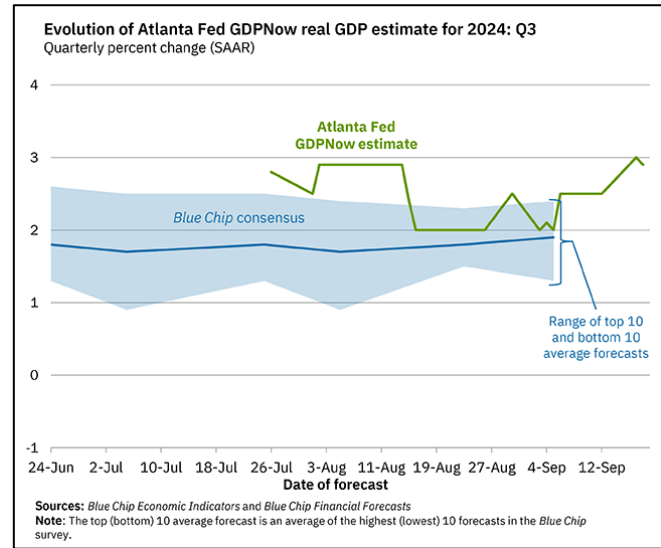
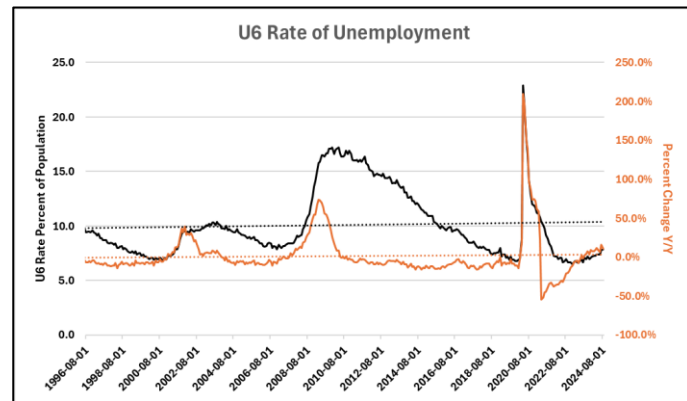


Factors Shaping Supply Chain & Logistics

Q3 GDP Bumps to 2.9%. The Atlanta Fed GDPNOW estimate in mid-September is showing growth of 2.9% (ahead of Blue-Chip Estimates for 1.8%). A year ago, Q3 grew at a 5.2% largely on the back of strong inventory building activity headed into the peak season. This year, with disruption concerns amid rail labor strikes and a potential disruption on the East and Gulf Coasts, much of the peak season retail inventories were likely inbound in Q2 and early Q3. The Second quarter came in at 2.8% with inventory building a factor, which was ahead of last year's 2.2% (with the West Coast labor situation in focus at that time). Overall, the economy is still stable at this point.



Fed Goes with 50 Basis Points. The Federal Reserve started this rate cut path with a 50-basis point cut; a bit more aggressive than many analysts had expected. The Fed signaled that it will also follow this up with perhaps as many as two more quarter point cuts by the end of the year (on the high side). The Fed appears to be more concerned about unemployment (which is a lagging situation – U-6 rate shown at right), knowing that by the time it ‘sees’ rising unemployment, it’s too late. They had to trim now to head some of that weakness off.

