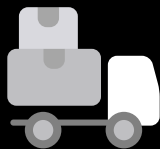
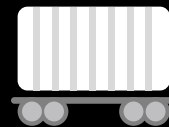




Arkansas Transportation Report



January 2018



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



Business matters.

Arkansas River traffic up 3% in 2017

Despite a slow start in the spring, barge activity on the Arkansas River in 2017 reached its second-highest total in the past six years.

Information from the U.S. Army Corps of Engineers showed 11.91 million tons were shipped January through December, up 3% from the 11.54 million tons during the 2016.

Activity levels throughout 2017 improved at a steady rate from the first few months of the 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).

2017 continued an upward climb for the Arkansas River, after tonnage had fallen below 10 million tons (9.96) in 2015 for the first time in at least four years. 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.

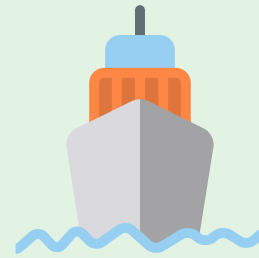
"As 2018 begins, the Port of Little Rock is excited about the possibilities and opportunities to utilize the inland river system," Little Rock Port Authority executive director Bryan Day said. "There is continued interest in manufacturing and logistics, and the Arkansas River is a valuable asset that can play an important role in Arkansas's economy."

In 2017 inbound tonnage on the Arkansas River totaled 4.21 million tons, up 1% compared to 2016. Outbound tonnage for the year totaled 4.85 million tons, up 9%, and internal tonnage (tons shipped between ports on the river), totaled 2.84 million tons, down 2%.

Sand, gravel and rock shipped the most on the Arkansas River in 2017 with 3.36 million tons, up 4%. Chemical fertilizers was next with 2.95 million tons, up 2%.

Among the big gainers in 2017 were other chemicals (up 61% to 299,263 tons) and iron and steel (up 19% to 1.44 million tons).

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 in 2017.

Sand/gravel/rock

up 4%



January-December 2017: 3,365,109 tons
January-December 2016: 3,223,677 tons

Chemical fertilizers

up 2%



January-December 2017: 2,954,121 tons
January-December 2016: 2,885,039 tons

Soybeans

up 4%



January-December 2017: 1,443,831 tons
January-December 2016: 1,382,600 tons

Iron and steel

up 19%



January-December 2017: 1,443,670 tons
January-December 2016: 1,210,580 tons

Wheat

down 2%



January-December 2017: 1,129,500 tons
January-December 2016: 1,147,200 tons

Arkansas River tonnage

2017: 11.918 million tons
2016: 11.542 million tons
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

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Business matters.

Shipments, expenditures continue positive run, December tonnage down 5.7%

Not only did the Cass Freight Shipments and Expenditures Indexes extend their run of positive year-over-year comparisons, but they have become increasingly positive.

December shipments came in at 7.2% higher than the same period of December 2016. Freight expenditures, or the total amount spent on freight, rose 16.0% over the year-ago period of December 2016. According to Donald Broughton, a chief market strategist and senior transportation analyst with Avondale Partners, who provides economic analysis for the Cass Freight Index, shipments first turned positive 15 months ago, while expenditures turned positive 12 months ago.

Broughton also noted the 7.2% year-over-year increase in the Cass Shipments Index as yet another data point which confirms that the first positive indication in October 2016 (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.

Broughton said the data continues to suggest that the consumer is starting to spend a little, albeit not with brick-and-mortar retailers. Of the large percentage increase in the Expenditures Index, which posted one ever-larger increase after another throughout the year, he said it's reflecting an economy that is continuing to expand.

"Capacity is tight, demand is strong, and shippers are willing to pay up for services to get goods picked up and delivered in nodes throughout the transportation industry," he said.

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 5.7% in December, falling for the first time in three months. For the year, though, the index was up 3.7% compared to 2016. It was the largest annual gain since 2013 (6.1%). The ATA is the largest national trade association for the trucking industry.

"Despite the decline in December, last year was a solid year for truck tonnage, especially during the second half of 2017," said ATA chief economist Bob Costello. "I remain optimistic for 2018 for a host of reasons, including a pick-up in factory activity, better housing construction, solid retail sales, and an expected shot in the arm from the new tax law."

As part of the December report, the ATA also revised its November increase in the index down to a 2.1% gain from the previously reported 2.3% increase.



American Trucking Associations



down 5.7%

Truck Tonnage Index
decrease in December 2017



up 2.1%

Truck Tonnage Index
increase in November 2017



December shipments:

up 7.2%

compared to December 2016 (Cass Freight Index)



December expenditures:

up 16.0%

compared to December 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**

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Business matters.

Intermodal traffic sets record in 2017

Total U.S. railroad traffic in 2017 was 13.47 million carloads, up 2.9% from the January-December period in 2016, according to the Association of American Railroads (AAR). Intermodal units totaled 14.01 million, up 3.9% from 2016.

For December, U.S. railroads originated 998,168 carloads, up 2.5% from the same month in 2016. Intermodal (containers and trailers) was up 5.3% from December 2016 to 1.06 million. Combined there were 2.06 million U.S. carload and intermodal originations in December, up 4.0% from December 2016.

