

INTERMODAL *ADAPTS*



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OF NORTH AMERICA

Intermodal Analyzed

October 26, 2021, 2:00 PM ET



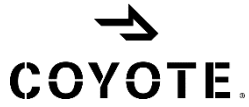
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- Audience will be muted
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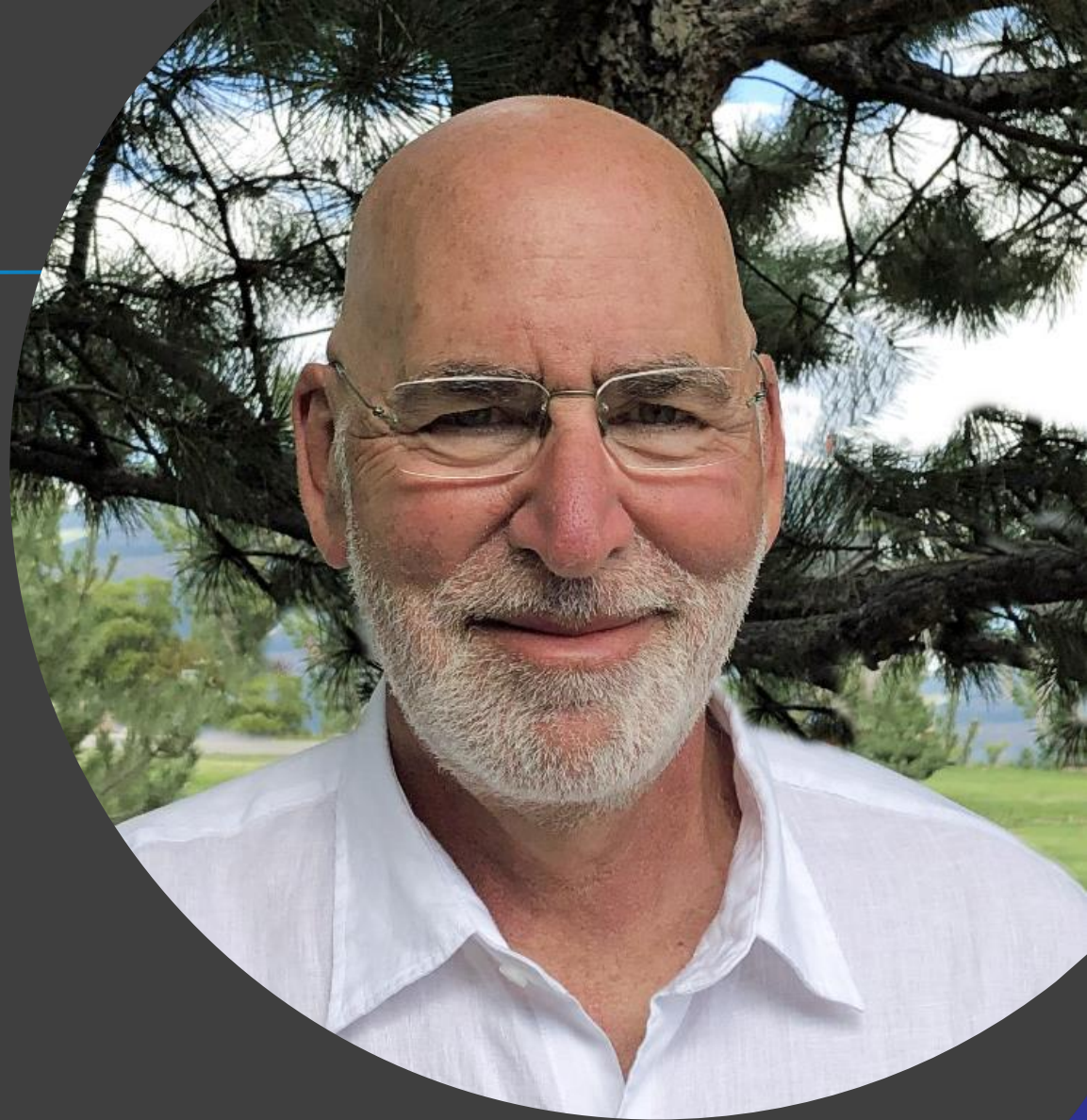


Today's Presenter

Larry Gross

President & Founder

Gross Transportation
Consulting



Hello!

Larry Gross:

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Gross Transportation Consulting

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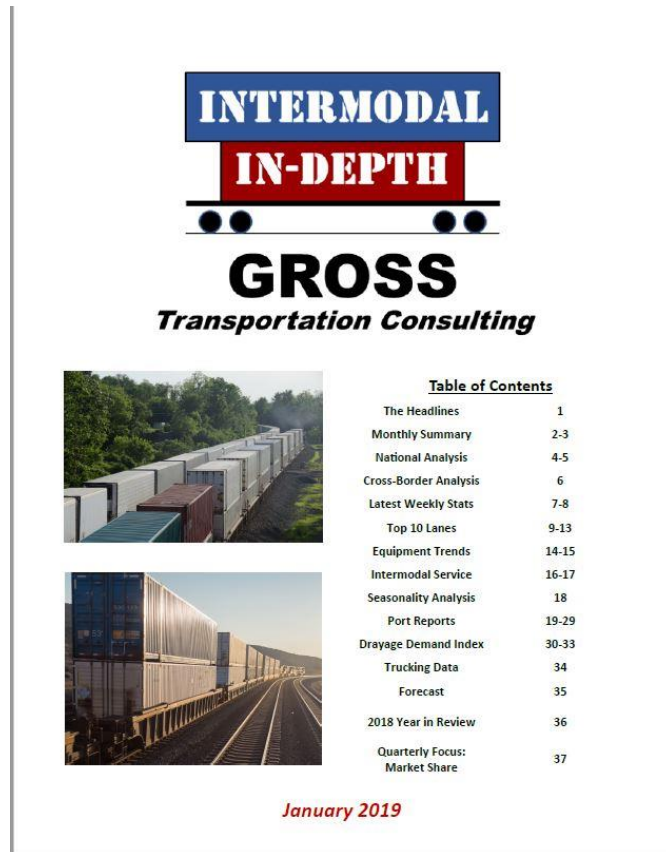
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INTERMODAL ANALYZED

