

Factors Shaping Supply Chain & Logistics

Q4 Estimate for GDP Still High. The Atlanta Fed GDPNOW estimate in mid-December is showing growth of 3.1% (ahead of Blue-Chip Estimates for 2.1%). A year ago, Q4 grew at 2.5%. The latest estimates from the Atlanta Fed consumer spending accounting for more than 71% of current GDP (which is normal). But government spending was more than 14.5% of Q4 GDP and the second highest contributing factor. Net exports were 8.4% of GDP contributions, residential fixed investment was 6.1%, nonresidential fixed investment 5.5% and a negative net change in inventories pulled 0.13 points off GDP or 4.2%. Reductions in government spending in 2025 will need to be offset by aggressive private investment and spending.

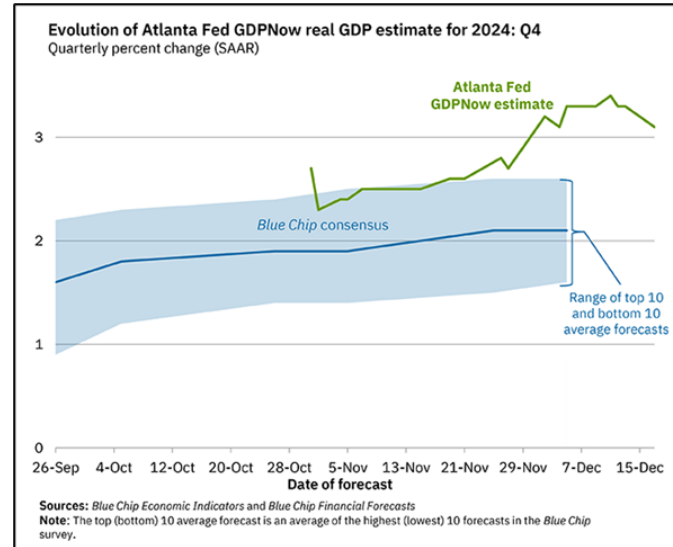
Fed Outlook Changes. The Federal Reserve trimmed interest rates by a quarter-point, which capped a 100-basis point trimming cycle of interest rates in 2024. But it reduced its forecast for trimming next year, opting to show only two quarter-point cuts next year (instead of 4) and not hitting the “terminal rate” until perhaps 2027. The Fed is concerned that inflation will remain hotter for longer, they believe that inflation will continue at 2.5% in 2025 against its target rate of 2%. It also trimmed GDP forecasts with 2025 coming in at just 2.1% (after growing by 2.5% this year).

