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UMLER: A national freight car database that contains codes for internal and external dimensions, carrying capacities, and equipment weight.

Changes to extend railcar life postponed until April 2006.

[View Available Railcars](#)

Railroad Updates

BNSF Railway Company announced that carload customers now can also obtain instantaneous interline prices at bnsf.com for shipments originating on BNSF and terminating on the Canadian Pacific Railway and Norfolk Southern Railway.

From bnsf.com, customers can review transportation prices for most general merchandise carload commodities from all BNSF origins to any destination served by CSX Transportation and some of its affiliated shortlines, the Canadian National Railway Company, the Canadian Pacific Railway and Norfolk Southern Railway.

The availability of this information is part of a freight rail industry technology initiative to make interline carload pricing easier to use, more efficient and timelier for customers.

To obtain a price, visit www.bnsf.com for more information.

Railinc's UMLER to Undergo Changes in 2006

UMLER (Universal Machine Language Equipment Register), Railinc's national database of equipment dimensions and features, will undergo changes in early 2006. The AAR's Umler committee is overseeing a multi-year redesign to expand the system's accessibility and improve Umler's overall data accuracy. The project is called Equipment Management Information System project (EMIS).

New functionality coming on-line February 26, 2006 will affect anyone who reports:

- Air brake tests (SCABT), Locomotive FRA inspections or the application of retro-reflective material on railway rolling stock.

[Visit Railinc for further details.](#)

AAR Updates

As mentioned in our **[December](#)** issue, the FRA and AAR have proposed changes to the Rule 88 which would extend car life up to 65 years to become effective January 1, 2006. Although comments received were largely supportive, the Arbitration and Rules Committee felt it needed additional time to consider affects of these changes.

As such, the assistance of the Equipment Engineering Committee has been sought to resolve the remaining issues. It is expected that the changes for Increased Life Status in Rule 88 be reconciled for an April 1, 2006 implementation date.

We will keep you posted when decisions are reached as they will greatly affect they life and service availability of all railcars.

2005- Record breaking for Intermodal traffic.

Lumber and wood products, crushed stone, sand and gravel up; metallic ores, nonmetallic minerals, motor vehicles and equipment down.

Lumber production up 3.4% the first 11 months of 2005 compared to the same time last year

Railroad Traffic

Three weeks prior to the end of 2005, the Association of American Railroads reported that Intermodal traffic on U.S. railroads set an annual record when Intermodal volume reached 11,058,012 trailers or containers during week 49 (the week ending December 10), breaking the record established last year when railroads moved 10,993,662 units over 52 weeks. This year's volume was also 6.0 percent higher than the 49 week total for last year.

During the week ending December 10, intermodal volume totaled 237,801 trailers or containers, 0.9 percent above the comparable week last year.

Carload freight, which doesn't include the intermodal data, was down 7.2 percent from the comparable week last year. Loadings were down 9.4 percent in the West and 4.6 percent in the East. Total volume was estimated at 32.3 billion ton-miles, down 5.8 percent from last year. Volume during the week was affected by heavy storms in some parts of the country.

Four of 19 carload commodity groups were up from last year, with lumber and wood products up 6.7 percent and crushed stone, sand and gravel up 2.6 percent. Sharp decreases were reported in loadings metallic ores, down 22.5 percent; nonmetallic minerals, down 20.2 percent; and motor vehicles and equipment, down 15.6 percent.

Cumulative volume for the first 49 weeks of 2005 was up 0.7 percent from 2004 while trailers or containers were up 6.0 percent. Total volume was up 2.2 percent from last year with an estimated 1.60 trillion ton-miles.

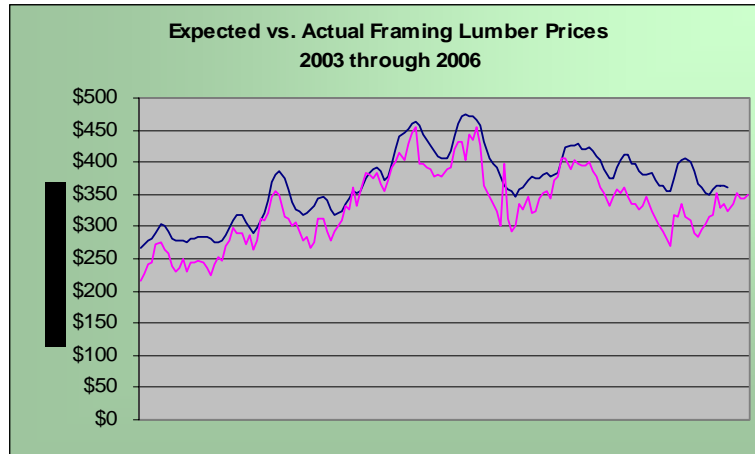
[Click here](#) to read the entire article

Industrial Inside

During 2004, forecasters warned that a cooling off period could be expected in the housing market making industries brace for a harsh 2005. Despite 2005's higher interest rates and the most violent hurricane season in U.S. record, the housing market continues to shrug off reports of its demise and show continued strength.

