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October 2016

Key findings

- Carrier sentiment for business conditions in October held steady from September at 5.61 (5.60 in September). Respondents from fleets with up to 100 power units were slightly more positive about October (5.75) than respondents from fleets with more than 100 power units (5.55). (Page 4)
- Only 13.8% of all respondents said month-over-month business conditions were worse in October, compared to 23.8% reported in last month's survey. 32.4% of all respondents said October was better than September, including 41.7% of respondents from fleets with up to 100 power units and 28.6% of respondents from fleets with more than 100 power units. 43.8% of all respondents indicated business in October 2016 was worse than October 2015, and 41.3% expect business conditions to improve over the next six months compared to only 12.5% who expect it to worsen. (Page 5)
- 66.7% of respondents from fleets with up to 100 power units and 33.9% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 27.5% of all respondents plan to add independent contractors. (Page 6)
- 29.2% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to 30.4% of respondents with up to 100 power units. (Page 7)
- Driver availability (41.6%, up from 38.0% in last month's survey), freight volume (27.3%), freight pricing (22.1%) and political climate in Washington (2.6%) round out the list of carriers' top concerns. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "October produced more than 10 percent higher revenue than the previous high for 2016. It also appears profitability will be the best of any month in 2016 so the trend is very positive for now."
- **More than 100 power units:** "We do hair testing and the number of positives is surprising. Hair testing and a drug and alcohol data bank will reduce the driver population significantly."

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Methodology

The October 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.

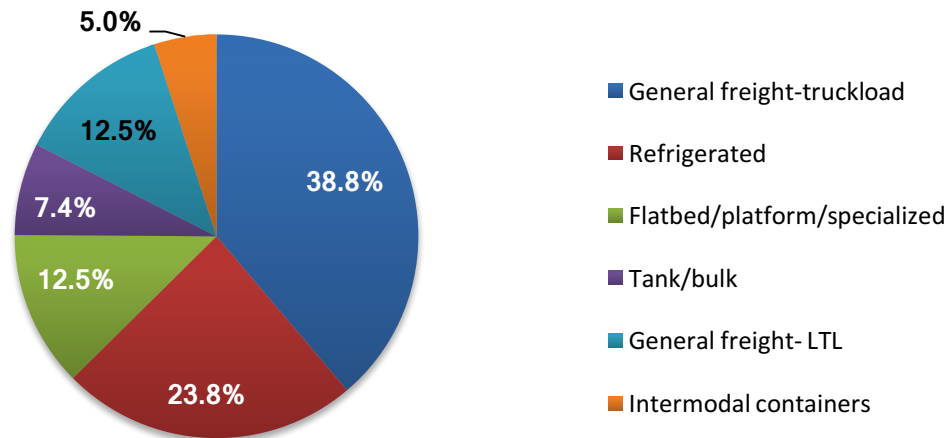
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on November 14, 2016 with reminders sent out on November 16 and November 17, 2016. Out of the total pool, 80 carrier executives completed the questionnaire.

