

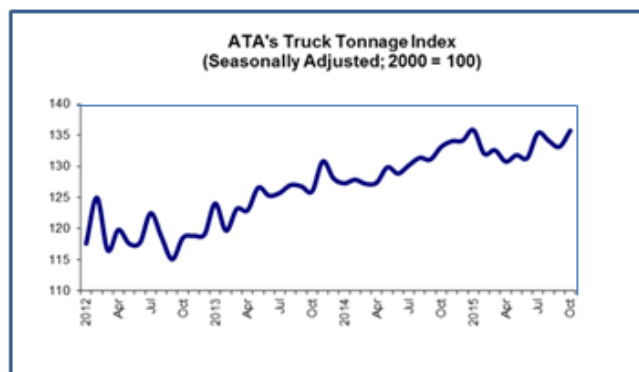


WHERE IS TRUCK DEMAND?

We have all heard the drum beat: “beware of rising truck rates – beware of rising truck rates”. Well let’s take a look at the latest truck tonnage in the U.S.

Trucking serves as a barometer of the U.S. economy, representing 68.8% of tonnage carried by all modes of domestic freight transportation, including manufactured and retail goods. Trucks hauled just less than 10 billion tons of freight in 2014. Motor carriers collected \$700.4 billion, or 80.3% of total revenue earned by all transport modes. For this reason when the American Trucking Association speaks we should listen.

American Trucking Associations’ adjusted For-Hire Truck Tonnage Index increased 1.9% in October, following a decrease of 0.7% during September. The September figure was revised down from the ATA’s October 20th press release. In October, the index equaled 135.7 (2000=100), up from 133.1 in September, and just below the all-time high of 135.8 reached in January 2015. These are seasonally adjusted numbers taking into consideration factors like days in the month, seasonal patterns, holidays etc. This was the first gain that the ATA reported in three months and offset the losses in the previous two months which totaled 1.6%.



“It was good to see tonnage increase nicely in October after contracting a total of 1.6% in August and September” said ATA Chief Economist Bob Costello. “However, tonnage has been overall pretty flat this year.” Costello expressed concerned about the high level of inventories. “We recently learned that inventories throughout the supply chain are still high and relative to sales rose in September, which is not a good sign. This will have a negative impact on truck freight volumes over the next few months,” he said.

So what does this mean for you as a shipper? There are several factors that can come into play here.

- We have a HOS ruling coming in February
- Shortages today of 30,000 drivers
- Consumer spending is decent
- Retailers are predicting good holiday sales
- The stronger dollar has resulted in softer manufacturing numbers
- Inventory levels are higher than we would like to see them
- There is a lot of unrest in the world
- While we have seen dips in truck tonnage every few months, they seem to bounce back hitting new highs.

When you weigh all of the factors, freight volumes should be lower as we head into 2016 and this may not be a bad time to negotiate new freight rates.

If you agree we are here to help. Let our professional services team support you in this endeavor.

For more information on how Data2Logistics can help you to reduce your transportation costs please contact Bob Newcom, Executive Director of Professional Services at bob.newcom@data2logistics.com or +1 239 425 8065.