

Intermodal Connects



Intermodal Analyzed

October 25, 2022

2:00 PM EDT

Housekeeping



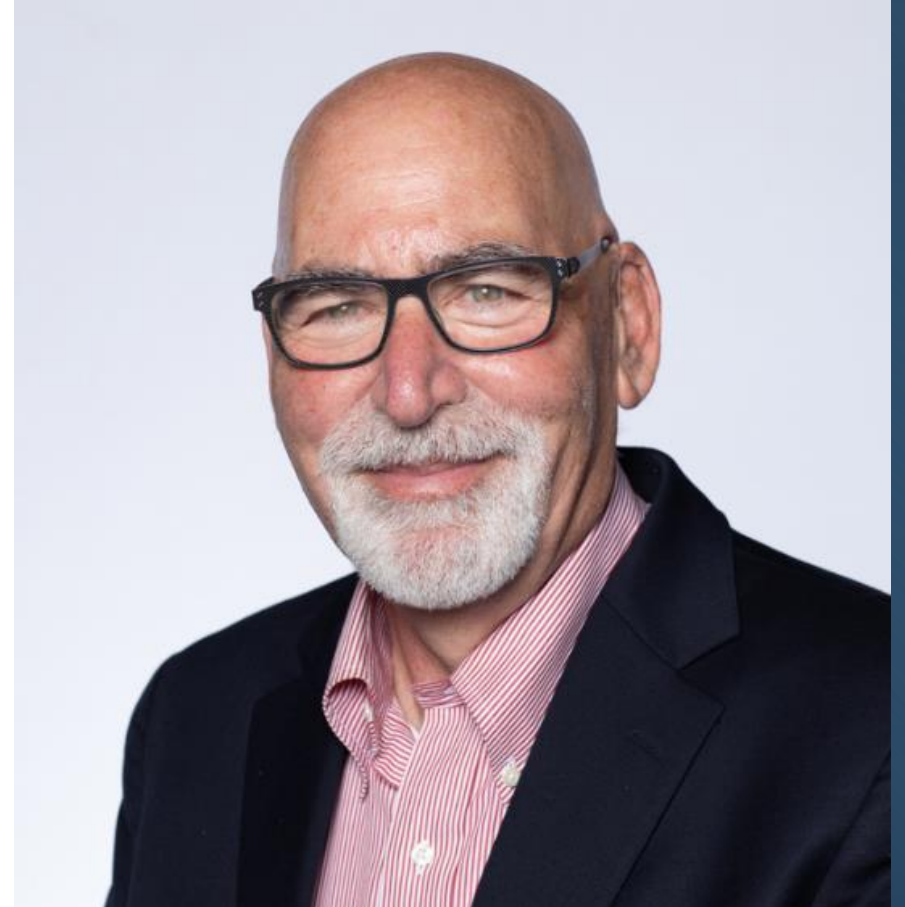
- Audience will be muted
- A question & answer session will follow the presentation
- Submit questions by clicking the Q&A icon at the bottom of your screen
- A recording of this webinar, including the slides, will be available in the near future

Today's Presenter

Larry Gross

President & Founder

Gross Transportation
Consulting



Hello!

Larry Gross:

President

Gross Transportation Consulting

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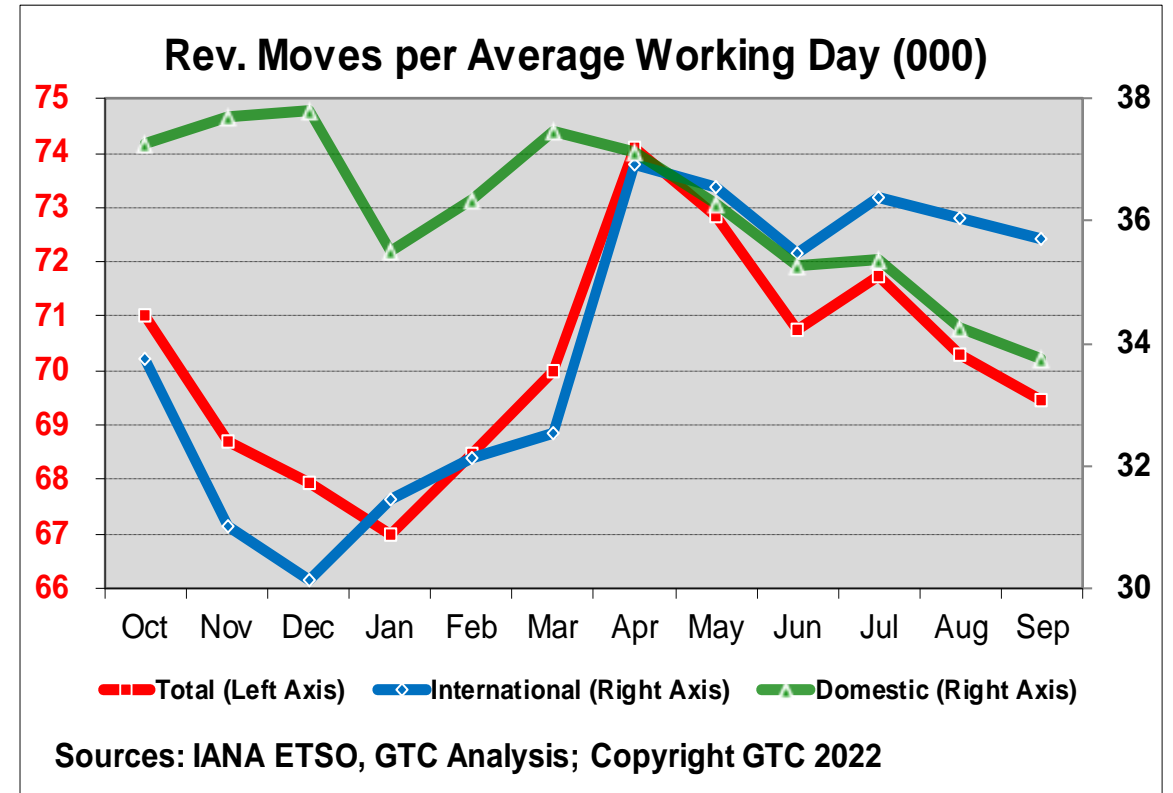
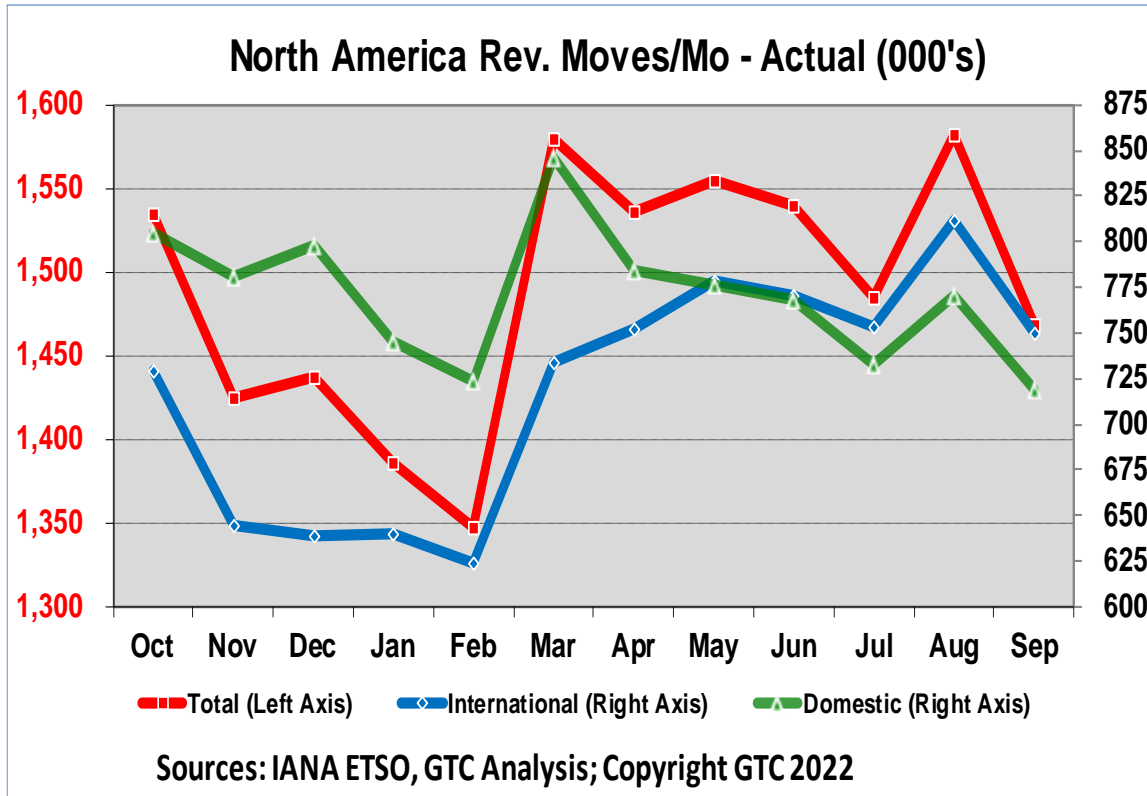
@Intermodalist

