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November 2014

Key findings

- Business conditions in November were down across the board from October, with small carriers less optimistic than larger carriers. Overall, 28.4% of respondents said business was better or much better and 35.0% saying it was the same. 34.2% of respondents with more than 100 power units said business was better in November vs. October, compared to 18.2% of respondents with up to 100 power units. Conversely, 45.5% of respondents with up to 100 power units said business conditions were worse in November vs. October, compared to 31.6% of respondents with more than 100 power units. *(Page 5)*
- 66.6% of all respondents said May business conditions were better than May 2013 (including 68.4% of larger fleet respondents), and 66.7% expect business to be better or much better in the next six months, adjusting for seasonality. *(Pages 5 & 6)*
- 46.7% of respondents plan to increase the size of their fleets – 45.5% of respondents with up to 100 power units, 47.4% of respondents with more than 100 power units – and 40.0% of all respondents plan to replace aging equipment without changing fleet size over the next six months. *(Page 7)*
- Driver availability again comes in as the top concern at 78.3% for all respondents, followed by freight pricing (5.0%) and the political climate in Washington (3.3%). *(Pages 7 & 8)*

Quotes of the month

- **Up to 100 power units:** “The cost of maintenance, new equipment, health care and other operational costs continue to outpace any increases in rates. The opportunity to hire and retain qualified drivers will not improve until pricing allows us to improve our drivers’ pay, home time and benefits.”
- **More than 100 power units:** “The winter season appears to be very strong. We maxed out on capacity in the fall and it doesn't seem to be falling off as much as usual.”

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Methodology

The November 2014 Randall-Reilly MarketPulse report is based on an ongoing survey that was sent to 200 senior executives of for-hire trucking companies who had agreed to participate monthly. The panel includes executives of carriers that operate at least 10 power units and does not change except to add new panel members that agree to join or to remove those who fail to participate for several consecutive months.

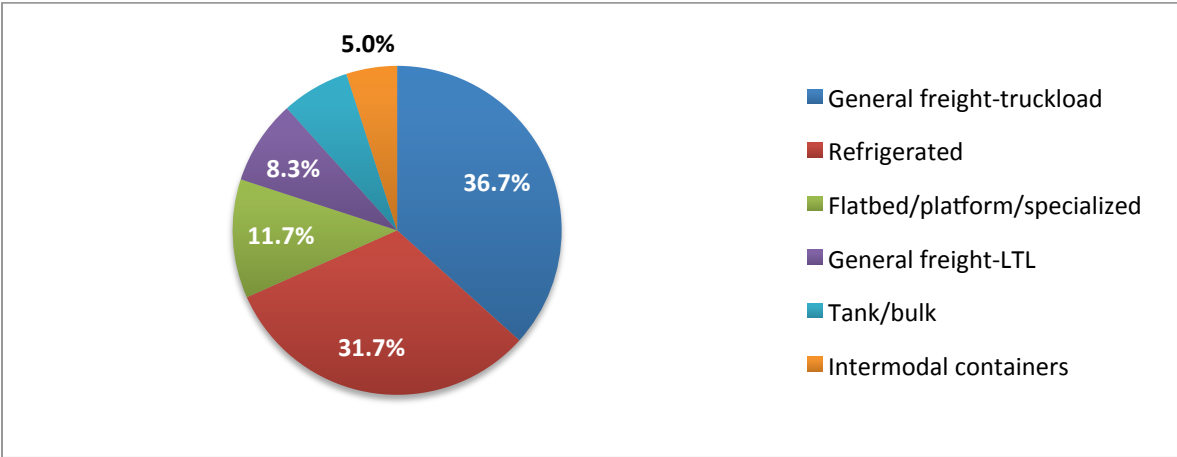
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on December 22, 2014 with reminders sent out on January 12, 2015. Out of the total pool, 60 carrier executives completed the questionnaire.

