SUPPLY CHAIN MARKET UPDATE

North America and Europe

August 2026

KEY TRENDS AND CHALLENGES IN SUPPLY CHAIN MANAGEMENT

1

GLOBAL OCEAN RATES REMAIN ELEVATED, BUT PLATEAU AS FRONTLOADED IMPORTS FADE

- The import pull-forward is ending. The National Retail Federation projects August container imports 4.2% below August 2025, with volumes falling through the rest of 2026.
- Transpacific capacity rose 6.5% week over week to the West Coast and 15.4% to the East Coast in mid-July, but cancelled sailings hold usable capacity below the nominal level.
- Asia-Europe and Transatlantic headhaul rates remain elevated, up 30%+ year-over-year.

2

AIR FREIGHT RATES COOL FROM THEIR PEAK BUT STAY WELL ABOVE LAST YEAR

- Cargo demand growth halved to 4% year over year in July from 8% in June, as artificial intelligence (AI) hardware shipments offset weaker e-commerce.
- Capacity grew just 1% as Middle East carriers slowly restored networks, keeping aircraft utilization under pressure.
- Global spot rates eased to $3.12 per kilogram in July, down 6% from June but 28% above last year; Hong Kong – North America ran about 36% higher.

3

US TRUCKLOAD RATE REMAIN ELEVATED; GERMAN SPOT PRICES SURGE ON RHINE RESTRICTIONS

- US Contract linehaul rates are up 12 to 20% year over year, and load rejections at 14.1% remain the tightest since 2022.
- Capacity keeps shrinking on regulatory enforcement, carrier exits, and driver shortages. The van load-to-truck ratio hit 10.5 in July, up 62% from a year ago.
- German truckload spot rates are up 20% year-over-year as record low water levels on the Rhine are pushing bulk volume onto trucks, need up to 100 trucks to replace just one barge.

Source: Drewry, National Retail Federation/Hackett Associates, Xeneta, DAT, Freight Waves, ACT Research, AlixPartners analysis

FEATURED ARTICLE

The freight recession is over. Is your supply chain ready?

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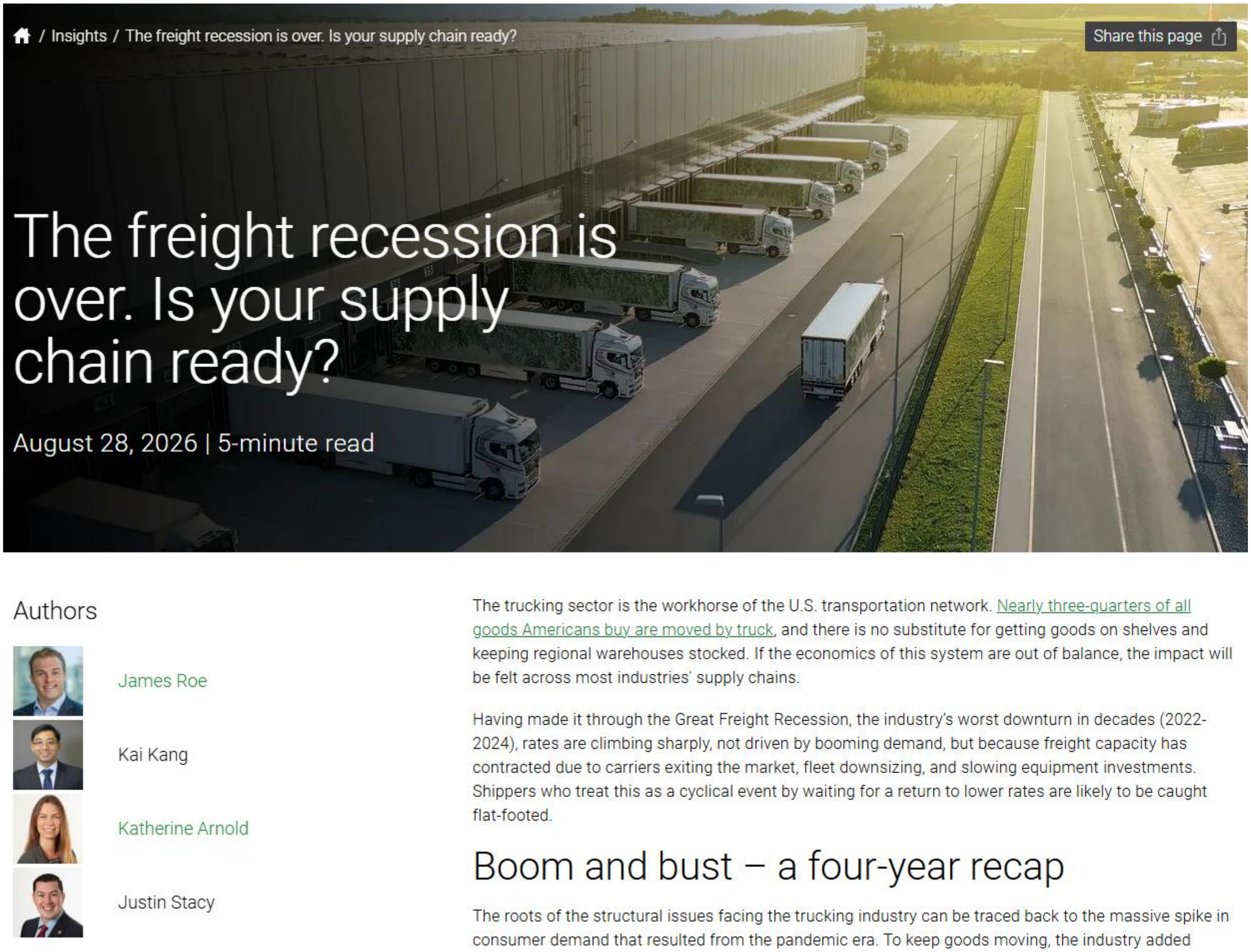

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The freight recession is over. Is your supply chain ready?

August 28, 2026 | 5-minute read

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The trucking sector is the workhorse of the U.S. transportation network. Nearly three-quarters of all goods Americans buy are moved by truck, and there is no substitute for getting goods on shelves and keeping regional warehouses stocked. If the economics of this system are out of balance, the impact will be felt across most industries' supply chains.

Having made it through the Great Freight Recession, the industry's worst downturn in decades (2022-2024), rates are climbing sharply, not driven by booming demand, but because freight capacity has contracted due to carriers exiting the market, fleet downsizing, and slowing equipment investments. Shippers who treat this as a cyclical event by waiting for a return to lower rates are likely to be caught flat-footed.

Boom and bust – a four-year recap

The roots of the structural issues facing the trucking industry can be traced back to the massive spike in consumer demand that resulted from the pandemic era. To keep goods moving, the industry added

CONTENT SUMMARY

- **The recession in trucking is over, but this upcycle is not demand-driven**. Rates are climbing on supply destruction, not volume — demand is down year-over-year across all major categories.
- **Capacity has been structurally removed and will take years to rebuild**. New federal eligibility rules pushed 250–400k drivers out of the market, and 8,000+ carriers have exited since January 2024.
- **Elevated rates will persist through the 2027 budget cycle**. Q4 rates are projected up 45–55% year over year; spot has inverted above contract for the first time since early 2022.
- **Four actions for shippers while leverage sits with carriers**: re-examine contract strategy and structure, diversify carriers on service, evaluate LTL/intermodal mode switching, and monitor tender rejections.

FREIGHT COSTS

Freight costs stay elevated in Q3 as ocean peak plateaus, truckload remains capacity constrained, and warehousing tightens

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

WHAT IS MOST IMPORTANT TO KNOW?

- **Ocean: the rate spike has plateaued** — Drewry's Shanghai–LA at $5,894/40ft on Aug. 6 (+3% WoW) after three straight weekly declines, still ~92% above year-ago; added sailings are offset by continued blanking
- **Air freight: capacity, not demand, is the constraint** — global spot $3.12/kg in July (-6% MoM, +28% YoY) and Hong Kong–N. America +36% YoY; July tonnage growth slowed on seasonality while capacity recovery lagged
- **Truckload: still supply-led, just off the June peak** — van load-to-truck 10.5 (+62% YoY) and tender rejections 14.1% vs. a 17.7% June peak, but tightest since 2022; contract linehaul +12–20% YoY, intermodal ~30% below OTR
- **Parcel: rates climbing as the duopoly erodes** — AFS express rates +5.9% in Q2 and ground cost per package tracking a record high; surcharge fatigue keeps shifting volume to Amazon and alternative carriers
- **Warehousing: the market has turned tighter** — industrial vacancy -20bps to 6.5% (first drop since 2022) on leasing +11% YoY, LMI warehousing prices at 75.5, wages +5.1% YoY to $26.76/hr; data centers outbid warehouses for power-ready sites

WHAT ACTIONS CAN WE TAKE?

