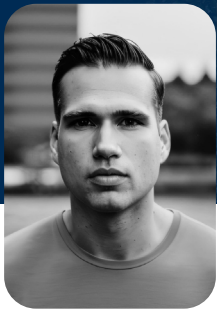


2023 Intermodal Outlook



AN INTERVIEW WITH NFI'S
SVP OF INTERMODAL OPERATIONS,
MARK MCKENDRY

What was 2023 like for the Intermodal market?

Shippers have faced demand challenges since mid-2022. This decrease in consumer demand coincided with an influx of surplus capacity from both Truck and Rail providers. That imbalance in supply and demand has led to a dramatic downward effect on the price of transportation, pushing an abundance of beneficial cargo owners to start looking at resetting their structural supply chain costs. However, it's important to note that the challenges they face in 2023 differ from those experienced in 2022. Low demand in 2023 feels more 'structural' than in 2022 because of factors like persistent inflation and a recession narrative that creates negative consumer sentiment. In other words, it's more than just the competition between goods spending and services spending.

How has NFI helped customers navigate the supply chain this past year?

NFI took a proactive approach in a challenging market where OTR rates consistently decreased, capacity increased, and demand weakened. We responded by reducing rates, advocating for our customers with the railways, and diversifying our capacity-sourcing strategies. As a result, we achieved more significant container optionality while improving pricing and service. Despite the volatility of the transportation market, we aimed to provide our customers with optimal solutions, ensuring they received the best value, capacity, and exceptional response times.

“Capacity is higher than ever - we can execute more quickly and at a larger scale than ever before, much more so than during the pandemic.”

What do you think is in store for Intermodal in 2024?

Despite persistent inflation the economy still leaves a lot of room for optimism: low unemployment and strong corporate earnings often lead to strong consumer spending. For their part, however, consumers are expected to exercise caution in their spending decisions until the Federal Reserve concludes the current cycle of rate hikes. This is widely anticipated to happen before the end of Q1 2024. For the Intermodal industry, this implies that the additional container, chassis, and drayage capacity deployed in 2023 will likely experience steadily increasing demand, leading to potential upward pressure on rates in the first half of 2024.

What advice do you give shippers going into 2024?

Act now to secure Intermodal capacity because waiting for OTR rates to rise could lead to missed opportunities. By establishing a partnership with an Intermodal provider like NFI today, we can shield you from the expected market volatility in 2024. In a tight market, railways and Intermodal marketers prioritize committed users over occasional ones. Even if your Intermodal needs are limited due to low OTR rates, it's advisable to reflect on 2021 and safeguard your supply chain through a diversified routing guide that includes an Intermodal strategy.



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