



# Specializing in Rail Transportation Solutions

We are a railcar and locomotive operating lessor, broker, rail consultant and transportation manager with a tactical and boutique approach to providing rail transportation solutions.

## Tealinc Touchbase Newsletter – August 2018

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We have mill gondolas and open top hoppers available

Julie Mink to represent Tealinc at the NEARS Fall Meeting

### Tealinc Featured Equipment - Mill Gondolas and Open Top Hoppers

Looking for rail equipment but not sure what equipment is right for your move?

Our versatile 52' mill gondolas are suitable for loading multiple commodities including but not limited to steel pipe, scrap metal, aggregate, ballast, ties, rip-rap, maintenance of way equipment, etc. while our open top hoppers allow for quick and easy loading and unloading of heavy bulk commodities that are not affected by the weather.

Not sure if a gondola or an open top hopper is right for you. Check out the comparison chart to the right or contact Tealinc direct.

#### GONDOLAS VERSUS OPEN-TOP HOPPERS

COMPARATIVE ITEMS	GONDOLA	OPEN-TOP HOPPER
Track space	Requires only enough track to accommodate railcars	Requires two times the railcar length to accommodate pull through of cars over pit or trestle
Optimal track design	Loading – loop track Unloading – ladder track	Loading – loop track Unloading – loop track
Unloading time	8 to 10 railcars per hour	15 to 20 railcars per hour
Additional equipment	Railcar topper or excavator Truck	Trestle or pit Conveyor Loader
Direct to jobsite	Car topper/excavator to truck	Conveyor/loader to truck
Stack out	Truck to pile	Conveyor to pile
Railcar unload operator requirements (minimum)	Skilled	Unskilled
Railcar body damage	Possible	Unlikely
Capital expenditure items loading railcars	Overhead loadout/conveyor Front end loader Track	Overhead loadout/conveyor Front end loader Track
Capital expenditure items unloading railcars	Excavator or car topper Trucks Track	Conveyor Possibly trucks 2x track
Operating expense items unloading railcars	Fuel, electricity, 2x labor, 2x repairs, 2 to 3x railcar repairs	Fuel, electricity, labor, repairs, railcar repairs

Source: Tealinc Ltd.

Contact Tealinc today for pricing options, availability and to set up an inspection.

### Industry Events – NEARS Meeting

The 2018 annual North East Association of Rail Shippers (NEARS) meeting will be held in Westchester, New York on September 25<sup>th</sup>-27<sup>th</sup>. Julie Mink will be representing Tealinc at the fall meeting.

Contact Julie Mink direct to line up a meeting.



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**Obtaining railroad access to ship product**

**Obtaining access to rail tends to be long drawn out process; having a well thought out plan and team is a great start**

### The Edge with Darell Luther



Have you ever tried to obtain access to a railroad to ship your products only to be met with multiple road blocks? If so, we should compare stories! Where do you start... that's the real question?

This story begins with a shipper who was new to rail and had never shipped a railcar in their 32 years in the minerals industry. On the shipper side, I worked with a company executive who was responsible for many large geological projects, environmental assessment and reclamation, skilled at working with governmental agencies, excellent at managing large and small project development and was a state planning commissioner for environmental regulations, Additionally, he is very well educated both practically and professionally. He's also been very successful at building companies and having other larger corporations take interest in and successfully buy him out. To put it bluntly, he's got his stuff exceptionally well figured out and all was going well... and then he started down the path of wanting to ship minerals by rail. His market demand has him focused on moving minerals from the West to Midwest to get processed and as soon as he got involved with the railroad, the ship-by-rail project got stalled out on the tracks. That's when he called Tealinc this past November.

