

CSCMP'S ANNUAL

# STATE OF LOGISTICS REPORT<sup>®</sup>

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## 26<sup>th</sup> Annual “State of Logistics Report<sup>®</sup>”

### *Freight Moves the Economy in 2014*

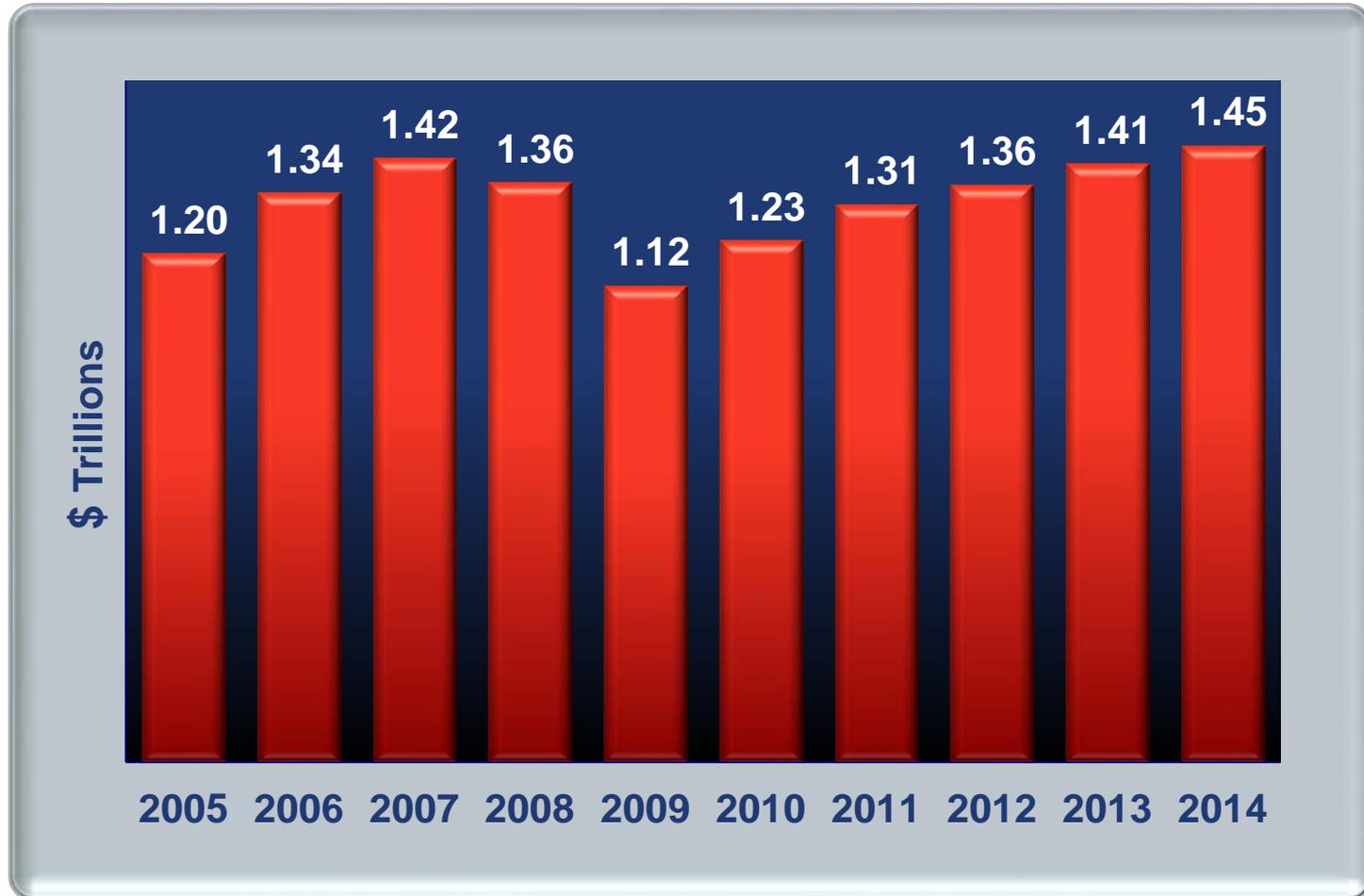
FHWA Talking Freight Series  
September 16, 2015