INTERMODAL ANALYZED

For: IANA

October 25, 2022

“NORMAL” CONDITIONS REMAIN ELUSIVE FOR INTERMODAL



WHY CALENDAR EFFECT IS SO IMPORTANT

July 2022

SU	M	TU	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

20 Work Days



Month-to-Month
Change = 15%

August 2022

SU	M	TU	W	TH	F	SA
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

23 Work Days

WHY CALENDAR EFFECT IS SO IMPORTANT

August 2021

SU	M	TU	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

22 Work Days



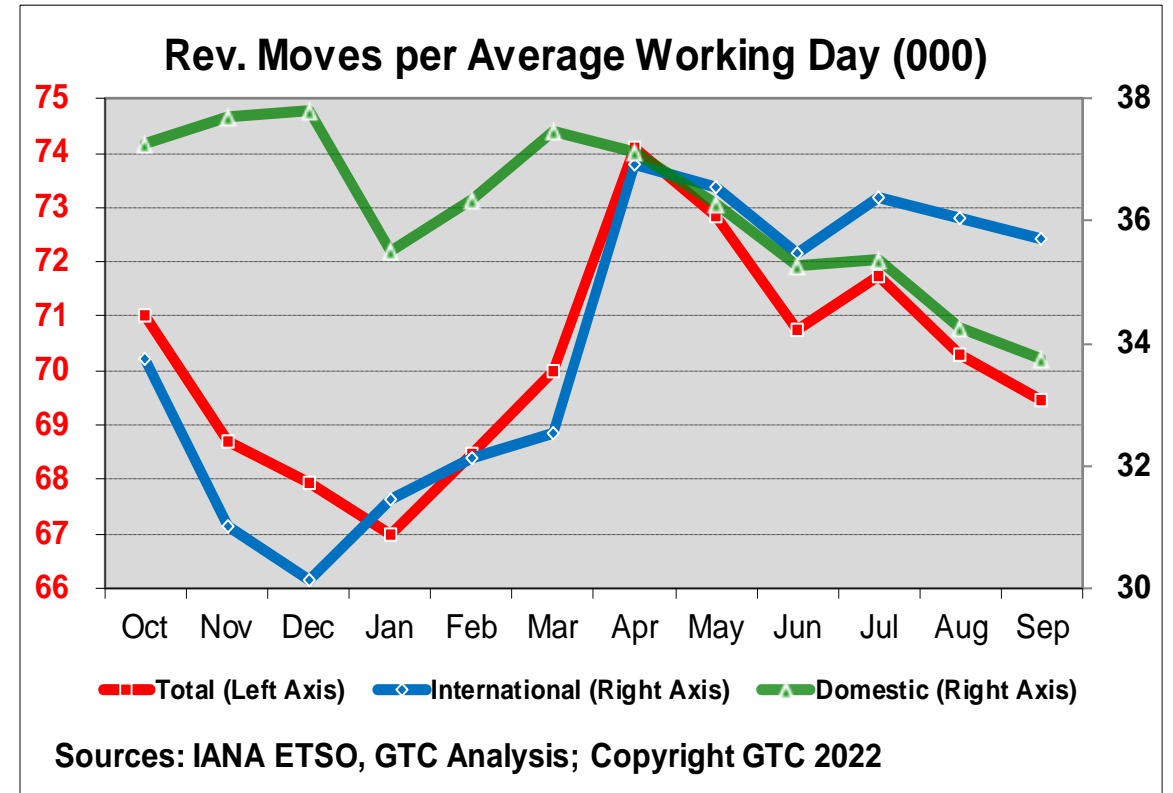
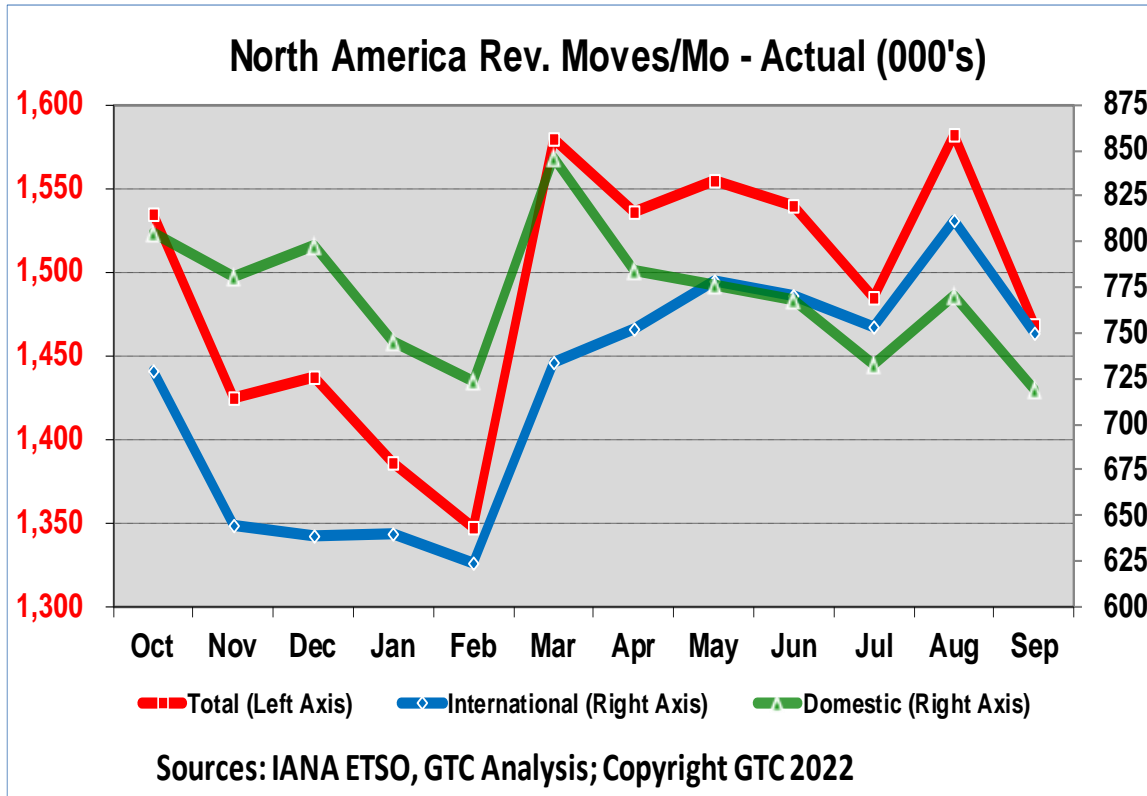
Year-to-Year
Change = 4.5%

August 2022

SU	M	TU	W	TH	F	SA
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

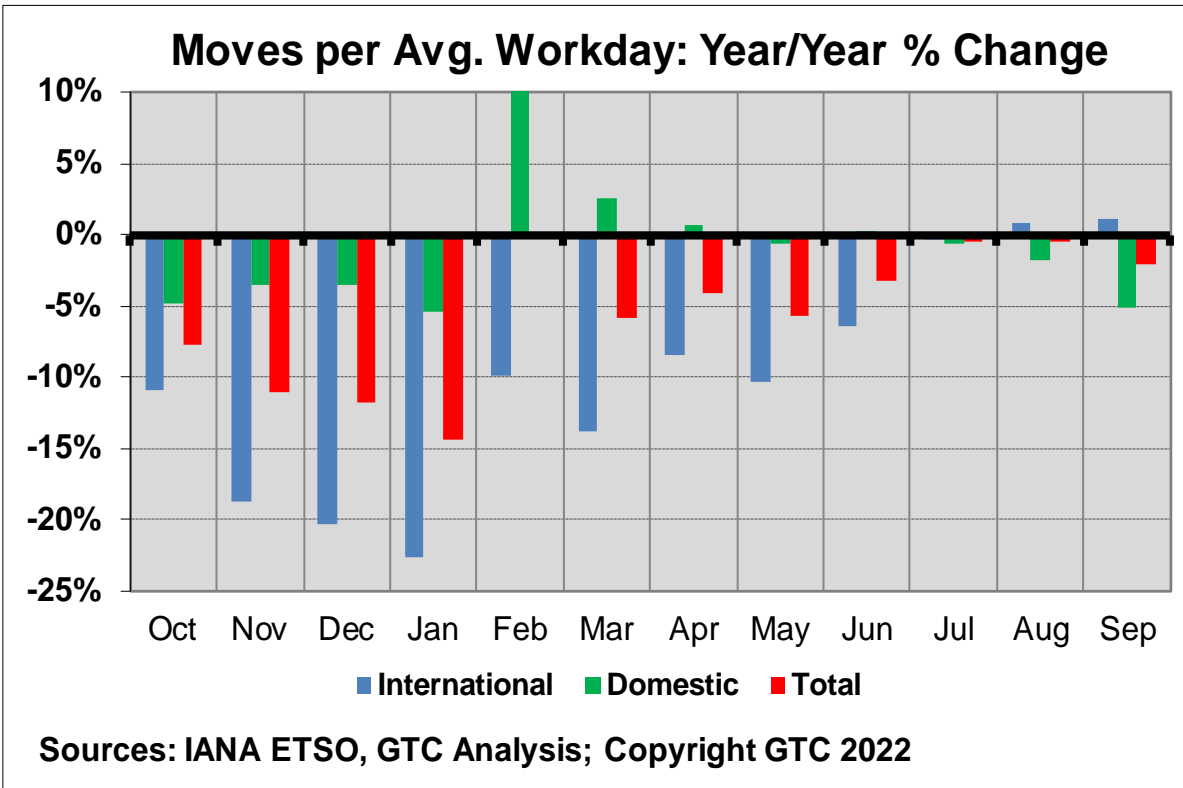
23 Work Days

VOLUME HAS BEEN SLIDING HEADING INTO "PEAK SEASON"



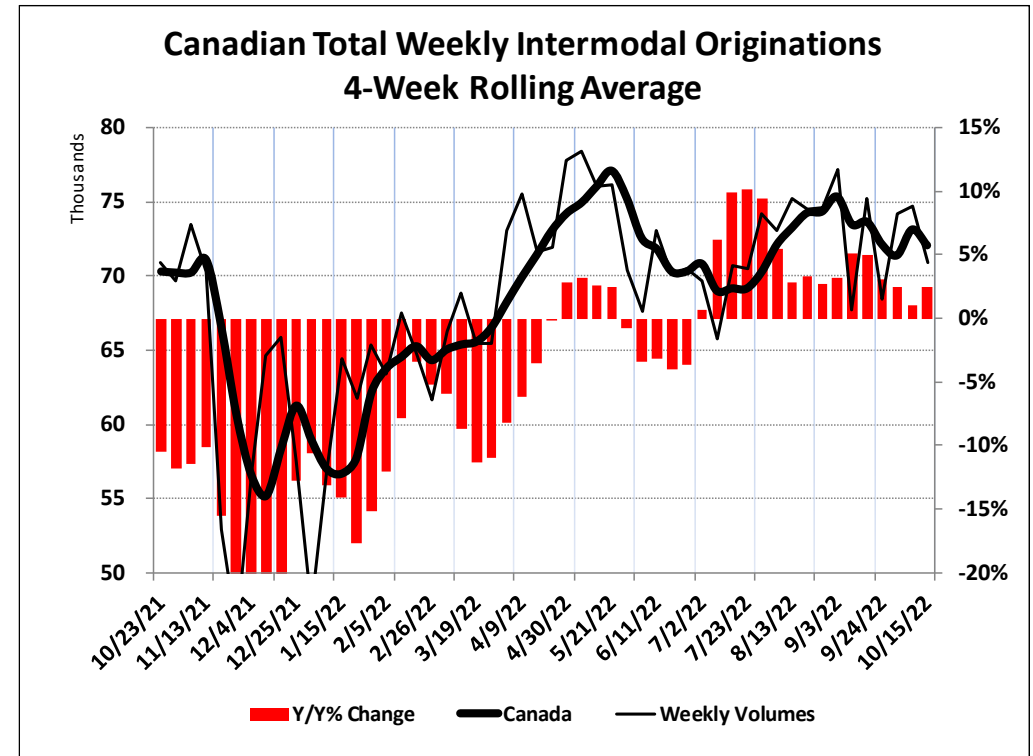
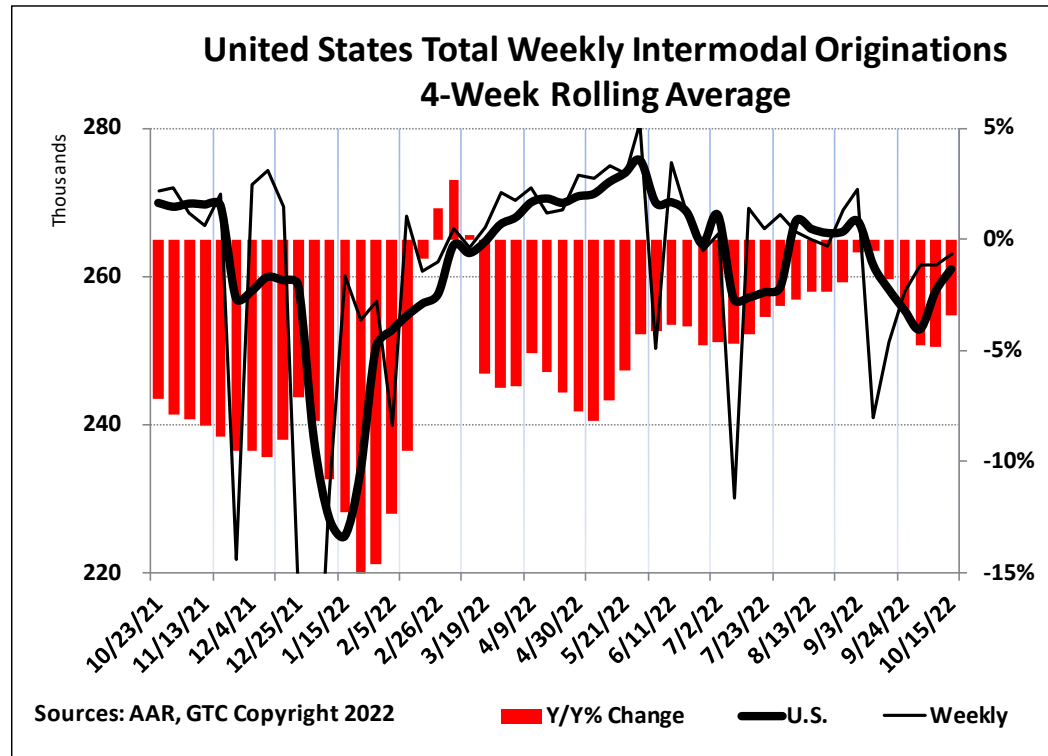
International down 3.4% since April
Domestic down 10% since March

