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Economic Update, & Transportation Market Outlook

What Lies Ahead For The U.S. Economy & The Domestic Transportation Industry

Presentation to Transportation & Logistics Council

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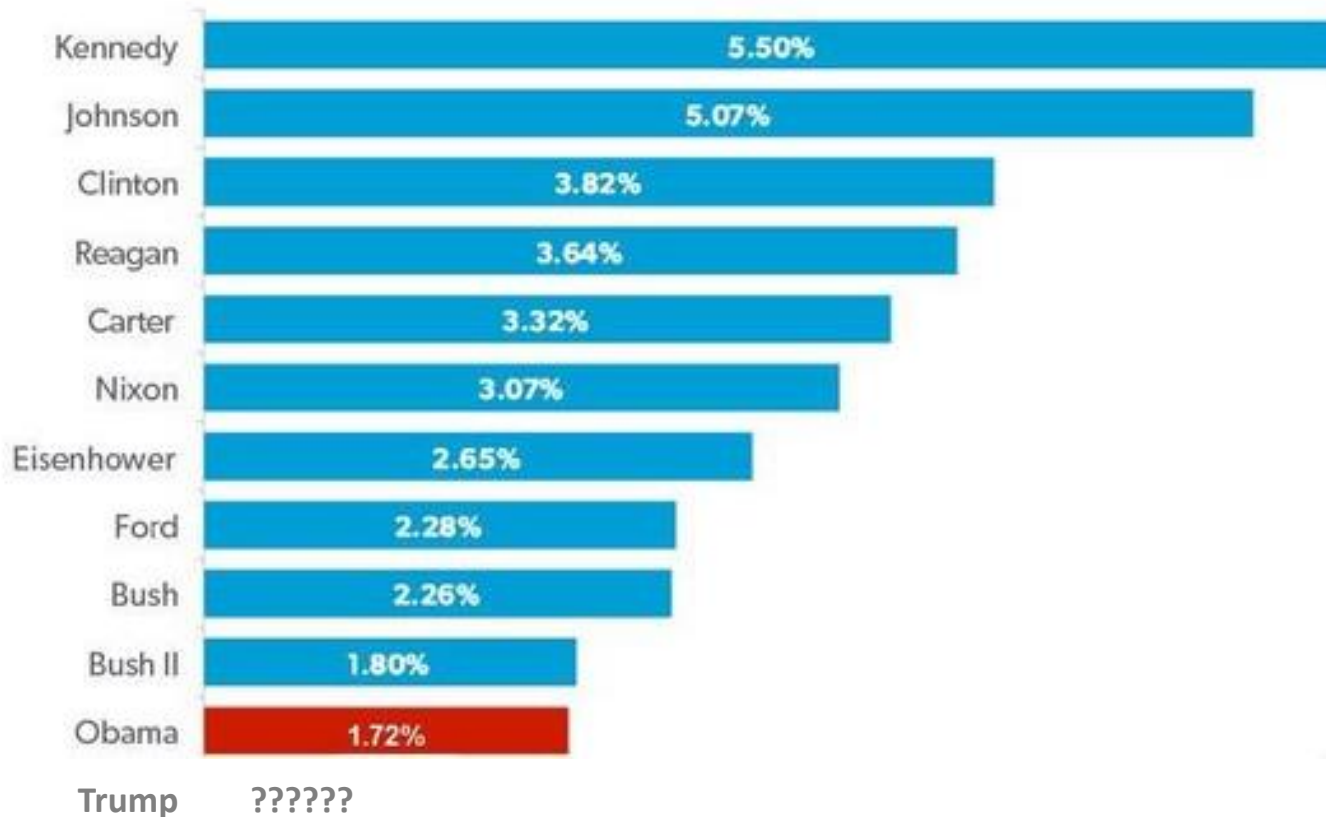
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Average Real GDP Growth Rate Per Quarter in Office Last 11 Presidents (1953 – 2016)

