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## September 2015

### Key findings

- Business conditions in September dropped decidedly from August – likely a reflection of increased inventories and softer freight volumes – down to 5.55 from 6.12. Respondents from fleets with more than 100 power units rated September a 5.61 (6.29 in August), compared to respondents from fleets with up to 100 power units which rated September a 5.42 (5.65 in August). (*Page 4*)
- Correspondingly, only 21.2% of respondents said business was better in September than in August, while 49.4% said it was the same and 29.4% indicated it was worse. Respondents with more than 100 power units reported the least favorable month-over-month comparison with 32.2% saying September was worse than August. (*Page 5*)
- Respondents are more optimistic about the near future. 31.8% of all respondents expect business conditions to be better in the next six months, adjusting for seasonality. However, that number is a sharp drop-off from last month's survey (40.0%). (*Pages 5 & 6*)
- Overall, 29.4% of respondents plan to increase the size of their fleets in the next six months, including 33.9% of respondents with more than 100 power units and 19.2% of respondents with up to 100 power units. Only 3.5% of respondents indicated plans to decrease fleet size. (*Page 7*)
- Freight volume (25.0 percent) continues its sharp upward trend in recent months as the second-biggest concern for respondents. Driver availability remains at the top of the list at 57.1 percent, but fell significantly from last month (66.7 percent). (*Pages 7 & 8*)

### Quotes of the month

- **Up to 100 power units:** "Continuing to find qualified drivers is challenging, then further challenged by 'the how to compensate drivers' via the ever-changing interpretation of labor laws."
- **More than 100 power units:** "The economy certainly seems to be softening, so cutting costs will be imperative to maintain profitability."

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### Methodology

The September 2015 CCJ 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.

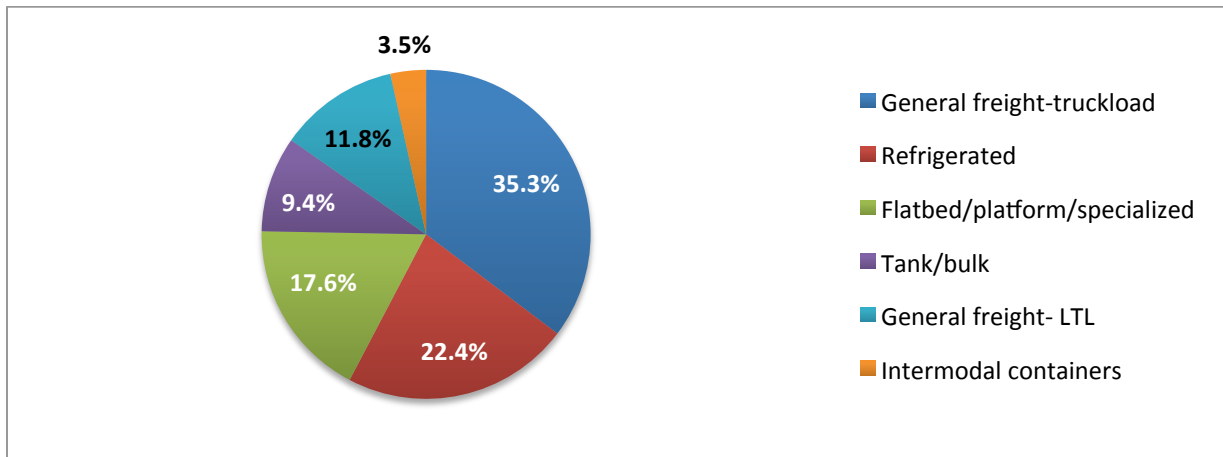
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on October 8, 2015 with reminders sent out on October 12 and October 14, 2015. Out of the total pool, 89 carrier executives completed the questionnaire.

