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The Relationship Between Supply Chains, the Economy and Wall Street

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Lee Klaskow
Senior Freight Transportation and Logistics Analyst
Bloomberg Intelligence
lklaskow1@bloomberg.net

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Tax Reform + Accelerated Depreciation + Fewer Regs = a Stimulated Economy

Indicator	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Economic Activity										
⊞ Real GDP (YoY%)	1.6	2.2	1.8	2.5	2.9	1.6	2.2	2.9	2.5	1.9
Industrial Production (Yo…	3.1	3.0	2.0	3.1	-1.0	-1.9	1.6	3.9	2.6	1.9
Price Indices										
CPI (YoY%)	3.2	2.1	1.5	1.6	0.1	1.3	2.1	2.5	2.1	2.2
⊟ PCE Price Index (YoY%)							1.7	2.0	1.9	2.1
└ Core PCE (yoy%)	1.6	1.9	1.5	1.6	1.3	1.7	1.6	1.9	2.0	2.1
Housing Market										
Housing Starts (000s SAA…							1211	1262	1272	1294
New Home Sales (000s S…							620	617	620	640
Existing Home Sales (Mln…							5.5	5.4	5.4	5.5
Building Permits (000s S…							1260	1309	1315	1325
Labor Market										
Unemployment (%)	8.9	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.6	3.7
Non Farm Payrolls (000s …							175	204	160	120
Average Hourly Earnings …	2.0	2.1	1.9	2.0	2.6	2.7	2.7	3.2	3.2	3.1

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Revenue and Earnings Expectations

	2018E EPS Growth	2018E Revenue Growth	2019E EPS Growth	2019E Revenue Growth
North American Class I Railroads	29.8%	8.0%	14.5%	5.8%
North American Truckload Carriers	67.7%	18.0%	16.1%	8.0%
North American Less-Than-Truckload Carriers	77.9%	13.4%	16.3%	6.8%
Global Integrated Logistics Providers	12.7%	8.9%	9.9%	5.4%
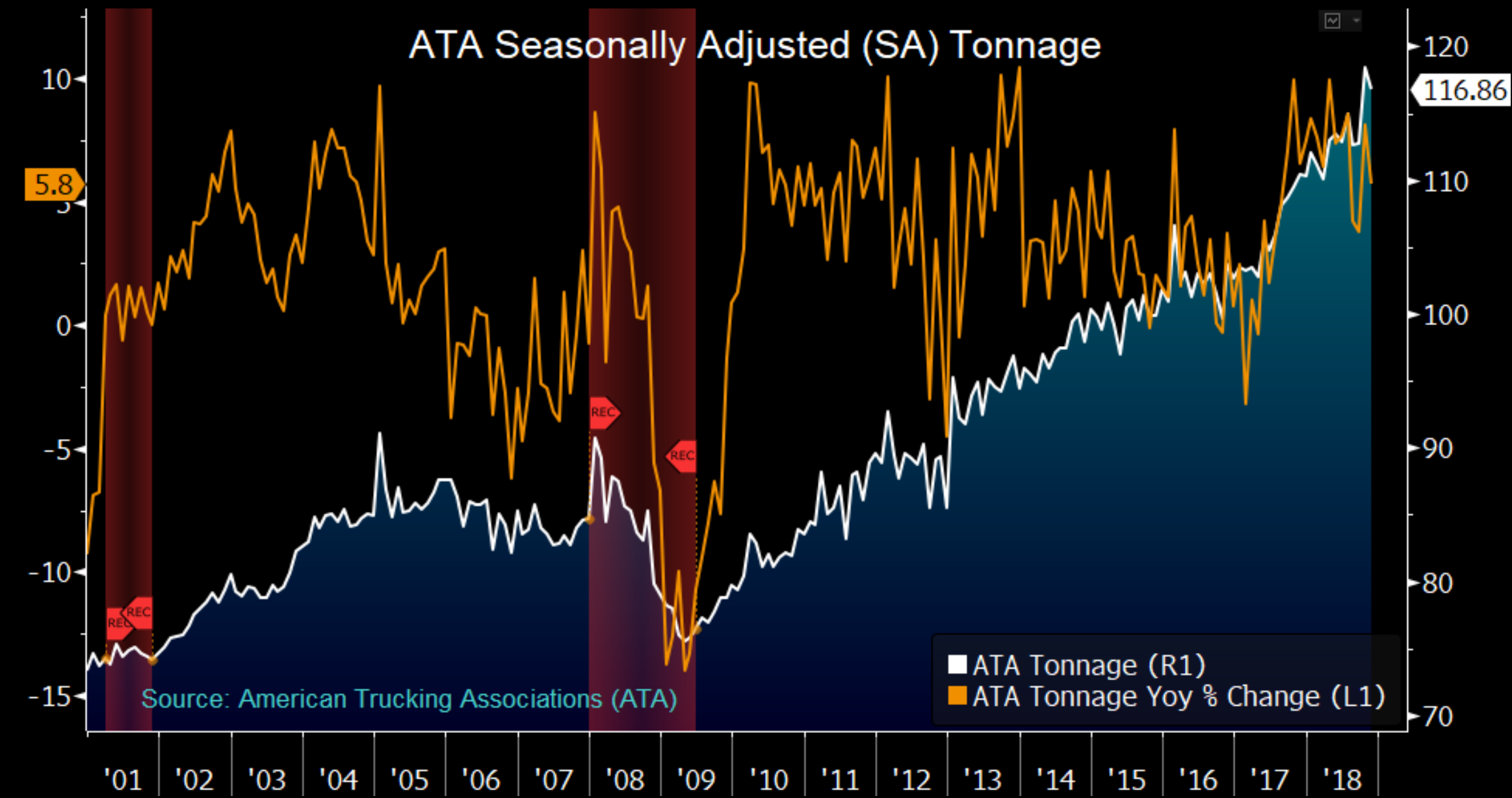
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Trucking Key Indicators Remain Positive

ATA Seasonally Adjusted (SA) Tonnage

Source: American Trucking Associations (ATA)

- ATA Tonnage (R1)
- ATA Tonnage Yoy % Change (L1)

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Trucking Key Indicators Remain Positive

Truckstop.com North American Trucking Market Demand Index

■ Truckstop.com Market Demand Index

30.688

Truckstop.com Average Truckload Equipment Rates vs. U.S. Diesel Prices

■ Average Equipment Rates
■ Dry-Van Rate
■ Average U.S. Diesel Price

3.0130

2.1797

1.9958

Source: Truckstop.com, U.S. DOE, Bloomberg Intelligence

2014   2015   2016   2017   2018

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Trucking Key Indicators Remain Positive

