

FREIGHT AND ECONOMIC MARKET INSIGHTS

April 10, 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.

NEW USA TRUCKLOAD (TL)

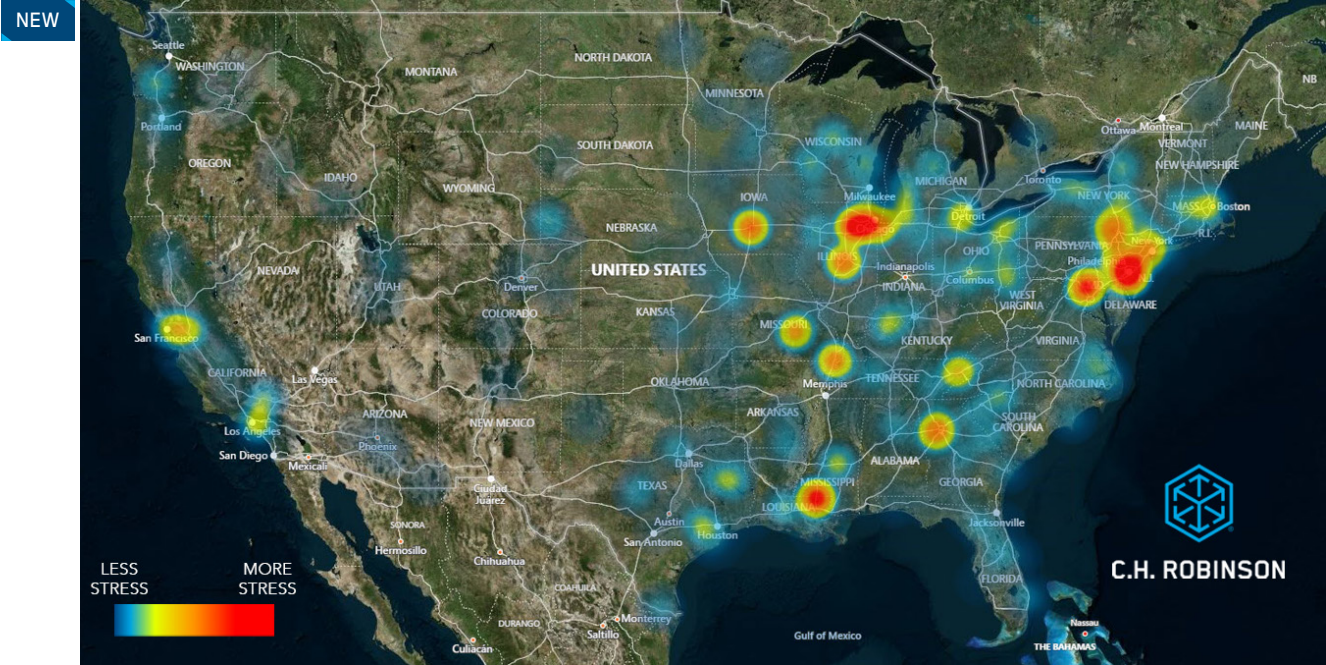
- Diesel pricing may only see minor decreases in the foreseeable future where gasoline will be forecasted to be \$1.14 less per gallon this summer v. last summer. Shippers and carriers should be aware. [Source: EIA](#)
- Trucking continues to perform and is flowing freely across states and national borders and in and out of all markets, with some occasional capacity challenges to the hot COVID-19 hot spots
- COVID-19 state and provincial notice resources: [National Governors Assoc.](#), [Land Line Magazine](#), [ATAHub](#)
- CHR has ready access to capacity as our contract carrier communities serving the private and for hire non-essential goods segments are seeking freight in the essential goods segments.
- 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](#)
- Increased warehouse closures further disrupting capacity models and preferred lanes according to carriers.

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.