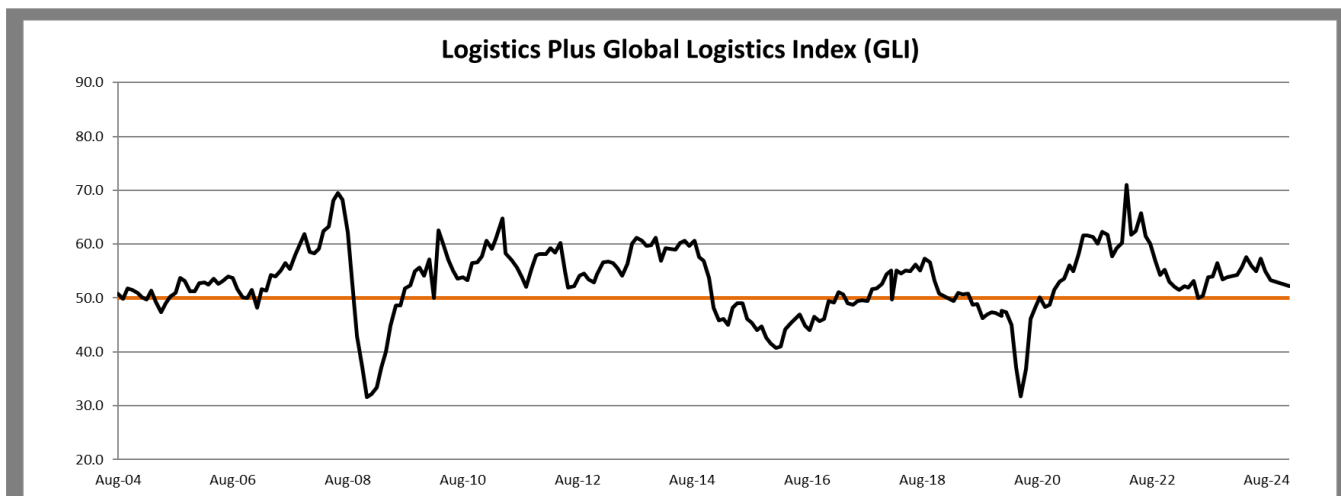


The LogisticsPULSE Global Logistics Index

The GLI Slips Again in August

The LogisticsPULSE Global Logistics Index (GLI) came in at **53.3 in August**, down 1.6 points from 54.9 in July. It was still in expansion territory and above the long-term trendline, but surprisingly again came in weaker this month. The index was 2.7% lower Y/Y (it was 1.7% higher Y/Y last month) and was 1.2% 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?

U.S. Rail Traffic ¹					
Week 37, 2024 – Ended September 14, 2024					
	This Week		Year-To-Date		
	Cars	vs 2023	Cumulative	Avg/wk ²	vs 2023
Total Carloads	232,154	0.0%	8,012,176	216,545	-3.3%
Chemicals	32,444	-0.9%	1,201,372	32,470	4.2%
Coal	63,017	-8.4%	2,060,177	55,680	-14.9%
Farm Products excl. Grain, and Food	17,227	5.0%	609,343	16,469	2.3%
Forest Products	8,441	3.9%	306,565	8,286	2.0%
Grain	19,372	18.7%	731,669	19,775	10.0%
Metallic Ores and Metals	21,091	3.7%	742,100	20,057	-2.9%
Motor Vehicles and Parts	16,849	3.8%	559,223	15,114	1.8%
Nonmetallic Minerals	32,020	-5.5%	1,095,094	29,597	-6.9%
Petroleum and Petroleum Products	10,912	5.0%	384,972	10,405	10.6%
Other	10,781	20.5%	321,661	8,694	1.9%
Total Intermodal Units	290,403	13.0%	9,641,820	260,590	9.5%
Total Traffic	522,557	6.8%	17,653,996	477,135	3.3%

Intermodal Still Surging Late Season

The [Association of American Railroads](#) reported that intermodal activity was up 9.5% YTD through week 37 and importantly was up 13% over the previous week. Some of this is well-time inbound activity trying to get ahead of a potential port disruption on the US East and Gulf Coast Ports, but retailers are still building volumes headed into the peak retail season. The latest GDP figures reflect this, showing Q3 now growing at nearly 3% largely on heavier inventory building activity. The National Retail Federation is also still predicting nearly 2 million TEUs through November, historically a high rate.



East Coast Labor Negotiations Update

Negotiations had reportedly stalled as of the time of writing this month's brief. A note by the USMX said that "USMX is in strong agreement with the 177 trade associations who are calling for the immediate resumption of negotiations with the ILA to work out a new Master Contract agreement that recognizes their vital contributions, while avoiding an unnecessary and disruptive strike that would be harmful to all parties". The ILA has stated this month that the parties are still far apart on wages and workforce protections (mostly from automation and autonomous transportation).

