

AUGUST LOGISTICS 2015 MARKET SNAPSHOT

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation index increased 0.5% during the month of July 2015. <i>(Stock performance of twenty large, well-known U.S. companies in the transportation industry, average of July 10th thru August 10th)</i>
NASDAQ Transportation Index	NASDAQ Transportation Index increased 0.5% in July 2015. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of July 10th thru August 10th)</i>
DOT Freight Transportation Index	The USDOT's freight transportation services index fell 0.3% in June 2015. The index's reading of 121.9 was 28.8% above the April 2009 low during the most recent recession. (Source: US DOT)
Cass Freight Index	The July shipments index fell 1.6% from the previous month and decreased 1.1% year-over-year. The July expenditures index fell 4.5% for the month, and decreased 6.4% year-over-year. July is traditionally a slow month for freight as it lies between the surges of back-to-school and the holidays. (Source: Cass Information Systems Cassinfo.com) <i>(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
Import Volumes	In June, the U.S. imported \$191.1 billion of cargo, increasing 1.4% from May 2015. The June imports of food, feeds, and beverages (\$11.1 billion) as well as automotive vehicles, parts, and engines (\$29.8 billion) were the highest on record . (Source: US Census)
Export Volumes	In June, the U.S. exported \$127.6 billion of cargo, decreasing 0.2% from May 2015. (Source: US Census)
Import & Export Price Index	U.S. import prices decreased 0.9% in July, after recording no change the previous month. Both fuel prices and nonfuel prices contributed to the July decrease. Import prices fell 0.9% in July, the largest 1-month drop since January. The price index for U.S. exports decreased 0.2% in July and decreased 6.1% year-over-year. (Source: Bureau of Labor Statistics)
E-Commerce	E-Commerce revenue in June 2015 is estimated to be up 10.8% year-over-year. The share of mobile orders (phone and tablet) out of all e-commerce orders has increased to 28%, up from 22% in 2014. (Source: Custora E-Commerce Pulse)
Multimodal News Clips:	<ul style="list-style-type: none"> U.S. light vehicle sales were a seasonally adjusted and annualized 17.5 million in July 2015, up from June's 17.0 million and on pace to exceed 17 million for the full year, which hasn't happened since 2001. (Source: AAR) A new report says when it comes to cargo thefts in the U.S., food and drink is the most stolen type of freight since 2008, according to the logistics security services provider FreightWatch International. While the overall volume of thefts is dropping, the average loss value is steadily climbing. (Source: Truckinginfo.com)

RAIL:

U.S. Freight Rail Traffic	Total carloads in July 2015 decreased 6.5% from July 2014. Weekly average total carloads in July 2015 were 275,282, the lowest weekly average for July since 2009. (Source: AAR.org) <i>(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 July 2015 was 3.5% higher , year-over-year. The weekly average of 266,378 units in July was the highest weekly average for July in history . (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 June 2015 was 384.2, down 4.8% from the previous month and 35.3% lower year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i>
Class 1 Railroad Employment	Railroad employment in June 2015 decreased 0.3% from the previous month , to 172,327 employees total. Total Class 1 rail employment in June increased 3.7% , year-over-year. (Source: U.S. STB)
Short Line Rail Traffic	In July 2015, short line railroad shipments across North America fell 7.3% compared to the same month last year. A sampling of about 431 small railroads in the U.S. and Canada loaded 690,373 railcars and intermodal units during the month of July. (Source: RailConnect Index GE Transportation)
Railroad News Clips:	<ul style="list-style-type: none"> Total intermodal growth in North America was up 4.5% year-over-year in Q2 2015 and up 2% from the previous quarter. Railroads and the top intermodal associations maintain intermodal growth will kick into a higher gear before the end of the year. (Source: JOC)

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TRUCKING:

Trucking Volume	The ATA's seasonally adjusted cargo index decreased 0.5% to 131.1 in June 2015. The for-hire truck tonnage index rose 1.8% from June 2014, which was above the 1.5% gain in May. (Source: American Trucking Association Trucking.org)
Truckload Freight	The spot market for truckload freight in July decreased 28% compared to the previous month, and was 36% lower year-over-year. Truck capacity increased 1.5% for the month, and increased 32% year-over-year. (Source: DAT Trendlines www.dat.com)
Diesel Prices	U.S. average diesel prices fell to \$2.66 per gallon last week. The U.S. average diesel price was \$1.18 lower than the same week last year. The average price of diesel in the lower Atlantic states was \$2.65 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 workforce increased by 2,800 employees in July. The trucking workforce increased 2.8% over the previous year. (Source: U.S. Bureau of Labor Statistics)
Truck Orders	Preliminary data for heavy-duty Class 8 trucks net orders in North America rose for the first time this year to 23,920 units in July 2015. July orders were 21% higher than the previous month and 19% lower than a year ago. (Source: FTR Associates ftrassociates.com)
NAFTA Trade	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$92.7 billion in May 2015, decreasing 10.8% year-over-year. A recession in Canada likely contributed to the double digit decrease of US-NAFTA freight flows. (Source: US DOT)
Trucking News Clips:	<ul style="list-style-type: none"> At the end of September, a final rule will be released requiring all interstate commercial truck drivers to toss out their paper logbooks within two years, and use some type of electronic device to log their hours on and off duty. (Source: JOC) Cargomatic, an Uber-like technology for matching trucks and shipments has expanded to the New York regional market. The company has operated in Southern California since early 2014. It uses an online platform to connect shippers needing service with trucking companies that have available capacity. (Source: JOC)

AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in June increased 1.2% from one year ago, and decreased 0.4% from the previous month. (Source: IATA.org) <i>(Global air freight covers international and domestic scheduled air traffic.)</i>
Atlanta Air Cargo Traffic	In June, Hartsfield-Jackson Atlanta International Airport transported 50,619 metric tons of cargo, a 0.99% decrease from the previous month and a 1.72% increase year-over-year. (Source: HJIA)
Air Freight Price Index	The East-West Air Freight Price Index decreased 1.1 points in June to 88.7 points, down 1.2% from the previous month. This is the lowest level since the index was first launched in May 2012 . (Source: Drewry) <i>(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)</i>
Jet Fuel Prices	As of August 7, 2015, the global average jet fuel price was \$63.5 per barrel; down 14% from the previous month, and 47.4% lower year-over-year. (Source: IATA.org, platts.com) <i>(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)</i>
Air Freight News Clips:	Worldwide sales of semiconductors reached \$84.0 billion during the second quarter of 2015, an increase of 1.0% over the previous quarter and 2.0% increase compared to the second quarter of 2014. Year-to-date sales during the first half of 2015 were 3.9% higher than they were at the same point in 2014. (Source: Semiconductor Industry Association)

OCEAN FREIGHT:

Import Volumes	In June, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.57 million TEUs, a 2.5% decrease from the previous month and a 6.2% increase from the same month last year. (Source: NRF/Hackett Associates)
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Shanghai Containerized Freight Index

The August 10 SCFI comprehensive reading was **\$749.62 per FEU; up 12.5%** from last month. The spot rate for shipments to the U.S. East Coast was **\$2,985 per FEU, up 1.1%** from the previous month. (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 **rose 41%** in July, ending at 1,131. The BDI has **risen 53.5%** year-to-date. (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 July 1 and September 30 2015, the bunker fuel surcharge will total **\$324 per FEU** for shipments to the West coast ocean ports and **\$645 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

Port of Savannah moved 330,420 TEUs in June 2015, a **23.2% increase** compared to June 2014. (Source: GPA)

Port of Brunswick

The GPA moved more autos and machinery than ever in the fiscal year just ended (FY15). Combined, Brunswick and Savannah moved 714,021 units of roll-on/roll-off cargo, an **increase of 13,313 units or 1.9%**. Of the total, Brunswick handled 680,427 units. (Source: GPA)

Ocean Freight Business News:

- The Georgia Ports Authority moved a record 3.66 million TEUs in Fiscal Year 2015, **an increase of more than half a million TEUs**. The 3.66 million TEUs crossing Savannah's docks in FY15 constitutes a **17% increase** compared to the previous fiscal year. FY14 was the first year in which GPA moved more than 3 million TEUs. (Source: GPA)
- Gov. Nathan Deal, the Georgia Ports Authority, Murray county, and CSX Transportation signed a Memorandum of Agreement establishing the Appalachian Regional Port in Chatsworth, GA. Its service area will include North Georgia, Alabama, Tennessee, and parts of Kentucky. The new inland port will deliver goods more efficiently to the GPA's Garden City Terminal, the second busiest container port on the East Coast behind New York-New Jersey. (Source: GPA)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

