



July 2018

Key findings

- Carrier sentiment for business conditions in July 2018 was 7.57, down from an all-time high of 7.68 in June 2018. Month-to-month sentiment rose slightly for respondents with up to 100 power units from 7.13 to 7.2, while sentiment dropped from 7.87 to 7.69 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in July 2018 remained positive, with 31.7% of all respondents saying it was better and 18.3% saying it was worse than June 2018. 53.3% of survey respondents forecast even better business conditions in the next six months while only 3.3% of respondents expect business conditions to worsen. (Pages 5 & 6)
- 73.3% of respondents from fleets with up to 100 power units and 77.8% of respondents from fleets with more than 100 power units plan to add full-time employees in the next six months. (Page 6)
- 50.0% of all respondents plan to increase the size of their fleets in the next six months (55.6% of respondents with more than 100 power units and 33.3% of respondents with up to 100 power units). No respondents plan to decrease fleet size, while 40.0% expect to replace aging equipment while maintaining current fleet size. (Page 7)
- Driver availability is the top concern for 89.8% of all respondents, dwarfing any other top concerns including the political climate in Washington and cost of labor, each at 3.4%. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** “With a sizable portion of our freight being destined to international destinations, the continuing tariff penalties and political discussions has caused sales for our shippers to slip thus their shipments tendered to us.”
- **More than 100 power units:** “Things are looking good for all of us as far as rates until someone decides to start cutting. If one just had drivers you could expand, but then it might change the market. We like it.”



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CCJ MarketPulse | For-hire trucking executives | Published monthly by *Commercial Carrier Journal*

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Methodology

The July 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.

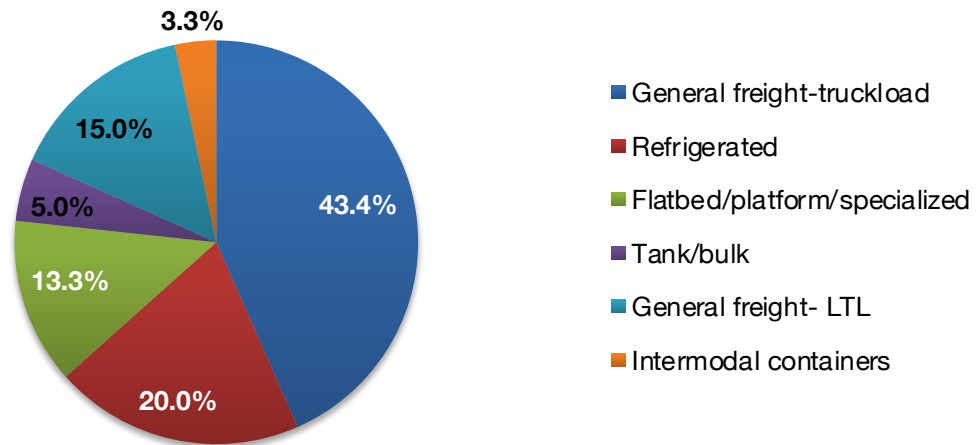
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on August 9, 2018 with reminders sent out on August 14 and August 15, 2018. Out of the total pool, 73 carrier executives completed the questionnaire.

