



July 2019

Key findings

- Carrier sentiment for business conditions in July 2019 was 5.78, down slightly from 5.81 in March. Month-to-month sentiment for respondents with up to 100 power units held relatively steady, 5.52 in July vs. 5.48 in June, while sentiment slid from 5.98 to 5.90 for respondents from fleets with more than 100 power units. (Page 4)
- Month-over-month business conditions in July 2019 declined noticeably, with 32% of all respondents saying it was the worse than June 2019, 27% saying it was better and 41% saying it was the same. Both respondent groups are slightly more pessimistic about the next six months compared to previous surveys, with 14% of both groups expecting business conditions to worsen. 19% of all respondents expect business conditions to improve in the next six months. (Pages 5 & 6)
- Despite worries of a freight slowdown, 27% of all respondents plan to increase the size of their fleets in the next six months, while 4% of respondents plan to decrease fleet size and 65% 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 43% of all survey respondents, just up from a low of 40% in June. Conversely, freight volume (27%) and freight pricing (23%) continue their upward trends as the second- and third-highest concerns. (Pages 7 & 8)
- Respondents from fleets with more than 100 power units reported seated truck counts at 92% or higher, compared to just 39% of respondents from fleets with up to 100 power units. 62% of respondents from that group expect to increase recruiting spend in the next six months, compared to just 34% of respondents from fleets with more than 100 power units. (Page 9)

Quotes of the month

- **Up to 100 power units:** “While the cost of doing business continues its upward march, the rates we are able to secure from our customers are frozen or even declining. That’s a bad combination leading to an unacceptable margin squeeze.”
- **More than 100 power units:** “It will be important for carriers to take make sure to take care of any existing dedicated, closed loop, out-and-back type business as competition could be very competitive if the overall economy slows.”

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July 2019 MarketPulse Report

Methodology

The July 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.

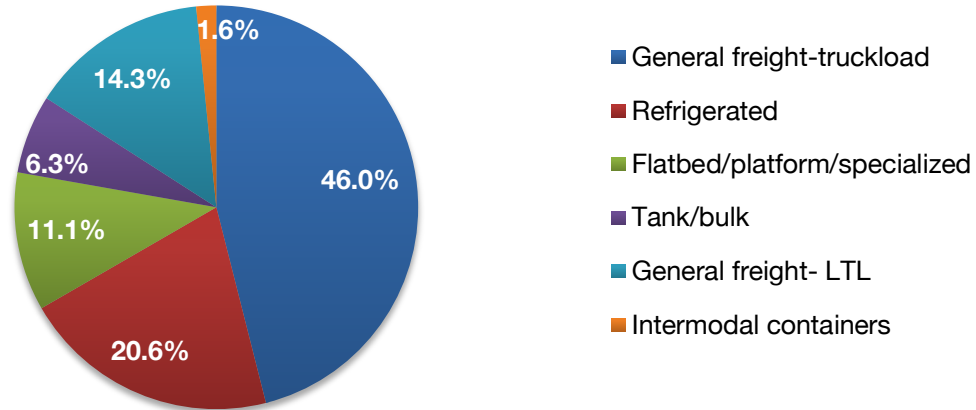
No attempt is made to weight the results to match the make-up of the trucking industry. The goal of MarketPulse is to provide a directional assessment of market conditions by polling a relatively stable panel of respondents each month. Variations in the respondent pool will, however, cause some fluctuations.

The survey was sent initially on August 13, 2019 with reminders sent out on August 15 and August 16, 2019. Out of the total pool, 72 carrier executives completed the questionnaire.

