

## Transport Tracker

Issue #1112, week ending Feb. 14, 2024;  
Coal carloads resilient; Red Sea update

Industry Overview

## Hoexter's Thought of the Week

## Coal vols stay strong in face of large nat gas pullback

The coal market is showing surprising resiliency in spite of Nat Gas prices moving to the lowest level since April 2020. This follows a long period of declines, as Rail Coal Carloads halved between 2011 and 2016, given a shift to Nat Gas from Coal burning power plants (falling from 25% of weekly rail carloads and nearly one-third of revenues, to low double-digit volumes by 2016). Over the succeeding years, Coal has fallen to less than 10% of weekly carloads, and we believe remains in secular decline given the power transition. However, Nat Gas prices have fallen to \$1.69/mmbtu, its lowest level in nearly 4 years, and weekly Coal volumes have increased to around 85k, its highest since December, above its 10-week average of 79k. This is a surprisingly high demand level, perhaps aided by harsh winter weather around the US, with the potential to resettle. In the interim, a solid positive for rail revenues and margin contribution.

## Liner rates deceleration suggest realignment since attacks

Container liner rates have begun to moderate two months after the Red Sea disruptions. Liner rates for the Shanghai-Rotterdam lane declined to \$4,000/forty-foot equivalent unit (FEU) this week, down 20% from January's peak of \$5,000/FEU, yet well above its \$1,000/FEU avg prior to the disruption. Tanker rates continue to firm for crude and product carriers as diversions accelerate. Crude and Product cargo through the Suez declined 40% and 50% last week vs 1H of Dec, respectively, from -20% mid-Jan (see our [2024 Shipping Year Ahead](#)). Tanker rates at impacted lanes have risen from already firm levels. Middle East-Med. Suezmax crude tanker rates increased 100% vs 1H of Dec to \$60,000/day. UK-Middle East LR-2 product rates increased 180% to \$105,000/day.

The dynamic in liners is in-line with BofA Global Transport team's view (see our [Red Sea Report](#)) of a liner rate deceleration as supply chains adjust to longer sailing days (15-20 voyage days as liners re-route around the Cape of Good Hope) and demand seasonally declines after Lunar New Year (February 10). Although Suez Canal container flows remain constrained, with tonnage -80% vs 1H of Dec, decelerating spot rates and additional capacity hitting the water (see our European teammate Muneeba Kayani's Maersk report) suggest the positive tailwinds are fading quickly. However, we believe positive impacts to the tanker market could potentially persist given already tight supply-demand dynamics led by Russia-Ukraine export sanctions leading to a 9%/14% increase in 2023 crude/product tanker ton-miles.

Impacts to the economy have been limited thus far. While spot rates were volatile, contract rates have had a more moderate move with Clarksons Containership Charter Rate Index (82) down 80% from post-COVID peak. Spot liner rates account for 20% of how consumer companies move goods according to BofA Consumer Analyst Lorraine Hutchison (see [Consumer Red Sea Report](#)). BofA Retail Analyst Jason Haas noted most US retailers renew annual liner contracts in May (see [Retail Red Sea Report](#)). For context, costs for moving a pair of shoes to Europe from Asia has increased to \$0.66 in Feb from \$0.19 in Nov yet remains below COVID peak of \$1.90+ according to Clarksons. We remain constructive on the tanker group given demand tailwinds.

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## Key Data This Week:

**- Week 6 Rail Carloads: Up 0.9% Y-Y vs Week 5: +7.2% Y-Y**  
(Up for the second week, following four downticks)

**- Dry Van spot rates ex-fuel = \$1.46/mile vs \$1.47 last week, up 3% from \$1.41 on Dec 31, 2023.**  
Spot rates with fuel were \$1.94 vs. \$1.95 last week, and up 1% from \$1.91 on Dec. 31, 2023.

**- DAT Load to Truck Ratio – 1.44 for the week of Feb. 11, down 30% seq. from 2.07 last week.**

**Exhibit 1: Airfreight & Surface Transportation**

Rails, Trucks, Airfreight, Other Transports Summary Valuation Table

Rating	Company	Price 02/14/24	Mkt Cap. (\$ bil.)	P/E '24e EPS	1-Wk Perf	Price Perf YTD %
B-2-7	Canadian National Railway (CNI)	128.86	82.6	21.7x	0%	3%
B-1-7	Canadian Pacific Kansas City (CP)	84.73	79.0	26.5x	-1%	7%
B-1-7	CSX Corp. (CSX)	37.00	72.5	18.5x	0%	7%
B-1-7	Norfolk Southern Corp. (NSC)	252.26	57.0	20.8x	1%	7%
B-1-7	Union Pacific Corp. (UNP)	250.11	152.5	22.4x	0%	2%
NR	Grupo México Trans (GMXT*MM)(3)	MXN 39.32	10.0	--	-1%	3%
<b>Rail Avg (ex GMXT for P/E)</b>						
<b>Intermodal / Container Lessors:</b>						
B-1-7	J.B. Hunt Transport Svcs (JBHT)	217.56	22.4	26.7x	2%	9%
NR	Hub Group (HUBG)	44.71	2.8	20.1x	2%	-3%
NR	Textainer (TGH)	49.74	2.1	NA	0%	1%
<b>Intermodal Average</b>						
<b>Less-than-Truckload (LTL) Carriers:</b>						
C-3-7	ArcBest Corp. (ARCB)	141.72	3.4	13.1x	1%	18%
B-1-7	Old Dominion Freight Line (ODFL)	431.13	47.0	34.1x	0%	6%
B-1-9	Saia Inc. (SAIA)	562.47	14.9	34.7x	5%	28%
B-2-7	TFI International (TFII)	144.96	12.2	18.8x	3%	7%
C-1-9	XPO, Inc. (XPO)	120.28	14.0	33.0x	3%	37%
<b>LTL Average</b>						
<b>Truckload (TL) Carriers:</b>						
B-1-7	Knight-Swift Transportation (KNX)	59.11	9.5	23.6x	-2%	3%
B-2-7	Schneider National (SNDR)	24.19	4.3	22.0x	0%	-5%
B-3-7	Werner Enterprises (WERN)	41.29	2.6	19.7x	-2%	-3%
NR	Covenant Logistics (CVLG)	53.35	0.7	12.5x	4%	16%
NR	Heartland Express (HTLD)	12.81	1.0	251.2x	-1%	-10%
NR	Marten Transport (MRTN)	19.49	1.6	22.7x	0%	-7%
NR	P.A.M. Transport (PTSI)	18.55	0.4	16.9x	1%	-11%
NR	Universal Logistics Holdings (ULH)	31.96	0.8	--	6%	14%
<b>TL Average</b>						
<b>Autonomous trucks</b>						
NR	Aurora Innovation (AUR)	3.29	5.0	--	7%	-25%
<b>Autonomous trucks Average</b>						
<b>Airfreight Companies:</b>						
B-1-7	FedEx Corp. (FDX)	236.83	59.2	13.4x	-2%	-6%
B-2-7	UPS (UPS)	144.22	122.9	17.2x	-2%	-8%
NR	Deutsche Post (DHL GY) (2)	€ 42.15	56.0	--	0%	-6%
<b>Airfreight Average</b>						
<b>Freight Forwarders / Logistics:</b>						
B-3-7	C.H. Robinson Worldwide (CHRW)	73.84	8.6	26.4x	0%	-15%
C-2-9	RXO (RXO)	21.83	2.6	95.3x	-3%	-6%
NR	Landstar System (LSTR)	194.39	7.0	29.3x	2%	0%
NR	Expeditors International (EXPD)	125.74	18.3	25.8x	-1%	-1%
B-2-8	Kuehne + Nagel Int'l (KHNGF) (2)	CHF 285.30	38.5	29.8x	0%	-2%
B-1-7	DSV Panalpina A/S (DSV DC) (2)	DKK 1,137.0	34.6	2.7x	-6%	-4%
NR	Forward Air Corp. (FWRD)	41.15	1.1	9.6x	-7%	-35%
NR	Ryder System, Inc. (R)	110.76	4.9	9.3x	-5%	-4%
NR	Air Transport Services Group (ATSG)	14.46	0.9	9.2x	0%	-18%
NR	Fortress Transportation (FTAI)	54.04	5.4	20.6x	0%	16%
B-3-7	World Kinect (WKCC)	23.66	1.4	11.3x	0%	4%
<b>Freight Forwarder Avg.</b>						
<b>Rail Equipment:</b>						
C-3-7	The Greenbrier Companies (GBX)	48.32	1.5	12.9x	3%	9%
NR	Freightcar America Inc. (RAIL)	3.12	0.1	62.4x	11%	16%
NR	GATX Corporation (GATX)	125.55	4.5	16.8x	1%	4%
NR	Koppers Holdings Inc. (KOP)	51.25	1.1	10.9x	1%	0%
NR	Trinity Industries Inc. (TRN)	26.46	2.2	13.6x	4%	0%
B-1-7	Wabtec Corp. (WAB)	135.09	24.2	19.9x	-1%	6%
<b>Rail Equipment Avg.(ex-RAIL)</b>						
<b>Transport Average</b>						
<b>S&amp;P 500</b>						
		4,995.46		23.1x	0%	5%

Source: BofA Global Research estimates, Bloomberg, and First Call Estimates (for stocks not covered by BofA Global Research).

Covered by: (2) Muneeba Kayani, (3) Carlos Peyrelongue - NR: Not Rated.

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**Airfreight and Surface Transportation Weekly Movers**

<b>Best:</b>	RAIL (+11%)	AUR (+7%)	ULH (+6%)
<b>Worst:</b>	FWRD (-7%)	DSV DC (-6%)	R (-5%)

**Exhibit 2: Marine Matters**

Crude, Product, Container, Dry Bulk, LNG, Jones Act Summary Valuation Table

		Price	Mkt Cap.	P/E '24e EPS	1-Wk Perf	Price Perf YTD
<b>Marine Matters</b>						
<b>Rating</b>	<b>Company</b>	<b>02/14/24</b>	<b>(\$ bil.)</b>	<b>or Yield</b>	<b>Perf</b>	<b>YTD</b>
<b>Tanker Companies</b>						
C-1-7	Teekay Tankers, Ltd. (TNK)	57.68	2.0	0.0%	0%	15%
NR	Teekay Shipping Corp. (TK)	8.20	0.7	--	-1%	15%
NR	Euronav (EURN)	€ 16.58	3.9	8.9%	0%	4%
NR	DHT Maritime (DHT)	11.30	1.8	14.0%	3%	15%
NR	Frontline Ltd. (FRO)	23.21	5.2	12.4%	4%	16%
NR	Tsakos Energy Navigation (TNP)	24.45	0.7	--	1%	10%
NR	Nordic American Tanker (NAT)	4.16	0.9	10.9%	0%	-1%
NR	Ship Finance Limited (SFL)	11.89	1.5	8.7%	0%	5%
NR	KNOT Offshore Partners (KNOP)	5.60	0.2	--	-3%	-3%
<b>Tanker Average</b>						
<b>Product Tankers</b>						
C-2-7	Scorpio Tankers (STNG)	66.26	3.5	2.7%	-1%	9%
NR	Capital Products (CPLP)	17.96	1.0	3.3%	0%	26%
NR	Ardmore Shipping (ASC)	16.26	0.7	5.8%	1%	15%
<b>Product Tankers Average</b>						
<b>LNG / LPG</b>						
NR	Golar LNG (GLNG)	21.19	2.2	--	-2%	-8%
NR	Dynagas LNG Partners (DLNG)	2.95	0.1	13.6%	-1%	5%
NR	StealthGas (GASS)	6.90	0.2	--	-6%	7%
<b>LNG / LPG Average</b>						
<b>Container Ship Lessors</b>						
NR	Costamare (CMRE)	11.13	1.3	4.1%	2%	7%
NR	Danaos (DAC)	72.57	1.4	4.4%	-3%	-2%
NR	Global Ship Lease (GSL)	20.40	0.7	7.4%	-2%	3%
<b>Container Average</b>						
<b>Dry Bulk</b>						
NR	Navios Maritime LP. (NMM)	30.88	1.0	3.6x	9%	10%
NR	Safe Bulkers, Inc. (SB)	4.15	0.5	6.3x	0%	6%
NR	Diana Shipping (DSX)	2.85	0.3	6.1x	-2%	-4%
NR	Eagle Bulk Shipping (EGLE)	55.32	0.6	10.5x	-4%	0%
NR	Golden Ocean Group (GOGL)	10.95	2.2	11.3x	0%	12%
C-1-7	Pacific Basin Shipping (PCFBBF)(1)	HKD 2.13	1.4	5.2x	-4%	-17%
<b>U.S. Dry Bulk Average</b>						
<b>Jones Act Carrier/Other</b>						
B-1-9	Kirby Corp. (KEX)	84.74	5.0	17.3x	1%	8%
NR	Matson Inc. (MATX)	120.90	4.2	14.4x	4%	10%
NR	Tidewater Inc. (TDW)	68.22	3.6	12.5x	4%	-5%
<b>Jones Act Carrier/Other Average</b>						
<b>Container Shipping / Diversified Companies</b>						
B-2-8	AP Moeller-Maersk (AMKBF) (2)	DKK 10,815	27.1	--	-16%	-11%
B-1-8	COSCO Shipping Holding Co (CICOF)(1)	HK\$7.94	7.3	--	-4%	1%
C-3-8	K-Line (KAKKF)(1)	¥6,893.00	10.9	12.3x	-1%	14%
B-3-8	Mitsui O.S.K. Lines (MSLOF)(1)	¥5,237.00	12.6	7.5x	1%	16%
B-3-8	NYK Line (NYUKF)(1)	¥4,811.00	16.3	10.0x	-4%	10%
NR	Wan Hai Lines (WHILF)	TWD 47.75	4.3	--	0%	-13%
NR	Yang Ming Marine (YMGXF)	TWD 47.30	5.3	--	0%	-8%
C-2-8	Evergreen Marine Corp (EVGQF)(2)	TWD 152.00	10.3	1.3x	0%	6%
NR	Hapag Lyond ADR (HLG GY) (2)	€ 131.50	24.8	34.7x	-7%	-3%
C-3-9	ZIM Integrated Shipping Svcs (ZIM)	12.05	1.4	--	-9%	22%
<b>Container &amp; Diversified Average</b>						
<b>Shipping Mkt Cap / Shipping Avg</b>						
<b>S&amp;P 500</b>						
		4,995.46		23.1x	0%	5%

Source: BofA Global Research estimates, Bloomberg, (for stocks not covered by BofA Global Research)

Covered by: (1) Nathan Gee, (2) Muneeba Kayani

NR: Not Rated.

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## Upcoming Calendar of Events

Feb 27	Wabtec's Facility Tour/Field Trip; Fort Worth, Texas
Feb 28-29	Southeast Association of Rail Shippers Spring Meeting, Atlanta
Mar 3-6	Rail Equipment Finance (REF) Conference, La Quinta
Mar 3-6	TPM'24 – Transpacific Maritime Conference, Long Beach
Mar 13	World Kinect Corp (WKC) Investor Day, NYC
Mar 14	Aurora Analyst & Investor Day, Pittsburgh
Mar 19-21	BofA Global Industrials Conference (featuring <b>CNI and WAB</b> ), London
Mar 26	UPS Investor & Analyst Day, Louisville
Apr 30-May 2	National Assoc of Rail Shippers (NARS) Ann Mtg, Chicago
<b>May 14-16</b>	<b>BofA's 31<sup>st</sup> Annual Transport, Airline, &amp; Industrials Conf, NYC</b>

## BofA Global Research Reports

Title: Subtitle	Primary Author	Date Published
<a href="#">STNG: Product rates show momentum after Red Sea impact; PO \$72</a>	Ken Hoexter	14 February 2024
<a href="#">Trucking: LTL 4Q23 Wrap-Up: Yields accel post-Yellow wave</a>	Ken Hoexter	12 February 2024
<a href="#">TFII: LTL shows solid ops progress, but yields still negative; PO \$154</a>	Ken Hoexter	09 February 2024
<a href="#">Trucking: Survey Says: Demand pulls back into CNY yet still 50+</a>	Ken Hoexter	09 February 2024
<a href="#">RXO: Lower to Neutral; 1H downcycle pressure pushes tgts. out; PO \$22</a>	Ken Hoexter	08 February 2024
<a href="#">Transport Tracker: Issue #1111, week ending Feb. 7, 2024</a>	Ken Hoexter	07 February 2024

## Company News

**RXO, Inc.** posted 4Q23 adj EPS of \$0.06, down 79% year-year, above our/Street's \$0.04 target. Revenues were \$978 million, down 7% year-year, yet \$14 million above our target. Gross Profit was \$176 million, down 22% year-year, in line with our target. Adj operating income was \$21 million, down 56% year-year, and \$3 million above our target, with an 18.0% gross margin, below our 18.2% target, and 160 bps lower year-year. Truck brokerage load volumes increased 15% year-year, better than our +8% target and its gross margin was 14.8%, a 310 bps deterioration year-year, and 50 bps worse than our target. RXO noted that while 4Q started strong, the market weakened throughout the quarter, leading to sequential declines in gross profit per load per month. In 2024, it targets \$40-\$50 million CapEx (we target \$45 million), net interest expense of \$31-\$33 million (we target \$32 million), and 30% tax rate (we target 30%). Maintain Neutral.

**TFI International** (TFII) posted 4Q23 adj EPS of \$1.71, flat year-year, slightly above our \$1.70/Street's \$1.67 estimates. Revenues were \$1.7 billion, up 4% year-year, \$52 million below our target. Tons/day were up 5.6% y-y, below our +12% target, while yields (revenue/cwt) excluding fuel were down 4% y-y, in line with our target. Adj operating income was \$205 million, up 1% year-year, \$13 million above our target, resulting in an adj operating ratio of 87.7%, a 30 bps deterioration year-year and 110 bps better than our target. In 2024, TFII expects Logistics to outperform the market, Truckload to benefit from its Daseke acquisition, and U.S. LTL turnaround to show continued service gains. Maintain Neutral.

**Union Pacific** appointed Andrew Brady as VP-External Relations, replacing Printz Bolin, who is retiring at the end of February.

**Wabtec Corp.** (WAB) reported adj 4Q23 EPS of \$1.54, up 19% year-year, below our \$1.58 target and below the Street's \$1.57 estimate. Revenues were \$2.53 billion, up 10% year-year, \$73 million above our target. Adj operating income was \$431 million, up 22% year-year, \$3 million above our target, resulting in an adj operating margin of 17.1%, a 180 bps improvement year-year, but 40 bps worse than our target. For 2024, WAB expects revenues of \$10.05-\$10.35 billion and adj EPS of \$6.50-\$6.90. It expects 38,000 in 2024 railcar deliveries, down from 45,000 in 2023 and below the 10-year average of 52,000. Separately, WAB won an order to supply sustainable heating, ventilation, and air-conditioning (HVAC) units and efficient door systems for Norway-based Norske Tog's new regional trains. Additionally, Wabtec and **CSX** signed a deal for over 200 locomotive modernizations with a suite of digital solutions, innovations, and



services. The contract is in addition to the 260 modernizations that CSX previously ordered, the majority of which have already been delivered. Maintain Buy.

**ArcBest** is offering Vaux Smart Autonomy, an autonomous material handling technology which combines autonomous mobile robot (AMR) forklifts and reach trucks, intelligent software and remote teleoperation capabilities to handle materials movement within warehouses, distribution centers and manufacturing facilities.

**Koppers Holdings** increased the size of its Board of Directors from nine to ten members and elected Nishan Vartanian as a director of the company, effective February 13, 2024.

## Autonomous Trucking

**Plus** unveiled the Open Platform for Autonomy (OPA), an open and modular software platform powered by the latest AI models supporting all levels of autonomy and adapting to specific customer needs.

## Shipping

**Scorpio Tankers** (STNG) posted 4Q23 adj EPS of \$2.75, down 35% y-y, below our \$2.79 estimate, yet above Street's \$2.59. The slight miss was led by lower than expected rates as 4Q23 fleet time-charter equivalent (TCE) was \$32,950/day, below our \$33,640/day target with a milder than anticipated winter pressuring product tanker ton-mile demand. Net Vessel Revenues were \$334 million, down 27% y-y and \$3 million below our target. Operating Income was \$176 mil, down 41% y-y and \$1 mil below our target. The company booked 68%, 59%, and 55% of its spot LR-2, MR, and Handymax Revenue Days at \$57,000, \$34,500, and \$32,500 per day, respectively, ahead of our \$51,000/\$33,700/\$33,600 targets. Sailing days for key Asia-Europe lanes have increased from 20-30 days on average to 40-50 days after rerouting from Suez, resulting in a rapid increase in charterer ton-mile demand in an already constrained vessel supply backdrop. The company reduced its outstanding debt by \$178 million from 3Q, with net debt now \$1.1 billion. The reduced leverage lowered its cash breakeven TCE to \$16,000/day from \$17,000/day. Product tanker Orderbook-to-Fleet ratio increased to 13% from 12% in 4Q23 and 10% in 3Q23 as newbuild orders continue to build. Maintain Neutral.

**Navios Maritime Holdings Inc.** announced that the company's American Depositary Shares each representing 1/100th of a share of the company's 8.75% Series G Cumulative Redeemable Perpetual Preferred Stock, \$0.0001 par value per share and American Depositary Shares each representing 1/100th of a share of the company's 8.625% Series H Cumulative Redeemable Perpetual Preferred Stock, \$0.0001 par value per share and the preferred stock underlying the ADSs have been delisted from the New York Stock Exchange.

**Danaos Corp** reported 4Q23 EPS of \$6.99, flat year-year. Revenues were \$249 million, down 1% year-year. Operating income was \$132 million, down 31% y-y, for an operating margin of 52.9%, an 80 bps deterioration year-year.

**SFL Corp.** reported 4Q23 EPS of \$0.25, down 34% year-year. Revenues were \$209 million, up 6% y-y. Operating income was \$73 million, down 1% y-y, for an operating margin of 34.8%, compared to 37.6% a year ago.

