



Good stuff.



Economic & Motor Carrier Industry Update

September 2008

**Tavio Headley
Economist
American Trucking Associations**



Good stuff.



Industry Facts

- Represents roughly 5% of the nation's gross domestic product (GDP)
- \$646 billion industry, hauling 10.7 billion tons of freight annually
- 8.7 million people throughout the economy employed in trucking jobs
- 3.5 million truck drivers, including local & over-the-road



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Industry Facts

- Operates 2.0 million truck-tractors and 7.0 million total heavy duty commercial trucks
- Class 8 trucks log 139 billion miles annually
- Consumes 39 billion gallons of diesel annually
- Exclusively serves over 80% of communities in the U.S.



Good stuff.



Motor Carrier Volume Trends

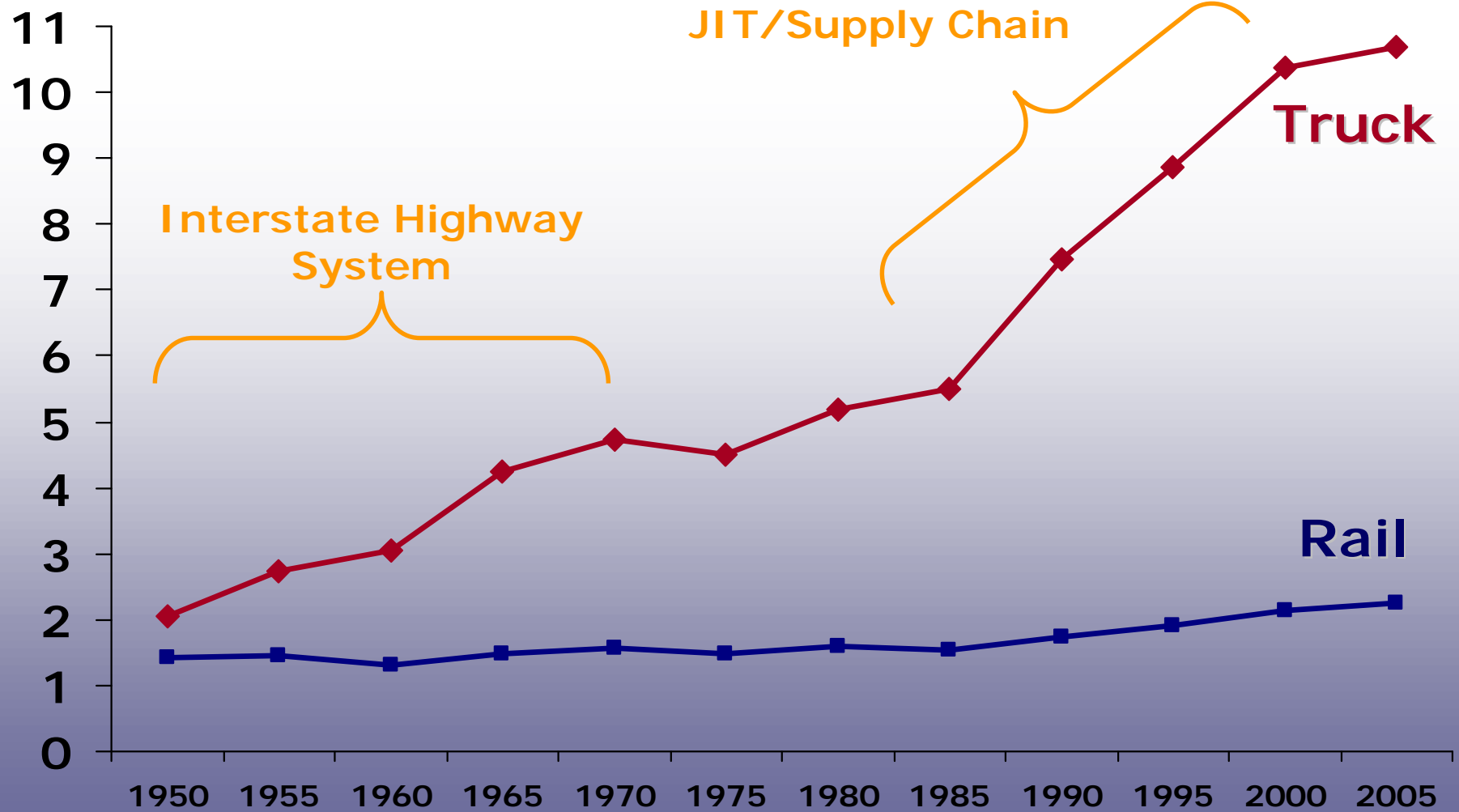


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Historical Tonnage by Mode

Billions of Tons



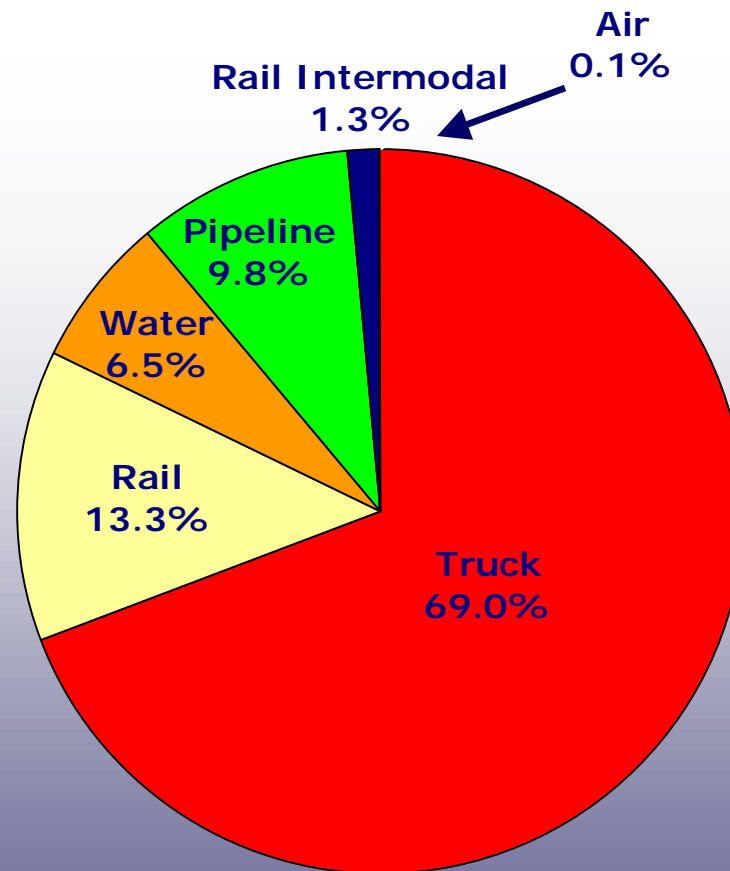
Source: ATA



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Distribution of Tonnage by Mode: 2006



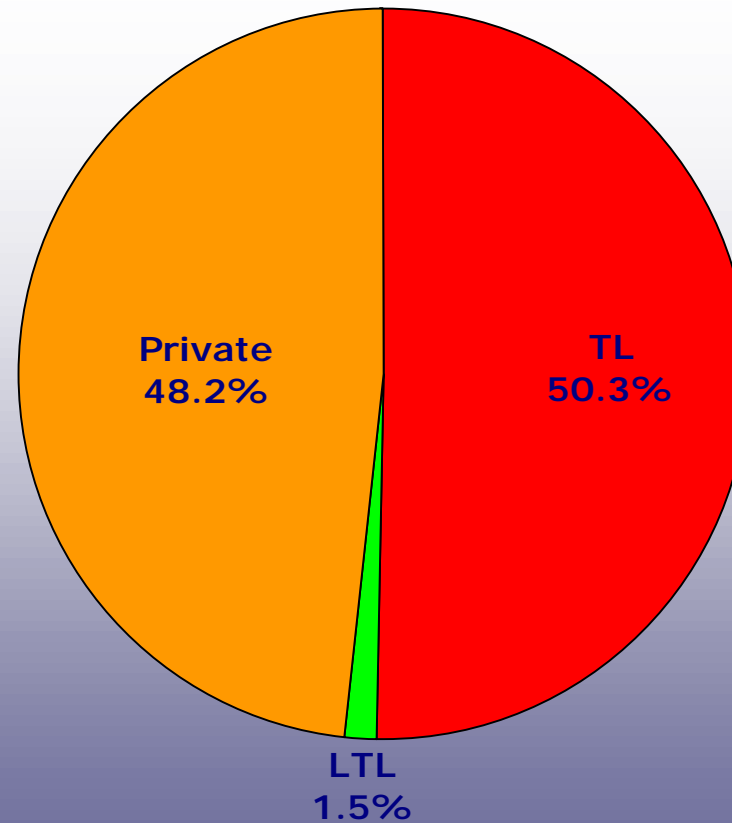
Source: *U.S. Freight Transportation Forecast to...2018*



Good stuff.



Distribution of Truck Tonnage: 2006



Source: *U.S. Freight Transportation Forecast to...2018*

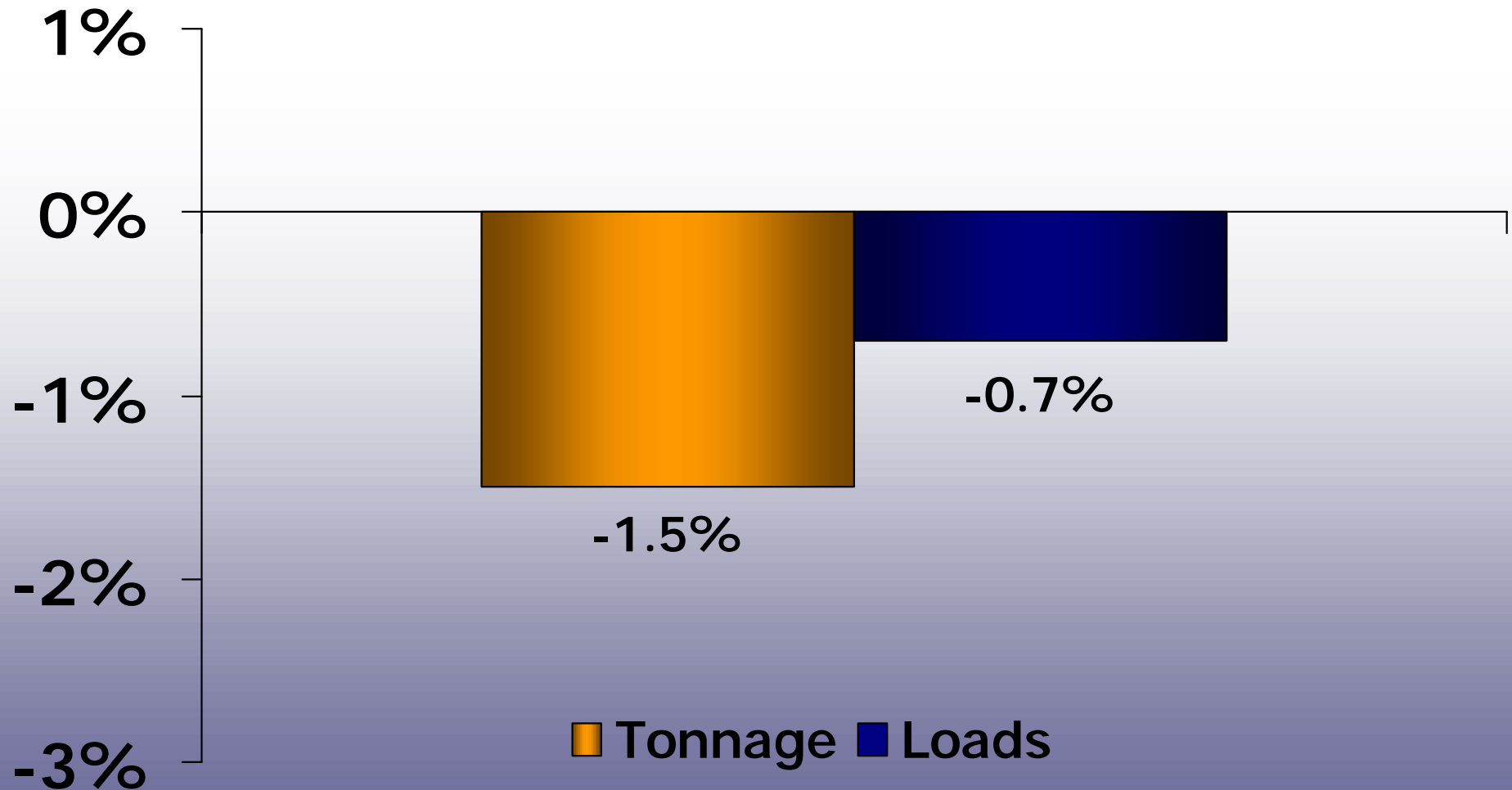


Good stuff.



For-Hire Trucking Volumes

2007



Sources: ATA's *Trucking Activity Report* & *Monthly Truck Tonnage Report*

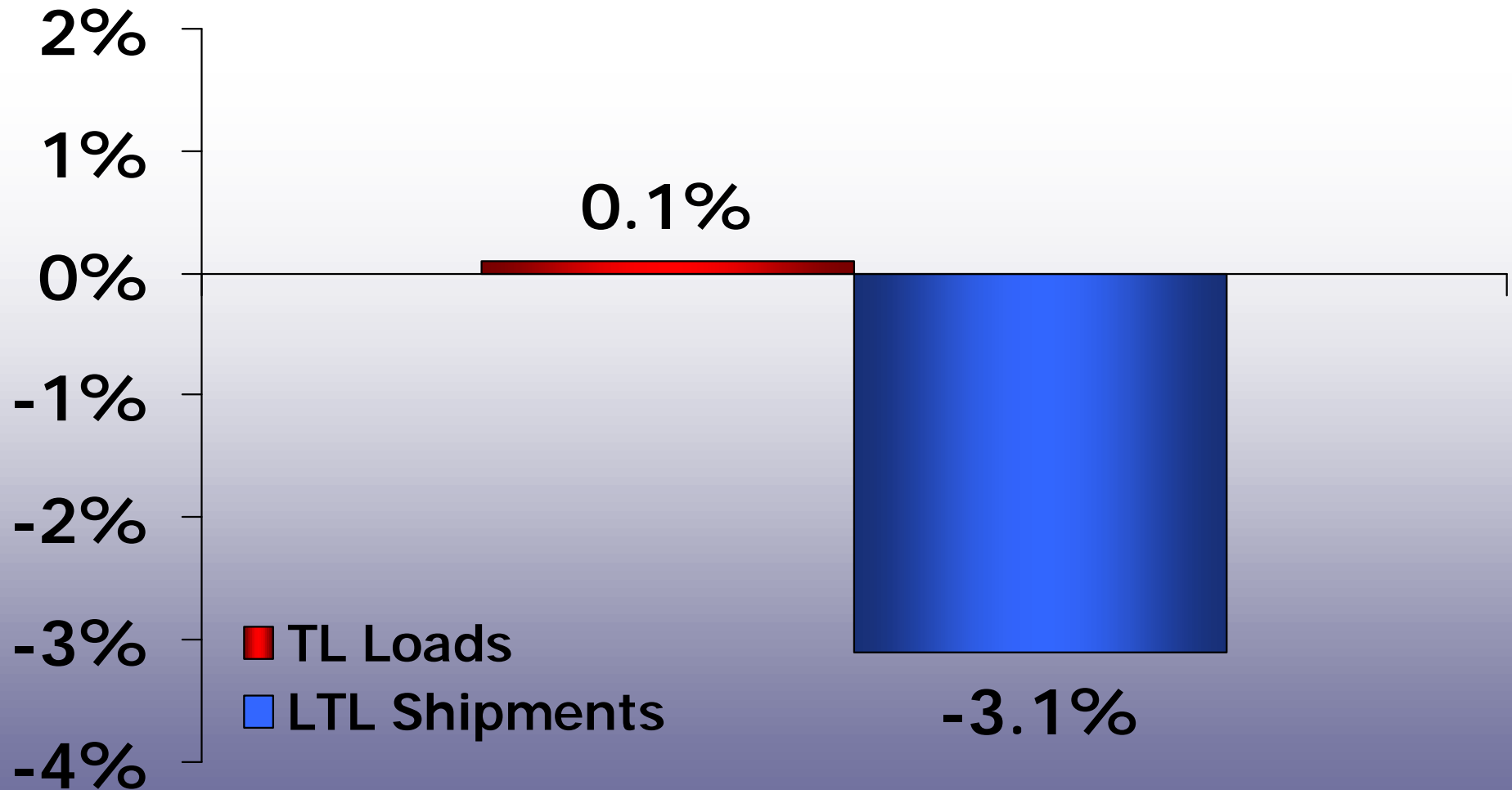


Good stuff.



