

— WHITE PAPER · RAIL MARKET INTELLIGENCE

North American Rail Market Inflection Point

*A data-driven recap of the April 2026 Monthly Rail Report webinar
— synthesizing domestic intermodal growth, rising truckload
rejection rates, ocean volume headwinds, and the UPNS merger
landscape.*

FEATURED ANALYSTS

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freightwaves.com · gosonar.com · trains.com/pro

The Rail Market Is at an Inflection Point

KEY TAKEAWAYS

Domestic intermodal is experiencing a sustained multi-year growth trend, with loaded container volumes up significantly year-over-year in Q1 2026 — outperforming expectations and extending a streak of annual first-half gains that now spans four consecutive years.

Truckload spot rates have surged more than 34.9% year-over-year on the NTI, driven by diesel price escalation following the Iran war and structural tightening of carrier capacity. Tender rejection rates now stand at 13.74% — more than double the year-ago level.

International intermodal faces headwinds from softening import bookings, while the domestic segment has largely decoupled from these maritime pressures. The UPNS merger remains the dominant structural story, with the STB's adoption of Hart-Scott-Rodino review methodology signaling a lengthy and rigorous process.

+36%

DOMESTIC RAIL VOLUME
YOY GROWTH YTD 2026

13.74%

OUTBOUND TENDER
REJECTION RATE (OTRI)

+34.9%

TRUCKLOAD SPOT RATE
YOY CHANGE (NTI)

FIG. 1 – SONAR INTERMODAL DASHBOARD

INTRM · IMCRPM1 · NTI · VCRPM1 · ORAILDOML · ORAILINTL · IOTI

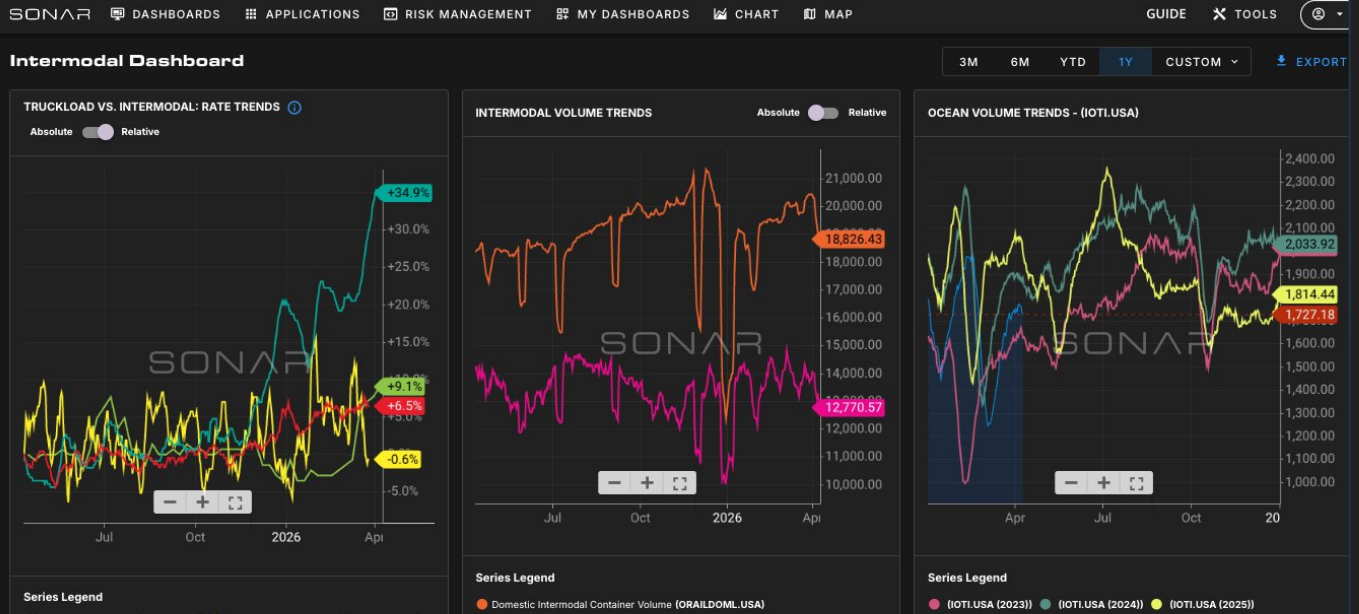
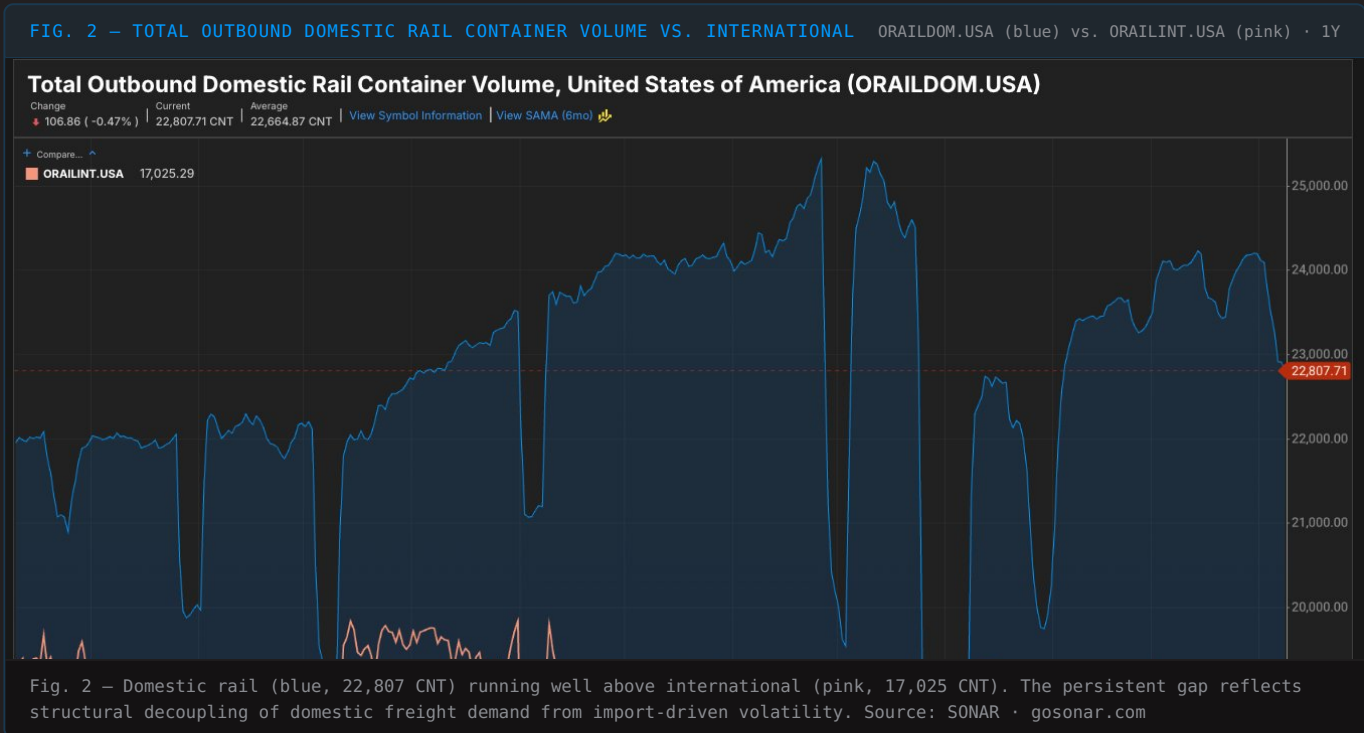