For: Intermodal Association
of North America

October 26, 2021

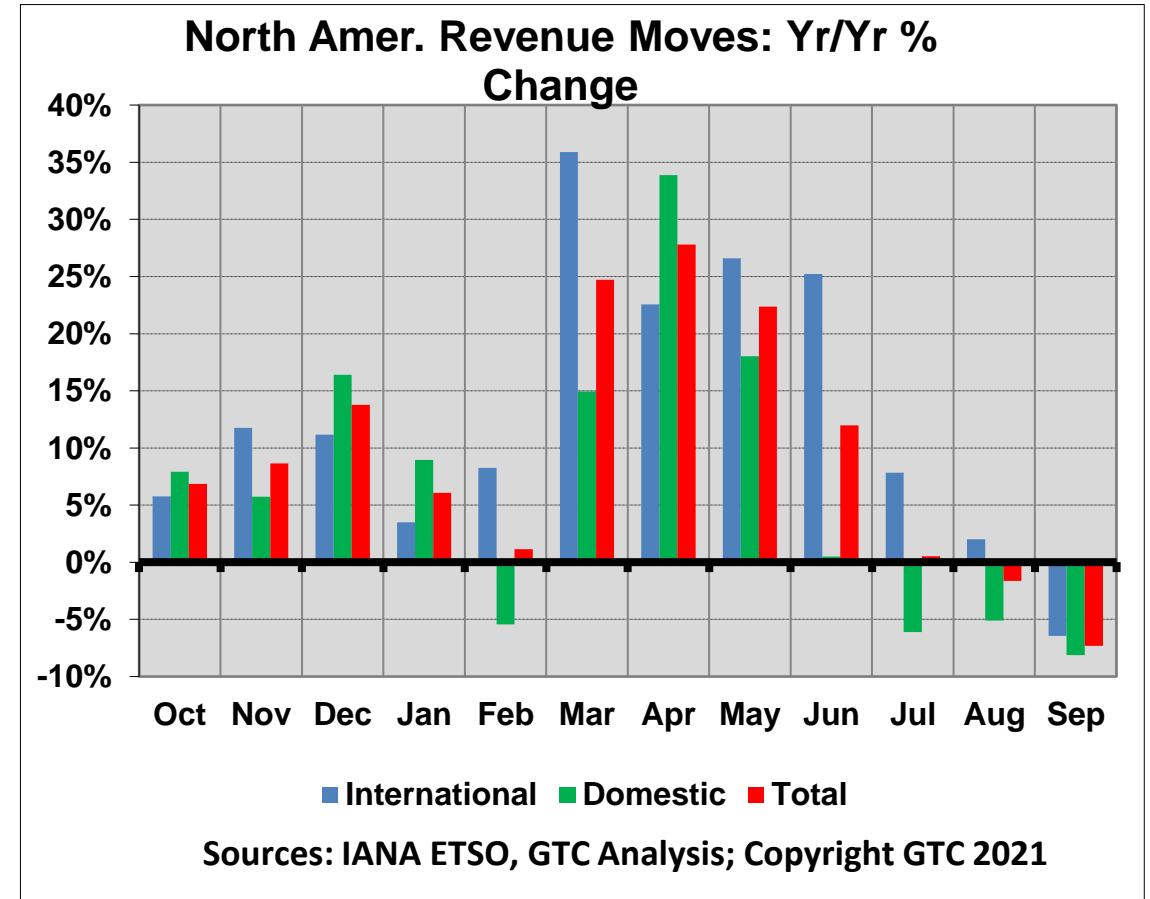
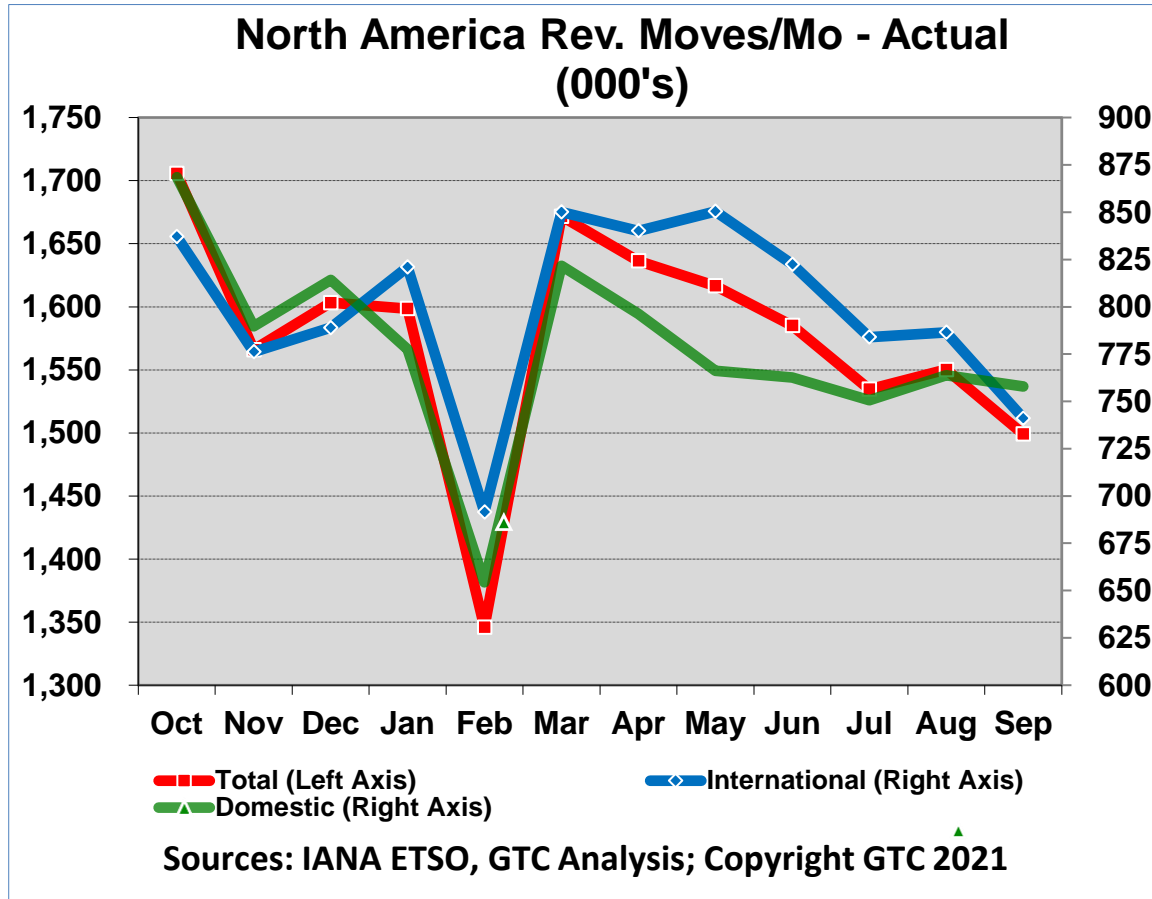
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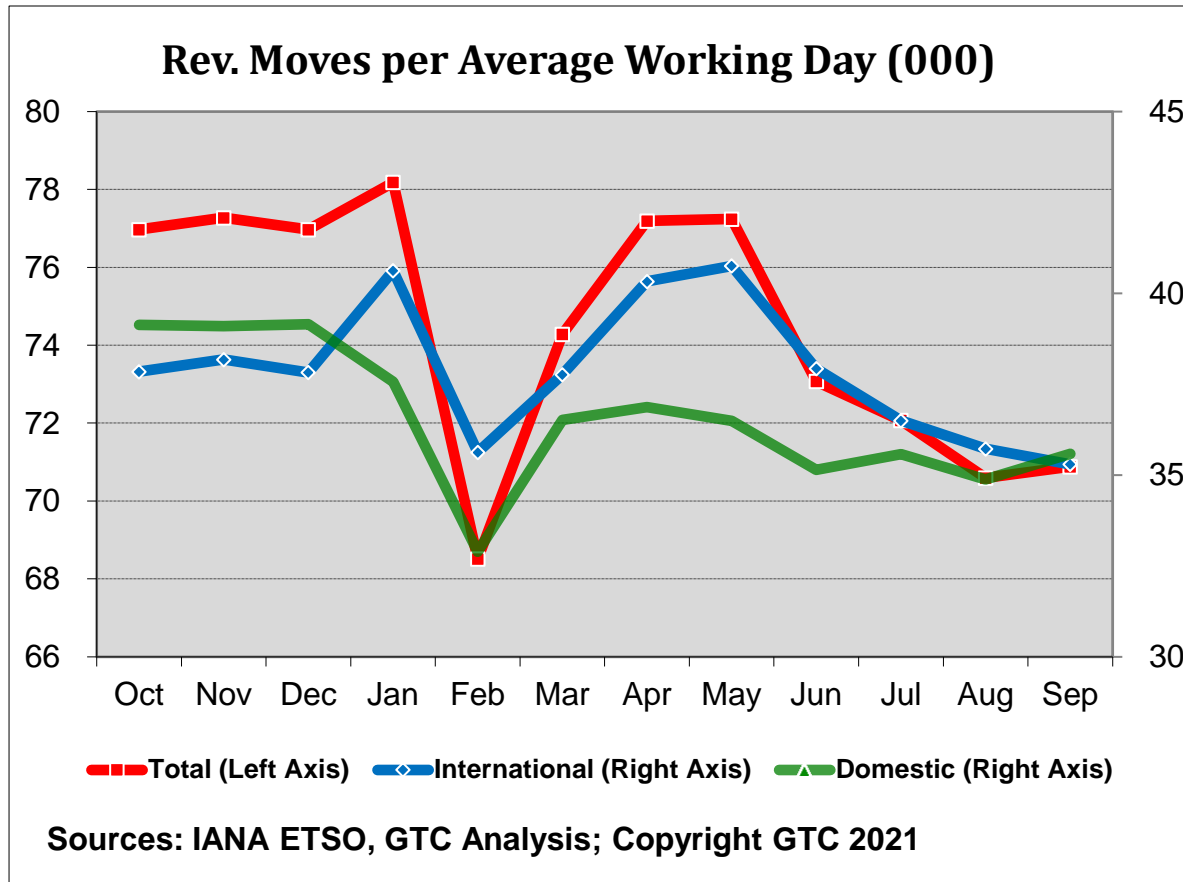
- *Intermodal market analysis*
- *Intermodal in Depth analytical report*

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DESPITE UNRELENTING DEMAND, INDUSTRY VOLUME CONTINUES TO FALL

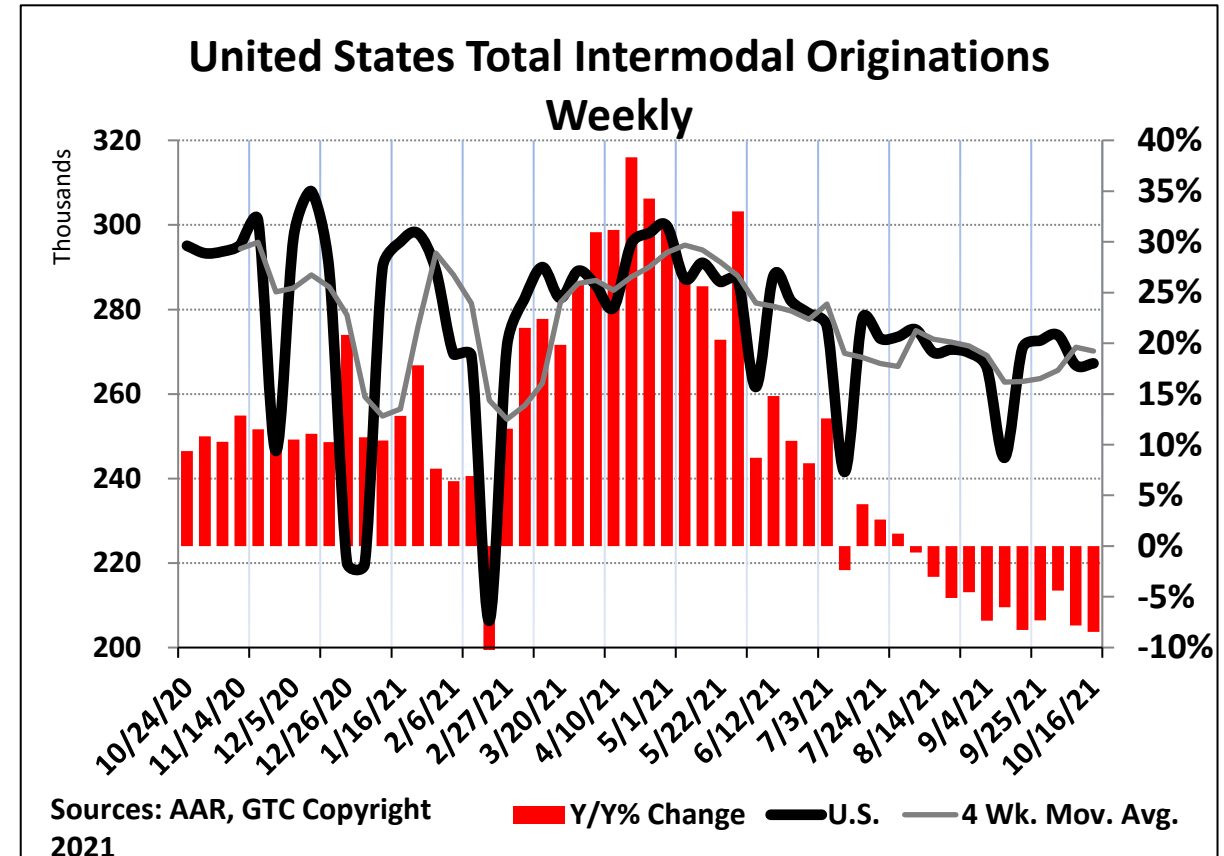
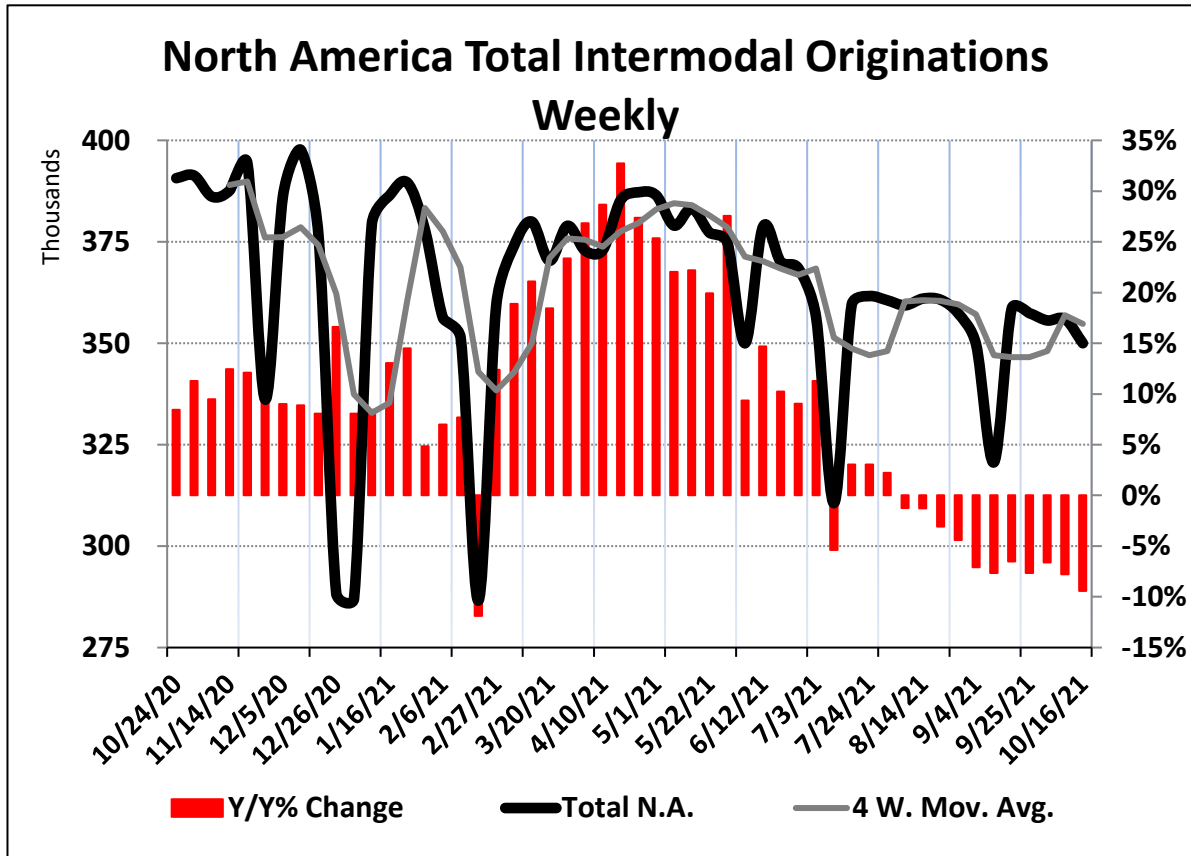