We discussed what he wanted to do. He wanted to move about 25,000 tons of product a year from point A to point B and set up the situation so that there could be several other destinations added that would support growth of up to 75,000 tons of product annually. He had done a good job of getting his team assembled he had including establishing departments in finance, mining, truck transport, business development, etc. He was also developing his mine site in conjunction with trying to understand the transportation network requirements and finalizing the purchase agreement with the customer at the delivery point. In reviewing the plan, it was



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**A good industrial development rep at the railroad is key in the process**

**Components of infrastructure include railcars, railcar movers, track upkeep and repair, loading and unloading operations, and stock pile management**

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evident it was well thought out. The mine plan was in place, all permits were complete, a trucking plan was in place for the movement of minerals from mine to rail, the miner was the same company that was going to load the railcars and land was leased to have a stockpile always available at the railhead sufficient to load ten railcars at three days a week in an expeditious manner. Working with him has been an absolute joy as he's a serial entrepreneur who obviously knows how to get things done, is intelligent and easy to deal with, is decisive and a good business person and he understands the languid pace we're operating at.

My experience both on the Class I side of things and from a consultants perspective has led me down this path countless times and I'd been clear to warn him up front that shipping by rail can be a long drawn out process. The first step was identification of the site location and ensuring that it fits within the rail world to see how points A (origin) and point B (destination) fit and while doing so keeping in mind the plan for the additional business growth. It looked like it would be a nice Class I Railroad move from origin to destination, no interchanges, no switches to shortlines or intermediate carriers. In other words, it should be a straightforward process. I went and looked at the origin site, which was literally two hours east of the middle of nowhere. It had four existing tracks all of which would work for a loading operation for up to 10 and 60 cars at a time depending on the track selected. It looks like the operation will work and thus begins the railroad process with the Class I. At this point I'm thinking we'll knock this out in a few months and they'll be on their way Voilà another satisfied customer and value created by Tealinc!

To get started, I first work to get a good contact. As per usual when working with a Class I, my first point of contact is found through the internet by identifying the Class I suggested marketing and sales representative for that geographical area (surprisingly that went well). I reached a live body with only a few days of wait time (incredible!). That person immediately hooked me up with an industrial



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**Our process is usually to start with putting together a cost model.**

**We factor in infrastructure components required to make the operations run, such items as railcars, railcar movers, track upkeep and repair, loading operations, unloading operations, stock pile management, etc.**

development person whom turned out to be a real champion. At this point we had two things to accomplish: 1) Secure a loading track and 2) Obtain rates that were competitive enough to allow the product to move via rail.

Our process is usually to start with putting together a cost model. We factor in infrastructure components required to make the operations run, such items as railcars, railcar movers, track upkeep and repair, loading operations, unloading operations, stock pile management, etc. When we got to the rate side we inquired through the original sales person who took the request to a marketing person that sets the rates. BAM! We hit our first disconnect. Seems as if this mineral is not commonly shipped via rail and was getting lumped in with a larger group that was a more readily available mineral. The resulting rates were not in the same league as required to move our mineral and we'd end up having to truck several thousand tons. We had to go back to the railroad and explain our situation and why we really wanted to rail our product since it was close to a 1500-mile haul. We needed rail to grow volumes and a rate more suited to the type of commodity that would work for them. After lengthy discussions, we obtained a rail rate that was not great, but acceptable. By this time it was February, and in the meantime we were working on getting a track identified to lease and checking on whether we needed to lease some railroad land to set up our loading operations.

Our Class I industrial development person had been working in the background (this person is a real customer champion) on track and land leases. We reviewed our loading requirements, physical capabilities requirements for railcars and a stock pile and selected track #3 (remember there are 4 tracks available). We communicated this to the industrial development specialist who went to work on our request. By now we've flipped the calendar to April and another road block. After further high level Class I examination, confusion on use of the track/sharing of track got in the way. Following several very lengthy discussions and additional research on our part, we agreed to use a separate track instead even though there



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**It's a good time to remind you to be as flexible and creative as possible. Your ability to help you team and the railroad think outside the box can make a difference in getting access to rail and not.**

were some overhead structure concerns that would be difficult (but not impossible) to work around. It's a good time to remind you to be as flexible and creative as possible. Your ability to help you team and the railroad think outside the box can make a difference in getting access to rail and not. The next step was to get operations review since they would also have a few concerns on the set up and our operations plan. We met with three representatives from the railroad in charge of operations at the loading site ( a local representative, a district representative and a regional representative.) All pretty high up within the operations world for this railroad. June has approached, and we looked at the site layout and the operations people proposed a slightly different plan where we'd use track #3 to load and then switch those loads to track #1 and lace the air on the cars and have them ready to go for the local service. We also agreed to switch the two other customers in that complex essentially building the block for the railroad. It was to everyone's benefit. It gave our group more room, got the other two customers whose volume was erratic and small into the process and kept everyone out of each-others way- a good plan!

