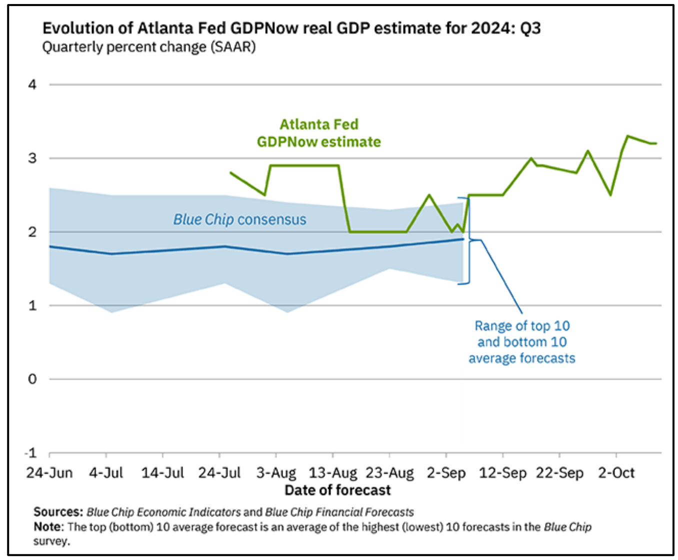
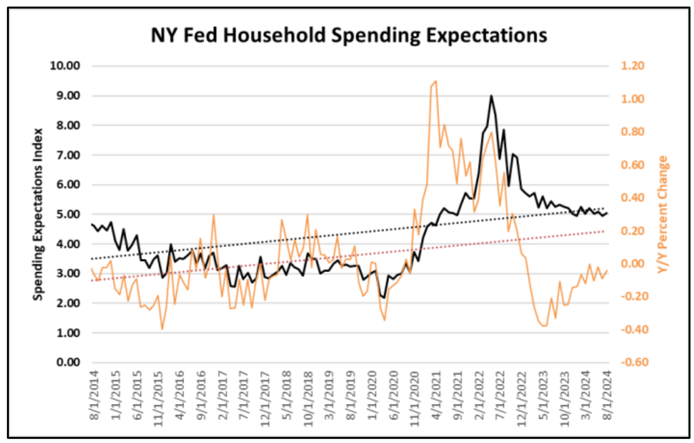
LogisticsPULSE | EXECUTIVE BRIEFING October 2024

Factors Shaping Supply Chain & Logistics

Q3 GDP Touches 3.2%. The Atlanta Fed GDPNOW estimate in mid-October is showing growth of 3.2% (ahead of Blue-Chip Estimates for 1.9%). A year ago, Q3 grew at 5.2% largely on the back of strong inventory building activity headed into the peak season. The third quarter is still being driven largely by strong consumer spending, corporate investment and spending that hasn’t dropped off, and continuation of strong government spending activity headed into the last few months of the year. The fourth quarter is expected to come in at approximately 1.5% growth, which is largely in-line with prior fourth quarter activity – largely because of a shift into holiday mode and the peak retail season.



Spending Expectations Good. Several new surveys for spending expectations are showing improving sentiment in the next 6 months. The NY Fed Household Spending Expectations Index bumped higher in August and the majority of consumers expect to spend at a rate faster than any time prior to the pandemic. Another business leader survey from the same Fed district showed that capital investment expectations over the next six months also shot up 8 points month-over-month through September to 37 points, a strong expectations reading.

