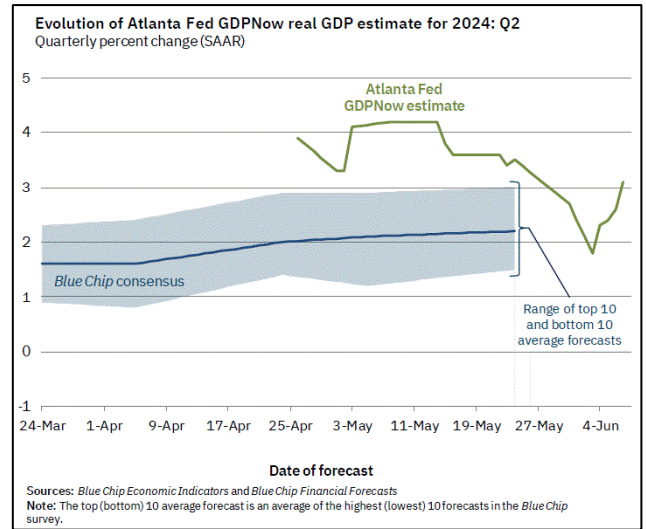
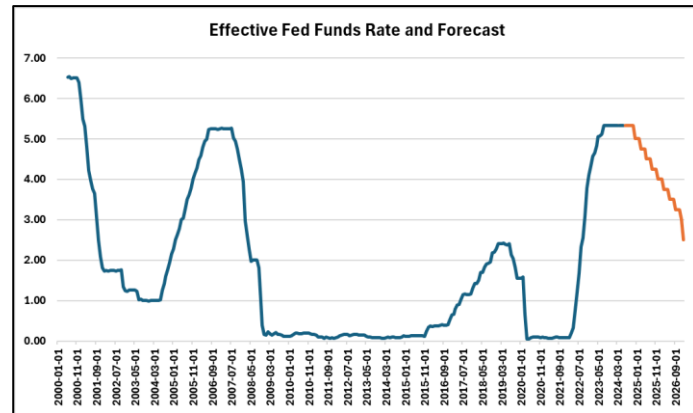


## Factors Shaping Supply Chain & Logistics

**Q2 GDP Remains Robust.** The Atlanta Fed GDPNOW estimate early in June is showing growth of 3.1% (down slightly from 3.6% from May). Gross private investment continues to be the primary driver through the quarter and is now showing quarterly growth of 7.7% versus prior estimates for 5.6%. This would include everything from housing investments to non-residential construction activity, investments in technology, etc. The latest retail data came in a bit weak for May, inflation-adjusted retail sales were down 0.9%. Many discretionary retail categories (optional and non-essential) were struggling through May while consumer staples were stable.



**Federal Reserve Trims Outlook for Rate Cuts.** Strong economic data and sticky inflation readings have likely pulled at least one rate cut off expectations for 2024. Most Federal Reserve Board members still expect at least one rate cut in 2024 (the cut likely being taken in December). As a result, anecdotal reports suggest that some project managers have delayed the start of new construction projects until rate cuts are imminent or the first cut has been made (assuming that after the first rate cut more will follow). This is also slowing big-ticket durable goods purchases.

