



# Economic Trends AND THE FUTURE OF Freight Movements

PRESENTED BY:

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# The Big Picture



## **US Economy:**

How is it trending?



## **US Consumers:**

How are they changing?



## **US Manufacturers:**

How are they adapting?



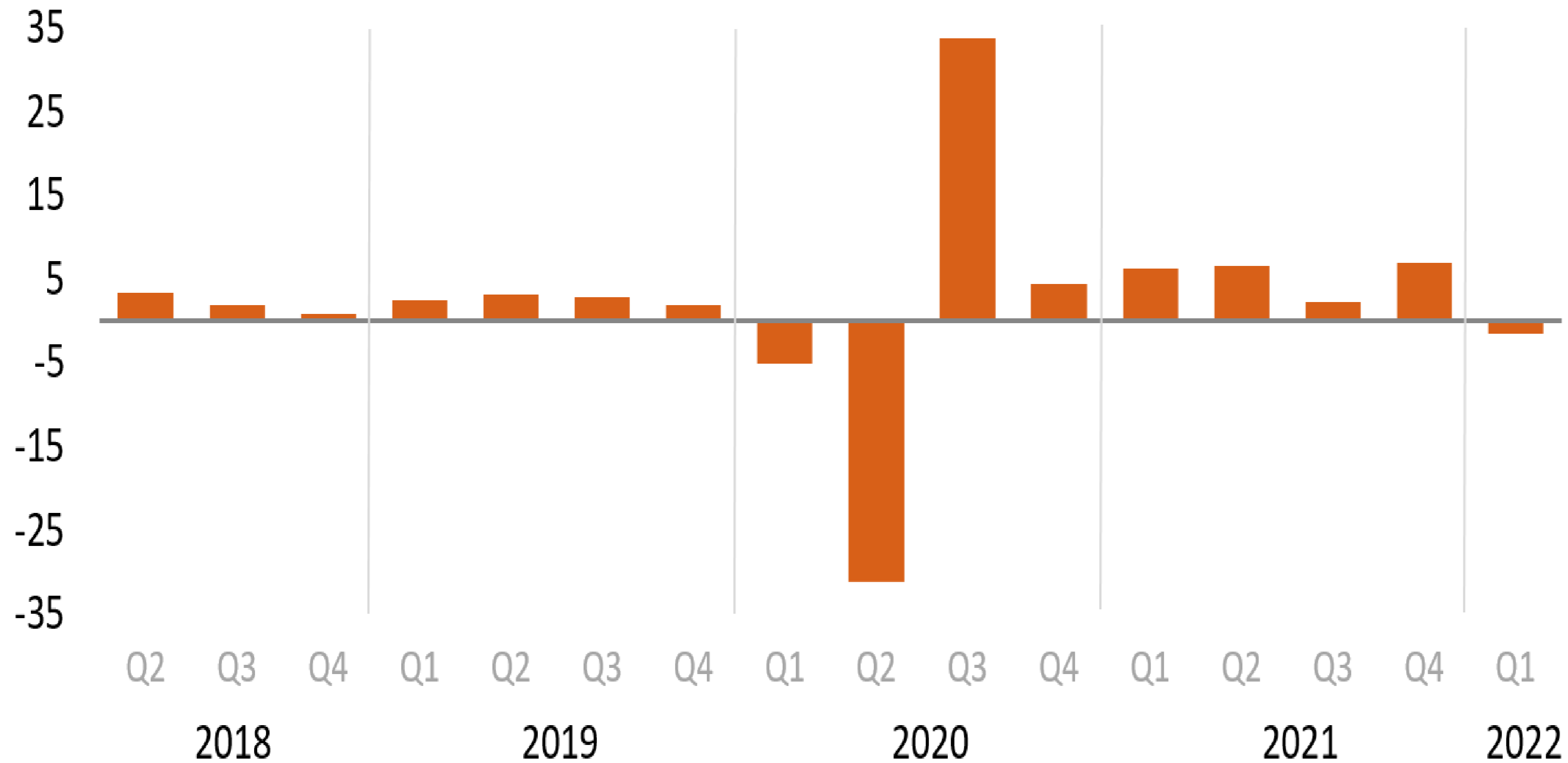
# US Economy:

## How is it Trending?



# Quick Rebound from Pandemic

## Real GDP: Percent Change from Preceding Quarter

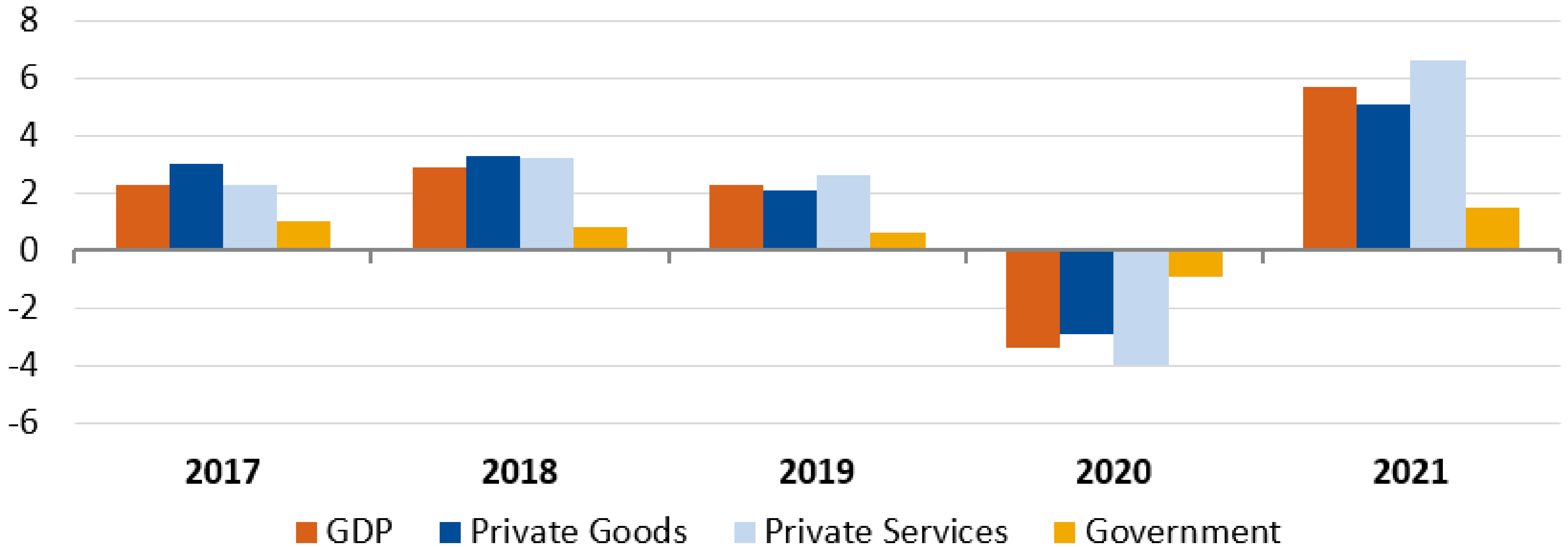


### Defining GDP

- Consumption
- Government
- Savings
- Exports
- (Imports)

# Uneven Impacts Across Sectors

## Real GDP by Sector: Percent Change from Preceding Period



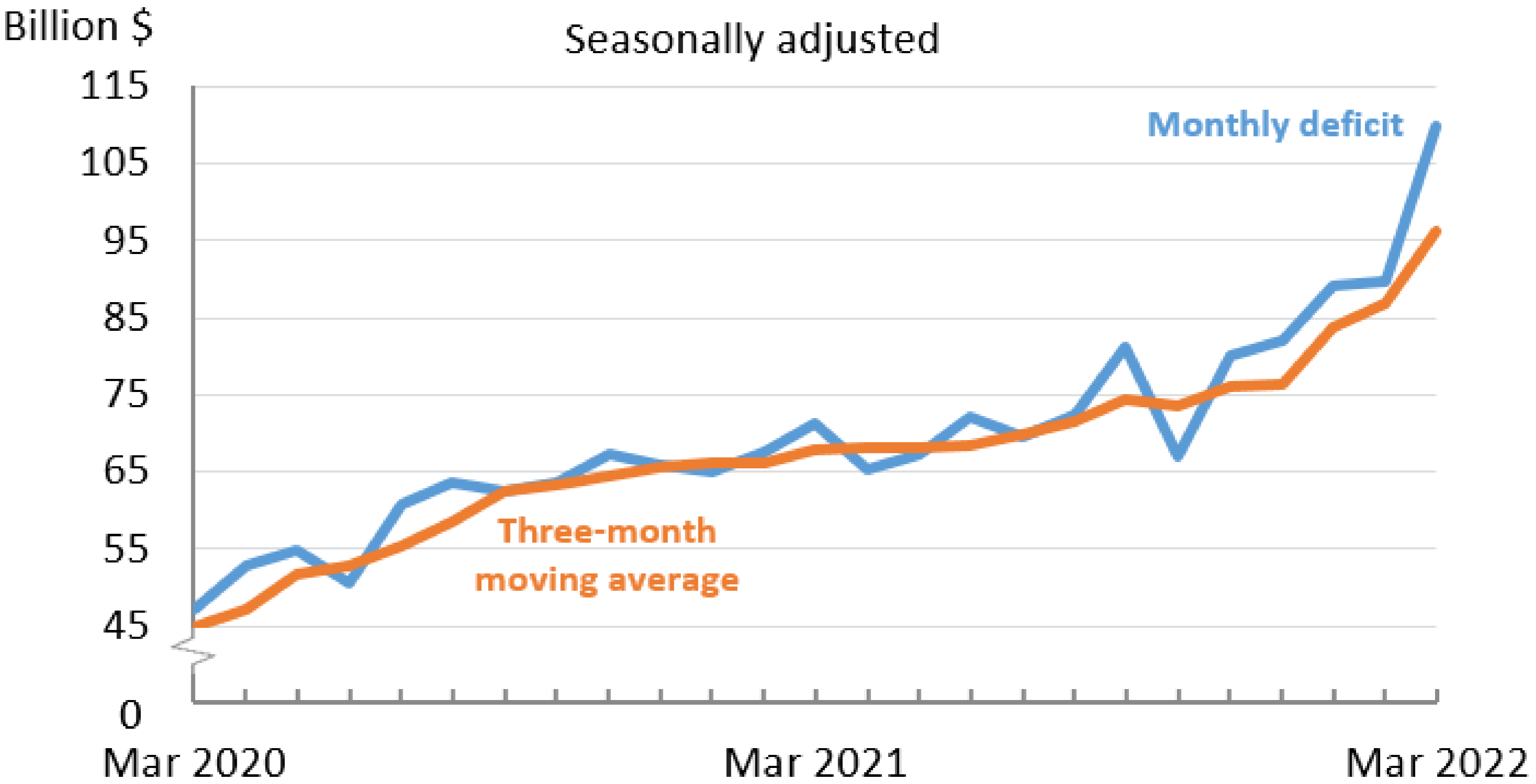
# Despite Disruptions, Trade Remains Strong

