

Intermodal Connects



Intermodal Analyzed

August 23, 2022

2:00 PM EDT

Housekeeping



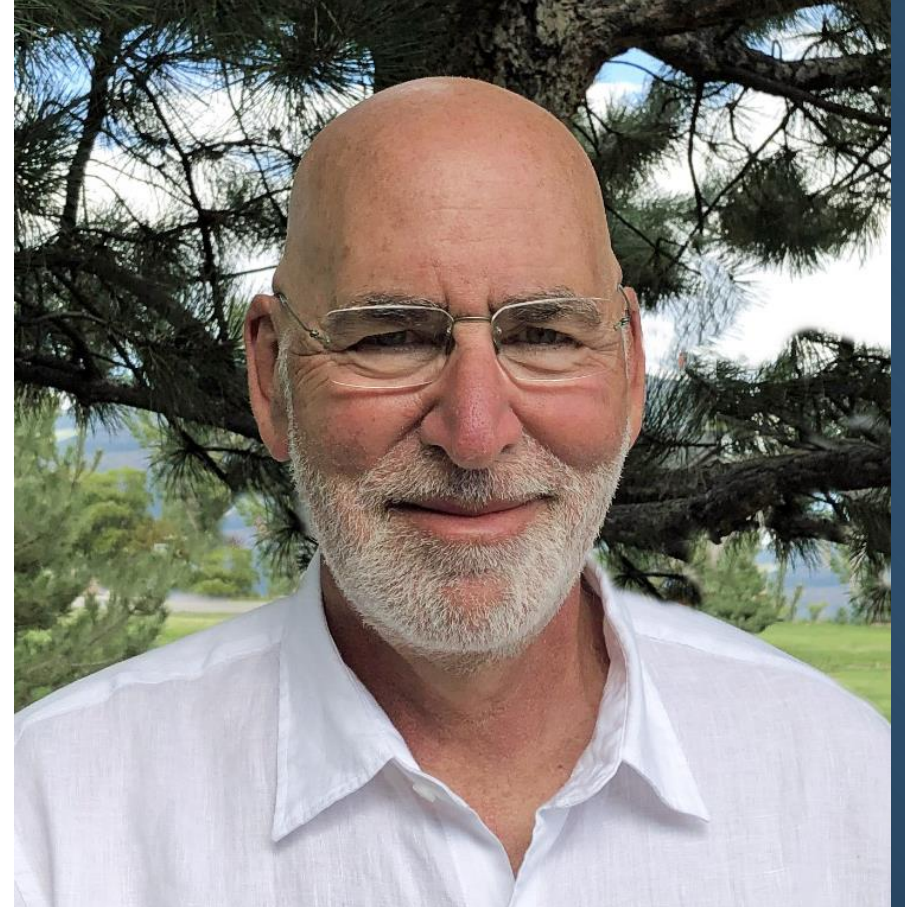
- Audience will be muted
- A question & answer session will follow the presentation
- Submit questions by clicking the Q&A icon at the bottom of your screen
- A recording of this webinar, including the slides, will be available in the near future

Today's Presenter

Larry Gross

President & Founder

Gross Transportation
Consulting



Hello!

Larry Gross:

President

Gross Transportation Consulting

516-455-8988

lgross@intermodalindepth.com

@Intermodalist

INTERMODAL ANALYZED

For: IANA

August 23, 2022

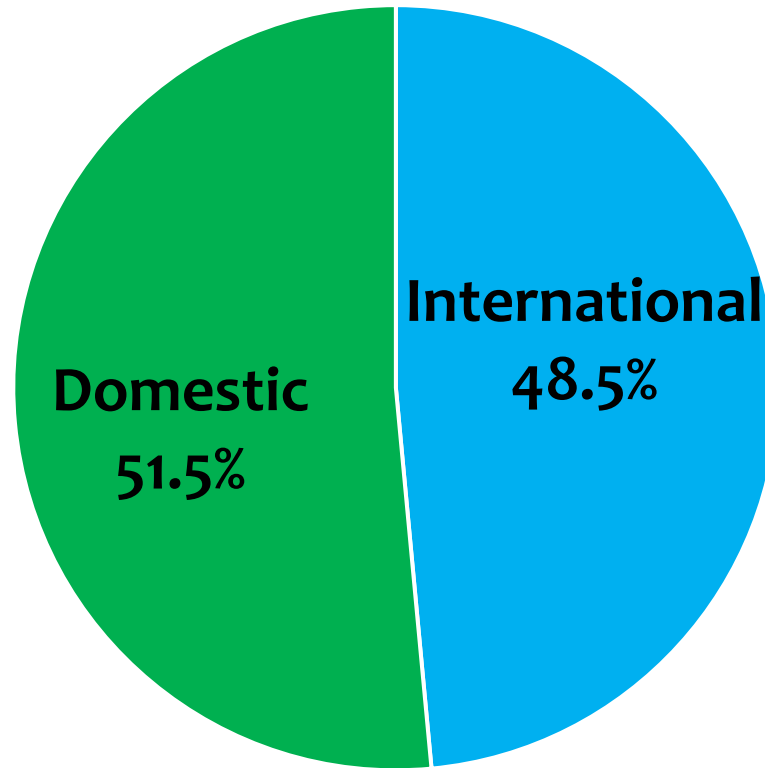
THE TWO WORLDS OF INTERMODAL

Includes:

- Domestic Containers (53', a few 48')
- Trailers
- Transload Cargo

Affected by:

- Competitive economics with truck
- Truck capacity
- Fuel Prices
- Transload trends



North America Last 12 Months

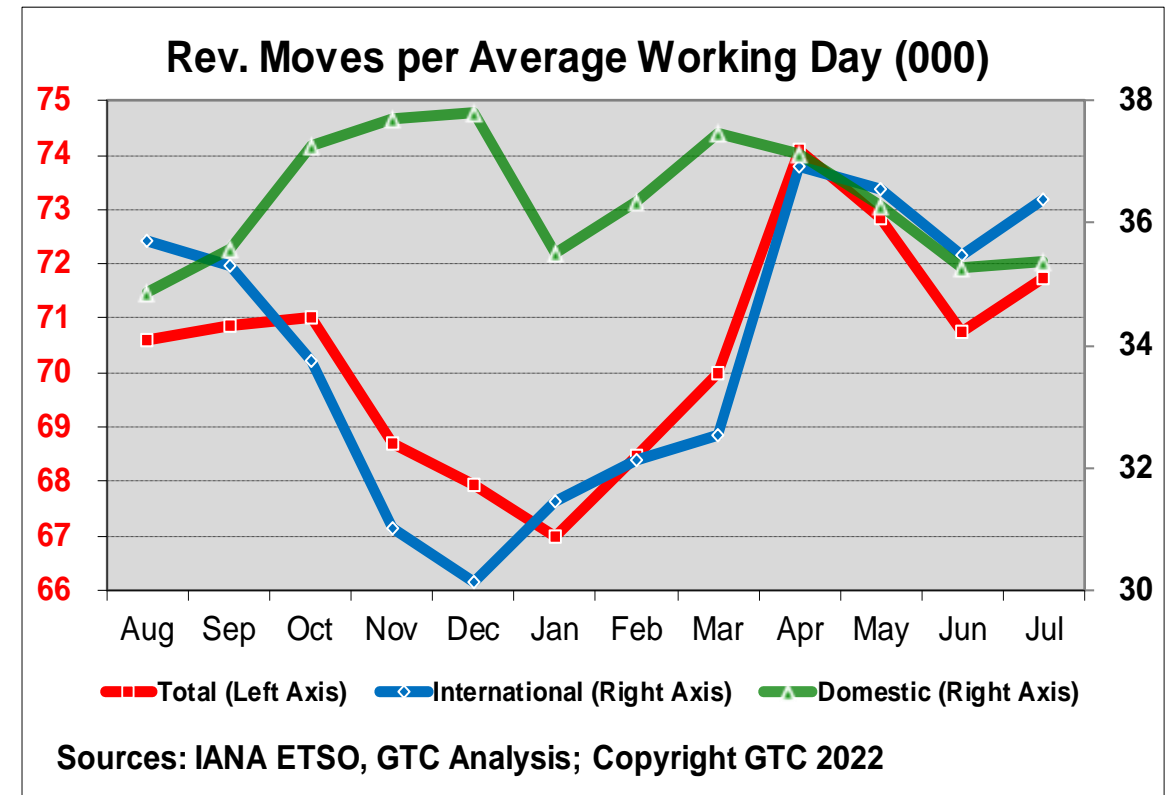
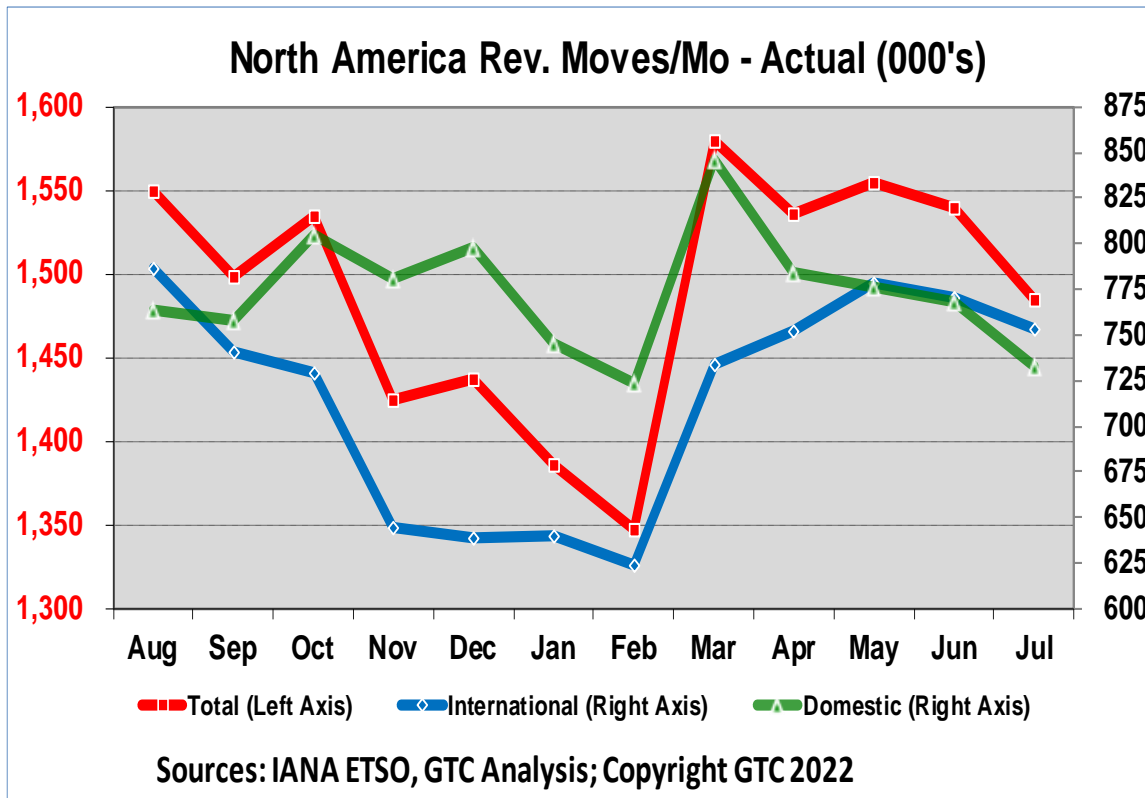
Includes:

- ISO Containers (20', 40', 45')

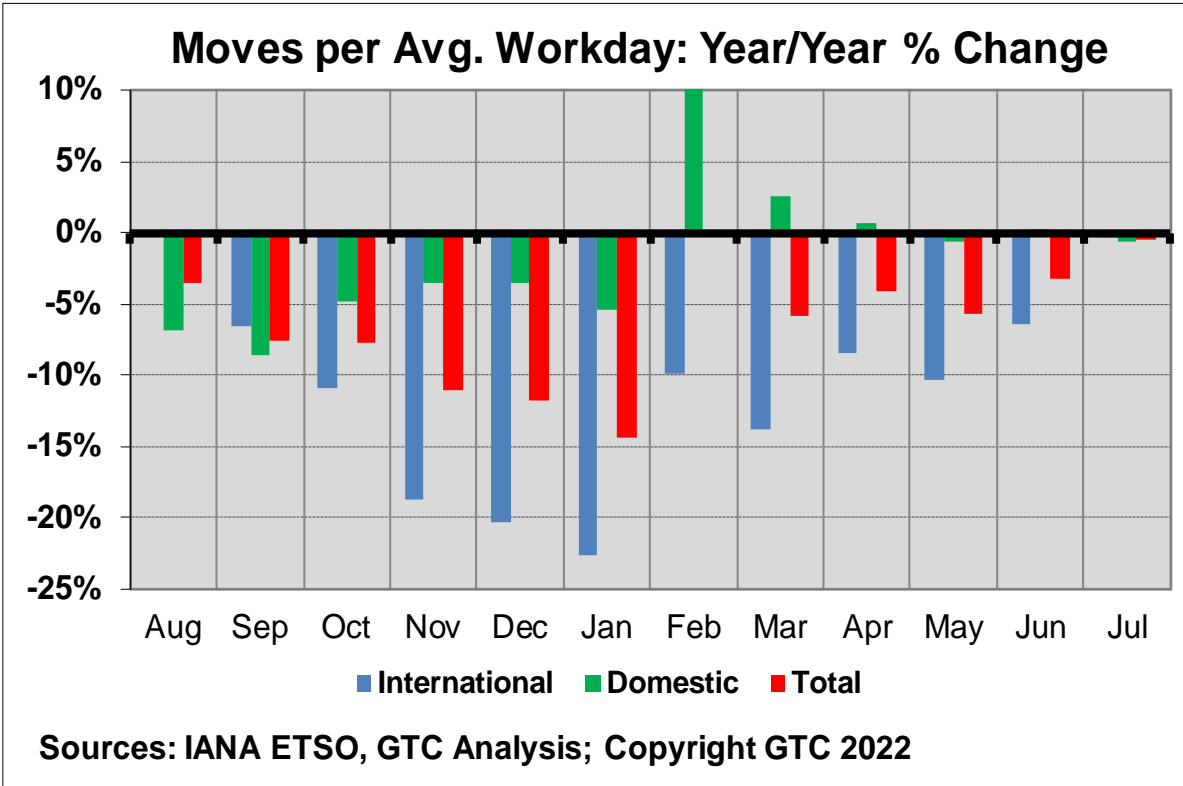
Affected by:

- Trade stats
- Port routings/Import strategies
- Steamship line policies
- Truck competitiveness
- Transload trends

RECENT INTERMODAL PERFORMANCE HAS NOT BEEN INSPIRING

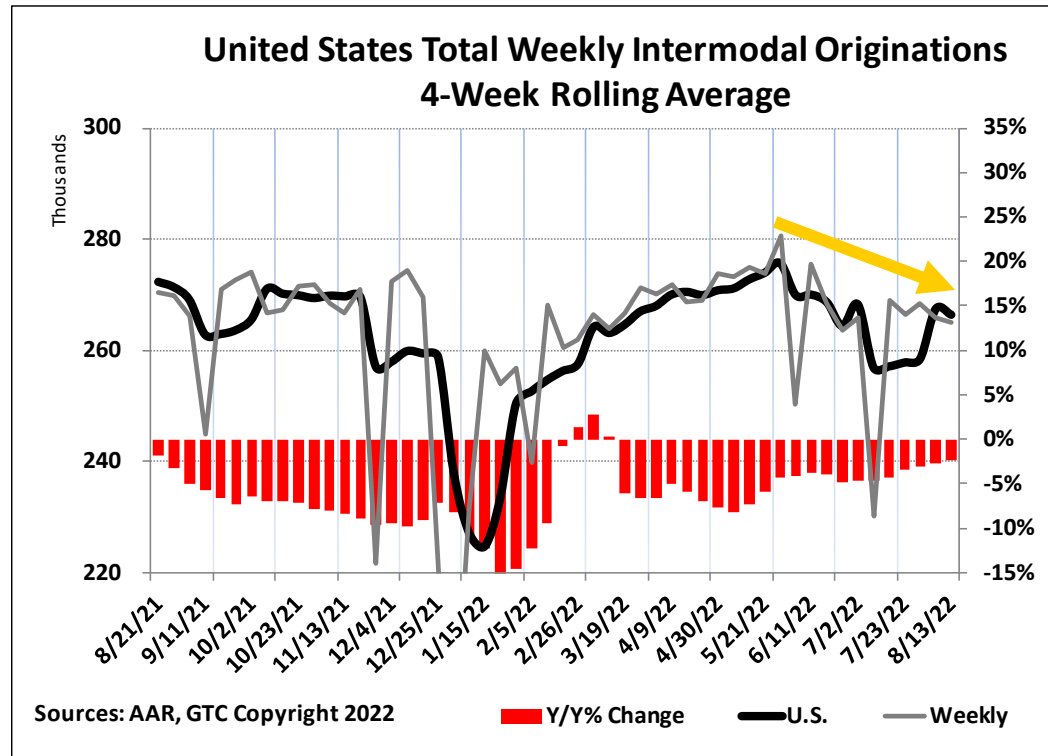


IPI HAS BEEN CAPACITY CONSTRAINED DOMESTIC LOOKS MORE MARKET-BASED

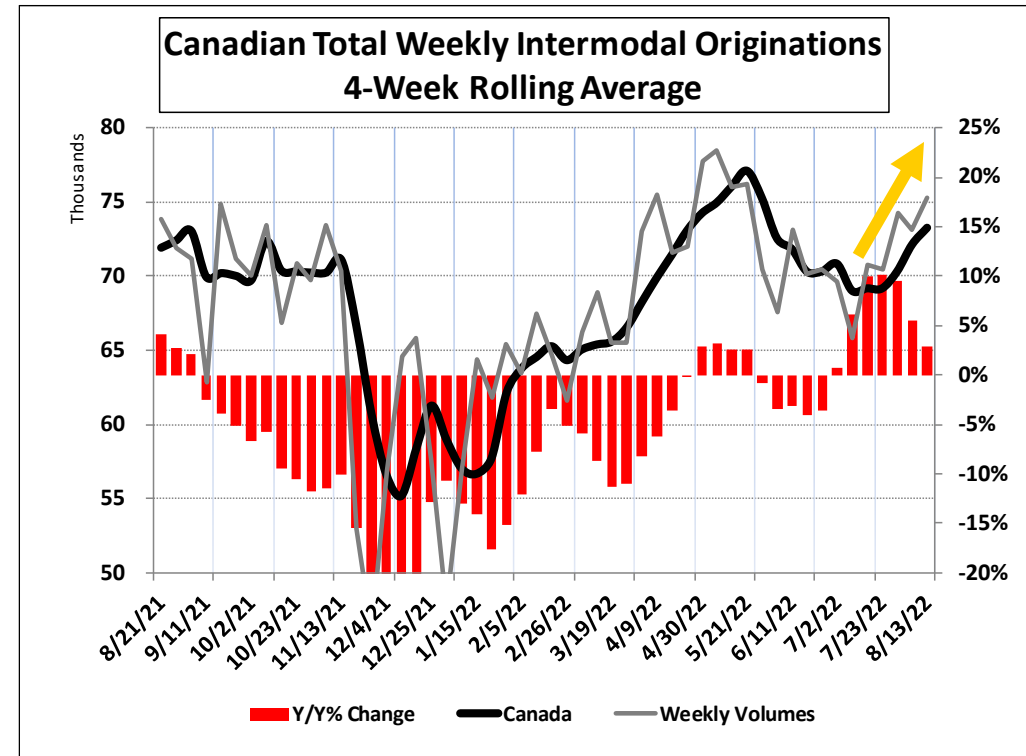


| July 2022 | M/M | Y/Y | YTD |
|-----------------------------------|---------------|---------------|---------------|
| International | -2.3% | -3.9% | -10.7% |
| <i>Short Trailer</i> | <i>-12.4%</i> | <i>-15.8%</i> | <i>-8.5%</i> |
| <i>53' Trailer</i> | <i>-2.6%</i> | <i>-33.7%</i> | <i>-24.6%</i> |
| Total Trailer | -5.9% | -29.0% | -20.4% |
| <i>Private Domestic Container</i> | <i>-4.0%</i> | <i>6.7%</i> | <i>8.7%</i> |
| <i>Rail Domestic Container</i> | <i>-6.5%</i> | <i>-12.0%</i> | <i>-7.3%</i> |
| Total Domestic Container | -4.6% | 1.6% | 4.2% |
| Domestic | -4.7% | -2.4% | 0.9% |
| Grand Total | -3.5% | -3.2% | -5.1% |

