

2012 Starts on Positive Logistics Numbers

Earlier this week I pointed out the strong finish experienced in the 4th quarter 2011. This article summarizes the fast start that 2012 is off to. Things are shaping up very well for a robust flatbed year!

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Material Handling & Logistics

1/17/12

As 2012 begins, there are three positive economic indicators to grow on, according to the Georgia Center of Innovation for Logistics:

- **Housing Market** - In November, *housing starts increased 9.3%* to an annual rate of 685,000 units. *Building permits (an indicator of future housing starts) increased 5.7%* to an annual rate of 681,000. *The impact on flatbed trucking / freight movement is little felt until housing starts hit the 1,000,000 mark. Although the absolute numbers are not quite there, the percentage increase and movement are on track to hit the mark in late 2013 /early 2014.*
- **Transportation Employment** - Increased more than 1.5% year-over-year in December, with rail employment up 3.9% and trucking up 3.2%. Transportation Industries added about 50,200 employees in December, accounting for 25.1% of the overall net employment gains added last month. *Everyone I've spoken with is trying to figure out where the employment gains in trucking employment are coming from as very few carriers are adding drivers. Perhaps it is in the truck manufacturing sector as most carriers are replacing existing, aged equipment.*
- **Consumer Confidence** - Increased to 64.5 in December 2011 from 55.2 in November 2011. Consumer confidence has risen 23.6 points in the past two months, and was at its highest level in eight months. *Although consumer confidence does NOT play as big a factor in flatbed freight as it does in van freight (which is more consumer oriented), overall consumer confidence is important in general spending – by consumers and commercial enterprises.*

Here's a broader logistics summary by category:

Transportation:

The Dow Jones Transportation index was up 5.4% during the month of December and the NASDAQ Transportation Index was up 2.6% for the same period. The USDOT's freight transportation services index rose 0.1% in November 2011 from the previous month. The

index's reading of 109.5 was up 4% year-over-year. **Freight shipments have increased in 21 of the last 31 months, rising 16.1% during that period.**

And according to the Cass Freight Index, the December shipments index remained steady from the previous month and increased 0.7% year-over-year. **The December expenditures index was up 0.18% for the month, and increased 18.8% year over year.**

In November, the U.S. imported about \$225.6 billion of cargo. November U.S. imports have increased 1.3% in terms of value over the previous month and grew 12.7% year-over-year, according to U.S. Census figures.

Truck:

Over-the-Road Trucked Shipments rose 0.2% in December following a 0.1% increase in November and a 1.1% increase in October. Overall trucked shipments decreased 0.7% on a year-over-year basis. (Source: Ceridianindex.com)

The ATA's seasonally adjusted cargo index rose 0.3% in November after rising 0.5% in October. The for-hire truck tonnage index rose 6% year-over-year in November, following a 5.7% increase in October. (Source: American Trucking Association | Trucking.org)

The spot market for truckload freight in December fell 14% compared to the previous month, but was 25% higher year-over-year. Truck capacity rose 9% for the month, and was up 24% from year-over-year. (Source: TransCore Freight Index | www.transcorefreightsolutions.com)

Rail:

Railroad bulk carload freight in December 2011 increased 1.8% over November 2011. Freight traffic in December also increased 7.3% over December 2010, and was up 18.6% over December 2009.

Intermodal rail traffic in December 2011 was 9.4% higher than December 2010, and 0.4% higher than November 2011 totals. Intermodal loadings have experienced year-over-year gains for 25 straight months. (Source: AAR.org) (Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units).

Ocean:

Import shipment volume, in TEUs, at U.S. ports decreased 8.2% in December from the previous month and increased 1.5% from the previous year. The total number of inbound shipments in November fell 6.5% from November and increased 2.3% from December 2010. (Source: Zepol Corporation | zepol.com).

Air:

Global air freight in November fell 3.1% from one year ago and rose 1.1% from the previous month. North American Air Freight in November fell 0.8% year-over-year. (Source: IATA.org)

Warehousing & Distribution:

The U.S. average industrial vacancy rate was 9.1% during Q4 2011, down from 9.2% in the previous quarter. Warehouse and distribution rental rates in the U.S. averaged \$5.05 per square foot. (Source: Cassidy Turley)

The National Purchasing Management Index (PMI) increased 1.2 points to 53.9 in December 2011. **The December PMI has indicated expansion in the manufacturing sector for the 29th consecutive month.** New orders increased 0.9 points to 57.6 and production increased 3.3 points to 59.9. (Source: Institute for Supply Management)

(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)