2024 Year-End Intermodal Summary

IANA
INTERMODAL ASSOCIATION OF NORTH AMERICA

- Total North American volume gained 8.5 percent in 2024, recovering from a 5.9 percent loss the previous year with 18.1 million moves.
- North American international container movements rose 13.9 percent, after falling 8.4 percent in 2023. Containerized imports into the U.S. - they rose over 13 percent - contributed to this growth.
- Domestic container shipments increased 5.4 percent, following a 1.2 percent dip in 2023. Transloaded imports arriving on the West Coast pushed this volume higher.
- Nine of the ten IANA regions had greater originations in 2024, led by the Southwest, up 19.1 percent, and Mexico, up 18.9 percent.
- Trailer originations slipped 16.1 percent in 2024, an improvement over the 23.7 percent drop in 2023 and the 23.8 percent decline in 2022.
- Total tractor-trailer loadings were up 0.8 percent from 2023. They would have been considerably stronger if not for a 3.4 percent drop in short-haul volume.

Intermodal Quarterly

IANA
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Fourth Quarter 2024 Intermodal Volume

The U.S. economy concluded the year on solid footing, overcoming earlier concerns about a potential slowdown in global growth and domestic activity. Consumer spending, supported by robust job creation, consistent wage growth and lower unemployment, remained strong. Moreover, real consumer spending on goods achieved parity with services on a year-over-year basis. Housing, inflation and manufacturing persisted as headwinds, but the fourth quarter underscored the economy's resilience and overall capacity to navigate challenges.

Against this backdrop, total intermodal volume increased 7.5 percent, marking the fifth consecutive quarter of year-over-year growth. Loadings of international containers gained 9.6 percent, and domestic container advanced 6.5 percent. While trailers continued their slide, contracting 6.2 percent, the total output reached nearly 4.7 million, the highest quarterly volume recorded so far this year and the best since Q4 of 2020.

Seven of the ten North American IANA regions saw year-over-year improvements. Originations in the Southwest moved up 22.3 percent on still strong imports at the ports of Long Beach and Los Angeles. Volume from Mexico jumped 15.3 percent, the fourth quarter of double-digit growth in 2024. Growth also occurred in the South Central (12.7 percent), Mountain Central (9.7 percent), Northwest (8.8 percent), Southeast (5.5 percent) and Midwest (5.0 percent) which featured the most loadings in the quarter, over 1.2 million. On the other hand, the Northeast faltered 3.5 percent as shippers shifted imports to the West Coast to avoid a potential East Coast strike. Loadings also declined 2.1 percent in Western Canada and 1.1 percent in Eastern Canada on a weaker Canadian economy and on labor unrest on both sides of the nation. Despite these three declines, however, the overall network continued to demonstrate solid performance across North America, as it had throughout 2024.

Fourth Quarter Totals

	2023	2024	Change
Trailers	168,814	158,404	-6.2%
Domestic Containers	2,108,322	2,245,992	6.5%
All Domestic Equipment	2,277,136	2,404,396	5.6%
ISO Containers	2,090,804	2,290,966	9.6%
Total	**4,367,940**	**4,695,362**	7.5%

Year-End Totals

	2023	2024	Change
Trailers	704,970	591,388	-16.1%
Domestic Containers	8,048,460	8,472,063	5.3%
All Domestic Equipment	8,753,430	9,063,451	3.5%
ISO Containers	7,916,550	9,020,519	13.9%
Total	**16,669,980**	**18,083,970**	8.5%

International Intermodal

In terms of international containers, seven out of the ten IANA regions saw growth compared to the same period last year. The Southwest reported a 41.6 percent increase, fed by higher levels of imports. The South Central originated 27.4 percent more activity as containers that had moved inland, returned back to the coasts, especially the West Coast. Volume in the Mountain Central, the smallest volume region, shifted 15.1 percent higher. The Northwest gained 11.2 percent, likely on import diversions from neighboring Canadian ports. Shipments also grew in the Midwest (9.0 percent), Mexico (5.6 percent) and the Southeast (2.0 percent).