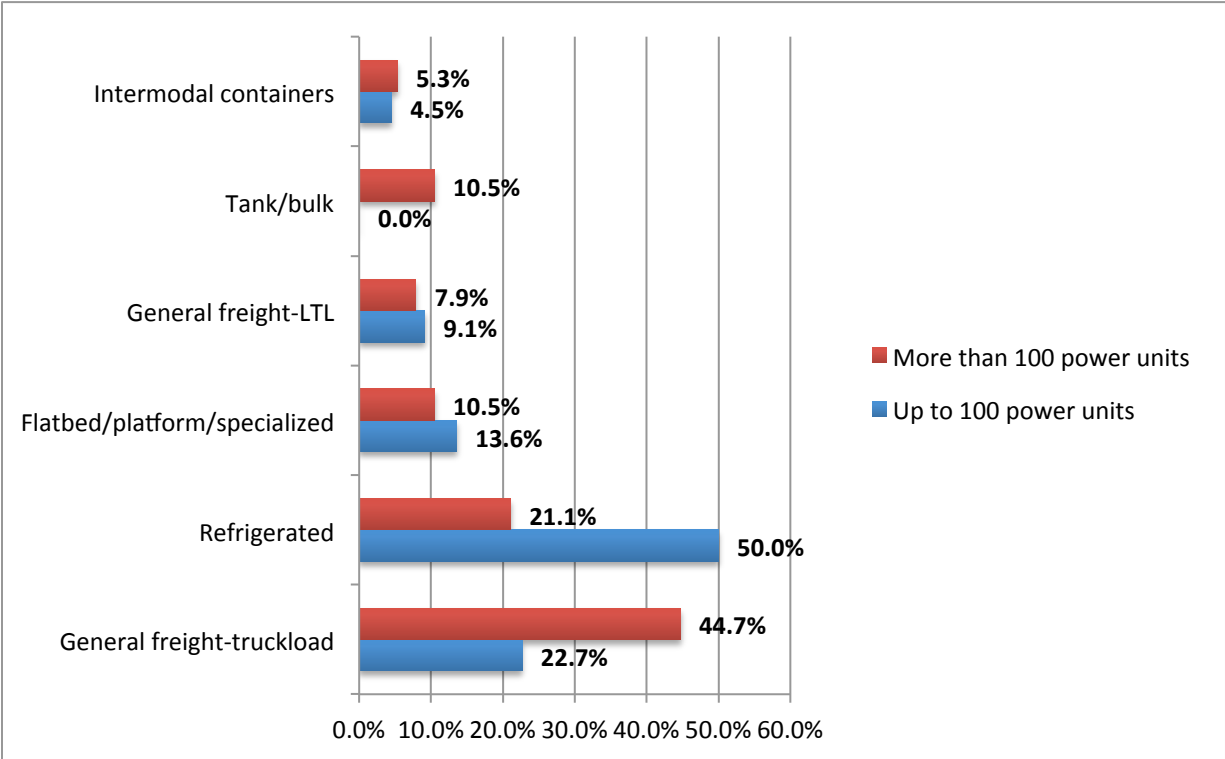
Demographics

60 respondents

Which of the following represents the largest portion of your operation?

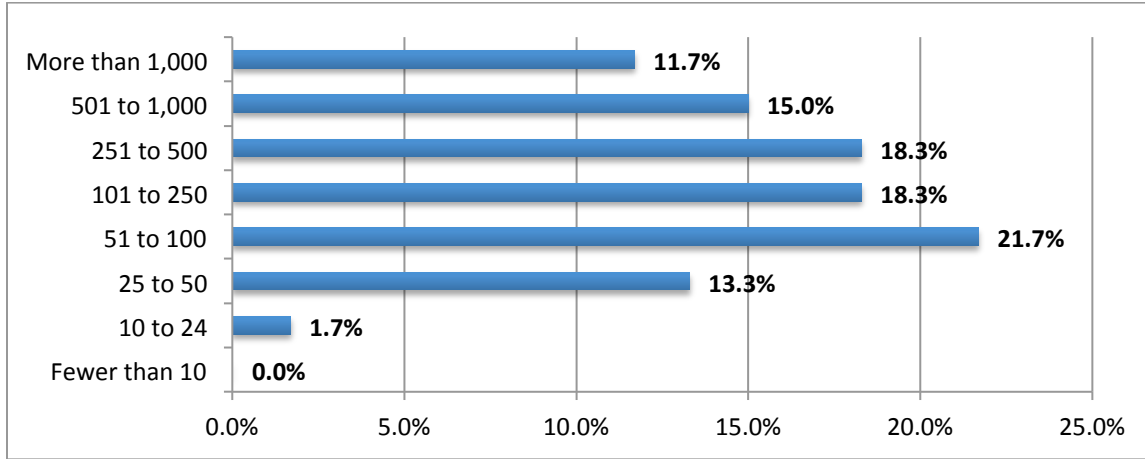


By fleet size



November 2014 MarketPulse Report

How many power units does your company operate (including owned, leased or independent contractors)?

