

# Market Update in Response to COVID19 – 5/27/2020

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It is our mission at DAT to help customers mitigate uncertainty in their businesses. We have been closely observing trends in the markets in near real-time and aim to provide valuable and actionable information to the market, not sensational and reactionary headlines. To advance that objective, we are releasing this market update with hopes that it provides value and helps those trying to understand this tumultuous market.

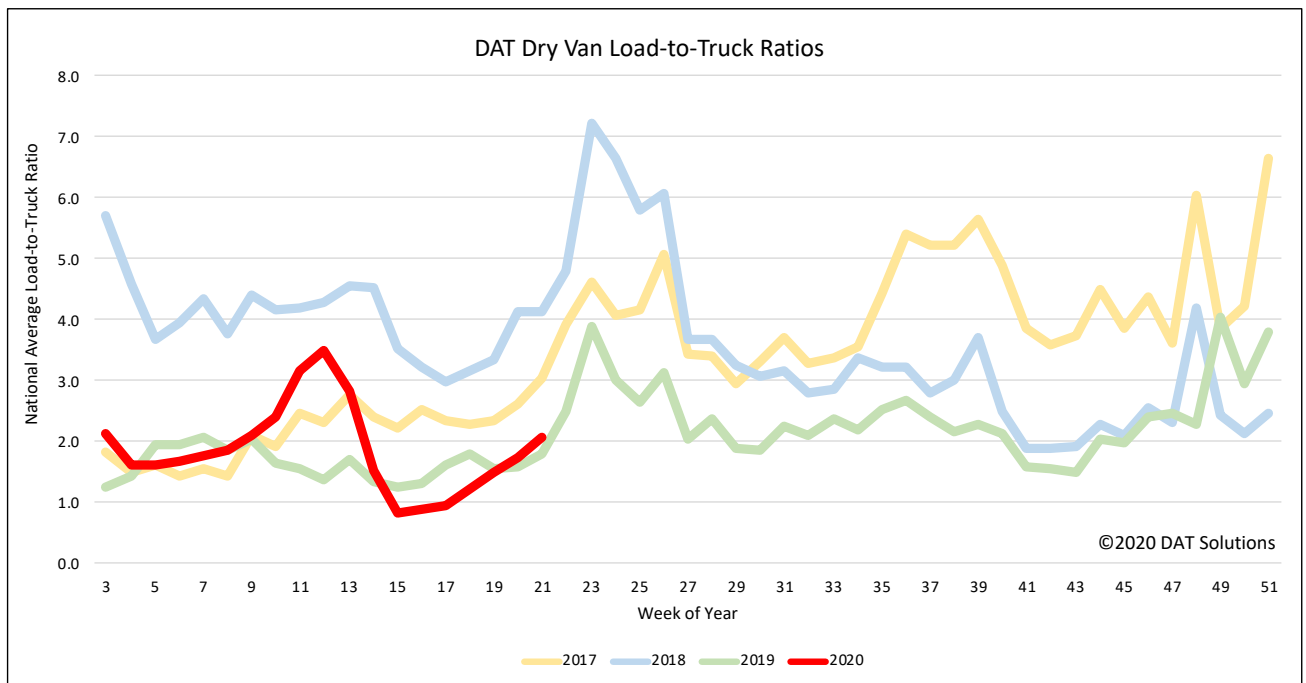
## Summary Market Thesis

As we wrap up the month of May and roll into June, it becomes much more evident that the freight markets are soundly in recovery mode. Most of our key indicators are tracking towards 2019 levels and testing where they sat before COVID-19 hit the U.S. If you're searching for a silver lining in all of this, we would offer up the seasonal timing as good example. Had the country exited the aggressive social distancing measures earlier in the winter or later in the summer, the seasonal boost we are seeing now wouldn't exist and many carriers may not have been able to weather the one-two punch of COVID-19 and the seasonal slowdown.

