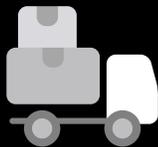
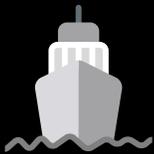
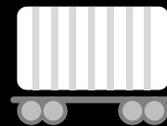




Arkansas Transportation Report



January 2019



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



Business matters.

Arkansas River traffic down 8% in 2018

Despite a strong start through the first half of the year, overall barge activity on the Arkansas River in 2018 declined.

Information from the U.S. Army Corps of Engineers showed 10.93 million tons were shipped January through December, down 8% from the 11.91 million tons during 2017.

Activity levels on the river were up by 6% through the first six months of the year when compared with the same six-month period of 2017. But a sharp decline in traffic from July through December dragged down the overall total for the year. In fact, monthly totals never eclipsed the 1 million ton mark the final seven months of the year. In 2017, monthly barge traffic topped 1 million tons in five of the last six months of the year, and seven months overall.

2018 snapped a two-year run of 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 11.54 million tons in 2016.

In 2018 outbound tonnage on the Arkansas River totaled 3.96 million tons, down 18% compared with 2017. Inbound tonnage for the year totaled 4.34 million tons, up 3%, and internal tonnage (tons shipped between ports on the river) totaled 2.62 million tons, down 8%.

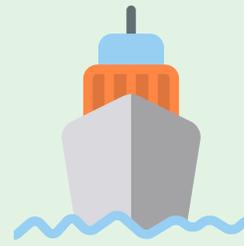
Sand, gravel and rock shipped the most on the Arkansas River in 2018 with 2.92 million tons, but that was down 13% from the previous year. Chemical fertilizers was next with 2.39 million tons, down 19%.

Among the big gainers in 2018 were petroleum products (up 22% to 257,116 tons) and food/farm products (up 20% to 396,648 tons). Iron & steel also had gain of 19%, to 1.71 million tons.

“I would say that there are a couple of reasons [for the decline in 2018 barge activity],” said Bryan Day, executive director of the Little Rock Port Authority. “Some would suggest that 2018 was a wetter than normal year and some of the slowdown could be attributed to flooding and water levels that impacted tonnage during certain parts of the years.

“Additionally, some commodities such as fertilizer and other chemicals significantly decreased in 2018. I’m not sure what drove those decreases. However, I do know that there are new fertilizer manufacturers in the Midwest that no longer depend on the inland river system to move their product.”

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 in 2018:

Sand/gravel/rock down 13% 

January-December 2018: 2,921,893 tons
January-December 2017: 3,365,109 tons

Chemical fertilizers down 19% 

January-December 2018: 2,390,584 tons
January-December 2017: 2,954,121 tons

Iron/steel up 19% 

January-December 2018: 1,719,430 tons
January-December 2017: 1,443,670 tons

Soybeans down 5% 

January-December 2018: 1,366,674 tons
January-December 2017: 1,443,831 tons

Wheat down 21% 

January-December 2018: 894,300 tons
January-December 2017: 1,129,500 tons

Arkansas River tonnage

2018: 10.932 million tons	2014: 11.719 million tons
2017: 11.918 million tons	2013: 12.139 million tons
2016: 11.542 million tons	2012: 11.687 million tons
2015: 9.962 million tons	2011: 10.58 million tons

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Business matters.

Freight volume ends 2-year run with December decline

For the first time in 24 months, the volume of shipments tracked by the Cass Freight Shipments and Expenditures Index went negative, though analysts say that shouldn't be cause for concern

December shipments dropped by 0.8% when compared with the same period of 2017. Freight expenditures, or the total amount spent on freight, rose 10% over the year-ago period of December 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, wrote in the report he is not yet alarmed about the volume of shipments going negative for the first time in 24 months, in part because December 2017 was an all-time high for the month, and in part because of the stabilizing patterns observed in almost all of the underlying freight flows.

He did not recognize two potential problems on the horizon— the tariffs and threats of even higher tariffs with China and the decline in WTI crude oil in December

Broughton wrote he still has a “cautiously bullish” outlook on freight markets.

“Bottom line: even if it is at a slower rate, as long as the volume of freight continues to expand, we see no reason to turn bearish in our economic outlook,” Broughton wrote.

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

Broughton also said that despite all the “hand-wringing” on Wall Street, the transportation economy continues to signal economic expansion.

The American Trucking Associations' (ATA) For-Hire Truck Tonnage Index was up 6.6% in 2018 — the largest annual gain since 1998 (10.1%) and significantly better than the 3.8% increase in 2017.

That annual gain was realized despite a drop of 4.3% in December to 111.9, down from November's level of 116.9.

The ATA is the largest national trade association for the trucking industry.

“The good news is that 2018 was a banner year for truck tonnage, witnessing the largest annual increase we've seen in two decades,” ATA Chief Economist Bob Costello wrote in the report. “With that said, there is evidence that the industry and economy is moderating as tonnage fell a combined total of 5.6% in October and November after hitting an all-time high in October.”

As part of the December report, the ATA also revised its November decrease in the index down to -1.3% from the 0.4% previously reported.

