

# INTERMODAL *ADAPTS*



**IANA**

INTERMODAL ASSOCIATION  
OF NORTH AMERICA

# Inside the Numbers

2021 Mid-Year Review

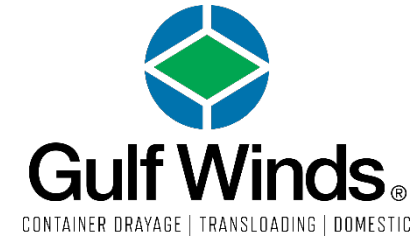
August 12<sup>th</sup>, 2021, 2:00 PM ET



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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

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- Economic conditions
- 2021 IANA numbers – First Half Review
- International & Domestic Intermodal Discussion
- Questions



John Woodcock  
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# Our Presenters



# Economic Overview

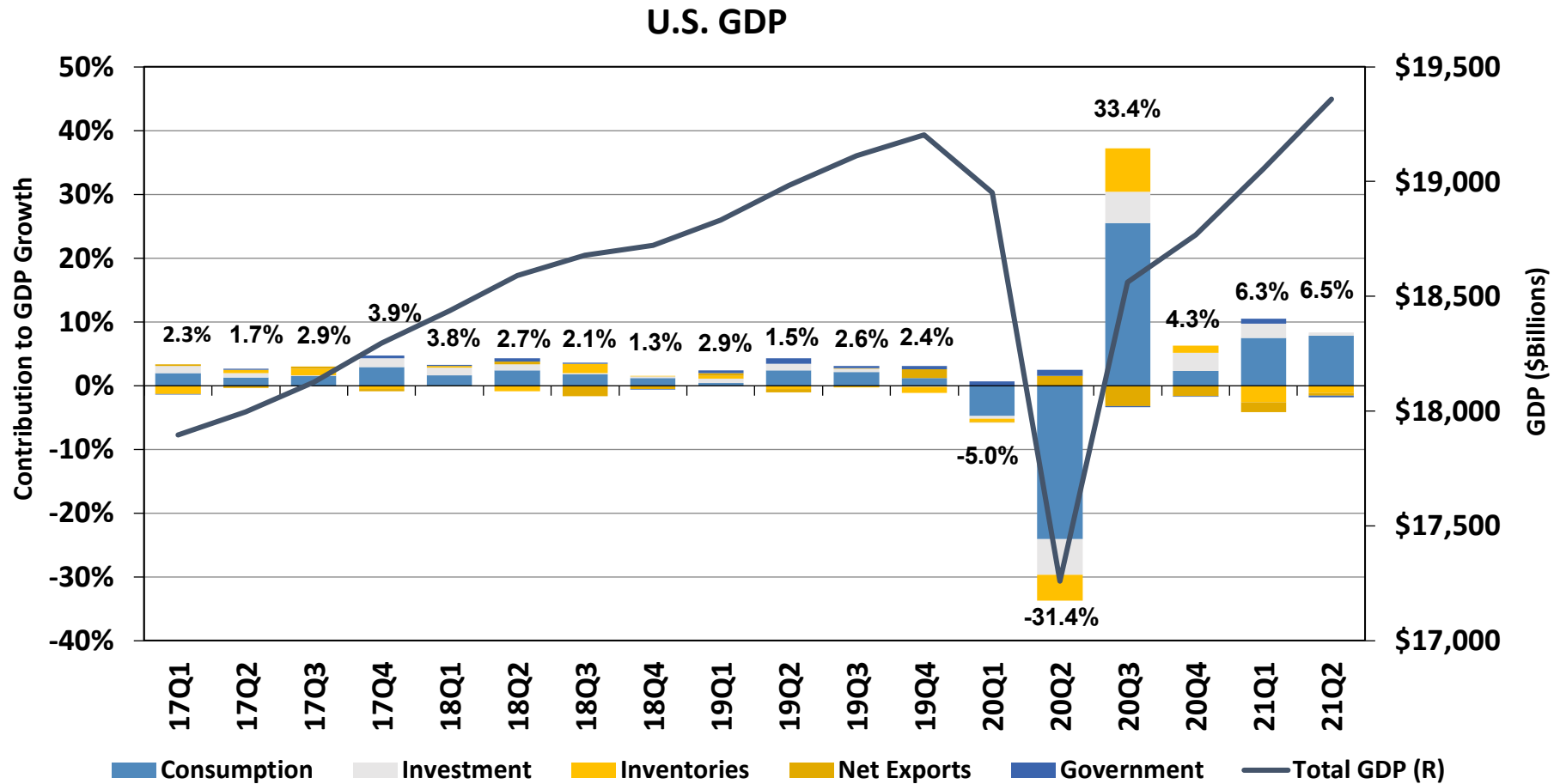
# Economic Overview

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- Midway through 2021, the U.S. economy is performing strongly
- The U.S. output surpassed its pre-COVID peak in the second quarter of this year and its trajectory will stay above trend for a while
- Growth continues to be supported by consumption, business spending and employment
- The faster re-opening due to vaccinations and the sharp demand growth are causing persisting supply challenges and price pressures that are expected to ease gradually by the end of the year



