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July 2016

Key findings

- Business conditions in July dropped considerably from June, down to 5.2 from 5.6. Respondents from both groups were equally affected by adverse business conditions. Respondents from fleets with more than 100 power units rated July a 5.2 (5.4 in June), compared to respondents from fleets with up to 100 power units which rated July a 5.1 (5.9 in June). (Page 4)
- Month over month, 38.9% of respondents from fleets with up to 100 power units said July was worse than June, compared to 17.9% of respondents from fleets with more than 100 power units. A whopping 61% of all respondents indicated business in July 2016 was worse than July 2015. Over the next six months, 35.7% of respondents from fleets with more than 100 power units expect business to get better, compared to only 19% of respondents with up to 100 power units. (Page 5)
- 42.9% of respondents from fleets with up to 100 power units and 39.3% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 9.5% of respondents from fleets up to 100 power units are planning to cut full-time employees. (Page 6)
- Overall, 29.9% of respondents plan to increase the size of their fleets in the next six months, while 40.2% plan on replacing equipment but maintaining current fleet size. (Page 7)
- Driver availability (32.4%) remains carriers' top concern, while concerns over freight volume (29.9%) and freight pricing (26%) continue to grow. 3.9% of respondents listed Political climate in Washington or Regulations as their top concerns. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "No consistency in freight volume from week to week or even day to day some weeks. No drivers anywhere!! Not fun being in trucking right now."
- **More than 100 power units:** "Somewhat busy but rates are way below where they should be compared to the operating cost."

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Methodology

The July 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.

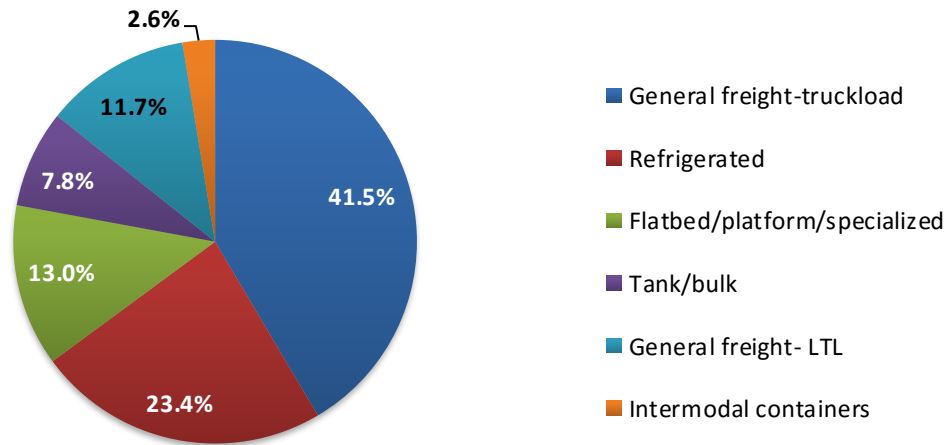
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on August 19, 2016 with reminders sent out on August 22 and August 30, 2016. Out of the total pool, 79 carrier executives completed the questionnaire.

