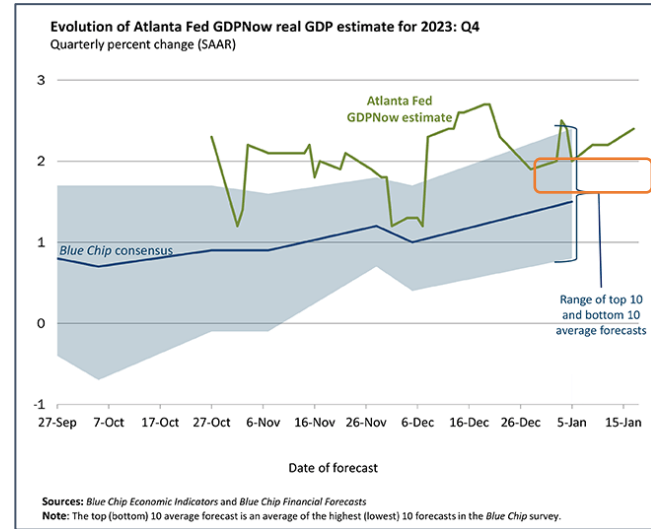


Factors Shaping Supply Chain & Logistics

Q4 GDP Outlook 2.4%. The Atlanta Fed GDPNOW estimate early in January has improved since last month's estimate. The current outlook shows that Q4 likely grew at roughly 1.5-2%. The current reading is showing it growing 2.4%, but that will ease when final data is released. For the first quarter of 2024, most estimates show GDP slowing to -0.8%. That is expected to be followed up in Q2 with contraction of -0.9%, then growing in the second half of the year to create full year GDP of just under 1%. This is not predicated on the Federal Reserve pulling interest rates lower, but that would accelerate and increase growth expectations.



Consumer Spending Outlook for 2024. A model for retail sales and spending for 2024 shows a continuation of the same spending levels throughout the year. The model is only showing some pockets of softness late in 2024 and into 2025, the curve flattens and growth stalls. But this retail data is based on dollars of spending, and we can see in the chart that the total dollars of spending continues to remain strong, despite the growth rate slowing. The bottom line is that consumer spending accounts for 70% of US GDP, and most indicators show it remaining strong in 2024 and 2025.

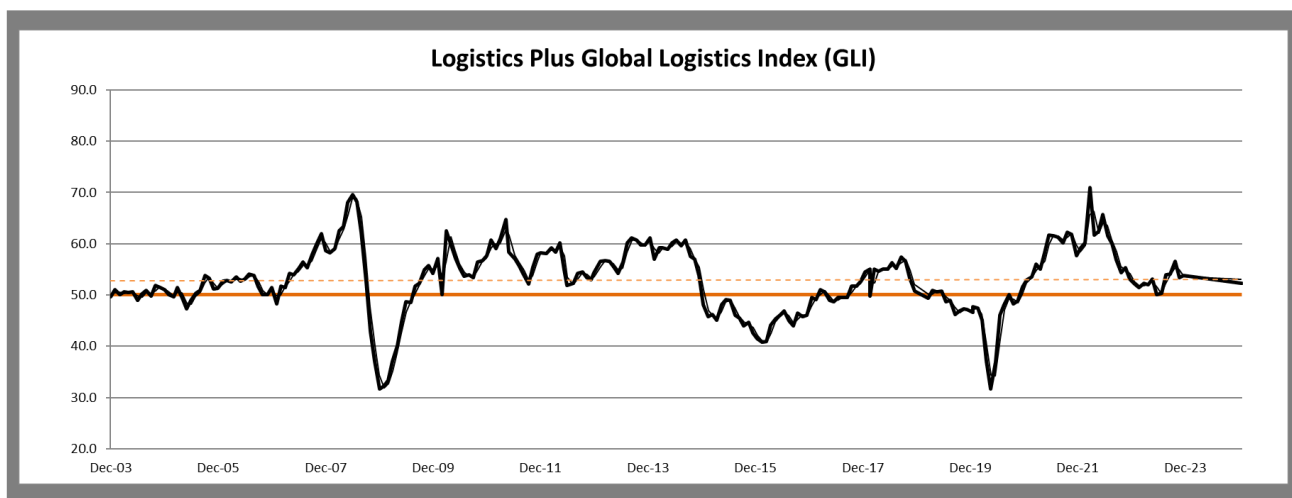


The LogisticsPULSE Global Logistics Index

The GLI Slips in December

The LogisticsPULSE Global Logistics Index (GLI) came in at **52.3 in December**, down slightly from 53.8 in November. It was still in expansion territory but remained sluggish once again this month. The index was 0.4% higher Y/Y (it was 1.4% higher Y/Y last month) but it was 2.6% higher M/M.

