

INTERMODAL *ADAPTS*



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Inside the Numbers

2020 Year in Review & 2021 Outlook

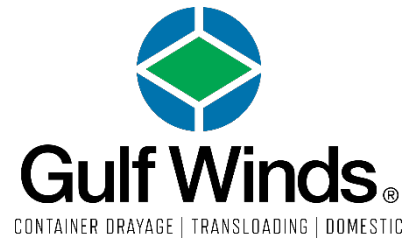
February 23rd 2021, 2:00 PM ET



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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 soon



Agenda

- Economic conditions
- 2020 IANA numbers, the Year in Review
- International & Domestic Intermodal Discussion
- Questions



John Woodcock
Director of Market Development,
TTX Co.



Pat Casey, CBE
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Peter Wolff
Director of Market Development,
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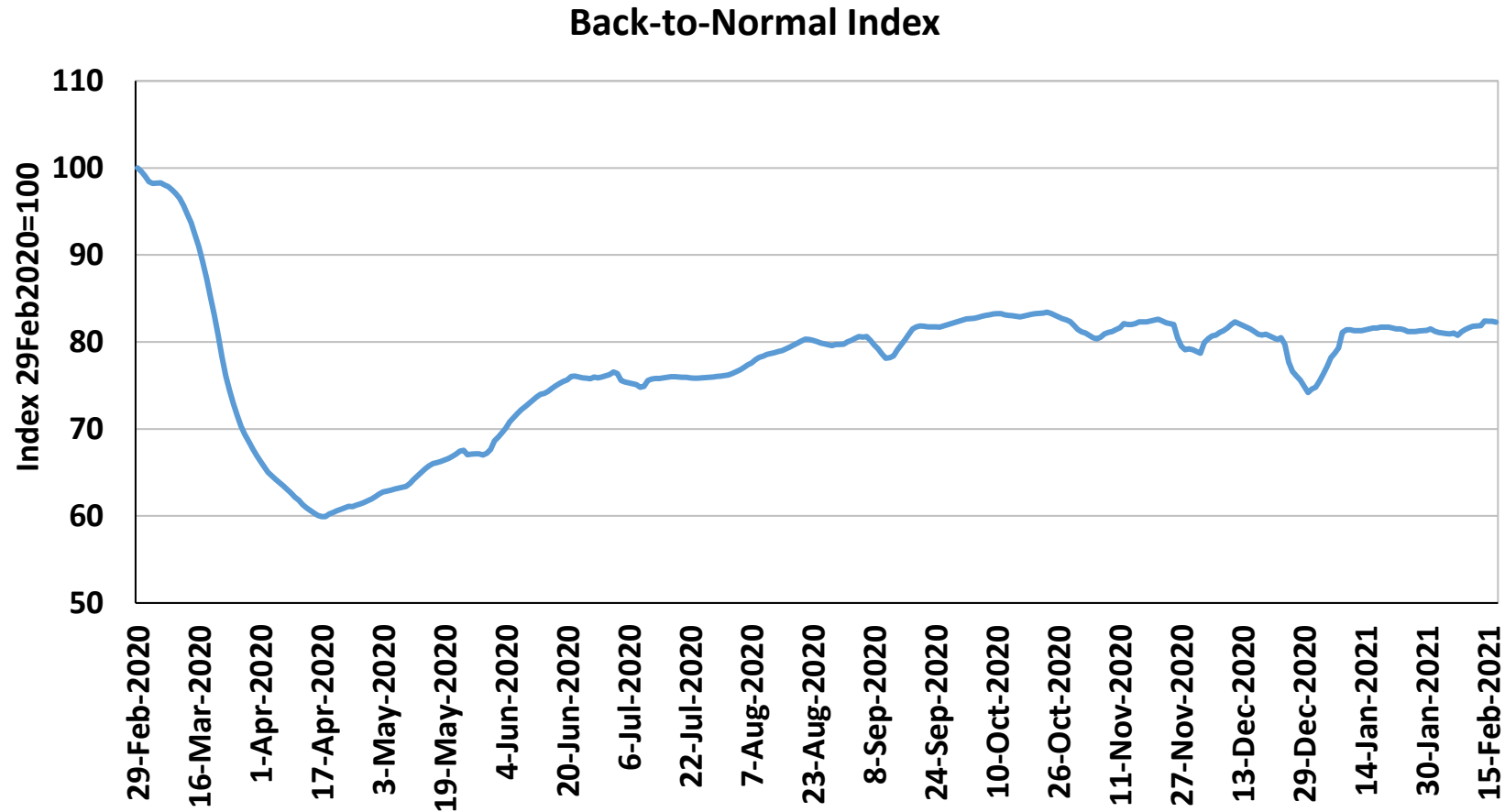
Our Panel