U.S. INTERMODAL HAS BEEN SLOWLY DECLINING WHILE CANADA HAS GAINED

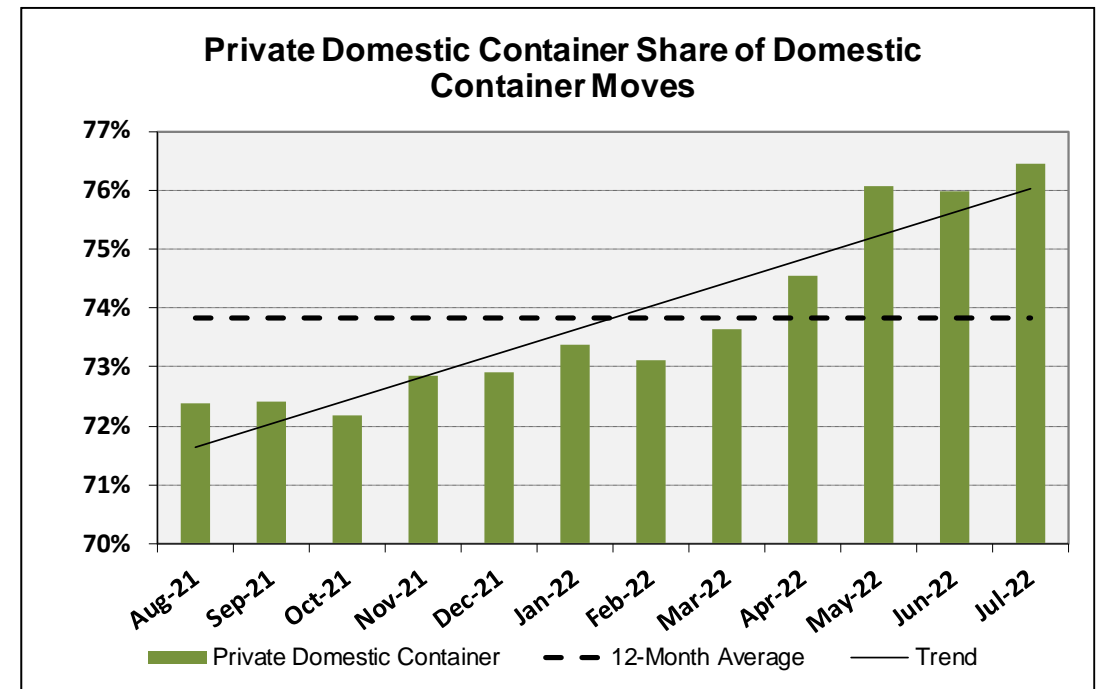
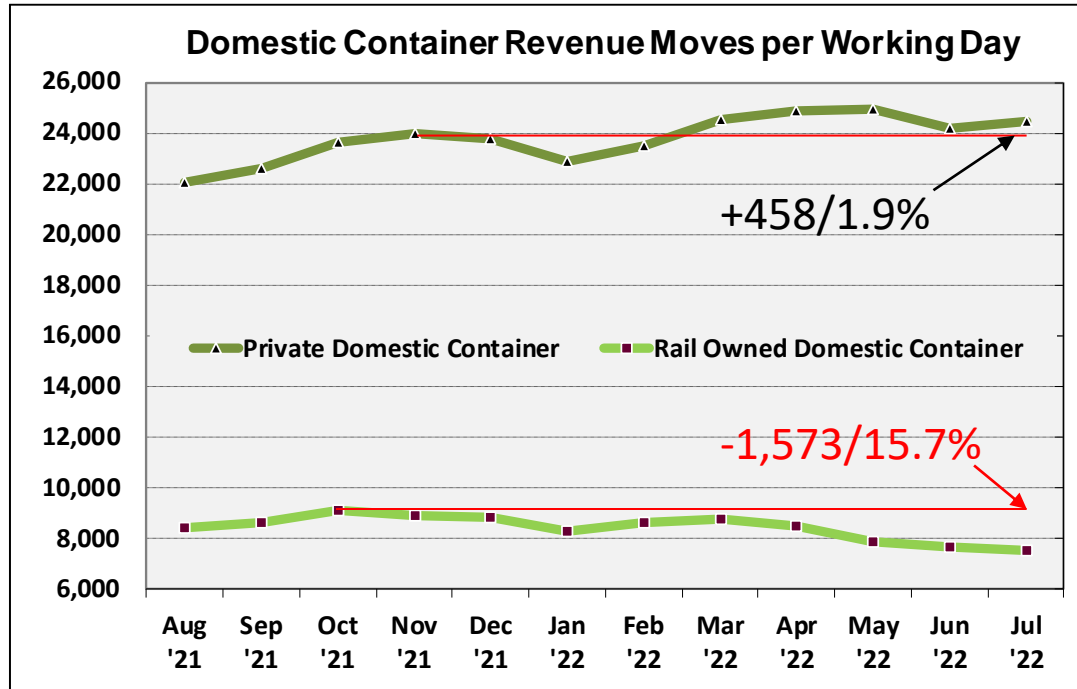


4-Week Average down 3.3% since 5/28

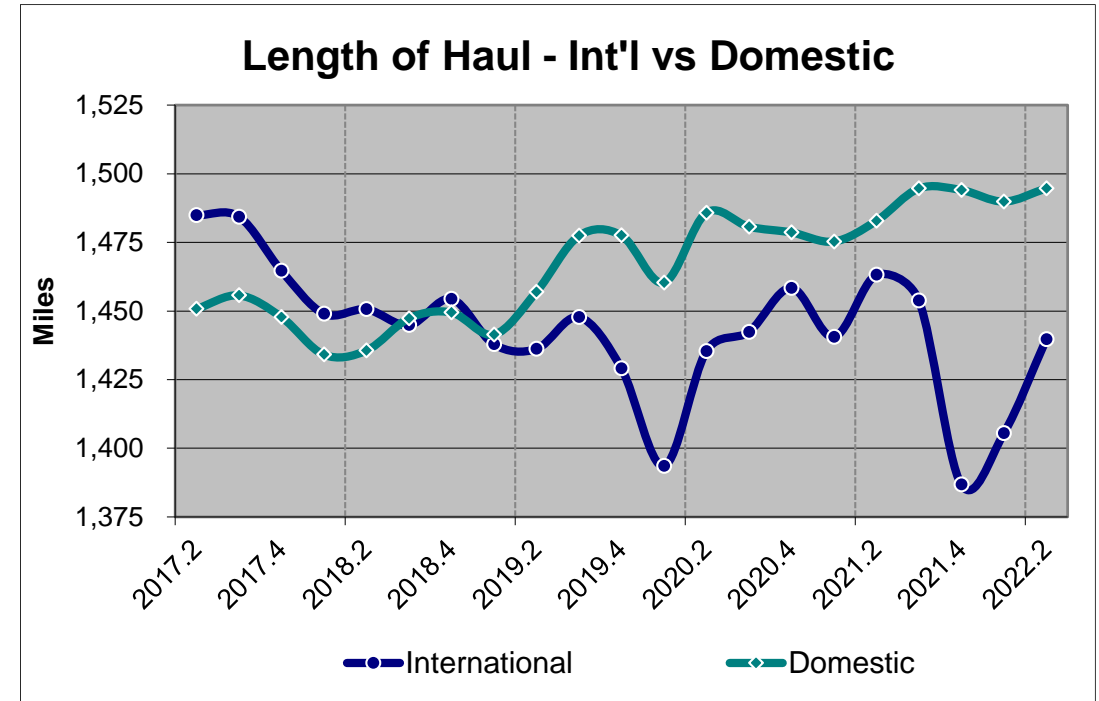
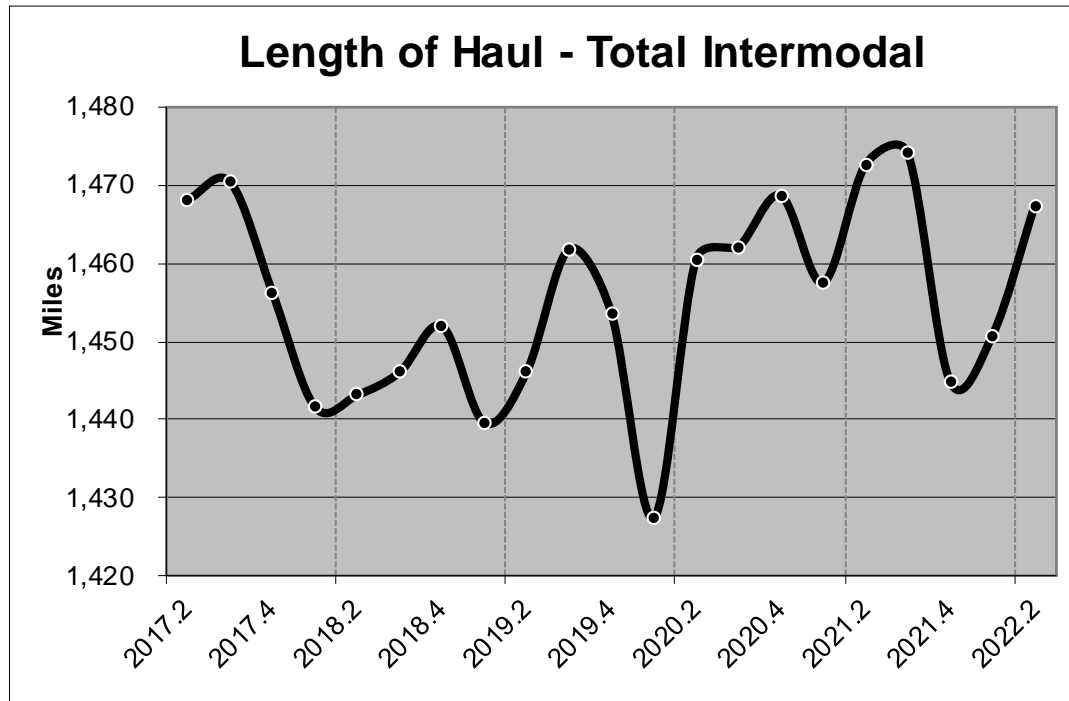


