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American Trucking Associations

Economic & Motor Carrier Industry Webinar

For ATA Members Only

December 10, 2013

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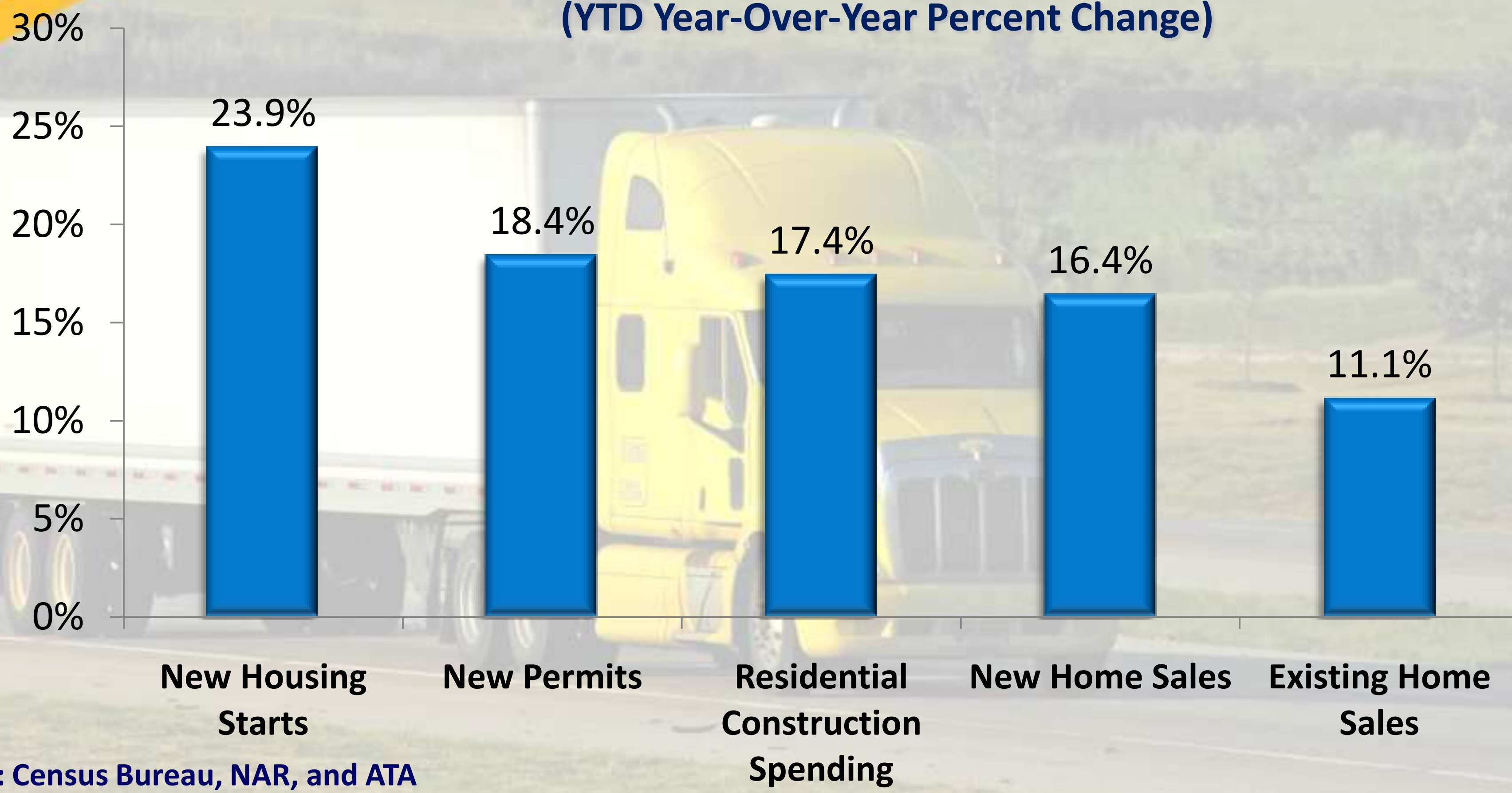
The Freight Economy

- Washington continues to be a headwind on economic growth – debt ceiling fight and healthcare in the near term.
- The housing recovery and auto production are helping freight volumes.
- The U.S. energy production boom is boosting truck tonnage.
- Manufacturing activity has picked up in recent months.
- Consumer spending remains choppy, for now.

Various Housing Industry Measures

(YTD Year-Over-Year Percent Change)



Sources: Census Bureau, NAR, and ATA

Will recent increases in home prices and interest rates derail the housing recovery?

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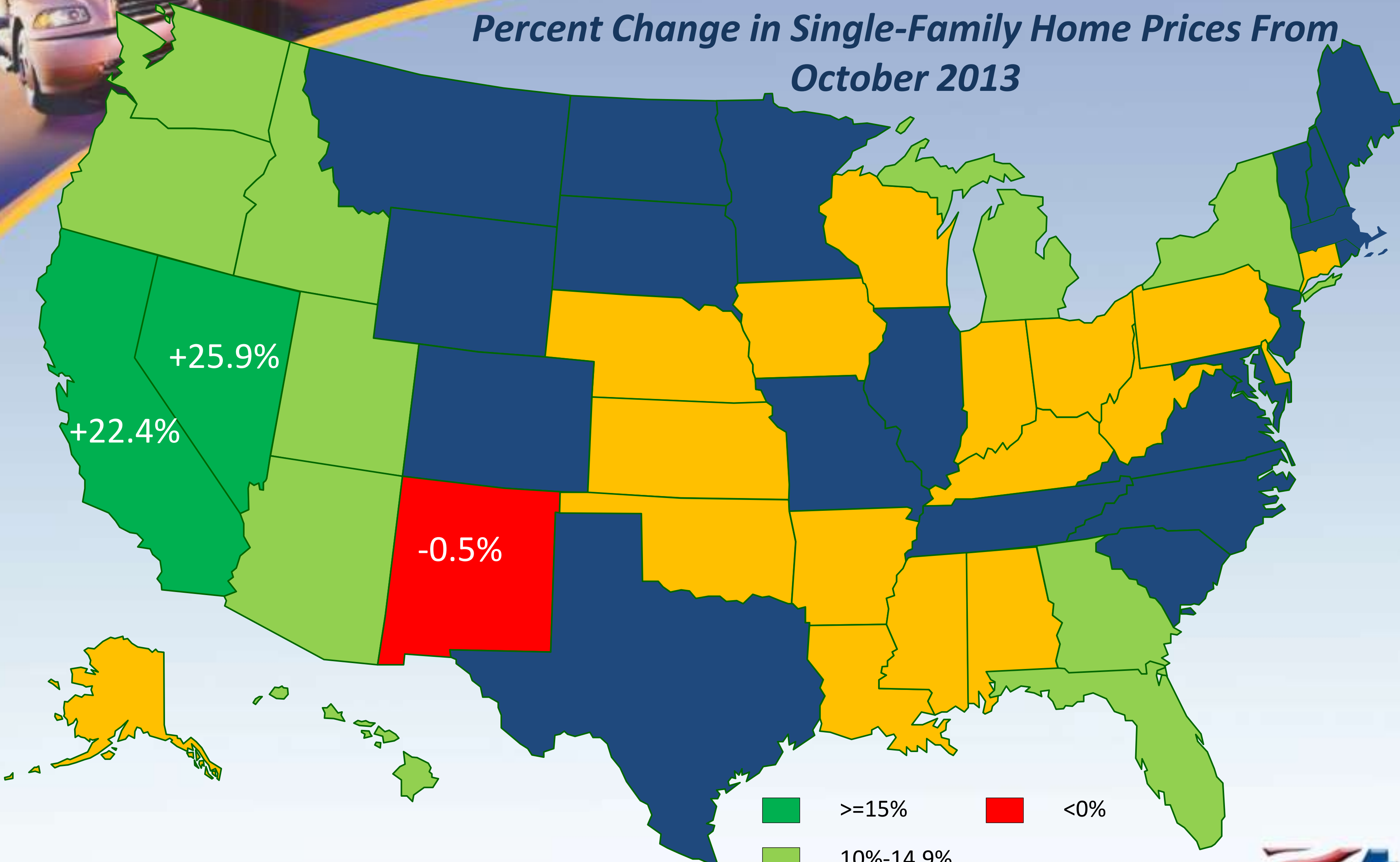
Home Prices

Percent Change in Single-Family Home Prices From October 2013



- >=15%
- 10%-14.9%
- 5%-9.9%
- 0%-4.9%
- <0%

National Average: 12.5%

Source: ***CoreLogic***

ATA

The Housing Recovery

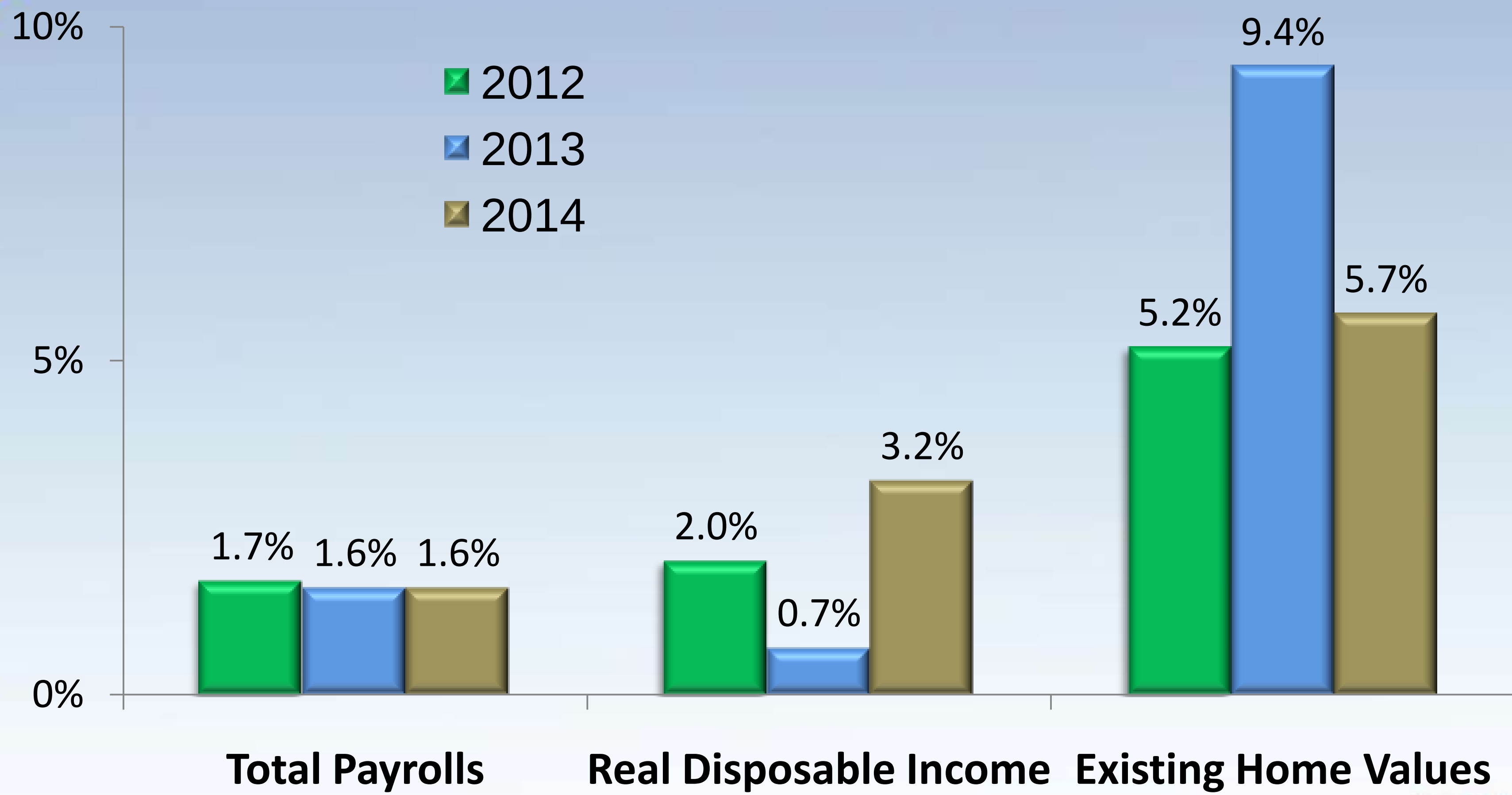
Sources: Freddie Mac & ATA

Housing Summary

- Rising prices and rising mortgage rates have already slowed the housing recovery, but they will not detail it.
- 5-months supply of existing homes in October, down slightly from 5.2-months in October 2012, which is helping home building.
- Distressed homes – foreclosures and short sales – were 14% of sales in October, down from 25% a year earlier.
- Home prices increased 12.5% from October 2012, the 20th straight gain, although prices are still 17.3% below April 2006 peak.

What drives consumer spending?

