AlixPartners

SUPPLY CHAIN MARKET UPDATE

North America and Europe

July 2026

KEY TRENDS AND CHALLENGES IN U.S. SUPPLY CHAIN MANAGEMENT

1

TRANSPACIFIC OCEAN RATES CLIMB INTO JULY AS FRONTLOADED IMPORTS OUTPACE NEW CAPACITY

- Drewry's Shanghai–Los Angeles spot rate reached $6,482 per 40-foot container on July 9, about 42% above its June 4 level, while Shanghai–New York held near $7,904, with no clear downward correction yet
- Retailers are front-loading holiday inventory from China, though Reuters describes underlying U.S. demand as only normal-to-soft, raising the risk of softer volumes later in the third quarter
- Carriers are adding capacity, with offered space up about 6% week over week to both U.S. coasts in early July, but roughly 46 blank (cancelled) sailings expected between July 13 and August 16 keep effective capacity tight

2

TRUCKLOAD SPOT RATES OVERTAKE CONTRACT RATES, DRIVEN BY TIGHTENING CAPACITY

- Truckload capacity has tightened sharply, pushing dry van and refrigerated (reefer) spot rates above contract rates for the first time since 2022, with linehaul rates up 16-20% YoY
- Regulatory enforcement, carrier exits, and a shortage of qualified drivers, rather than stronger demand, are constraining capacity and keeping load rejections elevated
- Flatbed remains the strongest segment, supported by infrastructure, power-grid, and data-center investment, with rates near record highs

3

AIR FREIGHT RATES HOLD HIGH, UP 38% YOY AS AI DEMAND GROWS

- The global average air freight spot rate held at $3.40/kg in June, flat versus May but up 38% YoY, on elevated fuel costs and strong demand
- Air cargo demand rose 7% YoY in June as artificial intelligence (AI) component and semiconductor shipments offset weakness in e-commerce
- Capacity grew just 3% YoY, lagging demand and lifting the global dynamic load factor three points to 62%

Sources: Drewry, Reuters, Freight Waves, DAT, AlixPartners analysis

FEATURED ARTICLE

Key insights on resilience, technology, and organizational change

ACCESS THIS ARTICLE FOR MORE DETAILS HERE

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In the room, the response was unanimous. When the moderator asked conference attendees, "How many of you have experienced a significant supply chain disruption in the last 12 months due to geopolitical or market volatility?" all hands shot up.

Then came the follow-up: "Does finance approve the investments you need to address those issues?" This time, all hands came down.

The responses of the Reuters Supply Chain USA 2026 attendees may be consistent with your own experience. The waves of disruptions seem never-ending, yet the resources required to handle them are limited. In addition to this constraint, your sales team is demanding that you service and retain all customers.

The truth is that not all problems are solved by financial investment. Instead of viewing your supply chain as a cost center to optimize, see it as an existential business challenge that demands a completely new playbook, one that is flexible and resilient. Gone are the days when the supply chain team followed a well-trodden path: reducing costs, increasing efficiency, predicting demand, and locking in prices. Those organizations that are prepared for the future are building supply chains that can bend without breaking and cultivating a culture that can thrive amid constant disruption. They recognize that three themes for practical shifts shared by conference speakers and panelists are critical to creating the resilience playbook. Here is a simple definition of resilience to keep in mind as we review the themes: doing good when things around you are bad.

CONTENT SUMMARY

- **Resilient supply chains prioritize speed over perfection.** Leading organizations are making decisions with "good enough" data (75–80% confidence) rather than waiting for perfect information, allowing them to respond faster to disruptions and market volatility
- **AI delivers value when applied to specific supply chain problems.** The article emphasizes using AI for targeted use cases such as demand forecasting, scenario modeling, and supplier-risk detection. Successful companies focus on measurable ROI, maintain human oversight, and build governance processes around AI adoption
- **Technology alone is not enough — organizational adaptability is critical.** Companies that succeed in volatile environments invest in change management, cross-functional collaboration, and workforce upskilling. The strongest supply chains combine agile decision-making, practical AI adoption, and teams that understand both the operational and financial impact of their actions

FREIGHT COSTS

Freight costs remain elevated heading into Q3 as tight capacity lifts ocean, air, and truckload rates

	OCEAN FREIGHT	AIR FREIGHT	TRUCKING	PARCEL	WAREHOUSING
Recent cost trend	→	→	↗	→	→
Short-term forecast	→	→	↗	→	→

WHAT IS MOST IMPORTANT TO KNOW?

- **Ocean: spot rates surging into the Q3 peak** — Drewry's Shanghai–LA hit $6,482/40ft on July 9 (~42% above early June); ~46 blank sailings through mid-August keep supply tight
- **Air freight: AI demand keeping rates high** — Global spot held at $3.40/kg in June (flat MoM, +38% YoY); capacity up just +3% YoY, though Transatlantic eases on summer belly space
- **Truckload: supply-led tightening** — spot topped contract for the first time since 2022 (linehaul +16–20% YoY); further tightening likely into peak season, with flatbed strongest
- **Rail: intermodal winning share as the low-cost hedge** — Carloads +2.3%, intermodal +6.7% YoY for the quarter; volumes should keep rising into Q3 as truck capacity stays tight
- **Parcel: competitive pricing pressure** — Amazon Shipping quoting up to 30% below UPS and FedEx and DHL rebounding (Q2 revenue +10%); carriers pushing premium and cold-chain to defend yields

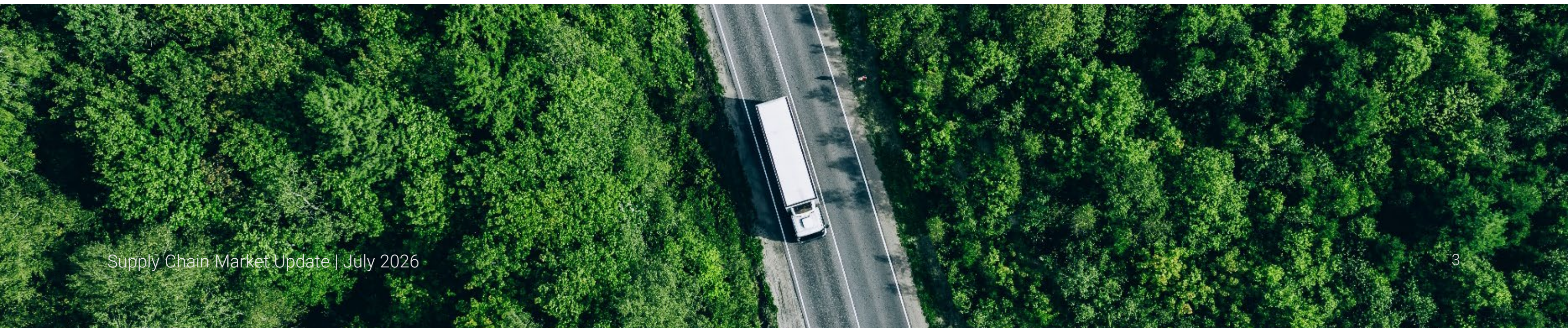
WHAT ACTIONS CAN WE TAKE?

- Lock in carrier commitments before peak season — Use the current surcharge-driven rate environment to negotiate fixed-rate contracts with preferred carriers while capacity is still available but tightening
- Stress-test inventory and sourcing plans against tariff pause expiry — Model the impact of tariffs reverting to 145% after the 90-day window and identify alternative sourcing to reduce China dependency

Accelerate tariff impact analysis and freight plan optimization

- Develop comprehensive mitigation strategies for trade policy volatility, including dual-sourcing and nearshoring options
- Use tools like AlixPartners Global Trade Optimizer (GTO) to rapidly assess tariff impacts and optimize sourcing in this dynamic environment

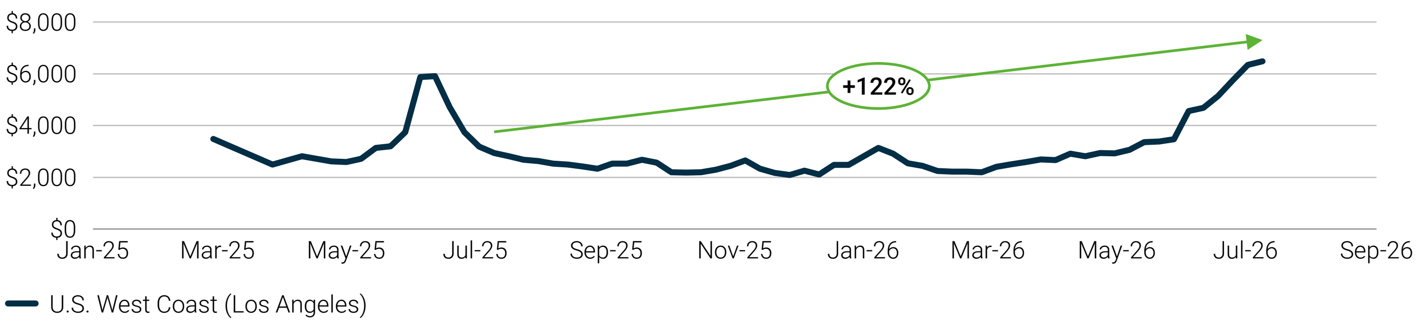
Source: AlixPartners analysis



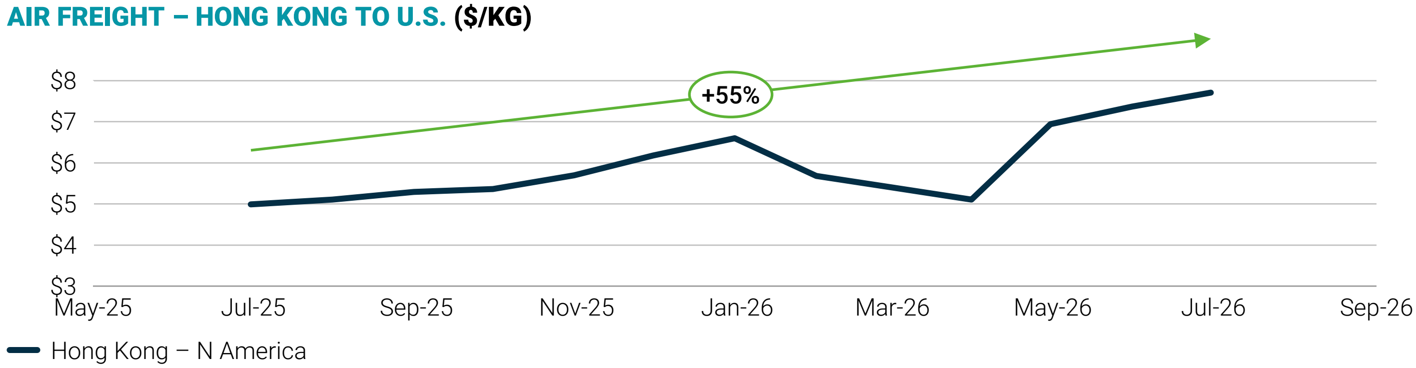
FREIGHT TRENDS

China – U.S. container rates remain sharply elevated; trucking rates squeezed by capacity

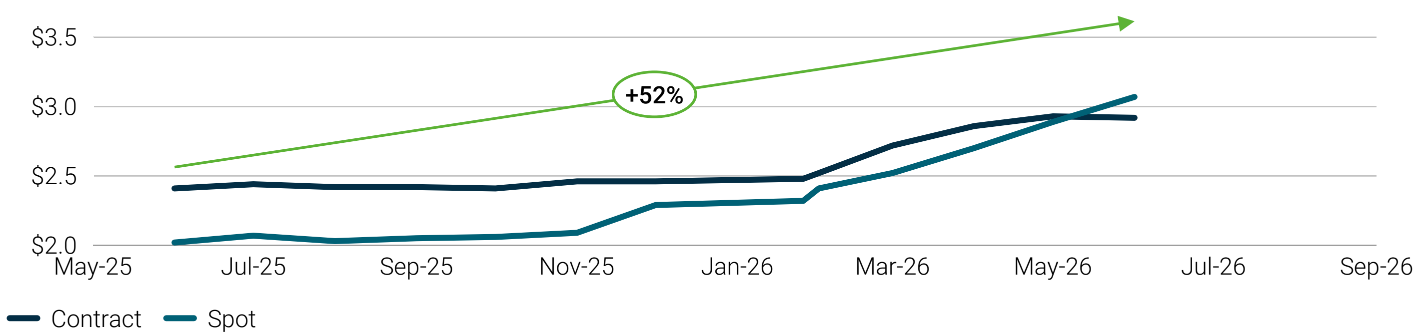
OCEAN FREIGHT – SHANGHAI TO U.S. ($/40FT)



