



## February 2019

### Key findings

- Carrier sentiment for business conditions in February 2019 was 5.83, the third straight monthly decline. Month-to-month sentiment fell sharply for respondents with up to 100 power units from 5.95 in January to 5.37 in February, while sentiment dropped from 6.29 to 6.05 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in February 2019 eroded, with 45% of all respondents saying it was worse and only 31% saying it was better than January 2019. Despite that news, only 5% of respondents expect business conditions to worsen over the next six months and 55% of respondents expect business conditions to improve. (Pages 5 & 6)
- 40% of all respondents plan to increase the size of their fleets in the next six months (44% of respondents with more than 100 power units and 32% of respondents with up to 100 power units). 2% of respondents plan to decrease fleet size, while 58% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- Driver availability has fallen sharply as a top concern the last two months (66% in February 2019 compared to 81.3% in December 2018). Freight volume has risen as a top concern for 19% of all respondents. (Pages 7 & 8)
- Respondents with more than 100 power units reported higher seated truck counts than respondents with up to 100 power units. But 58% of respondents with more than 100 power units also expect to increase recruiting spend compared to 50% of respondents with up to 100 power units. (Page 9)

### Quotes of the month

- **Up to 100 power units:** “Outbound freight pricing has maintained the increases taken last year although volume has dropped. Inbound freight pricing has dropped dramatically due to third party logistics slashing rates due to soft market.”
- **More than 100 power units:** “Finding good professional drivers is still very much a major challenge. Driver demands with respect to lanes, shift schedules, not able to work weekends and pay are issues many of us are facing. We all knew that the ELD's coupled with other regulations were going to cause us to use more drivers for the same amount of freight, not to mention the slight uptick in business that we are seeing.”

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## February 2019 MarketPulse Report

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# Methodology

The February 2019 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.

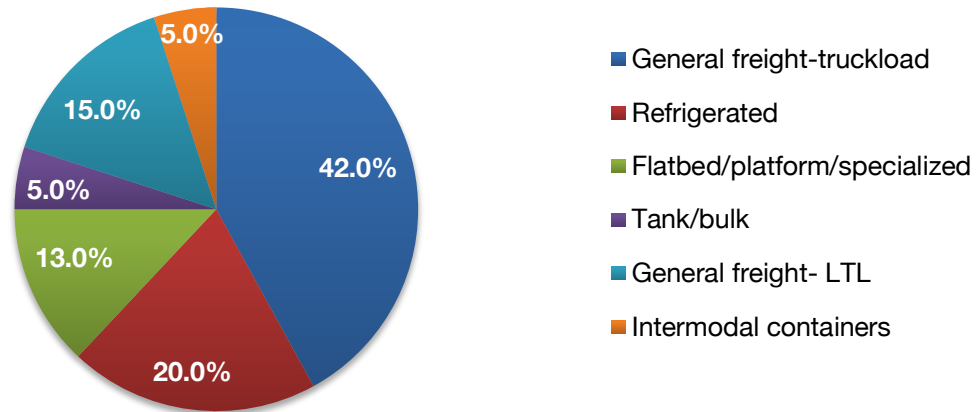
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on March 5, 2019 with reminders sent out on March 7 and March 12, 2019. Out of the total pool, 73 carrier executives completed the questionnaire.

