

Intermodal Savings Index

Third Quarter
November 2023



Journal of Commerce
by **S&P Global**

Intermodal Savings Index

Q3 2023

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I. How Our Data is Calculated

Calculation: The Journal of Commerce Intermodal Savings Index (ISI) is a proprietary calculation that measures the cost savings for shippers using trains instead of long-haul trucking for domestic freight. The ISI evaluates 120 lanes every month, sending rates to truckload brokers, intermodal marketing companies (IMCs), and shippers for review.

- The index has a base value of 100, meaning truck and rail rates are equal. An index value greater than 100 indicates shipper savings when using intermodal, while a value of less than 100 indicates savings using trucking. If intermodal is 20% cheaper than trucking, then the index would be 120. If trucking is 20% cheaper, the index would be 80.
- “Pro-trucking” lanes are defined as those where trucking is cheaper.
- “Pro-intermodal” lanes are defined as those where rail saves more than the national average.
- Truck competitive lanes are defined as those where rail is cheaper, but one-off charges could still make trucking more cost-effective.

It is important to note that intermodal rail may not always provide cost savings. The *Journal of Commerce* Intermodal Savings Index aims to identify which origin and destination combinations are the most and least cost-effective.

II. Executive Summary

The bottom line: Domestic intermodal volume was stronger in the third quarter than in the first half of the year, while intermodal rail service levels remained stable.

Introduction: In the third quarter of 2023, total North American intermodal volumes — i.e., goods hauled by trains and trucks — fell 7.1% compared to the same three

months of 2022, according to the Intermodal Association of North America (IANA). However, domestic volume — i.e., goods hauled in 53-foot containers — rose 1.6%. Including 53-foot trailers, domestic volume fell 0.7% year over year. This suggests that the decline in overall North American intermodal volume is due primarily to lower demand for international intermodal, though it should be noted that third-quarter domestic intermodal volume is being compared to a non-existent peak season in 2022. Domestic container volume remained below those recorded in the third quarter of 2020 and 2021, and total shipments including trailers were the weakest for a third quarter since 2016. Since September 2022, intermodal providers have added more than 30,000 containers to the national fleet, according to PIERs, a sister product of the *Journal of Commerce* within S&P Global, and Jason Hilsenbeck, president of Loadmatch.com. Although this additional capacity may be needed to handle long-term volume growth, the current imbalance between supply and demand it has resulted in widespread stacking and idling of containers in the short term.

Intermodal service and speed: Much like in the second quarter, railroad service levels remained high amid depressed volume. With demand down, average intermodal train speeds among US railroads rose to 30.4 miles per hour during the third quarter, up from 28.5 miles per hour in the same three-month period of 2022, according to data submitted to the US Surface Transportation Board (STB).

Intermodal Savings Index (ISI): The *Journal of Commerce* Contract ISI averaged 125.7 in the third quarter, representing 25.7% savings on intermodal contract rates compared with truckload contract pricing (Chart 2A). The Spot ISI averaged 116.7 in the third quarter, representing 16.7% savings on intermodal spot rates compared with truckload. The Contract ISI reading was just one point below its long-term average, indicating continued savings for shippers. The Spot ISI rebounded from “danger” territory in the first and second quarters as truckload spot rates rose due to higher fuel costs. Since 2015, the average monthly Contract ISI value was 126.7 and the average Spot ISI value was 114.8.

CHART 2A

ISI values

Contract and Spot ISI: 3 month, 6 month, 12 month rolling averages.

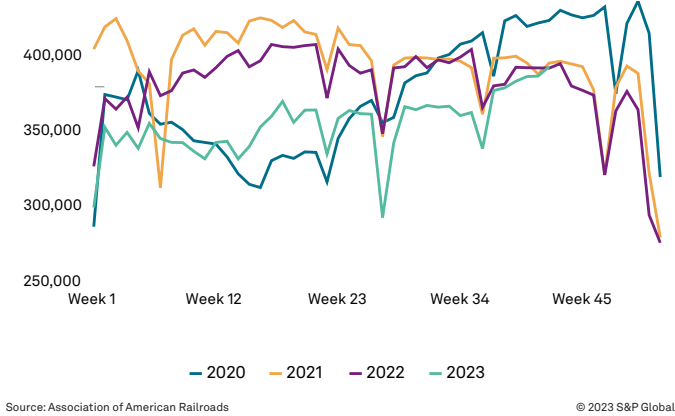
3 month ISI		6 month ISI		12 month ISI	
Spot	Contract	Spot	Contract	Spot	Contract
116.7	125.7	114.8	125.3	114.9	125.7

Source: S&P Global

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CHART 3A

Intermodal volume registers first yoy gain of 2023 in mid-October
Weekly North American intermodal volume, containers and trailers



III. The Volume Picture

The bottom line: While domestic intermodal volume remains below pre-pandemic levels, there are signals that the worst of the freight recession has passed.

