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October 2015

Key findings

- Business conditions in October dropped again from the previous month, down to 5.45 from 5.55. Respondents from fleets with more than 100 power units rated October a 5.49 (5.61 in September), compared to respondents from fleets with up to 100 power units which rated October a 5.35 (5.42 in September). *(Page 4)*
- 13.3% of respondents said business was better in October than in September, while 32.0% indicated it was worse. Respondents with 100 or fewer power units reported the least favorable month-over-month comparison with 45.0% saying October was worse than September, compared to 27.3% of respondents with more than 100 power units. *(Page 5)*
- Respondents are slightly more optimistic about the near future. 29.4% of all respondents expect business conditions to be better in the next six months, adjusting for seasonality. However, 25.3% expect business conditions to worsen over the same period. *(Pages 5 & 6)*
- Overall, 32.0% of respondents plan to increase the size of their fleets in the next six months, while 41.3% plan on replacing equipment but maintaining current fleet size. Only 4.0% of respondents indicated plans to decrease fleet size, while the balance (22.7%) have no plans to purchase equipment while maintaining current power unit levels. *(Page 7)*
- Freight volume (29.3 percent) continues to gain ground on diver availability (57.3%) in recent months as the leading concern for respondents, indicating softer freight conditions are causing less worries among fleets about adding drivers. *(Pages 7 & 8)*

Quotes of the month

- **Up to 100 power units:** “The traditional markers in the U.S. economy that we watch seem to be difficult to trust. We have customers telling us it is slow for them but they don't know why.”
- **More than 100 power units:** “The economy doesn't seem to be getting any better. Customers are starting to ask for pricing concessions and spot pricing is way off.”

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Methodology

The October 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.

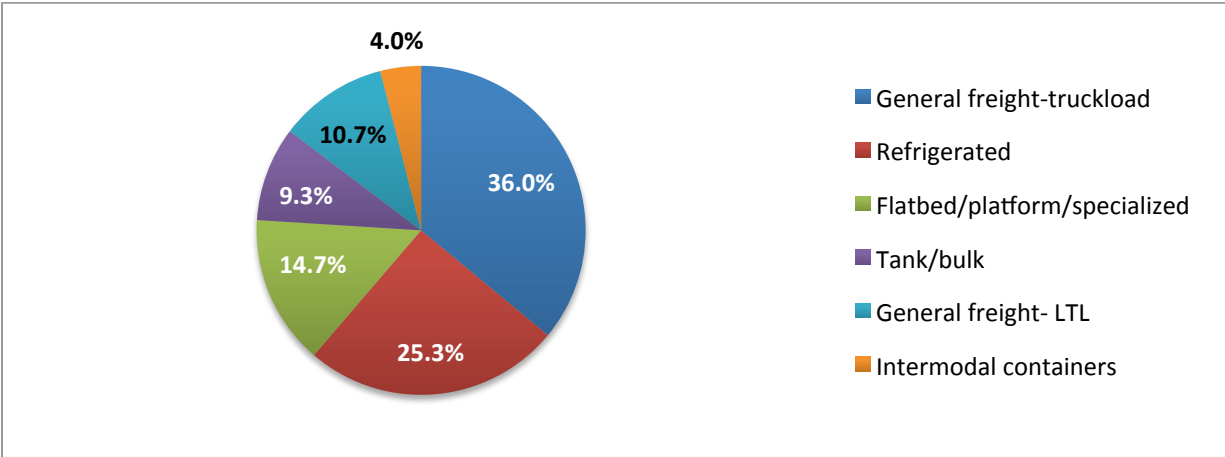
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on November 12, 2015 with reminders sent out on November 17 and November 19, 2015. Out of the total pool, 75 carrier executives completed the questionnaire.