## Dividends Declared

	Amount	Record Date	Payable Date
CHRW	\$0.61	03/01/24	04/01/24
DAC	\$0.80	02/28/24	03/14/24
KOP	\$0.07	03/08/24	03/25/24
R	\$0.71	02/20/24	03/15/24
SFL	\$0.25	03/15/24	03/28/24
UNP	\$1.30	02/29/24	03/29/24

## Week 6 Rail Carload Data: Up 0.9% Y-Y

**Key Takeaways – Up 0.9% (from +7.2% last week):** Total carloads for Week 6 of 2024 were up 0.9% year-year, to 611,545 (BNSF has not reported yet), moderating from last week's 7.2% increase (or 617,225 carloads). Carloads were up for the second consecutive weeks following four downticks. Growth in line with the past 10-week average of +1.0%, while the full 1Q24 Carloads compares against a 0.8% decrease in 1Q23 (BNSF not incl.) Coal was down (-3.9% year-year), reversing last week's 4.0% increase. This was the fifth downtick in six weeks. Nat Gas prices were down (-16%) to \$1.69/MMBtu from \$2.01/MMBtu last week. Coal's absolute level of carloads was 58k, above 55k last week, and the past 10-week avg of 54k. Chemical volumes were up 2.8% year-year, in line with last week's 2.7% increase. Chemicals were up for the 12<sup>th</sup> week over the last 13. Grain (+5.7%) was up, improving from last week's 0.0% flat post. Petroleum (+3.8%) was up, decelerating from last week's 13.0% increase. This was the 17<sup>th</sup> uptick over the last 18 weeks for Petroleum. Intermodal (+3.0%) was up, moderating from last week's 10.1% increase. Intermodal was up for the tenth time over the last 13 weeks, while absolute volumes were 279k, below 287k last week, but above the 261k past 10-week avg. Auto (+11.3%) was up, moderating from last week's 14.3% decrease. Auto was up for the second week following five consecutive downticks.

**Overall Carloads:** Week 6 carloads were up 0.9% year-year, as increases at NS (+4.7%) and CSX (+1.3%) more than offset decreases at UP (-0.2%), CN (-0.4%), and CPKC (-2.2%). Quarter-to-date, carloads are down 3.4% year-year, as all rails are down, led by: CPKC (-7.0%), CN (-5.9%), UP (-4.1%), NS (-0.7%), and CSX (-0.6%). The 1Q24 carload trend of -3.4% is below our -0.1% full quarter target for the Class I rails on average. The avg. carrier is trending below our target (-350 bps), with UNP the best at -220 bps vs. our tgt. (-4.1% vs. our -1.9%), vs CPKC the worst at -510 bps (-7.0% vs. our -1.9%).

**Revenue Ton Miles:** Week 6 RTMs: CN's RTMs are down 5.1% y-y 1QTD. CPKC's RTM are down 4.3% y-y 1QTD.

**Specifics: Intermodal carloads (45.7% of total)** were up 3.0% year-year, as increases at NS (+9.3%), CSX (+5.6%), and CN (+1.9%) more than offset decreases at UP (-0.6%) and CPKC (-6.3%). **Coal carloads (9.5% of total)** were down 3.9% year-year, as decreases at NS (-10.2%), UP (-7.3%), CN (-4.6%), and CSX (-4.5%) more than offset an increase at CPKC (+15.4%). **Chemical carloads (9.5% of total)** were up 2.8% year-year, as increases at UP (+5.3%), CSX (+5.0%), CN (+4.0%), and NS (+0.7%) more than offset a decrease at CPKC (-4.4%). **Grain carloads (4.5% of total)** were up 5.7% year-year, as increases at NS (+18.8%), CN (+14.5%), UP (+10.4%), and CPKC (+6.6%) more than offset a decrease at CSX (-28.6%). **Petroleum carloads (3.9% of total)** were up 3.8% year-year, as increases at CSX (+19.2%), CN (+6.8%), UP (+4.8%), and CPKC (+0.8%) more than offset a decrease at NS (-13.2%). **Auto carloads (5.3% of total)** were up 11.3% year-year, as increases at UP (+23.8%), CSX (+15.2%), CPKC (+8.7%), and NS (+2.9%) more than offset a decrease at CN (-0.5%).

### Exhibit 3: Carloads Week 6 2024 vs. 2023 and 1QTD volumes

Week 6 Rail Carload Data: Up 0.9% Y-Y

	% of total	2024 Wk 6	2023 Wk 6	% Δ	1Q24 QTD	% Δ
Intermodal	45.7%	279,687	271,622	3.0%	1,552,089	-0.4%
Coal	9.5%	58,028	60,372	-3.9%	317,438	-11.2%
Chemicals	9.5%	58,103	56,519	2.8%	327,087	1.5%
Auto	5.3%	32,431	29,147	11.3%	160,429	-5.9%
Grain	4.5%	27,517	26,023	5.7%	143,688	-13.1%
Forest Prod.	3.4%	21,002	20,920	0.4%	122,092	-2.6%
Petrol. Prod.	3.9%	23,915	23,029	3.8%	139,667	2.0%
<b>Total Carloads</b>		<b>611,545</b>	<b>606,380</b>	<b>0.9%</b>	<b>3,395,334</b>	<b>-3.4%</b>

Source: BofA Global Research and AAR.

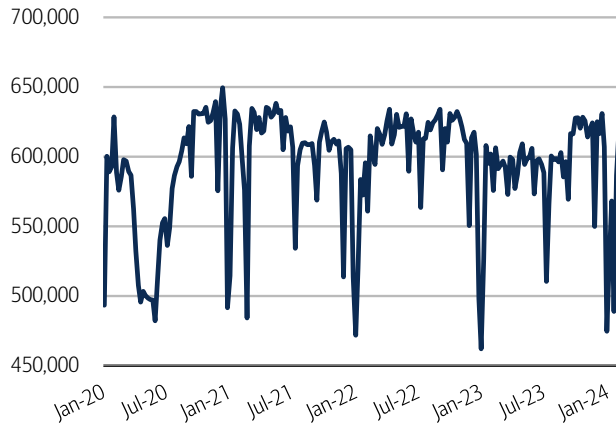
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**Exhibit 4: Total Weekly Carload Volumes**

Total volumes were 611,545 for Week 6



Source: BofA Global Research and Association of American Railroads.

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**Exhibit 5: Total Weekly Carload Growth Y-o-Y**

Total volume growth was +0.9% y-y for Week 6



Source: BofA Global Research and Association of American Railroads.

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**Exhibit 6: Total Quarterly Carload Growth Y-o-Y**

Total Carloads Forecast Down 0.1% in 1Q24

	4Q19a	1Q20a	2Q20a	3Q20a	4Q20a	1Q21a	2Q21a	3Q21a	4Q21a	1Q22a	2Q22a	3Q22a	4Q22a	1Q23a	2Q23a	3Q23a	4Q23a	1Q24e
<b>BNSF</b>	-2.5%	-5.2%	-17.9%	-8.3%	2.6%	4.8%	24.5%	4.4%	-3.1%	-3.3%	-5.6%	-5.0%	-9.2%	-10.3%	-11.1%	-4.8%	n/a	
<b>CNI</b>	0.4%	-5.9%	-15.9%	-5.9%	7.1%	7.2%	13.5%	-0.9%	-10.0%	-5.9%	0.3%	2.9%	2.5%	0.5%	-7.1%	-9.7%	-1.4%	-1.0%
<b>CPKC</b>						-1.1%	19.6%	-0.5%	-5.7%	-4.0%	0.1%	10.1%	7.5%	5.7%	-2.3%	-4.9%	1.8%	-1.9%
<b>CSX</b>	-5.3%	-1.1%	-20.5%	-3.0%	3.9%	1.0%	26.6%	2.7%	-1.8%	-2.0%	0.2%	1.5%	-1.8%	-0.8%	-3.0%	-2.3%	1.2%	1.9%
<b>NSC</b>	-5.8%	-11.4%	-25.6%	-7.0%	-1.2%	2.9%	25.5%	-0.3%	-3.6%	-4.5%	-3.3%	-2.1%	-1.3%	-0.1%	-5.6%	-2.2%	2.9%	2.2%
<b>UNP</b>	-8.1%	-7.0%	-19.6%	-4.0%	2.9%	-0.7%	21.9%	0.0%	-3.9%	4.1%	-1.4%	3.2%	0.8%	-1.4%	-1.8%	-2.7%	3.4%	-1.9%
<b>Total</b>	-4.1%	-1.2%	-16.2%	-1.9%	6.9%	2.5%	22.3%	1.2%	-4.4%	-2.4%	-2.1%	0.8%	-1.5%	-2.2%	-5.6%	-4.3%	1.7%	-0.1%

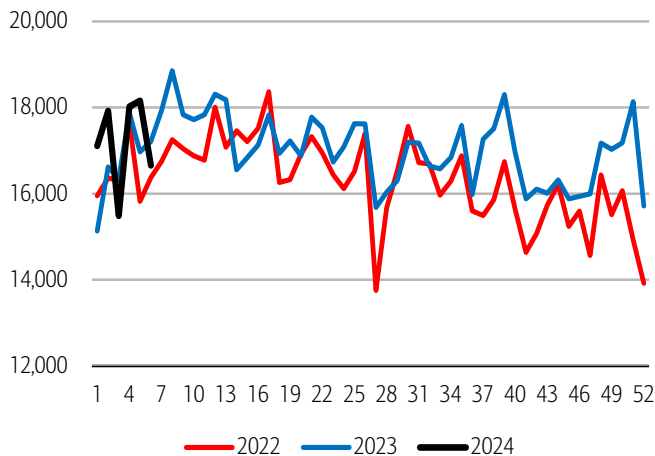
Source: BofA Global Research and Association of American Railroads.

Note: The total for 1Q24 is an average of the estimates; CPKC Reinstated data from 2020; 4Q23 totals does not include BNSF due to no new released data as of 02/07/24.

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**Selected Segments Weekly Carloads****Exhibit 7: Metal Carloads**

Metal Carloads were 16,655 in Week 6, down 3.3% Y-Y

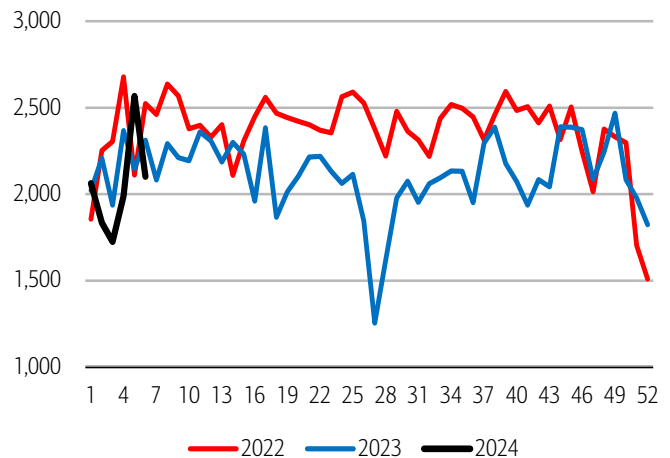


Source: BofA Global Research and Company data.

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**Exhibit 8: Forest Product Carloads**

Forest Product Carloads were 2,101 in Week 6, down 9.1% Y-Y



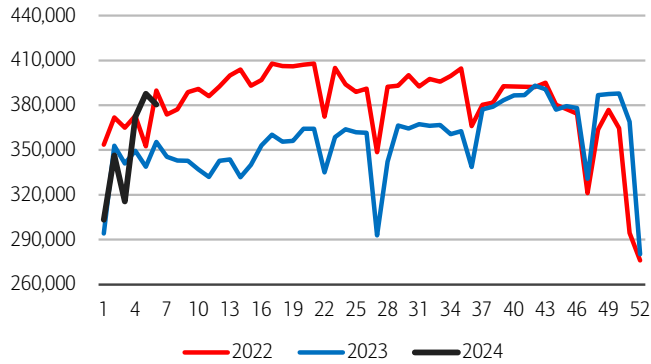
Source: BofA Global Research and Company data.

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## Selected Segments Weekly Carloads

### Exhibit 9: Intermodal Carloads

Intermodal Carloads were 380,356 in Week 6, up 7% Y-Y

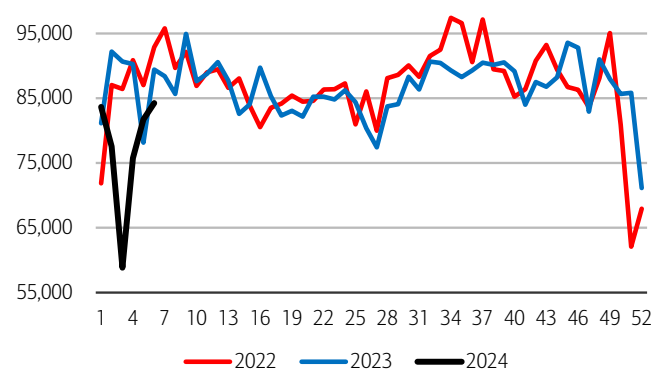


Source: BofA Global Research and Company data.

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### Exhibit 10: Coal Carloads

Coal Carloads were 84,231 in Week 6, down 5.8% Y-Y

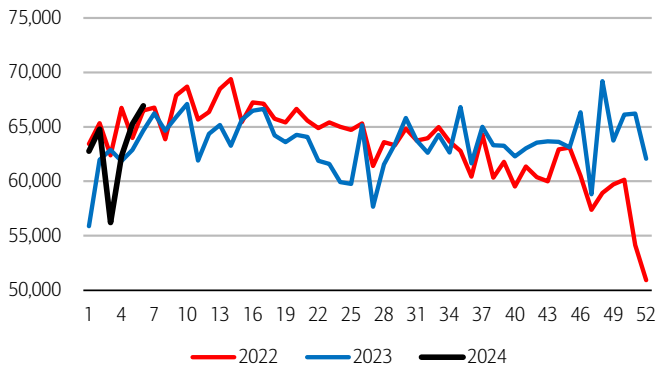


Source: BofA Global Research and Company data.

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### Exhibit 11: Chemical Carloads

Chemical Carloads were 66,941 in Week 6, up 3.5% Y-Y

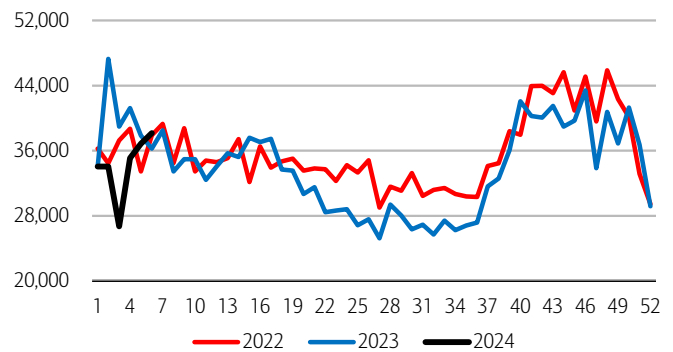


Source: BofA Global Research and Company data.

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### Exhibit 12: Grain Carloads

Grain Carloads were 38,149 in Week 6, up 5.2% Y-Y

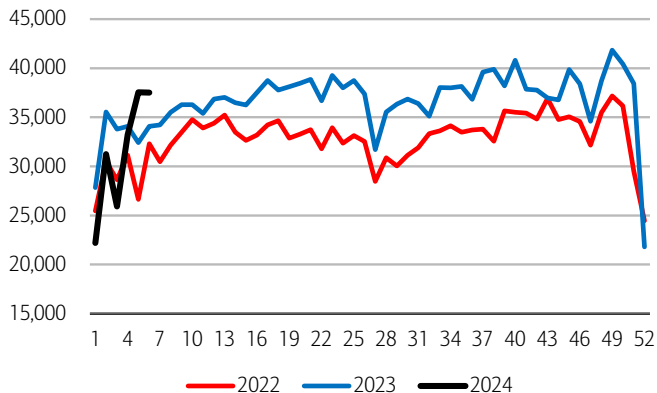


Source: BofA Global Research and Company data.

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### Exhibit 13: Auto Carloads

Auto Carloads were 37,525 in Week 6, up 10.1% Y-Y

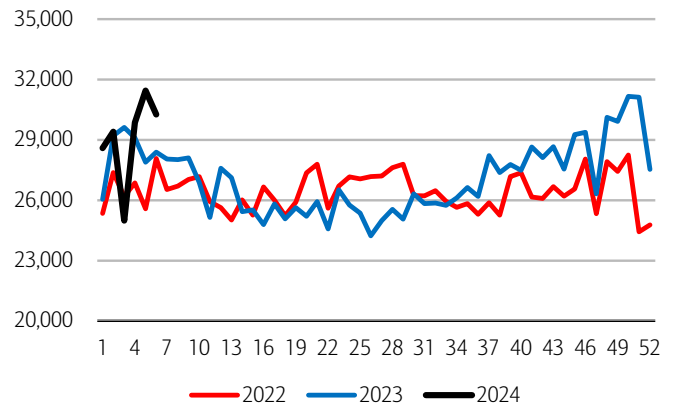


Source: BofA Global Research and Company data.

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### Exhibit 14: Petroleum Products Carloads

Petroleum Products Carloads were 30,264 in Week 6, up 6.6% Y-Y



Source: BofA Global Research and Company data.

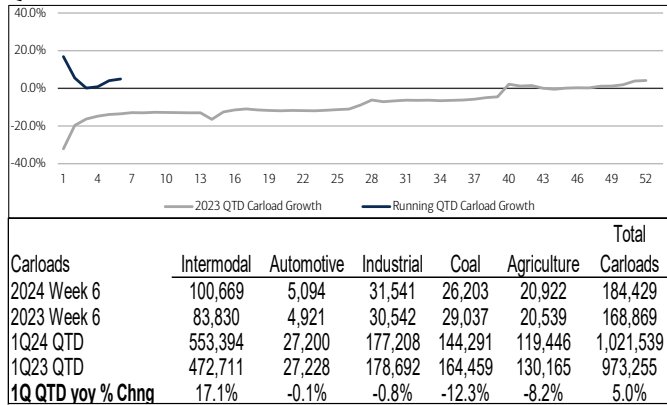
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## Selected Segments Weekly Carloads

### Exhibit 15: BNSF Carloads

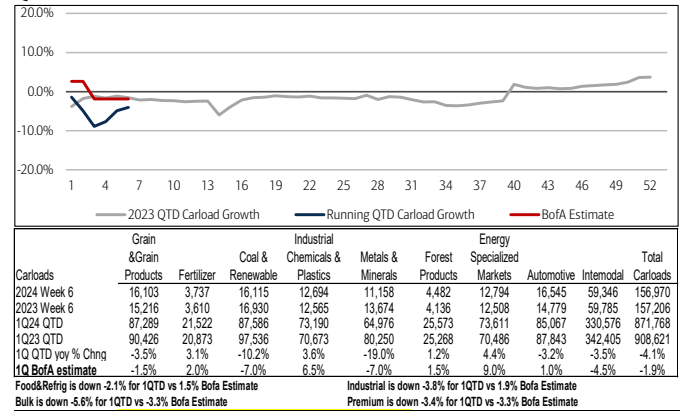
QTD Carloads are +5.0%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
BofA GLOBAL RESEARCH

### Exhibit 16: Union Pacific Carloads

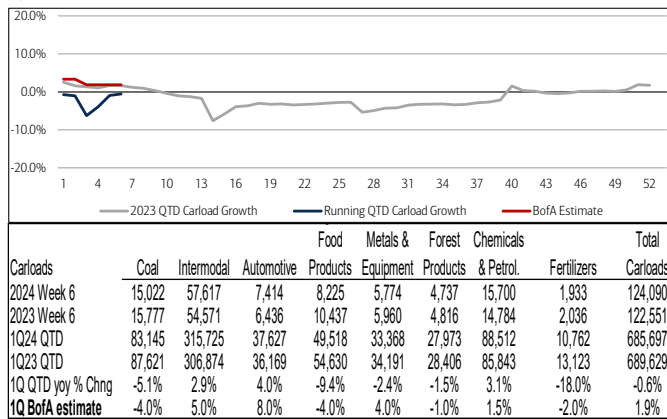
QTD Carloads are -4.1% vs. BofAe -1.9%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
BofA GLOBAL RESEARCH

### Exhibit 17: CSX Carloads

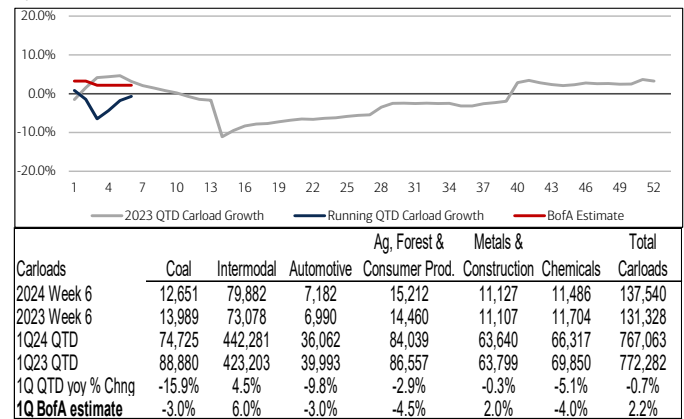
QTD Carloads are -0.6% vs. BofAe +1.9%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
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### Exhibit 18: NSC Carloads

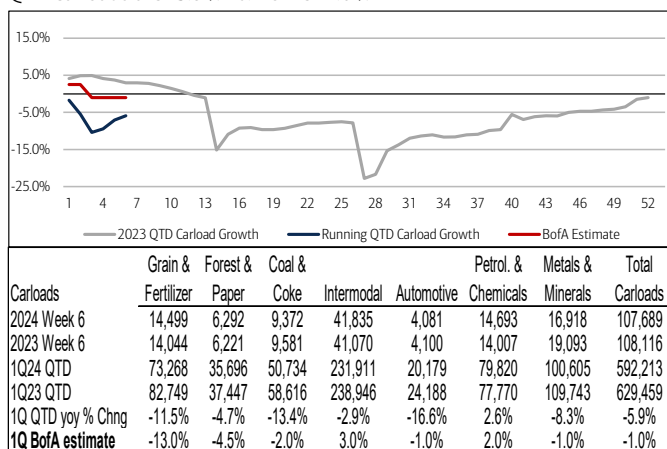
QTD Carloads are -0.7% vs. BofAe +2.2%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
BofA GLOBAL RESEARCH

### Exhibit 19: CNi Carloads

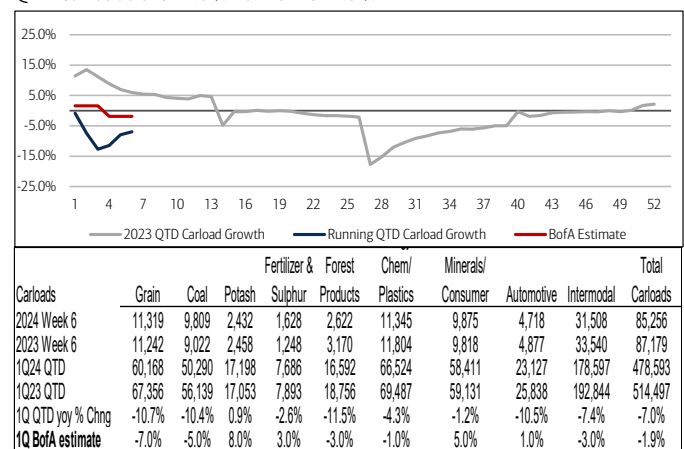
QTD Carloads are -5.9% vs. BofAe -1.0%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
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### Exhibit 20: CPKC Carloads

QTD Carloads are -7.0% vs. BofAe -1.9%



Source: BofA Global Research estimates, Association of American Railroads, and Company reports  
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## Diesel Fuel Prices: +5.4% sequentially

Diesel fuel prices were up 5.4% from last week, to \$4.11 for week 6 of 2024. Prices surged above \$4.00 following nine consecutive weeks below, and posted the biggest uptick since Week 31 in 2023 (+5.7%). The 1Q24 average for on-highway diesel is \$3.90/gallon, down 12% y-y from \$4.41 in 1Q23, and down 9% sequentially from 4Q23's \$4.26.