Trucking serves as a barometer of the U.S. economy, representing 70.2% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled 10.77 billion tons of freight in 2017. Motor carriers collected \$700.1 billion, or 79.3% of total revenue earned by all transport modes. **TBP**



American Trucking Associations



down 4.3%

Truck Tonnage Index
decrease in December 2018



down 1.3%

Truck Tonnage Index
increase in November 2018



**December shipments
down 0.8%**

compared to December 2017 (Cass Freight Index)



**December expenditures
up 10.0%**

compared to December 2017 (Cass Freight Index)

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U.S. rail traffic 'positive' in 2018

Total U.S. railroad traffic in 2018 was 13.64 million carloads, up 1.8% from the January-December period of 2017, according to the Association of American Railroads (AAR). Intermodal units totaled 14.47 million, up 5.5% from 2017.

For December, U.S. railroads originated 1.02 million carloads, up 2.9% from the same month in 2017. Intermodal (containers and trailers) was up 5% from December 2017 to 1.09 million. Combined there were 2.11 million U.S. carload and intermodal originations in December, up 4% from December 2017.

"U.S. freight rail traffic in 2018 was positive for the most part," AAR Senior Vice President John T. Gray wrote in the report. "Intermodal set a new annual record for the fifth time in the past six years, while carloads of chemicals and crushed stone, sand, and gravel set new annual records. Petroleum products also had a mild resurgence. For the year, 13 of the 20 commodity categories we track saw increased carloads. On the negative side, coal continued to suffer in 2018 from market forces that favor natural gas and renewables for electricity generation. What happens in 2019 will depend on how the domestic and global economies hold up and the policies — particularly monetary and trade — that come out of our legislative and executive branches."

Total U.S. weekly traffic for the week ending Jan. 19 was 543,111 carloads and intermodal units, up 6.9% compared with the same week in 2018. Total carloads for the period were 258,833 carloads, up 7.4% compared with the same week in 2018. Intermodal volume was 284,278 containers and trailers, up 6.5% compared with the same week of 2018.

Total combined U.S. traffic for the first three weeks of 2019 was 1.53 million carloads and intermodal units, an increase of 6.9% compared with last year.

Eight of the 10 carload commodity groups posted an increase compared with the same week in 2018. They included coal, up 5,554 carloads, to 87,906; nonmetallic minerals, up 3,614 carloads, to 29,994; and petroleum and petroleum products, up 3,151 carloads, to 13,710. Commodity groups that posted decreases compared with the same week in 2018 were grain, down 415 carloads, to 22,913; and farm products excl. grain, and food, down 370 carloads, to 15,357.

North American rail volume for the week ending January 19, on 12 reporting U.S., Canadian and Mexican railroads, totaled 361,884 carloads, up 7% compared with the same week last year, and 372,881 intermodal units, up 6.2% compared with last year. Total combined weekly rail traffic in North America was 734,765 carloads and intermodal units, up 6.6%. North American rail volume for the first three weeks of 2019 was 2,080,658 carloads and intermodal units, up 7% compared with 2018.



6.9%

Increase in rail car shipments — including intermodal — for the first three weeks of 2019.



8.1%

Year-to-date increase in rail shipments as of Jan. 19.



5.7%

Year-to-date increase in intermodal shipments as of Jan. 19.



7%

Year-to-date increase in North American rail volumes (Canada, Mexico and U.S.) as of Jan. 19.

Canadian railroads reported 84,670 carloads for the week, up 10.6%, and 71,008 intermodal units, up 8.8% compared with the same week in 2018. For the first three weeks of 2019, Canadian railroads reported cumulative rail traffic volume of 443,416 carloads, containers and trailers, up 11.1%.

Mexican railroads reported 18,381 carloads for the week, down 10.7% compared with the same week last year, and 17,595 intermodal units, down 5.9%. Cumulative volume on Mexican railroads for the first three weeks of 2019 was 102,901 carloads and intermodal containers and trailers, down 5.3% from the same point last year. **TBP**

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Business matters.

Airport enplanements up in 2018, Little Rock again tops 1 million

Traffic out of Arkansas' three largest commercial airports was up in 2018, with another 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 seventh consecutive year to a record 788,261. That's an increase of 8.7% from the previous record total of 725,284 in 2017. 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 seven consecutive years.

December enplanements totaled 61,378 at XNA, down 12.2% from November, but a 7.25% increase from 57,224 in December 2017.

After staying below the 1 million mark for two years, enplanements at Bill and Hillary Clinton National Airport in Little Rock topped the 1 million mark for the second consecutive year in 2018. Enplanements last year rose 5.15% to 1.06 million. That also outpaces the 2.02% annual growth from 2016 to 2017. December enplanements were also up, from 82,654 in 2017, to 84,498 in 2018. That's an increase of 7%.

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

Enplanements at Fort Smith Regional Airport were up for the third straight year. They totaled 90,501 in 2018, up from 89,582 in 2017 and 87,488 in 2016. It marks just the second time since 2007 the airport has topped the 90,000 mark (92,869 in 2014).

December enplanements at the airport totaled 7,945, up 10.7% from 7,173 in December 2017.

According to the U.S. Department of Transportation, enplanements on all U.S. carriers (including domestic and international traffic) in November — the most recent federal data available — reached a new seasonally adjusted all-time high of 74.1 million, up 2.7% from November 2017. **TBP**



Enplanement history

Bill and Hillary Clinton National Airport-Little Rock

2018: 1.069 million
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

Northwest Arkansas Regional Airport-Highfill

2018: 788,261
2017: 725,284
2016: 699,672
2015: 649,741
2014: 640,537
2013: 581,487
2012: 565,045
2011: 562,747
2010: 570,625

Fort Smith Regional Airport

2018: 90,501
2017: 89,582
2016: 87,488
2015: 86,704
2014: 92,869
2013: 84,520
2012: 86,653
2011: 86,234
2010: 86,129

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