

FREIGHT AND ECONOMIC MARKET INSIGHTS

March 30, 2020—North America

In an effort to help everyone understand the supply chain impacts from COVID-19, we have compiled a selection of current insights from the marketplace. These have been assembled by our experts with our global view of supply chain data.

NEW

Indicates new/updated content from the previous edition

STAY-AT-HOME ORDERS:

Globally, stay-at-home orders are growing with some relaxation starting in China. As a result, North America will start receiving vessels of imported goods and be working to store those goods that may be in low demand due to the stay-at-home orders and move higher demand goods further into supply chains. Goods will continue to flow as transportation and logistics continue to fall under CRITICAL INFRASTRUCTURE DURING COVID-19, [Read it here](#), and that executive orders are often similar to this guidance.

USA TRUCKLOAD (TL)

- Thus far, truckload providers and trucking associations are not reporting any material driver constraints due to illness or limited interest.
- Weekly route and yield plans are increasingly difficult as demand patterns evolve rapidly. Changing and ‘broken’ networks are requiring carriers to plan daily vs. multi-leg, thus impacting empty miles and increasing operating costs.
- The spot market has increased in both demand and cost over the past 5 days as demand patterns shift and carrier networks evolve. This is not unlike a major weather event, but far more widespread in impact. We’re seeing disparate impacts in local geographies.
- Route guides adherence is beginning to deteriorate as network patterns evolve.
- Private fleets serving non-essential verticals are increasingly using their for-hire status in an effort to put revenue against assets and drivers.
- Truck stop operators continue to serve trucklines with some augmented food service approaches. Rest areas are largely open for truck drivers.
- State of RI travel restrictions exit NYC do not effect trucking according RI state patrol.
- CDC Statement on Self-Quarantine Guidance for Greater New York City Transportation and Delivery Workers confirm commercial traffic continues and offers guidance. [Posted March 27, 2020](#)

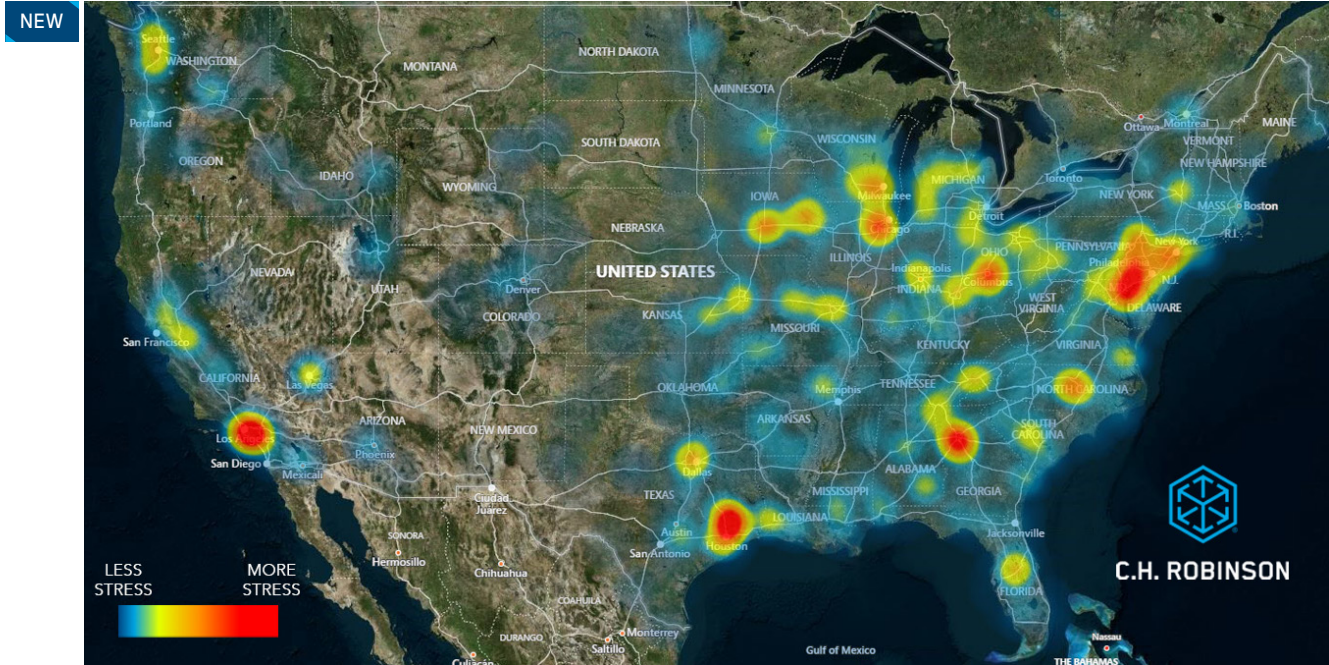
Market Stress Indicators: : The maps on the next page represent C.H. Robinson’s view of North American market stress based on the impact of daily changes in transportation costs, supply, and demand.