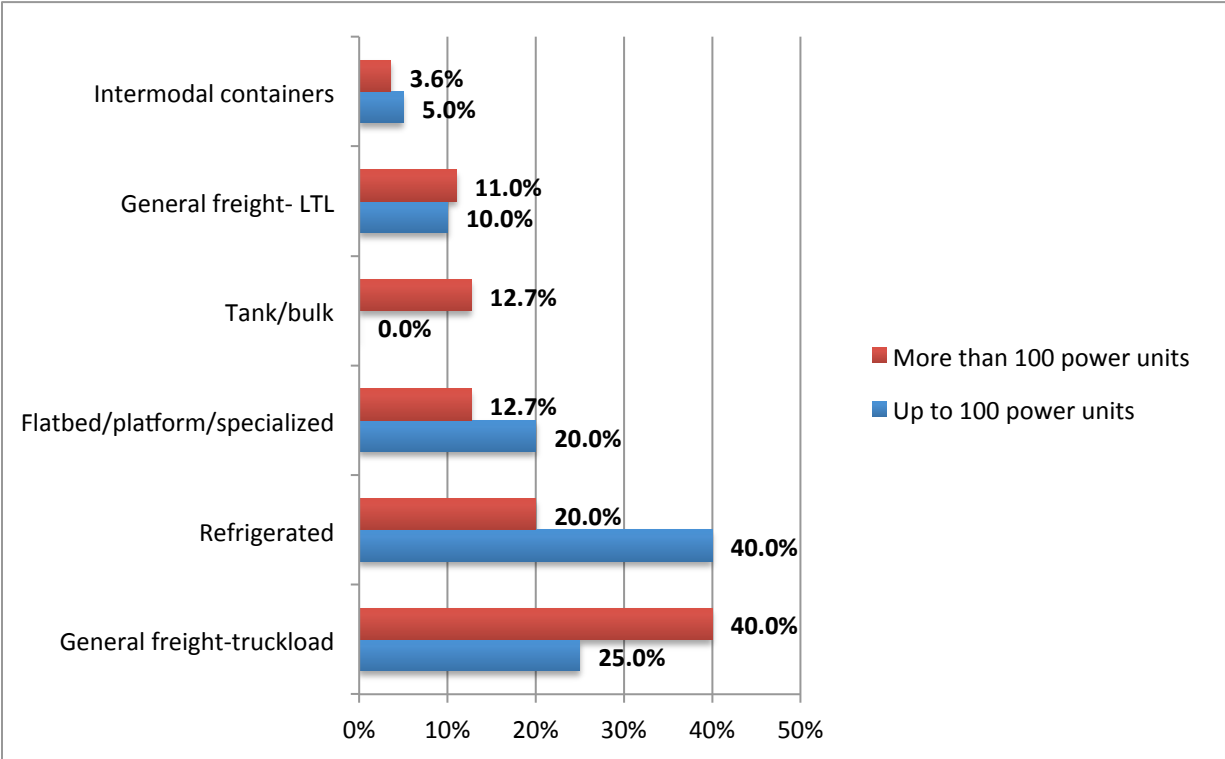
Demographics

89 respondents

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

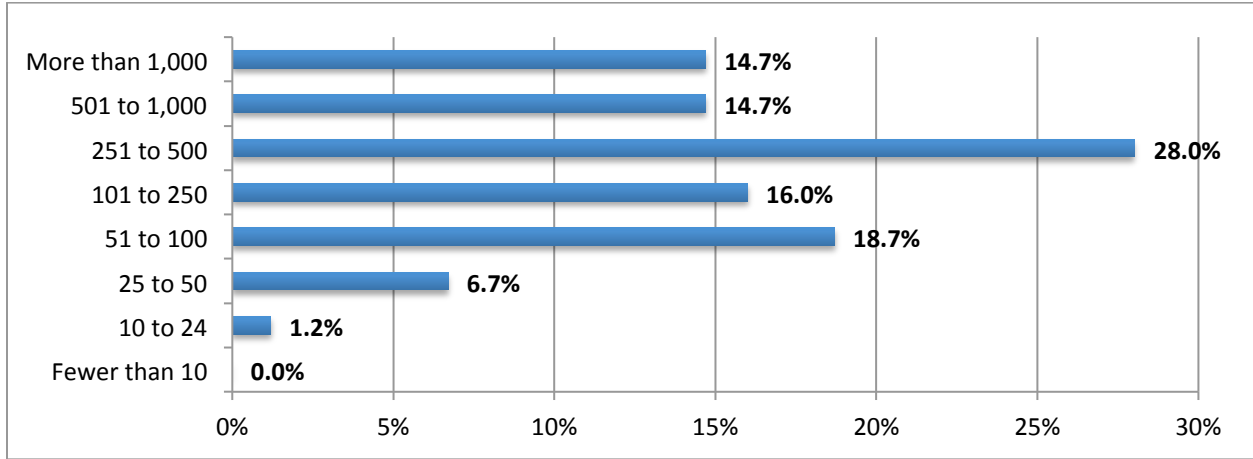


By fleet size



October 2015 MarketPulse Report

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

