

# Intermodal Connects



# Inside the Numbers

September 8, 2022

2:00 PM EDT

# Housekeeping



- Audience will be muted
- A question & answer session will follow the presentation
- Submit questions by clicking the Q&A icon at the bottom of your screen
- A recording of this webinar, including the slides, will be available in the near future



# Today's Presenters from TTX



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Director, Economic  
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Market Development



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Market Development



# Economic, Import & Intermodal Review

TTX Marketing

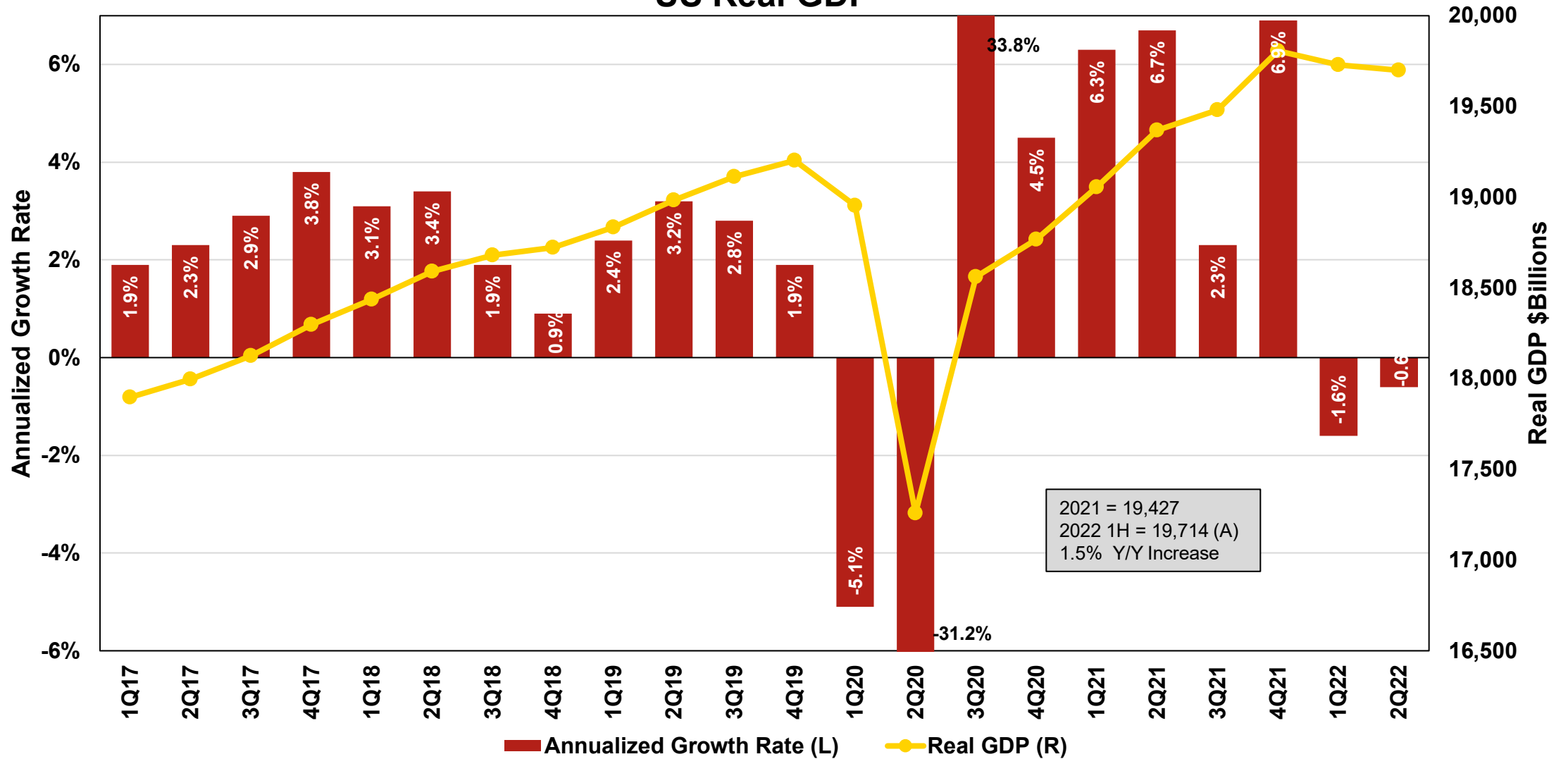
September 8, 2022

# ECONOMIC OVERVIEW



# Despite declines, GDP remains at elevated levels compared to 2021

## US Real GDP



Source: U.S. Bureau of Economic Analysis

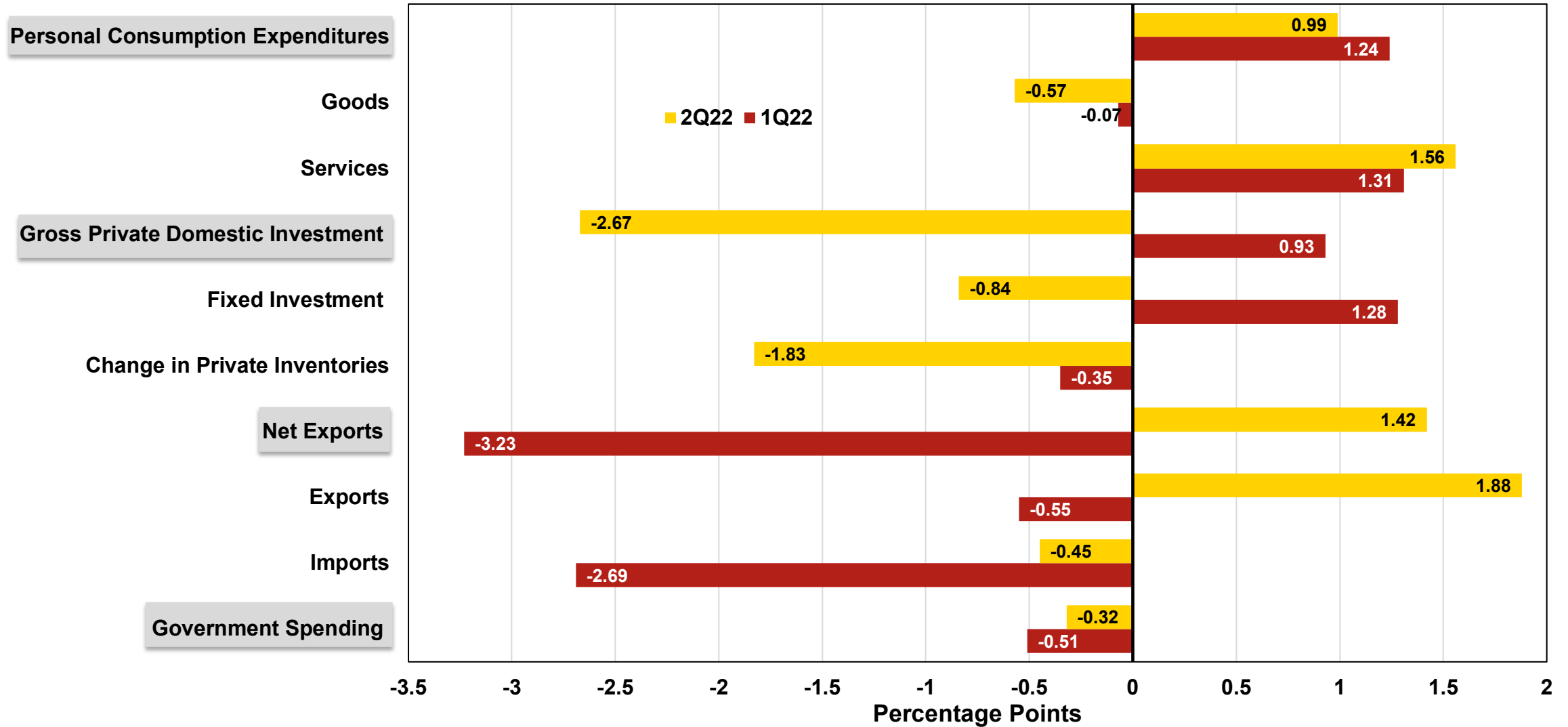


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# GDP fell due to softer inventory growth, weak gov't and goods spending