For the past week the most consistent points of highest tension have been Los Angeles, San Francisco, Chicago region, Northern Ohio and Philadelphia to NYC. See our heat maps below. This first map shows origin city stress growth with increased pressure from the previous day.



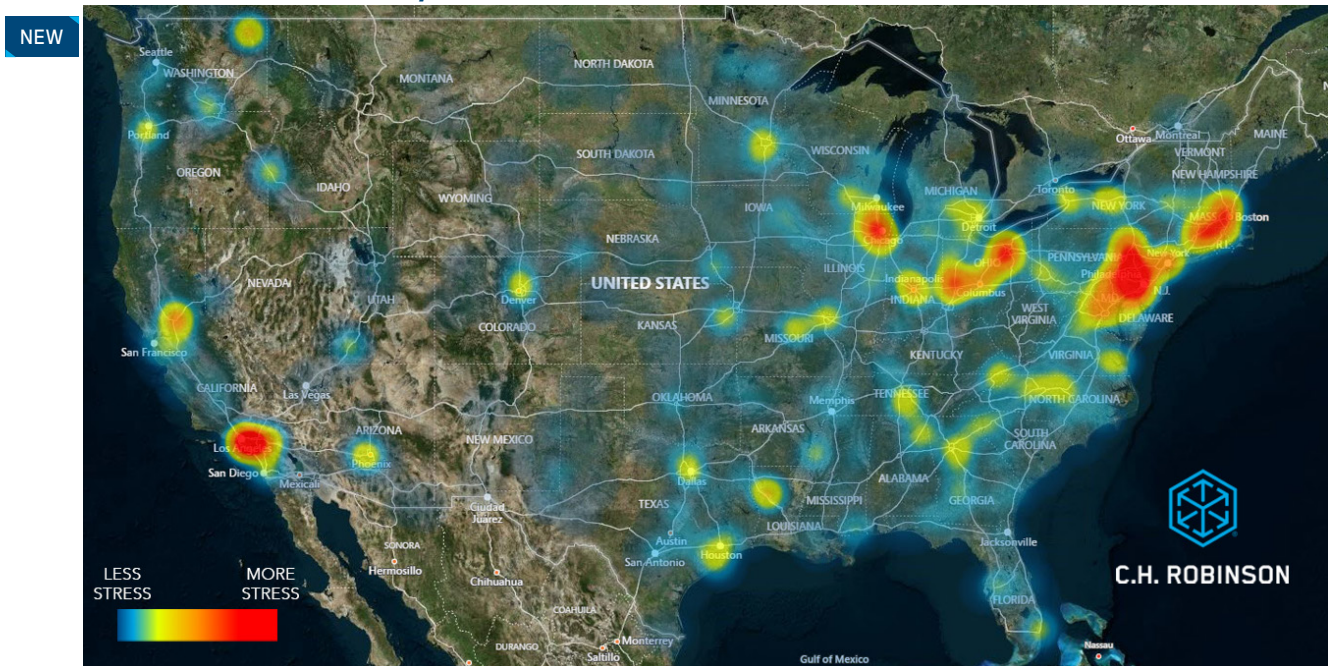
NEW TRUCKLOAD. This first map shows origin stress growth from the previous day and for the past week the most consistent points of highest tension continue to be Los Angeles, San Francisco, Houston and East of I-35 with New York City being notable.