AIR FREIGHT – HONG KONG TO U.S. ($/KG)



TRUCKING – DRY VAN ($/MILE)



KEY TRENDS AND FACTS

Key drivers causing rate changes are:

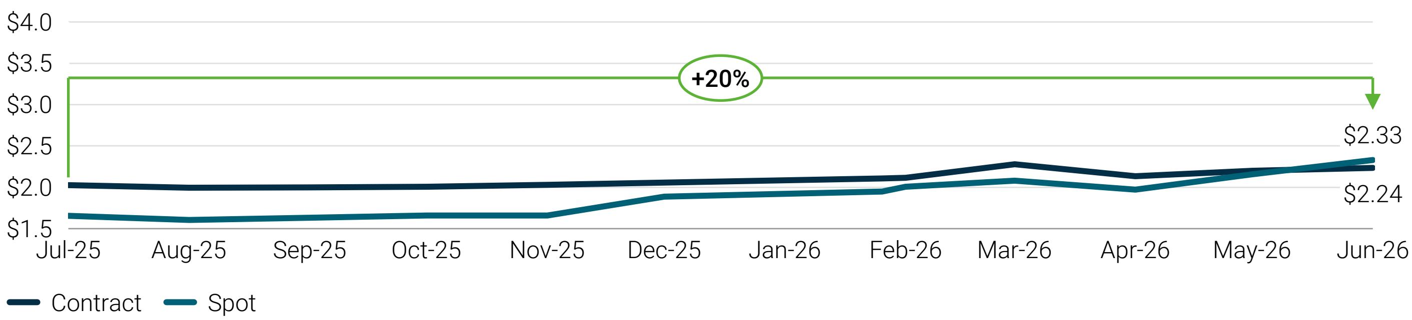
- Transpacific spot rates rose rapidly into early July. Drewry reported Shanghai–Los Angeles at $6,482 per 40-foot container on July 9, while Shanghai–New York remained near $7,904. The Los Angeles rate was ~42% above its June 4 level of $4,565
- Global air spot rates stayed flat MoM, but up 38% YoY, with demand for AI chips offsetting declines in e-commerce, and additional summer capacity on Transatlantic lanes offsetting higher rates on the Transpacific lane
- Truckload market tightened entering June on shrinking capacity: May spot rates rose across all equipment types and load-to-truck ratios climbed as carrier exits and driver constraints squeezed supply — a supply-led recovery, not a demand surge

Sources: DAT, Drewry, Baltic Exchange Index, AlixPartners analysis

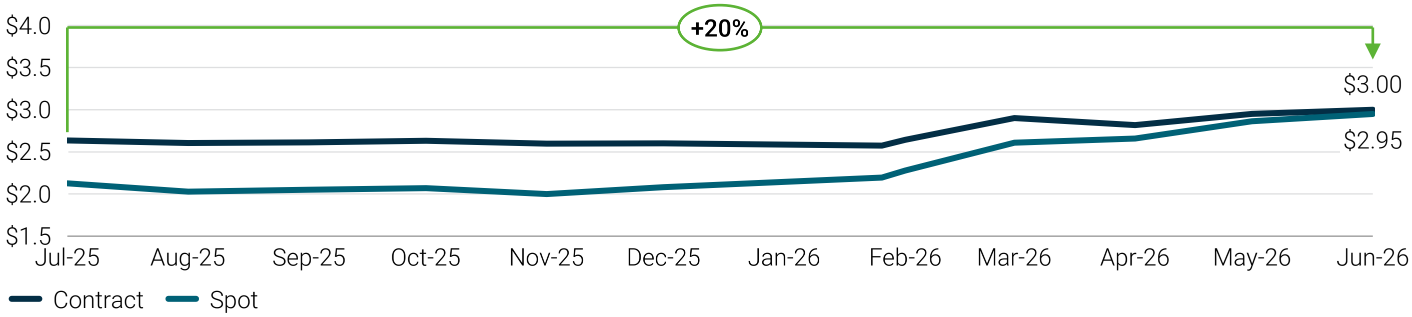
TRUCKING FREIGHT

Spot rates have overtaken contract in dry van and reefer, with linehaul rates up 16-20% YoY as capacity tightens ahead of peak season

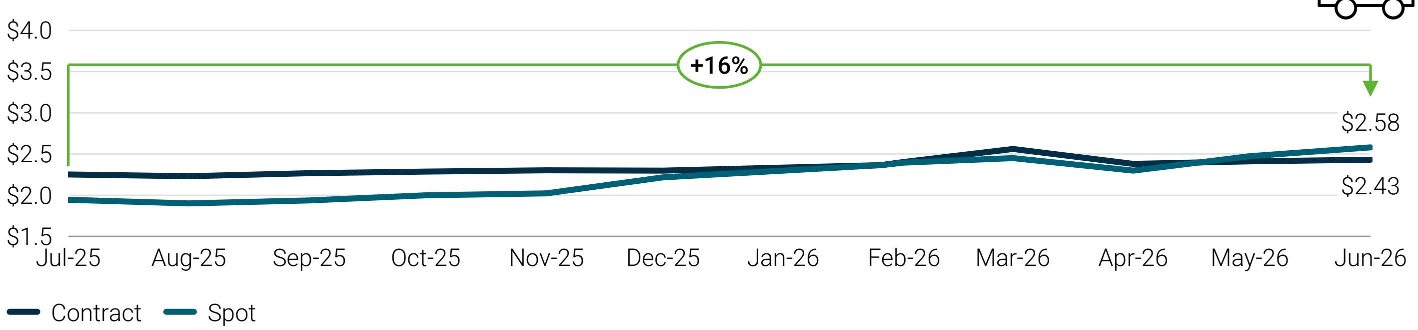
DRY VAN – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:$ PER MILE)[1]



FLATBED – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:$ PER MILE)[1]



REEFER – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:$ PER MILE)[1]



KEY TRENDS AND FACTS

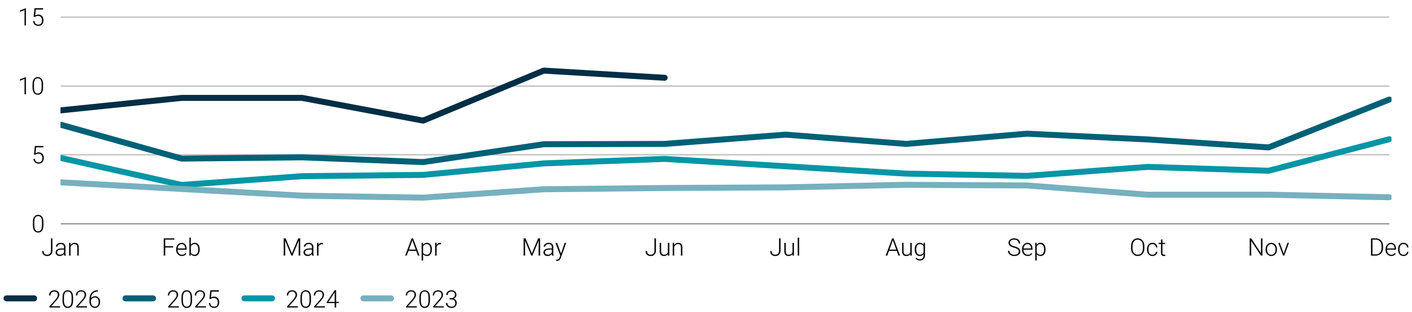
- Truckload capacity has tightened materially, driving spot rates above contract rates for the first time since 2022
- Regulatory enforcement actions, carrier exits, and a reduced supply of qualified drivers have constrained available capacity. As a result, dry van, reefer, and flatbed spot rates have increased significantly, with dry van spot pricing overtaking contract pricing – an important signal that the freight cycle has shifted in favor of carriers (DAT).

Note: 1. Assumptions: Baseline fuel price of $1.25/gal; Van: 6.0mpg, Reefer: 5.5mpg, Flatbed: 5.0mpg
Sources: DAT, Freight Waves, AlixPartners analysis

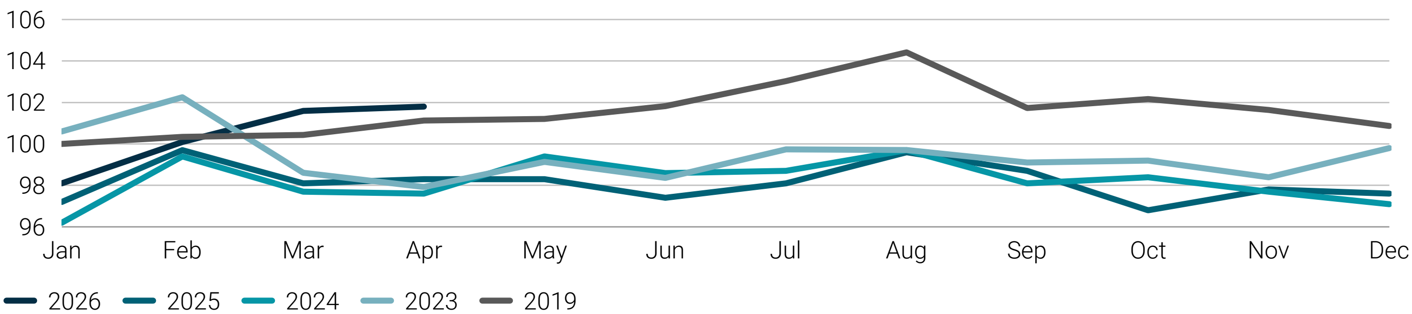
TRUCKING FREIGHT

Capacity constraints, not demand, are driving up freight costs as load-to-truck ratios remain elevated

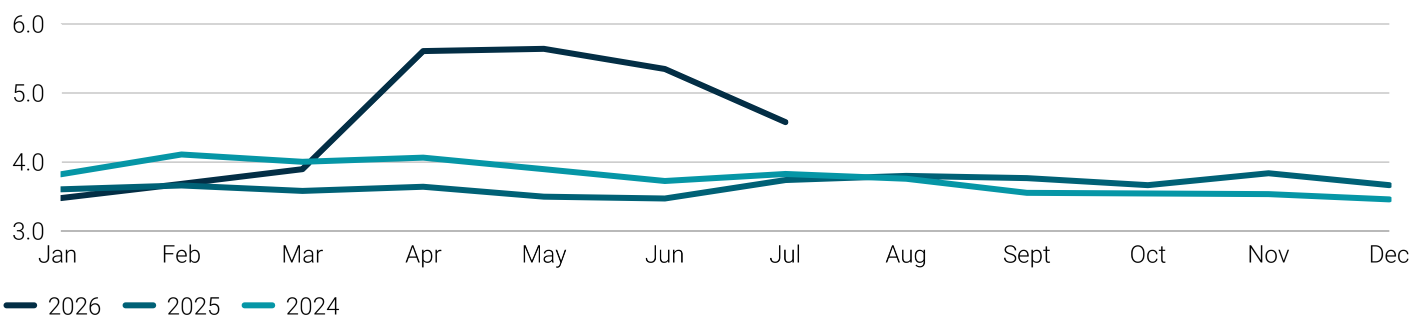
VAN LOAD-TO-TRUCK RATIO – YEAR OVER YEAR