## Component Contribution to 2Q22 GDP



Source: U.S. Bureau of Economic Analysis



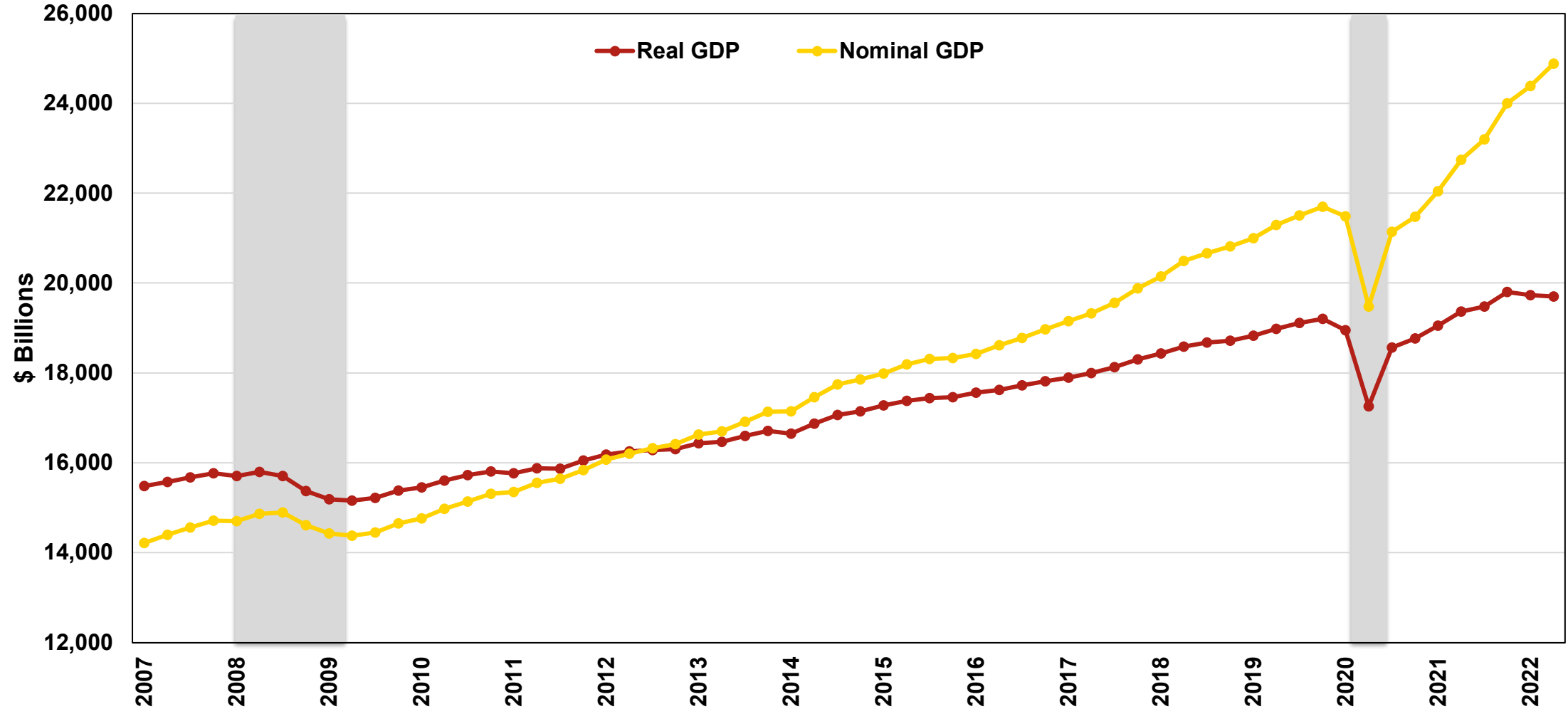
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# The US economy continues to grow just not as fast as inflation

## Real GDP vs. Nominal GDP



Source: U.S. Bureau of Economic Analysis

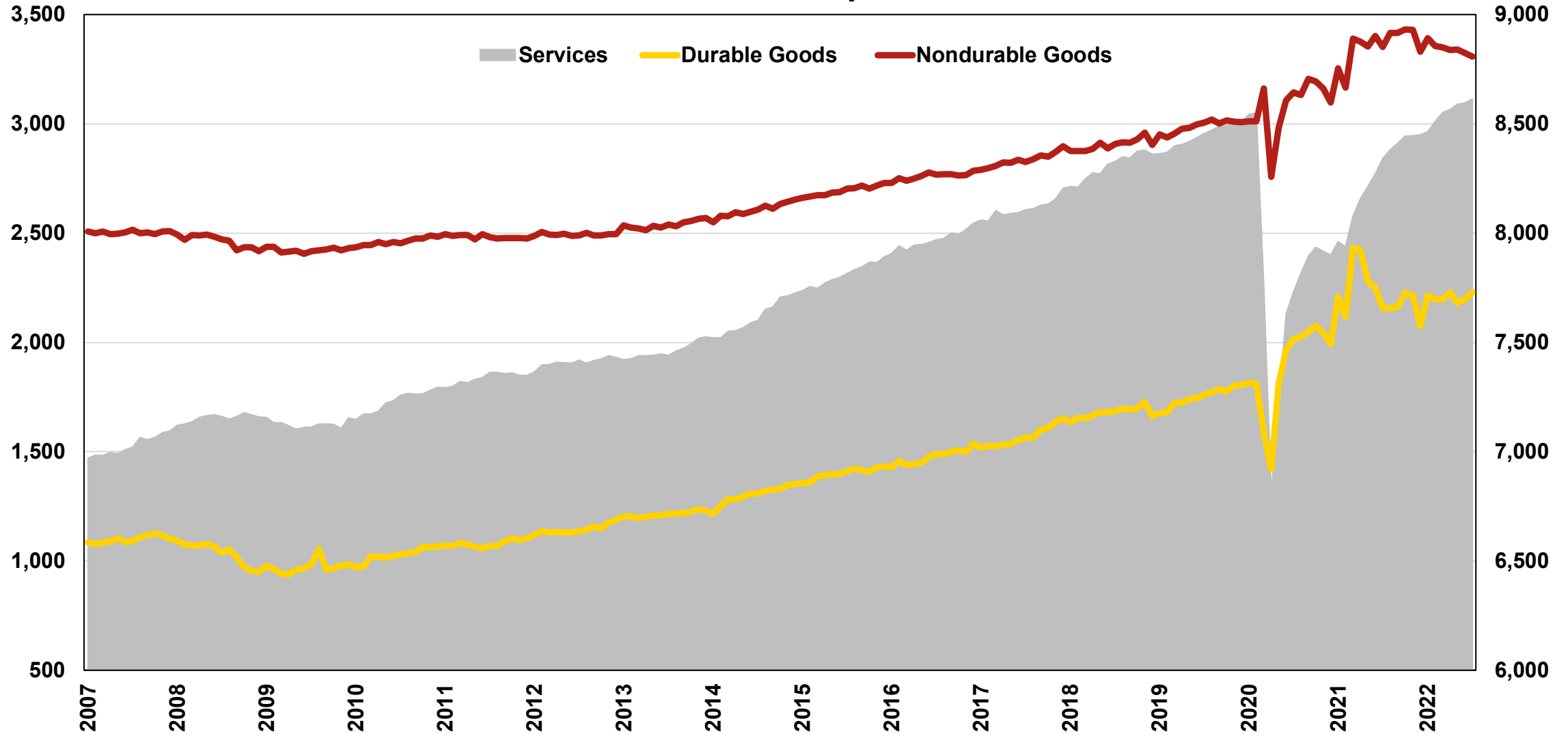


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# The trending shift from goods spending to services spending continues

