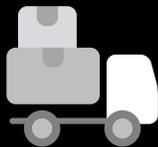
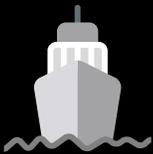
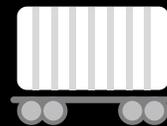




Arkansas Transportation Report



March 2017



sponsored by The Arkansas Trucking Association & Arkansas State Chamber of Commerce



Business matters.

Arkansas River traffic tops 2 million tons in January-February 2017

Traffic through the first two months of 2017 on the Arkansas River (McClellan-Kerr Arkansas River Navigation System) totaled 2.092 million tons, up more than 16% compared to the January-February period of 2016. That's just the second time in seven years tonnage shipped on the Arkansas River has topped the 2 million mark through the first two months of the year. The previous occurrence was January-February of 2013 (2.202 million tons). However, February saw 1.216 million tons shipped, down 0.9% compared to the 1.228 tons in February 2016.

Inbound tonnage on the Arkansas River in the January-February period totaled 870,605 tons, up 8.2% compared to the same two-month period in 2016. Outbound tonnage was 839,554 tons, up 37%, and internal tonnage (tons shipped between ports on the river) totaled 381,911 tons, down 0.5%.

Chemical fertilizer shipments for the first two months of 2017 totaled 753,378 tons, up 33% from the same two-month period in 2016. Shipments of sand/gravel/rock totaled 437,011 tons, up 6 percent from January-February of 2016.

The big gainers through the first two months of 2017 were other chemicals (up 132% to 35,439 tons) and wheat (up 90% to 173,600 tons).

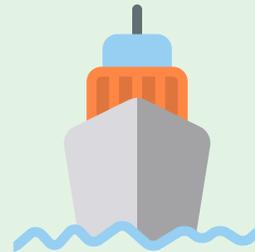
“Activity on the Arkansas River remains steady; however, we are optimistic that tonnage will continue to grow as the new administration focuses on opening the energy sector and promotes ‘re-shoring’ of manufacturing opportunities,” said Little Rock Port Authority Executive Director Bryan Day. “This river system is an incredible asset that needs to be promoted as a safe and efficient way to move cargo to and from this community. It is the gateway to the world and we are lucky to have it as a resource.”

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. **TBP**

Arkansas River tonnage

(through the first two months each year)

2017: 2.092 million tons
2016: 1.799 million tons
2015: 1.833 million tons
2014: 1.818 million tons
2013: 2.202 million tons
2012: 1.861 million tons
2011: 1.895 million tons



Following are the top five categories of items moved on the river during the first two months of 2017.

Sand-gravel-rock **up 5.6%** 

January-February 2017: 437,011 tons
 January-February 2016: 413,688 tons

Chemical fertilizers **up 33%** 

January-February 2017: 753,378 tons
 January-February 2016: 567,357 tons

Soybeans **up 13.1%** 

January-February 2017: 306,000 tons
 January-February 2016: 270,500 tons

Iron-steel **up 28.7%** 

January-February 2017: 232,400 tons
 January-February 2016: 180,600 tons

Wheat **up 90.3%** 

January-February 2017: 173,600 tons
 January-February 2016: 91,200 tons

sponsored by The Arkansas Trucking Association & Arkansas State Chamber of Commerce



Business matters.

Shipments, expenditures continue positive trend in February

The February Cass Freight Shipments Index came in at 1.9% growth over the same month in 2016, yet another data point which strongly suggests that the first positive indication in October may have indeed been a change in trend.

In fact, it now looks as if the October Cass Freight Shipments Index, which broke a string of 20 months in negative territory, was one of the first indications that a recovery in freight had begun in earnest.

After taking a positive turn for the first time in 22 months in January, freight expenditures (the total amount spent on freight) continued trending upward in February, up 3.2% over the year-ago period of February 2016. 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.

