



## April 2019

### Key findings

- Carrier sentiment for business conditions in April 2019 was 6.2, up from 6.0 in March. Month-to-month sentiment ticked up for respondents with up to 100 power units from 5.6 in March to 5.8 in April, while sentiment rose from 6.2 to 6.4 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in April 2019 leveled out, with 70% of all respondents saying it was the same as March 2019, 11% saying it was worse and 19% saying it was better. Respondents with up to 100 power units are more pessimistic about the next six months, with 15% expecting business conditions to worsen, compared to 8% of respondents with more than 100 power units. Overall, 36% of respondents expect business conditions to improve in the next six months. (Pages 5 & 6)
- 26% of all respondents plan to increase the size of their fleets in the next six months. 4% of respondents plan to decrease fleet size, while 70% expect to replace aging equipment while maintaining current fleet size or make no change in fleet size. (Page 7)
- Driver availability remains the top concern for 57% of all survey respondents, but that number is well off the year-long high of 93.2% from last August. Freight volume (25%) and freight pricing (11%) are the second- and third-highest concerns. (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:** “OTR trucking lifestyle is becoming less appealing to a wider group of workers every day. Between aging out of the business and the lifestyle factor, companies will struggle unless overall compensation drastically increases. Not many companies can go to a shipper with a 20 percent increase and still keep the customer.”
- **More than 100 power units:** “We need to get trade, NAFTA and the infrastructure done at it should tighten capacity a lot more. If not, we could see some changes in capacity and with lower rates. We are being asked to rebid freight that we had to bid on back in January.”



# April 2019 MarketPulse Report

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

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## April 2019 MarketPulse Report

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# Methodology

The April 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.

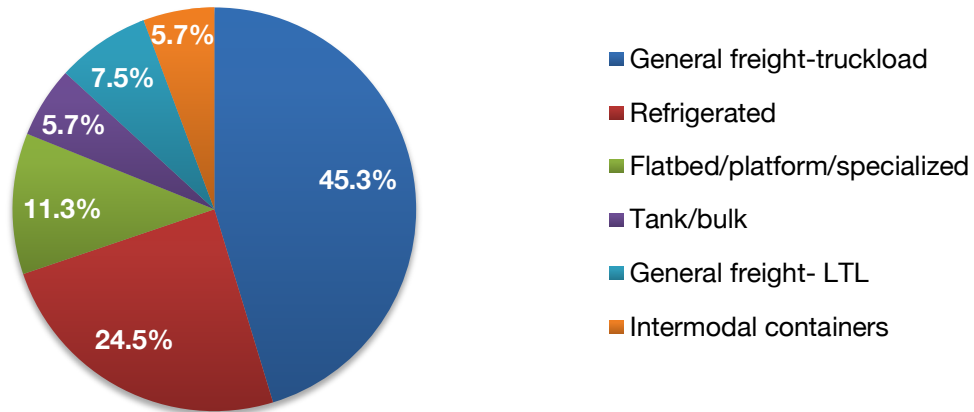
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on May 13, 2019 with reminders sent out on May 17 and May 18, 2019. Out of the total pool, 67 carrier executives completed the questionnaire.