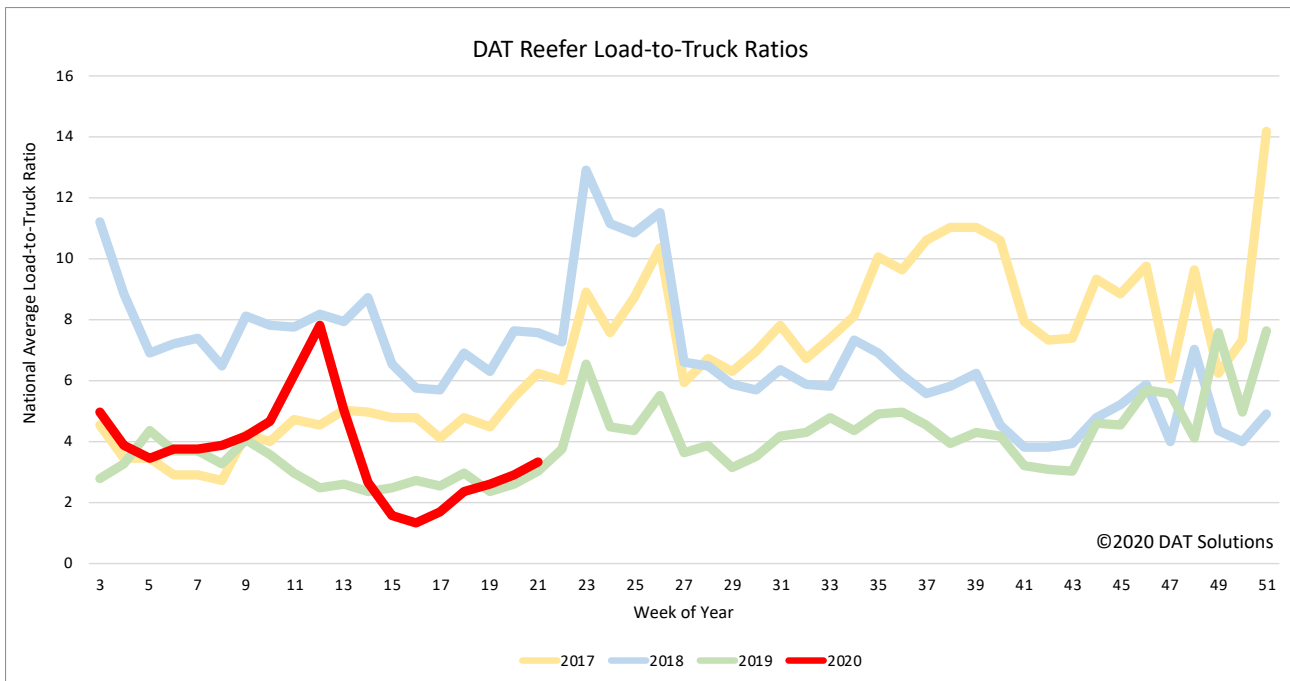
Even though we are seeing more optimism in the data, there is still a fair bit of reality to keep the market grounded. Simply clawing back to 2019 levels shouldn't come as a thunderous victory. Last year was by no means a great year for the freight markets, and a lot of hopes and financial forecasts were predicated on 2020 being a rally year for rates and volumes. At DAT, we are beginning to turn our focus to the longer-term impacts of COVID-19 and what the markets will experience after the seasonal shipping boom and beyond.