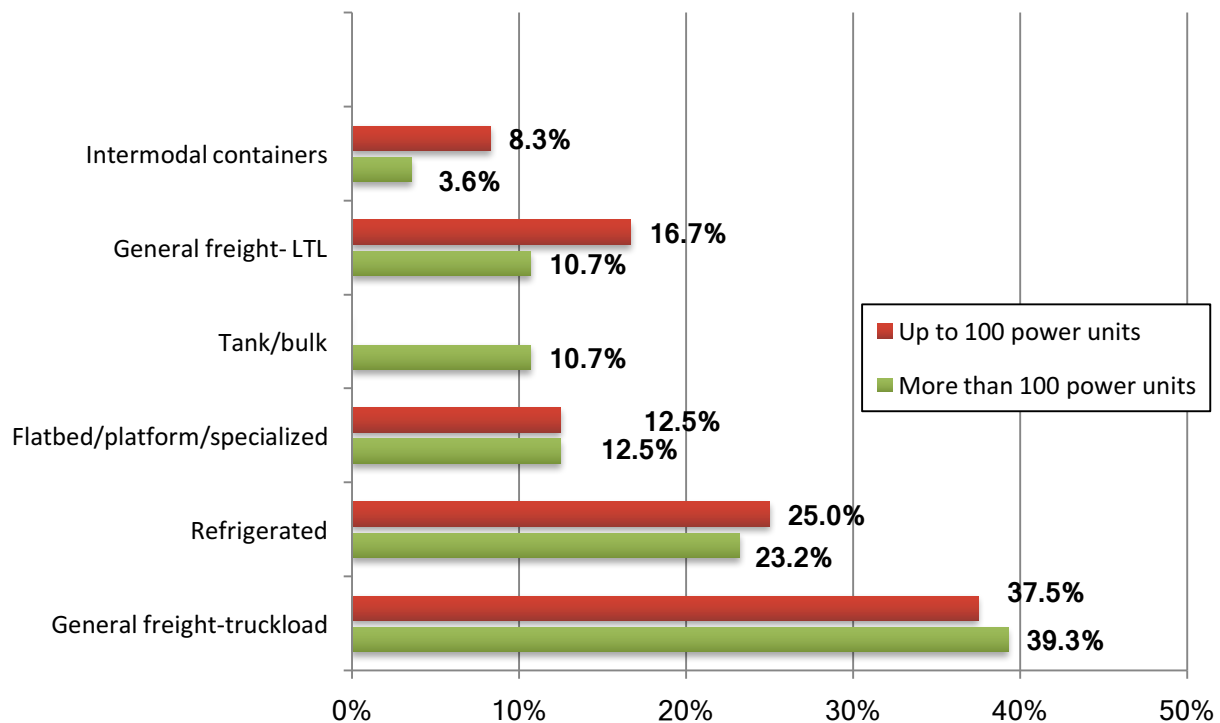
Demographics

80 respondents

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

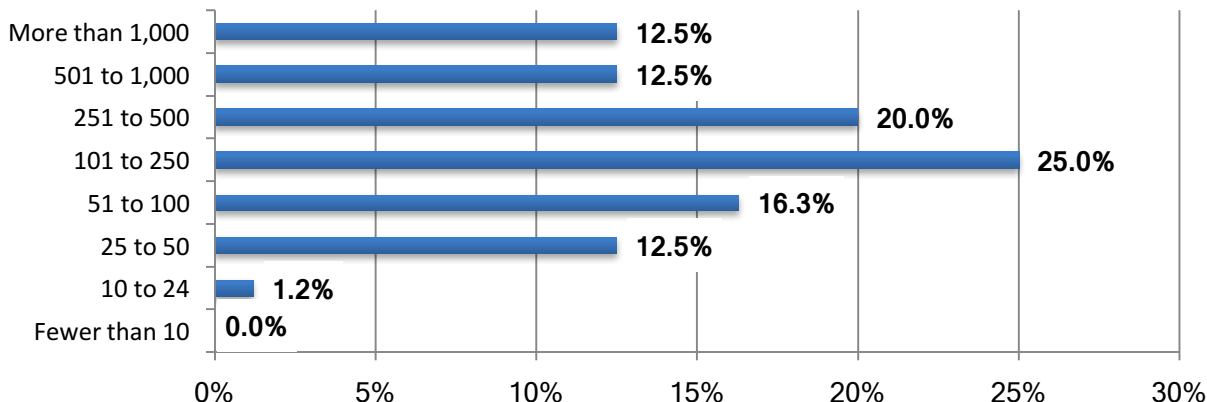


By fleet size



October 2016 MarketPulse Report

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