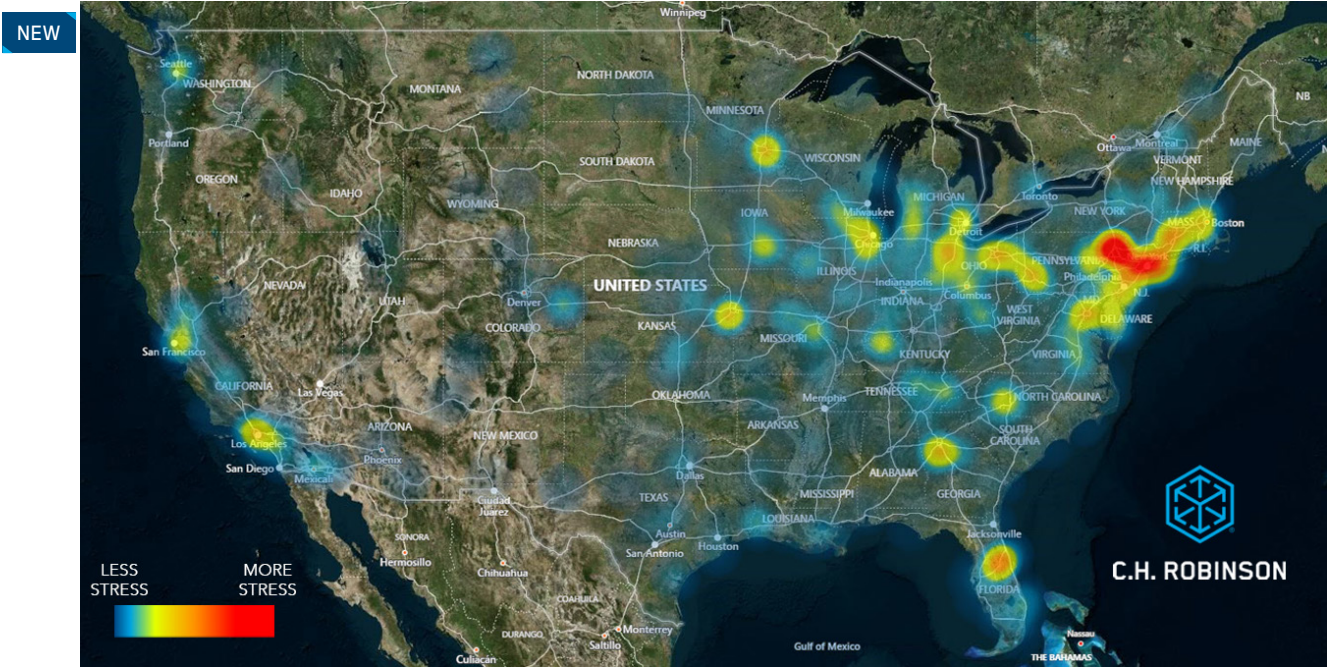
NEW TRUCKLOAD. Today's first map shows origin stress growth from weeks 14 to 15 in aggregate (Sun-Thurs w/w). There continues to be some lessening of tension broadly across the USA with some spots still showing tension. Three most notable are regions in and around New Orleans, Chicago and the NE corridor from Washington DC to Boston and Eastern PA.

Origin City - Market Stress Indicator - Week over Week



NEW Today's Second map shows destination stress growth from weeks 14 to 15 in aggregate (Sun-Thurs w/w). There continues to be some lessening of tension broadly across the USA with some spots still showing tension. Most notable is the NE corridor from Washington DC to NYC.

Destination City - Market Stress Indicator - Week over Week



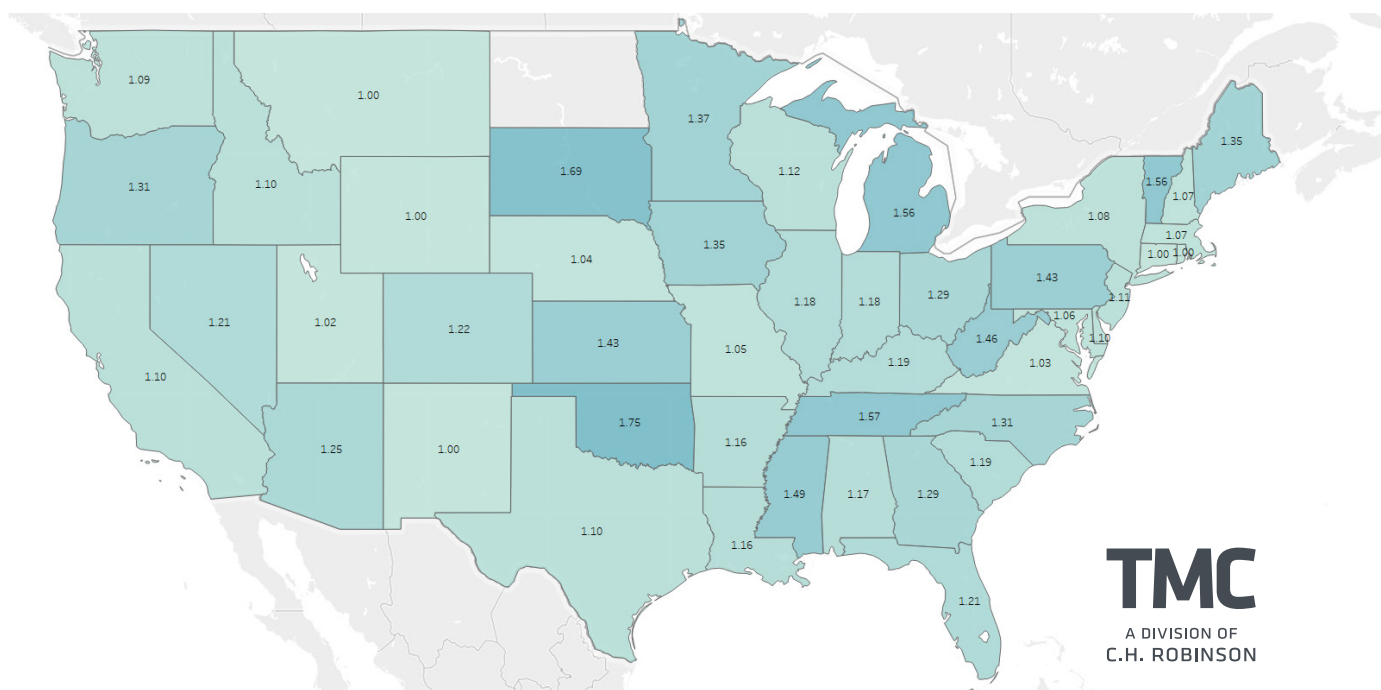
USA REFRIGERATED TRUCKLOAD (TL)

