RAC QUARTERLY REPORT

Quarter 1 - 2026

July 8, 2026

Contents

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Introduction

The Railway Association of Canada's (RAC) *Quarterly Report* compiles weekly, monthly, and quarterly data from railways and various agencies to provide a timely update on freight and passenger railway performance. Rail industry traffic volumes and performance metrics are strongly linked to the strength of the economy, as well as the performance of the rail industry's supply chain partners. To provide appropriate context, the *Quarterly Report* begins by providing an overview of recent performance of the Canadian economy and forecasts where the economy is heading. The report then narrows in on supply chains before presenting the detailed results for rail.

The consolidation of relevant rail and non-rail data in one report helps the reader to better understand the factors that impact rail performance. These reports serve as a useful resource for professionals working in supply chains and logistics, transportation policy, economic policy, or in any of the economic sectors that are served by rail.

Links to all data sources are included throughout the report. In addition, RAC's quarterly and annual industry performance reports can be accessed on the RAC website; as well as the *weekly traffic dashboard* with information on the latest rail traffic trends.

Comments on this report may be addressed to: Jonathan Thibault, Director, Economics, Data and Research, JThibault@railcan.ca, 613.899.5090.

Executive Summary

In Q1-2026, Canada's rail industry delivered solid operational performance while navigating a trade environment marked by elevated and shifting U.S. and Chinese tariffs, trade diversification efforts, and unprecedented global supply chain disruptions. This quarter showed how railways maintained resilience and adaptability, and reinforced their critical role in supporting Canadian trade and economic activity.

Total class 1 revenue ton-miles (RTM) rose 2% year-over-year, with carloads roughly flat. Growth was concentrated in bulk and intermodal, led by strong grain and fertilizer volumes from a record 2025 harvest. These gains offset continued declines in tariff-impacted sectors such as forest products, metals and minerals, and automotive.

Operational performance improved across key metrics. Train speeds and fuel efficiency increased, dwell times were reduced, and overall productivity rose, supported by network optimization, system integration, and disciplined operating practices. Average terminal dwell fell to 8.50 hours, while longer, heavier, and faster trains contributed to greater efficiency and throughput.

Railways continued to invest at scale in their networks to enhance capacity, reliability, and safety. Although certain financial metrics like freight revenue per RTM declined, these were driven largely by the elimination of the federal carbon tax, currency variances, and changes in commodity mix. Safety performance remained strong, with the headline accident rate (Transportation Safety Board accidents per million train miles) continuing its long-term downward trend.

Overall, the Q1-2026 report highlights the rail sector's ability to manage economic uncertainty and adapt to evolving trade dynamics. Through strong operational execution and sustained investment, Canada's railways continued to support the competitiveness of Canadian industries and the broader economy.

State of the Canadian Economy

Rail industry traffic volumes are strongly linked to the strength of the economy. Trends in the key economic indicators outlined below often prove useful in understanding trends in rail traffic. The overall macroeconomic environment, economic outlook, and business and consumer confidence can impact rail traffic of certain commodities more than others.

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.

From December 2025 to March 2026, total employment (all industries) decreased by 0.4% (94,600 jobs), driven by consecutive decreases in January (-24,800 jobs) and February (-83,900 jobs) before increasing in March (14,100 jobs). Despite decreases across both goods and services, certain gains were observed in sectors like information, culture and recreation (+13,900 jobs), and health care and social assistance (+13,200 jobs). Certain goods-producing sectors also saw modest growth, such as 2% growth in forestry, fishing, mining, quarrying, oil and gas, and 4% growth in the utilities sector.

Although tariffs and trade disruptions remained a significant headwind throughout Q1-2026, official statistics for March showed growth and resilience.

Manufacturing shipments were up 4.0% in March 2026, compared to December 2025. Products subject to U.S. tariffs are continuing to recover from their low points in mid-2025, with overall shipment levels in March being the highest since January 2023. For example, shipments of primary metallic products, which include steel and aluminum subject to 50% tariffs since June 2025, were up 5% compared to December 2025. Shipments of transportation equipment, which faced 25% tariffs on non-U.S. auto content, also rose by 5% compared to December 2025. Combined with petroleum and coal manufacturing, these categories accounted for nearly all of the increase in manufacturing shipments.

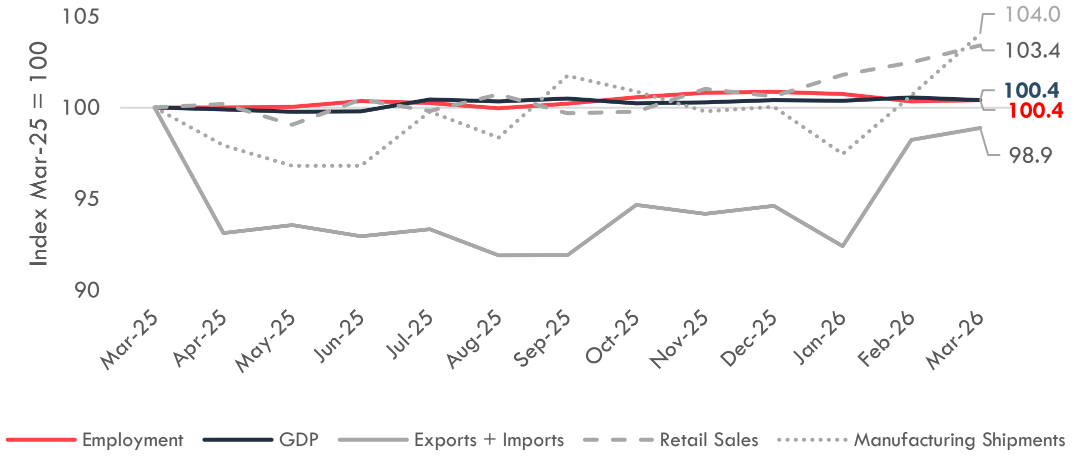
Canada's trade activity is highly concentrated in the exchange of manufactured products with the U.S., which is by far Canada's largest trading partner. Total trade volumes (all commodities, all trading partners) increased by 4.5% ($5.9B) from December 2025 to March 2026, composed of a 3.7% ($2.4B) increase in imports and a 5.3% ($3.5B) increase in exports. Export growth to the U.S. of 2.6% ($1.2B) during this period was outpaced by export growth to other markets like the United Kingdom (35% or $2.2B), the European Union (10% or $0.4B), and China (8% or $0.2B).

From December 2025 to March 2026, GDP remained relatively flat. Growth in the services sector of 0.3% ($4.7B) through increases in wholesale trade, information and cultural industries, and finance and insurance was offset by decreases in the goods sector of 0.7% ($3.9B) in industries such as construction and agriculture.

From December 2025 to March 2026, retail sales increased by 3%, with increases in 6 of 9 retail categories.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Key Canadian Economic Indicators



Growth of Key Canadian Economic Indicators

	Employment (millions)	GDP ($B, annualized)	Exports + Imports ($B)	Retail Sales ($B)	Manufacturing Shipments ($B)
December 2025	21.15	2,340	129.7	70.7	71.1
March 2026	21.05	2,340	135.5	72.7	74.0
3-month change	**-0.4%**	**0.0%**	**4.5%**	**2.8%**	**4.0%**

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

In Q1-2026, Canada's GDP decreased by 0.1% on a quarter-over-quarter annualized basis while the U.S.'s GDP increased by 1.6%. Canada's GDP decline during this period marks a technical recession due to two consecutive quarters of negative growth. Considering that real GDP per capita in Canada actually rose by 0.2%, it is too early to conclude that the Canadian economy is in recession.[1]

The small decline in Q1-2026 was largely driven by higher imports of goods, particularly gold, which were offset by higher business inventories. Final domestic demand declined 0.4% due to lower business and government investment despite higher household spending, indicating that consumer sentiment is still improving despite broad economic challenges.

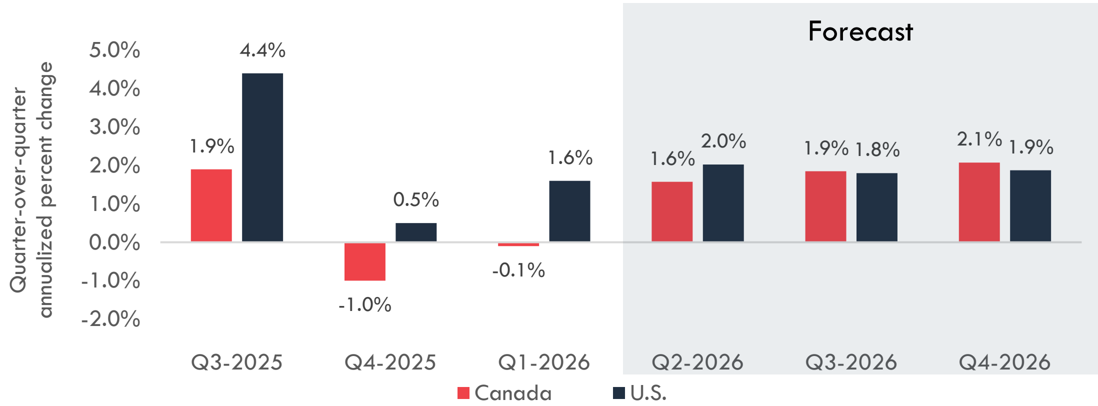
The federal government's Productivity Super-Deduction took effect on November 4, 2025. To date, available data have yet to show a material impact on machinery and equipment investment, but it may be too early to tell.[2] A coalition of fourteen industry associations, of which RAC is a party, is calling on the federal government to implement stronger accelerated depreciation policies to unlock much needed private sector investment.[3]

[1] https://cdhowe.org/publication/canadas-recession-authority-says-its-too-soon-to-declare-a-recession/
[2] https://budget.canada.ca/2025/report-rapport/chap1-en.html#a6
[3] https://movingeconomies.ca/

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

As of their June forecasts, Canada's large banks are anticipating moderate growth through the remainder of 2026. Growth is forecasted to increase to 1.6% in Q2, 1.9% in Q3, and 2.1% in Q4. U.S. growth is expected to increase to 2.0% in Q2-2026, followed by 1.8% in Q3 and 1.9% in Q4.