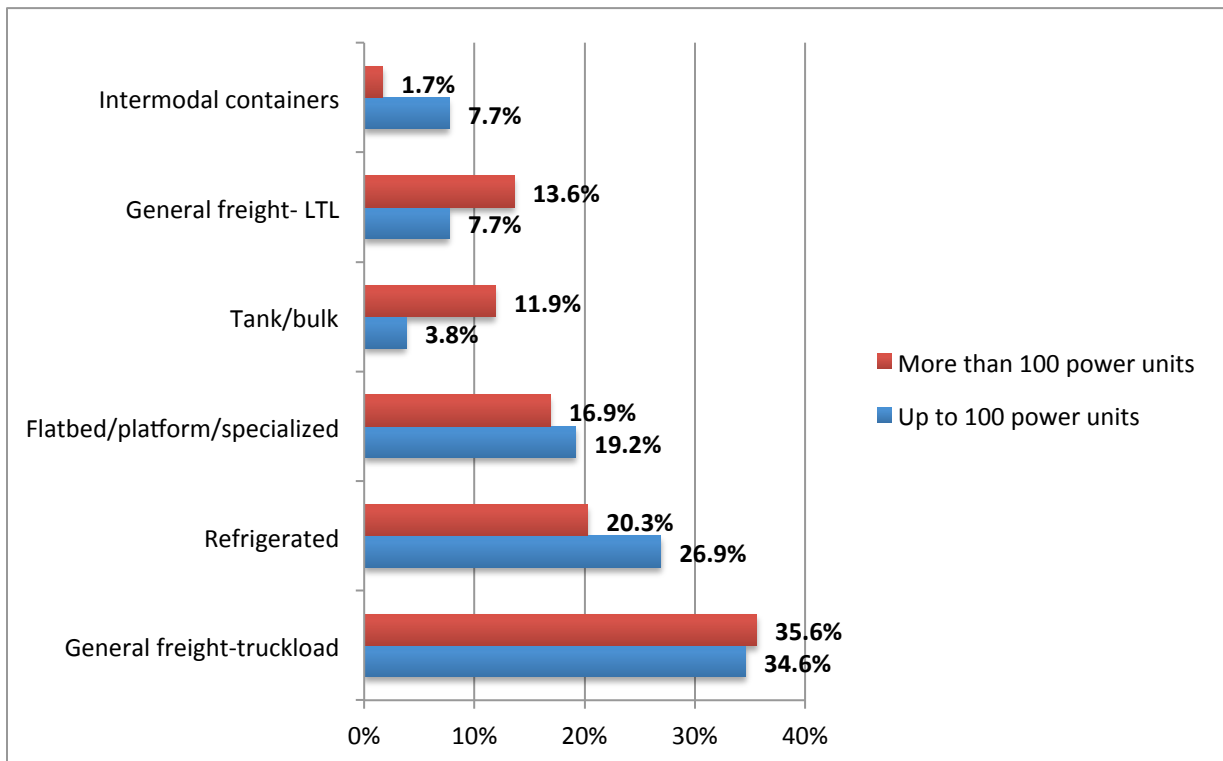
### Demographics

89 respondents

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

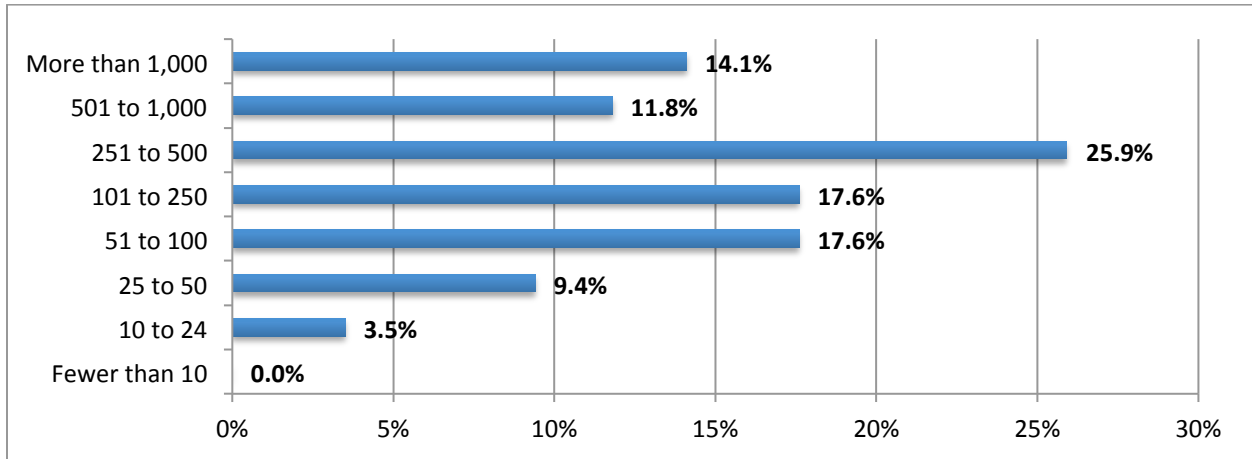


### By fleet size



## September 2015 MarketPulse Report

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

