telegraph

Freight Rail Market Consist

Fourth Edition

Q3 2026

www.telegraph.io

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Letter from the CEO

Harris Ligon
Co-Founder + CEO of Telegraph

Hey Folks,

We're happy to share the best version of the *Market Consist* to date. Two editions ago, we shared that the intermodal window was open and encouraged shippers to test modal shift then, not the following quarter. At the time, Chicago to LA was running faster than it had in years. Rates were relatively soft, but we felt that the alignment would not ultimately last. What we anticipated as a market function actually was a regulatory-driven shift. Roughly ~550 trucking schools are no longer operating and tens of thousands of drivers are out of eligible service. Along with that motion, two federal court decisions have pushed the barrier-to-entry for trucking even higher. Alongside an uptick in demand, per-mile truck costs also rose, which encouraged more freight to the rails, and Q2 carload volumes came in up 6% against our own forecast of down 5%. Shippers who took action earlier are in a much more advantageous position.

We've been bullish on coal for three editions against most of the consensus, and we're now forecasting year-on-year growth in Q4, which would be a welcome shift for an industry that has been wrestling with secular decline for over a decade. Additionally, we flagged crude by rail as one to watch with oil nearing $100/barrel, and railborne petroleum products are our strongest forecast this quarter at 11%. Finally, we believed last spring's corn-to-soy rotation would make for a lighter Q4 harvest, and the USDA planting survey has since confirmed the acreage shift, but we anticipate that volumes will remain robust as demand is firm.

Opposite those points, we reversed course on chemicals. Last quarter we called them down 11%. This quarter we're calling them up 9%. We treated high energy prices as an input cost squeezing American producers, which is what the historical relationship supported, and we underweighted that those same prices make American chemicals cheap relative to everyone else's.

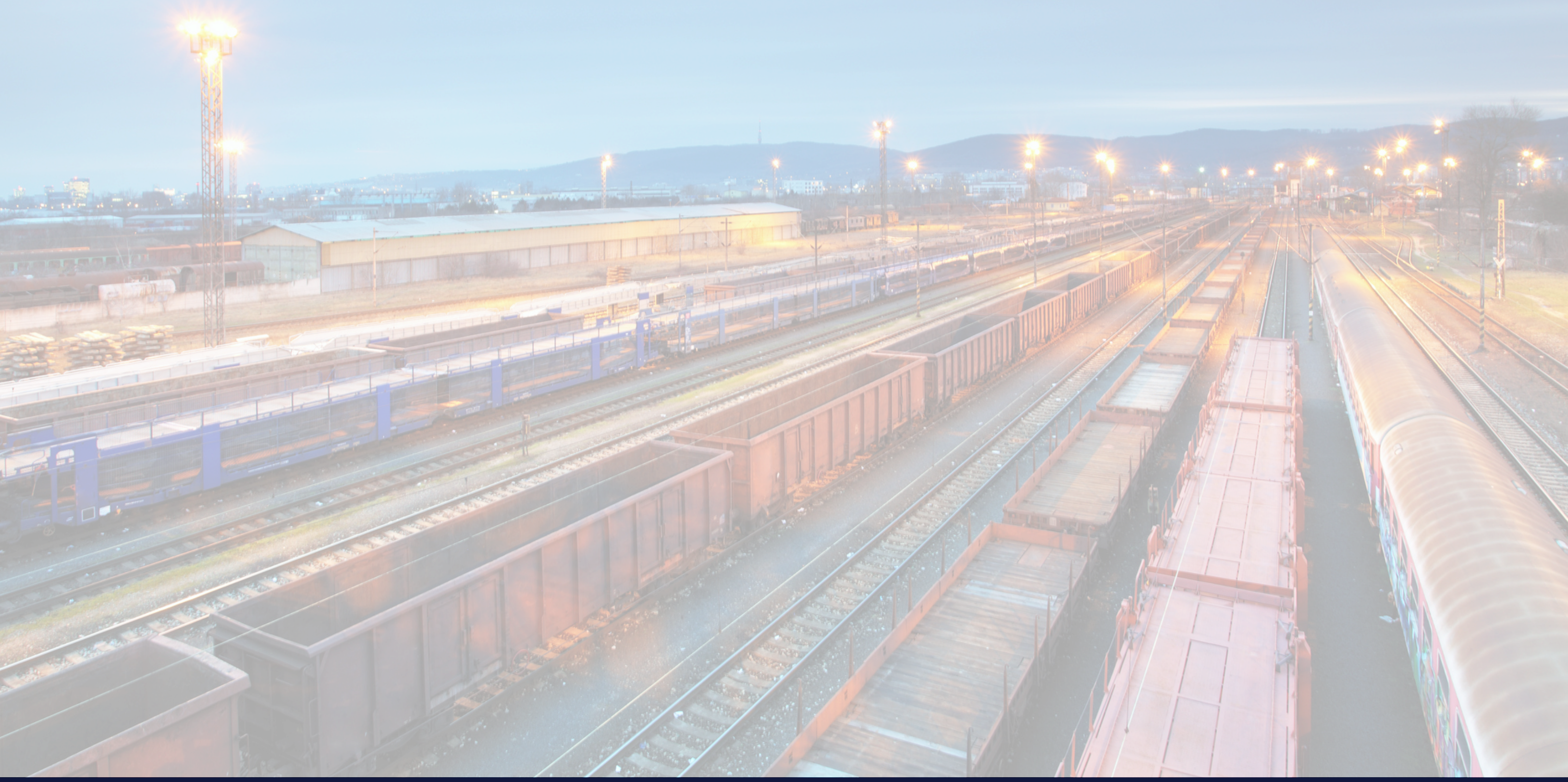
A few new things inside this installment are worth your time too. We queried a Q2 snapshot of Umler and found that roughly 35% of the US tank car fleet is out-of-compliance DOT-111s, right as Congress moves to accelerate the phase-out but also increase the equipping of telematics. Signs are early, but we may be seeing the first signs of service begin to stumble as train speeds fall and dwell times increase. We also took the time to include our read on the Q2 earnings calls from major industry participants, and our initial read is that rates, in aggregate, will likely rise by another 2% to 5% through end of year.

We continue to commit time and effort to this publication because we believe that there is more work to be done to translate the myriad of reports, perspectives, and data into meaningful insights for the contributors and users of freight rail. Thank you for reading.

Let's go get it,

Harris Ligon

Co-Founder + CEO of Telegraph



Accountability Score

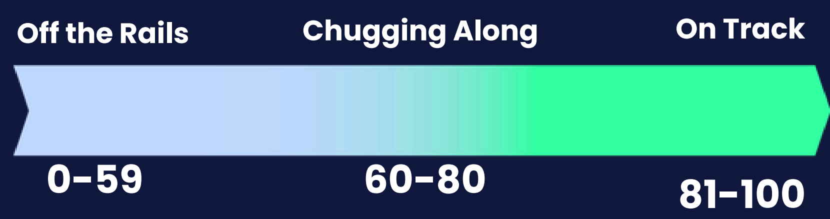
Looking back at our Q2 2026 *Telegraph Market Consist*, we achieved **97%** accuracy in forecasting monthly US national intermodal volumes and **96%** accuracy predicting monthly US carload volumes, as compared to actual Q1 2026 volumes.