# The U.S. economy surpassed pre-recession levels on strong demand, but supply constraints limit growth

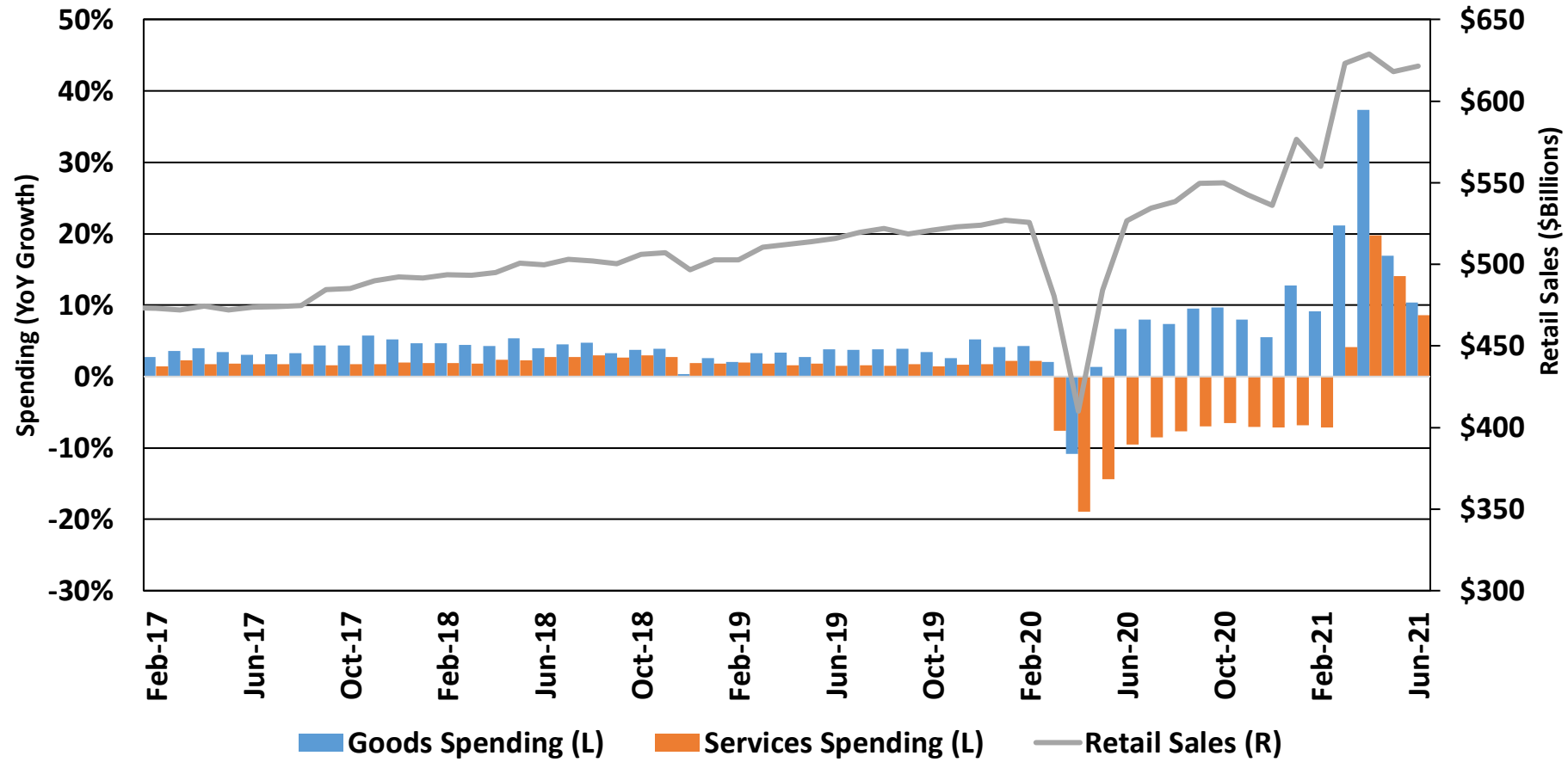


Source: U.S. Bureau of Economic Analysis

Note: GDP Quarter-over-Quarter SAAR growth is shown on the bar chart

# Services, which represent two thirds of spending, are expected to boost consumption going forward

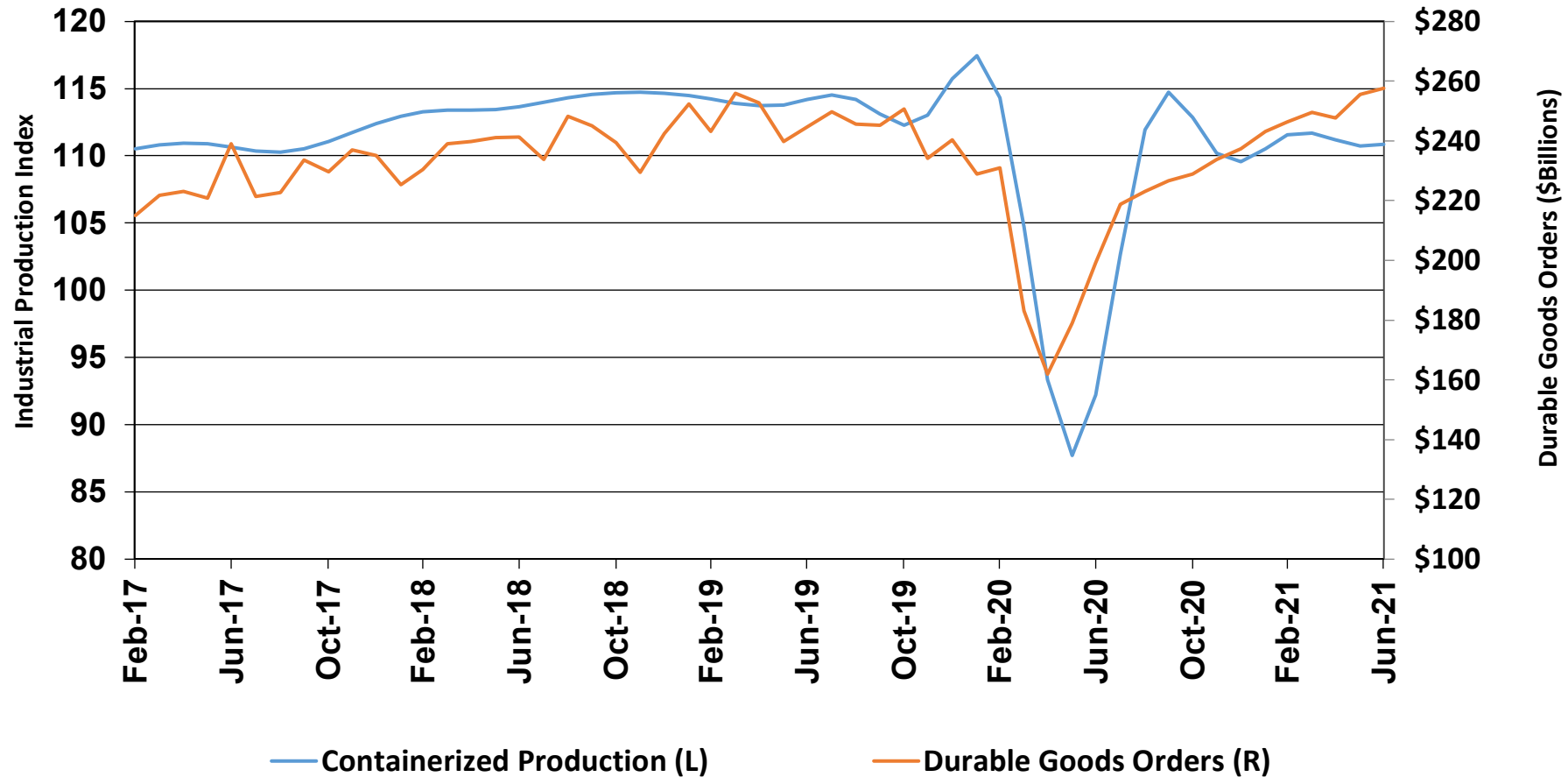
Consumer Spending and Retail Sales



Source: U.S. Bureau of Economic Analysis, ; U.S. Census Bureau (BOC)

# Industrial production is still to reach pre-recession levels; durable goods orders point to near-term growth

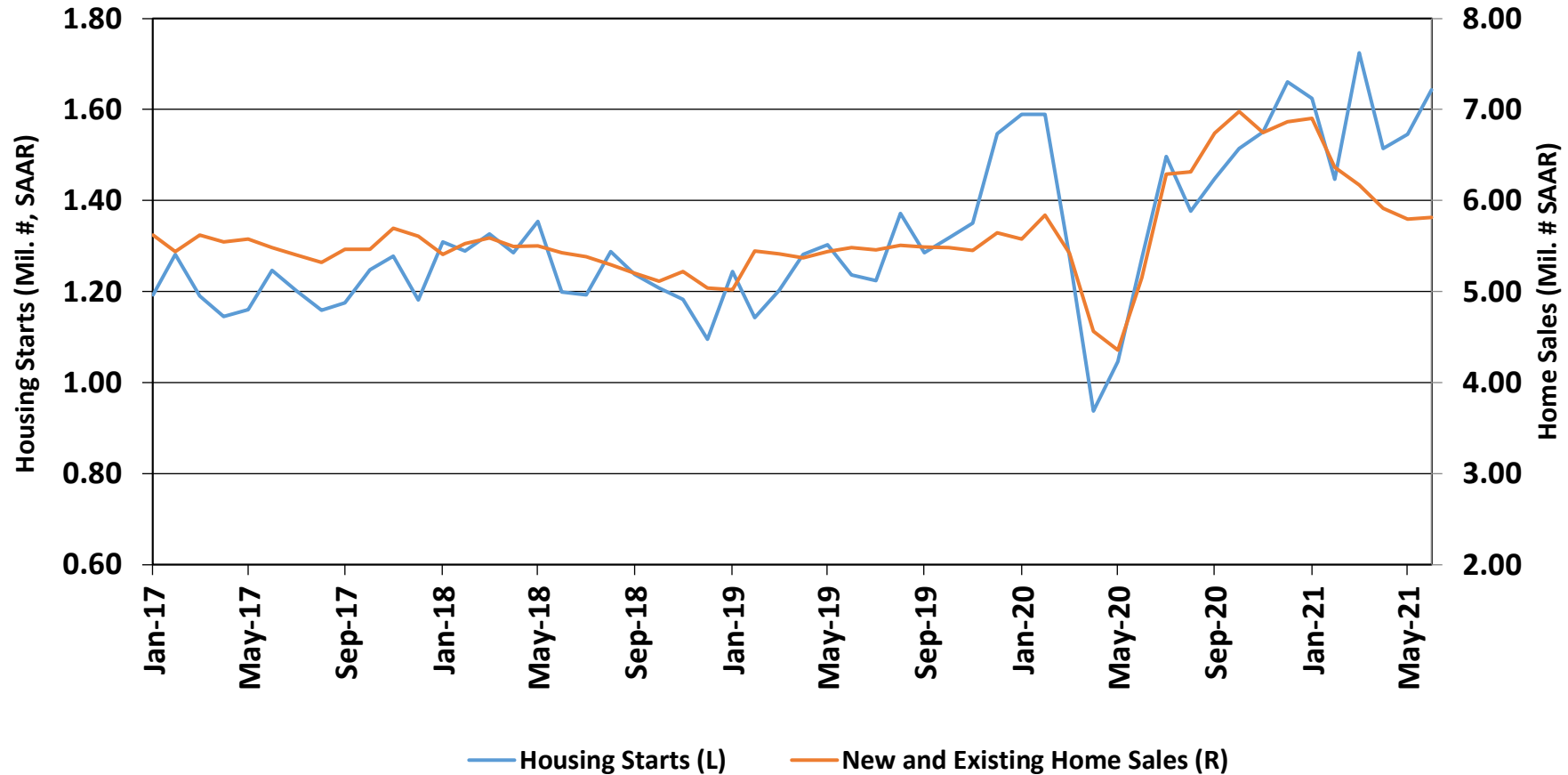
Containerized Production and Durable Goods Orders



Source: U.S. Board of Governors of the Federal Reserve System; U.S. Census Bureau (BOC)  
 Note: Containerized Production is a weighted average of IP sub-indexes for commodities likely to be shipped in freight containers

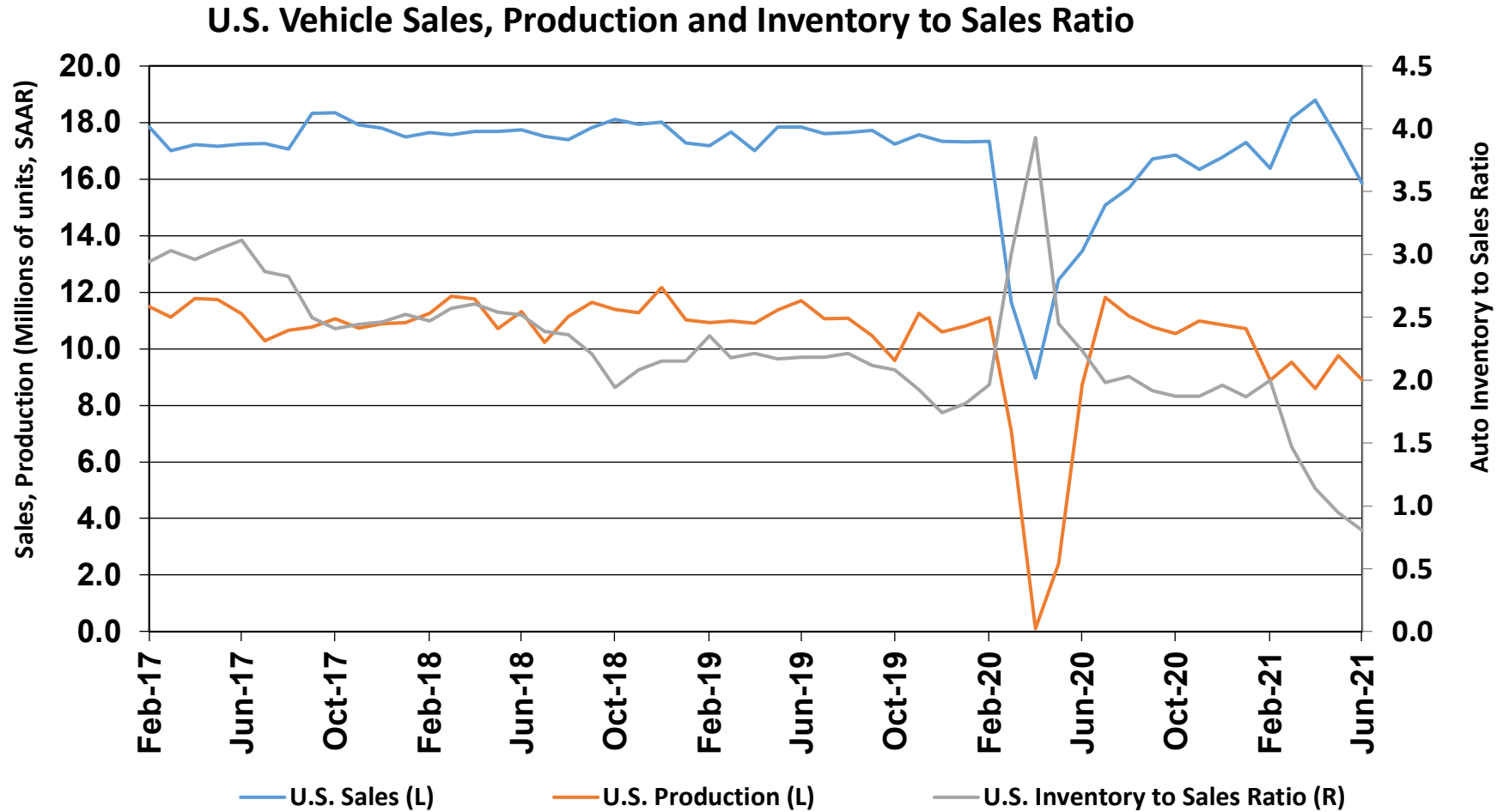
# The housing market performance is strong, but limited supply and rising prices are slowing its pace

Housing Starts and New Home Sales



Source: U.S. Census Bureau (BOC)

