



## WELCOME TO THE NEW WORLD ORDER

We find ourselves kicking off the New Year with shippers and carriers in a competitive balance between supply and demand, having just completed 2016 where the competitive edge was in favor of the shipper community. This was due in large measure to the fact that in 2016 we experienced low fuel prices and to a degree excess capacity on the carrier side.

However, we believe things will be different in 2017 due to a number of factors. There are eleven states that will be increasing fuel tax rates; some even anticipate fuel taxes could double. The cost of fuel itself is headed northward since both OPEC and non-OPEC producers have agreed to cut oil production.

The Trump victory has revved up the stock market and generated strong belief that GDP will rise. This will result in increased demand for freight capacity and higher freight costs. Lower corporate taxes and the repatriation of cash from offshore accounts are likely to further drive economic growth.

A more vibrant economy will bring further pressure on the ability of carriers to recruit drivers resulting in increased labor costs.

There are a number of legislative matters that will also drive up costs. Although the new president and his new Transportation Secretary are in favor of reduced regulation there may be nothing he can do to water down established regulatory changes. This includes expenses incurred to meet requirements for the electronic logging mandate (ELD). There are also fitness-for-duty and other driver health regulations that will come into play. The new Hours of Services (HOS) regulations will reduce driver time on the road by 12 hours per week, per

driver. This will result in a need to employ more drivers to handle the same workload as well as the need to purchase more equipment.

Don't anticipate a big jolt to your transportation costs. We believe the climb will be gradual and you should expect that it will have a negative impact on your transportation expenses for the full year.

*At Data2Logistics we want to share our experiences in helping our clients become more carrier friendly. We also want you to benefit from our decades of experience in helping our clients drive down their transportation costs. To learn more about how we can help you, contact Harold B. Friedman at [Harold.Friedman@data2Logistics.com](mailto:Harold.Friedman@data2Logistics.com) or 609 577 3756.*