

SUPPLY CHAIN MARKET UPDATE

North America

November 2025



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

1

A ONE-YEAR TRUCE IN U.S.–CHINA TRADE TENSIONS

- The U.S. and China agreed to a one-year pause on tariff escalation, suspending plans for new reciprocal tariffs as of October 30, 2025 and delaying any potential increases until November 2026.
- The U.S. will suspend punitive port fees on China-linked vessels for one year beginning November 10, 2025, while China will simultaneously suspend its 24% additional tariffs on U.S. goods and halt special port charges on U.S.-linked ships.

2

SHORT-LIVED U.S. OCEAN FREIGHT PEAK SEASON AND AIR CARGO SOFTENS

- A short-lived Transpacific Eastbound peak season begs the question if this is still a correction from the inventory pull ahead earlier this year or a structural goods recession
- Air cargo markets remain soft, with rates declining year-over-year as capacity expands faster than demand; however, Asia–EU e-commerce volumes are a notable outlier, driving meaningful uplift on select lanes

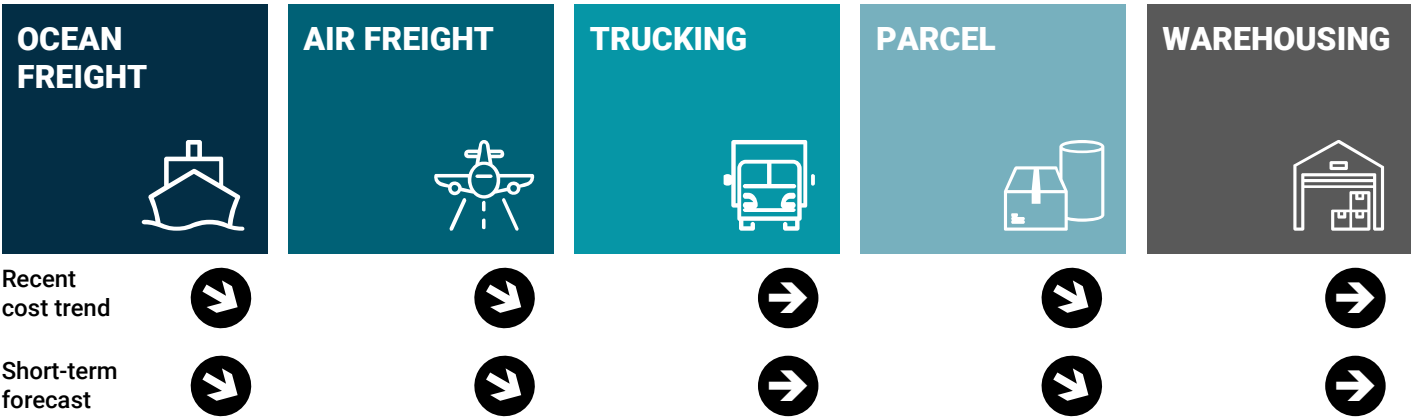
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DOMESTIC FREIGHT MARKETS SHOW MIXED SIGNALS

- Trucking and rail markets remain soft, with flat contract rates, tightening truckload capacity, elevated railcar storage, and mixed demand driven by weak manufacturing but steadier downstream retail activity
- Parcel carriers continue to streamline networks, with stronger earnings supported by cost reductions, facility closures, and significant workforce cuts
- Warehousing stays relatively resilient, with rents inching up and vacancy tightening

FREIGHT COSTS

New U.S. administration application of rapid tariffs is creating an environment of near-term uncertainty. Mid to Longer term projections may see muted trade



WHAT IS MOST IMPORTANT TO KNOW?

Tariff uncertainty is driving short-term market volatility, with prices falling due to overall softness in demand

- Ocean spot rates slipped again after a short-lived rebound, as persistent structural overcapacity continues to limit any sustained pricing power
- Global air freight demand was strong through much of 2025 but is now showing early signs of softening

Major parcel players are facing volume declines and changes to service models

- Legacy parcel carriers continue to see a drop in volumes, driven by a confluence of factors including muted domestic consumer demand, in-sourcing of final mile volumes by key e-commerce retailers, and the U.S. elimination of De Minimis exemption for goods from China and Hong Kong
- Increases to accessorial fees and expansion of postal codes subject to delivery area surcharges are being used by legacy parcel carriers to offset lower volumes and larger discounts offered to high-volume shippers
- UPS delivered stronger-than-expected Q3 earnings while continuing significant restructuring, including major workforce reductions, facility closures, and ongoing transformation and consolidation initiatives

Companies need to be adaptive and ready to reconfigure its supply chain to meet the changing trade environment

- Companies have been focusing on reconfiguring their supply chain by adopting a total-cost-of-ownership-driven approach, accounting for factors such as cost structure, tariff impacts, and logistics consideration

WHAT ACTIONS CAN WE TAKE?

Strategically review the network & proactively plan with agility in mind

- Shippers should leverage this time of available capacity to tackle strategic initiatives
- Develop and strengthen key internal capabilities along with strategic external carrier/ logistics provider relationships to prepare for the next growth period and future uncertainty

Review tariff impacts and corresponding inbound freight plans

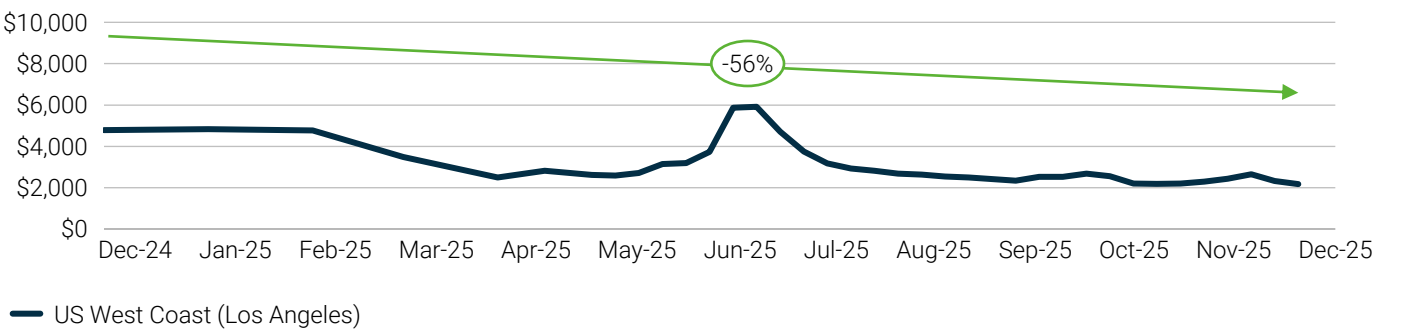
- Review impacts and create mitigation strategies, both short and mid term to optimize for trade implications
- AlixPartners [Global Trade Optimizer \(GTO\)](#) can help accelerate these analyses on tariff and inbound freight impacts. We see this being extremely useful in this type of environment