Mirroring the overall regional results, traffic declined 9.0 percent in the Northeast, 3.4 percent in Western Canada and 1.4 percent in Eastern Canada due to labor action or potential labor action and, in the Canadian cases, a slower economy.

Domestic Intermodal

Regarding domestic containers, nine out of the ten IANA regions reported more boxes moved compared to Q4 of the previous year. Mexico, now the sixth largest volume region, saw a 27.5 percent increase, driven by expanded services, increased nearshoring activity and favorable comparisons. The Southwest rose 11.0 percent as imports fueled greater transloading. The Southeast shifted 9.3 percent higher as rail showed success even in that region's shorter haul markets. Loadings also expanded in the Mountain Central (9.2 percent), Northwest (7.1 percent), South Central (4.5 percent), Midwest (3.7 percent), Western Canada (2.9 percent) and Northeast (0.4 percent). There was a decline in loadings in Eastern Canada, albeit just 0.4 percent.

The result was the highest volume ever recorded for the segment. Anchored by the Midwest, which accounted for 29 percent of the total originations, the growth was spread across the network and showed that domestic containers are expanding their reach and likely their share. Trucking still faces overcapacity, but cost pressures for driver wages, insurance, tractor/trailer costs and fuel are pushing highway rates higher, giving domestic containers room to grow.

Trailers

The 6.2 percent contraction in trailer loadings was the fourteenth consecutive quarter of year-over-year losses. On the other hand, this was the first quarter in 2024 where the decline was just a single digit, suggesting the losses were moderating. As is typically the case, almost all trailer loadings occurred in the U.S. with only 0.1 percent of loadings (121 moves) coming from Canada or Mexico. Of the seven U.S. IANA regions, three regions reported volume gains. In the Southeast trailer volume rose 6.1 percent. Volume was also better in the Northeast (2.1 percent) and Northwest (1.4 percent). The four regions reporting less volume were Southwest (-13.7 percent), Mountain Central (-11.7 percent), Midwest (-9.7 percent) and South Central (-8.6 percent).

IMC Market Trends 4th Qtr. 2024 vs. 2023

	Q4 2023	Q4 2024	Pct. Change
Intermodal Loads	277,941	311,985	12.2%
Highway Loads	213,608	203,149	-4.9%
Total Loads	**491,549**	**515,134**	4.8%
Intermodal Revenue	$887,154,834	$883,887,231	-0.4%
Highway Revenue	$394,075,502	$364,790,232	-7.4%
Total Revenue	**$1,281,230,336**	**$1,248,677,463**	-2.5%
Average per Intermodal Load	$3,192	$2,833	-11.2%
Average per Highway Load	$1,845	$1,796	-2.7%

The mixed results across the U.S. hint at a possible leveling of losses. However, conversions to containers continue. Likewise, trucking companies continue to have capacity, and they do not need the rail network to supplement their linehaul.

IMC Results As Reported by Participating IMCs

Intermodal Marketing Company results showed that intermodal loads handled by IMCs increased 12.2 percent, marking three consecutive quarters of growth after eight straight quarters of volume losses. In contrast, trucking volume handled by these same IMCs fell 4.9 percent, netting total volume growth of 4.8 percent. On the revenue side, intermodal income dropped 0.4 percent, and highway by 7.4 percent. Total IMC revenue across both modes fell by 2.5 percent, with per-unit revenue declining 11.2 percent for intermodal and 2.7 percent for highway.

To attract freight, IMCs have been forced to lower pricing on both modes, suggesting that IMCs are still facing significant headwinds in both the intermodal and trucking sectors. By the same token, the rising intermodal loadings with the lower revenue per unit could speak to this quarter's success in winning more shorter-haul traffic.

