

INDUSTRY TRENDS	Week: Aug. 29 - Sept. 4 vs. August 22-28	Month: August 2010 vs. July 2010	Year: August 2010 vs. August 2009
Spot Market Load Index	+ 12%	- 14%	+ 81%
Spot Market Truck Index	+ 3.8%	+ 3.6%	- 28%
Dry Van Load-to-Truck	+ 8.0%	- 12%	+ 126%
Flatbed Load-to-Truck	+ 7.9%	- 19%	+ 159%
Reefer Load-to-Truck	+ 12%	+ 7.4%	+ 244%
U.S. Retail Fuel Price	- 0.2%	+ 1.9%	+ 12%

August came with the capping of the Gulf oil well, which resulted in a sigh of relief from everyone. August saw fuel prices drop slightly, a decrease in the freight tonnage growth, and a slight increase in capacity. All of which would be fantastic, except, August also saw a economic slowdown despite a small GNP increase. The upswing in the GNP was no match for the almost double digit unemployment and slowdowns in housing and retail purchases. The Stock Market has been yo-yoing all year.

Where does that leave transportation capacity and cost pricing? This year, 2010, overall shipments are above the 10 year average. The spot market TL is above August of 2009, a trend witnessed every month this year, but, it is down from July of 2010. Where we were seeing in the second quarter, huge discrepancies of capacity, into double digits, it has slowed down, but equipment purchases are not meeting the numbers just to replace the equipment being retired. Bottom line, the country is still having capacity issues, and projections for the remainder of 2010 are more of the same, just not to the degree of the second quarter.

If we were to have an upsurge in the economy, similar to the 2nd quarter, the result would again be double digit incapacity. On the other side, if the economy declines, or remains in decline, capacity could still be inadequate due to struggling asset companies being unable to remain in business. Additional factors in capacity include:

- Fleet age is at its oldest in 20 years and expected to continue into 2011.
- More restrictive regulatory environment as the government's new safety initiative, CSA 2010, expected in November is expected to eliminate 5% of available drivers.
- Most of the largest fleets are expecting little or no growth in the near term. Since the first engine emission standards of 2002, equipment costs are up \$25,000.

Over the same period, operating costs have risen over \$20,000 per unit.

- Even though unemployment is at 9.6%, carriers are reporting increased driver shortages.

Transportation costs will probably not return to the 2009 recession rates, (which by the way were close to 1980 levels), resulted in shipping costs being at an abnormal value last year. This is not a revelation at all at this time, but the projections for 2011, which most are working on now, are pretty much the same as this year.

COST SAVINGS SUGGESTIONS:

- Consolidate large LTL shipments into truckloads where possible.
- Order early, ship early, inventory more, if possible.
- Strive for more can-be-shipped, (order early), instead of critical must-be-shipped (out of product, production shutdown situations)
- Approach clients who purchase multiple large LTL shipments per month with a truckload price, it may create a savings in production, shipping, and improve customer satisfaction.
- Attempt wherever possible to refrain from shipping at the end of the month, to avoid the capacity auction.

In a perfect world, there would be plenty of lead time for order processing —from the time of the initial order to actual ship time (yea, IF everyone had perfect planning resources). Unfortunately perfection is a process, not an event, and we all are still in the process.

If you have questions or need assistance with your TL transportation needs, we are here to help. Call 1-888-570-1286. or email bob@bradcotransportation.com today.

** Sources of the information in this newsletter were compiled from the websites below:
www.rwbaird.com/docs/092010FreightFlows.pdf
<http://www.transcorefreightsolutions.com/resource/trendlines.aspx>
<http://www.bigrigdriving.com/comprehensive-safety-analysis-2010-csa2010>
<http://hubpages.com/hub/CSA-2010-Truck-Driver-Safety-vs-Trucker-Job-Loss>