

March 20, 2017

**STIFEL**

Transportation & Logistics  
Equity Research

# Economic Update, & Transportation Market Outlook

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

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## **Presentation to Transportation & Logistics Council**

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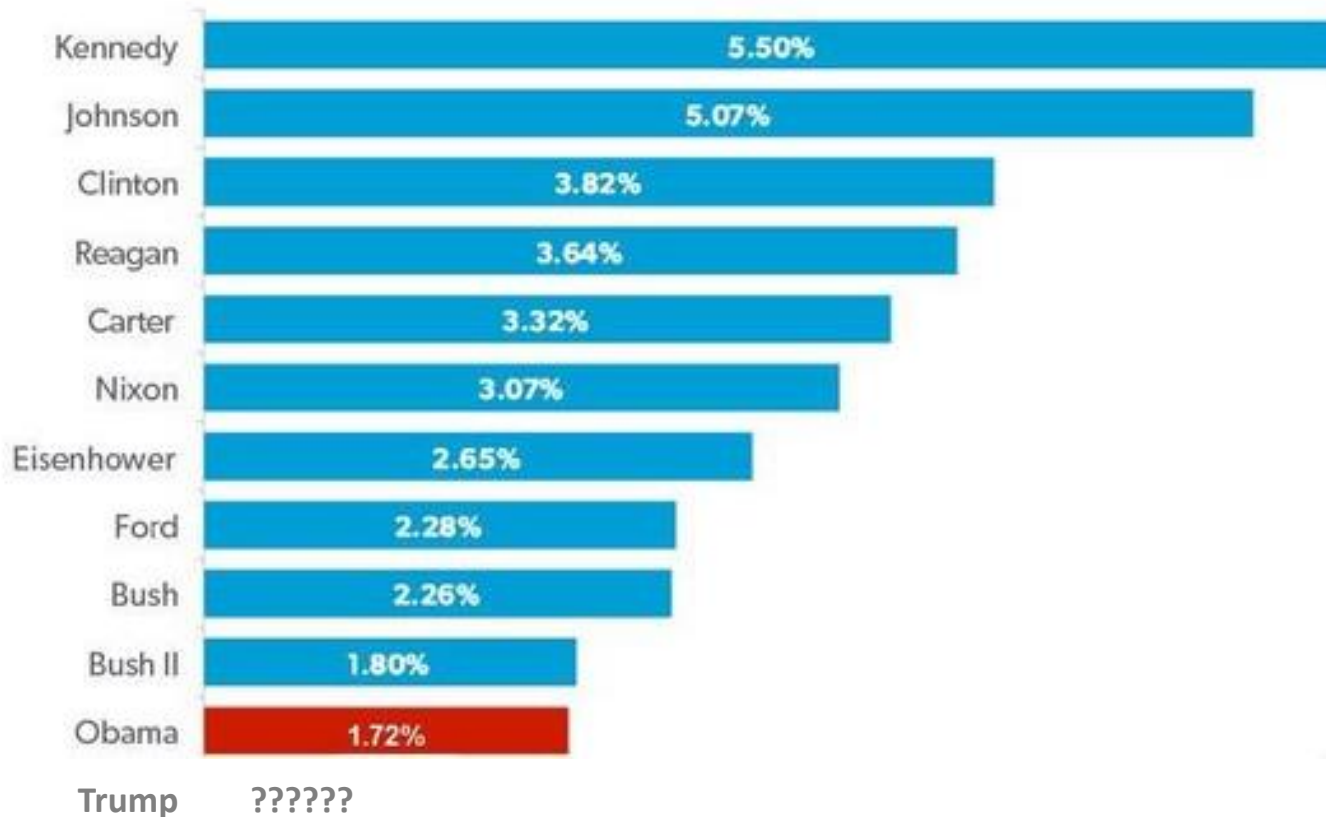
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# Average Real GDP Growth Rate Per Quarter in Office Last 11 Presidents (1953 – 2016)

