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For-Hire Trucking Executives

June 2017

Key findings

- Carrier sentiment for business conditions was 6.47, off slightly from the year-long high recorded in May (6.52).
- Respondents with up to 100 power units rated June at 6.15, while respondents from fleets with more than 100 power units rated June at 6.6. (Page 4)
- Month-over-month business conditions improved slightly from May to June, with 32.3% of all respondents saying it was better and 1.5% saying it was much better. Survey respondents remain optimistic about business conditions in the next six months, with 79.5% forecasting improvement (87.5% of those with more than 100 power units and 60% of those with up to 100 power units). No survey respondents believe business conditions will worsen in the same time frame. (Pages 5 & 6)
- 65.0% of respondents from fleets with up to 100 power units and 58.3% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 29.4% of all respondents plan to maintain current employment levels. (Page 6)
- 43.8% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to just 20.0% of respondents with up to 100 power units. (Page 7)
- In the last two months, driver availability has soared as the top concern for 70.5% of all respondents (49.7% in April), while freight volume has fallen as a top concern, from 15.5% to just 3.0% in the same time frame. Freight pricing is the top concern for 20.6% of all respondents. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "Continuing to ride the roller coaster of freight volumes and driver accessibility. May and June produced good profits although overall sales volumes were less than projected."
- **More than 100 power units:** "Freight is strong, but we are not attracting enough drivers to cover turnover and our capacity is decreasing. We see significant driver wage pressure in the near future."

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Methodology

The June 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.

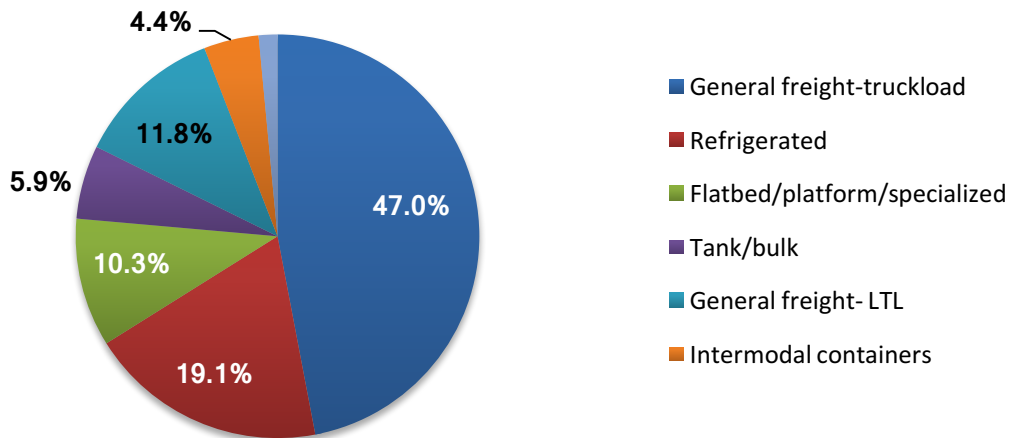
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on July 17, 2017 with reminders sent out on July 19 and July 24, 2017. Out of the total pool, 73 carrier executives completed the questionnaire.

