

3200 Rice Mine Road
Tuscaloosa, AL 35406
800-633-5953

Jeff Crissey
Editor
Commercial Carrier Journal

205-248-1244 (d)
205-248-1035 (f)
jcrissey@randallreilly.com

CCJ MarketPulse
For-hire trucking executives

Published monthly by
Commercial Carrier Journal

Download more CCJ
MarketPulse reports online at
www.ccjdigital.com/marketpulse

Brought to you by:



Shell ROTELLA
Energized Protection

© 2017 Randall-Reilly, All Rights Reserved

Except as expressly authorized by statute or by a written permission from Randall-Reilly Publishing Company, LLC, no part of this publication (whether in print or electronic form) may be reproduced, distributed or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, scanning or typing in, without permission in writing from Randall-Reilly Publishing Company, LLC. Requests for permission to make copies of any part of this publication should be mailed to: Attn: Copyright Request, Randall-Reilly Publishing Company, LLC, 3200 Rice Mine Road NE, Tuscaloosa, AL 35406, USA.

For the sake of clarity, you may not copy this publication (or any portion of it) without our permission. For example, you cannot copy this publication (or any portion of it) for the purposes of distributing (handing out) copies, whether or not you give the copies away for free or for money. Also, the law prohibits taking our work and modifying it or manipulating it (such as rewording, rewriting, editing, incorporating with other material, etc.), and we request that you respect that right provided to us by statute. Should you have any questions, we encourage you to contact us.

January 2017

Key findings

- For the second consecutive month, carrier sentiment for business conditions fell from 5.68 in December to 5.56 in January. Respondents with up to 100 power units are more pessimistic, rating January at 5.17, while respondents from fleets with more than 100 power units rated January at 5.70, down from the 5.85 rating in December. (*Page 4*)
- Respondents reporting an improvement in month-over-month business conditions rose in January, with 43.7% saying it was better than December (50.0% of respondents from fleets with up to 100 power units and 41.5% of respondents from fleets with more than 100 power units). 16.9% of all respondents said January was worse than December. 66.2% of all respondents expect business conditions to improve over the next six months and only 1.4% expect it to worsen. (*Page 5*)
- 61.1% of respondents from fleets with up to 100 power units and 49.1% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 43.7% of all respondents plan to maintain current employment levels. (*Page 6*)
- 37.7% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to 27.7% of respondents with up to 100 power units. (*Page 7*)
- Driver availability held steady as the top concern for 50.7% of all respondents, followed by freight pricing (26.8%), freight volume (18.3%). Political climate in Washington fell off the list of top concerns for the first time in several years. (*Pages 7 & 8*)

Quotes of the month

- **Up to 100 power units:** “We have 100 percent of our trucks filled which is the first time in a long time. I'm very optimistic about a slow-down of burdensome regulations.”
- **More than 100 power units:** “January was the best January we have had in 10 years based on miles per unit per month. Freight volume definitely went up. February is going in the same direction.”

Table of Contents

Methodology 2

January 2017 MarketPulse..... 3

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 fleet7

Major concerns.....7

General comments 9

Methodology

The January 2017 *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.

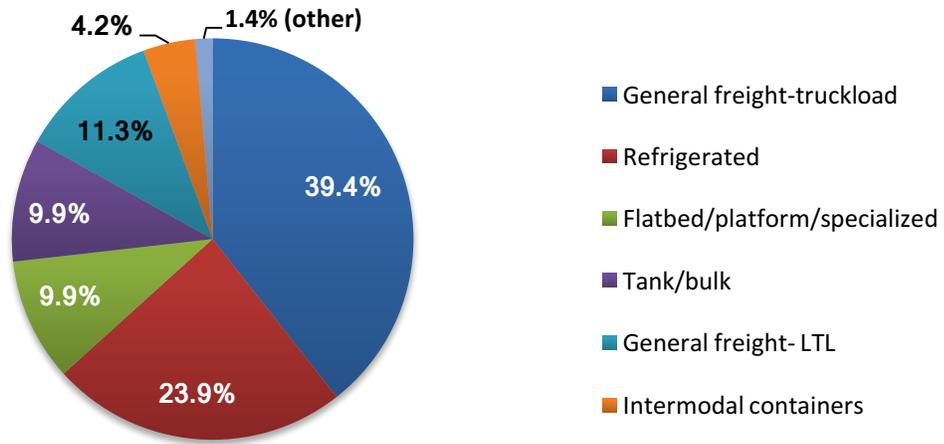
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on February 17, 2017 with reminders sent out on February 21 and February 22, 2017. Out of the total pool, 71 carrier executives completed the questionnaire.

