



August 2018

Key findings

- Carrier sentiment for business conditions in August 2018 was 7.43, down for the second-consecutive month from June 2018's all-time high of 7.68. Month-to-month sentiment fell for respondents with up to 100 power units from 7.23 to 7.0, while sentiment dropped from 7.69 to 7.58 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in August 2018 stabilized, with 41.4% of all respondents saying it was better and 6.9% saying it was worse than July 2018. 58.7% of survey respondents forecast even better business conditions in the next six months while only 3.4% of respondents expect business conditions to worsen. (Pages 5 & 6)
- 80.0% of respondents from fleets with up to 100 power units and 76.7% 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 (55.8% of respondents with more than 100 power units and 33.3% of respondents with up to 100 power units). 3.4% of respondents plan to decrease fleet size, while 46.6% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- After a brief and subtle dip in early summer, driver availability matched its March 2018 mark of 93.2% as the top concern for all respondents. Freight volume and cost of labor are tied at a distant 2nd place, each at 3.4%. (Pages 7 & 8)

Quotes of the month

- **Up to 100 power units:** "It's still all about the availability of good, safe drivers. We've given out our second pay raise of 2018 and planning another increase for January 2019. The lack of enough drivers will push their wages higher, faster than I ever thought would be necessary."
- **More than 100 power units:** "If we can make it through the mid-term elections with the Republicans still in control, I feel there will be no stopping the growth in the economy. I hope people are smart enough to respect the growth we have had in all areas under this administration and not revert back to the government regulations and slow growth economy we had for the previous eight years."



August 2018 MarketPulse Report

Table of Contents

Methodology 2

August 2018 CCJ MarketPulse 3

Breakdown by type of operation 3

Breakdown by fleet size..... 3

Business conditions rating 4

Business compared to last month 5

Business compared to same month last year 5

Business expectations 6

Plans for workforce 6

Plans for fleet 7

Major concerns 7

General comments 9



3200 Rice Mine Road NE | Tuscaloosa, AL | 35406 | 800-633-5953

Prepared by: Jeff Crissey, Editor | *Commercial Carrier Journal* | 205-248-1244 | jcrissey@randallreilly.com

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August 2018 MarketPulse Report

Methodology

The August 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.

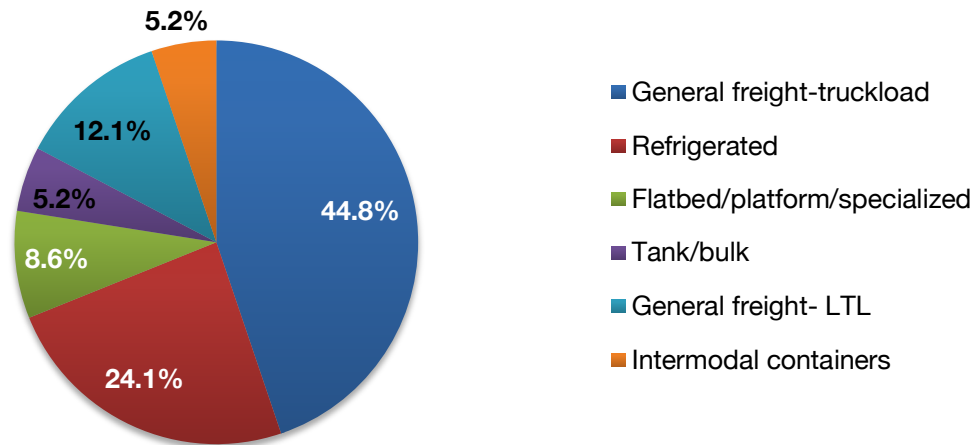
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on September 13, 2018 with reminders sent out on September 17 and 18, 2018. Out of the total pool, 73 carrier executives completed the questionnaire.