## Supply and Demand Trends

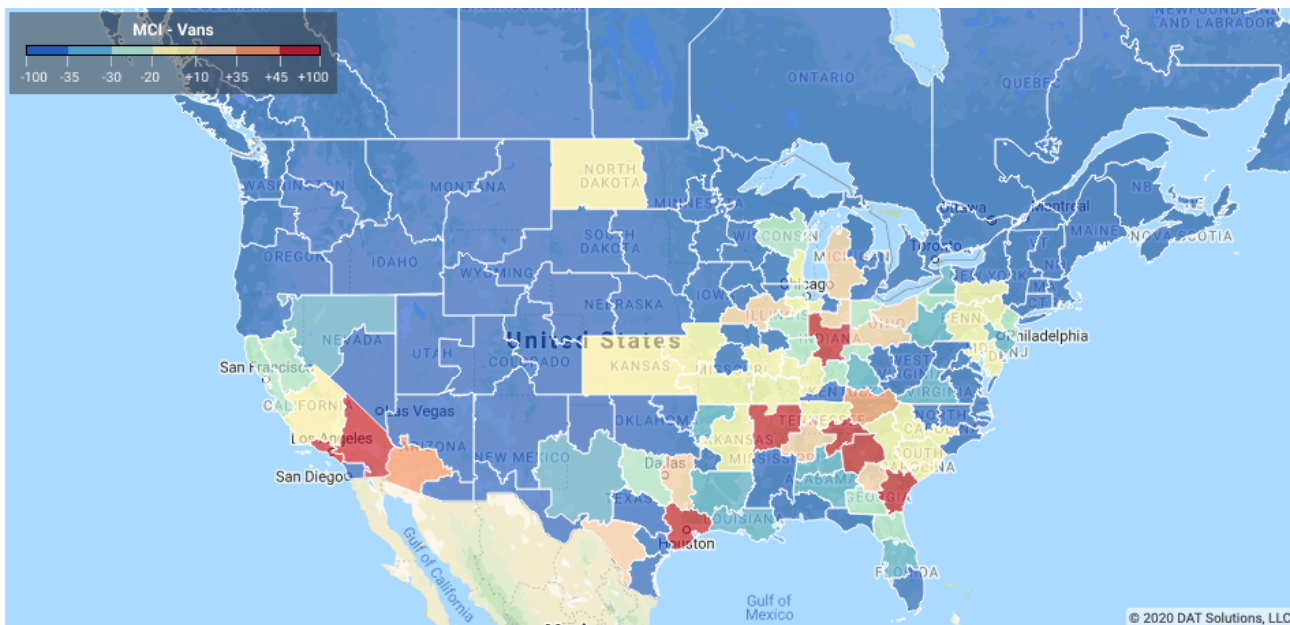
Dry van LTRs are tracking very closely to 2019 levels. As in prior years, we would expect the value to 'hockey stick' upwards over the next few weeks.



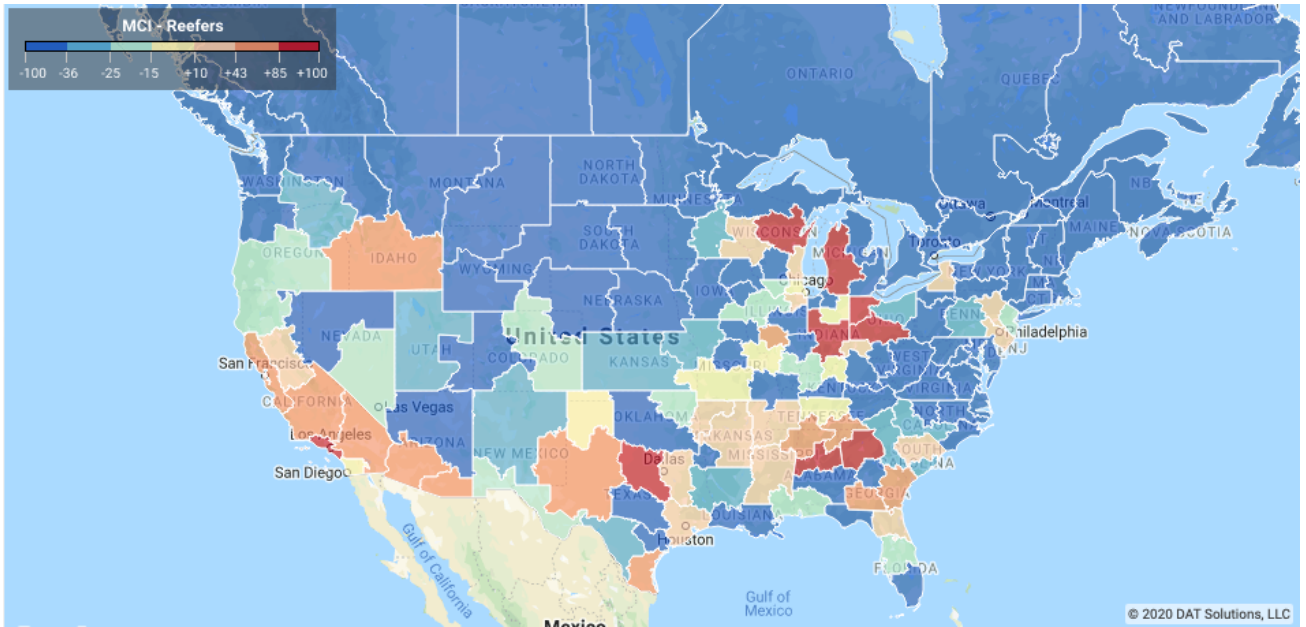
Reefers are following the same pattern and again face the same uphill climb to keep pace with prior years.



