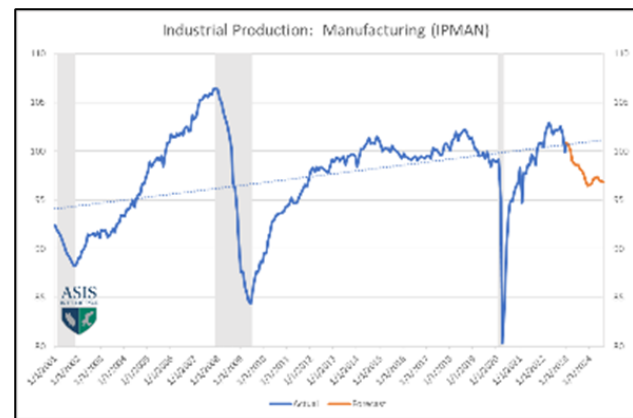
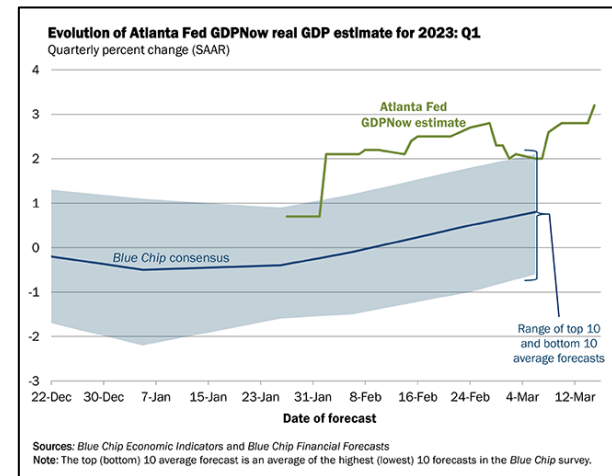


Factors Shaping Supply Chain & Logistics

Atlanta Fed GDPNow Forecast Still Strong. Q1 GDP is still trending ahead of schedule at the Atlanta Fed (now showing growth of 3.2%). The banking sector uncertainty has cast a shadow on the global economy, but it could be more related to fear than actual weakness. For now...

Jobs / Consumer Spending Stable. With 70% of GDP in the US and elsewhere tied to consumer spending, it is important for freight volume demand. The current labor environment is strong in the US and elsewhere, many industries are still going through labor shortages despite some layoffs building in the high-tech sector. Inflation-adjusted retail spending was also showing spending remaining historically very strong, despite some deceleration.

Forecast For Industrial Production Turns Down. A forecast for industrial production in manufacturing turned weaker in February. This measure of industrial production has a high correlation to freight volumes. What the outlook shows is steeper deceleration in the first half of 2023 than last month's model. In the second half of 2023, what was an improving trend has now flattened at weaker levels where it will remain well into 2024.

