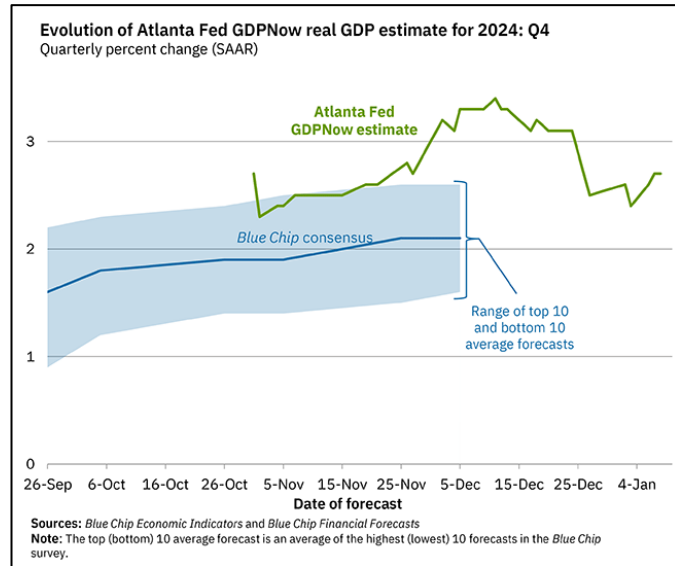


Factors Shaping Supply Chain & Logistics

Q4 GDP at 2.7%. The Atlanta Fed GDPNOW estimate in early January is showing growth of 2.7% (ahead of Blue-Chip Estimates for 2.1%). A year ago, Q4 grew at 2.5%. The latest estimates from the Atlanta Fed show consumer spending accounting for more than 81% of current GDP (elevated above the normal 70% rate). But government spending was more than 18.1% of Q4 GDP and the second highest contributing factor. The incoming administration will attempt to shift spending from government to private investment. Getting government spending back down to 14-15% of GDP will be a reasonable target, and boosting private investment from 4-5% to 7-8% would help drive annual GDP closer to 3%. It will also boost supply chain activity.



Holiday Retail Sales Come in 3.8% Higher. Mastercard’s measure of total December retail sales showed growth of 3.8% (slightly ahead of expectations for 3.5%). Online sales were up 6.7% during the period while in-store was up 2.9%. Broader measures of Federal Retail data show total spending was up 3.9% and pulling autos, fuel, and food out of the mix, they were 4.2% higher Y/Y. The Federal data shows gains in discretionary categories like autos (+8.4%), furniture (+8.4%), electronics (+5.8%), clothing (+2.4%), and sporting goods (+1.8%). Mastercard’s data was largely in-line with that.

Mastercard SpendingPulse™
U.S. Holiday Retail Sales
November 1 – December 24
2024 vs. 2023

Total retail (ex. auto)	3.8%
Online (ex. auto)	6.7%
In-store (ex. auto)	2.9%
Apparel	3.6%
Apparel – Online	6.7%
Apparel – In-store	0.2%
Electronics	3.7%
Jewelry	4.0%
Department stores	1.6%
Restaurants	6.3%

