

# A Shifting Environment

(The webinar will begin soon...)



**Don Ake**

VP of Commercial Vehicles



**Todd Tranausky**

VP of Rail & Intermodal



**Avery Vise**

VP of Trucking



**Jonathan Starks**

Chief Intelligence Officer

**FTR** | State of Freight  
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# A Shifting Environment

How Will Transportation Respond?



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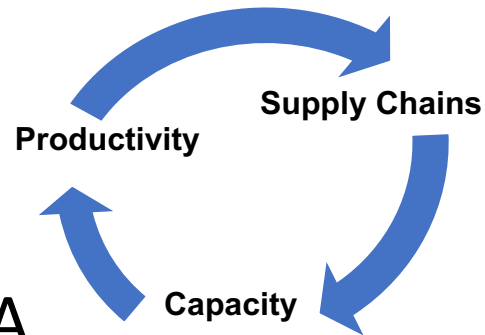
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# Agenda

- Where we are now
  - Economy
  - Trucking & commercial vehicles
  - Carload, intermodal & rail equipment

- Issues to watch



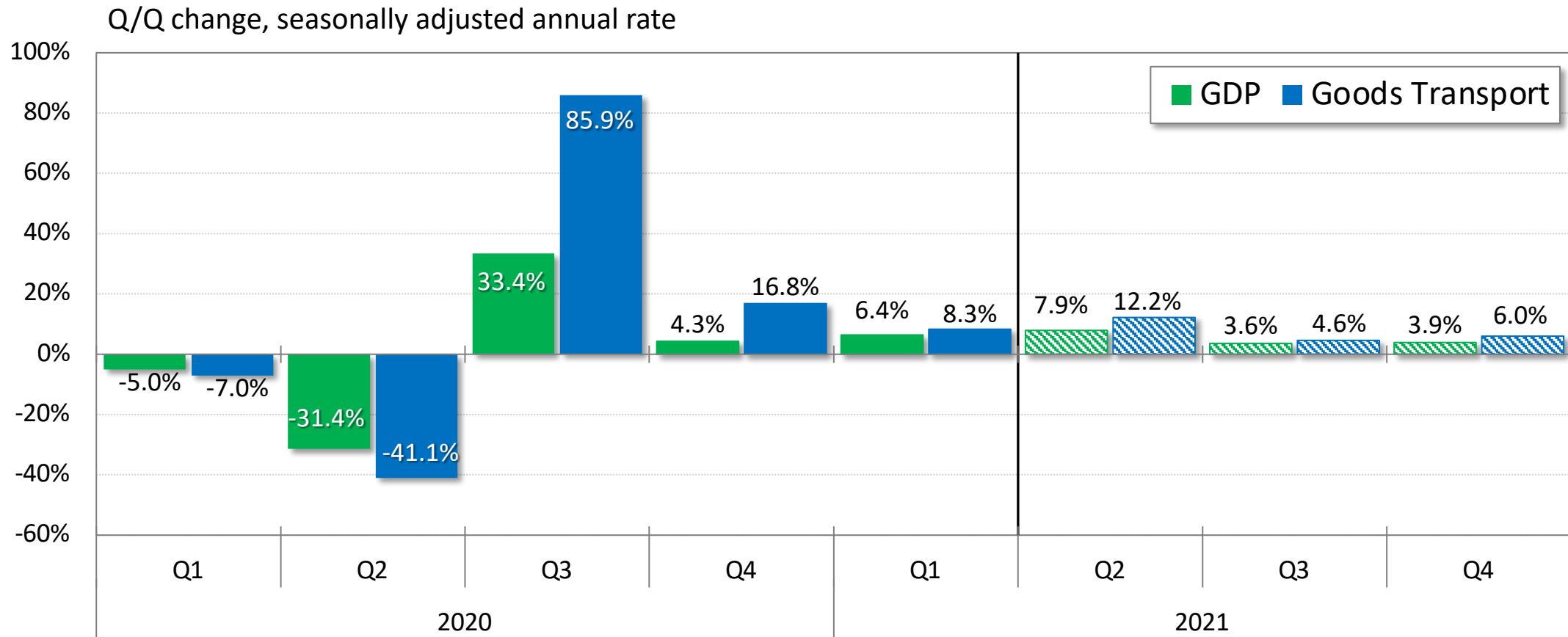
- Open Q&A

# Where we are now

# Where we are now

Economy

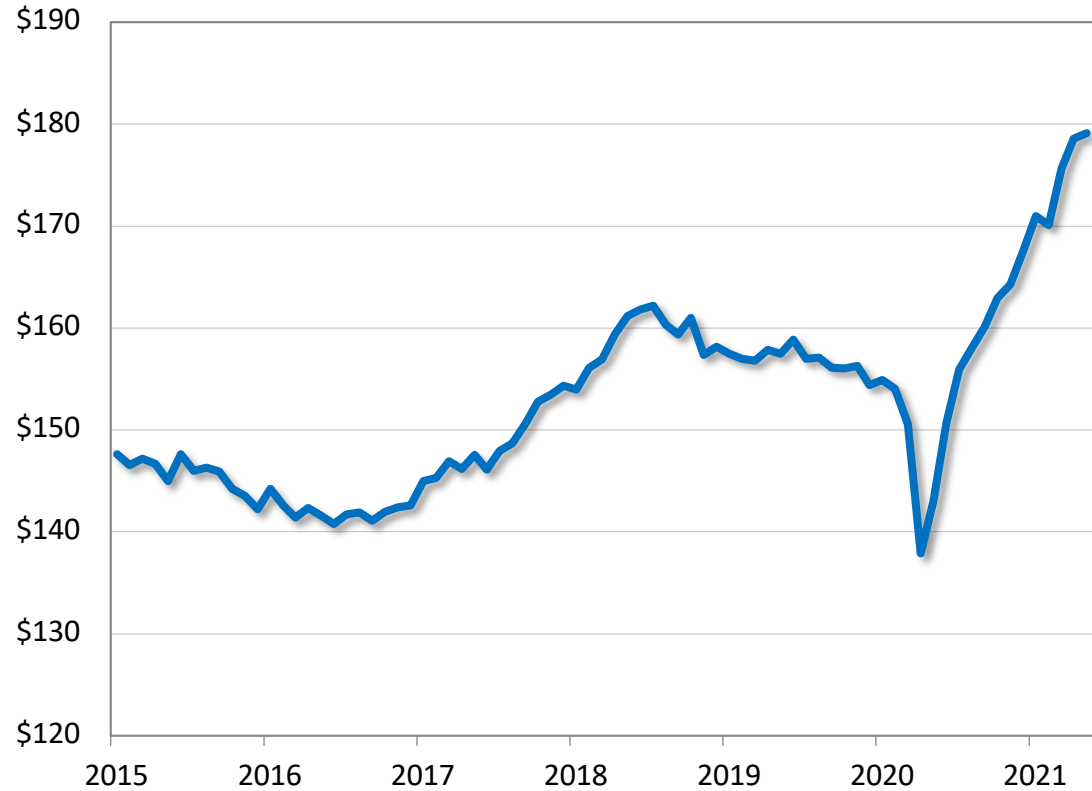
# GDP and GDP Goods Transport



# The industrial sector: Demand

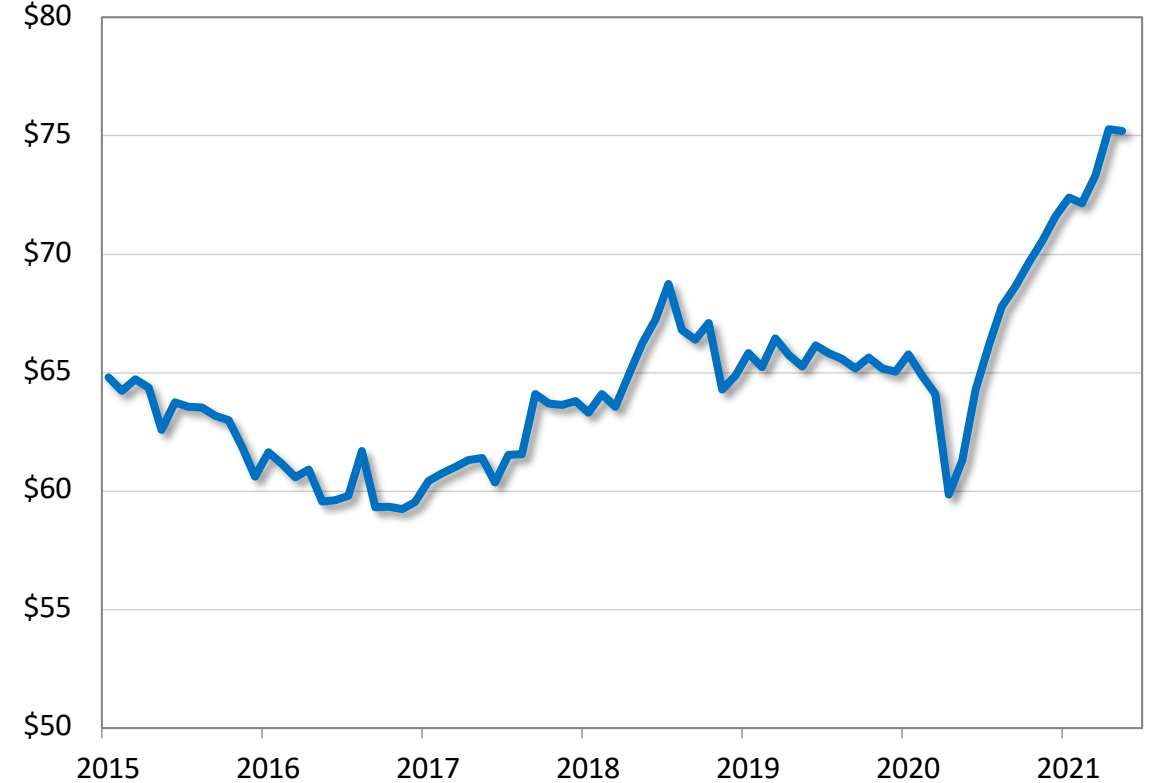
### Durable goods orders (excluding transportation)