Revenue per Mile Excluding Fuel Surcharge ($)

Source: TruckloadRate.com
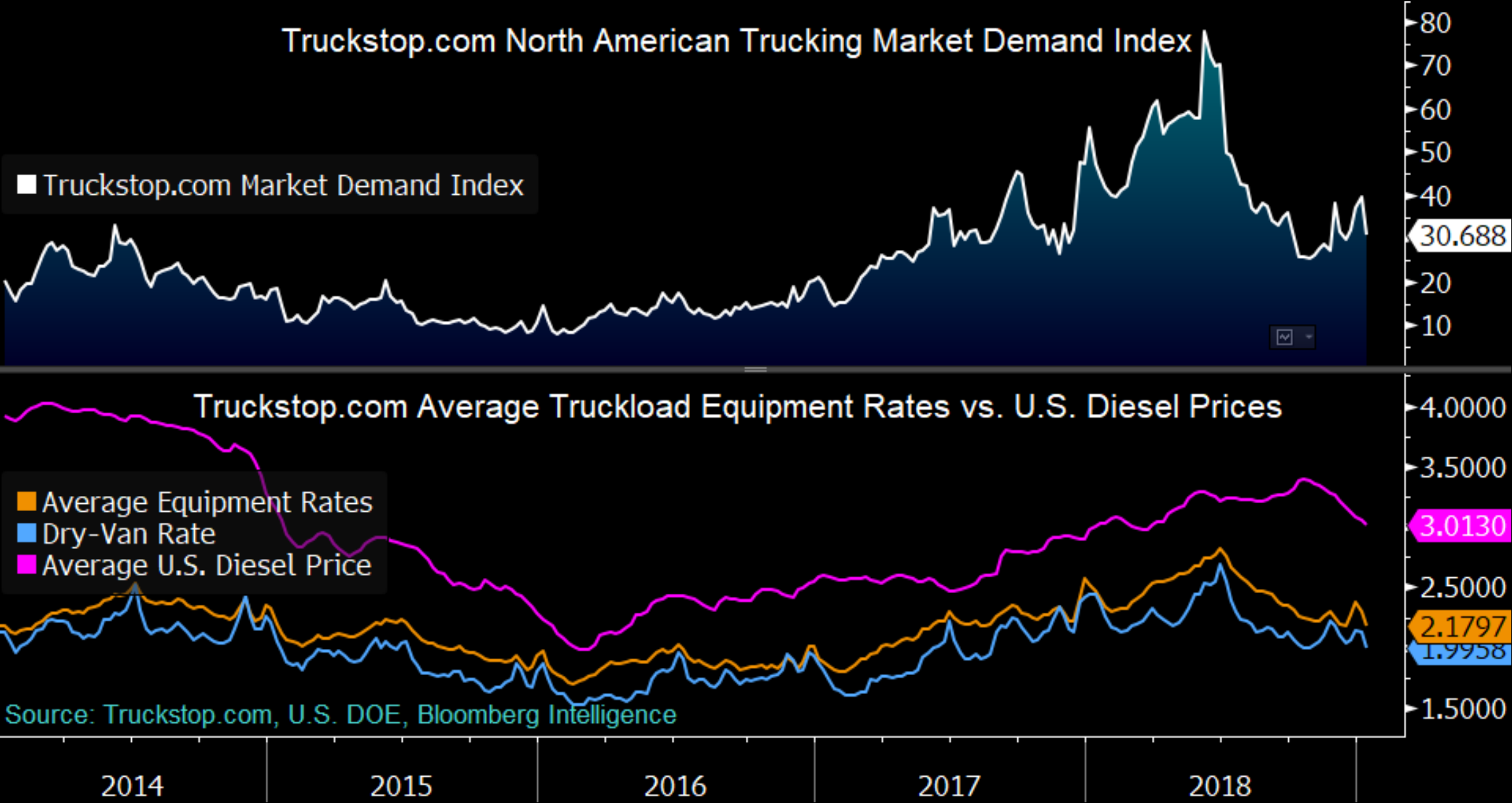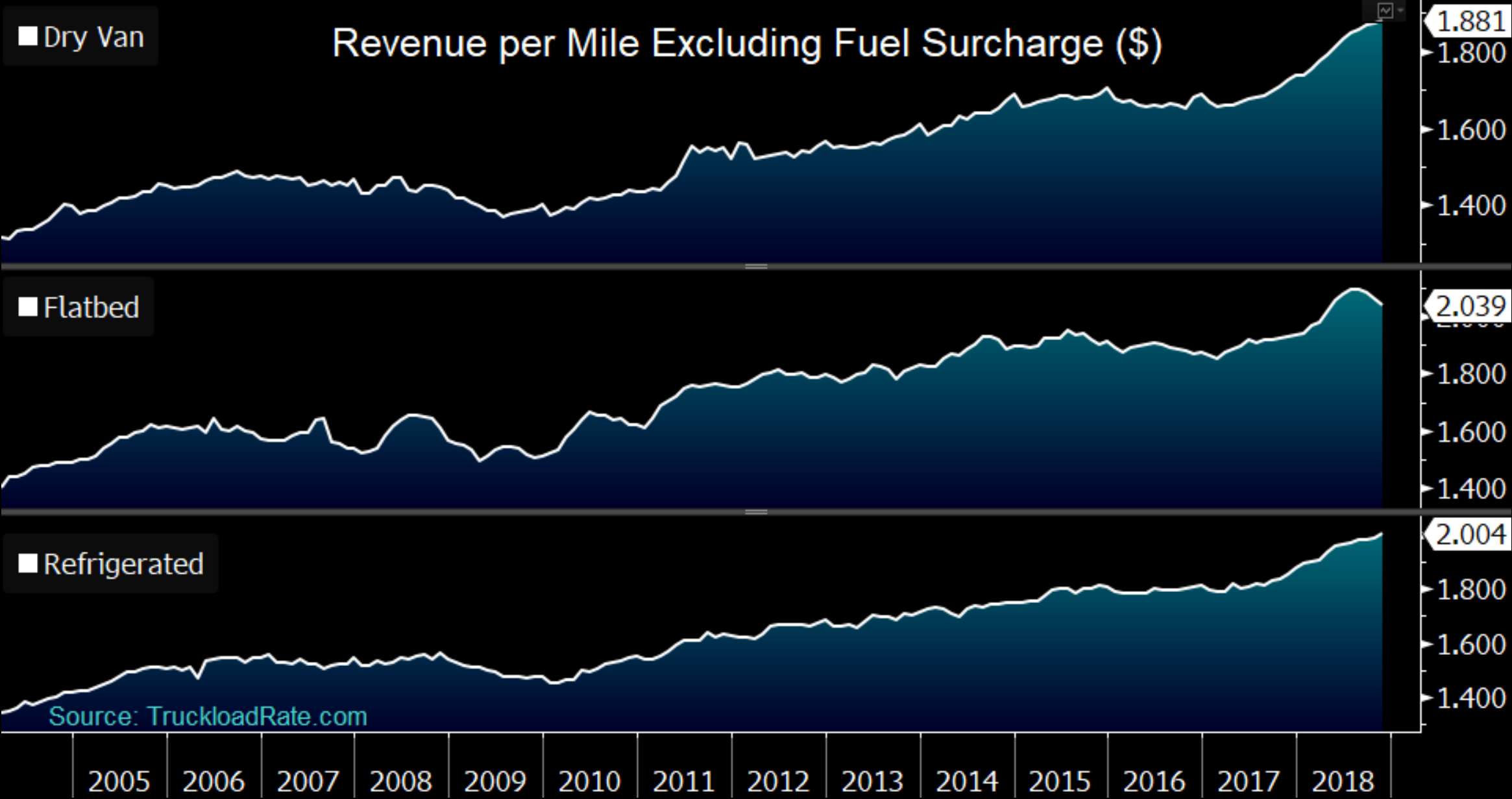
