

CHART OF THE WEEK

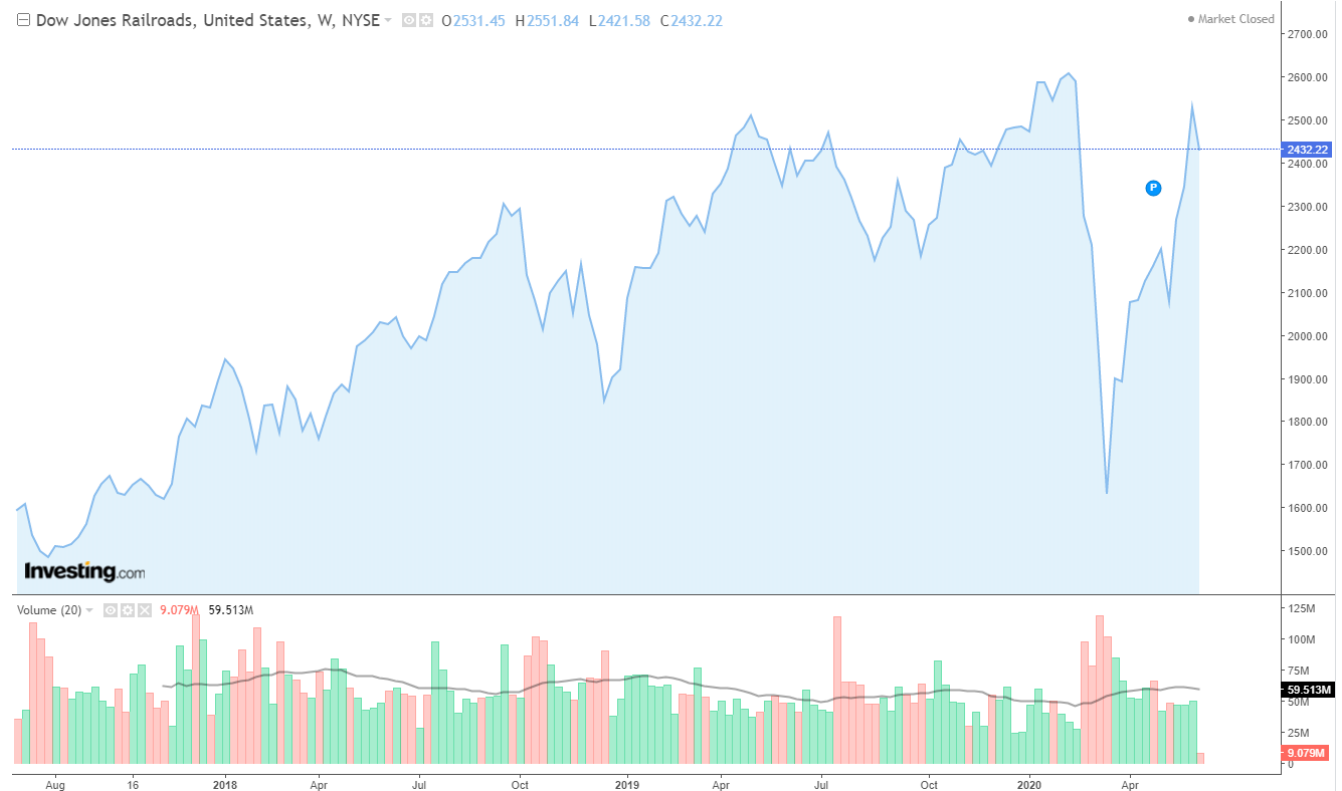
June 11, 2020

RIDING THE RAILS

For the past several weeks, we have been observing the “battle” between the stock market and economic data. Our Chart of the Week captures the essence of this tug-of-war in a vivid way.

The chart to the right depicts the performance of the railroad industry, as measured by the Dow Jones U.S. Railroads Index. After a sharp decline in March and an almost equally sharp rally in April and May, we see this index once again approaching its high-water mark.

While the stock market seems to have experienced a V-shaped recovery, it appears the real economy may still have considerable ground to cover before it catches up. The graph on the next page reflects this reality.



Source: <https://www.investing.com/indices/dj-railroads-chart> (click full screen icon, 3y time range)

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THE GOODS

Rail traffic for the week ending June 6, 2020 was down significantly from the same week in 2019. The comparable year-to-date numbers are down, as well. Given that roughly 40% of goods in the U.S. are shipped via rail,¹ the statistics shown indicate a continuation of serious underlying economic strain.

So, the question remains. Is the recovery in U.S. stocks proportional to a pending economic recovery, or will there be a retreat somewhere along the way as equity markets adjust downward due to sustained economic weakness? Time will tell.

We encourage you to stay focused on your financial goals. We will continue to monitor market and economic trends and keep you and your advisor informed accordingly.

U.S. Rail Traffic¹

Week 23, 2020 – Ended June 6, 2020

	This Week		Year-To-Date		
	Cars	vs 2019	Cumulative	Avg/wk ²	vs 2019
Total Carloads	192,494	-22.0%	4,906,251	213,315	-15.1%
Chemicals	27,902	-13.8%	714,051	31,046	-4.0%
Coal	48,689	-32.1%	1,319,838	57,384	-26.3%
Farm Products excl. Grain, and Food	14,793	-3.5%	348,166	15,138	-3.0%
Forest Products	8,632	-9.5%	214,962	9,346	-6.1%
Grain	21,026	-0.9%	475,778	20,686	-5.8%
Metallic Ores and Metals	13,393	-40.3%	427,388	18,582	-14.5%
Motor Vehicles and Parts	9,365	-40.5%	233,984	10,173	-37.8%
Nonmetallic Minerals	30,109	-14.2%	686,899	29,865	-10.0%
Petroleum and Petroleum Products	9,672	-27.6%	267,105	11,613	-8.9%
Other	8,913	-11.9%	218,080	9,482	1.4%
Total Intermodal Units	240,677	-9.6%	5,427,307	235,970	-11.2%
Total Traffic	433,171	-15.6%	10,333,558	449,285	-13.1%

¹ Excludes U.S. operations of Canadian Pacific, CN and GMXT.

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

Source: <https://www.aar.org/wp-content/uploads/2020/06/2020-06-10-railtraffic.pdf>

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Kevin Churchill
CFA®, CFP®
Chief Investment Officer

¹ <https://railroads.dot.gov/rail-network-development/freight-rail/freight-rail-overview>

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