4-Week Average up 6.2% since 7/9

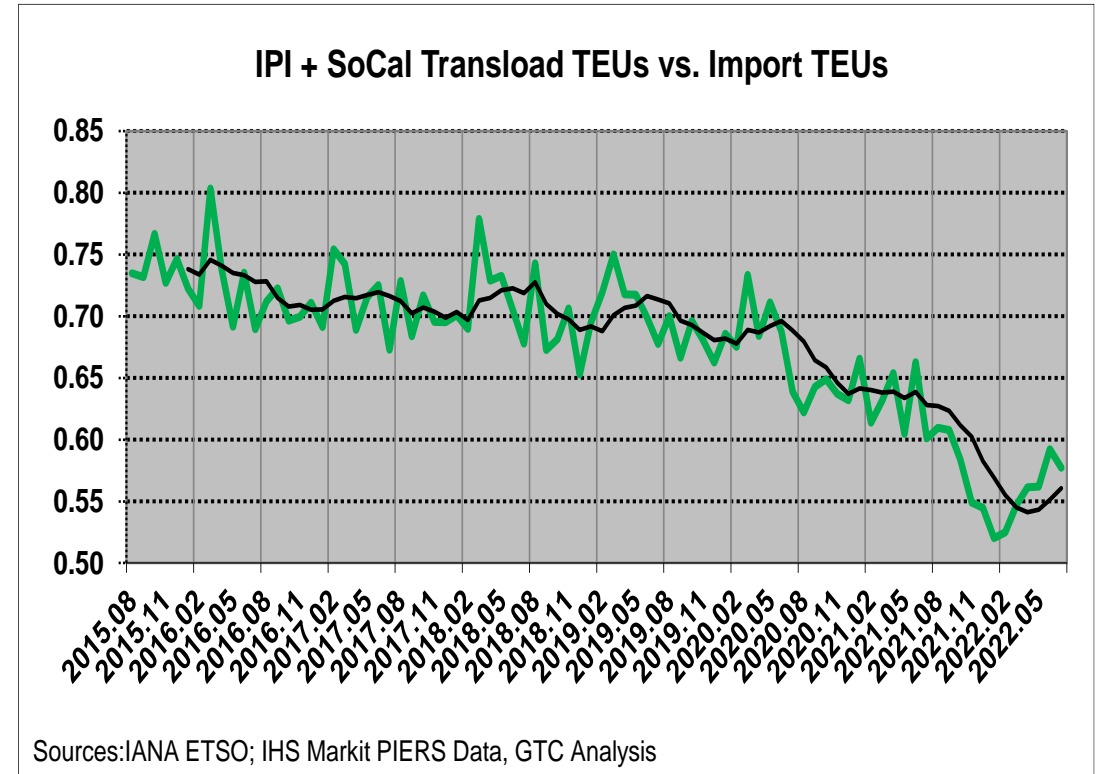
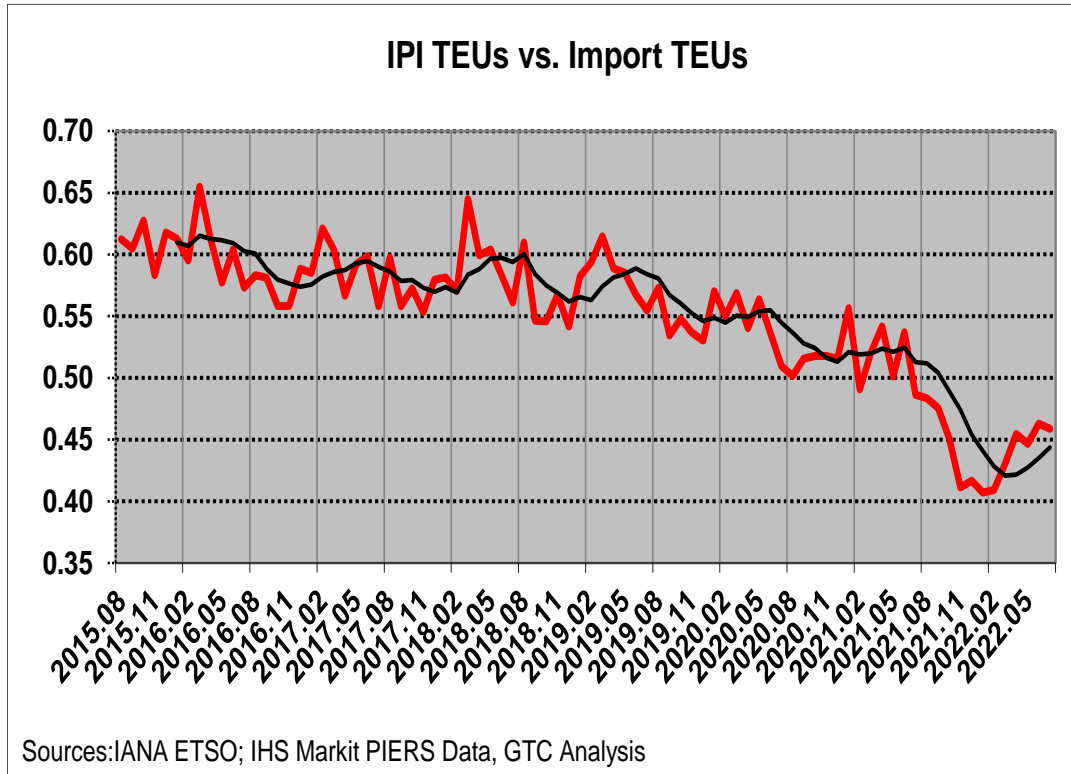
THE PRIVATELY OWNED DOMESTIC CONTAINER FLEETS ARE GAINING



