



To Our Valued Customer,

The article below was sent to us on behalf of our logistic supplier which outlines the current economic issue in regards to the transportation industry;

“We believe the real supply constraint in the industry is truck drivers,” Delco said. “We saw extremely tight post-hurricane conditions in late summer, and we will gradually see capacity tighten over the course of 2018 as a result of electronic logging devices. Our view is ELDs will remove utilization capacity in the industry, which will put upward pressure on freight rates and driver wages.”

The Federal Motor Carrier Safety Administration’s rule requiring most commercial truck drivers to record their hours of service via ELDs took effect Dec. 18.

.@CVSA reminds CMV drivers & carriers that today is the congressionally-mandated ELD compliance deadline and inspectors will begin documenting ELD violations and may issue citations to CMV drivers operating vehicles without a compliant ELD: <https://t.co/kpFN95vRbH>
[pic.twitter.com/H3lzW2qrpJ](https://t.co/kpFN95vRbH)

— FMCSA (@FMCSA) [December 18, 2017](#)

Rachal Snider, vice president of customer supply chain at AFN, a freight brokerage and supply chain consulting firm based in Niles, Ill., said shippers can expect to see higher rates in the year ahead.

“A recent report from FTR indicated that truckload demand will grow by 3.6% in 2018, which will outpace the existing capacity, particularly since capacity utilization is already at 99%,” Snider said.

Market conditions are similar, in some respects, to a capacity crunch from 2014 when severe winter storms impacted transportation in much the same way hurricanes Harvey and Irma did in 2017, Snider noted.

“The difference today is that since the Great Recession of 2008, carriers have made strides in paring their fleets to improve their operating ratios and this trend has continued to the present. The result is there is simply less elasticity in the market to absorb greater demand, whether it comes from a strong economy, disaster relief or other factors.

The ELD mandate could reduce capacity by 5% to 8%, but “only time will tell,” Snider added.

In a letter sent to shippers in September, top executives at J.B. Hunt Transport Services Inc.



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warned of a capacity crunch in the year ahead.

“This is one of the highest periods of turbulence and volatility in supply we’ve ever experienced and we don’t think it will abate any time soon,” CEO John Roberts and Chief Commercial Officer Shelly Simpson said. “We advise budgeting for transportation cost increases that may reach 10% or more.”



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