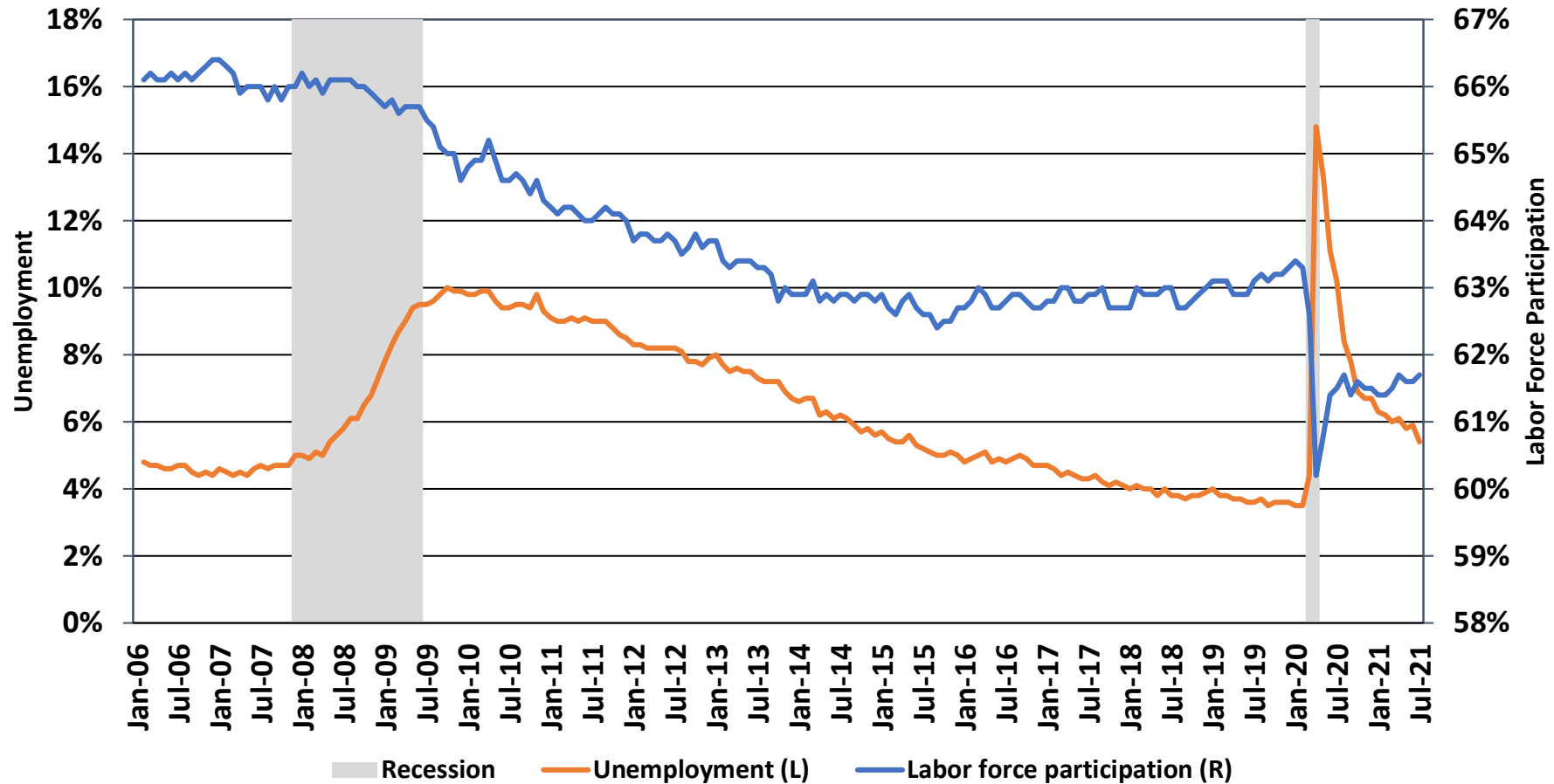
# U.S. auto sales and production continue to be impacted by the chip shortage – inventories are at record low



Source: U.S. Bureau of Economic Analysis (BEA), U.S. Board of Governors of the Federal Reserve System (FRB)

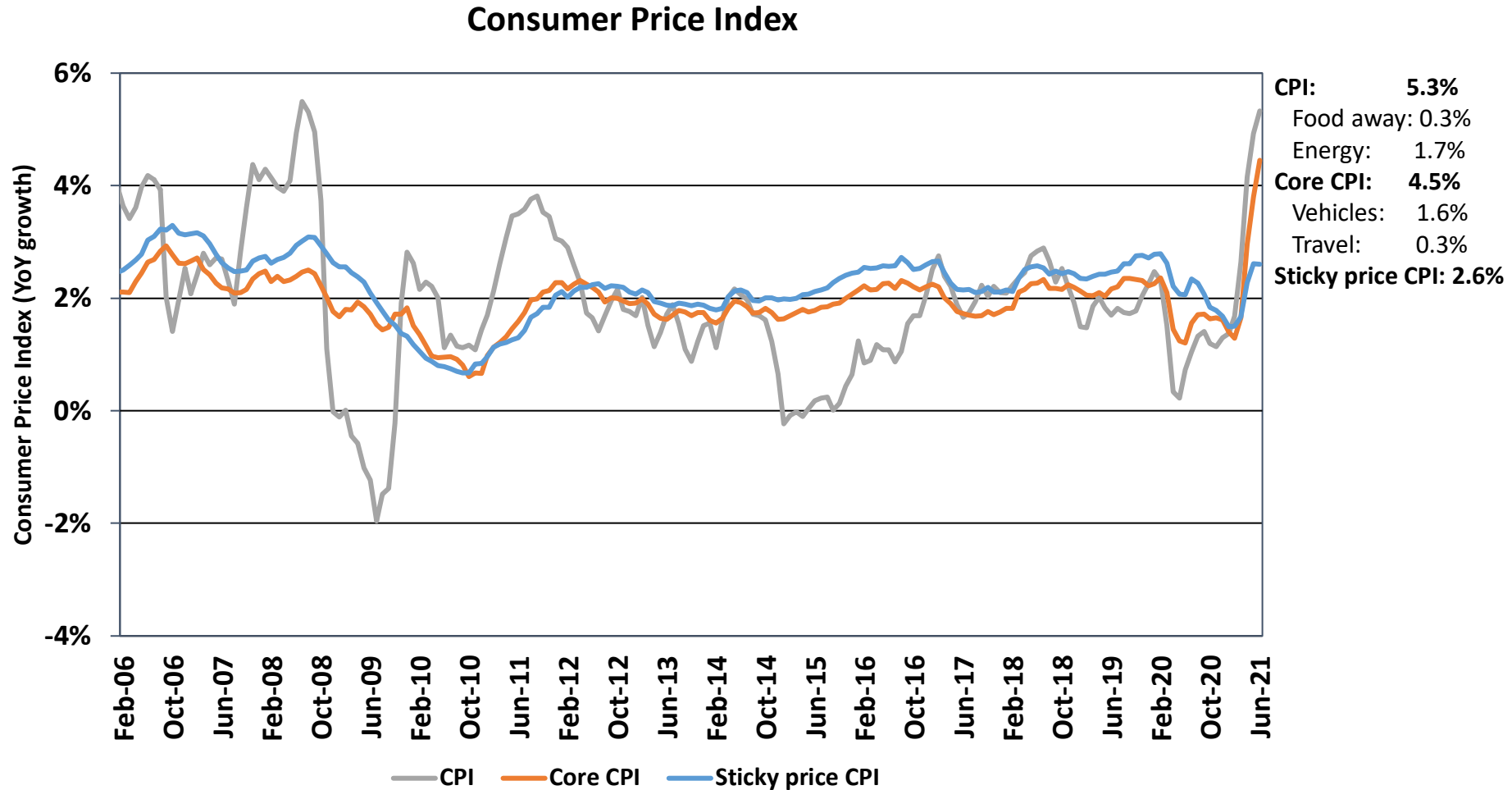
# The labor market is recovering, but labor force participation reflects changes in demographics