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# Economy

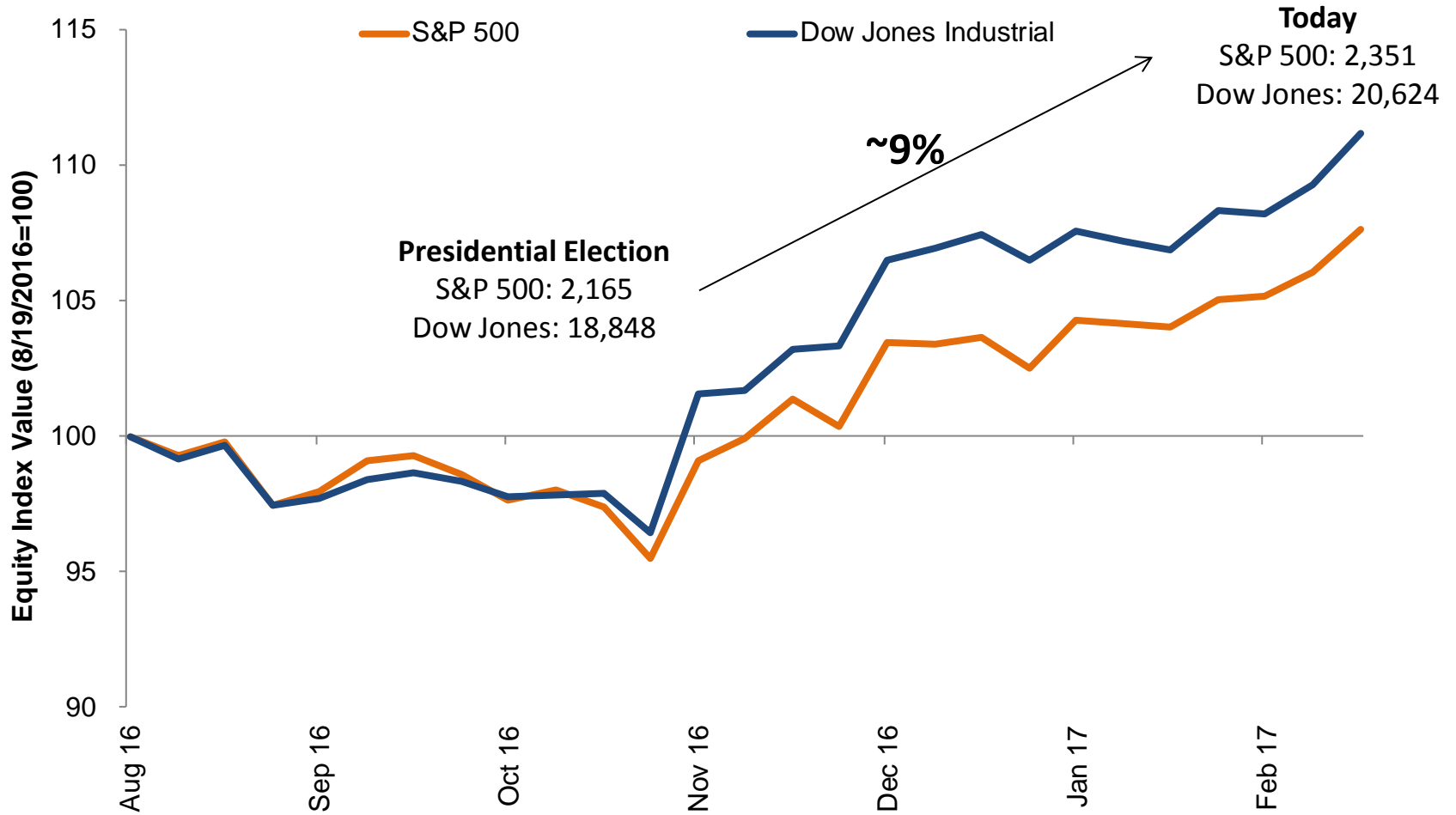
What will change over the next 12 months? In our view...