**WTI crude oil** futures closed at \$77.87, up 6.2% from last week's \$73.31. WTI declined for the second week following four consecutive upticks. The 1Q24 average is \$74.07, down 3% from 1Q23's \$76.12 average, and down 6% from 4Q23's \$78.44. We target \$77 and \$80 for 1Q24 and 2024.

**Brent crude oil** futures closed at \$82.77, up 5.3% from last week's \$78.59. The 1Q24 average is \$79.38, down 3% from 1Q23 average of \$82.16, and down 4% from 4Q23's average of \$82.80.

The **Brent to WTI gap** is \$4.90, up from last week's \$5.28. The current spread is down 19% from the 1Q23 avg. of \$6.04.

**Natural Gas** futures closed at \$1.69 on February 13<sup>th</sup>, down 16% from \$2.08 last Tuesday. Nat Gas dropped below \$2.00 for the first time since Week 38 of 2020 (\$1.83) and posted the fifth consecutive downtick. The 1Q24 average is \$2.41, down 15% from the 1Q23 average of \$2.83.

### Exhibit 21: Fuel surcharges

Weekly and Monthly surcharges table

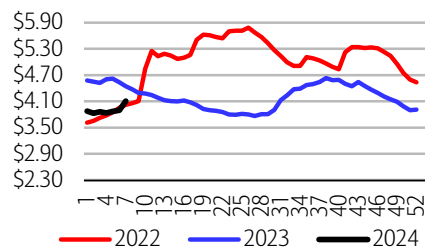
	<b>Week 6</b> <b>1/31/24</b>	<b>Week 7</b> <b>2/7/24</b>	<b>Week 8</b> <b>2/14/24</b>
ARCB - LTL	31.3%	31.5%	33.8%
XPO - LTL	32.3%	32.8%	32.8%
ARCB - TL	62.6%	63.0%	67.6%
XPO - TL	64.5%	65.6%	65.6%
FDX - Express	16.75%	17.00%	17.25%
UPS - Express	19.75%	20.25%	20.50%
FDX - Ground	15.25%	15.25%	15.25%
UPS - Ground	15.25%	15.50%	15.50%
	<b>Dec-23</b>	<b>Jan-24</b>	<b>Feb-24</b>
UP (standard)	\$0.49	\$0.44	\$0.38
y-y % change	-22%	-31%	-28%
UP (coal)	\$0.49	\$0.44	\$0.38
y-y % change	-22%	-31%	-28%
CSX	\$0.63	\$0.57	\$0.50
y-y % change	-22%	-30%	-26%
CPKC	\$0.60	\$0.53	\$0.46
y-y % change	-22%	-32%	-29%

Source: BofA Global Research and company reports.

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### Exhibit 22: National Diesel Fuel Prices

Diesel fuel prices: \$4.11 for week 6 of 2024

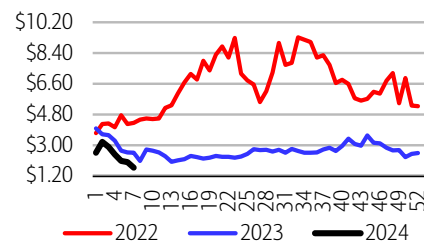


Source: BofA Global Research, DOE, Bloomberg

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### Exhibit 23: US Nat Gas Price Per MMBtu.

Futures closed at \$1.69 on February 13<sup>th</sup>

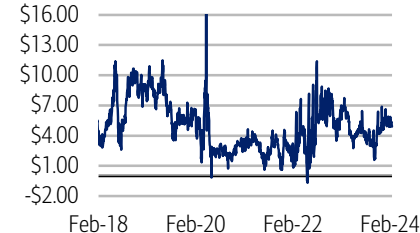


Source: BofA Global Research, DOE, Bloomberg

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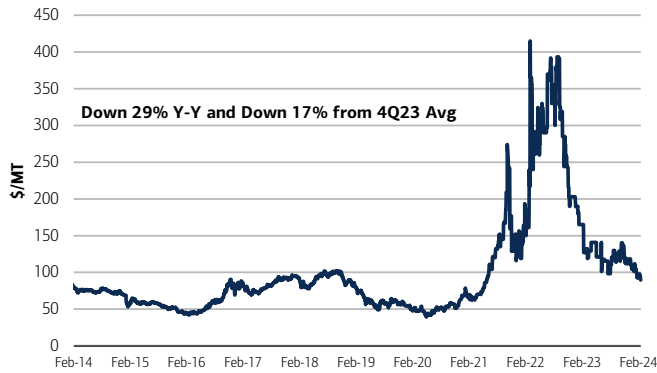
### Exhibit 24: Brent to WTI Spread

The Brent to WTI gap is \$4.90



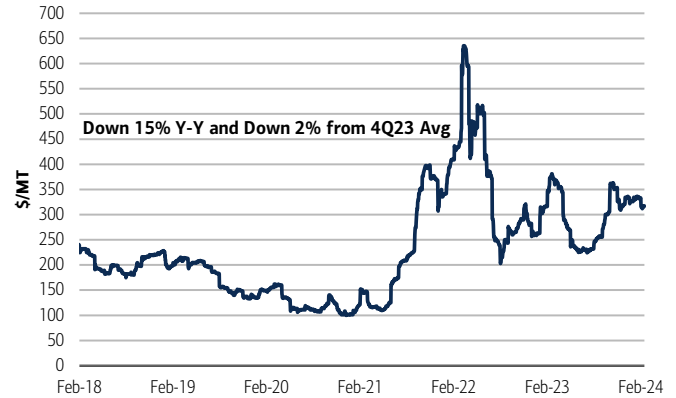
Source: BofA Global Research, DOE, Bloomberg

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**Exhibit 25: Thermal Coal, Europe Coal 6000kcal CIF ARA Forward**Price = \$89.60 on February 14<sup>th</sup>

Source: BofA Global Research and Bloomberg.

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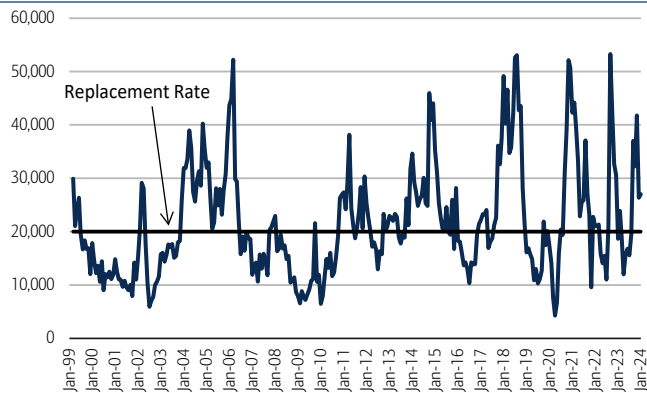
**Exhibit 26: Australian Premium Coking Coal Futures**Price = \$317.00 on February 14<sup>th</sup>

Source: BofA Global Research and Bloomberg.

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**Exhibit 27: Class 8 Truck net orders**

Prelim. January Class 8 Net Orders at 27,000 vs 26,352 in December



Source: BofA Global Research estimates and American Commercial Transportation Research (ACT)

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**Prelim. January Class 8 Net Orders at 27,000 (from 26,352 in December)****Exhibit 28: Class 8 Truck net orders**

Final Class 8 Net Orders at 26,352 (Preliminary was 26,500)

**December Class 8 Final Orders at 26,352****CLASS 8 NET ORDERS**

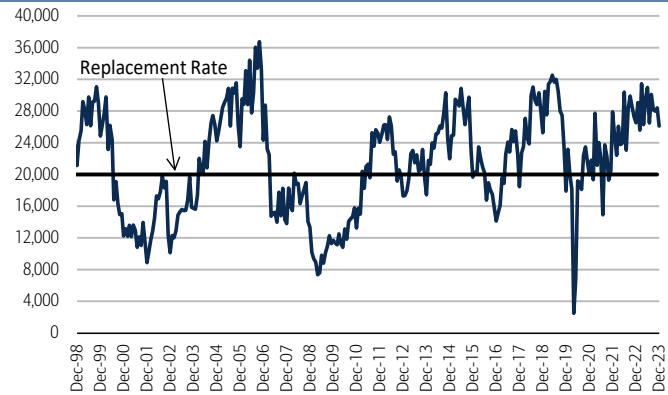
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
JAN	49,136	16,105	17,204	42,307	21,041	18,624
FEB	40,271	16,854	14,040	44,190	21,006	23,790
MAR	46,593	15,783	7,632	40,049	21,301	19,010
APR	34,735	14,859	4,251	33,353	15,820	12,016
MAY	35,721	10,886	6,690	23,072	14,081	15,623
JUN	42,213	12,979	16,010	25,824	15,444	16,773
JUL	52,618	10,298	20,359	25,876	11,025	15,573
AUG	53,040	11,119	19,389	37,096	20,892	19,513
SEP	42,781	12,692	30,768	27,323	53,271	36,974
OCT	43,526	21,864	39,089	23,391	42,359	32,287
NOV	28,114	17,483	52,104	9,902	32,630	41,732
DEC	21,381	20,073	50,760	20,651	30,623	26,352
Year Total	490,129	180,995	278,296	353,034	299,493	278,336

Source: American Commercial Transportation Research (ACT)

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**Exhibit 29: Class 8 Truck production**

Class 8 Truck Production at 26,110 in December

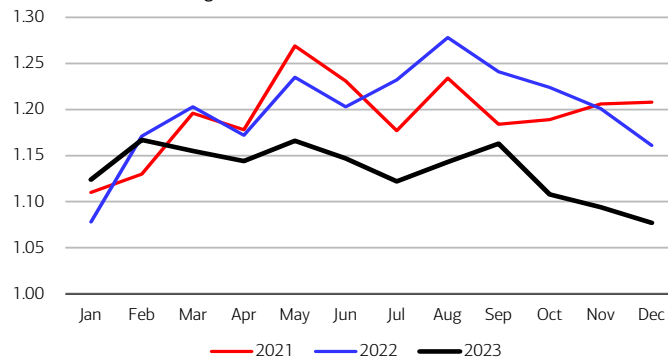


Source: BofA Global Research estimates and American Commercial Transportation Research (ACT)  
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## Class 8 Truck Production at 26,110 Down 8% Sequentially

**Exhibit 30: Cass Freight Shipments Index**

December's Cass Freight Index: -7.2% Y-Y, -1.6% M-M



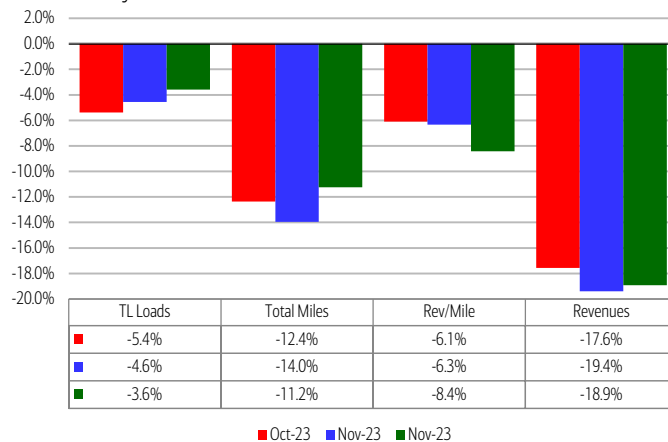
Source: Cass Information Systems, Inc.

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## Cass Freight Index: -7.2% Y-Y, -1.6% M-M

**Exhibit 31: Truck Activity**

Truck Activity: December Loads -3.6% Y-Y



Source: American Trucking Association

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## December Total Truck Loads: -3.6% Y-Y

**Exhibit 32: Historical ATA Truck Tonnage Index**

Preliminary December Truck Tonnage: -0.5% Y-Y, +2.1% M-M



Source: American Trucking Association

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**Prelim. December Truck Tonnage: -0.5% Y-Y, +2.1% M-M**

**Exhibit 33: Historical ATA Truck Tonnage Index**

December Truck Tonnage: -1.0% Y-Y, +1.6% M-M

	2017	2018	2019	2020	2021	2022	2023
JAN	103.2	109.5	116.1	117.0	114.2	115.5	117.0
FEB	104.2	111.9	116.1	116.9	112.5	116.1	118.0
MAR	103.5	112.7	116.7	117.9	114.5	118.8	114.7
APR	104.3	111.9	117.6	107.3	113.7	116.5	112.7
MAY	105.0	113.3	117.4	109.7	112.9	117.1	114.1
JUN	103.7	113.8	117.1	111.1	111.3	117.5	113.8
JUL	106.9	113.0	118.3	113.1	110.6	115.8	115.0
AUG	108.2	113.7	119.7	110.9	110.8	118.2	115.2
SEP	108.8	114.7	117.3	111.0	112.7	119.1	113.9
OCT	109.2	116.0	117.9	111.1	113.1	117.6	114.9
NOV	109.9	116.8	116.9	111.8	113.8	114.8	113.3
DEC	111.6	114.7	116.1	113.1	114.9	116.2	115.1
Avg.	106.5	113.5	117.3	112.6	112.9	116.8	114.8

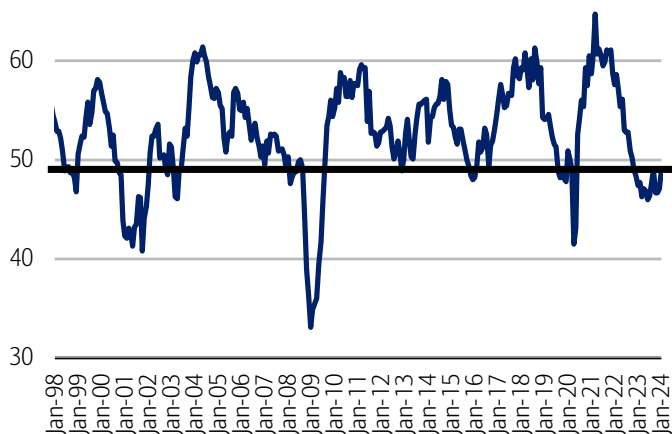
Source: American Trucking Association

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**December Truck Tonnage: -1.0% Y-Y, +1.6% M-M**

**Exhibit 34: ISM Manufacturing Index**

January ISM Manufacturing Index 49.1, +2.0 pts.



Source: BofA Global Research and Bloomberg.

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**ISM Manufacturing Index 49.1, +2.0 pts.**

**Exhibit 35: BofA Truckload Diffusion Indicator**Demand Indicator at 50.5 from 52.8 (bi-weekly Issue #302 on Feb 8<sup>th</sup>)

Source: BofA Global Research estimates

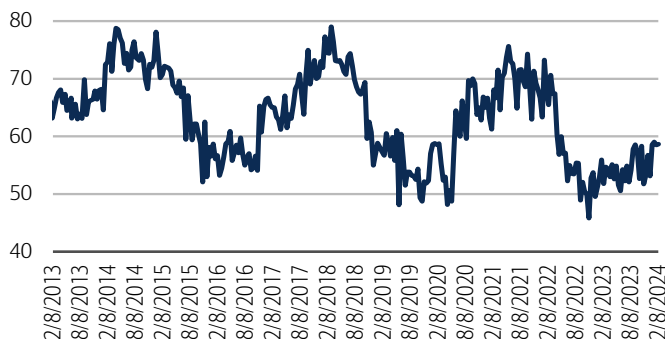
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**BofA TRUCK SHIPPER SURVEY  
Survey Says: Demand (50.5)**

This week, our proprietary bi-weekly **BofA Truckload Demand Indicator** for shippers' 0- to 3-month freight demand outlook **decreased to 50.5 from 52.8 last survey**. The Demand Indicator has now been at- or above-50 for 4 consecutive issues and 7x over the past 12. This positive stretch follows a period at- or below-50 for 21 of the prior 25 issues (since February 2023). The Indicator remains below the 54.2 average during the '12, '15, '19 Freight Recession periods, highlighting the muted backdrop, yet improving from its 2023 trough (42.6). The Demand Indicator was up 12% year-year, its 11th yr-yr uptick in the past 12 issues. Rail carloads increased 4% year-year this week, the 1st uptick after 3 weeks of declines from Jan. weather impacts. Dry van spot rates ex-fuel were \$1.46/mile, down a touch from \$1.48/mile last week, in line with normal seasonal pullbacks around Lunar New Year, yet remaining above the \$1.21-\$1.26 band it was at in Aug-Oct 2023. Of the respondents, 27% had a positive short-term demand outlook, up from 25% last survey; neutral outlooks were 47%, down from 55% last survey, and negative outlooks were 27%, up from 20% last survey. In the week of February 8th, we surveyed 49 shippers for views on truckload demand, supply, pricing, and inventory.

**Exhibit 36: Shippers' 6-12 months outlook for freight demand**

L-T Demand Indicator at 58.7, up 0.3% sequentially



Source: BofA Global Research estimates

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**Exhibit 37: Shippers' view of inventory levels**

Inventory Indicator at 56.1, up 3% from last issue.



Source: BofA Global Research estimates

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**Capacity view lowest in 11 surveys;  
Inventory ticks up**

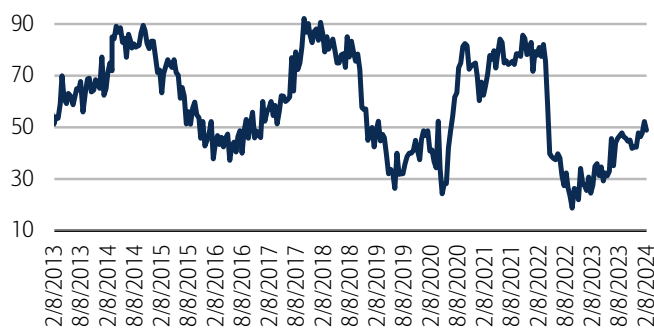
**The Rate Indicator**, or shippers' view on truck rates, decreased to 49.0 from 52.3 last issue, down 6% sequentially after surpassing 50 last survey for the first time in 92 weeks. **The Inventory Indicator** increased to 56.1 from 54.5 last issue, as shippers hold higher inventories into Lunar New Year. **The Truck Capacity Indicator**, which gauges shippers' views of available truck capacity, decreased to 59.2 from 61.4 last survey, its lowest in 11 surveys as capacity continues to tighten.

**Rates face seasonal soft patch**

With respect to rates, 22% of shippers expect rates to fall, up from 11% last issue, 57% expect pricing to be flat, down from 73% last issue, and 20% expect rates to rise, up from 16% last issue. On capacity, 31% expect capacity to rise, vs 27% last issue, 57% expect capacity to stay flat, from 68% last issue, 12% expect capacity to be lower, vs 5% last issue. **SHIPPER COMMENTS:** A Consumer Shipper noted spot market rates are increasing week-over-week, while contracted rates remain flat. An Industrial Shipper is seeing pockets of tightness from weather events and year end rail congestion. It is still receiving lots of cold calls from carriers looking for business. An Industrial Shipper sees rates moving up slightly as the market recovers from the lows. (See survey for additional commentary).

**Exhibit 38: Shippers' view of Trucking rates over the next 3 months**

Rate Indicator at 49.0, -6% sequentially

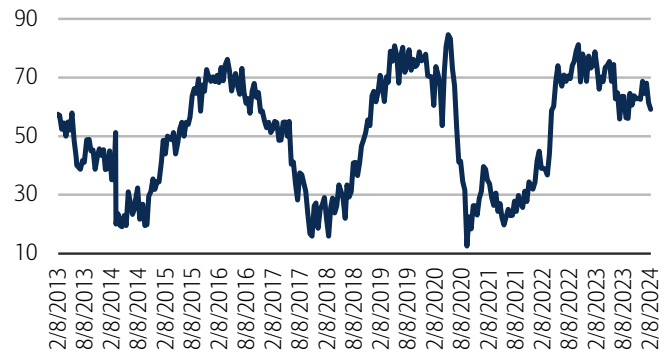


Source: BofA Global Research estimates.

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**Exhibit 39: Shippers' view of Capacity over the next 3 months**

Capacity Indicator at 59.2, down 4% sequentially



Source: BofA Global Research estimates.

