

MARKET TRENDS

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Market Trends Update

Market Indicators

- US PMI – 59.8
- Retail Sales – up 6.67%
- Unemployment – 3.7%
- Cass Freight Index – down to 1.23 from 1.25
- US EIA – fuel outlook for remainder of the year and into 2019 remains unchanged at essentially flat
- Tariffs – Much of the volume over the summer is now being attributed to shippers pulling volume forward in anticipation of tariffs. This is being felt now as volumes are down.
- Canada Consumer Confidence – 55.25
- Canadian unemployment rate – 5.9%
- Canadian PMI – 54.9
- Canada added to new USMCA trade agreement
- Mexican Presidential transition effective 12/01/18
- USMCA positive but will need to be approved by all three countries

Industry Indicators

- Truck utilization – still almost 100%
- TL shipment growth – dropped in Sept; this week gaining traction, increased volume in areas such as OH, GA, IL, and ID
- Spot market easing across the board as volume remains flat to slightly elevated in certain markets, DAT spot market loads down 13% week over week
- Van and flatbed capacity more readily available, national van ratio 4.7 loads per truck
- IMDL growth – slowed to 5%
- Driver shortage – still hovering around 200,000+
- Truck orders – still strong, backlog has improved
- Hurricane Michael – little impact on spot rates, some crops destroyed in the Southeast
- Produce – coming up in November: WI (cranberries, potatoes), ID (potatoes), WA (apples, Xmas trees), NC (sweet potatoes, Xmas trees)

Forward Statement

While the last two months were relatively flat, the last 30 days have shown a more pronounced slowdown in the freight market. Volume is still at historical levels; however, there has been a downturn. Growth in e-commerce may have more effect on full TL demand this year and Q4 could possibly be softer than expected.

Best Practice

- Hold carriers to contract rates, replace as necessary.
- Keep a 3PL capacity strategy in place with a combination of contract and flex.

News at BNSF Logistics

- BNSFL named one of the Best Places to work in Arkansas
- 2018 BNSFL employee volunteer goal exceeded with over 2,500 hours volunteered YTD