Fig. 1 – SONAR Intermodal Dashboard: truckload vs. intermodal rate trends (left), intermodal volume trends (center), inbound ocean TEU volume by year (right), and the Mode Optimization lane table (bottom). Source: SONAR · gosonar.com

Domestic Surges, International Contracts

The headline AAR data for Q1 2026 showed intermodal essentially flat — down just 0.2% year-over-year in aggregate. But that number obscures a dramatic divergence. When domestic loaded containers are separated from international volume and revenue empties, a very different picture emerges: domestic intermodal is on a multi-year growth trajectory while international intermodal faces significant headwinds.



WHY THIS MATTERS

The AAR publishes a single aggregate intermodal figure that conflates domestic and international volume, and loaded containers with revenue empties. Analysts relying solely on that number risk misreading the market by several percentage points. SONAR's granular data reveals that domestic intermodal is actively taking share from long-haul truckload while international volumes contract due to maritime and trade pressures.

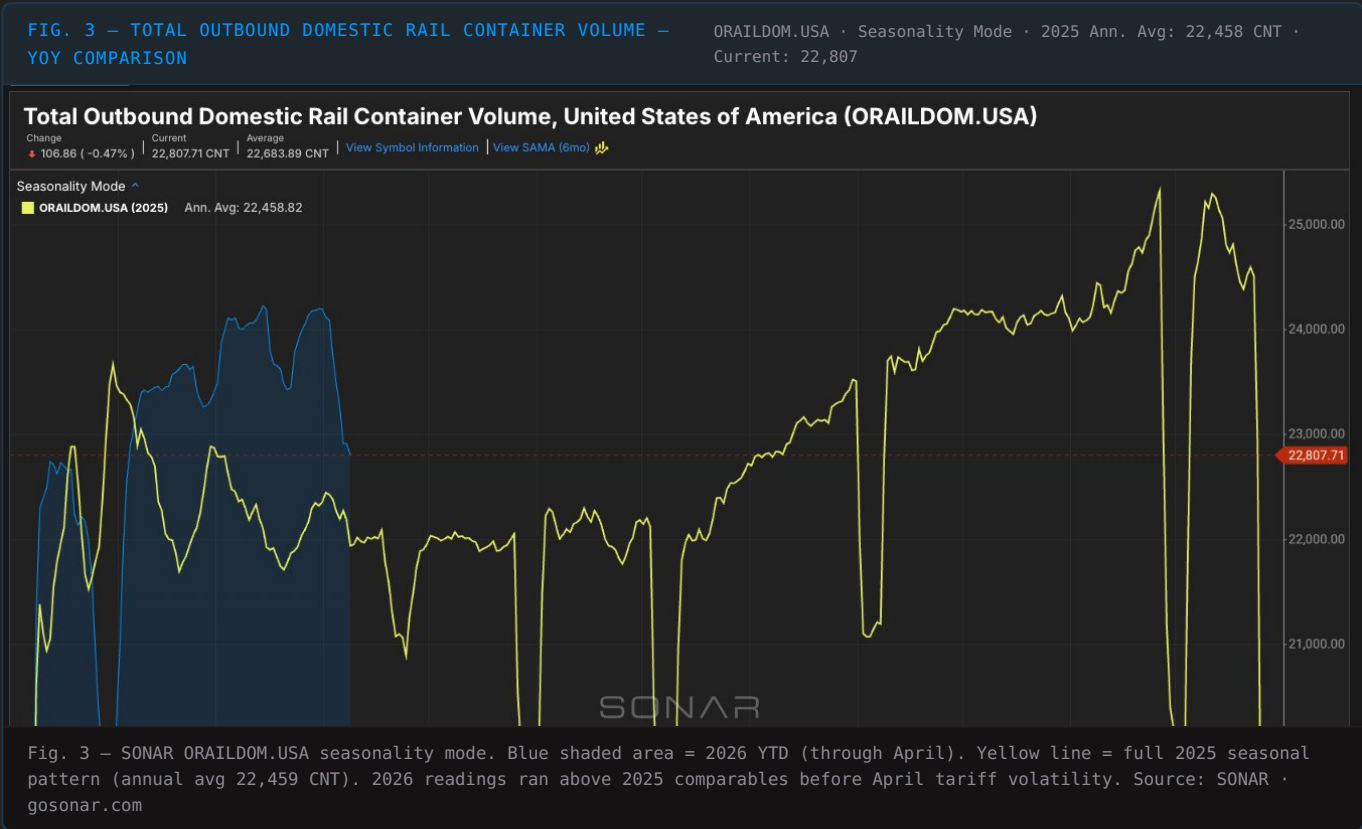
The divergence has been building across the past 18 months as domestic service reliability improved and the rate spread between truckload and intermodal widened. What makes the current period notable is the magnitude: domestic containers are running near multi-year highs while international loads remain well below prior-year comparable periods.

"Shippers who stopped using intermodal post-pandemic because they needed speed are coming back. The service levels have changed, and the rate spread is compelling. That's a structural shift, not a cyclical one."

– MIKE BAUDENDISTEL, HEAD OF INTERMODAL SOLUTIONS, SONAR

A Durable Growth Story

Domestic rail container volume in 2026 has been running significantly above prior-year levels — a growth trajectory that now spans four consecutive years of Q1 outperformance. The YTD 2026 data shows domestic loaded rail containers up approximately 36% versus the same period in the prior year.



