

Intermodal Connects



Intermodal Analyzed

June 28, 2022
2:00 PM EDT

Housekeeping



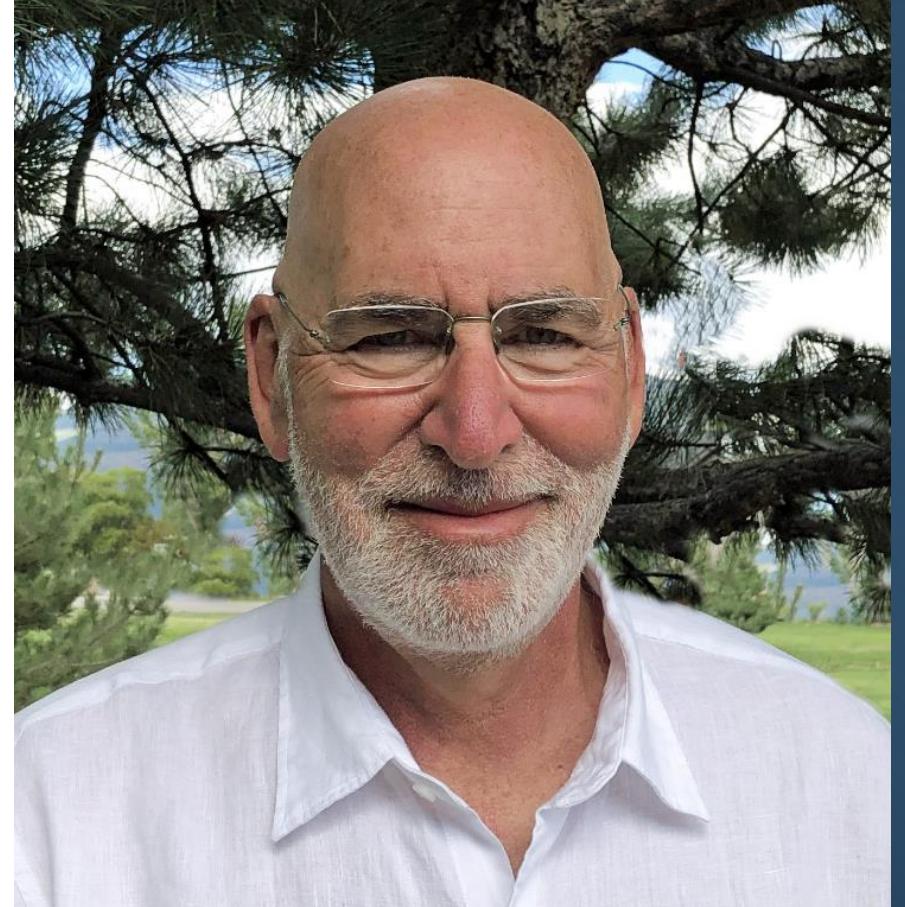
- Audience will be muted
- A question & answer session will follow the presentation
- Submit questions by clicking the Q&A icon at the bottom of your screen
- A recording of this webinar, including the slides, will be available in the near future

Today's Presenter

Larry Gross

President & Founder

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Hello!

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INTERMODAL ANALYZED

For: IANA

June 28, 2022

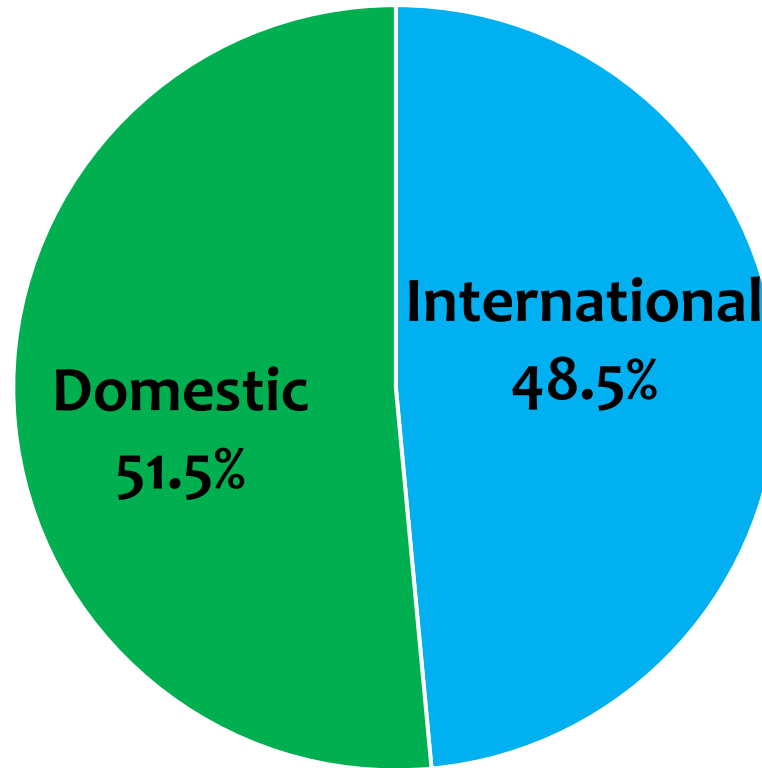
THE TWO WORLDS OF INTERMODAL

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

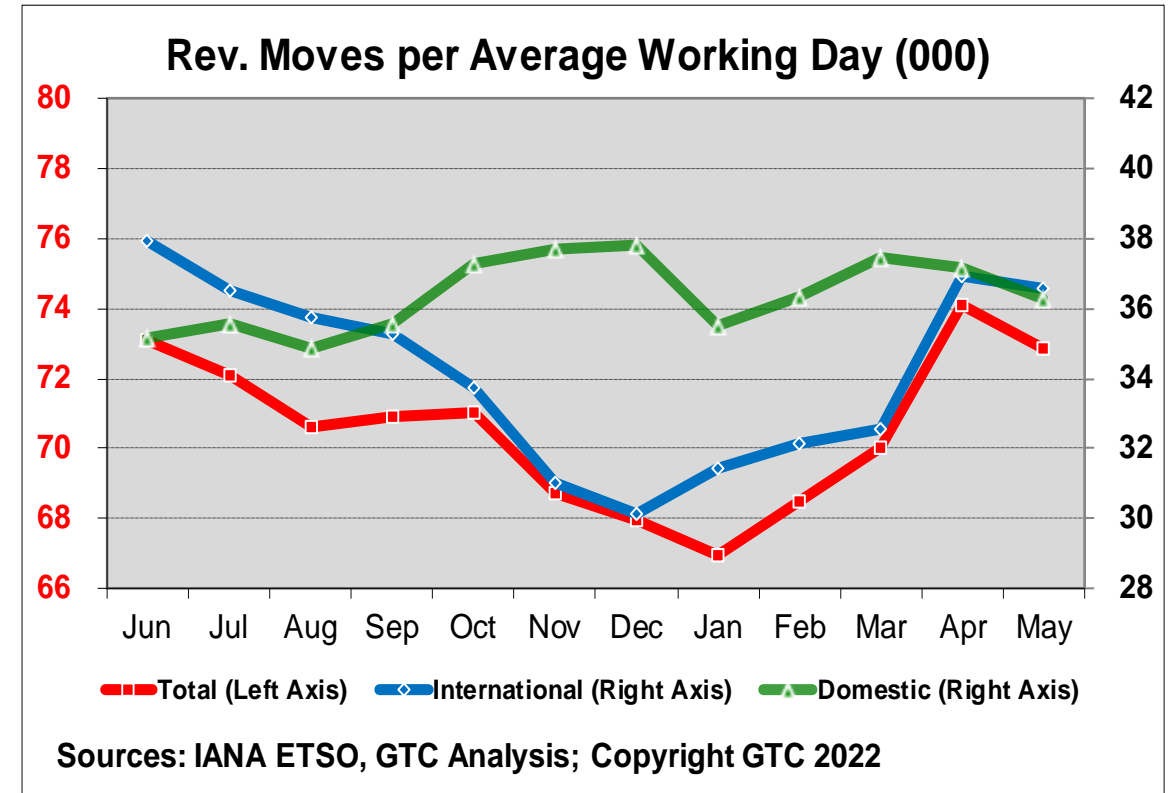
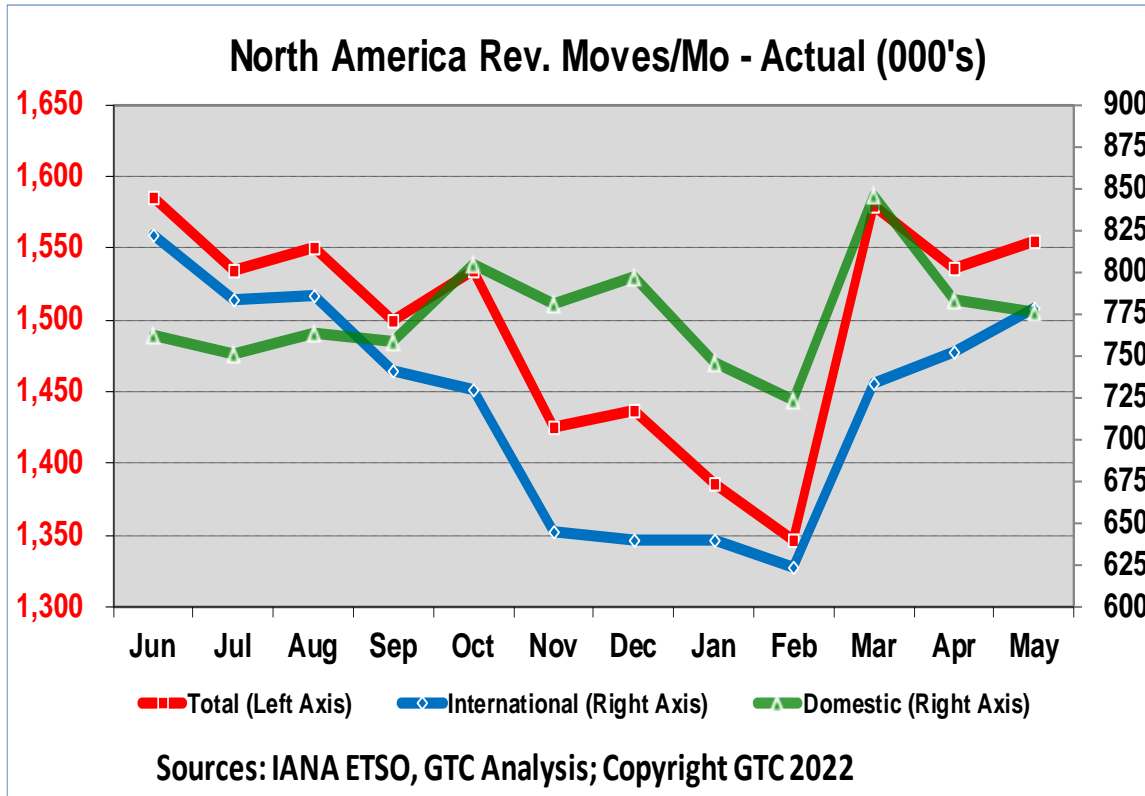
Includes:

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

Affected by:

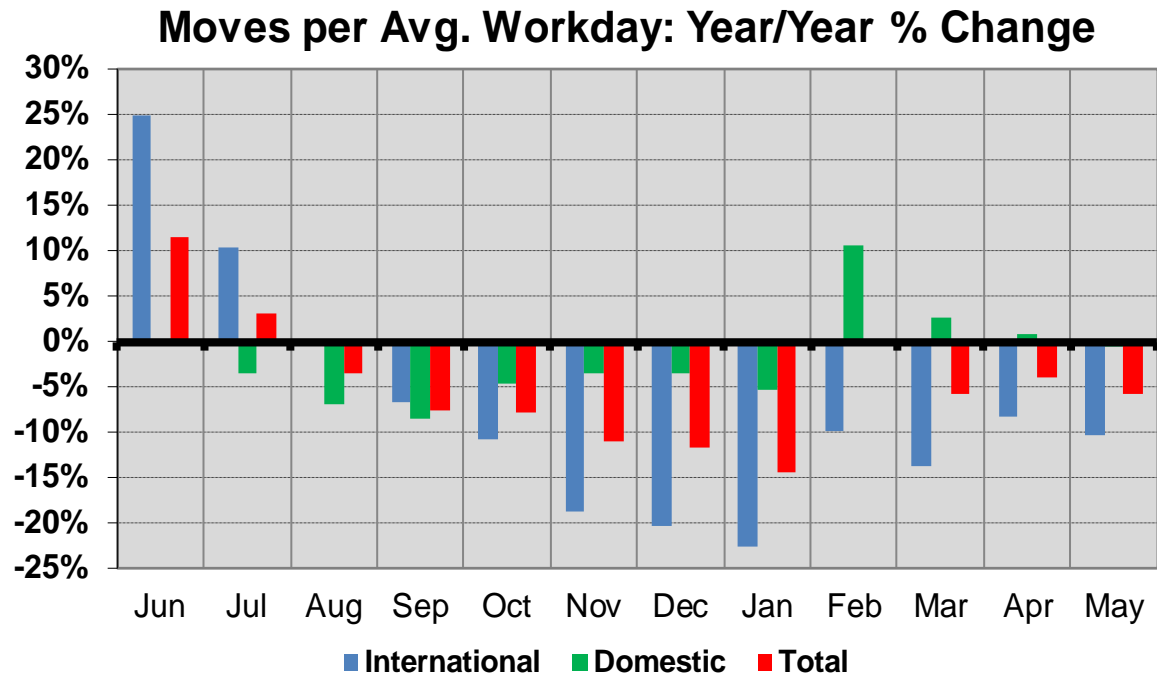
- Trade stats
- Port routings/Import strategies
- Steamship line policies
- Truck competitiveness
- Transload trends

INTERNATIONAL IMPROVING BUT STILL IN A PRETTY DEEP HOLE.



IPI up 25% since February, still down 8.5% y/y

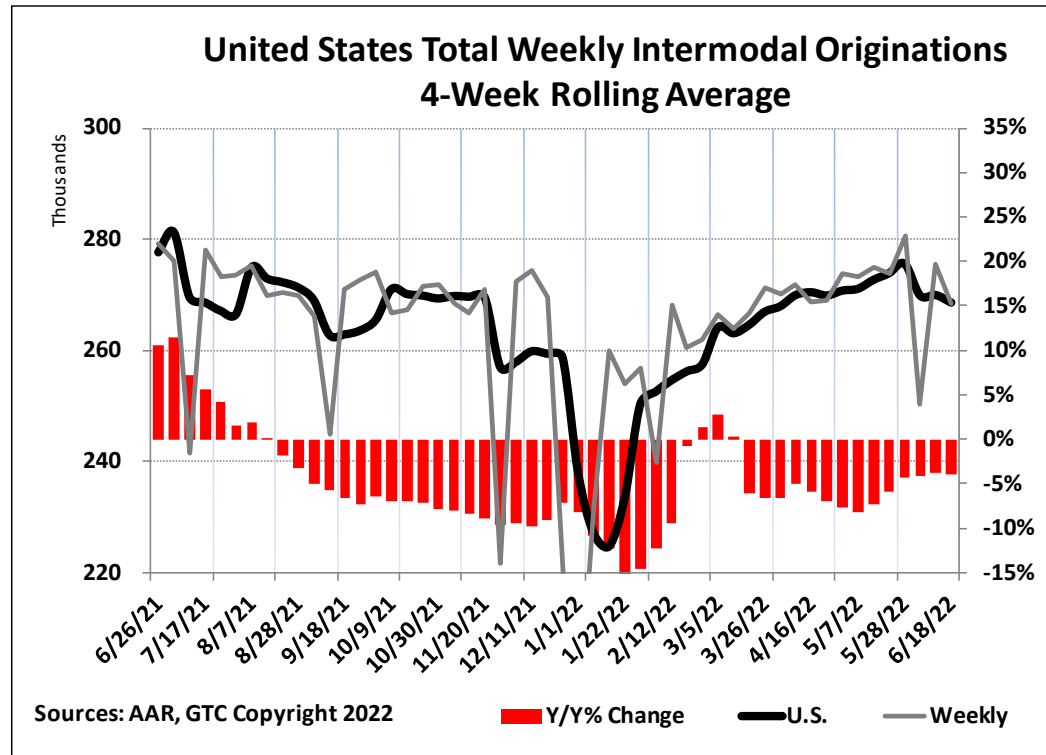
THE PICTURE IS “MIXED” AT BEST. ONLY DOMESTIC CONTAINER IS UP YTD



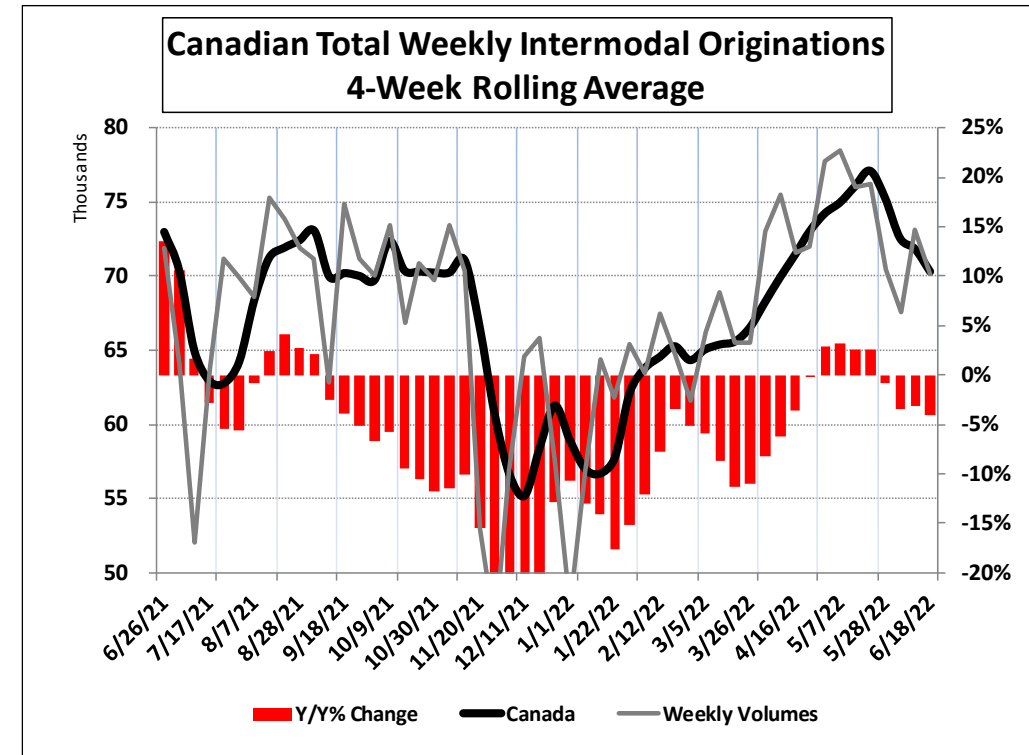
Sources: IANA ETSO, GTC Analysis; Copyright GTC 2022