Lock in capacity and cost certainty ahead of the Q4 peak

- With truckload, air, and warehouse capacity all tightening, secure committed capacity and forward-price key lanes rather than riding the spot market
- Develop and strengthen key internal capabilities along with strategic external carrier/ logistics provider relationships to prepare for the next growth period and future uncertainty

Accelerate tariff impact analysis and freight plan optimization

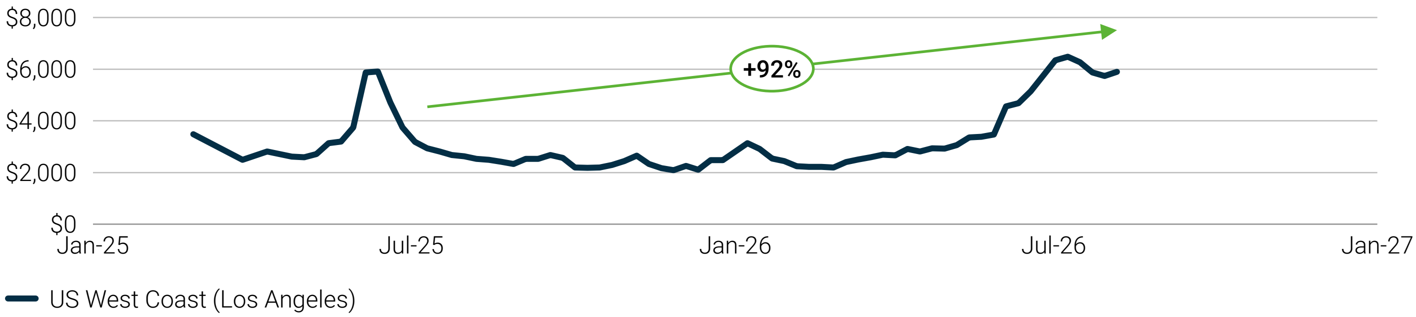
- Develop comprehensive mitigation strategies for trade policy volatility, including dual-sourcing and nearshoring options
- Use tools like AlixPartners Global Trade Optimizer (GTO) to rapidly assess tariff impacts and optimize sourcing in this dynamic environment

Source: AlixPartners analysis

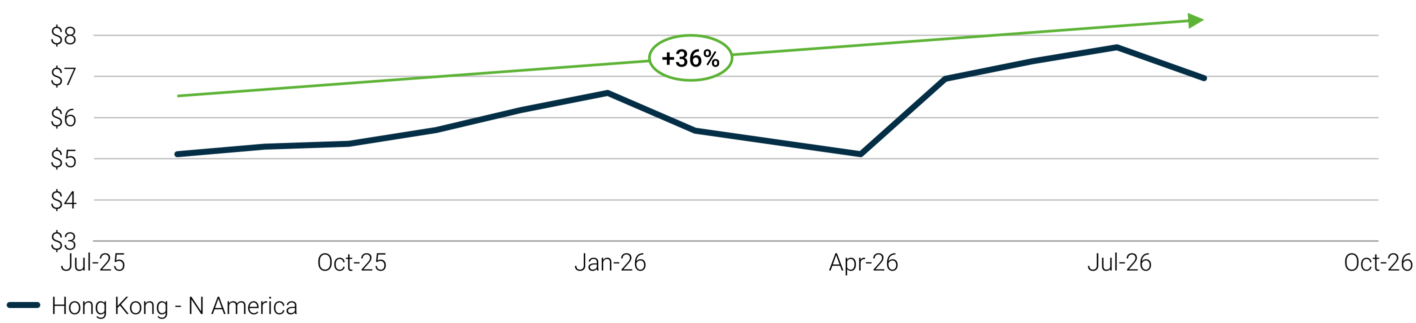
FREIGHT TRENDS

China–U.S. ocean rates remain elevated and volatile; softer frontloading is creating downward pressure

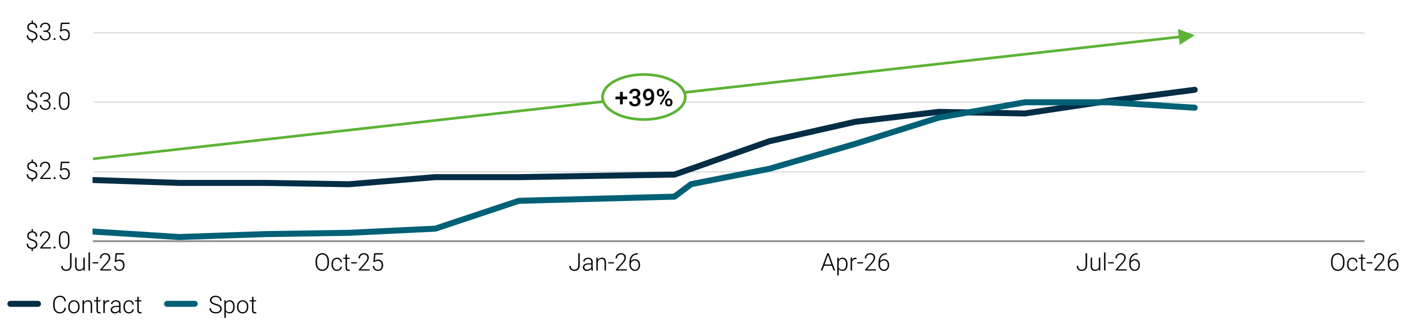
OCEAN FREIGHT – SHANGHAI TO U.S. ($/40FT)



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



TRUCKING – DRY VAN ($/MILE)



KEY TRENDS AND FACTS

Key drivers causing rate changes are:

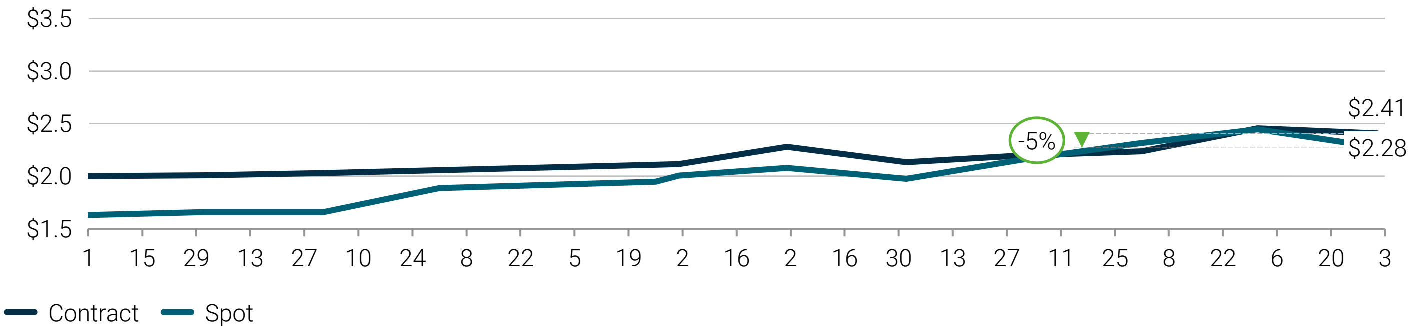
- Transpacific rates reversed part of July's decline in early August. Drewry reported Shanghai–Los Angeles at $5,894/40ft on Aug. 6, +3% WoW, and Shanghai–New York at $7,893, +4%, after three consecutive weeks of declines
- Global air spot rates stayed flat MoM, but up 38% YoY, with demand for AI chips offsetting declines in e-commerce, and additional summer capacity on Transatlantic lanes offsetting higher rates on the Transpacific lane
- Dry van spot is +46% YoY at $2.96/mile and contract +28% at $3.09; spot has eased from its June peak after briefly overtaking contract — the re-pricing remains supply-led, driven by carrier exits and driver constraints, not a demand surge

