

Big Boys Predict Rate Increases

by Gerry McDevitt - Wednesday, April 17, 2013

At a recent meeting of the Truckload Carriers Association, representatives from some of the largest carriers spoke about inevitable rate increases and the reasons behind them.

If you have been reading our newsletter over the last year or so, their reasons may sound familiar. All are variables that affect the principles of supply and demand.

- Freight demand is increasing due to the marginally improving economy.
- The driver pool is simultaneously decreasing.
- The construction industry is on an upswing, which eats up truckload capacity, not to mention the number of drivers it pulls into construction jobs with the enticing prospect of being able to go home each night.
- New hours of service rules will erode industry productivity by as much as 8%.
- Attendance at truck driving schools is down nearly 20%. This is not a good sign for the future driver pool, which is already at a 100,000 person deficit, according to some experts.

According to carriers, it is these factors that will most likely increase rates by an average of 3-4%. During the meeting, speakers were quick to point out that their expenses have increased an average of 6% and thus feel that the time has come to discuss “rate relief” with their customers. They also estimated that truckload rates have only increased about 30% over the last 30 years, while consumer prices have risen 100% (adjusted for inflation).

It’s clear the big boys will be trying to lock in increases with their customers this year. The industry in general will most likely see the largest increase in the last three years.

If your supply chain is tied to a large asset based carrier, you may be faced with a difficult dilemma: either accept their rate increases or risk not having trucks at your dock when you need them.

How Mohawk can help

Shippers can expect to pay more for truckload service as the economy improves. Indeed, even finding a trucker to handle your freight may be difficult.

This is where Mohawk can help. We have access to thousands of truckers from large nationwide carriers to regional and specialized carriers. We can take the time consuming and frustrating task of finding truckload carriers to meet your supply chain needs.

Find out what we can do for you. Contact our domestic department or your Mohawk account representative for more information:

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