



IANA

**INTERMODAL ASSOCIATION
OF NORTH AMERICA**

A Close Look at IANA's *Intermodal Market Trends & Statistics*

February 23rd 2018, 2:00 PM ET



Housekeeping

- Panelist presentations will be followed by audience question and answer session
- Audience audio will be muted
- Submit questions at any time for Q&A session at the end of the webinar presentations
- A recorded version of this webinar, including the slides, will be available in the near future



Agenda

- Current economic conditions & 2017 review
- Year-end IANA numbers
- International & Domestic Intermodal Discussion
- What to Watch for...
- Questions

Our Panel



Pat Casey
Vice President Fleet,
TTX Co.



John Woodcock
Director of Market
Development, TTX Co.

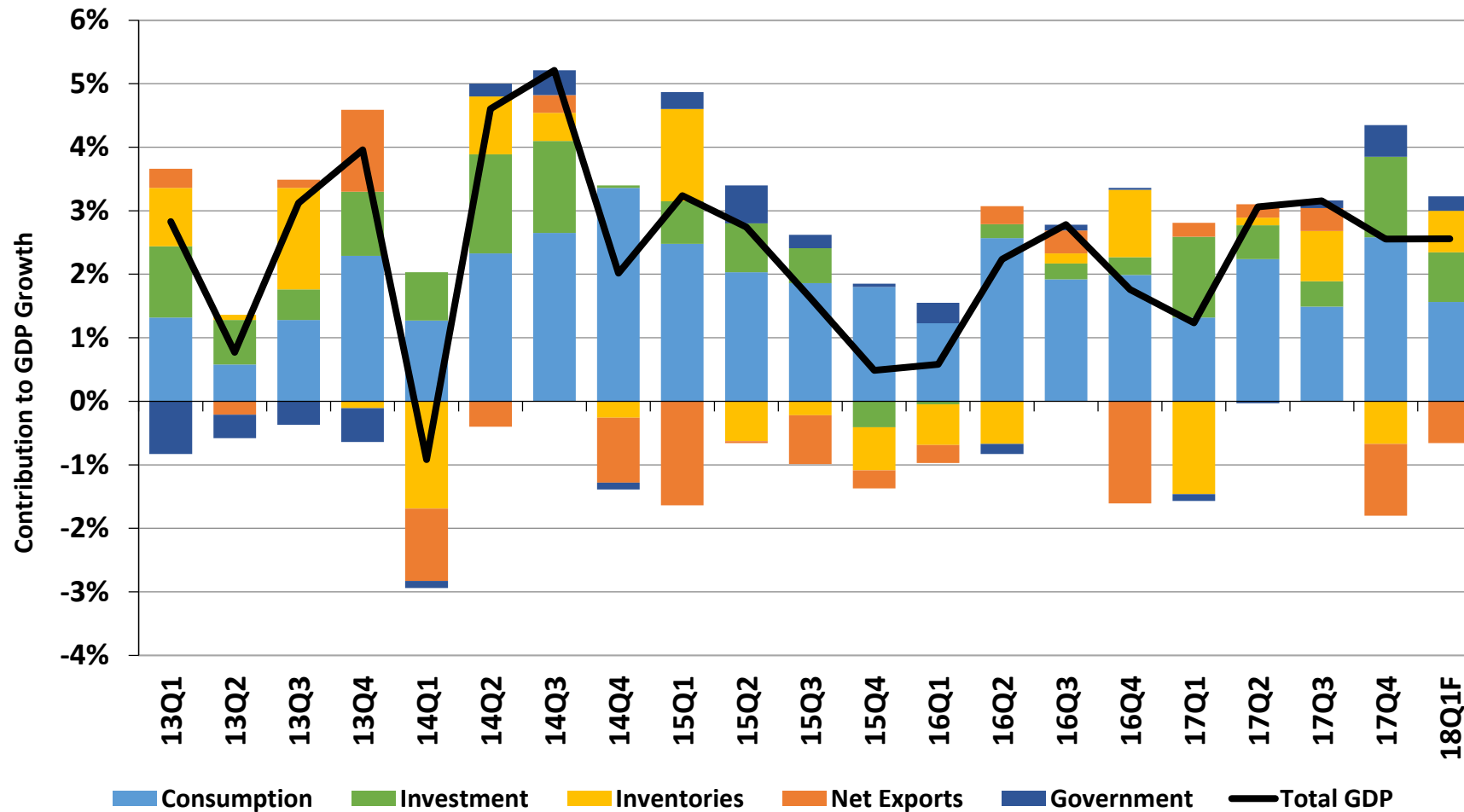


Peter Wolff
Director of Market
Development, TTX Co.

A white semi-truck is parked in a lot, with a large green shipping container attached to its trailer. The container has the text "HGU 644753" and "53" visible on its side. A person is walking in the background to the right of the truck. The scene is set outdoors under an overcast sky.

Economic Overview

Investment, consumption improved in the last quarter of 2017, but net exports and inventories were a drag

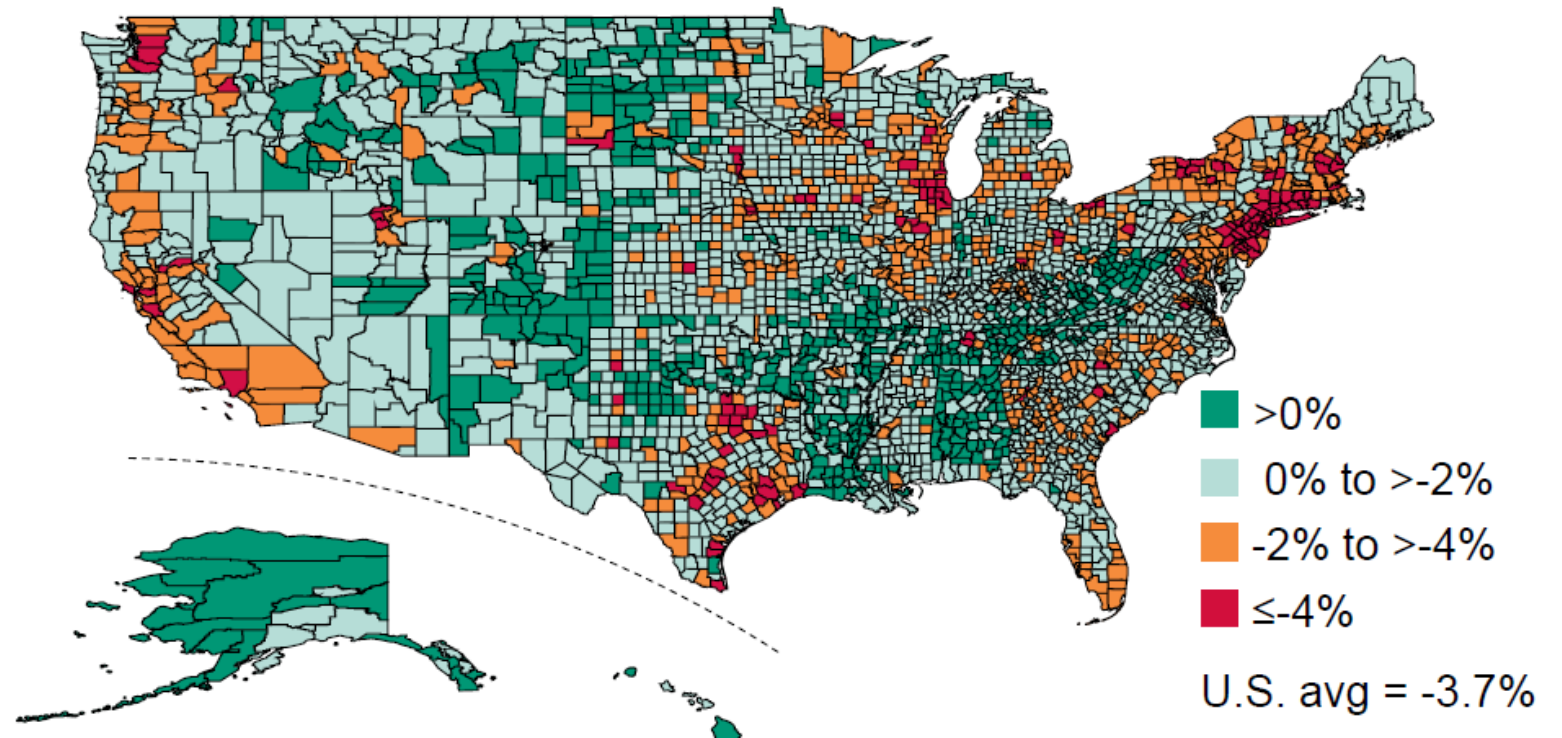


Source: U.S. Bureau of Economic Analysis

The tax plan reduces the benefit from the mortgage tax credit, making home ownership more expensive.