INTERMODAL CAPACITY CONSTRAINTS ARE EASING BUT DEMAND IS SOFTENING

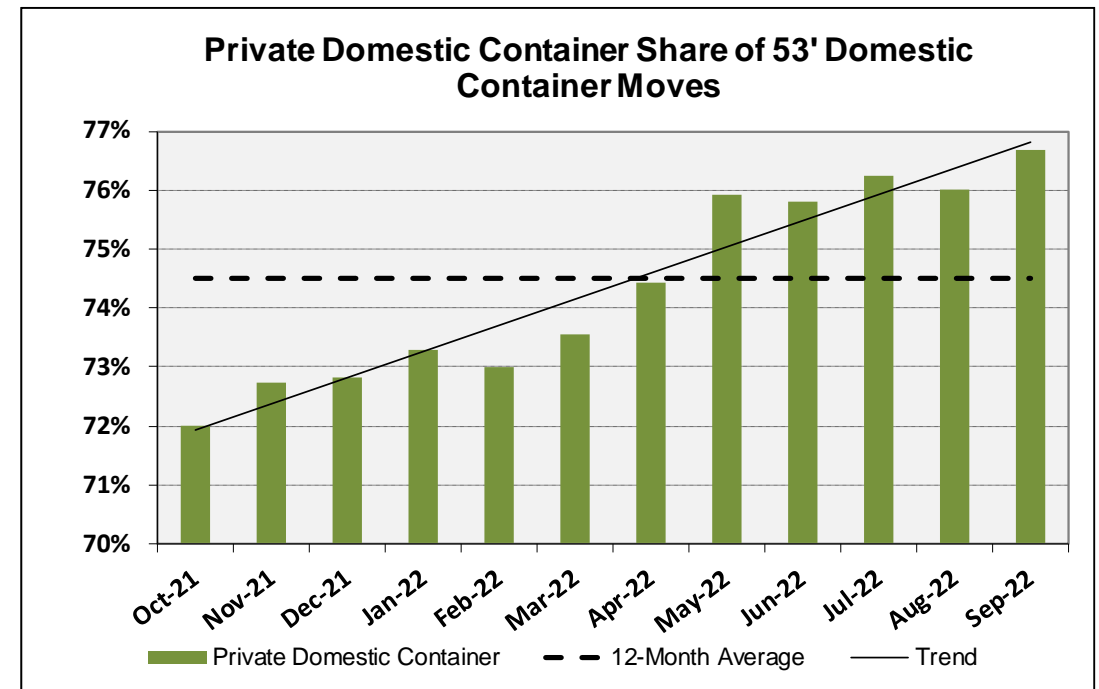
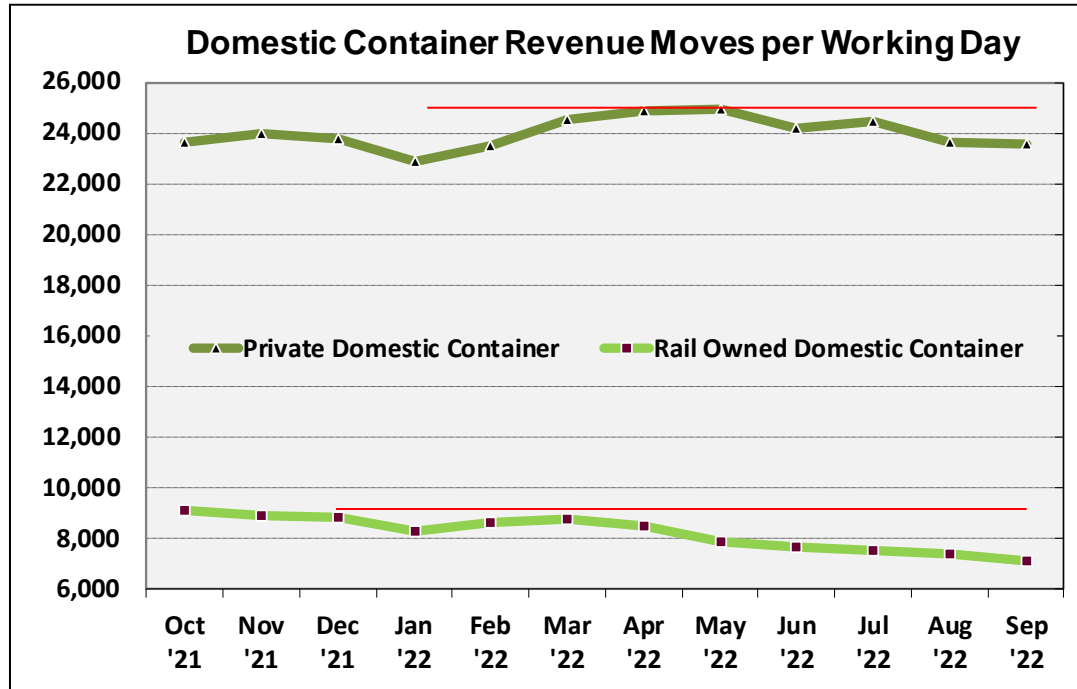


September 2022	M/M	Y/Y	YTD
International	-7.6%	1.2%	-8.0%
<i>Private Domestic Container</i>	-5.7%	4.2%	8.4%
<i>Rail Domestic Container</i>	-9.2%	-17.8%	-8.7%
Total Domestic Container	-6.5%	-1.9%	3.6%
<i>Short Trailer</i>	-10.6%	-18.1%	-9.5%
<i>53' Trailer</i>	-7.0%	-32.3%	-26.1%
Total Trailer	-8.1%	-28.6%	-21.8%
Domestic	-6.7%	-5.1%	0.2%
Grand Total	-7.2%	-2.0%	-4.0%

