



SHIP SMARTER AND SAVE

## WHERE HAVE ALL THE TRUCKS GONE?

Virtually the entire country has experienced some of the worst weather conditions. These recent weather events had trucks tied up in traffic or abandoned on highways. Aging fleets surrendered to weather related breakdowns and overloaded repair shops slowed the process of getting trucks back on the road. Some of the older equipment may have belched out their last blast of black smoke. Of course, there is always HOS service rules to point to which impact on equipment utilization is slowing the delivery process.

Shippers have scrambled to find trucks especially if your business required specialized equipment such as flatbeds. This has resulted in a significant increase in freight rates. Many feel with the coming of spring, the truck shortage will be reduced and freight rates will begin to normalize. While we believe that rates will retreat from their exceedingly high levels, we do not believe you will see the much expected complete return to 'normal' rates.

The issue is one that is not going away with the change of seasons – it's the driver shortage. Even with unemployment remaining relatively high, long haul driving is not the type of job people want anymore. In the past, driving a truck seemed exciting to someone from rural America who could set out to see the country while getting paid to travel. This source for drivers has nearly dried up. The highway cowboy has to deal with big brother looking over his shoulder. Responsibilities and regulations have increased. Computers installed in trucks, often forcing drivers to take breaks when they don't need them, and not letting them take breaks when they do. In addition, most over the road drivers have to be on the road and away from home for a week or two or sometimes more. This mitigates any salary differential that may be attained vs. working in a local factory.

American Trucking Associations reports there are about 25,000 unfilled truck driving jobs today. According to the Bureau of Labor Statistics the number available driver positions is expected to grow to 330,000 by 2020. The average age of a commercial driver in the U.S. is 55 and as they retire those positions will be hard to replace.

This means that filling those empty driver seats will continue to provide pressure the rates shippers see offered. Truckload carriers will continue to cherry pick loads as rates remain firm. In fact, LTL carriers who typically announce their GRI's in June, as peak season approaches, announced their 2014 rate increases in March this year sending a strong signal. We should not be surprised if we see a second GRI before the year is over. While not unprecedented, this has not happened since 2010.

*Our Professional Services team stands ready to support you in controlling your transportation expenses and freight cost analysis. Please contact Leif Holm-Andersen, Executive Director of Professional Services at [Leif.holm-andersen@data2logistics.com](mailto:Leif.holm-andersen@data2logistics.com) or +1 239 425 8050.*