



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 down for second straight month, up 16% January-September

By Talk Business & Politics Staff

Arkansas River traffic for the first nine months of 2016 totaled 8.579 million tons, up 16% compared to 2015, with continued declines reported in iron and steel shipments.

September saw 903,538 tons shipped on the river, down 12.7% compared to September 2015, according to the U.S. Corps of Engineers.

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, with unusually heavy rains during the year closing the river for several months. 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-September period, inbound tonnage totaled 3.287 million tons, down 6% compared to the same period in 2015. Outbound tonnage on the Arkansas River was 3.036 million tons, up 40%, and internal tonnage (tons shipped between ports on the river) totaled 2.255 million tons, up 30%.

Iron and steel shipments totaled 109,200 tons in September, down 35.2% compared to September 2015. For the year, iron and steel shipments are down 23%.

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

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

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



Sand-gravel-rock

up 20% ↑

January-September 2016: 2.45 million tons
January-September 2015: 2.037 million tons

Chemical fertilizers

up 33% ↑

January-September 2016: 2.245 million tons
January-September 2015: 1.688 million tons

Wheat

up 86% ↑

January-September 2016: 966,400 tons
January-September 2015: 518,200 tons

Iron-steel

down 23% ↓

January-September 2016: 887,500 tons
January-September 2015: 1.154 million tons

Soybeans

up 10% ↑

January-September 2016: 702,400 tons
January-September 2015: 640,500 tons

September tonnage, shipments down in the U.S., five straight quarters of high inventory drag on economy

By Talk Business & Politics Staff

August gave a “false hope” of a consumer resurgence, but September was a reminder of ongoing volatility in the U.S. economy, according to reports tracking the U.S. trucking and shipping industries.

September shipments were down 3.1%, and freight expenditures fell 3.8% compared to the same period in 2015, according to the Cass Freight Index. 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.

The American Trucking Associations’ For-Hire Truck Tonnage Index fell 5.8% in September, following a downwardly revised 5% rise in August. Year-to-date, compared with the same period in 2015, tonnage was up 3% at the end of September.

Donald Broughton, a chief market strategist and senior transportation analyst with Avondale Partners, who provides economic analysis for the Cass Freight Index, said the August numbers brought “false hope” of a rebound, but the September numbers were a reminder of “volatility” in the overall supply chain related to persistently high inventory levels. Broughton said the consumer has not reacted to lower energy prices in the way most economists expected.

“But instead of following the playbook, most U.S. consumers have been choosing to pay down debt and increase their savings,” Broughton wrote.

Broughton said the inventory issue has been historic, and will drag on for a few more months.

“Inventories have now contracted from GDP for five consecutive quarters to the tune of ~3% of GDP. This is the longest stretch outside of a recession since 1956-57 and the largest in magnitude since 1995. We expect de-stocking to continue into Q3 in retail, based on the NRF’s (National Retail Federation’s) Port Tracker survey,” he noted.

He is cautiously predicting that consumer spending could tick up with the holiday shopping cycle.

“If not, the risk of an overall recession grows,” Broughton wrote in his report.

ATA Chief Economist Bob Costello said the month-to-month swings in the sector make it difficult to see a future path.

“Volatility this year continued again in September with the large drop after a significant increase in August. The changes we’re seeing in typical seasonal trends are making it difficult to discern any real or clear trend in truck tonnage,” Costello noted.

However, he does lean toward lower than normal freight traffic for the remainder of the year.

“Adjusting for the larger ups and downs this year, as well as talking with many fleets, I currently see a softer than normal freight environment, which is likely to continue until the inventory correction is complete. Looking ahead, the slow growth economic envi-

ronment does not suggest that significantly stronger truck tonnage numbers are in the near term either,” he said.

Trucking serves as a barometer of the U.S. economy, representing 70.1% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled almost 10.5 billion tons of freight in 2015. Motor carriers collected \$726.4 billion, or 81.2% of total revenue earned by all transport modes.

American Trucking Associations’



▼ **down 5.8%**

Truck Tonnage Index increase in September 2016

▲ **up 5%**

Truck Tonnage Index gain in August 2016

September shipments:

▼ **down 3.1%**

compared to September 2015

September shipment expenditures:

▼ **down 3.8%**

compared to September 2015

(Cass Freight Index)

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

By Talk Business & Politics Staff

For the 43 weeks of 2016 ended Nov. 2, the Association of American Railroads reported that combined railcar and intermodal traffic was 21.963 million units, down 6.6% compared to the same period in 2015.

Rail traffic for the first 43 weeks was 10.804 million carloads, down 10%. Intermodal units totaled 11.159 million, down 3% in the first 43 weeks.

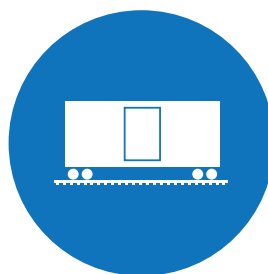
“Railroads continue to face a difficult macroeconomic environment that’s negatively impacting their traffic volume,” AAR Senior Vice President of Policy and Economics John Gray said in the October report. “Grain is doing well and autos are hanging on, but many other commodity categories that depend on a vibrant industrial sector — things like steel, petroleum products, and crushed stone — are not doing as well as railroads would like. Hopefully that changes in the months ahead.”

Combined rail and intermodal traffic in October totaled 544,997 units, down just 0.8% compared with October 2015.

In October 2016, just four of 20 carload commodity categories saw gains compared with October 2015. The sectors included:

- Grain, up 6% or 6,014 carloads;
- Waste and nonferrous scrap, up 9.9% or 1,349 carloads; and
- Miscellaneous carloads, up 2.2% or 535 carloads.

Commodities that saw declines in October 2016 from October 2015 included: coal, down 7.6% or 29,621 carloads; petroleum and petroleum products, down 24% or 12,849 carloads; and chemicals, down 3.1% or 3,660 carloads.



↓ **6.6%**

Decline in rail car shipments – including intermodal – for the first 43 weeks of 2016.

↓ **10%**

Year-to-date decline in rail car shipments as of Nov. 2

↓ **3%**

Year-to-date decline in intermodal shipments as of Nov. 2

↓ **6.1%**

Year-to-date decline in North American rail volumes (Canada, Mexico and U.S) as of Nov. 2

September enplanements up at three largest commercial airports in Arkansas

By Talk Business & Politics Staff

Traffic out of Arkansas' three largest commercial airports was up in September, with two of the airports reporting enplanement gains through the first nine months of 2016.

January-September enplanements at the Bill and Hillary Clinton National Airport in Little Rock totaled 743,199, up 0.62% compared to the same period in 2015. September enplanements were 82,794, up 1.69% compared to September 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 498,210 in the first nine months of the year, up 1.36% compared to the same period in 2015. 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.

September enplanements at XNA totaled 58,989, up 5.54% compared to September 2015.

Fort Smith Regional Airport enplanements were 64,895 for the first nine months of 2016, down 3.1% compared to the same period in 2015. September enplanements totaled 7,801, up 4.4% compared to in September 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.

Fourth quarter traffic could help continue the gains, with Airlines for America predicting a 2.5% rise in Thanksgiving holiday traffic. The group, which is the lobbying organization for the nation's largest airlines, estimates that 27.3 million people will fly during the Thanksgiving break, or about 55,000 passengers a day more than in the 2015 period.

On a daily view, the estimate suggests an average of 2.27 million passengers per day in the 12-days the industry group uses to measure the holiday travel 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

0.62%

Gain in January-September 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

1.36%

Gain in January-September 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

3.1%

Decline in January-September enplanements



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