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**October 30, 2012**



# U.S. Economic Summary

Fiscal Cliff

Eurozone Problems

U.S. Elections

Unemployment

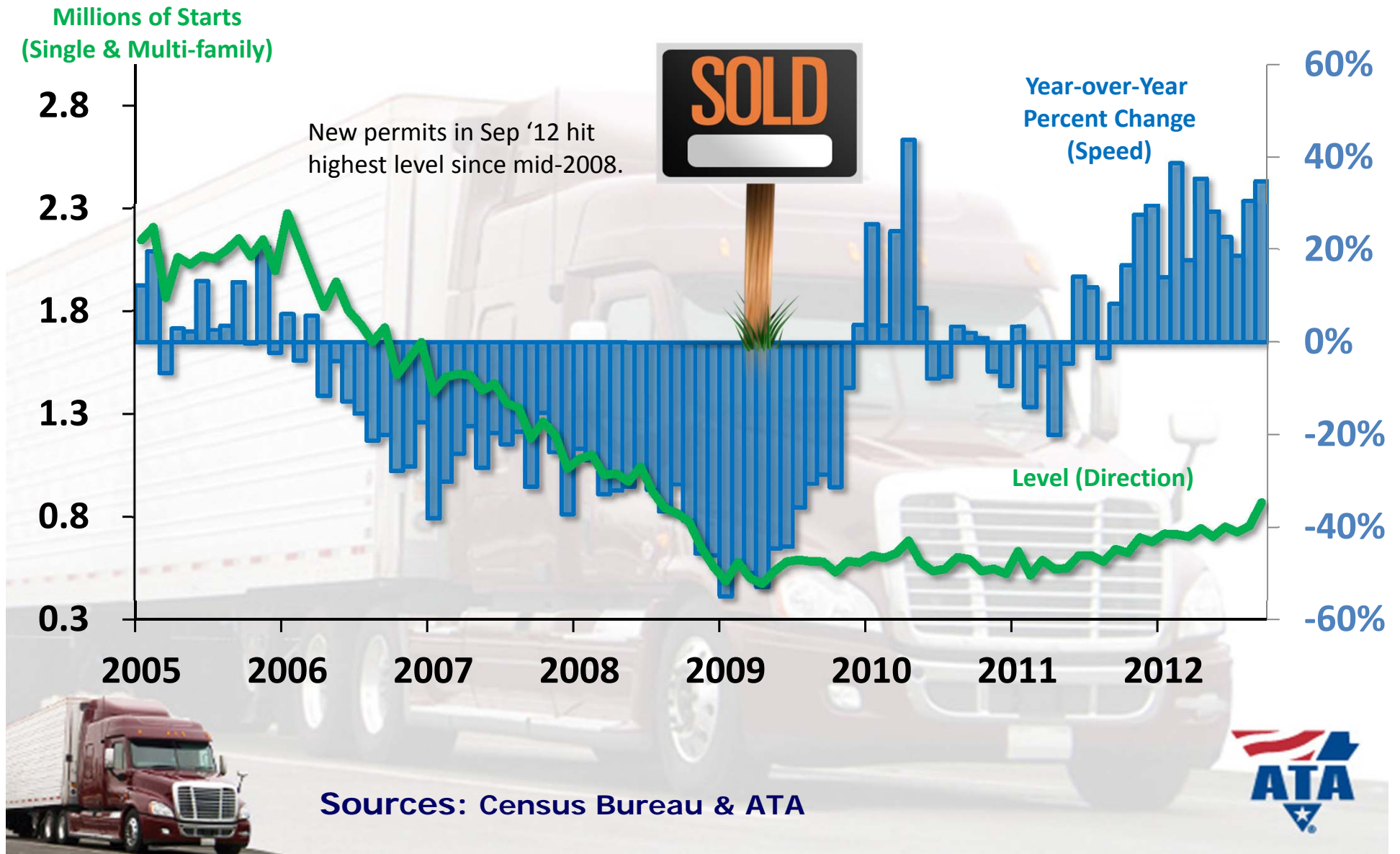
Housing

Monetary Policy

- Growth to continue, but at a very moderate pace.
- U.S. GDP to average just 1.5% in the second half of the year.
- U.S. risks include: January 1, 2013 fiscal uncertainty (Fiscal Cliff) & Eurozone problems. Inaction on fiscal cliff is already a significant drag on the economy, reducing sentiment and risk taking.
- Ironically, some U.S. fundamentals look better in 2012, including housing & autos.
- Strong U.S. recovery waiting to be unleashed.