Billions, SA



### Core capital goods orders

Billions, SA

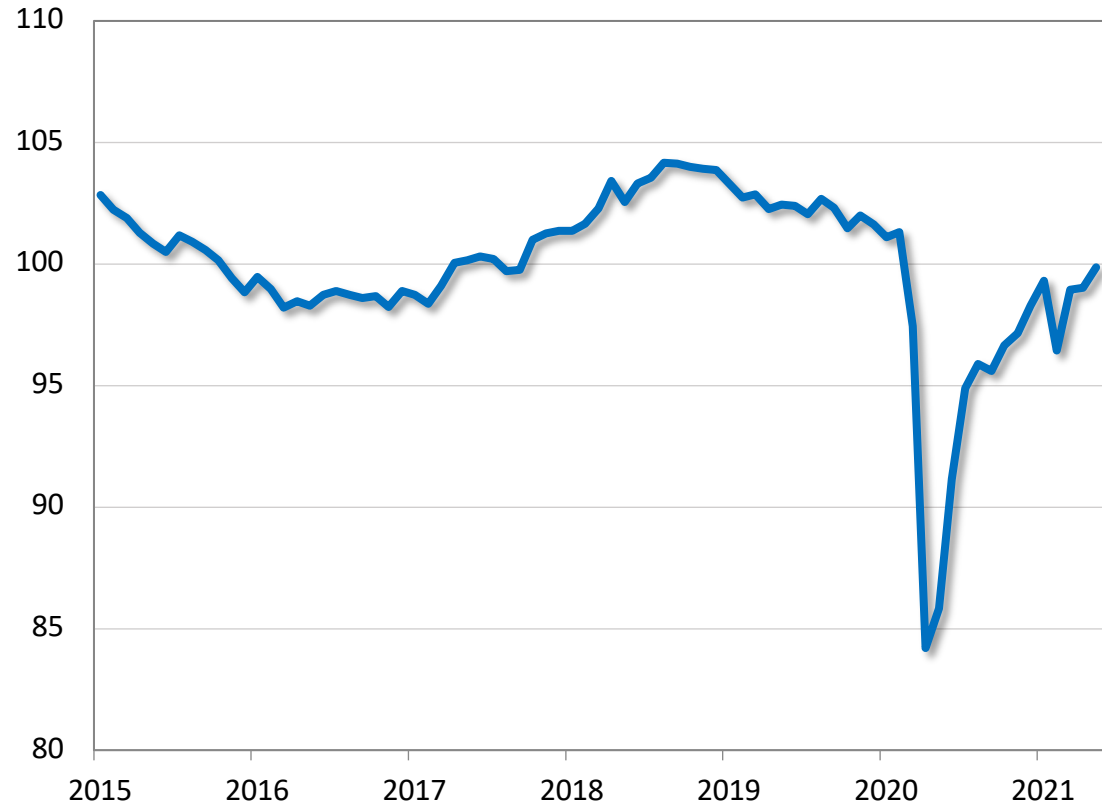




# The industrial sector: Output

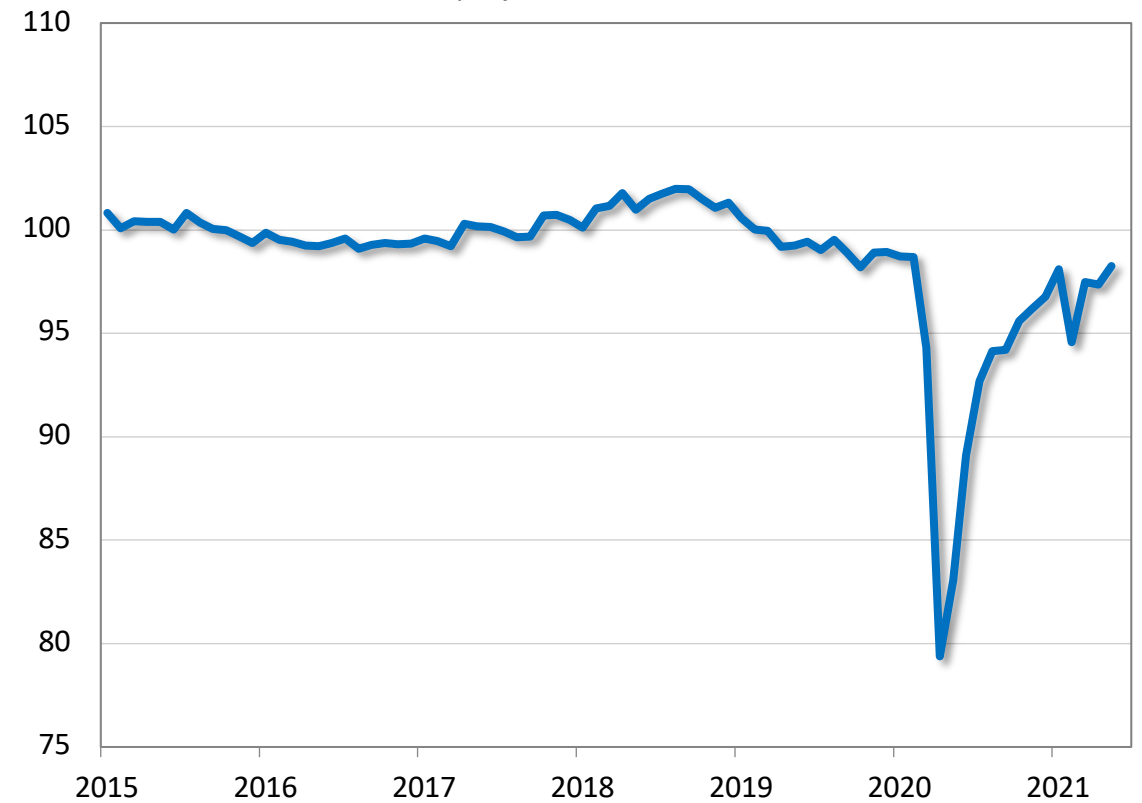
## Industrial production

Index (100 = 2017), seasonally adjusted

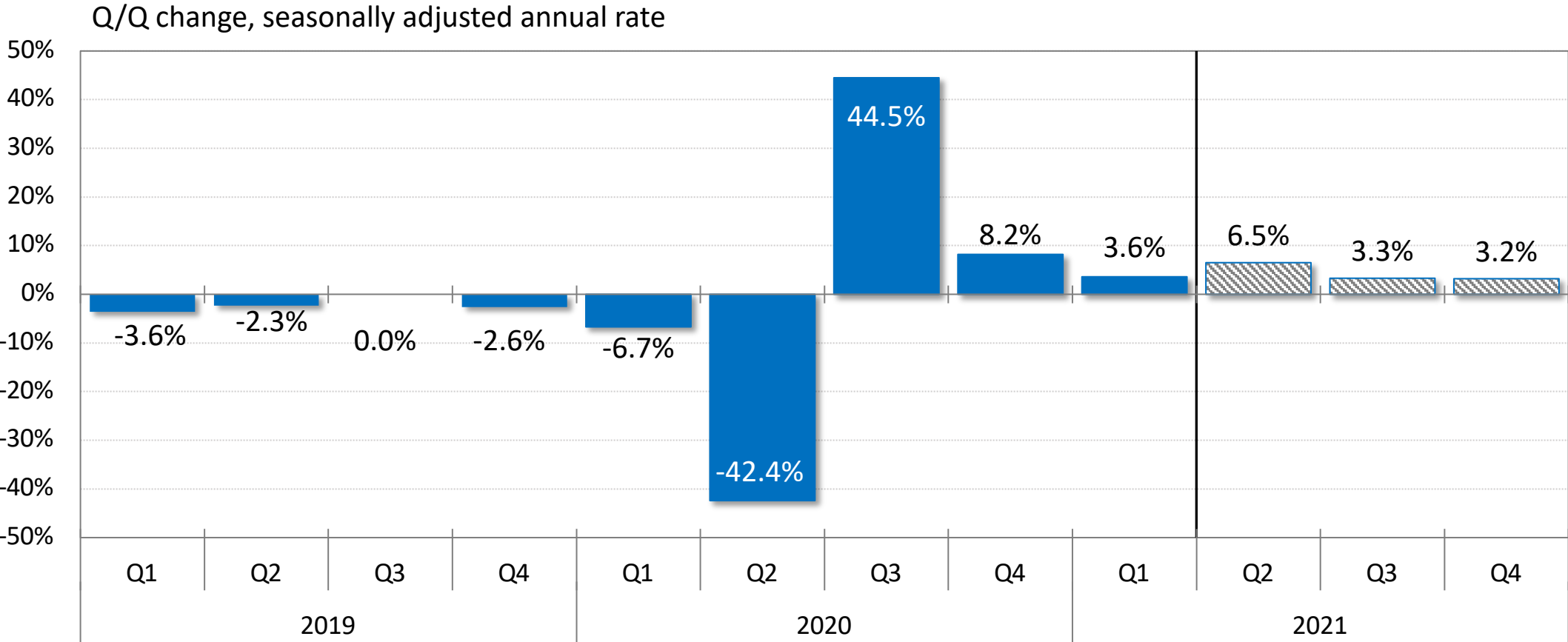


## Manufacturing output

Index (100 = 2017), seasonally adjusted



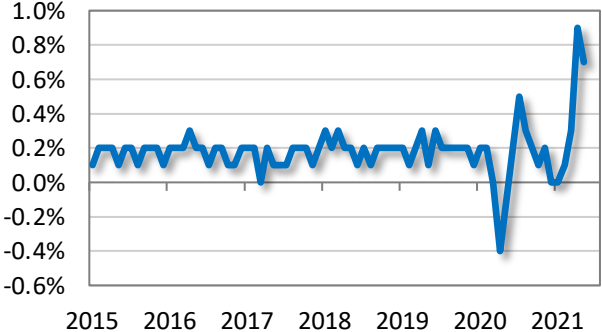
# Industrial production



# Issues to Watch

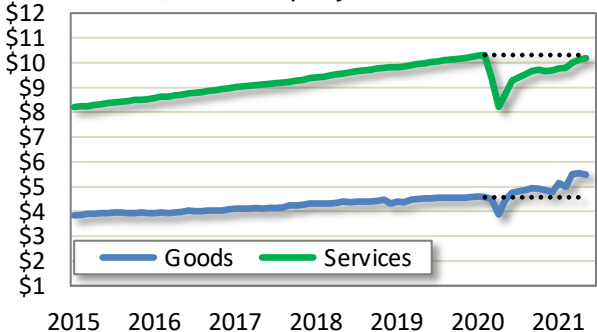
**CPI – Monthly change**

Less food & energy, Seasonally adjusted



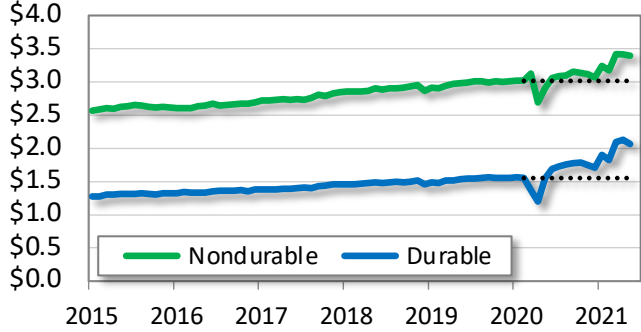
**Goods & services spending**

Trillions, seasonally adjusted annual rate