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.

Canadian Class 1s enter 2026 with cautious outlooks, expecting flat to mid-single digit RTM growth for the year.

In Q1-2026, Canadian exporters faced high U.S. tariffs on steel, aluminum, Canadian auto content, and lumber, among other products; as well as punishing Chinese tariffs on canola that were lifted in March 2026.

With high tariffs in place, Canadian railways have been working with their customers to find other opportunities, including intra-Canada moves.

The outlook for bulk commodities remains positive. Canadian Class 1 railways' each set Q1 (calendar year) records in the movement of grain, bringing a record Canadian harvest to export position. Volumes grew significantly year-over-year against the February 2025 cold snap, making a relatively favourable comparison base.[4] With Chinese tariffs on canola being lifted in March 2026, further improvements may be apparent in Q2-2026. Soft demand and/or tariffs will likely continue to impact merchandise volumes (including forest products and metals and minerals). Expectations for energy, chemicals and plastics vary by product. While automotive tariffs are in effect and automotive carloads have declined, RTMs remain flat due to extended length of haul. Lastly, expectations for intermodal volumes are neutral to positive – stronger on the *domestic intermodal* business.

The economic impacts of the current trade and tariff disruptions highlight the importance of including appropriate context when evaluating the performance of the rail industry and broader supply chains.

[4] Statistics Canada, *The Daily, Production of principal field crops, November 2025,* Released 2025-12-04.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Supply Chains

Canadian rail operations are deeply integrated in complex supply chains with several interdependent partners, including shippers, intermodal facilities, transload centres, auto compounds, the trucking industry, ports, and more. When disruption occurs at one link, the impacts are felt widely and deeply across other transportation service providers, businesses, and consumers.

Labour Disruptions

Canada's supply chains have experienced numerous disruptive work stoppages in recent years – more than 100 from 2023 to 2025. In 2024, more than 1.3 million days of work were lost in the transportation and warehousing sector resulting from work stoppages, the highest level since 1966. 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. RAC calls on the government to modernize the CLC to reduce the likelihood of work stoppages and strengthen supply chain reliability .[5] The CLC should be amended to include the appointment of a special mediator and grant the government the authority to directly and rapidly impose final binding arbitration when a work stoppage would cause national or disproportionate economic harm.

In Q4-2025, RAC appeared before the Standing Senate Committee on Transport and Communications to share the rail industry's perspective on Canada's growing labour challenges and emphasize the need for a more predictable and durable framework to ensure long-term labour stability and eliminate the negative impacts of work stoppages on the Canadian economy. In June 2026, the Senate Committee published its report, *Keep Canada Moving: Labour, Management and Supply Chain in the Rail and Maritime Sectors*. The report, including RAC's *brief*, should be thoughtfully considered, as they provide important examinations of issues affecting Canada's economy, transportation networks, and supply chains. RAC also provided several recommendations in its *Consultation on Building Canada Strong for All – Powered by Canada's Workers* *submission* to ESDC. The government should also adopt the recommendations outlined in the Final Report of the *Industrial Inquiry Commission on West Coast Ports*.

Global Maritime Trade

Conflict around the Suez Canal persists and vessels are re-directing around the southern tip of Africa to avoid the conflict. In Q1-2026, tonnage moving through the canal increased by 24% compared to Q1-2025 but was still down by approximately 55% compared to 2020-2023 levels, most notably impacting container ships.[6] More recently, the Strait of Hormuz had been effectively closed following the outbreak of U.S.-Israeli military conflict with Iran in late February 2026, with major shipping firms suspending operations and over 150 tankers anchored outside the strait. As of June 15, 2026, the U.S. and Iran have reached a deal to end the conflict and reopen the Strait of Hormuz.

The Panama Canal, which had drought-related restrictions in place from June 2023 to September 2024, is not expected to have any restrictions in place for the remainder of 2026 even if similar drought conditions reoccur.[7]

---

[5] https://movingeconomies.ca/

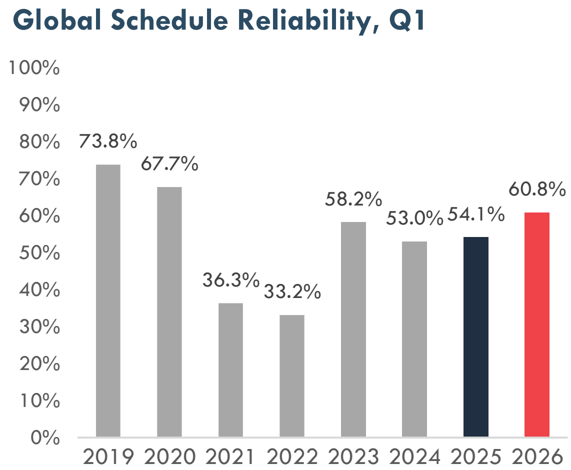
[6] https://www.suezcanal.gov.eg/English/Navigation/Pages/NavigationStatistics.aspx

[7] *https://www.reuters.com/sustainability/land-use-biodiversity/panama-canal-not-planning-curb-ships-passage-2026-despite-drought-threat-2026-05-15/*

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Global Marine Vessels

In Q1-2026, global marine vessel on-time performance[8] was at 60.8%. This is a notable improvement from 54.1% in Q1-2025 but remained highly unfavourable compared to Q1-2019 (pre-COVID-19 pandemic), when schedule reliability was at 73.8%.

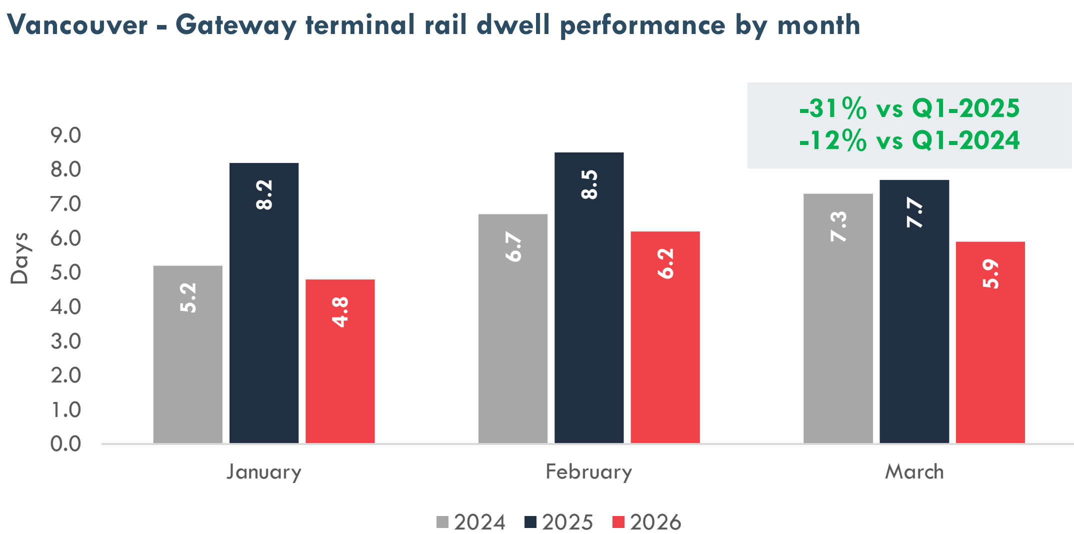


Source: Sea-Intelligence, [Global Liner Performance (GLP) report]

Canadian Ports

Dwell times at the Port of Vancouver in Q1-2026 averaged 5.6 days, representing a 31% improvement compared to Q1-2025.

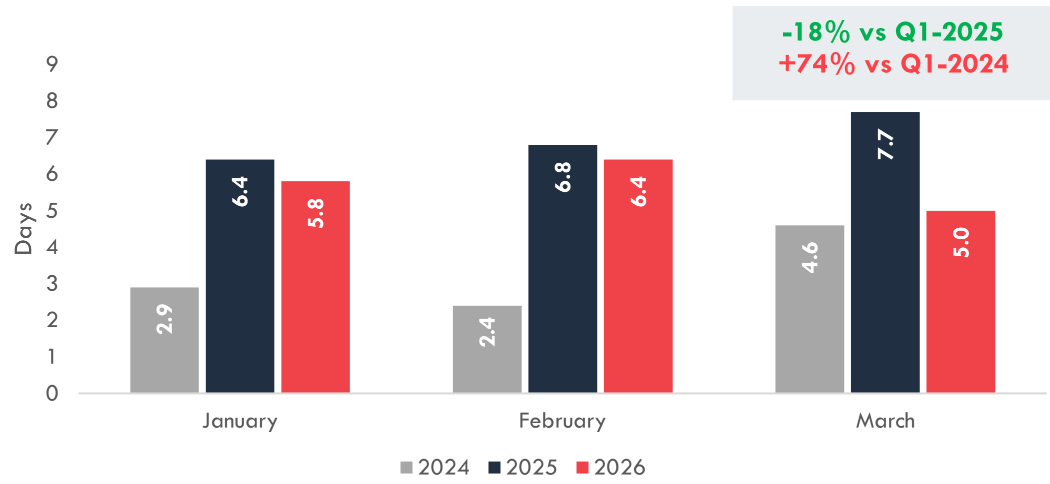
Dwell times at the Port of Montreal averaged 5.7 days, representing an 18% decrease compared to Q1-2025.