IPI REVENUE MOVES PER DAY FALLING DOMESTIC HAS STABILIZED



September 2021	M/M	Y/Y	M/M Workday
International	-5.8%	-6.4%	-1.2%
Short Trailer	0.0%	-19.6%	+2.8%
53' Trailer	-5.7%	-13.6%	-3.0%
Total Trailer	-4.2%	-15.3%	-1.5%
Private Domestic Container	-0.2%	-4.5%	+2.6%
Rail Domestic Container	-0.4%	-13.0%	+2.4%
Total Domestic Container	-0.3%	-7.0%	+2.6%
Domestic	-0.8%	-8.1%	+2.0%
Grand Total	-3.3%	-7.3%	+0.4%

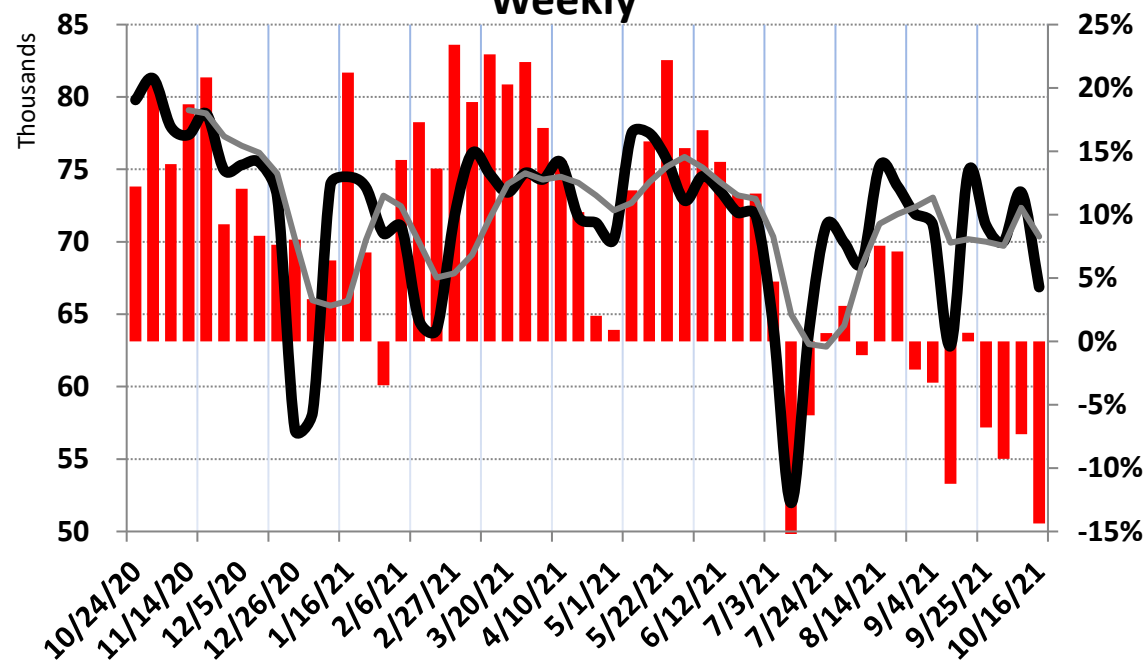
LATEST AAR DATA SHOWS VOLUME STEADYING BUT NO SIGN OF “PEAK SEASON”



Source: AAR, GTC Analysis

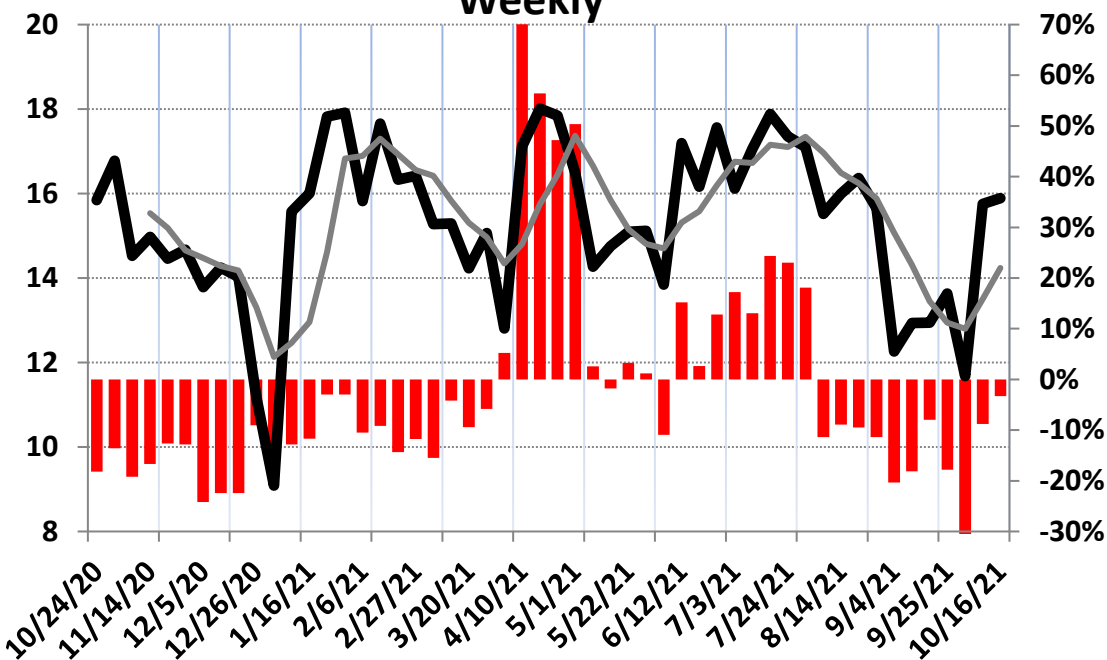
LATEST AAR DATA FOR CANADA AND MEXICO

Canadian Total Intermodal Originations
Weekly



Sources: AAR, GTC Copyright 2021 Y/Y% Change Canada 4 Wk. Mov. Avg.

Mexican Total Intermodal Originations
Weekly

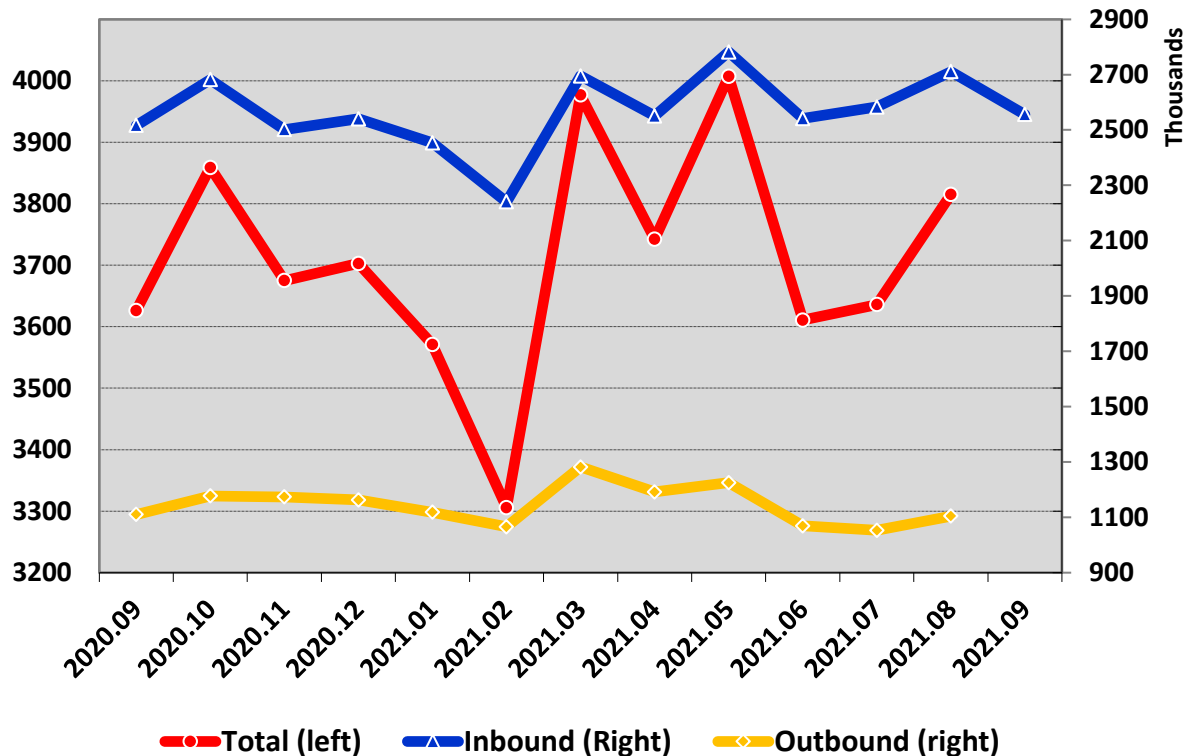


Sources: AAR, GTC Copyright 2021 Y/Y% Change Mexico 4 Wk. Mov. Avg.

