

April 2018

Key findings

- Carrier sentiment for business conditions in April 2018 was 7.63, up slightly from March 2018 (7.56). The sentiment discrepancy by fleet size widened in April, with respondents with up to 100 power units rating April at 6.78, while respondents from fleets with more than 100 power units rated April at 7.96. (Page 4)
- While still positive, month-over-month business conditions in April 2018 leveled off compared to recent surveys, with 42.2% of all respondents saying it was better than March 2018. 71.8% of survey respondents forecast even better business conditions in the next six months (66.7% of those with up to 100 power units and 73.9% of those with more than 100 power units); no respondents expect business conditions to worsen. (Pages 5 & 6)
- 72.2% of respondents from fleets with up to 100 power units and 76.1% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months. (Page 6)
- 48.4% of all respondents plan to increase the size of their fleets in the next six months (52.2% of respondents with more than 100 power units and 38.9% of respondents with up to 100 power units). Only 1.6% of all respondents plan to decrease fleet size, while 35.9% expect to replace aging equipment while maintaining current fleet size. (Page 7)
- Driver availability is the top concern for 90.6% of all respondents, well-outpacing fuel costs and costs of labor, each at 3.1%. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** “As the pool of available drivers shrinks, we choose not to diminish our hiring standards. Operating financially in lackluster mode is far better than experiencing claims due to the economic pressures to just hire drivers. Wrong hires are costly.”
- **More than 100 power units:** “Rates continue to rise at a significant pace. Much of which is passed along to drivers via wage increases and other forms of compensation. Continues to be a strong market for flatbed - probably the best I have seen in 18 years.”



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Methodology

The April 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.

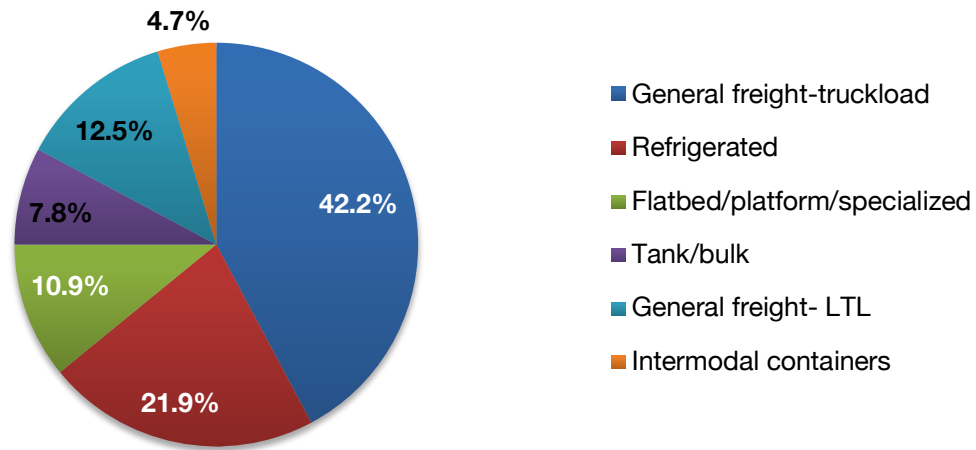
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on May 14, 2018 with reminders sent out on May 16 and May 18, 2018. Out of the total pool, 73 carrier executives completed the questionnaire.