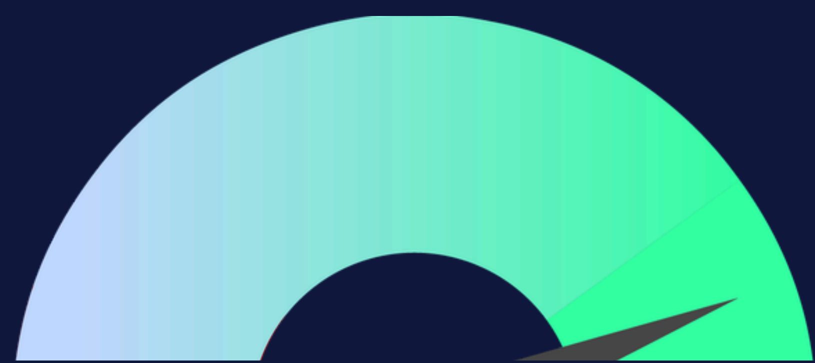
97%

accuracy forecasting monthly US national intermodal volumes

96%

accuracy forecasting monthly US carload volumes





Prior *Market Consists'* Accountability Scores

Q2 2026

96% Accuracy forecasting US national intermodal volumes

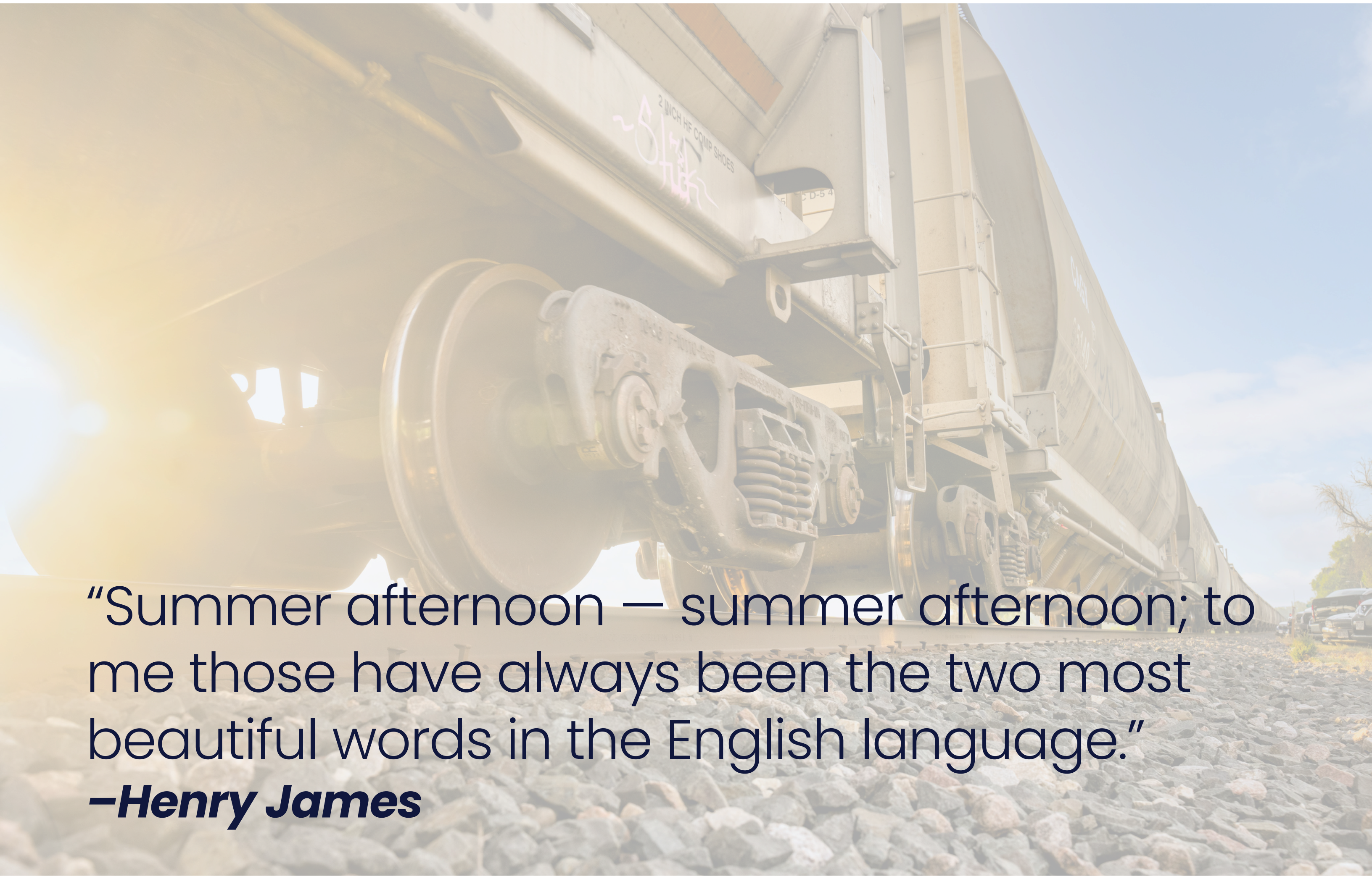
98% Accuracy forecasting US monthly carload volumes

Q1 2026

97% Accuracy forecasting US national intermodal volumes

98% Accuracy forecasting US monthly carload volumes

Introduction



"Summer afternoon — summer afternoon; to me those have always been the two most beautiful words in the English language."

–Henry James

Q2 was a Great Quarter

Freight railroading is, at present, enjoying its moment. Volumes have been broadly up across most railborne commodities (see Table 1 on the next page). Our survey of Q2 Class I earnings calls reveals upbeat, optimistic sentiment amongst our country's largest publicly traded freight railroads. In the summer of 2026, I think we can all look around, take a deep breath, and recognize that right now, times are indeed good again.

How did we get here?

Part of why the summer of 2026 feels so *good* is because the past three or so years have felt so comparatively *bad*. The freight recession that lasted from about Q4 2022 to Q2 2026 got most of us used to living in a world of tough shipping news - declining railroad volumes, regulatory uncertainty, shipper pessimism... Against that backdrop, recent single-digit railborne volume upticks and promising industrial green shoots have been especially well received. But where did all this new growth and optimism come from?

Q3 2026 Market Thesis

Growth Engine #1: The Washington Hat Trick

First, our own analysis of what caused today's good times suggests three policy-related contributors to US railroading's record-breaking Q2 2026: (1) recent federal regulatory action in the trucking sector, which reduced the supply of long-haul truck drivers, thereby sharply raising trucking's per-mile costs and prompting significant truck-to-intermodal-rail conversion; (2) sustained tariff action, especially where supporting North American metals and industrial sectors; and (3) higher global energy prices resulting from the war with Iran, which created tremendous export advantage for American coal and petrochemicals, and also provided meaningful fuel surcharge revenue opportunity for the railroads (and even further incentivized shippers to switch from truck to rail, where possible).

Table 1: Sector Level Volume Growth Across Q2 Class I Quarterly Filings

	Grain	Coal	Chemicals	Metals	Intermodal	TOTAL
CN	10%	-4%	10%	-2%	-5%	Unchanged
CPKC	18%	-20%	-2%	9%	-5%	2.1%
CSX	2%	4%	8%	3%	9%	6%
NS	1%	3%	10%	-1%	5%	4%
UP	12%	-14%	3%	3%	4%	2%

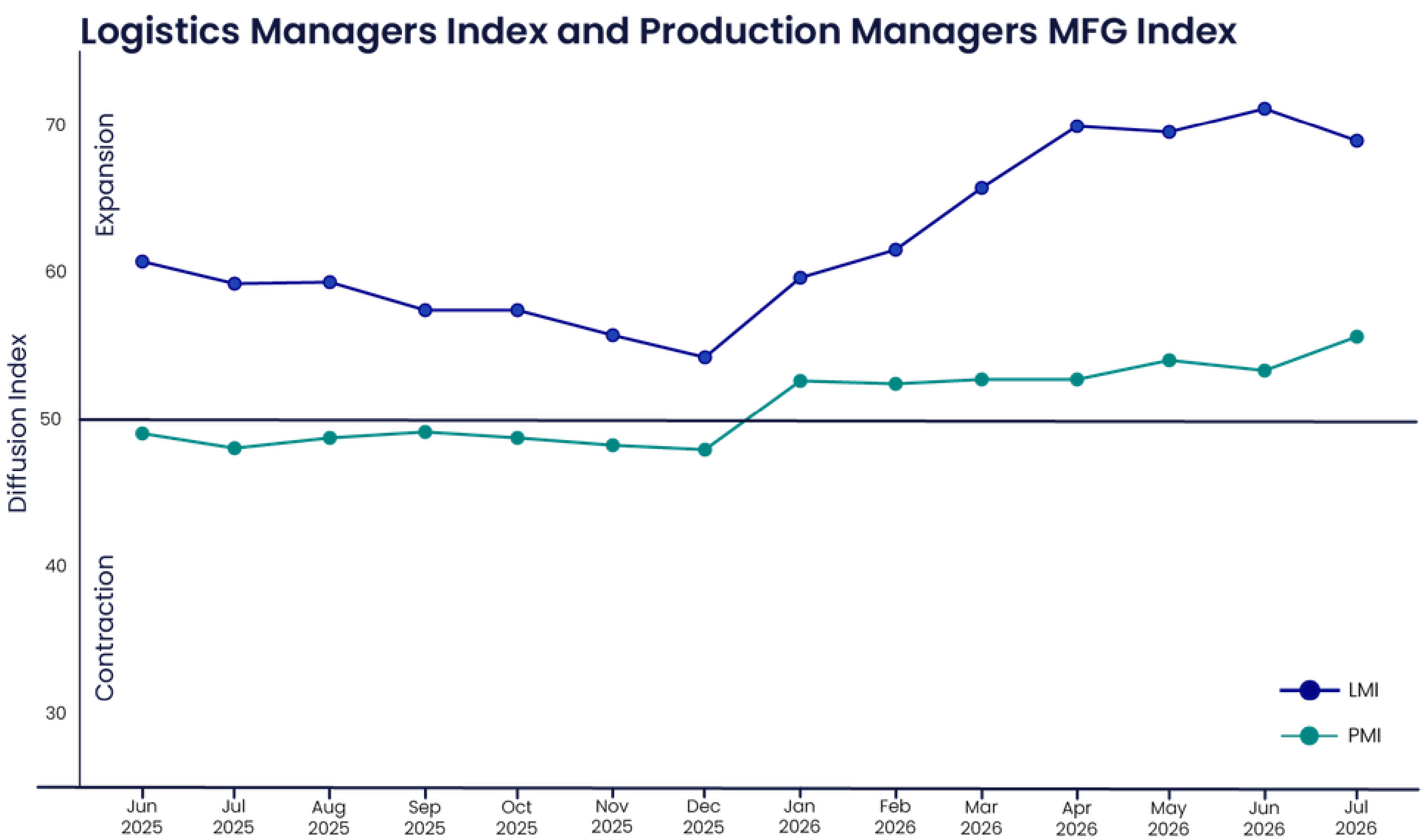
Source: Q2 2026 SEC filings and earnings presentations
Note: Each RR defines its commodity groups differently, so direct comparisons are not applicable.

