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## March 2018

### Key findings

- Carrier sentiment for business conditions in March 2018 was 7.56, up slightly from February 2018 (7.52).
- Respondents with up to 100 power units rated March at 6.79, while respondents from fleets with more than 100 power units rated March at 7.79. (*Page 4*)
- Month-over-month business conditions improved again in March, with 64.0% of all respondents saying it was better than February. 90.1% of survey respondents forecast even better business conditions in the next six months (78.6% of those with more than 100 power units and 93.6% of those with up to 100 power units), while only 3.3% expect business conditions to be worse. (*Pages 5 & 6*)
- 78.6% of respondents from fleets with up to 100 power units and 74.5% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months. (*Page 6*)
- 52.5% of all respondents plan to increase the size of their fleets in the next six months (61.7% of respondents with more than 100 power units compared to just 21.4% of respondents with up to 100 power units). No respondents plan to decrease fleet size, while 31.1% of all respondents expect to replace aging equipment while maintaining current fleet size. (*Page 7*)
- Driver availability is the top concern for 93.3% of all respondents, just off February's all-time high of 93.6% and still well ahead of freight pricing (3.3%) and fuel costs (1.7%). (*Pages 7 & 8*)

### Quotes of the month

- **Up to 100 power units:** "I have never seen a time when it is so difficult to recruit a good driver. I'm wondering just how much wages will have to be increased to attract safe, experienced drivers."
- **More than 100 power units:** "Best freight environment I have seen in my career. We need to continue to help shippers understand the driver shortage crisis. While we are not having problems getting rate increases, I am concerned about how much of it we are going to have to give out to recruit and retain them."

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### Methodology

The March 2018 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.

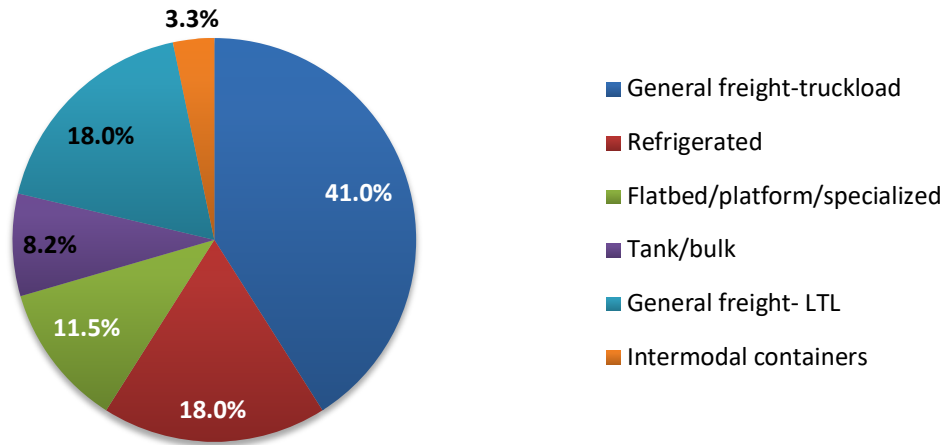
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on April 6, 2018 with reminders sent out on April 9 and April 12, 2018. Out of the total pool, 73 carrier executives completed the questionnaire.

