Supply Chain Scene in Novel Coronavirus (COVID-19) Crisis

Snapshot Highlights – April 1–7, 2020

About This Document
Given the fluid situation, this document is prepared to provide a snapshot of COVID-19 impacts on supply chains and responding strategies. With few exceptions, data are based on a review of literature published during April 1–7, 2020, including managerial journals, industry reports, and relevant web resources. Content was analyzed to discern key developments at the time of this review to get supply chain managers up to speed on changing supply chain landscape amid the COVID-19 crisis.

Contents

Taking the Supply Chain Scene in 3Ps ................................................................. 2

People-Related Scene ......................................................................................... 2
Product-Related Scene ........................................................................................ 3
  International Freight Logistics ........................................................................... 4
  US Freight Logistics ............................................................................................ 7
Profit-Related Scene ............................................................................................ 9

References ........................................................................................................... 13
Taking the Supply Chain Scene in 3Ps

People-Related Scene

- **Working-from-home supports: Outsourced employee challenges.** As countries across the globe implement locked down to slow the spread of Covid-19, working-from-home has become a new normal. Challenges arise for multinational banks, insurers, hospitals, retailers and airlines that have increasingly outsourced everything from writing computer code to fielding customer calls for companies across the globe to technology and outsourcing hubs India and the Philippines. Moving outsourcing and call-center work to these employees’ homes is a far more daunting challenge than in many Western countries as few have computers, and many lack basic electricity and broadband internet at home. Slow internet speeds and insecure connections have hampered some companies’ ability to manage quality controls to assure compliance with the regulations, particularly in the overseas banking and health-care industries (Roy 2020).

- **Worker unrest incidents.** Worker unrest is on the rise, including some walkouts, no-shows, and Covid-related sickness. Examples: Amazon, Whole Foods and Instacart (Mattioli and Herrera 2020; Mogg 2020).

- **Increased complexity related to safety measures: Emerging practices in retail stores.** Retailers are facing challenges due to COVID-19 crisis that require extraordinary measures to enhance safety of employees, customers, and communities. Notable emerging practices are as follows.
  - **Social distancing in stores.** As a safety measure, retailers are changing shopping processes in their stores to encourage social distancing behaviors—ranging from encouraging customers to bring the fewest number of people per family necessary to shop, allow for space with other customers while shopping, and practice social distancing while waiting in lines (Business Wire 2020a, 2020d). Here are some examples:
    - **Regulating store entry.** This approach involves limiting the number of customers who can be in a store at once. Number of customers allowed at a given time depends on store’s square footage and store location (e.g. Walmart allows no more than five customers for each 1000 square feet at a given time, roughly 20 percent of a store’s capacity). Examples: BJ’s Wholesale Club, Walmart (Business Wire 2020a, 2020d).
    - **Installing social distance signs and markers on the floor (e.g. aisle, check-out line up areas).** This approach is expected to help more customers avoid coming into close contact with others as they shop and check-out. Examples: BJ’s Wholesale Club, Publix, Walmart (Business Wire 2020a, 2020c, 2020d).
    - **Separating enter and exit doors.** Customers are directed to exit through a different door than they entered to help lessen the instances of people closely passing each other. Examples: Walmart (Business Wire 2020a).
  - **Designated shopping hours for high-risk shoppers (e.g. senior customers ages 65 and over).** Examples: Publix (Business Wire 2020c).
  - **Temperature checks of employees.** This approach involves temperature checks of all employees before entering stores. Examples: BJ’s Wholesale Club (Business Wire 2020d).
Increased store sanitation efforts. Approaches include frequent and regular cleaning of high-touch surfaces, and store hour reduction to allow extra time for store cleaning and preventive sanitation. Examples: Publix, Walmart (Business Wire 2020a, 2020c).

Layoff dilemma. The coronavirus is already causing significant employee disruption across all industries. With workforce shortage due to sickness and travel restrictions, many essential businesses and factories are understaffed. At the same time, unemployment is on the rise, especially across non-essential businesses that close their doors or sharply scale back. In the United States, the number of people filing for unemployment benefits as of hit a record high, nearly five times the old record set in 1982, as of March 26 (Long, Rising, and Schmall 2020).

