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May 2016

Key findings

- Business conditions in May improved from the previous month, up to 5.56 from 5.0. Respondents from fleets with up to 100 power units were slightly more optimistic, rating May a 5.6 (4.96 in April), compared to respondents from fleets with more than 100 power units which rated May a 5.54 (5.02 in April). (Page 4)
- More respondents from both power unit groups indicated business was better in May compared to April than those who responded it was worse, but nearly half of all respondents indicated business in May was worse than the same month last year. Over the next six months, 35.6% of respondents from fleets with more than 100 power units expect business to get better, compared to only 20% of respondents with up to 100 power units. (Page 5)
- Only 35% of respondents from fleets with up to 100 power units and 39% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, continuing a steady decline in the last several months. (Page 6)
- Overall, 39.2% of respondents plan to increase the size of their fleets in the next six months, while 40.5% plan on replacing equipment but maintaining current fleet size. 5.1% of respondents indicated plans to decrease fleet size. (Page 7)
- Driver availability (32.9%), freight volume (30.4%) and freight pricing (27.8%) are tightly grouped as carriers' top concerns. Only 3.8% of all respondents said Political climate in Washington was their top concern, but 60.1% listed it in their Top five concerns overall. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "A select few shippers/customers further understand that regardless of the current supply & demand cycle, that they need to strengthen their commitments and relationships with their carriers."
- **More than 100 power units:** "I think the shippers that have been bullish are going to soon be changing their attitude about beating carriers up over rates...ELDs will level the playing field and allow for much needed rate improvement."

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Methodology

The May 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.

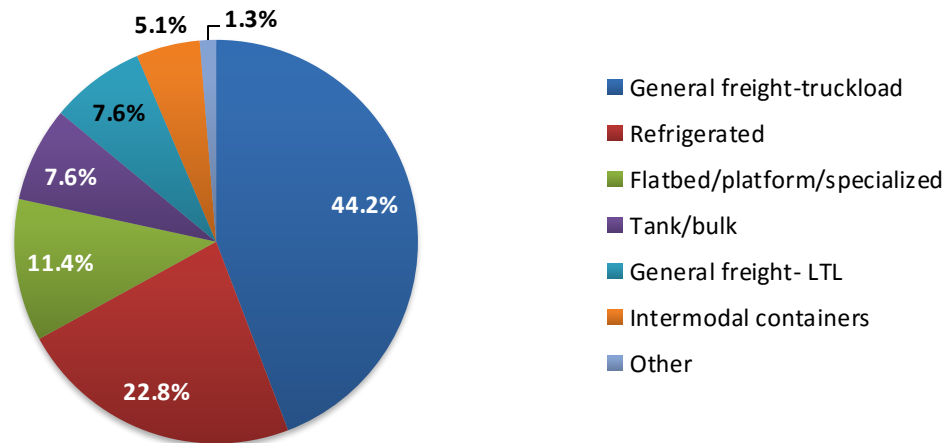
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on June 10, 2016 with reminders sent out on June 15 and June 20, 2016. Out of the total pool, 82 carrier executives completed the questionnaire.