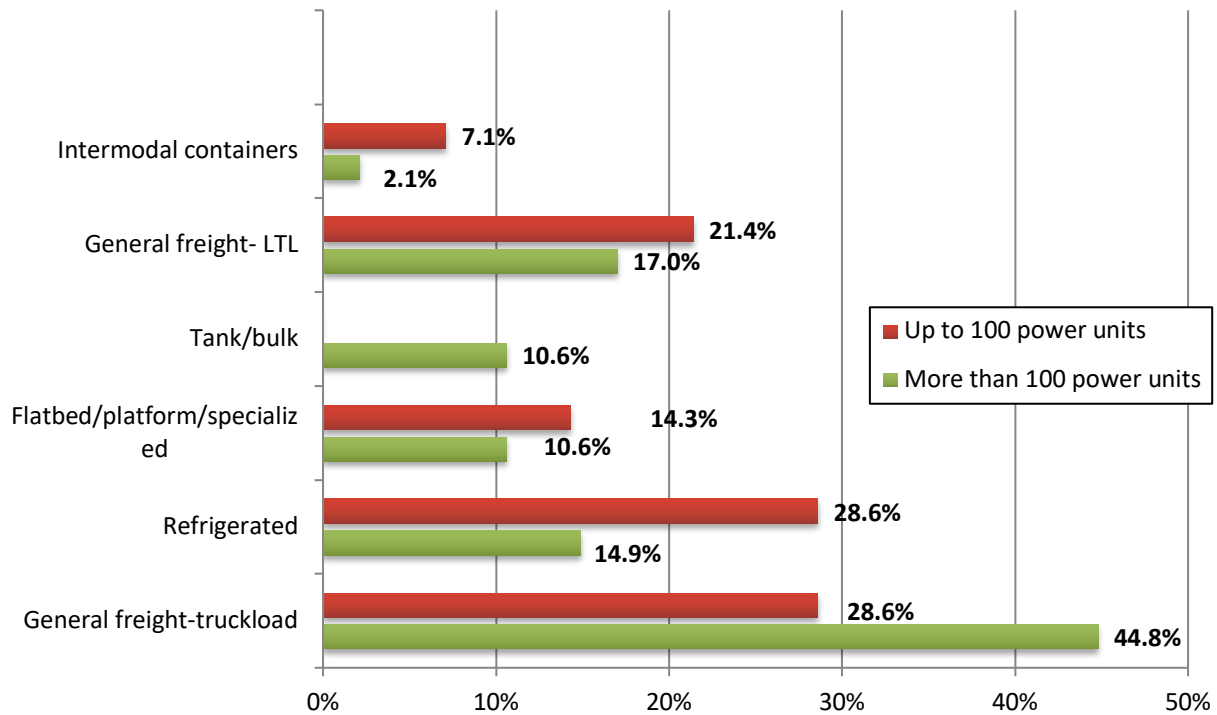
### Demographics

73 respondents

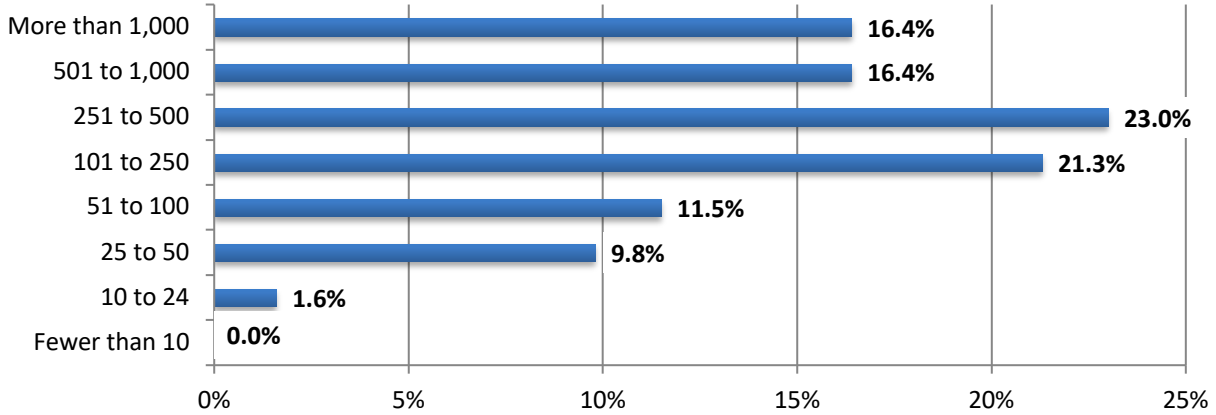
Which of the following represents the largest portion of your operation?



