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March 2016

Key findings

- Business conditions in March fell slightly from the previous month, down to 5.4 from 5.5. Respondents from fleets with up to 100 power units were more optimistic, rating March a 5.6 (5.2 in February), compared to respondents from fleets with more than 100 power units which rated March a 5.3 (5.6 in February). *(Page 4)*
- 31.7% of respondents said business was better in March than in February, while 22.0% indicated it was worse. Respondents with more than 100 power units reported the least favorable month-over-month comparison with 23.2% saying March was worse than February, compared to 19.2% of respondents with up to 100 power units. *(Page 5)*
- Despite the slight decline in business conditions in March, respondents remain optimistic about the near future, with 46.3% expecting business conditions to improve in the next six months, adjusting for seasonality. However, 22.0% expect conditions to worsen, a sharp increase from the 7.5% reported last month. *(Pages 5 & 6)*
- Overall, 32.9% of respondents plan to increase the size of their fleets in the next six months, while 41.4% plan on replacing equipment but maintaining current fleet size. 9.8% of respondents indicated plans to decrease fleet size. *(Page 7)*
- Concerns over freight volume continue to grow, with 29.3% of respondents listing it as their top concern, tying a yearlong high from October 2015. Driver availability remains the top concern at 45.1%. *(Pages 7 & 8)*

Quotes of the month

- **Up to 100 power units:** “West Coast continues to recover from the effects of the drought and West Coast Port debacle of the past couple of years. Business is just perking along, nothing to get excited about.”
- **More than 100 power units:** “Freight is somewhere between flat and soft. I believe shippers are trying to drive rates down where they can and are somewhat bullish about this.”

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Methodology

The March 2016 CCJ MarketPulse report is based on an ongoing survey 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.

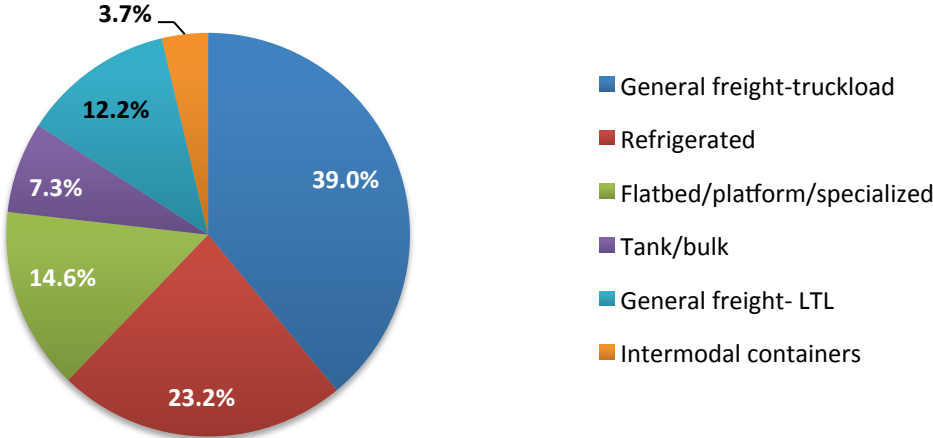
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on April 21, 2016 with reminders sent out on April 22 and April 25, 2016. Out of the total pool, 82 carrier executives completed the questionnaire.