Below is our Market Conditions Index (MCI) map for dry vans. We are seeing a lot more warmth across the map as the calendar turns from spring to summer. Key markets to watch are Southern California, Southeast Georgia, and the Upper Midwest.

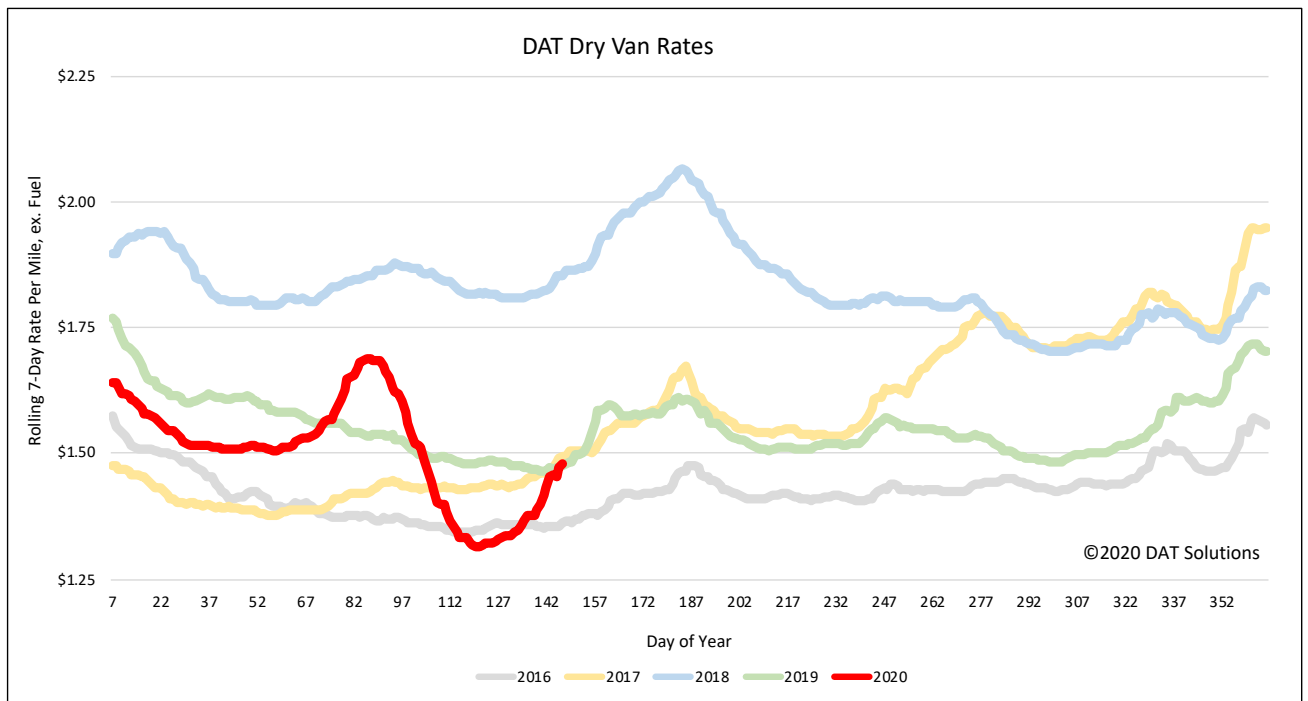


A similar story is present in the reefer MCI map. One interesting area, besides the normal produce geographies in the south, is the Great Lakes region. There has been a bit of a mini-heatwave over the last week, which is triggering more demand for refrigerated shipping.

