

FREIGHT AND ECONOMIC MARKET INSIGHTS

March 24, 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.

STAY-AT-HOME ORDERS:

Many USA states and Canadian provinces are following DHS' CISA guidance on IDENTIFYING CRITICAL INFRASTRUCTURE DURING COVID-19, [Read it here](#), and that executive orders are often similar to this guidance. As such most, across No. America, shipping, transport and receiving is related to essential goods at a rapidly escalating rate.

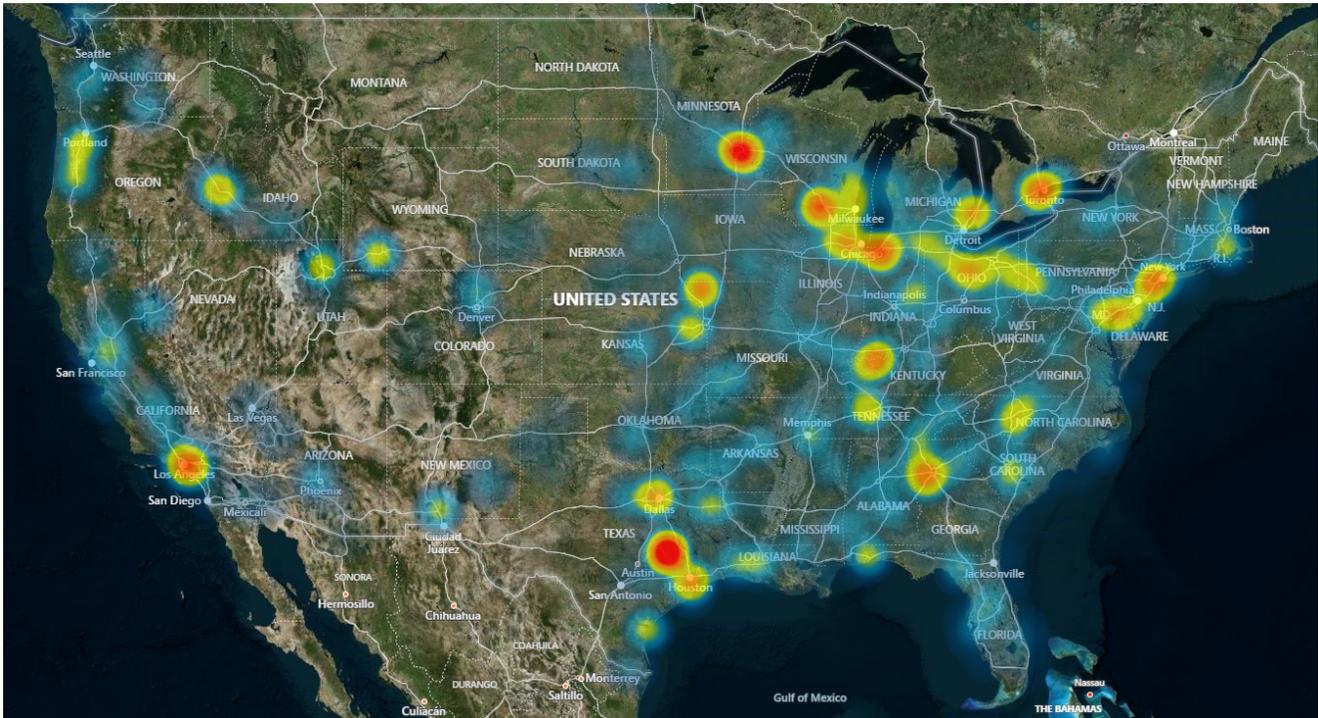
TRUCKLOAD (TL)

- 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.

Market Stress Indicators: The maps on the next page represent C.H. Robinson's view of market stress based on a blend of changes in Cost Per Mile (CPM) and shipment demand. Colored areas denote stress indicated by increases in demand, cost or both. What is shown is the weekly market evolution as compared to the same period in the previous week. Meaning we are helping show how the market is evolving daily with the dynamic environment.