### By fleet size



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

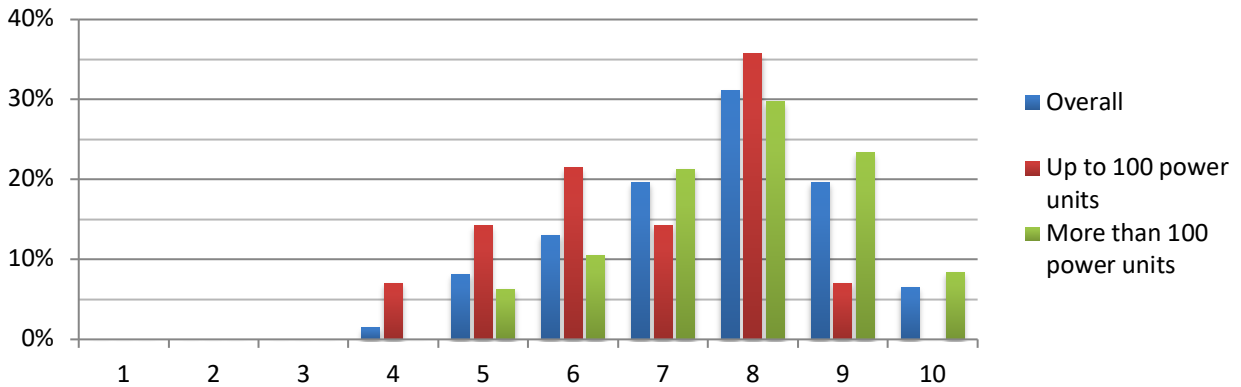


## Business conditions

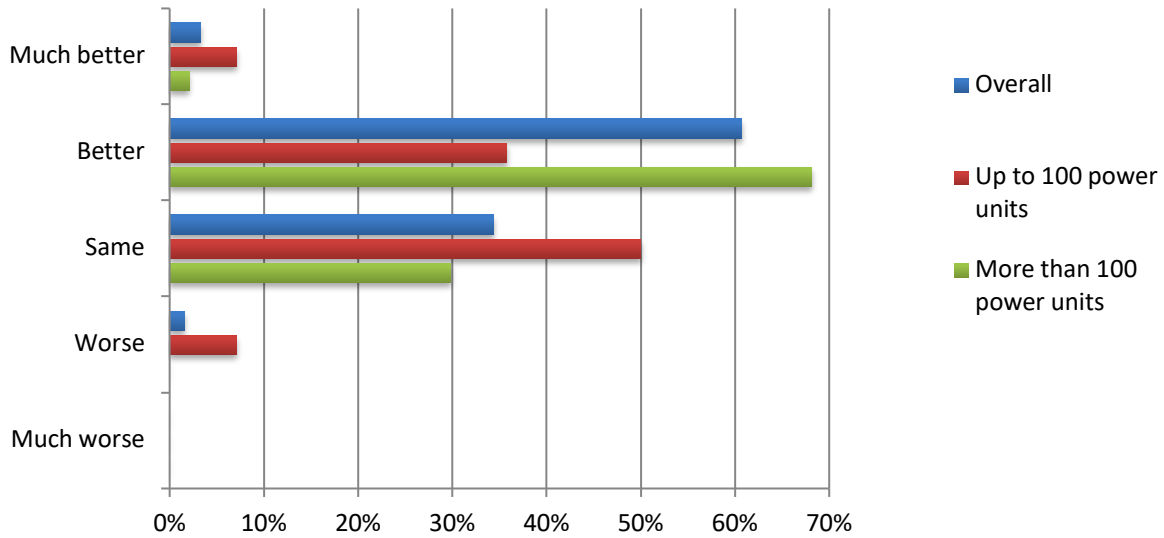
On a scale of 1 to 10 (where 1 is the worst month ever and 10 is the best month ever), how would you rate overall business conditions during March 2018?

	<u>March 2018</u>	<u>February 2018</u>
<b>Average response</b>	<b>7.56</b>	<b>7.52</b>
Up to 100 power units:	6.79	6.86
More than 100 units:	7.79	7.72

