

## INDUSTRY INSIGHTS

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### New at BNSF Logistics

- Update: the BNSF Logistics Intern program announced in April is now in full swing with 15 interns dispersed throughout the organization working a variety of exciting projects!

### Best Practice

- Have you looked at the efficiency of your supply chain lately? This is a good time to look at those mid-range shipments of 10k-20k lbs. and optimize for consolidation.
- We experienced a material bump in Q1 bids from our customers. This is a good time to look at your network and lock in favorable rates.
- Remember we're in the trough of a cycle and a best practice now is to partner with providers who will be there for you in preparation of growth and/or tighter markets to come.

## Market Trends Update

### Market Indicators

- US PMI: 52.1 in May, down from 52.6 in April
- Jobs: 75,000 on expected growth of 180,000
- Unemployment: 3.6%, unchanged
- Consumer Confidence Index: 134.1, up 4.9 points from April
- University of Michigan Consumer Sentiment: June - 97.9, down from May
- GDP: increased 3.1% in Q1
- US EIA: diesel: \$3.105, down \$.06 month-over-month, up \$.09 since January
- Tariffs: Second wave of tariffs reaching 25% on \$300B of Chinese goods possible by early July

### Industry Indicators

- Market Demand Index: index of loads available to trucks available is tracking 5 year average ~30
- Cass Freight Index: 1.194, down slightly from last month, -3.2% YoY
- Truck utilization: 95.5% and easing
- Tender Rejections: 5.11, rising
- Tender Volume: 10,530, rising
- DAT postings: Spot market activity down 10.6% over last month, however van and reefer ratios up 22.1% and 10.1% respectively, flatbed load: truck ratio down 42.9%
- DAT Van rates: Spot rates are -0.7% for van, -2.2% for flatbed and +.1% for reefer
- New truck orders: up 4% over last month, down 32% over last year
- IMDL growth: volume has continued to slide since October based on plentiful over-the-road capacity
- Produce: Asparagus, avocados, green beans and berries all running now. Supplies are tight and volumes are down due to weather. Expect sporadic capacity issues in various markets but no major impacts.

### Canada Market Data

- PMI: 49.1, steadily declining
- Consumer confidence: 56.76, housing index flat, housing ownership rate up slightly
- Unemployment: 5.4%, improved from May's 5.7%

### Mexico Market Data

- Mexican economy shrank in first quarter 0.2% compared to Q4 2018
- Economists downgrade outlook based on:
  - High interest rates weighing on consumer spending
  - Investment outlook is lackluster, partly due to uncertainty over the ratification of a new trade deal with the US and Canada.

### Forward Statement

Summer capacity has tightened slightly (~1%) and may continue however this is not likely impactful. Expect contractual capacity to be plentiful for the summer.