INTERMODAL *ADAPTS*

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Intermodal Analyzed

December 14, 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 in the near future

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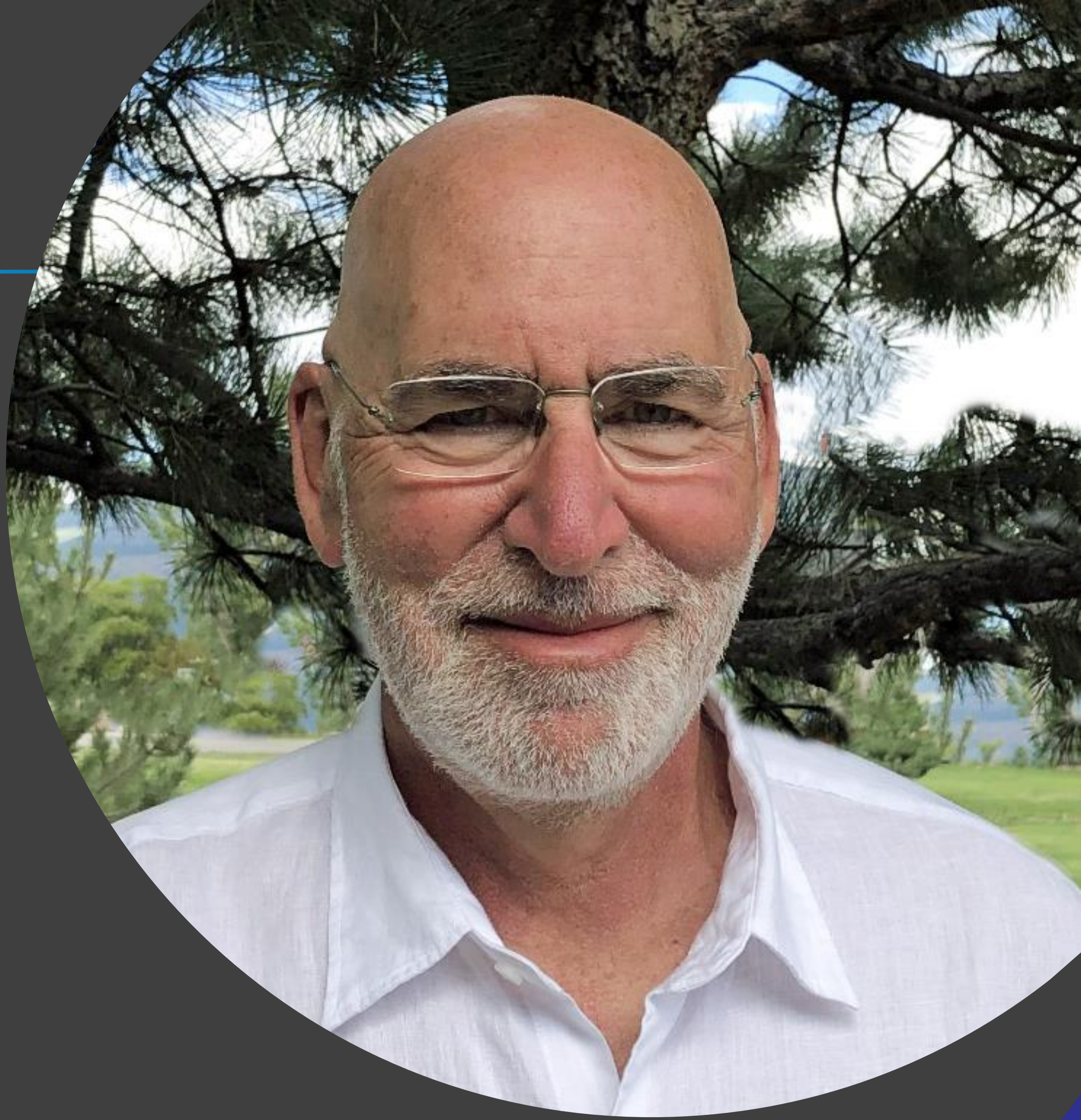
Today's Presenter



Larry Gross

President & Founder

Gross Transportation Consulting

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Hello!

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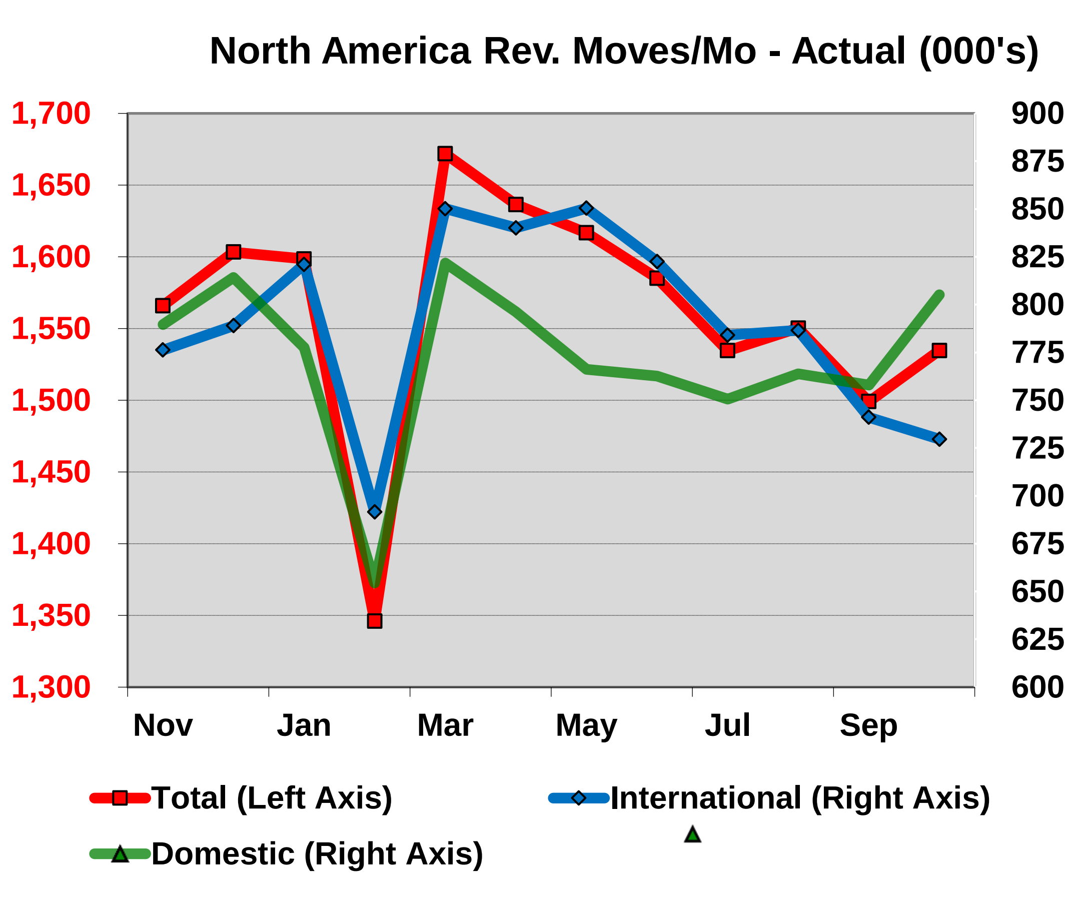
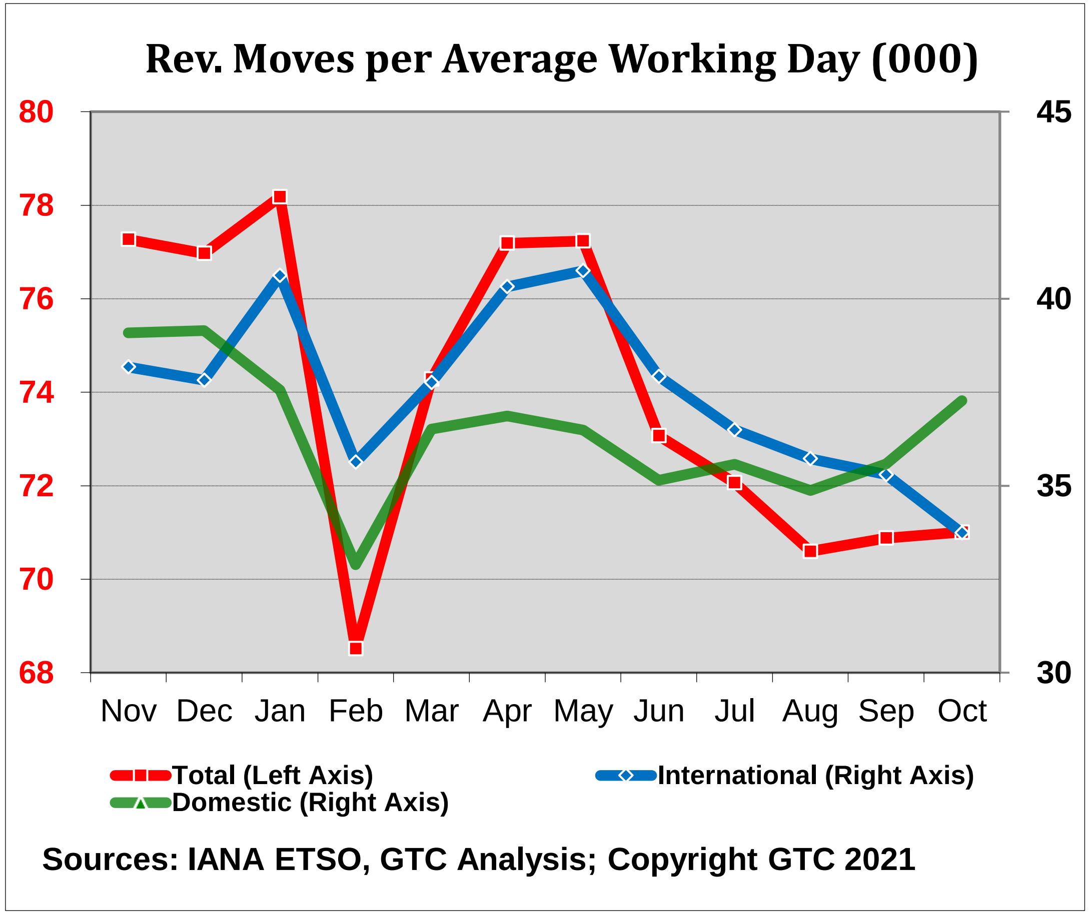
INTERMODAL ANALYZED