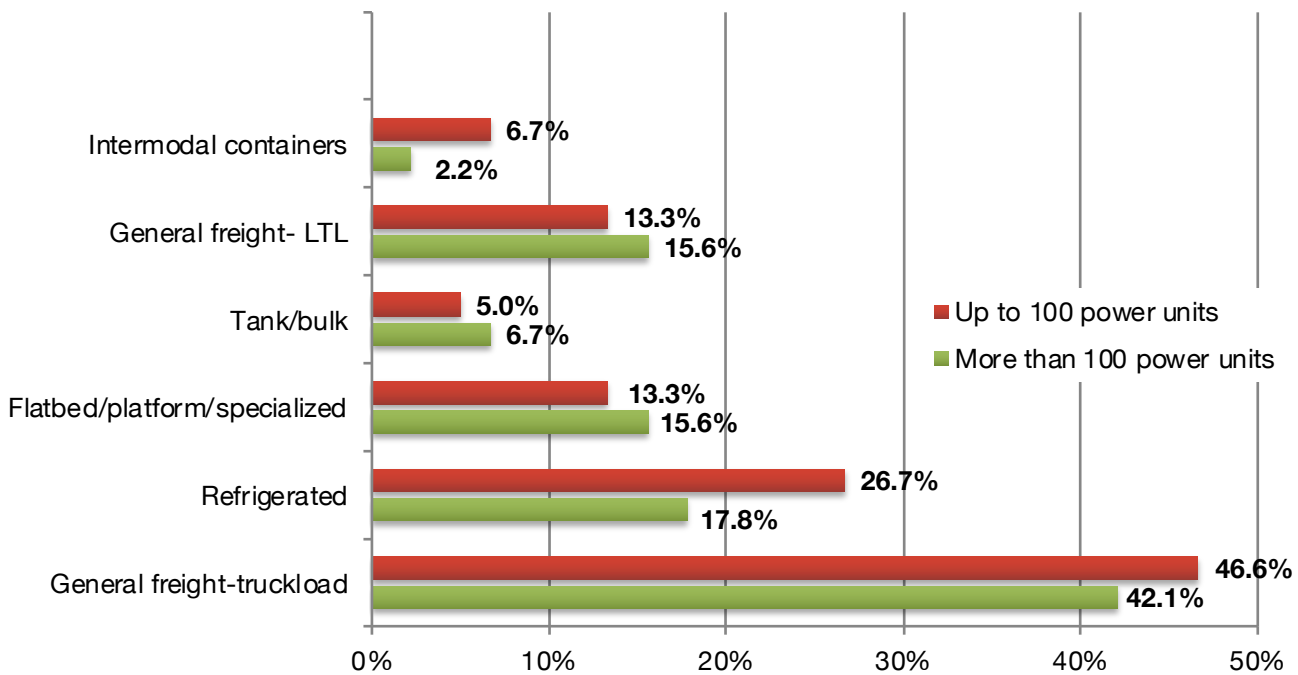
Demographics

73 respondents

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

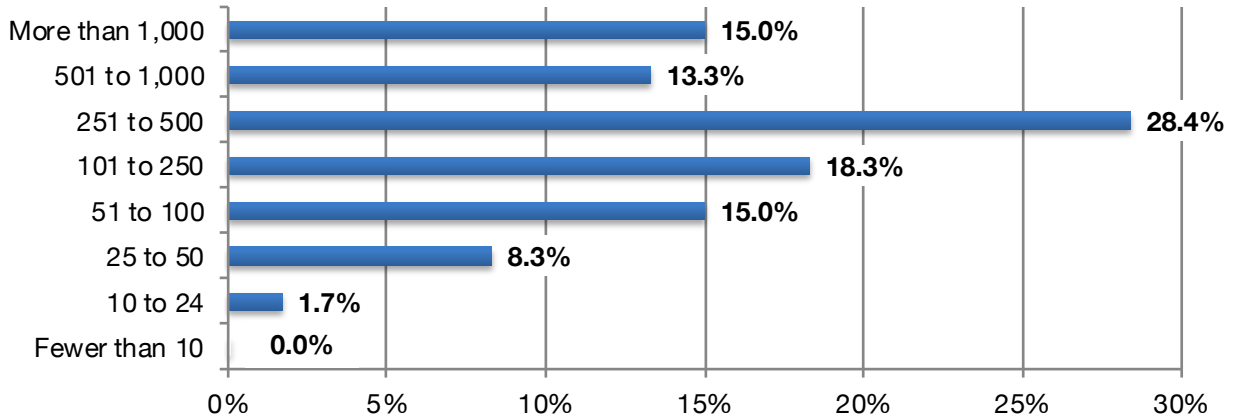


By fleet size:



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

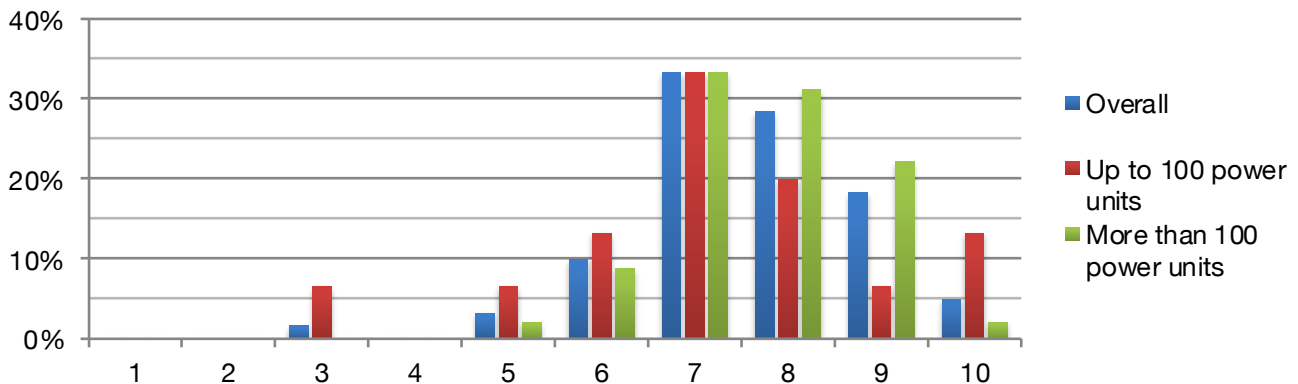


Business conditions

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

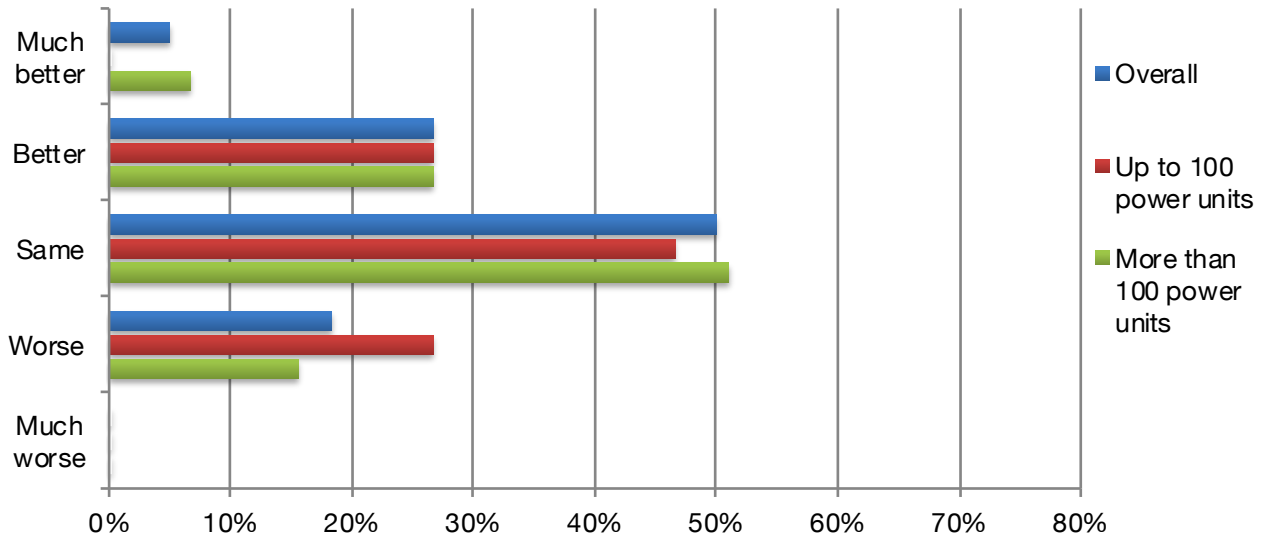
	<u>July 2018</u>	<u>June 2018</u>
Average response:	7.57	7.68
Up to 100 power units:	7.2	7.13
More than 100 units:	7.69	7.87

Distribution of responses:

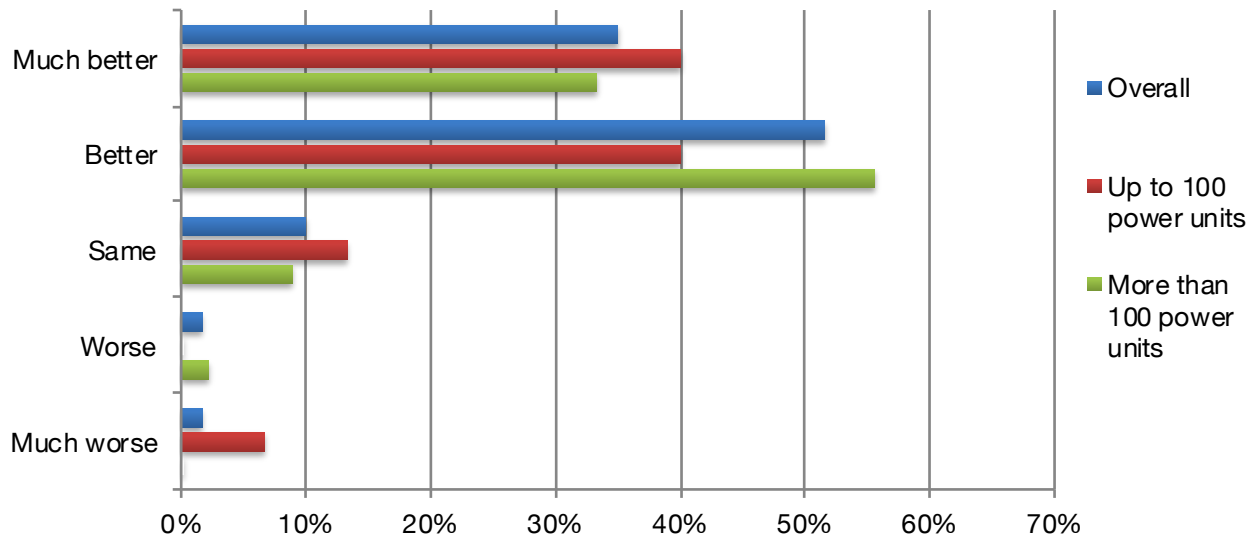


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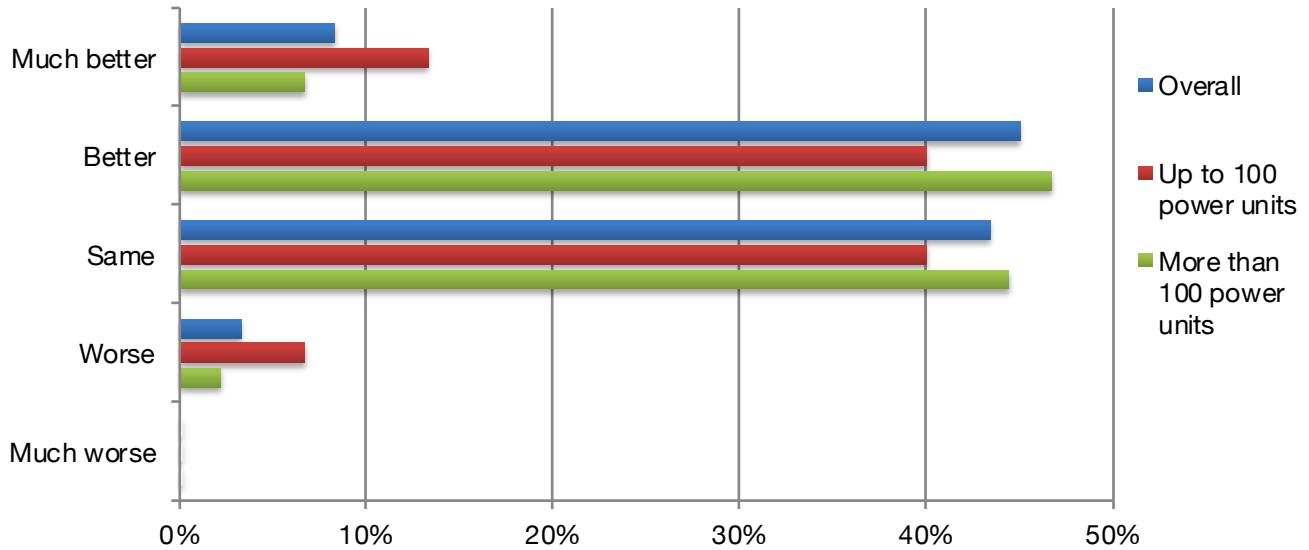
How is your business doing in July 2018 compared to June 2018?