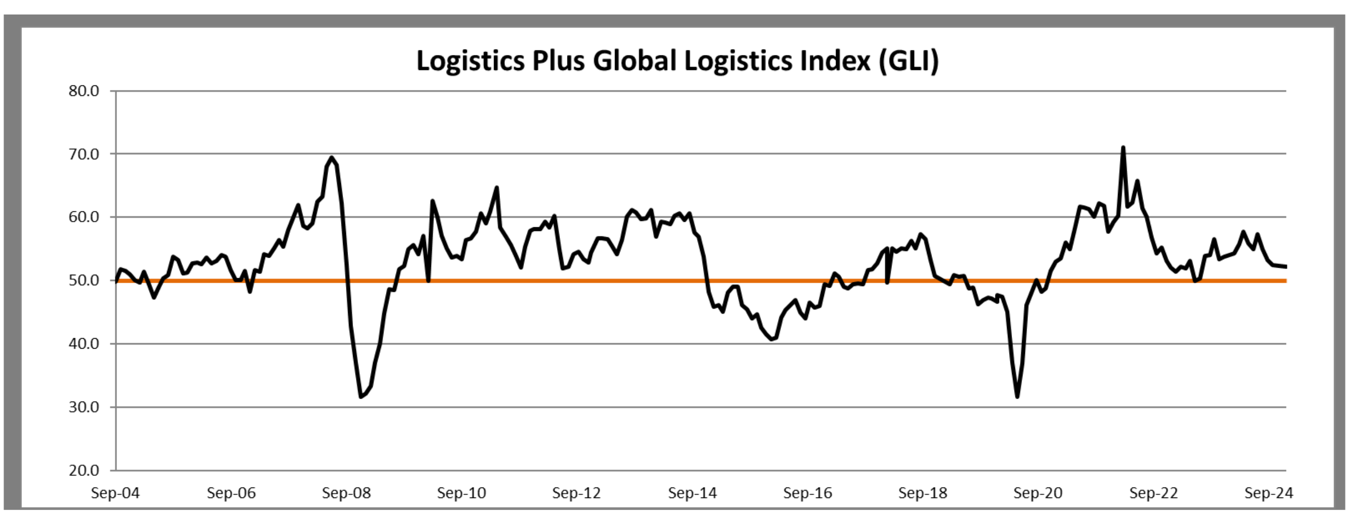


The LogisticsPULSE Global Logistics Index

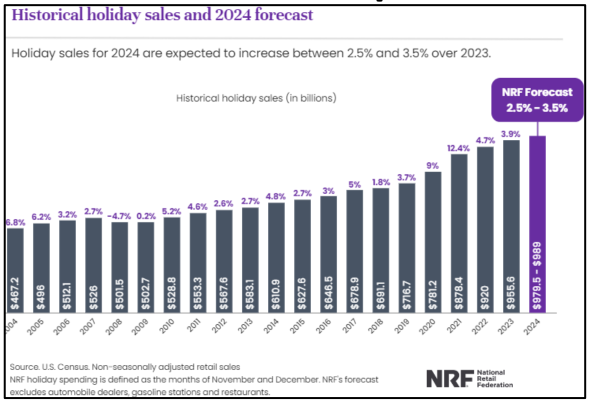
The GLI Weakens Slightly in September

The LogisticsPULSE Global Logistics Index (GLI) came in at **52.5 in September**, down .8 points from 53.3 in August. It was still in expansion territory and above the long-term trendline, but surprisingly again came in weaker this month. The index was 7.1% lower Y/Y (it was 2.7% lower Y/Y last month) and was 1.5% lower M/M.

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

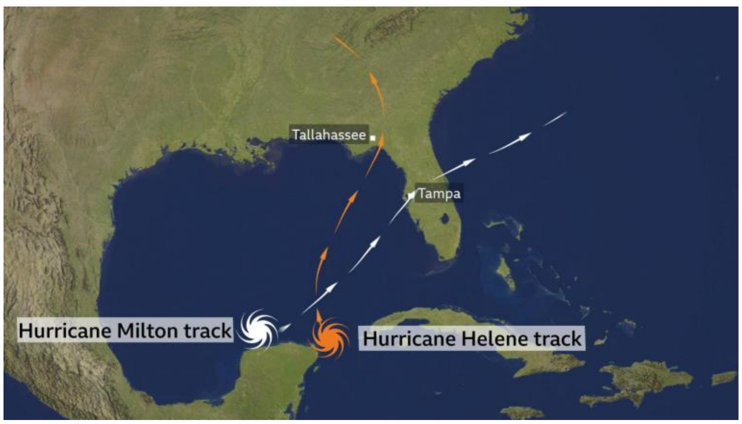


What's New & Important with North American Supply Chains?



Retail Holiday Season Growth of 3.5%

The National Retail Federation is expecting growth during the holiday peak retail season of 3.% over last year on nearly $1 trillion in spending. Despite many households being tight budgets, the NRF believes that the holiday's are such an important tradition that consumers will "find a way" to spend this season. Importantly, many retailers appear to be going into the holiday season lighter on inventories than perhaps in recent years, and this critical sell-through could be sufficient enough to restart the global supply chain and lead to a more "normal" seasonal pattern of freight movement in 2025.

