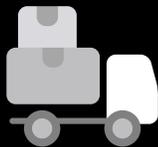
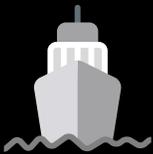
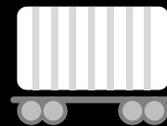




Arkansas Transportation Report



March 2018



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Business matters.

YTD river traffic through February lowest since 2011

High levels on the Arkansas River brought on by heavy rainfall early in the year has caused a decline in barge activity.

According to information from the U.S. Army Corps of Engineers, traffic in February on the Arkansas River (McClellan-Kerr Arkansas River Navigation System) totaled 849,624 tons.

That's down 4.8% from January, and a 17% drop through the first two months, compared to the same two-month period of 2017.

The combined two-month total of 1,740,395 tons is the lowest YTD mark in the past eight years, encompassing the available historical data online from the Corps of Engineers.

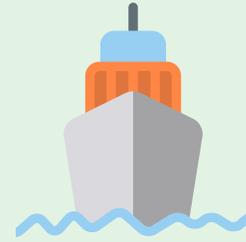
"The early months of 2018 saw several high water events on the Arkansas River which had an impact on overall tonnage," said Bryan Day, executive director of the Little Rock Port Authority. "Several barge loads of commodities were unable to move up the river until the water levels dropped. We remain optimistic that by the end of this year, tonnage will rebound and we should see strong consistent movement of the various commodities that use the river."

Inbound tonnage through the first two months of 2018 was 628,280 tons, down 28% compared to the same period last year. In the same two months, outbound tonnage was down 13%, from 839,554 tons to 731,071 tons. Internal tonnage (products shipped between ports on the river) totaled 381,044 tons, a 1% decrease from January-February 2017.

Shipments of chemical fertilizer were the top product through the first two months, at 462,753 tons. That's a decline, though, of 39% from the year-ago period. Sand/gravel/rock shipments through the first two months totaled 446,844 tons, up just 2% from the same period of 2017. Soybeans were down 2% from last year, at 299,400 tons through February.

The big gainer was petroleum products, which went from 15,600 tons in January-February 2017 to 30,400 tons in January-February 2018, a jump of 95%

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 Arkansas River through the first two months of 2018.

Chemical fertilizers	down 39%	
January-February 2018: 462,753 tons January-February 2017: 753,378 tons		
Sand/gravel/rock	up 2%	
January-February 2018: 446,844 tons January-February 2017: 437,011 tons		
Soybeans	down 2%	
January-February 2018: 299,400 tons January-February 2017: 306,000 tons		
Iron/steel	down 30%	
January-February 2018: 161,700 tons January-February 2017: 232,400 tons		
Wheat	down 19%	
January-February 2018: 140,000 tons January-February 2017: 173,600 tons		

Arkansas River tonnage

(through the first two months each year)

2018: 1,740,395 tons	2014: 1,818,512 tons
2017: 2,092,070 tons	2013: 2,202,394 tons
2016: 1,799,460 tons	2012: 1,861,735 tons
2015: 1,833,427 tons	2011: 1,895,447 tons

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Business matters.

Freight volume remains strong, pricing even stronger

Freight continues to grow at such a pace that capacity in most modes has become extraordinarily tight, according to the latest Cass Freight Shipments and Expenditures Index.

February shipments came in at 11.4% higher compared to the same month of 2017. Freight expenditures, the total amount spent on freight, rose 14.3% over the year-ago period of February 2017.

According to Donald Broughton, a chief market strategist and senior transportation analyst with Avondale Partners, who provides economic analysis for the Cass Freight Index, pricing power has erupted to levels that spark overall inflationary concerns in the broader economy.

“Although we expect outsized pricing power for service providers in the short to intermediate term, we are less concerned about long-term inflationary pressure,” he wrote.

Broughton also notes January and February are clearly signaling 2018 is off to a strong start, with volume well above other recent years.

“With both January and February 2018 well above January and February in the record freight year of 2014, we find it easy to predict that 2018 is poised attain new record highs,” he wrote.

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 dropped 2.6% in February, following a 1.6% increase in January.