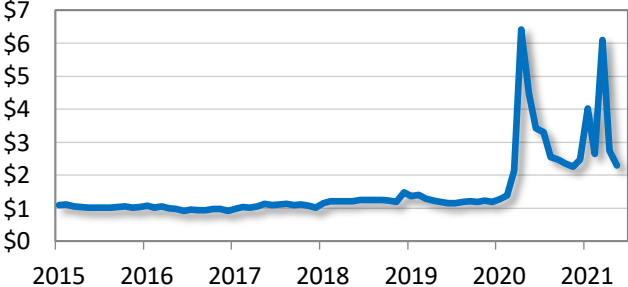
**Spending on goods**

Trillions, seasonally adjusted annual rate



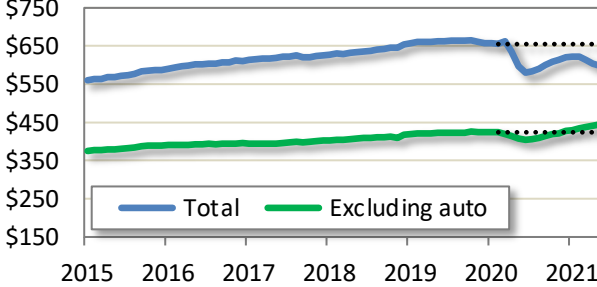
**Personal savings**

Trillions, seasonally adjusted annual rate



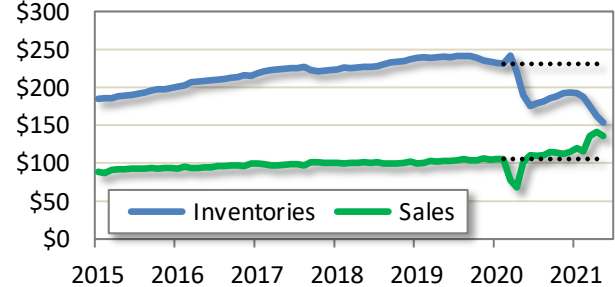
**Retail inventories**

Billions, seasonally adjusted



**Auto inventories vs. sales**

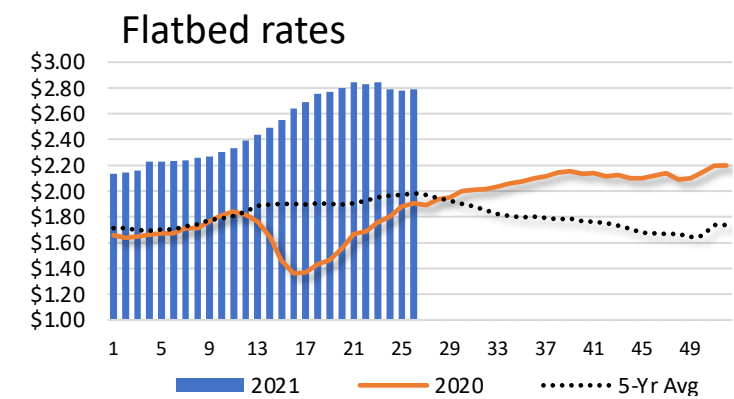
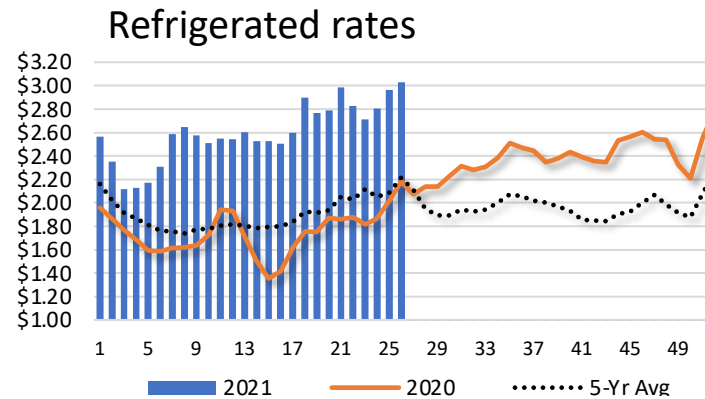
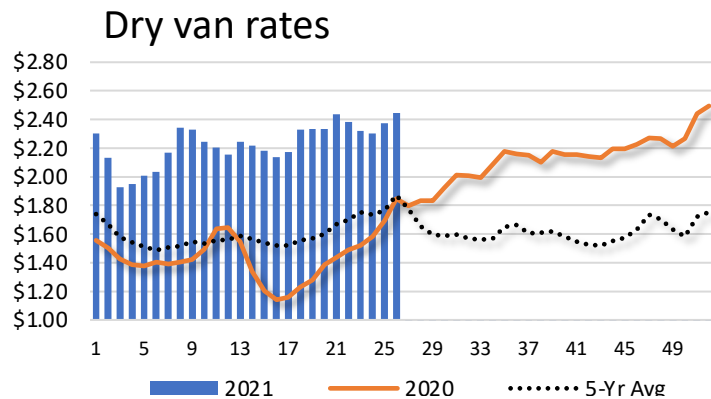
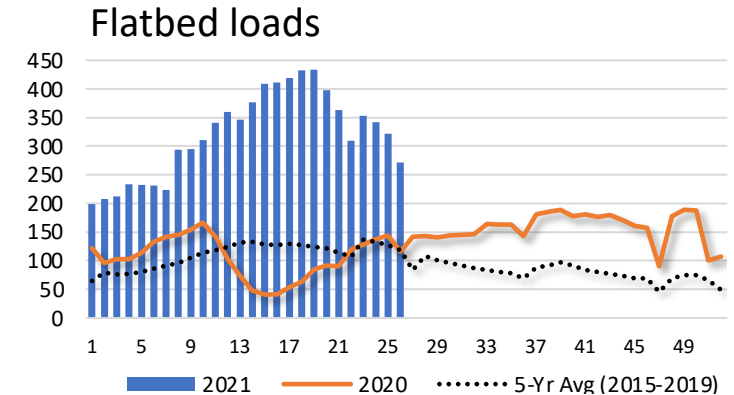
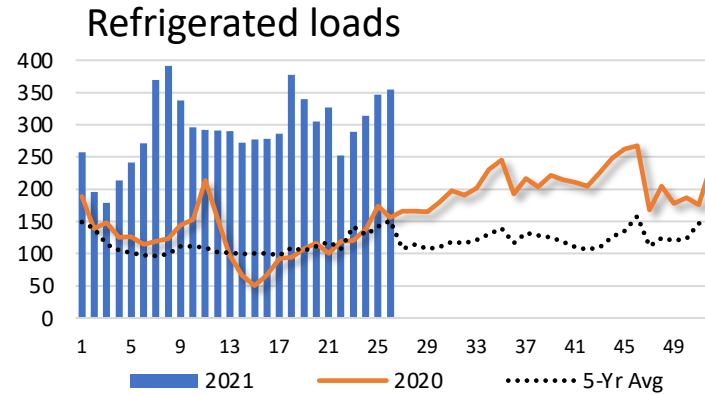
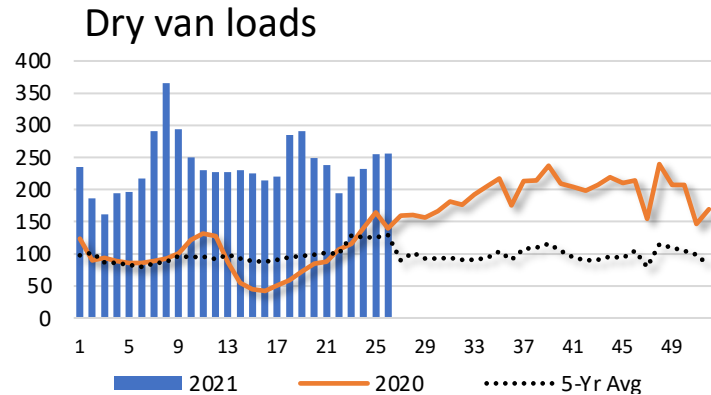
Billions, seasonally adjusted



