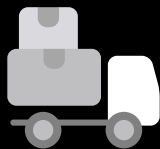
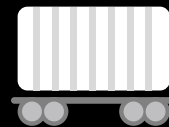




Arkansas Transportation Report



November 2017



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



Business matters.

River traffic through September at highest level in four years

Despite a slow spring due to heightened river levels, barge activity on the Arkansas River through the first nine months of 2017 is trending toward its best year in four years.

Information from the U.S. Army Corps of Engineers showed 8.68 million tons were shipped January through September, up 1% from the 8.57 million tons during the same period of 2016.

Activity levels have been improving at a steady rate from earlier this year, when river traffic was impacted by heavy rainfall in March and 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).

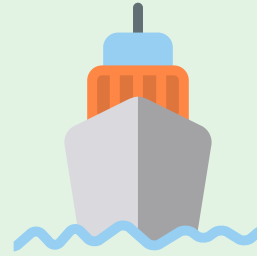
"The Port of Little Rock continues to be a major player in the movement of goods and commodities in central Arkansas," said Bryan Day, executive director of the Little Rock Port Authority. "Tonnage throughput for the first nine months of the year continues to improve, and we are optimistic that by year's end, we will meet or exceed our tonnage projections. The Arkansas River remains a viable option for industry to serve the world and we are hopeful that in the years to come, more companies will take advantage of this incredible asset."

The September monthly total of 1.07 million tons was the highest since March (1.15 million tons), and was up 18.8% from the September 2016 totals of 903,538 tons.

Inbound tonnage on the Arkansas River in the first nine months of 2017 totaled 3.20 million tons, down 3% compared to the January-September period of 2016. Outbound tonnage in the first nine months of 2017 was up 11% to 3.37 million tons. Internal tonnage (materials originated and shipped between ports on the river) was down 6% to 2.11 million tons.

In specific categories of materials, shipments of sand/gravel/rock in the first nine months of 2017 totaled 2.45 million tons, flat from the same period last year. Shipments of chemical fertilizers in the first nine months of 2017 totaled 2.28 million, up 1% from the same period of 2016. Other chemicals up 46% to 213,183 tons and soybeans (up 14% to 801,111 tons) were big gainers through September. Petroleum products (down 51% to 140,100 tons) and minerals and building materials (down 26% to 260,600) are both down sharply for the year.

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 nine months of 2017.

Sand/gravel/rock flat

January-September 2017: 2,453,429 tons
January-September 2016: 2,450,052 tons

Chemical fertilizers up 1%

January-September 2017: 2,282,789 tons
January-September 2016: 2,254,193 tons

Iron and steel up 21%

January-September 2017: 1,077,370 tons
January-September 2016: 887,580 tons

Wheat up 2%

January-September 2017: 987,900 tons
January-September 2016: 966,400 tons

Soybeans up 14%

January-September 2017: 801,111 tons
January-September 2016: 702,400 tons

Arkansas River tonnage

(through the first nine months each year)

2017: 8.682 million tons	2013: 9.042 million tons
2016: 8.579 million tons	2012: 8.734 million tons
2015: 7.391 million tons	2011: 7.977 million tons
2014: 8.642 million tons	

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Business matters.

Cass Freight: Volume still strong, pricing even stronger

September shipments were up 1.1% and up 3.2% compared to the same month in 2016. Freight expenditures (the total amount spent on freight) were up 2.5% in September and were 4.6% ahead of the pace compared to the same period in 2016.

Shipments turned positive 10 months ago, while expenditures turned positive nine 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 September.

Broughton also noted the 3.2% year-over-year increase in the Shipment 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.

“Although less positive than May and June, the September YoY percentage change looks less encouraging because the freight recovery started in the second half of 2016 [i.e. tougher comparison],” Broughton wrote in the report.

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 slipped 0.9% in September. The ATA is the largest national trade association for the trucking industry.

“Tonnage gave back some of the solid gain in August, but remains at very high levels despite the weather-related issues during the month,” ATA Chief Economist Bob Costello wrote in the report. “Going forward, rebuilding from those hurricanes and other natural disasters like the wildfires in California will add to freight demand.

“September’s small setback doesn’t worry me. Freight has been improving and I would have thought tonnage last month would have been softer than it was.”

As part of the September report, the ATA also revised its August increase in the index down to a 4.7% gain from the previously reported 7.1% 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



down 0.9%

Truck Tonnage Index decrease in September 2017



up 4.7%

Truck Tonnage Index increase in August 2017



September shipments: up 3.2%

compared to September 2016 (Cass Freight Index)



September expenditures: up 4.6%

compared to September 2016 (Cass Freight Index)

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Business matters.

Rail, intermodal traffic posting historic numbers

Total U.S. railroad traffic for the first nine months of 2017 was 10.10 million carloads, up 3.8% from the January-September period last year, according to the Association of American Railroads (AAR). Intermodal units totaled 10.43 million, up 3.5% from the year-ago period.