Compared with February 2017, the index rose 5.7%, which was below January’s 8.4% year-over-year gain, but still well above 2017’s annual increase of 3.8%

“Despite a softer February than January, freight remains robust as exhibited in the year-over-year increase,” said ATA chief economist Bob Costello wrote in his report. “The drivers of truck freight – personal consumption, factory output and construction – are good, plus the inventory cycle is in favor of motor carriers, so I expect freight tonnage to grow at a decent pace in the months ahead.”

Trucking serves as a barometer of the U.S. economy, representing 70.6% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled nearly 10.5 billion tons of freight in 2016. Motor carriers collected \$676.2 billion, or 79.8% of total revenue earned by all transport modes. **TBP**



American Trucking Associations



down 2.6%

Truck Tonnage Index
decrease in February 2018



up 1.6%

Truck Tonnage Index
increase in January 2018



February shipments

up 11.4%

compared to February 2017 (Cass Freight Index)



February expenditures

up 14.3%

compared to February 2017 (Cass Freight Index)

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Business matters.

Rail, intermodal traffic up 3.3% in February

Total U.S. railroad traffic in February was 1.02 million carloads, down 0.3% from February 2017, according to the Association of American Railroads (AAR). Intermodal units (containers and trailers) in February totaled 1.10 million, up 6.9% from the same month last year. Combined there were 2.13 million U.S. carload and intermodal originations in February, up 3.3% from February 2017.

“Rail carloads in February, like in many other recent months, were held back by declines in coal, grain and motor vehicles,” AAR Senior Vice President John T. Gray wrote in the report. “Declines in those categories are unfortunate, but they don’t reflect general weakness in the economy. Excluding them, carloads were up a reasonably solid 2.1% in February. Moreover, February 2018 was the best month ever for carloads of chemicals and the second-best month ever for intermodal. While these are good signs for the broader economy going forward, they are potentially compromised by the uncertainty created by recent developments in trade policy.”

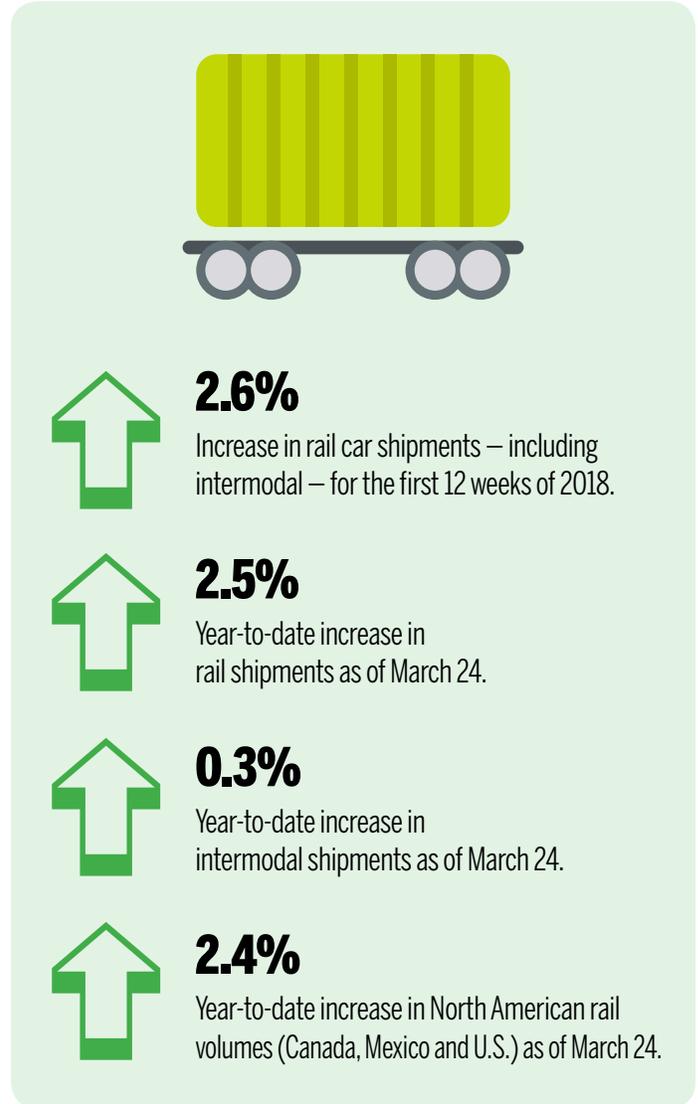
Total U.S. weekly traffic for the week ending March 24 was 526,521 carloads and intermodal units, up 1.4% compared with the same week last year. Total carloads for the period were 265,756 carloads, up 2.5% compared to the same week in 2017, while U.S. weekly intermodal volume was 260,765 containers and trailers, up 0.3% compared to last year.