## US International Trade Summary (millions)

Period	Balance			Exports			Imports		
	Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
<b>2020</b>									
Jan. - Dec.	-653,989	<b>-913,885</b>	259,896	2,158,651	<b>1,432,218</b>	726,433	2,812,640	<b>2,346,103</b>	466,537
Jan. - Apr.	-181,951	<b>-272,099</b>	90,148	754,747	<b>495,053</b>	259,694	936,698	<b>767,152</b>	169,546
<b>2021</b>									
Jan. - Dec.	-845,047	<b>-1,090,296</b>	245,248	2,556,638	<b>1,761,364</b>	795,273	3,401,685	<b>2,851,660</b>	550,025
Jan. - Apr.	-262,915	<b>-352,756</b>	89,841	805,972	<b>554,322</b>	251,650	1,068,887	<b>907,078</b>	161,809
<b>2022</b>									
Jan. - Apr.	-370,846	<b>-449,984</b>	79,137	957,263	<b>663,528</b>	293,735	1,328,110	<b>1,113,512</b>	214,598

# Trade Deficit Accelerates in 2022

**Goods and Services**  
**Trade Deficit**



Source: U.S. International Trade Goods and Services - Foreign Trade - US Census Bureau



# US Consumers:

How are they changing?









## US Consumers Remain Resilient

Even as Prices Rise



US Consumer Spending  
Holds Up as Households  
Dip Into Savings

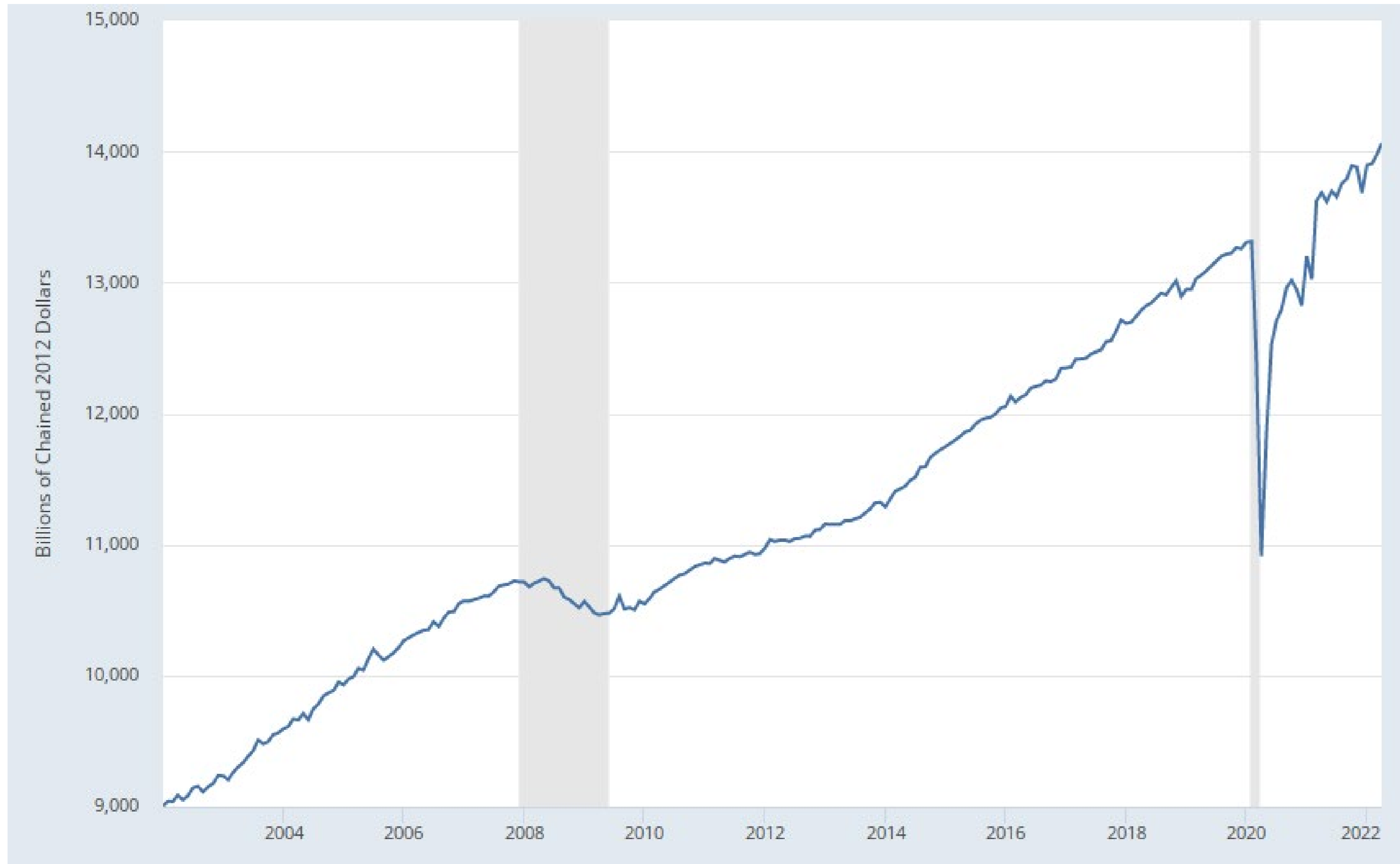


US Consumer Spending  
Points To 3%+ GDP  
Growth this Quarter

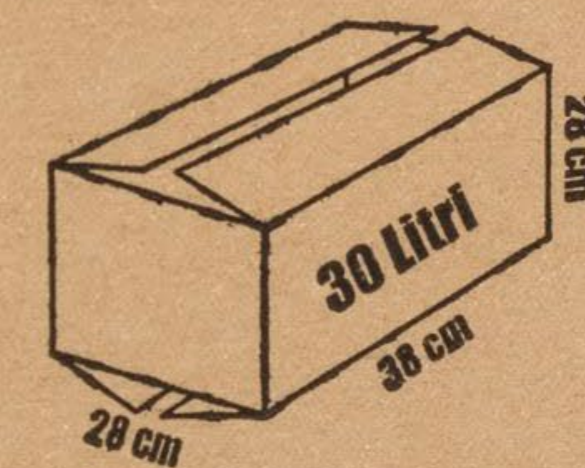


Did us consumer spending  
just hit its peak?