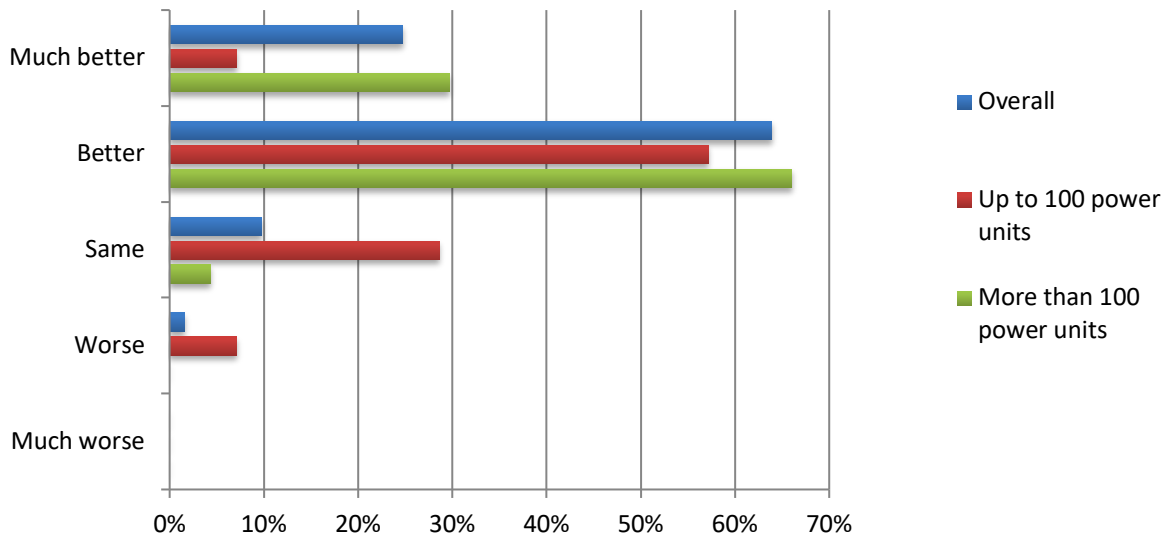
## Distribution of responses



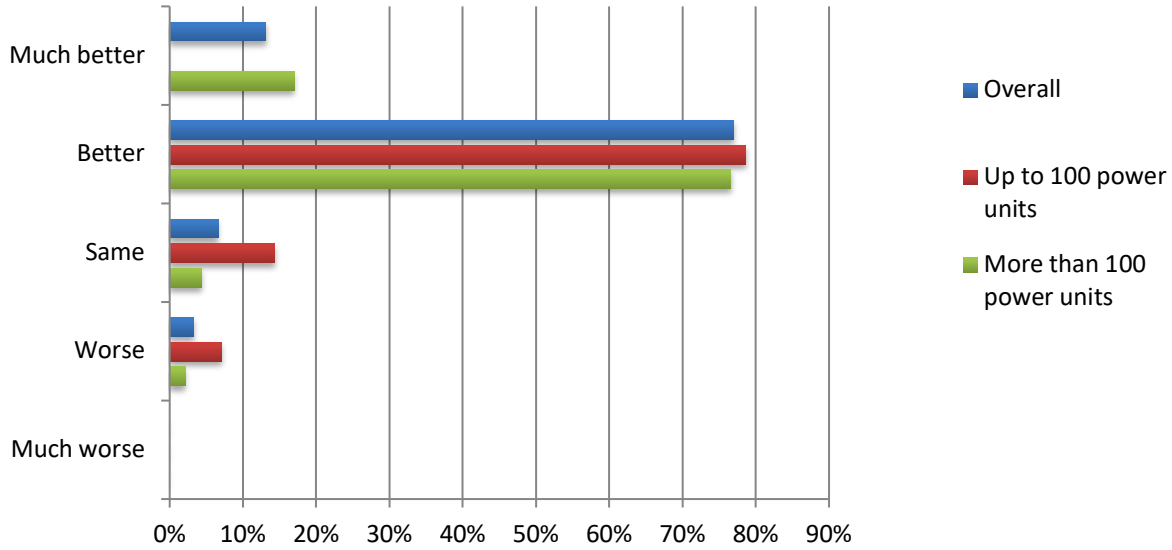
### How is your business doing in March 2018 compared to February 2018?