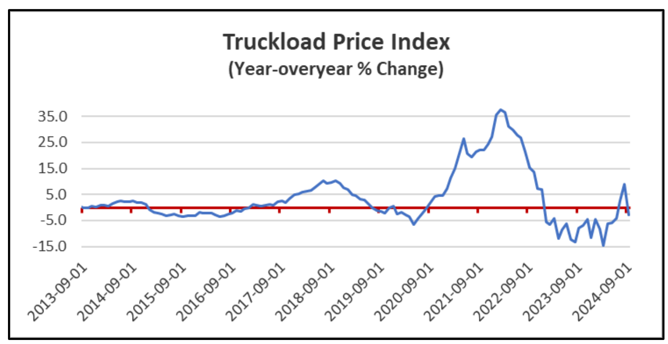


Slow Freight Impact from Hurricane Activity

Inland distribution systems and port operations were impacted by both Hurricane Helene and Milton. The extent of that impact was still being assessed nearly two weeks after hurricane Milton. Port operations across the region were getting back to semi-normal and inland distribution was flowing (despite many work-arounds for blocked highway and bridge issues). But on a national basis, the impact of the hurricanes was not yet showing up in most trucking or intermodal data. Some sources are showing tender rejections higher in that region and demand surging. But at a national level, conditions remain "sluggish".

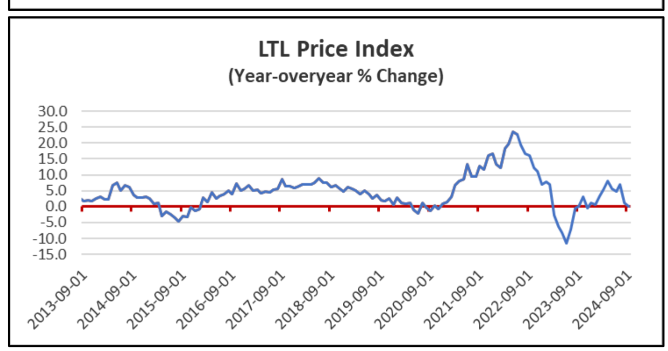
Full Truckload (FTL) Price Index:

Truckload prices were down 0.2% M/M (+0.1% last month) in September (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 2.7% Y/Y (9.1% adjusted from last month). (PCU484121484121)



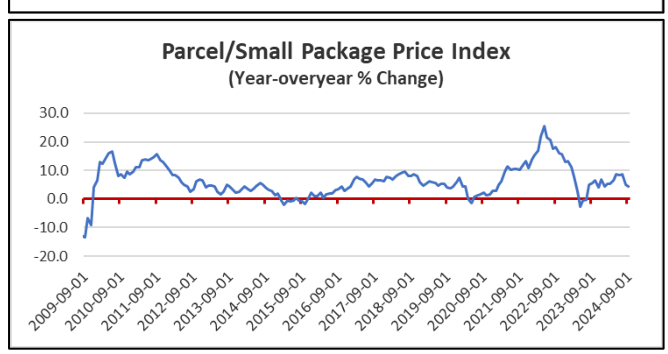
Less-Than-Truckload (LTL) Price Index:

LTL prices were lower by 0.3% month-over-month in September (latest available) but were up 0.1% Y/Y (up 1.2% last month). This could be further evidence that the market has balanced itself in the wake of the Yellow bankruptcy already (given soft freight demand dynamics). As mentioned last month, 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 4.5% Y/Y (5.0% higher last month); and were higher month-over-month in September by 0.2%. E-commerce sales were 7.8% higher Y/Y (5.7% last month) and were higher by 1.4% month-over-month in August (latest available). (PCU492110492110201)



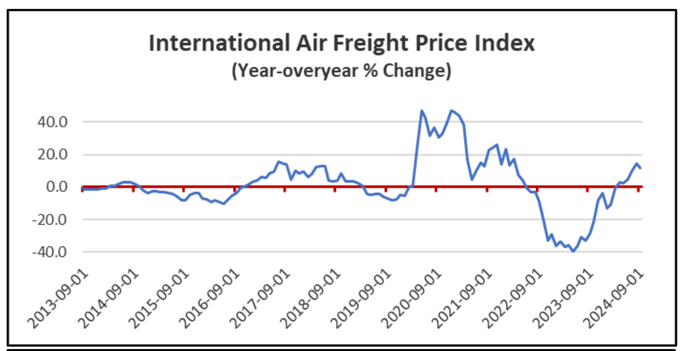
What's New & Important with International Supply Chains?