The LogisticsPULSE Global Logistics Index

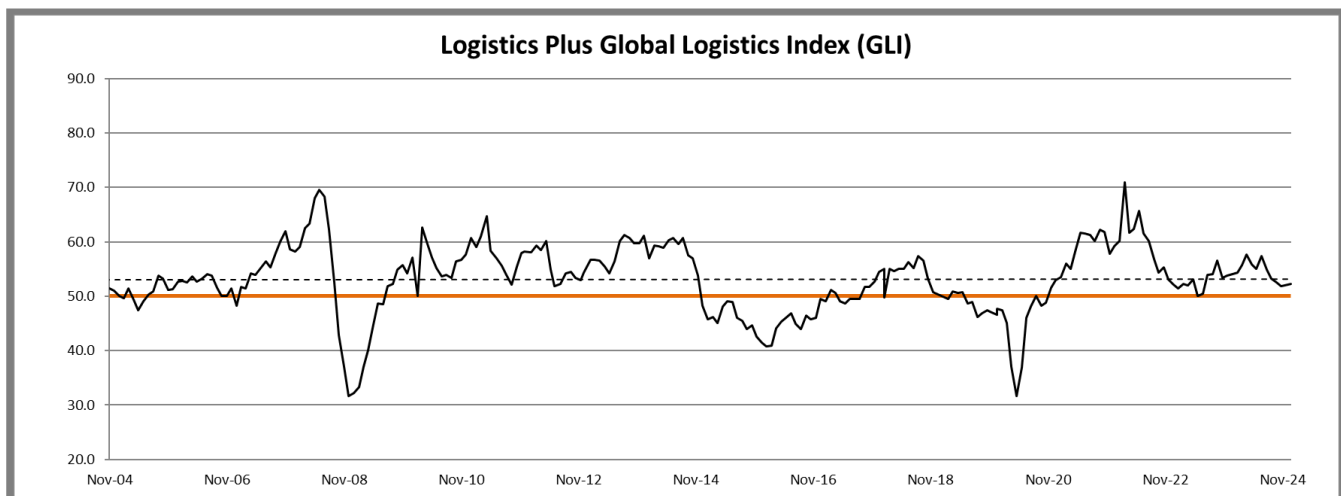
The GLI Pops Sequentially in November

The LogisticsPULSE Global Logistics Index (GLI) came in at **53.6 in November**, up 1.8 points from 51.8 in October. It was still in expansion territory and just below the long-term trendline. The index was still slightly lower by 0.4% lower Y/Y (it was 3.0% lower Y/Y last month) but it was 3.5% higher M/M.

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



Variable	Median ¹				
	2024	2025	2026	2027	Longer run
Change in real GDP	2.5	2.1	2.0	1.9	1.8
September projection	2.0	2.0	2.0	2.0	1.8
Unemployment rate	4.2	4.3	4.3	4.3	4.2
September projection	4.4	4.4	4.3	4.2	4.2
PCE inflation	2.4	2.5	2.1	2.0	2.0
September projection	2.3	2.1	2.0	2.0	2.0
Core PCE inflation ⁴	2.8	2.5	2.2	2.0	
September projection	2.6	2.2	2.0	2.0	
Memo: Projected appropriate policy path					
Federal funds rate	4.4	3.9	3.4	3.1	3.0
September projection	4.4	3.4	2.9	2.9	2.9



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



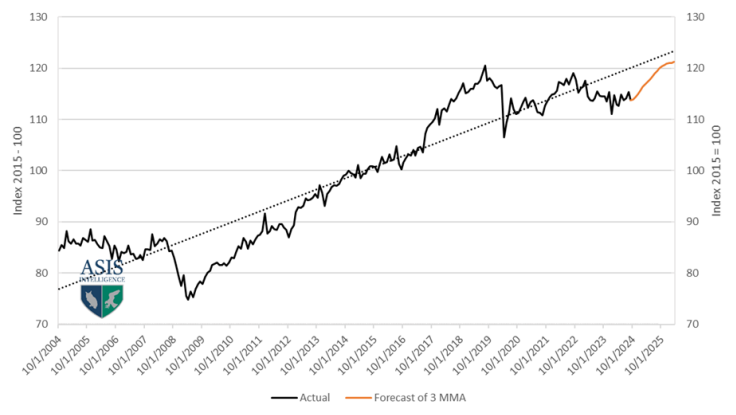
January Deadline for Port Negotiations Nearing

Negotiations between the ILA and USMX continued to be tenuous in mid-December. The January 15th deadline for a contract agreement on the use of automation and robotics is quickly approaching. The incoming Trump Administration seemingly took the side of the ILA on automation, suggesting that there could be other ways for ports to increase competitiveness (perhaps through the reduction of regulatory red tape). Port operators still believe that moderate use of automation is critical in retaining competitiveness.

Truck Tonnage Forecast Optimistic

The forecast for truck tonnage from Armada Corporate Intelligence shows a bullish outlook for 2025 and early 2026. This forecast shows growth for the full year of 2025 of nearly 5.2%. The forecast has an accuracy rate of 93% 6 months in advance. Most importantly, it is the generally recovery and optimism in the outlook curve that is most interesting. If the forecast is accurate, it is predicting tonnage volumes approaching new all-time highs late next year. Many changes in the new administration could speed up or slow this forecast, but for now, based on economic fundamentals currently in the market, the outlook is optimistic.

Truck Tonnage Index (TRUCKD11)
3 Month Moving Average Forecast
Forecast as of 11/20/2024



Full Truckload (FTL) Price Index:

Truckload prices were down 0.3% M/M (-2.8% last month) in November (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 10.8% Y/Y (-9.0% adjusted from last month). (PCU484121484121)

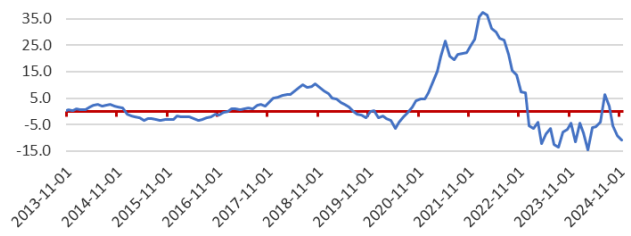
Less-Than-Truckload (LTL) Price Index:

LTL prices were flat again this month, unchanged month-over-month in November (latest available) and were up 1.0% Y/Y (down 0.4% last month). As mentioned last month, when demand returns, the capacity lost during the Yellow bankruptcy will show more accurately. (PCU4841224841221)

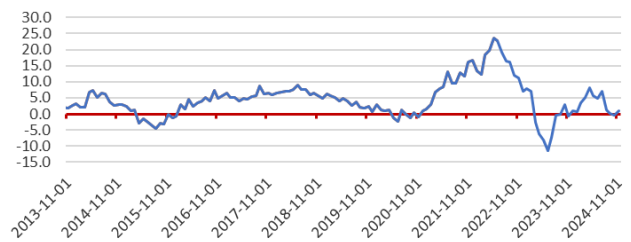
Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services increased by 7.1% Y/Y (3.9% higher last month); and were higher month-over-month in November by 1.9%. E-commerce sales were 9.8% higher Y/Y (7.0% last month) and were higher by 1.8% month-over-month in November (latest available). (PCU492110492110201)

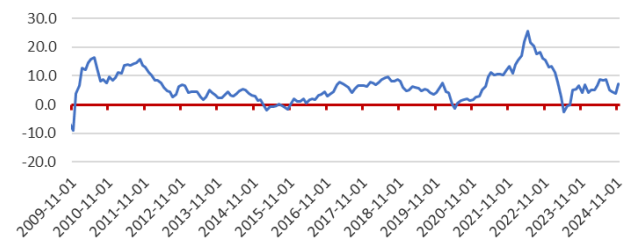
Truckload Price Index
(Year-over-year % Change)



LTL Price Index
(Year-over-year % Change)



Parcel/Small Package Price Index
(Year-over-year % Change)



What's New & Important with International Supply Chains?

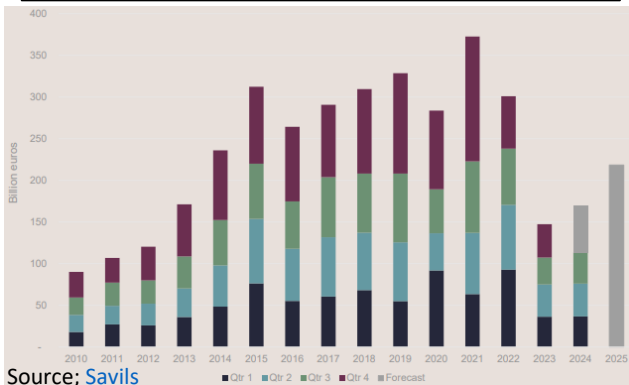
Inventory to Sales Ratio (ISR) Analysis			
Sector	October Sales (Millions)	Oct-19	Percent Change
1 General Merchandise (ie. Walmart)	76,187	1.35	-4%
2 Drugs Wholesalers	94,022	1.08	-7%
3 Hardware, Plumbing, Heating Wholesalers	20,387	2.09	3%
4 Paper Wholesalers (ie. National Paper)	7,784	1.10	-7%
5 Food and Beverage Stores	83,877	0.80	-8%
6 Furniture, Appliance Stores (ie. NFM)	18,891	1.57	-1%
7 Household Appliances/Electronics Wholesalers	77,945	1.17	-9%
8 Apparel Stores	26,380	2.41	-4%
9 Chemical Wholesalers	12,336	1.20	0%
10 Building Material Stores (ie. Home Depot)	36,774	1.86	2%
11 Department Stores (ie. Nordstrom's)	10,881	2.11	-6%
12 Grocery Wholesalers	76,384	0.72	-1%
13 Durable Goods Wholesalers	326,356	1.73	2%
14 Commerical Equipment Wholesalers	51,159	1.17	3%
15 Machinery Wholesalers (ie. John Deere, Vermeer)	52,848	2.83	6%
16 Computer Wholesale Distributors	23,634	0.86	8%
17 Furniture Wholesalers	8,644	1.72	17%
18 Lumber and Construction Material Wholesalers	17,535	1.51	17%
19 Alcohol Wholesale Distributors	16,315	1.37	18%

Ending the Inventory Overstock Cycle

This will likely be the last story in this cycle discussing inventory overstocks. Based on the latest data received in October, it looks as though all but 11.5% of industries are back in-line or lower on inventories than they were in October of 2019 just prior to the pandemic. This would effectively end what was a 24-month period of sluggish supply chain activity (a secular recession of sorts in the transportation sector). In 2025 when real consumption takes place, demand throughout the entire supply chain will get ignited, and transportation capacity will tighten, raw material and energy demand will increase, component parts demand will increase, and manufacturing around the globe should witness some improvements in overall demand. For comparison, the best years for comparison would be 2017/2018.

