

June 15 Industry News

Below are a few of the latest articles in the transportation industry for your review. More importantly, I want to advise all of our shippers that we are seeing load offerings at levels we have not seen for 10 years! Areas which seem to be experiencing a more severe flatbed truck shortage are the Chicago area AND Northbound & Southbound loads to/from Mexico.

The domestic flatbed economy began a positive uptick in late March while we did not see much market movement in Mexico. Beginning late May and accelerating in June, Mexico demand shot up! There is a huge shortage of available flatbed trailers in Mexico AND this is further compounded by a huge shortage of power equipment in Laredo. Conversations with other US flatbed carriers that place trailers in Mexico confirm that the shortage spreads across the board. Often loads arriving at some carriers' Laredo terminals are not being dispatched for 48+ hours due to lack of power. Melton has specific customers with whom agreements have been made to give priority to their JIT loads and the on-time delivery on these loads is over 98%.

PLEASE BE ADVISED THAT WE FULLY ANTICIPATE THE LAST WEEK OF JUNE (end of quarter) WILL HAVE THE HIGHEST FLATBED TRUCK DEMAND IN DOMESTIC US AND MEXICO THAT WE HAVE SEEN IN THE LAST 3 YEARS. I ANTICIPATE SEVERE SHORTAGES IN CAPACITY THAT WEEK AND URGE ALL MELTON SHIPPERS TO SHIP AS MANY LOADS PRIOR TO THE LAST WEEK OF JUNE AS POSSIBLE. THIS SUGGESTION IS EVEN MORE URGENT FOR NORTHBOUND AND SOUTHBOUND MEXICO SHIPPERS AS THE DEMAND/CAPACITY EQUATION IS FURTHER COMPLICATED BY CROSS-BORDER ISSUES.

Diesel to Average \$3.87 This Year, DOE Says Lowers Price Forecast by 2 Cents

Transport Topics
6/7/11

Diesel will average \$3.87 a gallon this year, the Department of Energy said, lowering its most recent forecast by 2 cents.

Trucking's main fuel will average \$3.95 at the pump next year, also down 2 cents, DOE said in its monthly short-term energy outlook released Tuesday.

DOE last month had lowered its outlook by 9 cents, following two big boosts before that, but the price of oil, a big driver in end-fuel costs, has tapered off since then. Diesel averaged \$2.99 last year.

Regular gasoline will average \$3.60 per gallon this year, DOE said, lowering its forecast by 3 cents from last month's outlook.

Gas, which averaged \$2.78 last year, will rise to \$3.67 in 2012, a penny higher than previously predicted.

Gasoline's May average of \$3.91 will be the peak during this year's "driving season" from April through the end of September, DOE said.

The prices for both fuels have fallen for about a month along with declining oil prices. Diesel's most recent price of \$3.94 on Monday was the fifth straight decline from a more than two-and-a-half-year peak of \$4.124 in early May.

Oil will average \$102 per barrel this year and \$107 in 2012, about in line with its previous forecast, DOE said. Crude prices hovered close to \$100 a barrel for the past month.

June 15, 2011

Monday's crude closing price of \$99.01 per barrel on the New York Mercantile Exchange was the first time oil closed below \$100 in two weeks.

This is great news for shippers and carriers alike! Let's hope it continues for both our benefit!

Truckload Capacity Tightening, Shippers Say On the LTL side, overcapacity gives way to more balance, Wolfe Trahan survey finds

Journal of Commerce
6/10/11

Shippers expect truckload capacity to keep tightening over the next year, but believe the less-than-truckload market will be more stable, according to a recent survey.

A Wolfe Trahan survey found 77 percent of shippers expect truckload capacity to get tighter, the highest percentage since 2004, the equity research firm said.

Only 31 percent of the shippers surveyed said LTL capacity would get tighter over the next year, while 65 percent expect LTL capacity to remain constant.

The shippers surveyed by Wolfe Trahan see the LTL market becoming more "balanced" over the next year, with only 27 percent reporting overcapacity.

That's a huge drop from the 61 percent majority who said at the same time last year that there was too much LTL capacity, and a slight drop from 32 percent in the fourth quarter.

Only 14 percent of the logistics managers surveyed by Wolfe Trahan reported tight LTL capacity in the first quarter, while 59 percent called LTL capacity balanced.

"Shippers increasingly have been moving toward the middle over the past few quarters and viewing the LTL market as in balance," the research firm said.

The survey completed in May and released this month, shows shippers expect long-term trends in truck capacity to continue despite a recent drop in tonnage.

The tightening truckload market and more balanced LTL capacity are among the factors shippers believe will drive rates and transportation spending this year.

On average, shippers surveyed expected their transportation budgets to rise 9 percent over the next year, as tighter capacity pushes rates higher across modes.

As of today, 6/14/11 we at Melton are still seeing very strong demand in June. We see no let up in demand AND we see a huge INCREASE in demand to/from Mexico.

Shippers, Truckers Slam Driver Fatigue Studies NITL, ATA say latest studies fall short, don't support change to hours-of-service rules

Journal of Commerce
6/10/11

The National Industrial Transportation League is urging the Federal Motor Carrier Safety Administration not to change the truck driver hours-of-service rules.

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In new comments filed with the agency, the shipper group challenged the findings of several studies linking longer driving hours, fatigue and driver-caused truck accidents.

The American Trucking Associations also fired a salvo at the fatigue studies, citing criticism from a former top FMCSA research official. "FMCSA should abandon its ill-advised proposal and turn its focus to improving enforcement of the current, effective hours-of-service rule," ATA President and CEO Bill Graves said.

The FMCSA recently said it would delay the release of its final hours-of-service rules until on or before Oct. 28 while it reviews additional comments.

The FMCSA last month reopened the comment period on its proposed HOS rules and asked for comments on four university-sponsored studies.

Two of the studies relate to bus drivers and are irrelevant to trucking operations, the NITL said. A third study overlooks the cause of crashes, the group said. "Using the bus driver studies to support the proposed HOS rule is akin to making an apples-to-oranges comparison," the league said in a letter to the FMCSA.

The shipper group said a Pennsylvania State University study that implies crash risks increase with each driving hour overlooked the cause of crashes.

The fourth study, by Virginia Tech, shows "no appreciable increase" in crash risk between the 10th and 11th driving hours, the NITL said in its letter.

Former FMCSA official Ronald R. Knipling also criticized the studies, saying the bus studies were "inapplicable" to the truck driver hours-of-service review.

In a paper prepared for the ATA, Knipling questioned the Penn State and Virginia Tech studies as well, arguing their findings require "extensive re-analysis."



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