Economic Overview

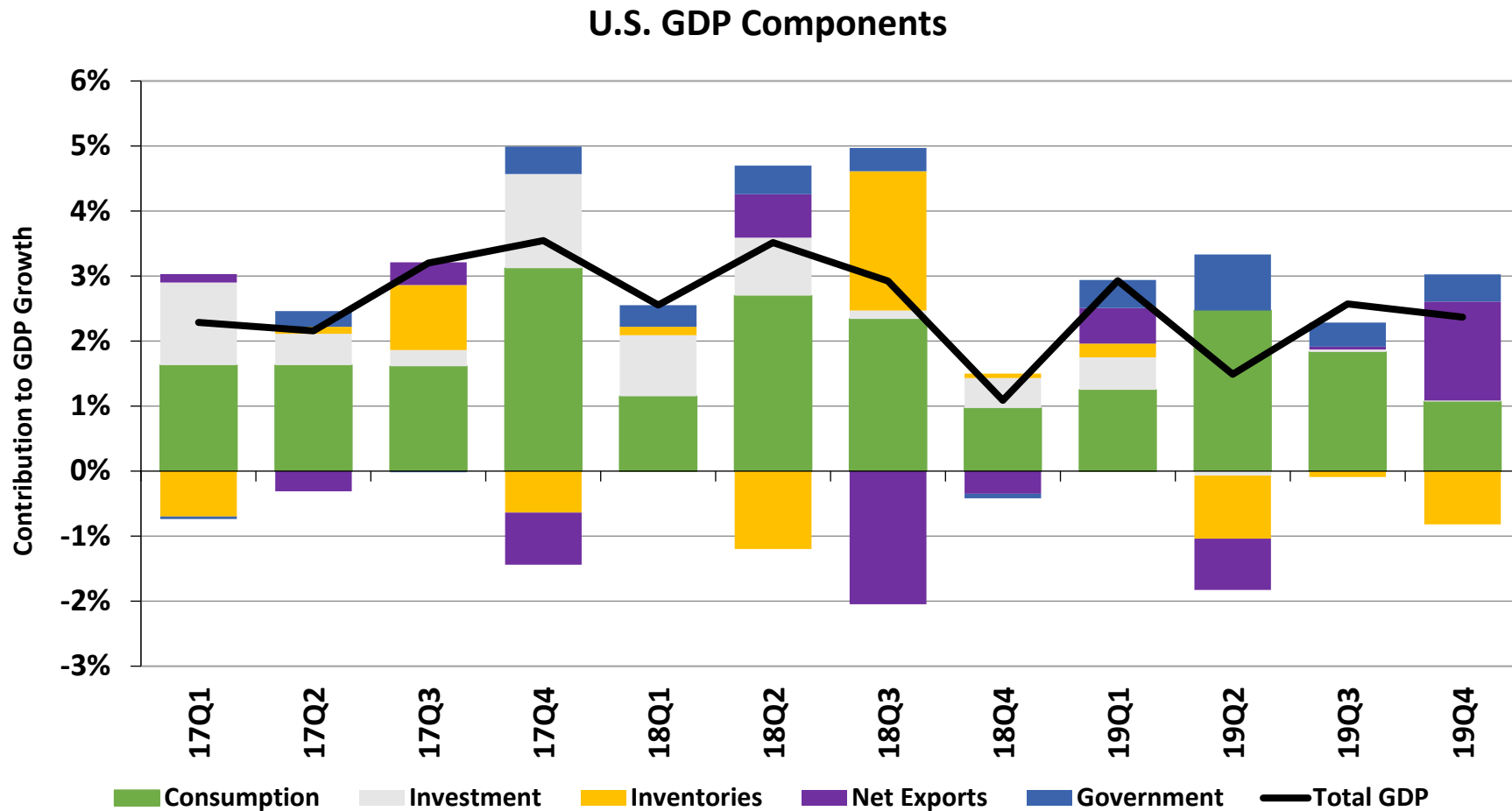


The economy is improving and U.S. GDP could reach 2019 levels by 2Q or 3Q21



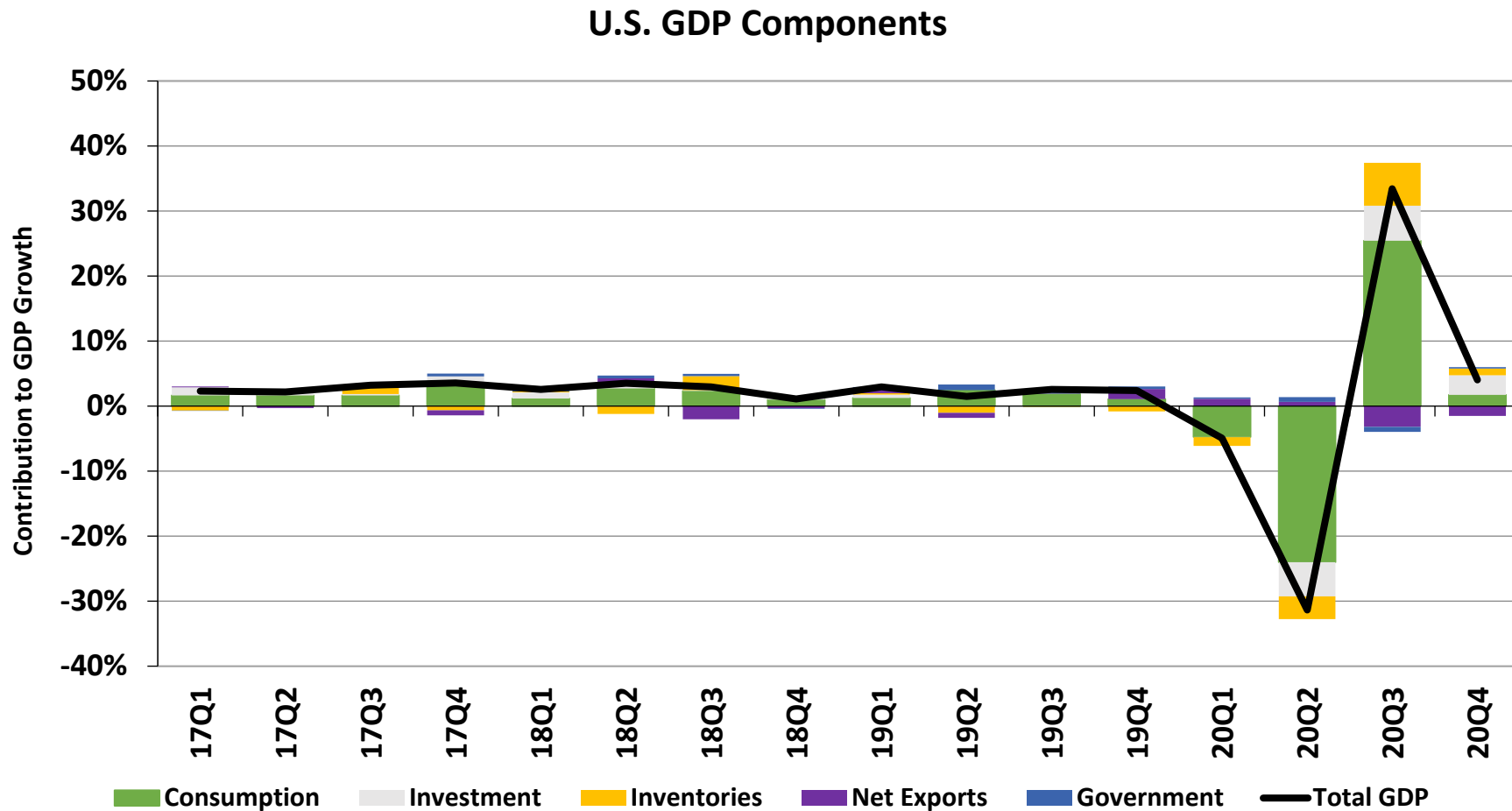
Source: Moody's Analytics & CNN

During “normal times” quarterly GDP typically grows in the 2%-4% range, but...



Source: U.S. Bureau of Economic Analysis

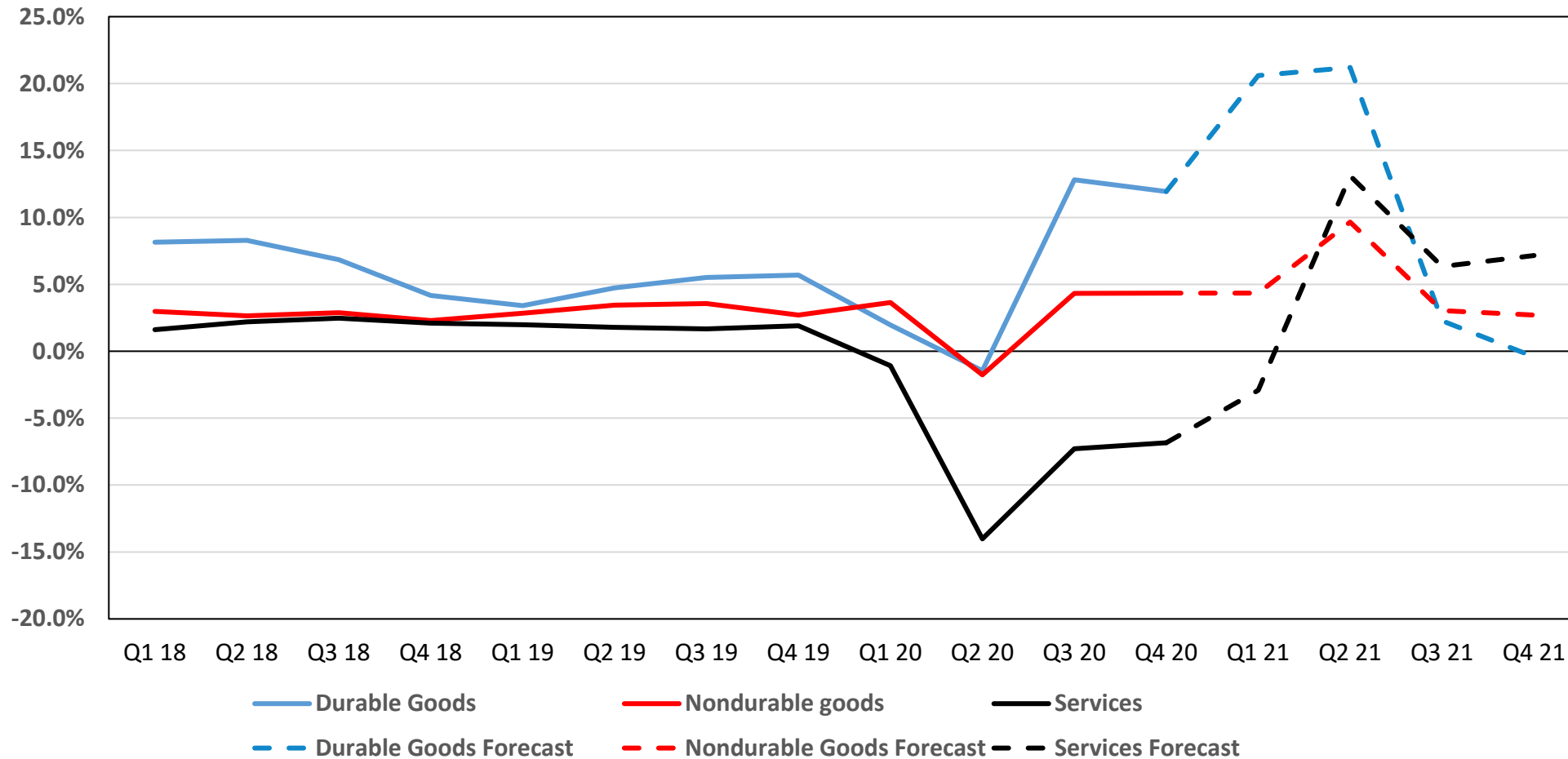
During 2020 quarterly U.S. GDP swung wildly as consumer spending crashed and rebounded in Q2 & Q3



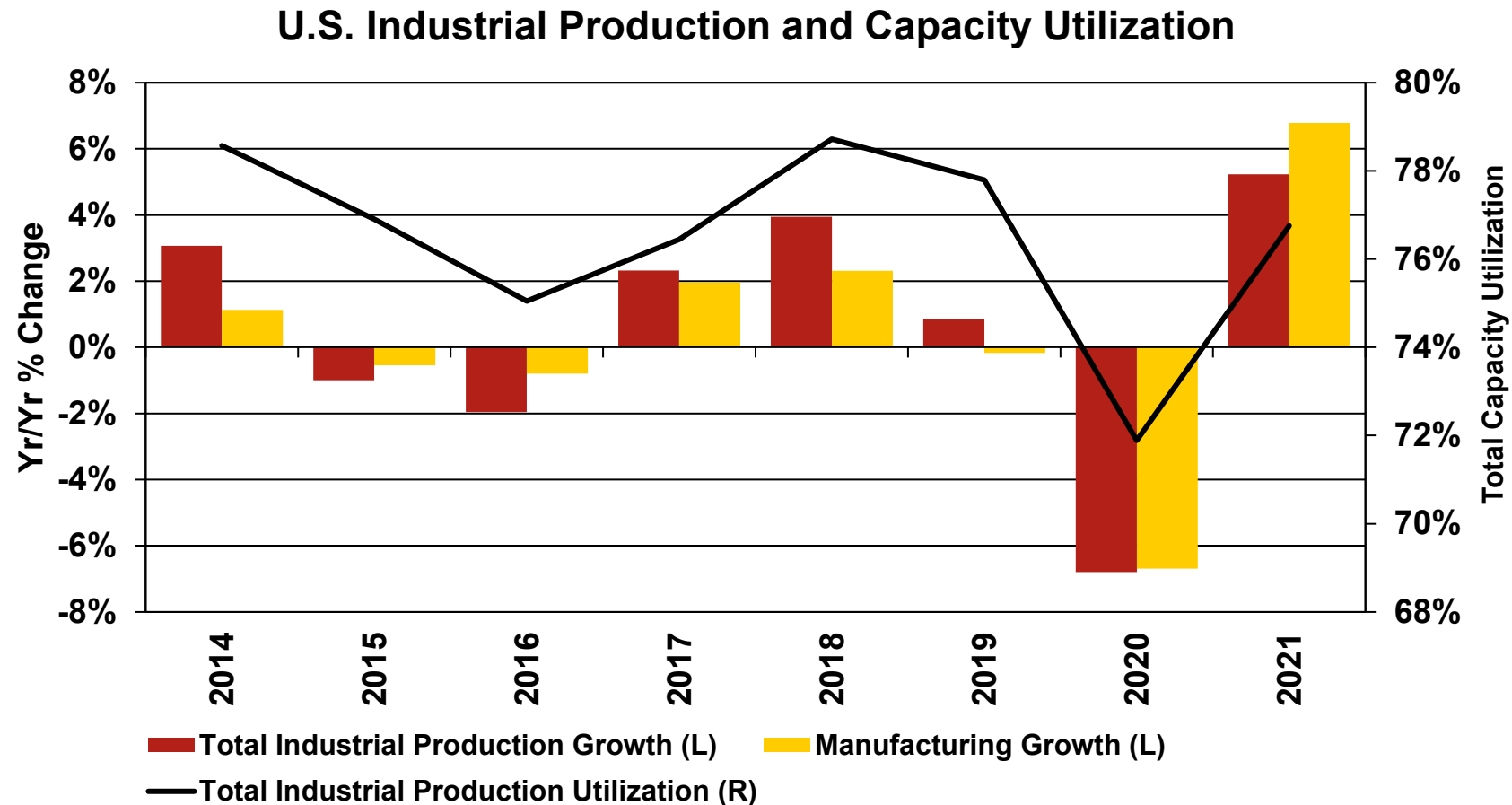
Source: U.S. Bureau of Economic Analysis