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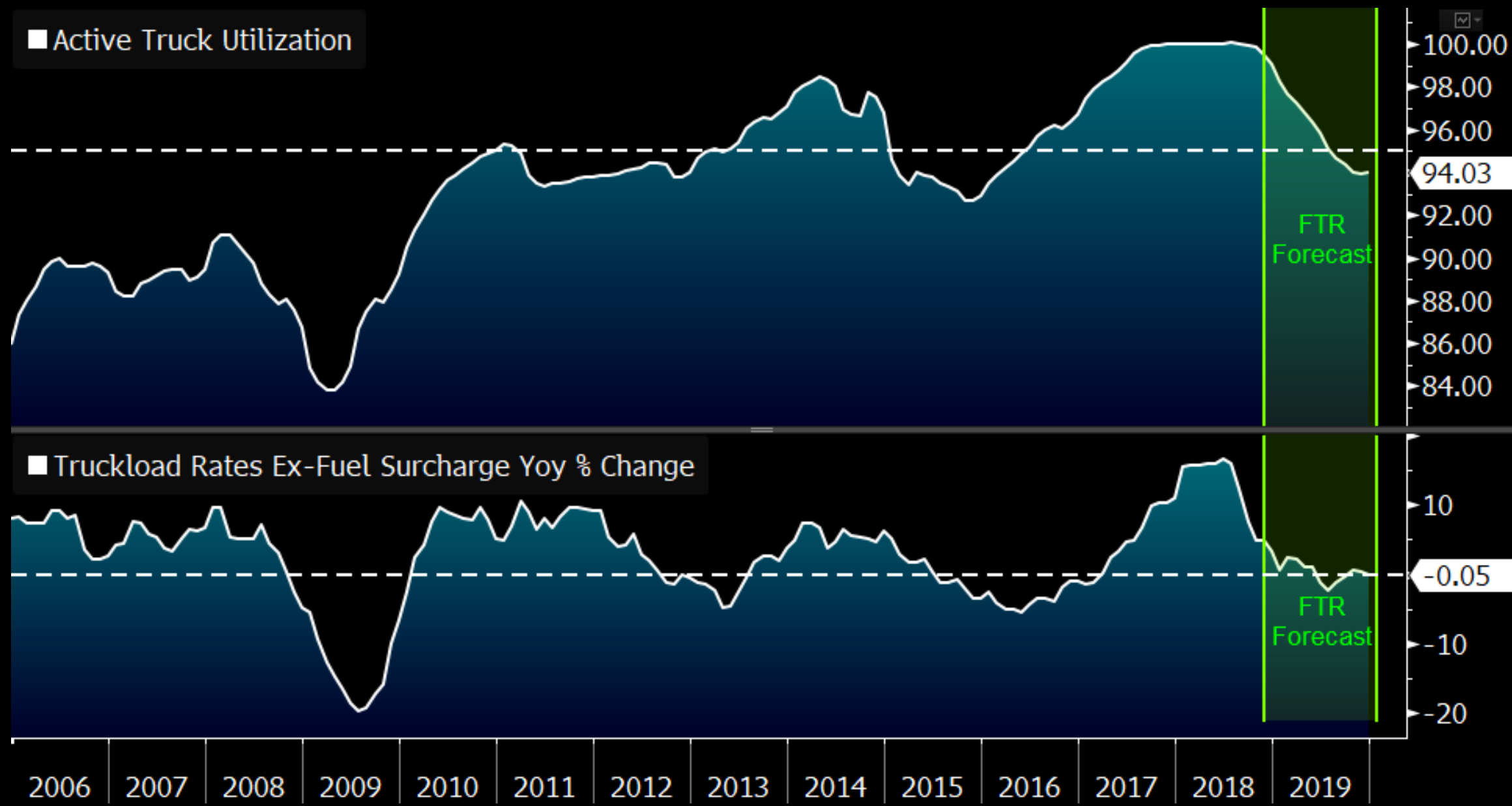
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Orders a Mixture of Rush and Replacement