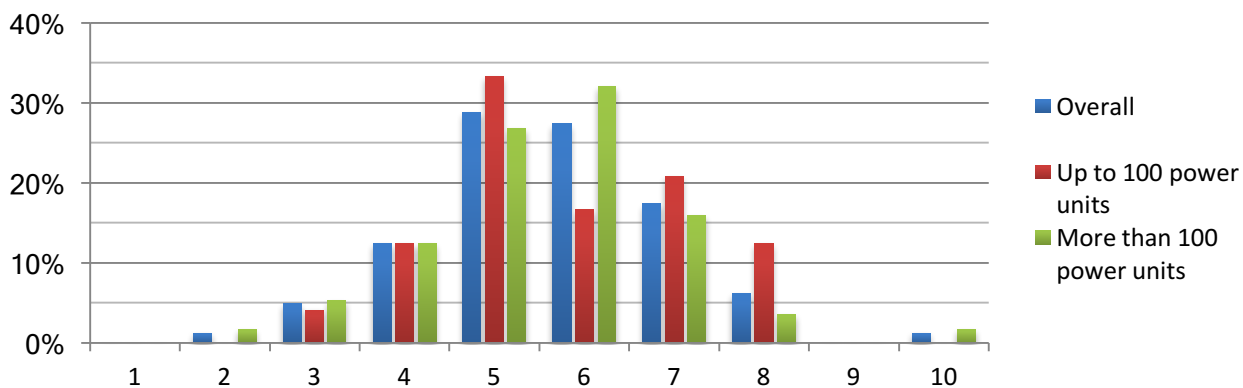


Business conditions

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 October 2016?

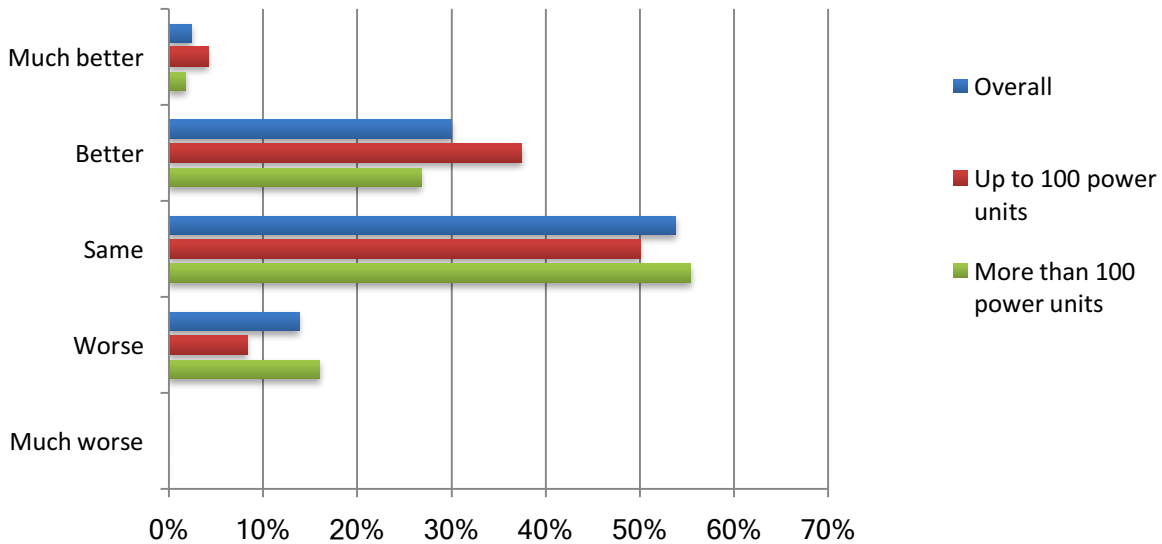
	October 2016	September 2016
Average response	5.61	5.6
Up to 100 power units:	5.75	5.6
More than 100 units:	5.55	5.6