Spending on goods expected to spike, driving demand for transportation; services spending expected to recover when economy opens

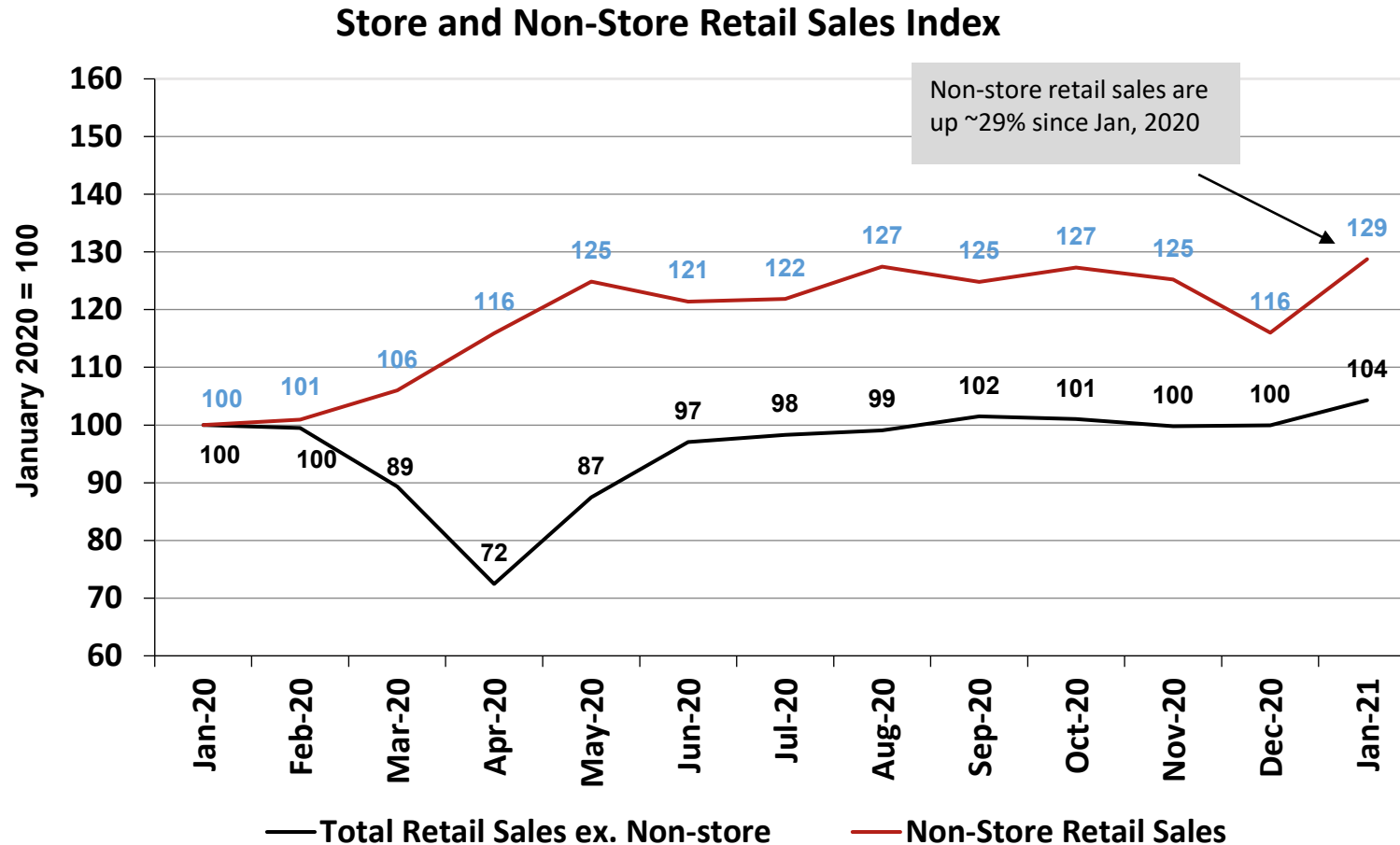
Goods and Services Expenditures Year-Over-Year



Industrial production growth should be strong, but capacity utilization still below 80% at year's end



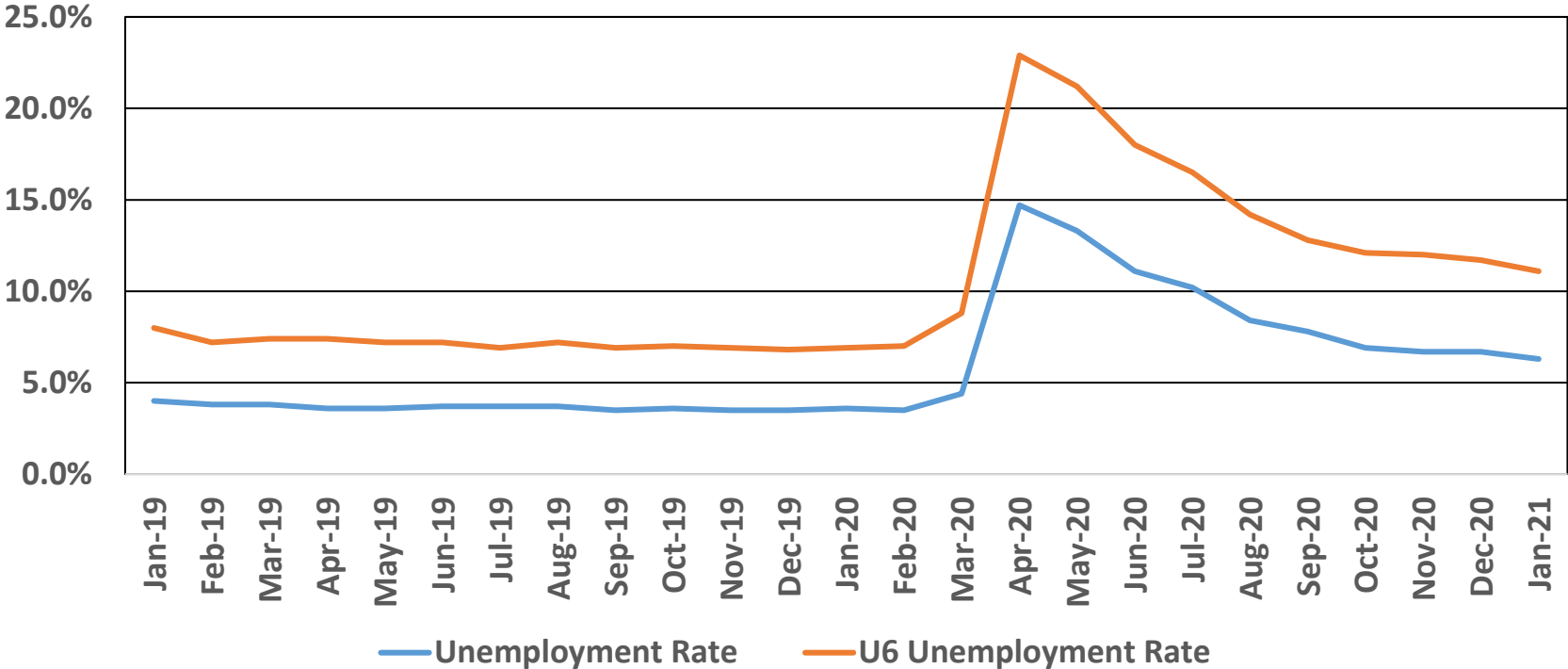
E-commerce spiked in the midst of the pandemic and continues to rise



Source: U.S. Census Bureau

The unemployment rate fell from its double-digit peak in April, as economic activity rises after extended business closures

Unemployment



Source: U.S. Board of Governors of the Federal Reserve System

Leading economic indicators are pointing in the right direction

Economic Indicator	2018 Actual	2019 Actual	2020 Actual	2021 Forecast
U.S. GDP ¹	3.0%	2.2%	-3.5%	4.0%
Consumer Spending ¹	2.7%	2.4%	-3.9%	4.7%
Retail Sales	4.4%	3.5%	0.4%	8.9%
Investment ¹	6.9%	2.9%	-4.0%	0.3%
Housing Starts ³	1.25	1.30	1.40	1.38
U.S. Vehicle Prod. ⁽⁰⁰⁰⁾	10,993	10,638	8,621	11,681
U.S. Vehicle Sales ⁽⁰⁰⁰⁾	17,203	17,031	14,835	15,629
Industrial Prod. ²	3.9%	0.9%	-6.8%	5.2%
Mexico GDP ¹	2.2%	-0.3%	-9.8%*	3.6%
Canada GDP ¹	2.0%	1.7%	-6.5%*	3.6%
Inflation	2.4%	1.8%	1.3%	1.9%

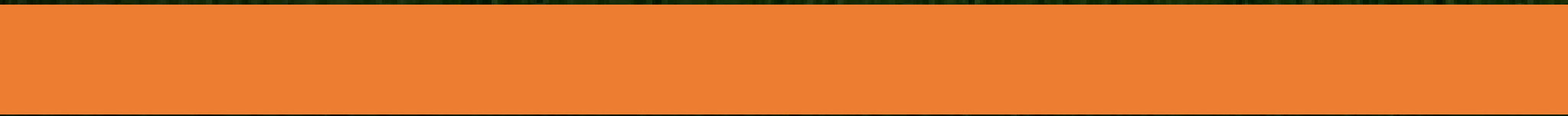
1: SAAR, real % change 2: Year-over-Year %Change 3: Millions, annualized rate