Product-Related Scene

Increased risks of counterfeit and substandard goods. The sale of counterfeit healthcare and sanitary products as well as personal protective equipment and counterfeit pharmaceutical products has increased manifold since the outbreak of the crisis. There is a risk that counterfeiters will use shortages in the supply of some goods to increasingly provide counterfeit alternatives both on- and offline (Homeland Security Today 2020).

Operation Pangea. Police, customs and health regulatory authorities from 90 countries take part in collective action coordinated by the Interpol against the illicit online sale of medicines and medical products. During the week of action March 3–10 (latest available data), the operation resulted in 121 arrests worldwide and the seizure of potentially dangerous pharmaceuticals worth more than USD 14 million. Of the 2,000 online links advertising items related to COVID-19 found, counterfeit surgical masks were the medical device most commonly sold online, accounting for around 600 cases (Interpol 2020).
International air freight

- **Worldwide capacity still falling as belly capacity declining faster than freighter capacity rising.** Global capacity is down 22% vs. last year, and additional declines are expected, according to Seabury. While freighter capacity is rising, global belly capacity is 35 percent of what it was in January and still falling because of air travel restrictions and closed borders. Increases in freighter capacity are not sufficient to offset the loss of belly capacity (Agility 2020a).

- **Freighters now 75% of capacity along all trade lanes.** Freighter capacity on Europe/US lanes has doubled since imposition of latest US travel restrictions and reached 80% of air cargo capacity on those routes last week of March. Nearly all major international airports seeing increases in freighter capacity (Agility 2020a).

- **North America routes**
  - **North America-Europe: Significant capacity reductions in both directions.** Space is available with constraints, with no transit time guarantees (Agility 2020a).
  - **North America-Asia: Capacity still constrained.** Freighter schedules from the US are still inconsistent, but are ramping up and getting back to normal. Meanwhile, in China, outbound air freight capacity is under tremendous pressure among all mainland China export markets as production resumes and passenger flight cancellations are sustained. A trend of ocean-to-air conversions exacerbates pressure on capacity outbound China. However, more freighters are entering the market (Agility 2020a).

- **Rates.** 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 (C.H. Robinson 2020).
  - **US-China.** Rates remain above pre-COVID-19 levels, however no exceptional highs (DB Schenker 2020).
  - **US-India.** Pricing at a premium (DB Schenker 2020).
  - **Charter rate spike driven by urgent medical product demand.** Urgent demand for medical equipment to fight the coronavirus has sent the cost of chartering aircraft skyrocketing and turned a typically humdrum process into an ultra-competitive auction. Chartered prices have been pushed up from less than $300,000 four to six weeks back to $600,000 to $800,000 in the last few days of March 30 (SupplyChainBrain 2020).

- **Airlines turning passenger aircrafts to all-cargo flights.** More airlines—including e.g. Delta, Lufthansa, Air New Zealand, Etihad Airways, China Eastern Airlines—have turned to cargo-only flights. Recasting passenger aircraft as cargo planes is a way for airlines to recoup some lost revenue from the widespread grounding of fleets due to coronavirus travel restrictions. Most of the activity so far with carriers such as American Airlines, Delta Air Lines, United Airlines and Lufthansa has involved large, twin-aisle aircraft on inter-continental moves. More recently, Southwest is joining these airlines in offering cargo-only operations to help offset the decline in travel. On March 31, 2020, Southwest Airlines offered the first all-cargo flights in its 48-year history as passenger demand keeps sliding. The flights will be offered on a charter basis, and only pilots and other needed crew members will be on board. Southwest will confine freight to the bellies of its Boeing Co. 737 aircraft instead of converting planes for cargo (Kulis 2020a; SupplyChainBrain 2020).
Emerging creative practices. Some carriers are putting cargo in the seats of the passenger compartment, secured by netting and other restraints, to maximize efficiency. Few are offering multi-party, less-than-full aircraft charters for importers and exporters that don’t have enough volume to rent an entire plane (Kulisch 2020b).