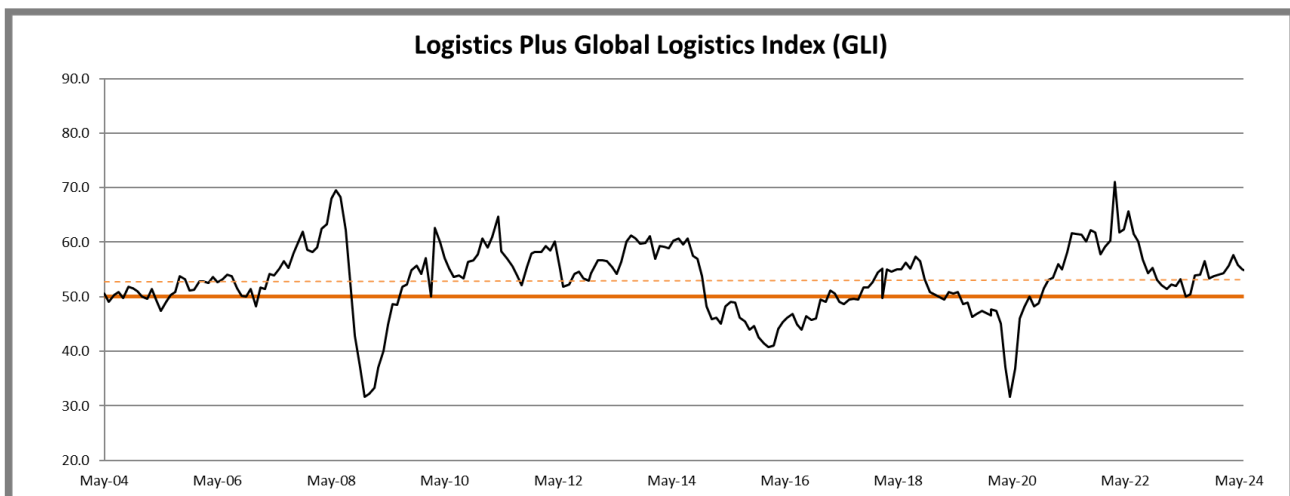


## The LogisticsPULSE Global Logistics Index

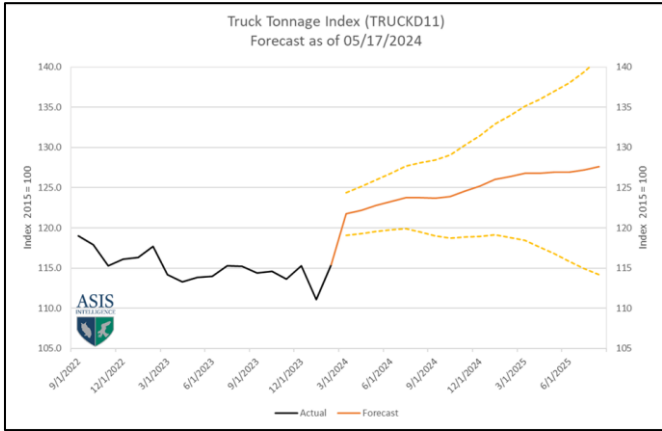
### The GLI Slips Again Slightly in May

The LogisticsPULSE Global Logistics Index (GLI) came in at **55.0 in May**, down 0.9 points from 55.9 in April. It was still in expansion territory, above the long-term trendline, and was still showing some mild momentum in the midpoint of Q2. The index was 9.1% higher Y/Y (it was 4.8% higher Y/Y last month) but was 1.6% lower M/M.

*The GLI measures transportation demand across 22 global economic metrics and has been measured over twenty years of collected data.*



## What's New & Important with North American Supply Chains?



### Updated Truck Tonnage Forecast Shows More Upside

The latest forecast for truck tonnage from [Armada](#) shows that there is even more upside in the outlook. This model has been showing 93% accuracy three months out and it is largely reacting to low inventory levels, stable consumer spending, good construction momentum, a good peak season forecast, and stable (but uncertain) manufacturing activity. This will be the first time in more than 18 months that inventory-to-sales ratios are more in-line with historical levels going into the peak. This energizes and activates upstream activity (inflows of raw materials, energy consumption, and labor demand) for assembly line activity.

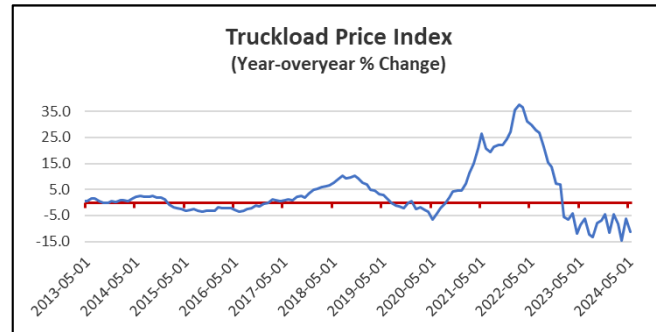


### East Coast Labor Negotiations Continue

Negotiations between the USMX and ILA are going through the normal ups and downs of a long-term contract agreement. Talks had reportedly broken off over automation disagreements between the parties. The contract covers 85,000 members stretching from ports in Canada to the US Gulf Coast and everything on the East Coast in-between. The current contract expires on September 30<sup>th</sup> and negotiating committees are trying to get local agreements before starting on the larger master contract.

