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Inside the Numbers
with Lou Smyrlis

Publisher & editorial director, ***Transportation Media***

IN DEPTH ANALYSIS OF THE FACTORS AFFECTING YOUR PROFITABILITY

VOLUME 4, ISSUE 5

Penny Pinchers

What the research shows about Canadian carriers' continuing experimentation with offshore brands

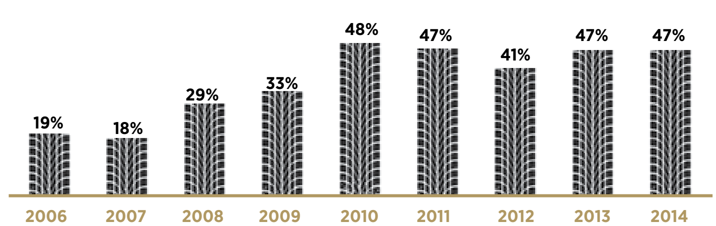
Canadian motor carriers are once again starting to invest in upgrading their fleets while they start to look favorably on the economic outlook for the coming years. Is their growing optimism in the strength of freight volume growth quenching their thirst for cheap offshore equipment, which rose to peak levels during the Great Recession?

As you will read in the Dashboard section of this report, business conditions in Canada are looking increasingly better. The RBC Canadian Manufacturing Purchasing Managers Index (PMI), for example, reported that October showed the fastest upturn in new order volumes since November 2013. The PMI is an early indicator of trends in the Canadian manufacturing sector, which is a key sector for trucking. The PMI has been in growth mode now for 19 consecutive months. As the Ontario Trucking Association recently stated upon releasing its quarterly business conditions survey: "There is clearly a sustained level of optimism in the air and the post-recessionary skepticism that hovered for years over the industry is in the rearview mirror for most carriers."

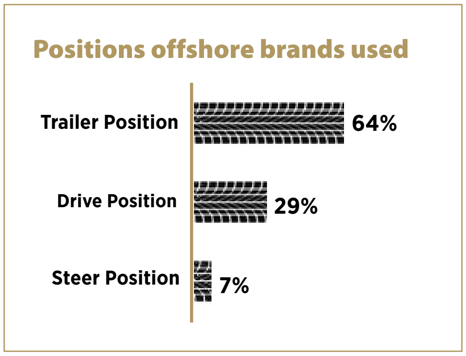
The optimism is shown in the amount of new truck purchases. ACT Research reports North American Classes 5-8 truck orders totaled 67,900 units in October, up 50% from a year ago. Over the past 12 months, Classes 5-8 net orders totaled 563,000 units, representing the strongest 12-month period since the 12 months ending January 2007.

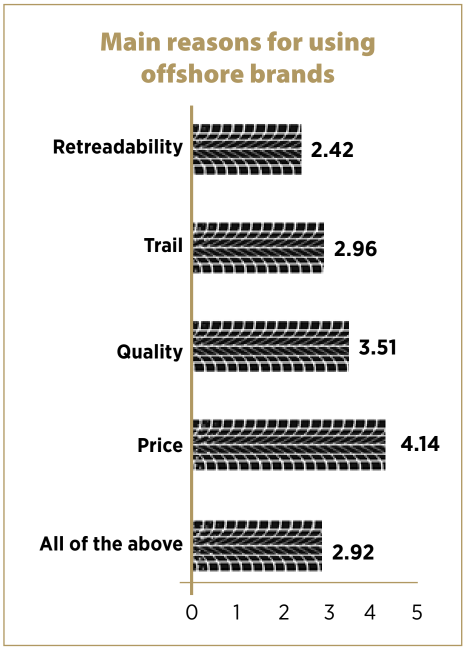
Doesn't sound like a market dominated by penny pinchers. Except, that's not what our research shows – at least not in the important category of cheaper offshore tires. Transportation Media has been tracking Canadian fleet acceptance of new offshore tire brands (from countries such as Korea, China and India) since 2006. Back then only 19% of fleets were telling us they had used offshore tires for at least some of their trucks and/or trailers. What a difference a decade of tough economic times and greater exposure to lower priced offerings has made.

% of Cdn fleet using offshore tires – 2006-2014



Use of offshore tire brands grew steadily until reaching its peak penetration in 2010 when 48% of Canadian fleets surveyed acknowledged they were running offshore brands – Double Coin, Triangle, Woosung, Double Diamond, Aeolus – on their tractors and/or trailers. Two years later in 2012 we thought the experimentation with these brands was on the wane as we found that year that only 41% of respondents were telling us they were using them, the first significant drop in penetration our survey had recorded. But 2012 turned to be a statistical aberration rather than the start of a trend because by 2013 we were back to 47% of respondents reporting use of offshore brands. And this year's survey, completed in October, also found 47% of fleet respondents reporting use of these offshore brands. It would seem that market penetration has now plateaued at almost half of Canada's fleets being willing to experiment with these brands, a significant increase from the 19% penetration rate shown back in 2006.