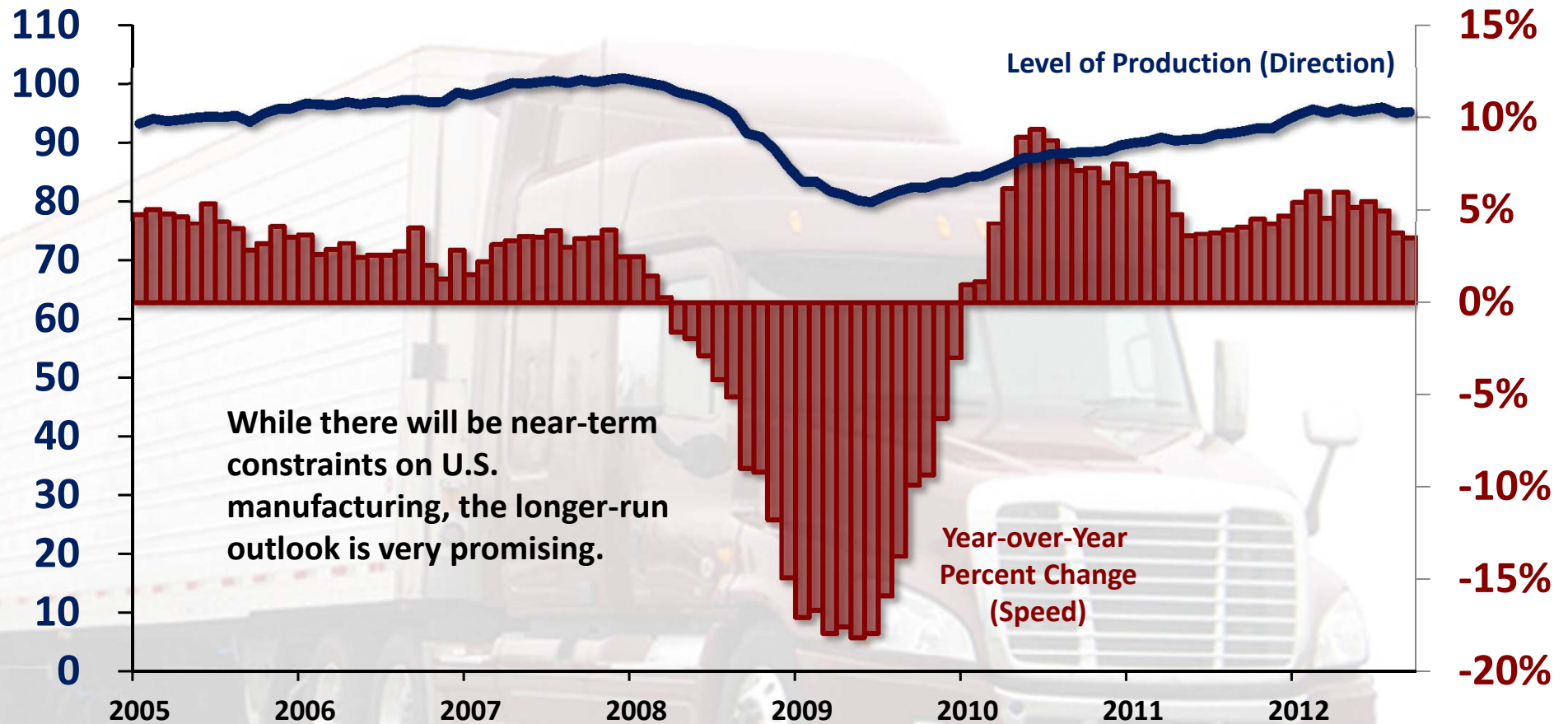


# Housing Is Turning the Corner



# Manufacturing is Still Outperforming GDP, but Output is Slowing Quickly

2007 = 100

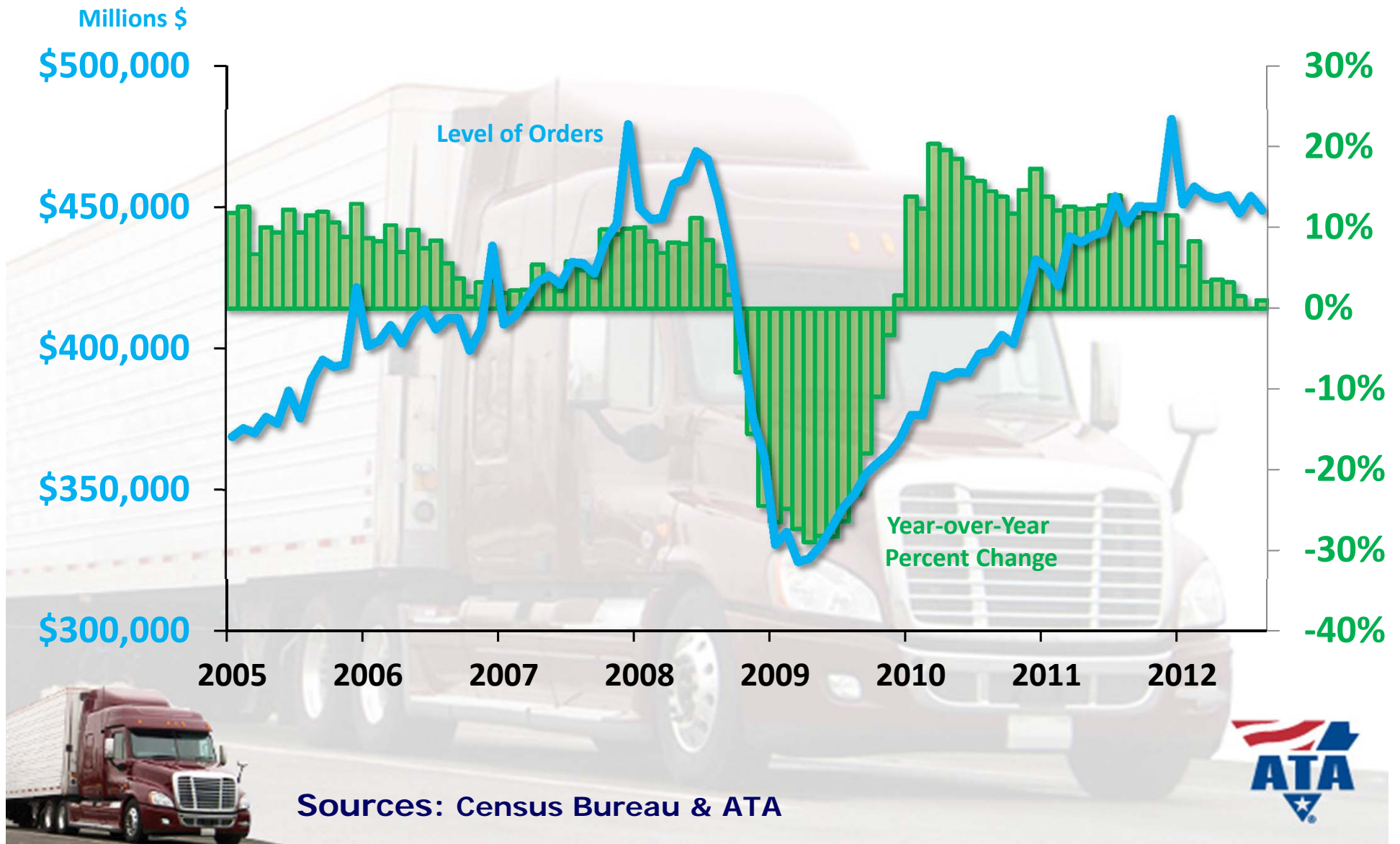


Sources: Federal Reserve & ATA





# Factory Orders (x aircraft) Say Production Will Slow Significantly Next Year



# Inventories Are A Near-Term Concern For Trucking

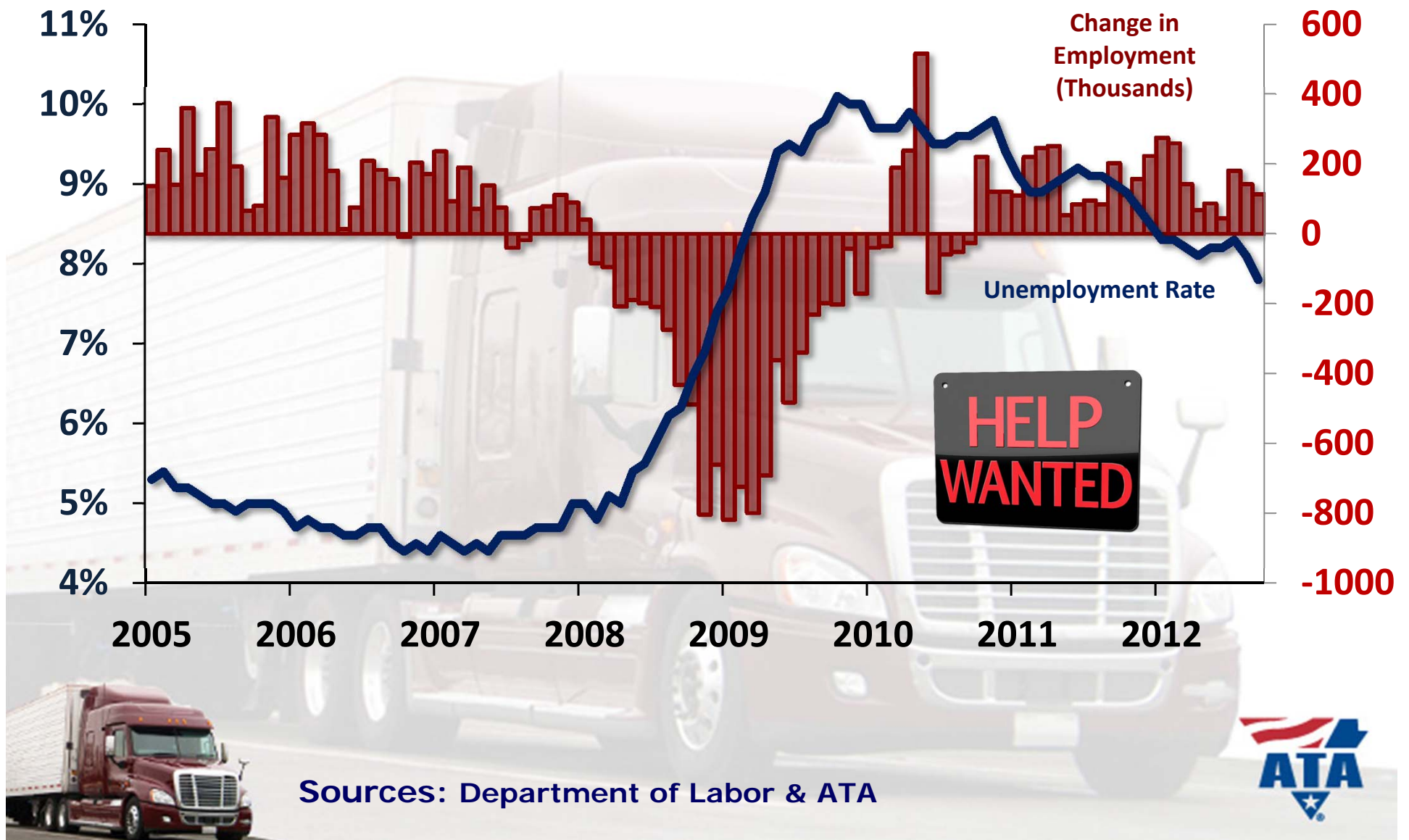
Inventory-to-Sales  
Ratio



Sources: Census Bureau & ATA



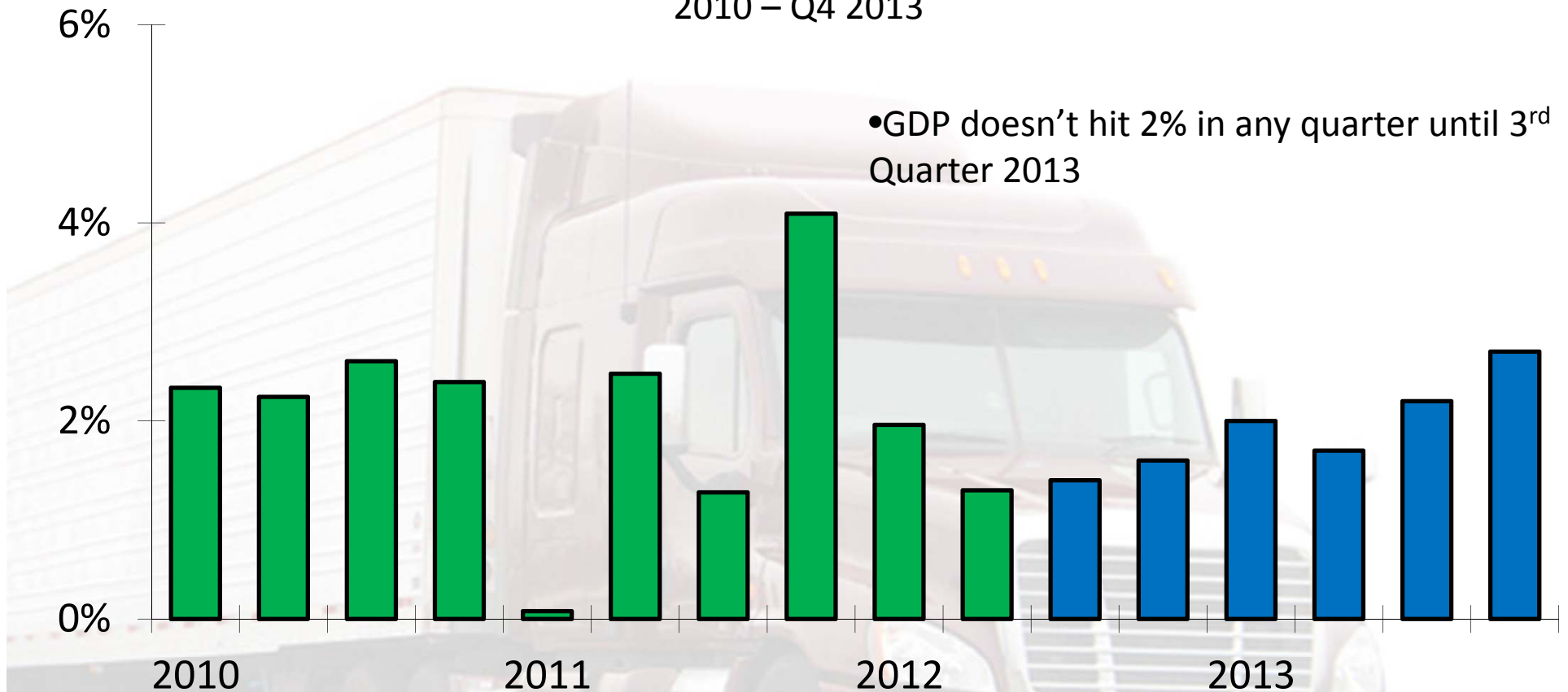
# The Schizophrenic Job Market



# Real Gross Domestic Product

(quarterly, annualized rate percent change, 2005 dollars)

2010 – Q4 2013



Sources: BEA and ATA







## Fiscal Cliff

- Combination of tax increases (76%) and spending cuts (24%) total \$479 billion/year or \$6.1 trillion over 10 years according to the Congressional Budget Office.
- Debt ceiling limit is coming due in early 2013 as well.
- Concern over the cliff is already a drag on the economy – businesses have reduced hiring and investment.
- Lame-duck Congress is likely to kick the can down the road.
- The “punt” will delay immediate consequences, but hurt the economy with continued uncertainty.