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

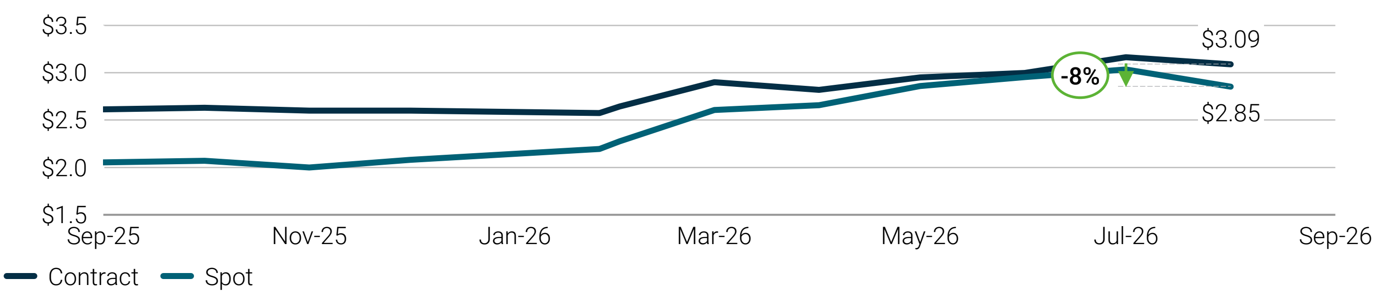
USA TRUCKLOAD

Contract linehaul rates are up 12-20% YoY, as spot eases below contract from June's record but capacity stays tight

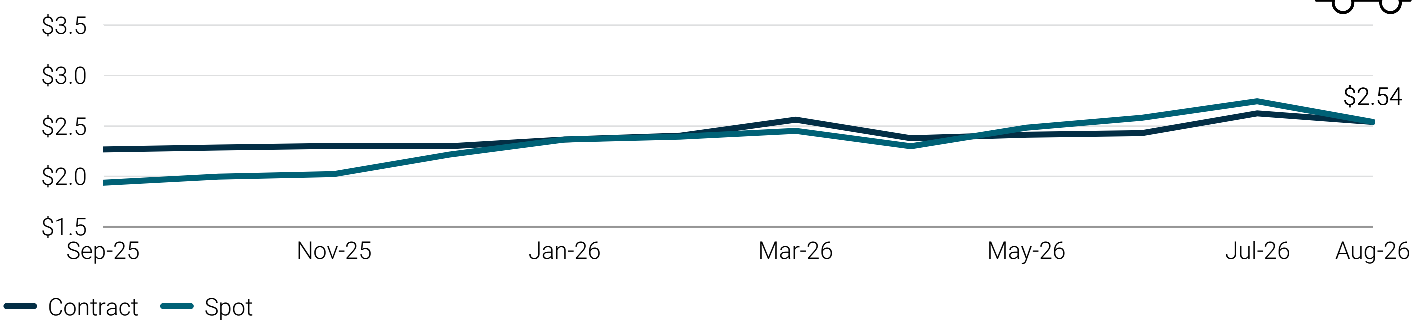
DRY VAN – U.S. DOMESTIC FREIGHT RATES, INCL. FUEL (UNIT:$ PER MILE)[1]



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

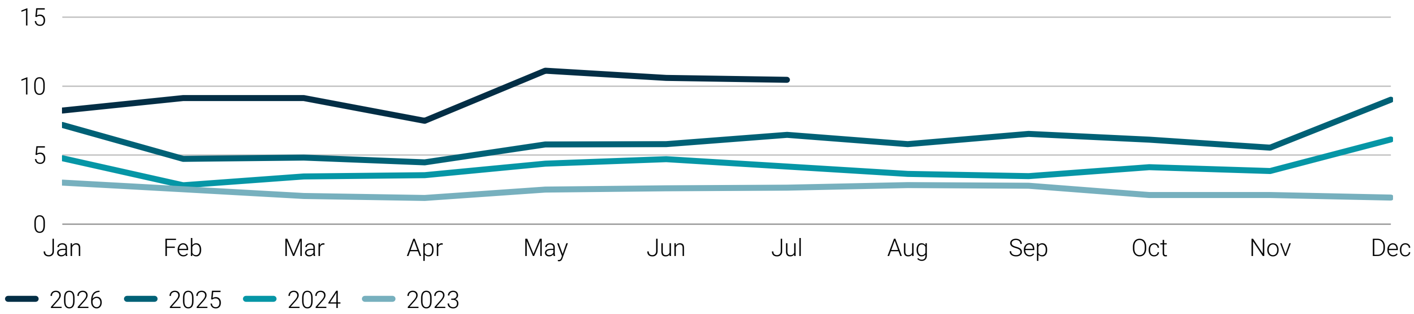
- Supply-led re-pricing persists as regulatory enforcement limits new drivers and trucks as driver availability and capacity constrict (ACT Research).
- Flatbed still leads on rate strength on data-center and grid build-out; ACT sees supply-led gains flowing into 2H contracts.
- All-in rates remain ~50% above a year-ago as spot gains flow into contract renewals (Transportation Insight).
- Manufacturing Purchasing Managers' Index (PMI) has expanded seven straight months, with data-center build-out adding flatbed lanes into Q4.

Note: 1. Assumptions: Baseline fuel price of $1.25/gal; Van: 6.0mpg, Reefer: 5.5mpg, Flatbed: 5.0mpg
Sources: DAT, FreightWaves, ACT Research, Transportation Insight, AlixPartners analysis

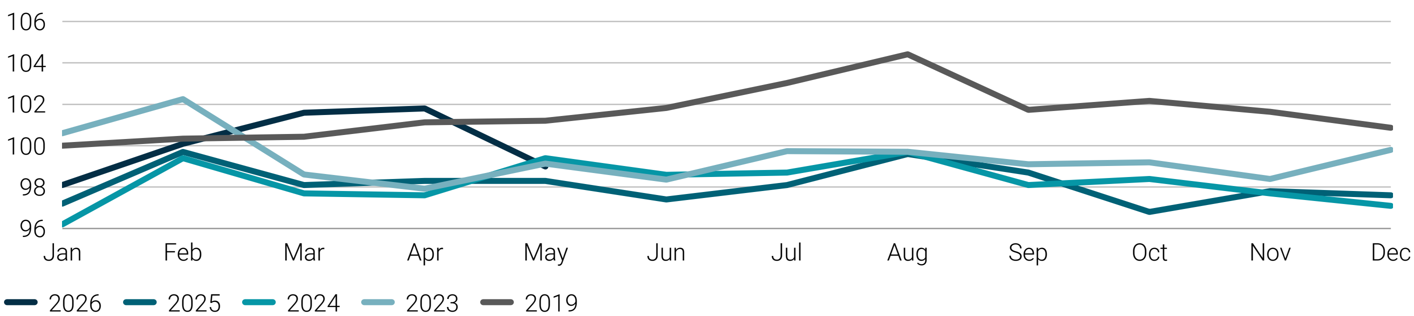
USA TRUCKLOAD

Capacity, not demand, keeps driving freight costs: load-to-truck ratios hold near 10x, up ~60% YoY, with tonnage flat and diesel near $5.35/gal

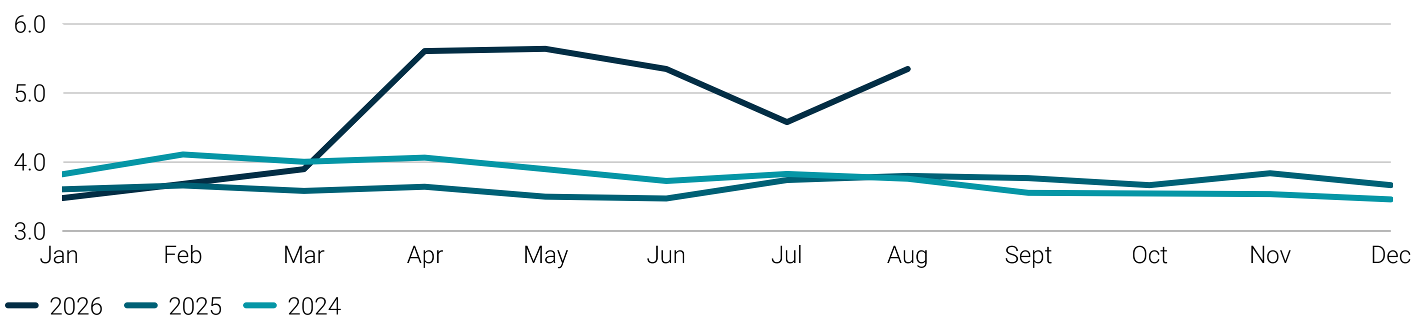
VAN LOAD-TO-TRUCK RATIO – YEAR OVER YEAR



