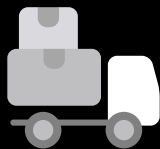
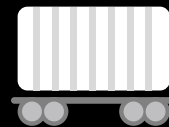




Arkansas Transportation Report



October 2017



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



Business matters.

Arkansas River traffic continues to make up ground

Through the first eight months of 2017, barge activity on the Arkansas River continues to make up ground after heavy rainfall during the spring impacted river traffic.

Information from the U.S. Army Corps of Engineers showed 7.60 million tons were shipped January through August, down 1% from the 7.67 million tons during the same period of 2016. That reflects a steady improvement from the previous two months. Year-to-date totals through June were off by 5% compared to 2016. Through July, traffic was down 2%.

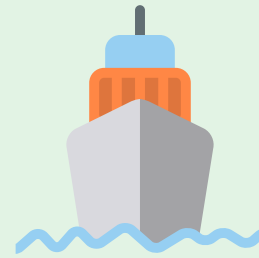
River traffic was impacted earlier this year by heavy rainfall in March and through April in areas of Oklahoma that feed into the Arkansas River watershed. The increased river levels slowed and eventually halted shipping on the river. In fact, May's monthly total of 499,662 tons was the lowest monthly level since June 2015 (390,084 tons).

"I just returned from the National Waterways Conference where industry leaders came together to talk about commodity movement on the rivers and oceans," said Bryan Day, executive director of the Little Rock Port Authority. "By all accounts, we are anticipating continued growth in movements across our docks and thru the port in the coming months. We remain optimistic that foreign trade policy will encourage investment and that manufacturers will look to the inland river system for movement of their products."






The August monthly total of 1.00 million tons was up 9.2% from August 2016 totals of 921,119. The traffic was down slightly, however, from July 2017 totals of 1.04 million tons.

Inbound tonnage on the Arkansas River in the first eight months of 2017 totaled 2.90 million tons, down 5% compared to the January-August period of 2016. Outbound tonnage in the first eight months of 2017 was up 8% to 2.90 million tons. Internal tonnage (materials originated and shipped between ports on the river) was down 7% to 1.79 million tons.

In specific categories of materials, shipments of sand/gravel/rock in the first eight months of 2017 totaled 2.09 million tons, down 1% from the same period of 2016. 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**



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

Sand/gravel/rock	down 1%	
January-August 2017: 2,099,457 tons January-August 2016: 2,112,862 tons		
Chemical fertilizers	flat	
January-August 2017: 2,069,527 tons January-August 2016: 2,070,658 tons		
Iron and steel	up 18%	
January-August 2017: 944,670 tons January-August 2016: 800,780 tons		
Wheat	up 2%	
January-August 2017: 881,200 tons January-August 2016: 865,600 tons		
Soybeans	up 6%	
January-August 2017: 649,511 tons January-August 2016: 611,000 tons		

Arkansas River tonnage

(through the first eight months each year)

2017: 7.609 million tons	2013: 7.950 million tons
2016: 7.675 million tons	2012: 7.668 million tons
2015: 6.355 million tons	2011: 7.131 million tons
2014: 7.631 million tons	

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Business matters.

Cass Freight: Volume strength accelerates, pricing accelerates quicker

August shipments were up 1.1% and up 3.9% compared to the same month in 2016. Freight expenditures (the total amount spent on freight) were up 2.5% in August and were 9.7% ahead of the pace compared to the same period in 2016.

Shipments turned positive nine months ago, while expenditures turned positive eight months ago, according to Donald Broughton, a chief market strategist and senior transportation analyst with Avondale Partners, who provides economic analysis for the Cass Freight Index. This is partly because of slightly easier comparisons, and in part because of higher oil prices they were less strong in August.

Broughton also noted the 3.9% year-over-year increase in the August Cass Shipments Index is yet another data point which confirms that the first positive indication in October (before the election) was a change in trend. In fact, it now looks as if the October 2016 Cass 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.

Cass uses data from more than \$20 billion in annual freight transactions to create the Index.

The American Trucking Associations' (ATA) For-Hire Truck Tonnage Index jumped 7.1% in August.

"Tonnage was stronger than most other economic indicators in August and more than I would have expected," ATA Chief Economist Bob Costello wrote in the report. "However, prep work for the hurricanes and better port volumes likely gave tonnage an added boost during the month.

"I suspect that short-term service disruptions from when the storms made landfall, as well as the normal ebb and flow of freight, could make September weaker and tonnage will smooth out to more moderate gains, on average."

As part of the August report, the ATA also revised its July increase in the index upward to a 0.5% gain from the previously reported 0.1% increase.

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**



American Trucking Associations



up 7.1%

Truck Tonnage Index
increase in August 2017



up 0.1%

Truck Tonnage Index
increase in July 2017



August shipments:

up 3.9%

compared to August 2016 (Cass Freight Index)



August expenditures:

up 9.7%

compared to August 2016 (Cass Freight Index)

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Business matters.

Rail traffic in August impacted by Hurricane Harvey

Total U.S. railroad traffic for the first eight months of 2017 was 9.06 million carloads, down 5.9% from the January-August period last year, according to the Association of American Railroads (AAR). Intermodal units totaled 9.35 million, up 3.4% from the year-ago period.

