

# ECONOMIC INSIGHTS JANUARY, 2024

LMI

LTL PRICE INDEX

**PMI** 

DAT NATIONAL VAN RATES

CASS FREIGHT INDEX

**MONTHLY GDP** 

**RETAIL SALES** 

**DIESEL PRICE** 

TRUCKING TONNAGE

FUTURE OUTLOOK



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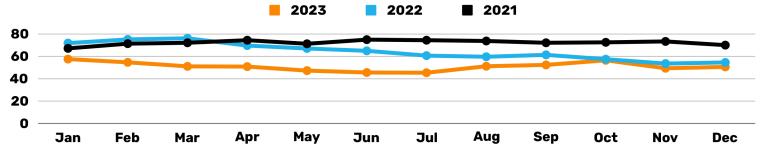


MyFreightWorld Inc.

## **Logistics Manager's Index (LMI)**

**Source: Descartes** 

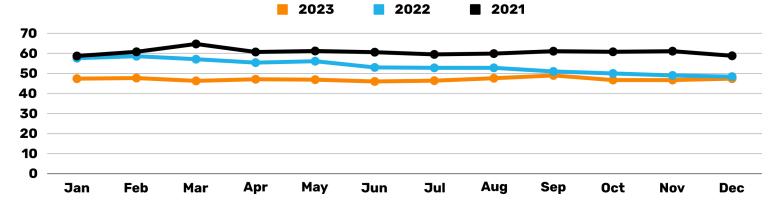
The Logistics Managers' Index (LMI) reached 50.6 in December, indicating expansion. Warehousing metrics showed increased utilization (+7.4) and prices (+1.2), while inventory levels declined despite swift product sales due to JIT practices. Transportation utilization expanded (+4.6), but transportation prices declined (-1.1). Inventory costs experienced significant growth at a rate of 55.8 (-6.3), prompting close monitoring of this metric in light of the shift towards Just-in-Time inventory management.



### Purchasing Manager's Index (PMI)

Source: The Institue for Supply Management (ISM)

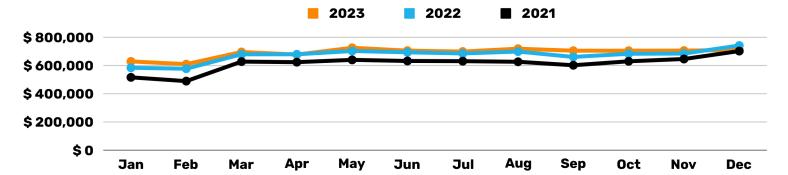
The U.S. Manufacturing PMI remained in contraction at 47.4% in December, with a slight improvement compared to November. Primary Metals showed growth, while the remaining 16 industries experienced contraction.



#### **Retail Sales**

Source: Census.gov

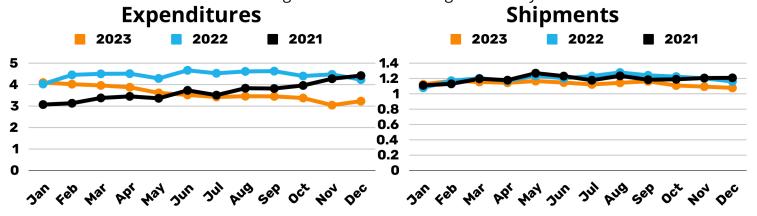
US retail and food services sales reached \$709.9 billion, with a monthly increase of 0.6% and a significant 5.6% increase compared to the previous year. Sales for the entire year of 2023 grew by 3.2% (±0.4%), highlighting the positive trajectory of the industry. Nonstore retailers experienced a substantial 9.7% YoY growth, while food services and drinking places witnessed an 11.1% surge from the previous month.