The fleets using offshore tire brands are primarily placing them on the trailer position with 64% indicating that's where they're running them. But use in the drive position is growing with 29% of this year's users of offshore brands indicating they are using them in that position. Seven percent are even reporting using them in the sensitive steer tire position.

As would be expected, price was and remains the main reason for trying offshore brands, scored 4.14 on a priority scale of 1 to 5 by our survey respondents. But quality interestingly enough is given as the second highest priority at 3.51 out of 5. This despite the fact that quality remains an issue for all the brands mentioned above. All were scored lower than 3 on a quality scale of 1 to 5 by fleet managers and owners responding to our survey. Nor do the fleets using them seem strongly attached to that purchasing strategy with 48% of this year's respondents indicating they did not plan on continuing to use offshore tires. Yet slightly over a third (34%) indicated they planned to continue using offshore brands to the same or greater extent while another 19% plan to continue using them but to a more limited extent.

The vast majority (85%) of Canadian fleets surveyed say they would not replace their brand name tires with offshore tires. But it's interesting that 39% of fleets now report they are retreading their offshore tire brands while a quarter report they would replace their current tires with offshore tires instead of retreading their brand name casings.

Ontario carriers remain optimistic about business conditions

Ontario carriers continue to be optimistic about freight volumes and rates, though their enthusiasm has subsided slightly since earlier this year, according to the Ontario Trucking Association's Q4 survey of business conditions.

The OTA reports its members' opinions on the North American freight environment "remains buoyant, albeit somewhat tempered from the unprecedented highs expressed in the last Q2 survey." However, OTA added "There is clearly a sustained level of optimism in the air and the post-recessionary skepticism that hovered for years over the industry is in the rearview mirror for most carriers."

Here's how Ontario fleet executives characterized market conditions in the fourth quarter survey:

FREIGHT VOLUMES

Forty-seven per cent of respondents said intra-Ontario freight volumes improved in the past three months, up 6% from the Q2 survey.

Carriers reporting a decrease in volumes within Ontario sank to an all-time low of 3%. Intra-provincially, carriers who say volumes increased were down 6% from the last survey but it was still the second best response since 2011.

Reports of increased freight volumes for southbound US lanes were down by 10%, OTA reports but at 55%, it's still double the rate of carriers who said the same thing a year ago in the Q4 2013 survey, and five times more than the end of 2012. For the second straight survey, no carriers reported a decrease in US volumes, indicating they're benefiting from a strengthening US economy.

Thirty-eight per cent of carriers reported stronger northbound US freight volumes, down from 62%.

Looking ahead, 29% of carriers expect improved volumes over the next six months, about half the number who said the same in the last survey. Only 3% said they expect less freight demand.

RATES

Within Ontario, 45% of respondents said they expected price increases, marking the highest level ever recorded and a 14% increase from the last survey.

No responding carriers said they expect rate decreases either within Ontario or throughout the other provinces. Thirteen per cent of carriers said they expect to see softer rates northbound into Canada while 33% expect to see increases.

CAPACITY

The effect of sustained volume increases along with a worsening driver shortage continues to squeeze capacity, OTA reports.

Expectations remain largely unchanged for 45% of respondents, but only 27% have experienced capacity increases over the last quarter. Looking ahead, 84% of carriers either don't expect change (42%) or expect further tightening (42%). Still, 82% say customer contract timeframes are not lengthening, despite all the warnings of driver shortages and documented shipper concerns over truck service availability.

On that note, most carriers (59%) insist they plan to add drivers; although, if recent trends are any indication, the majority of these additions are motivated by replacement demand, not expansion.

CARRIER COSTS

The challenge of maintaining capacity levels is leading many carriers to increase wages for drivers, adding to what is already their largest cost. In the Q4 2014 survey, 78% indicate driver pay is rising with about 10% of those respondents reporting raises in the 10% range – more than the previous high in 2011.

It's also clear that next generation, clean emission trucks and all the added safety and environmental technology is increasing the cost of new equipment. More than two-thirds (71%) of carriers report truck price hikes in the 5-10% range – a steep ascension from the 42% who said the same thing this time last year, OTA reports.

Fuel remains a huge expense (about nine in 10 carriers report increases of some sort).

TOP CONCERNS

The driver shortage prevails as the top concern for carriers (55%). Capacity/rates was the second-highest reason for concern (21%). Only 18% stated the economy was their number one reason for alarm, nearly half as many (30%) who were most worried about the economy at the end of 2013.

How to resolve the current "Tug of War" between shippers and carriers

BY DAN GOODWILL

Over the past few weeks, there are a couple of items that have come to my attention that inspired me to write this column. First, I had the pleasure of sitting in on the annual Masters of Logistics webcast, sponsored by Logistics Management. This is the 23rd year that these high quality researchers have surveyed a large sample of shippers and carriers to get a "read" on the current state of the industry. As always, the study produced a number of interesting findings. The one that caught my eye is the disconnect between shippers and carriers. The researchers labelled it a "tug of war."