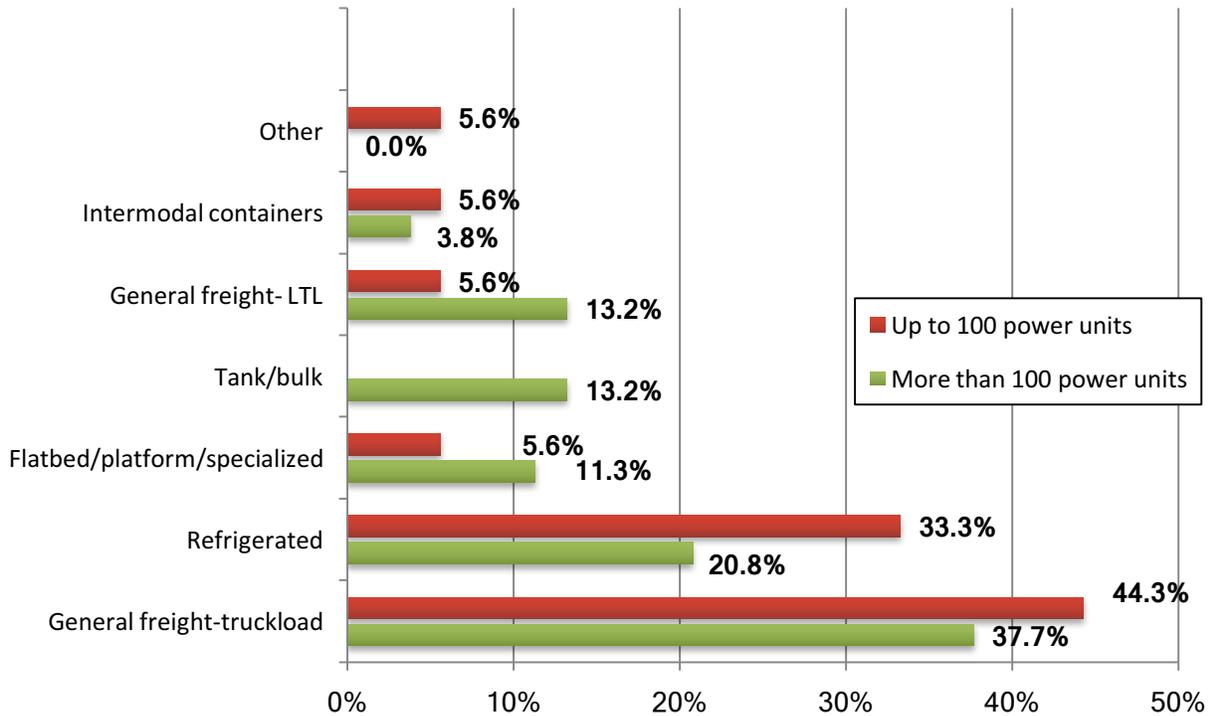
Demographics

71 respondents

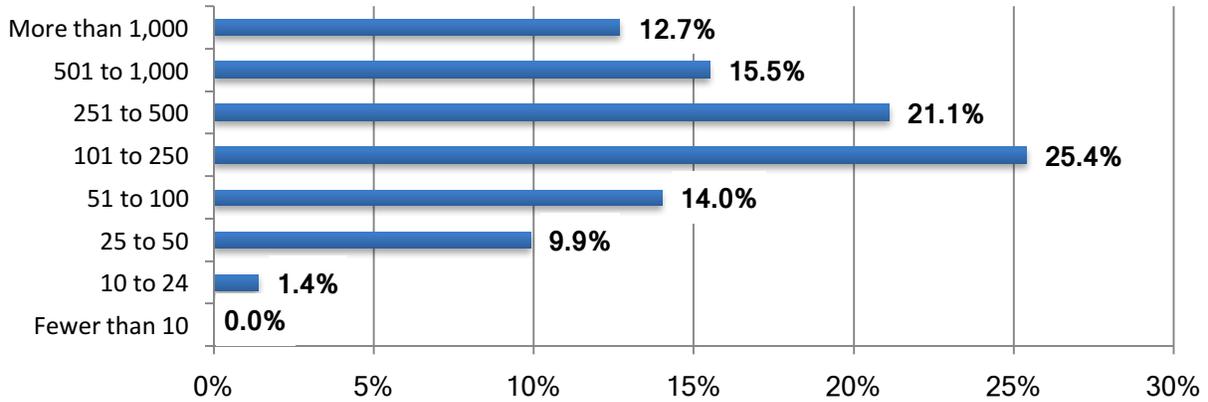
Which of the following represents the largest portion of your operation?