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Economy

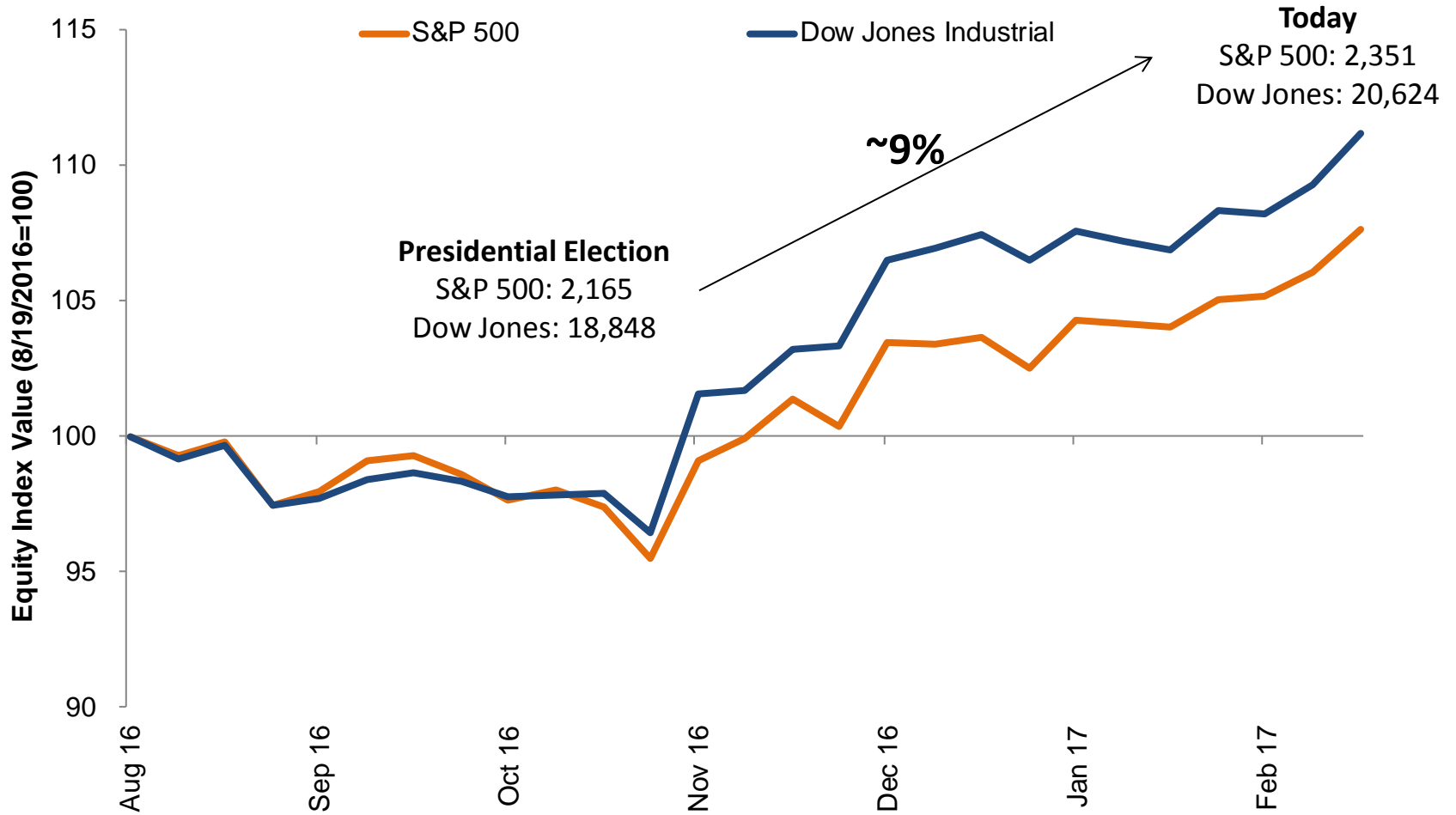
What will change over the next 12 months? In our view...