Unemployment and Labor Force Participation Rate



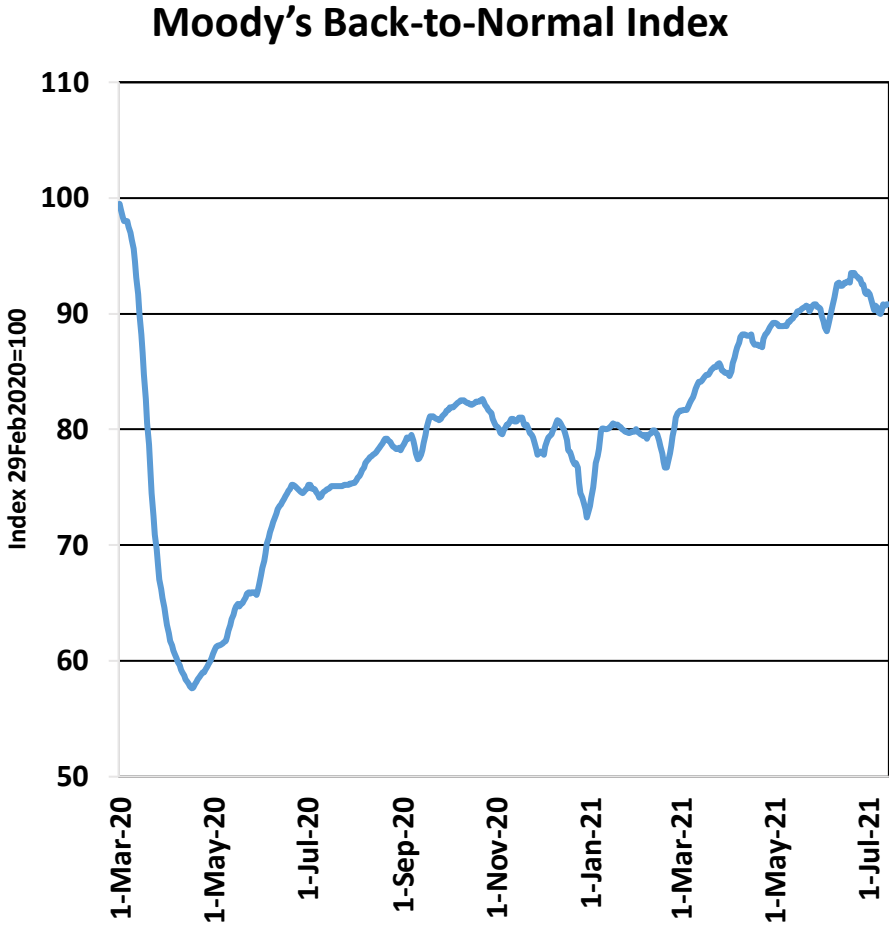
Source: Bureau of Labor Statistics

# Most of the current price increases are temporary, but inflation may persist for a while before subsiding in 2022

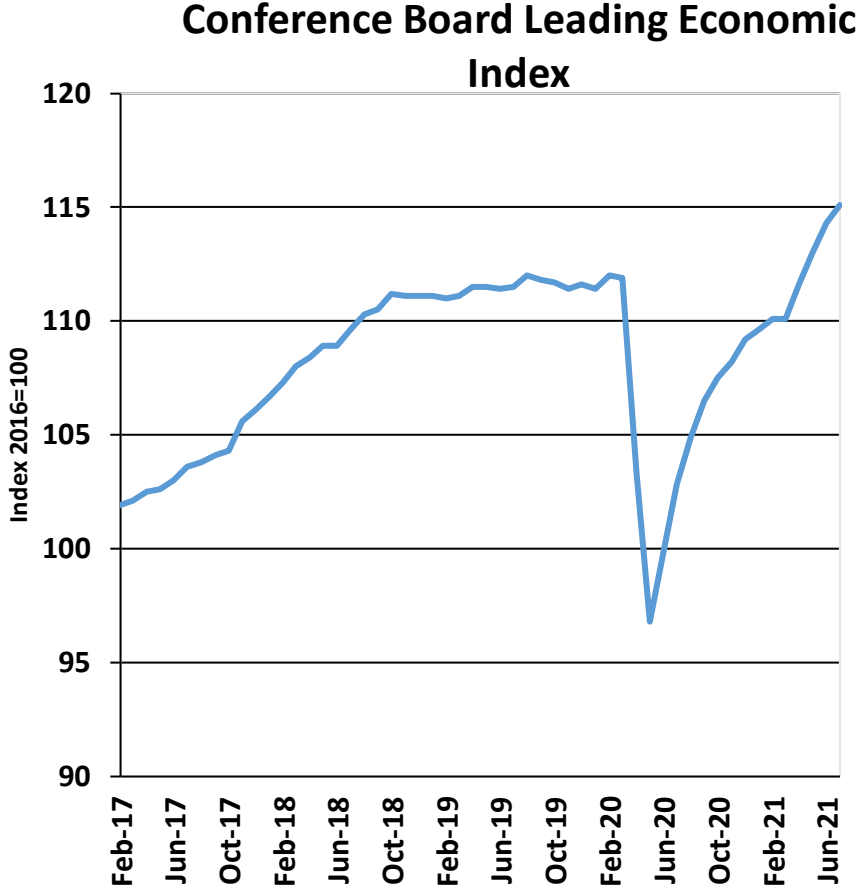


Source: Bureau of Labor Statistics; Federal Reserve Bank of Atlanta

# Recovery is progressing, but the pace of growth is hampered by supply chain constraints



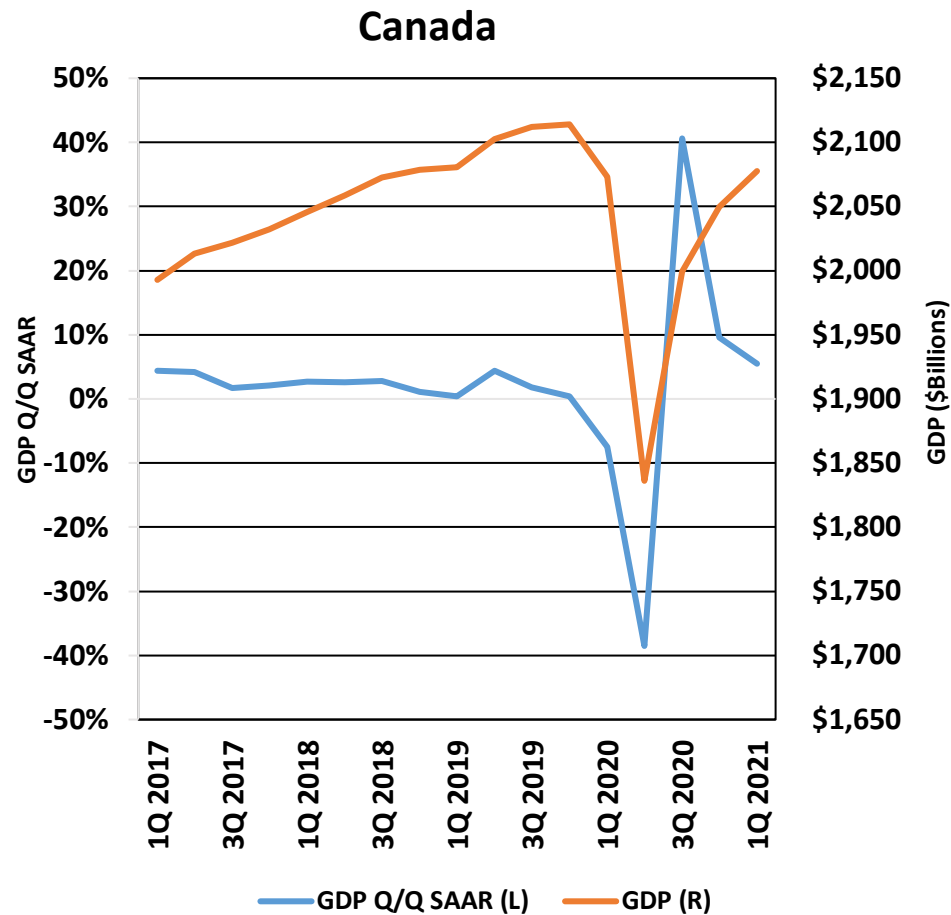
Source: Moody's Analytics & CNN



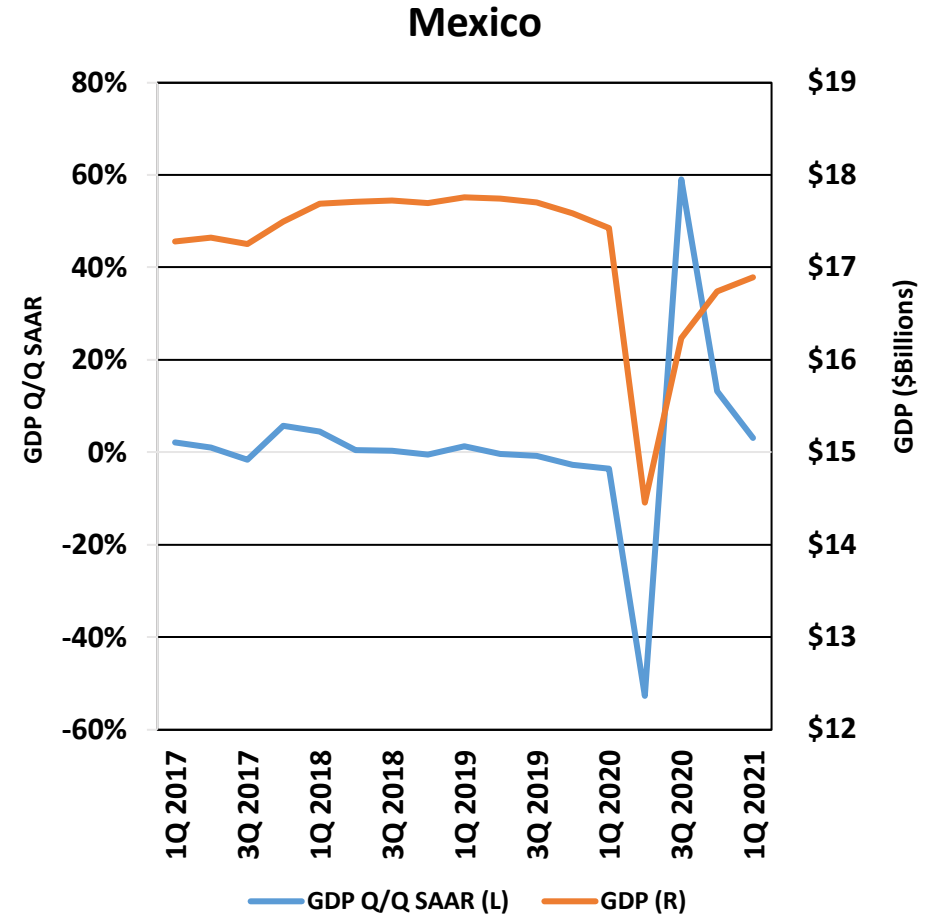
Source: Conference Board



# Canada is recovering faster than Mexico and is expected to reach pre-pandemic levels later this year



Source: Moody's, Statistics Canada



Source: Moody's, INEGI

# Summary of TTX's plan for leading economic indicators

Economic Indicator	2019 Actual	2020 Actual	2021 Forecast
U.S. GDP	2.2%	-3.5%	6.9%
Consumer Spending	2.4%	-3.9%	8.0%
Retail Sales	3.3%	0.3%	19.0%
Investment	2.9%	-4.0%	8.1%
Housing Starts (Mil.)	1.29	1.40	1.54
U.S. Vehicle Prod. (Mil.)	10.56	8.62	9.22
U.S. Vehicle Sales (Mil.)	16.96	14.44	16.99
Industrial Prod.	0.9%	-6.7%	4.8%
Mexico GDP	0.0%	-8.5%	5.0%
Canada GDP	1.9%	-5.3%	5.9%
Inflation	1.8%	1.2%	3.4%

Source: Bureau of Economic Analysis, U.S. Census Bureau (BOC), U.S. Board of Governors of the Federal Reserve System (FRB), Instituto Nacional de Estadística Geografía e Informática (INEGI), Statistics Canada, Moody's Analytics, TTX forecast

Note: Percentages represent Year-over-Year change



# The Latest IANA Numbers



# Key themes from the data

- Freight Growth

- U.S. imports are running 18.7% higher than 1H 2019 (the prior peak year)
- U.S. containerized production is still 2.0% below pre-COVID peak level

- Intermodal Growth

- International intermodal (IPI) has grown 3.5% since its 1H 2019 high
- Domestic volume (container / trailer) slipped 0.8% since its past peak in 1H 2018
  - In the same period, West Coast originations gained 10.0%

- TTX conclusions

- Domestic segment is carrying a greater levels of import traffic than ever before
- Import/intermodal growth rate disconnect is further explained by anecdotal evidence of retailer inventory building at coastal warehouses

# 1H 2021 traffic only slightly ahead of prior peak volume years

N. America Segment	1H 2021 vs. 1H 2020 % Change	1H 2021 vs. Prior 1H Peak % Change
IPI	19.7%	3.7% (2019)
Domestic Container	9.9%	1.6% (2018)
Trailer	19.3%	-13.4% (2018)
Domestic (combined)	11.1%	-0.8% (2018)
Total	15.4%	1.8% (2018)

Source: IANA

# Imported freight is supplementing flat domestic production (and more imports routing inland in domestic containers)

Indicator (U.S. data only)	1H2021 vs. 1H2020 % Change	1H2021 vs. Prior 1HPeak % Change
Containerizable Production	9.3%	-2.0% (2018)
Containerized Imports	29.4%	18.7% (2019)
IPI	22.5%	3.5% (2019)
Domestic (Trailer & Container combined)	10.8%	-0.8% (2018)
Domestic Container (West Coast)	16.8%	12.1% (2018)

