



ACC NEWS



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INDUSTRY NEWSPAPER

- Week 18 of 2020

YOUR WEEKLY UPDATES



Ports



Retail



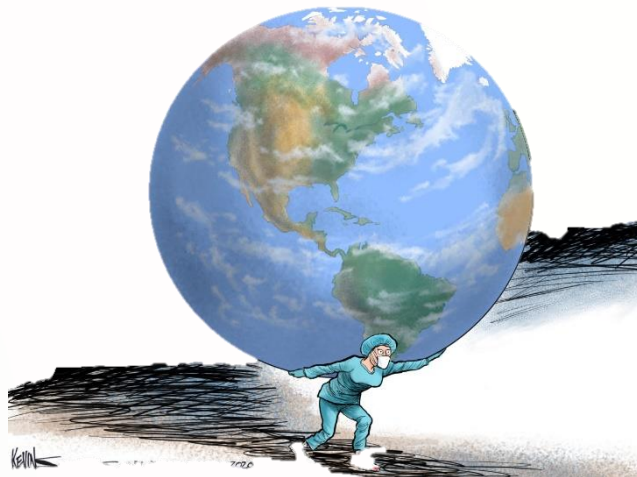
Rail



Shipping



Handling



Beverages



Road



Supply Chain



C-Stores



Healthcare



Thinking Differently – Executing Quickly

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- Facebook has bought a 9.99% stake in Reliance Jio for \$5.7B. But what does it mean for both companies?
- The biggest thing about the Reliance Jio-Facebook deal is not that Jio will now do big business with platforms like Facebook or Instagram. Jio's biggest collaboration will be with WhatsApp.
- Facebook currently earns advertising revenues in India, but the company does not have any transaction model yet. On the other hand, Reliance Jio has a huge subscriber base but has a lower value and a market share of 40 percent only. In such a situation, this deal can be called a masterstroke for both companies.
- It is understandable that this deal is a plan to bring 6 crore small businesses on one platform together and create a bigger e-market than that of Amazon.
- Right now Reliance Jio earns a revenue of around Rs 120 on every customer. The idea of the company was to do business in all spheres – groceries, electronics, apparel companies could do business. Reliance has a presence in the market, but the transaction is not on a large scale. Now imagine if 3 crore businessmen are associated with the company, the company's earnings will be huge.
- Several Chinese companies have created platforms directly competing with Facebook-WhatsApp, like WeChat, which is a complete operating system in itself. On it, you can pay, order, and track your business. Therefore, practically the whole of China is on WeChat. Many people wanted such a platform in India, but nothing has come up so far.
- To come up with such a platform is now a big challenge for Facebook-Jio. Overall, an Indian company and an American company have collaborated in search of a big customer-base in the Indian market.
- Now, these two companies are going to give direct competition to Amazon. Amazon is selling almost all products in India. But to work in the Indian market, Walmart and Amazon are not getting the same level of ease that other players are getting.
- Going forward, a telecom company like Airtel may also have to fight hard. The story of Vodafone is even worse. Airtel has actually become a utility company. It has not started any value-added services. Reliance Jio will now try to become a service provider with value-added services, which will make this competition even harder and Airtel will have a lot of difficulty in protecting its customer-base.

- Consumers expect fast delivery of online orders, but the pandemic has flashed a spotlight on how strained supply chains can get—even among savvy retailers like Amazon, which heavily focused its business on expedited shipping.
- Right now, the supply chain is disrupted, and there is no easy way for retailers to guarantee a specific delivery time. Many retailers are sending out products as quickly as they can, but due to fewer delivery drivers—as well as an overall reduced pace of work—this process is slower than it was in a normal economy.
- Fulfillment times are taking much longer. Analysis based on packages delivered by clients of Convey, a supply chain management company, took over an hour more to fulfill digital orders on April 2 compared with February 23.
- This will likely continue as more consumers turn to online shopping. “The majority of delays aren’t necessarily related to sellers—it’s the delivery friction that’s slowing things down,” said James Thomson, a partner at Buy Box Experts and former business head of Amazon Services. “When the economy bounces back, which based on analyst predictions could be anywhere from weeks to months, we’ll see that translate to delivery time.
- “Unless a retailer has its own last-mile delivery capability, I don’t see it being able to do much other than setting expectations with its customers that delivery times will be longer. Even a company like Amazon can’t keep up—and it owns thousands of last-mile delivery trucks.”
- The good news is that consumers are aware of delays and, for the most part, understand why they’re happening.
- “To mitigate backlash from consumers and avoid customer churn, sellers must ensure that their order processing and handling times are on par with competitors,” said Victor Rosenman, CEO of Feedvisor, an optimization platform for Amazon sellers.
- Clear communication is especially key these days. While many consumers are aware that packages may not arrive as quickly as they would like, a simple acknowledgment from a company can drive long-term loyalty.
- “Ecommerce companies like Chewy, for example, have a great system in place that is playing out favorably for customers who are on their auto-ship program,” Ciecuch said. “They reach out to auto-ship clients and ask if they would like to make order renewals sooner to avoid delays. This helps win loyalty.”
- It’s important to note that retailers in the US are not the only ones feeling a strain on their supply chains. Delays are occurring worldwide.

- Warehouses are getting so full of goods like fridges and washing machines that retailers are asking shipping companies to push back deliveries, which may drag global container shipments down as much as 30% in the next few months, according to the head of an industry group.
- Shipments have probably fallen about 15% so far this year amid the coronavirus pandemic, according to International Chamber of Shipping Chairman Esben Poulsson.
- “Inventories of goods like apparel, textiles, white goods, are full,” Poulsson said. “Receivers of these goods are asking shipping lines to store these goods for a period of time, slow ships down or basically delay taking delivery.”
- The slump is a setback for shipping giants such as Cosco and Ocean Network Express, which started the year strong as healthy trade volumes allowed the industry to boost rates. That optimism has now evaporated as the virus outbreak has forced shoppers to stay home, crimping retail sales in the biggest consumer markets.
- Forward bookings from Asia to North America and Europe have slowed for April and into May, according to Ocean Network Express CEO Nixon. Shipments of products from North and Latin America, Europe and Oceania to Asia are still strong, said Nixon, whose company is Japan’s largest container-shipping operator.
- The industry has also been hit by restrictions aimed at containing the outbreak. Ensuring that seafarers can board and transfer onto ships amid port curbs and canceled flights remains a major challenge, Poulsson said.
- Inbound containers to LA Port plunged 26% in March from a year earlier, while Singapore’s throughput dropped to its worst reading since August and Hong Kong’s measure fell below average again after a brief respite in February.
- “Some containerships have been running at only 20% capacity and numerous sailings have been canceled,” Tim Huxley, chairman of Mandarin Shipping Ltd., said in an interview. “Our five container ships have certainly been carrying less and we have also had to endure some waiting time between employment.”
- To react to lower exports out of Asia, ONE has reduced regular sailings from the region to Northern Europe, the Mediterranean and North America, Nixon said. A major question for the industry now is when demand might rebound, and whether global trade will be permanently altered by the pandemic.
- “In the long term, we still see strong business requirement for global trade and container shipping,” Nixon said. “But the challenge will be what is the growth after coronavirus.”

Target seeing 'record-setting' digital growth

- Target's comparable online sales in April are up by more than 275% as Americans hunker down at home. But the discounter warned of lower first-quarter profits amid increased investments in pay and benefits and other costs.
- Since Target's fiscal first quarter began on Feb. 2, the chain's total comparable sales have grown more than 7% reflecting a slight decline in stores and more than 100% growth in digital channels. Across the company's core merchandise categories, comparable sales have risen more than 20% in essentials, food and beverage; more than 16% in hardlines; increased slightly in home; and declined more than 20% in apparel & accessories. Acknowledging "significant changes in shopping patterns" in reaction to the COVID-19 pandemic, Target said it has seen broad market-share gains across its core merchandising categories.