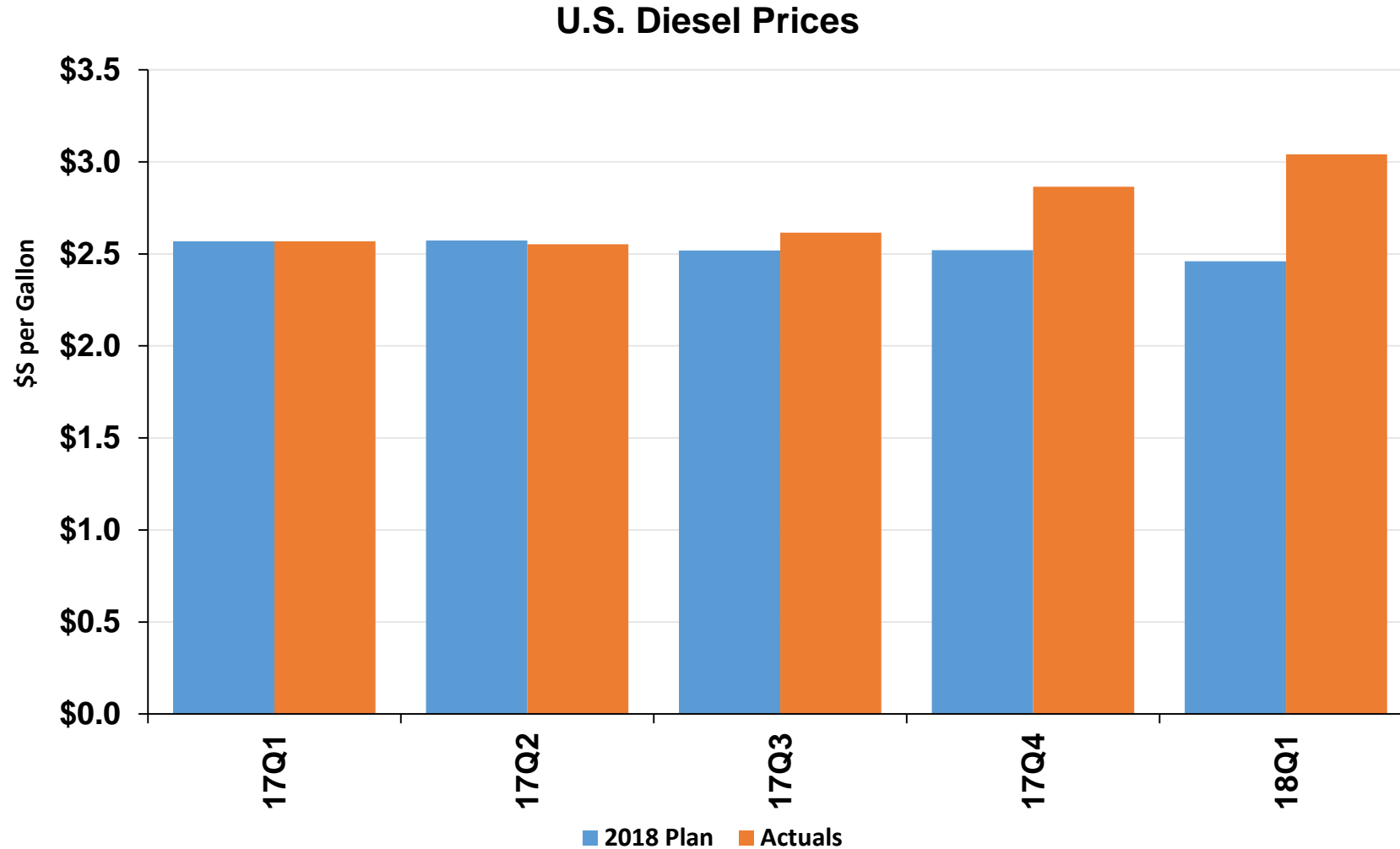
Estimated % Change in Housing Prices due to the Tax Plan

As a result, home prices may fall in some regions



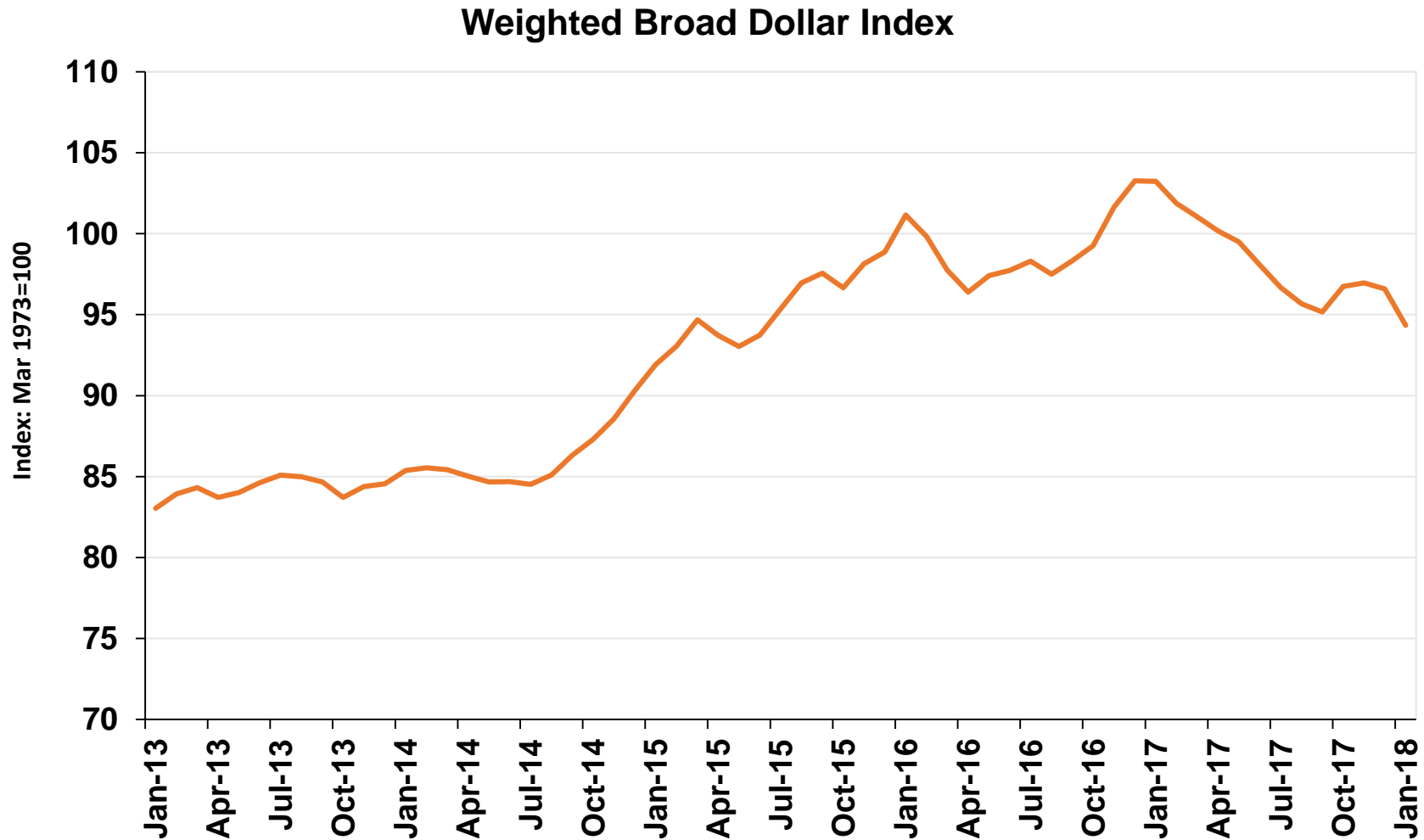
Source: FHFA, IRS, Moody's Analytics

Fuel prices have also been higher than expected



Source: U.S. Board of Governors of the Federal Reserve System, Moody's Analytics – Consensus Scenario

Since January, 2017 the dollar has trended downward



Source: U.S. Board of Governors of the Federal Reserve System, Moody's Analytics – Consensus Scenario

Summary of TTX's Plan for leading economic indicators

Economic Indicator	2016 Actual	2017 Actual	2018 Original Forecast	2018 Updated Forecast
GDP ¹	1.5%	2.3%	2.4%	2.9%
Consumer Spending ¹	2.7%	2.7%	2.3%	2.7%
Retail Sales	3.0%	4.6%	3.8%	5.6%
Investment ¹	-1.6%	3.2%	5.3%	6.6%
Housing Starts ³	1.18	1.22	1.23	1.23
US Vehicle Prod. (000)	11,961	10,963	11,858	11,240
US Vehicle Sales (000)	17,545	17,246	16,600	16,600
Industrial Prod. ²	-1.2%	1.9%	1.8%	2.5%
Mexico GDP ^{1*}	2.1%	2.1%	2.5%	2.5%
Canada GDP ^{1*}	1.5%	2.8%	2.3%	2.3%

Source: Bureau of Economic Analysis, Moody's Analytics, Autocast

1: SAAR, real % change 2: Year-over-Year %Change 3: Millions, annualized rate
 Canada and Mexico 2017 GDP is an estimate as is 2017 U.S. vehicle production



The Latest IANA Numbers

2017 North American Intermodal Growth Summary

- **By Segment**

- International: 6.2%
- Domestic: 3.2%
 - Domestic Container: 2.7%
 - Trailers: 6.4%
- Total Intermodal: 4.7%

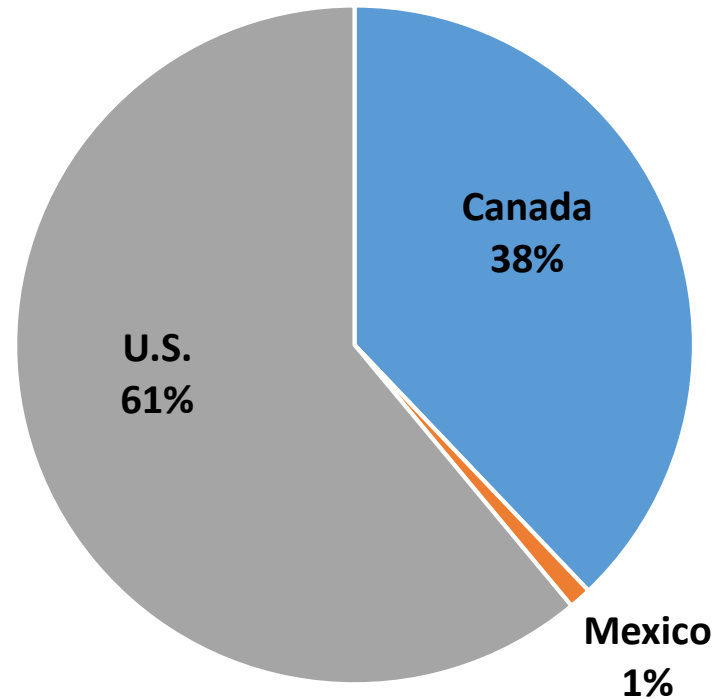
- **By Origin Region**

- U.S.: 3.5%
- Canada: 11.9%
- Mexico: 1.4%

Source: IANA

Nearly 40% of 2017's intermodal growth occurred in Canada

Share of 2017 Intermodal Growth



Source: IANA

2017 intermodal volume growth by equipment type

	2016	2017	% Change
Trailers	1,228,279	1,306,282	6.4%
Domestic Containers	7,361,097	7,561,472	2.7%
All Domestic Equipment	8,589,376	8,867,754	3.2%
ISO Containers	8,541,538	9,067,555	6.2%
Total	17,130,914	17,935,309	4.7%

Source: IANA

2017 regional loadings

	2016		2017		% Change
	Units	Share	Units	Share	Growth
Eastern Canada (EC)	1,207,489	7%	1,340,143	7%	11%
Mountain Central (MC)	218,780	1%	243,240	1%	11%
Midwest (MW)	4,660,531	27%	4,816,376	27%	3%
Mexico (MX)	611,593	4%	620,199	3%	1%
Northeast (NE)	1,618,423	9%	1,694,759	9%	5%
Northwest (NW)	780,760	5%	754,101	4%	-3%
South Central (SC)	1,221,766	7%	1,270,214	7%	4%
Southeast (SE)	2,250,536	13%	2,300,774	13%	2%
Southwest (SW)	3,210,174	19%	3,372,495	19%	5%
Western Canada (WC)	1,350,862	8%	1,523,008	8%	13%