TRUCK DEMAND – TONNAGE, YEAR OVER YEAR, INDEX (100) = JAN 2019



DIESEL – $ PER GALLON



KEY TRENDS AND FACTS

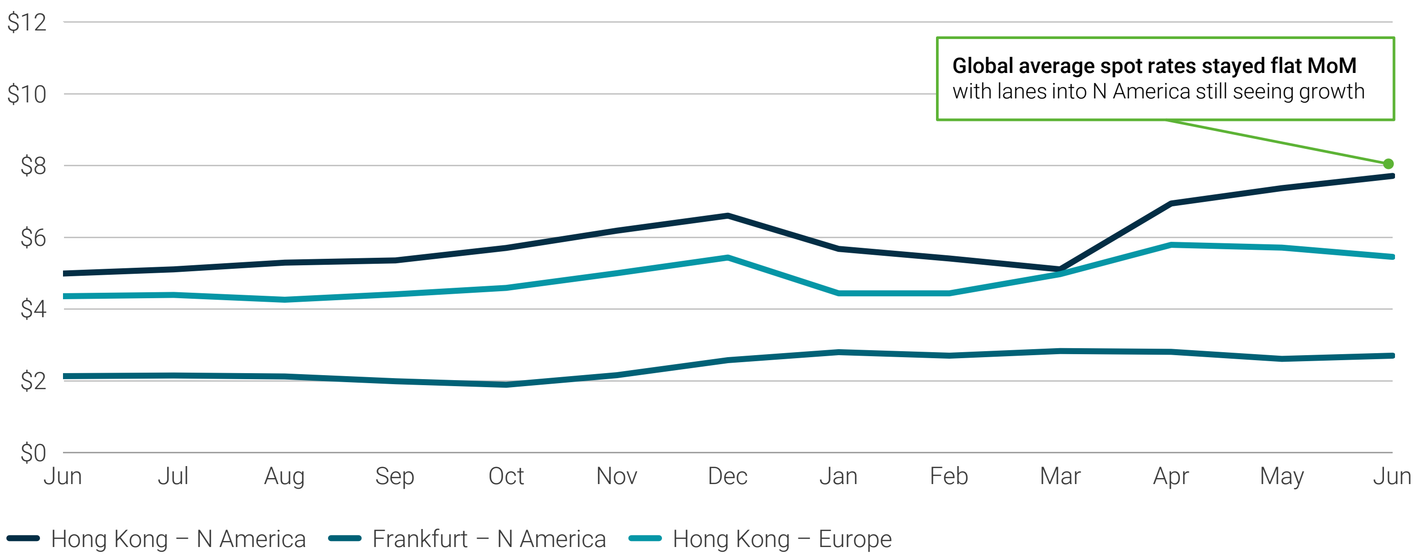
- Rising transportation costs are being driven primarily by capacity constraints rather than stronger freight demand, with higher tender rejections and fewer available carriers supporting elevated rates (CHR).
- Flatbed freight remains the strongest-performing truckload segment, supported by ongoing infrastructure, power grid, and data center investment, with rates remaining near record highs (JoC).

Sources: DAT, Freight Waves, FRED, AlixPartners analysis

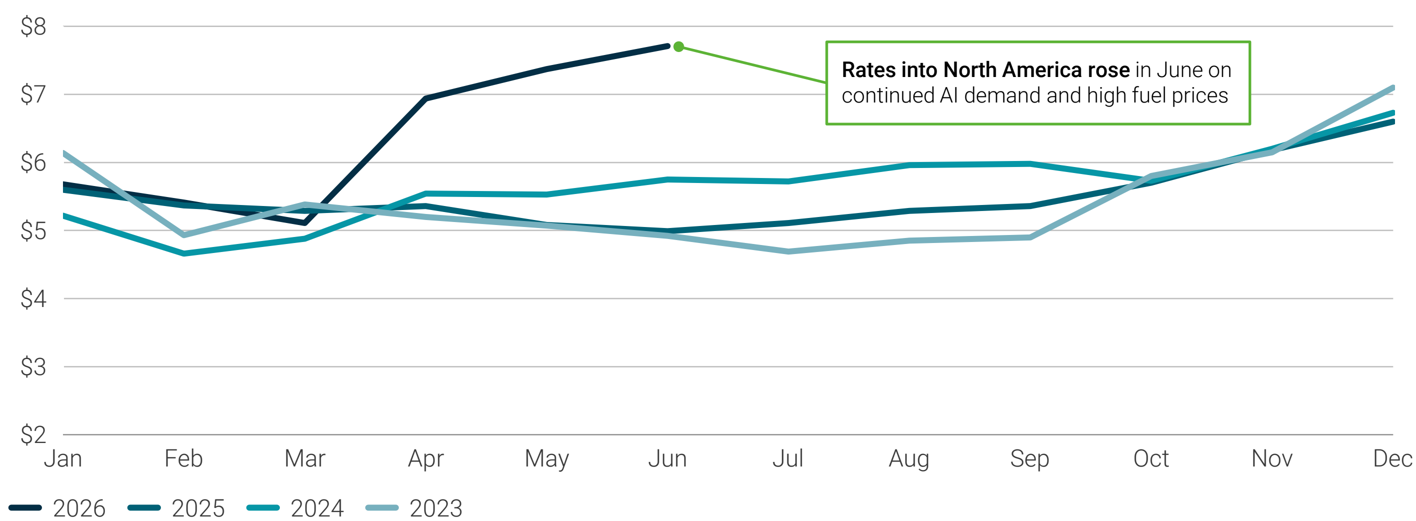
AIR FREIGHT

Global air freight average spot rate remained at $3.40/kg in June, up 38% year over year, as fuel prices remain elevated and the AI boom drives additional demand

KEY INTERNATIONAL ROUTES (UNIT:$ PER KG)



HONG KONG TO NORTH AMERICA HISTORY (UNIT:$ PER KG)



KEY TRENDS AND FACTS

- Rates softened on some lanes in June as demand leveled out on certain routes; however, Asia to U.S. bound lanes continued to experience rate increases as strong demand from semiconductors for AI offset declines in e-commerce volume (Xeneta)
- While the Transpacific lane has been the strongest performer of 2026, the EU to NA lane was down 25% from late February to mid-June, largely due to the increase in capacity from summer passenger schedules (Supply Chain Dive)

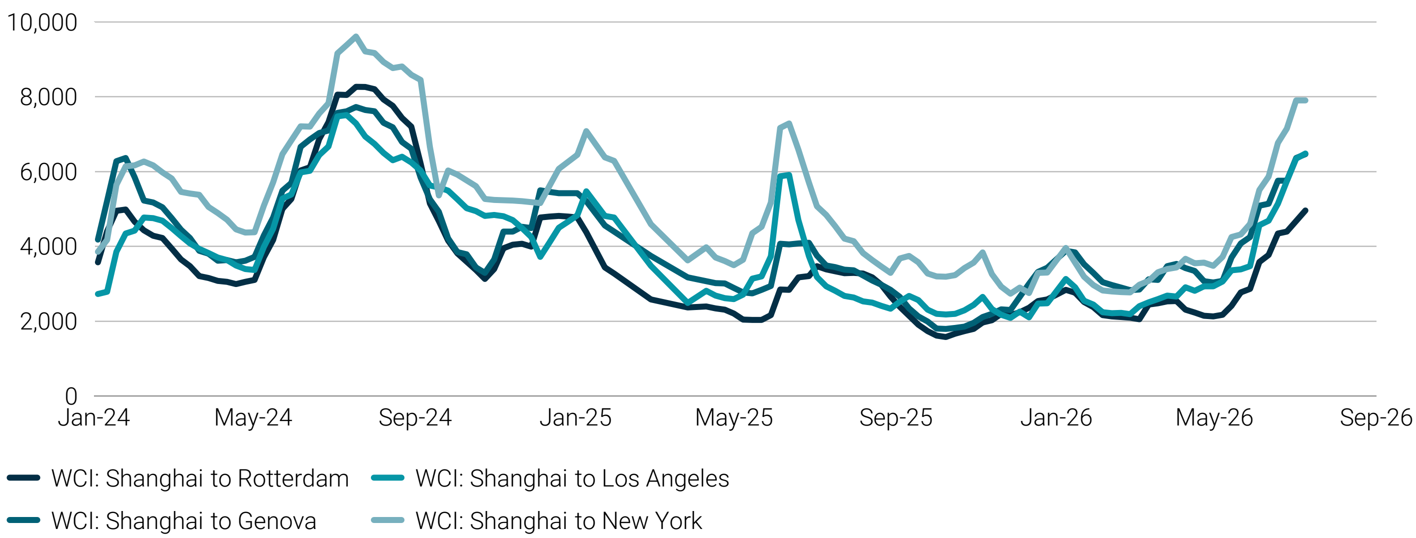
Sources: Baltic Exchange Air Freight Index – TAC database, Air Cargo News, American Journal of Transportation, AlixPartners analysis

OCEAN FREIGHT

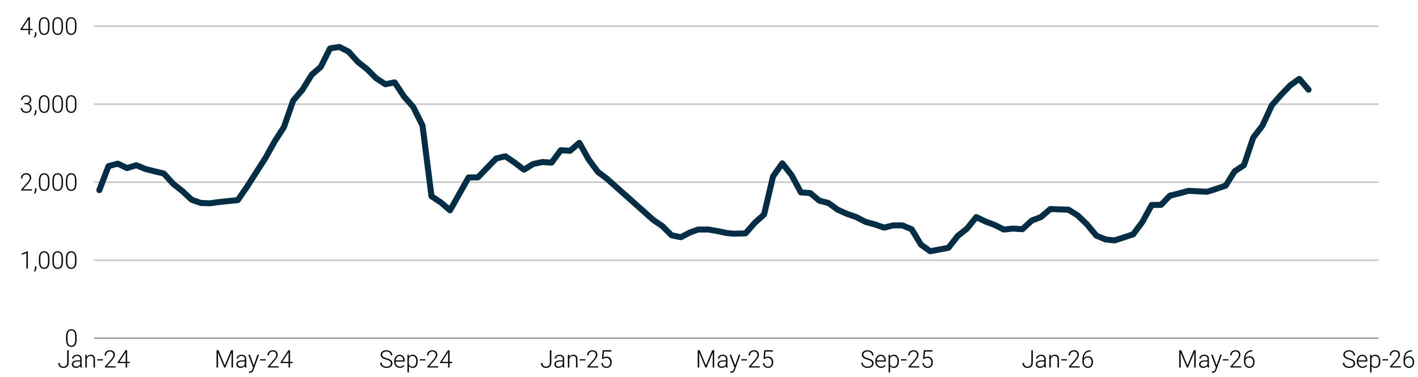
Transpacific spot rates continued to climb into July as frontloaded U.S. imports, carrier pricing actions, and tight effective capacity sustained upward pressure

TRANSPACIFIC: CENTRAL CHINA (SHANGHAI) TO U.S. MONTHLY SHIPPING RATE FOR 40FT CONTAINER EVOLUTION (UNIT: $)

Drewry: Trade Routes from Shanghai (U.S. $/40ft)



Shanghai Container Freight Index (U.S. $/40ft)



KEY TRENDS AND FACTS

- Drewry's Shanghai–Los Angeles spot rate increased another 2% to $6,482 per 40-foot container on July 9, while Shanghai–New York remained elevated at $7,904. This followed several weeks of strong increases and indicates that the Transpacific market has not yet entered a clear downward correction (Drewry)
- Frontloading remains the primary demand catalyst, but underlying demand is less robust than the rate movement suggests. Reuters reported that retailers accelerated China orders for the holiday season, while industry participants characterized overall U.S. demand as "normal-to-soft." This increases the risk of weaker volumes later in the third quarter after early inventory is received (Reuters)

Sources: Drewry Ocean report, Freightos, Xeneta, Reuters, AlixPartners analysis

RAIL FREIGHT

U.S. rail volumes continue to strengthen across more commodity groups, with carloads up 2.3% and intermodal up 6.7% for the quarter

U.S. RAIL VOLUME BY COMMODITY – Q2 2026 VS. Q2 2025

INTERMODAL 6.7%	**COAL** -3.9%
PRIMARY FOREST PRODUCTS -5.9%	**MOTOR VEHICLES AND PARTS** 1.1%
PRIMARY METAL PRODUCTS 0.0%	**CHEMICALS** 2.1%
GRAIN MILL PRODUCTS 5.2%	**GRAIN** 12.1%
PETROLEUM AND PRODUCTS 7.4%	**CRUSHED STONE, SAND AND GRAVEL** -0.6%

