

# Market Watch



## The Winter That Ruined Everything

Now that winter appears to be in our rearview...well, ok, side mirrors; and the agonizingly late spring is finally starting to emerge (sort of), it may be a good time to reflect on the harsh weather most of us experienced these last several months, its effect on businesses and consider whether the supply chain will be capably prepared next time around. *"The Winter That Ruined Everything,"* is the title of a recent feature in *Maclean's* magazine which explains how the recent extreme weather kneecapped the economy and exposed how ill-prepared Canada is for a similar hit in the future. "From coast to coast, Canadians have done everything they can to survive this winter of discontent. The Old Man arrived early and never let go. We learned a new



scientific term – "polar vortex" – and felt it, firsthand, on our fingertips." As for the economy: It was "certainly walloped – again and again. Blizzards, blinding storms, sweeping power outages and mass flight cancellations struck an undeniable blow to America's fragile recovery (and, by extension, Canada's). One analyst estimated the fierce winter cost the United States \$50 billion in lost production." As well, this winter will cost Canadian cities untold millions in extra snow-clearing, pothole maintenance, water-main repair and other infrastructure repair bills that have yet to arrive. And stats show that the recent severe weather is part of a larger pattern, not an anomaly. "In 2008, private insurance payouts linked to severe weather in Canada exceeded \$1 billion for the first time," *Maclean's* reports. "The annual tally has stayed above \$1 billion every year since and, in 2013, the final figure was a whopping \$3.2 billion" – an indication that, perhaps, this is a new normal and the costs need to be incorporated into budget forecasts of both governments and businesses. Regardless, the winter of 2014 reaffirms two irrefutable facts: "That increasing bouts of severe weather ... can inflict massive costs; and those costs are amplified by the state of the infrastructure that takes the pounding." Almost 60 per cent of Canada's infrastructure was built more than 70 years ago, the article points out, and one-third of all city roads are in dire need of repair. The full article can be [read here](#). But upon reflection, what's the takeaway for trucking? Certainly, carriers are well aware of the pothole epidemic emerging in every major Canadian city. But beyond that, companies might have to start considering whether broken down trucks, stranded drivers, closed highways and inflexible shippers are things they'll have to expect in the future, how much it'll cost and whether they're prepared for it.

## 'Collaboration' Becoming More Than Just a Buzzword

Collaboration – as its used to describe progressive relationships between shippers and carriers – has historically been "overused and misused in our industry," says an up-and-coming fleet executive. But, adds Jacquie Meyers, president of Meyers Transportation Systems, the fact is there finally signs that

shippers are truly working closer with carrier partners to create transparencies and gain efficiencies. Meyers delivered the message at a transportation summit a couple months back, *Truck News* reported then, but the sentiment is becoming more common among carriers. Meyers said there has been a commoditization of trucking services in recent years, with many shippers issuing RFPs and making decisions based solely on price. "That's changing. And it needs to change. Change is often coming from customers who were burned from the tender process or by a low-cost carrier," she was reported as saying. Meyers said progressive shippers are now inviting their transportation providers to engage in meaningful discussions on how to improve efficiencies to the benefit of both parties. "Customers are now calling in their strongest carriers and working with them to make their supply chain stronger and more resilient, and to drive out costs together," Meyers said. "We have so many problems facing us, we need to be working together to overcome some of these challenges and we need to find win-win solutions. The conversation is changing, and I'm so thankful it is." Meyers dispatched a call to action to shippers: "Please invite us to the table. We want to come to the party. Let us be a strategic partner." And to carriers: "Start the dialogue. Talk about how you can impact their bottom line without being the cheapest."

## See Spot Run

Dry van truckload rates on the spot market dropped from first-quarter highs, but shippers could still see rates climb higher as freight demand rises this spring, DAT Solutions reports. Spot rates rose 7.6% in the first quarter as shippers turned more to the spot market for capacity as their contract trucking partners were slowed by storms. However, rates are settling down across the north U.S. as winter finally recedes, DAT industry analyst Mark Montague says. "Shippers are getting a little breather" in April as freight backlogs are cleared. But, he adds, that respite won't last long. "We see trucking capacity as tight, and it's a long term change," he said. "Hang onto your seats, because it could get pretty intense by the end of May and into June."

## Diesel Prices

Ontario Average Diesel Rack Prices  
January 2009 - April 2014

