



COVID19 Supply “Pain” News

A Condensed Update for American Shippers

These certainly are challenging times for all of us. During this unprecedented pandemic, we have compiled a condensed update of supply chain conditions. The below is the status of events as of **May 20, 2020**.

Quote of the Week:

“Difficult roads lead us to beautiful destinations.”

– Dolly Parton

Asia: Frightening News from NE China

ShapLight, Fact of the Week: 100 million Chinese residents in Jilin and Liaoning provinces have been placed in lockdown again after the re-emergence of COVID-19; the fact that the infected are not showing symptoms within two weeks and the recovery time is also notably extended is complicating containment efforts

- Korea’s stock market has rallied, gaining 33% since hitting a market low in March
- India is headed for their first full-year economic contraction in over 40 years
- Singapore’s pharmaceutical exports have surged 174% since April
- China’s factories are estimated to be operating at between 60-80% of total capacity
- India and Bangladesh are bracing for the arrival of Cyclone Amphan; officials worry about a rise in COVID infections as millions of people head to community shelters

Financial Update: The Tale of Two Quarters

ShapLight, Fact of the Week: The National Retail Federation anticipates imports at US ports to fall 20.4% in May and 18.6% in June

- Nearly two months after placing American auto manufacturing on hold, Detroit’s “Big Three” have begun to get back to business with masks, temperature checks and social distancing protocols for close to 150,000 auto workers

- Bloomberg estimates a Q2 earnings slide of 42% for non-financial companies in the S&P 500
- According to the Congressional Budget Office, the US economy will contract at a 37.7% annual rate in Q2, but will expand at a 21.5% pace for July – September
- A recent survey of American companies in China yielded mixed results:
 - 42% of respondents say their companies have resumed normal operations
 - 33% of consumer sector respondents expect their 2020 market forecast to decrease by at least 35%
 - 30% of respondents with over 1,000 employees say they will maintain previously planned investments
 - 19% say the pandemic is not impacting their long-term business strategy
 - 13% report plans to delay or cancel future investments
- US online retail sales have grown during COVID-19:
 - Amazon generated \$65.2 billion in sales for the first three months of 2020, representing a 25.4% jump from Q1 2019
 - Walmart store sales grew by 10% year-over-year Q1 of 2020, while their U.S. ecommerce sales surged by 74%
 - Lowe's online sales have grown 80% in 2020 YTD
 - Target reported a 141% boost in online sales for Q1

Focus on Food, Beverage and Medical Shipping

ShapLight, Fact of the Week: Wine.com, the nation's leading online wine retailer, reported that their April revenues exceeded \$40 million, a 350% increase over April 2019

- In a recent poll done by CAPS Research, the top 150 medical supply companies in the US reported the following problems frequently: delivery dates being pushed by suppliers (59%), price-gouging (46%) and delays at ports of entry (38%)
- US food prices rose 2.6% in April, the largest increase since 1974
- The price of N95 masks has tripled in the last 90 days, and this does not include the added costs of air transport
- The World Health Organization noted that medical equipment has 200 times its normal demand
- Tyson Foods is dropping beef prices by as much as 20-30% for sales made to grocers, restaurants, and other retailers
- The Food and Drug Administration (FDA) drastically limited the number of approved Chinese manufacturers cleared for the importation of masks into the US
- Orange juice sales spiked 46% in April as consumers look to boost immunity
- UNICEF's USA division has launched a \$54 million fund to support PPE procurement

Domestic Freight and Warehousing: Ecommerce Emerging “Essential”

ShapLight, Fact of the Week: Trailer sales are down 98% year over year as orders sink to their lowest level since 1990

- Trucking industry officials are scheduled to meet in the West Wing of the White House on May 20 to discuss continued concerns over broker transparency regulations
- Market analysts are projecting that online truck parts orders will grow by 15-20%
- New student trucker hiring fell by 35% between March and May
- Intermodal rail moves were down 17% in April compared to 2019
- The HEROES Act contains \$15 billion in funds for state DOT's, with an additional \$15.75 billion slotted for transit agencies
- Walmart has paid \$900 million to employees in the form of bonuses and increased wages at fulfillment centers as ecommerce sales grow by 74%
- Uber Freight has seen a marked spike in demand and has moved 30,000+ relief loads
- Analysts are projecting an increase of 500 – 700 million warehouse square feet needed in the US for ecommerce in 2020

CBP and PGA Roundup

ShapLight, Fact of the Week: Five CBP officers have now died from the virus with 370 CBP total employees infected

- The FDA has authorized the first at-home coronavirus test kits, scheduled to hit the market by early June
- CBP has launched the United States—Mexico—Canada center to coordinate the implementation of USMCA, which will begin on July 1
- The CDC has posted interim guidance for homeless service providers to plan for shelter decompression, isolation sites for infected people, quarantine sites for people who are waiting to be tested or have been exposed, and protective housing for those who are the highest risk
- The USDA has approved the acceptance of Supplemental Nutrition Assistance Program (SNAP) benefits online
- TSA passenger throughput is down 93% year-over-year for May 2020
- The US and Canada have extended a ban on non-essential travel between the two countries until June 21 (an additional 30 days)

Eye on Europe

ShapLight, Fact of the Week: The price per kilogram for airfreight from Shanghai to Europe averaged \$11.18 on May 18, up from \$2.32 at the beginning of March and a 340% year-over-year increase

- European exports plunged 10.2% in March and more than 20% in April
- France and Germany proposed the establishment of a €500 billion Europe-wide recovery fund; the new financial stimulus would come on top of a €540 billion coronavirus response plan already agreed upon by European Union member states
- Blank sailings are becoming more prevalent in the Asia-Europe trade, with ports reporting that total calls are down some 20%
- Open Table reservations are up almost 30% in Germany in just two weeks
- The UK housing market dropped 92% by April 1, but it is now down only 25% from 2019 levels
- Italy's electricity consumption had shrunk 28% during lockdown but is rising steadily in May with a 4% increase since April

In a World of Bad News, Here's a Silver Lining

ShapLight, Fact of the Week: May is Mental Health Awareness month, which is well timed as many of us struggle with feelings of isolation, fear, frustration, and even hopelessness; here are a few simple ideas to brighten up your days and the days of others:

- Send an interesting article or inspiring quote
- Donate to a food bank or a charity
- Call an old friend
- Make somebody laugh (find that meme or even dress up your pet)
- Virtual happy hours and lunches
- Turn off the TV for a few hours
- Cook for loved ones or strangers
- Give praise to your co-workers
- (Hire Shapiro as your logistics provider; those people are fun!)
- Most importantly, tell your friends and family how much you love them

Shap Fact of the Week:

A study of COVID-19's impacts on the global energy system finds that the combination of lockdowns, reduced driving and flying, and industrial cutbacks earlier this year have driven emissions down to 2006 levels, representing a 17% decline in greenhouse gases.

The leadership and staff of Shapiro understand the personal and business anxiety each of you is experiencing. We want nothing but safety today and a return to normalcy tomorrow for you and your families. Please reach out to us if you have any questions—or if we can assist you in any way.