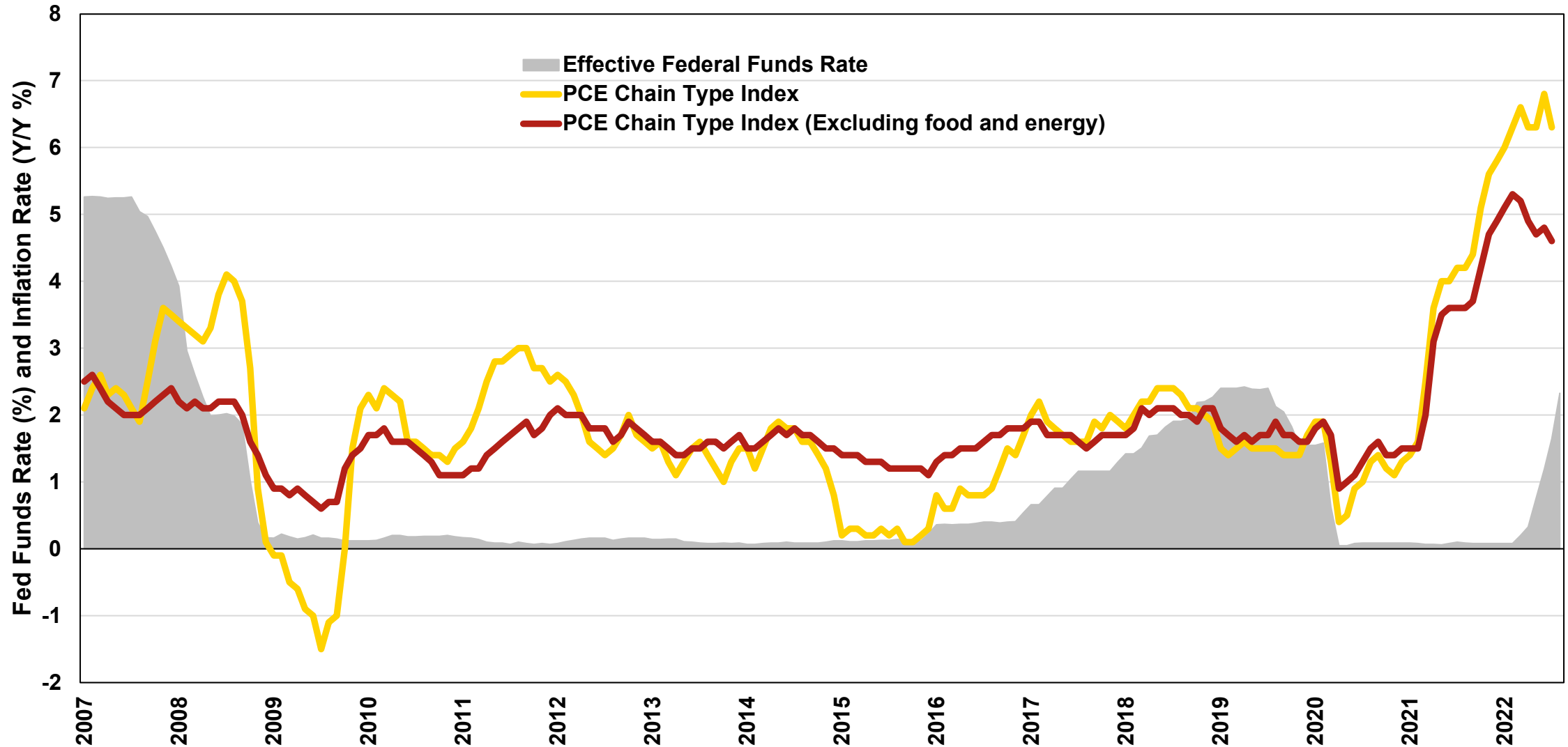
## Real Consumer Expenditures



Source: U.S. Bureau of Economic Analysis

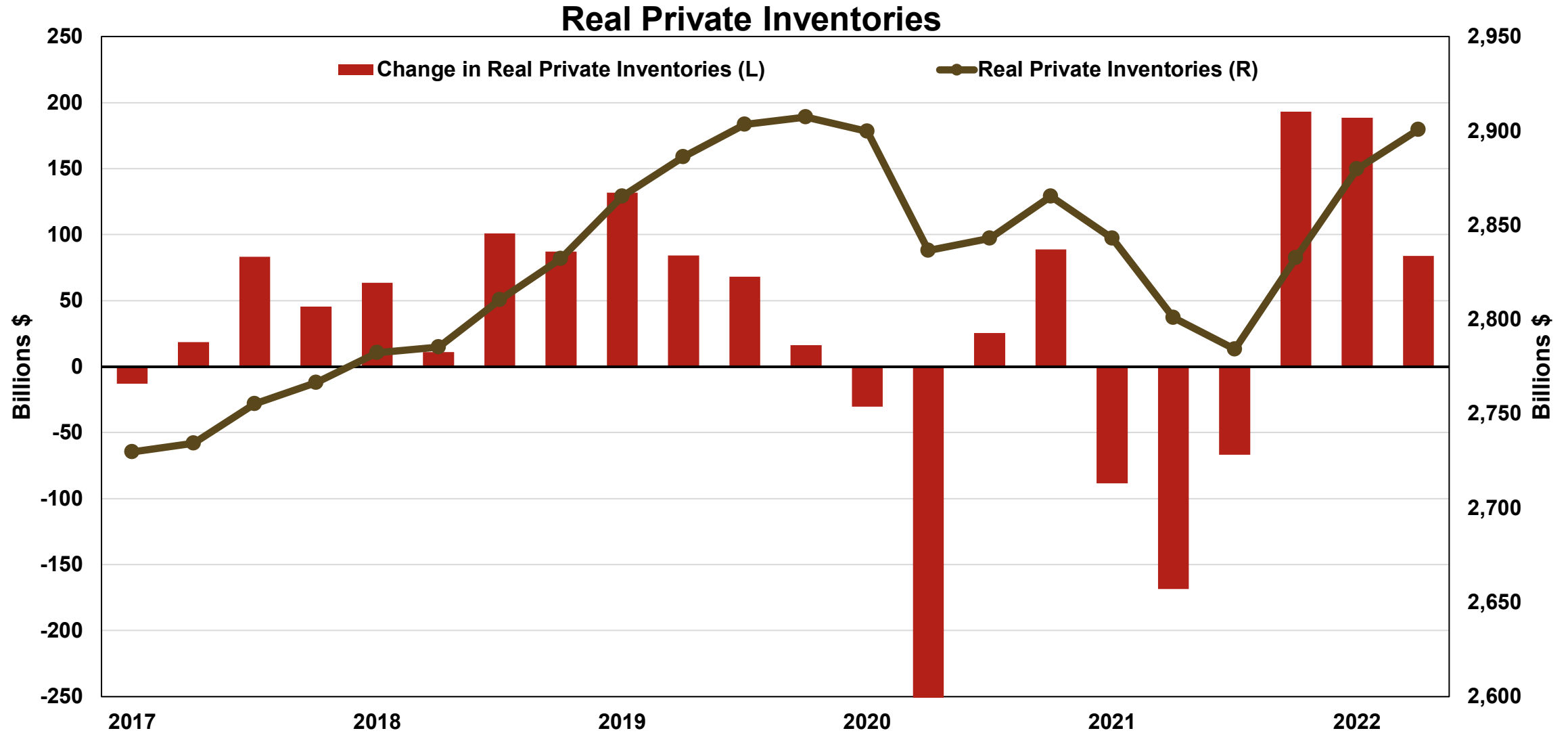
# Inflation appears to have peaked as interest rates continue to rise

## Inflation and Interest Rates



Source: U.S. Bureau of Labor Statistics, Federal Reserve

# Inventory growth is expected to normalize from record highs



Source: Bureau of Economic Analysis

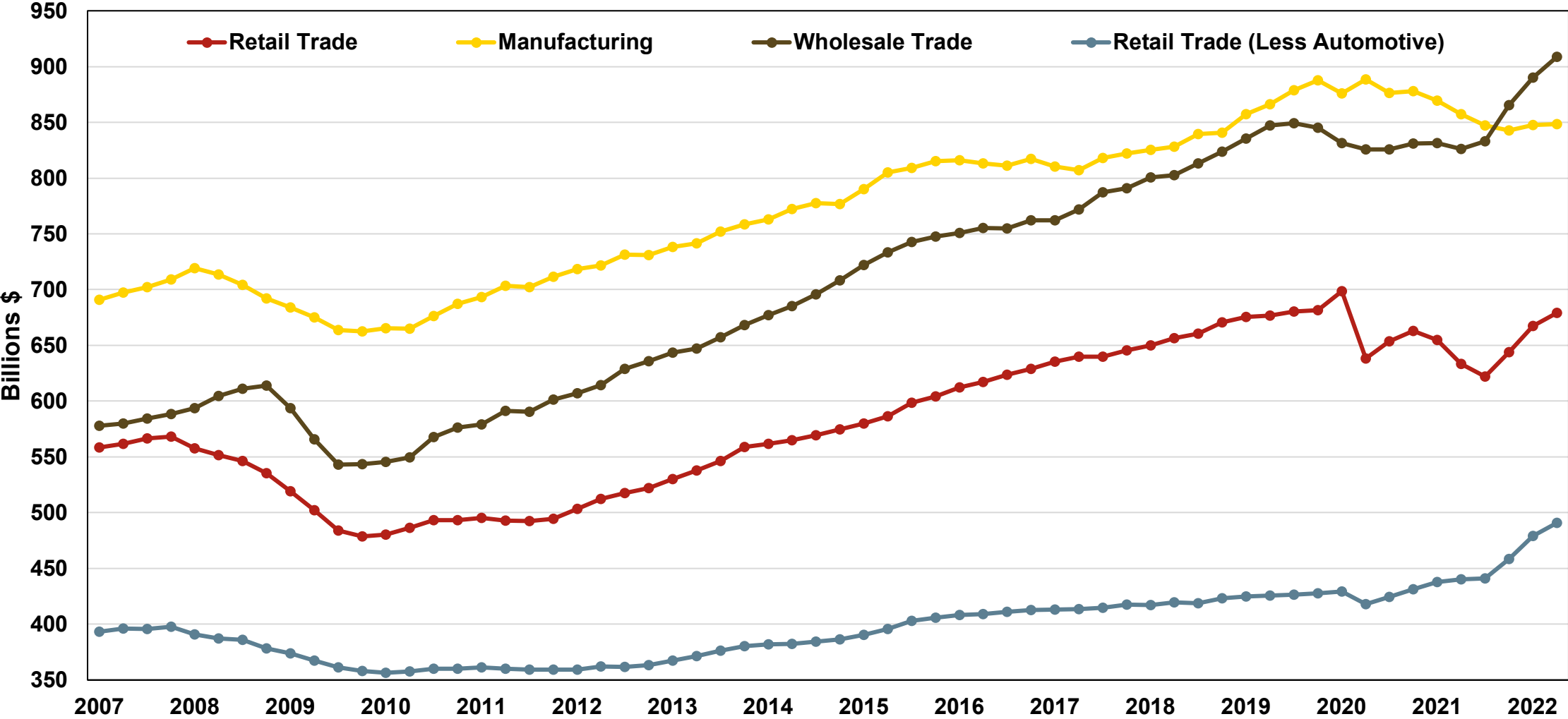


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# Automotive inventories continue to pull down total retail inventories

