



March 2019

Key findings

- Carrier sentiment for business conditions in March 2019 was 6.0, up from 5.83 in February and reversing a three-month drop. Month-to-month sentiment ticked up for respondents with up to 100 power units from 5.37 in February to 5.6 in March, while sentiment rose from 6.05 to 6.2 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in March 2019 also improved, with 31% of all respondents saying it was better than February 2019 and 21% saying it was worse. Respondents with up to 100 power units are more pessimistic about the next six months, with 20% expecting business conditions to worsen, compared to just 5% of respondents with more than 100 power units. Overall, 43% of respondents expect business conditions to improve in the next six months. (Pages 5 & 6)
- 34% of all respondents plan to increase the size of their fleets in the next six months, down from 40% in last month's survey. 2% of respondents plan to decrease fleet size, while 55% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- While it remains No. 1, driver availability continues to plummet as the top concern at 55%, well off the year-long high of 93.2% from last August. Not surprisingly, freight volume (24%) and freight pricing (13%) are up substantially as top concerns compared to last month's survey. (Pages 7 & 8)
- Respondents with more than 100 power units reported higher seated truck counts than respondents with up to 100 power units. 62% of all respondents expect to increase recruiting spend in the next six months. (Page 9)

Quotes of the month

- **Up to 100 power units:** "The supposed driver shortage has been plaguing us for the past couple of years, we've sold off power units or our seated truck percentages would look worse. Had accepted the driver shortage dilemma as fact thus management and staff took that position. Now have made tweaks to the duties of our management and staffing and suddenly the number of hired qualified drivers is improving."
- **More than 100 power units:** "We believe the overall negative sentiment is exaggerated. Yes, we are not as busy as last year but it is still a decent environment. Macro-indicators of our business (such as the ISM) still indicate a fundamentally sound freight environment."



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Methodology

The March 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.

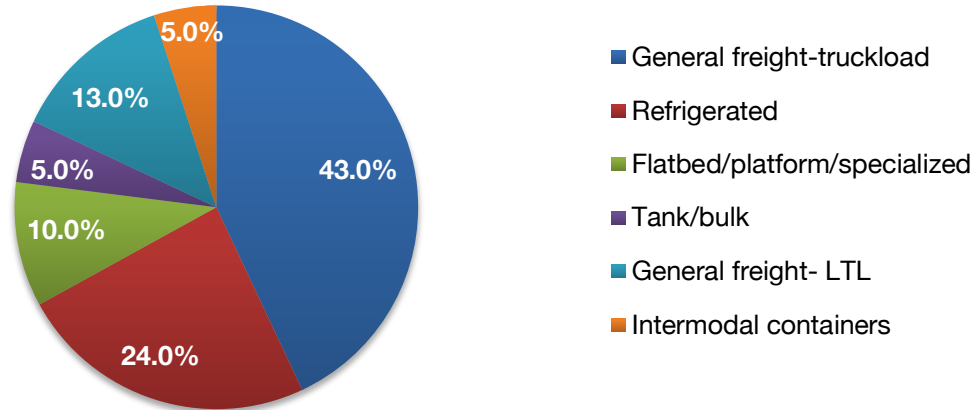
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on April 10, 2019 with reminders sent out on April 12 and April 18, 2019. Out of the total pool, 67 carrier executives completed the questionnaire.