Ocean freight

Sharp reversal of ocean freight imports. Cargo owners are increasingly reducing and postponing ocean shipments from China to North America, a trend that suggests the anticipated surge of inbound cargoes will be short-lived as the impact of the coronavirus disease 2019 (COVID-19) curbs consumer demand. The change is a sharp reversal from just a few weeks ago when shippers were looking to accelerate shipments through the supply chain to replenish inventories depleted due to the prolonged China shutdown. The cancellations and postponements are uneven across commodity groups. Unsurprisingly, products tied to the coronavirus disease 2019 (COVID-19) emergency response, such as medical supplies or specific consumer items prioritized by Amazon and online retailers, are seeing strong demand. Comparatively, orders for discretionary merchandise such as toys or apparel are being canceled or postponed (Mongelluzzo 2020).

Global widespread of blank sailing & knock-on effects. Carriers have started to announce void/blank sailings due to surge in booking cancellations and/or pushing orders out into the summer months by consignees/shippers, as volume demands will come down. This trend stretches over all alliances and over all trades. Notably, container lines have now cancelled 212 sailings over the next three months in response to the coronavirus pandemic. The tally has more than quadrupled from 45 “blank” (cancelled) sailings just one week ago (Agility 2020b; C.H. Robinson 2020; DB Schenker 2020; Miller 2020). Blank sailing has a number of knock-on effects:

- Issues of space and container availability. Blank sailings are making procuring space and equipment more challenging, as there are considerably less space and fewer containers available (Agility 2020b; C.H. Robinson 2020).
- Delayed shipments and reduced service reliability. Bookings that shippers have made on ships with cancelled sailings will be delayed, not to mention reduction in the service reliability of sailings that haven’t been cancelled (Miller 2020).

North American markets

- Equipment availability issues persist. Inland points across the region are now realizing shortage which requires carriers to reposition from other locations, particularly with special Equipment. Equipment availability and associated concerns are expected to last through late April (Agility 2020b).
- Port and terminal operations minimal impacts. Temporary closures of 1-2 days have been experienced at North American ports, citing both the incidences of Covid-19 and low container volumes as causes. However, effect on operations and shippers has been minimal so far (Agility 2020b).
- Drayage no capacity issues. No current indications of substantial road freight capacity issues for FCL freight. However, drayage companies are hampered by availability of import volumes and export containers (Agility 2020b).
- Growing need for warehousing space on import and export loads. There is a growing need for storage on import loads for customers whose receiving facilities are unable to accommodate inbound cargo. This is because even as China’s manufacturing comes back
online, some retailers and manufacturers fail to pick up containers because warehouses are full or closed due to not being deemed essential service providers responding to COVID-19, or because retailers have requested delayed deliveries at distribution centers. In fact, a potentially major backup of loaded containers throughout the US port system may be starting to take shape. The early signs are manifested by some of the largest ports along the US East Coast now scouring available land to boost temporary storage capacity on or off terminal grounds (Agility 2020b; JOC 2020). Similarly, as destination countries shutter receiving and retail operations, some areas of production in the Americas may need to review the ability to provide storage for export loads unable to ship. The US and other countries are reviewing capacity on a customer-by-customer basis as the need arises (Agility 2020b).

Emerging strategies in response to increased demand for storage space. Variations of services/programs are offered by several logistics providers that allow their customers to temporarily store container freight in order to prevent boxes clogging up the ports and causing congestion as a result of operational obstacles at the receiving end, such as trucking shortages and a congestion of equipment at terminals (Ames 2020c; DB Schenker 2020).