Origin City - Market Stress Indicator - Week over Week



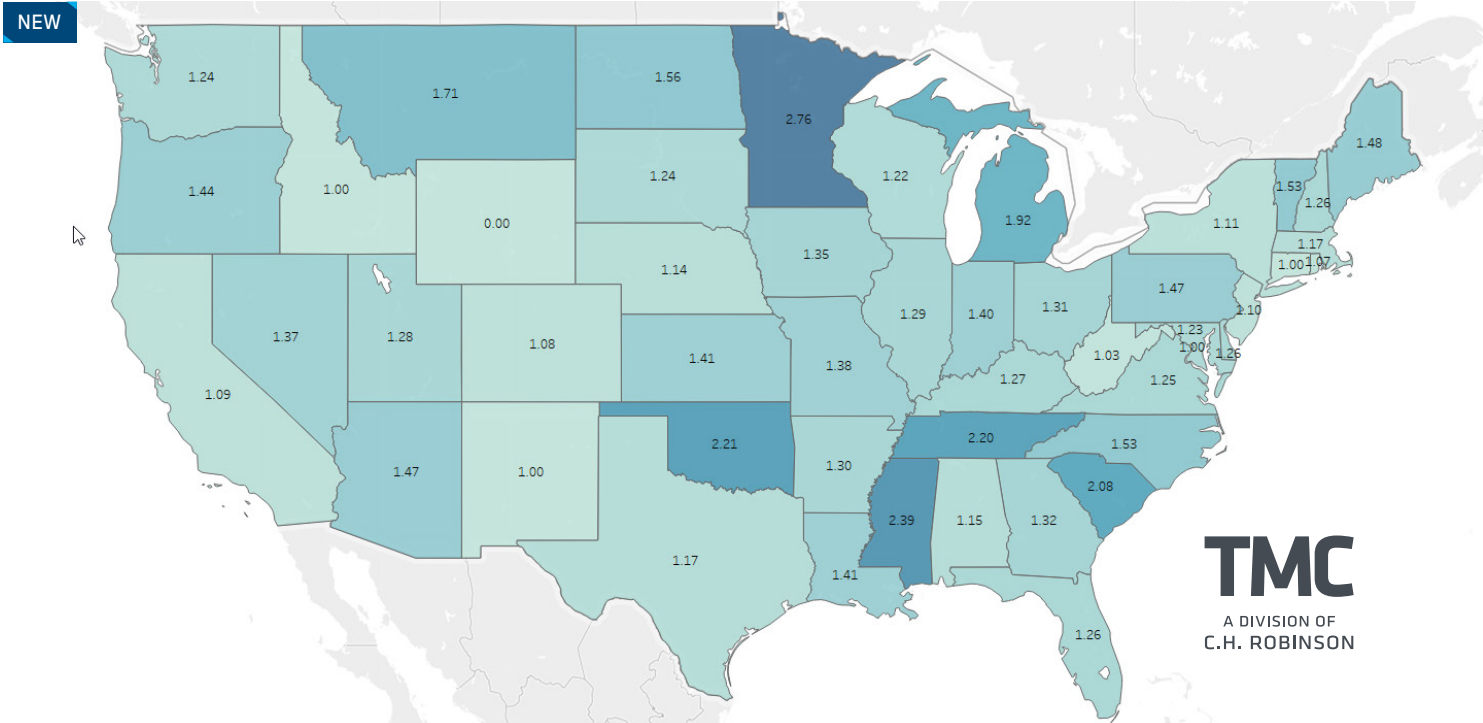
NEW The second map is showing destination city stress few changes from the previous day. Today's map is basically unchanged from Friday with most notable change being Boston.