Source: AlixPartners analysis

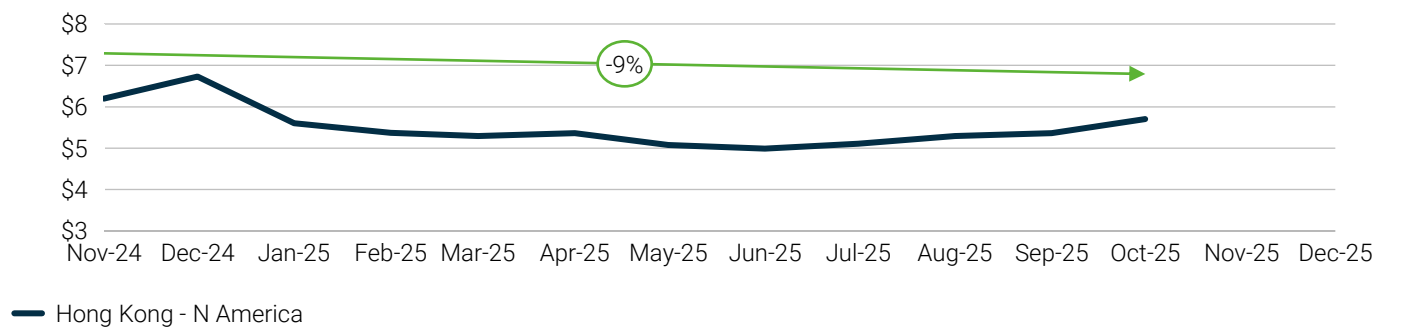
FREIGHT TRENDS

Container shipping rates have risen for four consecutive weeks following a prolonged decline; Domestic trucking remains depressed due to supply/demand imbalance

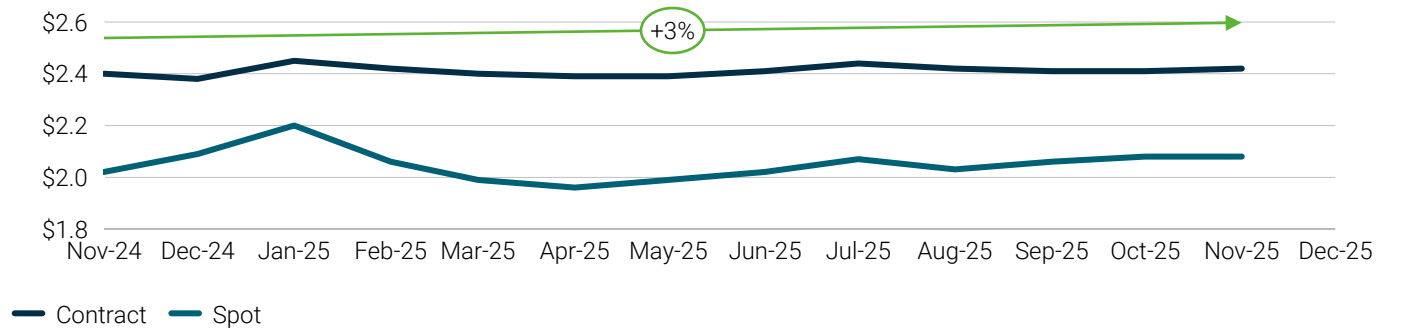
OCEAN FREIGHT – SHANGHAI TO U.S. – (\$/40FT)



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



TRUCKING: DRY VAN – (\$/MILE)



KEY TRENDS AND FACTS

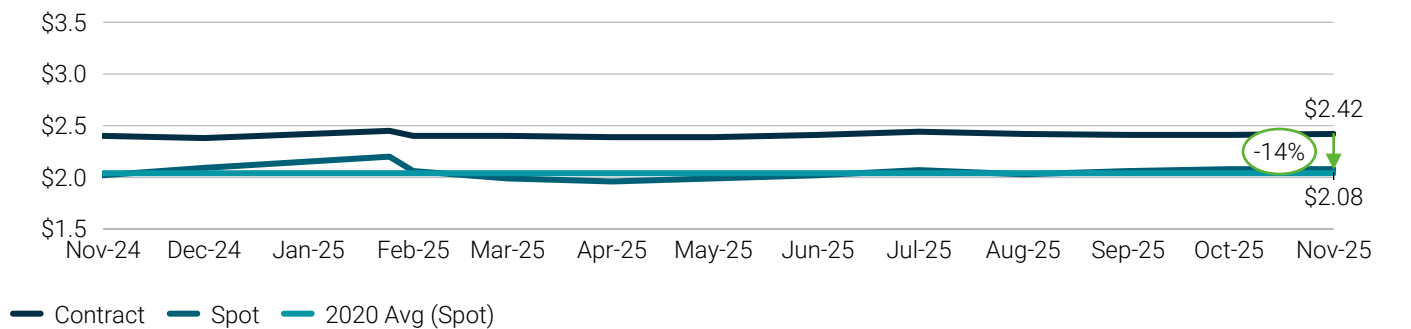
KEY DRIVERS CAUSING RATE CHANGES ARE:

- Spot rates from Shanghai to Los Angeles have already fallen to near 2025 lows after short-lived peak season
- Air freight rates have continued to decrease year-over-year as cargo capacity outpaces global demand
- Trucking rates remain flat with subdued consumer demand and excess capacity continuing to suppress broader rate recovery

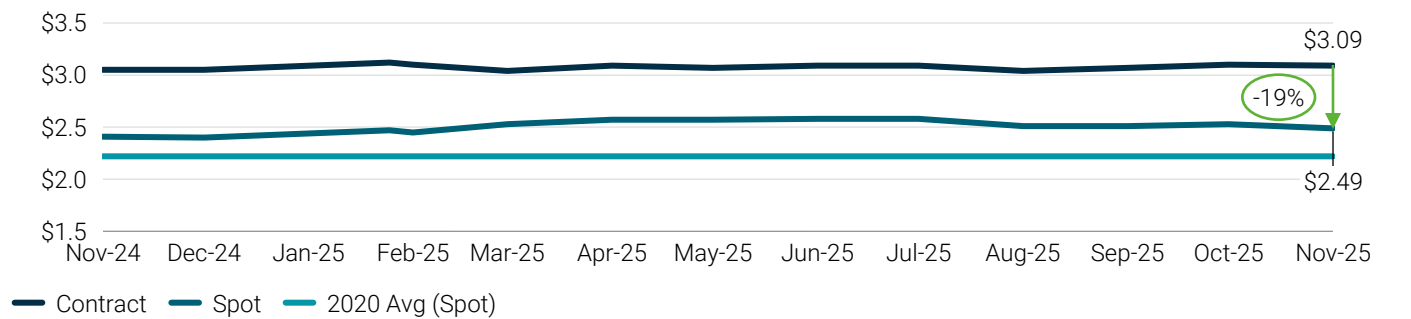
TRUCKING FREIGHT

Truckload rates remain relatively flat; carriers focus on cost control efforts and await signs of market recovery