For: IANA

December 14, 2021

2021 HAS BEEN A UNIQUE YEAR THUS FAR





Sources: IANA ETSO, GTC Analysis

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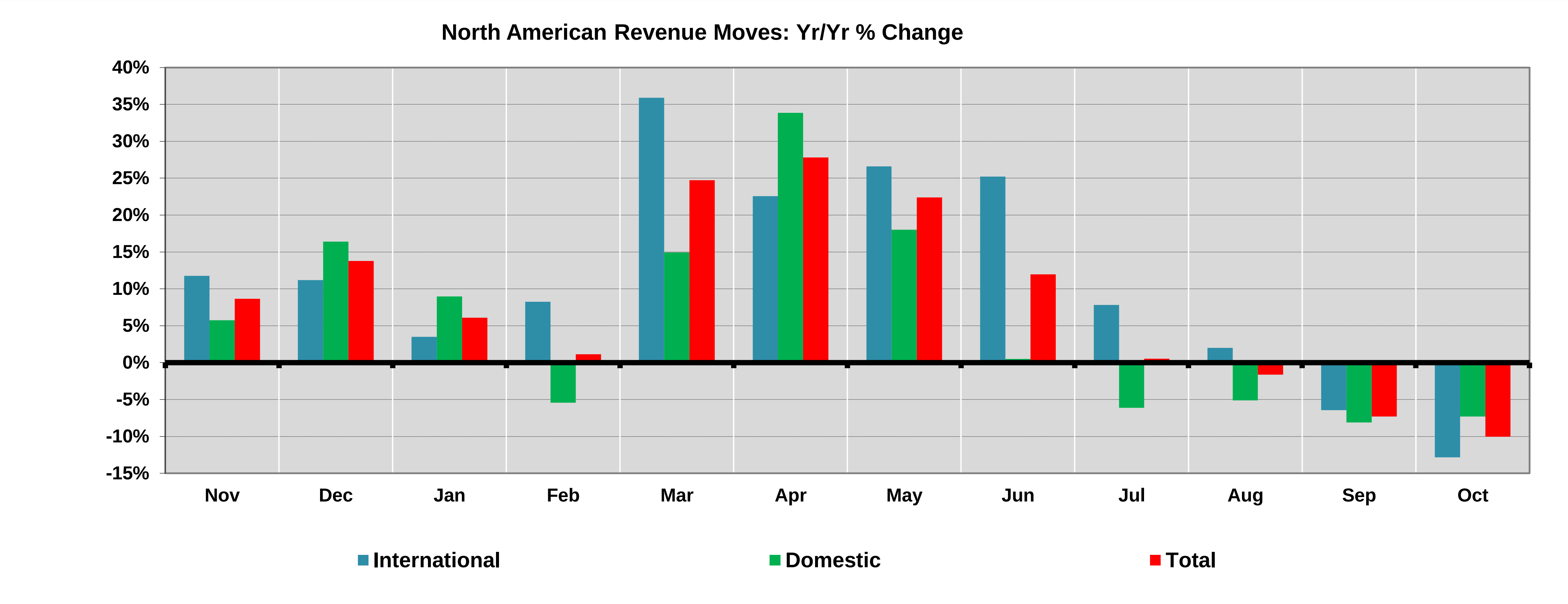
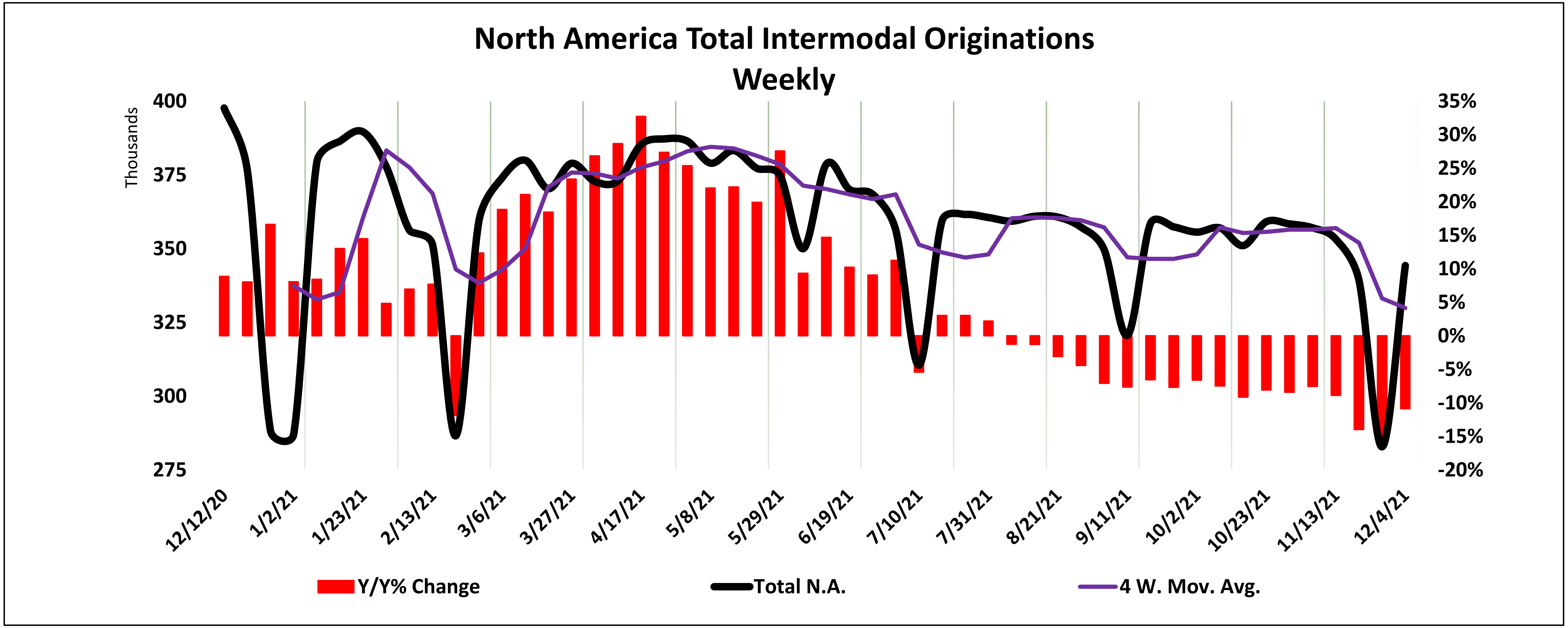


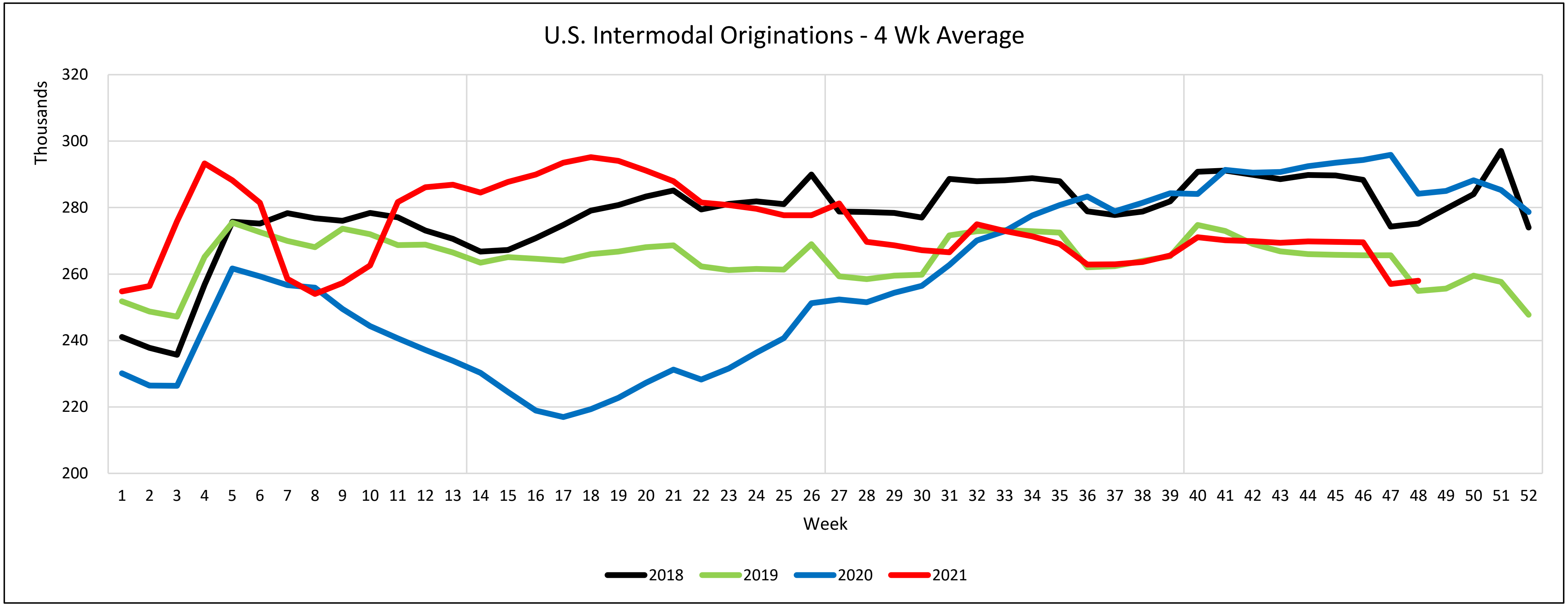
Sources: IANA ETSO, GTC Analysis

NORMAL PEAK SEASON MIA IN 2021



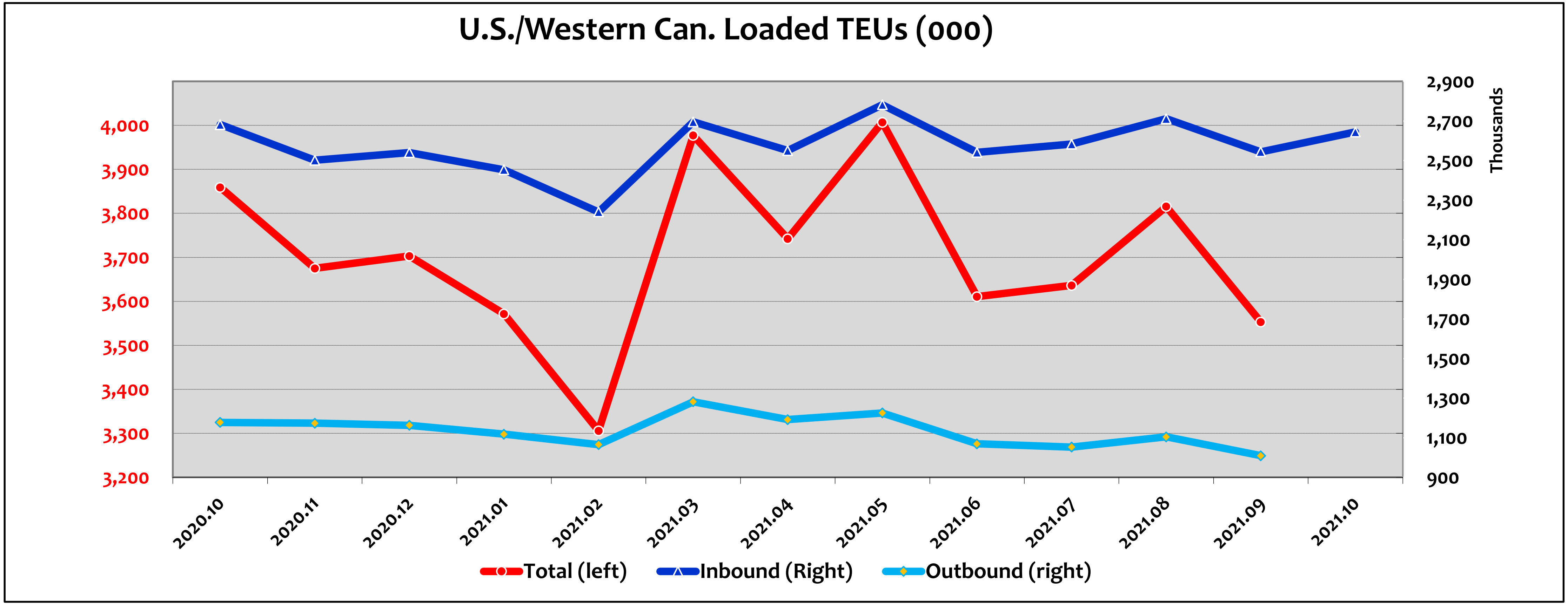
Sources: AAR, GTC Analysis, Copyright GTC 2021