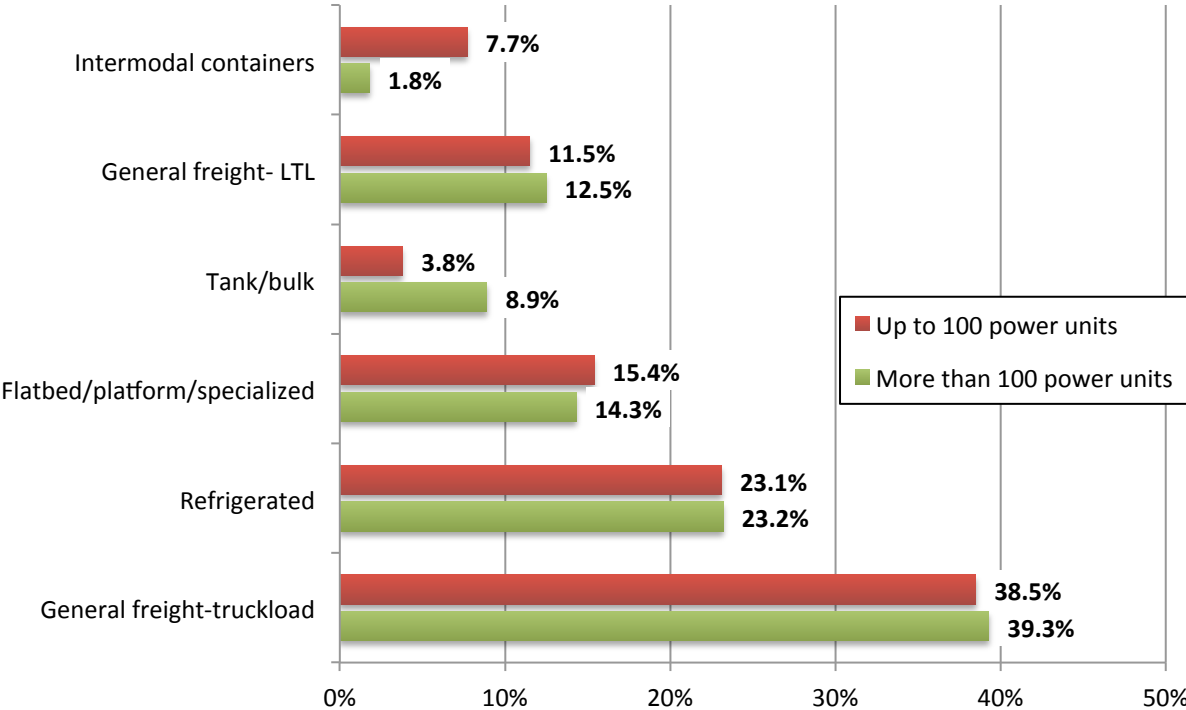
Demographics

82 respondents

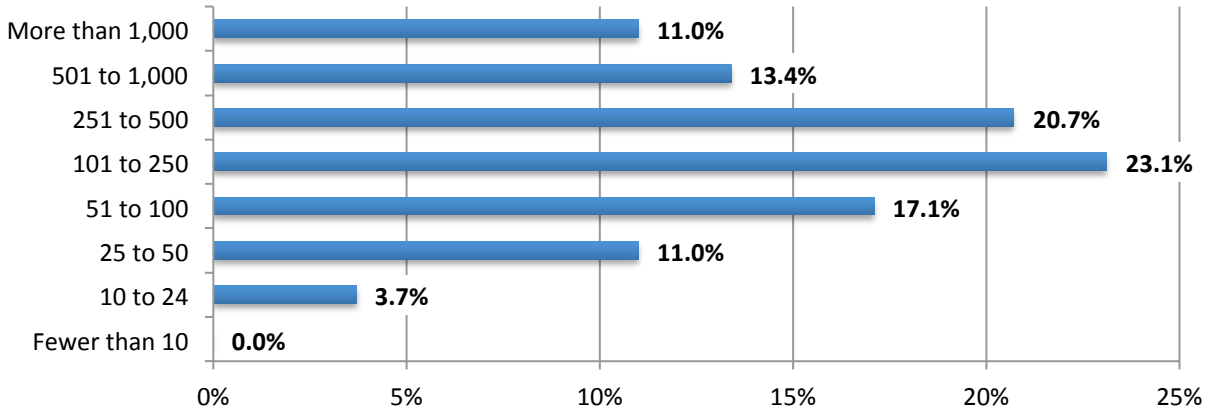
Which of the following represents the largest portion of your operation?