By fleet size



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

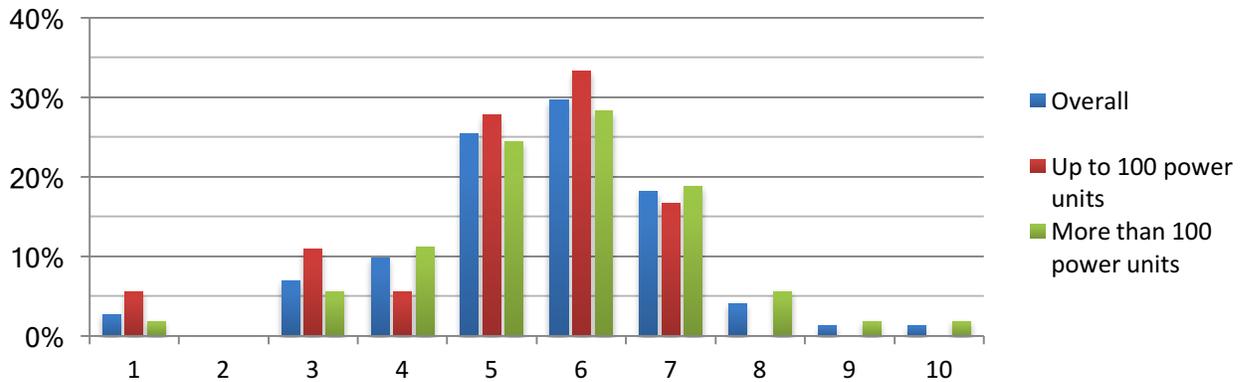


Business conditions

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 January 2017?

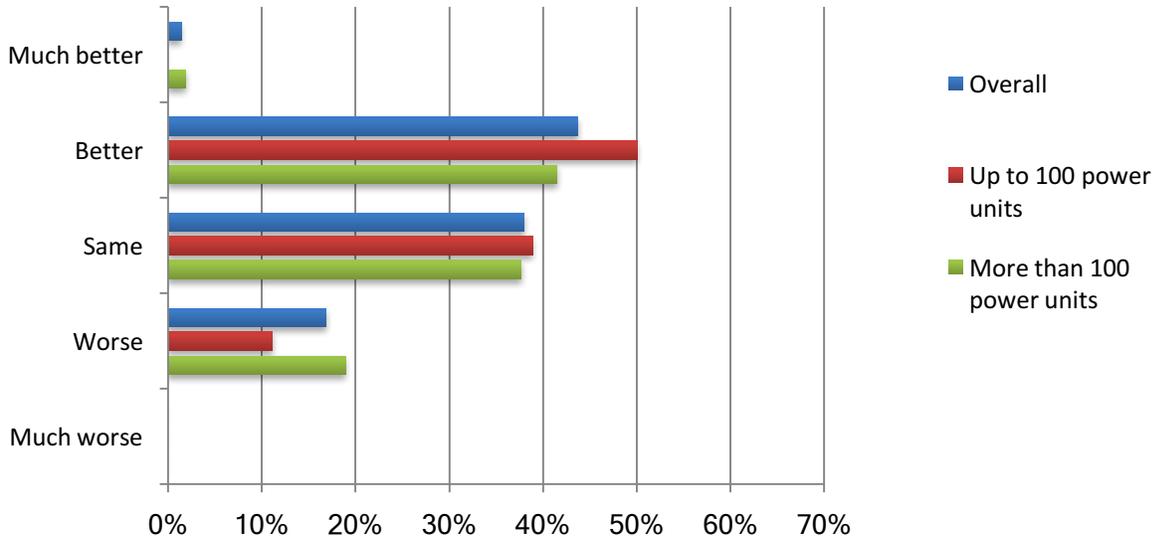
	January 2017	December 2016
Average response	5.56	5.68
Up to 100 power units:	5.17	5.23
More than 100 units:	5.70	5.85

