



ARKANSAS Transportation REPORT

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Editor's note: The Arkansas Transportation Report is Sponsored by Arkansas Trucking Association & Arkansas State Chamber of Commerce.



Arkansas River traffic declines in August, up 21% year-to-date

By Talk Business & Politics Staff

Traffic on the Arkansas River for the first eight months of 2016 totaled 7.675 million tons, up 21% compared to 2015, but a decline in iron and steel shipments pushed August tonnage down almost 25%.

August saw 921,119 tons shipped on the river, down 24.5% compared to August 2015, according to the U.S. Corps of Engineers.

Thanks to unusual amounts of rainfall in 2015, tonnage on the Arkansas River was down 15% compared to 2014, and fell below 10 million tons for the first time in at least four years. Information from the U.S. Corps of Engineers shows that 9.962 million tons were shipped in 2015. Tonnage totaled 11.719 million tons in 2014, down from the 12.139 million in 2013 but better than the 11.687 million in 2012 and the 10.6 million in 2011.

In the January-August period, inbound tonnage totaled 3.044 million tons, down 1% compared to the same period in 2015. Outbound tonnage on the Arkansas River was 2.699 million tons, up 45%, and internal tonnage (tons shipped between ports on the river) totaled 1.931 million tons, up 36%.

Iron and steel shipments totaled 109,200 tons in August, down 43.5% compared to August 2015. For the year, iron and steel shipments are down 22%.

Marty Shell, owner of Five Rivers Distribution which has port operations in Fort Smith and Van Buren, said August 2015 tonnage numbers were up because shipments delayed by swollen rivers earlier in the year began to move. He said overall 2016 tonnage has been good.

“2016 has been so far a strong year which means factories are using raw goods to make finished goods, and farmers are moving their grains to export markets while import fertilizers are coming in,” Shell said.

Shell said he is watching what impact China’s “shrinking consumption” will have on river tonnage in the overall U.S. inland river system.

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.



Following are the top five categories of items moved on the river in the January-August period compared to the same period in 2015.

Sand-gravel-rock up 26% ↑
January-August 2016: 2.112 million tons
January-August 2015: 1.677 million tons

Chemical fertilizers up 38.5% ↑
January-August 2016: 2.070 million tons
January-August 2015: 1.494 million tons

Wheat up 92% ↑
January-August 2016: 865,600 tons
January-August 2015: 450,600 tons

Iron-steel down 22% ↓
January-August 2016: 800,780 tons
January-August 2015: 1.02 million tons

Soybeans up 14% ↑
January-August 2016: 611,000 tons
January-August 2015: 535,700 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



'Volatility' the term of choice for national freight sector analysts

By Talk Business & Politics Staff

High inventory levels among retailers and manufacturers continue to be a concern for freight sector economists, but truck tonnage was up almost 6% in August.

August shipments were down 1.1%, and freight expenditures fell 6.3% compared to the same period in 2015, according to the Cass Freight Index. The American Trucking Associations' For-Hire Truck Tonnage Index rose 5.9% in August, following a 0.2% decline in July. Year-to-date, compared with the same period in 2015, tonnage was up 3.5% at the end of August.

Rosalyn Wilson, a supply chain expert and senior business analyst with Pasadena, Calif.-based Parsons, who provides economic analysis for the Cass Freight Index, said weakness in many economic sectors keeps shipments and expenditures on the decline.

"August's Cass Freight Index continued to signal that overall shipment volumes (and pricing) are persistently weak, with increased levels of volatility as all levels of the supply chain (manufacturing, wholesale, retail) continue to try and work down inventory levels," Wilson noted in her report.

She said inventory levels in many sectors are "elevated compared to sales," but expects "the persistent drag of de-stocking should progressively lessen as we enter 2017." Improved economic conditions depend on a consumer who continues to benefit from lower energy prices.

"As we have pointed out, the U.S. consumer has been saving and paying down debt with this disposable income for over six quarters. By this holiday season, we expect them to begin to spend at least part of their income. If not, the risk of an overall recession grows," Wilson said.

Cass uses data from \$26 billion in annual freight transactions to create the Index. The data comes from a Cass client base of more than 350 large shippers.

ATA Chief Economist Bob Costello said the broad inventory "overhang" makes it difficult to gauge trucking sector trends.

"Volatility continues to reign in 2016. This month's tonnage reading highlights this fact and underscores the difficulty in determining any real or clear trend in truck tonnage," Costello noted in his report. "What is clear to me is that normal seasonal patterns are not holding in 2016."

Continuing, he noted, "Despite a difficult to read August, I expect the truck freight environment to be softer than normal as well as continued choppiness until the inventory correction is complete. With moderate economic growth forecasted, truck freight will improve as progress is made with the inventory overhang."

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.