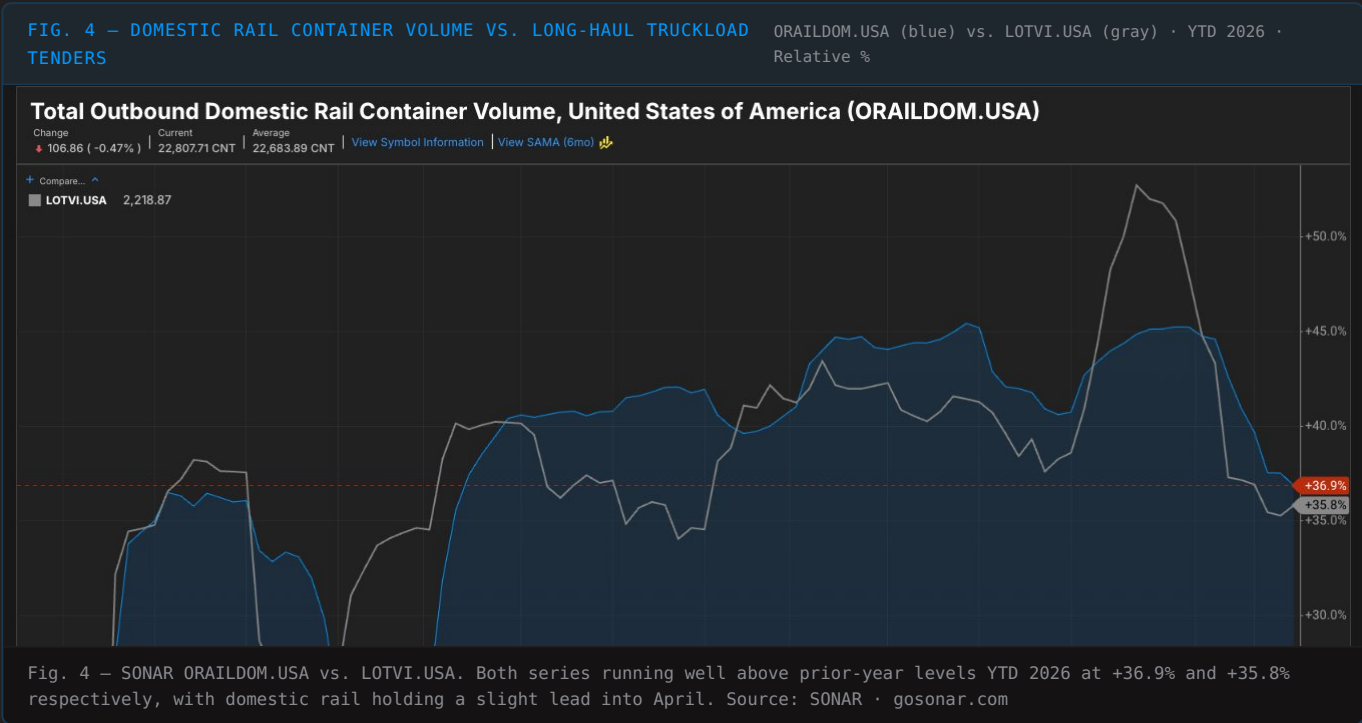
KEY INSIGHT · TARIFF PULL-FORWARD EFFECT

The spike in late Q1 2026 followed by the sharp April drop reflects tariff-driven pull-forward activity — shippers accelerating movements ahead of anticipated tariff implementation. This creates a difficult Q2 comparable, but the underlying domestic intermodal trend remains structurally positive once pull-forward distortions normalize.

Stock analysts tracking JB Hunt, Schneider, and other intermodal operators should model domestic loaded volumes independently of the overall AAR intermodal figure. The domestic loaded number provides a cleaner signal of underlying freight demand and is the appropriate comparator for forecasting intermodal operating revenue.

Is Intermodal Taking Share?

The question of whether domestic intermodal is genuinely converting truckload freight — rather than simply growing with the overall market — is central to understanding this volume trend's durability. SONAR data provides two complementary views.



"At a national level, domestic intermodal is up 4% while long-haul truckload tenders are down 7% — that does suggest intermodal is taking some share."

— MIKE BAUDENDISTEL, HEAD OF INTERMODAL SOLUTIONS, SONAR

FIG. 5 – MULTI-MODAL VOLUME COMPARISON – RAIL, TRUCKLOAD & OCEAN

IOTI.USA · STVI.USA · ORAILL.USA · Relative YoY %

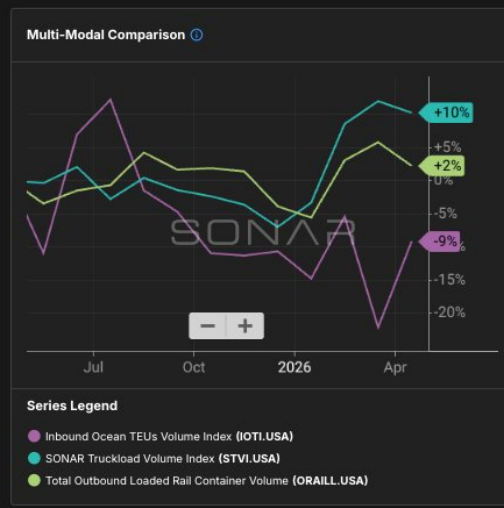


Fig. 5 – SONAR Multi-Modal Comparison. Total loaded rail (green, +10% YoY) outperforming truckload volume index (teal, +2%) and inbound ocean TEUs (purple, -9%). Source: SONAR · gosonar.com

EMERGING OPPORTUNITY MARKETS

The next frontier for intermodal share gains: Louisville, Denver, Phoenix, and Salt Lake City. New service lanes from the BNSF-CSX intermodal alliance (Phoenix-Southeast) and CSX's Howard Street Tunnel double-stack clearance on I-95 create intermodal options where few existed before — multi-year structural tailwinds extending well beyond the current rate cycle.