CURRENT VOLUMES ARE NOT REMARKABLE



Sources: AAR, GTC Analysis, Copyright GTC 2021

INBOUND TEUS ARE LIMITED BY SYSTEM CAPACITY



Sources: Port Reports, IHS PIERS Data, GTC Analysis

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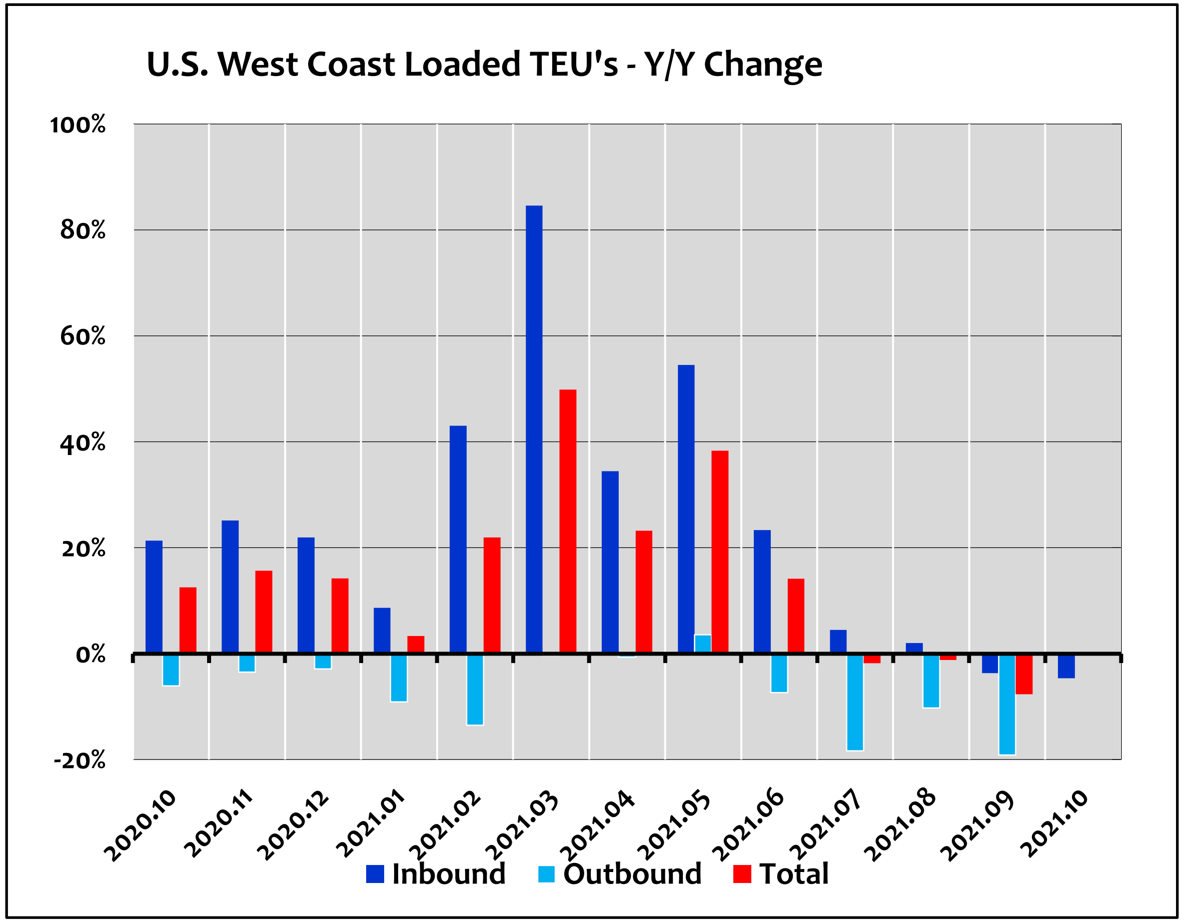
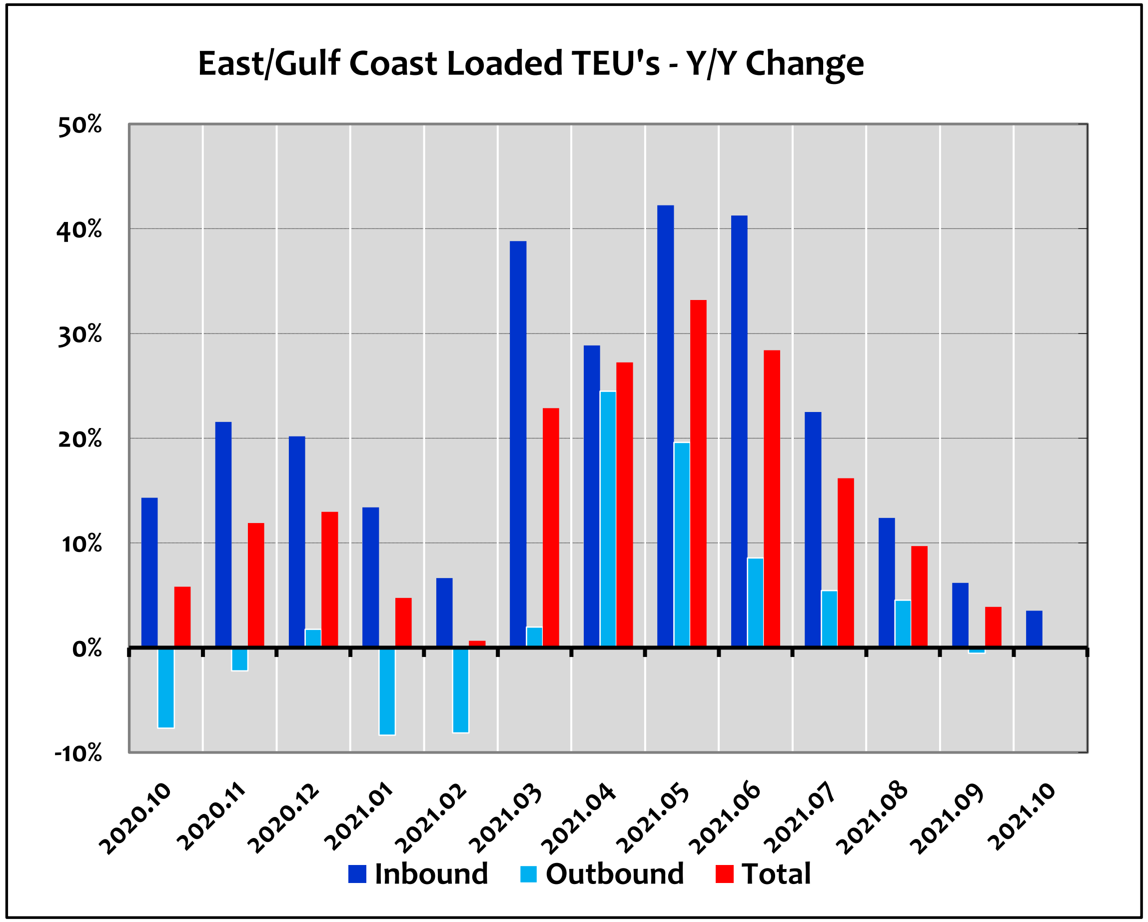
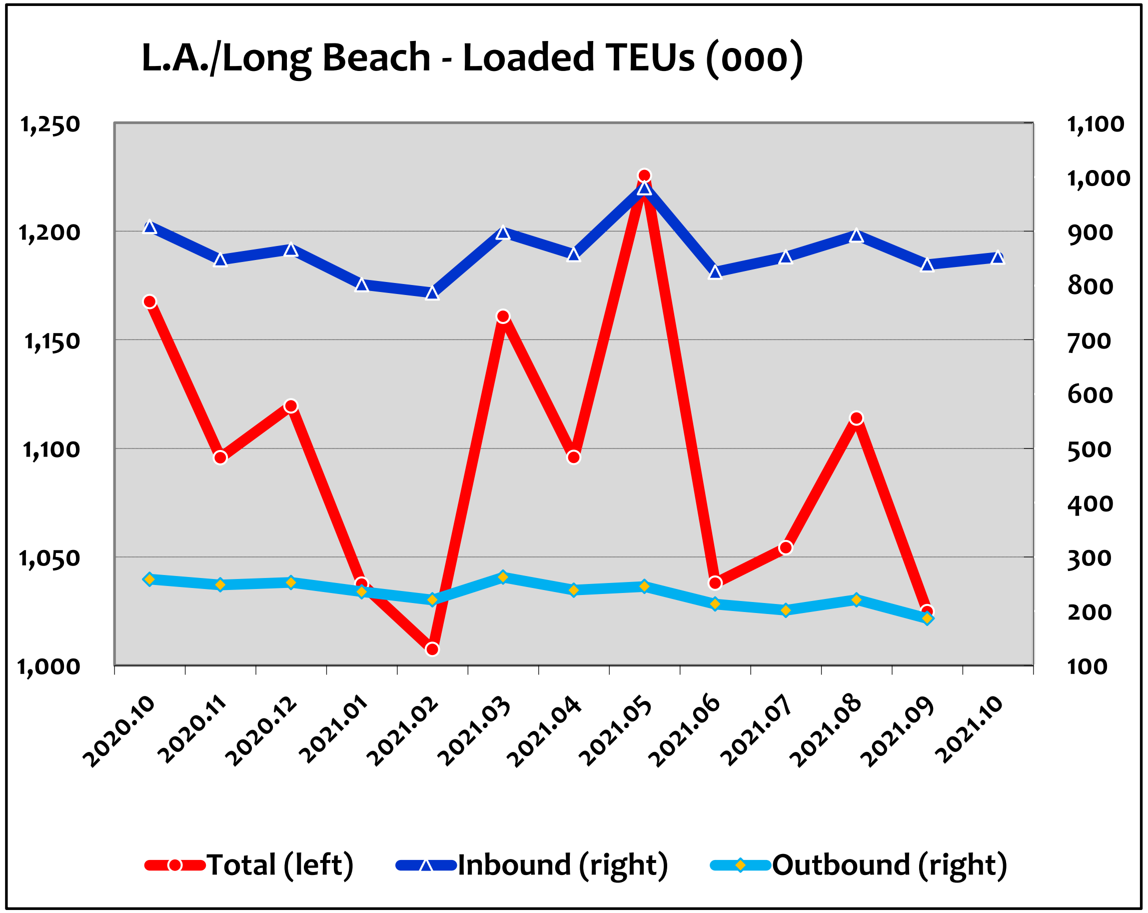
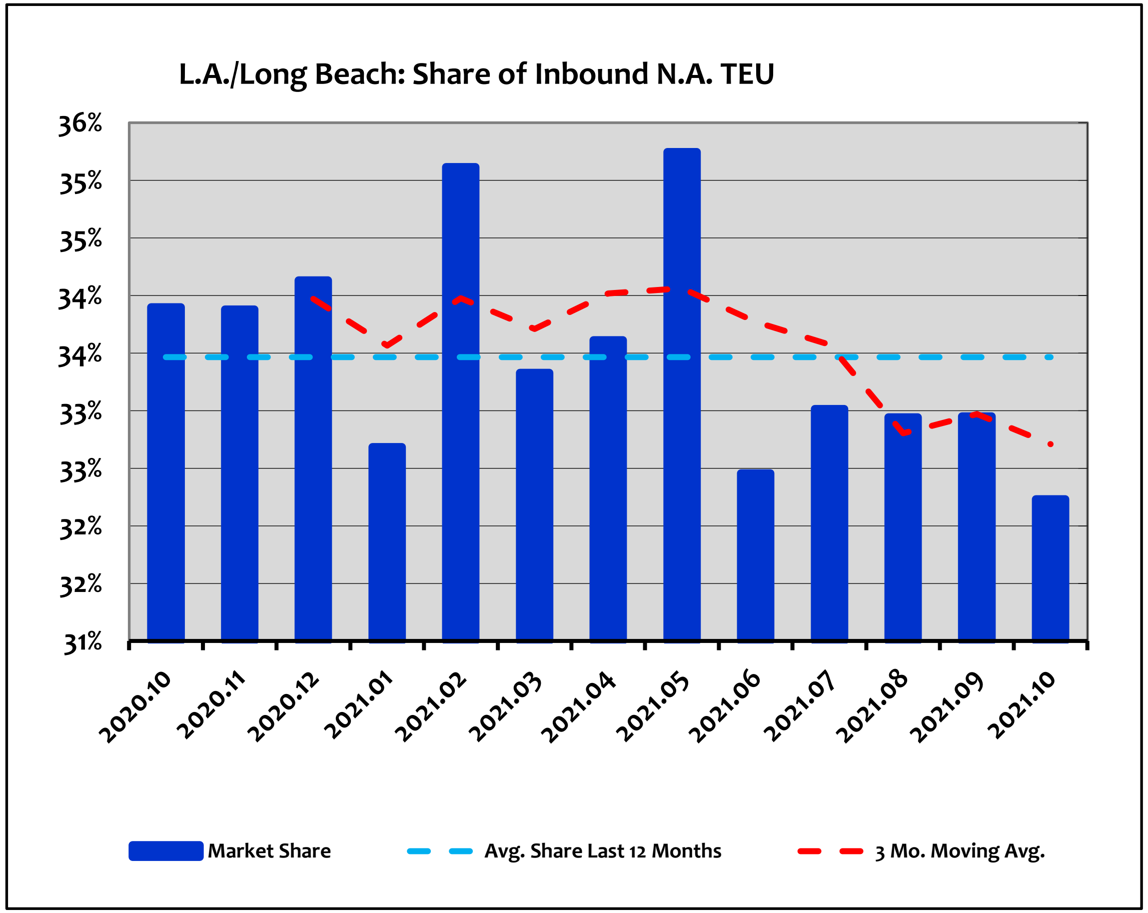