## Real Private Inventories



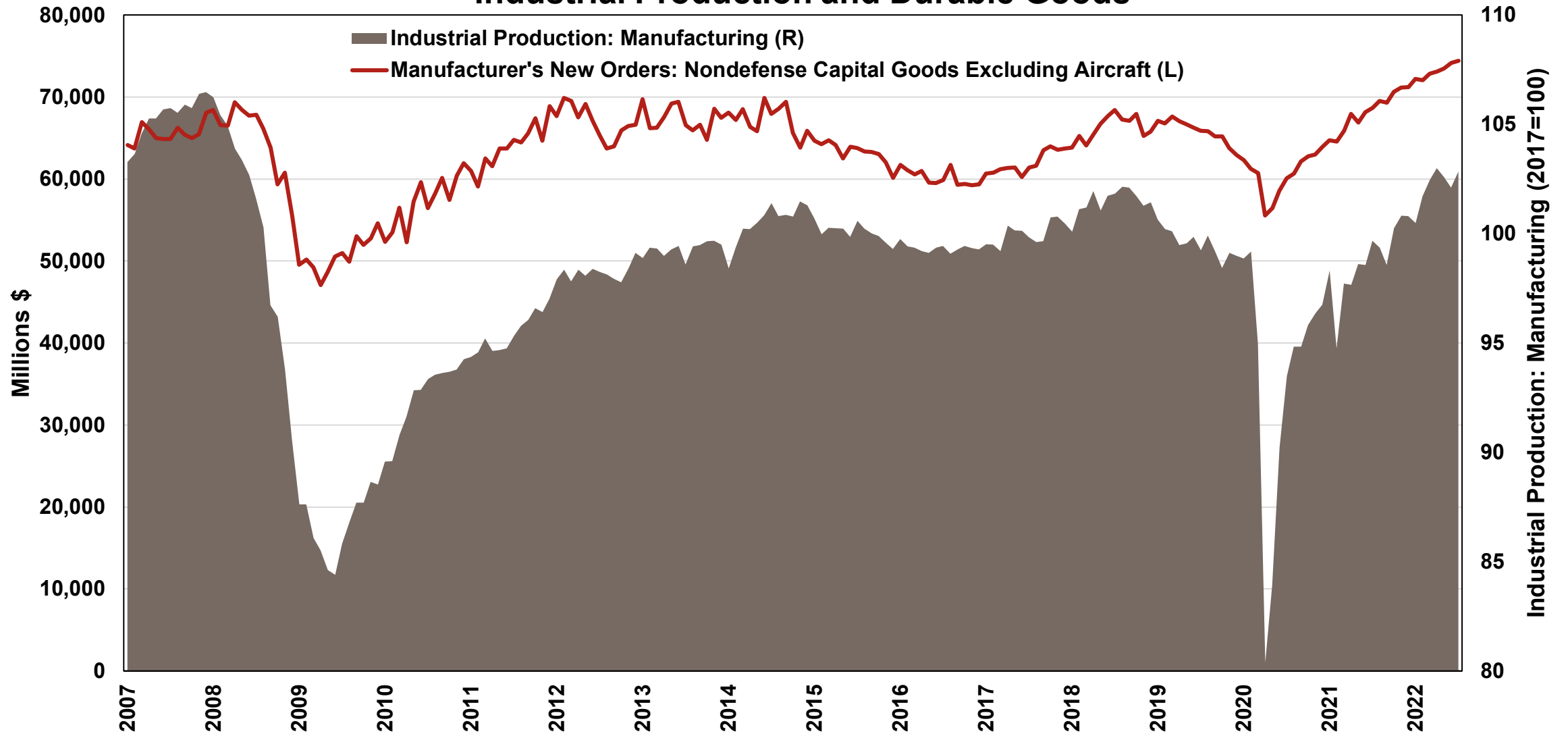
Source: Bureau of Economic Analysis





# Record high orders will continue to support industrial production

## Industrial Production and Durable Goods



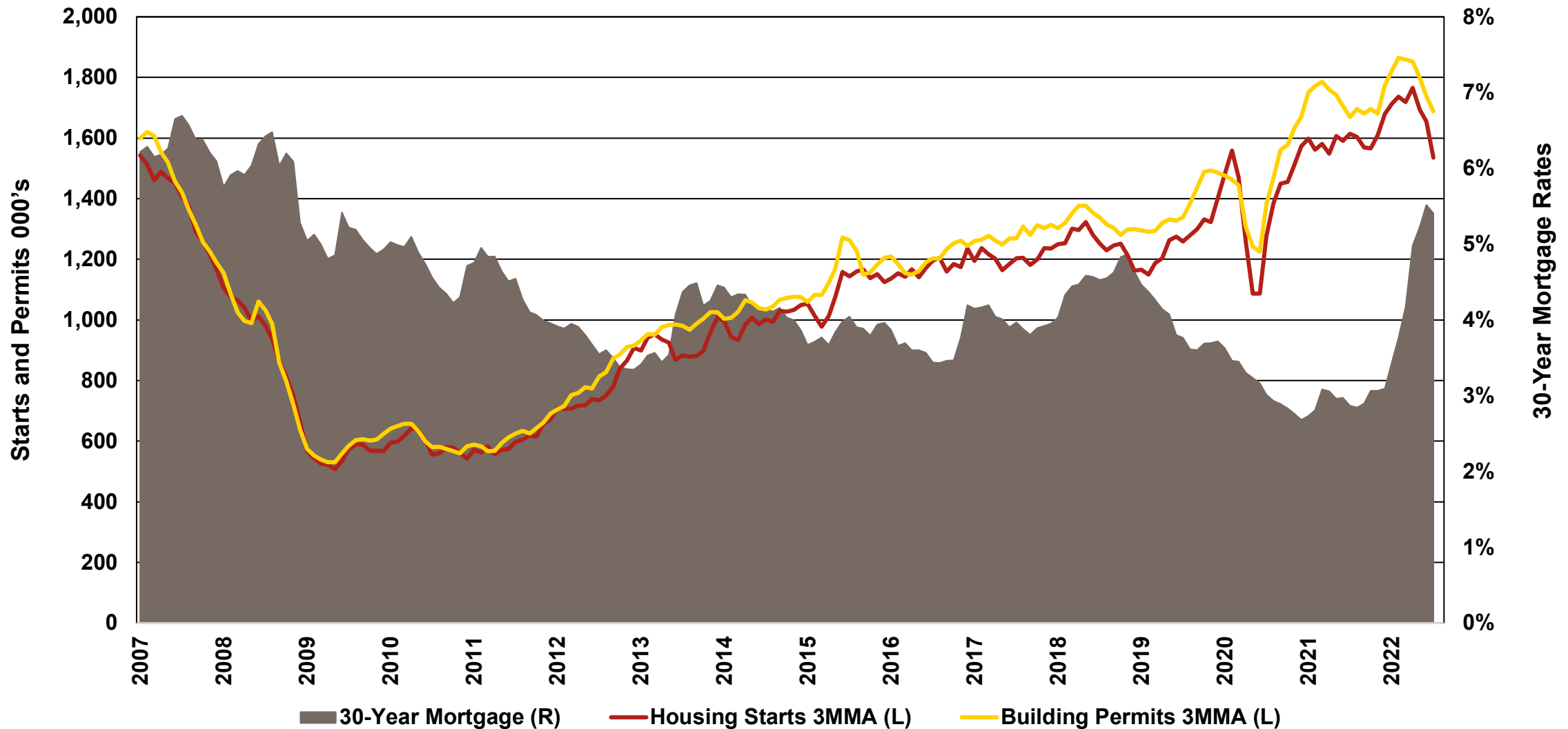
Source: U.S. Board of Governors of the Federal Reserve System; U.S. Census Bureau



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# Residential activity has declined due to high mortgage rates and prices

## Housing Market



Source: U.S. Census Bureau

# TTX's forecast for leading economic indicators (U.S.)

Economic Indicator	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast
U.S. GDP	2.3%	-3.4%	5.7%	1.5%	0.7%
Real Consumer Spending	2.2%	-3.8%	7.9%	2.3%	1.1%
Real Nonresidential Fixed Investment	4.3%	-5.3%	7.4%	4.4%	1.5%
Change in Real Private Inventories (Billions \$)	75.14	-42.26	-32.60	105.5	54.3
Housing Starts (Millions)	1.29	1.40	1.61	1.59	1.47
U.S. Vehicle Prod. (Millions)	10.56	8.62	8.90	10.46	12.27
U.S. Vehicle Sales (Millions)	16.96	14.47	14.97	14.19	15.20
Industrial Production	0.8%	-7.2%	5.5%	4.3%	1.0%
Inflation (CPE)	1.5%	1.2%	3.9%	6.2%	3.3%

Source: Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve, Moody's Analytics, WK Blue Chip Economic Indicators, TTX

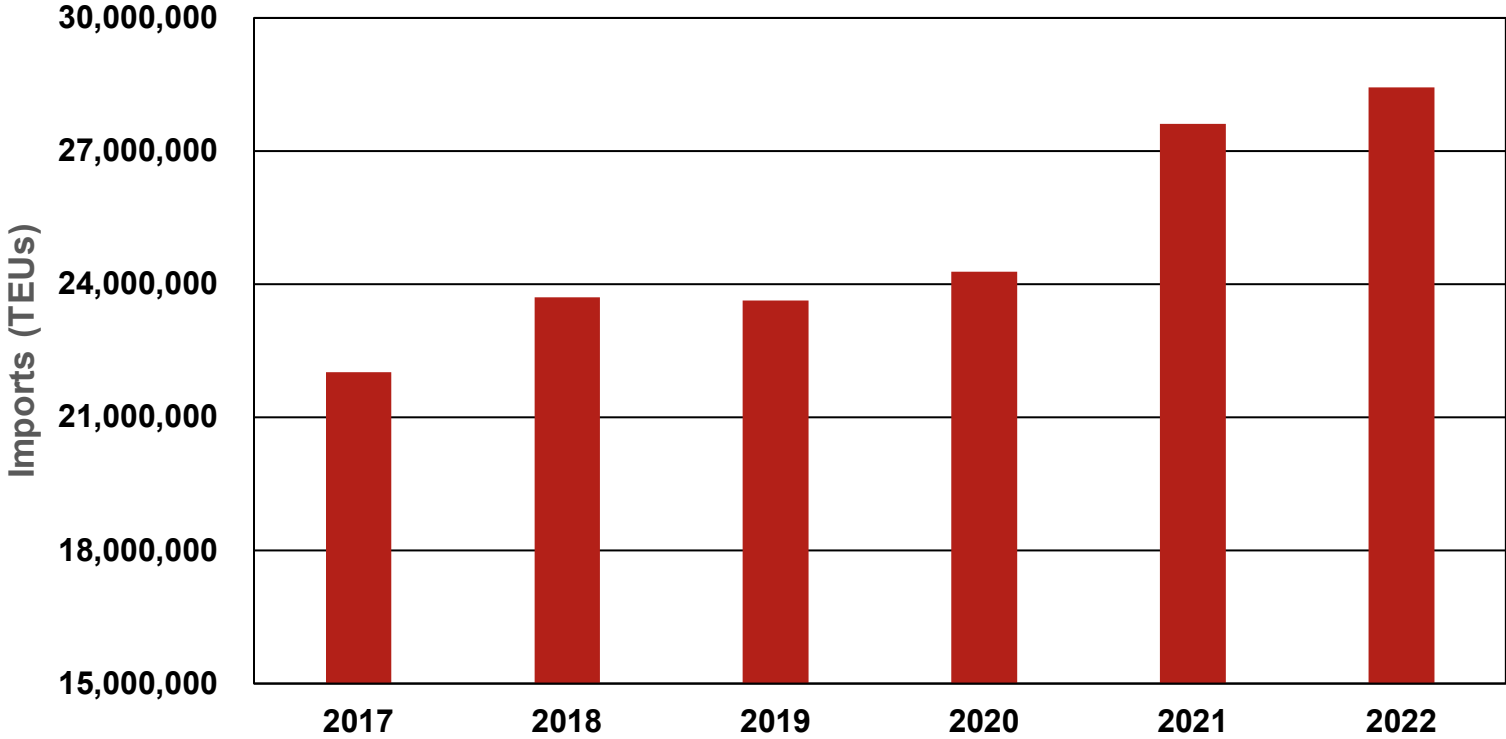
Note: Percentages represent Year-over-Year change