Q3 2026 Market Thesis

Growth Engine #2: Improving Economic Sentiment and the Data Center Buildout

But regulatory efforts and policy actions aren't the whole story of America's industrial economy in the first half of 2026. At the same time, we've also seen rising producer and consumer sentiment. The Institute for Supply Management's monthly survey of manufacturing procurement managers has shown modest, but consistently growing, optimism about American manufacturing activity every month so far this year.

Similarly, the Logistics Managers' Index, which measures the forward-looking sentiments of freight transportation professionals, has also been steadily climbing throughout 2026. Q2 going into Q3, our country seems to have found its industrial footing, even amidst continued trade policy uncertainty and geopolitical conflict.



Q3 2026 Market Thesis

According to trade press estimates, $77 billion was spent on new data center projects in the United States in 2025, and a total of *$7 trillion* will be spent globally to support new data centers and associated infrastructure by 2030 [1,2]. This interjection of new activity brings welcome new volumes and optimism to the railroads.

So will the good times last?

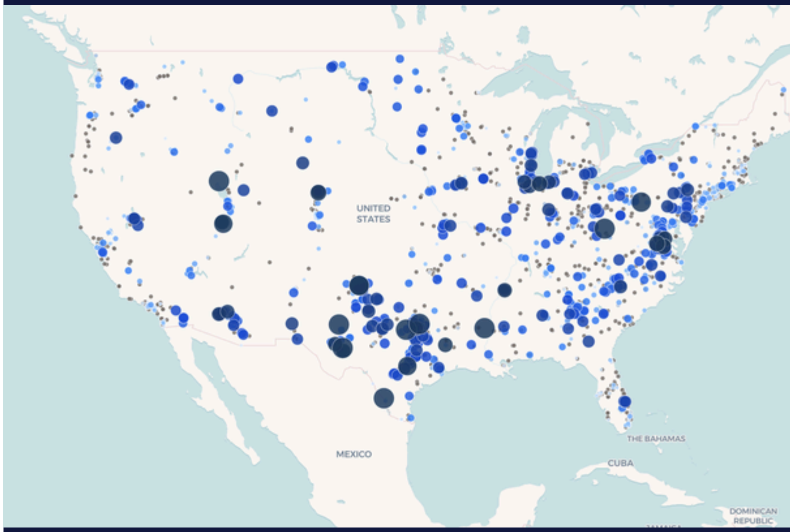
For the next six months, we think so; and we have adapted this *Market Consist*'s forecasting models accordingly. Fundamentally, if one accepts the Washington Hat Trick thesis, then the question that matters most to the second half of 2026 is, '*Will the policies hold*?'

Starting with the intermodal conversion opportunity precipitated by Washington's crackdown on underqualified and foreign-born truck drivers - this is, by nature, an enduring change. Approximately 550 trucking schools have been shut down [3]. Tens of thousands of drivers have been taken off the road and out of eligible service [4].

For years, even before this recent regulatory action, trucking companies were having a hard time finding and keeping long-haul truck drivers. There is little reason to believe that there could be any new supply-side influx of drivers between now and January 2027.

Moreover, these supply-constricting policy actions gained further support from the federal judiciary in two recent landmark cases, *Montgomery v. Caribe Transport* and *Miller v. CH Robinson Worldwide* that, among other effects, will further raise the trucking sector's barrier to entry for the foreseeable future.

US DATA CENTERS MAP 2026



Source: US Data Center Map, data as of Jul 2026. https://dcmap.us

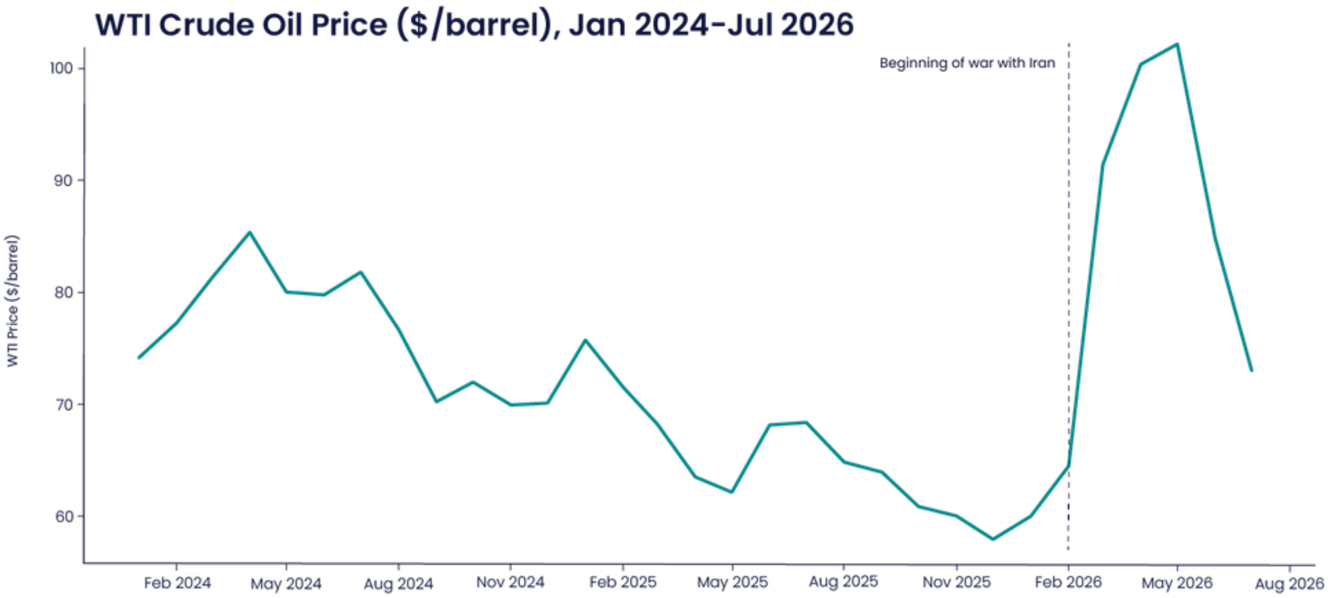
CAPACITY (MW)

<10 MW	598
10-100 MW	573
100-500 MW	309
500-2,000 MW	143
2,000+ MW	25
No data	3,152

$77 billion
spent in 2025

$7 trillion
projected by 2030

Q3 2026 Market Thesis



Source: US Energy Information Administration

Fuel prices

On fuel prices, far be it from us to predict the next six months of Washington's on-again off-again air-strike imbroglio with Iran. But, suffice it to say, that even a near-term peace deal would require more than six months to affect pre-war Strait of Hormuz traffic levels and associated global energy price decline. Moreover, near-term peace is, in our view, the least likely scenario to play out between now and year-end.

Given this conflict's peripatetic fits and starts (and the recent inclusion of a second threatened global energy choke point in the Red Sea), the possibility of fuel prices spiking up again in the next six months is much more plausible than any downside price scenario. This continuation of hostilities means that the tailwinds for intermodal conversion, coal, and petrochemical export opportunities precipitated by this conflict's effect on global energy prices will continue to support railborne volumes in those sectors throughout the end of 2026.

Similarly, in our view, the protectionist trade policies that began with the 'liberation day' IEEPA-based tariffs, and have now continued through the "Section 122" tariffs, and now "Section 301" Trade Act of 1974-based tariffs will continue into 2027. Likely, the continuance of these policies will be delivered with the same periodic repackaging and creative justifications that we've seen over the last year. No matter the legal instrumentation or pretext presented, the bottom line appears to be that this administration views tariffs as a net positive for the broader economy, and will push any and every button it takes to keep them in place for the foreseeable future. And, thus far at least, American protectionism has boded well for rail volumes and industrial activity.

Q3 2026 Volume Forecasts

Carload Total

Looking back over the last six months, our quantitative modeling of North American total carload volumes achieved 96% accuracy. Functionally, this meant capturing 2025's seasonal Q4 climb and 2026's Q1 dip. But, like many in our industry, we admittedly somewhat underestimated the volume growth unlocked in the spring of 2026. Going forward, we've recalibrated our model to better capture current market dynamics.

