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June 2016

Key findings

- Business conditions in June held relatively steady compared to the previous month, up to 5.6 from 5.56. Respondents from fleets with up to 100 power units were more optimistic, rating June a 5.9 (5.6 in May), compared to respondents from fleets with more than 100 power units which rated June a 5.4 (5.54 in May). (Page 4)
- Month over month, 26.3% of respondents said June was better than May, compared to 19.8% who responded it was worse, but 48.7% indicated business in June 2016 was worse than June 2015. Over the next six months, 32.7% of respondents from fleets with more than 100 power units expect business to get better, compared to only 23.8% 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, 25% of respondents plan to increase the size of their fleets in the next six months (down from 39.2% reported in last month's survey), while 44.7% plan on replacing equipment but maintaining current fleet size. 7.9% of respondents indicated plans to decrease fleet size. (Page 7)
- Driver availability (39.5%) is trending again as carriers' top concern, pulling away from freight volume (23.7%) and freight pricing (22.4%). 6.6% of respondents listed Political climate in Washington as their top concern, increasing from last month as the election draws near. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "Freight volume and rates determine carriers' economic conditions. The decline (especially rates) on both of these items continue to put pressure on our ability to provide a quality service and maintain a reasonable profit margin."
- **More than 100 power units:** "The 2016 RFQ season is separating the loyal shippers from the opportunistic shippers seeking double-digit rate decreases. The latter will be remembered in the future."

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Methodology

The June 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.

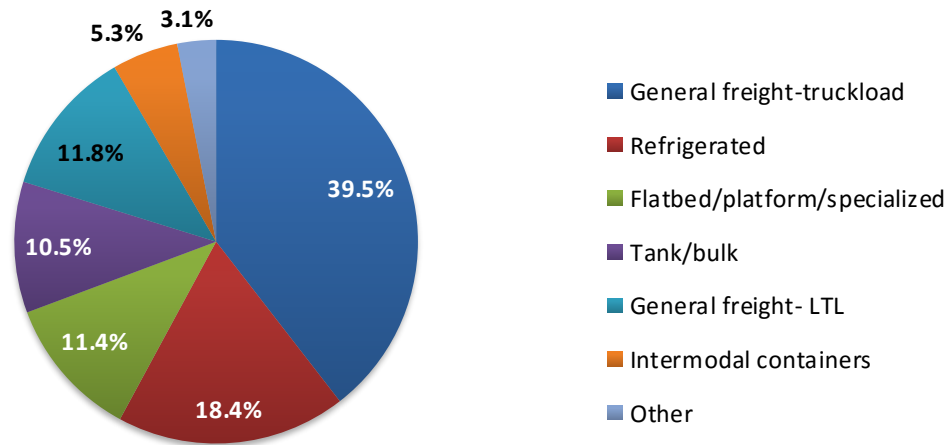
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on July 19, 2016 with reminders sent out on July 21 and July 25, 2016. Out of the total pool, 79 carrier executives completed the questionnaire.