By fleet size



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

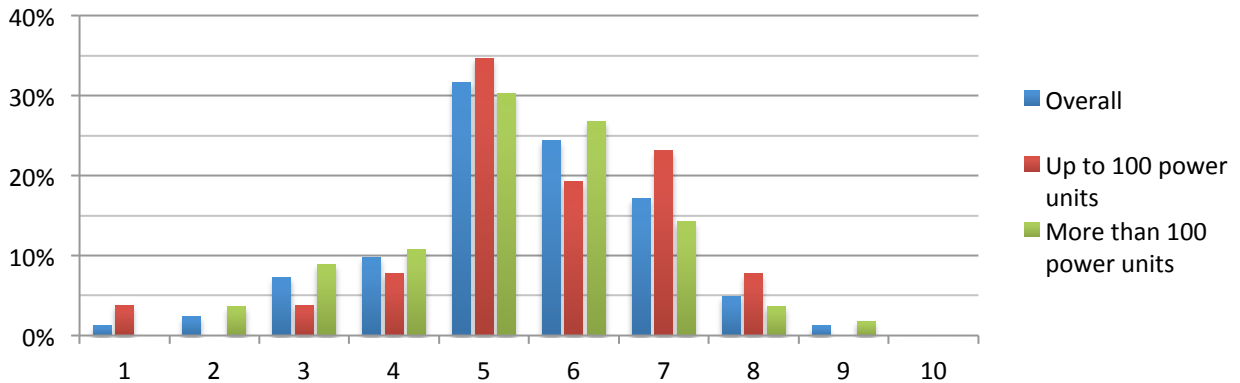


Business conditions

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 March 2016?

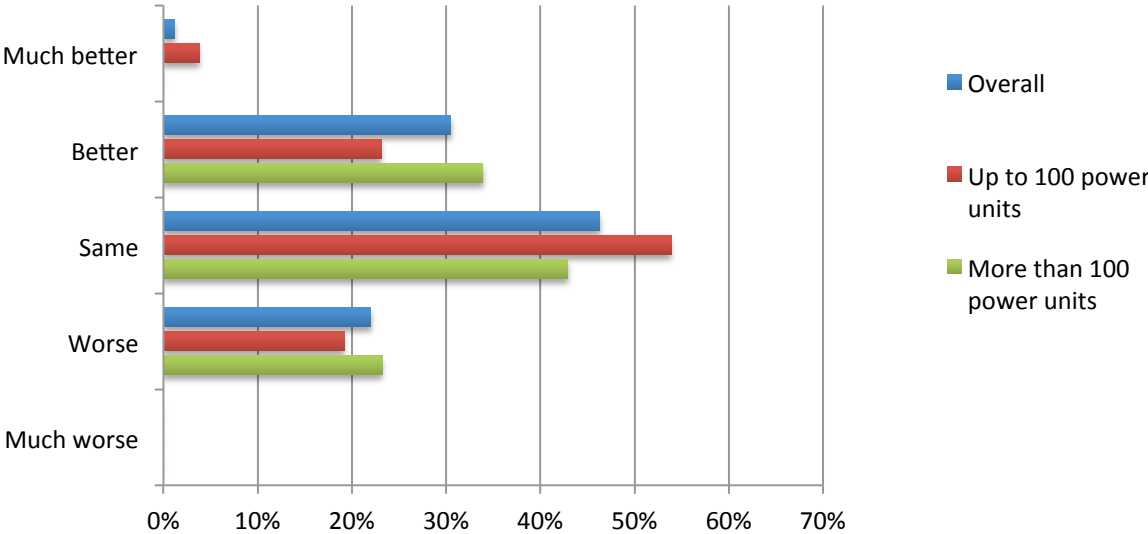
| | <u>March 2016</u> | <u>February 2016</u> |
|-------------------------|-------------------|----------------------|
| Average response | 5.4 | 5.5 |
| Up to 100 power units: | 5.6 | 5.2 |
| More than 100 units: | 5.3 | 5.6 |