For-Hire Trucking Volumes

2007



Source: ATA's *Trucking Activity Report*

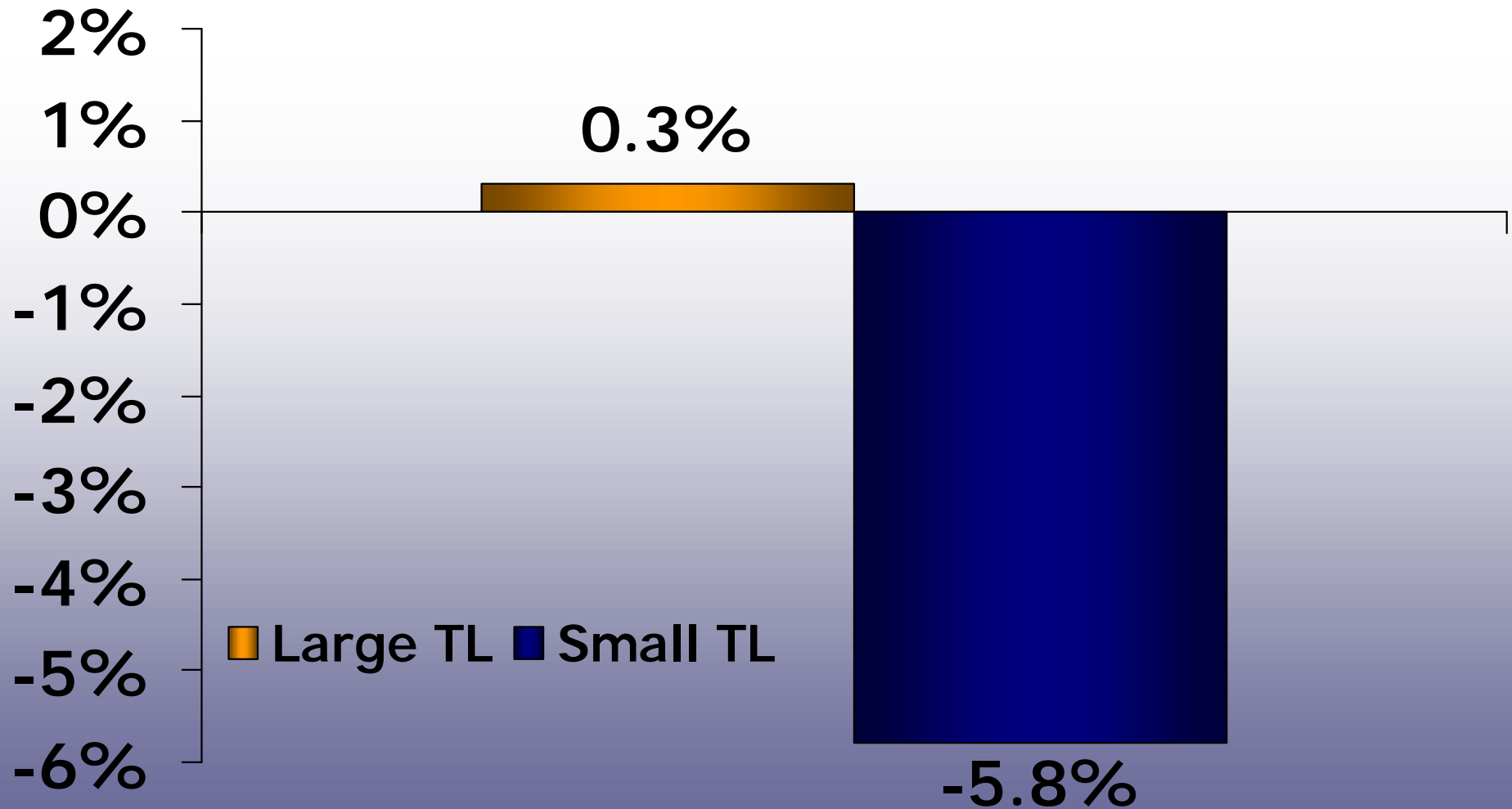


Good stuff.



TL Loads

2007



Source: ATA's *Trucking Activity Report*

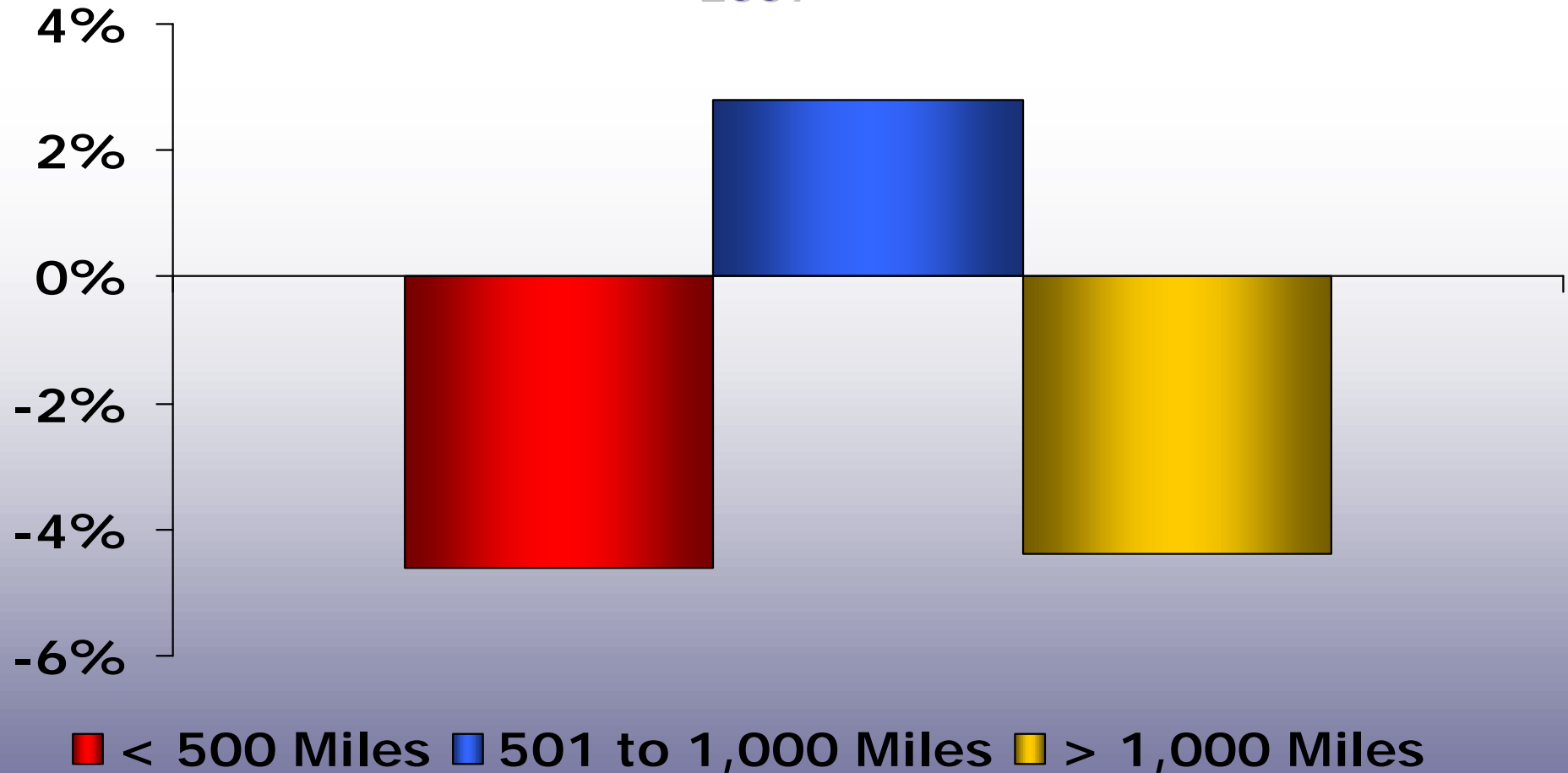


Good stuff.



TL Loads – Length-of-Haul

2007

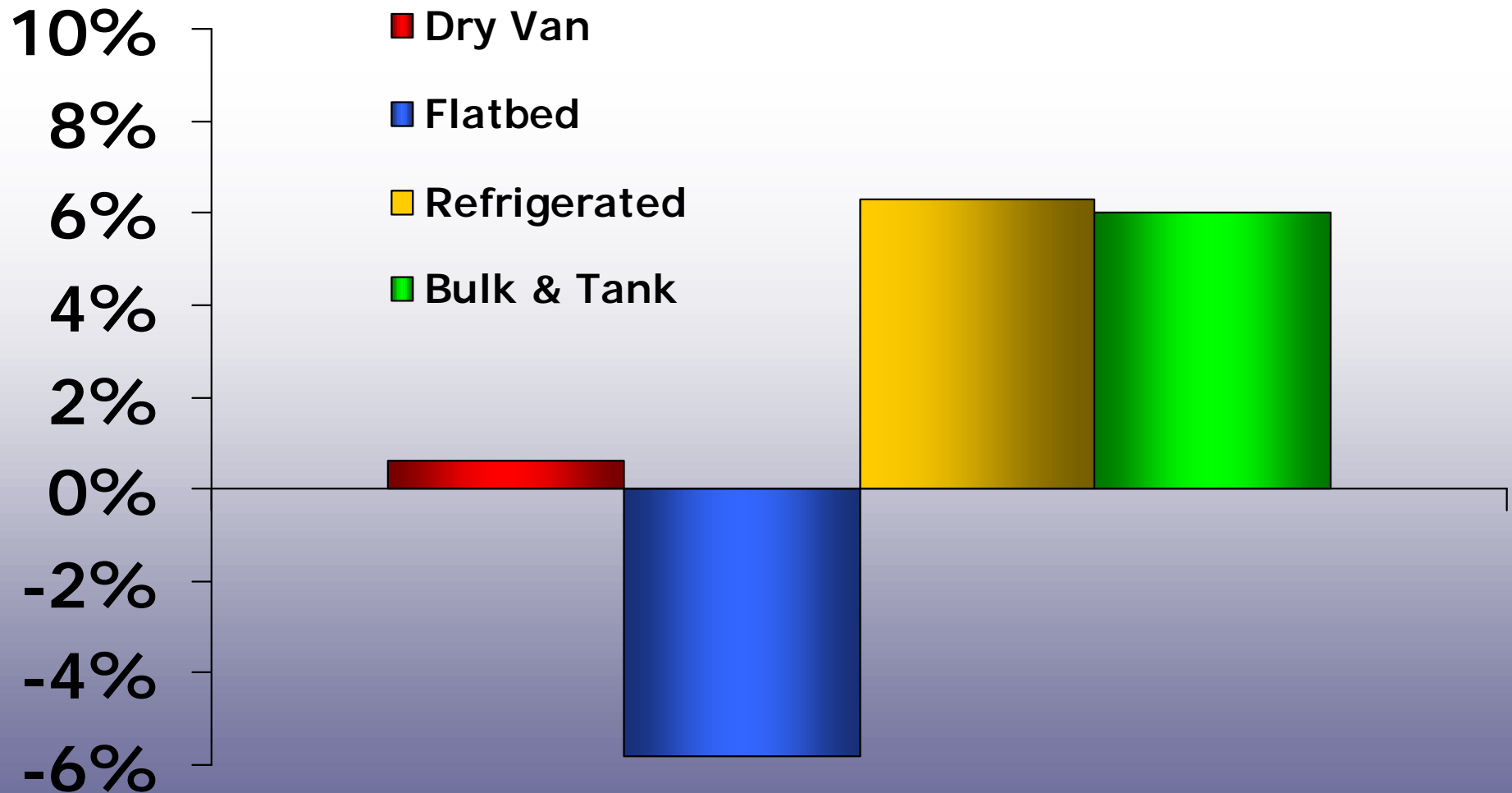


Source: ATA's *Trucking Activity Report*



TL Loads – Type of Freight

2007



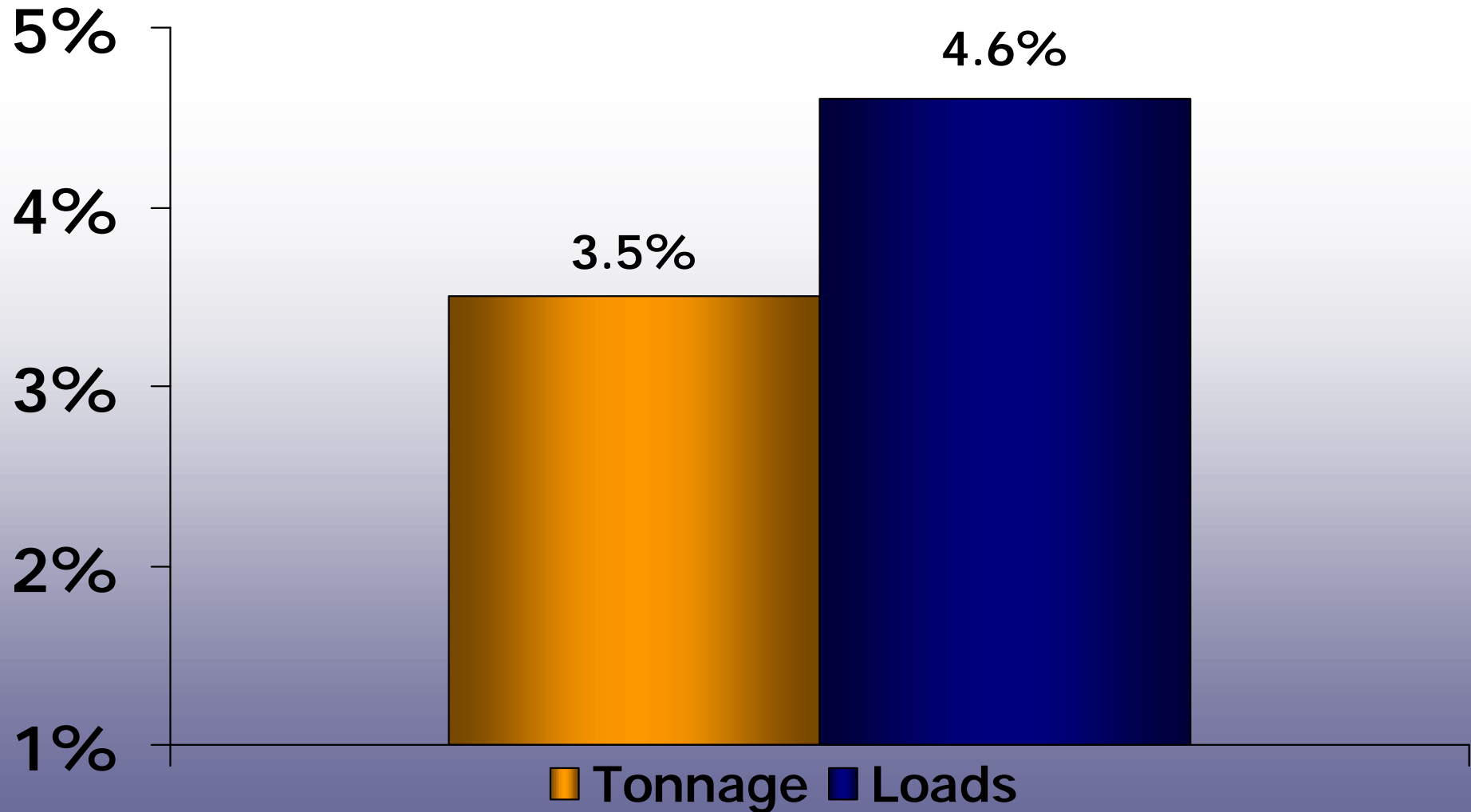


Good stuff.



For-Hire Trucking Volumes

YTD Compared with Same Period in 2007



Sources: ATA's *Trucking Activity Report* & *Monthly Truck Tonnage Report*

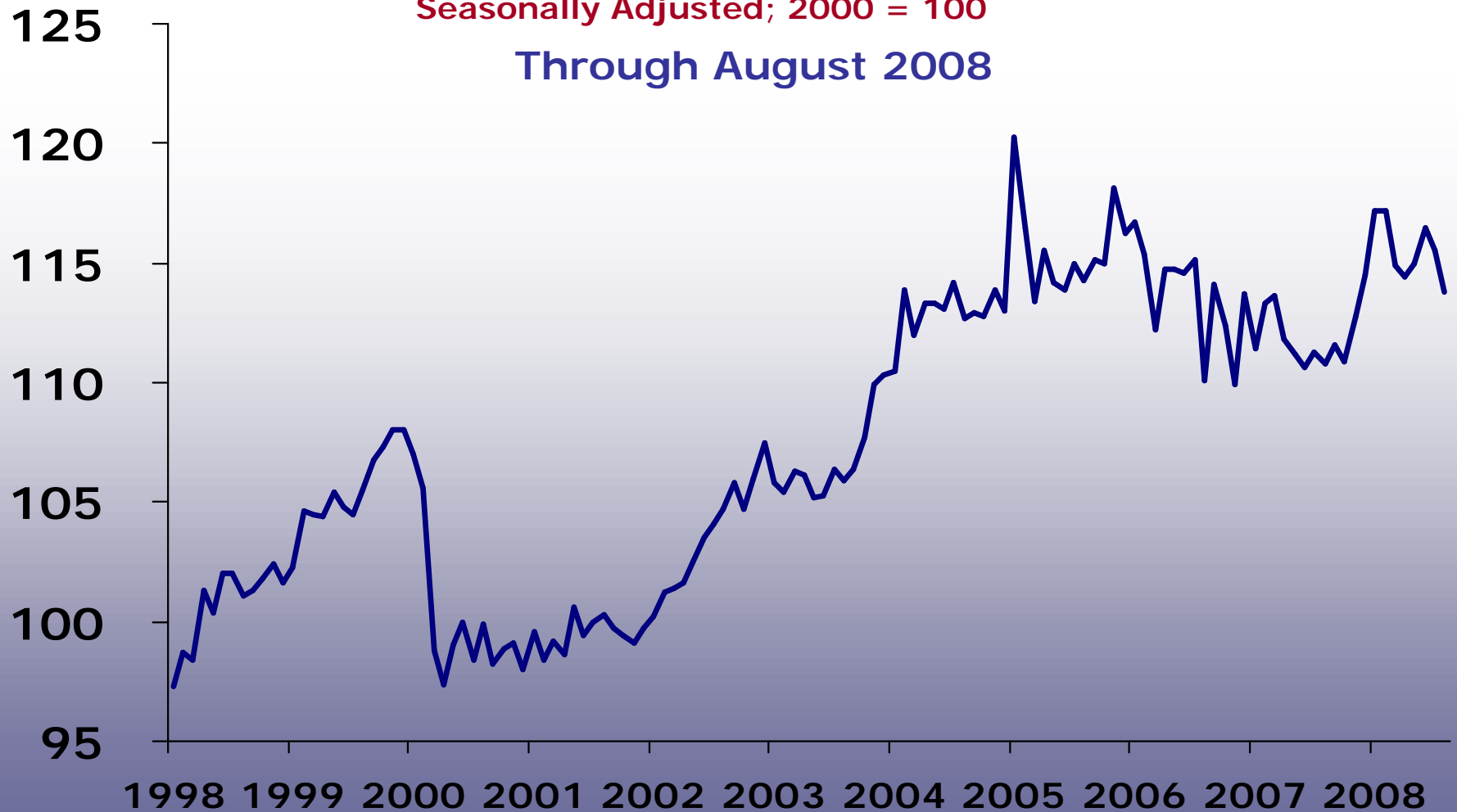


Good stuff.