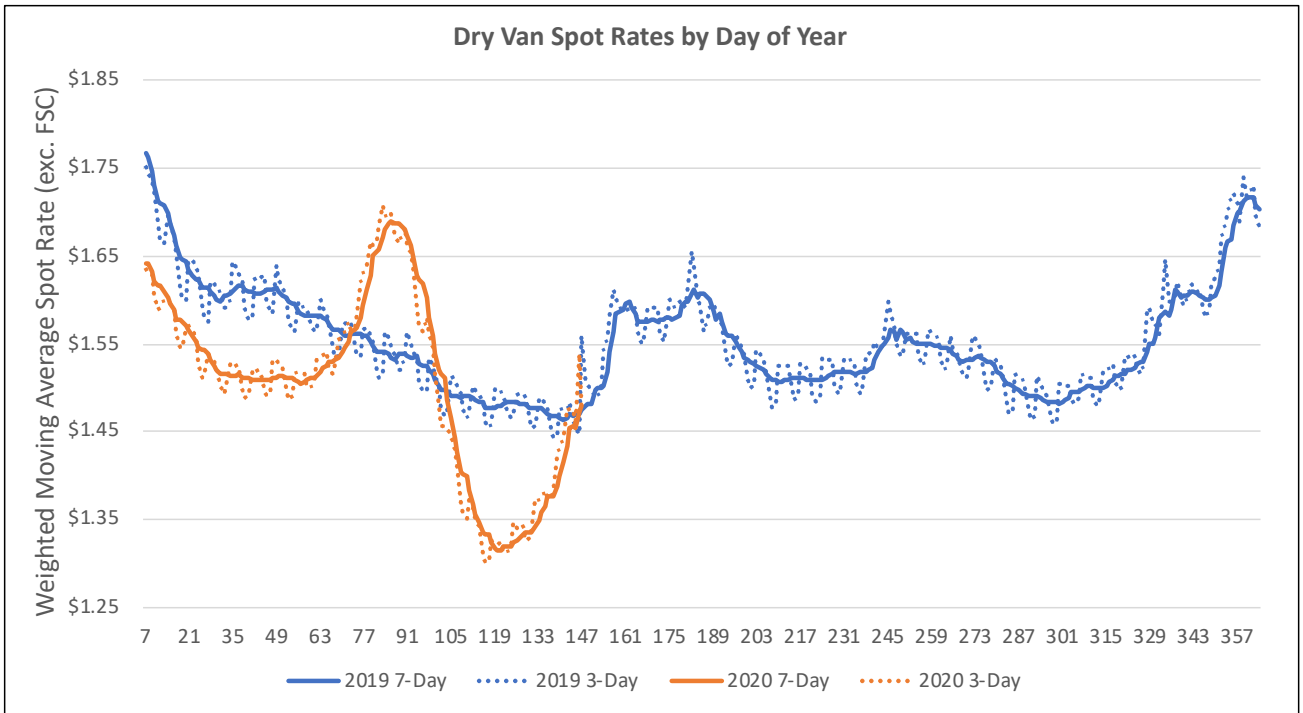


## Rate Trends

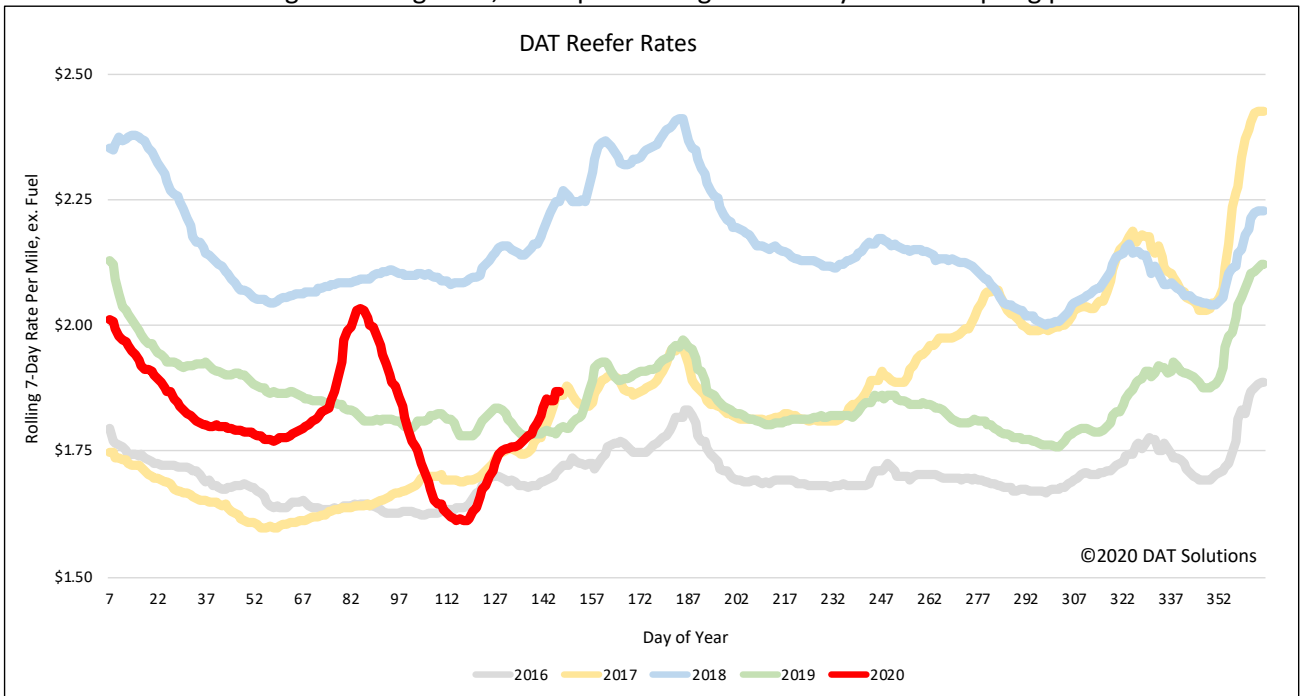
Dry van spot rates are continuing their rally and have caught up to 2019. Comparing 2019 and 2017 you will see two very different second halves of the year. This view also makes more apparent the seasonality in the rates.