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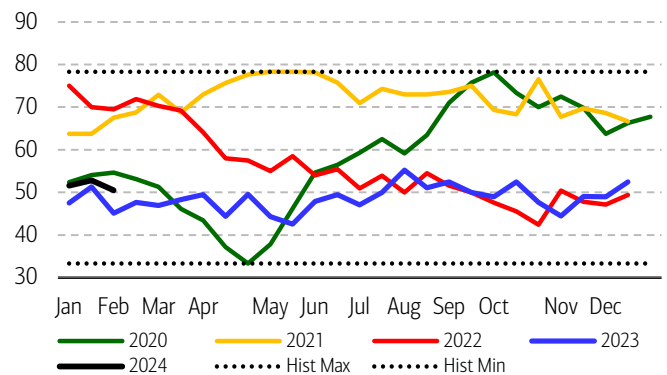
**Exhibit 40: BofA Truckload 0-3 month Demand (Diffusion) Indicator**

Diffusion indicator month-by-month levels

	2020		2021		2022		2023		2024	
Jan	1/2	52.3	1/14	63.8	1/13	75.0	1/12	47.9	1/11	51.6
	1/16	54.1	1/28	63.8	1/27	70.0	1/26	51.3	1/25	52.8
Feb	1/30	54.6	2/11	67.5	2/10	69.5	2/9	45.1	2/8	50.5
	2/13	53.1	2/25	68.8	2/24	71.9	2/23	47.6	2/22	
Mar	2/27	51.3	3/11	72.9	3/10	70.3	3/9	46.9	3/8	
	3/12	46.1	3/25	68.8	3/24	69.2	3/23	48.3	3/22	
Apr	3/26	43.5	4/8	73.0	4/7	64.1	4/6	49.5	4/5	
	4/9	37.2	4/22	75.7	4/21	58.0	4/20	44.4	4/19	
May	4/23	33.3	5/6	77.6	5/5	57.5	5/4	49.5	5/3	
	5/7	37.8	5/20	78.3	5/19	55.0	5/18	44.3	5/17	
Jun	5/21	46.2	6/3	78.3	6/2	58.5	6/1	42.6	5/31	
	6/4	54.6	6/17	78.1	6/16	54.0	6/15	47.9	6/14	
Jul	6/18	56.4	7/1	75.7	6/30	55.5	6/29	49.4	6/28	
	7/2	59.3	7/15	70.9	7/14	50.9	7/13	47.1	7/12	
Aug	7/16	62.5	7/29	74.3	7/28	53.9	7/27	50.0	7/26	
	7/30	59.1	8/12	73.0	8/11	50.0	8/10	55.2	8/9	
Sep	8/13	63.5	8/26	73.0	8/25	54.5	8/24	51.0	8/23	
	8/27	71.1	9/9	73.6	9/8	51.6	9/7	52.4	9/6	
Oct	9/10	75.8	9/23	75.0	9/22	50.0	9/21	50.0	9/20	
	9/24	78.1	10/7	69.4	10/6	47.6	10/5	48.9	10/4	
Nov	10/8	73.3	10/21	68.3	10/20	45.6	10/19	52.5	10/18	
	10/22	70.0	11/4	76.6	11/3	42.4	11/2	47.7	11/1	
Dec	11/5	72.5	11/18	67.7	11/17	50.4	11/16	44.4	11/15	
	11/19	69.9	12/2	69.7	12/1	47.8	11/30	49.0	11/29	
	12/3	63.8	12/16	68.6	12/15	47.2	12/14	49.0	12/13	
	12/17	66.3	12/30	66.7	12/29	49.4	12/28	52.4	12/27	
	12/31	67.7								

Source: BofA Global Research estimates

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**Exhibit 41: Demand (Diffusion) Indicator for 0-3-month demand outlook on stack basis (2020-2024)**Demand Indicator to 50.5 (bi-weekly Issue #302 on February 8<sup>th</sup>)

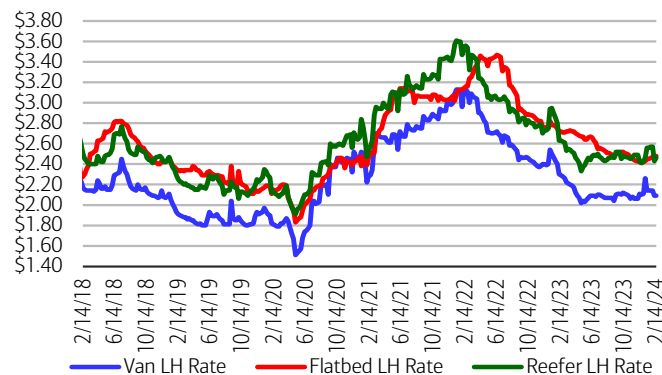
Source: BofA Global Research estimates

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**Disclaimer:** The indicator identified as BofA Truckload Diffusion Indicator in this report is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

**Exhibit 42: Month-to-Date Run Rate**

Van Rate = \$2.09 Flatbed Rate = \$2.48 &amp; Reefer Rate = \$2.46

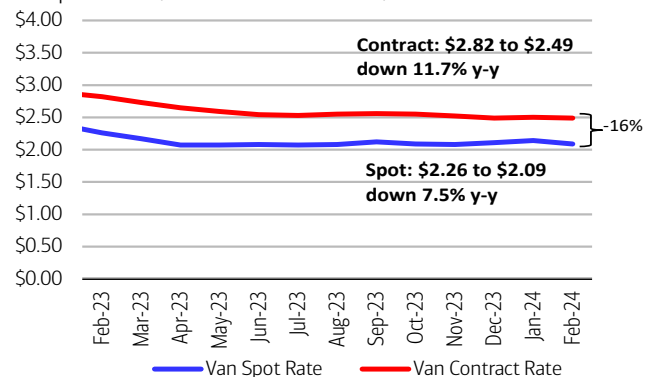


Source: DAT (Dial-A-Truck)

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**Exhibit 43: Monthly Van Spot Rate vs. Contract Rate**

Van Spot Rate = \$2.09 &amp; Contract Rate = \$2.49



Source: DAT (Dial-A-Truck)

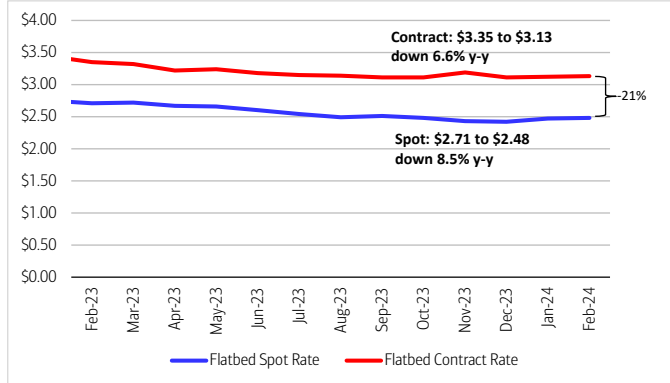
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**Exhibit 44: Monthly Flatbed Spot Rate vs. Contract Rate**

Flatbed Spot Rate = \$2.48 &amp; Contract Rate = \$3.13

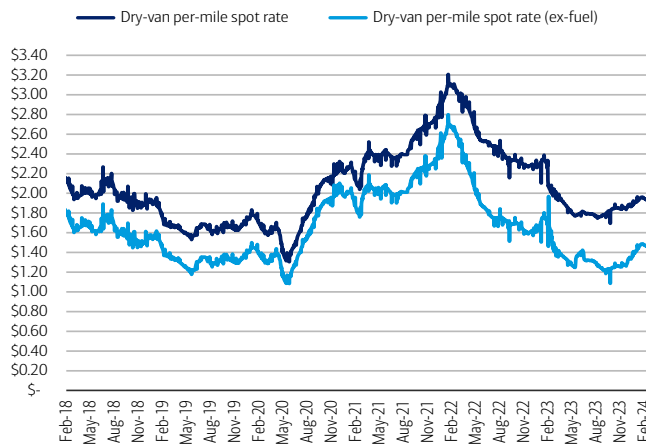


Source: DAT (Dial-A-Truck)

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**Exhibit 46: Truckstop.com Spot Rates**

Dry-Van Spot = \$1.93 Dry-Van (ex-fuel) = \$1.46

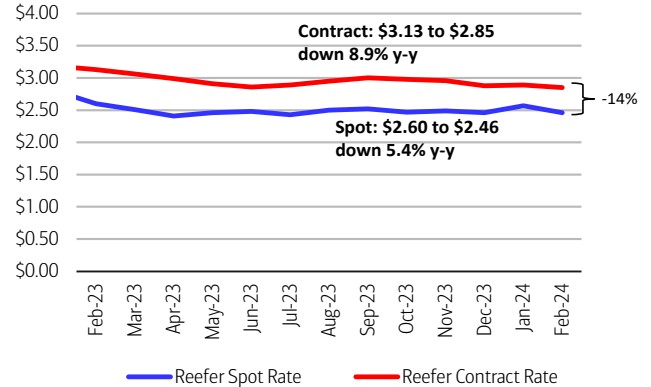


Source: Truckstop.com, Bloomberg

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**Exhibit 45: Monthly Reefer Spot Rate vs. Contract Rate**

Reefer Spot Rate = \$2.46 &amp; Contract Rate = \$2.85



Source: DAT (Dial-A-Truck)

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**TruckStop Spot Rates: Dry-Van Spot = \$1.93, Dry-Van (ex-fuel) = \$1.46**

Truckstop.com's Dry van spot rates ex-fuel were \$1.46/mi for the week ending February 14, from \$1.47/mi the prior week (February 7) and are up 4% YTD (from \$1.41/mi on Dec 31).

Truckstop.com's Dry van spot rates (fuel included) were \$1.93/mi for the week ending February 14, from \$1.94/mi the prior week (February 7) and are up 1% YTD (from \$1.91/mi on Dec 31).

Fuel represented \$0.47/mi, flat with last week's \$0.47/mi and down from \$0.50 on Dec 31.

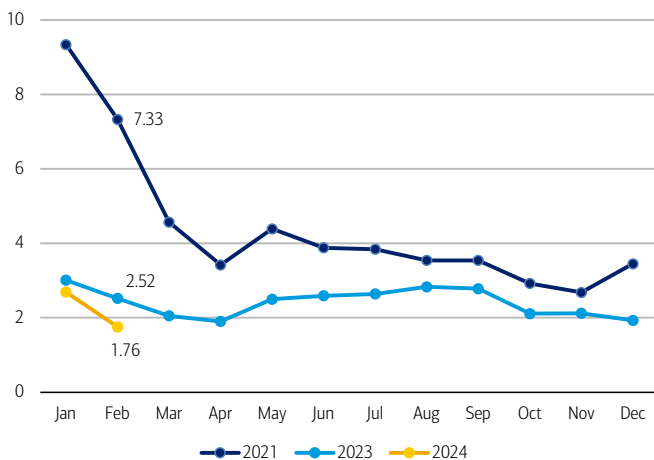
**DAT Spot Dry-Van Load/Truck Ratio = 1.44**

**Weekly Update:** DAT's (Dial-a-Truck) dry-van spot load-to-truck ratio was 1.44 for the week ended February 11<sup>th</sup>, down from 2.07 (-30%) the prior week (February 4), and up from 2.37 (-39%) a year prior. This was the lowest historic level for the Ratio.

**Monthly Update:** DAT's (Dial-a-Truck) dry-van spot load-to-truck ratio is at 1.76 for the month of February, down from 2.69 in January, and down from 2.52 (-30%) a year prior. In January, the Ratio was down year-year for the 24<sup>th</sup> consecutive month.

**Exhibit 47: Van Load to Truck Ratio**

January Load-to-Truck Ratio was 1.76, down 35% M-M



Source: DAT (Dial-A-Truck), Bloomberg

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**Exhibit 48: Top 10 US Ports Loaded Volumes**

Top 10 Ports in December: +8.2% Y-Y, LA/LB +15% Y-Y

Top 10 U.S. Ports	2023 TEU's	2023 YTD Chg.	Nov-23 Y-Y %	Dec-23 Y-Y %	Nov-23 TEU's	Dec-23 TEU's
Los Angeles (18%)	5,733,326	-7%	25%	8%	496,374	486,236
Long Beach (16%)	5,086,796	-12%	21%	22%	464,137	437,017
<b>Total LA/LB (35% of total US)</b>	<b>10,820,122</b>	<b>-9%</b>	<b>23%</b>	<b>15%</b>	<b>960,511</b>	<b>923,253</b>
New York (17%)	5,275,292	-14%	-5%	6%	436,302	430,690
Savannah (13%)	3,738,450	-11%	-3%	-1%	318,679	321,579
Houston (11%)	3,175,543	0%	-10%	11%	254,027	270,618
Norfolk (9%)	2,627,523	-6%	6%	-1%	230,047	213,388
Seaport Alliance (6%)	1,667,451	-8%	2%	19%	138,832	156,423
Charleston (7%)	1,923,450	-6%	1%	-3%	157,512	162,100
Oakland (5%)	1,575,077	-10%	1%	15%	132,648	142,148
Maryland (1%)	725,405	2%	0%	n/a	61,962	-
<b>Total Top 10 (91.5% of US)</b>	<b>31,528,313</b>	<b>-6.9%</b>	<b>5.4%</b>	<b>8.2%</b>	<b>2,690,52</b>	<b>2,620,199</b>
Vancouver	2,355,940	-7%	4%	42%	213,457	215,153
Prince Rupert	494,713	-26%	-10%	-20%	41,679	44,340

Source: Ports of Los Angeles, Long Beach, New York, Savannah, Norfolk, Oakland, Houston, Charleston, Vancouver, Maryland, and BofA Global Research estimates

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**Top 10 Ports in December: +8.2% Y-Y, LA/LB +15% Y-Y****Exhibit 49: Port of Los Angeles/Long Beach Vessels waiting to dock**

On one-week moving average, vessels at anchor and loitering (given new queue system) were 9.4 on 02/14/24 (vs 10.4 on 02/07/24). On day-of basis: 8 vs 12 (includes 8 vs 12 vessels at dock), or 0 vs 0 in queue alone.

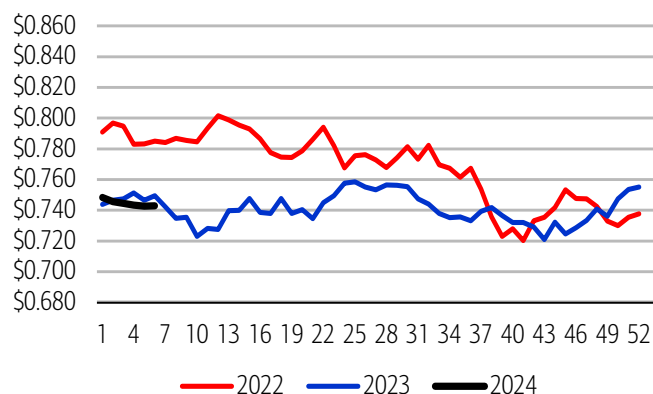


Source: BofA Global Research and Port of LA/Long Beach

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**Port of LA/Long Beach – Ships in queue – 0 on 02/14/24 (from 0 a week prior)****Canadian Dollar and Mexican Peso FX Rates****Exhibit 50: Price of 1 Canadian Dollar in US\$**

1 CAD = 0.743 US\$

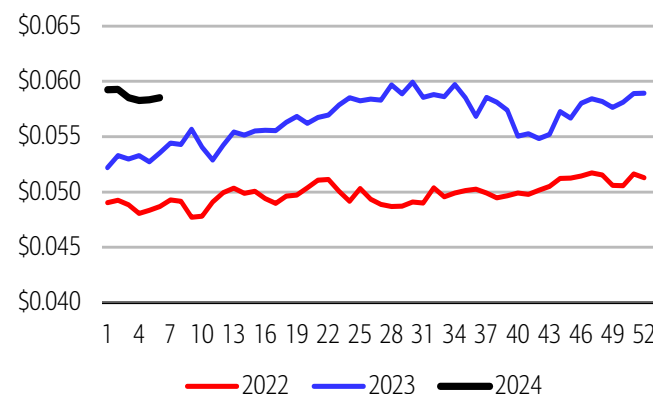


Source: Bloomberg

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**Exhibit 51: Price of 1 Mexican Peso in US\$**

1 MXN = 0.059 US\$

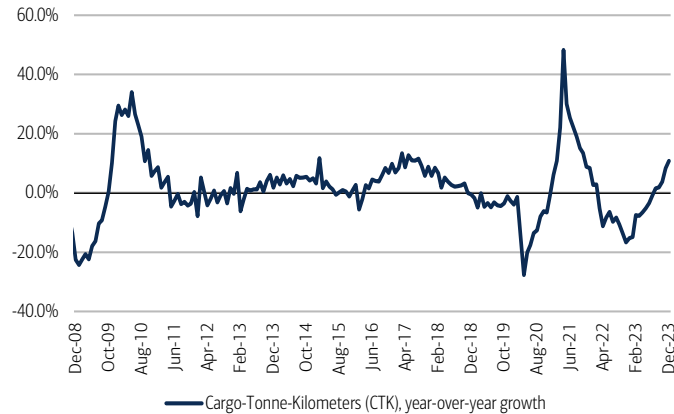


Source: Bloomberg

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**Exhibit 52: IATA Volume year-over-year growth**

IATA Freight Vols: +10.8% Y-Y in December, North America +2.0%



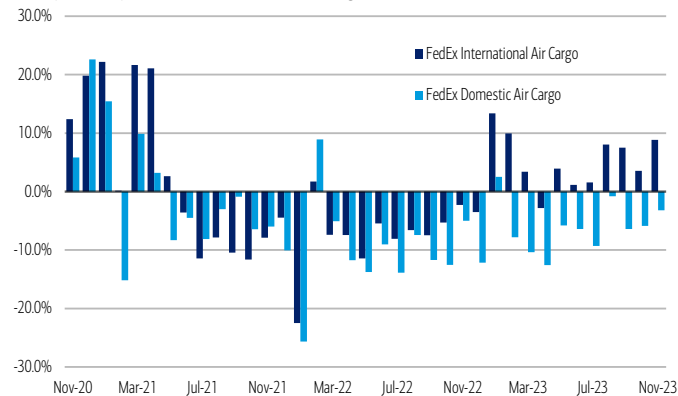
Source: International Air Transport Association

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**IATA Freight Vols: +10.8% Y-Y in December, North America +2.0%**

**Exhibit 53: FedEx Air Cargo Volumes at Memphis International Airport**

Memphis Airport FDX Domestic Air Cargo Volumes in November: -3.2% Y-Y



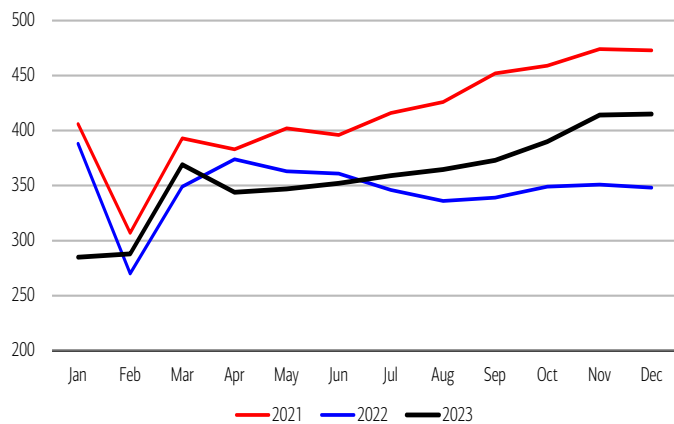
Source: BofA Global Research and Memphis International Airport Statistics

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**Memphis Airport FDX Air Cargo Volumes in November: -3.2% Y-Y**

**Exhibit 54: Hong Kong Airport cargo (000 tons)**

HKIA in December: +19.3% Y-Y, +0.2% M-M



Source: Hong Kong International Airport

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**Hong Kong Airport (HKIA): +19.3% Y-Y, +0.2% M-M**

## Rail Performance Measures

**Overall Takeaway:** The 3 main service level metrics for Class I Rails deteriorated on a sequential basis this week, as Velocity, Dwell Time, and Cars-On-Line were down. At the same time, all 3 metrics posted upticks on a year-over-year basis for the second week, as Velocity, Cars-On-Line and Dwell Time improved. CNI (+0.5%) led the group in velocity this week, improving from last week's 0.0% flat post. NSC (-2.3%) trailed the group, reversing last week's 2.3% increase. BNSF has not reported yet.

**Velocity** (avg. speed of rail network, faster is better): Deteriorated sequentially (-1.4%) and Improved year-over-year (+3.1%).

**Cars-on-Line** (fewer cars-on-line is better): Deteriorated sequentially (+0.2%) and improved year-over-year (-1.6%).

**Terminal Dwell** (lower is better): Deteriorated sequentially (+0.4%) and Improved year-over-year (-7.0%).

### Exhibit 55: Rail Performance Metrics

Service levels deteriorated sequentially but improved year-over-year

#### Rail Performance Measures

**Velocity** (avg. speed of rail network, faster is better)

	2024	2024	2023		
	Week 6	Week 5	Week 6	% Seq Chg	% y-y Chg
(miles per hour)					
CNI	19.4	19.3	19.9	0.5%	-2.5%
CPKC	19.2	19.6	17.1	-2.0%	12.3%
CSX	18.2	18.5	18.7	-1.6%	-2.7%
NSC	21.6	22.1	19.9	-2.3%	8.5%
UNP	23.9	24.3	23.6	-1.6%	1.3%
BNSF (1)	26.2	26.2	25.6	0.0%	2.3%
Average	20.5	20.8	19.8	-1.4%	3.1%

% Seq Chg	% y-y Chg
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Slower  
-1.4%

Faster  
+3.1%

#### Cars On Line (fewer cars-on-line is better)

	2024	2023	2023		
	Week 6	Week 5	Week 6	% Seq Chg	% y-y Chg
(no. of cars)					
CNI	83,711	83,570	86,839	0.2%	-3.6%
CPKC	89,394	89,482	98,218	-0.1%	-9.0%
CSX	125,443	123,718	125,587	1.4%	-0.1%
NSC	169,399	168,914	168,517	0.3%	0.5%
UNP	312,315	313,077	313,577	-0.2%	-0.4%
BNSF (1)	260,252	260,252	253,196	0.0%	2.8%
Average	156,052	155,752	158,548	0.2%	-1.6%

Worse  
+0.2%

Better  
-1.6%

#### Terminal Dwell Time (lower is better)

	2023	2023	2023		
	Week 6	Week 5	Week 6	% Seq Chg	% y-y Chg
(time in hours)					
CNI	6.8	7.0	7.4	-2.9%	-8.1%
CPKC	9.2	9.4	10.5	-2.1%	-12.4%
CSX	9.6	9.1	8.8	5.5%	9.1%
NSC	23.0	22.8	26.1	0.9%	-11.9%
UNP	23.3	23.3	24.5	0.0%	-4.9%
BNSF (1)	27.1	27.1	28.9	0.0%	-6.2%
Average	14.4	14.3	15.5	0.4%	-7.0%

Worse  
+0.4%

Better  
-7.0%

(1): Due the BNSF reporting schedule the reported data is delayed by one week and not included on the averages.