ATA's For-Hire Truck Tonnage Index

Seasonally Adjusted; 2000 = 100
Through August 2008



Source: ATA

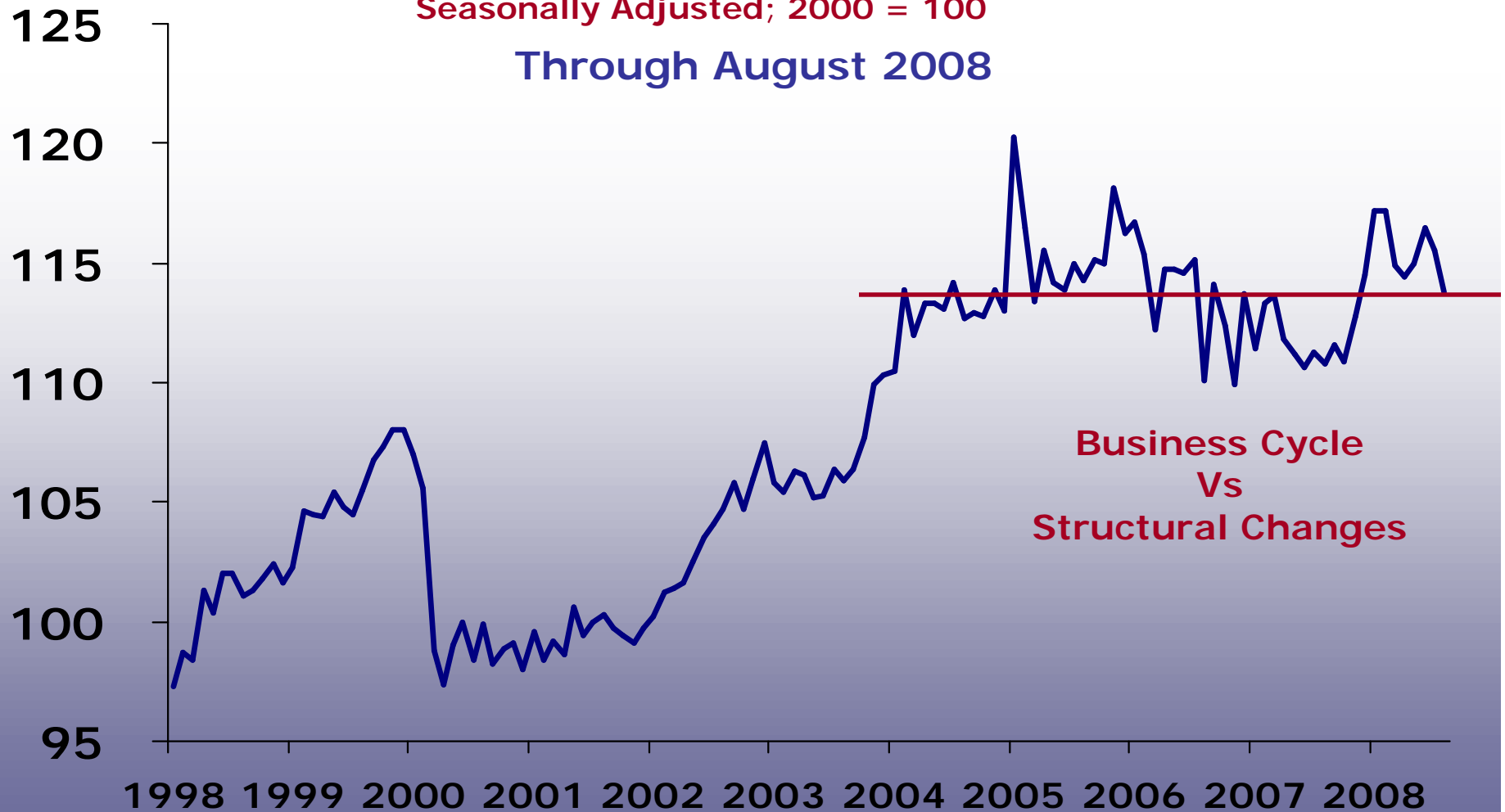


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ATA's For-Hire Truck Tonnage Index

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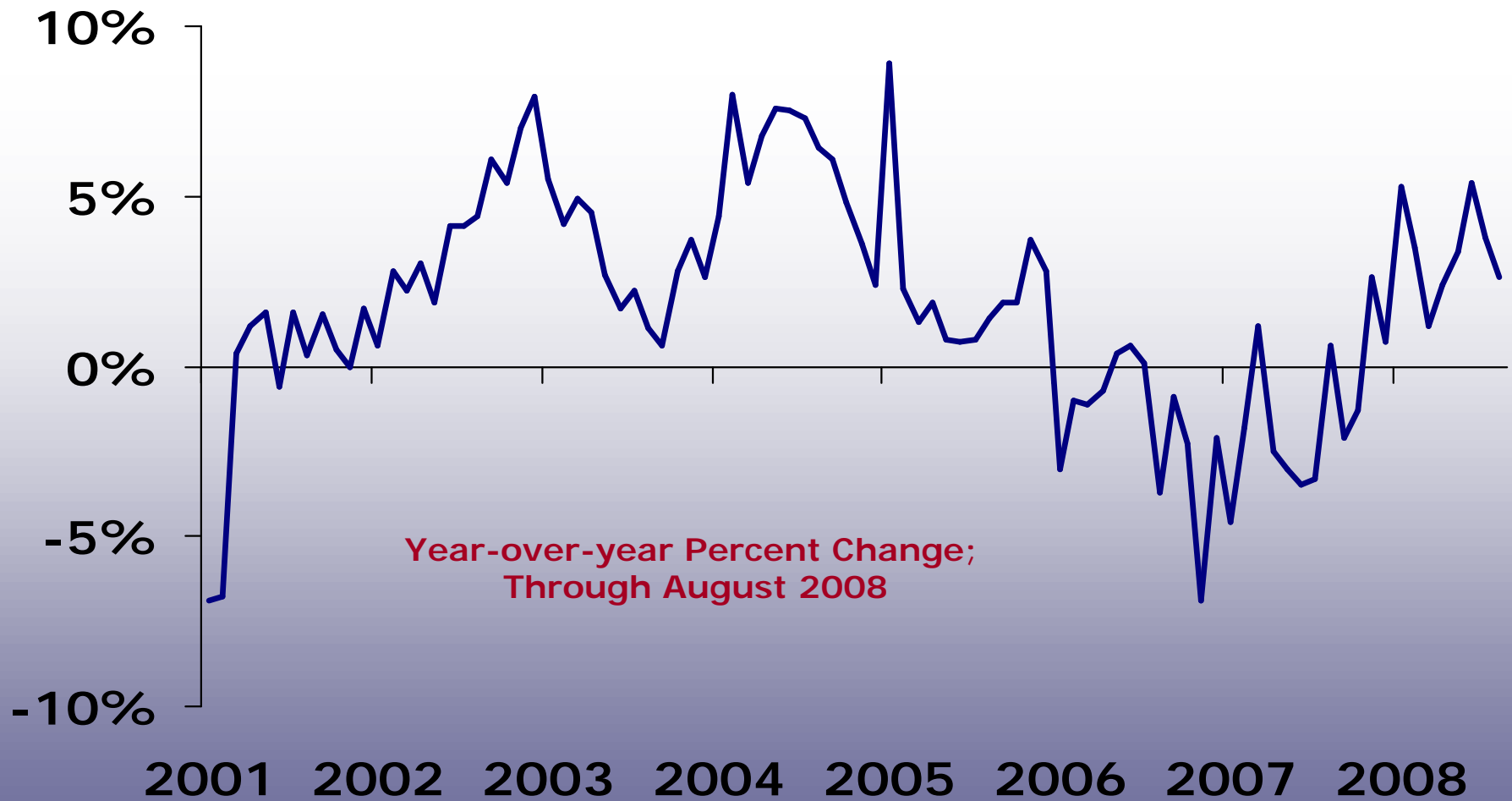
Source: ATA



Good stuff.



ATA's For-Hire Truck Tonnage Index



Source: *ATA's Monthly Truck Tonnage Report*

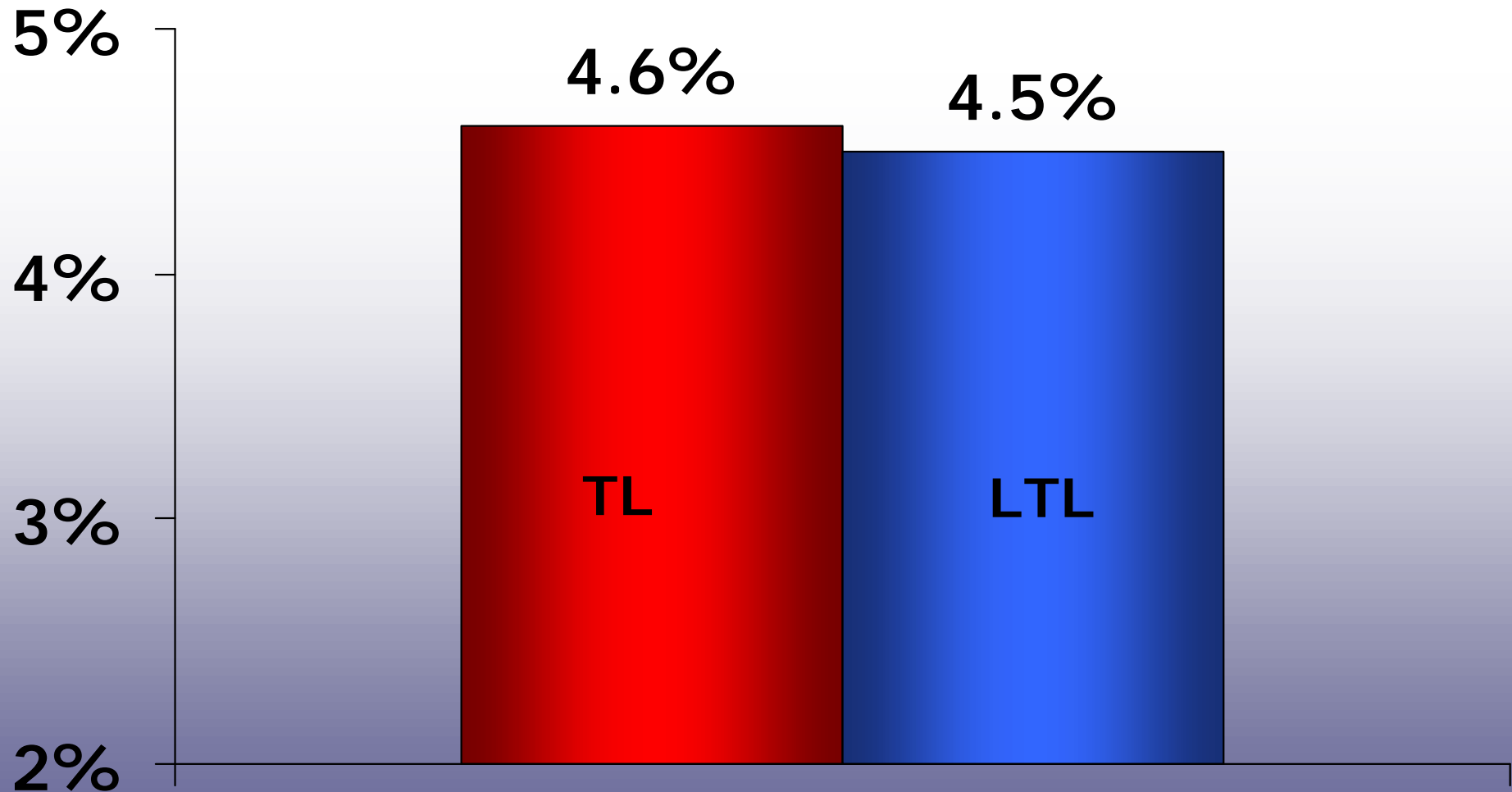


Good stuff.



For-Hire Trucking Volumes

YTD Through July Compared with Same Period in 2007



Source: ATA's *Trucking Activity Report*

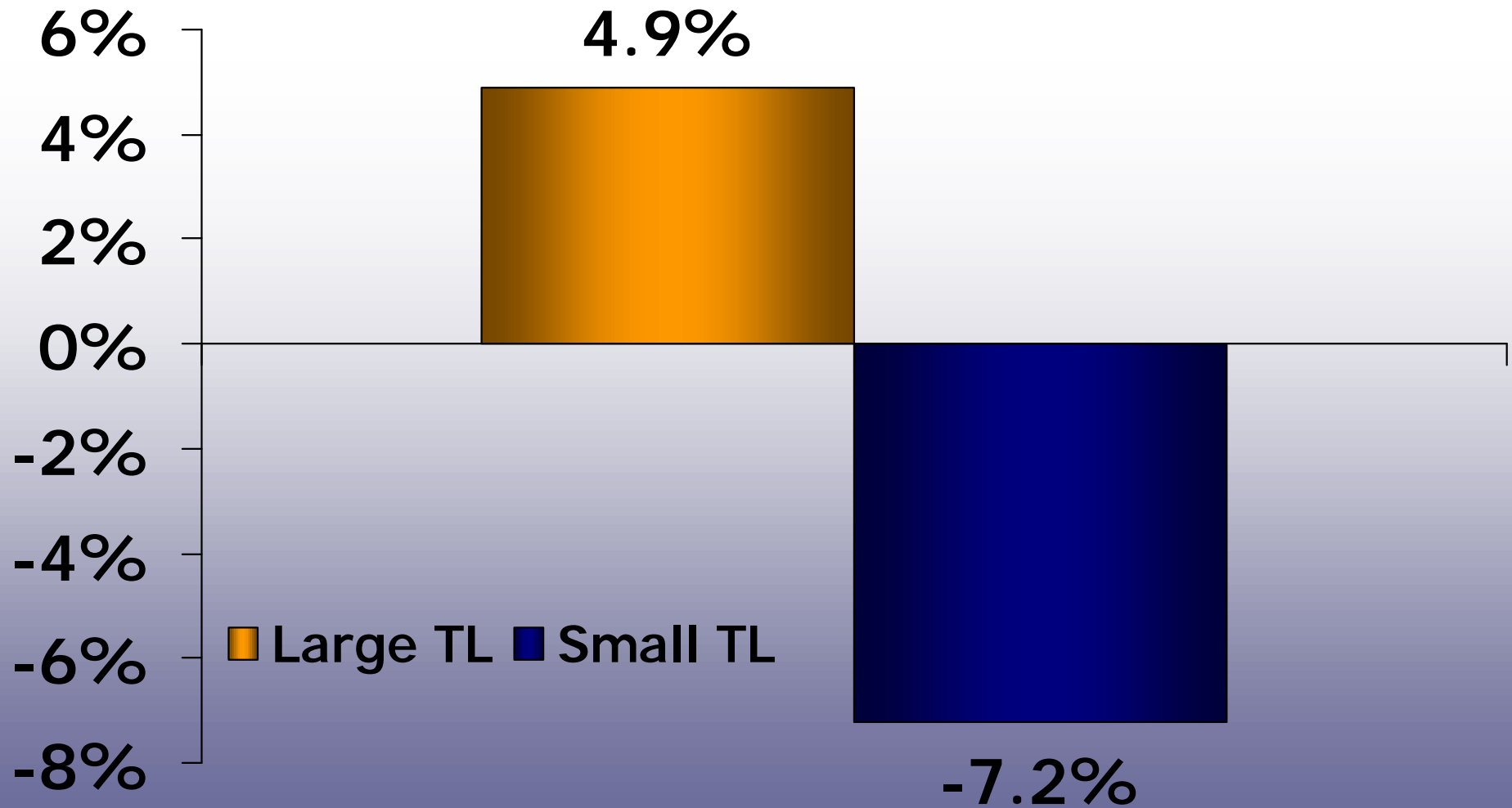


Good stuff.