Source: Association of American Railroads

KEY TRENDS AND FACTS

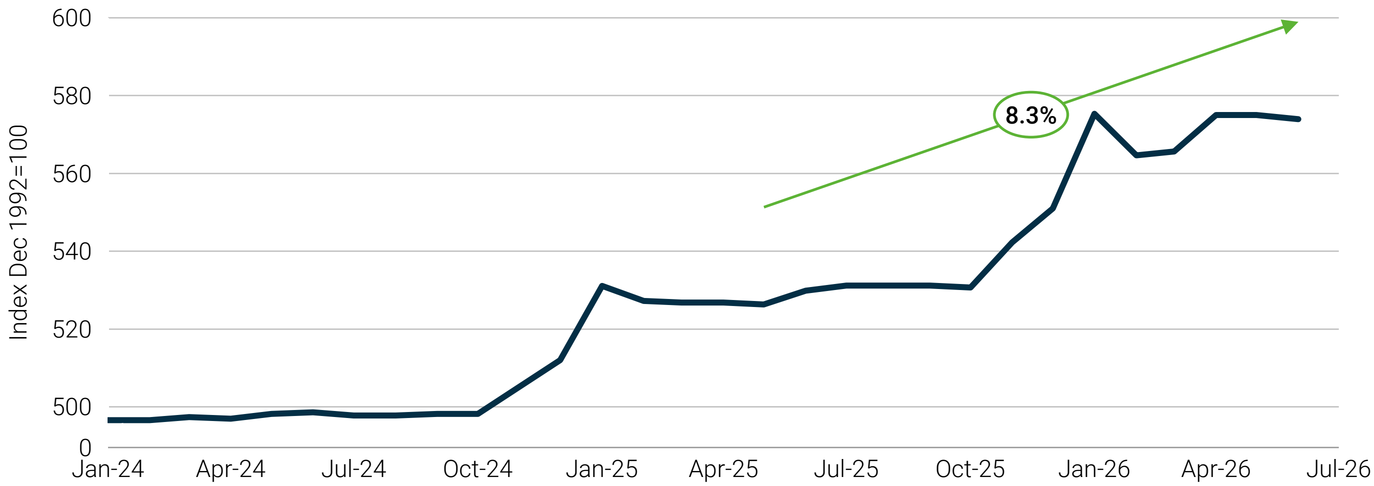
- In rail merger news, the STB set the deadline of July 27th for UP & NS to submit additional data following the revised application being conditionally accepted. Next, the board will determine if the supplemental data answers the deficiencies outlined in their late May decision
- IANA's July intermodal market index expects domestic-led growth to continue fed by steady demand and capacity restrictions on long-haul trucking. This is expected to continue in Q3, elevating intermodal demand going into peak season
- Venti Technologies announced plans to deploy driverless container trucks at U.S. intermodal terminals with an unnamed Class 1 Railroad at 8 sites by the end of 2027

Note: Carloads are traffic classified into 20 major commodity categories. Rail intermodal units are shipping containers and truck trailers moved on railcars
Sources: AAR, STB, Progressive Railroading, IANA, ACT News

USA PARCEL

FedEx reports strong revenue growth but declining margins as it focuses on optimizing its network and cost structure post-spinoff

PRODUCER PRICE INDEX – STANDARD COURIER SERVICES INDEX[1]



Note: 1. Measures the average change over time in the selling prices received by domestic producers for their output. For e.g.: If a 1kg package average parcel selling price in U.S. was $5 in Dec 1992, today it is about 5*565/100=$28.25.

FEDEX FINANCIAL RESULTS Q4 FY2026

METRIC	FEDEX Q4 FY26	FEDEX Q4 FY25
Revenue	$25.0B (+12.5%)	$22.2B
Operating margin	8.4% (-70 bps)	9.1%
Adjusted EPS	$6.31 (+4.0%)	$6.07
Net income	$1.60B (-3.0%)	$1.65B
Strategic focus	Optimizing its network and cost structure after completing the FedEx Freight spinoff	

Source: FedEx

KEY TRENDS AND FACTS

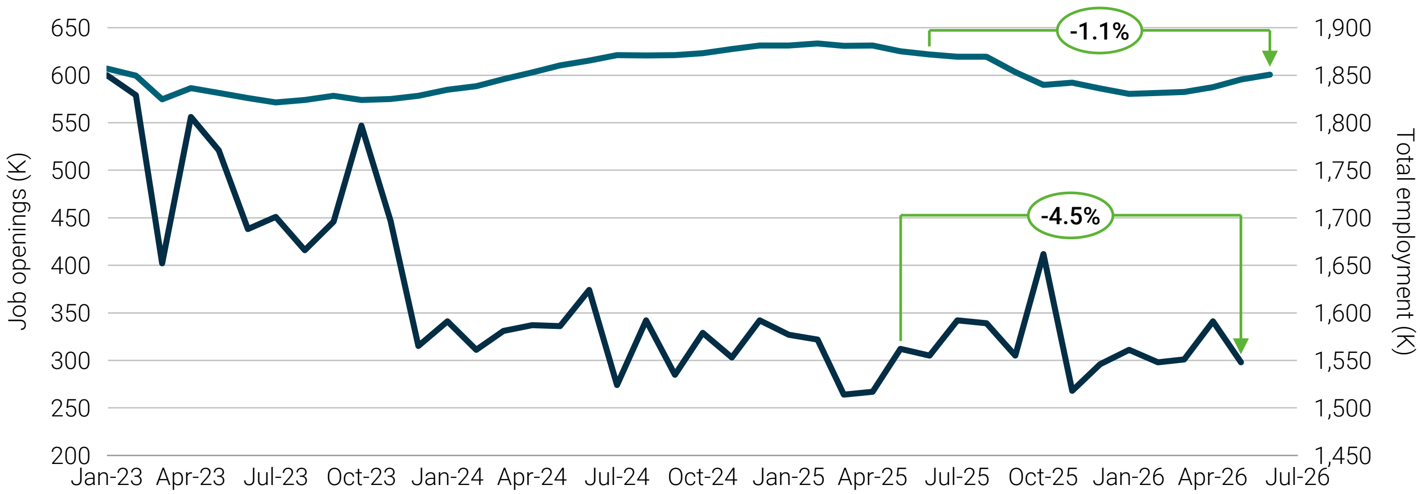
- CMA CGM to acquire FedEx Supply Chain for $1.4 billion enterprise value, plus multi-year ocean/air agreements (FedEx)
- FedEx launched a dedicated Life Sciences organization; healthcare revenue grew to ~$10 billion in FY26 from $9 billion (FreightWaves)
- FedEx's new pilot contract, ratified 83% in favor, took effect June 29 with ~40% wage increases this year, running through December 2030 (ALPA)

Sources: Bureau of Labor Statistics; FedEx Earnings; FedEx; FreightWaves; Pilot Contract

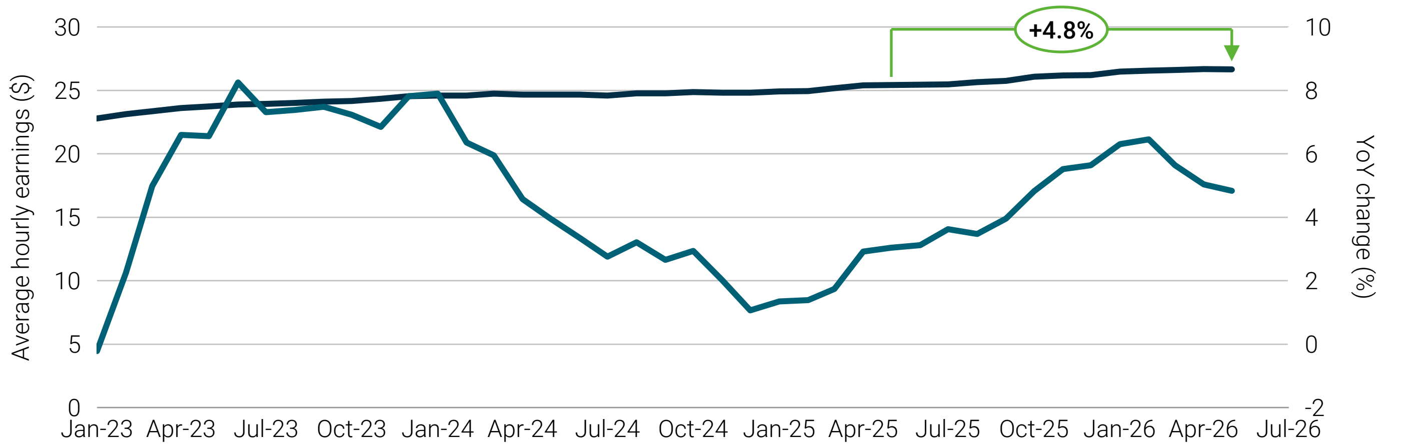
LABOR

Warehousing employment at 1,851K in June — down 21K (-1.1%) YoY as sector stabilizes well below its February 2025 peak

JOB OPENINGS AND TOTAL EMPLOYMENT[1]



AVERAGE HOURLY EARNINGS[1]



Note: 1. Job Openings and Labor Turnover Survey used the Transportation, warehousing, and utilities industry group. Total Employment and Earnings used warehousing and storage industry group from the Current Employment Statistics survey. Data is seasonally adjusted.

KEY TRENDS AND FACTS

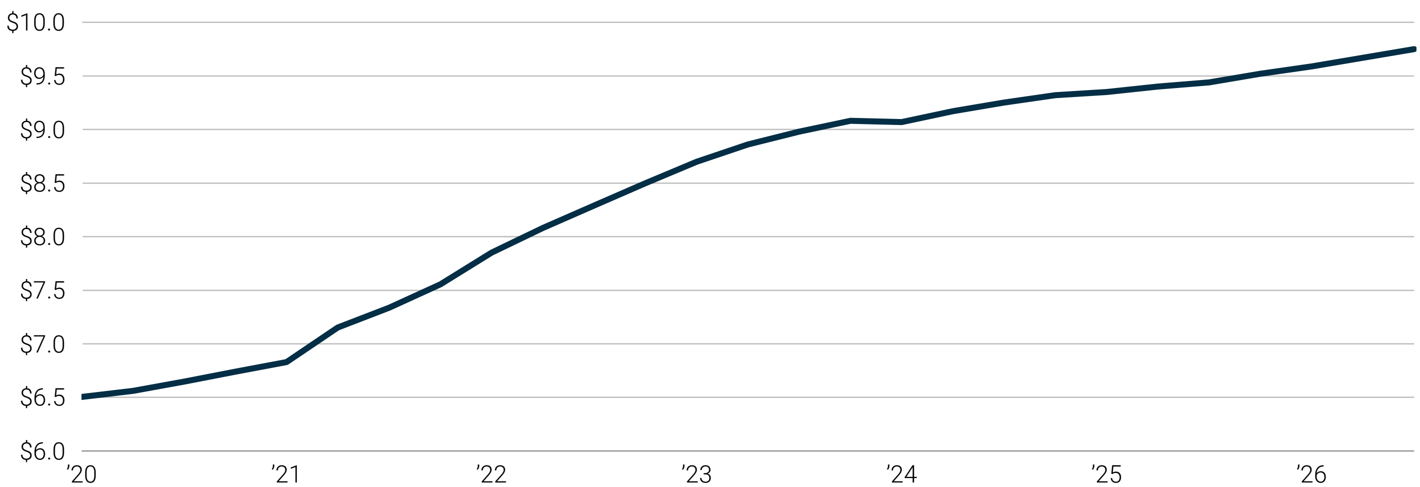
- Warehousing employment reached 1,851K in June — down 21K (-1.1%) YoY and 33K below its February 2025 peak; the low-hire, low-fire stabilization pattern continues into its second year with headcount effectively flat since Q4 2025 (BLS)
- T&W average hourly earnings up +4.8% YoY — sector wage growth outpacing the 3.5% economy-wide average as freight inflation and inventory pull-forward demand tighten the logistics labor market (BLS)
- Job openings in transportation, warehousing & utilities fell to 298K in May (-4.5% YoY) — softening from April's 335K spike as the initial freight pull-forward hiring surge normalizes, though openings remain above 2024 lows (BLS)