Source: IANA

Top growth lanes

Corridor	2016		2017		% Change
	Units	Share	Units	Share	Growth
Midwest-Western Canada	248,695	1.5%	303,104	1.7%	22%
Midwest-Mountain Central	98,414	0.6%	117,224	0.7%	19%
Intra-Western Canada	304,506	1.8%	356,360	2.0%	17%
Western Canada-Midwest	337,711	2.0%	390,075	2.2%	16%
Eastern-Western Canada	627,151	3.7%	704,072	3.9%	12%
Intra-Eastern Canada	431,413	2.5%	481,783	2.7%	12%

Source: IANA

Note: top growth lanes excluding lanes with less than 100,000 moves

Largest decline lanes

Corridor	2016		2017		% Change
	Units	Share	Units	Share	Decline
Mexico-Midwest	123,017	0.7%	112,705	0.6%	-8%
Northwest-Midwest	531,636	3.1%	492,120	2.7%	-7%
Southeast-Midwest	321,429	1.9%	306,102	1.7%	-5%
Intra-Northeast	127,489	0.7%	123,782	0.7%	-3%
Midwest-Southeast	425,961	2.5%	417,758	2.3%	-2%
Midwest-Mexico	134,463	0.8%	132,649	0.7%	-1%

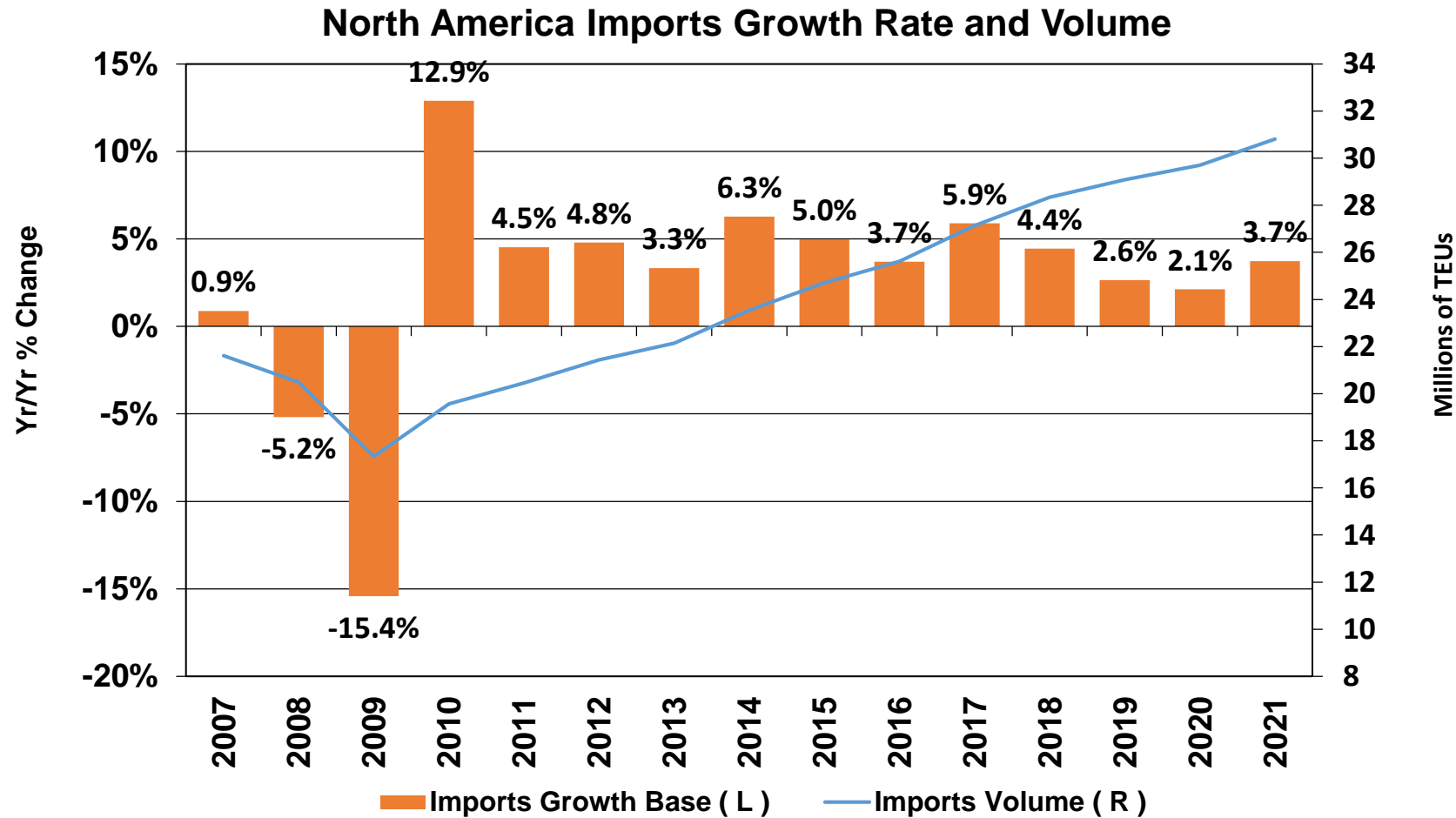
Source: IANA

Note: top growth lanes excluding lanes with less than 100,000 moves

International Intermodal

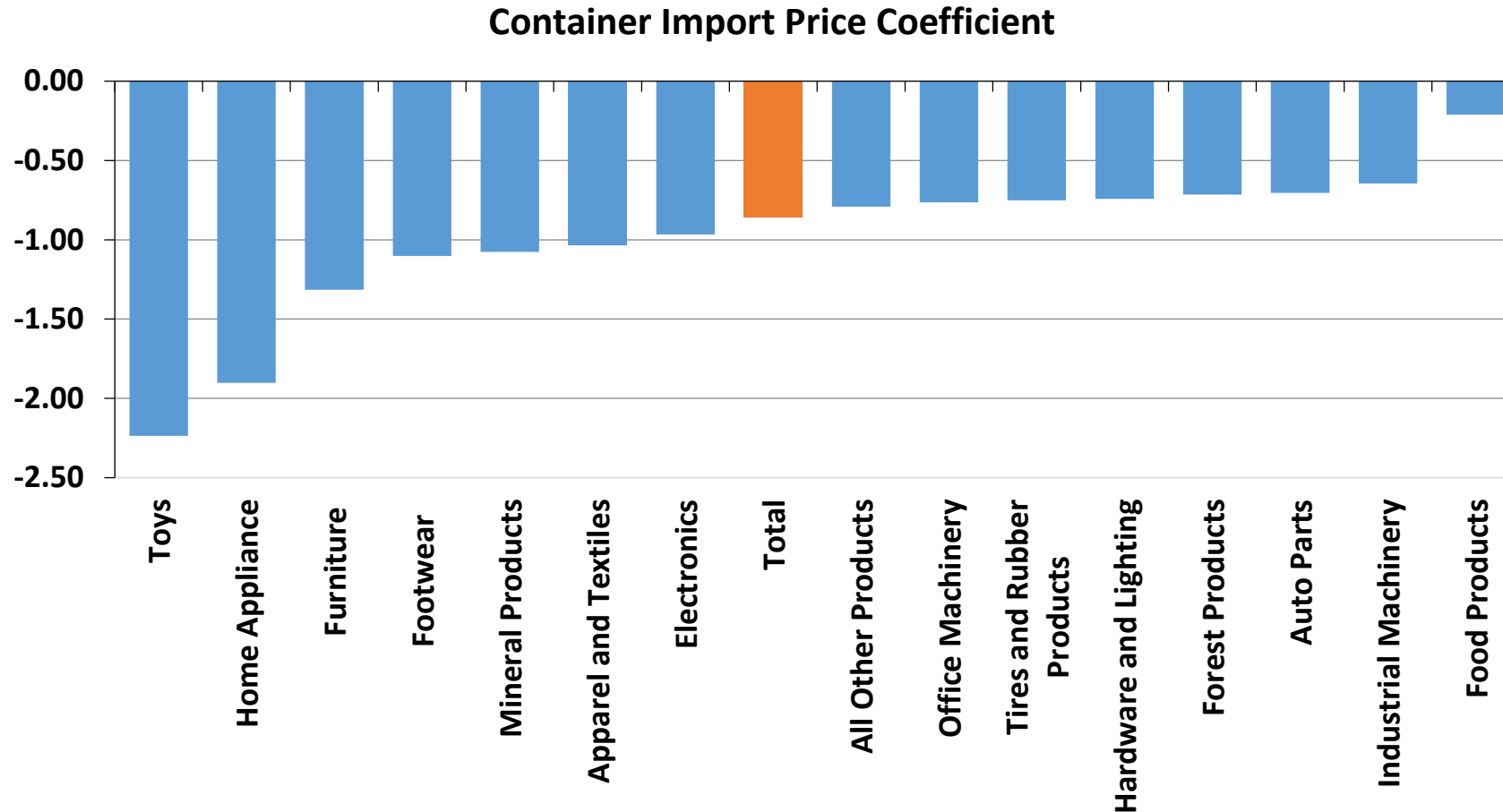


Import growth will likely maintain its pace into 2018, but soften as the U.S. dollar weakens