As the calendar flipped to July, and the railroad field operations folks sent their plan to headquarters for final review and approval. In the meantime we are starting to change our operating plan to fit with what we had all agreed upon in the field. We then communicated with our industrial development person, who told us the operations plan was met with a resounding no. After months of planning, rearranging, reorganizing, rethinking and reimaging, we'd gotten a "No". Ugh, a very frustrating time! We had to start all over. The impediments on track #1 were going to be very difficult to overcome and we really did not like that alternative, so we asked if we could simplify the situation by using track #4. We know the current customer of track #4 very well and they comfortable sharing their track with us. This time we went back to the industrial development person and after providing a detailed review of how we were going to operate from mine to stockpile to railcars to providing our own switching to load cars she agreed to help



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**It's been a very thorough process built with some resistance and negotiating with the railroad that we understand quite well and in the end we've reached success and created tremendous value for our client**

us attempt to get track #4 as it is now our best alternative. Following several discussions and paperwork we had an executed agreement with the other customer of track #4 and that paperwork satisfied the railroad.

By this time, August had arrived and with the change came a slight change in our shipment plans. Growth would be more restricted due to the limited track space but we agree we've done what is necessary to get shipments by rail on the right track and we'll go back to the drawing board when growth starts to occur. During this entire process we were coordinating rail equipment and railcar mover inspections, leases and working with the miner/loader to be sure we match the timing with our end user requirements. Additionally, the end use customer had some internal issues with unloading that could not be immediately overcome so we also had to coordinated a trans-load location to utilize for the near term.

We've now got an intricate and developed plan in place and we are finally ready to start shipping. The track lease is signed, the railcars will be enroute soon and the mining is in process generating the stockpile at the loadout.

It's been a very thorough process built with some resistance and negotiating with the railroad that we understand quite well and in the end we've reached success and created tremendous value for our client. Some lessons to share from this process include:

- If someone in the railroad really wants your business and will try to champion your cause, they'll learn the commodity, shipment patterns, loading requirements, operations issues and go to bat for you. Finding this type of railroad representative can be difficult but to succeed you must find that someone and work tirelessly with him/her
- If you do not have the volume to do a track build out or are an existing customer, the railroad is a very difficult organization to navigate within.
- Until you get to headquarters you are not dealing with the final decision



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**Railroads really want your business but they have not figured out how to decrease the cost and anguish of entry**

**Having someone who understands what incentivizes the railroad, how to keep all of the moving parts flexible and how to plan for the unforeseen truly gets the job done**

**Tealinc assists customers with shipping via rail- [contact us today, we'd like to assist you!](#)**

maker. Your railroad rep may help champion your cause but they don't have the final authority to approve the plan. Stay flexible!

- Railroads really want your business but they have not figured out how to decrease the cost and anguish of entry. If you have sufficient spreads in your product or volumes to justify spending millions of dollars in track build outs and infrastructures they get easier to deal with but if you only ship a few tens of thousands of products, you will have a tough go of it.
- There is a myriad of issues you will face and must navigate through. Some are valid, many are noise in the system. Regardless of which they are you still must give them your attention.
- Be ready to explain more than you think necessary to your railroad rep. That person needs to know your business well in order to be able to help you.
- Make no undocumented assumptions.

We have been doing projects like this for 15 years and personally I have 30 years in this industry (10 years of that time working for Class I railroads). I have always found that for the smaller rail shipper (or want to be rail shipper) that has less than a few hundred thousand tons of product to ship has more challenges than one can typically imagine, afford or overcome. Having someone who understands what incentivizes the railroad, how to keep all of the moving parts flexible and how to plan for the unforeseen truly gets the job done. Additionally, there are champions at all levels within the railroad industry. Find these people and let them help you navigate the system. We look forward to earning your business!