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



DIESEL – $ PER GALLON



KEY TRENDS AND FACTS

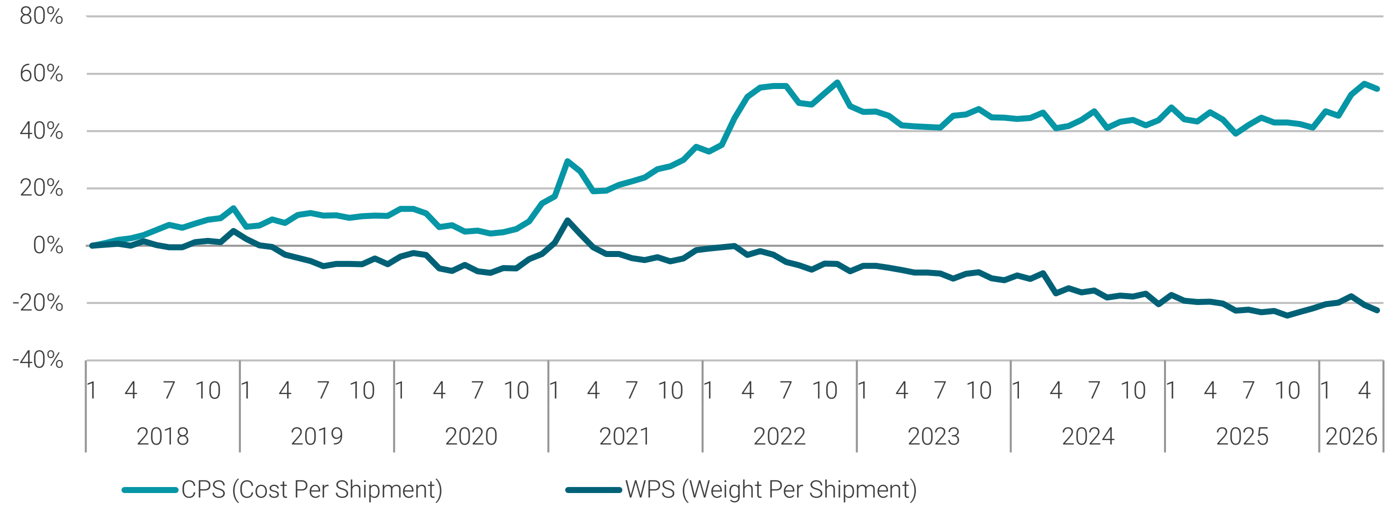
- Van load-to-truck ratio was 10.5 in July, up 62% from 6.5 a year ago and just off May's 11.1 peak (Trucking Dive).
- Truck tonnage is flat: the 2026 index has held a 98-102 band all year and sits at 99, in line with 2025.
- Diesel is back to $5.35/gallon in August, ~$1.55 above a year ago, after a brief July dip to $4.58 (EIA).
- Tender rejections eased from a 17.7% June peak to 14.1% but remain the tightest since 2022 (Freight Waves).

Sources: DAT, Freight Waves, FRED, AlixPartners analysis

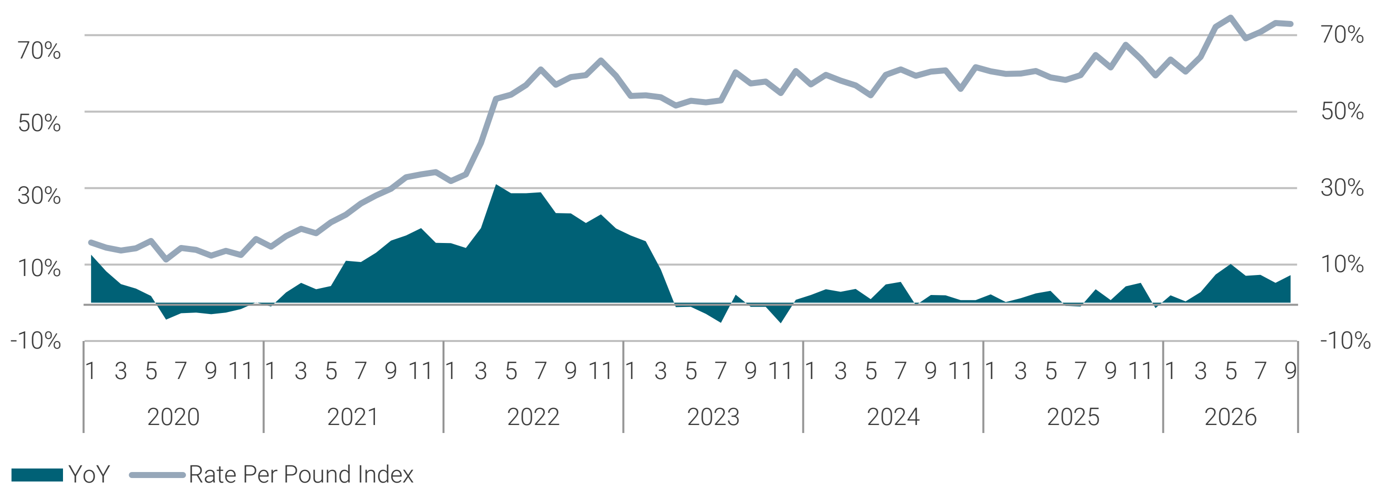
USA PARCEL

TD Cowen/AFS Freight Index: LTL Rate Per Pound Index hit a new high in Q2, with new highs expected in Q3

LTL COST PER SHIPMENT AND WEIGHT PER SHIPMENT INDEX (JAN-2018 AS BASE)



MONTHLY LTL RATE PER POUND INDEX (JAN-2018 AS BASE)



KEY TRENDS AND FACTS

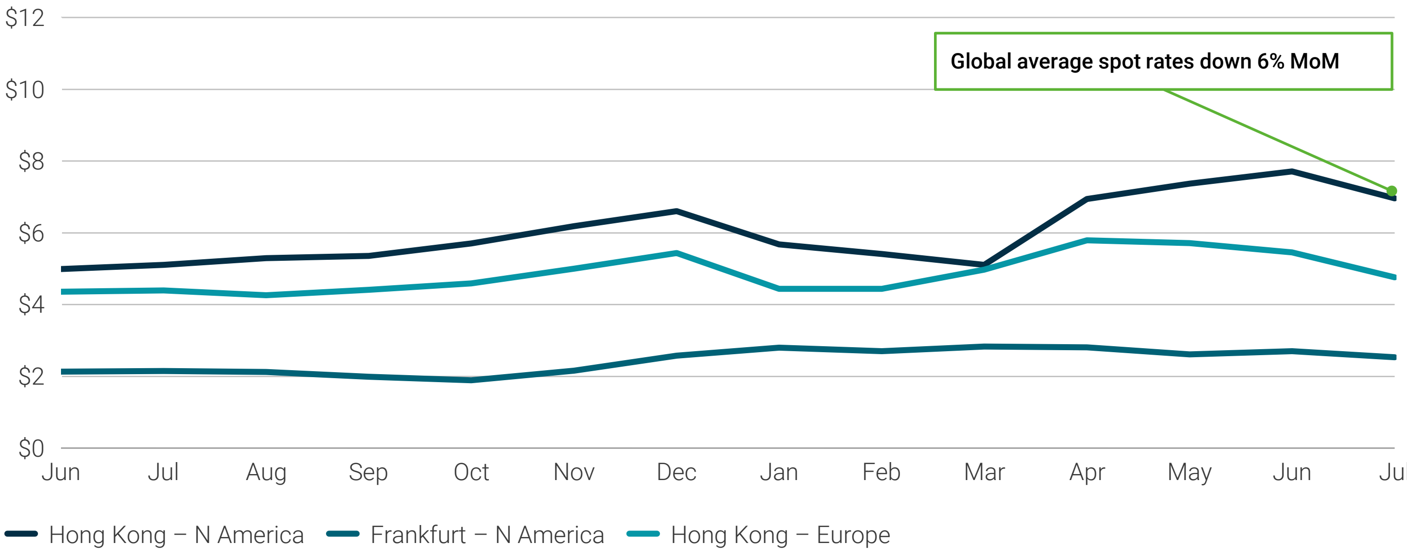
- Diesel volatility drove LTL fuel costs up 65% YoY in Q2. With geopolitical risk elevated, fuel surcharges have become the primary driver of total LTL cost variance and is expected to continue into Q3.
- The AFS LTL Rate Per Pound Index hit a new high of 76.5% in Q2. Tight carrier capacity and yield-management discipline point to further increases in Q3 to 76.8%, and the Amazon entry effect has yet to fully materialize in the index.