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

[8] Measured using Sea-Intelligence's *Global Liner Performance report*, *Global Schedule Reliability*

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



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

Canadian Railways

In Q1-2026, Canadian Class 1 railways' dwell times averaged 8.50 hours – a 6.1% decrease compared to Q1-2025. These improvements were driven by factors such as disciplined terminal and yard management and efficiency gains from the integration of CPKC operating systems in the U.S. and Canada in Q2-2025.[9] In addition, further improvements in network fluidity allowed for a more effective recovery from winter conditions than in February 2025 when a cold snap had elevated dwell times across the network.[10] For further details on railway terminal dwell performance, see Select Key Financial, Operating, and Safety Metrics.

Despite disruptions to critical trade corridors such as the Strait or Hormuz and the Suez Canal, marine vessel on-time performance and dwell times at Canada's busiest ports continue to improve. Strength and stability in Canadian supply chains will be essential to navigate the challenges brought on by tariffs.

[9] *CPKC Q1 2026 Earnings Call Transcript*; *CPKC Weekly Key Metrics*.
[10] *CN Q1 2026 Quarterly Review*

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

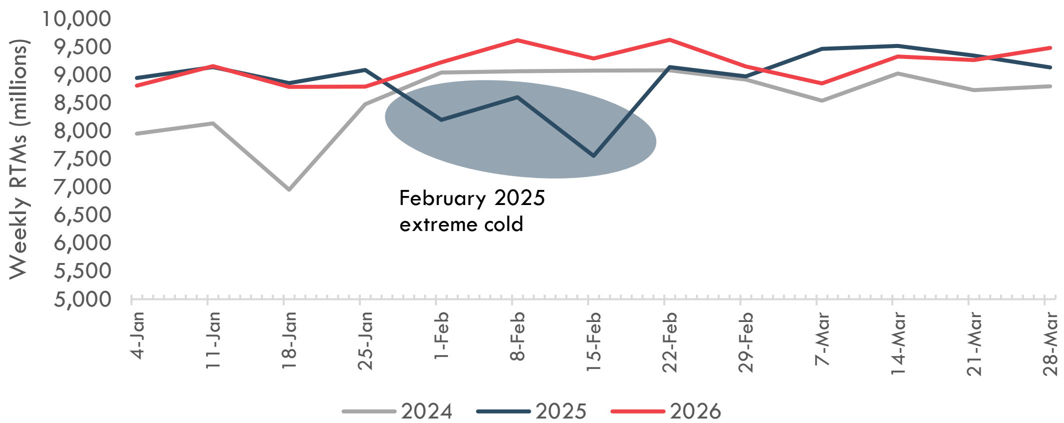
Network-wide Canadian Class 1 Freight Data

This section provides an update on the performance of Canada's Class 1 railways. Each week, Canada's Class 1 railways publicly release a suite of indicators covering traffic volumes, operational performance, and more. In presenting CN and CPKC's network-wide (North America) traffic and performance results in an aggregated format, this section is a useful resource for those interested in monitoring the performance of Canada's large railways. The weekly indicators can also be viewed on RAC's traffic dashboard, updated every Tuesday.

Weekly Trend

In Q1-2026, Canadian Class 1 rail traffic, measured in revenue ton-miles (RTMs), exceeded 2025 levels in 7 of 13 weeks. Class 1s finished the quarter with RTMs up 2% over Q1-2025.

Canadian Class 1 Revenue Ton-miles, Q1



Source: CN Key Weekly Metrics; CPKC Weekly Key Metrics
Note: The dates indicate the first day of the week (e.g., "4-Jan" corresponds to the week of Jan 4-10). The week starting January 4, 2026 (for the 2026 series), is compared against the weeks starting January 5, 2025, and January 7, 2024.

Traffic Volumes by Commodity

As shown in the figure and table below, compared to Q1-2025, RTMs were up 2% while carloads were flat.

Grain & fertilizers were a major contributor to growth, with RTMs up 11% (+4,172 million RTMs) and carloads up 9% compared to Q1-2025. Both Class 1s posted gains for Canadian grain and U.S. grain. Intermodal also contributed to growth, with RTMs up 4% (+791 million RTMs) and carloads up 1%.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Automotive carloads decreased by 8% while RTMs were flat from longer average hauls. 25% U.S. tariffs on the non-U.S. content in autos have been in effect since the beginning of Q2-2025. In Q1-2026, Canada-U.S. auto trade (finished vehicles and parts), using all modes of transportation, was down 33% compared to Q1-2025.[11] Since the imposition of tariffs, trade in autos had declined but held relatively stable for several quarters before seeing further decline in Q1-2026.

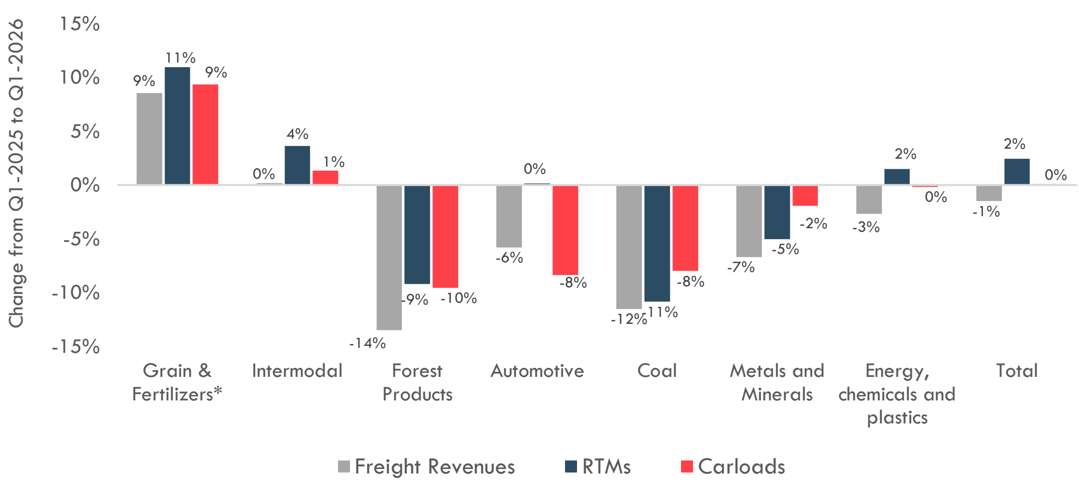
Coal RTMs were down 11% and carloads were down 8%.

The market for forest products remains soft. The increase in tariffs in July 2025, to upwards of 50%, continues to present headwinds for the commodity. RTMs were down 9% (-712 million RTMs) and carloads were down 10% in Q1-2026.

Metals and minerals, which includes steel, aluminum, and their feedstocks such as iron ore, saw a 5% decrease in RTMs and 2% decrease in carloads compared to Q1-2025. Canadian exporters continue to face U.S. steel and aluminum tariffs, which increased from 25% to 50% in June 2025. Steel and aluminum exports to non-U.S. markets continue to increase and are now up 83% year-over-year in Q1-2026. Canadian exports of steel and aluminum to the U.S. in Q1-2026 increased by 5% compared to Q4-2025 but were still down 40% year-over-year. Total steel and aluminum exports were down 33% year-over-year due to the large proportion of Canadian exports to the U.S., although exports to non-U.S. markets have increased year-over-year from 5% to 15% as a share of total exports.

Energy, chemicals and plastics RTMs were up by 2% while carloads were flat.

Class 1 Freight Revenues, RTMs, and Carloads by Commodity, Q1



[11] RAC analysis based on data from Trade Data Online.

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

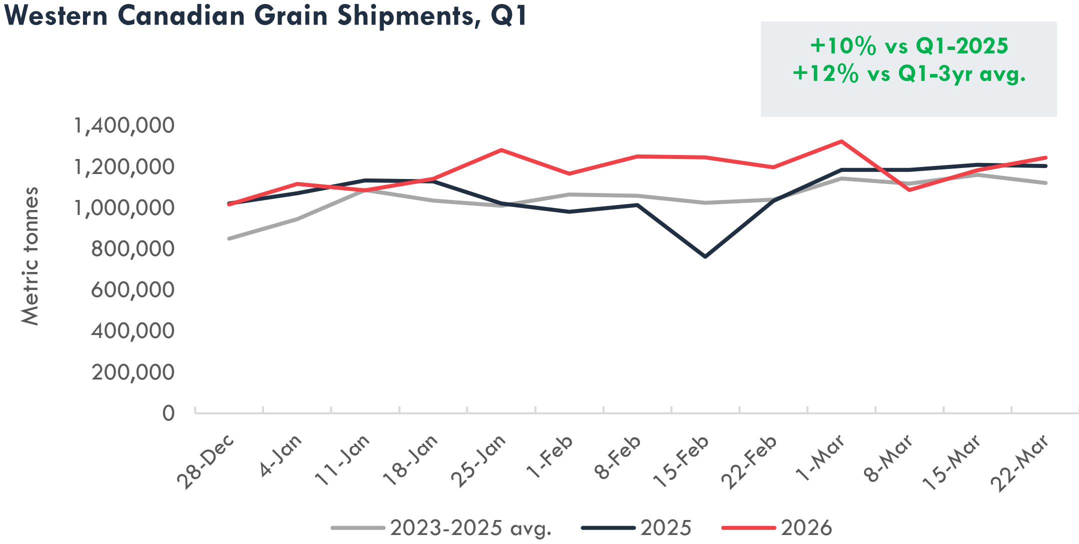
	Q1-2026	Q1-2025	Change (%)	Change (#)
Grain & Fertilizers*	42,210	38,038	11%	4,172
Intermodal	22,572	21,781	4%	791
Forest Products	7,018	7,730	-9%	-712
Automotive	2,028	2,025	0%	3
Coal	10,011	11,229	-11%	-1,218
Metals and Minerals	10,859	11,433	-5%	-574
Energy, chemicals and plastics	21,861	21,537	2%	324
Total	**116,559**	**113,773**	**2%**	**2,786**

Source: CN Quarterly Review; CPKC Earnings Release.
*Includes potash.