North American Class 8 Backlog & Build

- Backlog (units) (R2)
- Build (units) (R1)

0.296M

27301.00

North American Class 8 Backlog/Build Ratio

- Backlog/Build

10.84

Target Range

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
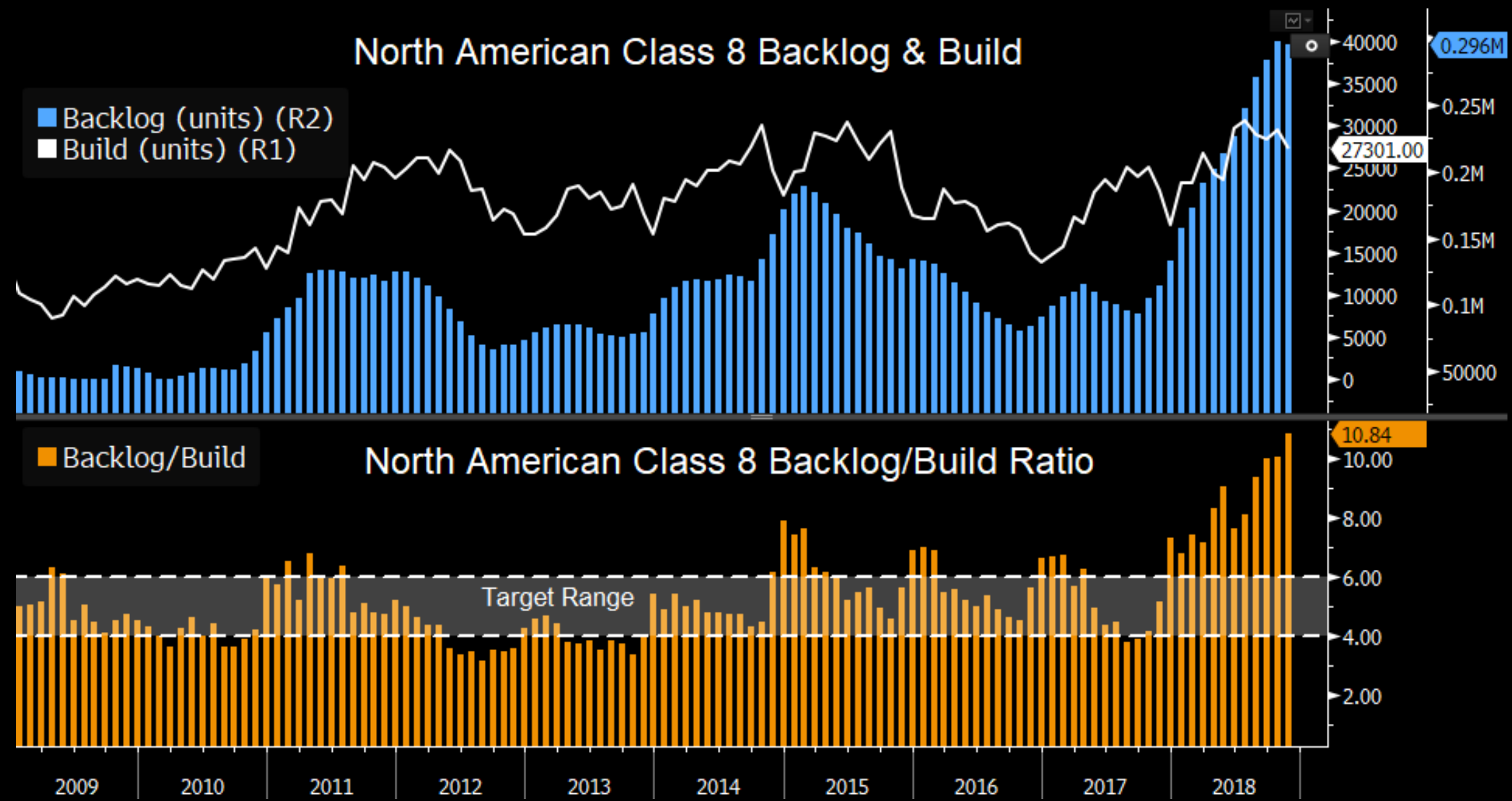
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Who is Going to be in the Seat?

Truck Driver Shortage/Surplus

FTR Forecast

2004 regulation changes caused driver shortages of about 190,000 that year.