American Trucking Associations'



▲ up 5.9%

Truck Tonnage Index increase in August 2016

▼ down 0.2%

Truck Tonnage Index decrease in July 2016

August shipments:

▼ down 1.1%

compared to August 2015

August shipment expenditures:

▼ down 6.3%

compared to August 2015

(Cass Freight Index)

Energy sector decline helps push rail and intermodal traffic down 7%

By Talk Business & Politics Staff

For the 38 weeks of 2016 ended Sept. 24, the Association of American Railroads reported that combined railcar and intermodal traffic was 19.271 million units, down 7% compared to the same period in 2015.

Rail traffic for the first 38 weeks was 9.46 million carloads, down 10.7%. Intermodal units totaled 9.811 million, down 3.2% in the first 38 weeks.

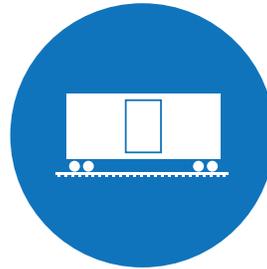
North American rail volume for the first 38 weeks of 2016 was 25,207,178 carloads and intermodal units, down 6.7% compared with 2015. For the first 38 weeks of 2016, Canadian railroads reported cumulative rail traffic volume of 4,915,339 carloads, containers and trailers, down 6.2%. Traffic on Mexican railroads for the first 38 weeks of 2016 was 1,020,182 carloads and intermodal containers and trailers, down 2.6% from the same point last year.

Total carloads for the week ending Sept. 24 were 268,524 carloads, down 6.1% compared to the same one week period in 2015, and U.S. weekly intermodal volume was 271,085 containers and trailers, down 3.5% compared to 2015.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2015. They included grain, up 13.4% to 25,129 carloads; miscellaneous carloads, up 3.6% to 10,488 carloads; and chemicals, up 2.3% to 30,194 carloads. Commodity sectors that declined were petroleum and petroleum products, down 20.2% to 10,379 carloads; coal, down 13.9% to 87,486 carloads; and forest products, down 13.2% to 9,928 carloads.

North American rail volume for the week ending Sept. 24, on 13 reporting U.S., Canadian and Mexican railroads totaled 364,517 carloads, down 3.7% compared with the same week last year, and 346,138 intermodal units, down 3.4% compared with last year. Total combined weekly rail traffic in North America was 710,655 carloads and intermodal units, down 3.5%.

Canadian railroads reported 80,497 carloads for the week, up 7.7% and 61,876 intermodal units, down 2.5% compared with the same week in 2015. Mexican railroads reported 15,496 carloads for the week, down 13.1% compared with the same week last year, and 13,177 intermodal units, down 5.3%.



↓ **7%**

Decline in rail car shipments – including intermodal – for the first 38 weeks of 2016.

↓ **10.7%**

Year-to-date decline in rail car shipments as of Sept. 24

↓ **3.2%**

Year-to-date decline in intermodal shipments as of Sept. 24

↓ **6.7%**

Year-to-date decline in North American rail volumes (Canada, Mexico and U.S) as of Sept. 24

Year-to-date enplanements up at two of Arkansas' three largest commercial airports

By Talk Business & Politics Staff

Traffic at Arkansas' commercial airports is not keeping pace with the almost 5% enplanement gains seen nationwide.

January-August enplanements at the Bill and Hillary Clinton National Airport in Little Rock totaled 660,405, up 0.48% compared to the same period in 2015. August enplanements were 81,268, down 5.76% compared to August 2015.

The state's largest airport is coming off its lowest year for enplanements since 1991. Enplanements in 2015 totaled 996,837, down 4.29%. Enplanements were below 1 million, the first time enplanements dropped below the million mark since 1991.

Enplanements at the second largest airport, Northwest Arkansas Regional Airport (XNA), totaled 439,221 in the first eight months of the year, up 0.82% compared to the same period in 2015. However, the 2015 enplanements set a new record at 647,530. XNA's first full year of traffic was 1999, and the airport posted eight consecutive years of enplanement gains before seeing a decline in 2008.

August enplanements at XNA totaled 59,078, up 1.25% compared to August 2015.

Fort Smith Regional Airport enplanements were 57,094 for the first eight months of 2016, down 4.05% compared to the same period in 2015. August enplanements totaled 7,293, up 2.7% compared to in August 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.

U.S. Department of Transportation figures show U.S. June enplanements – the most recent federal data available – totaled 74.792 million, up 4.29% compared to June 2015. In the 12-months ended in June, U.S. enplanements were 819.846 million, up 4.96% compared to the July 2014-June 2015 period.



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

0.48%

Gain in January-August enplanements

ENPLANEMENT HISTORY

(Northwest Arkansas Regional Airport)

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

0.82%

Gain in January-August enplanements

ENPLANEMENT HISTORY

(Fort Smith Regional Airport)

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

4.05%

Decline in January-August enplanements



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