

# ECONOMIC INSIGHTS FEBRUARY, 2024

**LMI** 

TRUCK TONNAGE

**PMI** 

DAT NATIONAL RATES

**RETAIL SALES** 

**IMPORT TEUS** 

CASS FREIGHT INDEX

**DIESEL PRICE** 

LTL PRICE INDEX

**MONTHLY GDP** 



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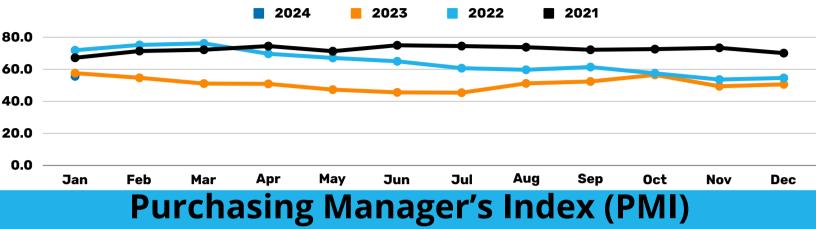


MyFreightWorld Inc.

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

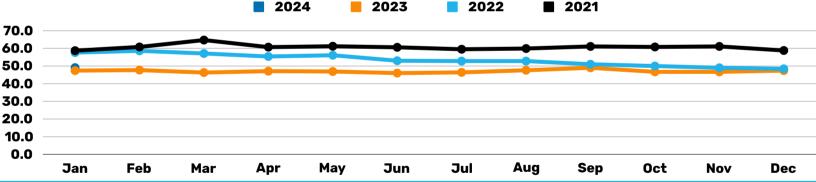
**Source: Descartes** 

In January 2024, the Logistics Managers' Index (LMI) surged to 55.6, up by 5.0 points from December. This increase was a result of the change in inventory levels and costs. All elements of the LMI displayed expansion for the first time since September 2019, indicating a strong growth path in the logistics industry. The positive momentum is supported by increasing consumer confidence and economic activity.



Source: The Institue for Supply Management (ISM)

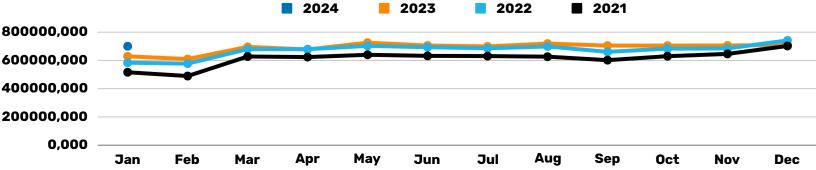
The January Manufacturing PMI indicates a slight easing of contraction in the sector, with New Orders and Production Indices showing growth. Challenges remain, with slight decreases in the Employment and Backlog of Orders Indices. However, faster supplier deliveries and strategic inventory management suggest the industry is adapting to pressures with strategic adjustments.



#### **Retail Sales**

Source: Census.gov

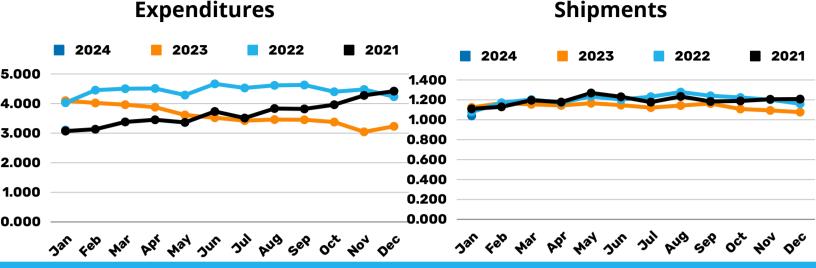
In the U.S., retail sales totaled \$700.3 billion, showing a slight 0.8% drop from the previous month but a 0.6% rise from the previous year. Although retail trade sales decreased by 1.1% monthly, nonstore retailers stood out with a strong 6.4% growth, showcasing diverse consumer spending behaviors across various retail segments. This varied performance reflects the diverse consumer preferences and behaviors shaping the retail industry.