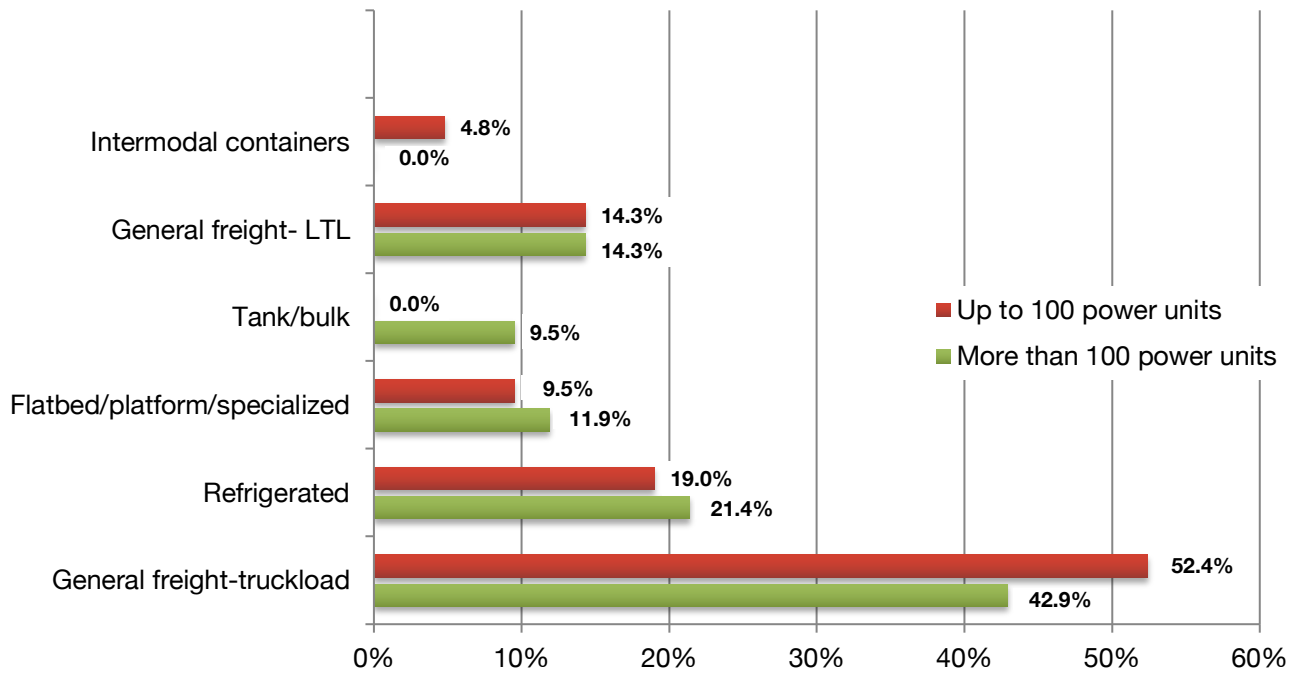
Demographics

72 respondents

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

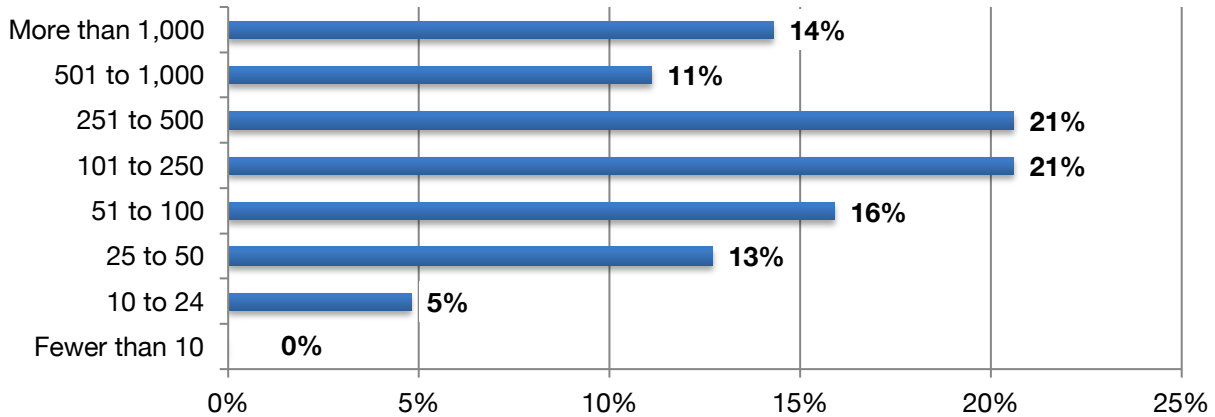


By fleet size:



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

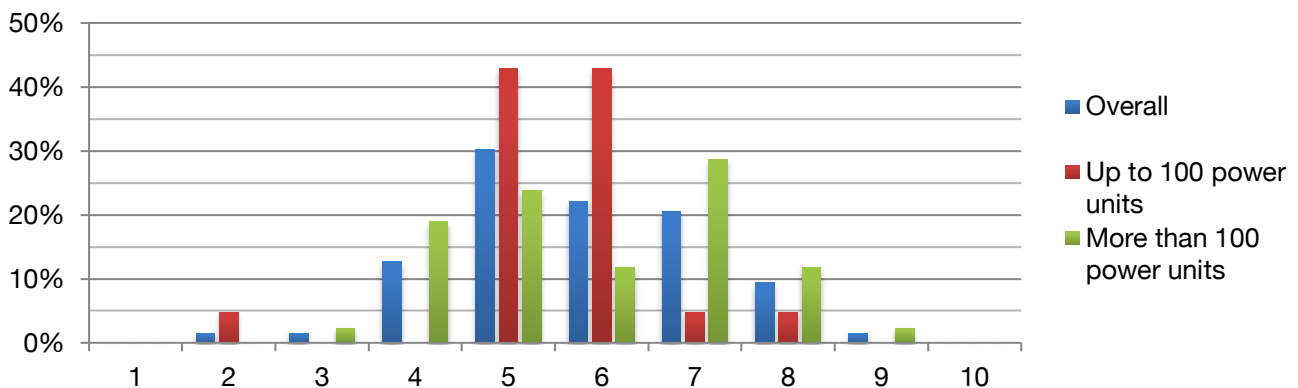


Business conditions

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 2019?

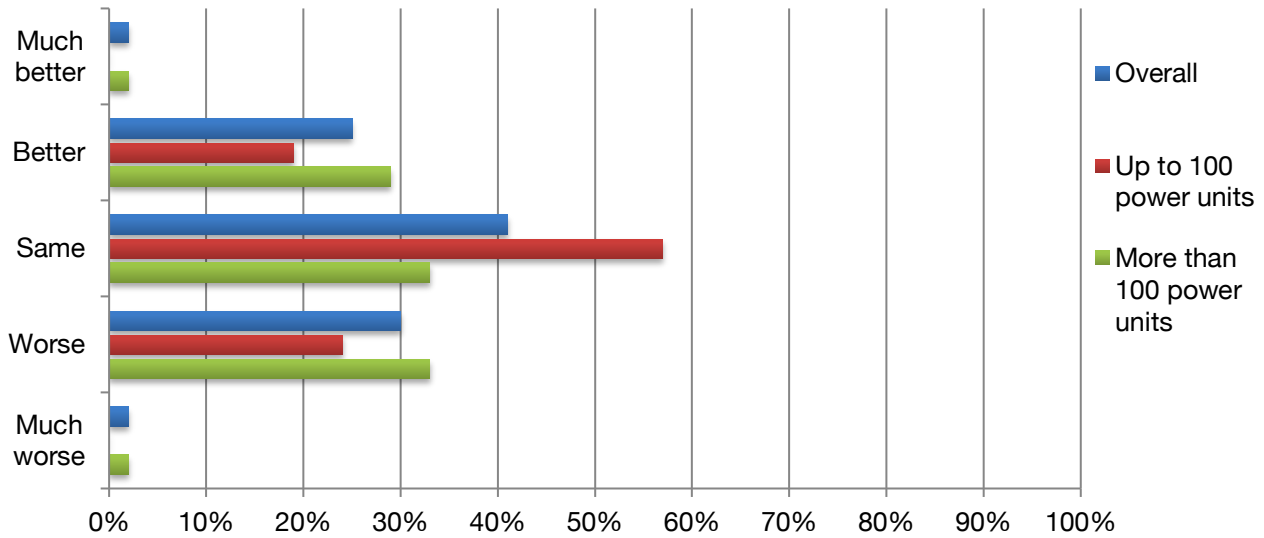
	<u>July 2019</u>	<u>June 2019</u>
Average response:	5.78	5.81
Up to 100 power units:	5.52	5.48
More than 100 units:	5.90	5.98

Distribution of responses:

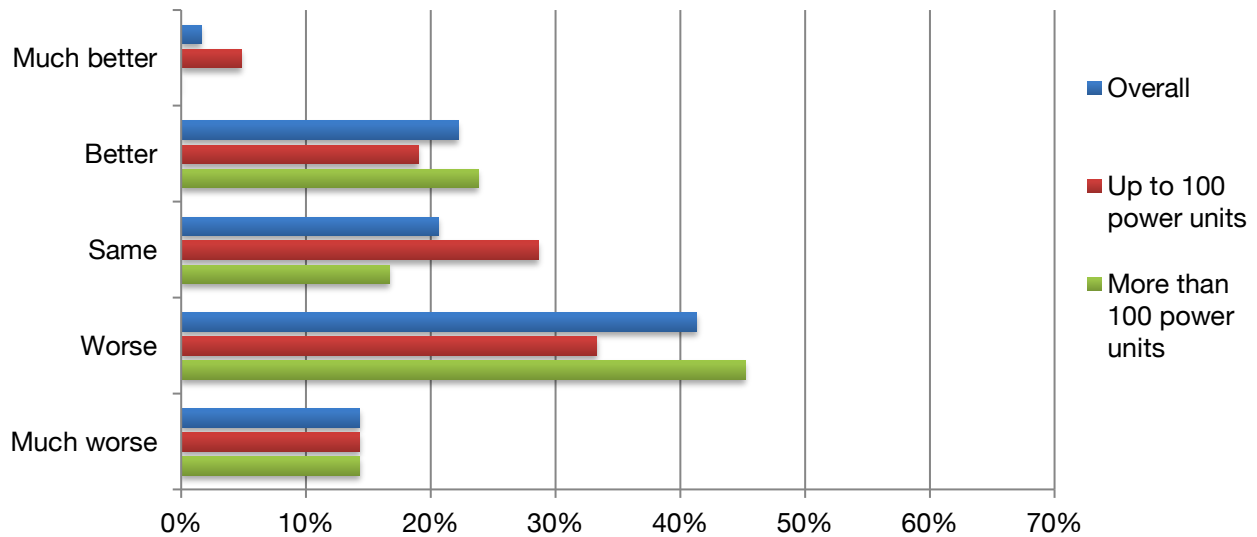


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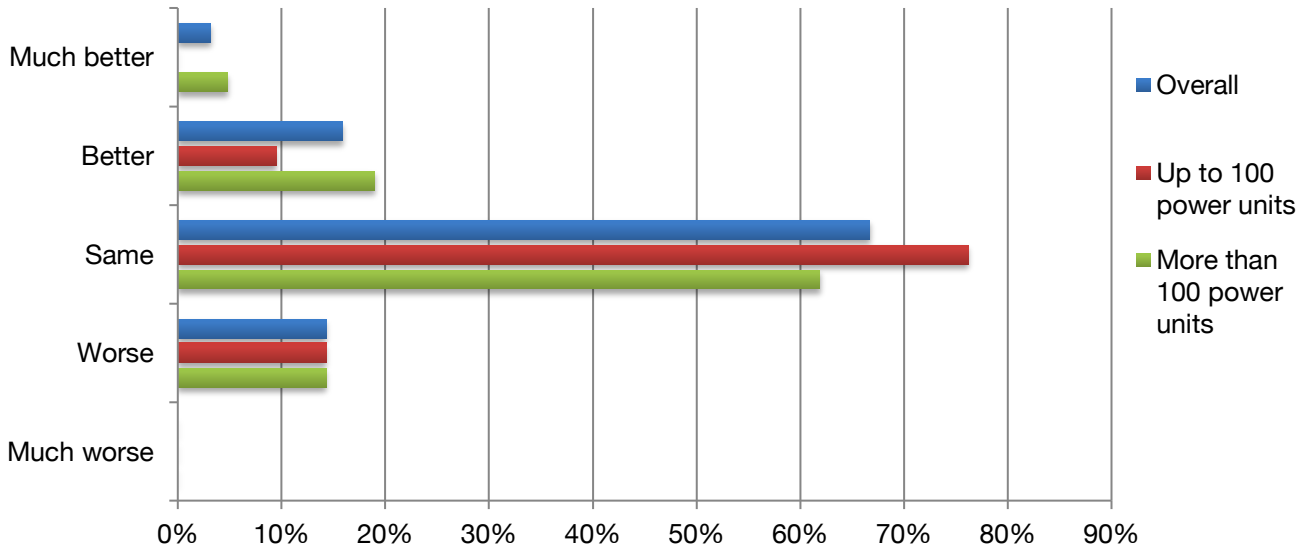
How did your business do in July 2019 compared to June 2019?