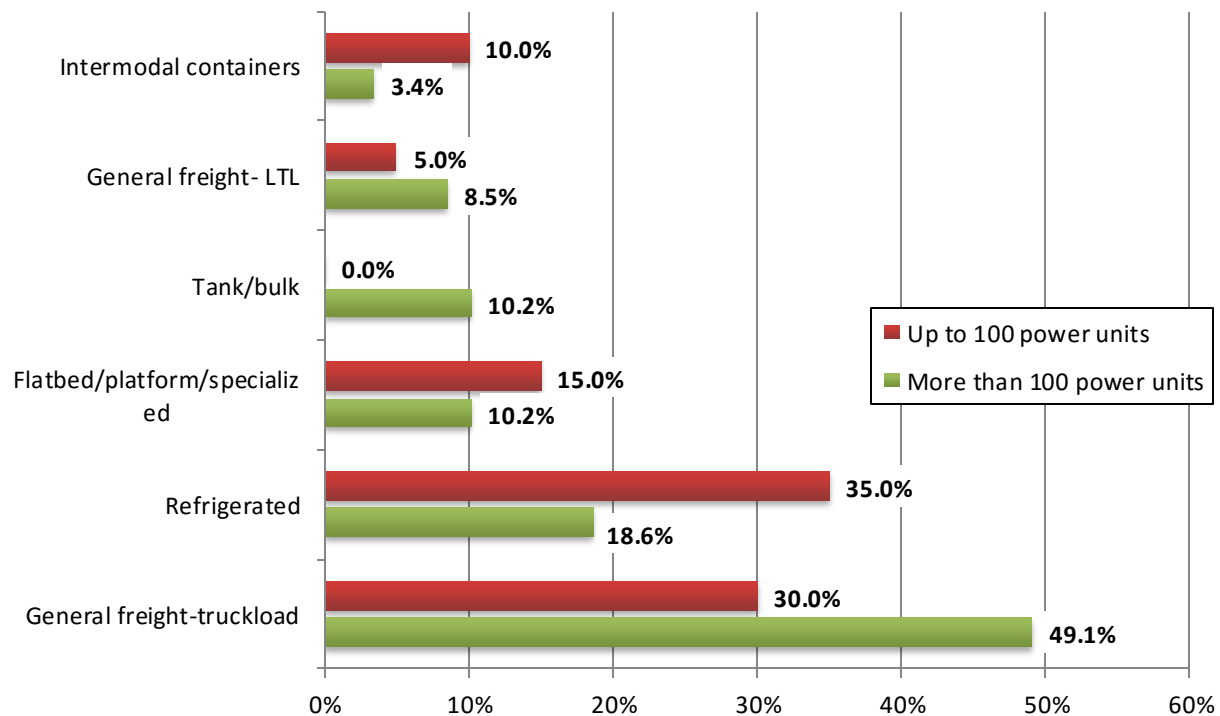
Demographics

79 respondents

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

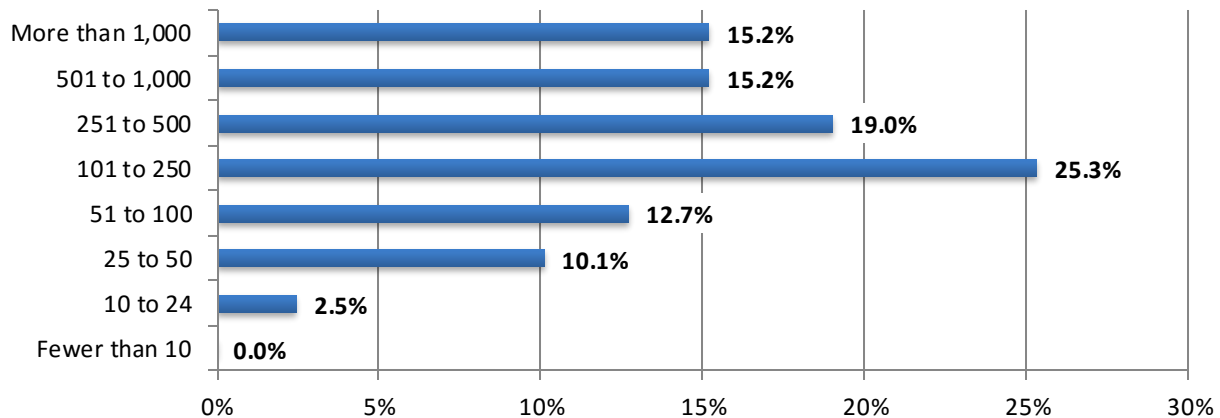


By fleet size



May 2016 MarketPulse Report

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