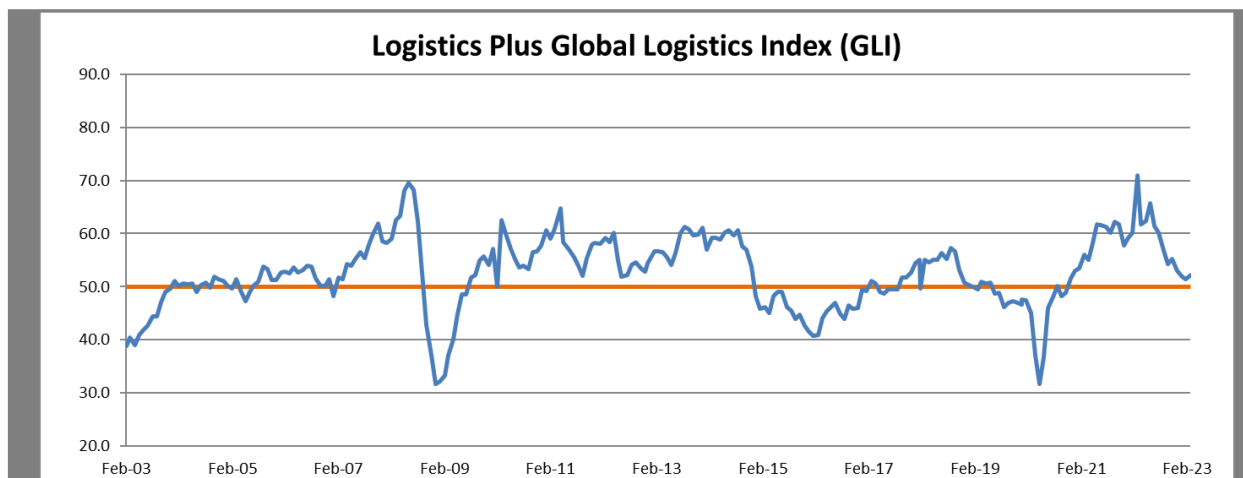


The LogisticsPULSE Global Logistics Index

The GLI Inches Up in February

The LogisticsPULSE Global Logistics Index (GLI) came in at 52.2 in February, higher than the 51.5 posted in January and it remained marginally in the expansion phase. The index was 26.5% lower Y/Y (it was 14.5% lower Y/Y last month) but was 1.5% higher M/M. But it was still 15.9% higher vs. the same pre-pandemic period in 2019.

The 22 global economic and transportation metrics that make up the index flattened on a broad basis in February. The GLI measures transportation demand and has been measured over twenty years of collected data.

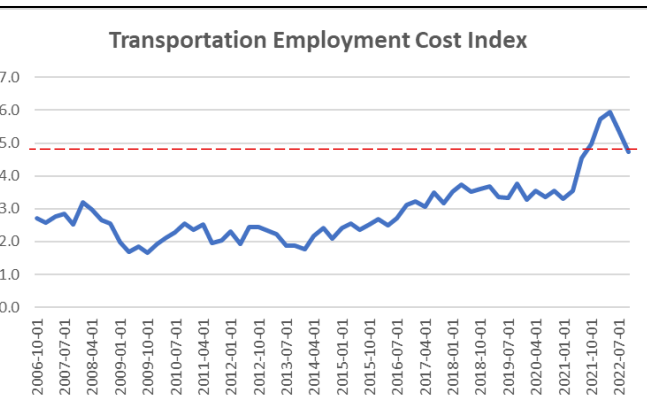


What's New & Important with North American Supply Chains?

Inventory to Sales Ratio (ISR) Analysis			
Sector	Jan 2020 ISR	Jan 2023 ISR	ISR Percent Above/Below 2020 Levels
Total Business	1.43	1.34	-6.3%
Automotive	1.95	0.58	-70.2%
Retail	1.43	1.23	-14.0%
Merchant Wholesalers	1.33	1.34	0.8%
Manufacturing	1.53	1.48	-3.3%

Business Inventories Still High Post-Peak Retail Season

The data for January inventory-to-sales ratios has been released and it shows that businesses are still sitting heavy relative to previous periods. That will be accentuated in the next couple of quarters if economic pressure pushes sourcing managers to trim inventories (to improve liquidity during a period of economic risk). Auto inventories are still sitting 70% lighter than they were prior to the pandemic. Breaking down most retailer inventories, most subcategories of retail are still sitting overstocked, a few have moved back into a balanced state. This is important for stimulating reorder activity, which will boost broader economic activity.

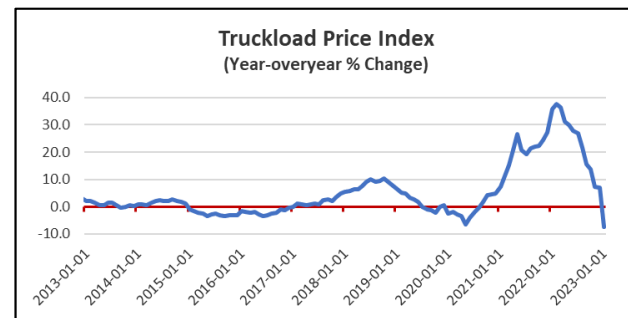


Why Are Transportation Costs Still Higher Than Expected?