US Strikes Weapons Depots in Yemen

The US is increasing the pressure on Houthi Rebels in Yemen to stop striking at commercial vessels trying to traverse the Red Sea. Red Sea disruptions (which feed the Sues Canal) have led to an estimated stripping of 20-25% of global maritime capacity as freight is forced to stay on water up to 11 days longer than normal. These initial strikes were aimed at weapons depots and storage. Although this will not entirely stop attacks on commercial vessels sailing through the region, it will slow down future strikes and shows a willingness by the United States to engage anyone attacking commercial vessels. Most insurance companies will still resist insuring vessels moving in the region, but this could signal a slow change and shift in the tensions in the region.

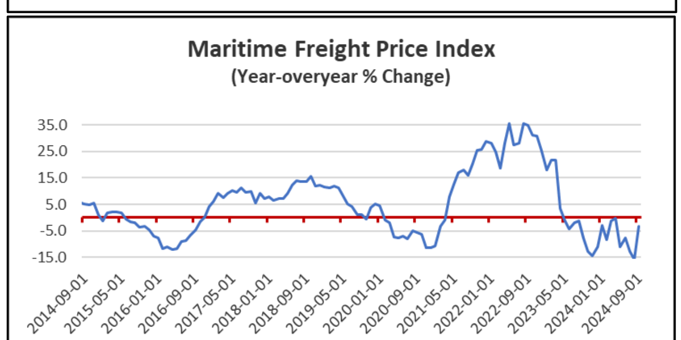
What Global Manufacturing Sectors are Still Hot?

It goes without saying that most analysts are watching the global manufacturing slowdown closely. This month, it was clear that there were markets that were still "hot" with manufacturing growing rapidly. Those included India (#1), Singapore (#2), Philippines (#3), Brazil (#4), Spain (#5), and the UK (#6). Some of these countries are benefitting from the sourcing diversification trend at the expense primarily of China. The weakest country remained Germany followed by France.



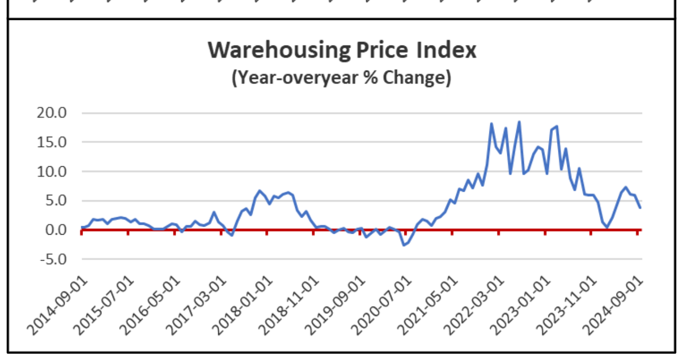
Airfreight Price Index:

The airfreight price index was higher by 3.9% M/M in September (latest available and up 0.4% last month) and was sharply higher on a Y/Y basis, rising by 11.5% (up 14.5% last month). Again, tuck-in orders and express shipments of emergency supplies should boost this further in early Q4. (IC131)



Ocean Freight Price Index:

The blended PPI for maritime service in September was 3.2% lower Y/Y (15.8% lower last month in adjusted data), but it was up 1.7% M/M (-0.2% last month). (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 higher in September (latest data available) with rates up 0.2% M/M (-1.6% last month) but was higher Y/Y by 3.8% (5.9% last month). (PCU49314931)

Global Maritime and Air Cargo Observations

Maritime Capacity Remains Generally Tight; But Starting Seasonal Easing

Most Asia outbound lanes are still showing demand outstripping capacity in September according to the DHL graphic below. Drewry was also reporting that the composite container index was 145% higher Y/Y through Oct 10th . Shanghai to Europe lanes were generally 168%-256% higher Y/Y and Shanghai to US lanes were 119% (EC) to 151% (WC) higher Y/Y.