05 · TRUCKLOAD RATES

Spot Rates Off to the Races

The [NTI.USA](#) — SONAR's National Truckload Index — is now reading **\$3.09/mile**, up nearly 35% year-over-year. Approximately 45% of the increase is attributable to diesel prices since the Iran war began, but the more important driver is structural: the carrier supply pool has tightened due to enforcement of non-domicile driver regulations and English language proficiency requirements.

KEY INSIGHT · THE 2022 COUNTEREXAMPLE

In mid-2022, diesel ran at similarly elevated levels while truckload rates simultaneously declined — because carrier supply exceeded demand. The 2026 environment is fundamentally different. Fuel is an amplifier here, not the root cause. Carriers now have genuine pricing power, and that changes the durability calculus entirely.

\$3.09

NTI CURRENT
\$/MILE SPOT RATE

+34.9%

YOY CHANGE
NTI SPOT RATE

+45%

DIESEL PRICE INCREASE
SINCE IRAN WAR BEGAN

06 · INTERMODAL RATES

Spot Rising, Contract Flat — But for How Long?

While truckload spot has surged, intermodal contract rates have been essentially flat, creating a historically wide spread — the core of the domestic intermodal value proposition. The gap between truckload spot (**\$3.09/mile**) and truckload contract (**\$2.46/mile**) signals contract re-pricing is still working through the market.

FIG. 6 – SPOT VS. CONTRACT RATE TRENDS – TRUCKLOAD MARKET

NTI.USA (spot, green) vs. VCRPM1.USA (contract, purple) · 1Y



Fig. 6 – NTI spot (green, \$3.09/mi) vs. van contract (purple, \$2.46/mi) – a \$0.63/mi spread historically wide and preceding a period of contract rate catch-up. Source: SONAR · gosonar.com

MORE SENSITIVE LANES

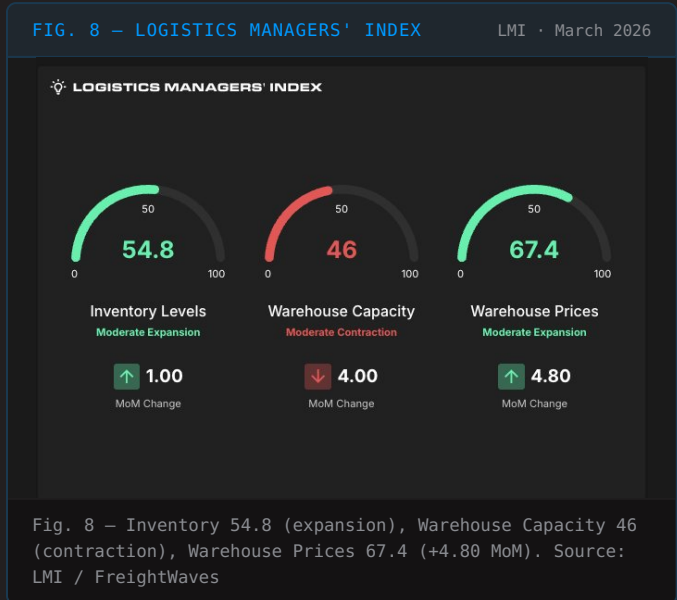
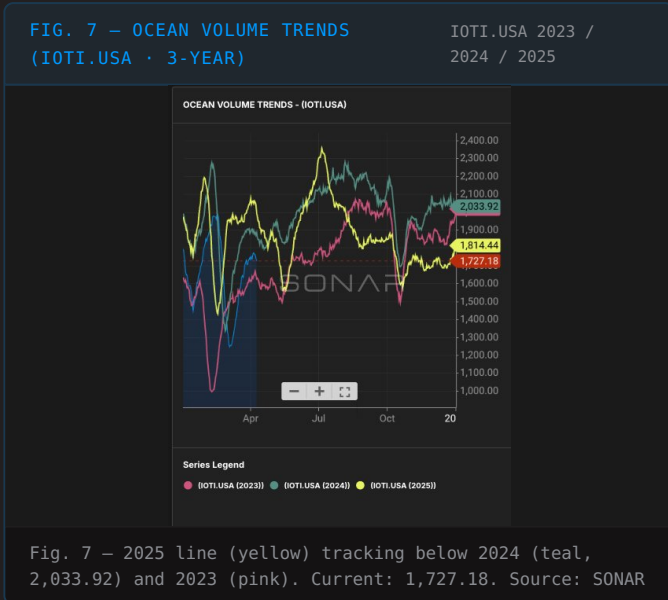
Eastern one-third corridors (Chicago–Atlanta, Chicago–Detroit) compete directly with truckload and will see contract rate appreciation first.