There are a lot of reasons why this might be taking place, but higher cost structures are the primary factor, especially when it comes to labor. The Employment Cost Index for the transportation sector was still growing at 4.7% year-over-year at the end of December. Carriers that worked hard to attract, hire, and retain drivers over the past year are reticent to let them go in what would normally be a layoff period. They can trim costs in other areas, but their cost structures are generally higher than they might have been in a different economic cycle. Interest rates and other operating costs are also still higher, adding to the overall situation.

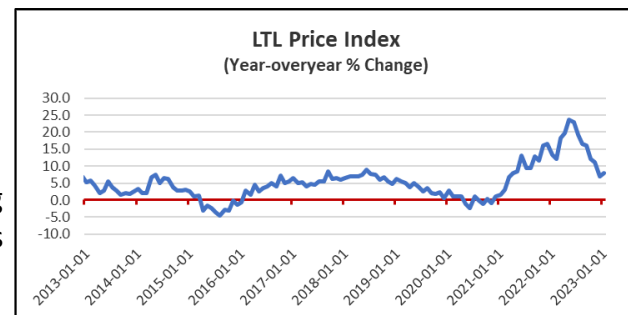
Full Truckload (FTL) Price Index:

Truckload prices were down 8.6% M/M (2.6% higher last month) in January (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 7.4% Y/Y (4.2% higher last month). (PCU484121484121)



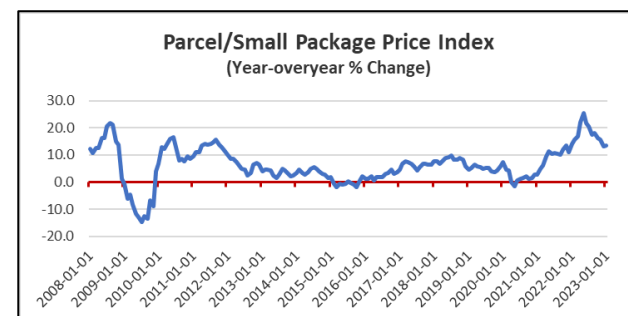
Less-Than-Truckload (LTL) Price Index:

LTL prices were 3.0% higher month-over-month in January (latest available) and remained higher by 7.9% Y/Y (7.1% higher last month). The index has improved slightly month-over-month early in 2023 but business inventories remain higher than normal coming out of the peak retail season and this is still slowing freight volumes in the first quarter of 2023. (PCU4841224841221)



Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services were 13.4% higher Y/Y (13.1% last month); and they were up month-over-month in January by 8.7%. E-commerce sales were still 8.5% higher Y/Y (13.7% last month) and were 1.6% higher month-over-month in January (latest available). (PCU492110492110201)



What's New & Important with International Supply Chains?

Manufacturing Activity Inches Up in February

The primary global markets that provide much of the global economic engine for the supply chain saw some general improvement between January and February. In February (latest available), there were just 12 nations with manufacturing sectors in contraction, down from 19 a month ago. Many countries were saying that there was significant progress in working through backlogs and supplier delivery times were improving back to pre-pandemic levels. Despite some economic “scares” of late, fundamentally, products are starting to move, inventories are slowly starting to improve, and activity is generally picking up. The BDI story below reiterates this.

Country	Current Month	Latest Month Manuf. PMI	Prior Month Manuf. PMI	M/M Change	Current Month Services PMI	Latest Month Services PMI	Prior Month Services PMI	M/M Change
Global PMI	Feb	50.0	49.1	0.9	Feb	52.6	50.0	2.6
Eurozone PMI	Feb	48.5	48.8	-0.3	Feb	52.0	50.3	1.7
US	Feb	47.3	46.9	0.4	Feb	50.6	46.8	3.8
China	Feb	51.6	49.2	2.4	Feb	55.0	52.9	2.1
Canada	Feb	52.4	51.0	1.4				
Mexico	Feb	51.0	48.9	2.1				
Japan	Feb	47.7	48.9	-1.2	Feb	54.0	52.3	1.7
Germany	Feb	46.3	47.3	-1.0	Feb	50.9	50.7	0.2