For September, U.S. railroads originated 1.04 million carloads, down 2.3% from the same month in 2016. Intermodal (containers and trailers) was up 3.8% from September 2016 to 1.08 million. Combined there were 2.12 million U.S. carload and intermodal originations in September, up 0.7%

“As our economy and population grow, consumer spending will grow too, and intermodal will continue to be the best way to get many goods to consumers,” AAR Senior Vice President John T. Gray wrote in the report. “The last two weeks of September were the top two intermodal weeks in history for U.S. and Canadian railroads. We’re confident that the tremendous efforts railroads have been expending in recent years to improve service and enhance capacity will translate into continued intermodal gains.”

Total U.S. weekly rail traffic for the week ending Oct. 21 was 559,989 carloads and intermodal units, up 3% compared with the same week in 2016. Total carloads for the period were 268,943, essentially flat (up 0.2%) compared with the same week in 2016. U.S. weekly intermodal volume was 291,046 containers and trailers, up 5.6% compared to the same week in 2016, and the most for any week in history.

Total combined U.S. traffic for the first 42 weeks of the year was 22.20 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 3,839 carloads, to 41,227; metallic ores and metals, up 2,940 carloads, to 22,059; and chemicals, up 2,097 carloads, to 30,818. Commodity groups that posted decreases compared with the same week in 2016 included coal, down 3,814 carloads, to 86,311; grain, down 2,422 carloads, to 24,018; and motor vehicles and parts, down 1,582 carloads, to 16,920.

North American rail volume for the week ending Oct. 21 on 13 reporting U.S., Canadian and Mexican railroads totaled 368,095 carloads, up 1.8% compared with the same week last year, and 374,525 intermodal units, up 7.6% compared with last year. Total combined weekly rail traffic in North America was 742,620 carloads and intermodal units, up 4.6%. North American rail volume for the first 42 weeks of 2017 was 29,450,729 carloads and intermodal units, up 5% compared with 2016.

Canadian railroads reported 82,913 carloads for the week, up



3.7%

Increase in rail car shipments – including intermodal – for the first 42 weeks of 2017



0.2%

Year-to-date increase in rail shipments as of Oct. 21



5.6%

Year-to-date increase in intermodal shipments as of Oct. 21



1.8%

Year-to-date increase in North American rail volumes (Canada, Mexico and U.S.) as of Oct. 21

5.9%, and 70,492 intermodal units, up 15.4% compared with the same week in 2016. For the first 42 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 6,099,307 carloads, containers and trailers, up 11.2%.

Mexican railroads reported 16,239 carloads for the week, up 8.7% compared with the same week last year, and 12,987 intermodal units, up 13.6%. Cumulative volume on Mexican railroads for the first 42 weeks of 2017 was 1,149,131 carloads and intermodal containers and trailers, up 0.9% from the same point last year. **TBP**

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September enplanements slip at state's three largest airports

Enplanements in September were down at the state's three largest commercial airports, but year-to-date numbers are still ahead of last year's pace, comfortably ahead at two of the facilities.

At Bill & Hillary Clinton National Airport in Little Rock, enplanements — or outbound passengers — totaled 79,246 in September, a decline of 3.5% from the same month in 2016. Enplanements for the January-September period were 757,170, up 1.88% from 743,199 in the same period in 2016.

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.

At Northwest Arkansas Regional Airport (XNA) in Highfill, enplanements in September were 58,949, down 4.29% from 61,593 enplanements in September 2016. For the first nine months of the year, there were 537,961 enplanements at XNA, up 3.82% from 518,173 enplanements in the year-ago period.

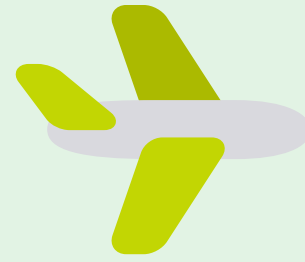
Enplanements at XNA totaled a record 699,672 last year, up 7.68% from the previous record of 649,741 enplanements in 2015. The airport recently corrected its enplanement data as far as back as 2015 to reflect aircraft landings that were inadvertently not reported. The discrepancy was more than 57,000 over nearly three years.

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.

In Fort Smith, there were 7,426 enplanements in September, a drop of 4.8% from 7,801 enplanements in September 2016. For the first nine months of the year, there were 67,154 enplanements in Fort Smith, up 3.48% from 64,895 enplanements in the year-ago period.

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 July — the most recent federal data available — rose for the seventh straight month to an all-time high of 71.62 million, up about 1% from June, according to the U.S. Department of Transportation. **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 1.88%

Through September 2017: 757,170
 Through September 2016: 743,199

Enplanement history

Northwest Arkansas Regional Airport-Highfill

2016: 699,672
 2015: 649,741
 2014: 640,537
 2013: 581,487
 2012: 565,045
 2011: 562,747
 2010: 570,625

up 3.82%

Through September 2017: 537,961
 Through September 2016: 518,173

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 3.48%

Through September 2017: 67,154
 Through September 2016: 64,895

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