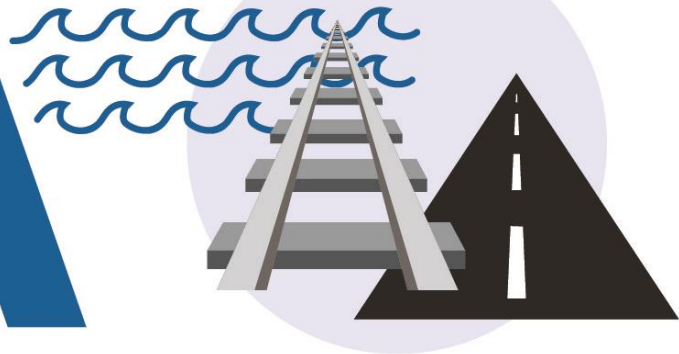


IANA



INTERMODAL ASSOCIATION OF NORTH AMERICA

Intermodal Market Trends & Statistics: 2017 Mid-year Update

AUGUST 18TH 2016, 2:00 PM ET

WITH

PETER WOLFF, DIRECTOR OF MARKET DEVELOPMENT, TTX CO.

EDGAR GUTIERREZ, DIRECTOR OF MARKET DEVELOPMENT, TTX CO.



Housekeeping

- Panelist presentations will be followed by an 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

Our Presenters



Edgar Gutierrez

Director of Market Development, TTX Co.



Peter Wolff

Director of Market Development, TTX Co.

Webinar Agenda

- Current economic conditions summary
- Latest IANA numbers
- International & Domestic Intermodal Review
- Questions