Railway grain volumes fluctuate year-to-year. Volumes are strongly linked to the size of the grain crop and when producers and grain companies decide to ship their product. This choice is influenced by changes in market prices for grain. Investments in on-farm storage enable producers to hold onto grain, choosing to sell when the market is most favourable. Demand to ship grain is not consistent on a weekly basis. Typically, demand peaks in the fall and is followed by lower demand later in the crop year.

Canada's Class 1 railways delivered strong grain performance in Q1-2026. For the quarter, shipments were up 10% year-over-year and up 12% compared to the previous 3-year average. Weekly shipments exceeded the previous 3-year average in 11 of 13 weeks.

Western Canadian Grain Shipments, Q1



Source: CN Western Canadian Grain Report; CPKC Canadian Grain Performance Scorecard

Following the escalation of tariffs on Canadian exports to the U.S. (and China), Canada's Class 1 railways have been working with their customers to find new opportunities, including intra-Canada moves. While traffic hit by tariffs generally declined, overall freight volumes increased thanks to strength in grain & fertilizers and intermodal.

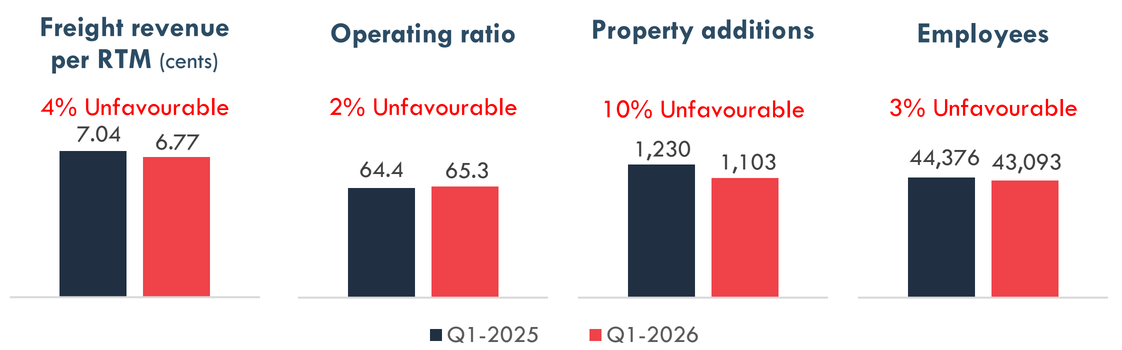
99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Select Key Financial, Operating, and Safety Metrics

In Q1-2026, performance across key financial, operating, and safety metrics was mixed, with strong operating metrics amid middling financial metrics.

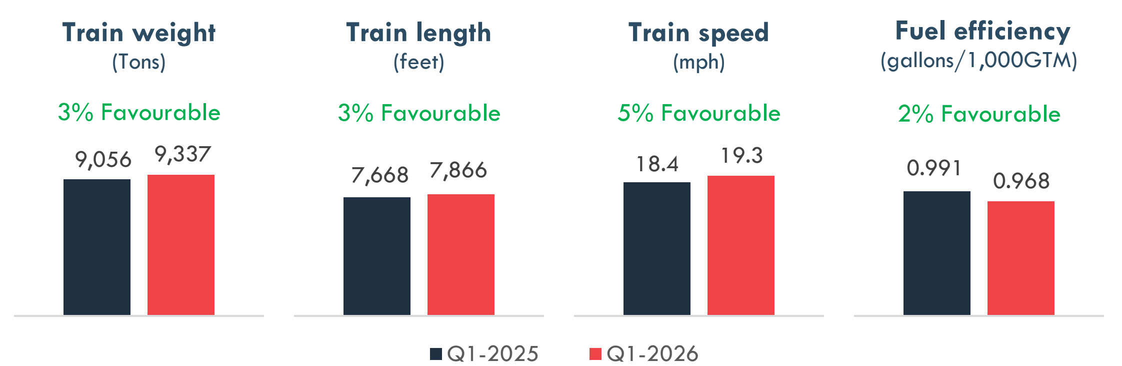
From Q1-2025 to Q1-2026, overall freight revenue per RTM decreased by 4%. Freight revenue per RTM decreased across all commodities. Contributing factors include the removal of the carbon tax, negative foreign-exchange translation from a stronger Canadian dollar, and negative commodity mix as lower-yielding grain grew as a share of volumes. Operating expense per RTM decreased 2% (driven by a 6% reduction in fuel expenses and continued productivity gains). As the reduction in freight revenues outweighed the reduction in operating expenses, the operating ratio worsened by 2%.

Canada's Class 1 railways continued to make significant investments in their networks, investing more than $1.1 billion in Q1-2026.[12] As per their capital plans, Canada's Class 1 railways plan to invest more than $5.45B in 2026. With 43,904 employees, headcount was 3% below Q1-2025. The 3% lower headcount combined with the 2% increase in RTMs signals an increase in labour productivity compared to last year.



Source: CN Quarterly Review; CPKC Earnings Release.
Note: The operating ratio is calculated as the simple average of CN and CPKC.

In Q1-2026, Class 1 railways' average train weight, train length, train speeds, and fuel efficiency all increased.



Source: CN Quarterly Review; CPKC Earnings Release.
Note: All four metrics are calculated using the simple average of CN and CPKC.

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

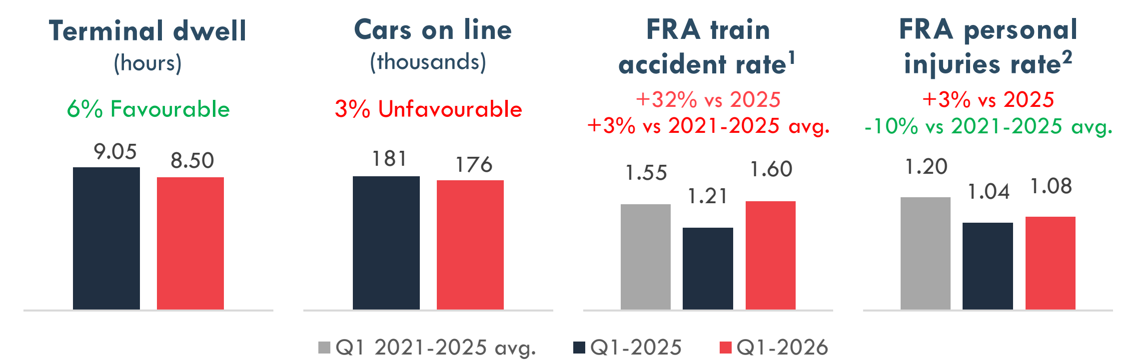
99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

These improvements were supported by new Tier 4 locomotives and continued disciplined operations that have contributed to improved productivity.[13] Heavier trains moving at greater speeds reduce car cycle times and improve throughput, enabling the supply chain to move more traffic using the same amount of labour and equipment.

In Q1-2026, railway dwell times averaged 8.50 hours – a 6.1% decrease compared to Q1-2025.

The average number of rail cars on line was down 3% compared to Q1-2025. In Q1, grain traffic volumes were up, despite there being 5,144 fewer covered hopper cars on line throughout the quarter. With the exception of several hundred additional open hoppers, there were fewer cars on line across all other car types in Q1-2025.

In Q1-2026, the Canadian Class 1 FRA train accident rate increased compared to Q1-2025 and the 2021-2025 average. However, this is a result of comparing to CPKC's all-time record-low in Q1-2025.[14] If the rate in Q1-2025 was similar to the rate in recent years, the train accident rate would have likely continued an improving trend. The Canadian Class 1 FRA personal injuries rate increased by 3% compared to Q1-2025 but remains 10% lower than the 2021-2025 average. Over the past several years, Canadian Class 1 railways' safety rates have continued to trend in a positive direction.



Source: CN Quarterly Review; CPKC Earnings Release ; CPKC Unaudited Combined Summary of Supplemental Data; CN Key Weekly Metrics; CPKC Weekly Key Metrics.
Note: Terminal dwell, the FRA train accident rate, and the FRA personal injuries rate are calculated using the simple average of CN and CPKC.
[1] Accidents per million train-miles
[2] Injuries per 200,000 employee hours

In Q1, several performance metrics improved while Canada's Class 1 railways continued to invest at scale in their networks.

Productivity (RTM per employee) increased thanks to improvements across several key operating metrics. Q1 showed an increase in train length and weight, improved fuel efficiency, as well as higher throughput from increased train speeds and reduced dwell.

[13] CPKC Q1 2026 Earnings Call Transcript; CN Q1 2026 Earnings Call Transcript; CPKC Weekly Key Metrics.
[14] The Canadian Class 1 railways report the two FRA rates for their network-wide operations in their quarterly and annual reports (i.e., the rates are not confined to just U.S. operations).