Sources: Port Reports, IHS PIERS Data, GTC Analysis

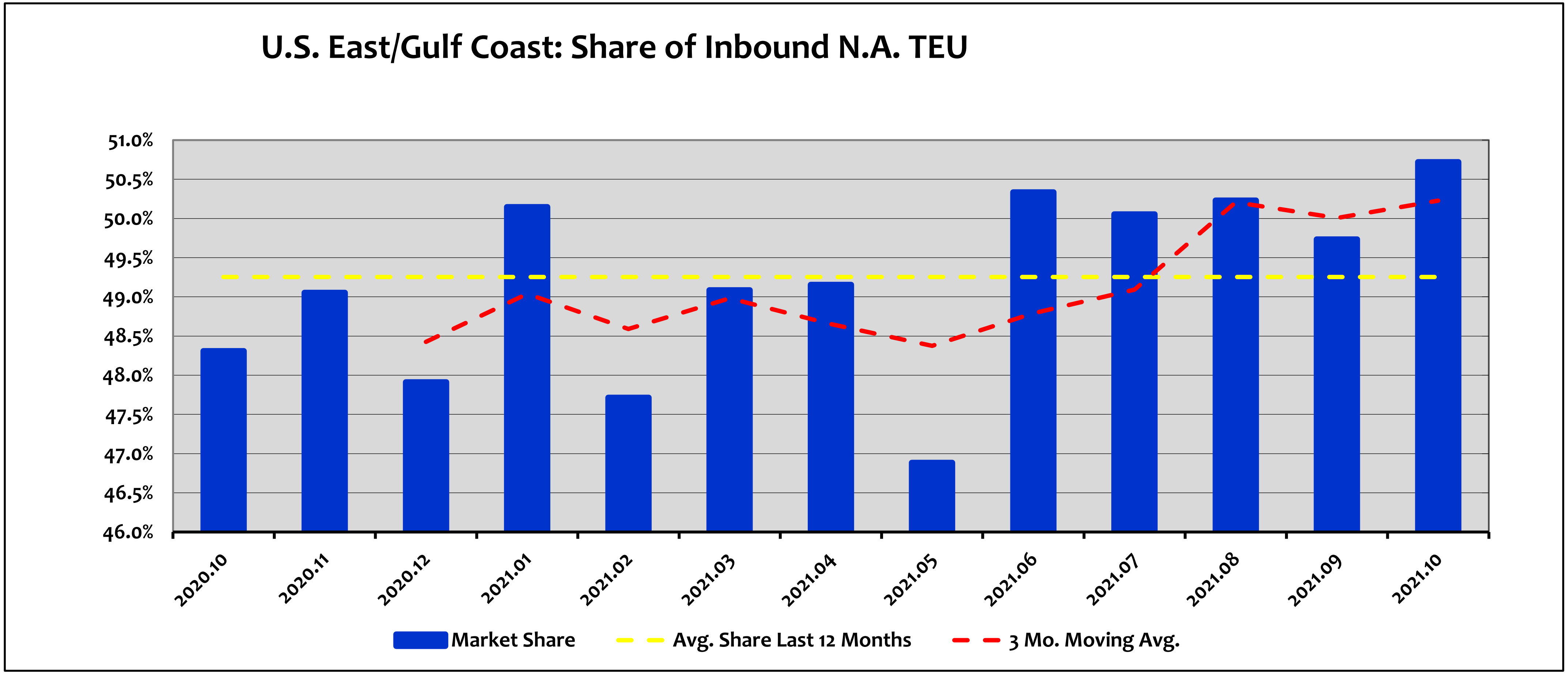
L.A./LONG BEACH IS THE EPICENTER OF THE PROBLEM





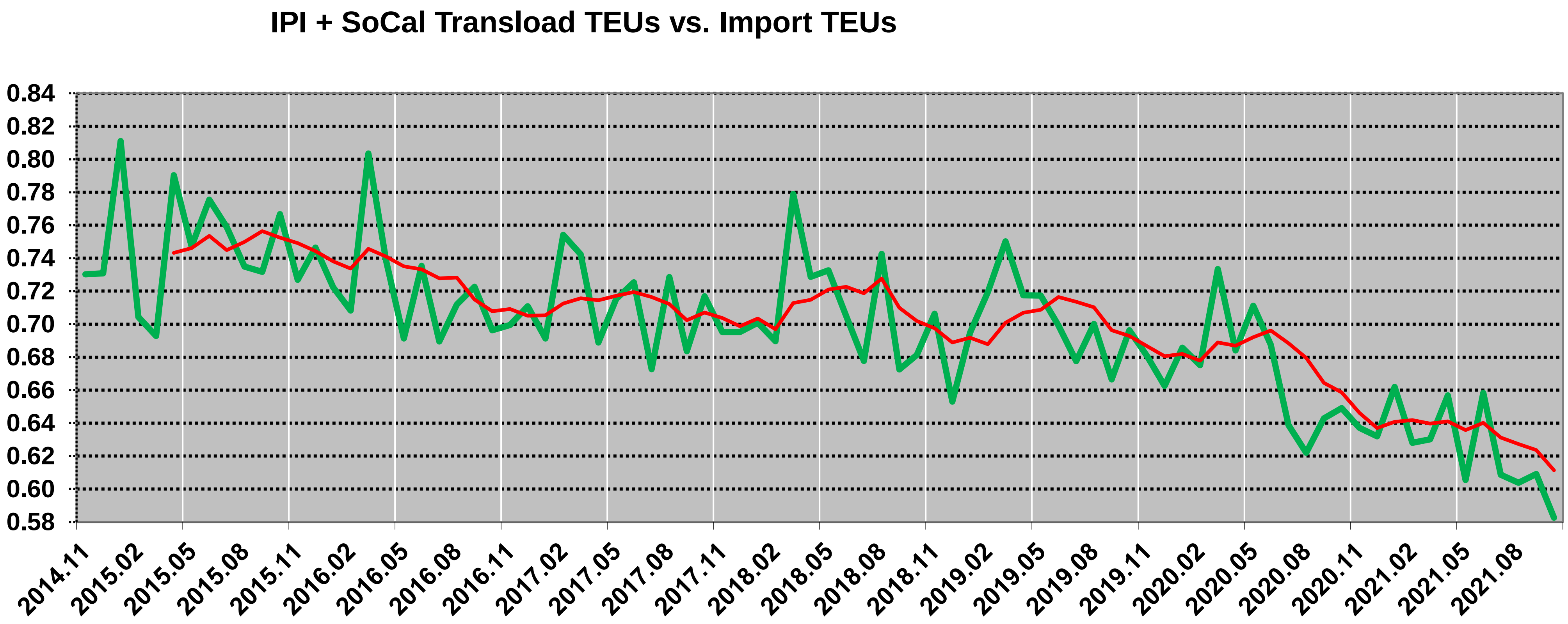
Sources: Port Reports, IHS PIERS Data, GTC Analysis

INBOUND TEU TIDE IS SHIFTING EASTWARD



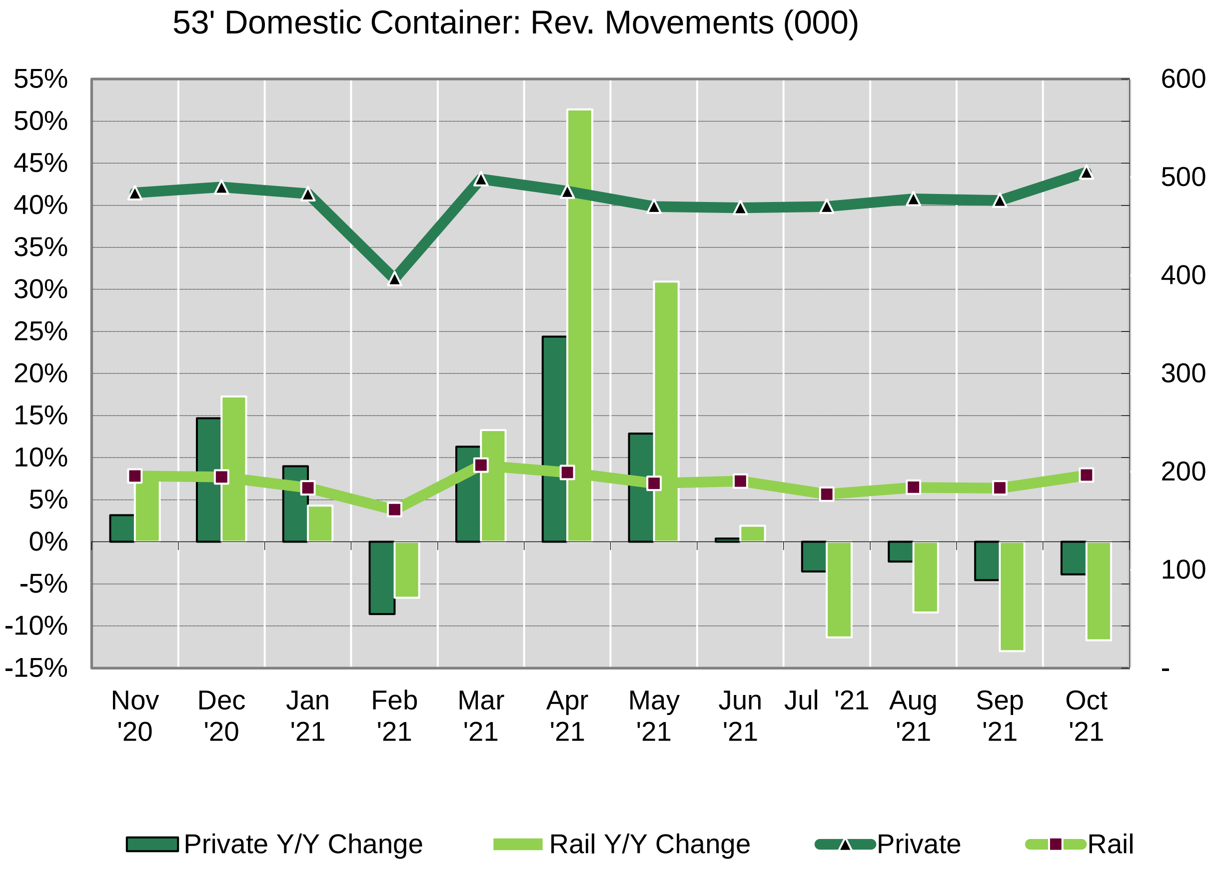
Sources: Port Reports, IHS PIERS Data, GTC Analysis

