Erica Krauss

From: Evans Transportation <communications@evanstrans.com>
Sent: Thursday, May 14, 2020 2:46 PM
To: Erica Krauss
Subject: TRANSPORTATION UPDATE FROM EVANS

First and foremost, we hope you all are safe and healthy. It's certainly been an unprecedented economic experience for everyone and we hope that your businesses are positioned well to rebound in the second half of 2020.

The transportation business is a rather consistent indicator of economic (specifically manufacturing & distribution) health. Despite the stock market seeing tremendous losses in March, shipment volumes for nearly all customers had been climbing until the last week of March, but in general were very positive.

April experienced a continuation in declining volumes for nearly all customers as manufacturing slowed down production levels. Many plants reduced or furloughed workforce to account for slumping demand while suppliers for many shippers also shut down for periods of time.

This event created excess capacity in April which drove the average truckload rates down more than 10%. May has started on a similar path declining an additional 6% on average compared to April. The acceleration of those falling rates has started to taper back and should stabilize in lockstep as more states reopen.

The produce season in specific regions has started to show signs of a refrigerated trucking rate recovery, while van and flatbed continue to remain low with signs of stabilization. Barring any unforeseen setbacks, we expect market rates to climb steadily for the rest of 2020 and see a spike in Q4 2020. Evans believes this is an opportune time to negotiate guaranteed truckload rates on lanes at fair market prices to help stabilize your truckload transportation costs. However, we recommend that the time frame for those contracts end prior to mid-October, as the capacity demand is expected to spike. If that occurs it could cause budgetary issues on expedites and recovered loads as primary carriers drop off lanes for higher paying opportunities.

In regards to specific hot markets for freight, the demand spikes in Houston, and Atlanta and Savannah markets have started to impact the rates and drive them upwards. California, and especially Southern California, is seeing tight capacity due to the lack of truck availability rather than growing freight volumes. The Southeast in particular is showing signs of life which has a direct correlation to their states limiting the stay-at-home orders and the length of them being in place.

As always, if there are any questions related to your specific supply chain challenges, please let us know so we can provide a full review with your data and our suggested recommendations. Thank you again for keeping the country moving forward!

Evans

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