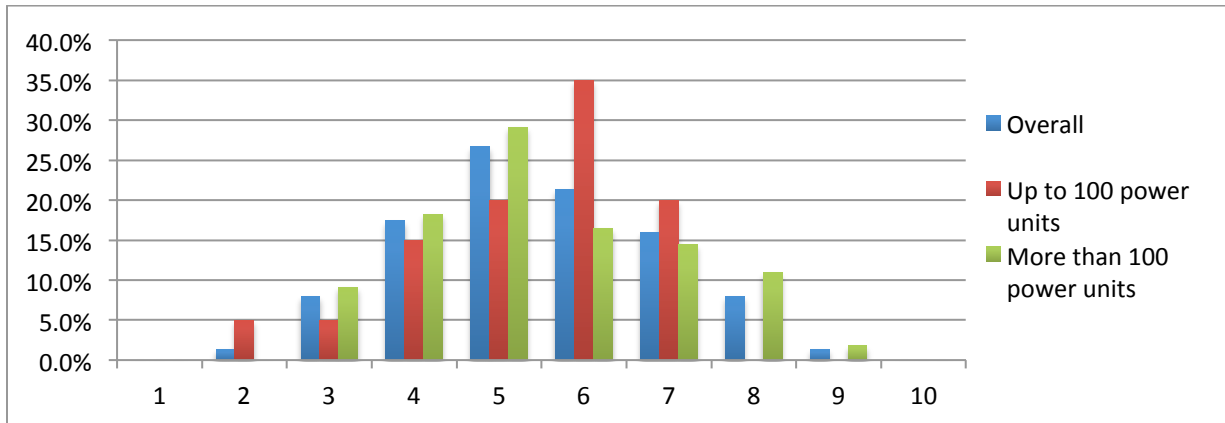


Business conditions

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 October 2015?

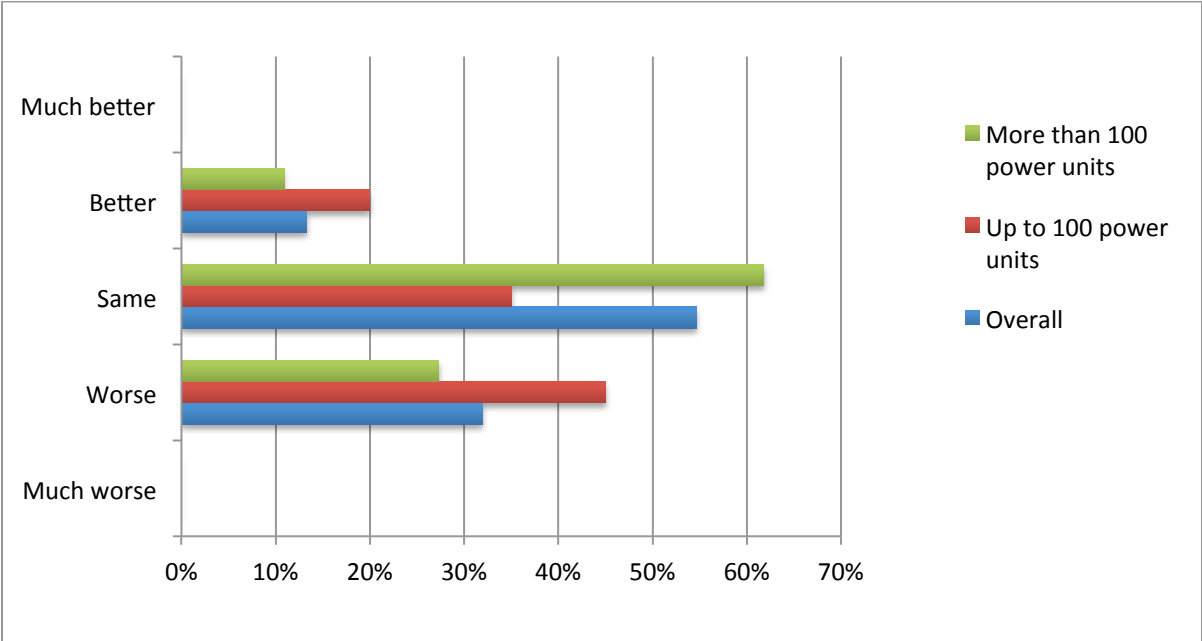
	October 2015	September 2015
Average response	5.45	5.55
Up to 100 power units:	5.35	5.42
More than 100 units:	5.49	5.61