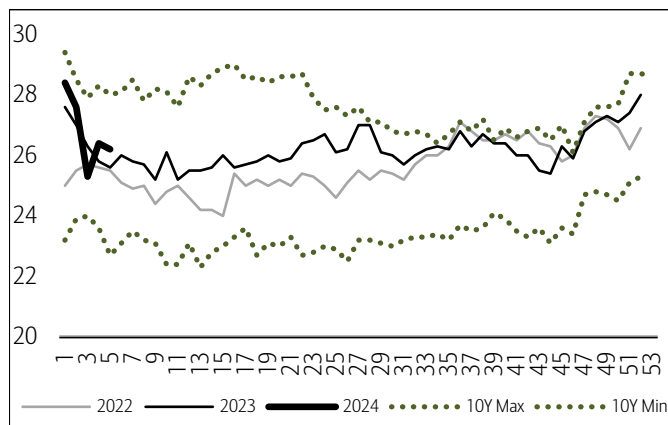
Source: BofA Global Research, company reports

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## Weekly Rail Velocity Monitor

### Exhibit 56: BNSF Velocity

BNSF velocity was 26.2 mph for week 5

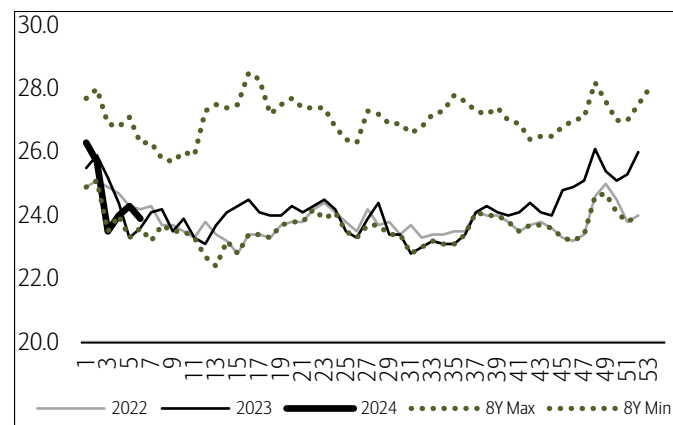


Source: Company reports, and Association of American Railroads.

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### Exhibit 57: Union Pacific Velocity

UNP velocity was 23.9 mph for week 6



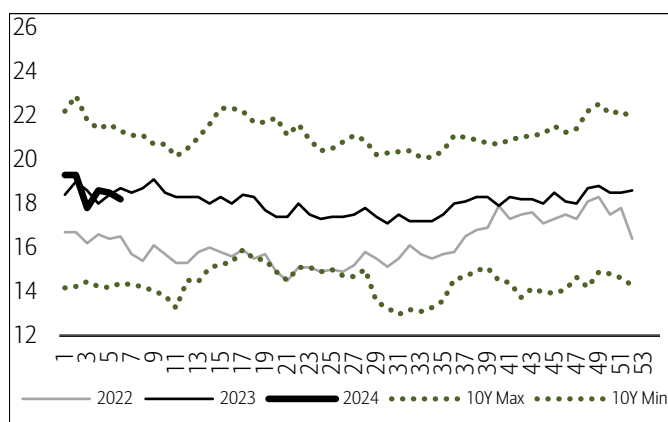
Source: Company reports, and Association of American Railroads.

UNP restated performance metrics, historical data available from 03/24/17

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### Exhibit 58: CSX Velocity

CSX velocity was 18.2 mph for week 6

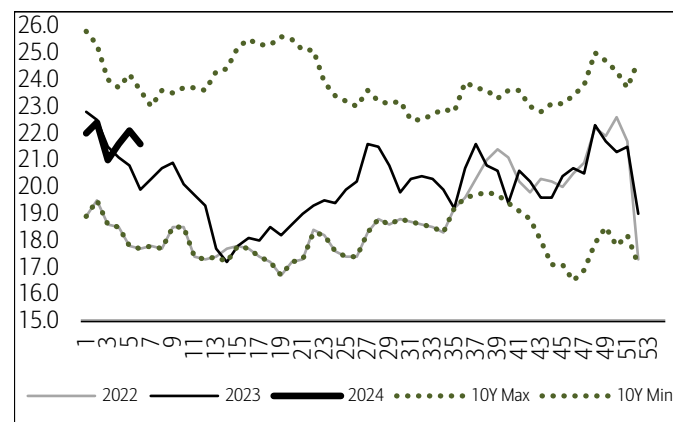


Source: Company reports, and Association of American Railroads.

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### Exhibit 59: Norfolk Southern Velocity

NSC velocity was 21.6 mph for week 6

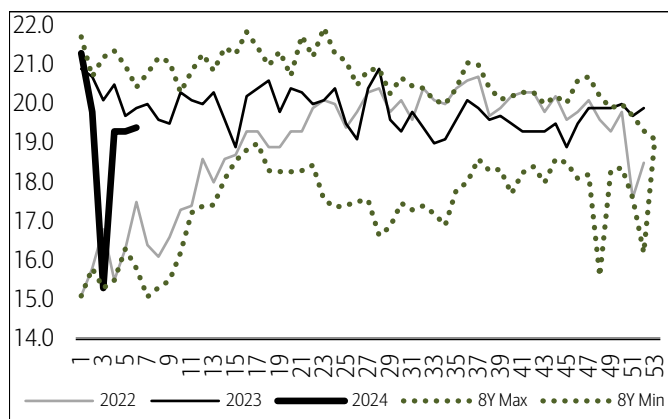


Source: Company reports, and Association of American Railroads.

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### Exhibit 60: Canadian National Velocity

CNI velocity was 19.4 mph for week 6



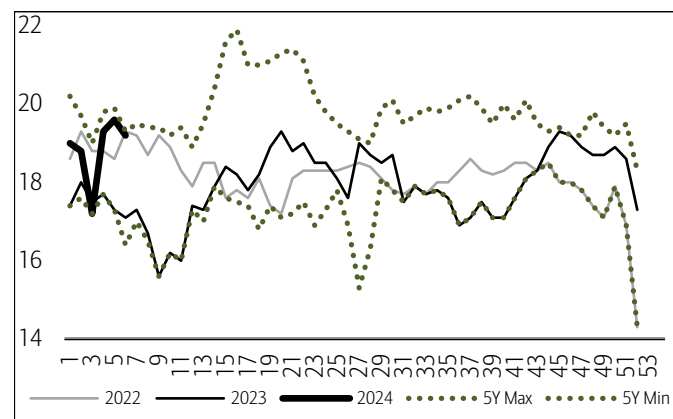
Source: Company reports, and Association of American Railroads.

CNI restated performance metrics, historical data available from 2017

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### Exhibit 61: Canadian Pacific Kansas City Velocity

CPKC velocity was 19.2 mph for week 6



Source: Company reports, and Association of American Railroads.

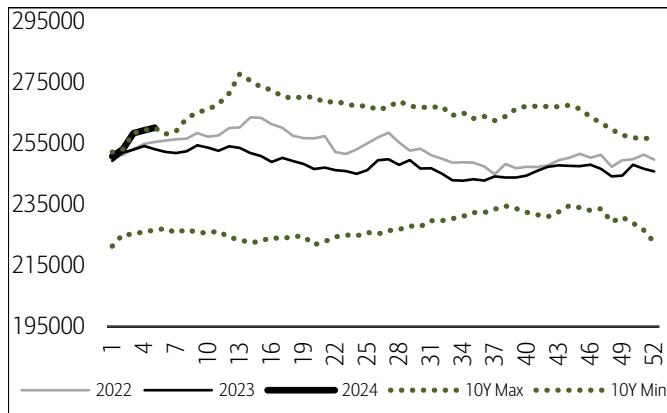
CPKC restated performance metrics, historical data available from 2020

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## Weekly Cars On-Line Monitor

### Exhibit 62: BNSF Cars-On-Line

BNSF cars on line were 260,252 for week 5

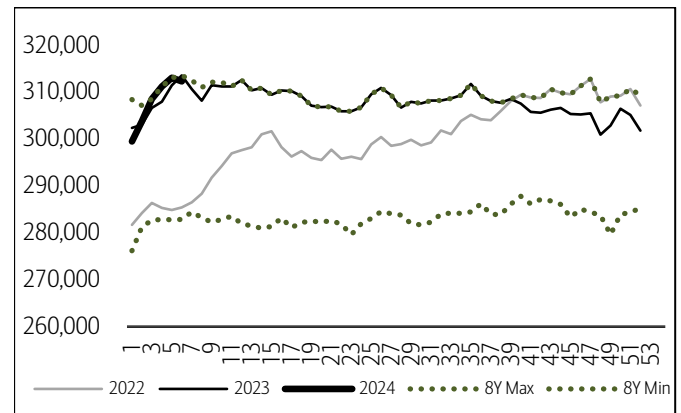


Source: Company reports, and Association of American Railroads.

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### Exhibit 63: Union Pacific Cars-On-Line

UNP cars on line were 312,315 for week 6



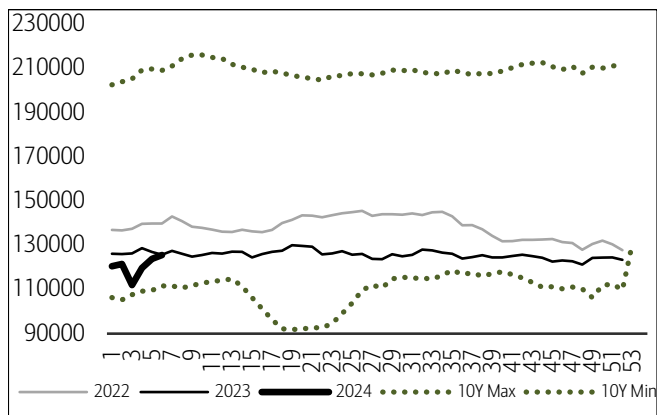
Source: Company reports, and Association of American Railroads.

UNP restated performance metrics, historical data available from 03/24/17

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### Exhibit 64: CSX Cars-On-Line

CSX cars on line were 125,443 for week 6



Source: Company reports, and Association of American Railroads.

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### Exhibit 65: Norfolk Southern Cars-On-Line

NSC cars on line were 169,399 for week 6

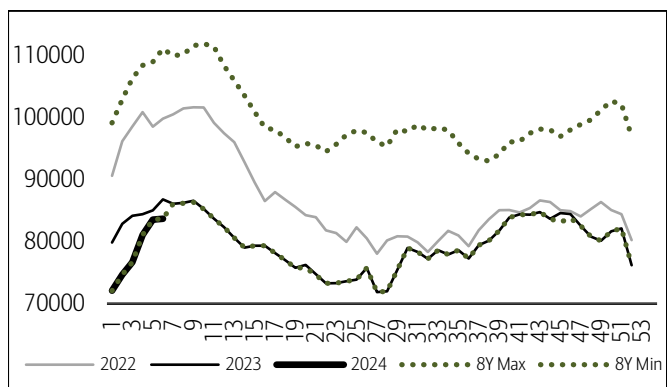


Source: Company reports, and Association of American Railroads.

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### Exhibit 66: Canadian National Cars-On-Line

CNI cars on line were 83,711 for week 6



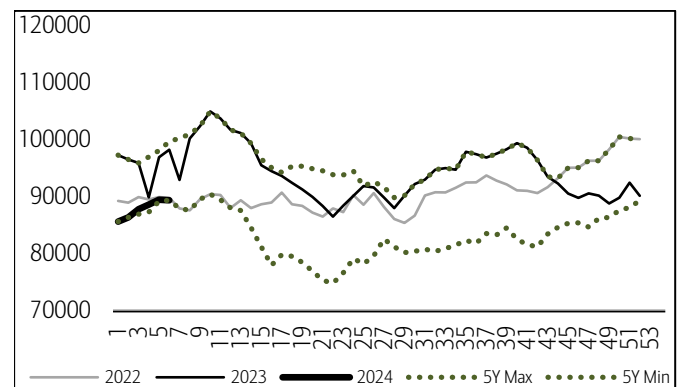
Source: Company reports, and Association of American Railroads.

CNI restated performance metrics, historical data available from 2017

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### Exhibit 67: Canadian Pacific Kansas City Cars-On-Line

CPKC cars on line were 89,394 for week 6



Source: Company reports, and Association of American Railroads.

CPKC restated performance metrics, historical data available from 2020

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## Weekly Dwell Time Monitor

### Exhibit 68: BNSF Dwell Time

BNSF dwell time was 27.1 hrs for week 5

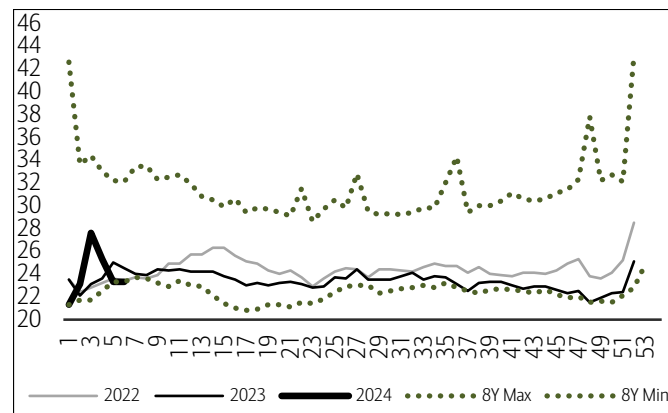


Source: Company reports, and Association of American Railroads.

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### Exhibit 69: Union Pacific Dwell Time

UNP dwell time was 23.3 hrs for week 6



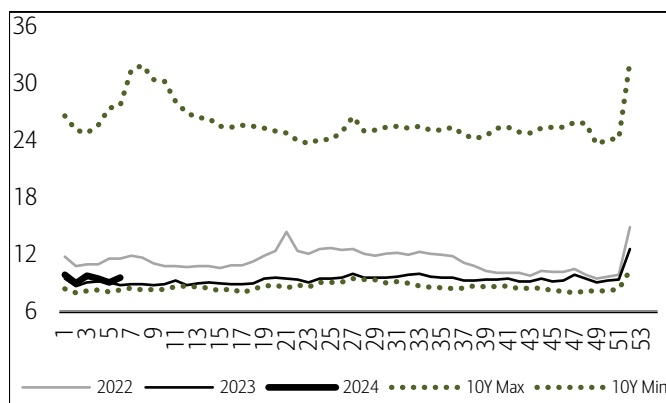
Source: Company reports, and Association of American Railroads.

UNP restated performance metrics, historical data available from 03/24/17

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### Exhibit 70: CSX Dwell Time

CSX dwell time was 9.6 hrs for week 6

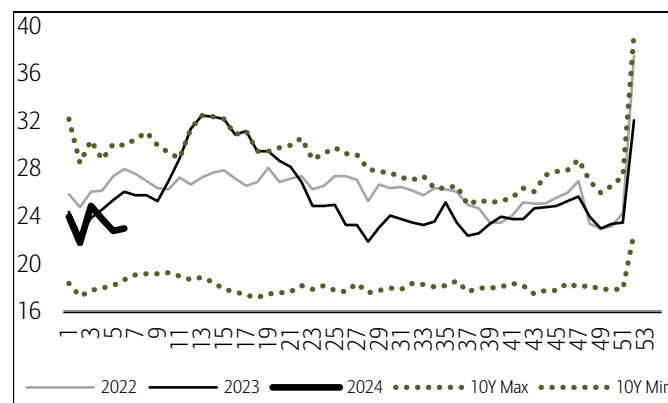


Source: Company reports, and Association of American Railroads.

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### Exhibit 71: Norfolk Southern Dwell Time

NSC dwell time was 23.0 hrs for week 6

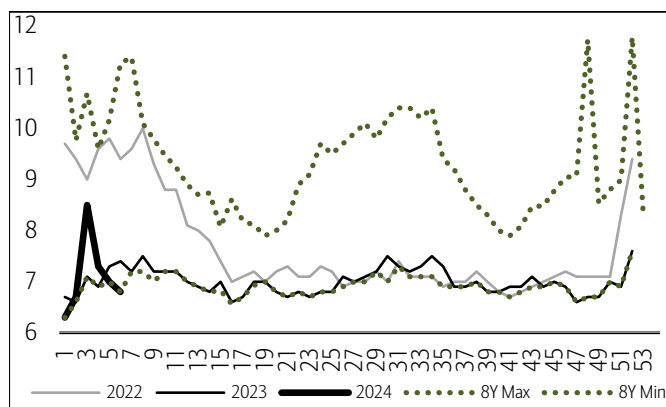


Source: Company reports, and Association of American Railroads.

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### Exhibit 72: Canadian National Dwell Time

CNI dwell time was 6.8 hrs for week 6



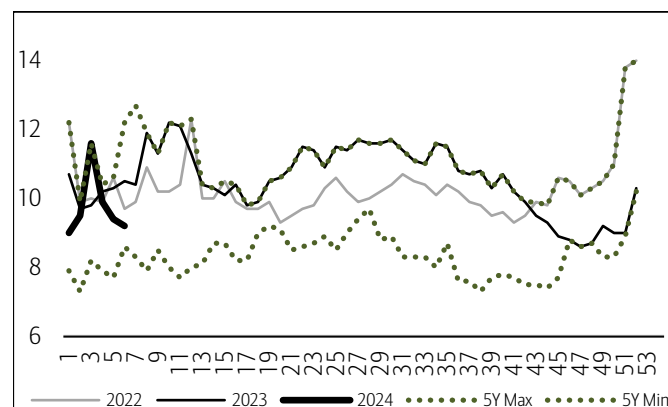
Source: Company reports, and Association of American Railroads.

CNI restated performance metrics, historical data available from 2017

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### Exhibit 73: Canadian Pacific Kansas City Dwell Time

CPKC dwell time was 9.2 hrs for week 6



Source: Company reports, and Association of American Railroads.

CPKC restated performance metrics, historical data available from 2020

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## Less-than-Truckload Data Update and Rail Employment

### Exhibit 74: Less-than-Truckload Tons/Day Y-Y%

LTL Tons/Day is down 5.2% on avg y-y in Dec. (among peers that disclose)

	ODFL	YELL	ARCB	SAIA	XPO
Jan-23	-7.8%	-17.2%	1.6%	-3.7%	2.8%
Feb-23	-12.4%	1.3%	2.1%	-7.6%	-2.0%
Mar-23	-15.8%	-16.9%	4.3%	-5.2%	-5.5%
Apr-23	-14.5%	-16.4%	1.3%	-1.1%	-2.0%
May-23	-14.4%	-16.3%	2.0%	-2.0%	-2.3%
Jun-23	-13.3%	-18.3%	-0.2%	-2.2%	-4.0%
Jul-23	-11.1%		-5.2%	3.4%	4.2%
Aug-23	-6.0%		-7.1%	6.8%	3.3%
Sep-23	-3.7%		-6.6%	9.7%	2.2%
Oct-23	-1.9%		-4.0%	7.8%	2.5%
Nov-23	-2.3%		-10.0%	9.2%	-0.5%
Dec-23	-2.5%		-8.3%	6.8%	3.6%
Jan-24	-5.1%		-18.0%	3.3%	-1.1%

No data provided (BofA quarterly average)

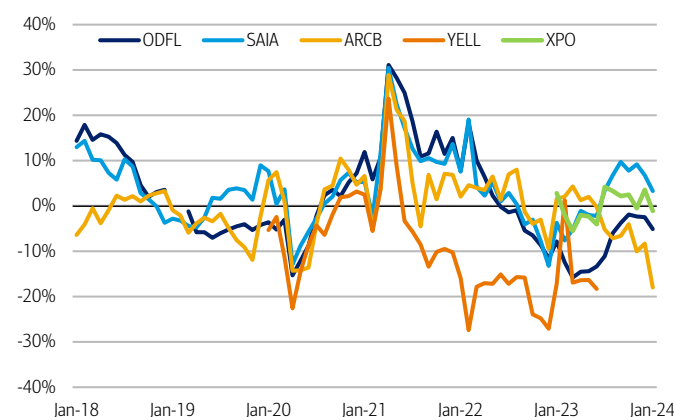
Source: BofA Global Research estimates and company reports

Note: ODFL's January Tons are preliminary

BofA GLOBAL RESEARCH

### Exhibit 75: Less-than-Truckload Tons/Day Y-Y%

LTL Tons/Day is down 5.2% on avg y-y in Dec. (among peers that disclose)



Source: BofA Global Research estimates and company reports

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### Exhibit 76: Less-than-Truckload Shipments/Day Y-Y%

Shipments/Day is up 1.4% on avg y-y in Dec. (among peers that disclose)

	ODFL	YELL	ARCB	SAIA	XPO	FDX
Jan-23	-5.9%	-18.1%	7.1%	-4.0%	5.0%	-10.0%
Feb-23	-10.1%	-2.5%	9.5%	-7.6%	1.1%	-14.0%
Mar-23	-12.9%	-19.3%	7.3%	-9.4%	-0.5%	-19.0%
Apr-23	-11.8%	-15.4%	4.7%	-5.7%	3.1%	-17.0%
May-23	-11.4%	-13.8%	2.0%	-4.2%	1.8%	-17.0%
Jun-23	-11.2%	-16.4%	5.4%	-1.8%	0.9%	-16.0%
Jul-23	-8.5%		1.4%	6.0%	8.8%	-14.0%
Aug-23	-1.2%		2.1%	14.2%	8.3%	-8.0%
Sep-23	1.0%		0.9%	16.3%	6.6%	-6.0%
Oct-23	-8.5%		3.7%	18.0%	6.2%	-5.0%
Nov-23	-1.2%		-5.0%	18.9%	3.7%	-4.0%
Dec-23	1.0%		-1.9%	16.5%	6.6%	
Jan-24			-9.0%	11.8%	1.4%	