TL Loads

YTD Through July Compared with Same Period in 2007



Source: ATA's *Trucking Activity Report*

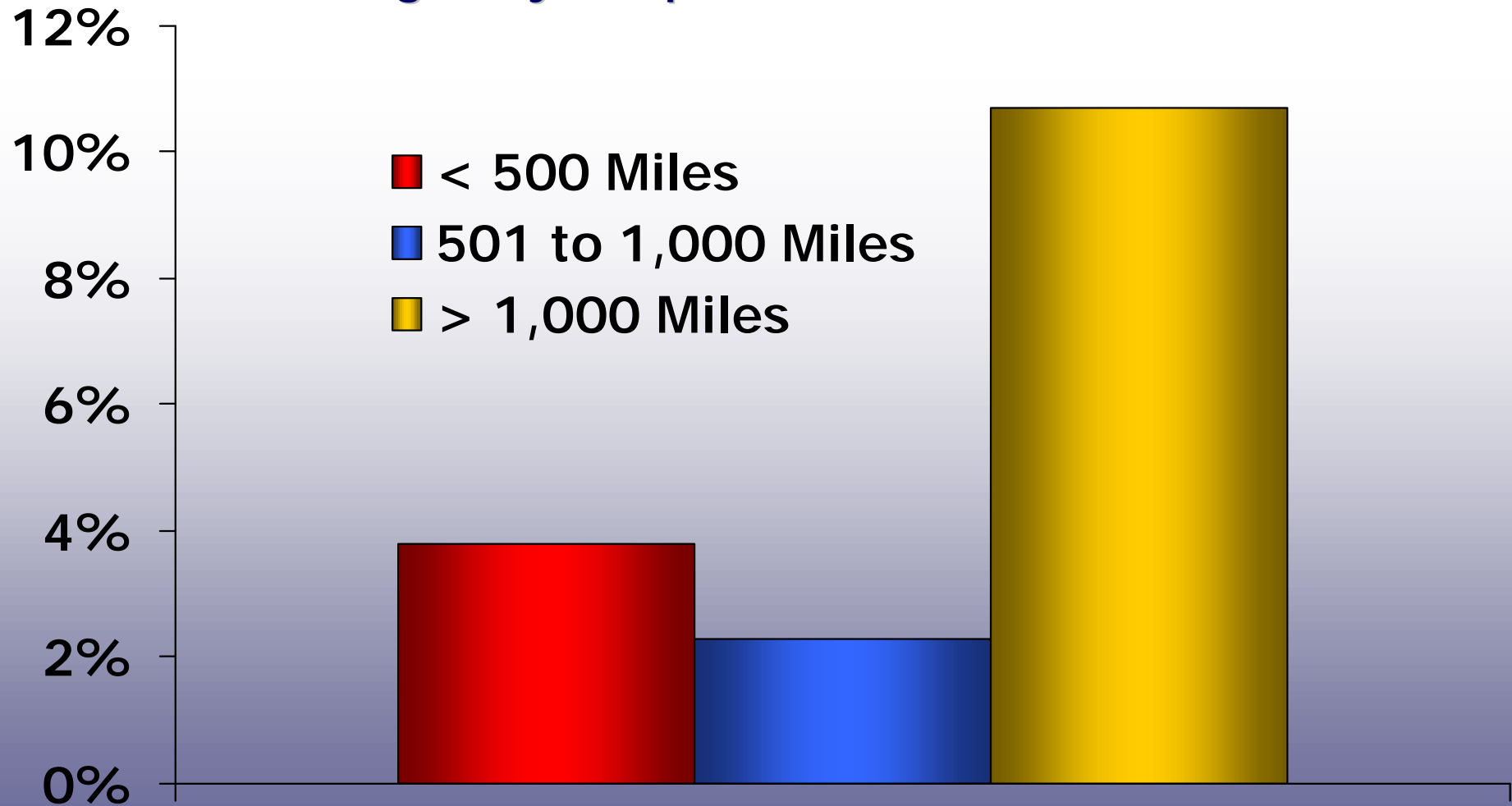


Good stuff.



TL Loads – Length-of-Haul

YTD Through July Compared with Same Period in 2007



Source: ATA's *Trucking Activity Report*

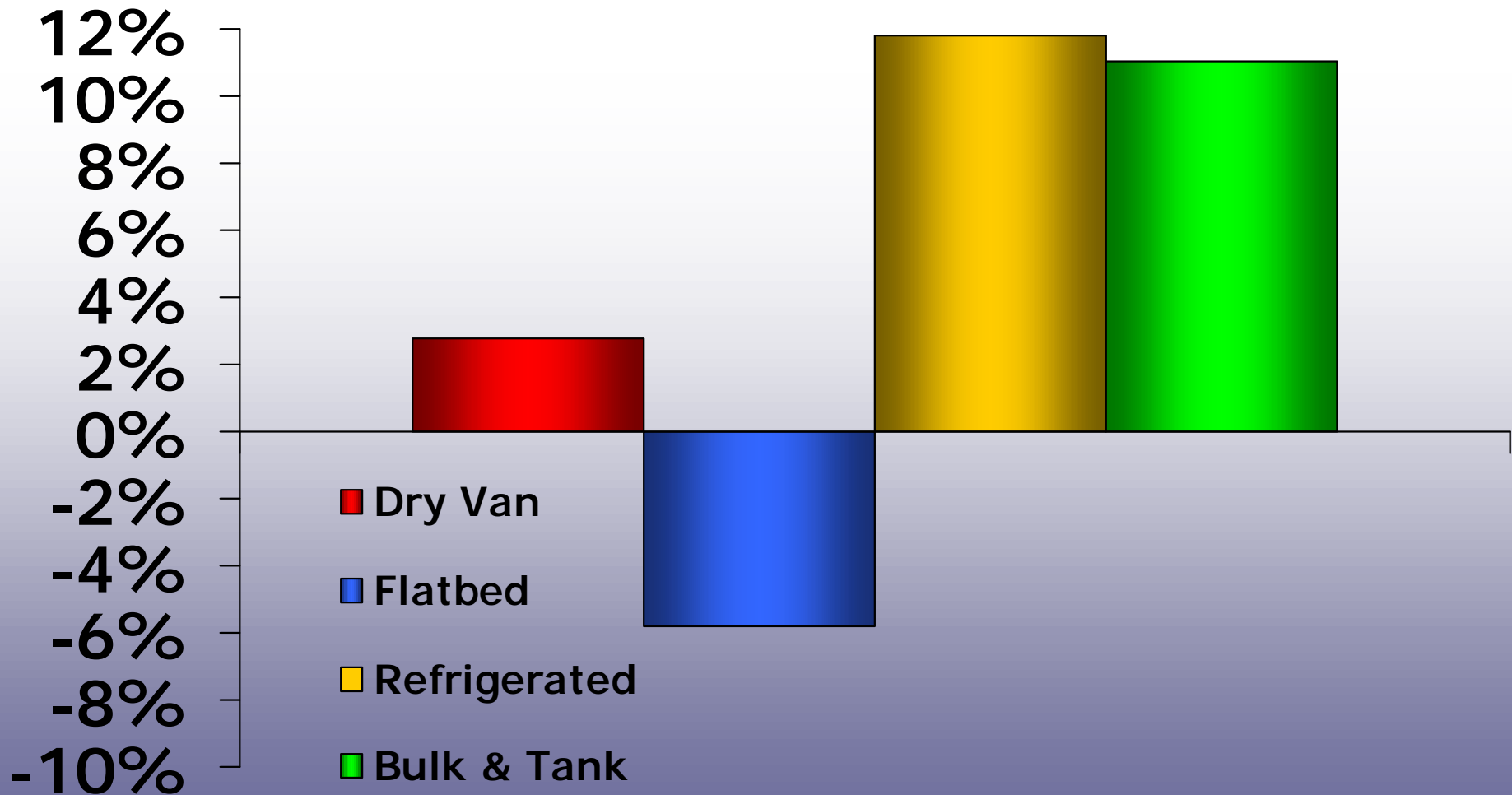


Good stuff.



TL Loads – Type of Freight

YTD Through July Compared with Same Period in 2007



Source: ATA's *Trucking Activity Report*



Good stuff.



Second Quarter 2008 Loads Analysis

Slowing

- Medium-Haul TL (501 – 1,000 miles)
- Long-Haul TL (>1,000 miles)
- Large LTL

Q-Q -
YOY +

Growing

- Large TL
- Short-Haul TL (<500 miles)
- Dry Van (just barely)
- Reefer
- Tanks
- Small LTL

Q-Q +
YOY +

Contracting

- Small TL

Source: ATA

Q-Q -
YOY -

Improving

- Flatbed (from steel shipments)

Q-Q +
YOY -



Good stuff.



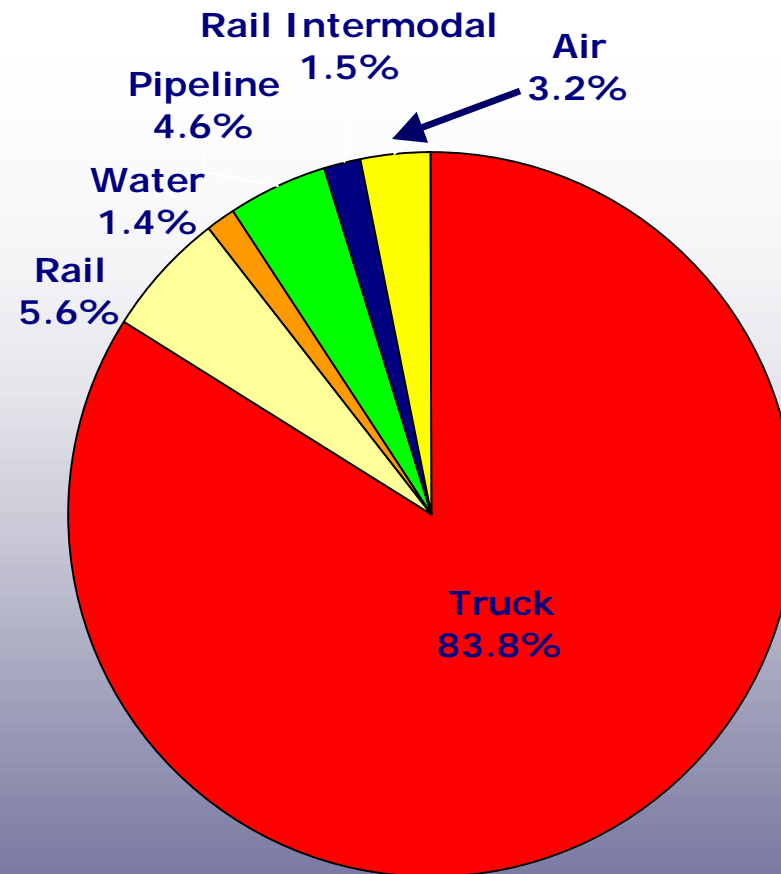
However, truck freight has slowed significantly since the second quarter.



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Distribution of Revenue by Mode: 2006



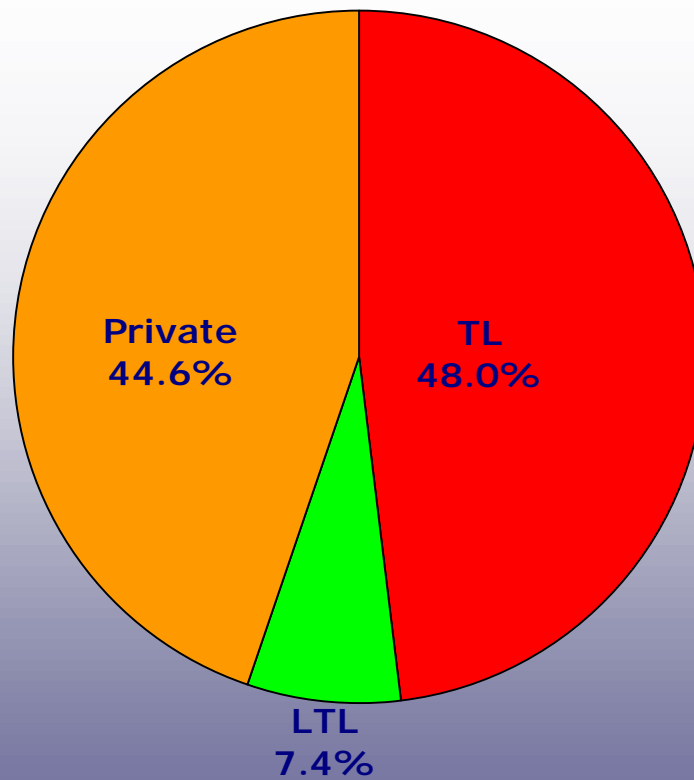
Sources: U.S. Freight Transportation Forecast to...2018



Good stuff.



Distribution of Truck Revenue: 2006



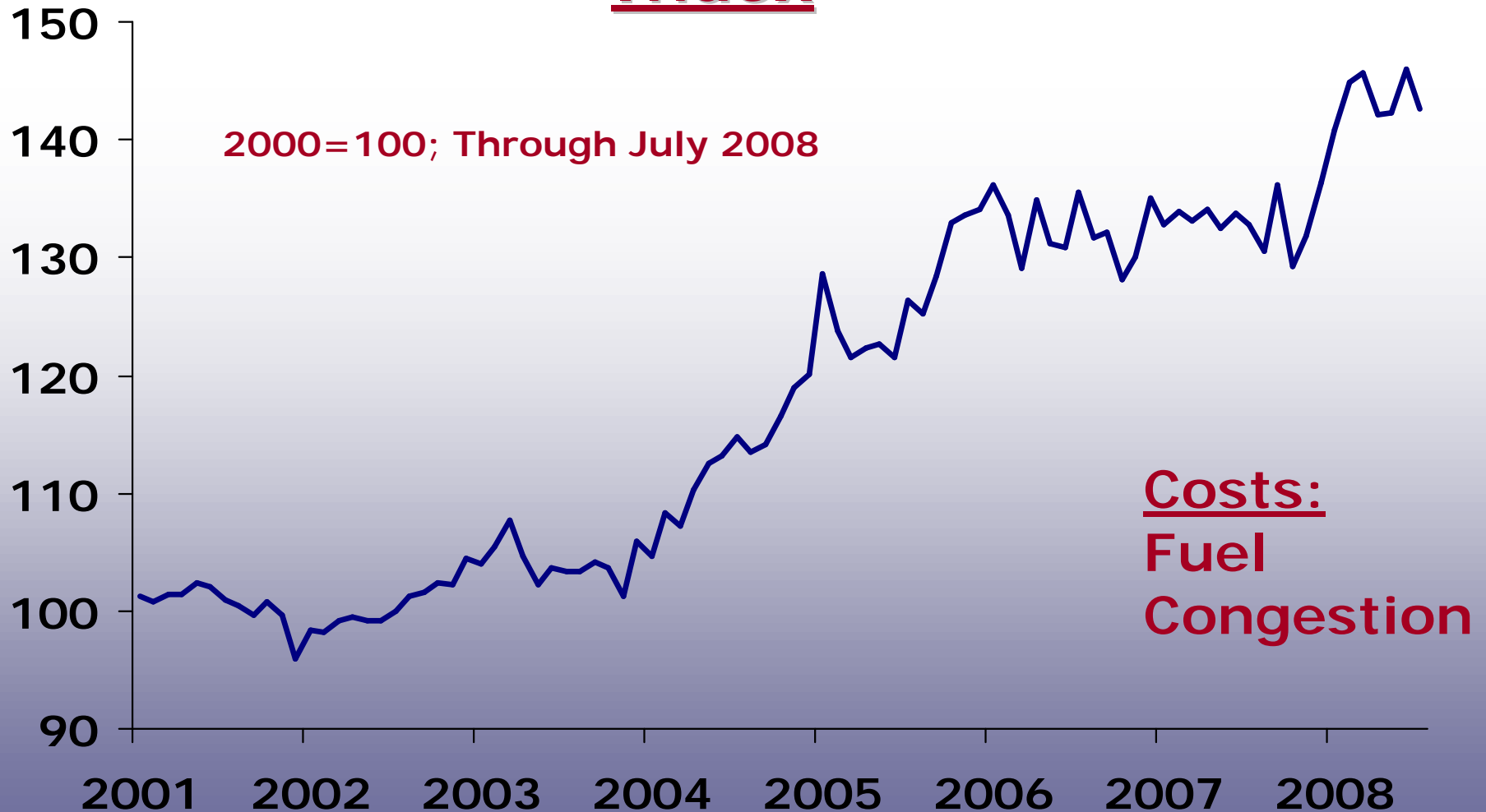
Sources: *U.S. Freight Transportation Forecast to...2018*



Good stuff.