May 2022	M/M	Y/Y	YTD
International	3.4%	-8.5%	-13.0%
Short Trailer	-4.9%	-12.9%	-8.0%
53' Trailer	-5.6%	-31.5%	-21.6%
Total Trailer	-5.4%	-26.6%	-18.0%
Private Domestic Container	1.6%	12.3%	8.6%
Rail Domestic Container	-6.2%	-11.0%	-5.4%
Total Domestic Container	-0.4%	5.7%	4.7%
Domestic	-0.9%	1.3%	1.6%
Grand Total	1.2%	-3.8%	-5.9%

RECENT AAR DATA INDICATES THE RECOVERY IS IN DANGER OF STALLING

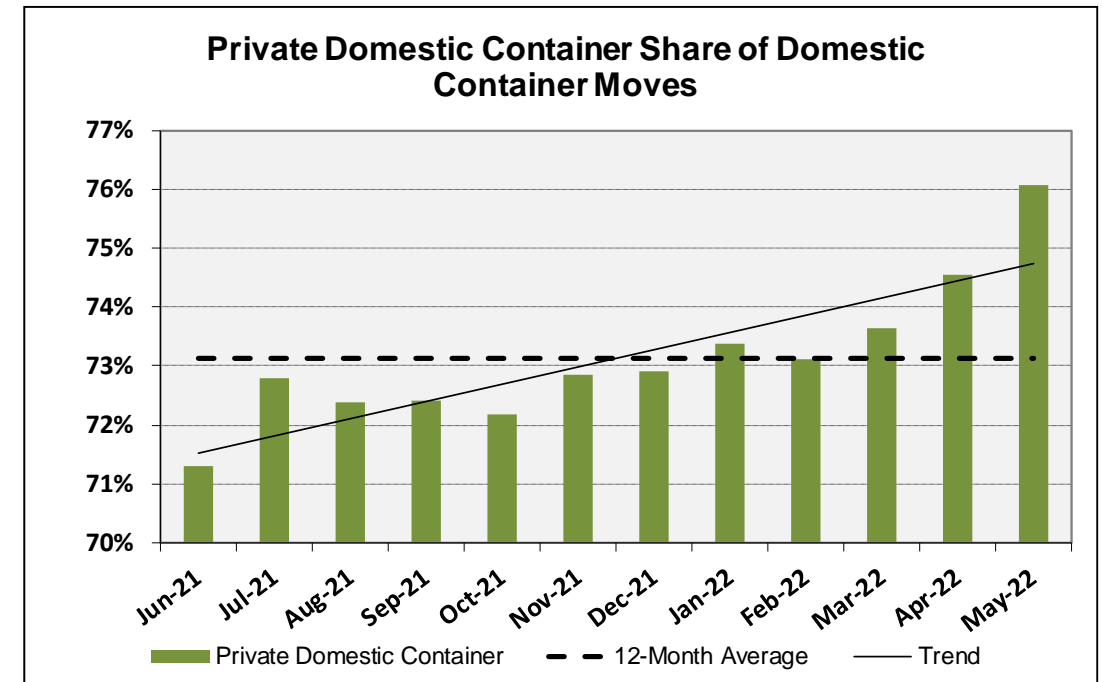
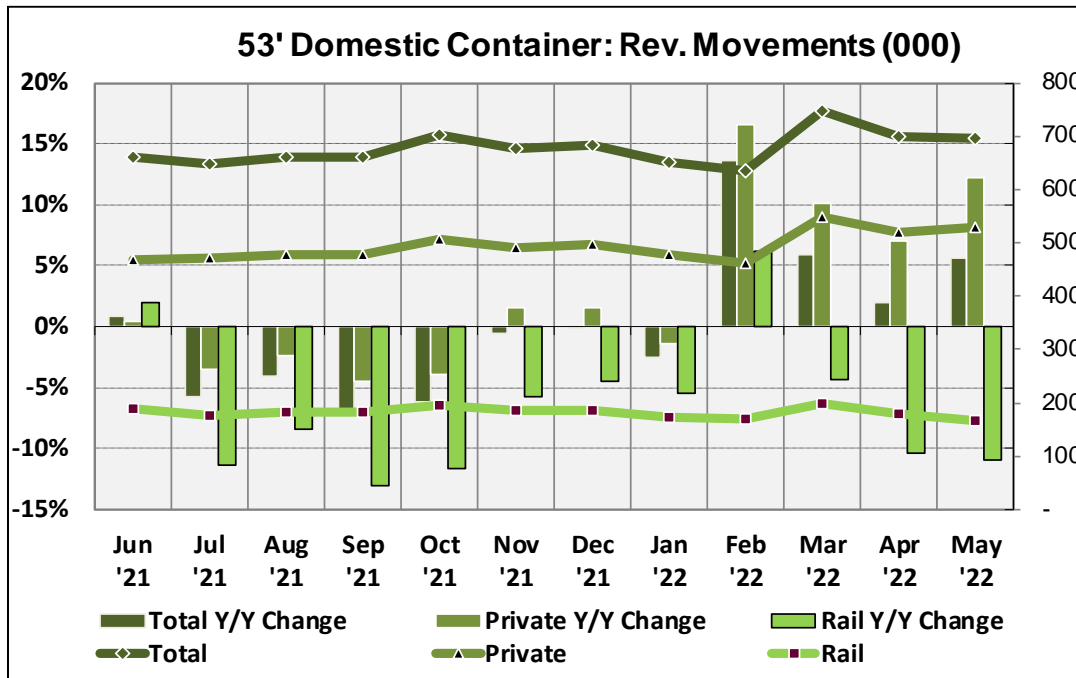