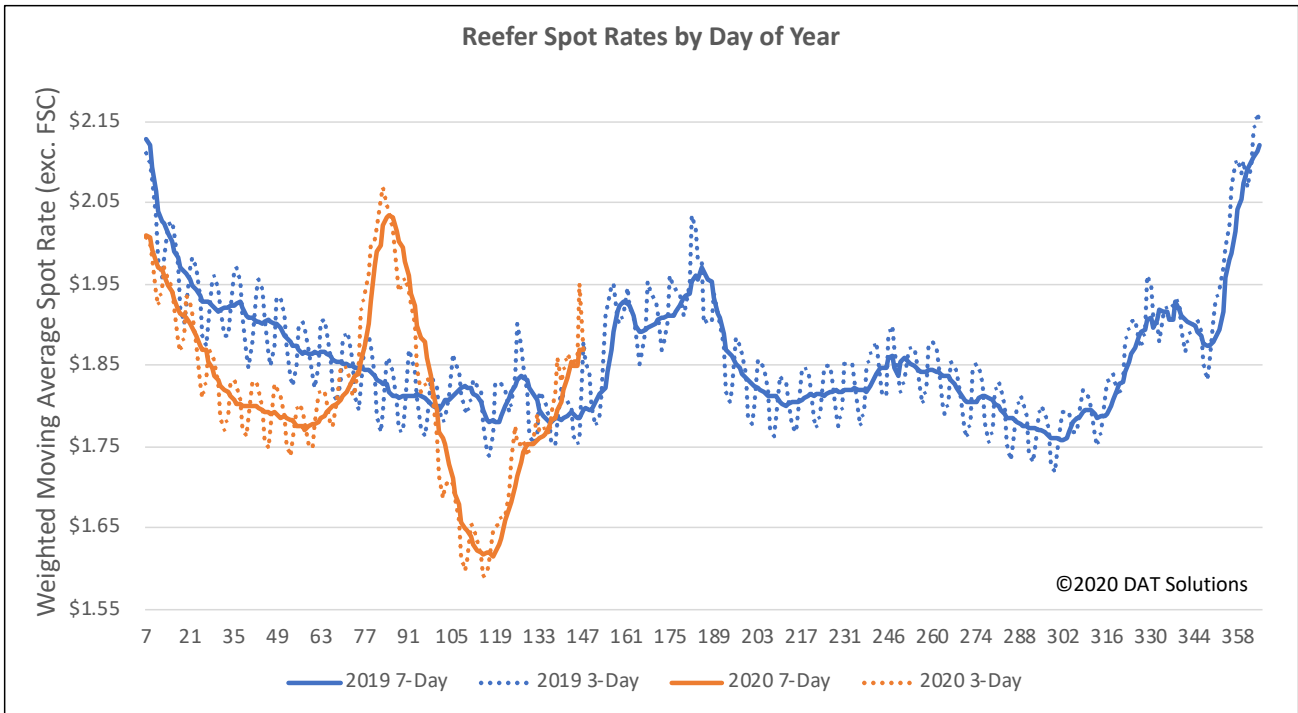


*The graphs above and below show 7-day rolling, weighted averages of spot truckload rates, updated daily, and illustrated by year. The average helps to smooth out day-of-week effects, but it is plotted daily to show how things are changing in the extreme near term. DAT does not typically publish rates in this format, and as such, they will not match other figures that customers may be familiar with in our blog or other content. We are