

FREIGHT COSTS
ON THE RISE?
SEEING A TRUCK
SHORTAGE?

ONE WAY



Happy New Year !

2018 is certainly off to a frantic start. Although all the signs started to appear in late 2016, many transportation buyers are simply shocked by rising freight costs and the lack of available trucks. As I have heard many customers say, "It was almost overnight". Well, in a big way...it was.

The ELD Mandate became law on December 18th, 2017. Every commercial carrier must have an operational electronic logging device in their truck. Omnitracs reports that truckers have paid almost \$8M in fines since the first of the year for being found in violation.

The ELD Mandate is intended to hold truckers completely accountable to the changes in Hours of Service that our government put in place over the past several years. Please go to fmcsa.dot.gov to get a detailed reminder of what those are. People are paying a lot more attention to them now.

Truckers sitting for 2-hours or more while loading or unloading are losing miles they can no longer make up for. Although detention charges are on a fast rise, they offer little consolation. We have had truckers recently refuse to load at some shippers with a history of detaining drivers.

What used to be common next morning deliveries are no longer so. Truckers are under loads longer, causing them to lose productivity they can only recover by raising their pricing, and they are doing that very successfully due to rising demand.

Freight demand has actually been climbing steadily since the 4th quarter of 2016. "Transport Topics" recently reported that truck tonnage "surged" in November and December of 2017. Demand is up as our GDP and manufacturing activity continues to improve. On the downside, as more manufacturing jobs become available, many drivers leave their trucks, adding to what is already becoming a critical driver shortage. To add to it all, fuel prices are up 40-cents/gallon over last year on a national average.

Many say that trucking activity is a great leading indicator for what lies in store for our larger economy. Good for the USA that our factories are humming again, our energy companies are back on solid footing, and more Americans are finding good jobs. Our challenge is that at the same time trucks are being called on to efficiently handle more freight; our government has throttled them back and is monitoring them. Still, at some point, all the dust will settle and freight pricing will reach a new level of normalcy. We are looking forward to that too.

Be safe,

Mark



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