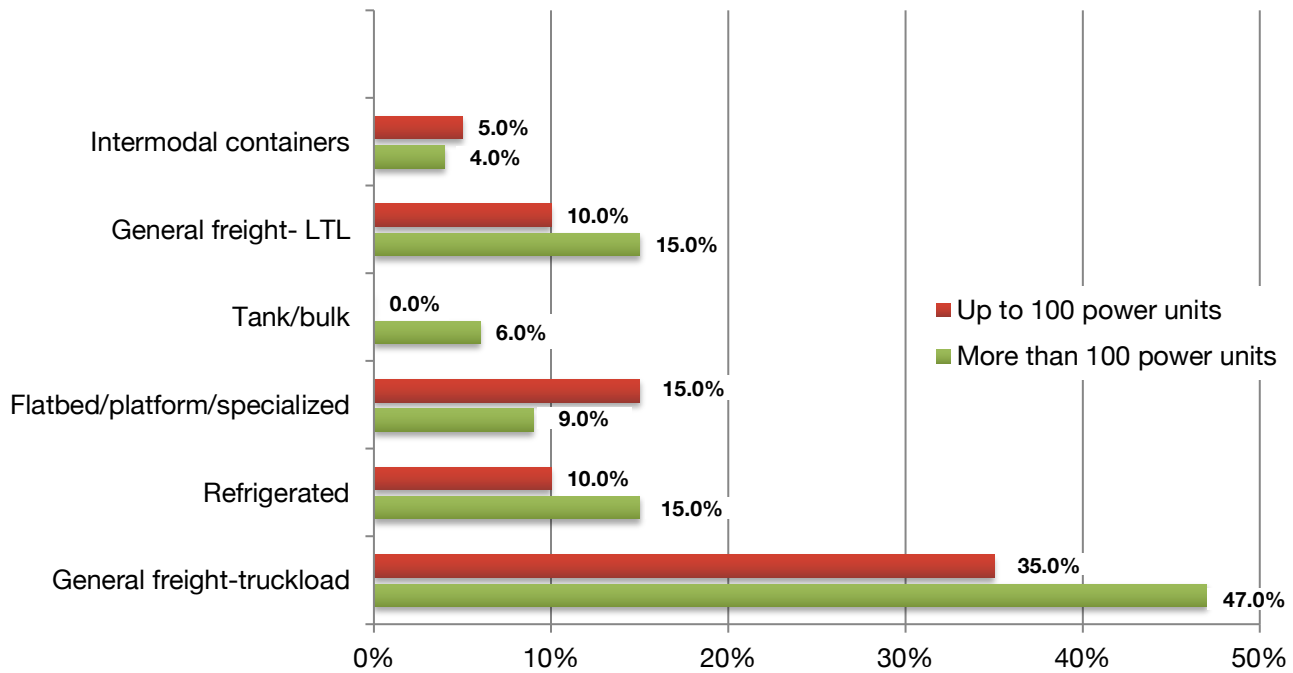
Demographics

67 respondents

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

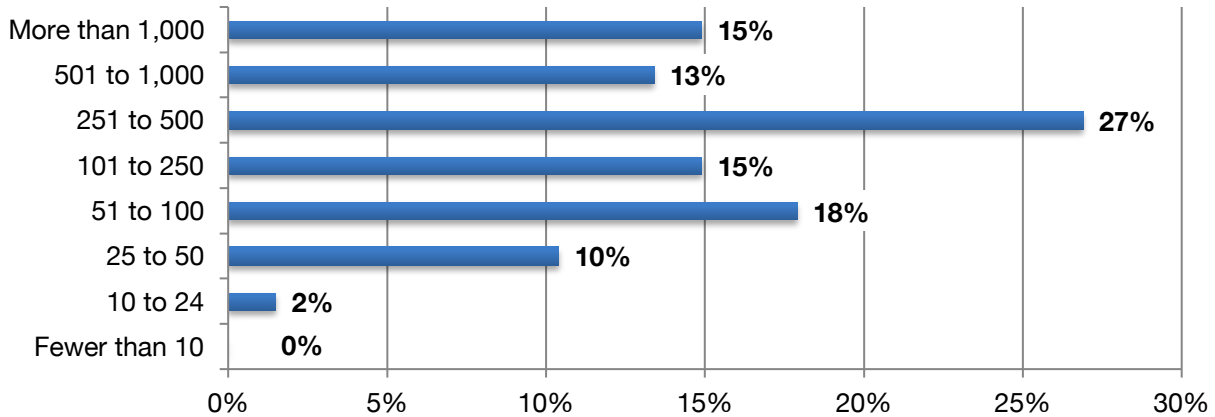


By fleet size:



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

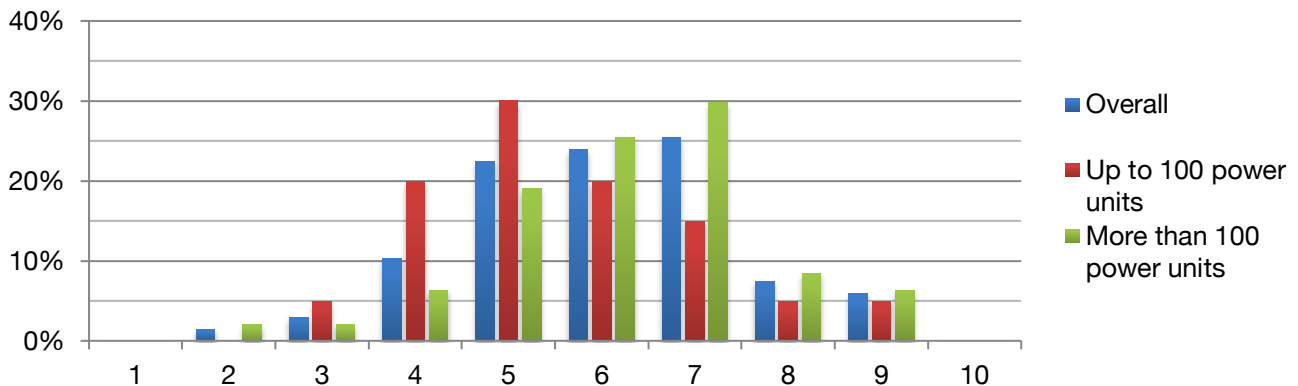


Business conditions

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

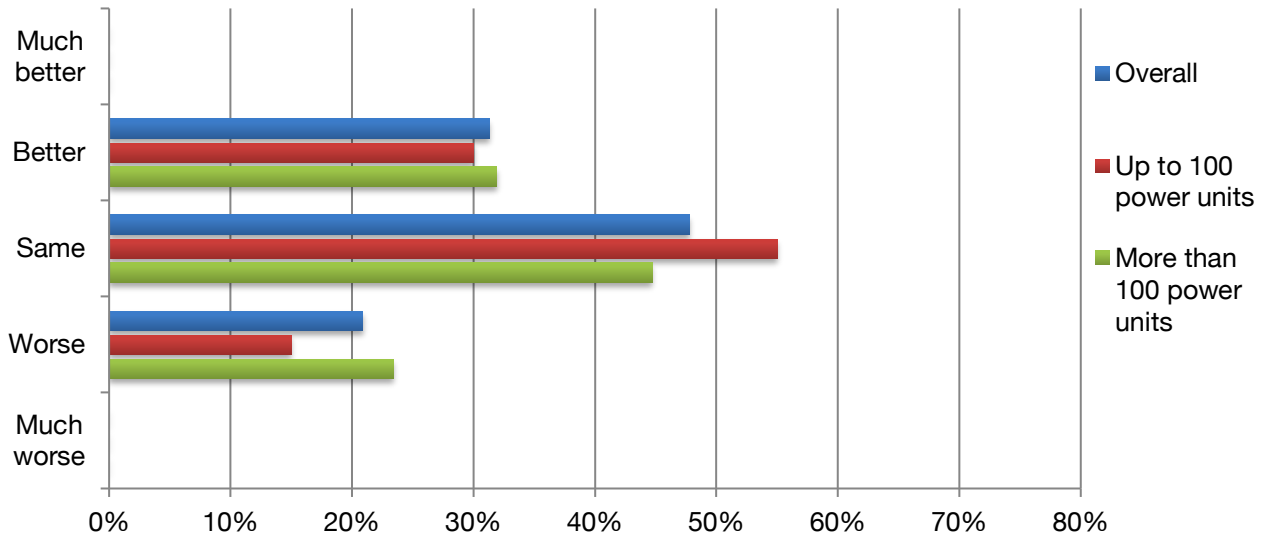
	<u>March 2019</u>	<u>February 2019</u>
Average response:	6.0	5.83
Up to 100 power units:	5.6	5.37
More than 100 units:	6.2	6.05

Distribution of responses:

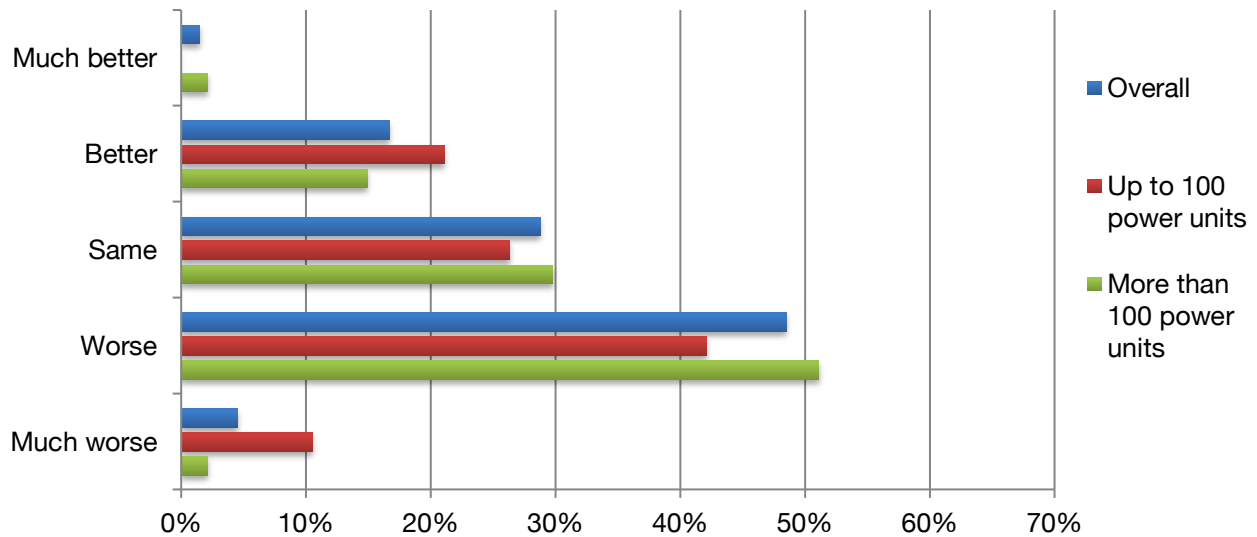


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How did your business do in March 2019 compared to February 2019?

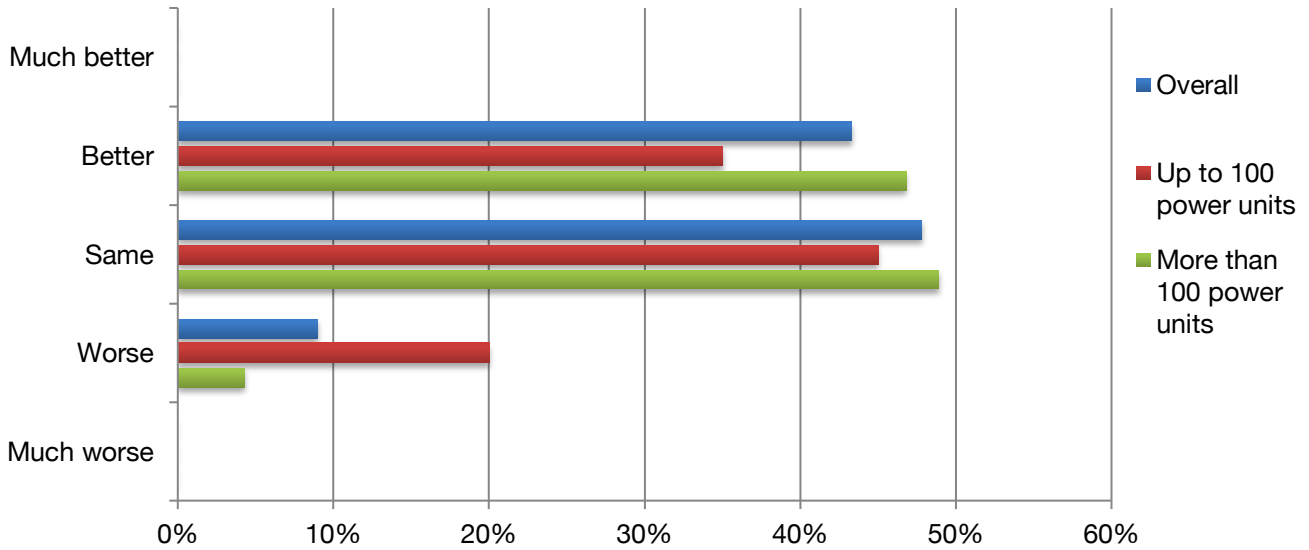


How did your business do in March 2019 compared to March 2018?

