

RAC QUARTERLY REPORT

Quarter 3 - 2024

December 19, 2024



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Introduction

The Railway Association of Canada's (RAC) Quarterly Report compiles weekly, monthly, and quarterly data from railways and various statistical and regulatory agencies to provide a timely update on the state of the economy, the transportation sector, and freight and passenger rail operations.¹ Links to all data sources are included throughout the report. In addition, RAC's quarterly and annual reports can be accessed on the [RAC website](#).

Executive Summary

Canadian Economy

Reduction in immigration and threat of tariffs – Canadian economic growth in jeopardy

Canada's GDP growth has lagged the U.S. in each of the past two quarters. Looking ahead, the Government of Canada's plan to reduce immigration and the threat of U.S. tariffs (as well as Canadian retaliatory tariffs), could have a significantly negative impact on Canadian economic growth over the next several years.

Over three months, from June 2024 to September 2024, employment and GDP grew very modestly, by just 0.3% and 0.2%, respectively. Economic growth was held back by contractions in the manufacturing sector and oil & gas extraction. Trade was down nearly two percent and manufacturing shipments decreased by 0.7%. On a positive note, the declining trend in retail sales was reversed – increasing by 1.8% between June and September.

Freight Rail

Third quarter volumes significantly impacted by August rail work stoppage

In August, the rail sector work stoppage had a significant impact on freight volumes. In the month of August, non-intermodal carloadings in Canada (including all freight railways, both shortlines and Class 1s) were down 7%, while intermodal was down 15% to its lowest level in more than 10 years.

Traffic in Western Canada compared favourably to last year (which was significantly impacted by the July 2023 B.C. ports strike), specifically intermodal, despite the August rail work stoppage. In the East, wildfires in July combined with the rail work stoppage in August contributed to year-over-year reductions in carloadings across all 11 commodity categories in Q3-24.

Compared to Q3-23, total Canadian intermodal traffic was flat and non-intermodal carloads decreased by 2%. Increases were led by agriculture (+5,227 carloads, 4%), fuels & chemicals (2,522 carloads, +1%), and food products (+283 carloads, 1%), while carloads decreased for all other commodities. The increase in agriculture was largely driven by a 9,024 carload increase in canola, which was moderated by a 4,621 carload reduction in wheat shipments, which were affected by wildfires in Jasper in July. Minerals were responsible for the most significant decrease in carloads (5,991), driven by a reduction of iron ores and concentrates in July, when wildfires suspended several mining operations near Labrador City.

In Q3-24, Canadian Class 1 freight traffic (CN and CPKC, network-wide), measured using revenue-ton miles (RTMs), increased by 3% compared to the same period last year. However, carloads were down 2%. The Class 1 data largely reflect similar patterns as the Canadian data, described above.

¹ Much of the data in this report are measured against the same period in previous years, for year-over-year comparisons' sake. However, in some cases, data are compared to earlier periods to provide context relative to pre-pandemic activity levels.

In Q3-24, four performance metrics improved, including a 15% increase in property additions,² a 2% increase in train speeds, and a 5% reduction in terminal dwell times. Four metrics remained unchanged, while the number of cars on line decreased by 3% and the average operating ratio increased by 2%.

Supply Chains

Year-over-year labour disruptions at home, worsening maritime carrier performance globally

The speed at which goods were moving through Canada's supply chains in Q3-24 was similar to the year prior. Leading up to the August work stoppage, railways had to stop accepting traffic, especially dangerous and hazardous materials, and secure goods to ensure community safety. Railways effectively managed the August work stoppage to minimize disruptions to the supply chain. Aside from the week of the work stoppage (August 17-23) and the following week (August 24-30), terminal dwell times in each of the other 11 weeks were shorter than they were in both 2022 and 2023. Q3-24 rail dwell times averaged 8.7 hours – a 5% year-over-year improvement. Dwell at the Port of Vancouver edged down 8% while dwell at the Port of Montreal was 81% longer than it was last year.

Outside Canada's borders, maritime trade is facing some challenges that are impacting transportation costs and overall supply chain performance. Global vessel schedule reliability decreased from 63.8% in Q3-23 to 52.0% in Q3-24, the average delays for late vessel arrivals increased from 4.6 to 5.5 days, and the Global Container Freight Index more than tripled, from an average of \$1,383 in Q3-23 to \$5,074 in Q3-24. The Panama Canal is working on scaling back up to around 36 transits per day; however, the attacks on commercial vessels around the Suez Canal persist, causing vessels to redirect around the southern tip of Africa, adding around 10 days to their transit times.

Passenger Rail

Year-over-year increases in ridership continue

In Q3-24, six of 10 RAC reporting members indicated that ridership was higher than it was in Q3-23. Comparing back to Q3-19, there was only one reporting member whose ridership remained down by more than 25%, while three members indicated ridership above Q3-19 levels.

Both major intercity railway companies – VIA Rail and Amtrak – reported gains in ridership. VIA Rail ridership was up 4% from Q3-23, sitting 14% below the pre-pandemic (Q3-19) level. Ridership on Amtrak's routes with segments in Canada increased 22% year-over-year and exceeded their pre-pandemic (Q3-19) level by 15%.

In September 2024, urban transit ridership was 14% below pre-pandemic levels – showing improvement over the past several months.

Canada's tourism sector has recovered, as total tourism expenditures in Q2-2024 were 15% above the Q2-2019, pre-pandemic level. Year-over-year growth was led by expenditures on passenger rail services (+14%), vehicle rentals (+14%), and passenger air services (+10%).

Despite this growth, following several years of lower-than-normal ridership, government support, at all levels, for passenger rail must remain a top priority to ensure sustainable operations of this essential public service.

² Property additions include capital investments in track and roadway, rolling stock, buildings, information technology and other assets.

Rail Safety

Exceptional safety performance but crossing and trespassing remain top issues

Safety remains the industry's number one priority, and the data for Q3-24 reflect this. Accident rates continued to decrease at a strong pace.

In the third quarter of 2024, the Canadian Class 1 [Federal Railroad Administration \(FRA\)](#) personal injuries rate was 27% below the 2020-2023 average³ and the train accident rate was 25% below the 2020-2023 average.

According to Q3-24 [Transportation Safety Board \(TSB\)](#) data, the overall accident rate for Canada's federally regulated railways improved by 7% compared to the 2019-2023 average. In addition, compared to the 2019-2023 average, railways made significant progress in reducing the number of main-track derailments by 56%. The number of accidents involving dangerous goods was in-line with the strong performance in recent years. Crossing and trespassing remain top issues. In Q3-24, crossing accidents were up 26% and trespasser accidents were up 43% compared to the 2019-2023 average. The issues are multifaceted and will take a concerted effort from railways, municipalities, and the public, among others, to achieve the mission to get to zero.

³ 2020 is the earliest year for which data are available.



State of the Canadian Economy

Data for all key economic indicators are provided on a seasonally adjusted basis. Therefore, the most recent data are analyzed against the past several months, rather than against the same quarter of the previous year. When comparing September 2024 to June 2024 data, total economy employment and GDP remained relatively flat, retail sales increased, while trade and manufacturing shipments decreased.

From June 2024 to September 2024, total employment (all industries) increased by 0.3% (66,000 jobs), from 20.52 million to 20.58 million.

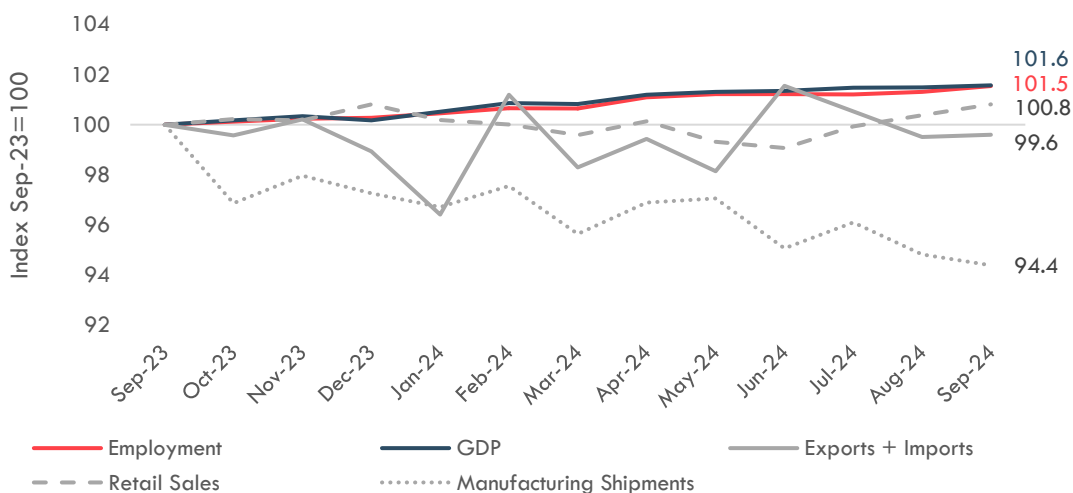
Over the same three months, GDP increased by just 0.2%, from \$2,261B to \$2,266B. Changes in GDP were positive in 12 out of 20 sectors, led by increases (in both percentage and absolute dollar terms) in retail trade (+2.4% or \$2.7B) and finance and insurance (+1.2% or \$1.9B). The transportation and warehousing sector's GDP increased by 0.4%. Decreases in two large industries were responsible for holding back total economic growth. The manufacturing sector's GDP decreased by 1.5% (or \$3.0B), with the chemical manufacturing industry responsible for about half of that reduction; and the mining, quarrying, and oil and gas extraction industry's GDP decreased by 1.7% (or \$2.0B), mostly resulting from a reduction in oil & gas extraction.

From June 2024 to September 2024, trade (exports + imports) decreased by 1.9%, from \$130.2B to \$127.7B.

Domestic retail sales provide insight into household consumption, which is the largest contributor to Canada's GDP at over 50% of total GDP and a key driver of intermodal rail volumes. From June 2024 to September 2024, retail sales (in current dollars) increased by 1.8%. The majority of the increase was driven by greater spending on motor vehicle and parts, followed by expenditures on food and beverage.

Manufacturing shipments provide an indication into the strength of Canada's manufacturing sector and the global demand for its outputs. Manufacturing shipments decreased by 0.7% from June 2024 to September 2024.