Drivers of Household Spending



Sources: BEA, BLS, and ATA

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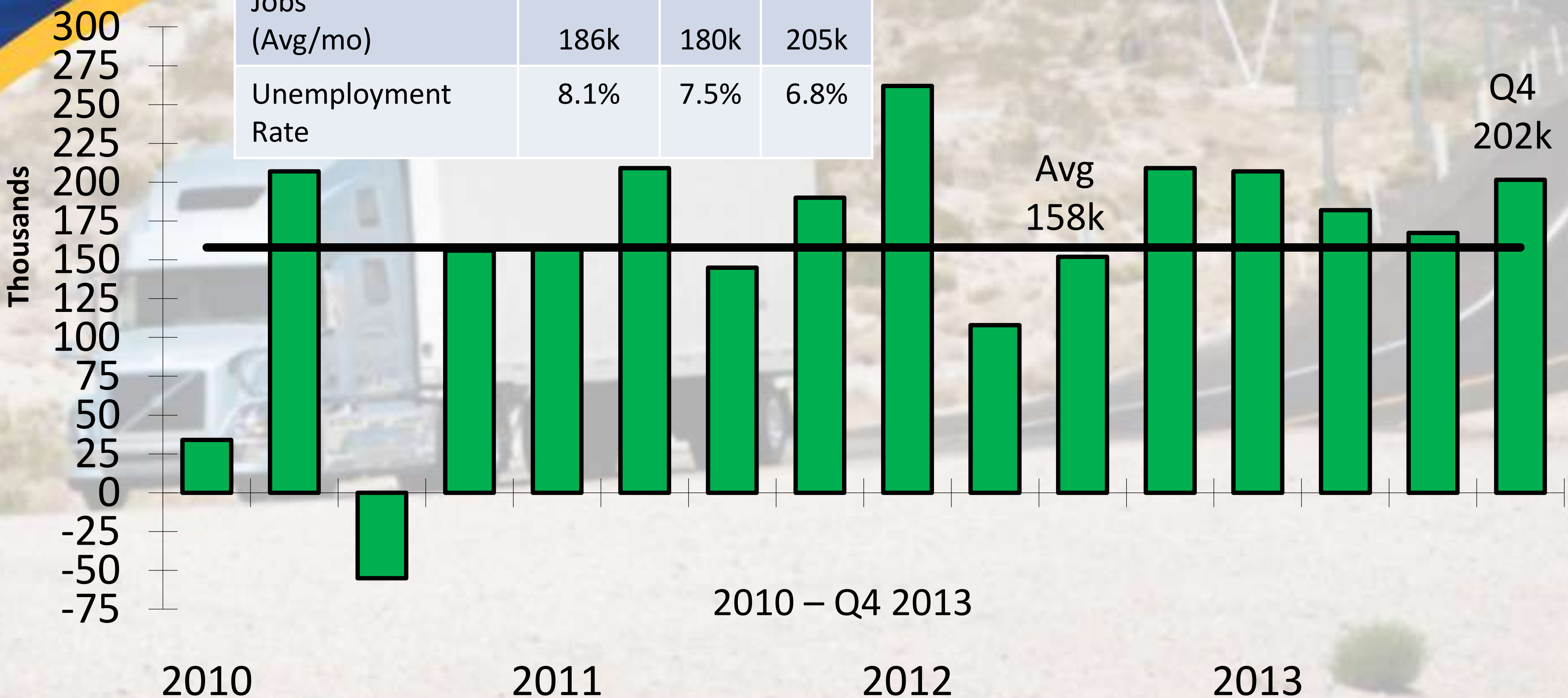
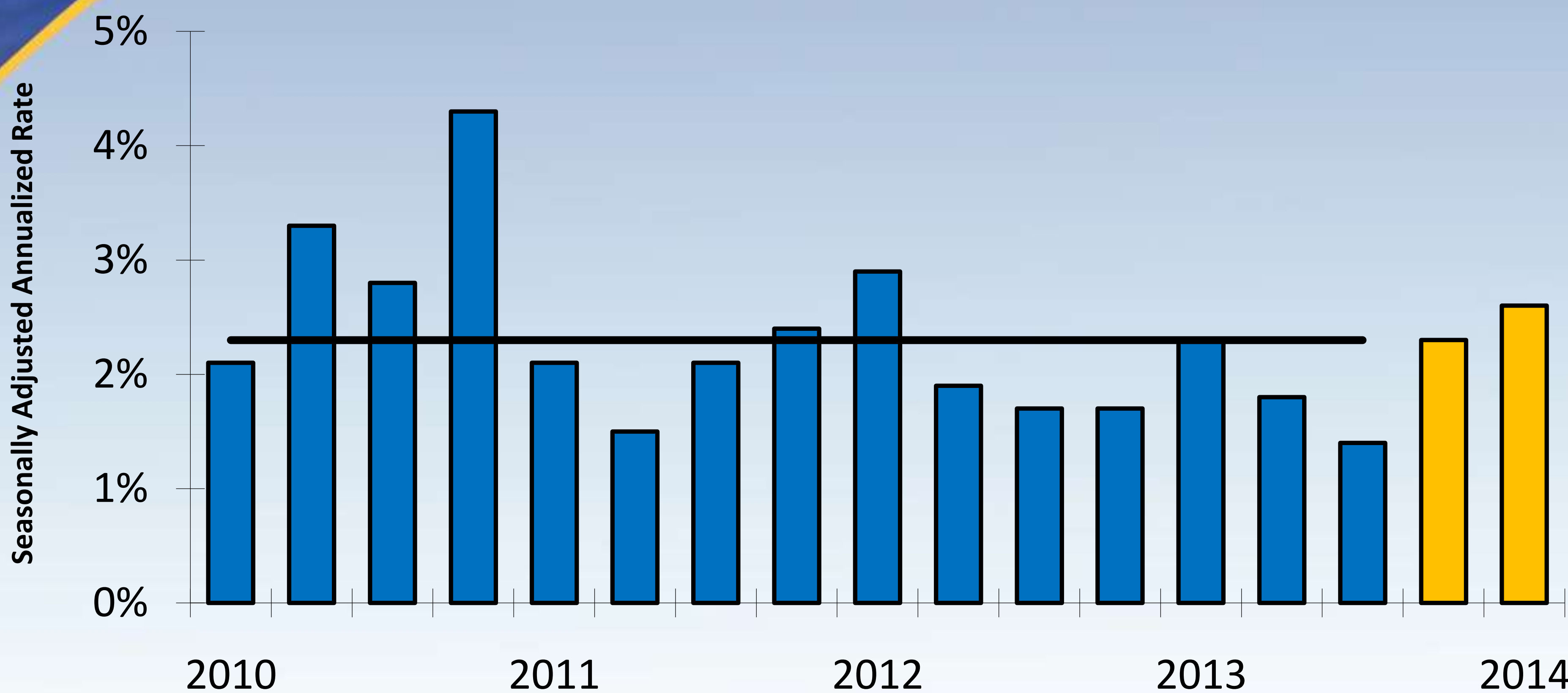
Average Payroll Changes by Quarter

	2012	2013	2014
Jobs (Avg/mo)	186k	180k	205k
Unemployment Rate	8.1%	7.5%	6.8%



Sources: DOL and ATA

Real Consumer Spending



Sources: BEA and ATA

Does the U.S. "make" anything anymore?

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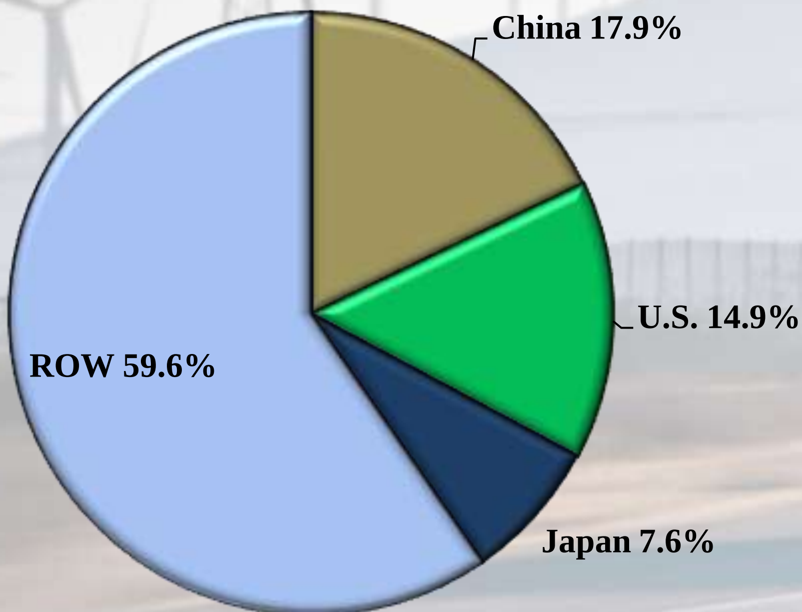
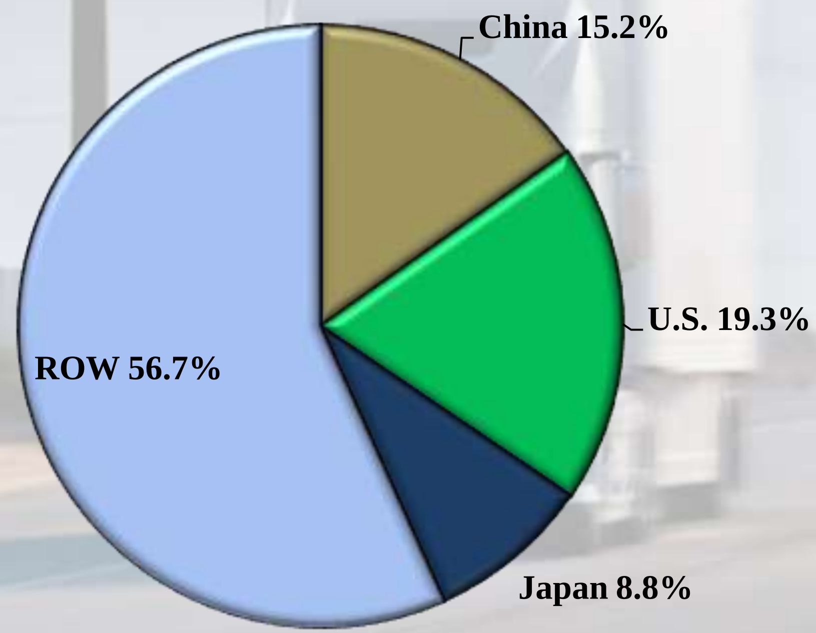
World’s Top Manufacturing Economies

Fact: U.S. is largest or second largest manufacturing country depending on how it is measured.