NORMAL FALL PEAK IS MISSING IN ACTION

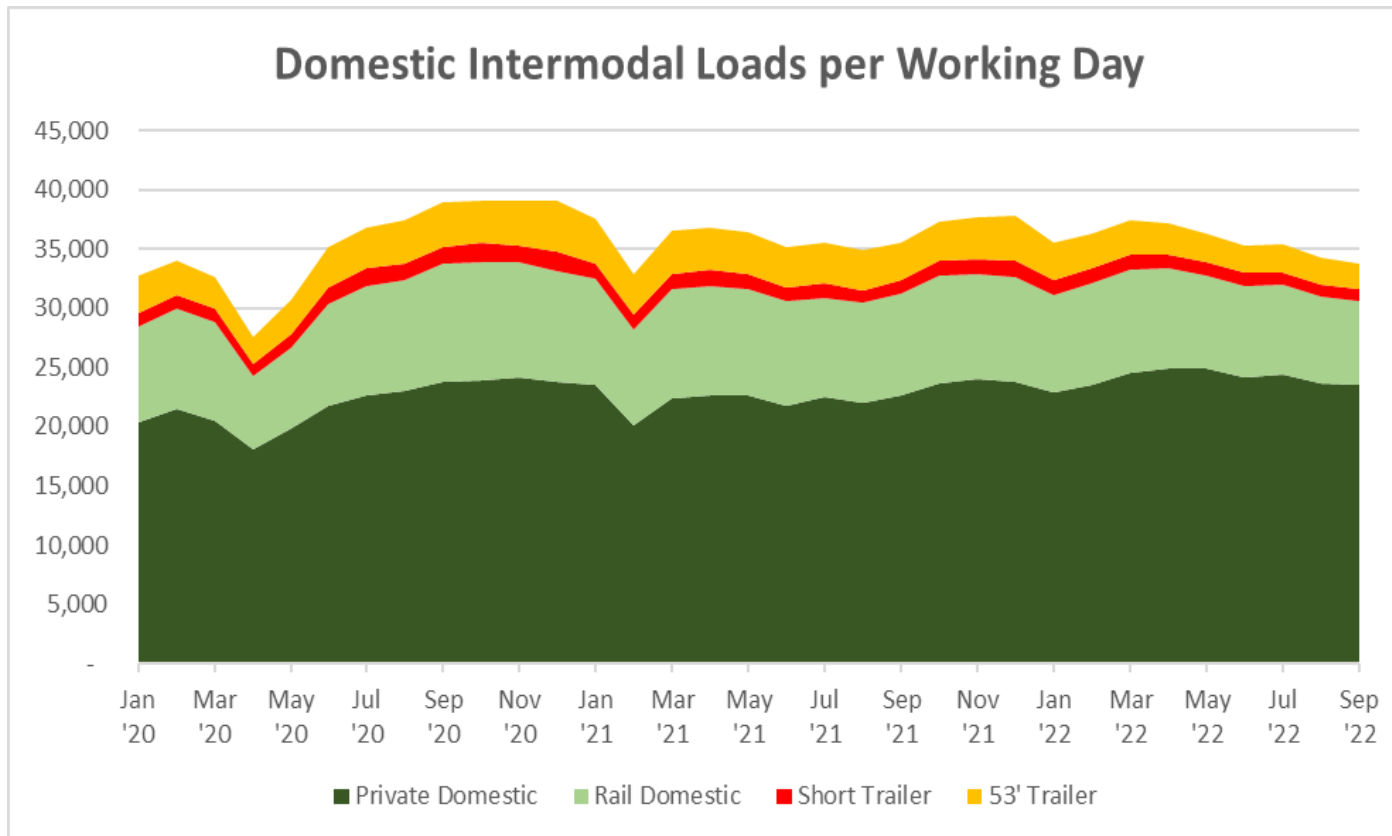


THE PRIVATELY OWNED DOMESTIC CONTAINER FLEETS ARE GAINING SHARE



Source: IANA ETSO, GTC Analysis

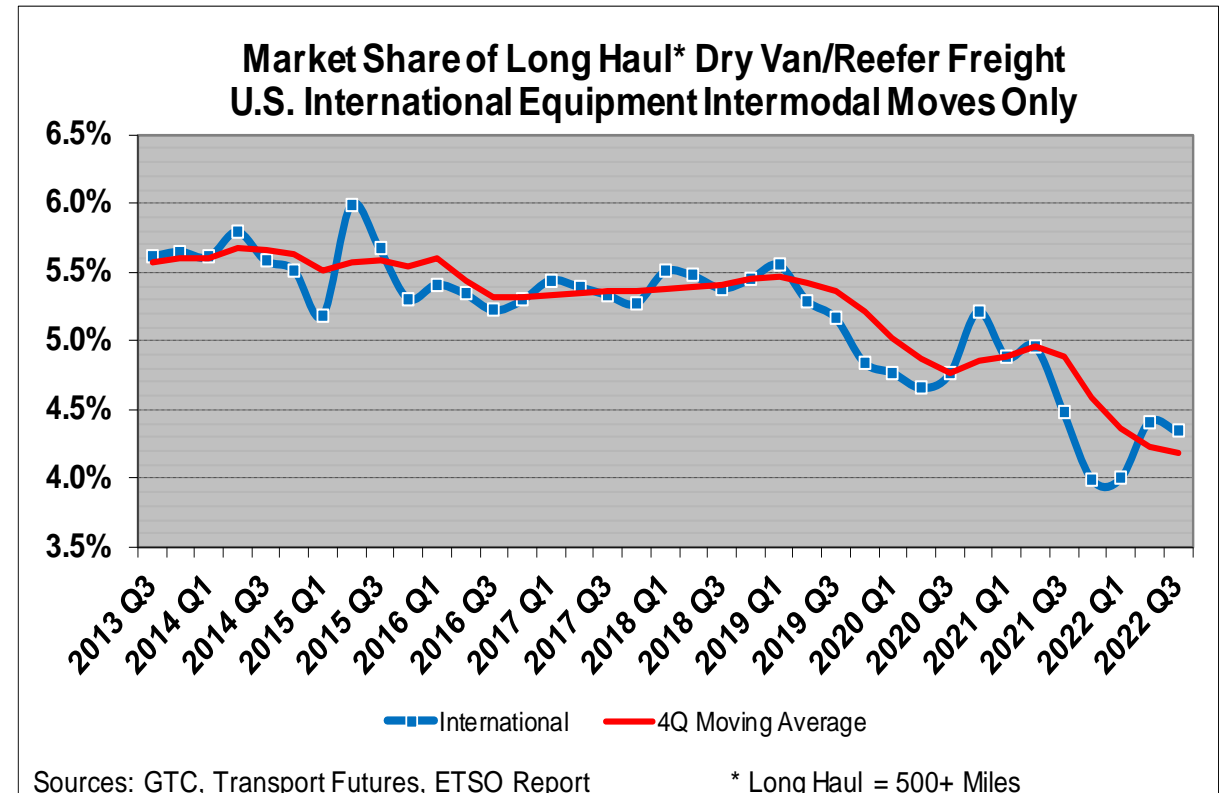
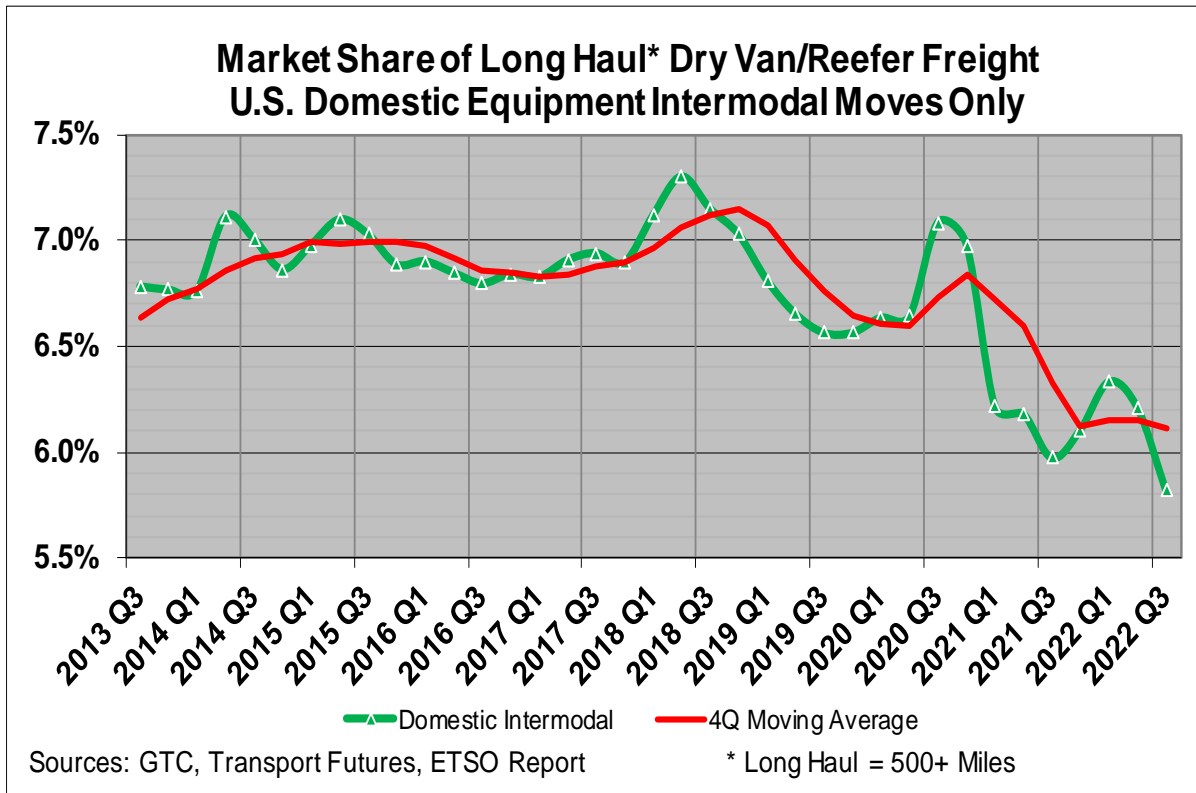
LOSSES IN TOFC AND RAIL-OWNED DOMCONS OFFSETTING PRIVATE BOX GAINS



Rail-Owned DomCon Q3 Performance	
Region-Pair	Y/Y Change
Northeast-Midwest	-19.7%
Midwest-Southwest	-15.9%
Southeast-Midwest	-25.5%
Southeast-Southwest	-14.7%
Midwest-Northwest	-29.6%

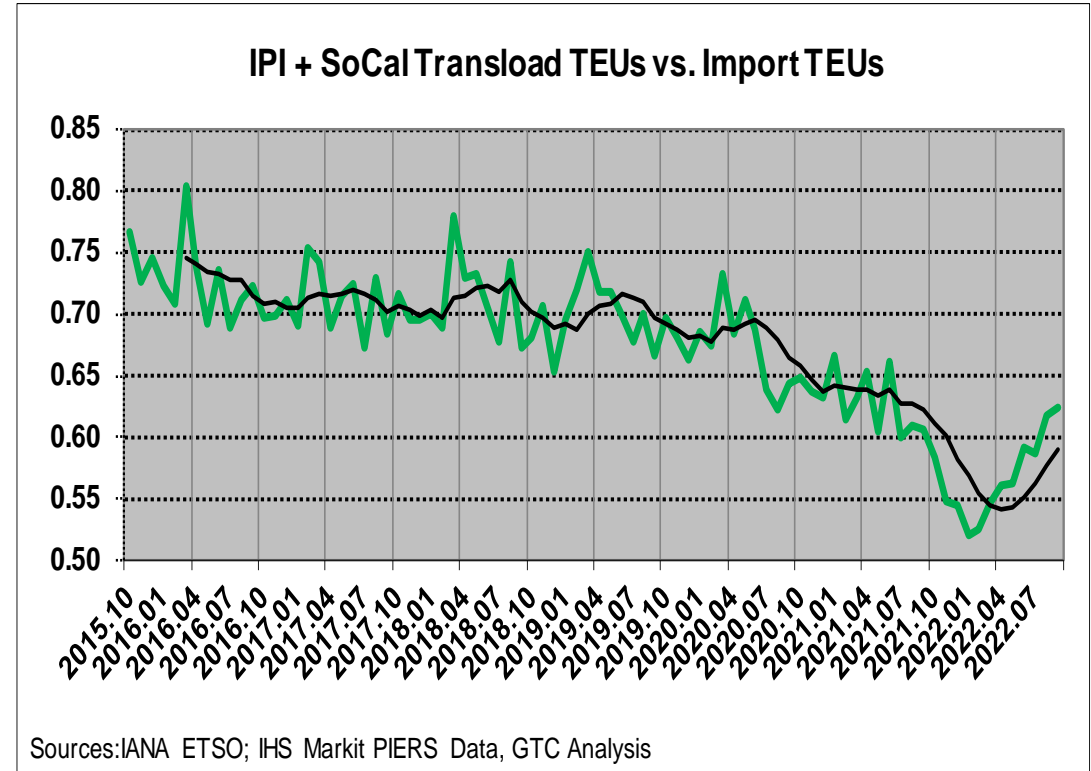
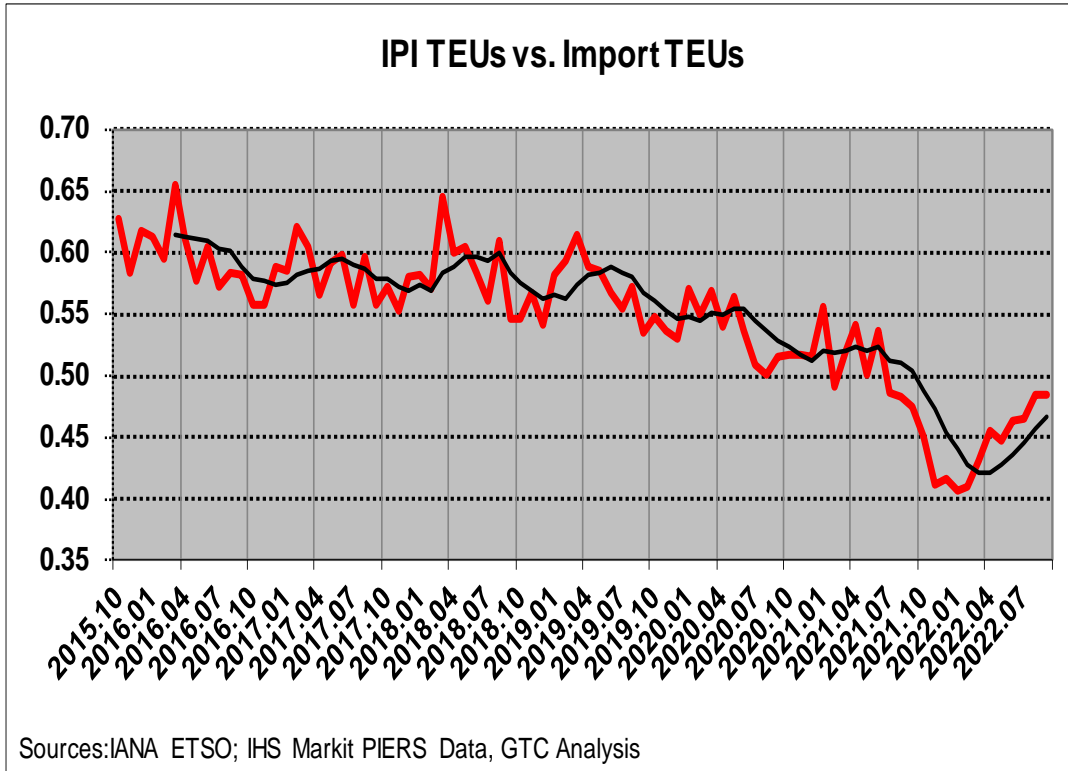
Source: IANA ETSO, GTC Analysis