Key Canadian Economic Indicators



Growth of Key Canadian Economic Indicators

	Employment (millions)	GDP (\$B, annualized)	Exports + Imports (\$B)	Retail Sales (\$B)	Manufacturing Shipments (\$B)
June 2024	20.52	2,261	130.2	65.8	69.6
September 2024	20.58	2,266	127.7	66.9	69.1
3-month change	0.3%	0.2%	-1.9%	1.8%	-0.7%

Source: Statistics Canada, [Labour Force Survey](#); [Gross domestic product at basic prices](#); [Canadian International Merchandise Trade](#); [Retail trade sales by industry](#); and [Monthly Survey of Manufacturing](#)

Note: Data are seasonally adjusted. The GDP index is an index of Real GDP in chained (2017) dollars. The indices for trade, retail sales, and manufacturing shipments are in nominal dollars.

Economic Outlook

Canadian growth in Q2-2024 and Q3-2024 was much slower than in the U.S., and recent forecasts predict Canadian growth of around two percent in the next several quarters.

The October 24th *Government of Canada reduces immigration* announcement⁴ and the November 5th U.S. election results (and subsequent tariff threats from the President Elect), will have a strong impact on Canada's economic outlook. The government's immigration levels plan reduces the annual permanent residents target from 500,000 down to 395,000 in 2025, 380,000 in 2026, and 365,000 in 2027.

The Conference Board of Canada estimates that the reduction in Canada's immigration target could shave 0.3 percentage points off GDP growth in 2025 and 2026.⁵ Regarding the tariff threat, modelling by the Canadian Chamber of Commerce's Business Data Lab estimates that a 25% U.S. tariff applied against Canada would reduce Canadian GDP by 1.8%. The impact would increase to 2.6% if Canada were to impose retaliatory tariffs.⁶

The reduction in Canada's immigration target could shave 0.3 percentage points off Canadian GDP growth; and tariffs could reduce GDP by 2.6%.

For rail, the traffic forecast is relatively neutral overall and varies by commodity.

The outlook for grain is positive, with strong crop yields in both Canada and the U.S. Energy, chemicals and plastics are also expected to perform well across many of the different product categories.

Intermodal's outlook is mixed. International intermodal volumes are lapping the aftermath of the 2023 B.C. ports strike, while domestic intermodal is continuing to be affected by soft consumer demand. In addition, the labour uncertainty and August work stoppage resulted in some rail traffic shifting to trucks. On coal, Canadian metallurgical coal should move as usual while low natural gas prices will keep the demand for U.S. thermal coal soft.

Lastly, the outlook for forest products and metals and minerals remains soft. Slow housing starts and lower lumber prices are causing some sawmills to curtail production. Demand remains weak for steel and construction materials, and there has been a slowdown in frac sand.

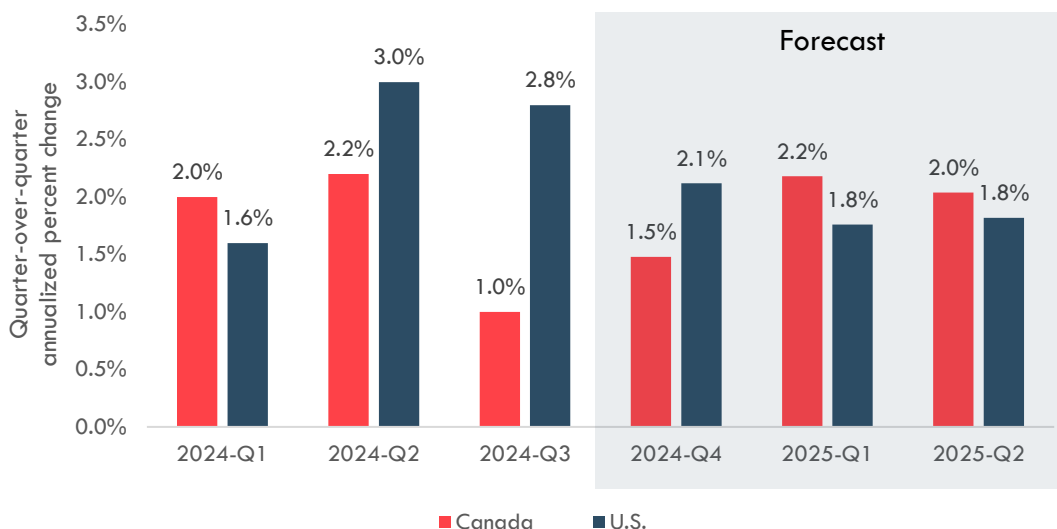
⁴ [Government of Canada reduces immigration - Canada.ca](#)

⁵ [Conference Board of Canada report](#)

⁶ <https://businessdatalab.ca/publications/what-the-return-of-the-tariff-man-means-for-the-canadian-and-u-s-economies/>



Canadian and U.S. Real GDP Forecast

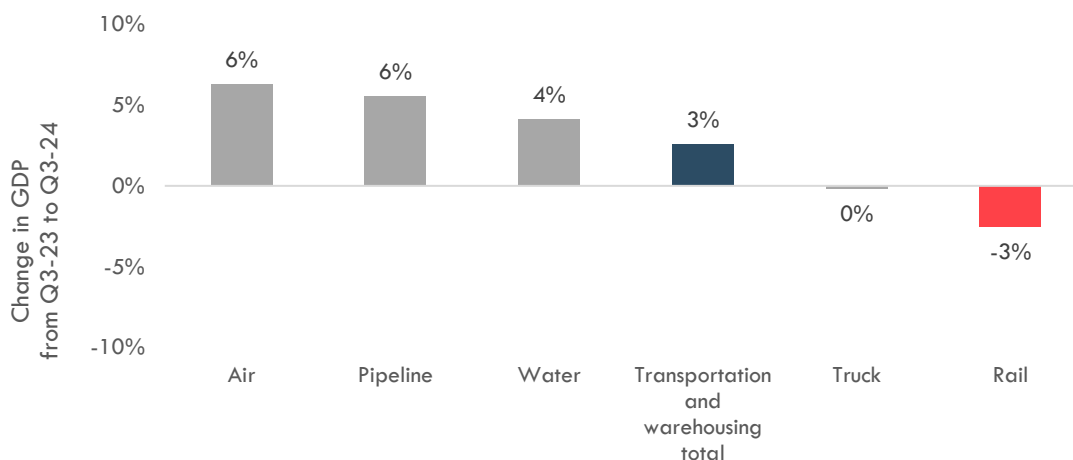


Source: RAC analysis based on [TD](#), [Scotiabank](#), [CIBC](#), [RBC](#), and [BMO](#) forecasts. The figures presented are the average of the five banks' latest forecasts.

Rail and Other Modes of Freight Transportation

Compared to Q3-23, GDP for the overall transportation and warehousing sector was up 3%. GDP increased for air (+6%), pipeline (+6%) and water transportation (+4%), while it was flat for trucking. Railways effectively managed the disruptive impacts of the August rail work stoppage, limiting the reduction in quarterly GDP to just 3%.

Modal Comparison of GDP, Q3

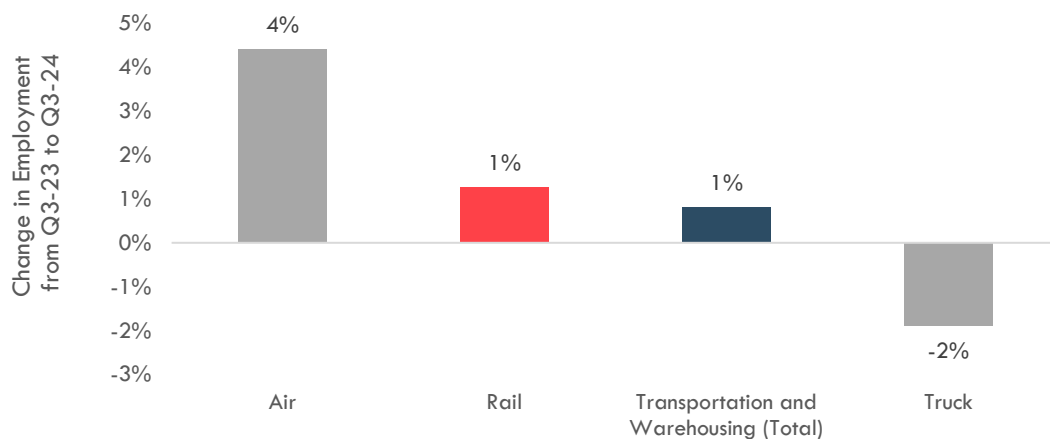


Source: Statistics Canada, [Gross Domestic Product by Industry](#)

Note: Data are seasonally adjusted.

Employment data is not available for the pipeline or water transportation sectors. For the sectors in which data is available, Q3 employment was up for air (+4%) and rail (+1%) transportation, while decreasing by 2% for trucking. Employment in the total transportation and warehousing sector was up 1%.

Modal Comparison of Employment, Q3



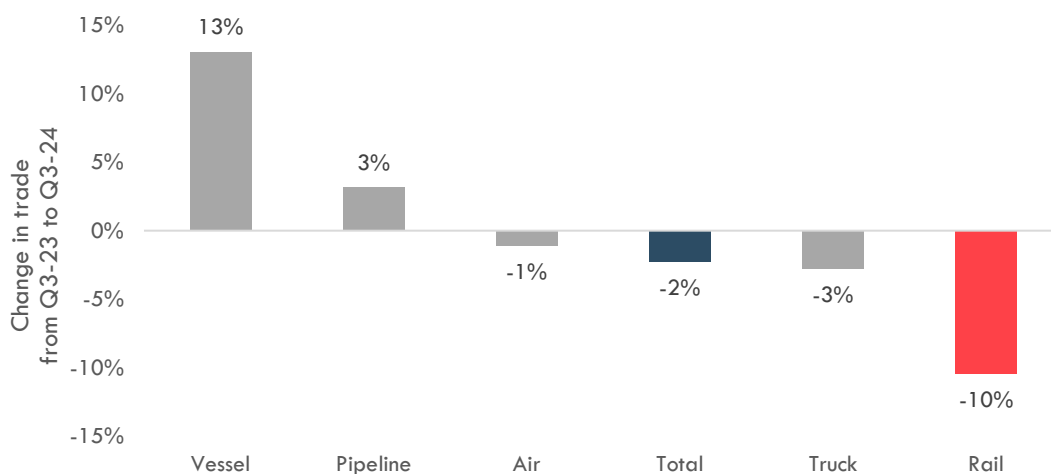
Source: Statistics Canada, [Survey of Employment, Payrolls and Hours](#)

Note: The Survey of Employment, Payrolls and Hours does not provide information on employment for the marine or pipeline sectors.