making these available to the public to help demonstrate the rapidity of changes occurring in the spot market.*



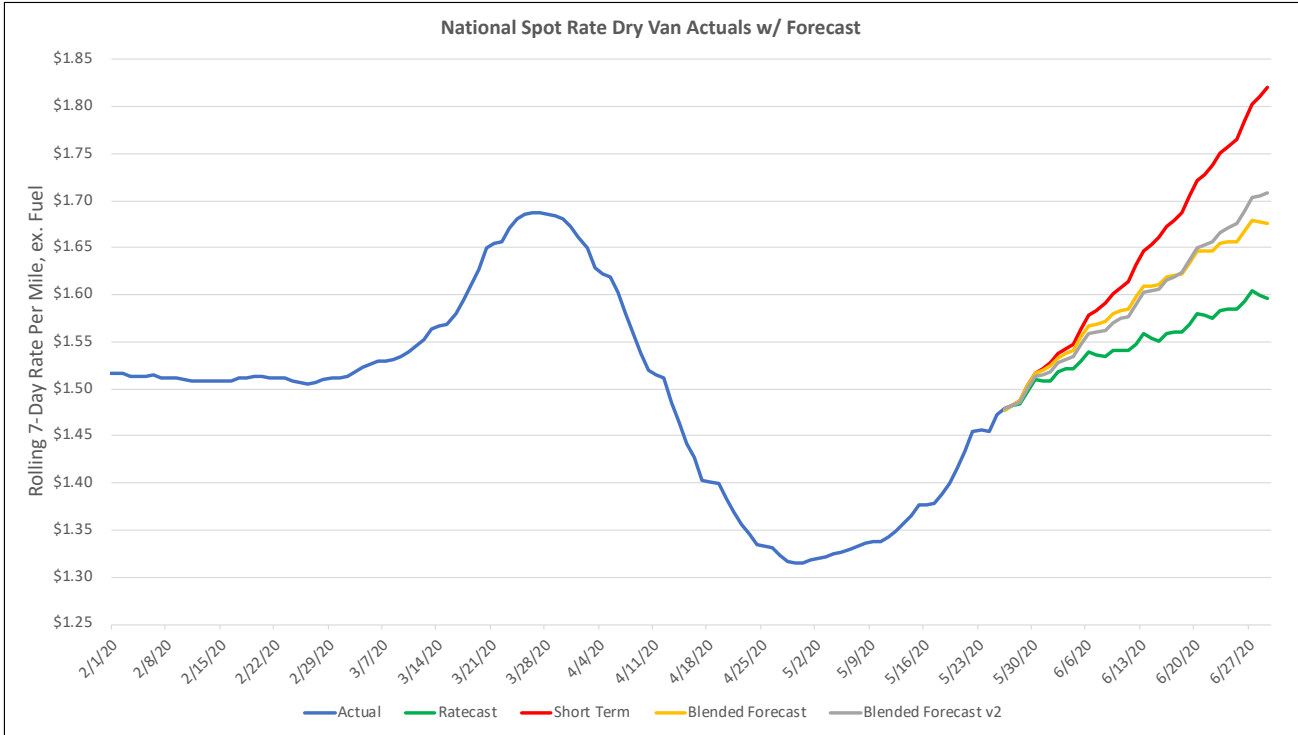
Reefer rates currently sit with 2019 in the rear view mirror and closely aligned with 2017. Similar to dry vans, 2019 and 2017 played out very differently, but we will have to wait a few weeks longer to see if the upward trend continues or if rate growth stagnates, underperforming seasonality after the spring produce boom.