Canadian Freight Rail Industry Data

This section provides an update on traffic volumes (by commodity and region), trade, and freight rates. The freight rail industry data in this section overlap with the Class 1 freight data reported above. However, 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. This section of the report is a useful resource for those interested in following the rail industry's contributions to the Canadian economy.

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.

Overall traffic trends by commodity were similar to those observed for the Class 1s network-wide.

In Q1-2026, intermodal traffic was up 2% compared to Q1-2025. February volumes compared favourably against last year, when persistent, extreme cold weather impacted railway operations and intermodal volumes. January and March 2026 volumes were both a bit lower on a year-over-year basis.

Compared to last year, non-intermodal carload traffic in Q1-2026 was down 4% in January, but was up 7% in February and 1% in March, for a total quarterly increase of 1%.

Overall, growth was led by agriculture (+13%, 19,467 carloads), intermodal (+2%, 12,460 units), and minerals (+4%, 9,979 carloads), followed by manufactured & miscellaneous (+11%, 2,023 carloads).

Agriculture carloads were exceedingly strong in Q1-2026, being the highest of any Q1 on record and the fifth highest of any quarter on record. Carloads of wheat, which account for about two-fifths of all agriculture shipments, had actually declined by 5% year-over-year. However, this was more than offset by large gains in fresh, chilled or dried vegetables (+134%, 7,836 carloads), other agricultural products (+95%, 4,866 carloads), other cereal grains (+21%, 4,604 carloads), and canola (+17%, 4,530 carloads). Behind only iron ores and concentrates, these four commodities saw the largest year-over-year growth in Q1-2026 across the 60+ commodities tracked by Statistics Canada.

Mineral shipments in Q1-2026 rose by 4%, largely driven by a 6% increase in iron ores and concentrates (+8,133 carloads) and a 7% increase in potash (+3,827), which was only partially offset by a reduction in gypsum carloads (-40%, 2,232 carloads). In particular, potash was driven by continued strong fundamentals and demand for export shipments are expected to continue through the remainder of 2026.

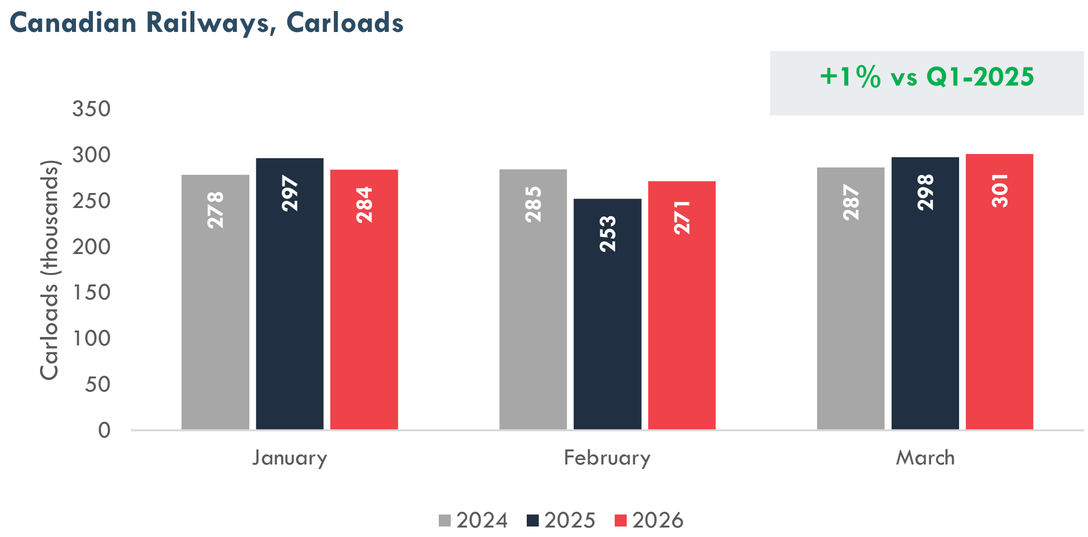
Coal shipments in Q1-2026 fell by 11% or 9,926 carloads compared to Q1-2025. This decline is largely attributable to unexpected production-related issues at mines that impacted shipments and led to lower exports of Canadian thermal and metallurgical coal.

Carloadings of metals, automotive, and forest products all decreased in Q1-2026, mostly from reasons explained earlier in the report relating to tariffs, as well as soft demand for some merchandise products. Q1-2026 carloadings of steel[15] were down 29% as the 50% U.S. tariff on steel continued to hamper the sector.

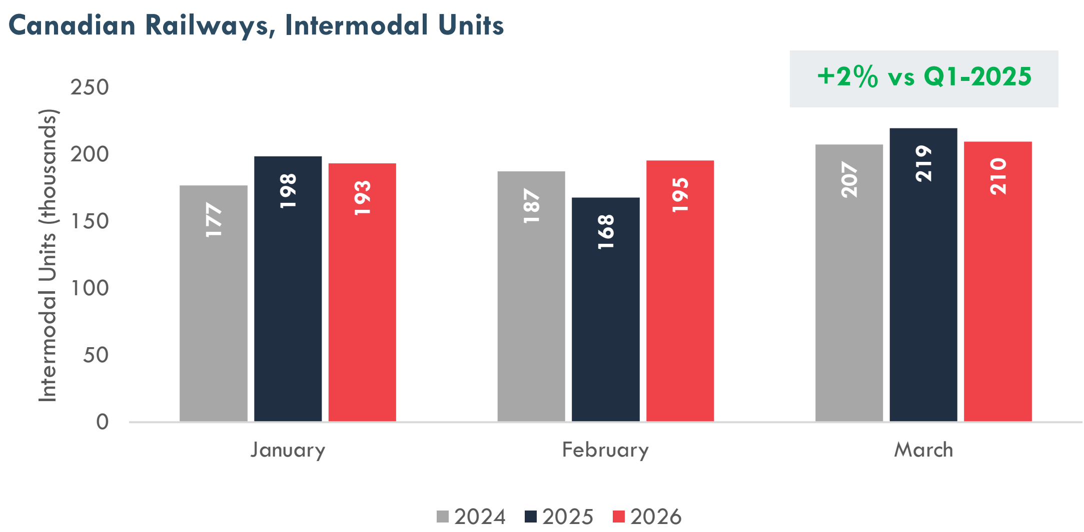
---

[15] Statistics Canada category "*iron and steel, primary or semi-finished*".

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca



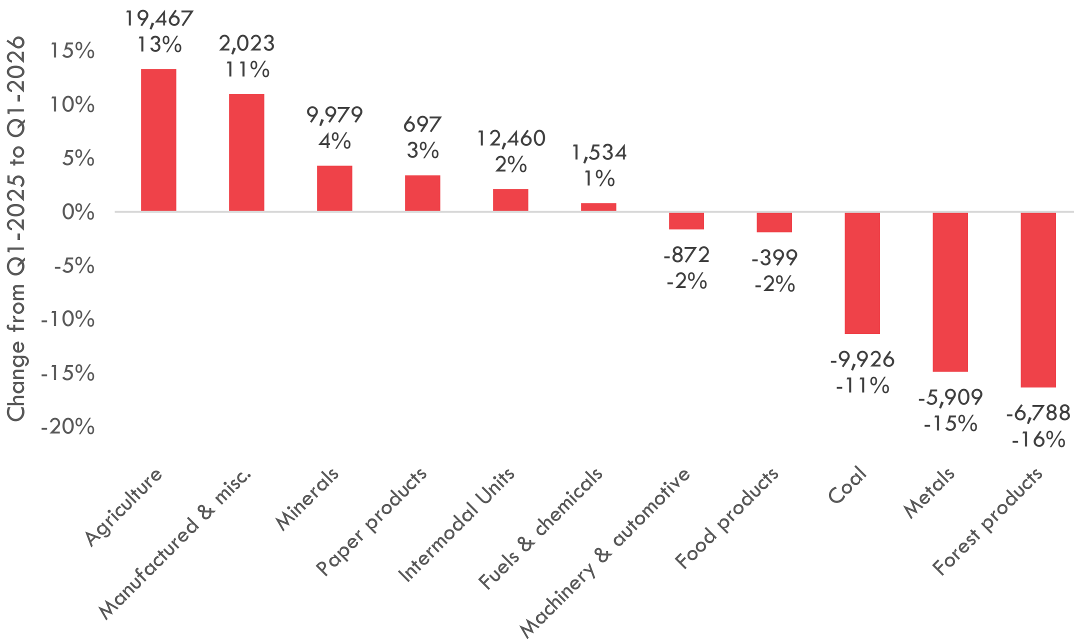
Source: Statistics Canada, [Monthly Railway Carloadings Survey]



Source: Statistics Canada, [Monthly Railway Carloadings Survey]

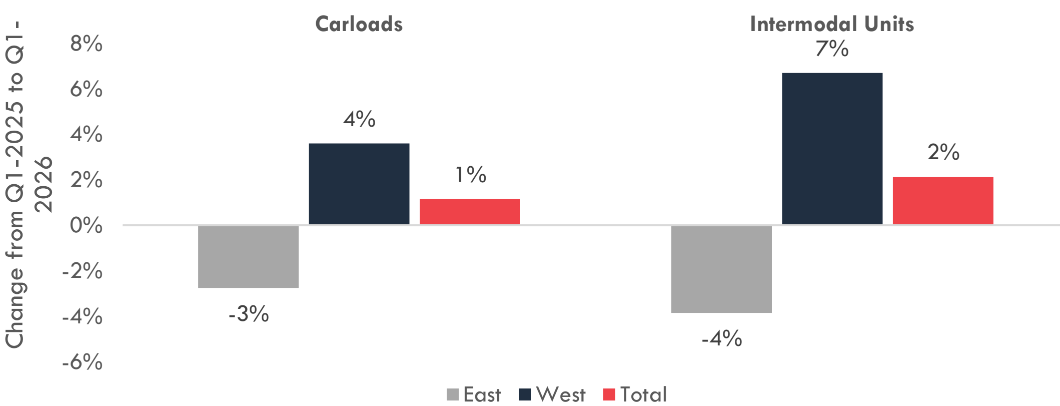
99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Canadian Railways, Carloads by Commodity & Intermodal Units, Q1



Source: Statistics Canada, [Monthly Railway Carloadings Survey]

Canadian Carloads and Intermodal Units by Region, Q1



Source: Statistics Canada, [Monthly Railway Carloadings Survey]

Intermodal traffic decreased in eastern Canada (-4%) and increased in western Canada (+7%) in Q1-2026.