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?



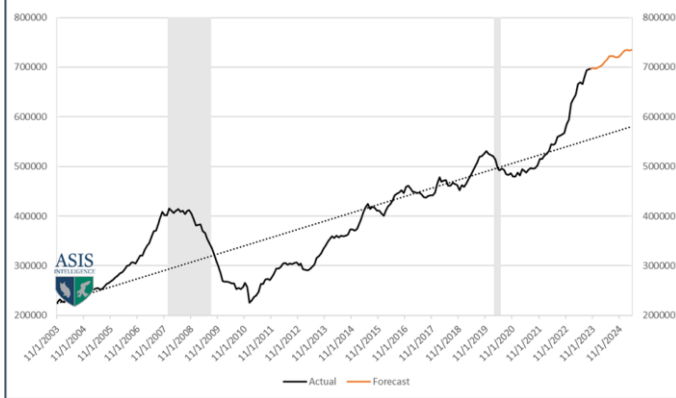
Panama Canal Constraints to Continue Through Q1

Estimates suggest that the drought conditions restraining throughput in the Panama Canal will continue through much of Q1. After a couple of months of 15-18 transits a day against a normal daily average of 35, the Panama Canal Authority is estimating that transits will increase to 25 or slightly more through much of the quarter. The concern is that the current El Nino weather pattern that has created this drought condition could remain a strong El Nino cycle through the first half of the year. That is why forecasts for continued throttling of throughput continues through the first quarter.

Construction Link to Trucking Capacity

Construction provides a double-edged sword for the trucking sector. First, it increases demand for freight services and second, it is the primary competitor for CDL drivers (especially in the commercial construction sector). The outlook for nonresidential construction (at left) is expected to be strong through 2024 and 2025. This could change, but many of the drivers of growth are still in place, and manufacturing construction activity remained 59% higher Y/Y on \$209 billion in annual spending, a trend that should continue.

Private Nonresidential Construction Spending (PNRESCONS)
Forecast as of December 2023



Full Truckload (FTL) Price Index:

Truckload prices were down 2.7% M/M (1.7% higher last month) in December (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 9.3% Y/Y (-4.5% adjusted from last month). (PCU484121484121)

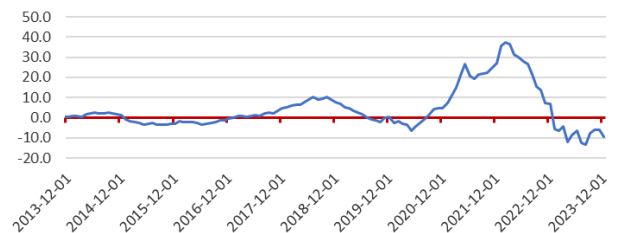
Less-Than-Truckload (LTL) Price Index:

LTL prices were lower by 2.0% month-over-month in December (latest available) and were up 1.1% Y/Y (down 0.6% last month). Prices have continued to slow into the end of 2023 and early in 2024, largely as part of the global destocking process that has been underway. (PCU4841224841221)

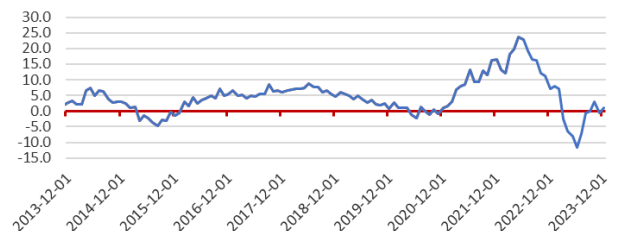
Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services increased again by 6.8% Y/Y (4.2% higher last month); but were down month-over-month in December by 0.7%. E-commerce sales were 9.7% higher Y/Y (10.6% last month) and were higher by 1.5% month-over-month in December (latest available). (PCU492110492110201)

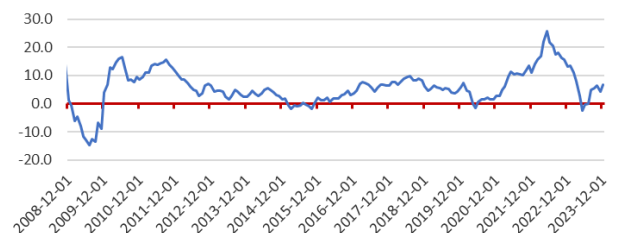
Truckload Price Index
(Year-over-year % Change)



LTL Price Index
(Year-over-year % Change)



Parcel/Small Package Price Index
(Year-over-year % Change)



What's New & Important with International Supply Chains?

