

Market Trends Update

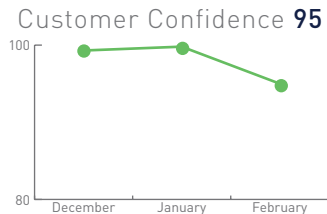
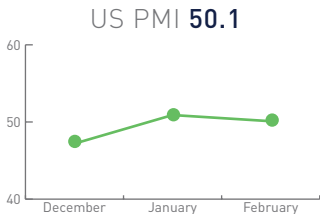
INDUSTRY INSIGHTS

MARCH 2020



Market Indicators

Industrial Production: -2.2% Jobs: 273,000 in Feb, 56,500 in healthcare, 51,000 in leisure and hospitality
Retail Sales: -0.5%



Industry Indicators

Tender Rejections: 15.06%
Tender Volume: 12,221

Cass Freight Index: Index was declining in January, expect higher volumes due to retail stock replenishment

DAT Postings: Spot load posts up 18.2% since last week, spot trucks down -0.8%; load-to-truck ratios are also climbing since last week (van: +31%, reefer: +33.2%, flatbed +7.4%)

DAT Rates: All three categories increasing (van: +3.0%, reefer: +2.1% and flatbed: +1.1%), most notably in short haul regional shipments from DC to consumer in an effort to replenish retail inventories.

Canada Market Data

US-Canadian border temporarily closed to nonessential travel. This will not affect commerce in an effort to preserve \$560B in trade between the two countries, most of which travels by truck.

Mexico Market Data

US-Mexico border is also temporarily closed to nonessential travel. Oil dropped to lowest price/barrel in 18 years.

Forward Statement

While we cannot predict the future nor the outcome of this pandemic, we can utilize other countries as models for what is possible. China was roughly 3-4 months from the start of the outbreak to at least getting to a "new normal" that finds citizens going back to work and getting out to restaurants and other activities. If we are able to follow a similar trajectory that would put the US in a "new normal" situation around late May-June. The after-effect on the economy and capacity is yet to be seen but we can safely predict some level of short-term turmoil followed by a slow return to growth.

Best Practice

At this time, as we strive to serve our customers, the current challenges we face lead a path to collaboration in preparation for the eventual easing of restrictions. Plans for a post-lock down increase in volume and the need for elevated levels of capacity in many areas are paramount for near- to mid-term success.