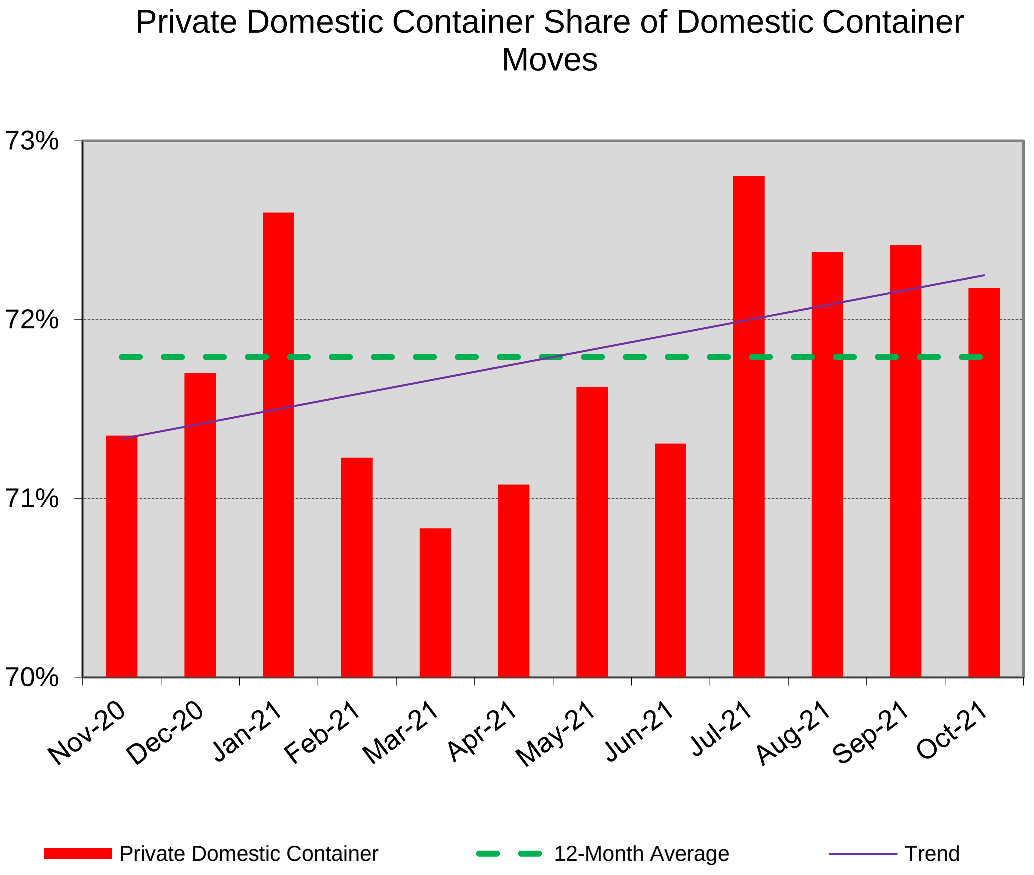
INTERMODAL PARTICIPATION IN IMPORT FLOWS HAS DECLINED



Sources:IANA ETSO; IHS Markit PIERS Data, GTC Analysis

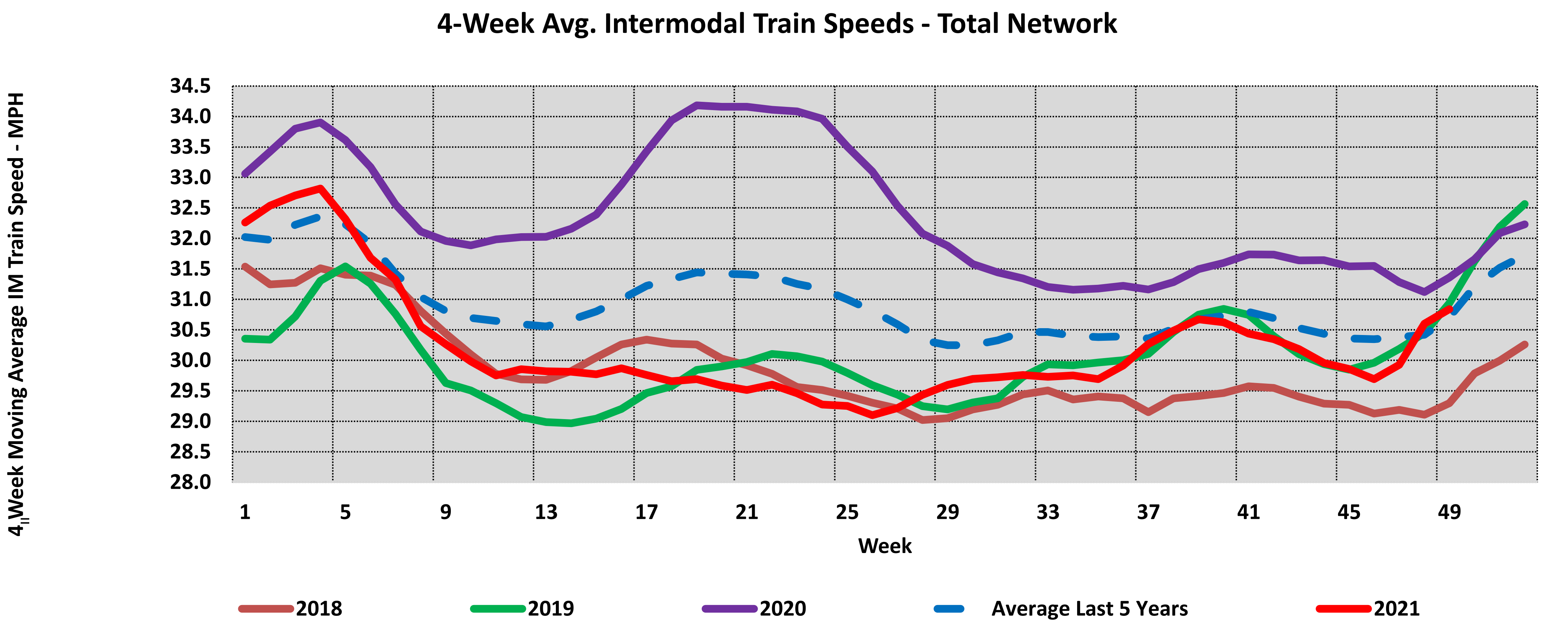
LOWER EQUIPMENT VELOCITY IS CHEWING UP DOMESTIC CONTAINER CAPACITY





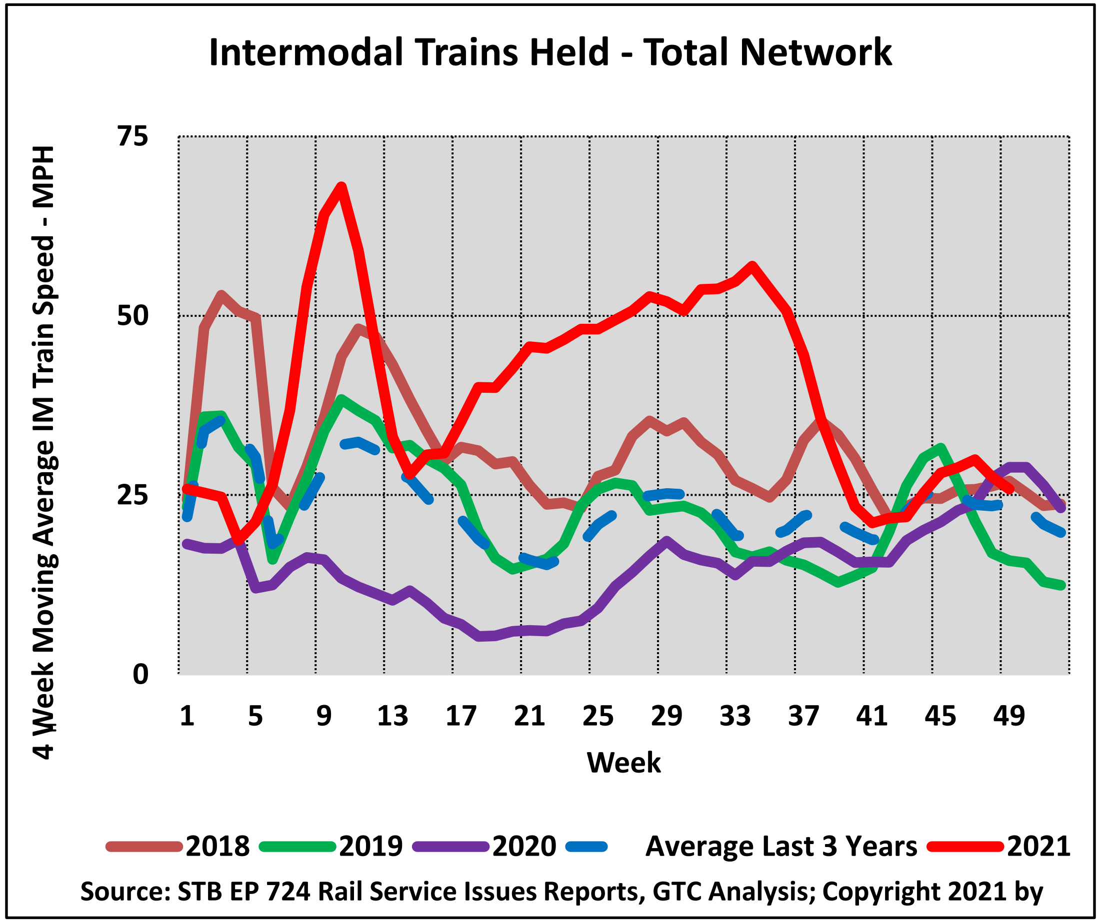
Source: IANA ETSO, GTC Analysis

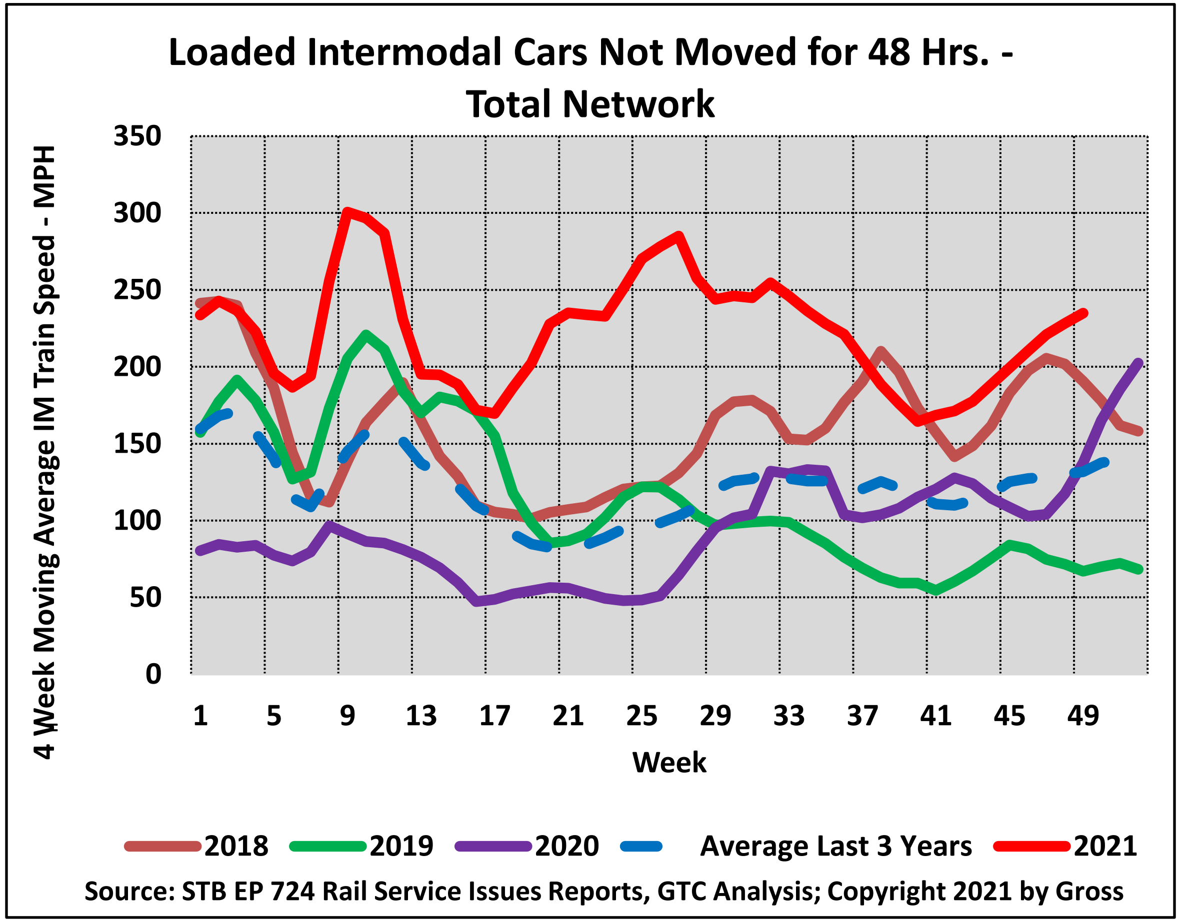
STB SERVICE STATS PRESENTING A MIXED PICTURE