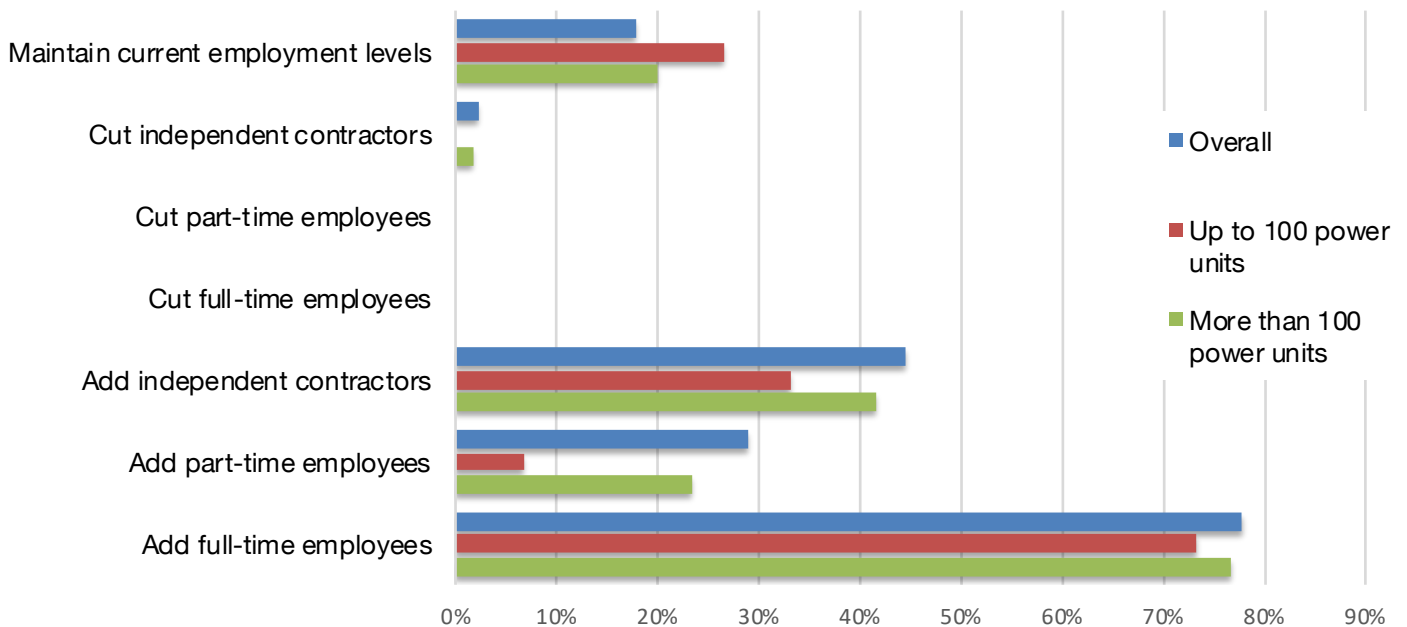
How is your business doing in July 2018 compared to July 2017?