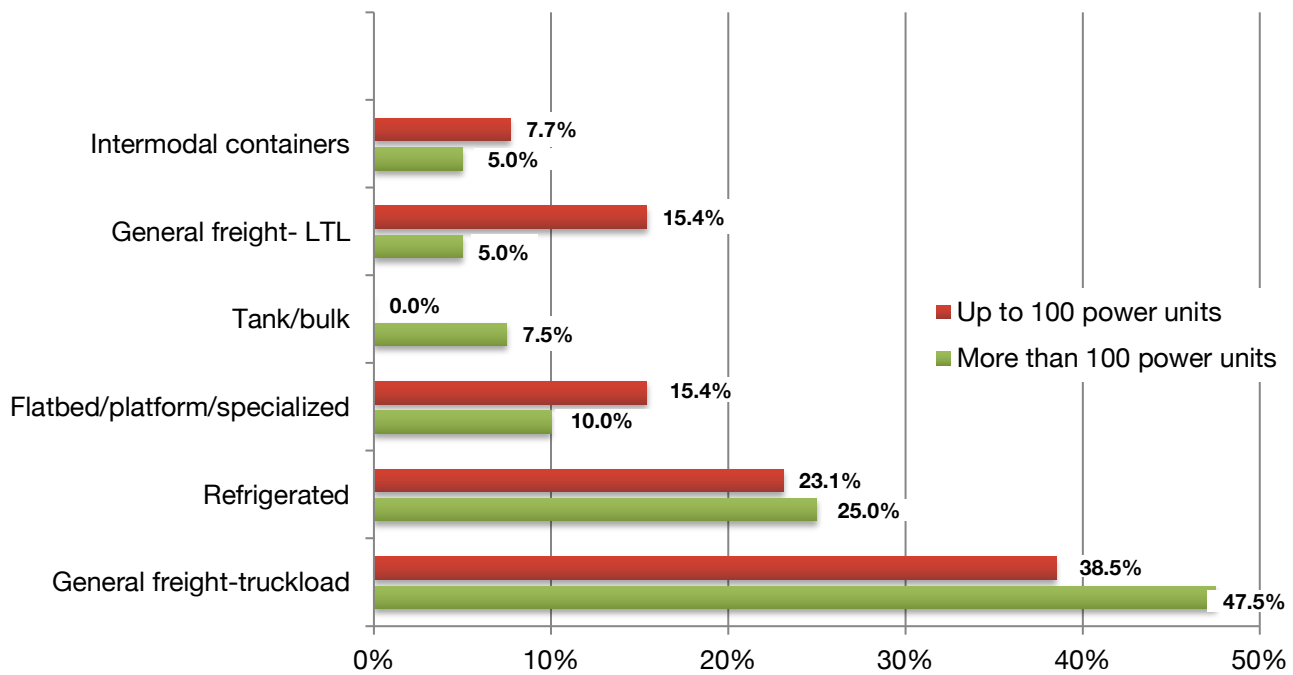
## Demographics

67 respondents

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

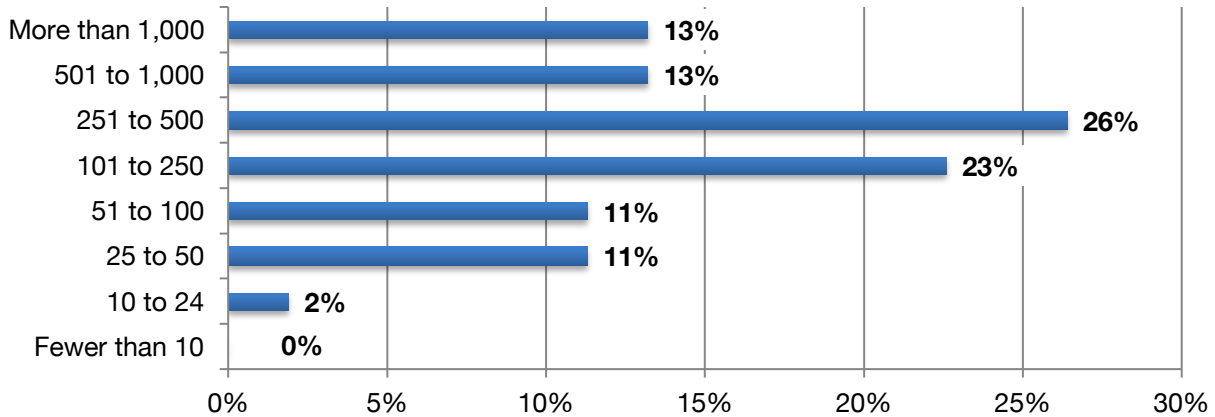


By fleet size:



## April 2019 MarketPulse Report

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

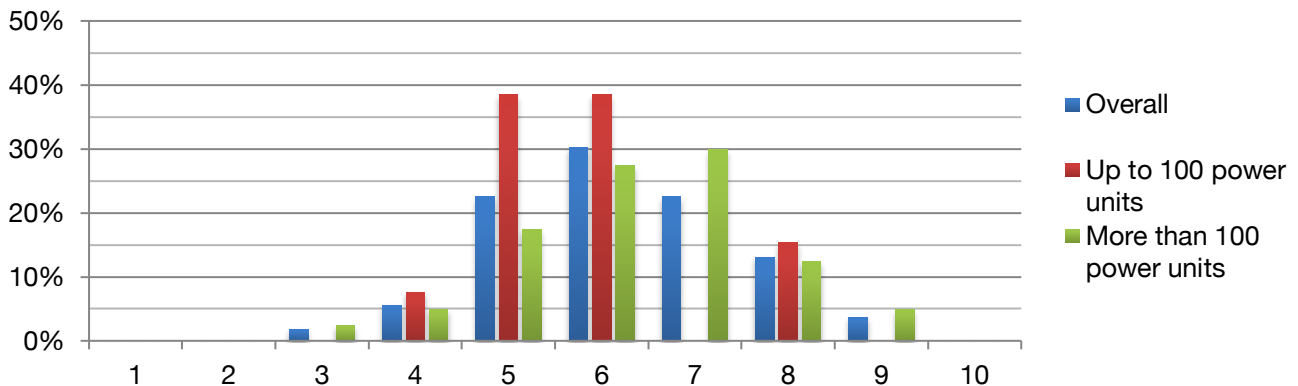


## Business conditions

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

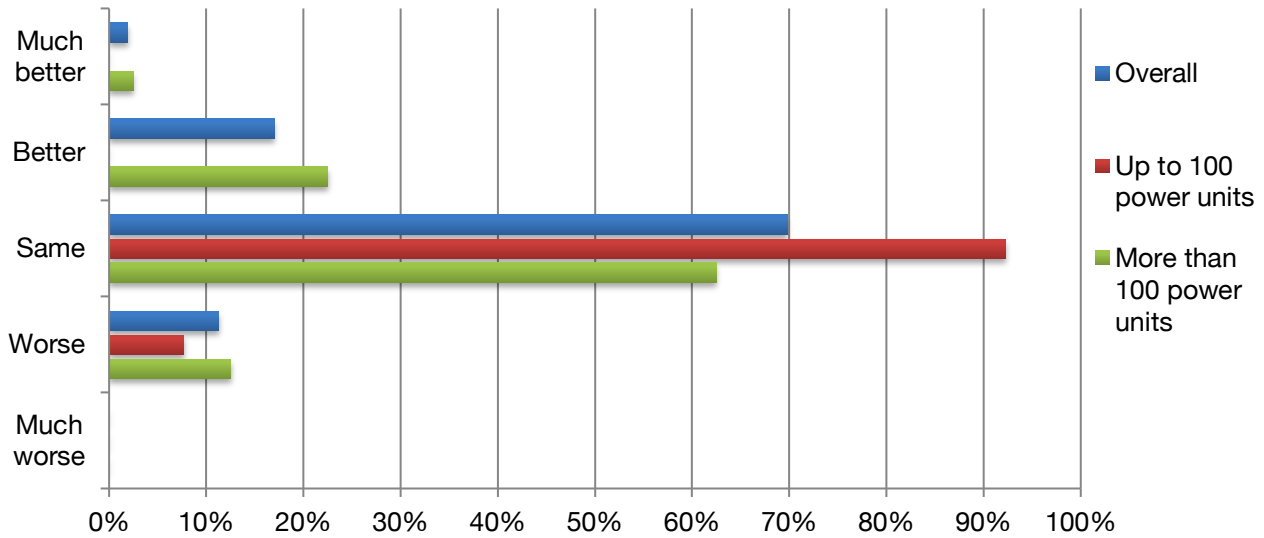
	<u>April 2019</u>	<u>March 2019</u>
<b>Average response:</b>	<b>6.2</b>	<b>6.0</b>
Up to 100 power units:	5.8	5.6
More than 100 units:	6.4	6.2