Gap stops paying rents; issues warning

- Gap has suspended rent payments and said, if unable to change lease terms, it could be deemed to be in default.
- The struggling retailer also warned that it will have to take further actions to add to its liquidity as it might not have enough cash flow to sufficiently fund operations as its stores remain closed amid the COVID-19 pandemic.
- Gap said in a Securities and Exchange filing that, beginning in April, it stopped paying rent on its stores and is in discussions to renegotiate or, in some cases, even terminate leases and close stores entirely. The rents amount to about \$115 million per month in North America.

Nordstrom in new moves to shore up liquidity; cancels more orders

- Nordstrom has taken more steps to strengthen its financial position as its stores remain closed.
- It has amended its \$800 million revolving line of credit and closed on its 8.75% secured debt offering of \$600m.
- Nordstrom exited fiscal 2019 with \$850 million in cash. In previous actions in response to the pandemic, Nordstrom said it was suspending quarterly cash dividends and share repurchases and executing further reductions of more than \$500 million in operating expenses, capital expenditures and working capital, including ongoing efforts to realign inventory to sales trends. The retailer canceled all full-price orders for April and May delivery and has also decided to do the same for June and July.

7 Global E-Commerce Growth Challenges

- Global e-commerce is growing with no sign of slowing down in sight and is projected to grow into a \$6.54 trillion industry in just a few years, but American companies largely do business within just their own borders.
- What does it take for an e-commerce business to survive on a global scale? A white paper examines the problems that may be holding your e-commerce business back from reaching its full potential and offers solutions to reach peak revenue, eliminate costs and waste, and even curb the threat of fraud and chargebacks.
- Explore the easiest, most economical ways to:
 - Expand your market & reach new target groups on a global scale
 - Ensure only correct international addresses enter your database
 - Enhance the customer experience & move them along in the buying process
 - Achieve the highest ROI on direct mail marketing campaigns
 - Become technologically forward as digitization grows in your customers' lives

Paper attached

Walmart to help neighbors shop for each other during pandemic

- Walmart is teaming up with Nextdoor, a neighborhood-based social networking service, to make it easier for neighbors to buy goods for each other during the pandemic. “Neighbors Helping Neighbors” is designed to make it easier for customers to shop for their neighbors, allowing Nextdoor members in cities nationwide to request assistance — or offer to help someone — with shopping for groceries and other essential items at Walmart.
- Here’s how the program works: If a Nextdoor member wants help shopping for needed items or wants to offer their help to do so, they can do so by visiting Nextdoor.com or logging on to the Nextdoor app. From there, members click on the “groups” tab and will see Walmart stores in their area pinned to the top of the page.
- Members will then be prompted to share a message in the group feed where they can indicate if they need help or want to help. Once members connect to the feed, they can work out details of the shopping trip on the message board or message each other to work on the specifics. Neighbors are encouraged to utilize contact-free payment options and delivery methods.

Instacart to hire 250,000 new shoppers

- Instacart is responding to a demand surge with new hires.
- The on-demand delivery giant plans to bring on an additional 250,000 full-service shoppers over the next two months to meet continued consumer demand for grocery delivery and pickup in North America, with the intention to return to one-hour and same-day delivery.
- With order volume growing by more than 500% year-over-year the week of April 13 and average customer basket sizes increasing by 35%, the company plans to bring on more shoppers across North America with a focus on scaling in key areas with the most consumer demand, including California, Massachusetts, New York, Pennsylvania, Washington, D.C., and Toronto.

How the World's Grocers are Harnessing the Booming Micro-Fulfillment Trend

With the COVID-19 pandemic accelerating demand for online ordering, in-store/curbside pickup and grocery order delivery, the need for better fulfillment options is escalating. The same level of urgency has extended to food delivery, ride-sharing services, and even the B2B world, where customers across all sectors have come to expect quick and free delivery as the norm. *Report attached*

Hy-Vee Sees Huge Growth Beyond Groceries

- As hair and nail salons are closed across much of the United States due to the coronavirus pandemic, people are taking to styling and pampering at home, at least according to Hy-Vee's recent numbers.
- Since mid-March, hair coloring, nail polish and nail care products have more than doubled in sales at the Midwest retailer. Hair trimmer sales have also more than tripled since the end of March, and demand for hair accessories such as elastic bands has been on the rise since the beginning of April as customers use them to create masks.
- Other health and beauty products that have seen an increase in sales include body washes, lotions, facials, beard products, women's shaving products, bar soap, bath bombs and bath salts.
- Hy-Vee is making shopping for these trending items less expensive, offering 15% off all beauty products on Friday, April 24, and Saturday, April 25.

Inventory Is Piling Up During the Coronavirus Crisis

- As stores around the globe remain shutdown, fashion companies are facing a mounting problem: excess inventory.
- The problems began in January, as the novel coronavirus spread rapidly throughout China and forced the closure of factories. Product that was due to arrive in stores for the spring and summer seasons was delayed. Then China re-opened and the inventory started surfacing at companies' doorsteps at the same time that Europe and North America started to shut down.
- To address their product overloads, brands and retailers have a few options, but all come with their own challenges. Here are six tactics that companies are using to manage inventory issues.
 1. **Cancel Orders** - The best place to start is early in the supply chain, by stopping production.
 2. **Sell More Online** - E-commerce traffic has been surging, so many brands and retailers have pushed more inventory to that sales channel.
 3. **Push Goods to the Off-Price Channel** - Traditionally, brands with unsold merchandise have been able to pick up the phone and sell that product to one of the major off-price retailers. The off-price channel will pick up quickly when the U.S. economy begins to reopen.
 4. **Hold it and wait**
 5. **Collaborate with Other Retailers** - some retailers may lack product that others have in abundance, there is further opportunity to coordinate.
 6. **Donate to a Good Cause** - The last option for companies is charitable donations — a move that's been in abundant use in recent weeks

On the verge of a meat shortage? US plants close amid COVID-19 outbreak

US meat producers have been hit hard by the coronavirus pandemic as several plants have been temporarily closed amid the outbreak of COVID-19 among their workforces. This is leading to fears that the US is on the brink of a meat shortage as the meat sector grapples with the difficulties of operating plants within social distancing parameters and dealing with large-scale testing and worker absenteeism. Yesterday Tyson Foods closed its Washington beef facility while employees undergo testing for the virus

Lidl Expands in U.S. Amid Distribution Center Growth

- Lidl plans to open its latest U.S. food market on Wednesday, April 29, the most recent sign of how the German discount grocer's growing supply chain power is creating more opportunity for expansion in the U.S.
- Earlier in April, Lidl opened its 3rd DC in Perryville, Md., At 705,000 square feet, it is the smallest of the Lidl network. In NC, they operate an 850,000-square-foot facility. Another is located in Fredricksburg, Va., and another – at 925,000 square feet, it will be the largest in the Lidl network – is planned for the Atlanta area.
- Each of those centers can handle supply chain needs for up to 400 stores – even though Lidl operates only 100 stores. Each of these centers cost about \$100 million to open.

L Brands slams Sycamore for bargaining down Victoria's Secret price

L Brands returned Sycamore's legal effort to get out of its agreement to buy Victoria's Secret with a lawsuit of its own on Thursday, saying that the private equity firm is inappropriately leveraging the COVID-19 epidemic to renege on their deal, or get a better one. The companies agreed in February that Sycamore would get a 55% interest in Victoria's Secret for about \$525 million and take the brand private, with the retailer keeping a 45% stake. But on Wednesday, Sycamore told L Brands the deal was off, and took to court to enforce that.

Amazon is doing well, but could it be better?

- If there was a time for Amazon to shine, a pandemic forcing temporary closure of nearly all physical stores would seem to be it. Instead, on Tuesday, just days after CEO Jeff Bezos published his latest letter to shareholders, Amazon warehouse workers in the U.S. planned to walk off the job for the third time, due to what the Retail, Wholesale and Department Store Union called out "the company's lack of safety protocols during the COVID-19 pandemic."
- Amazon took the unusual step of temporarily blocking the intake of some types of inventory to its warehouses. Its much touted one-day Prime shipping became a far-off notion. It has also scrambled to tamp down on price-gouging by some sellers, stating a zero-tolerance policy and it is continuously monitoring its stores "through both automated and manual means and aggressively removing bad actors and offers."
- While few analysts believe that Amazon is badly stumbling, some do believe there's room for improvement.

