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LOGISTICS REPORT

## Parcel Carriers Pulled Back Hiring in December

Job additions earlier in the year and automation helped carriers get ahead of peak-season demand



Competition for warehouse workers has increased as Amazon.com Inc. and others open more facilities to fulfill online orders. PHOTO: CHRISTOPHER LEE/BLOOMBERG NEWS

*By Jennifer Smith*

Jan. 4, 2019 2:42 p.m. ET

Package-delivery firms pulled back on hiring at the height of peak shipping season, cutting payrolls by 5,200 jobs in December to end a 20-month expansion that has helped fuel strong employment growth in the transportation and logistics sector.

The pullback shown in the preliminary figures the Labor Department released Friday came after messenger and courier operators had added 72,100 jobs over the previous 12 months as companies boosted hiring to handle the booming growth in e-commerce deliveries.

Overall hiring in transport and logistics remained strong last month, however, with trucking companies and warehouse operators adding 4,600 jobs, extending a long run of growing payrolls.

The December dip among parcel carriers suggests firms that deliver packages to homes and businesses staffed up well in advance of the busy holiday peak to avoid bottlenecks and service problems from past years.

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United Parcel Service Inc. brought on temporary workers early on, and both UPS and FedEx Corp. added more automated hubs to handle additional volumes, said Satish Jindel, president of ShipMatrix Inc., which analyzes package-shipping data. Both carriers improved their on-time performance this holiday season, with UPS delivering 98.5% of packages on time between Nov. 18 and Dec. 29, and FedEx delivering 97.6%, according to ShipMatrix.

“In prior years when they [UPS] had service issues they would hire people to try and correct it,” Mr. Jindel said. “This year they avoided service issues, so that helps.”

U.S. employers added 312,000 jobs last month, the biggest jump since February, far surpassing expectations and providing a counterweight to other signs of a slowing economy. More people entered the workforce and average hourly and weekly wages increased a strong 3.2%.

Companies that feed goods into distribution networks hired in big numbers: Factory payrolls grew by 32,000 in December and the retail sector added 23,800 jobs as shoppers delivered the strongest increase in U.S. holiday sales in six years.

Warehousing and storage employers added 1,700 jobs in December and 52,500 jobs over the full year, bringing payrolls to a new high of more than 1.06 million, up from 657,400 in December 2008.

Competition for warehouse workers has increased as the labor market tightens and Amazon.com Inc. and others open more facilities to fulfill online orders. Operators are raising pay and offering other incentives to recruit staff for the seasonal peak.

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Over the holidays Capacity LLC, an e-commerce fulfillment company based in North Brunswick, N.J., relied mostly on employee

overtime and some temporary staffing to meet demand. Despite some wage pressure, “we had no trouble coming up with additional bodies,” Chief Executive Jeff Kaiden said. “The hardest part for us was Black Friday weekend. That was the only time we really felt a crunch.”

Trucking companies added 2,900 jobs in December, the eighth straight month of gains. Strong economic growth and tight trucking capacity in 2018 fueled one of the hottest freight markets in recent memory, though demand softened as the year closed.

The driver turnover rate at large truckload carriers dropped to 87% in the third quarter, its lowest point since the first quarter of 2017, according to the American Trucking Associations, an indication that improved wages and benefits were keeping truckers from jumping between companies.

Despite reports of difficulty hiring and retaining truck drivers, fleet payrolls grew by 36,600 from December 2017 to December 2018.

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