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November 2016

Key findings

- Carrier sentiment for business conditions in November rose a tenth of a point from October from 5.61 to 5.71. Responses from participants in both survey groups are nearly identical: 5.70 for respondents with up to 100 power units and 5.72 for respondents from fleets with more than 100 power units. (Page 4)
- Respondents reporting a decline in month-over-month business conditions rose in November, to 18.2% from 13.8%, including 22.2% of respondents from fleets with more than 100 power units. 26.0% of all respondents said November was better than October, including 21.7% of respondents from fleets with up to 100 power units and 27.8% of respondents from fleets with more than 100 power units. 59.7% expect business conditions to improve over the next six months compared to only 3.9% who expect it to worsen. (Page 5)
- 65.2% of respondents from fleets with up to 100 power units and 37.0% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 31.2% of all respondents plan to add independent contractors. (Page 6)
- 33.3% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to 34.8% of respondents with up to 100 power units. (Page 7)
- Driver availability (44.8%), freight pricing (32.9%), freight volume (17.1%), 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:** "Seen some positive signs since the election. Numbers holding. Hopefully we have some of the regulations off our back so we can do business after January 20th!"
- **More than 100 power units:** "After several years of growth, we are going to keep the fleet size flat for the next 15 months. Overall, a disappointing 2016."

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Methodology

The November 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.

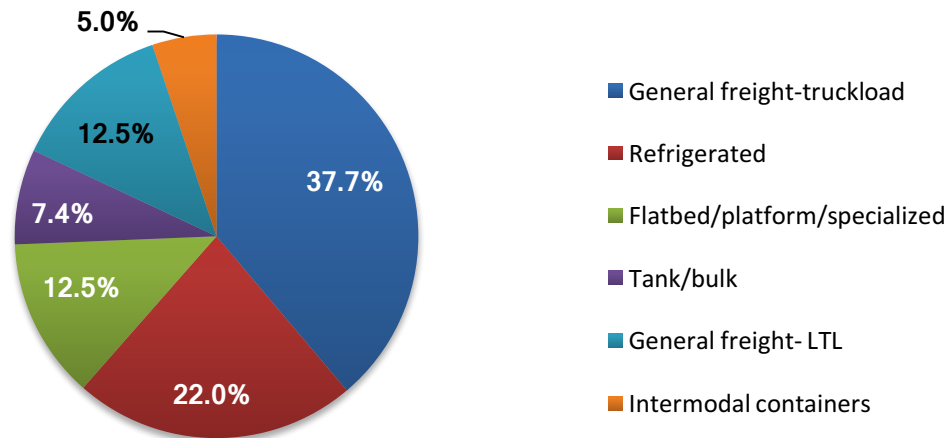
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on December 14, 2016 with reminders sent out on December 15 and December 16, 2016. Out of the total pool, 77 carrier executives completed the questionnaire.