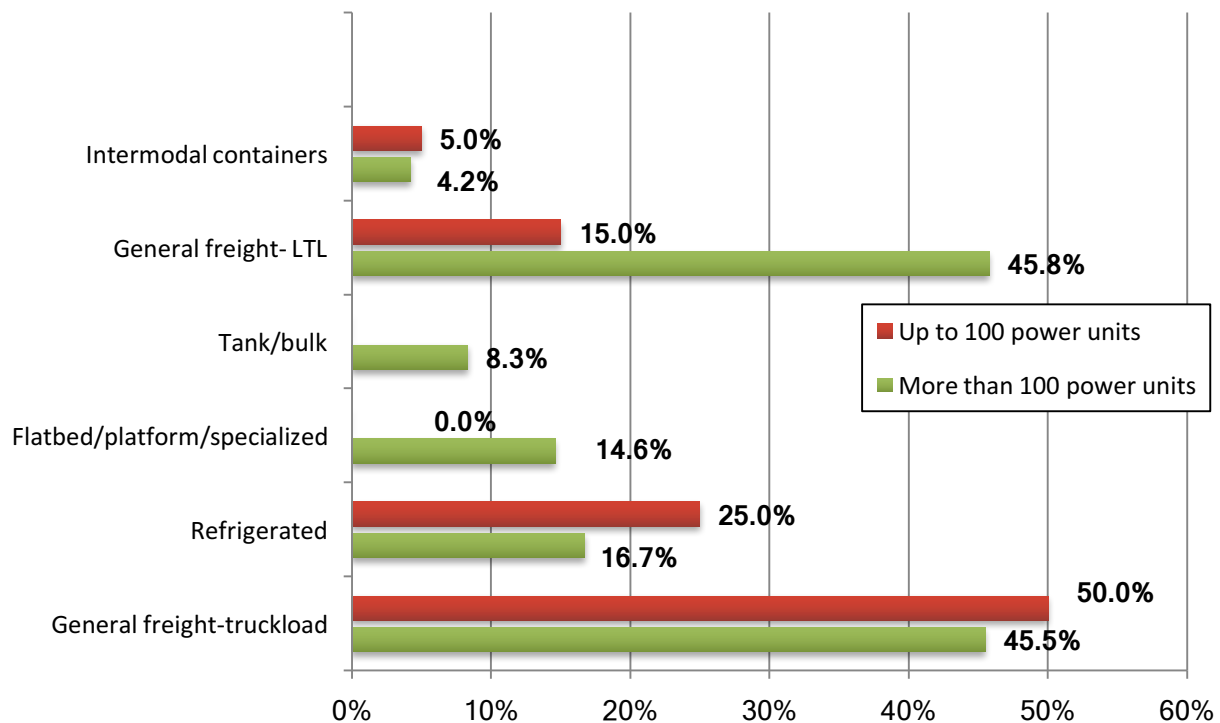
Demographics

73 respondents

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

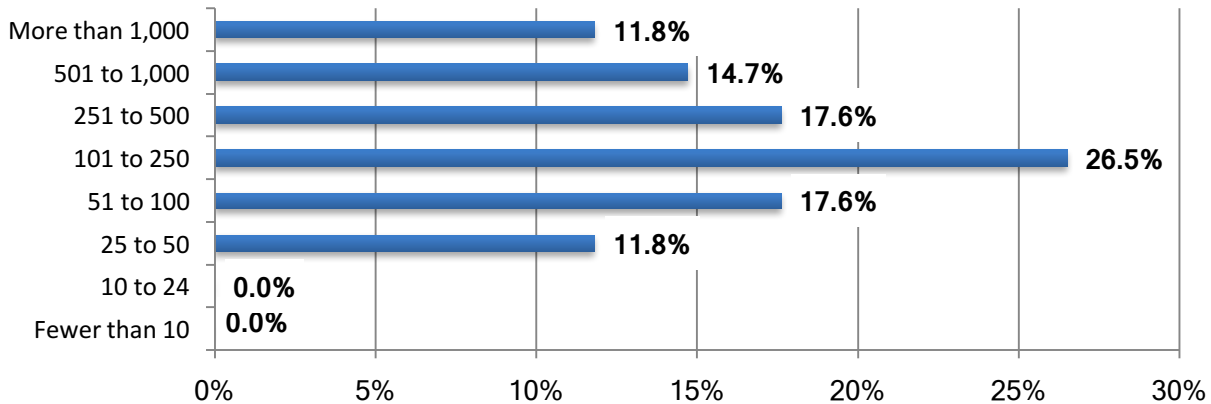


By fleet size



June 2017 MarketPulse Report

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