Sources: U.S. Bureau of Labor Statistics seasonally adjusted data, MMH, Freight Waves

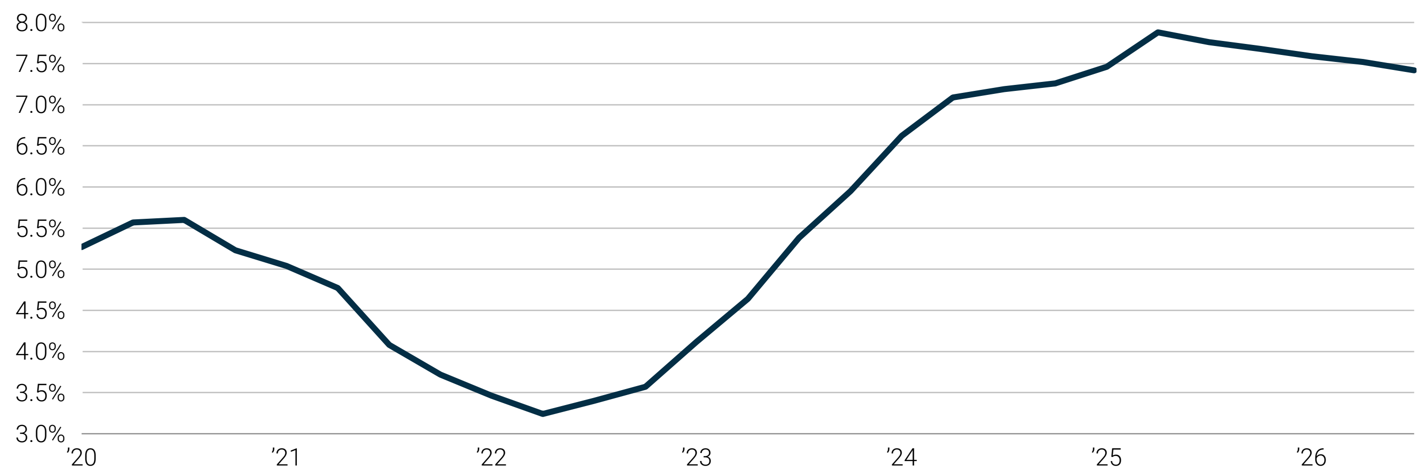
WAREHOUSING TRENDS

Industrial market tightening as big-box demand recovers and data center competition constrains supply

NATIONAL AVERAGE MARKET RENT/SQ FT ($)



NATIONAL AVERAGE VACANCY RATE (%)



KEY TRENDS AND FACTS

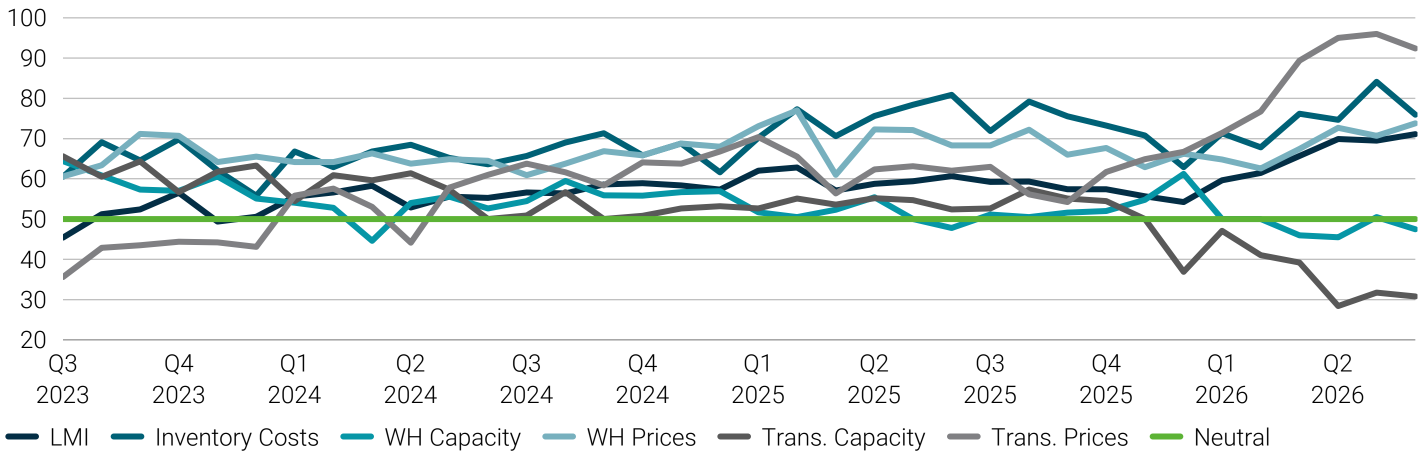
- Big-box demand accelerated in Q1 2026 — U.S. industrial leasing reached 249.8 million sq ft (+14% YoY), led by mega big-box facilities above 1.2 million sq ft as 3PLs and manufacturers returned to large-format space (CBRE)
- Warehouse demand is becoming more quality-sensitive — occupiers favor newer, power-ready buildings at premium rents while older pre-2020 stock faces rising vacancy and landlord concessions to retain tenants (CBRE)
- Data-center growth is straining shared infrastructure: surging AI development is extending transformer lead times beyond three years and increasing equipment costs, potentially delaying power-intensive warehouse automation and new industrial construction (Reuters)

Sources: AlixPartners & Mohr Partners, AlixPartners analysis

WAREHOUSING TRENDS

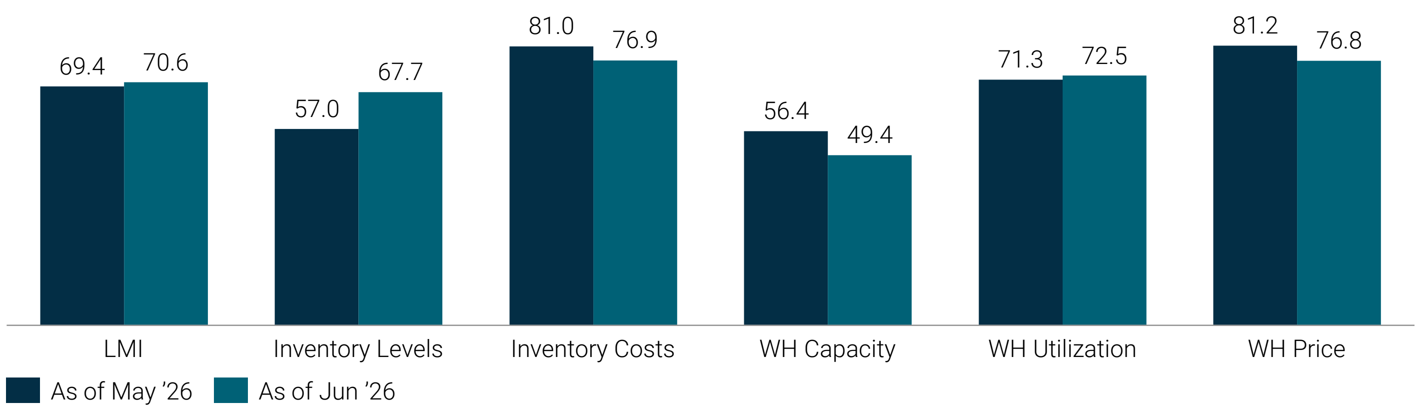
LMI at 71.1 in June (+1.6 from May) — first reading above 70.0 since March 2022 as retailers pull inventory forward ahead of peak season and potential July tariff increases

FLUCTUATION OF LMI INDICES



Logistics Manager Index (LMI) Legend: +50 = Increasing -50 = Decreasing

LMI SURVEY – NEXT 12-MONTH PREDICTION[1]



Note: 1. LMI respondents' predictions for movement in LMI metrics 12 months from now

KEY TRENDS AND FACTS

- LMI hit 71.1 in June — driven by Inventory Levels jumping +5.7 to 60.5, with downstream retailers accelerating pull-forward ahead of peak season and potential July tariff increases; expansion was stronger later in the month (66.3) vs. early June (55.4) (LMI)
- Transportation Prices remain at extreme expansion (92.4) — down -3.6 from May's all-time record of 96.0 but still the second-highest reading in index history; Transportation Capacity contracted further to 30.8, pushing Transportation Utilization to 74.7 (+5.2) (LMI)
- Warehousing Capacity moved back into contraction at 47.5 (-3.0) as rising inventory volumes absorb available space — Warehousing Utilization surged to 69.4 (+6.5) and Warehousing Prices accelerated to 73.7 (+3.0), signaling renewed cost pressure for operators heading into H2 (LMI)

Sources: Logistics Managers' Index, AlixPartners analysis

WAREHOUSING TRENDS

AI shifting from automating warehouse tasks to orchestrating the entire operation

COMPANY DEVELOPMENTS

Amazon/AI labor orchestration

AI dynamically reallocates warehouse labor every three minutes based on real-time workload.

Purpose: Amazon is deploying Full Facility Load Balancing, an AI system that reassesses warehouse staffing every three minutes using package-volume forecasts and real-time workloads. The technology dynamically moves associates between work areas rather than relying on fixed shift plans. Internal modeling estimates nearly **7 million labor hours could be eliminated and approximately $193 million in annual savings generated**, although actual results remain subject to deployment testing.

Apptronik/Google DeepMind:

Apollo 2 trains in a 90,000-sq.-ft. Robot Park to generate real-world data for industrial deployment.

Purpose: Apptronik unveiled Apollo 2 and opened a **nearly 90,000-square-foot Robot Park** to generate real-world training data for industrial humanoids. The facility trains robots on activities such as **box handling, sorting and material movement**, addressing one of physical AI's largest constraints: insufficient real-world operational data. The stated objective is to accelerate the transition from limited pilots to production deployments.

Ambi Robotics/Pickle Robot

First end-to-end automated inbound workflow — truck unloading through palletizing with zero human intervention.

Purpose: On June 30, Ambi Robotics and Pickle Robot announced the first commercial integration of their systems into a single automated inbound logistics workflow, covering truck unloading through palletizing without human intervention – closing the two historically hardest manual steps in a single coordinated deployment. The integration sets a precedent for Physical AI vendors combining complementary hardware to market joint solutions rather than competing for individual line items

OTHER DEVELOPMENTS

- Symbotic acquired ARMS Innovations (July 2, 2026) — a U.K.-based real-time operational intelligence software firm — to launch a new category it calls "Warehouse Operations Optimization," broader than WMS or WES; the combined platform functions as an "operational nervous system" unifying automated systems and human workflows across the entire facility
- UPS committed $120 million for 400 Pickle Robot units — deploying H2 2026 across multiple facilities as part of its $9 billion automation plan targeting $3 billion in cost savings by 2028; Pickle's AI-powered arm unloads a standard truck in ~2 hours and pays back within 18 months through labor savings
- Symbotic signed with Medline to bring its AI warehouse automation platform into healthcare distribution for the first time — piloting in 2027 at one of Medline's 45 U.S. distribution centers, extending Symbotic's customer base beyond retail and consumer goods into regulated, high-accuracy supply chains

Sources: Business Insider; Reuters; Apptronik; Ambi Robotics; Pickle Robot; Symbotic; Medline Newsroom

DEMAND VS. CAPACITY

Middle East disruptions kept European freight rates elevated in June, with ocean surging, trucking costs volatile on diesel swings, and air lanes diverging

OCEAN FREIGHT

Year over year trend – Demand

Year over year trend – Capacity

- Asia–North Europe spot rates jumped **+72% MoM in June**: Shanghai–Rotterdam climbed as peak-season demand, Red Sea diversions and Strait of Hormuz impacts collided with shippers frontloading ahead of higher July fuel costs
- Suez throughput remains ~50–60% below pre-2023 levels; late-June tensions pushed Gemini and MSC back onto Cape of Good Hope routing as carriers layered GRIs of $1,400–1,900/TEU and peak-season surcharges onto tight capacity