# Business Investment is Already Plunging, Coupled with Sluggish Hiring

Year-over-Year  
Percent Change

35%  
30%  
25%  
20%  
15%  
10%  
5%  
0%  
-5%  
-10%  
-15%  
-20%  
-25%  
-30%  
-35%

Factory Orders for Non-Defense Capital Goods excluding Aircraft

2005 2006 2007 2008 2009 2010 2011 2012



Sources: Census Bureau & ATA

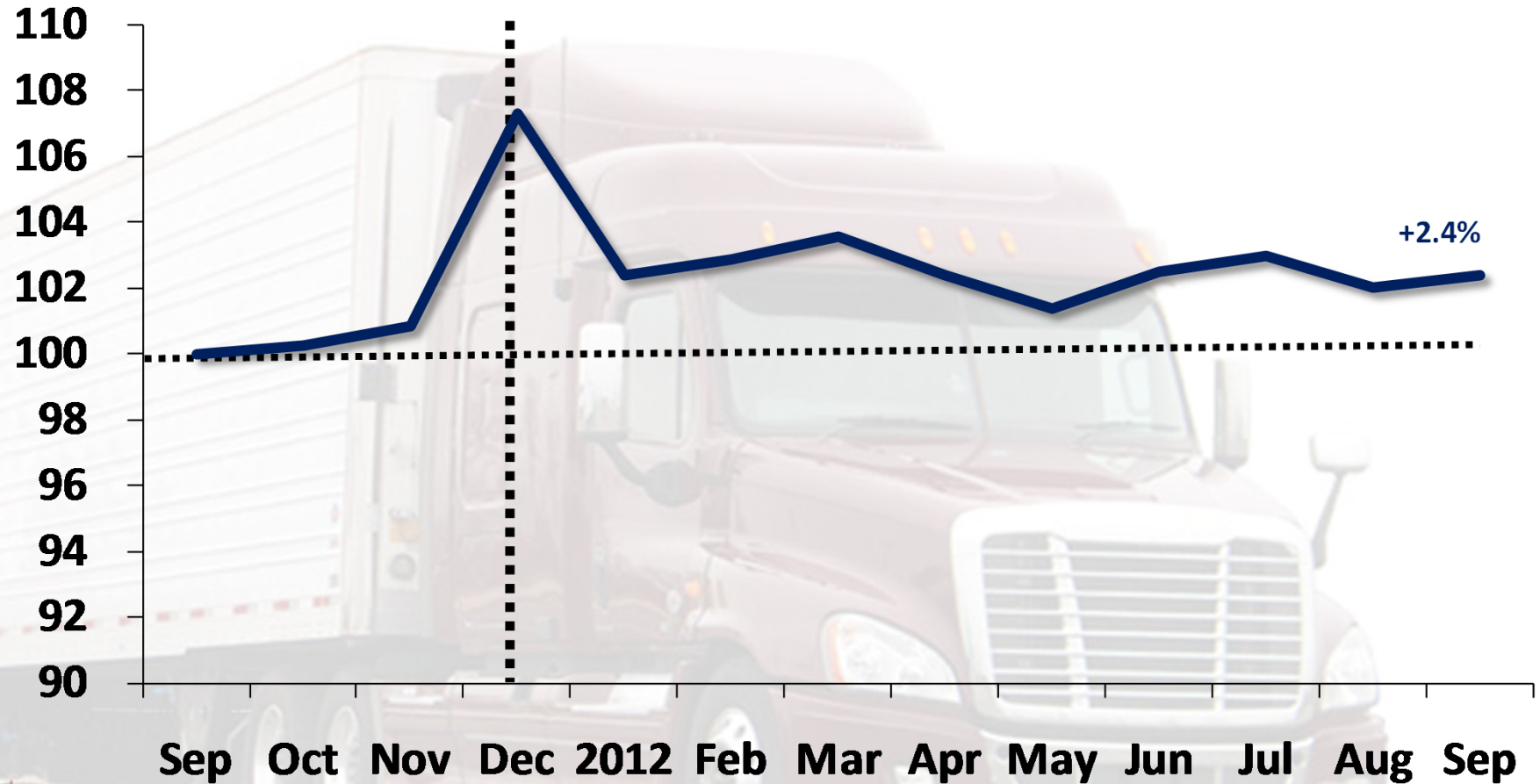


# Truck Freight Volumes



# For-Hire Truck Tonnage Since Last Fall

Sep 2011 = 100  
Seasonally Adjusted



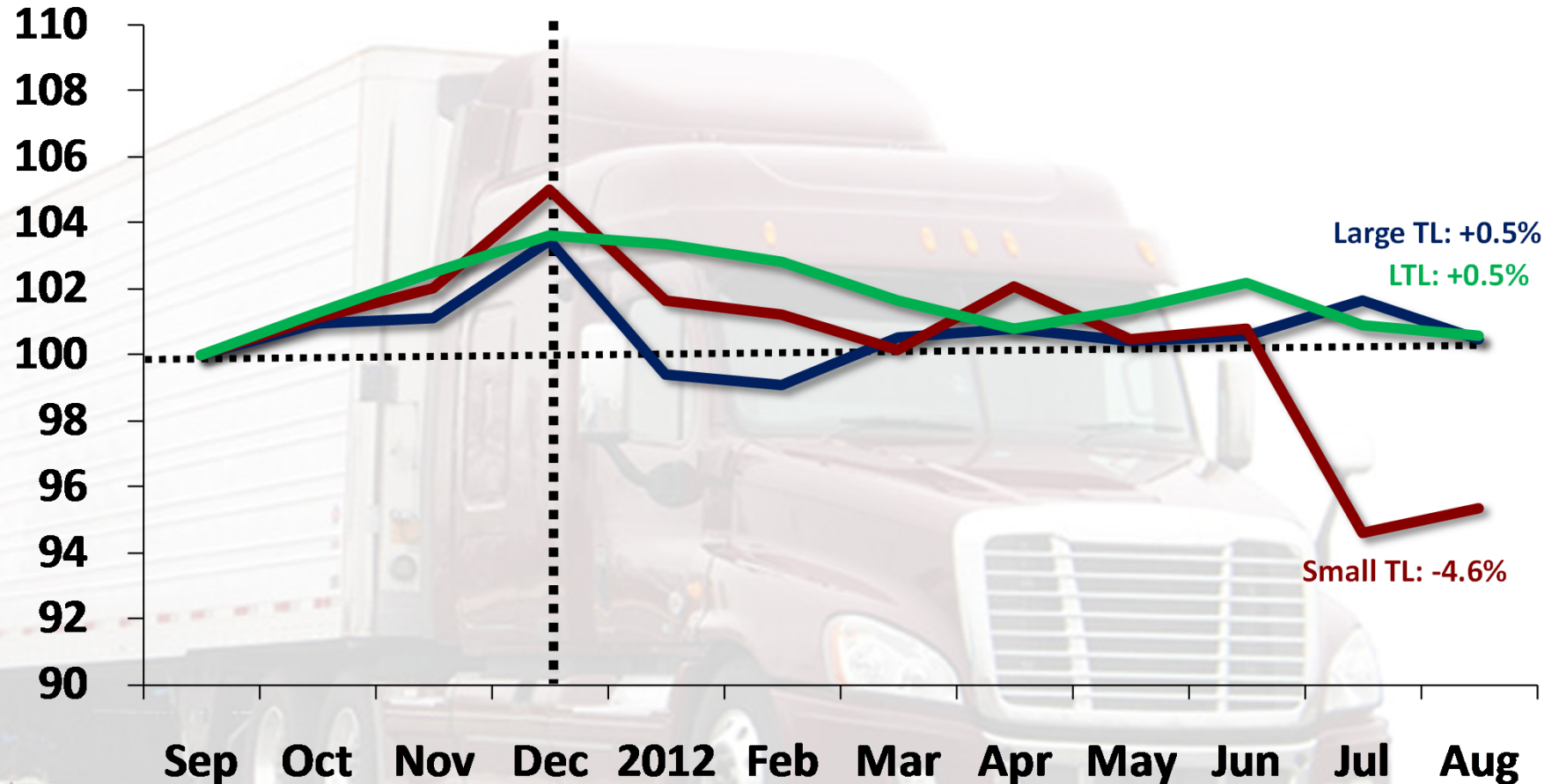
Source: ATA





# Trends in Volumes Since Last Fall

Sep 2011 = 100  
Seasonally Adjusted

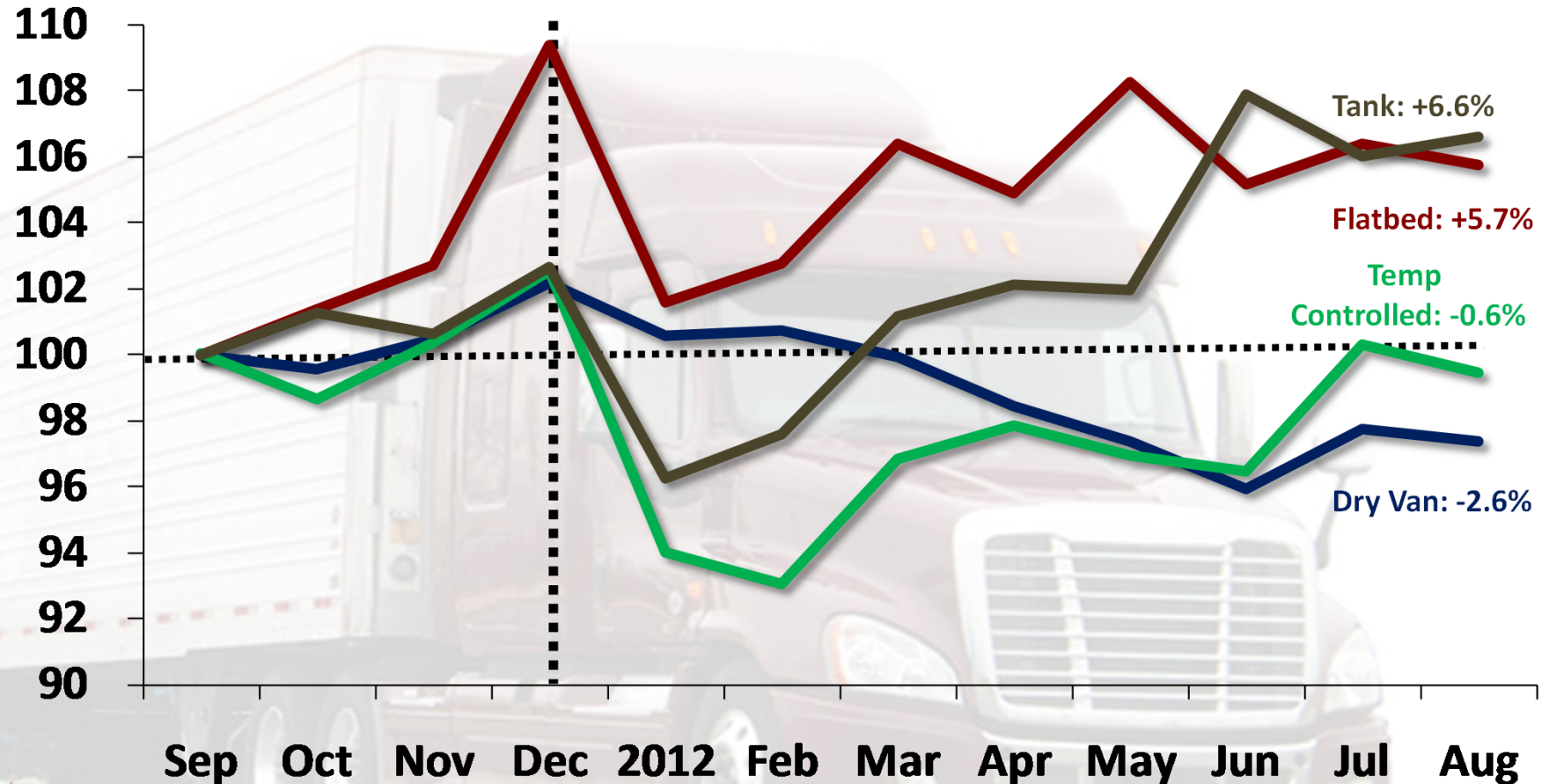


