

I've stated before, that I believe the trucking industry will rebound over the next 12 – 18 months:

- With capacity being an issue for shippers, and:
- With more and more trucking companies going out of business-the demand is greater than the supply.

When freight rates go up, trucking companies make money!

One big question I have going into 2011 is, “how is resource capacity going to impact the world economy?” According to the Complete Investor, China plans to build a second aircraft carrier, which is somewhat alarming. China is already rebuilding an old Soviet carrier, which will be its first and (clearly), **China wishes to assert sovereignty and its claim over the mineral resources** of the South China Sea, if not beyond.

The dangers of any military buildup are well known. The larger the military, the more tempting it is to use it. In fact, if you never use your resources, how can you justify the cost of buying them? **In today's world, where resources are becoming scarce, military build ups create a new type of threat.** The world's military forces consume very high amounts of commodities – from steel and oil to everything else. **Military spending pushes commodity prices higher, just as industrialization and urbanization do.** **On top of that, we have a self enforcing cycle, in which more countries are making an effort to secure resources via military; the more resources they acquire the more they consume.** At some point, it will take more resources to defend the resources than is worth the effort.

My concern, oil prices may start to increase, the 2nd or 3rd quarter of next year. Unfortunately, if that happens, the United States is not prepared. **“Like a frog placed in a pot of water that is gradually heated”, we may not notice what is happening until it's too late** and we have already been boiled alive. **The temperature, in this case, is oil demand.** The only way to save ourselves would be to hop out of “the pot” by switching full scale to alternative energies.

For this reason, building alternative energy resources while they are still affordable is essential. Yet, this obvious fact is lost to most nations, organizations and businesses; **they still think they're living in a world of cheap oil.**

This is an interesting statistic; the US military uses 500,000 barrels of oil per day – roughly 3% of our total consumption. That's a significant amount! If nations around the world start building their military, **all the new fleets of ships and planes will considerably boost oil demand** – which will create an even greater need to guard remaining oil!

Why is all this important to the trucking industry? Simple; if oil prices start escalating, they could trigger another major downturn. The best advice I can provide any trucking or Logistics Company is

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1. Enjoy the profits, but;
2. Keep an eye on oil prices.

QUOTE OF THE WEEK:

“Self discipline is an individual’s greatest asset” (Author: Lee Holtz)