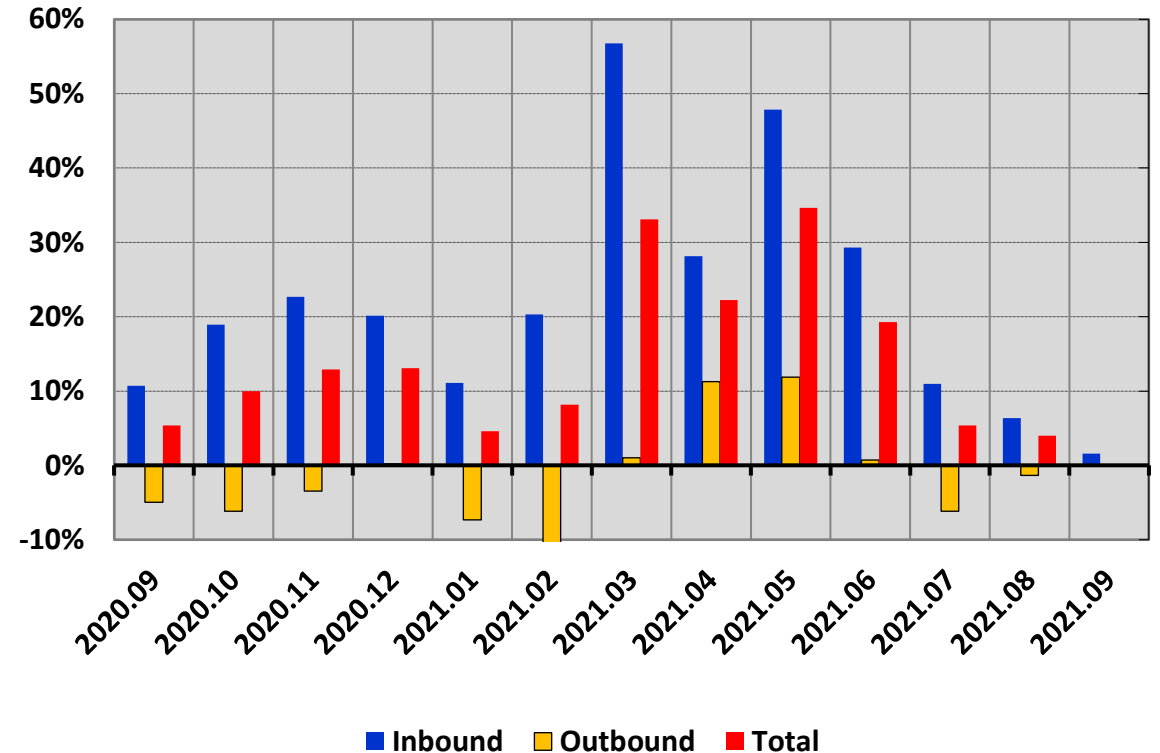
Source: AAR, GTC Analysis

INBOUND TEUS ARE RELATIVELY STABLE BUT VESSEL BACKLOGS CONTINUE TO GROW

U.S./Western Can. Loaded TEUs (000)



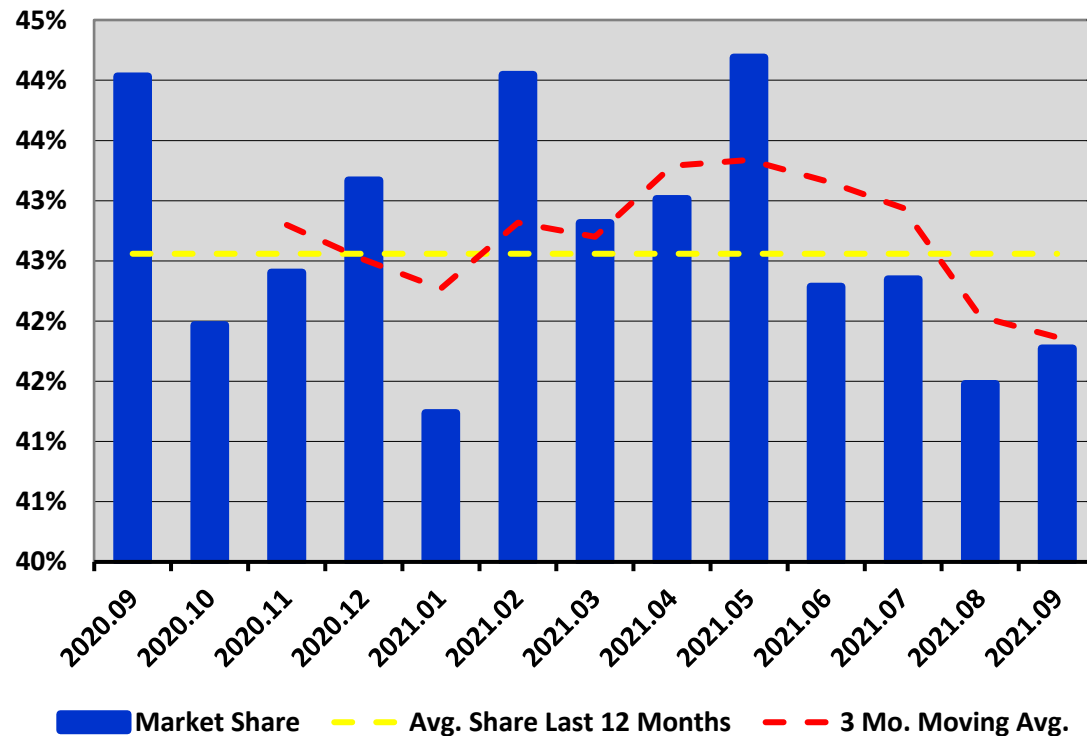
U.S./Western Can. Loaded TEU's - Y/Y Change



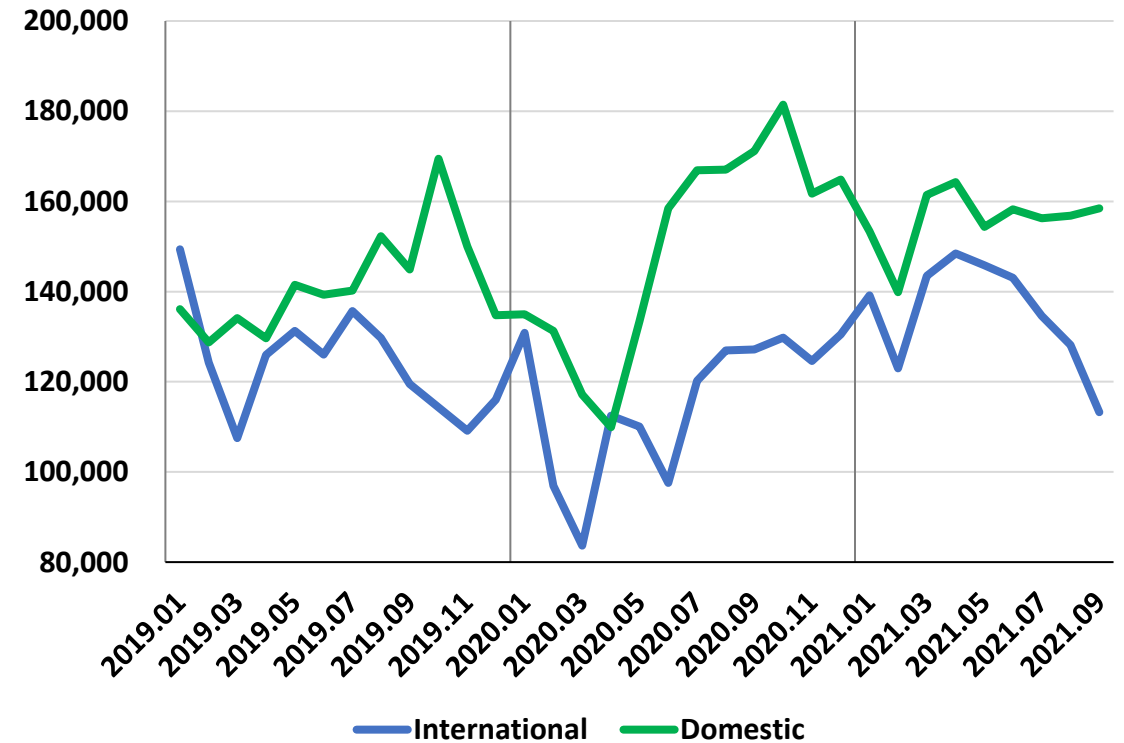
Source: Port Reports, IHS PIERS, GTC Analysis

THE TIDE OF IMPORTS HAS SHIFTED BACK TOWARDS THE EAST

U.S. West Coast: Share of Inbound N.A. TEU

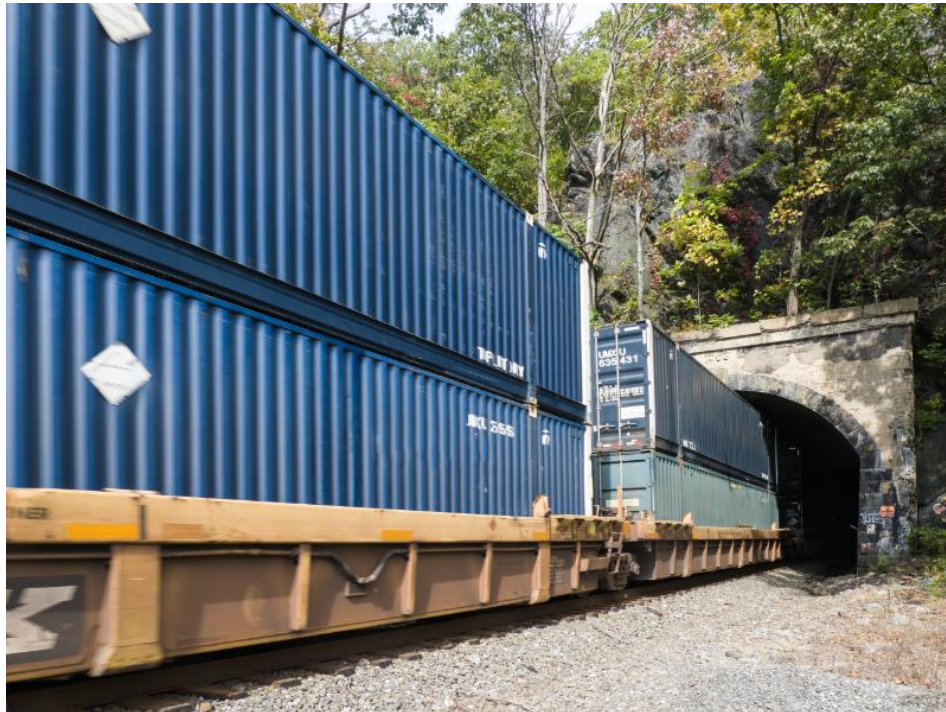


Southwest Originations - Monthly Revenue Movements



Source: AAR, GTC Analysis

IANA INTERMODAL VOLUME ANALYZER



INSTRUCTIONS

more of the buttons on the Control Panel to choose which
ments to analyze.