Rosalyn Wilson

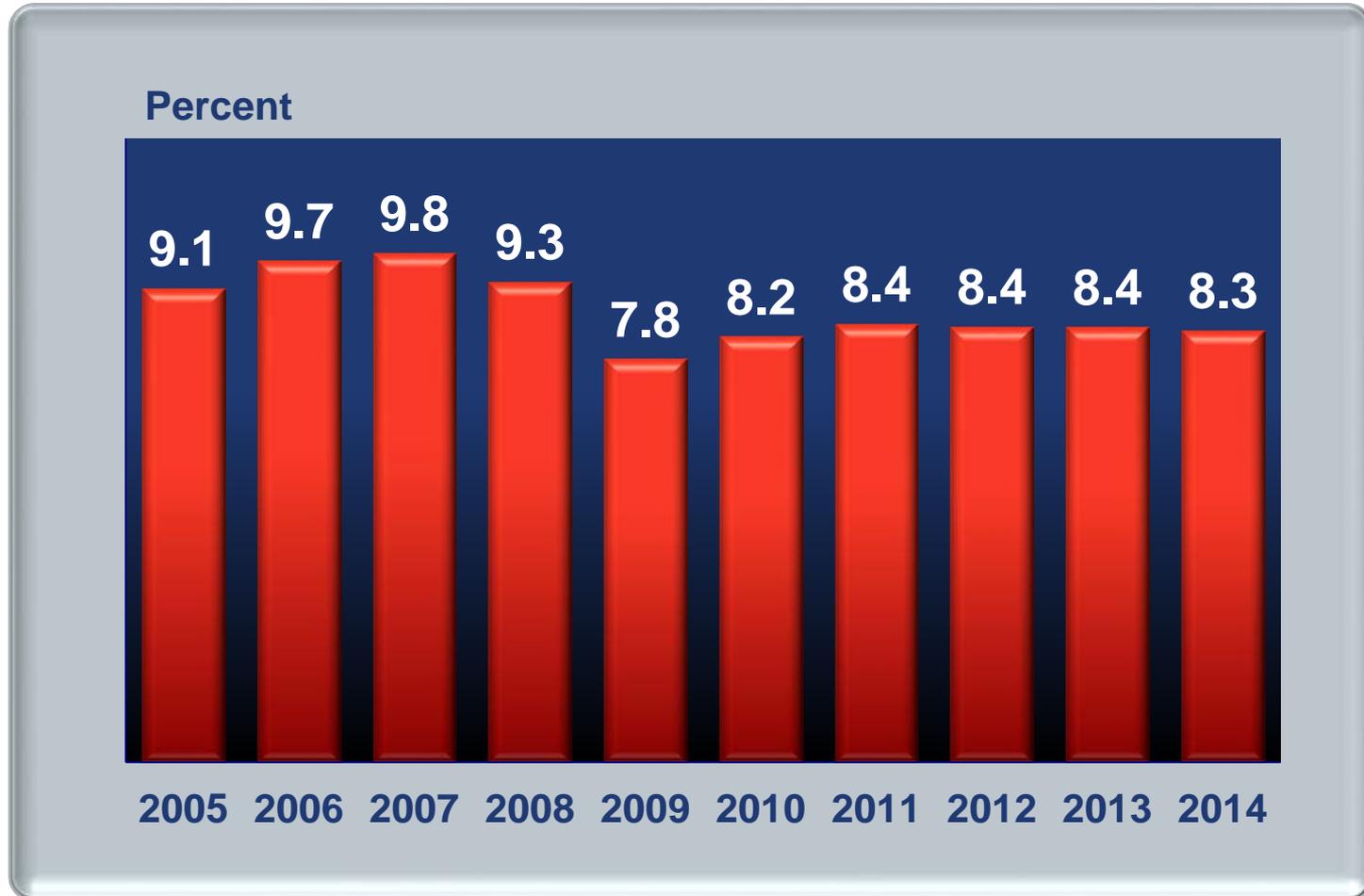
Rosalyn.Wilson@Parsons.com

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# US Business Logistics Costs



# Logistics Cost As A Percent of GDP

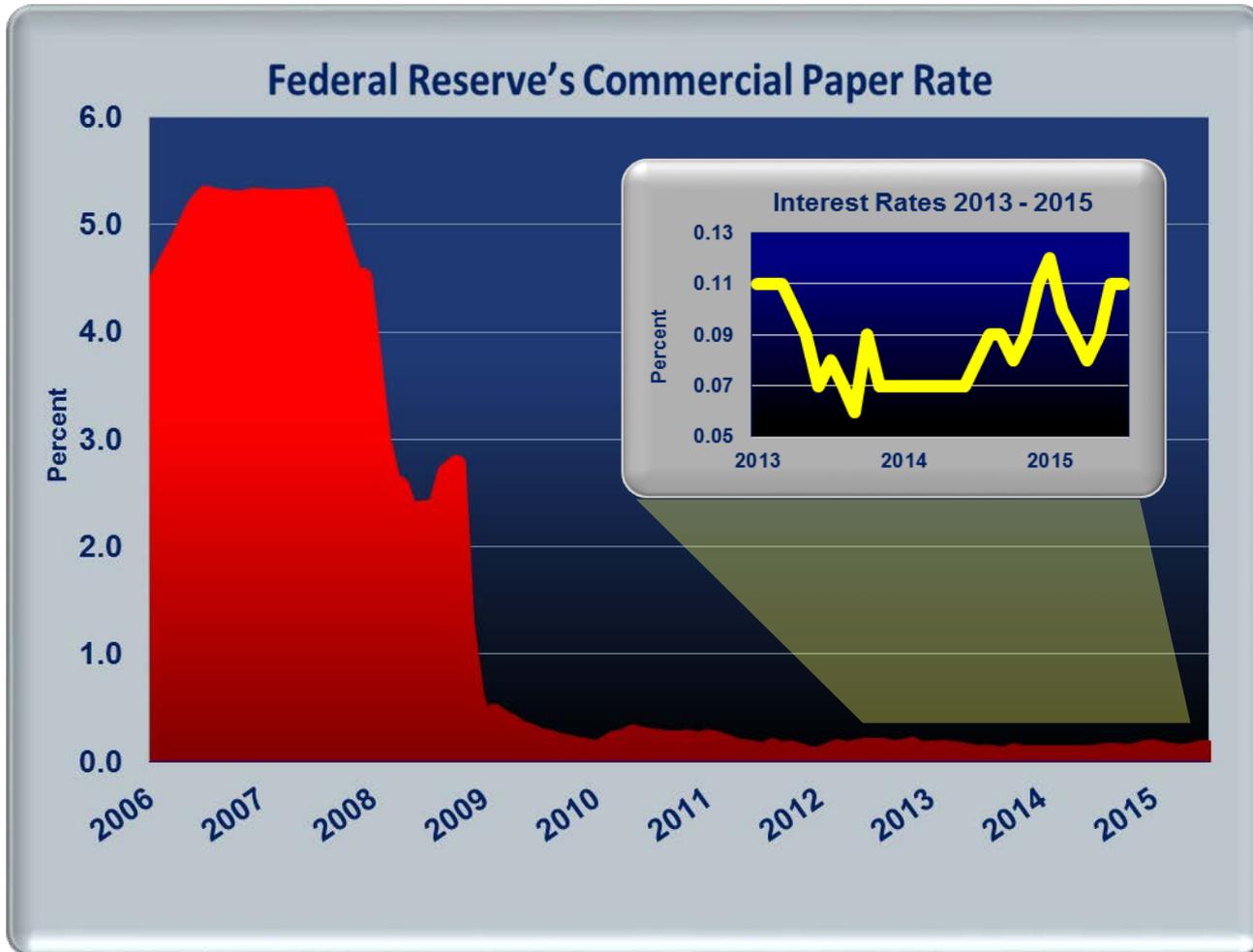


# The US Business Logistics System Cost Is the Equivalent of 8.3% of Current GDP in 2014

	\$ Billions	
<b>Carrying Costs - \$2.495 Trillion All Business Inventory</b>		
Interest	2	} Up 2.1%
Taxes, Obsolescence, Depreciation, Insurance	331	
Warehousing	143	
<b>Subtotal</b>	<b>476</b>	
<b>Transportation Costs</b>		
Motor Carriers		} Up 3.6%
<i>Truck – Intercity</i>	486	
<i>Truck – Local</i>	216	
<b>Subtotal</b>	<b>702</b>	
Other Carriers		} Up 3.6%
<i>Railroads</i>	80	
<i>Water (International 31, Domestic 9)</i>	40	
<i>Oil Pipelines</i>	17	
<i>Air (International 12, Domestic 16)</i>	28	
<i>Forwarders</i>	40	
<b>Subtotal</b>	<b>205</b>	
<b>Shipper Related Costs</b>	<b>10</b>	
<b>Logistics Administration</b>	<b>56</b>	
<b>TOTAL LOGISTICS COSTS</b>	<b>1,449</b>	<b>Up 3.1%</b>