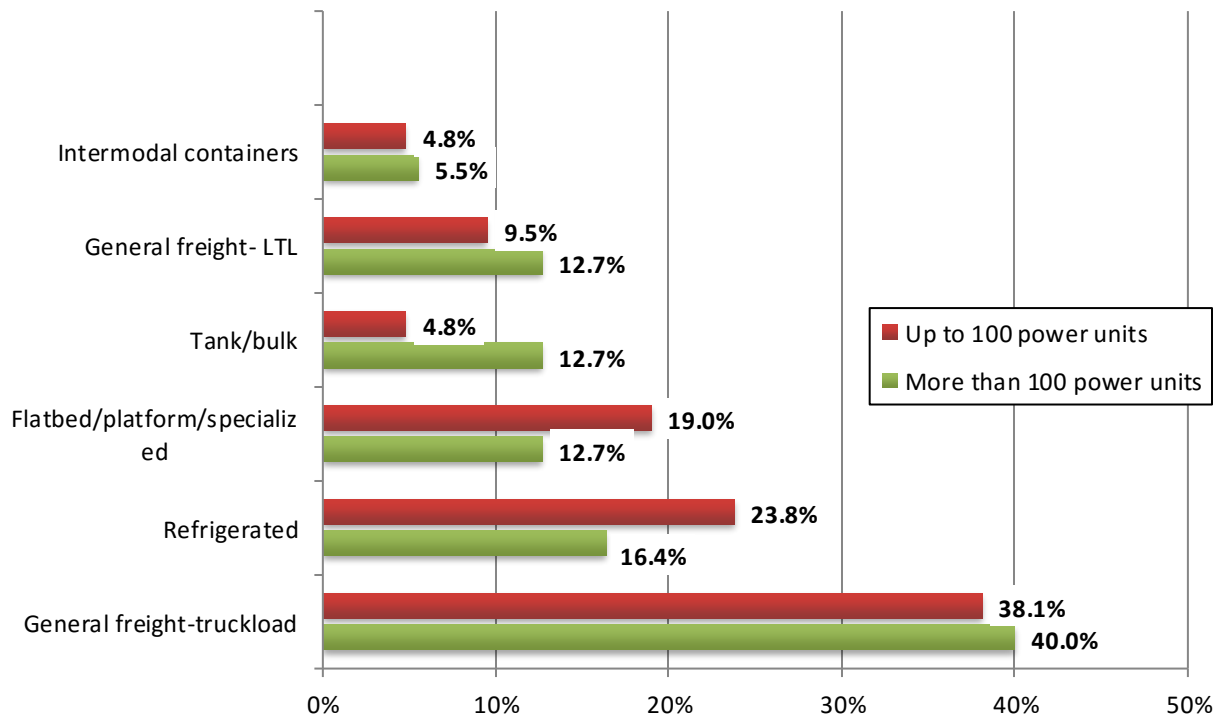
Demographics

79 respondents

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

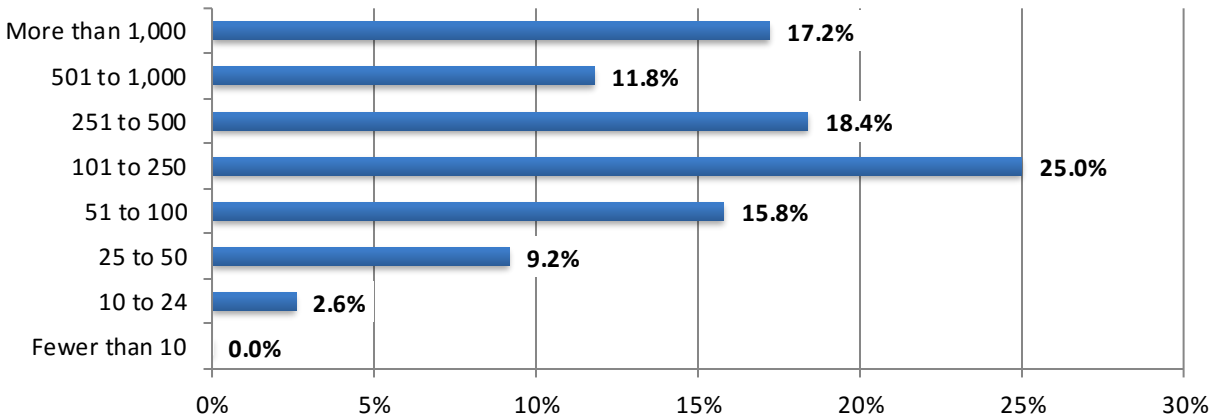


By fleet size



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

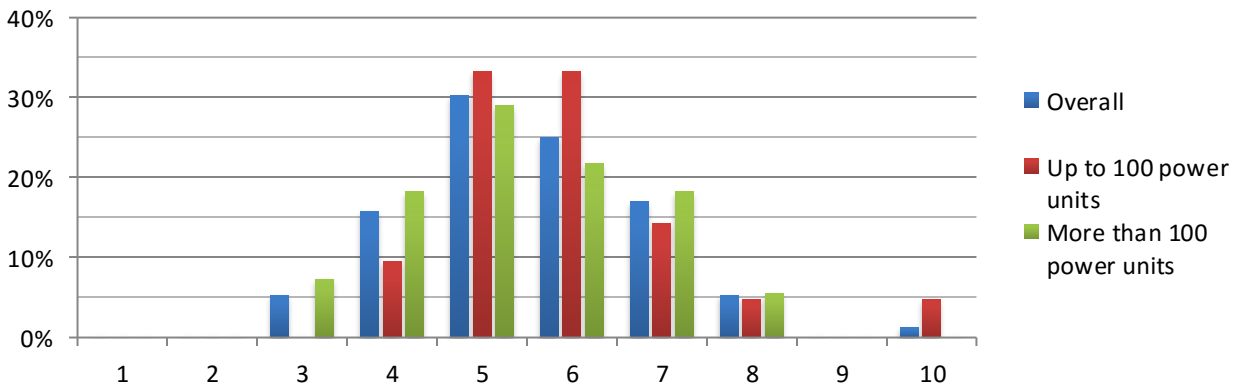