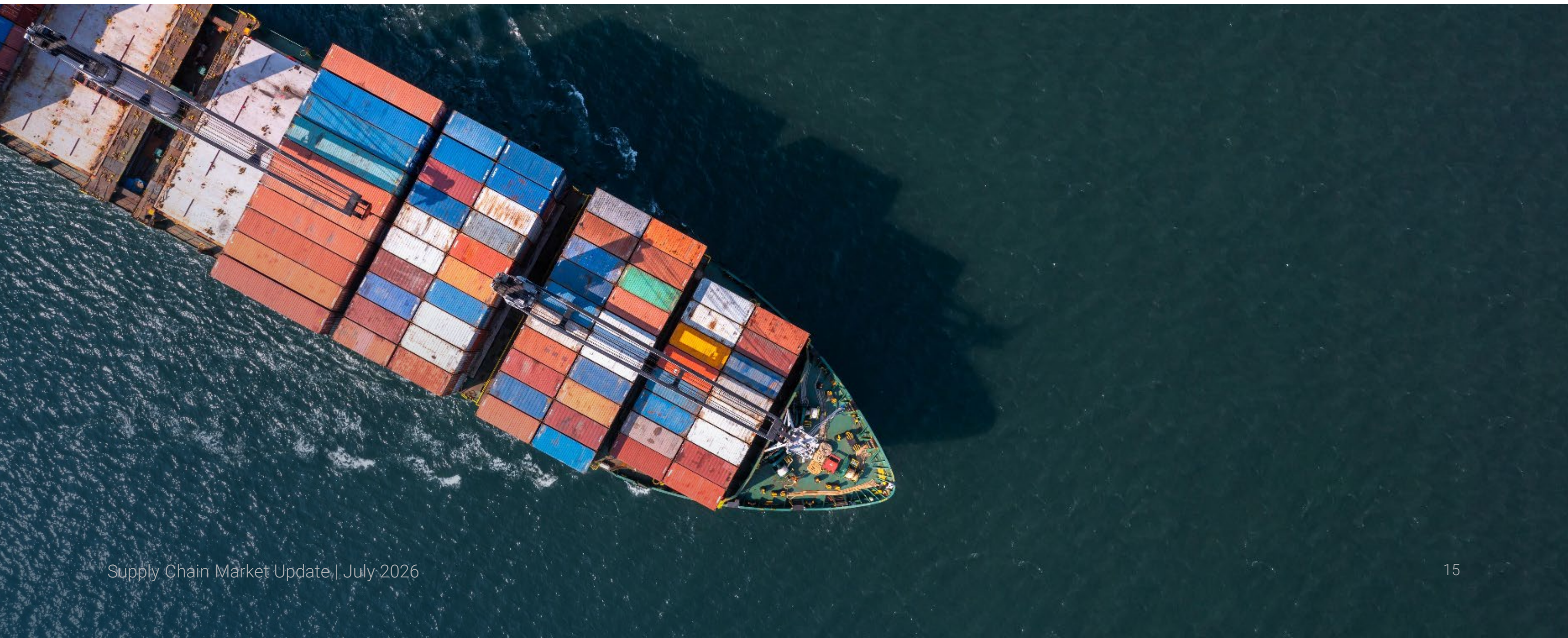
TRUCKING

- **Rates elevated but volatile:** European FTL spot and contract rates are up +5% and +6% YoY; spot briefly fell below contract in early July as the Iran conflict cooled, but a renewed flare-up threatens Hormuz crude flows and fresh diesel and spot-rate spikes
- **Diesel easing off its peak:** EU diesel is +30% YoY but down 7% MoM as Middle East crude shut-ins fell to 8.3 million b/d in June (from 11.2 million in May); lapsing national fuel-relief schemes are spurring cross-border “fuel tourism” among international hauliers

PARCEL

- The **EU to NA lane was down 25%** from late February to mid-June, largely due to the increase in capacity from summer passenger schedules.
  The **China-EU lane is up 25%** YoY, with AI semiconductor demand offsetting softness in E-commerce

Source: DAT; Drewry; TAC database; Freightwaves; DHL; WOWL.io; Maritime News; Eurostat Railway Freight Transport Statistics; RailJournal; RailFreight.com; CER/ERFA; Transportenvironment.org; Spedity; AlixPartners analysis.

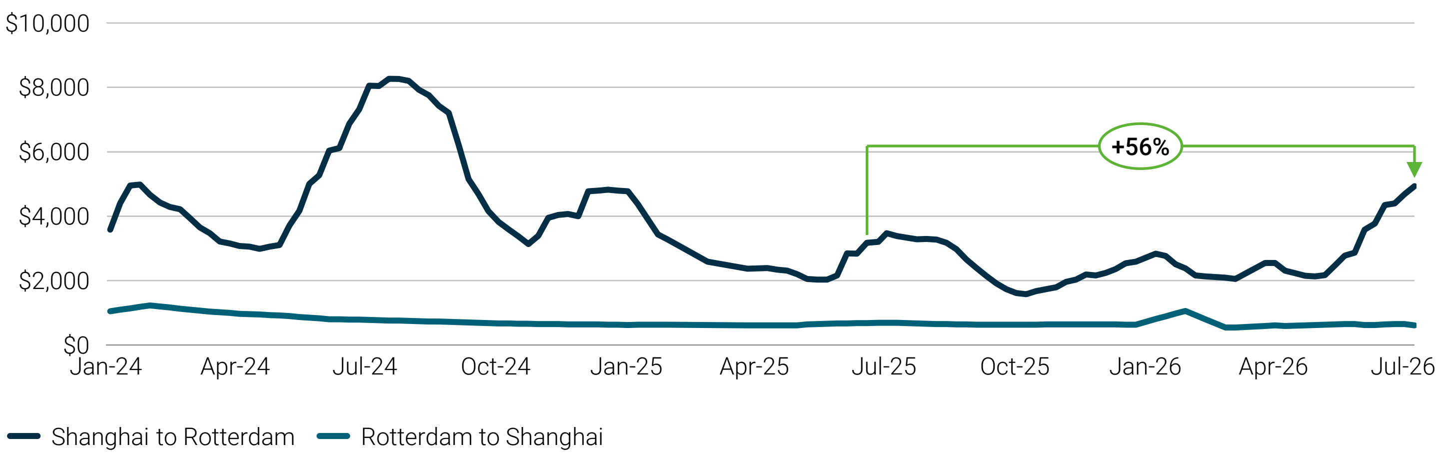


EUROPE OCEAN FREIGHT

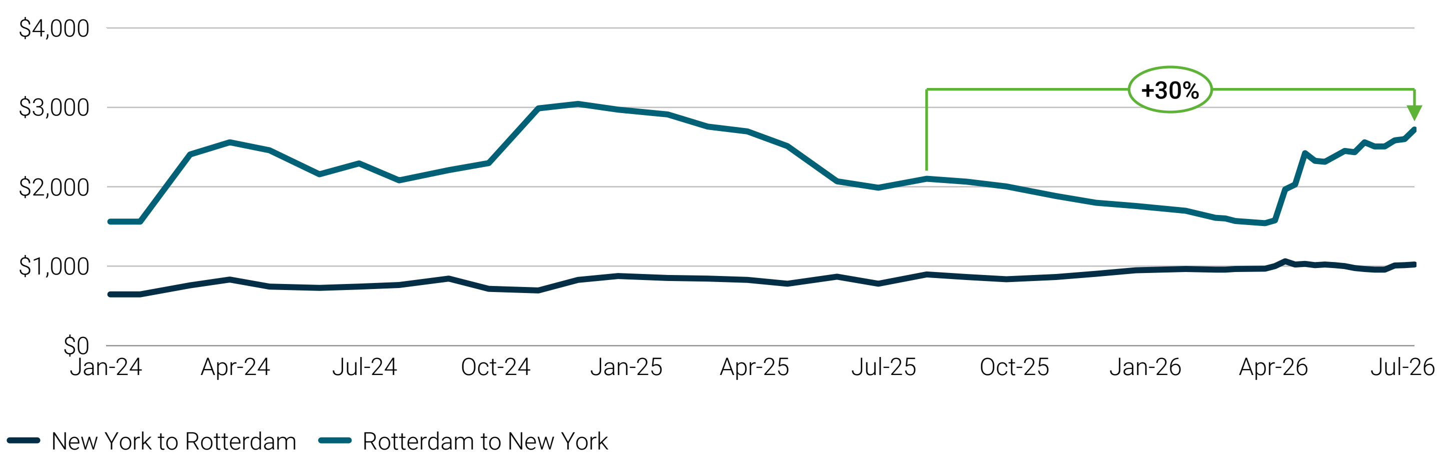
Spot rates for Asia–North Europe have increased +56% YoY due to geopolitical uncertainty around the Suez Canal and peak season demand acceleration

CENTRAL CHINA (SHANGHAI) AND USA (NEW YORK) TO EUROPE MONTHLY SHIPPING RATE FOR 40FT CONTAINER EVOLUTION (UNIT: $)

Shanghai – Rotterdam (U.S. $/40ft)



New York – Rotterdam (U.S. $/40ft)



KEY TRENDS AND FACTS

- Asia-to-North Europe spot rates increased in June 2026 by +72%: spot rates from Shanghai to Rotterdam climbed as peak season demand accelerated alongside Red Sea diversions, Strait of Hormuz closure impacts, and shippers frontloading ahead of higher July fuel costs
- Suez Canal throughput remains ~50–60% below pre-2023 levels. Late June geopolitical tensions forced major carriers (Gemini, MSC) to pause recent Suez return plans and revert to Cape of Good Hope routing, increased transit time for Asia–Europe lane and extending global vessel demand
- Carriers are deploying record capacity on Asia–Europe lanes while implementing GRIs of $1,400–$1,900/TEU and expanding peak season surcharges. Tighter vessel utilization and congestion at Shanghai, Ningbo, and Yantian are sustaining upward rate pressure. (Link)

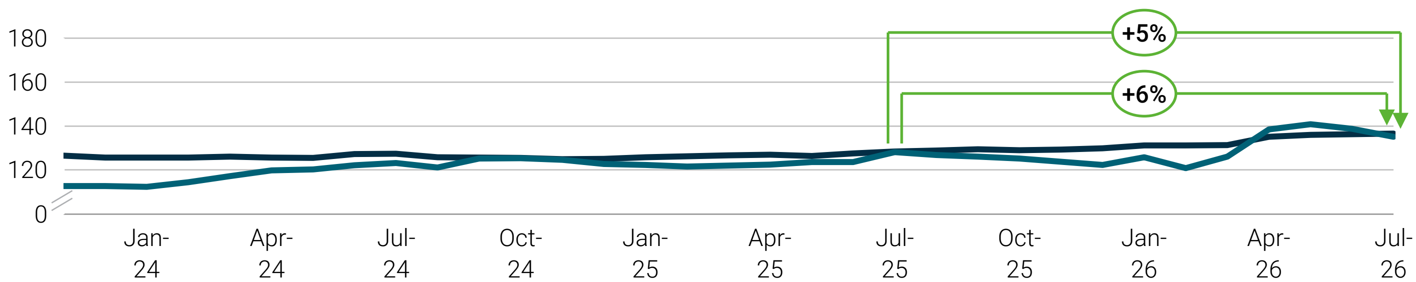
Sources: Drewry Ocean report; Logistics Insider; DC Velocity; The Loadstar; Freightos; JOC; AlixPartners analysis, Phaata, Maritime News, Xeneta eeSea, Logfret