Source: PIERS, TTX

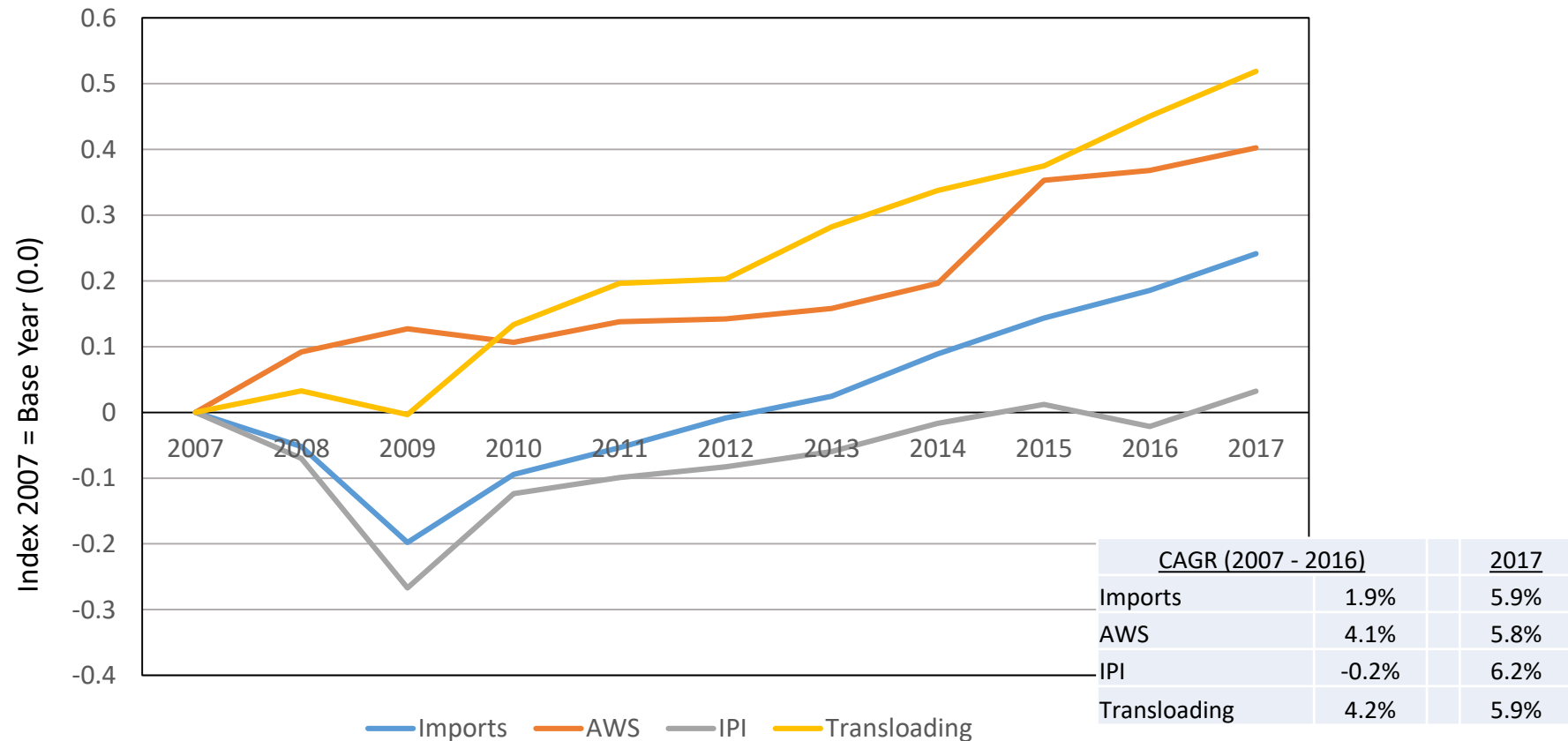
Some import commodities are much more sensitive to price than others



Source: PIERS,TTX

From 2007 – 2016, transloading and AWS grew about twice as fast as overall imports while IPI has lagged, but trends shifted in 2017

Import, IPI, AWS & Transload Growth Index



Source: IANA, PIERS, Port Data, TTX

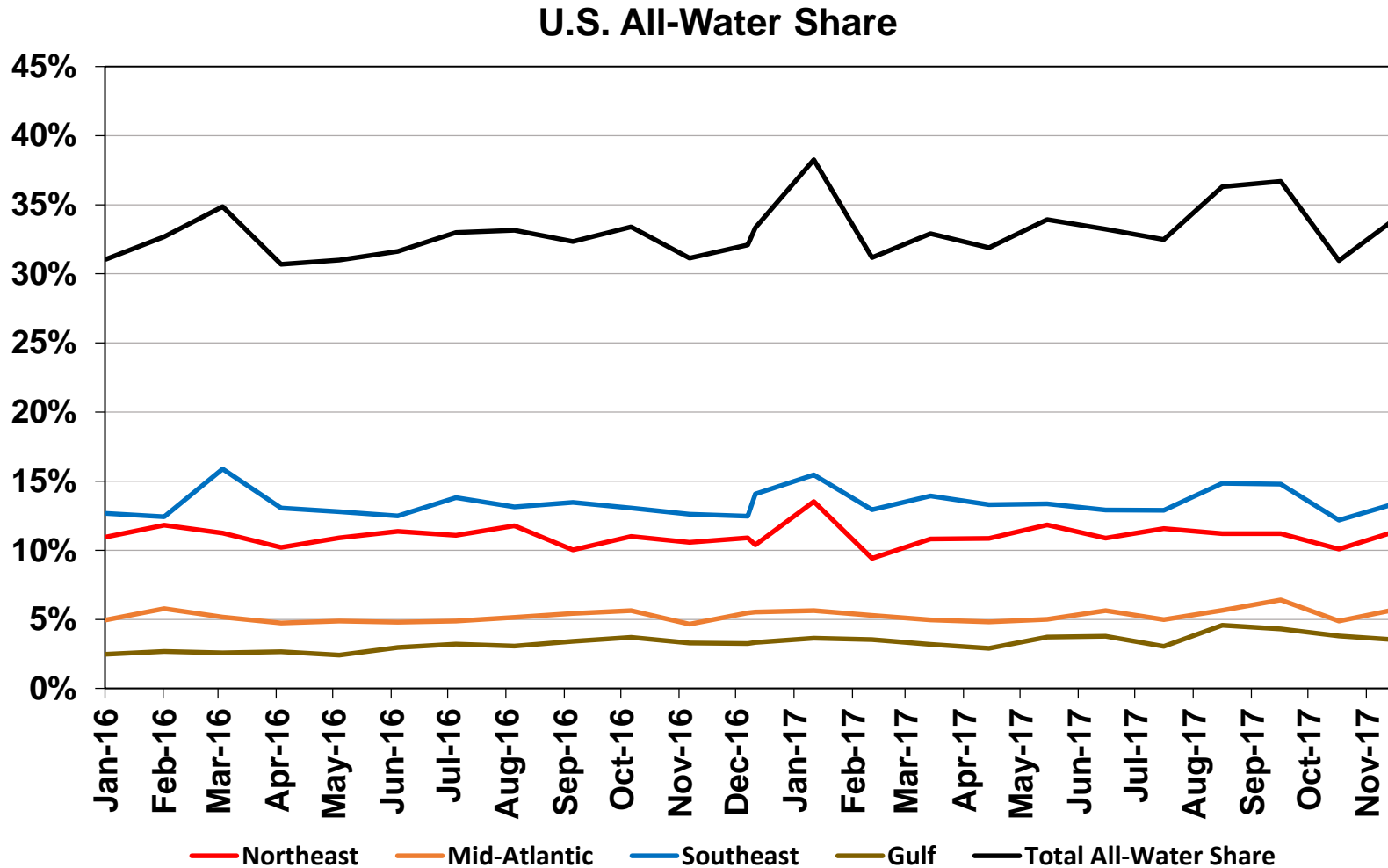
In 2017, total rail shipments (IPI + Transloads) grew at the same pace as imports, counter to the long term trend

2017 vs. 2016 Import, IPI & Transload Growth Rates

Region	Imports	IPI	Transload	Total Rail
W. Canada	13.1%	14.3%	5.3%	13.1%
PNW	-3.7%	-10.6%	7.0%	-3.8%
PSW	6.1%	4.8%	5.8%	5.3%
U.S. West	4.1%	1.8%	6.0%	3.8%
Total West	5.7%	5.1%	5.9%	5.4%
Eastern Seaboard	6.2%	4.6%	-	4.6%
Gulf	15.7%	-	-	-
U.S. East	7.9%	4.6%	-	4.6%
Total	5.9%	6.2%	5.9%	5.8%

Source: IANA, PIERS, TTX

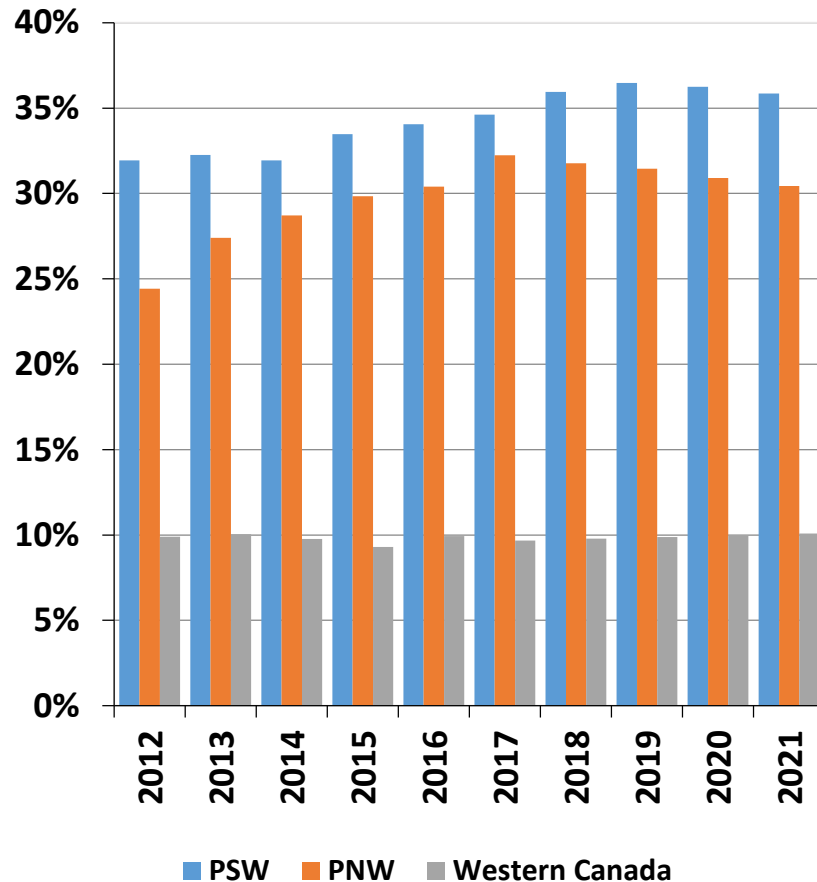
AWS gained 1.5 share points in 2017, mostly at SE and Gulf ports, with little change at NE and Mid-Atlantic ports



