“The Great Recession, Macroeconomic Earthquakes, and the Current State of Domestic and International Trade

Spring BAC Meeting
May 4, 2017
Evanston, IL

Justin Zubrod
& Company
The Past

• Logistics costs at % GDP steadily declining
• Costs rising slower than inflation
• Rising productivity, efficiency
• Predictable service levels
• Stable O/D flows
• Ready access to capacity
• Low inflation

The Present

• Shifting markets
  — Population
  — Production
  — Consumption
• Gains ending in rail, truck
• Infrastructure impacting service
• Equipment costs rising
• Fuel volatile, but trending up
• Growing operating cost

Logistics Costs on Rise

• Rail pricing, investment
• Funding infrastructure
• Warehousing expense
• Driver retention costs
• Inventory — more, costlier
• Cost of money
North American Carriers & Shippers

- Global Economic, Political Uncertainty
- Great Recession, Not-So-Great Recovery
- Talent Availability, Attitudes, Cost
- Future Tax Policy / Levels / Incentives
- Industry Restructuring, M&A
- Unclear U.S. Trade Policy
- Lack of Regulatory Clarity
- Deteriorating Infrastructure, Congestion

- AI
- Robotics
- Mobile shift
- Amazon march
- ADAS
- Autonomous vehicles
- Apps, apps, apps
- ELD’s
- Retail meltdown
- IoT
- Channel re-alignment
- eFulfillment strategies
- Uber trucking
- Elon
- GPS nextgen
Today’s Panel

Phil Levy
Kellogg School
Adjunct Professor of Strategy
Chicago Council on Global Affairs

Dick Craig
MOL (America) Inc.
President & Chief Executive Officer

John Larkin
Stifel Financial Corporation
Managing Director & Head of Transportation Capital Markets Research