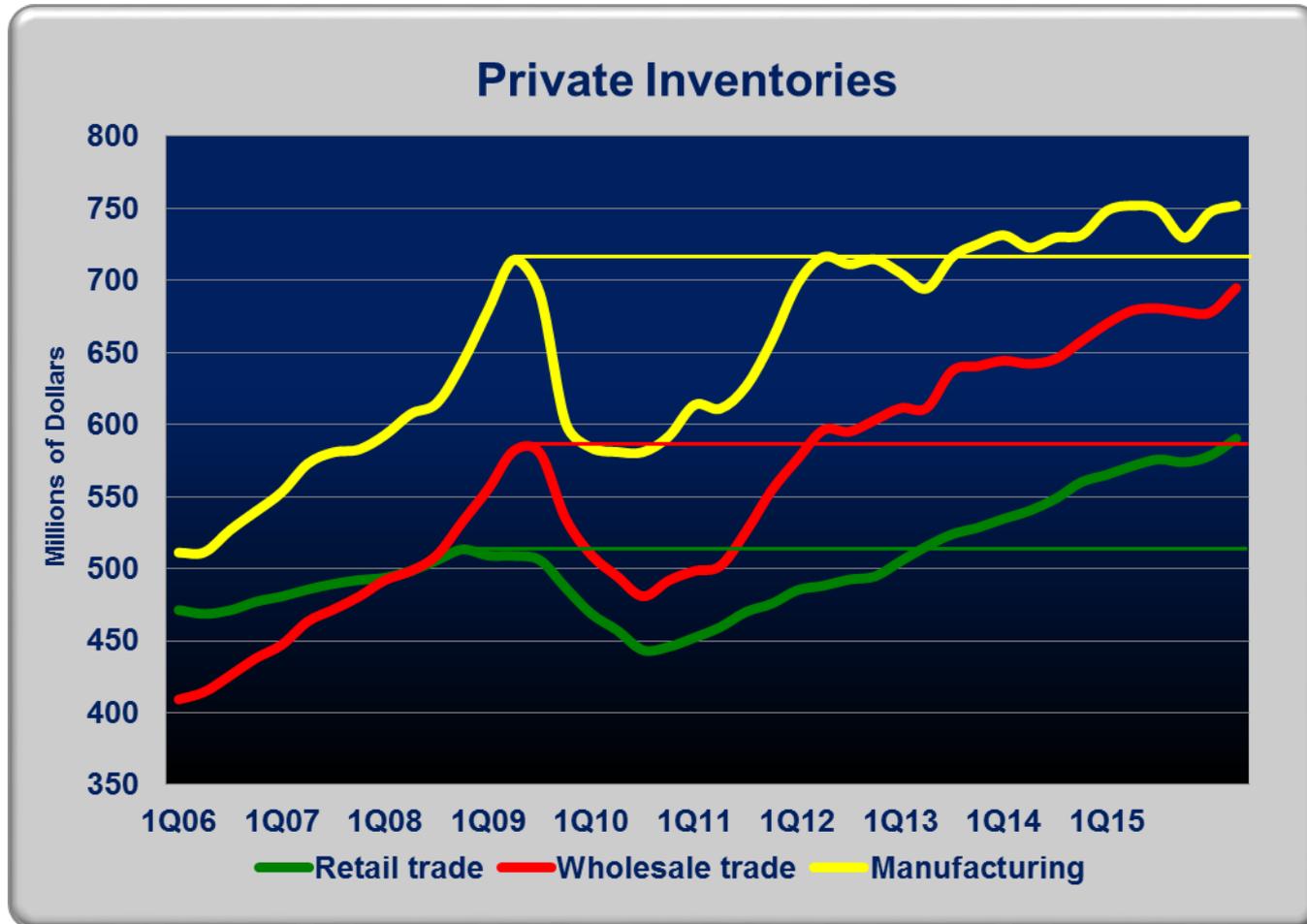
May not sum to total due to rounding

# Interest Rates Still Well Below One Percent



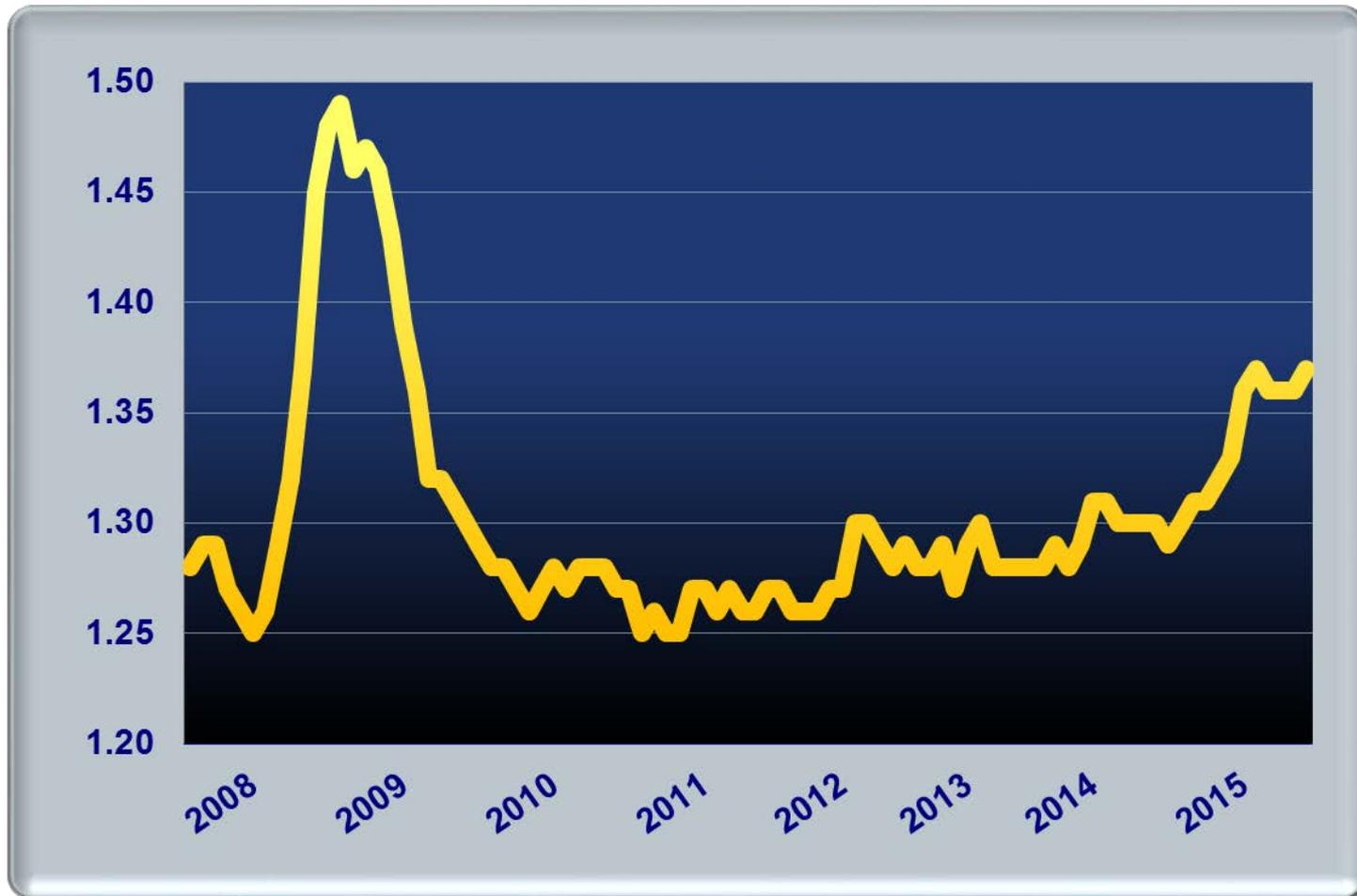
Source: Board of Governors of the Federal Reserve System