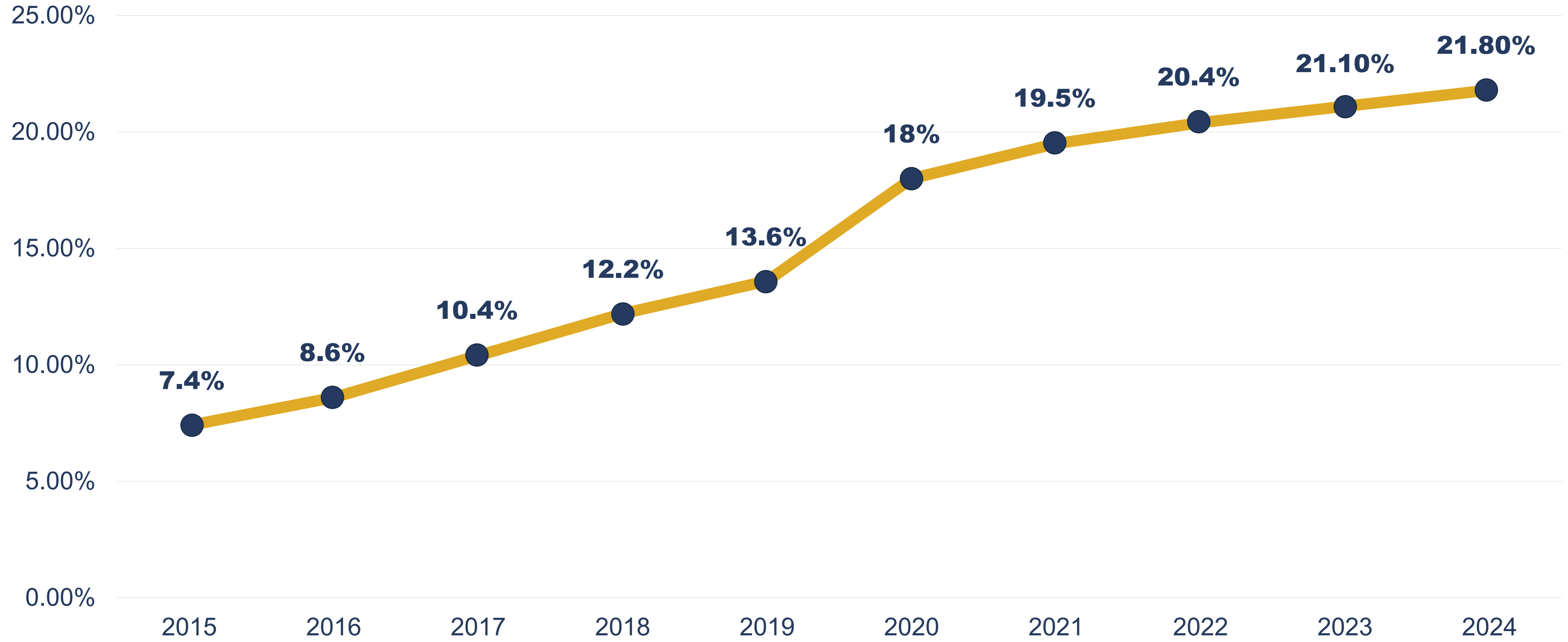
# Real Personal Consumption Expenditures