Distribution of responses

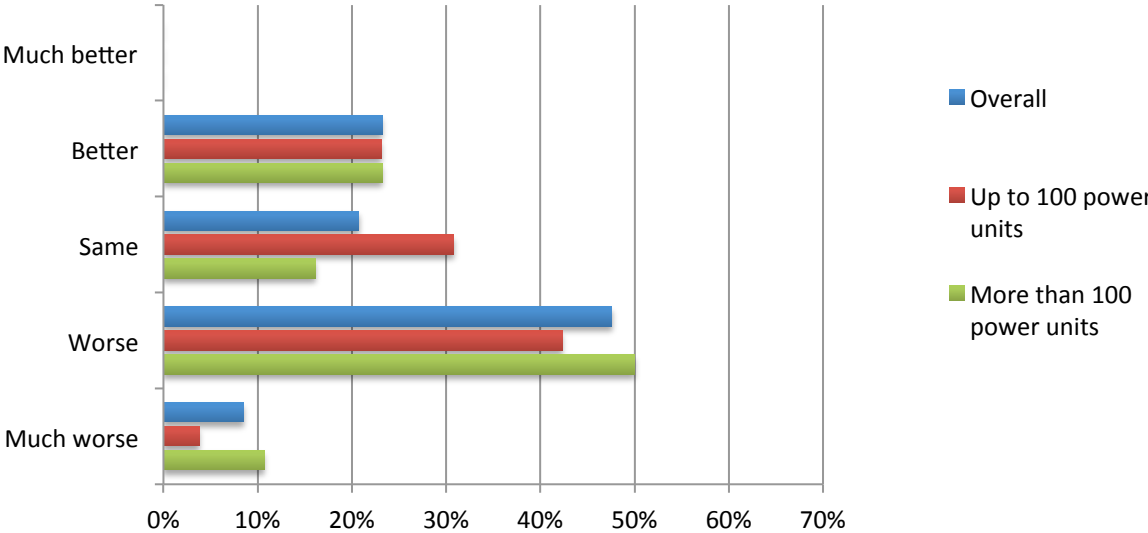


March 2016 MarketPulse Report

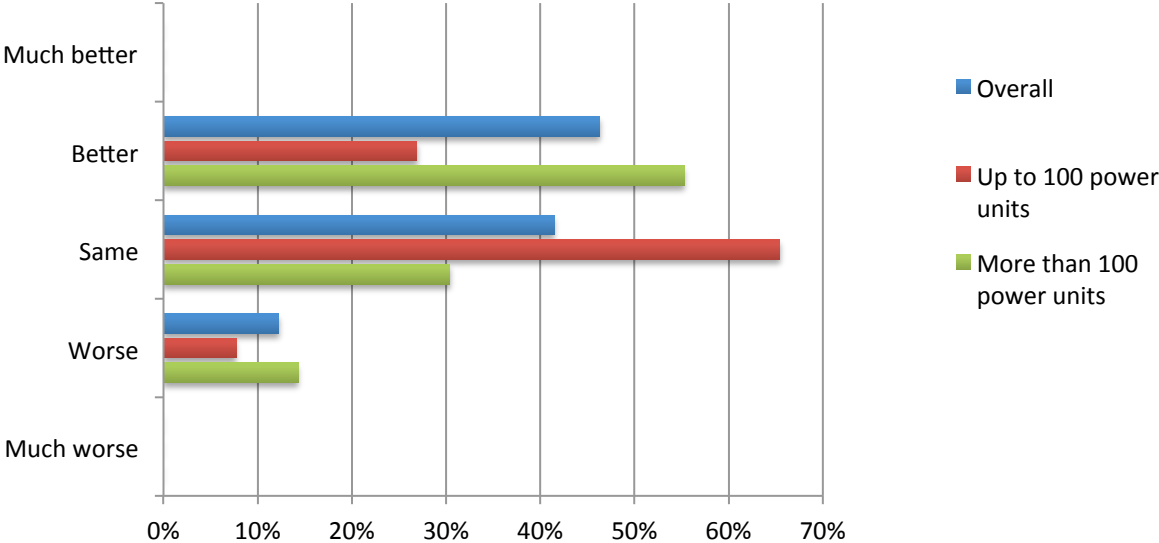
How is your business doing in March 2016 compared to February 2016?