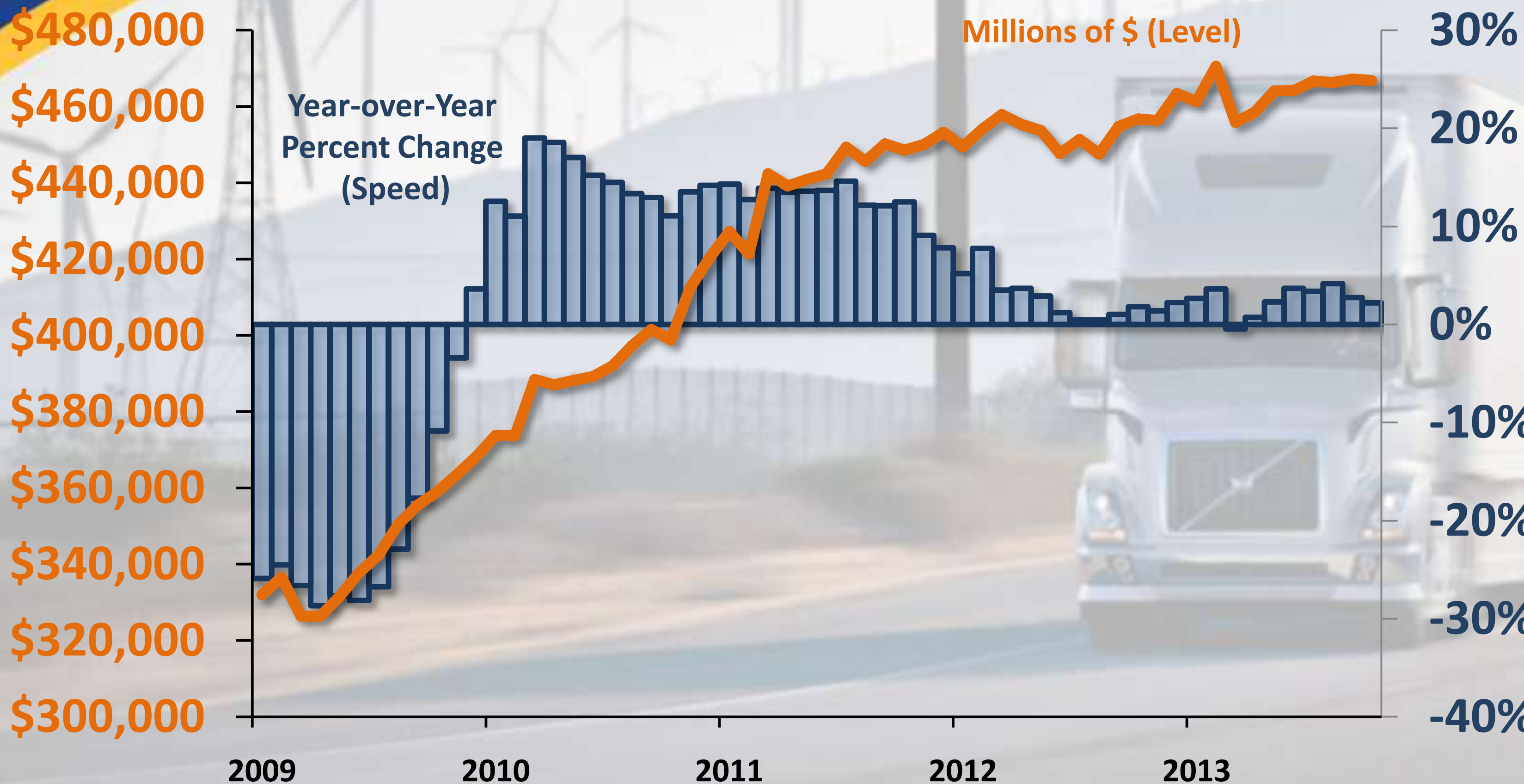
Current $



Real $ with Exchange Rate Adjustments

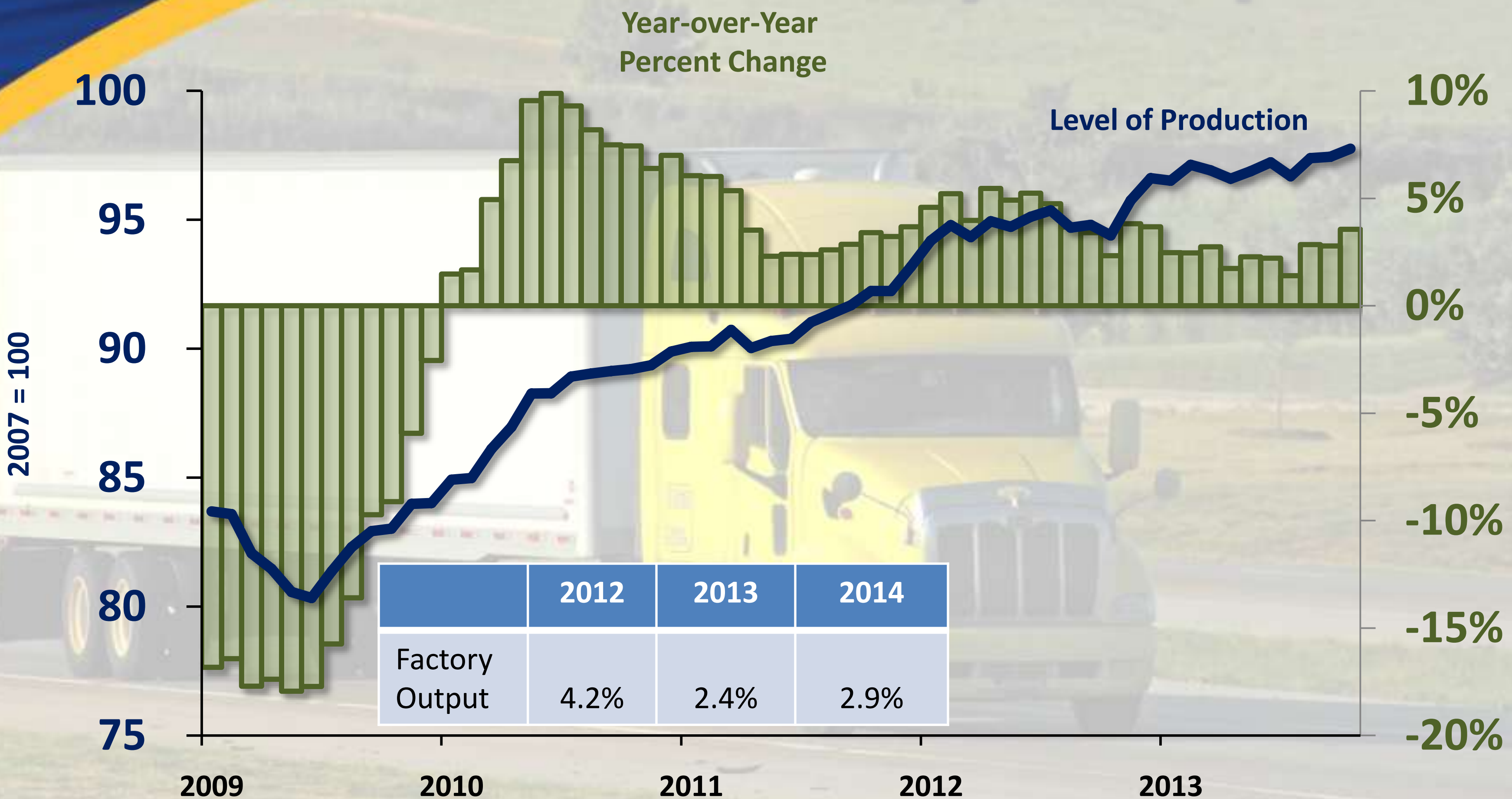
Source: United Nations

New Factory Orders x Aircraft



Sources: Census Bureau & ATA

Factory Output

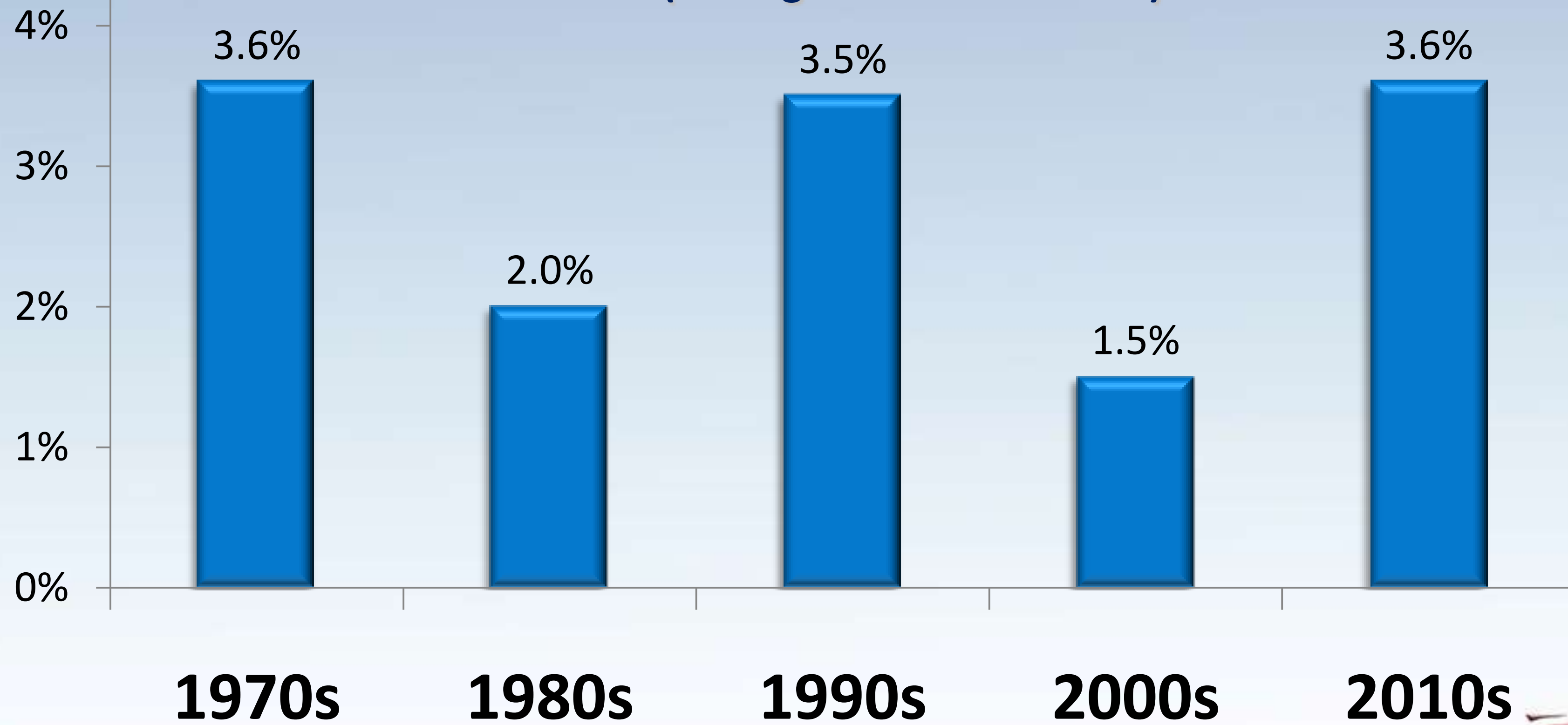


	2012	2013	2014
Factory Output	4.2%	2.4%	2.9%

Sources: Federal Reserve & ATA

Increases in U.S. Factory Output by Decade

(Average Annual Increases)



Sources: Federal Reserve and ATA

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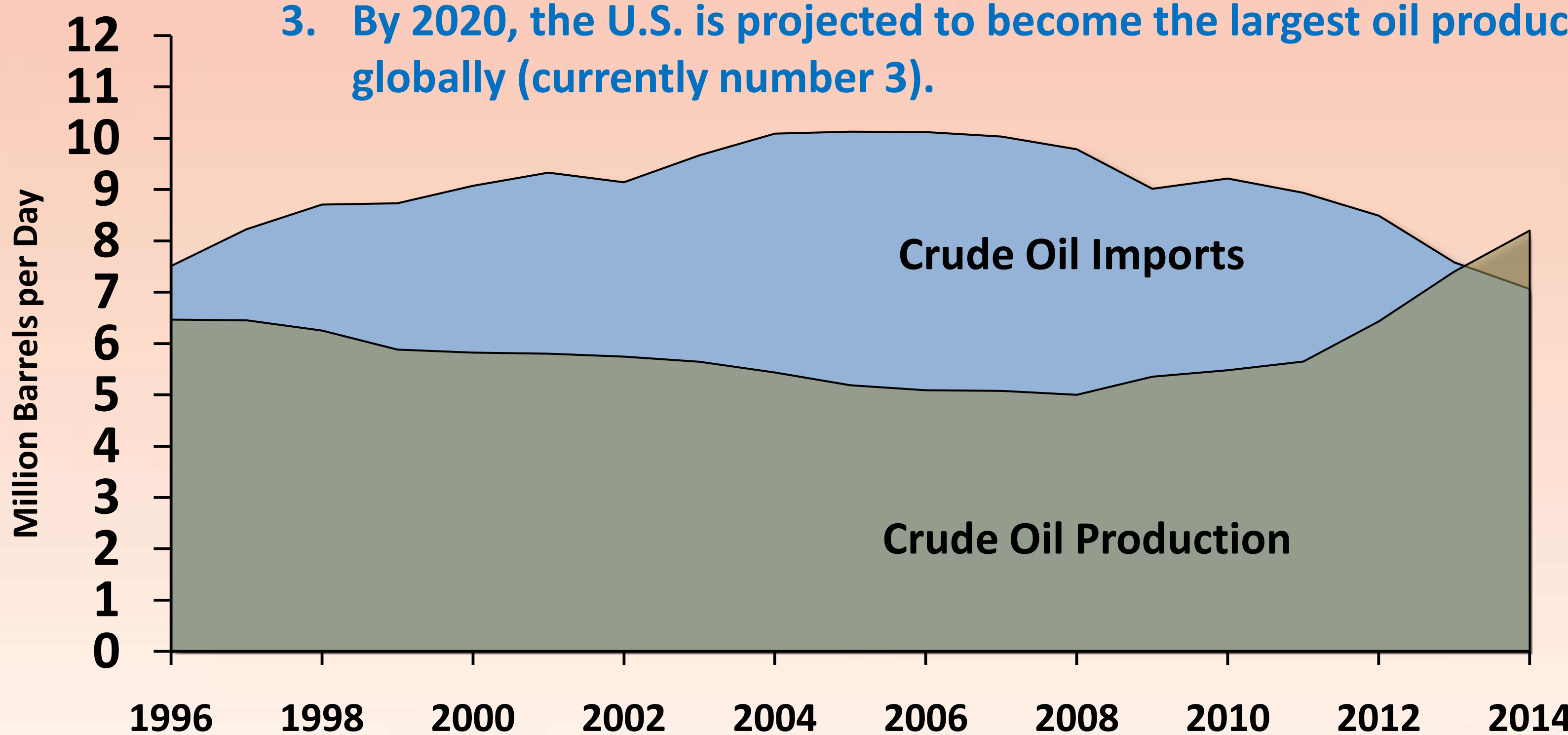
Is the U.S. really becoming energy independent?

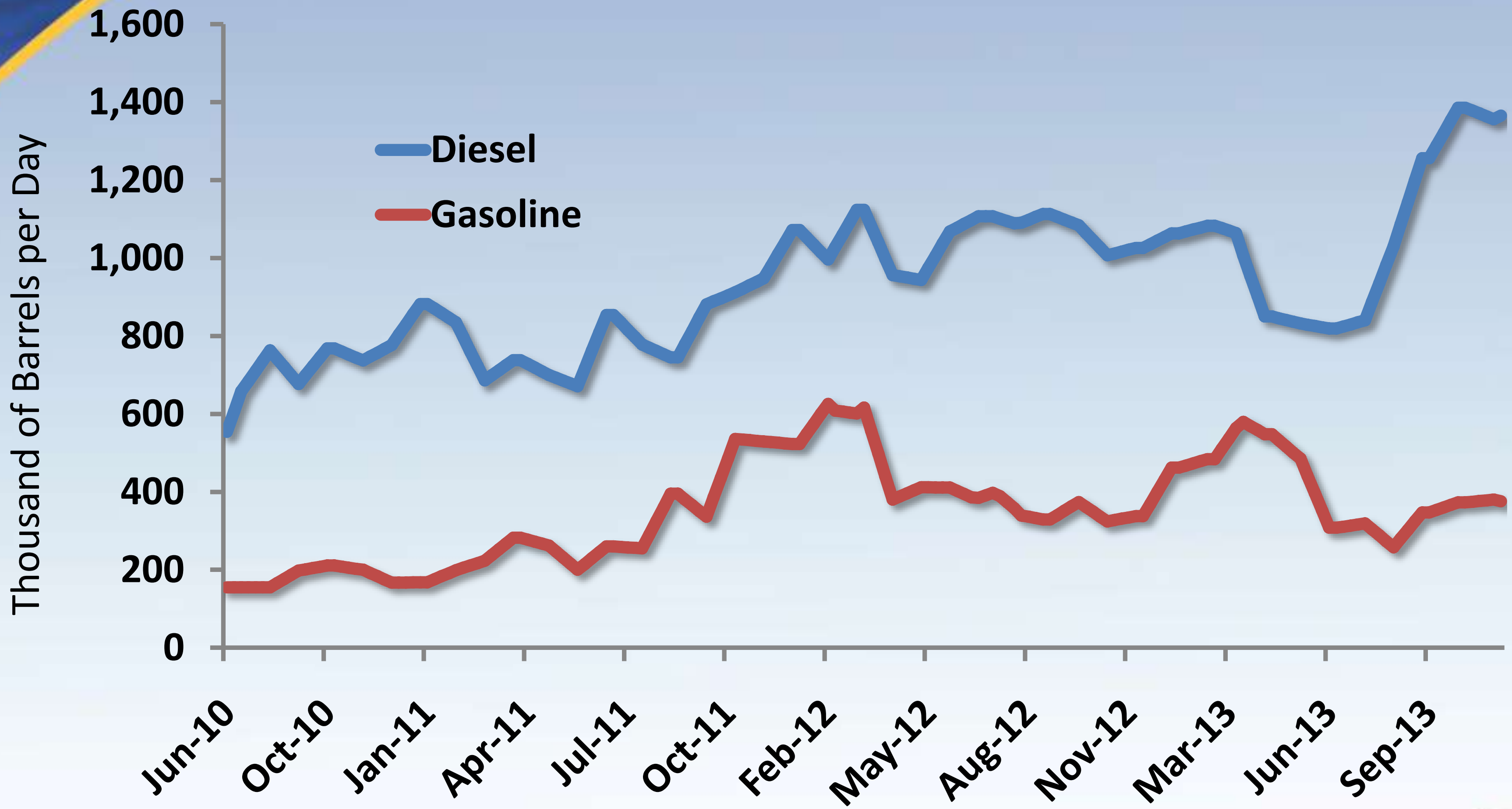
U.S. is Becoming Energy Independent

1. Total U.S. fuel consumption is at the lowest level in 17 years.
2. The U.S. is now a net fuel EXPORTER for the first time since 1949.
3. By 2020, the U.S. is projected to become the largest oil producer globally (currently number 3).



Source: EIA

U.S. Exports
Diesel vs Gasoline



Source: Energy Information Administration

GDP Forecast & Risks

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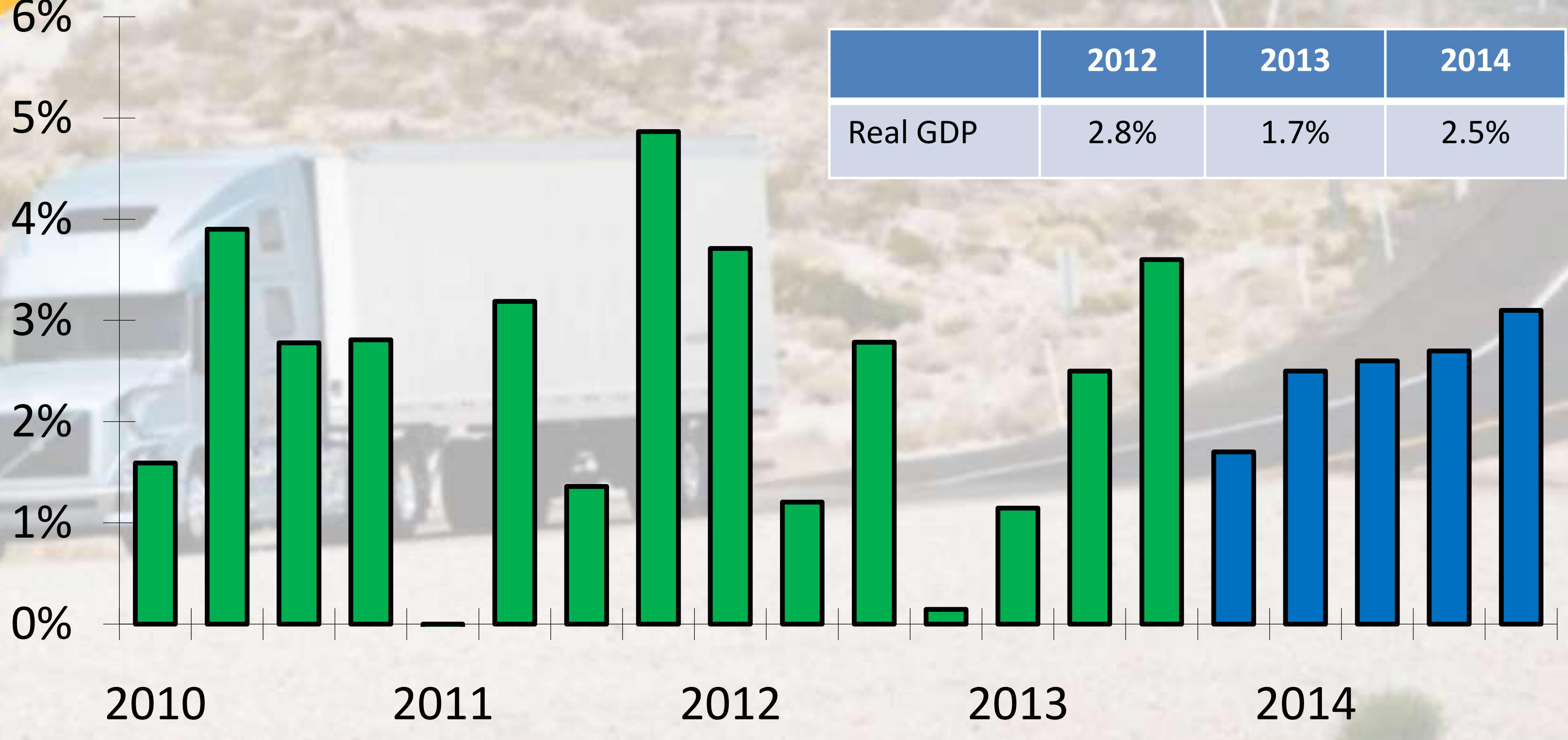
Real Gross Domestic Product