To make its prediction, our carload model (and all the *Telegraph Market Consist* forecasting described below) combine historical trends in volumes with external variables that our research shows help to make more accurate predictions. We also infuse our own expert judgement in an iterative process that marries human-in-the-loop AI modeling with time-series-based statistical tooling. Looking ahead at the next six months, we've recalibrated our models in-line with the changing economic reality on the ground.

Trade with Canada and China have been dialed down from the time-series informed predictions in order to capture rising tensions between our three countries. (Mexico too, but to a smaller extent.) Similarly, industrial production and steel production were dialed up from their quantitative projections to capture the reality of today's insulated North American industrial materials market.

The result of these and other adjustments is a picture of sustained growth throughout the year.

We expect that future releases of government data will show a 6% growth in national carload volumes in Q2 (in-line with recently reported Class I Q2 Earnings reporting), 4% year-on-year growth in Q3, and 7% yoy growth in Q4. Notably, the cyclical dynamics that govern month-to-month oscillations are still at play - and capturing those is where the time series-based components of our models have earned their accuracy. In the carload market, we see a second half of the year that shows mostly similar cyclical patterns to years past, but at a ~5% to 10% higher baseline level than last year owing to the reasons outlined in the market thesis above.

National Carload Volumes Forecast

6%

yoy growth in Q2

(in line with recently reported Class I Q2 Earnings reporting)

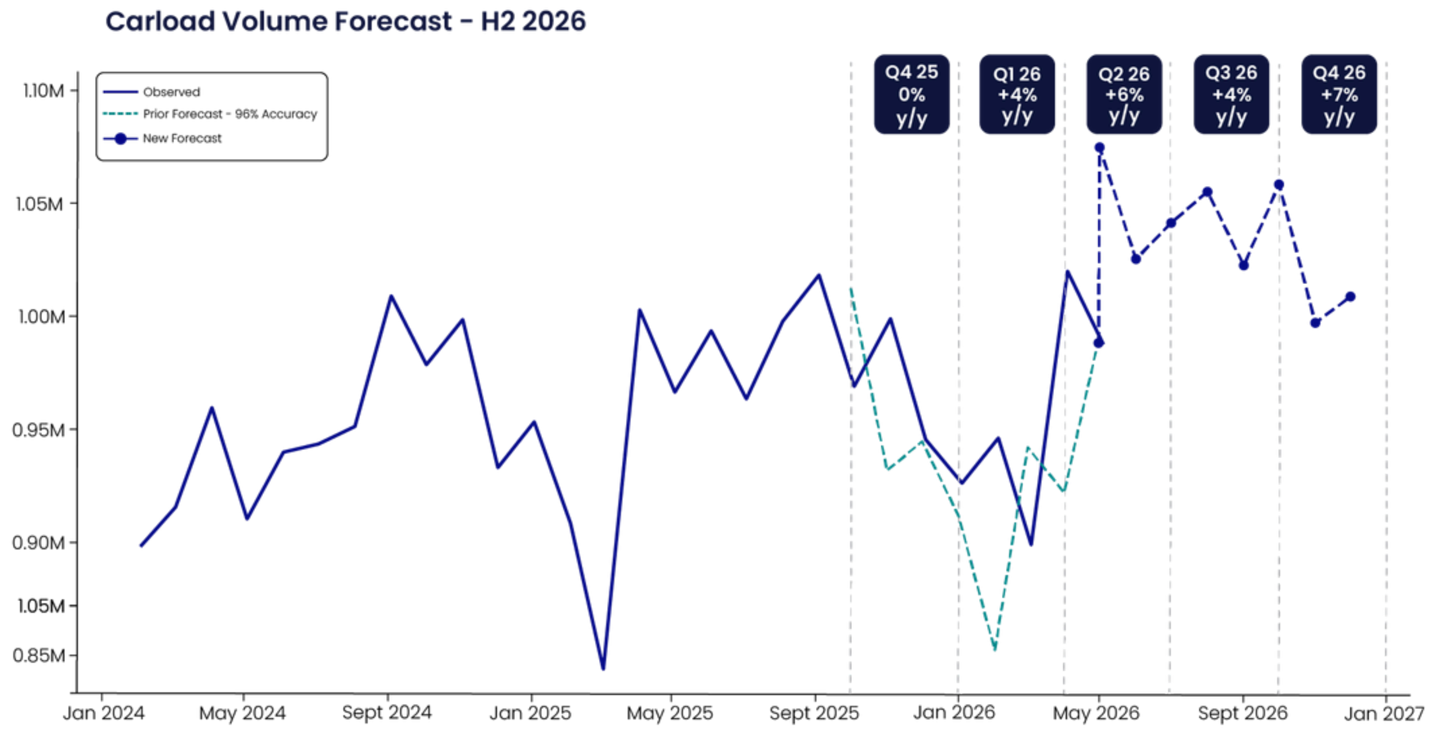
4%

yoy growth in Q3

7%

yoy growth in Q4

Q3 2026 Volume Forecasts



Q3 2026 Volume Forecasts

Carload: Railborne Grain in H2 2026

Our approach to modeling grain volumes considers specific grain carloadings and their patterns over time, as well as meaningful exogenous inputs that improve our predictions. These include the US-China trade relationship, US ethanol production, and commercial planting expectations in the United States. To-date, our predictions for grain volume have achieved 88% accuracy on a six-month basis, and 93% accuracy on a leading three-month basis (following a model update in Q1 2026).

10%

yoy volume increase in early fall followed by a more modest 5% yoy increase in Q4 2026

93%

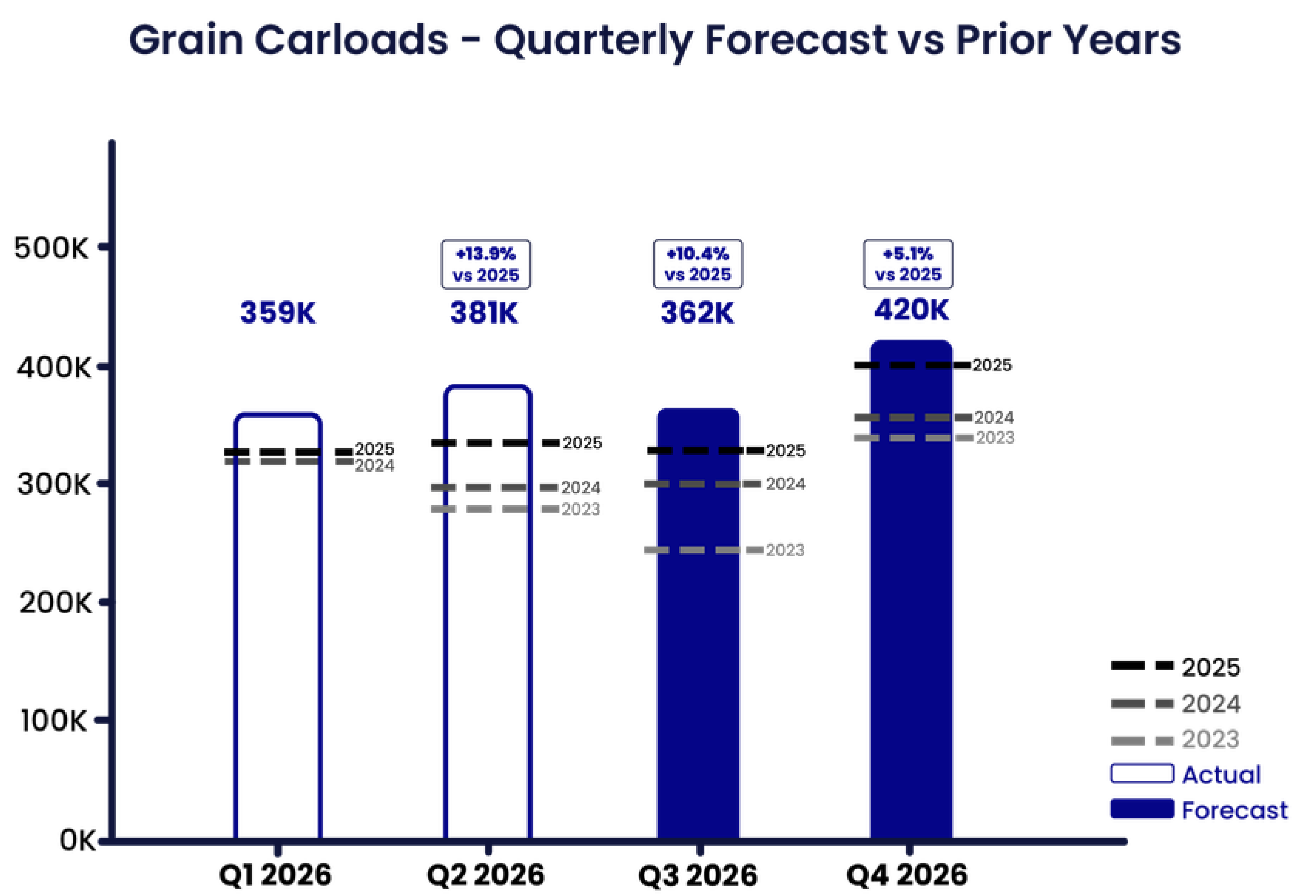
accuracy on a leading three-month basis

(following a model update in Q1 2026)

Nevertheless, our updated carload grain models predict a 10% yoy volume increase in early fall followed by a more modest 5% yoy increase in Q4 2026. Even factoring in the headwinds we see over the next six months, grain volumes look healthy, implying continued strength in the demand for covered hoppers through year end.