U.S. Durable Goods Orders Plunge Most Since 2014 on Pandemic

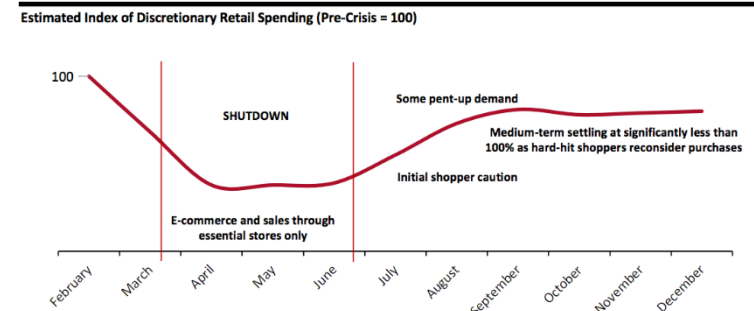
Orders for most types of durable goods declined in March, including motor vehicles and metals. By far the sharpest drop was in civilian aircraft, which recorded negative orders of \$16.3 billion.

Grocers Hunt for Meat as Coronavirus Hobbles Beef and Pork Plants

- U.S. grocers are struggling to secure meat, looking for new suppliers and selling different cuts, as the coronavirus pandemic cuts into domestic production and raises fears of shortages.
- Americans could start to see shortages of pork, chicken and beef on grocery shelves as soon as May as major packing plants swept by the coronavirus remain shuttered and the nation's massive stockpiles of frozen meat begin to dwindle. Any empty shelves to date have been the result of bumps in the supply chain, with stores being unable to restock as quickly as customers are buying. But bacon, pork chops and ham could be the first to face actual shortages: The amount of frozen pork in storage nationwide — more than 621 million pounds — dropped 4 percent from March to April, the USDA reported this week. Slaughter rates are down 25 percent, and 400,000 animals are backed up in slaughterhouses.

What Will In-Store Shopping Look Like When Stores Reopen?

- Expect consumers to remain extremely cautious about protecting themselves—and retailers to be cautious about the safety of their staff and customers. Retailers anxious to reopen stores may do so in stages, and when they do, several new safety measures are possible: (i) social distancing, (ii) masks (and possibly gloves), (iii) temperature checks, (iv) contactless payments, (v) virus-free certificates or apps and (vi) BOPIS/BOPIM.
- While there may be a release of pent-up demand in discretionary retail following the crisis, much of the spending from the shutdown period will be lost permanently. Our estimates come with the caveat that we are early into this crisis, with an incrementally shifting view of the consumer environment.



Adidas down

Sportswear giant Adidas said net profit fell 95% in the first quarter and warned it would be even more severely hit by the coronavirus pandemic. Sales fell 19% €4.75 billion.

Kantar: Target is the retailer that consumers most likely to try in coming weeks

34% of consumers expect to try a new retailer in the coming weeks as the pandemic continues and forces shoppers to evolve routines to find products and fit budgets, according to a survey by Kantar. Target was the retailer that consumers were most likely to try, at 20%, followed by Walgreens and Dollar General at 14% each and Family Dollar at 13%.

J.C. Penney in talks with lenders for bankruptcy funding, according to report

According to a report by the Wall Street Journal reported, the ailing retailer is in talks with existing lenders Wells Fargo & Co., Bank of America Corp. and JPMorgan Chase & Co. and is seeking a debtor-in-possession loan package of \$800 million to \$1 billion. The loan would keep the retailer's operations running during the bankruptcy process. Other lenders also could participate in the syndicated loan, according to the Journal.

China on road to recovery, but recession looms, economists tell Reuters

- The Chinese economy will slowly recover from its first quarterly contraction since current records began, economists predicted, but warned of a likely recession if conditions worsen again from the global coronavirus pandemic.
- The poll found China's gross domestic product was expected to grow 1.3% in the current quarter year on year, after contracting 6.8 per cent in January-March.

Retailers lay out phased-out approach to reopening stores

Increased sanitization measures and social distancing protocols for customers and employees play key roles in a plan for re-opening stores.

E-commerce transactions skyrocket in two categories

Consumers stuck in their homes due to COVID-19 are focusing on comfort and personal accessories.

J.C. Penney leverages reverse supply chain for charity

- J.C. Penney is helping customers donate used items to support job training and education.
- The retailer is partnering with the non-profit organization Give Back Box in honor of Earth Day. Customers can use the box from a J.C. Penney purchase (or any purchase), fill it with gently used clothes and household items they no longer need, print free Give Back Box shipping label from the J.C. Penney site (jcp.com/givebackbox), and then drop the box off at any UPS or USPS location.

Union Pacific expects 25% volume dip in Q2

CEO Fritz said he expects the economic impact of the coronavirus to be "sharp and deep," without a steep recovery.

Old Dominion touts price discipline, holds firm on rates in Q1

- Despite COVID-19 hitting the nation hard in March, ODFL's performance in Q1 2020 barely changed from Q1 2019, with slight downticks in revenue and profits, the company reported during an earnings call. The LTL fleet reported a 0.3% drop in revenue to \$987.4 million, and net income was down 0.1% to \$133.1 million, year over year.
- Old Dominion reported its best-ever, first-quarter operating ratio, 81.4%. That is down from 82% from Q1 2019. Greg Gantt, Old Dominion CEO, told analysts that as the domestic economy changed in the last half of March, so did Old Dominion's mix of business. "We experienced a significant increase in our average weight per shipment and this trend has also continued into April," Gantt said. This helped offset the decline in shipments per day, he said.
- Gantt said Old Dominion only began to feel the effects of the viral outbreak in the final weeks of March. But even as shipments decreased in the final weeks of Q1 2020, shipping weight went up 10% in that same time period

Trucking groups partner to help drivers

The American Trucking Associations procured 100,000 KN95 face masks for at-cost sale to trucking companies, 4,000 of which were given to smaller outfits for free. The ATA Litigation Center, American Transportation Research Institute, Trucking Moves America Forward and the Trucking Cares Foundation provided distribution. ATA is leading distribution of barrels of hand sanitizer produced by Indianapolis-based Hotel Tango and paid for by Protective Services.

Nestle, Ocado Stand out as Reality Catches up with Europe

- Reality caught up with Europe's stock markets in a big way in early trading Friday. The benchmark Stoxx 600 was down 0.7% at 331.24, on track to end the week around 0.6% lower. The U.K. FTSE 100 was down 0.9% and the Dax was down 1.2%.
- One of the few bright spots among blue chips was Nestle, which rose 3.0% after it reported its fastest organic sales growth in five years - a sharp contrast to stagnation at rival Unilever. The owner of Nespresso and KitKat is now back within 2% of its pre-crisis high.
- Another winner was Ocado, the maker of logistics software for supermarkets. It rose 1.1% to within 1% of a new all-time high after the U.K. retail sales data confirmed an acceleration of the trend toward online shopping.

Renewed Focus on Logistics Last-Mile Delivery Service during COVID-19 Pandemic Disruption

- Improved last-mile delivery services are nothing new, however, major companies around the globe, including Amazon, have re-focused their efforts on improving last-mile delivery services during times of the coronavirus COVID-19 disruptions.
- Carriers, shippers and other supply chain stakeholders looked to transportation and supply chain technologies during coronavirus COVID-19 pandemic.

Tyson Foods: 'Food Supply Chain Is Breaking' Amid Shuttered Plants

Tyson Foods Inc., which closed its largest pork processing plant in Iowa last week amid a coronavirus outbreak in the facility, warned in a full-page ad in The New York Times on Sunday that "the food supply chain is breaking." "As pork, beef and chicken plants are being forced to close, even for short periods of time, millions of pounds of meat will disappear from the supply chain," John Tyson, chairman of the board of Tyson Foods, wrote in the ad. "As a result, there will be limited supply of our products available in grocery stores until we are able to reopen our facilities that are currently closed." The chairman also wrote that "millions of animals—chickens, pigs and cattle—will be depopulated because of the closure of our processing facilities." The company's plant shutdown follows the decisions of two other major meat companies, Smithfield and JBS, to shutter facilities due to outbreaks among employees.