Source: ATA



# TL Trends in Volumes Since Last Fall

Sep 2011 = 100  
Seasonally Adjusted

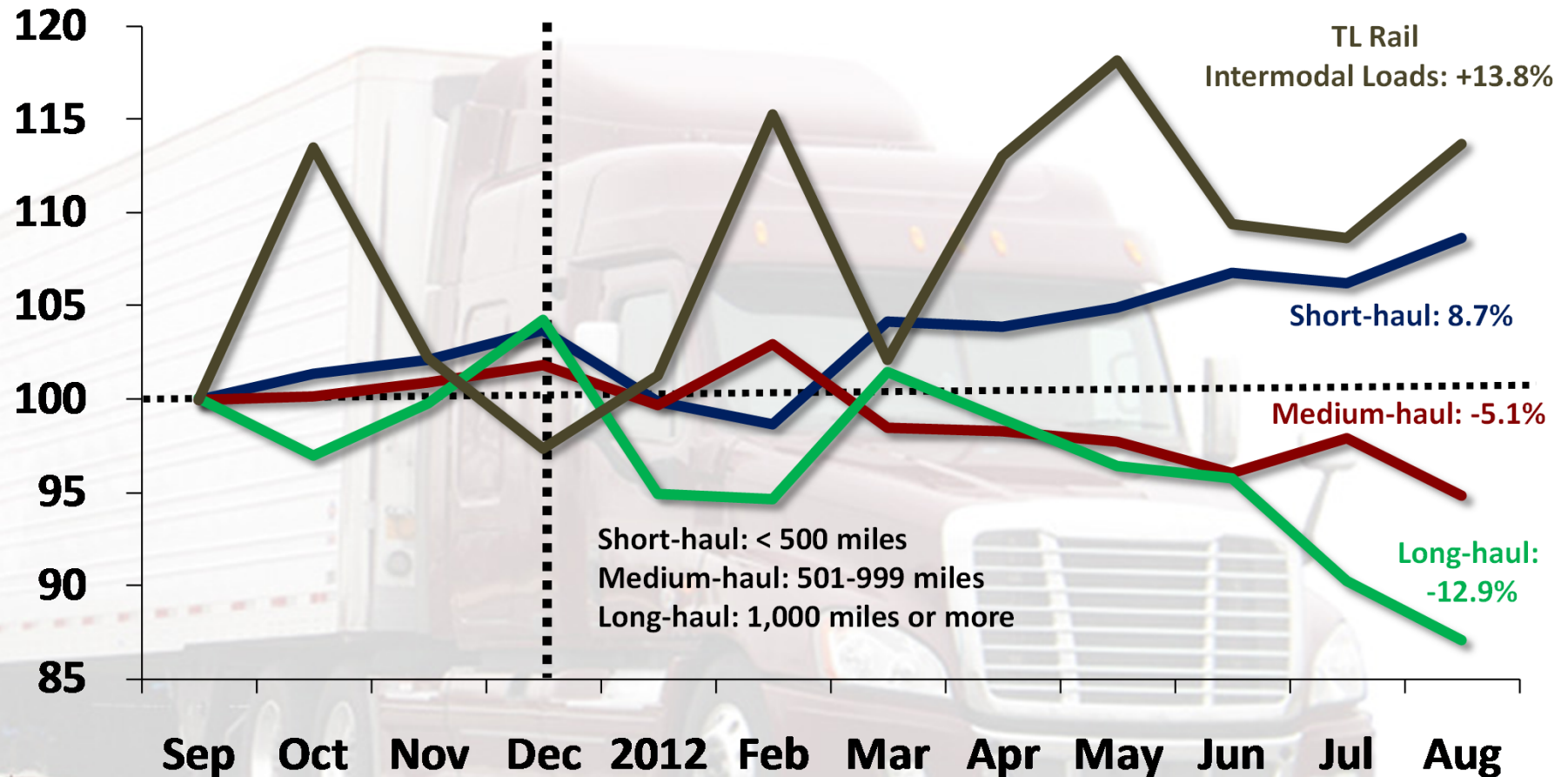


Source: ATA



# TL Trends in Volumes Since Last Fall

Sep 2011 = 100  
Seasonally Adjusted

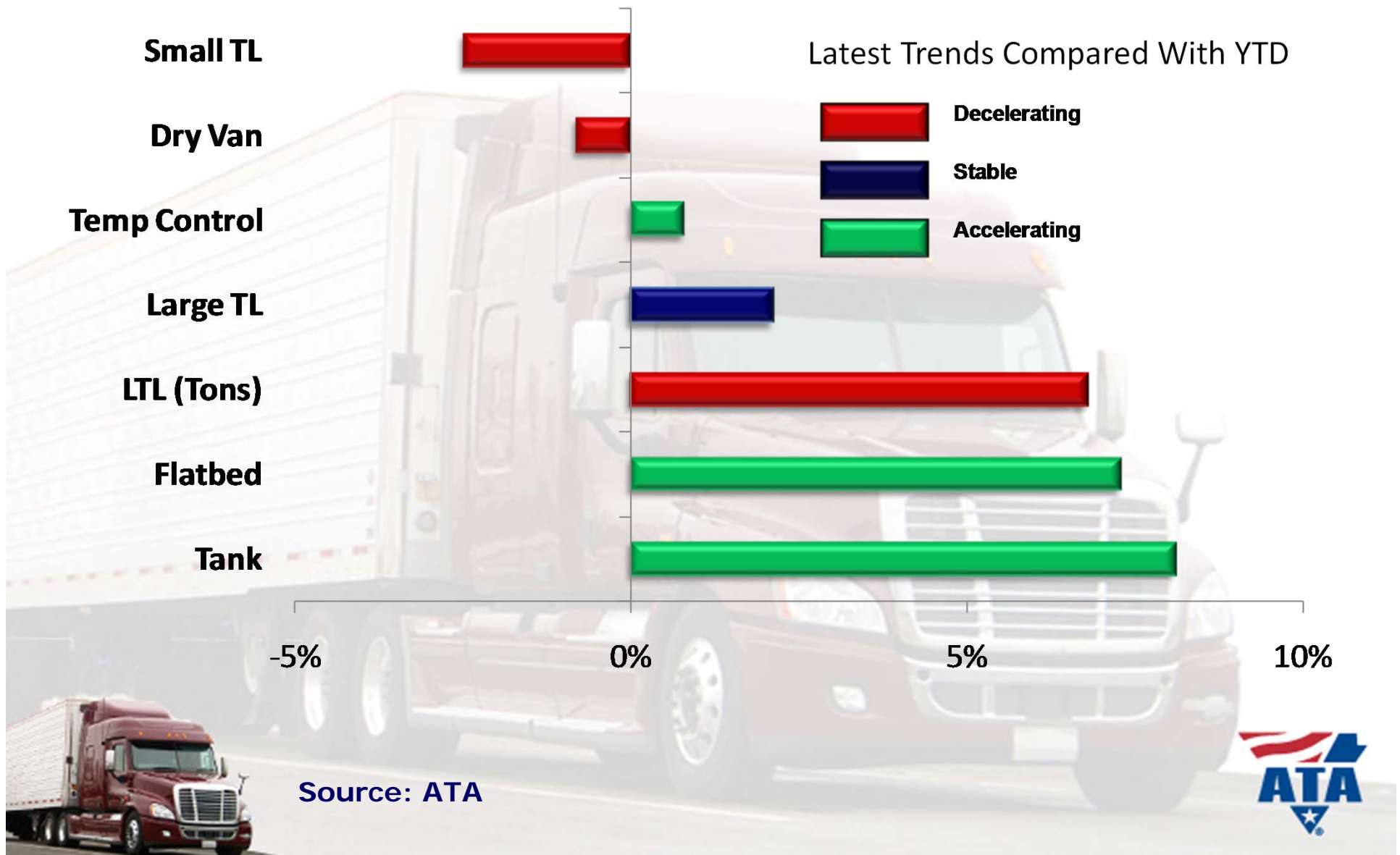


Source: ATA



# Number of Loads Through Aug'12

(Percent Change Year-to-Date Compared With Same Period Last Year)





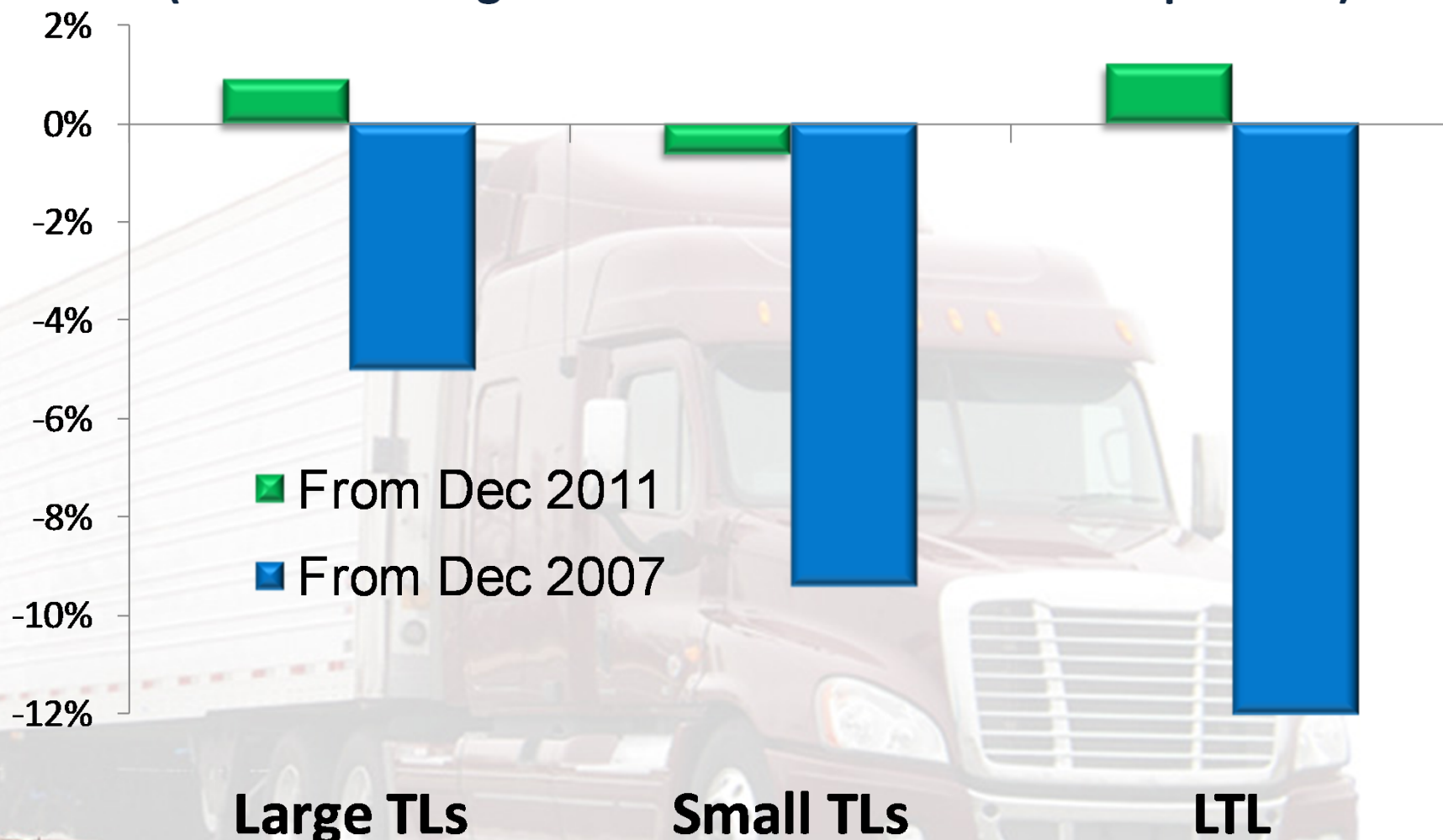
# Truck Capacity

**Fleets are cautious about capacity expansion but there is still a significant amount of pent-up replacement demand.**



# Capacity Changes Through August 2012

(Percent Change in the Number of Tractors Operated)