Distribution of responses

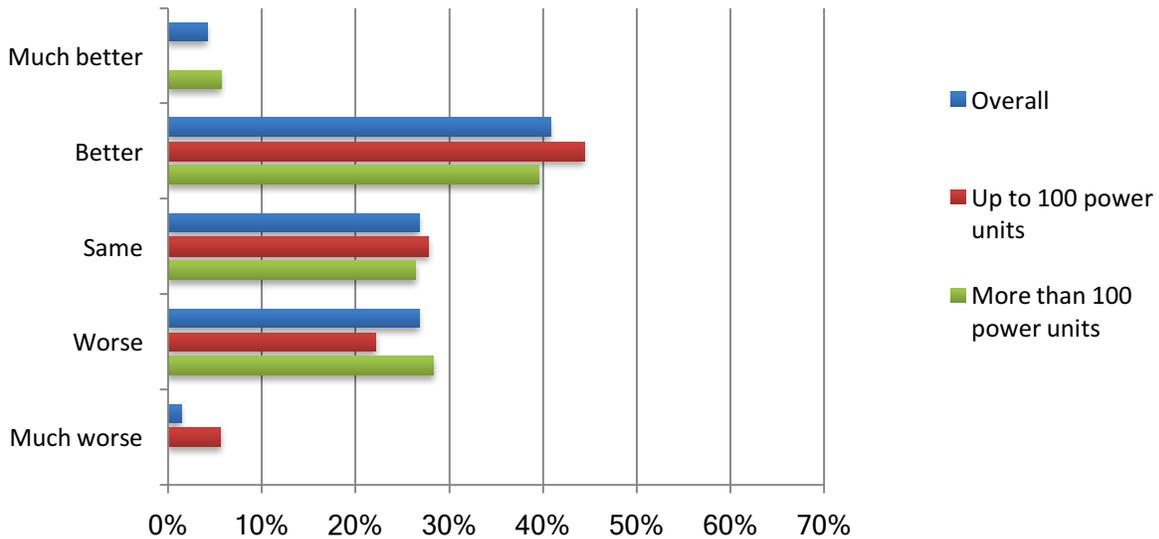


January 2017 MarketPulse Report

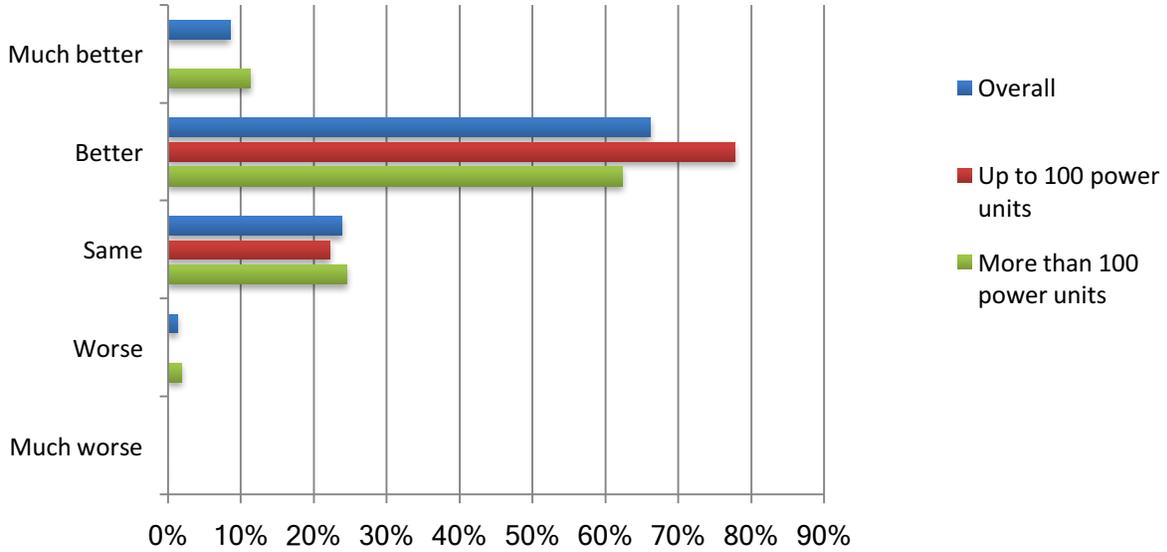
How is your business doing in January 2017 compared to December 2016?



