

Intermodal Quarterly



IANA
INTERMODAL ASSOCIATION
OF NORTH AMERICA

Third Quarter 2024 Intermodal Volume

Consumers maintained aggressive spending in the third quarter, reflected in 1.0 percent quarter-over-quarter growth in retail sales, the highest quarterly increase since the initial pandemic recovery in 2021. Despite a two-year slump in manufacturing and problematic homebuilding, the economy appeared to be on solid footing, and projections from the Federal Reserve pointed to roughly 3.4 percent Q3 GDP growth.

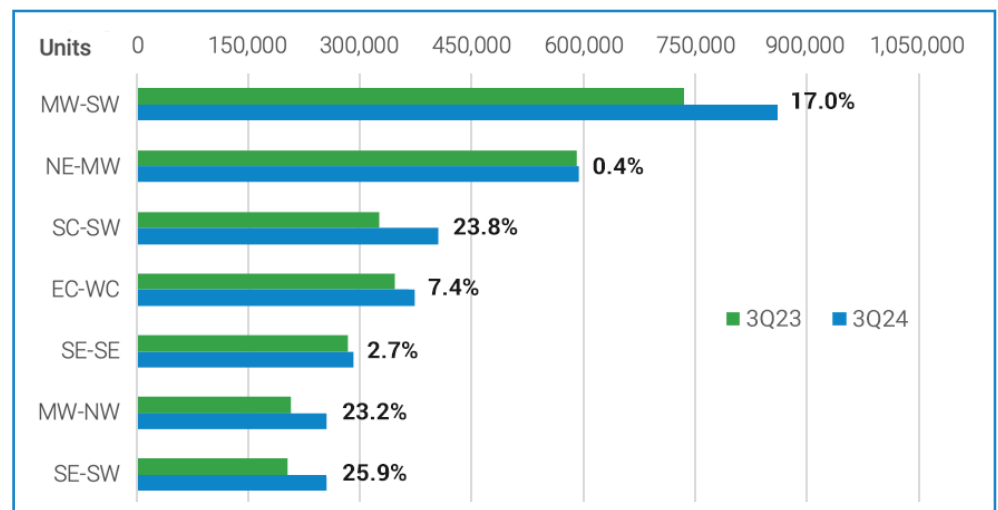
Against this backdrop, total intermodal volume increased 9.8 percent compared to the third quarter of 2023. It was the fourth consecutive quarter of year-over-year growth. International intermodal added 15.4 percent, and domestic containers improved 6.0 percent. While the trailer segment continued its decline, falling 11.0 percent, overall loadings reached 4.6 million, the highest volume recorded so far this year.

Eight of the ten IANA regions saw greater volume compared to 2023. The Northwest reported the biggest expansion, 22.7 percent, and the Southwest, fueled by high imports at the ports of Los Angeles and Long Beach, registered a 20.7 percent increase. Mexico posted a 19.0 percent year-over-year gain, supported by improved railroad services and the ongoing nearshoring trend. The Mountain Central climbed 16.7 percent, while the South Central grew by 12.9 percent. Western Canada and the Midwest came in at 7.9 percent and 7.7 percent, respectively, and the Southeast followed at 6.9 percent. Only the Northeast, off 1.1 percent, and Eastern Canada, off

Third Quarter Totals

	2023	2024	Change
Trailers	160,280	142,661	-11.0%
Domestic Containers	2,045,222	2,167,091	6.0%
All Domestic Equipment	2,205,502	2,309,752	4.7%
ISO Containers	2,008,057	2,317,879	15.4%
Total	4,213,559	4,627,631	9.8%

Third Quarter 2023–2024 Corridor Growth



2.5 percent, experienced declines, likely due to the anticipated strike by the International Longshoremen's Association.

Intermodal loadings appeared to be following their usual seasonal upswing, rising to a peak in late summer before the expected decrease through the rest of the year. Growth in 2024 has largely been the result of a surge in West Coast imports diverted away from the strike along the East and Gulf Coasts, leading to an increase in international container traffic.

International Intermodal

Nine out of the ten IANA regions showed international container growth compared to the same period last year, led by the Northwest at 42.2 percent. The Southwest surged 39.8 percent, and the South

Central rose 35.4 percent. The Mountain Central pushed up 28.8 percent. The Midwest gained 15.1 percent, while Western Canada did the same with a 12.3 percent increase. Mexico, the Southeast and Eastern Canada posted 6.4 percent, 4.1 percent, and 2.3 percent, respectively. The Northeast experienced the only decline, a 4.6 percent decrease in volumes.