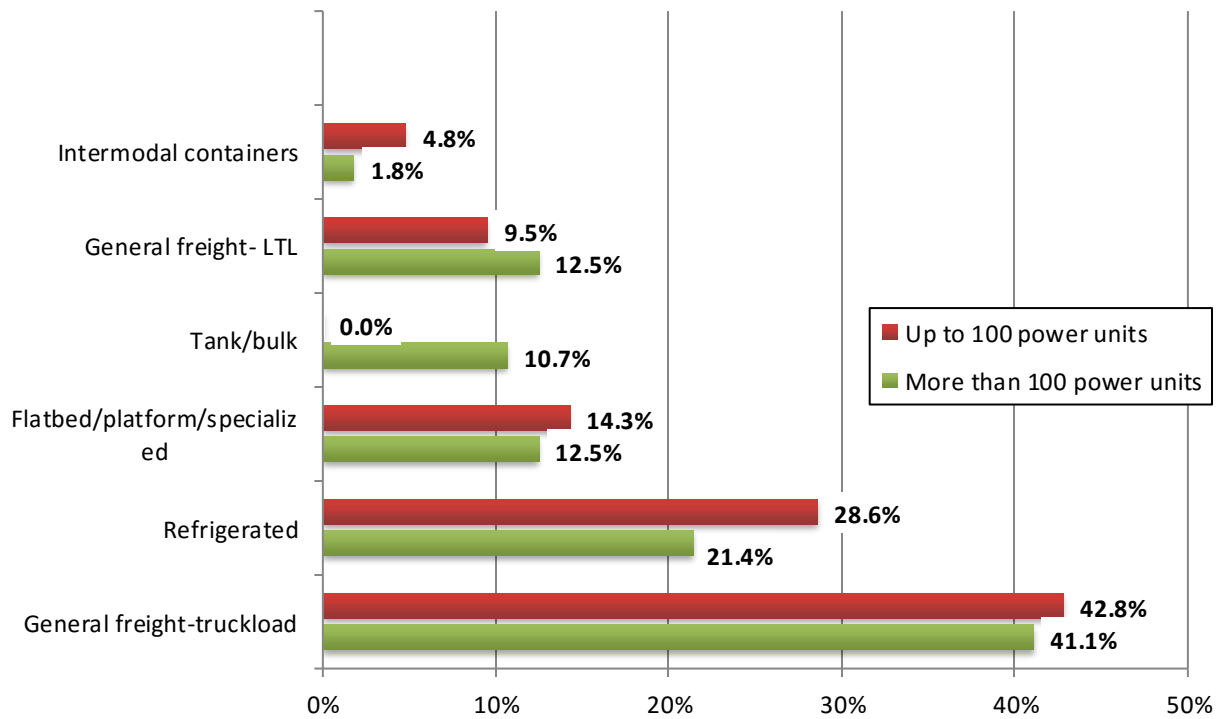
Demographics

79 respondents

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

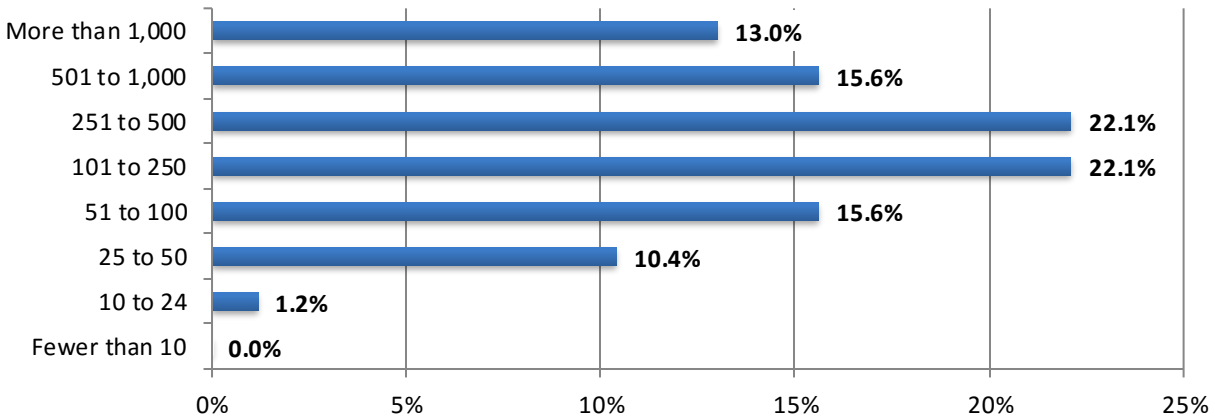


By fleet size



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

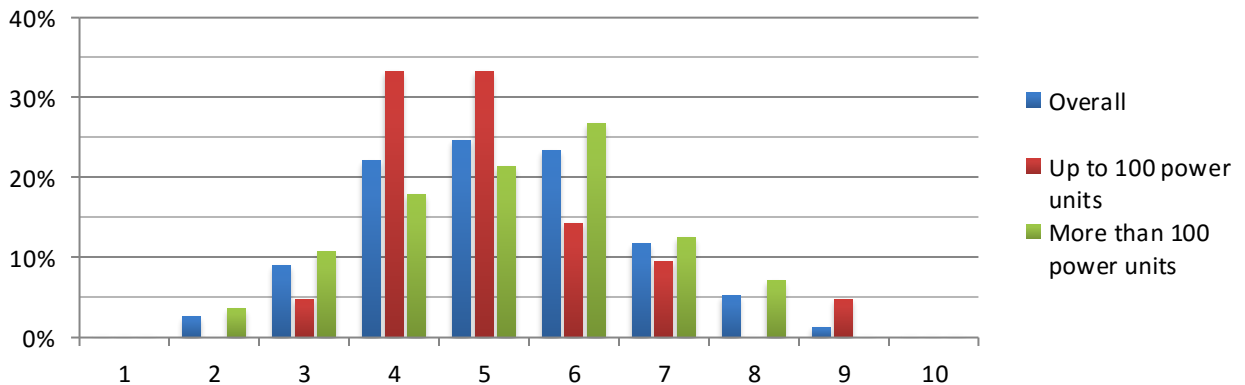


