



ARKANSAS Transportation *REPORT*

June 2016



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By Talk Business & Politics Staff

Traffic at Arkansas' three largest commercial airports improved in May, and shipping on the Arkansas River has recovered from the rain-induced slowdown in 2015.

Shipping on the Arkansas River is up 7% for the first four months of 2016. April tonnage was 1.018 million tons, up 12.2% from the 907,240 tons tons in April 2015.

For the first time in a long time, April enplanements were up at Arkansas' three largest commercial airports. And for the first five months of 2016, enplanements are up at two of the three fields.

Although those two areas of transportation have improved in Arkansas, national freight and shipment analysts have concerns about the back half of 2016 for the freight and logistics sector.

Also, U.S. rail shipments continue to decline thanks to the recession in the nation's energy sector. For the week ending June 11, 2016, the Association of American Railroads (AAR) reported weekly rail traffic was 513,471 carloads and intermodal units, down 7.5% compared with the same week last year.

The Arkansas Transportation Report is designed to keep our readers better informed of trends and data impacting one of the state's most important industry sectors.

The report is produced by Talk Business & Politics and sponsored by the Arkansas Trucking Association and the Arkansas State Chamber of Commerce/Associated Industries of Arkansas.

Arkansas River activity begins to recover from 2015 rains

By Talk Business & Politics Staff

Shipping on the Arkansas River is up 7% for the first four months of 2016, a welcome recovery from a 2015 that saw rains push tonnage down 15%.

Information from the U.S. Corps of Engineers shows that 3.96 million tons were shipped January-April, better than the 3.718 million tons during the same period of 2015.

Tonnage in 2015 totaled 9.962 million tons, down from 11.719 million tons in 2014. The 2014 tonnage was down from the 12.139 million in 2013 but better than the 11.687 million in 2012 and the 10.6 million in 2011.

The Arkansas River system is 445 miles long and stretches from the confluence of the Mississippi River to the Port of Catoosa near Tulsa, Okla. The controlled waterway has 18 locks and dams, with 13 in Arkansas and five in Oklahoma. The river also has five ports: Pine Bluff, Little Rock, Fort Smith, Muskogee, Okla., and the Tulsa Port of Catoosa in Oklahoma.

April tonnage was 1.018 million tons, up 12.2% from the 907,240 tons tons in April 2015.

Shipments from ports along the Arkansas River to areas out of the river (outbound) totaled 1.224 million tons in the first four months of 2016, up 11% compared to the same period in 2015. Inbound shipments totaled 1.76 million in the first four months, down 5% compared to the same period 2015.

The Port of Little Rock reported 73,000 net tons of total barge tonnage in May. Dock activities compared favorably over the previous year with Logistic Services, Inc. (LSI) handling 228 barges during the first five months of the year. 350,000 net tons of various commodities moved across the docks at the port.

"The Port of Little Rock continues to have a significant impact on the inland river system, moving a large portion of the commodities that travel the Arkansas River," Port Executive Director Bryan Day said in a statement. "The first months of 2016 have been strong months for waterborne commerce and the river conditions have been mostly favorable to handle these commodities; We remain optimistic, even in light of the low oil prices, that the Port of Little Rock will have a solid year in terms of tonnage across our docks."

Following are tonnage numbers for the largest categories of items shipped on the river.



Chemicals/fertilizer

up 26% 

Jan.-Apr. 2016: 1.192 million tons

Jan.-Apr. 2015: 943,312 tons

Sand/gravel/rock

up 18% 

Jan.-Apr. 2016: 1.048 million tons

Jan.-Apr. 2015: 891,841 tons

Soybeans

flat

Jan.-Apr. 2016: 457,200 tons

Jan.-Apr. 2015: 457,900 tons

Iron/steel

down 33% 

Jan.-Apr. 2016: 376,780 tons

Jan.-Apr. 2015: 562,525 tons

Arkansas River tonnage

2015: 9.962 million tons

2014: 11.719 million tons

2013: 12.139 million tons

2012: 11.687 million tons

2011: 10.58 million tons

U.S. freight, shipment data points to weak early 2016 for the transportation and logistics sector

By Talk Business & Politics Staff

Two closely watched freight reports confirm that the U.S. economy sputtered in the first quarter, with analysis from an Arvest economist indicating that conditions may improve but are likely to be “less than robust” in the back half of 2016.

