

# Intermodal Quarterly



**IANA**  
INTERMODAL ASSOCIATION  
OF NORTH AMERICA

## Second Quarter 2024 Intermodal Volume

U.S. businesses navigated a complex environment in the second quarter. Higher interest rates and lingering service sector inflation were headwinds, along with a slowdown in retail sales and sluggish industrial activity. At the same time, U.S. consumption stayed strong, the labor market remained consistent, and the core inflation rate made meaningful improvements.

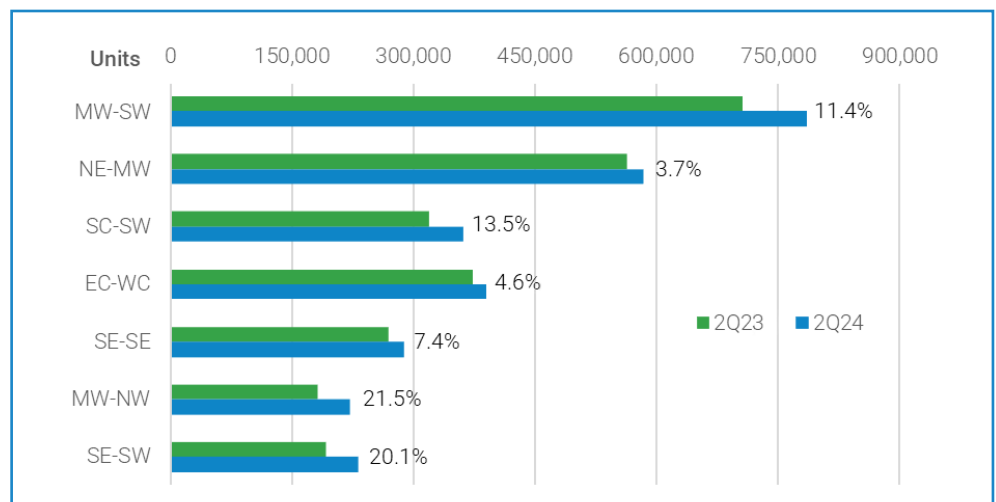
Against this backdrop, total intermodal volume increased 7.9 percent compared to the second quarter of 2023. It was the third consecutive quarter of year-over-year growth, coming on the heels of an 8.8 percent upturn in Q1. The international container segment added 13.3 percent, and domestic containers improved 5.0 percent. While the trailer segment continued its decline, falling 20.6 percent, overall loadings reached nearly 4.5 million in the second quarter – the best since the third quarter of 2022.

All but one of the ten IANA regions saw growth. Originations from Mexico rose 22.6 percent compared to the second quarter of 2023, supported by new services and additional capacity tied to automotive production. Loadings moved up 16.5 percent in the Northwest and 13.4 percent in the Southwest as imports propelled growth in those two ports regions. Volume gains were otherwise widespread, including the South Central (9.3 percent), Mountain Central (8.0 percent), Southeast (7.3 percent), Midwest (7.0 percent), and Western Canada (5.6 percent), while the Northeast eked out 0.3 percent. The only region with declining numbers was

## Second Quarter Totals

	2023	2024	Change
<b>Trailers</b>	183,935	145,981	<b>-20.6%</b>
<b>Domestic Containers</b>	1,967,234	2,065,293	5.0%
<b>All Domestic Equipment</b>	2,151,169	2,211,274	2.8%
<b>ISO Containers</b>	1,997,159	2,263,103	13.3%
<b>Total</b>	<b>4,148,328</b>	<b>4,474,377</b>	7.9%

## Second Quarter 2023–2024 Corridor Growth



Eastern Canada, but the downside was minimal, only 0.5 percent.

Overall intermodal loadings are moving up in the typical seasonal pattern, progressing to a peak in August or September, before tapering off during the remaining months of the year. This upward momentum in 2024 has been driven primarily by a surge in imports on the West Coast which drove increased international container traffic.

### International Intermodal

Nine out of the ten IANA regions experienced international container volume growth compared to the same quarter of the previous year, led by the Northwest region at 39.7 percent. The South Central region moved up 27.8 percent, nearly matched by the Southwest, at 27.5 percent. The Mountain Central,

the smallest volume region, saw loadings grow by 18.2 percent, while the Midwest, the largest volume region, advanced 15.9 percent. International improved 11.7 percent and 10.0 percent in the Southeast and Mexico, respectively. Western Canada came in at 5.9 percent, and Eastern Canada, at 1.2 percent. The only decline was in the Northeast which contracted 1.7 percent.

Strong imports drove Q2 performance, as retailers continued to restock to meet demand. Containerized imports into the U.S. rose over six percent, and U.S. West Coast imports gained nearly 10 percent. Canada and Mexico import statistics are not yet available.