*Forecast

Source: TTX, Bureau of Economic Analysis, Moody's Analytics, Autocast



The Latest IANA Numbers



2020 North American intermodal growth summary

- **By Segment**

- International: -6.2%
- Domestic Container: +3.5%
 - Private: +3.5%
 - Rail: +3.5%
- Trailers: -3.3%
- All Domestic Equipment: +2.6%
- Total Intermodal: -2.0%

- **By Origin Region**

- U.S.: -1.8%
- Canada: -0.3%
- Mexico: -15.2%

2020 intermodal volume changes by equipment type

Segment	2019	2020	% Change
Trailers	1,227,511	1,186,996	-3.3%
Domestic Containers	7,570,940	7,837,713	+3.5%
Private Domestic Containers	5,429,578	5,621,517	+3.5%
Railroad Domestic Containers	2,141,362	2,216,196	+3.5%
All Domestic Equipment	8,798,451	9,024,709	+2.6%
ISO Containers	9,347,644	8,764,483	-6.2%
Total	18,146,095	17,789,192	-2.0%

Source: IANA

2020 regional loadings

	2019		2020		% Change
	Units	Share	Units	Share	Growth
Eastern Canada (EC)	1,330,615	7.3%	1,279,994	7.2%	-3.8%
Mountain Central (MC)	276,891	1.5%	295,037	1.7%	+6.6%
Midwest (MW)	4,913,769	27.1%	4,807,355	27.0%	-2.2%
Mexico (MX)	601,851	3.3%	510,510	2.9%	-15.2%
Northeast (NE)	1,751,198	9.7%	1,737,140	9.8%	-0.8%
Northwest (NW)	741,222	4.1%	684,725	3.8%	-7.6%
South Central (SC)	1,279,577	7.1%	1,262,090	7.1%	-1.4%
Southeast (SE)	2,384,549	13.1%	2,304,936	13.0%	-3.3%
Southwest (SW)	3,272,644	18.0%	3,271,667	18.4%	0.0%
Western Canada (WC)	1,593,776	8.8%	1,635,738	9.2%	+2.6%

Source: IANA

2020's top growth lanes

Corridor	2019		2020		% Change
	Units	Share	Units	Share	Growth
Northwest-Southwest	86,945	0.5%	110,559	0.7%	27.2%
South Central-Southeast	143,933	0.9%	149,627	0.9%	4.0%
Northeast-South Central	104,695	0.6%	107,507	0.6%	2.7%
Western Canada-Western Canada	352,871	2.1%	362,029	2.2%	2.6%
Midwest-Southeast	711,320	4.2%	724,355	4.4%	1.8%
Midwest-Southwest	3,028,227	18.0%	3,064,353	18.5%	1.2%
Midwest-Northeast	2,309,505	13.7%	2,330,878	14.1%	0.9%
Midwest-Western Canada	837,867	5.0%	844,050	5.1%	0.7%
Eastern Canada-Western Canada	1,416,268	8.4%	1,418,182	8.6%	0.1%

Source: IANA

Note: top growth lanes exclude lanes with less than 100,000 moves

2020's largest decline / slowest growth lanes

Corridor	2019		2020		% Change
	Units	Share	Units	Share	Decline
Northeast-Northeast	121,701	0.7%	98,891	0.6%	-18.7%
Northwest-Northwest	162,505	1.0%	134,591	0.8%	-17.2%
Eastern Canada-Midwest	249,577	1.5%	209,587	1.3%	-16.0%
Midwest-Northwest	948,583	5.6%	847,407	5.1%	-10.7%
Midwest-Midwest	331,811	2.0%	309,831	1.9%	-6.6%
Eastern Canada-Eastern Canada	470,295	2.8%	442,434	2.7%	-5.9%
Southeast-Southeast	1,219,033	7.2%	1,174,572	7.1%	-3.6%
South Central-Southwest	1,598,226	9.5%	1,549,426	9.3%	-3.1%
Midwest-South Central	491,475	2.9%	482,389	2.9%	-1.8%
Southeast-Western Canada	154,667	0.9%	152,559	0.9%	-1.4%
Northeast-Southeast	403,410	2.4%	398,544	2.4%	-1.2%

Source: IANA

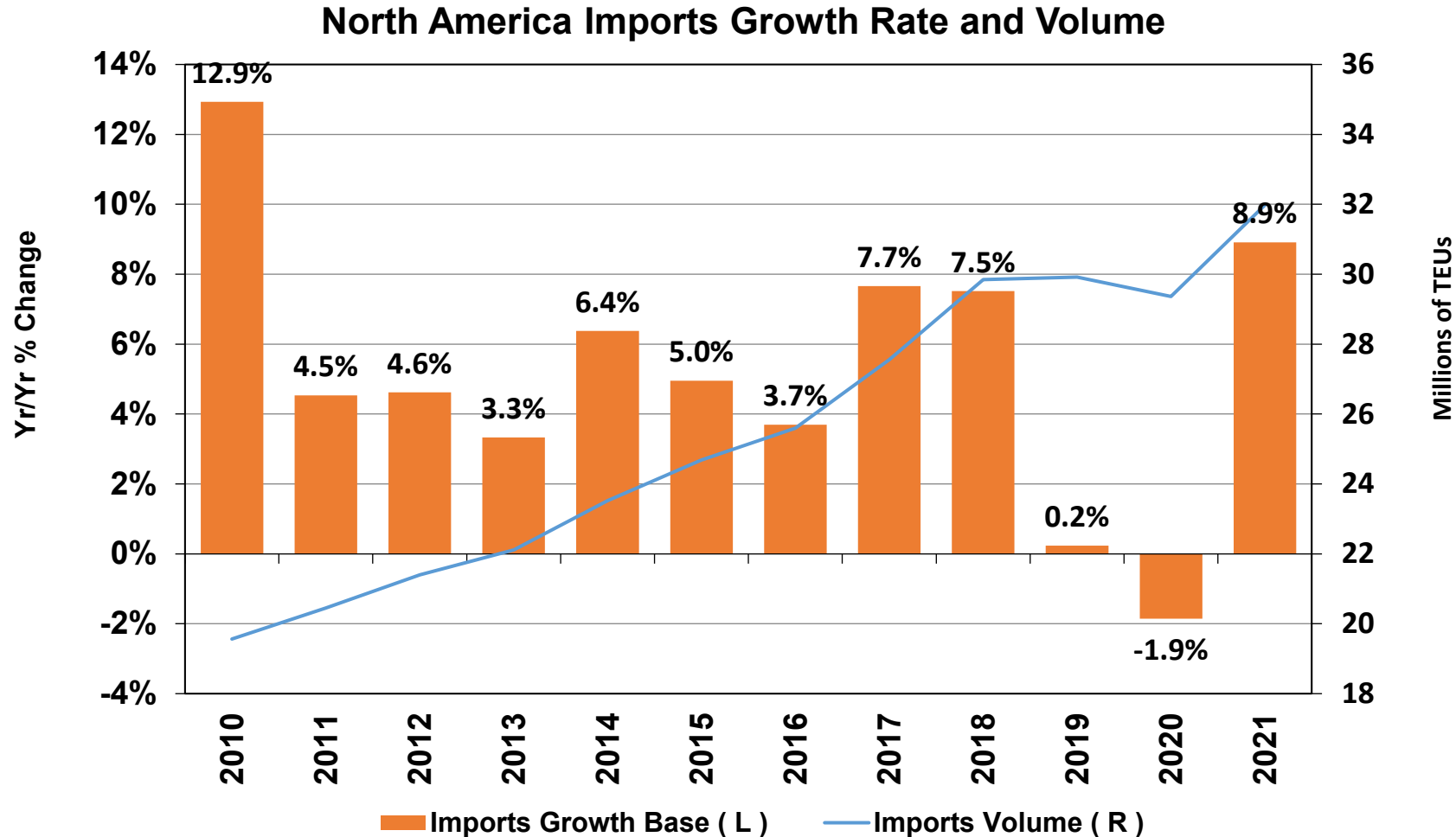
Note: largest decline / slowest growth lanes exclude lanes with less than 100,000 moves



