

INDUSTRY INSIGHTS

JULY 2019

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New at BNSF Logistics

- We are proud to announce that we recently received two awards from Comparably: Best CEOs for Women, and Best Leadership Teams.

Best Practice

- Continue to focus on network alignment

Forward Statement

- Expect more economic downturn as the year continues
- Tariffs and interest rates can be a boost or headwind depending on outcome

Market Trends Update

Market Indicators

- US PMI: 51.7, declining
- Jobs: 224,000
- Unemployment: 3.7%
- Consumer Confidence Index: 121.5 in June, down from a bump in May
- University of Michigan Consumer Sentiment: 98.2
- GDP: Q2 forecast 2.4%
- US EIA: diesel: \$3.055, up lightly week-over-week
- Tariffs: Discussion continues to darken US economic outlook

Industry Indicators

- Market Demand Index: Trending at 5 year average levels
- Cass Freight Index: 1.228
- Truck utilization: 95.3%
- Tender Rejections: 5.2, coming back down from elevated July 4 levels
- Tender Volume: 10,007
- DAT postings: Van, flatbed and reefer truck ratios up 76%, 57% and 80% respectively, month over month; all categories down significantly year over year
- DAT Van rates: Van, flatbed and reefer rates up 5.4%, 0.9% and 4.9% respectively month over month; all categories down year over year
- New truck orders: down 27% month over month
- Produce: In full swing, crops producing low yields showing little to no impact on capacity. Currently shipping vegetables, citrus fruits, berries as well as potatoes and onions from all growing areas including FL, CA, WA, GA, SC, LA, TX, CO and ID

Canada Market Data

- PMI: 49.2, up slightly although this marks the 3rd consecutive month of contraction
- Consumer confidence: 56.76, up from last month
- Unemployment: 5.5%, up slightly and in-line with expectations

Mexico Market Data

- Economic growth perspective slowing
- A series of policy decisions along with uncertainty surrounding international trade and the world economy have driven down growth forecast to 1.4%
- Uncertainty around infrastructure projects affect capital investments
 - Cancellation of the new International Airport for Mexico City, valued at \$10.1 B USD (of which \$3.3 B USD had already been executed)
 - Cancellation of oil contract auctions for all activities, including exploration and drilling for a period of three years, at an estimated annual cost of US \$1B in lost investment
 - Cancellation of special economic zones (SEZ) that could attract foreign direct investment
 - Revocation of public infrastructure projects
- Business confidence index dropped below 50 points for the first time since May 2017