# **Cass Freight Index**

**Source:** Cass Information Systems

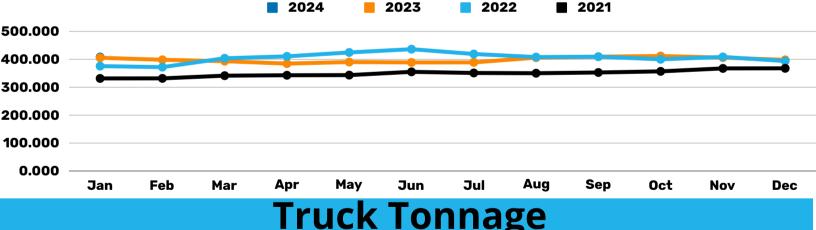
In the January 2024 Cass Freight Index Report, we saw a 7.6% year-over-year decrease in shipments and a 24.3% reduction in freight expenditures. The year-over-year decline in shipping volume is likely a result of 14 months of manufacturing contraction, along with the effects of inflation. The massive year-over-year reduction in expenditures stands out because of the correction that began in the spring/summer of 2023.



### **LTL Producer Price Index**

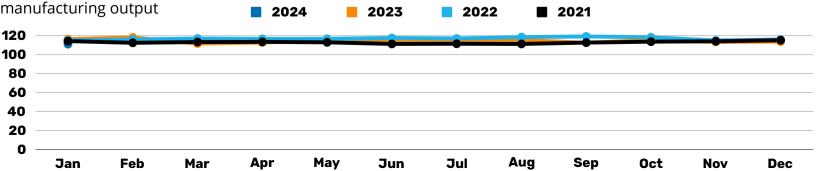
Source: Bureau of Labor Statistics

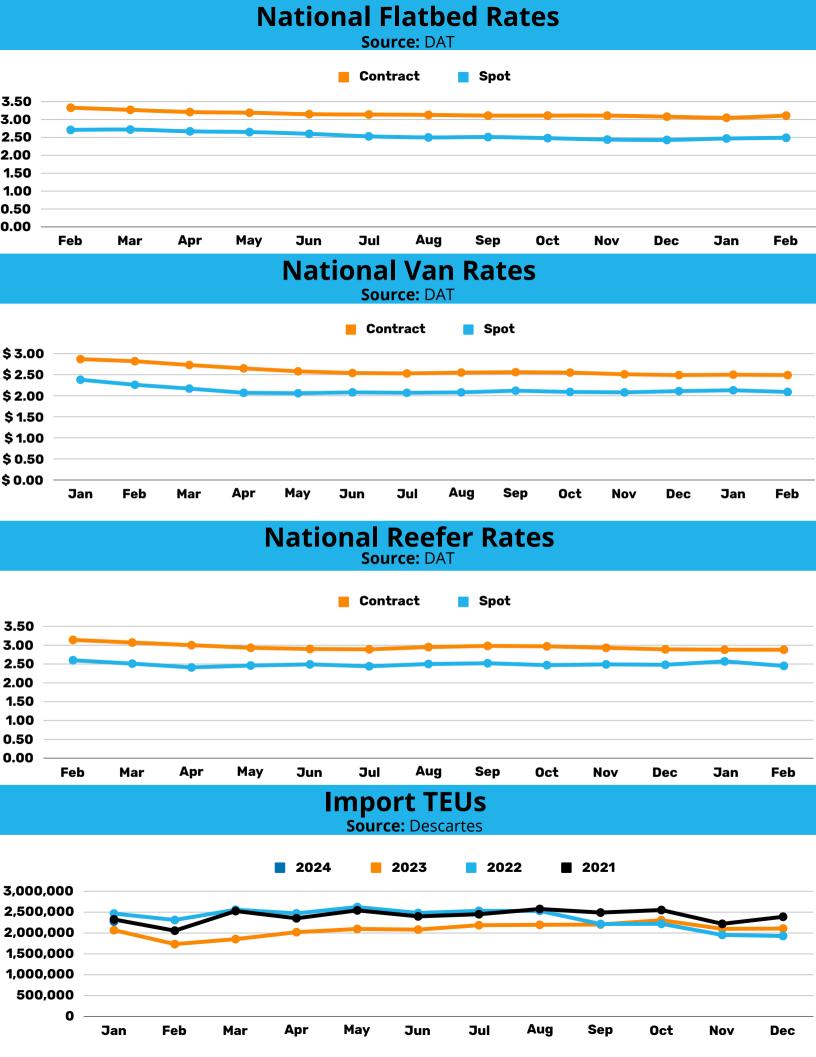
In January 2024, the LTL Producer Price Index stood at 408.425, marking a 2.56% month-on-month increase from 398.210, and a 0.71% year-on-year increase from 405.547. These fluctuations suggest escalating expenses in less-than-truckload shipping, which could potentially raise operational costs for shippers and influence freight pricing tactics.