# Where we are now

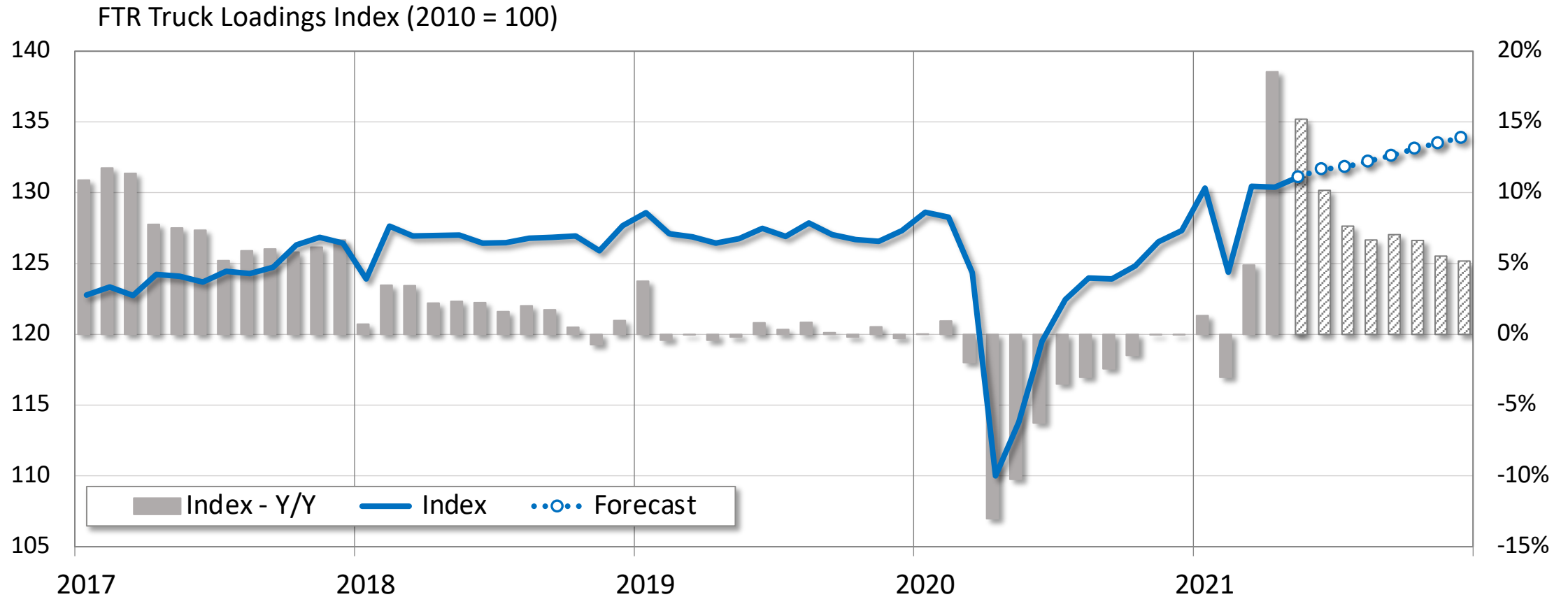
## Trucking

# Spot metrics by segment

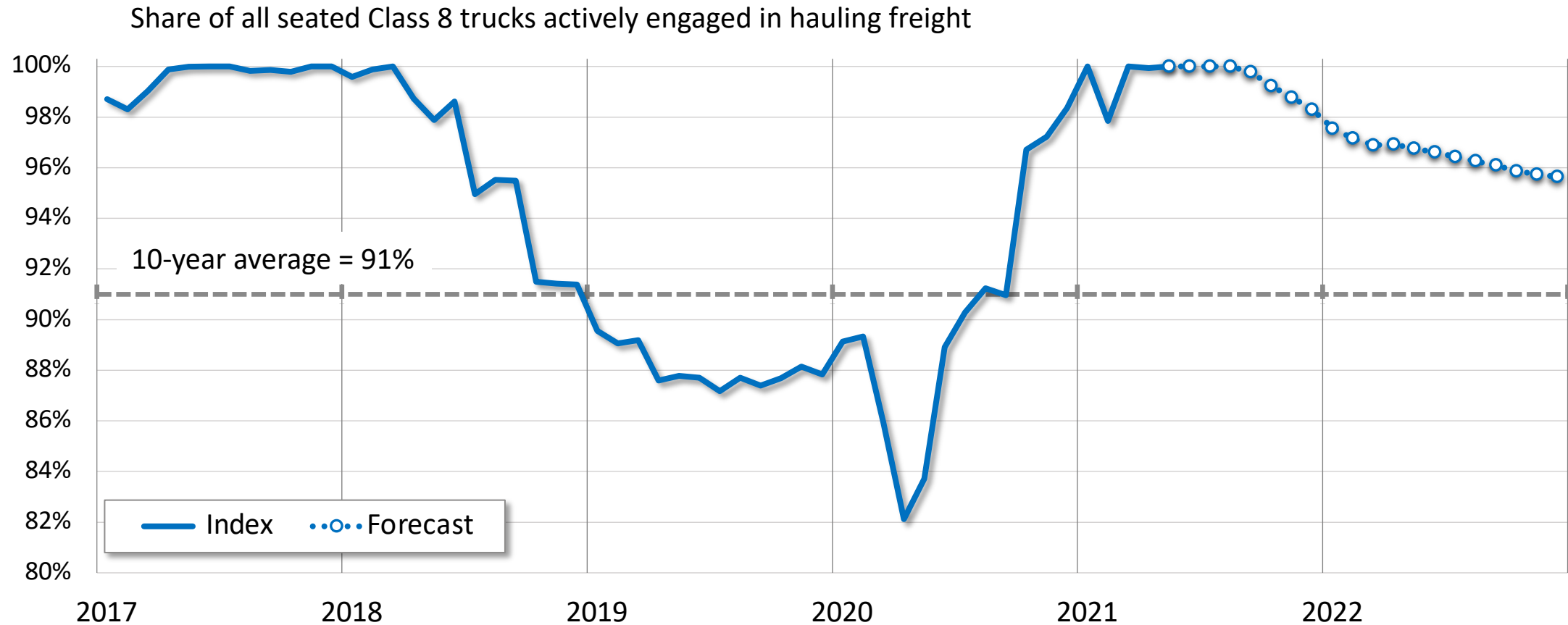




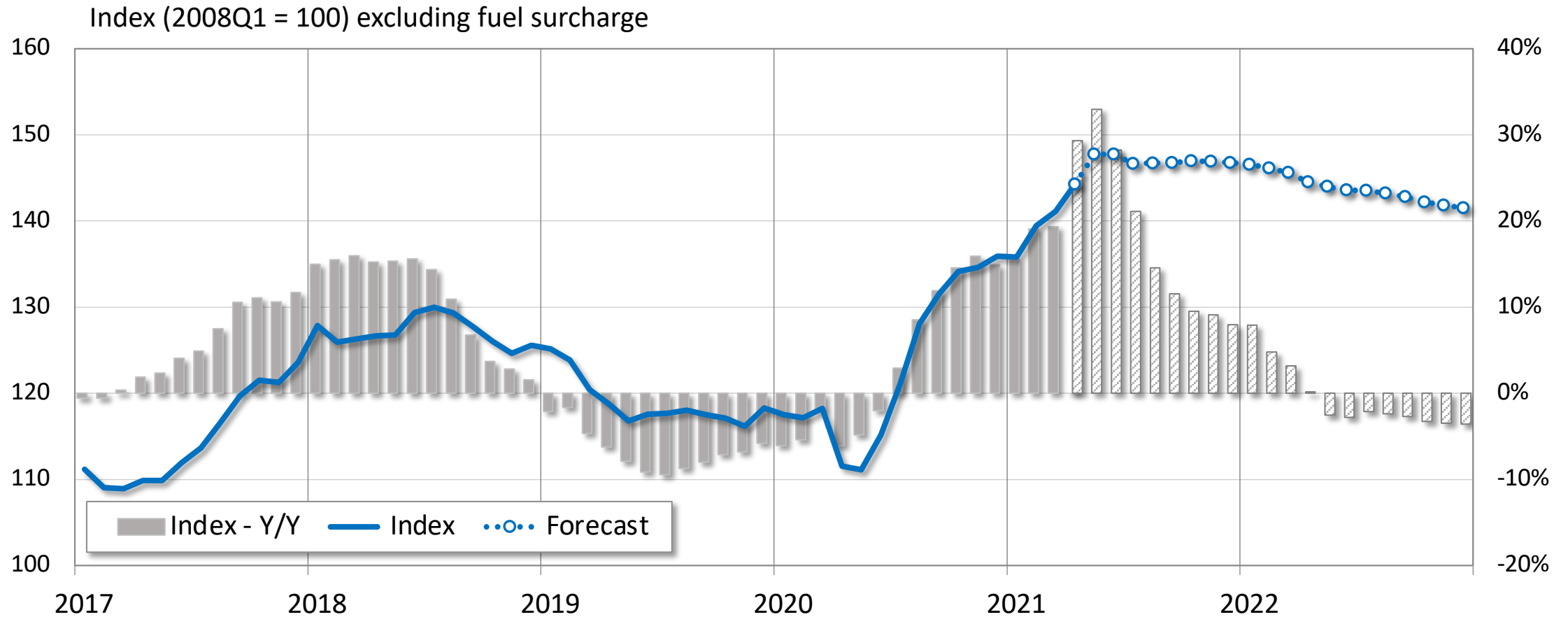
# Truck freight outlook



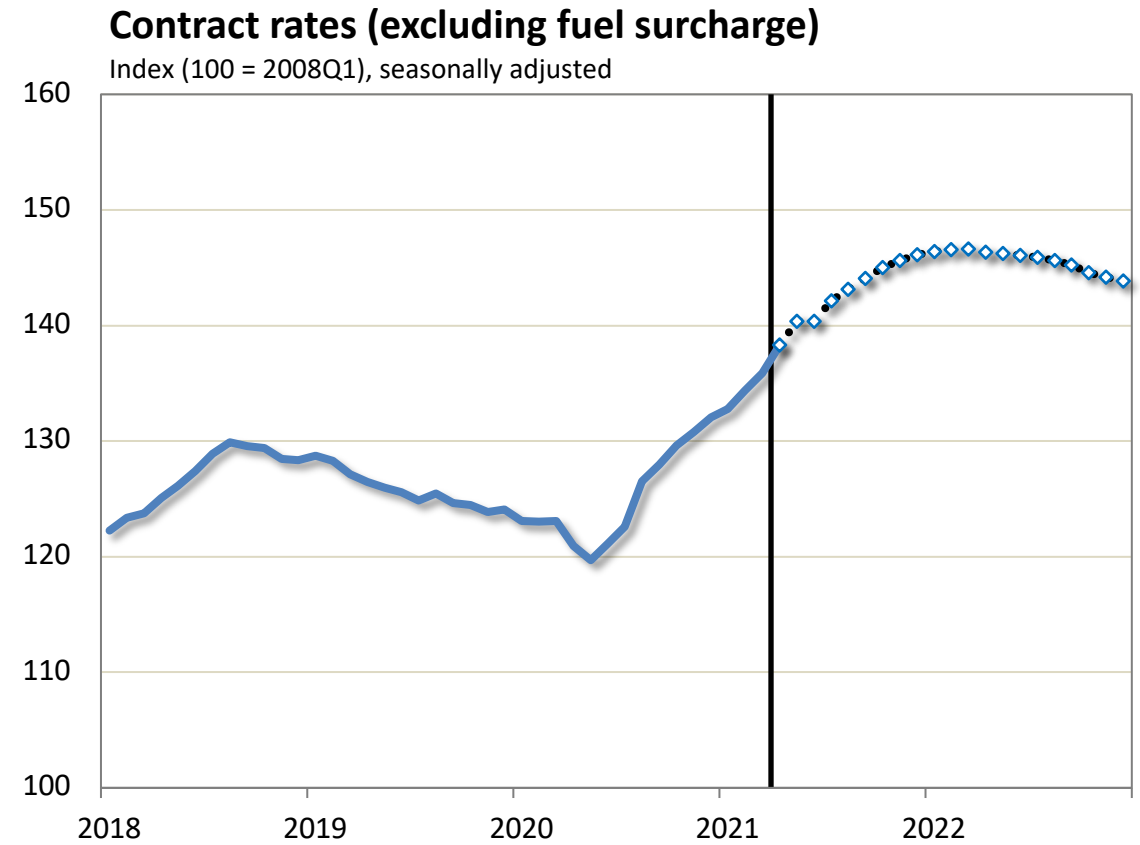
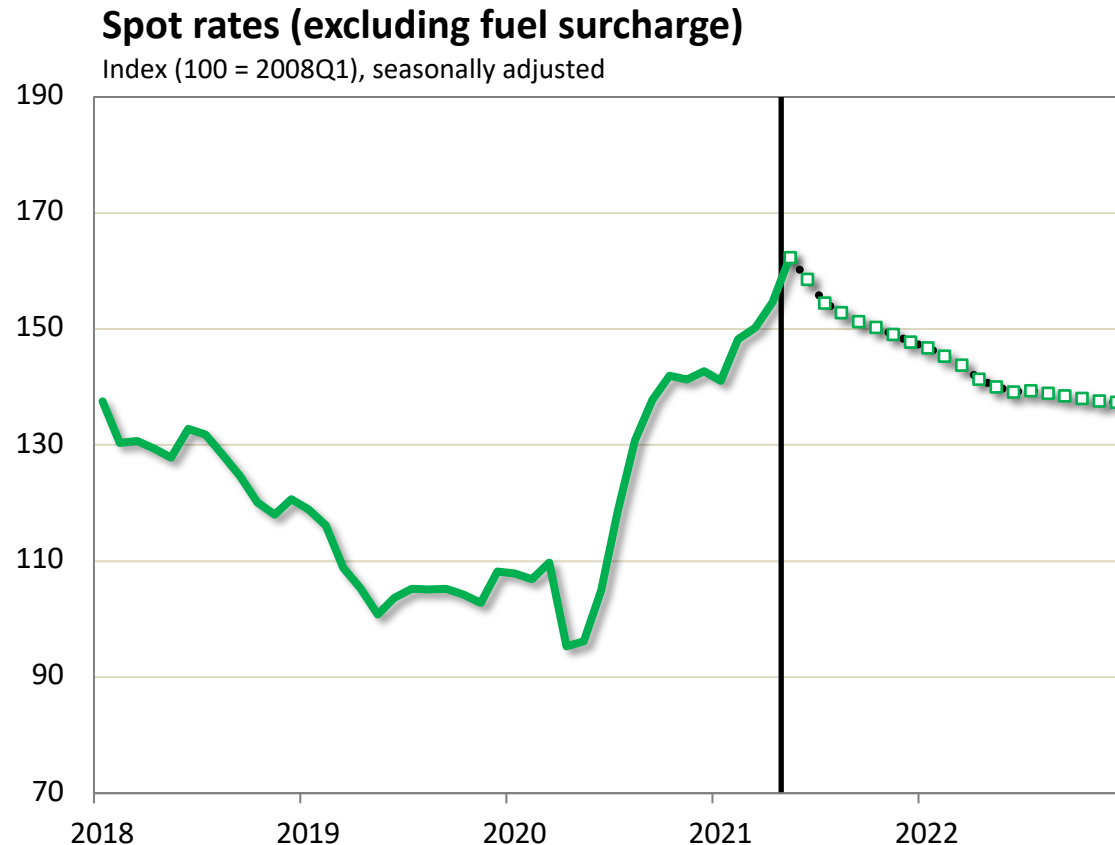
# Active truck utilization



# Truckload rate outlook – All segments



# Truckload rates – Spot vs contract



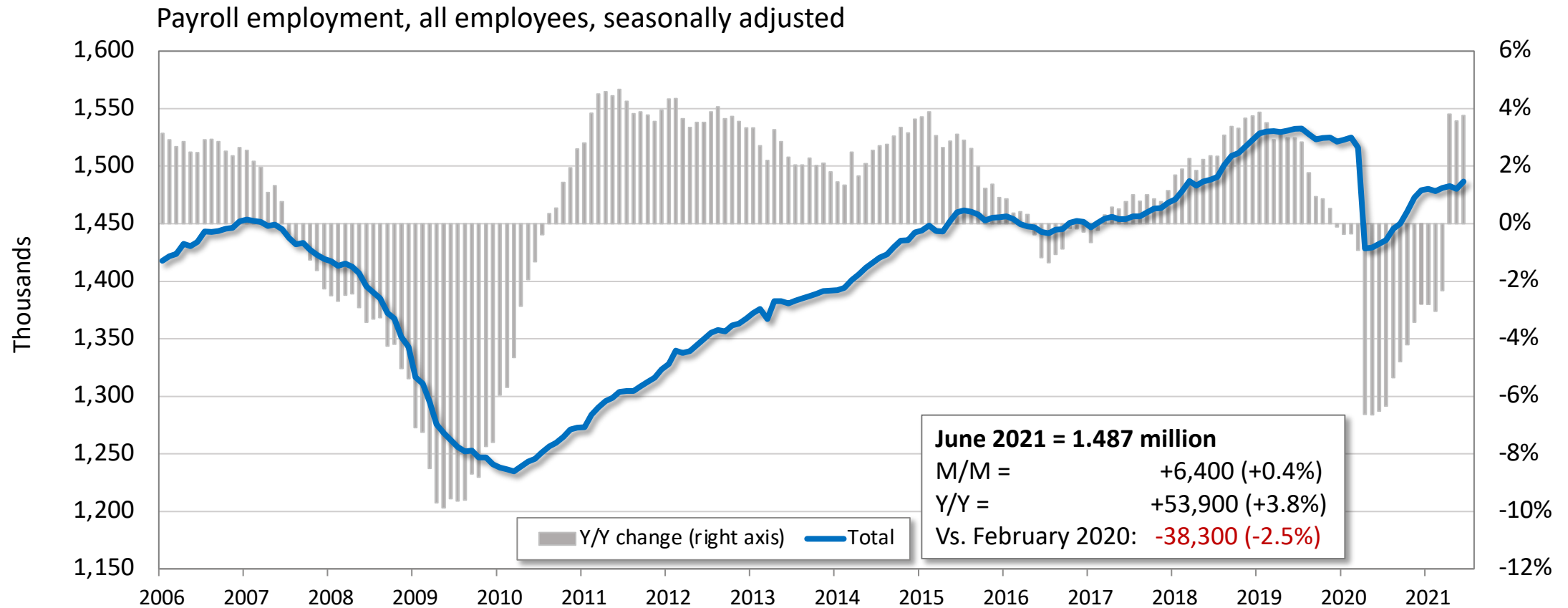
**Note:** Spot and contract rates indices are independent of one another and do **not** reflect relative absolute values

# Friction in adding drivers

- Reduced CDL training and testing
- Constraints in the broader labor market
- Labor competition
- Drug and alcohol clearinghouse
- Generous unemployment benefits