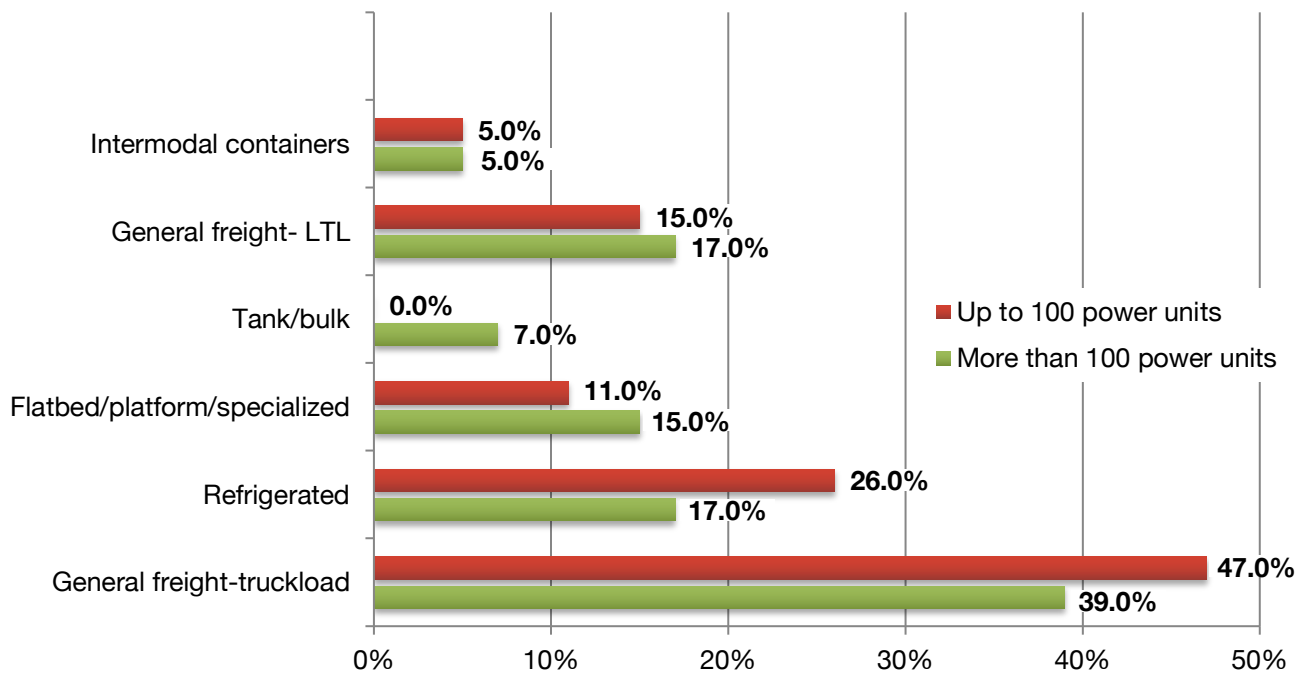
# Demographics

73 respondents

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

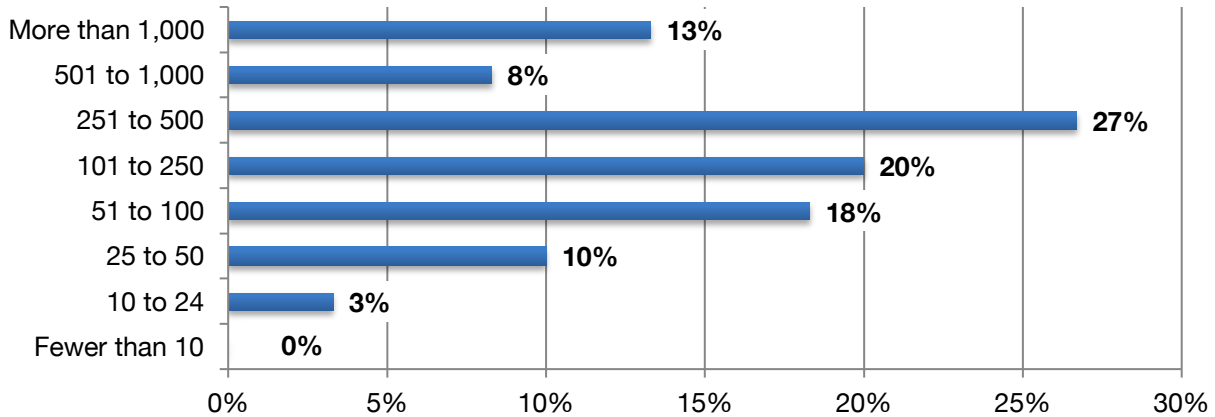


By fleet size:



## February 2019 MarketPulse Report

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

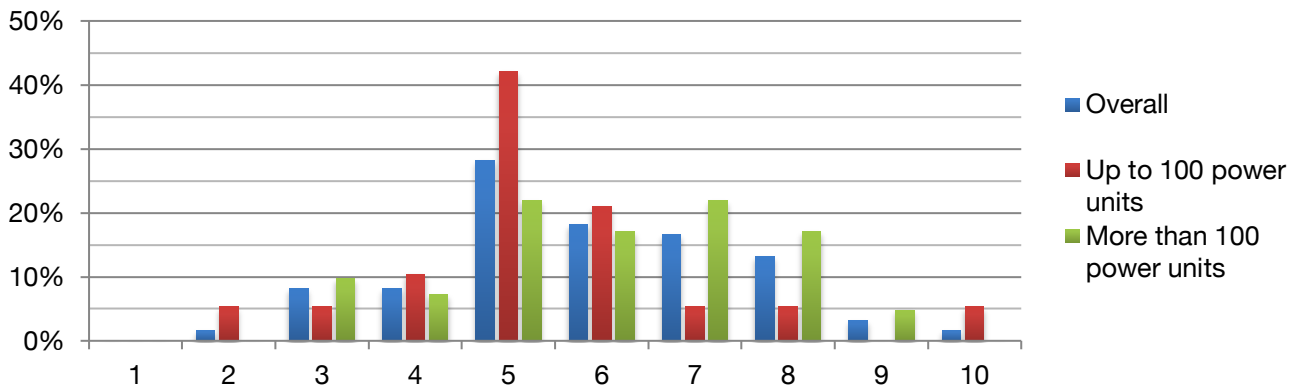


## Business conditions

On a scale of 1 to 10 (1 = worst month ever and 10 = best month ever), how would you rate overall business conditions during February 2019?

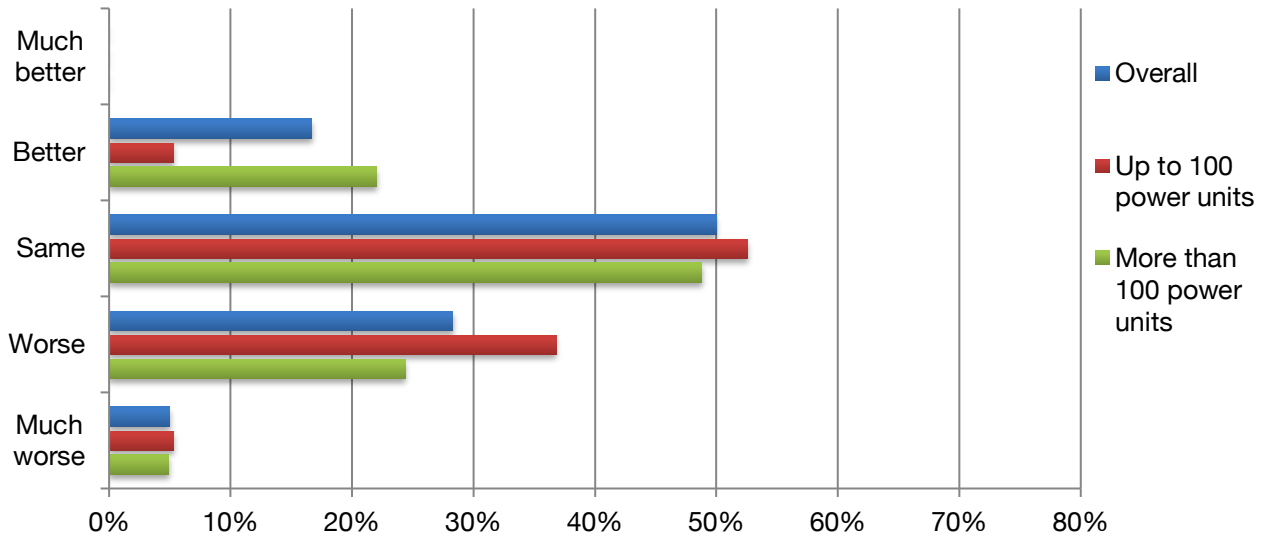
	<u>February 2019</u>	<u>January 2019</u>
<b>Average response:</b>	<b>5.83</b>	<b>6.18</b>
Up to 100 power units:	5.37	5.95
More than 100 units:	6.05	6.29