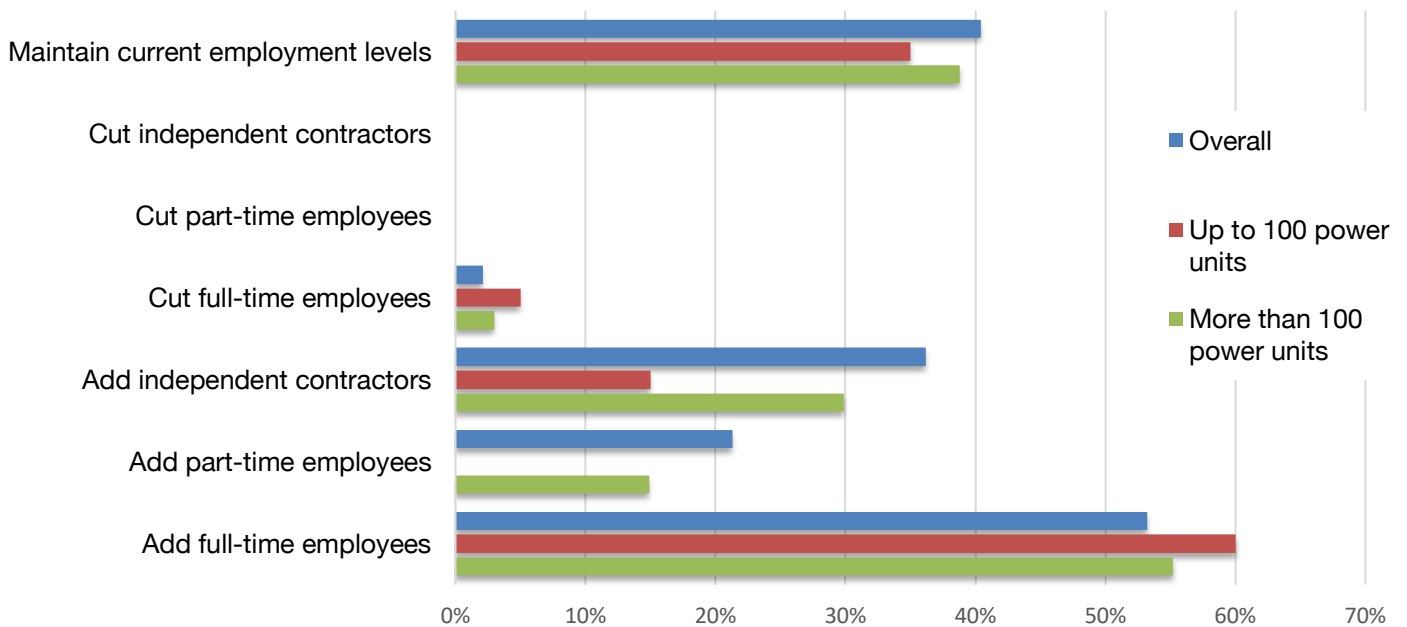


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Adjusting for seasonality, how do you see business in the next 6 months?

