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

© 2018 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.

Randall-Reilly
MARKET**Pulse**
For-Hire Trucking Executives

December 2017

Key findings

- Carrier sentiment for business conditions in December 2017 was 7.0, down significantly from November 2017 (7.14).
- Respondents with up to 100 power units rated December at 6.8, while respondents from fleets with more than 100 power units rated December at 7.1. (*Page 4*)
- Month-over-month business conditions improved again in December, with 56.9% of all respondents saying it was better than November, including 7.7% saying it was much better. A whopping 93.8% of survey respondents forecasting improvement in the next six months (93.6% of those with more than 100 power units and 94.4% of those with up to 100 power units). (*Pages 5 & 6*)
- 78.8% of respondents from fleets with up to 100 power units and 80.0% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months, while 24.9% of all respondents plan to maintain current employment levels. (Page *6*)
- 59.6% of respondents with more than 100 power units plan to increase the size of their fleets in the next six months, compared to 38.9% of respondents with up to 100 power units. (*Page 7*)
- Driver availability is the top concern for 89.1% of all respondents, well ahead of cost of labor (4.7%) and the freight pricing (3.0%). (*Pages 7 & 8*)

Quotes of the month

- **Up to 100 power units:** “We’re seeing shippers pass out historically high rate increases and then immediately ask if the higher rates can get them even more capacity. In 36 years I’ve never seen anything like the current rush to secure capacity.”

- **More than 100 power units:** “Awesome freight environment and 15% revenue growth. Profits almost tripled. We see 2018 as the potential for a record year! Driver availability is the greatest concern. Best times I can remember in this industry.”

Table of Contents

© 2018 Randall-Reilly Publishing Company, LLC.

Methodology

The December 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.

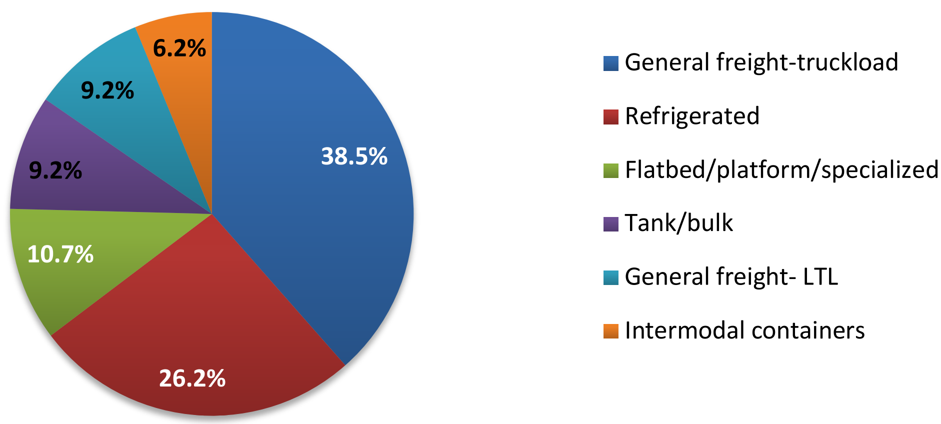
The survey was sent initially on January 11, 2018 with reminders sent out on January 12 and January 17, 2018. Out of the total pool, 73 carrier executives completed the questionnaire.

© 2018 Randall-Reilly Publishing Company, LLC.

