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Trucking Trends to 2020

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Issues facing truck owners

- ❑ The economy and the recovery
- ❑ Regulation
- ❑ Driver shortage
- ❑ Fuel prices
- ❑ Going green
- ❑ Supply chain shifts

The economic recovery

- ❑ Economy expected to grow 3.3%
(American Bankers Association)
- ❑ Trucking bankruptcies slowing
- ❑ Government fleets struggling
- ❑ Credit tight
 - 2/3 of carriers expect credit to remain tight
 - 13% of smaller carriers (under \$25 million revenue) expect credit to tighten (Transport Capital Partners)
- ❑ Aging fleet: Class 8 average 9.5 years old, trailers 8+
(FTR Associates)
- ❑ New truck market picking up
- ❑ Fleets look to owner-operators to build capacity

Regulation

- More trucking regulations and proposed regulations than ever: CSA, HOS, EOBRs, speed limiters, fuel economy, texting, cell phones...
- CSA 2010
 - Fleets under more scrutiny than previous system
 - Maintenance BASIC will mean more attention to maintenance
- Hours of service proposed changes

Driver shortage

- ❑ Hours of service changes would affect productivity
- ❑ CSA 2010: driver scores affect fleet safety rating
- ❑ Shortage of 400,000 drivers by 2012 (FTR Associates)
- ❑ Possible effects:
 - Spec'ing for driver comfort and inexperienced drivers, such as automatic and automated manual transmissions
 - Inexperienced drivers harder on trucks

Fuel prices

- ❑ Last week, diesel up sixth week in a row, to \$3.333, highest since October 2008
- ❑ DOE upped forecast for 2011 to \$3.40 average, \$3.52 for 2012
- ❑ DOE forecast: crude to average \$93 per barrel in 2011, \$99 by fourth quarter 2012
- ❑ Experts predict \$100-barrel oil this spring
- ❑ Will fuel go as high as \$5 a gallon next year?
- ❑ Long-term: Oil prices of \$113-\$135/barrel by 2035 in 2009 dollars (International Energy Agency)

New fuel economy regulations

- ❑ First-ever fuel economy proposal for commercial trucks, starting in 2014
- ❑ Fuel and emissions savings between 7% and 20% 2010-2017
- ❑ Improvements to engines, tires, aerodynamics, reduced idling
- ❑ Trailers not covered
- ❑ Could mean fewer offerings from truck and engine makers

Going green

- ❑ Past regulations have focused on emissions; focus now shifting to greenhouse gases
- ❑ Shippers demanding “green” carriers, creating even more focus on fuel efficiency
- ❑ Alternative fuels:
 - Natural gas and propane
 - Electric and hybrids
 - DME
- ❑ Beyond fuel: Remanufacturing is recycling
 - Remanufacturing avoids 38-53% of the CO₂ generated from manufacturing new
(“CO₂ Footprints of Remanufacturing,” Bayreuth University, Germany)

Supply chain shifts

- Truck fleets diversifying
 - Intermodal to grow 80% over next decade
 - Regional
 - Port drayage
 - Warehousing/logistics
- Many of these areas could mean older trucks that mean reman opportunities
- Could see some movement to lighter classes of trucks

Looking forward

- Vast majority of trucking companies are small ones
 - 87.5% have 6 trucks or less
 - 8.5% have 7 to 19 trucks
 - Only 4% have 20 trucks or more
- By 2021, total freight tonnage will grow 25% and total freight transportation revenue will grow 69%
- The volume of freight transported in the U.S. is expected to grow an average of 2.65 percent per year between 2010 and 2015.

For more information

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