■ FTR Truck Driver Shortage/Surplus (Millions) -0.130M

0.2M
0.1M
0
-0.1M
-0.130M
-0.2M
-0.3M

'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
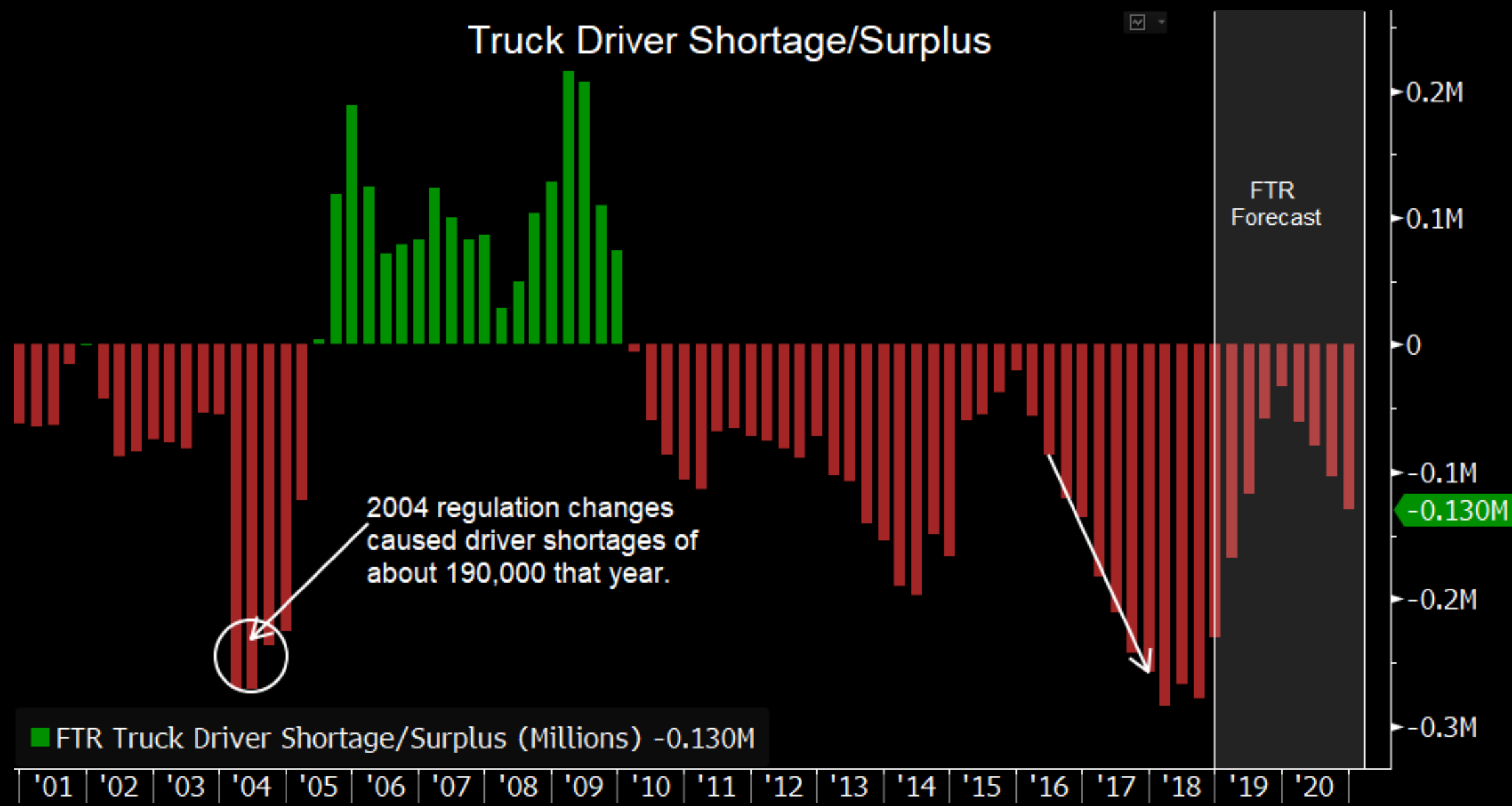
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Truckload Demand Outlook Over the Next Six Months
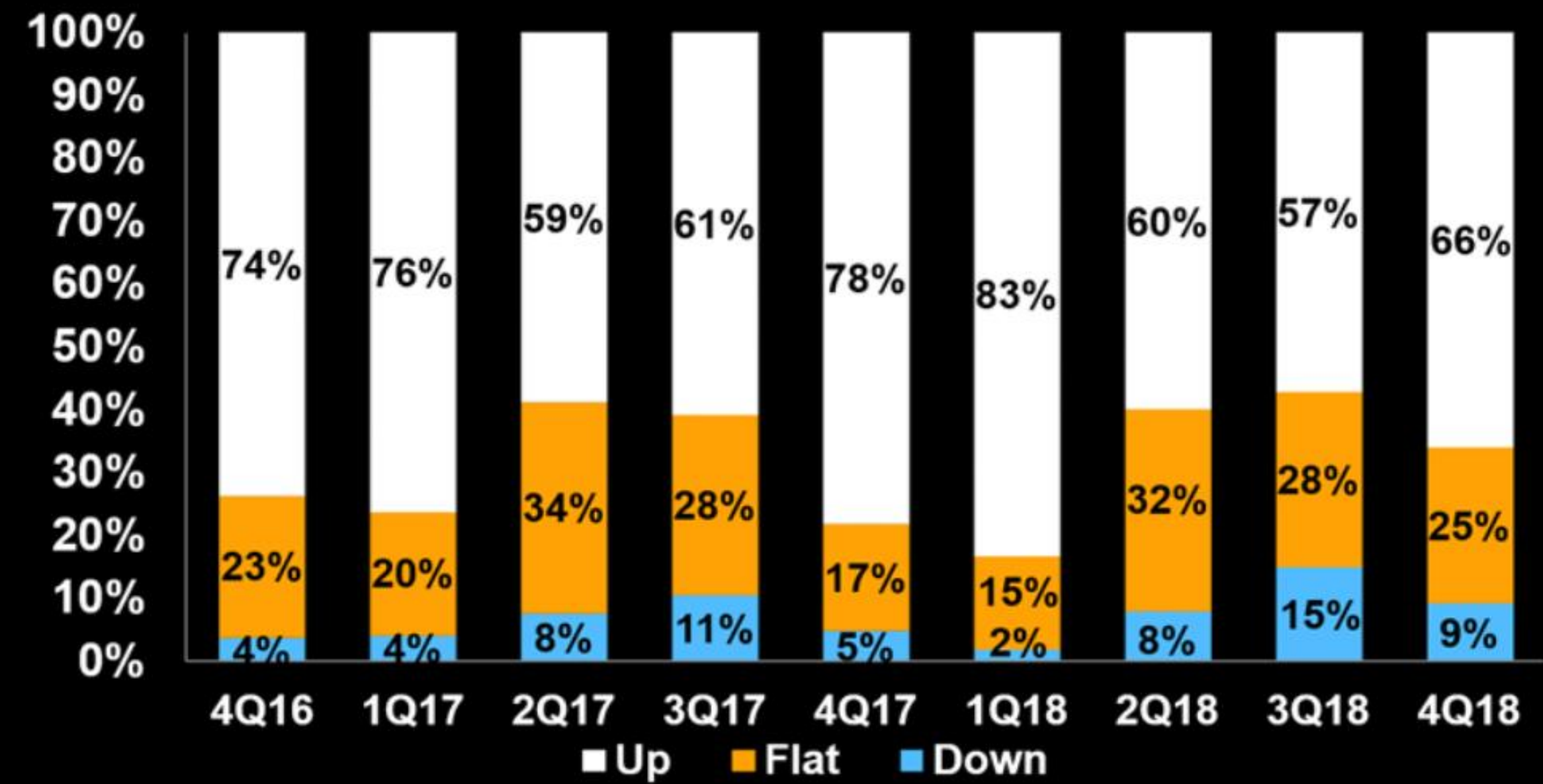
Freight Brokers' Outlook Moderates from Last Year