# Inventories Growth Slowed in 2014, Picked Up in 2015



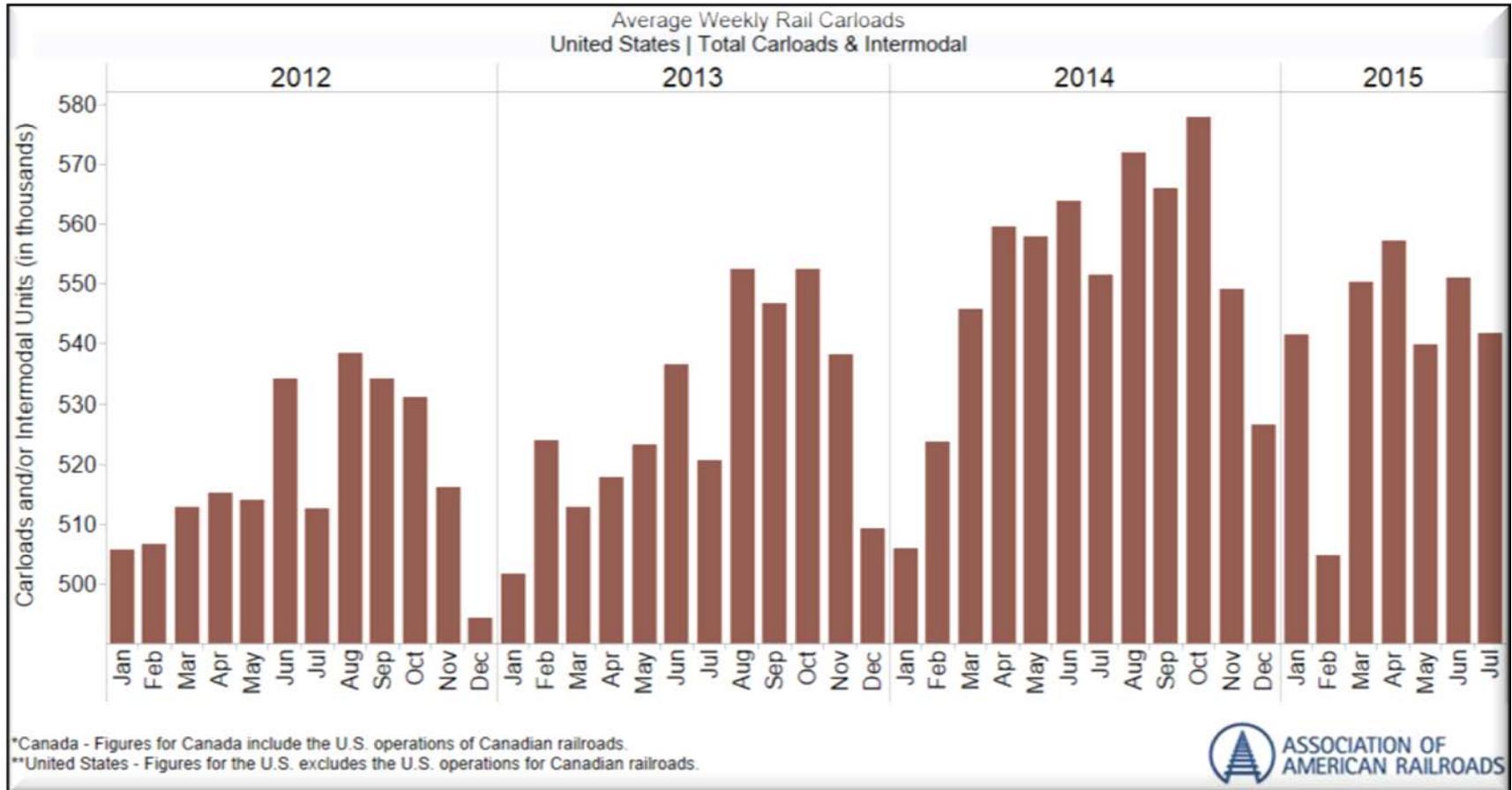
Source: US Department of Commerce, Census Bureau

