

FREIGHT AND ECONOMIC MARKET INSIGHTS

April 6, 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.

A SUMMARY OF GOVERNMENT AFFAIRS RELATED TO COVID-19

HOS EMERGENCY DECLARATIONS IN UNITED STATES AND CANADA

Note that it is necessary to properly describe the freight to the driver

STAY-AT-HOME/SHELTER IN PLACE ORDERS:

Globally, stay-at-home orders are widely in place with China increasingly getting back to work. Vessel volumes to North America will be growing over the next few weeks as North America is only partially open for business. Those goods that may be in low demand due to the stay-at-home orders will be seeking warehousing. Essential goods continue to flow as transportation and logistics continue to fall under CRITICAL INFRASTRUCTURE DURING COVID-19, and that executive orders are often similar to this guidance.

US NORTHERN AND SOUTHERN BORDER RESTRICTIONS

While travel on both the Northern and Southern borders has been restricted for passengers and visitors, freight continues to flow relatively unimpeded at this time.

CDC GUIDANCE ON TRUCK DRIVERS TRAVELING TO NEW YORK REGION

CDC issued guidance for truck drivers making deliveries to the New York region clarifying that if they follow guidelines to minimize exposure they do not need to self-quarantine for 14 days. This guidance may be extended to other areas as states continue to put travel restrictions in place from certain areas.

USA TRUCKLOAD (TL)

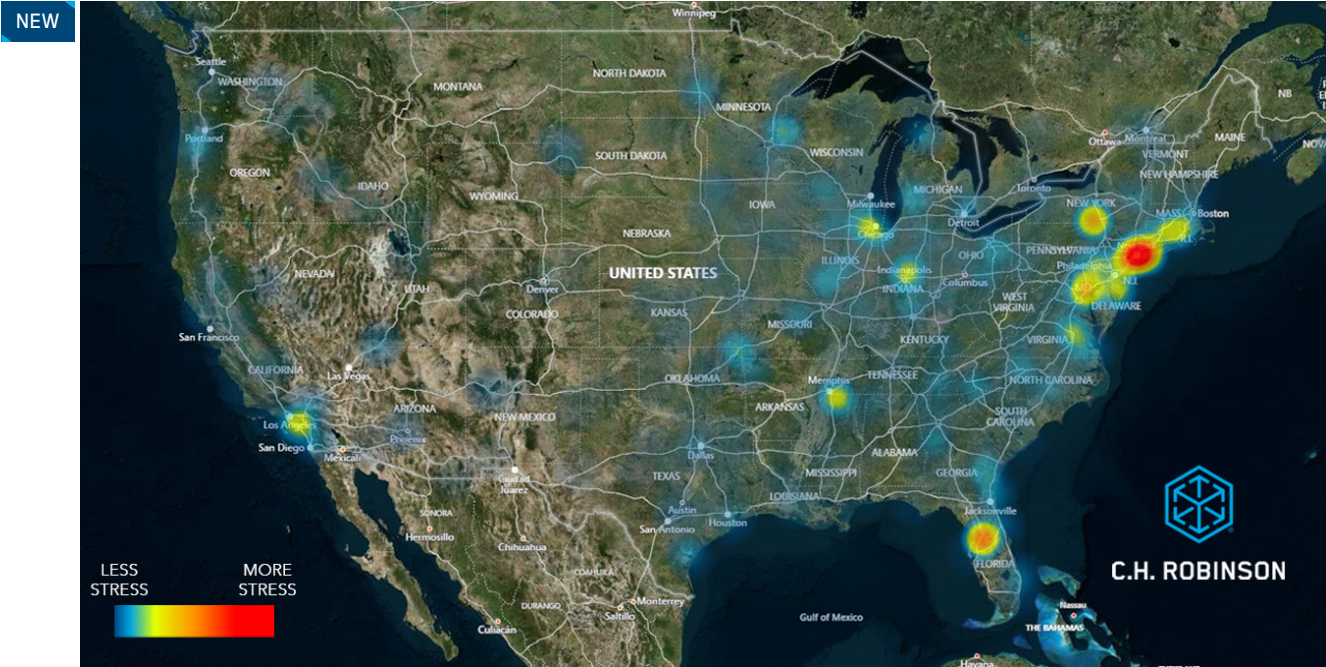
- Trucking continues to perform and is flowing freely across borders and in and out of all markets, with some occasional capacity challenges to the hot COVID-19 hot spots
- Social distance: Shippers and consignees can ask drivers to maintain distance and follow CDC best practices
- Consider having sanitizer available and washrooms clean and well stocked with soap and paper towels. [CDC guidance to persons involved in truck driving into area of widespread community COVID-19 outbreak](#)
- Recommend some regular cadence of sharing business and market insights between shippers and core transportation providers. The disrupted market continues to challenge optimized asset planning
- Non-essential industry related capacity: Idle private fleets and carriers serving non-essential verticals are involved in the spot market in an effort to put revenue against assets and drivers.
- Travel restrictions from certain states into others do not restrict trucking