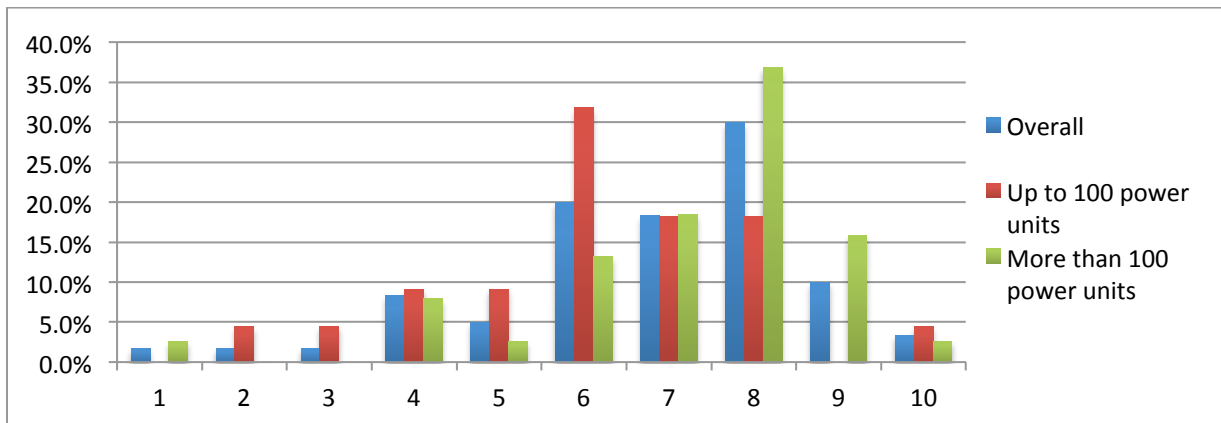


Business conditions

On a scale of 1 to 10 (where 1 is the worst month ever and 10 is the best month ever), how would you rate overall business conditions during November 2014?

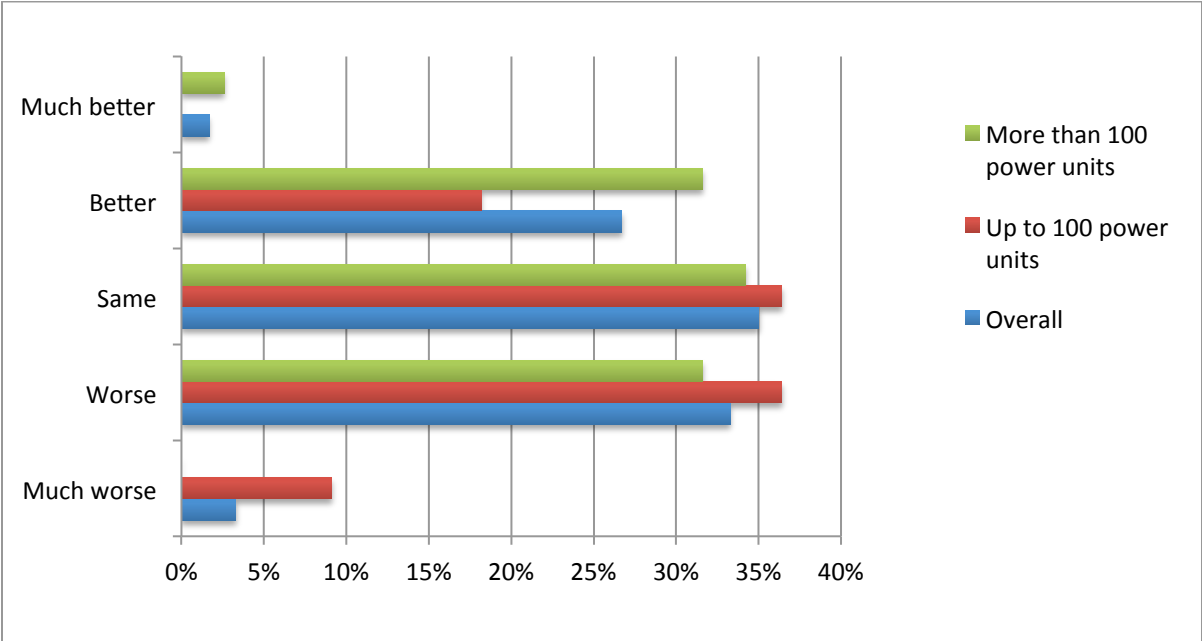
	November 2014	October 2014
Average response	6.8	7.3
Up to 100 power units:	6.1	6.9
More than 100 units:	7.2	7.5