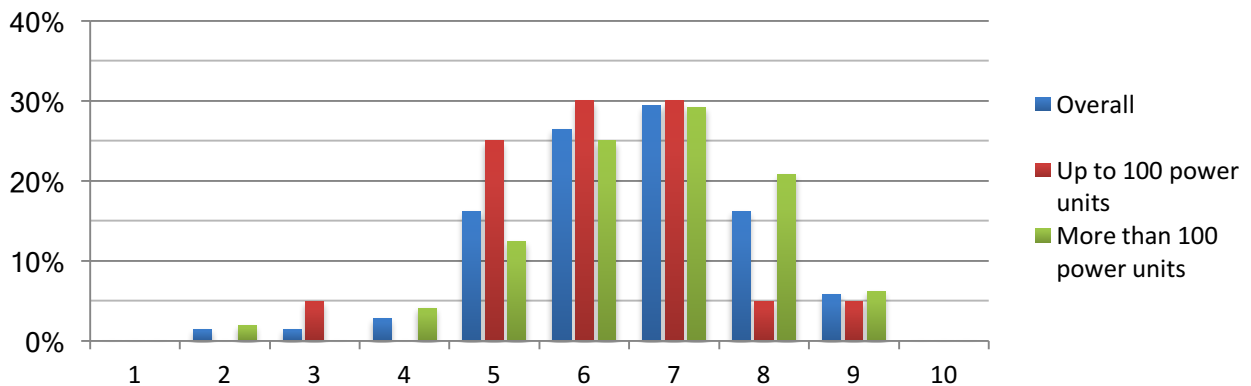


Business conditions

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 June 2017?

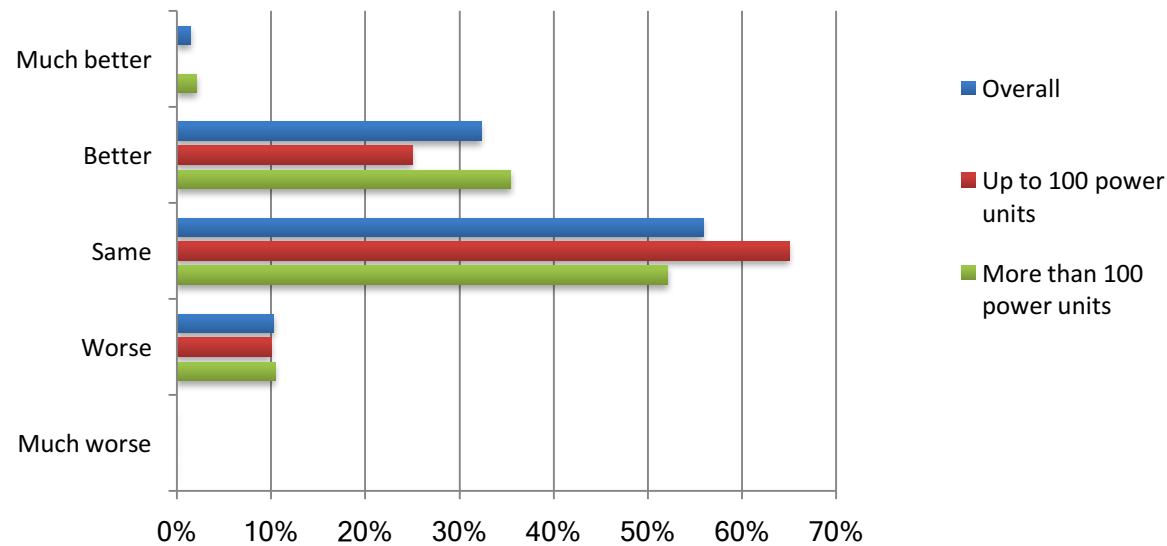
	June 2017	May 2017
Average response	6.47	6.52
Up to 100 power units:	6.15	6.3
More than 100 units:	6.60	6.62