■ From Dec 2011

■ From Dec 2007

**Large TLs**

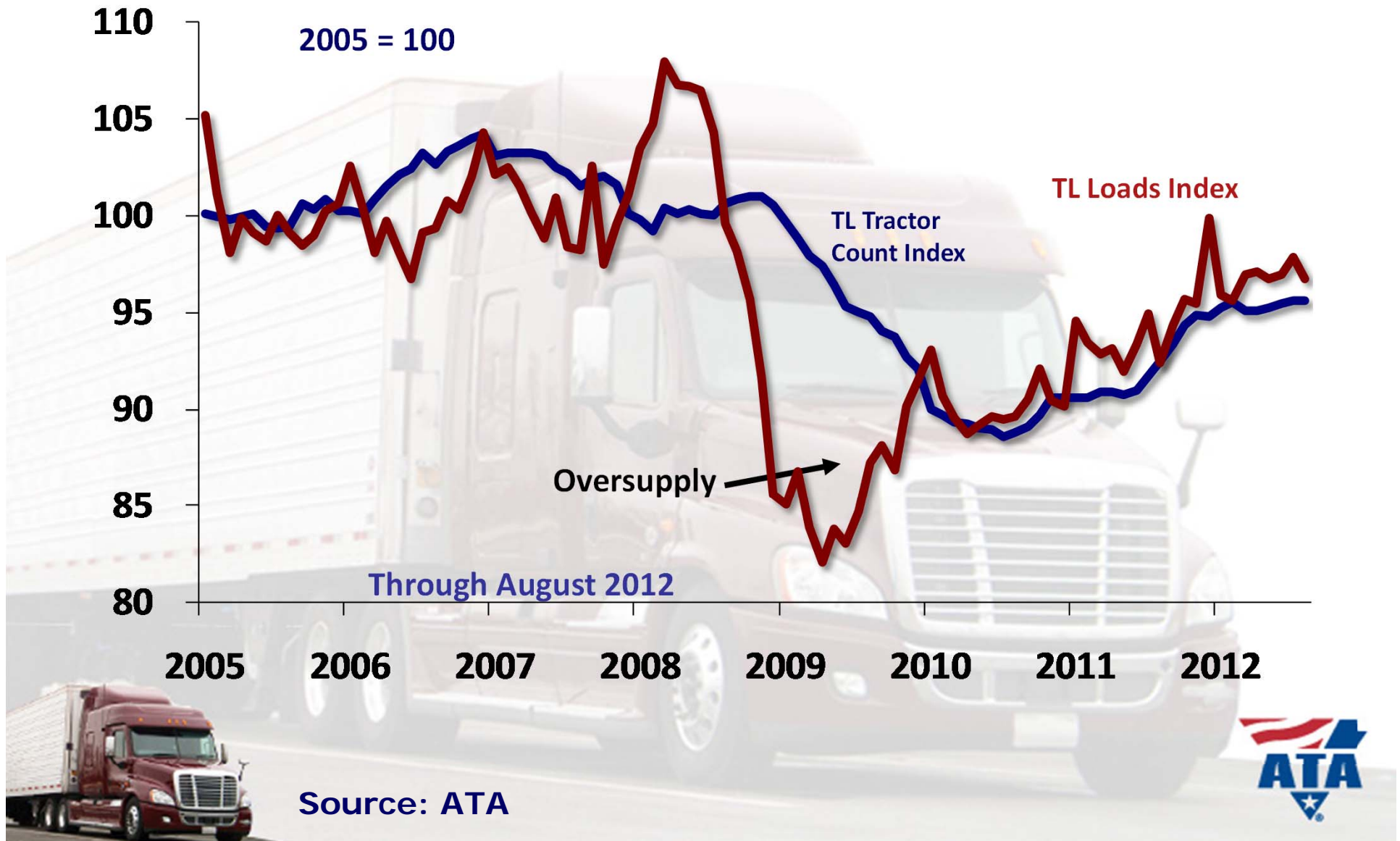
**Small TLs**

**LTL**

Source: ATA



# TL Supply vs Demand



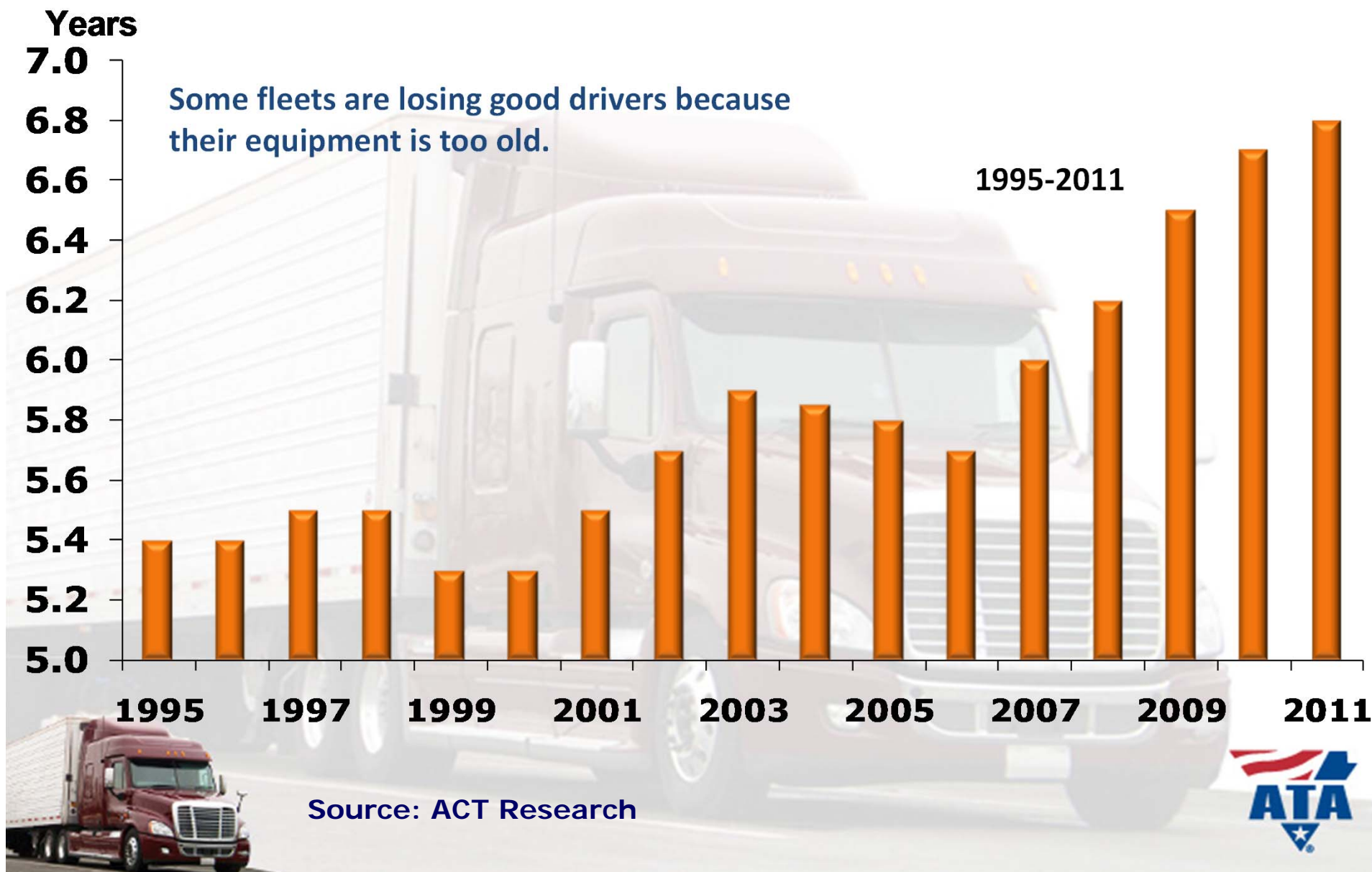
# Equipment: The New Diesel Fuel



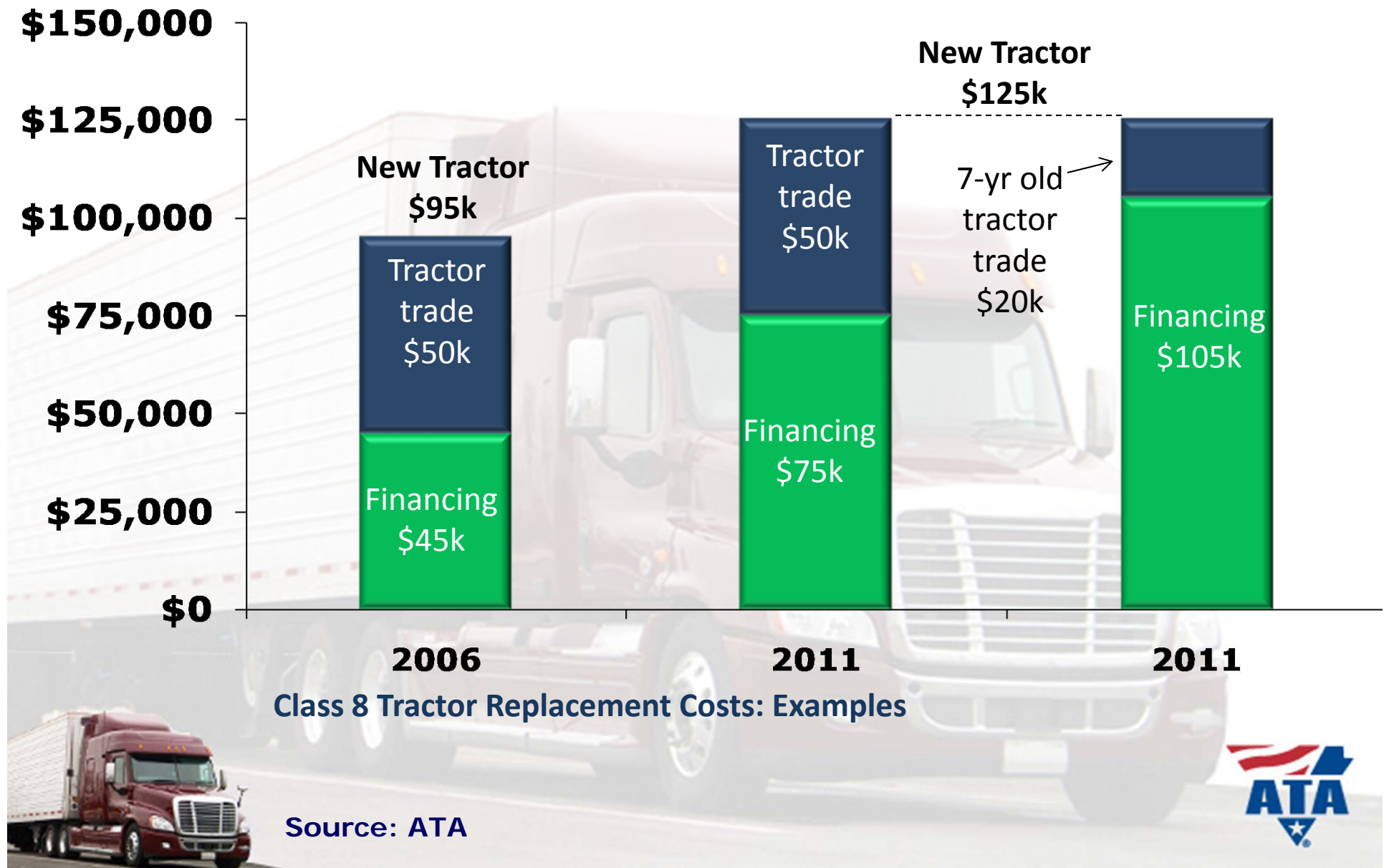


# Equipment – The New Diesel Fuel

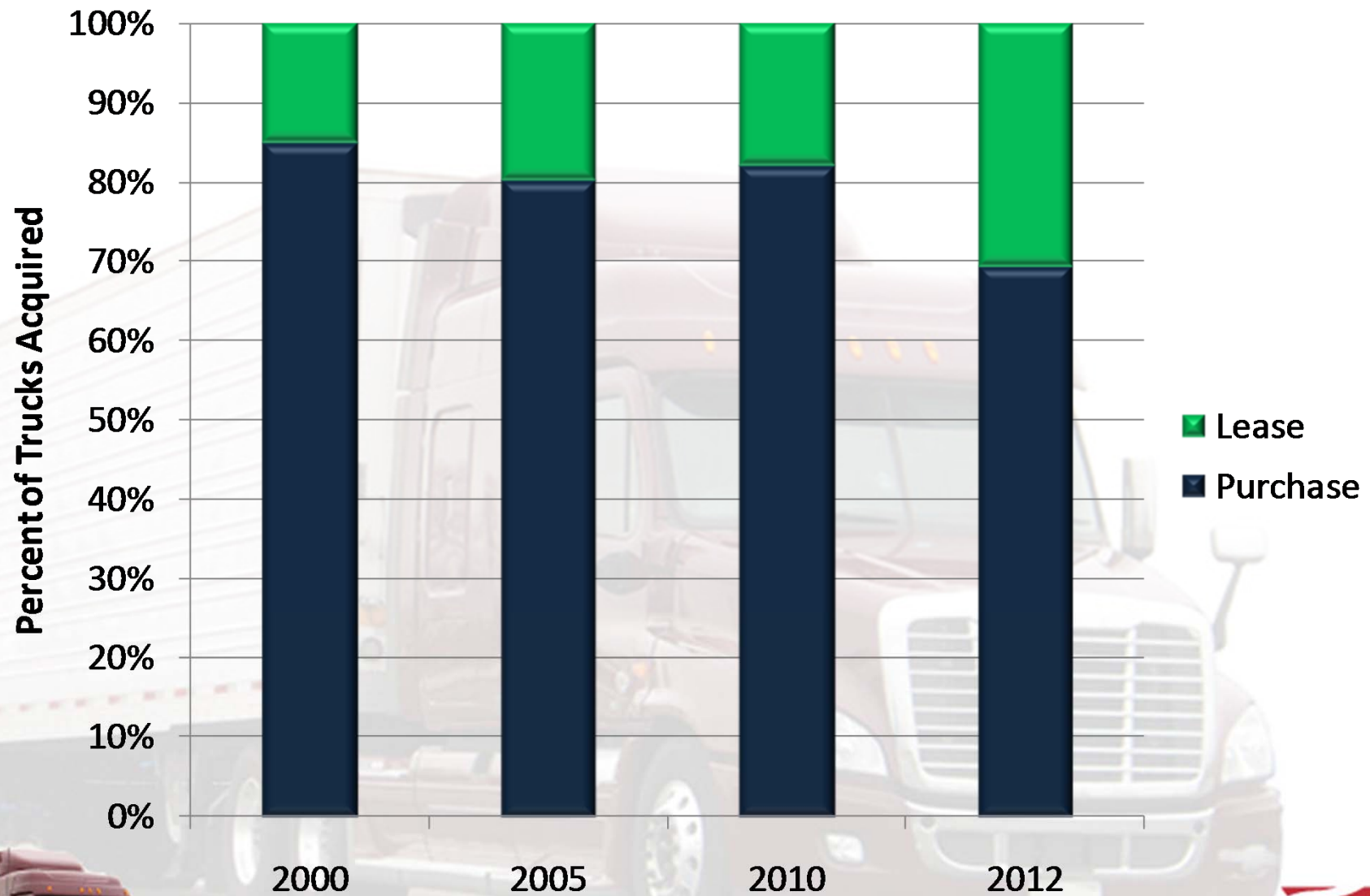
## U.S. Class 8 Trucks: Average Age



# Equipment – The New Diesel Fuel



# Small Fleets Are Turning More to Finance Leasing



Source: ATA