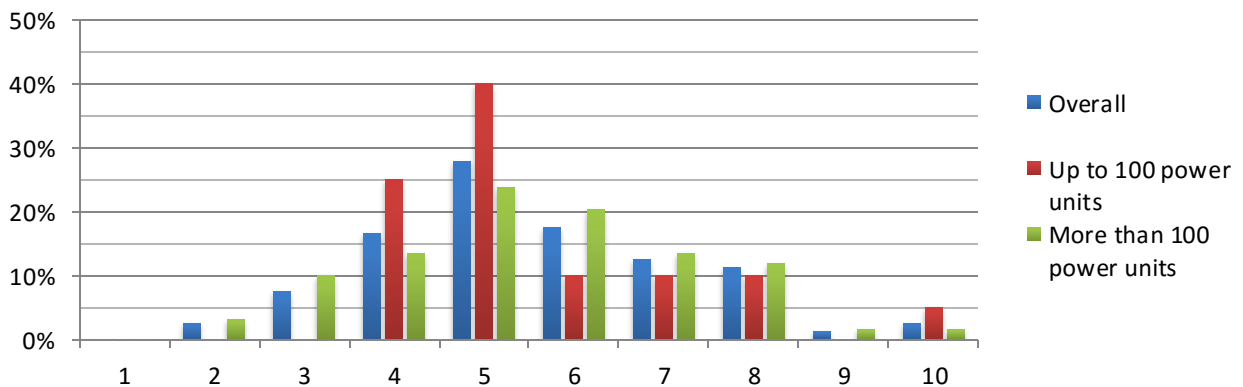


Business conditions

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 May 2016?

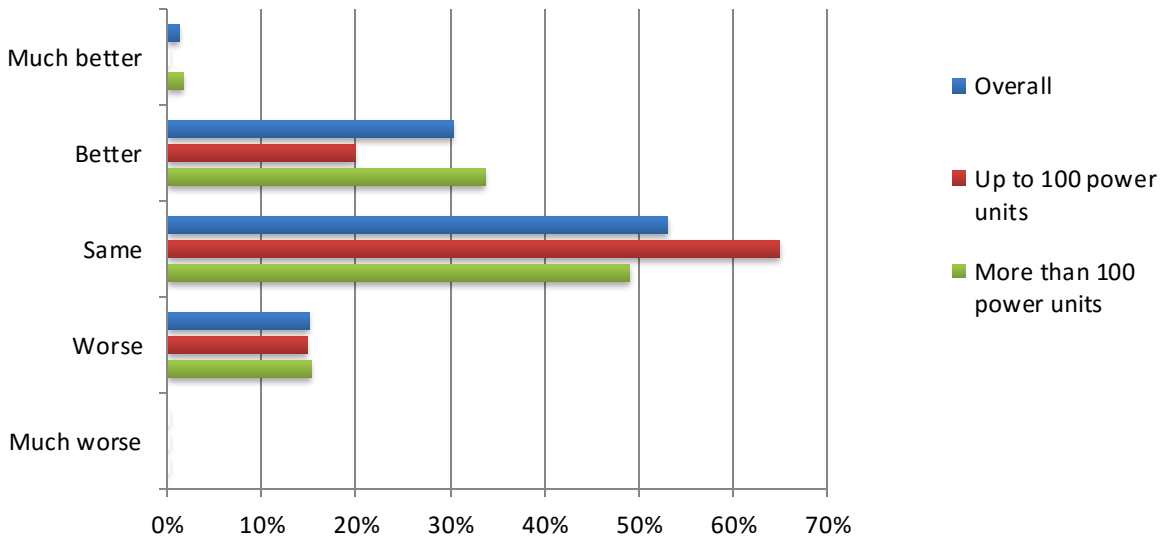
	<u>May 2016</u>	<u>April 2016</u>
Average response	5.56	5.0
Up to 100 power units:	5.6	4.96
More than 100 units:	5.54	5.02