Consumer demand and inventory replenishment drove overall imports and thus international loadings. Looming labor action by longshoremen at the Port of Montreal and by the ILA in the U.S., boosted volumes in the Northwest and Southwest in particular.

Domestic Intermodal

Eight out of the ten IANA regions reported domestic container growth, with Mexico out front at 34.9 percent. The Mountain Central, benefiting from gains in domestic output and over-the-road truck challenges, followed with 11.7 percent. The Southeast increased 11.5 percent, while additional transload volumes helped propel the Southwest region 10.5 percent. The Northwest advanced 8.2 percent. The Midwest, Northeast and South Central managed 3.5 percent, 2.2 percent and 1.4 percent, respectively. Meanwhile, volume declined in Eastern Canada (13.2 percent) and Western Canada (7.5 percent).

Domestic container activity was widespread despite relatively flat manufacturing activity within North America, as growth in imports helped create more opportunities for transloading and the truck market continued to gradually tighten. Canada's weakening economy appeared to have impacted its domestic container loadings, but Mexico, a manufacturing bright spot, offset those losses.

Trailers

The drop in trailer loadings of 11.0 percent was the thirteenth consecutive quarter of year-over-year, double-digit losses. With just under 143,000 moves, it was the smallest volume quarter ever. Trailer loadings are uncommon in both Mexico and Canada. Over the quarter, Mexico reported only eight trailer moves, and Canada, 186. The remaining U.S. regions

IMC Market Trends – 3rd Qtr. 2023 vs. 2024

	Q3 2023	Q3 2024	Pct. Change
Intermodal Loads	291,375	318,914	9.5%
Highway Loads	225,552	212,525	-5.8%
Total Loads	516,927	531,439	2.8%
Intermodal Revenue	\$ 942,791,166	\$ 901,340,979	-4.4%
Highway Revenue	\$ 427,708,038	\$ 383,885,923	-10.2%
Total Revenue	\$ 1,370,499,204	\$ 1,285,226,902	-6.2%
Average per Intermodal Load	\$ 3,236	\$ 2,826	-12.7%
Average per Highway Load	\$ 1,896	\$ 1,806	-4.7%

all lost ground. The largest contraction was in the Southwest, where volume sank 26.1 percent. Volumes also fell in the other six regions: South Central, 18.5 percent; Northwest, 11.2 percent; Southeast, 10.1 percent; Mountain Central, 12.6 percent; Midwest, 5.2 percent; and Northeast, 2.7 percent.

Although the results varied by region, the overall story remained the same: loadings continued to decline across the network, in the face of still readily available trucking. On the other hand, the year-over-year declines have been smaller in the second half of the year so far, compared to the sharper drops seen in the first half, suggesting some stabilization.

IMC Results

Intermodal Marketing Company results are reported by participating IMCs. The 9.5 percent intermodal increase was the second consecutive quarter of growth after eight straight quarters of losses. At the same time, trucking volume handled by these same IMCs fell by 5.8 percent, pulling total volume down to 2.8 percent.

On the revenue side, intermodal dropped 4.4 percent, and highway declined 10.2 percent. Total IMC revenue across both modes fell 6.2 percent, with per-unit revenue declining 12.7 percent for intermodal loadings and 4.7 percent for highway loadings. IMCs have been forced to lower pricing on both modes to attract freight.

Outlook

The surge in import activity, together with resilient economic activity, has buoyed international intermodal results thus far in 2024. Notwithstanding tougher year-over-year comparisons in the fourth quarter,

international is expected to increase 12.6 percent for the full year.

On the domestic side, improved transload volumes from increased imports and some tightening in the truck market should benefit domestic container originations. A turnaround in manufacturing and housing activity, boosted by lower interest rates and consumer demand, should also bolster domestic

container moves. They are forecasted to grow 5.2 percent. The slide in trailer loadings will likely continue and that segment is expected to contract 19.3 percent, for the full 2024 year.

All combined, total North American intermodal volume is anticipated to have advanced 7.7 percent through year end.

Trucking Industry Performance

Tractor-trailer volume was up 0.6 percent year-over-year in the third quarter. Refrigerated loadings rose 2.8 percent, dry van moves increased 0.5 percent, while freight for all other trailer types gained 0.4 percent.

On a length-of-haul basis, the greatest growth, 2.5 percent, was in super long-haul (550 or more miles), the length-of-haul most competitive with intermodal. At the other extreme, short-haul (less than 125 miles) fell 2.8 percent. Medium-haul (125 to 299 miles) was up 1.4 percent, and long-haul (300 to 549 miles) was up 0.6 percent.