EUROPE ROAD FREIGHT

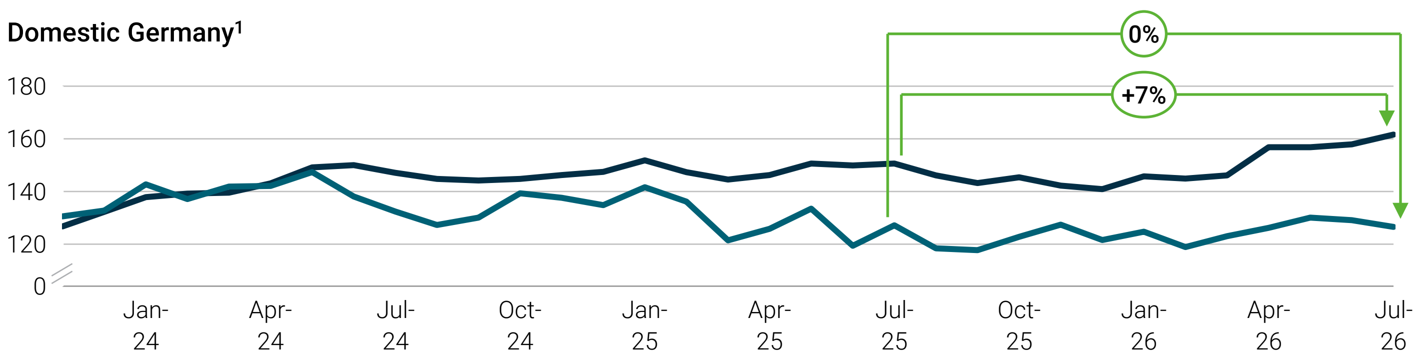
In Europe, YoY FTL spot and contract rates rose +5% and +6%, respectively. Rates are expected to remain volatile depending on the situation in the Middle East

EUROPE FTL FREIGHT INDEX, INCL. FUEL (JAN-17 AS 100 BASE)

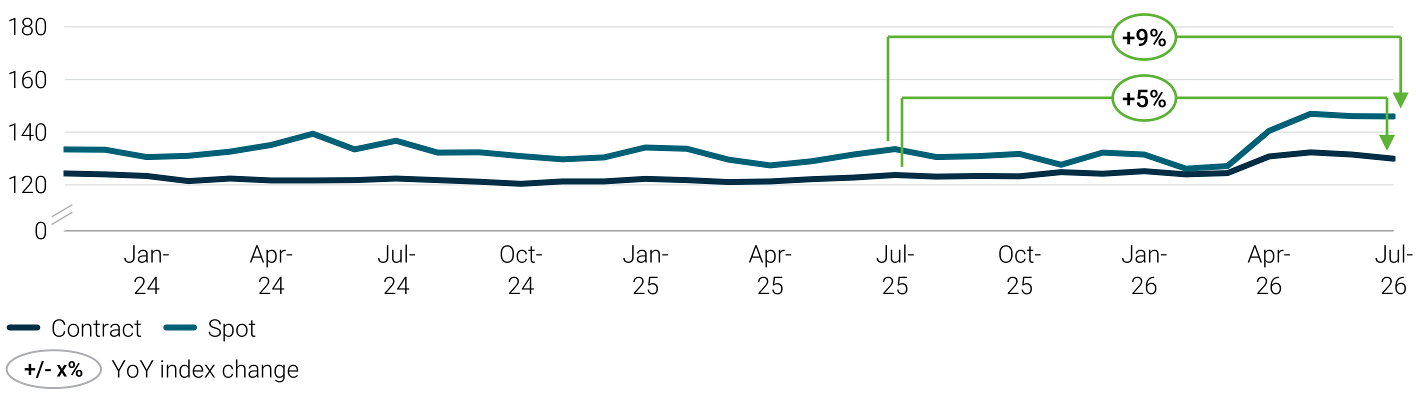
Overall Europe



Domestic Germany[1]



Domestic France[1]



KEY TRENDS AND FACTS

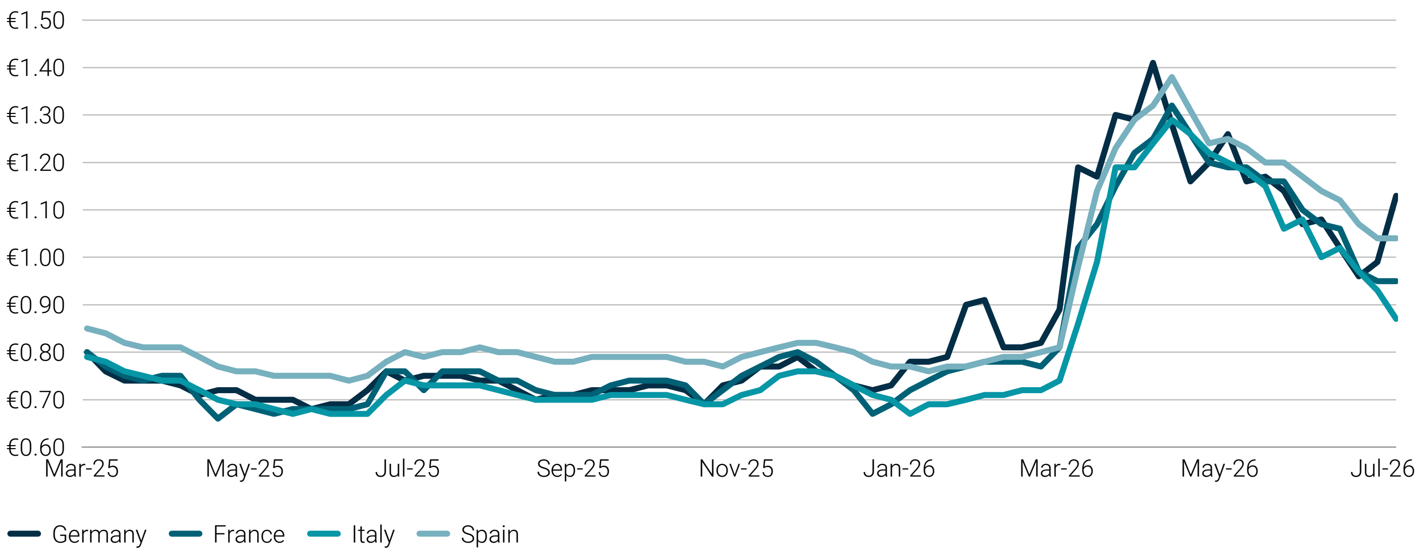
- While the Iran conflict appeared to be calming down, primarily spot rates declined. In early July, they were below the contract rates
- However, as the conflict is now flaring up again, it is expected that less crude oil will be transported through the Strait of Hormuz. Consequently, rising diesel prices and higher spot freight rates are to be expected – due to their characteristic of reacting quicker to shocks
- Carriers currently face a patchwork of national fuel-relief schemes launched after the diesel spike. As some now lapsed while others were extended, there is growing incentive for cross-border "fuel tourism" to exploit cheapest rates, especially for international hauliers

Note: 1. These corridors were selected as representative examples with high freight volumes. Additional corridors are available.
Sources: Upply, Ti, IRU, Eurostat, AlixPartners analysis. Historic freight index values can still be subject to change

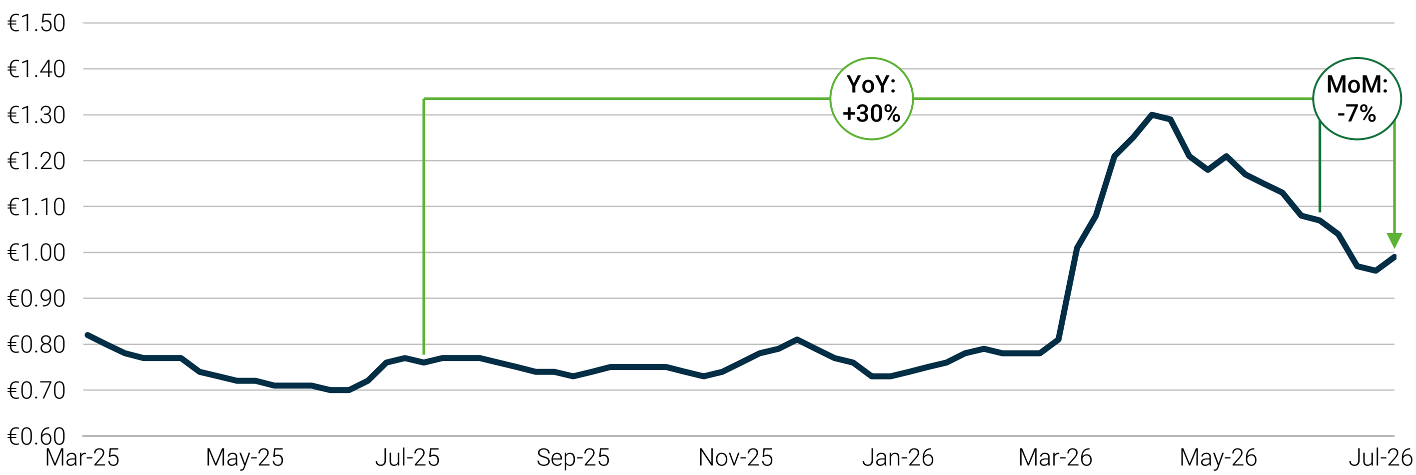
EUROPE ROAD FREIGHT

EU diesel prices surged 30% YoY but have since cooled 7% MoM, reflecting volatile geopolitical dynamics. Middle Eastern production shut-ins eased to 11.3 million barrels

EUROPEAN PRE-TAX DIESEL PRICE PER LITER BY COUNTRY (€)



EU AVERAGE PRE-TAX DIESEL PRICE (€)



KEY TRENDS AND FACTS

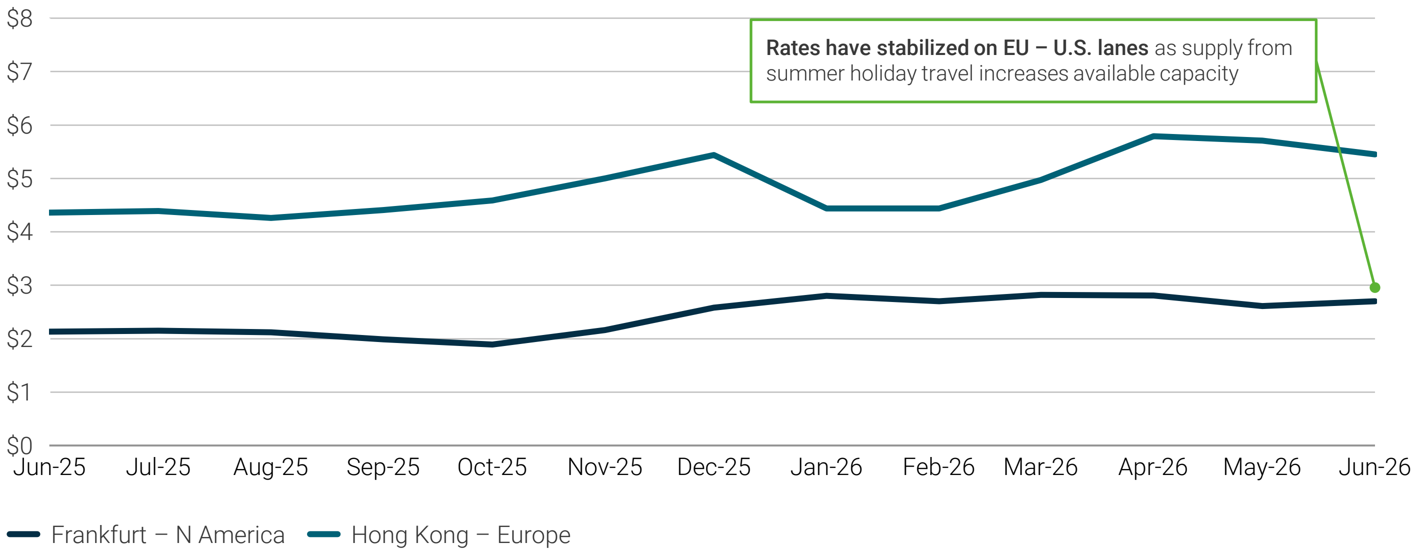
- **Geopolitical shock with cooling momentum**: EU diesel prices surged 30% year-on-year following February 2026 U.S.-Israel strikes on Iran but have since declined 7% month-on-month
  - Pattern consistent across major European markets. Latest uplift explained mainly by terminated fuel subsidy in Germany
- **Production disruptions eased after spring peak**: ME crude shut-ins averaged 8.3 million barrels per day in June, down from a May peak of 11.2 million b/d, following the 18 June U.S.–Iran memorandum of understanding to end the conflict and reopen the Hormuz Strait
- **Price outlook remains uncertain**: Diesel prices depend on ME production recovery, contingent on U.S.-Iran conflict resolution. Multiple failed ceasefire attempts create elevated forecast uncertainty

