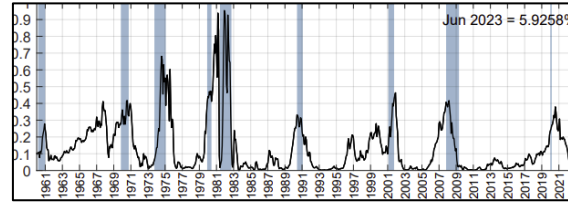


Factors Shaping Supply Chain & Logistics

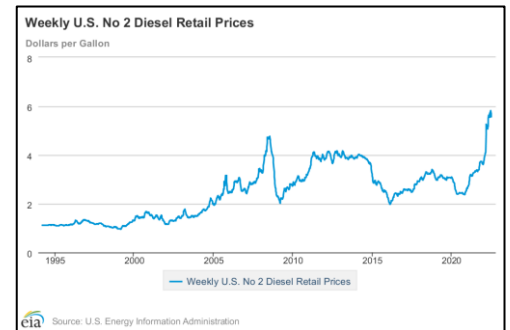
GDP Outlook Softens. There are many different recession indicators, but one that is often sourced is the New York Fed’s Recession Probabilities Index and it currently shows the chances of recession (prior to the end of the year) are still pretty low at just 5%. This can change quickly; 2022 US Real GDP is projected to grow an anemic 1.7%.



Retail Sales Mixed. Inflation-adjusted retail sales remain near all-time highs as the graph at right shows. However, they are 0.5% lower year-over-year and were 0.3% lower sequentially month-over-month. There is some sluggishness showing up in consumer spending data as inflationary prices hit households harder. Still, volumes are strong and freight flows will continue to be steady.



Diesel Prices Still Near All-Time Highs. Amid low inventories of refined diesel, retail prices for diesel remain near the upper end of their record highs. National diesel prices are \$5.57 a gallon at the time of writing, down slightly from peak levels of \$5.82 hit on June 19th. Prices are still 70% higher than a year ago. (source: EIA)

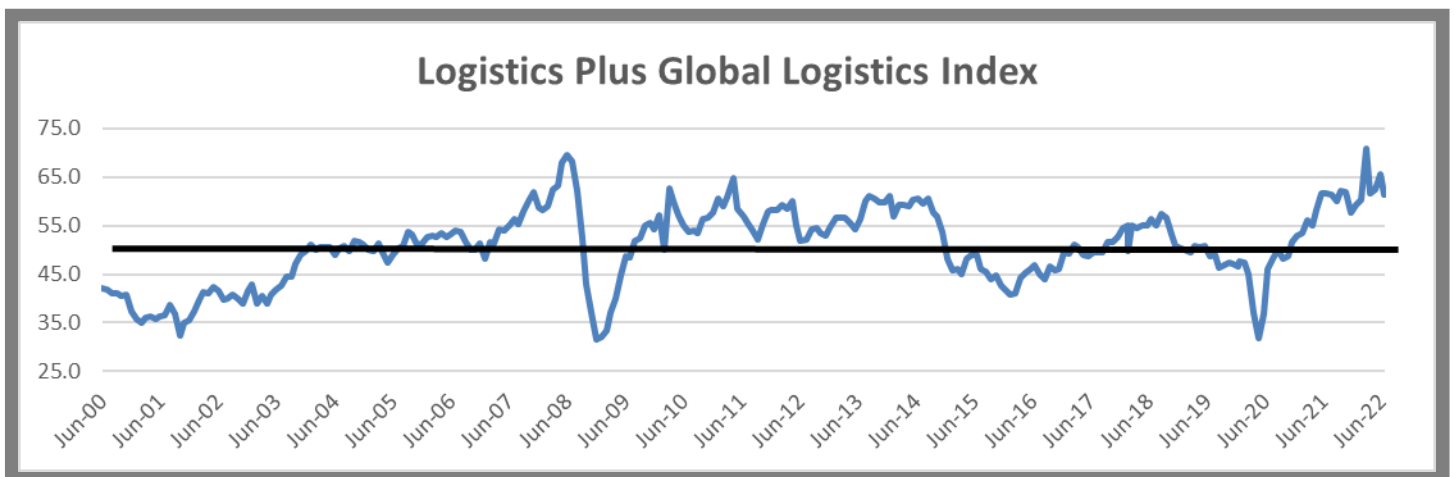


The LogisticsPULSE Global Logistics Index

June GLI Decelerates Slightly, But Remains Historically High

The Logistics Plus Global Logistics Index (GLI) came in at 61.5 in June, down slightly from 65.7 posted in May but remaining firmly in expansion phase. The index was 0.1% lower year-over-year but was still 26.2% higher vs. the same pre-pandemic period in 2019.