## 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**

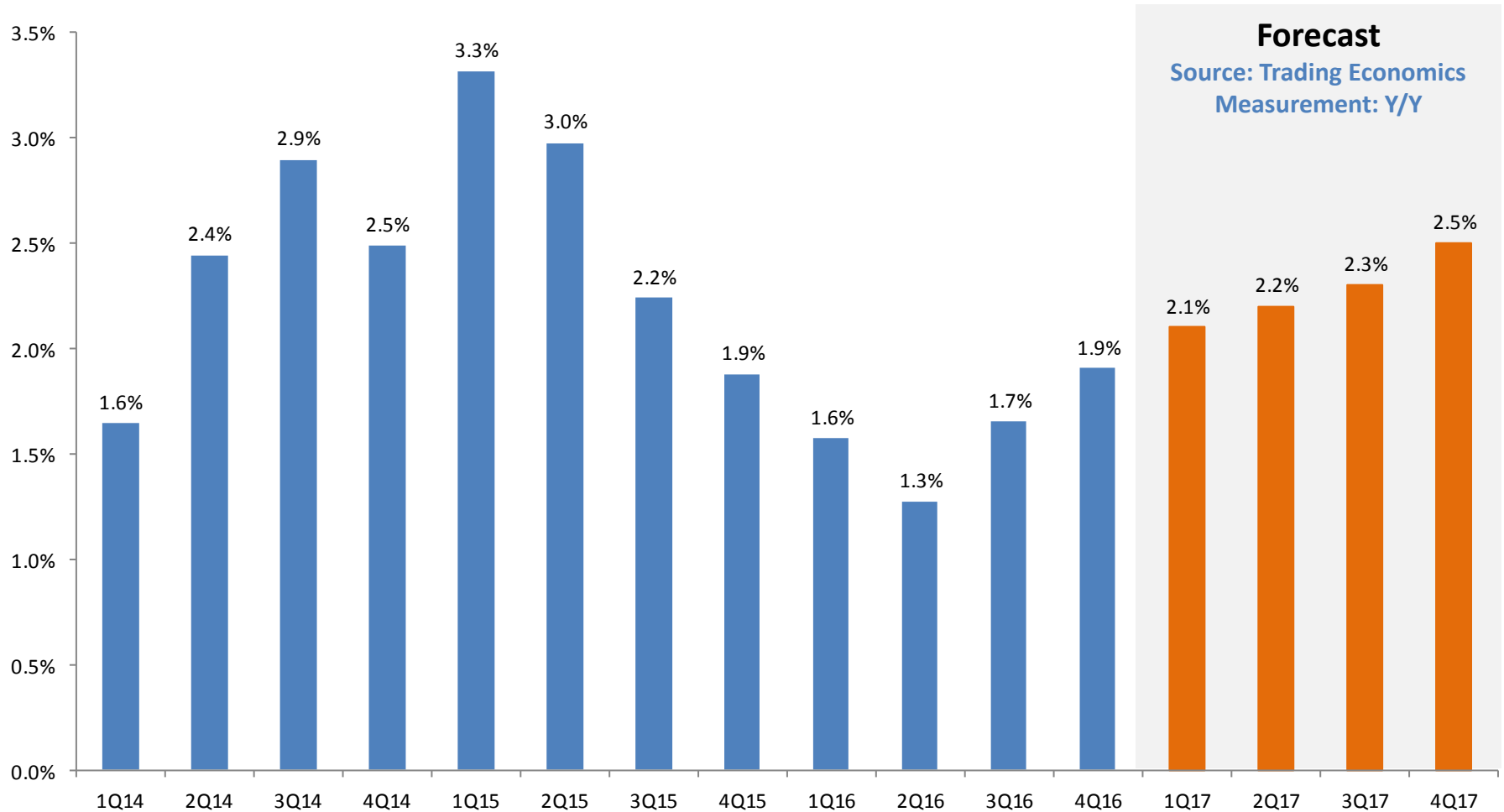
# Equity Markets Believe

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



# Gross Domestic Product

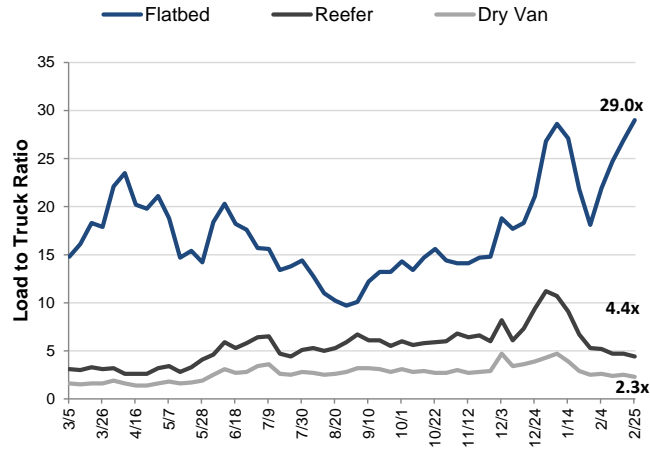
Current GDP estimates project Y/Y growth from 2016. FED estimates have been notoriously inaccurate predictors