Europe Weakens, Asia Soft, USMCA Mixed

Global surveys of manufacturing and services sectors now show a global economy that was sluggish at the end of the year. European markets are largely experiencing a slowdown in both sectors. Germany, France, and Italy were all very slow across their macro-economies. Asia was generally experiencing a manufacturing slowdown, but services sectors were still growing (in general). In the USMCA markets, the US and Canada were both sluggish. The US was still propped up by the services sector, but Canada has both sectors declining and in contraction. Mexico was a benefactor of strong shifts in global sourcing (as is India). Mexico was one of the few global manufacturing sectors expanding through December.

Maritime Shipping Rates Surge in Some Lanes

In the wake of the Red Sea diversions, nearly all rates have increased on a week-over-week basis while some are much higher on a year-over-year basis. The [Drewry](#) chart at left shows the global composite index as of 1/18, and it shows prices up 82% year-over-year and 23% higher week-over-week. Obviously, primary lanes impacted are going to be Asia to Europe. But there is some risk that global maritime capacity begins to tighten a bit as disruptions continue, and that could start to push all rates across all lanes higher than expected. Asia to Europe trade lanes are among the hardest hit, Shanghai to Genoa is 126% higher Y/Y and was 21% higher week-over-week.

Country	Current Month	Manufacturing			Current Month	Services			M/M Change
		Latest Month PMI	Prior Month PMI	M/M Change		Latest Month PMI	Prior Month PMI	M/M Change	
Global PMI	Dec	49.0	49.3	-0.3	Dec	51.6	50.6	1.0	
Eurozone PMI	Dec	44.4	44.2	0.2	Dec	47.6	47.6	0.0	
US	Dec	47.9	49.4	-1.5	Dec	51.4	50.8	0.6	
China	Dec	50.8	50.7	0.1	Dec	52.9	51.5	1.4	
Canada	Dec	45.4	47.7	-2.3	Dec	44.6	44.5	0.1	
Mexico	Dec	52.0	52.5	-0.5					
Japan	Dec	47.7	48.3	-0.6	Dec	52.0	50.8	1.2	
Germany	Dec	43.3	42.6	0.7	Dec	49.3	49.6	-0.3	
South Korea	Dec	49.9	50.0	-0.1					
UK	Dec	46.2	47.2	-1.0	Dec	53.4	50.9	2.5	
France	Dec	42.1	42.9	-0.8	Dec	45.7	45.4	0.3	
India	Dec	54.9	56.0	-1.1	Dec	59.0	56.9	2.1	
Italy	Dec	45.3	44.4	0.9	Dec	49.8	49.5	0.3	
Taiwan	Dec	47.1	48.3	-1.2					
Brazil	Dec	48.4	49.4	-1.0	Dec	50.5	51.2	-0.7	

Route	Route code	04-Jan-24	11-Jan-24	18-Jan-24	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	\$2,670	\$3,072	\$3,777	23% ▲	82% ▲
Shanghai - Rotterdam	WCI-SHA-RTM	\$3,577	\$4,406	\$4,951	12% ▲	174% ▲
Rotterdam - Shanghai	WCI-RTM-SHA	\$546	\$652	\$975	50% ▲	22% ▲
Shanghai - Genoa	WCI-SHA-GOA	\$4,178	\$5,213	\$6,282	21% ▲	126% ▲
Shanghai - Los Angeles	WCI-SHA-LAX	\$2,726	\$2,790	\$3,860	38% ▲	88% ▲
Los Angeles - Shanghai	WCI-LAX-SHA	\$776	\$766	\$762	-1% ▼	-33% ▼
Shanghai - New York	WCI-SHA-NYC	\$3,858	\$4,170	\$5,644	35% ▲	64% ▲
New York - Rotterdam	WCI-NYC-RTM	\$593	\$599	\$608	2% ▲	-50% ▼
Rotterdam - New York	WCI-RTM-NYC	\$1,503	\$1,513	\$1,506	0%	-76% ▼

Airfreight Price Index:

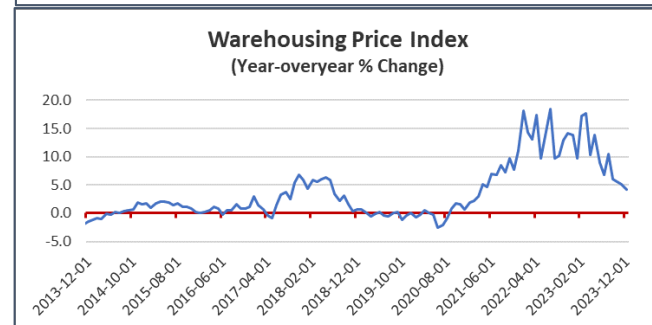
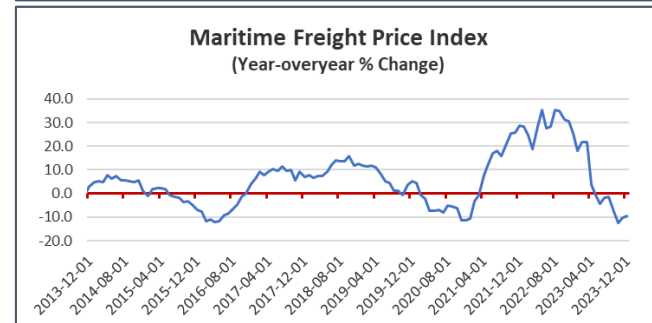
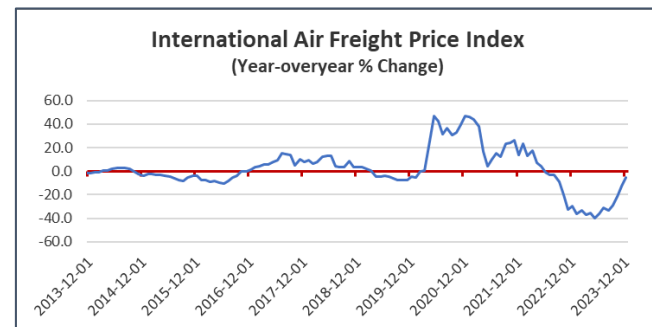
The airfreight price index was higher by 7.0% M/M in December (latest available and up 1.7% last month) and was lower on a Y/Y basis, falling by 5.2% (down 10.7% last month). Some tuck-in orders of merchandise are moving in faster expedited market modes, including air cargo. This is to keep inventories lean but also ensure that stockouts don't take place. (IC131)

Ocean Freight Price Index:

The blended PPI for maritime service in December was 9.6% lower Y/Y (-10.1% lower last month), and it was flat M/M (+1.6% last month). Some ships being diverted around the Cape of Good Hope to avoid tensions in the Red Sea have continued to tighten capacity - but slowly. Panama Canal congestion is still a problem, and diversions are still occurring. (PCU483111483111)

Warehousing Price Index:

Warehousing prices were higher in December (latest data available) with rates down 0.1% M/M (-0.8% last month) but was higher Y/Y by 4.2% (+5.5% last month). (PCU49314931)