European Logistics and Industrial Investments Expected to Surge

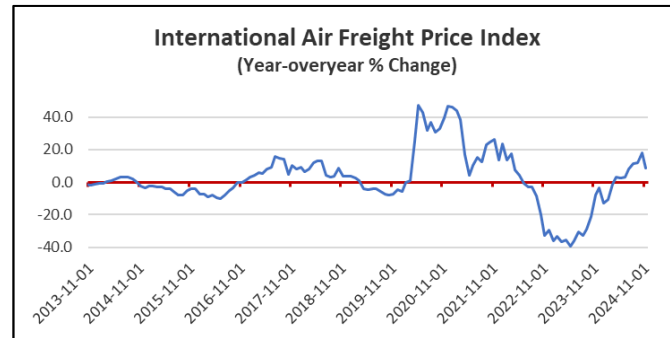
The latest forecasts from [Savills](#) on European investment for 2025 and 2026 show a good rebound from dismal spending levels in 2024. Investments in supply chain / logistics infrastructure and industrial commercial projects is expected to grow by 29% Y/Y in '25 followed by solid low double-digit growth rates in 2026. After nearly two years of stagnation, this is going to create an interesting environment if these forecasts hold.



Source: [Savills](#)

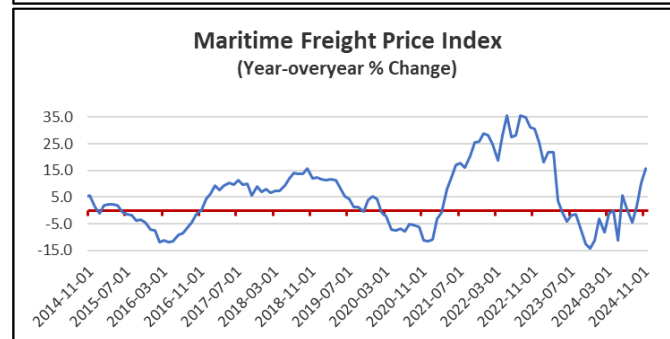
Airfreight Price Index:

The airfreight price index was lower by 2.2% M/M in November (latest available and up 6.2% last month) and was sharply higher on a Y/Y basis, rising by 8.4% (up an adjusted 17.8% last month). Again, tuck-in orders and express shipments of emergency supplies should keep this stable even in early Q1 2025. (IC131)



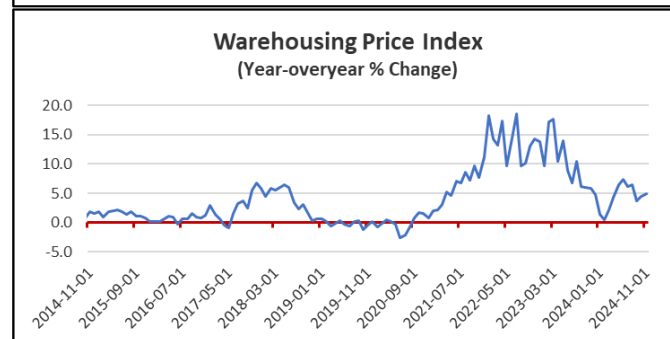
Ocean Freight Price Index:

The blended PPI for maritime service in November was 15.7% higher Y/Y (10.4% higher last month in adjusted data), and it was up 1.5% M/M (2.7% 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 sluggish in November (latest data available) with rates down marginally by 0.1% M/M (0.4% higher last month) and was higher Y/Y by 4.9% (4.5% last month). (PCU49314931)



Global Maritime and Air Cargo Observations

Maritime Capacity Continuing Seasonal Easing

DHL expects many trade lanes to get busier headed into January, with Asia seeing outbound demand outpacing capacity. Outbound lanes to Asia are expected to be lighter. Drewry was also reporting some easing, despite the composite container index remaining 132% higher Y/Y through Dec 12th. Asia to US EC were still up 82% Y/Y and Asia to US WC were 80% higher.