### Distribution of responses:

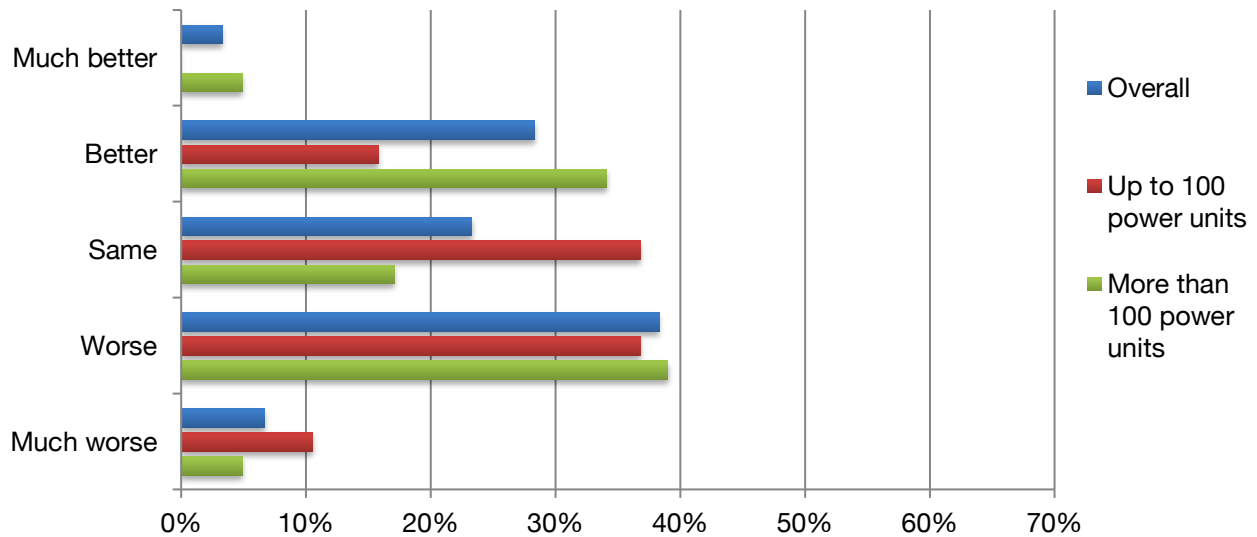


## February 2019 MarketPulse Report

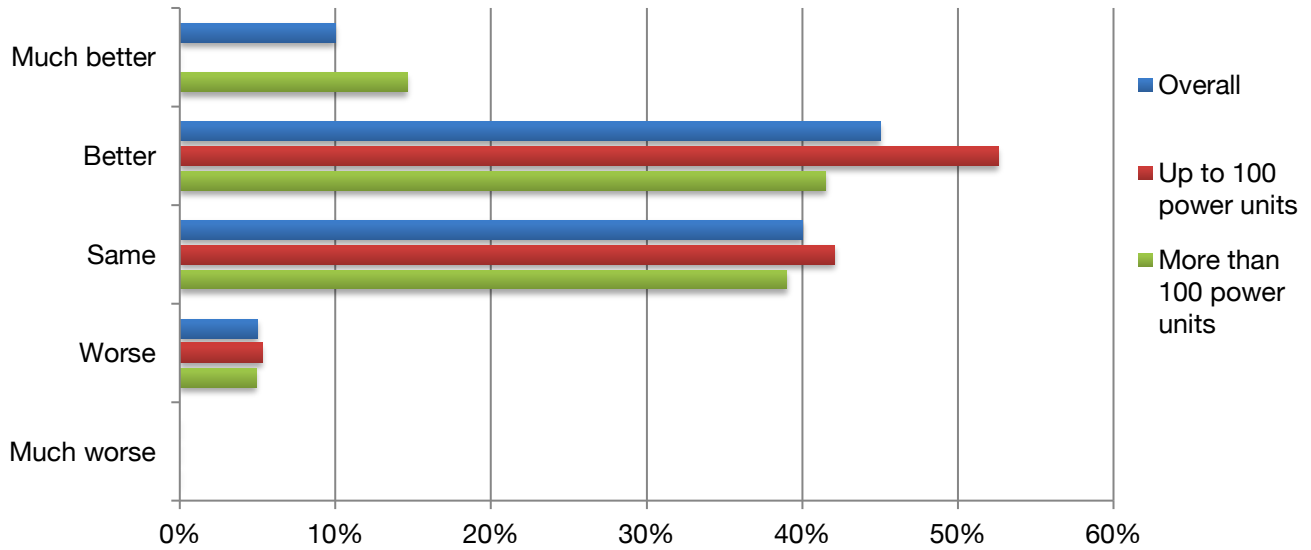
How did your business do in February 2019 compared to January 2019?



