

## First Quarter 2025 Intermodal Volume

The U.S. economy entered a unique period of uncertainty and volatility in the first quarter. Imports continued to flood into the country to avoid the tariff start dates, upsetting the trade balance in the process. In addition, early indicators pointed to a potential slowdown in consumer activity. On the other hand, first quarter job gains outpaced the prior four, the unemployment rate stayed historically low, and the core components of the economy remained in good standing.

Against this backdrop, total intermodal volume increased 6.3 percent, marking the sixth consecutive quarter of year-over-year growth. International container loads rose 8.5 percent, and domestic containers increased 5.6 percent. While trailers fell 18.2 percent, overall output exceeded 4.5 million, the strongest performance since the record first quarter of 2021 when loadings hit 4.6 million.

Nine of the ten North American IANA regions saw volume increases, continuing the previous year's momentum. The Northwest led at 23.1 percent, followed by the Southwest's tariff-driven 13.3 percent and Mexico's 11.8 percent. Other regions reporting growth were the South Central (8.6 percent), Southeast (6.0 percent), Midwest (3.8 percent), Eastern Canada (3.6 percent), Mountain Central (2.6 percent) and Western Canada (2.4 percent). The Northeast was the only region to post a decline – it fell 3.6 percent as West Coast regions held onto import flows.

Front-loaded imports laid a solid foundation for the quarter's overall intermodal performance. Although trucking capacity remained loose, the pace of tightening continued slowly, and the early arrival of imports created opportunities for both domestic and international intermodal.

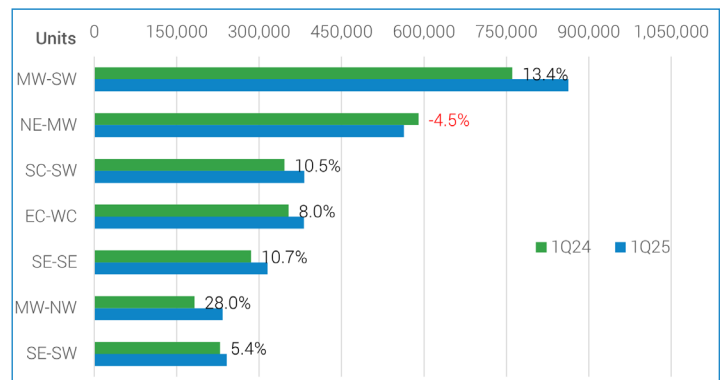
### International Intermodal

In terms of international containers, nine out of ten IANA regions experienced growth, led by the Northwest which rebounded from a deep trough to post a 48.1 percent increase. The Southwest gained 21.3 percent as imports

## First Quarter Totals

	2024	2024	Change
<b>Trailers</b>	144,342	118,057	-18.2%
<b>Domestic Containers</b>	1,993,687	2,105,752	5.6%
<b>All Domestic Equipment</b>	2,138,029	2,223,809	4.0%
<b>ISO Containers</b>	2,148,571	2,331,041	8.5%
<b>Total</b>	<b>4,286,600</b>	<b>4,554,850</b>	6.3%

## First Quarter 2024 - 2025 Corridor Growth



surged in anticipation of future tariffs. The South Central came in at 16.2 percent, helped by the terminal efficiency investments at regional ports. The Midwest, the busiest region overall, recorded 7.0 percent. The Southeast gained 5.5 percent as the regional marine sector posted record-breaking cargo handling and Eastern Canada bounced back from previous year labor disruptions to rise 5.4 percent. Mexico increased 3.5 percent, Western Canada notched 2.0 percent, and the Mountain Central ticked up 1.6 percent.

Only the Northeast reported a decline, 7.6 percent, due to labor issues and congestion at East Coast ports in late December that resulted in rerouted cargo. Overall, however, the quarter's IPI growth showed how the industry adapted quickly to trade shifts and took advantage of investments in ports and facilities across the continent.

## Domestic Intermodal

Eight of the ten North American regions reported domestic container growth. Supported by nearshoring and expanded rail partnerships with U.S. carriers, Mexico was out front at 20.9 percent. The Southwest delivered 8.5 percent more than the previous year as transload activity remained strong, and the Southeast increased 7.1 percent, reflecting expansion in markets traditionally dominated by short-haul trucking. The Mountain Central and Northwest posted gains of 5.7 percent and 5.1 percent, respectively, while the Midwest, accounting for nearly a third of all domestic loadings, grew 4.7 percent. Western Canada rose 4.0 percent, while the South Central added 3.8 percent.