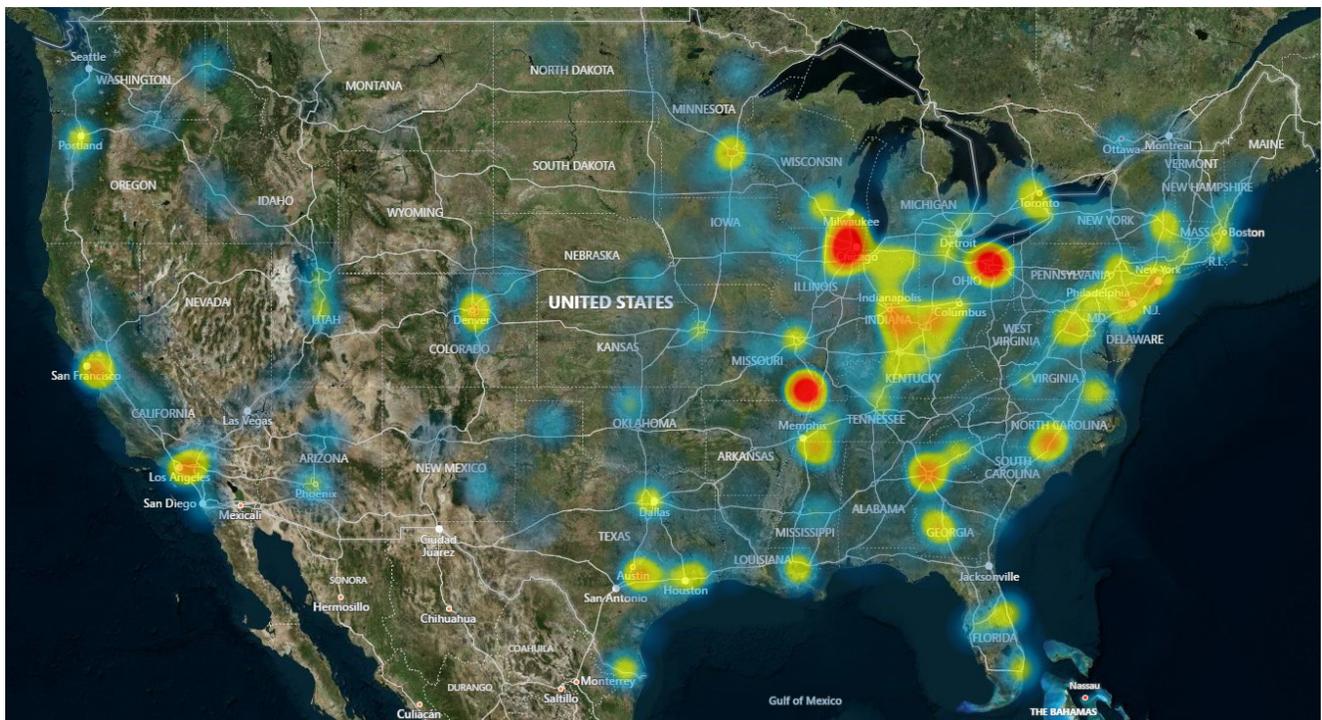
This first map shows origin city stress growth with little changes from the previous day. Most notable is that similar markets are stressed with this latest update still showing pressure from So. Cal to Seattle and mid-south, Southeast and continued pressure in areas in the Northeast, Chicago and Northern OH to Detroit.