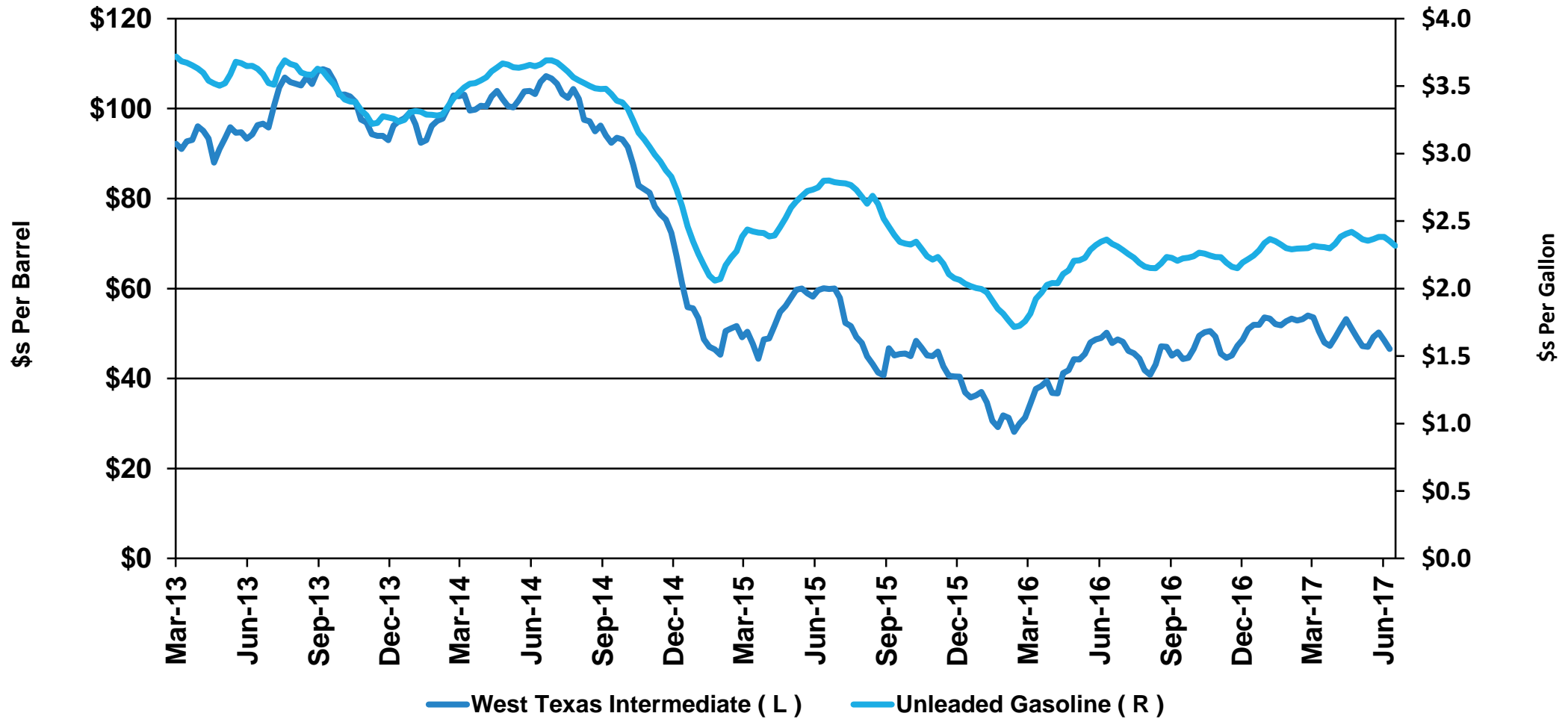


Economic Overview

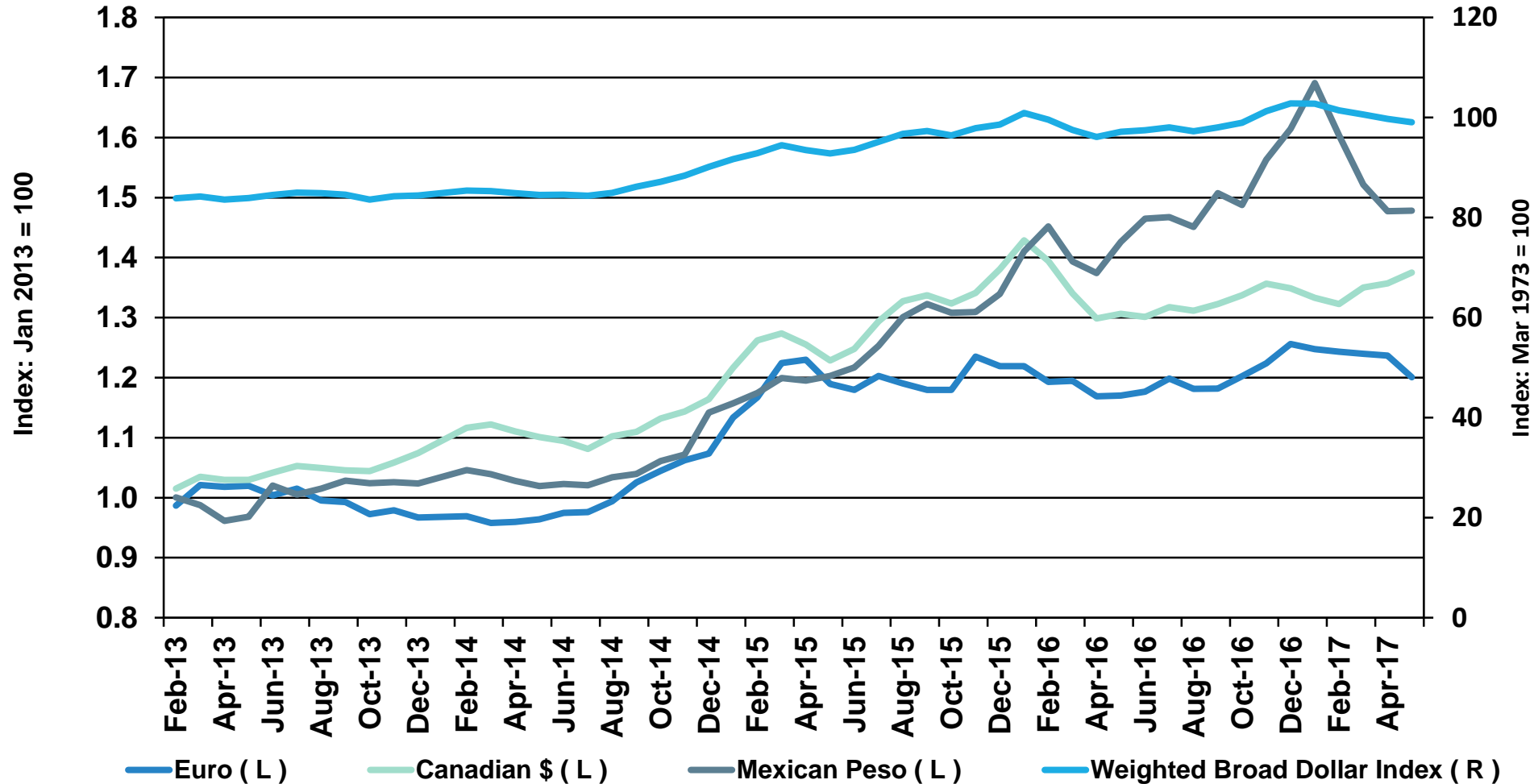
Economic Overview – Current Conditions

- Energy prices are expected to remain low
- The U.S. dollar remains strong
- Both of these factors should be good for U.S. consumers, but pose threats for exporters and manufacturers
- Housing starts are improving slowly and household formation is persistently low
- The labor market continues to improve as well
- Consumption is solid, as is consumer financial condition
- Economies are still weak in Europe, Asia, and South America
- Interest rates and inflation remain at historically low levels

Low energy prices are likely to continue



A strong U.S. dollar increases the cost of exports, but lowers the cost of imports



Key economic & intermodal indicators

Economic Indicator	2016 Actual	1Q17 Actual	2Q17 Actual	2017 Forecast
GDP ¹	1.6%	1.2%	2.6%	2.1%
Consumer Spending ¹	2.7%	1.9%	2.8%	2.5%
Retail Sales	3.0%	5.1%	3.8%	3.5%
Investment ¹	-0.5%	7.1%	5.2%	4.1%
Housing Starts ³	1.18	1.24	1.16	1.22
US Vehicle Prod. ⁽⁰⁰⁰⁾	11,961	2,955	2,877	11,792
US Vehicle Sales ⁽⁰⁰⁰⁾	17,545	4,030	4,436	17,100
Industrial Prod. ²	-1.2%	0.6%	1.9%	1.7%
U.S. Imports	4.1%	3.9%	6.7%	4.3%
Containerizable Prod	-0.3%	0.2%	0.7%	0.0%
Mexico GDP ^{1*}	2.0%	2.6%	1.8%	1.6%
Canada GDP ^{1*}	1.5%	3.7%	2.5%	2.8%

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

1: SAAR, real % change 2: Year-over-Year %Change

3: Millions, annualized rate

*Actual data through 4Q16 & 1Q17 estimated

The Latest IANA Numbers



2017 Intermodal Growth Summary (YTD – June)

- By Segment
 - International: 4.3%
 - Domestic Container: 2.3%
 - Trailers: 2.4%
- By Origin Region
 - U.S.: 2.5%
 - Canada: 10.4%
 - Mexico: -3.3%

Source: IANA

First half intermodal volume

	1H16	1H17	Change
Trailers	562,259	575,692	2.4%
Domestic Containers	3,594,857	3,676,034	2.3%
All Domestic Equipment	4,157,116	4,251,726	2.3%
ISO Containers	4,232,922	4,414,689	4.3%
Total	8,390,038	8,666,415	3.3%

Source: IANA

First half regional loadings

	1H16		1H17		Change
	Units	Share	Units	Share	Growth
Eastern Canada (EC)	589,432	7%	641,517	7%	9%
Mountain Central (MC)	107,863	1%	120,624	1%	12%
Midwest (MW)	2,305,495	27%	2,351,124	27%	2%
Mexico (MX)	298,857	4%	289,074	3%	-3%
Northeast (NE)	788,871	9%	808,065	9%	2%
Northwest (NW)	373,682	4%	379,669	4%	2%
South Central (SC)	619,937	7%	626,746	7%	1%
Southeast (SE)	1,120,423	13%	1,139,801	13%	2%
Southwest (SW)	1,570,367	19%	1,621,249	19%	3%
Western Canada (WC)	659,834	8%	725,619	8%	10%

Source: IANA

Top growth lanes

Corridor	1H16		1H17		Change
	Units	Share	Units	Share	Growth
Midwest-Western Canada	123,566	1.5%	138,513	1.6%	12%
Intra-Western Canada	151,686	1.8%	168,777	1.9%	11%
Southwest-Northeast	99,081	1.2%	110,088	1.3%	11%
Intra-Eastern Canada	208,913	2.5%	230,704	2.7%	10%
Western-Eastern Canada	301,381	3.6%	331,519	3.8%	10%
Western Canada-Midwest	163,549	1.9%	179,623	2.1%	10%

Source: IANA

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

Largest decline lanes

Corridor	1H16		1H17		Change
	Units	Share	Units	Share	Decline
Southeast-Midwest	162,919	1.9%	154,833	1.8%	-5%
Intra-Mexico	208,800	2.5%	199,886	2.3%	-4%
South Central-Midwest	110,237	1.3%	107,265	1.2%	-3%
Midwest-Southeast	208,493	2.5%	203,363	2.3%	-2%
Midwest-South Central	133,448	1.6%	131,834	1.5%	-1%
Southwest-South Central	413,405	4.9%	412,213	4.7%	0%