Economic stimulus

- **Infrastructure**
- **Energy self-sufficiency**
- **Mad Dog Mattis / Defense re-build**
- **Reduced/simplified taxes**
- **1 for 2 regulation swap**
- **Petro/chem buildout coming on stream**

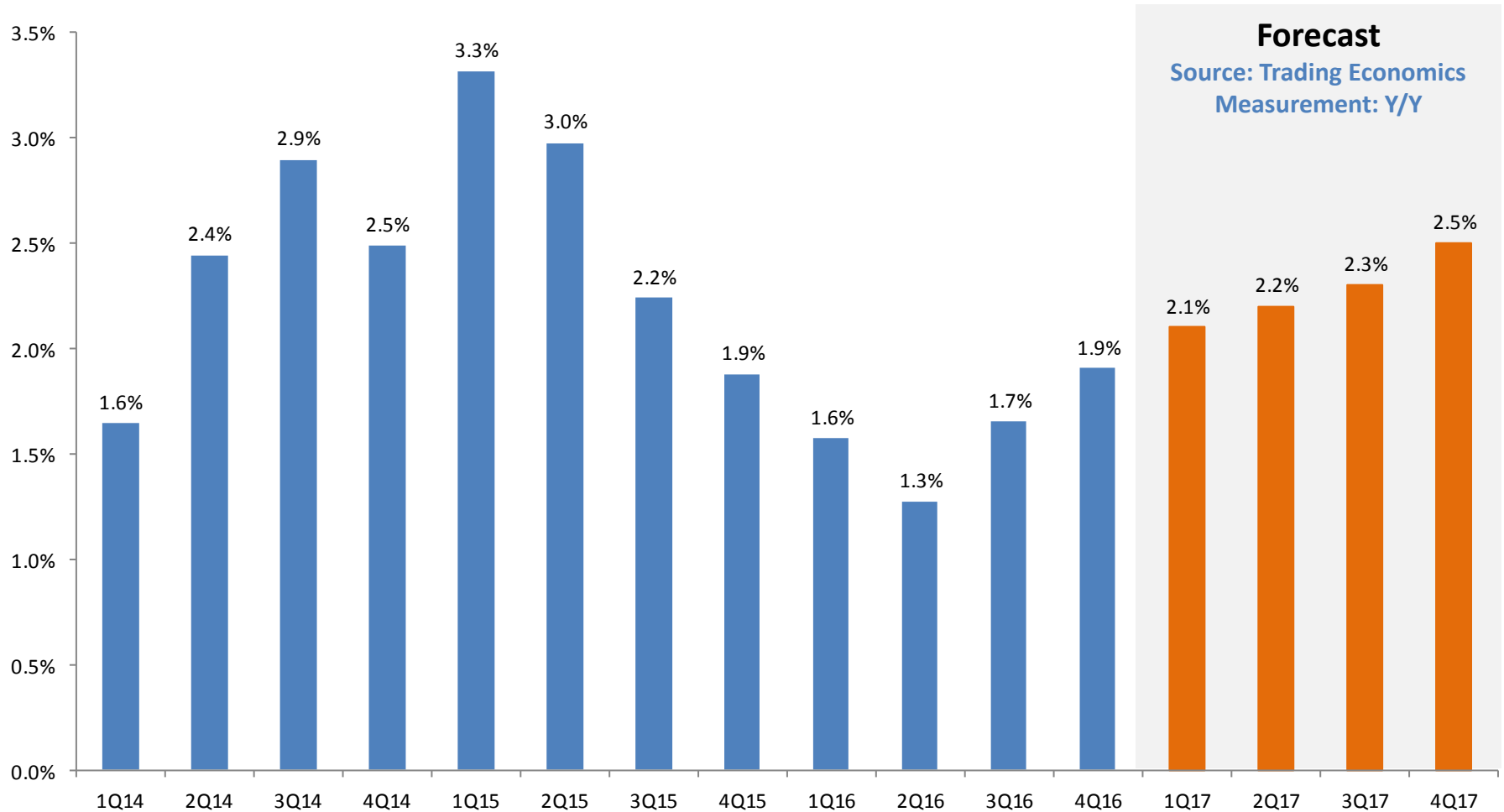
Equity Markets Believe

The stock market has moved approximately 9% to the positive since the election



Gross Domestic Product

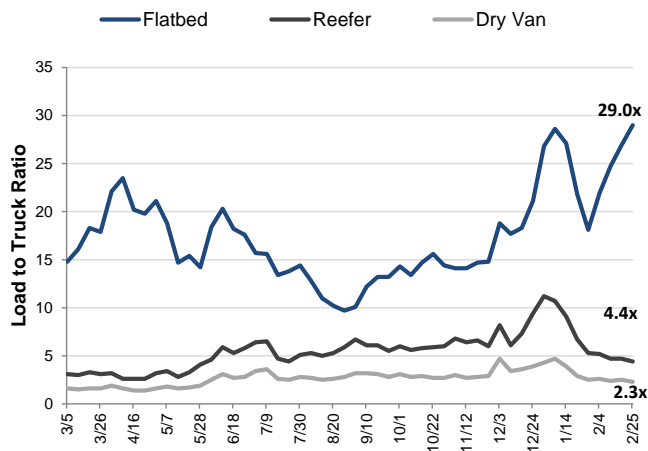
Current GDP estimates project Y/Y growth from 2016. FED estimates have been notoriously inaccurate predictors