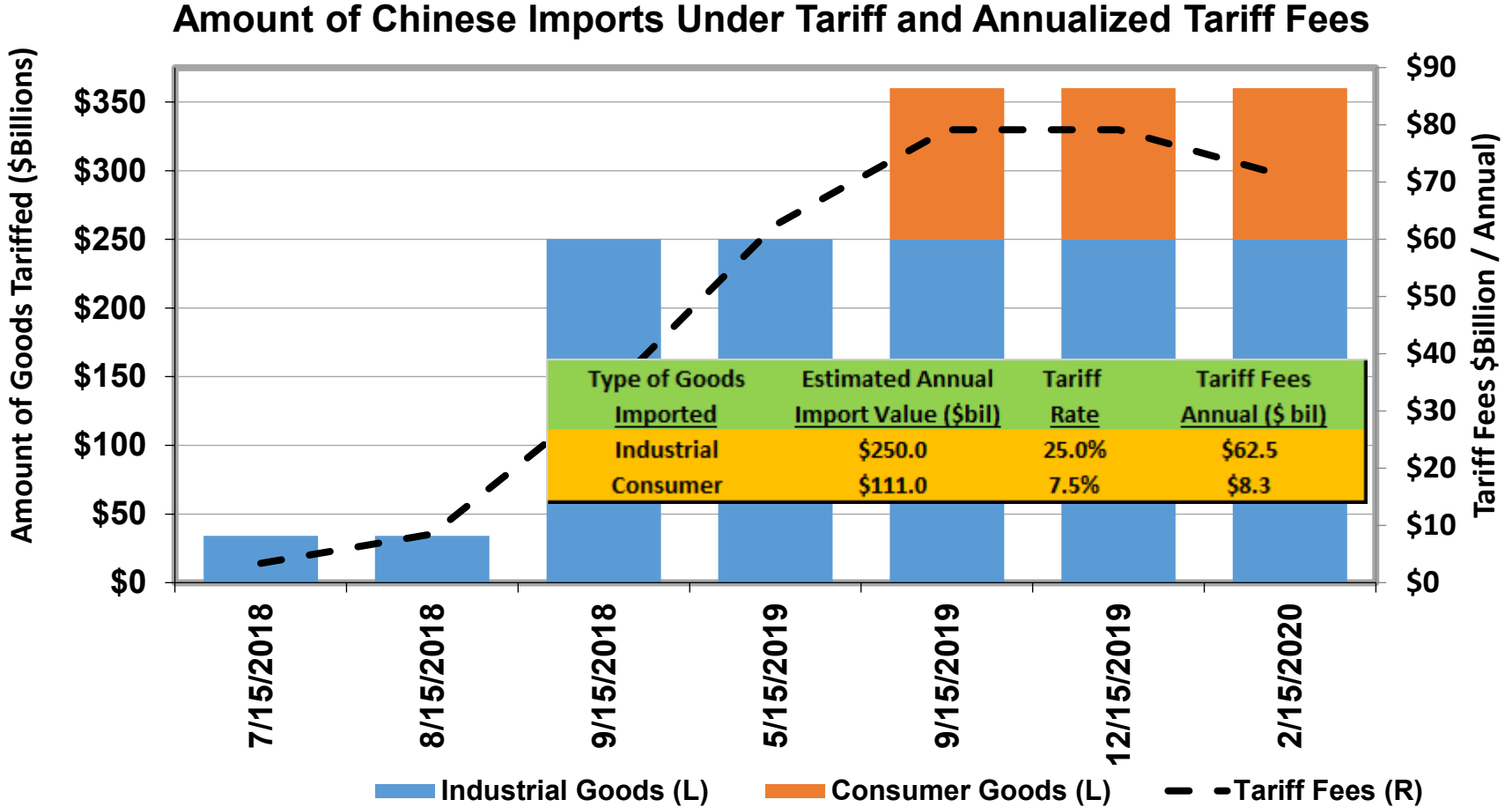
International Intermodal



North American imports expected to rebound, but tariffs continue to create uncertainty



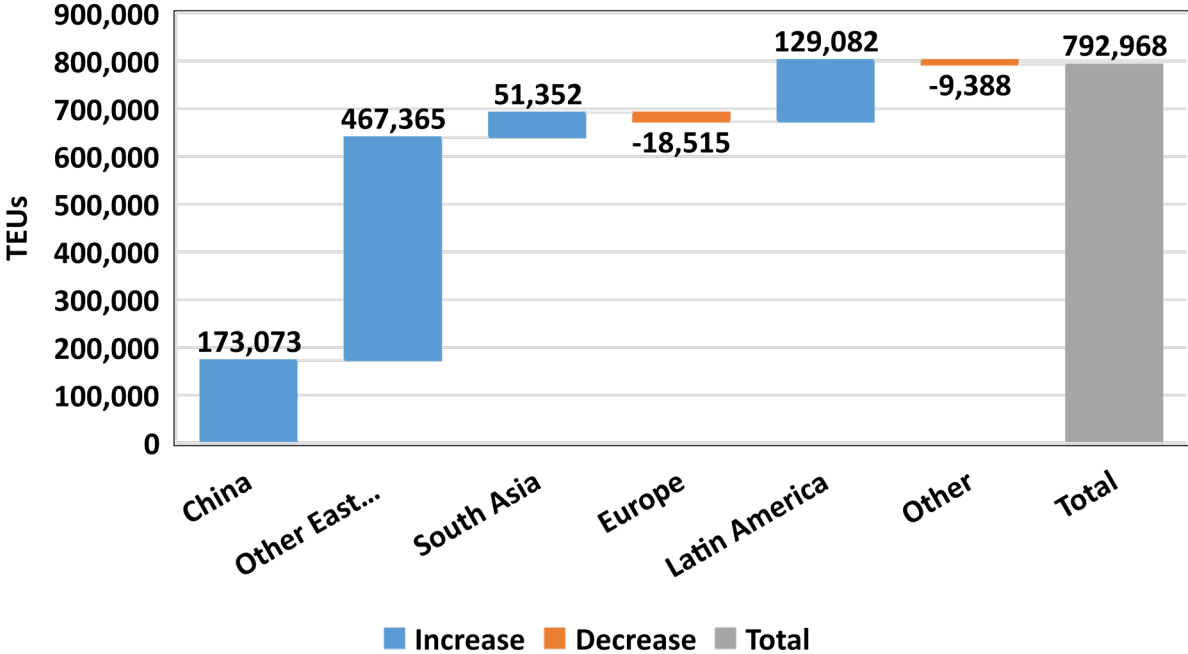
Tariffs remain on \$361 billion of Chinese imports (2/3 of total); fees collected may exceed \$70 billion annually



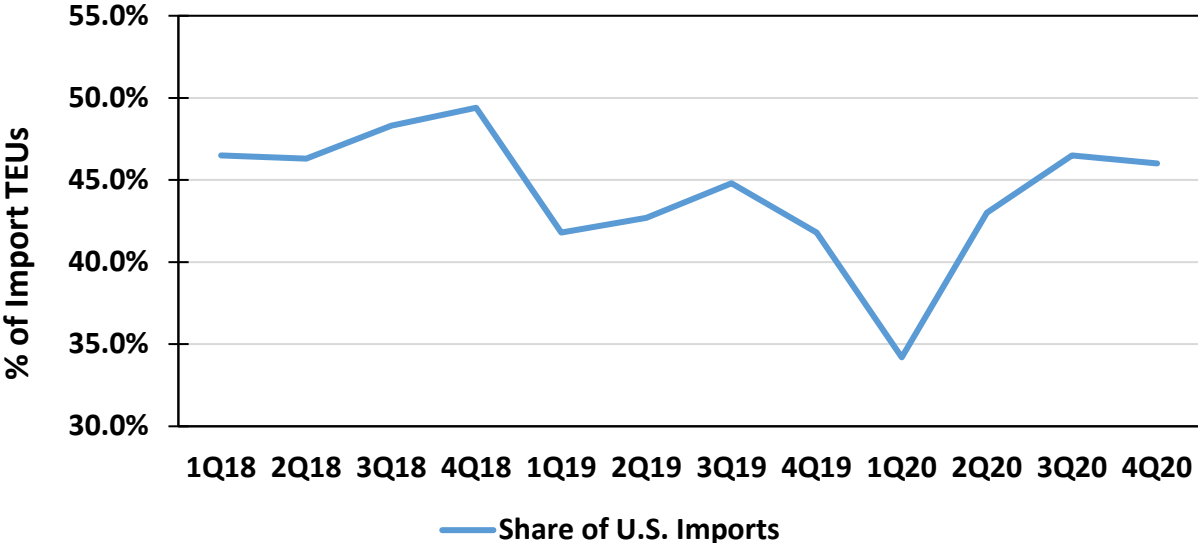
Source : TTX, NASSTRAC, MEMA, WSJ

Tariffs impacted U.S. imports from China in 2019, but China regained share last year

2020 Change in U.S. Import Origins



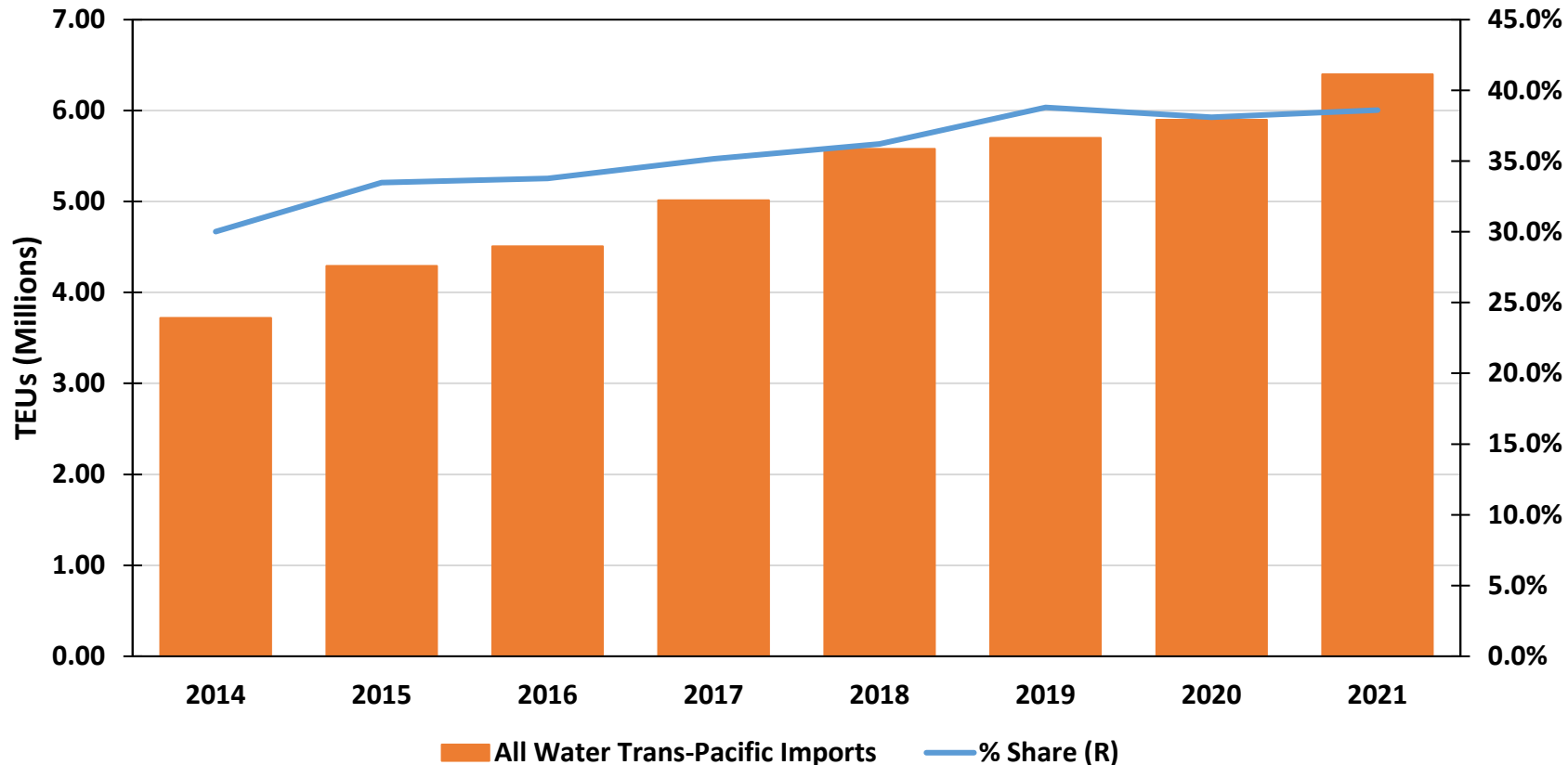
Chinese Share of U.S. Imports



Source: PIERS, TTX

All Water Share returned to trend by 4Q20, but for full year 2020 AWS share slipped 0.7 share points

