



HAPPY HOLIDAYS – 2015 SURPRISES

The transportation market place has seen a year that provided many **surprises**. Improved economic conditions were expected to have a significant impact on the cost of transportation. It was anticipated by many trucking companies that 2015 would be a sellers' market and freight rates could be increased significantly. While the economy continued to grow we did not experience the increase in freight rates anticipated. This was partially due to less than robust economic conditions and fuel prices that continued to **surprise** us by hitting new lows.

Truck tonnage in November continued to **surprise** as it continued on a slowing growth trajectory, rising just 0.2% last month in the face of still-high inventory and modest economic expansion, American Trucking Associations reported. The year-over-growth was the slowest since February 2013 and left the industry bellwether index just 2.7% ahead of last year after 11 months. "With year-over-year gains averaging just 1.2% over the last three months, there has been a clear deceleration in truck tonnage," ATA Chief Economist Bob Costello said in a statement.

In a major **surprise** Congress granted US truckers driving restriction reprieve regarding Hours of Service. Negotiators agreed to an omnibus appropriations bill requiring industry regulators to meet new standards before re-imposing certain suspended hours-of-service restrictions. Equally **surprising** was the law maker's denial for an increase in tandem trailer length long pursued by trucking companies.

The Federal Motor Carrier Safety Administration in a **surprise** announcement in December published its long-awaited final rule requiring that interstate drivers use electronic recording devices intended to enforce hours-of-service regulations, and reduce driver fatigue and paperwork for motor carriers and drivers. The rule, which will not be effective for two years

after publication in the Federal Register, details new technical specifications for ELDs that address statutory requirements, mandates the use of ELDs for all drivers currently using records of duty status, clarifies supporting document requirements and adopts both procedural and technical provisions aimed at ensuring that ELDs are not used to harass drivers. “This regulation will change the trucking industry – for the better – forever. An already safe and efficient industry will get more so with the aid of this proven technology,” stated ATA President Bill Graves. The deadline date for compliance is December 18, 2017.

We were **surprised** that The Department of Energy said it expects the price of diesel to average \$2.67 a gallon in 2016. The Department of Energy reported December 28th that the average cost of diesel fuel fell to \$2.235 a gallon. We were also **surprised** by the two major parcel carriers, who earlier this year increased their fuel surcharges despite falling fuel costs. Both FedEx and UPS reported that fuel costs were down about 35% from the year earlier in their most recent quarter. While some companies use the futures market to hedge their fuel costs, the two delivery companies buy most of their fuel at near market prices.

*Don't be surprised in 2016. To learn more about how Data2Logistics can guide you through these **surprising** times please contact Bob Newcom, Executive Director of Professional Services at bob.newcom@data2logistics.com or +1 239 425 8065.*