Spot market metrics indicated weakness throughout the third quarter. Dry van load volume ran substantially below comparable 2023 levels. Broker-posted dry van spot rates lagged 2023 nearly 7.0 percent by the end of September. Lower fuel costs blunted the financial impact on carriers operating in the spot market, however. Retail diesel prices at the end of September were more than \$1 a gallon lower than a year prior.

As the freight recession continues, trucking capacity is slowly exiting, and active trucking utilization – the share of seated trucks engaged in hauling freight

– continues to edge higher. However, the truck freight market has not tightened enough to move rates out of their doldrums.

Lower fuel costs and an anticipation of a market turn might be factors in the slowing of small carriers leaving. The for-hire market still has about 92,000, or 36 percent, more active for-hire carriers than it did

Tractor/Trailer Loads Orig. – 3rd Qtr. 2023 vs. 3rd Qtr. 2024

Actual Length-of-Haul	3rd Quarter 2023	3rd Quarter 2024	Y/Y % Change
<125 Miles	21,739,892	21,138,069	-2.8%
125-299 Miles	49,952,670	50,637,689	1.4%
300-549 Miles	72,067,605	72,533,006	0.6%
550+ Miles	20,329,050	20,847,009	2.5%
Grand Total	164,089,217	165,155,773	0.6%

Short Term Trucking Outlook

	History	Forecast			
	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Active Truck Utilization	92.6%	93.4%	94.2%	95.0%	95.4%
Cl. 8 Tractor/Trailer Loading Originated					
000s of Loadings	165,156	166,356	167,106	167,920	168,692
% Change, Q/Q	0.0%	0.7%	0.5%	0.5%	0.5%
% Change, Y/Y	0.6%	1.5%	1.6%	1.7%	2.1%
Driver Labor Availability Index					
Index (1992=100)	129.0	129.2	129.4	129.6	129.7
% Change, Q/Q	0.4%	0.1%	0.2%	0.2%	0.1%
% Change, Y/Y	0.1%	0.3%	0.8%	0.8%	0.6%
Truck Share of Employment Index					
Index (1992=100)	139.4	139.6	138.9	138.5	138.3
Truck Driver Pressure Index					
Index (0 = Neutral)	-1.0	0.0	1.2	2.1	2.7

in February 2020. Preliminary data from the Bureau of Labor Statistics suggests that capacity at larger truckload carriers might have normalized, but the number of small carriers working for intermediaries is still highly elevated.

Outlook

A 1.5 percent increase in tractor-trailer loadings for the fourth quarter vs. the previous year is forecast, but that level of growth will not produce significant change in the market. The first half of 2025 are largely in line with this forecast, and loadings are projected to be up only 1.7 percent in the second quarter of next year.

Active utilization currently is running slightly ahead of the 10-year average of 92 percent, and 95 percent is anticipated by the second quarter of next year. By that point, the truck freight market should be tight enough to support stronger contract rates, but contract rates are not expected to begin running positive until early 2025.

Little on the horizon is expected to impact this picture substantially. One obvious plus, the Federal Reserve's decision in September to begin cutting the federal funds rate, likely will not bring about rapid changes in underlying economic activity or the housing market in particular. Meanwhile, consumers already are spending at high levels, so any acceleration seems highly unlikely. The weakness in the industrial sector offers some hope of a recovery though auto makers have already succeeded in raising inventories of motor vehicles and parts relative to sales to normal levels.

On the capacity side, there is small chance of big change in the current gradual reduction. Rising

insurance costs do not seem to be pushing out significant capacity. A surge in diesel prices could knock out small carrier capacity as it did in 2022, but that outcome is speculative even with rising Middle East tensions.

Intermodal Implications

The weak trucking market continues to be a headwind for domestic intermodal. Trucking volume and utilization do look to strengthen, but they likely will do so only incrementally, and rising truckload rates are not anticipated to offer opportunities to intermodal until the second half of 2025.

Regulations could change the dynamic, and the Federal Motor Carrier Safety Administration plans to mandate speed limiters on heavy trucks. However, a final rule is likely years away, and the election could disrupt even that long-range plan. Another wrinkle will arise during the upcoming lame duck session of Congress: a provision in the House funding bill for the Department of Transportation would bar FMCSA from requiring speed limiters.

One other regulatory change that kicks in this year is worth watching. Starting November 18, state driver licensing agencies must downgrade commercial driver's licenses for drivers who have violations in the FMCSA drug and alcohol clearinghouse and who have not been cleared to return to duty. As of September 1, roughly 177,000 CDL drivers are still barred since the clearinghouse took effect in January 2020. If trucking companies and private fleets are abiding by their current obligations, this rule should not have much effect on the market. If not, expect to see a rise in the number drivers being forced out of the industry.

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