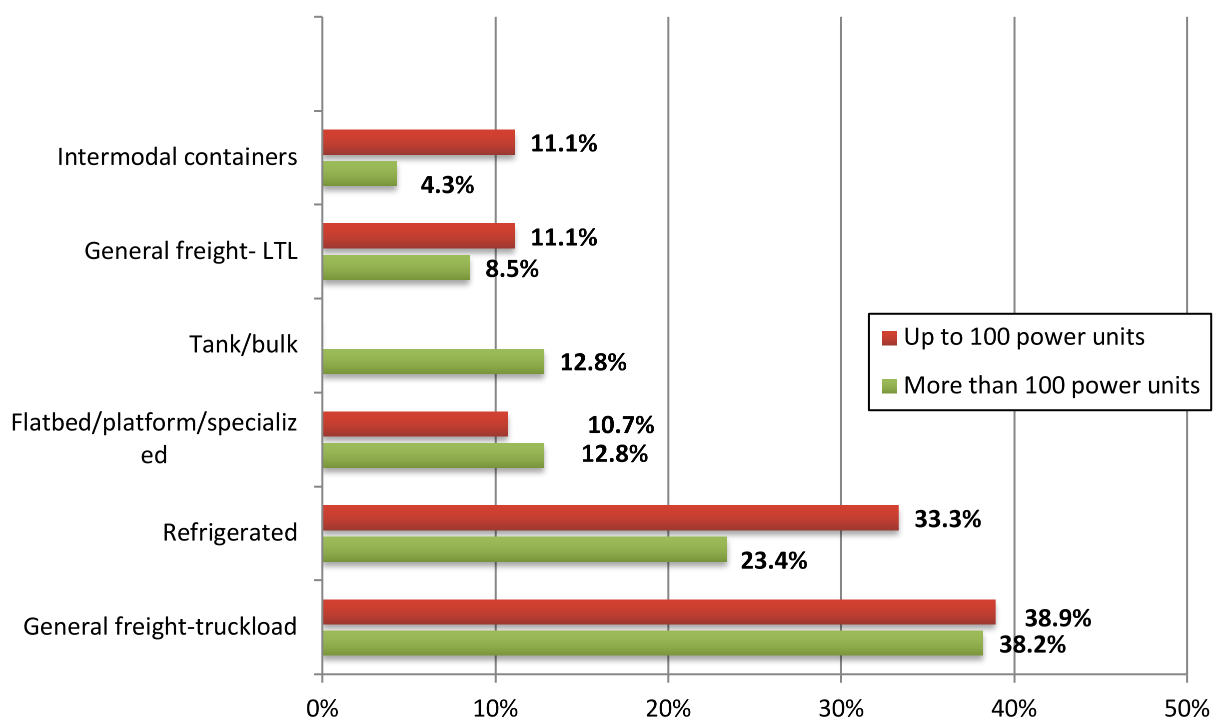
Demographics

73 respondents

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

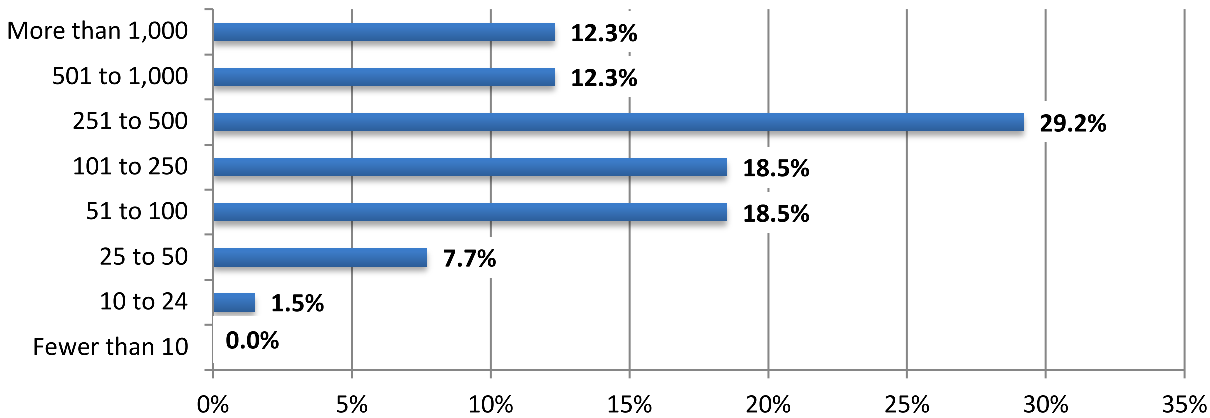


By fleet size



© 2018 Randall-Reilly Publishing Company, LLC.