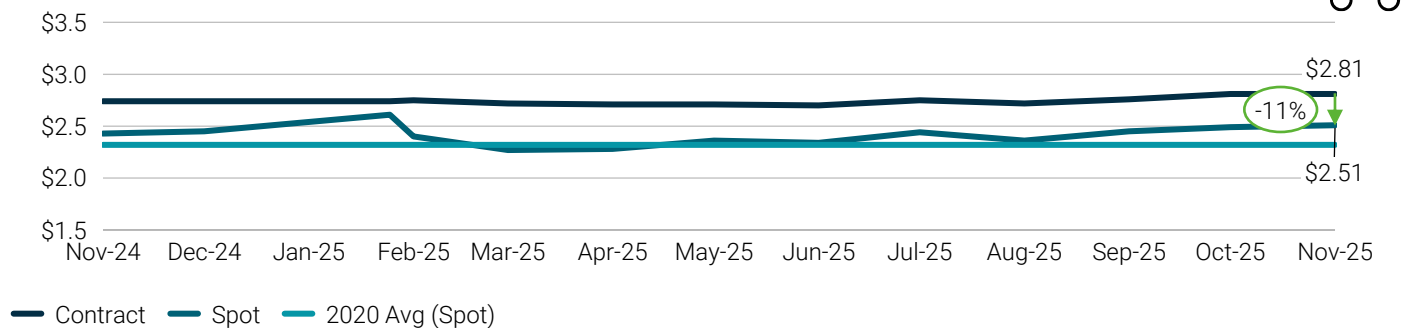
DRY VAN – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:\$ PER MILE)



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



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



KEY TRENDS AND FACTS



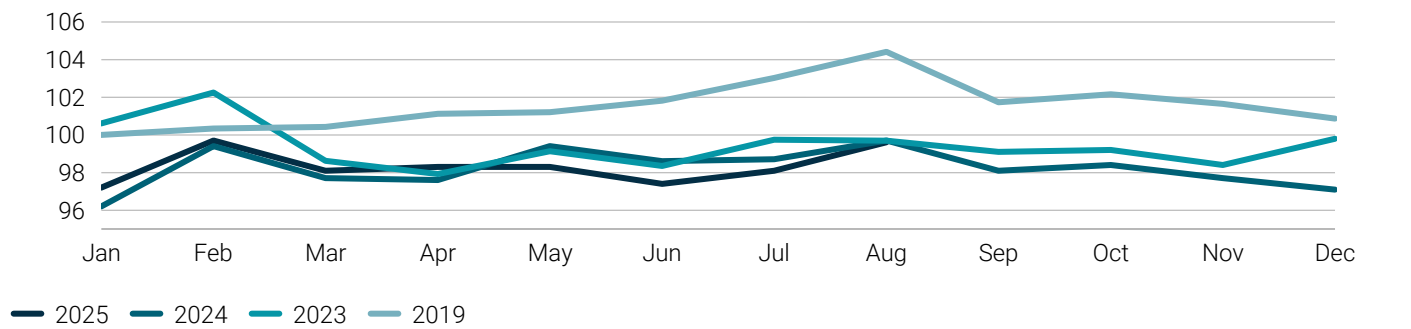
- Contract rates continue to remain flat, with month-to-month changes at 3 cents or less over the past two years ([Trucking Dive](#)).
- Tariff uncertainty continues to contribute to manufacturing headwinds and unpredictable market demand([DAT](#)).
- Trucking companies are exploring ways to implement AI and increase productivity gains to stay competitive. CH Robinson reported a YoY increase in income from operations of 23% ([Trucking Dive](#)).

Source: DAT, Freight Waves, AlixPartners analysis

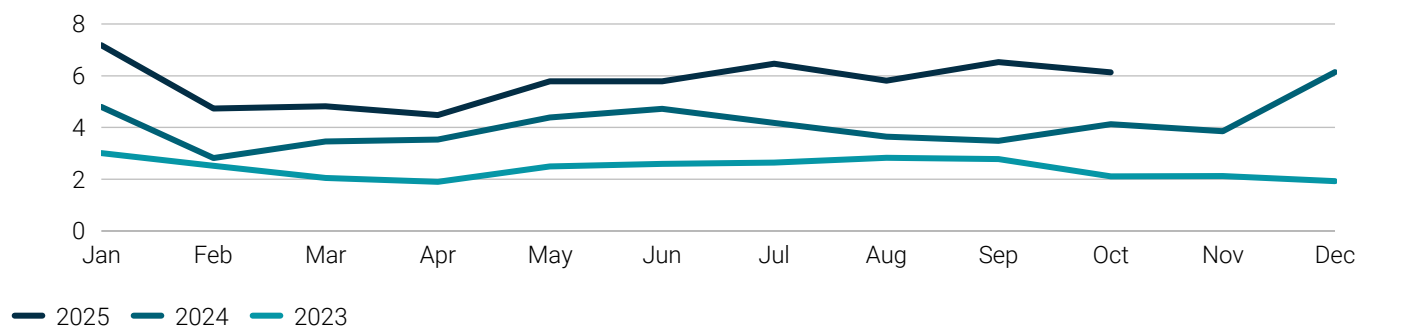
TRUCKING FREIGHT

Truckload companies continue to face weak demand, driving large carriers to cut back capacity

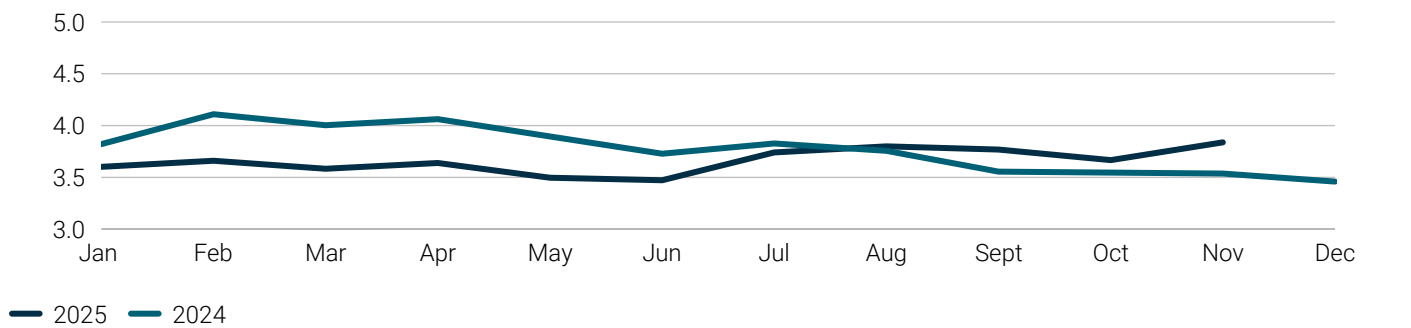
TRUCK DEMAND – TONNAGE, YEAR OVER YEAR, INDEX (100)=JAN 2019




VAN LOAD-TO-TRUCK RATIO – YEAR OVER YEAR



DIESEL – \$ PER GALLON



KEY TRENDS AND FACTS



- Trucking capacity has tightened in part because of fewer US imports, though it is not certain if it will remain ([JoC](#)).
- Truckload Capacity Index has fallen to its lowest since the 2008-09 recession; In an effort to reduce capacity, large carriers are cutting tractor counts ([JoC](#)).
- Rising fuel costs could accelerate carrier exits with higher operating expenses.