Distribution of responses

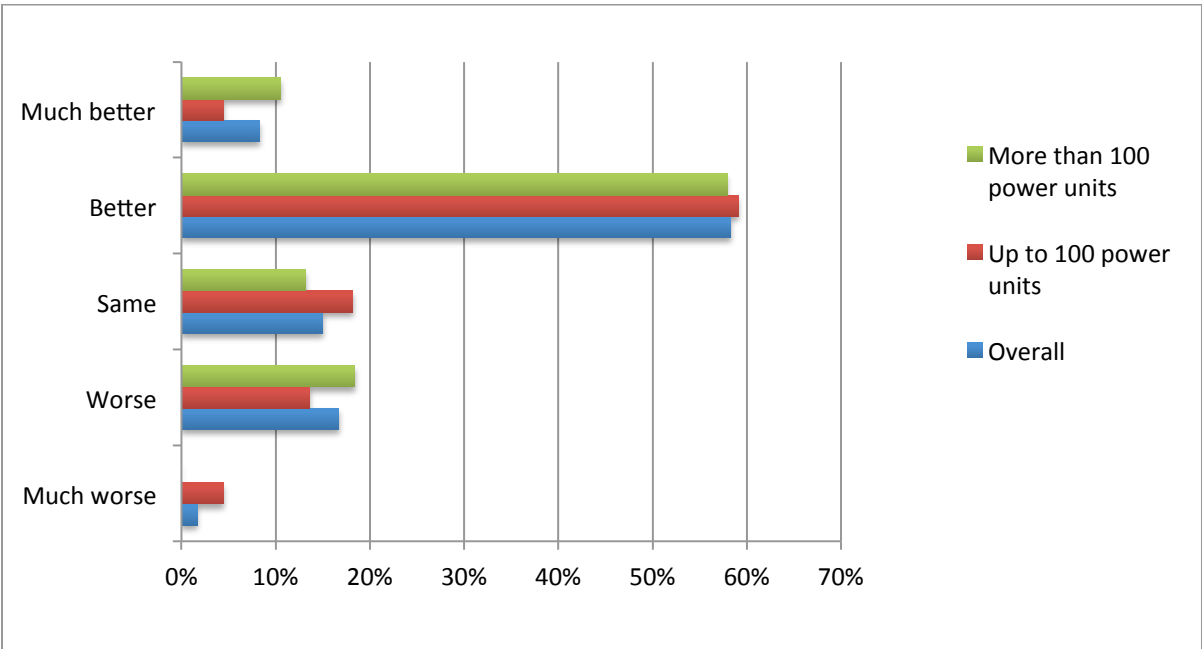


November 2014 MarketPulse Report

How is your business doing this month compared to last month?