Sources: TD Cowen/AFS Logistics Freight Index

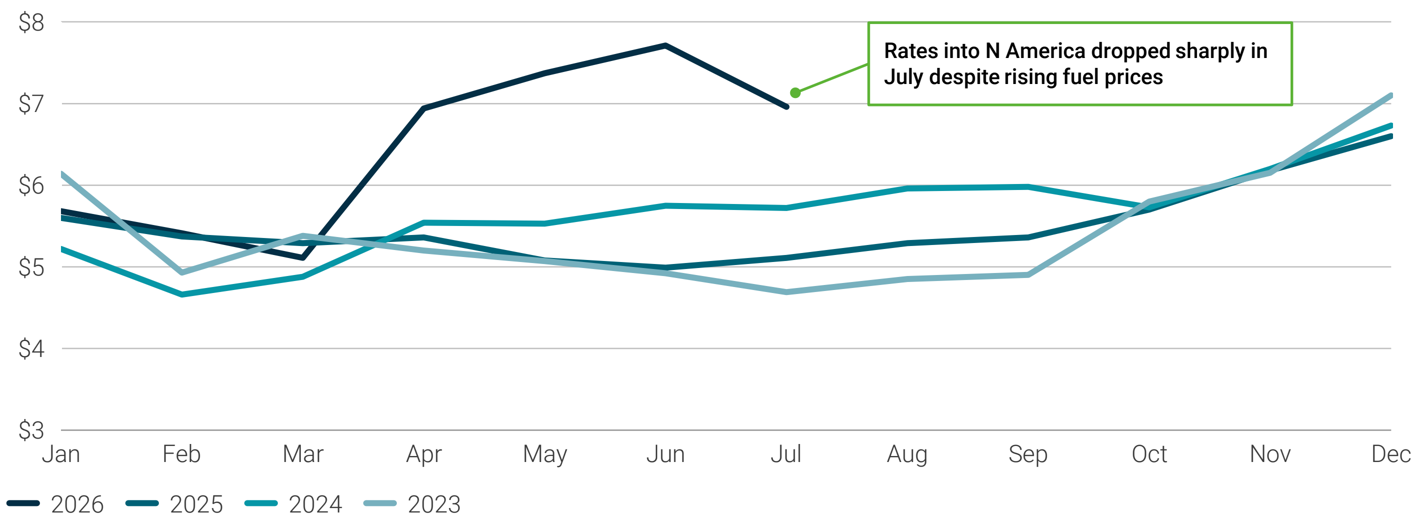
AIR FREIGHT

Global air freight average spot rate decreased to $3.18/kg in June, down 6% MoM, but up 28% year over year

KEY INTERNATIONAL ROUTES (UNIT:$ PER KG)



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



KEY TRENDS AND FACTS

- Global spot rates eased in July to $3.12 per kilogram, up 28% year-over-year but down 6% month-on-month, as growth decelerated for the second consecutive month following a peak of 41% in May. (FreightWeek)
- Asia-Europe corridors recorded the steepest declines in July, with Northeast Asia to Europe falling 13% month-on-month and China to Western Europe dropping 22% month-on-month (Xeneta)

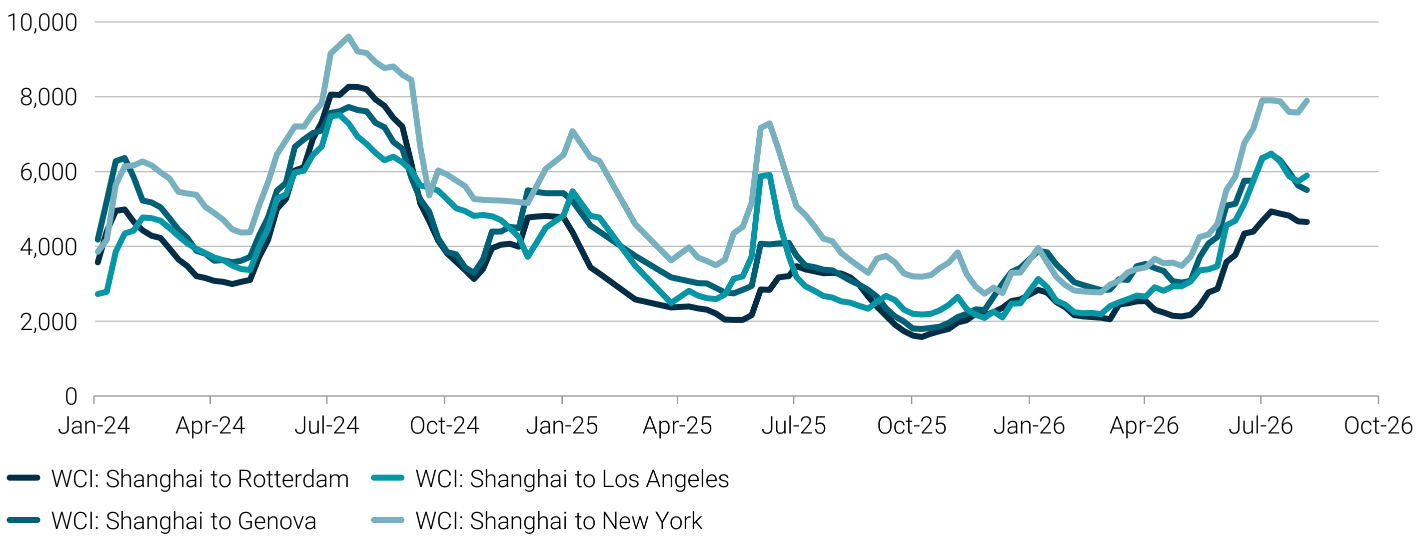
Source: Baltic Exchange Air Freight Index - TAC database, Air Cargo News, Xeneta, Supply Chain Dive, AlixPartners analysis

OCEAN FREIGHT

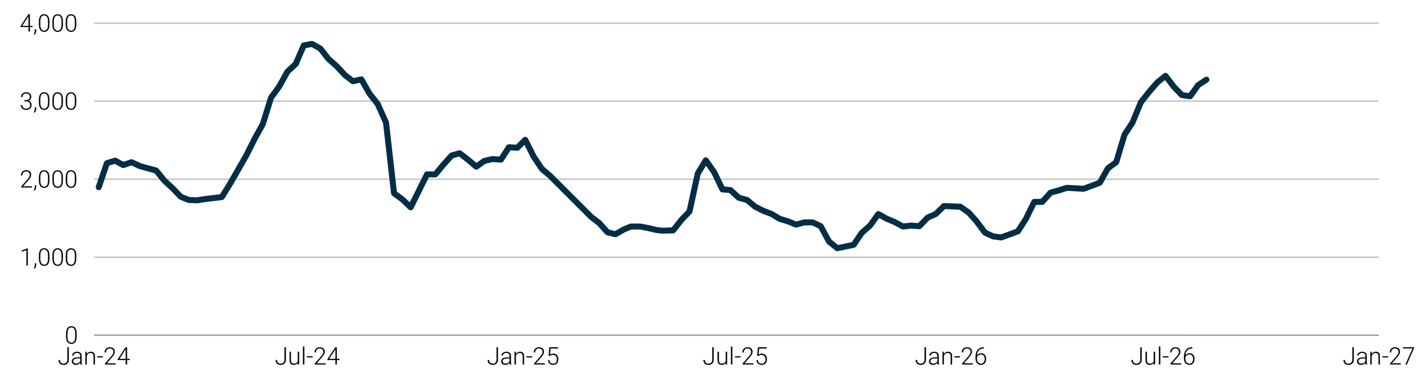
The Transpacific market appears to be moving from a frontloading-driven spike into a volatile plateau; additional capacity pulled rates lower in late July

