

INDUSTRY INSIGHTS

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CONTACT

Marketing Department

marketing@bnsflogistics.com

+1-855-481-9658

www.bnsflogistics.com

1600 Lakeside Pkwy, Ste. 100
Flower Mound, TX, 75028

New at BNSF Logistics

- Brand relaunch in February, look for our new logo and website!

Best Practice

- Tackle projects now to find savings. Utilize partners who can provide market data and perform analysis on networks and operations.
- Beware “paper rates” that do not come with capacity long term. Short term savings can be more expensive in the long run.
- Consider a Managed Transportation Solution to iron out wrinkles in a complex Supply Chain.

Market Trends Update

Market Indicators

- US PMI: 56.6, up from last month's 54.1
- Unemployment: 4.0, up from last month's 3.9
- Cass Freight Index: 1.14 in December (latest data), down from November
- US EIA: diesel: \$2.254 week of 2/4, down month over month and year over year
- Tariffs – March 2nd is the deadline for increases on \$200B of imports, awaiting word on an agreement or 2nd postponement of those increases

Industry Indicators

- Dow Jones Transportation Index: ended December at 9,170, down 15.3%
- Truck utilization: 99% in December, expected to fall to 97% by end of Q1
- Tender Rejections: 7.63, down from 11.84 this time last month
- Tender Volume: Index at 9,597 down from 9,715 last month
- DAT postings: spot market capacity and loads up slightly month over month, week over week increases in demand for all three (van, flat, reefer) potentially due to freezing temps affecting capacity
- DAT Van rates: \$1.39, down from \$1.49 last month
- IMDL growth, down overall mostly due to less port activity and competition from truckload capacity
- Weather – seasonal, although freezing temps bring gelled fuel and loss of capacity in some regions

Canada Market Data

- Consumer confidence: increased to 54.17
- Unemployment: rose slightly to 5.8%
- PMI: 53 in January, down slightly from December

Mexico Market Data

- Policy uncertainty surrounding the new President has financial markets on edge and analysts are notably down beat on fixed investment over the short term
- Fitch downgraded Mexico Pemex rating; peso fell
- GDP: forecasted at 2.0% for 2019, down 0.1 percent points from last month's forecast

Forward Statement

- With rates into western ports down this month and Chinese New Year there seems to be no pull forward in volume to get ahead of looming tariffs.
- Relatively steady spot rates and volumes in the next few weeks could signal the calm that is typical this time of year (and the bottom of the freight market) before construction and patio furniture start moving in the southern states in March kicking off a gradual ramp up to summer.