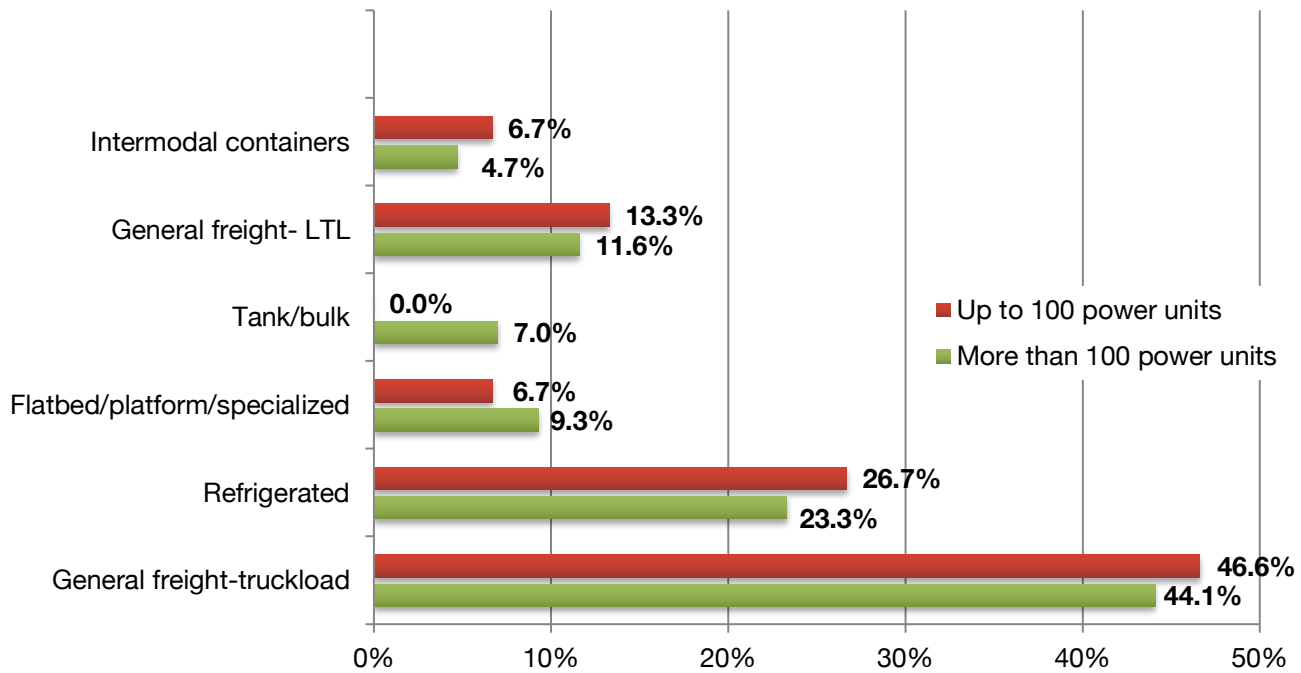
Demographics

73 respondents

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

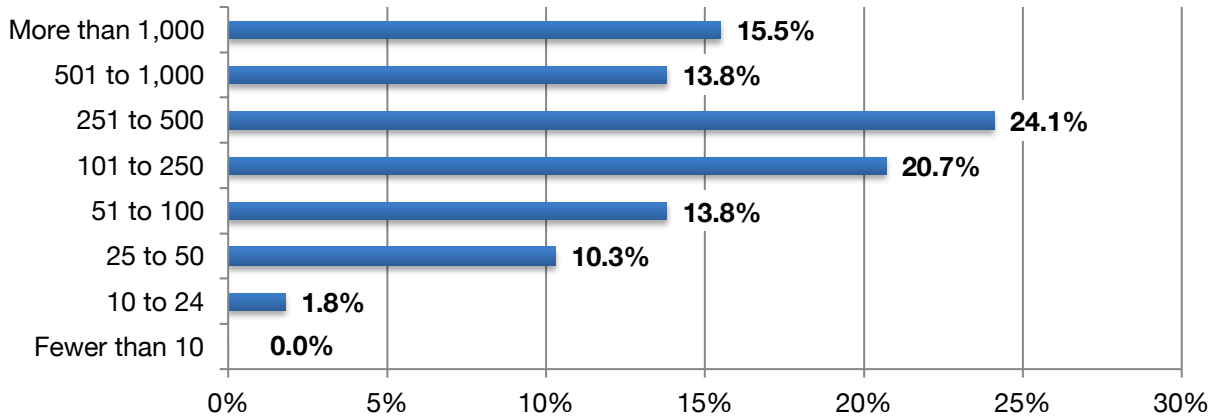


By fleet size:



August 2018 MarketPulse Report

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

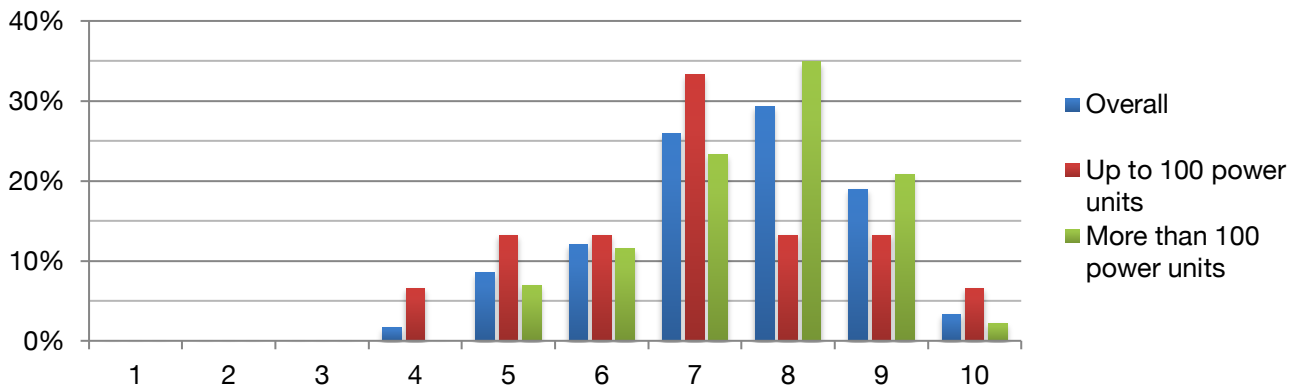


Business conditions

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

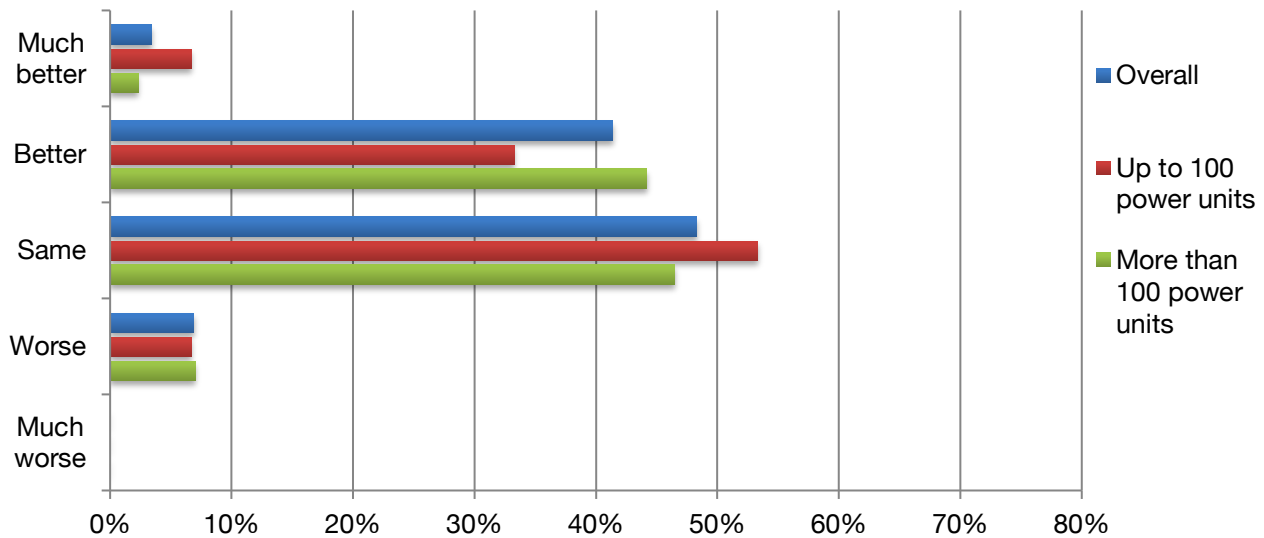
	<u>August 2018</u>	<u>July 2018</u>
Average response:	7.43	7.57
Up to 100 power units:	7.0	7.2
More than 100 units:	7.58	7.69

Distribution of responses:

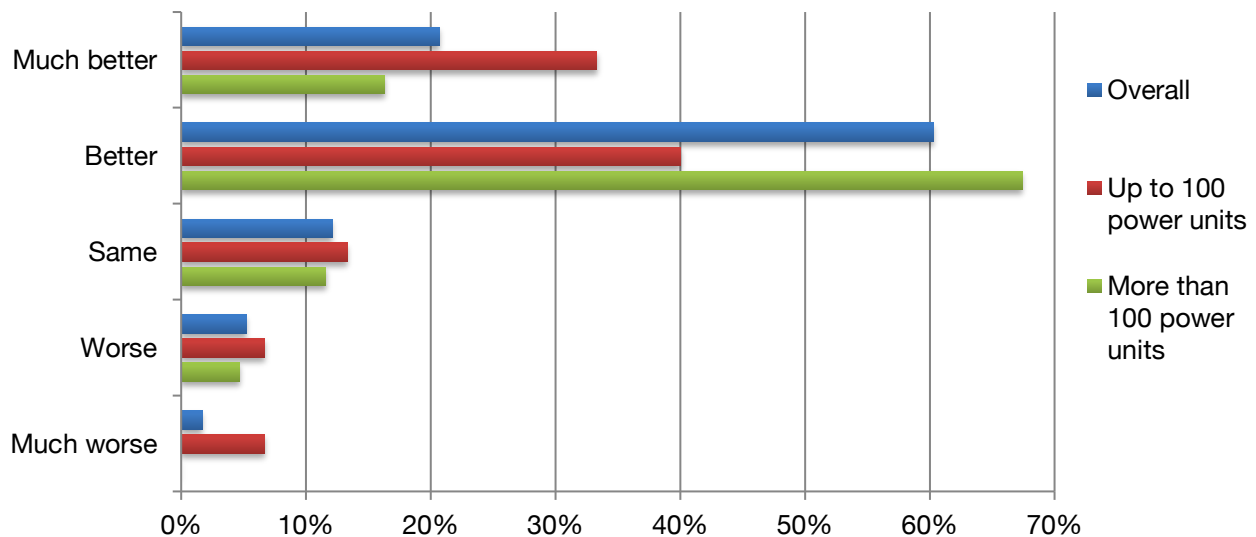


August 2018 MarketPulse Report

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

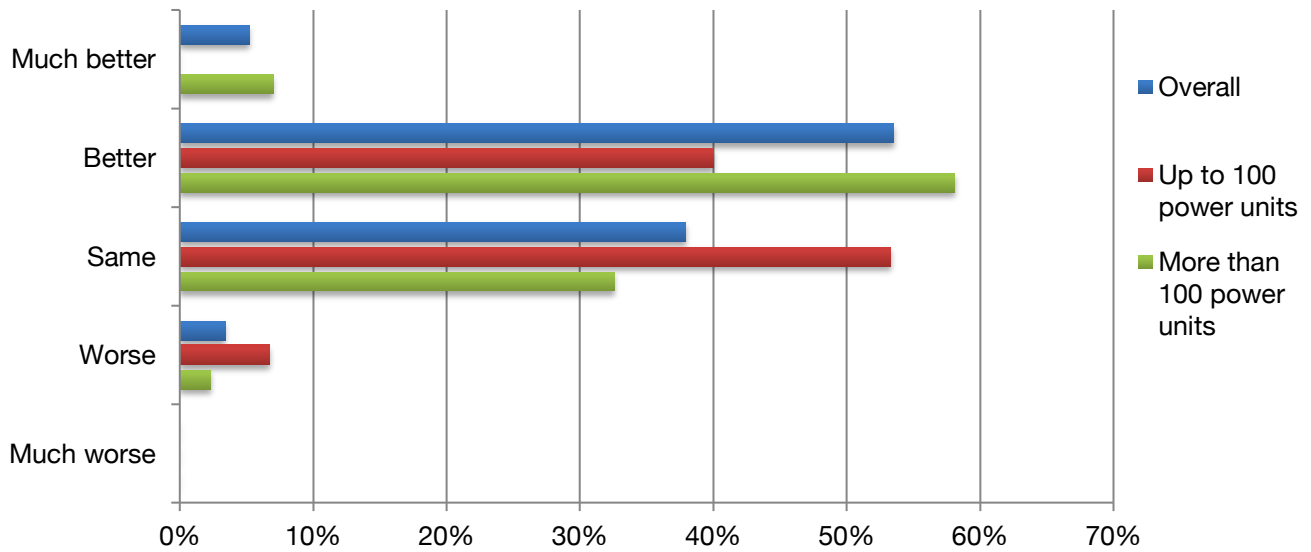


How is your business doing in August 2018 compared to August 2017?