Business conditions

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 July 2016?

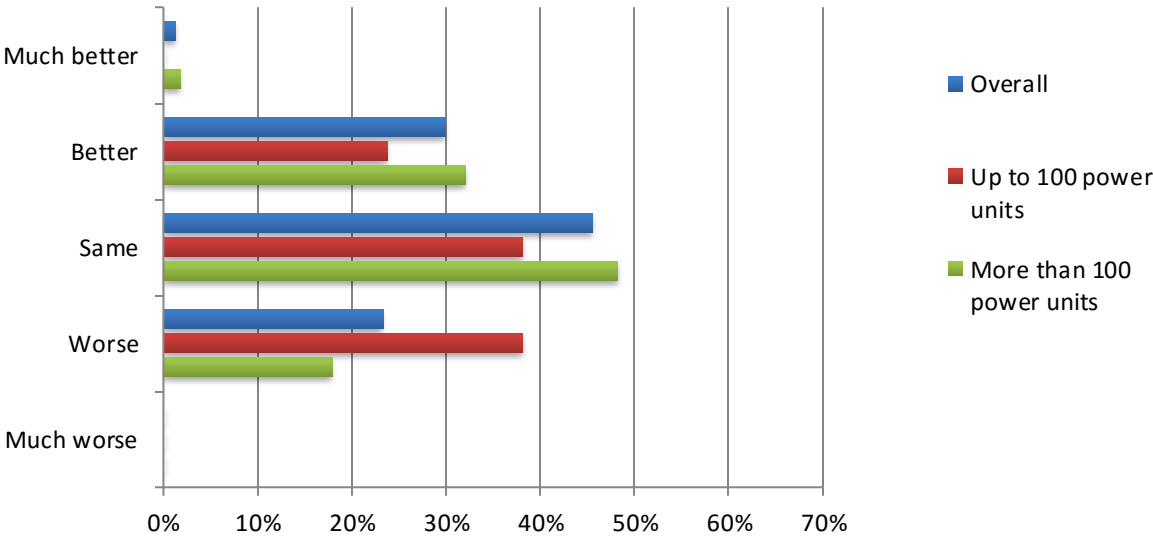
	<u>July 2016</u>	<u>June 2016</u>
Average response	5.2	5.6
Up to 100 power units:	5.1	5.9
More than 100 units:	5.2	5.4