Thanks in part to the 2 million homes forecasted to be constructed during 2005; the lumber industry will use more than 27 billion board feet of lumber. Remodeling and home repairs have also generated the rise in lumber use setting a Western lumber market record high of more than 20 billion board feet used. Western lumber production totaled 17.968 billion board feet during the first 11 months of 2005, up 3.4% from the same period last year. Output in the Coast region was up 7.2% this year, while Inland output fell 2.1%. WWPA estimates lumber demand will climb to 63.6 billion board feet in 2005, an increase of 3 percent from last year's record of 61.8 billion board feet. It will be the fourth consecutive all-time high for lumber demand.

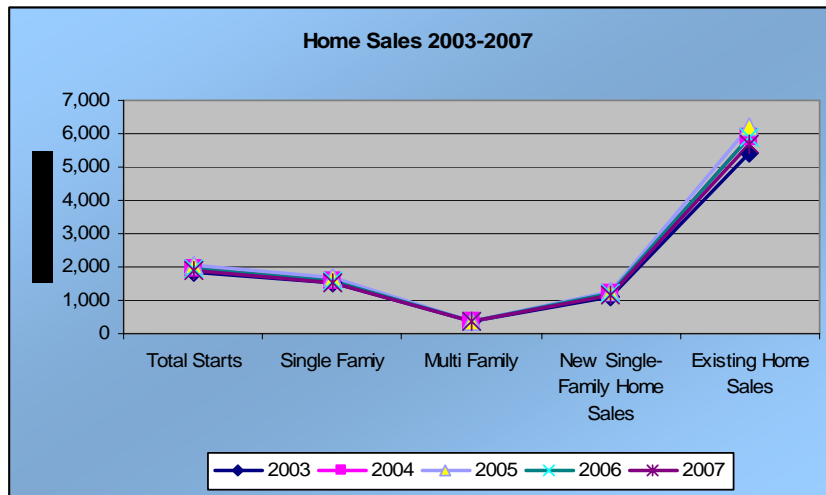
2005 monthly highs and lows still set record year for single-family housing sales



In November, the U.S. Commerce Department reported that the housing starts nationwide rebounded from an October setback, increasing by 5.3 percent to a seasonally adjusted annual rate of 2.123 million units; 17.5 percent above a year ago while single-family housing starts rose 4.8 percent to 1.808 million units for the month, matching the record set last February. Single-family starts were up by 7.5 percent on a year-to-date basis, easily on pace to surpass last year's record-setting activity.

“Measures of housing affordability have deteriorated in recent months, but economic fundamentals are still quite solid,” said NAHB Chief Economist David Seiders. “2005 will be a record year for single-family housing and the second best year for total housing starts, exceeded only in 1972 when multifamily production surged.”

Home sales expected to slow during 2006, 2007



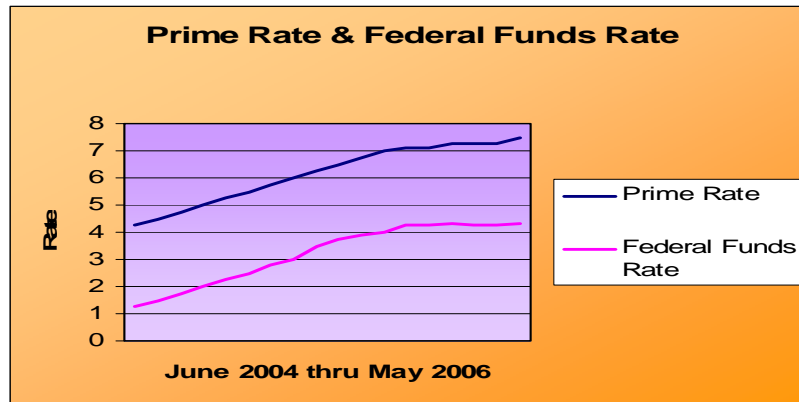
Lower lumber consumption still highest on record

On the gloomy side, forecast for the nation's 100 largest markets done by Economy.com and *Fortune* magazine found tougher times ahead in many markets, with 16 percent of markets expected to see home values decline in 2006, and nearly 30 percent to lose ground over the next two years. Overall, home values are forecasted at posting a modest 7 percent gain in prices in 2006 and flat prices in 2007. Housing starts are predicted to slip 6.7 percent to 1.91 million units in 2006. Slower home construction is expected to reduce Western lumber demand by 2 percent to 62.4 billion board feet but 2006 is still expected to be an excellent year for demand as consumption volume is expected to be the second highest on record.