Full Truckload (FTL) Price Index:

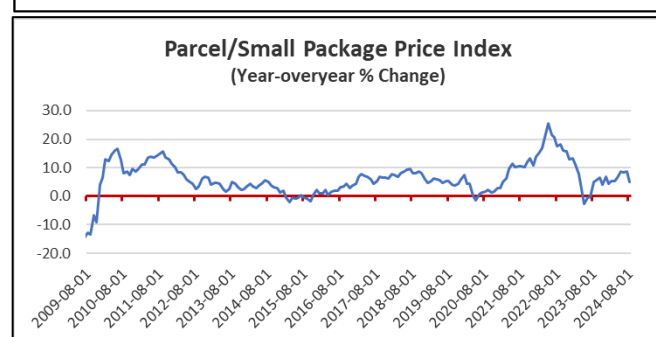
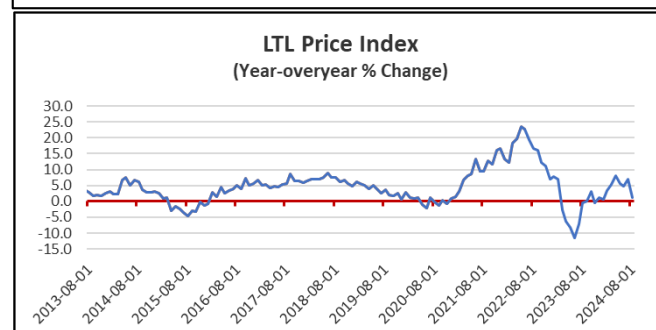
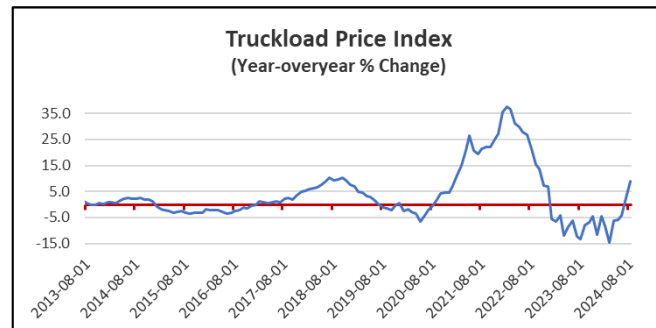
Truckload prices were up 0.1% M/M (+0.6% last month) in August (latest available) according to the Producer Price Index (includes both contract and spot rates). They were up 9.1% Y/Y (2.7% adjusted from last month). (PCU484121484121)

Less-Than-Truckload (LTL) Price Index:

LTL prices were surprisingly lower by 1.5% month-over-month in August (latest available) and were up 1.2% Y/Y (up 7.1% last month). This is not to suggest that the Yellow impact has disappeared (remember that rates should be 4-6% higher on an annual basis), but demand has waned enough that the entire sector is weaker. When demand returns, the capacity lost during the Yellow bankruptcy will show more accurately. (PCU4841224841221)

Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services increased again by 5.0% Y/Y (8.7% higher last month); but were lower month-over-month in August by 0.8%. E-commerce sales were 7.8% higher Y/Y (8.9% last month) and were higher by 1.4% month-over-month in June (latest available). (PCU492110492110201)



What's New & Important with International Supply Chains?



Using Air Cargo as an Inventory Strategy

Air cargo rates are telling an interesting story. With a lot of uncertainty still going into the end of the year, purchasing managers are still walking a fine line between having enough inventory and getting a full sell-through on inventories in the peak retail season. One way in which purchasing managers are keeping inventories lean is by using “tuck-in ordering” strategies and using air cargo to move those products quickly. In addition, with labor risk still prevalent across a big portion of the US port system, many purchasing managers are not taking a chance with late-cycle orders – choosing to use air cargo modes when necessary. Air cargo rates as mentioned throughout this month’s briefing are up nearly 15% year-over-year.