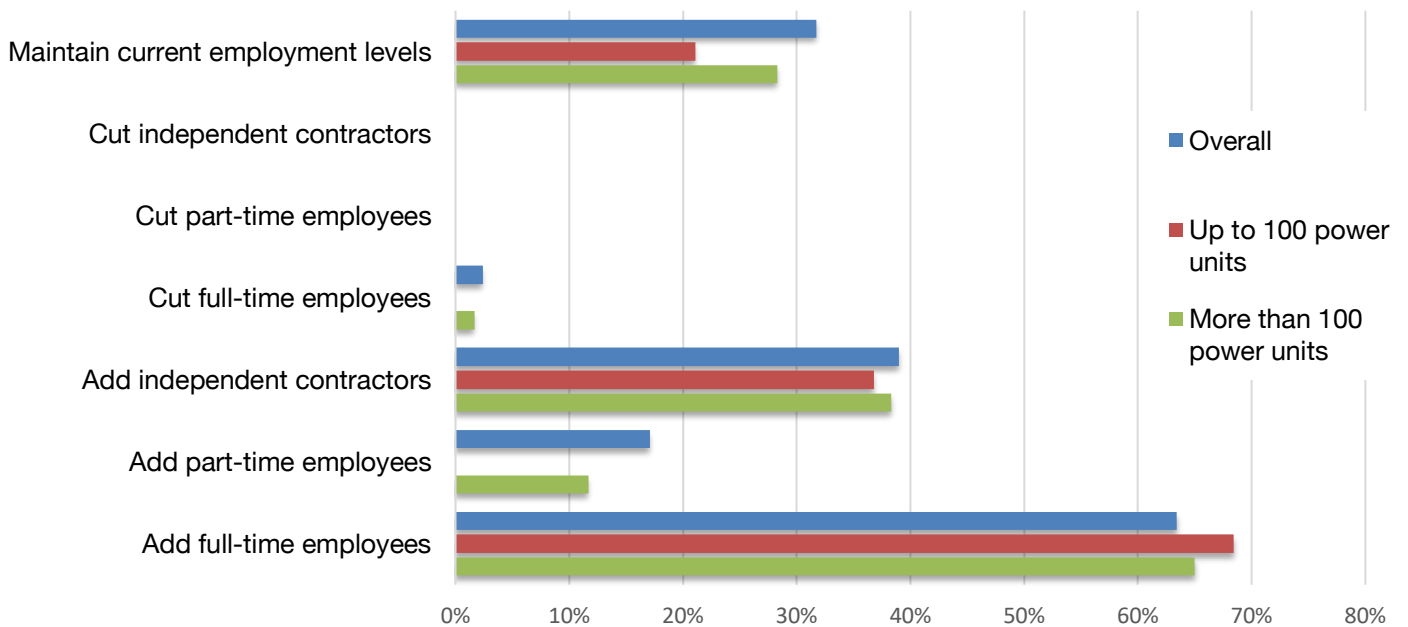
How did your business do in February 2019 compared to February 2018?