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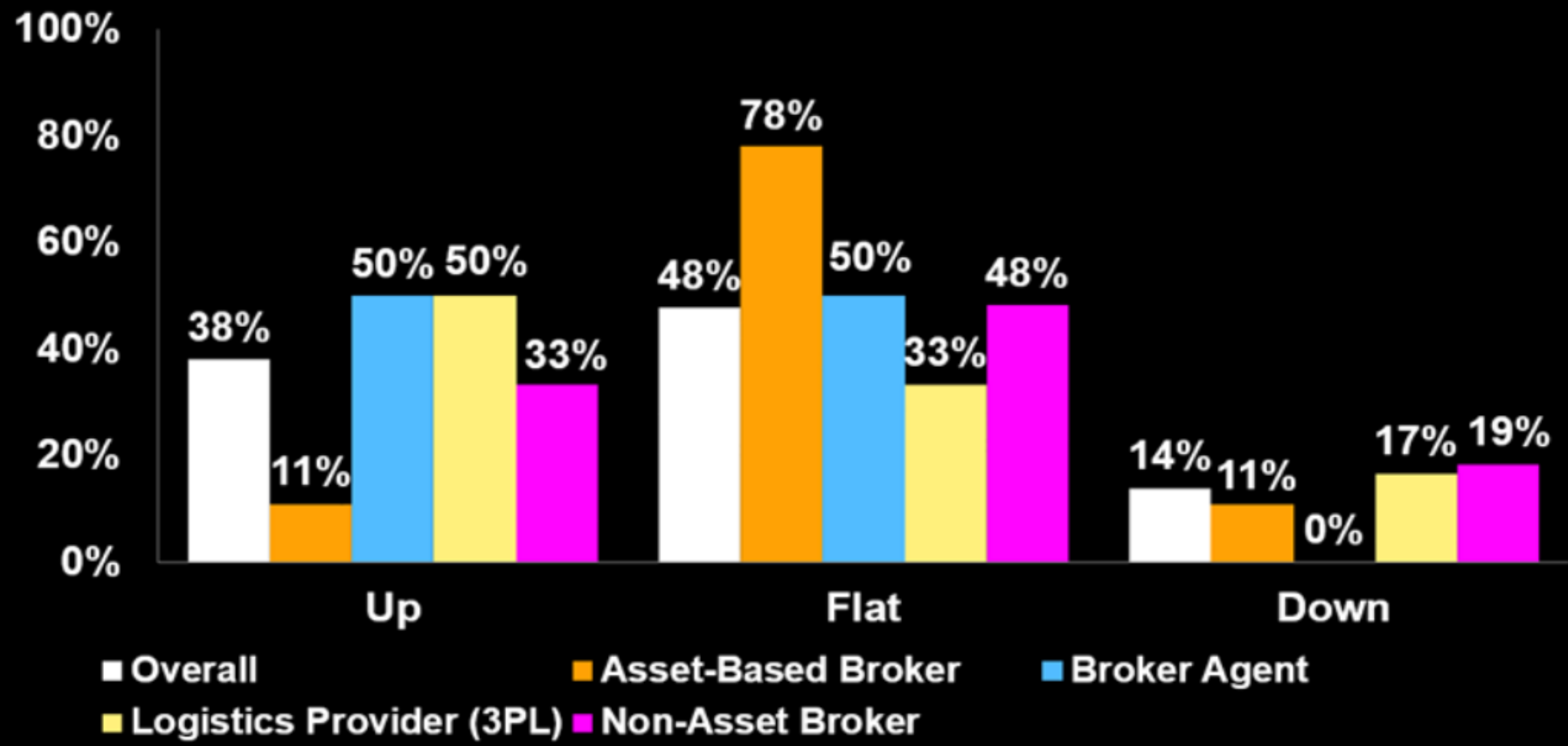
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Intermodal Volume is Trending Higher
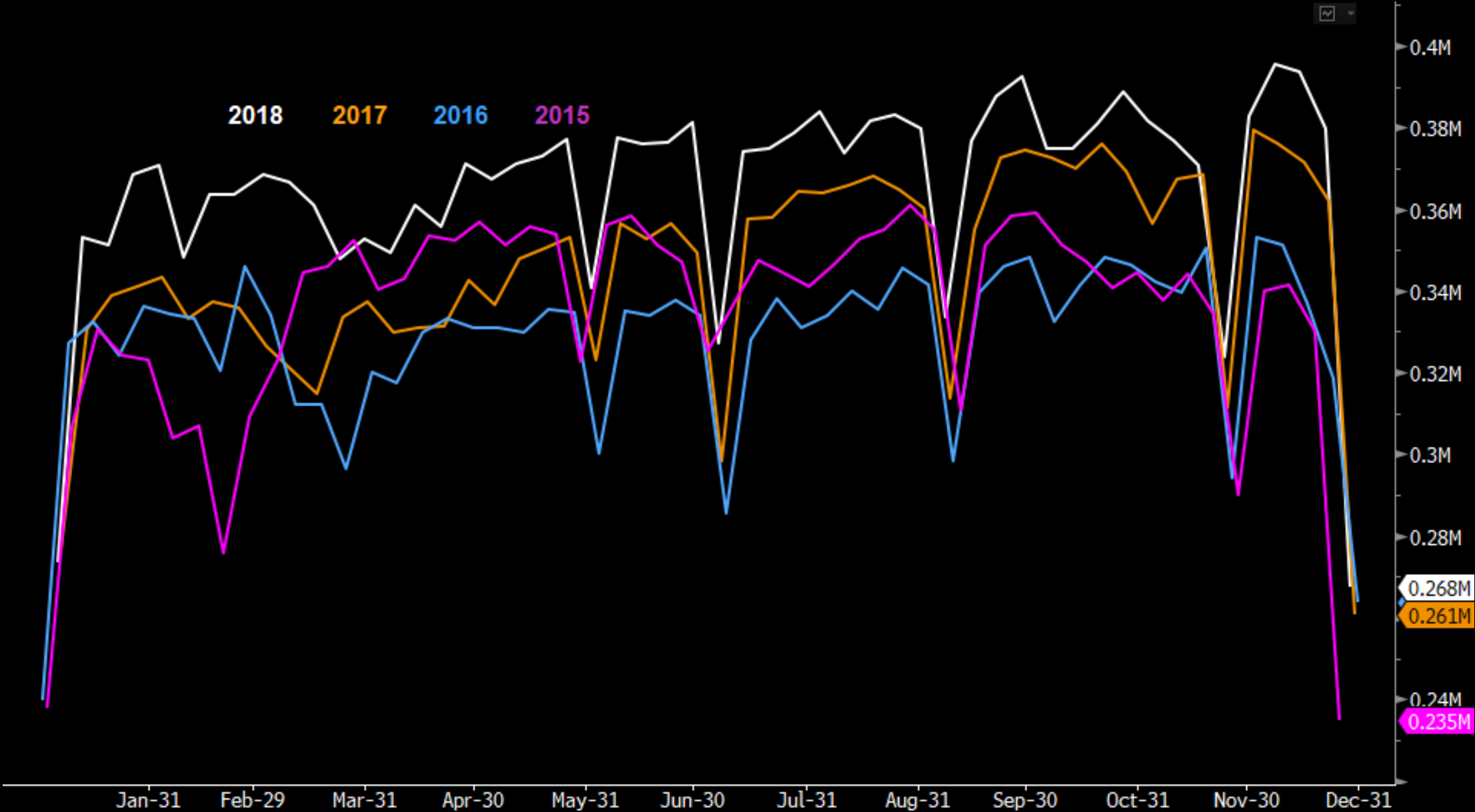
2018   2017   2016   2015

0.268M
0.261M
0.235M

Jan-31 Feb-29 Mar-31 Apr-30 May-31 Jun-30 Jul-31 Aug-31 Sep-30 Oct-31 Nov-30 Dec-31

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So Are Intermodal Rates

- Intermodal Spot Rates (USD per 53' Container)