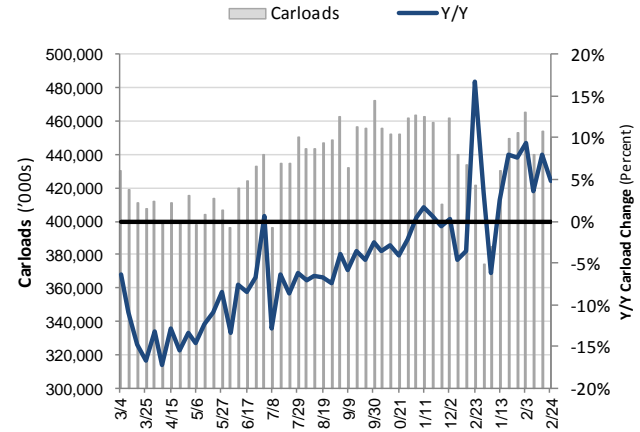
# Freight Volumes Still Mixed

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

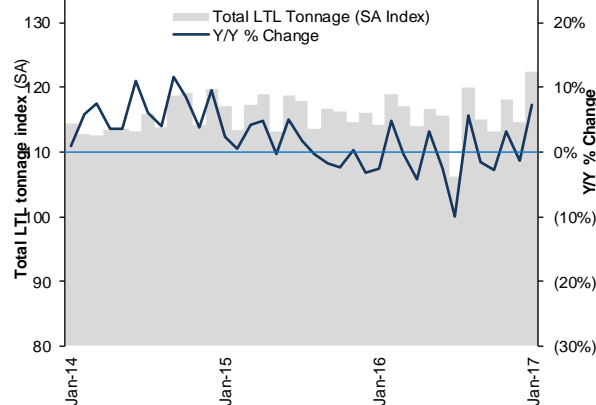
## DAT Load to Truck



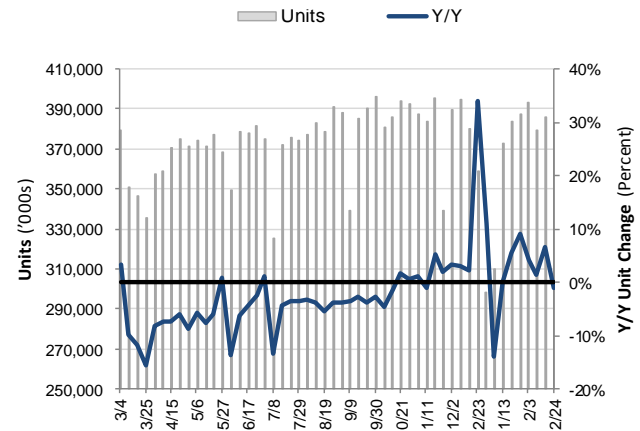