IMF Global Commodities Index

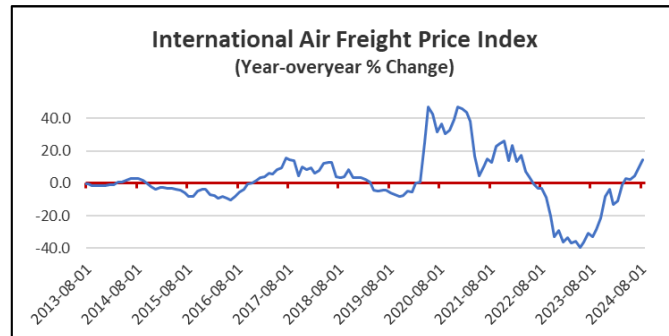


Commodity Prices Jog Sideways on Product Sluggishness

It has been a long time coming, but commodity prices are starting to soften. The chart at right from IMF data shows the global commodity index joggling sideways. It remains higher against pre-pandemic levels by 45% (a 9% annual rate of growth over the past 5 years). In the near term, it was only 0.9% higher vs. August of last year. Generally, sluggish global activity has helped cool commodity prices, and they now sit commensurate with the 2011-2014 period.

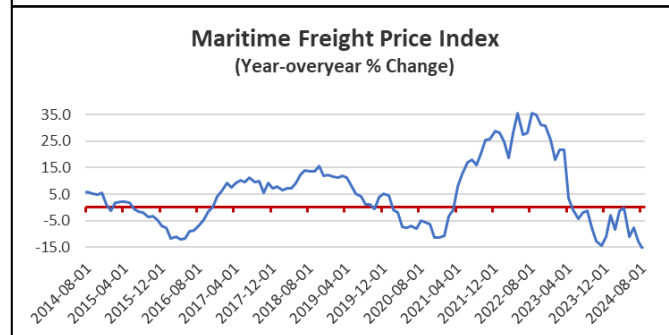
Airfreight Price Index:

The airfreight price index was higher by 0.4% M/M in August (latest available and up 5.9% last month) and was sharply higher on a Y/Y basis, rising by 14.5% (up 10.1% last month). Global manufacturing was flat in August. (IC131)



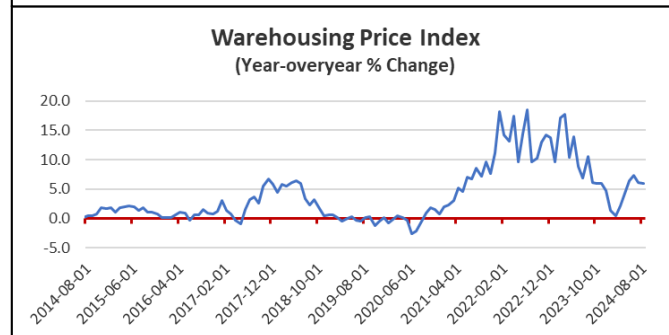
Ocean Freight Price Index:

The blended PPI for maritime service in August was 15.8% lower Y/Y (12.6% lower last month in adjusted data), and it was down 0.2% M/M (0.2% last month). Contrarily, Drewry is showing its composite World Container Index up 167% Y/Y with the average FEU at \$4,168. (PCU483111483111). *Note: Fed PPI tracks domestic US maritime prices, both contract & spot, and is based on survey data. The Drewry World Container Index (see next page) tracks global spot container prices.*



Warehousing Price Index:

Warehousing prices were lower in August (latest data available) with rates down 1.6% M/M (+0.7% last month) but was higher Y/Y by 5.9% (6.1% last month). (PCU49314931)



Global Maritime and Air Cargo Observations

Maritime Capacity Remains Tight in Asia Outbound Trade Lanes

All Asia outbound lanes are still showing demand outstripping capacity in August according to the DHL graphic below. Drewry was also reporting that the composite container index was 167% higher Y/Y through Sept 12th. Shanghai to Europe lanes were generally 210%-297% higher Y/Y and Shanghai to US lanes were 120% (EC) to 160% (WC) higher Y/Y.

