

INDUSTRY INSIGHTS

MAY 2019

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New at BNSF Logistics

- We are excited to announce the launch of “Women in Leadership (WIL)” which is designed with the purpose of cultivating an inclusive atmosphere to encourage, empower and connect the women of BNSF Logistics.
- WIL is targeted to meet the unique needs of women in the workplace and will provide a strategic forum for mentorship, networking and professional growth.
- There will be opportunities for all employees to take part in WIL through guest speakers, community projects and career guidance from our senior leadership team and executives from other organizations.

Best Practice

- Maximize the opportunity to find efficiencies within supply chain networks.
- Build relationships now that will be there to alleviate pressure when capacity tightens in the future.
- Make a solid plan for budgeting and avoid chasing pennies to trade for dollars later.

Market Trends Update

Market Indicators

- US PMI: 52.8
- Retail sales: up 1.6% (latest figure is March)
- Jobs: 263,000 most notably from professional and business services, construction, healthcare and social assistance
- Unemployment: 3.6, improved from last month
- Tariffs: the US announced an increase on tariffs on Chinese goods from the proposed 10% to 25%, retaliation should be expected and possible escalation
- US EIA: diesel: \$3.171

Industry Indicators

- Truck utilization: 96%, lowest since August 2016
- Tender Rejections: ~4
- Tender Volume: ~9,900
- Cass Freight Index: 1.19
- DAT postings: Load to truck ratios for all 3 equipment types (van, flatbed, reefer) are down from last month
- DAT Van rates: Rates in all 3 equipment types down from last month but spot rates edging up in van and reefer, stable in flatbed
- IMDL growth: down on the year, expected to turn up slightly barring a recession
- Produce: Active, lower inventories due to poor crop yields and plentiful capacity making for a softer season
- Road Check 2019: This year’s focus is on steering and suspension components

Canada Market Data

- Consumer confidence: 50.76
- Unemployment: 5.9%
- PMI: 49.7, below 50 = contraction in the manufacturing sector

Mexico Market Data

- Gross domestic product shrinking
- Forecasts growth of 1 percent as the economy faces risks including the U.S.- Mexico-Canada Agreement trade deal failing to win approval, the erosion of confidence in AMLO and further declines in oil production
- Mexico’s service sectors including commercial activity, transportation, financial and media shrank 0.2 percent in the first quarter from the previous three months
- Agriculture, livestock and fishing expanded 2.6 percent
- Industrial sectors including mining, construction and manufacturing fell 0.6 percent

Forward Statement

- The current logistics landscape appears to be here for the foreseeable future.
- Budgets will likely remain intact this entire year.
- Tariffs may change the landscape quickly, keep a watchful eye on this process.