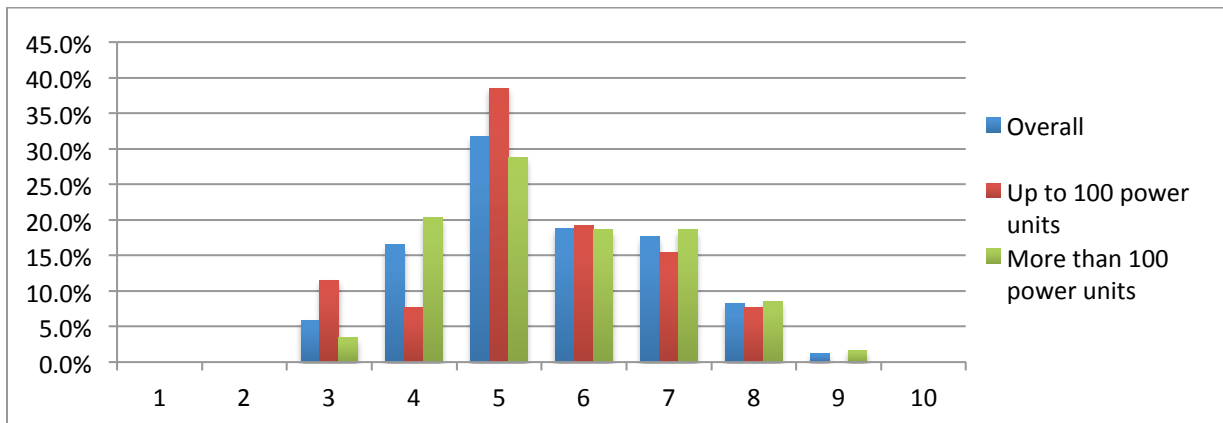


## Business conditions

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 September 2015?

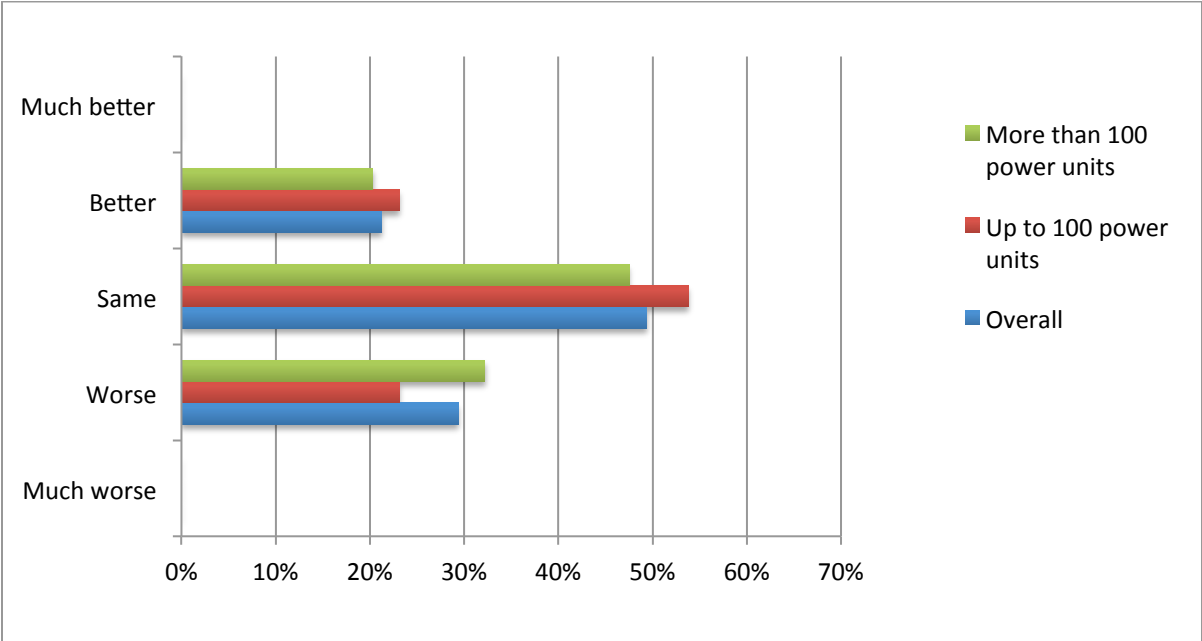
	September 2015	August 2015
Average response	5.55	6.12
Up to 100 power units:	5.42	5.65
More than 100 units:	5.61	6.29