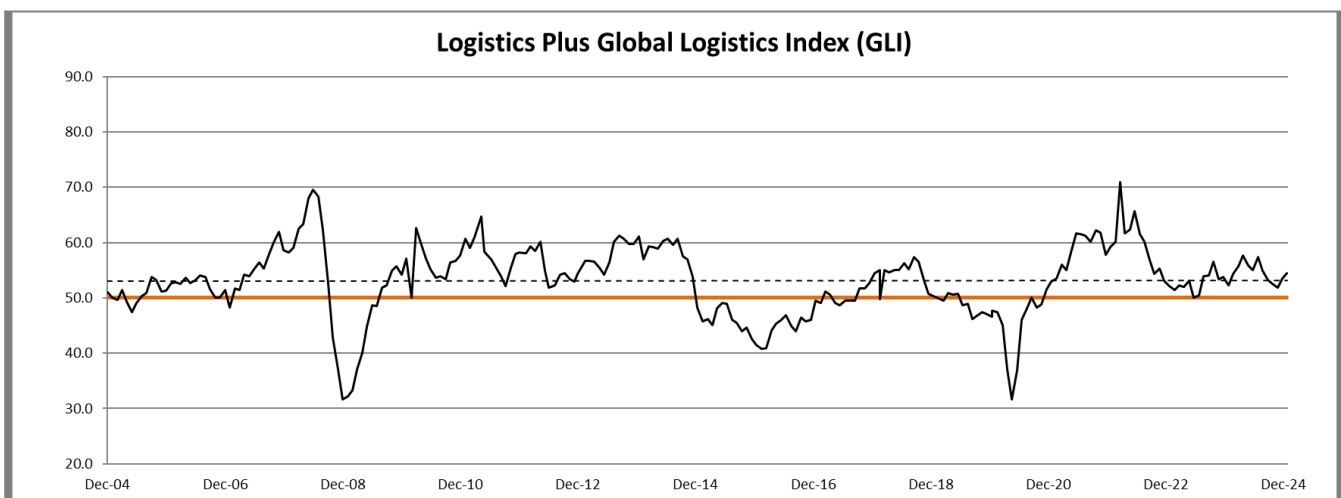
Source: Mastercard SpendingPulse measures in-store and online retail sales, representing all payment types and is not adjusted for inflation. Final spending growth figures may differ nominally following the close of the month.

The LogisticsPULSE Global Logistics Index

The GLI Higher in December

The LogisticsPULSE Global Logistics Index (GLI) came in at **54.5 in December**, up .9 points from 53.6 in November (+1.7%). It was still in expansion territory and is now just above the long-term trendline. The index was now higher by 4.3% Y/Y (it was 0.4% lower Y/Y last month).

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?

Crude forecast:

• 2022	\$94.91
• 2023	\$77.58
• 2024	\$76.60
• 2025	\$70.31
• 2026	\$62.46

Diesel forecast:

• 2022	\$5.02
• 2023	\$4.22
• 2024	\$3.76
• 2025	\$3.66
• 2026	\$3.64

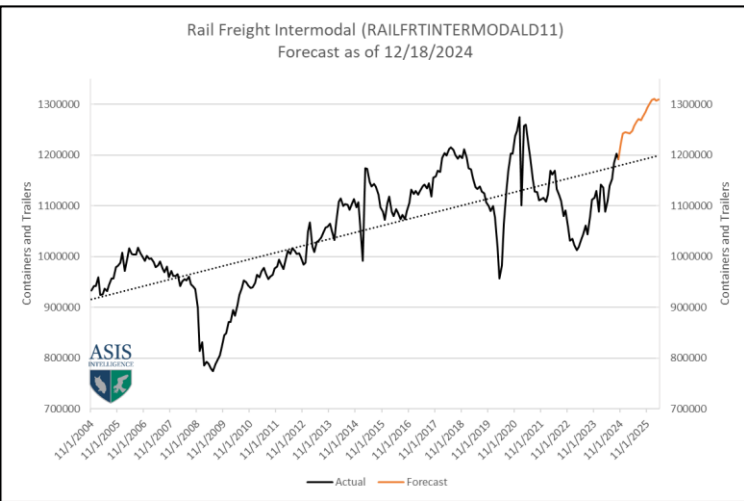
Fuel Forecast for 2025

With the incoming Trump Administration focusing on opening more energy production, many questions are being asked about fuel and oil prices in 2025 and 2026. In the latest EIA forecast, oil prices are expected to average \$6 a barrel lower this year and then drop sharply in 2026 by another \$8. But diesel prices are hampered by tighter refining capacity and prices are expected to remain relatively unchanged over that period. Diesel prices per gallon will be down just a dime in 2025 and continue that level in 2026 based on the current forecasts.