2581.4106
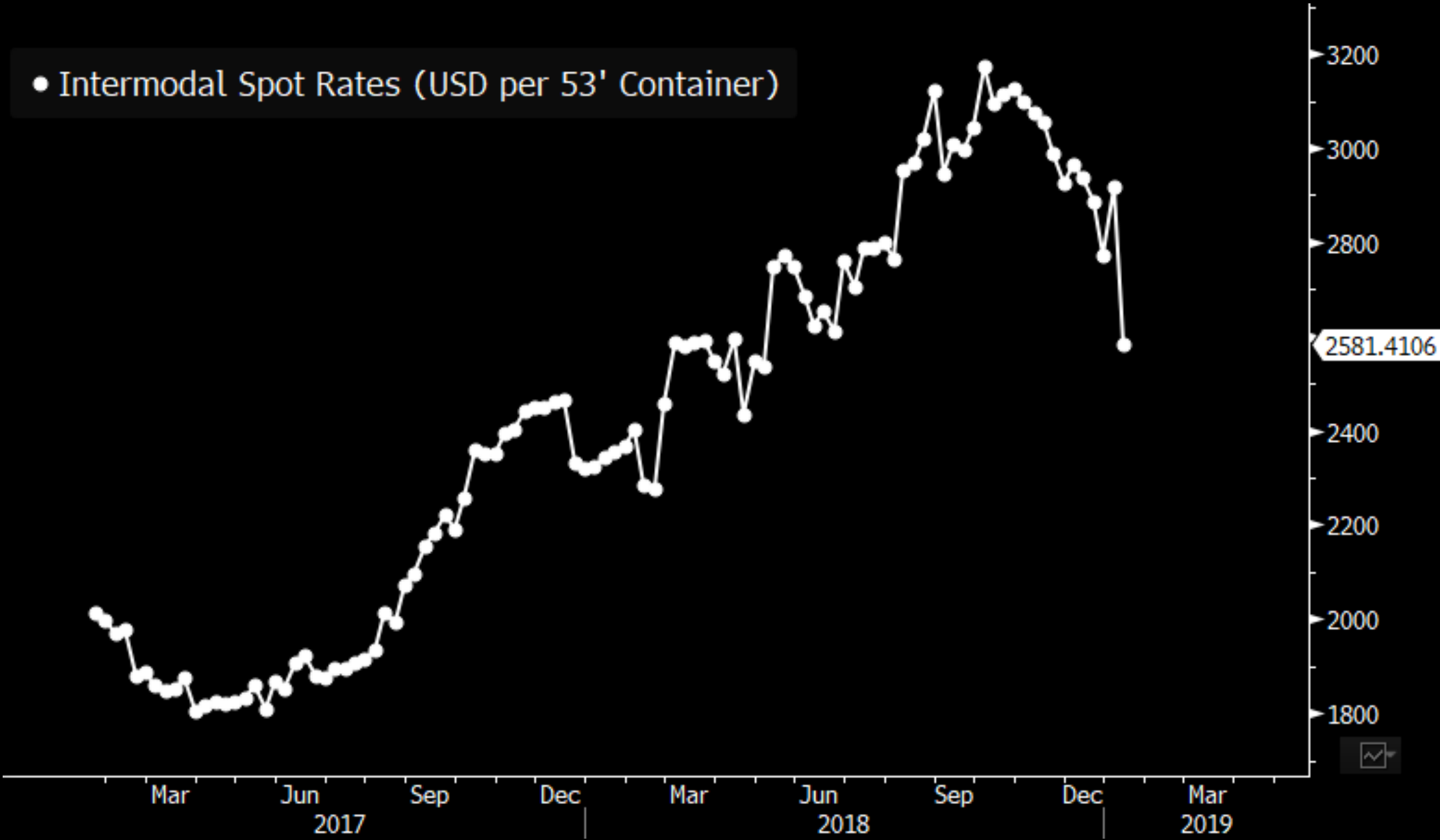
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Intermodal Driving Railroad Carloads

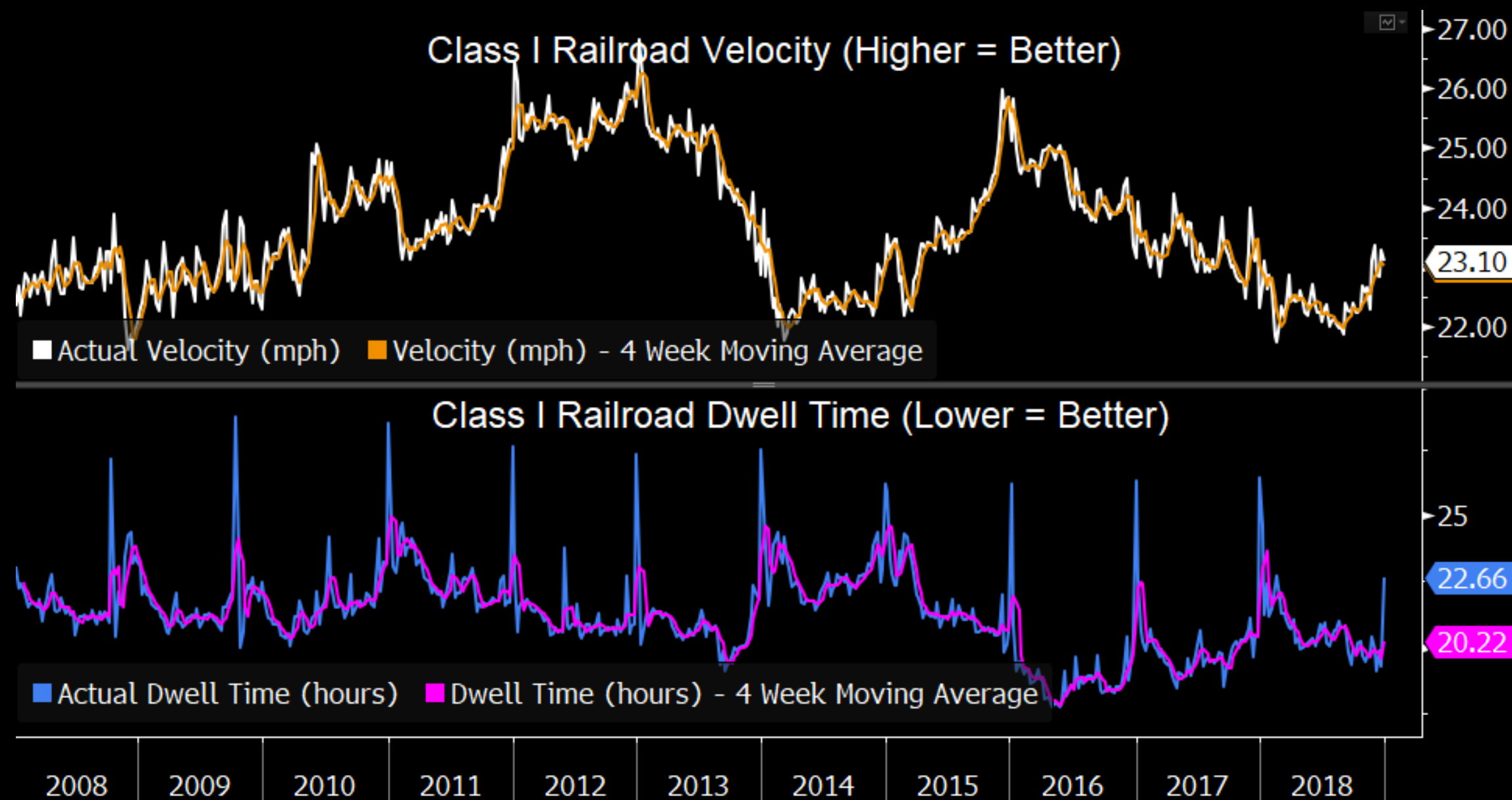|	Week 52 YoY Change	4 Wk Moving Avg Yoy Change	QTD YoY Change	YTD YoY Change
Agriculture	10.5%	1.1%	-0.7%	1.7%
Chemicals	20.3%	12.2%	12.0%	8.1%
Coal	11.9%	4.3%	2.7%	0.1%
Forest Products	-4.5%	-2.2%	-0.9%	0.5%
Metals	9.1%	3.0%	3.1%	2.5%
Automotive	6.9%	1.6%	-0.9%	-0.7%
Minerals	-4.6%	-7.3%	-8.6%	0.3%
Total Commodity Carloads	9.4%	3.1%	1.9%	2.0%
Intermodal	2.6%	4.8%	3.2%	4.8%
Total Traffic	6.1%	3.9%	2.6%	3.4%

