

Below Trend Recovery Continues

Even with the roller coaster ride of the Dow lately, one thing remains relatively consistent - most economists and analysts believe that a double-dip recession is highly unlikely. Also, while real growth through 2012 looks to grow at a slightly slower pace - it is positive growth nonetheless.

One fallacy that many shippers have been guilty of over the years is looking only at their own specific industry trends when projecting demand/capacity and or rate adjustments. Shippers need to keep in mind that carriers haul a broad array of products and materials across all industry sectors. One specific case in point that flatbed shippers must take into consideration is the dual impact of residential and commercial construction. While new construction is still depressed compared to historic levels, the market clearly has bottomed out and new residential & commercial building starts are increasing. Next to steel, building materials is the single largest commodity sector in the flatbed industry. Any increase in construction activity will put additional pressure on capacity i.e. steel manufacturers, etc will be competing with building construction shippers for trucks. Also, the secondary impact of any upward movement in construction is the affect on driver availability. Historically, as construction activity picks up, many drivers shift from driving trucks to working construction jobs. Drivers exit trucks for construction to take advantage of better pay, "normal" work hours, being home with family, etc. Consequently, construction activity creates additional competition for capacity of both trucks and drivers.

11/23/2011

Below-Trend Recovery Continues, Hindered by Policy Uncertainty

The National Association for Business Economics expects **moderate economic growth through 2012, with little likelihood of another recession or an outbreak of inflation.**

According to the latest NABE Outlook Survey, the median forecast of respondents is for inflation-adjusted gross domestic product -- real GDP -- to grow at 2.5 percent in the final quarter of 2011 and 2.4 percent for the year in 2012. Despite a relatively subdued outlook, the panel estimates that **the odds of a second recession remain low.**

Commenting on the results of the NABE Outlook Survey, Chair Shawn DuBravac, chief economist at the Consumer Electronics Association says respondents expect consumer spending to grow below trend in 2012, the unemployment rate is expected to decline only marginally over the next year, and the consensus view of the panel is that monetary policy will remain accommodative.

"There are several bright spots in the outlook," he noted. "**Business spending remains a strong positive and housing starts are expected to continue to rise from the bottom seen in 2010.** Corporate profits and stock prices are predicted to strengthen. But the panel remains concerned about debt-related issues in Europe."

Survey Highlights

* The NABE Outlook panel predicts moderate real GDP growth through year-end 2012. A

December 1, 2011

2.5 percent pace is expected during the fourth quarter of 2011, followed by a 2.4 percent growth rate in 2012, with GDP in the second half of 2012 slightly stronger than in the first half.

* The odds of a second recession are low. Only two of 42 forecasters predicted a decline in real GDP over the nearterm. As a group, the panelists saw a recession as the least likely scenario. Forecast confidence has improved, but remains low.

*The NABE Outlook panel expects employment will improve, albeit very slowly. Monthly job gains are expected to rise steadily over the forecast horizon, from an average of 100,000 during the fourth quarter of 2011 to 130,000 by the end of next year. The jobless rate will decline from 9.1 percent to 8.9 percent in 2012, but despite a majority view of modest labor market improvement, NABE economists still identified "excessive unemployment" as their single greatest concern going forward.

* Growth in consumer spending is expected to remain below trend. Consumer spending is forecast to increase 2.1 percent this year-the same consumer spending forecast as reported in the September survey. The NABE Outlook Survey panel expects consumer spending to grow 2.1 percent in 2012.

* Business spending remains a bright spot in the forecast. **NABE's Outlook panel continues to forecast solid if not spectacular growth in spending on business equipment and software in both 2011 (up 10.5 percent) and 2012 (an additional increase of 8 percent). The forecast for real spending on nonresidential structures improved from that reported in the September survey. Panelists now envisage spending on structures to increase 4.6 percent in 2011 and 4.5 percent next year. Industrial production is expected to increase 4 percent in 2011 and 3.3 percent in 2012.**

The full survey is for NABE Members only. Not a NABE member? Find out more about NABE at www.nabe.com.



Dan Taylor
Senior Vice President - Sales & Marketing
Melton Truck Lines, Inc.
918-234-8000 x600
taylor@meltontruck.com

Melton
Truck Lines, Inc.

www.meltontruck.com