# INTERNATIONAL INTERMODAL OUTLOOK



# 2022 imports expected to grow 3.0%, imports 20.3% higher since 2019

### North American Containerized Import Forecast



	2017	2018	2019	2020	2021	2022
<b>YoY Growth</b>	<b>6.8%</b>	<b>7.6%</b>	<b>0.0%</b>	<b>2.8%</b>	<b>13.7%</b>	<b>3.0%</b>

Source: PIERS, Port Data, TTX





# Footwear, apparel, food, tires & toys driving 2022 import growth

1H22 U.S. Imports				
Commodity Grouping	1H22 Volume (TEUs)	Volume Growth	% Growth vs. 1H21	Share of 1H22 Growth
All Other Machinery	940,531	29,164	3.2%	3.5%
All Other Products	2,205,254	36,863	1.7%	4.4%
Apparel	629,041	128,212	25.6%	15.2%
Auto Parts	399,996	44,444	12.5%	5.3%
Electronics	598,064	7,092	1.2%	0.8%
Food Products	2,049,673	126,903	6.6%	15.1%
Footwear	514,469	101,573	24.6%	12.1%
Forest Products	651,168	-19,448	-2.9%	-2.3%
Furniture	1,986,279	-5,977	-0.3%	-0.7%
Hardware & Lighting	1,088,270	-78,150	-6.7%	-9.3%
Household Machinery	385,167	31,153	8.8%	3.7%
Mineral Products	717,707	50,693	7.6%	6.0%
Office Machinery	97,299	6,195	6.8%	0.7%
Textiles	859,349	81,658	10.5%	9.7%
Tires & Rubber Products	1,217,908	212,204	21.1%	25.2%
Toys	382,541	88,956	30.3%	10.6%
<b>Total</b>	<b>14,722,716</b>	<b>841,534</b>	<b>4.4%</b>	<b>100.0%</b>

“The BEA estimates July 2022’s real spending on import-centric goods estimate is 30% above 2019 level’s”  
*Jason Miller, associate professor of logistics, Michigan State University, JOC, August 30, 2022*

Source: PIERS, JOC, TTX

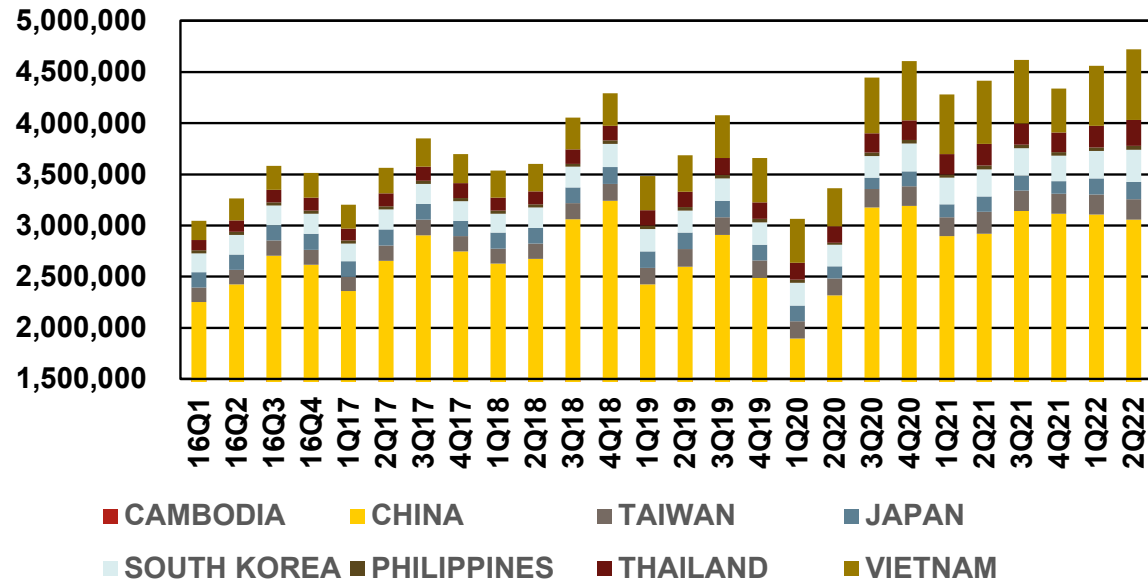


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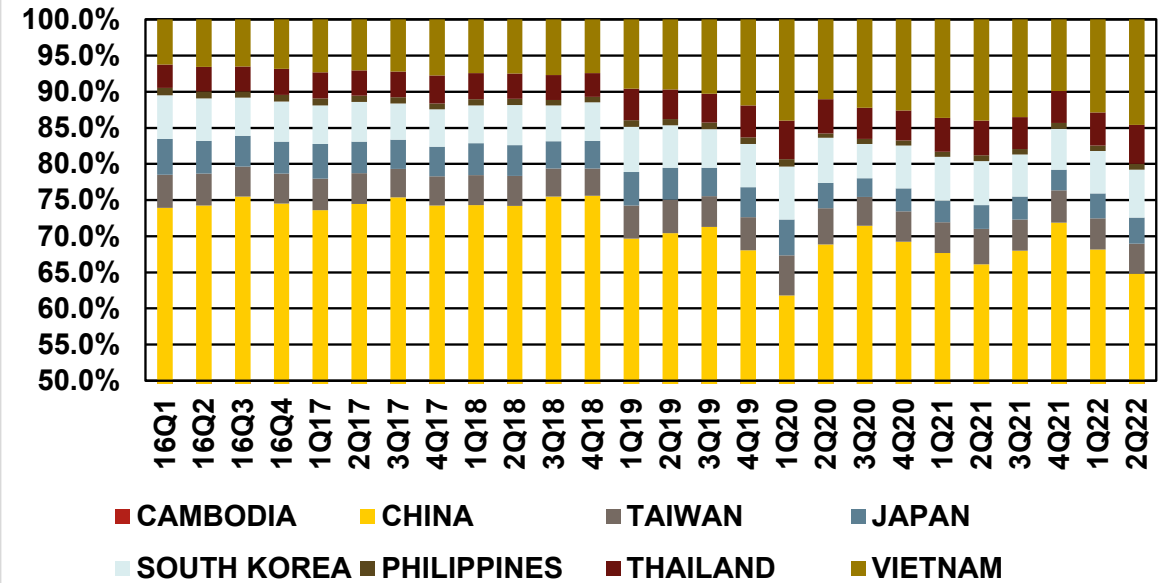
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# Import volume from China is steady, but share is declining