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

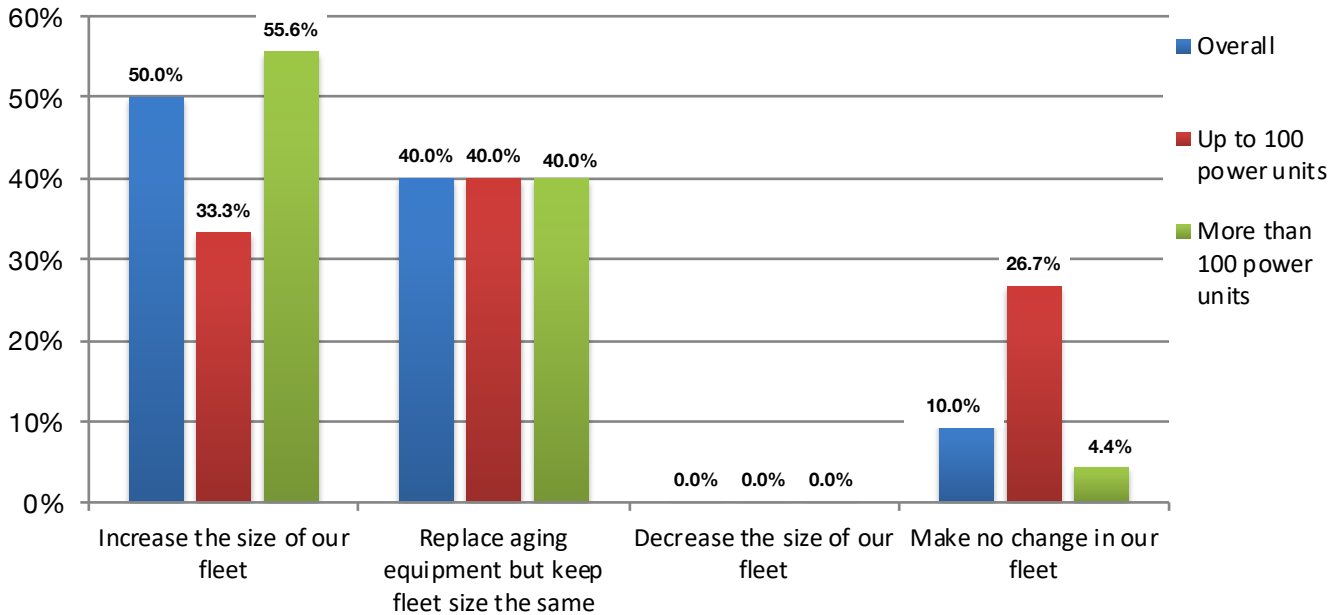


Not counting seasonal employees, in the next 6 months, do you plan to:

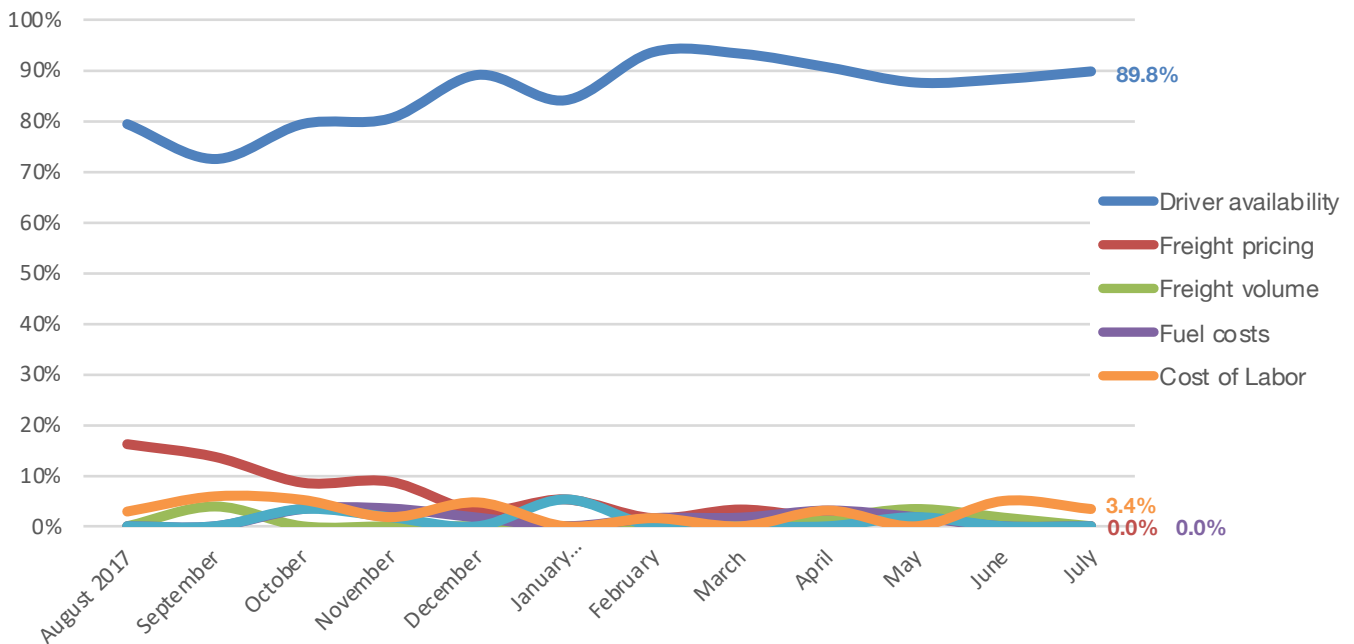


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In the next 6 months, we plan to:



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%	7.1%	14.3%	14.3%	0.0%
Freight pricing	0.0%	21.5%	0.0%	28.7%	7.1%
Cash flow	0.0%	0.0%	14.3%	0.0%	7.1%
Fuel costs	0.0%	7.1%	0.0%	7.1%	7.1%
Driver availability	85.8%	7.1%	7.1%	0.0%	0.0%
Cost of labor	0.0%	7.1%	21.5%	0.0%	0.0%
Maintenance costs	7.1%	14.3%	21.5%	0.0%	14.3%
Cost of equipment	0.0%	28.7%	7.1%	14.3%	21.5%
Unionization	0.0%	0.0%	0.0%	0.0%	7.1%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	0.0%	7.1%	0.0%	7.1%	14.3%
Taxes	0.0%	0.0%	7.1%	21.4%	0.0%
Political climate in Washington	0.0%	0.0%	7.1%	7.1%	21.5%
Other	7.1%	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%	4.4%	15.9%	4.7%	7.0%
Freight pricing	0.0%	6.7%	13.6%	16.3%	11.6%
Cash flow	0.0%	2.2%	2.3%	2.3%	2.3%
Fuel costs	0.0%	4.4%	9.1%	2.3%	7.0%
Driver availability	91.2%	6.7%	0.0%	0.0%	2.3%
Cost of labor	4.4%	55.7%	2.3%	7.0%	2.3%
Maintenance costs	0.0%	4.4%	22.7%	18.6%	9.3%
Cost of equipment	0.0%	2.2%	15.9%	20.9%	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%	0.0%	2.3%	4.7%
Regulation	0.0%	8.9%	6.8%	14.0%	14.0%
Taxes	0.0%	0.0%	2.3%	0.0%	0.0%
Political climate in Washington	4.4%	4.4%	9.1%	11.6%	25.5%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- Quality-of-life issues for drivers continues to make hiring and retaining drivers a huge challenge. Shippers, and especially receivers, greatly increase this challenge for the driver.
- The ability to hire qualified drivers continues to be our primary concern, need drivers to generate revenues. With a sizable portion of our freight being destined to international destinations, the continuing tariff penalties and political discussions has caused sales for our shippers to slip thus their shipments tendered to us. In a booming economy our financial results are lackluster, we continue to be supportive of our president and the actions this administration is taking. Hopefully numerous political issues will get resolved sooner rather than later, though with a divisive legislative branch it is likely not much will improve politically before the November elections.
- Despite the libs' contention the sky is falling, our economy remains strong and businesses bullish on the future. Trump that!
- Great market conditions.

More than 100 power units

- Lack of drivers is getting worse not better.
- Freight is running at peak levels. Shippers are giving good rate increases. The intensity of recruiting drivers is at an all-time high. Driver pay is up 11% this year. Drivers still leaving for good paying jobs where they can be home every night. Opportunities abound if you can find and keep drivers. This is the new normal.
- Need more drivers and mechanics.
- Rates continue to rise but not at the same pace in July. They had to level at some point as it is very unlikely the industry could sustain those increases.

(continued)

More than 100 power units (continued)

- It is certainly an odd time in the trucking industry. It's all about capacity and only driver retention (2 to 3 pay increases) but driver entry level and telling our story of the careers that we have in trucking. We are in a lot of hurt if we don't get qualified professionals into our industry. The perfect storm has finally arrived after 10 years... aging working force, poor job from the industry level to tell our story and promote the opportunities and not to mention the fact that we need more professional drivers to do the same amount of freight volume due to new regulations. It will take time, but the industry will come out of all this better and safer.
- Things are looking good for all of us as far as rates until someone decides to start cutting. If one just had drivers you could expand, but then it might change the market. We like it.
- Definitely seeing a bit of softening in July/August vs. June.
- Freight is available, drivers are not.