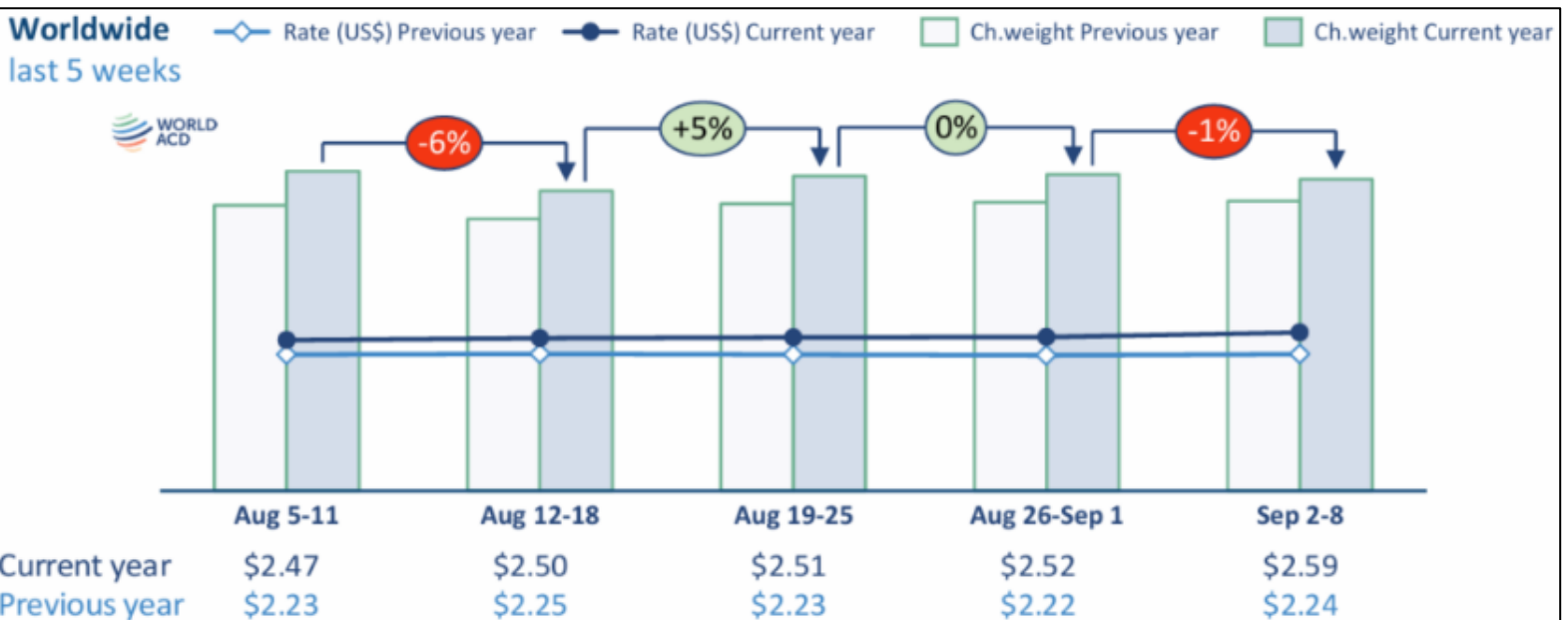
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Forecast	Sep	Oct	Nov	Dec
Asia	→ Intra	R	R	A	R	R	R	R	R	Forecast	R	R	R	○
	→ N. America	R	R	A	A	A	R	R	R		R	A	A	○
	→ EURO	R	R	R	A	R	R	R	R		R	A	R	○
	→ Middle East	R	R	R	R	R	R	R	R		R	R	R	○
	→ S. America	G	G	G	G	R	R	R	R		G	A	A	○
	→ Africa	R	R	R	A	R	R	R	R		R	A	R	○
	→ Oceania	R	R	R	A	R	R	R	R		R	R	R	○
	→ East MED	R	R	R	A	R	R	R	R		R	R	R	○
East MED	→ EURO	R	R	R	R	R	R	R	G	R	R	R	○	
EURO	→ N. America	G	G	G	G	G	G	G	A	R	A	A	○	
	→ Asia	A	G	G	G	G	A	A	A	A	A	A	○	
N. America	→ Asia	A	A	G	G	G	G	G	G	G	G	G	○	
S. America	→ N. America	G	G	G	G	G	G	G	A	A	A	A	○	