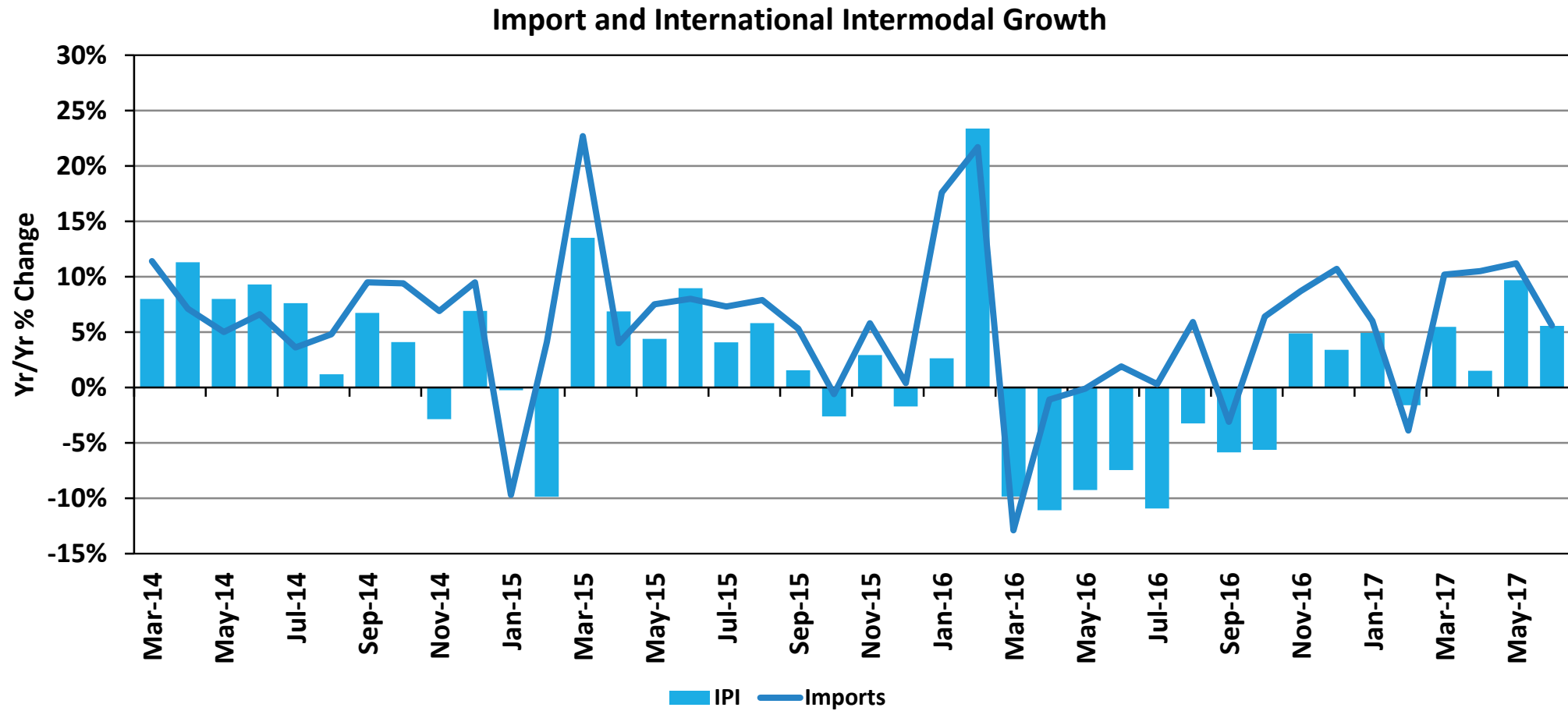
Source: IANA

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

International Intermodal



Through 1H17, US & CA Imports +6.3%, IPI +4.3%



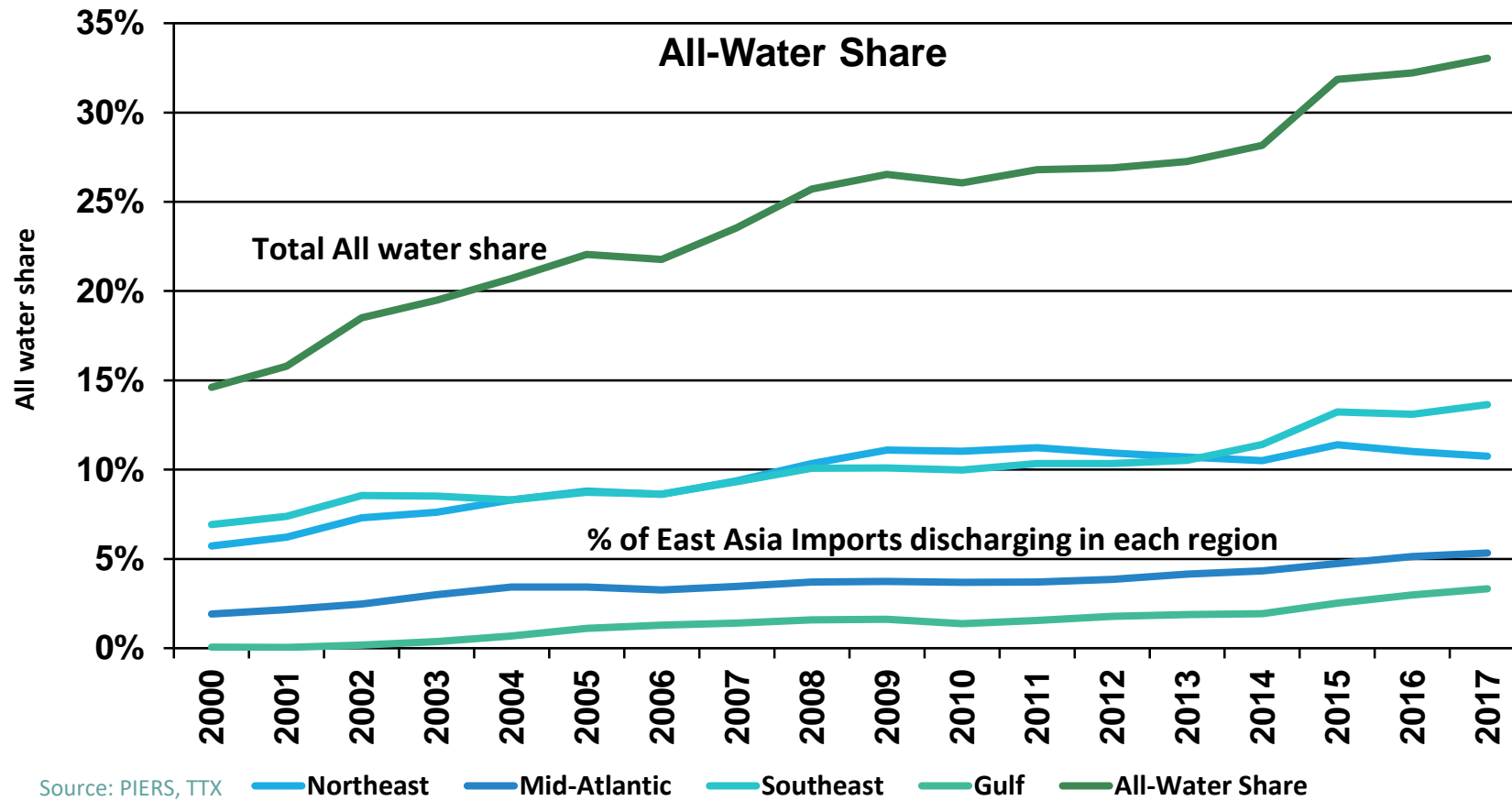
But weakness in U.S. west coast IPI remains

1H2017 vs. 1H2016 Import, IPI & Transload Growth Rates

Region	Imports	IPI	Transload	Total Rail
W. Canada	9.8%	10.7%	5.6%	10.0%
PNW	1.5%	-1.1%	6.0%	1.6%
PSW	4.7%	0.2%	7.0%	3.4%
U.S. East	7.4%	4.0%	-	4.0%
Total	6.3%	4.3%	6.8%	5.5%

