SEPTEMBER 2026

Rail Industry Overview

Record intermodal and broad-based carload gains point to continued economic momentum.

In August 2026, U.S. railroads averaged nearly 297,000 intermodal containers and trailers per week, up 4.4% over last year and a new monthly record (breaking the previous record set in June 2026). August was the seventh straight year-over-year gain for intermodal.

Meanwhile, total U.S. rail carloads (not including intermodal) averaged more than 235,000 per week in August, the most since October 2019 and their eighth straight year-over-year gain. Combined U.S. carload and intermodal volume in August was the most in nearly eight years.

Key Takeaways

- **Intermodal keeps setting records.** August volume reached a new monthly record, while year-to-date volume through August was also the highest ever.
- **Carload gains are unusually broad.** Fifteen of 20 major carload categories saw year-over-year gains in August, helping push total monthly carloads to their highest level in nearly seven years.
- **Manufacturing is providing another tailwind.** Broad-based factory expansion is supporting gains in chemicals, metals, construction materials, and other rail-served commodities.
- **The near-term signal remains positive.** Risks remain, but rail traffic and other economic indicators currently point more toward continued growth than a meaningful slowdown.

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The significance goes beyond rail. The combination of record intermodal traffic and broad-based carload growth points to resilient consumer demand, improving manufacturing activity, and a rail value proposition that is increasingly compelling for shippers.

Intermodal is benefiting from several powerful tailwinds.

Given recent intermodal monthly records, it's no surprise that year-to-date intermodal volume through August was a record too. Strong rail service offerings and higher trucking costs (higher fuel prices, higher insurance and maintenance costs, fewer available drivers) are enticing more shippers to use rail.

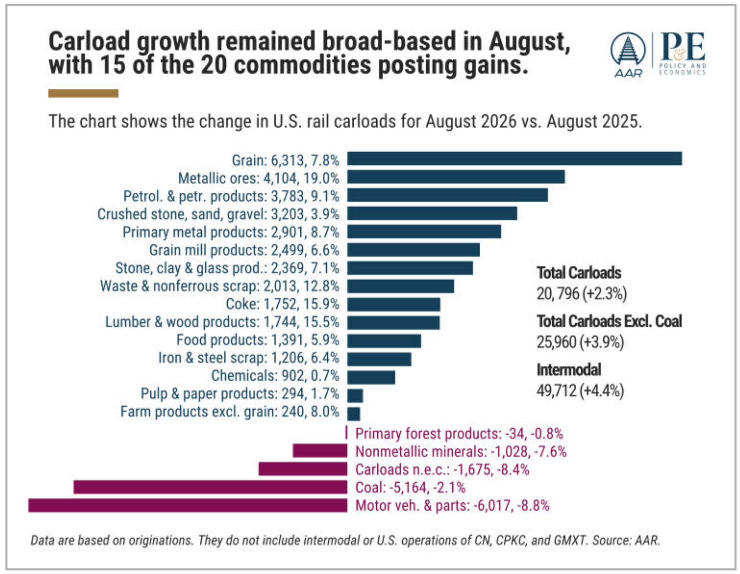
Resilient consumer spending means the amount of freight needing to be transported remains robust. And seasonal factors, including back-to-school demand and preparation for the upcoming holiday season, mean August is typically one of the highest volume months of the year for intermodal.

Taken together, these forces provide a strong near-term backdrop for intermodal. Conditions can change quickly, but there is little in the current data to suggest momentum is fading.

Carload growth is unusually broad.

On the carload side, rail gains in August were again broad-based, with 15 of the 20 carload categories posting year-over-year increases. Excluding coal and grain (whose volumes tend to rise or fall for reasons mostly unrelated to the state of the economy), the carload categories combined that posted gains in August accounted for an unusually high 84% of total carloads.

Put another way, August carload growth was widespread across economically sensitive freight categories, and the breadth of those gains was unusually strong compared with a typical month. Breadth measures such as this help distinguish between isolated pockets of strength and pervasive improvements that are more likely to be sustained.



In August, year-over-year carloads of chemicals rose for the seventh time in the past eight months, thanks to low natural gas prices and improving manufacturing health. Chemical carloads are on pace to set a new annual record this year.