Source: IANA, PIERS, Federal Reserve / Census Bureau

# 1H 2021 confirms the post-lockdown rebound, but comparisons against prior peak periods are mixed

Segment	1H 2021	1H 2020	Vol Change	1H 2021 vs. 1H 2020 % Change	1H 2021 vs. Prior 1H Peak % Change
<b>North America Total</b>	<b>9,454,541</b>	<b>8,194,888</b>	<b>1,259,653</b>	<b>15.4%</b>	<b>1.8% (2018)</b>
IPI	4,875,759	4,071,864	803,895	19.7%	3.7% (2019)
Domestic (combined)	4,578,782	4,335,314	455,758	11.1%	-0.8% (2018)
<b>U.S. Total</b>	<b>7,619,310</b>	<b>6,566,097</b>	<b>1,053,213</b>	<b>16.0%</b>	<b>1.4% (2018)</b>
IPI West	1,128,952	875,741	253,211	28.9%	-3.6% (2014)
IPI Central	1,391,382	1,177,482	213,900	18.2%	-1.1% (2019)
IPI East	994,891	816,370	178,521	21.9%	7.4% (2019)
<b>IPI Total</b>	<b>3,515,225</b>	<b>2,869,593</b>	<b>645,632</b>	<b>22.5%</b>	<b>3.5% (2019)</b>
Domestic West	1,227,559	1,028,596	198,963	19.3%	10.7% (2018)
Domestic Central	1,732,709	1,630,281	102,428	6.3%	-4.1% (2018)
Domestic East	1,162,796	1,061,645	101,151	9.5%	-6.4% (2018)
<b>Domestic Total</b>	<b>4,123,064</b>	<b>3,720,522</b>	<b>402,542</b>	<b>13.0%</b>	<b>-0.9% (2018)</b>

# Canada and Mexico had similar domestic rebounds in 1H 2021, but IPI lagged in Mexico due, in part, to a slower recovery

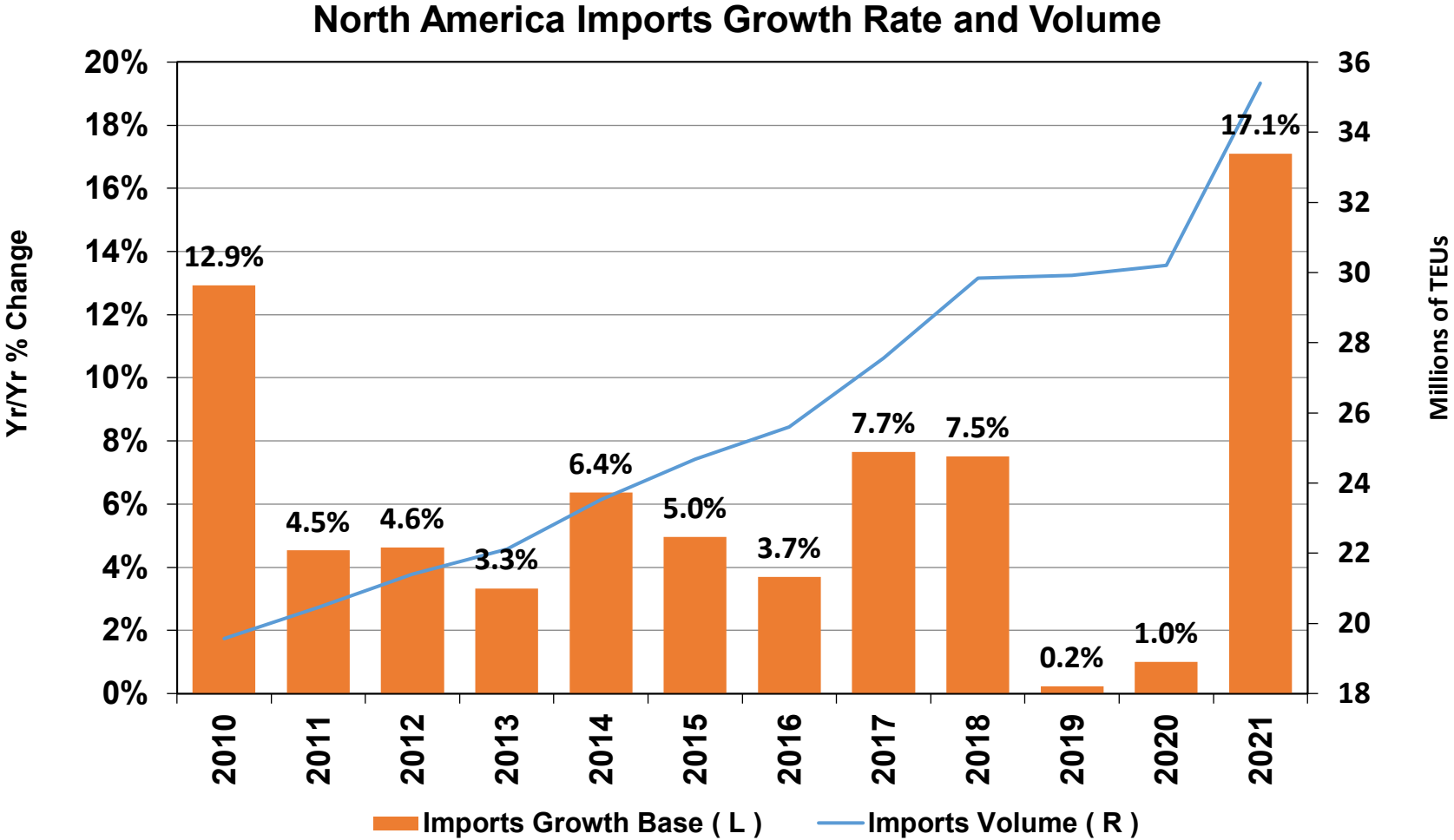
Segment	1H 2021	1H 2020	Vol Change	1H 2021 vs. 1H 2020 % Change	1H 2021 vs. Prior 1H Peak % Change
<b>Canadian Total</b>	<b>1,555,162</b>	<b>1,345,343</b>	<b>209,819</b>	<b>15.6%</b>	<b>6.9% (2018)</b>
IPI	1,216,167	1,043,198	172,969	16.6%	6.4% (2019)
Dom Containers	338,433	301,526	36,907	12.2%	7.1% (2018)
<b>Mexican Total</b>	<b>260,924</b>	<b>259,404</b>	<b>1,520</b>	<b>0.6%</b>	<b>-13.7% (2018)</b>
IPI	144,367	159,073	(14,706)	-9.2%	-27.0% (2015)
Dom Containers	116,557	100,331	16,226	16.2%	-2.4% (2018)





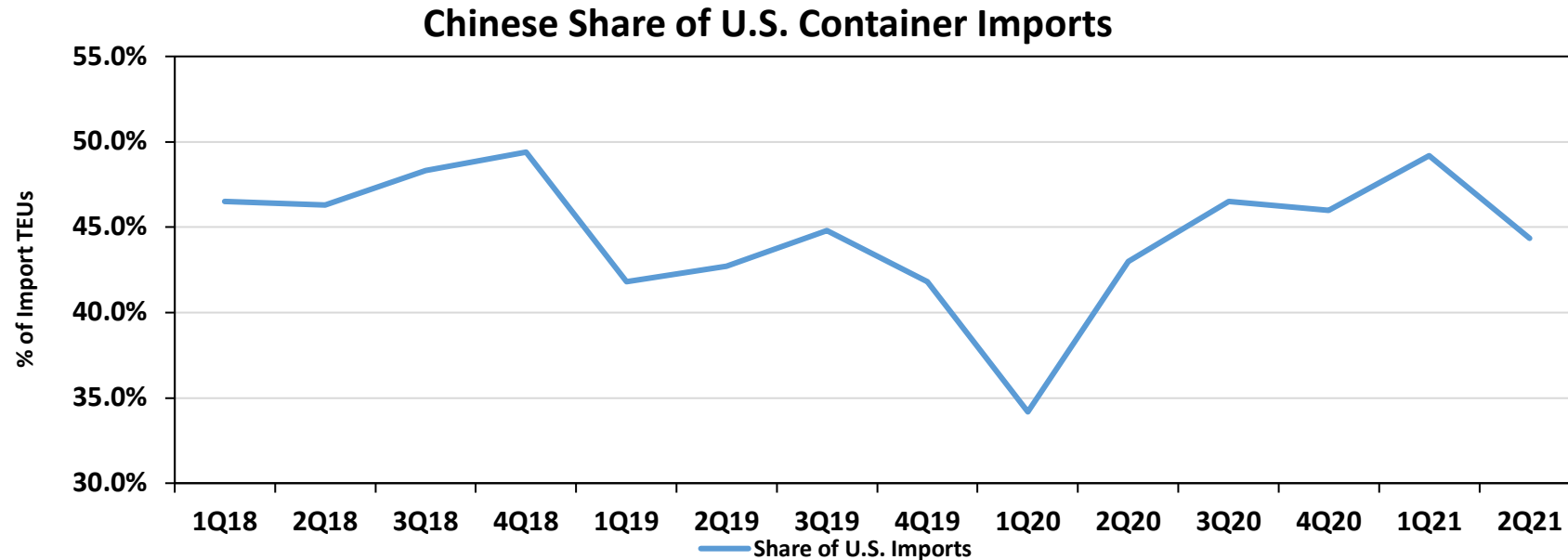
# International Intermodal

# North American imports spiked as locked-down consumers spent on goods rather than services



Source: PIERS, Port data, TTX

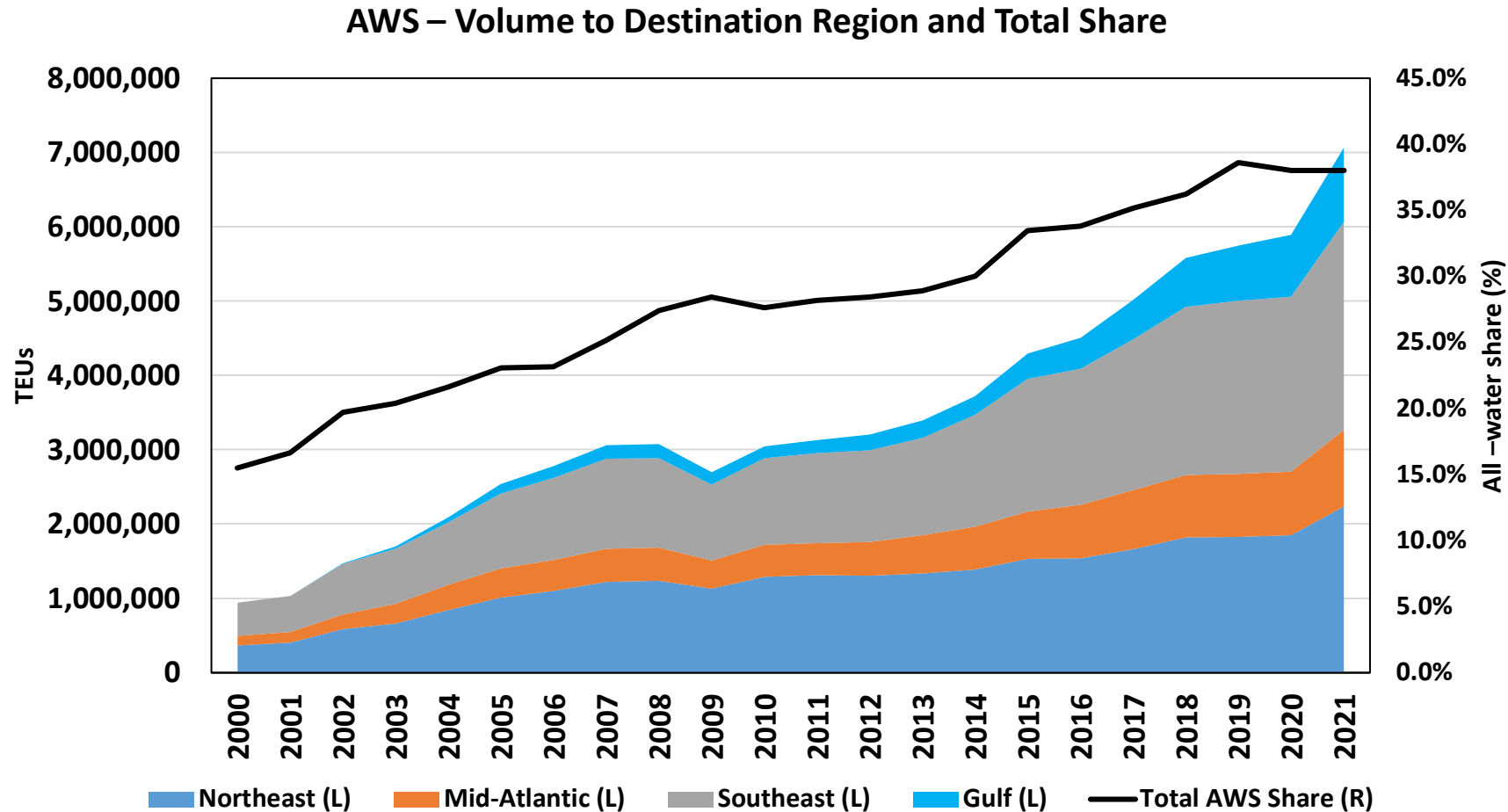
# COVID muted the impact of tariffs – the shift away from China is expected to resume