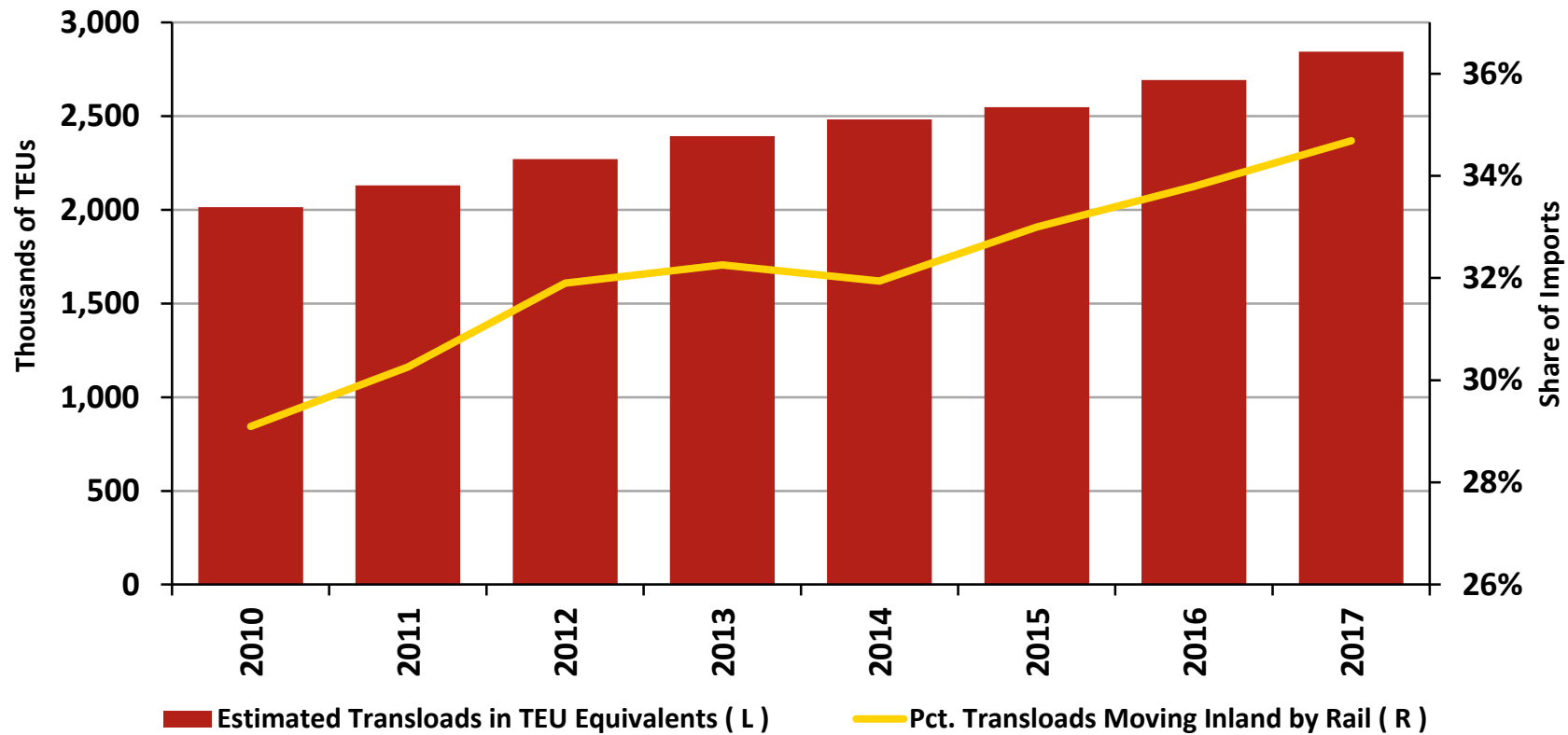
Source: IANA PIERS, TTX

All water service continues to gain share



PSW transloads continue to gain volume and share

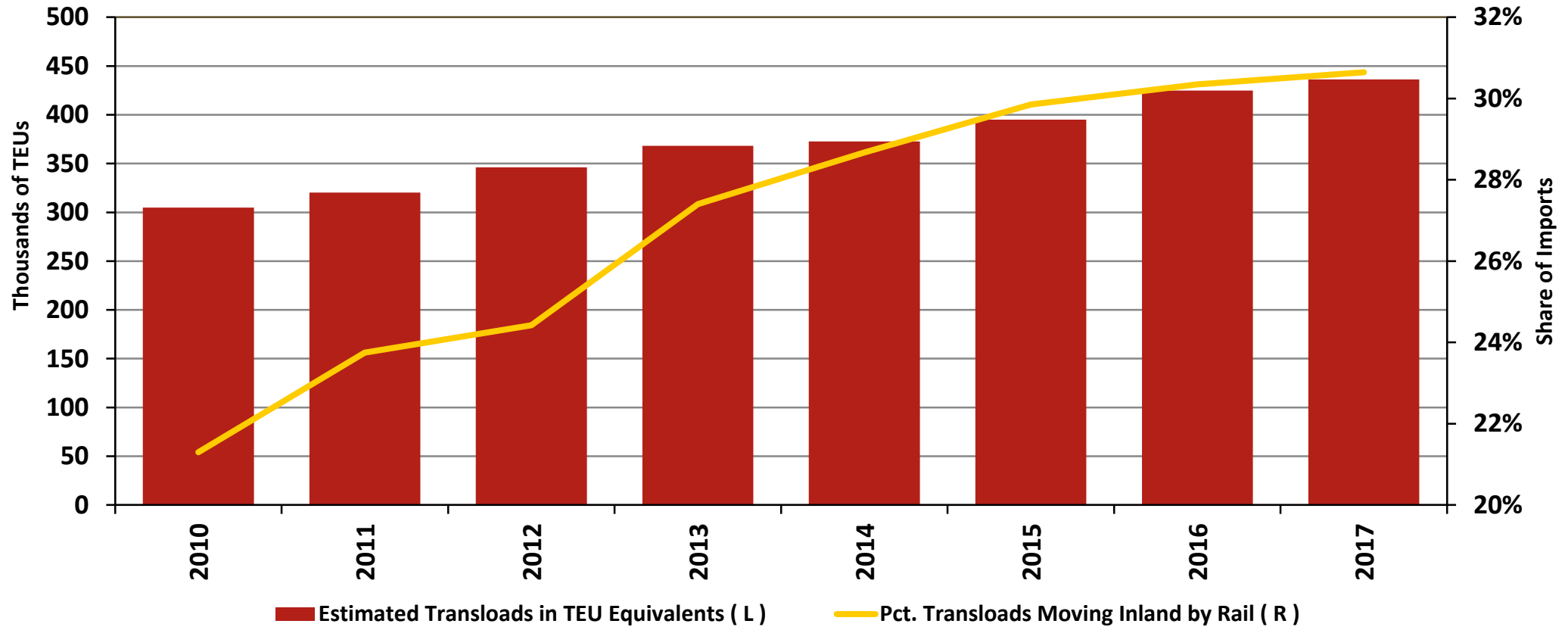
Rail Participation in Pacific Southwest Transloads
Volume and Percentage of Imports