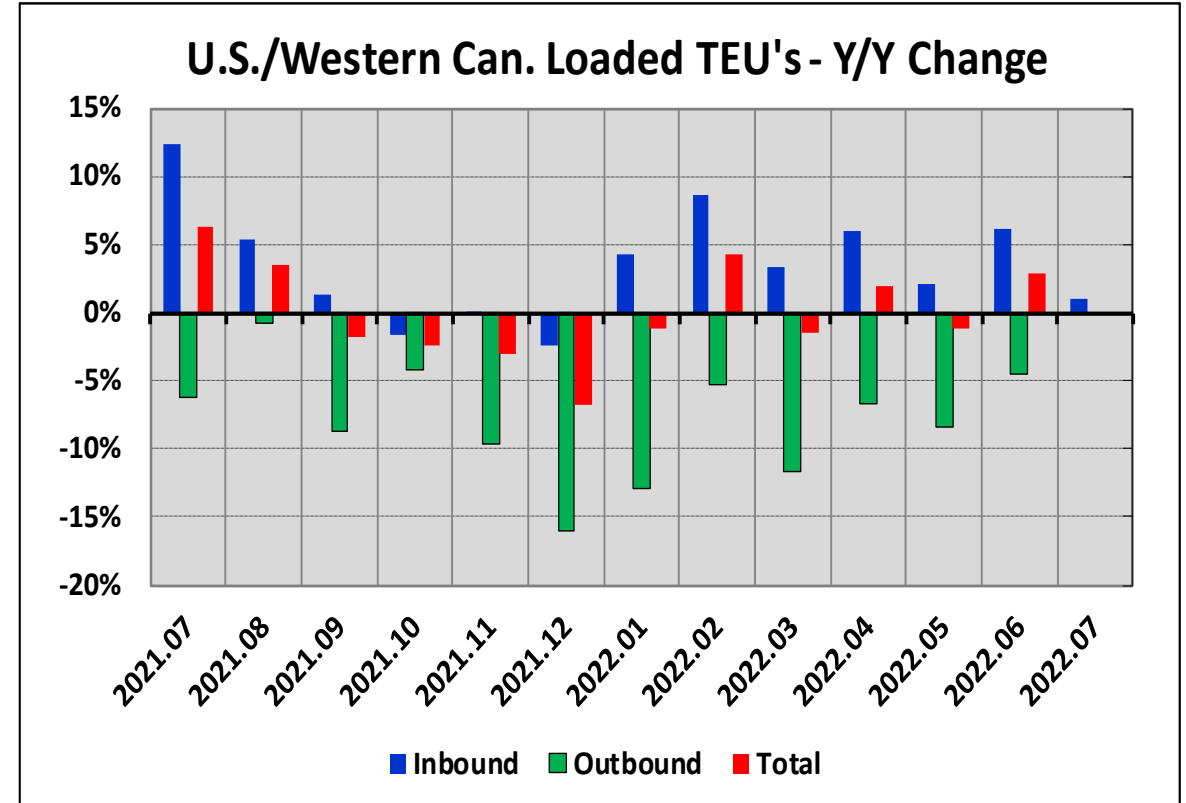
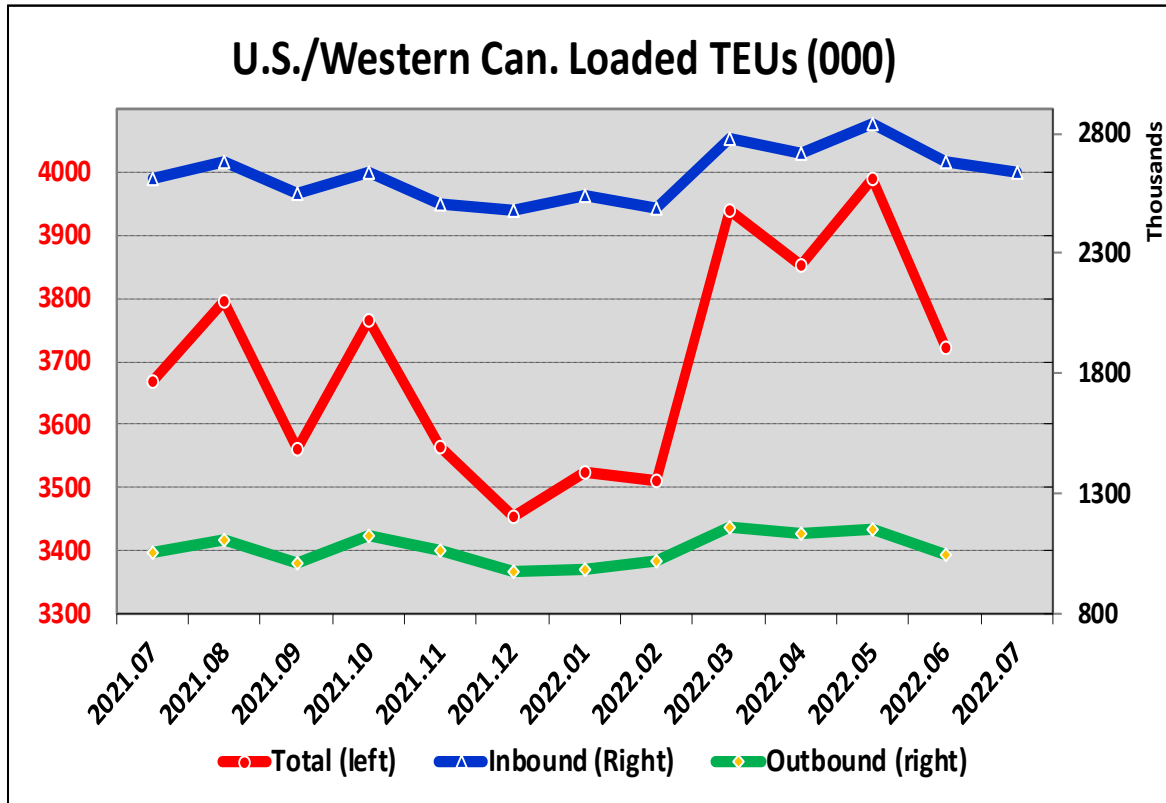
LENGTH OF HAUL ANALYSIS SHOW THINGS ARE NORMALIZING



INTERMODAL PARTICIPATION IN IMPORTS HAS DECLINED BUT A REBOUND IS UNDERWAY

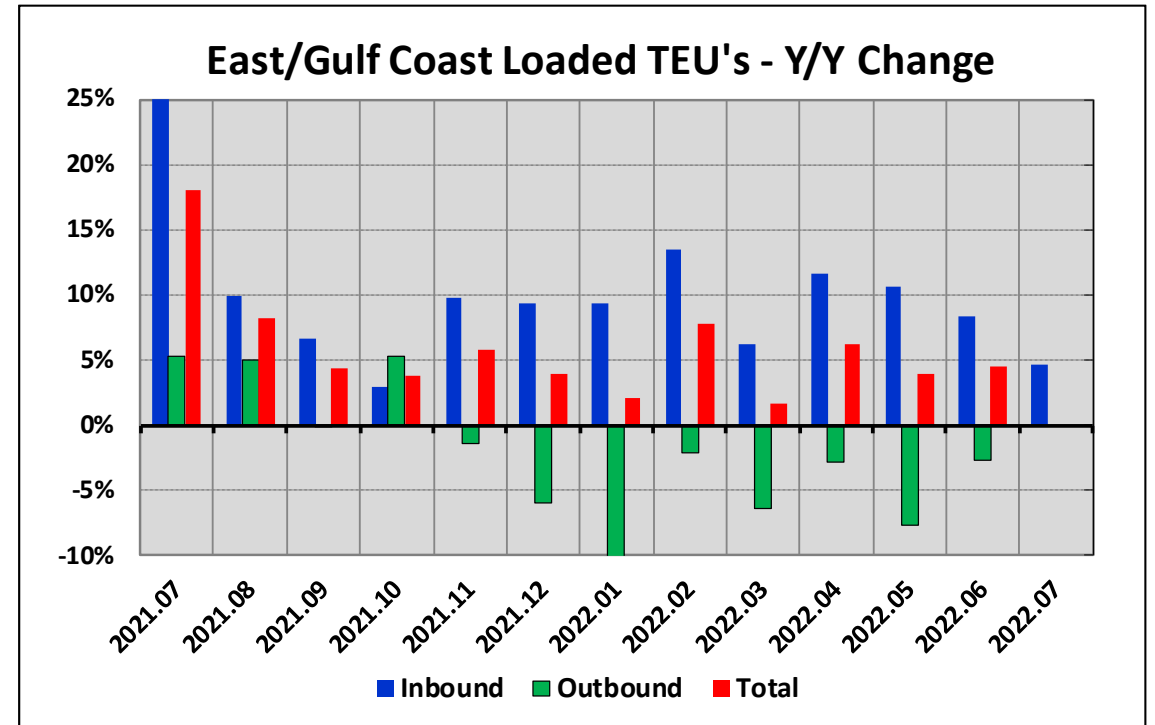
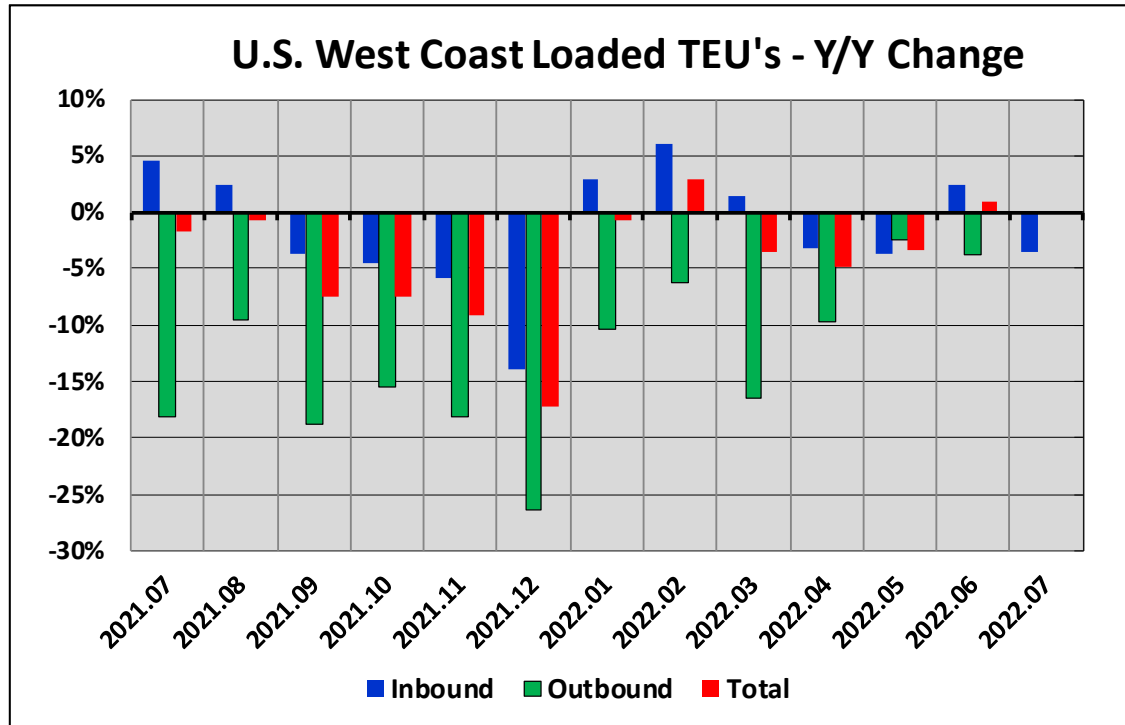