Source: European Commission; EIA; IEA; IRU; Euronews; AlixPartners Analysis

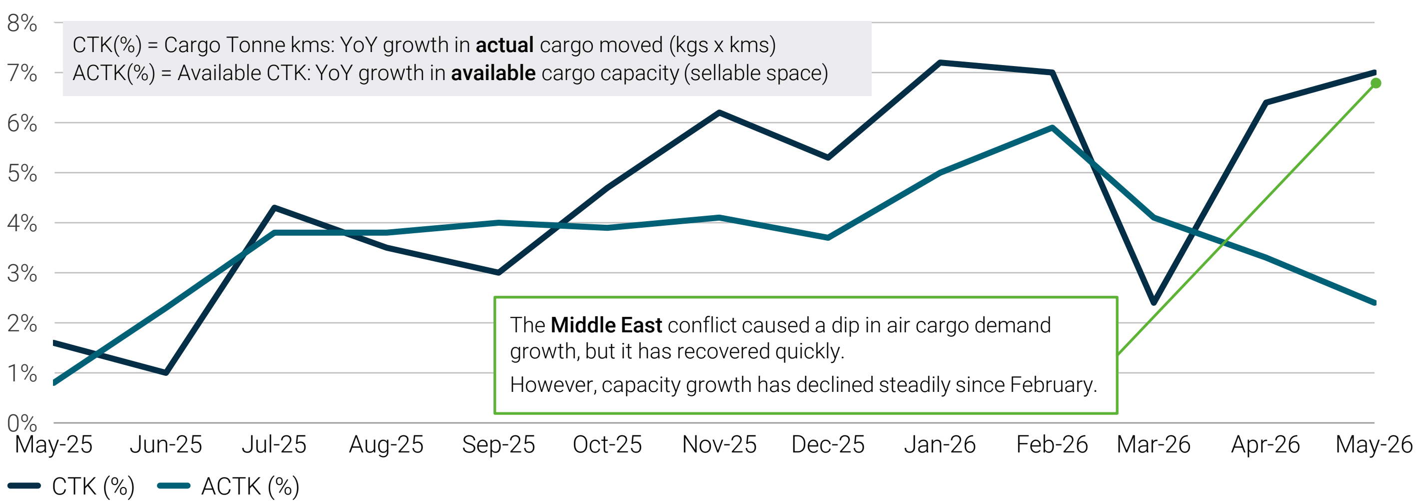
EUROPE AIR FREIGHT

Global air freight average spot rate remained at $3.40/kg in June, up 38% year over year, as fuel prices remain elevated and the AI boom drives additional demand

KEY EUROPEAN ROUTES (UNIT:$ PER KG)



EUROPE: CTK% VS. ACTK%



KEY TRENDS AND FACTS

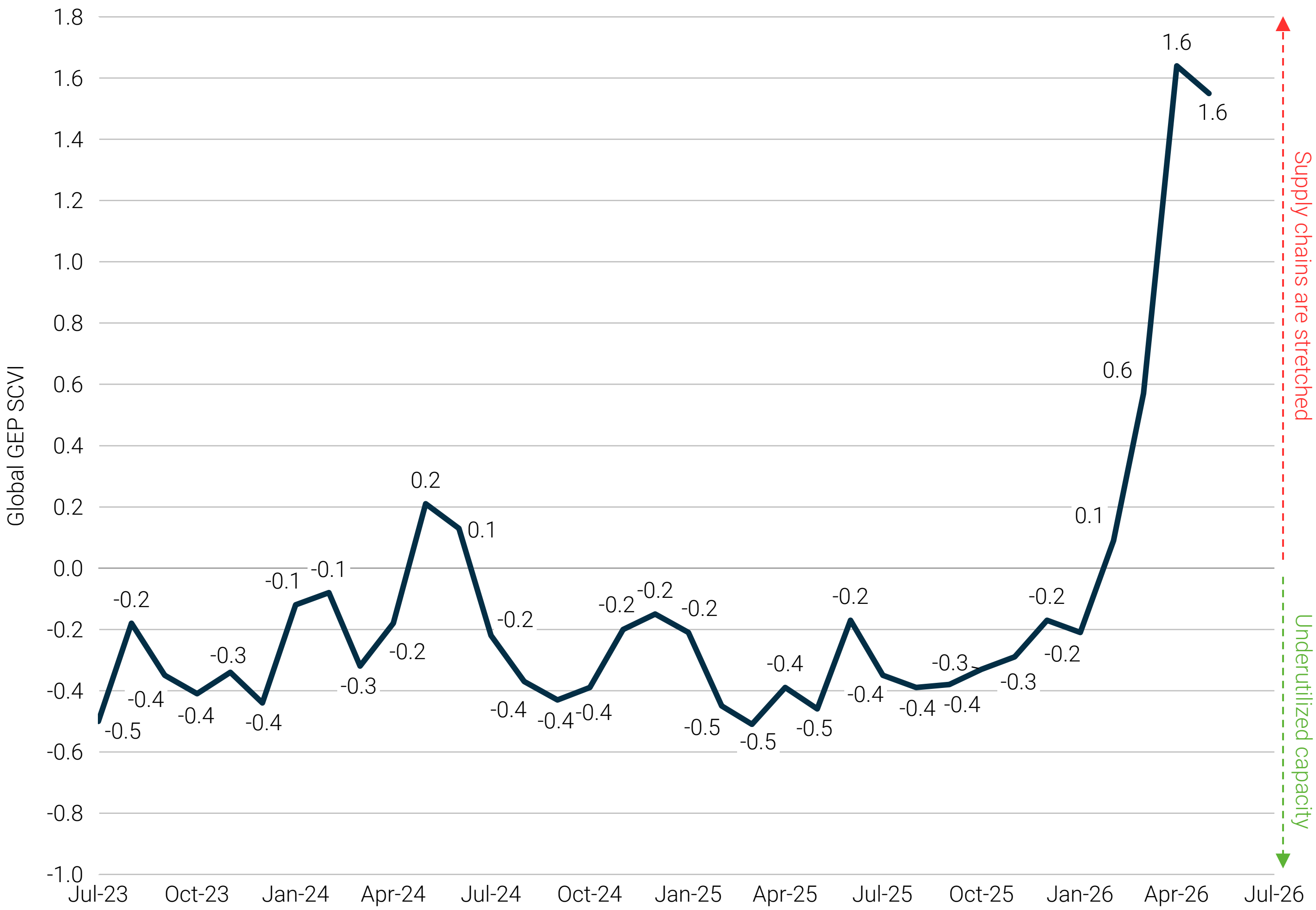
- While spot rates continued to rise YoY on most lanes, they have declined from their April peak, indicating that recovery from geopolitical shocks may be beginning.
- The Europe to North America lane was the clear outlier, sliding roughly 25% from late February to mid-June as summer passenger schedules added belly capacity and eased rates (Supply Chain Dive)
- China's e-commerce exports to Europe declined 6% YoY, with further declines possible as the EU eliminates its *de minimis* exemption on July 1. However, similar changes in North America in 2025 did not result in massive changes as e-commerce platforms adapted quickly to changes. (Xeneta)

Sources: Baltic Exchange Air Freight Index - TAC database, IATA, Xeneta, GCSI – Transportation Intelligence, AlixPartners analysis

GLOBAL SUPPLY CHAIN VOLATILITY INDEX

Global Supply Chain Volatility Index[1] at 1.55 in May 2026; supply chains are stretched in recent months due to safety stockpiling to protect against inflation and shortages

SUPPLY CHAIN VOLATILITY INDEX (GEP)



Note: 1. Global Supply Chain Volatility Index May 2026.
Note on definition: The GEP Global Supply Chain Volatility Index is produced by S&P Global and GEP. The GEP Global Supply Chain Volatility Index is derived from S&P Global's PMI™ surveys, sent to companies in over 40 countries, totaling around 27,000 companies. The headline figure is the GEP Global Supply Chain Volatility Index. This is a weighted sum of six sub-indices derived from PMI data, PMI Comments Trackers and PMI Commodity Price & Supply Indicators compiled by S&P Global.

KEY TRENDS AND FACTS

- Index at 1.55 – with very differing utilization levels by region:
  - Asia: Highly stretched supply chain with Index of 2.96 (May 2026)
  - North America: Stretched supply chain with Index of 1.69 (May 2026)
  - Europe: Stretched supply chain with Index of 1.43 (May 2026)

IMPORT TRENDS

China had been a go-to hub for U.S. manufacturers, but U.S./China relations and tariffs have been pushing trade towards other countries (Vietnam, India, Mexico, Canada gained most)

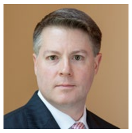
				COUNTRY WISE CHANGES (2018 VS. LTM APR 2026)				
	TOTAL U.S. IMPORTS			CHINA	VIETNAM	INDIA	MEXICO	CANADA
CATEGORIES	2018 ($B)	LTM APR 2026 ($B)	CHANGE (%)	CHG. %	CHG. %	CHG. %	CHG. %	CHG. %
Apparel & Textiles	$116	$104	(10%)	(61%)	41%	12%	(5%)	(26%)
Automotive & Transportation Parts	$340	$355	5%	(40%)	269%	(15%)	29%	(13%)
Chemicals & Allied Industries	$233	$312	34%	(13%)	250%	76%	46%	3%
Computer & Electronics	$363	$512	41%	(61%)	505%	1962%	50%	42%
Food & Beverage	$151	$220	45%	(41%)	37%	6%	59%	61%
Footwear, Headgear & Others	$32	$31	(5%)	(58%)	66%	8%	81%	(16%)
Furniture	$67	$58	(13%)	(71%)	162%	30%	13%	1%
Leather Goods	$15	$13	(8%)	(78%)	54%	28%	35%	20%
Mechanical & Electricals	$379	$719	90%	(71%)	2180%	124%	159%	26%
Metals, Parts and Products	$139	$149	7%	(44%)	146%	88%	20%	(5%)
Misc. Goods & Manf. Products	$476	$497	4%	(40%)	525%	(50%)	23%	34%
Plastics & Rubber Products	$86	$100	15%	(39%)	456%	82%	62%	4%
Special Classification Provision	$85	$122	43%	127%	1118%	322%	78%	17%
Temporary Legislation	$18	$33	83%	195%	906%	108%	17%	7%
Wood & Pulp Products	$47	$47	(1%)	(55%)	376%	134%	60%	(10%)
Total	$2548	$3272	28%	(54%)	331%	79%	59%	16%
	LTM Apr 2026 U.S. imports ($B)			£250	$220	$98	$548	$370

Key nearshoring trends:

- Over the past seven years (2018 to Last Twelve Months ending April 2026), overall imports into the U.S. increased by 28%. However, imports from China decreased by 54% from $543 billion to $250 billion
- **Vietnam, India, Mexico and Canada** have been the biggest gainers
  - Vietnam has seen a 331% increase to reach $220 billion; all categories have grown in imports from Vietnam
  - Imports from Mexico increased by 59% to $548 billion (which is now more than China); 'Mechanical & Electricals' have seen the biggest increase in Mexico
  - Imports from India have seen a consistent growth across all industries except 'Automotive & Transportation Parts' and 'Misc. Goods & Manf. Products', overall increase of 79% in imports into the U.S. to $98 billion
  - Imports from Canada have seen a steady growth across industries except for 'Apparel & Textile', 'Automotive & Transportation Parts', 'Footwear, Headgear & Others', 'Metals, Parts and Products' and 'Wood and Pulp Products'. Overall increase of 16% in imports into the U.S. to $370 billion

Mexico is now the biggest vendor base for U.S.-based corporations; Vietnam and India have seen the fastest growth since 2018

ALIXPARTNERS SUPPLY CHAIN EXPERTS – REACH OUT TO LEARN MORE



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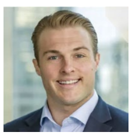

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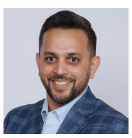

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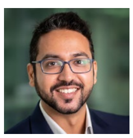

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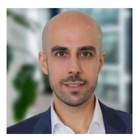

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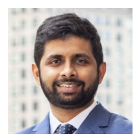

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