ATA's For-Hire Truck Revenue Index



Source: ATA

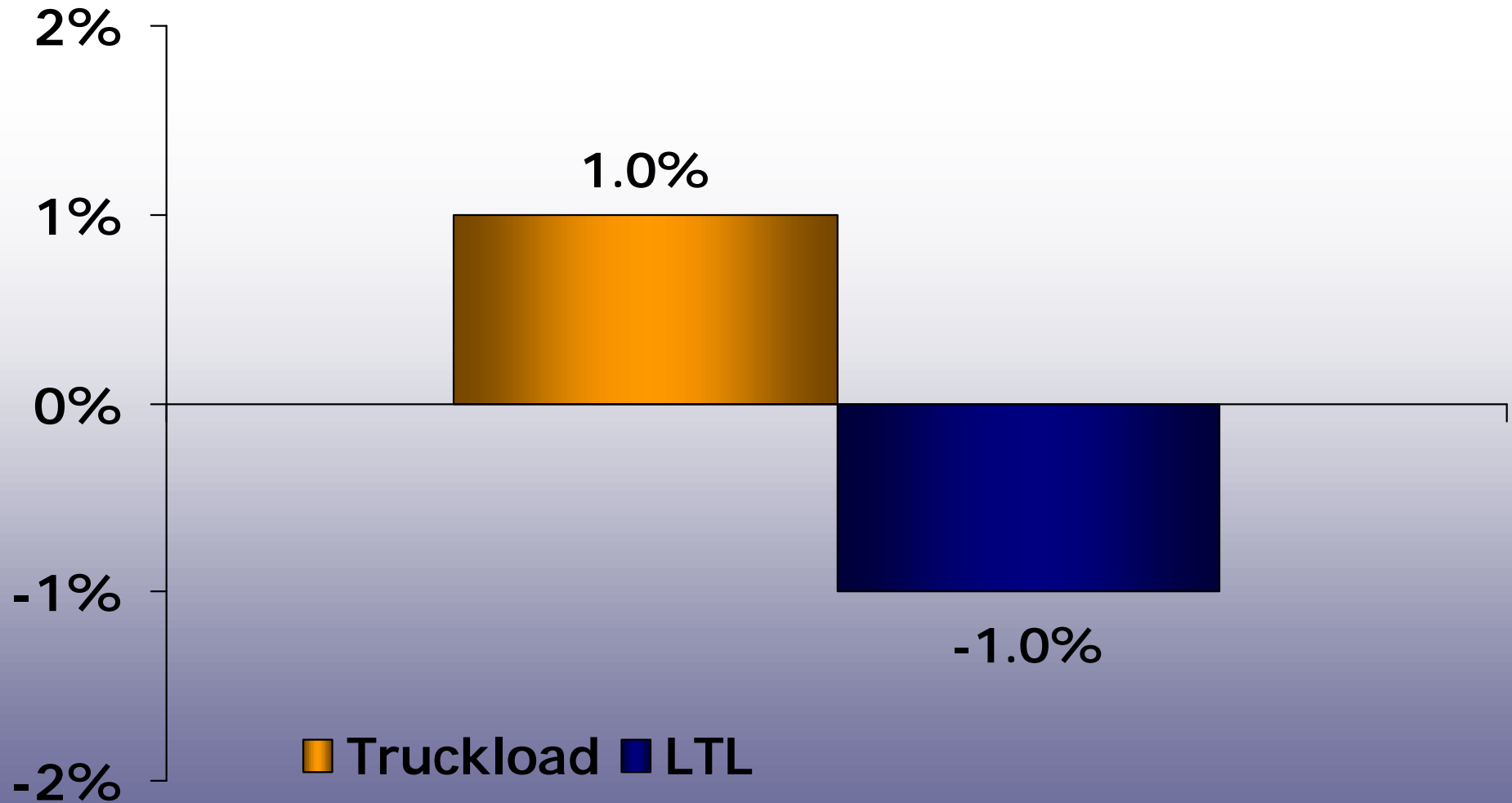


Good stuff.



For-Hire Trucking Revenue

2007



Source: ATA's *Trucking Activity Report*

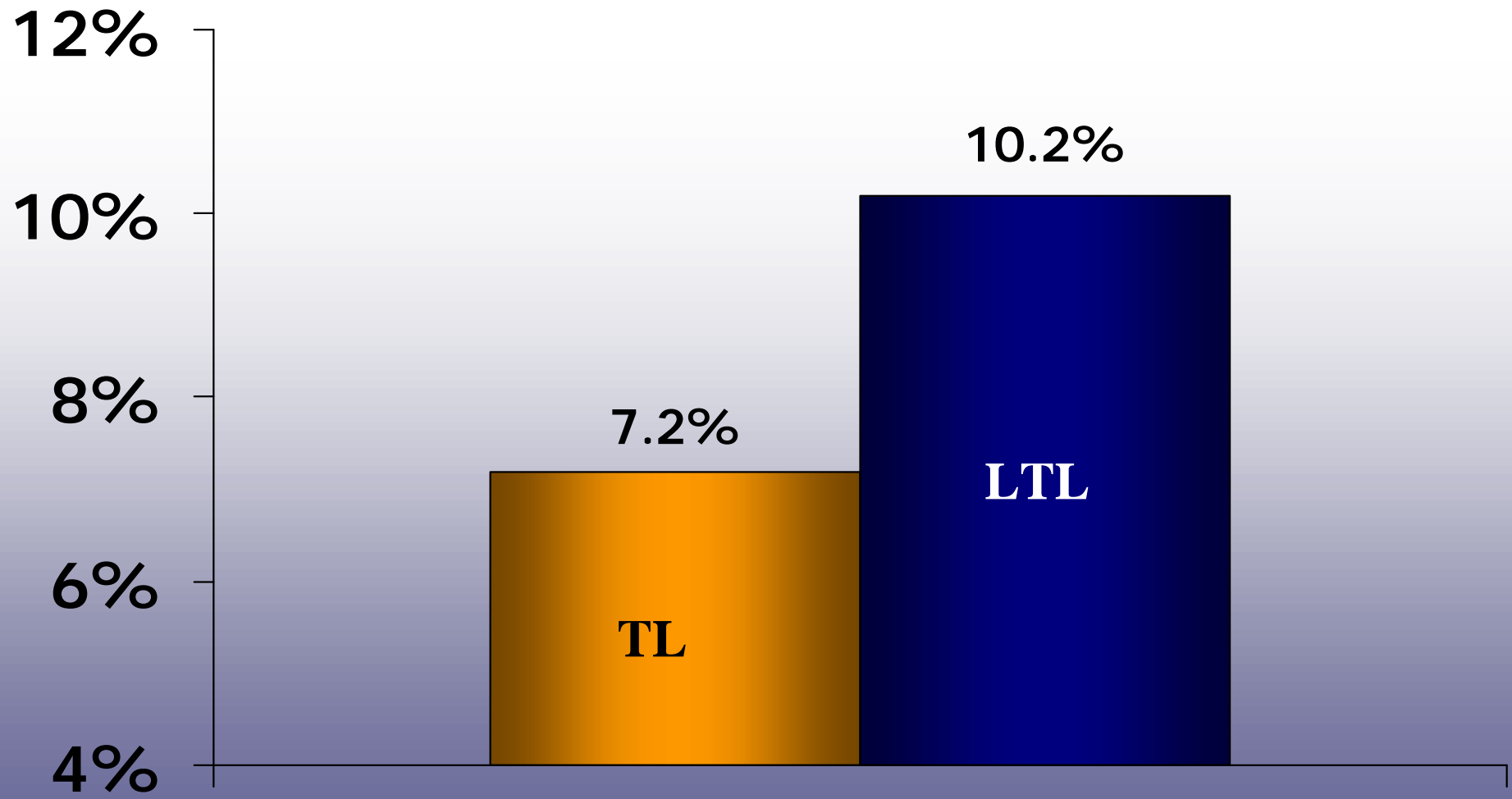


Good stuff.



For-Hire Trucking Revenue

YTD Through July Compared with Same Period in 2007



Source: ATA's *Trucking Activity Report*



Good stuff.



Real Revenue per Mile

1980=100



Source: ATA



Good stuff.



Truck Capacity is Tightening Quickly

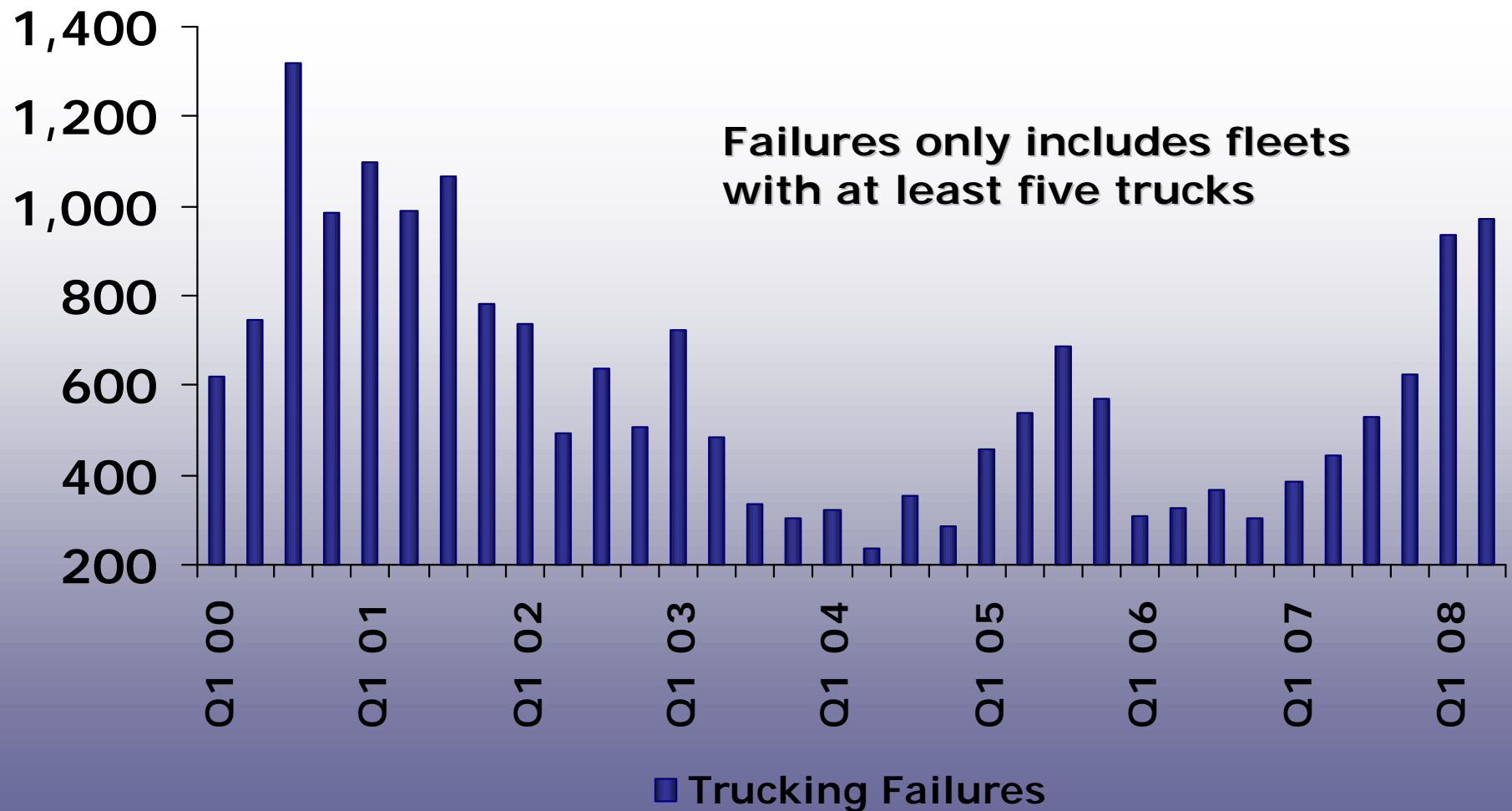
For Two Reasons



Good stuff.



Trucking Failures



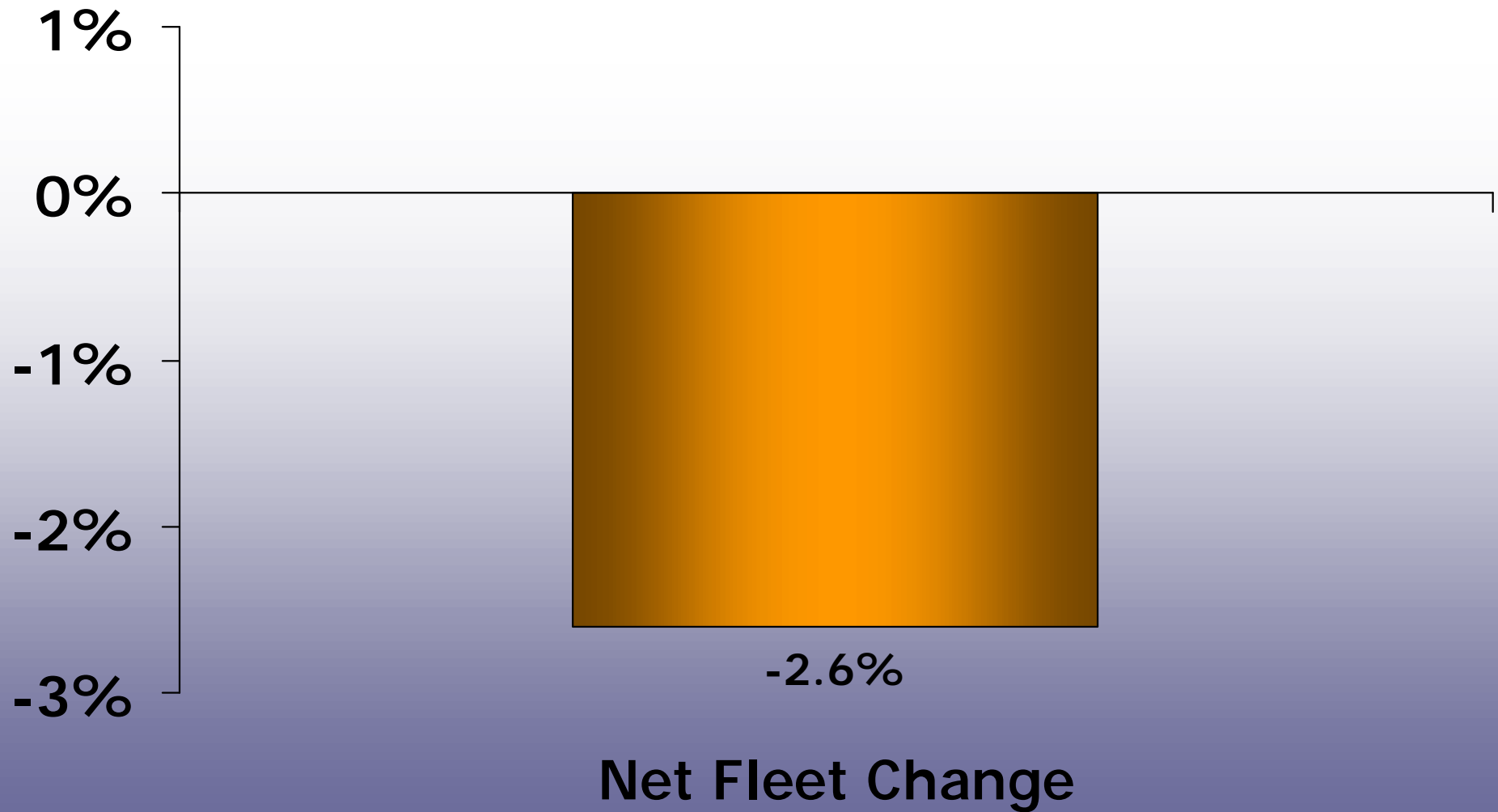
Source: Avondale Partners, LLC



Good stuff.



Change in TL Fleet 2007



Source: ATA's *Trucking Activity Report*

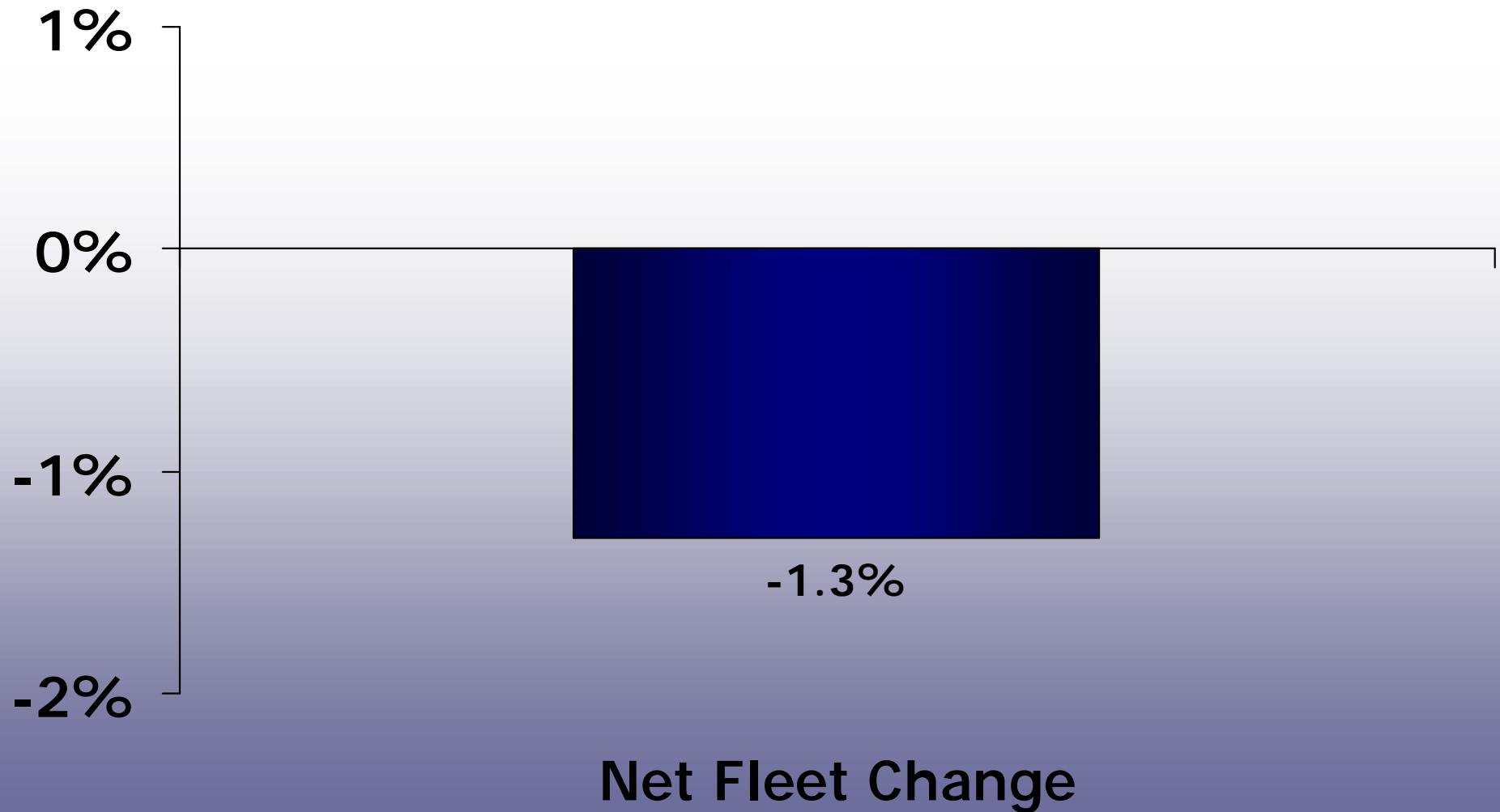


Good stuff.



