



# ARKANSAS Transportation REPORT

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# Arkansas River traffic rebounds from 2015 floods, tonnage up almost 33% in first half of 2016

By Talk Business & Politics Staff

Old man river giveth and he taketh away. Lately, he's in a giving mood. Tonnage shipped on the Arkansas River is up almost 33% for the first six months of 2016, a big jump from when heavy rains slowed or stopped river traffic for many months in 2015.

Tonnage shipped on the river in the January-June period totaled 5.913 million tons, up 32.7% compared to 4.455 million tons in the same period of 2015. June saw 979,684 tons shipped on the river, well ahead of the dismal 390,084 tons shipped in June 2015.

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-June period, inbound tonnage totaled 2.502 million tons, up 14% compared to the same period in 2015. Outbound tonnage on the Arkansas River was up 57%, and internal tonnage (tons shipped between ports on the river) totaled 1.449 million tons, up 43%.

Marty Shell, owner of Van Buren-based Five Rivers Distribution, operates the port of Fort Smith and port facilities in Van Buren. He said 2016 is shaping up to be a year of recovery on the river. His operations handled 76,019 tons in the second quarter of 2016, well ahead of the 39,351 tons during the second quarter of 2015.

Bryan Day, executive director of the Little Rock Port Authority, said operations at the port "compare favorably" to 2015, but he said port activity could fall off in the back half of 2016.

"The next several months at the Port could show a slight decrease in tonnage, primarily due to low oil prices and the impact it is having on industry; however, I still believe that the Port of Little Rock will have a strong year in terms of tonnage across our docks," Day said.

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-June period compared to the same period in 2015.

## Chemical fertilizers

up 60.5% 

Jan-June 2016: 1.676 million tons

Jan-June 2015: 1.044 million tons

## Sand-gravel-rock

up 37.8% 

Jan-June 2016: 1.593 million tons

Jan-June 2015: 1.156 million tons

## Iron-steel

down 14% 

Jan-June 2016: 603,380 tons

Jan-June 2015: 701,125 tons

## Soybeans

up 18.8% 

Jan-June 2016: 583,000 tons

Jan-June 2015: 490,500 tons

## Wheat

up 94.4% 

Jan-June 2016: 512,600 tons

Jan-June 2015: 263,600 tons

# National freight industry facing 'choppy' and 'perplexing' economic conditions

By Talk Business & Politics Staff

While tonnage is up year-to-date for the trucking industry, an inventory glut and overall "perplexing" national economy has resulted in a "choppy" freight environment, according to two closely watched sources.

The American Trucking Associations' Truck Tonnage Index fell 1.5% in June following a revised 2.9% gain in May. Year-to-date tonnage is up 3.7% compared to the same period in 2015. Excluding a large increase in February and compared with the same period in 2015, tonnage was up 2.7%.

"The seesaw pattern continued again in June with tonnage falling after a good rise in May," ATA Chief Economist Bob Costello said in his report. "On a month-to-month basis, tonnage has been down in three of the last four months, totaling 4.7% since February."

Costello said the back half of 2016 will be "choppy" for the freight industry.

"The good news for trucking is we are the most diverse mode of all freight transportation sectors between industrial and consumer freight. We are currently benefiting from the consumer side while being hurt on the industrial side. And of course we still have the inventory glut that is weighing down tonnage," he said.

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.

According to the Cass Freight Index, June shipments were up 1.7% compared to May, but down 4.3% compared to June 2015. June freight payments were up 3.9% compared to May, but down 8.8% compared to June 2015.

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 inventories remain at high levels – which slows demand for freight – and housing construction is slowing.

"The first half of the year's economic performance has been perplexing. Consumer spending has been growing, although the effect on freight is small as most of this increase has been in the service

sector (which hired 256,000 new workers in June)," Wilson noted in her report. "Inventories are mostly unchanged at uncomfortably high levels, but the inventory-to-sales ratio fell in April for the first time in over a year. Exports and imports are down, residential and commercial construction has been slowing, and consumer spending on goods is weak."

However, Wilson sees an uptick in the manufacturing sector. Recent reports, according to Wilson, show 3.9% growth in production, 2.3% increase in new orders and an 11.7% growth in order backlog.