Distribution of responses

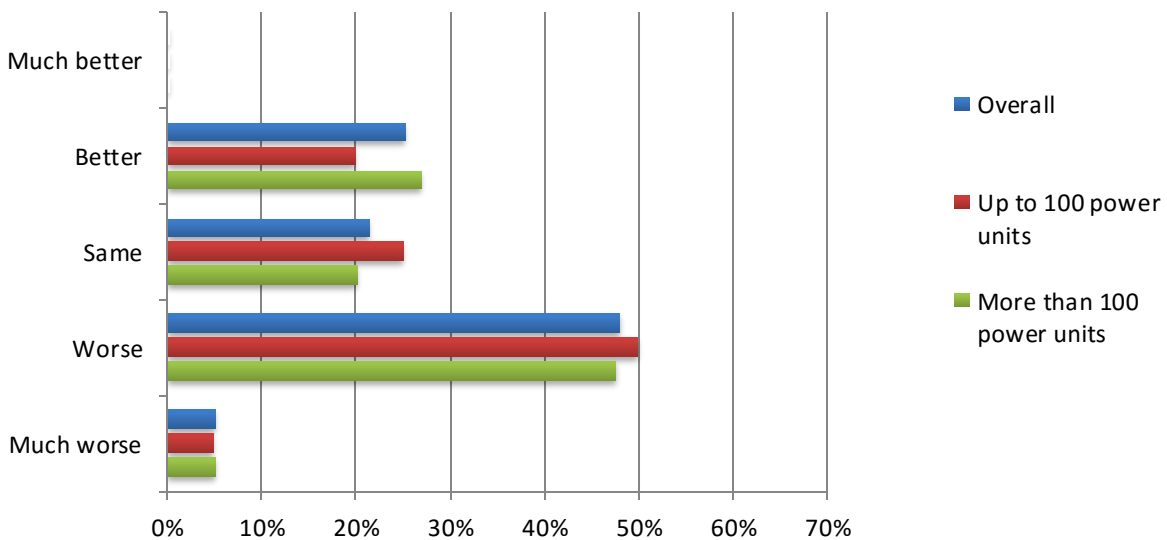


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How is your business doing in May 2016 compared to April 2016?

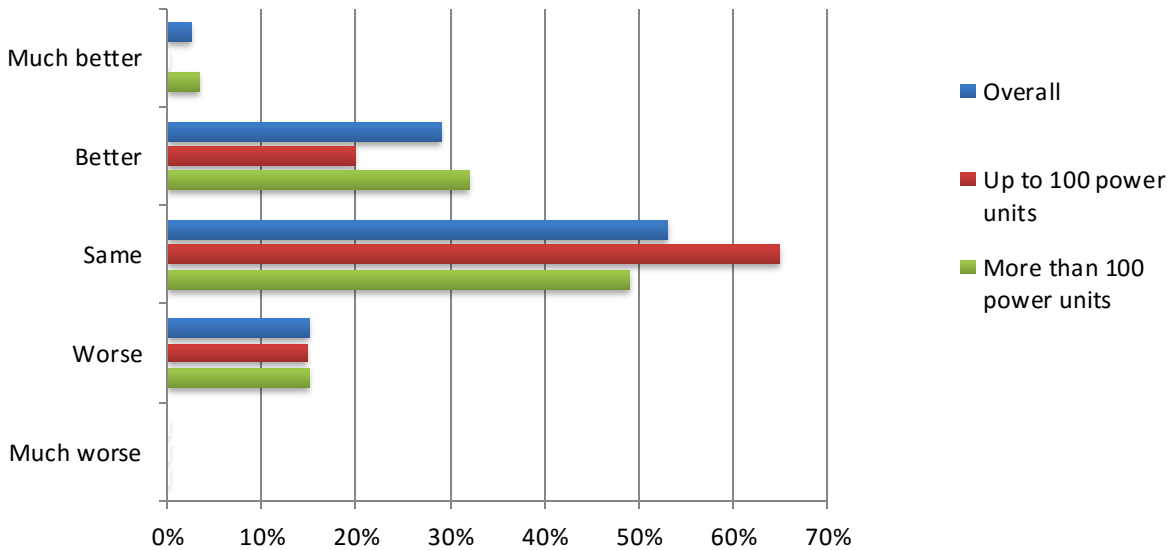


How is your business doing in May 2016 compared to May 2015?

