

SINCE 1905

STEER

COMPANY

SEA ▶ LAND ▶ AIR :: LOGISTICS



SEA ▶ LAND ▶ AIR = LOGISTICS

LOGISTICS BRIEFING COVID IMPACTS AND OUTLOOK

PRESENTED BY DAN WACKERMAN
PRESIDENT & CEO, JOHN A. STEER CO.



Overview—International Wood Logistics

- :: POST COVID CHANGE
- :: NEAR-TERM OUTLOOK
- :: LON-TERM OUTLOOK



POST COVID

- :: Volume Increases
- :: Domestic Trucking Capacity
- :: Terminal Situation
- :: Booking and Space Availability

*NOT JUST A TEMPORARY SITUATION, BUT A
PARADIGM SHIFT*



MAJOR EXTERNAL IMPACTS

- :: SUEZ CANAL CLOSURE – MARCH, 2021
- :: KAOHSIUNG CRANE COLLAPSE – MAY, 2021
- :: COVID OUTBREAK IN YANTIAN –MAY, 2021
- :: ENGINE FIRE DISABLING NYK DELPHINIUS (OAKLAND) – MAY, 2021

Illustrates global interdependency of the supply chain.

NEAR TERM – THRU Q4 2021

■ ■ Bookings and Space Availability – *severe ongoing challenges*

- Almost Non-Existent through September from China to the US or Europe
- Europe bookings to worsen in July due to skip calls resulting from Yantian situation.
- Continued poor equipment availability

■ ■ Rates Hikes to Continue

- China origin to remain at about 350% of former levels thru Q4
- “Premium” surcharges continuing
- EU rates about double PLUS equipment and peak season surcharges

■ ■ ...

...NEAR TERM – THRU Q4 2021

▣ Domestic Trucking

- Some stabilization at LA and US East Coast Ports, but congestion expected through Q3.
- Domestic Rail expected to worsen thru July before stabilizing late summer.
- Carrier inland services may re-open in Q4
- Active carrier recruiting of drivers, salary increases (rate increases) ongoing with hopes of increasing drayage capacity.

LONG TERM – 2022 AND BEYOND

❑❑ Bookings and Space availability

- Expanded reliance on projections and carrier/shipper partnerships
- Foresee carrier exchanging space guarantees for rate concessions through 2022 as the market stabilizes.
- Carrier space will continue to be tight particularly in peak seasons on a long-term basis; extended peak seasons

❑❑ Rates

- Pre Covid rates will never return.
- Estimate New normal will look like 170-180% of “traditional” rates
- Carrier contracts will rely more heavily on space guarantees moving forward.

❑❑ US Domestic Trucking

- Very slow and challenging recovery for US trucking with increased rates.

NEW NORMAL = NEW STRATEGIES

LOGISTICS

Thank you!