- **Damco.** The Dutch freight forwarder Damco has launched a “Cargo Rescue Program” in the U.S. The program includes a “Park and Save” option for customers who need short-term assistance when supply chains are congested, and a “Strip and Store” option for cargo without a functional receiving location. Under the Park and Save offering, Damco will pre-pull laden Customs-cleared containers and store those containers and chassis intact in a secure location, ready to be delivered when the customer is ready. This service saves shippers from having to keep their containers at the marine terminals, which over time results in costly detention charges. And the Strip and Store program offers a way for Damco to de-van and store palletized freight so that empty equipment can be rapidly returned to the ocean carriers and marine terminals, eliminating container and chassis detention and demurrage fees (Ames 2020c; Gillis 2020).

- **MSC.** The mega containership operator Mediterranean Shipping Co. (MSC) has launched a “suspension of transit (SOT)” program to help shippers and their freight service providers prevent container exports out of Asia building up at ports by offering terminal yard storage capacity. The program was aimed at all shippers for containers from Asia and all types of cargo, except reefer (refrigerated cargo), dangerous goods and project cargo, such as large, out-of-gauge pieces of heavy equipment that do not normally fit into containers. Under SOT program, customers can store laden containers at one of six MSC “transshipment hubs” until port operations at import terminals are able to resume processing them. The program provides potential cost savings for customers faced with high warehousing storage costs at destination, demurrage, per-diem and other charges. It will also free-up space at origin factories and warehouses and avoid excess inventory at site, bringing cargo closer to destination markets, and alleviating the risk of congestion or closure at ports of discharge (Ames 2020c; van Marle 2020).

- **Port of Savannah.** Georgia’s Port of Savannah to expand its storage capacity so port users can stage their cargo until demand returns (Ames 2020c).

Rates and surcharges. In response to equipment and capacity shortages, carriers have announced General Rate Increases (GRIs) for almost every trade. Some carriers have announced Equipment Imbalance Surcharges (EIS) or Equipment Reposition Charge (ERC) to address repositioning of empty containers to deficit areas (Agility 2020b).
International truck freight

- **Canada–USA.** Customs is taking roughly 4 hours to clear loads. Team drivers have largely chosen social distancing, greatly minimizing team capacity (C.H. Robinson 2020).

- **Mexico–USA.** Essential goods flowing north exceeds southbound goods, requiring capacity be repositioned south to meet demand. As a result, northbound transportation costs are rising due to repositioning expenses. 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 (C.H. Robinson 2020).

US Freight Logistics

**Overall logistics sectors strong growth in March.** The logistics sector showed strong growth in March as the nation’s transportation, warehousing, and logistics companies working to keep retailers stocked to meet consumers’ demand for goods during quarantine, according to the March Logistics Manager’s Index (LMI) report, released on April 3, 2020.¹ The March LMI registered 58.9, breaking a two-year trend of near-constant decreases, although remained above the 50-point mark, in the overall index (Kickham 2020).

<table>
<thead>
<tr>
<th>LOGISTICS AT A GLANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Index</strong></td>
</tr>
<tr>
<td>LMI®</td>
</tr>
<tr>
<td>Inventory Levels</td>
</tr>
<tr>
<td>Inventory Costs</td>
</tr>
<tr>
<td>Warehousing Capacity</td>
</tr>
<tr>
<td>Warehousing Utilization</td>
</tr>
<tr>
<td>Warehousing Prices</td>
</tr>
<tr>
<td>Transportation Capacity</td>
</tr>
<tr>
<td>Transportation Utilization</td>
</tr>
<tr>
<td>Transportation Prices</td>
</tr>
</tbody>
</table>

> 50 percent = growth; < 50 percent = contraction  

Source: Kickham (2020)

Note: Dramatic increase in transportation prices (up 16.54 points), and decreases in both warehousing and transportation capacity (down 17 points and 8.12 points respectively) (Kickham 2020).

¹ The report is released monthly by researchers from Arizona State University, Colorado State University, Rochester Institute of Technology, Rutgers University, and the University of Nevada, Reno, in conjunction with the Council of Supply Chain Management Professionals (CSCMP) (Kickham 2020).
### Trucking sector

- **Rates: Increased spot rates and load rejections.** Spot Market rates have increased over 10% in the past 10 days to April 7. Contract rates remain mostly intact, but there has been an increase in load rejections as many carriers are chasing the increased profits from the Spot Market activity (Agility 2020c).