condition is for all data to be included in the analysis
than one item by clicking the Multi-Select Tool

re than one
king the Multi-
ct Tool

Cancel your
selection(s) by clicking
the cancel icon

CONTROL PANEL

DOM/INT

DOMESTIC

INTERNATIONAL

EQUIPMENT

CONTAINER

TRAILER

LENGTH

20 FEET

28 FEET

40 FEET

45 FEET

48 FEET

53 FEET

	2019 YTD Y/Y Change	2019 JAN	2019 JAN Y/Y Change	2019 FEB	2019 FEB Y/Y Change	2019 MAR	2019 MAR Y/Y Change	2019 Q1 to Date	2019 Q1 Y/Y Change	2019 APR	2019 APR Y/Y Change	2019 MAY	2019 MAY Y/Y Change
0	-13.3%	34,806	-1.6%	32,572	-11.2%	36,041	-9.0%	103,419	-7.4%	31,997	-13.5%	35,261	
1	-3.8%	32,745	4.6%	32,649	3.9%	32,073	-7.8%	97,467	0.0%	29,920	-6.4%	33,727	
2	-14.8%	338	-20.5%	262	-42.2%	344	-27.1%	944	-30.1%	334	-26.3%	396	
3	9.2%	84	-8.7%	129	29.0%	122	5.2%	335	8.8%	159	33.6%	166	
4	-8.1%	7,432	6.3%	6,850	9.7%	7,246	-7.0%	21,528	2.4%	6,994	-6.7%	7,465	
5	16.1%	1,664	-26.2%	2,004	17.2%	2,202	12.7%	5,870	-0.8%	2,210	30.1%	2,168	
6	28.2%	2,528	49.2%	2,306	62.4%	1,960	-5.6%	6,794	30.9%	2,129	9.5%	2,436	
7	-8.9%	7,432	-1.5%	5,946	4.8%	6,307	3.1%	19,685	1.8%	5,766	-0.6%	6,131	
8	-6.1%	155,531	11.4%	127,857	-2.0%	123,997	-7.0%	407,385	1.0%	129,370	0.5%	142,989	
9	-33.3%	634	-19.8%	506	-35.0%	502	-22.0%	1,642	-25.8%	444	-45.9%	619	
0	-1.2%	2,131	-9.0%	2,153	2.2%	2,335	-11.6%	6,619	-6.6%	2,706	5.9%	2,937	
1	-5.6%	60,659	0.9%	56,457	-0.8%	64,190	-4.0%	181,306	-1.4%	59,615	-7.4%	60,791	
2	-16.3%	1,760	19.4%	1,375	-5.2%	1,162	-13.7%	4,297	0.6%	1,126	-15.1%	1,136	
3	-17.7%	3,347	32.1%	3,003	8.0%	2,996	-8.7%	9,346	8.7%	2,819	-3.9%	3,423	
4	-13.4%	12,613	-5.9%	11,865	-11.5%	12,812	-10.8%	37,290	-9.5%	11,752	-15.1%	12,429	
5	-2.3%	79,755	1.8%	71,811	-3.3%	72,599	-8.0%	224,165	-3.2%	68,912	-4.2%	74,819	
6	-0.7%	13,367	11.0%	10,761	-10.4%	10,491	-16.1%	34,619	-5.3%	10,121	-10.6%	11,559	
7	8.8%	1,280	10.2%	1,399	-11.3%	1,288	-17.7%	3,967	-7.8%	1,256	-1.8%	1,275	
8	-8.4%	61	-47.9%	59	-24.4%	88	23.9%	208	-21.8%	61	-15.3%	76	
9	-33.5%	33	-68.3%	14	-56.3%	28	-28.2%	75	-57.1%	35	-18.6%	9	
0	-38.9%	20	81.8%	4	-66.7%	2	-96.2%	26	-65.8%	23	187.5%	18	
1	-4.1%	1,550,099	2.6%	1,406,639	-3.5%	1,520,978	-3.7%	4,477,716	-1.5%	1,506,210	0.2%	1,564,784	
2		1,510,375		1,457,483		1,579,389		4,547,247		1,502,568		1,632,461	

SOMETHING ODD HAPPENED TO IPI FLOWS IN SEPTEMBER

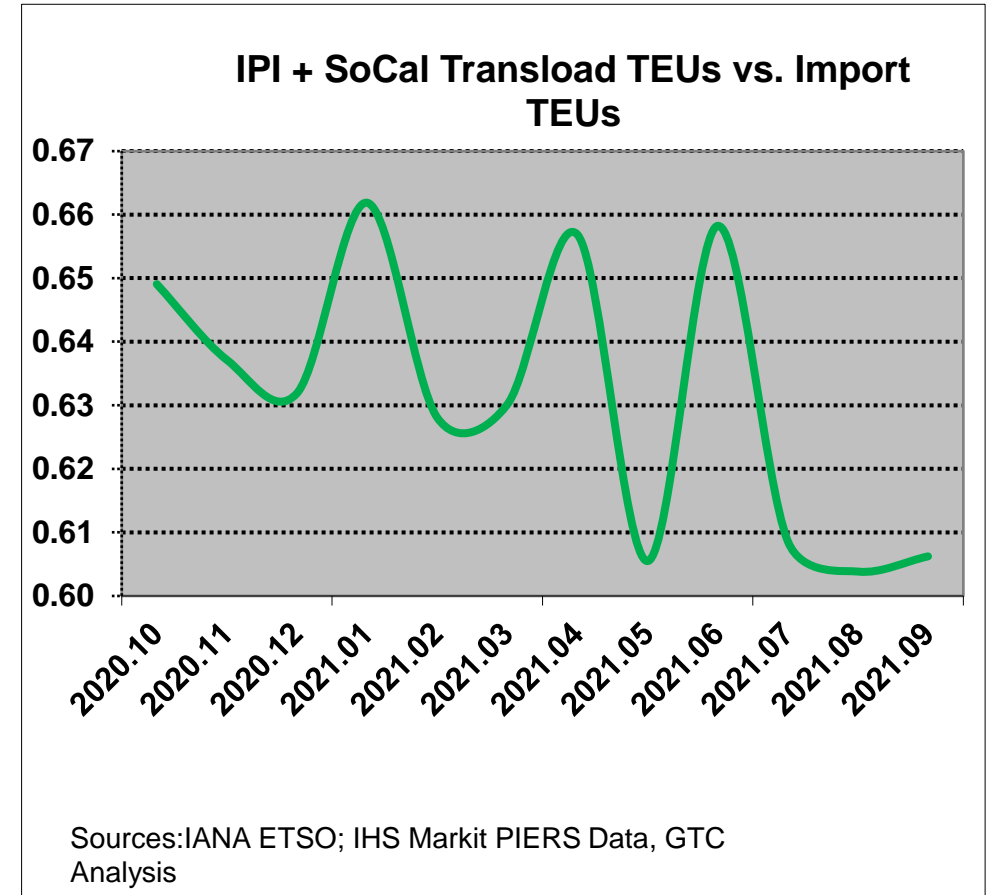
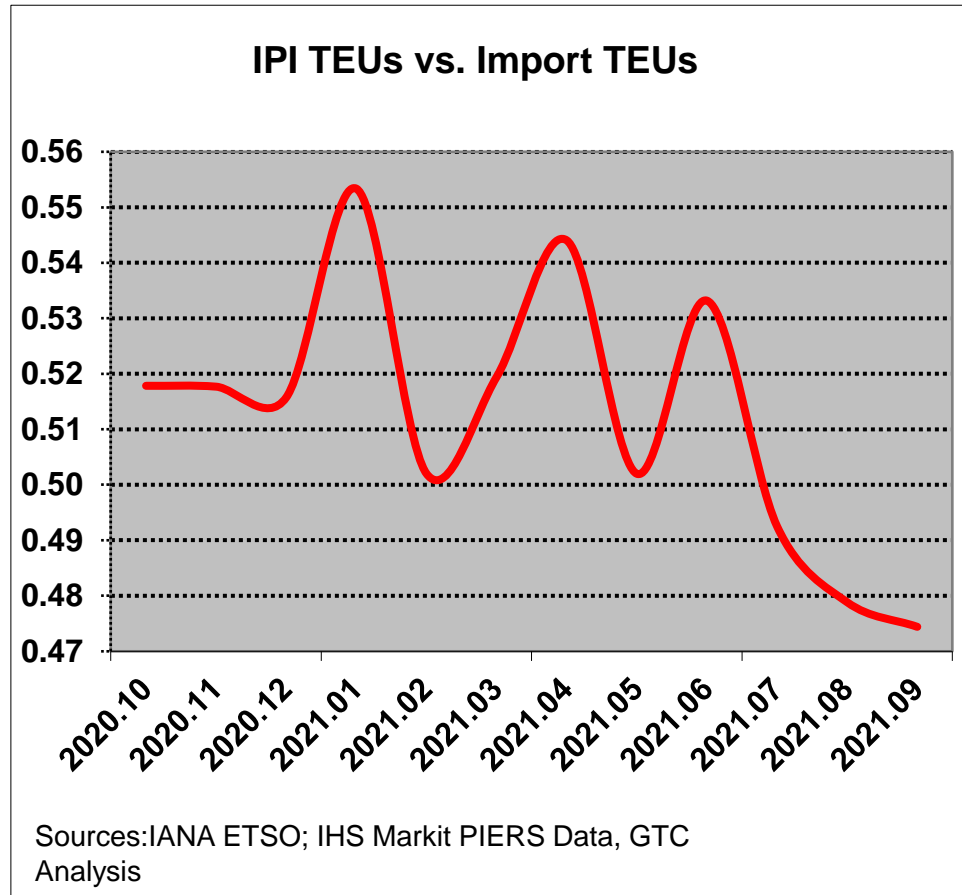
IPI REVENUE MOVES TO/FROM SOUTHWEST REGION

		JUL	AUG	SEP	Q3 To Date
Midwest	East	65,191	66,602	59,614	191,407
	West	62,925	61,349	61,961	186,235
South Central	East	46,222	38,949	35,485	120,656
	West	40,384	36,872	31,737	108,993
Southeast	East	15,603	14,206	11,621	41,430
	West	13,478	13,192	12,680	39,350
Northeast	Eastbound	866	511	629	2,006
	Westbound	923	960	1,252	3,135
TOTAL	Eastbound	127,882	120,268	107,349	355,499
	Westbound	117,710	112,373	107,630	337,713