(quarterly, annualized rate percent change, 2005 dollars)

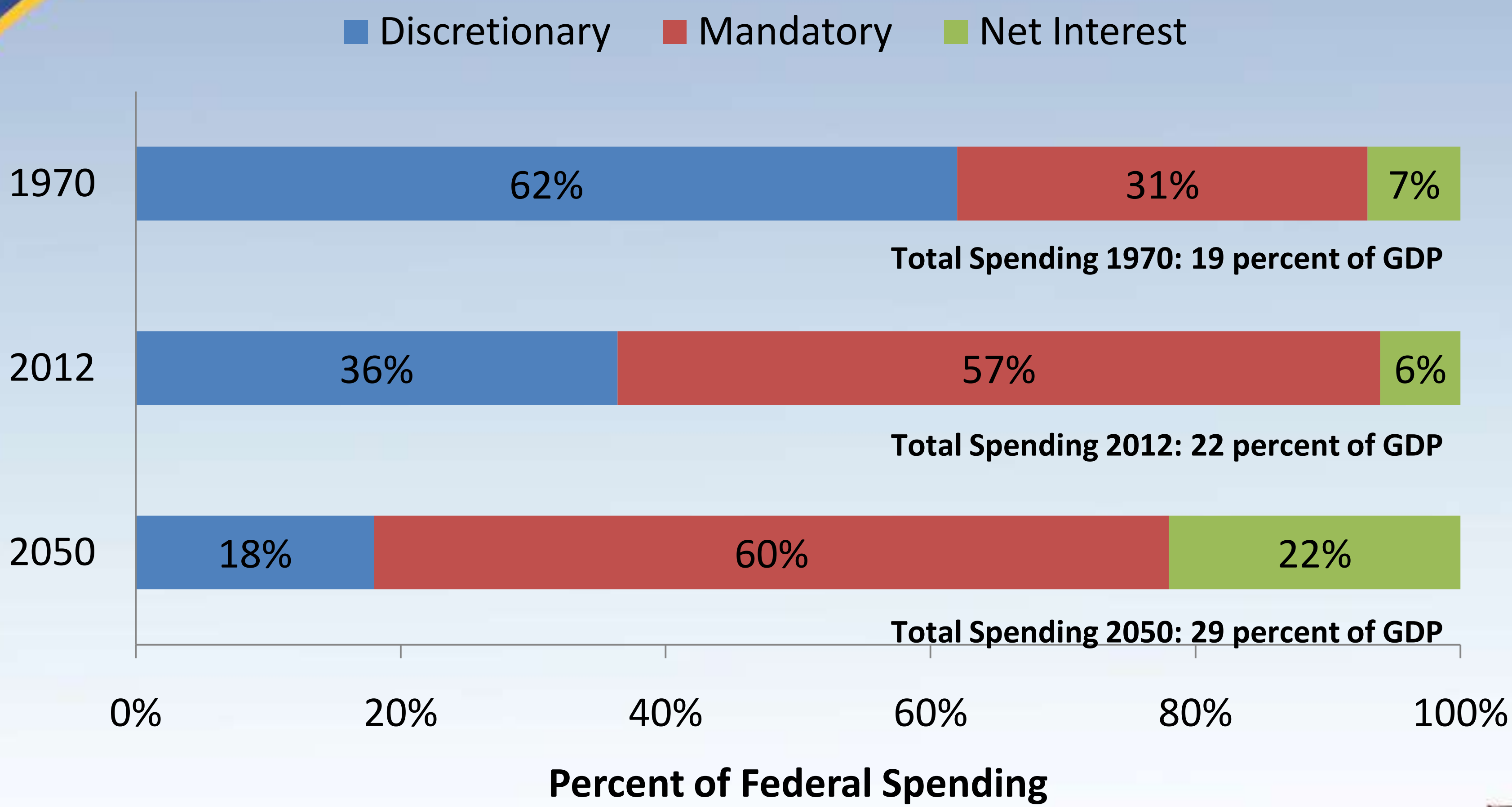
2010 – Q4 2014

	2012	2013	2014
Real GDP	2.8%	1.7%	2.5%



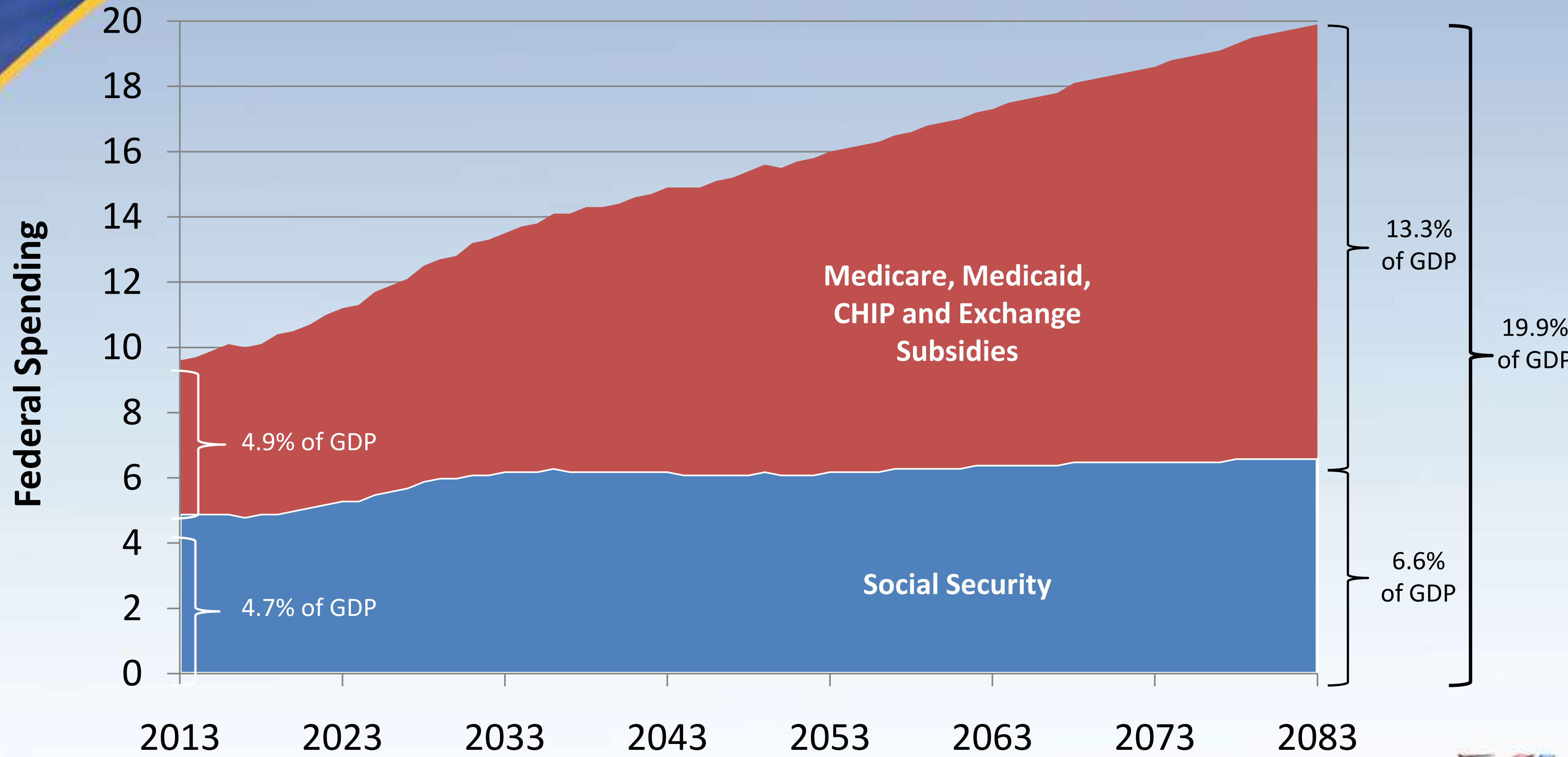
Sources: BEA and ATA

Federal Spending



Source: Congressional Budget Office

Federal entitlement programs as a percentage of GDP



Source: Congressional Budget Office, *The Long-Term Budget Outlook*, September 2013.

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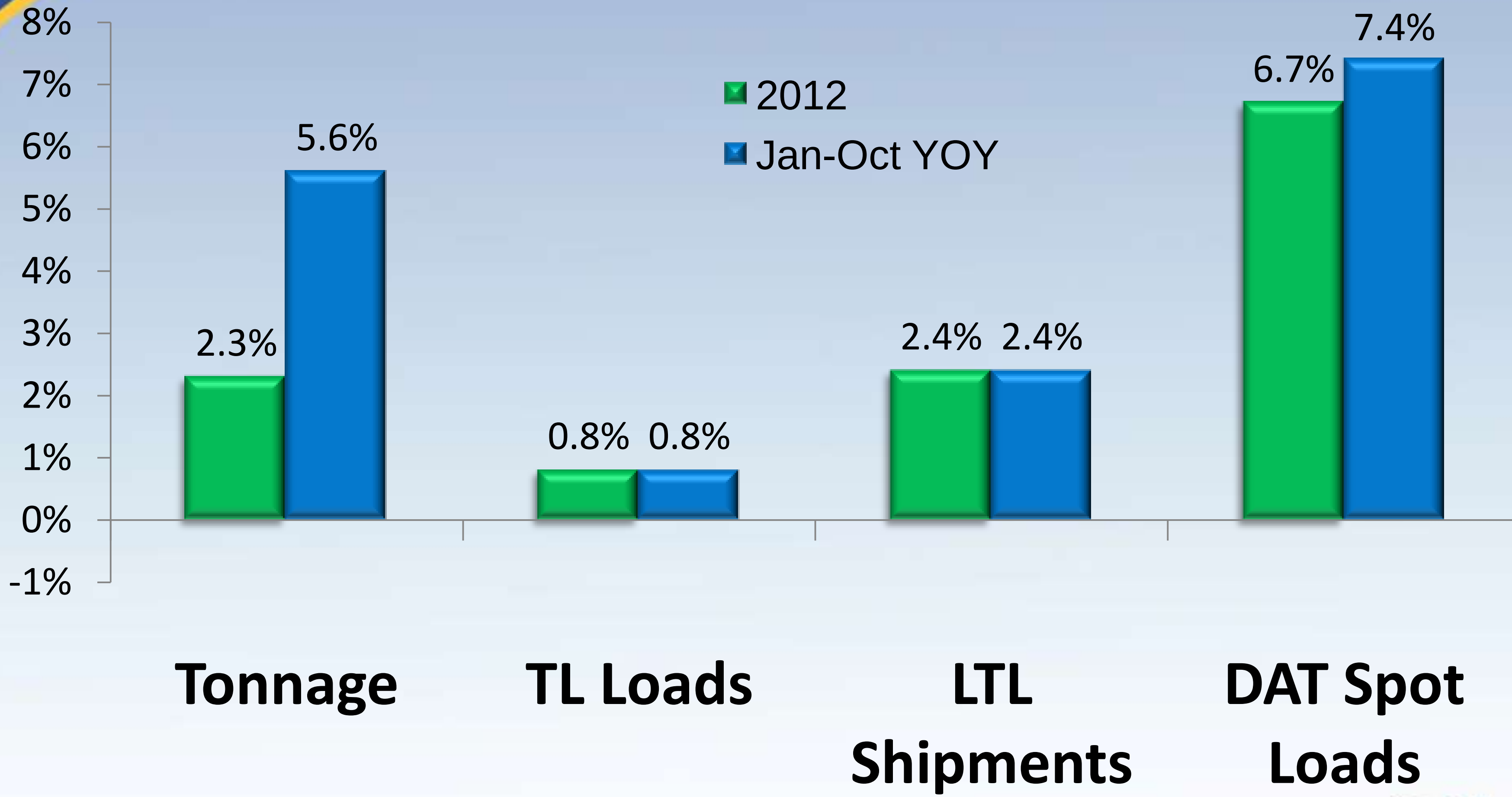
Trucking Trends:

Demand

Changes in Freight Volumes

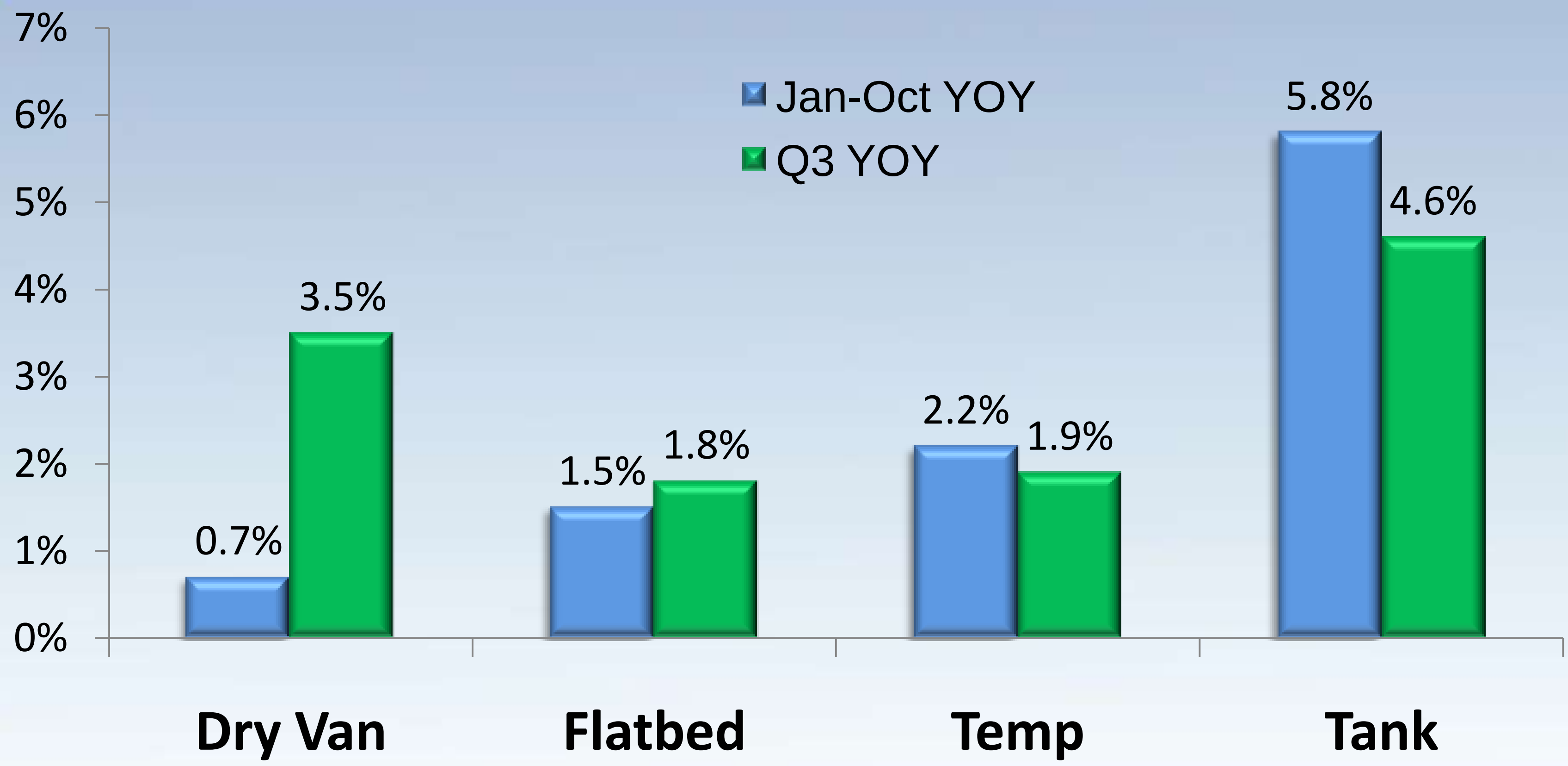
(Seasonally Adjusted)



Sources: ATA's *Monthly Truck Tonnage Report, Trucking Activity Report,* & DAT.com

Changes in TL Loads by Sector

(Seasonally Adjusted)



Source: ATA's *Trucking Activity Report*

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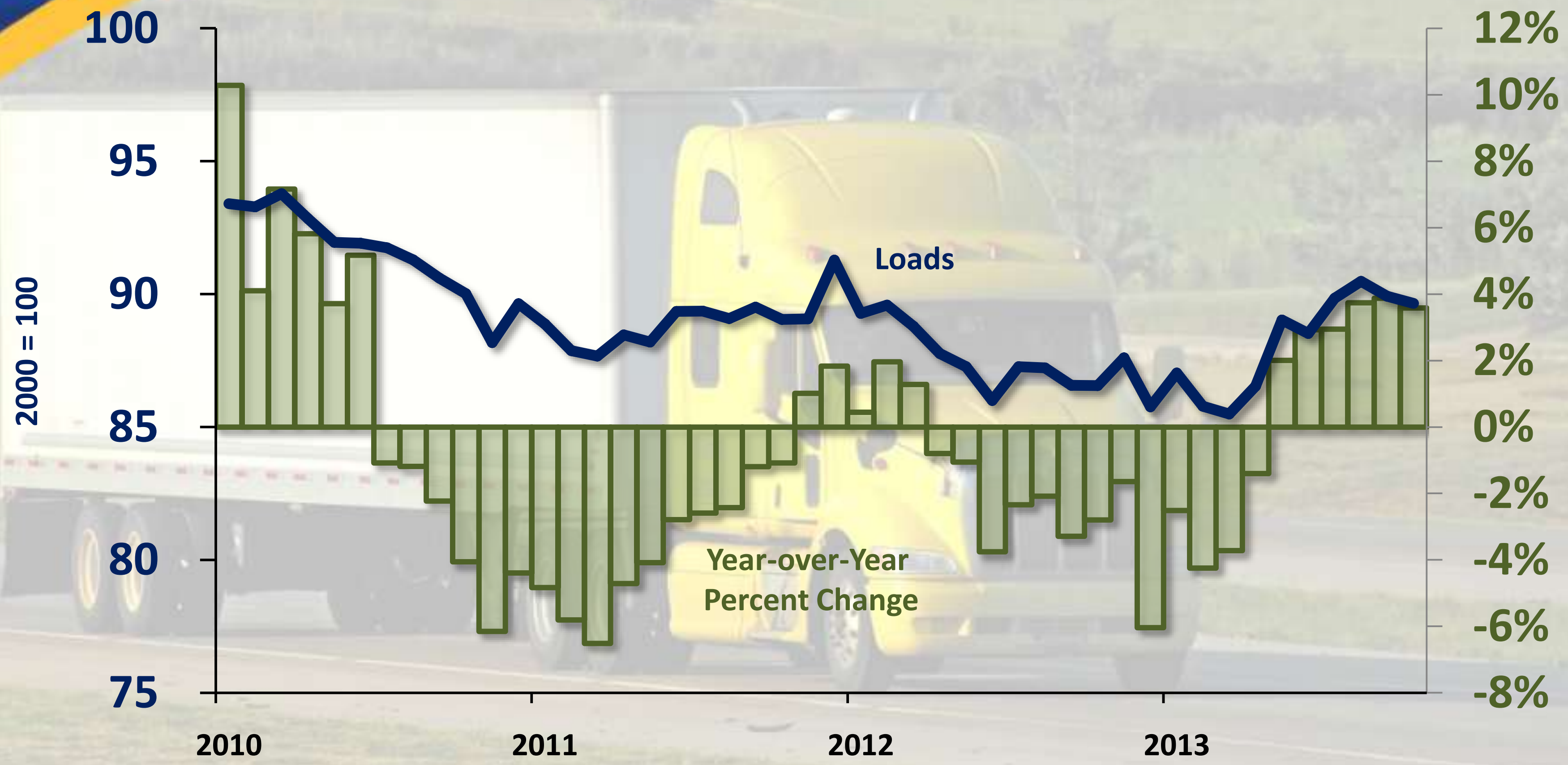
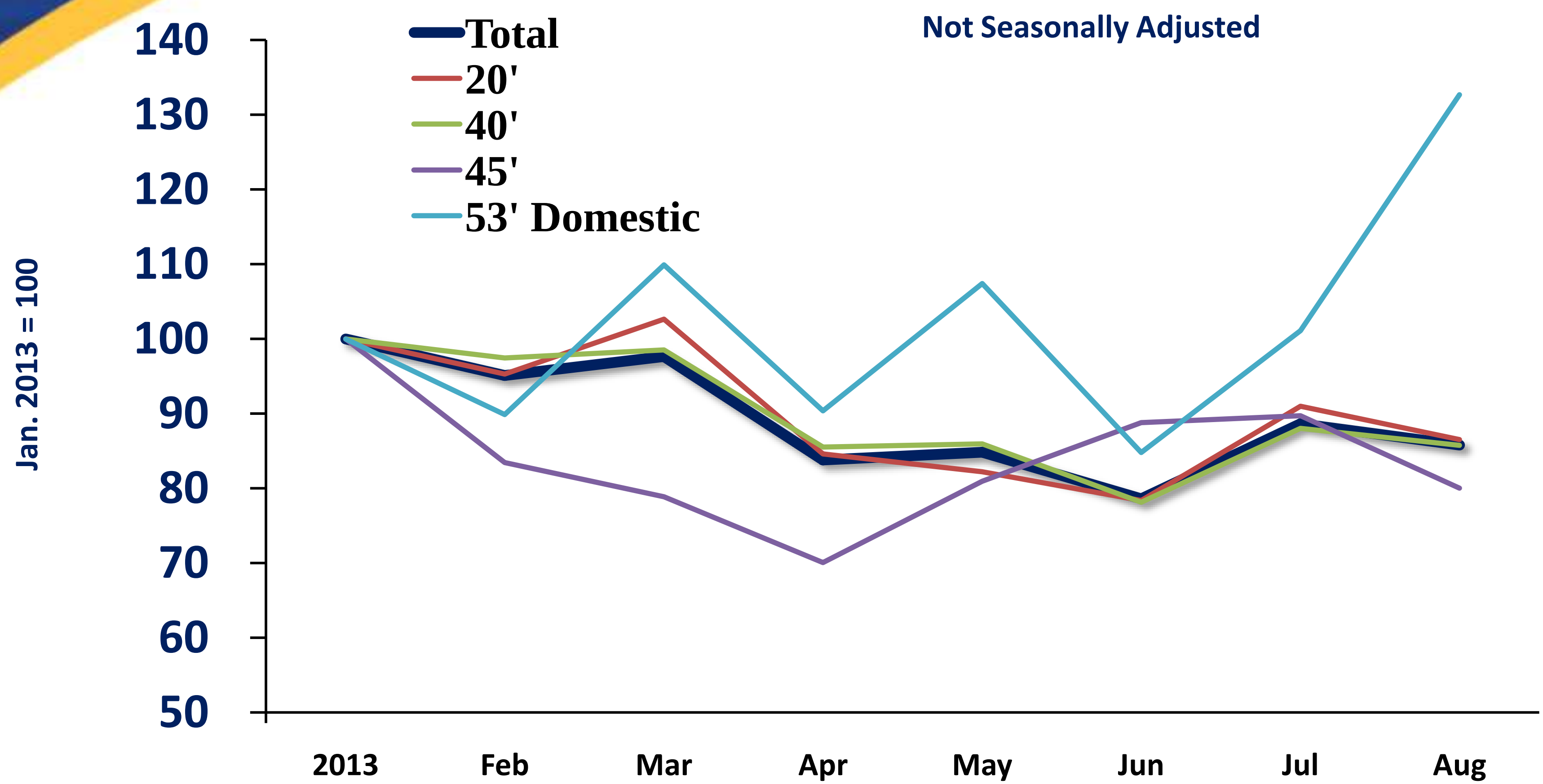
Dry Van TL Freight



Source: ATA's *Trucking Activity Report*

Drayage Loads



Source: ATA's *Trucking Activity Report*

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Total TL Miles

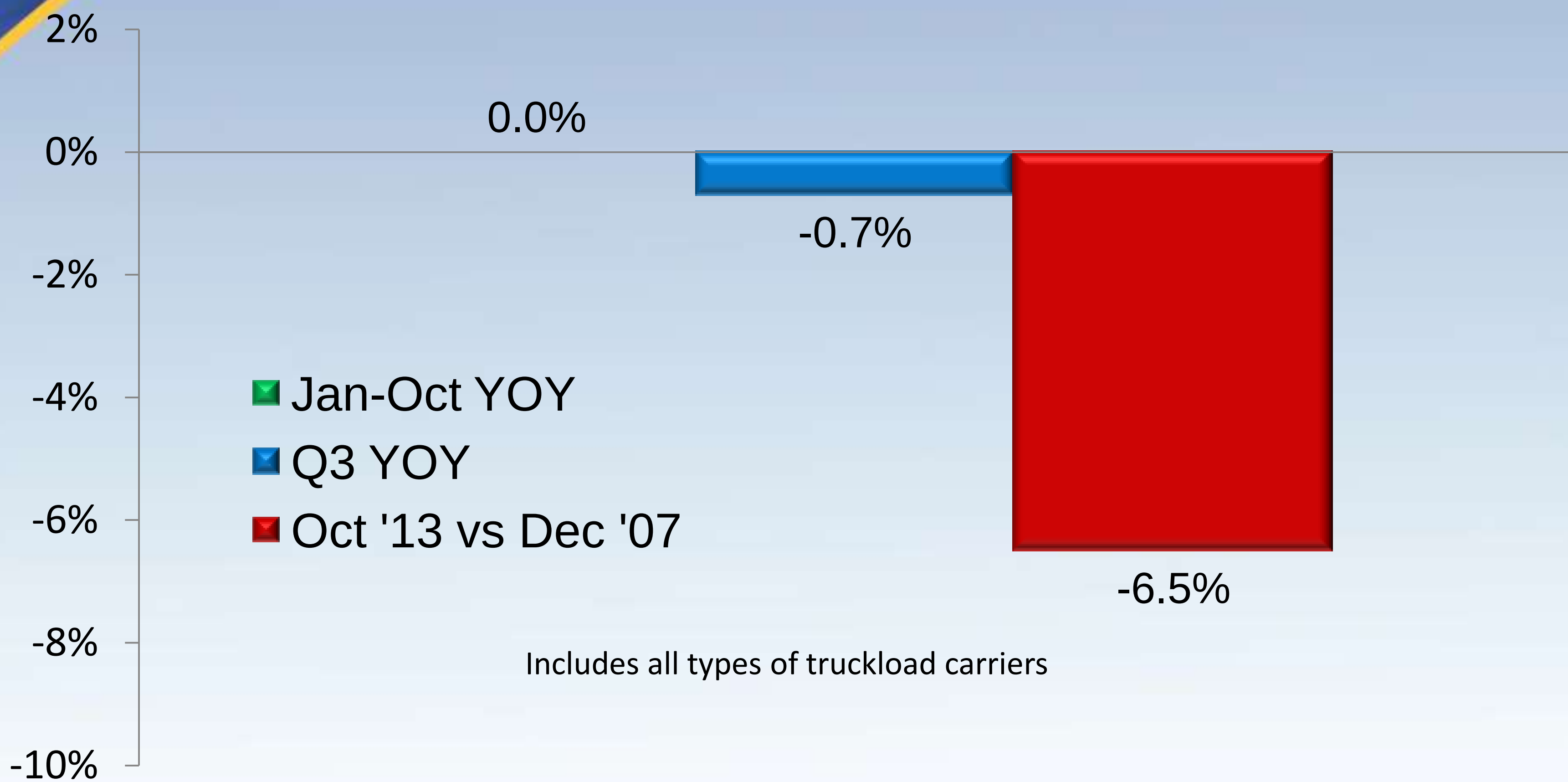
Source: ATA's *Trucking Activity Report*

Trucking Trends:

Capacity

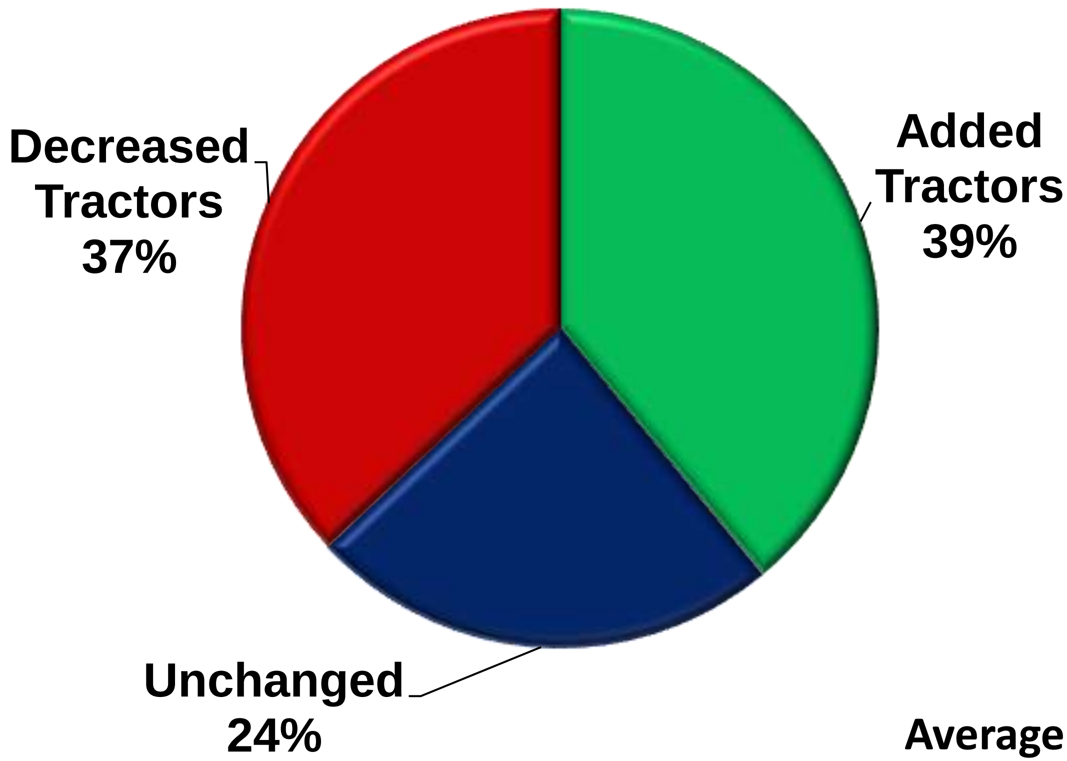
TL Tractor Changes

(Percent Change in the Number of Company & IC Tractors)



Source: ATA's *Trucking Activity Report*

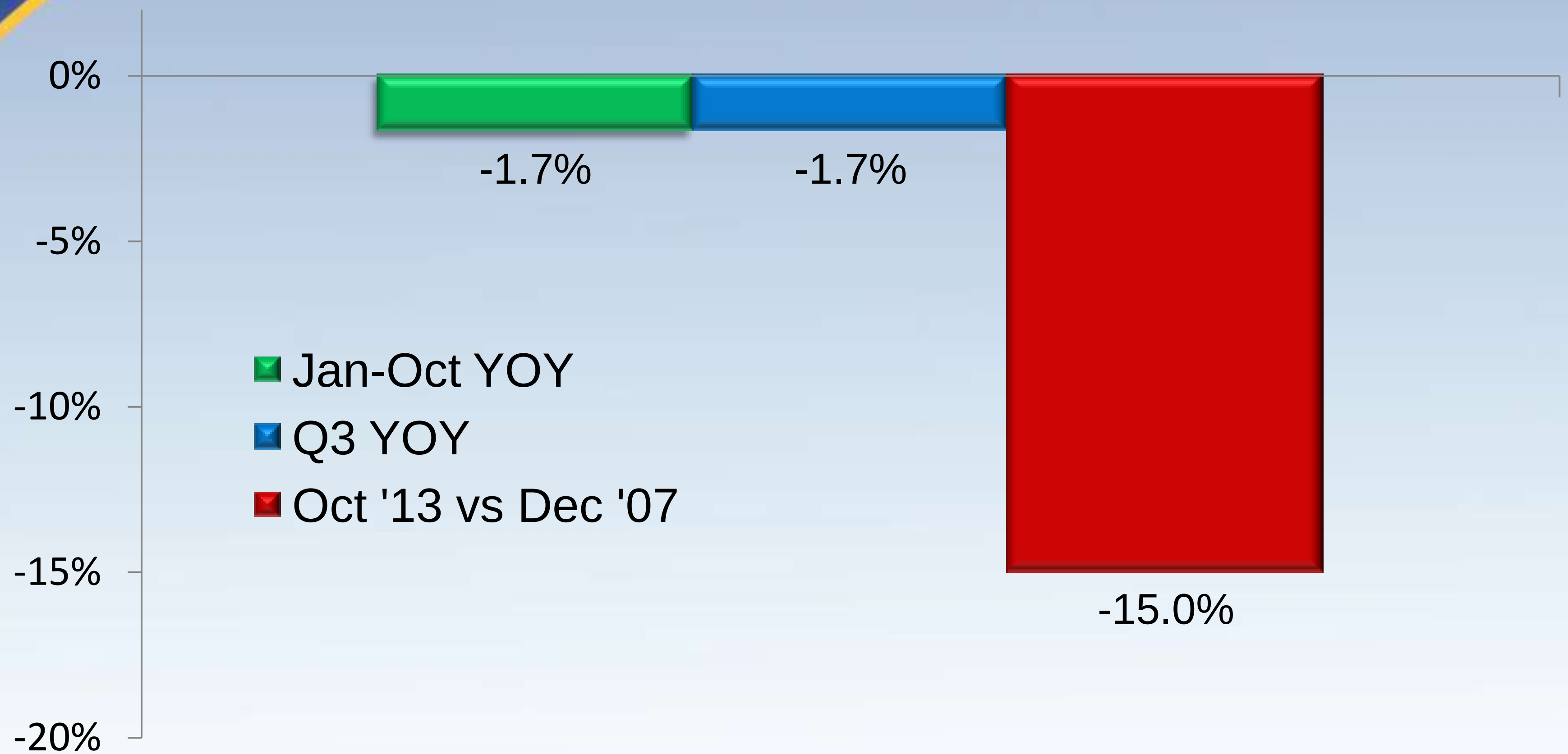
Are All TL Fleets Adding Capacity?



Average Month in 2013

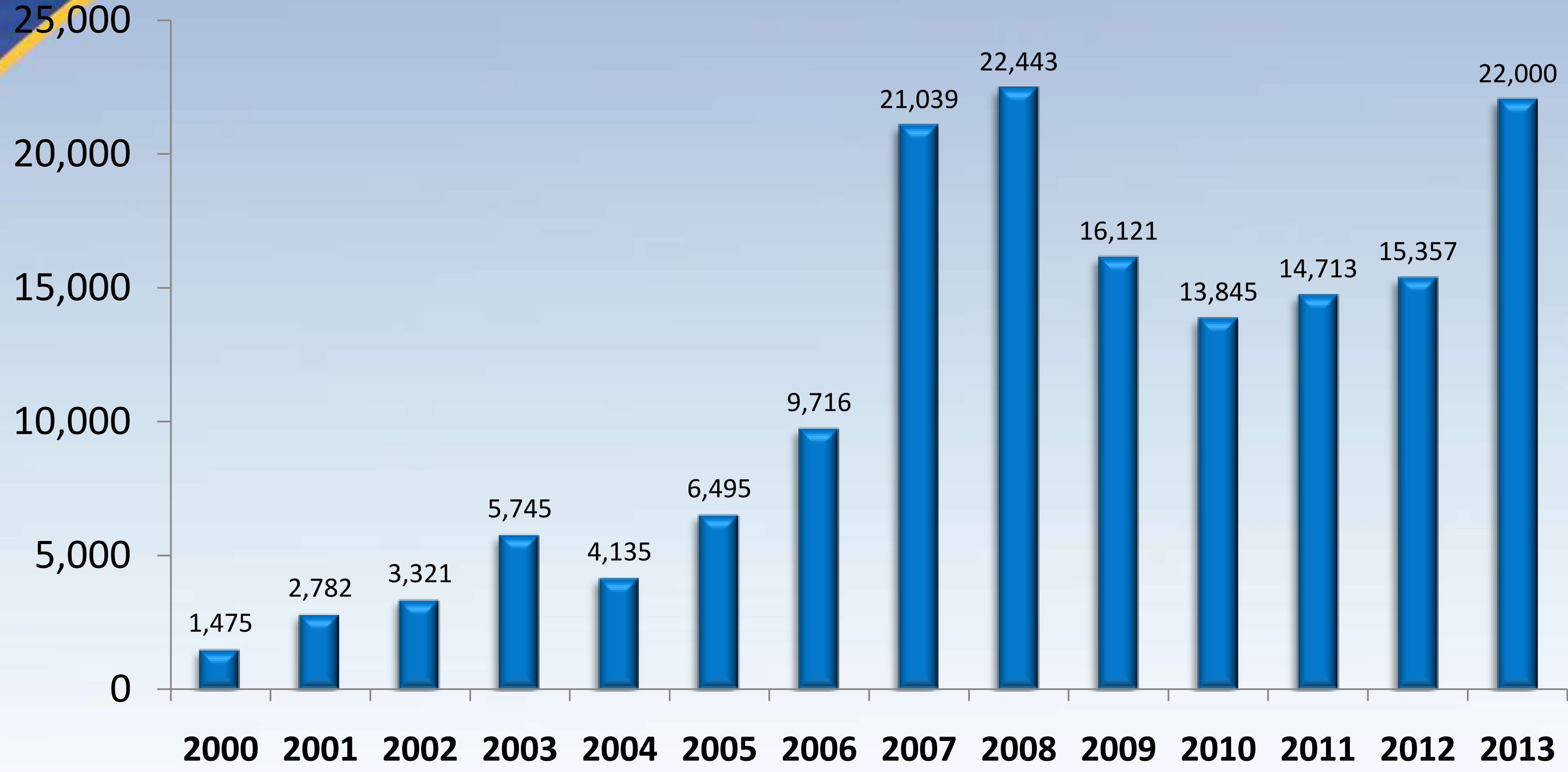
Source: ATA

LTL Truck Changes



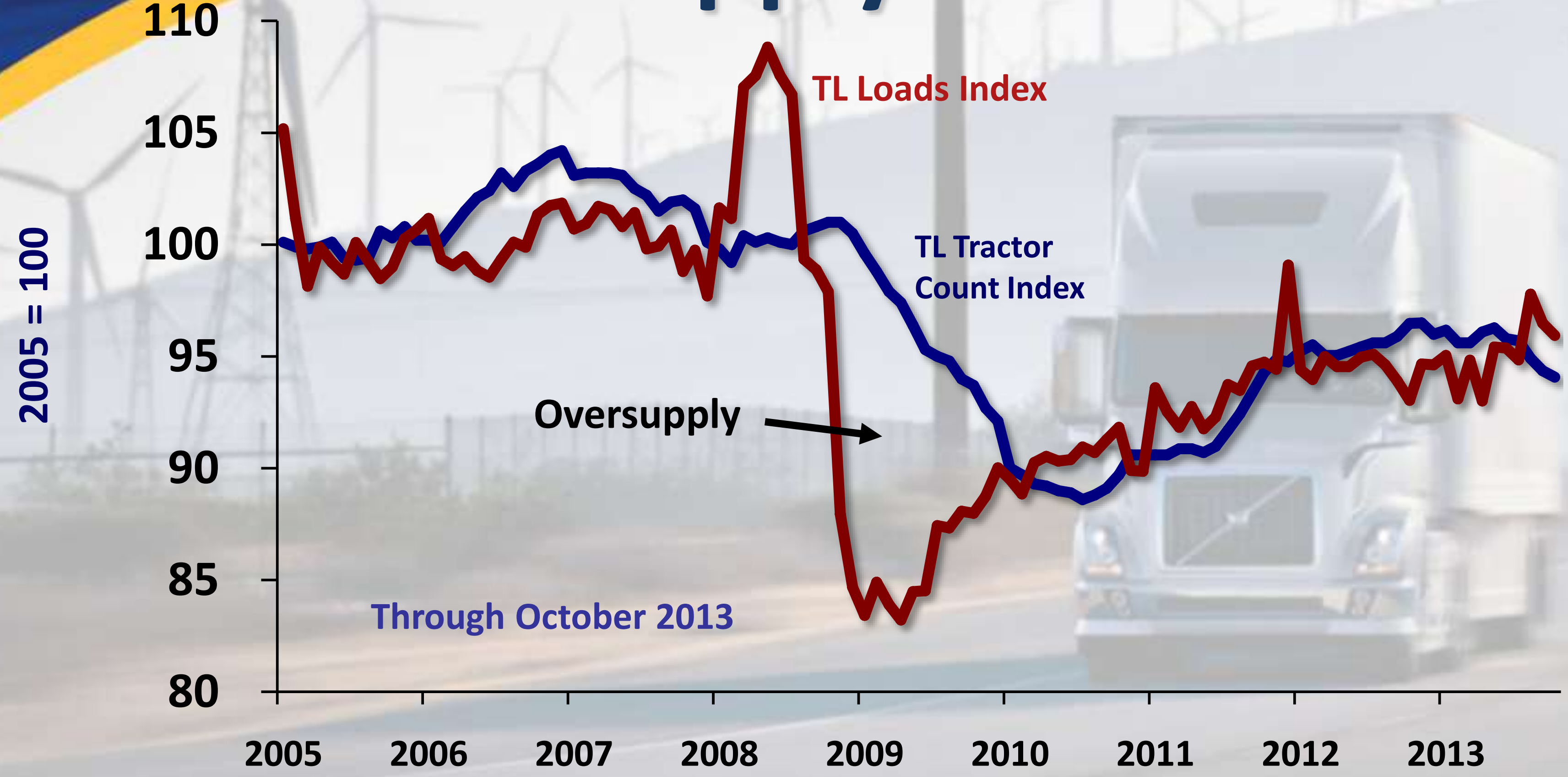
Source: ATA's *Trucking Activity Report*