Steel-related products have enjoyed solid year-over-year carload gains in recent months, including in August. In August, for the first time in nearly five years, carloads of metal products averaged more than 9,000 per week. Carloads of crushed stone and sand, used heavily in construction and extractive industries, were the highest in August in nearly three years.

Grain carloads were up in August for the tenth straight month, and they again had the biggest absolute year-over-year gain among carload categories. Through the first eight months of 2026, grain carloads were up 12%, thanks mainly to strong grain exports.

When chemicals, metals, construction materials, agricultural products, and other commodities all post rail freight gains at the same time, it suggests economic growth is being driven by a wide range of industries, not just a few isolated sectors.

On the downside, U.S. carloads of motor vehicles and parts were down sharply in August, but that's more a function of unusually high carloads last August than low carloads this August. Year-over-year carloads of coal fell in August 2026 for the sixth straight month. Including coal, total U.S. carloads rose 2.3% in August; without coal, they rose 3.9%.

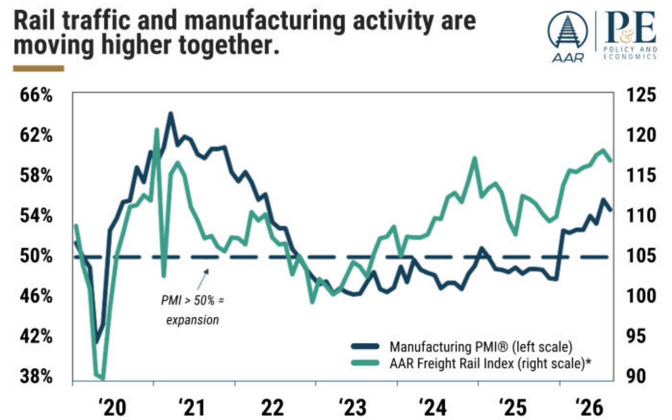
The AAR's Freight Rail Index (FRI) strips out coal and grain and seasonally adjusts the remaining traffic to provide a clear view of underlying freight demand. In August, the index fell slightly from July but remains at one of its highest levels ever, signaling that underlying goods movement remains strong.

Another sign of stronger rail demand is appearing in the equipment fleet. The number of freight cars in storage fell by another 6,700 in August, bringing the number taken out of storage since January at more than 59,000. Cars in storage as a share of total cars in service fell from 21.7% in January 2026 to 18.1% in August 2026. A decline in stored cars suggests railroads and other freight car owners are putting more equipment back into service, reflecting stronger traffic volumes and stronger demand for rail transportation.

The manufacturing rebound is showing up in rail traffic.

The Manufacturing PMI® in August saw its eighth straight month above 50%, signaling manufacturing expansion. Like rail traffic, this expansion is broad-based: of the 18 industries tracked by the ISM®, 15 had growth in both July and August.

Meanwhile, manufacturing output as measured by the Federal Reserve was higher in July than in any month since mid-2022. This manufacturing improvement is clearly positively impacting rail volumes.



*Seasonally adjusted intermodal plus carloads excluding coal and grain
Sources: Institute for Supply Management®, Association of American Railroads

The broader economy presents a mixed picture.

Economic expansions are rarely uniform. Strength in one corner of the economy often coincides with weakness in another. The latest data continue to tell that story.

U.S. GDP grew 1.5% in Q2 2026 over Q1 2026. However, final sales to private domestic purchasers (a broad measure that excludes inventories, government spending, and trade) rose 4.2%, reflecting stronger underlying private-sector demand than suggested by total GDP. Manufacturing expansion is well underway; the ISM's services index was in expansion territory in August for the 26th straight month; August net new job growth was strong; unemployment stayed low; and consumer spending growth continues to outpace GDP growth.

On the other hand, inflation has exceeded the Fed's 2% target for more than five years; housing remains weak amid high mortgage rates; and consumer confidence is near historic lows. Uncertainty regarding global geopolitics and global and domestic economic policies persists.

The freight economy is still signaling growth.

No single indicator can settle the debate over the economy's direction, but when viewed alongside the broader economic evidence, recent rail traffic suggests growth in the goods economy remains intact. The current expansion may be uneven and subject to ongoing risks, but freight data continue to align more closely with continued growth than with an economy that is losing momentum.