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## August 2016

### Key findings

- Carrier sentiment for business conditions in August rose from July, up to 5.5 from 5.2. Respondents from both groups were more positive about August compared to July, with respondents from fleets with more than 100 power units rating August at 5.6 (5.2 in July), and respondents from fleets with up to 100 power units rating August at 5.3 (5.1 in July). (Page 4)
- Only 14.7% of all respondents said month-over-month business conditions were worse in August, compared to 38.9% reported in last month's survey. 34.6% of all respondents said August was better than July: 25% of respondents from fleets with up to 100 power units and 39.3% of respondents from fleets with more than 100 power units. 56% of all respondents indicated business in August 2016 was worse than August 2015, and 29.3% expect business conditions to improve over the next six months compared to 14.7% who expect it to worsen. (Page 5)
- 50% of respondents from fleets with up to 100 power units and 41.7% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 28% plan to add independent contractors. (Page 6)
- 35.3% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to 25% of respondents with up to 100 power units. (Page 7)
- Driver availability (41.4%, up from 32.4% in last month's survey), freight volume (29.3%), freight pricing (21.3%) and regulations (4.0%) remain carriers' top concerns. (Pages 7 & 8)

### Quotes of the month

- **Up to 100 power units:** "We went from July being a below average month to August being one of the best months we've ever had. Business volumes are inconsistent and the lack of finding qualified drivers is frightening."
- **More than 100 power units:** "It seems like dry freight is trending up. Hopefully, the inflection point of supply, demand, and regulations has hit."

## Table of Contents

<b>Methodology.....</b>	<b>2</b>
<b>August 2016 MarketPulse .....</b>	<b>3</b>
Breakdown by type of operation .....	3
Breakdown by fleet size .....	3
Business conditions rating.....	4
Business compared to last month .....	5
Business compared to same month last year .....	5
Business expectations .....	6
Plans for workforce .....	6
Plans for fleet .....	7
Major concerns.....	7
General comments.....	9

### Methodology

The August 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.

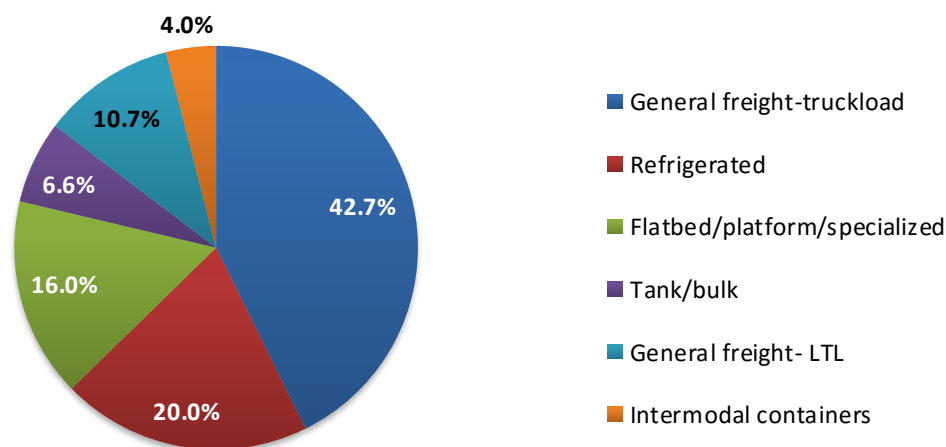
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on September 19, 2016 with reminders sent out on September 22 and September 26, 2016. Out of the total pool, 75 carrier executives completed the questionnaire.