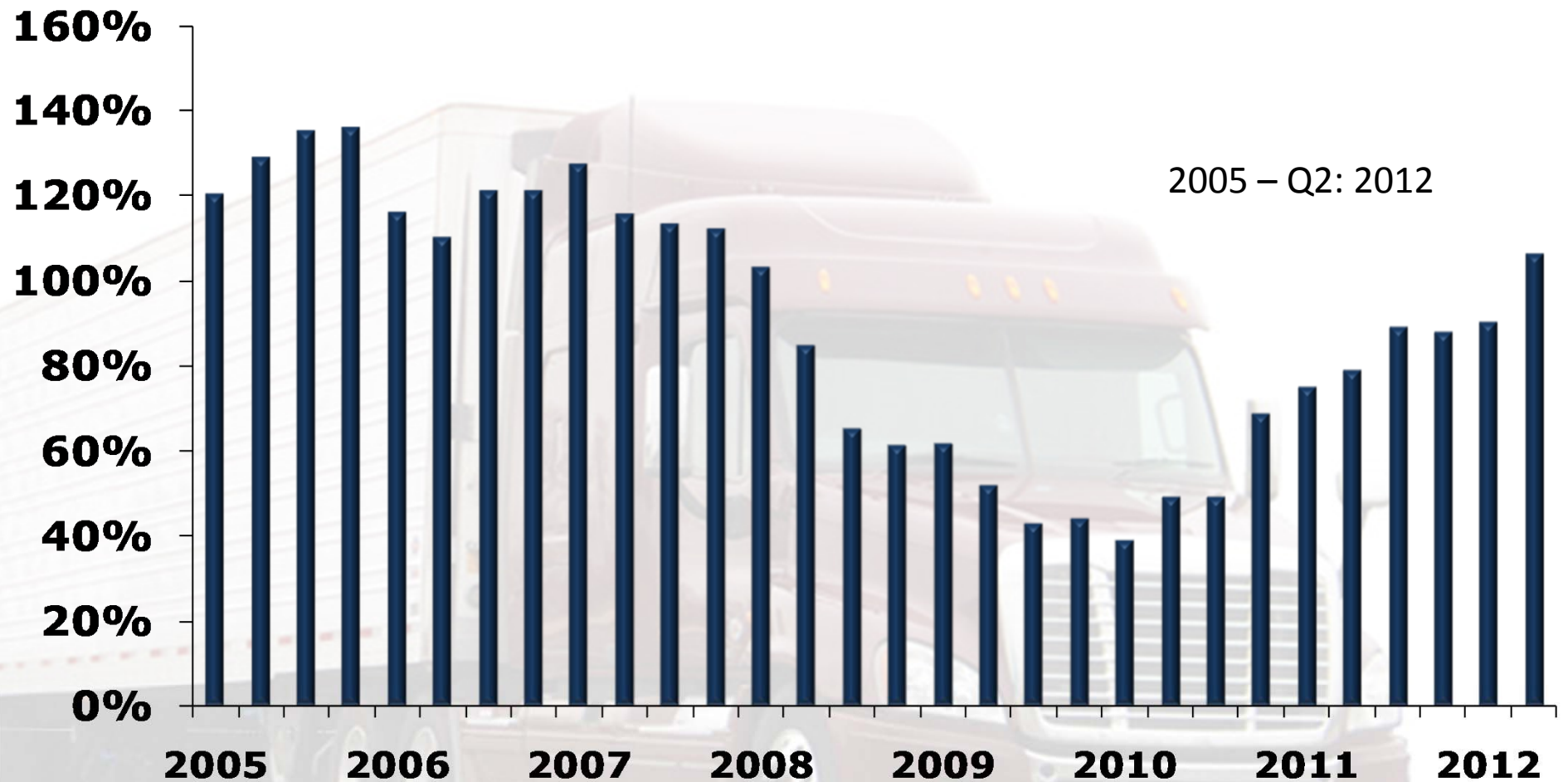
# The Driver Situation





# Quarterly TL Line-Haul Driver Turnover

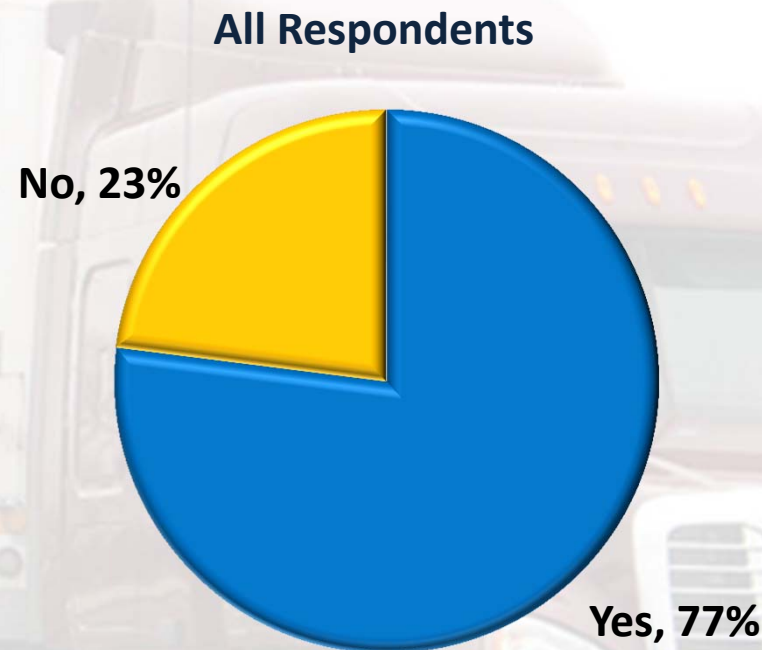
## Annualized Rates



Source: ATA



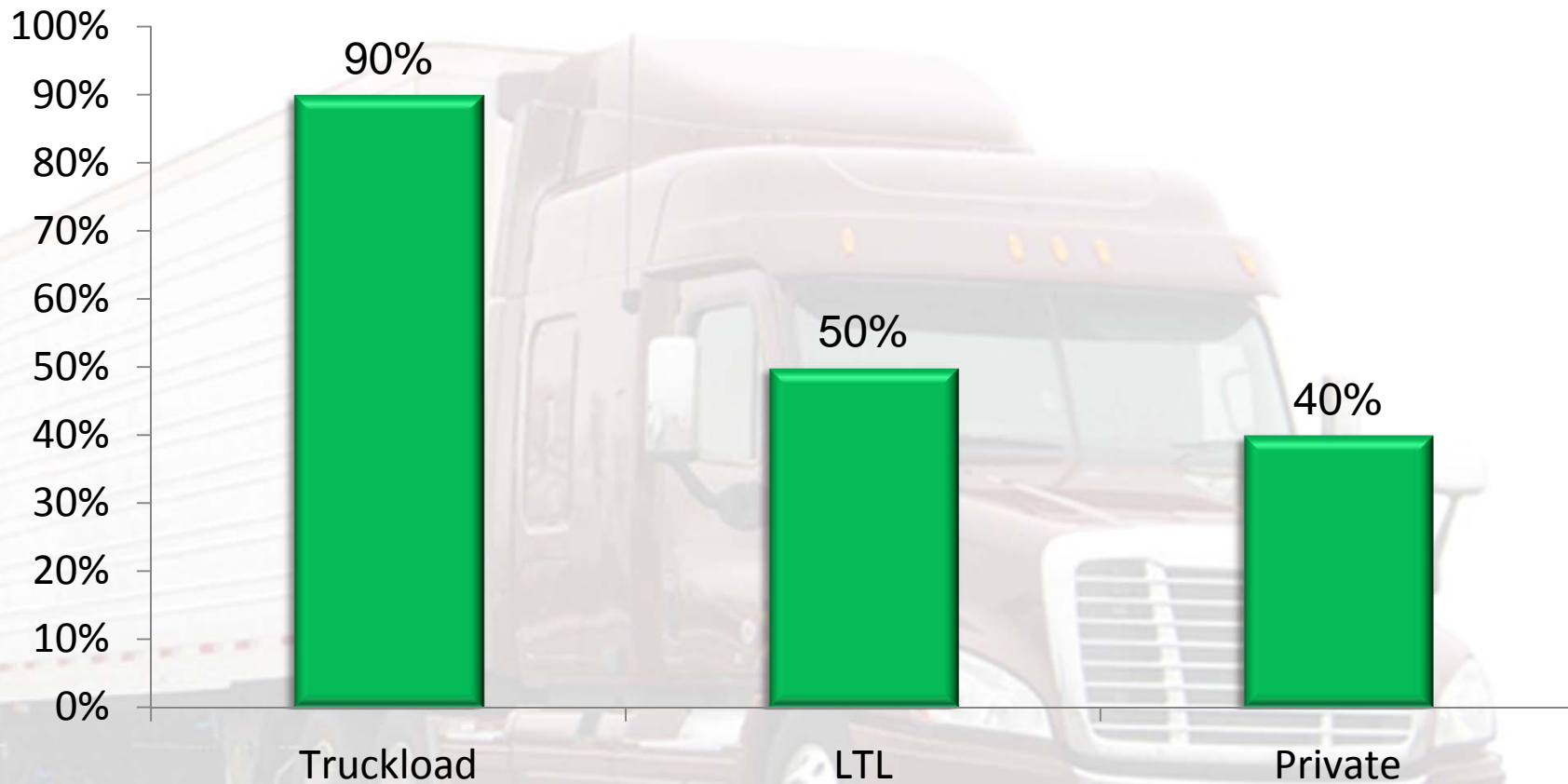
# ***Driver Hiring: Percentage of Fleets That Say They are Challenged Finding Drivers.***



***Source: ATA Benchmarking Guide for Driver Recruitment & Retention***



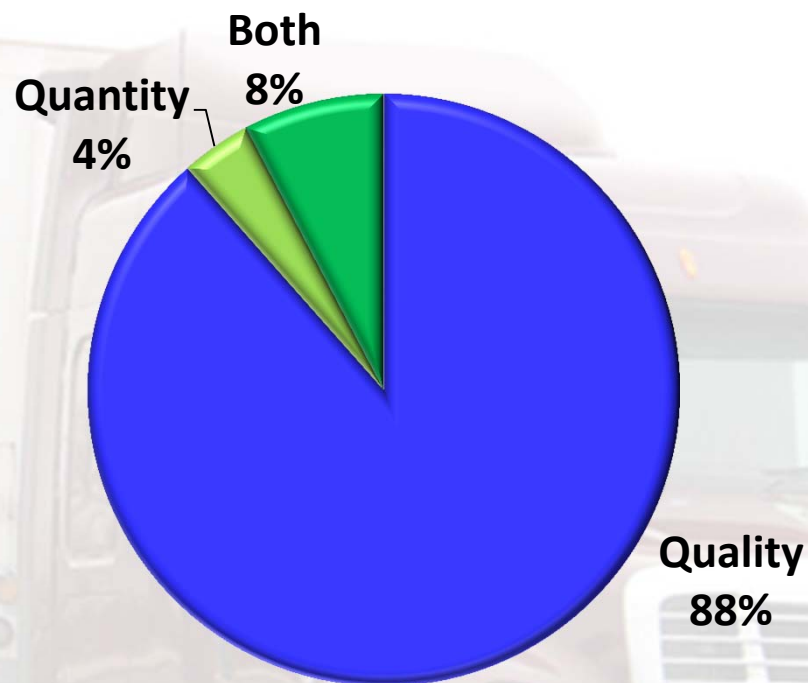