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

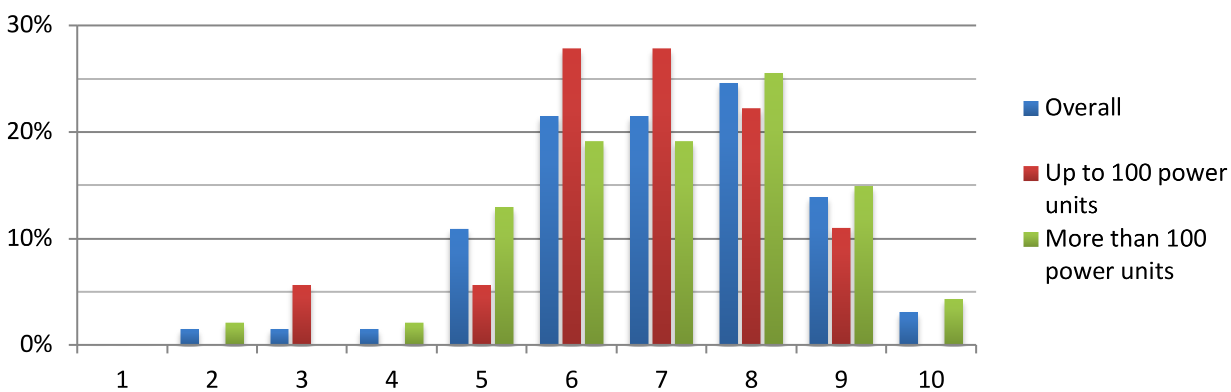


Business conditions

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 December 2017?

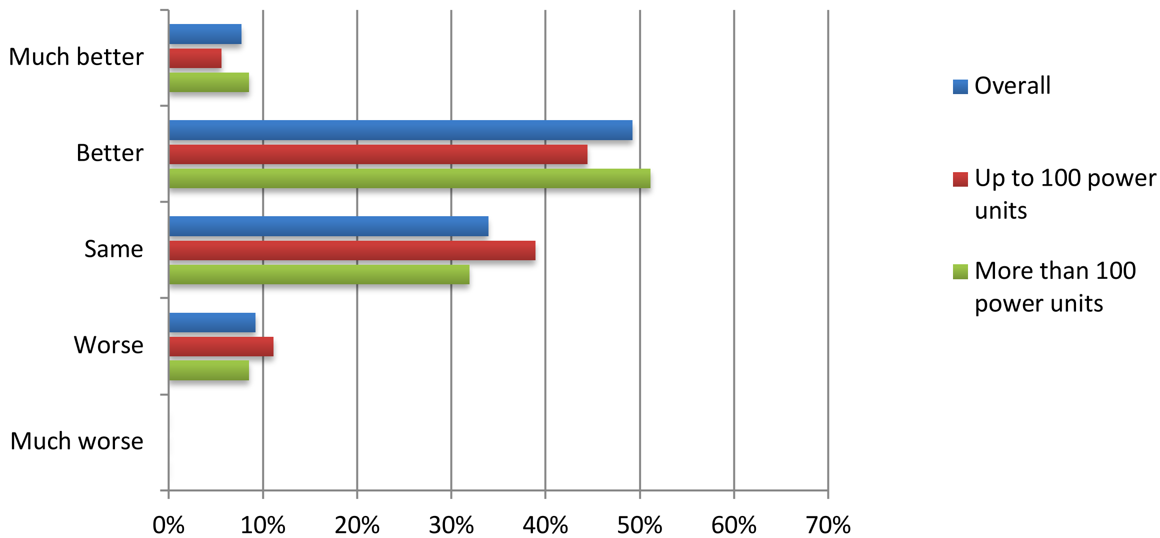
	December 2017	November 2017
Average response	**7.0**	**7.14**
Up to 100 power units:	6.8	6.63
More than 100 units:	7.1	7.33