Destination City - Market Stress Indicator - Week over Week



NEW The below image is an origin state level route guide performance (seven-day aggregate view) benchmark based on truckload (TL) route guide data from shippers working with [TMC, a division of C.H. Robinson](#). These large and global shippers utilize automated route guides through our Navisphere platform. **This benchmark is representative of the broader committed market, not the spot market.** Today's summary: the route guides are performing well, with a handful of higher pressure origin states and the weekend route guide depth improving slightly against the week, but still averaged near the weekly aggregate average. The most current USA aggregate Route Guide Depth (RGD) continues to slip daily from 1.16 the week of Feb 16th to 1.38 for the week of March 22nd. This figure is a ratio of TL tenders to acceptances. For a 1.38 RGD, it currently takes about 13.8 tenders to cover 10 loads. Those 13.8 tenders include tenders to primary awarded service providers and rejected tenders that were sent to secondary providers

ROUTE GUIDE DEPTH OF TENDER BY STATE - CONTRACT FREIGHT





USA LESS THAN LOAD (LTL)

- Channel checks reveal that core LTL carriers are operating their networks as normal. Shipment volumes are generally flat to down less than 5%.
- The challenge the carriers are facing is freight in their system that can't be delivered due to consignee being closed, this freight will eventually start "clogging" the network. Carrier requests confirmation from the shipper/customer/3PL that consignee is open.
- Carriers are beginning to restrict service offerings (guaranteed, expedited, money back guarantee, inside delivery, etc.). Shippers should confirm with carrier that the service is currently being offered and available prior to tender.
- In order to limit contact with drivers most BOLs are not being signed and signature on the delivery documents is generally not required.

INTERMODAL (IMDL)

- IMDL container and dray capacity are readily available and we are helping clients with a TL and IMDL balance strategies to address speed and inventory builds in response to health and consumer needs related to COVID-19.
- IMDL planning is underway to address a planned Mid-April ramp up of container volume from China arriving at the ports.
- Railroads and drayage carriers report resiliency efforts in play to ensure operation and are working with CHR on lanes and commodities of priority to support health and consumer needs related to COVID-19.

CROSS BORDER

Mexico-USA border insights:

- NEW** • Mexico's health secretary made a comment on Friday recommending a 30 day shelter in place for all citizens and non-essential businesses
- NEW** • The State of Sonora: issued a formal shelter in place and there is ensuing process to determine what is essential and non-essential
 - Border operations remains intact north and southbound. Hours of operation are unchanged. Slight delays experienced on the northbound border crossing today, as every driver crossing was required to have his/her temperature taken prior to authorizing import to USA.
 - Volumes have softened that last couple days with automotive plants shutting down. However, this is partially offset with the increase of CPG, Medical and Food/Bev
 - Capacity moving from tight to more balanced market inside Mexico -- as automotive plants and non-essential commodities shut down or greatly reduce volume.

Canada-USA border insights:

- Capacity is fluid with carrier strategies and driver preferences being varied
- Team drivers have largely chosen social distancing, greatly minimizing team capacity
- Drivers are starting to choose to stay home and declining longer hauls deep into the USA
- Driver reports of [challenges](#) to find food, parking, sleeping and bathing facilities
- Carriers shift from non-essential to essential goods clients
- Starting to hear larger carriers are parking some equipment
- Lagging effect of [rail blockades](#) is additive surge volume as shippers work to catch up
- Customs Entry are slowing to 4-5 hours. Drivers are encouraged to send paperwork immediately upon loading.