Business conditions

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 June 2016?

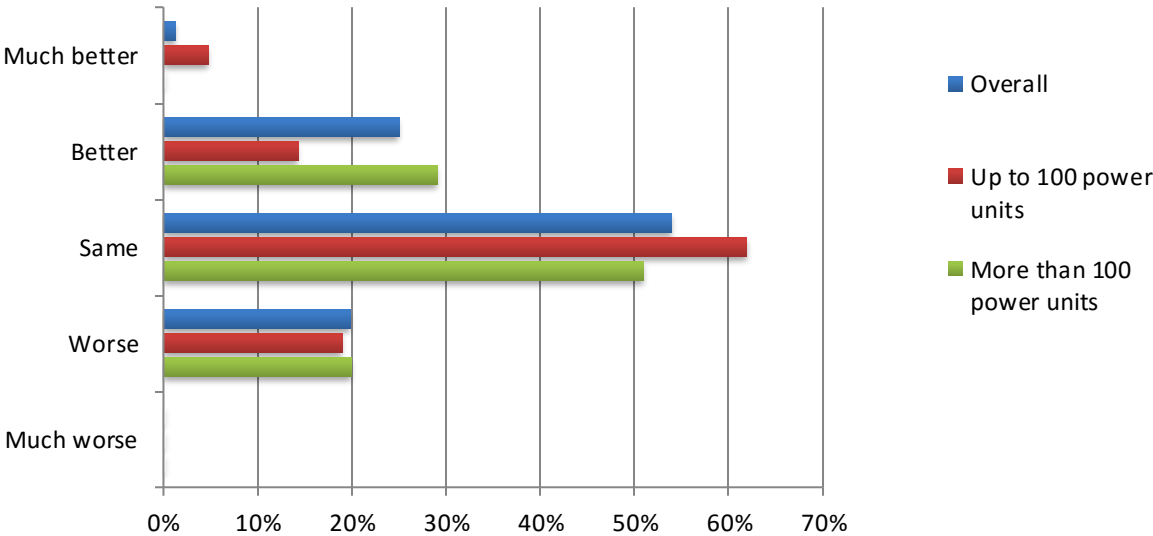
	<u>June 2016</u>	<u>May 2016</u>
Average response	5.6	5.56
Up to 100 power units:	5.9	5.6
More than 100 units:	5.4	5.54