Distribution of responses

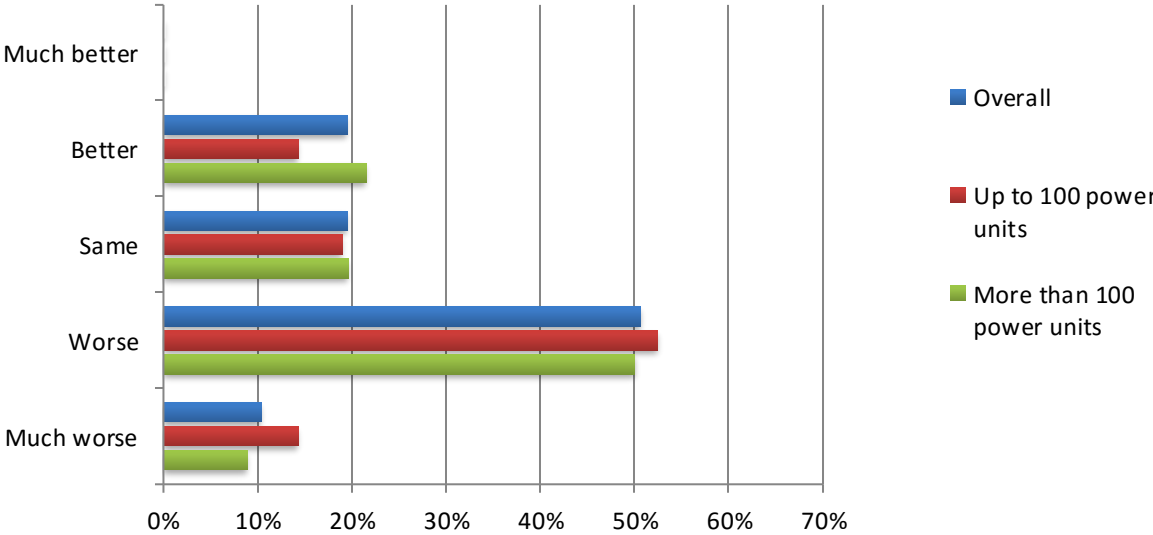


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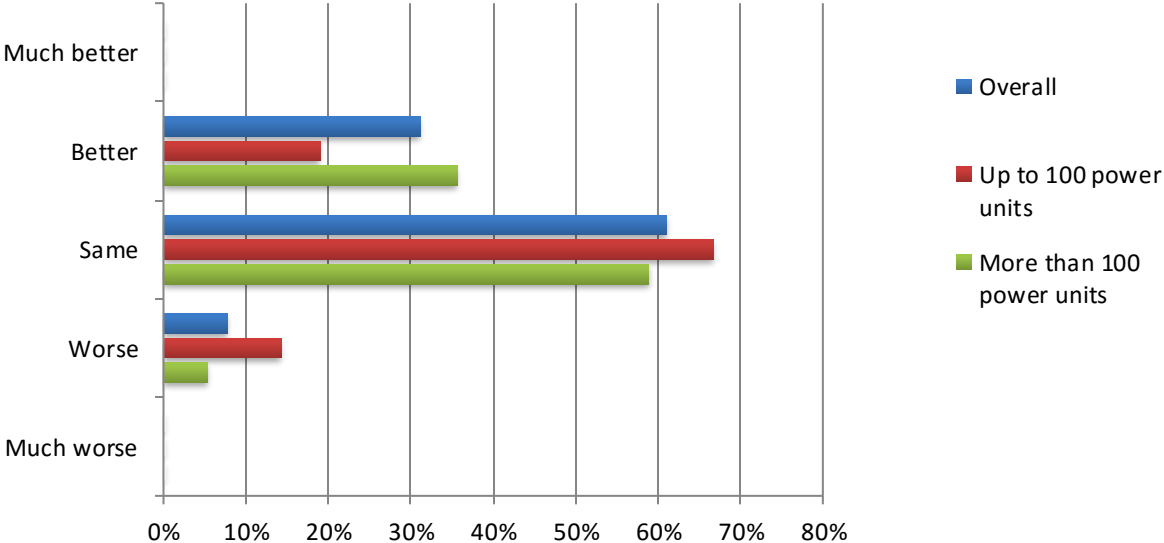
How is your business doing in July 2016 compared to June 2016?