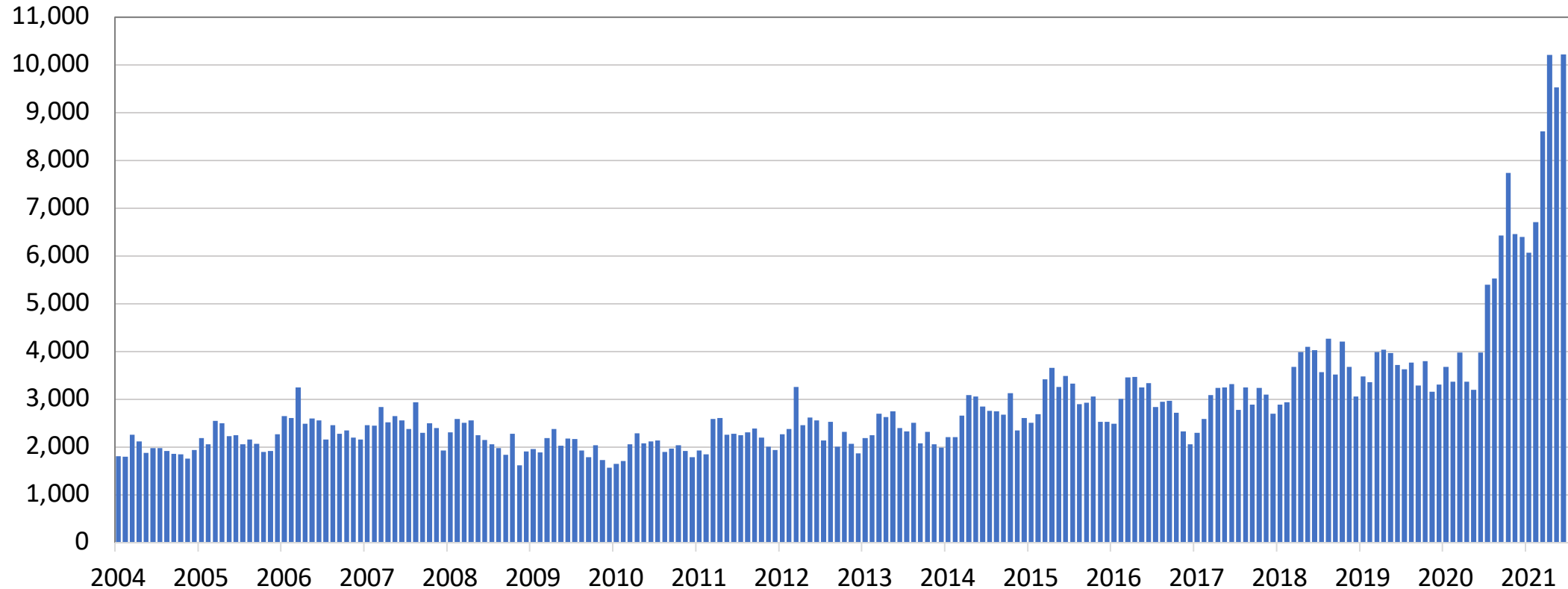


# For-hire trucking jobs



# New for-hire trucking companies

Grants of motor property carrier authority (common and contract) by month

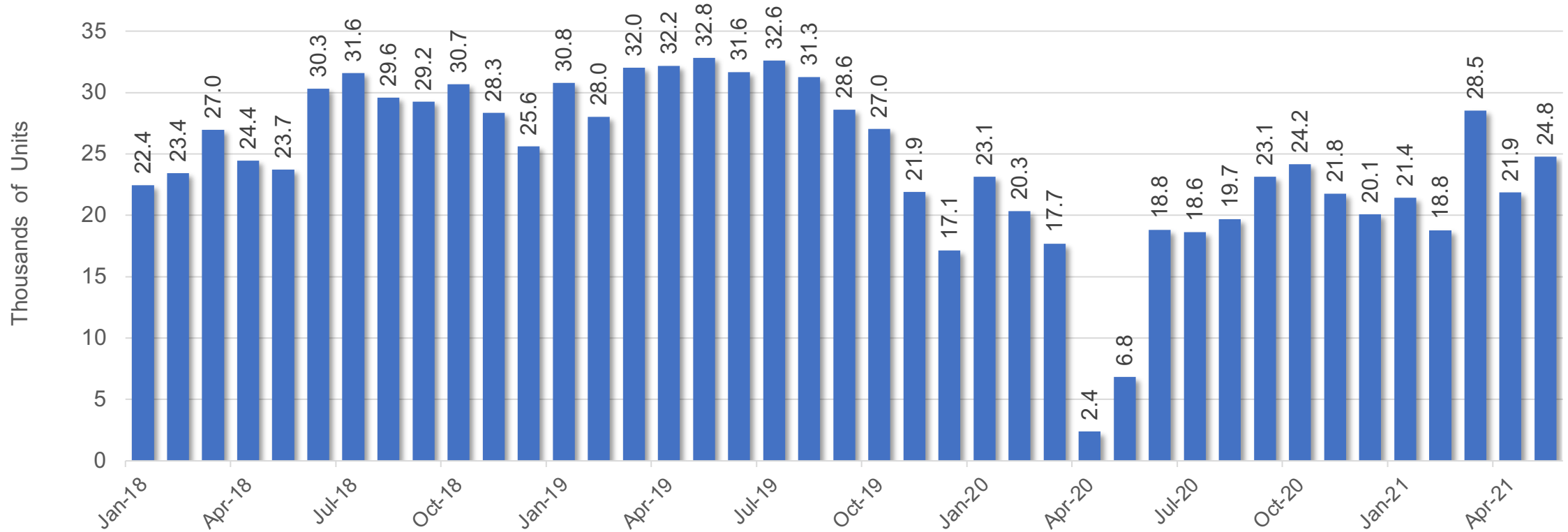


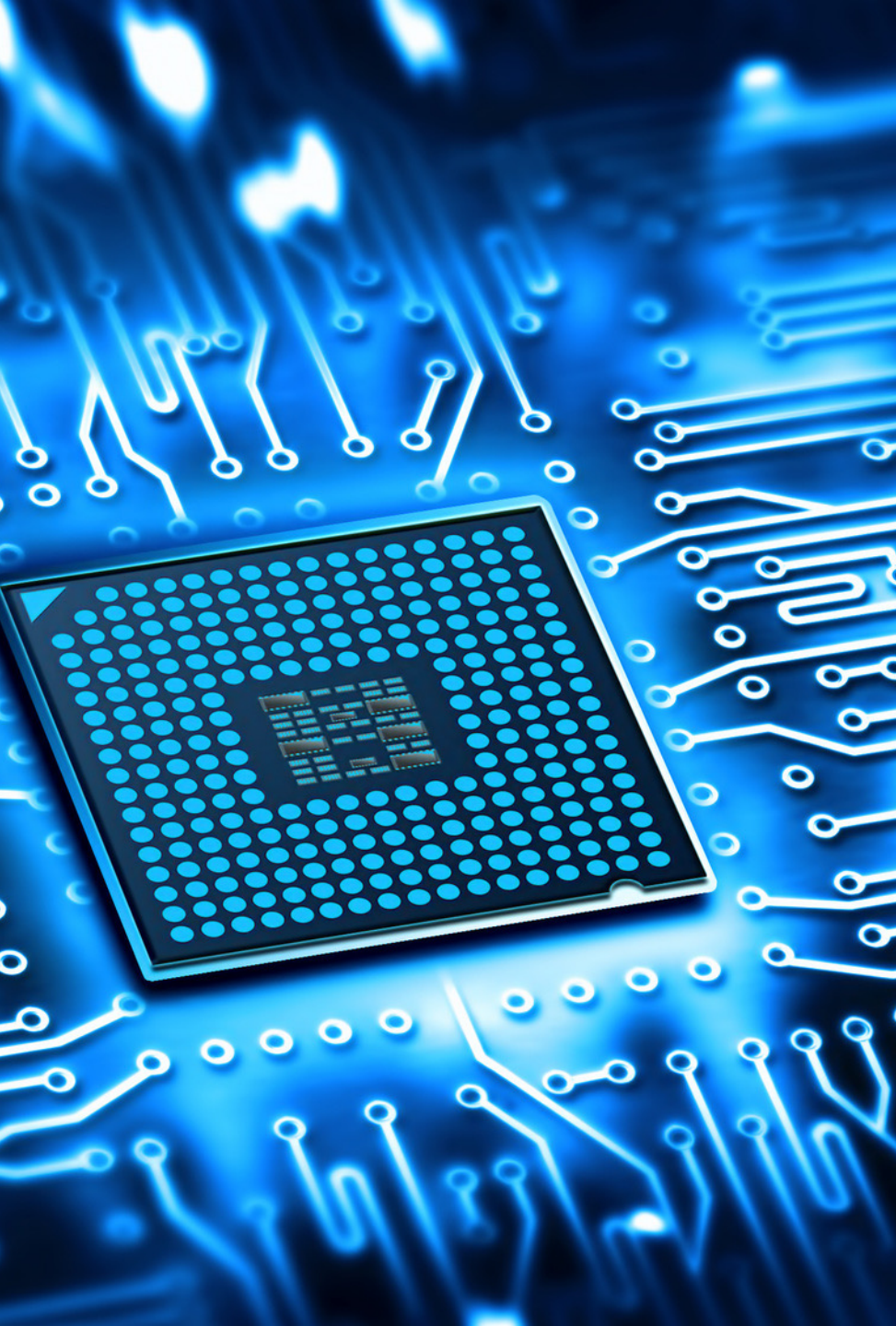
# Where we are now

## Commercial Vehicles

# Heavy Truck Build Levels

## North America Class 8 Build





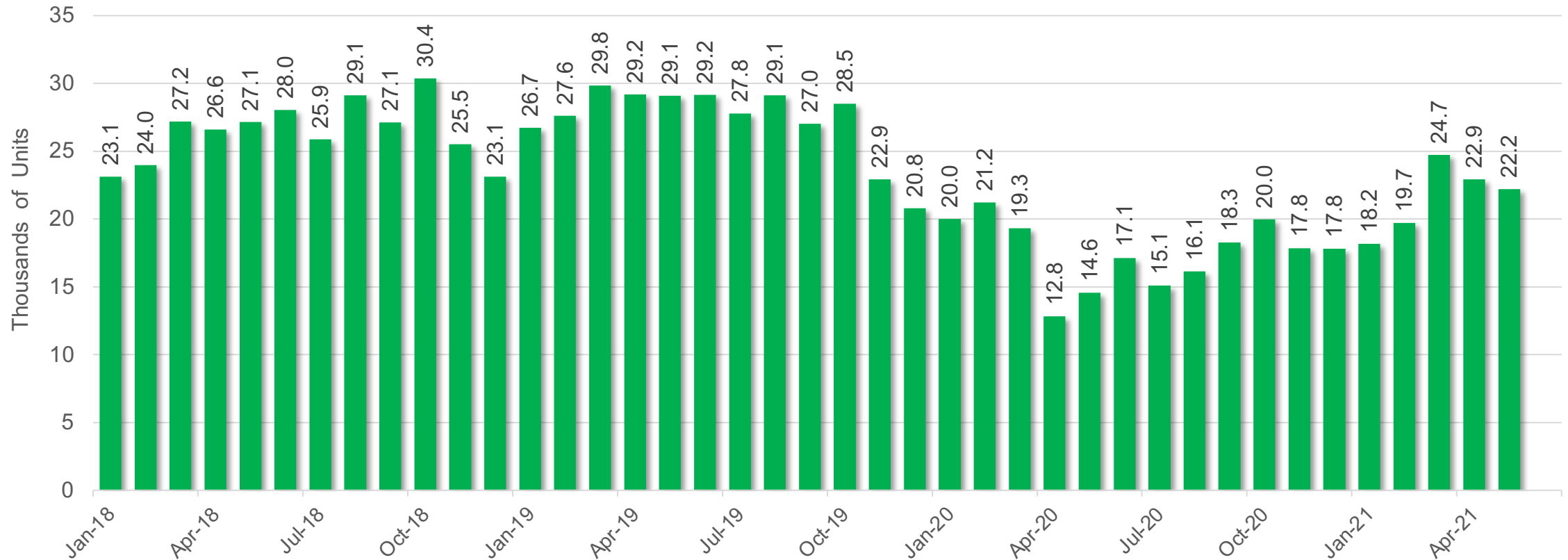
# It's In The Chips

- **Good News:** CNBC reports than semiconductors will begin flowing into auto manufacturers by the start of August.
- **Bad News:** Susquehanna Financial group claims the semiconductor shortage is getting worse with a lead time of over 25 weeks.



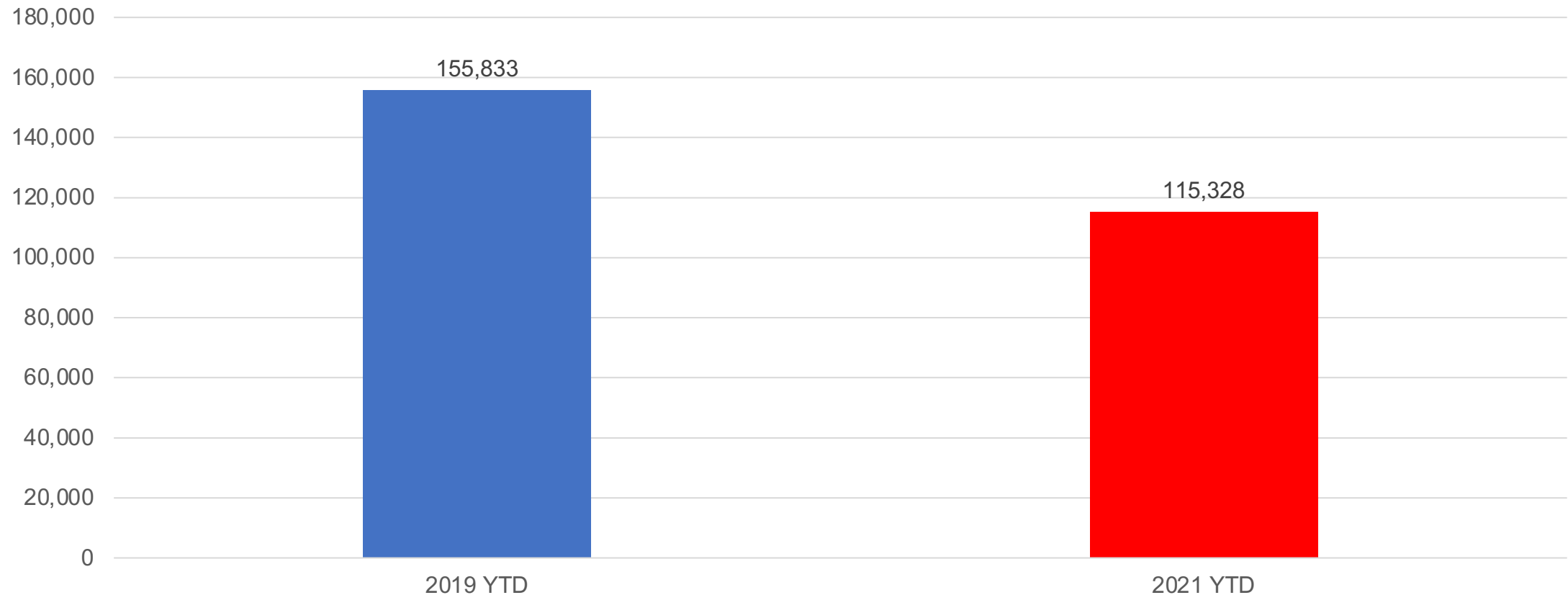
# Total Trailer Production Activity

## U.S. Trailer Build



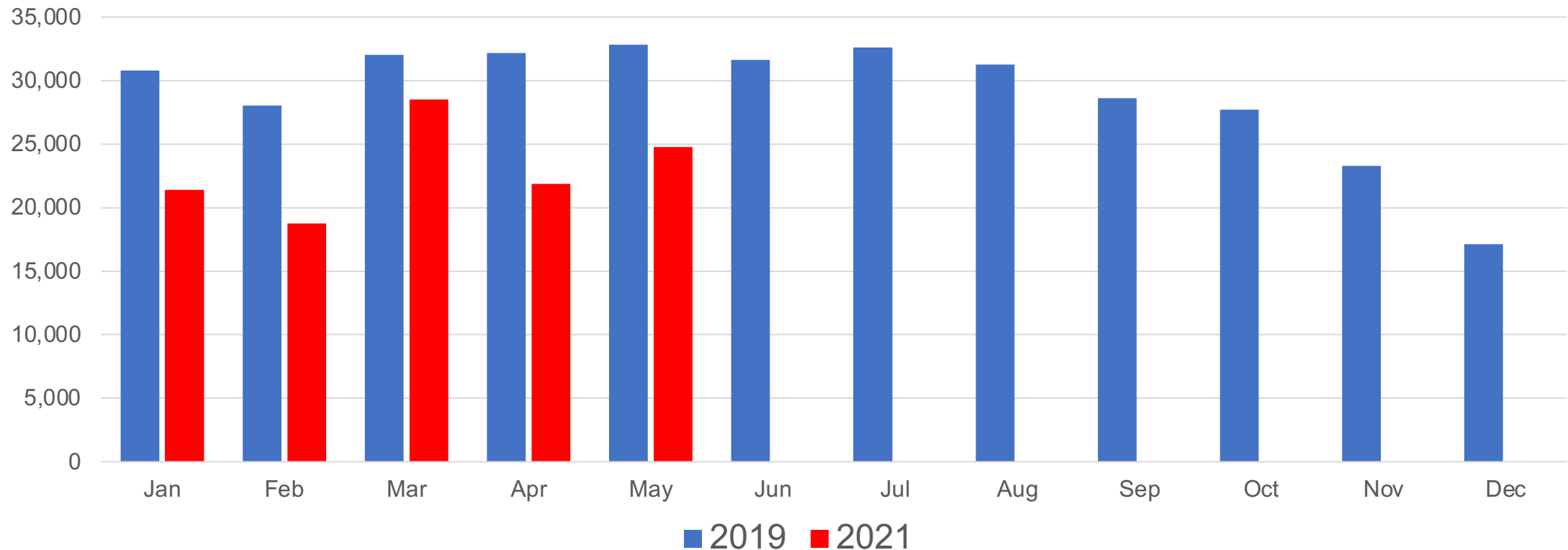
# Class 8 N. A. Production – 2019 vs. 2021