Intermodal Forecast Optimistic

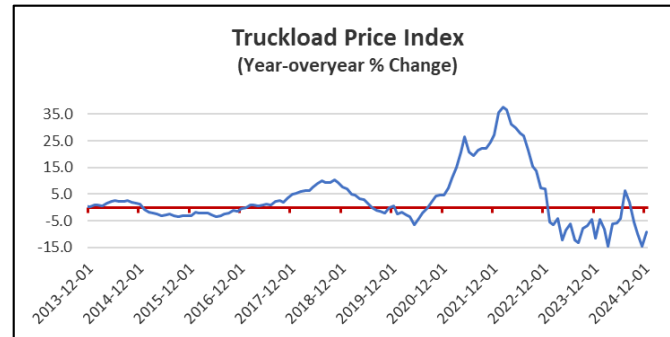
The forecast for intermodal from Armada Corporate Intelligence shows a bullish outlook for 2025 and early 2026. This forecast shows growth for the full year of 2025 of 4.8% after growth of 9.9% this year. The forecast has an accuracy rate of 95% 3 months in advance. The "back-end" of the curve is likely to soften in the coming quarters, but the outlook for the next six months should be stable. And given the optimistic nature of the forecast, this is bullish for multiple modes of transportation, warehousing, and logistics in general if it holds.

Rail Freight Intermodal (RAILFRTINTERMODALD11)
Forecast as of 12/18/2024



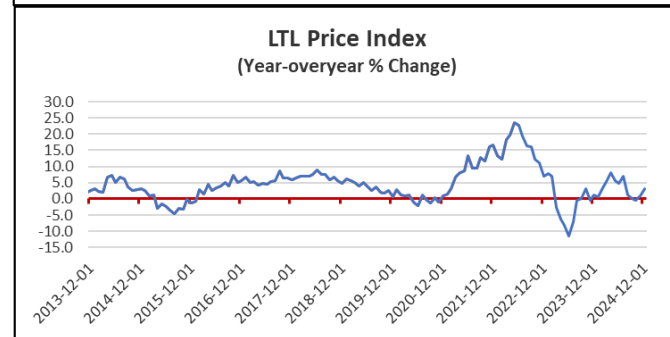
Full Truckload (FTL) Price Index:

Truckload prices were up 1.1% M/M (-3.8% last month) in November (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 9.2% Y/Y (-14.7% adjusted from last month). (PCU484121484121)



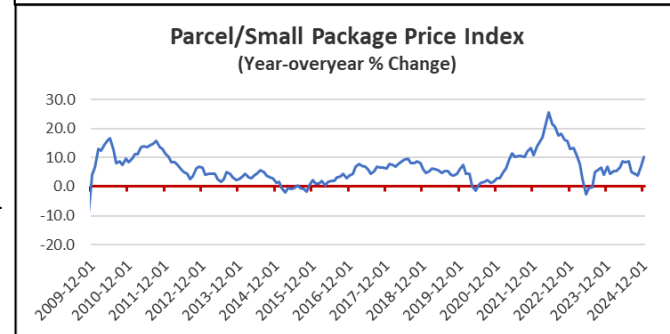
Less-Than-Truckload (LTL) Price Index:

LTL prices were flat again this month, unchanged month-over-month in December (latest available) and were up 3.1% Y/Y (up 1.0% 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 surged by 10.1% Y/Y (7.1% higher last month); and were higher month-over-month in December by 2.1%. E-commerce sales were 6.0% higher Y/Y (9.8% last month) and were higher by 0.2% month-over-month in December (latest available). (PCU492110492110201)



What's New & Important with International Supply Chains?