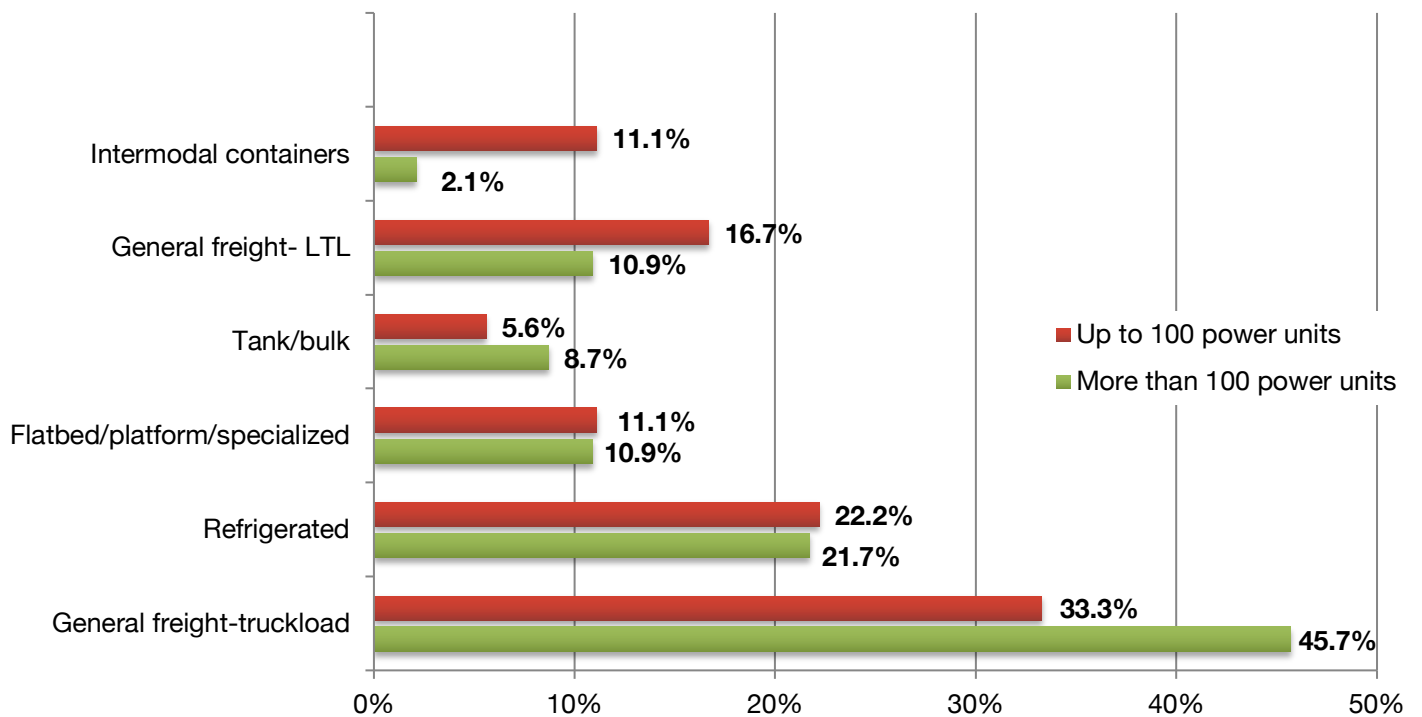
Demographics

73 respondents

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

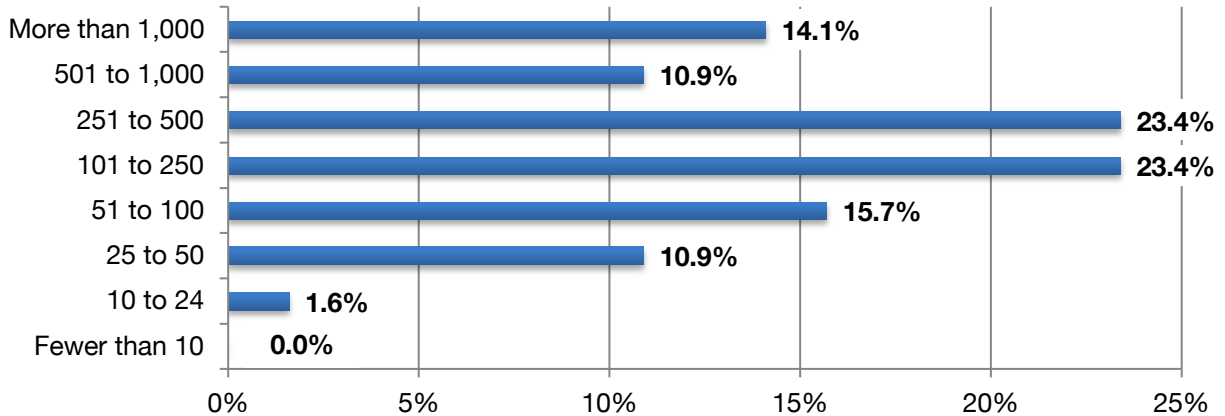


By fleet size:



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

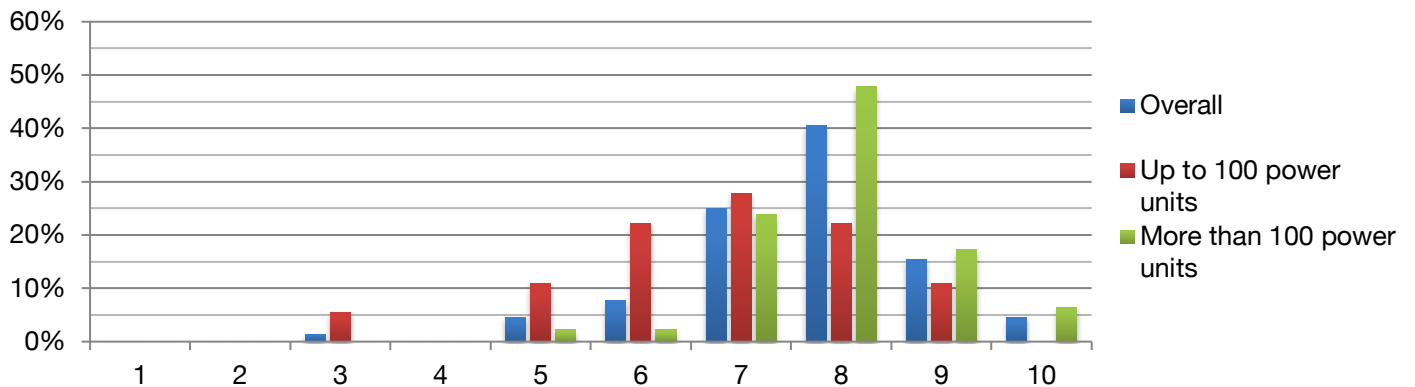


Business conditions

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

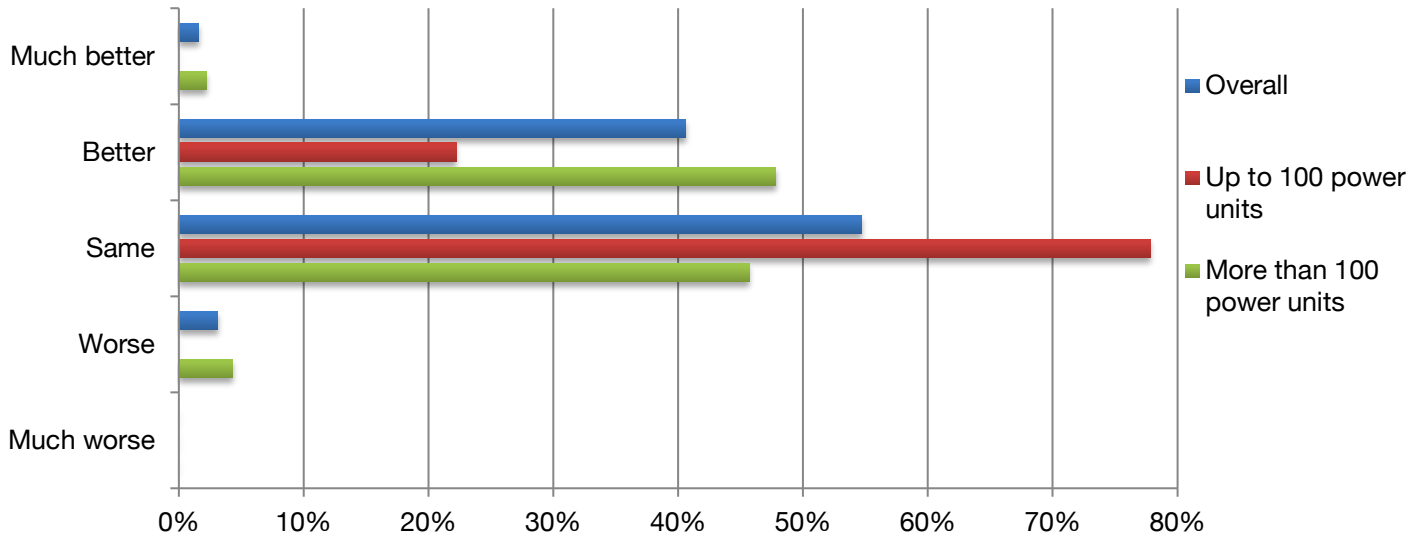
	<u>April 2018</u>	<u>March 2018</u>
Average response:	7.63	7.56
Up to 100 power units:	6.78	6.79
More than 100 units:	7.96	7.79