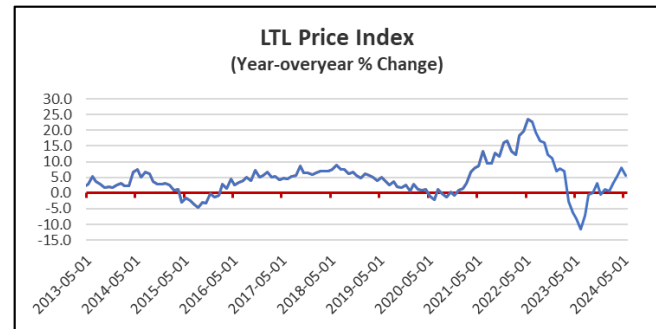
### Full Truckload (FTL) Price Index:

Truckload prices were down 1.1% M/M (0.1% last month) in May (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 11.2% Y/Y (-6.2% adjusted from last month). (PCU484121484121)



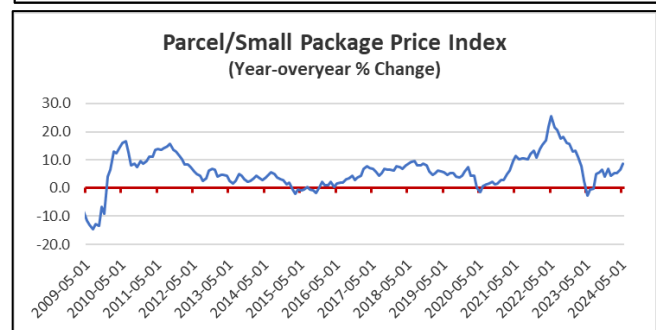
### Less-Than-Truckload (LTL) Price Index:

LTL prices were lower by 0.9% month-over-month in May (latest available) and were up 5.7% Y/Y (up 8.2% last month). Forecasts expect prices to remain between 4-6% higher throughout much of 2024 and could return to the 8% range during the peak season. Capacity remains tighter in the wake of the Yellow exit and new inventory strategies could help support more LTL market share of shipment volumes. (PCU4841224841221)



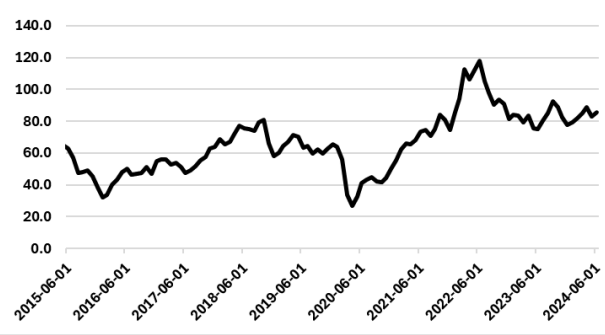
### Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services increased again by 8.8% Y/Y (6.6% higher last month); and were up month-over-month in May by 0.2%. E-commerce sales were 6.8% higher Y/Y (7.5% last month) and were higher by 0.8% month-over-month in May (latest available). (PCU492110492110201)