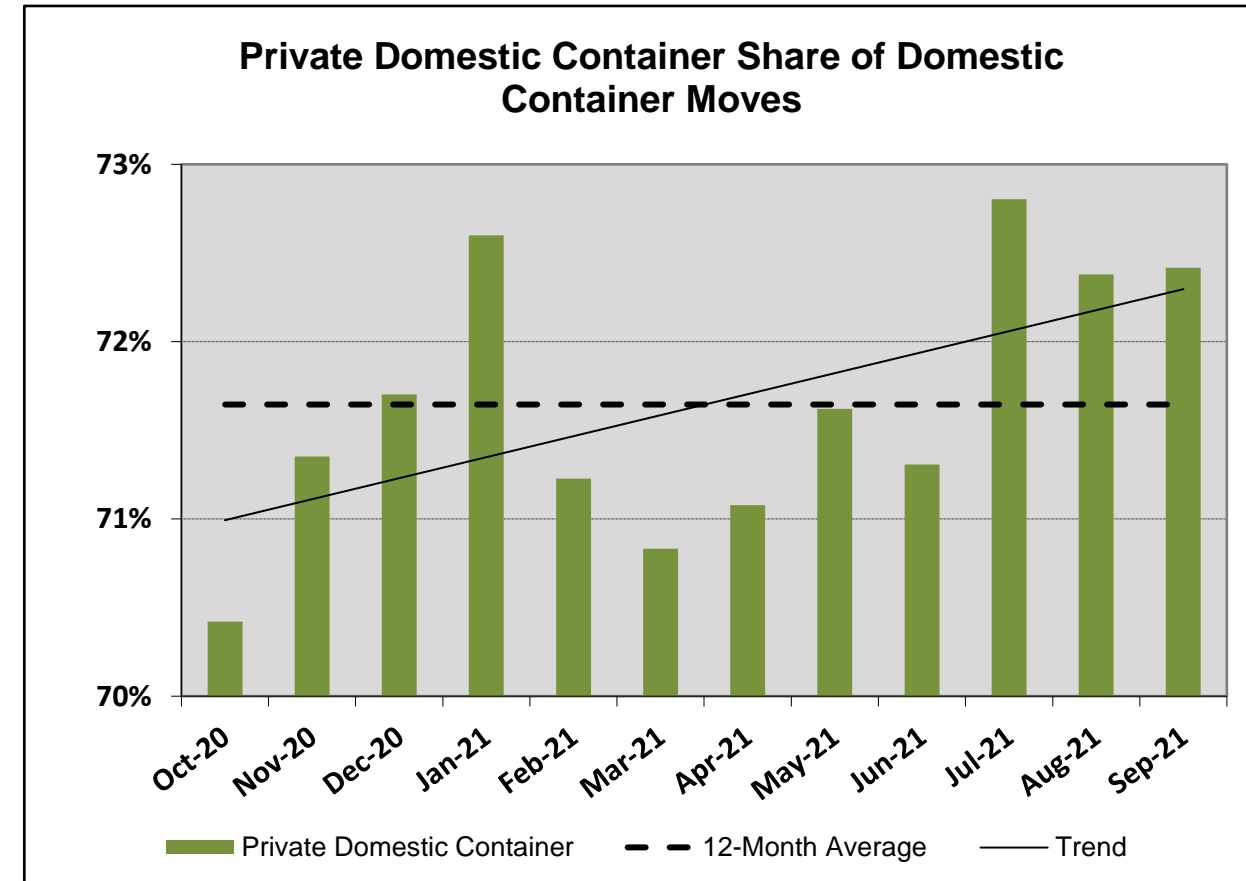
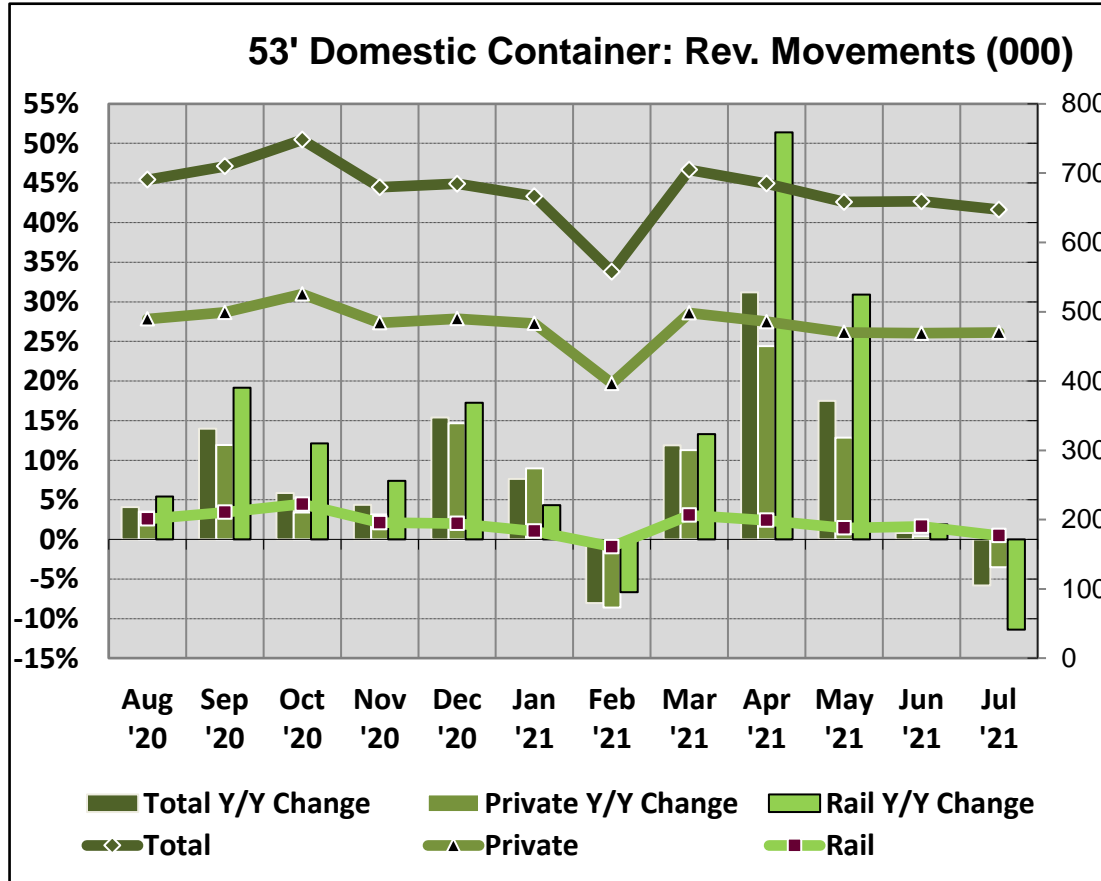