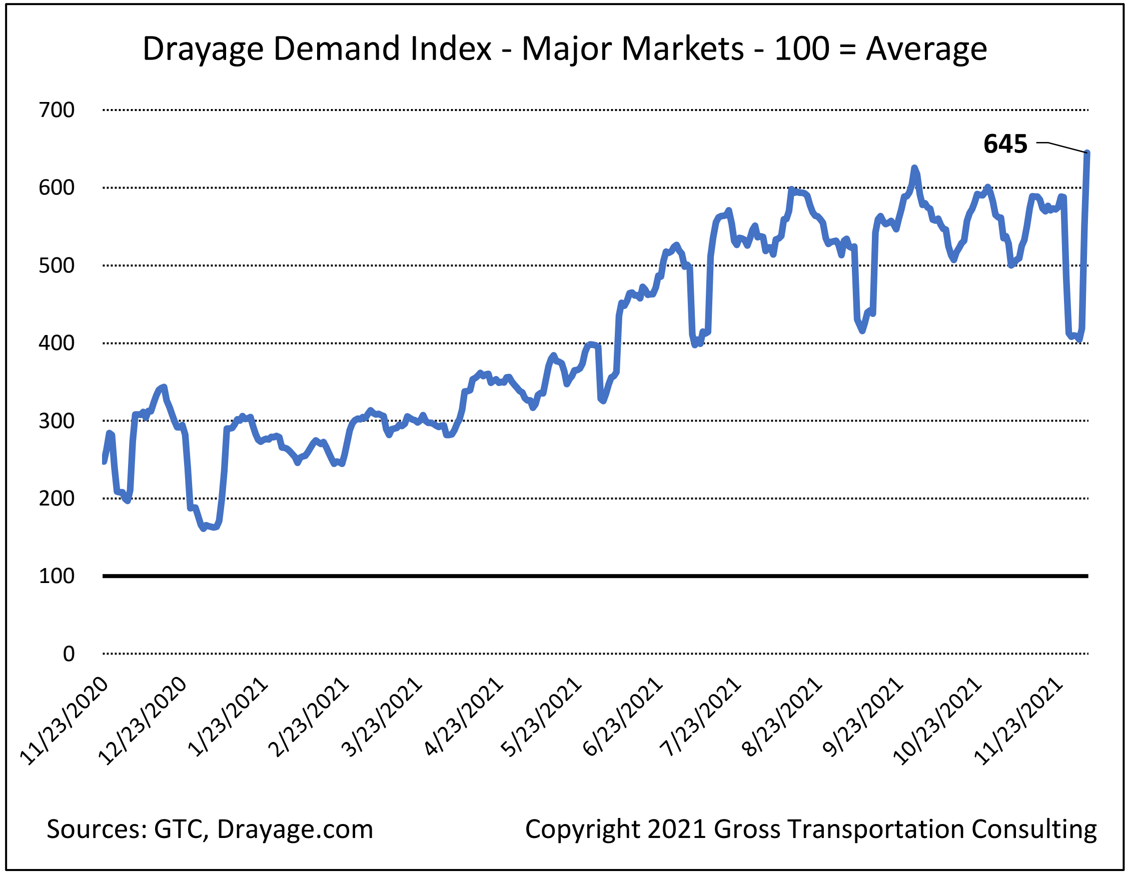
Source: STB EP 724 Rail Service Issues Reports, GTC Analysis; Copyright 2021 by Gross Transportation Consulting

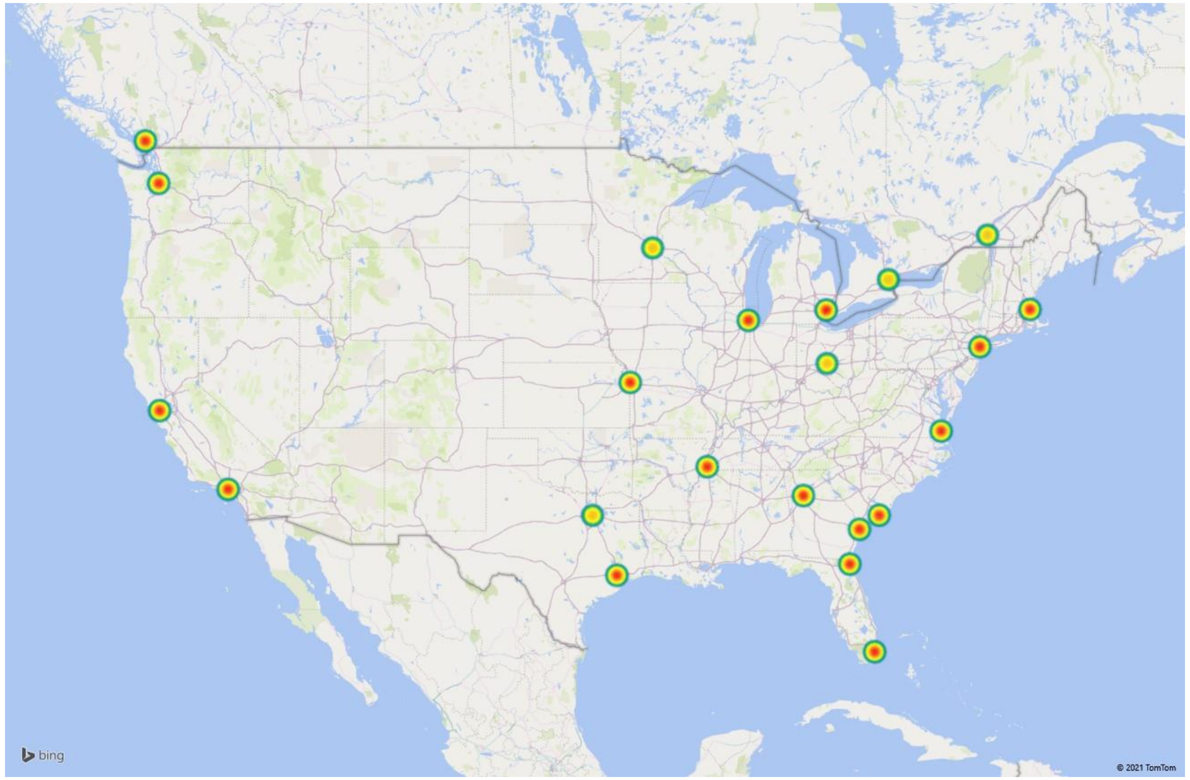
STB SERVICE STATS PRESENTING A MIXED PICTURE