No data provided (BofA quarterly average)

Source: BofA Global Research estimates and company reports

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### Exhibit 77: STB employment data

December STB employment: 122,343, up 2.5% Y-Y



Source: STB

BofA GLOBAL RESEARCH

### Exhibit 78: STB quarter to date data vs BofAe labor estimates

Data as of December 2023

	2023 4Q Avg #	4Q Avg. chg. %	BofAe	Diff	4Q Vols
UNP	33,020	0.2%	1.5%	-1.3%	1.8%
CSX	19,216	6.0%	3.3%	2.7%	0.1%
NSC	20,759	7.1%	7.0%	0.1%	2.6%
CN	6,561	3.2%	4.6%	-1.4%	-3.8%
CP	2,912	1.1%	1.0%	0.1%	0.2%
KSU	2,927	-0.6%	-	-	-
BNSF	36,968	2.2%	-	-	-
Total	122,364	3.0%	-	-	-

Note: Monthly average quarter-to-date; 4Q Volumes are estimates

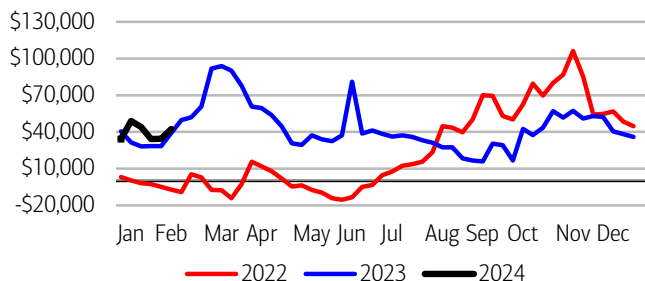
Source: STB, BofA Global Research estimates

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## Weekly Shipping Rates

### Exhibit 79: VLCC Spot Rates

VLCC Spot Rates at \$42,546 as of 02/09/2024

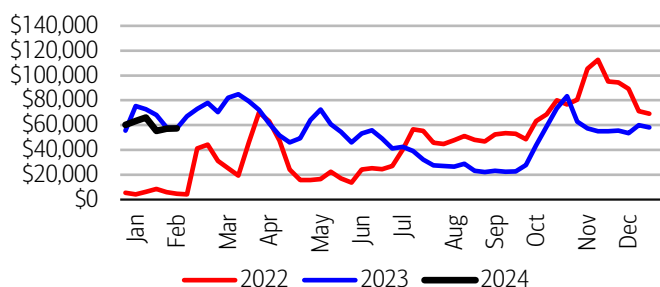


Source: BofA Global Research and Clarksons

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### Exhibit 81: Suezmax Spot Rates

Suezmax Spot Rates at \$57,292 as of 02/09/2024

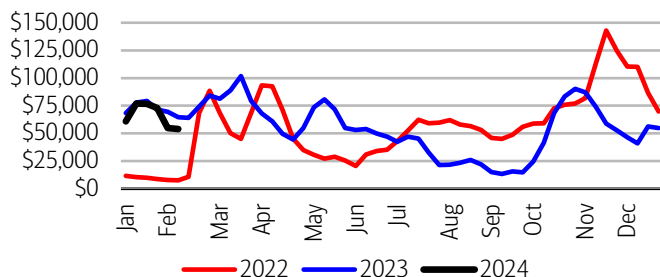


Source: BofA Global Research and Clarksons

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### Exhibit 83: Aframax Spot Rates

Aframax Spot Rates \$53,782 as of 02/09/2024

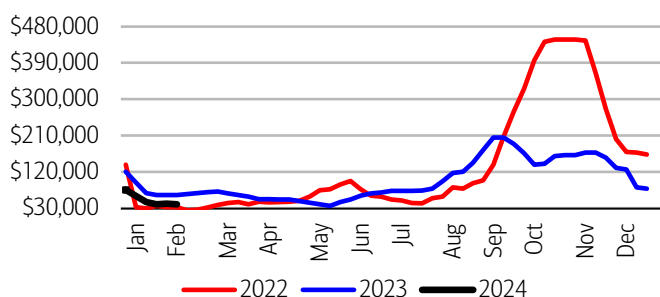


Source: BofA Global Research and Clarksons

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### Exhibit 85: LNG TFDE Spot Rates

LNG TFDE Spot Rates at \$40,000 as of 02/09/2024

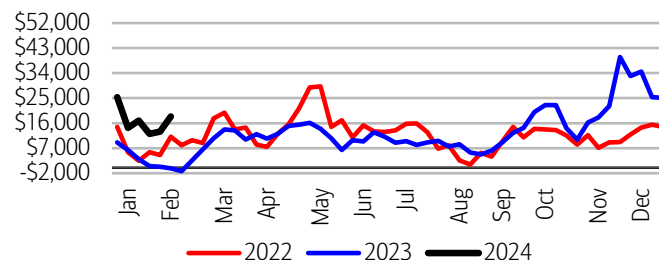


Source: BofA Global Research and Clarksons

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### Exhibit 80: Capesize spot Rates

Capesize Spot rates at \$18,393 as of 02/09/2024

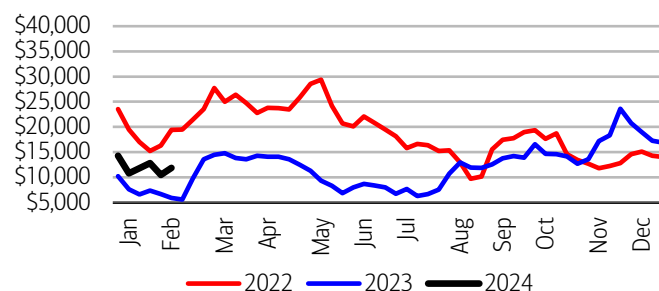


Source: BofA Global Research and Clarksons

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### Exhibit 82: Panamax Spot Rates

Panamax Spot Rates at \$11,849 as of 02/09/2024

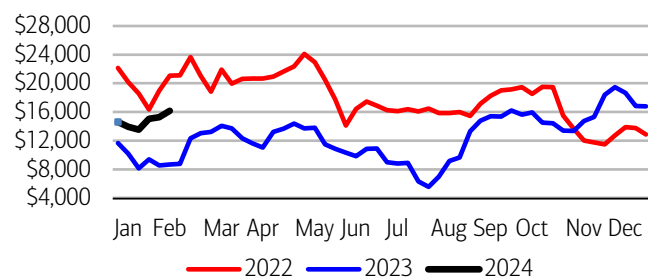


Source: BofA Global Research and Clarksons

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### Exhibit 84: Supramax Spot Rates

Supramax Spot Rates at \$16,187 as of 02/09/2024



Source: BofA Global Research and Clarksons

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### Exhibit 86: Yearly and Quarterly Gas Carrier Rate Data

LNG Carrier Rate is down 1QTD and YTD

Gas Carrier	1QTD Average	2024 YTD Avg.	Orderbook % of Fleet
LNG TFDE	\$50,167	\$50,167	76%
% chg. Y-Y	-30%	-48%	

Source: Clarkson

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**Exhibit 87: Yearly and Quarterly Tanker Rate Data**

Tanker Rates are down 1QTD, but mixed YTD

Tanker	1QTD Average	2024 YTD Avg.	Orderbook % of Fleet
VLCC	\$39,725	\$39,725	2%
% chg. Y-Y	-27%	-8%	
Suezmax	\$59,871	\$59,871	5%
% chg. Y-Y	-16%	12%	
Aframax	\$66,028	\$66,028	11%
% chg. Y-Y	-14%	19%	

Source: Clarkson

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**Exhibit 88: Yearly and Quarterly Dry Bulk Rate Data**

Dry Bulk Rates are up 1QTD, while mixed YTD

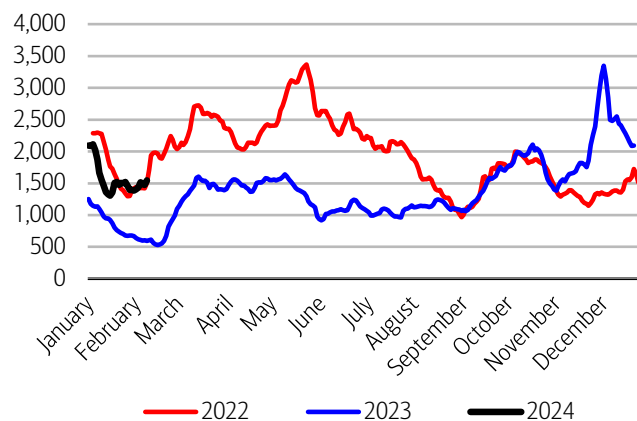
Dry Bulk	1QTD Average	2024 YTD Avg.	Orderbook % of Fleet
Capesize	\$16,671	\$16,671	5%
% chg. Y-Y	191%	34%	
Panamax	\$12,019	\$12,019	9%
% chg. Y-Y	20%	0%	
Supramax	\$14,777	\$14,777	8%
% chg. Y-Y	33%	19%	

Source: Clarkson

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**Exhibit 89: Baltic Dry Index**

Baltic Dry Index is at 1,545 as of 02/09/2024



Source: Bloomberg

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**Exhibit 90: Shipping Rates**

Shipping Rates are mixed year-over-year

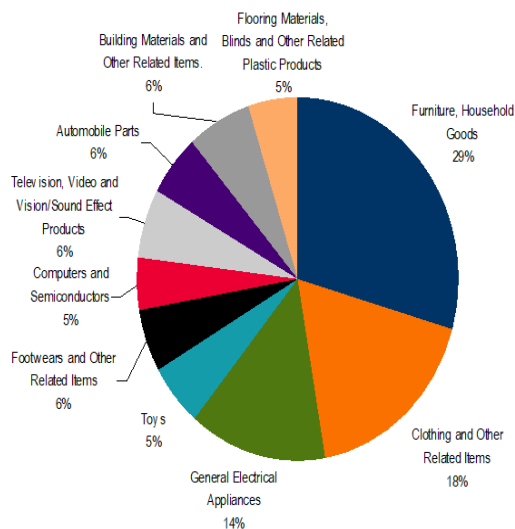
Vessel Type	Current Wk 02/09/24	Prior Wk 02/02/24	YOY Wk 02/10/23	Seq % Change	YOY % Change
VLCC	\$42,546	\$34,344	\$39,191	23.9%	8.6%
Suezmax	\$57,292	\$57,083	\$57,430	0.4%	-0.2%
Aframax	\$53,782	\$54,920	\$64,700	-2.1%	-16.9%
LNG TFDE	\$40,000	\$41,000	\$62,500	-2.4%	-36.0%
Baltic Dry Index	1,545	1,407	602	9.8%	156.6%

Source: Bloomberg and Clarkson

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**Exhibit 91: Container Breakdown by Commodity**

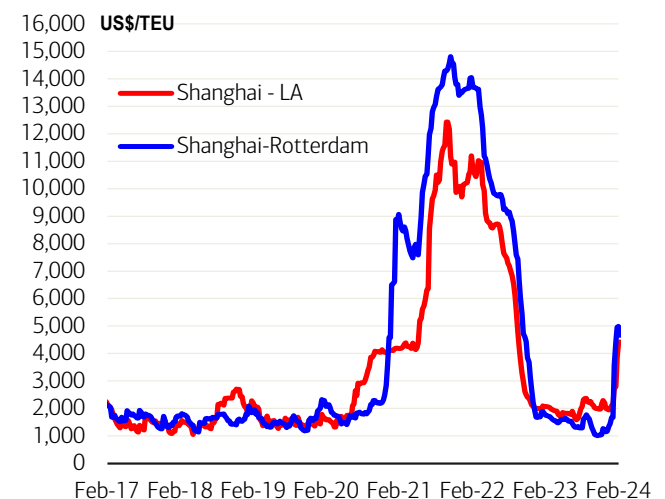
Furniture, Household &amp; Goods represents almost 30%



Source: OOCL, BofA Global Research estimates

**Exhibit 92: Container Rates – Shanghai Containerized Freight Index (SCFI)**

Shanghai – LA and Shanghai – Rotterdam are up significantly year-over-year



Source: Chinese Shipping, and BofA Global Research

**Exhibit 93: Railroads Comp Sheet**

Data as of 02/14/2024

			Share	Shares	Mkt Cap	Net Debt	EV	EPS				Forward P/E			EBITDA (\$ bil)			Forward EV/EBITDA					
		QRQ		Out.				BofA	BofA	BofA	Cons.												
Company	Ticker	Price		(mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)	2022a	2023e	2024e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	2022a	2023e	2024e			
Canadian National	CNI	B-2-7	\$128.86	641	\$82.6	\$13.4	\$96.0	\$5.75	\$5.43	\$5.94	\$5.96	22.4x	23.7x	21.7x	\$6.61	\$6.27	\$6.76	14.5x	15.3x	14.2x			
Canadian Pacific	CP	B-1-7	\$84.73	932	\$79.0	\$16.9	\$95.9	\$2.89	\$2.86	\$3.20	\$3.20	29.3x	29.6x	26.5x	\$4.92	\$5.03	\$5.50	19.5x	19.1x	17.4x			
CSX Corporation	CSX	B-1-7	\$37.00	1,959	\$72.5	\$17.1	\$89.6	\$1.91	\$1.84	\$2.00	\$1.98	19.4x	20.1x	18.5x	\$7.42	\$7.13	\$7.43	12.1x	12.6x	12.1x			
Norfolk Southern	NSC	B-1-7	\$252.26	226	\$57.0	\$15.6	\$72.6	\$13.60	\$11.75	\$12.10	\$12.00	18.5x	21.5x	20.8x	\$6.12	\$5.27	\$5.58	11.9x	13.8x	13.0x			
Union Pacific	UNP	B-1-7	\$250.11	610	\$152.5	\$31.5	\$184.0	\$11.23	\$10.29	\$11.15	\$11.18	22.3x	24.3x	22.4x	\$12.26	\$11.47	\$12.23	15.0x	16.0x	15.0x			
												22.4x	23.9x	22.0x				14.6x	15.4x	14.4x			
2024Q1EPS										Revenue		2023Q4	Net	ROIC			Total Return (w/reinvested dividends)					Dividend	
		est.	Δ to	EPS Growth			YoY	Growth		Op.	Debt/												
Company		BofA	Cons.	Street	1yr	3yr	5yr	1Q2024	1yr	5yr	Ratio	EBITDA	1yr			1 week	YTD	1yr	3yr	5yr	Annual	Yield	
Canadian National		\$1.20	\$1.27	-6%	-3%	20%	19%	-2%	-2%	4%	59%	2.2x	10.4%			0%	3%	10%	7%	11%	\$3.38	1.9%	
Canadian Pacific		\$0.69	\$0.70	-1%	-5%	6%	15%	-5%	-4%	17%	58%	3.5x	5.6%			-1%	7%	7%	6%	17%	\$0.76	0.7%	
CSX Corporation		\$0.46	\$0.45	2%	-1%	110%	44%	-1%	-1%	4%	64%	2.4x	10.8%			0%	7%	19%	9%	11%	\$0.48	1.3%	
Norfolk Southern		\$2.55	\$2.60	-2%	-43%	9%	0%	-5%	-5%	2%	69%	3.9x	8.4%			1%	7%	10%	2%	9%	\$5.40	2.1%	
Union Pacific		\$2.45	\$2.51	-3%	-7%	11%	6%	-3%	-3%	2%	61%	2.9x	11.4%			0%	2%	26%	8%	10%	\$5.20	2.1%	
												62%	3.0x	9.3%			0%	5%	14%	6%	12%		

Source: BofA Global Research estimates, Company reports, Bloomberg (for stocks not covered by BofA Global Research)

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**Exhibit 94: Intermodal/Container Lessors Comp Sheet**

Data as of 02/14/2024

		Share	Shares	Mkt Cap	Net Debt	EV	EPS				Forward P/E			EBITDA (\$ bil)			Forward EV/EBITDA						
	QRQ		Out.				BofA	BofA	BofA	Cons													
Company	Ticker	Price	(mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)	2022a	2023e	2024e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	2022a	2023e	2024e				
J.B. Hunt Transp.	JBHT	B-1-7	\$217.56	103	\$22.4	\$1.5	\$24.0	\$9.79	\$7.20	\$8.15	\$7.80	22.2x	30.2x	26.7x	\$2.06	\$1.78	\$1.99	11.6x	13.4x	12.1x			
Textainer Group	TGH	n/a	\$49.74	41	\$2.1	\$4.7	\$6.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Hub Group Inc	HUBG	n/a	\$44.71	62	\$2.8	\$0.4	\$3.2	n/a	\$2.68	n/a	\$2.22	8.5x	16.7x	20.1x	\$0.62	\$0.40	\$0.40	5.1x	8.0x	8.0x			
											12.9x	19.3x	19.0x				8.6x	10.6x	10.1x				
2024Q1EPS											2023Q4		Net		ROIC		Total Return (w/reinvested dividends)					Dividend	
		est.	Δ to	EPS Growth			YoY			Op. Growth		Debt/											
Company	BofA	Cons.	Street	1yr	3yr	5yr	1Q2024	1yr	5yr	Ratio	EBITDA	1yr	1 week	YTD	1yr	3yr	5yr	Annual	Yield				
J.B. Hunt Transp.	\$1.59	\$1.61	-1%	-23%	18%	19%	-13%	-13%	8%	92%	0.9x	12.9%	2%	9%	13%	15%	15%	\$1.72	0.8%				
Textainer Group	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
Hub Group Inc	n/a	\$0.41	-49%	63%	30%	-21%	-21%	1%		97%	1.0x	7.4%	2%	-3%	-8%	17%	15%	--	--				
											83%	3.0x	8.4%	1%	2%	22%	21%	21%					

Source: BofA Global Research estimates, Company reports, Bloomberg (for stocks not covered by BofA Global Research)

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**Exhibit 95: Less-than-Truckload (LTL) Comp Sheet**

Data as of 02/14/2024

			Share	Shares	Mkt Cap	Net Debt	EV	EPS				Forward P/E			EBITDA (\$ bil)			Forward EV/EBITDA				
Company	Ticker	QRQ	Price	Out.				BofA	BofA	BofA	Cons.											
				(mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)	2022a	2023e	2024e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	2022a	2023e	2024e		
Arcbest Corp	ARCB	C-3-7	\$141.72	24	\$3.4	\$0.0	\$3.3	\$13.63	\$7.88	\$10.85	\$10.32	10.4x	18.0x	13.1x	\$0.58	\$0.37	\$0.47	5.7x	9.0x	7.0x		
Old Dominion	ODFL	B-1-7	\$431.13	109	\$47.0	(\$0.4)	\$46.7	\$12.18	\$11.26	\$12.65	\$12.94	35.4x	38.3x	34.1x	\$2.10	\$1.97	\$2.17	22.2x	23.8x	21.6x		
Saia Inc	SAIA	B-1-9	\$562.47	27	\$14.9	(\$0.2)	\$14.8	\$13.40	\$13.27	\$16.20	\$16.20	42.0x	42.4x	34.7x	\$0.63	\$0.64	\$0.78	23.5x	23.1x	18.8x		
TFI Int'l	TFII	B-2-7	\$144.96	84	\$12.2	\$1.9	\$14.1	\$1.74	\$1.71	\$2.20	\$7.49	83.2x	84.8x	65.9x	\$1.14	\$0.91	\$1.09	12.4x	15.5x	13.0x		
XPO, Inc.	XPO	C-1-9	\$120.28	116	\$14.0	\$3.7	\$17.7	\$3.53	\$2.93	\$3.65	\$3.47	34.1x	41.1x	33.0x	\$0.66	\$0.66	\$0.87	26.7x	26.7x	20.3x		
												41.0x	44.9x	36.1x				18.1x	19.6x	16.1x		
2024Q1EPS est.												2023Q4 Op. Ratio		ROIC		Total Return (w/reinvested dividends)					Dividend	
Company		BofA	Cons.	Street	1yr	3yr	5yr	1Q2024	1yr	3yr	5yr	Ratio	Net Debt/EBITDA	1yr	1 week	YTD	1yr	3yr	5yr	Annual	Yield	
Arcbest Corp		\$1.91	\$1.58	21%	-42%	70%	n/a	-17%	-15%	9%	93%	0.3x		10.5%	1%	18%	40%	36%	30%	\$0.48	0.3%	
Old Dominion		\$2.74	\$2.72	1%	-8%	29%	20%	-6%	-6%	8%	72%	-0.2x		28.7%	0%	6%	21%	27%	35%	\$2.08	0.5%	
Saia Inc		\$3.39	\$3.40	0%	-1%	40%	35%	3%	3%	13%	85%	-0.2x		18.3%	5%	28%	102%	40%	52%	--	--	
TFI Int'l		\$1.57	\$1.47	6%	-19%	47%	130%	-15%	-15%	20%	90%	1.6x		12.8%	3%	7%	15%	25%	--	\$1.60	1.1%	
XPO, Inc.		\$0.71	\$0.67	7%	-7%	89%	n/a	0%	0%	-10%	92%	4.3x		9.6%	3%	37%	218%	42%	42%	--	--	
												86%	1.1x	16.0%	2%	19%	79%	34%	40%			

Source: BofA Global Research estimates, Company reports, Bloomberg (for stocks not covered by BofA Research)

BoFA GLOBAL RESEARCH



**Exhibit 96: Airfreight Comp Sheet**

Data as of 02/14/2024

										EPS				Forward P/E			EBITDA (\$ bil)			Forward EV/EBITDA		
		Share	Share	Mkt Cap	Net Debt	EV			BofA	BofA	BofA	Cons.										
Company	Ticker	QRQ	Price	Out. (mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)		2022a	2023e	2024e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	
Fedex Corp	FDX	B-1-7	\$236.83	250	\$59.2	\$13.8	\$73.0		\$14.96	\$17.70	\$20.85	\$17.63	15.8x	13.4x	11.4x	\$9.55	\$11.60	\$11.60	7.6x	7.0x	6.3x	
United Parcel-B	UPS	B-2-7	\$144.22	723	\$122.9	\$19.1	\$141.9		\$12.95	\$8.78	\$8.40	\$8.28	11.1x	16.4x	17.2x	\$16.97	\$12.88	\$12.88	8.4x	10.9x	11.0x	
													13.5x	14.9x	14.3x				8.0x	8.9x	8.7x	
		2024Q1EPS est.		EPS Growth		YoY		Revenue Growth		2023Q4 Op. Ratio	Net Debt/EBITDA	ROIC	Total Return (w/reinvested dividends)					Dividend				
Company		BofA	Cons.	Street	1yr	3yr	5yr	1Q2024	1yr	5yr		1yr	1 week	YTD	1yr	3yr	5yr	Annual	Yield			
Fedex Corp		\$3.13	\$3.58	-13%	-7%	94%	11%	-4%	-7%	5%	94%	3.3x	5.6%	-2%	-6%	14%	-2%	7%	\$5.04	2.1%		
UPS		\$1.61	\$1.58	2%	-35%	267%	n/a	-9%	-9%	5%	89%	1.6x	14.4%	-2%	-8%	-20%	-1%	9%	\$6.52	4.5%		
												91%	2.4x	10.0%	-2%	-7%	-3%	-1%	8%			

Source: BofA Global Research estimates, Company reports, Bloomberg.