MORE INSULATED LANES

Transcontinental head-haul (LA outbound) lanes compete less directly. Back-haul lanes (Chicago–LA, Dallas–LA) remain extremely competitive at ~\$0.84–0.91/mile spot.

Ocean Headwinds and Import Softness

International intermodal volume is down sharply — loaded international containers fell **26% year-over-year in Q1 2026**. Three overlapping factors drive this: the Iran war disrupting Red Sea lanes; US tariff uncertainty suppressing Chinese origin bookings; and shippers deliberately running leaner inventories.



The LMI data provides an important counterpoint: warehouse capacity is contracting (46) while warehouse prices are expanding sharply (67.4, +4.80 MoM). The available storage buffer is shrinking precisely as shippers try to minimize inventory footprint — a dynamic that could force earlier replenishment cycles and provide a demand catalyst for international intermodal later in 2026.

KEY INSIGHT · IOTI AS A LEADING INDICATOR

The IOTI tracks booking volumes at overseas origin — with a 4-to-8-week lead time before containers arrive at US ports. A sustained recovery above the 2024 comparable (2,033.92) would be the first meaningful signal that import demand is rebuilding. Watch for a crossing of the 2024 line as a confirmation threshold.

FIG. 9 – TOP U.S. GATEWAYS – INBOUND OCEAN VOLUME BY PORT

IOTI by Destination Port · TEU Index · 14-Day Average

TOP U.S. GATEWAYS

INBOUND OCEAN VOLUME

An index of TEU volumes in transit to the largest US ports (14-day average).

View By

Inbound Ocean Volume (by port) ▾

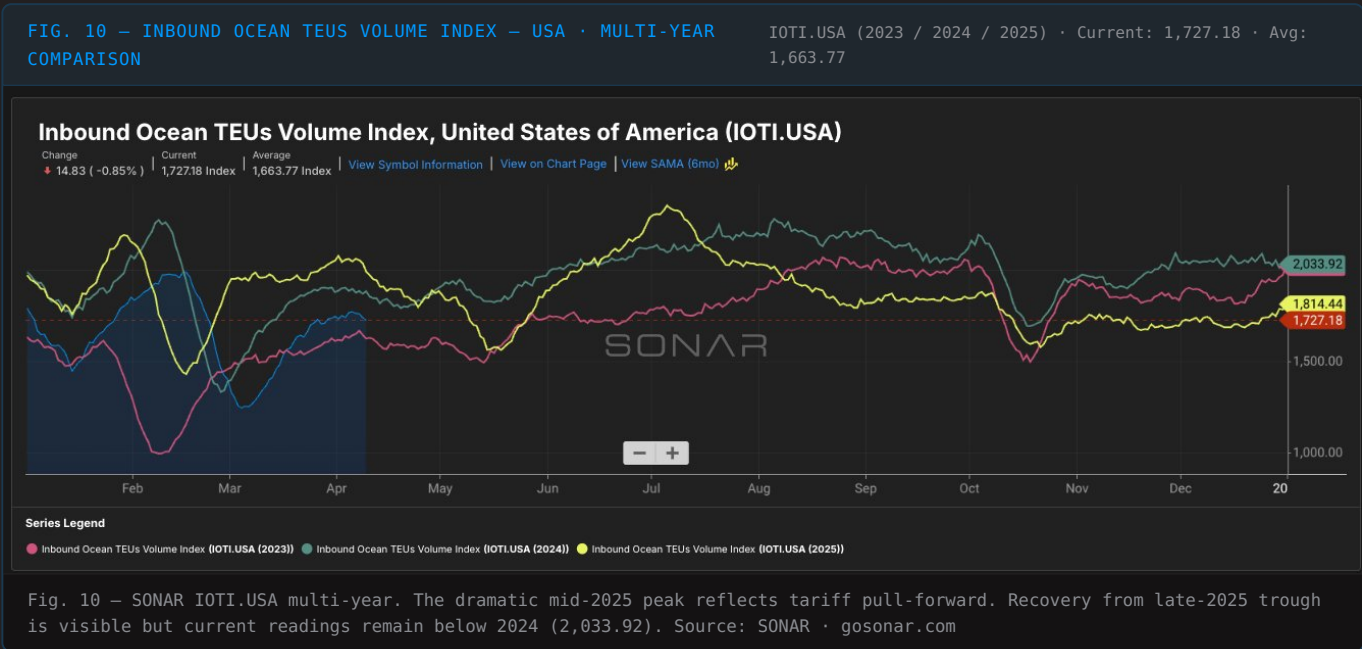
| Destination Port | Inbound TEU Volumes (Index) | WoW | MoM | YoY |
|------------------------------|-----------------------------|-------|--------|---------|
| Port of Los Angeles, CA | 359.04 | 0.93% | 30.8% | -5.16% |
| Port of New York/ New Jersey | 242.25 | 1.91% | 35.65% | -19.84% |