AAR volume totals: North American intermodal volume across all container and trailer sizes fell 9.2% year over year in the third quarter, according to the Association of American Railroads (AAR) (Chart 3A). Railroads moved 4.67 million containers and trailers during the quarter, 471,142 fewer loads than in the same three months last year and the lowest total for the third quarter since 2010. The last time North American railroads moved fewer than 5 million containers and trailers in a third quarter was in 2016. The AAR data is updated weekly in seven-day blocks, but it does not provide a monthly snapshot, nor does it separate volumes by container size.

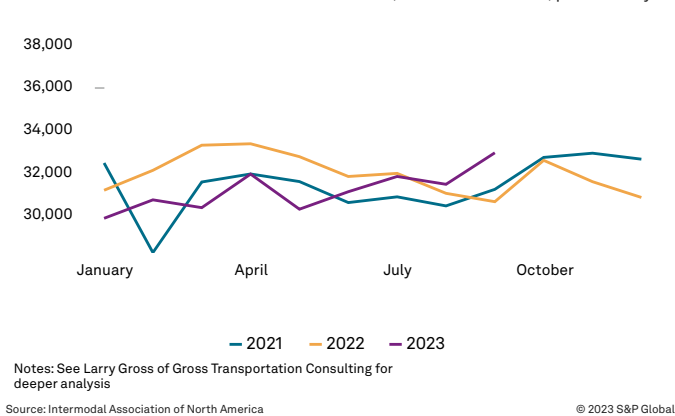
IANA volume totals: Monthly data from IANA, which is separated by container size, shows the weakness in weekly shipments tracked by AAR during the third quarter was attributable primarily to lower international intermodal volume. Trains moved 2.2 million domestic containers and trailers across North America between June 1 and Sept. 30, the weakest third quarter since 2016. However, when trailers are excluded, the 2.04 million containers carried was up 1.6% year over year and 3.9% sequentially — the largest jump between the second and third quarters since 2009. The domestic container business had a “mini” peak in 2023, driven by volumes flowing between the Southwest and Midwest, after two years of flat or declining volume during the traditional third-quarter peak season. Shipments from the Southwest to the Midwest grew 6.4% year over year during the quarter, while Midwest–Southwest volumes rose 5.6%. While domestic container volume grew in the third quarter, the market wasn’t nearly as robust as in late 2020 or 2021.

Per workday: On a per-workday basis, domestic container volume fell 0.5% year over year in July, but rose 1.4% in August and 7.5% in September, according to data from IANA and Lawrence Gross, president of Gross Transportation Consulting, adjusted and weighted by day of the week (Chart 3B). For more details on the per-workday analysis, please read “Intermodal In-Depth” by Lawrence Gross.

Rail vs. private containers: Breaking down the intra-US volume into rail-owned EMP and UMAX containers and “private” boxes owned by Hub Group, J.B. Hunt or Schneider, rail-owned container volumes plummeted 18.2% year over year in the third quarter, while volume in private boxes grew 5.1%, according

CHART 3B

Domestic container volume gains accelerate in September
North American domestic intermodal rail volume, 53-foot containers, per workday



XI. Acknowledgements

Although we are prohibited from disclosing the identities of many 3PLs, IMCs, and shippers contributing data to the *Journal of Commerce* Intermodal Savings Index (ISI), we thank them for participating.

We can identify Cargo Chief, InTek Freight and Logistics, Sunset Transportation and Zipline Logistics as valued ISI partners. Loadsmart provides data for the *Journal of Commerce* Shipper Spot Truckload Rate Index, tracking broker-to-shipper rates on more than 4,000 lanes, which we compared with the smaller ISI sample size.

Professor Jason Miller of Michigan State University provides a forward three-month forecast for the ISI using advanced statistical modeling.

Rick LaGore, CEO of InTek Freight and Logistics, provides intermodal spot market rates on more than 115 lanes. We average the InTek data with transactional rates published by Class I railroads and asset-owning IMCs to provide a complete view of the spot market and recently expanded the ISI to cover 120 lanes.

DAT Freight & Analytics provides broker-to-driver rates on all index lanes and gives guidance on how to convert those numbers into a broker-to-shipper invoice. We send those estimates to 3PLs and shippers for review on a monthly basis.

The Intermodal Association of North America provides monthly container data to properly weight the ISI based on origination. Our goal is to build upon the great work and industry expertise of the people and companies listed above. The data underlying the ISI is available to *Journal of Commerce* Gold-tier subscribers upon request. We encourage our readers to contact us or our data contributors with further questions.

Finally, we thank our parent company, S&P Global, for their continued support of the *Journal of Commerce*.

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The *Journal of Commerce*, part of S&P Global, provides daily authoritative analysis of international containerized transportation and logistics offered on a subscription basis and organizes industry-leading annual conferences, including TPM, that provide immersive information and networking experiences. Information produced by a team of specialized subject matter expert journalists supports tactical and strategic decision making among corporate logistics teams and senior management at container shipping lines, logistics firms, truckers, railroads, marine terminals, port authorities, truckers and others participating along end-to-end international supply chains.

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