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. 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.



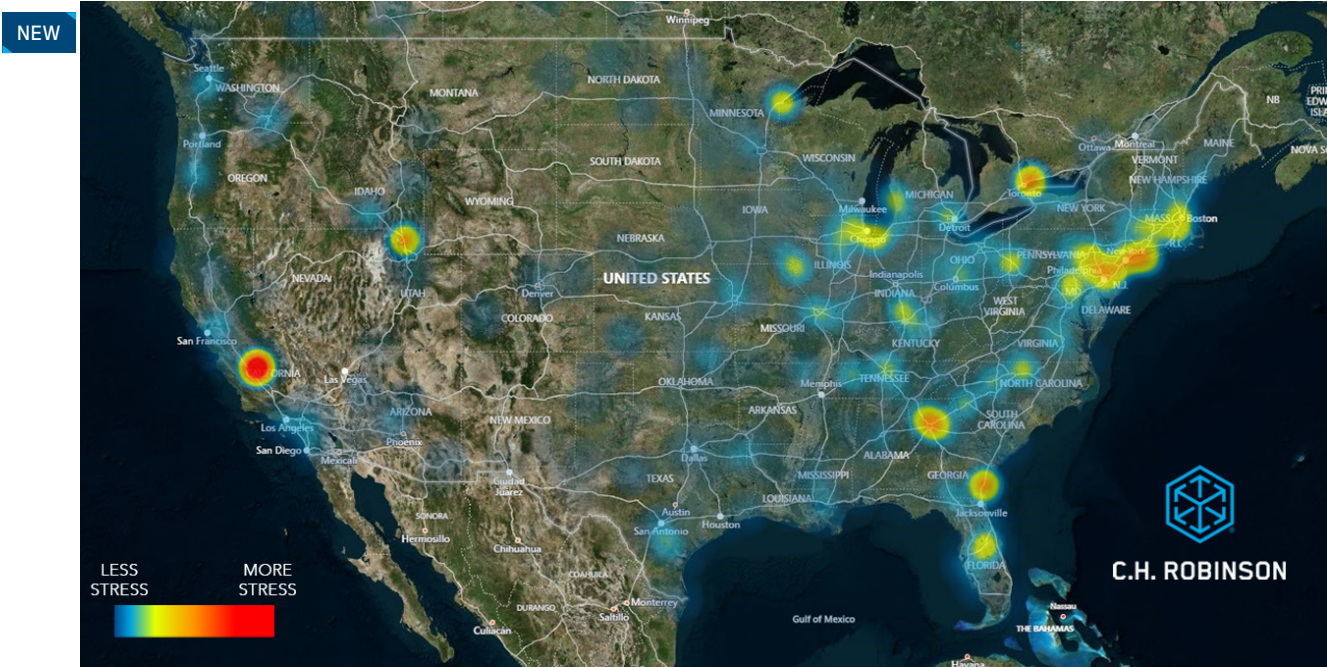
NEW TRUCKLOAD. Today's first map shows origin stress growth from weeks 13 to 14 in aggregate. The markets with most notable increases in tension week over week were Orlando, So. Central NY State, Chicago, Indianapolis, Memphis, Los Angeles and the region from Washington DC to Boston with NYC the hottest spot in the country.

Origin City - Market Stress Indicator - Week over Week



NEW Today's Second map shows destination stress growth from weeks 13 to 14 in aggregate. The markets with most notable increases in tension week over week were Savannah, Atlanta, Fresno and Toronto, ON and the region from Washington DC to Boston with NYC.