Country PMI	Trade with US		Manufacturing		
	(in billions)	Current Month	Latest Month PMI	Prior Month PMI	M/M Change
US		Dec	49.4	49.7	-0.3
Global PMI	\$ 4,700	Dec	49.6	50.0	-0.4
Canada	\$ 665	Dec	52.2	52.0	0.2
Mexico	\$ 661	Dec	49.8	49.9	-0.1
China	\$ 655	Dec	50.5	51.5	-1.0
Eurozone PMI	\$ 632	Dec	45.1	45.2	-0.1
ASEAN	\$ 369	Dec	50.7	50.8	-0.1
Japan	\$ 210	Dec	49.6	49.0	0.6
Germany	\$ 201	Dec	42.5	43.0	-0.5
South Korea	\$ 161	Dec	49.0	50.6	-1.6
UK	\$ 118	Dec	47.0	48.0	-1.0
Taiwan	\$ 114	Dec	52.7	51.5	1.2
India	\$ 113	Dec	56.4	56.5	-0.1
Vietnam	\$ 113	Dec	49.8	50.8	-1.0

Global Manufacturing Still Slipping or Poised for Growth?

The latest round of global manufacturing data shows some spot weakness, but how bad is it? Nineteen of 30 key markets monitored slipped between November and December (seasonally adjusted data) with 15 of those being in contraction. New orders were generally sluggish globally. China was noticing an uptick in activity heading into the Lunar New Year which falls on January 29th this year, but other markets were sluggish. India remains the bright spot worldwide, having captured the lion's share of a shift in sourcing strategies. Europe is generally still weak, some southern European nations have noticed some improvement of late while others are still in deep contraction (primarily Germany, France, and Italy). But as the global market edges into Q2, global manufacturing activity should pick up momentum.

Will Sourcing Diversification Trends Continue?

The latest data suggest that further diversification will continue for global sourcing. A recent KPMG survey found that 47% of global supply chain executives still see their business as being vulnerable to disruption - which continues to drive the need for further diversification. More than 40% of Asian-based firms expect to prioritize and pursue multi-shoring sourcing strategies by the end of the year.

Airfreight Price Index:

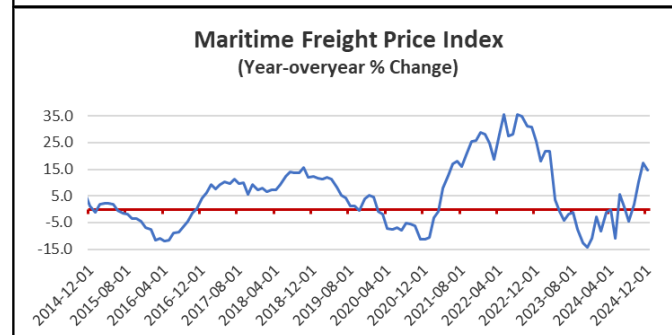
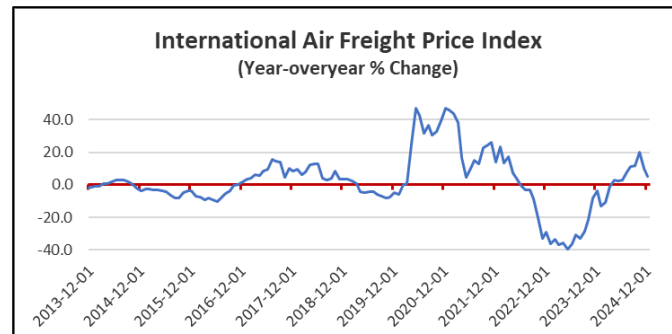
The airfreight price index was higher by 0.9% M/M in December (latest available and down 2.8% last month) and was higher on a Y/Y basis, rising by 5.0% (up an adjusted 9.9% last month). Again, tuck-in orders and express shipments of emergency supplies are keeping this elevated early in Q1. (IC131)

Ocean Freight Price Index:

The blended PPI for maritime service in December was 14.6% higher Y/Y (17.4% higher last month in adjusted data), and it was up 0.6% M/M (3.0% 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 December (latest data available) with rates down marginally by 0.3% M/M (0.4% higher last month) and was higher Y/Y by 5.8% (5.4% last month). (PCU49314931)