## Distribution of responses

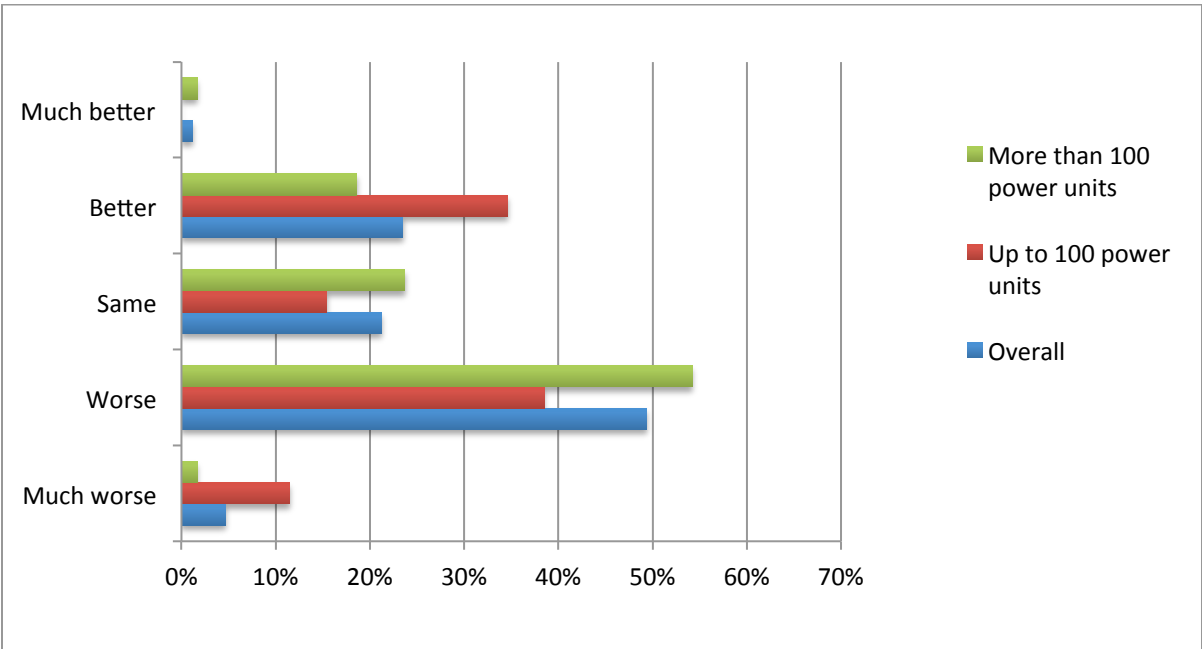


## September 2015 MarketPulse Report

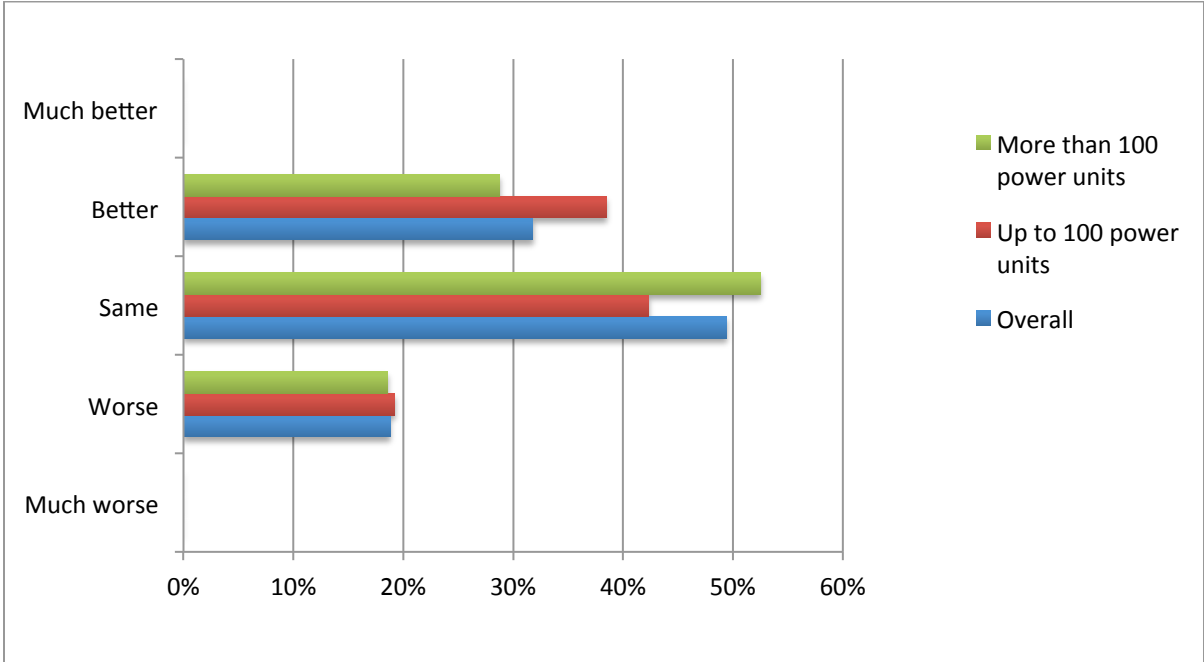