Destination City - Market Stress Indicator - Week over Week



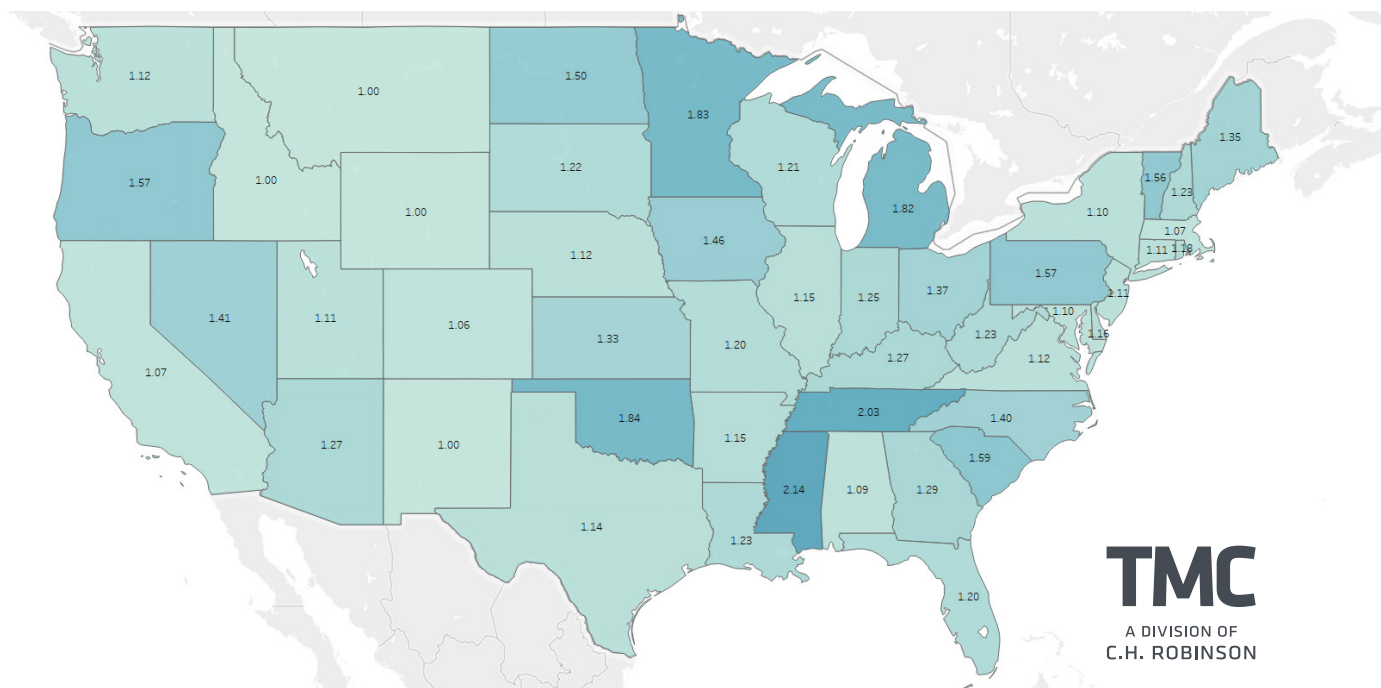
USA REFRIGERATED TRUCKLOAD (TL)

- Reefer capacity may benefit from delayed start of S.E. spring produce supply chains and project lower volumes of Mother's Day flower sales.
- Current annual shift of produce growing regions from Yuma, AZ to Salinas, CA create some uncertainty of reefer demand for carriers resulting in experiences of over and under supply until transition is complete
- Demand for non-produce perishable items has increased over the last few weeks which has contributed to tension maps above. We are finding this demand across temperature segments and in both TL and LTL.

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.**

NEW Today's summary is a reflection of last week in total. The week of March 29th saw some settling of pressure. The most current USA aggregate Route Guide Depth (RGD) is higher than a recent low of 1.16 the week of Feb 16th to 1.31 for the early part of the week of March 30th. This figure is a ratio of TL tenders to acceptances. For a 1.31 RGD, it currently takes about 13.1 tenders to cover 10 loads. Those 13.1 tenders include tenders to primary awarded service providers and rejected tenders that were sent to secondary providers before being accepted.