The 22 global economic and transportation metrics that make up the index were starting to show some mild economic pressure, and disruptions from Covid lockdowns in China were still impacting supply chain throughput. The GLI measures transportation demand and has been measured over twenty years of collected data

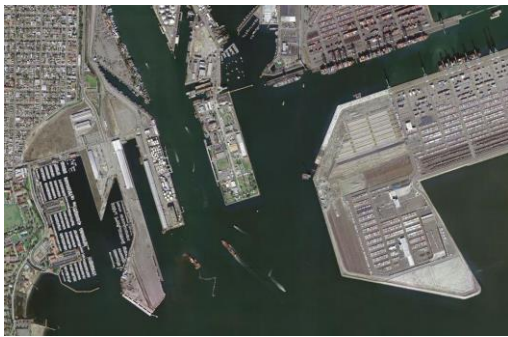


What's New & Important with North American Supply Chains?



Is the Reshoring Trend Accelerating?

US Construction spending on manufacturing facilities is currently hitting all-time high levels with more than \$94 billion in annualized spending, which is 26.3% higher on a year-over-year basis. Recent surveys are still showing corporate executives planning to move more manufacturing and sourcing out of China. But much of it will end up diversifying in southeast Asia, Mexico, with a smaller portion getting re-shored back into the US. This could ultimately alter US distribution patterns.

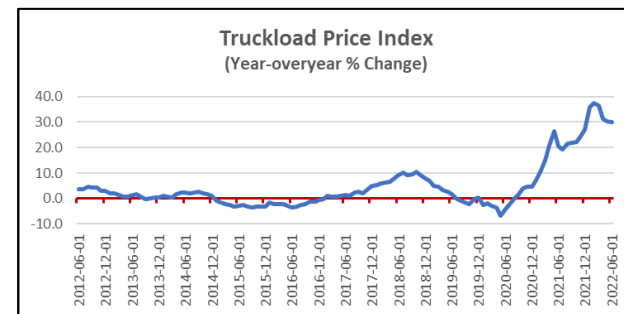


Port Negotiations Ongoing; Port Also Sees Record June Inbound Volume

Labor negotiations continue to be ongoing between the ILWU and PMA covering workers on the West Coast. The contract deadline was July 1st and parties continue to negotiate. This comes at a time when the Port of LA experienced one of its busiest June periods on record. The National Retail Federation is still showing an average of more than 2 million TEUs per month likely hitting US shores through October. If they maintain this average, it would be a new record.

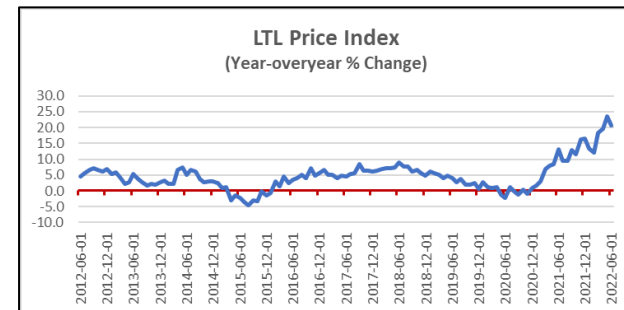
Full Truckload (FTL) Price Index:

Truckload prices are down 1.9% month-over-month in June according to the Producer Price Index (includes both contract and spot rates). But it remained 30.0% higher year-over-year and continues to be near all-time highs. (PCU484121484121)



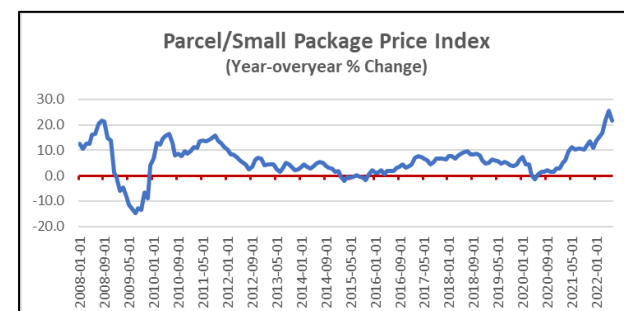
Less-Than-Truckload (LTL) Price Index:

LTL prices rose 0.8% month-over-month in June and remained 20.6% higher year-over-year. Capacity reportedly remained tight in many regions of the country, as is reflected in a tightening index. (PCU4841224841221)

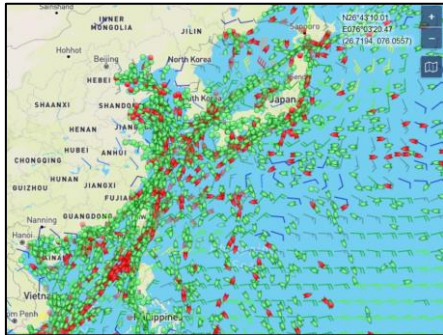


Parcel/Small Pack Price Index:

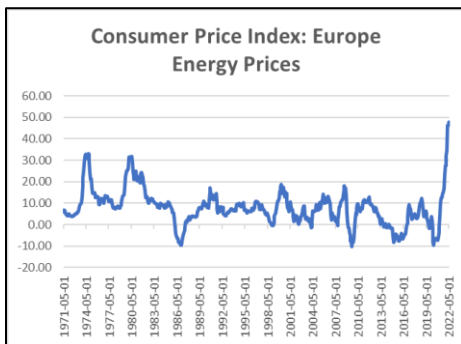
Prices for parcel and small package express courier services were 21.6% higher than they were a year ago but showed some slight deceleration month-over-month in June (-2.5%). E-commerce sales were still 9.6% higher year-over-year and were higher by 2.2% month-over-month in June. (PCU492110492110201)



What's New & Important with International Supply Chains?



China Covid Lockdowns Continue, Disrupting Distribution and Throughput
China continues its zero-Covid case policy, and it has had its first instances of the BA.5 variant which is highly contagious. More than 30 million people are now under various forms of new quarantines and disruptions to manufacturing activity and inland distribution systems will continue to be a problem for supply chain managers. The New York Federal Reserve's Supply Chain Pressures Index is still near all-time highs, showing that supply chain scrambling continues.

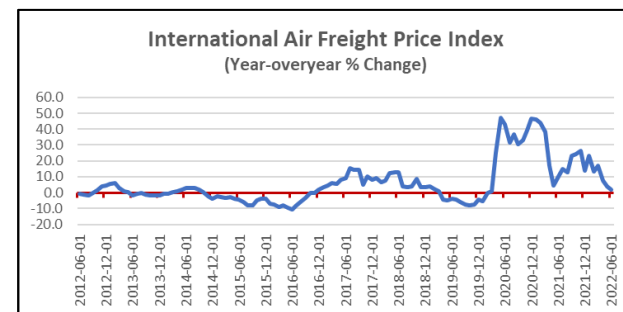


European Energy Prices Continue at Record Highs

The consumer price index for Europe (covering energy prices) came in at its highest level ever in May; rising by 3.3% between April and May and was up an unbelievable 281% year-over-year. This was also prior to the Nord Stream 1 pipeline being taken almost completely offline for repairs in June. The impact is that Europe could face significant economic pressure and if electricity or natural gas supplies get tight, the first sectors to be cut off will be in the industrial complex. That could disrupt and challenge supply chains once again.

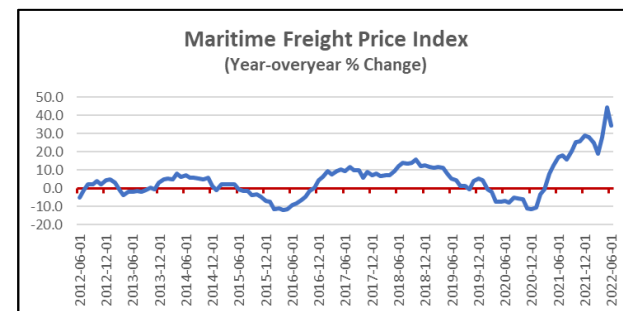
Airfreight Price Index:

The airfreight price index came in 0.5% higher month-over-month and was just slightly higher on a year-over-year basis, rising by 1.8%. Global supply chain volatility continues to keep some products in a critical expedited phase and health care products for fighting viral outbreaks are still in high demand. (IC131)