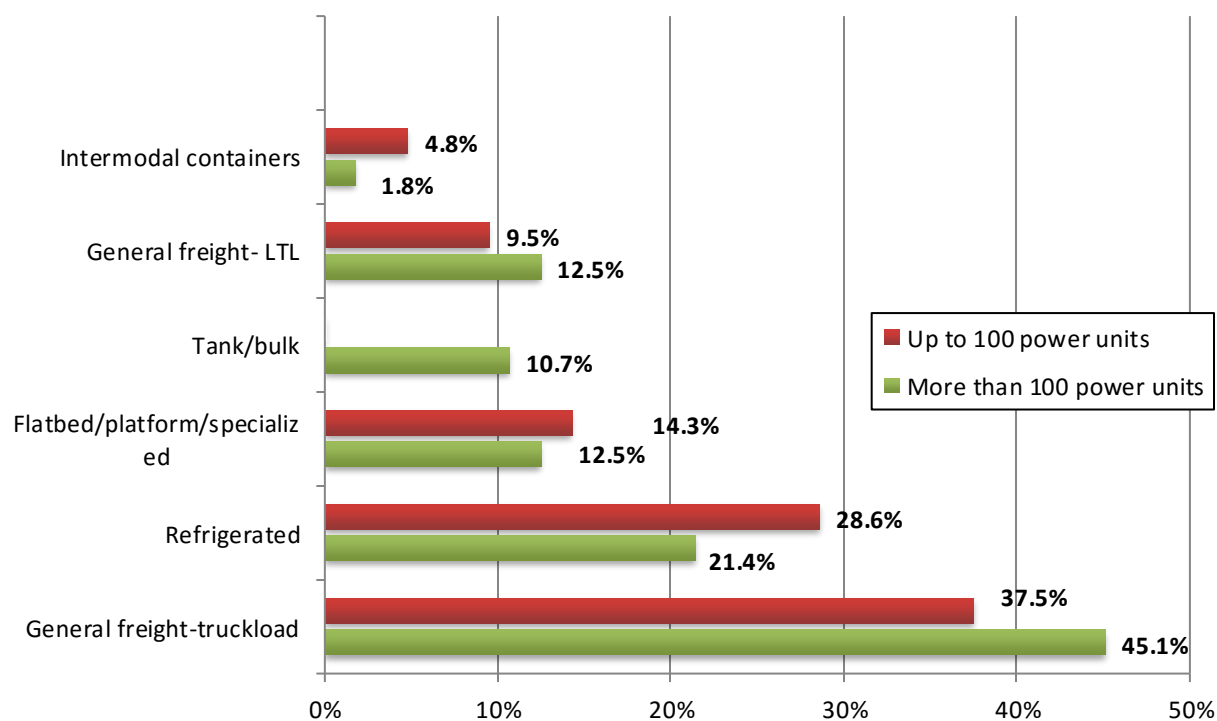
### Demographics

75 respondents

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

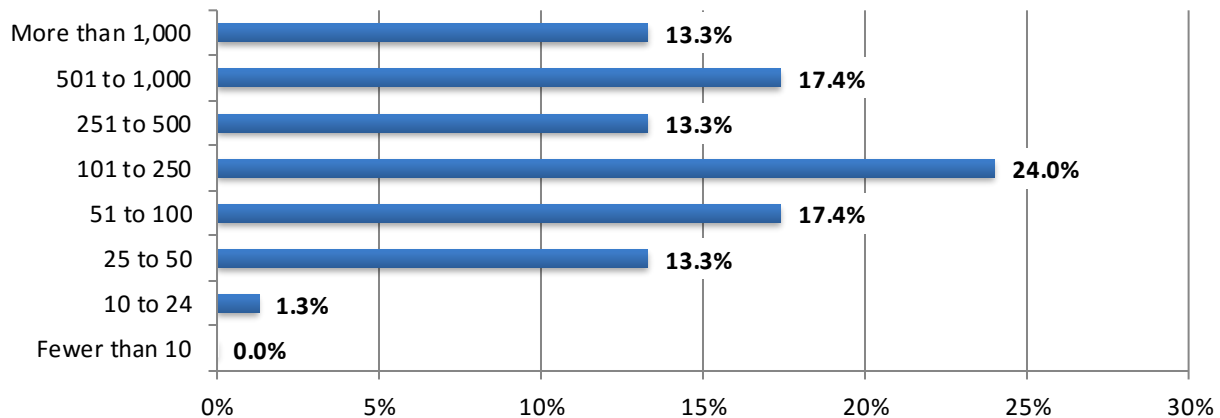


### By fleet size



## August 2016 MarketPulse Report

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

