



ARKANSAS Transportation REPORT

May 2016



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



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By Talk Business & Politics Staff

It's been a tough start for the transportation sector in 2016, with most closely watched reports showing declines in trucking, rail and shipment revenue. The bright spot is a rise in air travel, although enplanements are down at two of Arkansas' three largest airports.

River traffic is also showing growth in recent months. For the first quarter of 2016, river tonnage totaled 2.942 million tons, up 5% compared to the same period in 2014. Inbound tonnage is down 8%, outbound tonnage is up 8% and internal (shipments between ports on the system) is up 32%, according to a Corps report.

The freight environment continues to be inconsistent and ended the quarter on a down trend. The American Trucking Associations' March tonnage index fell 4.5% after a 7.2% jump in February. Persistent high inventory levels among U.S. businesses have been an ongoing narrative.

For the week ending May 7, total U.S. weekly rail traffic was 492,923 carloads and intermodal units, down 10.6% compared with the same week last year, according to the Association of American Railroads.

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.

Tonnage returns to positive territory after heavy rains and flooding in 2015

By Talk Business & Politics Staff

The Arkansas River in recent months has returned to normal, with tonnage up more than 5% in the first quarter.

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.

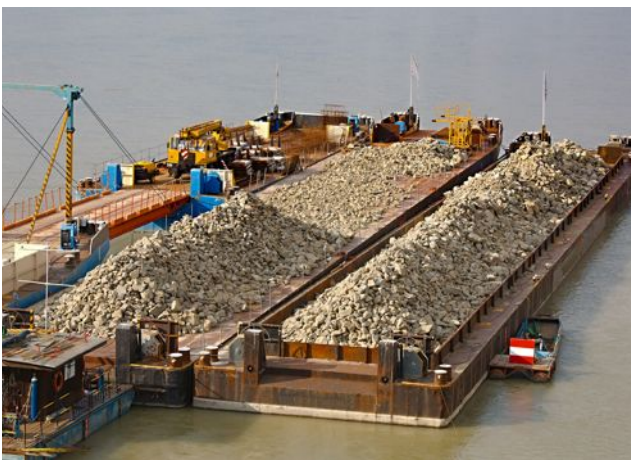
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The Arkansas River system is 445 miles long and stretches from the confluence of the Mississippi River to the Port of Catoosa near Tulsa, Okla. The controlled waterway has 18 locks and dams, with 13 in Arkansas and five in Oklahoma. The river also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

Arkansas River tonnage

January-March 2016: 2.942 million tons

January-March 2015: 2.81 million tons



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



Chemicals/fertilizer

Jan.-Mar. 2016: 882,957 tons

Jan.-Mar. 2015: 725,684 tons

up 22% 

Sand/gravel/rock

Jan.-Mar. 2016: 749,457 tons

Jan.-Mar. 2015: 635,154 tons

up 18% 

Soybeans

Jan.-Mar. 2016: 388,600 tons

Jan.-Mar. 2015: 396,300 tons

down 2% 

Iron/steel

Jan.-Mar. 2016: 272,000 tons

Jan.-Mar. 2015: 437,925 tons

down 36% 

'Inventory overhang' in U.S. economy reduces freight activity

By Talk Business & Politics Staff

The freight environment continues to be inconsistent and ended the quarter on a down trend. The American Trucking Associations' March tonnage index fell 4.5% after a 7.2% jump in February. Persistent high inventory levels among U.S. businesses have been an ongoing narrative.

"The freight economy continues to be mixed, with housing and consumer spending generally giving support to tonnage, while new fracking activity and factory output being drags. In addition, freight volumes are softer than the overall economy because of the current inventory overhang throughout the supply chain," said Bob Costello, chief economist for the ATA.

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.

A May 4 investor note from Little Rock-based Stephens Inc. said comments from trucking industry executives suggests "that the April demand environment has been disappointing."

"Multiple TL/LTL (truckload and less-than-truckload) brokers and 3rd Party Logistics providers have reported a slower-than-expected finish to March from a demand perspective, with this trend continuing into April," noted the Stephens report, which also mentioned high inventory levels as a drag on demand.

The higher inventory levels are broad and cover retail, manufacturing and other key sectors.

"Generally speaking, I would say inventories are elevated across the board. If you look at the US census data, manufacturing, retailer, and merchant wholesale inventory to sales ratios have been increasing since late 2014," Stephens Analyst Brad Delco told Talk Business & Politics.

Cass Freight Index showed shipments in March were down 1.5% compared to March 2015 but up 1.4% from February. Shipment costs were down 7% compared to March 2015 and down 1% compared to February.

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.

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 job and wage growth measures suggest the national economy is in "good shape."

"By some measures the economy appears to be in good shape. March employment figures were strong, especially for construction, which gained 37,000 jobs, and retail, which gained 48,000. Average hourly wages grew by 7 cents an hour, housing starts and home sales had moderate growth, inflation is low, and February exports were up 1.5 percent," Wilson said in the report.