Distribution of responses

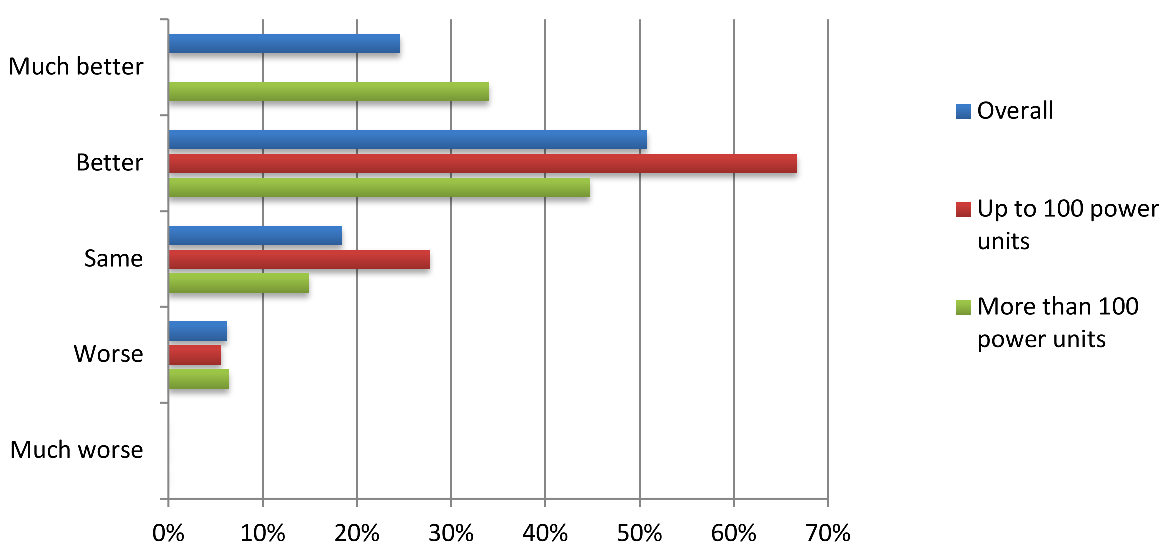


© 2018 Randall-Reilly Publishing Company, LLC.

How is your business doing in December 2017 compared to November 2017?

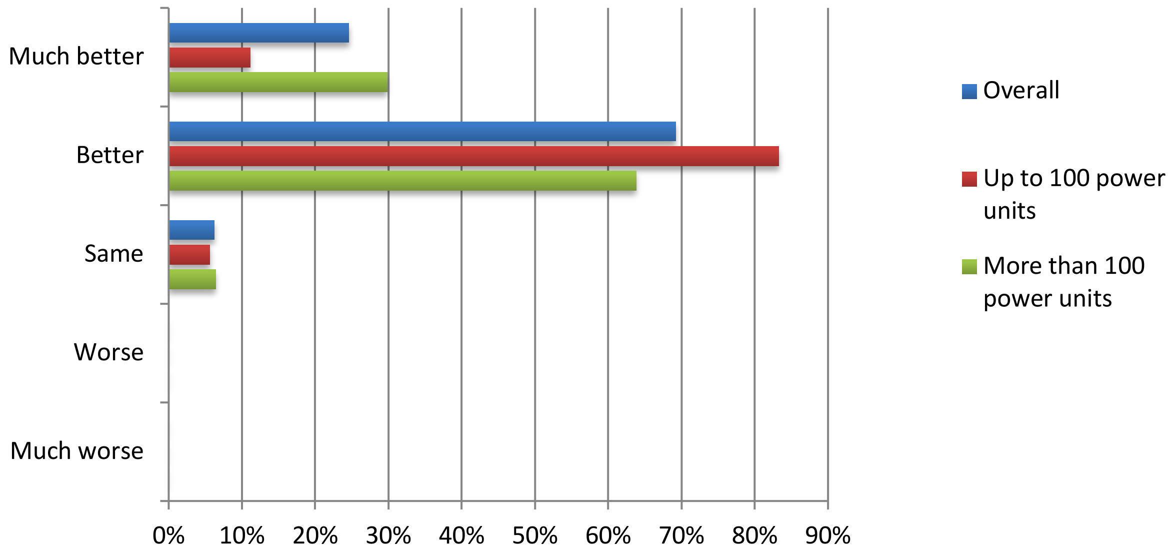


How is your business doing in December 2017 compared to December 2016?