# **Cass Freight Index**

**Source:** Cass Information Systems

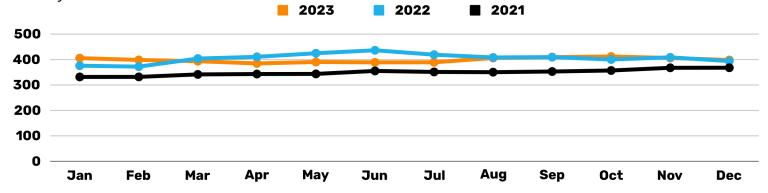
In 2023, there was a significant decline of 19% in U.S. freight spending, as measured by the expenditures component of the Cass Freight Index®. This came after a remarkable 38% surge in 2021 and an additional 23% increase in 2022. Looking ahead, it is projected to experience another decline of approximately 14% in the first half of 2024, assuming normal seasonal patterns. On the other hand, the shipments component of the Cass Freight Index® saw a slight decrease of 1.6% month-over-month in December. However, in seasonally adjusted terms, it actually increased by 2.1% month-over-month. This can be attributed to volumes falling less than usual during the holiday shortened month.



#### **LTL Producer Price Index**

**Source:** Bureau of Labor Statistics

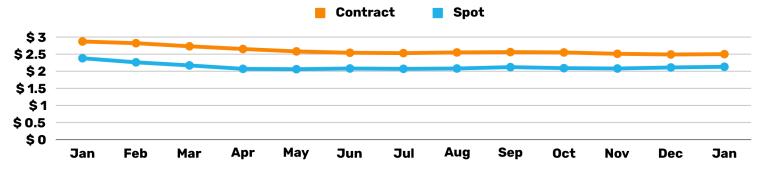
The U.S. Producer Price Index (PPI) for final demand decreased by 0.1% in December, driven by a 0.4% decrease in prices for final demand goods. However, the annual trend showed a 1.0% increase in 2023. Excluding the impact of foods, energy, and trade services, the index increased by 0.2% in December and rose by 2.5% over the course of 2023.

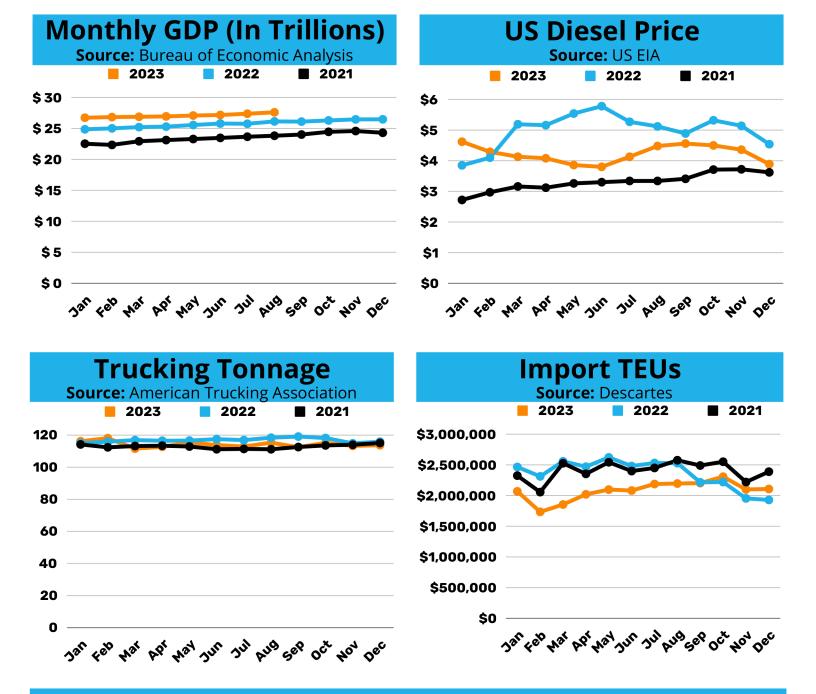


# DAT National Van Rates

Source: DAT

At present, contract rates (2.5) exceed spot rates (2.13) due to relatively low ratio of available loads to available carriers. However, this situation is expected to change as carriers exit the market with the existing freight demand and high-interest rates.





# **Future Outlook**

FTL rates thus far in Q1 have ticked up slightly, driven by winter weather and carriers continuing to exit the marketplace.

LTL rates are expected to remain stable throughout the year. Nearshoring in Mexico is becoming popular among U.S.-based companies in 2024, allowing for diversified manufacturing locations and reduced supply chain risks. Mexico has become an appealing destination for manufacturing.

To stay ahead of the competition, it's important to be flexible in your strategies and explore ways to optimize costs. If you require any help with carrier partnerships, TMS technology, or auditing your current processes, please don't hesitate to reach out. We would be more than happy to provide assistance throughout the upcoming year.