The results highlight that shippers and carriers, at this point in time, have conflicting business objectives. On one side we find freight carriers looking to recover from the economic downturn and offset the rising costs of driver wages, higher fleet costs and regulatory changes. With capacity tight and drivers in short supply, trucking companies are seeking to maximize profitability.

At the other end, shippers are trying to reduce their costs while managing increasing demand uncertainty from all customer levels. "In fact, many shippers are asking for cost reductions at the same time that they're asking for improvements in service," says Karl Manrodt, one of the lead researchers. How do you reconcile these opposing views?

Some companies are coming up with white papers to educate the shipping public on the challenges that carriers are facing. Within the past few weeks I received two good ones, "Industry Challenges" from JB Hunt and "Truckload Capacity in 2014, What's Causing the Capacity Crunch and What Can Shippers Do About It?" from DAT Solutions. These are useful, well written documents. They do help create an understanding of the issues being faced by shippers and carriers. Unfortunately, written documents have limited value.

The key to bridging the gap between shippers and carriers is face to face communication. As I think back over the years, the current "tug of war" brings back memories of 1999. Some of you may remember the concerns over Y2K and the worries that the year 2000 would bring a meltdown in computer systems throughout the world. As president of a large freight broker at the time, I remember the conversations I had with our top 10 carrier partners. While addressing the Y2K issue, we had an opportunity to discuss various aspects of our business relationship. This was very productive and is clearly what is required now.

The starting point is to first focus on those areas where there is common ground. The results of this year's results show that shippers and carriers are aligned on two key points:

1. Strategic/core carriers add value to companies through the transportation services they provide.

2. Strategic/core carriers help companies achieve their business goals and objectives through the transportation services they provide.

The results of the 23rd Annual Study of Trends and Issues in Transportation and Logistics suggest that the winners in the "new normal" business environment will be those companies that pull together in order to achieve their opposing objectives. This involves two critical facets: establishing the gaps that exist between current and desired future practice and then mutually deciding upon the priority of actions to close them.

In other words, carriers and shippers that master the gap will have to determine how they can leverage their knowledge and expertise to collaborate even when they have conflicting goals. From my perspective, there are two key gaps that need to be discussed. Coming out of these discussions must be solutions to bring the two sides together.

The Carrier Friendliness Gap

In these days of tight capacity, carriers cannot afford to work with shippers that have inefficient and costly freight management processes. As one carrier mentioned to me, drivers are getting very "picky" about the carriers they work for. Carriers that have customers with inefficient processes are losing drivers. Closing this gap is certainly a logical starting point. The carriers' drivers and dispatchers can name the shippers that have poor practices. Shippers and carriers need to meet and talk face to face to improve efficiencies.

The Spot Market versus Core Carrier Gap

With limited assets and drivers, carriers are looking for shippers that will view them as partners and make multi-year commitments. Manufacturers and distributors that use one carrier today and another tomorrow, to save a few dollars, may find themselves in difficulty in the years ahead. This applies to companies that play the RFP game every year. It is time for shippers to make a paradigm shift in their thinking and look at removing costs through better freight management rather than bashing carriers over the head on price.

"This is where strategy really matters," notes Tommy Barnes, president of Con-way Multimodal, one of this year's survey analysts. "Companies have to share their strategic plan with the carriers so that they can better meet the needs of the customer. And on the flip side, carriers need to share their plans as well to make sure that there is alignment. Misalignment drives up costs and increases the potential for misunderstandings."

In a tug of war, only one side wins at the expense of the loser. Abraham Lincoln famously noted that "a house divided cannot stand." The internal warring, bickering, and contentions of a nation makes it weaker and vulnerable to external threats. In the same way, supply chains are weakened when its members attempt to gain an advantage over the other, losing sight of the other competing supply chains on the field. While a shipper or carrier might win in the short term, they neglect to take into account the future consequences of these actions. Further, the current business environment makes the existing atmosphere between carriers and shippers a detriment to long term success. Both parties will win when shippers view their supply chains and their supply chain partners as strategic weapons and carriers align their businesses around shippers that are willing to be efficient and make multi-year commitments. This will require leadership from both sides to overcome the current "tug of war."

Dan Goodwill, president of Dan Goodwill and Associates has more than 20 years of experience in the logistics and transportation industries in both Canada and the US. He has held several executive level positions in the industry. He can be reached at dan@dantranscon.com.

What “direction” are crude, diesel and gasoline prices going?

BY ROGER MCKNIGHT

I may have overstepped the mark recently when I dropped the Goldman Sachs crystal ball, which exploded and broke into pieces on all of their corporate toes – call it oil’s form of road rage.