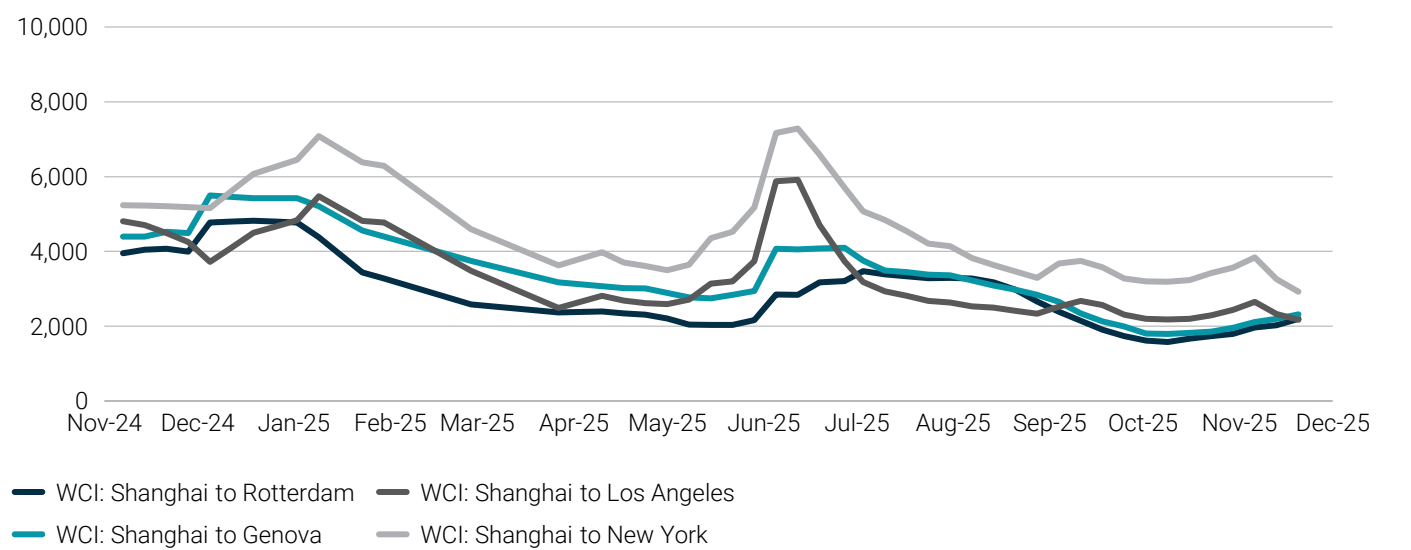
Source: DAT, Freight Waves, FRED, AlixPartners analysis

OCEAN FREIGHT

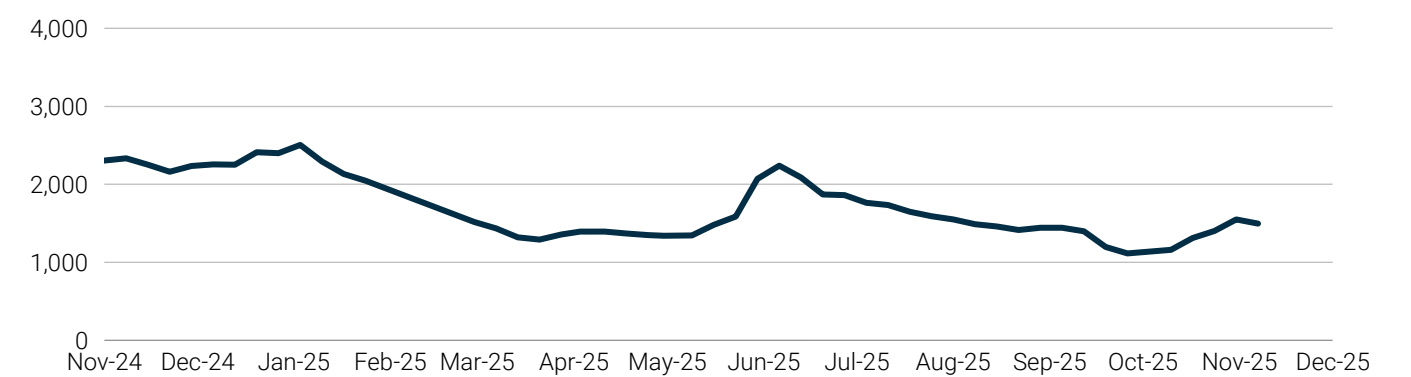
Spot rates have dropped over 30% YOY, reaching their lowest level since early 2024 as soft U.S. import demand and excess capacity continue to pressure pricing

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

Drewry: Trade Routes from Shanghai (US\$/40ft)



Shanghai Container Freight Index (US\$/40ft)



KEY TRENDS AND FACTS

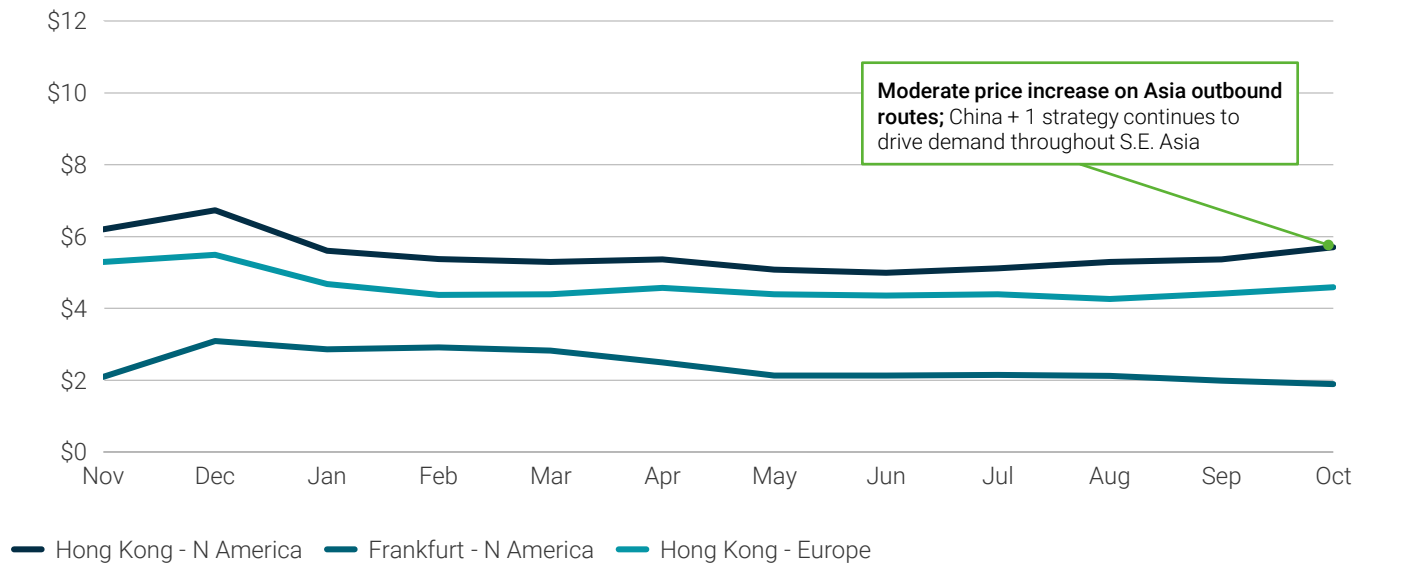


- Spot rates from Shanghai to Los Angeles and New York have fallen ~17% and ~24% from their peak season highs, signaling an end to a short-lived peak season
- The short and limited peak season provides further evidence that, demand fundamentals remain weak, suggesting structural goods recession ([CNBC](#))