Distribution of responses

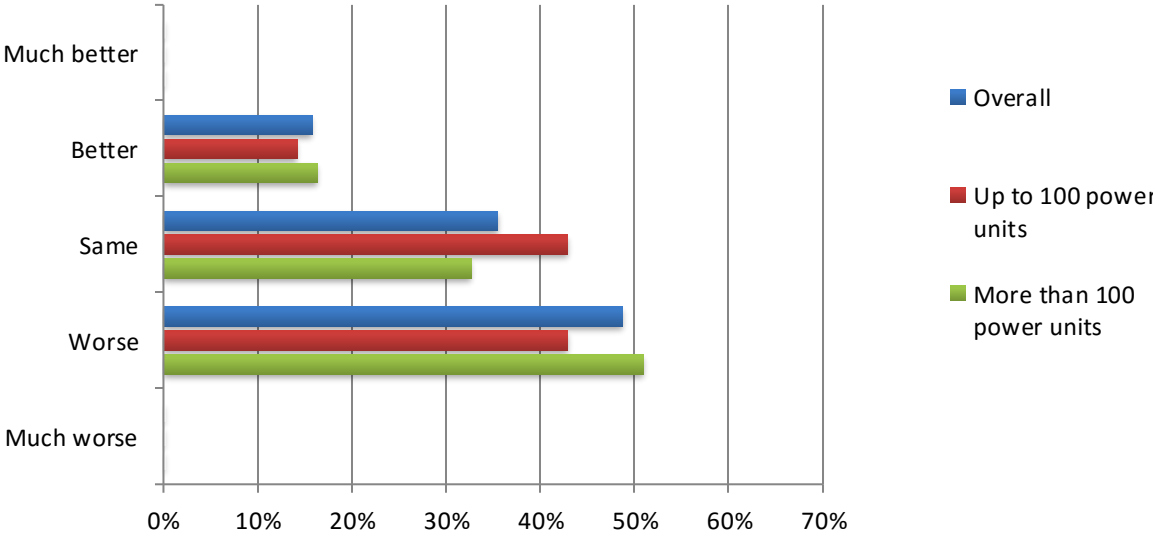


June 2016 MarketPulse Report

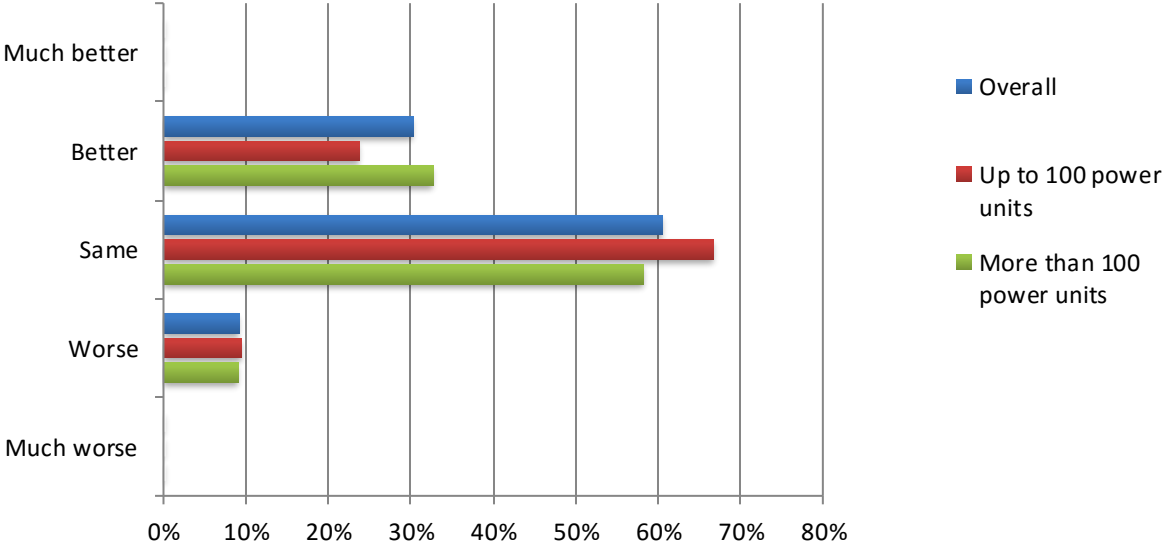
How is your business doing in June 2016 compared to May 2016?