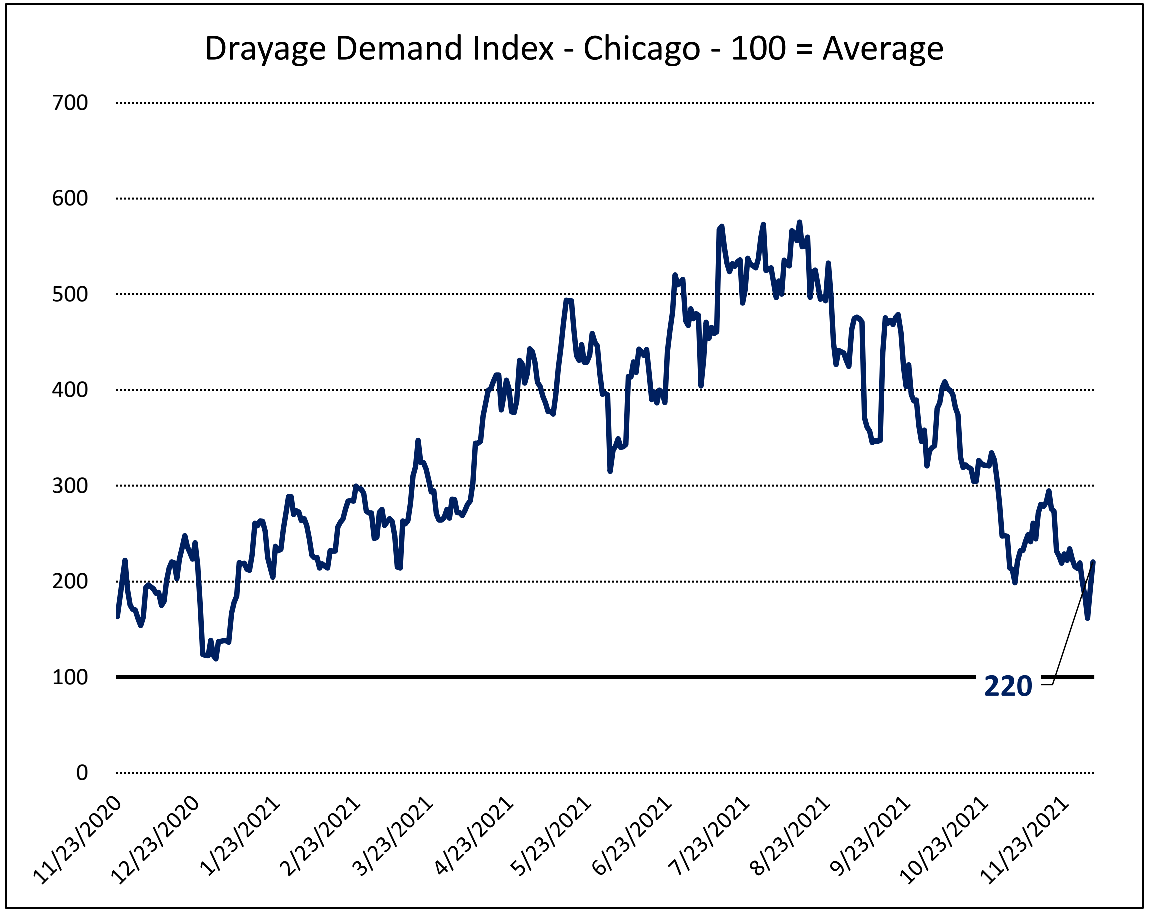
DRAYAGE IS STILL IN NOSEBLEED TERRITORY

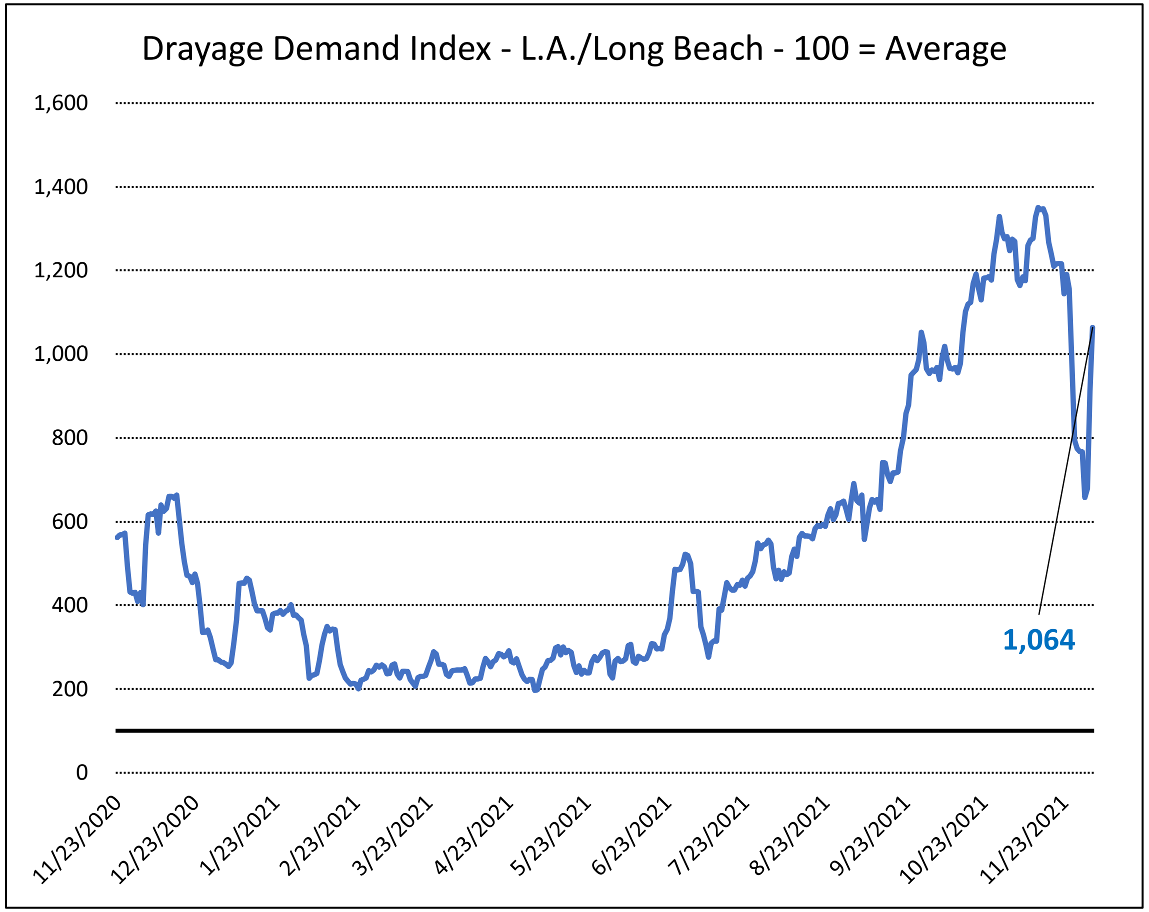




Source: Drayage.com, GTC Analysis

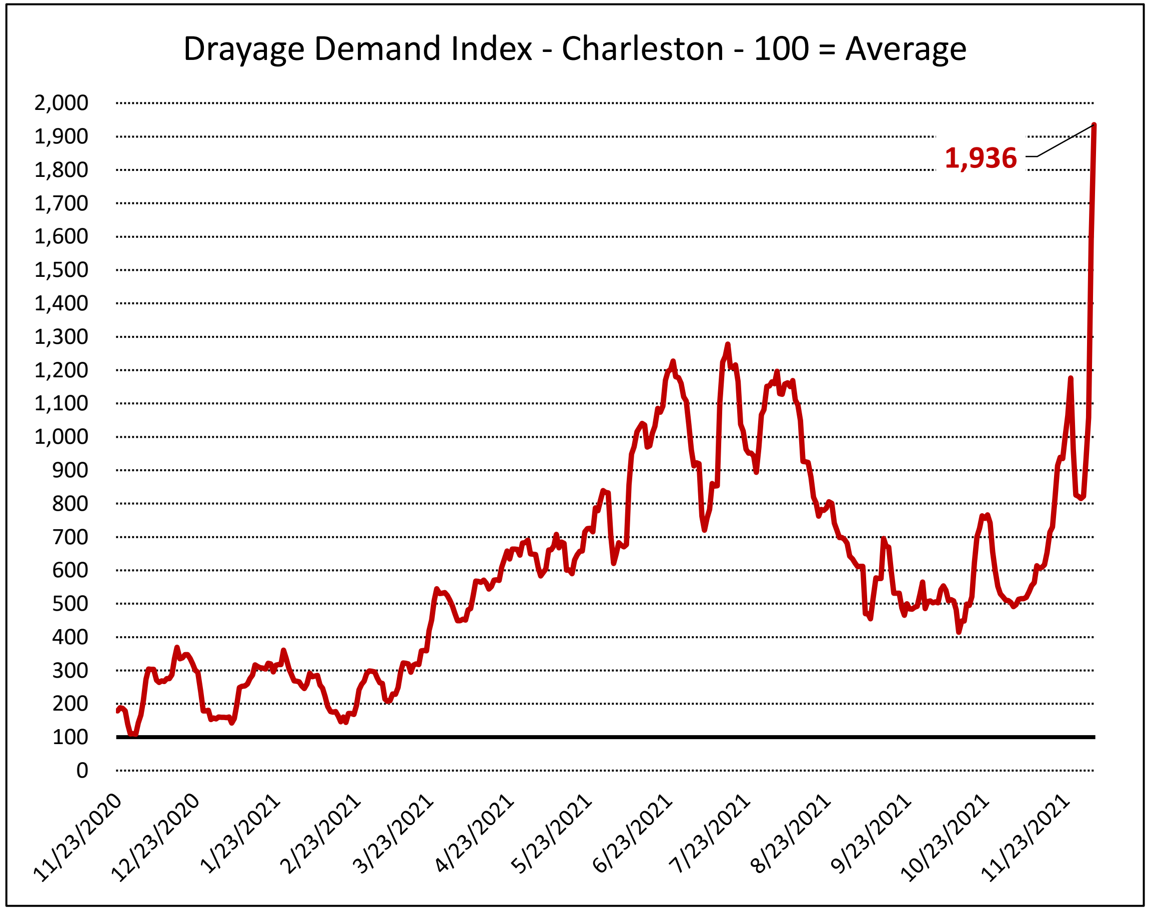
COASTAL REGIONS FARING WORSE THAN INLAND

