

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

- BNSF Logistics takes pride in giving back to our communities. We have volunteered 2,786 hours as a company YTD for various causes near and dear to the hearts of our employees.

Forward Statement

- With US retail sales expected to come in negative, and with production in contraction territory, expect a weaker Q1 in regards to rates and volume. One thing that could change this is failing trucking companies. 10,000 for-hire carriers lost operating authority in Q3 and if this continues we could see a loss of capacity large enough to cause an imbalanced market (freight to available trucks).
- A full US/China trade deal could provide a boost that would eliminate the need for interest rate cuts and potentially spur more activity.

Market Trends Update

Market Indicators

- US PMI: 48.3, below 50 indicates contraction
- Industrial Production: down .01% from last month
- Jobs: 128,000, beating expectations and fueled by growth in food services, social assistance and financial activities
- Unemployment: 3.6%
- Consumer confidence: 125.9
- US EIA: diesel: \$3.062
- Retail sales: -0.3%, second decline this year, largest since February

Industry Indicators

- Cass Freight Index (shipments): 1.2 (Sept)
- Truck utilization: 86.9%
- Tender Rejections: 5.38%
- Tender Volume: Index at 9,552
- DAT postings: Postings down in all three categories (Van -19.8%, Flat -25.6%, Refer -17.3%)
- DAT rates: Spot rates down in all three categories (Van -13.5%, Flat -12.3%, Refer -13%)
- Air Freight: Both inbound and outbound volumes (air cargo tons) trending down
- Ocean Freight: imports rose 0.2% in August (latest available) ahead of retail season

Canada Market Data

- PMI: 51.2, up slightly on an increase of new orders
- Consumer confidence: 53.02, slight increase and increased retail sales
- Unemployment: 5.5%, unchanged

Mexico Market Data

- Consumer confidence fell to 43.9, assessment for both current and future economic and household situations weakened
- PMI: 50.4, rose slightly due to health sector strength
- Mexico's central bank is expected to cut interest rates amid a stalled economy

Best Practice

While some predict the economy picking up as late as second-half 2020, it could come earlier. Be sure to have the right carrier mix as well as partners who will honor rates and execution before the market turns.