The historical grain volume data here shows Q2 strength in line with other commodity movements. However, our own look ahead shows some headwinds. First, the trade relationship with China, which consumes approximately 20% of America's export grains, continues to sour and we have built that bearish geopolitical outlook into this report's grain forecast. Additionally, higher fuel prices appear to have caused many American cornbelt farmers to switch from corn to soybeans for the current crop year. An acre of soybeans yields much less volumetrically than does an acre of corn. As a result, we have also slightly dialed back our model's predictions for the Q4 2026 harvest.

Q3 2026 Volume Forecasts



Q3 2026 Volume Forecasts

Carload: Railborne Chemicals in H2 2026

Our approach to forecasting railborne chemicals volumes incorporates the same time-series and exogenous variables with AI-enabled human-in-the-loop overrides as our other models. However, in this context, national data for monthly US chemicals production, industrial production, and industrial natural gas prices play a larger role. To date, our projections of monthly railborne chemical volumes have achieved 84% accuracy on a six-month basis and 81% accuracy on a leading three-month basis.

9%

growth in railborne chemicals volumes in Q3 and 8% volume growth in Q4

Chemical volumes came into H2 2026 with meaningful momentum, even before the sizable export opportunities generated by the Iran war and resulting run-up of global energy prices. At this point, our forecast for chemical volume remains quite bullish, as US chemicals exporters enjoy the comparative cost-advantage that high oil prices and America's relatively new energy independence affords them. We see almost 9% growth in railborne chemicals volumes in Q3 and 8% volume growth in Q4.

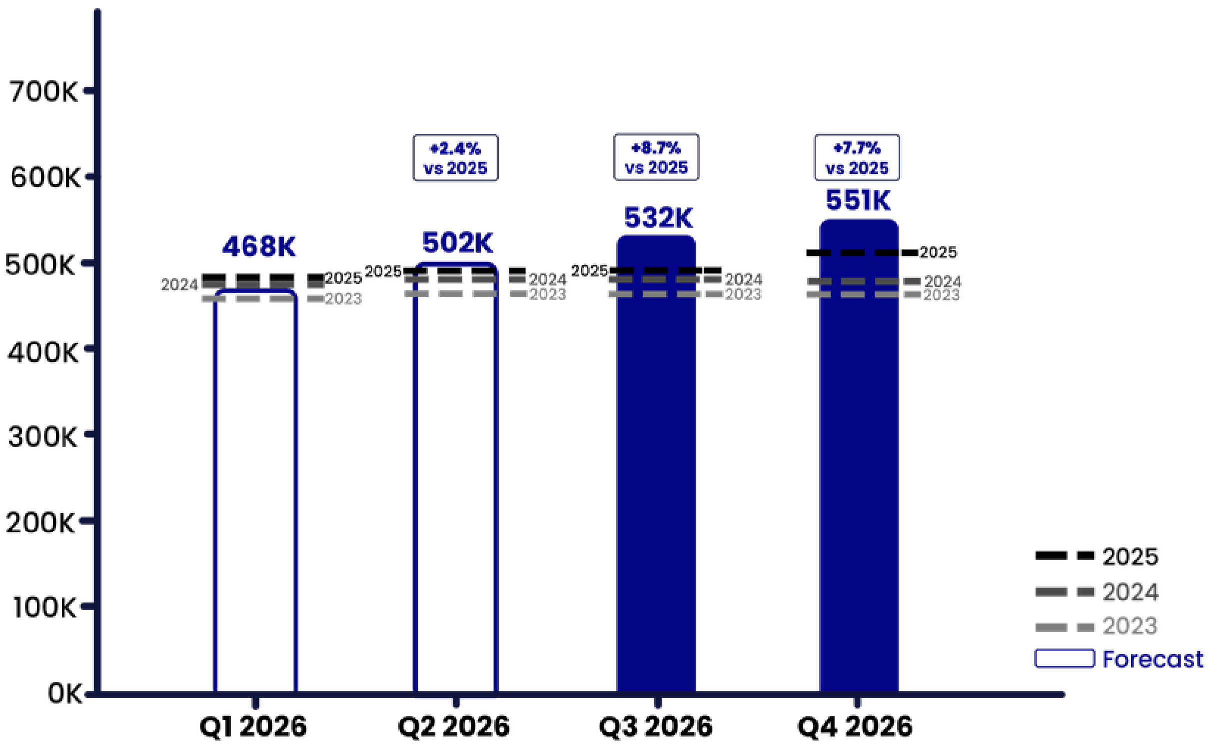
Of note, however, is the current state of the tank car fleet that serves this growing demand for chemicals. First, for safety reasons, Congress has identified tank cars as the first category of railcar onto which telematics devices should be installed. This is a time-consuming and potentially expensive process that will at some point in the not-too-distant future start to meaningfully reduce the supply of actively circulating tank cars.

Additionally, the required phase-out of DOT-111 tank cars looms large on the horizon. The federally-mandated retirement of this very prevalent type of tank car has been on the books since the 2015 Surface Transportation Bill, with the full ban scheduled to begin in May 2029. It is important to note here that draft federal legislation currently circulating in Congressional committees calls for a faster transition than is currently in the books (full ban to begin in December 2028 – see Policy Watch, page 23).

For this installment of the *Market Consist*, we queried a Q2 2026 snapshot of the Umler data (the national registry of all railcars operating in the United States). From this, we estimate that approximately 35% of the current US tank car fleet are out-of-compliance DOT-111's, which will need to be upgraded or replaced by federal mandate, possibly as soon as December 2028. Complying with an expedited DOT-111 tank car phaseout could also add significant supply tightness in the months and years ahead by taking further quantities of tank cars out of circulation (see Policy Watch, page 23).

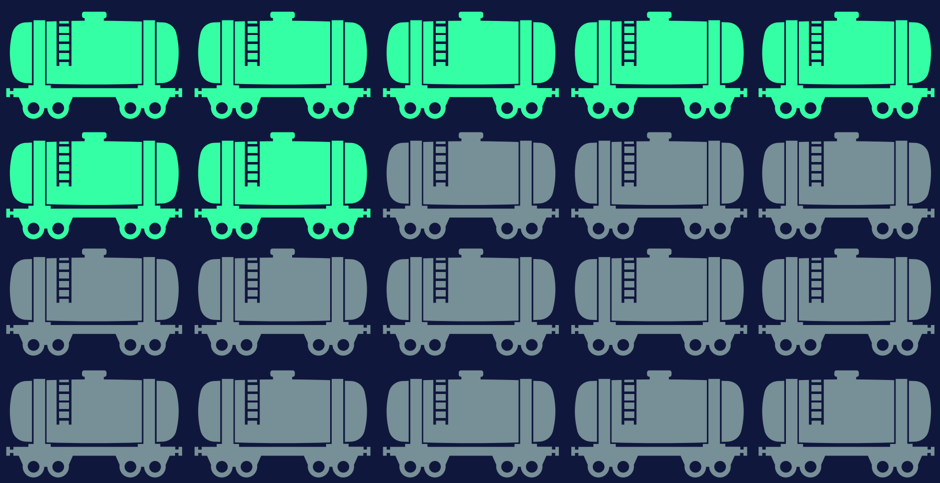
Q3 2026 Volume Forecasts

Chemicals Carloads - Quarterly Forecast vs Prior Years



Inside the Tank Car Fleet Serving Chemical Growth

A third of the fleet is already on the clock, and that clock may be moving up.