# The Inventory to Sales Ratio Rising Rapidly



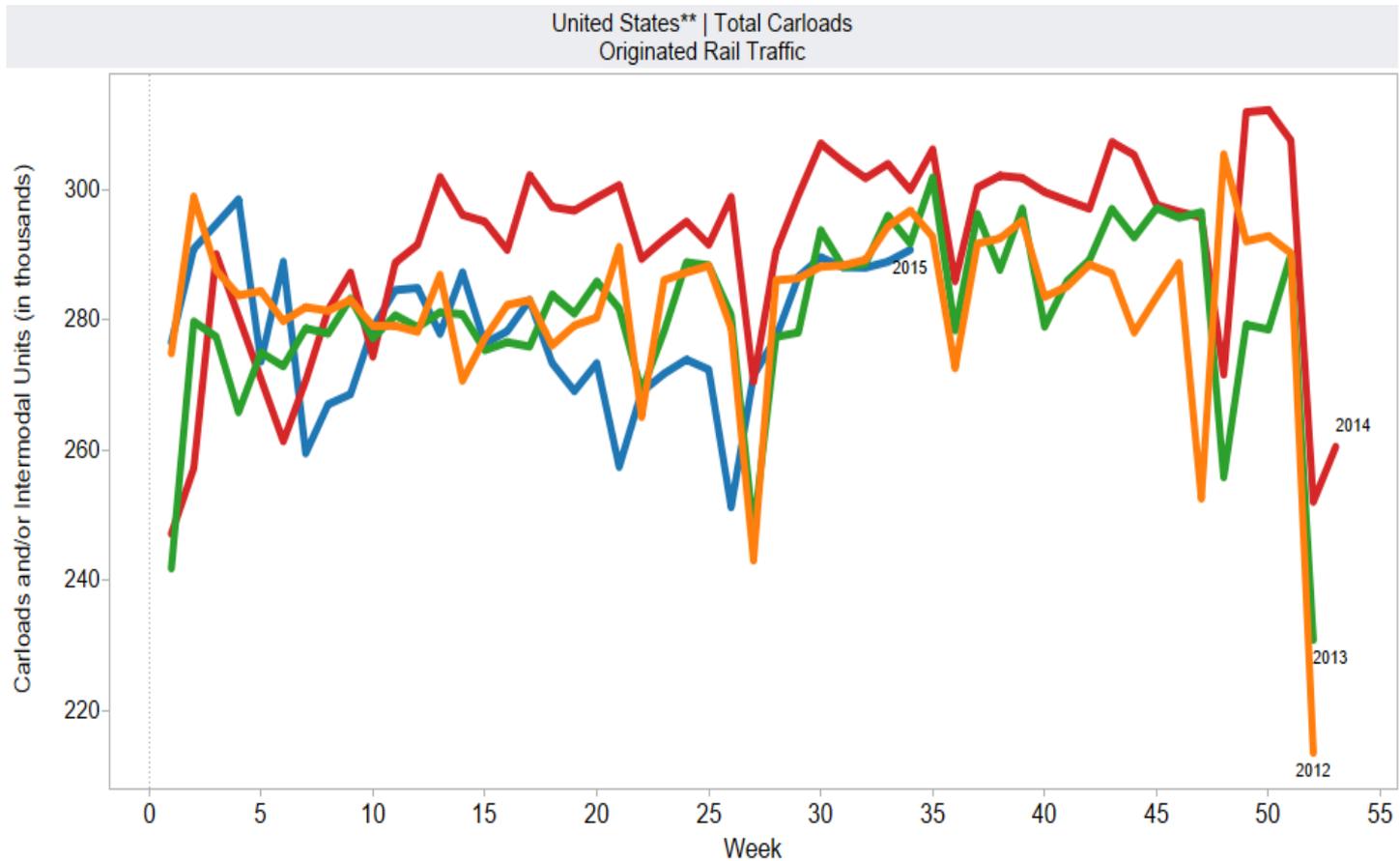
Source: US Department of Commerce, Census Bureau