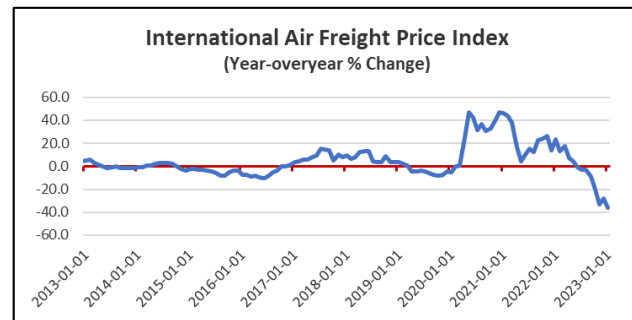


Baltic Dry Index Surges 200% in 30 Days

The chart at left from [Trading Economics](#) shows the Baltic Dry Index (BDI) and the 202.5% improvement in the past 30 days. It is still well off from the 10-year peak hit in September of more than 5,000 points, but the rebound is noticeable. This index measures the relative costs of moving bulk products in the world's busiest maritime trade lanes, and many think it is a precursor to manufacturing and economic activity. That seems odd given the challenges across the global economy of late, but the adage offered by one analyst is that “somebody, somewhere, is moving a lot of stuff”; that is certainly in play.

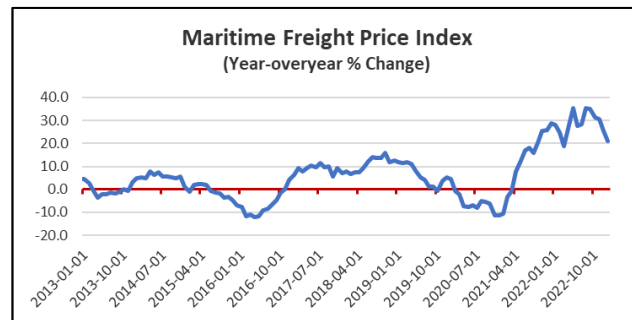
Airfreight Price Index:

The airfreight price index came in 2.4% lower M/M in January (latest available) and was lower on a Y/Y basis, falling by 35.9% (down 27.8% last month). Markets are still expecting some air freight volumes to start to pick up in Asia as the China reopening process gains momentum. Recession risks can derail some of that recovery, but keeping inventories low is one potential driver of smaller, faster moving shipments via air. (IC131)



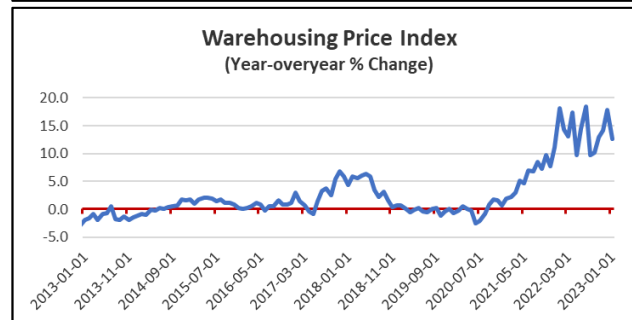
Ocean Freight Price Index:

The blended PPI for maritime service in January was 21.0% higher Y/Y (25.6% last month), and it fell 3.3% again M/M (-0.6% last month). Sailing capacity is available despite some increases in blank sailings that are stripping some industry capacity out of the market. (PCU483111483111)



Warehousing Price Index:

Warehousing prices rebounded in January (latest data available) with rates 2.3% higher M/M (+5.8% last month) and was higher Y/Y by 12.7% (+17.9% last month). (PCU49314931)