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

- The first clear correction appeared in late July. Shanghai–Los Angeles fell 6% to $5,878/40ft on July 23, with Shanghai–New York down 4% to $7,598; Drewry identified increased capacity and easing demand as the primary causes. By July 30, Shanghai–Los Angeles slipped another 2% to $5,739, as frontloading activity slowed (Drewry)
- That correction did not become a sustained collapse. On Aug. 6, Shanghai–Los Angeles rebounded 3% to $5,894 and Shanghai–New York rose 4% to $7,893, as carriers pushed through GRIs while volumes remained firm and Chinese port congestion reduced usable capacity (Drewry)
- The next major rate risk is increasingly on the downside as early inventory arrives. NRF/Hackett said the early U.S. import surge is winding down and projects August container imports about 4.2% below August 2025, with volumes expected to decline progressively through the rest of 2026 (Reuters)

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

RAIL FREIGHT

Total carloads in July rose for the seventh straight month; intermodal was up for the sixth straight month and set a July record

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

INTERMODAL	6.1%
COAL	-6.9%
PRIMARY FOREST PRODUCTS	-3.8%
MOTOR VEHICLES AND PARTS	-0.8%
PRIMARY METAL PRODUCTS	5.9%
CHEMICALS	-0.2%
GRAIN MILL PRODUCTS	5.0%
GRAIN	5.0%
PETROLEUM AND PRODUCTS	6.1%
CRUSHED STONE, SAND AND GRAVEL	0.5%

Source: Association of American Railroads

KEY TRENDS AND FACTS

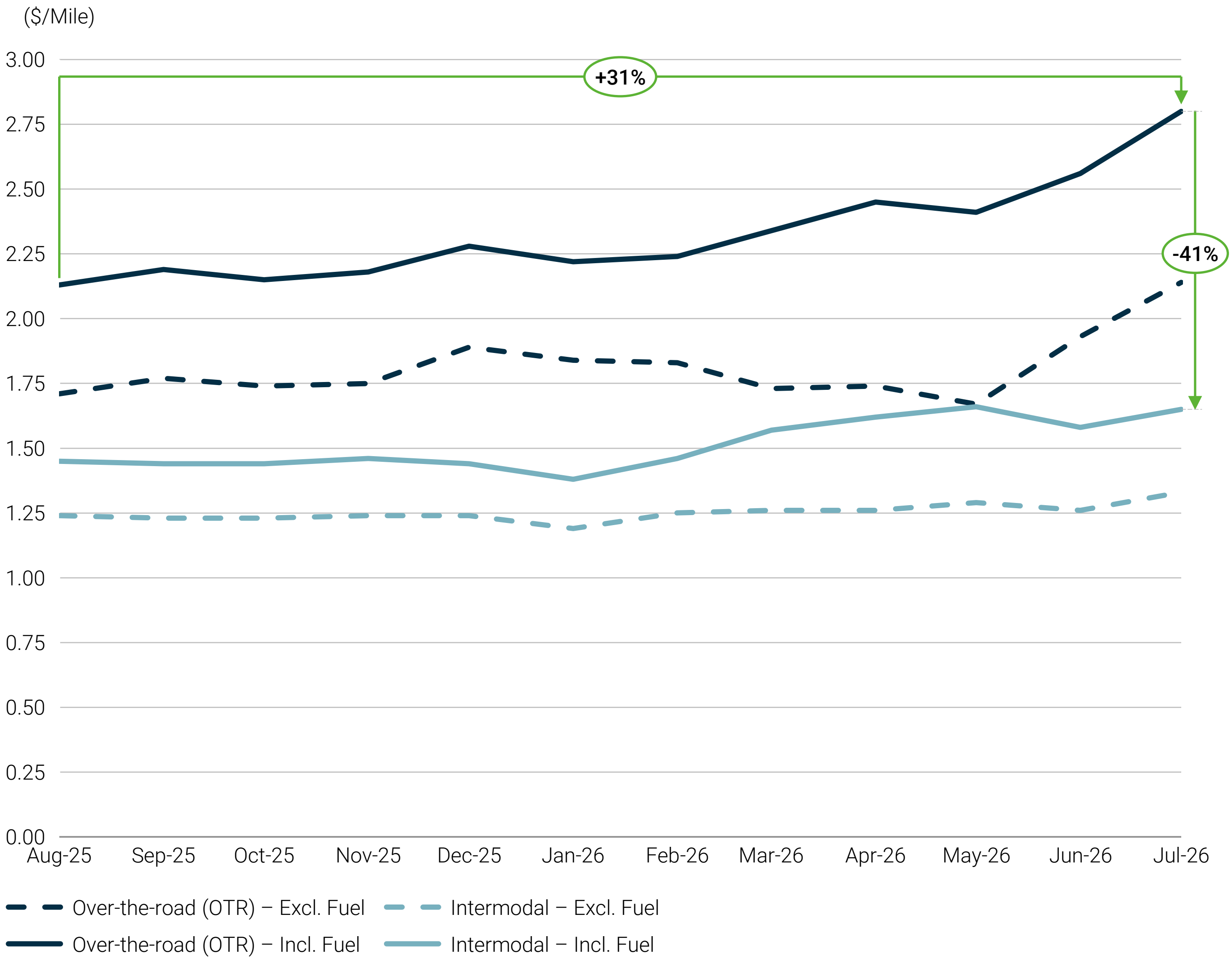
- U.S. rail entered the second half of 2026 with broad-based carload and intermodal growth, supported by strengthening manufacturing activity and signaling an increasingly durable freight recovery.
- Rail fundamentals remain stronger than the broader macro narrative would suggest, with improving freight volumes translating into solid operating leverage across the Class I railroads.
- The proposed UP–NS merger remains the defining strategic development in U.S. rail, creating a transcontinental network aimed at reducing interchange friction and improving service. The deal faces significant regulatory scrutiny around competition, shipper choice, and labor impacts.

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

DRY VAN

As diesel and over-the-road (OTR) linehaul rates have increased, Intermodal has become significantly more attractive for shippers to help off set OTR increases

DRY VAN LINEHAUL-ONLY RATE: LOS ANGELES TO CHICAGO ($/MILE)



KEY TRENDS AND FACTS

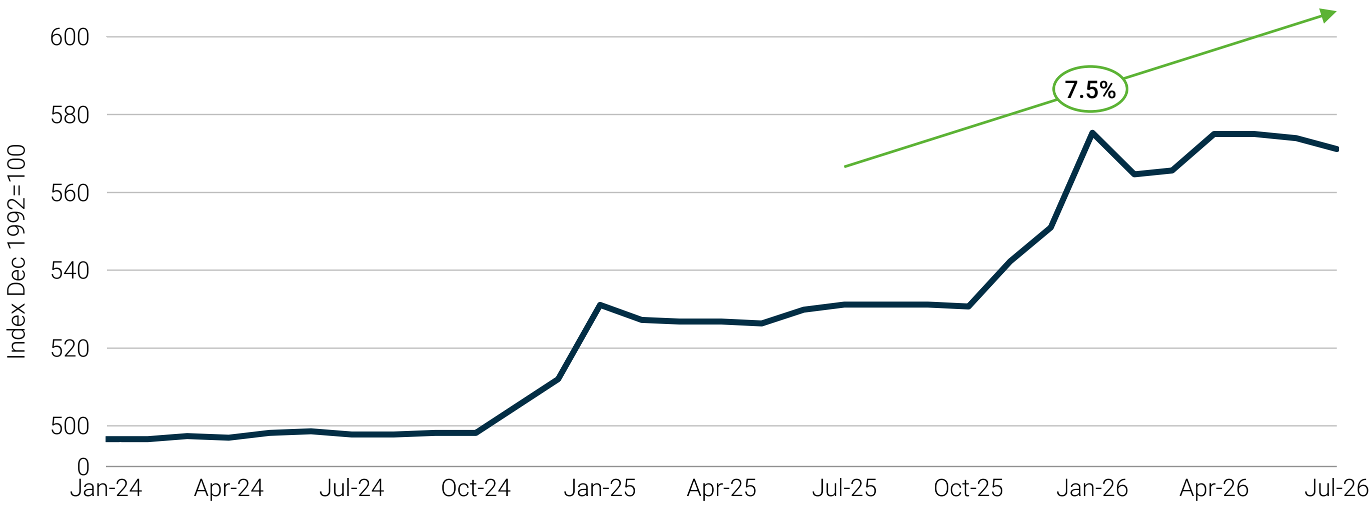
- Over-the-road (including fuel) from Los Angeles to Chicago is up 31% YoY, while Intermodal costs on the same lane are only up 14% YoY
- On this example lane Intermodal shipping is 41% less expensive as over-the-road shipping

Sources: DAT

USA PARCEL

UPS beats Q2 estimates and raises full-year 2026 guidance as its 18-month Amazon wind down finishes

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 1 kg package average parcel selling price in US was $5 in Dec 1992, today it is about 5*565/100=$28.25.