We have all experienced the lone yahoo who decides to move four lanes over a busy highway, not signaling as he tries to get to the exit he’s known about for 20 kms. All he had to do was look at a map. Similarly, Goldman Sachs, and most other oil stained banker expert types, should look at signs if they want to see the direction of prices. I use the word “direction” because, not wishing to repeat myself, a call for a two decimal place subjective “forecast” for the price of any commodity is lotterish in credibility without objective facts to back up the guess. Now that I have slammed the investment community, how would I come up with direction of crude, diesel and gasoline prices? My answer: Get out the map and follow the signs or get out the newspaper and read between the lines.

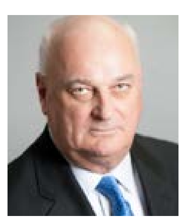
The first exercise is objective, the second instinctively subjective. From an objective position I would look at the weekly EIA data that we summarize every week and these are the ones I am watching right now:

Inventories – crude is fine but gasoline and diesel are at or below the five year average. At this time of year, gasoline is a non-player but if these levels don’t improve by January then prices will spike starting in February. Diesel levels are a concern, as this is the start of the heating season. If we have a sudden cold snap then diesel and heating oil prices will increase even though crude may decrease. If heating oil prices increase so will gasoline in a slipstream effect.

Refinery Runs – at 88.5% of capacity this is rather low for the start of heating season. This may be because of narrow refining margins and flat-to-negative domestic demand for refined product. If the runs aren’t at least at 93% by the end of November, then supply will be low and prices high.

Rig Counts – the U.S. Exploration and Production Industry needs a NYMEX crude price of $90/bbl and Brent price of $100/bbl to maintain rig counts of 1,500 to 1,600. Any drop below the 1,500 rig base count indicates that the patch is under outside price and or credit pressure due to lower OPEC crude prices. Taking all three indicators into consideration, my traffic direction for prices is that we may have reached the bottom; especially when you consider that integrated oil companies with full upstream and downstream revenue streams are suffering in the upstream so the downstream, which is the consumer, will now take up the slack with tighter prices for diesel and gasoline.

The subjective and foggy number in the price directions are the 12 misfits of OPEC. I cannot see all members following the Saudis’ lead on maintaining market share by holding the course on crude production. Just because the Saudis can live with $70 to $80/bbl doesn’t mean that the other players are in the game. Indeed there may already be cracks in the Cartel. A key market for Saudi Medium Sour crude is the U.S. Gulf Coast, which is also a target customer for Mexico and Venezuela. Curiously, prior to the November 27 OPEC meeting, the Saudi Oil Minister was to attend “events” in both Mexico and… you guessed it… Venezuela! Maybe we’re going to avoid that crude oil price crash – we’ve just got to follow the signs.



Roger McKnight is the Chief Petroleum Analyst with En-Pro International Inc. Roger has over 25 years experience in the oil industry, and has held senior marketing management positions responsible for national and international accounts.

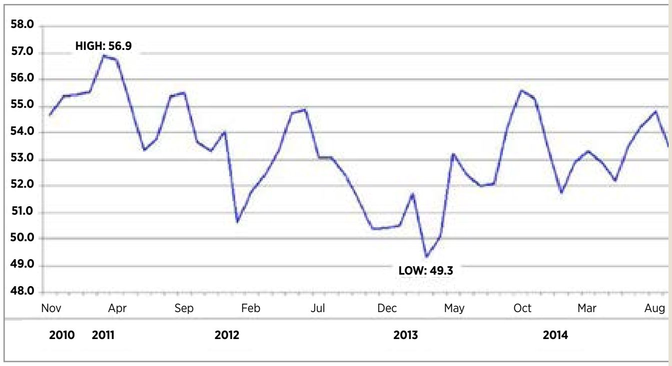
Canadian manufacturing hits 11-month high in October

Business conditions across the Canadian manufacturing sector showed a robust rebound in October, led by the fastest upturn in new order volumes since November 2013. As a result, production levels increased at an accelerated pace and manufacturing firms continued to boost their payroll numbers, according to the RBC Canadian Manufacturing Purchasing Managers' Index (RBC PMI).

A monthly survey, conducted in association with Markit, a leading global financial information services company, and the Supply Chain Management Association (SCMA), the RBC PMI offers a comprehensive and early indicator of trends in the Canadian manufacturing sector.

Adjusted for seasonal influences, the RBC Canadian Manufacturing PMI registered 55.3 in October, up from 53.5 in September and above the neutral 50.0 value for the nineteenth consecutive month. The latest reading pointed to the strongest improvement in overall business conditions since November 2013.

"We saw a strong uptick in Canada's ma nufacturing business conditions in October driven by new order growth," said Craig Wright, senior vice-president and chief economist, RBC. "Despite the challenges we are seeing in the European and emerging markets, the continued recovery of the U.S. economy should continue to support Canadian exports going forward."



The headline RBC PMI reflects changes in output, new orders, employment, inventories and supplier delivery times.

Canadian spot market steady in October

Canadian spot market freight volumes were relatively unchanged in October, but up 21% year-over-year, according to the latest data from TransCore.