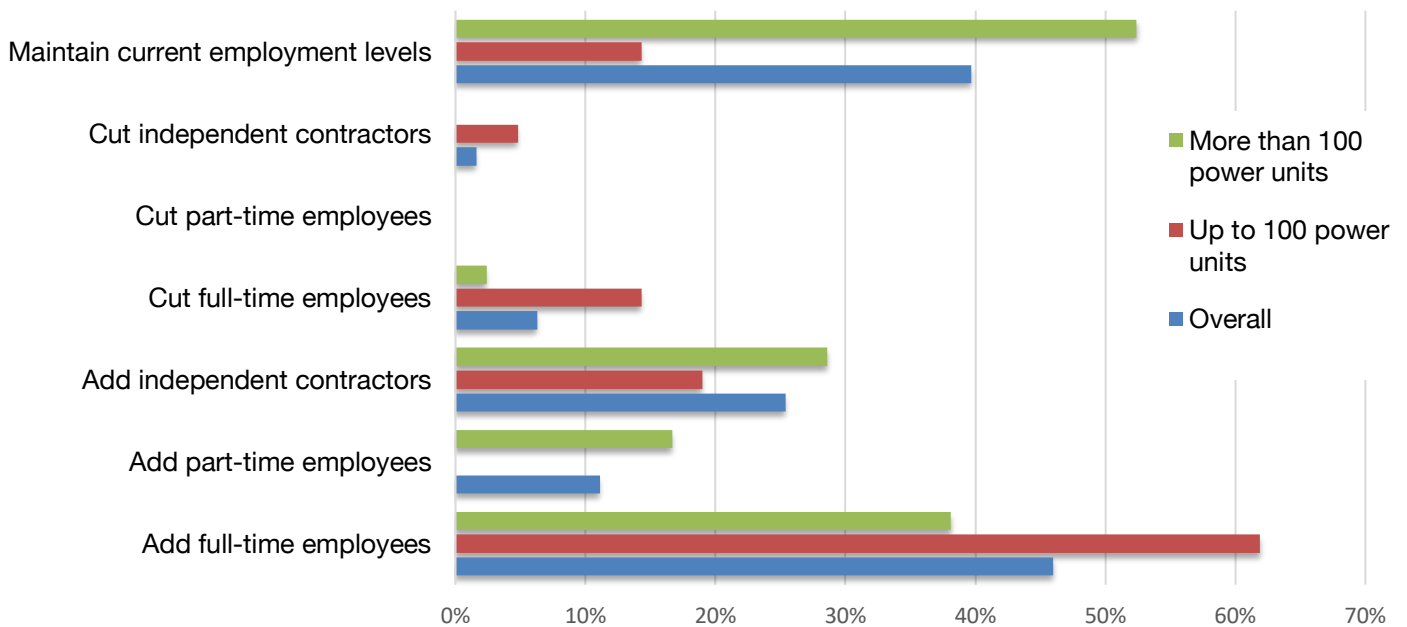
How did your business do in July 2019 compared to July 2018?