## ***Driver Hiring: Percentage of Fleets That Say They are Challenged Finding Drivers Today.***



***Source: ATA Benchmarking Guide for Driver Recruitment & Retention***



## Driver Hiring: *Is it that you can't find enough drivers OR is it that you are not finding the quality of drivers you would like to hire?*



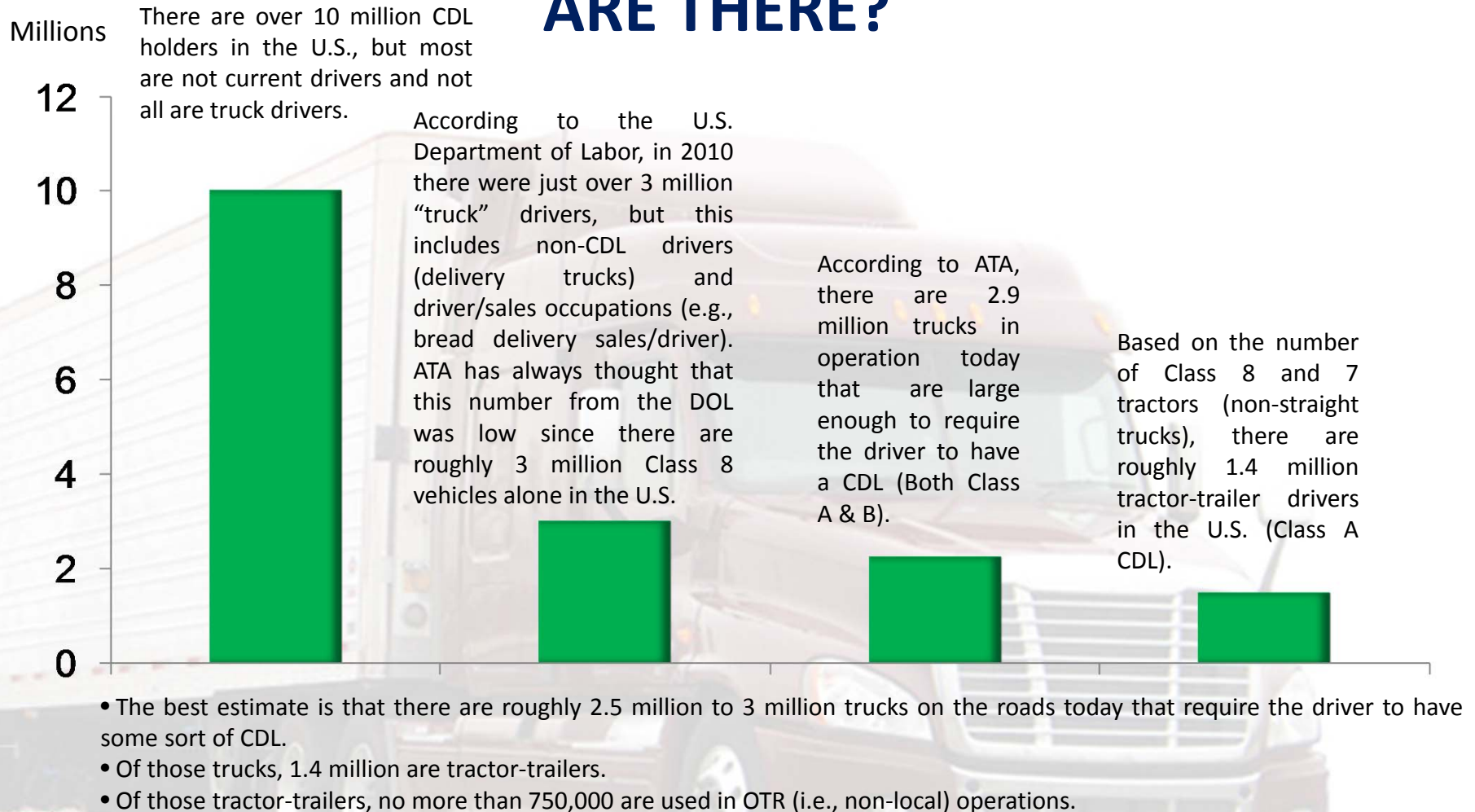
**Conclusion:** 88% of fleets say they are getting enough applicants, but that they can't hire the vast majority of those applicants. It was common to hear fleets say that they hire less than 10% of applicants.