UPS FINANCIAL RESULTS Q2 FY2026

METRIC	FEDEX Q4 FY26	FEDEX Q4 FY25
Revenue	$22.8B (+7.6%)	$21.2B
Operating Margin	9.2% (+40 bps)	8.8%
Operating Income	$2.1B (+12.0%)	$1.9B
Adjusted EPS	$1.76 (+13.5%)	$1.55
Strategic focus	Prioritizing revenue quality and a higher-margin freight mix	

Source: UPS 2Q 2026 Earnings

KEY TRENDS AND FACTS

- UPS completed their 18-month Amazon wind down and saw domestic Package revenue grow 6.0% in Q2 on a 9.3% revenue per piece increase (UPS)
- UPS Supply Chain Solutions revenue grew 7.8% in Q2, led by forwarding, logistics, and healthcare demand (UPS)
- UPS closed 45 leased and owned buildings in H1 2026 as part of its Network Reconfiguration and Efficiency Reimagined initiative (UPS)

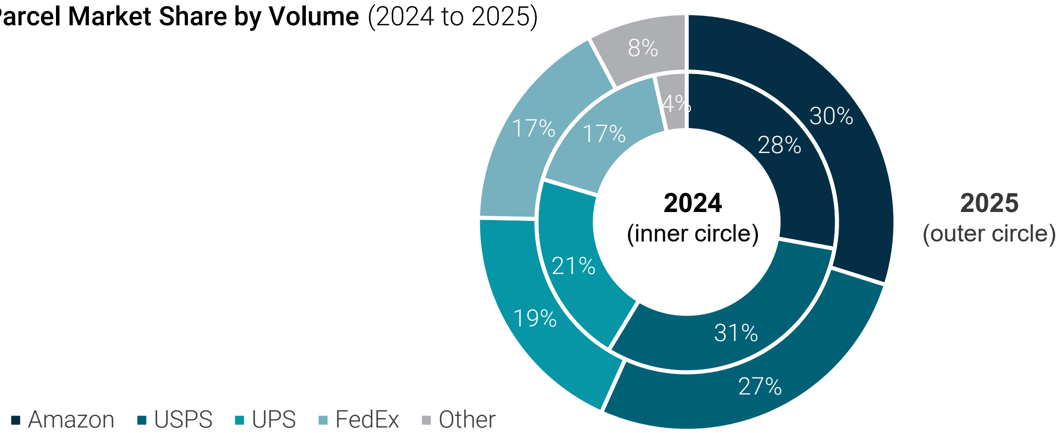
Sources: Bureau of Labor Statistics; UPS 2Q 2026 Earnings; UPS 10-Q

USA PARCEL

The era of two dominant parcel players is fading as surcharge fatigue drives shippers toward Amazon and alternative carriers

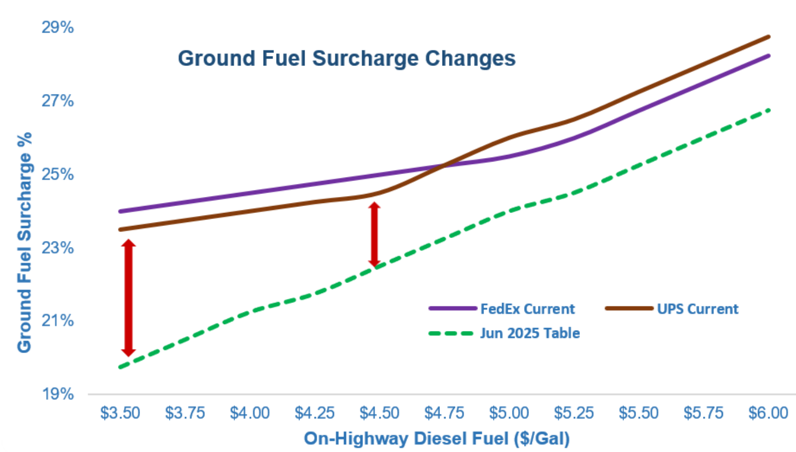
AMAZON AND ALTERNATIVE CARRIERS ARE GETTING MORE VOLUMES FROM TRADITIONAL DOMINANT PARCEL CARRIERS SUCH AS FEDEX, UPS AND USPS

Parcel Market Share by Volume (2024 to 2025)



Source: Pitney Bowes Parcel Shipping Index 2026 Reports.

FEDEX AND UPS HAVE QUIETLY REWRITTEN THEIR FUEL SURCHARGE TABLES MULTIPLE TIMES OVER THE PAST 12 MONTHS



KEY TRENDS AND FACTS

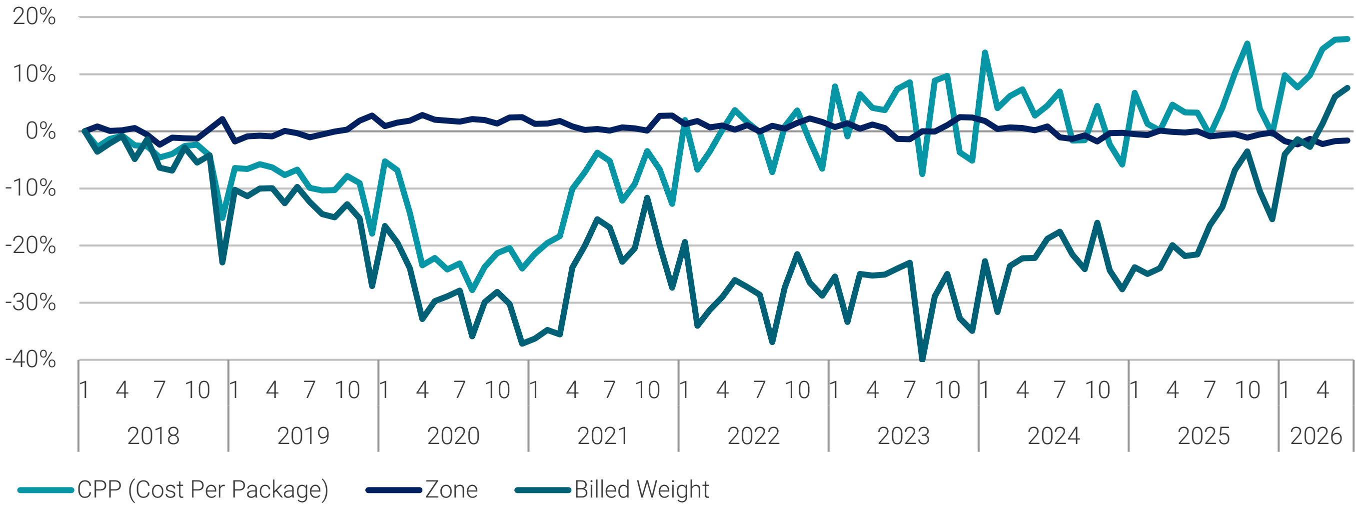
- Amazon's network-as-a-service play is a structural threat to FedEx and UPS. Still early, shippers diversifying with Amazon and alternative carriers are gaining competitive leverage they have never had against the incumbents.
- Repeated fuel surcharge table revisions signal that carriers are engineering surcharge floors into their base economics. Shippers should model fuel as a quasi-fixed cost, not a variable passthrough (AlixPartners).
- UPS's current Teamsters contract expires July 31, 2028; analysts say how it negotiates a new one will be pivotal to its cost structure and competitive position against non-union rivals (Freight Waves)

