

# RAILROAD WEEK IN REVIEW

June 27, 2025

*“CSX reports a major milestone on the Blue Ridge Subdivision less than nine months after Hurricane Helene took out roughly 60 miles of line. Seven new spans are now in place across the Nolichucky River at Poplar Bridge, a critical juncture on a line that annually handles some 14 million gross tons.” — CSX presser, June 12*

*“Duration Capital Partners has made a minority equity investment of more than \$600 million in Watco Companies, a leading transportation service and logistics company. Proceeds from the investment will be [partially]used to support Watco’s assuming full ownership of Industrial Rail Services, which operates the rail assets at six Dow Chemical facilities in the U.S. and Canada. The result will be Watco having 100% ownership of these assets.” — Watco presser, June 17*

*“Short lines are high-impact businesses in underserved areas. They are job creators, safety multipliers, and sustainability drivers. But to remain viable and competitive, we need reliable, accessible infrastructure funding, with CRISI at its core, a modern regulatory approach rooted in performance, not outdated prescriptions, and the flexibility to innovate, test, and deploy new technologies—safely and efficiently,” — Peter Gilbertson, President & CEO, Anacostia Rail Holdings, testimony to Senate Commerce Subcommittee on Surface Transportation, Freight, Pipelines and Safety, June 17*

**The AAR carloads** for Week 24 (ending June 14) show revenue units dipping slightly compared to the prior-year period but realizing a modest gain through 2025’s first 24 weeks, the AAR reported June 18. As usual, intermodal leads the pack — they count containers, not carload equivalents. For that, a useful rule-of thumb is to divide intermodal units by 1.7, about 153,000 carloads.

It’s encouraging to see more green than red in the year -to-date versus 2024 column. Coal is the big gainer, but I don’t think we can count on that lasting very long as nat gas prices drop below \$4/mm BTU and now it looks like nukes are coming back. I am reading that there are mini-nukes that can simply be dropped into an existing coal-fired plant so you have all the wiring and transmission hardware in place already.

Ag products appear to be holding their own (grain, farm products) but the slope on the metals curve shows industrial production still lagging, as we have seen in the ISM/ manufacturing reports. Recall that an index number of 50 represents the break between contraction and expansion.

**U.S. Rail Traffic<sup>1</sup>**  
**Week 24, 2025 – Ended June 14, 2025**

	This Week		Year-To-Date		
	Cars	vs 2024	Cumulative	Avg/wk <sup>2</sup>	vs 2024
<b>Total Carloads</b>	<b>224,851</b>	<b>1.0%</b>	<b>5,250,685</b>	<b>218,779</b>	<b>2.5%</b>
Chemicals	32,894	-0.7%	793,405	33,059	1.8%
Coal	59,027	5.3%	1,374,271	57,261	7.0%
Farm Products excl. Grain, and Food	16,817	3.8%	406,572	16,941	2.7%
Forest Products	8,194	0.5%	197,847	8,244	-1.0%
Grain	19,767	3.2%	506,810	21,117	4.8%
Metallic Ores and Metals	20,668	-2.6%	459,270	19,136	-3.1%
Motor Vehicles and Parts	17,460	2.0%	365,298	15,221	-0.6%
Nonmetallic Minerals	31,016	-0.3%	687,618	28,651	0.1%
Petroleum and Petroleum Products	10,294	-6.8%	243,978	10,166	-1.2%
Other	8,714	-7.8%	215,616	8,984	4.4%
<b>Total Intermodal Units</b>	<b>260,959</b>	<b>-3.5%</b>	<b>6,459,459</b>	<b>269,144</b>	<b>5.7%</b>
<b>Total Traffic</b>	<b>485,810</b>	<b>-1.5%</b>	<b>11,710,144</b>	<b>487,923</b>	<b>4.2%</b>

<sup>1</sup> Excludes U.S. operations of CPKC, CN and GMXT.

<sup>2</sup> Average per week figures may not sum to totals as a result of independent rounding.

**Trends, 2025 vs 2024**  
**United States**

The May ISM/manufacturing number came in at 48.5, down from 48.7 in April — marking the fourth consecutive month in contraction territory. Of note, only 7 out of 18 industries reported growth, down from 11 in April, and the New Orders Index edged up slightly to 47.6 from 47.2. Thus the manufacturing sector is still softening, with readings slightly down and showing little signs of imminent improvement.

**In the same vein**, Scott Group, lead rail analyst at NYC’s Wolfe Research, shows in his 50-page deck of transportation charts (*Group Thoughts*, June 23) that, even though the AAR Week 24 numbers are not all that robust, YTD 2025 there have been four months showing increases in total rail volumes, with Feb and June the only deltas in the red for the six North American Class Is.

Volume level rates of change by commodity group improved in chemicals, petroleum products, (crude oil plus refined), and minerals including aggregates. BNSF led the pack in rates of change in the number of revenue units handled 2023-2025 to date. Scott shows graphically the 2022 nat gas prices leading to a 15-year low in 2024 before accelerating to the recent \$4 highs. Finally, Scott comps train speeds for the six North American Class Is and they’ve been stuck in a rut since 2020. Helps explain the ho-hum volumes delta we’ve been seeing.

**Duration Capital Partners** has made a minority equity investment of more than \$600 million in Watco Companies, a leading transportation service and logistics company. This cash infusion provides a timely opportunity to revisit the scope of Watco's operations.

The company currently operates 45 short lines spanning nearly 30 states, managing more than 8,000 miles of track (owned and leased). It serves several thousand customers and moves roughly 500,000 carloads annually. Watco's reach extends well beyond rail, with some 70 transload and marine terminals, 15+ mechanical shops and mobile units, 33 industrial switching sites, and a growing portfolio of storage-in-transit yards and warehousing facilities — all integral to Watco's role as a full-spectrum logistics provider.

A portion of the proceeds will fund Watco's acquisition of Industrial Rail Services, a switching services provider. The balance strengthens Watco's ability to invest in its core rail network, expand value-added services, and pursue new industrial partnerships — moves well aligned with Duration's infrastructure-focused mandate and Watco's customer-first strategy.

Dan Smith, CEO of Watco, says, "This investment from Duration is not just capital—it's a long-term vote of confidence in our people, our strategy, and our future. We're grateful for their trust and energized by the opportunity to continue to grow with our customers."

Proceeds from the investment will be used to support Watco's long-term strategic objectives — including full ownership of Industrial Rail Services (above), now in charge of the rail assets at six Dow Chemical facilities in the U.S. and Canada.

"The team at Duration shares our commitment to long-term thinking and operational excellence. Together, we've navigated several important initiatives over the years, and this expanded partnership positions us for continued success," added Rick Baden, Executive Vice President and CFO of Watco. "The two firms have partnered on multiple transactions since 2018, building a long-term relationship based on aligned values and a shared commitment to investing in essential transportation infrastructure."

WIR takes its annual July 4 holiday next week. Bills in the knuckle, two toots, and away we go.

*The Railroad Week in Review, a compendium of railroad industry news, analysis, and comment, is sent as a PDF via e-mail 50 weeks a year. Individual subscriptions and subs for short lines with less than \$12 million annual revenue are \$175. Corporate subscriptions for Class I railroads and short line/regional operators with more than \$12 million annual revenue are \$600 per year. To subscribe, click on the Week in Review tab at [www.rblanchard.com](http://www.rblanchard.com). © 2025 Roy Blanchard*