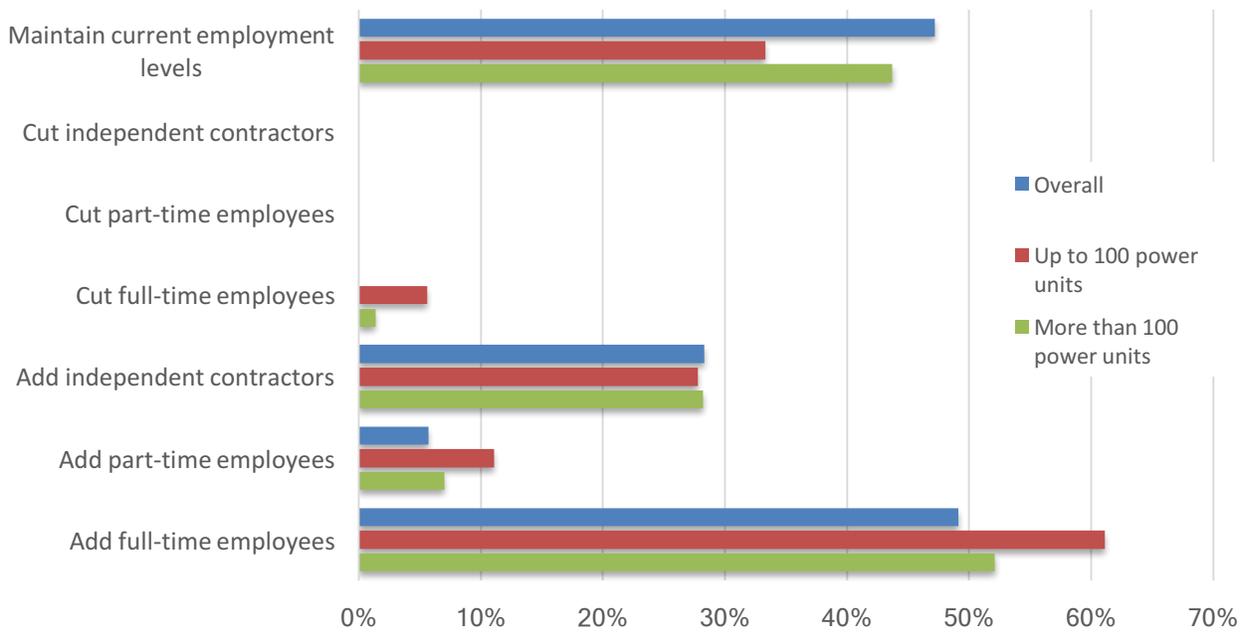
How is your business doing in January 2017 compared to January 2016?