NEW ROUTE GUIDE DEPTH OF TENDER BY STATE - CONTRACT FREIGHT



USA LESS THAN LOAD (LTL)

- Industry reports cite lessening shipment volume late in week 14 led by small business, industrial and automotive verticals.
- Channel checks reveal that most carriers are trying to “right size” their networks to demand. Carriers are beginning lay-off or furloughing employees.
- Service continues to hold up and benefiting from less traffic in metro areas. However, as carriers lose employees we expect service to become less predictable.
- Carriers’ continue to remain price disciplined and operating normally with contractual pricing.
- 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 restricting service offerings (guaranteed, expedited, money back guarantee, inside delivery, etc.).
- 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:

- Mexico’s Health Department issued shelter in place recommendations spanning the country through April 30. This recommendation could become a mandate.
- Similar to the United States, Mexico has defined companies as either essential or non-essential (An example is components to an essential industry being labeled non-essential). [Link to Government of Mexico - In Spanish](#)
- The essential business list is very similar to that of the United States. One major exception is that only non-alcoholic beverages are considered essential (Alcoholic beverages are considered non-essential).
- Essential goods flowing north exceeds low southbound goods has capacity needing to be repositioned south to meet demand. As a result, northbound transportation costs are rising due to repositioning expenses of capacity from Laredo into Mexico
- Customs and border crossings in both directions are flowing well. Agents of both countries are taking driver temperatures to reduce exposure risks causing slight delays at peak hours, supported by 500 National Guard troops supporting Customs and Border Patrol

Canada-USA border insights:

- Recommend sending paperwork to the border at time of departure rather than wait until arrival to present. Customs is taking roughly 4 hours to clear loads
- Team drivers have largely chosen social distancing, greatly minimizing team capacity
- Capacity impact as a result of drivers choosing to stay home and declining longer hauls deep into the USA
- Capacity impact from some larger carriers are parking some equipment

INTRA CANADA INSIGHTS

- Carriers are seeking round trip bundles so as to minimize down time and social exposure risks
- BC heading east volumes remain muted and unchanged largely attributed to low import volumes
- We are seeing 30%+ of drivers sit out of this market as they have symptoms or don't want to risk getting sick, or don't want to deal with the current issues

GLOBAL OCEAN AND AIR

- China manufacturing activity expanded in March as the government eases restrictions on workers to go back to work. Some small and medium sized business are still shut down due to travel restrictions and mandatory 14 days self-quarantines are still in place and preventing some employees from returning to work
- China to No. America is seeing uptick in ocean volumes now due to China coming back online, but as other S.E Asian countries, Europe & US go into Shelter in place &/or semi/full lock downs, this will effect US import & export volumes.
- Import volume uptick will last till mid-April, for a couple weeks before slipping back down 2nd half of April & into May.
- Carriers have started to announce Void/Blank sailings due to importers canceling bookings and/or pushing orders out into the summer months, as volume demands will come down.
- Air capacity from Europe and China to the USA is constrained with passenger flights curtailed, even with some empty passenger aircraft being used for cargo.
- As more non-essential companies shut down temporarily, general demand for air cargo is down, but lack of capacity is keeping rates high in all trade lanes.
- (PPE) and COVID-19 test kits are being produced in central China. Shippers/importers involved with these products should check with CHR contacts on navigating the new export regulation of these products.

ROBINSON FRESH-PRODUCE SUPPLY CHAIN INSIGHTS

Robinson Fresh [a division of C.H. Robinson](#), experienced decreased demand in the retail vertical this week over recent weeks as grocery chains have been working through past inventory positions. Consumer behavior is finding steadiness after the surge in demand followed by drastic dropped in movement in last two weeks, respectively. Our expectation is for movement to normalize the second half of April. We continue to be fully operational and provide solutions to customer across multiple produce categories. Our domestic and international supply capabilities are not affected. **Current areas being closely monitored by Robinson Fresh:**

- As Mexico announced shelter in place we are in close communication with our grower/suppliers regarding potential impact on harvest and shipping capabilities.
- The U.S. Food and Drug Administration (FDA) has released a COVID-19 daily round-up releases to help share the agency's on-going response effort to the outbreak. Please [see here](#) for the news release.
- Following industry recommendations, the State Department announced Friday night they are taking additional steps to increase processing of H-2 visa holders through consulates around the world. In particular, they are waiving the interview requirement for first-time and returning H-2 applicants who have no potential ineligibility. In addition, the State Department is expanding the period in which returning workers may qualify for an interview waiver from 12 months to 48 months. Guidance on this and other H-2 questions can be found on USDA H-2A webpage along with a FAQ document provided by the Department of State.



We will be maintaining 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.