Cross-border load volumes accounted for 69% of loads, while southbound loads were up 70% year-over-year. Loads into Canada were also up 14% year-over-year, TransCore reported.

Equipment postings increased 7% for the month of October, but were down 6% year-over-year. The equipment to load ratio was 2.03 in October, up from 1.92 in September, TransCore reports.

This marks the first time in 10 months that the equipment to load ratio exceeded two trucks for every available load in the system.

TransCore's Canadian Freight Index is derived from its Loadlink load board.

NA Truck orders mark second strongest month ever in October

North American Class 8 truck orders were "phenomenal" in October, marking the second strongest month ever, according to industry forecasters.

FTR reported preliminary numbers of 45,795 Class 8 orders, up 87% month-over-month and 76% year-over-year. Class 8 orders for the last six months amount to an annualized rate of 354,000 units, a big increase over the previous six months, FTR reported.

"The huge amount of orders was driven by several very large fleets placing orders to be built throughout 2015," said Don Ake, FTR vice-president of commercial vehicles. "This is the result of the industry operating near full capacity and fleets having confidence that freight growth will remain strong for the entire year in 2015. They want to lock in their orders now to guarantee future deliveries. We will be evaluating the second half of the 2015 forecast in light of the confidence reflected in this large order volume."

ACT Research reported North American Classes 5-8 truck orders totaled 67,900 units in October, up 50% from a year ago. Over the past 12 months, Classes 5-8 net orders totaled 563,000 units, representing the strongest 12-month period since the 12 months ending January 2007.

"The 46,200 North American Class 8 net orders in October represent the convergence of a number of trends that continue to drive healthy order activity," said Kenny Vieth, ACT's president and senior analyst. "Those trends include pent-up demand amongst small and medium fleets, superior new truck fuel economy, improved economic activity in key freight sectors, and most importantly, rising freight rates and fleet profitability."

Classes 5-7 orders in October were the strongest since April and 14% stronger than last October.

US spot market stays stable

The US spot market rates remained relatively steady during the last week in October, according to DAT Solutions.

Based on data compiled from the DAT load boards, there was no change to the spot van rate for the week ending November 1. It remained at US$2.01 per mile, which was the same figure as the two previous weeks. According to DAT, van rates have been above US$2.00 per mile for most of 2014.

The reefer rate was also relatively steady, slipping just one cent to US$2.26 per mile from the previous week. The flatbed rate, however was down 3 cents (or 1.3%) to US$2.35 per mil.

The hot spots in the country were outbound from Buffalo, which jumped 8 cents to US$2.11 per mile, and Los Angeles, which was up 6 cents to US$2.37. DAT attributes this to continued port congestion and difficulty accessing rail services. Other areas that showed increases were Columbus, Ohio (up 5 cents to US$2.26 per mile), and Atlanta (up 3 cents to US$2.03).

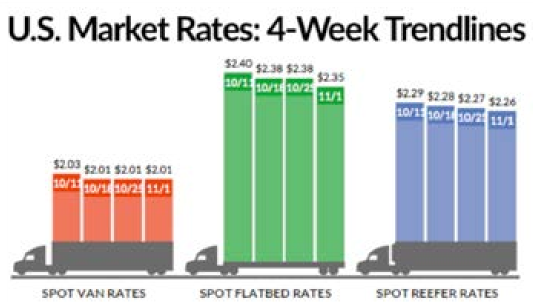
DAT reports that overall demand for van, refrigerated, and flatbed was down 1.2% and available capacity fell 4.4%. The van load-to-truck ratio held steady at 2.6.

Looking at van loads specifically, their number declined 1.9% while capacity was off 0.9%. The van load-to-truck ratio held steady at 2.6, meaning there were 2.6 van loads posted for every van available on DAT load boards last week.

Reefer freight availability was down 0.4% and capacity decreased 2.2%, which pushed the reefer load-to-truck ratio up 1.8% to 7.8 loads per truck.

The number of flatbed loads declined 8.8% and available capacity slipped 2.0%, for a 6.9% slide in the load-to-truck ratio. The flatbed load-to-truck ratio stands at 17.9 loads per truck.

The national average fuel price fell 2 cents to US$3.62 per gallon. Declining fuel prices tend to have a dampening effect on market rates. When fuel prices slip, the surcharge drops and the total rate may decline accordingly.



Source: DAT Trendlines at dat.com/trendlines • National average per-mile spot market (broker-buy) rates derived from DAT RateView. © 2014 DAT Solutions. All rights reserved

US truck tonnage up slightly in October; Solid fall freight season projected

US for-hire truck tonnage inched up 0.5% in October, on the heels of a revised decline of 0.8% in September, according to the latest American Trucking Associations Truck Tonnage Index.

October's reading is the second highest level on record since August 2014.

The seasonally-adjusted index is up 4.5% compared to October 2013, which is up more substantially than September's 2.9% year-over-year gain. Year-to-date, US truck tonnage is up 3.2% compared to 2013.