Source: IANA Intermodal Volume Analyzer

INTERMODAL PARTICIPATION IN IMPORT FLOWS HAS DECLINED

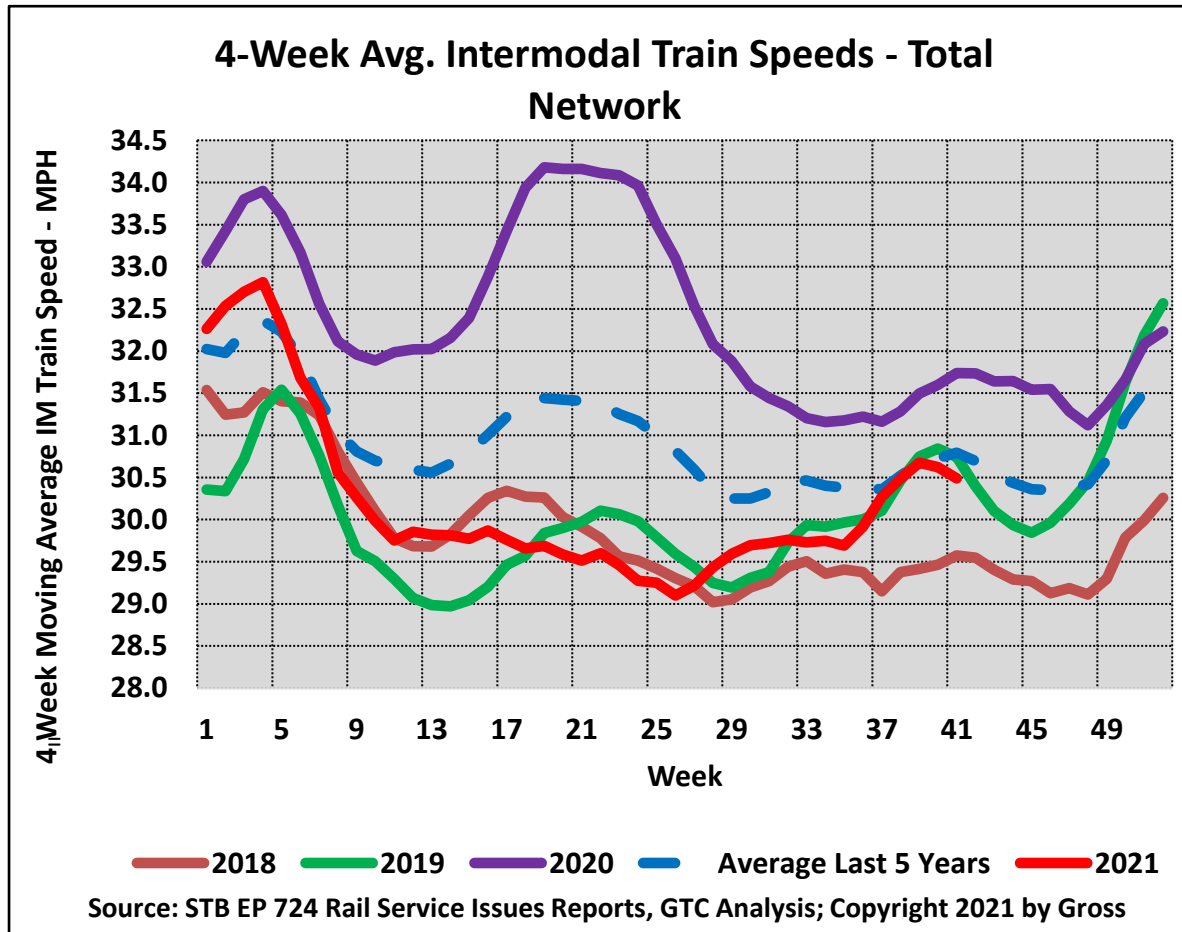


LOWER EQUIPMENT VELOCITY IS CHEWING UP DOMESTIC CONTAINER CAPACITY



Source: IANA ETSO, GTC Analysis

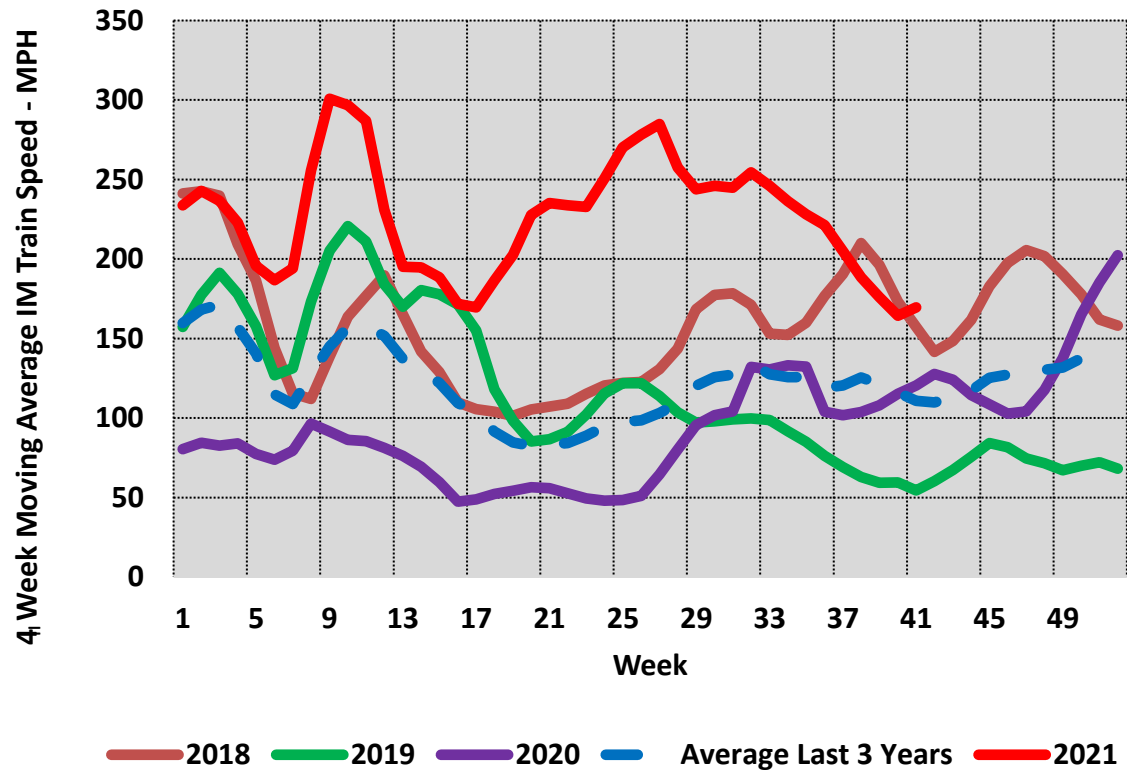
AVERAGE INTERMODAL TRAIN SPEEDS HAVE SEEN SOME IMPROVEMENT OF LATE



- Average speed October: 30.5 mph
- 1.0%/0.3 mph slower than 5-year average
- 3.9%/1.2 mph worse than prior year
- All railroads showing improvement with exception of NS

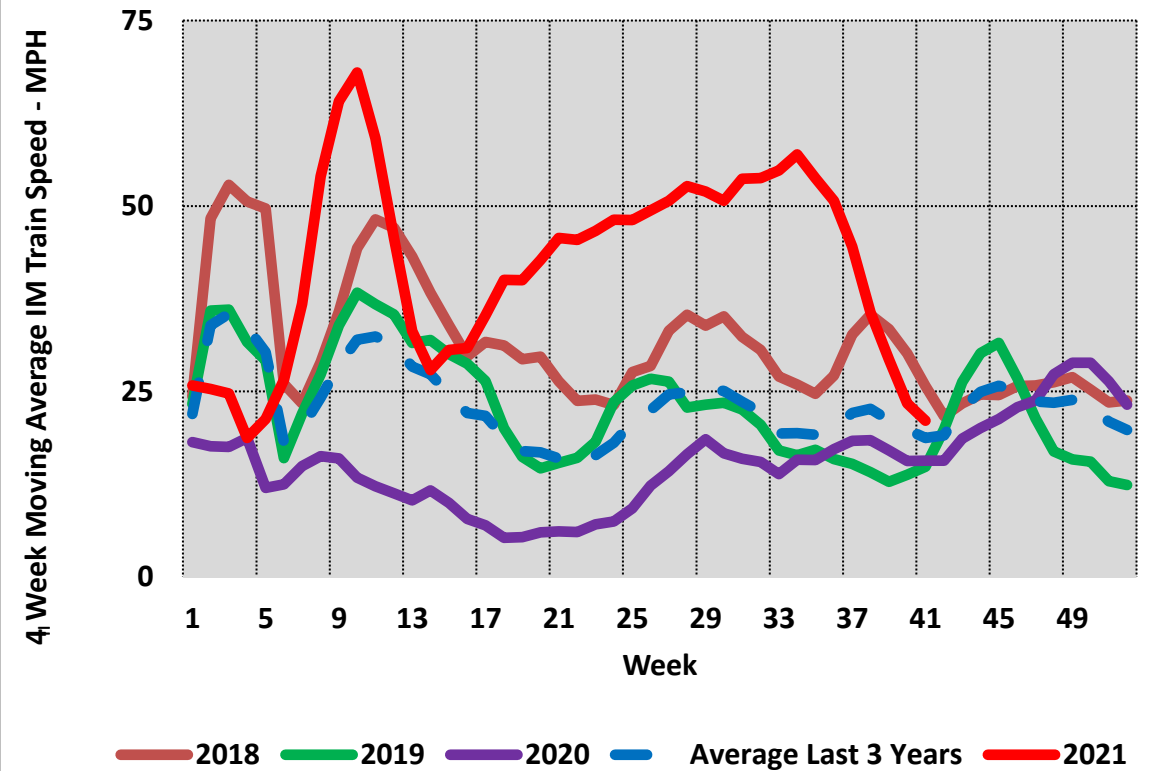
OTHER STB STATISTICS ARE ALSO SHOWING IMPROVEMENT

Loaded Intermodal Cars Not Moved for 48 Hrs. -
Total Network



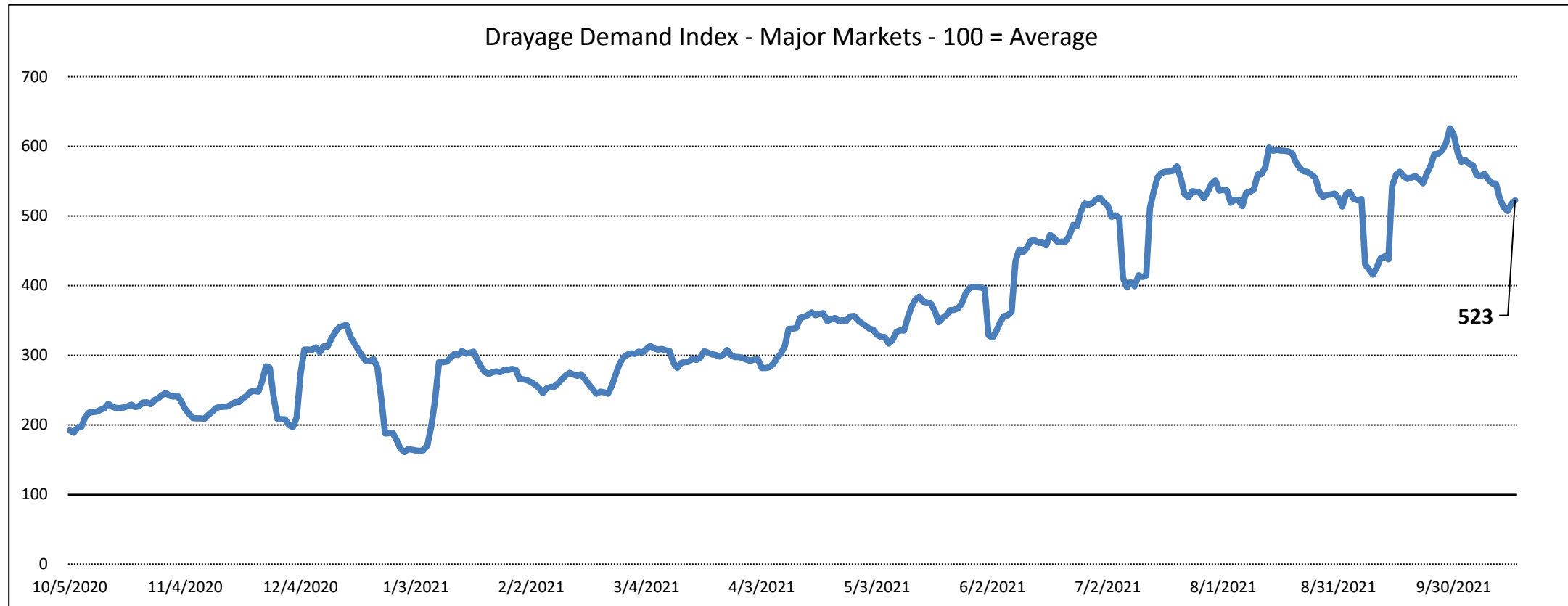
Source: STB EP 724 Rail Service Issues Reports, GTC Analysis; Copyright 2021 by Gross

Intermodal Trains Held - Total Network



Source: STB EP 724 Rail Service Issues Reports, GTC Analysis; Copyright 2021 by Gross

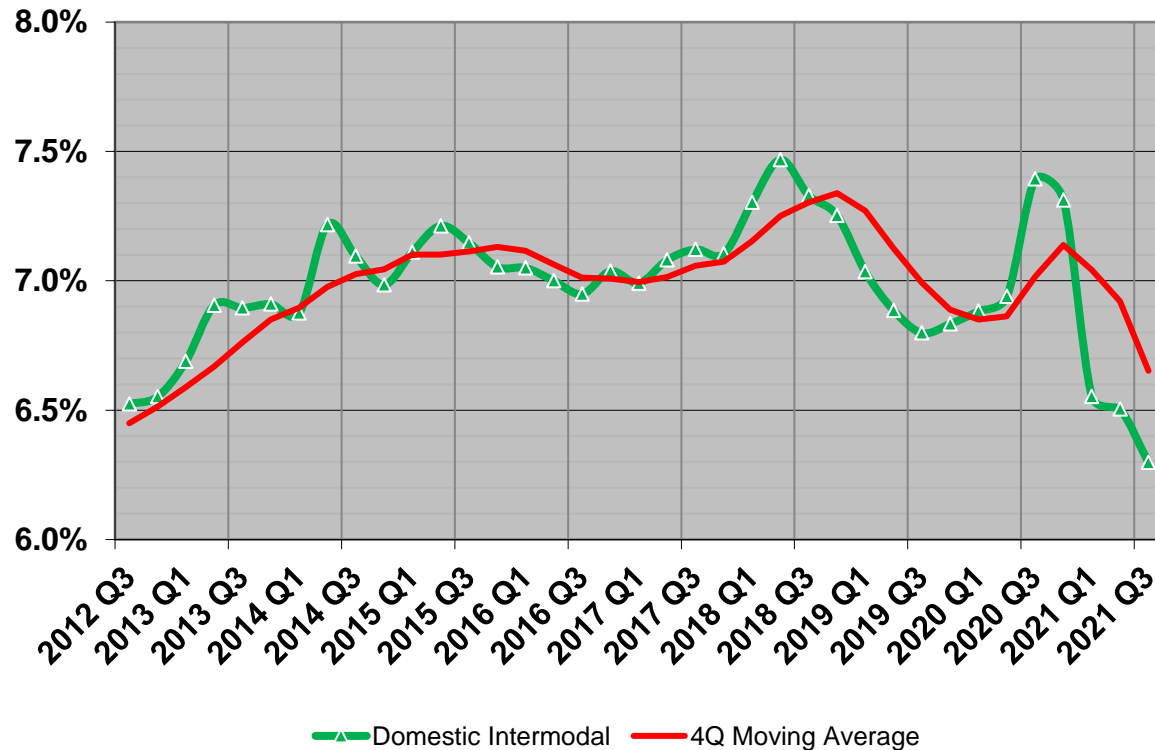
DRAYAGE IS STILL IN NOSEBLEED TERRITORY WITH COASTAL REGIONS FARING WORSE THAN INLAND