Market Development on Key Regional Tradelanes

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

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

Source: DHL

Air Cargo Spot Rates 12% Higher Y/Y

Global air cargo rates were increasing through early October and hit annual highs. Rates were higher by 12% year-over-year despite some softening tonnage volumes.

Source: World ACD Weekly Air Cargo Trends Report

The LogisticsPULSE Port Congestion Index

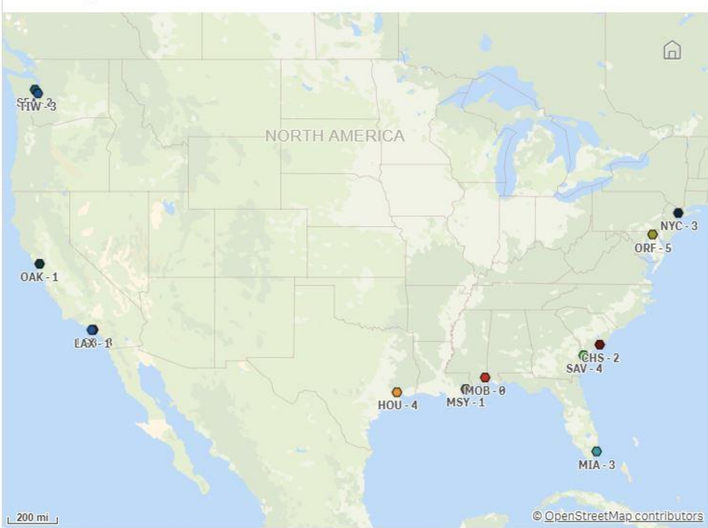
U.S. Container Imports and Exports Processing Continue to Show Aggregate Improvements

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.

- For containers Imported into the USA, the Container Processing Time (in days) is now taking about much less time than what it was in mid-April 2024. The processing time for Exports from these same ports is also taking by about 16% less time, or about a whole day less than it was in mid- April 2024. Trans Shipments are a bit slower and are taking about 1.53% longer than before.
- The US Ports with the greatest amount of Imported TEU's currently are in Los Angeles, Houston & Long Beach and are being processed in about 1.84 days. The highest volume of Exported TEU's are Tacoma, Los Angeles & Houston and they are completing the export process in about 8.07 days.
- The port with the greatest number of scheduled vessel arrivals is Norfolk, Houston and Savannah, where Los Angeles, Oakland, New Oreleans & Mobile have the fewest.

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

US Ports w/ Scheduled Arrivals



% Diff since 04/14/2024

Exports: -16.26%

Imports: -70.99%

Trans Shipments: 1.53%

Weekly Details - Exports

Port	As of 10/13/2024	As of 04/14/2024	% Diff since 04/14/2024
Totals	**5.21**	**6.22**	**-16.26%**
Charleston	9.55	9.54	0.10%
Houston	12.74	5.59	127.91%
Long Beach	10.84	9.89	9.61%
Los Angeles	0.52	5.01	-89.62%
Miami	0.23	5.62	-95.91%
Mobile	4.44	4.45	-0.22%
New Orleans	0.89	10.00	-91.10%
New York	13.46	6.23	116.05%
Norfolk	0.68	2.41	-71.78%
Oakland	2.09	4.25	-50.82%
Savannah	0.81	9.36	-91.35%
Seattle	0.50	0.42	19.05%
Tacoma	10.96	8.09	35.48%

