



2Q19 Transload to Rail Report

CHICAGO – August 5, 2019 – [TTX](#), a leading provider of railcars and related freight car management services, today announced the results of its second quarter 2019 Transload to Rail Report. Since 2002, TTX Company has developed quarterly estimates of container transloading that help track trends in international logistics and intermodal operations.

For the PSW (the ports of Long Beach and Los Angeles), imports fell 1.1% to 2,119,108 TEUs in 2Q19. This is not surprising, given that surging imports in December of 2018 (shipped early to avoid the threat of tariffs on January 1st) pulled in cargo that otherwise would have shipped during the first and second quarters of 2019. For the first six months of the year (1H19) imports declined by 2.7% (from 4,165,937 TEUs in 1H18 to 4,053,854 TEUs).

Similarly, TTX estimates that the amount of imports transloaded and routed inland by rail fell by 4.7%, to 706,028 TEUs in 2Q19 compared to 2Q18 (with transload share slipping to 33.3% from 34.6%). Combining 2019's 1Q and 2Q data, transload volume fell 3.1% compared to the same period last year with 1,393,019 TEUs transloading this year, versus 1,438,192 TEUs transloading in 1H18. However, for the first six months of the year transload share averaged 34.4%. just a fraction below 1H18's share of 34.5%.

Intact or Inland Point Intermodal (IPI) shipments dropped 9.5% in 2Q19 compared to the same period last year (falling to 704,868 TEUs from 778,478 TEUs). For the first half of the year, IPI declined by 7.8% to 1,397,113 TEUs from 1,506,628 TEUs in 1H18. At this time, it is unclear why IPI dropped so precipitously. Preliminary data suggests that tariffs induced shippers to change the origin source of some imports away from China to other locations, particularly to countries in south and western Asia (such as India) and even to Europe. While imports from China, Vietnam, Korea etc. (i.e. eastern Asia) are very likely to discharge on the West Coast, imports from other regions have a high likelihood of arriving on the East Coast, and that shift may have altered distribution patterns.

IMPORT TRANSLOADS

	2011	2012	2013	2014	2015	2016	2017	2018
PSW Imports	7,040,307	7,117,445	7,426,803	7,779,653	7,723,248	7,907,715	8,430,755	8,849,795
vs. Prior Year	1.7%	1.1%	4.3%	4.8%	-0.7%	2.4%	6.6%	4.9%
Estimated PSW Transload	2,130,208	2,270,555	2,394,283	2,482,540	2,548,672	2,693,501	2,849,595	3,001,617
vs. Prior Year	5.7%	6.6%	5.4%	3.7%	2.5%	5.7%	5.8%	5.3%
Share of PSW Imports	30.3%	31.9%	32.2%	31.9%	33.0%	34.1%	33.8%	33.9%
Estimated PSW Intact	2,991,372	2,844,753	2,978,060	3,156,104	3,044,385	2,807,620	2,941,764	2,982,879
vs. Prior Year	7.0%	-4.9%	4.7%	6.0%	-3.5%	-7.8%	4.8%	1.4%
Share of PSW Imports	38.2%	36.0%	36.1%	36.5%	35.5%	32.0%	31.4%	30.3%
PNW Imports	1,348,805	1,416,703	1,345,913	1,299,417	1,323,430	1,392,831	1,368,609	1,445,253
vs. Prior Year	-5.7%	5.0%	-5.0%	-3.5%	1.8%	5.2%	-1.7%	5.7%
Estimated PNW Transload	320,801	345,252	366,720	372,588	394,382	424,705	454,378	480,276
vs. Prior Year	5.9%	7.6%	6.2%	1.6%	5.8%	7.7%	7.0%	5.7%
Share of PNW Imports	23.8%	24.4%	27.2%	28.7%	29.8%	30.5%	33.2%	33.2%
Estimated PNW Intact	730,052	778,317	710,769	612,964	655,989	670,837	599,684	638,357
vs. Prior Year	-9.0%	6.6%	-8.7%	-13.8%	7.0%	2.3%	-10.6%	6.4%
Share of PNW Imports	54.1%	54.9%	52.8%	47.2%	49.6%	48.2%	43.9%	44.2%
W Canada Imports	1,467,737	1,664,250	1,727,675	1,851,101	1,979,785	1,942,905	2,206,086	2,312,376
vs. Prior Year	6.0%	13.4%	3.8%	7.1%	7.0%	-1.9%	13.5%	4.6%
Estimated W. Canada Transload	156,606	165,015	172,768	181,408	184,120	192,966	203,131	202,991
vs. Prior Year	1.9%	5.4%	4.7%	5.0%	1.5%	4.8%	5.3%	-0.1%
Share of Western Canada Imports	10.7%	9.9%	10.0%	9.8%	9.3%	9.9%	9.2%	8.8%
Estimated W. Canada Intact	954,400	1,088,390	1,125,059	1,236,938	1,290,692	1,254,245	1,433,453	1,530,436
vs. Prior Year	5.5%	14.0%	3.4%	9.9%	4.3%	-2.8%	14.3%	6.8%
Share of W. Canada Imports	65.0%	65.3%	65.4%	66.6%	65.2%	64.6%	65.0%	66.2%