Note: Data are seasonally adjusted.

Trade volumes between Canada and the U.S. were down 2% in the third quarter of 2024 compared to the same period in 2023. Trade increased by marine vessel (+13%) and pipeline (+3%), while other modes experienced a decline, including air (-1%), truck (-3%) and rail (-10%).

Modal Comparison of Trade with the U.S., Q3



Source: U.S. Bureau of Transportation Statistics, [News and Statistical Releases: North American Transborder Freight Data](#).

Network-wide Canadian Class 1 Freight Data

The Class 1 data cover CN and CPKC's network-wide operations across North America.

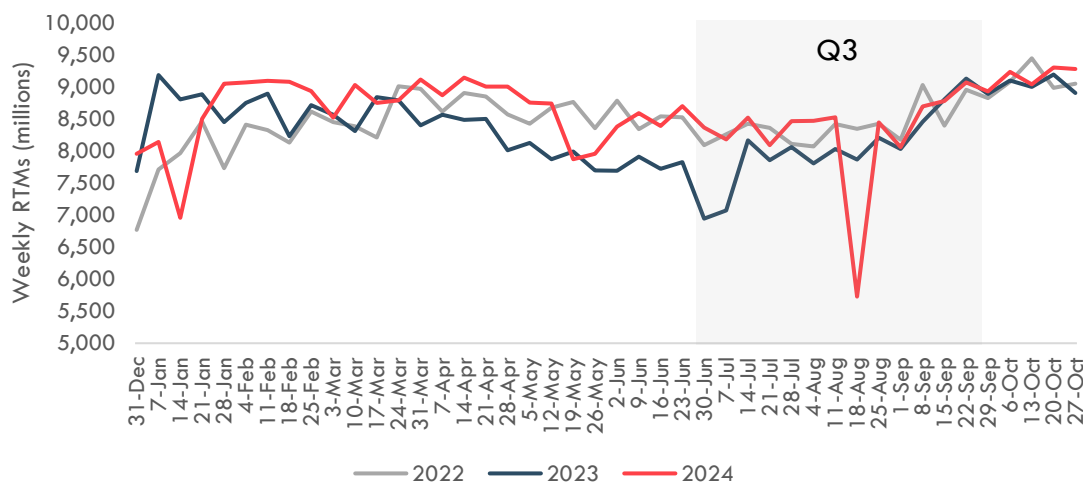
Weekly Trend

The third quarter of 2024 started off strong, with RTMs above 2023 levels in each of the first seven weeks of the quarter. Then the work stoppage occurred in week 8 (week of August 18th-24th), which resulted in a 27% reduction in week-over-week traffic. Following the stoppage, railways worked hard to resume efficient operations and get goods to where they needed to go. Impressively, Class 1s finished the quarter with volumes up 3% over 2023.

Following the stoppage, railways worked hard to resume efficient operations and get goods moving. Impressively, Class 1s finished the quarter with volumes up 3% over 2023.

Turning to the first five weeks of Q4-2024, total RTMs were up 2%, led by single-digit gains in automotive, intermodal, energy, chemicals and plastics, and grain & fertilizers.

Canadian Class 1 Revenue Ton-miles



Source: [CN Key Weekly Metrics](#); [CPKC Weekly Key Metrics](#)

Note: The dates indicate the first day of the week (e.g., "7-Apr" corresponds to the week of Apr 7-13). The week starting December 31, 2023 (for the 2024 series), is compared against the weeks starting January 1, 2023, and January 2, 2022.

Revenues, Revenue Ton-miles, and Carloads

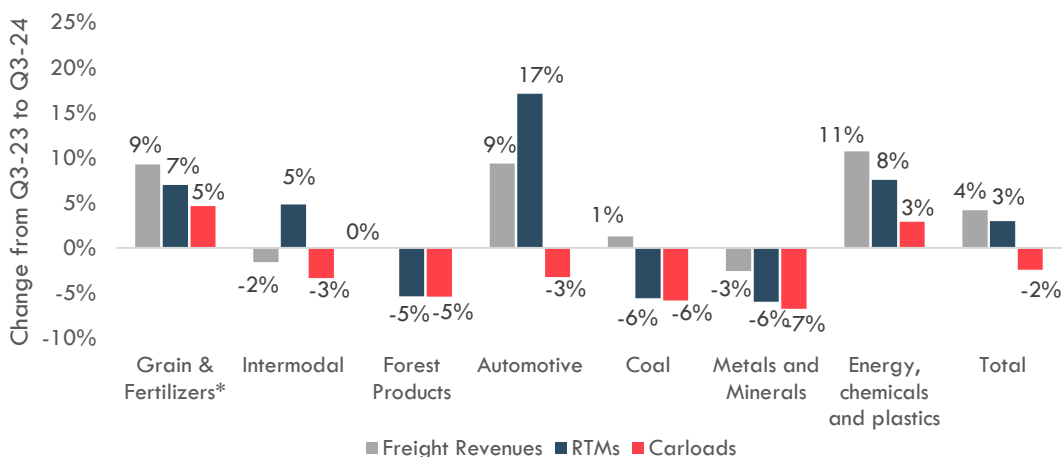
As shown in the figure and table below, compared to Q3-23, RTMs were up 3% while total carloads down 2% (indicating an increase in the average length of haul). On a year-to-date (YTD) basis, RTMs were again, up 3%.

Thanks to longer average hauls, a 3% reduction in automotive carloads did not stop automotive from boasting the most impressive year-over-year increase in RTMs (in percentage terms), at 17% (317 million RTMs). Despite automotive's double-digit growth, total railway RTM growth was driven primarily by gains for higher volume commodity categories. Shipments of grain & fertilizers increased by 7% (2,217 million RTMs) and energy, chemicals and plastics increased by 8% (1,470 million RTMs). Intermodal carloads decreased by 3%, but RTMs increased by 5% (944 million RTMs), thanks to the relatively stronger performance of international intermodal (relative to domestic intermodal) and its longer average lengths of haul.

Metals & minerals were down 6% (769 million RTMs), resulting from an early slowdown in frac sand, soft market conditions for steel and construction materials, and some traffic lost to trucks resulting from labour uncertainty and the August work stoppage. Coal shipments were down 6% (643 million RTMs), mostly the result of softer global demand for U.S. thermal coal. Lastly, forest products dipped 5% (428 million RTMs) as the lumber market remained weak.

Canadian railways continue to provide service to customers at competitive rates. Year-over-year, total freight revenue per RTM increased by just 1%. Most notably, intermodal freight revenue per RTM was down 6% (not shown), driven by pricing pressures in the truck-competitive intermodal business.

Class 1 Freight Revenues, RTMs, and Carloads by Commodity, Q3



Q3: Canadian Class 1 RTMs (millions), by Commodity

	Q3-24	Q3-23	Change (%)	Change (#)
Grain & Fertilizers*	33,916	31,699	7%	2,217
Intermodal	20,490	19,546	5%	944
Forest Products	7,547	7,975	-5%	-428
Automotive	2,170	1,853	17%	317
Coal	10,859	11,502	-6%	-643
Metals and Minerals	12,140	12,909	-6%	-769
Energy, chemicals and plastics	20,946	19,476	8%	1,470
Total	108,068	104,960	3%	3,108

Year (Q1-Q3): Canadian Class 1 RTMs (millions), by Commodity

	YTD-24	YTD-23	Change (%)	Change (#)
Grain & Fertilizers*	105,090	99,237	6%	5,853
Intermodal	64,772	61,630	5%	3,142
Forest Products	23,555	24,285	-3%	-730
Automotive	6,071	5,317	14%	754
Coal	31,836	34,888	-9%	-3,052
Metals and Minerals	36,723	37,160	-1%	-437
Energy, chemicals and plastics	63,674	58,902	8%	4,772
Total	331,721	321,419	3%	10,302

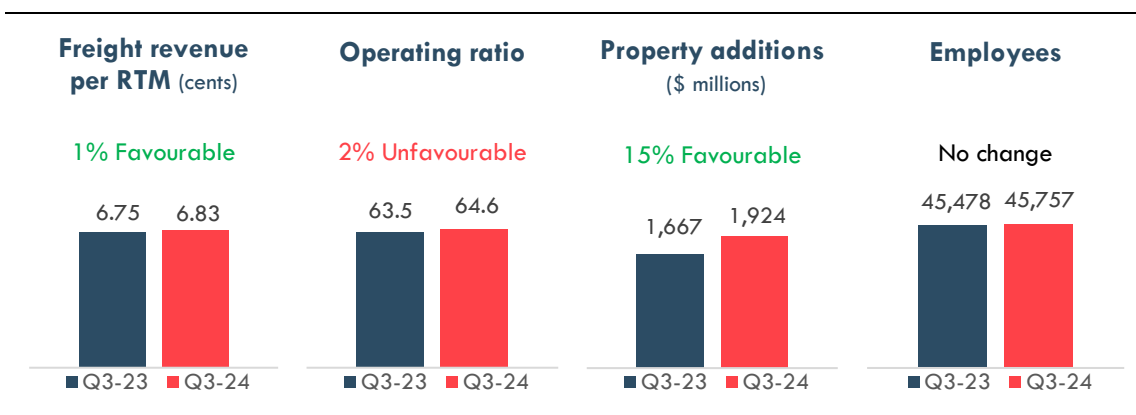
Source: [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#).

*Includes potash.

Select Key Financial and Operating Metrics

In Q3-24, four key metrics improved, four remained unchanged, while two changed unfavourably.

From Q3-23 to Q3-24, freight revenue per RTM increased by 1%. The average Class 1 operating ratio worsened by 2%, as operating expenses per RTM increased by close to 4%. Canada's Class 1 railways continued to make significant investments⁷ in their networks, investing an impressive \$1.9 billion in Q3-24 – a 15% increase compared to the same period last year. Employment remained flat at close to 46,000 employees.