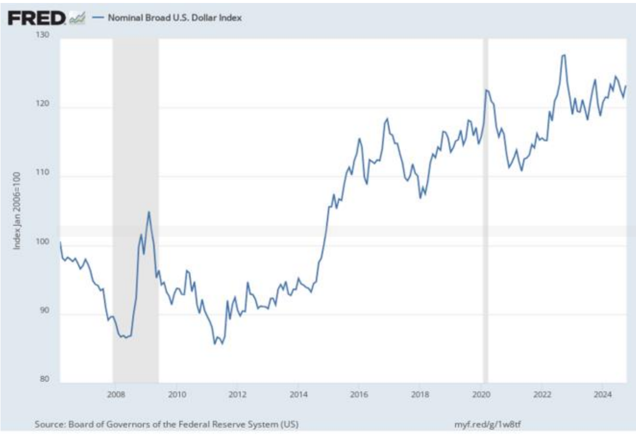
Weekly Details - Imports

Port	As of 10/13/2024	As of 04/14/2024	% Diff since 04/14/2024
Totals	**0.82**	**2.84**	**-70.99%**
Charleston	0.59	2.25	-73.78%
Houston	1.17	1.92	-39.06%
Long Beach	2.16	4.85	-55.46%
Los Angeles	2.18	1.34	62.69%
Miami	0.47	3.63	-87.05%
Mobile	0.50	2.19	-77.17%
New Orleans	0.64	1.75	-63.43%
New York	0.51	0.42	21.43%
Norfolk	0.45	4.23	-89.36%
Oakland	0.34	1.36	-75.00%
Savannah	0.80	3.94	-79.70%
Seattle	0.40	4.55	-91.21%
Tacoma	0.50	4.49	-88.86%

Weekly Details - Trans Shipments

Port	As of 10/13/2024	As of 04/14/2024	% Diff since 04/14/2024
Totals	**8.25**	**8.12**	**1.53%**
Charleston	14.00	11.00	27.27%
Houston	0.32	8.17	-96.08%
Long Beach	12.07	8.26	46.13%
Los Angeles	12.10	6.63	82.50%
Miami	7.00	7.00	0.00%
Mobile	0.72	14.67	-95.09%
New Orleans	5.00	5.67	-11.82%
New York	6.75	4.85	39.18%
Norfolk	11.41	10.02	13.87%
Oakland	7.00	8.60	-18.60%
Savannah	8.48	8.20	3.41%
Seattle	8.00	2.50	220.00%
Tacoma	14.34	10.00	43.40%

Special Topics in Supply Chain & Logistics:



US Dollar Index Builds Strength

The US dollar can often be a safe haven against risk, and in the first few weeks of October, investors around the world were flocking to the dollar and gold. But a strong dollar also has a profound impact on global trade and freight movement. A strong dollar increases US import volumes and reduces inflation. In addition, a strong dollar pushes oil prices and other commodity prices down (anything denominated in dollars). The recent flattening of oil prices are largely tied to a strengthening dollar. As the Federal Reserve eases interest rates, it tends to help the dollar in the short term. Global bond markets have also been weaker of late which has helped boost the dollar. Obviously, this hurts US exports but helps manufacturing activity on a global basis.

China Stimulus and Global Sourcing

Chinese Banking officials have put a multi-billion stimulus plan in motion to boost economic output. This plan includes many components but heavily rests on easing bank reserve restrictions to free up lending. For companies that have the cash wherewithal, this allows them to stockpile commodity resources. Copper and coal imports just hit 2024 highs for China. Analysts typically watch oil imports, but inexpensive EV vehicle sales may have ushered in China's proverbial "oil peak demand". But watching other commodities could signal that China is taking advantage of this liquidity surge, or it anticipates recovery in manufacturing shortly. China was also seeing 2024 peak highs in iron ore imports for steel production last quarter.

What's New at Logistics Plus?

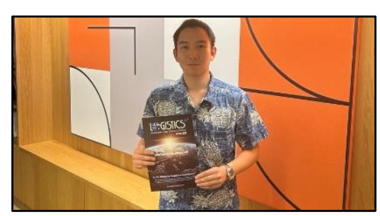
Chris Dennis, from LP Canada, Featured on WPSE Business Spotlight

Chris Dennis, Managing Director for Logistics Plus Canada, was featured on the Business Spotlight program, which is produced in partnership with WPSE Money Radio. Chris discusses his background, the solutions offered by the Canada team, collaborating with the team at our Global Headquarters in Erie, navigating different rules and regulations, and more. Listen to Podcast

Gretchen Blough Featured on WPSE Business Spotlight

Gretchen Blough, Customs Brokerage Manager, was also recently featured on the Business Spotlight program. Gretchen discusses her background, recent appearances on NPR's Marketplace program, important events impacting the logistics industry, and more. Listen to Podcast

Introducing New Logistics Plus Osaka, Japan Office



The Logistics Plus (LP) Japan team is excited to announce the opening of a new office in Osaka, Japan! As Logistics Plus aims to strengthen and expand its global network, the Osaka office will work alongside the existing Tokyo, Japan office to offer domestic and global logistics services. Learn More

In the wake of recent supply chain disruptions, check out and subscribe to the logisticsplus.com/globalalerts page.