R Demand > Capacity
 G Demand, Capacity balanced
 A Demand < Capacity

Source: DHL

Air Cargo Spot Rates 30% Higher Y/Y

Global air cargo rates were increasing through early September. Rates were higher by 30% year-over-year and were still 51% higher compared to September of 2019.



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 become somewhat slower as it is now taking about 1.99% more time, or a few hours more than it was in mid-March 2024. There continues to be a regression in processing time for Exports from these same ports as it is taking about 8.39% longer, or about a 1/2 day more than it was in mid-March 2024 and about a full day longer than it was in Mid-February 2024.
- The US Ports with the greatest amount of Imported TEU's currently are in Tacoma, New York and Los Angles and are being processed in about 2.74 days. The highest volume of Exported TEU's is also Tacoma, New York and Los Angles and they are completing the export process in about 9.54 days.
- The port with the greatest number of scheduled vessel arrivals is New York, Norfolk and Savannah, where Seattle, New Orleans, Mobile and Houston have the fewest

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

Port	As of 09/11/2024	As of 03/13/2024	% Diff since 03/13/2024
Totals	9.44	8.71	8.39%
Charleston	11.90	6.67	78.41%
Houston	6.17	8.00	-22.88%
Long Beach	11.88	12.00	-1.00%
Los Angeles	12.67	11.02	14.97%
Miami	6.21	12.98	-52.16%
Mobile	13.00	4.76	173.11%
New Orleans	10.00	6.16	62.34%
New York	8.55	7.46	14.61%
Norfolk	7.53	7.52	0.13%
Oakland	12.13	5.43	123.39%
Savannah	7.33	9.69	-24.36%
Seattle	7.17	11.42	-37.22%
Tacoma	8.20	10.13	-19.05%

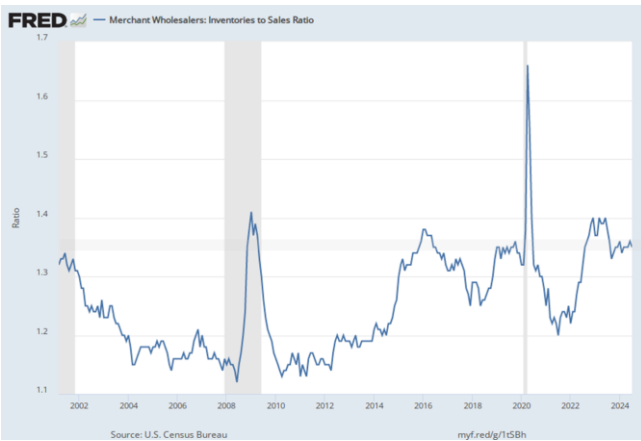
% Diff since 03/13/2024

Exports
8.39%

Imports
1.99%

Port	As of 09/11/2024	As of 03/13/2024	% Diff since 03/13/2024
Totals	3.44	3.37	1.99%
Charleston	1.63	2.35	-30.64%
Houston	2.24	1.91	17.28%
Long Beach	2.93	2.28	28.51%
Los Angeles	1.35	4.15	-67.47%
Miami	3.92	2.05	91.22%
Mobile	4.63	2.75	68.36%
New Orleans	1.30	1.25	4.00%
New York	5.32	5.25	1.33%
Norfolk	5.17	4.38	18.04%
Oakland	0.38	5.55	-93.15%
Savannah	4.52	6.44	-29.81%
Seattle	9.75	4.24	129.95%
Tacoma	1.54	1.21	27.27%

Special Topics in Supply Chain & Logistics:



Could 2025 Be the First “Normal” Cycle Year Since 2019?