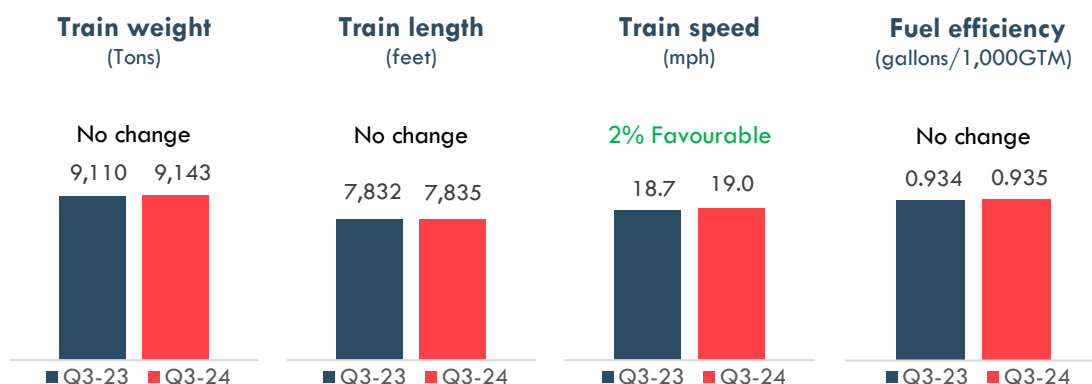


Source: [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#).

Note: The operating ratio is calculated as the simple average of CN and CPKC.

⁷ Property additions include capital investments in track and roadway, rolling stock, buildings, information technology and other assets.

In Q3-24, average train weight and length were the same as they were last year. Average train speed increased by 2% and fuel efficiency remained flat at just below 0.94 gallons per 1,000 GTM.

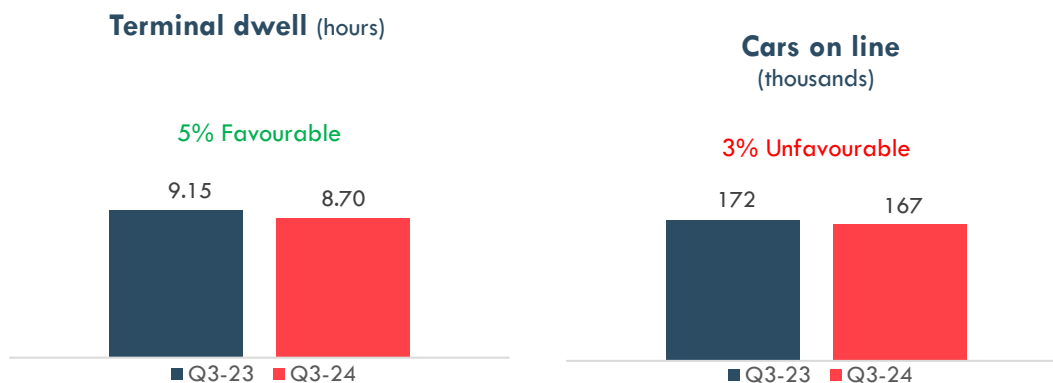


Source: [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#).

Note: All four metrics are calculated using the simple average of CN and CPKC.

In Q3-24, railway terminal performance was exceptional. Aside from the week of the work stoppage (August 17-23) and the following week (August 24-30), terminal dwell times in each of the other 11 weeks were shorter than they were in both 2022 and 2023. Overall, railway terminal dwell averaged 8.7 hours for the quarter – a 5% improvement year-over-year.

The average number of rail cars on line was reduced by 3% compared Q3-23.



Source: [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#); [CN Key Weekly Metrics](#); [CPKC Weekly Key Metrics](#); [CPKC Earnings Review Presentation](#)

Note: Terminal dwell is calculated using the simple average of CN and CPKC.

Canada's Class 1 railways improved performance across several key metrics, including a 15% increase in property additions, a 2% increase in train speeds, and a 5% reduction in terminal dwell times.

Canadian Freight Industry Data

The freight industry data in this section have strong overlap with the Class 1 freight data reported above. The Class 1 data cover CN and CPKC's operations across North America, whereas this section is specific to Canadian operations and include data from all freight railways, including shortlines.

Carloads & Intermodal Units

Statistics Canada reports monthly carloadings for over 60 commodities (which are categorized into 10 commodity groupings in this report), as well as intermodal units.

Q3-24 traffic was impacted by wildfires in July and the rail work stoppage in August. In August specifically, non-intermodal carloadings were down 7%, while intermodal was down 15% to its lowest level in more than 10 years.

In Q3-24, non-intermodal carloadings were down 2% compared to Q3-23. Carloads increased for just three of the commodity groupings. The Canadian data largely reflect the same patterns observed for the Class 1s, namely, single digit percentage increases in agriculture and food products (grain & fertilizers in the Class 1 data), as well as fuels & chemicals (energy, chemicals and plastics in the Class 1 data), while non-intermodal carloadings of other commodities decreased.

In August, non-intermodal carloadings were down 7%, while intermodal was down 15% to its lowest level in more than 10 years.

The agriculture commodity grouping led growth in both percentage and absolute terms, with gains of 4% and 5,227 carloads compared to Q3-23. There was a sharp year-over-year increases in shipments of canola in August, which was largely responsible for the 9,024 carload (49%) increase in canola across the quarter. Overall agricultural gains were moderated by a 4,621 carload (8%) reduction in wheat shipments, which were affected by wildfires in Jasper in July, temporarily halting some movements.

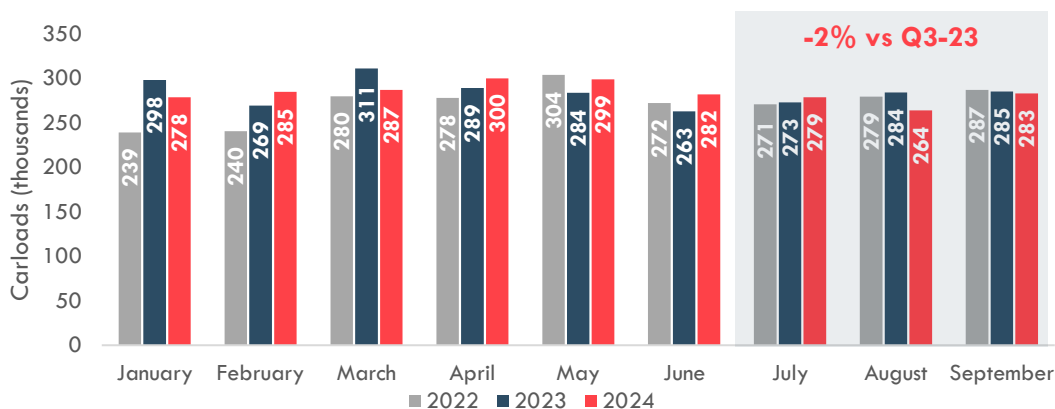
Fuels & chemicals also posted a modest 1%, 2,522 carload gain in Q3. Increases in fuel oils and crude petroleum, as well as hydrocarbons (including LPG), were partially offset by decreases in shipments of other refined petroleum and coal products, and other basic chemicals.

In carload terms, minerals were responsible for the most significant reduction – 5,991 carloads (2%). This was driven by a 7,519 reduction in carloadings of iron ores and concentrates in July, when wildfires suspended several mining operations near Labrador City.

In July 2024, intermodal traffic was up 19% year-over-year, lapping the low volumes moved in July 2023 resulting from the B.C. ports strike. However, in August, intermodal traffic was down 15%, as it was heavily impacted by the rail work stoppage. The stoppage caused some incoming international traffic to be held back or diverted away from Canada, while some domestic traffic shifted to trucks. Intermodal traffic recovered in September to the same level as a year prior, but did not overcompensate for the losses incurred in August. Total intermodal traffic across Q3-24 was equal to Q3-23.

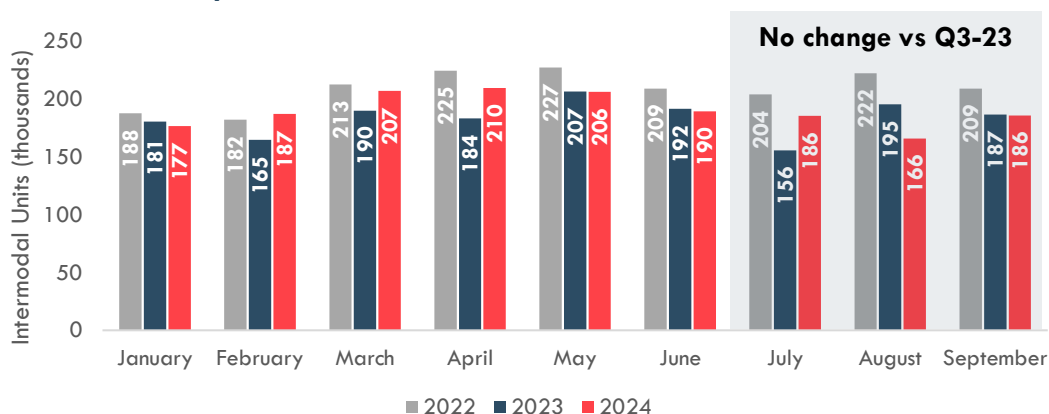
On a YTD basis, intermodal traffic was up 4% and non-intermodal carloadings were flat.