## What's New & Important with International Supply Chains?

**Brent North Sea Crude Price Per Barrel**

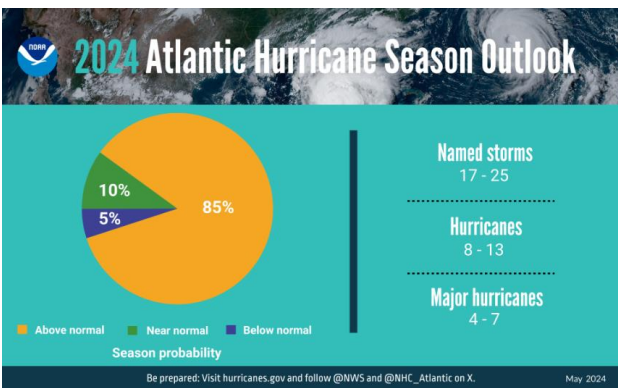


### Confusing Global Oil Market Continues

Global oil forecasts are confusing at this time. Different sources are predicting different outcomes for the second half of the year. For instance, OPEC+ members expect global demand to pick up in the second half and have authorized increasing output by another 2.2 million barrels per day of output. And the current price of Brent North Sea Crude has inched up to \$85 a barrel with some forecasters still calling for \$100 per barrel by July. But other forecasts (such as the one from the EIA) show oil prices remaining near these levels on average for the rest of the year. Production will catch up to consumption by the end of this quarter based on EIA estimates. But surpluses will not be seen until Q1 or Q2 of 2025.

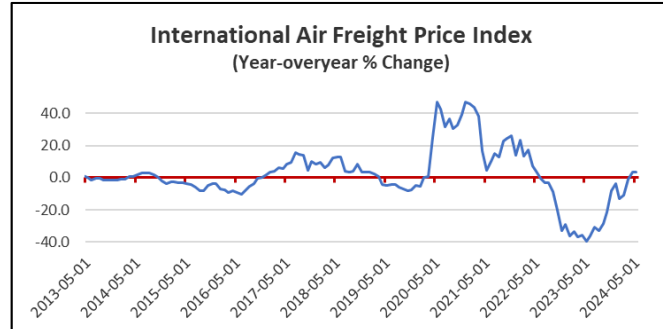
### Hurricane Conditions and Activity Ready to Heat Up

As mentioned last month, this is expected to be an active hurricane season. Although the first named storm of the season was slow in coming, conditions are highly conducive, and there could be as many as 25 named storms this year with 13 hurricanes and up to 7 major storms. This part of the season will see short-track storms possibly disrupting supply chain activity moving into the US Gulf region. Interestingly, these weather patterns usually result in a weaker than normal Western Pacific Typhoon season. Supply chain managers are likely to see more disruptions in the Atlantic this year, and fewer in the Pacific sourcing regions.



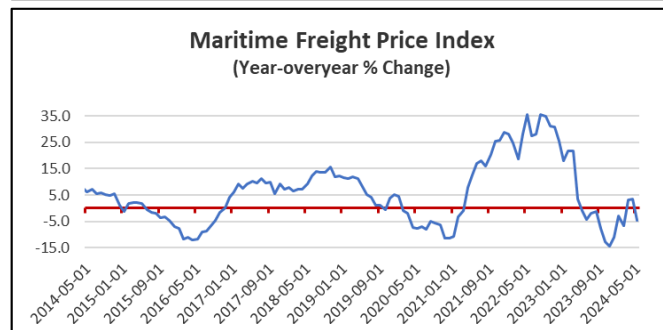
### Airfreight Price Index:

The airfreight price index was lower by 3.8% M/M in May (latest available and up 3.0% last month) and was higher on a Y/Y basis, rising by 3.2% (up 3.4% last month). Global manufacturing was inching up again in May. (IC131)



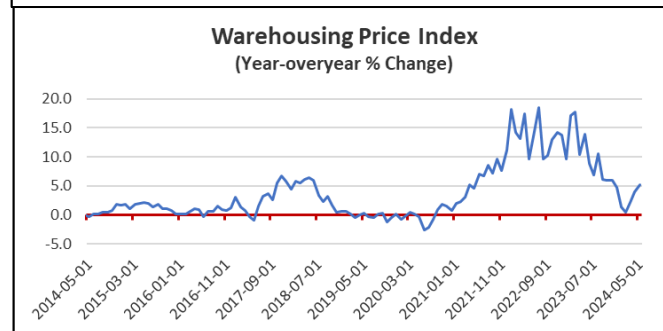
### Ocean Freight Price Index:

The blended PPI for maritime service in May was 4.6% lower Y/Y (3.4% higher last month), but it was down 0.1% M/M (-0.5% last month). We think this was an anomaly this month, and it will snap back in the June readings. Again, GRIs this month reportedly attempted to add \$1,000 per FEU to many trade lanes. As mentioned, Drewry is showing its composite World Container Index up 202% Y/Y with the average FEU hitting \$4,801. (PCU483111483111)