### Distribution of responses:

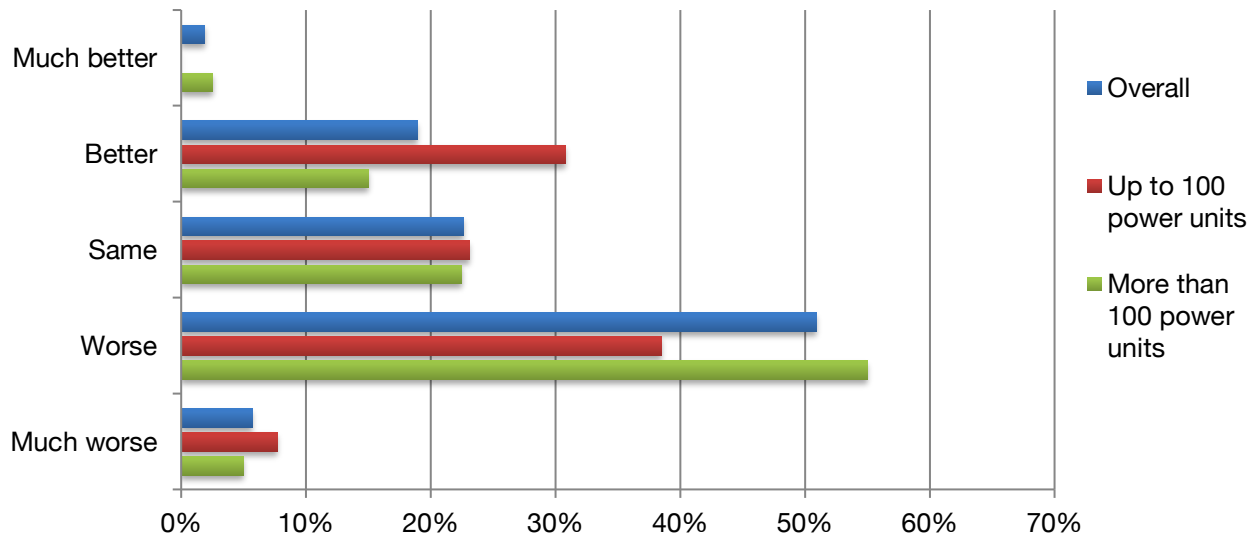


## April 2019 MarketPulse Report

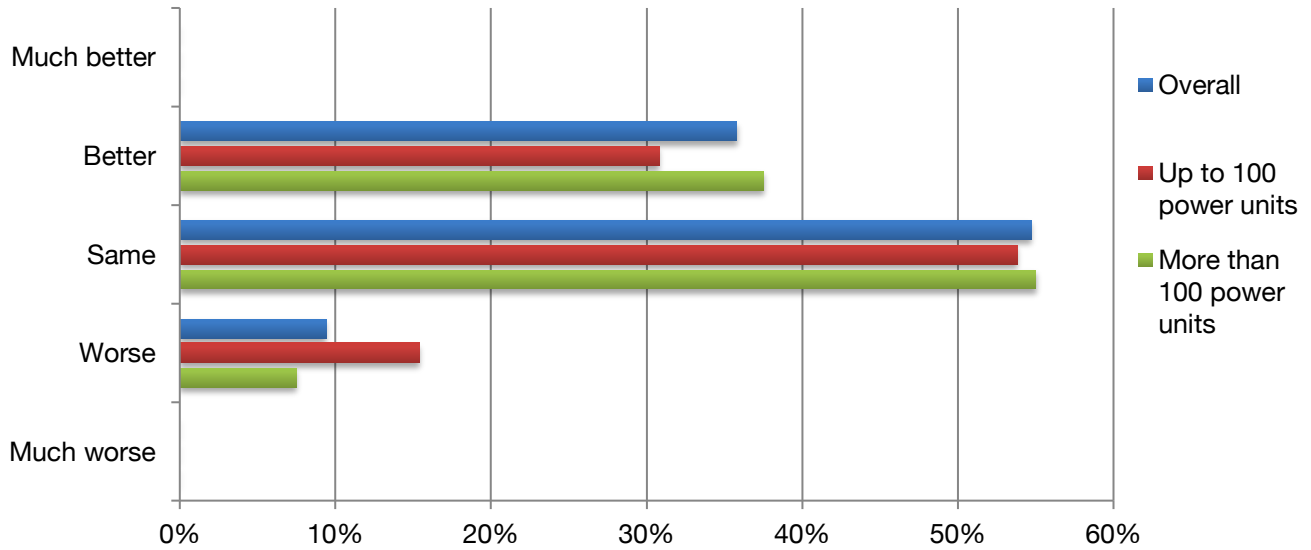
How did your business do in April 2019 compared to March 2019?



