Transportation Challenges: Ag. & Food Products Panel

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Transportation & WSU

• James C. Nelson (1947-1975)
  • Early proponent of deregulation (truck, rail)
  • Shaped subsequent changes to ICC

• Ken L. Casavant (1968-2018)
  ✓ $1.25m (1993-1998) Eastern Washington Intermodal Transportation Study (EWITS)
  ✓ $2.43m (2003-2009) Strategic Freight Transportation Analysis (SFTA)
  ✓ $1.67 m (2009-2019) Freight Policy Transportation Institute (FPTI)

• Eric L. Jessup (2001-2019)
  • Director: Freight Policy Transportation Institute
The Road Ahead...

- U.S. Economic Outlook
- Freight Outlook
- Panel Introduction
- Q & A Session
Relationship Between Freight Performance and the Economy

- **GDP Index**
- **Freight Index**
U.S. Economic Outlook
Slower Economic Growth Worldwide:

- International Monetary Fund:
  - Reduced 2019 growth to 3.0%
  - Reduced 2020 growth to 3.4%

Increased Uncertainty in US:

- U.S. Retail Sales dropped .3% in September, first decline in 7 months.

- Federal Reserve: 2 rate cuts....not expecting further cuts this year unless data worsens. Next meeting Oct. 29th-30th (trade expectations: 83% believe there will be another cut in Oct.)
Freight Markets
Ocean Freight:

- Reduced volumes, increase rates

Class I Rail Freight: US

- Decreases: Intermodal, Coal, Grain
- Increases: Petroleum, Frac Sand

Truck Freight:

- Lower freight rates, Class 8 Truck Orders at lowest level since 2010

Barge Freight:

- Low rates now when they typically peak
- High rates earlier in the year due to high water challenges
Truck Rates - Year over Year

Data Range (Years)
- 2002
- 2019

Price Data
- Weekly Low

Origin State
- CA

Origin District
- Central San Joaquin Valley, CA
- IMP & COA Valley CA, W & C AZ
- Kern District
- Oxnard
- Salinas Watsonville
- San Joaquin
- San Joaquin, CA
- Santa Maria
- South CA

Destination
- New York

Standard Deviations
- 2

Legend - Year
- 2019
- 2018
- 2017
Weekly Barge Grain Freight Rates (Southbound) - Year over Year

- **Data Range (Years)**: 2004 - 2019
- **Shipping Point**: Lower Ohio
- **Standard Deviations**: 2
- **Legend - Year**:
  - Brown: 2019
  - Blue: 2018
  - Green: 2017

The graph shows the percentage of tariff (1976 = 100) over weeks from January 20 to December 22, with peaks and troughs indicating fluctuations in freight rates over the years.
Tremendous Infrastructure Needs & Technological Change

- E-Commerce & online ordering / home delivery (Amazon, Blue Apron, Walmart)
  - Freight supply-chain needs
  - Congested cities

- Electric Vehicles
  - Charging stations
  - 15% of cars by 2025
  - Decreasing costs (over $1,000/kw hour in 2010 to below $130/kw hour today)
  - Increasing demand for Lithium carbonate (Australia, Chile, Argentina, China)

- Autonomous vehicles
  - Infrastructure needs
  - Large reduction in space allocated to parking and highway capacity