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

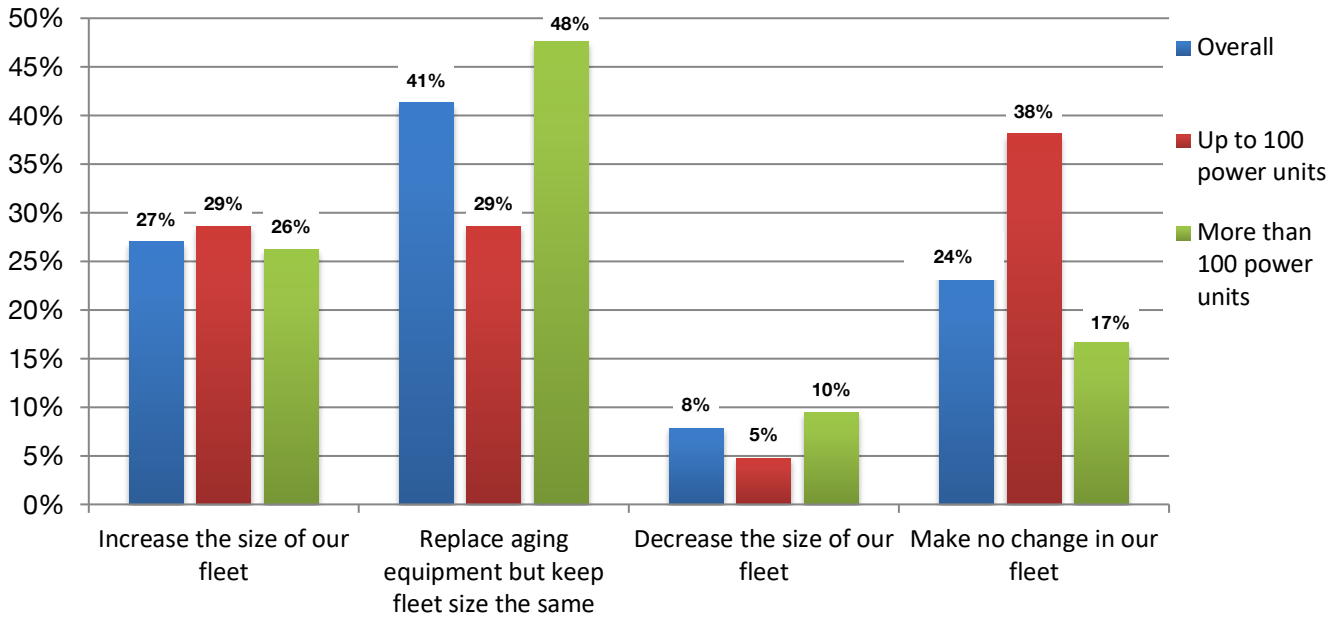


Not counting seasonal employees, in the next 6 months, do you plan to:

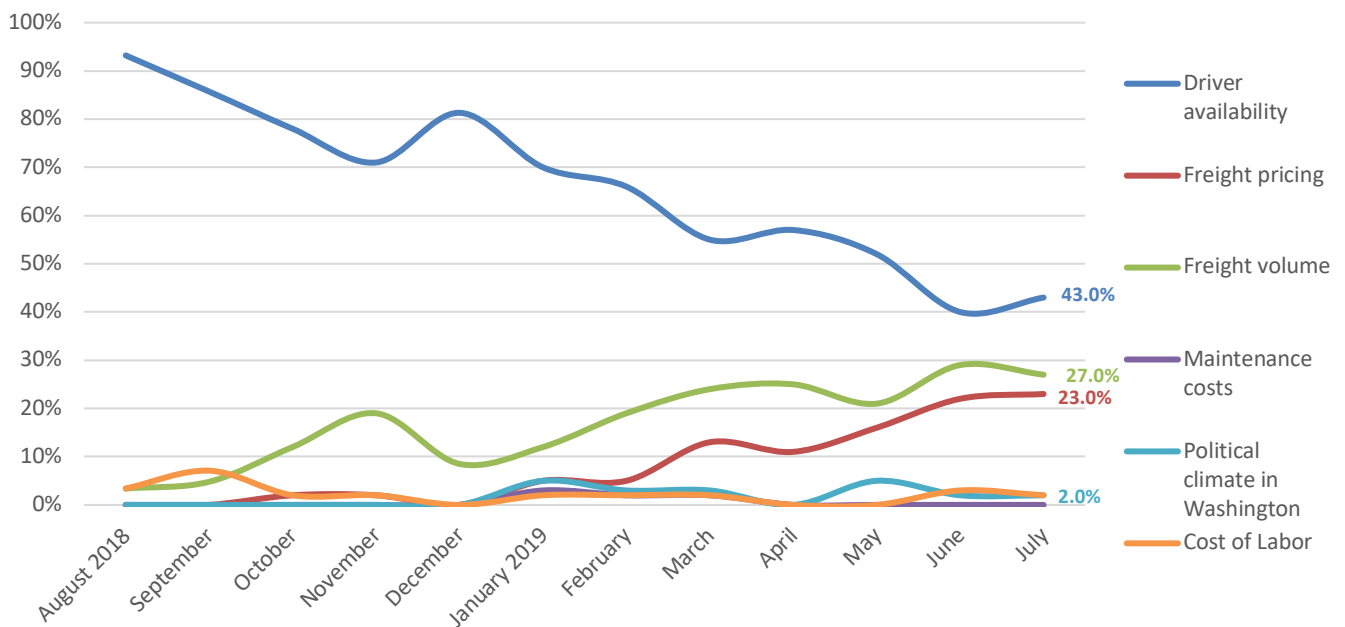


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In the next 6 months, we plan to:



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





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Top concerns for carriers with up to 100 power units

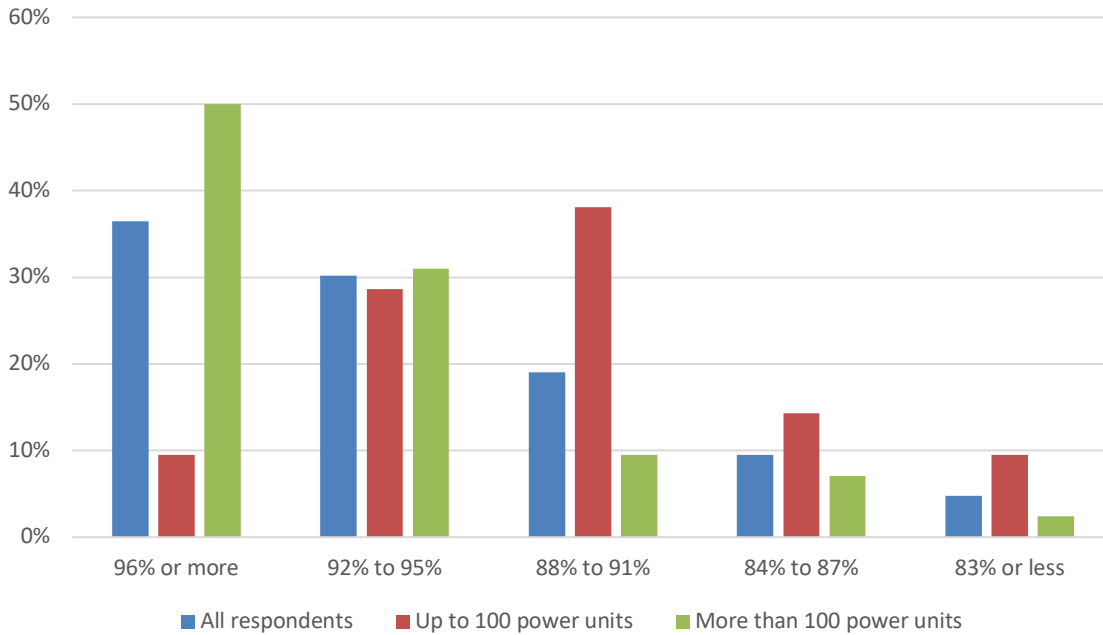
	1 (Biggest concern)	2	3	4	5
Freight volume	15%	26%	26%	5%	5%
Freight pricing	30%	42%	21%	5%	0%
Cash flow	0%	5%	5%	0%	0%
Fuel costs	0%	0%	5%	0%	0%
Driver availability	50%	5%	16%	11%	0%
Cost of labor	0%	11%	16%	32%	11%
Maintenance costs	0%	5%	5%	16%	16%
Cost of equipment	5%	0%	0%	16%	26%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	0%	0%	0%	16%	11%
Taxes	0%	5%	0%	0%	11%
Political climate in Washington	0%	0%	5%	0%	16%
Other	0%	0%	0%	0%	5%