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

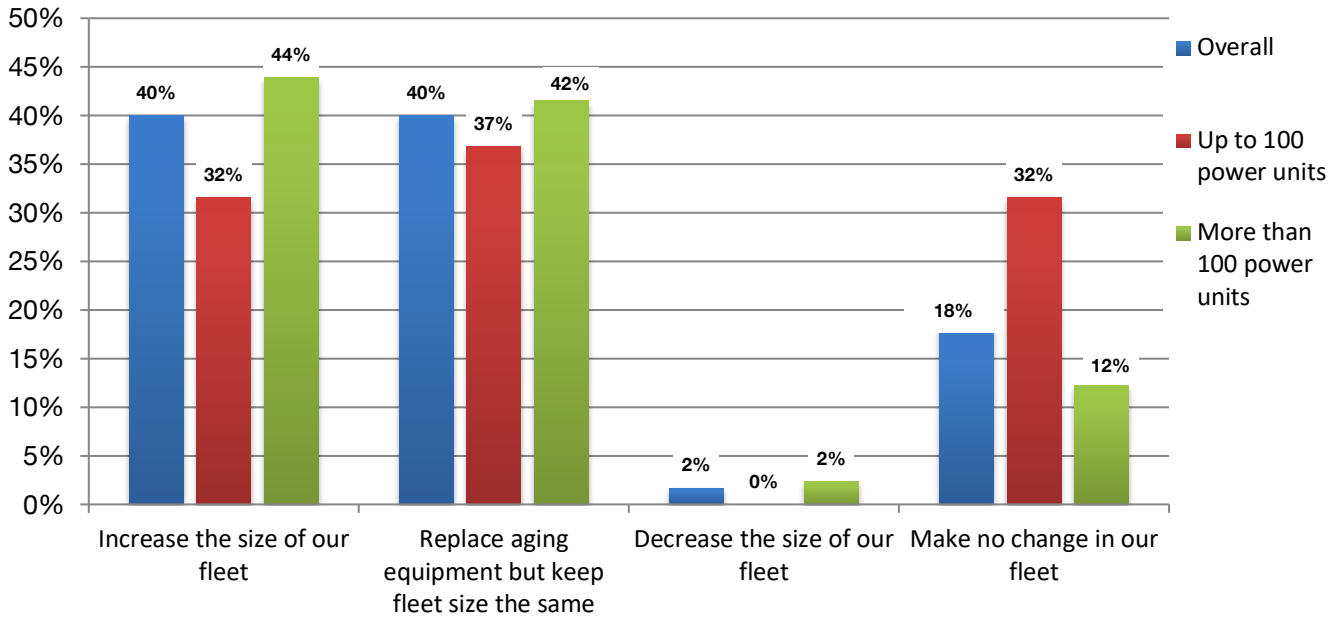


## Not counting seasonal employees, in the next 6 months, do you plan to:

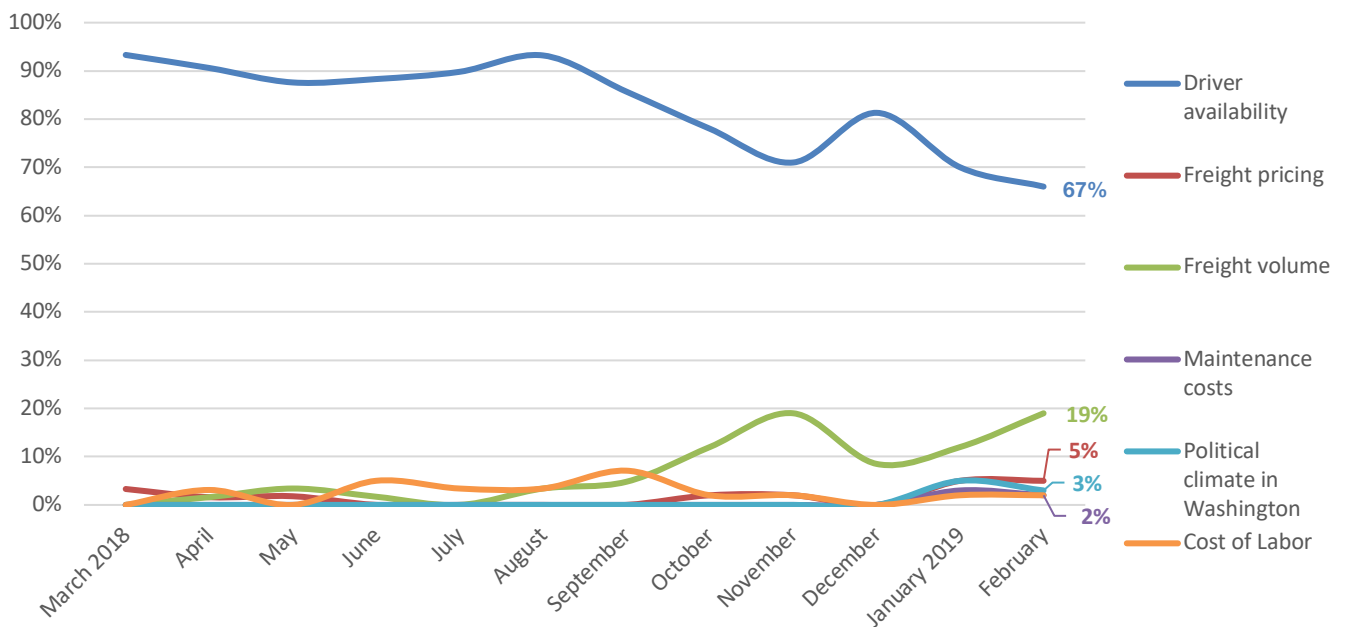


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In the next 6 months, we plan to:



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





## February 2019 MarketPulse Report

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

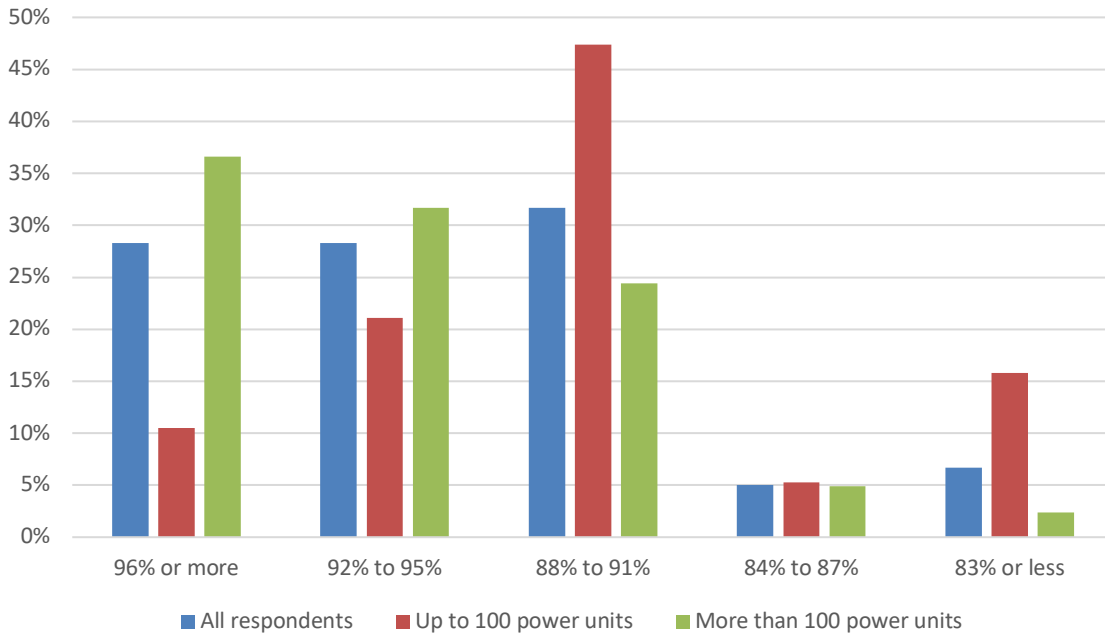
	1 (Biggest concern)	2	3	4	5
Freight volume	11%	33%	16%	5%	0%
Freight pricing	16%	22%	11%	5%	26%
Cash flow	0%	0%	11%	16%	0%
Fuel costs	0%	0%	5%	11%	21%
Driver availability	47%	17%	21%	0%	0%
Cost of labor	5%	6%	5%	11%	5%
Maintenance costs	5%	6%	21%	5%	16%
Cost of equipment	5%	11%	0%	26%	5%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	5%
Regulation	0%	6%	5%	5%	11%
Taxes	0%	0%	5%	5%	0%
Political climate in Washington	5%	0%	0%	11%	11%
Other	5%	0%	0%	0%	0%