# Total Rail Carloads and Intermodal Loads



Source: Association of American Railroads

# Total Rail Carload Traffic

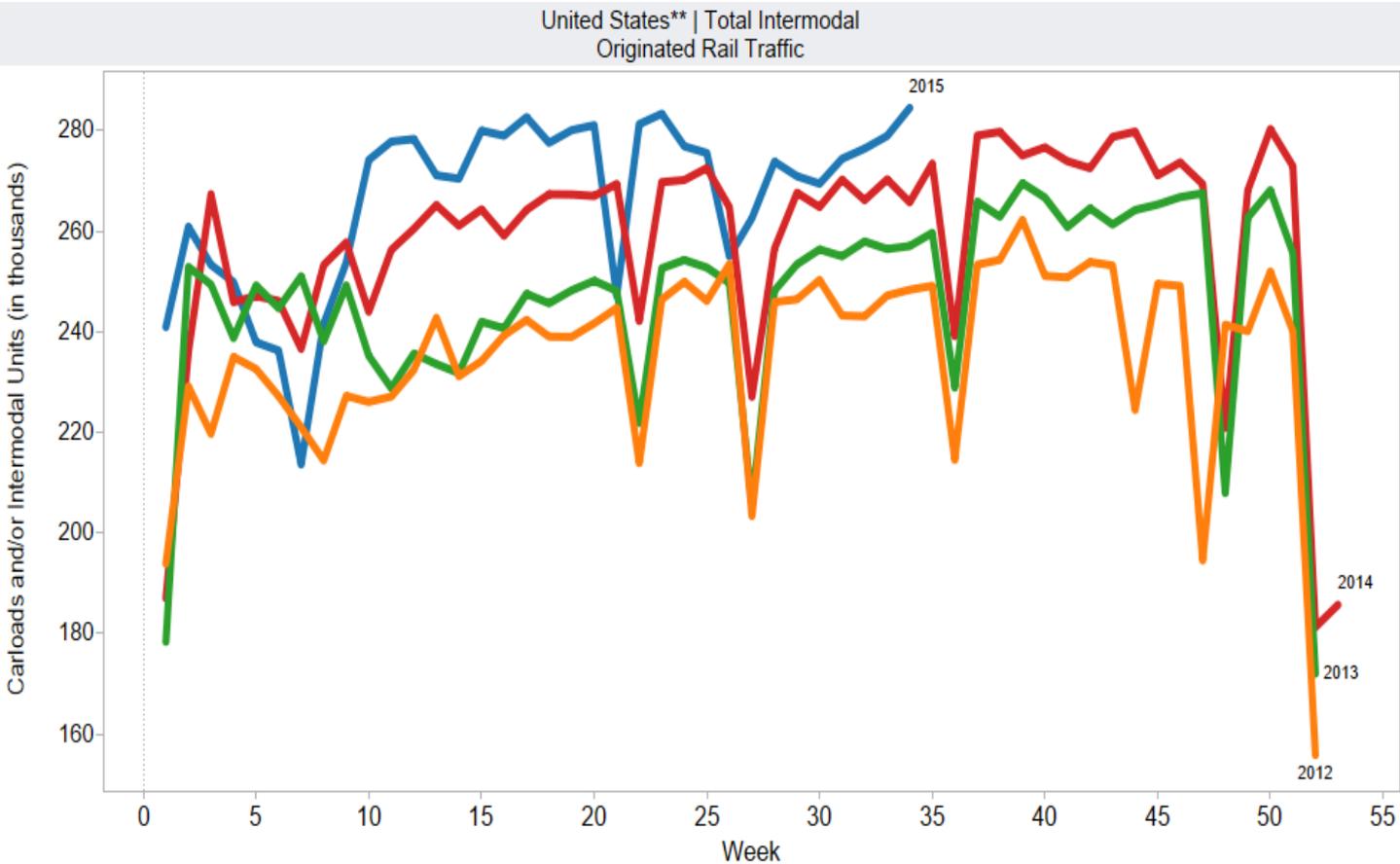


\*Canada - Figures for Canada include the U.S. operations of Canadian railroads...



Source: Association of American Railroads

# Total Rail Intermodal Traffic



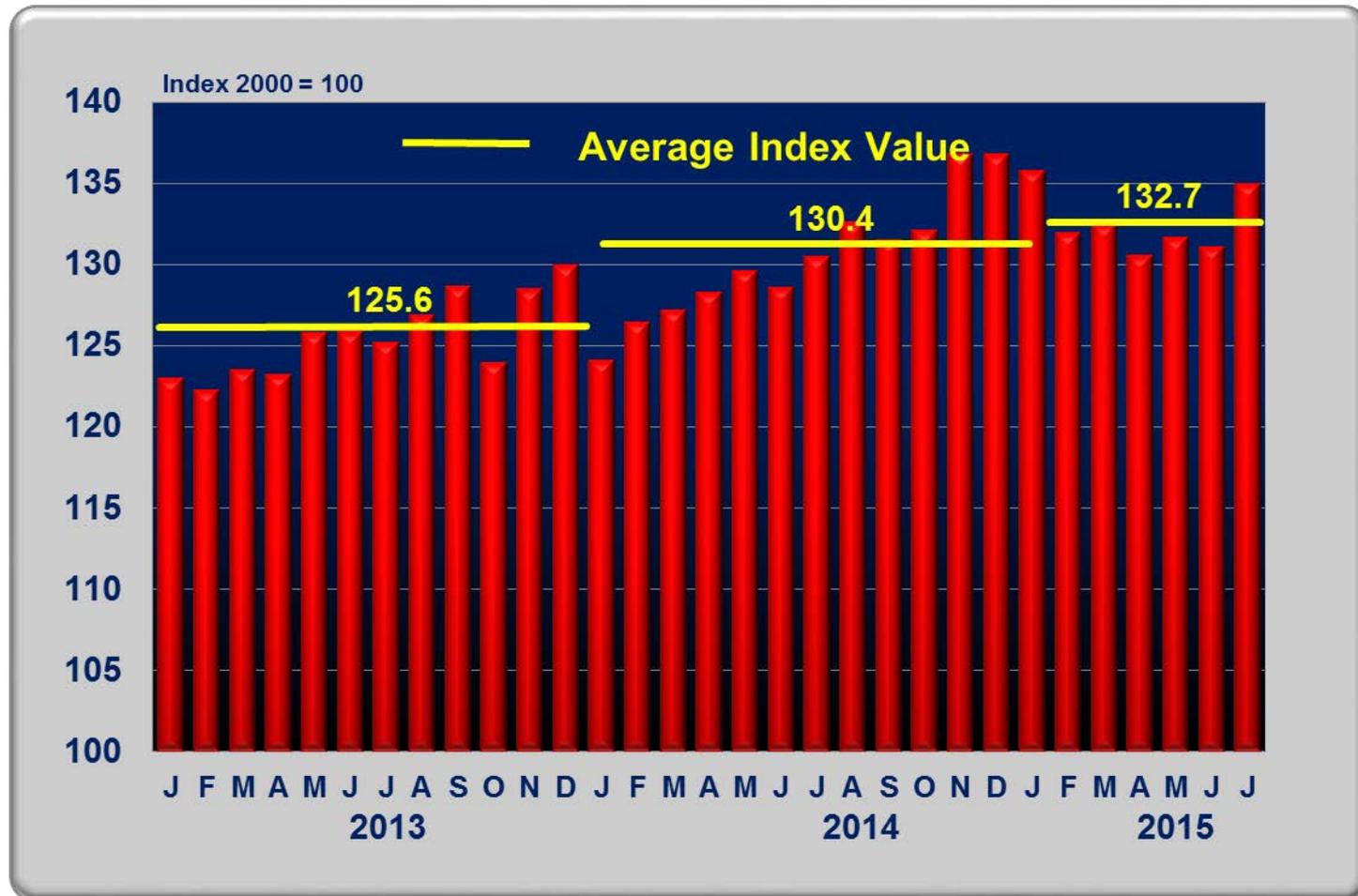
\*Canada - Figures for Canada include the U.S. operations of Canadian railroads...