Global Maritime and Air Cargo Observations

Maritime Capacity Mixed, Asia Outbound Capacity Remains Tight

DHL expects many trade lanes to remain busier through January before balancing in February, with Asia seeing outbound demand outpacing capacity. Outbound lanes to Asia remain lighter. Drewry was also reporting some easing, despite the composite container index remaining 2% higher Y/Y through January 16th. Asia to US EC were still up 21% Y/Y and Asia to US WC were 35% 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	R	
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	

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

Source: DHL

Air Cargo Spot Rates 22% Higher Y/Y in Week 1

Average global air cargo spot rates were still high on Asia-Pacific origin lanes, remaining 22% higher Y/Y. Total tonnage was rising by just 2% Y/Y. Difficult weather conditions in the US was a factor pulling tonnage down in 2025, accurate comparisons are difficult. Worldwide air cargo contract rates are 6% higher Y/Y while spot and contract rate (averaged) were 13% higher.



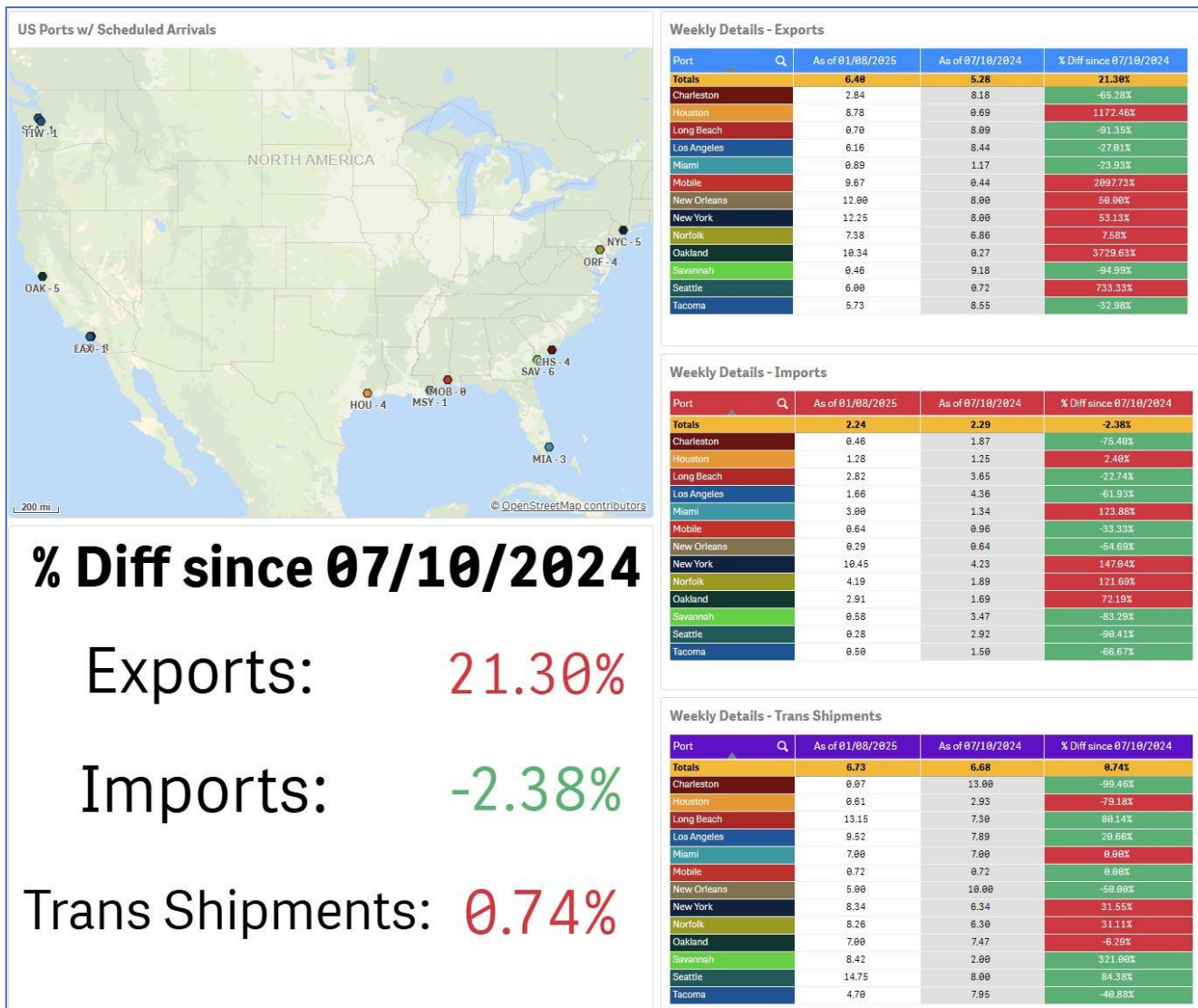
The LogisticsPULSE Port Congestion Index