She did note several potential drags on the economy, including "sluggish" consumer spending, weak business investments, and a Federal Reserve "divided on the next course of action." However, she said there is optimism about overall economic conditions in 2016.

"Global economic conditions are still weak and fragile in some economies, adding a level of uncertainty to the U.S. economy. 2016 is turning out to be difficult to predict. Anecdotally, however, many players in the supply chain remain cautiously optimistic for the rest of the year," she said.

Truck tonnage, shipments



December 2015: **135.6**

▲ **up 1%** from December 2014

▼ **down 4.5%: Truck Tonnage Index in March**

(American Trucking Associations')

March shipments: **down 1.5%** ▼

March shipment costs: **down 7%** ▼

(Cass Freight Index)

U.S. rail traffic down 14.3% in the first 18 weeks of 2016

By Talk Business & Politics Staff

For the week ending May 7, total U.S. weekly rail traffic was 492,923 carloads and intermodal units, down 10.6% compared with the same week last year, according to the Association of American Railroads.

There were 233,047 carloads, down 14.8% compared with the same week in 2015, while U.S. weekly intermodal volume was 259,876 containers and trailers, down 6.4% compared to 2015.

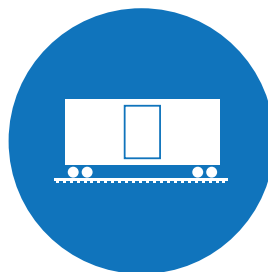
Three of the 10 carload commodity groups posted an increase compared with the same week in 2015. They were miscellaneous carloads, up 6.7% to 9,839 carloads; chemicals, up 1.6% to 31,075 carloads; and grain, up 0.1% to 18,004 carloads. Commodity groups with decreases compared to the same week in 2015 included coal, down 33.5% to 62,394 carloads; petroleum and petroleum products, down 26.4% to 11,394 carloads; and metallic ores and metals, down 12.8% to 20,569 carloads.

For the first 18 weeks of 2016, U.S. railroads reported cumulative volume of 4,320,667 carloads, down 14.3% from the same point last year; and 4,628,008 intermodal units, down 1.1% from last year. Total combined U.S. traffic for the first 18 weeks of 2016 was 8,948,675 carloads and intermodal units, down 8% compared to last year.

Total combined weekly rail traffic in North America was 645,507 carloads and intermodal units, down 10.4%. North American rail volume for the first 18 weeks of 2016 was 11,740,770 carloads and intermodal units, down 7.5% compared with 2015.

Canadian railroads reported 65,949 carloads for the week, down 17 percent, and 59,876 intermodal units, down 4.5 percent compared with the same week in 2015. For the first 18 weeks of 2016, Canadian railroads reported cumulative rail traffic volume of 2,313,684 carloads, containers and trailers, down 6.9 percent.

The AAR also reported U.S. Class I railroads originated 63,261 carloads of crude oil in the first quarter of 2016, down 21,664 carloads or 25.5% from the fourth quarter of 2015 and down 49,828 carloads or 44.1% from the first quarter of 2015.



↓ down 14.3%
decline in U.S. railcar loads in the first 18 weeks of 2016 compared to the same period in 2015

↓ down 10.6%
For the week ending May 7, total U.S. weekly rail traffic, including carloads and intermodal

↓ down 26.4%
For the week ending May 7, decline in petroleum and petroleum products shipped by rail

Enplanements at Arkansas' three largest airports off to a slow start

By Talk Business & Politics Staff

Travel out of Arkansas' three largest commercial airports has slowed in the first four months of 2016, with two of the three reporting an enplanement decline during the period.

The Clinton National Airport in Little Rock posted January-April enplanements of 295,121, up 1.85% compared to the same period in 2015. April enplanements totaled 80,050, up 0.74%.

For 2015, enplanements totaled 996,837, down 4.29%. Roughly 1.9 million people flew in and out of Little Rock last year. It was the first time enplanements dropped below the million mark since 1991.

Northwest Arkansas Regional Airport (XNA) had 190,450 enplanements in the January-April period, down 1.56% compared to the same period in 2015. However, the 2016 comparisons are up against a record number of enplanements in 2015. For 2015 the airport had 647,530 enplanements, up 1.09% for the year. A total of 1.29 million people flew in or out of XNA last year. Enplanements were up nearly 2,800 passengers.

April enplanements out of XNA totaled 50,736, down 2.07% compared to April 2015.

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.

Enplanements at the smaller Fort Smith Regional Airport totaled 25,017 in the January-April period, down 11.8% compared to the same period in 2015. April enplanements were 6,892, down 7.68% compared to April 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.

U.S. enplanements in the March 2015-February 2016 period (the most recent data available through the U.S. Department of Transportation) totaled 810.866 million, up 5.06% compared to the same period in the previous year.



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: 647,530
2014: 640,537
2013: 581,487
2012: 565,045
2011: 562,747
2010: 570,625

2015:
647,530

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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