Distribution of responses

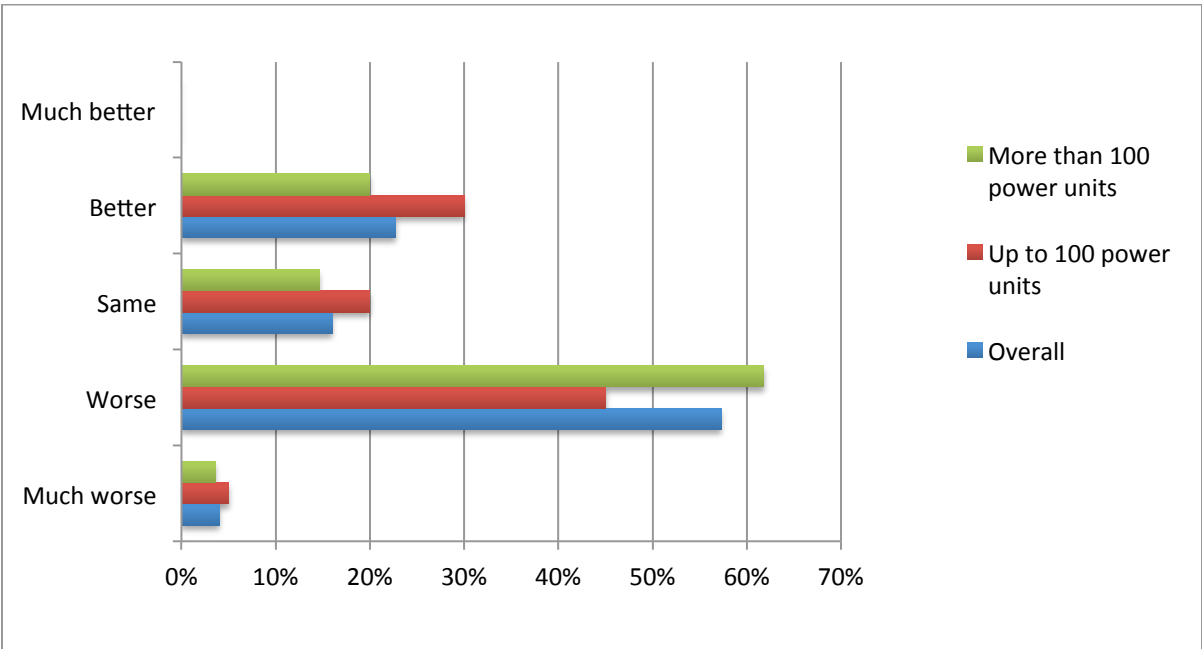


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How is your business doing in October 2015 compared to September 2015?

