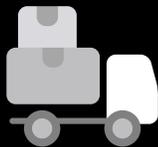
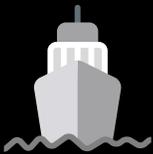
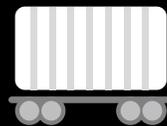




Arkansas Transportation Report



June 2018



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



Business matters.

Arkansas River traffic tops 5 million tons through May

For the first time in five years, barge activity on the Arkansas River topped 5 million tons through the first five months of the year.

According to information from the U.S. Army Corps of Engineers, year-to-date traffic on the Arkansas River (McClellan-Kerr Arkansas River Navigation System) through May totaled 5,010,298 tons. Historical records are kept online by the Corps of Engineers dating back to 2011. Barge traffic has topped 5 million tons only one other time since then, in 2013 with a total of 5,030,424 tons. This year's barge activity is up 9.2% from the same five-month period of 2017.

"The Port of Little Rock is experiencing record tonnage moving across our docks and we believe this trend will hold through early fall," Little Rock Port Authority Executive Director Bryan Day said in a statement. "This increase in commodity tonnage represents confidence in the manufacturing sector and our local communities are benefiting from this job growth. I remain optimistic that the next few years will continue to show growth on the MKARNS."

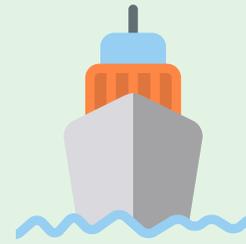
Inbound tonnage through the first five months of 2018 totaled 2,036,943 tons, up 8% compared with the same period of 2017. Outbound tonnage in the January-May period was up 15%, from 1,708,761 tons to 1,964,349 tons. Internal tonnage (products shipped between ports on the river) totaled 1,009,006 tons, a 1% increase from the January-May period of 2017.

In May, Arkansas River traffic topped 1 million tons for the second consecutive month with 1,129,822 tons, a 126% increase from May 2017. The low barge activity last year was caused by high levels on the Arkansas River, brought on by heavy rainfall in the spring which eventually halted shipping on the river.

Shipments of chemical fertilizer were the top product through the first five months at 1,397,548 tons, still down 4% compared with the same five months of 2017.

The big gainer was soybeans, which went from 523,511 tons in January-May 2017 to 787,700 tons in January-May 2018, a jump of 50%.

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 five months of 2018:

Chemical fertilizers

down 4% 

January-May 2018: 1,397,548 tons
January-May 2017: 1,452,946 tons

Sand/gravel/rock

flat 

January-May 2018: 1,154,406 tons
January-May 2017: 1,156,366 tons

Soybeans

up 50% 

January-May 2018: 787,700 tons
January-May 2017: 523,511 tons

Iron/steel

up 31% 

January-May 2018: 664,600 tons
January-May 2017: 507,300 tons

Wheat

down 11% 

January-May 2018: 378,600 tons
January-May 2017: 424,200 tons

Arkansas River tonnage

(through the first five months each year)

2018: 5,010,298 tons	2014: 4,981,845 tons
2017: 4,587,032 tons	2013: 5,030,424 tons
2016: 4,933,383 tons	2012: 4,814,654 tons
2015: 4,065,510 tons	2011: 4,310,177 tons

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Business matters.

Freight volume strong, pricing even stronger

The most recent data from the Cass Freight Shipments and Expenditures Index indicates the freight economy is strong, both from a volume and a pricing perspective.

May shipments came in at 11.9% higher compared with the same month of 2017. Freight expenditures, the total amount spent on freight, rose a whopping 17.3% over the year-ago period of May 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, the U.S. economy is ignoring the angst in Washington, D.C., about the potential of a trade war, and the concerns coming out of Wall Street about the increased threat of inflation or the rise in interest rates.

“Demand is exceeding capacity in most modes of transportation by a significant amount,” Broughton wrote. “In turn, pricing power has erupted in those modes to levels that continue to spark overall inflationary concerns in the broader economy.”

Broughton added the level of volume and pricing growth is signaling that the U.S. economy is not only growing, but the level of growth is expanding.

“This level of percentage increase is usually only attained when emerging from a recession, not when [comparing] against already strong statistics,” he wrote.

The American Trucking Associations’ (ATA) For-Hire Truck Tonnage increased 0.7% in May, the second consecutive month of increases after rising 2.7% in April.

Compared with May 2017, the index surged 7.8%, down from April’s 9.9% year-over-year increase. Year-to-date, compared with the same five months last year, tonnage increased 8%, far outpacing the annual gain of 3.8% in 2017.

“This continues to be one of the best, if not the best, truck freight markets we have ever seen,” said ATA Chief Economist Bob Costello wrote in his report. “May’s increases, both sequentially and year-over-year, not only exhibit a robust freight market, but what is likely to be a very strong GDP reading for the second quarter. However, in the near-term, look for moderating growth rates for freight simply due to more difficult year-over-year comparisons, not from falling tonnage levels.”