Non-intermodal carload traffic decreased by 3% (9,529 carloads) in the eastern region, where the freight portfolio is heavily concentrated in products facing steep U.S. tariffs. Minerals account for 50% of the eastern region's non-intermodal carloadings, followed by automotive (11%) and metals (10%).[16] In addition to ongoing tariff challenges, minerals faced headwinds in weaker demand for frac sand and iron ores. Carloads increased by 4% in the western region where the significant gains in agriculture and potash were able to offset the reductions in coal, forest products, and food products.

---

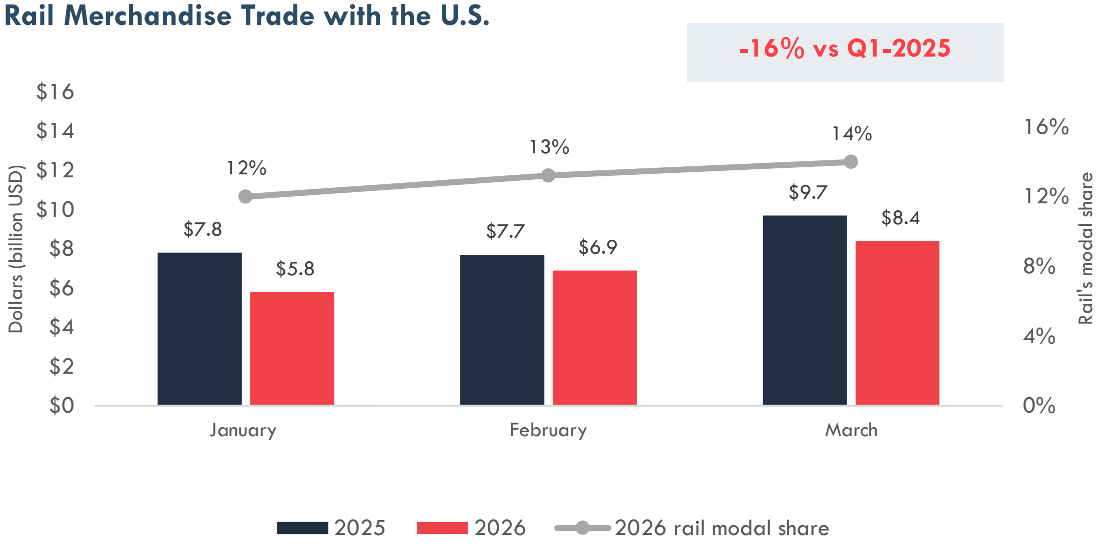
[16] Shares of total non-intermodal carloadings are based on 2020-2024 data.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Trade

In Q1-2026, trade by rail with the U.S. was valued at more than $21 billion USD, down 16% from Q1-2025. A high share of trade by rail value is concentrated in highly tariffed items. These include automotive products (42% of total rail trade value), which faced 25% tariffs on non-U.S. content, and metals (10% of total rail trade value), which faced 50% U.S. steel and aluminum tariffs.[17]

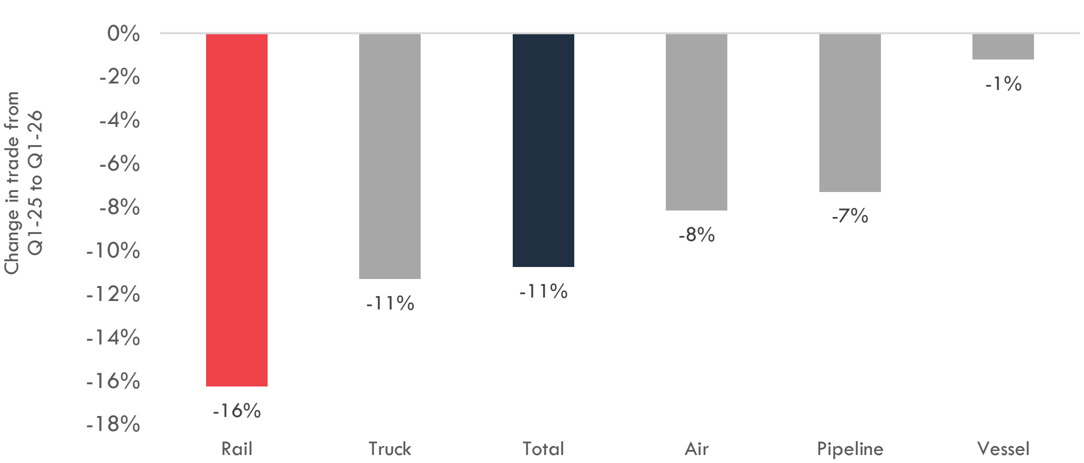
Rail Merchandise Trade with the U.S.



Source: U.S. Bureau of Transportation Statistics, News and Statistical Releases: North American Transborder Freight Data.

Trade by rail volumes decreased year-over-year in each month of Q1-2026, by as much as 26% in January 2026. Although all modes of trade saw decreases in Q1-2026, with an overall decline of 11%, trade by rail saw the greatest decrease.

Modal Comparison of Trade with the U.S., Q1



Source: U.S. Bureau of Transportation Statistics, News and Statistical Releases: North American Transborder Freight Data.

---

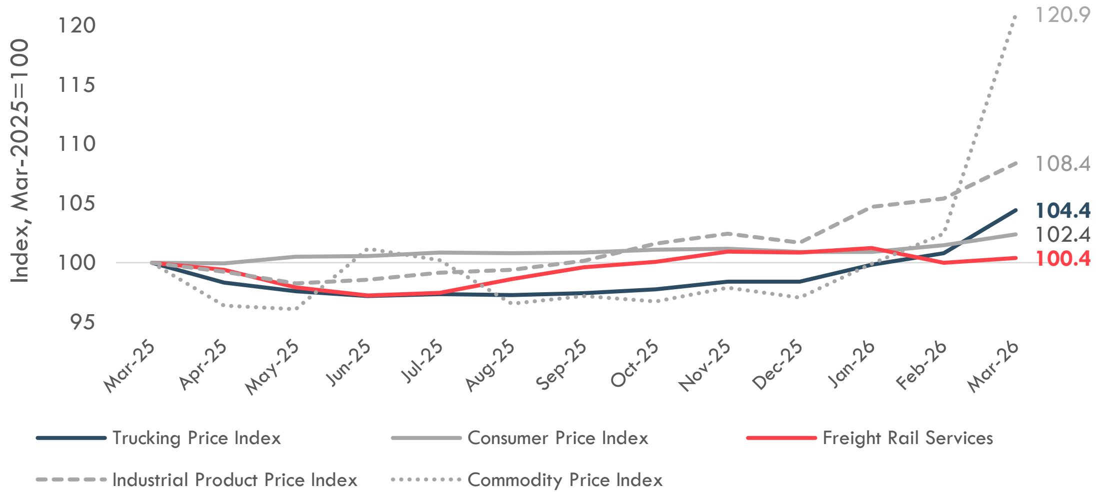
[17] Source for automotive and metals' shares of total trade value: RAC calculation based on date from Transport Canada, Transportation Data and Information Hub, 2023 Addendum Tables, *Table RA9*.

Freight Rates

In March 2026, rail freight rates were flat year-over-year. In contrast, the commodity, industrial, trucking, and consumer price indices have risen over the past 12 months. The commodity price index jumped 18% from February to March, driven almost entirely by a 37% increase in energy prices. Compared to March 2025, the commodity price index was up about 21%. Industrial product prices have climbed rather steadily and in March 2026 were up 8% compared to a year earlier.

Since January 2020 (pre-pandemic baseline, not shown), rail freight rates have increased by 23.7%. This is similar to the growth in consumer prices (22.4%), but much lower than the growth in commodity prices (83.1%), industrial product prices (42.4%) and trucking rates (31.9%). As a result, Canadian producers today are paying less for rail freight services in relation to the prices of their products. The maintenance of globally competitive rail freight rates is supporting the growth and competitiveness of several Canadian industries.[18]

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

Through the maintenance of globally competitive freight rates, Canadian railways continued to support the growth and competitiveness of Canadian industries. Working through a period of tremendous trade disruption, in Q1, Canada's railways facilitated more than $21B USD in trade with the U.S and transported 2% more traffic (total carloads and intermodal units) than in Q1-2025.