Note: FedEx fiscal calendar ends May 31. Fiscal year 2024 goes from June 1, 2023 - to - May 31, 2024. Quarter estimates correspond to 3Q24, and year metrics correspond to fiscal years 2023, 2024, and 2025.

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**Exhibit 97: Truckload Carriers Comp Sheet**

Data as of 02/14/2024

		QRQ	Share	Shares Out.	Mkt Cap	Net Debt	EV	EPS				Forward P/E		EBITDA (\$ bil)			Forward EV/EBITDA				
Company	Ticker		Price	(mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)	BofA	BofA	BofA	Cons.	2022a	2023e	2024e	2022a	2023e	2024e	2022a	2023e	2024e	
Knight Transportation	KNX	B-1-7	\$59.11	161	\$9.5	\$2.8	\$12.4	\$5.10	\$1.72	\$2.50	\$2.49	11.6x	34.4x	23.6x	\$1.77	\$1.10	\$1.39	7.0x	11.2x	8.9x	
Schneider National	SNDR	B-2-7	\$24.19	93	\$4.3	\$0.3	\$4.5	\$2.63	\$1.36	\$1.10	\$1.16	9.2x	17.8x	22.0x	\$0.97	\$0.68	\$0.67	4.7x	6.6x	6.7x	
Werner Enterprises	WERN	B-3-7	\$41.29	63	\$2.6	\$0.6	\$3.2	\$3.71	\$1.93	\$2.10	\$1.98	11.1x	21.4x	19.7x	\$0.61	\$0.48	\$0.50	5.3x	6.7x	6.4x	
Covenant Transport	CVLG	n/a	\$53.35	11	\$0.7	\$0.2	\$0.9	n/a	n/a	n/a	\$4.27	9.0x	12.9x	12.5x	\$0.15	\$0.12	\$0.12	6.2x	7.6x	7.6x	
Heartland Express	HTLD	n/a	\$12.81	79	\$1.0	\$0.3	\$1.3	n/a	n/a	n/a	\$0.05	9.1x	328.5x	251.2x	\$0.25	\$0.23	\$0.23	5.1x	5.8x	5.8x	
Marten Transport	MRTN	n/a	\$19.49	81	\$1.6	(\$0.1)	\$1.5	n/a	n/a	n/a	\$0.86	14.7x	21.8x	22.7x	\$0.25	\$0.21	\$0.21	6.1x	7.3x	7.3x	
Pam Transport	PTSI	n/a	\$18.55	22	\$0.4	\$0.1	\$0.5	n/a	n/a	n/a	\$1.10	4.3x	12.7x	16.9x	\$0.20	\$0.11	\$0.11	2.7x	4.7x	4.7x	
Universal Logistics	ULH	n/a	\$31.96	26	\$0.8	\$0.5	\$1.3	n/a	n/a	n/a	n/a	5.0x	--	--	\$0.32	--	--	4.0x	--	--	
												9.2x	64.2x	52.6x				5.1x	7.1x	6.8x	
2024Q1EPS								2023Q4		ROIC		Total Return (w/reinvested dividends)					Dividend				
Company		est.	Δ to Street	EPS Growth			YoY	Revenue Growth		Op. Ratio	Net Debt/EBITDA	1yr	1 week	YTD	1yr	3yr	5yr	Annual	Yield		
Knight Transportation		\$0.39	\$0.38	2%	-66%	7%	--	-4%	-4%	8%	98%	2.2x	3.4%	-2%	3%	-2%	12%	13%	\$0.64	1.1%	
Schneider National		\$0.19	\$0.17	12%	-50%	19%	-3%	-17%	-17%	2%	98%	0.3x	6.8%	0%	-5%	-16%	4%	4%	\$0.38	1.6%	
Werner Enterprises		\$0.26	\$0.31	-16%	-52%	0%	-6%	0%	0%	5%	95%	1.2x	5.3%	-2%	-3%	-11%	0%	7%	\$0.56	1.4%	
Covenant Transport		n/a	\$0.78	-44%	--	--	--	-9%	-9%	1%	95%	0.0x	15.6%	4%	16%	63%	44%	18%	\$0.44	0.8%	
Heartland Express		n/a	(\$0.09)	-84%	-2%	-16%	25%	25%	24%	96%	1.2x	2.2%	-1%	-10%	-21%	-11%	-9%		\$0.08	0.6%	
Marten Transport		n/a	\$0.16	-40%	6%	0%	-10%	-10%	7%	94%	-0.3x	8.4%	0%	-7%	-12%	7%	12%		\$0.24	1.2%	
Pam Transport		n/a	\$0.10	-74%	92%	37%	-14%	-14%	8%	100%	1.2x	3.1%	1%	-11%	-34%	7%	8%	--	--		
Universal Logistics		n/a	n/a	-32%	73%	--	15%	-15%	3%	91%	1.6x	18.6%	6%	14%	5%	11%	9%	\$0.42	1.3%		
												96%	0.9x	7.9%	1%	0%	-4%	9%	8%		

Source: BofA Global Research estimates, Company reports, Bloomberg (for stocks not covered by BofA Global Research).

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**Exhibit 98: Freight Forwarding Comp Sheet**

Data as of 02/14/2024

		Share		Shares	Mkt Cap	Net Debt	EV	EPS				Forward P/E			EBITDA (\$ bil)			Forward EV/EBITDA			
	QRQ			Out.				BofA	BofA	BofA	Cons.										
Company	Ticker	Price		(mil.)	(\$ bil.)	(\$ bil.)	(\$ bil.)	2022a	2023e	2024e	2024e	2022a	2023e	2024e	2022a	2023e	2024e				
CH Robinson	CHRW	B-3-7	\$73.84	117	\$8.6	\$1.4	\$10.0	\$6.29	\$7.50	\$3.22	\$3.24	9.8x	22.9x	26.4x	\$1.38	\$0.7	\$0.59				
RXO Inc	RXO	C-2-9	\$21.83	117	\$2.6	\$0.4	\$2.9	\$1.43	\$1.59	\$0.30	\$0.23	13.7x	72.8x	218.3x	\$0.31	\$0.1	\$0.11				
World Kinect	WKC	B-3-7	\$23.66	60	\$1.4	\$0.4	\$1.8	\$1.36	\$2.04	\$1.85	\$2.31	11.6x	12.8x	11.3x	\$0.38	\$0.4	\$0.40				
Landstar System	LSTR	n/a	\$194.39	36	\$7.0	(\$0.4)	\$6.6	n/a	n/a	\$11.76	\$6.64	16.5x	26.4x	29.3x	\$0.63	\$0.4	\$0.40				
Expeditors Intl	EXPD	n/a	\$125.74	145	\$18.3	(\$1.1)	\$17.2	n/a	n/a	\$8.83	\$4.88	14.2x	24.5x	25.8x	\$1.98	\$1.0	\$1.03				
Forward Air Corp	FWRD	n/a	\$41.15	26	\$1.1	\$0.3	\$1.3	n/a	n/a	\$14.24	\$4.29	2.9x	--	--	\$0.32	\$0.2	\$0.22				
												11.5x	31.9x	62.2x				7.5x	13.5x	14.4x	
2024Q1EPS																					
Company	est.		Δ to Street	EPS Growth			Revenue Growth			2023Q4		ROIC	Total Return (w/reinvested dividends)					Dividend			
	BofA	Cons.		1yr	3yr	5yr	1Q2024	1yr	5yr	Op. Ratio	Net Debt/ EBITDA		1yr	1 week	YTD	1yr	3yr	5yr	Annual	Yield	
CH Robinson	\$0.55	\$0.65	-16%	-61%	8%	-11%	-29%	-29%	3%	98%	2.6x	12.8%	0%	-15%	-28%	-5%	-2%	\$2.44	3.3%		
RXO Inc	(\$0.04)	(\$0.02)	111%	--	--	--	-18%	--	--	98%	--	5.4%	-3%	-6%	--	--	--	--	--		
World Kinect	\$0.35	\$0.46	-24%	12%	-4%	24%	88%	-10%	18%	99%	1.4x	6.0%	0%	4%	-18%	-9%	1%	\$0.56	2.4%		
Landstar System	n/a	\$1.30	-38%	27%	7%	-29%	-29%	5%	94%	-1.0x	23.2%	2%	2%	7%	10%	15%		\$1.32	0.7%		
Expeditors Intl	n/a	\$1.16	-45%	41%	15%	3%	-45%	10%	90%	-1.0x	35.1%	-1%	-1%	13%	10%	13%		\$1.38	1.1%		
Forward Air Corp	n/a	\$0.78	-32%	124%	13%	19%	-12%	6%	96%	0.9x	19.7%	-7%	-35%	-60%	-21%	-8%		\$0.96	2.3%		
												96%	0.6x	17.0%	-1%	-8%	-17%	-3%	4%		

Source: BofA Global Research estimates, Company reports, Bloomberg (for stocks not covered by BofA Research)

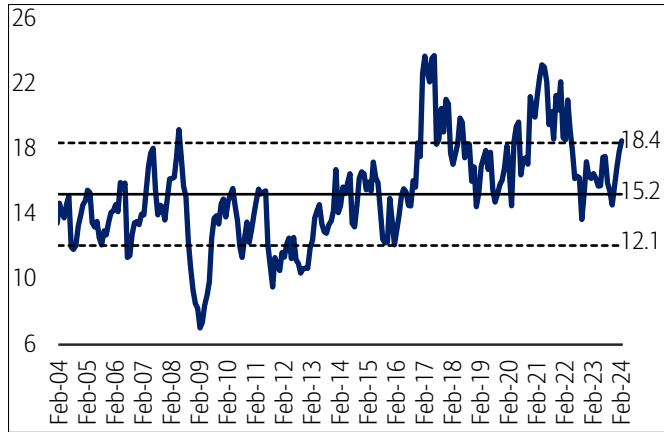
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**Exhibit 99: CSX forward P/E**

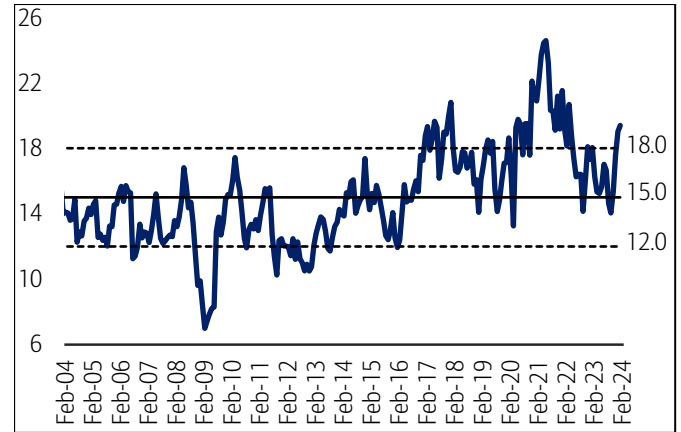
CSX Forward P/E is 18.5x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 100: NSC forward P/E**

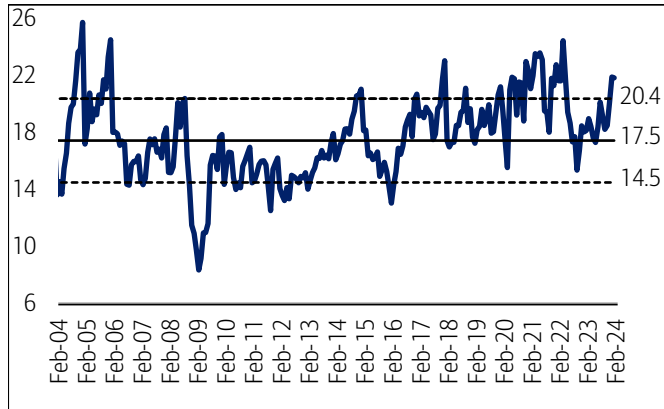
NSC Forward P/E is 20.8x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 101: UNP forward P/E**

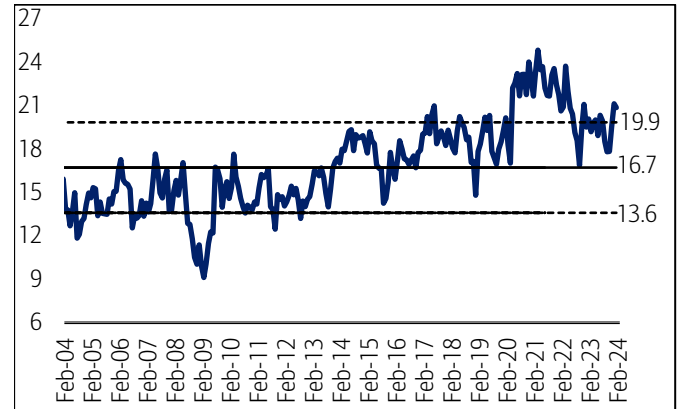
UNP Forward P/E is 22.4x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 102: CNI forward P/E**

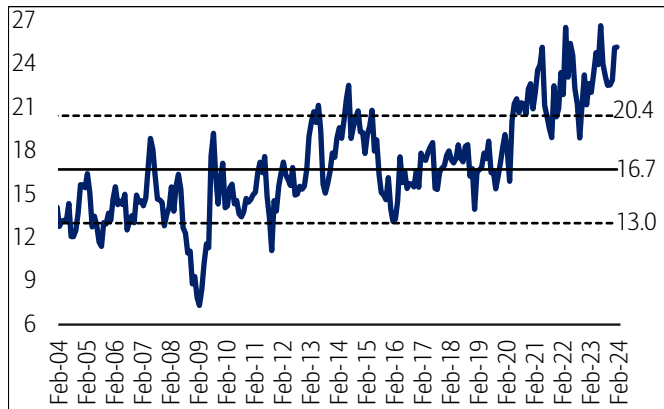
CNI Forward P/E is 21.7x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 103: CP forward P/E**

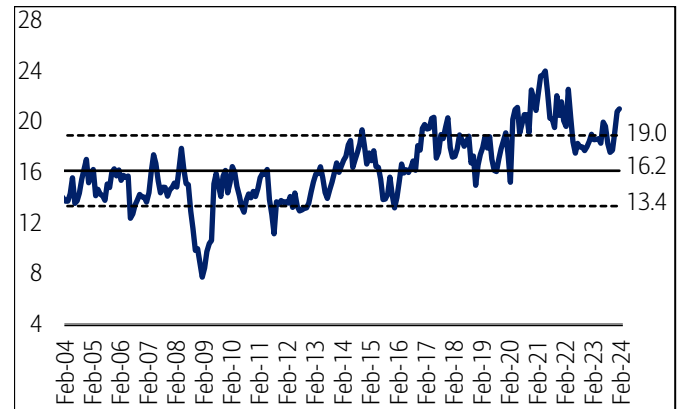
CP Forward P/E is 26.5x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 104: Rails Average forward P/E**

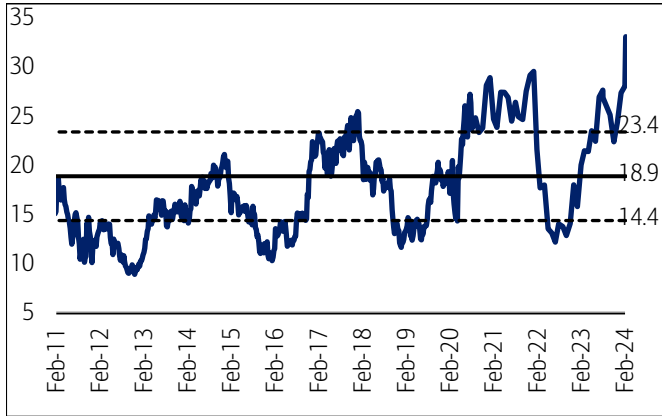
Rails Average Forward P/E is 22.0x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
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**Exhibit 105: SAIA forward P/E**

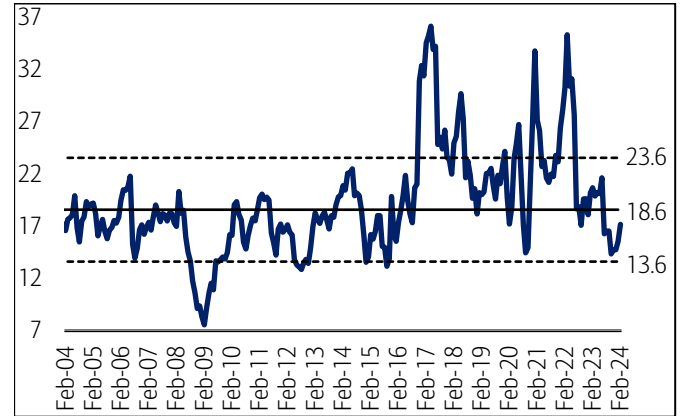
SAIA Forward P/E is 34.7x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
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**Exhibit 106: KEX forward P/E**

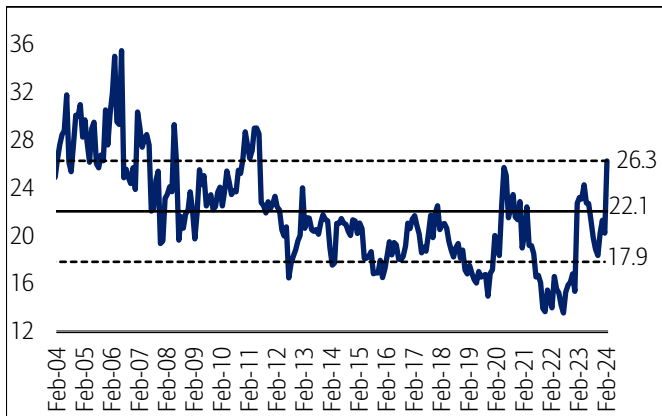
KEX Forward P/E is 17.3x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 107: CHRW forward P/E**

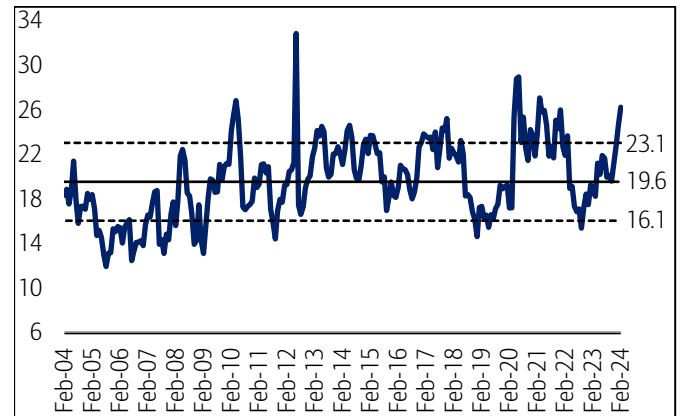
CHRW Forward P/E is 26.4x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
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**Exhibit 108: JBHT forward P/E**

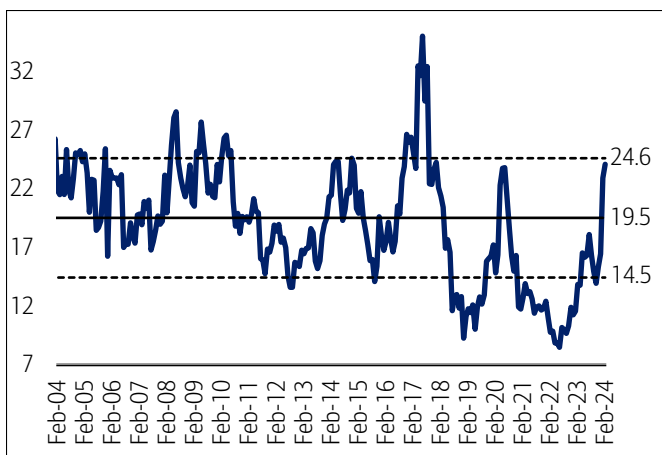
JBHT Forward P/E is 26.7x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
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**Exhibit 109: KNX forward P/E**

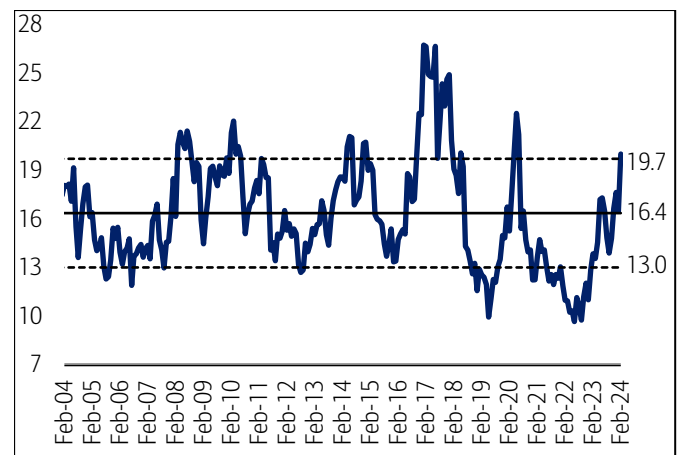
KNX Forward P/E is 23.6x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
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**Exhibit 110: WERN forward P/E**