Type of Goods Imported	Estimated Annual Import Value (\$bil)	Tariff Rate	Tariff Fees Annual (\$bil)
Industrial	\$250	25.0%	\$62.5
Consumer	\$111	7.5%	\$8.3

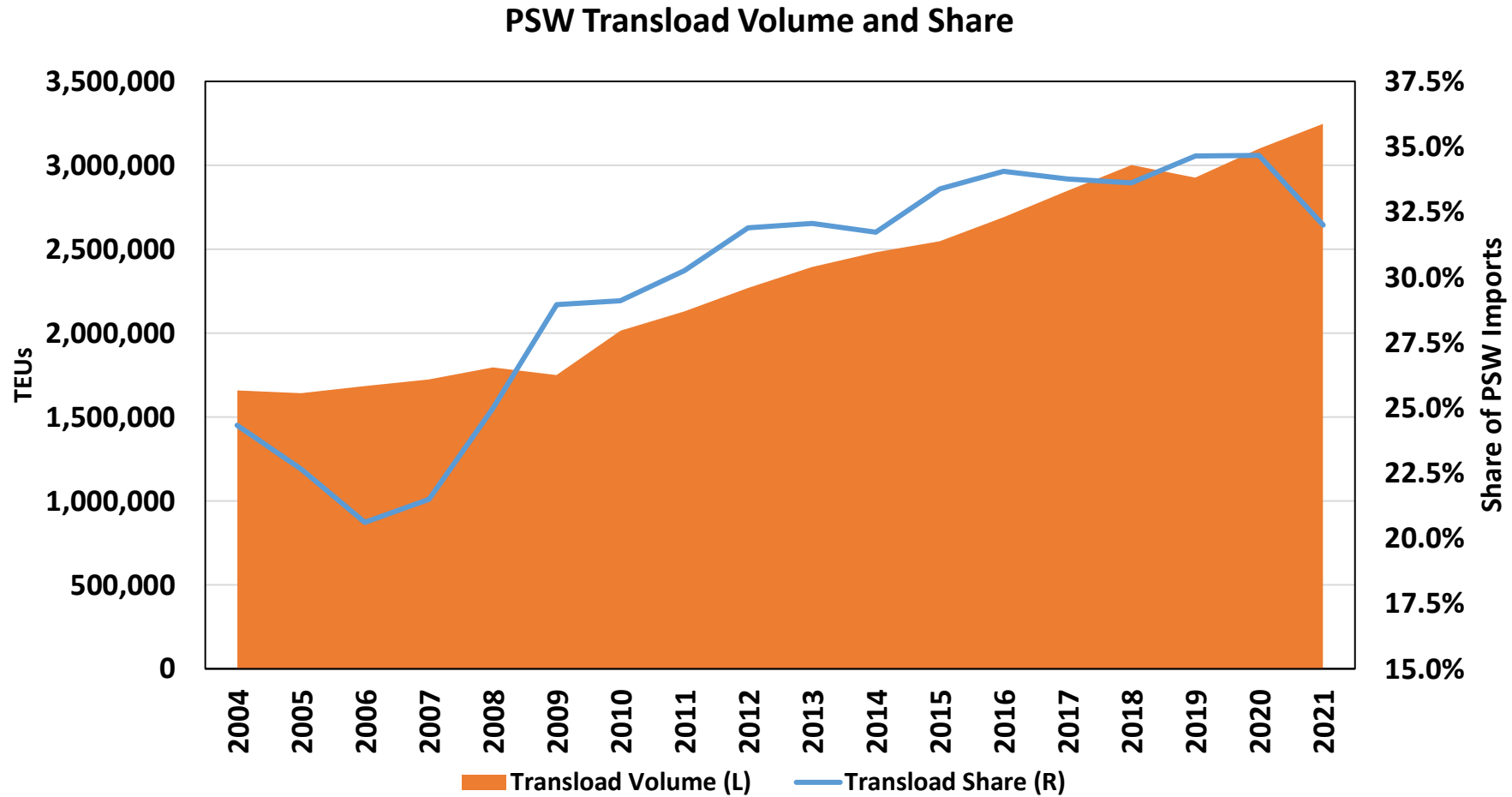
Source: TTX, NASSTRAC, MEMA, PIERS, WSJ/NYT