How is your business doing in September 2015 compared to August 2015?



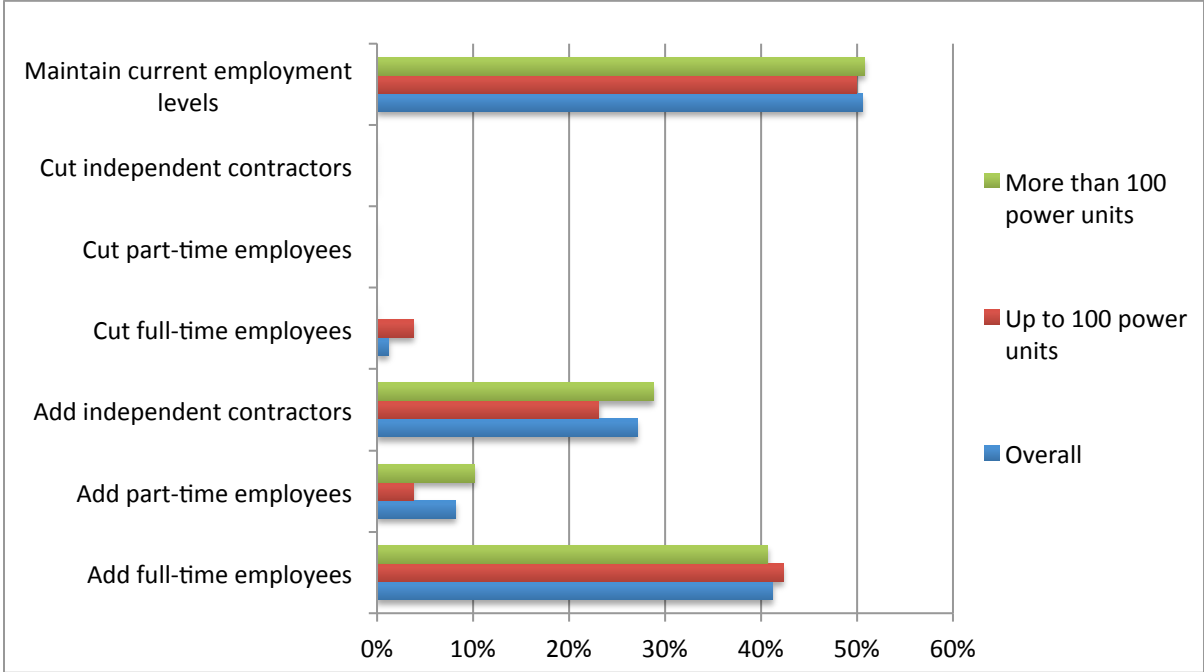
How is your business doing in September 2015 compared to September 2014?