+8.4% since 2/5

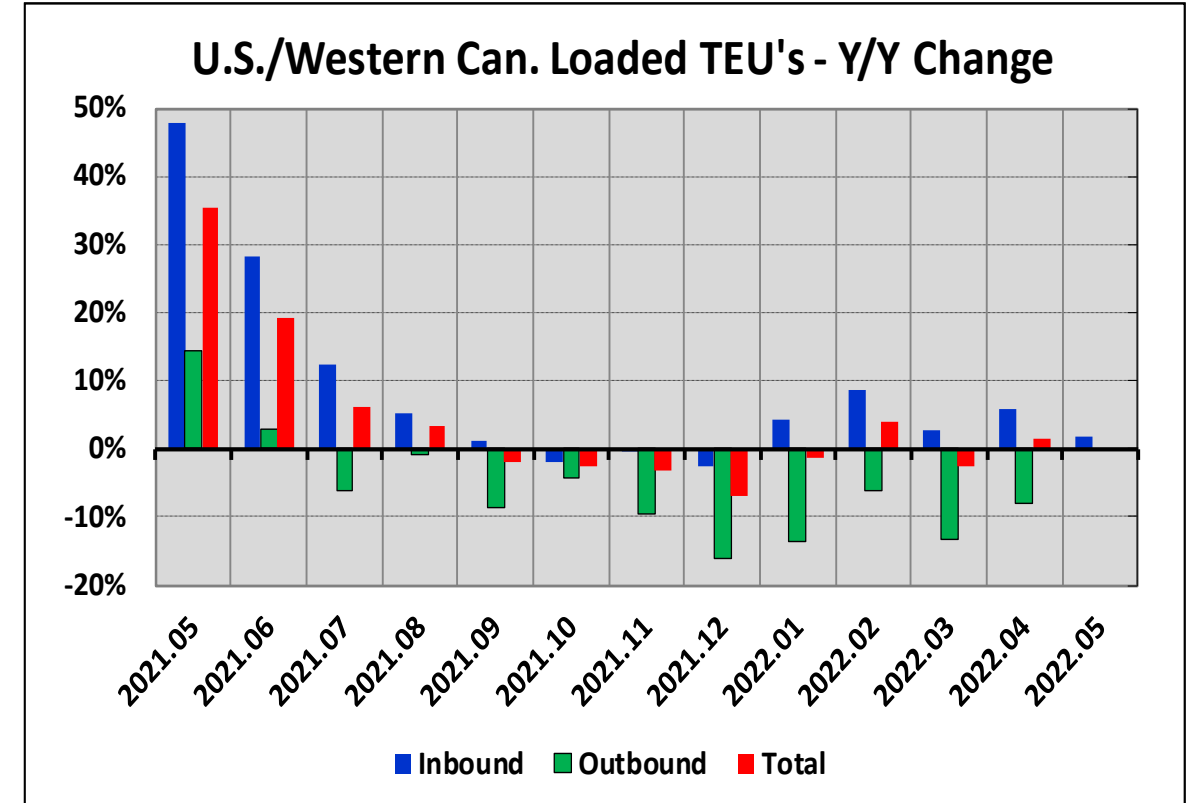
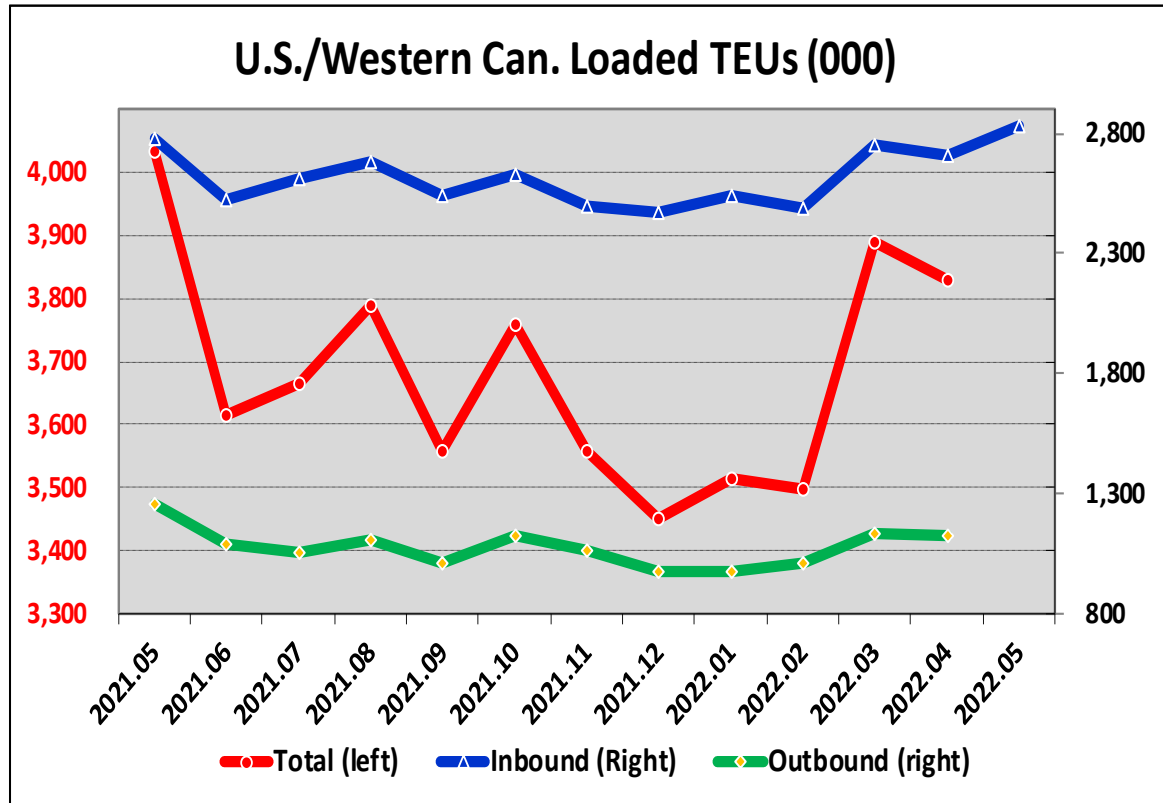