35%

of the current US tank car fleet are out-of-compliance DOT-111s that must be upgraded or retired

Q3 2026 Volume Forecasts

Carload: Coal Volumes

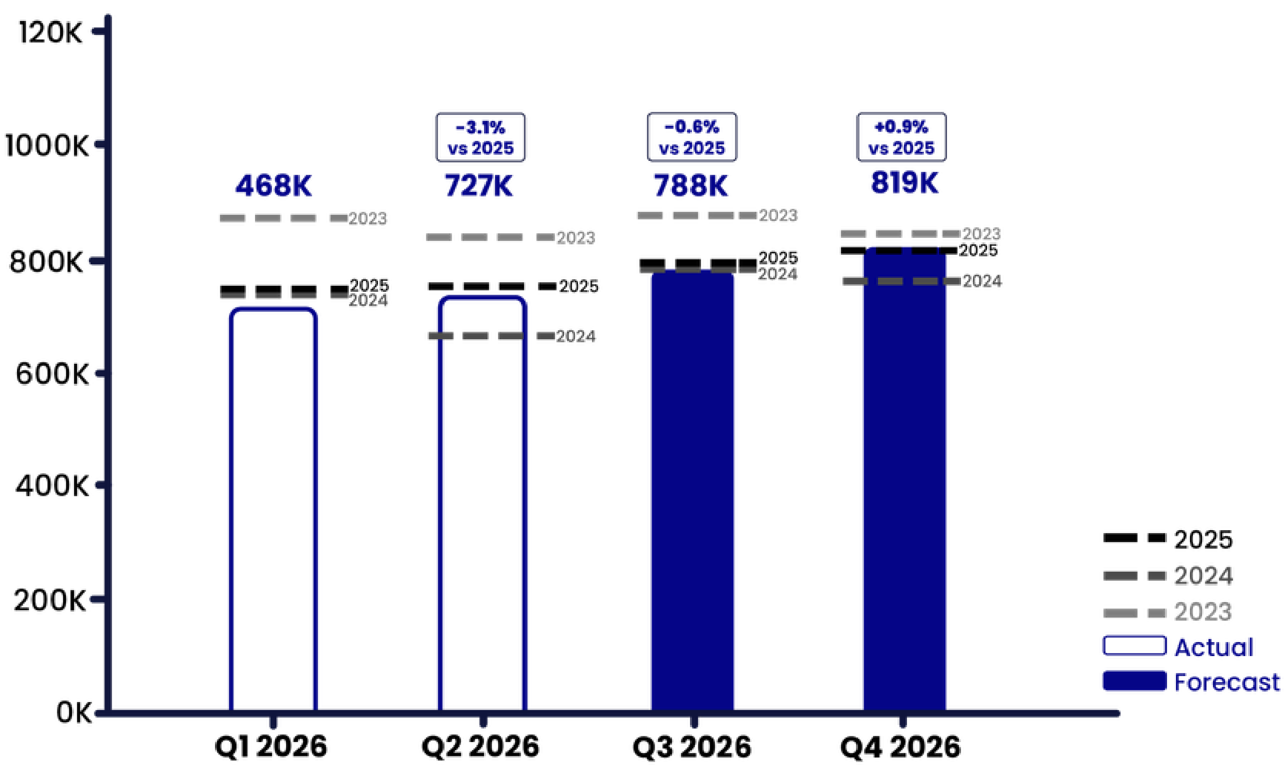
Coal volume predictions were added to our modeling efforts in the last *Market Consist*. Our coal models are constructed with the same basic framework as the others, but lean more heavily on monthly US government reports on monthly coal production and industrial production to enhance their predictions. Since our initial forecast, we have achieved 94% accuracy on a leading three-month basis.

94%

accuracy on a leading three-month basis

For the rest of the year, we forecast a very meaningful change in railborne coal. Compared to last year, we are actually calling for stability and even modest yoy *growth* in national railborne coal volumes: -0.6% in Q3 and *up* 0.9% yoy in Q4. This relative strength is attributed to both global export opportunities opened up by rising energy prices from the war with Iran, as well as some delayed American coal-fired power plant retirements designed to meet growing domestic electrical demand. Although these numbers might appear rather small, this projected reversal of long-term secular decline in coal volumes is striking. (However, please note that while we see Q3 and Q4 posting strong numbers yoy, we are not calling for volumes that exceed levels from all prior comparable years.)

Coal Carloads - Quarterly Forecast vs Prior Years



Q3 2026 Volume Forecasts

Carload: Petroleum Products

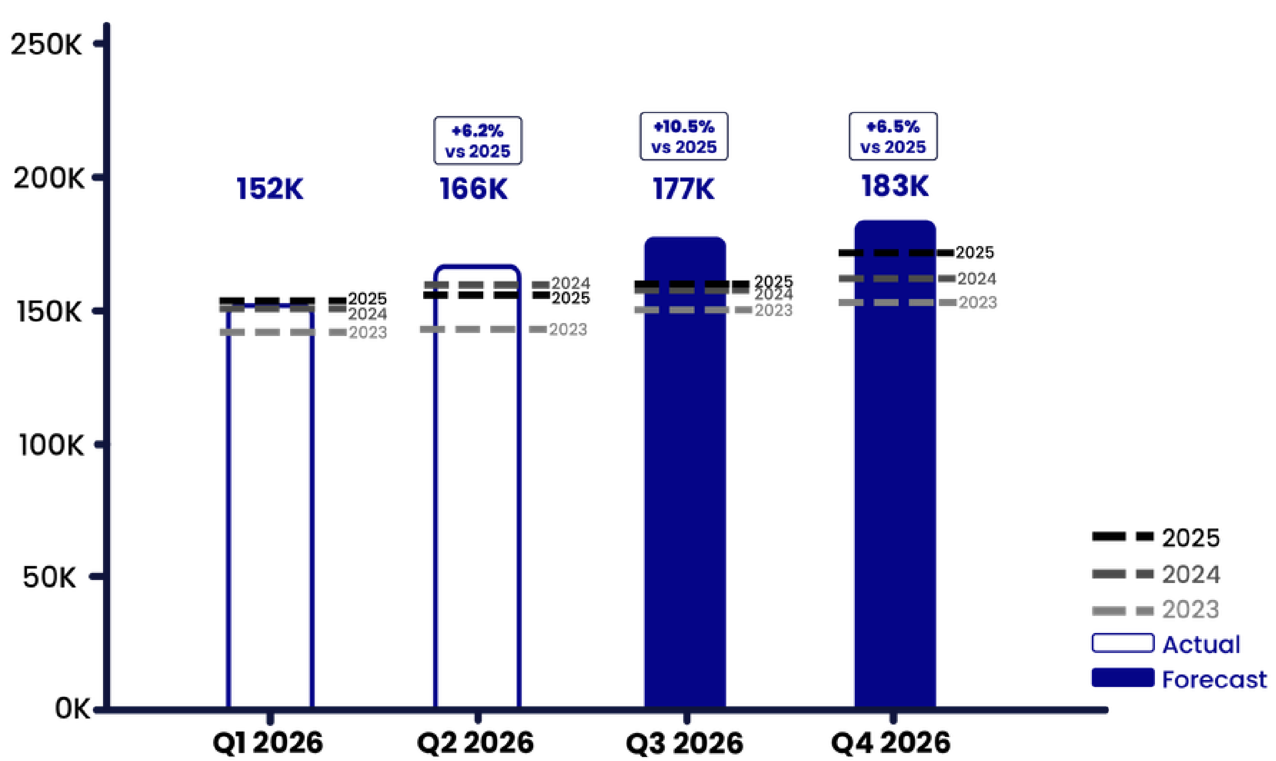
Petroleum products are also a new sector for the *Telegraph Market Consist*. Our railborne petroleum products volume prediction model follows our typical *Market Consist* model development procedure, but leans much more on US commercial natural gas prices, ethanol production, and trade with Mexico as the external inputs that improve our time-series based predictions. Thus far, the model has achieved 95% accuracy on a leading three-month basis.

Looking ahead, we see very strong growth in railborne petroleum products. In large part, this is because higher energy prices boost both this model's exogenous inputs, as well as the new export opportunities for comparatively low-cost American hydrocarbons in the current global energy price environment. Notably, our underlying slightly bearish take on US-Mexico trade for the rest of the year was not proportionate to the global energy tailwinds, resulting in almost 11% expected yoy growth in Q3, and 7% expected growth in Q4.

95%
accuracy on a leading three-month basis

11%
expected yoy growth in Q3 and 7% expected growth in Q4

Petroleum Products Carloads - Quarterly Forecast vs Prior Years



Q3 2026 Volume Forecasts

Intermodal Total

Our intermodal volume forecast considers all domestic and international intermodal volume on the US Class I network. Like other *Telegraph Market Consist* forecasting models, this model also combines historical intermodal volume data with external macro-economic and human-in-the-loop AI intervention to make its predictions. In particular, our intermodal volume leverages sub-model forecasts of the US-China and US-Mexico trade relationship, US food and beverage production, and US industrial production.

For this installment of the *Market Consist*, we maintained our usual accuracy of approximately 97% on a six-month rolling basis and achieved 99% accuracy on a leading three-month basis.