DOMESTIC MARKET SHARE RECOVERY HAS RUN OUT OF STEAM FOR THE MOMENT

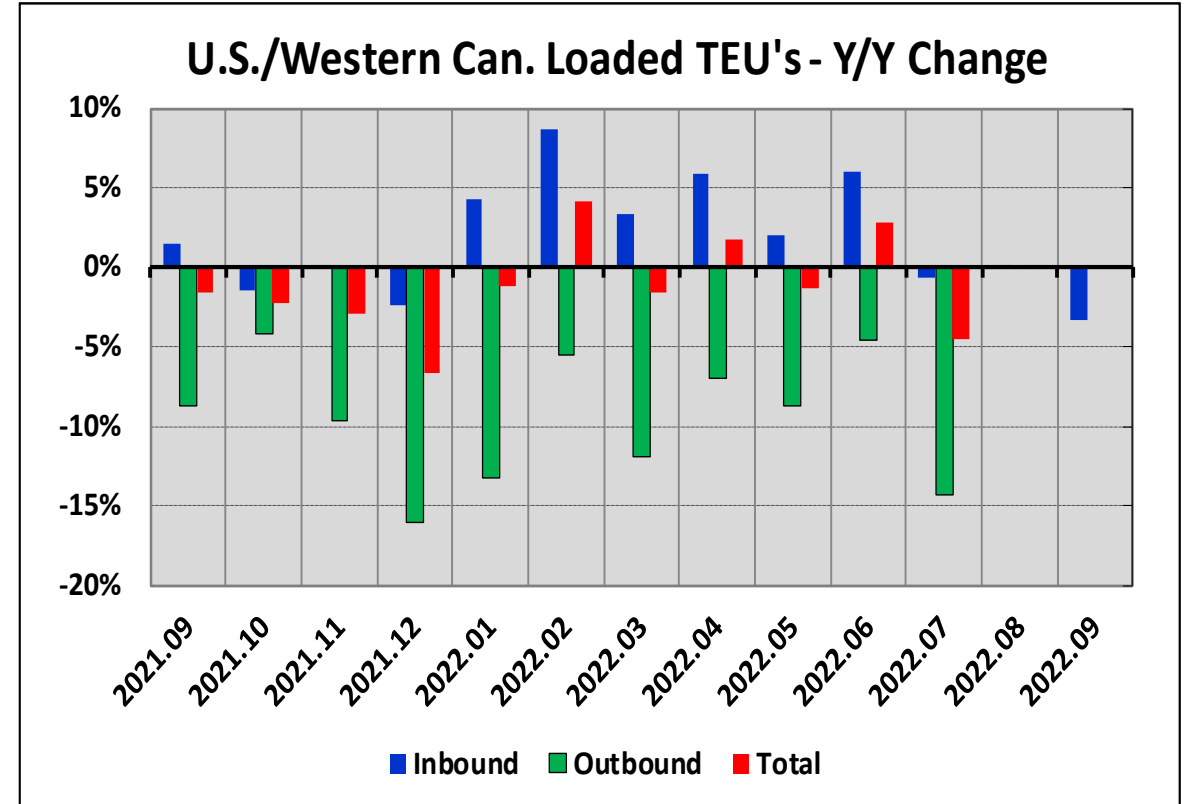
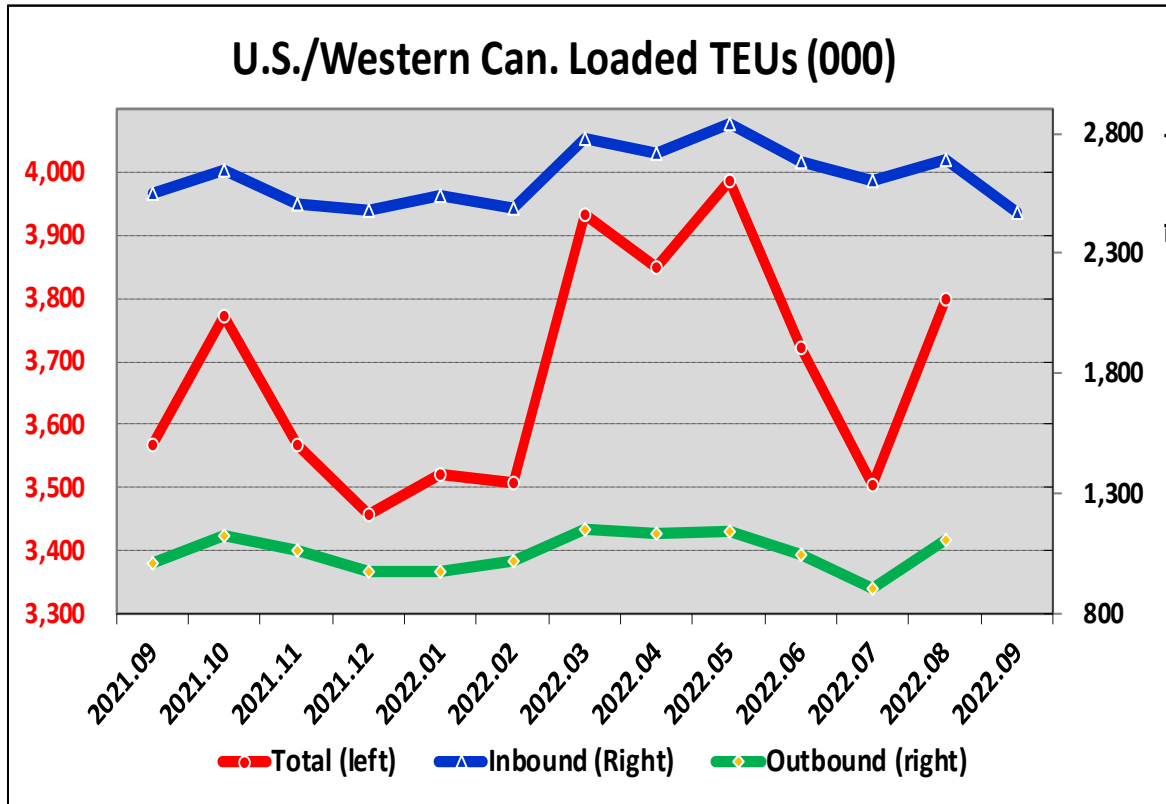


Source: IANA ETSO, Transport Futures, GTC Analysis

A RECOVERY IN INTERMODAL PARTICIPATION IN IMPORTS IS CONTINUING

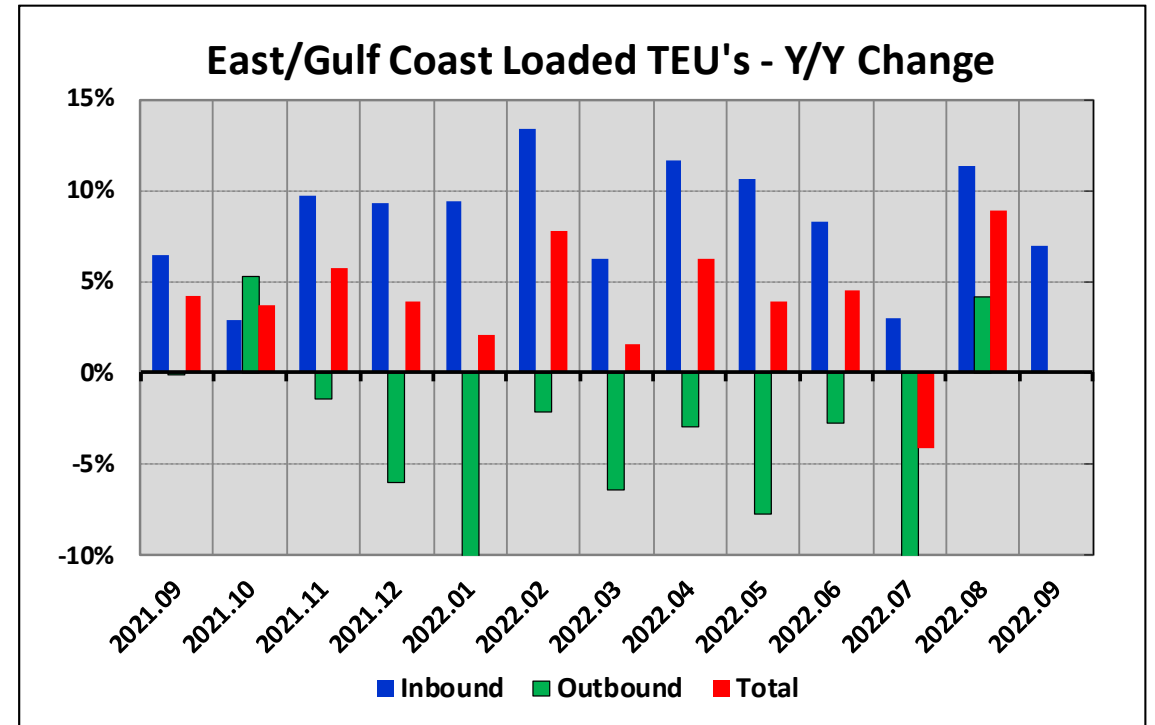
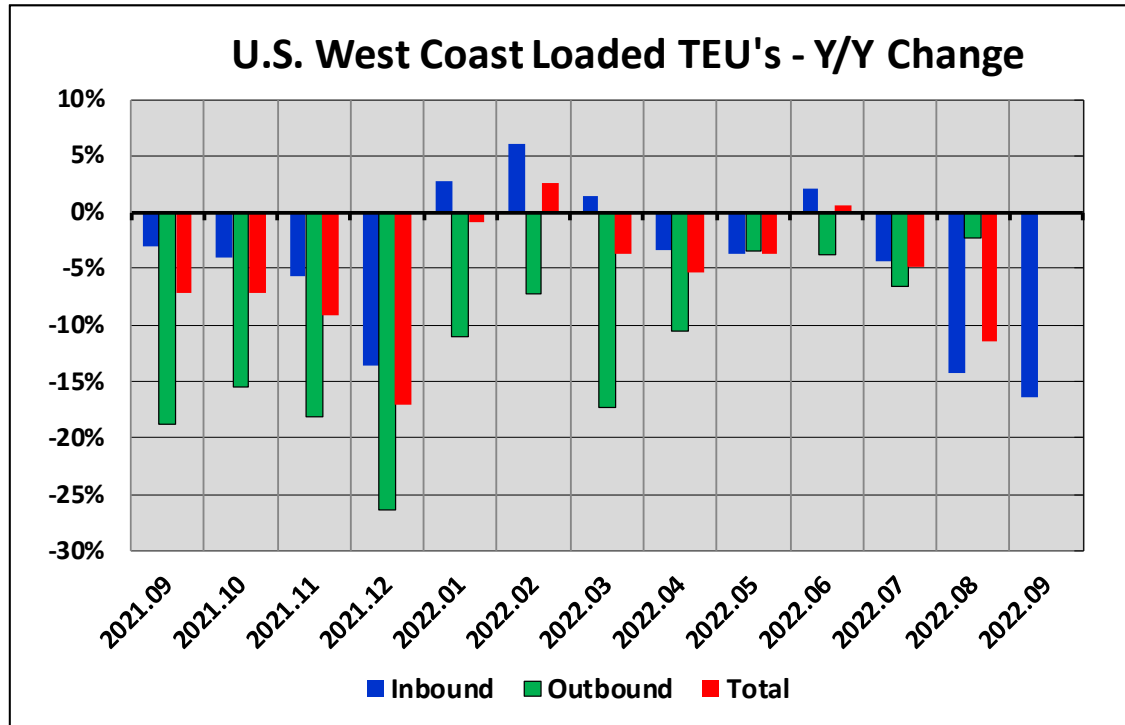