### **Domestic Intermodal**

Nine out of the ten IANA regions reported domestic container growth. Mexico stood out the most, at 37.7 percent, driven by expanded services and increased nearshoring activity. The Southwest followed with a 7.2 percent increase, benefiting from additional transload volume and rising imports. Gains of 6.0 percent in the Southeast suggest that domestic intermodal is beginning to make inroads even in shorter-haul markets. The other regions with more output were the Northwest (4.2 percent), Western Canada (4.0 percent), Mountain Central (3.8 percent), Northeast (3.2 percent), and Midwest (2.9 percent). The South Central managed to stay in positive territory with 0.4 percent more movements, while the only region that did not was Eastern Canada which dropped 5.0 percent.

In addition to increased transload activity, improved service from the railroads supported domestic container growth which taken together, translated to consistent and widespread gains. Truck capacity, however, continued to exceed market demand, and soft market conditions proved to be a significant headwind to domestic containers.

### **Trailers**

The drop in trailer loadings of 20.6 percent was the twelfth consecutive quarter of year-over-year, double-digit losses. With just under 146,000 moves, it was the second smallest volume quarter ever (Q1 2024 was the smallest). In Q2, the trailer segment represented just 3.3 percent of total intermodal loadings.

Trailer loadings are not common in Mexico or Canada — only 0.2 percent of North American trailer moves originated outside of the U.S. in the quarter, and all seven U.S. regions shed more than 10 percent. The largest contraction was in the Northwest, the smallest volume region, which sank 35.7 percent.

The other six regions did likewise: the Southwest, 33.5 percent; Southeast, 22.0 percent; South Central, 21.6 percent; Mountain Central, 14.7 percent; Midwest, 14.4 percent; and Northeast, 13.4 percent.

Downward pressure on this segment came from different directions. Truckload, temperature controlled, parcel and LTL carriers continued to balance their driver base and business levels and required less assistance from the rail network. The loss of the TOFC traffic from the Yellow Corporation continued to impact volumes. Furthermore, long-time trailer shippers maintained their practice of swapping trailers for more efficient domestic containers.

### **IMC Results**

Intermodal Marketing Company results are reported by participating IMCs. This quarter's results reflected some growth, but lower revenue per unit pointed to a competitive marketplace. Intermodal loads handled by IMCs moved up 6.3 percent year-over-year after eight consecutive quarters of losses. Trucking volume handled by these same IMCs likewise climbed 5.1 percent, a second consecutive volume gain for highway traffic after five straight quarters of lower highway loadings. Combined, total volume for IMCs rose 5.5 percent this quarter.

On the revenue side, intermodal lost 7.2 percent, highway declined 0.6 percent, and total IMC revenue was 4.1 percent lower. That equates to a per-unit decline in revenue of 12.7 percent for intermodal loadings and a 5.4 percent drop for highway. IMCs have been forced to take pricing lower on both modes to attract freight.

### **Outlook**

With containerized imports on the rise, especially on the U.S. West Coast, the outlook for international containers moving by rail is forecast to move up 13.8 percent for full-year 2024, notwithstanding the tougher comparisons that lie ahead. Transload volume from those imports and steady production volume will be an opportunity, albeit limited by excess trucking capacity, for domestic intermodal providers. Domestic container gains are expected at just 3.5 percent, while the trailer segment is forecast to contract 19.3 percent. All combined, total North American intermodal volume is anticipated to advance 5.2 percent for full-year 2024.

A potential slowdown in consumer spending complicates this picture. Signs for that include lower real disposable income growth, rising credit card debt, less discretionary spending, and a reduction in the

personal savings rate. Additionally, wage growth has leveled off, and unemployment has picked up slightly.

There is a silver lining to a weaker consumer and a softening labor market. It could be the final step in moderating inflation, in line with the Federal Reserve’s goal of two percent. Manufacturers are eagerly awaiting an interest rate cut to stimulate economic activity and business investment which would likely boost new orders after roughly two years of sluggish activity. Lower interest rates would also have profound effects on consumers in the form of lower mortgage rates and car payments, laying the groundwork for domestic intermodal growth.

## Trucking Industry Performance

Tractor-trailer volume was up 0.7 percent from the second quarter of 2023. Dry van tractor-trailer moves increased 1.5 percent, refrigerated loadings rose 1.7 percent, while all other trailer types combined were flat.

On a length-of-haul basis, the greatest improvement, a 2.2 percent increase, was in super long-haul, the length-of-haul most competitive with intermodal (550 or more miles). At the other extreme, short-haul (less than 125 miles) fell 3.3 percent. Medium-haul (125 to 299 miles) increased 1.8 percent, while long-haul (300 to 549 miles) movements were up 0.8 percent.

Spot volume in the second quarter suggested a market that is solid but not accelerating. Dry van and refrigerated load postings were generally in line with the same period last year, while spot rates for dry van were a fraction of a percent below the second quarter of 2023 and refrigerated rates, a fraction of a percent above.

A spot market that is performing at least as well as last year could be a factor in the slowing in the number of trucking firms leaving the market on a net basis. The second quarter saw almost

as many carriers losing authority as in the first quarter, but it was the fewest since the first quarter of 2022. Meanwhile, the number of newly authorized trucking firms continued to recover after bottoming out in the fourth quarter of last year.