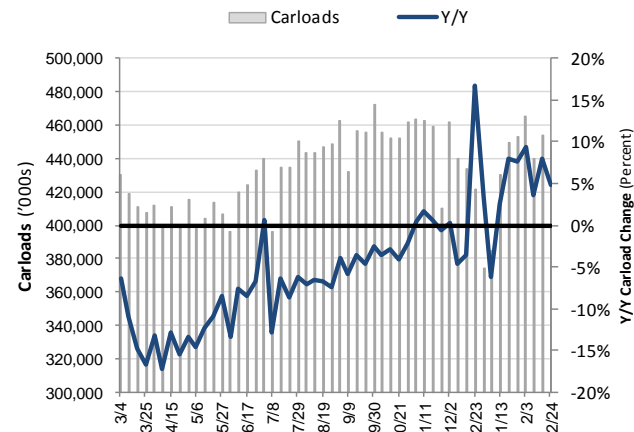
Freight Volumes Still Mixed

But in recent months some green shoots have come through data feeds

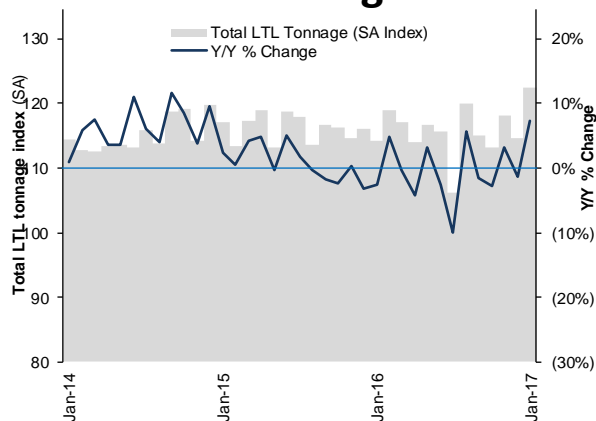
DAT Load to Truck



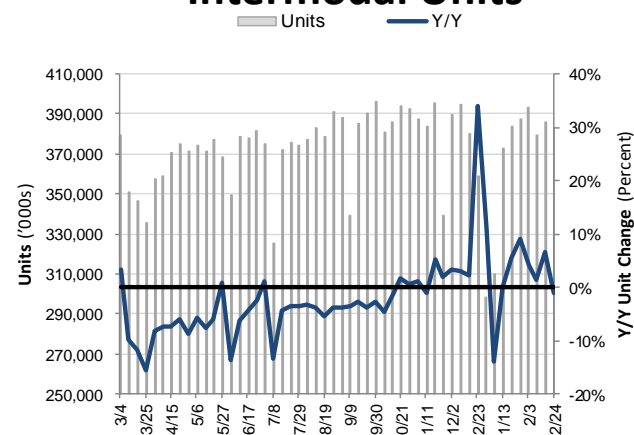
Railroad Carloads



LTL Tonnage

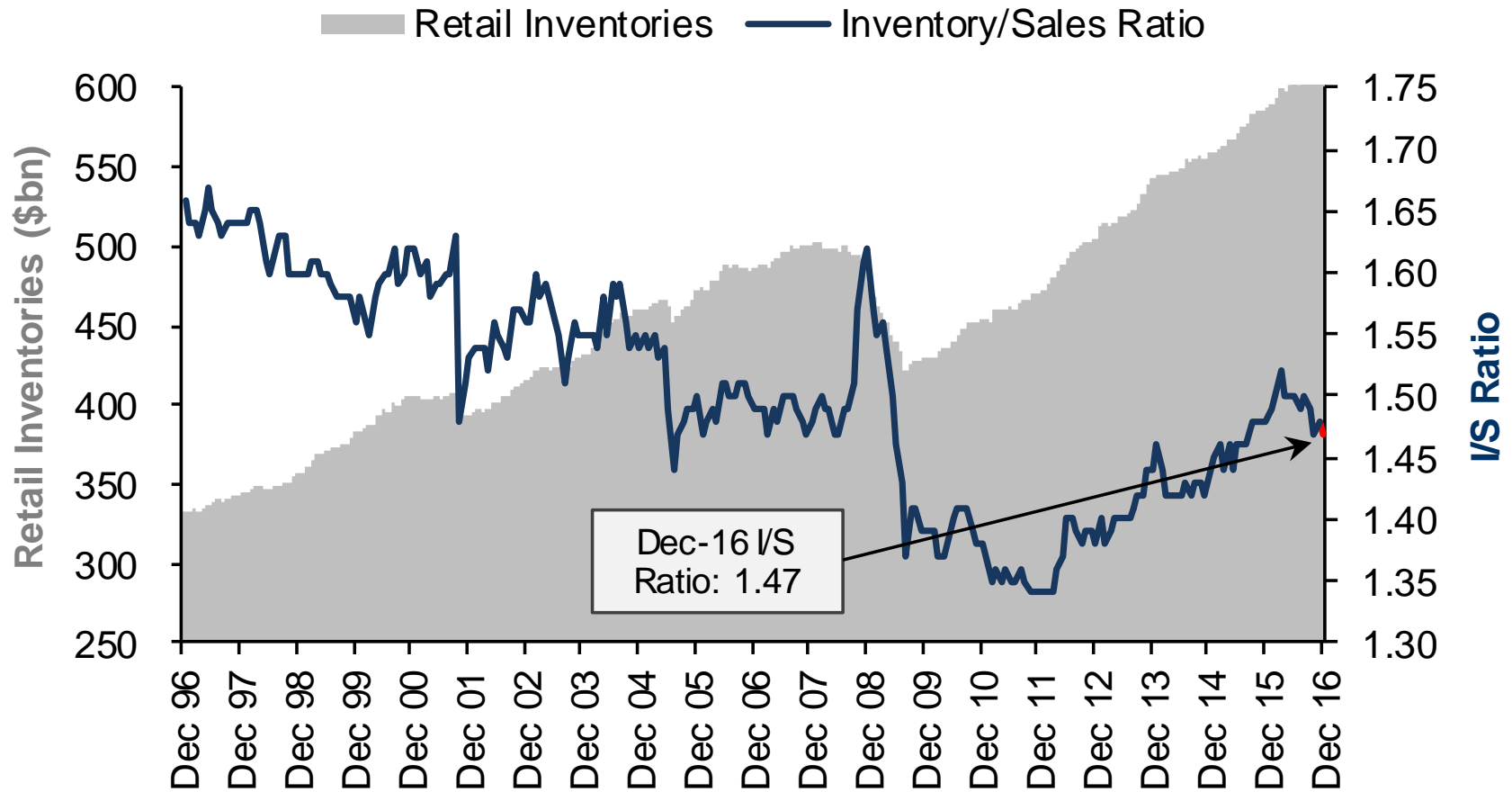


Intermodal Units



Inventories

Are Elevated Retail Inventory/Sales the New Norm In Supply Chain Management?



- **Hope springs eternal in private sector**
- **Washington moving at a snails pace**
- **TL fleet downsizing and FMCSA ELD regulations will set the tone for reduced capacity**
- **Inventory rightsizing, Trumponomics, and renewed business sector optimism should drive incremental demand**
- **Freight rates could rise in 2H17 and should rise in 2018, and beyond - barring a recession**

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