Distribution of responses

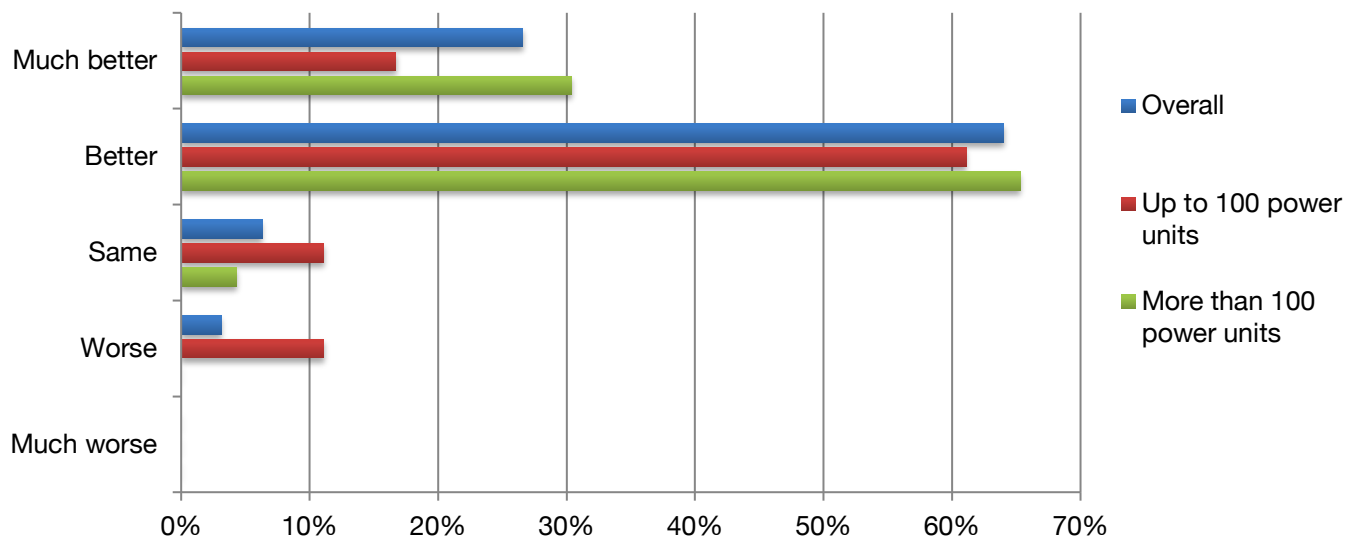


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How is your business doing in April 2018 compared to March 2018?

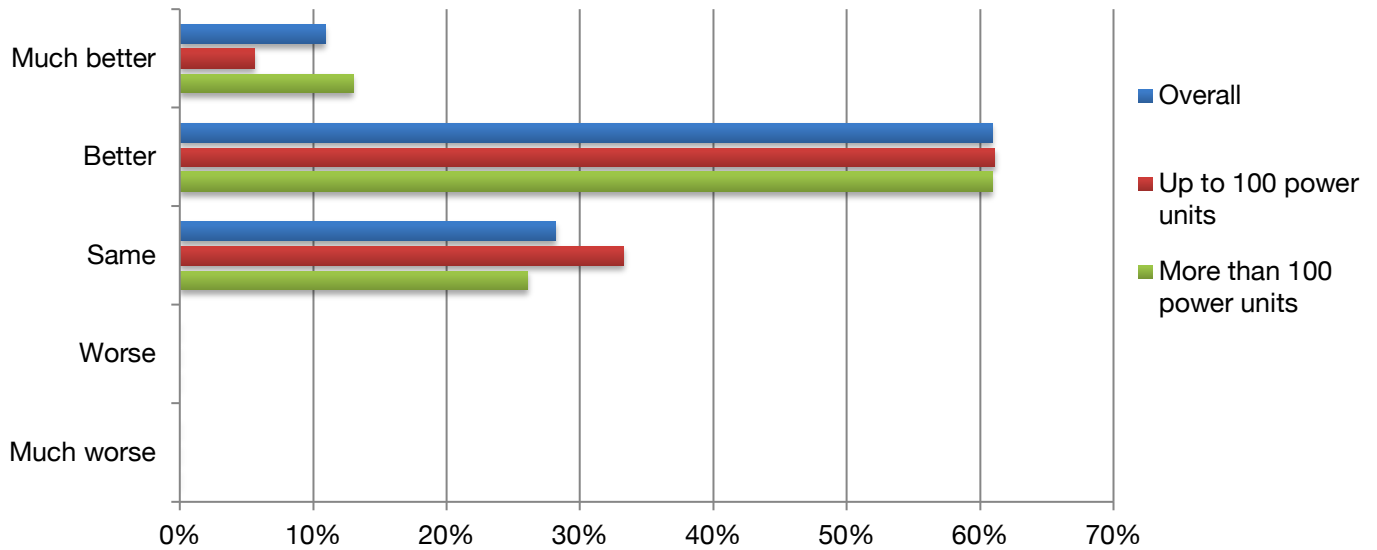


How is your business doing in April 2018 compared to April 2017?