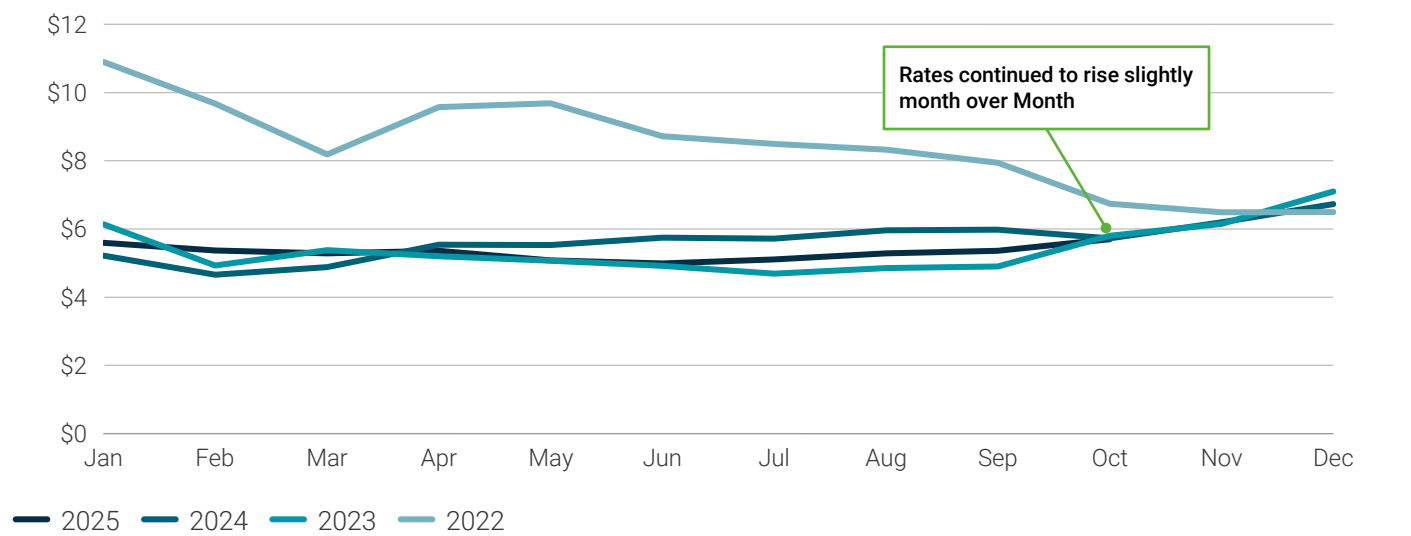
AIR FREIGHT

Global air freight average spot rate increased slightly to \$2.58/kg; rates down 3% YoY


KEY INTERNATIONAL ROUTES (UNIT:\$ PER KG)



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



KEY TRENDS AND FACTS



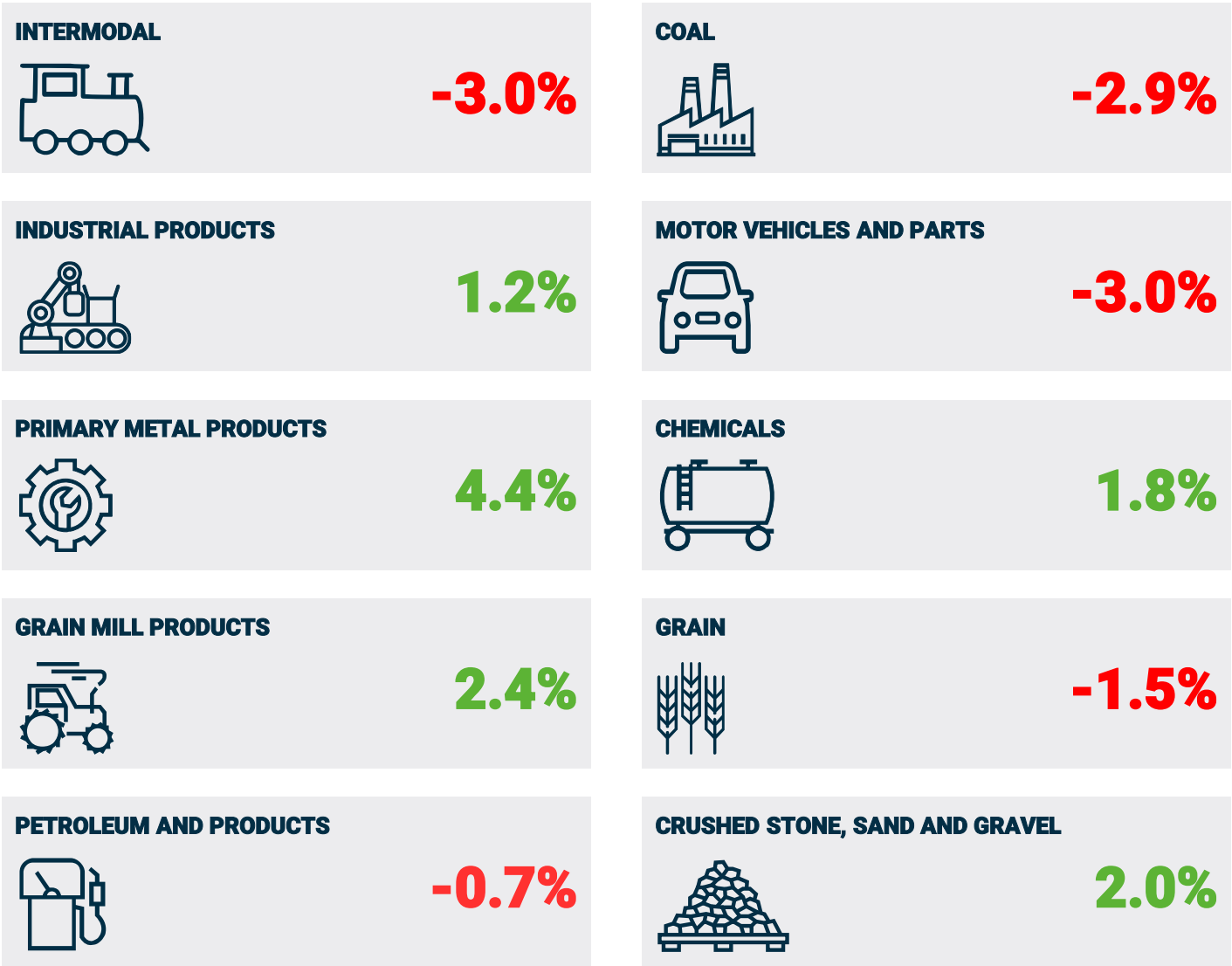
- Spot rates declined 3% YoY; however, contract rates fell further at 8% YoY highlighting the subdued outlook for freight forwarders and carriers - ([AirCargoNews](#))
- Impact on pricing and volumes for global air freight have not been impacted by the groundings of the MD-11 fleet for UPS and FedEx ([FreightWaves](#))

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

RAIL FREIGHT

Combined U.S. rail carload and intermodal volume declined 1.7% in October versus last year driven by sluggish consumer-driven freight and the uneven economic environment