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 about the same as it was in mid-July 2024. The processing time for Exports from these same ports is taking about a full day longer than it was in mid- July 2024. The processing time for Trans Shipments have also about the same over this time period.
- The US Ports with the greatest amount of Imported TEU’s currently are in Long Beach, Los Angeles and Houston and are processed in about 1.92 days. The highest volume of Exported TEU’s are also found in Long Beach, Los Angeles and Houston and they are completing the export process in about 5.21 days.
- The ports with the greatest number of scheduled vessel arrivals are Savannah, New York and Oakland, whereas New Orleans, Seattle and Mobile have the fewest..

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



Special Topics in Supply Chain & Logistics:



Tariff Risk and Inflation

The incoming Trump Administration has vowed to add 10% tariffs to Chinese goods (taking current tariffs to nearly 60%) and in addition, adding 25% tariffs to Canadian and Mexican goods. Initial comments suggest that these would be blanket tariffs. However, in his first term, the Trump Administration received 55,000 filings for tariff exclusions and granted more than 18,200 in the process. This was headed into the pandemic lockdown period, and medical supplies were critical which had some bearing in exclusions granted in 2020. From an inflation perspective, in the 2018/2019 period, inflation moved up only mildly from 1.7% to 1.9% (not all of it tariff related).

Changes in the Red Sea Situation in Early 2025?

Strikes by US forces on Houthi Rebel installations late in December and early January have started to reduce its capacity to attack commercial shipping in the region. The incoming Trump Administration has put a lot of pressure on Israel and Hamas to end the Gaza War, which would also theoretically put an end to Houthi attacks on “western flagged” vessels. In addition, the Trump Administration is likely to go on offense to reduce Houthi capacity to strike commercial vessels. Ending the Red Sea diversion would theoretically pull nearly \$6 per barrel of geopolitical premium off oil prices and could reduce maritime transportation costs (because it would free up capacity and reduce maritime operating costs, fuel consumption, etc.). The move would be largely disinflationary.



What’s New at Logistics Plus?

Logistics Plus Presents Letters of Support to Chornomorsk Mayor

LP presented Chornomorsk Mayor Vasyl Huliaiev with numerous letters of support from Erie, Pennsylvania-based companies, universities, and organizations. Derek Berlin, SVP of Government Solutions for Logistics Plus, traveled to Chornomorsk to deliver the letters in person. [Read More](#)



Logistics Plus Named to Newsweek’s Excellence 1000 Index and a Top 50 3PL by Global Trad Magazine

LP was named by Newsweek to the 2nd annual Excellence 1000 Index customer service, social responsibility, and excellence. LP was also named a Top 50 third-party logistics provider by Global Trade magazine for a fifth time in the past six years. [Read Newsweek Article](#) | [Read Global Trade Article](#)



Logistics Plus Awarded Prime Contract Holder Status for WEXMAC 2.0

Logistics Plus has received notice from the U.S. Navy, Navy Supply Systems Command (NAVSUP) that it has been awarded prime status for the Worldwide Expeditionary Multiple Award Contract (WEXMAC) 2.0. The scope covers Logistics & Transportation Services across 26 regions and nearly 100 countries. [Read More](#)



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