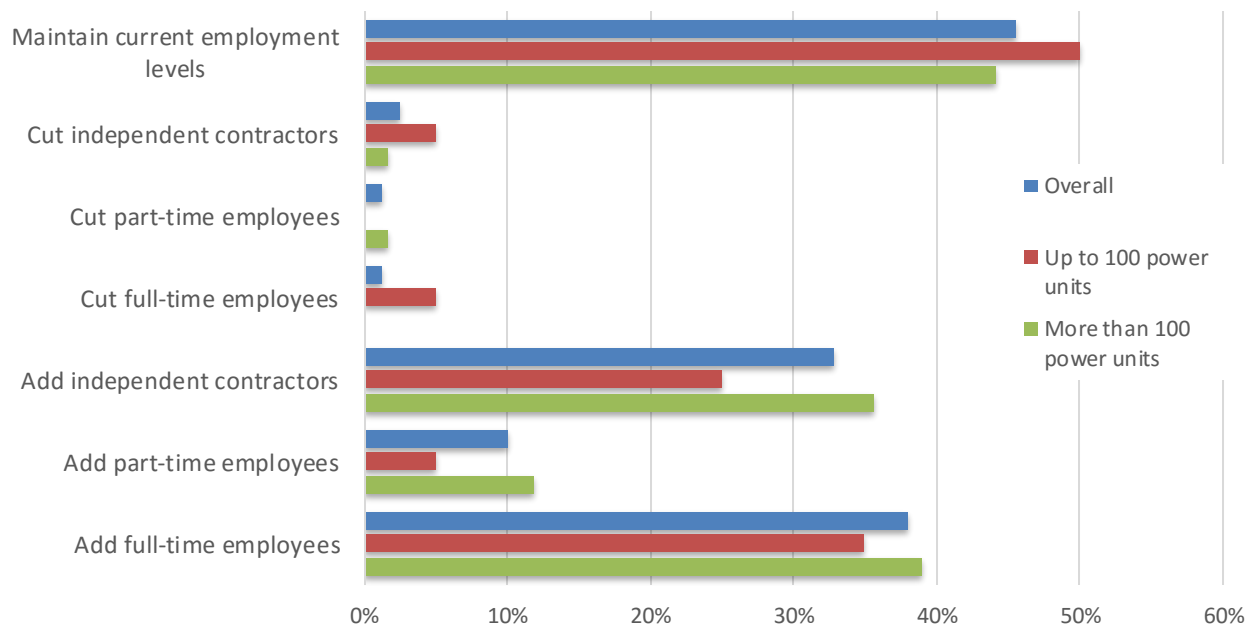


May 2016 MarketPulse Report

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

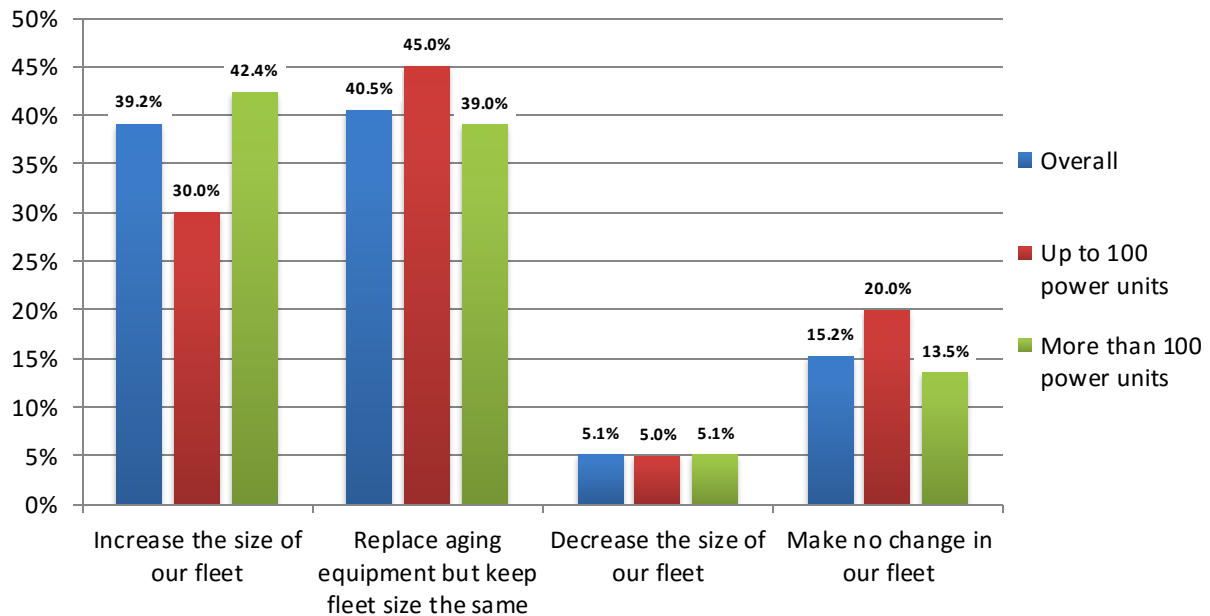