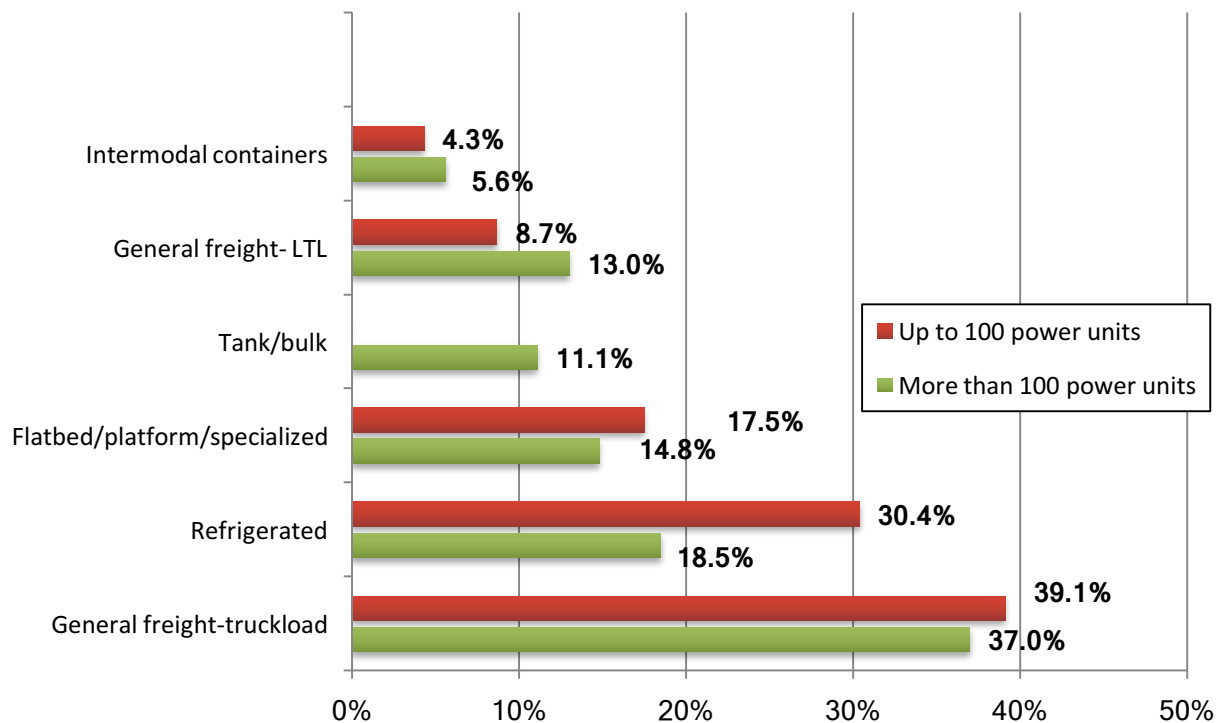
Demographics

77 respondents

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

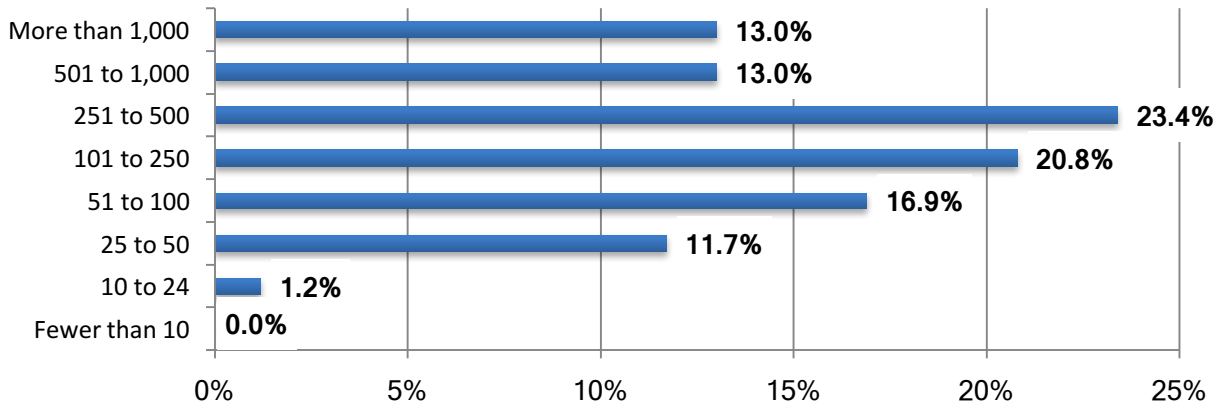


By fleet size



November 2016 MarketPulse Report

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