97%

accuracy on a six-month rolling basis

99%

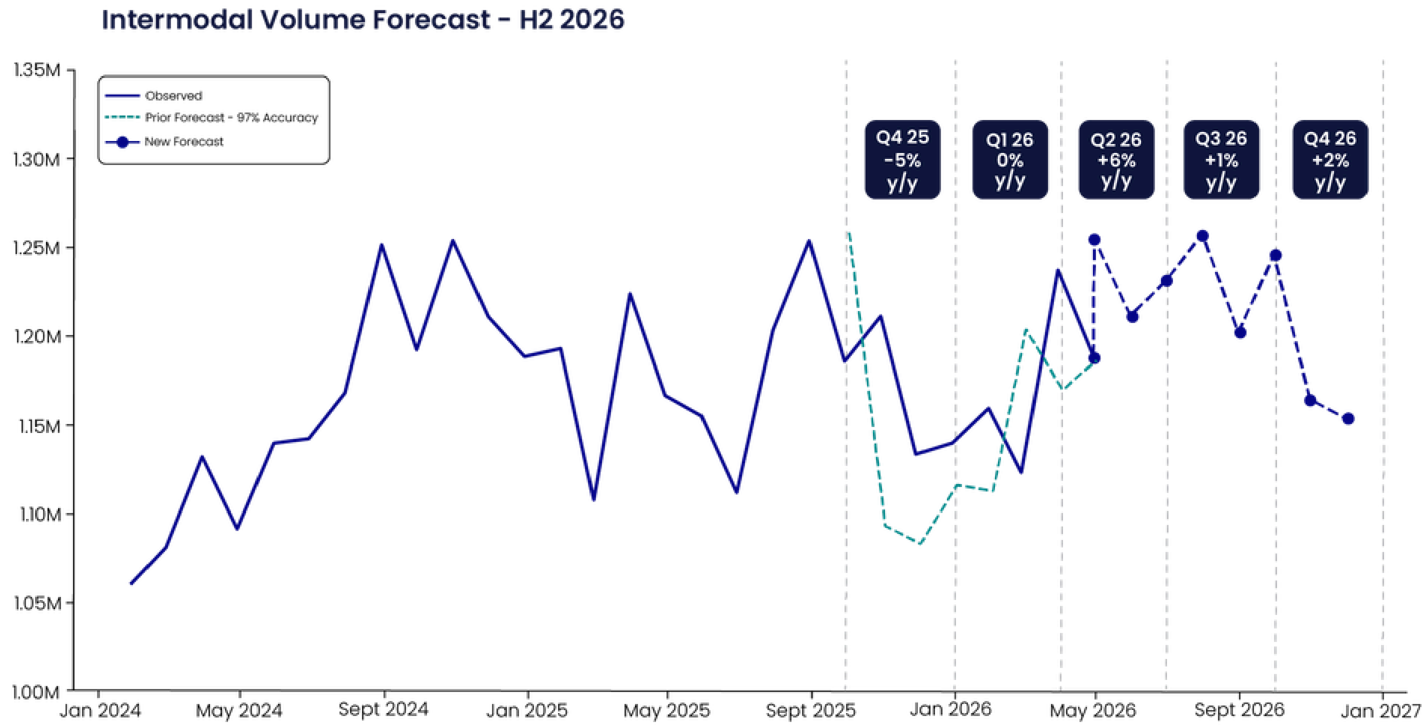
accuracy on a leading three-month basis

Looking ahead, we remain optimistic that, despite the breakdown of USMCA talks this summer, the bilateral relationship between Washington and Mexico City will continue to find its footing.

We are somewhat more bearish on trade with China for the next six months, owing to both ongoing tensions between Washington and Beijing, and also reports from major American seaports that this year's import volumes are out of phase with their usual seasonal cycles owing to this year's trade uncertainty [5]. Our expectations for industrial production (as previously mentioned) are dialed slightly higher than the historical data suggests owing to both building optimism among manufacturers and consumers, and the ongoing US data center buildout.

The resulting picture is one of modest intermodal growth through the rest of the year. We expect 1% yoy intermodal volume growth in Q3 (so roughly on par with last year), and 2% intermodal volume growth in Q4. It is perhaps worth noting a curious reversal of trajectories here: in this installment of the *Telegraph Market Consist*, our modeling puts intermodal on a *slower* volume growth trajectory than carload for the rest of 2026. A notable reversal of roles between the intermodal and carload sectors.

Q3 2026 Volume Forecasts

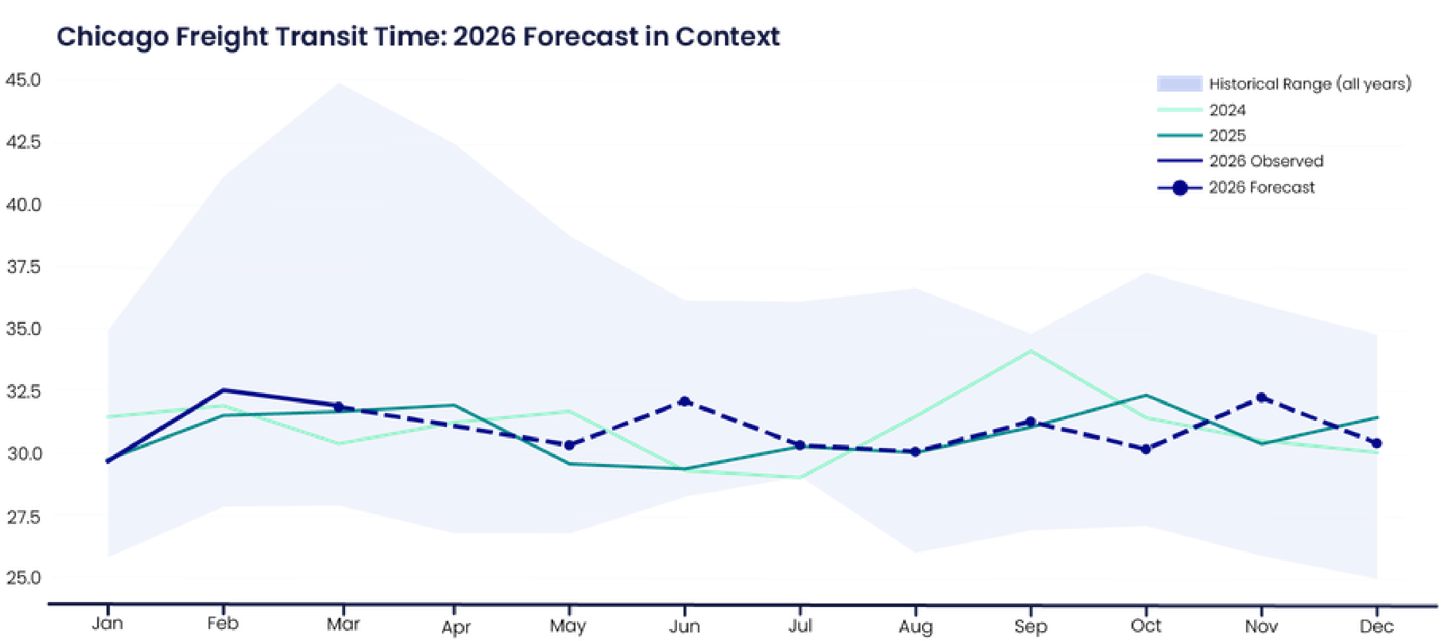


Implications for Shippers: Service and Price

Service

In our view, rising volumes on the American freight rail network invariably lead to slower throughput at our country's largest rail junctions and intersections. Of course, the largest of all of these junctions is in Telegraph's own hometown of Chicago, Illinois. To understand the effects of macroeconomic conditions and railroad volumes on freight rail service, we have maintained a running prediction of service time through the major Chicago railyards.

Inputting this report's projections for growth over the next six months into our Chicago Gateway forecasting model suggests 31-to-32 hour average transit time through Chicago gateway through the end of 2026. For planning purposes, this puts us slightly up from where we were before Q2's single-digit volume growth, but roughly in the middle of where Chicago transit times have averaged over the last two years.



Implications for Shippers: Service and Price

Price Implications

Price discovery is, of course, a function of supply and demand. Accordingly, the growing demand captured in this installment of the *Market Consist* naturally begs the question: *so should rail shippers expect rail rate increases in the second half of the year*? We think they should.

This same question of pricing was broached by transportation equities analysis across all the Q2 2026 earnings calls we listened to in preparation of this report. Investment analysts consistently pushed Class I leadership to characterize the pricing opportunities that the current freight market affords them in the second half of the year. Although railroad leadership dutifully avoided committing to any specific timing and scale for rate increases, their answers and extemporaneous market commentary clearly telegraphed the leverage they feel they will be bringing with them into upcoming rate negotiations with shippers (see Key Earnings Call Quotes, page 22).

Given these comments, as well as the evolving macroeconomic environment, and our own bullish projections for broad-based volume growth, we are looking ahead to 2% to 5% increases across the board for the upcoming fall 2026 bid season. For our own contract prep services, we will be indexing our contributions on *cost avoidance* instead of *rate reductions* for our fall 2026 bid season clients.