U.S. Used Class 8 Truck Exports



Sources: U.S. Trade Data & ATA

TL Supply vs Demand



Source: ATA

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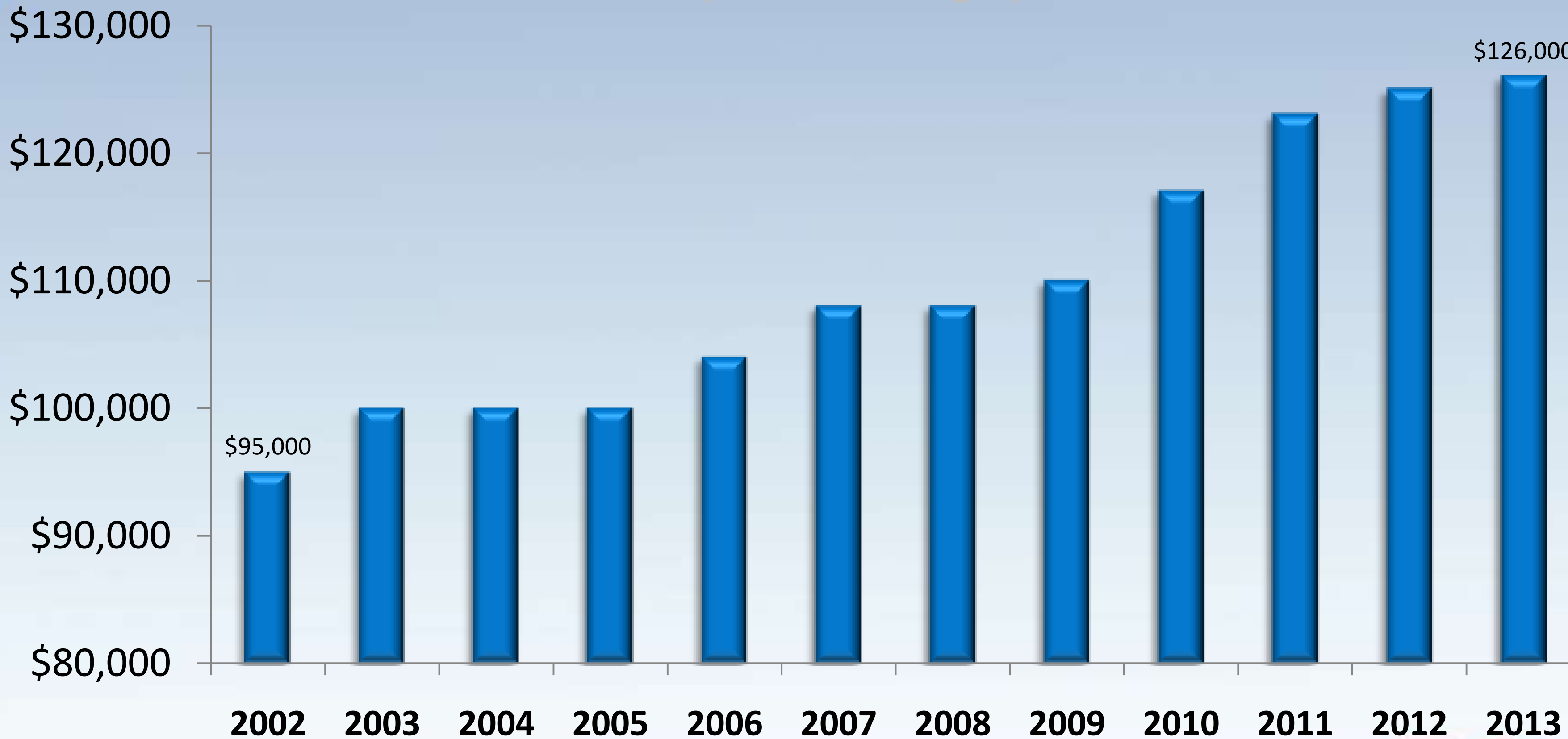
Industry Costs:

Margin Pressures Until the Capacity Crunch

New Tractor (Sleeper) Price Estimate

(Annual Averages)

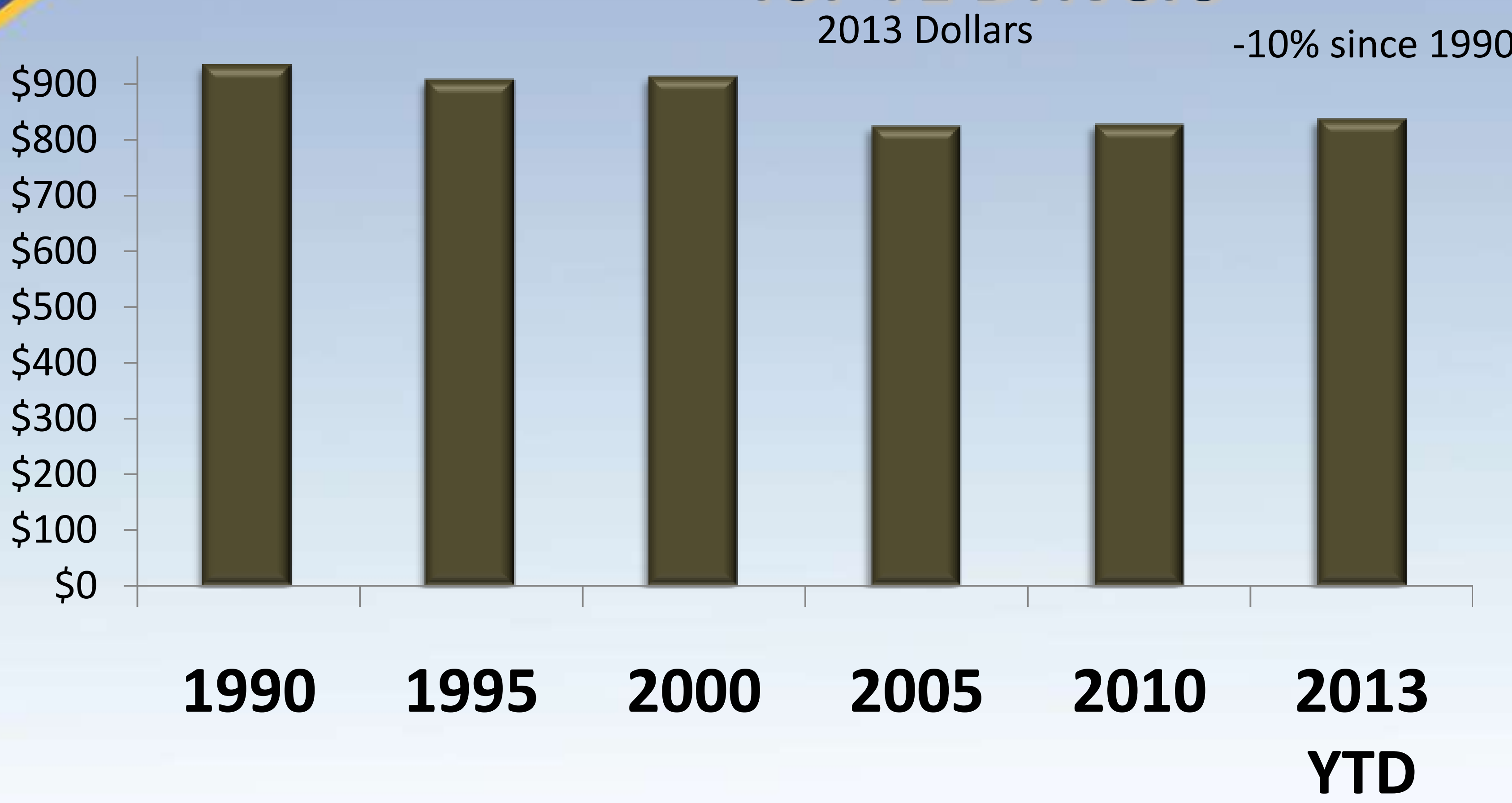


Source: ACT Research

Average Weekly Earnings for TL Drivers

Source: Department of Labor

Real Average Weekly Earnings for TL Drivers



Source: Department of Labor

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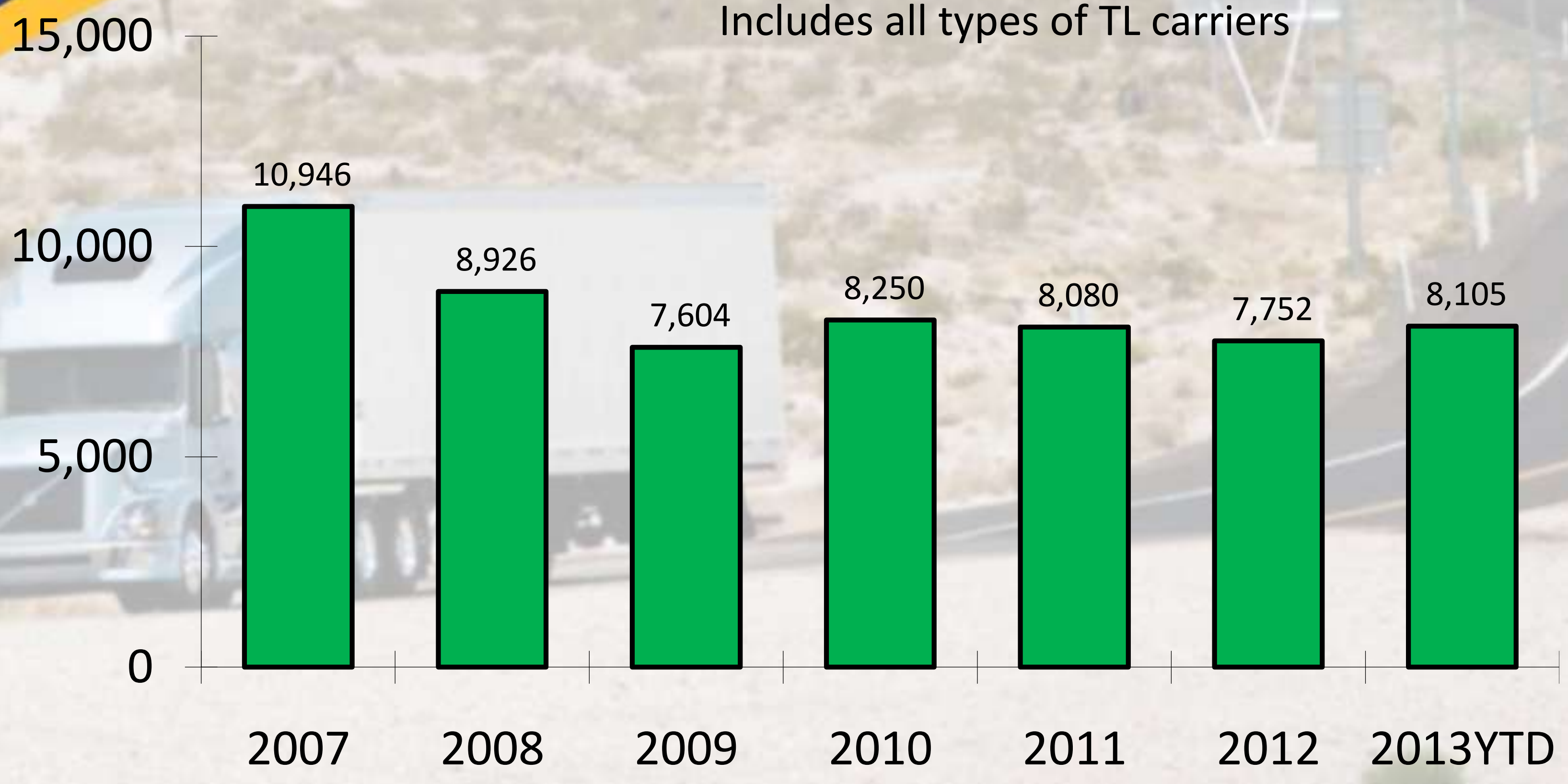
Miles Per Truck Per Month Are Down

Includes all types of TL carriers



Source: ATA

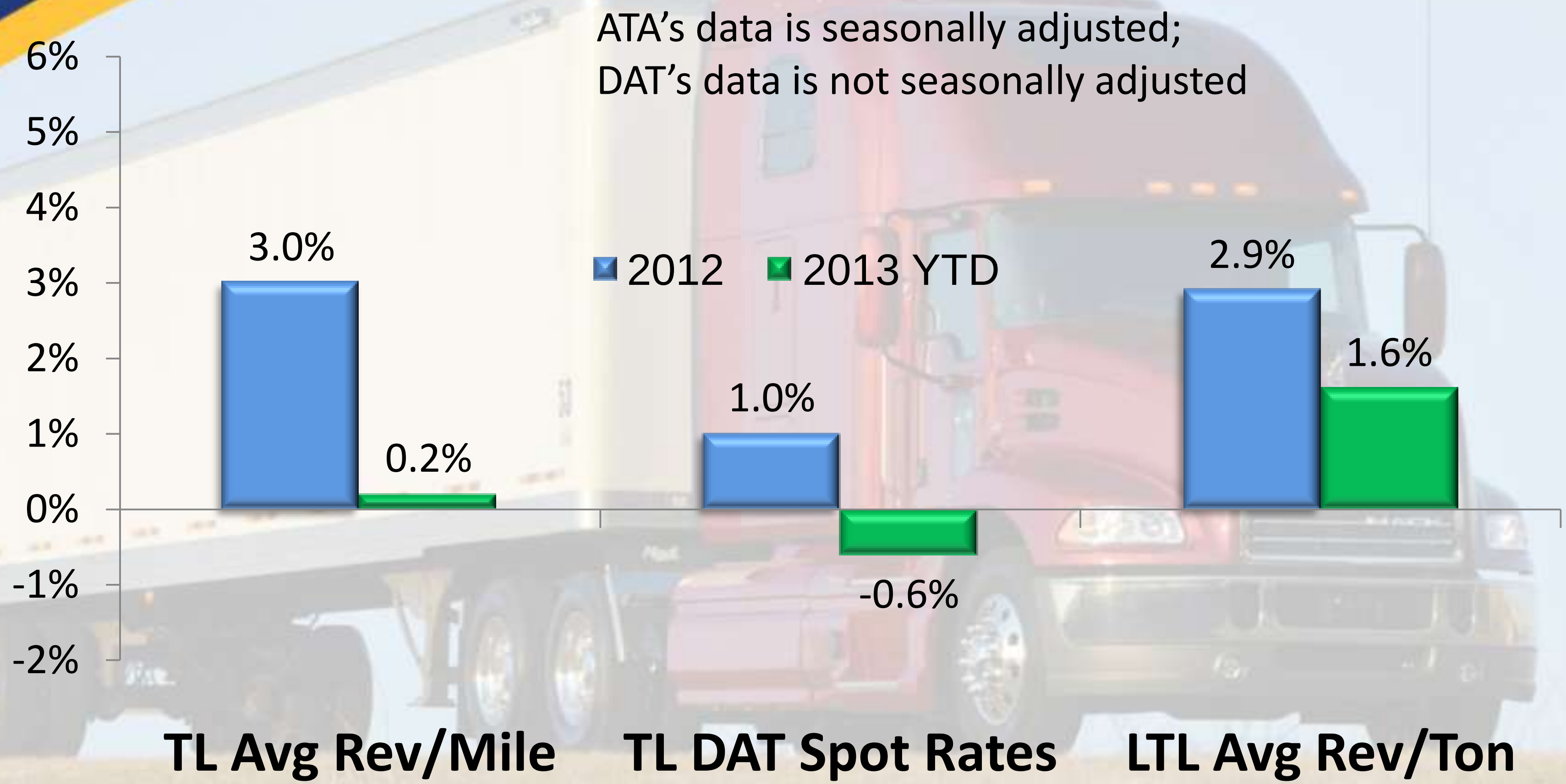
On-Highway Diesel Fuel Prices

	2012	2013	2014
WTI $/Barrel	$94.12	$97.74	$95.00
NG $/TCF	$10.66	$10.70	$11.73

Note: Higher fuel prices don't generate the number of trucking failures they once did.