Donald Broughton, a chief market strategist and senior transportation analyst with Avondale Partners, who provides economic analysis for the Cass Freight Index, said the February data is beginning to suggest the consumer is finally starting to spend a little. It also suggests, he said, that with the surge in the price of crude in October of last year, the industrial economy's rate of deceleration first eased and then began a modest improvement led by the fracking of DUCs (drilled uncompleted wells), especially in the fields with a lower marginal production cost (i.e., Permian and Eagle Ford). "We have been questioning, 'How fast will the recovery from here be?' However, the overall freight recession, which began in March 2015, appears to be over and, more importantly, freight seems to be gaining momentum," Broughton wrote in his report.

The American Trucking Associations' (ATA) For-Hire Truck Tonnage Index slipped 0.1% in February, following a 2.9% increase during January. Year-to-date, compared with the same period in 2015, tonnage was down 2.8% at the end of February.

ATA Chief Economist Bob Costello said February's numbers, especially the year-over-year drop, might surprise some as several other economic indicators were positive in February.

"However, I'm not worried about the decline from February last year as it was really due to very difficult comparisons more than anything else: February 2016 was abnormally strong."

Looking ahead, Costello said signs remain mostly positive for truck tonnage, including lower inventory levels, better manufacturing activity, solid housing starts, good consumer spending, as well as an increase in the oil rig count — all of which are drivers of freight volumes.



American Trucking Associations



down 0.1%

Truck Tonnage Index increase in February 2017



up 2.9%

Truck Tonnage Index gain in January 2017



February shipments:

up 1.9%

compared to February 2016 (Cass Freight Index)



February shipment expenditures:

up 3.2%

compared to February 2016 (Cass Freight Index)

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. **TBP**

sponsored by The Arkansas Trucking Association
& Arkansas State Chamber of Commerce



Business matters.

Rail, intermodal traffic up 4.2% through January-February 2017

For the month of February 2017, the Association of American Railroads reported that combined railcar and intermodal traffic was 2.11 million units, up 4.2% compared to the same period in 2016.

Total U.S. railroad traffic for the first 8 weeks of 2017 was 2.04 million carloads, up 4.8% from the same point last year; and 2.08 million intermodal units, up 0.04% from last year. Total combined U.S. traffic for the first 8 weeks of 2017 was 4.13 million carloads and intermodal units, an increase of 2.3% compared to last year.

“The 19.2% increase in coal carloads in February 2017 was the highest percentage gain for coal since sometime before 1988 when our current record series began,” AAR Senior Vice President of Policy and Economics John T. Gray wrote in the report. “While it’s an impressive gain, February 2017 was, unfortunately, also the second worst February in absolute terms for coal since sometime before 1988. It’s all too representative of the challenges railroads are facing as their markets change. However, these same market changes are offering new opportunities. Over the past 15 years, the industry has worked hard to create a solid foundation to exploit these opportunities.”

Total U.S. weekly rail traffic for the week ending Feb. 25 was 521,451 carloads and intermodal units, up 0.1% compared with the same week last year.

Total carloads for the period were 256,756 carloads, up 3.5% from the same week in 2016, while U.S. weekly intermodal volume was 264,695 containers and trailers, down 3% compared to 2016.

Three of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included coal, up 14% to 84,822 carloads; nonmetallic minerals, up 12.1% to 33,908 carloads; and metallic ores and metals, up 0.2% to 21,272 carloads. Commodity groups that posted decreases compared with the same week in 2016 included petroleum and petroleum products, down 15.5% to 9,438 carloads; motor vehicles and parts, down 5.8% to 18,634 carloads; and miscellaneous carloads, down 4.3% to 8,921 carloads.

North American rail volume for the week ending February 25 on 13 reporting U.S., Canadian and Mexican railroads totaled 351,728 carloads, up 4.6% compared with the same week last year, and 339,947 intermodal units, down 1.7% compared with last year. Total combined weekly rail traffic in North America was 691,675 carloads and intermodal units, up 1.4%. North American rail volume for the first 8 weeks of 2017 was 5,446,850 carloads and intermodal units, up 3% compared with 2016.

Canadian railroads reported 78,200 carloads for the week, up



0.1%

Increase in rail car shipments – including intermodal – for the first 8 weeks of 2017.



