Trucking Industry & Driver Update

March 2018

Bob Costello
Chief Economist & Senior Vice President
American Trucking Associations
Real Gross Domestic Product Growth

Forecasts Notes:
• New tax law adds 0.3 percentage points in 2018
• 4 interest rate hikes in 2018

Sources: BEA & ATA
Drivers of Truck Freight

The 3.5 Buckets of Freight
Job Market

Monthly Job Changes (Thousands)

Unemployment Rate (Percent)

Sources: BLS & ATA
Employment Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages &amp; Salaries</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg 2000-2007</td>
<td>3.2%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Avg 2010-2014</td>
<td>2.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>2015</td>
<td>2.3%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2016</td>
<td>2.4%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2017</td>
<td>2.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>2018</td>
<td>2.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>2019</td>
<td>3.3%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Sources: BLS & ATA
Real Personal Consumption Growth
*(Goods Only)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg 2010 - 2014</td>
<td>3.3%</td>
</tr>
<tr>
<td>2015</td>
<td>4.6%</td>
</tr>
<tr>
<td>2016</td>
<td>3.7%</td>
</tr>
<tr>
<td>2017</td>
<td>3.9%</td>
</tr>
<tr>
<td>2018</td>
<td>4.6%</td>
</tr>
<tr>
<td>2019</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Sources: BEA & ATA
Single-Family Housing Starts Will Continue Their Upward Climb

### Total Housing Starts
(Monthly; Annualized Rate; Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H.S.</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
<td>1.1</td>
<td>1.2</td>
<td>1.3</td>
</tr>
</tbody>
</table>

### Single-Family vs Multi-Family Units
(Monthly; Annualized Rate; Millions)

- **Single-Family**
- **Multi-Family**

Sources: Census & ATA
Factory Output is Improving

Factory Output (Index)

Factory Output (Year-over-Year Percent)

Sources: Federal Reserve & ATA
Total Business Inventory-to-Sales Ratio
(Data adjusted for seasonal, holiday, and trading-day differences, but not price changes)

Likely Optimal Range
1.15
1.20
1.25
1.30
1.35
1.40
1.45
1.50
1.55

Source: Census Bureau
The Economic Risks to Trucking: Trade Wars

2017 U.S. Trucking Employment From Truck Transported NAFTA Trade

- **Canada**: 20,234 Non-Driver, 13,366 Driver, Total 33,594
- **Mexico**: 26,981 Non-Driver, 17,988 Driver, Total 44,969
- **Total**: 47,031

2017 U.S. Trucking Revenue From Truck Transported NAFTA Trade (Billions)

- **Canada**: $2.81
- **Mexico**: $3.81
- **Total**: $6.62

Source: American Trucking Associations’ Economics Department
U.S. Manufacturing Employment

Source: Department of Labor

1994 NAFTA Starts: Manufacturing employment increased by 500,000 from 1994-2000

2000 China joins the WTO: Manufacturing employment falls by 3.9 million 2000 - 2007
Drivers of Truck Freight
Total For-Hire TL Loads

Index: January 2010=100; 3-Month Moving Average

Includes Dry Van, Flatbed, Temp Controlled, and Tank Truck

Source: ATA's Trucking Activity Report
Truckload Loads

Source: ATA
For-Hire Truckload Loads

- Total TL
- Dry Van
- Temp Control

Source: ATA
Total For-Hire TL Miles
Index: 2010=100; Seasonally Adjusted; 3-Month Moving Average

Includes Dry Van, Flatbed, Temp Controlled, and Tank Truck

Source: ATA’s Trucking Activity Report
Dry Van Truckload Average Length-Of-Haul is Down

Source: ATA
LTL Tonnage
Index: 2010=100; 3-Month Moving Average

Source: ATA’s Trucking Activity Report
LTL Tonnage

Source: ATA
Industry Capacity
US Retail Class 8 Truck Sales

Includes Tractors & Straight Trucks

Source: ATA’s American Trucking Trends 2016 & ACT Research
TL Tractor Changes: Large vs Small Fleets

Includes company tractors and independent contractor equipment

Small Fleet: Less than $30 million in annual revenue

Source: ATA's Trucking Activity Report
TL Truck Counts
(Index: 2015 = 100)

Source: ATA's Trucking Activity Report
LTL Truck Counts
(Index: 2015 = 100)

Source: ATA's Trucking Activity Report
Rates and Rate Proxies: Contract vs Spot

Index: January 2010=100; 3-Month Moving Average

Includes Dry Van, Flatbed, Temp Controlled, and Tank Truck

Contract = For-Hire Truckload Average Revenue per Mile x FSC

Source: ATA's Trucking Activity Report & DAT.com
Driver Situation
Truck Driver Turnover Rates

TL Q3 2017: 95%

Source: ATA
10 Million CDL Holders

3.5 Million “Truck” Drivers

1.7 Million Heavy & Tractor-Trailer Drivers

864,000 For-Hire Trucking Heavy & Tractor-Trailer Drivers
Driver Shortage

Source: ATA's Truck Driver Shortage Analysis 2017
Total Number of Drivers Needed Through 2026

- Industry Growth: 28%
- Retirements: 49%
- Drivers Pushed Out of the Industry: 16%
- Drivers Leaving Before Retirement: 7%

Share of Drivers Needed Through 2026

Source: ATA's Truck Driver Shortage Analysis 2017
Download ATA’s Report for Free at:

http://trck.ng/drivershortage
So When Will the Current Tight Capacity Market End?
What Can Shippers Do?
Thanks

Twitter: @ATAEconBob