“Rail traffic finished 2017 on a positive note,” AAR Senior Vice President John T. Gray wrote in the report. “In December, total carloads were up for the first time in six months, and 14 of the 20 carload categories we track saw year-over-year gains - the most for any month in almost three years. Meanwhile, intermodal volume was up for the 11th straight month and set a new annual record, breaking the previous mark set in 2015.”

Total U.S. weekly traffic for the week ending Jan. 20 was 508,239 carloads and intermodal units, down 2.9% compared with the same week in 2017. Total carloads for the period were 241,258 carloads, down 7.6% compared with the same period in 2017. U.S. weekly intermodal volume was 266,981 containers and trailers, up 1.8% compared to 2017.

Total combined U.S. traffic for the first three weeks of the year was 1.43 million carloads and intermodal units, a decrease of 2.2% compared to last year.

Two of the 10 carload commodity groups posted an increase compared with the same week in 2017. They were forest products, up 478 carloads, to 10,217; and petroleum and petroleum products, up 338 carloads, to 10,554. Commodity groups that posted decreases compared with the same week in 2017 included coal, down 8,153 carloads, to 82,683; nonmetallic minerals, down 3,923 carloads, to 26,377; and motor vehicles and parts, down 2,750 carloads, to 14,560.

North American rail volume for the week ending Jan. 20 on 12 reporting U.S., Canadian and Mexican railroads totaled 339,190 carloads, down 6.5% compared with the same week last year, and 350,744 intermodal units, up 1.8% compared with last year. Total combined weekly rail traffic in North America was 689,934 carloads and intermodal units, down 2.5%. North American rail volume for the first three weeks of 2018 was 1,943,895 carloads and intermodal units, down 1.7% compared with 2017.

Canadian railroads reported 76,447 carloads for the week, down 4.1%, and 65,369 intermodal units, up 2.9% compared with the same week in 2017. For the first three weeks of 2018, Canadi-



2.2%

Decrease in rail car shipments – including intermodal – for the first three weeks of 2018.



5.7%

Year-to-date decrease in rail shipments as of Jan. 20



1.2%

Year-to-date increase in intermodal shipments as of Jan. 20.



1.7%

Year-to-date decrease in North American rail volumes (Canada, Mexico and U.S.) as of Jan. 20.

an railroads reported cumulative rail traffic volume of 399,694 carloads, containers and trailers, down 0.1%.

Mexican railroads reported 21,485 carloads for the week, down 1.9% compared with the same week last year, and 18,394 intermodal units, down 1.8%. Cumulative volume on Mexican railroads for the first three weeks of 2018 was 108,163 carloads and intermodal containers and trailers, down 0.4% from the same point last year. **TBP**

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Business matters.

Airport enplanements up in 2017, Little Rock tops 1 million

Traffic out of Arkansas' three largest commercial airports was up in 2017, with a record-setting total in Northwest Arkansas.

Enplanements — or outbound passengers — at the state's second-largest airport, Northwest Arkansas Regional Airport (XNA) in Highfill, jumped for the sixth consecutive year to a record 725,284. That's an increase of 3.66% from the previous record total of 699,487 in 2016. XNA's first full year of traffic was 1999, and the airport posted eight consecutive years of enplanements gains before seeing a decline in 2008. There was also a decline from 2010 to 2011 before the current streak of gains for six consecutive years.

December enplanements totaled 57,224 at XNA, down 7.8% from November and a dip of 1.7% from December 2016.

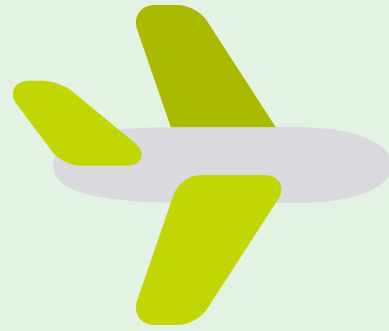
After staying below the 1 million mark for two years, enplanements at Bill and Hillary Clinton National Airport in Little Rock rose to 1.01 million in 2017. That's up 2.02% compared to 996,897 in 2016. December enplanements were 82,654, up slightly (1.17%) from the same month in 2016.

2015 and 2016 were the first two years since 1991 that enplanements at the state's largest airport were below 1 million.

Fort Smith Regional Airport enplanements were up for the second straight year. They totaled 89,582 in 2017, up 2.4% from 87,488 in 2016. December enplanements totaled 7,173, down 1.2% from 7,216 in December 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.

According to the U.S. Department of Transportation, enplanements on all U.S. carriers (including domestic and international traffic) in October — the most recent federal data available — reached a new seasonally adjusted all-time high of 72.2 million, up 0.7% from the previous high of July 2017 (71.62 million). **TBP**



Enplanement history Clinton National Airport-Little Rock

2017: 1.017 million	2013: 1.085 million
2016: 996,897	2012: 1.147 million
2015: 992,712	2011: 1.103 million
2014: 1.038 million	2010: 1.124 million

Enplanement history Northwest Arkansas Regional Airport-Highfill

2017: 725,284	2013: 581,487
2016: 699,672	2012: 565,045
2015: 649,741	2011: 562,747
2014: 640,537	2010: 570,625

Enplanement history Fort Smith Regional Airport

2017: 89,582	2013: 84,520
2016: 87,488	2012: 86,653
2015: 86,704	2011: 86,234
2014: 92,869	2010: 86,129

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