		Mar '24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan '25	Feb	
Asia	→ Intra	A	R	R	R	R	R	R	A	A	Forecast	R	R	A
	→ N. America	A	A	A	R	R	R	R	A	A		A	R	A
	→ EURO	R	A	R	R	R	R	R	A	R		R	R	R
	→ Middle East	R	R	R	R	R	R	R	A	R		R	R	A
	→ S. America	G	G	R	R	R	R	G	A	A		A	R	A
	→ Africa	R	A	R	R	R	R	R	R	R		R	R	A
	→ Oceania	R	A	R	R	R	R	R	R	A		R	R	A
	→ East MED	R	A	R	R	R	R	R	G	R		R	R	A
	East MED	→ EURO	R	R	R	R	R	G	R	R		R	R	A
EURO	→ N. America	G	G	G	G	G	A	R	R	R	R	R	R	
	→ Asia	G	G	G	A	A	A	A	A	A	A	G	G	
N. America	→ Asia	G	G	G	G	G	G	G	G	G	G	G	G	
S. America	→ N. America	G	G	G	G	G	A	R	R	R	R	R	R	

● Demand > Capacity
 ● Demand, Capacity balanced
 ● Demand < Capacity

Source: DHL

Air Cargo Spot Rates 21% Higher Y/Y in Week 49

Average global air cargo spot rates were increasing through early December and remained at annual highs. Rates were higher by 21% year-over-year driven by MESA regions (+62% Y/Y) and Asia Pacific and Europe (+19% Y/Y).



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 almost two whole days less than what it was in mid-June 2024. The processing time for Exports from these same ports is taking about a quarter of a day longer, or 3.69% more, than it was in mid-June 2024. The processing time for Trans Shipments have also improved and are about 13.76% faster than before.
- The US Ports with the greatest amount of Imported TEU's currently are in Savannah, New York and Norfolk and are processed in about 2.92 days. The highest volume of Exported TEU's are found in Los Angeles, Tacoma and Long Beach and they are completing the export process in about 8.51 days.
- The ports with the greatest number of scheduled vessel arrivals are Savannah, New York and Norfolk, whereas Seattle, New Orleans and Mobile have the fewest.

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

US Ports w/ Scheduled Arrivals

Port	As of 12/11/2024	As of 06/12/2024	% Diff since 06/12/2024
Totals	5.23	5.04	3.69%
Charleston	0.78	0.99	-88.70%
Houston	5.00	2.31	116.45%
Long Beach	8.34	8.19	1.83%
Los Angeles	10.28	7.51	36.88%
Miami	0.81	0.83	-88.14%
Mobile	4.01	5.23	-23.33%
New Orleans	4.00	2.05	95.12%
New York	8.07	7.81	3.33%
Norfolk	2.37	5.81	-69.21%
Oakland	8.57	0.83	932.53%
Savannah	6.19	5.00	23.80%
Seattle	2.67	0.18	1383.33%
Tacoma	6.90	6.92	-0.29%

Weekly Details - Exports

Port	As of 12/11/2024	As of 06/12/2024	% Diff since 06/12/2024
Totals	1.24	3.80	-67.42%
Charleston	1.42	2.12	-33.02%
Houston	0.76	1.62	-53.00%
Long Beach	1.89	3.86	-51.04%
Los Angeles	0.44	3.07	-85.67%
Miami	0.45	1.34	-66.42%
Mobile	0.94	13.92	-93.25%
New Orleans	0.32	1.21	-73.55%
New York	4.98	5.03	-0.99%
Norfolk	3.00	2.32	60.86%
Oakland	0.38	3.19	-88.00%
Savannah	0.28	3.19	-91.22%
Seattle	0.28	2.92	-90.41%
Tacoma	0.46	5.63	-91.83%

Weekly Details - Imports

Port	As of 12/11/2024	As of 06/12/2024	% Diff since 06/12/2024
Totals	7.97	7.00	13.76%
Charleston	0.10	9.00	-98.89%
Houston	0.61	7.00	-91.29%
Long Beach	27.34	8.90	207.19%
Los Angeles	13.15	7.98	64.79%
Miami	7.00	7.00	0.00%
Mobile	0.72	14.67	-95.09%
New Orleans	5.00	6.00	-16.67%
New York	7.17	3.91	83.38%
Norfolk	3.84	2.19	75.34%
Oakland	7.00	7.43	-5.79%
Savannah	9.06	6.29	44.04%
Seattle	14.75	5.00	195.00%
Tacoma	7.85	5.69	37.96%