AWS Share and Volume (TEUs)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020	39.0%	46.5%	37.1%	36.9%	40.7%	34.9%	33.9%	37.8%	35.6%	38.6%	39.4%	38.3%	38.1%
2019	39.0%	38.3%	41.8%	37.5%	37.2%	37.5%	36.7%	41.0%	39.5%	41.0%	36.5%	39.4%	38.8%

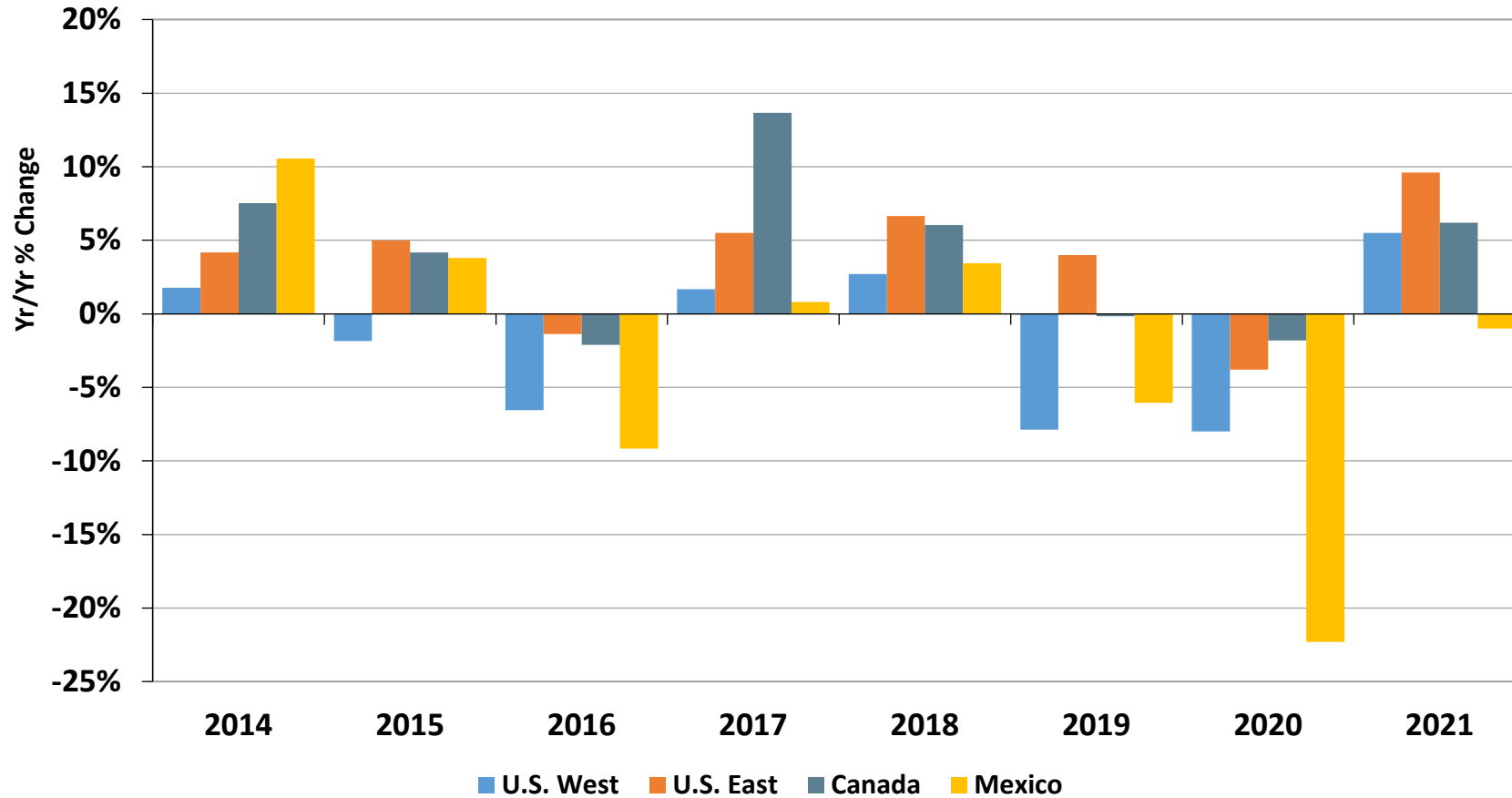
Despite COVID-19, West Coast transload share relatively stable

PSW	2019	2020	2021
Transload Volume (TEUs)	2,927,361	3,172,807	3,654,571
Transload Share (of Imports)	34.7%	35.6%	35.1%
PNW	2019	2020	2021
Transload Volume (TEUs)	451,299	470,537	517,243
Transload Share (of Imports)	32.6%	37.1%	35.9%
Western Canada	2019	2020	2021
Transload Volume (TEUs)	200,768	204,087	218,105
Transload Share (of Imports)	8.4%	8.8%	8.9%

COVID-19 auto plant shut downs in 1H20 reduced PNW auto parts imports, resulting in transload share spiking. As auto parts traffic returns, transload share of total PNW imports Expected to drop to historical average.

IPI should recover 2020's losses this year

International Intermodal Growth by Region



	2014	2015	2016	2017	2018	2019	2020	2021
% Growth	4.6%	2.9%	-3.3%	6.2%	5.4%	-2.2%	-6.2%	7.3%
Loads*	8.58	8.83	8.54	9.07	9.56	9.35	8.76	9.40
* Millions of containers								