- 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 Sun-Thu w/w) 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 shows broad state and national level settling of pressure. The most current USA aggregate Route Guide Depth (RGD) is higher than a recent low in February of 1.16 and March's high of 1.36, now at 1.21. This figure is a ratio of TL tenders to acceptances. For a 1.21 RGD, it currently takes about 12.1 tenders to cover 10 loads. Those 12.1 tenders include those to primary awarded service providers and rejected tenders that were sent to secondary providers before being accepted. (Note that ND shows no origin loads in this time period from the client set in this data.)

NEW ROUTE GUIDE DEPTH OF TENDER BY STATE - CONTRACT FREIGHT



USA LESS THAN LOAD (LTL)

NEW

- Industry reports cite lessening shipment volume in weeks 14 and 15 led by small business, industrial and automotive verticals.

NEW

- Carriers are striving to reduce costs through efforts to “right size” their networks to demand through reduced labor costs and amending transit schedules.
- 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.
- Carriers are restricting service offerings (guaranteed, expedited, money back guarantee, inside delivery, etc.).
- In order to limit contact with drivers most BOL’s are not being signed and signature on the delivery documents is generally not required.

NEW

EMERGING INSIGHTS

The following items are emerging and have the possibility of more states adopting similar initiatives.

Face Covering Mandates: State and local governments have begun requiring or heavily recommending facial coverings in public places and while at work. We have seen this in [Laredo](#), [Los Angeles](#) and [New Jersey](#) and other places. We expect this to spread more widely in the coming week.

Utah data collection: Utah recently launched a [data collection initiative](#) for cars and trucks entering the state. Truck drivers are not exempted from this program as seen clearly in this [FAQ](#). The state has cited this as a data gathering process. It is not yet mandatory, and we have seen requirements evolve across the country in their early deployment.

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 orders spanning the country through April 30.
- 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 volumes of southbound goods, leaving capacity to be repositioned in order to meet demand. As a result, northbound transportation costs are rising due to these capacity repositioning expenses 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:

NEW

- Some lower volume crossing points the USA-Canada border have moved to reduced hours for crossing (noon – 12pm local time). Detroit and Buffalo remain a 24/7 operation for commercial traffic. Details can be found here: <https://www.cbp.gov/contact/ports>
- 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](#), is fully operational with no interruptions. Neither our international supply capabilities from Central and South America nor our domestic supply have been impacted at this time. Inventories are adequate, our distribution capabilities are fully functioning, and our sales and supply experts continue open lines of communication with growers and customers. Given our flexible supply strategy, we continue to meet the needs of customers inquiring about products and supply chain solutions. Current supply lines are being closely monitored:



- Mexico has moved to shelter in place. We are in close communication with our growers/suppliers in the country regarding the potential impacts on harvest and shipping capabilities.
- The U.S. Food and Drug Administration (FDA) has released 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 releases](#)
- Following industry recommendations, the State Department announced 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.