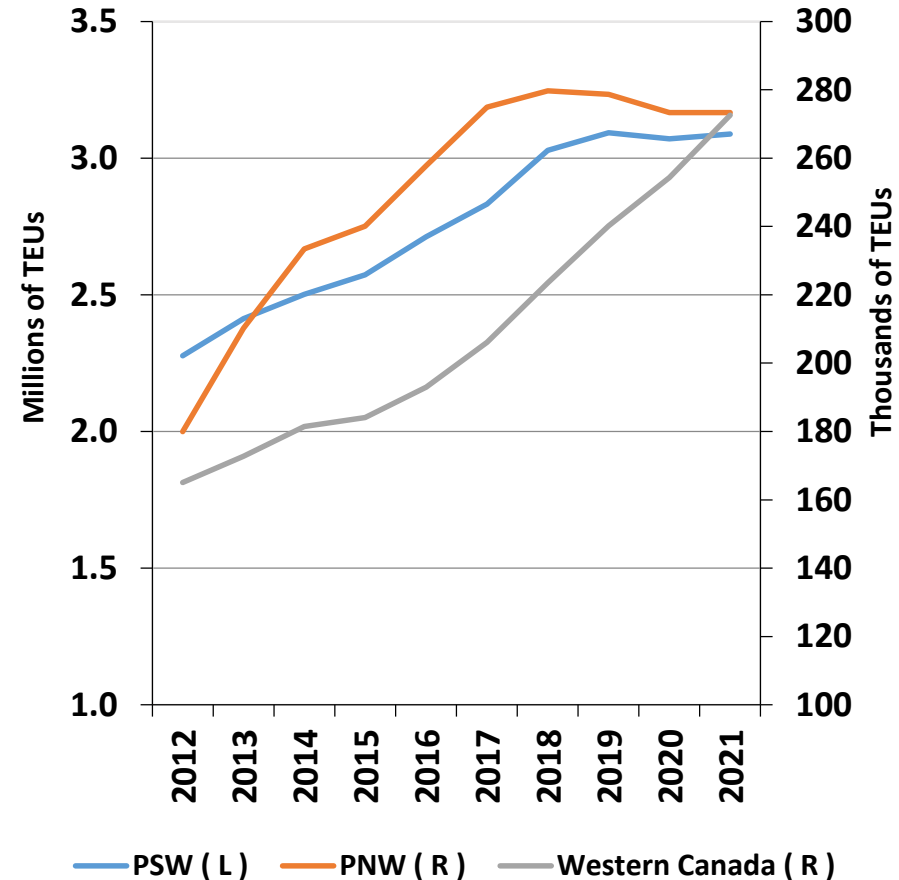
Source: PIERS, TTX

Transload share expected to flatten, but rising imports should push total transloads higher through 2019

Rail Transloaded Share of Imports



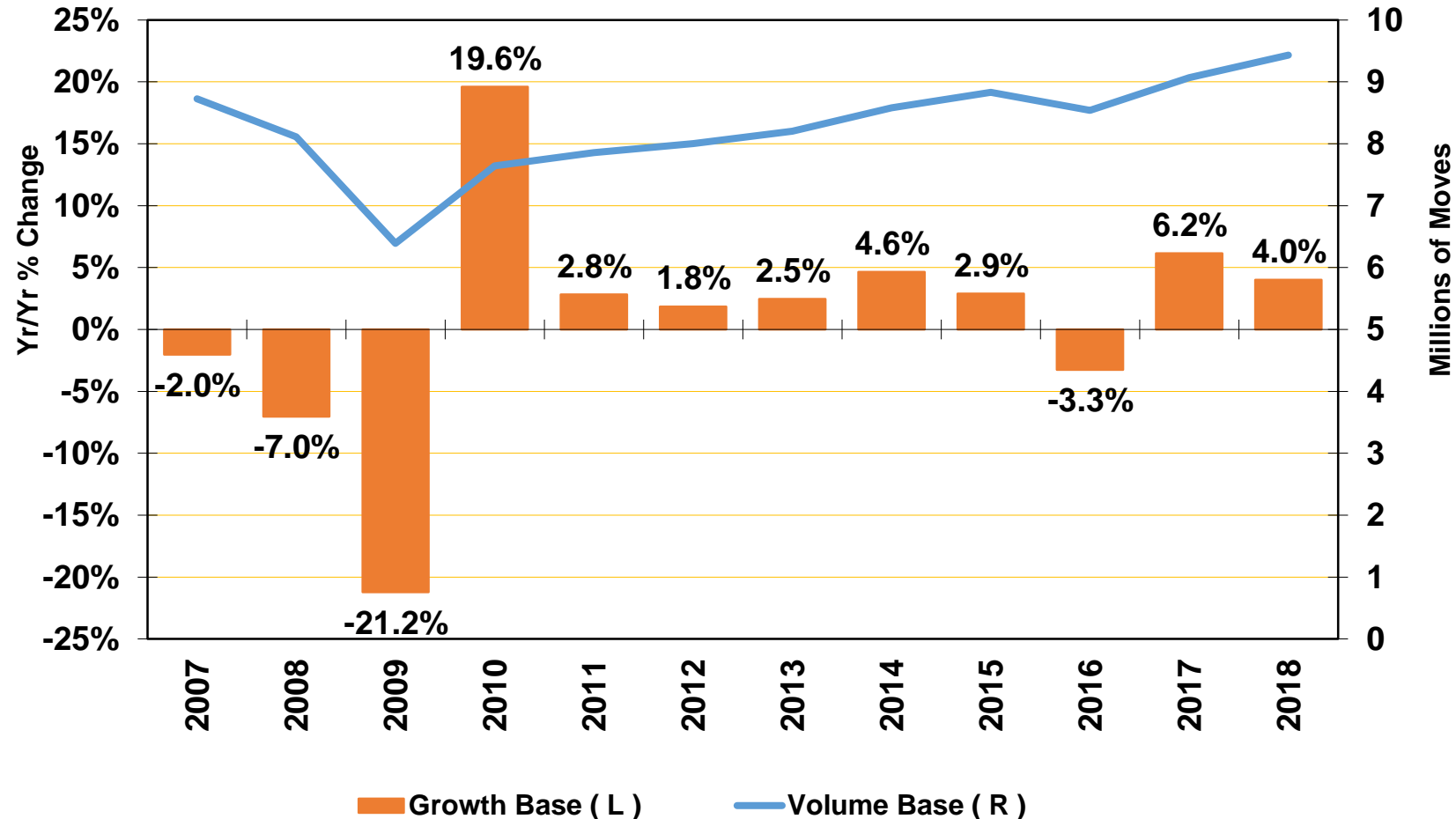
Transloaded Import Volumes



Source: PIERS, IANA, TTX

IPI rebounded in 2017 and 2018 expected to be another good year, with growth in the 3% - 5% range

North America International Volume



— Growth Base (L)

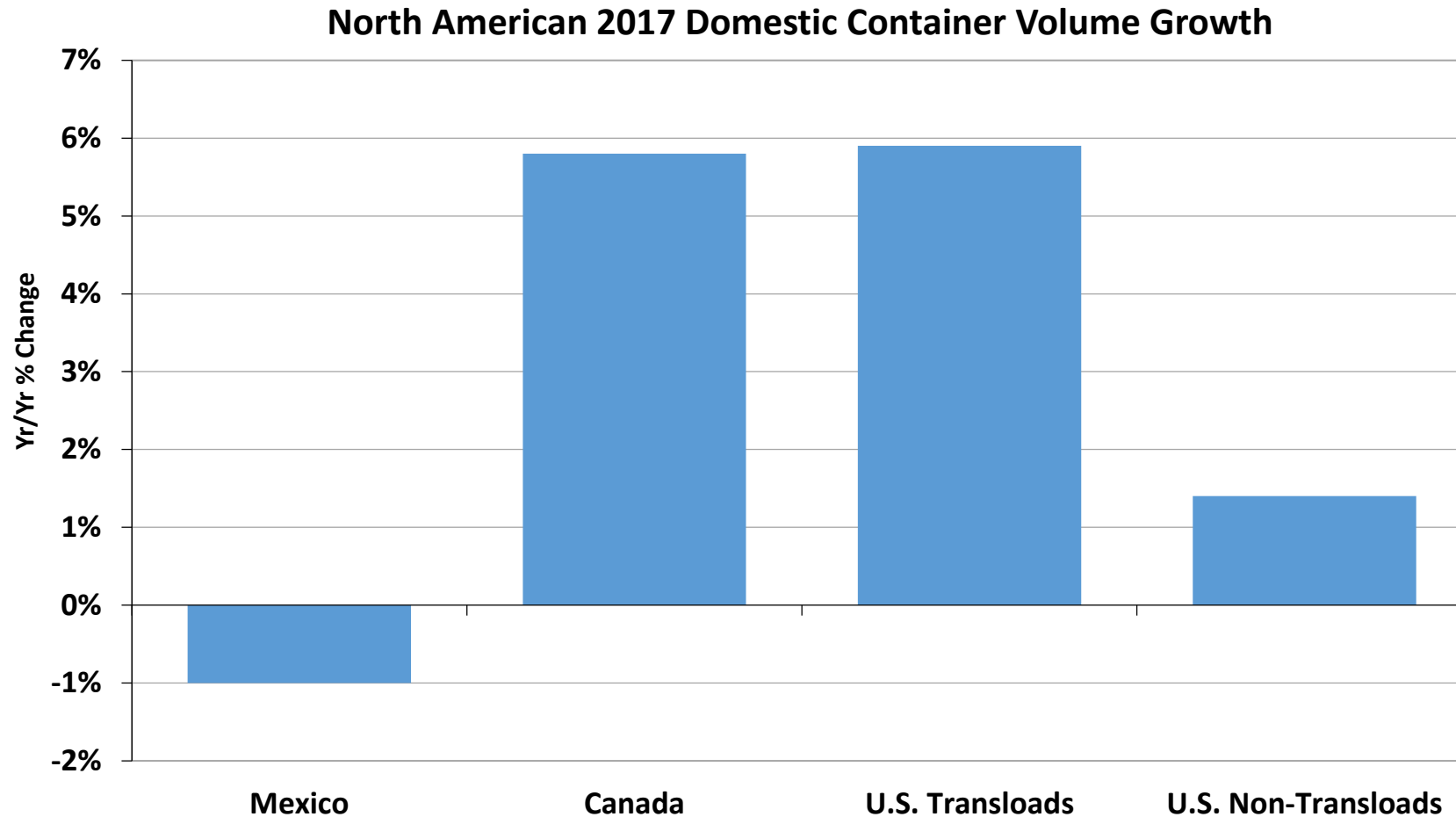
— Volume Base (R)