+20.9% since 2/5

THE PRIVATELY OWNED DOMESTIC CONTAINER FLEETS ARE GAINING

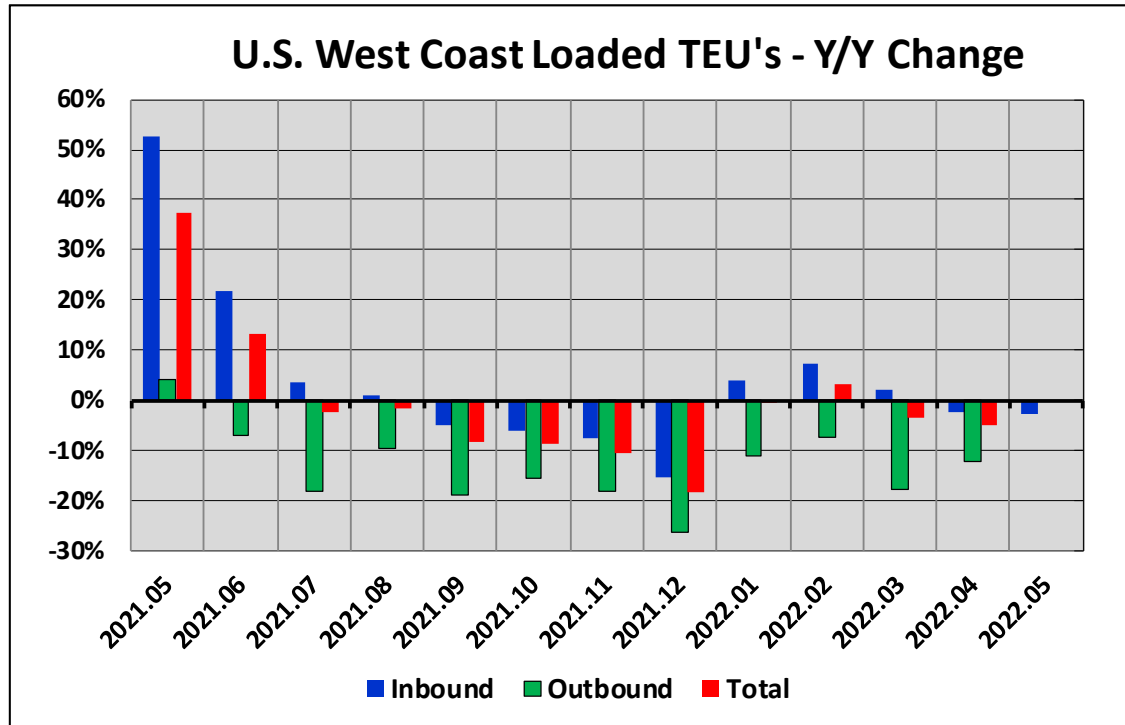


THE PORTS ARE WORKING AT FULL CAPACITY. IMPORT TEUS ARE STABLE AT A HIGH LEVEL

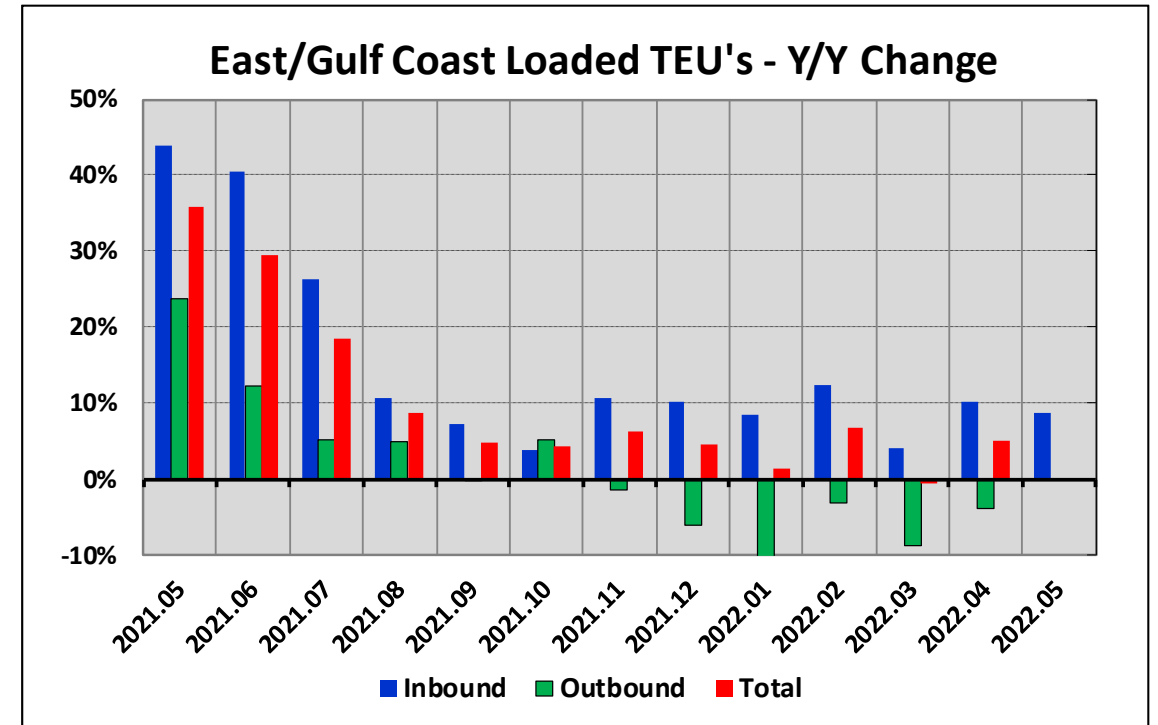


Source: Port Reports, IHS PIERS, GTC Analysis

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

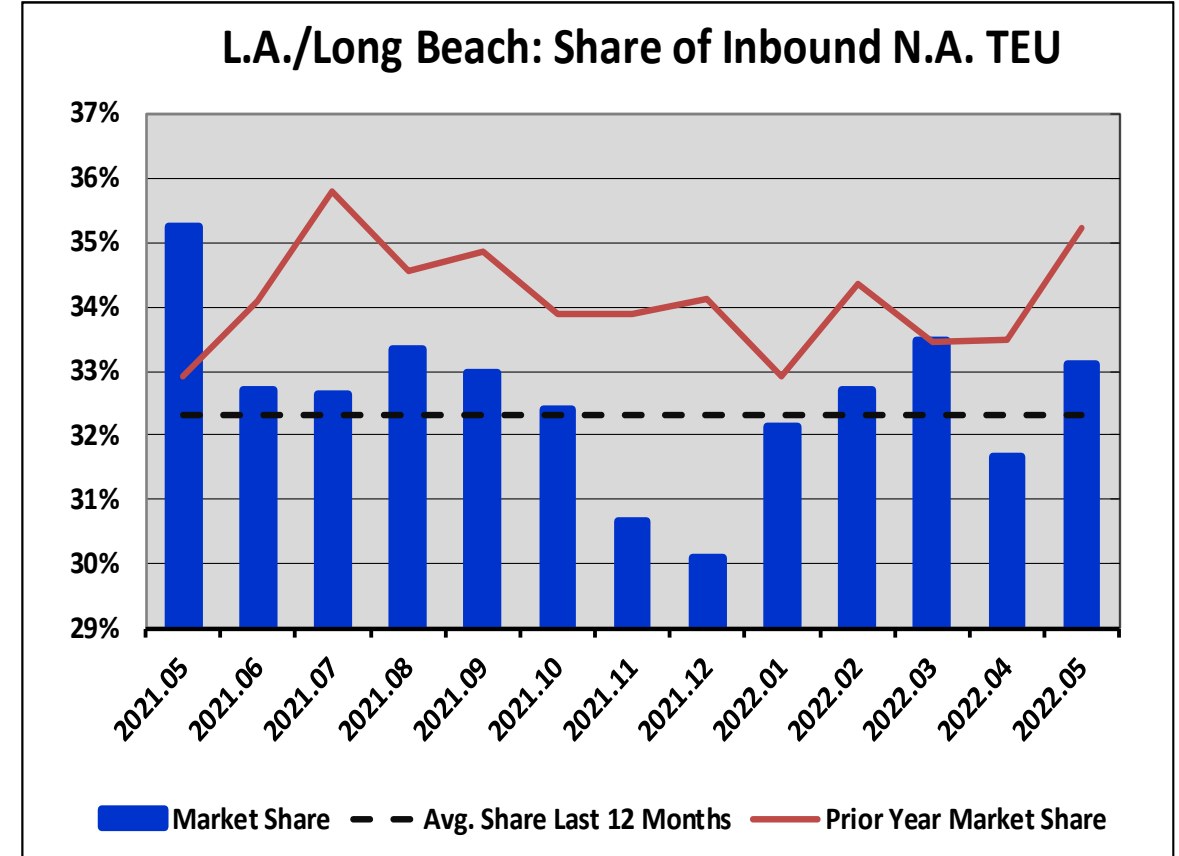
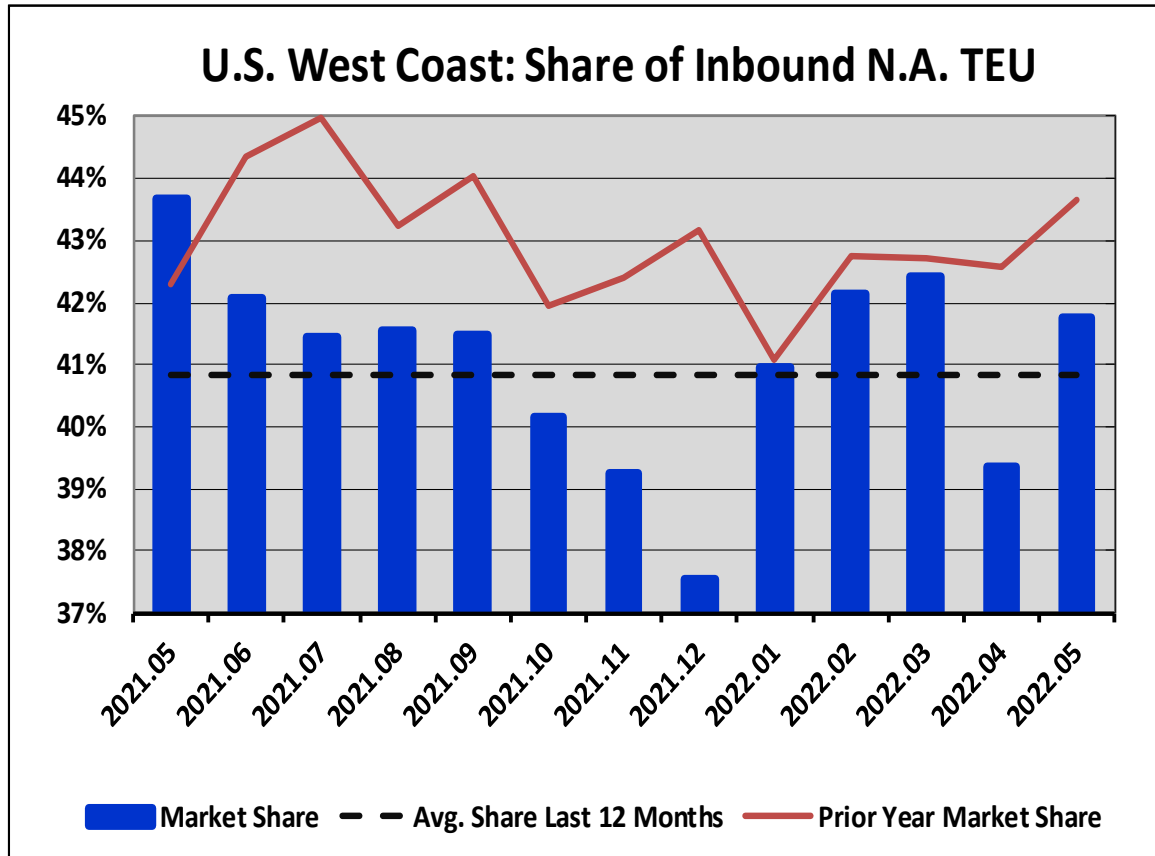


Imports YTD (April) +2.6%
Exports YTD (March) -12.5%



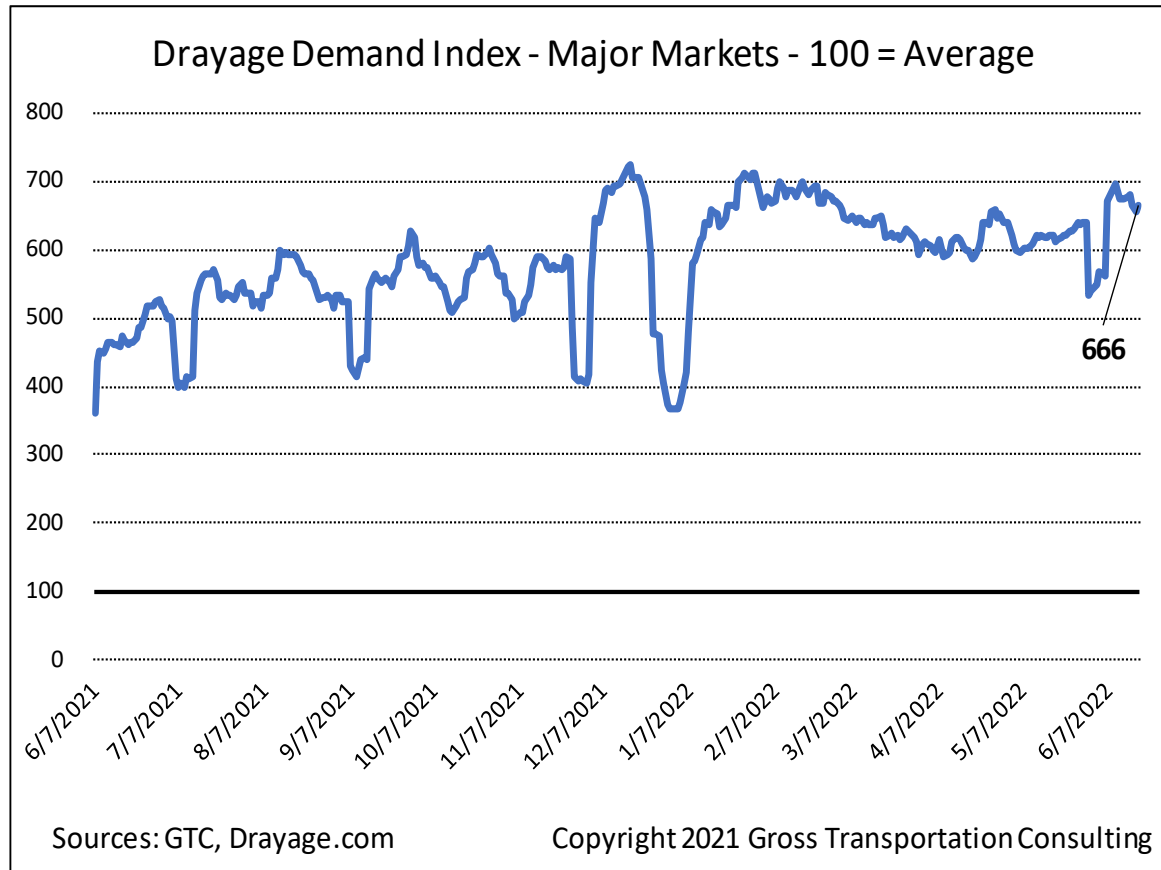
Imports YTD (April) +9.2%
Exports YTD (March) -8.6%