JULY N.A. IMPORT TEUS WERE THE LOWEST SINCE FEBRUARY, BUT STILL AHEAD OF PRIOR YEAR



Source: Port Reports, IHS PIERS, GTC Analysis

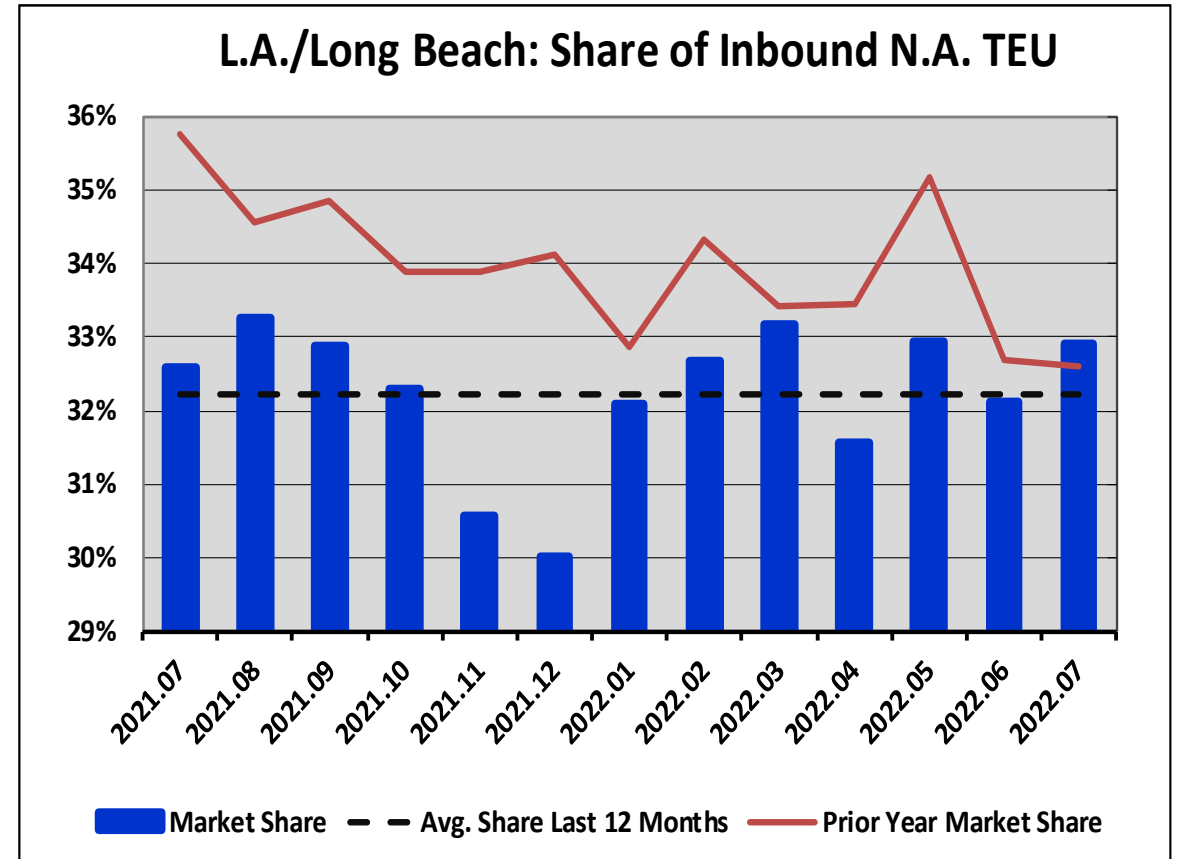
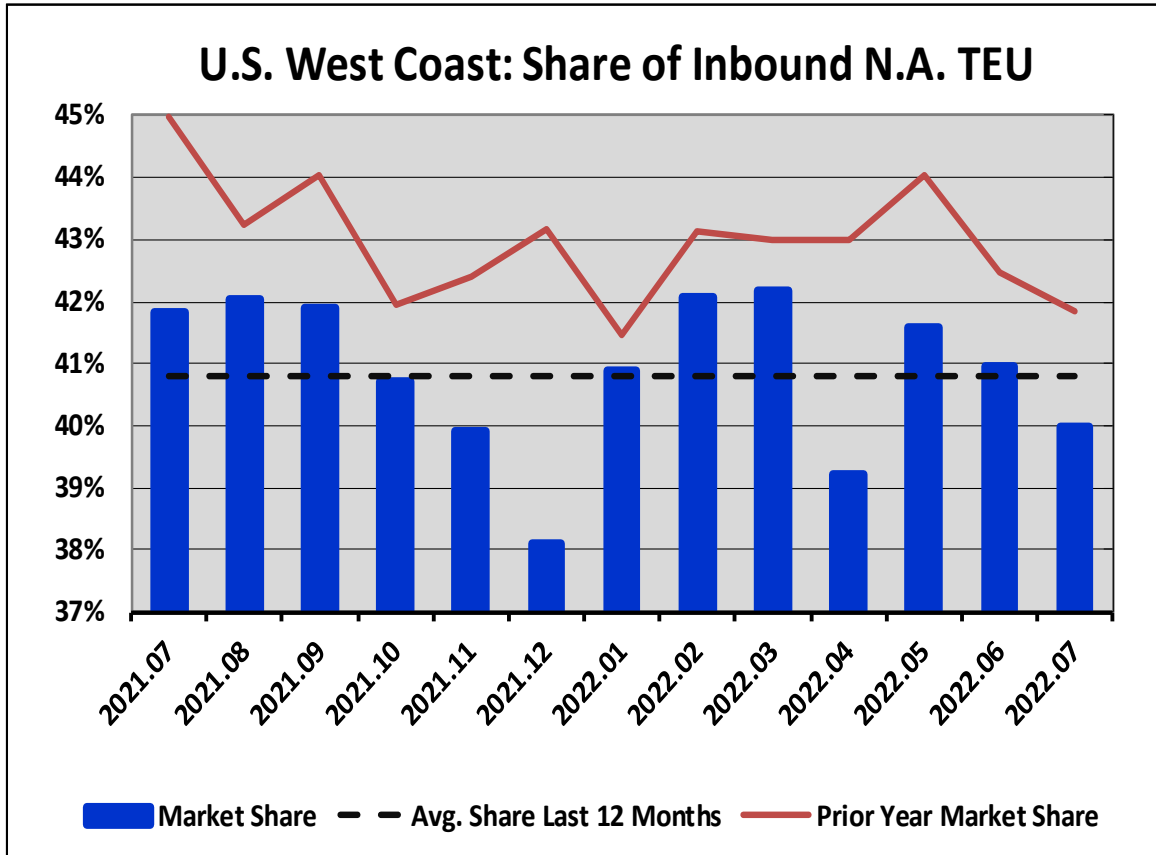
WEST COAST PORTS HAVE BEEN RUNNING FULL TILT BUT EAST/GULF COAST PORTS HAVE MANAGED TO INCREASE



Imports YTD (July) +0.2%
Exports YTD (June) -8.4%

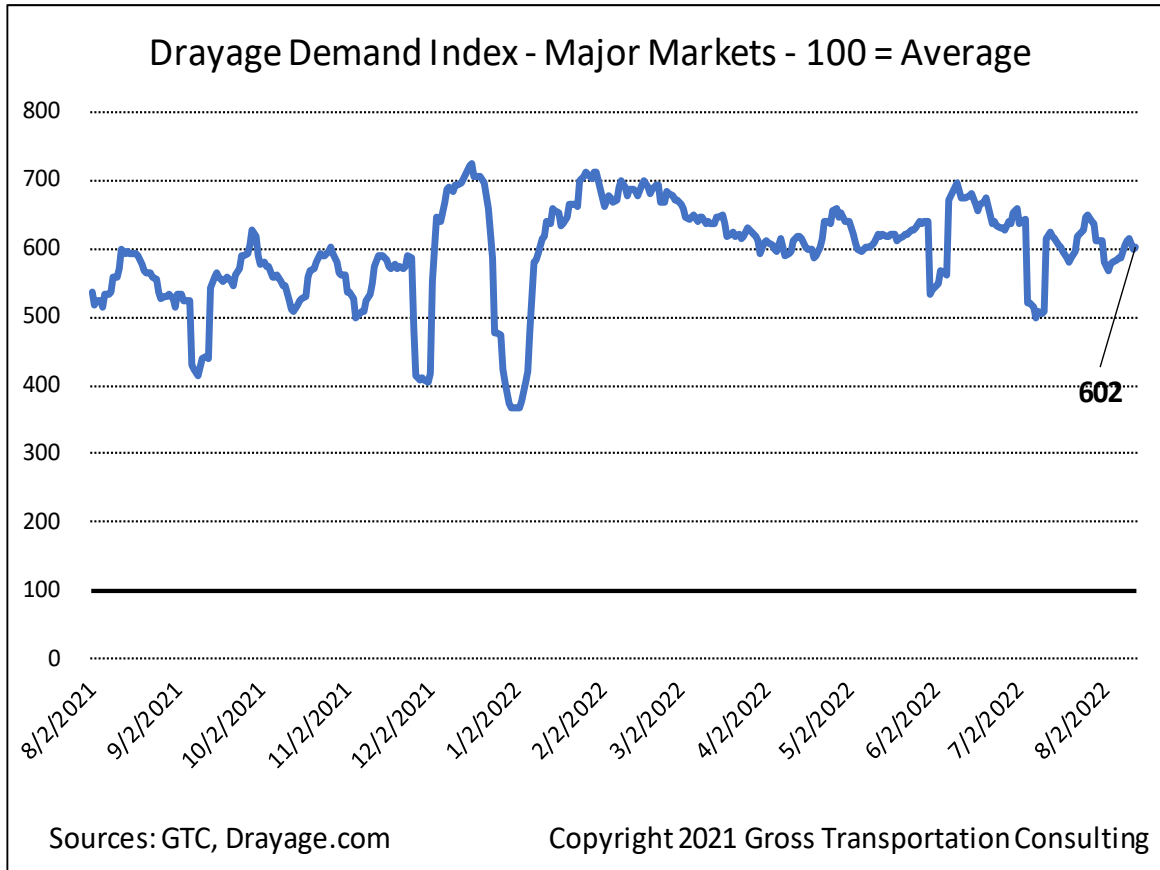
Imports YTD (July) +9.8%
Exports YTD (June) -5.6%