## East Asia Originated Imports (TEUs)

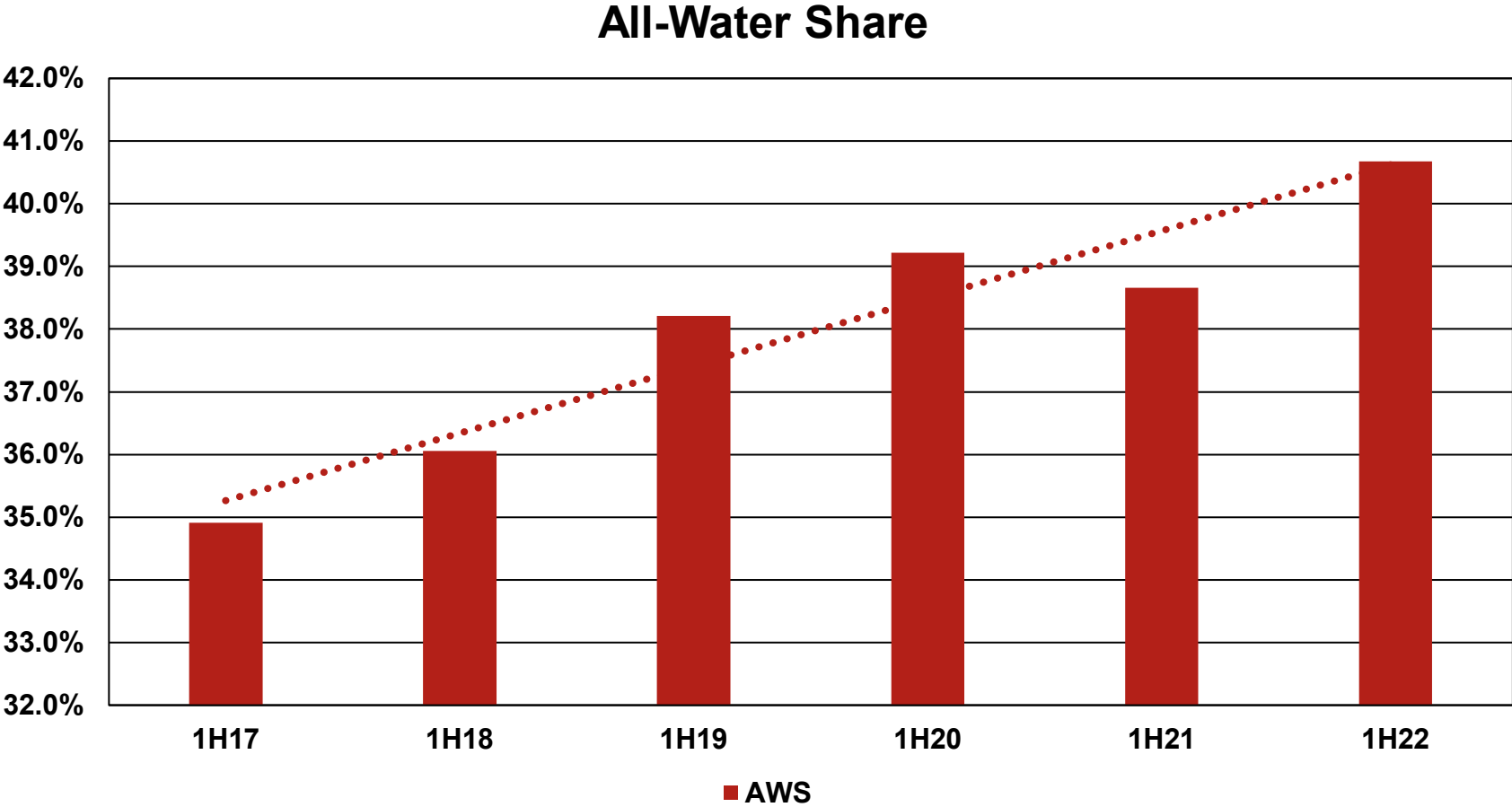


## Share of East Asia Imports by Country



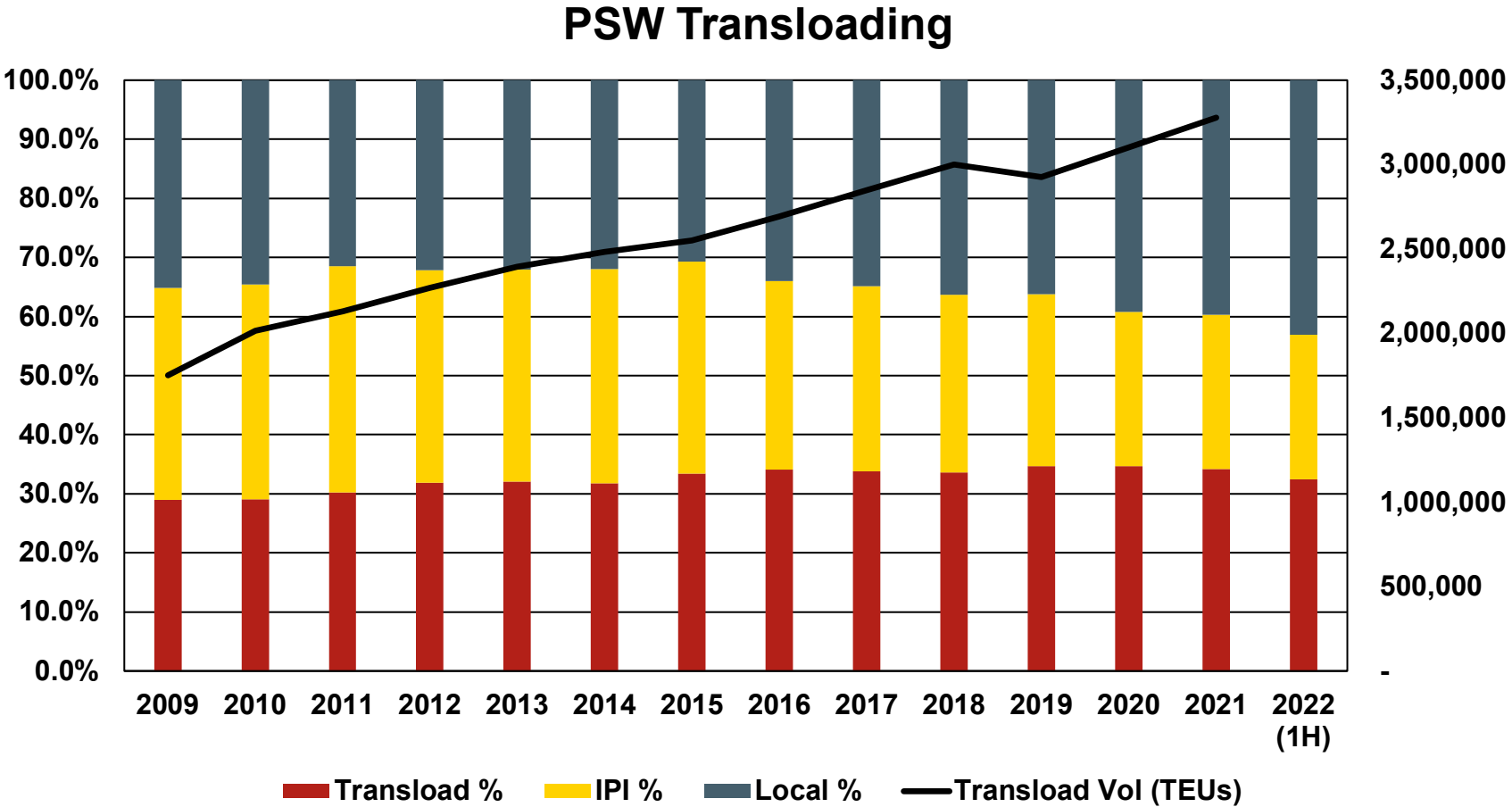
Source: PIERS, TTX

AWS share receded in 2021 as shippers rushed imports to market, but has since reverted to pre-COVID trends



Source: PIERS, TTX

# PSW transload volume continues to rise as imports grow, but losing share to “local” distribution

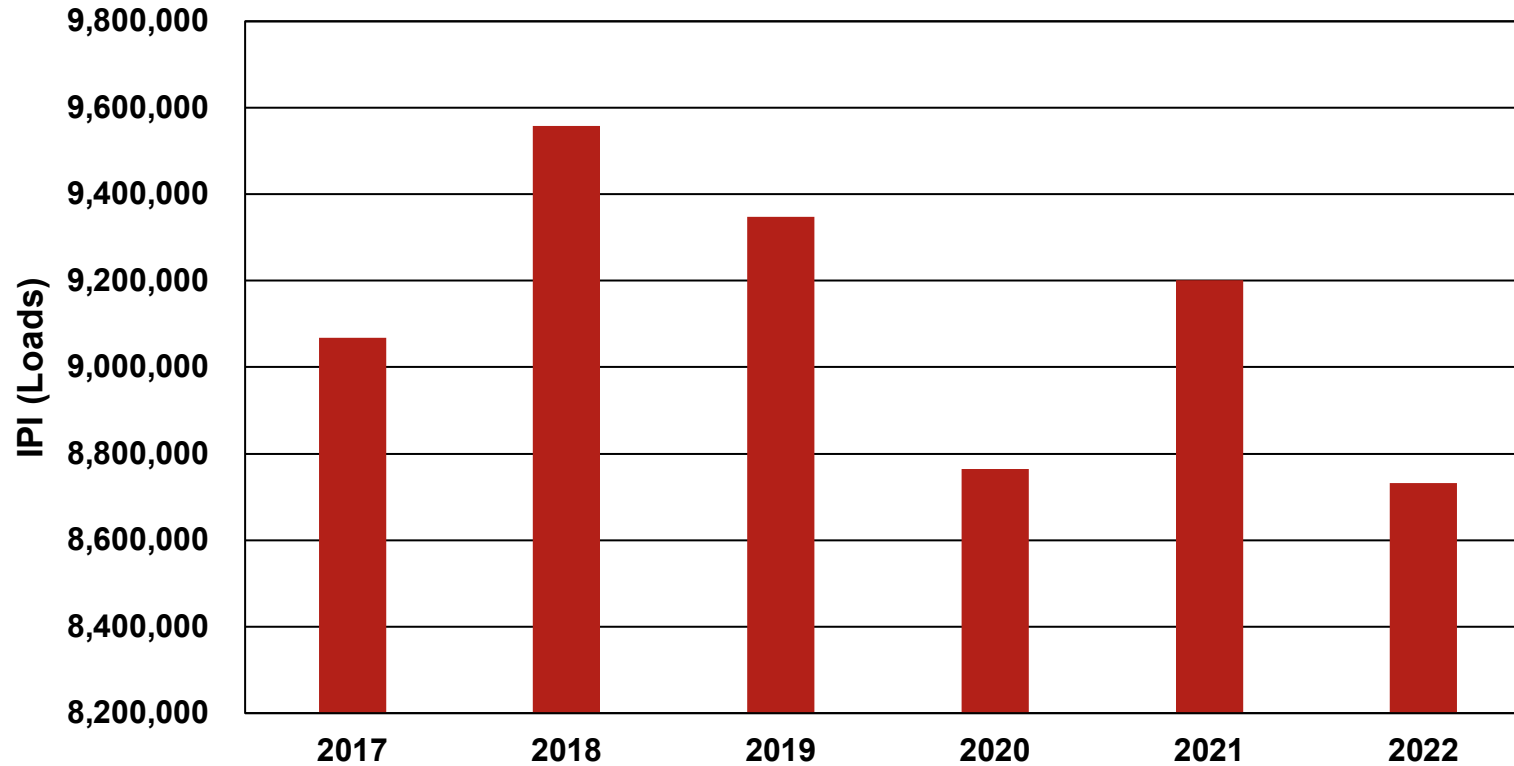


Source: IANA, PIERS, TTX



# IPI volumes expected to decline this year despite import growth

## North American International Intermodal Forecast



	2017	2018	2019	2020	2021	2022
<b>YoY Growth</b>	<b>6.2%</b>	<b>5.4%</b>	<b>-2.2%</b>	<b>-6.2%</b>	<b>5.0%</b>	<b>-5.1%</b>