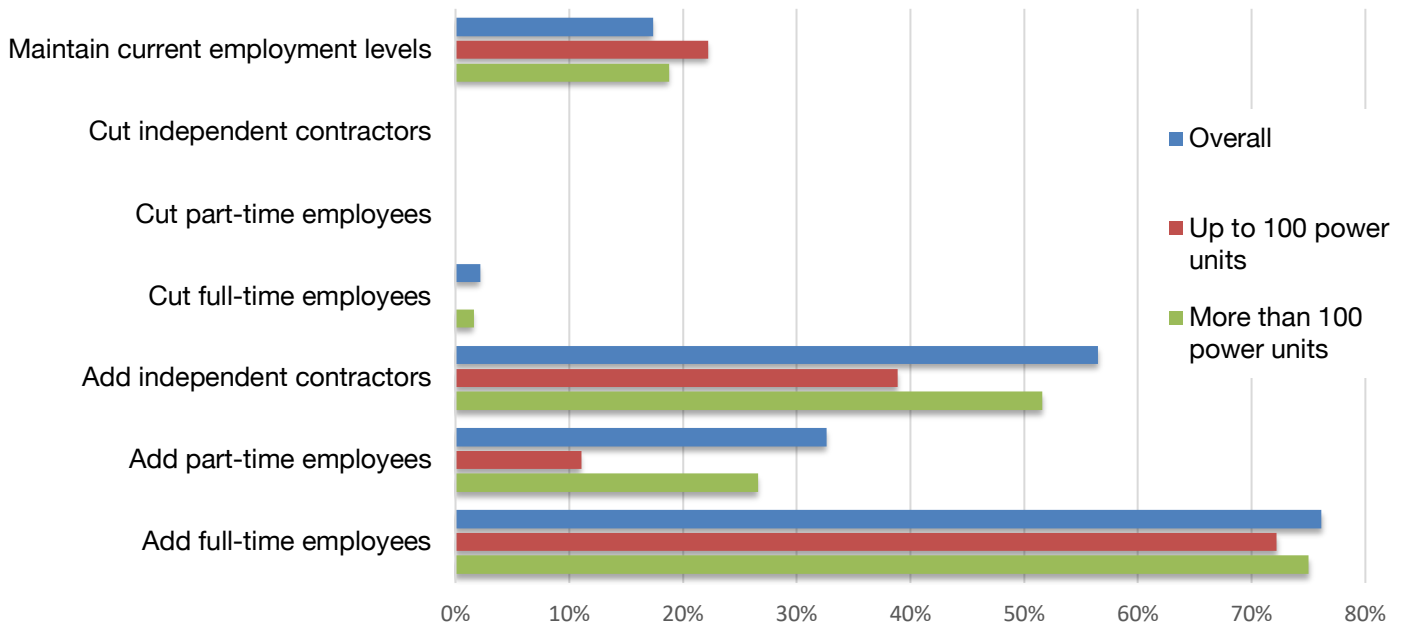


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Adjusting for seasonality, how do you see business in the next 6 months?