### Top concerns for carriers with more than 100 power units

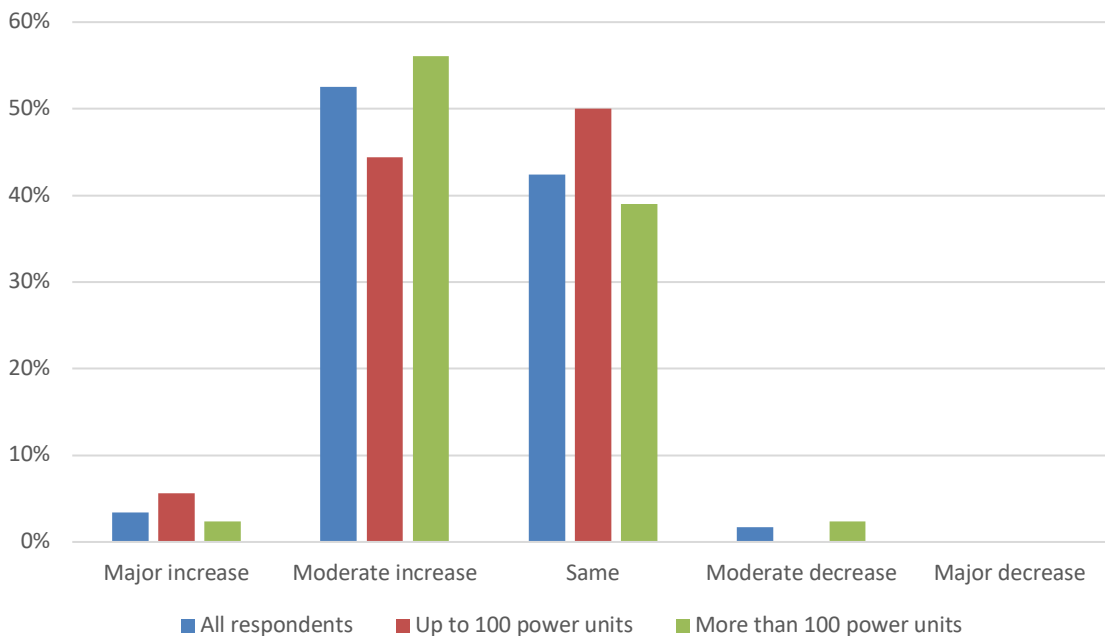
	1 (Biggest concern)	2	3	4	5
Freight volume	23%	28%	5%	5%	14%
Freight pricing	0%	23%	41%	13%	8%
Cash flow	0%	0%	3%	0%	0%
Fuel costs	0%	0%	0%	5%	0%
Driver availability	74%	3%	13%	5%	5%
Cost of labor	0%	33%	5%	21%	5%
Maintenance costs	0%	3%	15%	10%	16%
Cost of equipment	0%	5%	3%	8%	14%
Unionization	0%	0%	3%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	3%	0%	0%	3%
Regulation	0%	3%	0%	13%	5%
Taxes	0%	0%	5%	3%	5%
Political climate in Washington	3%	0%	8%	18%	24%
Other	0%	0%	0%	0%	0%

## February 2019 MarketPulse Report

### What was your percentage of seated trucks in February 2019?



### How do you expect your recruiting costs to change in the next six months?



### General comments

#### Up to 100 power units

- February heavily impacted by weather, which resulted in numerous customer closures for 7-10 days. Costs rising faster than revenues.
- Rates will need to increase or more companies will close their doors.
- There still isn't enough days in February to make it a profitable month most years. But hope springs eternal because spring can't be long now.
- Outbound freight pricing has maintained the increases taken last year although volume has dropped. Inbound freight pricing has dropped dramatically due to third party logistics slashing rates due to soft market.
- Business is good if the Democrats don't mess it up.
- Insurance companies are out of control.

#### More than 100 power units

- January and February have been impacted by many variables, to include storms from the NW to the NE, consumer spending and uncertainty in the trade agreement negotiations between the U.S. and China.
- Business seems to be slowing down. Not as robust as it was last year.
- Weather challenges (impacting volumes) make it difficult to project future volumes
- Winter weather in February was significantly worse than last year.
- Reasonable financial returns over the winter but freight is certainly slower than last year.
- We need to get the tariff and NAFTA deals signed and taken care of. If not, this could cause a meltdown on the capacity issue.
- Finding good professional drivers is still very much a major challenge. Driver demands with respect to lanes, shift schedules, not able to work weekends and pay are issues many of us are facing. We all knew that the ELDs coupled with other regulations were going to cause us to use more drivers for the same amount of freight, not to mention the slight uptick in business that we are seeing.

(continued)

(More than 100 power units continued)

- 2019 will see less spot market freight because most shippers have moved a portion of their spot freight to contracted lanes at lower levels than the spot, but at higher levels than last years contracted rates. That trend will continue for at least the next



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2-3 years which will cause more and more shippers to convert additional business to multi-year dedicated. Brokers who underprice business in the 1H19 will sting shippers in the 2H19 because we will see sharp tightness in peak as opposed to last year's moderate peak. This will happen because there are still 90% of carriers who have the AOB RD grandfathered provision of the ELD and haven't converted to the actual ELD. This provision sunsets in December 2019 and enforcement will happen in early 2020.

- Jan & Feb 2019 had the worst weather in 20 years resulting in activity being down.