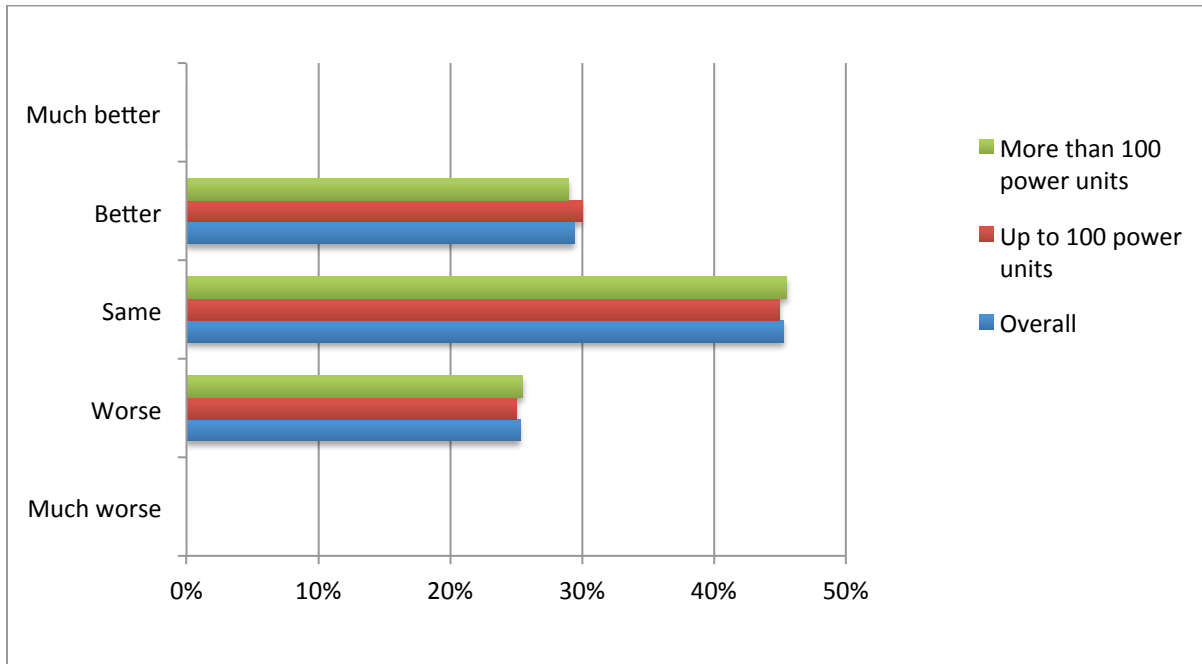


How is your business doing in October 2015 compared to October 2014?

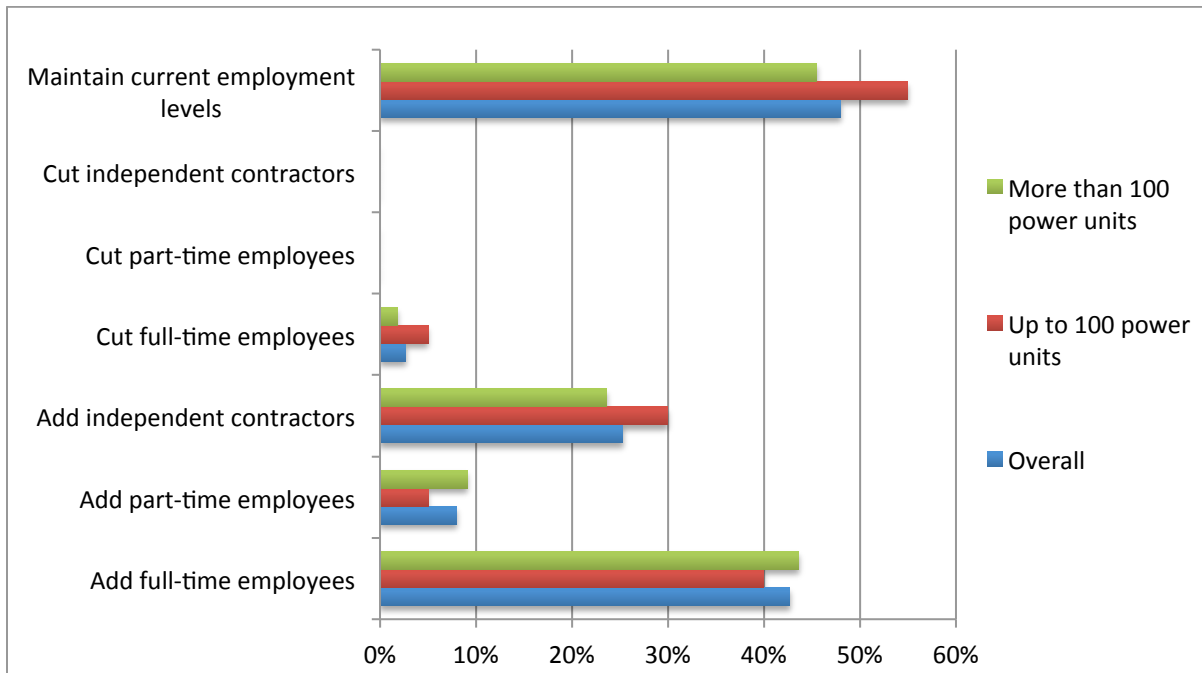


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Adjusting for seasonality, how do you see business in the next 6 months?