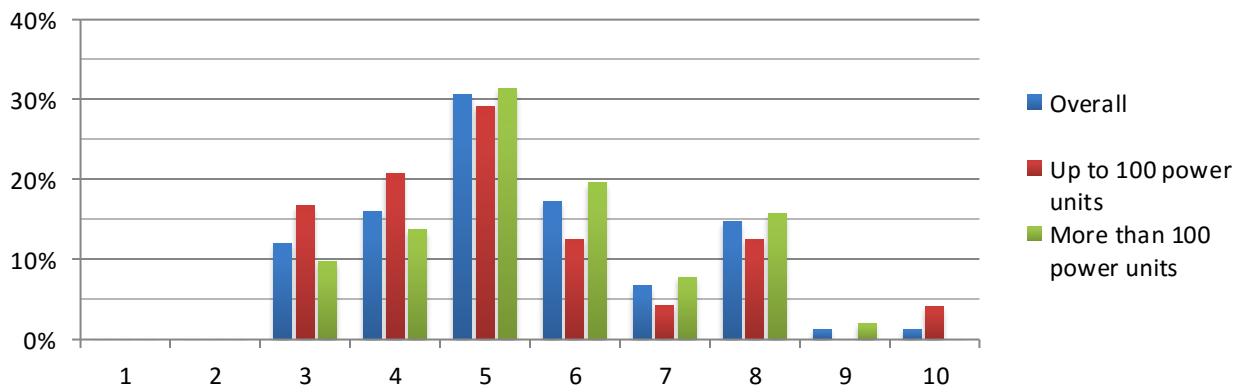


## Business conditions

**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 August 2016?**

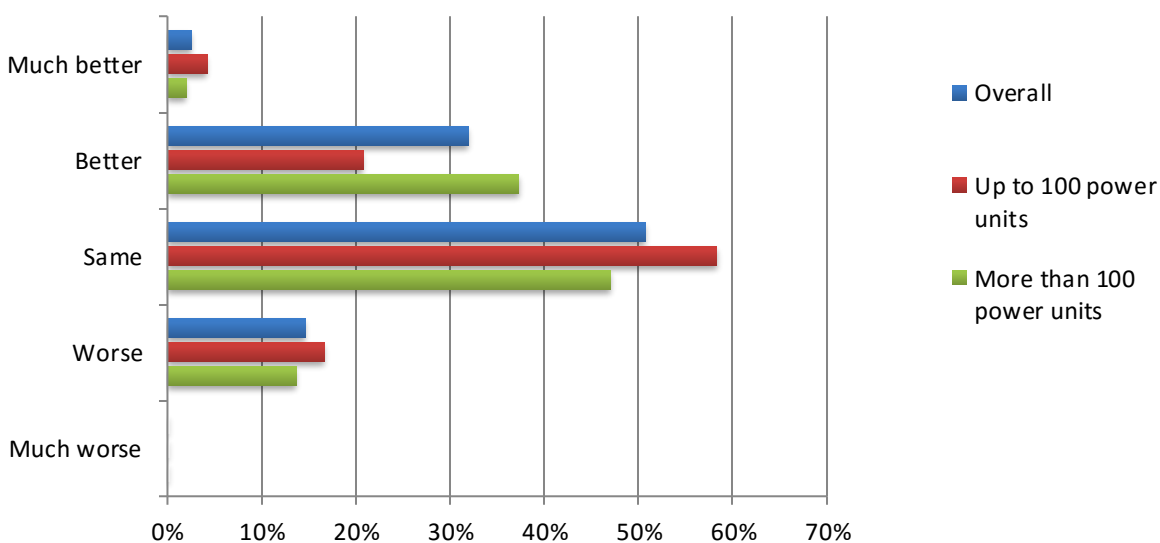
	<u>August 2016</u>	<u>July 2016</u>
<b>Average response</b>	<b>5.5</b>	<b>5.2</b>
Up to 100 power units:	5.3	5.1
More than 100 units:	5.6	5.2

