

Market Watch



OTA e-Biz Survey: Trump Slump?

These are undoubtedly volatile times for Ontario motor carriers, as the recent US election and uncertainty over the future of NAFTA could arguably be shaking truckers' confidence in the North American freight market. According to the OTA's fourth quarter 2016 business conditions survey, less than half (49%) of carriers feel good about their overall prospects over the next three months, down from 55% in the previous 2Q16 survey and radically lower than just a couple years back when 85% and 86% of carriers respectively conveyed overall optimism in the 4Q14 and 1Q15 surveys. A third said they were 'unsure' about their prospects, the highest level of uncertainty since the 2009's recession while one in five expressed pessimism, more than double the rate of carriers who said the same just two years ago. The 4Q16 survey indicated the 'peak' pre-holiday shipping season was subdued compared to previous years. While a majority (61%), of carriers suggest little to no fluctuation in intra-Ontario freight volumes compared to three months ago, only a quarter said volumes improved, down from 37% in the previous 2Q survey. The previous three months show stability, at least for now, on southbound volumes as half of carriers report no freight volume change while 40% describe an improvement. As carriers look ahead, it appears the traditional post-holiday shipping doldrums of Jan-Feb might extend even further out. Asked about their six-month outlook on intra-Ontario freight, an overwhelmingly majority (81%) predict no change, indicating a significant expectation of sustained stagnancy even into the spring 'mini-peak' season. That's the highest level of nonalignment OTA has ever recorded. For US-bound freight, which carriers generally view more favorably than domestic business, the outlook took an unusual twist in this survey: Again, a large majority (70%) predict a continued freeze, which is also an all-time high for this category; while the 27% who expressed optimism is the lowest since the Great Recession. For northbound freight, the third of carriers who suggest more decreases is also the highest since 2009. Meanwhile, carriers' low expectations for the freight market may have been partially soured by a rate environment which continued to recede. Within Ontario, 67% indicated no movement on pricing in the last three months, while only a meager 6% conveyed pricing growth – a fraction of respondents who said the same thing last year. The 27% who report worsening rates matched the previous 2Q16 survey's four-year high. On the flipside, less than half feel rates are stuck in the mud (47%) compared to 67% last quarter. The bad news? Only 9% suggested rates were progressing upward – the lowest since 2013. Meanwhile,



39% report elevated pricing improvements – 10 to 15 points higher than the previous two surveys. Full survey report [here](#).

More Shippers Demand ELDs Ahead Of Deadline

Fleets slow to adopt ELDs may well find themselves penalized by customers even before the FMCSA officially enacts the rule later this year, according to some supply chain experts. Ben Cubitt, vice president of engineering, procurement and consulting for billion-dollar 3PL Transplace, said shippers are increasingly adopting ELD deadlines for their carrier suppliers ahead of the December 2017 implementation date set by the government "In March or April, shippers are really going to really want to know who's going to be fully implemented by June, and you'll probably see some shippers with mandates months before December," he said on a Stifel conference call., as reported by Fleet Owner. The upside for fleets: "I see a tremendous opportunity for shippers to do some better planning, with these constraints in hours of service. ELDs will help this discussion, as an unintended advantage." In a recent company survey 199 of 294 carriers reported that greater than 75% of their assets were ELD compliant, and among carriers with more than 200 trucks, nearly 9 in 10 are already fully compliant. Out of the smaller carriers which had not yet implemented ELDs, a third anticipated being compliant in 90-180 days, and yet another third said they wouldn't be compliant for at least 180 days. Cubitt notes some small truckers are still holding out as they grapple with increasing costs (equipment, driver pay) at a time of depressed rates. "I think there are some people who will hold out and then make a decision about whether to stay in business," he said. Although the election of Donald Trump brings some expectation of a reduced regulatory agenda in the U.S., Cubitt is confident the ELD mandate will proceed as scheduled. "There's a lot of momentum behind [the ELD mandate]. This would not be a rule you'd want to hang your hat on not implementing. The vast majority of large fleets have implemented it and many small fleets are doing it. It's a hard argument to make to the public that it's a good rule to kill. Electronic logs make sense." Full [story here](#).

Diesel Prices