Source: IANA, TTX



Domestic Intermodal

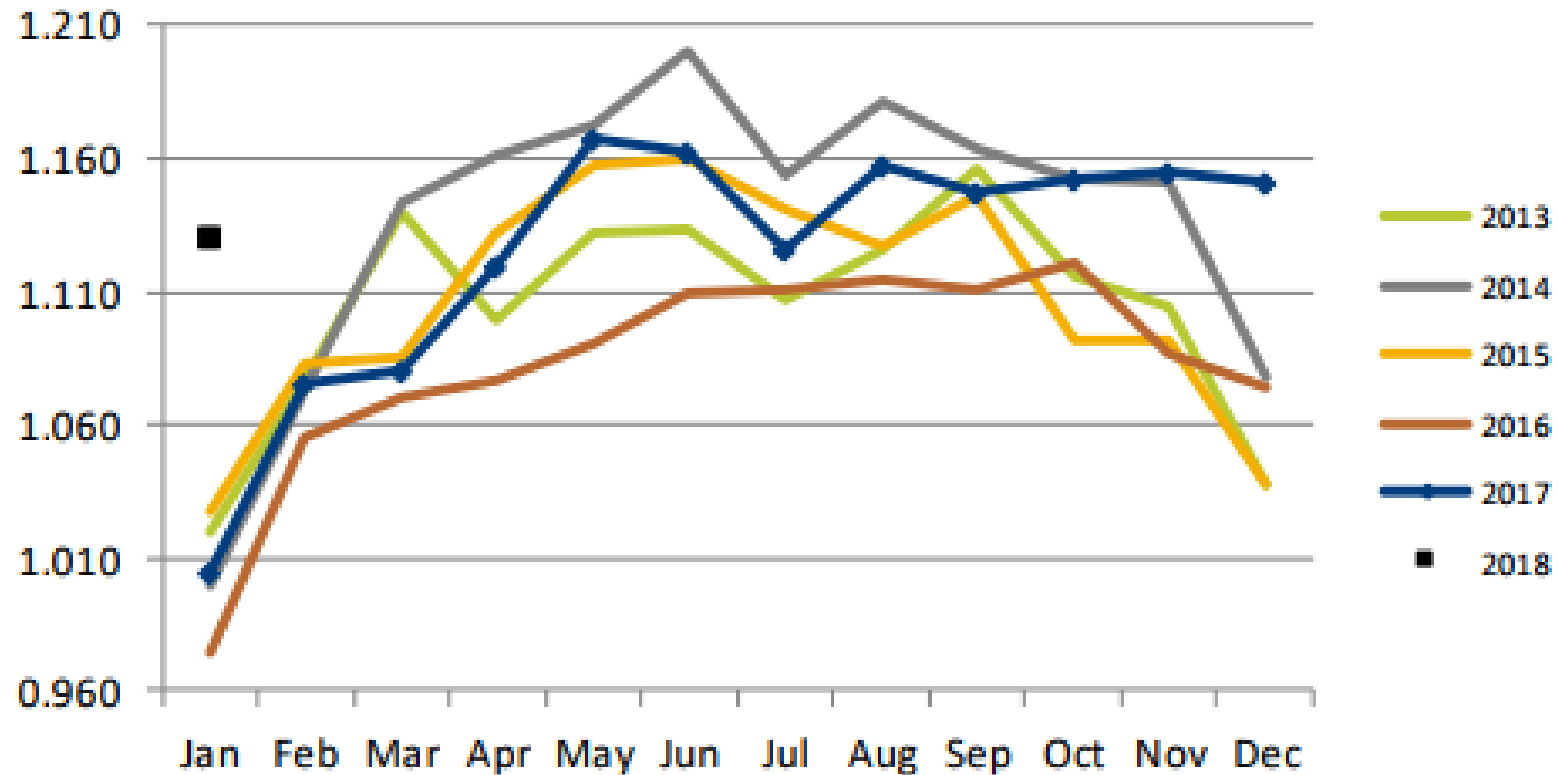
2017's domestic container growth came largely from Canada and transloading



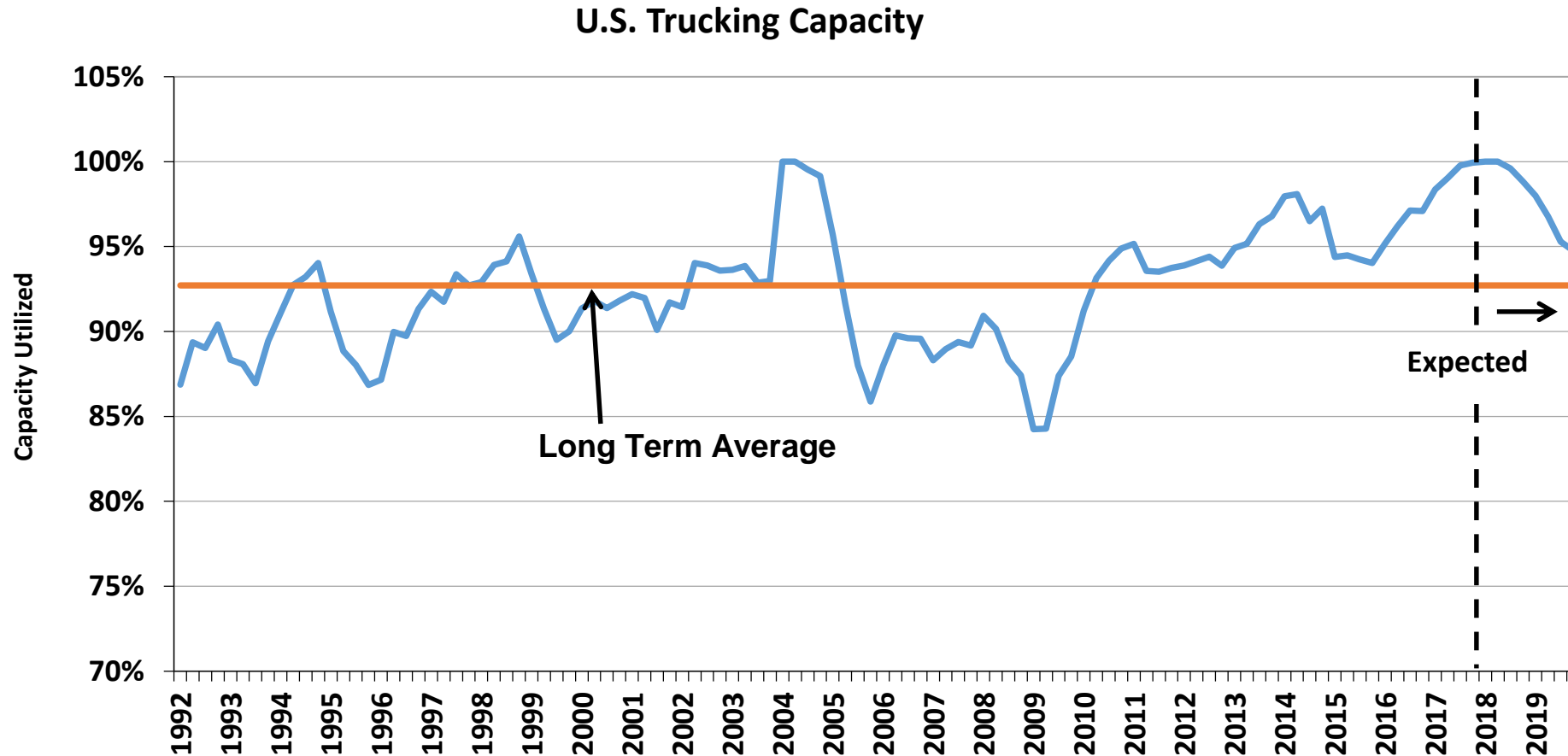
Source: IANA, TTX

Freight shipments remain strong: CIS's CFI Index for December and January surpassed previous years

Cass Freight Index™ - Shipments

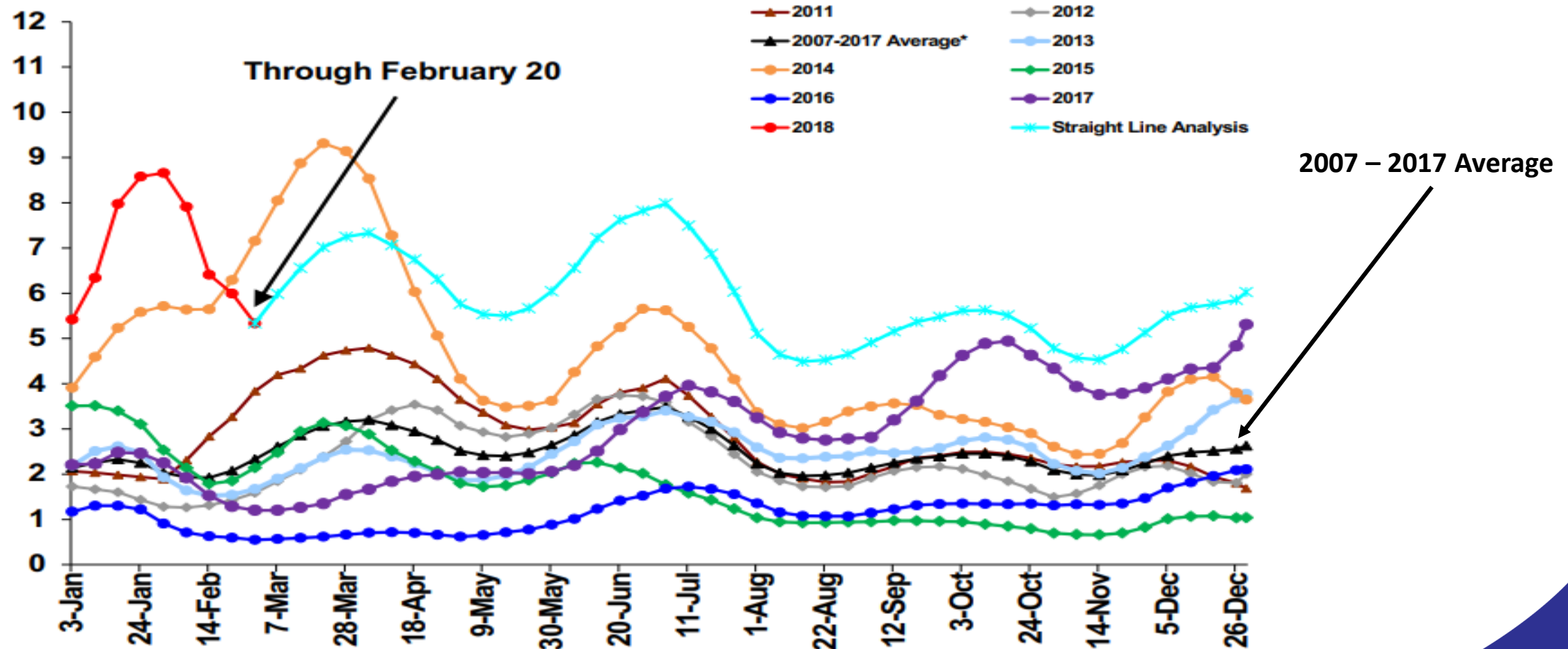


Truck capacity is expected to remain tight account “ELD effect”