The truck freight market still has about 93,000 more for-hire carriers than it did before the pandemic – a gain of about 37 percent – and the rate of decline has been slowing this year. Meanwhile, payroll employment in the general freight truckload sector, though down over the past year, is still 4.0+ percent higher than it was immediately before the pandemic.

## Outlook

Incremental tightening in the market is expected as capacity continues to exit slowly and freight volume recovers steadily over the next few quarters. A 1.4 percent growth in tractor-trailer loadings in the third quarter vs. the previous year is forecast, as is a year-over-year increase of about another percentage point in Q4.

Active truck utilization is anticipated to rise from 91 percent in the second quarter to nearly 93 percent in Q4, but changes in freight demand or capacity would

## IMC Market Trends – 2nd Qtr. 2023 vs. 2024

	Q2 2023	Q2 2024	Pct. Change
<b>Intermodal Loads</b>	297,334	315,926	6.3%
<b>Highway Loads</b>	475,258	499,502	5.1%
<b>Total Loads</b>	<b>772,592</b>	<b>815,428</b>	5.5%
<b>Intermodal Revenue</b>	\$ 992,629,942	\$ 920,731,360	<b>-7.2%</b>
<b>Highway Revenue</b>	\$ 885,247,440	\$ 880,081,330	<b>-0.6%</b>
<b>Total Revenue</b>	<b>\$ 1,877,877,381</b>	<b>\$ 1,800,812,690</b>	<b>-4.1%</b>
<b>Average per Intermodal Load</b>	\$ 3,338	\$ 2,914	<b>-12.7%</b>
<b>Average per Highway Load</b>	\$ 1,863	\$ 1,762	<b>-5.4%</b>

## Tractor/Trailer Loads Orig. – 2nd Qtr. 2023 vs. 2nd Qtr. 2024

Actual Length-of-Haul	2nd Quarter 2023	2nd Quarter 2024	Y/Y % Change
<125 Miles	22,224,428	21,489,847	<b>-3.3%</b>
125-299 Miles	48,649,352	49,541,620	1.8%
300-549 Miles	71,976,510	72,538,535	0.8%
550+ Miles	20,378,085	20,833,423	2.2%
<b>Grand Total</b>	<b>163,228,375</b>	<b>164,403,425</b>	<b>0.7%</b>

affect that. One development that might yield stronger freight volume would be a lowering of interest rates, which presumably would boost both the industrial sector and the housing market. However, inflation is still running higher than the Federal Reserve's target, primarily due to services pricing, and many observers now expect only one target funds rate cut this year.

The industrial sector has been broadly weak with only a few bright spots, mainly computer-related and automotive manufacturing, and significant change is not expected in the near term. The consumer sector appears to have settled into stable spending at a level that is historically high, but stubborn inflation and waning financial resources are significant hurdles.

A tighter market than currently forecast appears to rest mostly on accelerated capacity loss, but it is unclear what scenario might produce that outcome. A surge in diesel prices could knock out capacity at a faster rate, though there is no indication of a sustained increase in prices. Another factor is escalating trucking insurance rates, and the Producer Price Index for commercial auto insurance premiums generally has been rising for more than a year.

### Intermodal implications

Intermodal's competitive position versus trucking is not as weak as it was a year ago, but the prolonged

## Short Term Trucking Outlook

	History	Forecast			
	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
<b>Active Truck Utilization</b>	91.0%	91.9%	92.7%	93.4%	94.1%
<b>Cl. 8 Tractor/Trailer Loading Originated</b>					
000s of Loadings	164,403	165,350	166,529	167,367	168,338
% Change, Q/Q	0.5%	0.6%	0.7%	0.5%	0.6%
% Change, Y/Y	0.7%	1.4%	2.3%	2.4%	2.4%
<b>Driver Labor Availability Index</b>					
Index (1992=100)	128.4	128.8	129.0	129.2	129.4
% Change, Q/Q	0.1%	0.3%	0.2%	0.1%	0.1%
% Change, Y/Y	0.1%	-0.1%	0.2%	0.7%	0.7%
<b>Truck Share of Employment Index</b>					
Index (1992=100)	141.0	140.2	139.9	139.6	139.4
<b>Truck Driver Pressure Index</b>					
Index (0 = Neutral)	-2.7	-1.5	-0.6	0.3	1.1

stagnation in trucking remains a headwind. Active truck utilization has risen in 2024 but is still significantly below a level that would produce rate pressure and, therefore, greater opportunity for substitution of intermodal. No substantial strengthening in spot rates and contract rates is anticipated until at least early 2025 if not later.

In the near term, trucking might even prove to be a slightly stronger competitor simply because it offers ample excess capacity and attractive rates. Intermodal volumes have been outpacing truck volumes this year in large part due to the recovery in container imports. If this trend continues, intermodal might see some uptick in diversion to trucking unless truck spot rates strengthen significantly in the near term.

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