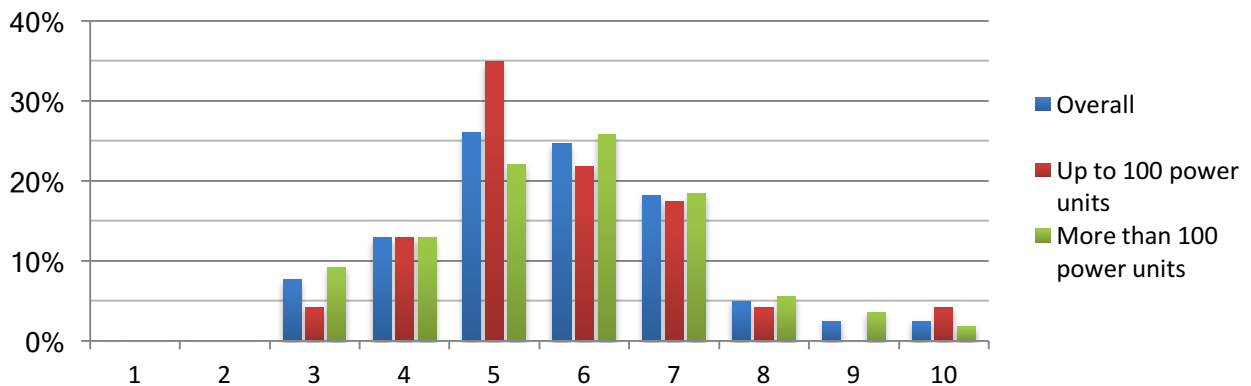


Business conditions

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 November 2016?

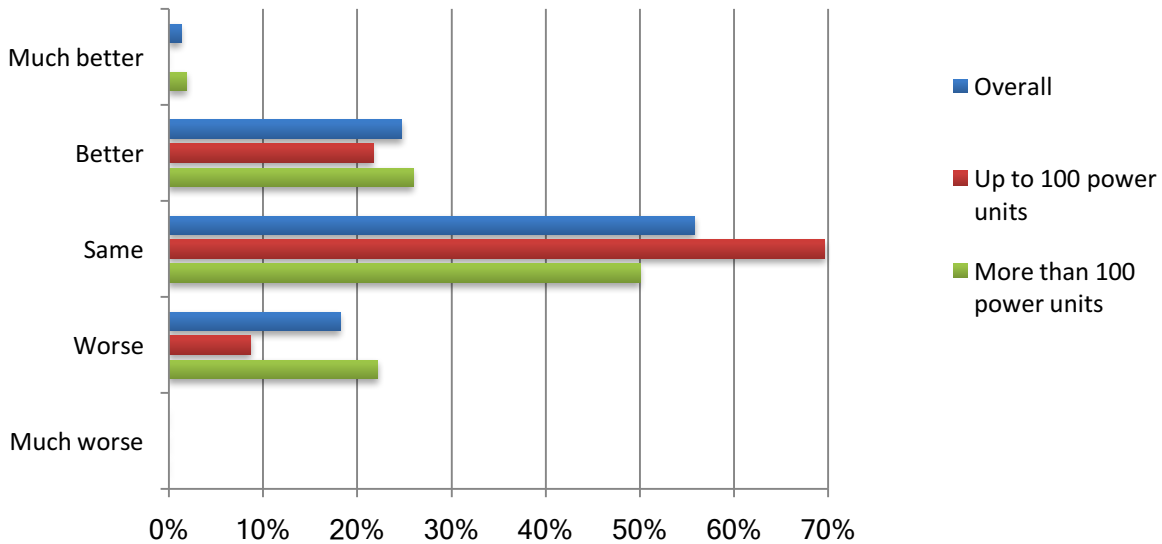
	November 2016	October 2016
Average response	5.71	5.61
Up to 100 power units:	5.7	5.75
More than 100 units:	5.72	5.55