WEST COAST IMPORT SHARE HAS DROPPED BUT THE PROBLEM WASN'T L.A./LONG BEACH

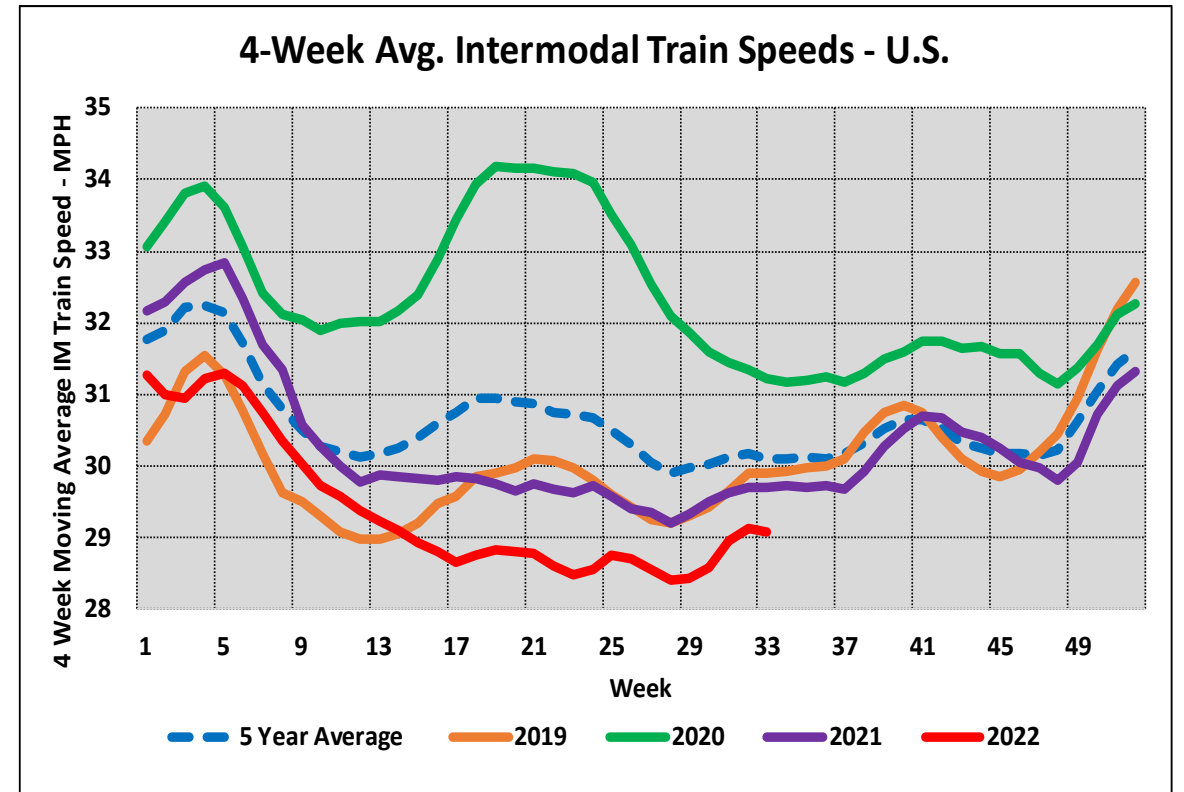


Source: Port Reports, IHS PIERS, GTC Analysis

THE DRAYAGE SITUATION IS CHANGING RAIL SERVICE CONTINUES TO SUFFER

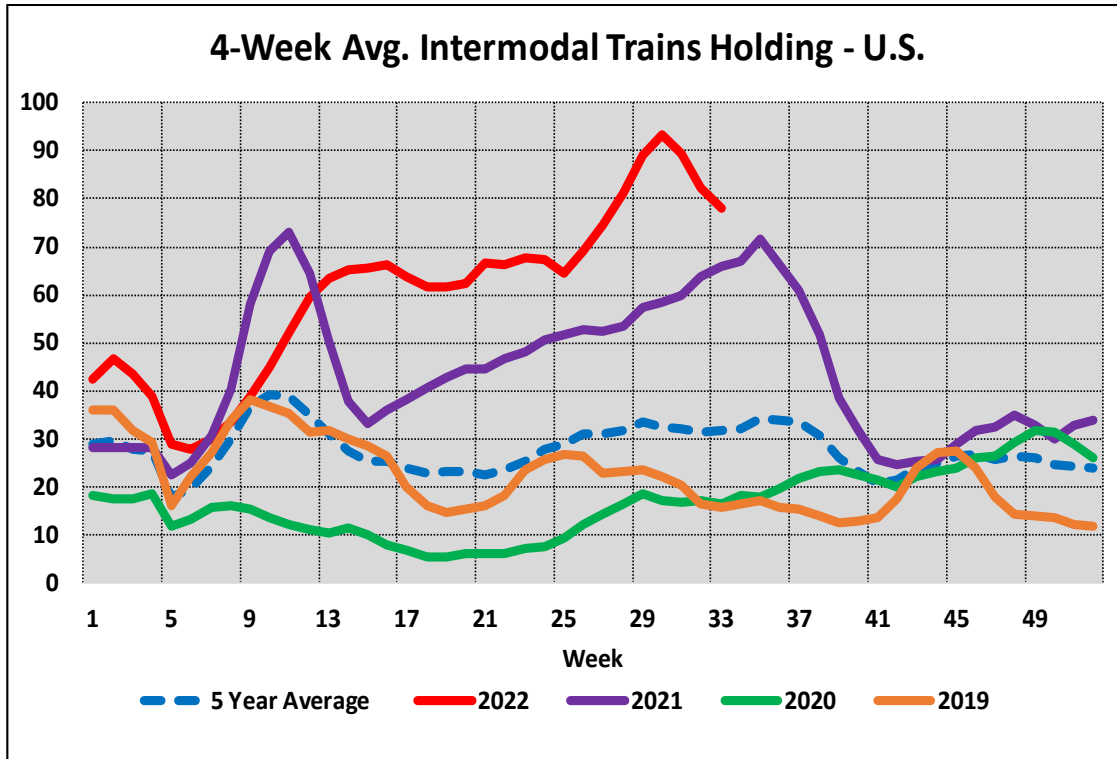


Source: Drayage.com, GTC Analysis

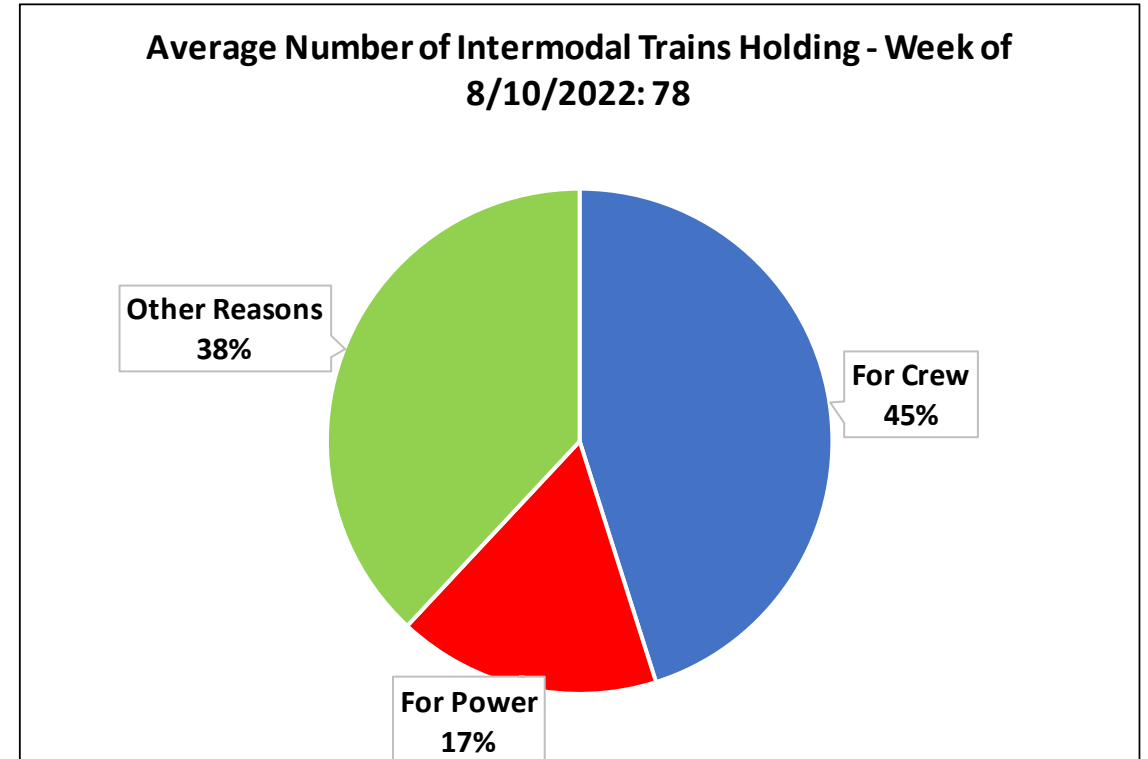


Source: STB Rail Service Data

RAIL PERFORMANCE HAS BEEN PROBLEMATIC (CONT'D)