Fig. 9 – Port of LA at 359.04 (MoM +30.8%, YoY -5.16%). Long Beach YoY -27.39%. Savannah MoM +47.92%. Charleston the only major port with positive YoY (+1.93%). Source: SONAR · gosonar.com

08 · OCEAN VOLUME FORWARD VIEW

Reading the IOTI Signal

The IOTI.USA captures booking volumes at the point of overseas origin — before containers are loaded onto vessels — providing a 4-to-8-week leading signal of what will arrive at US ports and ultimately move via domestic intermodal. The partial recovery visible heading into early 2026 is encouraging but remains below 2024 comparable levels, most significantly on the West Coast.



09 · TENDER REJECTION RATES

The OTRI Signals a Tightened Market

The **OTRI.USA** is now reading **13.74%** — more than double the year-ago level of approximately 6% — driven by structural capacity tightening that predates, but was revealed by, Winter Storm Fern.

FIG. 11 – OUTBOUND TENDER REJECTION INDEX – USA · FULL YEAR SEASONALITY

OTRI.USA · Current: 13.74 PCNT · 2025 Ann. Avg: 6.36 · 2024: 4.95

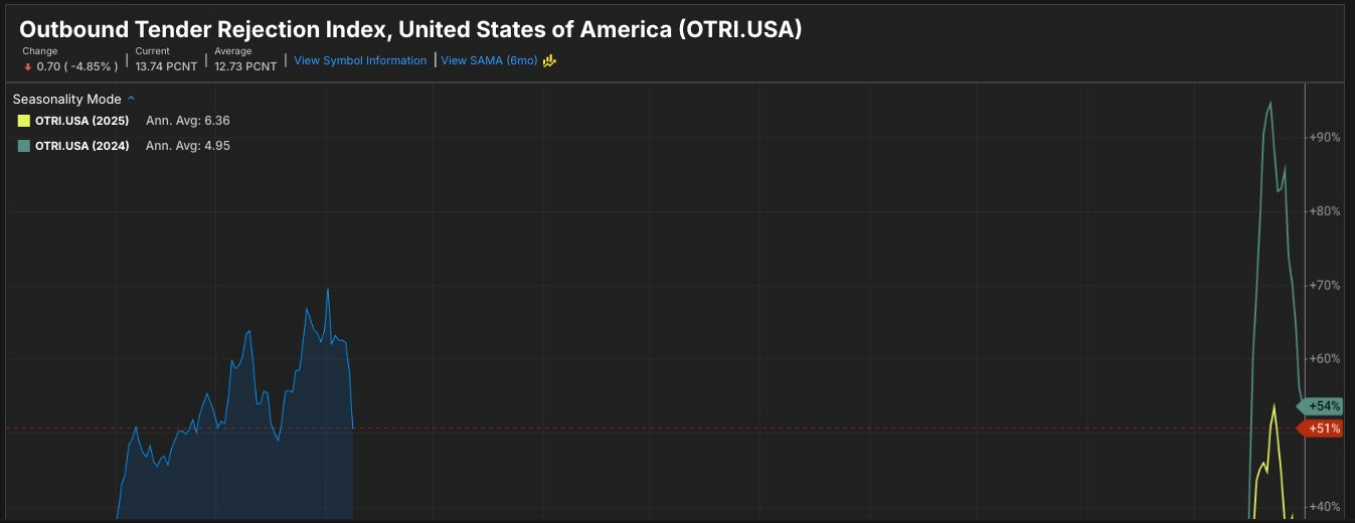


Fig. 11 – SONAR OTRI.USA seasonality mode. The 2026 spike (blue, left) reaches into the +90% YoY range – entirely disconnected from 2025 (yellow) and 2024 (teal) seasonal patterns. Source: SONAR · gosonar.com

KEY INSIGHT · STRUCTURAL, NOT SEASONAL

A 13.74% rejection rate is not a weather anomaly that will self-correct. Non-domicile driver regulations had been reducing effective capacity for months before Winter Storm Fern made it visible. Shippers treating this as a temporary spike and waiting for rates to return to 2024 norms are likely to be disappointed.

The UPNS Merger — A Lengthening Timeline

The proposed Union Pacific–Norfolk Southern merger remains the dominant structural story in North American rail. The STB's adoption of Hart-Scott-Rodino antitrust review methodology signals both rigor and independence — decisions will be made on economic and legal merit, not political considerations. Analyst Anthony Hatch flagged this as a sign of a very lengthy review, running counter to UP and NS's preference for the fastest possible approval timeline.