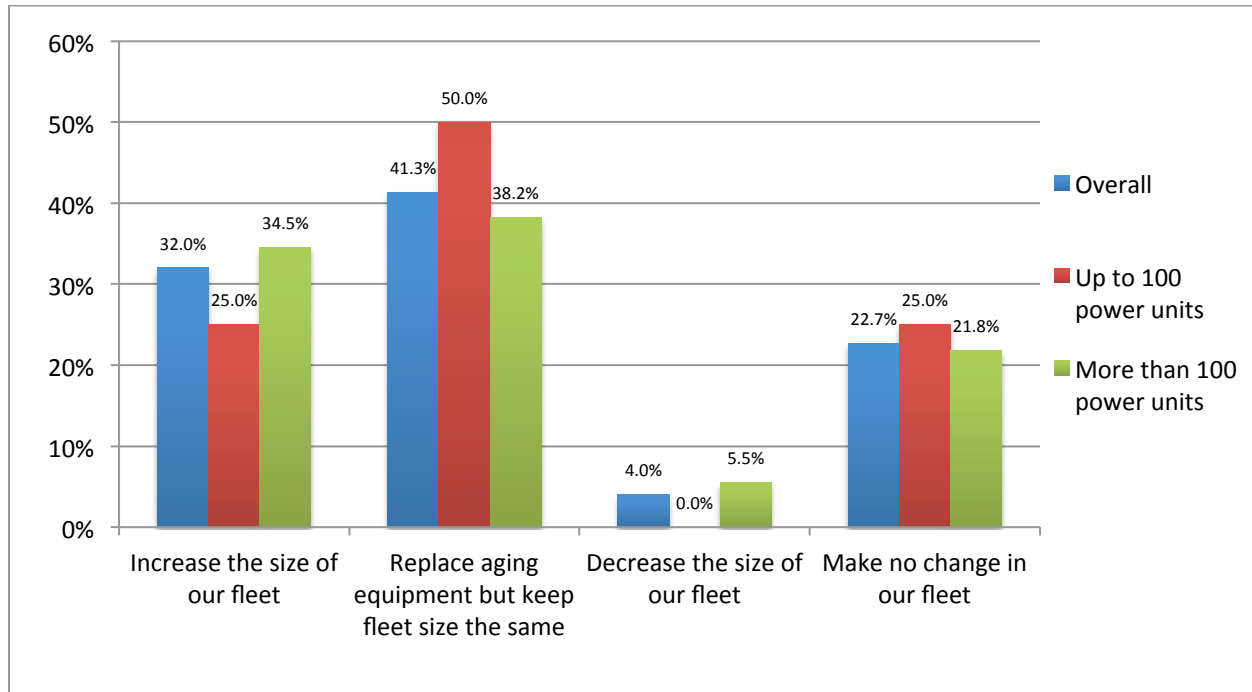


Not counting seasonal employees, in the next 6 months, do you plan to:



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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	29.3%	28.0%	8.0%	6.8%	6.7%
Freight pricing	8.0%	22.8%	28.3%	12.2%	8.0%
Cash flow	0.0%	1.3%	0.0%	1.4%	2.7%
Fuel costs	0.0%	0.0%	4.1%	2.7%	2.7%
Driver availability	57.3%	12.0%	10.8%	5.4%	1.3%
Cost of labor	0.0%	16.0%	6.8%	13.5%	6.7%
Maintenance costs	0.0%	1.3%	9.5%	9.5%	10.7%
Cost of equipment	0.0%	5.3%	8.1%	4.0%	13.3%
Unionization	0.0%	0.0%	0.0%	2.7%	2.7%
Access to credit	0.0%	0.0%	1.4%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	1.4%	1.3%
Regulation	2.7%	9.3%	9.5%	24.2%	17.2%
Taxes	0.0%	1.3%	2.7%	2.7%	5.3%
Political climate in Washington	2.7%	2.7%	10.8%	13.5%	18.7%
Other	0.0%	0.0%	0.0%	0.0%	2.7%