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

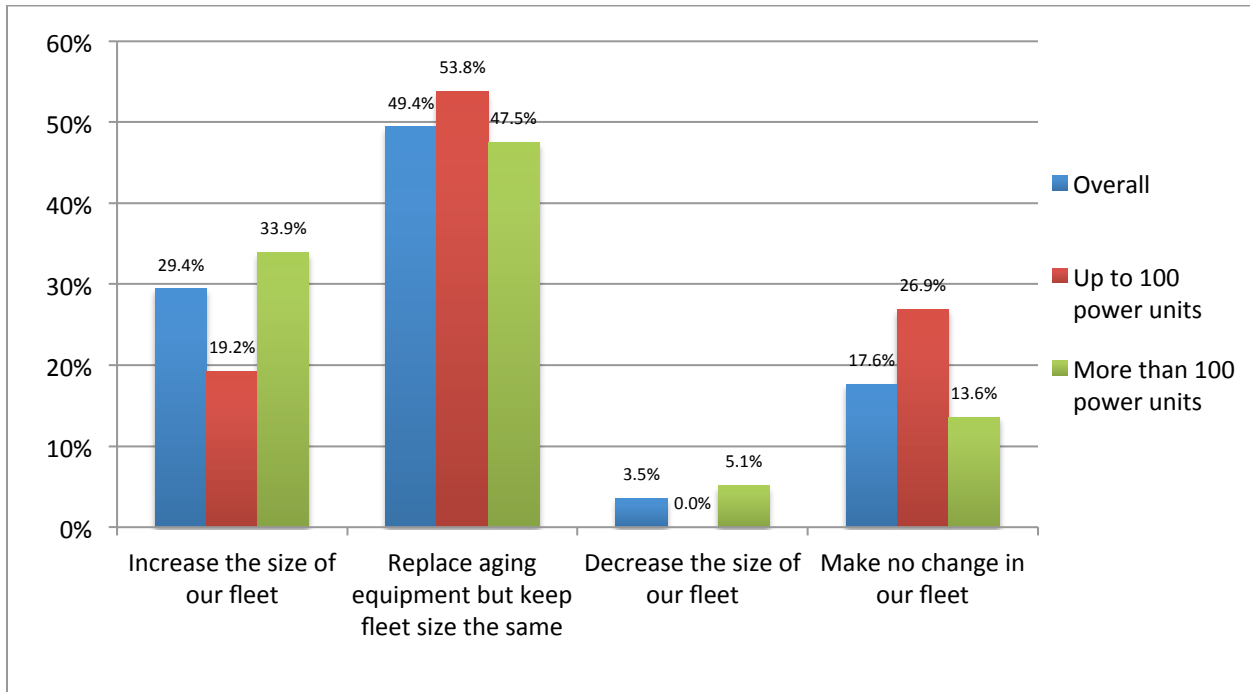


### Not counting seasonal employees, in the next 6 months, do you plan to:



## September 2015 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	25.0%	18.7%	16.5%	8.2%	9.4%
Freight pricing	10.7%	27.0%	18.7%	8.2%	8.2%
Cash flow	0.0%	2.4%	1.2%	2.4%	1.2%
Fuel costs	0.0%	0.0%	1.2%	1.2%	3.5%
Driver availability	57.1%	9.4%	17.6%	4.7%	1.2%
Cost of labor	1.2%	10.6%	7.1%	9.4%	11.8%
Maintenance costs	0.0%	5.9%	4.7%	15.3%	10.6%
Cost of equipment	0.0%	2.4%	9.4%	4.7%	12.9%
Unionization	0.0%	1.2%	1.2%	2.4%	1.2%
Access to credit	0.0%	0.0%	0.0%	0.0%	1.2%
Cost of credit	0.0%	0.0%	0.0%	1.2%	0.0%
Regulation	3.6%	11.8%	7.1%	21.2%	12.9%
Taxes	0.0%	4.7%	3.5%	8.2%	1.2%
Political climate in Washington	2.4%	5.9%	11.8%	12.9%	23.5%
Other	0.0%	0.0%	0.0%	0.0%	1.2%