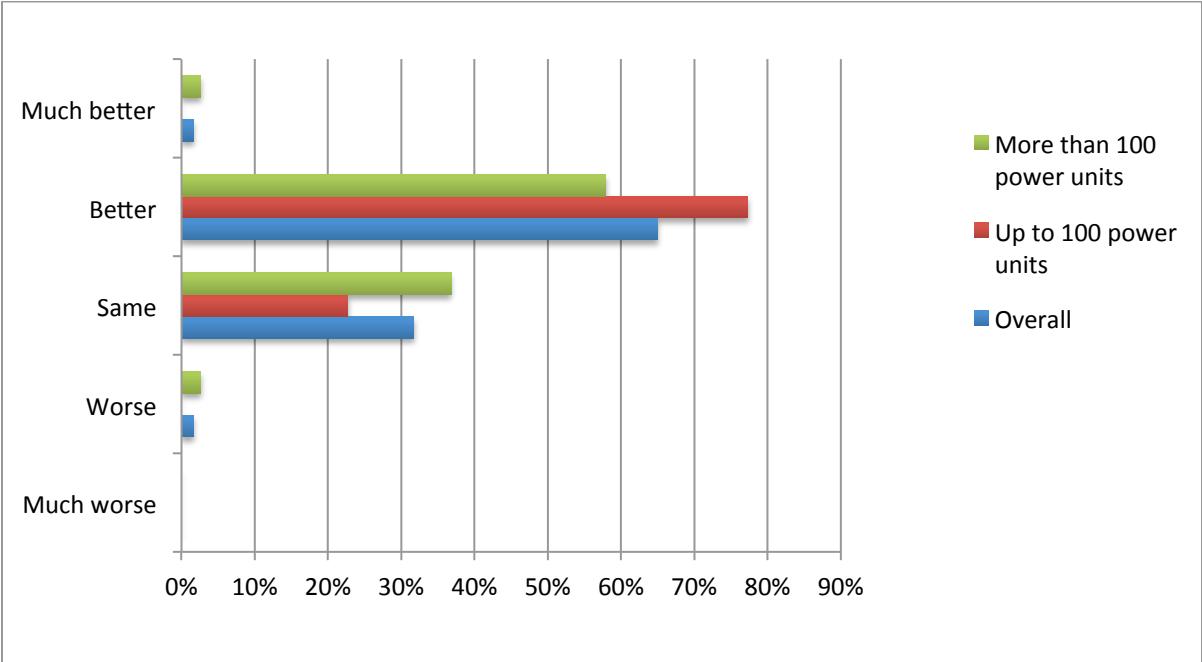


How is your business doing this month compared to the same month last year?

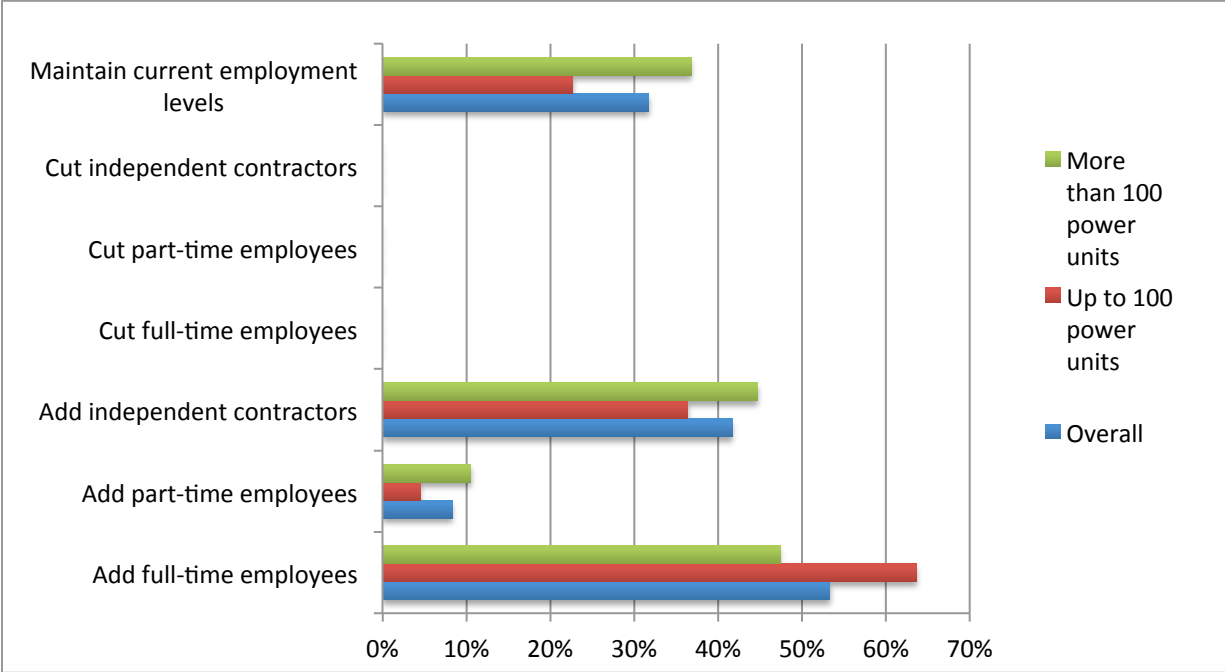


November 2014 MarketPulse Report

Adjusting for seasonality, how do you see business in the next 6 months?

