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# Transportation and Logistics to Continue Strong, if Slower, Growth in 2019

[AUTOMOBILE, ENERGY & RESOURCES, TRANSPORTATION & LOGISTICS](#)

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The bustling U.S. economy – led by robust consumer spending and energetic demand on durable industries like construction, manufacturing and mining – all contributed to making 2018 a record-setting year for the trucking industry. According to the American Trucking Association (ATA), total freight hauled by for-hire drivers through November 2018 was 7.2% more than the first 11 months of 2017. Supporting a GDP that grew 3.4% in the third quarter alone, many industry experts hailed 2018 as the industry's best year in decades. But what lies ahead for 2019?

Indications are the stellar industry growth experienced over the last 20 months will cool sometime later this year. In December, FTR Transportation Intelligence projected freight shipping, for instance, will start the year at around a 3.0% growth rate but dip to around 2% the latter half of 2019.

The degree of freight growth will certainly rely largely on the economy, but overall industry performance will also depend on what happens with the ongoing trade dispute between the U.S. and China, the globe's leading economies. Delegates from U.S. and China have continued trade talks amidst the Trump Administration momentarily pausing the January 1 additional tariffs of up to 25% on Chinese-imported goods. The parties are continuing negotiations, surrounded by a smoothed trade deficit and access for American companies to Chinese markets, will have a potentially large impact on industry numbers in 2019.

A big concern for most trucking companies this year will be the enduring shortage of qualified available people to sit behind the wheel. The ATA estimates the U.S. trucking industry is shy approximately 50,000 needed drivers, a number easily amplified when considering that many fleets are also facing an increased roster of aging operators. The Bureau of Labor Statistics sets the average age of U.S. commercial truck drivers at 55.

Compounding the driving shortage concern are issues that have resulted from the electronic logging device (ELD) directive mandated by the Federal Motor Carrier Safety Administration in December 2017. The Hours of Service regulation was primarily instituted to allow companies to more closely adhere to the existing limits on driver hours, replacing the easily falsified paper logs with automated devices. Due to the regulation, however, overall miles logged per driver has actually been reduced, since the ELD records the waiting time surrounding loading or unloading a truck as driving hours. After one year of the directive, and working within the context of the industry-wide labor shortage, companies have begun to incentivize the drivers with escalated pay and enhanced bonuses, which has had a ripple effect and increased freight rates. Throughout 2019, trucking companies and carriers will be monitoring the continued driver shortage and its correlation to driver expense and freight rates.

Meanwhile, on the fuel front, the U.S. Energy Information Administration reported on January 7 that the average retail price of diesel in the U.S. had dropped 3.5 cents from the prior week to \$3.013 a gallon, marking a 12-week steady decline. Price volatility, as always, is spurred by market demand, foreign exchange movements, foreign policy and political instability in the Middle East. Lower diesel prices, though, create lower fuel surcharges, which could offset potential future freight rate increases.

ATA chief economist Bob Costello says growth rates will also decelerate because of tougher year-over-year comparisons, but whether or not experts are correct in their analysis, a well-devised plan is critical. If your organization would like assistance in navigating through current transportation and logistics business conditions, we invite you to [contact us](#) and visit the [Schneider Downs Transportation & Logistics Industry Group](#). For additional information, [visit the Our Thoughts On blogsite](#).

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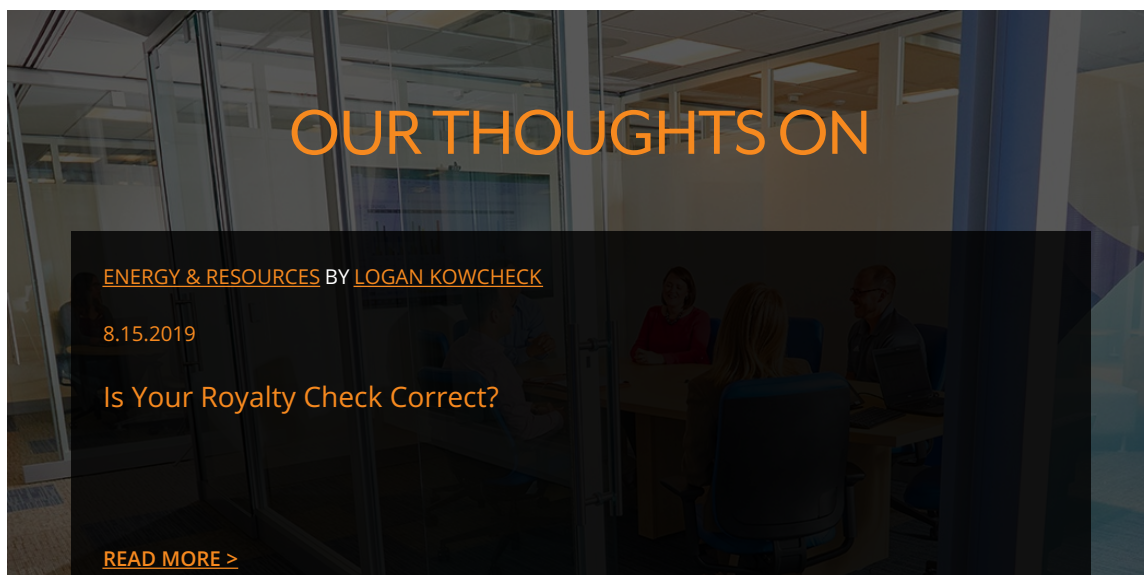


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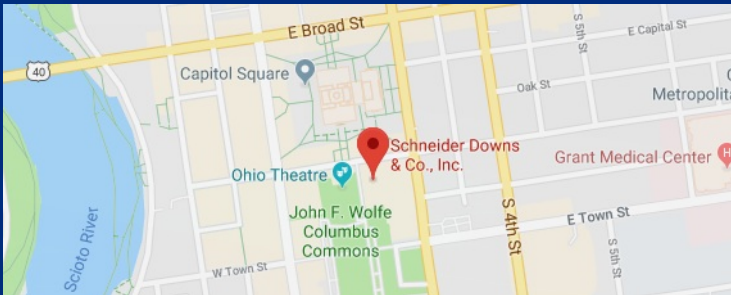
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