- **Truckload.** TL trucking continues to perform and ss flowing freely in and out of all markets, with some occasional capacity challenges to the hot COVID-19 hot spots. Idle private fleets and carriers serving non-essential verticals are involved in the spot market in an effort to put revenue against assets and drivers (C.H. Robinson 2020).

- **Refrigerated Truckload.** 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 (C.H. Robinson 2020).

- **Less-than-truckload.** LTL service continues to hold up and benefitting from less traffic in metro areas. However, most carriers are trying to “right size” their networks to demand and beginning lay-off or furloughing employees. Carriers are also restricting service offerings (guaranteed, expedited, money back guarantee, inside delivery, etc.). Common challenges the carriers are facing are freight in their system that can’t be delivered due to consignee being closed; this freight will eventually start “clogging” the network (C.H. Robinson 2020).

- **Factors contributing to freight movement delays and lead time variability**
  - **Limited DC operations.** While there are no restrictions on the movement of road freight currently, many movements are delayed as many freight yards and warehouse/DC facilities have cut their staffing levels, reduced operating hours at loading and receiving docks, or temporary close their distribution centers for 2-4 weeks (e.g. for deep cleaning and disinfecting) (Agility 2020c).
  - **Local enforcement of occupancy limits in truck stops and travel plazas.** Occupancy caps in truck stops and travel plazas are delaying commercial drivers when they stop for food or fuel. In particular, the delays are caused when the occupancy limits exceed the Centers for
Disease Control (CDC)'s recommended social distancing guidelines, creating long lines to enter those facilities. Some are enforcing limits of as few as 5–10 people, including employees, in certain parts of the country results in drivers waiting in long lines to enter nearly empty truck stops to purchase food and fuel, or use the facilities. What should be 20-minute stops are turning into more than two-hour layovers in some states (Adler 2020; Ames 2020a; HDT 2020).

- **Limited restaurant services.** As state and local orders have in many cases limited restaurants to take-out or drive-through operations, and some restaurants have chosen to close altogether, many truckers have reported having difficulty finding hot meals on the road (HDT 2020b).

- **Emerging solutions: Commercial food truck in rest areas.** Federal laws prohibit commercial activity in the federally funded Interstate right-of-way with limited exceptions. However, given the extreme and unprecedented nature of the COVID-19 pandemic, the FHWA is suspending enforcement measures under the Federal-aid Highway Program for states that choose to permit commercial food trucks to operate and sell food in designated federally funded Interstate Highway rest areas for the duration of the national emergency declared by the president in response to the COVID-19 public health crisis (HDT 2020b).

**Last-mile parcel and courier sector**

- **Parcel and couriers declared as essential services in some states.** Florida and Washington are states have already declared parcel and couriers as essential services. In Minnesota, New York, and California, members of the Customized Logistics and Delivery Association (CLDA)—which represents time-critical logistics, delivery, and express air cargo logistics industries—have already contacted their governors and expect to get that designation within the next few days (Ames 2020a).

- **Temporary surcharges.** FedEx will implement a temporary surcharge on all FedEx Express and TNT international parcel and freight shipments starting April 6. FedEx Express International customers shipping from the U.S. will pay an extra 10 cents per pound. Those shipping from China and Asia-Pacific countries will see surcharges up to 45 cents per pound. TNT International Express customers will see the same. TNT International Economy services, meanwhile, will see a 5-cent surcharge for deliveries to European countries (SupplyChainBrain 2020).

**Profit-Related Scene**

The increasing number of virus-fighting lockdowns and closures, quarantines, travel restrictions, business closings, and citizens' voluntary self-protection measures have frozen business. Shutdowns and coordinated global health initiatives around containment measures are imposing substantial economic costs, affecting growth, corporate cash flows, and profits (Aon 2020).

