013 and will **employ 220 people**. Voestalpine's newest plant, the first in the Southeast, will focus on metal forming and manufacturing automotive body parts.
- Sewon America, Inc., the largest supplier for Kia Motors Manufacturing Georgia's plant, will **add 150 jobs** and invest an additional **\$10 million** in its existing LaGrange, Georgia plant. Sewon provides metal-stamping for a variety of automotive parts. This latest expansion will bring its total employment to **850 employees** and investment to **\$180 million**.
- Ethicon, Inc. has announced plans to add a **100,000-square-foot facility** in Athens, Georgia to complement its Cornelia facility in the production of suture raw materials. The healthcare products manufacturer plans to **create 75 jobs** and invest approximately **\$185 million** through 2016.
- Fram Renewable Fuels is expanding in the city of Hazlehurst, Georgia, **creating 80 new jobs**. The alternative energy manufacturer will **invest \$91 million** in opening its second Georgia wood pellet manufacturing plant. Upon completion of the new manufacturing plant, Fram will be positioned among the **top wood pellet export companies** in the U.S., exporting more than **900,000 metric tons** of wood pellets annually.

U.S. MARKET:

Gross Domestic Product

The U.S. GDP **increased 1.7%** in the second quarter of 2012 according to the second preliminary estimate released by the Bureau of Economic Analysis. (Source: US BEA)

U.S. Trade Deficit

The U.S. trade deficit **increased by 0.2%** in July to \$42 billion. **Exports decreased 1%** to \$183.3 billion and **imports decreased 0.8%** to \$225.3 billion. (Source: US DOC & Census Bureau)

Consumer Confidence

The Consumer Confidence Index **decreased to 60.6** in August 2012 from 65.4 in July 2012. (Source: The Conference Board) *(The consumer confidence index is based on a monthly survey of 5,000 U.S. households. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)*

Unemployment Rate

The unemployment rate in America **fell to 8.1%** in August 2012 despite only adding **96,000 net new jobs**, down from the revised **141,000 new jobs** created in July. The unemployment rate decreased in August due largely to the **lowest labor participation rate** in decades. (Source: US DOL)

Leading Economic Index

The Leading Economic Index for the U.S. **increased 0.4%** in July to 95.8 (2004=100), following a 0.4% decrease in June and a 0.3% increase in May. (Source: Conference Board) *(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.)*

Retail Sales

Retail and food service sales grew in August to **\$406.7 billion, up 0.9%** from the previous month, and **up 4.7%** above August 2011. Non-store retailer sales were **up 10.6%** from last year. (Source: US Census)

Manufacturing & Trade Sales

Total combined sales and manufacturing shipments totaled nearly **\$1.24 Trillion** in July 2012, **up 0.9%** from June and **up 2.8%** from the previous year. (Source: US Census)

Manufacturing & Trade Inventory

Total value of inventory on hand is estimated at **\$1.59 Trillion** in July 2012, **up 0.8%** from June and **up 5.4%** from July 2011. (Source: US Census)

Housing Starts

In July, housing starts **decreased 1.1%** to an annual rate of 746,000 units. Building permits (an indicator of future housing starts) **rose 6.8%** to an annual rate of 812,000. (Source: U.S. DOC)

Consumer & Producer Price Index

The consumer price index for all urban consumers **increased 0.6%** in August from the previous month. Over the last 12 months, the all items index **increased 1.7%**. The producer price index for finished goods **increased 1.7%** in August from the previous month. Prices for finished goods **rose 2%** over the previous year. (Source: US Bureau of Labor Statistics)