Source: U.S. Bureau of Economic Analysis

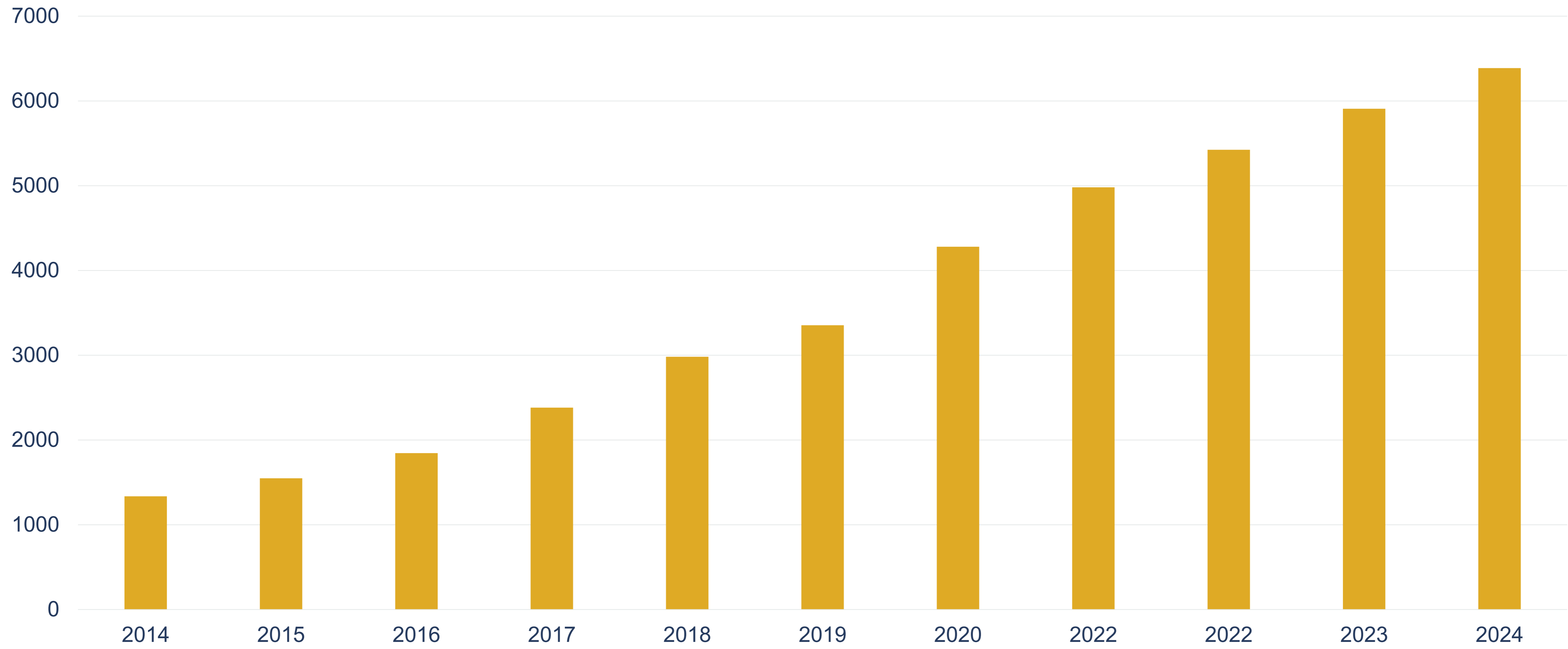


# Global E-commerce Sales as Percent of Total



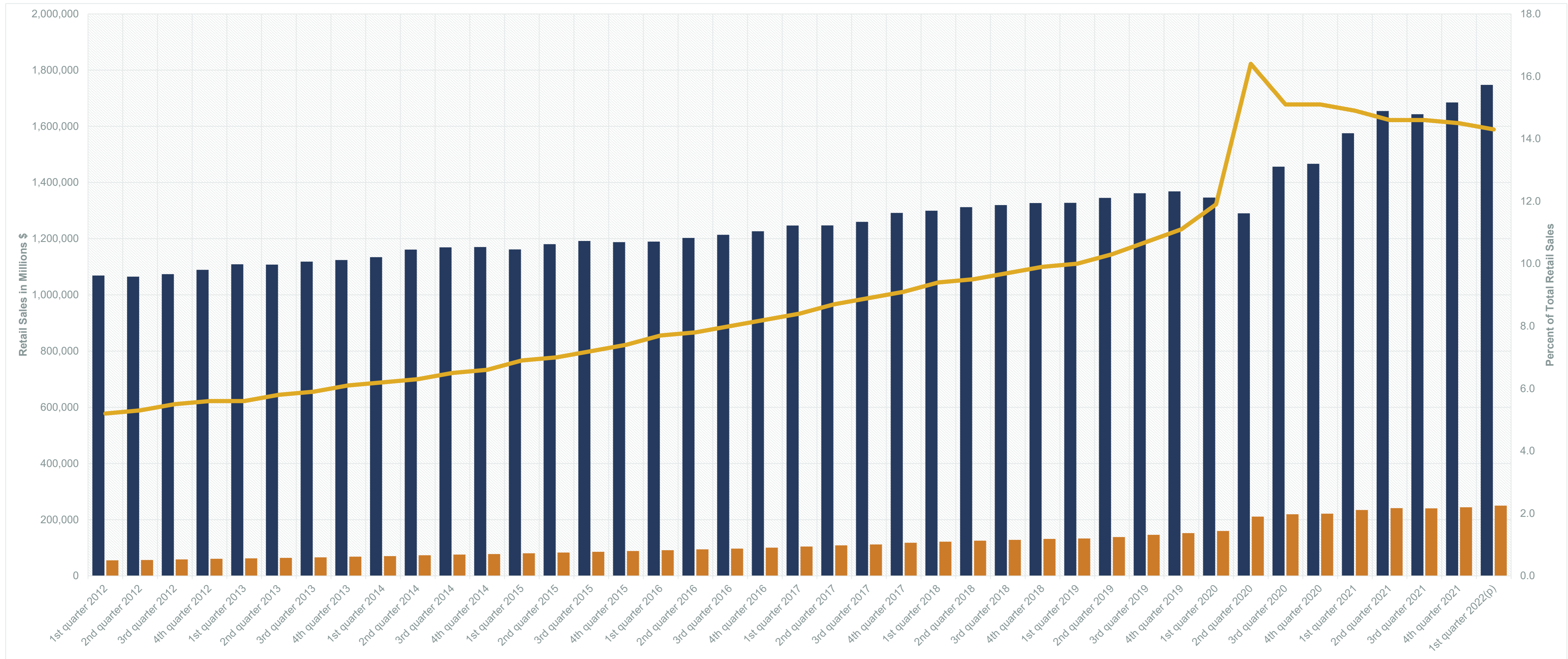
Source: U.S. International trade Administration

# Global E-Commerce Sales (\$ Billions)



Source: [www.trade.gov](http://www.trade.gov)