Source: U.S. Department of Energy

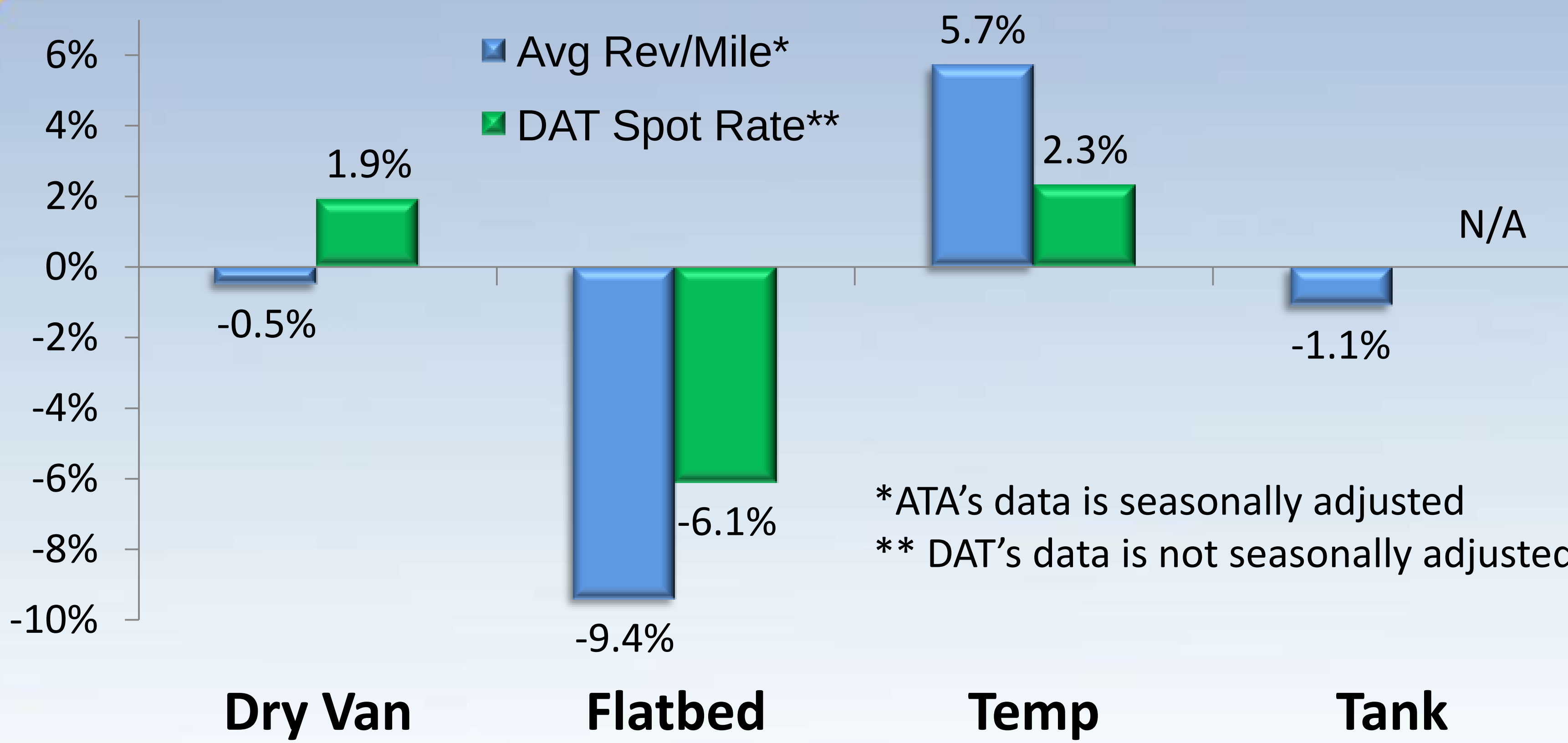
Changes in Pricing Proxies



Sources: ATA's *Trucking Activity Report* and DAT.com

Changes in Pricing Proxies

(YTD Compared with Same Period in 2012)



Sources: ATA's *Trucking Activity Report* and DAT.com

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The Driver Situation

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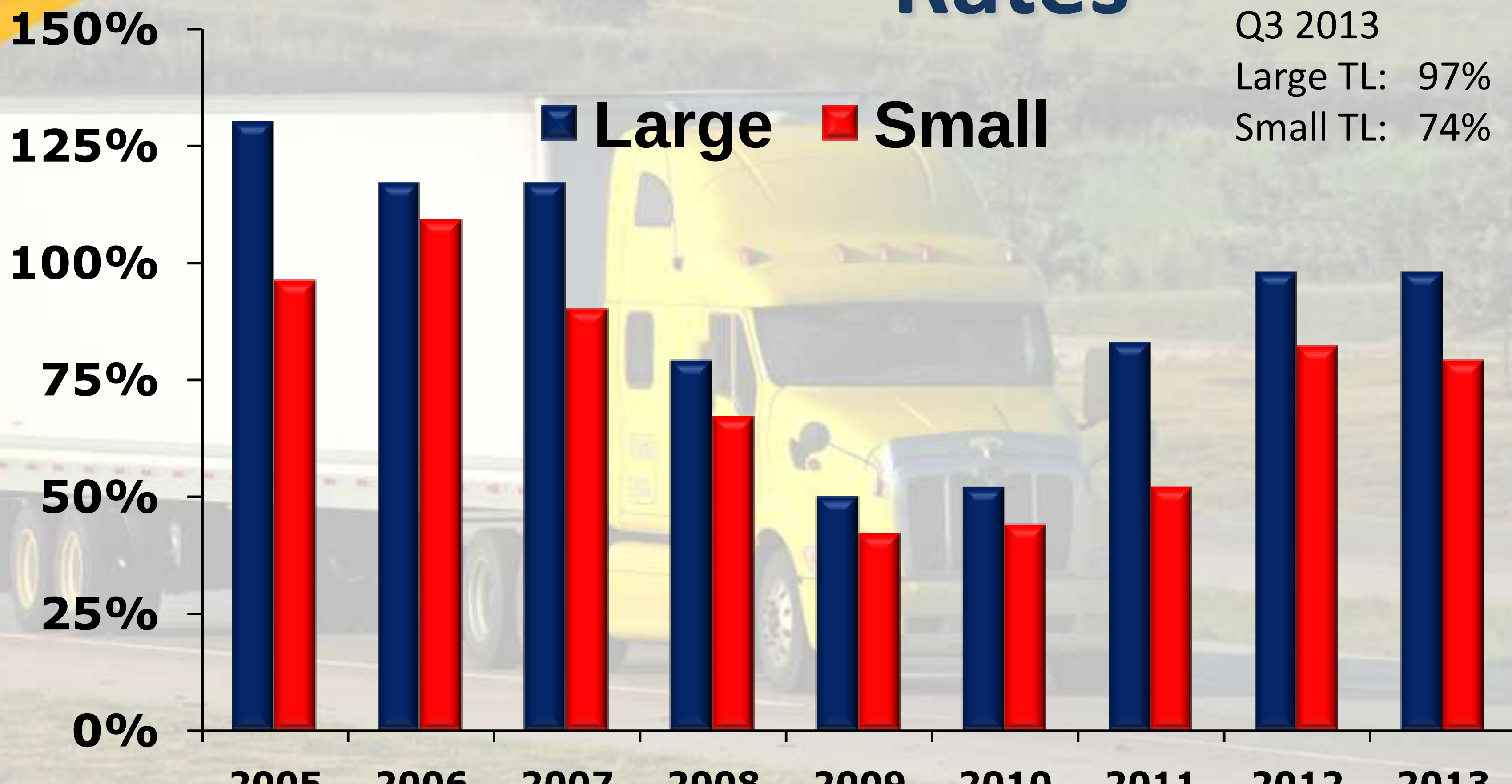
TL Truck Driver Turnover Rates



Q3 2013
Large TL: 97%
Small TL: 74%

Source: ATA

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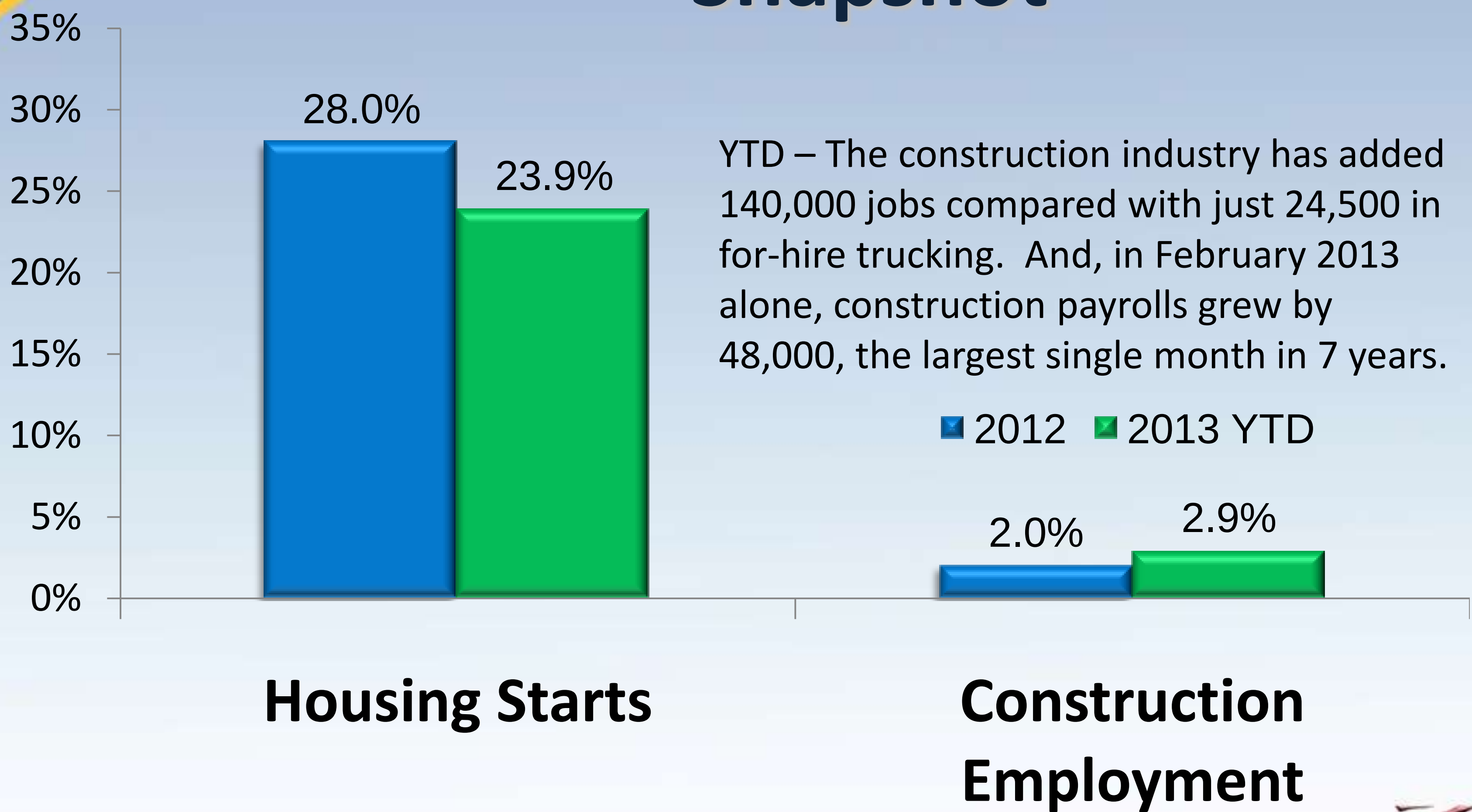
Construction Industry Snapshot

YTD – The construction industry has added 140,000 jobs compared with just 24,500 in for-hire trucking. And, in February 2013 alone, construction payrolls grew by 48,000, the largest single month in 7 years.



Sources: Census Bureau and Department of Labor

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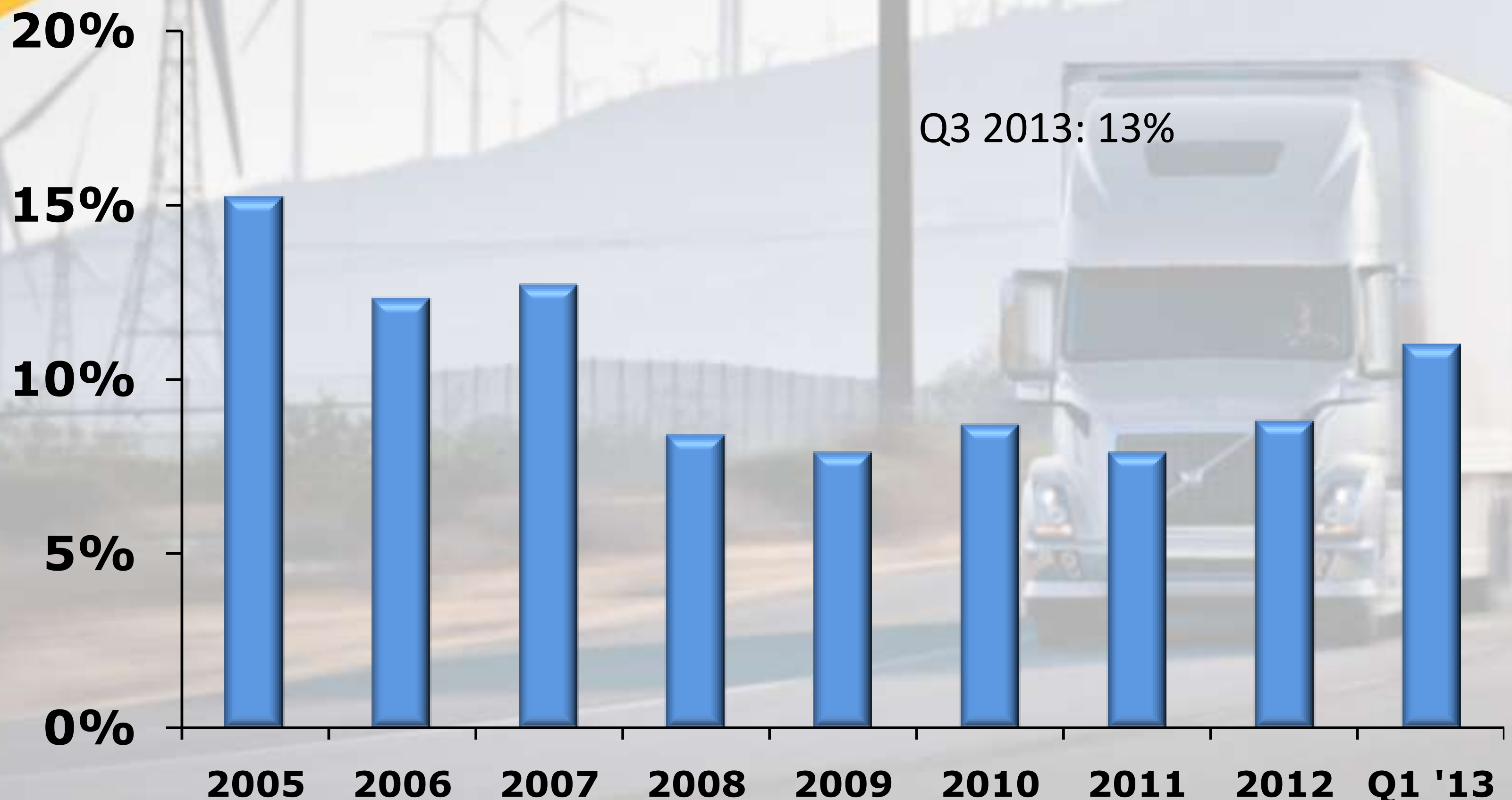
LTL Truck Driver Turnover Rates



Source: ATA's Trucking Activity Report

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