*Darell Luther is the founder and CEO of Tealinc, Ltd. You may contact Darell directly in his office at (406) 347-5237 or via email at [darell@tealinc.com](mailto:darell@tealinc.com).*



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Reduce track hazards

Railcar inspections are full of the unexpected obstacles

Always used the 3 point contact method when climbing a railcar

### Mechanical Brief with Steve Christian



I try to make a habit of writing my monthly articles about current issues I have dealt with. Lately, I have been conducting several railcar inspections at very challenging locations. While some of this is just my whining about my miserable experiences, there is a point to all this that pertains directly to the owners and employees of the land and track. First I will describe my recent inspection experiences (along with some limited whining). Lastly I will tie it all together to try to make a point that is relevant to everyone that has railroad tracks.

My first inspection location was in the South. The railcars I inspected were covered with Kudzu, the invasive plant species was introduced into the US from Asia in the late 19<sup>th</sup> century. It has been spreading in the South ever since. I remember a family trip when I was a kid... a *few* years ago! We drove through the deep south and saw trees being smothered with it. Power poles and wires were being pulled down by the thick vine. I read that cutting it and spraying herbicide only seems to set it back momentarily.

The Kudzu around these cars was wrapped around couplers, handbrakes, side frames and truck bolsters. The vine was using railcar ladders as a trellis to climb up the cars. Looking inside the cars I saw the vine coming up through the drain holes and crawling down the railcar bottom tubs. It was difficult to even walk by these cars. The vines were so dangerous that I fell and slipped a few times. At least the abundance of foliage of the Kudzu cushioned the fall. Climbing side ladders is made difficult when your hands and feet are competing with the vine for space on the ladder. As always, I used the 3 Point Contact method when climbing cars. I was told that the location where these cars were located was getting an herbicide aerial spray the following week. Now you know why I don't gamble. They said that it would wither and die but would return. I wonder how long it



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**Pay close attention to your surroundings so you do not stumble and fall**

**Some of my worst inspections led to learning valuable lessons- thick vegetation should be removed before performing a proper inspection of a railcar**

**Tracks and the surrounding area need to be properly maintained so that it does not turn into a hazardous working environment for rail employees and guests**

would be before the return.

Another location that I had a memorable inspection experience was in the high plains. The storage tracks were laid out on the prairie with no provision made for water drainage and the dirt had a large clay content. For the last couple of weeks, that area had received a lot of heavy rains and the ground around the tracks was soaked and very slippery. Luckily, I had a four-wheel drive vehicle that slogged through the muck and gunk to get me close to the cars; however, I still had to walk, stoop, crawl and climb around the cars. I did have one slip that left a large black and blue bruise on my thigh. Because the footing was so poor, my attention was split between keeping my balance and concentrating on the inspection.

The latest inspection will rank as one of the worst I have had over the years. It took place on a storage track just outside a small Midwest town. Prior to traveling to the inspection, I viewed several photos that showed the very same cars at the same location in early spring of this year taken by another individual. The cars were on a clear stretch of track. There were volunteer elms on each side of the cars but no foliage yet. A drainage ditch was close to the track and the corn fields were not yet planted. I thought this would be a low stress inspection where I could get a good look at the railcars (boy was I wrong!). The fields near the tracks were full of corn that was taller than me and the ditches were full of weeds. It was evident that the track had been sprayed with an herbicide. It was nice and clear right up to where the cars were located but not where the cars were sitting. It is evident that they had failed to move the cars to spray the “right of way” where the cars were spotted. All along the cars there was a thick blanket of weeds with lots of thorns and vines. The weeds were not as thick as the Kudzu I encountered in the South, but the added element of the thorns made this inspection true misery for me. Like the Kudzu they grew up to the cars and attached runners to the wheels and trucks. The thick vegetation was also an attraction for a variety of flying and crawling insects. I had several bug bites on my arms, legs and face. I did expect a tick of



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**Providing good access to track sites will allow inspectors to focus on providing a thorough inspection report rather than having to divert their attention to track safety**

two to hitch a ride on me, but I was pleasantly surprised at I found no ticks.

What is the point to all of this? Even though I was a guest on these properties and expect some level of inconvenience, this was beyond an inconvenience. In this crazy litigious world we live in there were way too much risk of personal injury on their property. The employees (car inspectors, switch crews, car repairmen, track workers, etc.) of the companies that own those tracks must deal with the very same hazards I endured. In addition to the risk of injury, it is difficult to perform any duties to the best of your abilities when you are constantly worried about tripping, slipping, getting eaten up by insects and getting stuck by thorns.

