

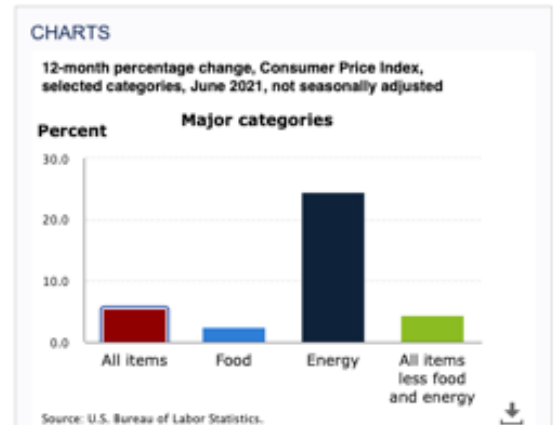
**JULY
2021**

rockfarm[®] [®]
Supply Chain Solutions

SUPPLY CHAIN DIGEST

INDUSTRY NEWS

- Knight-Swift Transportation Holdings has acquired less than truckload carrier AAA Cooper at \$1.35 billion. The deal propels Knight-Swift into the LTL market.
- Werner Enterprises is acquiring ECM Transport Group, a regional truckload carrier based in Pennsylvania. This will add 500 trucks to Werner's pool in a key regional market.
- 3PL GlobalTranz and Worldwide Express are merging to create a company that would be the 4th largest freight brokerage in North America. Both companies reported a combined \$3.34 billion in total revenue last year.
- 3PL GEODIS has acquired Texas based freight brokerage, Velocity Freight Transport, Inc., a subsidiary of Berkshire Hathaway.
- The Port of Vancouver continues to feel the effects of disruptions in CN rail service with a backlog of 39 container ships awaiting berthing.
- The Port of Los Angeles became the first Western Hemisphere port to process 10 million containers in a 12 month period.
- We are in remarkable times with 51,000 new carrier authorities issued through June of this year according to FTR, a transport consultancy. The bulk of the authorities issued were for 1 or 2 truck operations. The ongoing upswing in spot market activity is driving the surge.
- The Bureau of Labor Statistics is reporting the Consumer Price Index for June rose .9% compared to May's increase of .6%. June's increase is the largest monthly increase seen since 2008.
- Optimism is on the upswing with the announcement by the Tennessee DOT that repairs to the I-40 bridge connecting Memphis, TN, to Arkansas will be completed by the end of July.



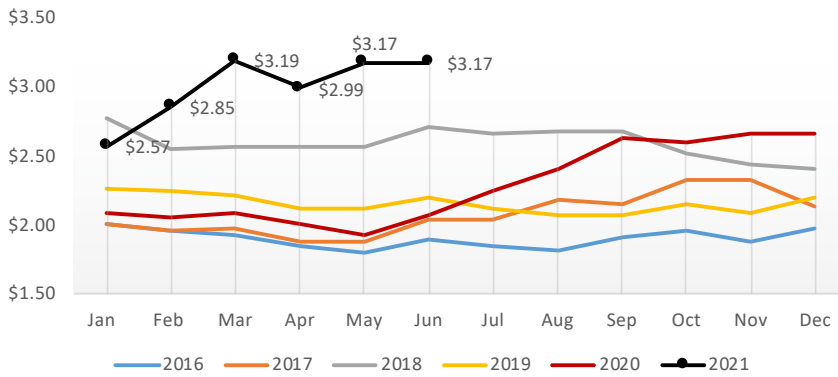
June Key Trend: Ocean Container Index

The Drewry World Container Index shows the spot market in a full upward swing as importers rush to identify any available container capacity to move their goods. According to Drewry the Shanghai to Los Angeles spot rate has increased 229% annually with a weekly change of 5% alone. In comparison, Europe's Shanghai to Rotterdam index rate has risen 596% annually and 5% in the last week. Currently all lane indexes are moving upward with no sign of leveling off or decreasing in the coming weeks.

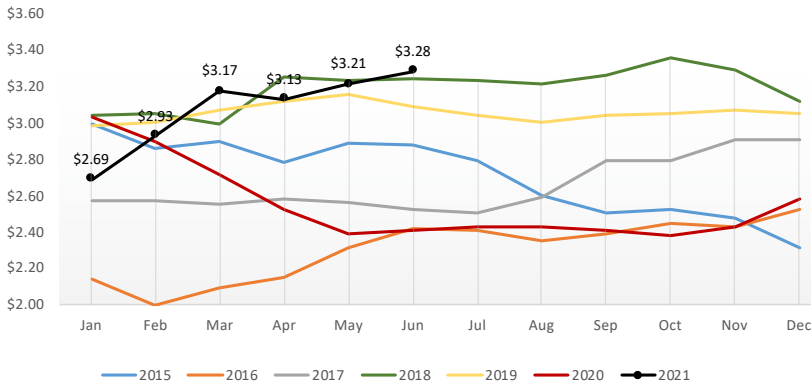


ROCKFARM One View

Average Truckload Rate per Mile



National Average Diesel per Gallon



Pricing pressure continues as the international ocean freight spot market illustrates container rates increasing over 5 times the average on select lanes. With peak season around the corner, ports are working to clear the load out backlog in China as well as the congestion at the ports of Oakland, Long Beach and LAX. The start of the peak season forecasts greater demand for truckload, intermodal and rail as imports begin to arrive. The challenge that lies ahead for shippers is forecasting where rates will go in the 3rd quarter as the peak shipping season gets underway. A bit of good news, truckload rates for June stayed flat with Rockfarm's truckload index rate showing \$3.17, staying even with May's index rate.

The concerns for U.S. manufacturers are focused on three challenges: the lack of labor, the lack of raw materials and components. As a result of raw material and worker shortages, manufacturers are having to extend production schedules.

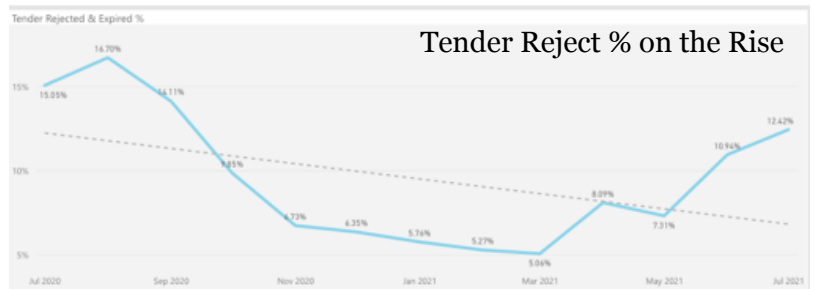
The Institute for Supply Management stated that its index for manufacturing ticked down slightly in June. However,

June marked the 13th consecutive month manufacturing has expanded from the C-19 shutdown in April of 2020. The need to begin shifting manufacturing costs to the end user is well underway. According to the Department of Labor Statistics, the current Producer Price Index (PPI) for June illustrated a 1.0% increase. Cost for goods and services continue to rise with the year to date illustrating a 7.3% increase in the final demand index for the last 12 months. Rising costs have begun showing up in the Consumer Price Index as supply chain expense begins factoring in to consumer cost.

Adding to the price of goods is the rising cost of diesel, which increased \$.07 for the month of June, reaching \$3.28 per gallon. Global demand is pushing the cost of oil

upward as the price per barrel for Brent crude oil rose \$5 per barrel and eclipsed \$70 per barrel for the first time since May of 2019.

Forecasts are keeping a wide range with expectations that the world economy has not reached its full development from the C-19 shutdowns and will push the demand for oil higher as the rest of 2021 unfolds.



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