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William B. Cassidy, Senior Editor | Oct 18, 2022 4:59PM EDT



US manufacturing output continues to expand, albeit slowly, underscoring resilience in the US economy despite recessionary trends. Photo credit: Shutterstock.com.

US industrial production and manufacturing rebounded on a sequential and year-over-year basis in September, creating more truck freight and tonnage — and muddying recession forecasts.

Total industrial production rose 0.4 percent from August and 5.3 percent year over year last month, according to data released Tuesday by the US Federal Reserve System (FRED). Manufacturing output also increased 0.4 percent sequentially and rose 4.8 percent from September 2021.

Manufacturing employment is rising as well, climbing 3.8 percent year over year in September to 12.9 million, according to US Bureau of Labor Statistics data.



The data suggests the US economy remains stronger than expected in the face of

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recessionary headwinds and helps explain why freight demand isn't dropping as fast as freight rates in some sectors.

Although manufacturing activity continues to expand, it's growing at a "historically muted" rate, S&P Global said in its latest purchasing managers index (PMI) for manufacturing, released Oct. 3. Output and new orders increased in September, lifted by new demand, said S&P Global, the parent company of JOC.com.

In terms of output, fabricated metal products, computers and electronics, and motor vehicles led the manufacturing expansion, each with a 1 percent boost in output from August to September, FRED data showed. Wood products and primary metals output declined month to month, as did textiles and printing output.

Tonnage stronger than expected

The increase in industrial production contributed directly to the 0.5 percent month-to-month increase in the American Trucking Associations (ATA) seasonally adjusted For-Hire Truck Tonnage Index for September, also released Tuesday. Year over year, the ATA index was up 5.5 percent.

“The latest gain put tonnage at the highest level since August 2019 and the third-highest level on record,” ATA Chief Economist Bob Costello said in a statement. “This is another example of how the contract freight market remains strong despite weakness in the [truckload] spot market this year.”

The unadjusted index dropped 3.8 percent from August to September. The seasonally adjusted increase in tonnage indicates actual volume exceeded ATA’s expectations for the month.

Industrial freight may not get the attention retail shipments draw, but manufactured goods — including parts used in manufacturing — account for a large share of the freight moved by truck within the US, according to Jason Miller, associate professor of logistics at Michigan State University and a JOC analyst.

The monthly truck ton-mile index produced by Miller and the University of Tennessee’s Yemisi Bolumole rose 1.4 percent in August and was up 3 percent year over year. Their index, released last week, is based on data from 41 freight-generating industries including manufacturing and wholesale and retail trade.

“It’s hard to say we’re in a recession or freight recession when freight activity is up year over year,” Miller said in an interview with JOC.com last week.

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