Distribution of responses

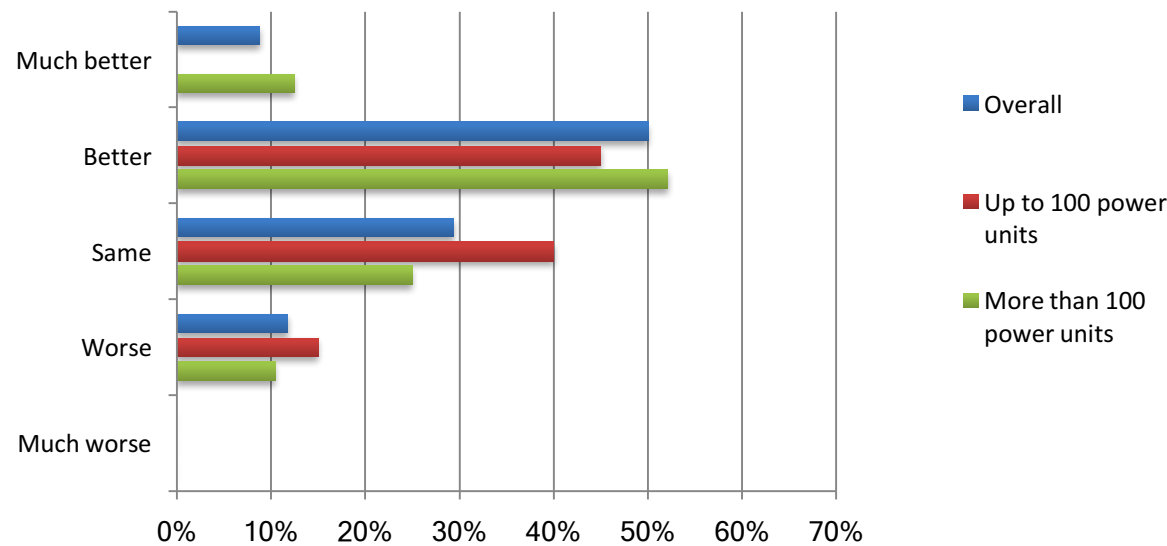


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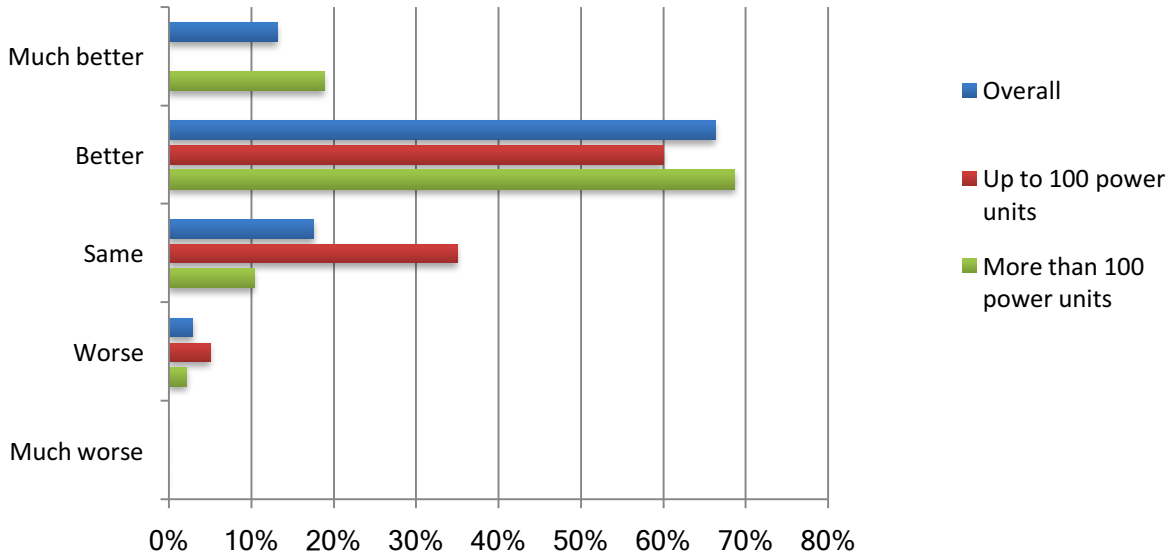
How is your business doing in June 2017 compared to May 2017?