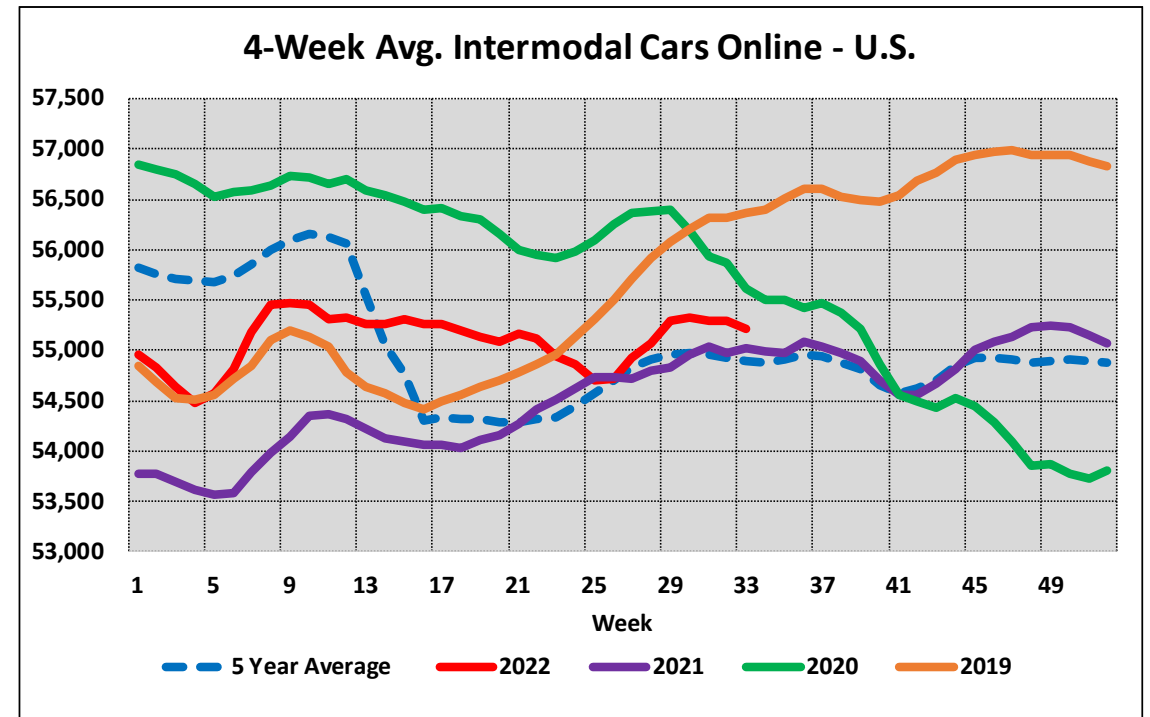
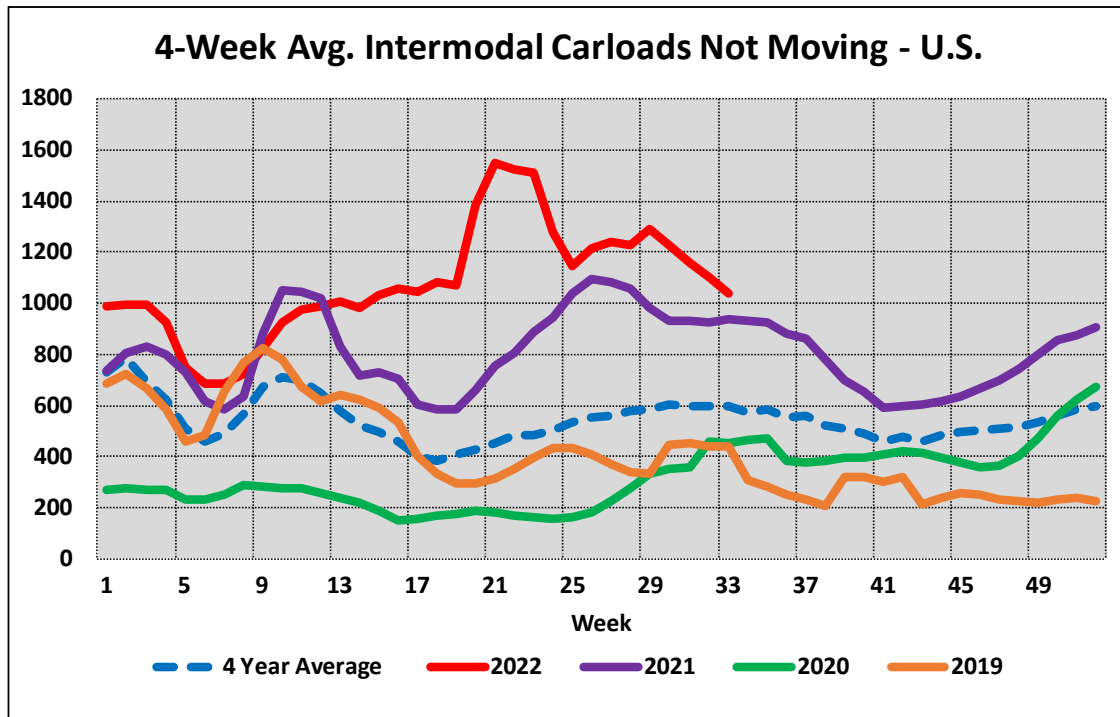


Source: STB Rail Service Data



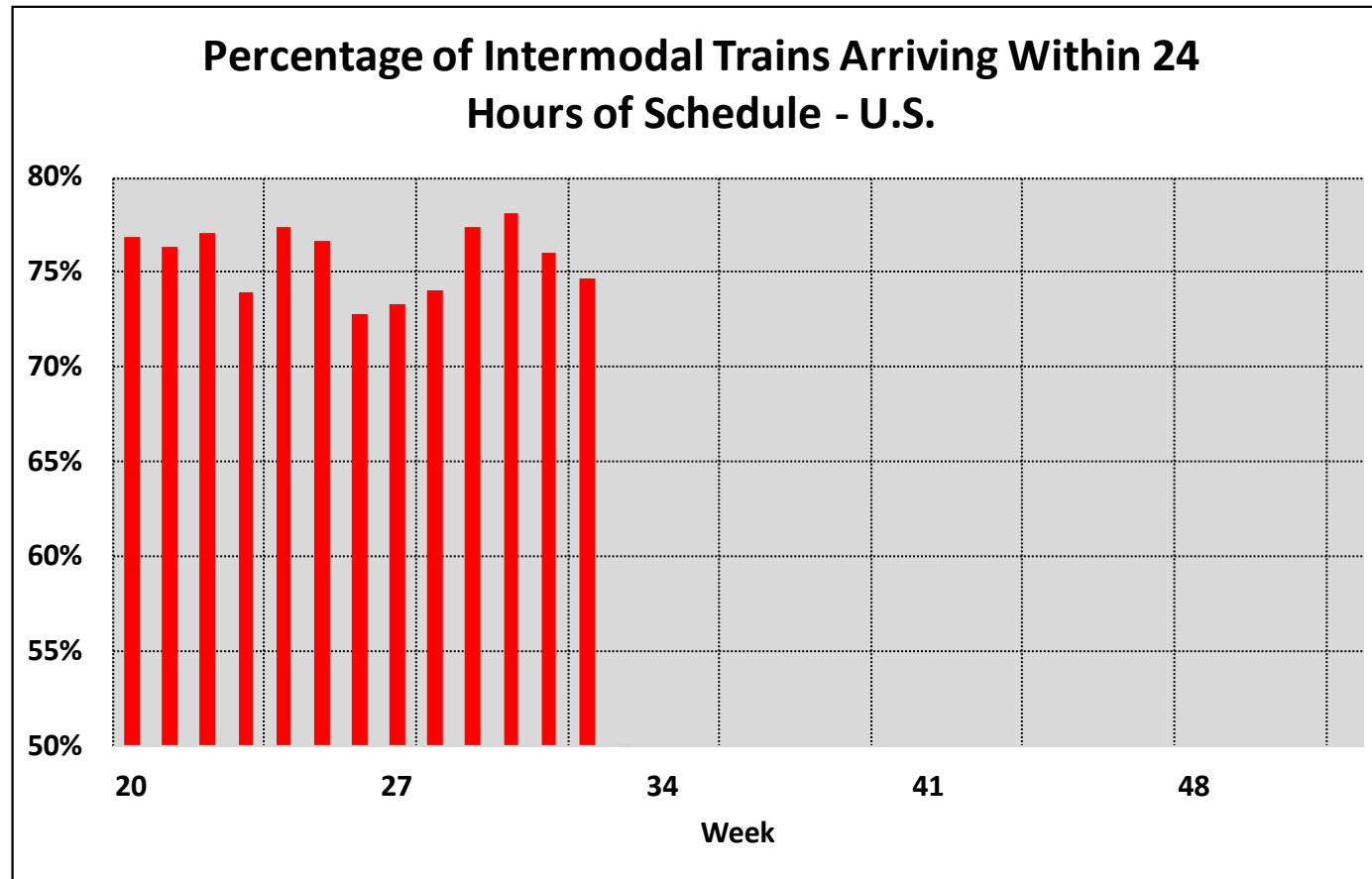
Total Intermodal Trains Holding: 62

RAIL PERFORMANCE HAS BEEN PROBLEMATIC (CONT'D)



Source: STB Rail Service Data

NEW STB ON-TIME ARRIVAL DATA



The Eastern Railroads have higher percentages of on-time arrivals than the Western Railroads

Source: STB Rail Service Data

MAJOR THEMES - MARKETS

- The demand for freight is cooling, particularly in domestic markets. Imports will lag the trend but not for long.
- The long-awaited (dreaded) economic move from goods to services is well underway. Freight will therefore be weaker than overall GDP numbers would indicate.
- Peak season will be muted with small gains from current levels.
- High inventory levels, in many cases of the wrong goods, continue to clog every step of the supply chain
- (Obviously) 2023 is a big question mark.

MAJOR THEMES - INTERNATIONAL

- The key metric to watch isn't the number of TEUs being imported. It's what's happening to ship backlogs.
- The system will begin to get some relief in late Q4 or Q1.
- West to east migration is causing congestion on the east coast. This will reverse to some extent once the ILWU situation is settled. This will help intermodal.
- Empty containers are clogging terminals and we've only seen the tip of the iceberg so far.
- Chassis disfunction will be a continuing challenge.

MAJOR THEMES - DOMESTIC

- Growth in Private Domestic Container activity is being mostly offset by losses in Rail Box and TOFC. Topline growth has been minimal.
- A good chunk of Domestic Container growth has been TOFC conversion. But the clock is ticking toward the final curtain.
- Cycle times remain elevated. When (not if) the system begins to normalize the transition could be quite abrupt.
- Aggressive equipment purchases + waning demand + improving cycle times = equipment glut?
- Keep those seat belts fastened!

Thanks! Questions?

Larry Gross:

President

Gross Transportation Consulting

516-455-8988

lgross@intermodalindepth.com

@Intermodalist

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Q&A

Enter your questions
using the Q&A button



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Volume Analyzer & ETSO Database

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