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



up 0.7%

Truck Tonnage Index
increase in May 2018



up 2.7%

Truck Tonnage Index
increase in April 2018



**May shipments
up 11.9%**

compared with May 2017 (Cass Freight Index)



**May expenditures
up 17.3%**

compared with May 2017 (Cass Freight Index)

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Business matters.

Railroads benefit from an economy that's 'clicking', trade war would be harmful

Total U.S. railroad traffic in May was 1.39 million carloads, up 3.2% from May 2017, according to the Association of American Railroads (AAR). Intermodal units (containers and trailers) in May also totaled 1.39 million units, up 6.6% from the same month last year. Combined there were 2.71 million U.S. carload and intermodal originations in May, up 4.9% from May 2017.

Total U.S. carload traffic for the first five months of 2018 was 5.6 million carloads, up 1.2% from the same period last year; and 5.99 intermodal units, up 6% from last year.

"In May, U.S. rail carloads were higher in 15 of the 20 carload commodity categories the AAR tracks, including nearly all of the major ones," AAR Senior Vice President of Policy and Economics John T. Gray wrote in the report. "In addition, intermodal volume in May was the second highest for any month in history. Right now, the economy is clicking, and railroads are both beneficiaries and enablers of that. One potential cloud on the horizon, though, involves trade. Freight railroads are essential to the flow of goods and rely on sensible trade policy. We're hopeful that federal policymakers will recognize that an unnecessary trade war would do far more harm than good."

Total U.S. weekly traffic for the week ending June 23 was 557,340 carloads and intermodal units, up 3.7% compared with the same week last year.

Total carloads for the period were 268,464 carloads, up 2.5% compared with the same week in 2017, while U.S. weekly intermodal volume was 288,876 containers and trailers, up 4.9% compared with last year.

Total combined U.S. traffic for the first 25 weeks of 2018 was 13.33 million carloads and intermodal units, up 3.6% compared with last year.

Nine of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included metallic ores and metals, up 2,297 carloads, to 24,786; grain, up 2,237 carloads, to 24,104; and chemicals, up 2,059 carloads, to 32,422. One commodity group posted a decrease compared with the same week in 2017: coal, down 3,103 carloads, to 83,006.

North American rail volume for the week ending June 23 on 12 reporting U.S., Canadian and Mexican railroads totaled 373,229 carloads, up 2.8% compared with the same week last year, and 376,161 intermodal units, up 3.9% compared with last year. Total combined weekly rail traffic in North America was 749,390 carloads and intermodal units, up 3.3%. North American rail volume for the first 25 weeks of 2018 was 17,975,309 carloads and intermodal units, up 3.2% compared with 2017.



3.6%

Increase in rail car shipments – including intermodal – for the first 25 weeks of 2018.



1.3%

Year-to-date increase in rail shipments as of June 23.



5.9%

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



3.2%

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

Canadian railroads reported 83,301 carloads for the week, up 6.5%, and 69,868 intermodal units, up 4.1% compared with the same week in 2017. For the first 25 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 3,686,302 carloads, containers and trailers, up 3.5%.

Mexican railroads reported 21,464 carloads for the week and 17,417 intermodal units. Cumulative volume on Mexican railroads for the first 25 weeks of 2018 was 952,279 carloads and intermodal containers and trailers. **TBP**

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Business matters.

YTD enplanements trend higher than 2017 totals at state's two largest airports

Enplanements at two of the state's three largest commercial airports are trending higher this year, according to the latest data available.

Year-to-date enplanements — or outbound passengers — at Northwest Arkansas Regional Airport in Highfill were up 5.39% through May this year, from 282,642 last year to 291,201 this year. May enplanements were 69,614, the highest monthly total of 2018, and the second-highest monthly total in XNA history, according to historical data kept by the airport. June 2017 (72,202) is the highest enplanement month at the airport since it opened in 1998.

Enplanements at the state's largest airport, Bill and Hillary Clinton National Airport in Little Rock, totaled 409,367 through the first five months this year. That's up 1.59% from 399,988 in the same period last year. May enplanements were 101,105, up 3.88% from 97,332 in May 2017.

YTD enplanements through May at Fort Smith Regional Airport totaled 34,688, down 2.3% from 35,520 last year. May enplanements were also down, from 8,507 last year to 8,486 this year.

According to the U.S. Department of Transportation, enplanements on all U.S. carriers (including domestic and international traffic) in March—the most recent federal data available — was 73.1 million. That's an increase of 0.2% from February, and a 4.6% jump compared with March 2017. **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

up 1.59%

January-May 2018: 406,367

January-May 2017: 399,988

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 5.39%

January-May 2018: 291,201

January-May 2017: 282,642

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 2.3%

January-May 2018: 34,688

January-May 2017: 35,520

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