Source: IANA, TTX



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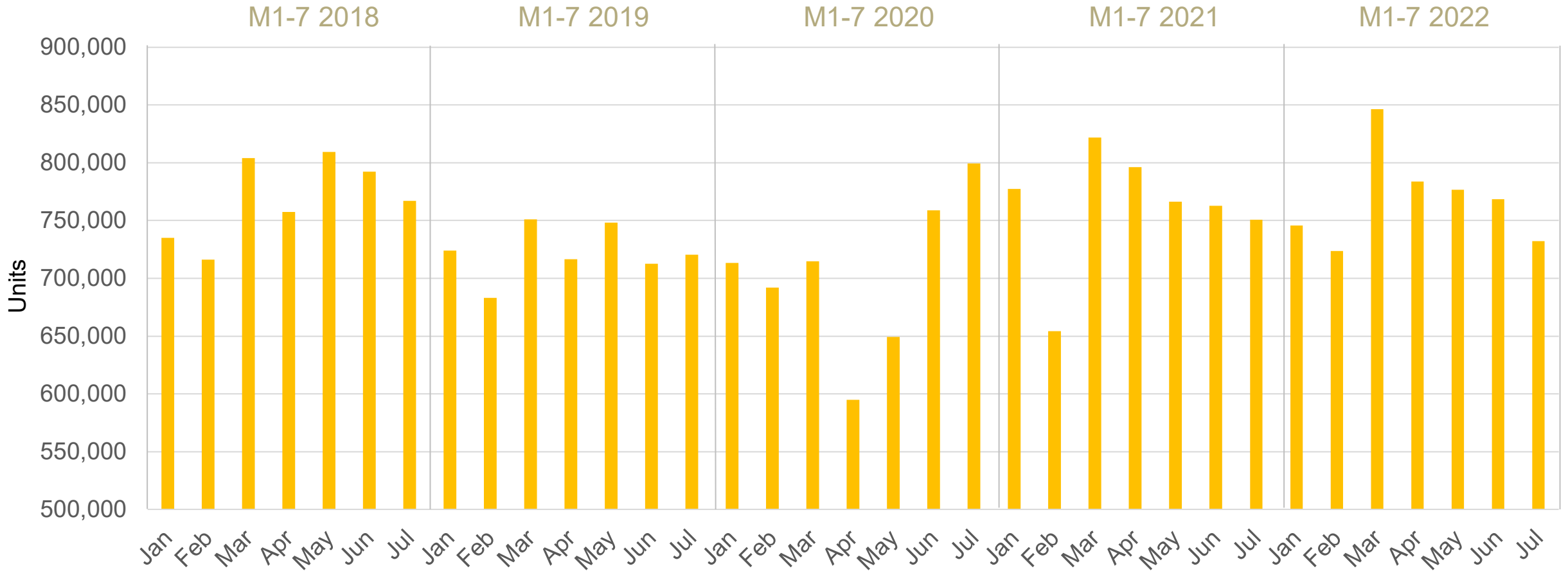


# DOMESTIC INTERMODAL OUTLOOK



# Domestic growth stalls amid capacity issues and moderating demand

IANA Domestic Loadings (Container and Trailer Combined)



Source: IANA, TTX

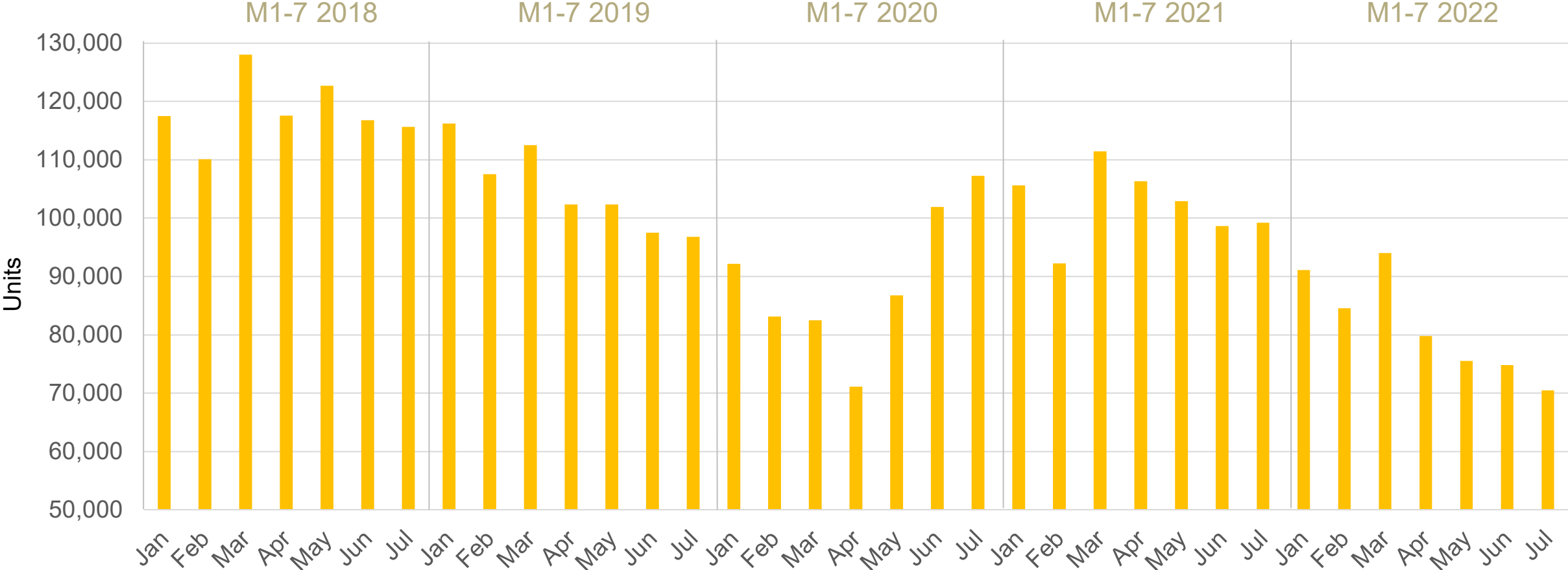


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# Trailer losses are steepening as the year progresses

IANA Domestic Loadings (Trailer only)

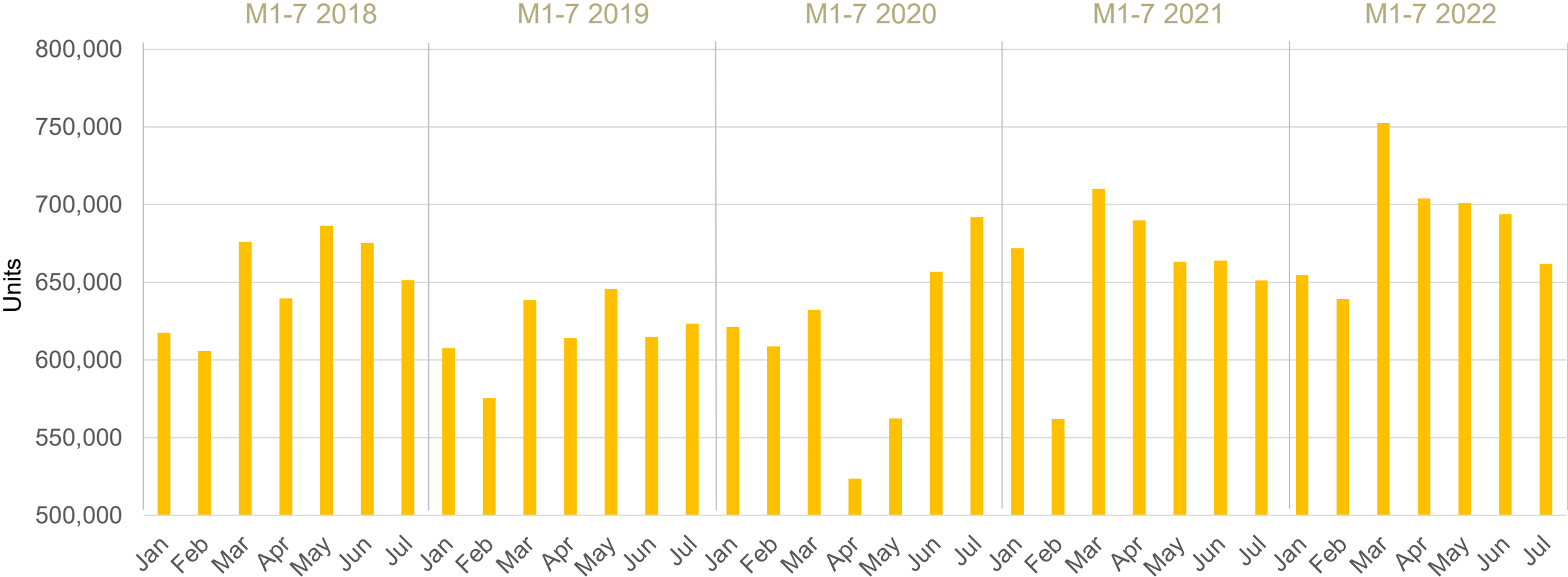


Source: IANA, TTX



# Domestic container loadings reflect conversions, continued strength in transloading and a changing ownership mix

IANA Domestic Loadings (Domestic Container only)

