



The big news this past week - in shipping/logistics or otherwise was the midterm elections. If any glaring lesson can be gleaned from the results, it's this; predicting outcomes is a fool's game. However, when it comes to economic issues, and our industry is nothing if not a pillar of the economy, trends usually point to more predictable outcomes. So this week, our lead story is the news that FedEx is furloughing employees, parking airplanes in hangers, and reporting below expectations volume numbers. This is not the tail wagging the dog - FedEx business is tied to rail and ocean freight as well as trucking, and the company adds [\\$20 billion annually in worldwide economic output](#); if they lower the pressure on the spigot, we feel only the trickle.



There are other signs that shipping/logistics is going through a transition; UPS is touting its Logistics as a Service (Laas) to make up revenue being lost in small parcel shipping, Maersk is also planning for lower ocean freight volume, and in trucking, short-term contracts are now the norm. Amazon is the first company to lose \$1 trillion in market cap. Yes, that's TRILLION with a T! Jim Cramer, CNBC's Mad Money host, suggested this week that the slowdown in logistics could be a sign that inflation is coming down.

Let's dive right in.

As Go The Carriers...

FedEx Corp said on Tuesday that [current-quarter package volumes in the United States have been below its projections](#) as the pandemic-driven e-commerce bubble deflates. Covid precipitated a surge in eCommerce deliveries, and now a variety of factors has left the carriers with excess delivery capacity as demand cools. So called "acts of God" like Tropical Storm Nicole, which hit Florida this past week, forced the carrier to [suspend operations](#).



The air freight giant [provided an update](#) on how it is [handling](#) the new macroeconomic backdrop at an investor conference on Tuesday. They noted that it has reduced the frequency of flights and parked some of its planes in response to weaker-than-anticipated demand for package deliveries, particularly in Asia. FedEx Freight, the company's LTL division, confirmed Saturday it is [enacting furloughs in some U.S. markets](#).

UPS CEO Carol Tome announced plans for the country's largest carrier to transition from their current business model called *Better not Bigger* to a new innovative one called [Better and Bolder](#). Software as a service (SaaS) has been steadily gaining ground over the past couple of years, and now UPS is aiming to tap into new revenue streams by combining its standalone digital offerings into a "logistics as a service" (LaaS) package. The move brings together the 3PL arm, Coyote Logistics, same-day delivery provider Roadie, the Delivery Solutions platform, and financial services provider UPS Capital. In addition, UPS will bring in its partnership with CommerceHub, aimed at building delivery density.

...Goes Warehousing...



Small parcel volumes are down, and lower demand is putting pressure on the major carriers to diversify their services and find other revenue streams. The warehouse market remains strong, both for now - as vacancy rates are at an all-time low worldwide - and seemingly for the future - as excess and new inventory need to be stored. As a result, new warehouse projects continue to move forward with little sign of slowing down.

In Franklin County, PA, Endurance Real Estate and Guardian Life Insurance Company are partnering on a [1 million square foot warehouse](#) that will include 166 overhead dock door positions, 213 trailer stalls, and 375 parking spaces.

The repurposing of old industrial facilities continues as a [storied part of Baltimore continues its quest to become a major East Coast logistics hub](#). A huge 165-acre terminal and logistics hub with an on-dock rail facility is being built at the former site of the Bethlehem Steel plant in Sparrows Point. It's expected to ease capacity issues for Conrail and also boost growth at the Port of Baltimore, the nation's 12th-largest maritime facility.



[A facility, developed and managed by the Goodman Group](#), has been strategically located for last-mile logistics deliveries to over 15 million people in the New York metropolitan area. It is located in Karlstad, NJ. The facility is 100,000 square feet. Not all warehouse development in NJ is welcomed by its residents, as [protests against another project in Somerset](#) took place recently. [A Japanese company is investing in a logistics center](#) in Virginia near the Chesapeake.

...Goes Freight/Trucking

[Short-term contracts are now the norm](#) as shippers and carriers navigate a rocky end to 2022. Uncertainty is forcing companies that once signed 6-month contracts on a regular basis to mostly sign 3-month contracts.



The threat of a rail strike eased last week as a tentative agreement was reached, but while the sides are negotiating in earnest on a final deal, [a strike can still happen on December 8th or 9th](#). Perhaps Liverpool is a good omen, as port

workers there [resolved their issues averting a work stoppage](#).

California is looking to adopt the [federal electronic logging device mandate for intrastate carriers](#). Wisconsin is the only other state that has yet to adopt the mandate. A few weeks back, we reported on the trucking strategy of “platooning,” which is basically a convoy of trucks traveling together. Pennsylvania just enacted [a law that allows platooning with autonomous vehicles so long as the lead vehicle has a human driver](#). Gatik is a technology company in the autonomous driver space. They work with Walmart on their middle-mile needs of getting inventory from warehouses to local stores. They were recently named by Time Magazine as the [best invention of 2022](#). [The state of Rhode Island is appealing](#) an appeals court ruling knocking down their trucking toll legislation.

We do have moments of brevity here at the Roundup. Flock Freight, a technology company creating a smarter, more sustainable supply chain using patented technology to pool freight at scale, [premiered a video commercial starring Steve Burns of “Blue’s Clues.”](#) The video spoofs documentaries and has Burns asking a Flock Freight executive to explain what a f***load is for the purposes of shipping. It’s even funnier when he asks her to compare it to a s***load.

Amazon

Sometimes news from Amazon, the retail giant, is news, and sometimes it’s **NEWS!** Among its many other milestones, Amazon is now the first public company to [lose \\$1 trillion in market capitalization](#). Don’t worry about them just yet, they are still innovating. They recently [rolled out the “Sparrow” robotic arm](#) that is capable of lifting and sorting multiple products of varying shapes and sizes. Robotic companies continuously tell us that the technology is to help warehouse workers, not eliminate them, [but workers should be nervous about this tech](#). Watch [this video](#) to see what a busy Amazon warehouse looks like.



In Other News

- [Maersk’s strong-arming](#) of small, vulnerable businesses during Covid is putting the shipping giant in legal peril.
- The shipping industry is stuck with [too many containers](#)
- [Pilot Freight opens new facilities](#) in Austin and Omaha
- There is a new [Pan-African shipping company](#)
- McKinsey, the large consulting company, is getting into logistics, [acquiring SCM connections](#)
- The [USPS posted their small parcel numbers](#), and they are not too shabby
- New [returns policy could hurt retailers](#) this holiday season

- The [apparel sector lost \\$15 billion](#) in supply chain inefficiencies
- [\\$163 billion in inventory is tossed out annually](#) due to oversupply and damages

Have a Great Week!

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