"Tonnage made a nice comeback after declining in September," said ATA chief economist Bob Costello. "The gain fits with the increases in retail sales and factory output during October, as well as with good anecdotal reports about the fall freight season."

He added: "The solid month-to-month gain, coupled with the acceleration in the year-over-year growth rate, is a good sign for the fourth quarter. In addition, I'm expecting a solid fall freight season as holiday sales are forecasted to see the largest increase since 2011."

Trailer orders reach all-time high in October

Net trailer orders in October reached 46,267 units, setting an all-time record high, exceeding the previous record by 9%, according to the latest data from FTR.

Trailer orders have now totaled 327,000 over the past 12 months, exceeding expectations.

The strong demand is driven by large fleets, including lease fleets, that are placing sizeable orders for 2015, FTR reports.

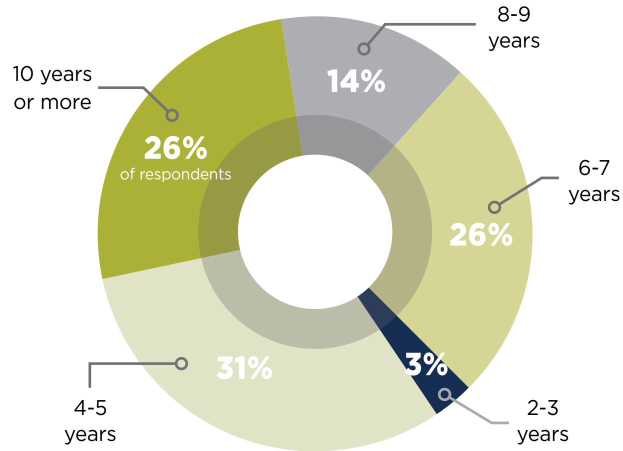
They've done so to get ahead of expected tight production capacity at US trailer plants.

"While OEMs did go out and solicit orders for delivery through the middle of 2015, impacting October activity, it is still very encouraging to see these large numbers, because it indicates fleets are positive about business conditions next year," said Don Ake, FTR vice-president of commercial vehicles. "Dry van, refrigerated van, and flatbed orders were tremendously high. Much of the October order total is pull-forward activity, to get orders into the backlog for delivery in 2015.OEMs can now better plan production, and fleets have their build slots reserved well in advance."

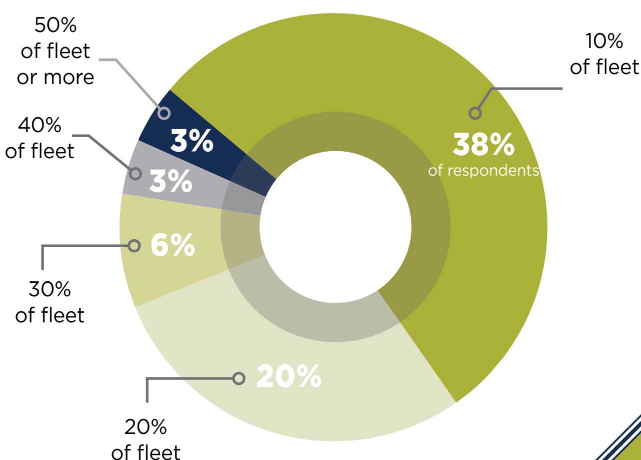
READY TO GROW?

Canadian motor carriers – both private and for-hire - have been very reluctant to add to their fleets since the end of the Great Recession. This is due to a variety of factors, including higher equipment costs, a continuing shortage of drivers to place behind the wheels of new vehicles, and a belief that excess capacity resulted in more pronounced downward pressure on pricing. But with the Canadian truck fleet getting very old indeed, our annual Equipment Buying Trends Survey found that motor carriers of all sizes are looking more enthusiastically about purchasing new trucks next year.

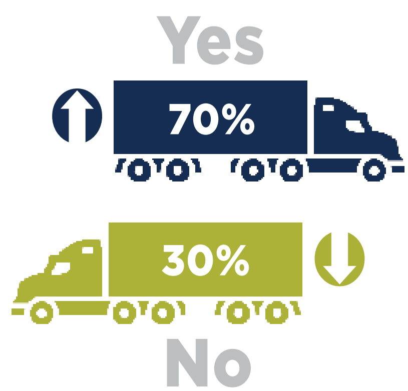
Current trade-in cycle for heavy duty vehicles