Distribution of responses

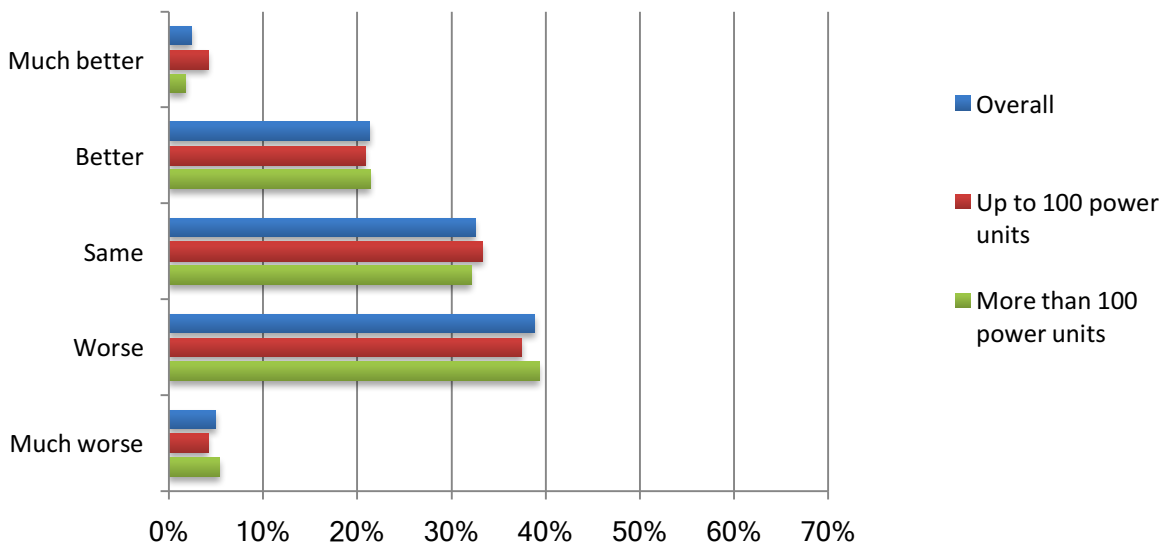


October 2016 MarketPulse Report

How is your business doing in October 2016 compared to September 2016?

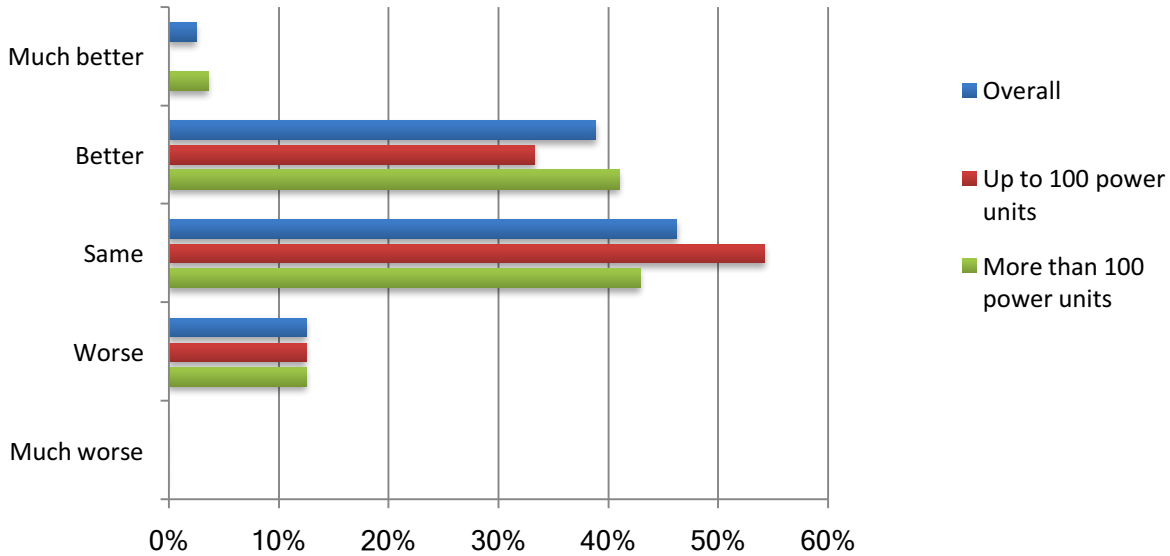


How is your business doing in October 2016 compared to October 2015?

