

CNBC EDITORIAL

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eResearch Comment: The following article was published by *CNBC* in its **Evening Brief: EDITOR'S NOTE** on Monday, June 3, 2019. It is authored by Kate Rooney, CNBC Markets Reporter. Her bio is provided at the end of the article.

EDITOR'S NOTE

A slowdown in trucking and transportation is causing anxiety among some on Wall Street who worry the U.S. economy might be decelerating.

The Cass Freight Index — a broad measure of freight shipment activity — fell 3.2% in April from the previous year. The drop came before President Donald Trump's surprise announcement last week of new tariffs on Mexico, [suggesting](#) growth was "slowing before the trade tensions re-escalated," Morgan Stanley strategist Mike Wilson said in a note to clients Monday.

Shipment slowdown

Cass Freight Index (shipments)



SOURCE: St Louis Federal Reserve



While Wilson said he has seen other data points the past month hinting at an earnings recession and economic slowdown, "none were as convincing as the Cass Freight Index report for April." Credit Suisse analyst Allison Landry said it is "hard not to be worried" considering pre-existing freight red flags — even without an escalating trade war.

To be sure, the Cass report's author, Donald Broughton, said more data in coming weeks is needed before deciding whether or not this is "merely a pause in the rate of economic expansion, a retrenchment, or the beginning of an economic contraction."

But falling oil prices and five straight months of negative shipment volume are painting a bleak picture. With April's drop, Broughton said there is a "material and growing downside risk to the economic outlook."



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