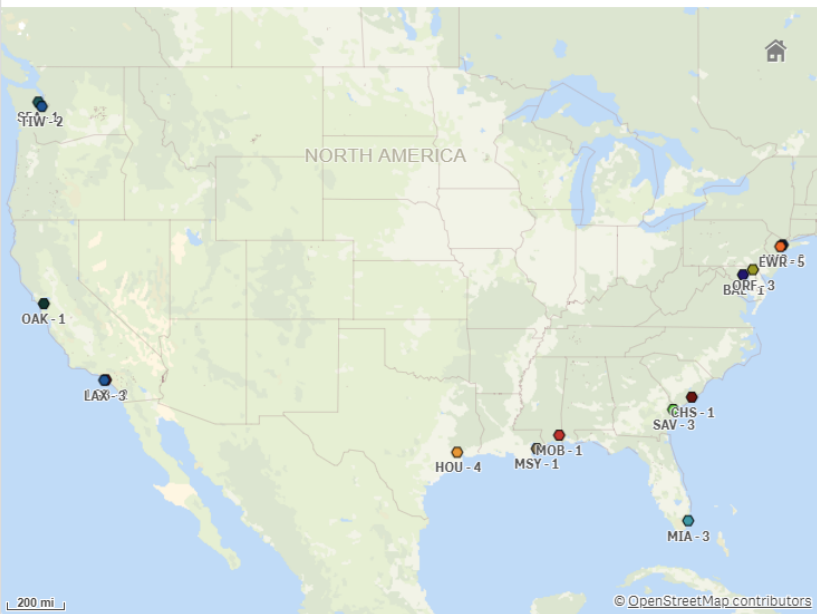
The LogisticsPULSE Port Congestion Index

U.S. Ports In Better Shape Than Earlier This Year

Port congestion is one of the biggest shipping problems faced by U.S. corporations today. The **LogisticsPULSE Port Congestion Index (PCI)** is a data-driven tool that can help calculate how much congestion there is at specific ports in the USA and around the world.

- On average, Import Container Processing time (in days) is down an incredible 36% and Export Container Processing time is down 13.55% since mid September 2022.
- Houston and Oakland are currently receiving the greatest volume of TEU's, processing them in about 13 days. The highest volume of Export TEU's are from Houston and Miami, which are being processed in about 18 days.
- Newark and Houston currently have the greatest number of scheduled arrivals, while New Orleans, Seattle, Mobile, Oakland, Charleston and Baltimore have the least.

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



Weekly Details - Exports			
Port	As of 03/09/2023	As of 09/08/2022	% Diff since 09/08/2022
Totals	8.19	9.47	13.55%
Baltimore	9.00	16.00	43.75%
Charleston	5.00	10.00	50.00%
Houston	8.00	9.00	11.11%
Long Beach	9.75	8.49	-14.84%
Los Angeles	8.11	9.62	15.70%
Miami	10.00	9.00	-11.11%
Mobile	9.00	8.00	-12.50%
New Orleans	15.00	9.00	-66.67%
New York	7.00	9.00	22.22%
Newark	5.00	2.00	-150.00%
Norfolk	8.00	7.00	-14.29%
Oakland	6.00	12.00	50.00%
Savannah	5.00	18.00	72.22%
Seattle	8.00	7.00	-14.29%
Tacoma	10.00	8.00	-25.00%