Distribution of responses

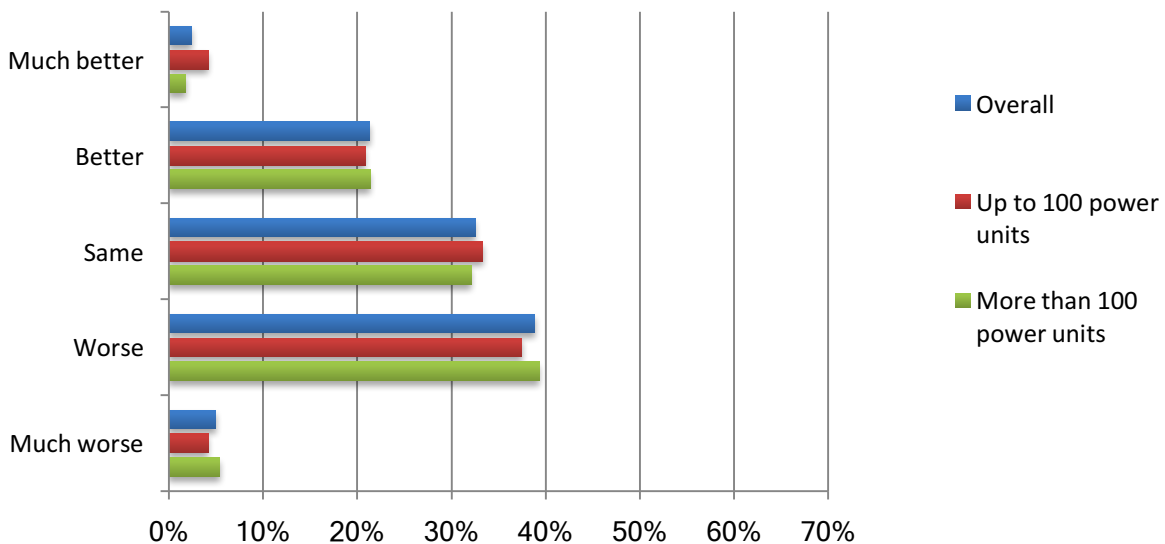


November 2016 MarketPulse Report

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

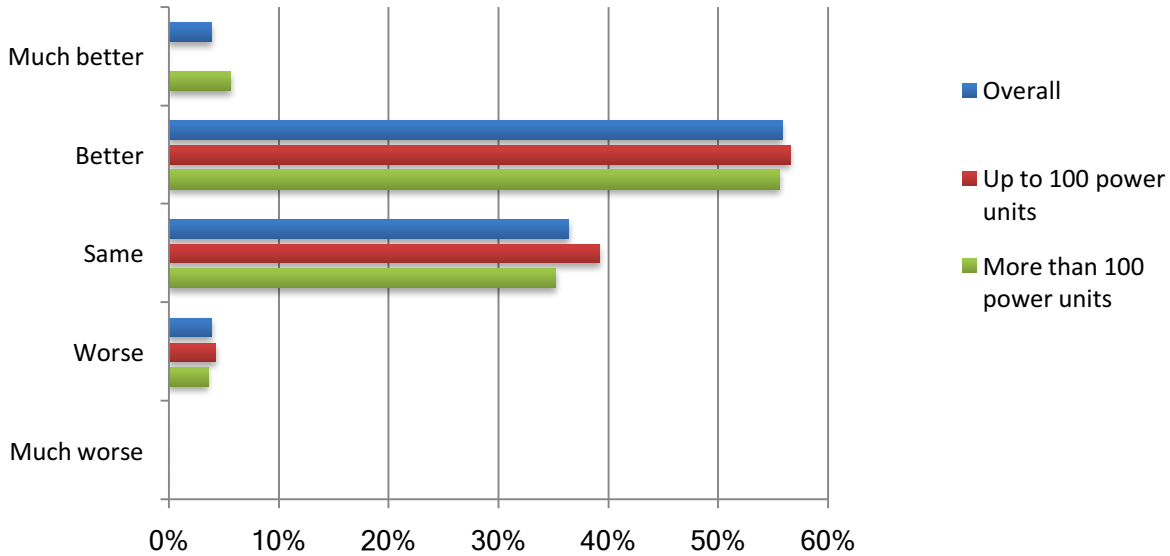


How is your business doing in November 2016 compared to November 2015?