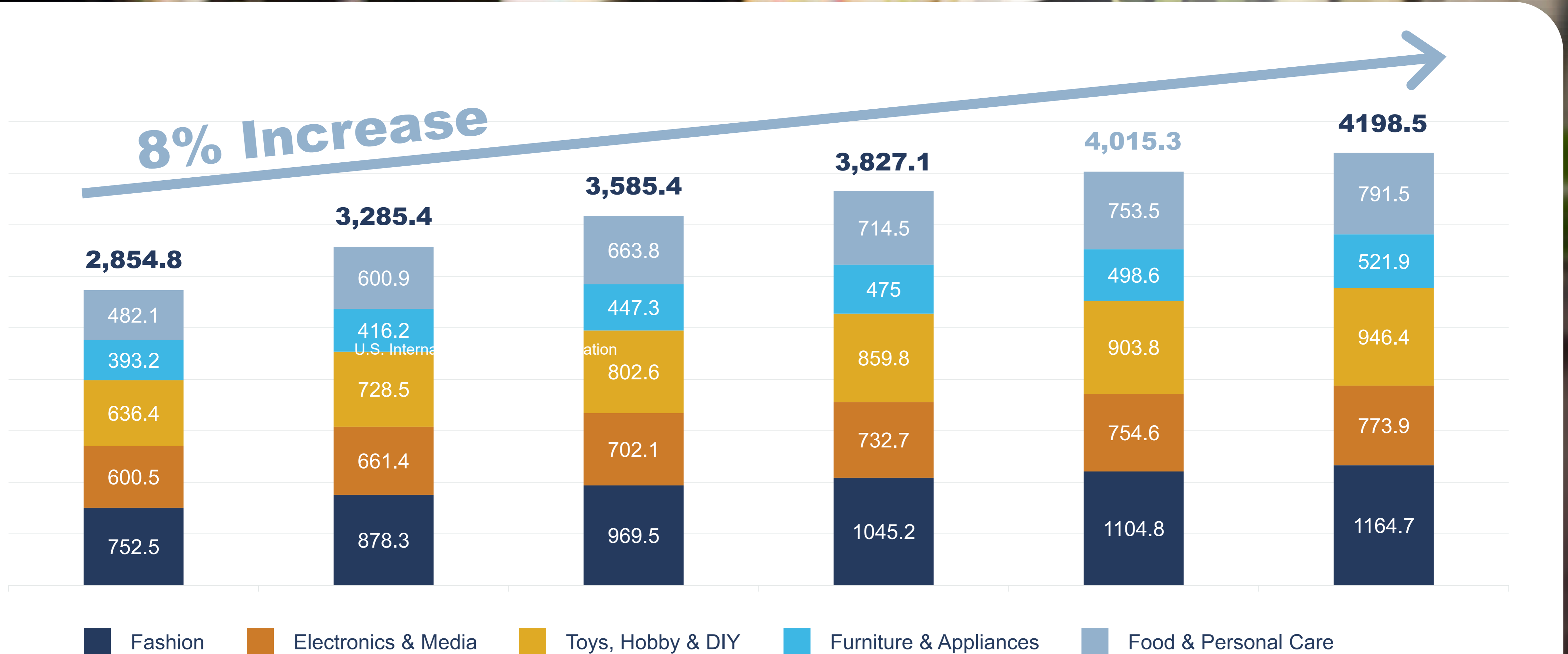
# Retail Sales in US



Source: [www.trade.gov](http://www.trade.gov)



# What are People Buying Online?



Source: U.S. International Trade Administration




# US Manufacturers:

How are they adapting?





An aerial photograph of a shipping yard. In the center, a white truck with a red container is parked on a paved area marked with a yellow 'STOP' sign. To the left and right, there are large stacks of colorful shipping containers (blue, red, green, yellow). In the background, several other trucks are parked, some with blue containers. The ground is paved and has various markings and numbers.

# Manufacturing Sector Reacts to Pandemic

**Reshoring  
Inventory Levels**

# Multi-shoring

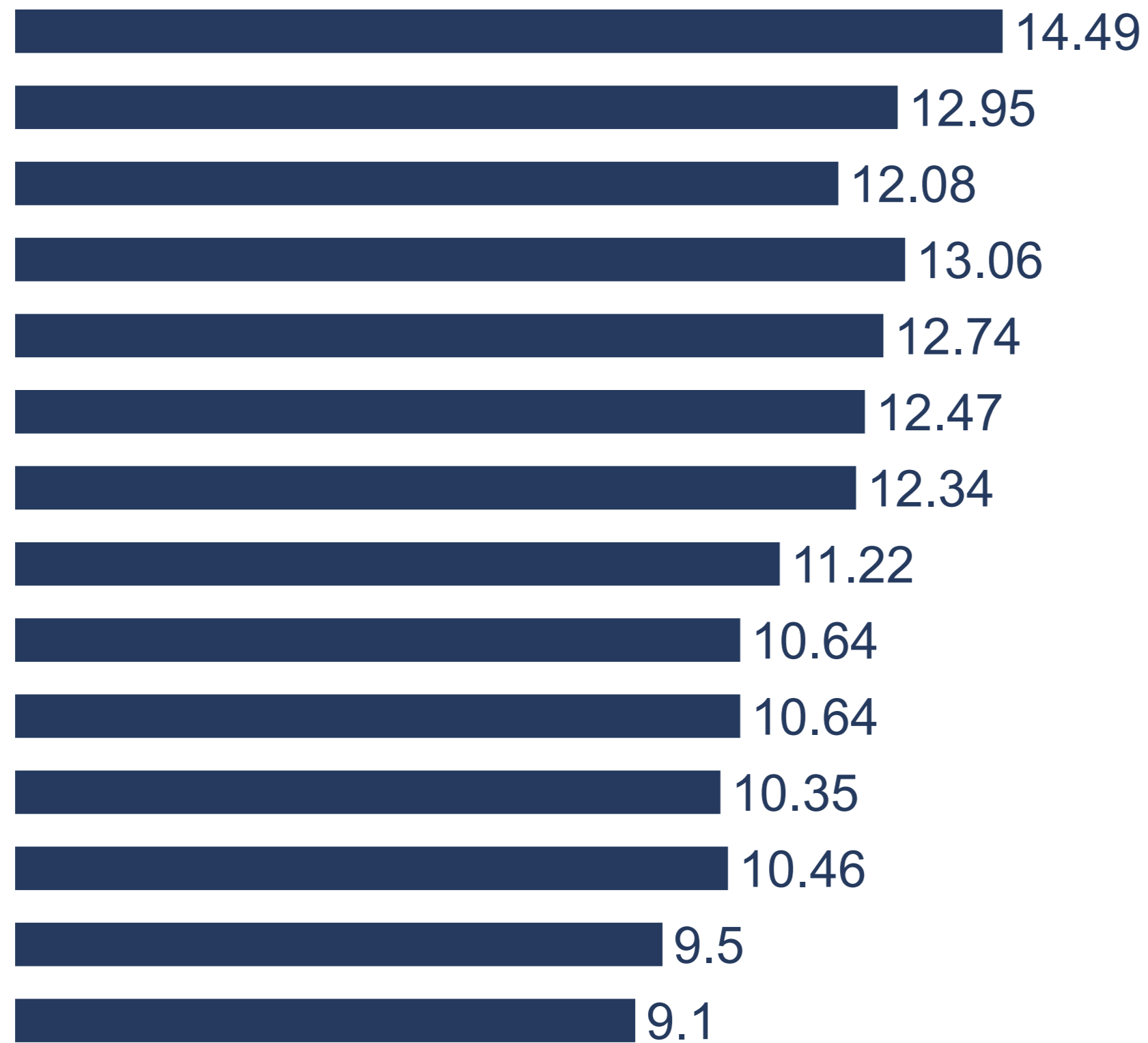
Redefinition of reshoring is emerging as more companies pursue the best cost instead of the lowest cost and weigh cost against other factors such as **supply chain resiliency** and sustainability.