Change in TL Fleet

1st Half of 2008



Source: ATA's *Trucking Activity Report*



Good stuff.



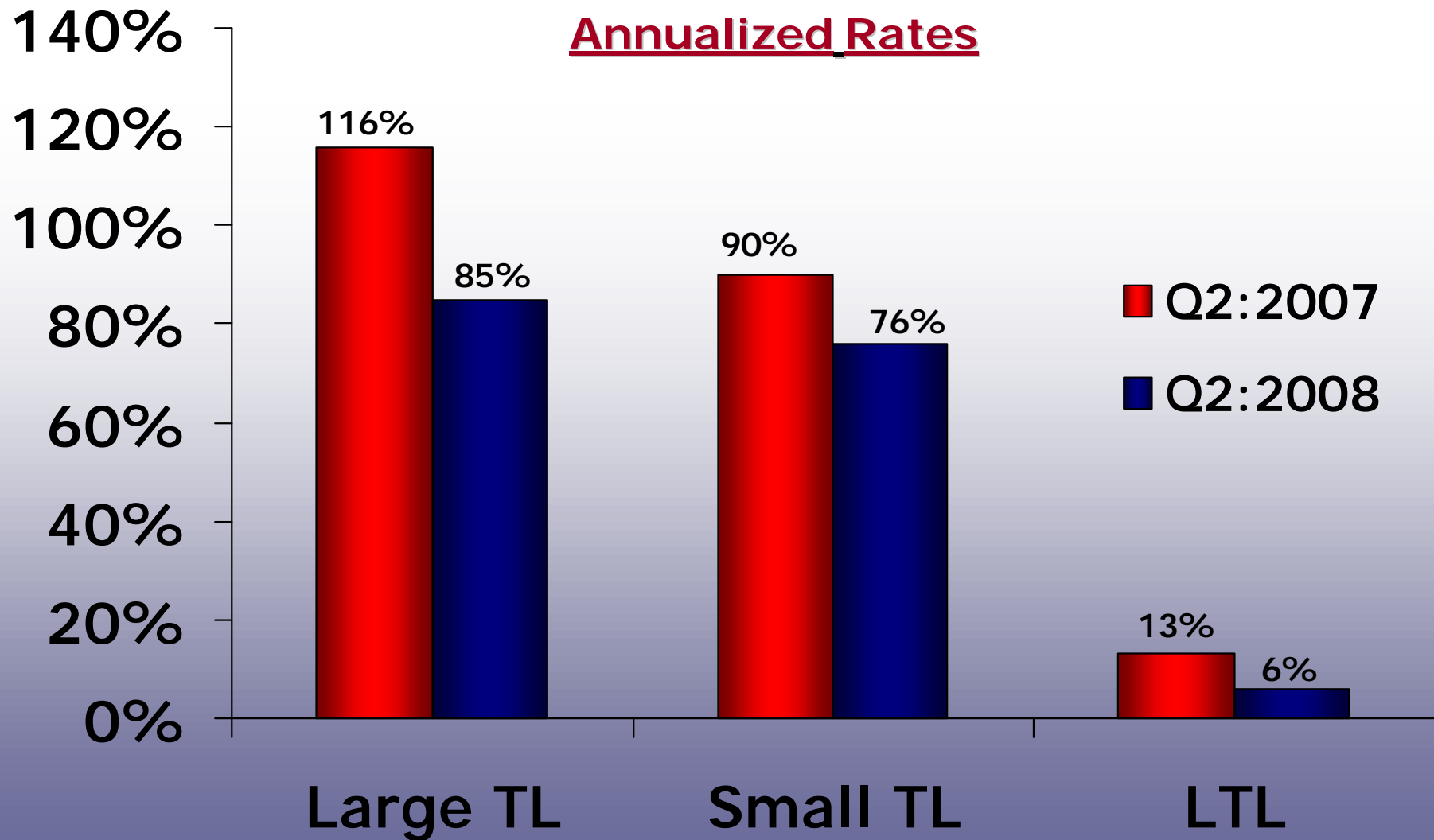
In the long-run, trucking capacity will remain tight due to the driver shortage.



Good stuff.



Line-Haul Driver Turnover



Source: ATA's *Trucking Activity Report*



Good stuff.



Diesel Fuel Price Update



Good stuff.



On-Highway Diesel Prices Price Per Gallon



Source: Energy Information Administration

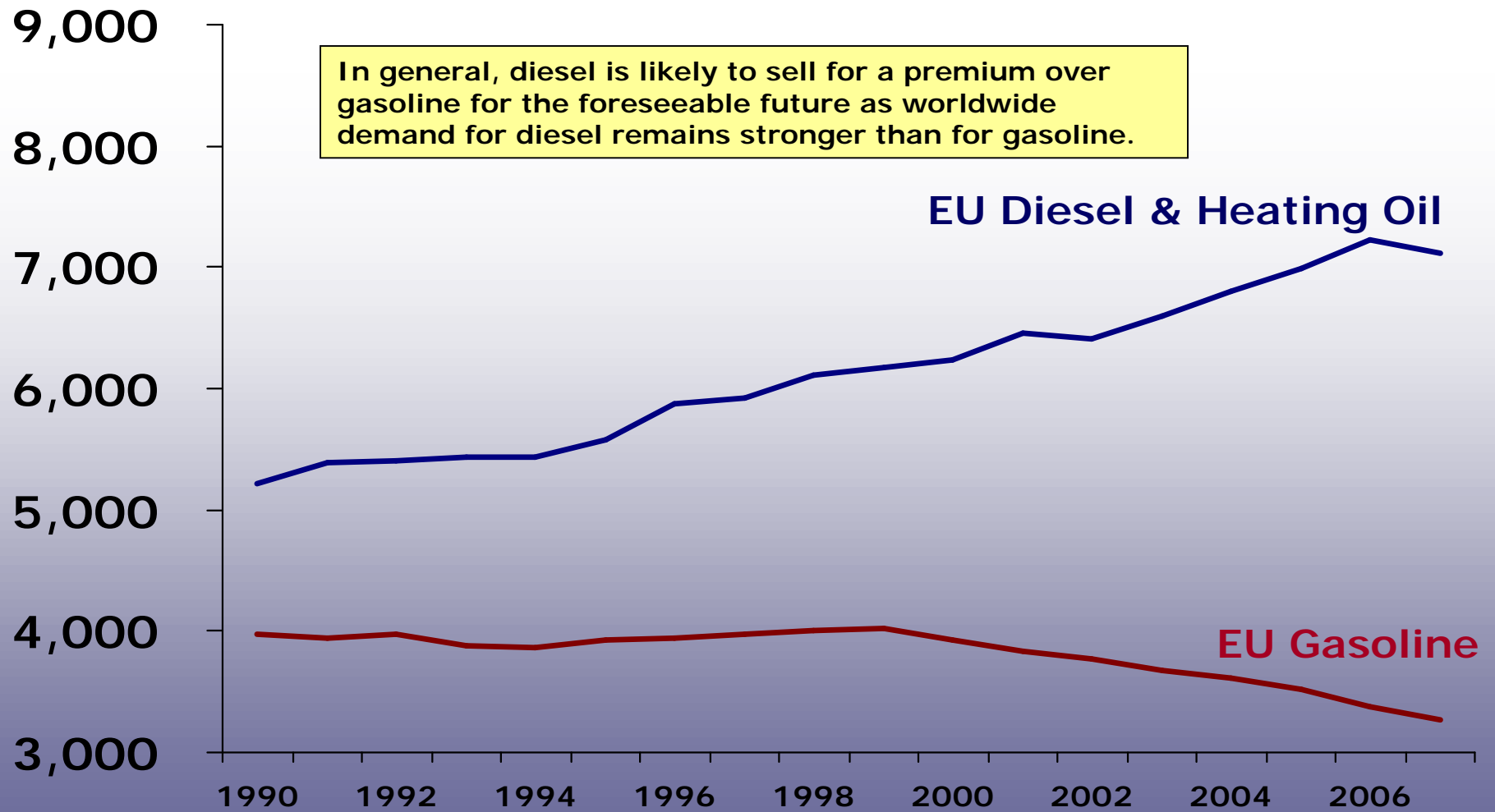


Good stuff.



EU Fuel Demand Trends

Thousands of Barrels per day



Source: BP



Good stuff.



Why Has the Price of Crude Oil Surged?



Good stuff.



Why Has the Price of Crude Oil Surged?

There is no *ONE* reason, which means there is no *ONE* solution.



Good stuff.



Why Has the Price of Crude Oil Surged?

WORLDWIDE DEMAND

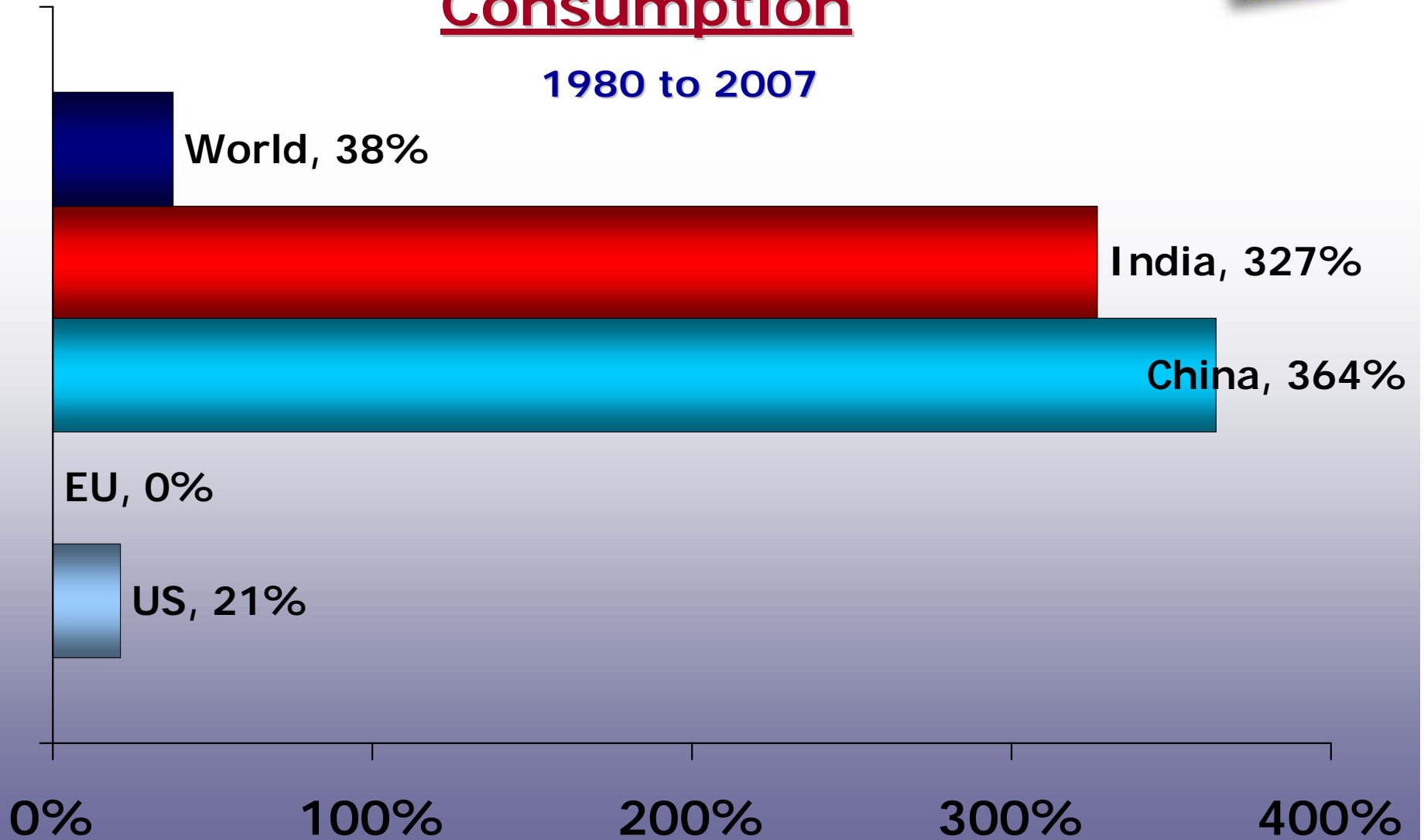


Good stuff.



Percent Change in Annual Oil Consumption

1980 to 2007



Source: BP



Good stuff.



Why Has the Price of Crude Oil Surged?

WORLDWIDE DEMAND

SPARE CAPACITY

RISK PREMIUM

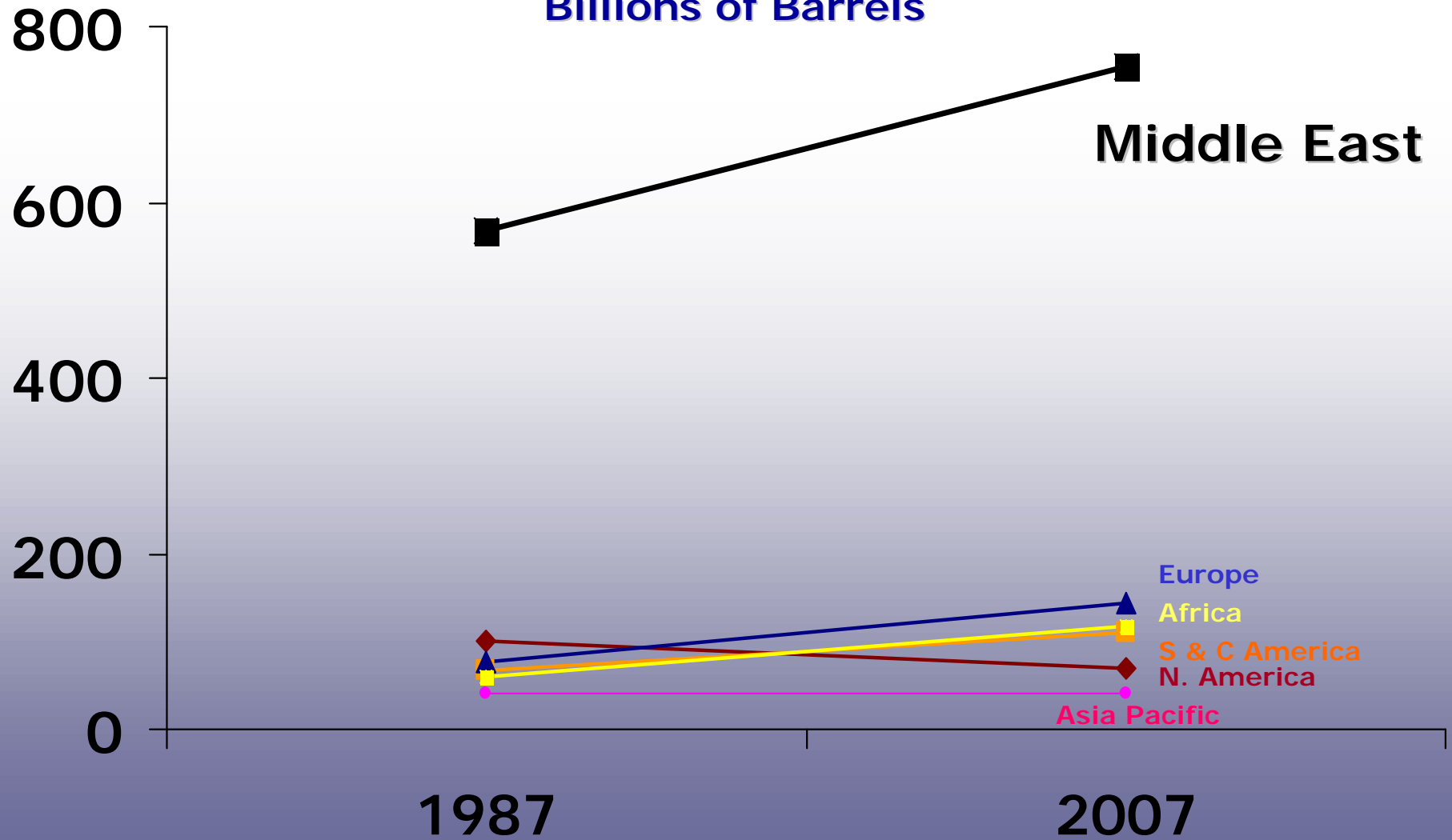


Good stuff.



Proven Oil Reserves

Billions of Barrels



Source: BP



Good stuff.



Why Has the Price of Crude Oil Surged?