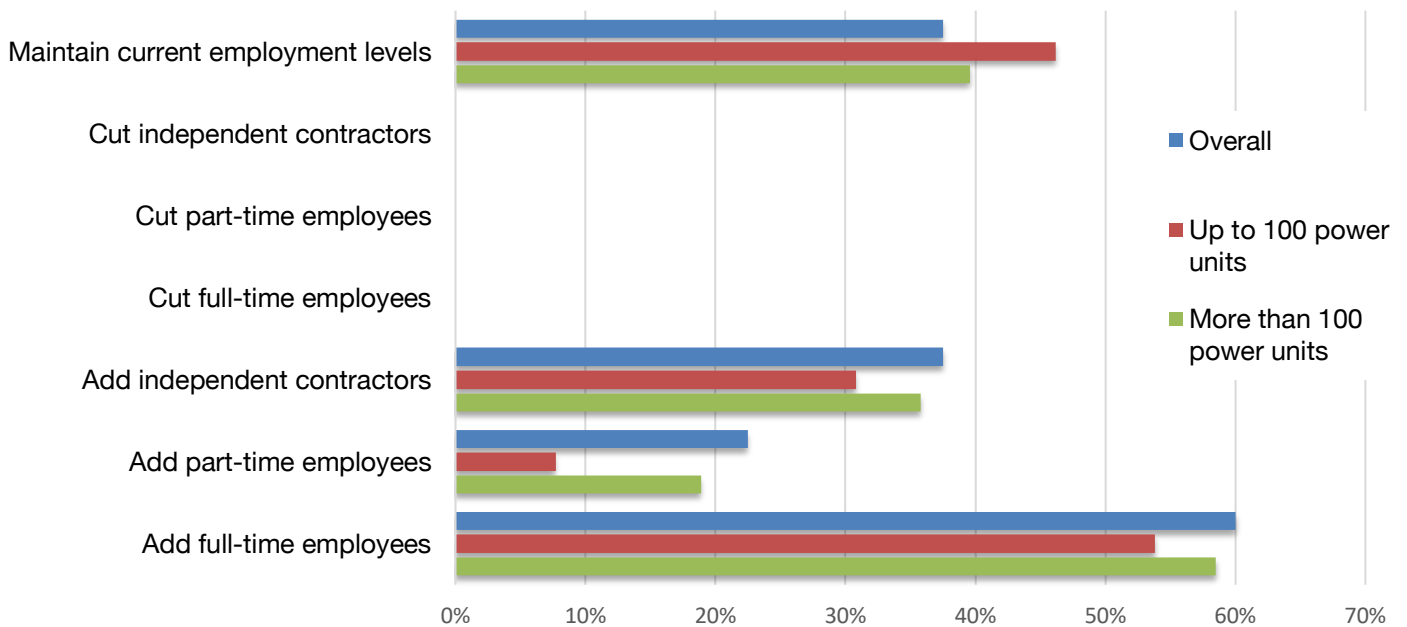
How did your business do in April 2019 compared to April 2018?