WEST COAST IMPORT SHARE HAS DROPPED

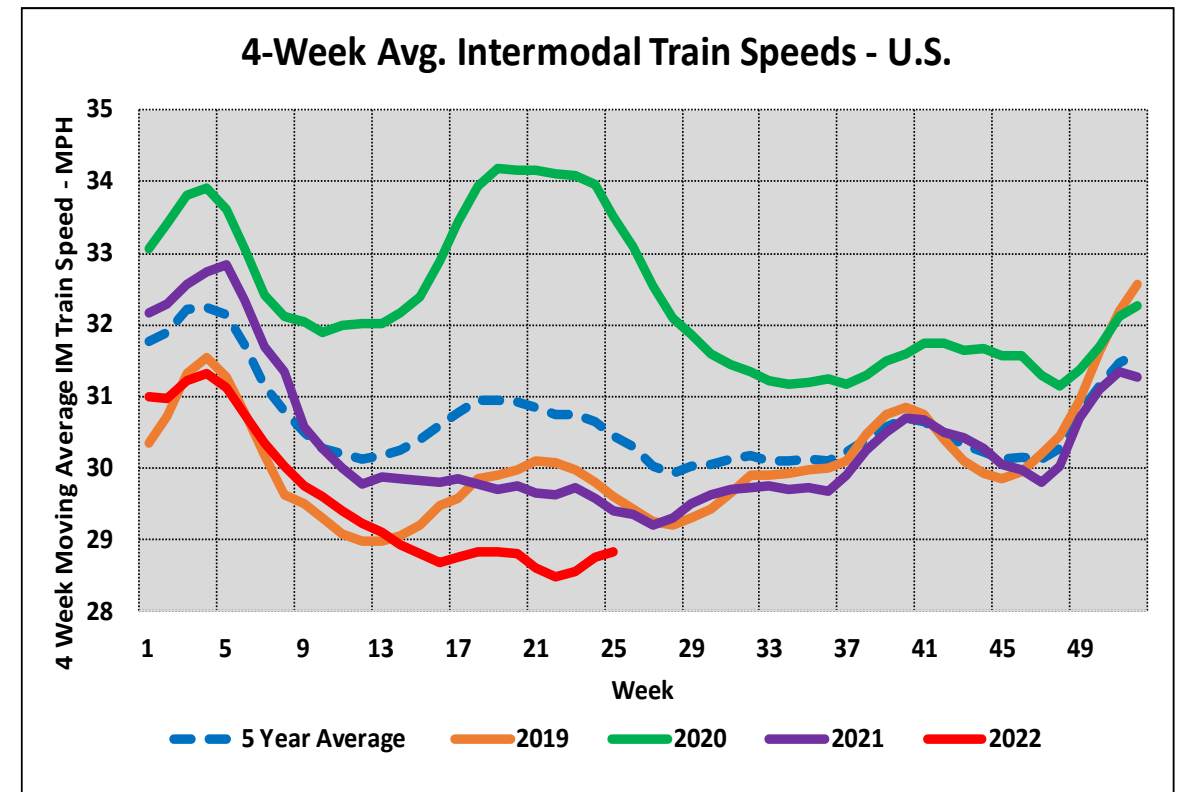


Source: Port Reports, IHS PIERS, GTC Analysis

DRAYAGE MARKETS CONTINUE TIGHT RAIL PERFORMANCE HAS BEEN PROBLEMATIC

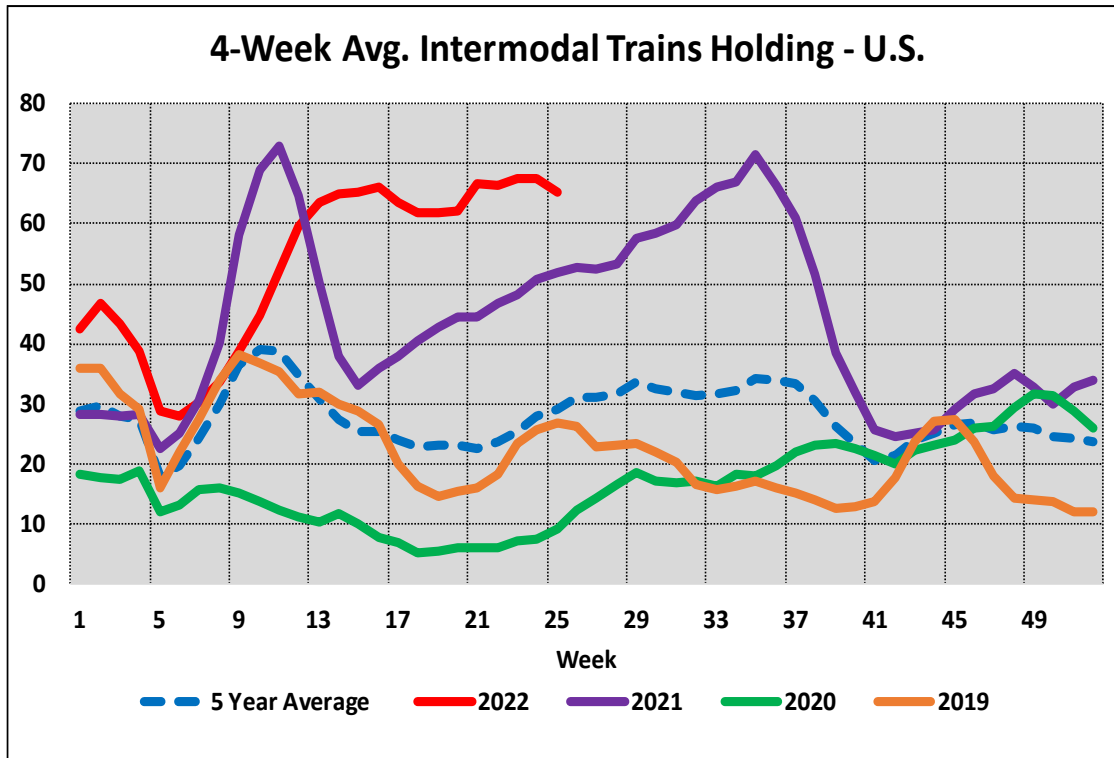


Source: Drayage.com, GTC Analysis

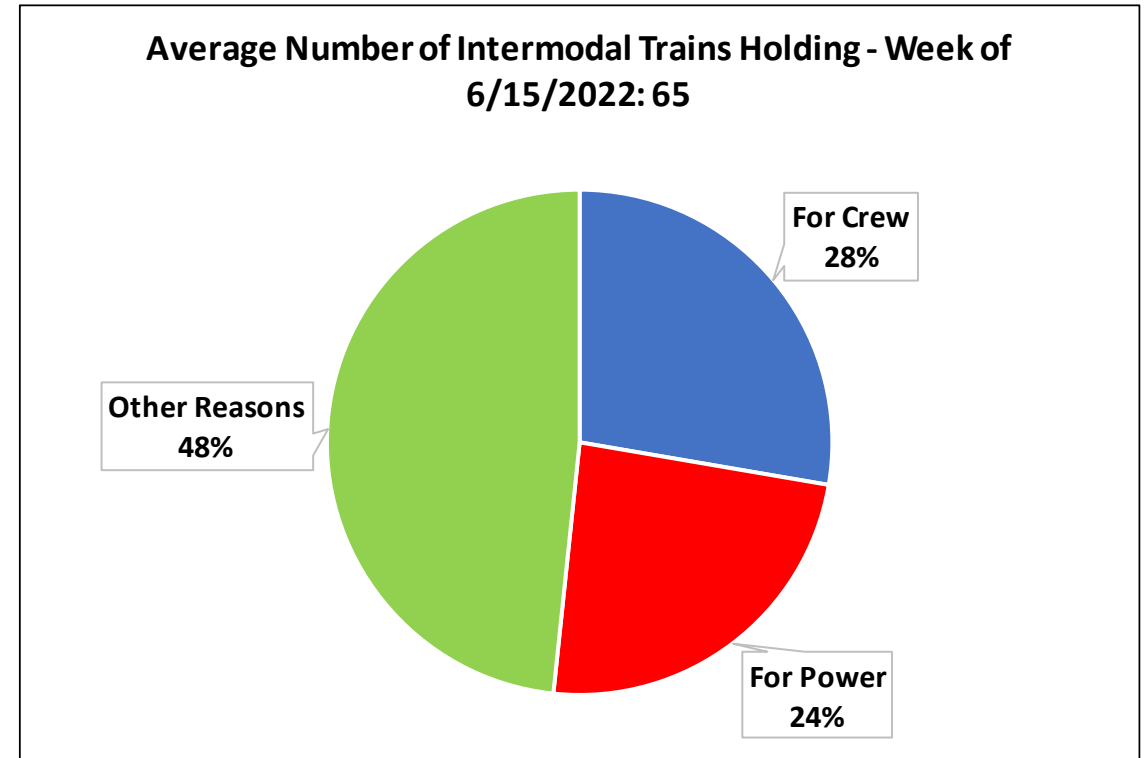


Source: STB Rail Service Data

RAIL PERFORMANCE HAS BEEN PROBLEMATIC (CONT'D)