Source: IANA, PIERS, TTX

Similarly, PNW transloading has grown in volume and share of imports over time

Rail Participation in Pacific Northwest Transloads
Volume and Percentage of Imports

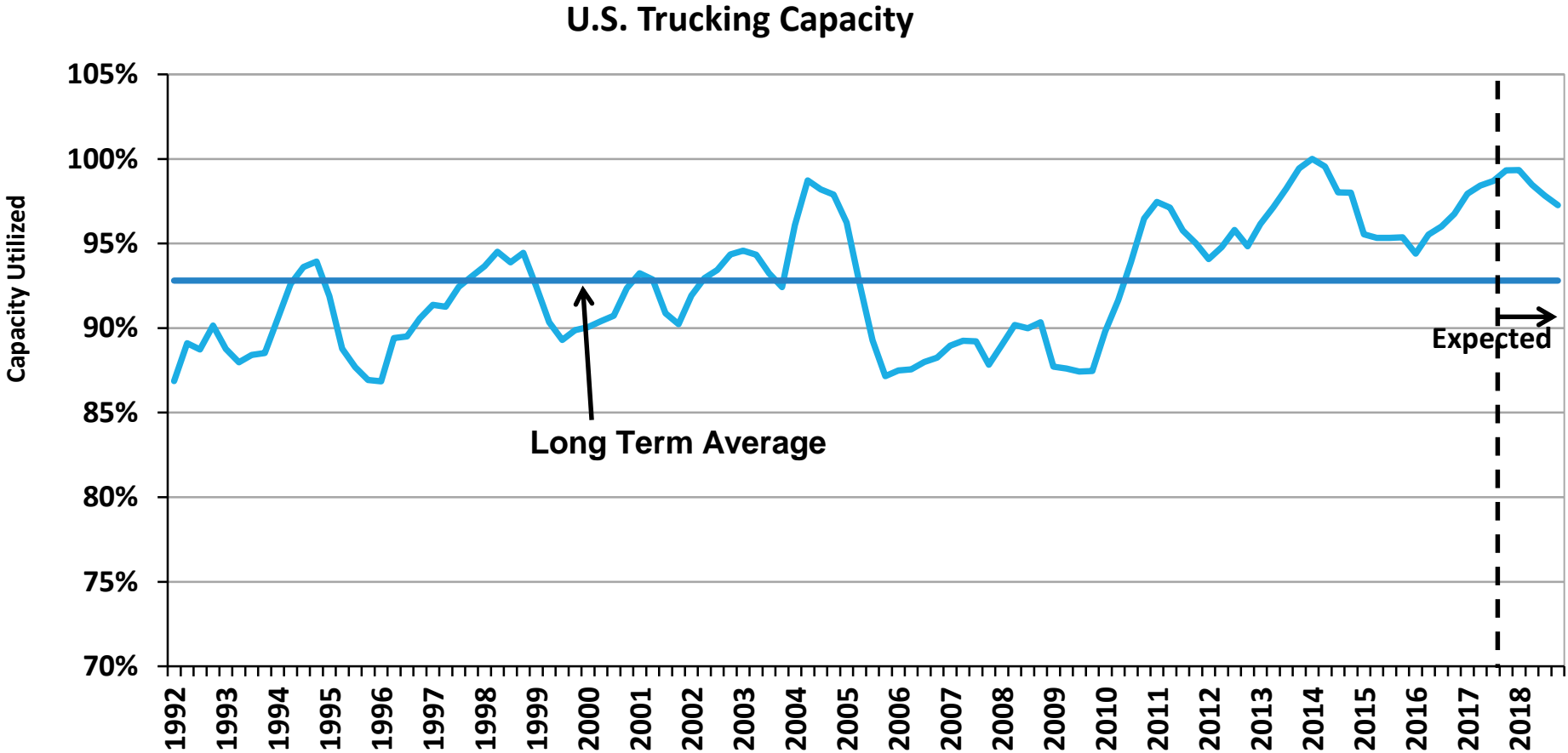


Source: TTX, IANA, PIERS

A long train of green U.S. Postal Service intermodal containers stacked on flatcars, with a desert landscape in the background. The containers are stacked two high on several flatcars. The U.S. Postal Service logo is visible on the side of the containers. The train is moving along tracks in a desert environment with mountains in the distance.

