

# Market Watch



## Operation UpGRADE Update: The Good & Bad Pt. 1

Truck drivers say that many shipping facilities need to do a better job of turning around drivers in a reasonable timeframe and remove waste from the system. They also indicate they value preferred shippers who do a good job providing an environment free of harassment and discrimination when picking up freight. Those are two initial takeaways from the Ontario Trucking Association's Operation Upgrade campaign, a North America-wide survey launched last month that identifies the strongest and weakest links in the supply chain by allowing drivers and carriers to assign scores to shippers and consignees based on their interactions and treatment of truck drivers at their facilities. So far, there is a near even split between the number of "good" or "preferred" shippers labelled by drivers as Honour Roll candidates and those marked as Detention Hall candidates (shippers who need to improve their driver relations). "Providing an environment free of harassment and discrimination" stands out as the top attribute of the "good" shippers rated. Allowing access to shipper facilities/washrooms is the second highest attribute ranked. Alternatively, "bad" shippers or receivers have the lowest scores in the categories relating to retention times, the responsiveness of dockworkers, and honouring appointment times. Those subpar customers also didn't fare well when it came to harassment issues. Overall, 72 percent of customers that qualified as "good" were shippers, while only 20 percent were receivers/consignees. The reverse is true when looking at "bad" customers. Over half (54%) of those are receivers/consignees and only 35% are shippers. Among Honour Roll-type companies, DCs and Warehouses exhibited a fairly strong showing, representing 36% and 40% of facility types, respectively. Retail locations are noticeably lagging at only 5% of "good" customers. Carriers, if you haven't sent your drivers the survey and asked them to take part yet, please [CLICK HERE!](#)



## LTL Revving For Revival

Strong industrial and retail economy, as well as tightness in capacity due to the lack of any new entrants in the past 10 years, has the once-beleaguered LTL sector poised for one of its best profit years since at least 2004, industry executives and analysts told *Logistics Management* magazine. "For the foreseeable future, pricing is more important than volumes," James Welch, CEO of YRC Worldwide, told LM. "What's going to be interesting with fuel prices dropping, will that improve consumer spending and tighten capacity even more? It's too early to tell. But there's a lot of emphasis on base rate adjustments matching price with a shipper's particular volumes." Furthermore, the methodology by which LTL

carriers are charging for their services is about to change, states LM. Major LTLs are in the process of implementing dimensional pricing – or, "dim pricing"—to charge more by the volume a package takes up in a trailer as well as its weight and distance traveled. "We're the only piece of the transportation industry that doesn't price by dimension," Welch said. "Ocean, air, parcel, they all do it that way. We're trying to get ourselves ready. We are gathering the phases together." "At the end of the day, what are we selling? It's space on a trailer. Dim pricing is the best way to sell. I don't know precisely when the LTL industry will convert, but I have to think it's coming."

## Oil Price to Stay Capped for Next Decade?

A [new report](#) suggests global oil prices will remain somewhat depressed for the next decade. Global oil prices may stay low for the next 10 or even 20 years, according to Frank Wolak, a professor in the Department of Economics at Stanford University. He states that the most likely medium-term price point for global oil prices over the next one to two decades is \$50 to \$70 per barrel. And while geopolitical and environmental issues could unexpectedly arise that turn oil prices upward, Wolak said there are many elements pointing to lower oil prices for the foreseeable future, including slowing demand for oil in the industrialized world and ever-advancing technological change in the extraction and use of oil. Record domestic oil production is adding to that downward price pressure as well. According to the U.S. Energy Information Administration, crude oil production overall increased by 1.2 million barrels per day (bbl/d) to 8.7 million bbl/d during 2014 – the largest volume increase since record-keeping began in 1900, the agency said. On a percentage basis, output in 2014 increased by 16.2%, the highest growth rate since 1940. That's a major reason why global crude oil prices fell from a high of \$115 a barrel in June 2014 to a low of \$45 in January of this year, Stanford's Wolak said.

## Diesel Prices

Ontario Average Diesel Rack Prices  
January 2009 - March 2015