### Warehousing Price Index:

Warehousing prices were higher again in May (latest data available) with rates down 1.8% M/M (+1.9% last month) and was higher Y/Y by 5.2% (4.0% last month). (PCU49314931)

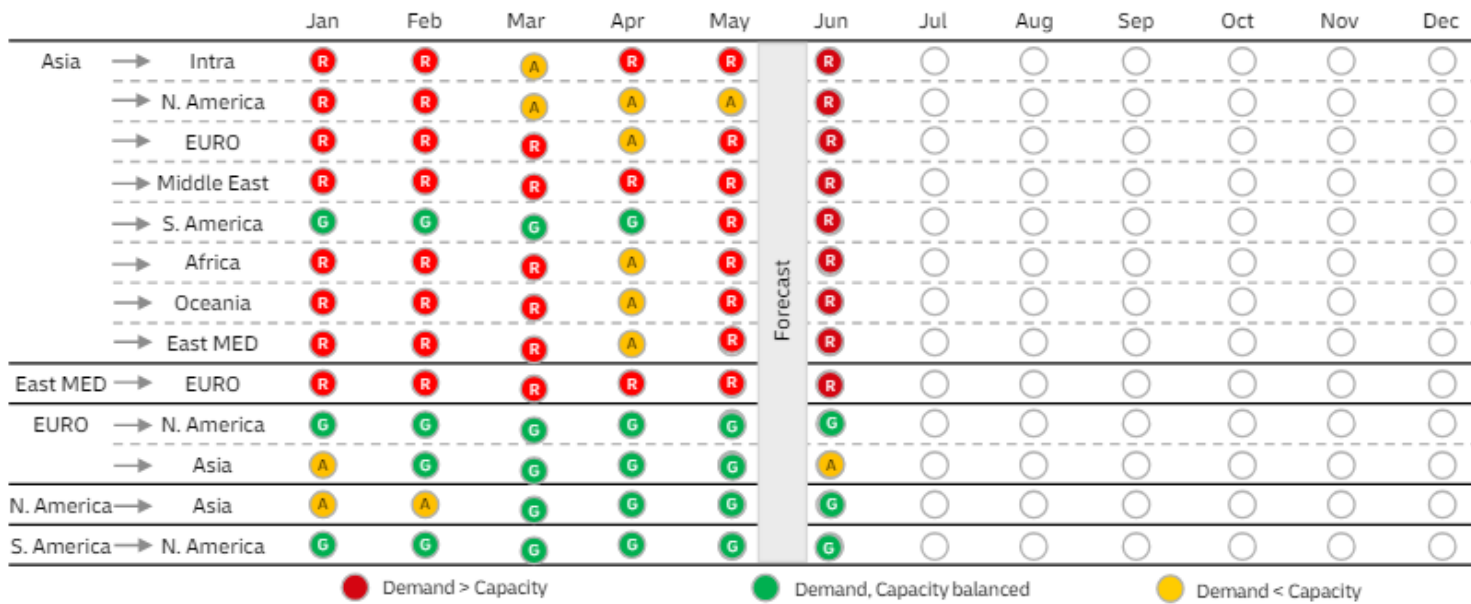


## Global Maritime and Air Cargo Observations

### Maritime Capacity Tightens in Asia Outbound Trade Lanes

All Asia outbound lanes are showing demand outstripping capacity in June according to the DHL graphic below. Drewry was also reporting that the composite container index was 202% higher Y/Y through June 13<sup>th</sup>. Shanghai to Europe lanes were generally 222%-358% higher Y/Y and Shanghai to US lanes were 167% (EC) to 245% (WC) higher Y/Y.

#### Market Development on Key Regional Tradelanes



Source: DHL

Source: DHL

### Air Cargo Rates 19 Cents Higher Y/Y

Global air cargo rates were increasing through the first week in June. Rates were higher by 5 cents (US) per Kilo and were 19 cents (US) per kilo higher vs. last year (8% higher Y/Y).