The American Trucking Associations reported that its April Truck Tonnage Index fell 2.1%, which came on the heels of a 4.4% March decline. However, the year-to-date tonnage is up 3.5% compared to the same period in 2015 thanks to an unusually high 7.2% gain in February. Without the February jump, tonnage measured by the ATA index is up 1.8% year-over-year. ATA calculates the index based on a membership survey.

“After having an abnormally large seasonally adjusted gain in February, tonnage fell in April, in addition to the large drop in March,” said ATA Chief Economist Bob Costello. “However, while freight remained soft in April, based on other economic indicators, the outlook for tonnage is a little better than just a couple of months ago.”

The Cass Freight Index had April shipments down 4.9% year-over-year and shipping expenditures down 8.3%. Rosalyn Wilson, founder and president of FreightMatters, who authors the monthly Cass Freight Index report, said the faltering energy sector is a factor in the slow start to 2016.

Wilson is not optimistic conditions will improve in the near term.

“Based on the trends of many economic indicators, it appears the economy may get worse before it gets better,” she said.

Clay Nickel, an economist and director of Investment Strategy for Arvest Bank, said inventory levels could hurt second quarter economic growth, but expects the pace of growth to rise in the third and fourth quarters.

“While still elevated inventory levels could act as a drag on second quarter economic growth, we anticipate annualized growth rates for the third and fourth quarters of 2016 in excess of 2% with the entire year growing a bit shy of 2%. These levels of growth are less than robust, but are an improvement from the lackluster, sub-1% annualized growth in the first quarter,” Nickel told Talk Business & Politics.

The Cass Freight Index tracks monthly levels of shipment activity, in terms of volume of shipments and expenditures for freight shipments based on the \$26 billion in annual freight payables processed by Cass Information Systems.

Trucking serves as a barometer of the U.S. economy, representing 68.8% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled just under 10 billion tons of freight in 2014. Motor carriers collected \$700.4 billion, or 80.3% of total revenue earned by all transport modes.

Truck tonnage, shipments



▲ up 2.6%: Truck Tonnage Index overall increase in 2015 compared to 2014
(American Trucking Associations')

▼ down 2.1%: Index decline in April

▼ down 4.4%: Index decline in March

▲ up 3.5%: Index gain in the first four months of 2016 compared to the same period in 2015

April shipments: down 4.9% ▼

April shipment costs: down 8.3% ▼
(Cass Freight Index)

Energy sector woes continue to be a drag on U.S. rail car activity

By Talk Business & Politics Staff

For the week ending June 11, 2016, the Association of American Railroads (AAR) reported weekly rail traffic was 513,471 carloads and intermodal units, down 7.5% compared with the same week last year.

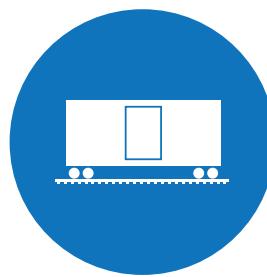
Total carloads for the week ending Jun. 11 were 248,039 carloads, down 8.7% compared with the same week in 2015, while U.S. weekly intermodal volume was 265,432 containers and trailers, down 6.3% compared to 2015.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2015. They included miscellaneous carloads, up 16.4% to 11,149 carloads; farm products excl. grain, and food, up two percent to 16,545 carloads; and grain, up 0.6 percent to 20,300 carloads. Commodity groups that posted decreases compared with the same week in 2015 included petroleum and petroleum products, down 23.5% to 10,820 carloads; coal, down 18.3% to 73,279 carloads; and metallic ores and metals, down 9.9% to 22,642 carloads.

For the first 23 weeks of 2016, U.S. railroads reported cumulative volume of 5,522,488 carloads, down 13.5% from the same point last year; and 5,914,283 intermodal units, down 2.3% from last year. Total combined U.S. traffic for the first 23 weeks of 2016 was 11,436,771 carloads and intermodal units, a decrease of 8% compared to last year.