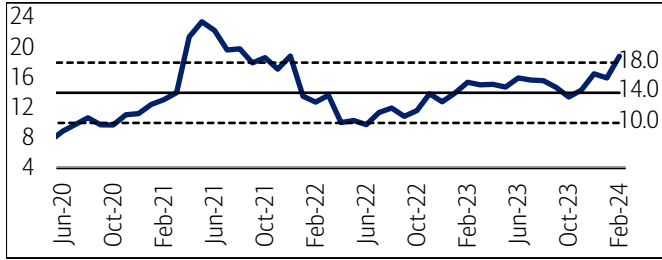
WERN Forward P/E is 19.7x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 111: TFII forward P/E**

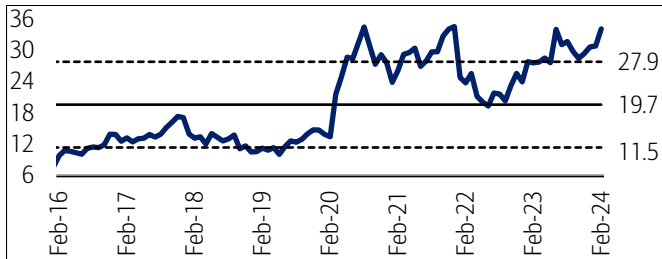
TFII Forward P/E is 18.8x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 113: ODFL forward P/E**

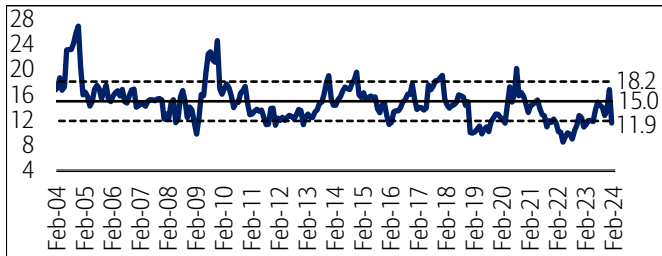
ODFL Forward P/E is 34.1x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 115: FDX forward P/E**

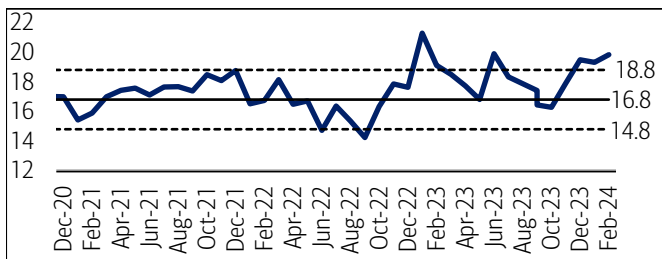
FDX Forward P/E is 11.4x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 117: WAB forward P/E**

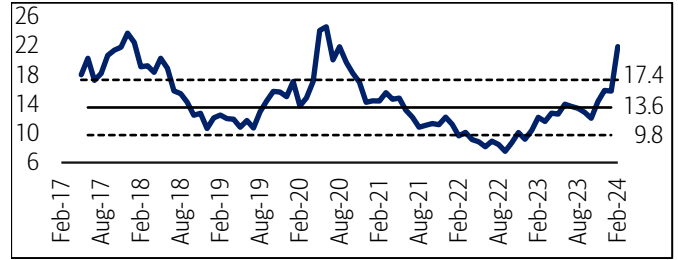
WAB Forward P/E is 19.9x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 112: SNDR forward P/E**

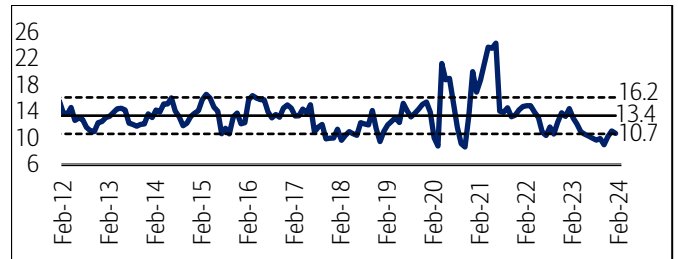
SNDR Forward P/E is 22.0x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 114: WKC forward P/E**

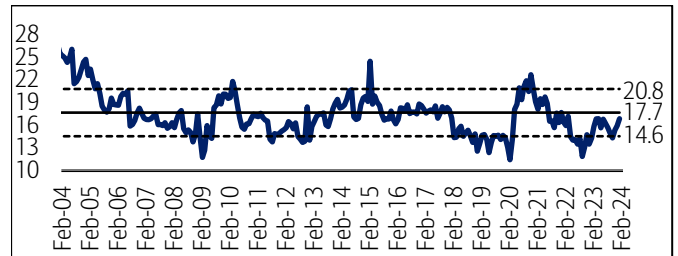
WKC Forward P/E is 11.3x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 116: UPS forward P/E**

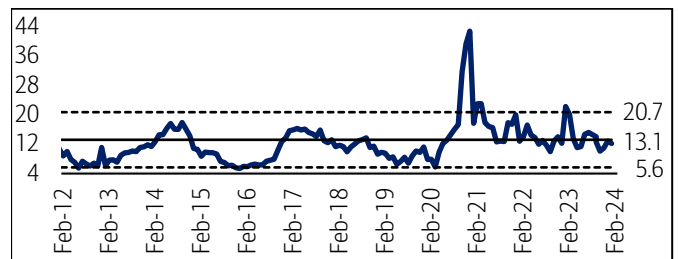
UPS Forward P/E is 17.2x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 118: GBX forward P/E**

GBX Forward P/E is 12.9x



Source: BofA Global Research estimates, company reports, Bloomberg, Reuters, First Call, Factset.  
BofA GLOBAL RESEARCH

**Exhibit 119: Stock Mentioned**  
Stock prices and ratings mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
RXO	RXO US	RXO, Inc.	US\$ 21.83	C-2-9
STNG	STNG US	Scorpio Tankers	US\$ 66.26	C-2-7
TFII	TFII US	TFI International	US\$ 144.96	B-2-7
YTFII	TFII CN	TFI International	C\$ 196.35	B-2-7
WAB	WAB US	Wabtec	US\$ 135.09	B-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH



## Price objective basis & risk

### **RXO, Inc. (RXO)**

Our \$22 price objective is based on a 15.5x 2025E EV/EBITDA multiple. We hold a balanced view on shares as we remain positive on its ability to win share over its truck brokerage peers yet see risks to margins into a cycle upturn as cost of capacity moves higher.

Upside risks to our target includes a faster than expected inflection in the truck freight cycle, which may drive a rapid influx of spot-related project volumes for RXO. Increased shipper freight demand, which may lead upside to rates, as well as better-than-expected execution on cost reduction may result in higher than expected margins.

Downside risks to our price objective are weaker than expected economic conditions resulting in more spot and less contract revenues, which could compress gross profit margins, it relies on third-party carriers to deliver customers freight (exposing it to service parameters it does not control, higher carrier prices which could decrease op income), fuel price volatility could impact results, unusual weather could impact operations (freight volumes), carriers status as independent contractors or labor disputes among its carrier base, risk to IT systems being compromised by cyberattacks, court decisions on insurance accident exposure from a 3rd party performance, ability to retain qualified employees, and cost initiatives may not prove fruitful (its target to eliminate some overhead costs).

### **Scorpio Tankers Inc. (STNG)**

Our \$72 price objective is based on an 5.0x EV/EBITDA multiple on our 2024 EBITDA estimate. Our valuation multiple is at the bottom of its 5x-8x historical trading range given we are at historically high product tanker rates, as impacts of Red Sea disruptions, Russia export sanctions, and refinery dislocations lengthen charter voyage thus increasing ton-mile demand in a tight vessel supply backdrop. However, the rising product tanker orderbook-to-fleet ratio suggests increasing newbuild orders, indicating potential capacity headwinds ahead.

Upside risks to our PO are volatile charter rates, better-than-expected spot product tanker rates in 2024-25, lower-than-expected vessel deliveries in 2024-25, a spike in global oil demand, and higher-than-expected levels of scrapping in the market.

Downside risks to our PO are drop off in mobility (return of lockdowns, war disruptions, which have shown to increase ton mile demand), liquidity risk given rolling debt through 2024 versus cash generation (which depends on day rates rising above the daily fixed cost base), a weaker-than-expected rate environment, overcapacity due to greater-than-expected vessel deliveries and lower-than-expected scrapping rates, and weaker global demand for refined products.

### **TFI International (TFII / YTFII)**

Our US\$154 price objective (C\$207) is based on 20x our 2024 US\$ EPS estimate, above the top of its 10-year one-standard deviation trading range of 11x-17x, as the company is executing on post-merger gains, transforming its North American LTL operations (post the acquisition of UPS Freight for \$800 million), countered with a decelerating economic backdrop. Our target multiple is in the middle of where LTL peers (10x-30x) and US Parcel peers (10x-16x) are trending toward.

Downside risks to our price objective are weaker-than-expected economic conditions resulting in a turnover in demand, an inability for the company to raise trucking rates to offset rising costs (driver pay, insurance, depreciation, and fuel), intensifying competition in brokerage and logistics and acquisition selection and integration risk.

Upside risks to our price objective are better-than-expected pricing, more accelerated M&A moves to drive inorganic growth, or higher-than-expected share repurchases.

**Wabtec Corp. (WAB)**

Our \$150 PO is based on an 22.1x target P/E multiple on our 2024e EPS, above its 9-year historical 15x-21x range on forward earnings (which was normalized, and historically on cash EPS, though before its Feb 2019 GE-T acquisition would have been fairly similar) as we assign a premium to its target multiple given increased confidence on its actualization of backlog and International sale growth.

Downside risks to our PO are a quicker decline in rail volumes/economic activity, delayed replacement capex from the railroads, shrinking government budgets for Transit projects or increasing austerity measures, increased warranty claims on its equipment, and improved parts that delays replacement of equipment.

Upside risks to our PO are larger than expected synergy gains from its GE-T merger, a rapid rebound in rail carloadings, and accelerated rail capex spend on technology and upgrade investments from positive train control. Additionally, increased government expenditures for eco-friendly rail projects could provide upside potential.

**Analyst Certification**

I, Ken Hoexter, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



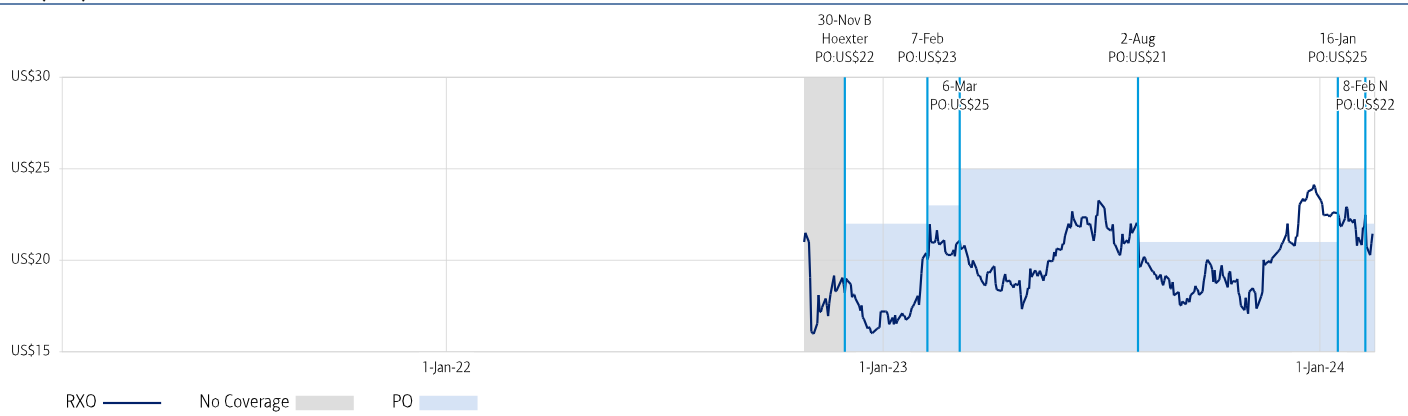
## US - Transportation Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Canadian Pacific Kansas City Ltd	CP	CP US	Ken Hoexter
	CSX Corporation	CSX	CSX US	Ken Hoexter
	FedEx Corp.	FDX	FDX US	Ken Hoexter
	J.B. Hunt Transport Services	JBHT	JBHT US	Ken Hoexter
	Kirby Corp	KEX	KEX US	Ken Hoexter
	Knight-Swift Transportation Holdings Inc	KNX	KNX US	Ken Hoexter
	Norfolk Southern	NSC	NSC US	Ken Hoexter
	Old Dominion Freight Line	ODFL	ODFL US	Ken Hoexter
	Saia Inc.	SAIA	SAIA US	Ken Hoexter
	Teekay Tankers Limited	TNK	TNK US	Ken Hoexter
	Union Pacific	UNP	UNP US	Ken Hoexter
	Wabtec Corp.	WAB	WAB US	Ken Hoexter
	XPO, Inc.	XPO	XPO US	Ken Hoexter
<b>NEUTRAL</b>				
	Canadian National	CNI	CNI US	Ken Hoexter
	RXO, Inc.	RXO	RXO US	Ken Hoexter
	Schneider National	SNDR	SNDR US	Ken Hoexter
	Scorpio Tankers Inc.	STNG	STNG US	Ken Hoexter
	TFI International	TFII	TFII US	Ken Hoexter
	TFI International	YTFII	TFII CN	Ken Hoexter
	UPS	UPS	UPS US	Ken Hoexter
<b>UNDERPERFORM</b>				
	ArcBest Corporation	ARCB	ARCB US	Ken Hoexter
	C.H. Robinson	CHRW	CHRW US	Ken Hoexter
	The Greenbrier Companies	GBX	GBX US	Ken Hoexter
	Werner Enterprises	WERN	WERN US	Ken Hoexter
	World Kinect	WKC	WKC US	Ken Hoexter

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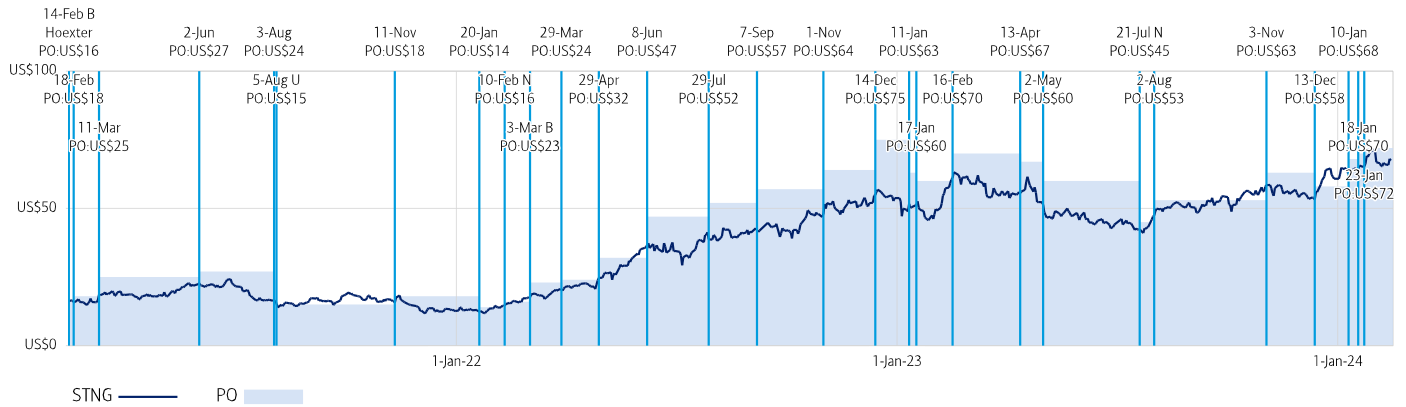
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## RXO, Inc. (RXO) Price Chart



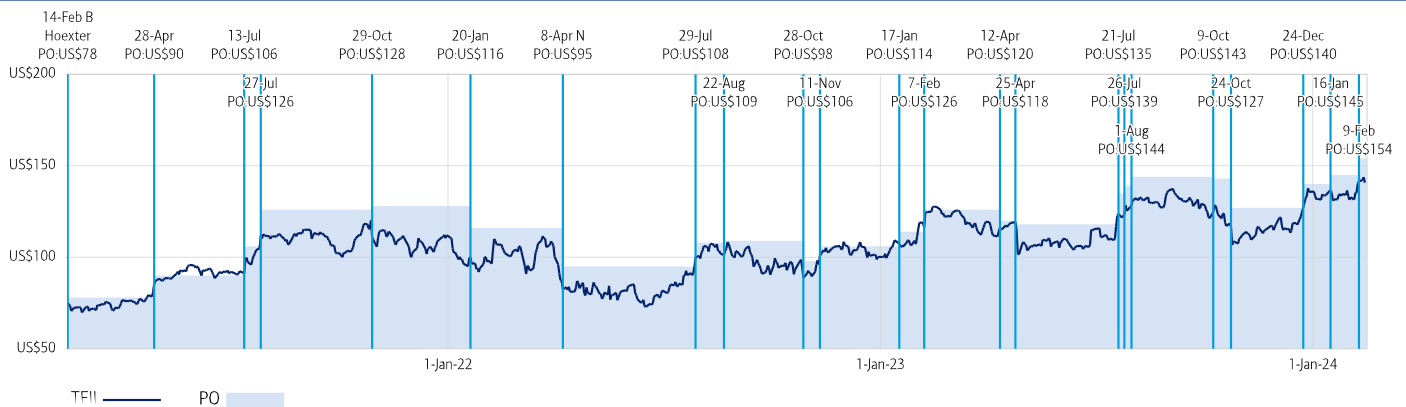
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**Scorpio Tankers (STNG) Price Chart**

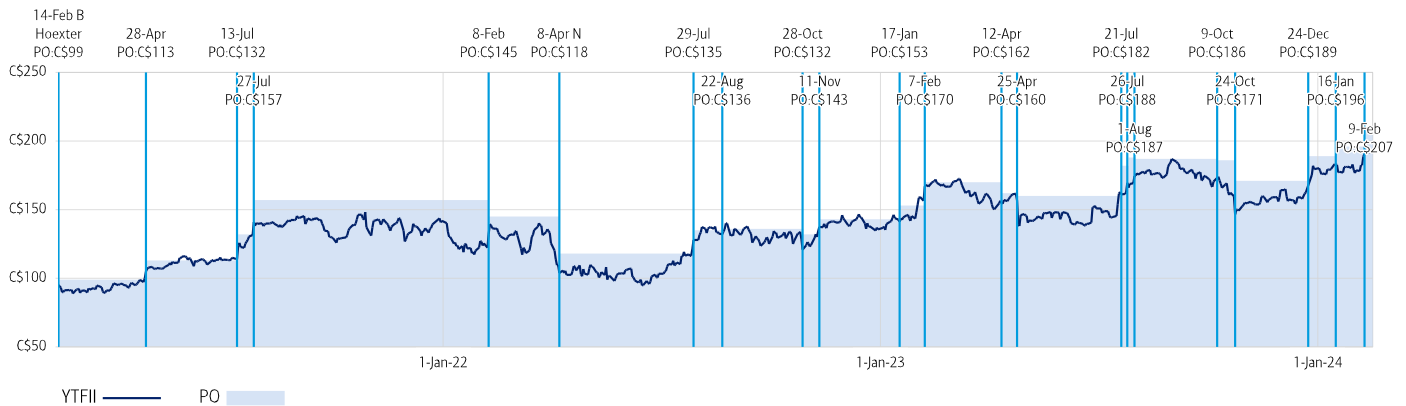
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**TFI International (TFII) Price Chart**

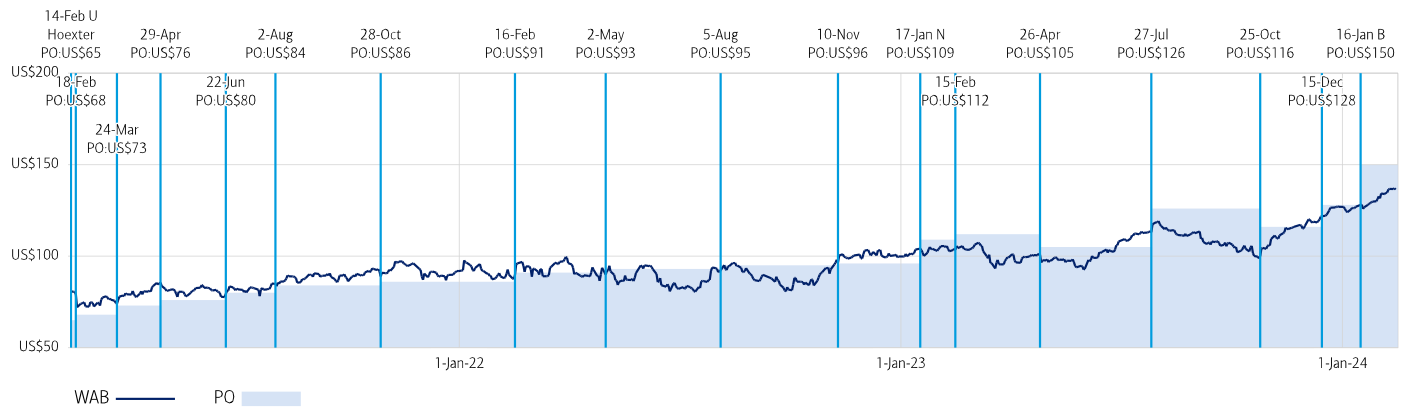
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**TFI International (YTFII) Price Chart**

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**Equity Investment Rating Distribution: Transport/Infrastructure Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	67	50.38%	Buy	44	65.67%
Hold	31	23.31%	Hold	13	41.94%
Sell	35	26.32%	Sell	17	48.57%

**Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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