3.5%

Year-to-date increase in rail car shipments as of Feb. 25.



3.0%

Year-to-date decline in intermodal shipments as of Feb. 25.



4.6%

Year-to-date increase in North American rail volumes (Canada, Mexico and U.S.) as of Feb. 25.

10.3%, and 64,428 intermodal units, up 5.2% compared with the same week in 2016. For the first 8 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 1,113,463 carloads, containers and trailers, up 7.5%.

Mexican railroads reported 16,772 carloads for the week, down 2.9% compared with the same week last year, and 10,824 intermodal units, down 6.4%. Cumulative volume on Mexican railroads for the first 8 weeks of 2017 was 203,267 carloads and intermodal containers and trailers, down 6.9% from the same point last year. **TBP**

sponsored by The Arkansas Trucking Association & Arkansas State Chamber of Commerce



Business matters.

January-February enplanements up at Fort Smith and XNA, flat in Little Rock

Traffic is up at two of Arkansas' three largest commercial airports through the first two months of 2017, with the largest increase seen in Fort Smith.

Enplanements — or outbound passengers — at Fort Smith Regional Airport, the state's third-largest airport, totaled 12,708 in January and February, up 13.74% from the same two-month period in 2016. February enplanements totaled 6,317, up 11.3% from 5,672 enplanements in February 2016.

Fort Smith enplanements were 87,488 in 2016, up only marginally compared to 86,704 enplanements in 2015. Fort Smith's 2015 enplanement totals were 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.

Northwest Arkansas Regional Airport (XNA) in Highfill, the second-largest airport in the state, totaled 91,742 in January-May, up 6.03% from 86,518 in the year-ago period. February enplanements totaled 45,455, up 4.9% from 43,334 enplanements in February 2016.

Enplanements at XNA totaled a record 669,487 last year, up 3.39% from the previous record of 647,530 enplanements in 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 Bill and Hillary Clinton National Airport in Little Rock were essentially flat, rising slightly from 135,991 in January-February in 2016 to 136,216 in the same period this year. February enplanements actually dropped at Clinton National Airport, from 68,027 a year ago to 66,469 this year.

Enplanements at the Clinton National Airport in Little Rock were up 0.42% to 996,897 last year. That's compared to 992,712 enplanements in 2015. The last two years are the first two years since 1991 that enplanements at the state's largest airport have been below 1 million.

Enplanements on all U.S. carriers (including domestic and international traffic) totaled 68.68 million in December, up 0.98% compared to 68.01 million in December 2015, according to the U.S. Department of Transportation. (December data was the most recent available as of March 24.) In the 12-month period that ended in December 2016, enplanements for all U.S. carriers reached an all-time high of 719.0 million, up 3.3% compared to the December 2014-December 2015 period. **TBP**



Enplanement history Clinton National Airport-Little Rock

2016: 996,897
2015: 992,712
2014: 1.038 million
2013: 1.085 million
2012: 1.147 million
2011: 1.103 million
2010: 1.124 million

up 0.17%

Through February 2017: 136,216
Through February 2016: 135,991

Enplanement history Northwest Arkansas Regional Airport-Highfill

2016: 669,487
2015: 647,530
2014: 640,537
2013: 581,487
2012: 565,045
2011: 562,747
2010: 570,625

up 6.03%

Through February 2017: 91,742
Through February 2016: 86,518

Enplanement history Fort Smith Regional Airport

2016: 87,488
2015: 86,704
2014: 92,869
2013: 84,520
2012: 86,653
2011: 86,234
2010: 86,129

up 13.74%

Through February 2017: 12,708
Through February 2016: 11,172

sponsored by The Arkansas Trucking Association
& Arkansas State Chamber of Commerce





Arkansas Transportation Report

Permission from Talk Business & Politics must be obtained for any use of this material.
Contact Roby Brock at robby@talkbusiness.net for approval requests.

sponsored by The Arkansas Trucking Association
& Arkansas State Chamber of Commerce



Business matters.