According to the weekly rail update from Justin Long, managing director-research analyst with Stephens Inc., and Brian Colley, research associate with Stephens, year-to-date carloads at Union Pacific are down 12.3%. Union Pacific, one of the largest rail operators in Arkansas, reported 413,255 carloads of coal in the first 23 weeks of 2016, down 32.9% compared to the same period in 2015. Motor vehicles and parts, the second largest category for Union Pacific, were shipped in 223,539 carloads, down 2.6% for the first 23 weeks.

North American rail volume for the week ending Jun. 11, 2016, on 13 reporting U.S., Canadian and Mexican railroads totaled 333,806 carloads, down 7.9% compared with the same week last year, and 335,295 intermodal units, down 6.5% compared with last year. Total combined weekly rail traffic in North America was 669,101 carloads and intermodal units, down 7.2%. North American rail volume for the first 23 weeks of 2016 was 14,996,762 carloads and intermodal units, down 7.7% compared with 2015.



down 7.5%

U.S. rail car activity for the week of June 11 compared to the same period in 2015

down 8.7%

U.S. rail car activity for the first 23 weeks of 2016 compared to the same period in 2015

down 12.3%

Rail car activity for the week of June 11 reported by Union Pacific, one of the largest rail operators in North America

May enplanements up at Arkansas' three largest commercial airports

By Talk Business & Politics Staff

For the first time in a long time, April enplanements were up at Arkansas' three largest commercial airports. And for the first five months of 2016, enplanements are up at two of the three fields.

Clinton National Airport in Little Rock reports 391,701 enplanements January-May, up 3.13% compared to the same period in 2015. May enplanements totaled 95,082, up 5.55% compared to May 2015.

For 2015, Little Rock enplanements totaled 996,837, down 4.29%. It was the first time enplanements dropped below the million mark since 1991. Much of that falloff is attributed to the consolidation of airlines, and by extension their HUBS, as well as the repeal of the Wright Amendment which forced planes from Love Field to fly only in Texas or an adjoining state.

Northwest Arkansas Regional Airport (XNA) had 251,427 enplanements January-May, up a scant 0.02% compared to the same period in 2015. May enplanements totaled 60,977, up 5.26% compared to May 2015.

For 2015 the airport had 643,320 enplanements, up 1.09%. A third of the traffic at XNA in 2015 was on American Eagle (32.75%). United Express (13%) and US Air (9%) were a distant second and third in passenger count. XNA's first full year of traffic was 1999, and the airport posted eight consecutive years of enplanment gains before seeing a decline in 2008.

Enplanements at the smaller Fort Smith Regional Airport totaled 33,465 January-May, down 7.2% compared to the same period in 2015. May enplanements were 8,448, up 9.88% compared to May 2015.

Fort Smith enplanements totaled 86,704 in 2015, down 7.1% compared to 2014. The 2014 traffic was 92,869, the first time the airport had topped the 90,000 mark since 2007. December enplanements in Fort Smith were 6,315, down from 7,409 in December 2014.

Enplanements on all U.S. carriers (including domestic and international traffic) totaled 70.636 million in March, up 2.9% compared to the 68.64 million in March 2015, according to the U.S. Department of Transportation. (March data was the most recent available as of June 17.) For the first three months of 2016, scheduled enplanements for all U.S. carriers totaled 189.609 million, up 5.25% compared to the same period in 2015.



ENPLANEMENT HISTORY (Clinton National Airport-Little Rock)

2015:	996,837
2014:	1.038 million
2013:	1.085 million
2012:	1.147 million
2011:	1.103 million
2010:	1.124 million

**2015:
996,837**

ENPLANEMENT HISTORY (Northwest Arkansas Regional Airport)

2015:	643,320
2014:	640,537
2013:	581,487
2012:	565,045
2011:	562,747
2010:	570,625

**2015:
643,320**

ENPLANEMENT HISTORY (Fort Smith Regional Airport)

2015:	86,704
2014:	92,869
2013:	84,520
2012:	86,653
2011:	86,234
2010:	86,129

**2015:
86,704**



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