2–5%

price increases for the fall 2026 bid season

Key Earnings Call Quotes: Q2 2026

"Customer conversations around pricing continue to evolve alongside a market that is changing rapidly. We are pushing where we can, and where we need to."

JB HUNT

"The opportunity that is still in front of us is price."

JB HUNT

"Our rail providers are all going to be talking with us about cost challenges they're facing. So we're looking for pricing to recover against inflation while also improving our margin a little bit.

JB HUNT

"We expect our same store sales pricing to be stronger this year than it was last year. … The team recognizes the value of the service we provide and they're leaning in, having conversations with customers and continuing to accelerate price.

CSX

"We have seen pricing accelerate in our domestic spot segment."

CSX

"Market dynamics have shifted as we've been in bid season for domestic intermodal this year."

CSX

"We are getting a little bit more price uplift as we move throughout the year. Obviously, the biggest opportunity for us will come as we enter into the next bid season."

UP

"Spot price has been putting pressure upward now for several months. And that's exactly what it takes to drive that contract price, which is longer term, up as well."

NS

"You always need to price based on what the market provides and you can still move the product and win. So that's the way we look at it. If we can price higher because of it, which we have, we're gonna do that. "

UP

"We're solidly in a place where there is upward pressure being applied now on the highway and that will flow through over time into our long-term contracts, as well as our short-term contracts with our intermodal customers, and with others."

NS

"We continue to capture pricing momentum across our book of business"

CPKC

"On pricing, I'm super pleased…. At our investor day, we guided to 3% to 4% over that multi-year plan…Right now, we're probably right in that exact range. We're not taking our foot off the gas there. I expect that to even potentially accelerate as we see what's kind of going on in the trucking space and as we all watch inflation over the coming year. "

CPKC

"We are getting some of that price uplift now. But, the big apple will come in bid season."

UP

Implications for Shippers: Policy Watch

Policy Watch and Forecast Risks

Readers of the *Telegraph Market Consist* are likely already conducting their own periodic scans of domestic and international news that interests them. The short list below highlights a few ongoing developments on our radar that we believe stand to bear significantly on US railroad volumes, prices, and service levels over the next six months.

The 2026 Surface Transportation Bill

The Surface Transportation Bill is a quadrennial Congressional exercise wherein each administration brings its own vision to the large federal bureaucracy that oversees railroads and trucking. Although somewhat prosaic in nature, the Surface Transportation Bill can usher in meaningful changes. As one telling example, trucking's Electronic Logging Device (ELD) mandate came out of the Surface Transportation bill of 2012, which not only impacted the national trucking and rail rates because of its supply-side effect on the driver population, but also ignited the 2000s-era "freighttech" investment boom that made freight visibility platforms possible.

At Telegraph, we have been watching (and frequently reporting on) the ongoing discussions in Congress that are shaping the upcoming 2026 Surface Transportation Bill. As of August 2026, the US House of Representatives has shared its version of the bill, known as the BUILD America 250 Act. BUILD America 250 is very wide-reaching, and approximately 1,000 pages in length, but contains two sections especially relevant to this report's audience, namely:

The 2026 Surface Transportation Bill

§10408
"Rail technology and asset pilot program"
This section proposes new grant funding for investing in freight railcar "telematics or gateway devices" (pg. 865); and specifically prioritizes subsidizing the installation of telematics devices on tank cars. (Note: In the statute, "gateway device" means any hardware or software that, among other things, interconnects telematics and other sensor data across networks – precisely what we are building here at Telegraph).

§10611 "Safer Tank Cars"
This section proposes expediting the phase-out of DOT-111 tank cars from the previously announced May 2029 deadline to December 31 2028 (pending a feasibility investigation from the General Accounting Office). As previously noted, we expect the retrofitting or retirement of the large swath of DOT-111's currently serving in the United States to put meaningful downward pressure on tank car supply, especially if under an expedited timeline.

The current Surface Transportation Bill expires at the end of September. Given that the Senate has yet to share its version, and that Congress has begun its August recess, it appears likely that the expiring Surface Transportation Bill will have to be temporarily extended when Congress returns. This means that we should expect to see the bill in its final, fully-reconciled form, sometime later this fall (at the earliest).

Implications for Shippers: Policy Watch

2026 SURFACE TRANSPORTATION BILL: Where things stand — August 2026

March 2025
Precursor bill introduces the telematics grant idea

2025-Mid 2026
Parallel hearings in the House and Senate

May 2026
House Committee approves BUILD America 250, 62-2

Today
Awaiting House floor vote, no Senate bill yet

What comes next

Date TBD
House floor vote

Date TBD
Senate drafts and votes

After Voting
Chambers merge bills, President signs

Sept 2026
Current law (the IIJA) expires Sept 30, 2026 a short-term extension is the likely near-term outcome if talks run long

As written in the House's text today, two sections carry direct implications for shippers:

§10408 RAIL TECHNOLOGY + ASSET PILOT New grant funding proposed for freight rail telematics and gateway devices	**New funding to offset visibility tech costs** Grants for railcar telematics and gateway devices, with tank cars named the top funding priority. ***What shippers need to know:*** if you lease or own tank cars, this is a real path to subsidized visibility, not just a proposal.
§10611 SAFER TANK CARS Proposed DOT-111 phase out: December 31st, 2028	**Tank car phase-out** The retirement clock may get shorter. DOT-111 phase-out deadline could move from May 2029 to December 2028, pending a GAO feasibility review and Senate agreement. ***What shippers need to know***: if this holds, expect tighter tank car supply sooner than planned. Worth starting retrofit and replacement conversations now.

Policy Watch

USMCA and North American Trade Relations

For years, the US-Mexico-Canada agreement (USMCA) has supported freer trade and predictable trade policy across North America. In July 2026, Washington opted out of multi-year USMCA arrangements and has instead insisted upon revisiting North American trade rules annually. Similarly, later in July, Washington imposed new tariffs on trade with Canada as the already tense relationship between our two countries continued to sour. The North American trade relationship is as unsteady now as it has ever been in recent history.

The important thing for readers of this report is to look out for further deteriorations of North American relations that could ultimately impact cross-border railborne commodities. In particular, this includes forest products and grain trade between the US and Canada, and energy and merchandise trade between the US and Mexico. These are sectors that carry significant volumes on the rail, and may no longer be reliably covered by superseding long-term USMCA protections.

The Fight for and Against Data Centers

Although our market thesis this quarter leaned heavily on policy (“The Washington Hat Trick”), the American data center buildout also remains an important driver of current freight market optimism. So, what happens if our country sours on data centers and this large-scale infrastructure build out stalls? Could that happen?

This is, of course, a real possibility, particularly in an election year. Grassroots movements are fomenting NIMBY opposition to new data center construction across the country. As a result, data centers and energy costs are likely to be part of the national conversation in this November's midterm elections. Candidates running on promises to protect their constituents from future data center developments and associated higher energy prices could gain traction, and in so doing, slow future project development. Readers of this report should look out for local- and state-level announcements like the one from New York State in July 2026 declaring a moratorium on data centers, as harbingers of data center freight demand to come.

References and Notes

References and Technical Notes

1: https://news.constructconnect.com/february-2026-data-center-report-after-record-growth-the-outlook-for-the-year-ahead

2: https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-cost-of-compute-a-7-trillion-dollar-race-to-scale-data-centers#/

3: https://www.transportation.gov/briefing-room/trumps-transportation-secretary-sean-p-duffy-moves-shut-down-hundreds-cdl-mills

4: https://www.transportation.gov/briefing-room/trumps-departments-transportation-homeland-security-team-crack-down-fraud-cdl-schools

5: https://www.supplychaindive.com/news/tariffs-iran-war-prompt-ocean-shippers-to-scrap-tradition/825454/

6: Q2 2026 Public Earnings Calls and SEC filings from: CN, CPKC, CSX, Norfolk Southern, Union Pacific

Note on Forecasting Methods

Quantitative forecasts developed using the Federal Reserve of St. Louis economic data, Surface Transportation Board railroad data, and Seasonal Auto-Regressive Integrated Moving Average with Exogenous Variables (SARIMAX) forecast formulations. Exogenous inputs into the carload and intermodal SARIMAX forecasts were first independently forecast using Auto-Regressive Moving Average (ARIMA) forecast formulations, and then modified where necessary to capture our expectations of anomalous future behavior (i.e. political developments).

If you have any questions regarding our forecast, please reach out to us at research@telegraph.io.

About the Author:

David Correll is the Director of Freight Market Intelligence at Telegraph. He has spent two decades in transportation and logistics with the US Department of Transportation, the US Department of Energy, the Massachusetts Institute of Technology, and Clark University. David brings his many experiences – and a little bit of wit – to help us break down some of the more nuanced challenges and opportunities facing American rail transportation.

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