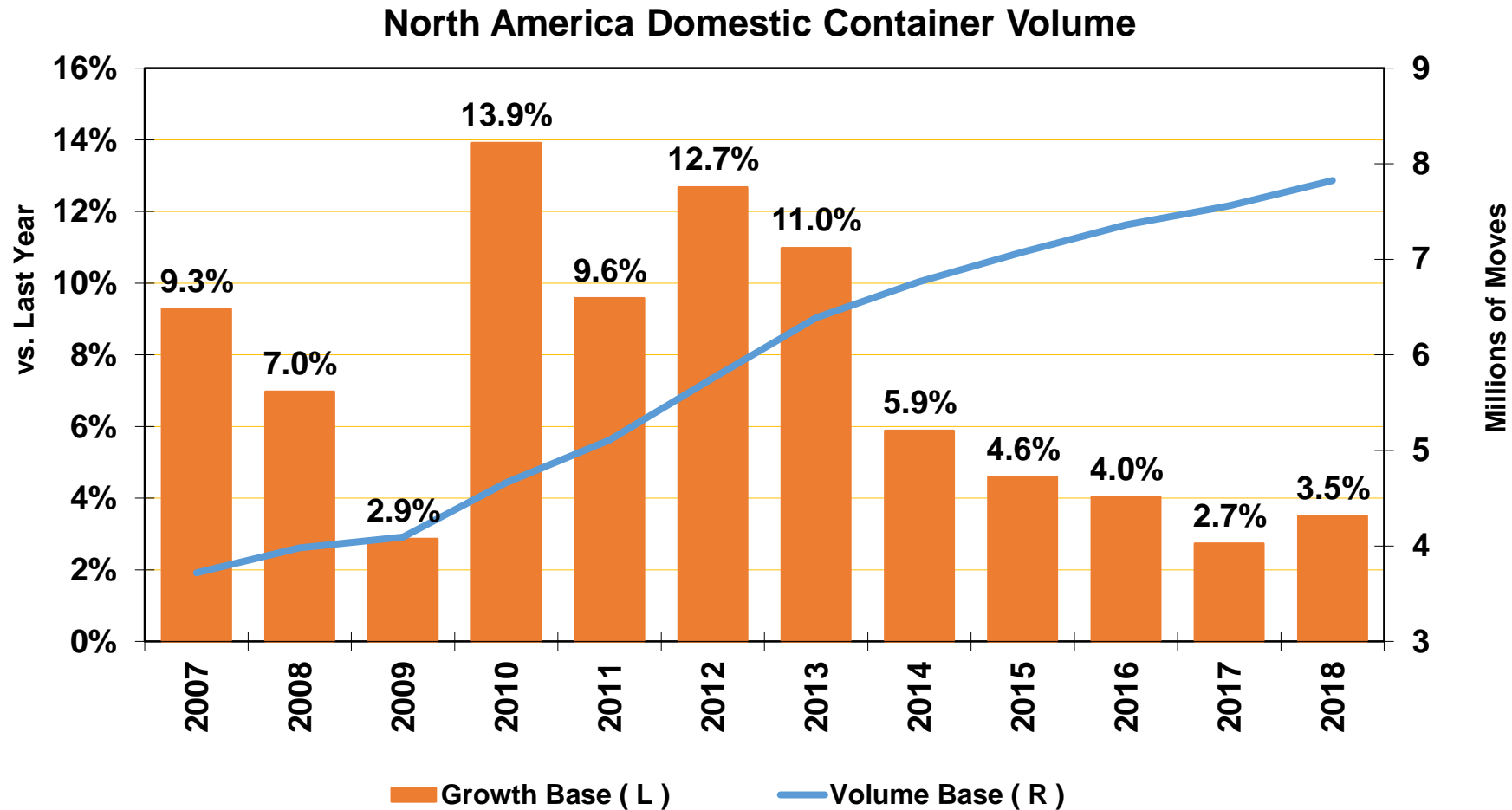
Source: FTR Transportation Intelligence, TTX

Morgan Stanley's TLF Index reflects the two indices, with dry van truckload demand-supply balance tightening since Q4, 2016



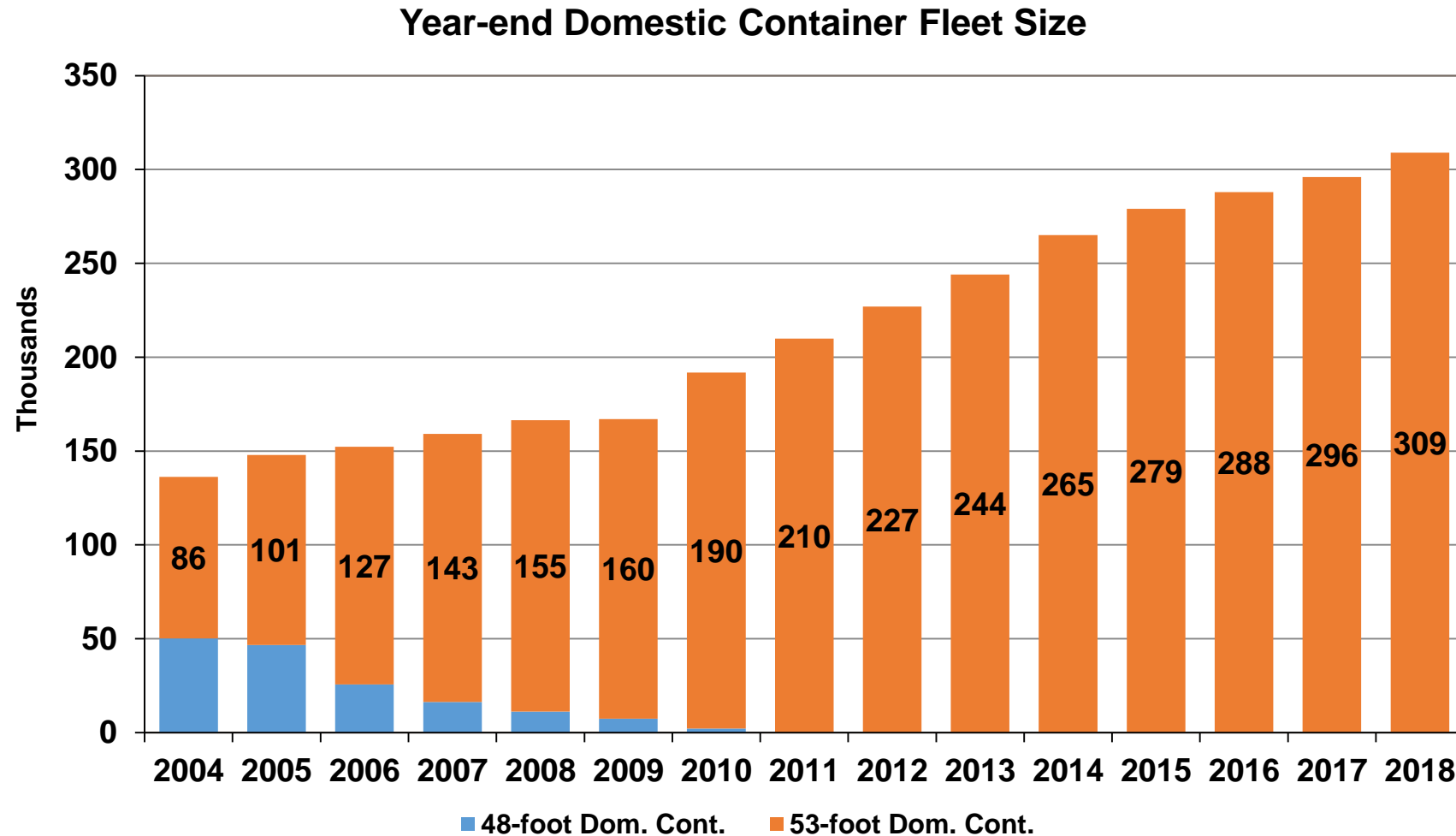
Source: Morgan Stanley

Tight truck capacity expected to push domestic container volumes 3% - 4% higher in 2018