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

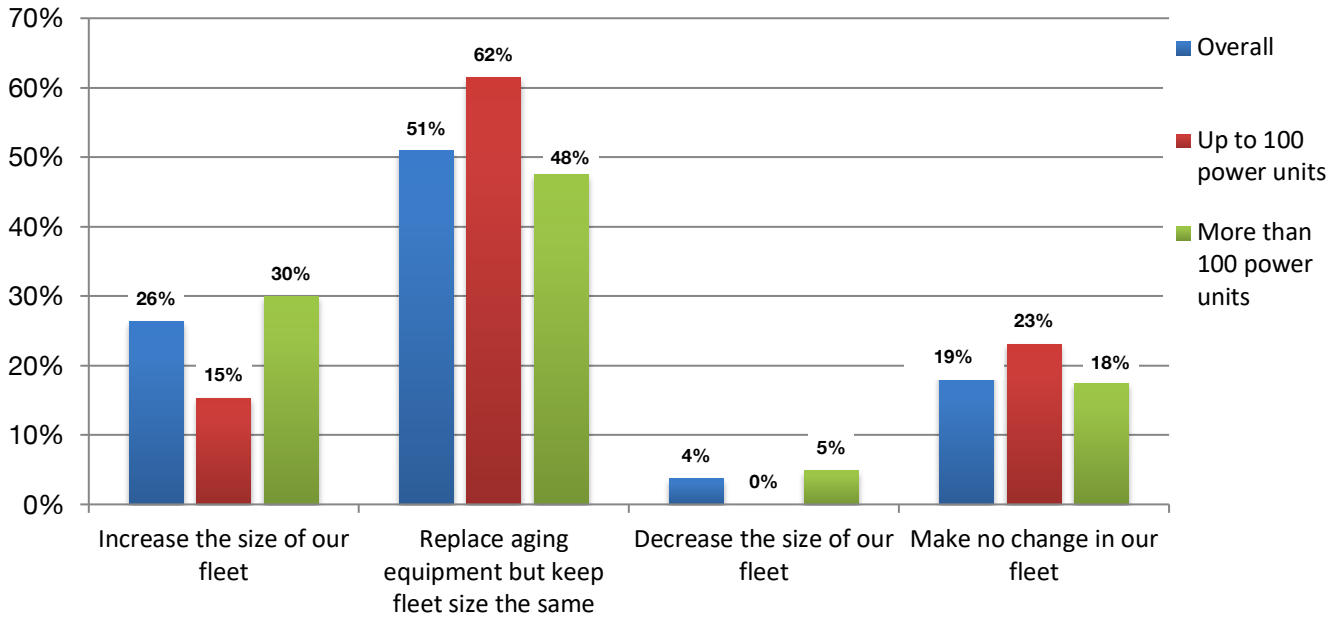


## Not counting seasonal employees, in the next 6 months, do you plan to:

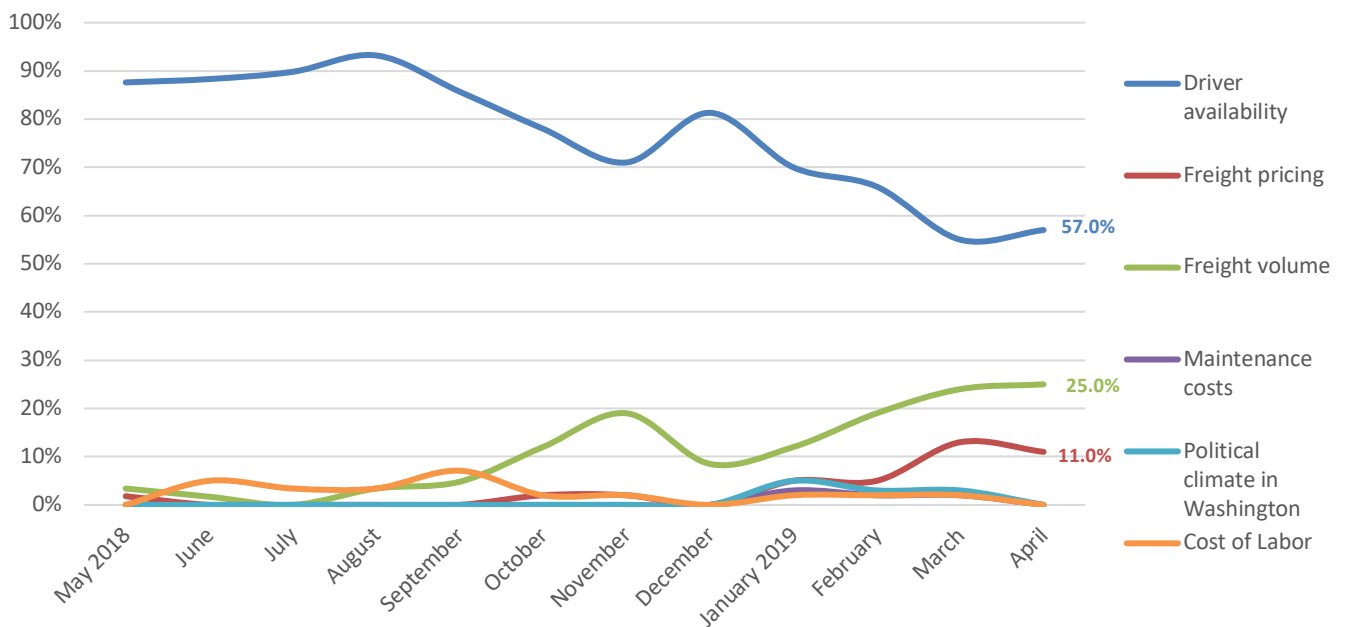


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In the next 6 months, we plan to:



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







## April 2019 MarketPulse Report

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

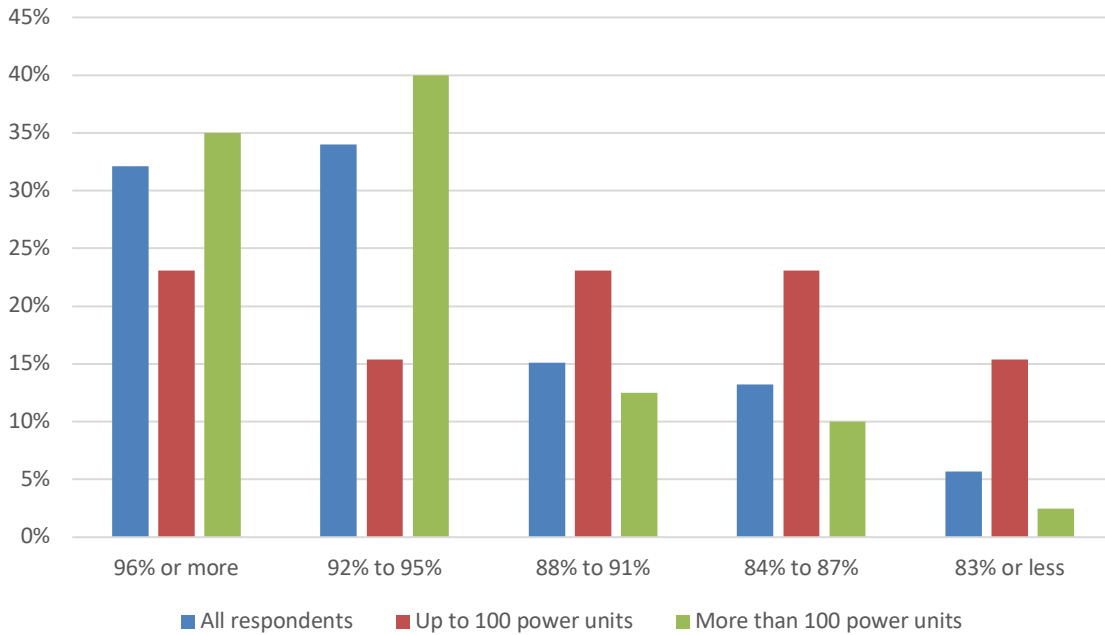
	1 (Biggest concern)	2	3	4	5
Freight volume	8%	23%	15%	15%	8%
Freight pricing	15%	39%	31%	0%	15%
Cash flow	8%	0%	0%	8%	0%
Fuel costs	0%	0%	15%	0%	0%
Driver availability	62%	0%	8%	0%	0%
Cost of labor	0%	15%	0%	15%	0%
Maintenance costs	0%	8%	8%	23%	15%
Cost of equipment	8%	8%	8%	23%	15%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	0%	0%	15%	8%	15%
Taxes	0%	0%	0%	8%	0%
Political climate in Washington	0%	8%	0%	0%	31%
Other	0%	0%	0%	0%	0%