## Distribution of responses

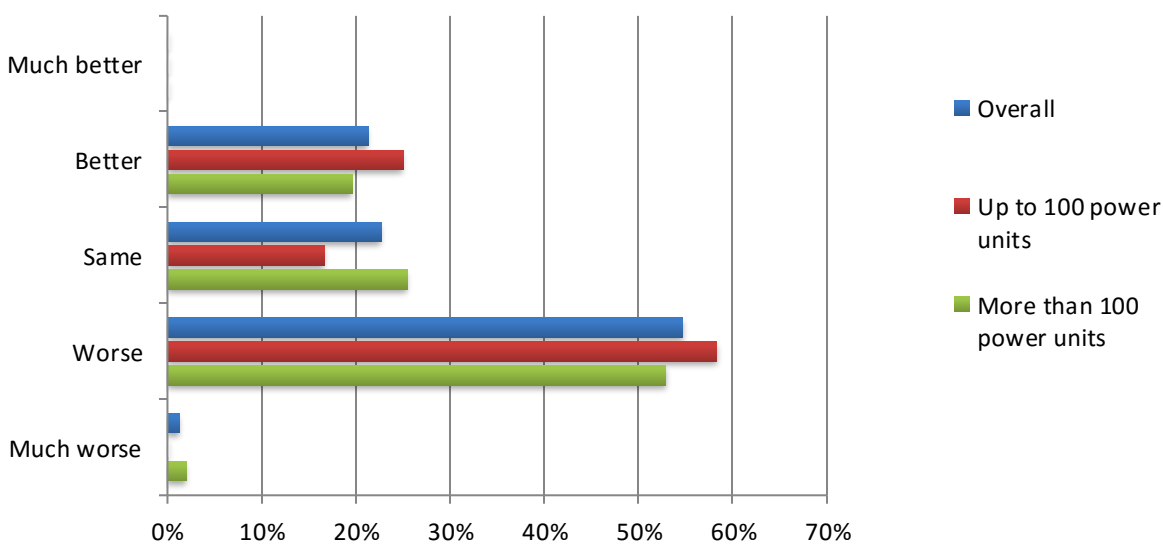


## August 2016 MarketPulse Report

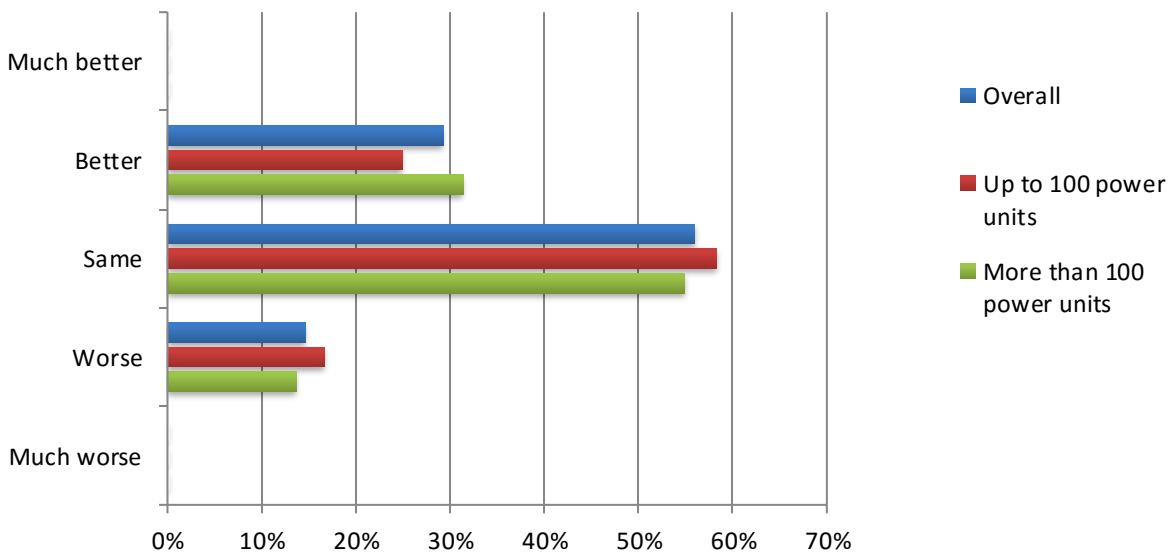
**How is your business doing in August 2016 compared to July 2016?**