Source: Drayage.com, GTC Analysis

TOTAL INTERMODAL SHARE IS AT 11.0% LOWEST SINCE 2009 Q4

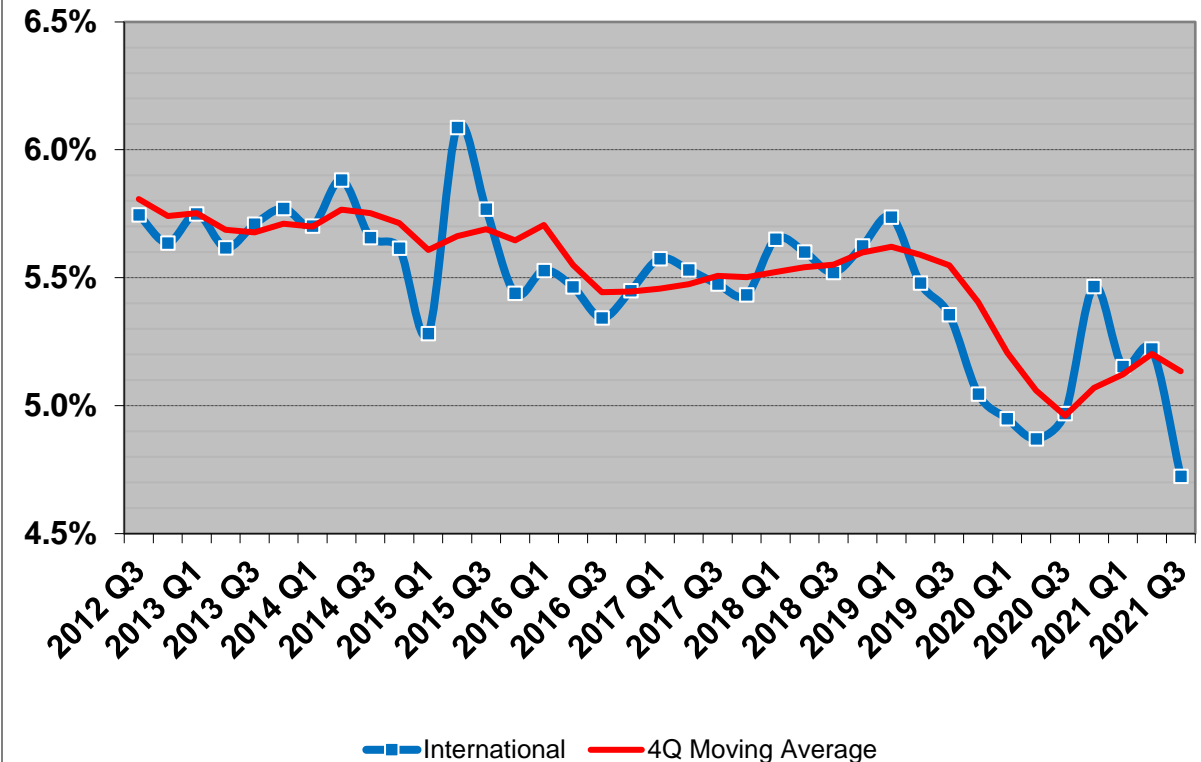
Market Share of Long Haul* Dry Van/Reefer Freight
U.S. Domestic Equipment Intermodal Moves Only



Sources: GTC, Transport Futures, ETSO Report

* Long Haul = 500+ Miles

Market Share of Long Haul* Dry Van/Reefer Freight
U.S. International Equipment Intermodal Moves Only

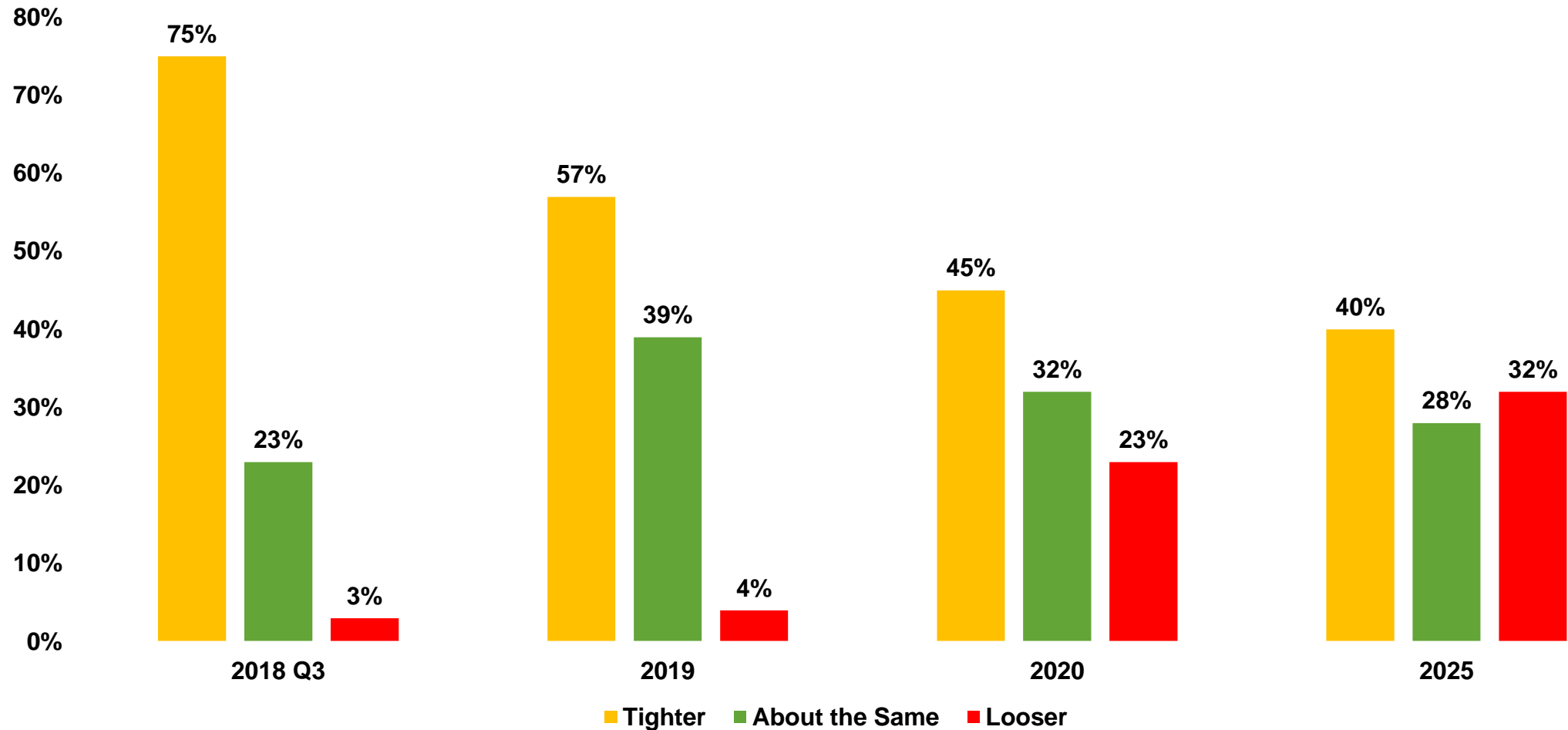


Sources: GTC, Transport Futures, ETSO Report

* Long Haul = 500+ Miles

REMINDER: THIS WON'T LAST FOREVER

2018-06 SURVEY: TRUCKING CAPACITY FORECAST



LOOKING FORWARD NEAR TERM

- Without substantial improvement in throughput (unlikely) volume will fall substantially behind prior year as the peak season progresses.
- We will have a 2021 plateau rather than a peak.
- Recovery not likely until volume begins to subside in Q1 2022.
- Rate environment will continue to be very strong.

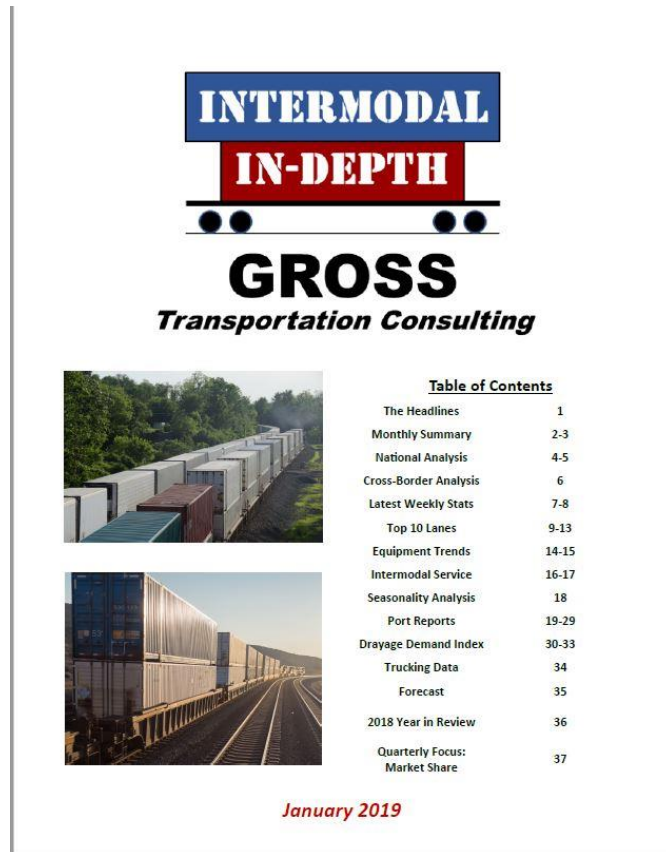
LOOKING FORWARD NEXT YEAR

- The current seemingly endless surge will end.
- Once network fluidity is restored, substantial capacity will be released, plus substantial additional private domestic capacity will come on stream.
- Trucking capacity utilization will loosen.
- Normal competitive conditions will resurface.
- Things will feel very, very different than they do now – perhaps closer to 2019 than 2021.

LONG-TERM CONSIDERATIONS

- Trucking capacity will be more abundant, but truck rates will not significantly fall
- Intermodal's reputation has taken a major hit, but the damage is reparable
- Lower share represents growth opportunity once the industry gets its act back together
- If at the end of all this, intermodal returns to “business as usual” and no significant changes result, that will be a major failure
- Major supply chain “givens” are open to modification after the crisis. Examples include “just in time” inventories and globalization.

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Thanks! Questions?

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President
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Q&A

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For more information about **IANA** data, including the
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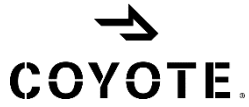
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