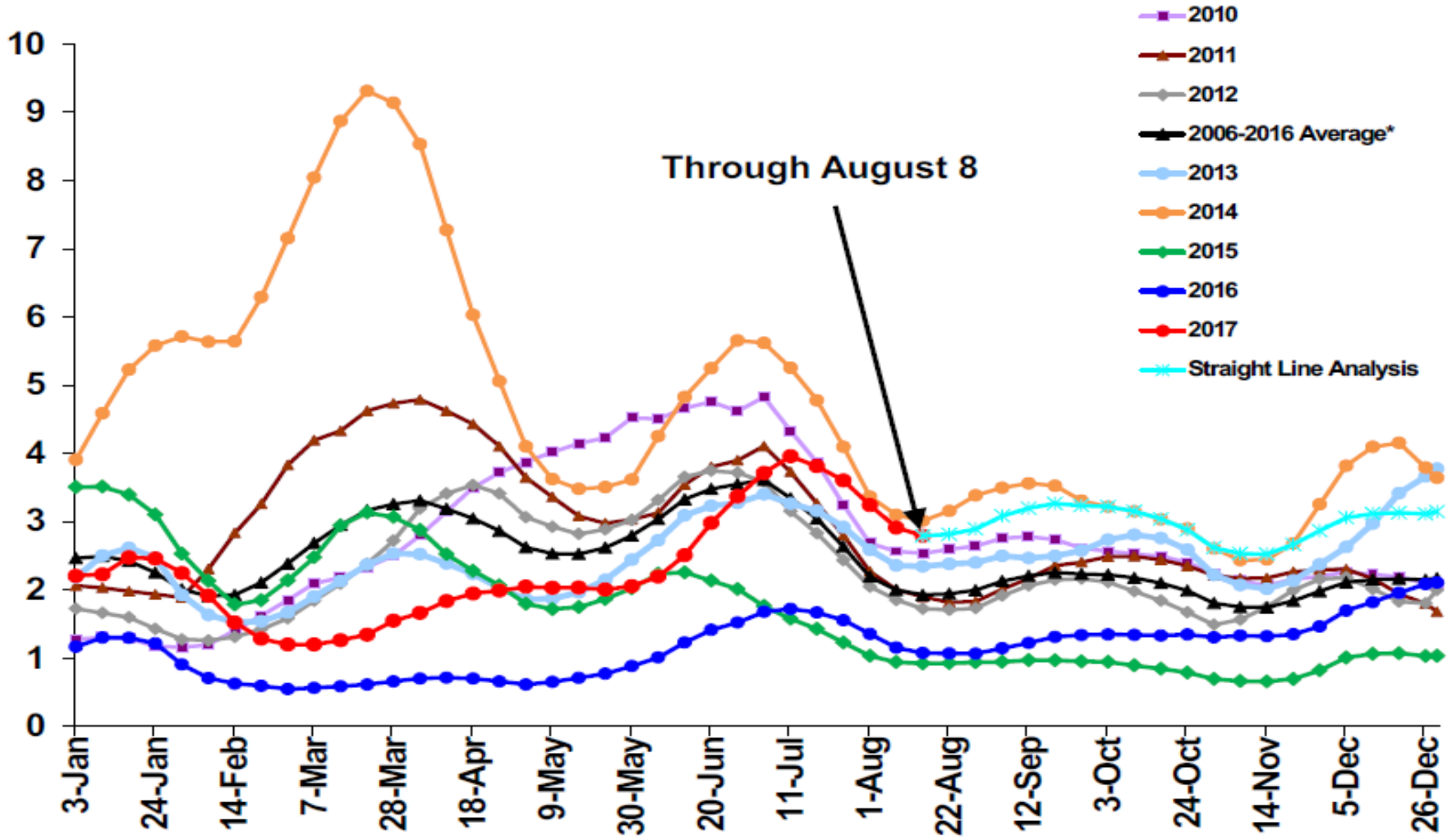
Domestic Intermodal

Truck capacity expected to tighten in 2018 as ELD rule becomes effective



Source: FTR Transportation Intelligence, TTX

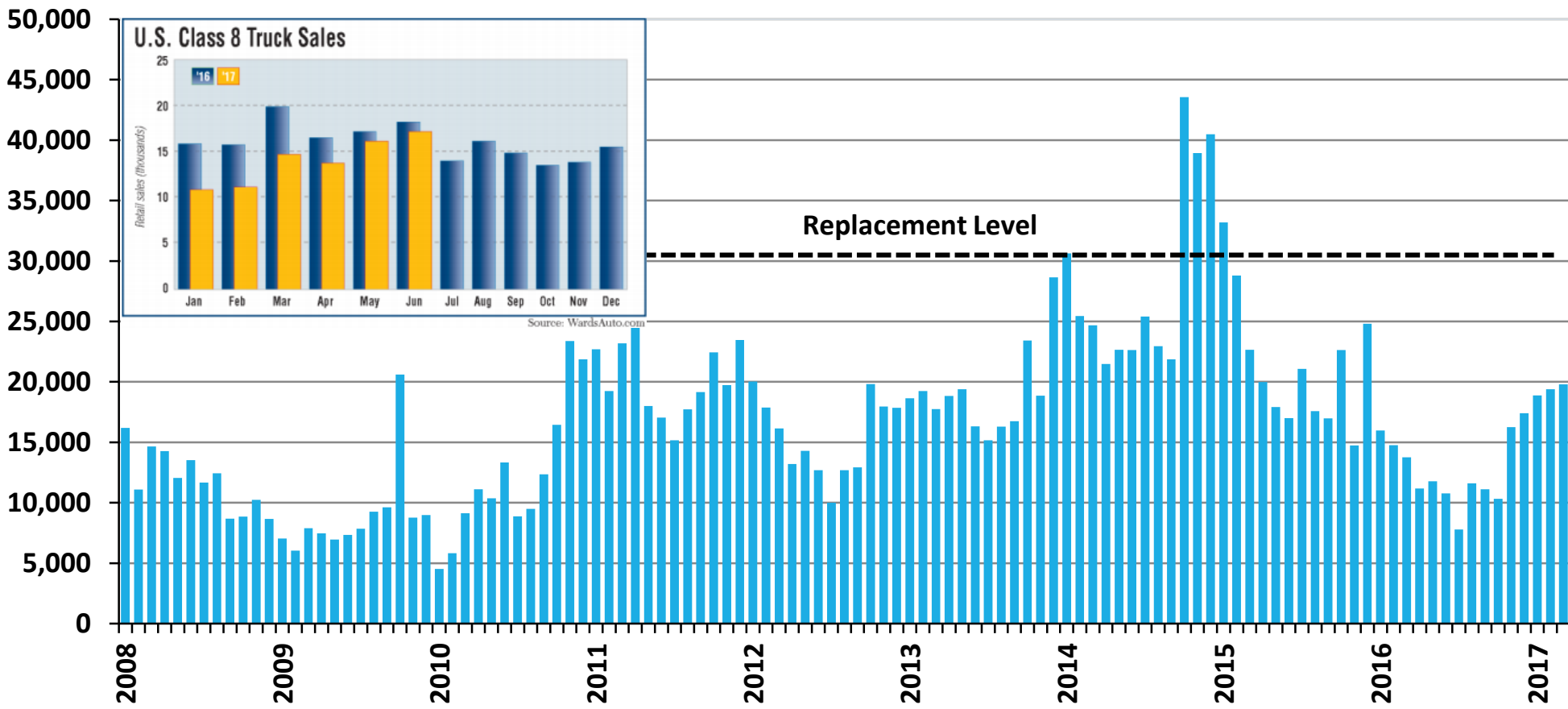
Morgan Stanley's index is already showing a tightening market but may just be a seasonal move



Source: The index measures the incremental demand for Dry-Van Truckload services compared to the incremental supply. When a given reading is above prior years' level, it means there is more freight demand relative to available capacity. When a given reading is below prior years' level, it means there is less freight demand relative to capacity. *2006-2016 average trend line excludes financial crisis years of 2008 and 2009; Source: Morgan Stanley Research

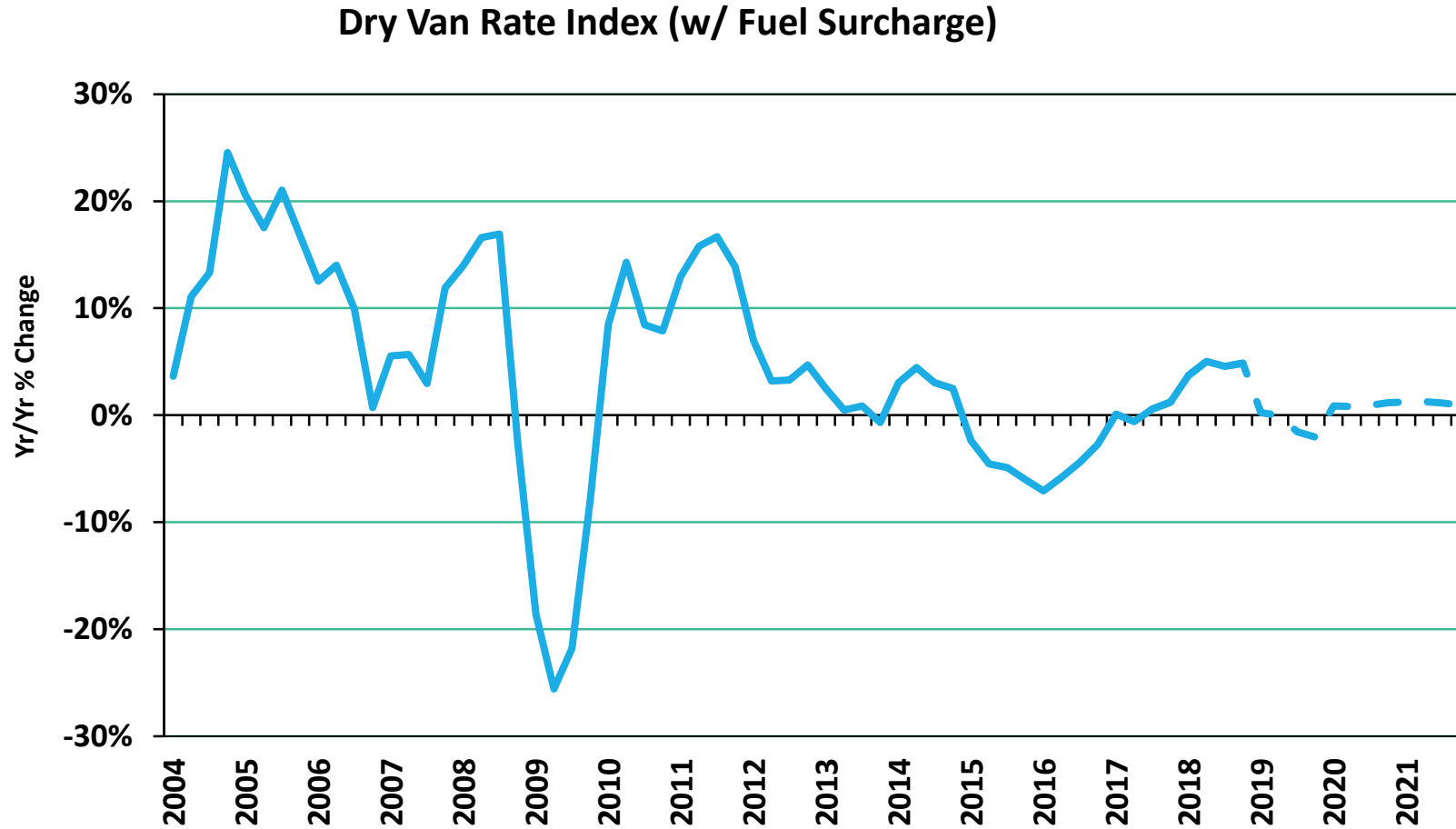
Truckers are still investing, but below replacement level