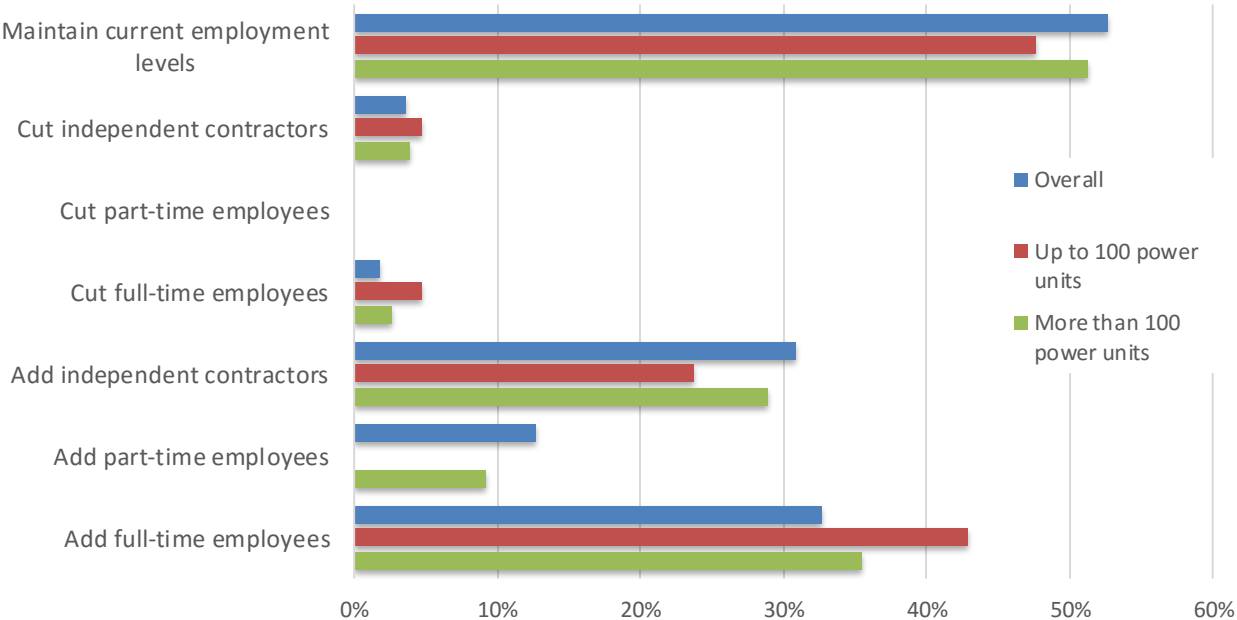
How is your business doing in June 2016 compared to June 2015?



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

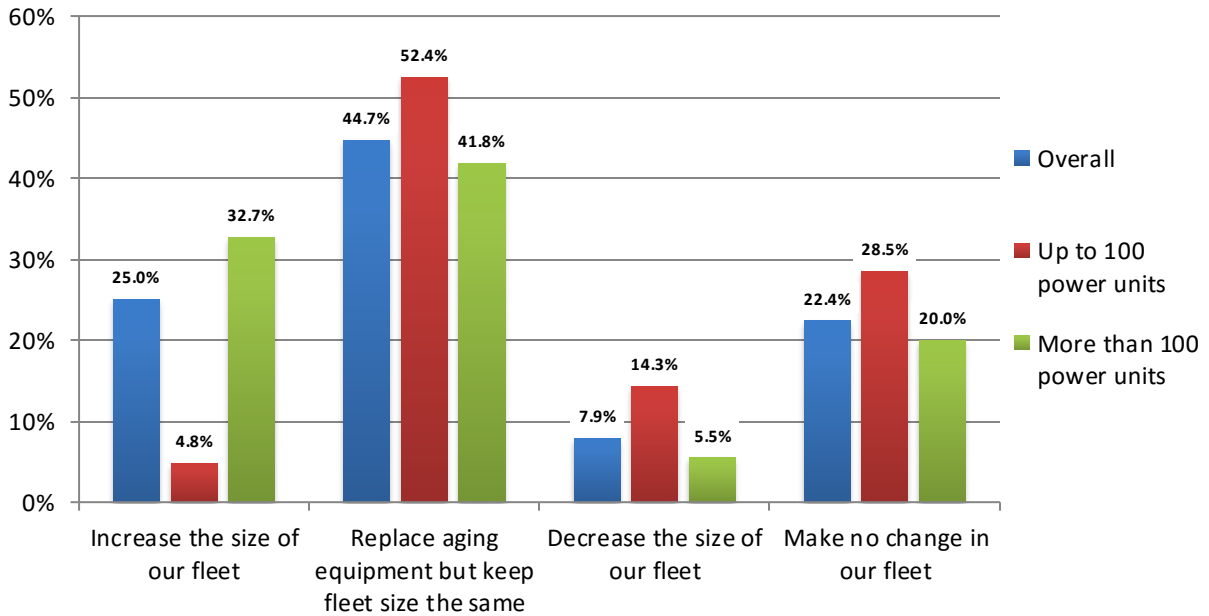


Not counting seasonal employees, in the next 6 months, do you plan to:

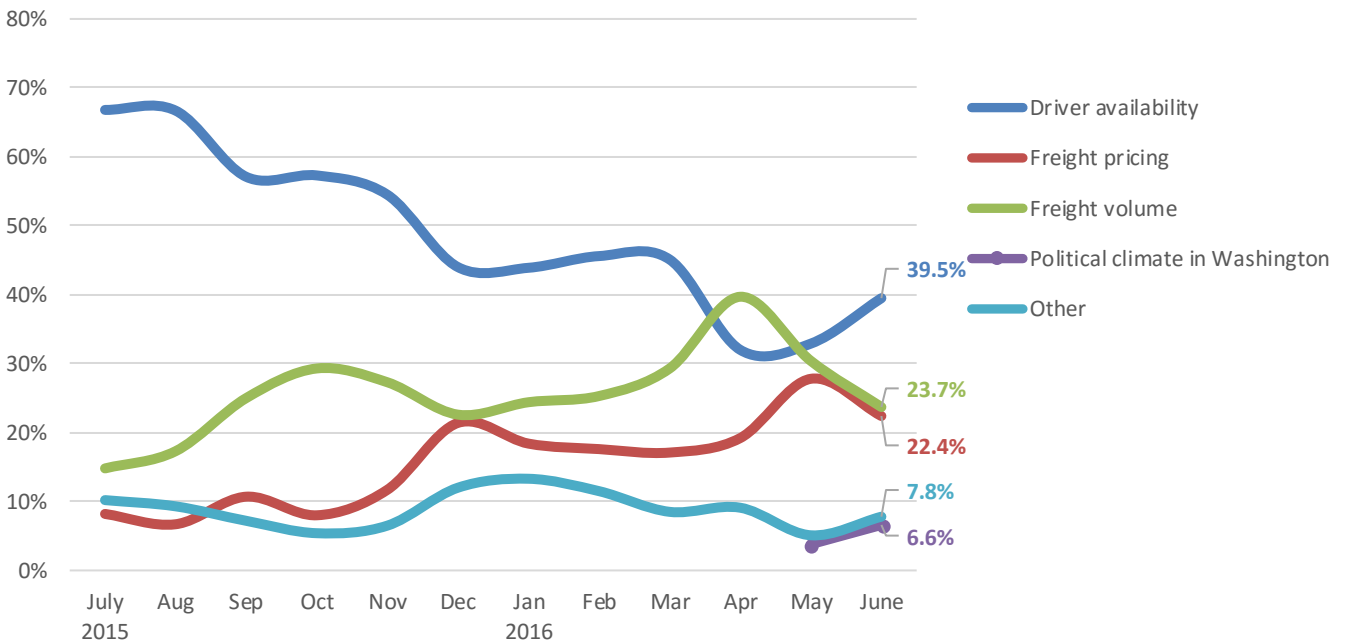


June 2016 MarketPulse Report

In the next 6 months, we plan to:



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



June 2016 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	9.5%	38.1%	14.3%	5.0%	0.0%
Freight pricing	33.3%	9.5%	28.6%	0.0%	9.5%
Cash flow	9.5%	4.8%	4.8%	0.0%	4.8%
Fuel costs	0.0%	0.0%	0.0%	0.0%	0.0%
Driver availability	38.1%	19.0%	9.5%	15.0%	0.0%
Cost of labor	0.0%	4.8%	9.5%	10.0%	14.3%
Maintenance costs	0.0%	9.5%	9.5%	10.0%	4.8%
Cost of equipment	4.8%	0.0%	9.5%	10.0%	9.5%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	0.0%	4.8%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	4.8%	4.8%	4.8%	15.0%	23.8%
Taxes	0.0%	0.0%	9.5%	15.0%	9.5%
Political climate in Washington	0.0%	9.5%	0.0%	20.0%	19.0%
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	29.1%	25.9%	24.5%	5.6%	3.7%
Freight pricing	18.2%	40.7%	15.1%	5.6%	3.7%
Cash flow	0.0%	0.0%	1.9%	1.9%	1.9%
Fuel costs	1.8%	0.0%	3.8%	3.7%	3.7%
Driver availability	40.0%	13.0%	26.4%	5.6%	0.0%
Cost of labor	0.0%	7.3%	5.7%	5.6%	3.7%
Maintenance costs	0.0%	1.9%	9.4%	13.0%	9.3%
Cost of equipment	0.0%	0.0%	1.9%	16.6%	3.7%
Unionization	0.0%	0.0%	0.0%	3.7%	1.9%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	1.9%	0.0%	0.0%
Regulation	1.8%	3.7%	0.0%	24.0%	20.3%
Taxes	0.0%	5.6%	1.9%	3.7%	1.9%
Political climate in Washington	9.1%	1.9%	7.5%	11.0%	44.3%
Other	0.0%	0.0%	0.0%	0.0%	1.9%