May YTD



# Class 8 N.A. Production 2019 vs. 2021

## By month

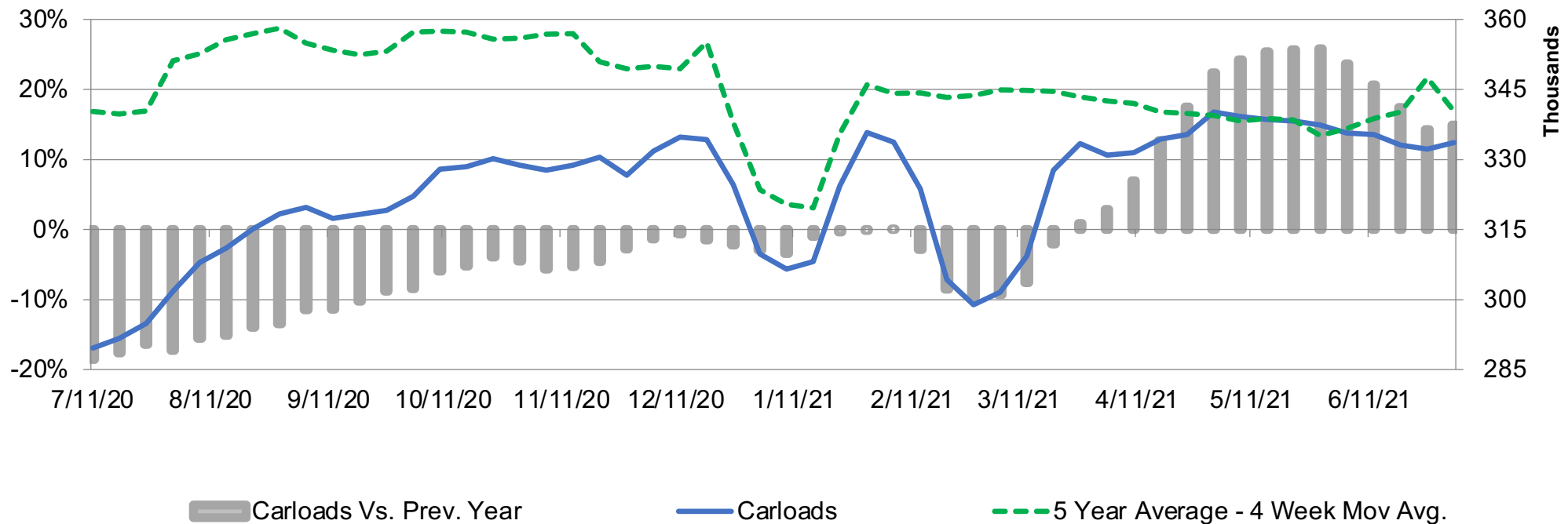


# Where we are now

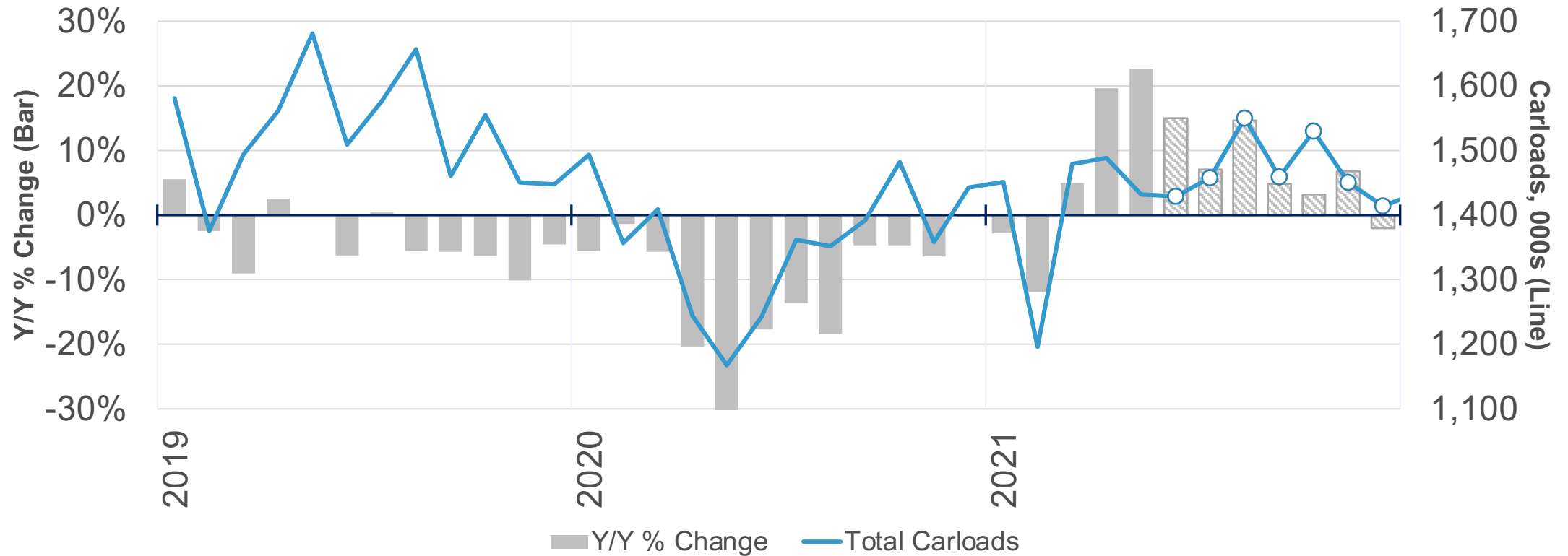
Carload / Intermodal

# Total carload traffic stable over the last three months

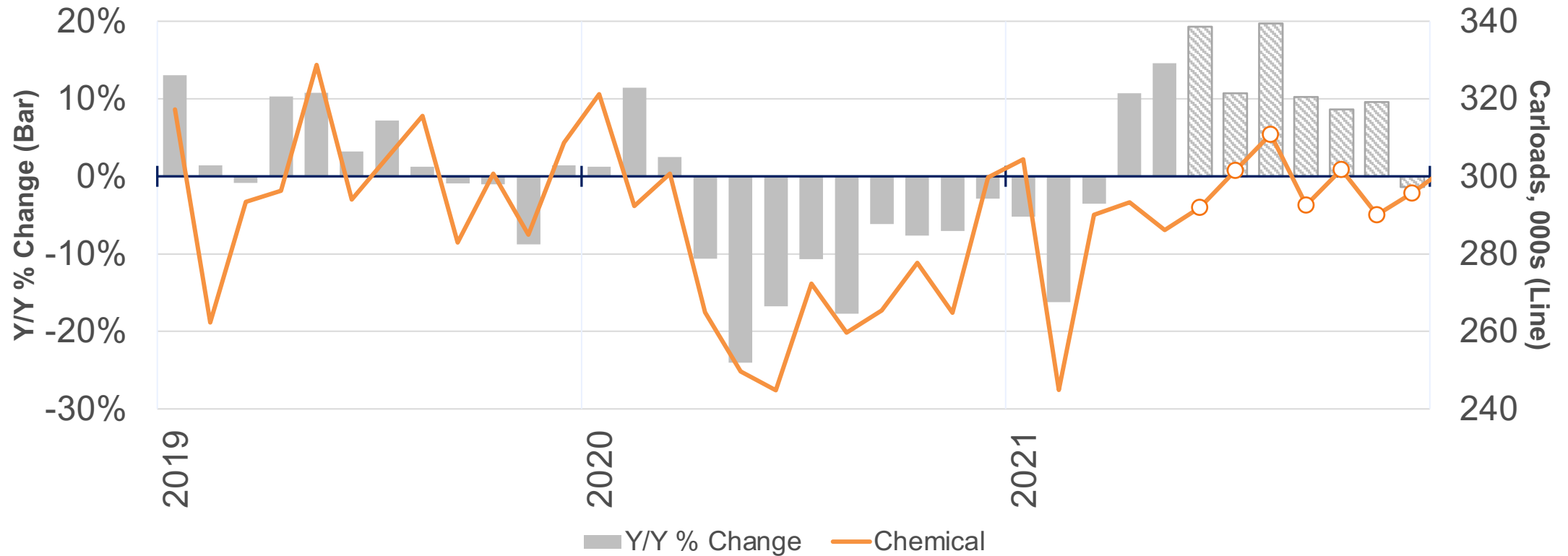
N.A. Total Carloads 4 Wk Avg Ending 07/03/21



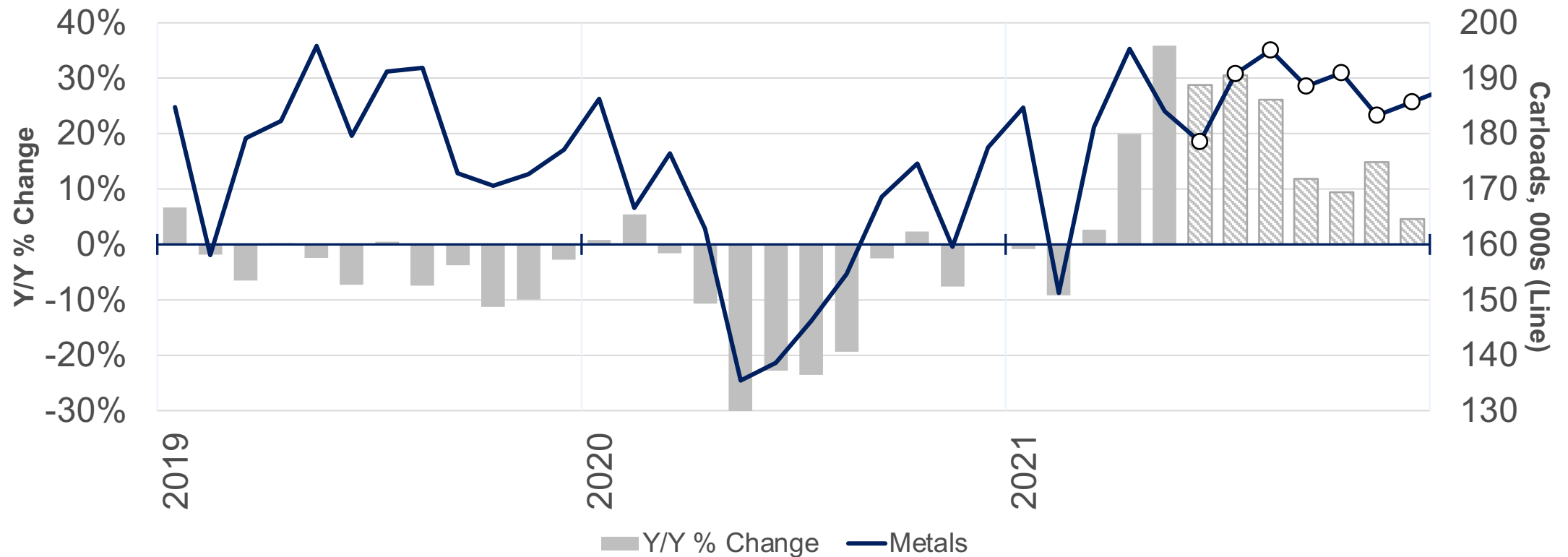
# Carload will have a strong 2021



# Chemicals sector will be a bright spot

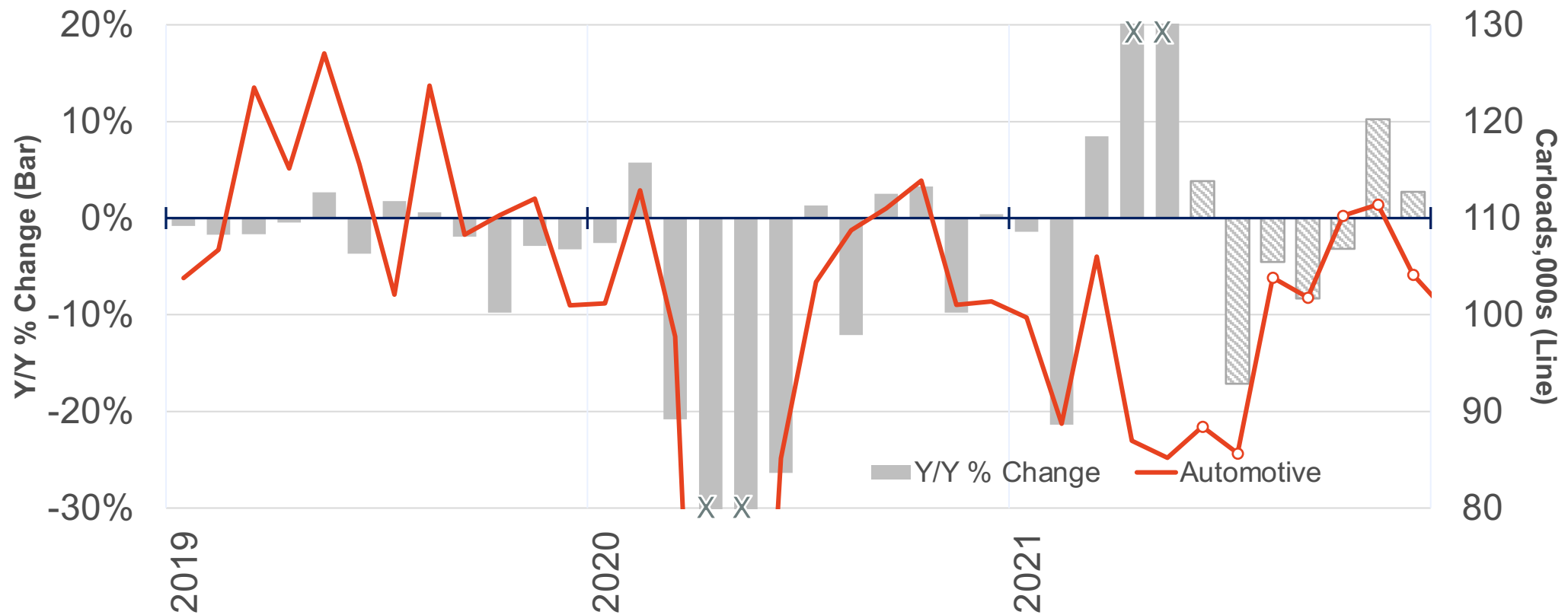


# Metals will be another bright spot





# Auto volumes should ramp back up

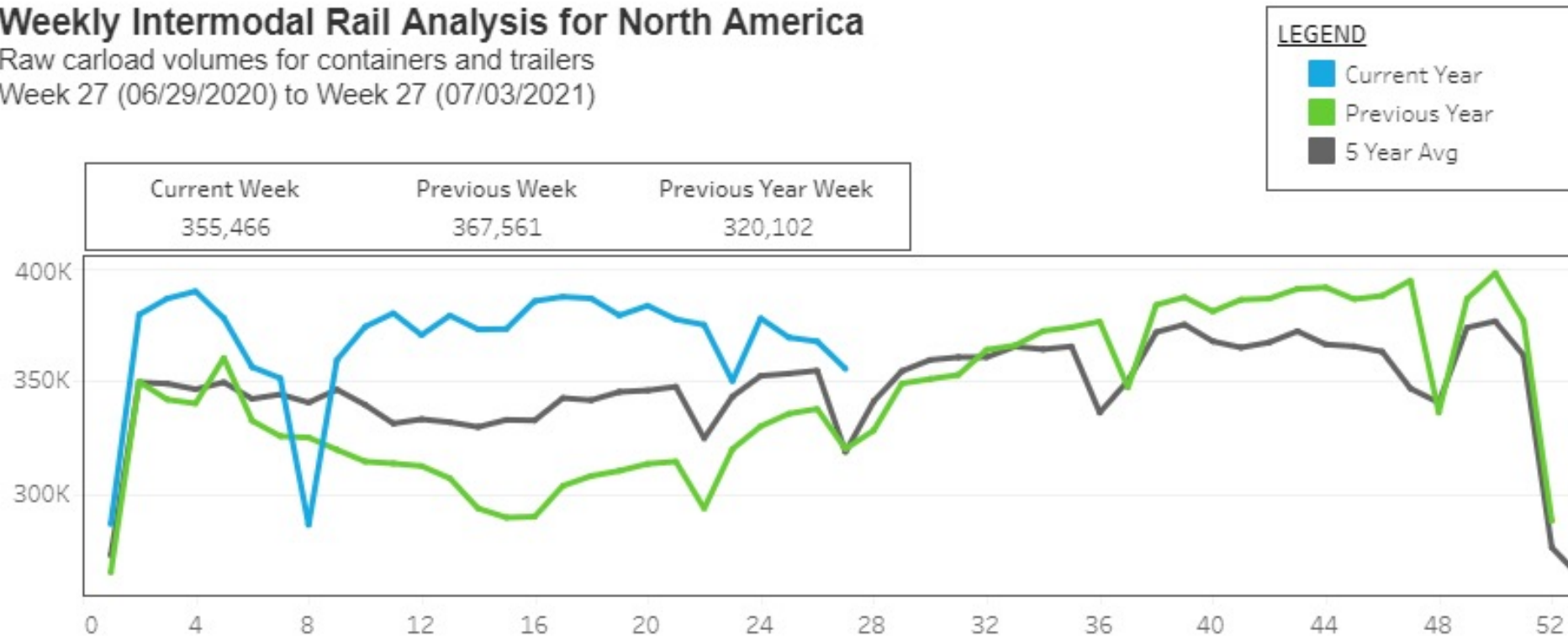


# Intermodal primed for gains heading into peak season

# Intermodal: A summer lull ahead of peak season

## Weekly Intermodal Rail Analysis for North America

Raw carload volumes for containers and trailers  
Week 27 (06/29/2020) to Week 27 (07/03/2021)