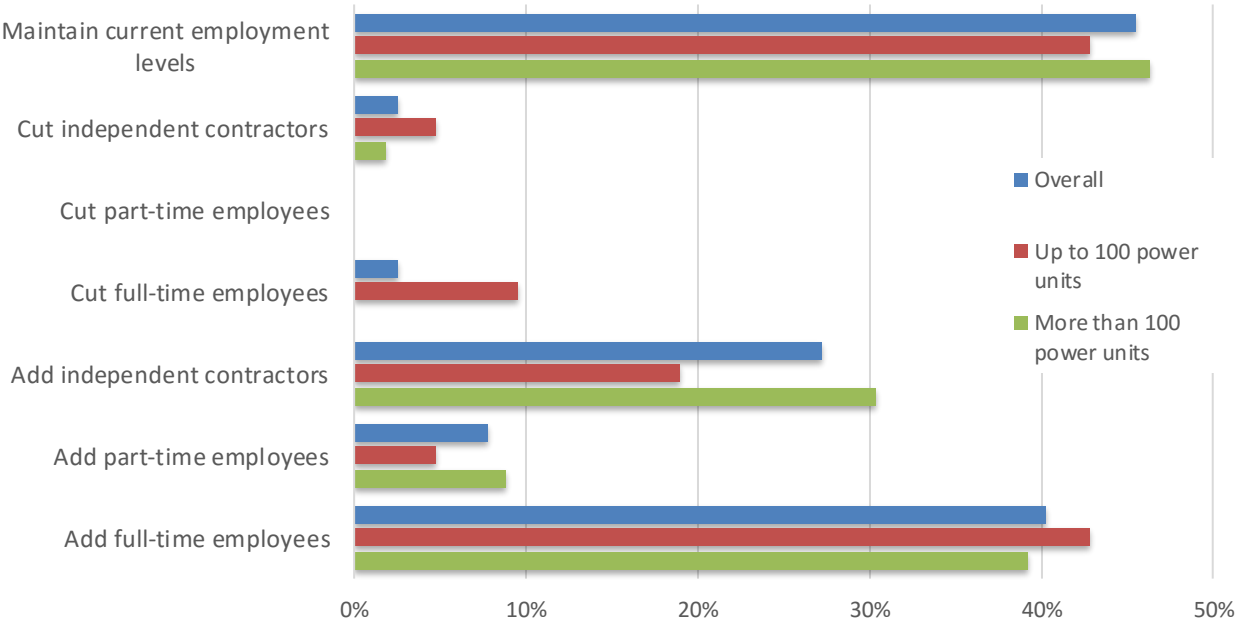
How is your business doing in July 2016 compared to July 2015?