Bed Bath & Beyond converts 25% of its stores into regional fulfillment centers

- The home goods retailer said it converted approximately 25% of its stores across the US and Canada into regional fulfillment centers — almost doubling its digital fulfillment capacity — to support a significant rise in online sales. Bed Bath & Beyond said its digital sales are up by more than 85% to date in April.
- To support the enhanced regional fulfillment network and accelerate the introduction of new services for customers, the company has brought several hundred associates back from furlough. In addition, hundreds more new positions have been created in the company's e-commerce distribution centers to meet the increased demand across digital channels.

China crackdown on shoddy PPE exports pushing air cargo rates even higher

- A Beijing crackdown on shoddy medical exports has led to surging air cargo costs and congestion in South China.
- Following widespread complaints of defective personal protective equipment (PPE), including face masks and coronavirus test kits, the Chinese authorities have tightened quality controls and increased customs inspections.
- New regulations include yesterday's announcement by China's Ministry of Commerce on strengthening the export quality supervision of "non-medical" masks, including a blacklist of suppliers which failed to gain export certification.
- "In Shanghai, customs brokers have raised rates for export clearance by up to six times, due to extra paperwork and processing time," according to Norman Global Logistics (NGL).
- The company said: "So far this is impacting the Hong Kong, Guangzhou and Shenzhen regions, but we expect it to happen in the rest of the country, as at least 90% of all medical cargo will require customs inspection."
- NGL confirmed claims the new export restrictions were preventing PPE manufactured in the mainland from transshipment in Hong Kong, and "more or less forcing" the cargo through mainland airports.
- The more-stringent PPE export controls are impacting ocean freight, too. According to Naveen Prakash, co-founder of Global Logistics Solutions India, thousands of containers packed with face masks have been detained in China because the goods failed to meet quality standards.
- "About 1,600 manufacturers are blacklisted, due to quality checks and bad paperwork," he explained, adding that buyers need to carefully check whether Chinese manufacturers meet the strict new criteria.

Toll Group denies rumors parent Japan Post is looking for a buyer

- Toll Group has denied it is to be sold by owner Japan Post (JP). Toll MD Thomas Knudsen told staff today that JP had “dismissed the rumors”.
- Toll has struggled in recent times. The financial fallout from a cyber-attack at the end of January is not yet clear – but Toll has noted internally that “revenue and cash are in freefall”, and that Covid-19, on top of 2019’s profit drop and the cyber attack, has had a “devastating effect” on the business.
- Japan Post paid \$5.1bn for Toll in 2015 and recent reports suggest JP has been looking for a potential investor and any interest in the market. While the Australian side of the business had been performing well – until this year’s attack – its international business has struggled.

GB Railfreight converts passenger train to carry essential medical cargo

- UK rail freight operator GB Railfreight has taken a leaf out of the air cargo industry playbook and converted a commuter train to carry express freight to London.
- The company recently completed a trial shipment of NHS supplies on a passenger train on the West Midlands to London route, and said that, “with minor interior modifications, it could be loaded in both dedicated freight terminals or platform side in any town or city that has a station and appropriate road access”.
- It claimed converting passenger trains to carry parcels had been a relatively straightforward process.

K+N reports tough first quarter, with turnover and profits down, but stays bullish

- Kuehne + Nagel is one of the first major forwarders to report Covid-impacted results, so is likely to act as something of a marker for others in what will undoubtedly be a tough quarter.
- The Swiss group admitted that volumes declined sharply in its first quarter, with net turnover down 6.2%, gross profit down 5.1% and earnings down 23.2% at Sfr139m (\$142.7m).
- “The coronavirus pandemic is an immense global challenge,” said Dr Detlef Trefzger, chief executive. “Industrial production and trade volumes weakened significantly.”
- In sea freight, the company said, it was affected “at an early stage”.

Etihad and Lufthansa eye merger, while other airlines face big changes

A few interesting snippets out of the major airlines this week. Hot off the press is a report that Etihad might merge with Lufthansa. Apparently, the carriers have been looking at the possibility of Etihad buying up to 40% of Lufthansa through a sale of new shares. Or the pair could examine a full merger. But foreign ownership rules, as well as German takeover rules, make the suggestion “rather implausible”, according to Barclays analysts.

Get ready for the new, slimmer Delta

Liquidity and passenger health are the new watchwords for a long recovery.

- In a post-pandemic world, Delta Air Lines will be significantly smaller, expand its definition of safety to include protecting customer and employee health, and take until mid-2023 to get to real growth again.
- “A recovery will be dictated by our customers feeling safe, both physically and financially, to begin to travel at scale,” CEO Ed Bastian said on an analyst call Wednesday to discuss the company’s first-quarter pretax loss of \$422 million. “Given the combined effects of the pandemic and associated financial impact on the global economy, we believe that it could be up to three years before we see a sustainable recovery. And to succeed through that environment, we will likely need to resize our business in the near term to protect it in the long term.”
- Bastian’s transformation message is one that will likely be repeated throughout the airline industry in the coming weeks as fallout from the coronavirus quarantines and social distancing lasts into the summer and beyond.

United Airlines still fighting for survival despite \$5B federal grant

Layoffs, aircraft sale and more service reductions are all contemplated or underway

- United Airlines expects to receive \$5 billion in payroll subsidies to preserve jobs through the end of September, but the emergency aid won’t be enough for the company to survive without more drastic measures, officials say.
- The workforce protection grant is merely a Band-Aid, CEO Oscar Munoz and President Scott Kirby told employees last week.
- “The challenging economic outlook means we have some tough decisions ahead as we plan for our airline, and our overall workforce, to be smaller than it is today, starting as early as Oct. 1,” they said.

WEEKLY FUEL REPORT

28 APRIL 2020

* These figures do not include taxes or transportation costs.

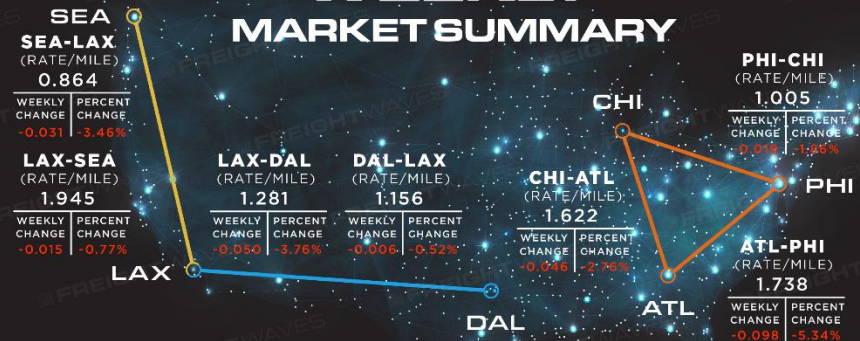
USA	03/30/20	04/06/20	04/13/20	04/20/20	04/27/20
DOE AVERAGE	2.586	2.548	2.507	2.480	2.437
RETAIL TO WHOLESALE FUEL SPREAD*	1.345	1.328	1.417	1.416	1.670
RACK PRICE*	1.198	1.178	1.059	1.027	0.746
DIESEL TRUCK STOP ACTUAL PRICE PER GALLON	2.542	2.506	2.475	2.443	2.417

FREIGHTWAVES
American Shipper

Want more? SONAR users get exclusive access to the detailed breakdown and insights. Learn more at: www.freightwaves.com/sonar/

TRUCKING FREIGHT FUTURES || APR. 24th, 2020

WEEKLY MARKET SUMMARY



VAN LINE	RATE (PER MILE)	WEEKLY CHANGE
NATIONAL LONG HAUL	1.359	-0.035 (-2.51%)
EAST LONG HAUL VAN	1.455	-0.054 (-3.58%)
WEST LONG HAUL VAN	1.404	-0.023 (-1.61%)
SOUTH LONG HAUL VAN	1.218	-0.029 (-2.33%)

FREIGHTWAVES.COM/FREIGHTFUTURES

FREIGHTWAVES

Forced to Store Fuel at Sea, Oil Refiners at Breaking Point

- Oil refiners are hunting for vessels to store jet-fuel and gasoline that nobody is buying, sending freight rates sharply higher, an indication that the global refining system is fast approaching a breaking point.
- Until now refiners had mostly been storing unwanted product on site, but the latest indication from the tanker market suggests they are now being forced to place their output into ships. With local demand sharply down, if they can't find storage, they'll be forced to trim output, or even shut down completely.
- "The shipping market is now the main bottleneck," said Torbjorn Tornqvist, head of commodity trading giant Gunvor Group Ltd. "We are fast approaching the crunch point whereby it will be hard to find any ships, and shipping rates are currently stratospheric," he added in an interview.
- If the refiners are forced to reduce their processing rates, it would mean even less demand for crude, creating a ricochet effect through the oil market.
- Torm estimates that about 7% of the global fleet of refined fuel tankers is now involved in some form of storage.