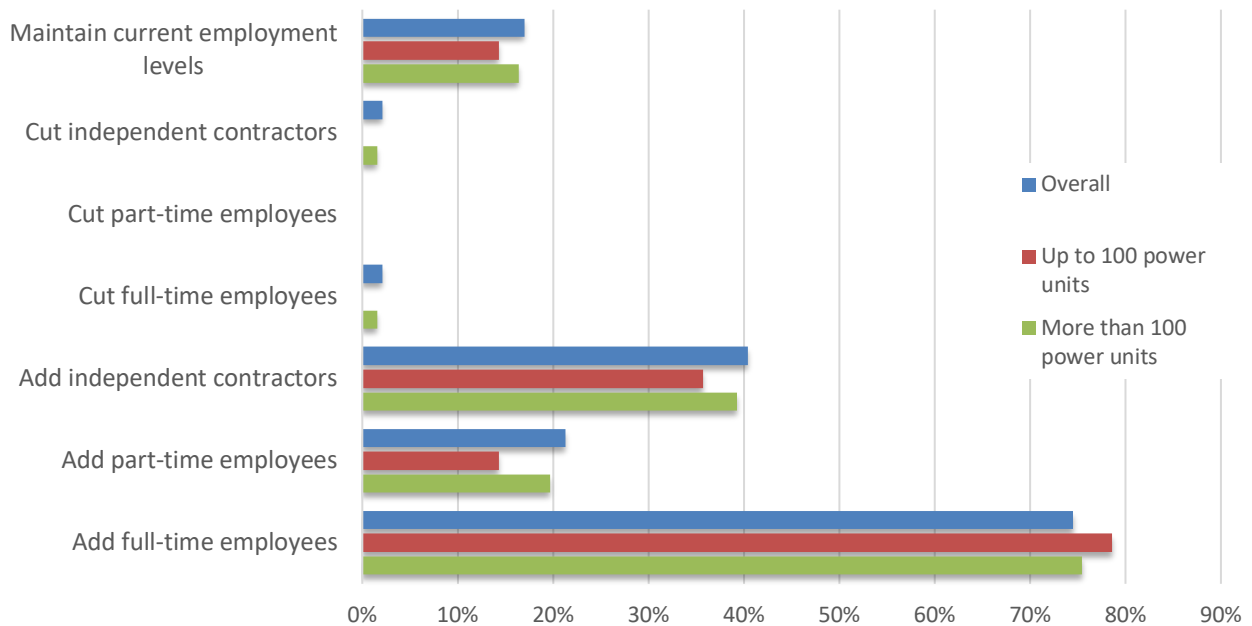
### How is your business doing in March 2018 compared to March 2017?



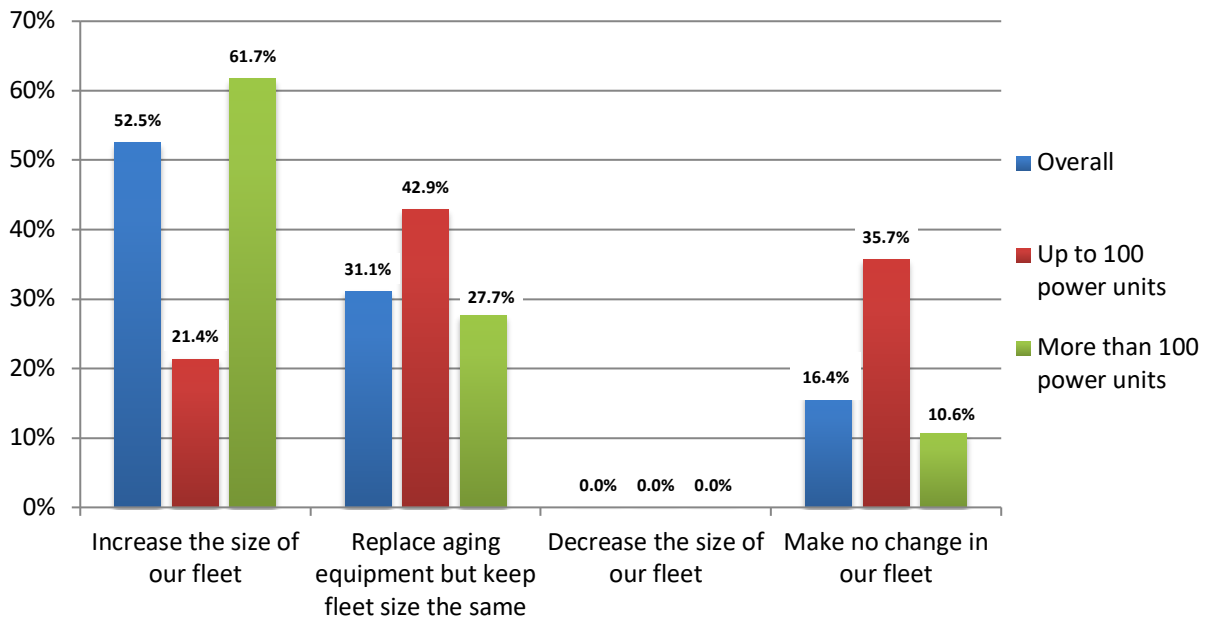
### Adjusting for seasonality, how do you see business in the next 6 months?