#### **Source: American Trucking Association**

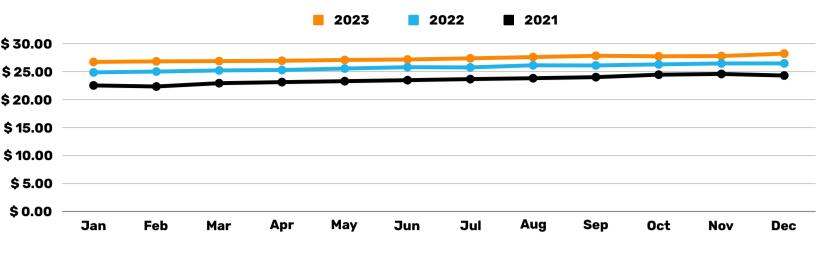
The ATA Truck Tonnage Index decreased 3.5% in January, falling to 111.0 from December's 115.0. This marks the 11th consecutive year-over-year decline, with a 4.7% drop compared to January 2023. Winter weather was a likely driver in impacting freight volumes, with other notable factors including a decline in retail sales and

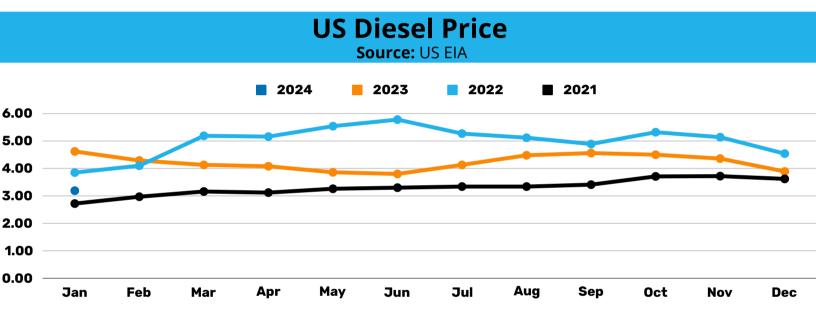




#### **Monthly GDP (In Trillions)**

**Source:** Bureau of Economic Analysis





# **Future Outlook**

Economic growth continues to plug along, as interest rate increases seem to be a thing of the past and individuals and companies alike both look forward to an interest rate decrease as soon as May or June.

Pricing power remains in control of LTL carriers at the moment, with no signs of that changing anytime soon. We are expecting to see more Full Truckload carriers exit the market, as spot rates remain very low. For now though, the ratio of available capacity to available loads remains high and until that changes we expect spot rates to remain low.

As shippers request more specialized services, carriers will adjust rates to reflect the value of these services for both FTL and LTL shipments. Employing flexible logistics strategies, such as utilizing various transportation modes and carriers, can help navigate rate fluctuations effectively. Establishing strong relationships with carriers and negotiating long-term contracts can offer more stable pricing and improved service commitments, aiding in managing the impact of changing rates.