**Increased operating costs for essential businesses**

- **Increased labor costs.** As workers in “essential” fields keep reporting to work despite widespread business closures and travel bans, increasing number of employers are boosting their wages to compensate for stressful conditions and increased health risk exposure. Moreover, seeing employees at some facilities walking off the job in recent days (e.g. Instacart grocery delivery business, Amazon warehouse, and several Whole Foods Market supermarkets),
salary raises, paid time off for sick employees, and/or compensation for healthcare costs for sick employees are seen as a move that could prevent such labor disruption (Ames 2020b; Ryan 2020).

- **Amazon.** Amazon raised pay for all employees in fulfillment centers, transportation, stores and deliveries in the U.S. and Canada by $2 an hour through April (Ryan 2020; Mattioli and Herrera 2020).

- **C&S Wholesale Grocers.** Another grocery powerhouse, C&S Wholesale Grocers Inc., said on March 30 it will provide frontline workers with a “special appreciation bonus” and all employees with additional paid time off (PTO) (Ames 2020b).

- **Instacart.** Online grocery site Instacart is paying staff a $5 hazard fee for every delivery made to a customer’s door (Ryan 2020).

- **J.B. Hunt.** Truckload, logistics, and intermodal provider J.B. Hunt Transport Services Inc. announced last week of March that it would provide a one-time bonus of $500 for drivers and field employees and managers in terminals, intermodal ramps, maintenance shops (Ames 2020b).

- **Kroger.** Grocery retailer The Kroger Co. said on April 1 that it will pay a “hero bonus” of a $2 premium above its standard base rate of pay, applied to hours worked March 29 through April 18 – for all hourly frontline grocery, supply chain, manufacturing, pharmacy, and call center associates (Ames 2020b).

- **Nestlé Canada.** The food and beverage company Nestlé Canada announced a temporary increase of $3 per hour for its factory and distribution center employees across the country. The company also promised up to twelve weeks’ full pay for all hourly and salaried staff, in the event of any temporary shutdown related to Covid-19 (Ames 2020b).

- **Target.** Target invested $300 million in higher wages and paid leave benefits (Ryan 2020).

- **Tesco.** Britain’s largest supermarket, Tesco, has increased hourly wages by 10% (Ryan 2020).

- **Walmart.** Walmart that has topped up hourly wages by $2 on a temporary basis (Ryan 2020; Mattioli and Herrera 2020).

**Increased cost of workplace health & safety procedures.** Enhanced cleaning and hygiene policies are needed to continue operations during the epidemic. However, additional expenses to keeping work environments safe is increasing as infections rise, including such costs as providing free health screenings or free protective gear such as hand sanitizer and gloves (Ames 2020b; Ryan 2020).

**Manufacturing sector.** March data indicated a moderate deterioration in operating conditions across the U.S. manufacturing sector, according to the March edition of the Institute for Supply Management’s (ISM) Manufacturing Report on Business issued April 1 (Berman 2020a) and IHS Markit U.S. Manufacturing PMI™ (Business Wire 2020b). Driving the overall decline were the sharp downturns in output and new orders amid weak domestic and foreign demand conditions following the outbreak of coronavirus disease 2019 (COVID-19) (Business Wire 2020b).

**PMI**
- The ISM report’s key metric—Purchasing Managers’ Index (PMI)—at 49.1 (a reading of 50 or higher indicates growth)—fell 1% from February’s 50.1, halting a two-month run of PMI growth (Berman 2020a).
- The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers’ Index™ (PMI™) posted 48.5 in March, revised down from the 'flash' figure of 49.2, and lower than 50.7 registered in February (Business Wire 2020b).
New orders
- The ISM reports new orders, which are the engine that drives manufacturing, fell 7.6% to 42.2, down for the second month in a row. ISM noted this reading represents the lowest monthly reading since March 2009, when it posted a 41.3 reading (Berman 2020a).
- IHS Markit reports new orders fell at the fastest pace since June 2009, commonly linked to demand slumping due to the virus, with firms also registering a solid downturn in new export orders (Business Wire 2020b).