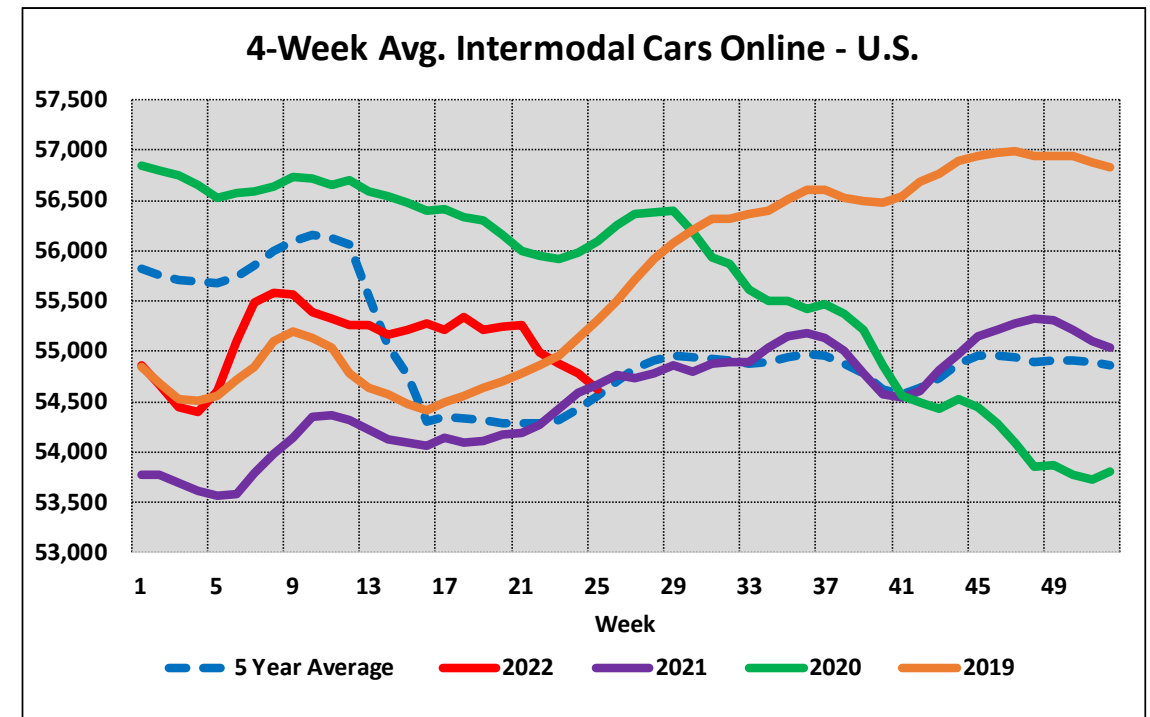
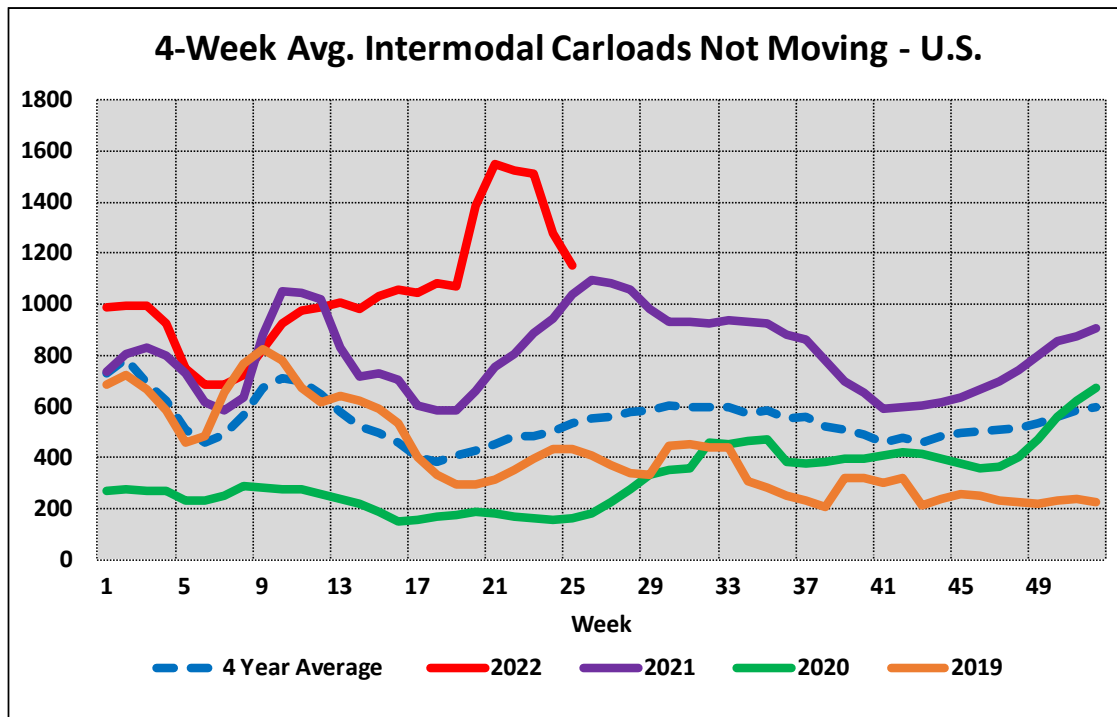


Source: STB Rail Service Data



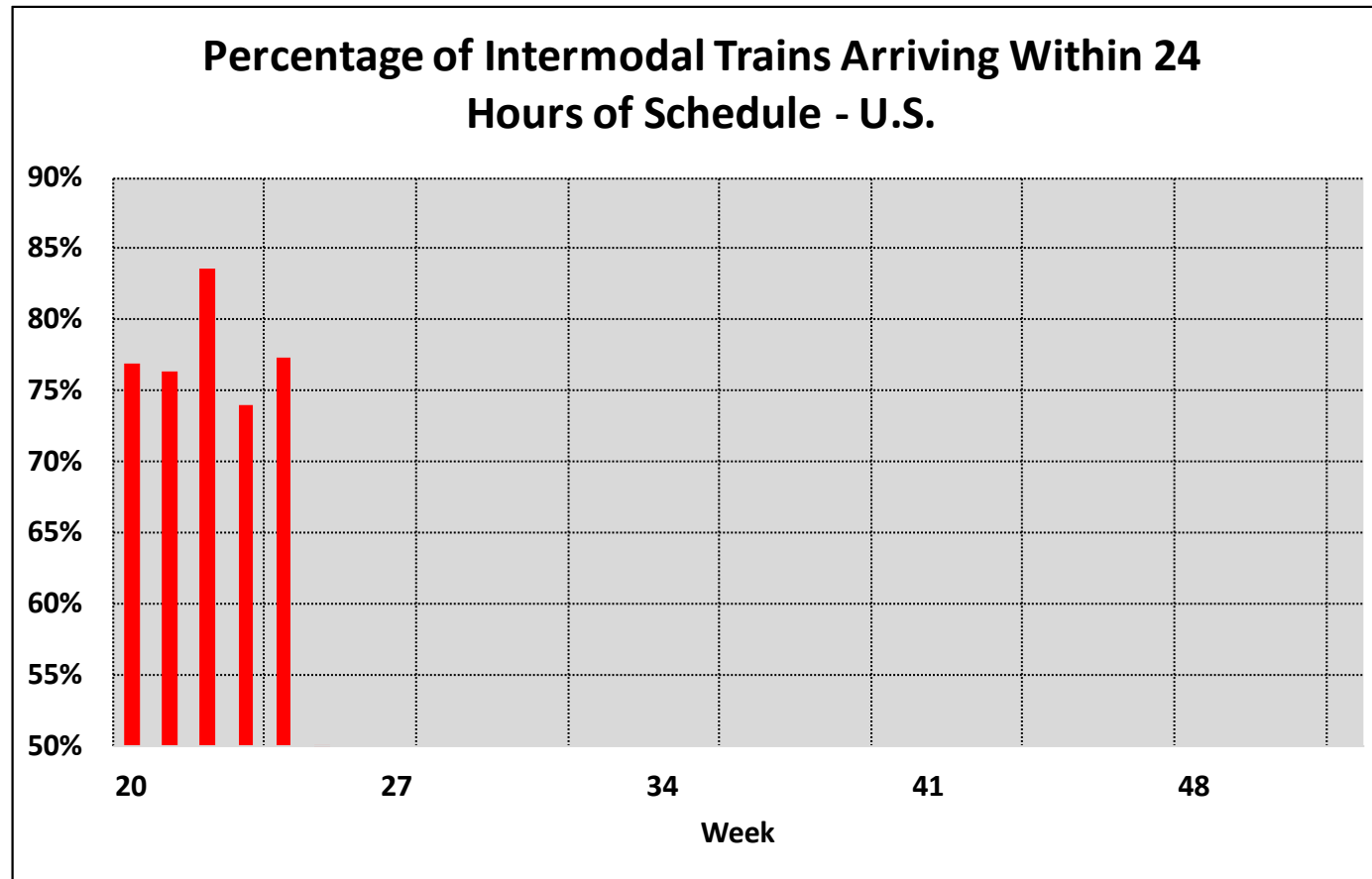
Total Intermodal Trains Holding: 62

RAIL PERFORMANCE HAS BEEN PROBLEMATIC (CONT'D)