[18] For a study on rail freight rates, see *International Comparison of Railway Freight Rates*, CPCS, January 2023.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Canadian Passenger Rail Industry Data

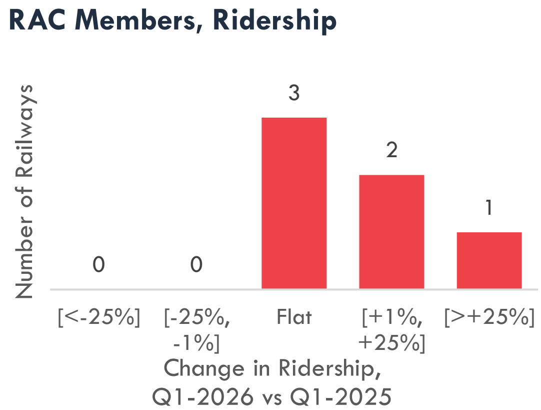
Canada's passenger railways provide an accessible, safe, and environmentally responsible travel option for commuters, intercity travellers, and tourists alike. An increase in passenger rail ridership, as an alternative to personal vehicle travel, reduces congestion on our highways and in our cities, as well as overall emissions and the public costs to maintain road infrastructure.

Despite some positive passenger rail statistics in Q1-2026, following several years of lower-than-normal ridership, government support, at all levels, for passenger rail must remain a top priority.

RAC Member Ridership

This section evaluates the year-over-year trends in passenger rail ridership among RAC members.[19]

In the Q1-2026, three of the six[20] reporting members indicated a year-over-year increase in ridership, while ridership for the other three members remained relatively flat (change of less than ± 1%).



Public Transit and Commuter Rail

Over the past several years, urban transit ridership, and commuter rail ridership in particular, has adjusted to fundamental structural shifts in commuting patterns and the proliferation of remote and hybrid office work arrangements. However, the tides are shifting back toward office work, at least in Ontario. This should be welcome news for transit agencies that have seen their ridership numbers deeply impacted by a reduction in commuters since the onset of the COVID-19 pandemic in March 2020.

Since January 2026, employees in the Ontario government and the City of Ottawa have returned to the office full-time. Several major private sector employers are also increasing in-office requirements. These measures are reflected in a modest rise in month-over-month sequential ridership through Q1-2026; though levels are still below the 2019 pre-pandemic baseline as well as Q1-2025.

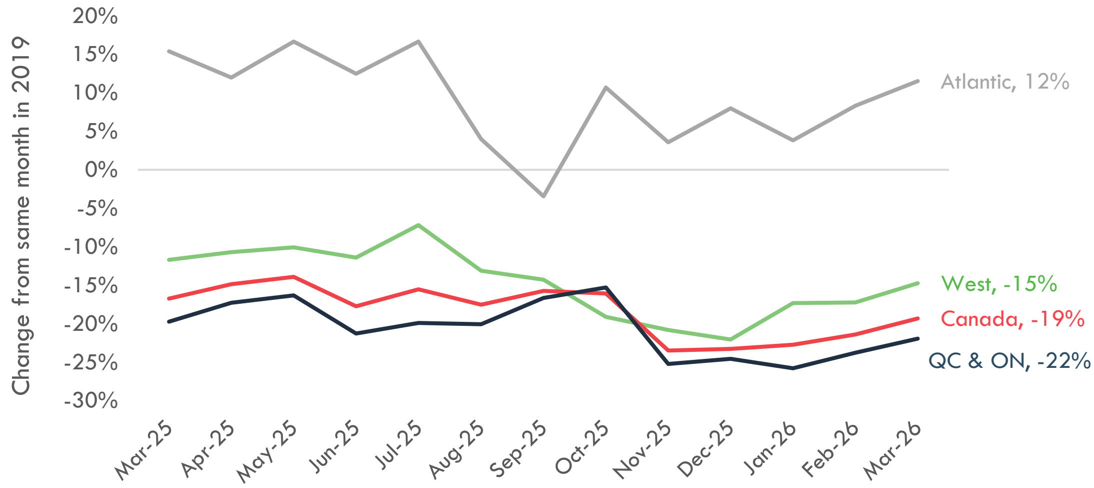
The urban transit ridership data presented below accounts for seasonality, by comparing ridership in each month to the corresponding month in 2019. In March 2026, national ridership was about 3% lower than it was in March 2025, and down 19% compared to the March 2019 pre-pandemic baseline.

[19] https://www.railcan.ca/membership/member-railways/

[20] Compared to other quarters, fewer RAC members have ridership to report in Q1, as the season for many tourist/excursion rail services does not start up until Q2.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Urban Transit Systems Ridership by Region

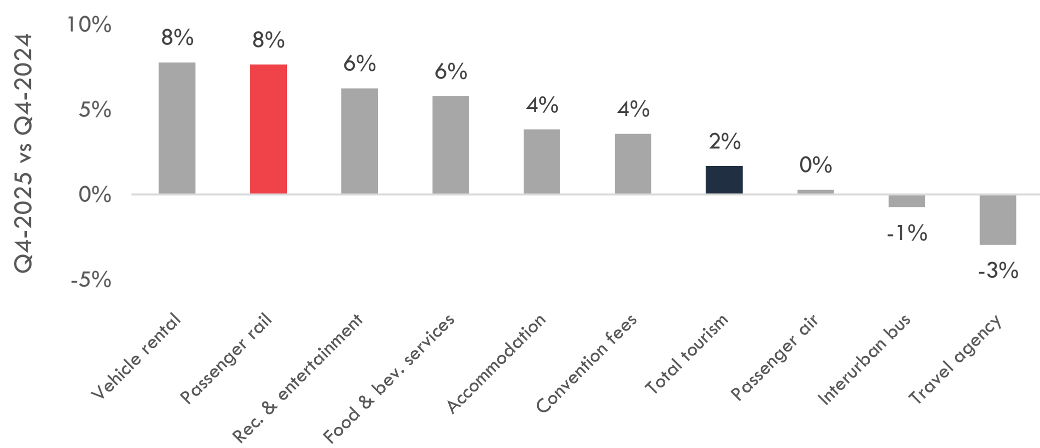


Source: Statistics Canada, [Monthly Passenger Bus and Urban Transit Survey]

Tourism Rail

There is a considerable lag in data on tourism expenditures. The latest available data cover Q4-2025. In Q4-2025, total tourism expenditures increased 2% year-over-year, while passenger rail expenditures increased by 8%, representing the second largest increase to the reported tourism indicator categories behind vehicle rental.

Tourism Expenditures, Q4



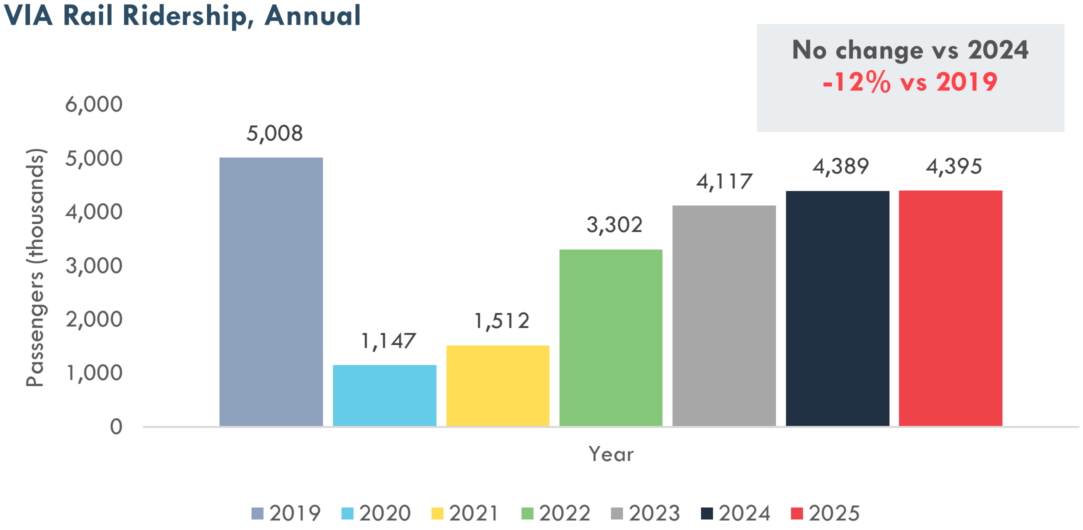
Source: Statistics Canada, [National Tourism Indicators]

Intercity Passenger Rail

At the time of publishing RAC's Q4-2025 report, VIA Rail's 2025 ridership figures had not yet been published. Therefore, in addition to presenting the results for Q1-2026, this section will also cover VIA Rail's 2025 annual ridership.

In 2025, VIA Rail ridership was flat compared to 2024, carrying roughly 4.4 million passengers. Ridership remains about 12% below the 2019 pre-pandemic level of about 5 million passengers. Q4-2025 ridership saw a year-over-year decline of about 1%.

