



U.S. Bank Freight Payment Index™ in Q2 Shows Gains, but Hints of Slowing Growth Rate

July 31, 2018

Spend and shipment rates up, but tariffs and a driver shortage may impact shipping going forward

MINNEAPOLIS--(BUSINESS WIRE)--Jul. 31, 2018-- The U.S. Bank Freight Payment Index™ rose in the second quarter, tracking a strong U.S. economy and marking the fourth consecutive gain since the first Index was published in July 2017. But, an economist cautions, a shortage of drivers and recently imposed tariffs threaten to slow growth in coming months.

Both the shipment and spend indexes continued growing in the second quarter, though at a slower pace than previous quarters. The National Shipment Index increased 1.2 percent from the first quarter and 7.8 percent year-over-year to a record high, showing that the level of freight transportation continues to be strong. The National Spend Index rose just 0.7 percent from the first quarter, but is up 24.4 percent from the same period last year.

"The continued rise in the National Spend Index reflects a tight truck market – perhaps the tightest ever in the post-deregulation era," said Bob Costello, chief economist for American Trucking Associations. "Motor carriers have a very difficult time finding enough qualified drivers to keep their current trucks seated, let alone add additional trucks."

The electronic logging mandate implemented in late 2017 also has effectively cut trucking capacity, Costello said, as truckers have less flexibility in splitting their on- and off-duty hours. In addition, the national average cost of diesel fuel was up 25 percent in the second quarter, compared with the same period a year ago. Recent tariffs add to the headwinds, as they could reduce shipment activity going forward.

Regional highlights of the U.S. Bank Freight Payment Index for the second quarter of 2018 include:

- Trucking activity in the Southeast was the strongest among the five regions in the second quarter, with both the shipment and spend indexes hitting record highs. The region is benefitting from strong home construction, solid factory output and healthy household consumption.
- In the Midwest, regional indexes were mixed, with shipments up slightly from the first quarter, while spending fell marginally. The trucking outlook remains good for this region, with one potential hiccup – international trade, as motor carriers here depend heavily on agriculture-related exports.
- The Southwest region was the only region to post a decline in shipments from the first quarter – the first sequential decline in more than two years. Looking ahead, this region could be hurt from softer trade volumes from current tariffs, especially with Mexico, as more than three-fourths of all truck border crossings with Mexico go through this region, according to Costello.

"We launched the U.S. Bank Freight Payment Index last year to provide high quality, data-rich information that helps our clients make better decisions when planning and forecasting for their businesses," said John Hardin, U.S. Bank Global Transportation General Manager. "We are pleased with the positive reception that the index has had in the marketplace by highlighting the trucking industry's contribution to the economy both nationally and regionally."

The quarterly U.S. Bank Freight Payment Index measures quantitative changes in shipment and spend activity based on data from transactions processed through [U.S. Bank Freight Payment](#). These transactions are made on behalf of clients across a range of industries, including automotive, manufacturing, food and retail.

A pioneer in automated freight audit and payment, U.S. Bank Freight Payment is celebrating its 20th year of facilitating transactions between shippers and carriers. The business processed more than \$24.5 billion in global freight payments in 2017 for some of the world's largest corporations and government agencies. For more information and to subscribe to the Index, visit www.freight.usbank.com.

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U.S. Bancorp (NYSE: USB), with 74,000 employees and \$461 billion in assets as of June 30, 2018, is the parent company of U.S. Bank, the fifth-largest commercial bank in the United States. The Minneapolis-based bank blends its relationship teams, branches and ATM network with mobile and online tools that allow customers to bank how, when and where they prefer. U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted financial partner, a commitment recognized by the Ethisphere Institute naming the bank a [2018 World's Most Ethical Company](#). Visit U.S. Bank [online](#) or follow on [social media](#) to stay up to date with company news.

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