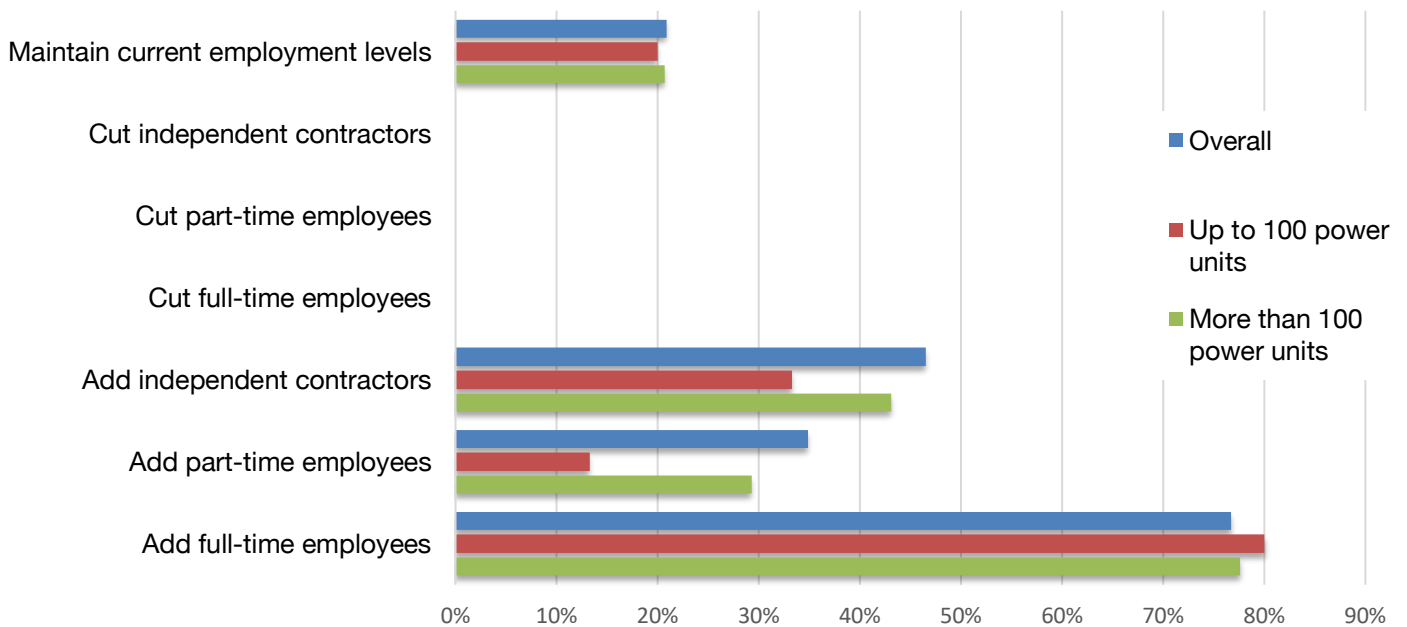


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Adjusting for seasonality, how do you see business in the next 6 months?