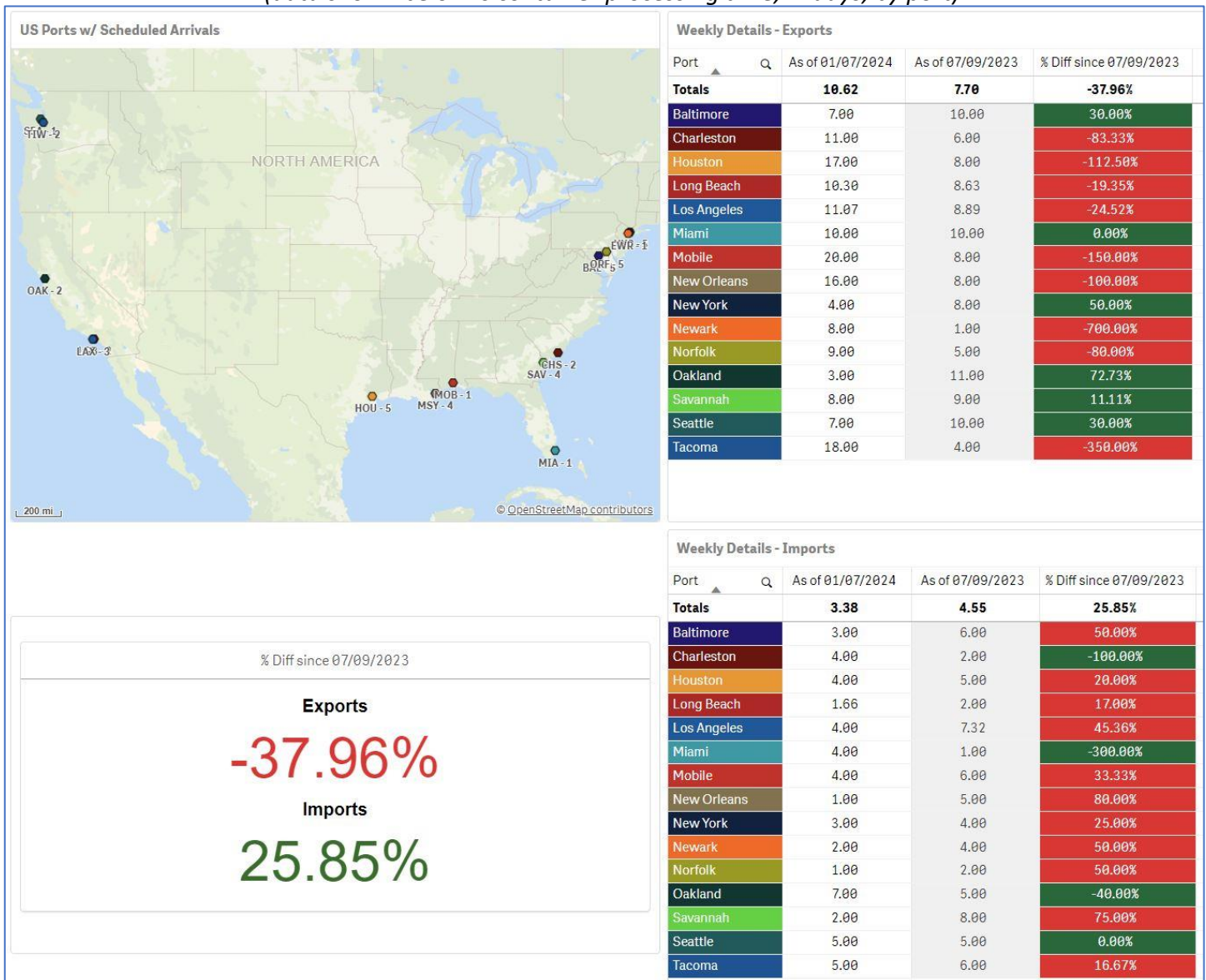
The LogisticsPULSE Port Congestion Index

U.S. Container Imports and Exports Processing Continue to Show Aggregate Improvements

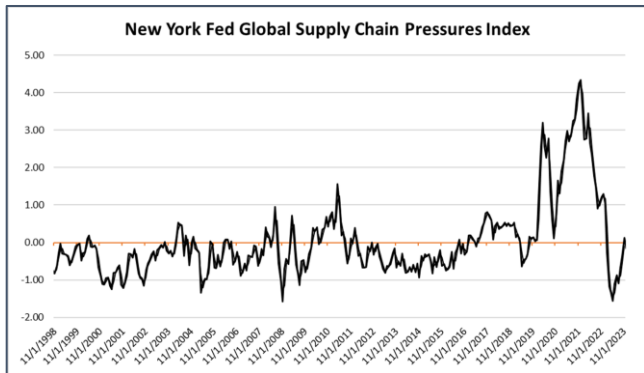
Port congestion can have a big impact on supply chains. The **LogisticsPULSE Port Congestion Index (PCI)** is a data-driven tool that calculates how much congestion there is at critical U.S. ports.

- For containers Imported into the USA, the Container Processing Time (in days) is now taking about 25% longer, or almost a full day faster than what it was in mid-July 2023. Similarly, the processing time for Exports from these same ports is also taking by about 37% longer than prior, or about three full days longer than it was in mid-July 2023.
- The US Ports with the greatest amount of Imported TEU's currently are in Long Beach, Los Angeles and New York and are being processed in about 2.8 days. The highest volume of Exported TEU's are Long Beach, Los Angeles and Tacoma and they are completing the export process in about 13.1 days.
- The port with the greatest number of scheduled vessel arrivals is in Baltimore, New York, Houston and Norfolk, where Newark, Seattle, Mobile and Miami have the fewest.