Weekly Details - Trans Shipments

Port	As of 12/11/2024	As of 06/12/2024	% Diff since 06/12/2024
Totals	7.97	7.00	13.76%
Charleston	0.10	9.00	-98.89%
Houston	0.61	7.00	-91.29%
Long Beach	27.34	8.90	207.19%
Los Angeles	13.15	7.98	64.79%
Miami	7.00	7.00	0.00%
Mobile	0.72	14.67	-95.09%
New Orleans	5.00	6.00	-16.67%
New York	7.17	3.91	83.38%
Norfolk	3.84	2.19	75.34%
Oakland	7.00	7.43	-5.79%
Savannah	9.06	6.29	44.04%
Seattle	14.75	5.00	195.00%
Tacoma	7.85	5.69	37.96%

% Diff since 06/12/2024

Exports: 3.69%

Imports: -67.42%

Trans Shipments: 13.76%

Special Topics in Supply Chain & Logistics:

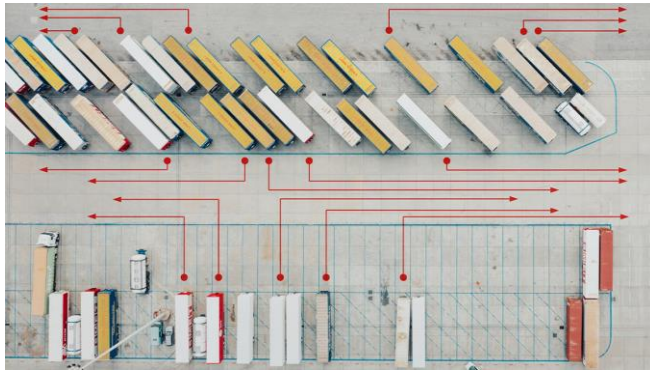


Photo: Orbon Alija/Getty Images, HBR Article

Having Early Warning Systems in Logistics

Harvard Business Review ran an article ([here](#)) that discussed the importance of having an early warning system built into supply chain processes to identify problems in advance (far enough to make corrective actions). Processes ranging from collecting and processing data (using AI in some instances) that help identify changes in inventory levels, supplier shipping delays, and connecting partners up and down the supply chain (those that can help with timely and accurate datapoints) is viewed as critical. The past five years have proven that supply chain resiliency is critical. A McKinsey estimate suggests that “supply-chain shocks will lead to losses equal to almost 45% of a company’s full-year profits over the course of a decade”.

Brazil Markets Struggle Under Debt and Trade Imbalance Worries

Brazil’s national economy has been struggling under the weight of aggressive Central Bank interest rates (12.25%) trying to tame inflation with some estimates suggesting that they could top 16% in 2025/2026. The Brazilian Real has lost 21% to the US dollar this year as the country struggles to reduce government spending, lagging exports and rising imports, and concern over President Lula’s health. Brazil’s Bovespa Index (Ibovespa) stock performance is down nearly 8% YTD. Improving global manufacturing activity would help lift Brazilian exports and stabilize conditions to a degree. Brazil was the world’s 25th largest exporter, and GDP was trending at nearly 3% in 2024 but is forecasted to decelerate in 2025 to just 1.9% on rising interest rate fears.



What’s New at Logistics Plus?

Jim Berlin Gives a Year-End Recap on WPSE Business Spotlight

Jim Berlin, Founder and CEO of Logistics Plus, gave his annual year-end interview on the LP Radio Business Spotlight program. Jim reflects on 2024, discusses the company’s growth and success, opportunities on the horizon, what he anticipates in 2025 and beyond, and more. [Listen to Podcast](#)



Global Logistics Leader Rallies Support in Rebuilding Ukraine

Over the past two and a half years, LP has provided a critical lifeline to Ukraine in its rebuilding efforts as the war with Russia rages on. The company has donated and raised more than \$1 million worth of relief but also has provided vital transportation and logistics support to assist with Ukraine’s infrastructure and economic stability. [Read Full Article](#) written by Karen Torres



Is Now a Good Time to Conduct a Transportation and Logistics RFP?

As you look to 2025, now may be a good time for shippers to conduct an RFP (Request for Proposal) for their transportation needs, especially as the market has stabilized compared to the disruptions of the past few years. [Read Article](#)



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