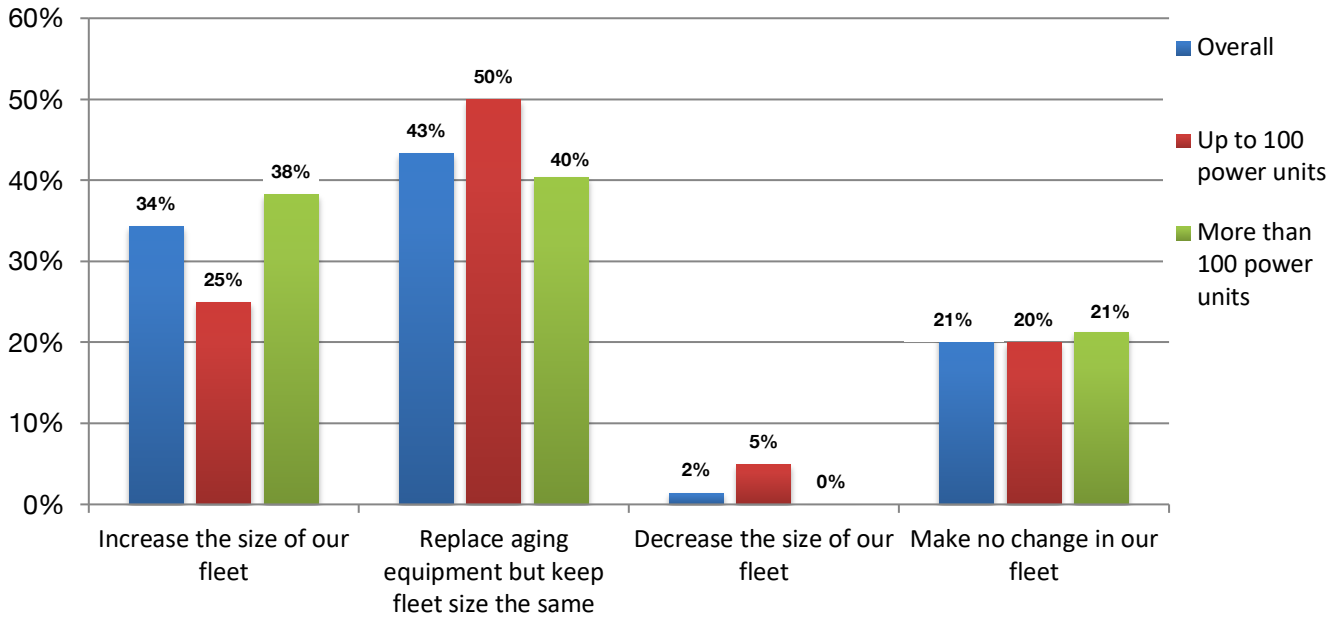


Not counting seasonal employees, in the next 6 months, do you plan to:

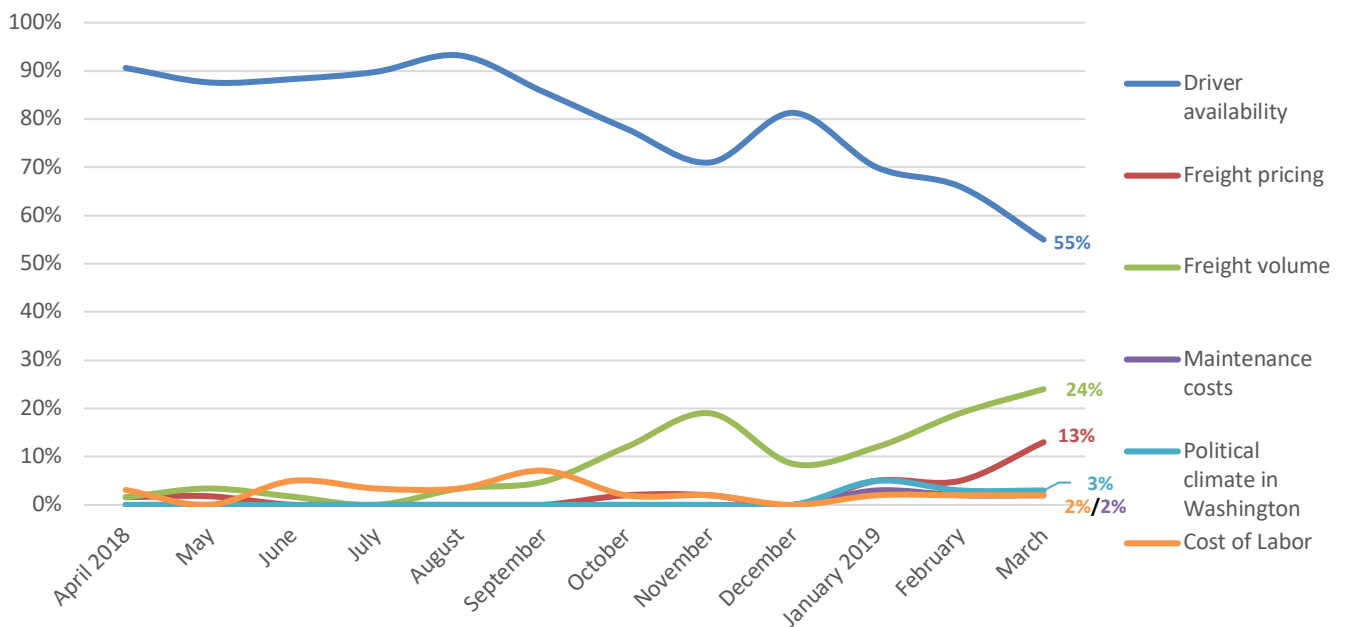


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In the next 6 months, we plan to:



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

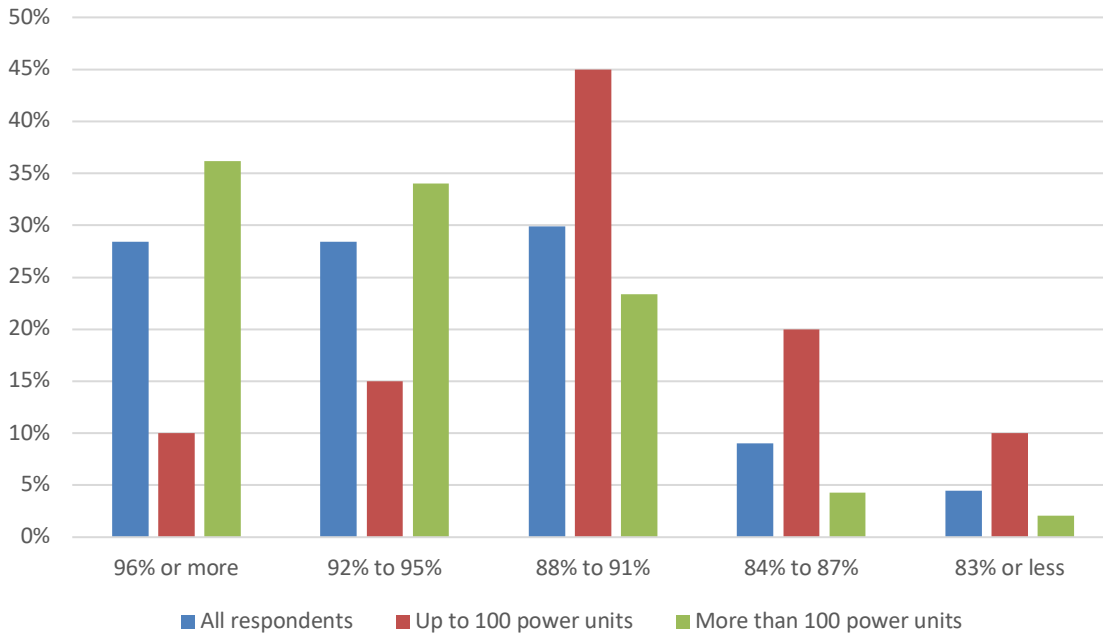
	1 (Biggest concern)	2	3	4	5
Freight volume	15%	10%	35%	5%	5%
Freight pricing	10%	45%	15%	10%	5%
Cash flow	0%	0%	5%	0%	10%
Fuel costs	0%	10%	5%	5%	5%
Driver availability	65%	5%	15%	0%	0%
Cost of labor	5%	10%	5%	15%	15%
Maintenance costs	5%	5%	10%	15%	10%
Cost of equipment	0%	15%	10%	15%	15%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	0%	0%	0%	20%	10%
Taxes	0%	0%	0%	5%	5%
Political climate in Washington	0%	0%	0%	10%	20%
Other	0%	0%	0%	0%	0%