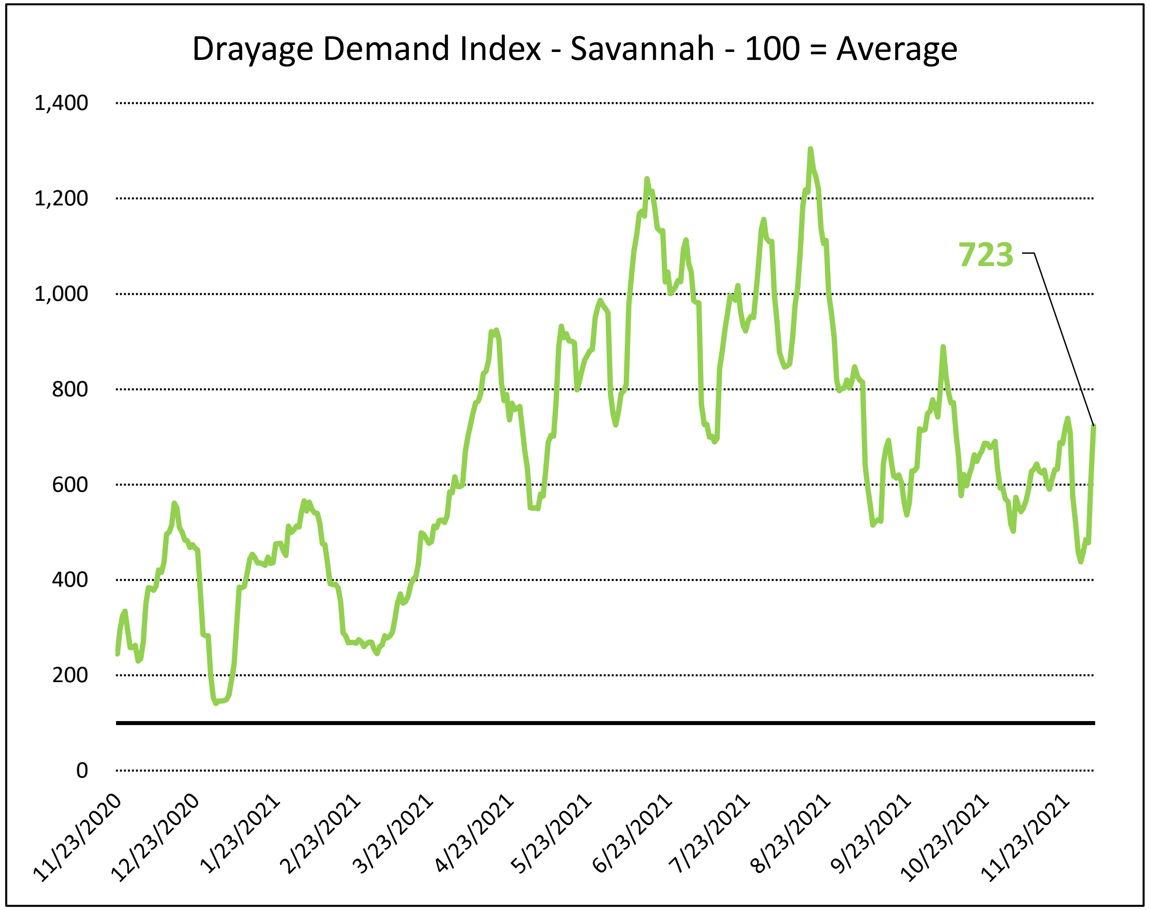




Source: Drayage.com, GTC Analysis

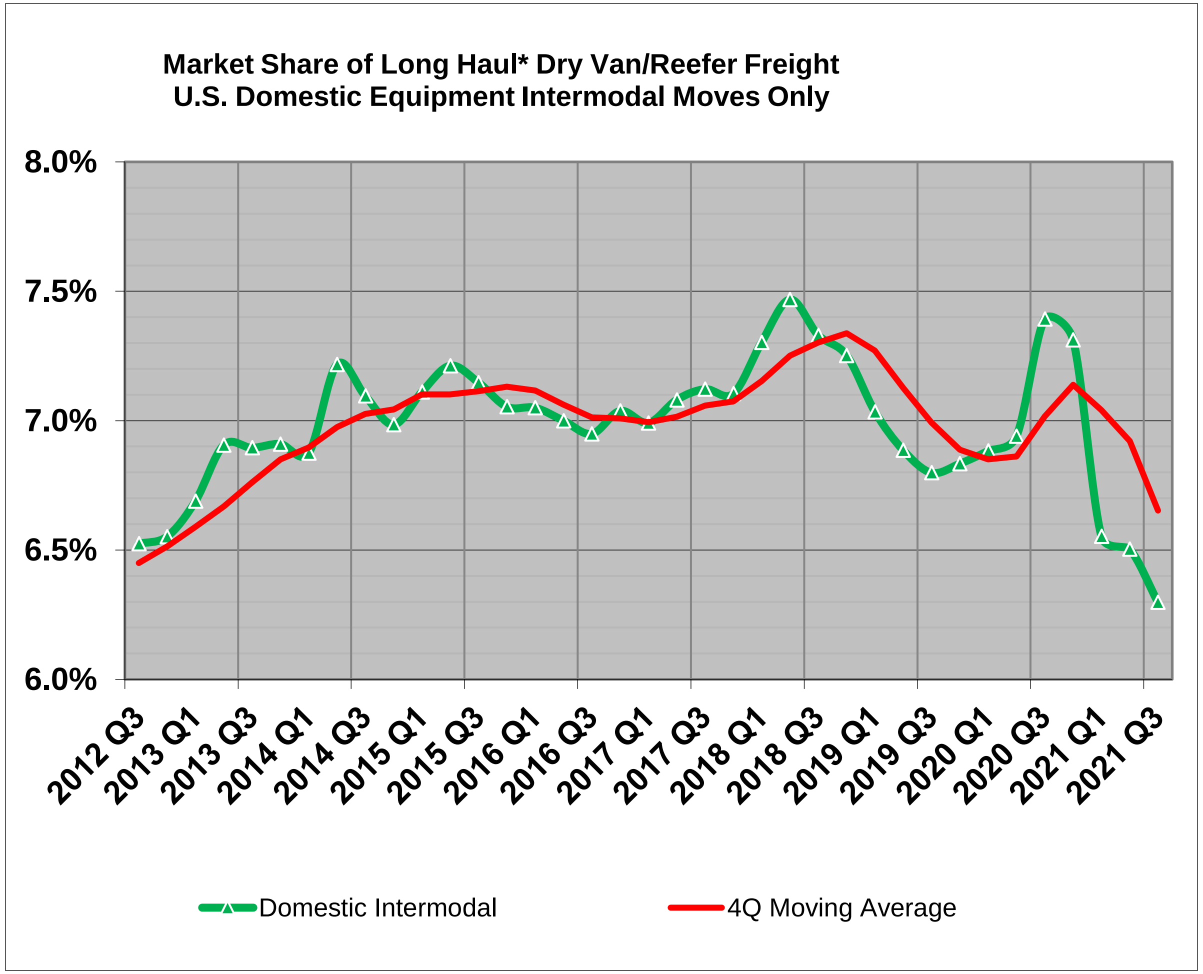
INTERESTING SITUATION IN THE SOUTHEAST

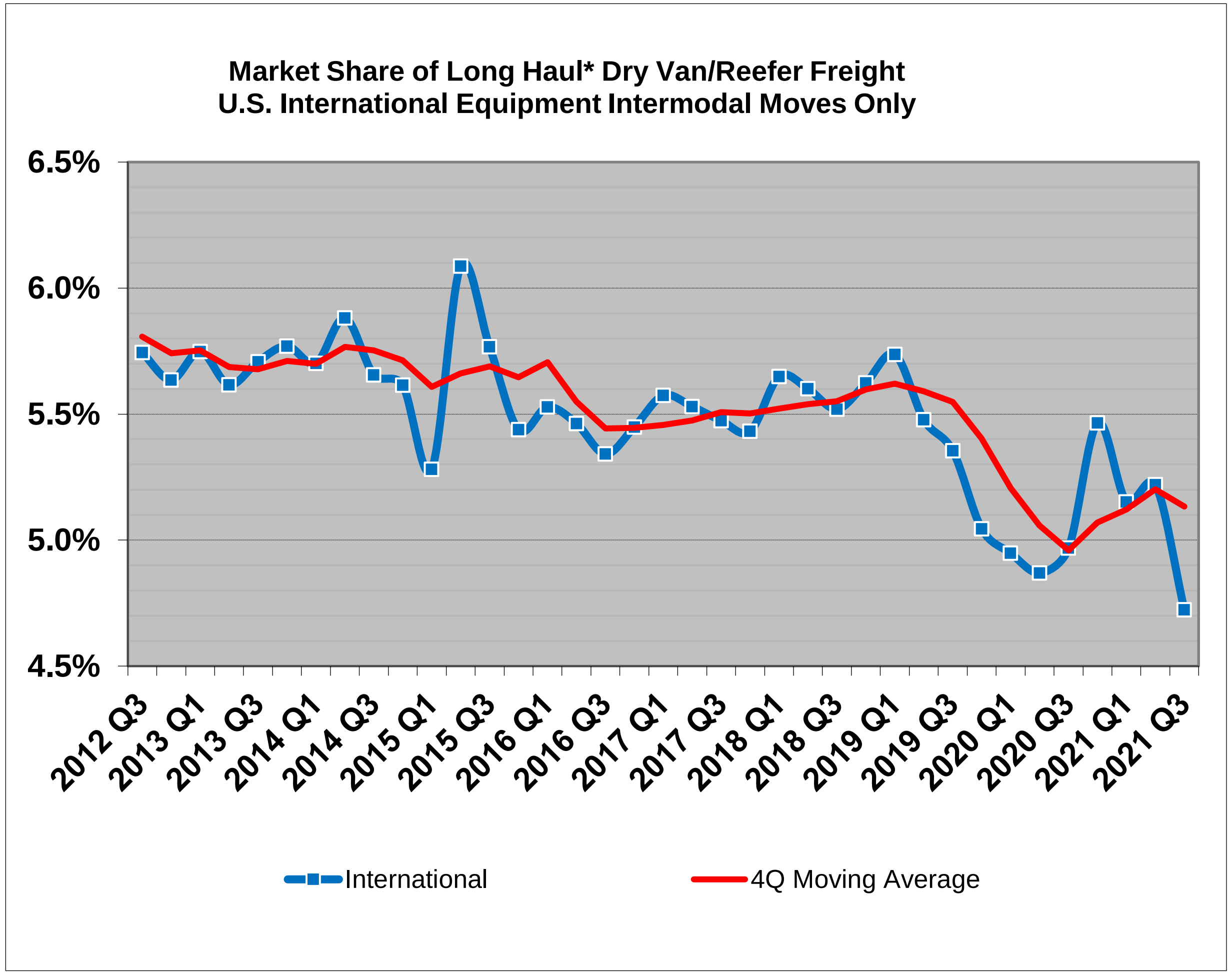




Source: Drayage.com, GTC Analysis

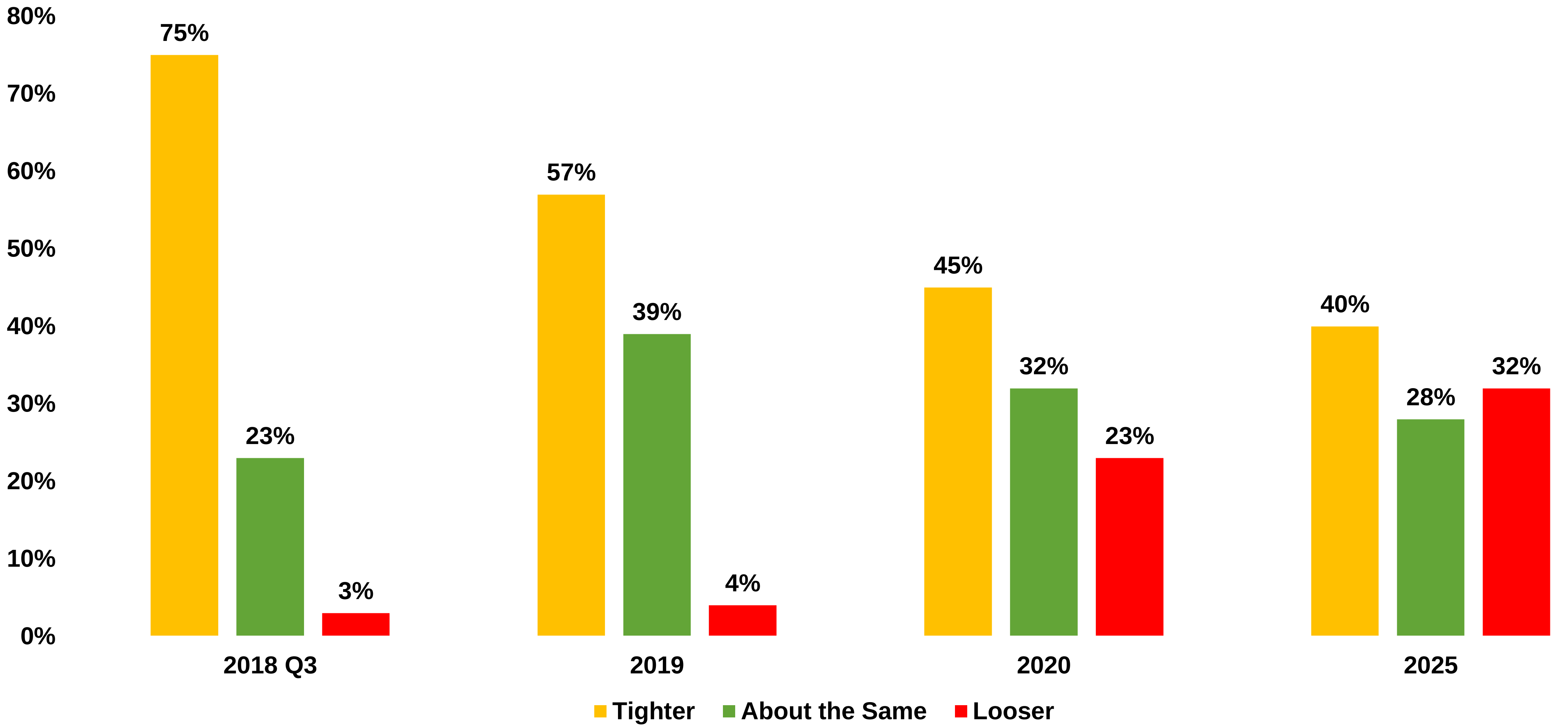
TOTAL INTERMODAL SHARE IS AT 11.0% - LOWEST SINCE 2009 Q4





Sources: GTC, Transport Futures, ETSO Report * Long Haul = 500+ Miles

REMINDER: THIS WON'T LAST FOREVER
2018-06 SURVEY: TRUCKING CAPACITY FORECAST



WHY DID THE CRISIS OCCUR?

- Quick snap-back from pandemic lockdown “recession” caught everyone flat-footed
- Years of “right-sizing” has left the system fragile and lacking surge capacity
- Once we fell behind, congestion and bottlenecks sapped productivity, making recovery even harder
- Normally, the system eventually gets a break to recover. Not in 2020/2021!

WHO'S TO BLAME FOR THE CRISIS?

- Shippers – Decisions made sense individually but collectively created a problem
- Ocean Carriers – Optimized their port-to-port operations without regard for inland consequences
- Ports - Fell behind and never caught up
- Chassis Lessors – Disfunctional system and incentives impeded operations
- Railroads – PSR practices proved incapable of fully dealing with the surge
- Dray Carriers – Reduced turns made hanging onto drivers difficult

LOOKING FORWARD - NEAR TERM

- Without substantial improvement in throughput (unlikely) volume will remain behind prior year for the rest of the year.
- We will have a 2021 plateau rather than a peak.
- Recovery not likely until volume begins to subside in Q1 2022 or Q2.
- Rate environment will continue to be very strong.

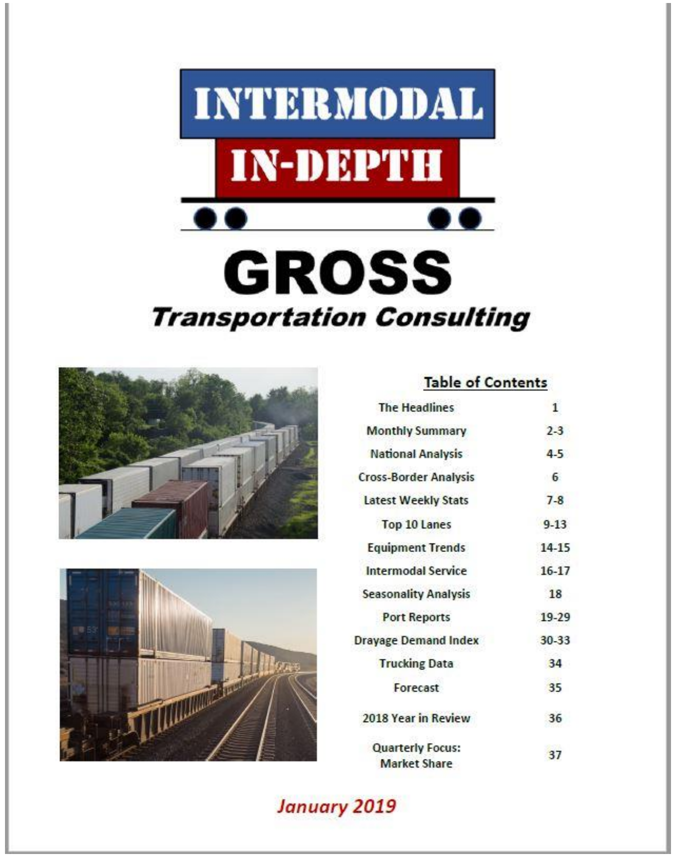
LOOKING FORWARD - NEXT YEAR

- 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.

INTERMODAL IN DEPTH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Thanks! Questions?

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Q&A

Enter your questions using the Q&A button

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