Client Connection
News and Updates from Data2Logistics

It's Time To Get Back To Work

With unemployment perched at 10%, a few private carriers have cited driver recruitment issues. During the recent economic downturn, truckload carriers have been aggressive in reducing driver pay, so much so that demographic and regulatory changes could exacerbate an upcoming driver shortage in the next few years, according to Morgan Stanley. This could limit growth in truckload capacity and support price increases in 2011 and beyond.

According to research by Morgan Stanley, the peak to trough decline in driver pay is by far the largest in their survey's history. Driver pay has decreased by 6.6 percent from the third quarter of 2007 through the first quarter of 2010. In contrast, from 2001 to 2003, driver pay was down 3.3 percent. Driver pay is now at 2004 levels.

We are hearing a few private carriers have had problems with driver recruitment, most likely because the low pay has caused drivers to stay on unemployment. According to Morgan Stanley's research, driver pay is down 10 percent compared to the Consumer Price Index.

As the economy recovers, truckload carriers will likely be forced to bring wages back up to support driver recruitment. Morgan Stanley said, "Given the larger reductions this business cycle, the required driver pay increases could outpace those of 2003-2006. As a result, as TL pricing fully recovers, cost pressures could offset much of the margin benefit from pricing gains."

This information comes on the heels of a report that Transcore's North American Freight Index for spot truckload volume increased for the seventh straight month in April. Compared to March, the increase was 19.8% and the previous month had increased by 17%. Month over month this is not uncommon at this time of the year. However this April's increase outpaced the four year average by 11.5%.

Shippers need to recognize these as leading indicators that are foreshadowing what is to come in the second half of 2011 and for next year.