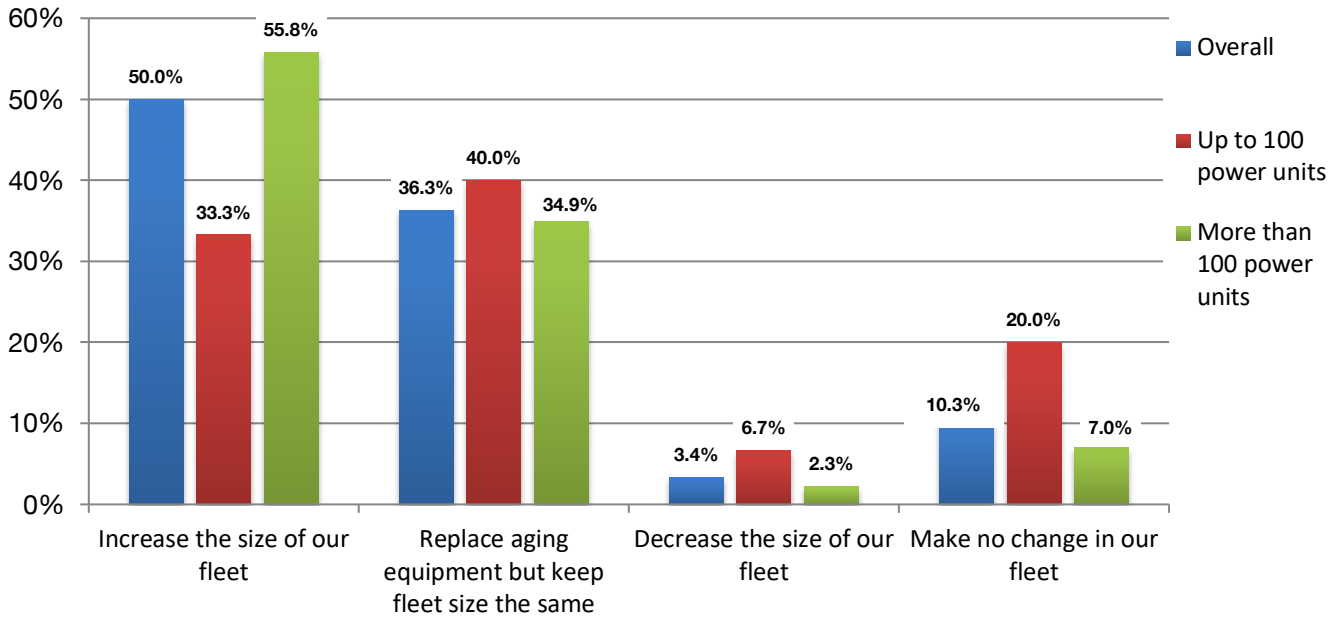


Not counting seasonal employees, in the next 6 months, do you plan to:

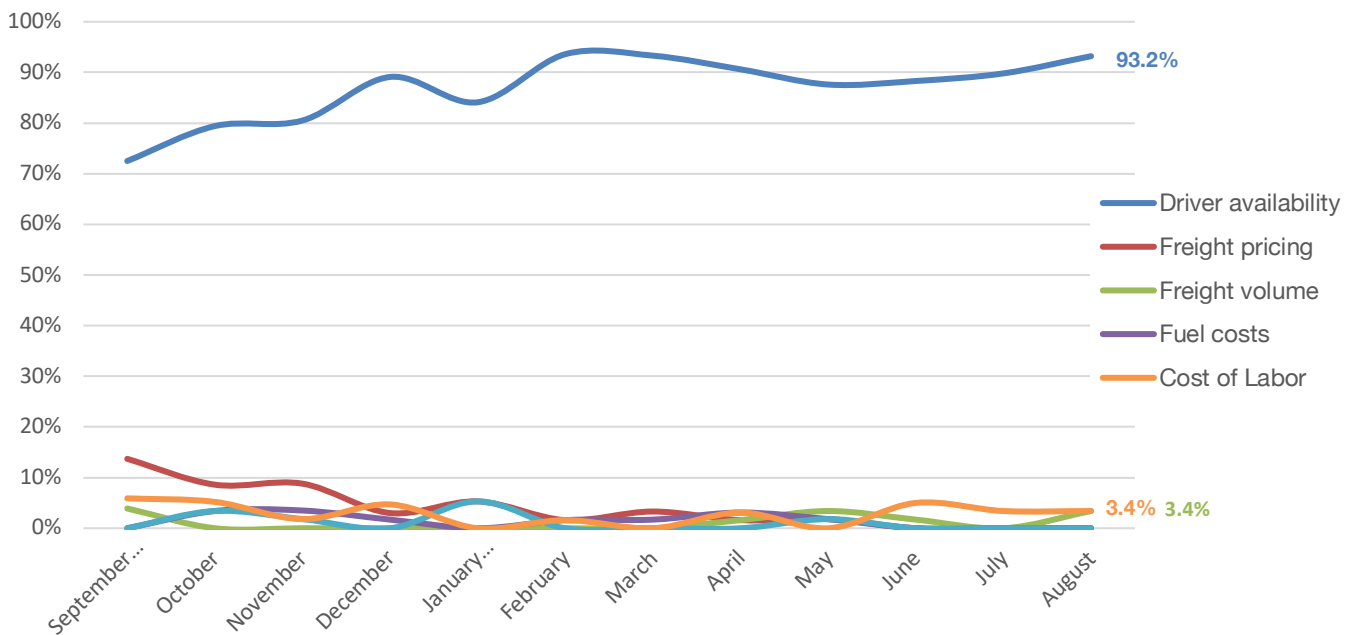


August 2018 MarketPulse Report

In the next 6 months, we plan to:



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



August 2018 MarketPulse Report

Top concerns for carriers with up to 100 power units

	1 (Biggest concern)	2	3	4	5
Freight volume	0.0%	0.0%	13.3%	13.3%	6.7%
Freight pricing	0.0%	26.6%	6.7%	0.0%	20.0%
Cash flow	0.0%	0.0%	0.0%	13.3%	13.3%
Fuel costs	0.0%	0.0%	0.0%	6.7%	6.7%
Driver availability	93.3%	0.0%	0.0%	0.0%	0.0%
Cost of labor	6.7%	33.3%	6.7%	0.0%	13.3%
Maintenance costs	0.0%	20.0%	33.3%	13.3%	13.3%
Cost of equipment	0.0%	6.7%	20.0%	20.0%	6.7%
Unionization	0.0%	0.0%	0.0%	0.0%	0.0%
Access to credit	0.0%	0.0%	6.7%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	0.0%	0.0%
Regulation	0.0%	6.7%	0.0%	20.0%	0.0%
Taxes	0.0%	0.0%	6.7%	6.7%	6.7%
Political climate in Washington	0.0%	6.7%	6.7%	6.7%	13.3%
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	4.7%	7.0%	9.3%	11.9%	4.9%
Freight pricing	0.0%	20.9%	25.6%	11.9%	14.6%
Cash flow	0.0%	0.0%	0.0%	4.8%	0.0%
Fuel costs	0.0%	2.3%	4.7%	7.1%	9.8%
Driver availability	93.0%	4.7%	0.0%	2.4%	0.0%
Cost of labor	2.3%	51.2%	7.0%	9.5%	2.4%
Maintenance costs	0.0%	0.0%	30.1%	7.1%	12.2%
Cost of equipment	0.0%	2.3%	11.6%	9.5%	14.6%
Unionization	0.0%	0.0%	0.0%	2.4%	0.0%
Access to credit	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of credit	0.0%	0.0%	0.0%	4.8%	2.4%
Regulation	0.0%	2.3%	4.7%	9.5%	12.2%
Taxes	0.0%	0.0%	4.7%	4.8%	2.4%
Political climate in Washington	0.0%	9.3%	2.3%	14.3%	24.5%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

General comments

Up to 100 power units

- If any of you have not renewed your insurance this year, plan on sticker shock and have a defib on hand.
- Other than some more dependable accelerated depreciation deductions, it appears mid-sized 'S' Corps missed out on the tax cut that was talked about.
- It's still all about the availability of good, safe drivers. We've given out our second pay raise of 2018 and planning another increase for January 2019. The lack of enough drivers will push their wages higher, faster than I ever thought would be necessary.
- FTL remains strong but effects of Hurricane Florence could dampen conditions and are yet to be determined.
- Freight volumes are readily available, driver availability is not. The economy is healthy, and individuals don't need to drive a truck in order to support themselves. There is a plethora of other less-demanding employment options.

More than 100 power units

- If we can make it through the mid-term elections with the Republicans still in control, I feel there will be no stopping the growth in the economy. I hope people are smart enough to respect the growth we have had in all areas under this administration and not revert back to the government regulations and slow growth economy we had for the previous eight years.
- Hopefully the new FMCSA director will continue 'listening' to comments during the 30-period and make suggested changes to put some kind of 'FLEXIBILITY' back into our industry.
- Freight continues to be strong. Driver recruiting and retention challenges abound, even with the largest pay raises in history. Even if freight slows down, I think we will have the same driver challenges.
- August was flat compared to July...things have started to normalize since July from a freight volume standpoint.

(continued)

More than 100 power units (continued)

- Business continues to be good and we expect that it will continue through 2019.
- Things seem to be looking good for the future. It's a good time to be in trucking for once.