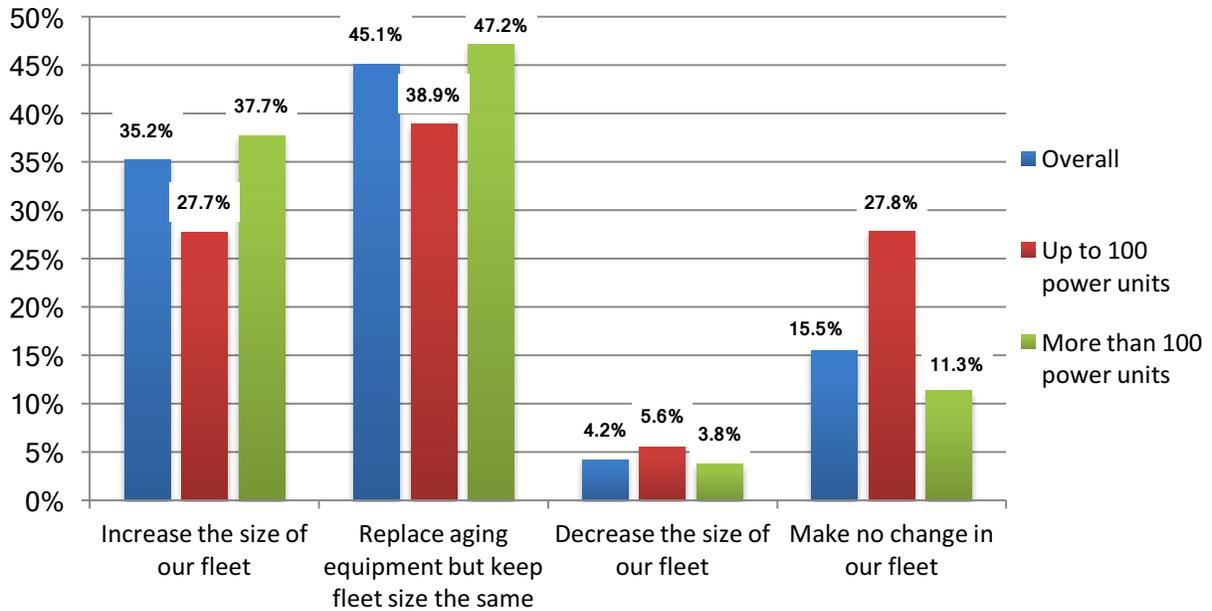
Adjusting for seasonality, how do you see business in the next 6 months?



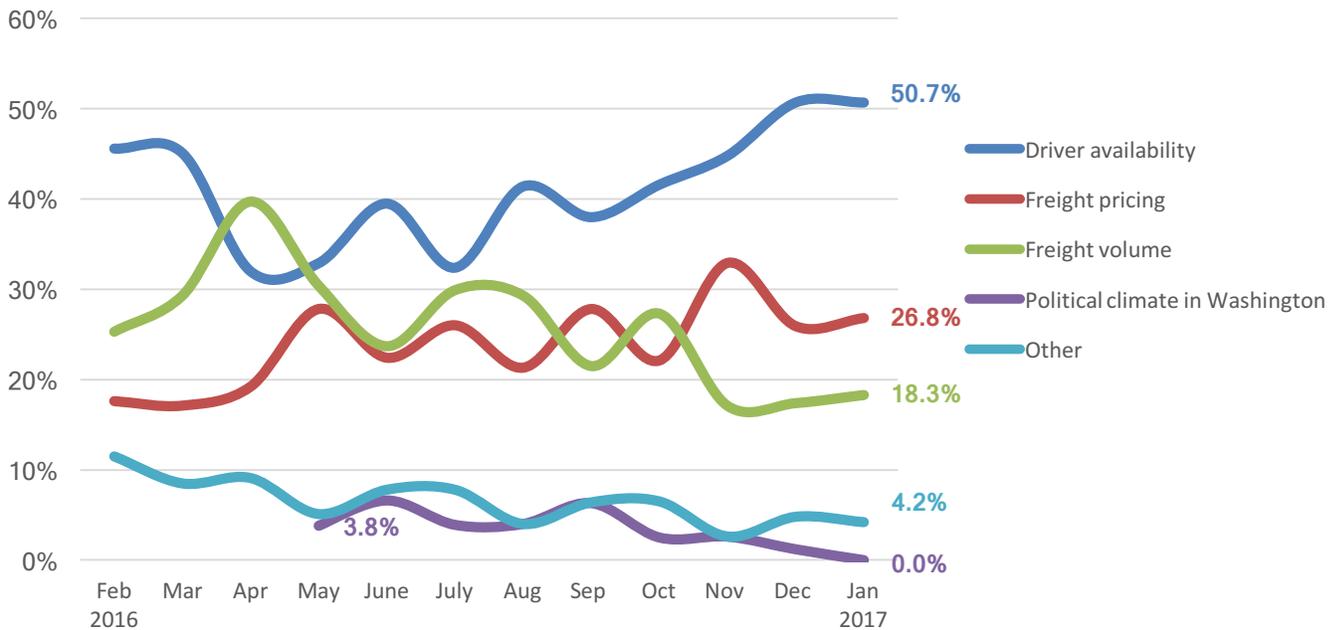
Not counting seasonal employees, in the next 6 months, do you plan to:



In the next 6 months, we plan to:



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



January 2017 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	23.4%	22.1%	11.1%	5.6%
Freight pricing	22.2%	29.4%	16.7%	11.1%	5.6%
Cash flow	5.6%	0.0%	5.6%	5.6%	5.6%
Fuel costs	0.0%	0.0%	0.0%	0.0%	0.0%
Driver availability	72.2%	11.8%	5.6%	5.6%	0.0%
Cost of labor	0.0%	5.9%	16.7%	11.1%	16.7%
Maintenance costs	0.0%	11.8%	11.1%	5.6%	16.7%
Cost of equipment	0.0%	5.9%	0.0%	11.1%	5.6%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	5.6%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	0.0%	11.8%	5.6%	27.8%	11.1%
Taxes	0.0%	0.0%	16.7%	5.6%	11.1%
Political climate in Washington	0.0%	0.0%	0.0%	0.0%	22.2%
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	24.5%	25.1%	18.7%	11.3%	5.7%
Freight pricing	28.3%	28.9%	20.8%	11.3%	3.8%
Cash flow	0.0%	0.0%	1.9%	1.9%	1.9%
Fuel costs	0.0%	0.0%	3.8%	5.7%	1.9%
Driver availability	43.4%	19.3%	24.5%	3.8%	0.0%
Cost of labor	1.9%	11.5%	5.7%	9.4%	13.2%
Maintenance costs	0.0%	3.8%	11.3%	13.2%	7.5%
Cost of equipment	0.0%	3.8%	3.8%	9.4%	13.2%
Unionization	0.0%	0.0%	0.0%	0.0%	1.9%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	1.9%
Regulation	1.9%	1.9%	1.9%	17.0%	18.9%
Taxes	0.0%	3.8%	3.8%	5.7%	7.5%
Political climate in Washington	0.0%	1.9%	3.8%	11.3%	22.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- While our cash flow is a concern right now, it's due to getting our fleet back to its normal size. We have 100% of our trucks filled which is the first time in a long time. I'm very optimistic about a slow-down of burdensome regulations. Sleep apnea and speed limiters were of major concern. Hopefully both are dead with the new administration. Finally we have a president that understands what it takes to allow small businesses to thrive.
- Looking forward to a much better political climate on the Federal side of regulations.

General comments

More than 100 power units

- Freight is abundant, but rates need to go up. This is the only reason we are not planning to grow in 2017. The returns are not there to grow our business! It's time the shippers quit playing games with carriers and start valuing what they bring to the table. They are willing to cut a carrier for ten cents, but fail to realize the carrier they cut is providing outstanding service and has invested heavily in safety technology to protect the shipper in court should there be an accident. Furthermore, they are in denial about the impact of ELDs in 2017.
- It hasn't been a good time for either the meek or the proud.
- Much better start to the year for flatbed freight as compared to 2016. General mood is much more optimistic.
- I really like the progress Trump is making. The opposition is fighting him at every turn but he doesn't seem deterred. If he can push through his agenda of lower taxes and a good replacement for Obamacare, we'll all be very happy with the economy. I'm optimistic for our business and our country.
- The stock market new highs have nothing to do with the freight market. Until capacity is reduced, pricing will be elusive. However, with the implementation of ELDS, hopefully the pricing market will become favorable to truckers and not shippers!
- January was the best January we have had in 10 years based on miles per unit per month. Freight volume definitely went up. February is going in the same direction. I hope to see a good first quarter as it pertains to volume. If we see demand continue to climb and capacity shrink it should drive rates in an upward direction.

(Continued next page)

January 2017 MarketPulse Report

More than 100 power units (continued)

- Weather was a factor this month.
- We're seeing freight rebound nicely across our freight mix. Shippers are feeling less confident about securing capacity going forward. Rates are still [flat] on incumbent lanes but up on new business. Rates will continue to increase throughout the year. Overall, I would characterize 2017 as a rebound year for trucking and 2018 as a 'make hay' year.
- January freight volumes were very strong but unfortunately with the very cold weather all we did was pay the bills.
- Driver and help in general seem to be getting harder to find. Looking into training our own drivers.
- January was a particularly good month - didn't see it coming but glad it was.