GLOBAL OCEAN AND AIR

- China to North America trade lane has seen 58 cancelled/blank sailings to the Pacific SW ports and 111 to No. America. For perspective, the USA-China trade war resulted in 33 cancelled/blank sailings to Pacific SW ports. Ocean volumes are picking up and No. American ports can expect to start seeing increased volumes next week through April.
- Air capacity from Europe and China to the USA is constrained with passenger flights curtailed. C.H. Robinson has chartered cargo planes and airlines like Delta are putting passenger planes back in service for cargo only. Generally, airfreight rates are volatile day by day at roughly four to five times normal rates.
- Reductions in passenger flights have material impact on cargo capacity in all markets globally.
- As more non-essential companies shut down temporarily, general demand for air cargo is down, but lack of capacity is keeping rates high.
- Demand for test kits and masks are driving significant demand out of Asia to make up for slowing demand on general cargo.
- China export shipping lines are reporting consistent bookings and strong utilization following China's return to production.
- Carriers will likely continue to consolidate their position through blank sailing and other rationalizing strategies that mitigate their risk of oversupply to a market that is changing week by week, day by day.

ROBINSON FRESH-PRODUCE SUPPLY CHAIN INSIGHTS

Robinson Fresh [a division of C.H. Robinson](#), is experiencing higher-than average activity with retail customers, although movement is nearing normal rates as compared to the previous weeks' significant spikes in demand. We continue to provide solutions to customers on additional categories. Current areas being closely monitored by Robinson Fresh:

- Curfew hours in and around New Jersey and Delaware are shortening port hours which may interfere with the release of supply coming from Central and South America.
- Central and South American countries are starting to enact their own quarantine protocols; this will have an impact on our ability to source product. Peru is on mandatory quarantine for the next 2 weeks. The Chilean government announced a 90-day state of catastrophe, but currently we are still picking and packing.
- The U.S. Food and Drug Administration (FDA) has released a COVID-19 daily round-up release for March 24 to help share the agency's on-going response effort to the outbreak. Please see [here](#) for the news release
- The biggest restriction that may negatively impact the produce industry is the H2A visa processing suspension in place. The current estimate is if only 'returning workers' will be processed, H2A employers may face a reduction of up to half of H2A workers if the COVID-19 reactions/changes remain in place for too long. United Fresh is seeking regulatory relief to expedite the processing of applicants as we believe they are essential workers, especially as spring and summer approach, having enough farm labor will be something to keep an eye on.

VERTICALS

- Today's vertical view is updated from Friday by including week 13. By vertical one can get a sense of the demand trends. Week 9 is when North American demand started to rise as consumers/families prepared for being home for three meals a day and 7 days per week. The arrows present generalized views of week over week growth, stable or declining demand.

NEW

NAST Truckload Demand Week Over Week Trends

Industry Vertical	3	4	5	6	7	8	9	10	11	12	13
Auto; Industrial	●	●	●	●	●	●	●	●	●	●	●
Chemicals	●	●	●	●	●	●	●	●	●	●	●
Energy, Utilities	●	●	●	●	●	●	●	●	●	●	●
Food & Beverage	●	●	●	●	●	●	●	●	●	●	●
Government; Education	●	●	●	●	●	●	●	●	●	●	●
Healthcare	●	●	●	●	●	●	●	●	●	●	●
Manufacturing	●	●	●	●	●	●	●	●	●	●	●
Paper; Packing	●	●	●	●	●	●	●	●	●	●	●
Professional Services	●	●	●	●	●	●	●	●	●	●	●
Retail	●	●	●	●	●	●	●	●	●	●	●
Techology	●	●	●	●	●	●	●	●	●	●	●
Transport	●	●	●	●	●	●	●	●	●	●	●

● > +2%

● +/- 2%

● <- 2%

Acceptance rate per week in the quarter

At this time we're continuing daily market insight publications by 11AM in an effort to keep you informed through this dynamic freight environment. For other client advisories, please review our [Client Advisory page](#).

Thank you for being a valued customer. If you have any questions, please do not hesitate to contact your C.H. Robinson or TMC commercial representative for further information.