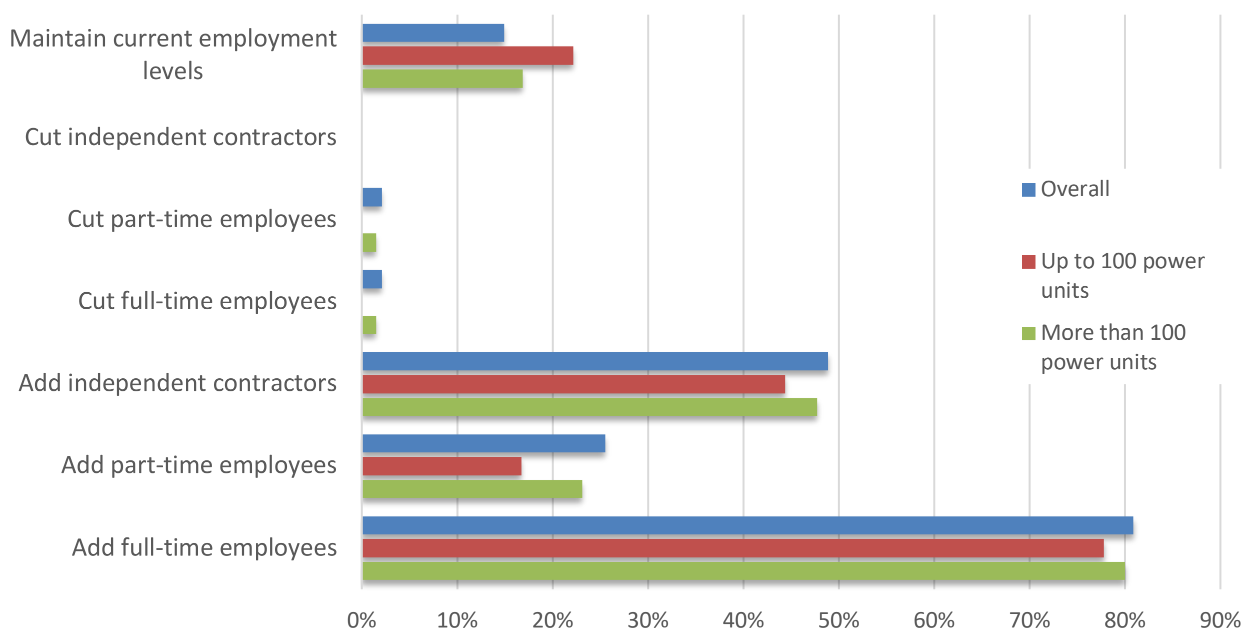


© 2018 Randall-Reilly Publishing Company, LLC.

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

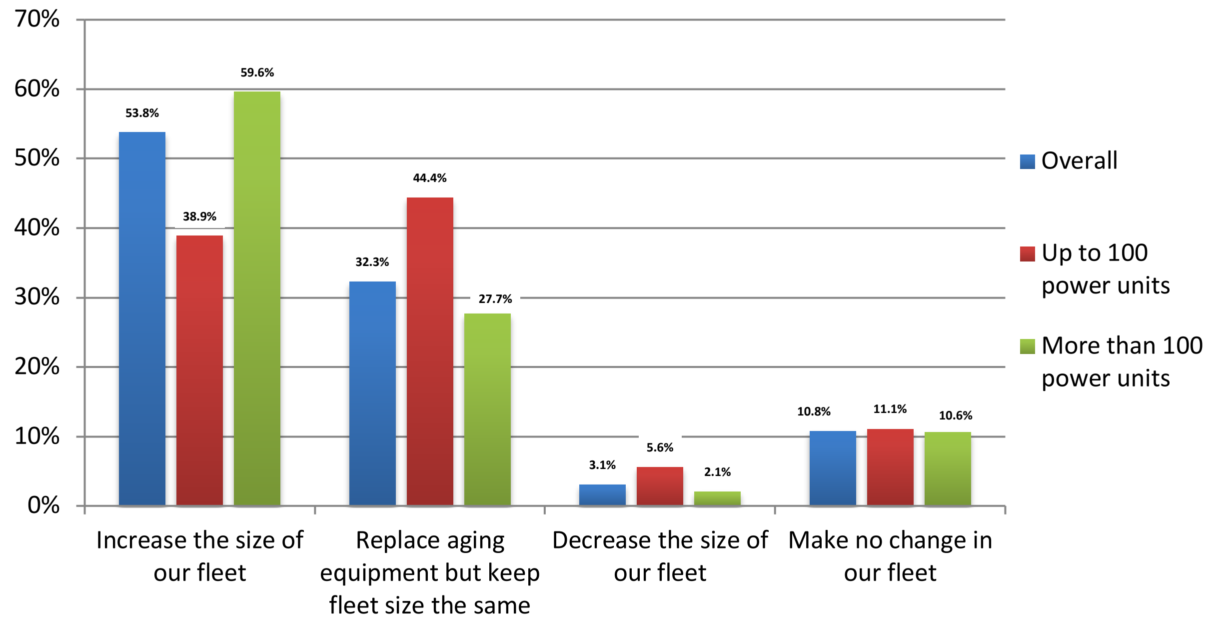


Not counting seasonal employees, in the next 6 months, do you plan to:

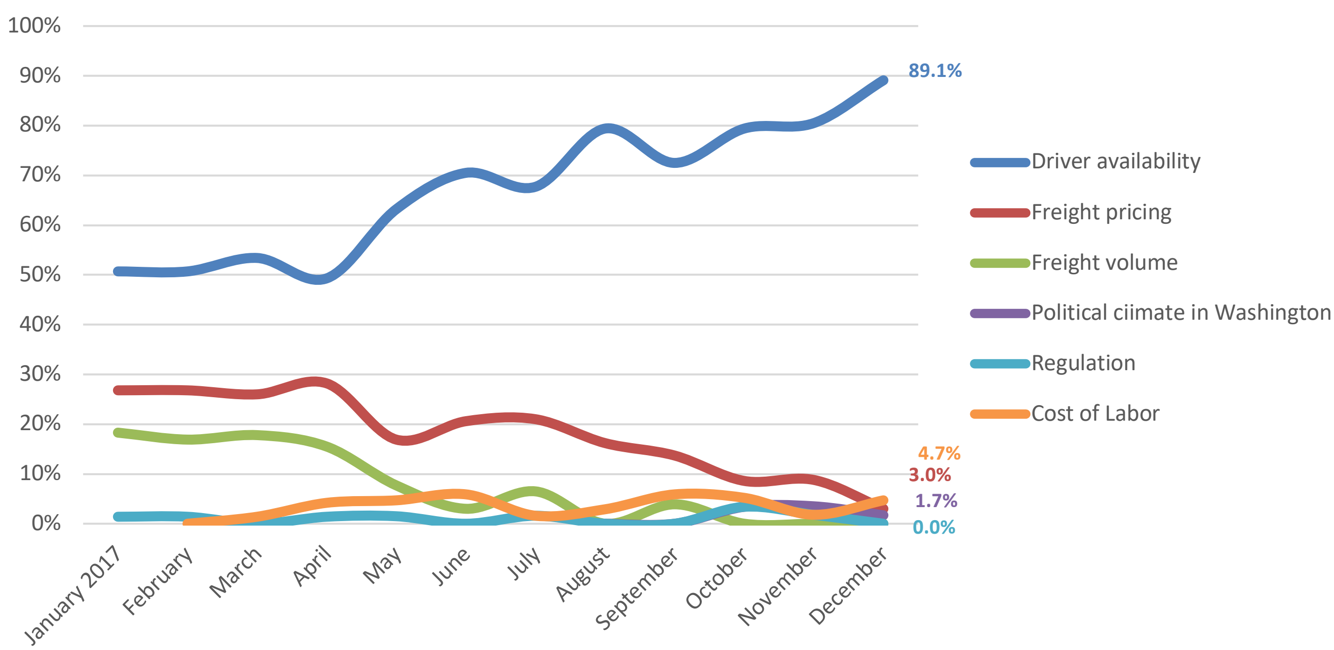


© 2018 Randall-Reilly Publishing Company, LLC.

In the next 6 months, we plan to:



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



© 2018 Randall-Reilly Publishing Company, LLC.

Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	0.0%	17.6%	5.6%	0.0%
Freight pricing	5.6%	44.4%	0.0%	0.0%	11.1%
Cash flow	0.0%	0.0%	0.0%	0.0%	5.6%
Fuel costs	0.0%	5.6%	11.8%	5.6%	0.0%
Driver availability	83.2%	0.0	5.9%	5.6%	0.0%
Cost of labor	5.6%	16.6%	11.8%	16.7%	5.6%
Maintenance costs	0.0%	11.1%	11.8%	22.0%	11.1%
Cost of equipment	0.0%	5.6%	23.4%	16.7%	16.6%
Unionization	0.0%	0.0%	0.0%	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%	11.1%
Regulation	0.0%	16.7%	5.9%	16.7%	5.6%
Taxes	0.0%	0.0%	11.8%	0.0%	5.6%
Political climate in Washington	5.6%	0.0%	0.0%	11.1%	27.7%
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	0.0%	4.3%	8.5%	19.7%	6.8%
Freight pricing	2.2%	25.5%	17.0%	8.7%	9.1%
Cash flow	0.0%	0.0%	2.1%	4.3%	2.3%
Fuel costs	0.0%	2.1%	12.8%	6.5%	4.5%
Driver availability	91.3%	6.4%	2.1%	0.0%	2.3%
Cost of labor	4.3%	36.2%	12.8%	8.7%	4.5%
Maintenance costs	2.2%	17.0%	2.1%	13.0%	11.4%
Cost of equipment	0.0%	0.0%	23.5%	6.5%	11.4%
Unionization	0.0%	0.0%	0.0%	2.2%	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%	4.5%
Regulation	0.0%	6.4%	14.9%	15.2%	6.8%
Taxes	2.4%	0.0%	2.1%	2.2%	2.3%
Political climate in Washington	4.9%	2.1%	2.1%	13.0%	34.1%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

© 2018 Randall-Reilly Publishing Company, LLC.

General comments

Up to 100 power units

- We're seeing shippers pass out historically high rate increases and then immediately ask if the higher rates can get them even more capacity. In 36 years I've never seen anything like the current rush to secure capacity.

- Whatever you thought you knew, forget it.

- Big change going on rates up. Might see a good profit for once. Demand is good. Guess it is like it has been for years, supply and demand. Demand up rates up, when are truckers going to realize this?

- Trump needs to go!

General comments

More than 100 power units

- They made a dent with taxes and a few regs, now they need infrastructure.

- Finished 2017 very strong. Low driver turnover for our company. Awesome freight environment and 15% revenue growth. Profits almost tripled. We see 2018 as the potential for a record year! Driver availability is the greatest concern. Best times I can remember in this industry.

- Anticipation is a strong freight environment with increasing rates; however, a majority of the increase will be passed to drivers.

- Things seem better, not sure if it is the ELDs, holidays or just more freight in the market.

(continued)

© 2018 Randall-Reilly Publishing Company, LLC.

(continued)

- Business is good, turning loads down due to shortage of drivers. Expect both situations to continue in 2018.

- Thank you President Trump! MAGA.

- December was a great month for trucking with Christmas and New Year's falling on a Monday! Regarding ELDs, it is mind boggling that smaller carriers ignored the mandate. My best quote heard from a ELD supplier help desk, "The reason your ELD appears to not be working is because your driver is out of available hours and needs to take his off-duty break."

- Great revenue per mile/pricing environment if we can simply keep drivers in seats...

- The trucking arena is full at this time. The tension between supply and demand clearly favors trucking because of the scarcity of drivers. One of the things that could shake this foundation is if carriers decide to grow for the sake of growth and start cutting rates. I would encourage everyone to be content with the 5-10 % growth that rate increases will bring and get the balance sheet healthy It'll cycle back around soon enough...

- Strong market. Rates improving. Driver shortage. I look for continued M & A in 2018.

- We are glad that everyone is supposedly on e-logs. Rates should continue to climb and hopefully they will find a more realistic way to measure drivers as to whether they are tired or just stopping because someone thought they should be tired.... meanwhile let's get the rates while we can.

- Stewards of each trucking company are currently challenged with determining

(continued)

© 2018 Randall-Reilly Publishing Company, LLC.

(continued)

the answer to this question, what is the right rate for their asset on every move they do that allows them to be healthy financially and more importantly assists them to secure drivers now and into the future.

- You might want to think about adding another option in the concerns section termed as 'Bad Competitors'. Unfortunately, there are a lot of people in trucking that don't know how to run a profitable business. There idea of a fair return on the risk and capital that this industry requires is too low compared to other investments. We even see that some of the publicly traded companies over buy trucks and in turn add capacity to a market that is not needed long term. This causes the prices to go down and hurts all of us.

© 2018 Randall-Reilly Publishing Company, LLC.