THE GREAT POST-PANDEMIC IMPORT SURGE IS REACHING THE END OF THE LINE



Source: Port Reports, IHS PIERS, GTC Analysis

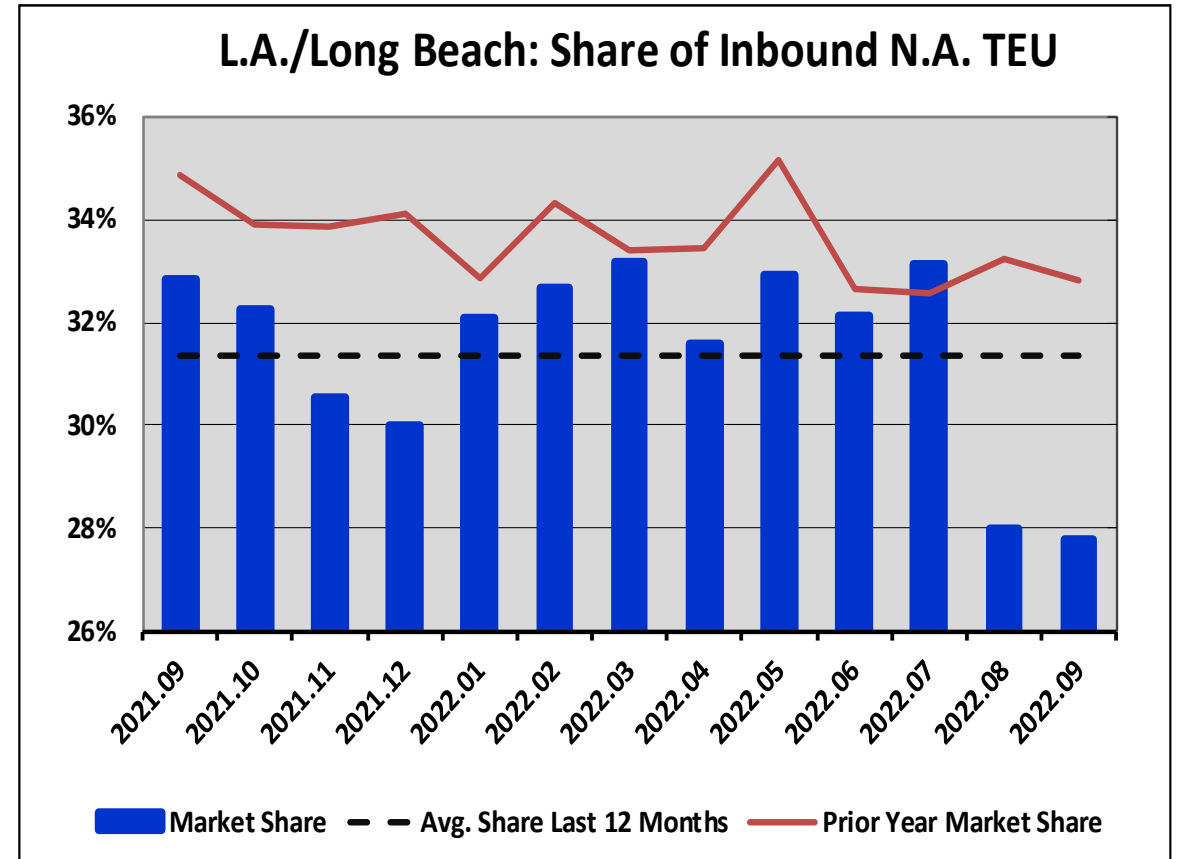
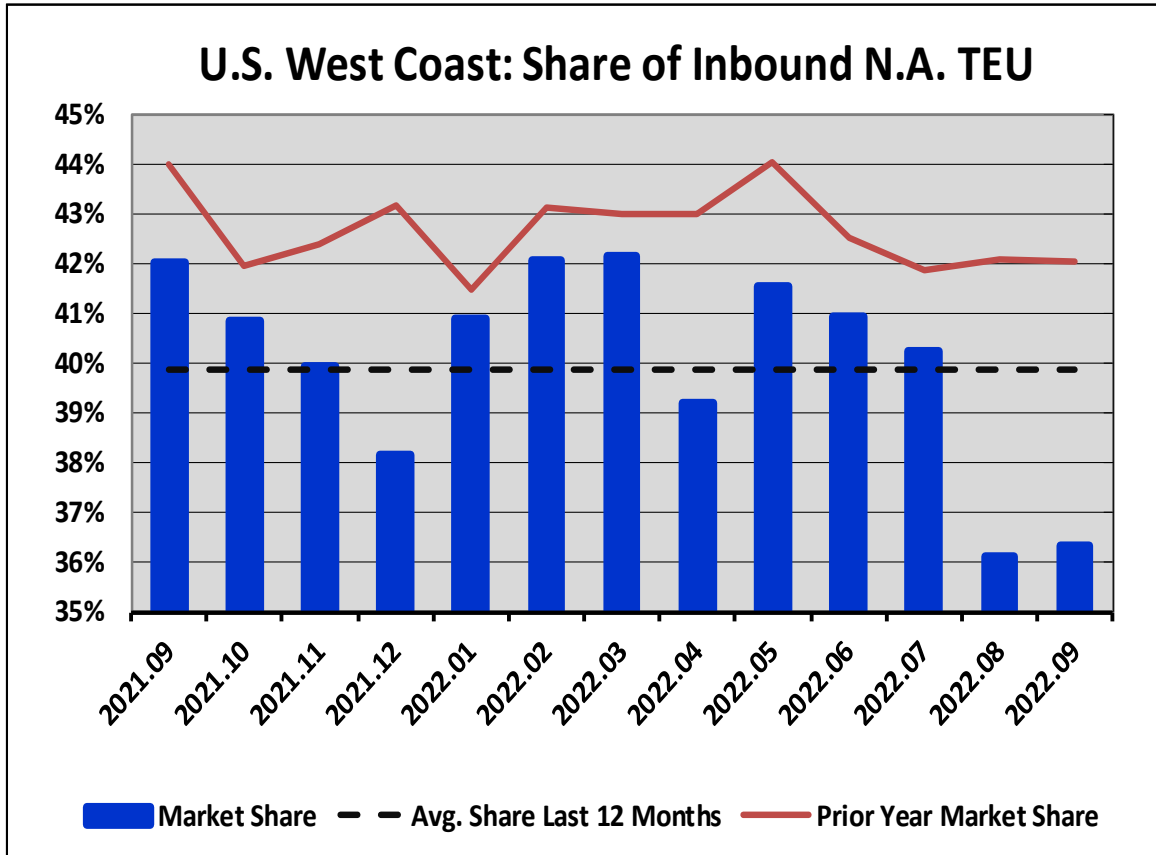
WEST-TO-EAST PORT MIGRATION CONTINUING