I suggest that it is just good business to provide good access to visitors and employees to your track sites. When you are preoccupied by the threat of hazards it is hard to do a good job. It would only take one accident and the resulting claim to pay for making conditions better for all.

As always, Tealinc stands ready to employ our many years of experience and varied talents in the railroad industry to work for you.

*Steve Christian is the Manager Value Creation-Operations for Tealinc, Ltd. You may contact Steve directly in his Colorado office at (719) 358-9212 or via email at [steve@tealinc.com](mailto:steve@tealinc.com).*

### Railroad Traffic

The Association of American Railroads (AAR) today [August 1, 2018] reported U.S. rail traffic for the week ending July 28, 2018, as well as volumes for July 2018. U.S. railroads originated 1,048,293 carloads in July 2018, up 3.5 percent, or 35,208 carloads, from July 2017. U.S. railroads also originated 1,108,142 containers and trailers in July 2018, up 6.9 percent, or 71,782 units, from the same month last year. Combined U.S. carload and intermodal originations in July 2018 were 2,156,435, up

**July 2018 carloads up 3.5% compared to July 2017**



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**Grain, petroleum & petroleum products, chemicals up July 2018 compared to same period last year**

**“July saw especially strong gains in commodities related to the energy sector – and also in categories tied to consumer spending, including automotive and intermodal traffic.” – John T Gray, AAR Senior VP of Policy and Economics**

5.2 percent, or 106,990 carloads and intermodal units from July 2017.

In July 2018, 15 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with July 2017. These included: grain, up 12,066 carloads or 14.7 percent; petroleum & petroleum products, up 9,661 carloads or 27 percent; and chemicals, up 5,649 carloads or 4.6 percent. Commodities that saw declines in July 2018 from July 2017 included: coal, down 9,313 carloads or 2.7 percent; nonmetallic minerals, down 2,917 carloads or 15.6 percent; and metallic ores, down 592 carloads or 2.3 percent.

“Rail traffic continues to reflect the strength of the U.S. economy across all major industry sectors, with 15 of the 20 commodity categories we track having higher carloads in July 2018 than in July 2017” said AAR Senior Vice President of Policy and Economics John T. Gray. “July saw especially strong gains in commodities related to the energy sector – and also in categories tied to consumer spending, including automotive and intermodal traffic. Still of concern, though, is the potential negative impacts that could result from the ongoing discussions around trade.”

Excluding coal, carloads were up 44,521 carloads, or 6.7 percent, in July 2018 from July 2017. Excluding coal and grain, carloads were up 32,455 carloads, or 5.5 percent.

Total U.S. carload traffic for the first seven months of 2018 was 7,795,707 carloads, up 1.6 percent, or 122,377 carloads, from the same period last year; and 8,261,699 intermodal units, up 6.1 percent, or 477,415 containers and trailers, from last year. Total combined U.S. traffic for the first 30 weeks of 2018 was 16,057,406 carloads and intermodal units, an increase of 3.9 percent compared to last year.

Visit the AAR at: <https://www.aar.org/news/rail-traffic-for-july-and-the-week-ending-july-28-2018/>



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**Pulp problems: Why shoppers may pay more for tissues, toilet paper**

**Proctor & Gamble already announced a 5% average price increase for three of their brands**

**Price of hardwood pulp has surged by 60% since late 2016 while the price of softwood pulp increased by 21% during that same period**

### Industrial Inside

CHICAGO/LONDON (Reuters) - With toilet roll and tissues swept up in an escalating international trade row, it's not just Procter & Gamble's (PG.N) Charmin that's going to get the squeeze. Higher prices in the wake of possible tariffs would exacerbate what is already mounting pressure on consumer product company profits from soaring costs from pulp, a main ingredient in tissues, diapers and sanitary towels.