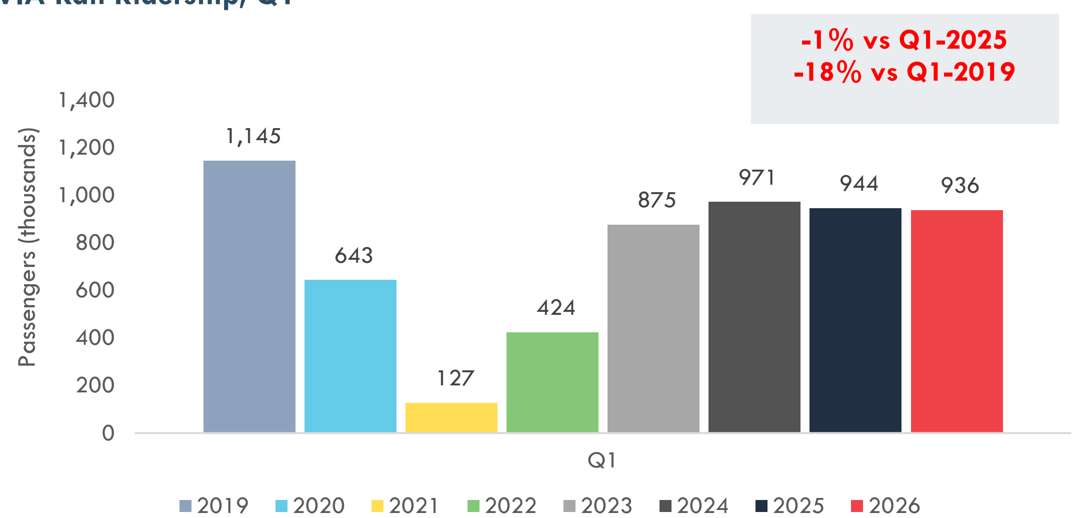
VIA Rail Ridership, Annual



Source: VIA Rail, [Quarterly and Annual Reports]

The Canada Strong Pass,[21] which was introduced in summer 2025 and provided free or discounted travel on VIA Rail for children and young adults aged 24 and under, will be returning in summer 2026. The Canada Strong Pass contributed to Q3-2025 seeing the largest quarterly ridership figure since Q4-2019, and it will be expected to positively impact VIA Rail's ridership figures in Q3-2026 as well.

VIA Rail Ridership, Q1



Source: VIA Rail, [Quarterly and Annual Reports]

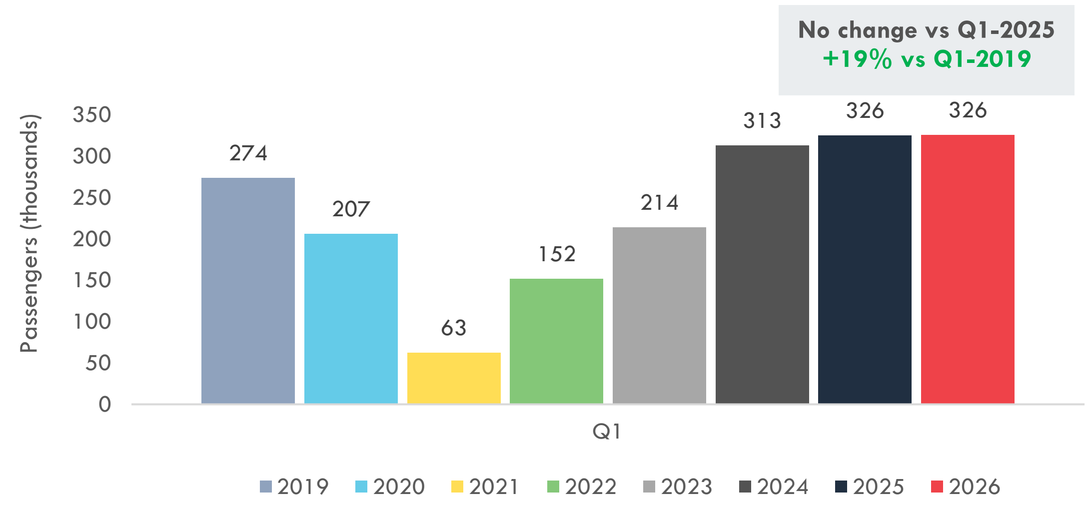
[21] https://www.viarail.ca/en/offers/canada-strong-pass

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 within either country.[22]

Amtrak ridership on routes with segments in Canada were flat in Q1-2026 at about 326 thousand passengers but remained 19% above pre-pandemic (Q1-2019) levels.

Year-over-year increases in ridership on the Maple Leaf route (Ontario, New York) were mostly offset by reductions on the two other routes, the Cascades (British Columbia, Washington, Oregon) and the Adirondack (Quebec, New York).

Amtrak Ridership on Routes with Segments in Canada, Quarterly



Source: Amtrak, [Monthly Performance Reports]
Note: Includes three routes (Maple Leaf; Cascades; Adirondack).

[22] 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.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Canadian Rail Industry Safety Performance

Safety is the Canadian rail industry's number one priority. Over the past several years, Canada's railways have continued to improve their safety performance, achieving a significant reduction in the overall accident rate. Here, we highlight the most recent accident statistics from the Transportation Safety Board (TSB). The accident data cover the Canadian operations of federally regulated freight and passenger railways.

This section of the report serves as a useful resource for practitioners and policy makers engaged in transportation safety, while also serving as an educational tool to inform the public.

Accidents per million train-miles: In Q1-2026, the accident rate improved by 2% year-over-year and by 18% compared to the 2021-2025 average. The improvement was largely driven by fewer crossing accidents and fewer non-main-track collisions and derailments.

Main-track derailments: In Q1-2026, there were 20 main-track derailments, an increase compared to Q1-2025 and the 2021-2025 average.

Dangerous goods: The number of accidents involving dangerous goods in Q1-2026 increased year-over-year but remained lower than the 2021-2025 average.

Crossing and trespassing: Crossing and trespassing remain key issues of concern. Railways expend great effort to inform the public about the dangers of proximity to tracks and moving equipment. Educational programs, spearheaded by Operation Lifesaver, focus on safe behaviours around rail infrastructure. Communications are ongoing with municipalities about the importance of enforcing proximity guidelines when approving development around railways. In December 2024, the Government of Quebec introduced regulatory setbacks from rail for sensitive use developments, with the objective of enhancing safety and livability.[23] This is a positive development that the RAC would like other provinces to consider.

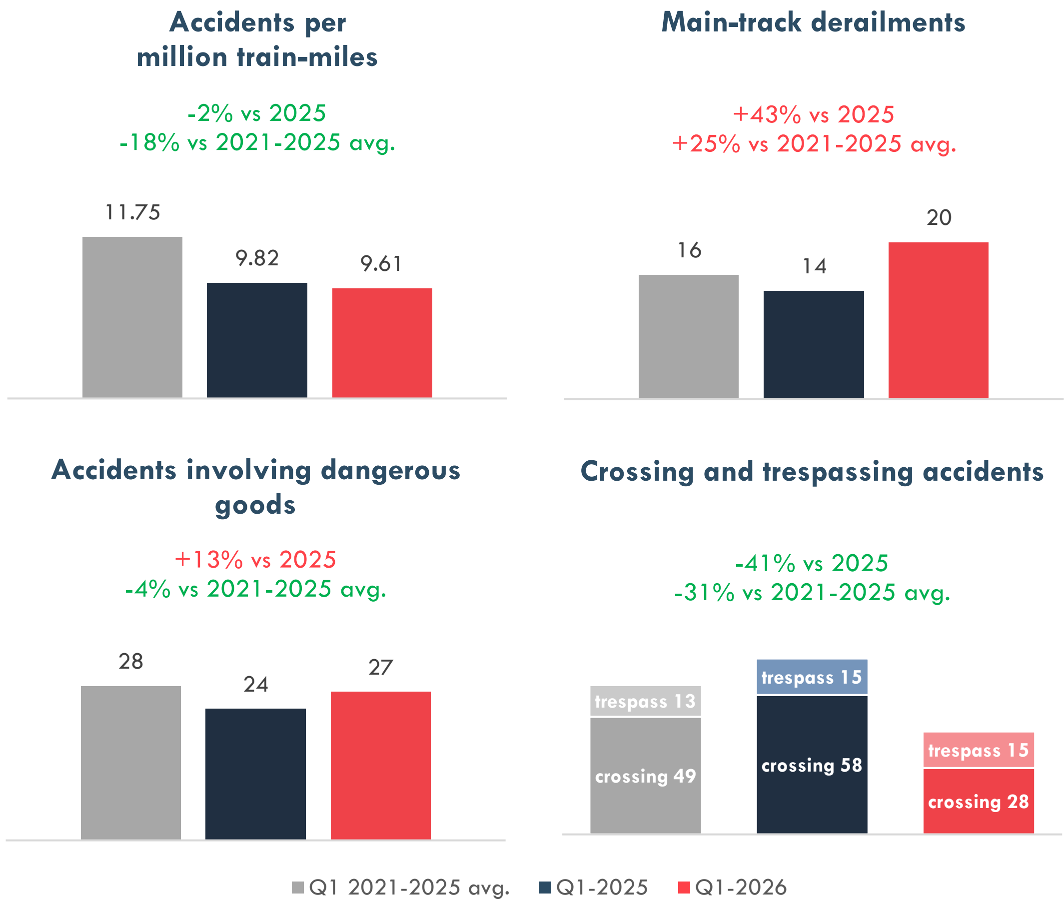
It was encouraging to see that, in Q1-2026, crossing accidents decreased by more than 50% compared to Q1-2025 and by more than 40% compared to the 2021-2025 average. Trespassing accidents were flat compared to Q1-2025 and slightly higher than the 2021-2025 average.

Safety is the Canadian rail industry's number one priority – reinforced by the continuous improvements in the accident rate. Crossing and trespassing safety – a shared responsibility among railways, municipalities, law enforcement, and others – remain key priorities. The Government of Quebec's introduction of regulatory setbacks from rail is a positive development to improve safety that other provinces should consider.

[23] https://www.quebec.ca/habitation-territoire/amenagement-developpement-territoires/amenagement-territoire/orientations-gouvernementales

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Quarterly



Source: Transportation Safety Board, Monthly rail transportation occurrence statistics
Note: The TSB data are preliminary and subject to year-end validation and reconciliation.

99 Bank Street, Suite 901, Ottawa, ON K1P 6B9 T +1 (613) 567-8591 F +1 (613) 567-6726 railcan.ca

Railway Association of Canada
99 Bank Street
Ottawa, ON K1P 6B9
www.railcan.ca

2026_Q1_v1

Railway Association of Canada