U.S. RAIL VOLUME BY COMMODITY – OCTOBER '25 VS. OCTOBER '24



Source: Association of American Railroads

KEY TRENDS AND FACTS

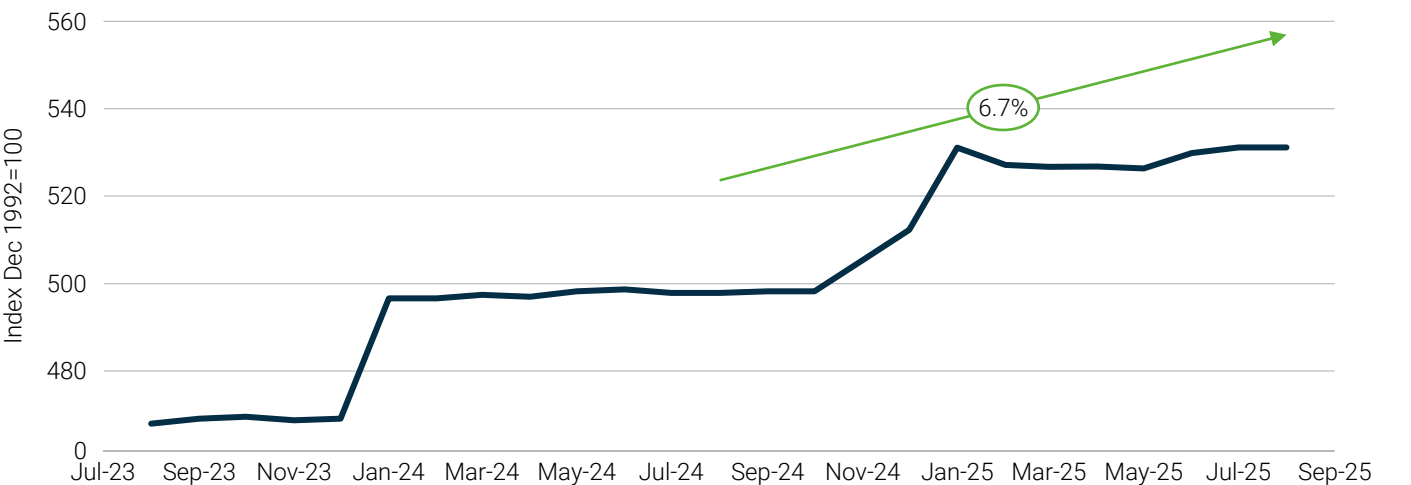

- The AAR reported that railcars in storage have risen slowly to 20.3% in the past 6 months. For reference, the 2016-2024 average was 20.8%.
- Proposed nominees for the Surface Transportation Board (STB), Richard Kloster and Michelle Shultz, assured Senators in a November hearing that the proposed merger of UP & NS would receive a thorough and impartial review grounded in the law. This came following a group of 18 bipartisan senators sending a letter to the STB expressing concern of the merger's impact on agricultural producers and competition.
- Schneider has launched a new intermodal service offering called Fast Track promising 95% on-time deliveries. This new service offering is an effort to pull truckload freight back to rail and competes against J.B. Hunt's Quantum product. Schneider's use of privately owned containers, significant workforce of company drivers, and insourced chassis pool make it uniquely equipped to compete against J.B. Hunt's offering, as other intermodal carriers often rely on third party drayage and chassis.

Note: Carloads are traffic classified into 20 major commodity categories. Rail intermodal units are shipping containers and truck trailers moved on railcars
Source: AAR, Journal of Commerce, Railway Age, Trains, Schneider

USA PARCEL

UPS beat analyst expectations in their third quarter, but revenues and income declined

PRODUCER PRICE INDEX – STANDARD COURIER SERVICES INDEX¹



1. Measures the average change over time in the selling prices received by domestic producers for their output. For e.g.: If a 1 kg package average parcel selling price in US was \$5 in Dec 1992, today it is about $5 \times 530 / 100 = \$26.50$

UPS FINANCIAL RESULTS Q3 FY2025

Metric	UPS Q3 FY25	UPS Q3 FY24
Revenue	\$21.4B	\$22.2B
Operating income	\$1.8B	\$2.0B
Net income	\$1.31B	\$1.99B
Diluted EPS	\$1.55	\$1.80
Strategic focus	Network consolidation and cost reduction	

Source: [UPS](#)

KEY TRENDS AND FACTS



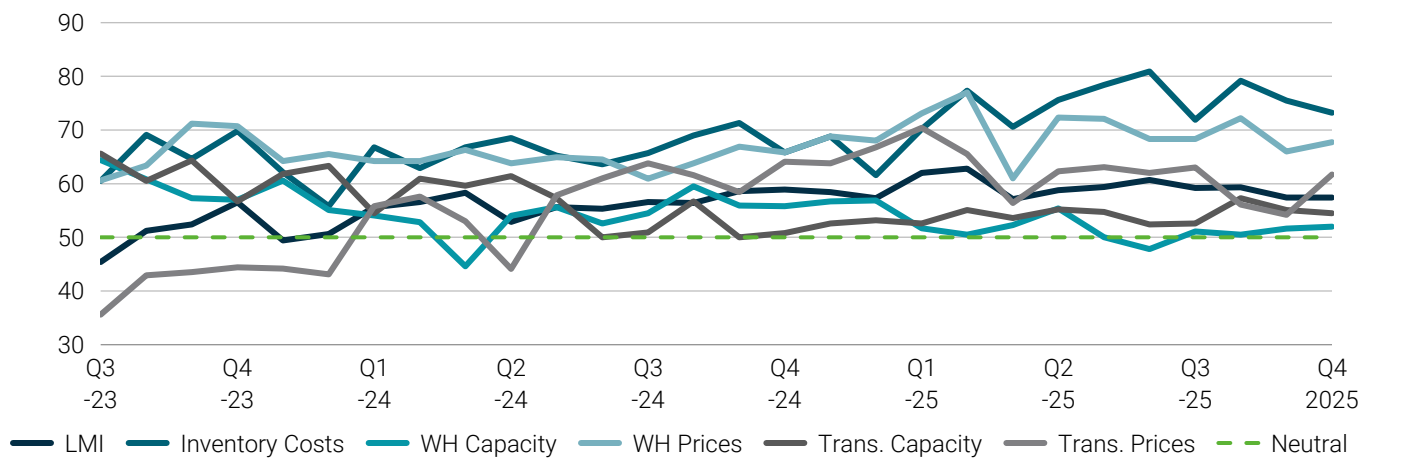
- UPS posted third quarter adjusted earnings per share at \$1.74, beating the consensus estimate of \$1.30.
- Results for the quarter included \$250M in transformation strategy costs and \$330M gain from sale-leaseback transactions.
- UPS announced that they have reduced their workforce by 34,000 this year, with 14,000 of those from management.
- They have also closed 93 locations in 2025 as part of network consolidation initiatives.