New Class 8 Truck orders

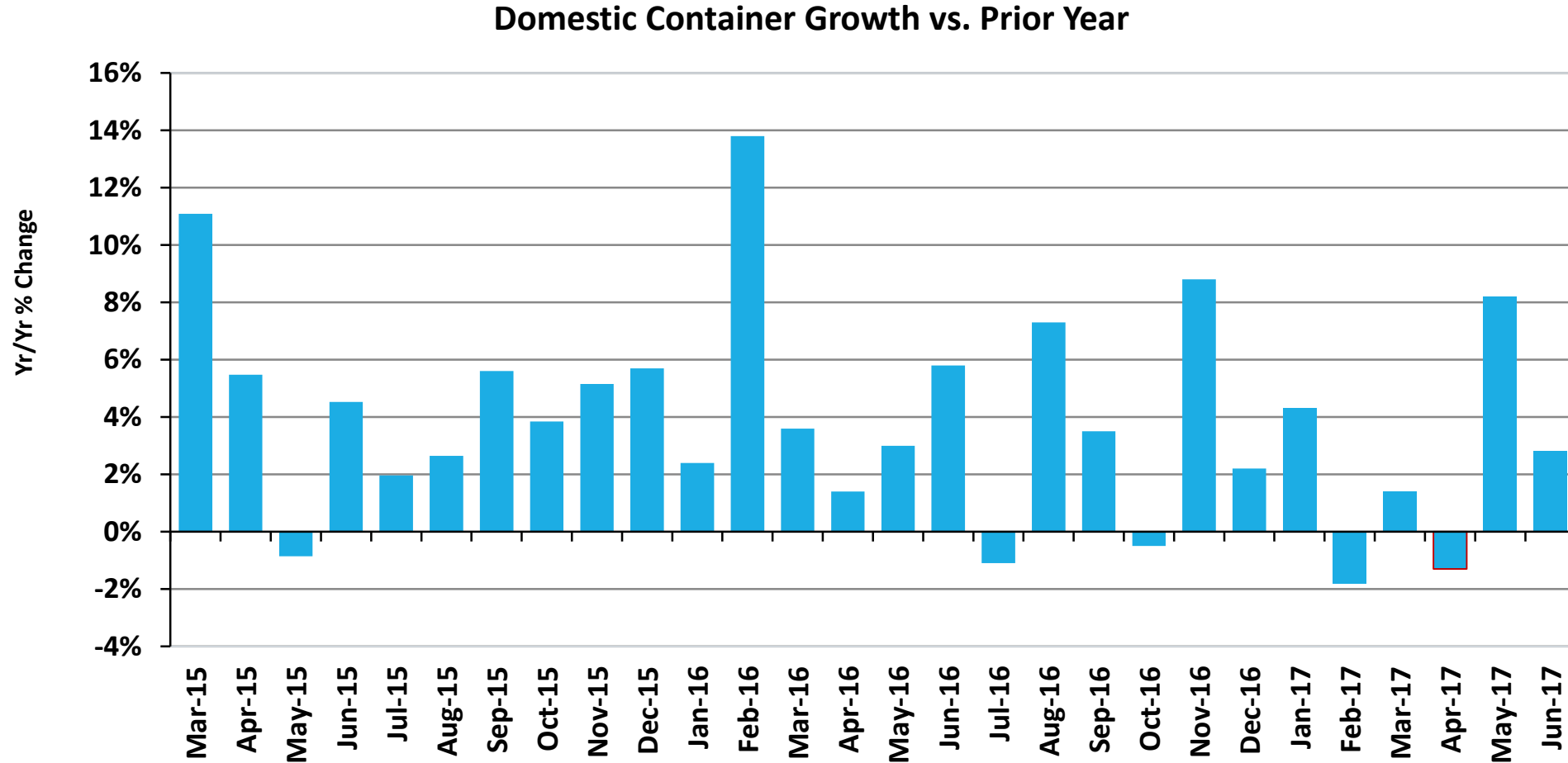


Source: FTR Transportation Intelligence, WardsAuto.com

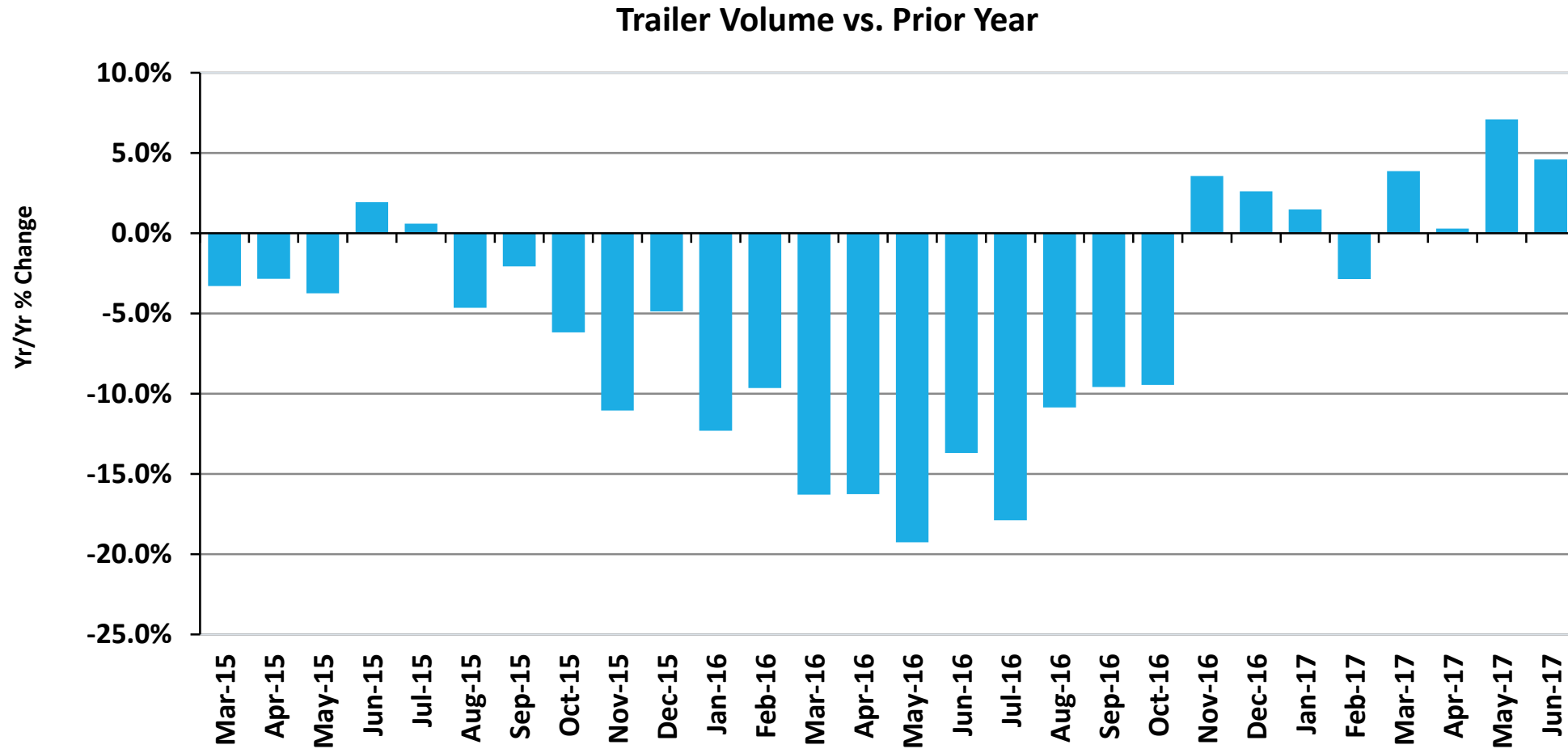
Net rates are expected to flat line as oil prices remain low



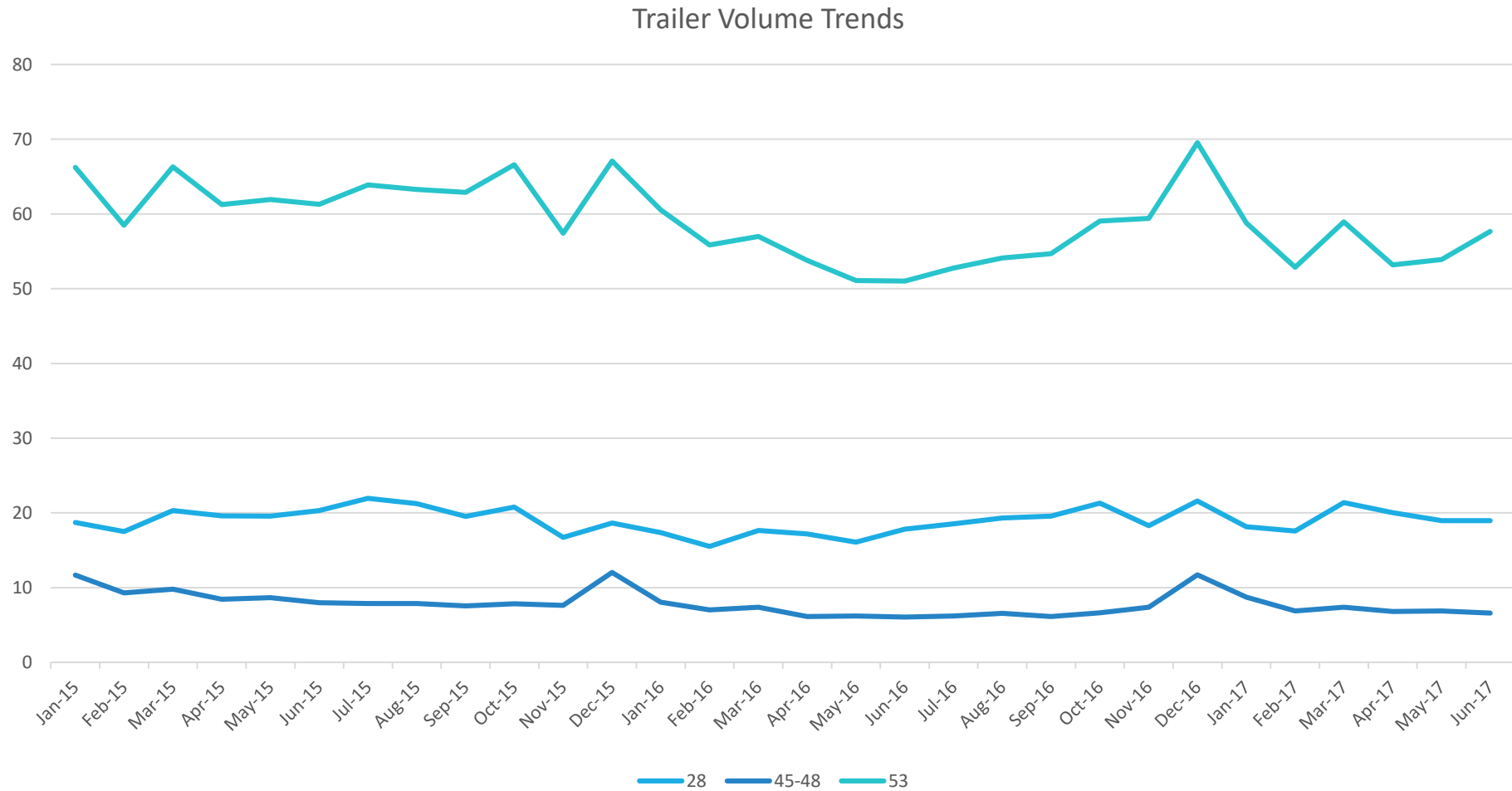
1H17 domestic container volume +2.3%



1H17 trailer volume is 2.4% above 1H16



28-ft trailers 13.2% above 1H16 and 53-ft trailers also 1.9% above 1H16



A green semi-truck is driving on a multi-lane highway. The truck is pulling a long, empty flatbed trailer. The background is filled with stacks of colorful shipping containers (blue, red, grey) and is blurred to indicate motion. The word "Questions?" is overlaid in large white text across the middle of the image.

Questions?

Enter your questions in the control panel

Visit intermodal.org for more information on *Intermodal Market Trends & Statistics* report, the **ETSO Database**, or IANA e-mail us at: info@intermodal.org



© 2017 Intermodal Association of North America. This presentation was produced for the use of IANA members and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of IANA. IANA, 11785 Beltsville Drive, Calverton, MD 20705-4048.