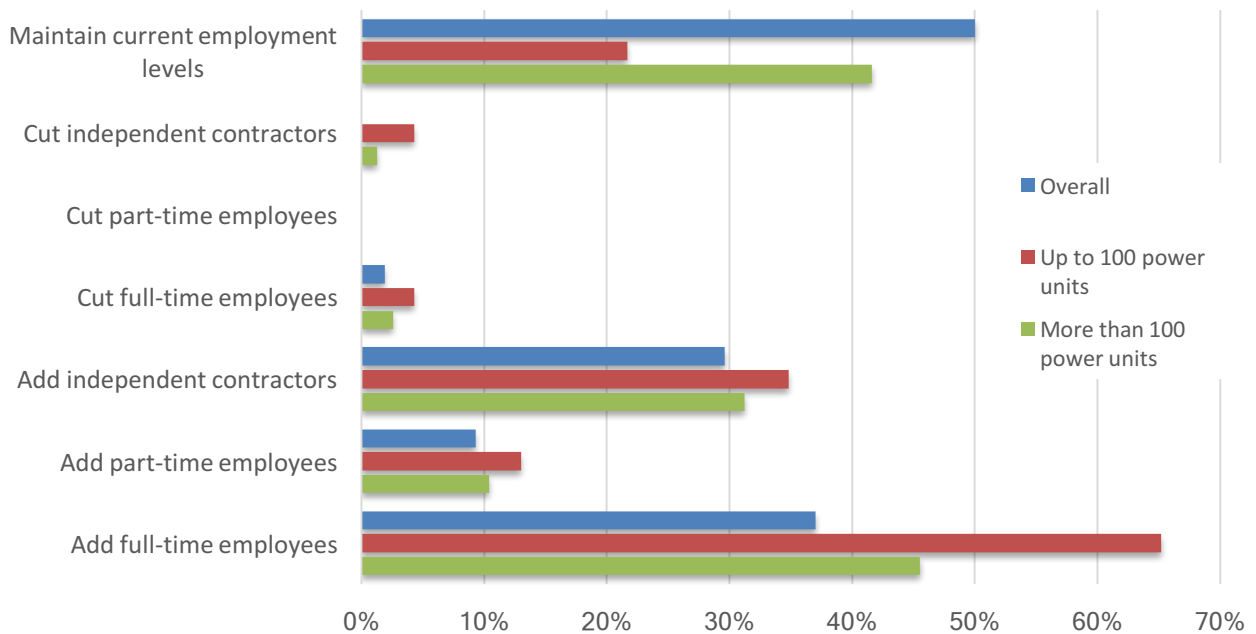


November 2016 MarketPulse Report

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

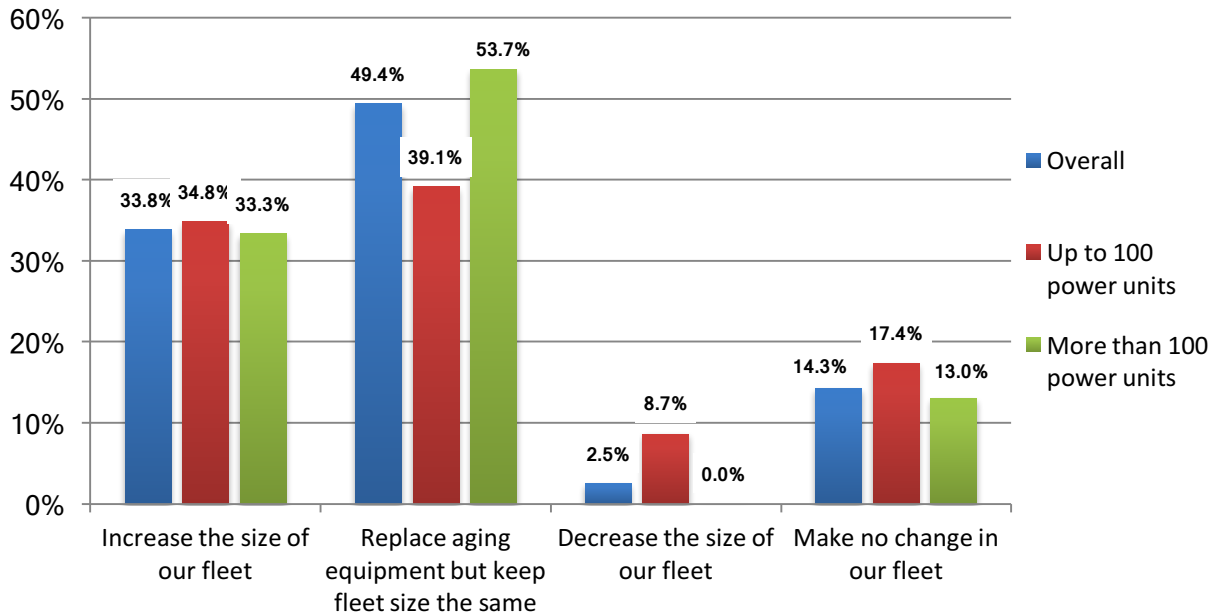