Source: STB Rail Service Data

NEW STB ON-TIME ARRIVAL DATA



Source: STB Rail Service Data

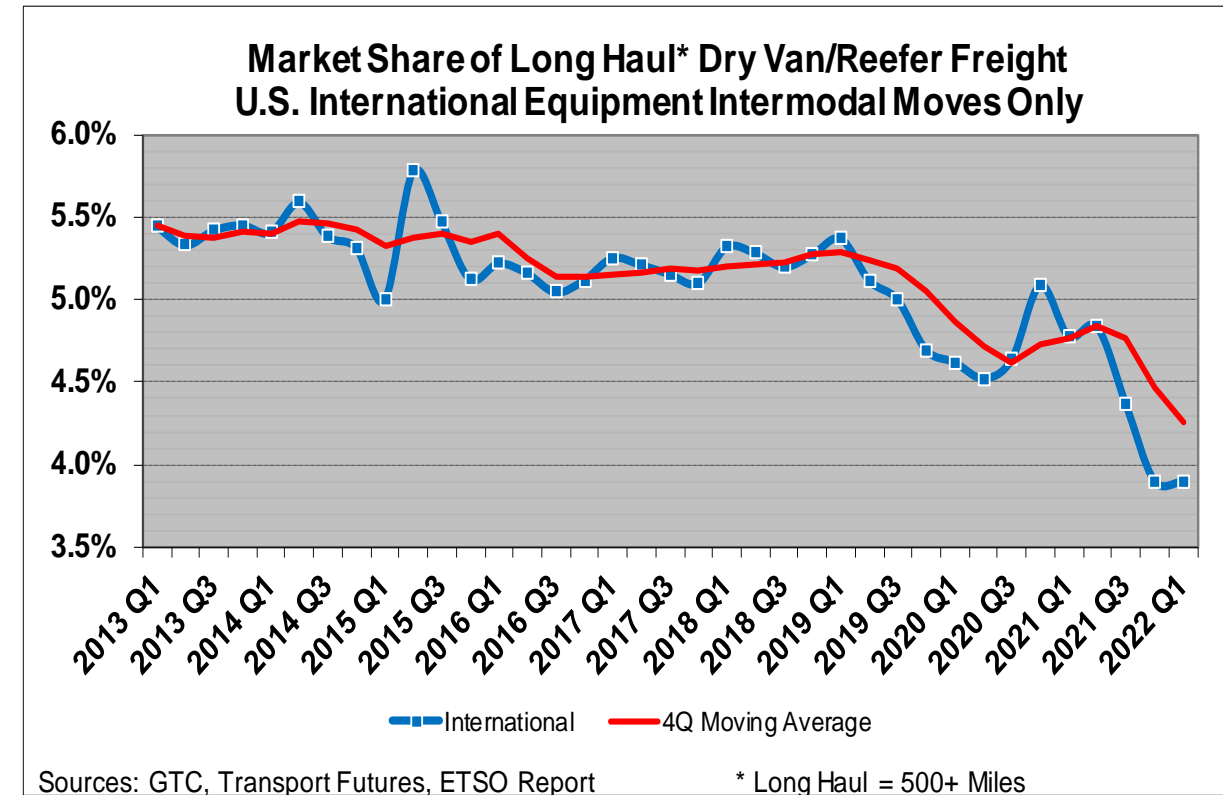
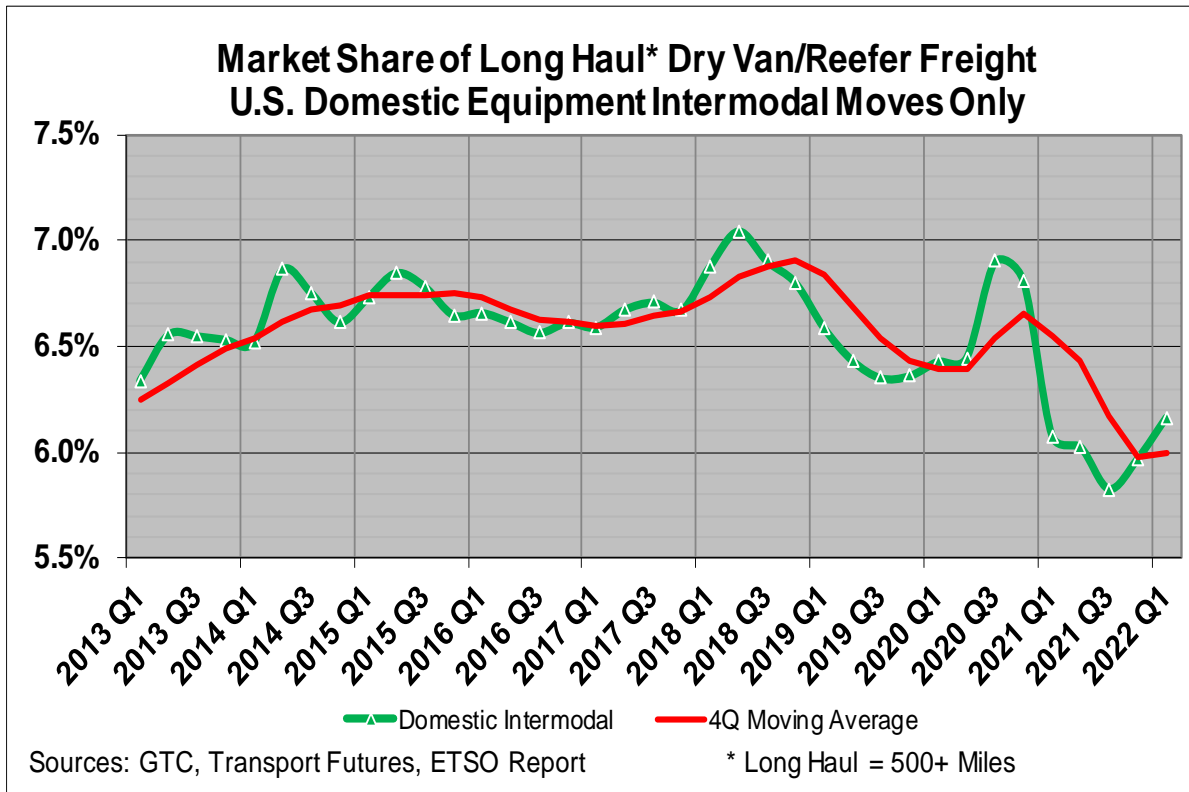
The Eastern Railroads have higher percentages of on-time arrivals than the Western Railroads

THE MANY INGREDIENTS OF INTERMODAL CAPACITY

- Container Supply (a function of both fleet size and equipment cycle times)
- Chassis Supply (same as above)
- Terminal Capacity (Lifts, Parking, Gate)
- Train Capacity (Crews, Power, Railcars)
- Dray Capacity (Owner Operator vs. Company)

Items in red indicate current areas of concern

INTERMODAL MARKET SHARE WAS DAMAGED BY RECENT ISSUES



Source: IANA ETSO, Transport Futures, GTC Analysis

MAJOR THEMES - MARKETS

- There is a growing disconnect between still-strong import trends and the domestic truckload situation
- Truckload spot rates are signaling a cooling domestic market
- Large contract rates holding up better – good for intermodal
- Up-streamed volume continues to strain inland portions of the international supply chain
- Likely result will be an early, subdued peak season
- High inventory levels are clogging every step of the supply chain
- (Obviously) 2023 is a big question mark

MAJOR THEMES - INTERNATIONAL

- Ocean carriers' desire to keep their containers near the ports drove the recent plunge.
- Now ISO containers are becoming more abundant and more normal choices are returning
- China lockdowns will have minimal impact as long as ship queues continue to be in place
- The changes in ocean carriers' demands are exceeding the system's near-term capacity to respond
- West to East migration will be a continuing headwind
- West Coast labor situation a nagging concern

MAJOR THEMES - DOMESTIC

- High fuel costs and easing time pressures should work in favor of intermodal
- A flood of new boxes is reaching the U.S. from China, but that is only half the equation. Chassis capacity will be a pacing item for the balance of 2022
- A significant market share shift is underway from small IMC's to integrated large carriers
- New BCO entries are a wild card
- Some share recovery seems likely
- Much depends on whether service improves

TODAY'S LONG-TERM CONSIDERATIONS

- Equipment cycle times currently remain extended. When/if they return to “normal” significant new capacity will be created out of thin air. Possible oversupply?
- High carrier profits coupled with sub-standard service have created an atmosphere that has substantially increased the prospects for regulatory intervention
- Rails are not investing in their domestic container fleets, an alternative will need to be created
- “The Great Dispersal” is well underway, will continue
- How long will the memories of the Supply Chain Crisis endure?

Thanks! Questions?

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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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