P&G, the purveyor of Charmin toilet paper, Bounty towels and Puffs tissues, said on Tuesday [July 30, 2018] that it had recently begun notifying retailers of a 5-percent average price increase on all three brands. The company said it had also started rolling out an average 4-percent price increase on Pampers diapers in North America. Kimberly-Clark (KMB.N) raised prices on Kleenex and other tissue products around the world by 2 percent in the most recent quarter, while cutting its full-year profit forecast.

Pulp, made from wood chips or recycled paper, is the only component in many tissue products, and is part of most diapers and pads. As many as 1,000 rolls of toilet paper can be made from the pulp of one eucalyptus tree.

The price of hardwood pulp, an ingredient in tissues and toilet paper, has surged by about 60 percent since late 2016, according to the Pulp and Paper Products Council, which tracks prices based on global customs data. The price of softwood pulp, used in diapers and sanitary pads, jumped by 21 percent during that period.

"They have to raise prices – if you're paying 21 percent more for softwood pulp and 60 more for hardwood, you have to pass that price on to someone or you're just not going to be able to stay in business," said Arnaud Franco, senior analyst at the council.



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**China is the world's biggest and fastest-growing consumer of pulp**

**Trade battles are only further complicating the matters**

Demand from China, the world's biggest and fastest-growing consumer of pulp, is at the heart of the global shortfall. Pulp prices were at an all-time low in 2016, weakened by China's slowing economy. A pick-up in economic momentum in 2017 spurred higher demand for hard and softwood pulp, which the market could not meet due to a few large mills closing unexpectedly.

Additionally, in an effort to shed its role as the main recycler of the world's waste, China only imported 7.1 million tons of waste paper in the first half of 2018, down 52 percent from last year. Its ban on imported, unsorted mixed recycled paper came into effect December 31, leaving the Chinese in sudden need of large quantities of recovered pulp, used in packaging.

Trade battles are further complicating matters. Canada levied tariffs on \$575 million worth of U.S. tissue, toilet paper and paper towel exports earlier this year as part of its trade dispute with the United States.

Industry executives worry that tariffs from China could be next on the horizon, if the United States goes through with a threat to tax a further \$200 billion of Chinese imports. If China reacted in kind, and placed tariffs on a similar amount of U.S. imports, that would cover about \$2.4 billion worth of U.S. paper and pulp exports to China, said Jake Handelsman, senior director of international trade at the American Forest & Paper Association.

"China is a very important market for our industry," said Handelsman. "This is definitely not welcome news."

Read the entire article at: <https://www.reuters.com/article/us-usa-trade-pulp-focus/pulp-problems-why-shoppers-may-pay-more-for-tissues-toilet-paper-idUSKBN1KL116>



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# Specializing in Rail Transportation Solutions

We are a railcar and locomotive operating lessor, broker, rail consultant and transportation manager with a tactical and boutique approach to providing rail transportation solutions.

## Tealinc Touchbase Newsletter – August 2018

**The Federal Reserve is holding interest rates steady, for now**

**Due to a solid economy and fewer Americans out of work, Feds indicated little deviation from its current plans to raise rates at least two more times this year**

### Financial Focus

The unanimous statement by policy makers under Fed Chairman Jerome Powell came at end of a two-day meeting in Washington. The decision had been expected, and the Fed indicated little deviation from its current plans to raise rates at least two more times this year, citing a solid economy with fewer Americans out of work. It has also penciled in three more rate hikes in 2019 in an effort to keep the economy from overheating.

"Job gains have been strong, on average, in recent months, and the unemployment rate has stayed low," according to the Federal Open Market Committee's statement. "Household spending and business fixed investment have grown strongly," it said. The federal funds rate, which helps determine rates for mortgages, credit cards and other borrowing, remained at a range of 1.75% to 2%.

The signal to stay on course comes amid public criticism by President Donald Trump of the Fed's decision to raise interest rates and escalating trade tensions between the United States and China.

The world's two largest trading partners are at an impasse in the trade spat, with both sides threatening new tariffs. Powell has said the trade tensions lend "considerable uncertainty" to the central bank's calculus.

"There's no precedent for these broad trade discussions," Powell told senators last month at a hearing. "It's hard to know how this is going to turn out."

The Fed chief has said lower tariffs could be a good thing for the US economy, while also noting that higher tariffs would not only "be bad for our economy" but others', too."