# Negative Reshoring Index in 2021

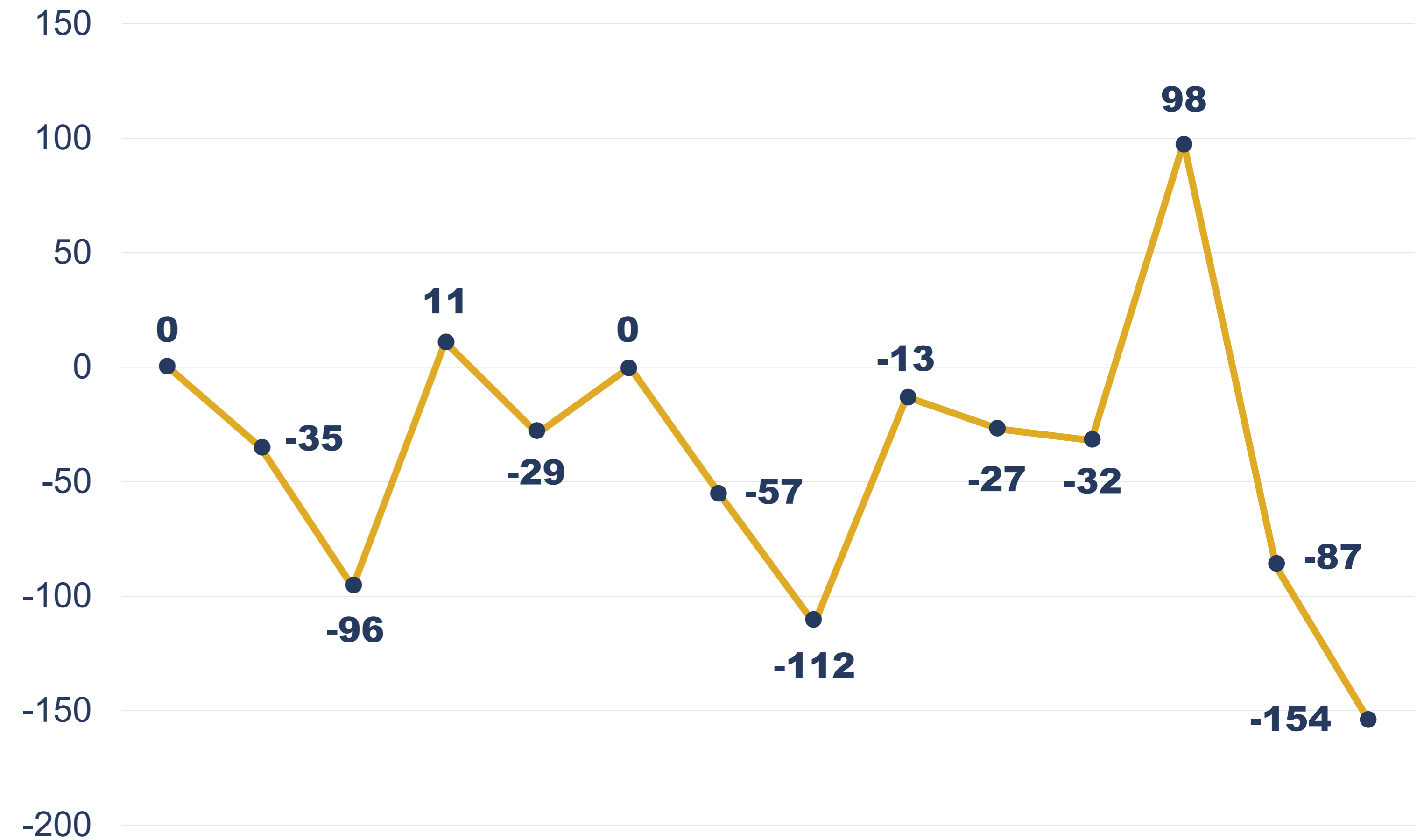
## U.S. Manufacturing Import Ratio (MIR)

MIR = Total manufactured goods import as % of domestic output



## Year-Over-Year Change in the U.S. MIR

(Basis Points 2008-2021)