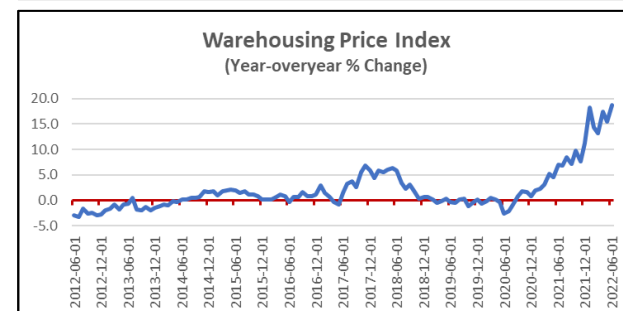
Ocean Freight Price Index:

There are a number of different measures that show ocean freight rates decreasing. The blended PPI for maritime service is still showing a strong year-over-year rate that is 34.5% higher, but it was decelerating at a 3% month-over-month sequential rate. (PCU483111483111)

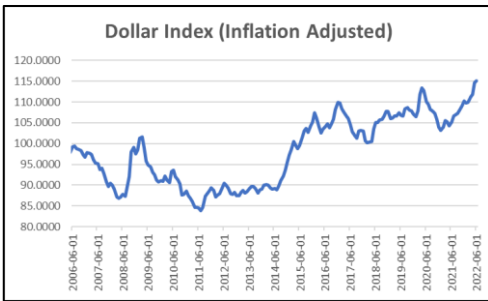


Warehousing Price Index:

Warehousing prices were still remaining near record highs with rates 2.6% higher month-over-month in June and sharply higher year-over-year by 18.6%. (PCU49314931)

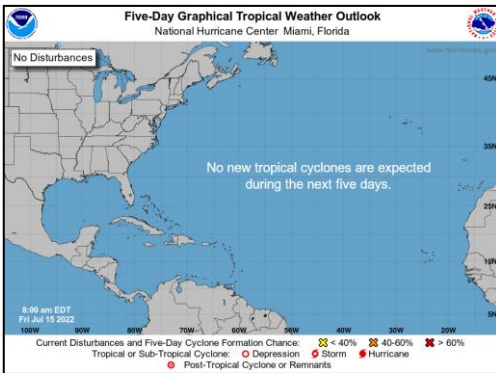


Special Topics in Supply Chain & Logistics:



US Dollar Index Hits Decade Highs

The US dollar is gaining strength against a bucket of international currencies and has hit its strongest levels against the Euro since the start of the European Union. This changes how sourcing managers are going to look at their inventory levels and anecdotal information suggest that some will be using this leverage to stockpile materials and products that have low obsolescence, fad, and perishability risk.



Hurricane Season Non-Event Thus Far

Weather systems have spared most of the US Gulf and East Coast regions thus far in 2022. This year takes on more significance because of tight refinery capacity and over-utilization of those facilities. Diesel inventories nationwide are still near decade lows and any disruption to those key refinery facilities in the Gulf Region would create a challenging environment for the transportation sector. We are keeping an eye on the tropics, which are (thankfully) clear for now.

What's New at Logistics Plus?

Logistics Plus Acquires Concord-Trans to Expand its Ukraine Operations

Logistics Plus has announced the acquisition of Concord-Trans, a Ukrainian-based freight forwarding and logistics company. Located in Ukraine's capital city, Kyiv, with a second office in Odesa, the purchase includes nearly a dozen in-country logistics professionals specializing in road, sea, and air freight transportation, customs clearance capabilities, and project cargo management. [Read More](#)



Logistics Plus Recognized with Another Top Supply Chain Project Award

Logistics Plus is proud to announce it has been selected by Supply & Demand Chain Executive, an industry-leading publication covering the entire global supply chain, as a recipient of a Top Supply Chain Projects Award for 2022. Logistics Plus has been honored for managing a top global supply chain project for a fourth consecutive year and the sixth time in the past seven years. [Read More](#)



Yuriy Ostapyak Featured on Inbound Logistics Podcast

Logistics Plus COO Yuriy Ostapyak was interviewed and featured on the latest episode of the Inbound Logistics Podcast titled "War in Ukraine: How is One 3PL Navigating the Ultimate Disruption?" [Listen Here](#)