Not counting seasonal employees, in the next 6 months, do you plan to:

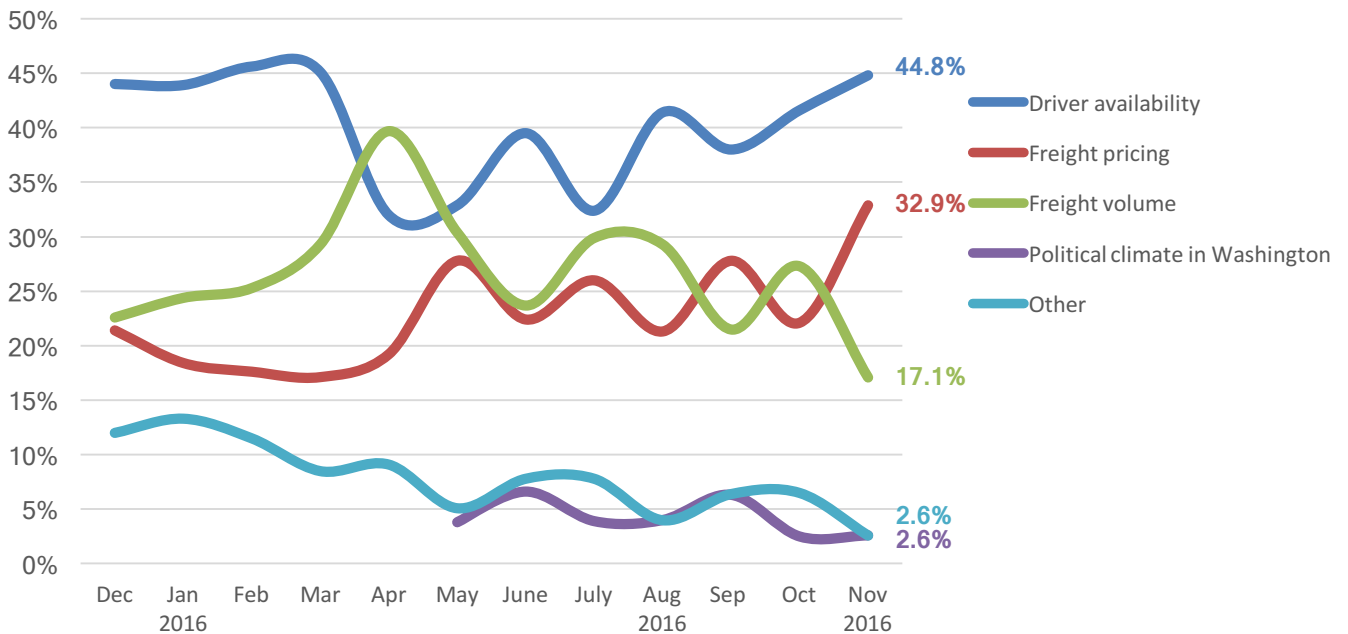


November 2016 MarketPulse Report

In the next 6 months, we plan to:



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



November 2016 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	8.7%	22.7%	17.5%	8.7%	4.3%
Freight pricing	30.4%	31.9%	13.0%	8.7%	4.3%
Cash flow	0.0%	4.5%	4.3%	8.7%	0.0%
Fuel costs	0.0%	0.0%	4.3%	0.0%	0.0%
Driver availability	60.9%	13.6%	17.5%	0.0%	0.0%
Cost of labor	0.0%	9.1%	8.7%	0.0%	4.3%
Maintenance costs	0.0%	9.1%	4.3%	21.7%	8.7%
Cost of equipment	0.0%	0.0%	13.0%	21.7%	4.3%
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%	4.3%	0.0%
Regulation	0.0%	9.1%	4.3%	17.5%	30.4%
Taxes	0.0%	0.0%	8.7%	8.7%	17.5%
Political climate in Washington	0.0%	0.0%	4.3%	0.0%	17.5%
Other	0.0%	0.0%	0.0%	0.0%	4.3%

Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	20.8%	31.5%	22.1%	13.0%	1.9%
Freight pricing	34.0%	27.7%	24.0%	3.7%	1.9%
Cash flow	0.0%	0.0%	0.0%	0.0%	1.9%
Fuel costs	0.0%	3.7%	5.6%	5.6%	3.7%
Driver availability	37.6%	18.5%	29.5%	0.0%	3.7%
Cost of labor	0.0%	9.3%	1.9%	11.0%	9.3%
Maintenance costs	0.0%	5.6%	1.9%	13.0%	14.7%
Cost of equipment	1.9%	0.0%	9.3%	16.7%	14.7%
Unionization	0.0%	0.0%	0.0%	1.9%	1.9%
Access to credit	0.0%	0.0%	0.0%	1.9%	0.0%
Cost of credit	0.0%	0.0%	0.0%	1.9%	1.9%
Regulation	1.9%	3.7%	1.9%	18.4%	25.9%
Taxes	0.0%	0.0%	1.9%	11.0%	3.7%
Political climate in Washington	3.8%	0.0%	1.9%	1.9%	14.7%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- I hope smaller truckers that are 'S' corps are able to share in new tax considerations.
- It's great to see some of the optimism with the election results.
- Seen some positive signs since the election. Numbers holding. Hopefully we have some of the regulations off our back so we can do business after January 20th!
- The good operators have invested too much – especially here in California – to be compliant and play by the rules. For now, it seems that those who don't are the winners.

General comments

More than 100 power units

- The stock market doesn't have anything to do with the transportation business. With the changes in Washington, it is definitely too soon to predict the markets, however, if the first quarter could manage a GDP growth of close to 3%, carriers would begin to get pricing power again!
- There is still an excess amount of capacity in the marketplace and pricing is very weak.
- Perhaps soon we can let someone go for incompetence, and it's not claimed discrimination.
- The small increase in freight loadings seems a little tentative. I'm hoping the January seasonal drop-off isn't too severe.
- Worried about used trucks...values already low and how many small fleet owners will get out of the business because of e-logs and sell their trucks leaving more trucks on the market with less secondary buyers?
- I hope that ELDs tighten up capacity within the next six months along with an increase of freight volume and tonnage. I believe shippers have taken advantage of overcapacity in the last year and a half. It has made it difficult to maintain rate per mile or get any increases. Due to a tight driver market, carriers have had to increase pay/benefits in the last 18 months. This has been a hit on OR or profit margin. As a carrier I do not expect to get fat, but would like to have at least a 7 to 8% profit margin.
- Flatbed trucking is in the toilet. I am surprised that there are not more bankruptcies.

(Continued on next page)

November 2016 MarketPulse Report

More than 100 power units (continued)

- Aging workforce and very little action on getting newer/younger drivers involved in our industry.
- Business continues to be flat.
- Christmas season seems to end earlier and earlier every year!
- Wow what a change in mood and Trump hasn't even been sworn in. Based on his proposed appointments I believe he will be a great help to our economy. We're looking forward to a very productive 2017.
- After several years of growth, we are going to keep the fleet size flat for the next 15 months. Overall, a disappointing 2016.
- Don't see much change from freight volumes....going to be a rough 1st quarter based on current trends.....
- We are holding our fleet size steady until rates go up. Freight volumes continue to go up. We have been very busy with freight since September 1st and hoping it stays that way into '17.