Supplier deliveries. The ISM reports the delivery performance of suppliers to manufacturing organizations was slower in March, as the Supplier Deliveries Index registered 65 percent. This is 7.7 percentage points higher than the 57.3 percent reported for February. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries (Berman 2020a).

Production outputs
- The ISM reports that at 47.7, production was off 2.6% and entered into contraction territory, following 50.3 and 54.3 readings in January and February, respectively. The decline was driven by a lack of new orders, insufficient backlog, and supplier delivery restrictions that led to reduced production output (Berman 2020a).
- IHS Markit reports output contracted solidly in March, dropping at the sharpest pace for over a decade as factories shutdown and client demand dropped sharply as a result of the COVID-19 outbreak. Backlogs of work fell sharply as weak demand allowed firms to process work-in-hand at the fastest pace since 2009 (Business Wire 2020b).

Input prices
- The ISM report that manufacturing prices in March—at 37.4—were down 8.5%, falling for the second month in a row and hitting its lowest level since January 2016’s 33.9 reading. The majority of prices seeing declines were energy- and oil-related (Berman 2020a).
- Input prices. Input prices rose only slightly and at the slowest rate since June 2017 in March, as weak demand for raw materials led some suppliers to offer discounts. The rise was driven by shortages of key inputs (Business Wire 2020b).

Sector trends
- Sectors reporting growth. Among the 18 manufacturing sectors ISM tracks, 10 sectors saw growth in March, including: Printing & Related Support Activities; Food, Beverage & Tobacco Products; Apparel, Leather & Allied Products; Wood Products; Paper Products; Chemical Products; Computer & Electronic Products; Primary Metals; Miscellaneous Manufacturing; and Plastics & Rubber Products (Berman 2020a).
- Sectors reporting decline. The six industries reporting contraction in March, in order, are: Petroleum & Coal Products; Textile Mills; Transportation Equipment; Furniture & Related Products; Fabricated Metal Products; and Machinery (Berman 2020a).

Non-manufacturing sector. According to the most recent edition of the Non-Manufacturing Report on Business issued on April 3 by the Institute for Supply Management (ISM), the COVID-19 is having a negative impact on the non-manufacturing sector (Berman 2020b).

NMI. The March Non-Manufacturing Index (NMI)—a reading of 50 or higher indicates growth is occurring—came in at 52.5 in March, down 4.8% from February’s 57.3 reading, which marks the highest reading over the last year (Berman 2020b).
Business activity/production. Business activity/production down 9.8% to 48.0, snapping a stretch of 127 months of growth and posting its lowest reading going back to July 2009’s 47.2 (Berman 2020b).

New orders. New orders dropped 10.2% to 52.9 (Berman 2020b).

Supplier deliveries. Supplier deliveries slowed at a faster rate for the tenth month in a row, from 52.4 in February to 62.1 in March (Berman 2020b).

Sector trend
- Sectors reporting growth. ISM reported that nine non-manufacturing sectors reported growth in March, including: Health Care & Social Assistance; Real Estate, Rental & Leasing; Public Administration; Utilities; Finance & Insurance; Construction; Management of Companies & Support Services; Wholesale Trade; and Information (Berman 2020b).
- Sectors reporting decline. The seven industries reporting a decrease in March — listed in order — are: Arts, Entertainment & Recreation; Transportation & Warehousing; Professional, Scientific & Technical Services; Mining; Other Services; Retail Trade; and Educational Services (Berman 2020b).

Brightness in ecommerce
- Ecommerce sales growth for both pure-play and store-based retailers. According to data from marketing platform Emarsys and analytics platform GoodData based on more than 1 billion consumers and more than 400 million orders from 2,500 businesses in 120 countries, as of March 30, ecommerce sales from pure-play ecommerce retailers are up 34% year over year in the U.S. and Canada, and the number of orders has increased 52% year over year. For retailers that are mostly store-based, online sales have increased 14% year over year and the number of orders increased 32% year over year (Berthene 2020).
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