Total combined U.S. traffic for the first 12 weeks of 2018 was 6.25 million carloads and intermodal units, up 2.6% compared to last year.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 7,979 carloads, to 87,348; chemicals, up 1,756 carloads, to 33,788; and nonmetallic minerals, up 667 carloads, to 35,776. Commodity groups that posted decreases compared with the same week in 2017 included motor vehicles and parts, down 1,717 carloads, to 16,675; miscellaneous carloads, down 1,504 carloads, to 9,417; and petroleum and petroleum products, down 697 carloads, to 9,889.

North American rail volume for the week ending March 24 on 12 reporting U.S., Canadian and Mexican railroads totaled 369,719 carloads, up 2.5% compared with the same week last year, and 347,774 intermodal units, up 2.3% compared with last year. Total combined weekly rail traffic in North America was 717,493 carloads and intermodal units, up 2.4%. North American rail volume for the first 12 weeks of 2018 was 8,429,626 carloads and intermodal units, up 2.4% compared with 2017.

Canadian railroads reported 82,618 carloads for the week, up 3%, and 70,986 intermodal units, up 13.5% compared with the



same week in 2017. For the first 12 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 1,712,693 carloads, containers and trailers, up 2.4%.

Mexican railroads reported 21,345 carloads for the week, down 0.03% compared with the same week last year, and 16,023 intermodal units, down 8.3%. Cumulative volume on Mexican railroads for the first 12 weeks of 2018 was 459,104 carloads and intermodal containers and trailers, down 0.8% from the same point last year. **TBP**

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February enplanements up at XNA, down in Little Rock and Fort Smith

Through the first two months of the year, traffic is down at two of the state's three largest commercial airports.

Northwest Arkansas Regional Airport in Highfill, on the heels of a record-setting 2017, is ahead of that pace through February, with 102,598 enplanements—or outbound passengers. That's up 3.48% from 99,150 in the January-February period last year.

February enplanements totaled 50,514, down from 52,184 in January, but up from 49,554 in February 2017.

XNA is the state's second-largest airport, and saw a record 725,284 enplanements last year. That was 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 enplanement 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.

Enplanements at Bill and Hillary Clinton National Airport in Little Rock totaled 134,447, a dip of 1.3% from the same two months last year. February enplanements were 65,862, off slightly from 66,469 in February 2017.

After staying below the 1 million mark for two years, enplanements at the state's largest airport rose to 1.01 million in 2017. That's up 2.02% compared to 996,897 in 2016. 2015 and 2016 were the first two years since 1991 that enplanements at the state's largest airport were below 1 million.

January-February enplanements at Fort Smith Regional Airport totaled 12,257, down 3.54% from 12,708 in January-February 2017. February enplanements were at 6,041, down from 6,317 last year.

Enplanements at the Fort Smith airport for 2017 were up for the second straight year, totaling 89,582. That was a 2.4% increase from 87,488 in 2016.

According to the U.S. Department of Transportation, enplanements on all U.S. carriers (including domestic and international traffic) in December — the most recent federal data available — rose 0.1% to 72.3 million, reaching an all-time seasonally adjusted high for the third straight month.

U.S. airlines carried an all-time high number of passengers during 2017 — 849.3 million systemwide, 741.6 million domestic and 107.7 million international — surpassing the previous high reached in 2016. **TBP**



Enplanement history

Bill and Hillary Clinton National Airport-Little Rock

2017: 1.017 million
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

down 1.30%

January-February 2018: 134,447

January-February 2017: 136,216

Northwest Arkansas Regional Airport-Highfill

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

up 3.48%

January-February 2018: 102,598

January-February 2017: 99,150

Fort Smith Regional Airport

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

down 3.54%

January-February 2018: 12,257

January-February 2017: 12,708

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