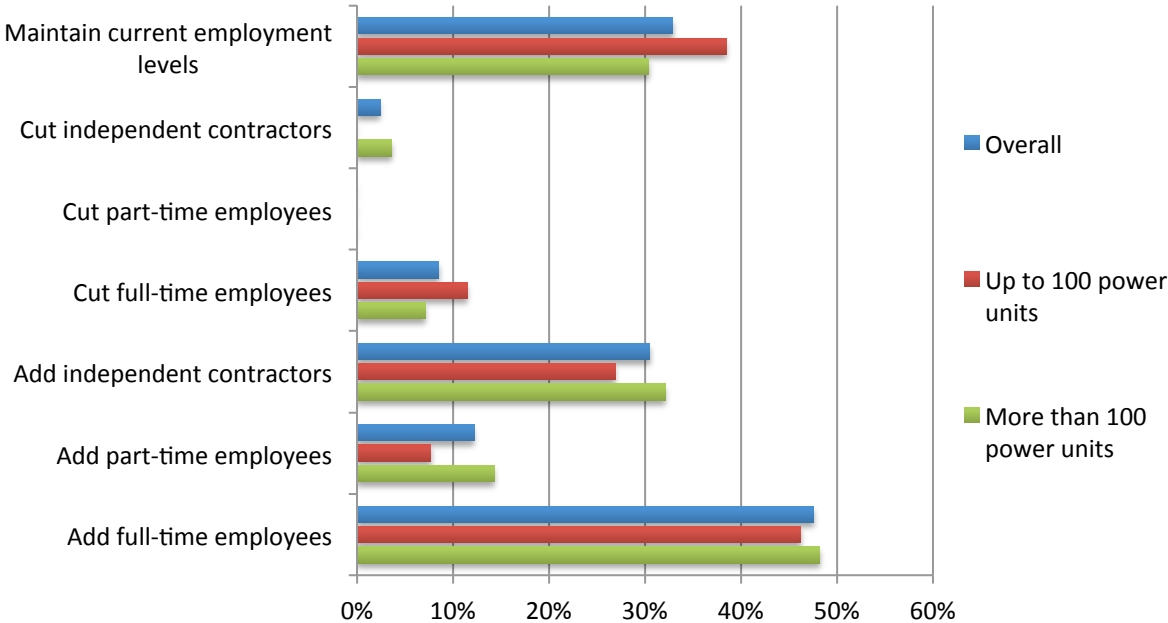
How is your business doing in March 2016 compared to March 2015?



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

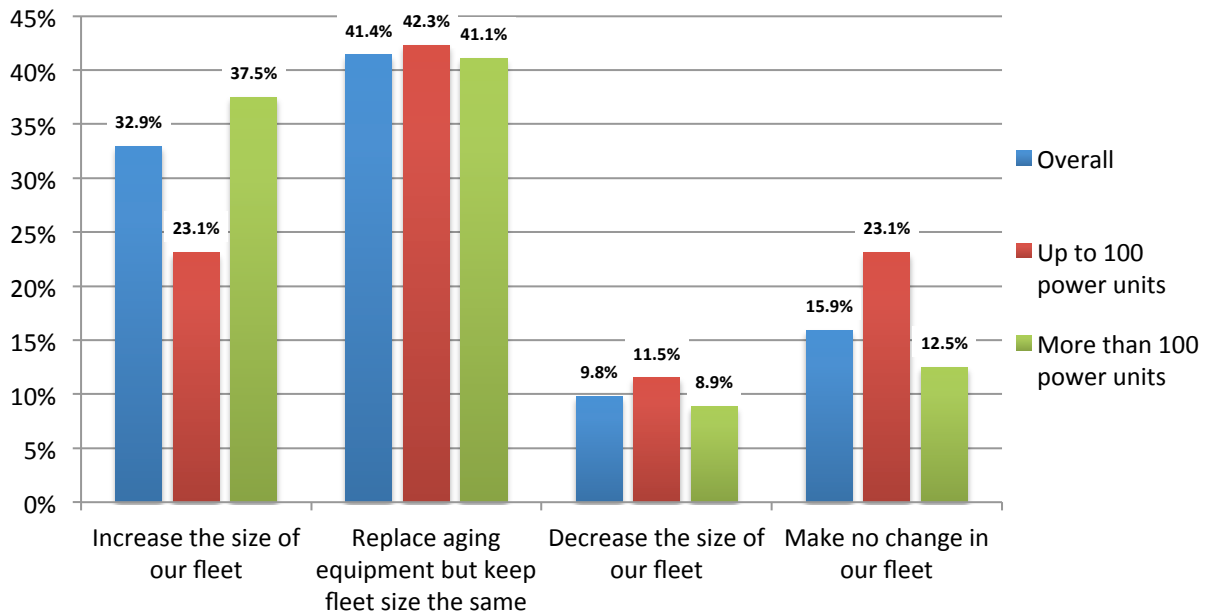


Not counting seasonal employees, in the next 6 months, do you plan to:

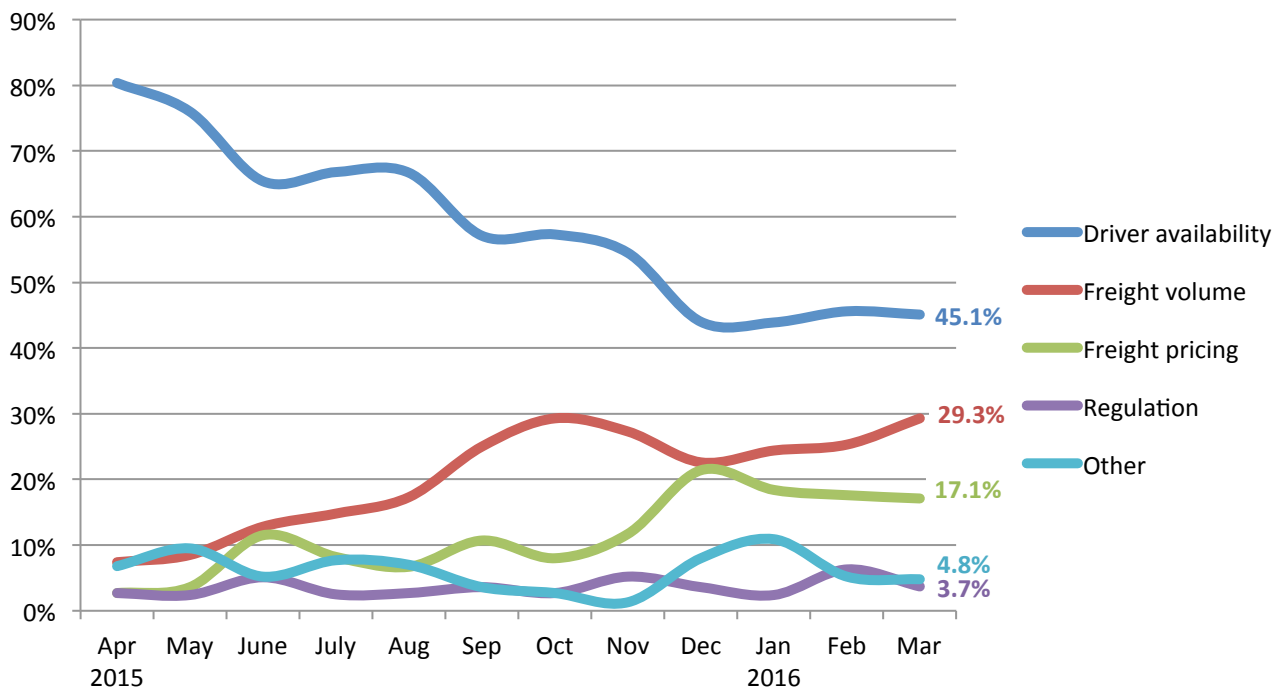


March 2016 MarketPulse Report

In the next 6 months, we plan to:



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



March 2016 MarketPulse Report

Top concerns for carriers with up to 100 power units

| | 1 - (Biggest concern) | 2 | 3 | 4 | 5 |
|---------------------------------|-----------------------|-------|-------|-------|-------|
| Freight volume | 19.2% | 28.0% | 8.0% | 8.0% | 8.0% |
| Freight pricing | 19.2% | 32.0% | 28.0% | 4.0% | 0.0% |
| Cash flow | 0.0% | 0.0% | 8.0% | 0.0% | 4.0% |
| Fuel costs | 0.0% | 0.0% | 8.0% | 0.0% | 4.0% |
| Driver availability | 46.3% | 12.0% | 8.0% | 8.0% | 4.0% |
| Cost of labor | 0.0% | 8.0% | 8.0% | 12.0% | 12.0% |
| Maintenance costs | 3.8% | 8.0% | 8.0% | 12.0% | 8.0% |
| Cost of equipment | 3.8% | 0.0% | 0.0% | 12.0% | 8.0% |
| Unionization | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Access to credit | 0.0% | 0.0% | 0.0% | 4.0% | 4.0% |
| Cost of credit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Regulation | 7.7% | 4.0% | 8.0% | 32.0% | 16.0% |
| Taxes | 0.0% | 0.0% | 8.0% | 4.0% | 4.0% |
| Political climate in Washington | 0.0% | 8.0% | 8.0% | 4.0% | 28.0% |
| 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 | 33.9% | 33.3% | 7.3% | 1.8% | 9.3% |
| Freight pricing | 16.1% | 33.3% | 34.6% | 7.3% | 1.9% |
| Cash flow | 0.0% | 0.0% | 0.0% | 1.8% | 0.0% |
| Fuel costs | 0.0% | 0.0% | 1.8% | 3.6% | 0.0% |
| Driver availability | 44.6% | 13.0% | 23.6% | 3.6% | 5.6% |
| Cost of labor | 0.0% | 7.3% | 0.0% | 3.6% | 3.7% |
| Maintenance costs | 0.0% | 5.6% | 7.3% | 9.1% | 7.4% |
| Cost of equipment | 0.0% | 1.9% | 1.8% | 18.2% | 3.7% |
| Unionization | 0.0% | 0.0% | 1.8% | 0.0% | 0.0% |
| Access to credit | 0.0% | 0.0% | 0.0% | 0.0% | 1.9% |
| Cost of credit | 0.0% | 0.0% | 0.0% | 0.0% | 1.9% |
| Regulation | 1.8% | 3.7% | 7.3% | 34.6% | 18.4% |
| Taxes | 0.0% | 0.0% | 0.0% | 5.5% | 7.4% |
| Political climate in Washington | 3.6% | 1.9% | 14.5% | 10.9% | 38.8% |
| Other | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

General comments

Up to 100 power units

- Within the last two months I hope you have been reading the Federal Register on Trucking. If you have not you are in for some shocks. How can you regulate sleep? How can you enforce hours of service with no place to park? Maybe the politicians should live by our rules. I have been in this business for a long time but it looks like a fed gone wild!
- West Coast continues to recover from the effects of the drought and West Coast Port debacle of the past couple of years. Business is just perking along, nothing to get excited about.
- Nothing positive I see on the horizon for trucking.
- Our leaders should be proud when there's a huge driver shortage coming due to regulations.
- Price of fuel is down, and the freight rates are about 1.20 - 1.35. This will not pay the bills!

General comments

More than 100 power units

- Business was good in March and we expect it to continue thru 2016.
- There isn't one industry segment in our customer base that isn't down YOY. As far as I'm concerned we're in a recession - a FREIGHT RECESSION!
- We need to make America great again.
- I think capacity will tighten up in the second half of this year due to reduced inventories, ELD compliance, and general operating costs impacting under-capitalized fleets. Heard this week of a small carrier with ELDs getting quoted two rates for their insurance renewal. One rate with ELDs and a significantly higher rate without ELDs. There are too many unanswered questions and risks in an underwriter's mind to cover non-compliant carriers at a reasonable price.
- It is slower than I expected.
- I see about a 5 percent increase in tonnage. Concerned with regulations...F4A, HOS, and ELDs. Shippers are asking and getting somewhat rate reductions.
- Rates are lower and freight is a lot lighter.

(Continued on next page)

More than 100 power units (continued)

- Still way off of last year's numbers. The short haul market seems to have really dried up.
- First quarter was very soft. We hauled too much brokered freight. Second quarter is picking up, but I'm still concerned about the political environment and all the regulatory rules the Obama administration is rolling out to the trucking industry. They are making life in the trucking industry more difficult. This election couldn't be more important to our country. We need radical change in a positive way to give consumers a reason to feel better about their future and want to spend money. The current administration has to go. They are destructive to our way of life.
- Freight is somewhere between flat and soft. I believe shippers are trying to drive rates down where they can and are somewhat bullish about this. These same customers/shippers will be the same ones wanting to be your partner when the market turns and ELDs get closer to December of 2017.
- Seems the general freight market is slowing and freight pricing is falling right now.
- Not a whole lot of changes freight is still flat along with rates.
- Quarter-end volume was lighter than anticipated, and that trend continues into April.
- We haul lot for box companies and we have seen a decrease in business levels for that commodity.
- Customers expect rates to go down.
- Still the same story. I have freight but drivers are hard to find.
- We look at very slow growth in our trucking. Our logistics division is growing at 25 percent. The softer freight market has caused us to pause in terms of what we are doing with capital expense going into 2017.