Origin City - Market Stress Indicator - Week over Week

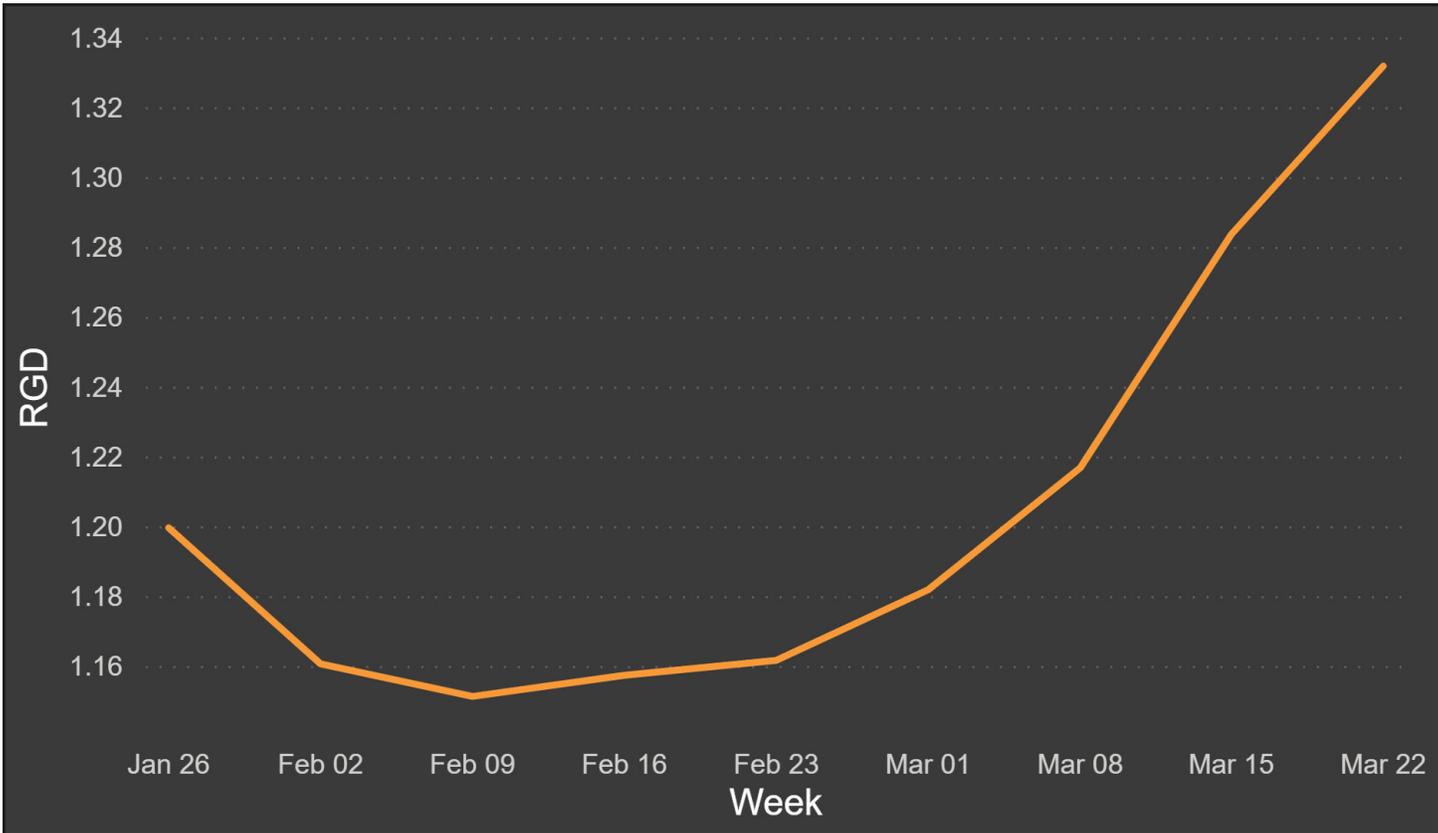


The second map is showing destination city stress growth similar to the previous day from Chicago eastward to the coast and a slight calming in Seattle from Friday and a shift in tension from Houston to Dallas.

Destination City - Market Stress Indicator - Week over Week



The below image is a route guide performance benchmark based on actual aggregate 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 vs spot market.** In summary, the route guides are performing well. The most current Route Guide Depth (RGD) is at 1.33. This figure is a ratio of TL tenders to acceptances. For a 1.33 RGD, it currently takes about 13.3 tenders to cover 10 loads. Those 13.3 tenders include tenders to primary awarded service providers and rejected tenders that were sent to secondary providers before being accepted.



LESS THAN LOAD (LTL)

- In general, LTL services are running as well as can be expected through the COVID-19 health crisis.
- Service standards appear to be somewhat impacted as shippers and receivers are more intentional about social distancing leading to longer dwell periods.
- Many businesses are closed and freight is stacking up in terminals pending disposition and carriers work to schedule appointments, this is negatively influencing on time performance.

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.

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.

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VERTICALS

- Top industry verticals for week over week growth include Food and Beverage and Retail, with Manufacturing, Healthcare & Medical, and Paper & Packaging trending upward.



Graph depicts the percent contribution to week over week demand increases by vertical. Example: 80% of the demand increase from week 8 to week 9 was attributed to Food and Beverage.

ROBINSON FRESH-PRODUCE SUPPLY CHAIN INSIGHTS

- 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 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 1/2 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.

We will be increasing our cadence of market insight publications 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.