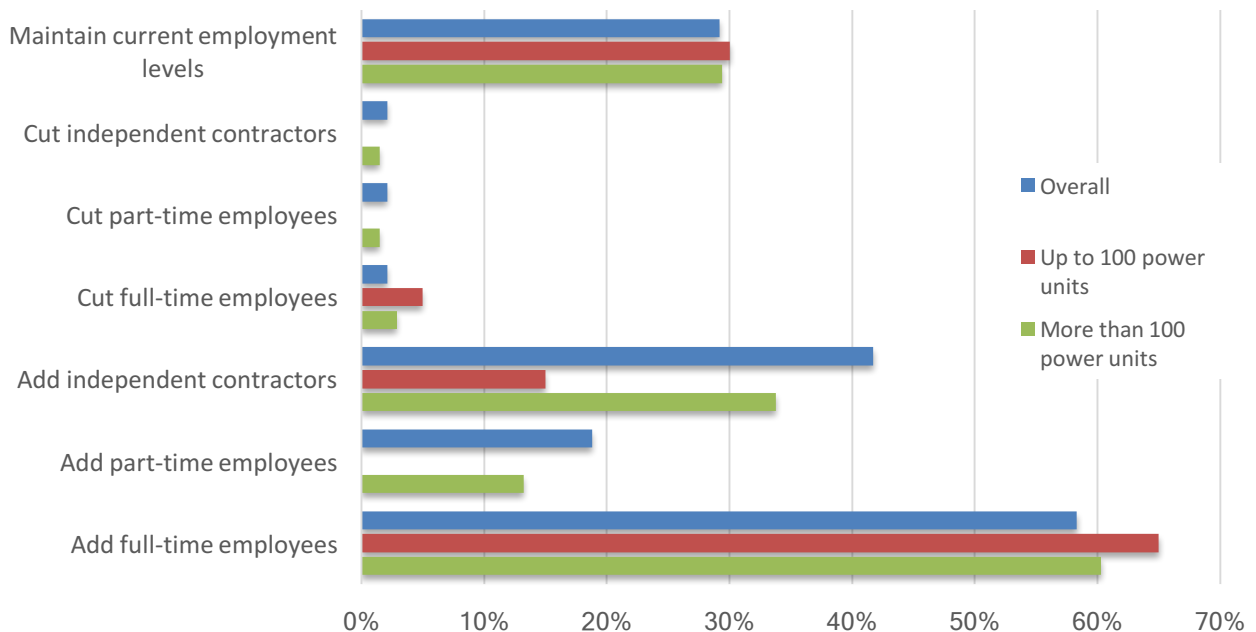
How is your business doing in June 2017 compared to June 2016?