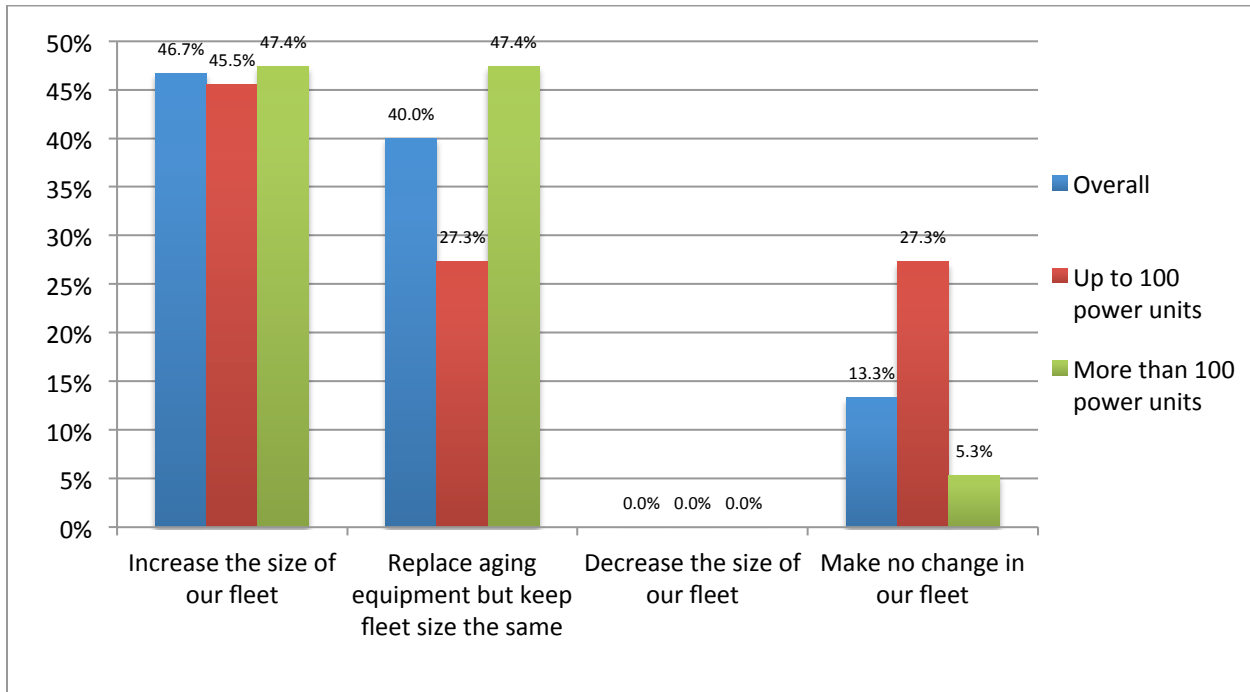


Not counting seasonal employees, in the next 6 months, do you plan to:



November 2014 MarketPulse Report

In the next 6 months, we plan to:



Please rank your top five concerns right now (with 1 being the biggest concern).

	1 - (Biggest concern)	2	3	4	5
Freight volume	3.3%	8.3%	13.3%	5.1%	1.7%
Freight pricing	5.0%	15.0%	6.7%	15.3%	8.3%
Cash flow	1.7%	5.0%	1.7%	0.0%	0.0%
Fuel costs	0.0%	1.7%	1.7%	1.7%	1.7%
Driver availability	78.3%	6.7%	10.0%	0.0%	3.3%
Cost of labor	3.3%	21.7%	3.3%	5.1%	6.7%
Maintenance costs	0.0%	10.0%	15.0%	11.9%	6.7%
Cost of equipment	1.7%	15.0%	15.0%	8.5%	11.7%
Unionization	0.0%	0.0%	1.7%	5.1%	0.0%
Access to credit	0.0%	0.0%	1.7%	1.7%	1.7%
Cost of credit	0.0%	0.0%	1.7%	0.0%	0.0%
Regulation	1.7%	11.7%	13.3%	27.1%	16.7%
Taxes	0.0%	0.0%	3.3%	6.8%	13.3%
Political climate in Washington	3.3%	5.0%	10.0%	11.9%	28.3%
Other	1.7%	0.0%	1.7%	0.0%	0.0%