# All-water service share (AWS) is expected to remain flat



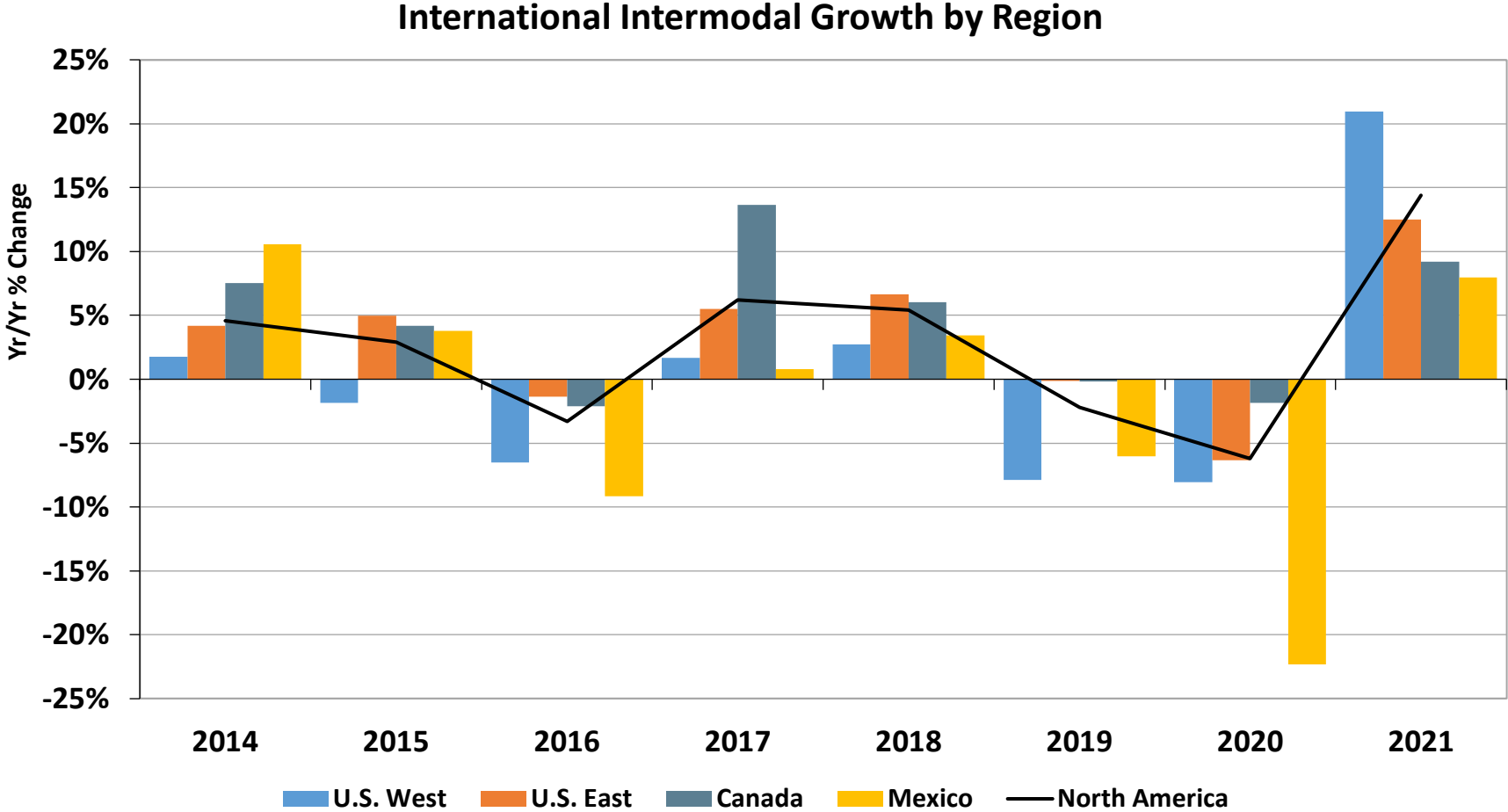
Source: PIERS, TTX

# Transloading share has nearly doubled since 2006



Source: IANA, PIERS, TTX

# North American IPI volume is expected to grow 14.4% in 2021



Source: TTX, PIERS

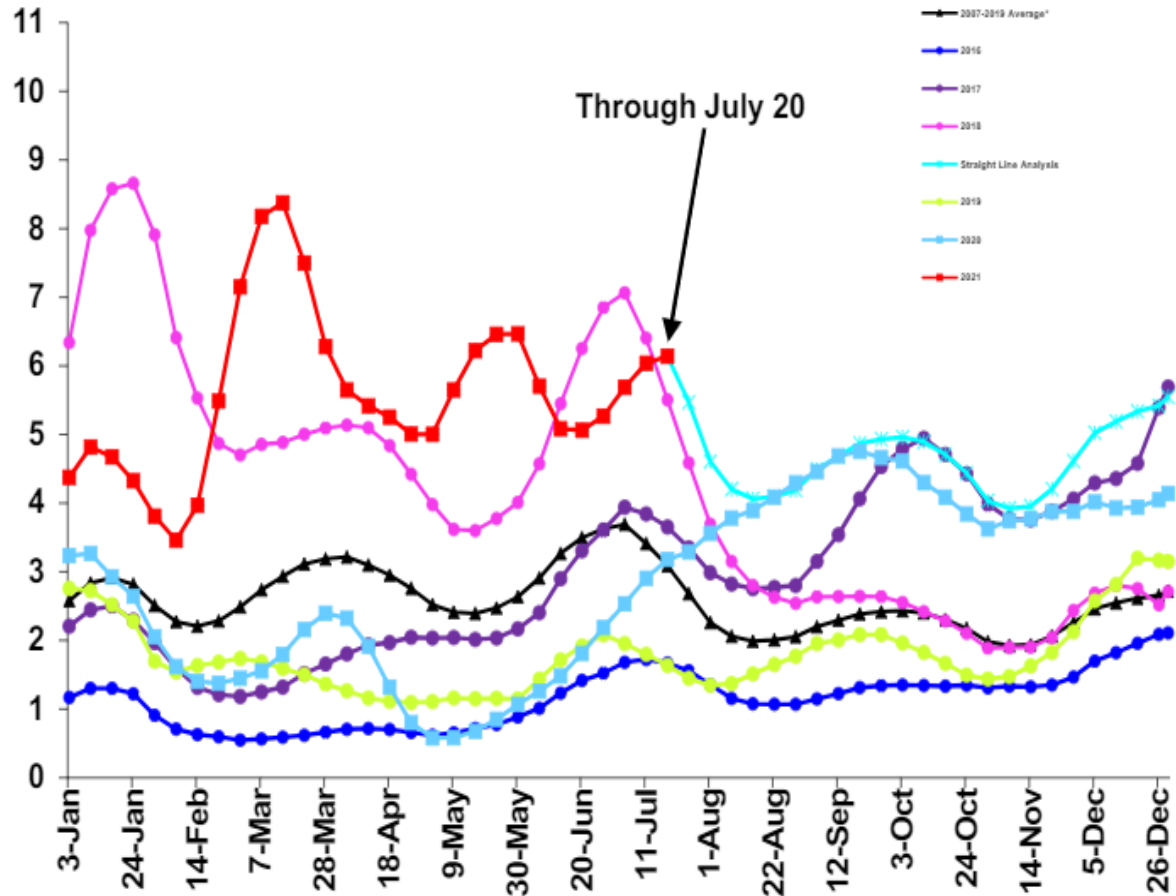


# Domestic Intermodal

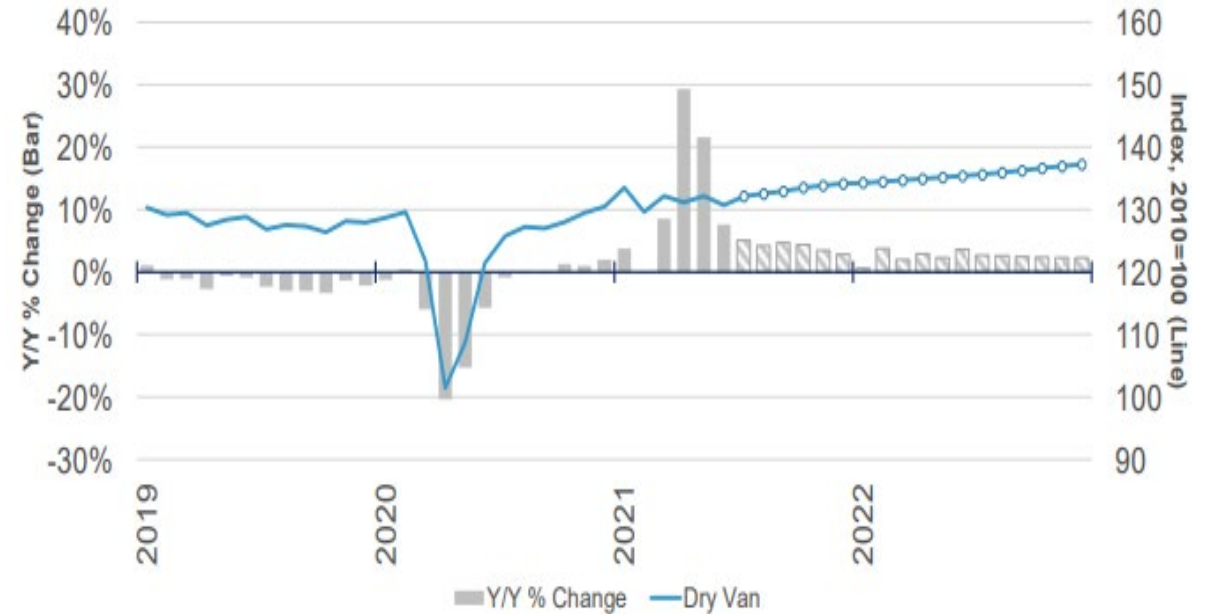


# A repeat: Freight demand continues to strain supply capabilities

Morgan Stanley Truckload Freight Index - DV only



FTR Associates Freight Outlook – DV only

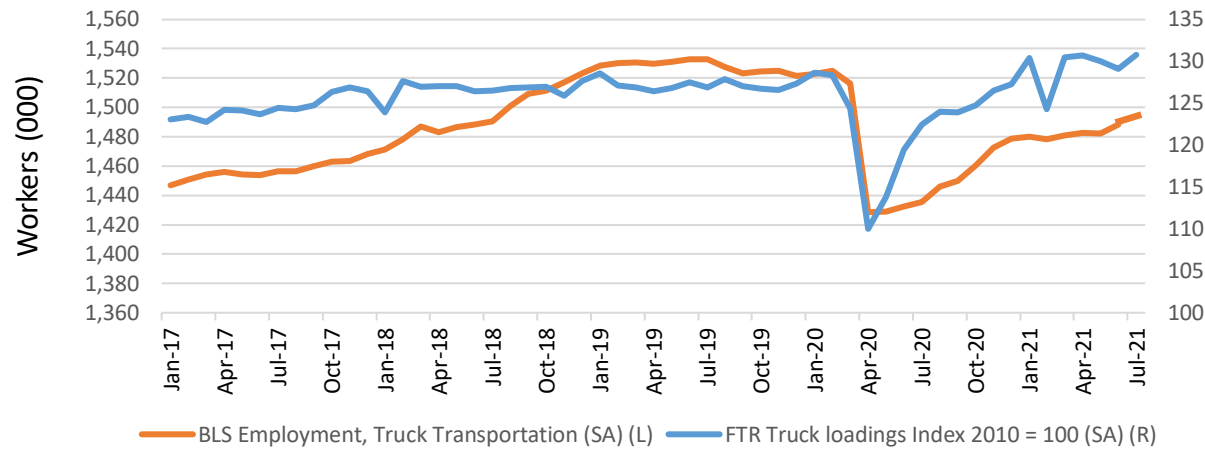


Source: FTR, Morgan Stanley, TTX

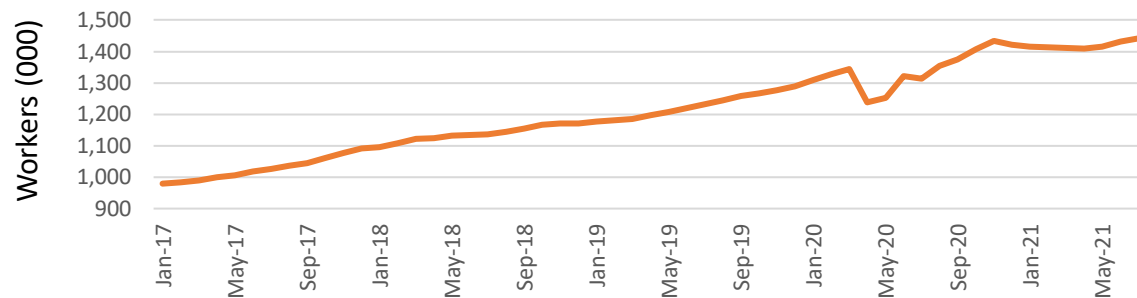


# Labor supply appears to be impacting asset productivity

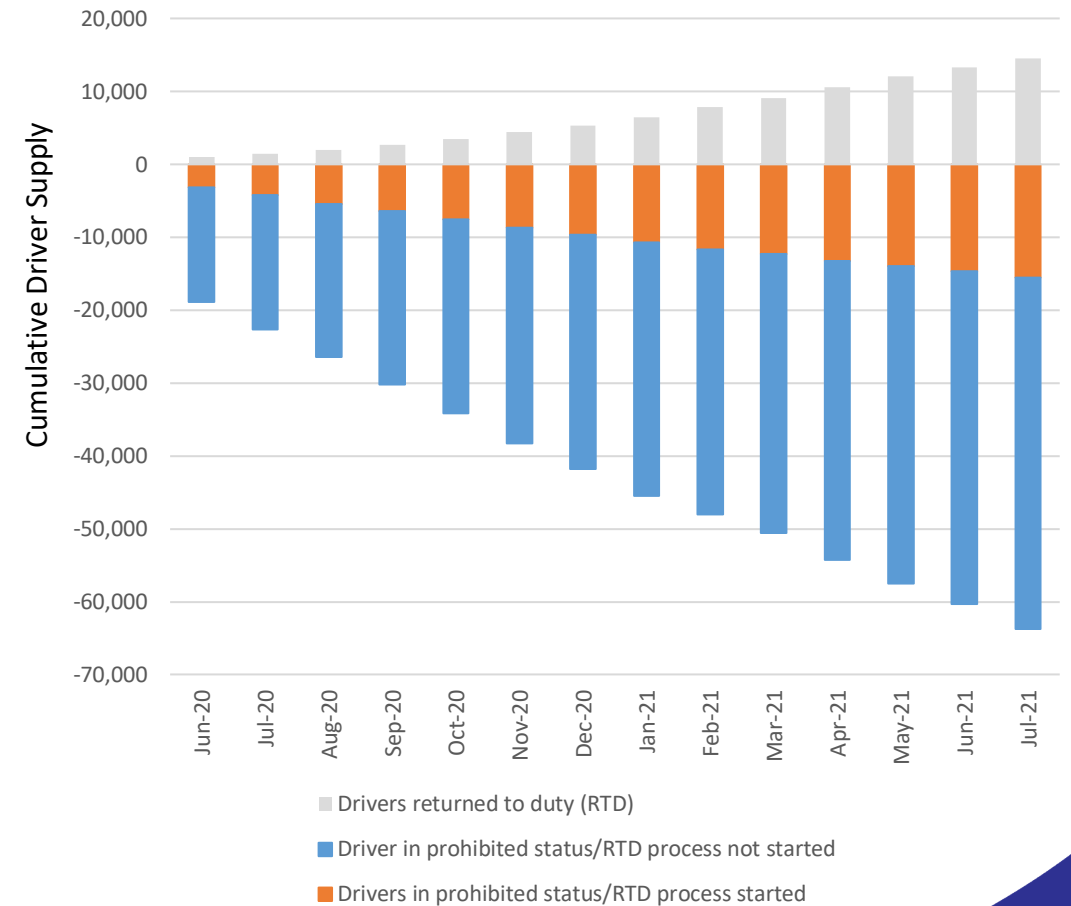
## Trucking Activity vs. Industry Employment