U.S. industrial vacancy now stands at a **cyclical low of 7.3%**, lower than at any other point in the cycle before the recession. Of the 60 markets tracked, 19 boast a vacancy below 5%. (Source: Cassidy Turley)

Warehouse Rent Rates

In Q2 2015, warehouse and distribution rental rates in the U.S. grew at their fastest pace since the beginning of 2008, hitting \$5.42/NNN (triple net lease). This is up 4.8% from the second quarter of 2014, when rents average \$5.18/NNN. Rental rates for warehouse space **averaged \$3.81/NNN in Atlanta, up 8.2%** from the previous year. (Source: Cassidy Turley)

Industrial Absorption

Net absorption in the US during Q2 2015 totaled more than **46.1 million square feet**. This brings the midyear total to 86.5 million square feet, a **22% increase from the same quarter one year ago**. (Source: Cassidy Turley) (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 to 52.7%** in July 2015, a decrease of 0.8% over the previous month. July was the 32nd straight month where the PMI was above 50. New orders **increased 0.5 points** to 56.5%, **the highest it's been so far in 2015**. Production **increased 2 points** to 56.0%. (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 **decreased 6.5 points** to 54.2 in July. New orders in Georgia **decreased 17.1 points** to 55.8 and production **decreased 9.5 points** to 63.5. Georgia's PMI is now **1.5 points** above 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.)

W&D Business News:

- Eastman Kodak, a cutting-edge imaging technology company will expand and develop product at its Columbus, GA facility. At fully capacity, Kodak will employ 240 personnel and invest approximately \$28 million to meet increased demands for its rapidly growing KODAK SONORA Process Free Printing Plate product line. (Source: Georgia.org)
- CSM Bakery Solutions, a company with origins in the Netherlands, will relocate its global headquarters to Fulton County, creating 120 jobs and investing more than \$5.5 million into Sandy Springs. CSM Bakery Solutions is an international leader in its industry, producing a broad range of bakery ingredients, products, and services. (Source: Georgia.org)

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U.S. MARKET:

Gross Domestic Product	The U.S. GDP increased an annualized 2.3% in the second quarter of 2015 according to the most recent estimate released by the Bureau of Economic Analysis on July 27. (Source: US BEA)
U.S. Trade Deficit	The U.S. trade deficit increased 4.5% in June to \$43.8 billion. Exports decreased .05% to \$188.6 billion and imports increased 1.2% to \$232.4 billion. (Source: US DOC & Census Bureau)
Consumer Confidence	The Consumer Confidence Index decreased to 90.9 in July 2015, down 8.9 from a revised 99.8 in June. This is the biggest one-month decline in almost four years. (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>
Unemployment Rate	The unemployment rate in America remained at 5.3% in July 2015. A preliminary 215,000 net new jobs were created in July 2015. (Source: US DOL)
Leading Economic Index	The Leading Economic Index for the U.S. increased 0.6% in June to 123.6 (2004=100), following a 0.8% increase May 2015, and a 0.6% increase in April. (Source: Conference Board) <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>
Retail Sales	Retail and food service sales increased in July to \$446.5 billion, up 0.6% from the previous month, and up 2.4% above July 2014. Non-store retailer sales were up 1.5% from June 2015, and up 6.0% above last year. (Source: US Census)
Manufacturing & Trade Sales	Total combined sales and manufacturing shipments totaled nearly \$1.325 trillion in June 2015, up 0.2% from May and down 2.5% from the previous year. (Source: US Census)
Manufacturing & Trade Inventory	Total value of inventory on hand is estimated at \$1.812 trillion in June, up 0.8% from May 2015, and up 3.0% from June 2014. (Source: US Census)
Housing Starts	In June 2015, housing starts increased 9.3% from the previous month to an annual rate of 1,170,000 units. The 3 month average from April to June 2015 is 1.14 million, the highest since December 2007 . Starts for single-family homes were an annualized 685,000 in June 2015, a 0.9% decrease from May 2015. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 110.3 in June 2015, down 1.8% from the previous month and up 8.2% from June 2014 . (Source: U.S. DOC)
Consumer & Producer Price Index	The consumer price index for all urban consumers increased 0.3% in June on a seasonally adjusted basis from the previous month. Over the last 12 months, the all items index rose 0.1% before seasonal adjustment . The producer price index for final demand increased 0.2% in July from the previous month. Prices for finished goods increased 0.4% from the previous month. (Source: US Bureau of Labor Statistics)

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