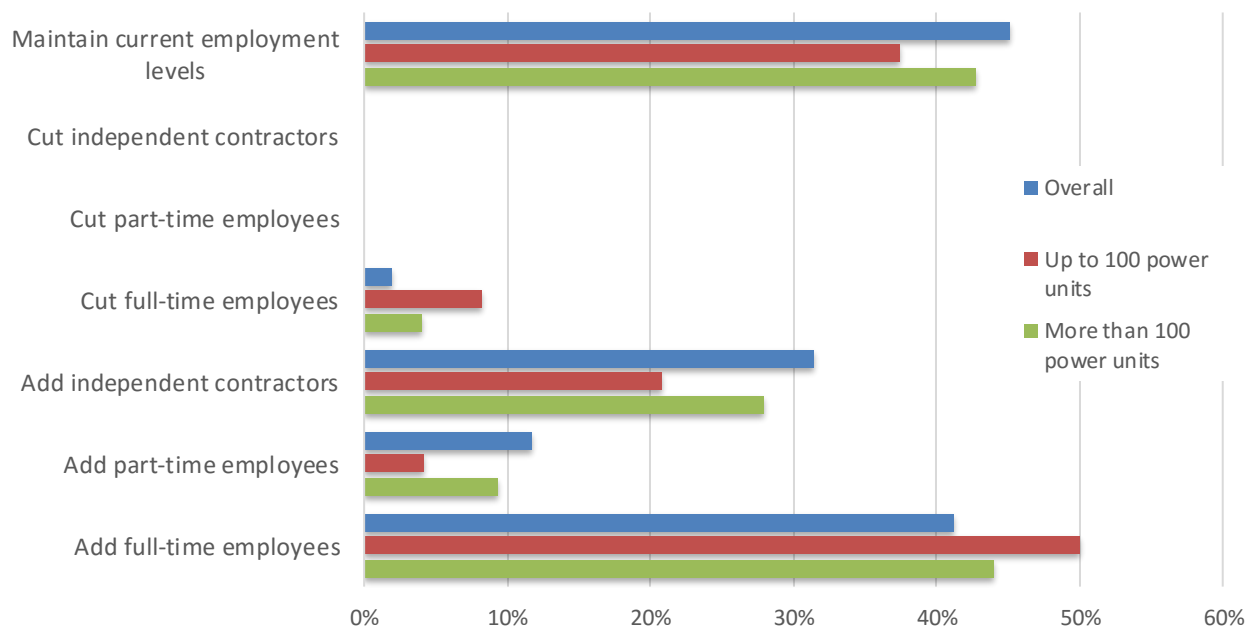
**How is your business doing in August 2016 compared to August 2015?**