Supply Chain managers have been going from crisis to crisis since 2019. In fact, it could be argued that one would have to go back to prior to the trade wars firing up in 2017 to find a “normal” global supply chain environment. But after 22 months of trying to get inventories back in a normal cycle, the global supply chain is likely closer to normal than we have been in some time. That could usher in a normal cycle of shipment activity, a more normalized peak, various share of mode shipments normalizing, and more consistency in shipping activity (more predictability for both shippers and carriers). The pent-up anxiety over the Presidential Election will also be over. There will still be lurking Black Swan events in the Middle East, Ukraine, and possibly in the South China Sea. But, left alone, this could be a welcome return to “normalcy”.

A Global Goldilocks Situation?

Goldilocks is the notion that conditions are not too hot, and not too cold, but are just about “right”. Many would like to see global economic activity stronger than it is, but economically most nations have hit an equilibrium in which conditions are not deteriorating nor are they growing at a faster pace. Nearly every developed nation around the world continued to have strong services sectors through August, despite a notable deceleration (recessionary in some countries) conditions in the manufacturing sector. It is this deceleration in global manufacturing that is felt more strongly in the global supply chain, but economically speaking, most economies are still growing at a modest rate. Central Banks trimming interest rates could help spur more product sales, which may be the key catalyst to watch.

Country	Trade with US (in billions)	Manufacturing				Services			
		Current Month	Latest Month PMI	Prior Month PMI	M/M Change	Current Month	Latest Month PMI	Prior Month PMI	M/M Change
US		Aug	47.9	49.6	-1.7	Aug	55.7	55.0	0.7
Global PMI	\$ 4,700	Aug	49.5	49.7	-0.2	Aug	53.8	53.3	0.5
Canada	\$ 665	Aug	49.5	47.8	1.7	Aug	47.8	47.3	0.5
Mexico	\$ 661	Aug	48.5	49.6	-1.1				
China	\$ 655	Aug	50.4	49.8	0.6	Aug	51.6	52.1	-0.5
Eurozone PMI	\$ 632	Aug	45.8	45.8	0.0	Aug	51.0	50.2	0.8
ASEAN	\$ 369	Aug	51.1	51.6	-0.5				
Japan	\$ 210	Aug	49.8	49.1	0.7	Aug	53.7	53.7	0.0
Germany	\$ 201	Aug	42.4	43.2	-0.8	Aug	51.2	52.5	-1.3
South Korea	\$ 161	Aug	51.9	51.4	0.5				
UK	\$ 118	Aug	52.5	52.1	0.4	Aug	53.7	52.5	1.2
Taiwan	\$ 114	Aug	51.5	52.9	-1.4				
India	\$ 113	Aug	57.5	58.1	-0.6	Aug	60.9	60.3	0.6

What’s New at Logistics Plus?

LP Makes Inc. 5000 Annual List of Fastest-Growing Private Companies

Logistics Plus is proud to announce it has been included on Inc. magazine’s 2024 Inc. 5000 list, an exclusive ranking of the fastest-growing private companies in America. Logistics Plus has made the list for the sixth time in the past seven years and the ninth time overall since 2007. [Learn More](#)



LP Renews Its U.S. EPA SmartWay Transport® Partnership for a 14th Year

Logistics Plus is proud to announce that, for a fourteenth straight year, it has submitted and received approval for its current data submission to the SmartWay Transport Partnership, an innovative collaboration between the U.S. Environmental Protection Agency (EPA) and the industry. [Learn More](#)



Patrick Nuskey Featured on WPSE Business Spotlight

Patrick Nuskey, Vice President of Customer Success for Logistics Plus, was featured on the Business Spotlight program, which is produced in partnership with WPSE Money Radio. Patrick discusses his background, unique role with the company, daily objectives, how he helps enhance customer experiences, and more. [Listen to Podcast](#)