## Railroad Carloads



## LTL Tonnage

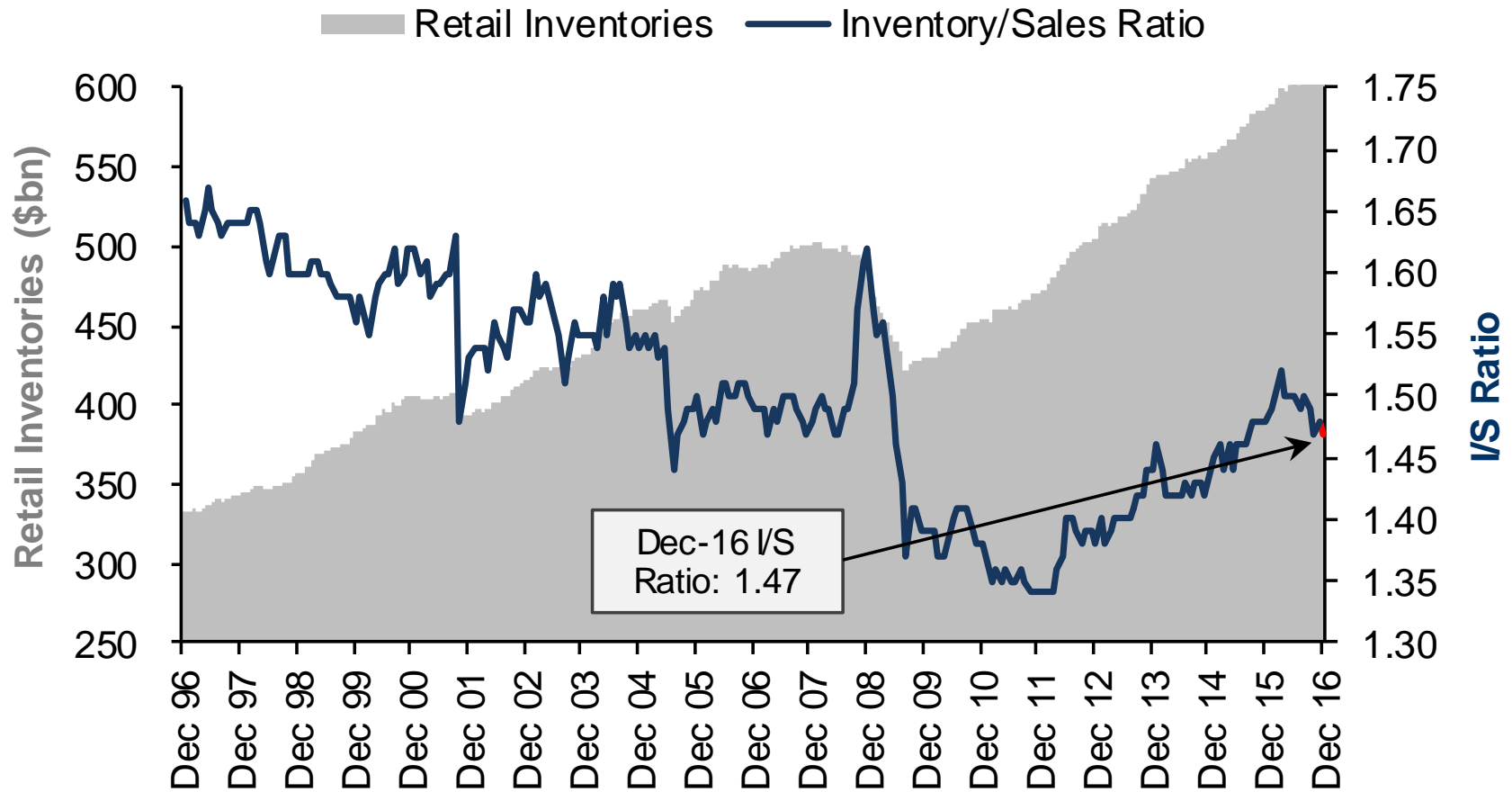


## Intermodal Units



# 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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