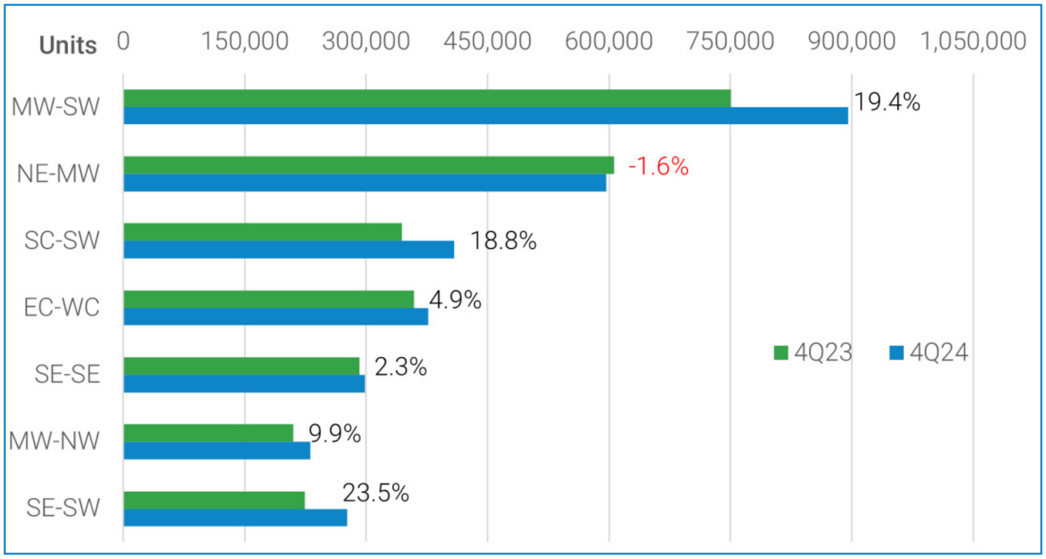
Intermodal Outlook

Looking ahead, economic activity in North America is likely to be characterized by growth and normalization. Two percent GDP growth is anticipated for 2025 which would represent a normalization of conditions and the first year out of the shadow of COVID. Freight flows are returning to familiar seasonal patterns as swings in demand, production and inventories fade.

The foundation for sustained consumer spending on both durable and nondurable goods is in place. Inflated prices remain, but real (inflation adjusted) incomes are growing, balance sheets are in good repair and unemployment is low. Also worth mentioning, industrial markets are not anticipated to be a drag on the economy, though they may move sideways.

Against this backdrop, the 2025 forecast for intermodal is modest and incremental. International container loadings are likely to see an increase of 0.6 percent as imports return to East and Gulf ports where intermodal has less share. Domestic container traffic is poised to expand 3.0 percent as this mode slowly gains share vs. over-the-road competition. Trailer loadings are likely to continue their downturn, falling 5.8 percent. Overall, the intermodal network is anticipated to see loadings expand by 1.5 percent in 2025.

Fourth Quarter 2023-2024 Corridor Growth



Trucking Industry Performance

Total tractor-trailer volume was 1.0 percent higher on a year-over-year basis in the fourth quarter. Refrigerated moves were up 2.8 percent, dry van loadings gained 1.1 percent, while all other trailer types combined managed 0.7 percent. The super long-haul (550 or more miles) segment – that most competitive with intermodal – as well as the long-haul (300 to 549 miles) both rose 1.6 percent, while medium-haul (125 to 299 miles) improved 1.0 percent. Short-haul, however, was down 1.6 percent.

Spot metrics for dry van and refrigerated equipment were close to levels seen during comparable weeks of 2023. Carriers benefitted from fuel costs that were notably lower than they were a year earlier, although the difference shrank from approximately $1.00 at the beginning of the fourth quarter to just over 25 cents at quarter's end.

Stable spot rates and fuel costs along with the prior exit of the weakest performers surely were factors behind a more moderate decline in the for-hire trucking firm population. Revocations of operating authority net of reinstatement in Q4 totaled just over 15,000 – the fewest since the first quarter of 2022.

These factors, however, were not enough to drive new entrants. The roughly 12,900 newly authorized carriers during the quarter were the fewest since the second quarter of 2020. This was the quarter immediately prior to the surge in new entry coming out of pandemic lockdowns, and extra capacity remains. The for-hire market still has about 90,000, or 35 percent, more active for-hire carriers than it did in February 2020.