No Let Down in Airfreight Rate Hikes:

There has been almost another 10% increase in airfreight rates from China in the last week. Taiwan and Hong Kong are now feeling the effects as they have both seen rate increases of \$3.00-\$4.00 per kg. Expectations for China to USA are that west coast rates will rise to \$18-\$19/kg within the next week, and \$20-\$21/kg to the east coast.

Inspections at China-Hong Kong Border Intensify

In an effort to implement tightened restrictions on the export of Personal Protection Equipment, China has ramped up extensive exams for goods crossing into Hong Kong. These exams have included complete physical inspections of all shipments containing, or expected to be containing, PPE items.

The Airline Industry Makes Grim Prediction

As reported by the International Air Transport Assoc., the airline industry is expecting to lose \$314 Billion Dollars in 2020

Coronavirus Disrupted Supply Chains That Companies Are Still Fixing

Companies have spent much of 2020 racing to shore up supply chains as the coronavirus shut down much of the world, but business leaders say they expect problems to remain even as countries start to reopen their economies.

China says pilot zones for cross-border e-commerce will revive trade

- China will build 46 new pilot zones for cross-border e-commerce around the country to help revive its pandemic-hit foreign trade, the State Council's executive meeting chaired by Premier Li Keqiang has announced.
- On top of 59 existing ones, companies in the 46 new integrated pilot zones will enjoy support policies including exemption of value-added and excise taxes and more favourable corporate tax rates, reported Hong Kong's South China Morning Post.

CEVA Logistics flies urgently needed medical gear to UK hospitals

CEVA Logistics has brought in shipments bound for the UK's National Health Service on a specialist flight from Shanghai to London in support of the charitable work by the Virgin Foundation. A Virgin Atlantic Boeing 787-9 was fully loaded with personal protection equipment, virus testing tubes, goggles and ventilator parts and flown into London Heathrow airport on, bringing the much-needed supplies to UK frontline healthcare workers.

US flies in more emergency medical supplies to fight coronavirus

- The US is continuing to airlift emergency medical supplies with two all-cargo planes making deliveries last week.
- An all-cargo plane full of disposable medical gloves touched down at Chicago's O'Hare airport, said STG Logistics Chicago-area general manager Todd Crabtree.
- Indianapolis-based InTek Freight & Logistics has subcontracted with STG to recover the cargo from the airport and create outbound loads for shipment to medical facilities. The gloves are being sent to Texas, Massachusetts, Ohio and Illinois, according to Mr Crabtree, reported American Shipper.
- FEMA's Project Airbridge has chartered 19 cargo flights and says it plans to book more service to meet near-term demand. Atlas Air has provided transport on at least three missions so far.

HMM Launches World's First 24,000 TEU Containership

- HMM has launched its first of twelve 24,000 TEU containerships HMM Algeciras, the world's largest.
- The ship was officially named during a private ceremony at the Daewoo Shipbuilding and Engineering shipyard in South Korea.
- The HMM Algeciras measures 399.9 meters long and 61 meters in beam. With a nominal TEU capacity of 23,964, it will take the title as the world's largest-capacity containership.

Cosco lifts unit revenue even as volumes drop

First quarter volume declined at China's largest carrier, but it was a strong result considering a container shipping environment that began to deteriorate in March.

Russian Firms to Build World's Most Powerful Nuclear Icebreaker

- Two Russian companies signed a deal on Thursday to build the world's most powerful nuclear icebreaker to help boost trade on a northern sea route crucial to forging closer links with Asia.
- Atomflot, a subsidiary of Russian nuclear group Rosatom, and the Zvezda shipyard, owned by a consortium led by oil giant Rosneft, said they would work together to build the Lider (Leader) icebreaker.
- President Vladimir Putin has said that Arctic shipping routes along Russia's northern coast could rival the Suez Canal as a short-cut trade route between Europe and Asia.
- Rosatom said the icebreaker, fitted with a nuclear power unit, would be able to smash through ice as thick as 4 metres. The vessel, with the propulsion power of 120 megawatts, is scheduled to be constructed in 2027.
- Russian government plans envisage the Northern Sea Route, which trims 4,000 nautical miles off the southern alternative via the Suez Canal, exporting 80 million tonnes of cargoes per year by 2024 to Europe and Asia
- Russian companies are developing projects for the route in areas including liquefied natural gas, gas condensate, oil, coal and precious metals, among others.

Comment – Russia has the world's largest fleet of icebreakers, far outnumbering other shipping nations

Ship Crews Stuck in Lockdown Strain Global Supply Chains

- Port restrictions and canceled flights are straining the ability to replace seafarers on board ships, further weakening global supply chains already snarled by the coronavirus pandemic.
- Hubs like Singapore and Shanghai have halted most crew transfers, while global lockdowns have complicated travel from the Philippines, which supplies about a quarter of the world's seafarers.
- At risk is the flow of goods like food, medicine and energy via commercial shipping, which accounts for about 80% of global trade. While unseen by most consumers, restrictions on crews are among the unprecedented challenges wrought by the virus, which has ground major economies to a halt.
- About 100,000 seafarers each month need to be changed over from ships to comply with maritime rules. The Philippines has about 300,000 seafarers for cargo ships and roughly 200,000 of those are currently out at sea and the rest are onshore.

Facing grim forecasts, railroads focus on costs, service

North American intermodal volume may plunge as much as 25 percent in the second quarter, so railroads believe the right strategy is to focus on cost-cutting while providing reliable service.

Bangladesh looks to shift more boxes from congested Chittagong port

Bangladesh's Shipping Ministry pushed customs authorities to relax rules governing what type of cargo could be moved to private off-dock space amid growing pressure to relieve congestion at Chittagong.

With rates inside out and risks on the road, many owner-operators choose to sit

A concept is playing out in trucking, with a market thick with truckers looking for work and demand for services at dramatically depressed levels. Though rates don't have a negative sign in front of them, in the worst cases they might as well. Many owner-operators report rates of \$1 a mile, or less, advertised on load boards and by brokers directly. At prices like that, depending on your fixed costs, you just might in fact be paying to take loads off shippers' and brokers' hands. The solution? Increasingly, it's just to stay home until rates come back.

Uncleared import boxes clogging India's ports being used as 'free warehousing'

- According to the Container Shipping Lines Association of India (CSLA), tens of thousands of uncleared import containers are clogging supply chains amid the nationwide coronavirus lockdown.
- CSLA executive director Sunil Vaswani said only 26,000 teu had been cleared from container freight stations (CFSs) near Mumbai's Jawaharlal Nehru port, leaving more than 100,000 teu lying uncollected.
- "Similarly, about 50,000 teu is lying uncleared at Chennai," he told The Loadstar. "And other ports, like Hazira for instance, are completely congested and have been forced to close their gates to imports and exports."

Comment – last week we reported that the UK will run out of warehouse space in the 1st week of May

CARES Act makes whole the HMTF

The Coronavirus Aid, Relief, and Economic Security Act signed into law last month addressed the full utilization of the Harbor Maintenance Trust Fund called for by ports advocacy groups and advanced in H.R. 2440. The CARES provision removes a discretionary cap to ensure that the tax on imported cargo be spent on what was intended, namely harbor maintenance. The legislative language goes into effect on Jan. 1, 2021 or on the date of enactment of a Water Resources Development Act bill, whichever comes first.

