

HOS Presents Enforcement Problems

The first article below highlights a perspective that has been largely overlooked by carriers and shippers. The focus and publicity over the last several months has been on the new HOS's impact on carriers / shippers, and the consequential impact on capacity, etc. At the end of the day, the new laws will only be as effective as the enforcement of those laws. The law enforcement and DOT officers have a monumental task in bringing all of the relevant officials up to speed on the understanding, monitoring, and calculating of the new rules. Ironically, the first aspect of the HOS rules (re-starts) to be effective is also the most difficult to monitor and determine. While the advent of EOBRs has an equal number of adversaries and advocates, there can be little doubt the EOBRs will greatly facilitate the authorities' ability to enforce the HOS rules. EOBRs are inevitable and we at Melton have made the commitment to implement EOBRs on all of our new trucks. With several hundred EOBRs already operating in our fleet, we have become strong proponents of their implementation in all commercial vehicles.

The second article below points out a very important aspect of truckload freight trend lines. The aspect highlighted is the fact that December 2011 vs. December 2010 reflected growth. December 2011 vs. December 2009 showed 15% increase. This strong activity late in the year bodes well for a good start in January 2012.

The third article can be summed up as follows...."If the economy improves, the demand will increase pressure on scarce capacity," he said in his blog. "If the economy stalls, carriers will park more trucks or exit the market entirely. Either way, expect rates to head up as soon as mid-March."



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HOS Revision Presents Plethora of Enforcement Problems, Safety Officials Say

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The U.S. government's new hours-of-service rule for truck drivers presents a host of problems for those tasked with enforcing it, said Stephen Keppler, executive director of the Commercial Vehicle Safety Alliance.

The February effective date for some provisions in the rule is particularly problematic, Keppler said.

"It's a lot to digest and . . . a Herculean effort" to train truck inspectors in 60 days, Keppler said.

Under the rule, new fines for hours-of-service violations take effect Feb. 27.

So does a provision that affects which hours are considered off-duty when drivers rest in a truck versus being in their sleeper berths.

Other new provisions that affect restarts, rest periods and driving hours over seven days do not kick in until July 2013.

However, in all cases enforcement depends on roadside inspectors checking paper logs kept by drivers, Keppler said.

"Anytime you create [a more prescriptive rule], particularly hours of service, it presents potential for falsification . . . with the restart [and] the definitional change of on-duty time," Keppler said.

There is no mandate, however, in the new FMCSA hours rule for electronic onboard recorders that would tell inspectors if HOS violations have occurred, although the agency has proposed such a mandate for almost all trucks.

While many carriers already have EOBRs on their trucks, others do not, Keppler noted.

A transportation reauthorization bill currently moving through the U.S. Senate would require EOBRs on all trucks.

Keppler said he is hopeful that Congress will make EOBRs mandatory in all trucks.

Freight Index Signals Steadier US Shipping Demand Lean inventories, late demand help Cass measure defy seasonal trends

Journal of Commerce
1/6/12

The Cass Freight Index for U.S. domestic shipments inched up 0.7 percent in December over the previous year, signaling new stability in shipping demand after the market slipped downward during the fall.

The closely watched shipments measure defied usual seasonal patterns by remaining even in December with November, and the December reading was up nearly 15 percent over the same month two years ago and the highest reading for December since 2007.

The stable demand is in keeping with reports from railroads and trucking companies reporting relatively steady freight loads even as the holidays approached at the end of 2011. It also suggests retailers were postponing final distribution of goods until late in the fourth quarter while maintaining inventories at historically low levels.

Shippers appeared to trade off that late distribution for higher shipping prices.

The Cass expenditures index soared 18.8 percent over the same month the year before, and it even grew 1.8 percent on a month to month basis.

Truckload Rates Set to Rise, TransCore Says Spot market rates rose 7.4 percent in 2011, contract rates 6.5 percent, analyst says

Journal of Commerce
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Truckload rates rose less than some carriers expected but more than shippers wanted in 2011, with spot market rates on average rising 7.4 percent and contract rates climbing an average 6.5 percent, a freight pricing specialist says.

Those rates are likely to resume climbing early in 2012, Mark Montague, industry pricing analyst at TransCore Freight Solutions, said in TransCore's Freight Talk blog.

"If the economy improves, the demand will increase pressure on scarce capacity," he said in his blog. "If the economy stalls, carriers will park more trucks or exit the market entirely. Either way, expect rates to head up as soon as mid-March."

In 2011, "shippers showed a typical reluctance to raise rates, but their contract rates eventually followed the spot market's lead," Montague said.

Shippers hoped to hold rate increases in the 4 to 5 percent range last year, while many carriers eyed increases of 8 percent or more. Spot market rates shot up first but rose unevenly over the year, while contract rates took off in the second half.

TransCore research shows spot market freight demand and capacity both dipped in December, though there were more loads and trucks available than a year ago.

In December, spot market dry van rates were up 5.5 percent year-over-year, reefer rates were up 4.1 percent and flatbed rates increased 5.7 percent. Sequentially, dry van rates dropped 0.7 percent and reefer rates 2.5 percent from November, while flatbed rates remained flat month-to-month, TransCore said.