To the negative, the Northeast slipped 0.4 percent, and Eastern Canada declined 0.6 percent. However, the overall trajectory for domestic containers remained positive, with transloading opportunities so far offsetting higher costs, and overall trade hurdles faced by North American producers.

## Trailers

The contraction in trailer loadings (18.2 percent) was the fifteenth consecutive quarter of year-over-year losses. After a muted dip in the fourth quarter, they appeared to accelerate, ending any sentiment that the more substantial losses had subsided. Almost all trailer loadings occurred in the U.S. with only 110 moves coming from Canada and Mexico. In the Northwest, trailer volumes moved higher by 3.4 percent, while loadings were also 1.5 percent better in the Southeast and 0.1 percent improved in the Northeast. The four regions reporting less volume were the Midwest (32.4 percent), Southwest (27.0 percent), South Central (8.0 percent) and Mountain Central (5.4 percent). Although the downtrend continues, the mixed results at least hinted at a possible leveling of traffic.

## IMC Results

Intermodal Marketing Companies reported that intermodal loads handled by participating IMCs increased 0.7 percent year-over-year, marking four consecutive

## IMC Market Trends 1st Qtr. 2025 vs. 2024

	Q1 2024	Q1 2025	Pct. Change
<b>Intermodal Loads</b>	284,577	286,572	0.7%
<b>Highway Loads</b>	205,634	174,399	-15.2%
<b>Total Loads</b>	<b>490,211</b>	<b>460,971</b>	<b>-6.0%</b>
<b>Intermodal Revenue</b>	\$867,644,264	\$808,449,345	-6.8%
<b>Highway Revenue</b>	\$377,987,105	\$313,552,595	-17.0%
<b>Total Revenue</b>	<b>\$1,245,631,369</b>	<b>\$1,122,001,940</b>	<b>-9.9%</b>
<b>Average per Intermodal Load</b>	\$3,049	\$2,821	-7.5%
<b>Average per Highway Load</b>	\$1,838	\$1,798	-2.2%

quarters of growth after eight straight quarters of volume losses. On the other hand, trucking volume handled by these same IMCs fell 15.2 percent, resulting in a 6.0 percent total decline. On the revenue side, intermodal dropped 6.8 percent, and highway, by 17.0 percent. Total revenue across both modes was off 9.9 percent, with per-unit revenue shaving 7.5 percent for intermodal and 2.2 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 that are unlikely to be alleviated by tariff uncertainty. By the same token, the rising intermodal loadings with the lower revenue per unit could account for intermodal's success in winning more shorter-haul traffic.

## Intermodal Outlook

U.S. economic growth is expected to remain in positive territory in 2025, between 1.3 percent and 1.8 percent, but the possibility of a slowdown resulting from new protectionist trade policies is also real. Given concerns surrounding inflation, the Fed may be forced to keep interest rates higher for longer than originally expected, which could weigh on business investment, industrial activity and real estate. Although the labor market is predicted to remain supportive of some consumer spending growth, households will likely cut back on discretionary spending in favor of essentials.

The first quarter surge in imports undoubtedly helped results across North America, but the potential for a downturn seems inevitable given the current trade landscape. With that in mind, international intermodal is expected to fall 1.0 percent in 2025 due to the expiration

of tariff exemptions and delays in the second half of the year. Domestic container traffic, on the other hand, is forecasted to increase 1.0 percent, in line with its recent growth trend. This would offset accelerated declines among trailers which are now projected to end the year 18.5 percent to the negative.

Overall, the intermodal network is projected to contract 0.6 percent in 2025 on the heels of an 8.5 percent gain in 2024. Of course, the tariffs underpinning this picture could disappear just as quickly as they appeared, given their use as a bargaining tactic with most countries. If that happens, expectations could shift upward in the coming months.

## Trucking Industry Performance

Total Class 8 tractor-trailer volume was 0.8 percent higher than the first quarter of 2024. Dry van loadings were down 0.2 percent, while refrigerated was up 0.5 percent, and all other loadings were up 1.8 percent.

On a length-of-haul basis, super long-haul (550 or more miles) – the most competitive length of haul with intermodal – managed 0.9 percent, while long-haul (300 to 549 miles) and medium-haul (125 to 299 miles) eked out 0.3 percent and 0.4 percent, respectively. Short-haul (less than 125 miles) growth stood out at 3.9 percent, but that favorable comparison was due in large part to weather-related disruptions a year earlier.