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Railroads Trying to Improve Service

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E-Commerce Fueling Parcel Volume Growth

Average Daily Volume Change (%)

- UPS U.S. Domestic
- FedEx Ground

7.7076

3.2538

Q3 2016 · Q4 · Q1 2017 · Q2 · Q3 · Q4 · Q1 · Q2 2018 · Q3 · Q4 · Q1 2019
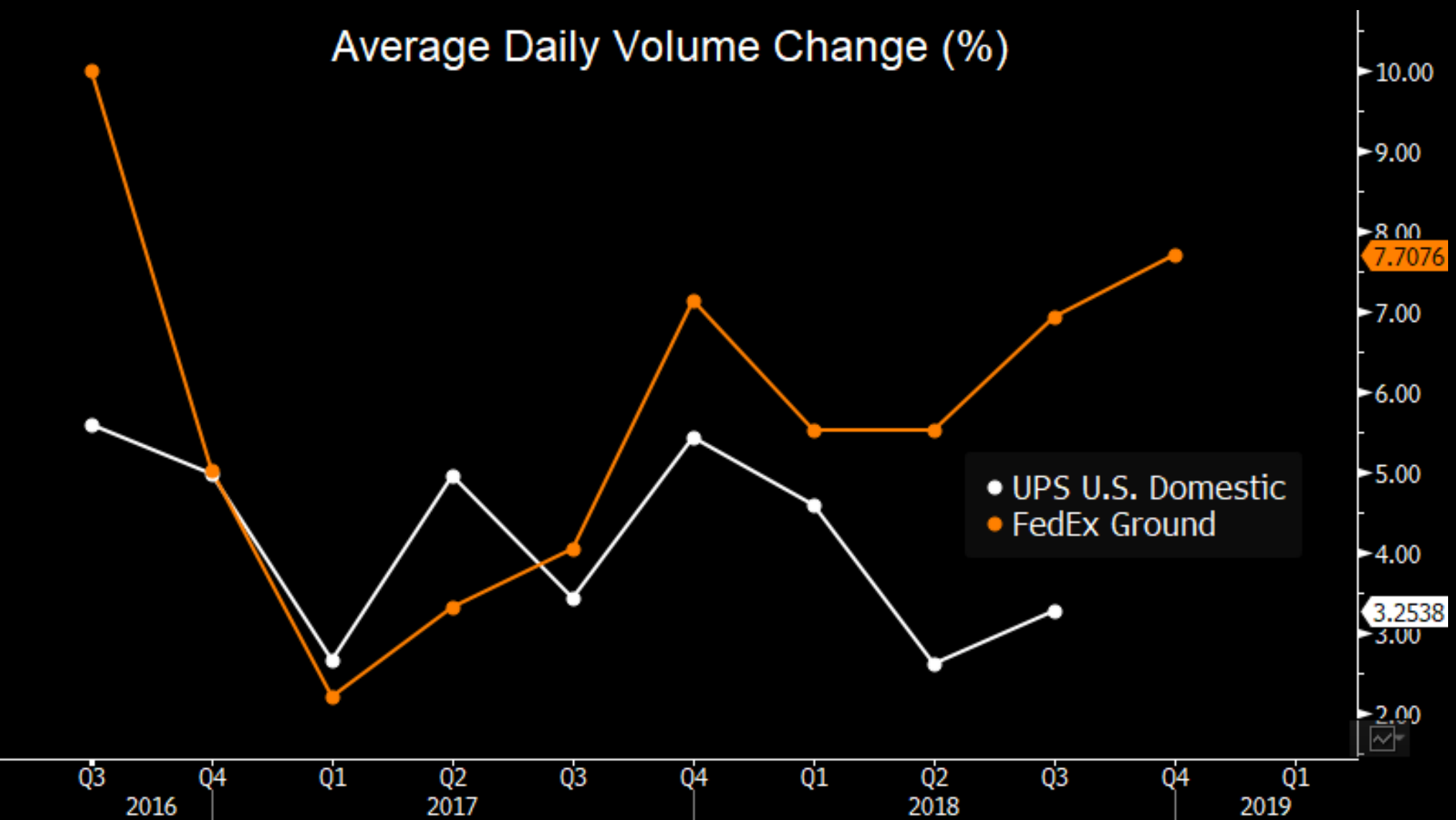
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Transportation Peer Groups Outpacing the Broader Market

Normalized As Of 01/02/2018
- SPX 500 Index — 95.80
- BI Courier Peer Group — 82.51
- BL Class I Rail Peer Group — 106.94
- BI Truckload Peer Group — 70.40
- BI LTL Peer Group — 60.84

106.94
95.80
82.51
70.40
60.84

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan
2018
2019

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