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

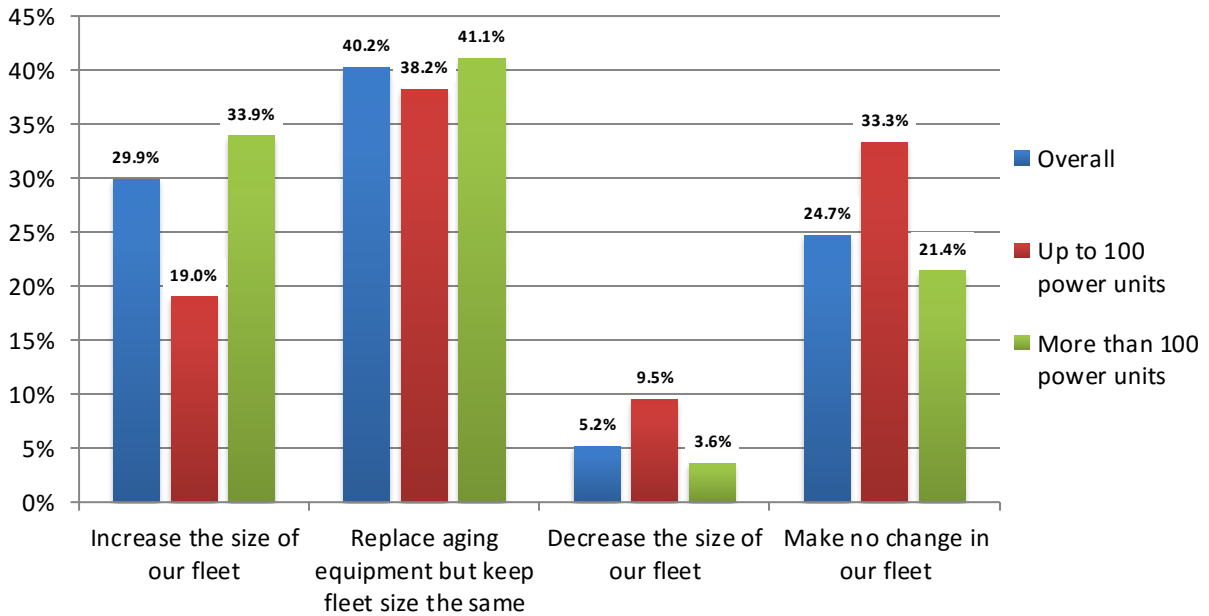


Not counting seasonal employees, in the next 6 months, do you plan to:

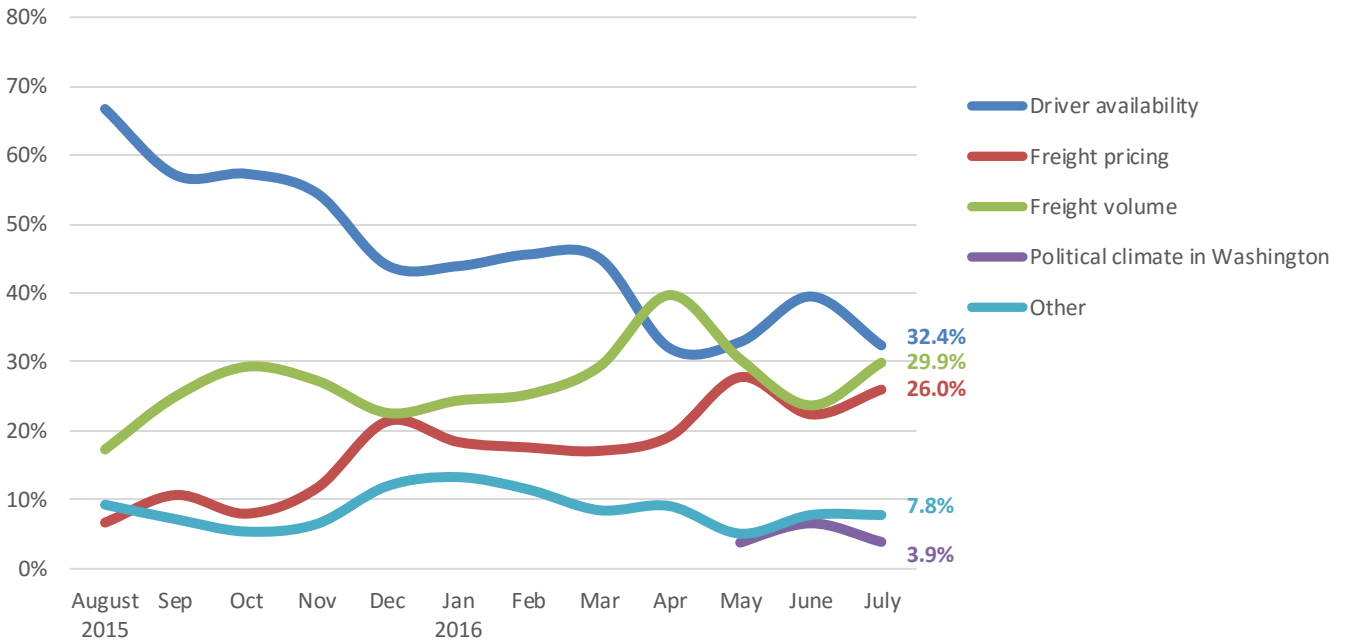


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In the next 6 months, we plan to:



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



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Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	9.4%	28.5%	19.1%	9.5%	0.0%
Freight pricing	38.1%	23.8%	9.5%	0.0%	9.5%
Cash flow	4.8%	0.0%	9.5%	4.8%	0.0%
Fuel costs	0.0%	0.0%	0.0%	0.0%	0.0%
Driver availability	38.1%	23.8%	19.1%	4.8%	0.0%
Cost of labor	4.8%	0.0%	9.5%	4.8%	4.8%
Maintenance costs	0.0%	14.3%	9.5%	0.0%	19.0%
Cost of equipment	0.0%	0.0%	0.0%	19.0%	4.8%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	4.8%
Regulation	4.8%	4.8%	14.3%	33.3%	14.3%
Taxes	0.0%	0.0%	9.5%	4.8%	14.3%
Political climate in Washington	0.0%	4.8%	0.0%	19.0%	28.5%
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	37.4%	27.3%	12.4%	8.9%	3.6%
Freight pricing	21.4%	29.1%	30.3%	8.9%	1.8%
Cash flow	0.0%	0.0%	1.8%	3.6%	1.8%
Fuel costs	0.0%	0.0%	3.6%	1.8%	1.8%
Driver availability	30.4%	23.6%	28.5%	7.1%	1.8%
Cost of labor	0.0%	7.3%	5.4%	8.9%	7.3%
Maintenance costs	0.0%	1.8%	0.0%	12.5%	14.6%
Cost of equipment	1.8%	3.6%	5.4%	3.6%	14.6%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	1.8%	0.0%	1.8%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	3.6%	5.5%	3.6%	17.9%	25.5%
Taxes	0.0%	0.0%	3.6%	0.0%	3.6%
Political climate in Washington	5.4%	1.8%	3.6%	26.8%	21.8%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

July 2016 MarketPulse Report

General comments

Up to 100 power units

- Reasonably sure the current trend by shippers to pressure carriers to reduce rates will not continue forever, but it sure is painful at this point.
- Capacities are shrinking.
- Seeing slowdown in freight due to some vendors going out of business. See some strength in mfg sector. Brokers don't seem to get it. Majority cutting price and passing it on to the smaller operators, who don't seem to have a clue. First quarter trucking, sixteen percent going out of business. Listen to the news Clinton telling us economy is greater than ever! Owners save your money, our survival will be tied to how much we can hire Bill to give us a speech!
- In a word....'concerning'!
- Business reflecting downward pressure on rates. Parked 10 units until conditions change.
- Experiencing an increased RFP environment during the summer months which typically is experienced during 4Q. Feel this is due to shipping community preparing for tighter capacity in 2017 because of several issues including: government regulations (ELDs), increased labor cost because of FSLA and increased equipment and insurance costs. Carriers CPM has drastically decreased since 2014; carriers will have to drastically increase CPM to recoup the downturn. Shipping community trying to lock in 2016 pricing for 2017 and into 2018.

General comments

More than 100 power units

- It seems like the current environment is like boiling a frog. It started out lukewarm and we got used to it. Each month it gets a little warmer (or worse, either volumes or prices) and we adjust to it so it seems normal. It won't be too long before the water is boiling and we're cooked. Very few of our customers are thinking long-term, which tells me they are under a lot of pressure, too.
- Business slow in July, August not much better.
- Praying that Hillary does not get elected because it will be the beginning of more regulation and unionization.
- No consistency in freight volume from week to week or even day to day some weeks. No drivers anywhere!! Not fun being in trucking right now.

(Continued on next page)

More than 100 power units (continued)

- I believe that many CEOs and CFOs of mid- to large-sized companies are holding off making any large capital expenditures pending the outcome of this election.
- Things are pretty busy now. Rates need to go up to cover increasing costs.
- Freight volumes continue to decline. Good news is pricing still holding steady for LTL.....
- It is what it is!
- The significant drop [in used equipment prices] this year has been a challenge for us and many public carriers are reporting losses on equipment sales.
- We need Trump!
- July was one of the worst we have seen in years. Hopefully better for rest of year. Already picking up some. People are dropping rates to get by and hopefully it swings the other way.
- Other Carriers dropping their prices.
- Somewhat busy but rates are way below where they should be compared to the operating cost.