We'll continue to update you on the housing market as it affects many top industries.

Financial Focus

The Federal Reserve implemented another quarter-point increase in short-term interest rates at the Dec. 13 meeting of the Federal Open Market Committee (FOMC), raising the federal funds rate to 4.25% and the bank prime rate to 7.25%.



The adjustment to short rates was in line with market expectations, and the really big news was contained in the public statement issued by the FOMC. The statement no longer characterized monetary policy as “accommodative,” and there was no commitment to an ongoing “measured pace” of monetary tightening. This presumably means that the Fed feels monetary policy is close to “neutral.”

A quarter-point rate increase at the next FOMC meeting (Jan. 31), followed by a lengthy period of policy stability under the incoming chairman Ben Bernanke is expected.

[Click here](#) to read the entire article

Current federal funds rate at 4.25%; bank prime rate at 7.25%

Expect quarter-point increases by February

The Edge

Now is the time of year when everyone gets reprieve or blessings from 2005 performance and a new start to make their goals and objectives for the New Year. Corporate hopes, plans and goals abound with “stretch” opportunities, alignments, re-alignments, focus, re-focus and high expectations for 2006. So far it looks like we’re all in the same boat!

Following are what we see as a few of the more pertinent areas to put in the mix for 2006.

SERVICE: This area will continue to lead the pack in importance in 2006. Service makes or breaks a company’s ability to perform for its customers. Railroads and government entities continue to track railroad performance because it is so important to the Nations economy. A helpful website is www.railroadpm.org. This site tracks all Class I performance of Cars on Line (by car type), Train Speed and Terminal Dwell time. These items can be matched to your shipping car type and lanes to give you a correlation of how the track is doing in your specific lane.

It is also helpful to look at a particular Class I website (pick the ones that you ship on most). These websites will give you maintenance schedules by rail segment, commodity notifications from each business unit and other helpful information. (Visit our News & Education section for

appropriate links.) These sites are also beneficial when preplanning. For example, if you know a particular lane is going to have a maintenance-of-way curfew, scheduling shipments around the curfew may help you meet your customers requirements. These sites can help you realize what railroads are doing (or planning to do) and can help you plan your delivery capabilities. Whether it's fair or not, railroads are pushing back their surge requirements to shippers and receivers.

In 2006, look for revised demurrage and continuous enhancements to e-commerce requirements to make smoother physical and paperwork transactions. As a shipper and a receiver it makes sense to take stock of your situation. Do you have adequate track space? Can you classify cars for a railroad? Do you communicate transaction documents via ecommerce? Are your load-outs timely and billing accurate? Do you manage your accessorial requirements such as weighing of railcars, providing customs forms and clearances, obtaining timely commodity weights and measures, etc?

STRATEGIC ALIGNMENT: As the pace of business continues to accelerate, transportation moves from a purchased service to a strategic requirement. It is necessary for companies to become more strategically aligned to better understand transportation requirements. Transitioning from the transportation plan to taking orders for railcars and trucks and integrating transportation planning into your business plan will play a key role in your ability to succeed in 2006.

EXECUTION & FEEDBACK: Execution is something we all do, some well some not so well. The results of execution, good or bad, may not always be within our control (just because it was good or bad doesn't mean we had complete control over the situation). However, in most companies ones ability to execute is thought to be completely out of our control (let's blame someone else) or totally within our control (let's blame someone).

Ironically, most companies don't have sufficient measures that provide unbiased feedback. We believe that world class companies have or are working toward continued refinement of feedback systems to unbiased identification of barriers. When an unbiased barrier is identified, e.g. not enough track space for production, ten hours of work for an eight hour shift, not enough switches from the railroad, etc. intelligent decisions can then be made. We encourage the unbiased approach that focuses on problems and fixing them. If you're curious, look up the Deming or Crosby (authors) books on Quality.

2006 – AN OVERVIEW OF THE INDUSTRY: We look for service to continue to be a challenge, railcars and industrial switch locomotives to continue to be in short supply, component suppliers and railcar builders to have significant backlogs, railroads to be more selective on traffic requirements and to continue to push up prices for transportation and accessorial items. We also see a continuance of sufficient capital on the street to make for a robust year.

We look forward to earning your business!

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