WORLDWIDE DEMAND

SPARE CAPACITY

RISK PREMIUM

WEAK US\$

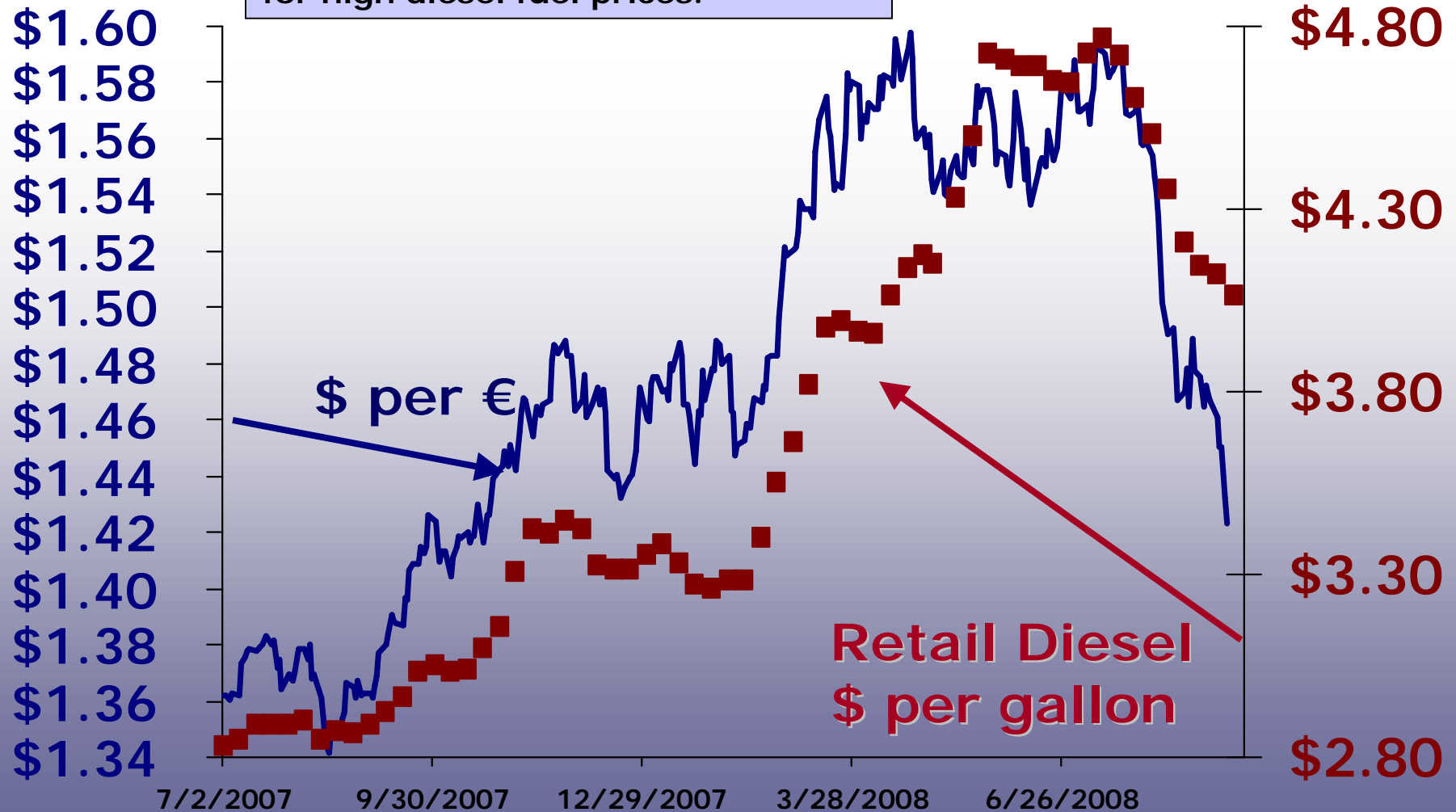


Good stuff.



U.S. Dollars per Euro & Diesel Prices

The weak \$ is one of the reasons for high diesel fuel prices.



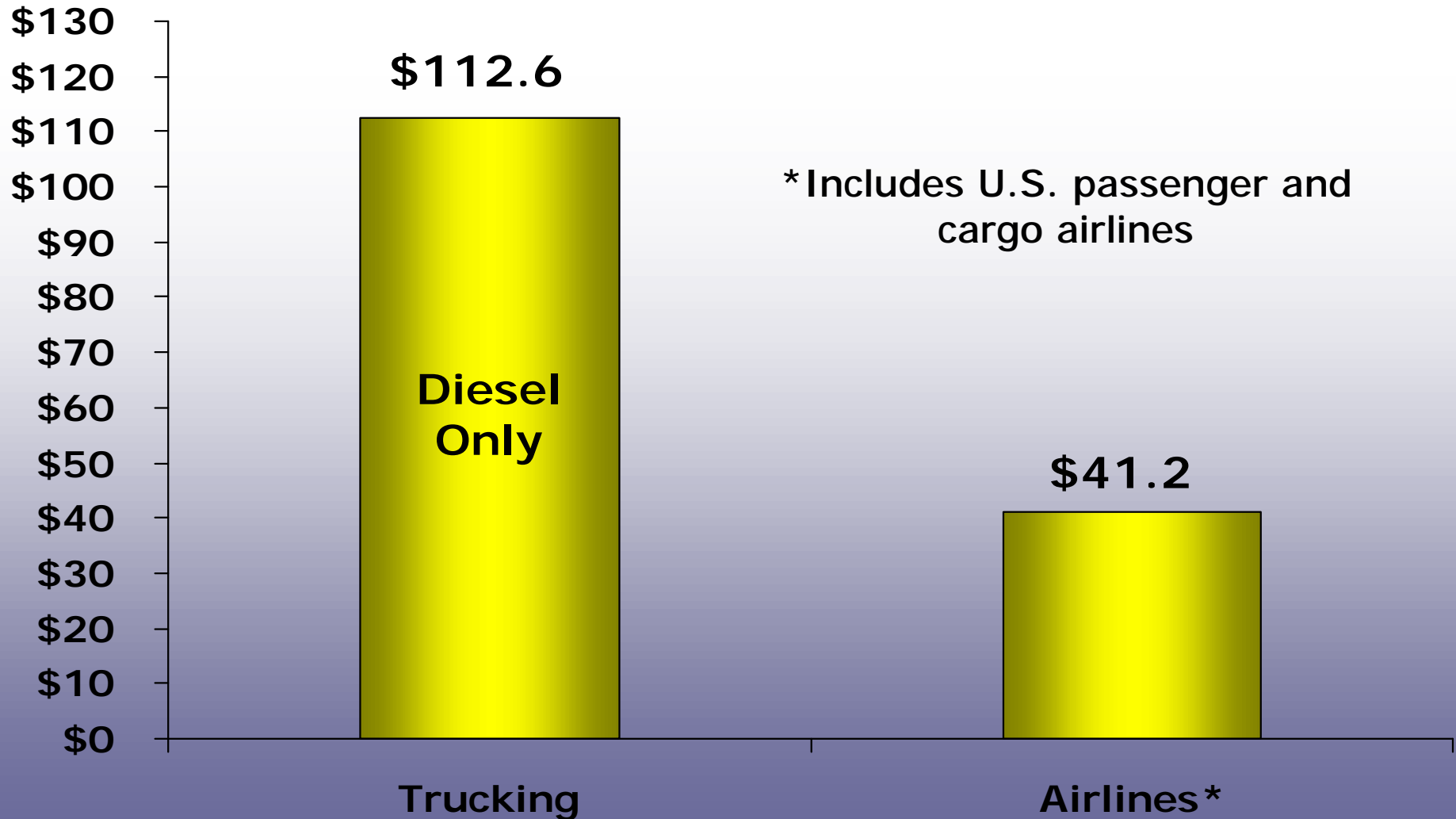
Sources: The Wall Street Journal & EIA



Good stuff.



2007 Fuel Bill (Billions of US\$)



Sources: ATA and Air Transport Association



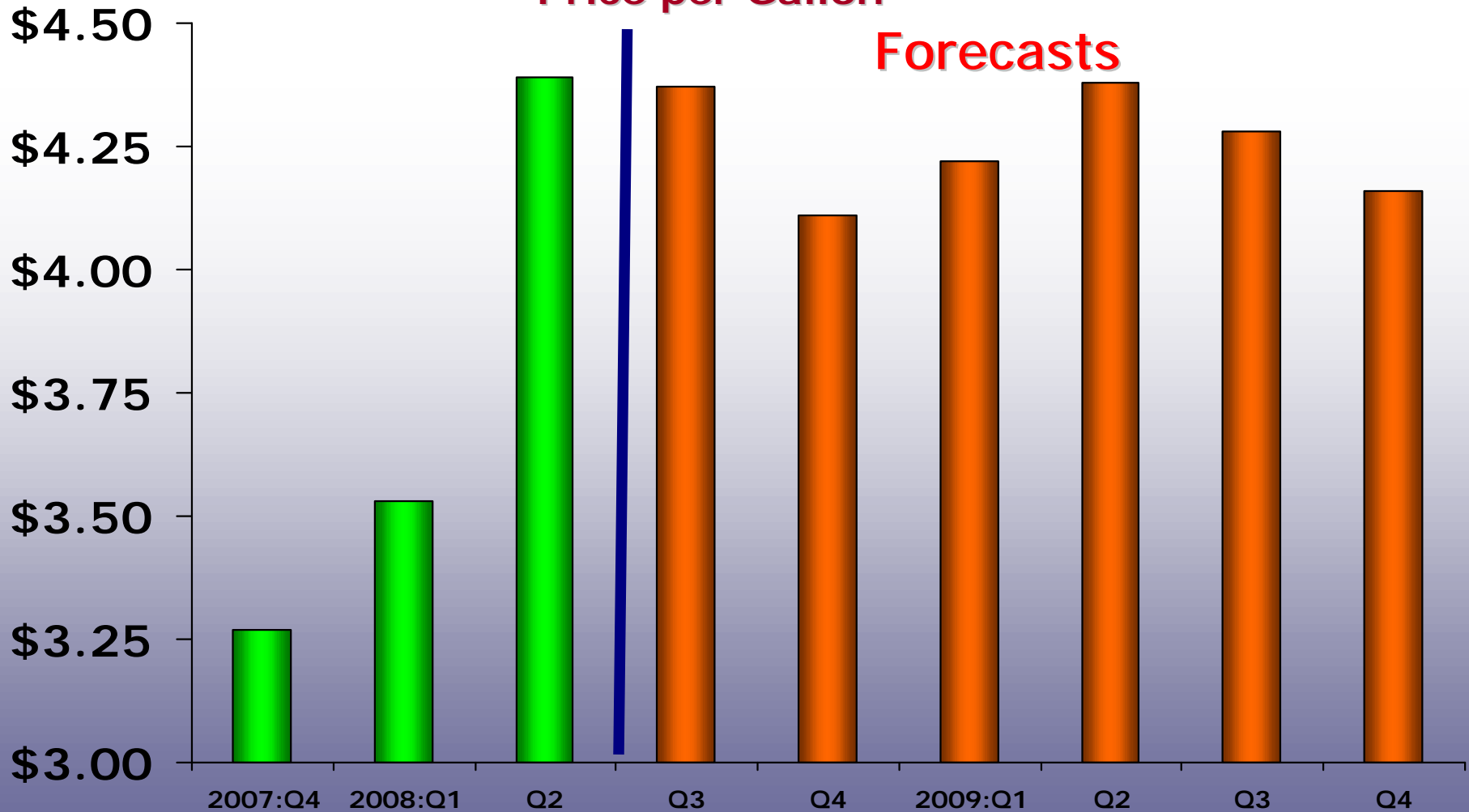
Good stuff.



Diesel Prices

Price per Gallon

Forecasts



Source: Energy Information Administration

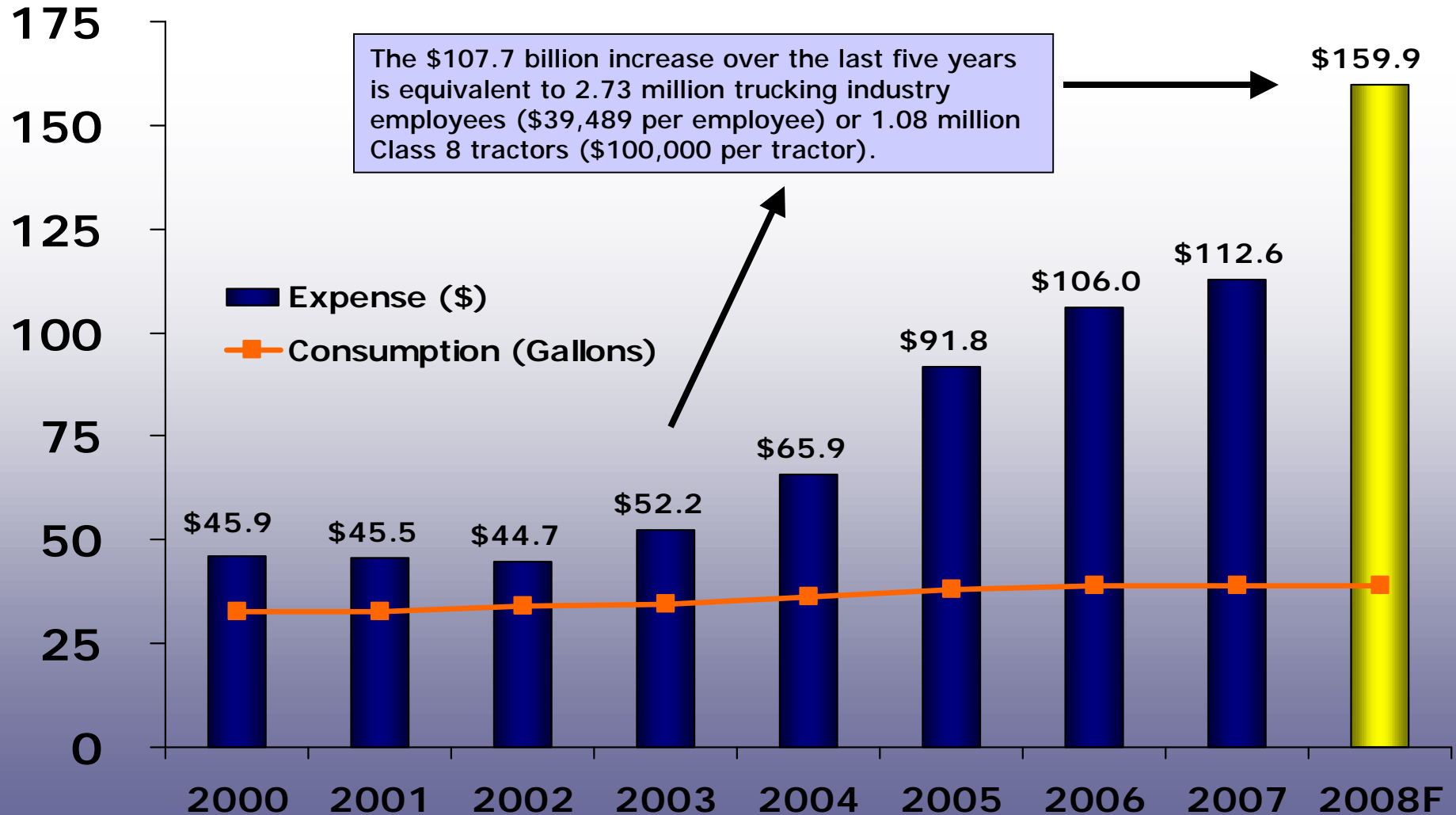


Good stuff.



Trucking's Annual Diesel Expense and Consumption

Billions



Source: ATA



Good stuff.