Canadian Railways, Carloads



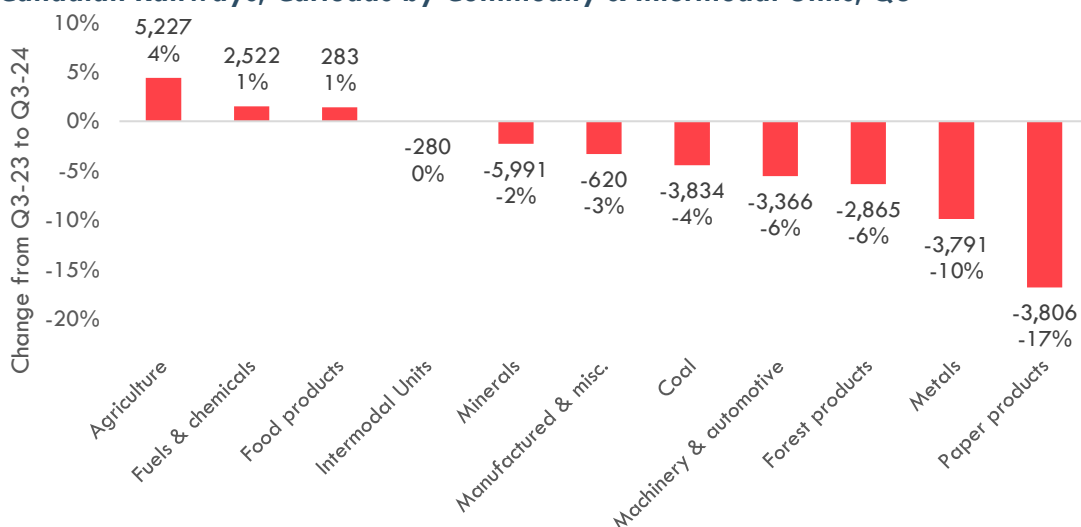
Source: Statistics Canada, [Monthly Railway Carloadings Survey](#)

Canadian Railways, Intermodal Units



Source: Statistics Canada, [Monthly Railway Carloadings Survey](#)

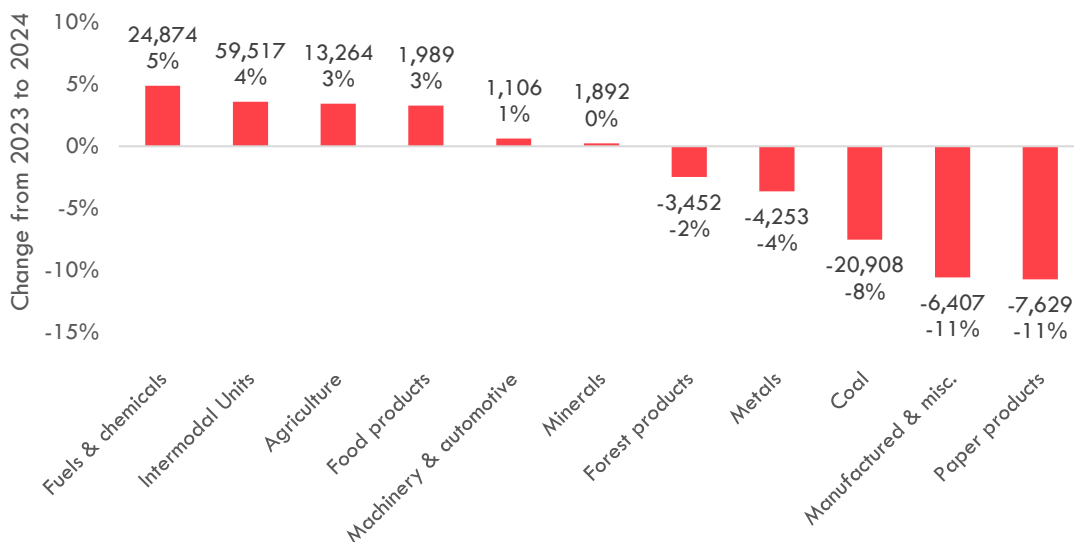
Canadian Railways, Carloads by Commodity & Intermodal Units, Q3



Source: Statistics Canada, [Monthly Railway Carloadings Survey](#)



Canadian Railways, Carloads by Commodity & Intermodal Units, (Jan-Sept YTD)



Source: Statistics Canada, [Monthly Railway Carloadings Survey](#)

In Q3-24, both carload and intermodal traffic increased in Western Canada. Decreases in carloadings of coal, forest products, and paper products were more than offset by gains in agriculture, fuel & chemicals, and minerals, leading to a 2% increase in carloads overall. Intermodal posted strong year-over-year gains, comparing however against a relatively weak Q3 in 2023, which was impacted by the 13-day B.C. ports strike.

In the East, the August work stoppage had a significant impact on quarterly traffic. Carloadings decreased for every commodity grouping compared to Q3-23.

CDN Carloads and Intermodal Units by Region, 2024 vs 2023

	Q3	YTD (Q1-Q3)
Eastern Division		
Carloads	-7%	-4%
Intermodal Units	-10%	-5%
Western Division		
Carloads	2%	3%
Intermodal Units	9%	10%
Total		
Carloads	-2%	0%
Intermodal Units	0%	4%

Source: Statistics Canada, [Monthly Railway Carloadings Survey](#)

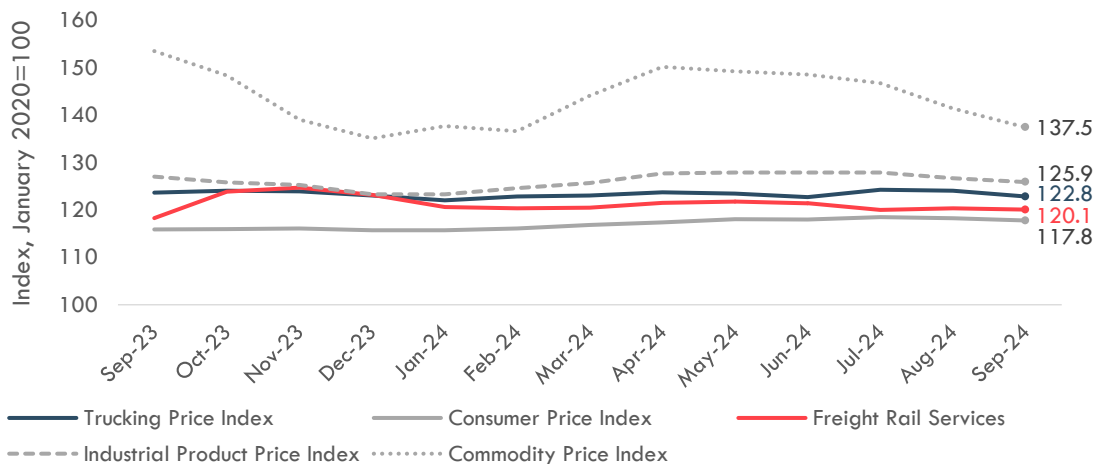
Freight Rates

Following years of high volatility, prices have moderated over the past year.

Over the past three months (from June 2024 to September 2024), trucking rates and the consumer price index have remained flat, while other prices have come down. Rail freight rates decreased by 1%, industrial product prices decreased by 2%, and commodity prices decreased by 8%.

Compared to January 2020, the period before the onset of the COVID-19 pandemic, truck rates have increased by a total of 22.8%, while rail freight rates have increased by 20.1%. Both increases are similar to the increase in consumer prices (17.8%) and industrial product prices (25.9%), but well-below the 37.5% increase in commodity prices.

Price Index of Rail Services vs Other Price Indices

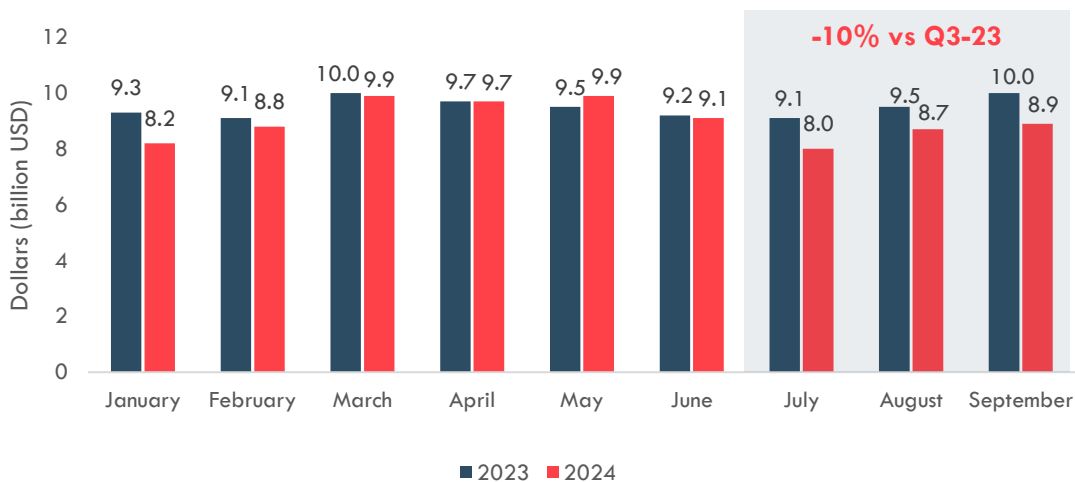


Source: Statistics Canada, [Freight Rail Services Price Index](#), [Industrial Product Price Index](#), [For-hire Motor Carrier Freight Services Price Index](#), and [Consumer Price Index](#). Bank of Canada, [Commodity Price Index](#)

Exports

In Q3-24, trade by rail with the U.S. was 10% below Q3-23 levels. Much of the decrease related to impacts surrounding the August work stoppage.

Rail Merchandise Trade with the U.S.

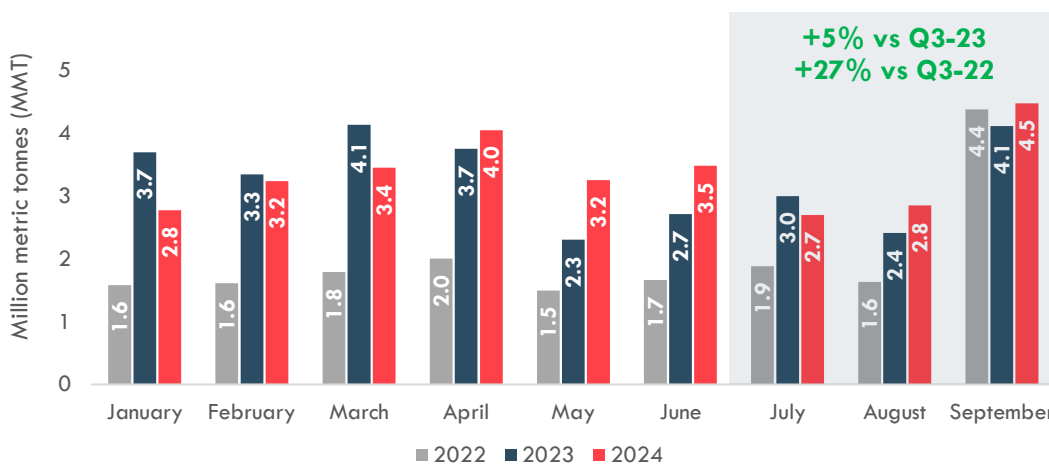


Source: U.S. Bureau of Transportation Statistics, [News and Statistical Releases: North American Transborder Freight Data](#).

Railway grain volumes fluctuate year-to-year and are very strongly linked to the size of the grain crop. In addition, the timing of shipping demand can be volatile, as it is influenced by changes in market prices for grain. Through investments in on-farm storage, producers are able to hold back grain shipments, choosing to sell when the grain market is most favourable for them.