Source: IANA, TTX

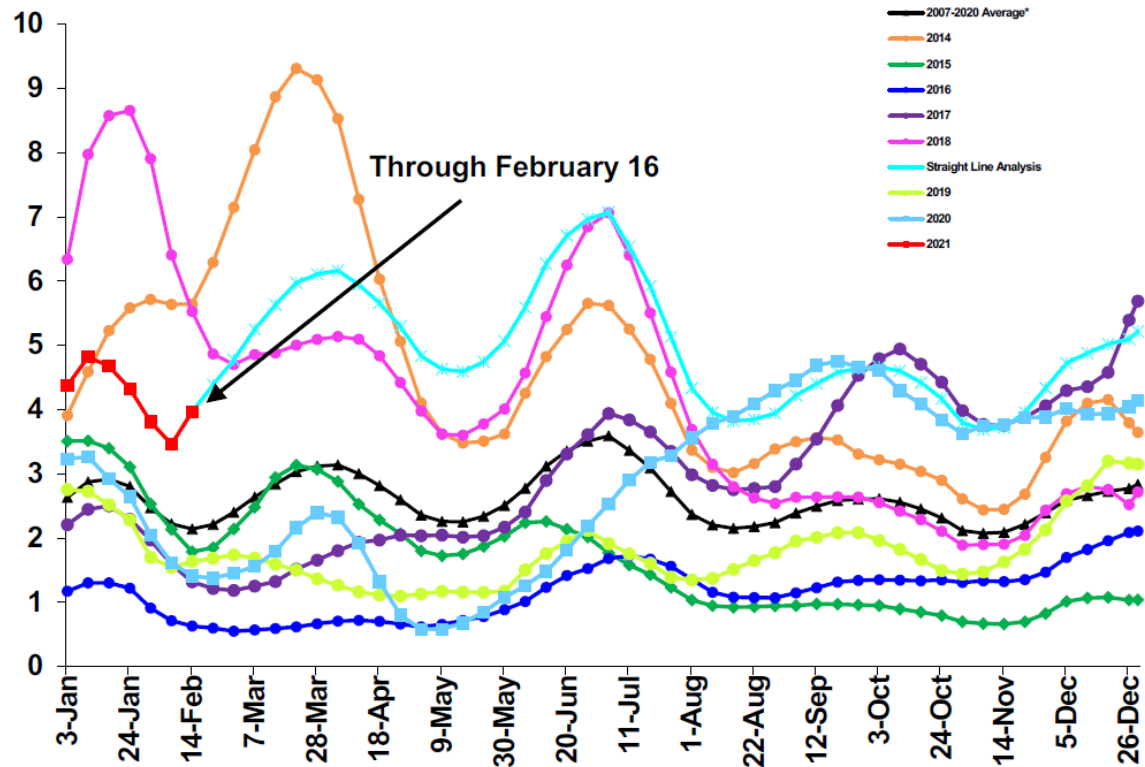


Domestic Intermodal

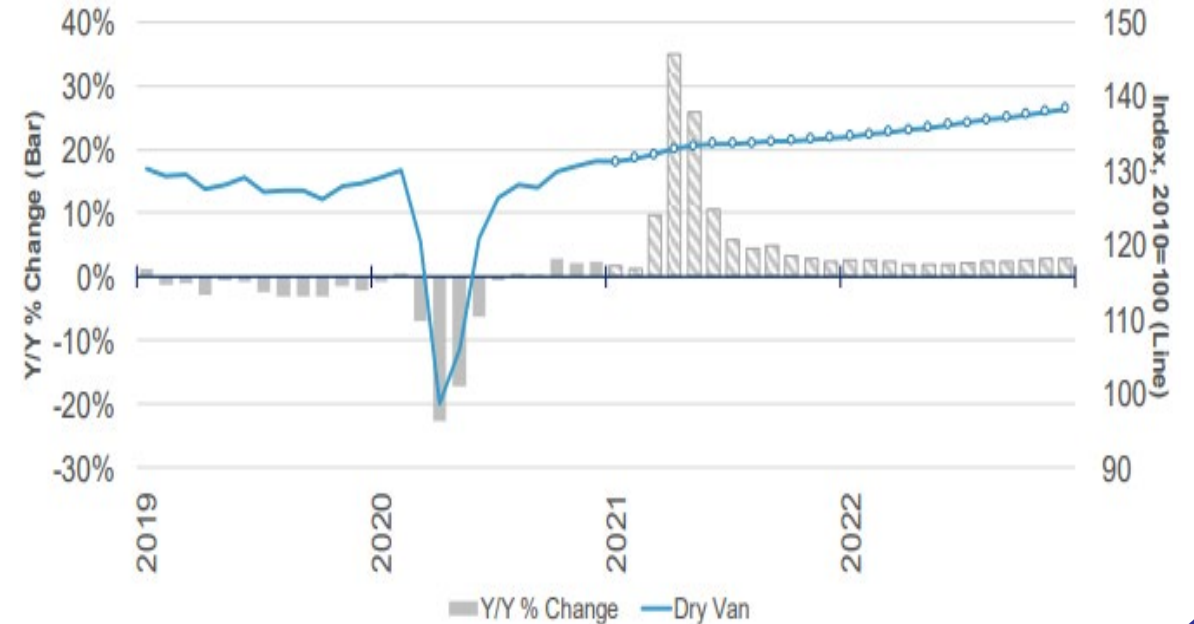


Domestic freight demand continues to strain supply capabilities

Morgan Stanley Truckload Freight Index - DV only

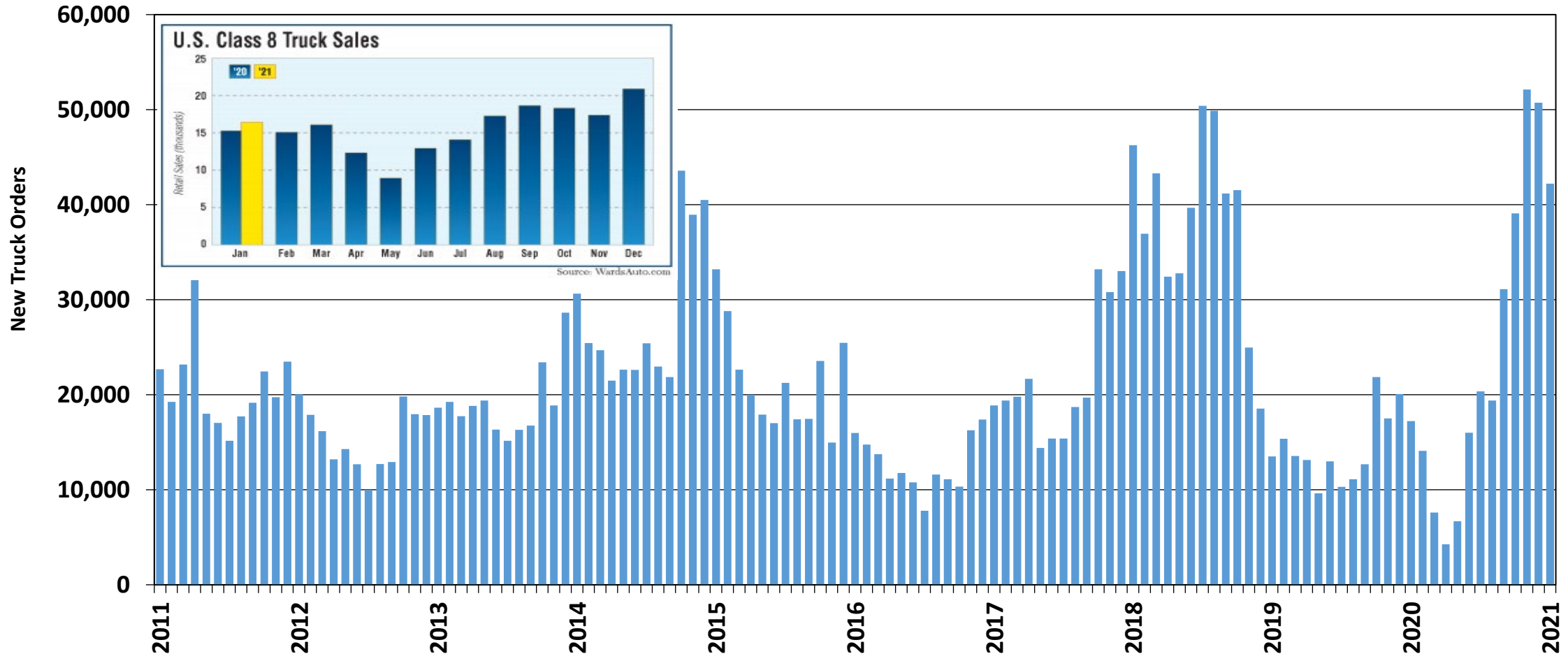


FTR Associates Freight Outlook – DV only



Will the Class 8 ordering frenzy bump up against OEM supply limitations?