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

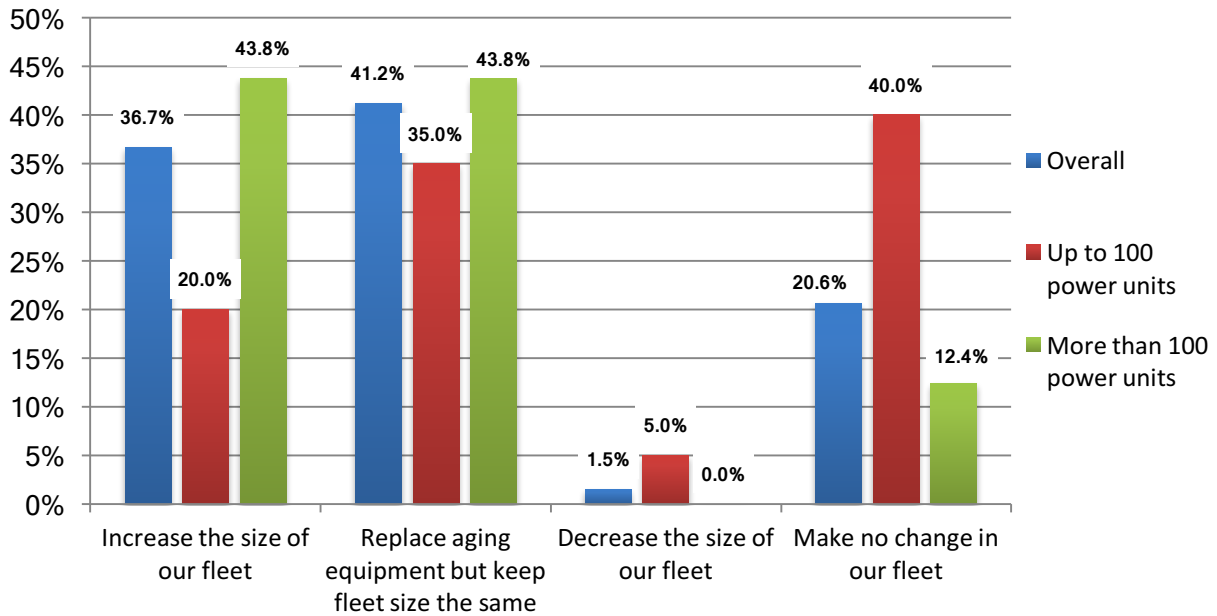


Not counting seasonal employees, in the next 6 months, do you plan to:

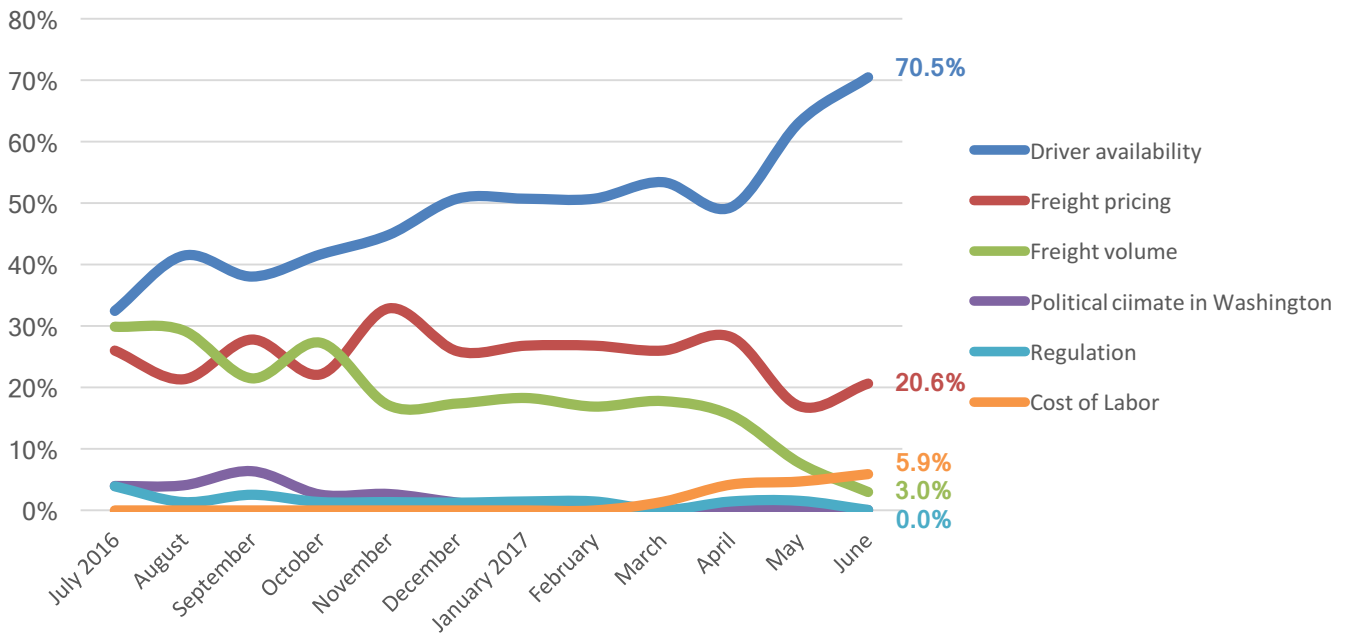


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In the next 6 months, we plan to:



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	5.0%	10.0%	10.0%	15.0%	15.0%
Freight pricing	15.0%	35.0%	15.0%	5.0%	15.0%
Cash flow	5.0%	0.0%	5.0%	0.0%	5.0%
Fuel costs	0.0%	0.0%	0.0%	0.0%	10.0%
Driver availability	70.0%	10.0%	5.0%	5.0%	5.0%
Cost of labor	0.0%	15.0%	20.0%	0.0%	0.0%
Maintenance costs	0.0%	5.0%	10.0%	20.0%	0.0%
Cost of equipment	0.0%	5.0%	10.0%	15.0%	10.0%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	5.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	5.0%	5.0%	20.0%	20.0%	5.0%
Taxes	0.0%	5.0%	0.0%	5.0%	15.0%
Political climate in Washington	0.0%	10.0%	5.0%	10.0%	15.0%
Other	0.0%	0.0%	0.0%	0.0%	5.0%