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**US economy on solid ground with a historically low unemployment rate and the wage growth is starting to pick up**

**CN publishes 'Grain Plan' for next crop year**

The US economy is on solid ground. The unemployment rate is historically low, wage growth is starting to pick up and inflation is finally at the level the Fed considers healthy for the economy. The Fed has raised its key interest rate twice this year, most recently in June.

Policy makers kept to their overall forecast of the economy by once again saying, risks appear "roughly balanced." Central bankers will offer a more detailed economic forecast when they meet in September.

Powell in July offered a strong endorsement of the Fed's plan to keep raising rates this year. Investors have clung to two words uttered by the Fed Chair -- "for now" - - as a signal central bankers could pivot should the economic outlook become shaky.

Wall Street analysts anticipated this month's committee's statement wouldn't be dramatically different. Investors often search for hints to predict future plans by policy makers. "There's not going to be a dramatic change in the statement because they don't want to commit themselves to accelerating the pace of rate increases, but they want to prepare markets for the possibility [of an additional rate hike]," said James Kahn, a former vice president of the Federal Reserve Bank of New York and economics professor at Yeshiva University.

Learn more at:<https://money.cnn.com/2018/08/01/news/economy/federal-reserve-august-meeting/index.html>

### Railroad & Policy Updates

The following update was sent from the Canadian National Railway to its customers and is important for rail users to be aware of.

**Spring 2018:** The entire CN team remains focused on quickly improving the movement of the wide range of our customers' goods. We are taking immediate



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## Tealinc Touchbase Newsletter – August 2018

**CN taking immediate action to clear freight traffic backlog and restore rail service levels**

steps to clear freight traffic backlogs and restore rail service levels.

### Immediate operational actions to relieve and manage congestion in Western Canada

- Temporarily restricting the flow of railcars to gain fluidity and speed, particularly between Edmonton and Winnipeg. For example:
  - Tightly controlling empty CN rail car flows into Western Canada from other parts of CN's network.
  - Managing flow for frac sand orders to avoid further congestion.
  - Returning empty propane cars from short-term staging locations in controlled fashion to Western Canada.
  - A 24/7 situation room of cross functional teams at our Network Operations Centre in Edmonton to review critical customer issues and to prioritize rail car movements.
  - Deploying qualified company officers into Western Canada to help run trains and move customer traffic.
  - Offering incentives for key operating employees to delay retirement and postpone vacations, and for recently-retired operating employees to return to work.

**Medium and longer term steps to maintain improved operational and service levels are in place**

### Medium- and longer-term steps to maintain improved operational and service levels

- In the second half of 2018, taking delivery of the first 60 new locomotives of our recent 200-unit order.
- Investing over \$250 million this spring and summer to build new tracks and yard capacity to efficiently handle more traffic. Work includes:
  - Between Edmonton and Winnipeg: Five stretches of double track in eastern Alberta and Saskatchewan along CN's mainline across the Prairies.
  - Alberta: A new long section of double track west of Edmonton on CN's mainline corridor to B.C. and the West Coast and new yard capacity in the



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## Tealinc Touchbase Newsletter – August 2018

**CN will continue to invest for the long term in line with the economic outlook to meet the growing demands of their customers**

- Edmonton area.
- Manitoba: Yard capacity improvements.
- Additional passing sidings allow trains moving in opposite directions to operate faster through the corridor.
  - Northern B.C.: Four additional train sidings and two siding extensions for long trains on corridor between Prince Rupert, B.C. and Jasper, Alberta.
  - Edmonton to Vancouver corridor: A siding extension north of Kamloops.
- CN will continue to invest for the long term in line with the economic outlook to meet the growing demands of our freight customer

Read the entire article: <https://www.cn.ca/en/your-industry/grain/western-canada-operations-update/>

**Tealinc, Ltd.** is dedicated to creating value for our customers. We specialize in Rail Transportation Solutions by buying, selling, leasing, consulting and managing rolling stock fleets and locomotive assets with our customers’ long term and short-term requirements in mind. We participate in nearly every industry supported by rail; sell, lease and purchase nearly every type of freight railcar, and provide management and consulting services to both novice and experienced rail shippers.

*We look forward to earning your business!*



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