For August, U.S. railroads originated 1.34 million carloads, a drop of 0.3% from the same month in 2016. Intermodal (containers and trailers) was up 5.6% from August 2016 to 73,790 units.

“Rail traffic in August was a mixed bag, with gains in coal and sand, among other commodities, offset by declines in grain, autos, and crude oil,” AAR Senior Vice President John T. Gray wrote in the report. “These results reflect the fact that different rail customer segments are always facing different market dynamics, including, during the last week of August, Hurricane Harvey.”

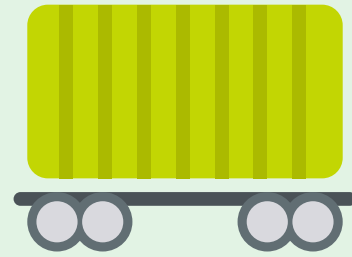
Regarding Hurricane Harvey, Gray said, “Unfortunately, floods, tornadoes and hurricanes are a fact of life, and railroads have long experience dealing with them and their aftermath. Railroads know that the quicker they can safely restore service, the quicker affected communities can obtain food, water, and other necessities; that supplies needed for rebuilding can be brought in; that debris can be removed; and that rail customers can return their operations to normal. In this regard, for railroads there is no alternative to long hours of very hard work in very difficult conditions, and that’s what railroads have been putting in.”

Total U.S. weekly rail traffic for the week ending Sept. 23 was 548,204 carloads and intermodal units, up 1.6% compared to the same week in 2016. Total carloads for the period were 263,200, a 2% decrease compared with the same week in 2016. U.S. weekly intermodal volume was 285,004 containers and trailers, up 5.1% from the same week in 2016.

Total combined U.S. traffic for the first 38 weeks of the year was 19.97 million carloads and intermodal units, an increase of 3.7% compared to last year.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 3,166 carloads, to 40,718; metallic ores and metals, up 2,528 carloads, to 25,392; and chemicals, up 487 carloads, to 30,669. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 5,517 carloads, to 19,612; coal, down 3,120 carloads, to 84,389; and petroleum and petroleum products, down 1,189 carloads, to 9,188.

North American rail volume for the week ending Sept. 23 on 13 reporting U.S., Canadian and Mexican railroads totaled 360,341 carloads, down 1.2% compared with the same week last year, and 370,902 intermodal units, up 7.2% compared with last year. Total combined weekly rail traffic in North America was 731,243 carloads and intermodal units, up 2.9%. North American rail volume for the first 38 weeks of 2017 was 26,492,241



3.7%

Increase in rail car shipments – including intermodal – for the first 38 weeks of 2017.



2.0%

Year-to-date decrease in rail shipments as of Sept. 23



5.1%

Year-to-date increase in intermodal shipments as of Sept. 23



1.2%

Year-to-date decrease in North American rail volumes (Canada, Mexico and U.S.) as of Sept. 23

carloads and intermodal units, up 5.1% compared with 2016.

Canadian railroads reported 81,470 carloads for the week, up 1.2%, and 73,056 intermodal units, up 18.2% compared with the same week in 2016. For the first 38 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 5,480,066 carloads, containers and trailers, up 11.5%.

Mexican railroads reported 15,671 carloads for the week, down 0.6% compared with the same week last year, and 12,842 intermodal units, down 2.6%. Cumulative volume on Mexican railroads for the first 38 weeks of 2017 was 1,032,518 carloads and intermodal containers and trailers, up 0.6% from the same point last year. **TBP**

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Airport traffic tracking ahead of 2016 pace

EDITOR'S NOTE: Because of a processing error made at Northwest Arkansas Regional Airport (XNA) in Highfill, August enplanement numbers from XNA were not available to be included in the October Transportation Report.

Traffic at two of Arkansas' three largest commercial airports continues to trend ahead of last year's pace, according to August enplanement data.

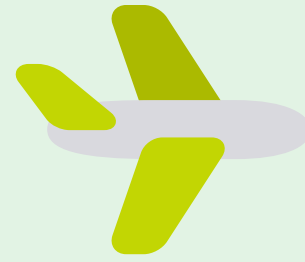
At Bill & Hillary Clinton National Airport in Little Rock, enplanements totaled 677,924 January-August period, a 2.65% increase from the same eight-month period of 2016. Enplanements for August were 83,804, a 3.12% increase from an August 2016 number of 81,268.

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 past two years are the first two years since 1991 that enplanements at the state's largest airport have been below 1 million.

In Fort Smith, enplanements for the first eight months of the year totaled 59,728, up nearly 3,000 passengers from the same period in 2016. Enplanements in August totaled 7,468, up from 7,293 in August 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.

Enplanements on all U.S. carriers (including domestic and international traffic) in June — the most recent federal data available — totaled an all-time high of 70.9 million, essentially flat from May, according to the U.S. Department of Transportation. **TBP**



*Because of a processing error made at Northwest Arkansas Regional Airport (XNA) in Highfill, August enplanement numbers from XNA were not available to be included in the October Transportation Report.

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 2.65%

Through August 2017: 677,924
 Through August 2016: 660,405

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 3.59%

Through July 2017: 393,793
 Through July 2016: 380,143

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 4.61%

Through August 2017: 59,728
 Through August 2016: 57,094

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