Top concerns for carriers with more than 100 power units

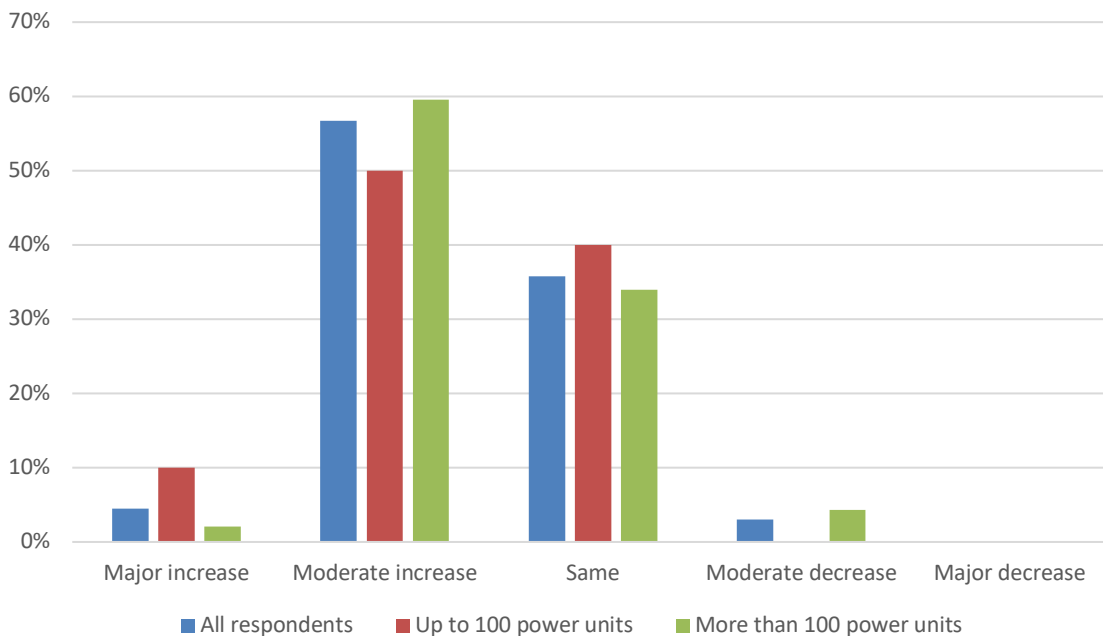
	1 (Biggest concern)	2	3	4	5
Freight volume	28%	34%	19%	4%	2%
Freight pricing	15%	32%	28%	11%	4%
Cash flow	0%	0%	0%	0%	0%
Fuel costs	2%	0%	4%	4%	4%
Driver availability	51%	13%	21%	6%	4%
Cost of labor	0%	17%	15%	17%	9%
Maintenance costs	0%	0%	4%	19%	13%
Cost of equipment	0%	0%	2%	9%	13%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	2%
Regulation	0%	2%	0%	13%	22%
Taxes	0%	2%	4%	0%	0%
Political climate in Washington	4%	0%	2%	15%	26%
Other	0%	0%	0%	2%	0%

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What was your percentage of seated trucks in March 2019?



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



General comments

Up to 100 power units

- Climate change garbage is bringing the industry to its knees.
- Shocked by how slow the flatbed sector is.
- The supposed driver shortage has been plaguing us for the past couple of years, we've sold off power units or our seated truck percentages would look worse. Had accepted the driver shortage dilemma as fact thus management and staff took that position. Now have made tweaks to the duties of our management and staffing and suddenly the number of hired qualified drivers is improving.
- Here in California, I'm pleased to have maintained direct clients, and managed to steer clear of spot market. I believe that's what made out difference.

More than 100 power units

- We are cooling off a bit after a nice start to the year. I still like Trump's approach to tariffs although as an intermodal carrier it has had a slight negative effect on current volumes. I do believe he will prevail, and it will be good for the country. I just wish the Democrats would start concentrating on helping the country rather than bashing Trump. He truly knows what's best for business.
- Business seems to be soft but hopefully it will change. The president needs to get the tariffs and NAFTA fixed and get it behind us. There is too much uncertainty going on in D.C.
- Winter weather has implications that are hard to quantify when comparing month-over-month or year-over-year.
- First quarter has been slow, expect to stay slow the remainder of this year.
- Freight is just OK at present. Not horrible, just feels a little squishy. It is our hope that it doesn't lead shippers to test the market. Pricing needs to stay intact to take care of all the driver increases that were given out last year. It is my hope that we can find firm ground between pricing and capacity.

(continued)



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(continued- General comments, more than 100 power units)

- We experienced a softer than predicted Jan-Feb however freight did pick up in March-April IMO. ELD continues to play a role in dispatching and the number of additional drivers it takes to perform the same lanes. More 'walk-in' drivers this past month than previous months. Driver turnover improved.
- Truckload market is seeing a lull in tight capacity and shippers are testing market to find lower pricing.
- We believe the overall negative sentiment is exaggerated. Yes, we are not as busy as last year but it is still a decent environment. Macro-indicators of our business (such as the ISM) still indicate a fundamentally sound freight environment.