Sources: Federal Reserve Economic Data ([FRED](#)); [CNBC](#); [UPS](#)

WAREHOUSING TRENDS

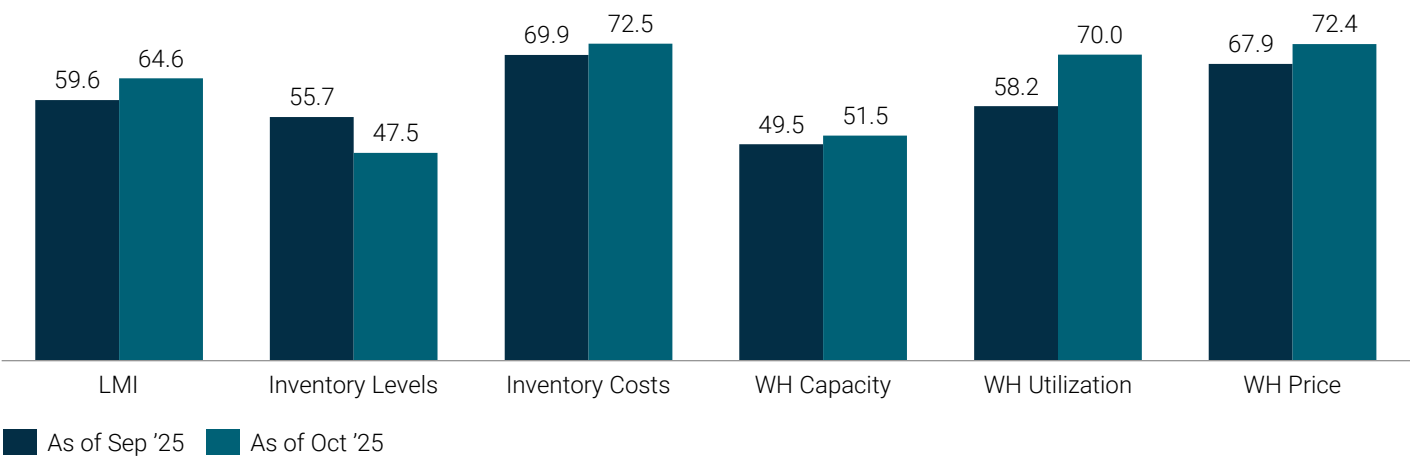
Logistics Manager’s Index in October remained flat at 57.4 (±0.0) from September, with greatest change in warehouse utilization and transportation prices

FLUCTUATION OF LMI INDICES



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

LMI SURVEY – NEXT 12-MONTH PREDICTION¹



1. LMI respondents’ predictions for movement in LMI metrics 12 months from now

KEY TRENDS AND FACTS

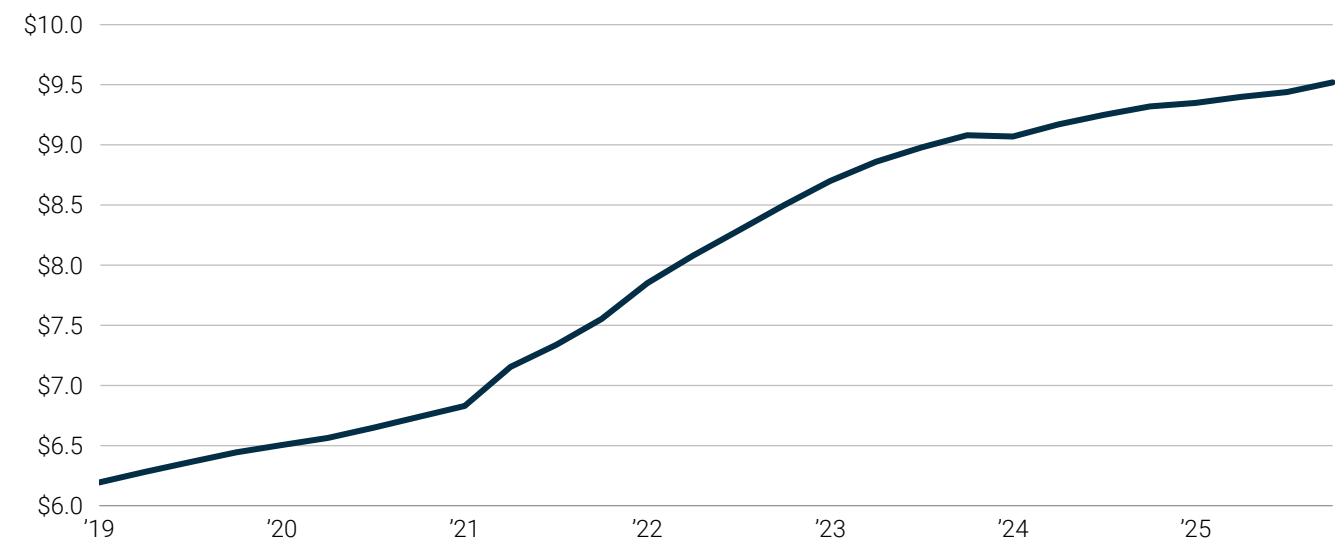
- Overall Logistics Managers’ Index October remained flat at 57.4 (±0.0). The largest shifts were in warehouse utilization (-8.8), transportation prices (+7.5), and transportation utilization (+7.3)
- Inventory Levels fell into contraction territory at 49.5. This destocking directly caused a sharp slowdown in the growth of Warehousing Utilization, which saw an 8.8-point drop (LMI)
- The transportation surge was driven almost entirely by Downstream retailers (reporting a 70.0 price reading) as they prepare for the holidays, while the Upstream manufacturing sector remained sluggish (reporting a 56.4 price reading) (LMI)

Source: Logistics Managers’ Index, AlixPartners analysis

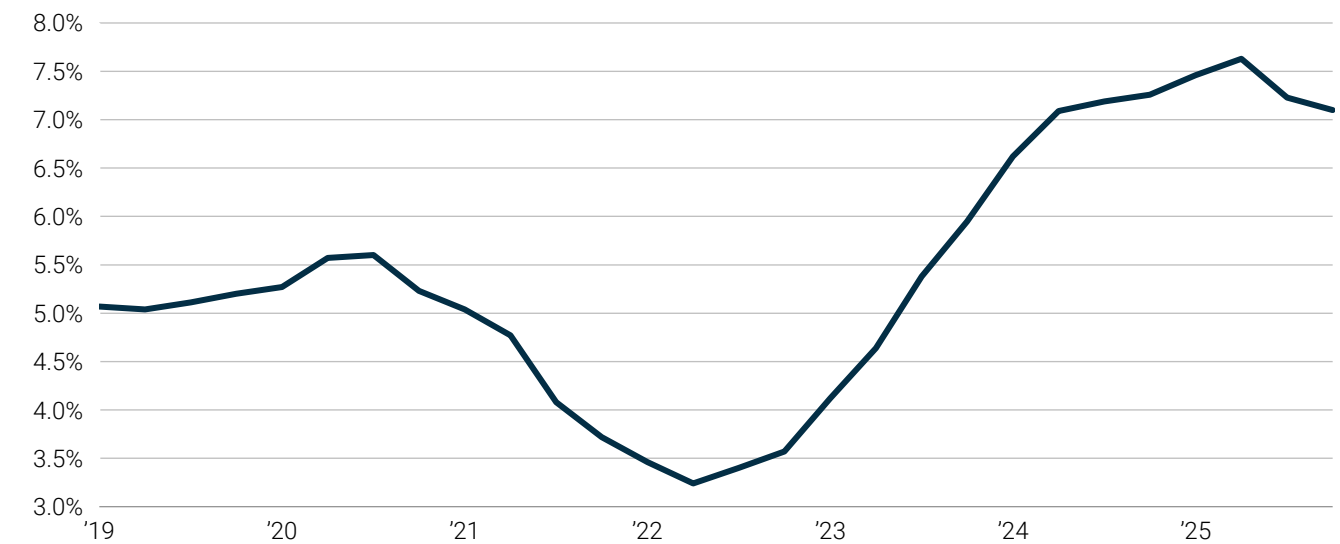
WAREHOUSING TRENDS

National average rents for industrial logistics space edge up slightly while vacancy dropped slightly