Percentage of fleet plan to replace by end of 2014

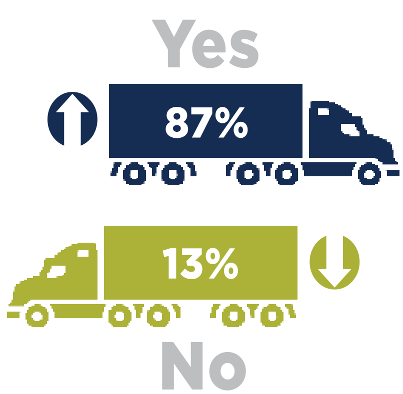


Plans to replace part of fleet by end of 2014

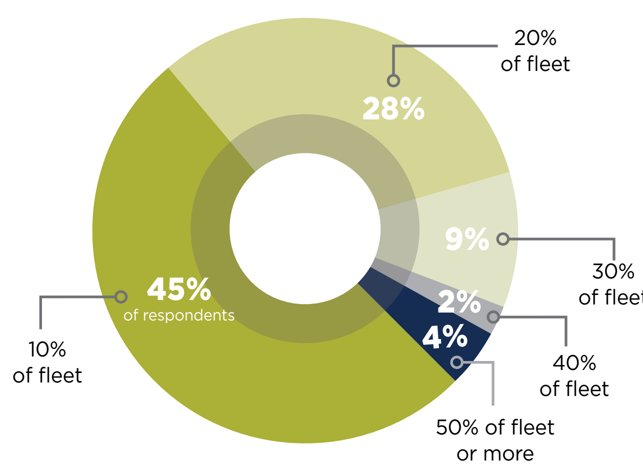


ANNUAL EQUIPMENT BUYING TRENDS

Plans to replace part of fleet in 2015



Percentage of fleet plan to replace in 2015

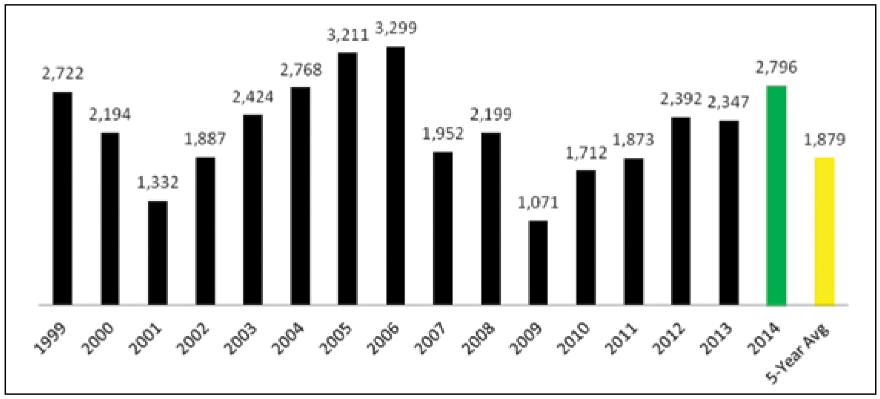


CLASS 8 Truck Sales Trends

Monthly Class 8 Sales – Sept 14

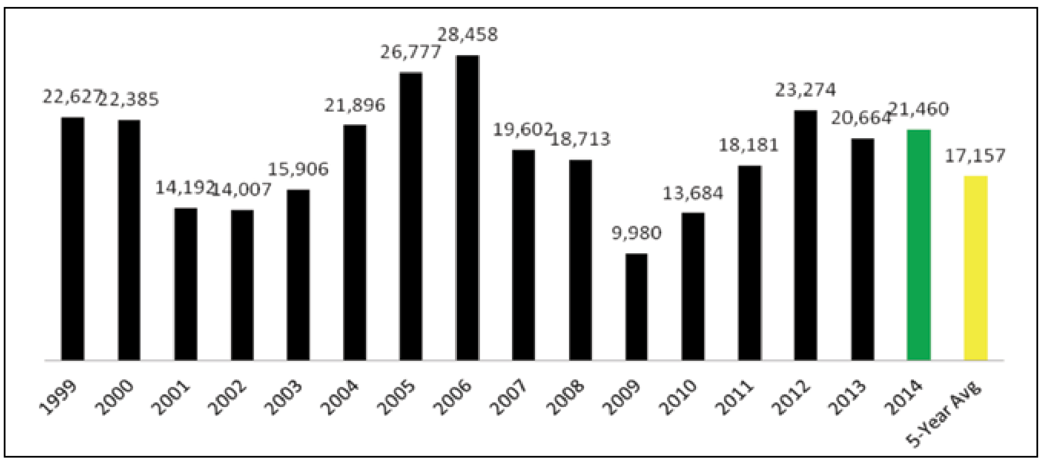
OEM	This Month	Last Year
Freightliner	861	617
International	370	343
Kenworth	493	417
Mack	172	170
Peterbilt	330	278
Volvo	348	281
Western Star	222	241
TOTALS	2796	2347

Historical Comparison – Sept 14 Sales



After a disappointing August, Class 8 sales rebounded strongly in September. The 2,796 Class 8 trucks sold into the Canadian market during the month made for the third best September since 1999 and were about 900 trucks above the five-year average. Only the heyday years of 2005 and 2006 were better. All truck manufacturers, with the exception of Western Star, enjoyed gains over the previous year. Market leader Freightliner had a particularly strong month.