Q3 (calendar year⁸) grain by rail volumes are linked to both the amount of grain carried over from the previous crop year, as well as the conditions of the current fall harvest. In December 2024, Statistics Canada estimated 2024 Prairie production (total metric tonnes) of wheat, canola, barley and oats to be 2% greater than in 2023. Despite the rail work stoppage in August, grain shipments in August were greater than in both 2022 and 2023. Following the work stoppage, weekly volumes have consistently remained above one million metric tonnes. In Q3-24, grain shipments were up 5% compared to Q3-23 and up 27% compared to Q3-22.

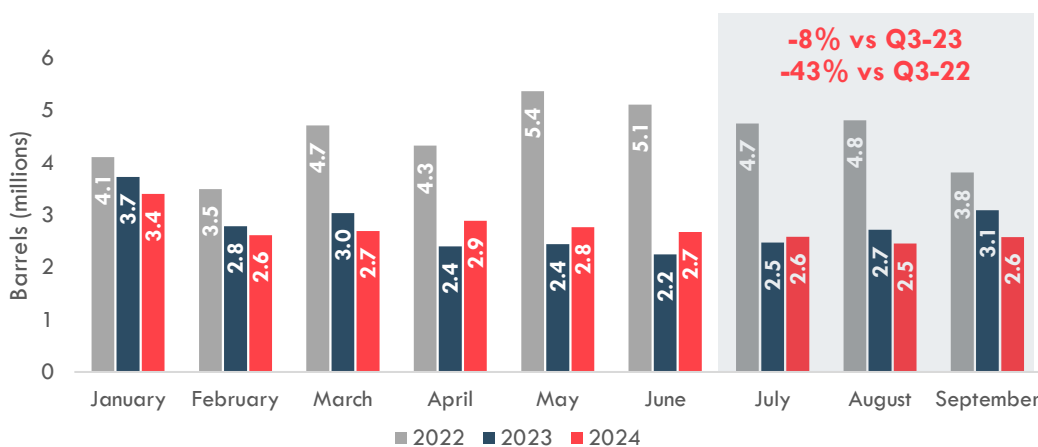
Grain in Hopper Cars Destined for Western Ports



Source: Quorum Corporation, [Canadian Grain Monitor, Monthly Report](#), GMP Data Table 2B-1 M

Exports of crude oil by rail were down 8% compared to last year.

Canadian Crude Oil Exports by Rail



Source: Canada Energy Regulator, [Canadian Crude Oil Exports by Rail](#)

⁸ RAC's Quarterly Reports analyse grain data according to the January-December calendar year, rather than according to the August-July crop year.

Supply Chains

Modern supply chains are complex and, when disruption occurs at one link, the impacts are felt widely and deeply across other transportation providers, shippers, suppliers, and consumers.

Labour Disruptions

In recent years, Canada's supply chains dealt with numerous cases of labour uncertainty. The compounding effect of recurring labour uncertainty, including work stoppages, or the mere threat of work stoppages, negatively impact businesses, consumers, and Canada's reputation as a reliable trading partner. Canada's Labour Code must be modernized to improve the current model of labour disputes, ensuring workable and timely solutions can be deployed to keep our supply chains moving, serving Canadians, while also respecting workers' rights.

Trading partners and shippers have choices. The B.C. ports strike in July 2023 caused significant harm to Canada's economy and international reputation. It took several months to get most of the diverted traffic to once again pass through Canadian ports.

Leading up to the August work stoppage, railways had no choice but to stop accepting traffic, especially dangerous and hazardous materials, to ensure community safety.

This year, the work stoppage in the rail industry only lasted a few days, however, traffic diversions began as early as May. Leading up to the August work stoppage, railways had no choice but to stop accepting traffic, especially dangerous and hazardous materials, to ensure community safety. Traffic diversions continued as shippers held back shipments or re-routed traffic to U.S. ports, relying on alternative supply chains. In August alone, non-intermodal carloading traffic was down 7% and intermodal traffic was down 15% to its lowest level in more than 10 years. This is but another event in a series of events that have disrupted Canada's supply chains in recent years – further eroding the country's reputation as a reliable trading partner.

Challenges in Global Maritime trade

The Panama Canal drought that began in late 2022 has been described as the worst in the canal's history.⁹ The Panama Canal Authority reported a 29% drop in vessel transits during fiscal year 2024.¹⁰ The canal is now working on scaling back up to its regular level of around 36 transits per day.¹¹

In the Middle East, traffic through the globally important Suez Canal continues to be disrupted by vessel attacks in the Red Sea. This disruption is causing vessels to be re-directed around the southern tip of Africa, significantly increasing both transit times (adding about 10 days) and costs. In Q3-24, Marine vessel reliability and average delays for late vessel arrivals were worse than they were a year ago. In addition, container prices were much higher. Freightos' Global Container Freight Index¹² averaged \$5,074 in Q3-24 – a 267% increase compared to the same period in 2023 (when it averaged \$1,383). The performance of marine vessels and container rates inevitably impact supply chains in Canada, and ultimately raise the costs of goods to consumers.

⁹ [Panama Canal says shipping rebound is underway after record drought](#), Hellenic Shipping News.

¹⁰ Ibid.

¹¹ Ibid.

¹² [Freightos Baltic Index \(FBX\): Global Container Pricing Index](#).

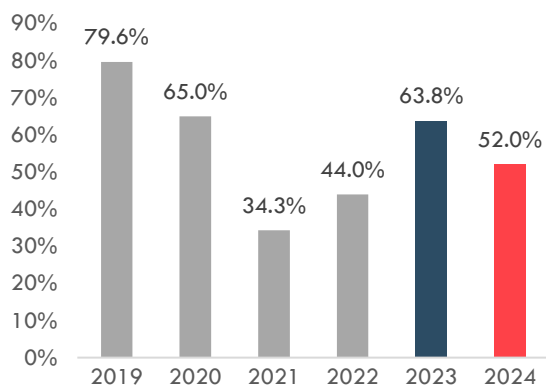


Freightos' Global Container Freight Index averaged \$5,074 in Q3-24 – a 267% increase compared to the same period in 2023.

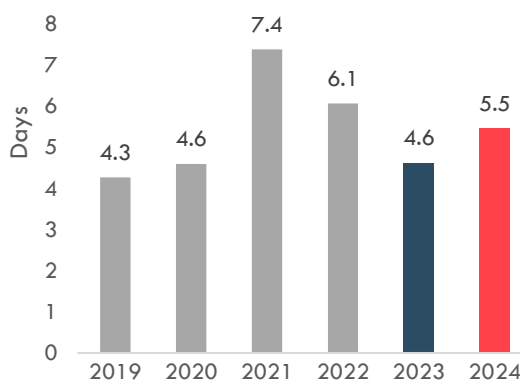
Global Marine Vessels

In Q3-24, global marine vessel delays and on-time performance worsened. According to Sea-Intelligence's *Global Liner Performance report*, *Global Schedule Reliability* decreased from 63.8% in Q3-23 to 52.0% in Q3-24; and the *Global Average Delays for Late Vessel Arrivals* increased from an average of 4.6 days in Q3-23 to 5.5 days in Q3-24.

Global Schedule Reliability, Q3



Global Average Delays for Late Vessel Arrivals, Q3

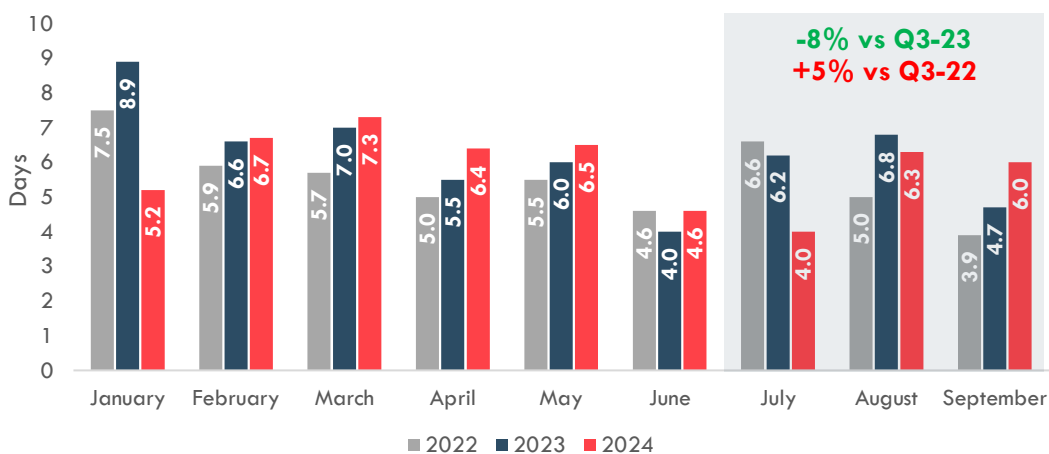


Source: Sea-Intelligence, [Global Liner Performance \(GLP\) report](#)

Canadian Ports

In Q3-24, dwell at the Port of Vancouver averaged 5.4 days, which was 8% shorter than in Q3-23 but 5% longer than in Q3-22.

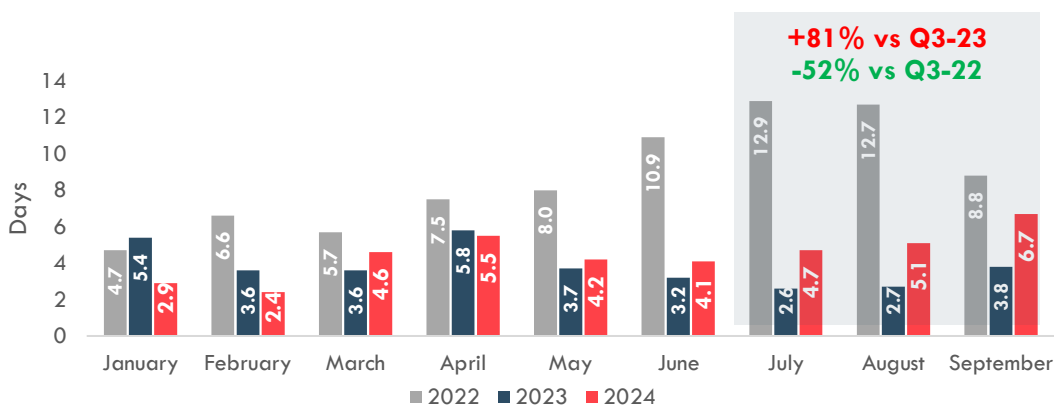
Vancouver - Gateway terminal rail dwell performance by month



Source: Port of Vancouver, [Supply chain performance, Container terminal rail performance](#)

Dwell at the Port of Montreal averaged 5.5 days in Q3-24, which was an 81% increase from last year, but 52% shorter than in Q3-22.