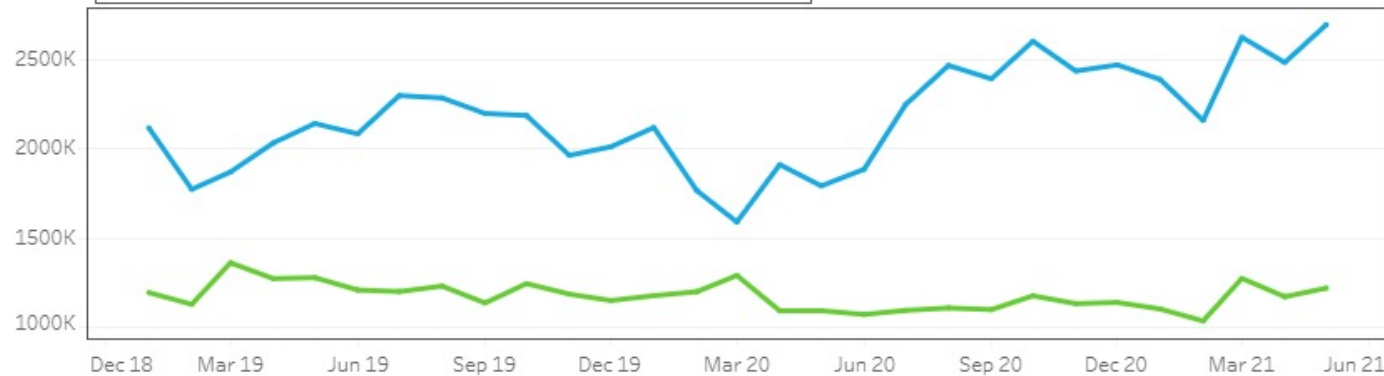
# Inbound flows: Remain at high levels established last fall

Port Statistics and Analysis for North America  
January 2019 to May 2021 | Results are shown as unadjusted TEUs



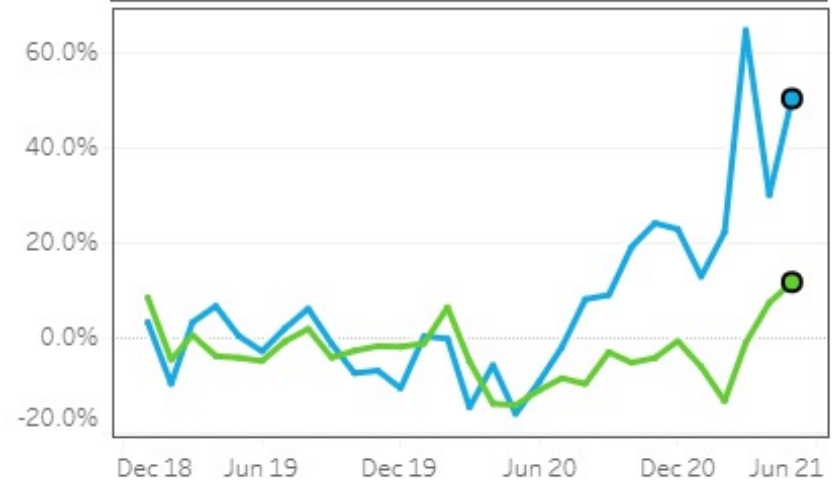
LEGEND	
■	Export
■	Import
■	Total

Export	Import	Total
1,219,121	2,691,819	3,910,939



YEAR OVER YEAR CHANGE

Export	Import	Total
▲ 11.5%	▲ 50.3%	▲ 35.6%



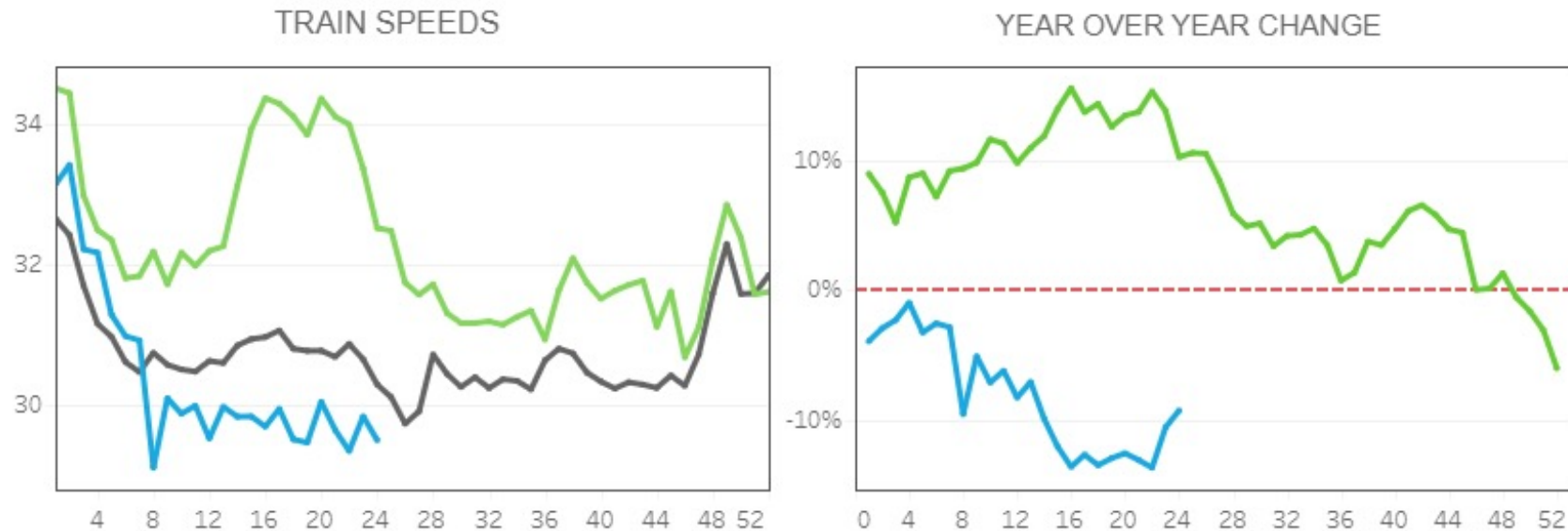
# Service: Intermodal hurt more than most commodities

## Intermodal Train Speed Metrics for Total Network

Values shown as weekly MPH metrics  
Week 27 (06/29/2020) to Week 24 (06/12/2021)

### LEGEND

- Current Year
- Previous Year
- 10 Year Average



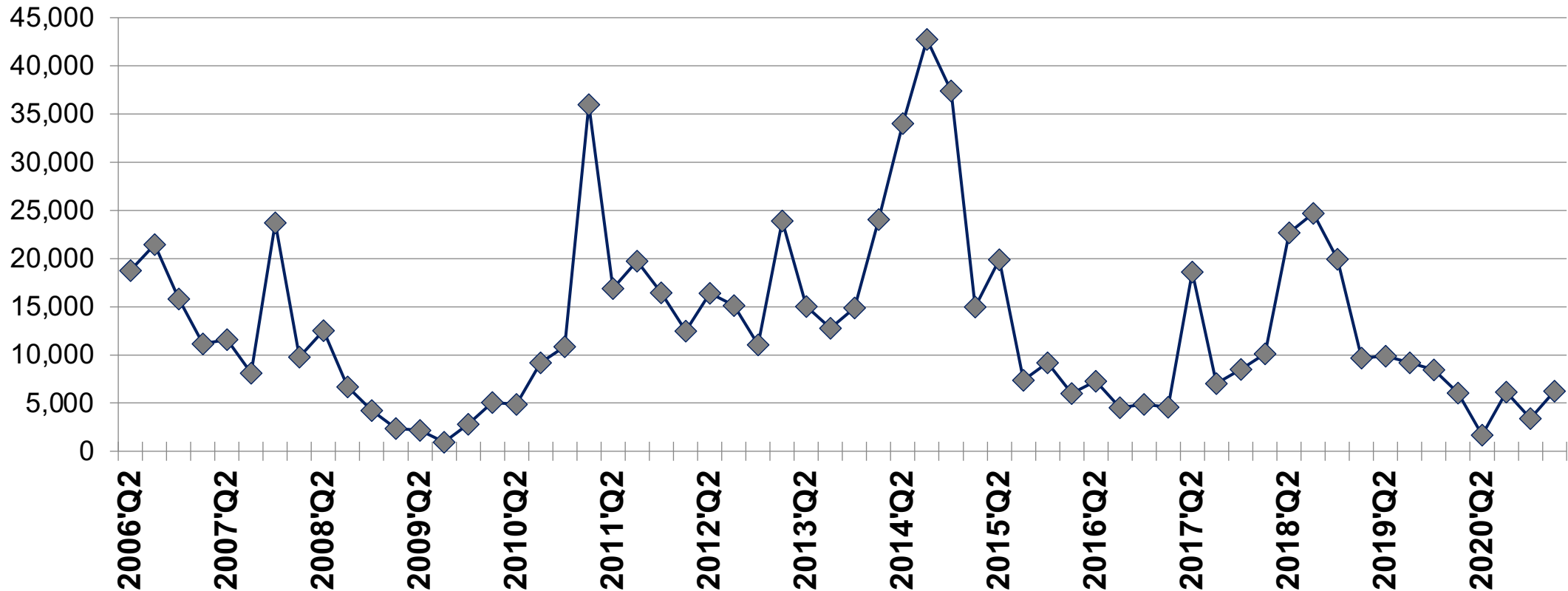
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Sources: FTR, AAR, STB, Carrier Reports; Copyright 2021, FTR | Most Recent AAR Data Release- Week 27 (7/3/21) (Premium Subscriber)

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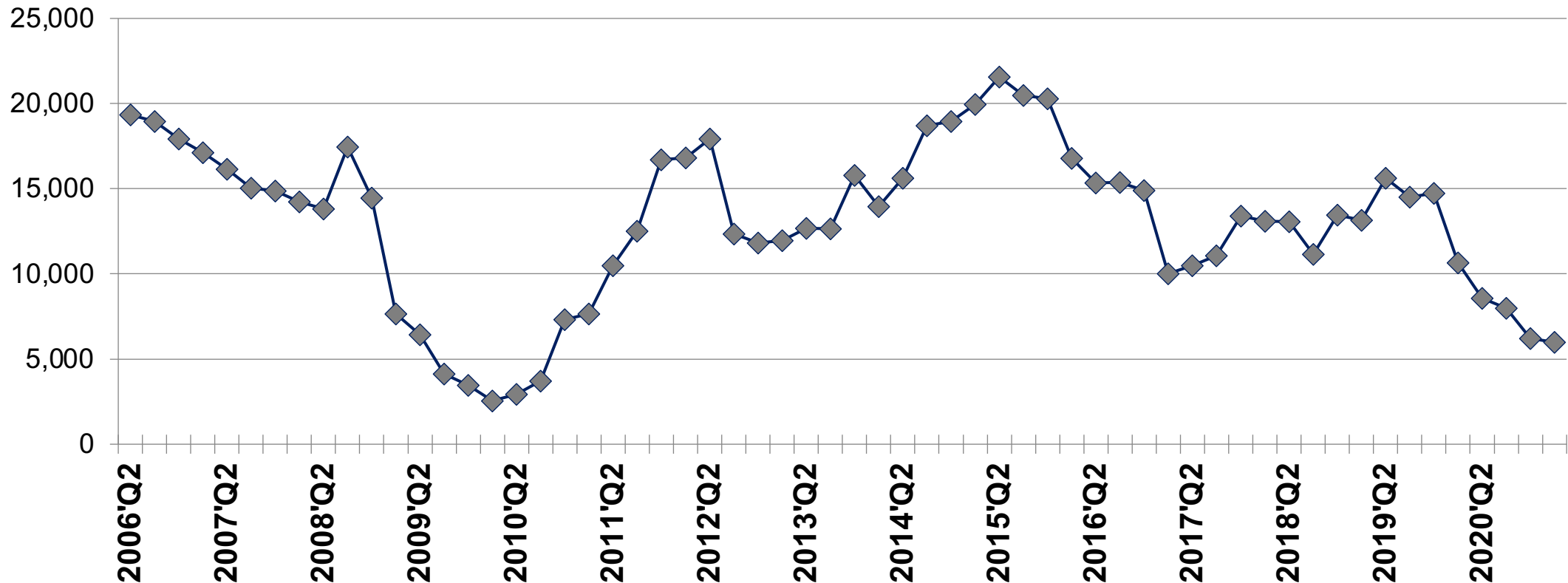
# Where we are now