**Looking Ahead**

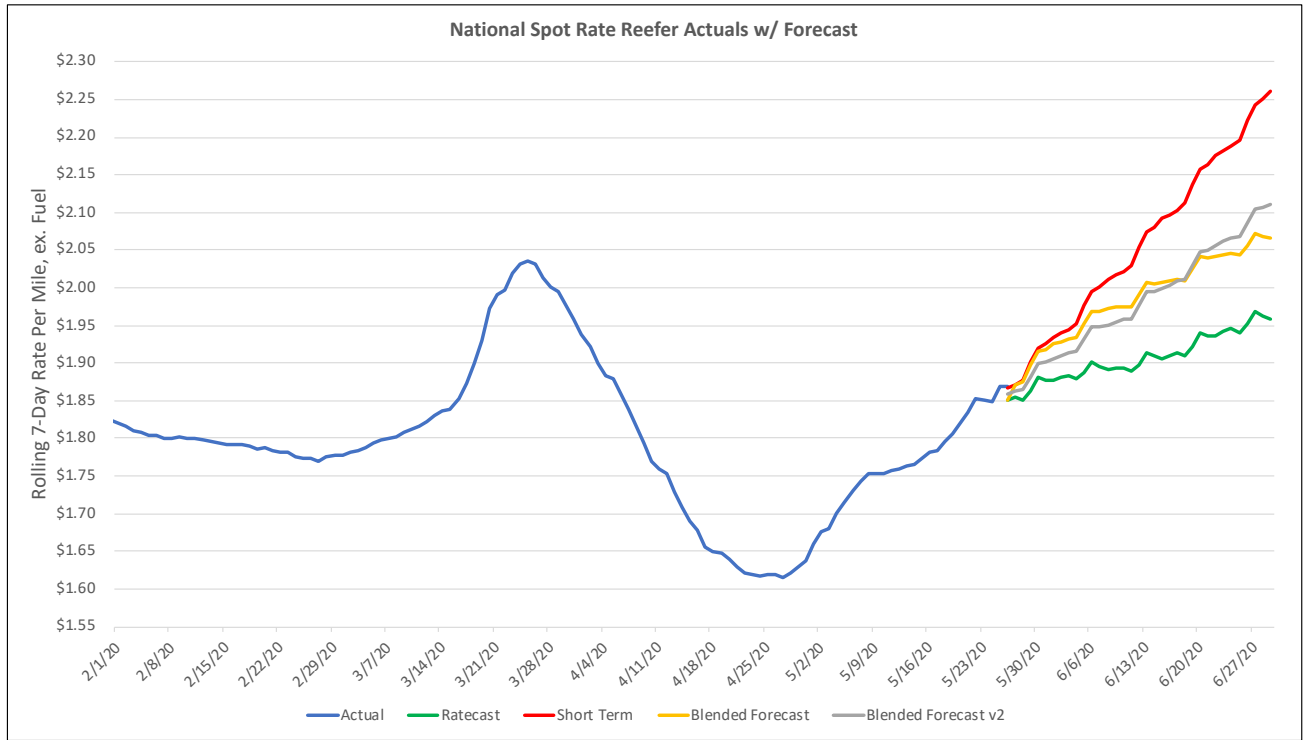
It warrants mentioning that forecasting during this volatile and uncertain time period is difficult. Our team is working diligently to update and adjust the models, but new information becomes available at a rapid pace, which further complicates the issue. DAT would typically not publish these types of preliminary studies, but we feel that the benefit of sharing our observations far outweighs the risk. We ask that you please treat these statements and exhibits as directional and consider them as a variable in your own analyses.



**Ratecast Prediction:** DAT’s core forecasting model estimate showing continued optimism and rate growth.  
**Short Term Scenario:** Formerly the pessimistic model that focuses on a more near-term historical dataset.

**Blended Scenario:** More heavily weighted towards the longer-term models.

**Blended Scenario v2:** More heavily weighted towards the shorter-term models.



Our update will be refreshed next week, or sooner if conditions change materially. We recommend that readers visit [dat.com/covid19](https://dat.com/covid19) for the latest information. Any questions on this report or market conditions can be emailed to [askIQ@dat.com](mailto:askIQ@dat.com).

We are also making available, free of charge, the DAT Daily 50 which is a daily report of the top 50 lanes by volume with a week's worth of history and predictions using the Ratecast model.