Imports YTD (Sep) -3.5%
Exports YTD (Aug) -8.0%

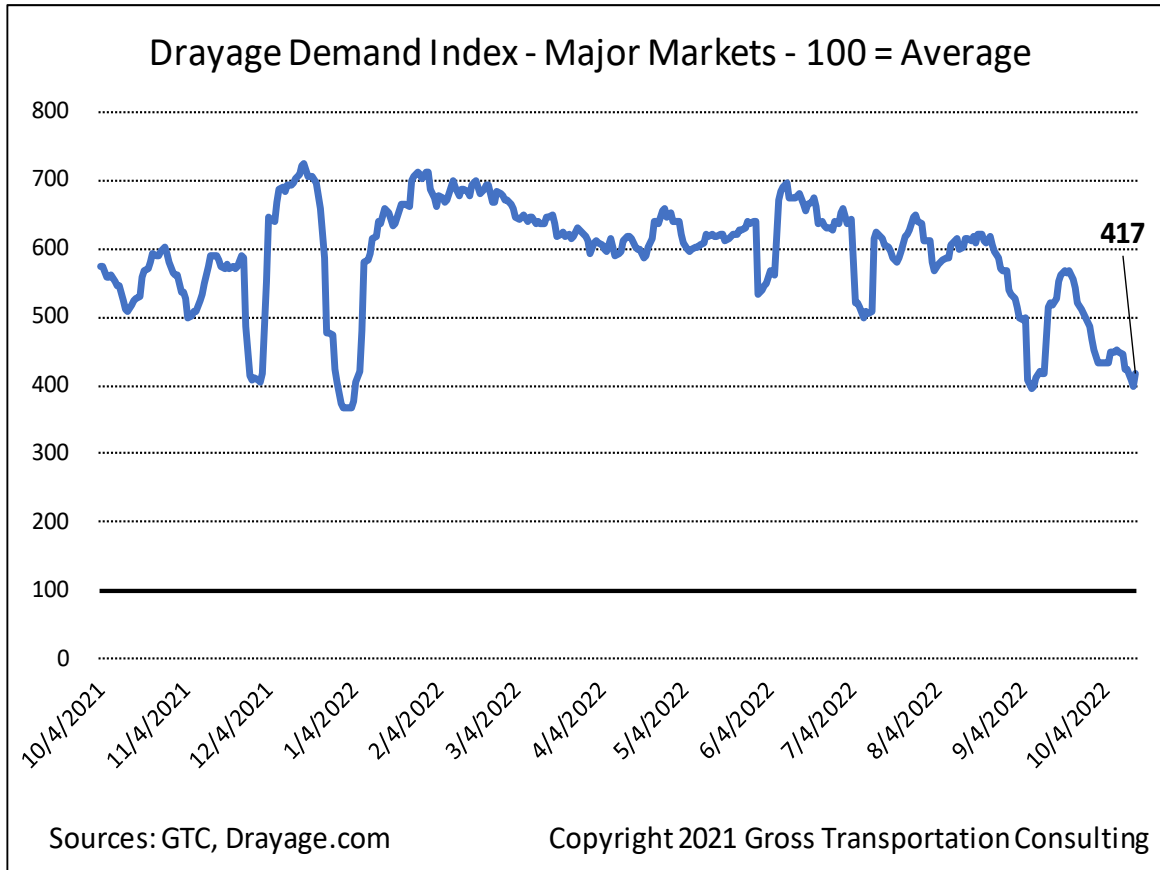
Imports YTD (Sep) +8.9%
Exports YTD (June) -6.0%

WEST COAST IMPORT SHARE UNDER PRESSURE FROM STRIKE/DISRUPTION CONCERNS

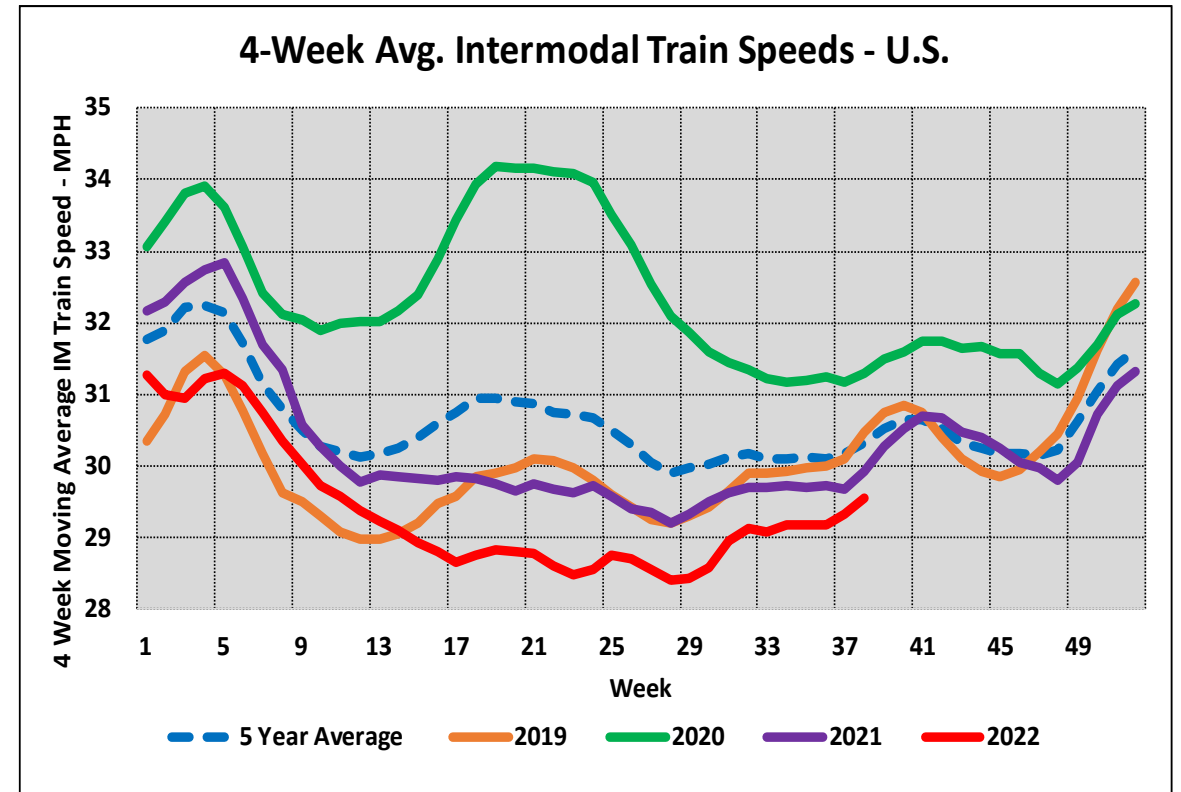


Source: Port Reports, IHS PIERS, GTC Analysis

THE DRAYAGE SITUATION IS EASING RAIL SERVICE IS IMPROVING

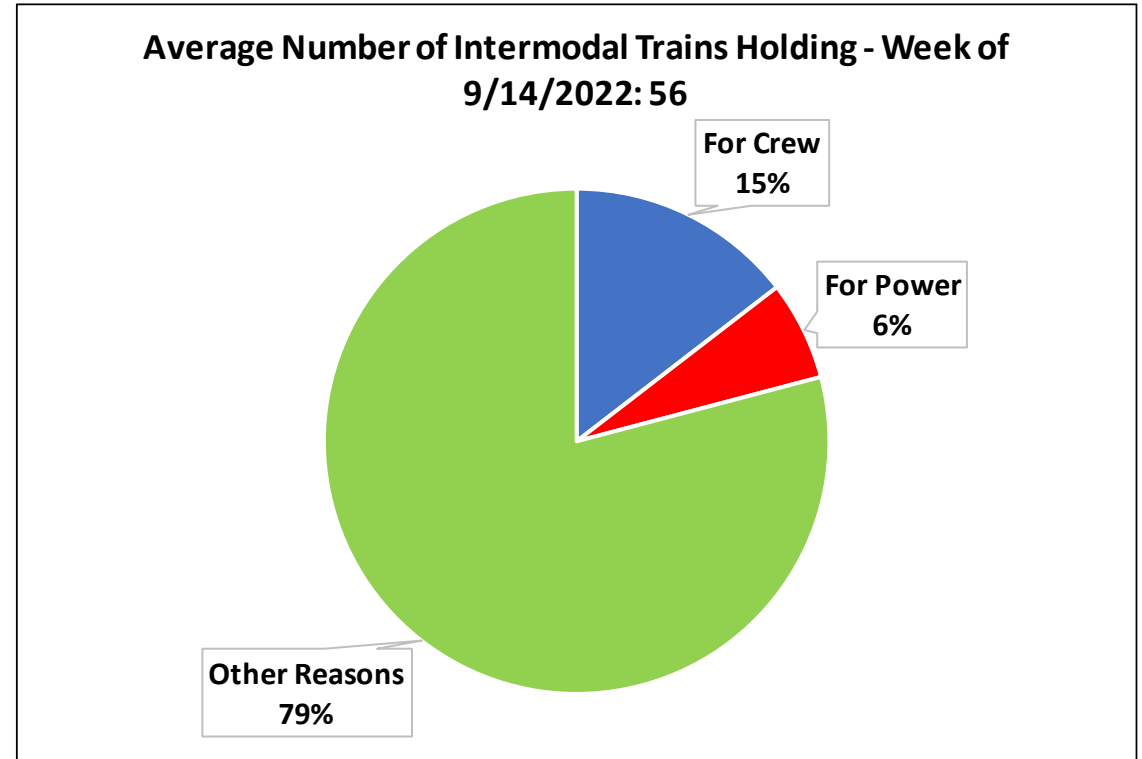
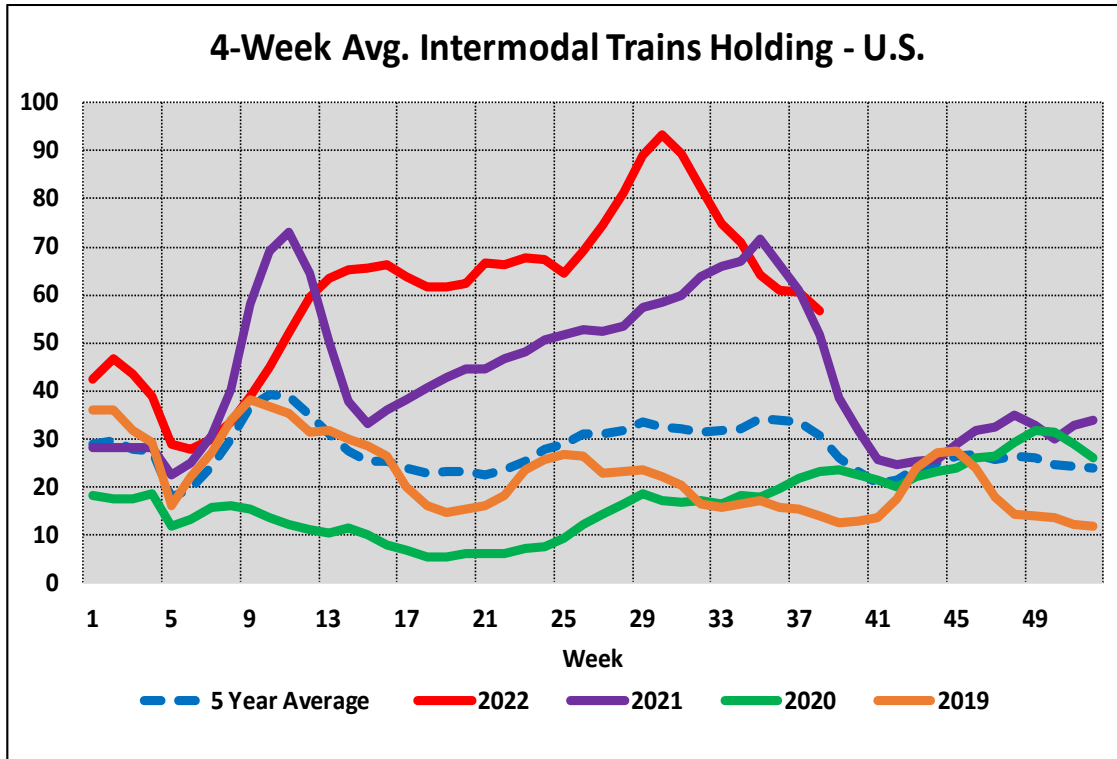