Montreal - Average terminal dwell of containers (import-rail)



Source: Port of Montreal, [Performance Reports, Monthly Intermodal Scorecard](#)

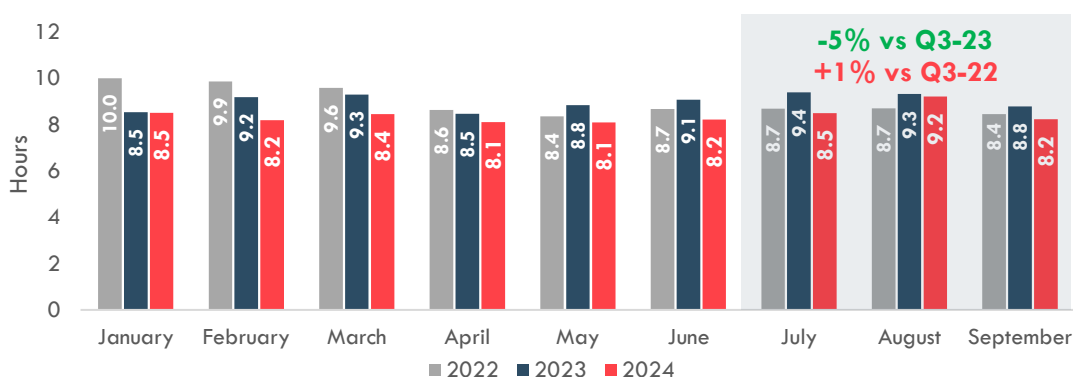
Canadian Railways

Railways effectively managed the August work stoppage to minimize disruptions to the supply chain. Aside from the week of the work stoppage (August 17-23) and the following week (August 24-30), terminal dwell times in each of the other 11 weeks were shorter than they were in both 2022 and 2023.

In Q3-24, railway dwell times averaged 8.7 hours – representing a 5% year-over-year improvement.

Railways effectively managed the August work stoppage to minimize disruptions to the supply chain.

Canadian Class 1 Railways - Average Terminal Dwell



Source: [CN Key Weekly Metrics](#); [CPKC Weekly Key Metrics](#); [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#).

Note: The average terminal dwell time is calculated as the simple average of CN and CPKC. Weekly data have been converted into monthly data. The conversion is not exact as some months are allocated 4 weeks of data and others are allocated 5 weeks of data, and the start dates of the weeks vary across years. The year-over-year comparisons for the quarter as a whole use data from CN and CPKC's quarterly reports and may not align precisely with the constructed monthly data presented in the figure.

Passenger Rail Data

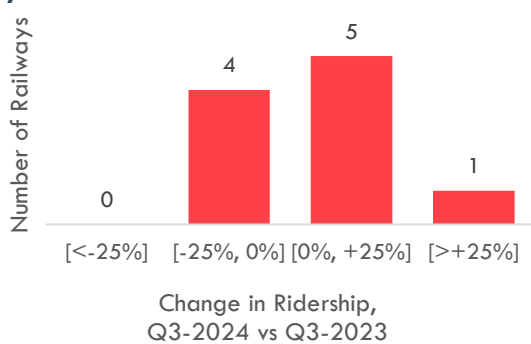
This section examines passenger railway ridership across various types of services, including intercity, tourist, and commuter.

RAC Member Ridership

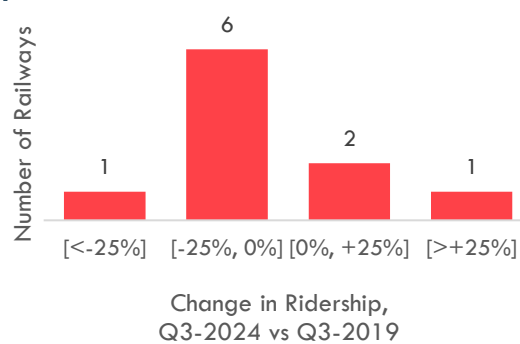
Passenger rail ridership was significantly impacted by the COVID-19 pandemic and evolving restrictions; and variable rates of employees returning to office work continue to affect ridership. This section looks at the recovery of passenger rail ridership among RAC members.¹³

In the third quarter of 2024, six out of ten reporting members indicated that ridership was greater than it was in Q3-23. Four members reported a decrease of less than 25%. When comparing to the pre-pandemic (Q3-19) period, three reporting members indicated an increase in ridership – two members reported an increase of less than 25% while one member reported an increase greater than 25%. Of the seven members that reported ridership levels below the pre-pandemic period, only one reported a reduction greater than 25%.

RAC Members, Ridership, year-over-year



RAC Members, Ridership, recovery from pandemic



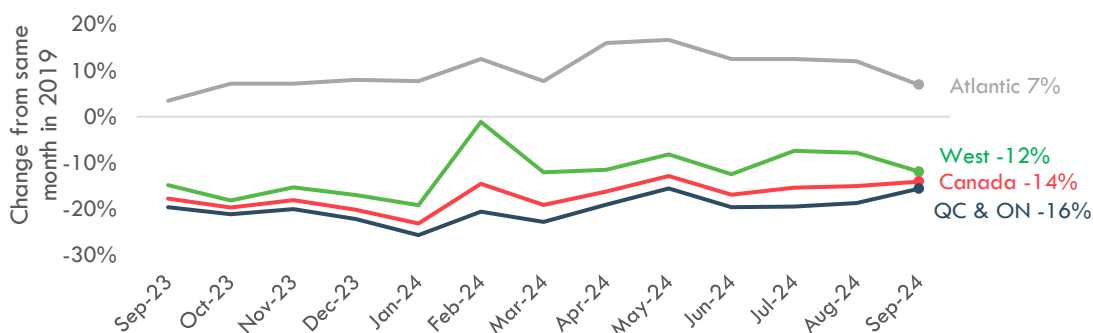
Public Transit and Commuter Rail

Urban transit ridership, and commuter rail ridership in particular, is adjusting to fundamental structural shifts in commuting patterns and the proliferation of remote and hybrid office work arrangements.

The urban transit ridership data presented below accounts for seasonality, by comparing ridership in each month to the corresponding month in 2019. In September 2024, ridership was sitting 14% below pre-pandemic levels. The differences in the modal shares of urban transit (bus, subway, train, etc.) by region is likely a very strong, contributing factor to the uneven ridership recovery witnessed across regions. The pandemic had a relatively smaller negative impact on bus ridership. Total transit system ridership in Atlantic Canada, which relies significantly on bus service, had fully recovered by February 2023, while total transit system ridership in Quebec and Ontario, where a greater share of commuters use rail, remains down 16%.

¹³ <https://www.railcan.ca/membership/member-railways/>

Urban Transit Systems Ridership by Region

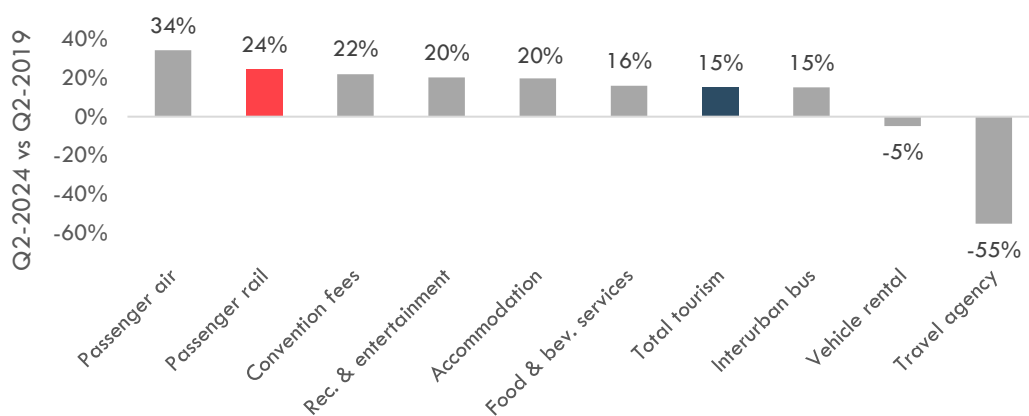


Source: Statistics Canada, [Monthly Passenger Bus and Urban Transit Survey](#)

Tourism Rail

There is a considerable lag in data on tourism expenditures. The latest available data cover Q2-24. In Q2-24, total tourism expenditures were 15% above their Q2-19 (pre-pandemic) level.

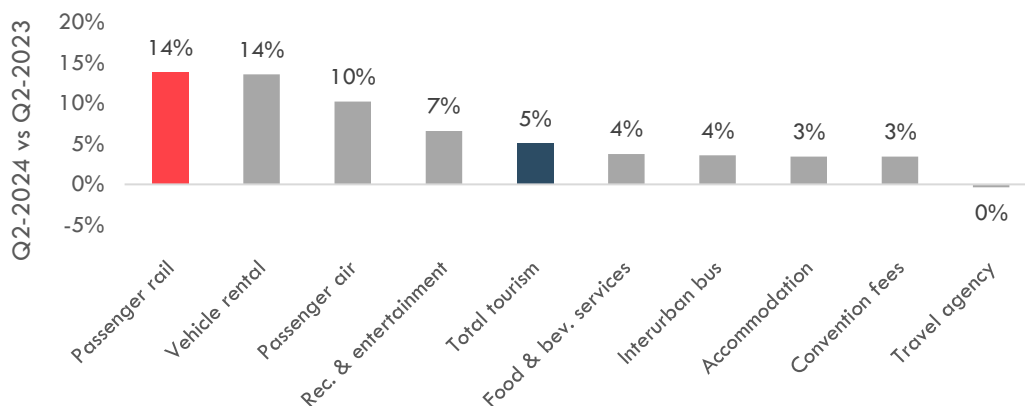
Tourism Expenditures, recovery from pandemic, Q2



Source: Statistics Canada, [National Tourism Indicators](#)

Year-over-year growth was led by expenditures on passenger rail services (+14%), vehicle rentals (+14%), and passenger air services (+10%).