## Warehousing and Storage Employment, SA



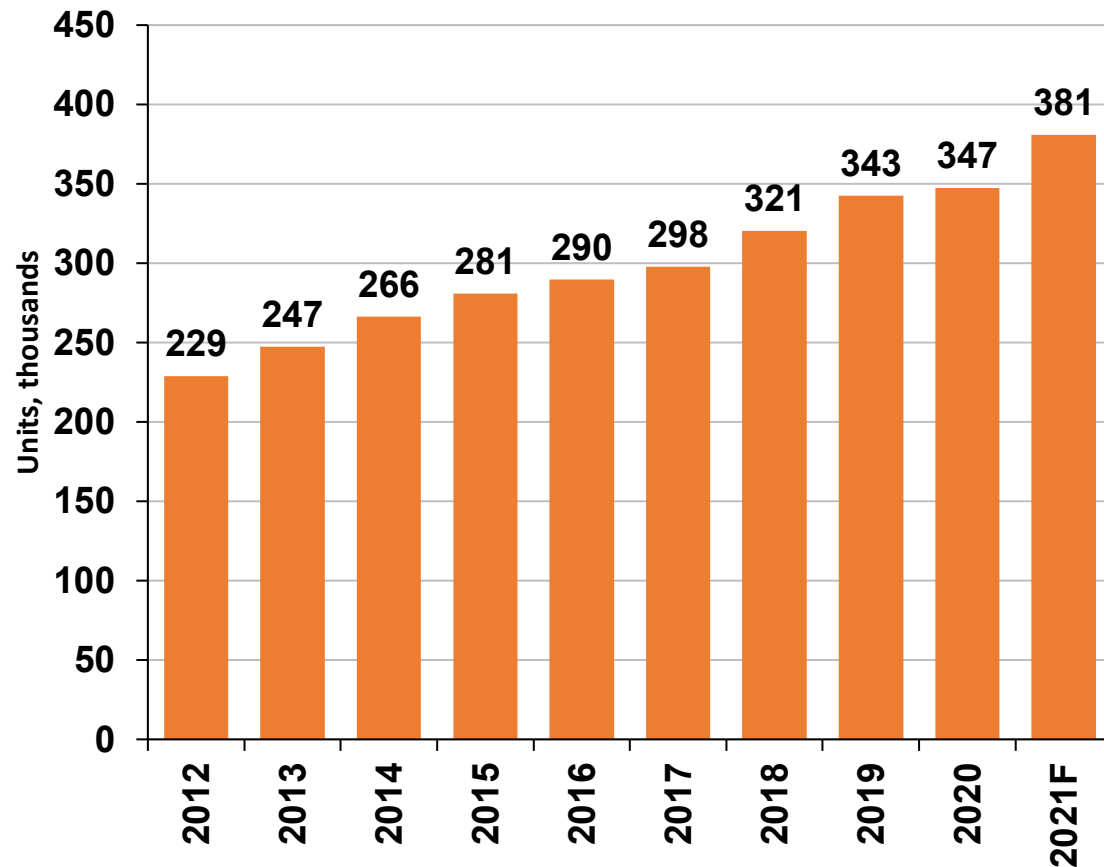
## FMCSA D&A Clearinghouse Impact of Driver Supply



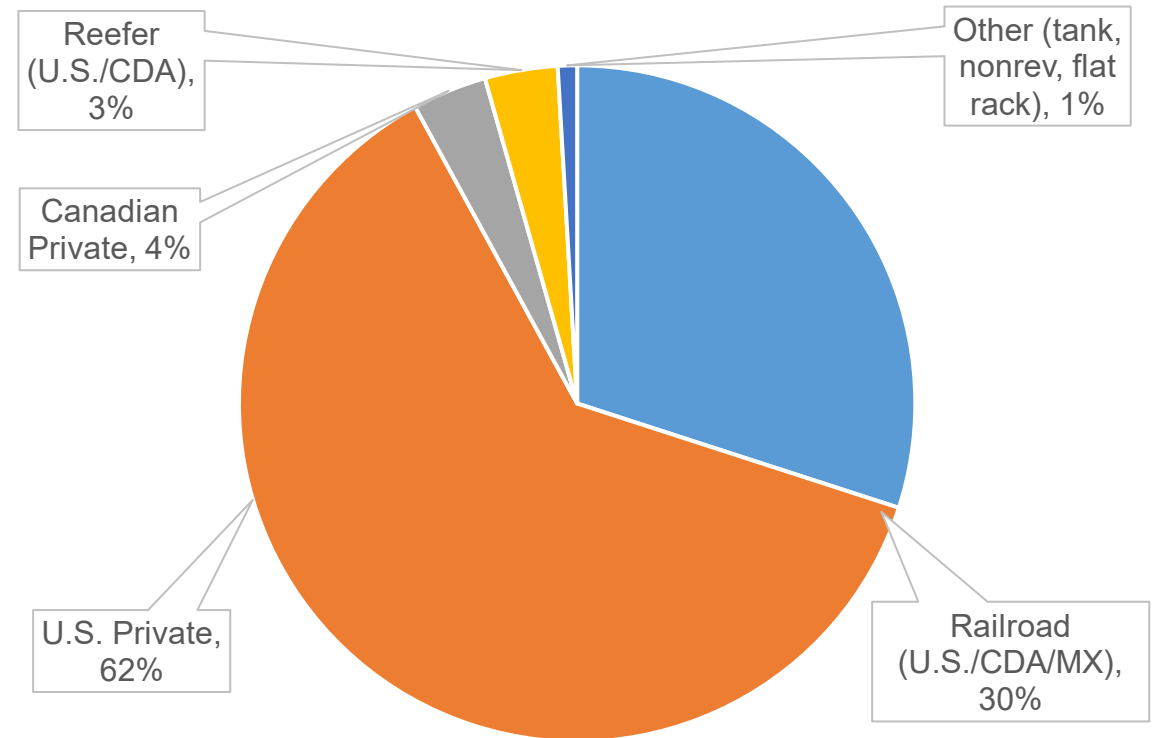
Source: BLS, FTR, US FMCSA, TTX

# Significant DC fleet growth is expected, but delivery challenges will likely push some capacity adds into 2022

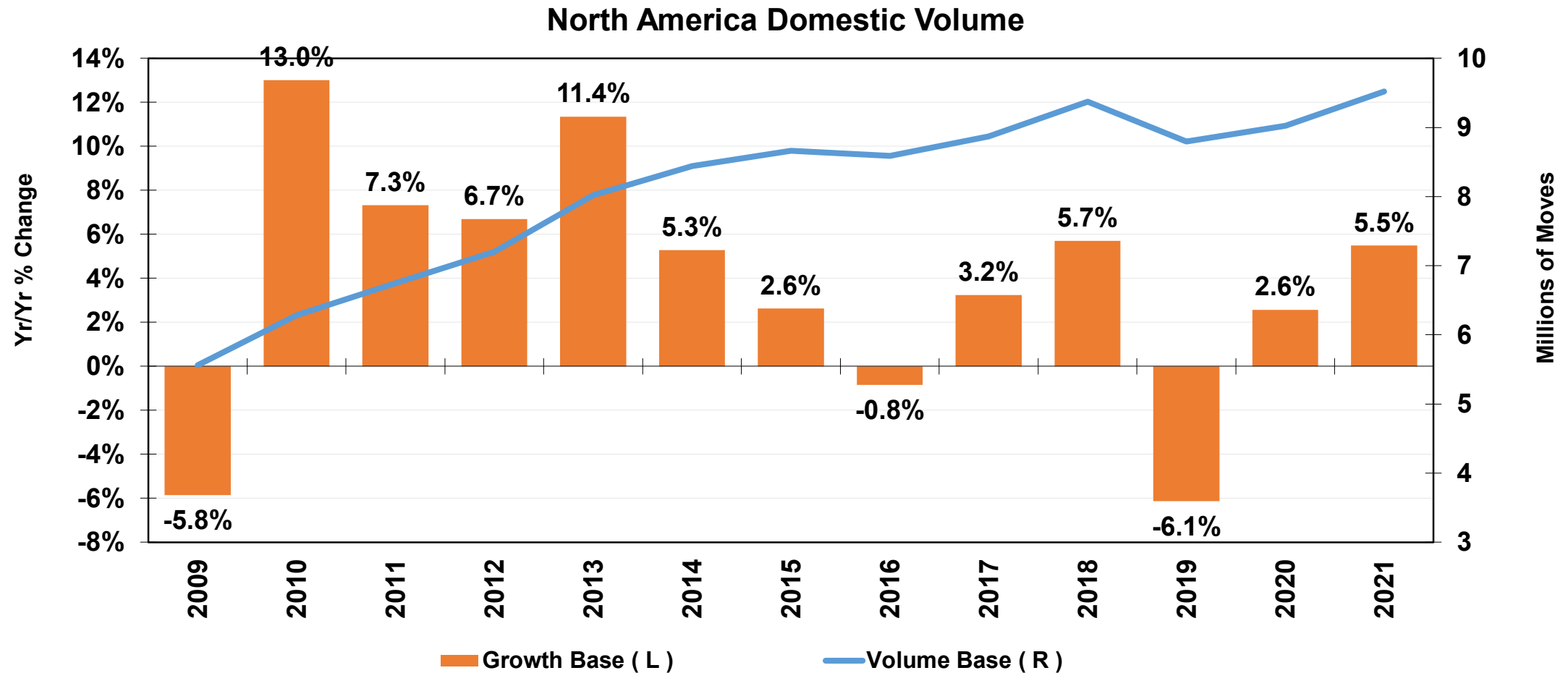
Year-End Domestic Container Fleet Size



2021 Domestic Container Fleet, by Market Segment



# Retail activity and inventory restocking is expected to bolster intermodal volume into 2022



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 soft and focused on the driver's perspective.

# What We're Watching

# Indicators point to solid economic growth and demand for transportation but substantial uncertainty remains

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- Path of the virus / distribution & acceptance of the vaccines
- Infrastructure spending
- Impacts of reduced government stimulus / aid to unemployed
- Trade policy and tariffs
- Inventory levels

# Q&A

Enter your questions using  
the Q&A button



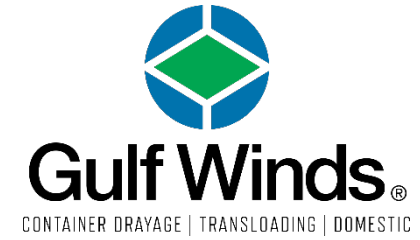
The background features a blue-toned financial data visualization. It includes a grid of numbers, a line graph with a white line, and a bar chart with blue bars. A large white circle is overlaid on the left side of the image, containing the main text.

# IANA Data

For more information about **IANA** data,  
including and the  
***ETSO Database***

And our other data products visit  
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