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



Special Topics in Supply Chain & Logistics:



Red Sea Challenges Lift Global Supply Chain Pressures

The situation in the Red Sea and the Panama Canal congestion have continued to keep the New York Fed's Global Supply Chain Pressures Index higher as we mentioned last month. Officially, the index is showing pressures "balanced", but much higher than levels that they were at just two months ago when they touched the lowest level of congestion in the history of the index. New Red Sea challenges and tensions now flaring in the Persian Gulf, new risks in the Black Sea after a tanker was hit by an ocean mine, and continued problems with transits through the Panama Canal were listed as the primary reasons for increases in pressures.

Inventory to Sales Ratio (ISR) Analysis				
Sector	Nov Sales (Millions)	9/12/09 - 09/12/19 10-YR Average	Nov-23	ISR Percent Above/Below Pre-pandemic
Total Business		1.34	1.37	2.2%
1 Automotive		2.49	1.31	-47.3%
2 Retail		1.43	1.30	-9.1%
3 Merchant Wholesalers		1.29	1.34	3.9%
4 Manufacturing		1.35	1.48	9.6%
1 Drugs Wholesalers	90,670	1.09	0.96	-11.9%
2 Chemical Wholesalers	13,859	1.17	1.05	-10.3%
3 Paper Wholesalers (ie. National Paper)	7,978	1.09	1.01	-7.3%
4 Furniture, Appliance Stores (ie. NFM)	18,599	1.63	1.52	-6.7%
5 General Merchandise (ie. Walmart)	73,063	1.43	1.36	-4.9%
6 Computer Wholesale Distributors	24,888	0.79	0.76	-3.8%
7 Department Stores (ie. Nordstrom's)	10,611	2.11	2.05	-2.8%
8 Apparel Stores	26,217	2.39	2.34	-2.1%
9 Food and Beverage Stores	82,924	0.78	0.77	-1.3%
10 Furniture Wholesalers	10,183	1.71	1.70	-0.6%
11 Building Material Stores (ie. Home Depot)	35,541	1.85	1.88	1.6%
12 Grocery Wholesalers	72,430	0.68	0.73	7.4%
13 Lumber and Construction Material Wholesalers	18,335	1.49	1.61	8.1%
14 Commercial Equipment Wholesalers	49,918	1.09	1.21	11.0%
15 Machinery Wholesalers (ie. John Deere, Vermeer)	51,792	2.60	2.94	13.1%
16 Hardware, Plumbing, Heating Wholesalers	19,655	2.05	2.33	13.7%
17 Durable Goods Wholesalers	307,568	1.59	1.83	15.1%
18 Alcohol Wholesale Distributors	17,065	1.31	1.54	17.6%
19 Household Appliances/Electronics Wholesalers	63,395	1.10	1.31	19.1%

Global Reset Complete? Good Times Ahead?

Watching the global inventory overstock situation over the past 18 months, data is showing that the global destocking period that has taken place is likely nearing its completion. Inventory-to-sales ratios (which measure how heavy or light inventories are relative to sales), suggest that most of the marketplace is back in-line or are balanced relative to decade long averages prior to the pandemic. With that destocking process likely complete, that sets up much better order book potential in 2024 if there are even hints of growth. As manufacturer and wholesale inventories remain lean, new orders for finished goods ignite the entire supply chain well upstream (a portion of the supply chain that has been largely shut off for the past 4 quarters). That will create some interesting pockets of growth worldwide in 2024.

What's New at Logistics Plus?

Logistics Plus is Named a 2024 Top 3PL by Multichannel Merchant

Logistics Plus is proud to announce it has been named a Multichannel Merchant (MCM) 2024 Top 3PL and added to its online directory. For a seventh straight year, Logistics Plus will be joining dozens of other leading third-party logistics providers selected by Multichannel Merchant in its eighth annual directory. [Read Story](#)



Jim Berlin Provides Year-End Recap on WPSE Business Spotlight

Logistics Plus Founder and CEO Jim Berlin was featured on the weekly Business Spotlight program from WPSE Money Radio. Jim reflects on 2023, discusses the company's various relief efforts throughout the year, activities in Ukraine, the company's growth and new offices, opportunities on the horizon, and what he anticipates in 2024 and beyond. [Listen to Podcast](#)



Logistics Plus is Transforming Operations with CargoWise

Logistics Plus continues to solve supply chain challenges and drive global growth with the support of world-class technology solutions. As a long-time strategic partner of WiseTech Global, we continue to push the boundaries of CargoWise and its many modules to support cargo management, freight forwarding, warehousing, reporting, and more. [Watch Video](#)