## September 2015 MarketPulse Report

### Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	16.0%	0.0%	38.6%	0.0%	15.4%
Freight pricing	20.0%	30.9%	3.8%	11.5%	7.7%
Cash flow	0.0%	3.8%	0.0%	3.8%	3.8%
Fuel costs	0.0%	0.0%	3.8%	0.0%	0.0%
Driver availability	52.0%	23.2%	7.7%	3.8%	0.0%
Cost of labor	4.0%	11.5%	7.7%	7.7%	7.7%
Maintenance costs	0.0%	7.7%	7.7%	19.3%	0.0%
Cost of equipment	0.0%	3.8%	19.2%	7.7%	15.4%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	0.0%	3.8%
Cost of credit	0.0%	0.0%	0.0%	3.8%	0.0%
Regulation	4.0%	3.8%	7.7%	23.1%	15.4%
Taxes	0.0%	3.8%	3.8%	19.3%	0.0%
Political climate in Washington	4.0%	11.5%	0.0%	0.0%	30.8%
Other	0.0%	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	28.8%	27.0%	6.8%	11.9%	6.8%
Freight pricing	6.8%	25.4%	25.4%	6.8%	8.5%
Cash flow	0.0%	1.7%	1.7%	1.7%	0.0%
Fuel costs	0.0%	0.0%	0.0%	1.7%	5.1%
Driver availability	59.3%	3.4%	22.0%	5.1%	1.7%
Cost of labor	0.0%	10.2%	6.8%	10.2%	13.6%
Maintenance costs	0.0%	5.1%	3.4%	13.6%	15.3%
Cost of equipment	0.0%	1.7%	5.1%	3.4%	11.8%
Unionization	0.0%	1.7%	1.7%	3.4%	1.7%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	3.4%	15.3%	6.8%	20.2%	11.8%
Taxes	0.0%	5.1%	3.4%	3.4%	1.7%
Political climate in Washington	1.7%	3.4%	16.9%	18.6%	20.3%
Other	0.0%	0.0%	0.0%	0.0%	1.7%

### General comments

#### Up to 100 power units

- World dynamics and conversations in media about the global mess tend to put a damper on our optimism.
- I expect demand to exceed capacity. Rates need to rise. The average cost of operation is about \$1.68 a mile and could be higher for those who don't pay attention. Don't miss the opportunity to have a profitable year. Look at your bottom line now. You have two months to make it happen.
- Continuing to find qualified drivers is challenging, then further challenged by 'the how to compensate drivers' via the ever-changing interpretation of labor laws.
- Regulations and taxes are destroying my will to continue.
- Economic conditions continue to deteriorate.

### General comments

#### More than 100 power units

- As the country reaches 'full employment' our options for drivers are going to diminish, especially in light of incentivized laziness on the part of the U. S. government.
- September and October used to be high volume freight flow months. Not anymore.
- We have experienced lower shipping volumes driven by the slow down in Domestic Steel and OCTG which are predicted to remain at similar levels in 2016. We are further challenged by the CSA SMS methodology; we have SMS scores in the Alert status despite an overall reduction in violations and downward trend lines over the historical time frames. We have customers that have restricted or reduced our business awards based on the fact that their focus is strictly on the SMS scores.
- Where are all the drivers?

**(Continued on next page)**

## September 2015 MarketPulse Report

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### More than 100 power units (continued)

- We continue to try and find drivers and take better care of them.
- Freight is good. Good drivers are short. There are numerous things in the economy in general to worry about.
- I am not sure why Wall Street is not reacting to the economic indicator of trucking. Things are really slow and yet the Dow is hanging at 17,000. When does the fourth quarter start? It is October and it hasn't started yet.
- The economy certainly seems to be softening, so cutting costs will be imperative to maintain profitability.
- Still weekly up and down in number of loads shipped no consistency.
- Farming is in a lull, does not look good for a while!
- I am concerned about the HOS decision forthcoming by year-end from the FMCSA.