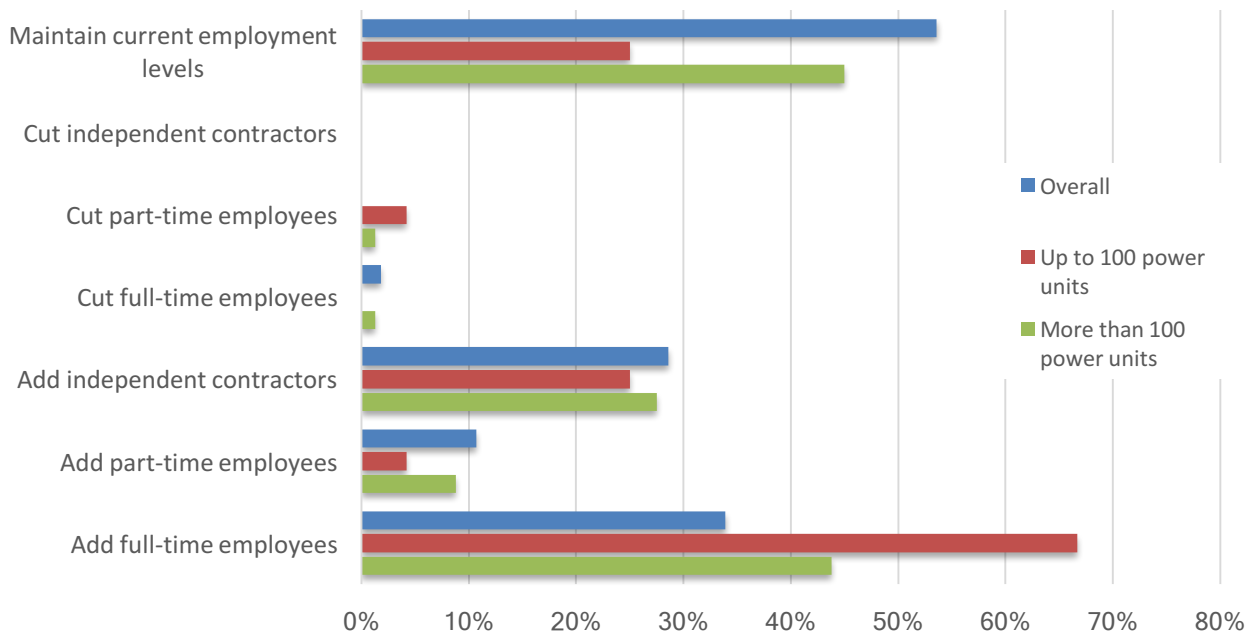


October 2016 MarketPulse Report

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

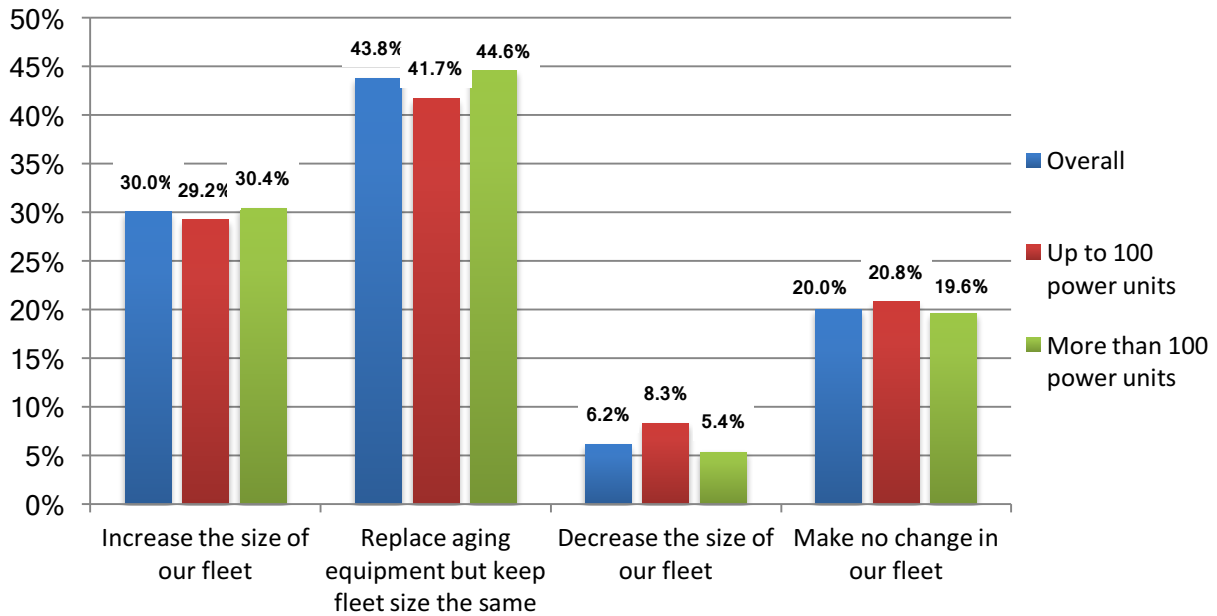


Not counting seasonal employees, in the next 6 months, do you plan to:

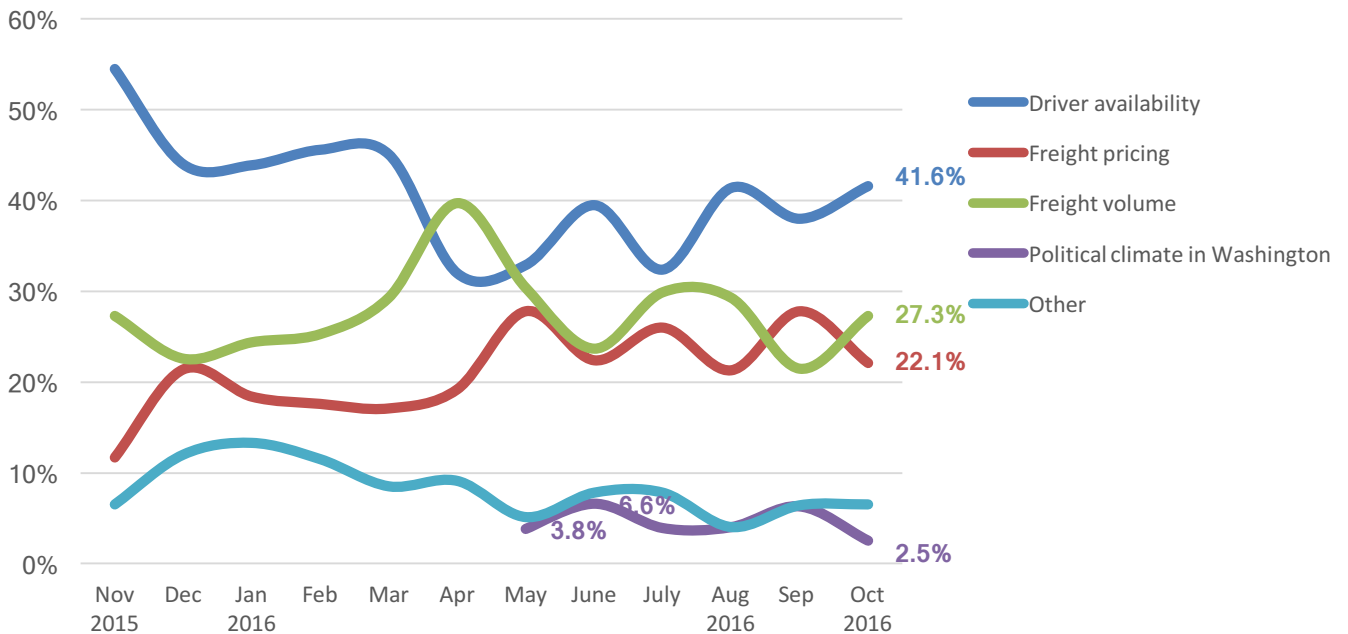


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In the next 6 months, we plan to:



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



October 2016 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	9.5%	20.7%	12.5%	13.0%	17.4%
Freight pricing	28.6%	12.5%	20.7%	13.0%	4.3%
Cash flow	0.0%	0.0%	4.2%	0.0%	0.0%
Fuel costs	0.0%	4.2%	0.0%	4.3%	0.0%
Driver availability	47.6%	25.0%	12.5%	0.0%	0.0%
Cost of labor	4.8%	25.0%	8.3%	8.7%	8.7%
Maintenance costs	0.0%	4.2%	16.7%	17.5%	13.1%
Cost of equipment	0.0%	0.0%	12.5%	13.0%	13.1%
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%	4.2%	0.0%	0.0%	0.0%
Regulation	0.0%	0.0%	4.2%	17.5%	21.7%
Taxes	0.0%	0.0%	0.0%	8.7%	8.7%
Political climate in Washington	9.5%	0.0%	4.2%	4.3%	8.7%
Other	0.0%	4.2%	4.2%	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%	30.9%	12.5%	5.5%	3.7%
Freight pricing	19.6%	43.7%	16.0%	7.4%	3.7%
Cash flow	0.0%	0.0%	0.0%	0.0%	1.9%
Fuel costs	0.0%	0.0%	5.4%	1.9%	1.9%
Driver availability	39.3%	5.5%	35.7%	5.5%	1.9%
Cost of labor	1.8%	3.6%	1.8%	20.4%	3.7%
Maintenance costs	1.8%	5.5%	3.6%	11.1%	14.8%
Cost of equipment	1.8%	1.8%	5.4%	7.4%	9.3%
Unionization	0.0%	0.0%	0.0%	0.0%	1.9%
Access to credit	0.0%	0.0%	0.0%	1.9%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	1.8%	3.6%	7.1%	31.5%	25.8%
Taxes	0.0%	1.8%	3.6%	1.9%	5.6%
Political climate in Washington	0.0%	3.6%	8.9%	5.5%	25.8%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

October 2016 MarketPulse Report

General comments

Up to 100 power units

- In 60 years of trucking business, we've never had this type of bad driver availability.
- October produced more than 10 percent higher revenue than the previous high for 2016. It also appears profitability will be the best of any month in 2016 so the trend is very positive for now.
- We have a clean slate if Trump does what he promised. We no longer have an employee cap, health insurance crisis we can grow. Now let's get a Sec of Transportation that is not a political hack or a mayor, but someone who knows the business. Drivers should not be afraid to go down the road to get violated and have the government cut their actual wages. If we limit speed it should be for all not just the trucks. A split speed will cost more lives than keeping it the same. Let's also look into the modern engines that are supposedly clean which last about 160K then you spend 10 to 15 to keep the emissions up in the second year. If I add correctly it is about 35 to 40 K per truck to manufacture and another 15 to 20 in the second year in maintenance. That is around 60K, way too much. Let's give the American people a chance, Americans are much better at developing products that do the same and cost less without the government and people buy to save money!
- We continue the path of a yo-yo, with month to month results providing the spinning up & down movement.
- Thinking new president hopefully will be a positive to freight and people spending money again.

General comments

More than 100 power units

- Freight volume is reasonable but rates are poor.
- Due to the election on November 8, we now have a ray of hope economically in this country.
- While we are excited to see a Trump victory and a Republican-controlled congress, it will be interesting to see how quickly Trump's policies will move this country forward. While we are able to keep our new equipment costs flat, other costs such as health care, are increasing. We badly need a fix for that.
- Hopefully the softening we've seen is short-term. Hopeful the election will change that pattern.
- Business as usual, not much movement in freight volume either way.

(Continued on next page)

October 2016 MarketPulse Report

More than 100 power units (continued)

- Things look a heck of a lot better after Tuesday, November 8th. I now have some hope for our country and find it comforting that we will have a business person in the White House.
- Customers are putting out bids on business that's not scheduled to begin until March and April. I expect that's because they expect capacity to tighten and rates to rise in 2017, and they want to lock in the lower rates now. I hope they're right.
- I believe we'll see a marked improvement in the economy in the next six months. The stock and bond markets are telling us this and I'm confident Trump will reduce taxes and regulations spurring us forward. I'm a happy guy!
- Hopefully there won't be too many grenades over the shoulder as the current administration departs.
- October was especially poor for us because of hurricane Matthew, we never recovered from the storm during the month!
- We have been seeing good freight overall though spotty from time to time in a few areas. Rates are too depressed and need to rise. We do hair testing and the number of positives is surprising. Hair testing and a drug and alcohol data bank will reduce the driver population significantly. 2017 will be very interesting as ELDs and a hard insurance market hit marginal carriers.
- Hope has returned to our vocabulary. Our desire is to see the new administration take calculated and deliberate moves focused on allowing our economy to recover over all industries.
- Looking forward to the Trump Effect!
- Freight volumes remain soft.