Source: Association of American Railroads



# Truck Tonnage Slowly Climbing

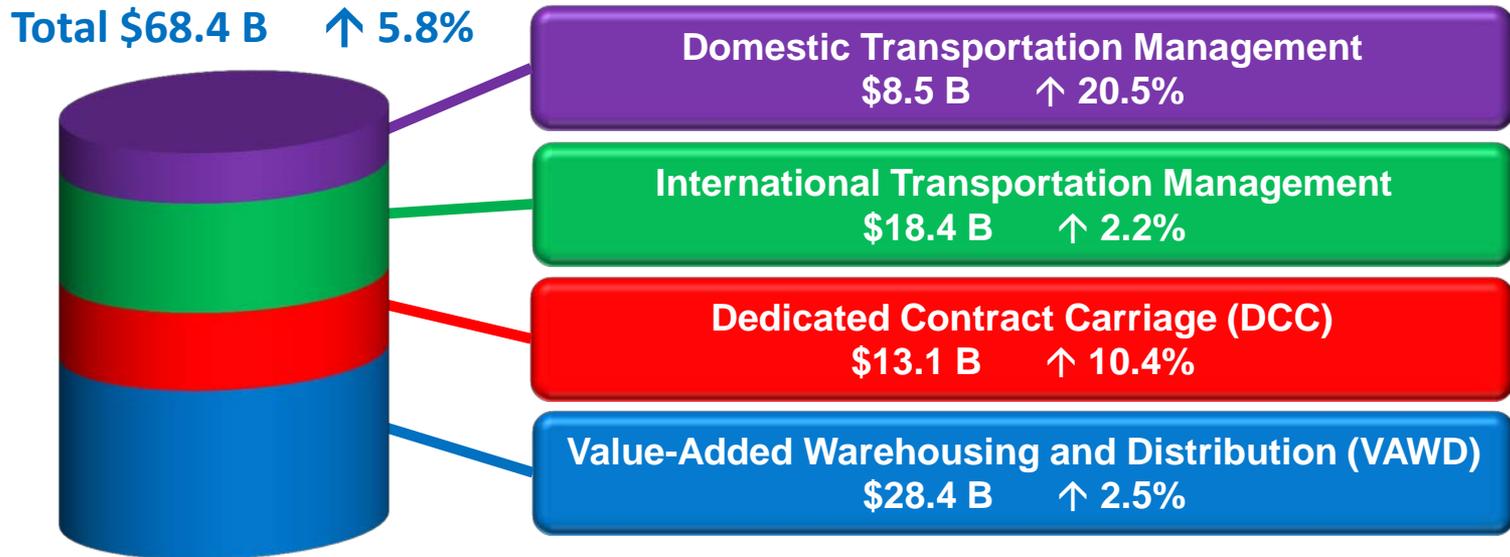


Source: American Trucking Associations

# US 3PL Market Segments

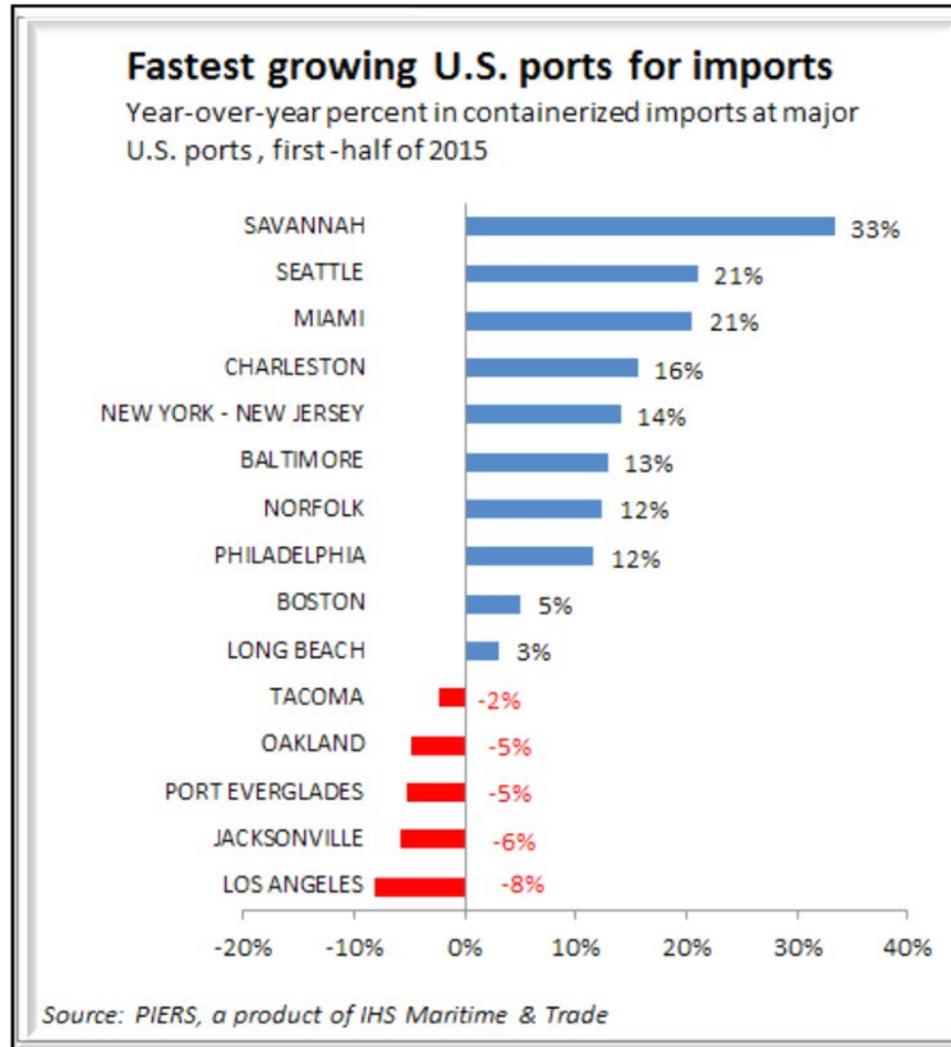
- The overall 3PL market rose 7.4% in 2014 and is forecasted to grow 5.7% in 2015.
- Domestic transportation management and dedicated contract carriage grew 20.5 and 10.4% respectively in response to tightening carrier capacity and economic uncertainty.