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Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	15.0%	35.0%	5.0%	15.0%	5.0%
Freight pricing	20.0%	15.0%	25.0%	10.0%	5.0%
Cash flow	0.0%	0.0%	0.0%	0.0%	5.0%
Fuel costs	0.0%	0.0%	0.0%	0.0%	5.0%
Driver availability	55.0%	15.0%	0.0%	10.0%	5.0%
Cost of labor	0.0%	10.0%	10.0%	10.0%	10.0%
Maintenance costs	0.0%	5.0%	25.0%	5.0%	5.0%
Cost of equipment	0.0%	15.0%	10.0%	10.0%	20.0%
Unionization	0.0%	0.0%	0.0%	0.0%	5.0%
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	5.0%	5.0%	10.0%	25.0%	20.0%
Taxes	0.0%	0.0%	5.0%	5.0%	5.0%
Political climate in Washington	5.0%	0.0%	10.0%	10.0%	10.0%
Other	15.0%	35.0%	5.0%	15.0%	5.0%

Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	34.5%	25.5%	9.3%	3.7%	7.3%
Freight pricing	3.6%	25.5%	29.6%	13.0%	9.1%
Cash flow	0.0%	1.8%	0.0%	1.9%	1.8%
Fuel costs	0.0%	0.0%	5.6%	3.7%	1.8%
Driver availability	58.3%	10.9%	14.8%	3.7%	0.0%
Cost of labor	0.0%	18.2%	5.6%	14.8%	5.5%
Maintenance costs	0.0%	0.0%	3.6%	11.0%	12.7%
Cost of equipment	0.0%	1.8%	7.4%	1.9%	10.9%
Unionization	0.0%	0.0%	0.0%	3.7%	1.8%
Access to credit	0.0%	0.0%	1.9%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	1.9%	1.8%
Regulation	1.8%	10.9%	9.3%	24.0%	16.4%
Taxes	0.0%	1.8%	1.9%	1.9%	5.5%
Political climate in Washington	1.8%	3.6%	11.0%	14.8%	21.8%
Other	0.0%	0.0%	0.0%	0.0%	3.6%

General comments

Up to 100 power units

- Many factors, including: the lack of qualified drivers; interpretation of labor laws and the drought along the Western States created a tough operating environment, trudging though it.
- The traditional markers in the U.S. economy that we watch seem to be difficult to trust. We have customers telling us it is slow for them but they don't know why.
- Northbound freight into Canada seems to be slowing, hopefully this an adjustment due to overstocked warehouses. Overall it has been a strong year.
- Owners of companies need to know exactly where they are at because the end of most fiscal years are ending next month. If you make too much you may go out of business by being taxed too much or if you're not making enough you may go out of business because you can not pay your bills.
- The economy is slowing at breakneck speed.
- Costs are currently outpacing our ability to raise rates and discounted carriers seem to be entering the market.

General comments

More than 100 power units

- Freight is a little soft, but business is still pretty good.
- The economy doesn't seem to be getting any better. Customers are starting to ask for pricing concessions and spot pricing is way off.
- Most certainly see a softening of freight.

(Continued on next page)

October 2015 MarketPulse Report

More than 100 power units (continued)

- I don't see much change until the 2nd quarter when the government will inject money into the system to help their chances in the 2016 election. I only hope our larger carriers stay focused on current pricing and the driver situation and don't start adding blocks of capacity.
- The third quarter was slower than what we expected and we believe the fourth quarter will be slow.
- Hoping for a soft landing to this downturn.
- I am sure you've heard it all already...how can the DOW be over 17,000 and freight be so soft?
- HOS is key.
- Freight volumes are decreasing and the pricing environment is becoming much more competitive.
- Rates and freight seem to be slowing.
- Market conditions appear choppy and inconsistent. Customers are putting out bids early because it appears there are more tractors on the road which really isn't the case in my opinion, only softness!
- Difficult freight environment. Not horrible, but certainly more challenging than a year ago. We have made nice progress regarding seated trucks.