# What are US Manufacturers Saying?

**92%** of executives express positive sentiments toward reshoring

**79%** of executives with existing operations in China have or planned to move some operations back to US within next 3 years

**China's** share of US outsourcing decreased from 66 percent in 2018 to 55 percent in 2021

**US firms** are continuing pre-COVID trend of diversifying away from China

# From Empty Shelves to Swelling Inventories

## Facing huge inventory, Target cuts vendor orders, prices

By ANNE D'INNOCENZIO today



### The Supply Side: Wal-Mart works to reduce higher inventory levels

by The City Wire staff (info@thecitywire.com) June 26, 2014 5:28 pm 744 views

RETAIL

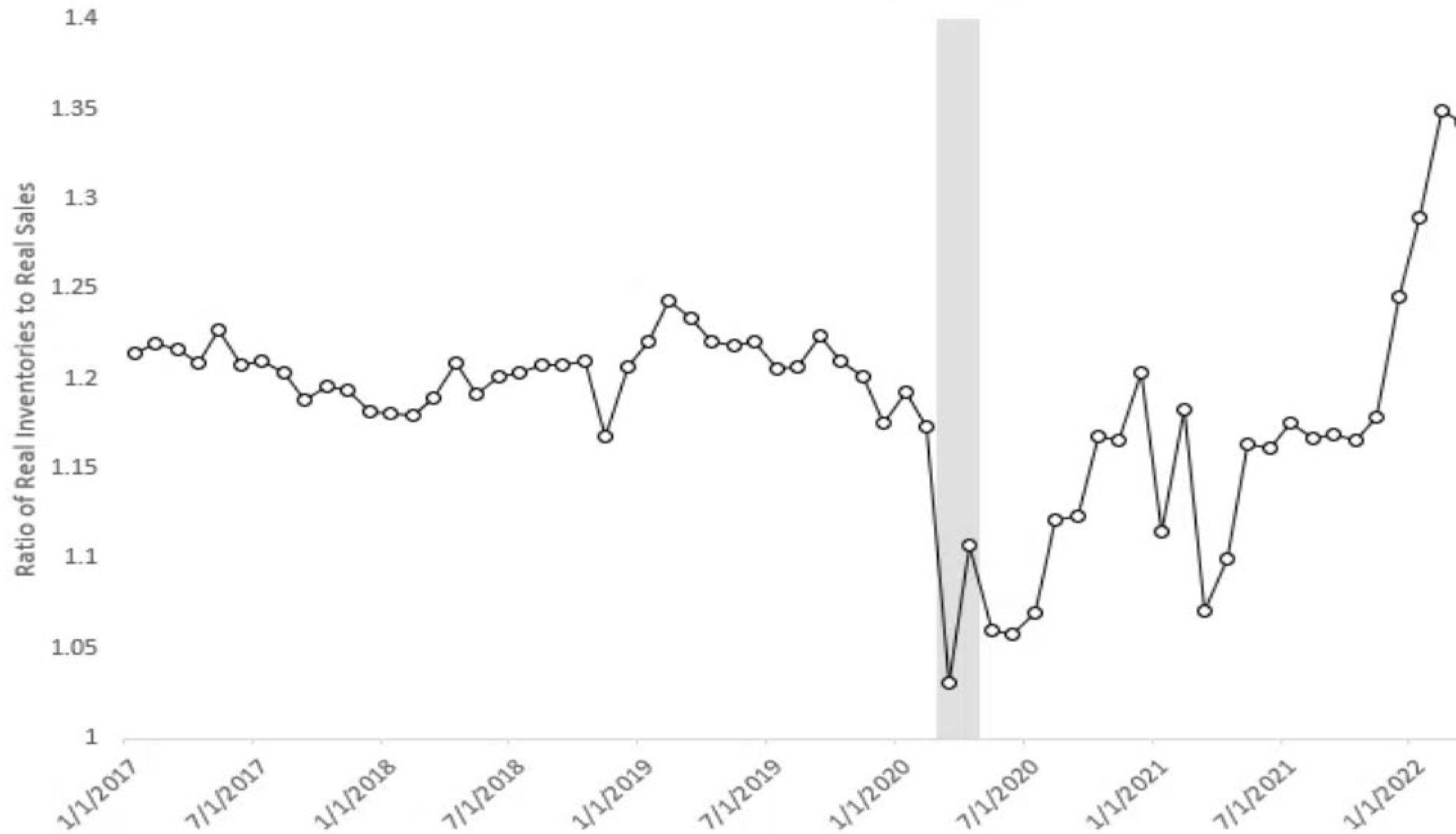
## Too Much Of A Goods Thing: Retailers Are Drowning In Inventory

Steve Dennis Senior Contributor

*I write about reinventing retail in the age of intense disruption*

Jun 7, 2022, 11:01am EDT

# Inventories to Sales Ratio



Source: US Census Bureau

# Benefited Cargo Owners Dilemma

## BCOs are slashing prices even as profits suffer

- Inventories increased to meet consumer demand
- Costs increased
- Labor
- Transportation
- Storage
- Consumer spending remained strong leading to healthy sales reports
- Profits took a hit





# Implications for Freight Transportation





# Transformation in Transportation and Logistics

- Blockchain technology
- Digitization
- Big data and data analytics
- Warehousing robotization
- Last mile deliveries
- Elastic logistics
- Drones and smart glasses
- Automation and IoT
- Chatbots and collaborative robots



# How Do We Respond?



## Reimagine Our Multimodal Transportation Networks

- Alternative fuels
- Alternative delivery mechanisms
- Greater use of technology
- Active management of data

## Prepare for More Frequent and More Impactful Disruptions

- Cyber security
- Extreme weather
- Geopolitical policies/conflicts
- Labor disputes
- Global pandemics

# Thank You!

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