The merger's proposed benefits — diverting 2 million trucks annually from highways — are significant on paper. UP CEO Jim Vena's math: 2 million loads over 52 weeks is ~38,500 containers per week; at 500 containers per train, the network impact is manageable. UP has increased train length 25% and reduced active train count 24% since 2019, demonstrating available capacity absorption.

KEY INSIGHT · RECIPROCAL SWITCHING

Jim Vena's support for reciprocal switching — expanding access for captive shippers — represents a significant departure from traditional US rail industry positions. As a longtime CN executive, Vena brings a Canadian perspective where inter-switching is standard practice. If UPNS proceeds with a reciprocal switching commitment, it could reshape competitive dynamics for bulk and carload shippers far beyond the merger itself.

| RAILROAD | Q1 2026 YOY | NOTES |
|------------------|-------------------|---|
| BNSF | +2.5% | Intermodal strength, industrial recovery |
| Union Pacific | -0.4% | Industrial up +4%; merger uncertainty |
| CSX | +2.7% | Howard Street tunnel upside ahead |
| Norfolk Southern | -1.0%+ | Merger integration focus |
| CN | +2.2% (+3.0% RTM) | Revenue ton miles basis preferred |
| CPKC | -1.9% (+1.9% RTM) | Cross-border growth taking longer than expected |

The AAR reported March 2026 as the best month since 2019, with 12 of 20 carload segments growing — broad-based strength led by the industrial economy, where the PMI has exceeded 50% for three consecutive months.

11 · SHIPPER GUIDANCE

What to Do Right Now

- **Delay bid processes if possible.** Rates have already moved. Drag renewals as long as possible unless the existing carrier relationship is at risk.
- **Go direct to asset-based carriers, not brokers.** Brokers cannot commit to shipper rates without risking negative margins at current spot levels.
- **Condition management teams now.** Transportation budgets will increase. Getting ahead of that conversation is better than reacting after carriers have full pricing power.
- **Expand intermodal usage where applicable.** The rate spread between truckload spot and intermodal is historically wide. The value proposition is as strong as it has been in years.
- **Monitor new intermodal lane openings.** Howard Street Tunnel double-stack on I-95 and the BNSF-CSX Phoenix-Southeast service open new conversion opportunities not available in prior bid cycles.

"If you're a shipper and you have to put something out for bid right now, I would try to go directly to the carriers rather than brokers. Brokers are in a tough spot — they might end up moving loads for negative margins."

— MIKE BAUDENDISTEL, HEAD OF INTERMODAL SOLUTIONS, SONAR

12 · FORWARD INDICATORS

What to Watch Next

INTERMODAL & TRUCKLOAD

- ISM Manufacturing PMI — three consecutive months above 50% translating to carload growth; UP reporting +4% industrial volume
- OTRI trajectory — whether 13.74% is a ceiling or floor determines how long this spot rate cycle lasts
- NTI sustained above \$3.00 implies contract rate acceleration is imminent
- IMCRPM1 for early signs of intermodal contract rate movement, especially Local East Index lanes

MACRO & STRUCTURAL

- IOTI recovery as leading signal of import demand rebuilding (4-8 week lead to US shore)
- Housing starts — major driver of forest products, aggregates, and consumer goods intermodal
- Auto sector inputs (steel, aluminum, plastics) — railroads carry 60-70% of finished vehicles
- US tariff direction — has driven the largest rail volume swings of the past two years

BOTTOM LINE

The North American rail market has entered a genuine inflection. Domestic intermodal is growing structurally — driven by improved service reliability, a historically wide rate spread vs. truckload, and new lane development in underserved markets. The truckload market has tightened in ways that will persist beyond any single weather event or fuel price spike.

Shippers who move proactively on carrier relationships, intermodal conversion, and budget planning will be significantly better positioned than those waiting for the market to return to 2024 norms. SONAR's real-time intelligence — across OTRI, NTI, ORAILDOML, IOTI, and IMCRPM1 — provides the granular daily visibility needed to navigate this market as conditions evolve.

ACCESS THE DATA BEHIND THIS REPORT

Explore SONAR's Rail Intelligence Dashboards

Most of the data cited in this white paper updates in real time on SONAR. The Global Trade Command Center, Intermodal Dashboard, and Rail Carload Dashboard give you live visibility into the signals that matter most — before they move the market.

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Global Trade Command Center

Intermodal Dashboard

Rail Carload Dashboard

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Data: ORAILDOM.USA · ORAILINT.USA · IOTI.USA · NTI.USA · OTRI.USA · IMCRPM1.USA · VCRPM1.USA
· LOTVI.USA · STVI.USA

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