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

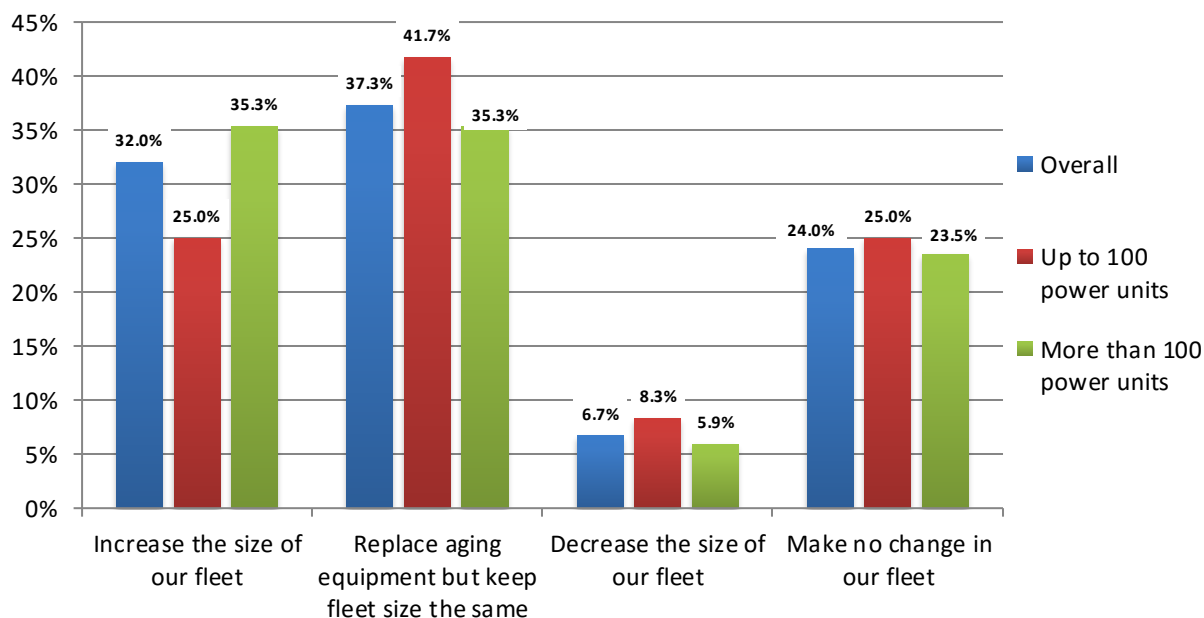


### Not counting seasonal employees, in the next 6 months, do you plan to:

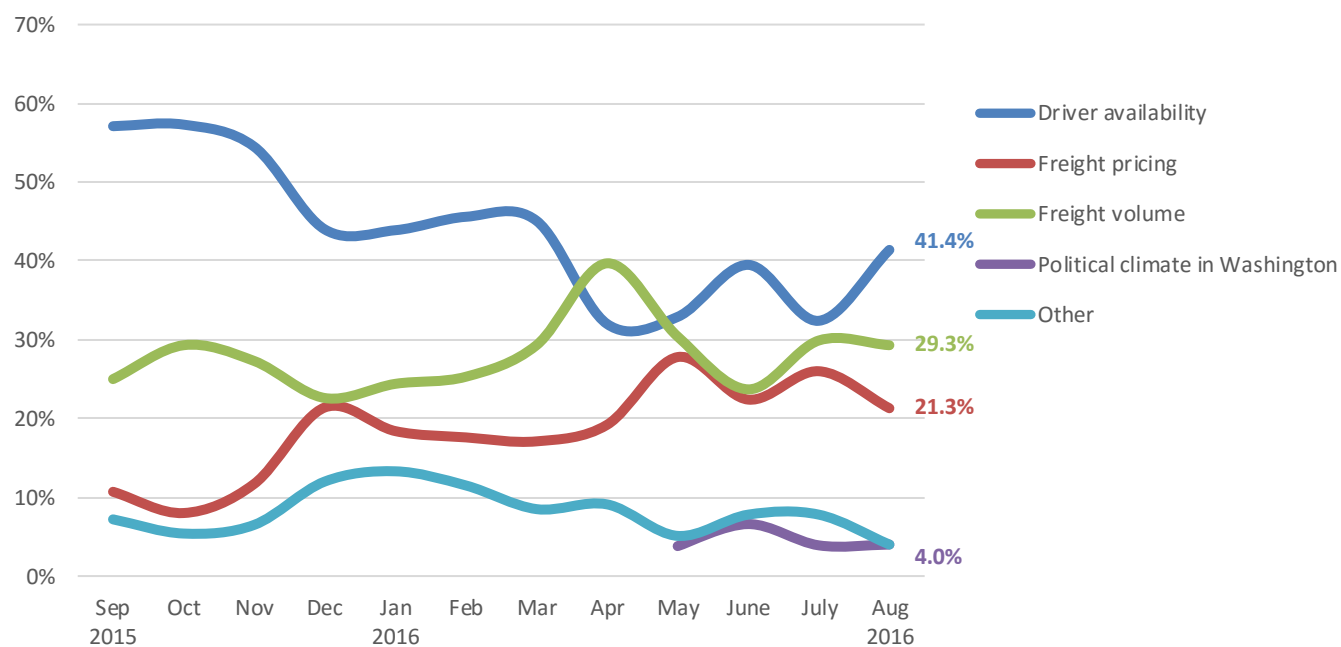


## August 2016 MarketPulse Report

In the next 6 months, we plan to:



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





## August 2016 MarketPulse Report

### Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	16.7%	20.8%	12.5%	0.0%	13.0%
Freight pricing	25.0%	25.0%	16.7%	4.2%	0.0%
Cash flow	0.0%	0.0%	8.3%	0.0%	0.0%
Fuel costs	0.0%	0.0%	0.0%	4.2%	0.0%
Driver availability	45.8%	20.8%	4.2%	12.5%	0.0%
Cost of labor	8.3%	4.2%	4.2%	8.3%	4.3%
Maintenance costs	0.0%	4.2%	8.3%	16.7%	17.5%
Cost of equipment	0.0%	4.2%	16.7%	12.5%	13.0%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	0.0%	4.3%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	4.2%	12.5%	16.7%	20.8%	8.7%
Taxes	0.0%	0.0%	12.5%	8.3%	4.3%
Political climate in Washington	0.0%	8.3%	0.0%	12.5%	26.2%
Other	0.0%	0.0%	0.0%	0.0%	8.7%

### Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	35.3%	24.0%	11.7%	2.0%	3.9%
Freight pricing	19.6%	34.0%	19.6%	5.9%	7.8%
Cash flow	0.0%	0.0%	0.0%	0.0%	0.0%
Fuel costs	0.0%	0.0%	5.9%	3.9%	2.0%
Driver availability	39.2%	14.0%	23.5%	7.8%	2.0%
Cost of labor	0.0%	8.0%	5.9%	3.9%	5.9%
Maintenance costs	0.0%	4.0%	11.7%	17.7%	5.9%
Cost of equipment	0.0%	2.0%	3.9%	13.8%	9.8%
Unionization	0.0%	2.0%	2.0%	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%	0.0%
Regulation	0.0%	4.0%	9.8%	33.3%	17.6%
Taxes	0.0%	0.0%	2.0%	3.9%	3.9%
Political climate in Washington	5.9%	8.0%	2.0%	7.8%	41.2%
Other	0.0%	0.0%	2.0%	0.0%	0.0%

## August 2016 MarketPulse Report

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### **General comments**

#### **Up to 100 power units**

- Many shippers do not understand how big an impact ELDs will have on capacity. They're in for a rude awakening.
- Transportation is a cyclical business. This year we are learning how to survive in a down cycle. Supply and demand are always fluctuating so we remain optimistic that our next business cycle will be on the upswing with a return to volumes that provide better opportunities for our team.
- We went from July being a below average month to August being one of the best months we've ever had. Business volumes are inconsistent and the lack of finding qualified drivers is frightening. A large concern of ours is that government regulations on so many aspects of business are becoming overwhelming. We provide good compensation and good benefits to our employees, though the administrative compliance requirements are provoking thoughts that providing employment and employee benefits is a liability.
- Hoping for positive changes in the tax code post-election.
- Look for customers to continue push back on rates.
- We are witnessing the purge of carriers who thought they could run for less money than it costs and cut rates to gain market. The first quarter saw a rise in trucking company failures. This has been good for us. Customers are finding out that if their product does not make it to the shelf on a timely basis there is nothing to sell. Amazing how capitalism works!

### **General comments**

#### **More than 100 power units**

- Business appears to be better but rates are lagging behind.
- The election can't come fast enough. I hope we get a fresh approach with new programs to help business and grow the economy rather than a continuation of more government programs and hiring.
- If we had any hopes of improvement, the Hanjin bankruptcy and Alabama pipeline bursting put an end to them. Higher costs and lower volumes.
- Reminds me of the end of 2010 and beginning of 2011.
- We need level playing field. When everyone is on e-logs and has to take a 10-hour break because of weather or traffic or miss a delivery due to the 10-hour break and you are 45 minutes out it will change the world.

**(Continued on next page)**

### More than 100 power units (continued)

- It seems like dry freight is trending up. Hopefully, the inflection point of supply, demand, and regulations has hit.
- We are like everyone else, that is waiting for the results of the election!
- We decided a year ago to purchase glider units for our fleet and now we see the government trying to regulate that and put glider mfg. companies out of business.
- This year continues to be a roller coaster ride from week to week with freight volumes and with the coming presidential election and economic uncertainty it is hard to plan.
- Business was improved in August. September is overflowing with freight, much due from growth with current customers, some from current customers picking up and other from new business. I am not hearing positive from other carriers. Many are still slow and contemplating whether they can make it through to better times. Selling used equipment was really difficult earlier in the year, although it has greatly improved. It shows me that the freight market is picking up.