## US 3PL Market Segments 2014 Net Revenue

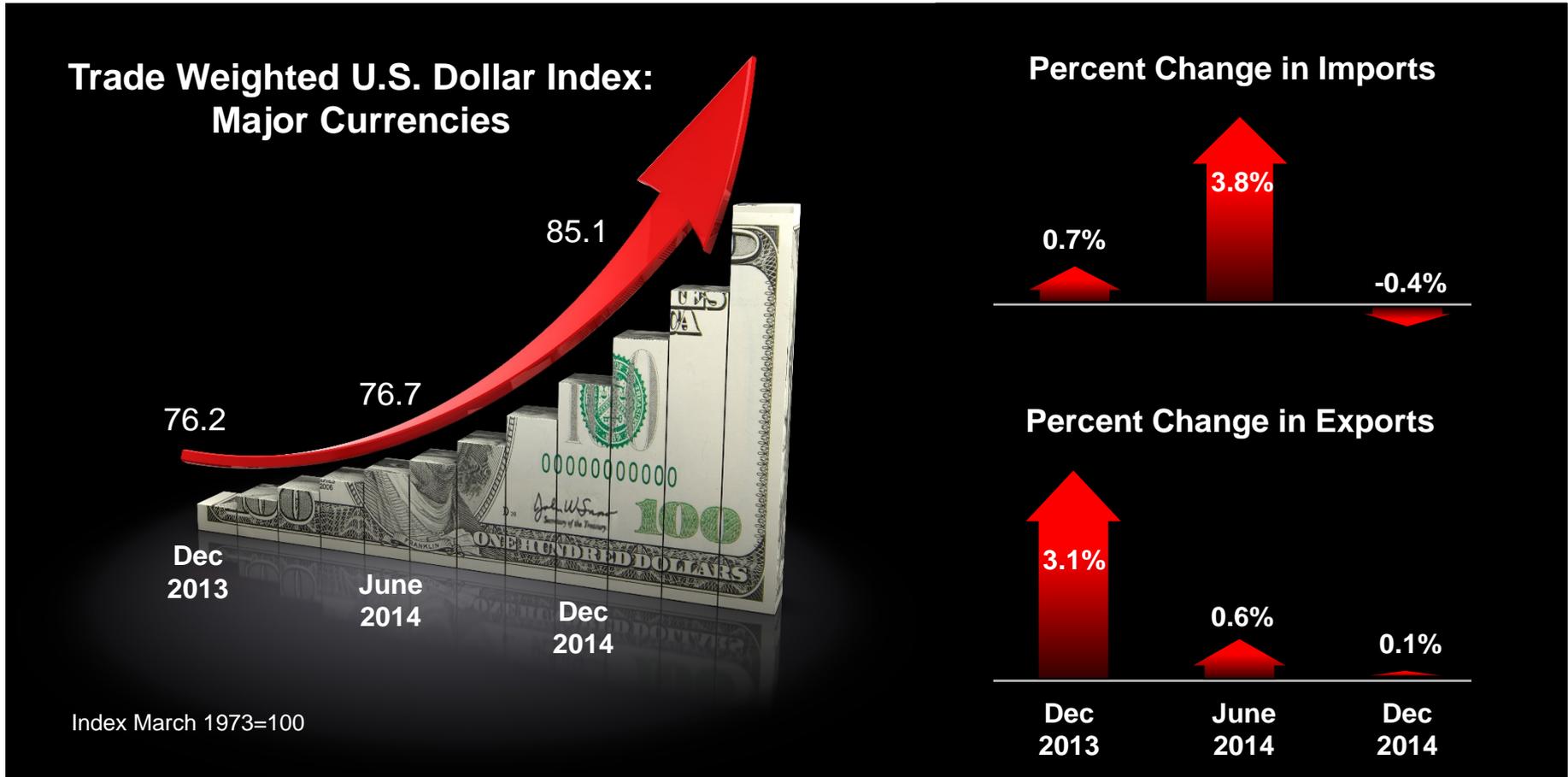


Source: Armstrong & Associates, Inc.

# US Imports First Half 2015

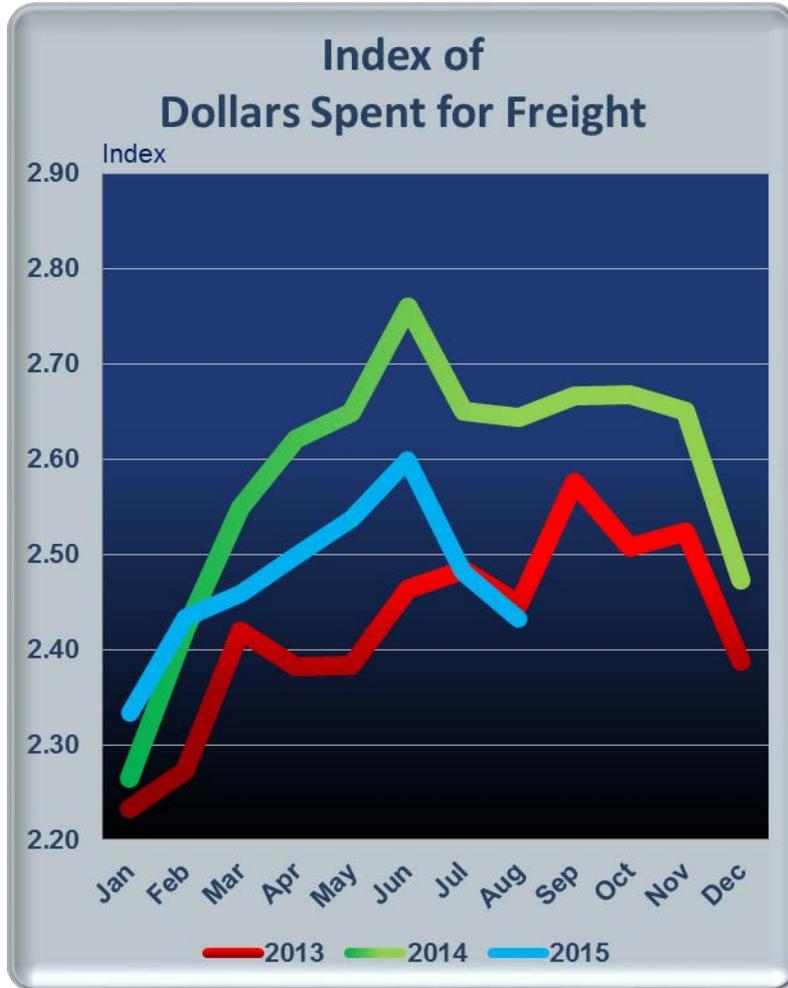


# Strength of US Dollar Affecting Exports and Imports



Sources: Federal Reserve Bank of St. Louis and Bureau of Economic Analysis

# Cass Monthly Freight Index



Source: Cass Logistics, Cass Freight Index, January 1990 = 1.0

## 2015 So Far

- The US economy will continue to strengthen and grow; the global economy will continue to lag.
  - Second quarter 2015 GDP growth is estimated at 3.7 percent, with a revised first quarter of 0.6 percent
  - Consumer spending, which accounts for more than two-thirds of U.S. economic activity, grew at a 3.1 percent rate
- Imports are increasing, but exports are lagging because of weak global economic growth and the high value of the dollar relative to other currencies
- Trucking failures fell almost 90 percent in the second quarter of 2015 compared to 2014 – fuel prices and stable rates helped
- What is the greatest threat to freight logistics? Capacity, capacity, capacity!

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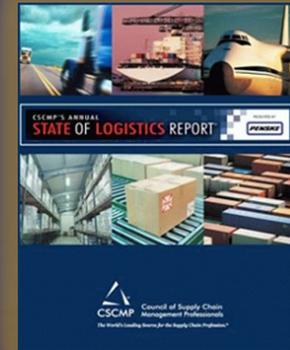


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State of Logistics Report  
are available from CSCMP at  
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