## Rail Equipment

# Railcar Orders: Started the year weak but will improve

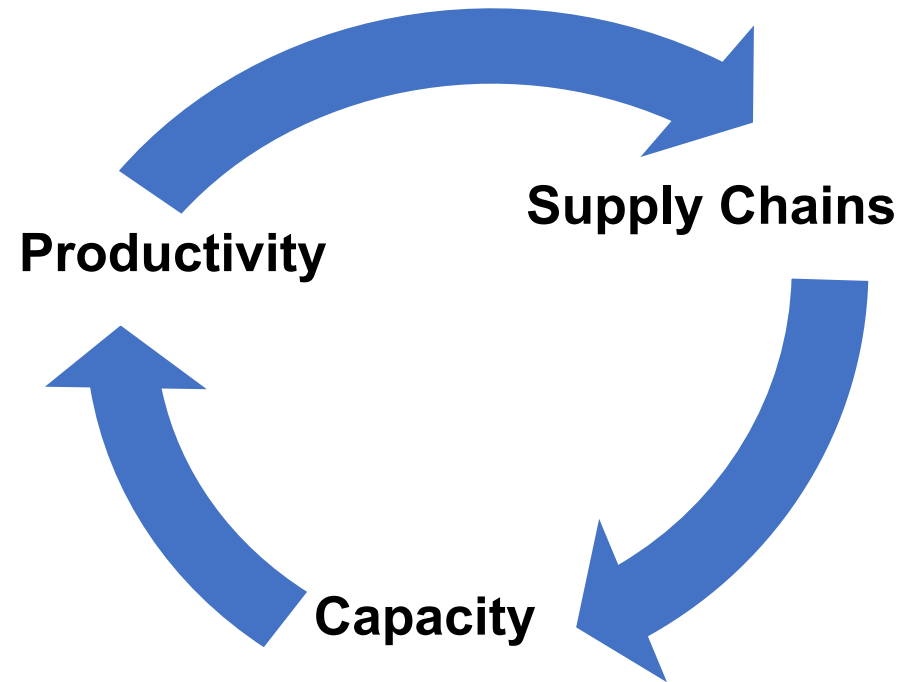


# Railcar Deliveries: Have dropped close to order levels

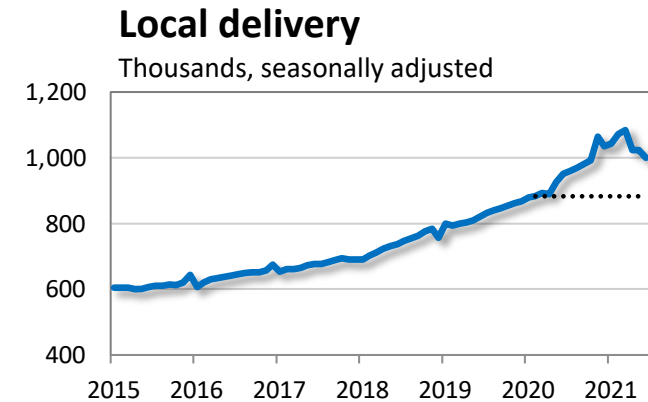
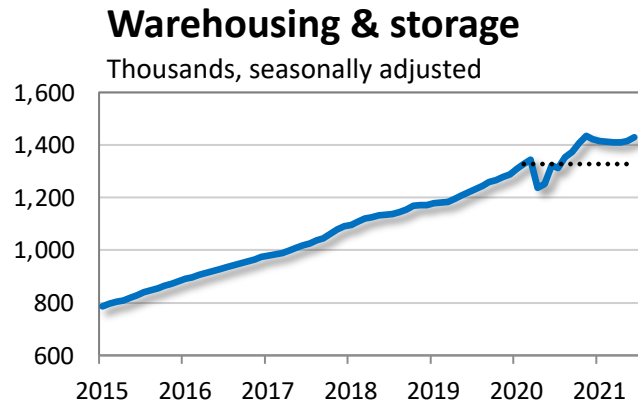
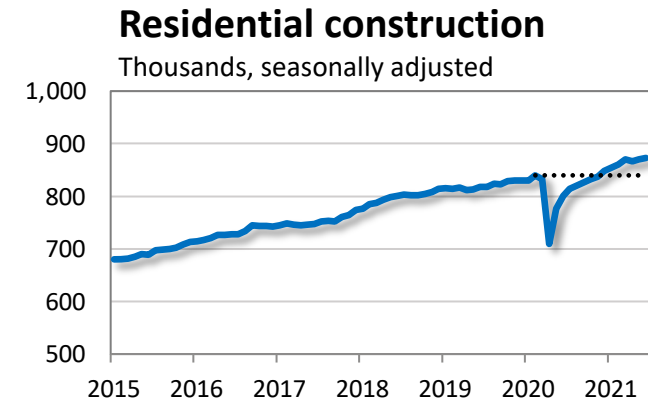
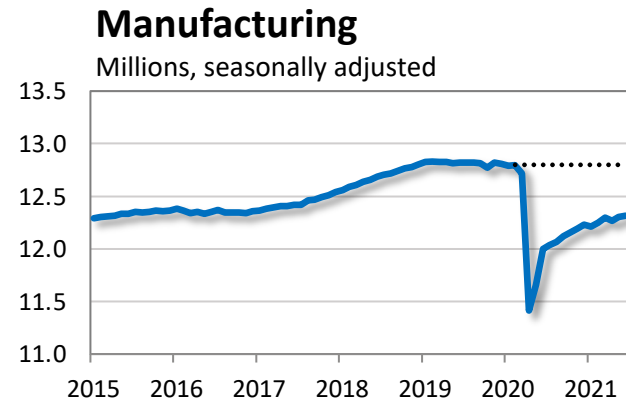
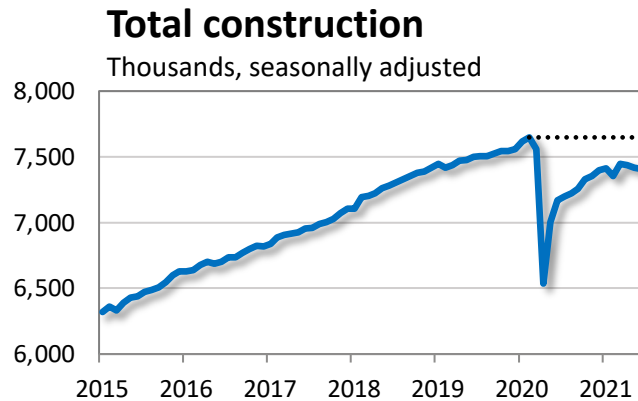




# Issues to watch

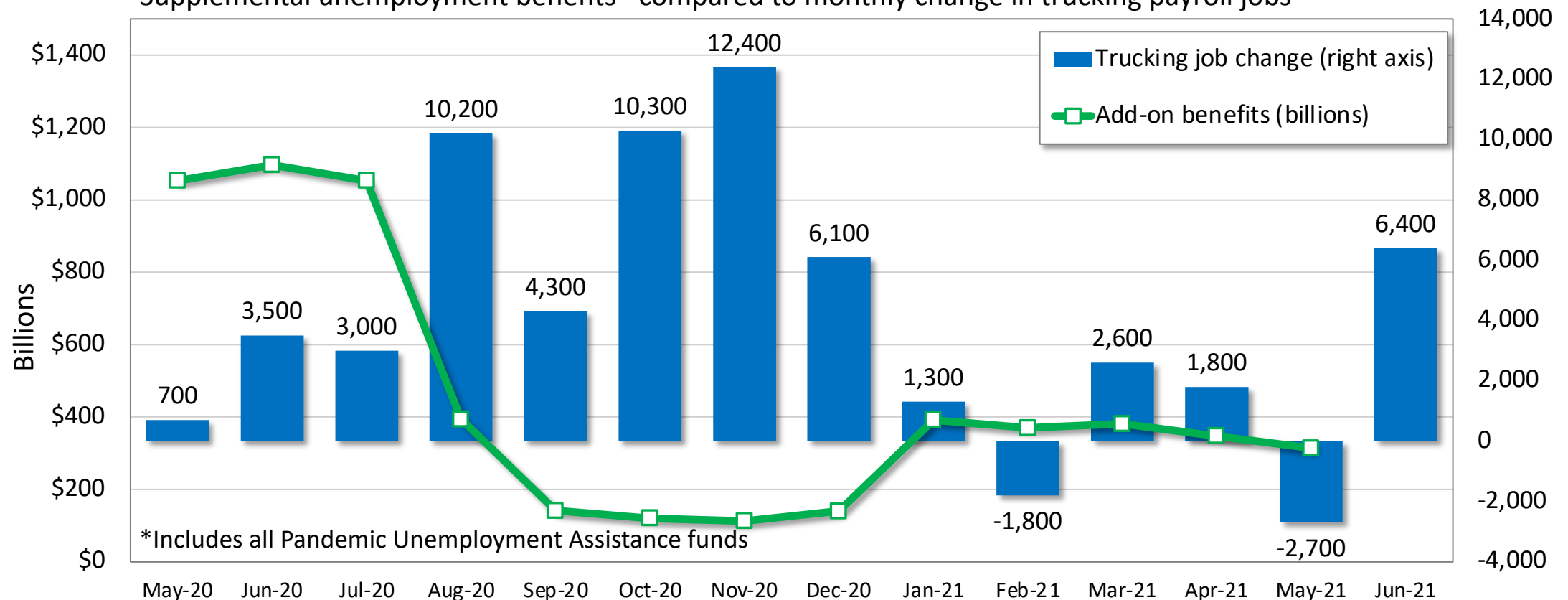


# Competitive industries

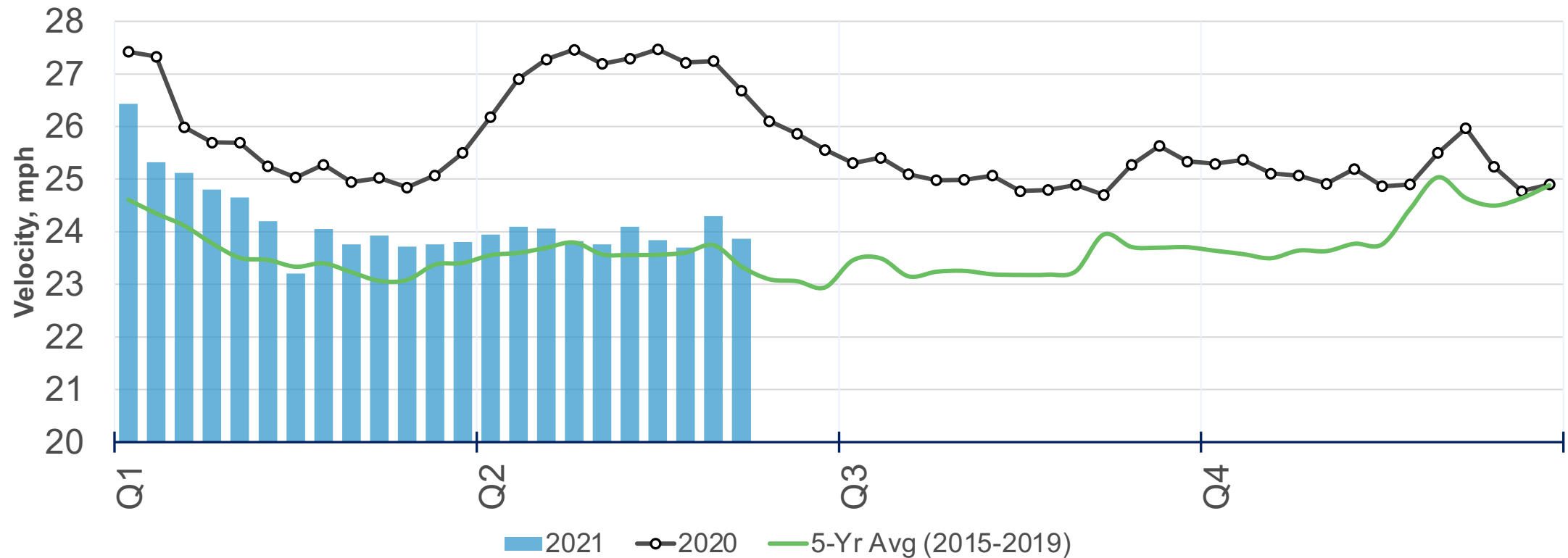


# Extra jobless benefits vs. trucking jobs

Supplemental unemployment benefits\* compared to monthly change in trucking payroll jobs



# Service issues could impair rail volumes

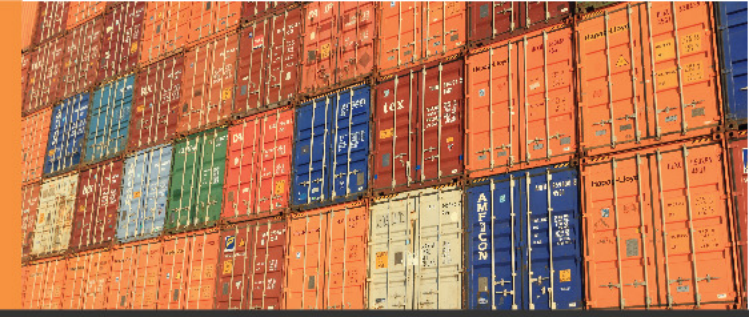


# Summary

- The economy is humming along, but further growth in goods is not guaranteed.
- Truck capacity remains an issue, but we don't yet know how it will resolve.
- Spot rates may turn in short order but don't expect significant improvement.
- Intermodal may not be a safety valve option until service and port congestion improve.
- Supply chain inefficiencies are impacting capacity, which is impacting productivity of the fleets, which is impacting the supply chain's ability to improve output.

# Q&A

**Type questions into the 'Question' panel and we will answer as many as we are able to.**



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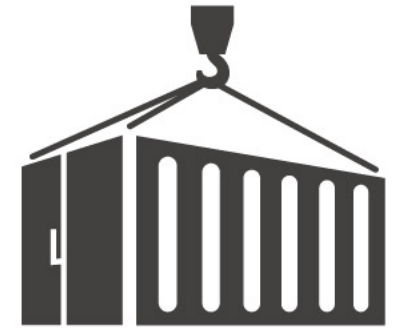
**Shippers Update**



**Rail Update**



**Trucking Update**



**Intermodal**



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# Q&A



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Chief Intelligence Officer

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