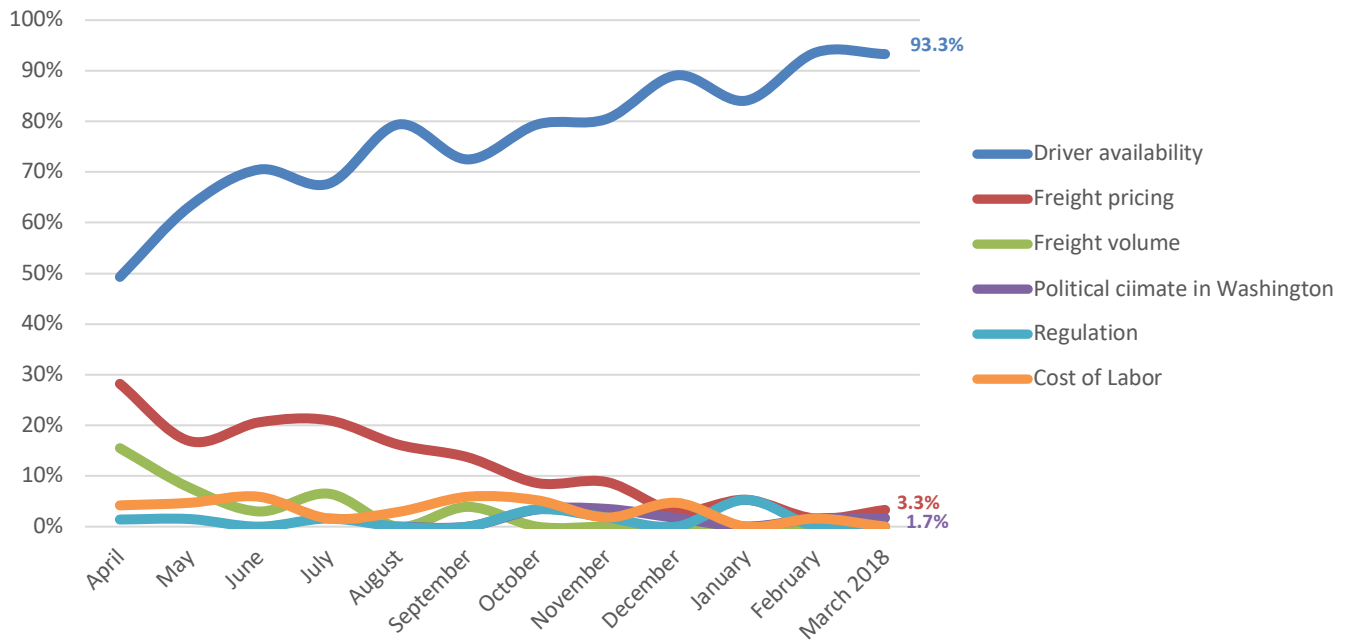
### Not counting seasonal employees, in the next 6 months, do you plan to:



### In the next 6 months, we plan to:



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





## March 2018 MarketPulse Report

### Top concerns for carriers with up to 100 power units

	1 - (Biggest concern)	2	3	4	5
Freight volume	0.0%	14.3%	14.3%	0.0%	0.0%
Freight pricing	0.0%	28.6%	0.0%	14.3%	7.1%
Cash flow	0.0%	0.0%	0.0%	0.0%	7.1%
Fuel costs	7.7%	0.0%	7.1%	0.0%	7.1%
Driver availability	92.3%	0.0%	14.3%	0.0%	0.0%
Cost of labor	0.0%	21.4%	7.1%	7.1%	14.3%
Maintenance costs	0.0%	7.1%	42.9%	14.3%	0.0%
Cost of equipment	0.0%	14.3%	14.3%	14.3%	14.3%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	0.0%	7.1%	0.0%
Cost of credit	0.0%	0.0%	0.0%	7.1%	0.0%
Regulation	0.0%	14.3%	0.0%	28.6%	0.0%
Taxes	0.0%	0.0%	0.0%	7.1%	14.3%
Political climate in Washington	0.0%	0.0%	0.0%	0.0%	35.7%
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%	8.5%	8.5%	8.7%	12.2%
Freight pricing	4.3%	10.6%	19.1%	10.9%	14.6%
Cash flow	0.0%	2.1%	2.1%	0.0%	0.0%
Fuel costs	0.0%	2.1%	6.4%	8.7%	4.9%
Driver availability	93.6%	4.3%	2.1%	0.0%	0.0%
Cost of labor	0.0%	55.3%	10.6%	10.9%	0.0%
Maintenance costs	0.0%	4.3%	19.1%	6.5%	17.1%
Cost of equipment	0.0%	0.0%	17.0%	17.4%	9.8%
Unionization	0.0%	0.0%	0.0%	4.3%	0.0%
Access to credit	0.0%	0.0%	2.1%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	4.3%	7.3%
Regulation	0.0%	6.4%	10.6%	8.7%	17.1%
Taxes	0.0%	0.0%	0.0%	0.0%	2.4%
Political climate in Washington	2.1%	6.4%	2.1%	19.6%	14.6%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

### General comments

#### Up to 100 power units

- I will have to admit after using e-logs since 2006 how much of a profound effect it would have on our industry. In the early stages I believed it would be great. Level playing field, uniform the law. In reality it has taken a market a short drivers making the market even shorter. Because we cannot and should not try to regulate sleep we see an increase in road-related deaths in the trucking industry. The devices are causing the drivers to drive tired. There are so many devices out there by different companies it is hard for an officer to audit properly. From my prospective officers are not properly trained to enforce the law and the law itself is vague.
- I have never seen a time when it is so difficult to recruit a good driver. I'm wondering just how much wages will have to be increased to attract safe, experienced drivers.

### General comments

#### More than 100 power units

- We are in a viscous cycle, charge more to customers, pay more to drivers, if we don't we lose drivers to competitors. the company with the drivers wins.
- Finally the returns we need in the trucking industry. For all the e-log opponents, look at the earnings you gave away for years because you felt you needed to push the envelope. Amazing what a level playing field does to the market.
- Trump has done some pretty good things to strengthen the economy. On the other hand, I think he is on the verge of starting a Trade War. An increase on the tariffs of steel and metal will drive up the cost of equipment. He would be better served to shut up, get his ego in check and quit tweeting!
- Great conditions except for need for drivers. On the other hand, this shortage will keep the rates going North.
- Hard to find drivers. Wages need to go up. Pricing needs to go up. Political uncertainty is a concern that it could change the market very fast (we still remember 2008).

(continued)

(continued)

- Best freight environment I have seen in my career. We need to continue to help shippers understand the driver shortage crisis. While we are not having problems getting rate increases, I am concerned about how much of it we are going to have to give out to recruit and retain them. With the current environment, I think we are going to be dealing with this for a couple of years. In the meantime, having a driver shortage is certainly not a bad thing!
- One of the strongest freight environments in decades. Much of the rate increases will be passed to the drivers.
- Business is off the charts. Turning down almost as much as we haul.
- Number 1 issue is Driver Shortage, #2 is Driver Shortage and also same for #3. Seriously we are in the Perfect Storm that was coined almost 10 years ago. Aging workforce, poor recruiting tactics, and a jump in the economy not to mention regulations, i.e. Full ramp up of ELD's. It will all work our however not in the near term. We didn't get in this shape/condition overnight and it won't be fixed overnight. With the possible jump start of the Hunter House Bill we may in a few years be able to train younger drivers to cross state lines which should help.
- Very concerned about what Trump might do with NAFTA.
- weather conditions in March had an impact on volumes.