Port of Long Beach lands first grant of its kind

The U.S. Department of Transportation's Maritime Administration awarded the Port of Long Beach a \$14.5 million grant to help fund Terminal Island Wye track realignment. The railroad project will support on-dock rail and improve rail efficiency throughout the port complex, especially at Terminal Island, home to the port's largest container terminal, Pier T. The grant is the first out of MARAD's newly established Port Infrastructure Development Program.

UK imports pile up without pick up, devouring warehouse space

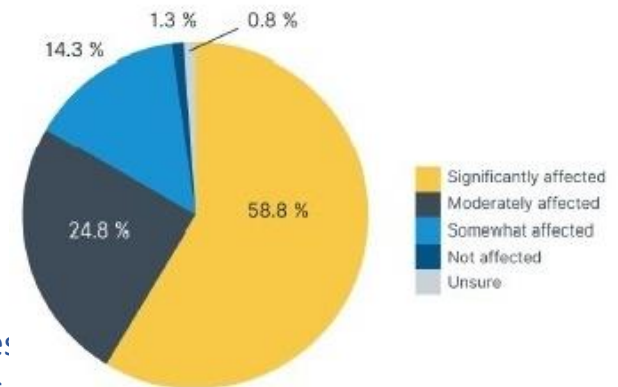
A survey by the UK Warehousing Association (UKWA) shows that 90% of respondents reported facilities at full capacity and suggested the overall UK market had just 10 per cent capacity available. As a result, UKWA chief executive Peter Ward believes remaining capacity is likely to be full by early May.

COVID-19 Impact: Stakeholders willing to change Supply Chain Strategy

- A recent survey that was answered by over 300 Shipping and Freight Professionals across the world, brought out some key indicators that will inform the future course of global supply chains. One of the most important trends unearthed was the readiness to change supply chain strategies (42.5%).
- With this intent, the survey, conducted by Shipping and Freight Resource and sponsored by Ocean Insights was designed to measure the effect of the coronavirus pandemic on global supply chains. It collected and analyzed data on three key aspects – Impact, Preparedness and Recovery. The survey was answered by Carriers, Logistics Providers, Freight Forwarders/NVOs, Consultants, Shippers/BCOs (95.7%) and other (4.3%) industry professionals across job levels —C-Level, Director/Top Management, Middle Management, and Operations.
- Furthermore, based on additional comments, operations suffered from other factors such as, “late or non-payment from clients, canceled credit lines from physical carriers”, “inconsistent volume demand” and “increased costs”.

Survey attached

How has the Coronavirus Impacted your operations?



Port Authorities Commit to Stay Open Amid Coronavirus Pandemic

- Twenty port authorities in Asia, Europe, the Middle East and North America signed a declaration committing to stay open amid the coronavirus pandemic.
- Initiated by Singapore, the declaration calls for ports to boost collaboration so that operations are undisturbed, according to a statement on April 24. Members of the Port Authorities Roundtable that signed the declaration include Singapore, Abu Dhabi, Rotterdam, Tokyo and Los Angeles.
- The declaration ensures that merchant ships can continue to berth at ports and keep global supply chains operating; best practices are adopted, including safe procedures for ship crew and shore personnel; and port authorities continue to share experiences in combating the virus while safeguarding unimpeded trade.

US ports eye deeper Asia volume drops as bottleneck worries fade

Carriers will blank dozens of sailings in the trans-Pacific as they anticipate a double-digit drop in imports in May and June.

Record air freight rates recorded on ex-China routes

Air freight capacity is struggling to keep up with soaring demand for medical equipment from coronavirus-hit Europe and the US that will keep China factories open through the Labor Day holidays.

Nanjing port's efforts to resume operations pays off with higher volumes

THE Chinese Port of Nanjing that reopened for business one month ago has been stepping up its efforts to handle greater container volumes as factory production picks up in China.

Strong first quarter for OOCL, but the pandemic impact is still to be seen

Cosco Shipping subsidiary OOIL's container arm, OOCL, saw just a 0.4% year-on-year decline in liftings in the Q1, but revenue was up 5.5%. However, the Hong Kong-based carrier's seemingly strong operational performance – a possible bellwether for forthcoming liner financial results – does not include a great deal of the negative impact from the Covid-19 pandemic. The number of containers carried across OOCL liner trades in the quarter was 1,598,422 teu, versus 1,605,564 teu the year before, with revenue at \$1.54bn against \$1.46bn.

CMA CGM applies Equipment Imbalance Surcharge from May 1 on reefer cargo

CMA CGM has decided to implement an Empty Equipment Imbalance Surcharge from May 1 in light of the high demand and shortage of reefer boxes. The charge will apply to reefer cargo.

New York terminal loses court bid to block Maersk exit

A last-minute court plea has failed to derail Maersk's plan to switch from the GCT New York terminal on Staten Island to the APM Terminals facility in Elizabeth, New Jersey. A Maersk spokesman confirmed to FreightWaves that a New York district court judge has "ruled against GCT's request for a restraining order regarding Maersk's announced transfer of three services" to APMT Elizabeth.

Piloting a Megaship: Record-Setting MSC Anna Arrives in San Francisco Bay

- MSC Anna just called at Oakland port establishing a record for a container ship. At 1312' X 191', it is the biggest ship to ever call at the port. To put it in perspective, the tallest building on the west coast is the Salesforce.com tower in downtown San Francisco. The MSC Anna is a football field LONGER. The Empire State Building is 1250' tall, MSC Anna is 62' longer excluding the 200' tall antenna. The weight of the Empire State Building clocks in at about 365,000 Tons, a 1320' loaded UULCV weighs in a close second at 250,000 Tons.
- To pilot a ship like MSC Anna is equivalent to laying the Empire State Building on its side, then navigating through a 700'-900' channel with several turns added in for fun
- Although the San Francisco Bar Pilots were ready and prepared for the MSC Anna, it was not a normal or average job. Piloting ships like the Anna is the equivalent of extreme sports, expert professionals complete extremely difficult maneuvers that few think possible. The sheer length, width, height and weight is a game-changer, not that it can't be done but that it must be done with more thought, collaboration, care and training than the already very good piloting systems in place. Channel depths vary in the approaches to the quay, all of which need negotiation.



Oil Traders Now Hiring Jones Act Tankers for Storage and Shipping Abroad

Oil traders are hiring expensive U.S. vessels, normally only used for domestic shipments, to store gasoline or ship fuel overseas, five shipping sources said, in a sign of the energy industry's desperation for places to park petroleum amid a 30% drop in worldwide demand.

COVID-19 readjusts 'sweet spot' of container ships sizes

From a flexibility perspective, new-Panamax vessels allow carriers to deploy the largest ships able to traverse the Panama Canal while still benefiting from economies of scale.

Asia-Europe carriers slash May container capacity

Containers shipped from China after factories reopened in March have now arrived at European ports

Altria Makes Leadership Changes as CEO Willard Retires

Altria Group Inc. named Billy Gifford as its new CEO. The move comes as Howard Willard, who served as CEO since 2018, retired on April 14 after 28 years with Altria and its subsidiaries.

Murphy USA Weathers Three Historic Events

- As the country navigates the current health crisis driven by the spread of COVID-19, many companies, including Murphy USA, are feeling the effects of the pandemic and change in consumer behavior.
- Murphy USA President and CEO Andrew Clyde reported that the convenience store retailer has been impacted by the combination of three "historic events":
 1. The rapid and steep fall in crude oil prices that resulted from the price war between Saudi Arabia and Russia, and the resulting oversupply in domestic and global markets;
 2. The global COVID-19 pandemic that introduced the novel coronavirus throughout the United States; and
 3. The large-scale government response and intervention.

House Lawmakers Introduce Bill to Support C-store & Grocery Workers Through COVID-19 Crisis

- Rep Glenn 'GT' Thompson (PA-15) and Dwight Evans (PA-03) introduced H.R. 6567, the Giving Retailers and Our Convenience Employees Relief Act, or GROCER Act.
- The bill would establish a federal tax holiday for such employees from Feb. 15 through June 15 for individuals making less than \$75,000 annually.