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

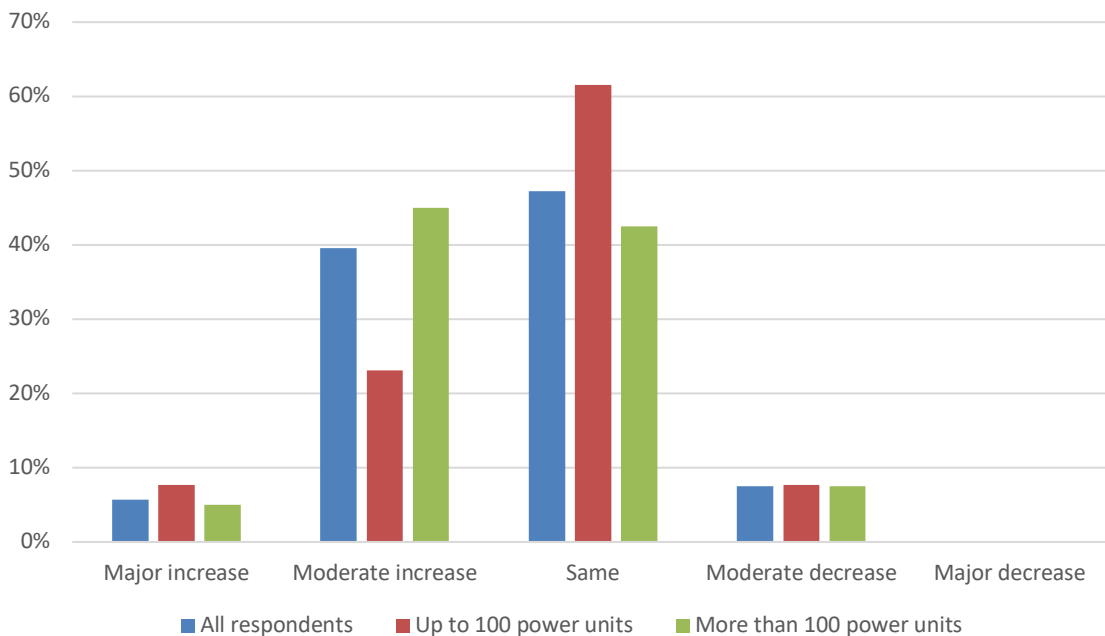
	1 (Biggest concern)	2	3	4	5
Freight volume	30%	31%	13%	5%	10%
Freight pricing	10%	33%	30%	10%	5%
Cash flow	0%	3%	0%	0%	0%
Fuel costs	0%	0%	3%	0%	8%
Driver availability	55%	5%	30%	0%	8%
Cost of labor	0%	23%	0%	26%	10%
Maintenance costs	0%	0%	18%	13%	10%
Cost of equipment	0%	0%	0%	15%	8%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	5%	0%	0%	15%	3%
Taxes	0%	0%	0%	3%	3%
Political climate in Washington	0%	5%	8%	13%	36%
Other	0%	0%	0%	0%	0%

## April 2019 MarketPulse Report

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



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



### **General comments**

#### **Up to 100 power units**

- Freight is softening and we are seeing shippers trying to cut rates and carriers doing that. I wonder if they looked at their cost and seen that it has not gone down? Two carriers just closed their doors, too much debt not enough revenue. It is a struggle when your shippers come to you wanting to cut rates. Wonder if their vendors cut their prices too? You need to hold the line on pricing... we made some strides now is not the time to fold.
- Current strife related to trade & tariffs between U.S. & China will cause a negative impact on our intermodal volumes; however, we are in support of President Trump's position.
- OTR trucking lifestyle is becoming less appealing to a wider group of workers every day. Between aging out of the business and the lifestyle factor, companies will struggle unless overall compensation drastically increases. Not many companies can go to a shipper with a 20 percent increase and still keep the customer.
- Seeing large national carriers starting to dip fingers into our small "boutique" carrier markets...not a great indication of consistent volumes.

#### **More than 100 power units**

- Hoping the second wave of mandated ELD's that is coming helps to bring balance back to the freight market.
- I wonder how many small carriers are using ELD or AOBRD devices that let them change anything they want. I heard from Canadian carriers that there are vendors selling those devices. When Canada begins ELD's they will not be self-certified. Just because a carrier is using an ELD-like device, it does not mean that they are in compliance with hours of service. I fear we have a lot of cheating going on by very small carriers.
- Dry van freight still down on a daily volume basis down to 75 trucks a day working from about 110 a day three years ago. However, our bulk division is up considerably compared to last year. Over 135 trucks a day hauling bulk compared to 40 a day three years ago.
- We need to get trade, NAFTA and the infrastructure done at it should tighten capacity a lot more. If not, we could see some changes in capacity and with lower rates. We are being asked to rebid freight that we had to bid on back in January.

(continued)

## April 2019 MarketPulse Report

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

- I think Trump is doing the right thing by playing 'hardball' with the Chinese, they've been getting away with murder for the past 40 years and I do believe in the long run the negotiations will work but it will take time and in the meanwhile our international business has got to suffer with the tariff fight! It's bad for us but good for the country. I wish more people and companies would make the country and not their personal agenda come first!
- Overall freight moment in the mid-west remains level. Driver walk-in increased to some degree. Issue we are starting to see is the 'age effect'. We have a group of good, solid professional drivers that are talking about retirement more and more each month. We need to really ramp up the education to our motorists, local, state and federal officials about our industry and the opportunities that are available. FMSCA has asked for public opinion of the younger driver proposals and I hope that get responses.
- Automotive shutdown in May this year for one of our biggest customers has caused our downturn.
- Seeing weakness in building materials related to housing.
- We see a slowdown on the horizon.