NATIONAL AVERAGE MARKET RENT/SQ FT (\$)



NATIONAL AVERAGE VACANCY RATE (%)



KEY TRENDS AND FACTS



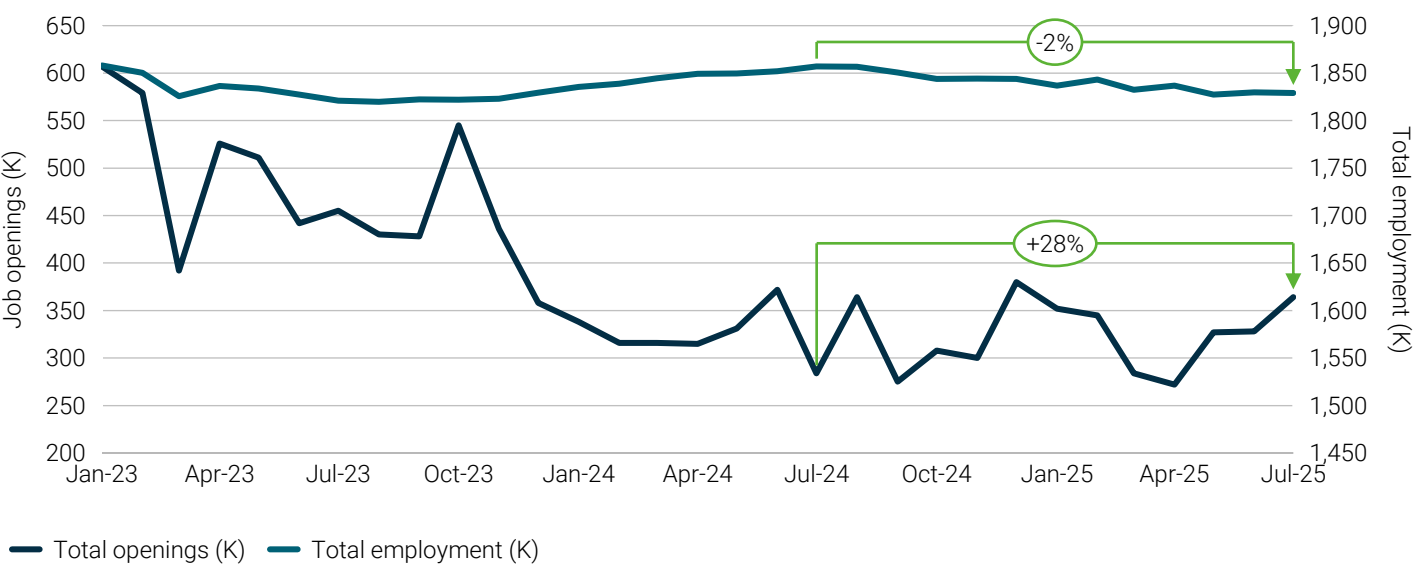
- **Quarterly rents rose** gradually to an estimated \$9.52 per square foot in Q4 2025 while **vacancy rates** dropped slightly to 7.1%
- Warehouse demand grows as companies push through tariff uncertainty ([Supply Chain Dive](#)). Demand for Free Trade Zones continues to grow; GXO looking to capture some of the growth ([WSJ](#))
- Drug distributor Cencora to invest \$1B to open two new distribution centers in the US ([WSJ](#))

Source: AlixPartners & Mohr Partners, WSJ, SCD, AlixPartners analysis

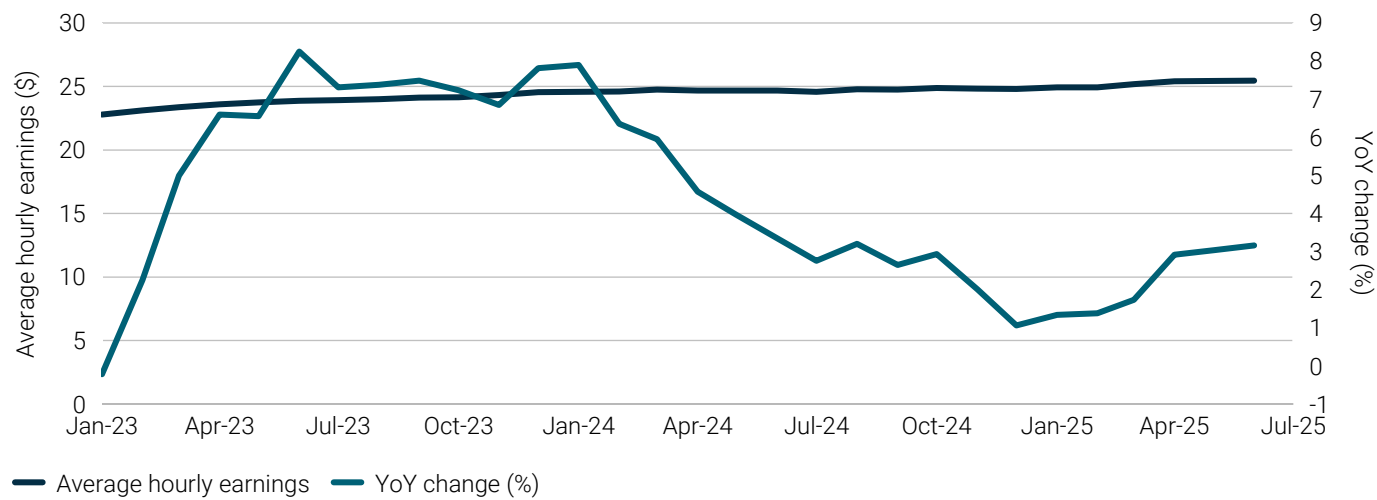
LABOR

The U.S. Warehousing sector led the October job cuts with almost 48,000 cuts

JOB OPENINGS AND TOTAL EMPLOYMENT¹




AVERAGE HOURLY EARNINGS¹



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

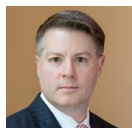
KEY TRENDS AND FACTS



- Because of the ongoing US Government shutdown, the BLS did not publish their September and October reports
- US companies announced they were cutting over 150,000 roles last month. The warehousing sector led the increase, with announced plans to cut about 48,000 roles ([Challenger, Gray & Christmas](#))
- Macy's recently opened their largest and most automated warehouse after shuttering three facilities over the past two years ([WSJ](#))

Source: U.S. Bureau of Labor Statistics seasonally adjusted data, WSJ, Challenger, Gray & Christmas

ALIXPARTNERS SUPPLY CHAIN EXPERTS – REACH OUT TO LEARN MORE



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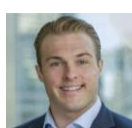
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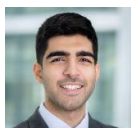
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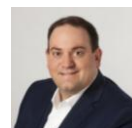
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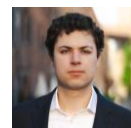
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