Brief Economic Outlook

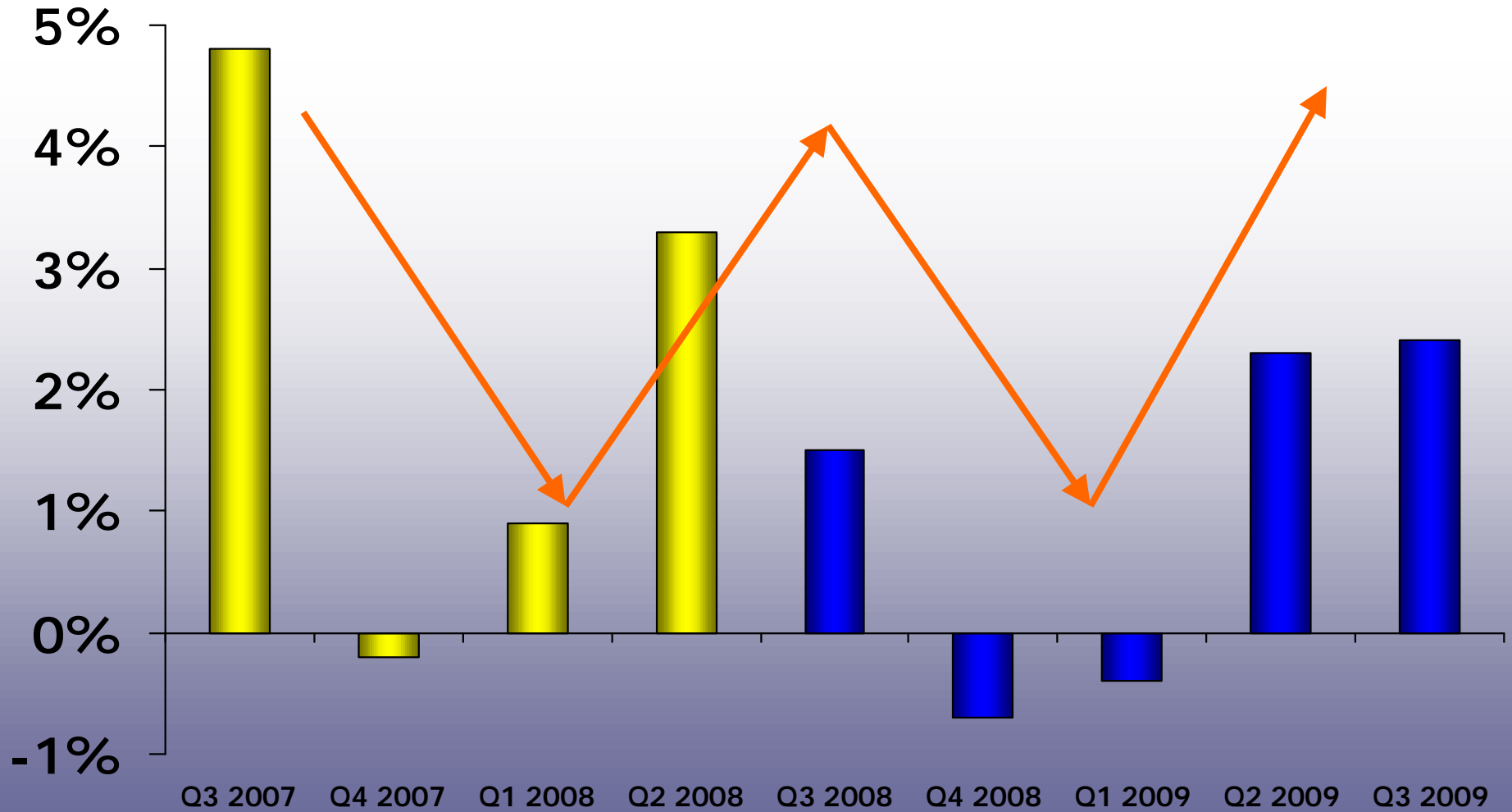


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Real Gross Domestic Product Growth

Annualized Growth Rates



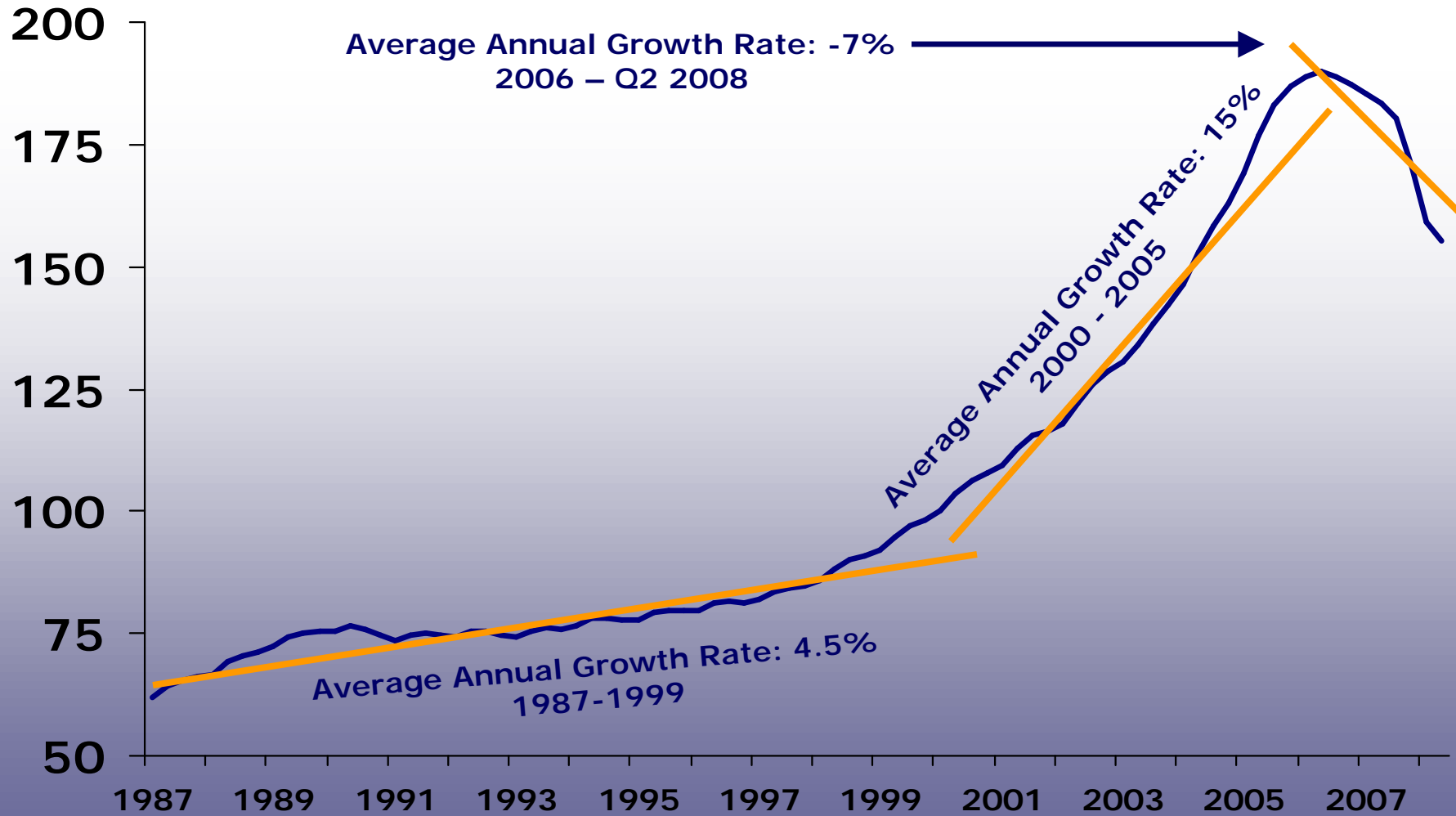
Source: ATA



Good stuff.



Housing Price Index



Sources: S&P/Case-Shiller National Index and ATA



Good stuff.



Long-run Trucking Outlook

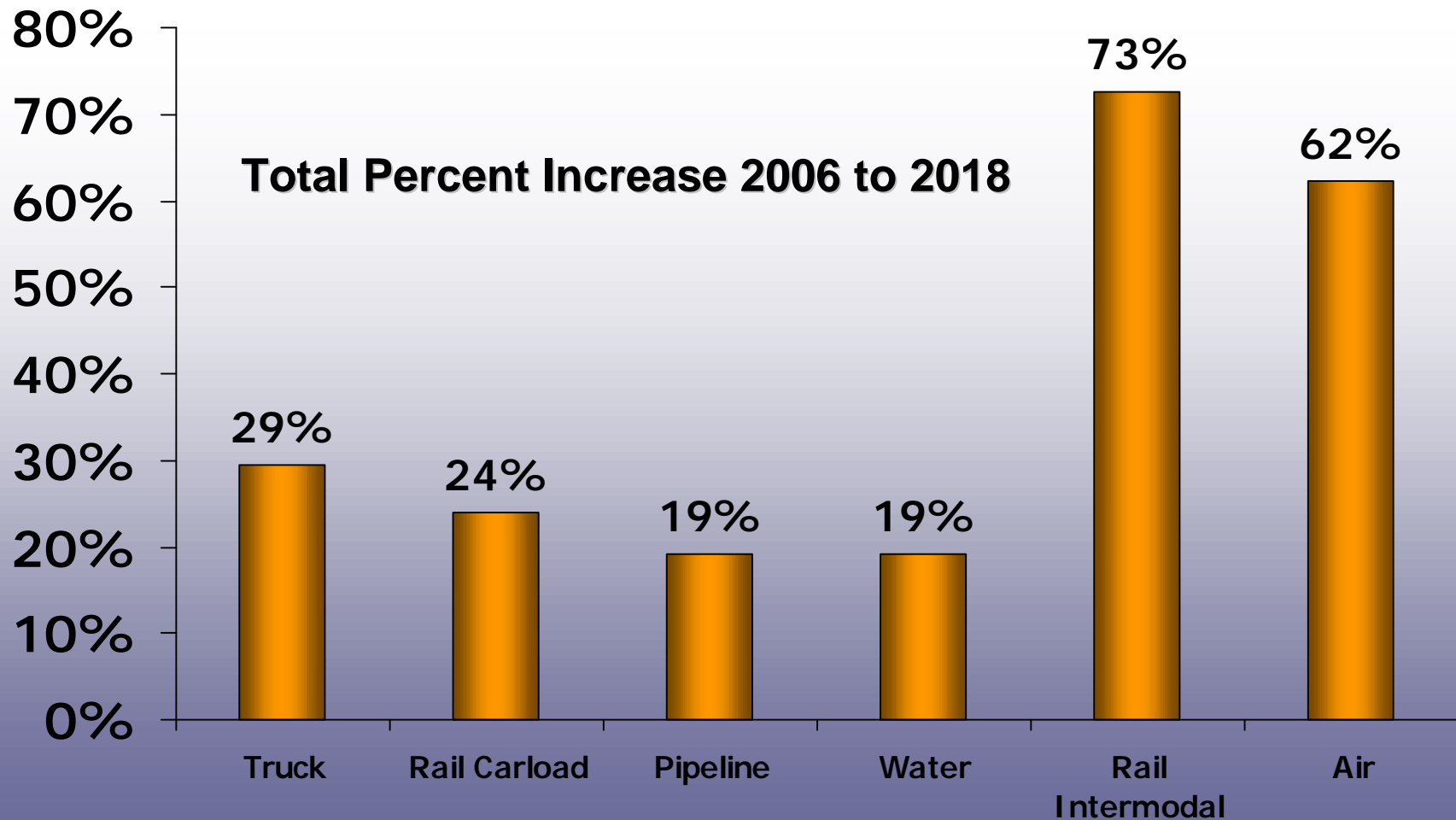
The Future Looks Bright



Good stuff.



Freight Transportation Tonnage Growth (Domestic Freight)



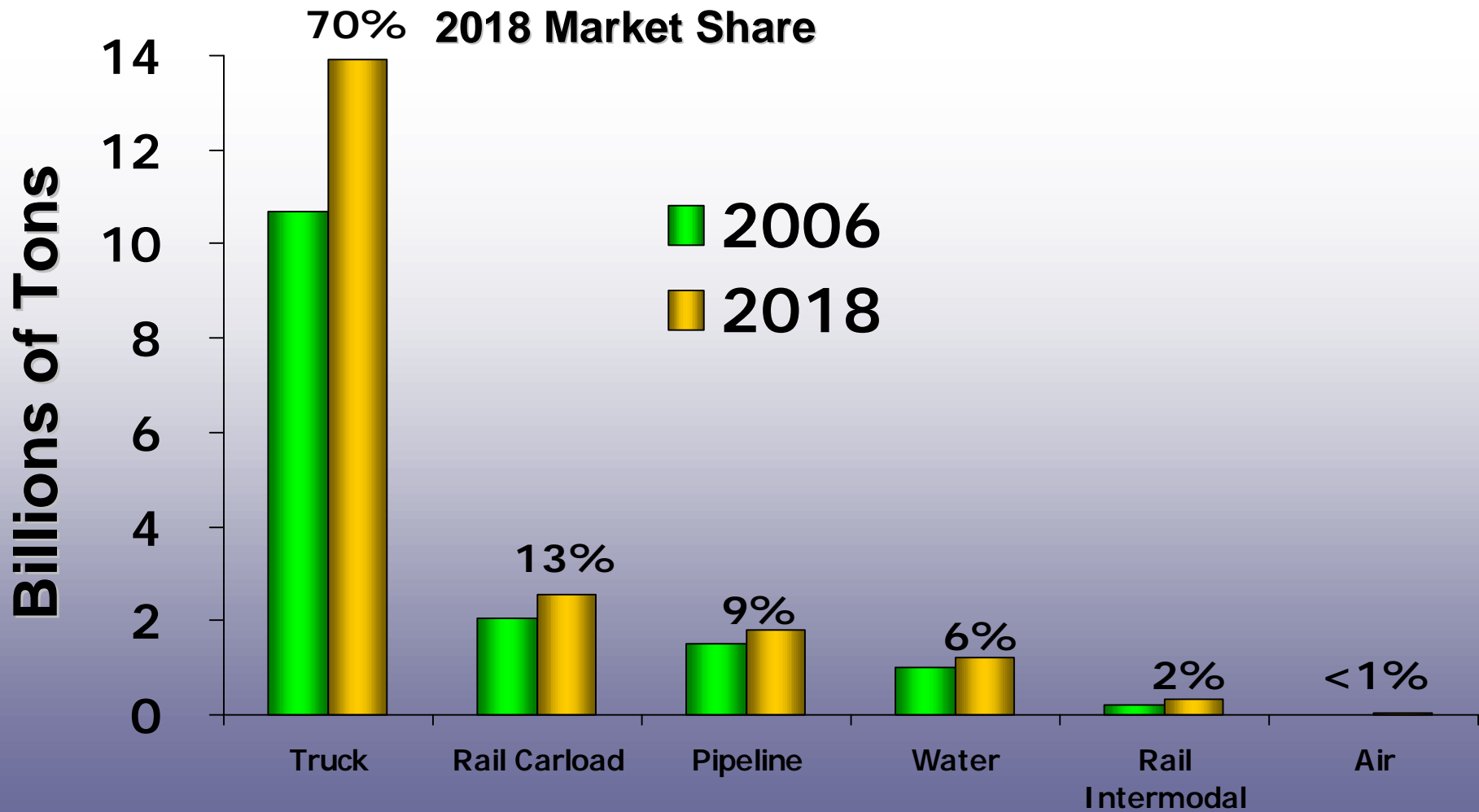
Sources: ATA and Global Insight



Good stuff.



Projected Growth in Freight Transportation Tonnage: 2006 to 2018



Sources: ATA and Global Insight

May not equal 100% due to rounding

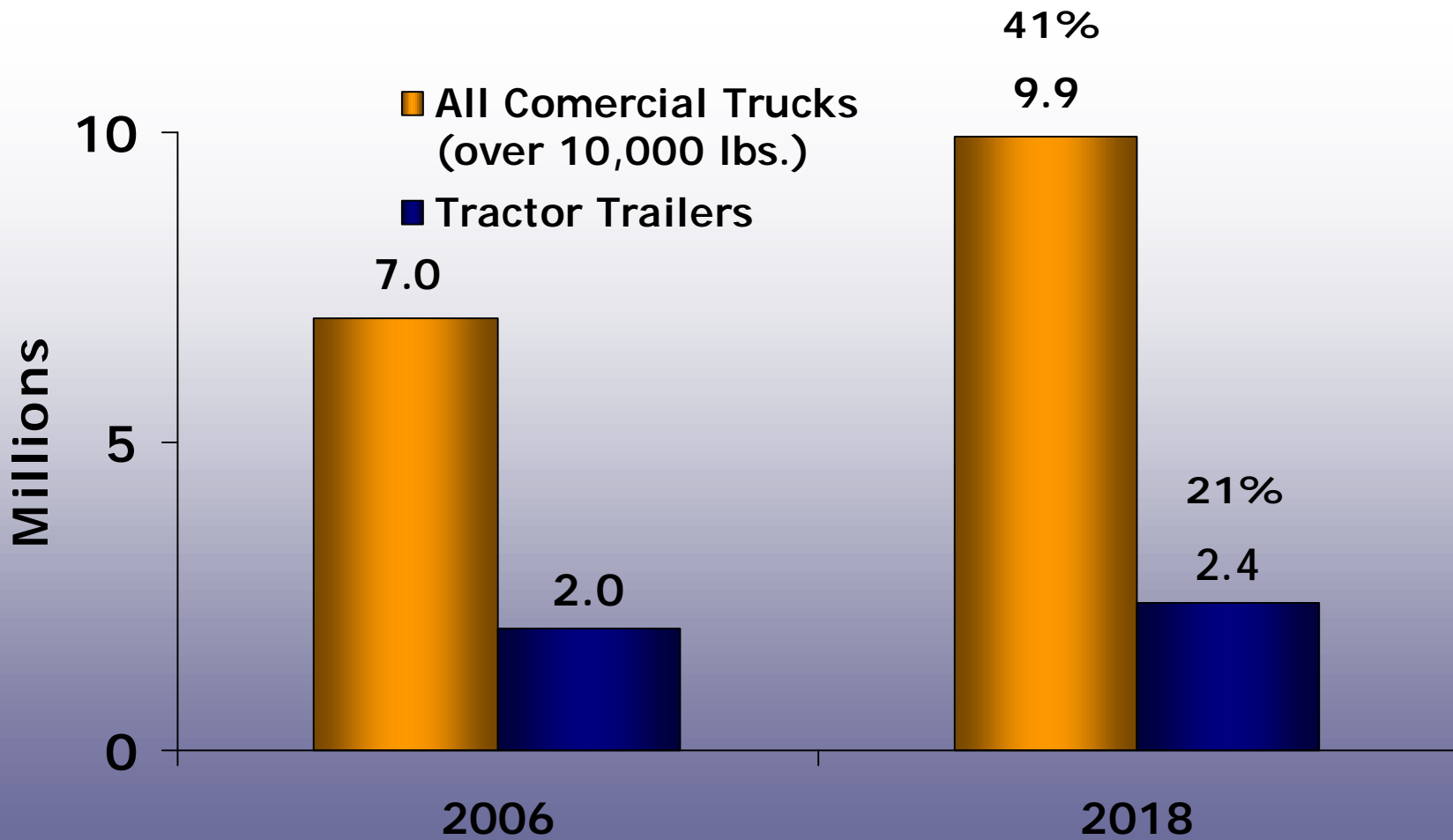


Good stuff.



Commercial Truck Population (Millions of Trucks)

Total Percent Increase 2006 to 2018



Sources: ATA and Martin Labbe Associates



Good stuff.



Thanks!

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