Mexico moves toward legal hemp, marijuana despite latest delay

- Mexican lawmakers will need to pass a legalization bill during their next scheduled legislative session. If approved, Mexico would be the world's most populous country – population 130 million – with legalized cannabis regardless of THC content, meaning both marijuana and hemp.
- Before coronavirus, a majority of senators approved a legalization bill – an important step because there had to be consensus from all the political parties. He said the delay could even be an opportunity to improve the measure.

Australian government unveils proposal for over-the-counter CBD

Australia has published a framework for new CBD regulations as it considers relaxing its narcotics scheduling of cannabidiol to make it available over the counter in limited doses.

Brazil approves oral CBD product under new rules

Brazil's health authorities have authorized a THC-free oral CBD product, an important milestone for the cannabis industry in Latin America's largest economy.

Foreign agricultural workers exempt from Trump's immigration ban

President Donald Trump this week announced he would suspend all immigration into the U.S. during the coronavirus outbreak – but the ban makes a few exceptions to support the economy and agriculture.

Expiring beer

- Millions of gallons of beer stuck in stadiums, concert halls, restaurants and bars are fast going stale, leaving the beer industry with a tricky problem: What to do with the roughly 10 million gallons of beer stranded from March that is heading toward expiration dates. “This was the absolute worst time for this to happen for draft beer,” said Craig Purser, president and CEO of the National Beer Wholesalers Association. According to NBWA figures, unsold and expiring beer could cost the beer industry as much as \$1 billion. Even more beer is stuck at distributors' warehouses, in transit from other countries and in breweries.
- Dumping the unused ale en masse isn't an option. Environmental regulations say large volumes of beer shouldn't be poured down drains or into rivers because it can disturb the pH balance, reduce oxygen in the water and produce undesirable bacteria. Before this though, brewers or distributors must access tens of thousands of locked-down venues, lift the heavy kegs out of cellars and safely balance trucks that may be carrying a mix of full and empty barrels.

Comment: clear beer generally has a 12-week life, after which it starts getting floaters and loss of air. Dumping any yeast and fermented products into public drains and sewerage systems is off limits as they destroy the “bugs” placed there to assist in sewerage.

Beer kegs problem akin to sea container challenges

- Brewers and other keg owners say they are also eager to quickly recover the containers—which cost between \$100 and \$120—in case they get tied up in bankruptcy proceedings.
- In the U.K., an even bigger slice of beer is at risk, since about 49% of beer is drunk in pubs, restaurants and bars, compared with 20% in the U.S.

Comment: Keg returns to issues ratio is a major metric for brewers, as replacement of stainless-steel kegs is dear with a lack of empty kegs shutting down production lines. Kegs are generally imported from France. A looming and yet unreported brewery challenge is (i) the return of empty beer bottles, lack of which will see bottling line shutdowns at approximately \$100k/hour cost per line, (ii) unnecessary expense on purchasing new bottles and (iii) incorrectly located packaging materials – brewery profit impact is roughly estimated at being \$1m loss for every 1% lower than planned return to issue result.

Refuel Takes Ownership of Double Quick Convenience Stores

Refuel closed on its acquisition of the assets of Double Quick Inc.

Turning Grocery & Fast-Food Shoppers Into Convenience Foodservice Fans

- To improve sales, convenience retailers need to understand what prevents non-c-store shoppers from making foodservice purchases at their stores. Food freshness and food quality top fast food and grocery shoppers' lists of reasons not to buy c-store food. Fast food shoppers were also likely to cite a preference for other stores or say that the food doesn't look good at c-stores. Grocery shoppers are concerned with a lack of healthy options.
- Appealing to these consumers goes beyond changing the actual food. Perception matters as much as reality, with perceptions of freshness driven by store and merchandising cues, particularly store cleanliness and having a clear/uncluttered store, both of which were listed by 90% of study participants.
- Freshness continues to be paramount as well, with preparation date and freshness information emerging as a top motivator, listed by 39% of grocery shoppers and 34% of fast food shoppers. The ability to customize orders, information about how food is prepared, and "easier to eat while on the go" are other top motivators.
- When it comes to the price and environment, grocery and fast food shoppers care about price and environment more than customer service, sales and promotions, or free samples.

Pandemic Reveals Just How Startlingly Unprepared States Were In Stockpiling Supplies

“You could see it in almost every state, in every locality, and the federal government level: depleting the resources, depleting the inventory, and hoping when you need them, they will be available,” said Johns Hopkins University. In other news, states turn to China for help with medical supplies. Some examples of the shortfall;

- Last autumn, when schools were in session, sports stadiums full and no one had even heard of the COVID-19 disease, the Missouri health department made an eerily foreshadowing request. It asked the state for \$300,000 to buy supplies in case of a large-scale disease outbreak. The goal was to fill a gap between local and federal sources. Today, as states spend billions of dollars in the fight against the coronavirus, that October funding request appears woefully insufficient. Yet it highlights a stark fact: States were not stocked for a pandemic and have been scrambling to catch up.
- Washington state is finalizing the purchase of roughly 1 million test swabs from China as it works to rapidly scale up its testing network to safely reopen parts of the economy. If Washington closes the deal, it will mark the second time this week that a state has gone outside the United States to procure testing supplies the federal government has been unable or unwilling to provide. Maryland Gov. Larry Hogan, a Republican, announced Monday that his state paid \$9 million for 500,000 tests from South Korea.
- U.S. hospitals and state officials face desperate shortages of the masks, ventilators and other gear they need to fight the coronavirus. Chinese factories can make it and sell it to them, but huge obstacles stand in the way — and Washington’s stumbles and growing hostility with Beijing aren’t helping. Now some of China’s elite — and others with big stakes in keeping the U.S.-China relationship alive — are stepping in to help.
- Iowa’s \$26 million contract to increase coronavirus testing was reached after the governor acted on a tip from actor Ashton Kutcher, a revelation that increased skepticism about the no-bid deal on Thursday. Critics of Gov. Kim Reynolds said they were puzzled by the celebrity’s cameo in Iowa’s outbreak response, particularly when the state has been slow to tap some of its own experts.

Cigna, New York Life create fund for grieving families

The Brave Heart Fund is starting with seed funds of \$25 million with the goal to raise at least \$100 million.

In worst-case scenario, COVID-19 coronavirus could cost the U.S. billions in medical expenses

- One of the major concerns about the COVID-19 coronavirus pandemic has been the burden that cases will place on the healthcare system. A new study published April 23 in the journal Health Affairs found that the spread of the virus could cost hundreds of billions of dollars in direct medical expenses alone and require resources such as hospital beds and ventilators that may exceed what is currently available.
- The study was led by the Computational and City University of New York and Health Policy, along with Outcomes Research Unit at Harbor-UCLA Medical Center
- For example, if 20% of the COVID-19 coronavirus, there hospitalizations and 1.6 million ventilators used, costing an average of \$163.4 billion in direct medical costs during the course of the infection.
- The study shows the factors that could push this amount up to 13.4 million hospitalizations and 2.3 million ventilators used, costing an average of \$214.5 billion. If 50% of the U.S. population were to get infected with COVID-19, there would be 27.9 million hospitalizations, 4.1 million ventilators used and 156.2 million hospital bed days accrued, costing an average of \$408.8 billion in direct medical costs during the course of the infection.
- This increases to 44.6 million hospitalizations, 6.5 million ventilators used and 249.5 million hospital bed days (general ward plus ICU bed days) incurred, costing an average of \$654 billion during the course of the infection if 80% of the U.S. population were to get infected.
- The study shows how costly the coronavirus is as compared to - a single symptomatic COVID-19 infection costs an average of \$3,045 in direct medical costs during the course of the infection alone. This is 4x than a symptomatic influenza case and 5.5x a symptomatic pertussis case. Factoring in the costs from longer lasting effects of the infection such as lung damage and other organ damage increased the average cost to \$3,994.



Public Health Informatics,
Operations Research team at the
Graduate School of Public Health
the Infectious Disease Clinical
the Los Angeles Biomedical Research Institute,
and Torrance Memorial Medical Center.