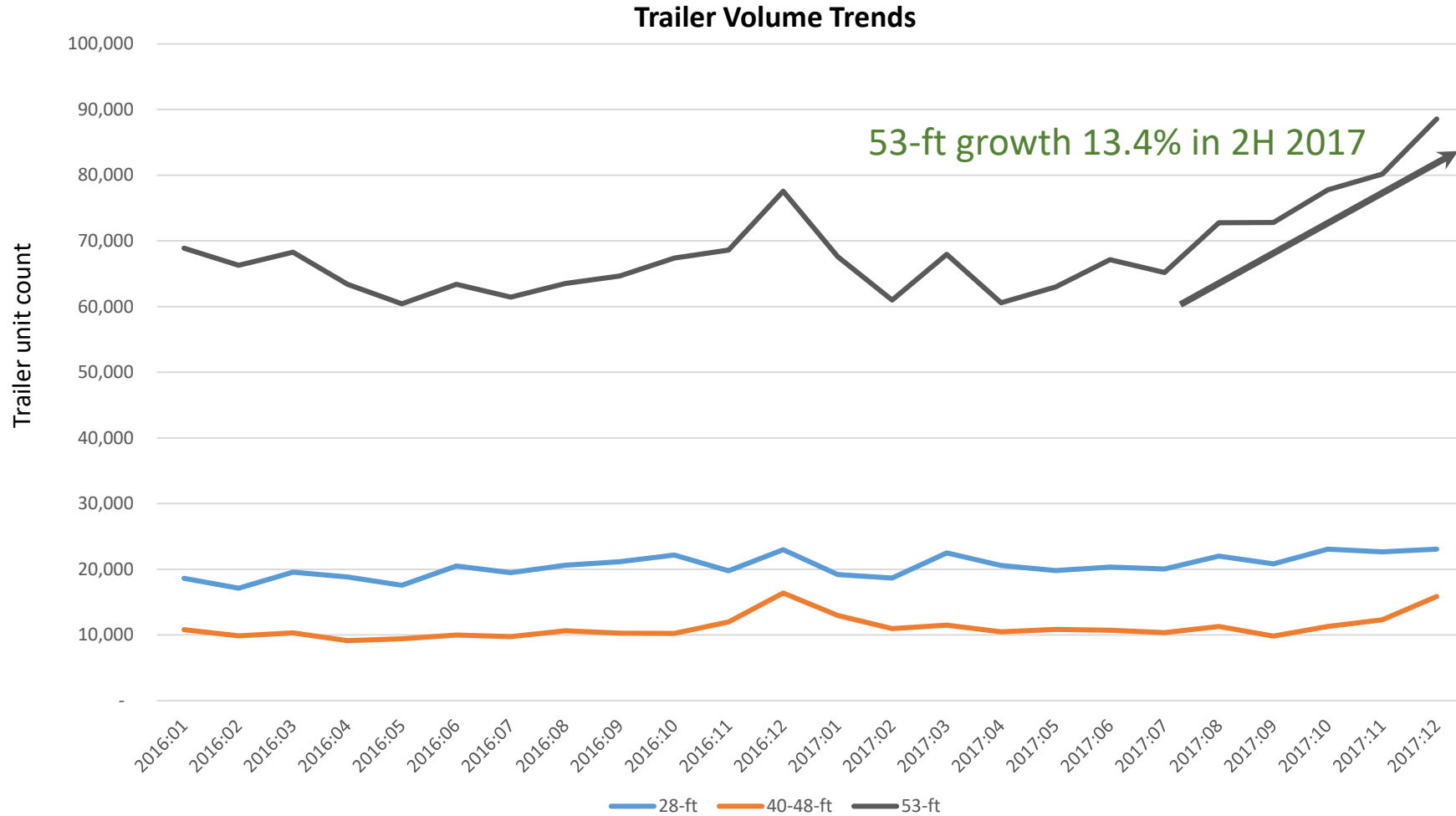


Source: IANA, Licensed Materials, TTX

The domestic container fleet is expected to grow 4-5%



Unusual 2H 2017 growth in the 53-ft trailer segment – spurred by tight container supply?



Source: IANA, TTX

A close-up, slightly blurred photograph of a person's hand on a black steering wheel. The hand is positioned on the left side of the wheel. In the background, the car's dashboard is visible, featuring a central infotainment screen, several circular gauges, and a red emergency brake button. The view through the windshield shows a road with white lane markings stretching into the distance under a bright sky.

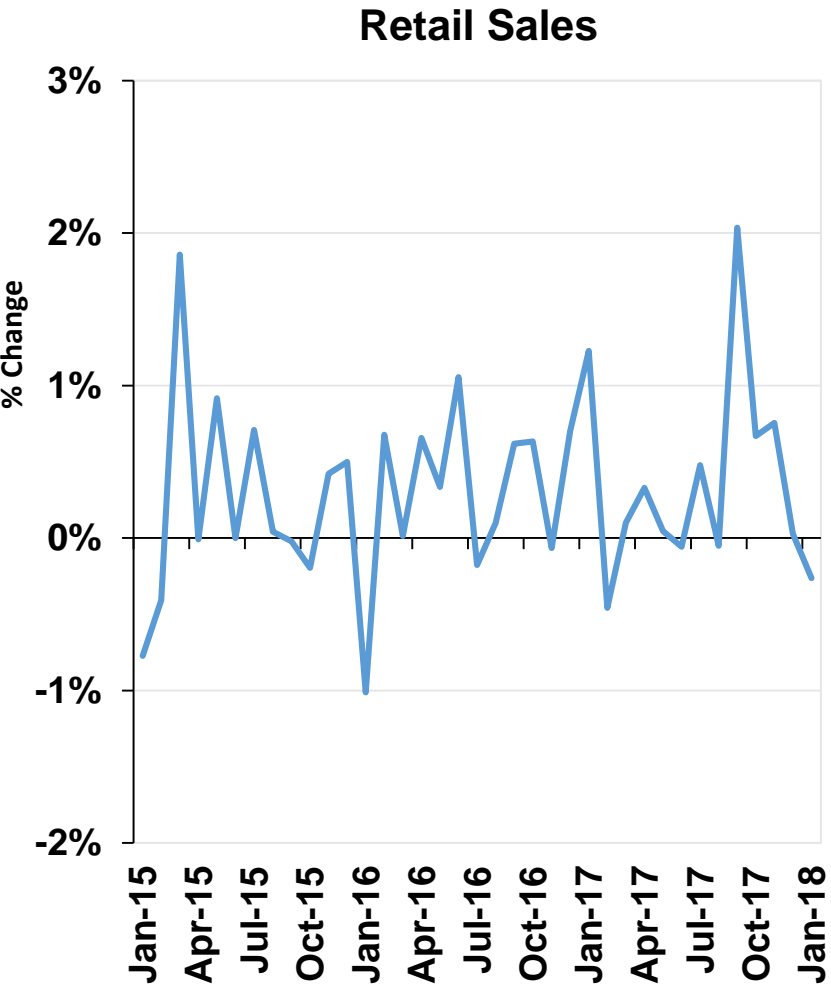
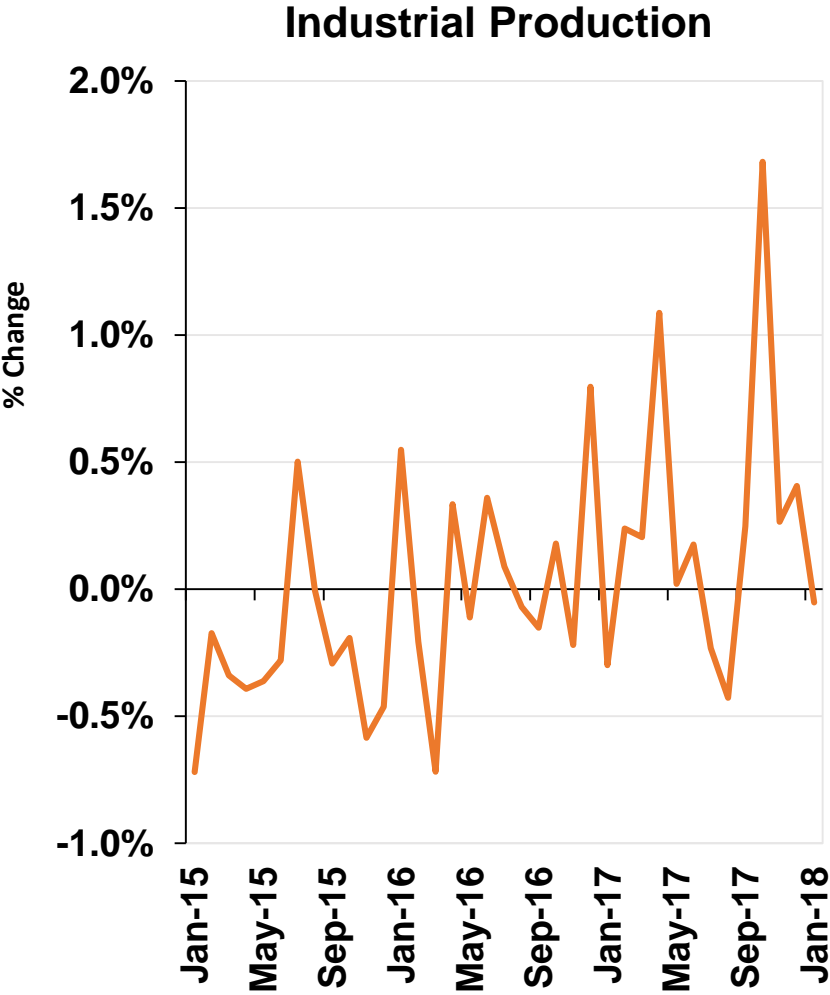
What to Watch This Year

Will underlying demand for consumer goods and industrial products result in a need for inventory re-stocking?



Source: Census Bureau, Federal Reserve, Cushman & Wakefield Research

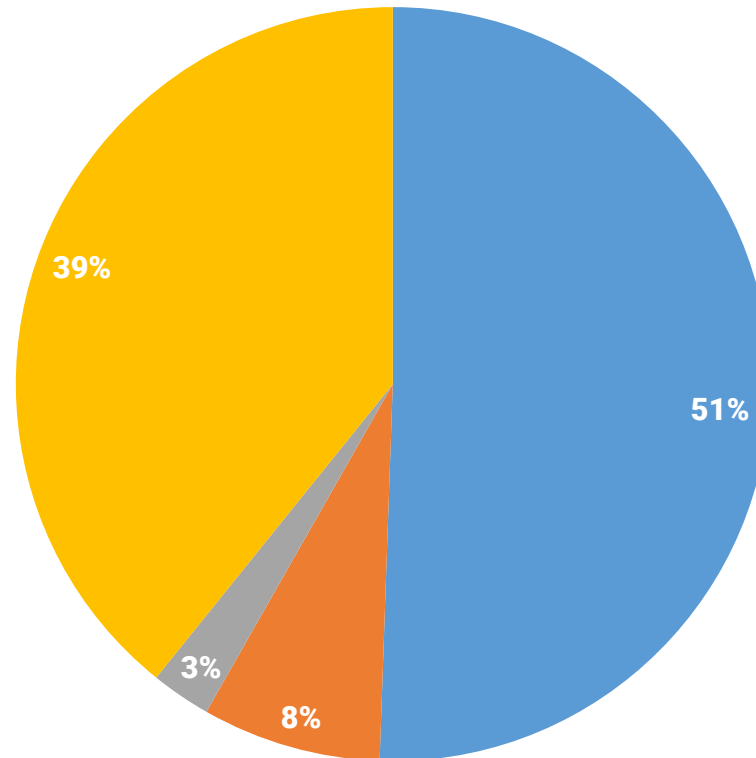
Both industrial production and retail sales unexpectedly declined in January



Source: U.S. Board of Governors of the Federal Reserve System, U.S. Census Bureau

International trade is an important component of intermodal

2017 Intermodal by Origin/Destination



■ International ■ Transload ■ Cross-Border Domestic ■ Other

Source: IANA, TTX

A green semi-truck is driving on a multi-lane highway. The truck is pulling a long, empty flatbed trailer. In the background, there are stacks of shipping containers in various colors (blue, red, grey). The scene is captured from a slightly elevated angle, showing the road's lane markings and the truck's position. The word "Questions?" is overlaid in large white text with a black outline.

Questions?

Enter your questions in the control panel

For more information on the
Intermodal Market Trends & Statistics Report
and the **ETSO Database**
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