Source: World ACD [Weekly Air Cargo Trends Report](#)

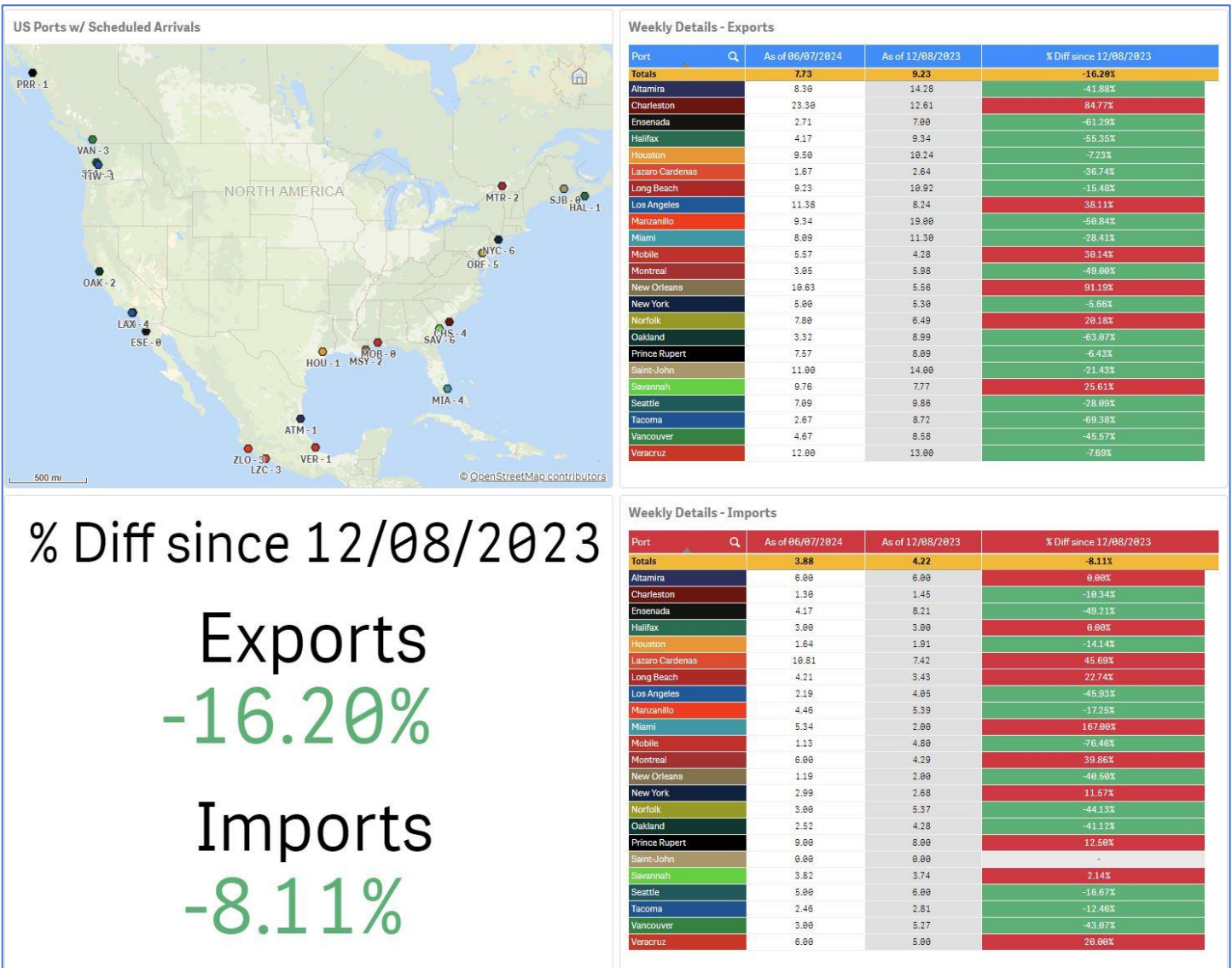
# The LogisticsPULSE Port Congestion Index

## U.S. Container Imports and Exports Processing Continue to Show Aggregate Improvements

Port congestion can have a big impact on supply chains. The **LogisticsPULSE Port Congestion Index (PCI)** is a data-driven tool that calculates how much congestion there is at critical U.S. ports.