% Diff since 09/08/2022

Exports

13.55%

Imports

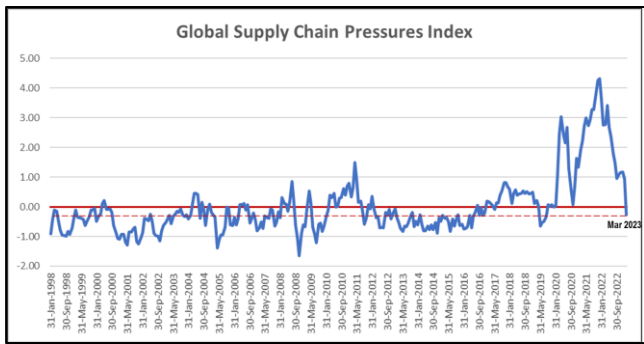
36.00%

Weekly Details - Imports			
Port	As of 03/09/2023	As of 09/08/2022	% Diff since 09/08/2022
Totals	6.44	10.07	36.00%
Baltimore	11.00	7.00	-57.14%
Charleston	4.00	10.00	60.00%
Houston	7.00	8.00	12.50%
Long Beach	6.83	5.27	-29.60%
Los Angeles	3.82	11.74	67.46%
Miami	4.00	6.00	33.33%
Mobile	1.00	8.00	87.50%
New Orleans	15.00	2.00	-650.00%
New York	7.00	11.00	36.36%
Newark	3.00	7.00	57.14%
Norfolk	6.00	8.00	25.00%
Oakland	6.00	30.00	80.00%
Savannah	8.00	8.00	0.00%
Seattle	8.00	20.00	60.00%
Tacoma	6.00	9.00	33.33%

Special Topics in Supply Chain & Logistics:

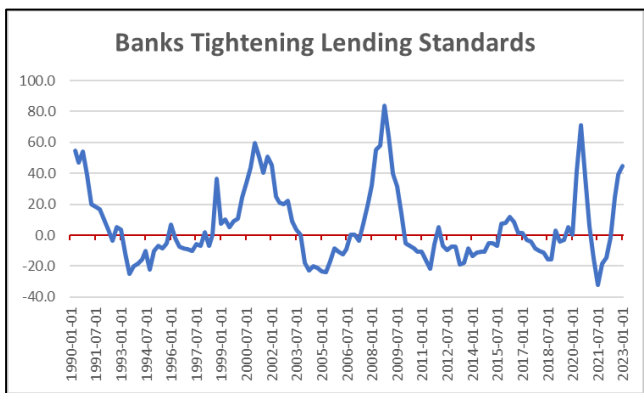
Global Supply Chain Pressures Index Now Balanced

It was important to update the Global Supply Chain Pressures Index once more this month because it has inverted for the first time since the pandemic started. Remember that a negative reading in the index simply suggests that global supply chain volatility is lowering, and supply chain continuity is improving. Order delivery times are more predictable, congestion is lower, capacity is more available, and prices overall (including fuel) are improving. This reading level in the global index reiterates that conditions are becoming more manageable.



Do We Worry About Global Banking Situation?

There is a tremendous amount of volatility in the global banking sector, at least from a market perception perspective. Aside from a few specific instances, the banking sector is still generally showing strong balance sheets. The fear of contagion is likely worse than the actual level of risk itself. Credit is still flowing, albeit some financial institutions are still tightening their credit standards on lending (a trend that started in Q2 of 2022) and events over the past week could push them to tighten those standards further/faster. At the time of writing this month's brief, the situation was still fluid and changing. As FDR said, perhaps the "only thing we have to fear is fear itself?"



What's New at Logistics Plus?

Logistics Plus CEO "Fulfilling a Mission" by Smart Business Magazine

Logistics Plus founder/owner and CEO Jim Berlin was profiled in the March 2023 edition of Smart Business Pittsburgh magazine. The article, written by Anthony Castrovince, titled "Fulfilling a Mission," looks at how Jim turned a "whim into a win" when he created Logistics Plus, Inc. over 26 years ago. [Read More](#)



Introducing Logistics Plus Ningbo, China

Logistics Plus China is excited to announce the opening of our new office in Ningbo! Elsa Fei will manage the Logistics Plus Ningbo branch. Elsa graduated from the University of Adelaide in Australia. She will lead the Ningbo office and her team that offers freight forwarding (air and ocean), import/export, customs and compliance, and more. [Read More](#)



LP Radio by Logistics Plus on Spotify

Logistics Plus launched a new podcast channel on Spotify last year. LP Radio by Logistics Plus, as it is called, includes a variety of regular and ad-hoc programs providing updates on top supply chain news, trends, and careers. You'll also get a deeper insight into Logistics Plus, the company, its people, and its locations. Regular programs include the LogisticsPULSE podcast. [Read More](#)