"While the second quarter was stronger than the first, the mixed signals in the air make the third quarter uncertain," Wilson said.

## Truck tonnage, shipments



▼ **down 1.5%**

Truck Tonnage Index decrease in June 2016

▲ **up 2.95%**

Truck Tonnage Index increase in May 2016

(American Trucking Associations')

June shipments:

▼ **down 4.3%**

compared to June 2015

June shipment costs:

▼ **down 8.8%**

compared to June 2015

(Cass Freight Index)

# U.S. rail traffic continues to decline, intermodal coal volumes down 15.6%

By Talk Business & Politics Staff

As of July 16, rail car shipments – including intermodal – were down 6.1% compared to the same week in 2015, and year-to-date shipments are down 7.3%.

According to Little Rock-based Stephens Inc., the largest decreases in industry volumes came from intermodal (down 5.5%), coal (down 15.6%), metallic ores & metals (down 13.6%), petroleum & petroleum products (down 17.9%) and nonmetallic minerals (down 6.1%). The largest increase came from grain (+13.5%).

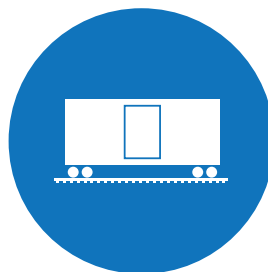
In the east, CSX Transportation's total volumes were down 7.7% with the largest decreases coming from coal (down 19.1%), intermodal (down 2.2%) and petroleum (down 25.3%). NSC's total volumes were down 7.2% with the largest decreases coming from intermodal (down 8.4%) and coal (down 22.0%). The largest increase came from grain (+33.0%).

In the west, Burlington Northern's total volumes were down 3.0% with the most significant decreases coming from coal (down 14.1%), intermodal (down 4.3%) and petroleum (down 17.8%). The largest increase came from grain (+32.2%).

Union Pacific's total volumes were down 6.7% with the most significant decreases coming from intermodal (down 7.4%), coal (down 14.8%) and stone, sand & gravel (down 18.6%).

In Canada, Canadian National Railway total volumes were down 11.8% with the most significant decreases coming from metallic ores (down 37.0%), coal (down 36.9%) and intermodal (down 5.3%). Revenue per ton mile was down 7.2%.

Canadian Pacific's total volumes were down 2.2% with the most significant decrease coming from intermodal (down 7.6%). The largest increase came from motor vehicles & parts (+57.7%). Revenue per ton mile was down 6.2%.



↓ **7.3%**

Decline in rail car shipments – including intermodal – through the first 28 weeks of 2016 compared to the same period in 2015

↓ **15.6%**

Year-to-date decline in coal shipments

↓ **17.9%**

Year-to-date decline in petroleum & petroleum products

↑ **13.5%**

Year-to-date increase in grain shipments

# Travel out of Arkansas' three largest commercial airports was up overall in June, with year-to-date traffic up at two of the three airports.

By Talk Business & Politics Staff

January-June enplanements at the Bill and Hillary Clinton National Airport in Little Rock totaled 486,690, up 2.53% compared to the same period in 2015. June enplanements were 94,989, just ahead of the 94,844 in June 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 316,680 in the first six months of the year, up just 0.63% 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.

June enplanements at XNA totaled 65,253, up 3.09% compared to June 2015.

Fort Smith Regional Airport enplanements were 41,593 for the first six months of 2016, 7.26% below the same period in 2015. June enplanements totaled 8,128, below the 8,787 in June 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.

The economic impact of business and tourism travel continues to rise. Domestic and international travelers spent close to \$1 trillion and supported more than 8.1 million jobs within the United States last year. The exact total spent was \$947 million while total travel-related employment was over 15.1 million, according to the U.S. Travel and Tourism Overview for 2015 from the U.S. Travel Association. Total travel related output was \$2.1 trillion in 2015.

Compared to 2014, U.S. domestic travel increased 3.3% with 2.2 billion person-trips in 2015. Domestic leisure travel, which includes visits to friends and relatives as well as trips taken for outdoor recreation and entertainment purposes, enjoyed a larger increase of 3.6% to 1.7 billion person-trips.



## 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

**2.53%**

**Gain in January-June 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

**0.63%**

**Gain in January-June 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

**7.26%**

**Decrease in January-June enplanements**



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