Top concerns for carriers with more than 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	4.2%	12.5%	28.3%	6.4%	13.0%
Freight pricing	22.9%	33.3%	19.6%	14.9%	4.3%
Cash flow	0.0%	2.1%	2.2%	4.3%	2.2%
Fuel costs	0.0%	0.0%	0.0%	0.0%	2.2%
Driver availability	70.8%	16.6%	6.5%	0.0%	2.2%
Cost of labor	2.1%	16.6%	13.0%	10.6%	10.9%
Maintenance costs	0.0%	6.3%	6.5%	10.6%	10.9%
Cost of equipment	0.0%	4.2%	4.3%	17.0%	6.5%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	2.2%	0.0%	0.0%
Cost of credit	0.0%	2.1%	2.2%	0.0%	2.2%
Regulation	0.0%	6.3%	4.3%	21.3%	15.2%
Taxes	0.0%	0.0%	2.2%	2.1%	4.3%
Political climate in Washington	0.0%	0.0%	8.7%	12.8%	23.9%
Other	0.0%	0.0%	0.0%	0.0%	2.2%

General comments

Up to 100 power units

- We are heading into a recession.
- Some stats indicate 80% of fleets still have not implemented ELDs! This is a negative reflection on an industry that has a poor image of being unsafe. Those that have embraced the technology and know how it has improved driver safety in addition protecting the public have the burden of the cost and productivity challenges. The question remains, how will DOT enforce the mandate come December 18th? Will it continue to be a case of 'catch me if you can'? This is a poor reflection on the industry and those carriers which should be penalized immediately and suffer the consequences of not complying with the law. If non-compliance by a carrier continues and our shipping community continues to hire these non-compliant carriers the shipper should be included in any litigation a non-compliant carrier may cause. Not until our shipping community is held accountable will the motoring public, including our drivers, realize safe highways, roads and bridges!
- Continuing to ride the roller coaster of freight volumes and driver accessibility. May and June produced good profits although overall sales volumes were less than projected. July will likely come in under on both projected volumes and profits.
- Quality drivers are still hard to find. We have averaged five driver openings for six months that we cannot fill.
- Over the 4th I have never seen so many loads not covered and people begging for trucks. Guess the demand finally exceeded the supply. Time to raise rates.
- I hope June was not an anomaly! Slow start to July but filling up nicely. Quality drivers remain a rare commodity. Credit becoming an issue as banks tighten up seemingly confused about the transportation industry. Need Washington to get off their collective duffs and move the Trump legislative agenda forward. Taxes, regulation, health care should be easy wins. Time for the infighting to end or this will be a short-lived majority for the current residents, deservedly so.
- Seems busier than the economic indicators point to.

General comments

More than 100 power units

- Freight volumes are nowhere near what I thought they would be at the beginning of the year, but they seem to be slowly improving.

(Continued)

June 2017 MarketPulse Report

(Continued)

- If the Republicans will allow Trump to do his job and vote with him, there'll be no stopping this economy.
- Continues to be a strong environment for flatbed carriers. The May/June timeframe was the best 60-day period since 2014.
- Business continues to be steady and we expect that to continue through 2017.
- Seems as though people are allowing rate increases in prep for December when they know they will be losing their carriers or giving them more money.
- Freight was strong in June. Having normal July slump. Finding and keeping drivers is tough.
- Freight is strong, but we are not attracting enough drivers to cover turnover and our capacity is decreasing. We see significant driver wage pressure in the near future.
- Freight abounds in 2017. Rates need to continue to go up. At present driver supply is good. Our concern is whether congress will overturn a law concerning ELDs that the Republicans just voted into place.