



BACK IT UP

Monthly Review on All Things Market,
Economy and Transportation





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At PGT Services we care, we want you to have the information you need to make educated decisions. These bite-sized market updates allow you to spend less time digging through news outlets and more time focusing on your core competencies.

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- GAS PRICES
- LABOR DISPUTES AND PROTESTS
- INFLATION AND E-COMMERCE MARKET
- CAPACITY SWELL AND PORT CHAOS



MARCH 2022

March tested the resilience of many businesses, industries, and the structure of the worldwide supply chain. This past month the Canadian Pacific Railway shut down over a labor dispute, which affected nearly 3,000 engineers, conductors and yard workers. This stoppage would disrupt the movement of grain, potash and coal between much of southern Canada, into the United States and all the way down to Kansas City, Missouri. Over in China, the major port city of Shanghai-Ningbo saw a local outbreak of COVID which reinstated strict testing protocols. The city quickly saw trucking costs increase 300% and created an even larger backlog of orders and driver shortage. Globally, ports are experiencing the worst congestion ever recorded.

Think that's everything? The list continues: Severe weather swept across the South, damaging parts of Arkansas and leaving thousands of individuals in 5+ states without power. The strong winds from thunderstorms and tornados fueled a fire that stretched across 1,000 acres in Tennessee. Food shortages, oil shortages and limits on aluminum and nickel are some of the factors of the Russia-Ukraine war.

DIESEL ENDS 10-WEEK SURGE

Since January, the cost of diesel has risen every week. Comparing the previous year, a gallon costs \$1.94 more. As the price of diesel changes it will infiltrate every nook and cranny of the economy in terms of inflation, surcharges and so forth.

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E-COMMERCE CONSUMERS KEEP SHOPPING, EVEN AS INFLATION DRIVES UP PRICES

41.8% of e-commerce was driven by three categories: groceries, electronics and apparel. Logic says that, with inflation, people would tend to make effort to spend less. However, research shows the opposite with expectations that price increases could contribute to \$27B to online sales this year.

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SUPPLY CHAIN CHAOS AND PORT GRIDLOCK COULD DRAG ON INTO 2023

Looking over the chaos that occurred at ports, one would ask if significant progress will be made in the future. Two theories to solve these temporary supply chain issues are: 1. Sustaining this level of elevated demand, or 2. Flipping the switch where there is lag in the system.

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CANADIAN PACIFIC REACHES DEAL WITH UNION TO END STOPPAGE

Canadian Pacific Railway was advised to get government step-in to resolve a dispute between engineers, conductors and yard workers of the company. With spring seeding being only four to six weeks away, an arbitrator was used to resolve the two-day work stoppage.

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LACK OF TRANSPORTATION CAPACITY SWELLS INVENTORIES, SURVEY FINDS

“Low capacity and high costs led to higher levels of inventory, and now higher inventory is leading to even less capacity and higher costs.” Some of the increase may be the additional safety stock to avoid stockouts and the over-ordering that occurred this past Fall when customers were unable to purchase product.

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FOURKITES UNVEILS INITIATIVE TO REDUCE SUPPLY CHAIN EMISSIONS

FourKites announced its Net Zero initiative along with their Sustainability Hub which will provide granular emissions tracking, industry benchmarks, analytics and scenario modeling to help customers meet sustainability goals.

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