November 2014 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	4.5%	9.1%	0.0%	0.0%
Freight pricing	9.1%	9.1%	13.6%	19.0%	9.1%
Cash flow	4.5%	13.6%	4.5%	0.0%	0.0%
Fuel costs	0.0%	4.5%	4.5%	0.0%	0.0%
Driver availability	72.7%	4.5%	9.1%	0.0%	9.1%
Cost of labor	4.5%	13.6%	0.0%	4.8%	0.0%
Maintenance costs	0.0%	13.6%	9.1%	14.3%	13.6%
Cost of equipment	4.5%	18.2%	18.2%	4.8%	4.5%
Unionization	0.0%	0.0%	4.5%	4.8%	0.0%
Access to credit	0.0%	0.0%	4.5%	0.0%	4.5%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	0.0%	18.2%	13.6%	33.3%	22.7%
Taxes	0.0%	0.0%	4.5%	14.3%	4.5%
Political climate in Washington	0.0%	0.0%	4.5%	4.8%	31.8%
Other	4.5%	0.0%	0.0%	0.0%	0.0%

Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	5.3%	10.5%	15.8%	7.9%	2.6%
Freight pricing	2.6%	18.4%	2.6%	13.2%	7.9%
Cash flow	0.0%	0.0%	0.0%	0.0%	0.0%
Fuel costs	0.0%	0.0%	0.0%	2.6%	2.6%
Driver availability	81.6%	7.9%	10.5%	0.0%	0.0%
Cost of labor	2.6%	26.3%	5.3%	5.3%	10.5%
Maintenance costs	0.0%	7.9%	18.4%	10.5%	2.6%
Cost of equipment	0.0%	13.2%	13.2%	10.5%	15.8%
Unionization	0.0%	0.0%	0.0%	5.3%	0.0%
Access to credit	0.0%	0.0%	0.0%	2.6%	0.0%
Cost of credit	0.0%	0.0%	2.6%	0.0%	0.0%
Regulation	2.6%	7.9%	13.2%	23.7%	13.2%
Taxes	0.0%	0.0%	2.6%	2.6%	18.4%
Political climate in Washington	5.3%	7.9%	13.2%	15.8%	26.3%
Other	0.0%	0.0%	2.6%	0.0%	0.0%

General comments

Up to 100 power units

- Stalled Labor Negotiations at the West Coast Ports and ensuing Slow Down of Labor to process drayage shipments = we'll pay allot less taxes to the Gov't for fiscal year 2014.
- More freight than trucks.
- The working citizens of the United States just received a pay increase caused by hard working Americans and not by the Obama Administration. It came in the form of decreased fuel costs. As anyone can see it boosted the economy already. Obama wants to raise the tax on fuel. That is the biggest mistake he could make. How about putting in a pipeline and create some more jobs? I have seen a demand for the products I haul like never before. Now, this is good news but bad news too, because we do not have enough qualified drivers to fill the trucks. We will be looking to raise pay to keep our drivers and attract some new. We need to change our image as trucking companies like it was in the 50's and 60's. Knights of the road, not scum of the road.
- The cost of maintenance, new equipment, health care and other operational costs continue to outpace any increases in rates. The opportunity to hire and retain qualified drivers will not improve until pricing allows us to improve our drivers' pay, home time and benefits.
- Customers have opportunities for us, but capacity constrains us. Constraints on capacity, Economics 101, isn't necessarily a bad thing.
- 2014 was a record profit year for our company. Our most significant issue right now is the availability of safe drivers we are willing to have drive our trucks. Second is the dramatically higher cost of health insurance for both our employees and for our company portion of the premium.

General comments

More than 100 power units

- After the fast-paced 3rd quarter, freight seems to be slowing a bit but we still have high hopes for the coming year.

(Continued on next page)

More than 100 power units (continued)

- The winter season appears to be very strong. We maxed out on capacity in the fall and it doesn't seem to be falling off as much as usual.
- Hoping the weather lets us have a better start to 2015 than 2014
- The carriers with drivers will succeed. Future capacity is all about the driver.
- Freight continues to be very strong, continuing efforts to raise rates successful and driver very hard to find and keep. Cost increases are keeping up with rate increases.
- Commodity prices are dictating a good part of our business right now.
- The new year seems to be holding up as we come off a very strong 2014.
- My greatest concerns are what is playing out on the world scene. A lot of instability around the world; terrorism, surplus in oil devastating countries dependent on oil to drive their economies, Europe in economic crisis, Asia facing downturn, etc. These are the same people that are going to have to bail out the U.S. as we are rapidly heading to an economic crash and a government that doesn't care about solving it. God help us as a nation.
- Fuel outlook is good.