- The Container Processing Time (in days) for containers Imported into the US has been good as it is now taking about 16.2% less time, or about 1 ½ a day less than what it was in mid-December 2023. There is also overall improved processing time for Exports from these same ports as it is taking about 8.11% less, or about a ½ day less than it was in mid-December 2023.
- The US Ports with the greatest amount of Imported TEU’s currently are in Long Beach, New York & Los Angeles and are being processed in about 3.13 days. The highest volume of Exported TEU’s is also Tacoma, Charleston & Los Angeles and they are completing the export process in about 12.45 days.
- The port with the greatest number of scheduled vessel arrivals is New York, Savannah and Norfolk, where Tacoma, Houston & Mobile have the fewest.

*(data shown below is container processing time, in days, by port)*



## Special Topics in Supply Chain & Logistics:



### Hurricanes, Conflict, Ratchet Up Global Shipping Uncertainty

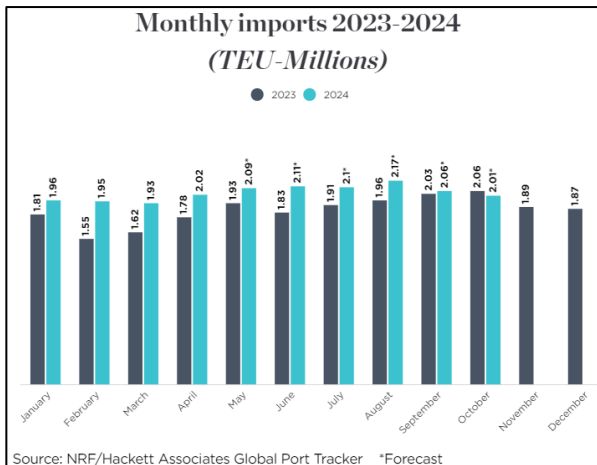
The start of the Atlantic Hurricane Season has started slowly but is expected to ramp-up in intensity quickly. This year is expected to see decade-high volumes of US landings of strong storms, largely due to a transition from El Nino to La Nina (removing upper-level wind shear that tear apart storms) and Atlantic waters which remain extraordinarily warm (which adds fuel to storms).

In addition, conflict in the Red Sea continues to create diversions and slowly ratcheting tensions in the South China Sea have analysts closely watching for further developments.

### Update: TEU Outlook Strongest in More than 2 Years

The NRF and Hackett Associates Global Port Tracker is still expecting on average 2 million TEUs or more through October. The latest data available show inbound TEUs up 4.6% M/M and 13.2% Y/Y. The first half of the year is expected to show growth of 15% Y/Y.

The NRF is projecting an earlier peak this year as shipping managers move inventories into place earlier than last year. US intermodal volumes are up 8.8% YTD through week 23 according to the Association of American Railroads. Mexico cross-border intermodal volumes are up 26.8% YTD vs. the same period from a year ago.



## What's New at Logistics Plus?

### LP CEO Jim Berlin is Appointed to New Business Advisory Council on Ukraine

On June 11 at the International Ukraine Recovery Forum, German Chancellor Olaf Scholz announced a Business Advisory Council of 18 business leaders from across the G-7 nations, Ukraine, and key donor states. Jim Berlin is one of three business leaders from the US appointed to this international Council, alongside two other US companies, Northrop Grumman and McDonald's. [Learn More](#)

### Jim Berlin Interviewed on GT Podcast's 'Logistically Speaking'

Logistics Plus Founder and CEO Jim Berlin was interviewed for a recent episode of GT Podcast's Logistically Speaking, a production of Global Trade Magazine. Jim discusses why Logistics Plus has made it a personal mission to help rebuild Ukraine, what donuts have to do with success in logistics, and more. [Listen to Podcast](#)

### June 28th is the Sixth Annual National Logistics Day!

In 2019, Logistics Plus partnered with the Registrar at National Day Calendar and various U.S. government institutions to create and recognize a [#NationalLogisticsDay](#) to acknowledge the importance of the logistics industry in both our national and global economies. [Learn More](#)