Not counting seasonal employees, in the next 6 months, do you plan to:

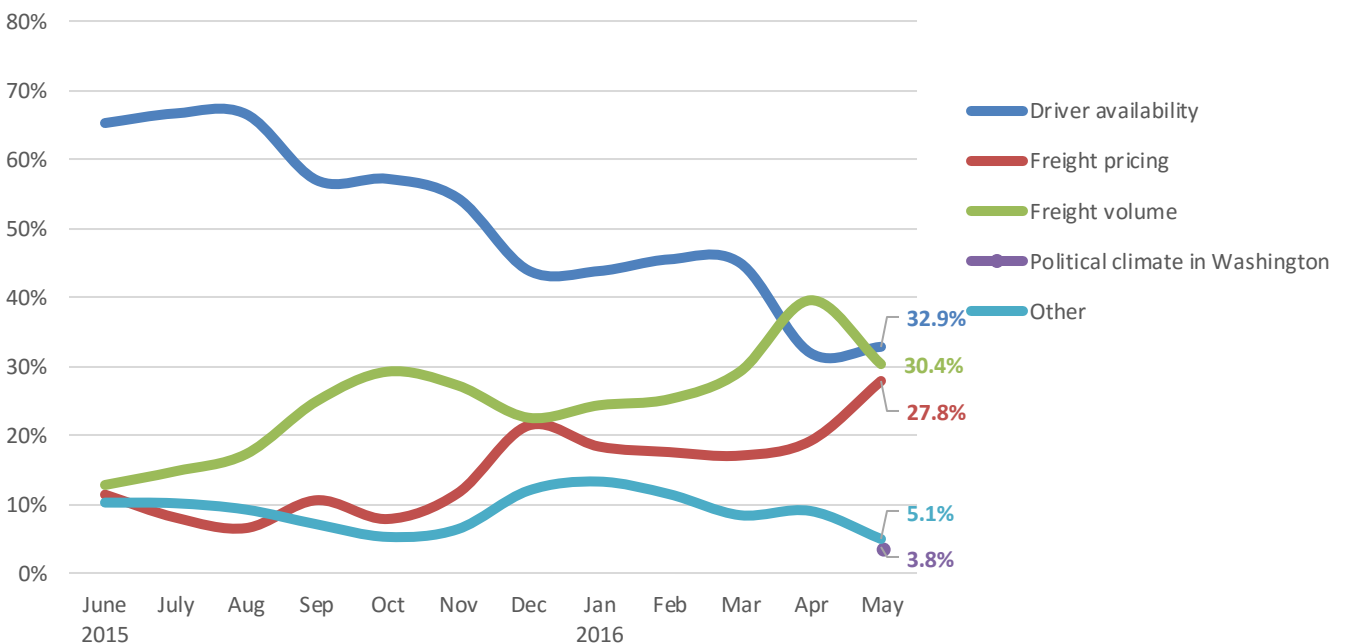


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In the next 6 months, we plan to:



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



May 2016 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	25.0%	25.0%	15.0%	10.0%	10.0%
Freight pricing	30.0%	15.0%	0.0%	10.0%	5.0%
Cash flow	5.0%	0.0%	0.0%	0.0%	10.0%
Fuel costs	0.0%	0.0%	0.0%	5.0%	10.0%
Driver availability	35.0%	30.0%	20.0%	0.0%	0.0%
Cost of labor	0.0%	15.0%	10.0%	0.0%	0.0%
Maintenance costs	0.0%	10.0%	10.0%	5.0%	5.0%
Cost of equipment	0.0%	0.0%	10.0%	5.0%	15.0%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	5.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	5.0%	0.0%	0.0%
Regulation	5.0%	5.0%	15.0%	35.0%	5.0%
Taxes	0.0%	0.0%	5.0%	5.0%	15.0%
Political climate in Washington	0.0%	0.0%	5.0%	25.0%	25.0%
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	32.2%	36.2%	11.9%	3.4%	5.2%
Freight pricing	27.1%	39.7%	16.9%	1.7%	3.4%
Cash flow	0.0%	0.0%	1.7%	1.7%	5.2%
Fuel costs	1.7%	0.0%	6.8%	3.4%	3.4%
Driver availability	32.2%	10.3%	25.4%	12.1%	5.2%
Cost of labor	0.0%	1.7%	8.5%	10.3%	5.2%
Maintenance costs	0.0%	1.7%	5.1%	10.3%	13.8%
Cost of equipment	0.0%	3.4%	1.7%	8.6%	10.3%
Unionization	0.0%	0.0%	1.7%	0.0%	1.7%
Access to credit	0.0%	0.0%	1.7%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	1.7%	5.2%	6.8%	27.6%	10.3%
Taxes	0.0%	0.0%	1.7%	3.4%	8.6%
Political climate in Washington	5.1%	1.7%	10.2%	17.2%	27.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- Each month this year seems to be getting progressively worse. Getting scary!
- Capacity balance (trucks vs. available freight) seems to swing more quickly than historically.
- Business is improving at a slow pace. We are getting rate increases without much objection as shippers/customers understand that compliance to the same over-regulations they are dealing with also pertain to their carriers. A select few shippers/customers further understand that regardless of the current supply & demand cycle, that they need to strengthen their commitments and relationships with their carriers.
- See one of my shippers trying to cut rates, I took a close look to see if my cost decreased. No they did not (tires, batteries, parts up, insurance up). I wonder if my drivers will work for less money. Guess that answer sticks out. Hard for a shipper to sell his product if it doesn't move. Too bad the newcomers don't realize that.
- Uncertainty for the economy - poor directions from our elected officials – less name calling and fix major issues.
- Anemic economy, depressed rates, political dysfunction, moral despair contribute to a strengthening faith and anticipation that 'all shall be well'.

General comments

More than 100 power units

- One-way truckload pricing and long haul to Mexican border is really low.
- May was stronger than expected, hopefully we get some momentum and keep moving forward.
- The economic mediocrity continues ad infinitum.
- Why does the year start off so well and then start tapering each May? This year might be a doozy because of the political climate.
- Even though it has slowed down we have been able to continue to have modest growth.
- Small uptick in dry van freight volume last two weeks, hope it holds. We have seen an increase in demand for our frack sand bulk truck division since the price of oil has increased.

(Continued on next page)

May 2016 MarketPulse Report

More than 100 power units (continued)

- We see no change in a shrinking economy until after the election and then only if the Republicans can gain the White House and hold the Senate and House. Democrats have become an adverse Party to Business. God help us if we get four more years of more government and regulations.
- We can't get a new administration fast enough.
- In our over the road dry van business we have been reasonably busy and it is picking up. Getting some unsolicited invites from major shippers to participate in bids. Rates still need to increase.
- Business continues to be stable. Not expanding but holding steady.
- Hope this slowdown is temporary. Spot market pricing dropped way to fast.
- We have seen a big change over the past three or four weeks. Freight volumes have picked up. I think the shippers that have been bullish are going to soon be changing their attitude about beating carriers up over rates. December 2017 cannot come soon enough. ELDs will level the playing field and allow for much needed rate improvement. At that time some of the brokers that have been destroying the market with rates will be eating crow.
- Business conditions in June have significantly improved from the morose market conditions we saw from January - April. We hope it continues, but elections could spoil any long term effects.
- Worst May since 2006.
- It appears that 2016 reminds me of 2010 without a financial crisis. Volumes continue to be inconsistent and don't expect to see truck capacity to turn into the favor of carriers until June 2017.