Tourism Expenditures, year-over-year, Q2



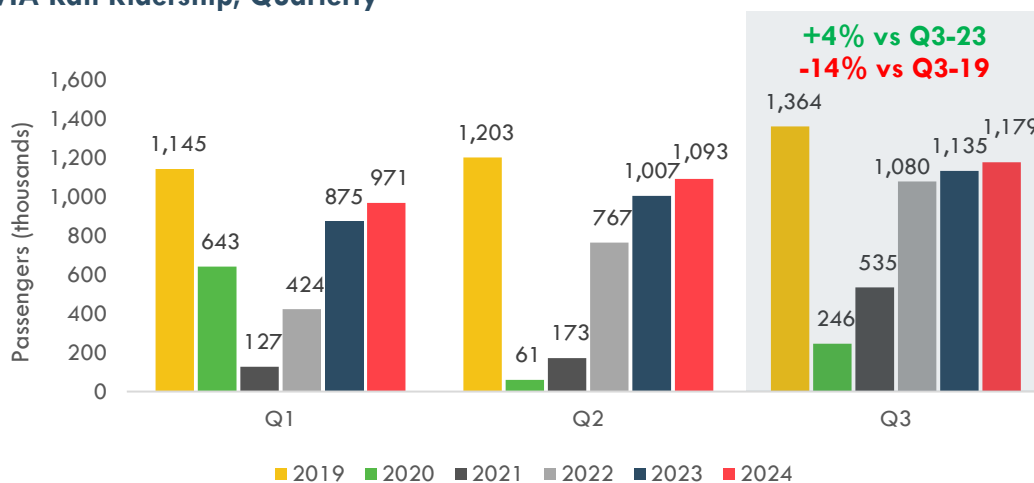
Source: Statistics Canada, [National Tourism Indicators](#)



Intercity Passenger Rail

In Q3-24, VIA Rail ridership increased by 4% compared to Q3-23, and was just 14% below the pre-pandemic (Q3-19) level. On a YTD basis, ridership was up 7% vs 2023 and sitting 13% below 2019.

VIA Rail Ridership, Quarterly

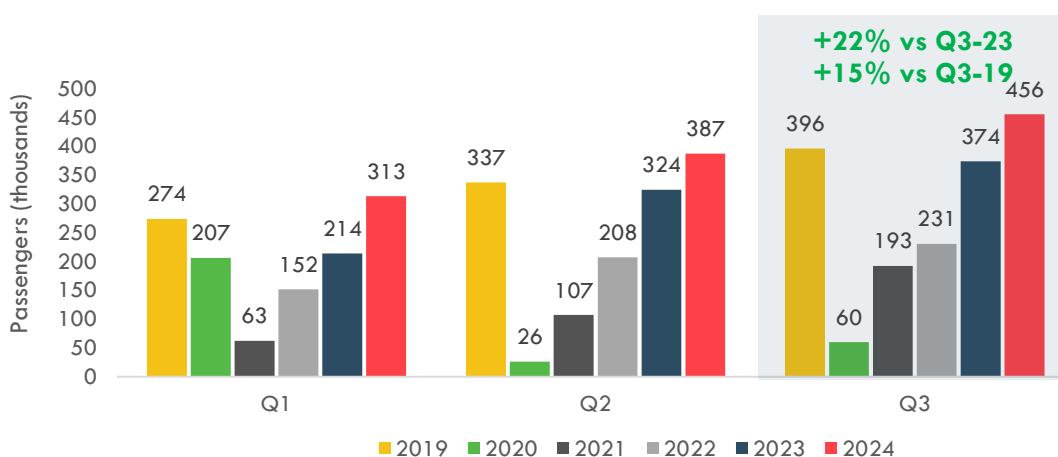


Source: VIA Rail, [Quarterly and Annual Reports](#)

Amtrak has many routes throughout the U.S., and three routes that include a Canadian segment. Ridership on these three routes does not imply that passengers crossed the border, as they may have travelled a particular segment on either side of the border.¹⁴

Q3-24 marks the fourth consecutive quarter in which ridership on Amtrak's routes with segments in Canada was above its pre-pandemic level. In Q3-24, ridership on these routes increased 22% year-over-year and exceeded their pre-pandemic (Q3-19) level by 15%.

Amtrak Ridership on Routes with Segments in Canada, Quarterly



Source: Amtrak, [Monthly Performance Reports](#)

Note: Includes three routes (Maple Leaf; Cascades; Adirondack).

¹⁴ For example, the Maple Leaf route extends from New York City to Toronto; Cascades extends from Eugene Oregon to Vancouver; and Adirondack extends from New York City to Montreal.

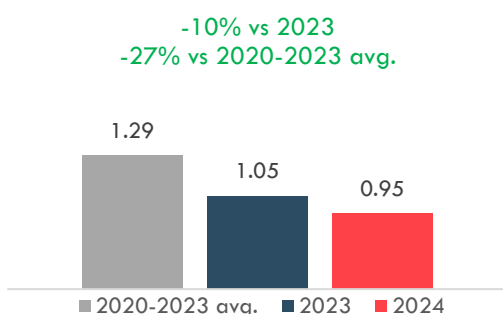
Rail Safety Data

The RAC tracks Canadian rail safety performance data from the Federal Railroad Administration (FRA) and the Transportation Safety Board (TSB). Safety remains the industry's number one priority, and the data for Q3-24 reflect this.

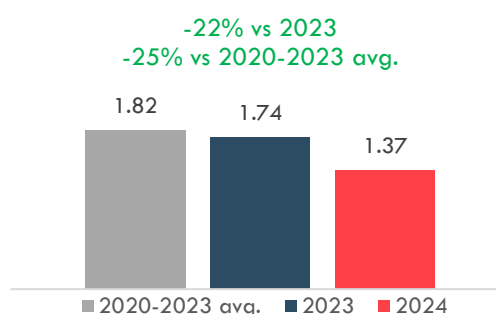
Federal Railroad Administration Safety Data

In Q3-24, the Canadian Class 1 FRA personal injuries rate improved by 27% compared to the 2020-2023 average and by 10% compared to 2023, and the train accident rate improved by 25% compared to the 2020-2023 average and by 22% compared to 2023.¹⁵

FRA personal injuries rate¹, Q3



FRA train accidents rate², Q3



Source: [CN Quarterly Review](#); [CPKC Unaudited Combined Summary of Supplemental Data](#)

Note: The rates are calculated using the simple average of CN and CPKC.

¹ Injuries per 200,000 employee hours

² Accidents per million train-miles

Transportation Safety Board Data

This section analyzes the most recent data from the Transportation Safety Board, which provides railway occurrence statistics of all federally regulated railways in Canada.

Canada's federally regulated railways improved their accident rate by 7% and cut the number of main-track derailments by more than half, compared to the 2019-2023 average.

In Q3-24, the accident rate improved by 7% compared to the 2019-2023 average, and by 9% compared to Q3-23. Railways made significant progress in reducing the number of main-track derailments by 56% compared to the 2019-2023 average and by 27% compared to last year. The number of accidents involving dangerous goods was in-line with the strong performance in recent years.

¹⁵ 2020 is the earliest year for which data are available.

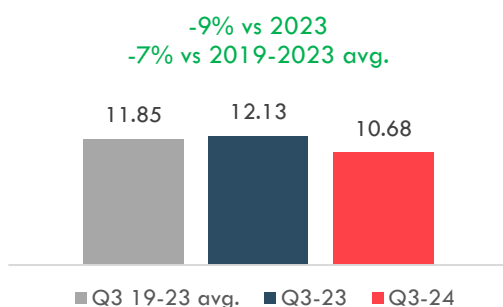


Despite these significant improvements, crossing and trespassing remain top issues. Railways expend great effort to inform the public about the dangers of proximity to tracks and moving equipment. Additionally, communications are ongoing with municipalities about the importance of enforcing proximity guidelines when approving development around railways. Similarly, educational programs, spearheaded by Operation Lifesaver, focus on safe behaviours around rail infrastructure. In addition to these industry efforts, there is an important role for municipalities, community-based social services and the general public in reducing crossing and trespasser incidents.

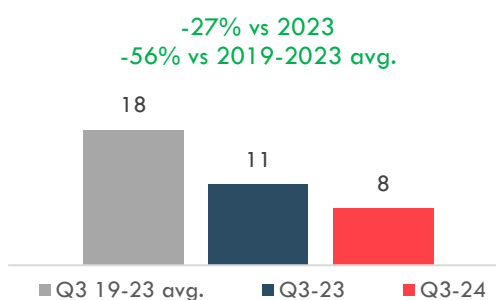
The first nine months of 2024 witnessed a spike in both crossing accidents (+15% vs the 2019-2023 average) and trespasser accidents (+51% vs the 2019-2023 average).

In Q3, crossing accidents were up 26% compared to the 2019-2023 average, while trespasser accidents were up a concerning 43% compared to the 2019-2023 average. An increase in encampments along or near rail lines, engagement in risky (and illegal) behaviours for social posts or leisure, and struggles with mental health are just some of the factors behind the disconcerting rise in trespassing. Additional research will be needed to address these factors and make outreach materials and awareness campaigns their most effective. The issues are multifaceted and will take a concerted effort to achieve the mission to get to zero.

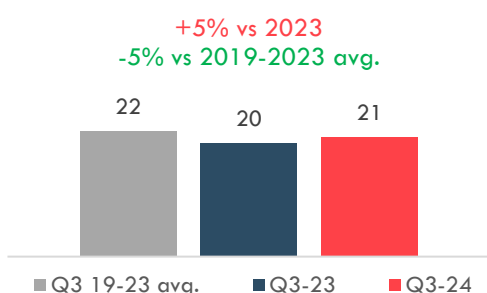
Accidents per million train-miles



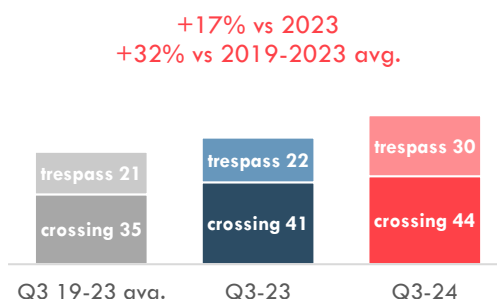
Main-track derailments



Accidents involving dangerous goods



Crossing and trespasser accidents



Source: Transportation Safety Board, [Monthly rail transportation occurrence statistics](#)

Note: The TSB data are preliminary and subject to year-end validation and reconciliation.



Railway Association of Canada

99 Bank Street
Ottawa, ON K1P 6B9
www.railcan.ca

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