Historical Comparison – YTD Sept 14



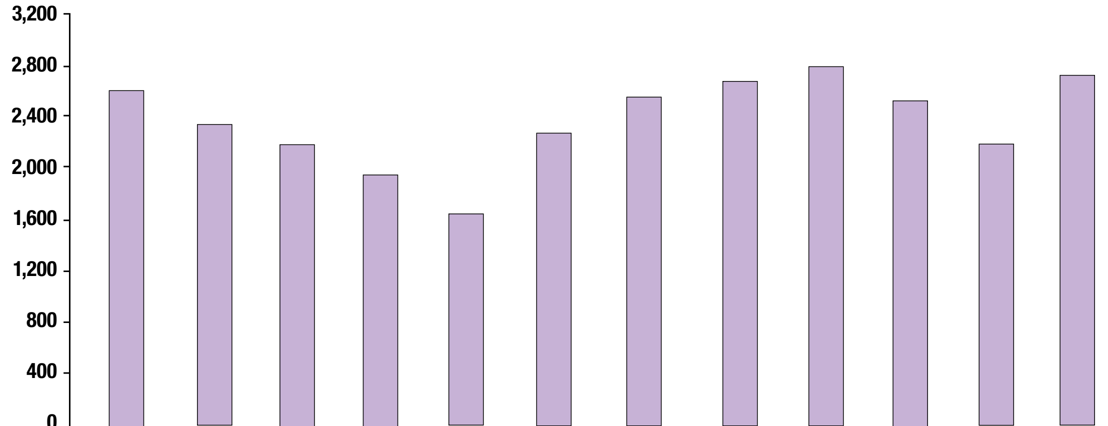
Class 8 Sales (YTD Sept 14) by Province and OEM

OEM	BC	ALTA	SASK	MAN	ONT	QUE	NB	NS	PEI	NF	CDA
Freightliner	456	833	196	256	2,319	846	240	95	8	33	5,282
Kenworth	493	1,445	317	1	648	617	64	0	0	0	3,585
Mack	116	286	130	83	860	198	28	49	5	18	1,773
International	122	443	59	121	1,436	476	136	43	9	32	2,877
Peterbilt	355	1,114	252	156	508	361	114	13	0	0	2,873
Volvo	398	440	104	217	1,460	504	131	60	0	6	3,320
Western Star	250	630	57	93	344	272	40	50	3	11	1,750
TOTALS	2,190	5,191	1,115	927	7,575	3,274	753	310	25	100	21,460

As mentioned last month, despite a weaker than hoped for August, optimism for an improvement in Class 8 truck sales this year has not lost steam and the September numbers quickly proved the optimism is not misplaced. Our research shows small carriers are more willing to purchase new trucks than they have been in years and both carriers and truck manufacturers are feeling more optimistic about the industry outlook. So far 2014 is shaping up to be the seventh best year in Class 8 truck sales since 1999.

CLASS 8 Truck Sales Trends

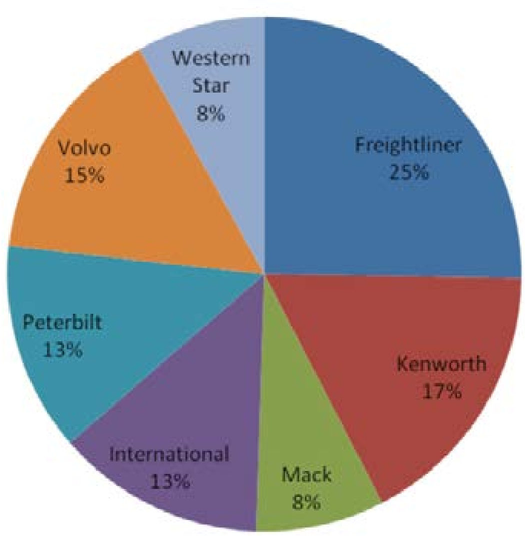
12-Month Sales Trends



	October	November	December	January	February	March	April	May	June	July	August	September
SALES	2,618	2,361	2,168	1,941	1,641	2,244	2,587	2,711	2,800	2,562	2,170	2,796

Truck sales enjoyed a welcomed upward spike in September after three successive monthly drops from the year's high point of 2,800 set back in June. To place sales performance in further perspective, the Canadian market has now enjoyed 7 straight months of sales above 2,000 after suffering through two months of sales below that figure to start the year. Prior to that the market had posted 10 straight months of sales coming in above the 2,000 mark, reminiscent of the industry's capacity boom years.

Market Share Class 8 – Sept 14 YTD



Freightliner remains the market leader with a 24% share of the market while Kenworth's market share stands at 17%. Volvo, which has shown the most growth this year after leapfrogging past Peterbilt, is holding on to a 16% market share. Peterbilt and Navistar are at 14% and 13% respectively. Mack remains slightly ahead of Western Star with a 9% share compared to 8% for Western Star.

Source: Canadian Motor Vehicle Manufacturers Association