Trucking Outlook

Trucking volume is forecast to increase from 1.0 percent year-over-year in the first quarter of 2025 to 2.0 percent by the fourth. Although this would average higher than the 0.8 percent in total tractor-trailer volume growth for the full 2024 year, it is still softer than previous predictions. Similarly, the 92.7 percent active utilization forecast for the first quarter is predicted to rise to only 94.3 percent by the end of the year – not enough to drive an inflection in freight rates.

Potential policy changes from the Trump administration are not expected to change this overall trajectory. Tariffs could drive a continued pull-forward of imports, but their effect from an annual perspective would be minimal. Trade policy could also yield stronger domestic manufacturing production, generating more freight volume and higher rates, but their impact is not expected to be material in 2025.

One area of manufacturing that seems poised for strength is automotive. Sales of automobiles and light trucks in Q4 were the strongest by far since the second quarter of 2021. At the same time, motor vehicle and parts production during the quarter was the weakest since the second quarter of 2022. Therefore, retail automotive inventories have become leaner, and if sales remain robust, automakers might face pressure to increase production significantly.

A recovery in the housing market is another factor that could yield stronger truck freight volumes, but the situation is complicated. By the end of December, mortgage rates were high despite actions by the Federal Reserve. Still, stronger inventories of homes on the market and moderating home prices are leading to some green shoots.

Diesel prices also are a final wild card. Prices were fairly stable in Q4, and expected Trump administration policies promoting fossil fuels could mean lower crude and diesel prices. However, rising geopolitical tensions could also drive up global petroleum prices, and volatility could be greater than it was for most of the fourth quarter.

Tractor/Trailer Loads Orig. — 4th Qtr. 2023 vs. 4th Qtr. 2024

(Tractor/Trailer Loads Originated) Seasonally Adjusted			
Actual Length-of-Haul	**4th Quarter 2023**	**4th Quarter 2024**	**Y/Y % Change**
<125 Miles	21,609,175	21,269,448	-1.6%
125-299 Miles	50,065,112	50,577,391	1.0%
300-549 Miles	71,652,167	72,830,649	1.6%
550+ Miles	20,540,218	20,872,687	1.6%
Grand Total	**163,866,671**	**165,550,174**	**1.0%**

Short Term Trucking Outlook

	History	**Forecast**			
	Q4'24	**Q1'25**	**Q2'25**	**Q3'25**	**Q4'25**
Active Truck Utilization	92.6%	92.7%	93.1%	93.7%	94.3%
Cl. 8 Tractor/Trailer Loadings Originated					
000s of Loadings	165,550	166,234	167,110	167,908	168,839
% Change, Q/Q	*0.2%*	*0.4%*	*0.5%*	*0.5%*	*0.6%*
% Change, Y/Y	*1.0%*	*1.0%*	*1.2%*	*1.6%*	*2.0%*
Driver Labor Availability Index					
Index (1992=100)	129.0	129.3	129.5	129.7	129.8
% Change, Q/Q	*0.0%*	*0.2%*	*0.2%*	*0.1%*	*0.1%*
% Change, Y/Y	*0.1%*	*0.8%*	*0.8%*	*0.5%*	*0.6%*
Truck Share of Employment Index					
Index (1992=100)	140.3	140.6	140.6	140.2	140.0
Truck Driver Pressure Index					
Index (0 = Neutral)	-1.3	-1.1	-0.3	0.5	1.2

Intermodal Implications

Domestic intermodal can expect an improved competitive position by the second half of 2025, but intermodal providers should calibrate their expectations. Even by 2026, trucking capacity is not likely to be tight enough to offer the scope of opportunity seen in prior periods of trucking stress, such as 2021 or 2018.

The election of President Trump likely derailed any regulatory changes, such as speed limiters, that might have curtailed trucking productivity and, therefore, provided greater opportunity for intermodal. However, there was not much change – not even regarding speed limiters – that was likely to take effect in 2025 even if the election had gone the other way.

One Trump administration policy change to watch is the crackdown on illegal immigration. Although a significant loss of undocumented labor likely would not affect trucking directly, the resulting labor tightness in sectors like construction that compete with trucking for workers could mean tighter capacity and more opportunity for intermodal.