Source: Drayage.com, GTC Analysis



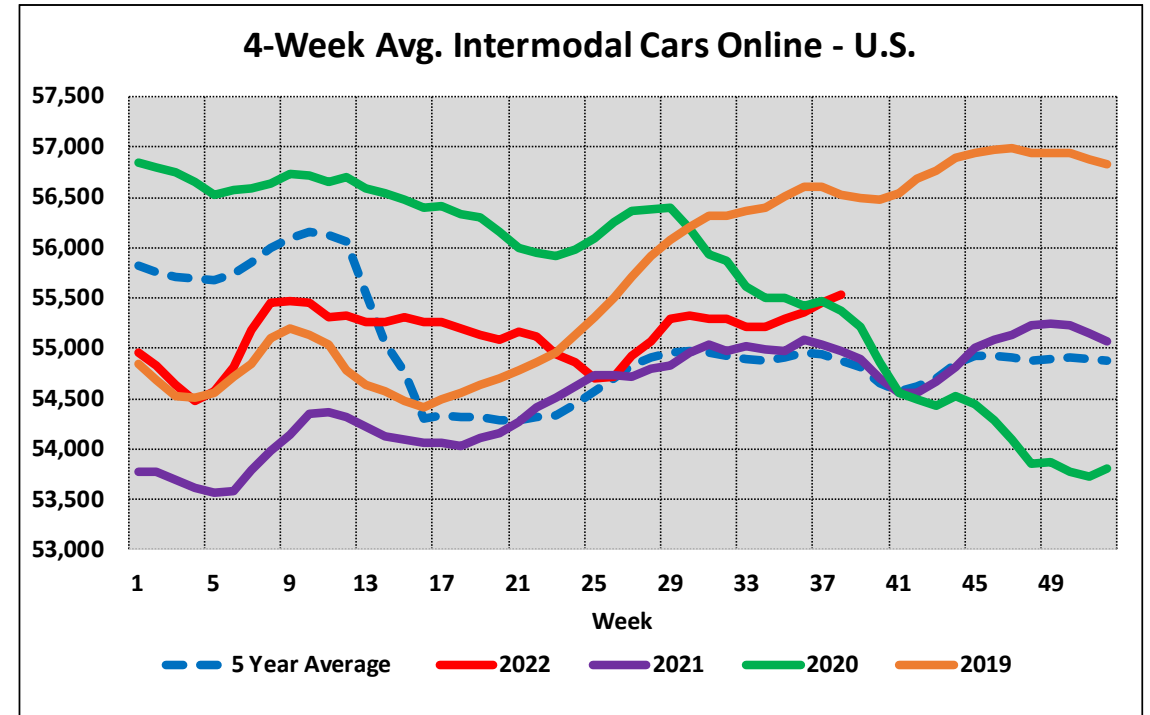
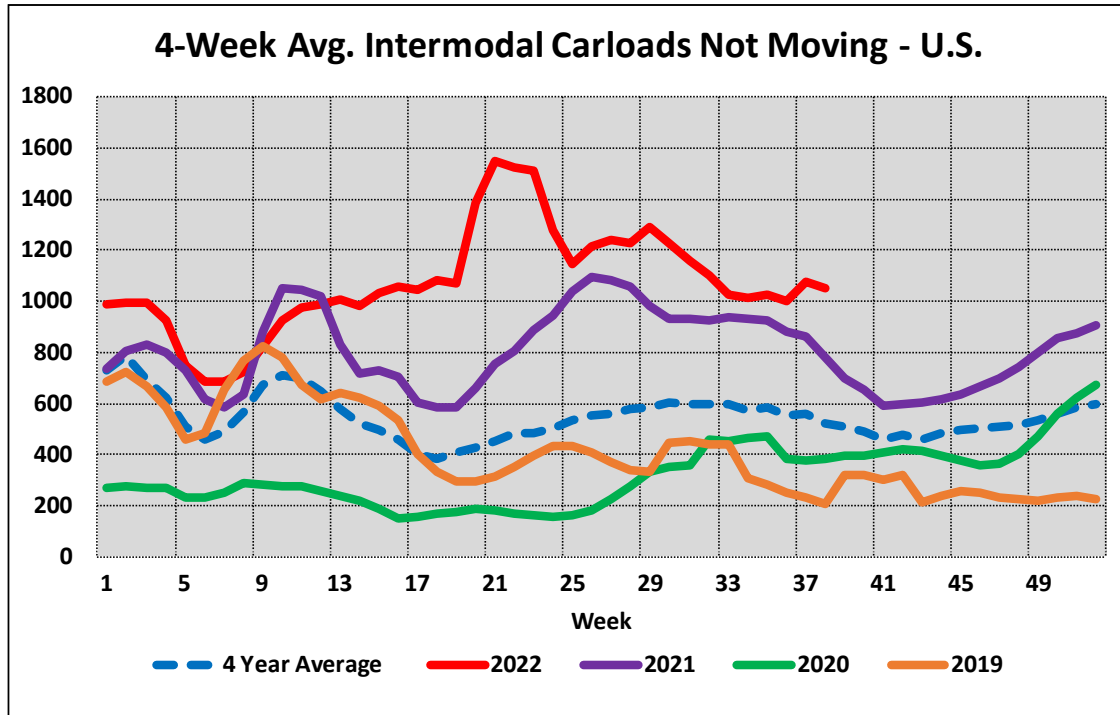
Source: STB Rail Service Data

INTERMODAL SERVICE IS IMPROVING (CONT'D)



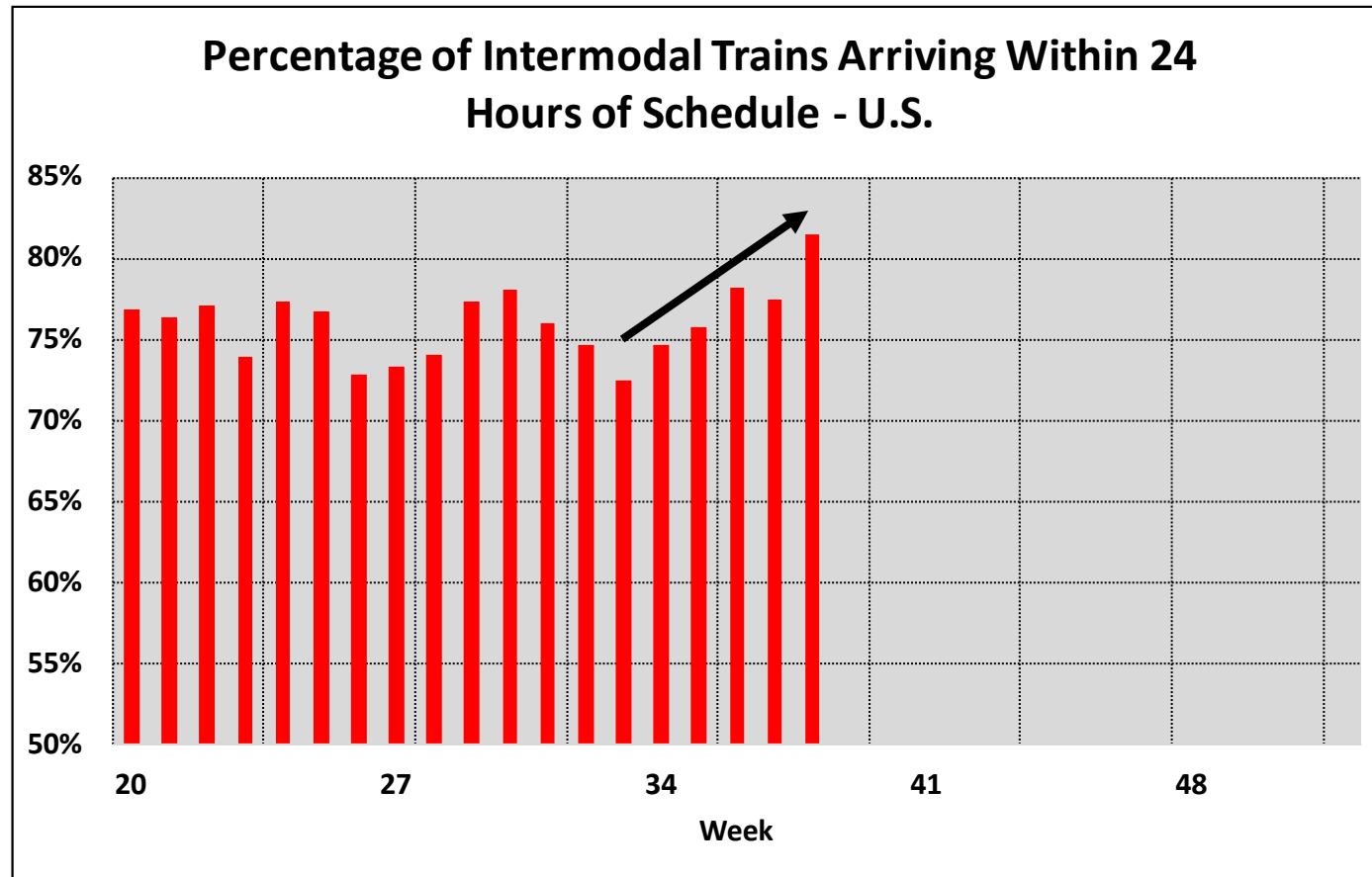
Source: STB Rail Service Data

INTERMODAL SERVICE IS IMPROVING (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. **No Change.**
- The long-awaited (dreaded) economic move from goods to services is well underway. Freight will therefore be weaker than overall GDP numbers would indicate. **No Change**
- Peak season will be muted with small gains from current levels. **Too Optimistic**
- High inventory levels, in many cases of the wrong goods, continue to clog every step of the supply chain. **No Change**
- (Obviously) 2023 is a big question mark. **Recession now seems more likely than not.**

MAJOR THEMES - INTERNATIONAL

- The key metric to watch isn't the number of TEUs being imported. It's what's happening to ship backlogs. **Shrinking Fast!**
- The system will begin to get some relief in late Q4 or Q1. **Maybe sooner rather than later.**
- West to east migration is causing congestion on the east coast. This will reverse to some extent once the ILWU situation is settled. **Whenever that is.**
- Empty containers are clogging terminals and we've only seen the tip of the iceberg so far. **No change.**
- Chassis disfunction will be a continuing challenge. **Some improvement is evident.**

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. **Growth has shifted to declines.**
- A good chunk of Domestic Container growth has been TOFC conversion. But the clock is ticking toward the final curtain. **No change.**
- Cycle times remain elevated. When (not if) the system begins to normalize the transition could be quite abrupt. **For evidence, check the International container rates.**
- Aggressive equipment purchases + waning demand + improving cycle times = equipment glut? **More likely now than two months ago.**
- Keep those seat belts fastened! **Yep!**

Thanks! Questions?

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President

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Q&A

Enter your questions
using the Q&A button



For more information about **IANA** data, including the
Volume Analyzer & ETSO Database

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or e-mail us at: info@intermodal.org



IANA

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