Top concerns for carriers with more than 100 power units

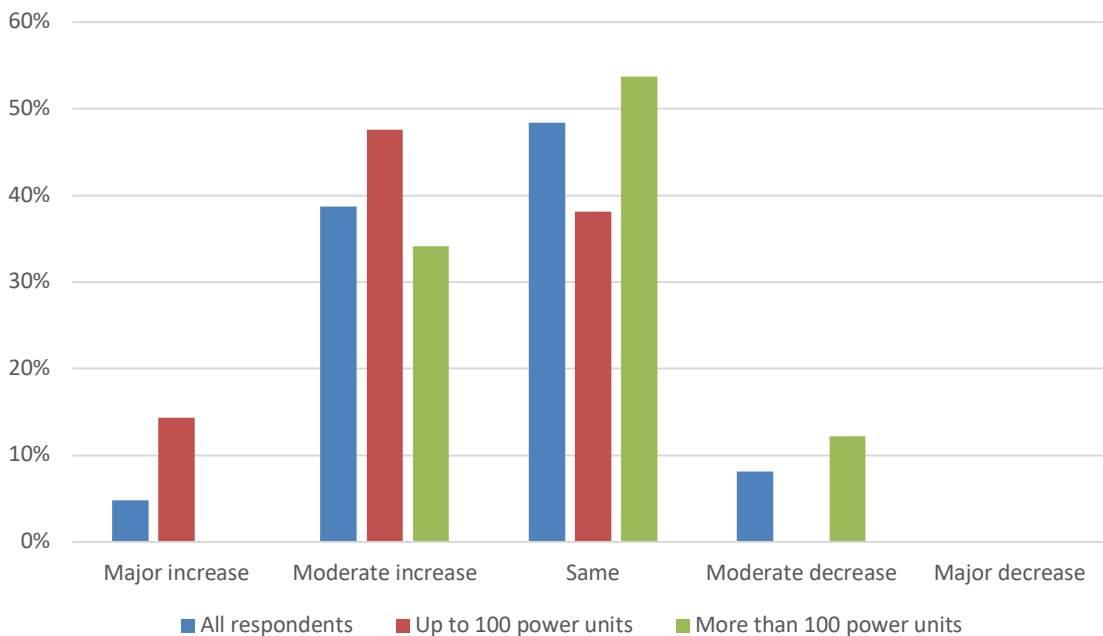
	1 (Biggest concern)	2	3	4	5
Freight volume	33%	28%	18%	8%	3%
Freight pricing	20%	35%	21%	8%	8%
Cash flow	0%	0%	3%	0%	3%
Fuel costs	0%	0%	3%	5%	0%
Driver availability	40%	13%	23%	5%	5%
Cost of labor	3%	18%	5%	23%	5%
Maintenance costs	0%	0%	13%	15%	25%
Cost of equipment	0%	0%	3%	10%	0%
Unionization	0%	0%	0%	0%	0%
Access to credit	0%	0%	0%	0%	0%
Cost of credit	0%	0%	0%	0%	0%
Regulation	3%	5%	3%	10%	5%
Taxes	0%	3%	0%	3%	3%
Political climate in Washington	3%	0%	10%	13%	40%
Other	0%	0%	0%	0%	5%

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What was your percentage of seated trucks in July 2019?



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



General comments

Up to 100 power units

- World economies are slowing, doesn't matter which ones they all are. U.S. is doing the best.
- While the cost of doing business continues its upward march, the rates we are able to secure from our customers are frozen or even declining. That's a bad combination leading to an unacceptable margin squeeze.
- International tariff squabbles are having a negative impact on our intermodal business. Though still in support of President Trump's positions related to trade.
- I see an improvement ahead. A lot of companies overbought equipment and cut rates making the cost more reasonable for us that have been more 'seasoned' in this business. A lot of equipment on the market at reasonable prices and a lot of companies either bankrupt or closing doors. Bad for shippers, good for us. See a little relief for drivers in logs, still can't understand how people think they can regulate a person's sleep.
- Up and down depending on President Trump draining the swamp.
- Brokers are just stinking up freight prices, and the companies that take \$1.00-\$1.30 a mile. The brokers have nothing but paper cost! To those who take this kind of cheap freight- I can't wait to see your trucks at the auction block. Truck freight should be at least \$2.00 per mile just to keep updated and safe trucks on the road.

More than 100 power units

- We're still winning new business, but what we're awarded and what we're getting are different. A lot of expectations that are unmet.
- Although we are not experiencing business activity like we did in 2018 our business continues to be firm and we expect that to continue.
- Beginning to see some softness in certain industries.
- Experienced a sizable softening starting in June.
- It will be important for carriers to take make sure to take care of any existing dedicated, closed loop, out-and-back type business as competition could be very competitive if the overall economy slows.

(continued)



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

- Things are steady, need capacity to leave the market.
- The cracks in the foundation are starting to show and seats are easier to fill, direct customers are still paying reasonable rates but brokers are shameless.