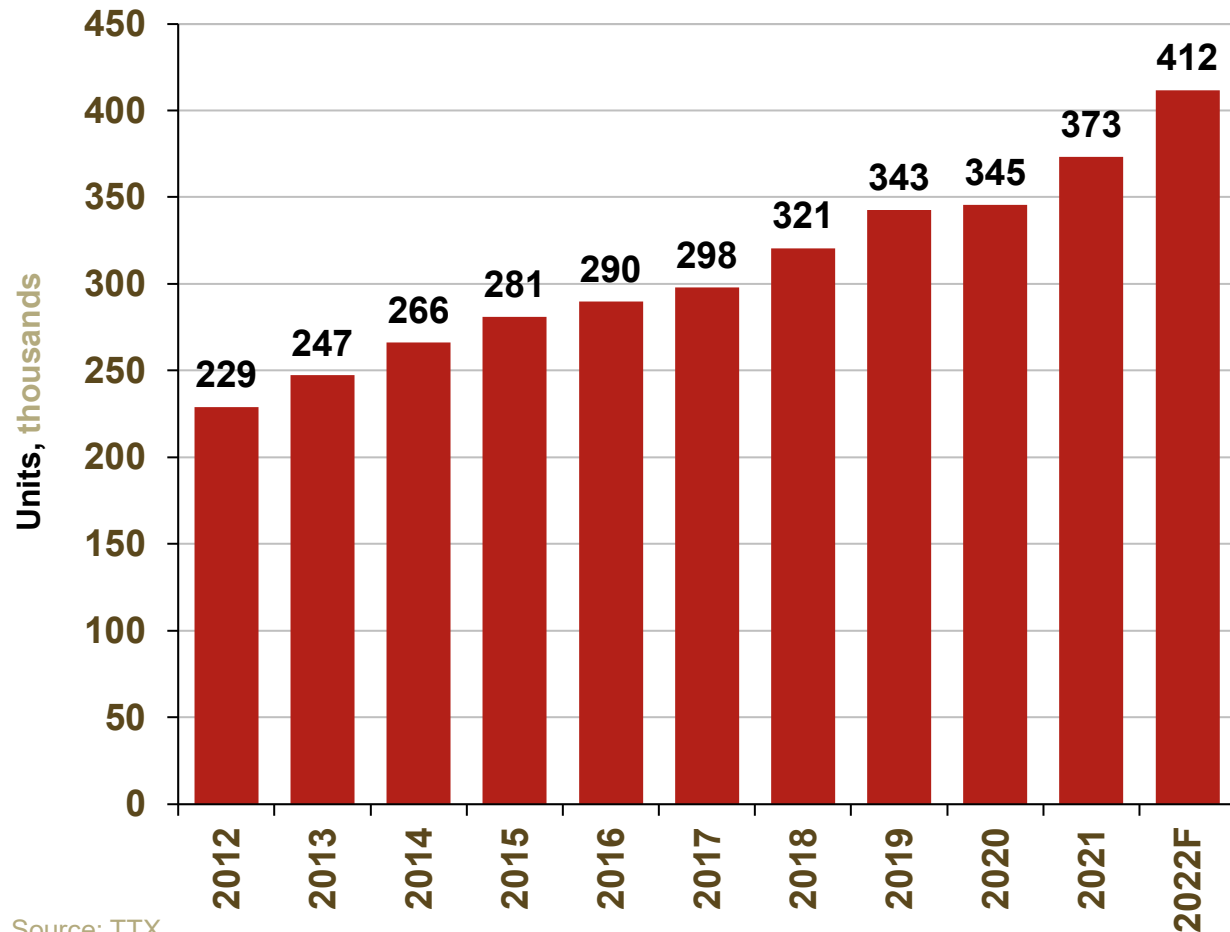


Source: IANA, TTX



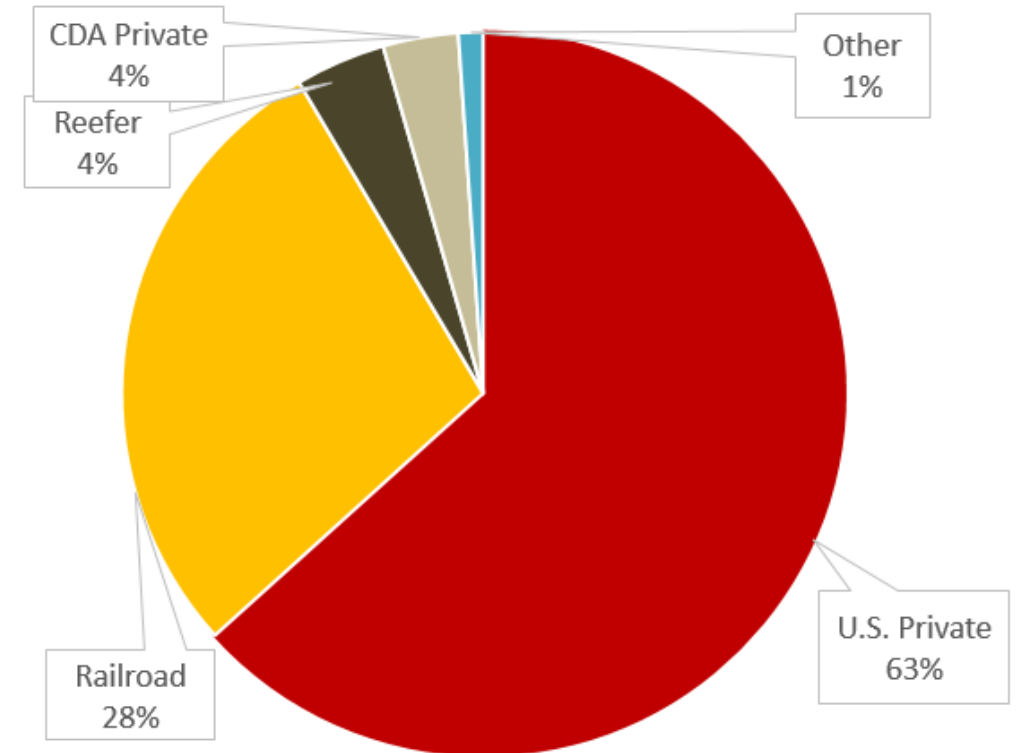
# Asset-based stakeholders continue to buy a lot of boxes

## Year-End NA Domestic Container Fleet Size



Source: TTX

## 2022 NA Domestic Container Fleet, by Market Segment



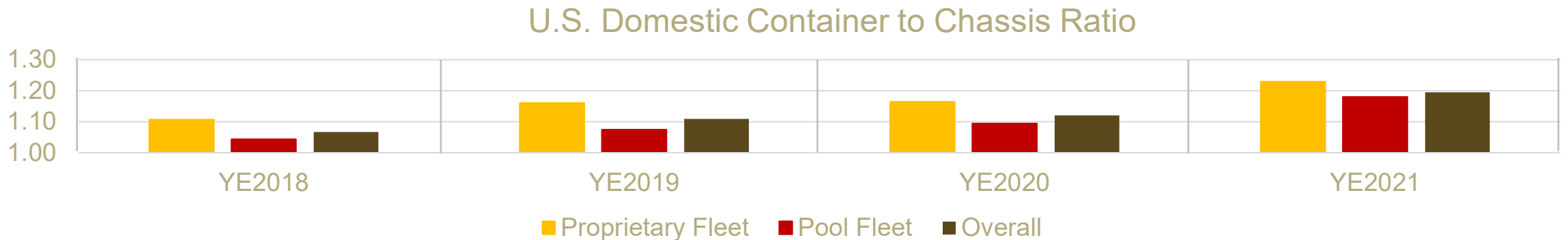


# Growth is just one of the drivers behind adding fleet capacity

- Container productivity has declined dramatically
  - This is primarily due to slower street times/customer dwell
- Replacement capacity
  - In 2018, up to 9% of the fleet consisted of aluminum and duraplate boxes
  - The first steel boxes were produced 20 years ago
- Trailer-to-container conversions continue in the expedited markets
  - Containers in these segments are more productive

# Elongated street times have stressed the domestic chassis fleet

- TTX estimates the U.S. domestic chassis population to be ~280,000
  - Roughly segmented: 40% proprietary / 28% rail-owned / 32% pool
- The container-to-chassis ratio has risen in both proprietary and pooled fleets



- Purchases reported in 2022 will push down those ratios to 2019 levels

Source: Annual Reports, TTX

# WHAT WE ARE WATCHING



# What we are watching...

- » Economic data:
  - Shift in consumer spending from goods back to services
  - Federal Reserve interest rate changes and signs of a recession (declines in industrial output and employment levels)
- » What relieves congestion in international & domestic supply chains
  - Expanded infrastructure (more warehouses, more chassis, more port & rail terminals) and operational capacity
  - Lower demand for import & domestically produced consumer goods?
- » Port and rail labor negotiations

Source: TTX



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# Q&A

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using the Q&A button



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