Those figures square with the Q1 spot market where flatbed and specialized load postings and broker-posted rates rose steadily, while volume for dry van and refrigerated van equipment mostly lagged comparable 2024 levels. Tariff-driven pull-forward of steel and aluminum imports and shipments of large machinery and equipment likely explain flatbed's spot market strength, based on their timing and geographical distribution.

Meanwhile, capacity appeared to have plateaued during the quarter. Active truck utilization – the share of seated trucks engaged in hauling freight – had shown signs of strengthening in December after its recovery stalled out last summer, but none of the first three months of the year exceeded December's level.

## Tractor/Trailer Loads Originated 1st Qtr. 2024 vs. 1st Qtr. 2025

<b>(Tractor/Trailer Loads Originated) Seasonally Adjusted</b>			
<b>Actual Length-of-Haul</b>	<b>1st Quarter 2024</b>	<b>1st Quarter 2025</b>	<b>Y/Y % Change</b>
<b>&lt;125 Miles</b>	17,758,288	18,445,001	3.9%
<b>125-299 Miles</b>	46,766,937	46,937,743	0.4%
<b>300-549 Miles</b>	64,095,196	64,313,944	0.3%
<b>550+ Miles</b>	18,154,323	18,313,256	0.9%
<b>Grand Total</b>	<b>146,774,743</b>	<b>148,009,944</b>	<b>0.8%</b>

Of note, March payroll employment jumped by 9,600 trucking jobs, according to preliminary estimates from the Bureau of Labor Statistics. The increase, which was the largest in more than three years, suggests stronger truck utilization. The big question is whether the demand for drivers was organic or related to the pull-forward of freight.

### Trucking Outlook

Growth in year-over-year tractor-trailer loadings is expected to taper through the end of 2025, then to turn negative. A 0.6 percent increase is anticipated for Q2, followed by 0.2 percent in Q3 and a flat Q4, before dropping into the red with 0.6 percent decline in the first quarter of next year. These are downward revisions from a modest acceleration previously predicted for the truck freight market. Likewise, active truck utilization is expected to fade by the fourth quarter, and the current forecast pegs active utilization in Q1 of 2026 slightly lower than this year's first quarter.

This trajectory reflects the outlook for imports and the effect of tariffs as it starts to be felt in the second quarter. Of course, an end to the trade war certainly would boost the economy and freight.

Meanwhile, some damage has already been done in terms of costs and supply chain disruptions. Continued business community uncertainty appears guaranteed as price inflation and high interest rates remain concerns.

## Intermodal Implications

The deflation in trucking's recovery – primarily because of broad-based tariffs and a full-scale trade war with China – will limit domestic opportunities for an intermodal sector at the same time that international container traffic falls.

This picture, however, is not without potential silver linings for intermodal. A truly rough patch for truck freight this summer could be the catalyst that finally pushes many resilient small trucking operations out of the market. An analysis of Federal Motor Carrier Safety Administration data indicates that the truck freight market still has about 89,000, or nearly 35 percent, more for-hire trucking firms holding active authority than before the pandemic, and that population has been stabilizing.

Various industry stakeholders indicate that many small trucking operations are still in business only due to forbearance from equipment lenders. A downturn in freight volume, even a fairly brief one, might finally yield the exodus of enough operations to tighten the truck freight market to intermodal's advantage.

## Short Term Trucking Outlook

	History	Forecast			
	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
<b>Active Truck Utilization</b>	93.4%	94.0%	94.0%	93.3%	93.0%
<b>Cl. 8 Tractor/Trailer Loadings Originated</b>					
000s of Loadings	148,010	147,769	147,067	146,596	147,081
% Change, Q/Q	1.0%	-0.2%	-0.5%	-0.3%	0.3%
% Change, Y/Y	0.8%	0.6%	0.2%	0.0%	-0.6%
<b>Driver Labor Availability Index</b>					
Index (1992=100)	131.2	131.6	132.0	132.5	132.9
% Change, Q/Q	1.6%	0.3%	0.3%	0.4%	0.3%
% Change, Y/Y	2.0%	2.2%	2.2%	2.7%	1.3%
<b>Truck Share of Employment Index</b>					
Index (1992=100)	129.1	127.7	126.7	126.9	127.5
<b>Truck Driver Pressure Index</b>					
Index (0 = Neutral)	2.7	3.5	3.1	2.3	2.3