General comments

Up to 100 power units

- It was once said, “I long for the 'good ole days.'” These are the good ole days. It will be what we make out of it.
- Shippers all looking for rate decreases. Adjusting operation to maintain profits.
- Here is something to throw out, why is it I have to sit in my office on a daily basis and worry about some law my drivers or myself are unknowingly going to break be it hours of service or simply forgetting to put that 30-minute break in? Why are so may laws passed about HOS when there are not enough places to park an 18 wheeler? Why is it that we can have a person running for President knowingly lie on a continual basis, put our country in jeopardy and walk without answering? Maybe the trucking companies of America should have a one- or two-day slow down to show our disgust for the system.
- Freight volume and rates determine carriers’ economic conditions. The decline (especially rates) on both of these items continue to put pressure on our ability to provide a quality service and maintain a reasonable profit margin.
- Can't wait for Obama to get out of the White House!
- Much of the same trials but confident in God's plan for our business, our nation and this failing world.
- We are seeing an increase in the volume of loads being tendered. Now we just need to find more safe drivers we're willing to put in our empty trucks. Dropping our standards isn't the answer because we all have experienced where that road leads.
- Largest one-month gross in companies 45-year history.

General comments

More than 100 power units

- While we have seen a pick up in freight volumes, pricing and a shortage of drivers continue to be our Achilles heel. Shippers are well aware of overcapacity and are taking advantage of the carriers. I believe they may have a wakeup call this next year after many trucking companies leave the industry, capacity dries up and ELDs become the rule of the day.
- The political 'cluster' created by this administration is dragging the country back into the second world.

(Continued on next page)

More than 100 power units (continued)

- Seeing some sparks of life from a number of shippers, but it doesn't look like it's going to last long. Shippers are starting to abandon their contracted rate agreements and moving to the spot market, where they can get any fly-by-night carrier to move freight for 30 cents to 40 cents a mile less. The trust factor and integrity of those folks is gone.
- Economy continues to be mediocre. Demand staying about the same, with no real momentum either way.
- Business continues to hold steady and we expect it to continue in the second half of 2016.
- It seems to be picking up a little, but still too soft to be overbooked. I think if fuel could come up over \$65 to \$70 a barrel it would help the capacity situation. It would get the drilling and the oil fields back pumping, fill the rails up with tank cars instead of box cars and intermodal. It would shift some of the drivers back into the oil industry idling some of the trucks that were idle at the time fuel dropped. I believe this would help tighten capacity.
- The economic climate reminds of late 2010 & 2011 without a financial crisis. The 'spot' market has essentially been nonexistent this year and there are no positive signs of the market improving in 2016.
- Let's hope for a Trump win and less government interference in our lives. Then I believe we'll see the economy pick up nicely.
- The 2016 RFQ season is separating the loyal shippers from the opportunistic shippers seeking double-digit rate decreases. The latter will be remembered in the future.
- June was in line with last year. Drivers continue to be a headwind. Costs have increased more than rates.
- Vote Trump!!! I don't believe Clinton can be worse than what we have, but we sure need to go in a much better direction. I wish we had a better option than Trump, but he is the best choice for business and future Supreme Court decisions. The next President will have an effect on our country for many years to come.