**Source:** *ATA Benchmarking Guide for Driver Recruitment & Retention*

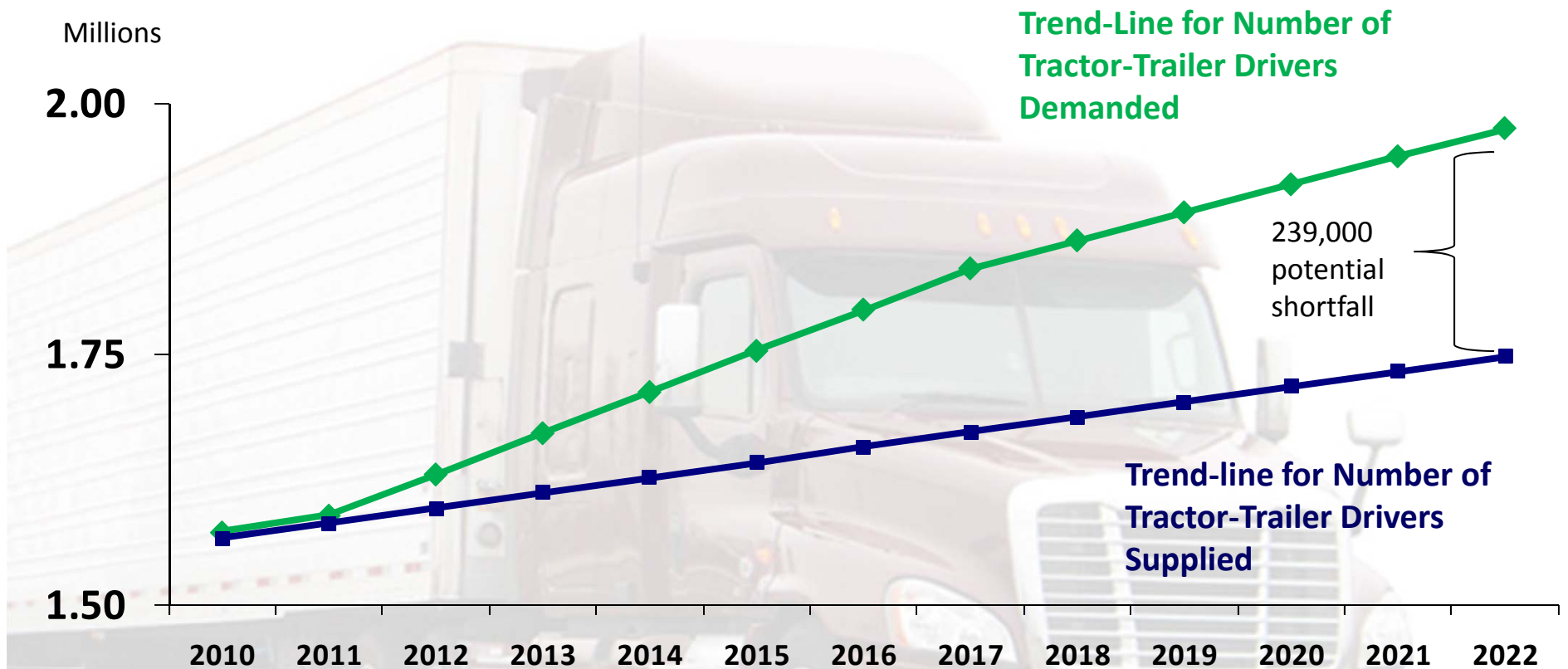




# HOW MANY TRACTOR-TRAILER TRUCK DRIVERS ARE THERE?



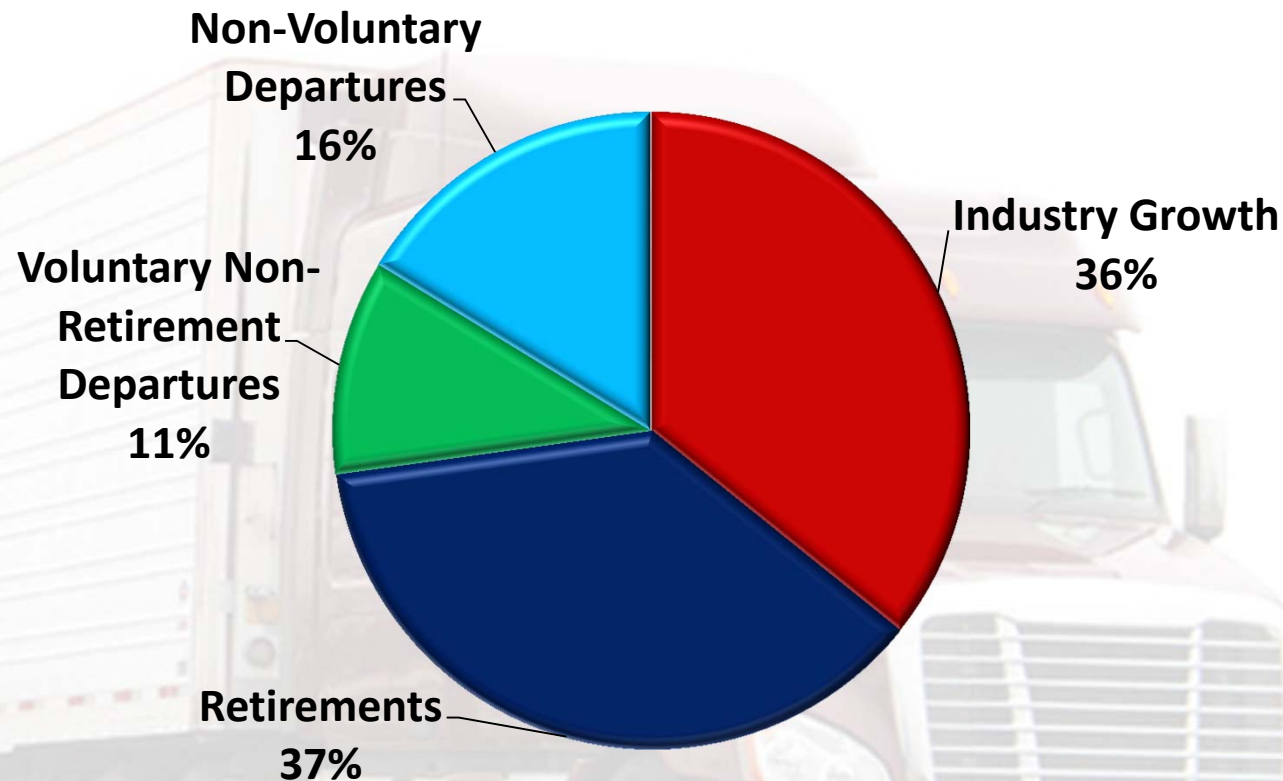
# Tractor-Trailer Drivers Demanded and Supplied



Source: ATA



# Average Number of New Drivers Needed Per Year Over the Next 10 Years: 96,178

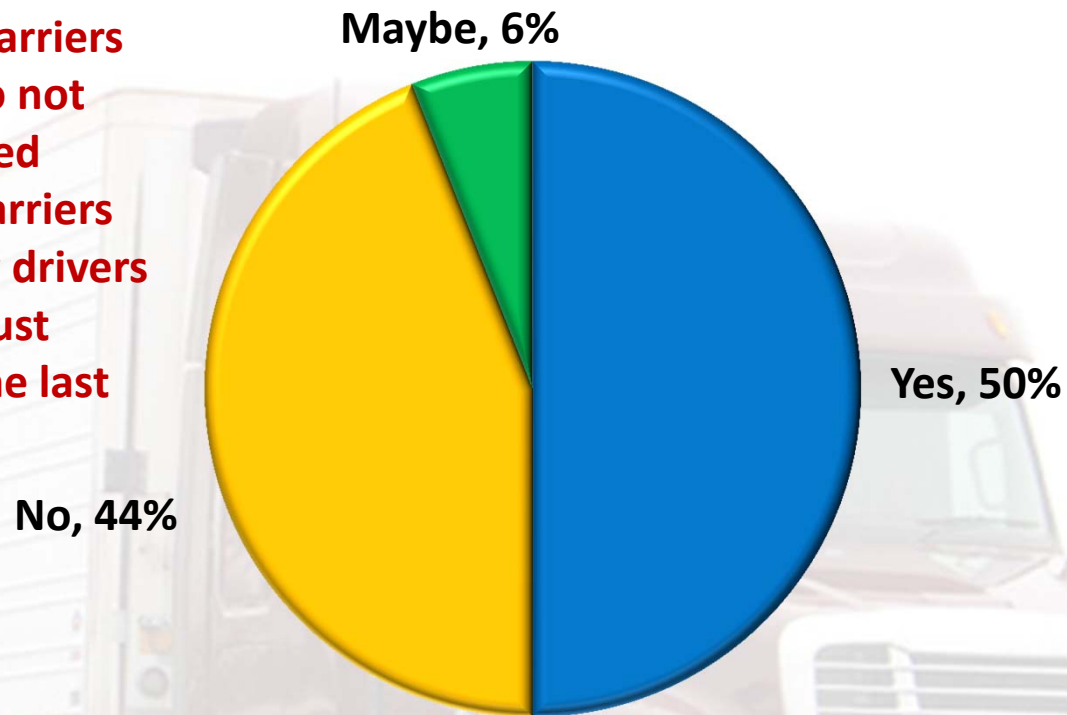


Source: *ATA Benchmarking Guide for Driver Recruitment & Retention*



# **Driver Hiring: *Percentage of Fleets That are Considering Hiring Inexperienced Drivers Due to Drivers Being Harder to Find***

**Only truckload carriers that currently do not hire inexperienced drivers. Some carriers that do hire new drivers to the industry just started within the last 18 months.**



Bottom Line – demand for new drivers will increase at a faster pace than in the past due to the shortage and increased visibility on driver performance brought about by CSA.

**Source: *ATA Benchmarking Guide for Driver Recruitment & Retention***







**Thanks!**

**Questions**

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