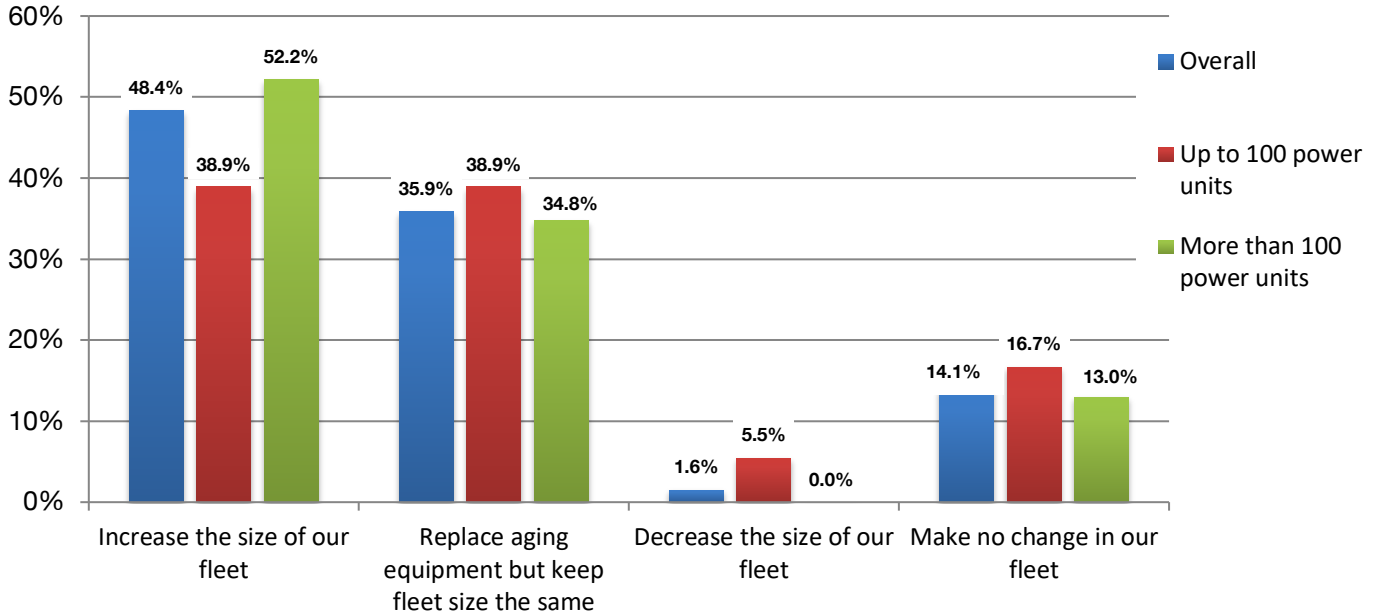


Not counting seasonal employees, in the next 6 months, do you plan to:

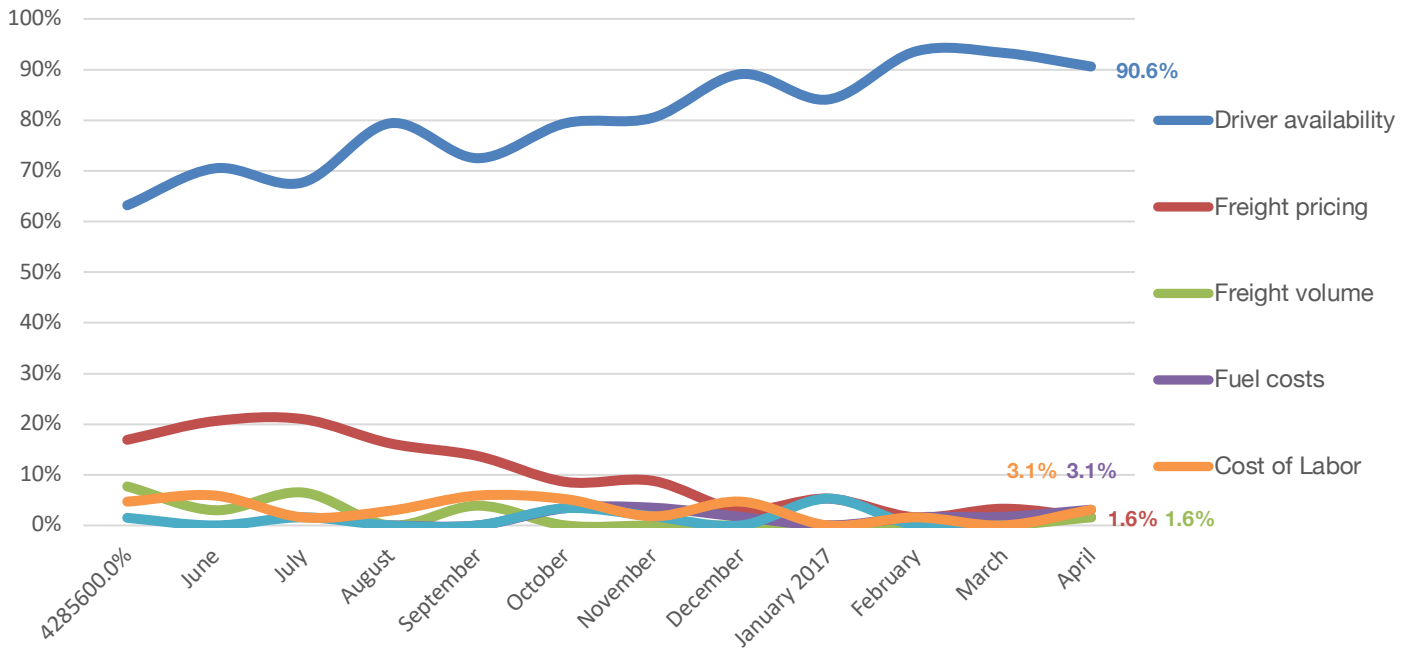


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In the next 6 months, we plan to:



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	0.0%	0.0%	0.0%	16.7%	11.1%
Freight pricing	5.6%	12.5%	5.9%	11.1%	16.7%
Cash flow	0.0%	0.0%	5.9%	5.6%	0.0%
Fuel costs	5.6%	12.5%	11.8%	11.1%	16.7%
Driver availability	88.9%	6.3%	5.9%	0.0%	0.0%
Cost of labor	0.0%	25.0%	23.5%	0.0%	0.0%
Maintenance costs	0.0%	25.0%	0.0%	22.2%	11.1%
Cost of equipment	0.0%	6.3%	23.5%	5.6%	22.2%
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%	11.1%	0.0%
Regulation	0.0%	12.5%	11.8%	5.6%	5.6%
Taxes	0.0%	0.0%	5.9%	5.6%	0.0%
Political climate in Washington	0.0%	0.0%	5.9%	0.0%	16.7%
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	2.2%	4.4%	15.6%	4.5%	4.7%
Freight pricing	0.0%	13.3%	22.2%	22.7%	2.3%
Cash flow	0.0%	0.0%	0.0%	0.0%	7.0%
Fuel costs	2.2%	6.7%	15.6%	11.4%	14.0%
Driver availability	91.3%	8.9%	0.0%	0.0%	0.0%
Cost of labor	4.3%	57.8%	4.4%	4.5%	2.3%
Maintenance costs	0.0%	2.2%	17.8%	13.6%	14.0%
Cost of equipment	0.0%	2.2%	11.1%	11.4%	14.0%
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%	2.2%	6.8%	2.3%
Regulation	0.0%	4.4%	6.7%	11.4%	9.3%
Taxes	0.0%	0.0%	0.0%	0.0%	2.3%
Political climate in Washington	0.0%	0.0%	4.4%	13.6%	27.9%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- Financially overall, we are operating in a lackluster manner, statistically we are producing numbers that are less than comparable 2017 in both revenues and profits. We have less qualified drivers today than we did a year ago. As the pool of available drivers shrinks, we choose not to diminish our hiring standards. Operating financially in lackluster mode is far better than experiencing claims due to the economic pressures to just hire drivers. Wrong hires are costly.
- Shippers continue to struggle with the concept of 'partnership' so delays, detention, and non-productivity at some origin/destination locations remain a challenge. Weeding them out remains a focus! 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.
- We need to revisit ELD. You cannot mandate sleep patterns. It is unsafe, plus you are running drivers out of the market. We have plenty of business and now shippers are willing to pay but we have no drivers.

More than 100 power units

- Trucking is fun again.
- Detention, detention, detention... Shippers will pay, but we all need to sing the same tune. Time for drivers to get paid for their time sitting and time for us to get paid for lack of utilization.
- Rates continue to rise at a significant pace. Much of which is passed along to drivers via wage increases and other forms of compensation. Continues to be a strong market for flatbed - probably the best I have seen in 18 years.
- Freight volume is high, rates are up, profits are up, driver turnover is challenging, but life in trucking is good! Only concern is cost of labor as contest for drivers continues.
- Business is strong and we expect it to continue through 2018 into 2019.

(continued)

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More than 100 power units (continued)

- Freight seems to be settling down a little, however we still have shippers trying to buy more capacity and some are upset when you tell them you have none. Customers are also getting concerned that we are having to give drivers a pay increase as some don't think we should be. Customers have got to come to grips and treat our drivers with respect. They are half the problem drivers don't want to drive a truck.