For PNW ports (Seattle and Tacoma), total imports rose 1.8% to 347,404 TEUs in 2Q19 from 341,035 during 2Q18, a 1.8% gain. For 1H19, imports increased by 3.6% compared to 1H18, reaching 683,002 TEUs. On the other hand, transloading slipped by 2.8% from 115,987 transloaded TEUs in 2Q18 to 112,691 TEUs transloaded in 2Q19 (transload share declined from 34.0% to 32.4%). For January – June 2019, estimated transloaded TEUs decreased 3.1% compared to the same period last year, from 230,827 TEUs to 223,648 TEUs, while transload share of PNW imports remained virtually the same (33.9% in 1H18 versus 33.8% in 1H19). Last, PNW IPI traffic fell by 1.6% in 2Q19 (to 155,492 TEUs from 157,988 TEUs in 2Q18). However, for the first half of 2019, IPI expanded by 5.1%, reaching 307,273 TEUs compared to 292,414 TEUs during 1H18.

Note that the transload volume is an estimate, based on TTX's modeling, and it is possible that PNW transloading may have actually increased during 2019, while loads of domestically produced freight declined. TTX continues to investigate alternate methodologies for estimating PNW transloading volume and share.

For western Canadian ports (Vancouver and Prince Rupert), container imports grew 2.6%, reaching 580,448 TEUs during 2Q19 from 565,570 TEUs in 2Q18. For the first half of 2019, imports grew 3.1% to 1,143,145 TEUs from 1,108,589 TEUs in 1H18. Estimated transload volume remained virtually unchanged when comparing 2Q19 traffic to 2Q18, with 2Q19 volume estimated at 50,887 TEUs compared to 51,081 TEUs during January – March 2018. Transload share dropped slightly from 9.0% during the second quarter of last year versus 8.8% during 2Q19. Comparing 1H19 to 1H18, transload volume contracted by just 2,208 TEUs (to 99,613 TEUs from 101,821 TEUs) but share fell to 8.7% from 9.2%, as import volume grew.

Regarding the definition of transloading, TTX defines it as the transfer of cargo from international marine containers into domestic 53-foot containers that are subsequently shipped inland by rail. In some cases, transloading takes advantage of the spread in the cost of shipping three 40-foot containers inland versus shipping two 53-foot containers. More common, however, is that transloading helps many firms (particularly retailers) manage inventory levels and restocking, which ultimately lowers supply chain costs.

About TTX

[TTX Company](#) is a leading provider of railcars and related freight car management services to the North American rail industry. TTX's pool of railcars – over 165,000 – is ideal for supporting shippers in the intermodal, automotive, paper & forest, metals, machinery, wind energy and other markets where flatcars, boxcars and gondolas are required. Owned by North America's leading railroads, TTX's free-running pools provide fungible assets that minimize total empty miles, further lowering costs and minimizing risk for the industry and helping the railroads conserve their capital for other critical infrastructure needs. Customers easily recognize TTX's bright yellow cars as a consistent, high quality, well-maintained fleet that serves many transportation needs.

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