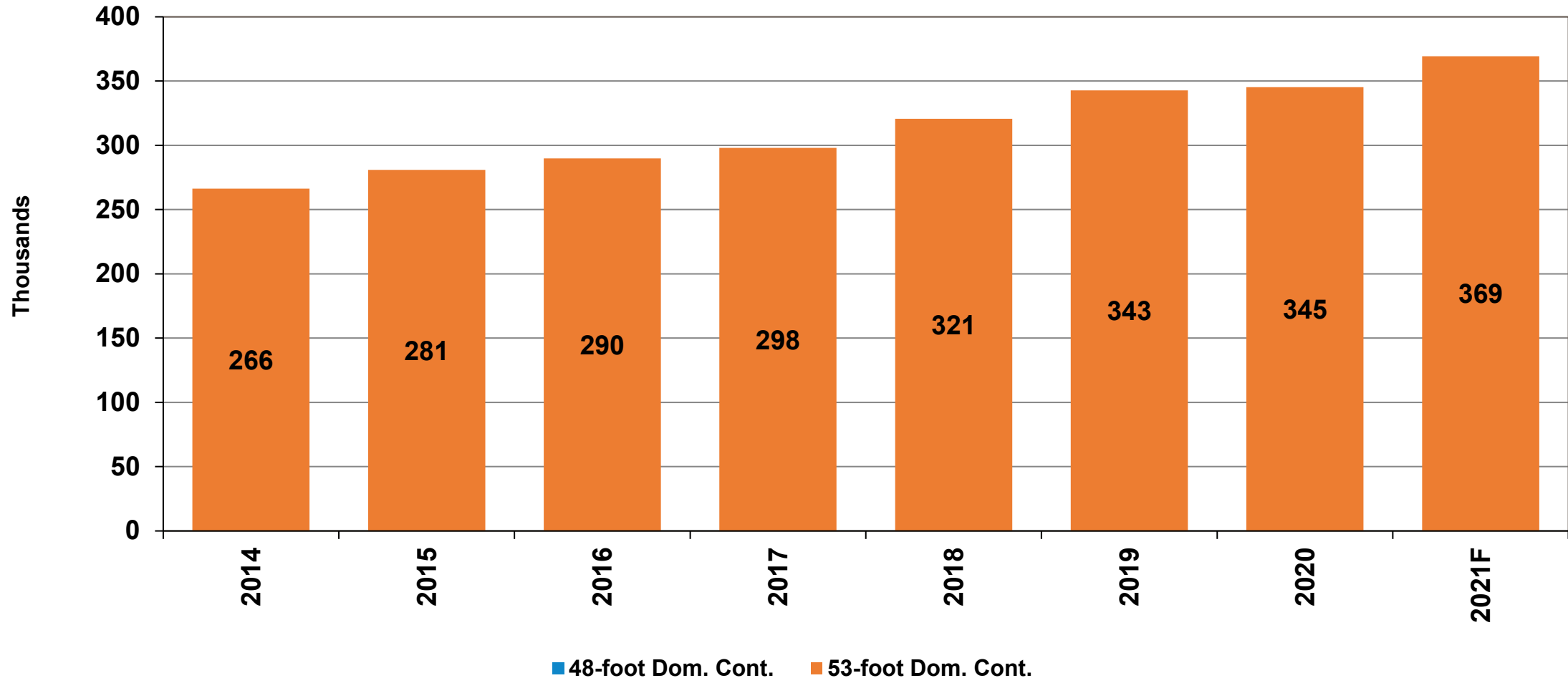
North American Class 8 Truck Orders



Source: ACT Research, FTR Transportation Intelligence, WardsAuto, TTX

DC fleet growth is expected to accelerate in 2021

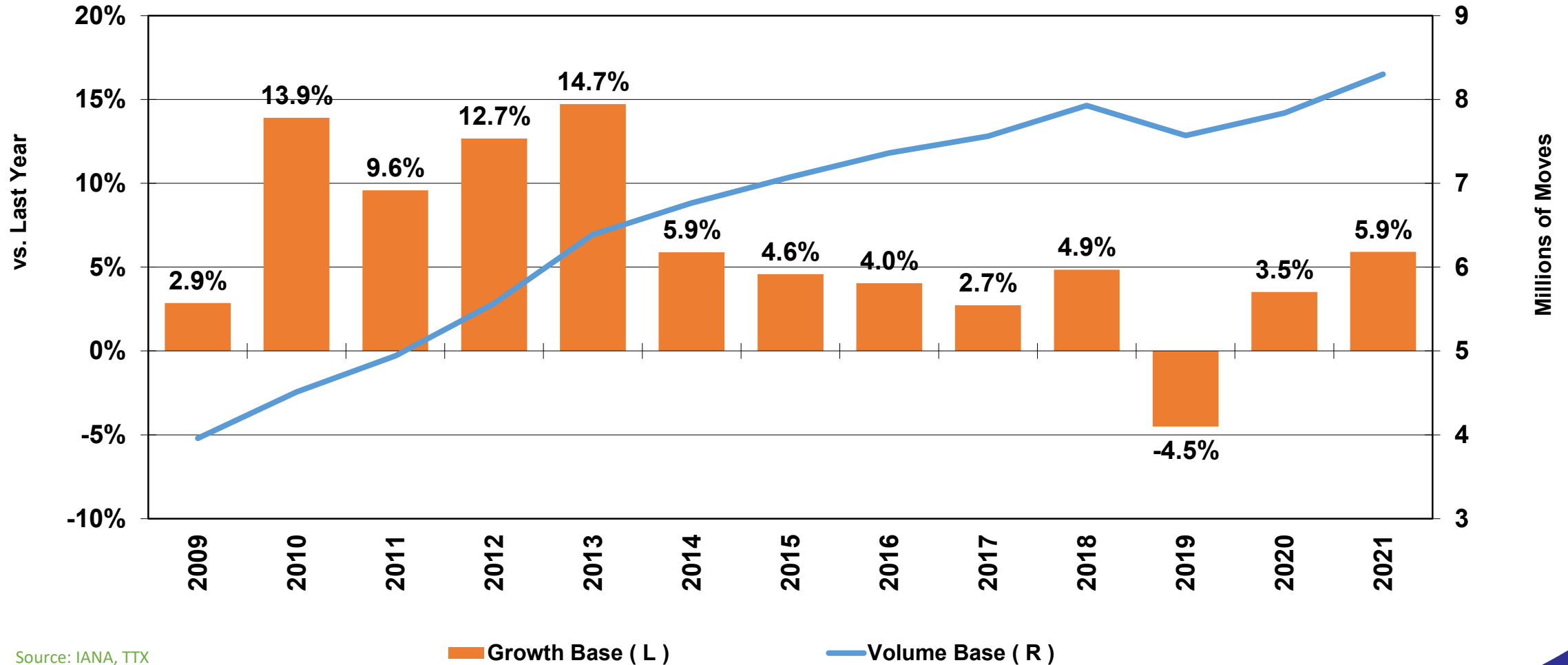
Year-End Domestic Container Fleet Size



Source: TTX

TTX forecasts 2021 volume growth to track above recent year performance, complementing last year's remarkable finish

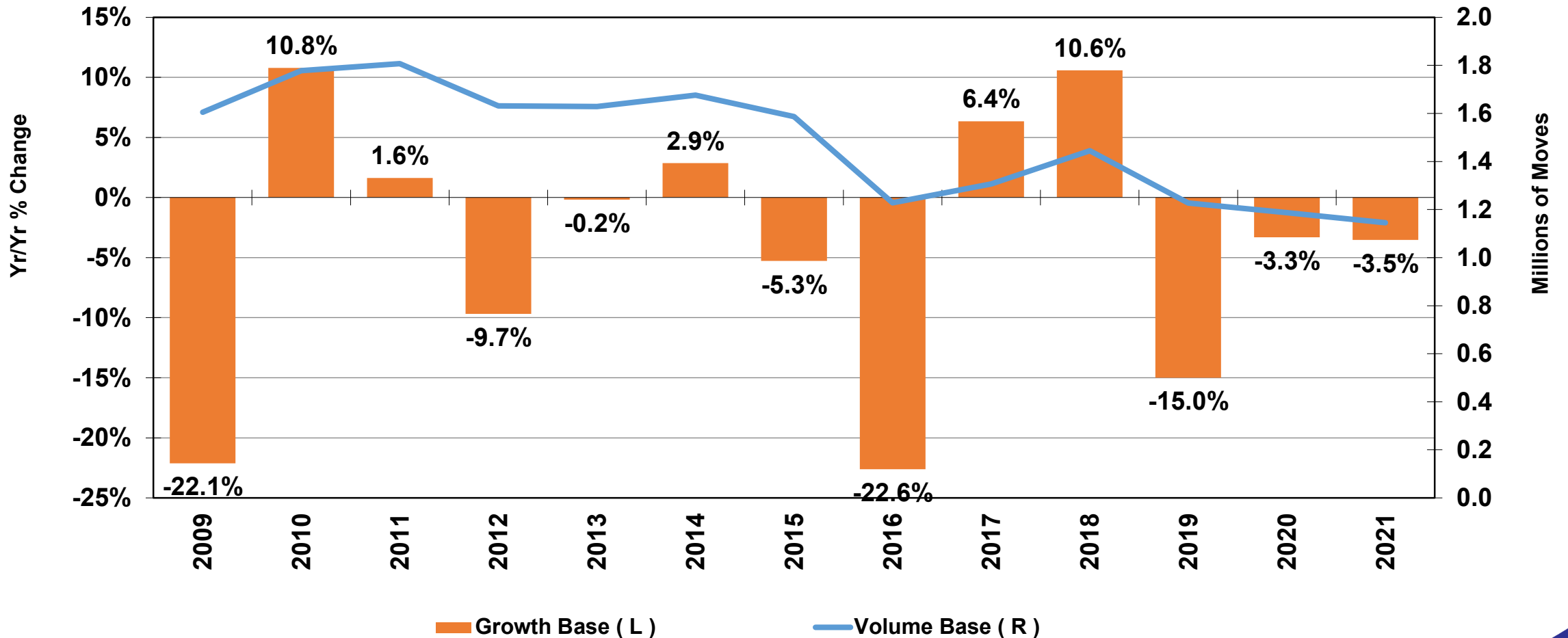
North America Domestic Container Volume



Source: IANA, TTX

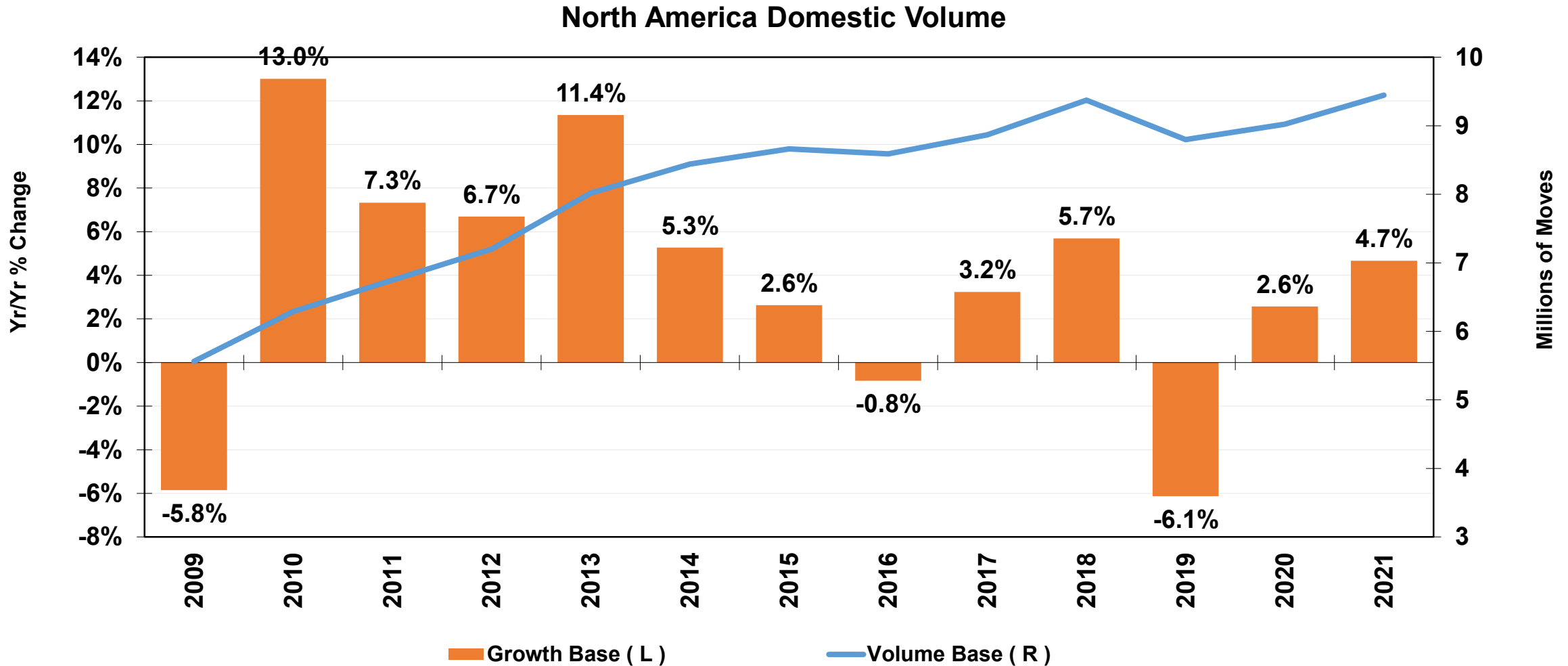
E-commerce will remain a TOFC driver for now, while TCI-oriented conversions will move volume to domestic container

North America Trailer Volume



Source: IANA, TTX

Strong market conditions lay a foundation for growth in 2021



A close-up, slightly blurred photograph of a person's hand resting on a black steering wheel. The background shows a road with white lane markings and greenery, suggesting a driving scene. The overall tone is professional and focused.

What We're Watching

Most indicators point to solid economic growth and demand for transportation, but substantial uncertainty remains

- **Path of the virus**
- **Vaccine distribution and effectiveness**
- **Government stimulus / aid to unemployed**
- **Trade policy and tariffs**
- **National inventory levels**

Q&A

Enter your questions using
the Q&A button



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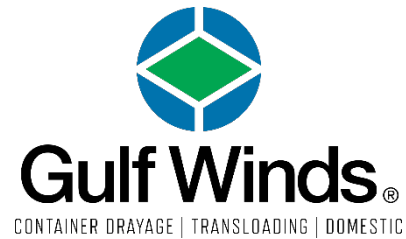
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