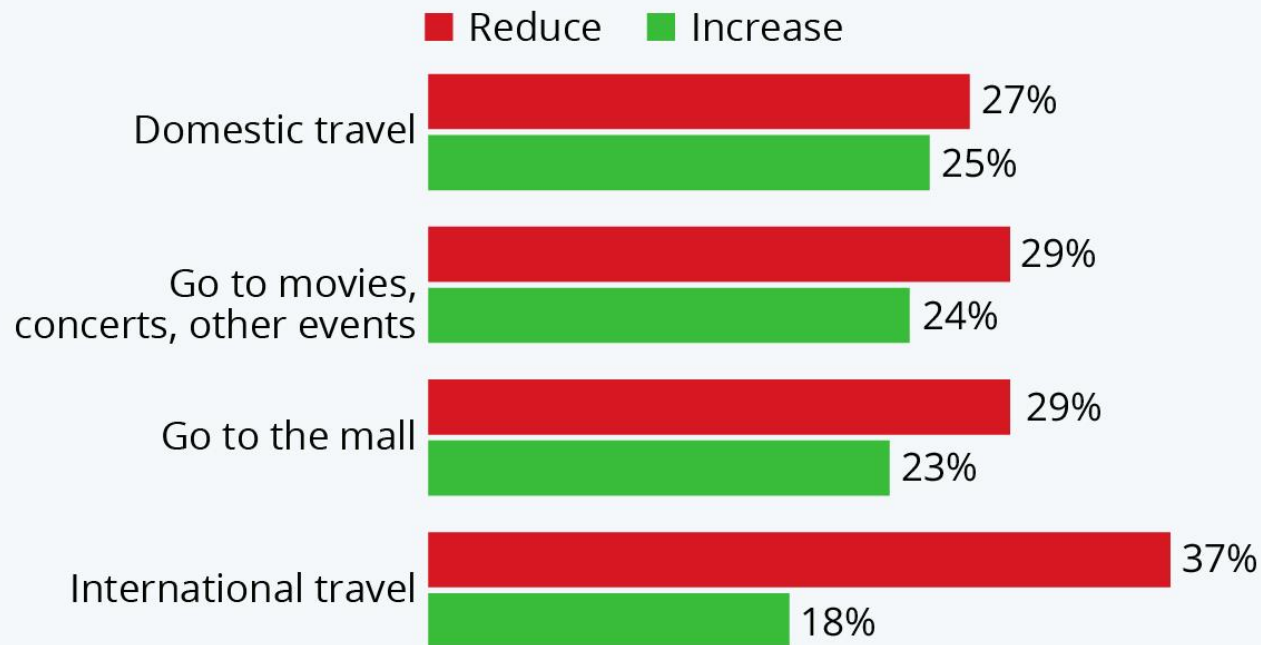
U.S. population were to become infected with the
would be an average of 11.2 million

- Many experts want the WFH workforce to stay put until a vaccine is approved. If you do head back, expect indoor masks, staggered schedules, small meetings, and the death of open-office plans.
- Last Thursday, Mark Zuckerberg announced that he had decided to slow down plans to move Facebook employees back into their offices. In a statement, the CEO said that employees with the ability to work from home would continue to do so at least through May. Whenever it open back up, Facebook employees who still don't feel comfortable re-entering the offices would be allowed to continue to work from home through the summer, and maybe beyond that.
- If and when WFH-ers do head back in, the office life they once knew will likely be gone, replaced by largely empty floors, with few if any meetings and elevator rides, and everyone in masks.
- Right now, the biggest question facing the U.S. economy is when workers will be able to get back to work. For those who can't perform their job duties from their living rooms, returning to the workplace as soon as possible is critical. The situation is quite different for the millions of Americans currently working from home. For them, returning to the office is not of critical importance. Mostly, it would just be nice.
- "We don't need a telecommuter to go into her office," said University of Michigan's Ross School of Business. "If she goes into her office and gets sick, not only is it a problem for her. It's a problem for the health system." If all telecommuters suddenly went back to the office, it would also greatly increase the possibility of future outbreaks. One recent University of Chicago study found that 37 percent of U.S. jobs can "plausibly be performed entirely at home"—a number that jumps to near 50 percent in metropolitan areas like San Francisco and Washington, D.C.
- "Reimagine your workplace," New York Governor Andrew Cuomo said. "How many people can continue to work from home and the business still works?"
- In order to minimize risk, employers will need to fundamentally restructure their offices to adapt to new social-distancing and hygiene guidelines, which could remain in place until a vaccine has been approved, experts said.
- Open office plans that allowed employers to squeeze workers together will become a thing of the past, elevators are a great way to spread a lot of virus around and crowded meetings in conference rooms won't be possible



Coronavirus to Have a Lasting Impact on International Travel?

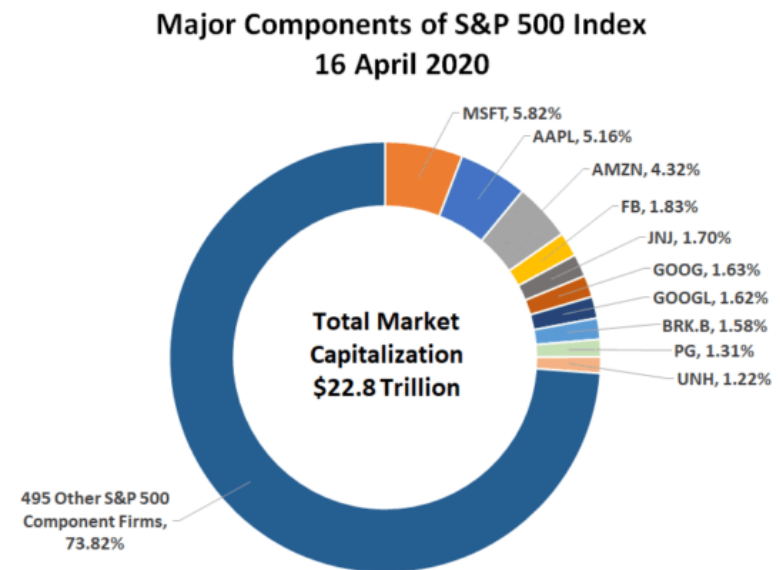
% of respondents expecting to reduce/increase the following activities after the COVID-19 crisis



Based on a survey of 1,063 U.S. adults conducted April 6-12, 2020;
Percentages missing to 100%: Will do the same as before coronavirus
Source: McKinsey

Who's On Top In The S&P 500 Before And After The Coronavirus? 34

- 8 of the firms whose market cap weightings placed them in the index's Top 10 on 8 Jan 2020 are still in the Top 10.
- Many of the firms in the Top 10 have seen their relative share within the index increase because their market caps haven't shrunk by as much as others have declined during the Coronavirus Recession.
- The earlier snapshot is from 8 January 2020, 13 days before the first U.S. coronavirus case was reported in the state of Washington, while the later snapshot was taken on 16 April 2020.
- It's a little surprising, but eight of the firms whose market cap weightings placed them in the index's Top Ten back on 8 January 2020 are still in the Top Ten. Here is that list, ranked by their market caps as of 16 April 2020:
 - Microsoft
 - Apple
 - Amazon
 - Facebook
 - Johnson & Johnson
 - Alphabet (Class C)
 - Alphabet (Class A)
 - Berkshire Hathaway (Class B)
- Between 8 January 2020 and 16 April 2020, the total market cap of the S&P 500 has shrunk by 17%, from \$27.5T to \$22.8T. Many of the firms in the Top 10 have seen their relative share within the index increase because their market caps haven't shrunk by as much as others have declined during the Coronavirus Recession. The two exceptions in the Top Ten are Microsoft, whose contract win over Amazon to provide cloud computing services to the DOD was upheld last week, and Amazon, whose market share for selling consumer goods has greatly benefited from the various coronavirus-related business closures and stay-at-home orders that state and local government officials have implemented across much of the U.S.



Netflix Sees Unprecedented Growth Amid Pandemic

Global paid net subscriber additions by Netflix



Source: Netflix

Zoom Grows Exponentially

Number of daily users in Zoom meetings (in millions)



Sources: The Verge, Zoom