Sources: TD Cowen/AFS Logistics Freight Index; Freight Waves

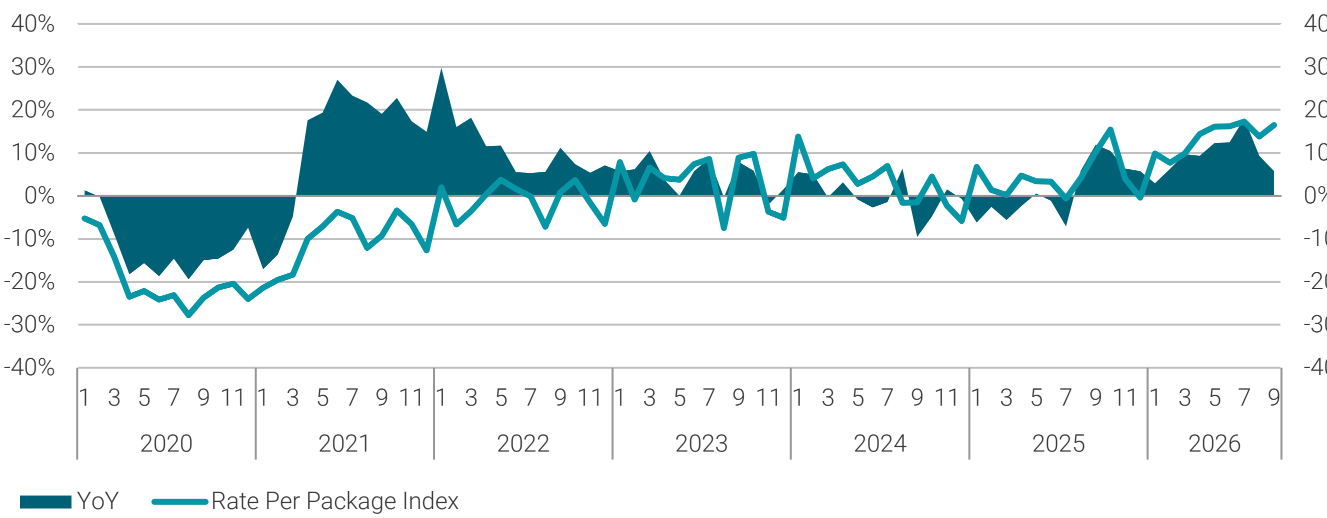
USA PARCEL

TD Cowen/AFS Freight Index: Express parcel rates rose 5.9% in Q2

AFS EXPRESS PARCEL COST PER PACKAGE AND BILLED WEIGHT (JAN-2018 AS BASE, FDX & UPS)



MONTHLY EXPRESS PARCEL RATE PER PACKAGE INDEX (JAN-2018 AS BASE)



KEY TRENDS AND FACTS

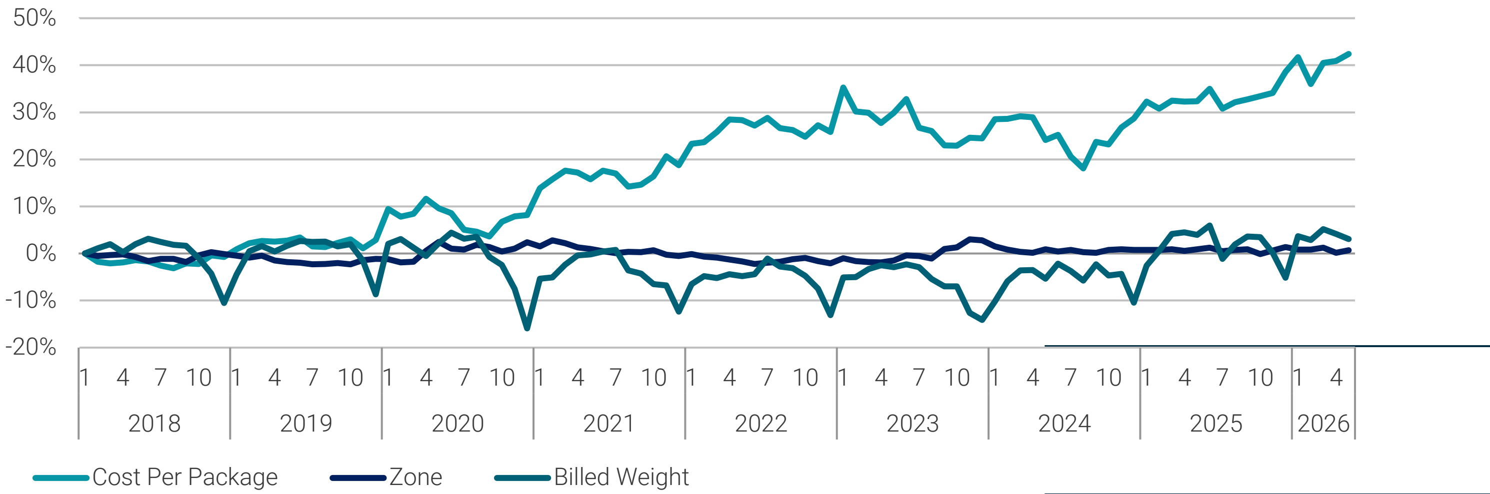
- Express parcel rates rose 5.9% QoQ in Q2 — a rate of increase that outpaced underlying fuel cost movement, indicating carriers are exercising pricing power beyond simple cost pass-through.
- Dimensional weight rounding changes and expanding additional-handling triggers are systematically widening the gap between actual and billed weight. This is a “hidden” rate increase that bypasses GRI negotiations entirely and compounds over time.
- The AFS Index projects express rates will reach a post-2018 high of 15.8% in Q3. Shippers are facing compounding cost pressure with limited near-term relief on the horizon.

Sources: TD Cowen/AFS Logistics Freight Index

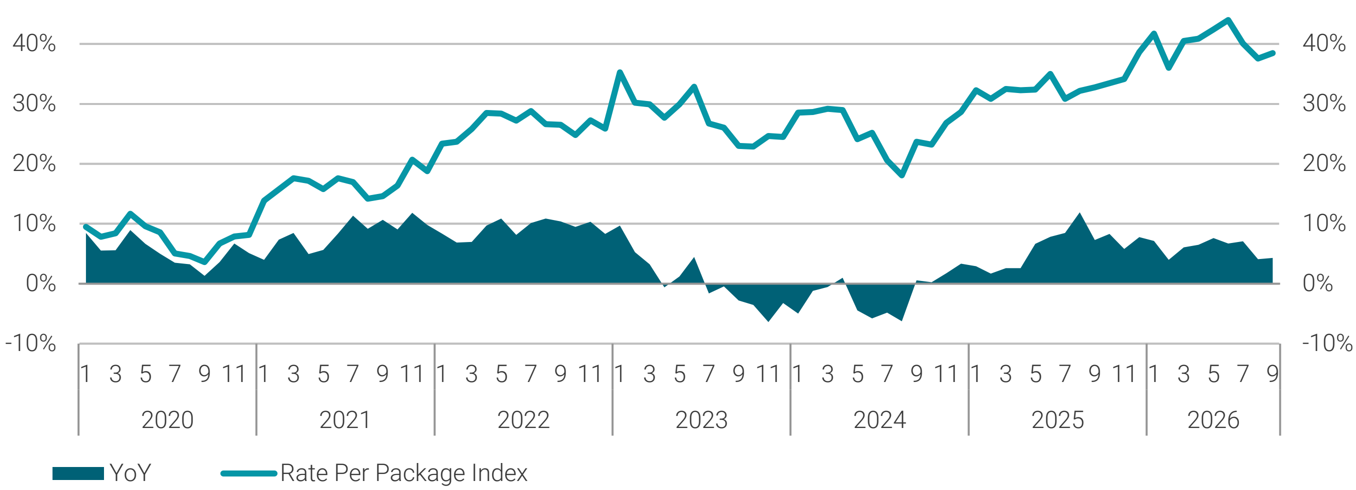
USA PARCEL

TD Cowen/AFS Freight Index: Ground parcel cost per package on track for record high

AFS GROUND PARCEL COST PER PACKAGE AND BILLED WEIGHT (JAN-2018 AS BASE, FDX & UPS)



MONTHLY GROUND PARCEL RATE PER PACKAGE INDEX (JAN-2018 AS BASE)



KEY TRENDS AND FACTS

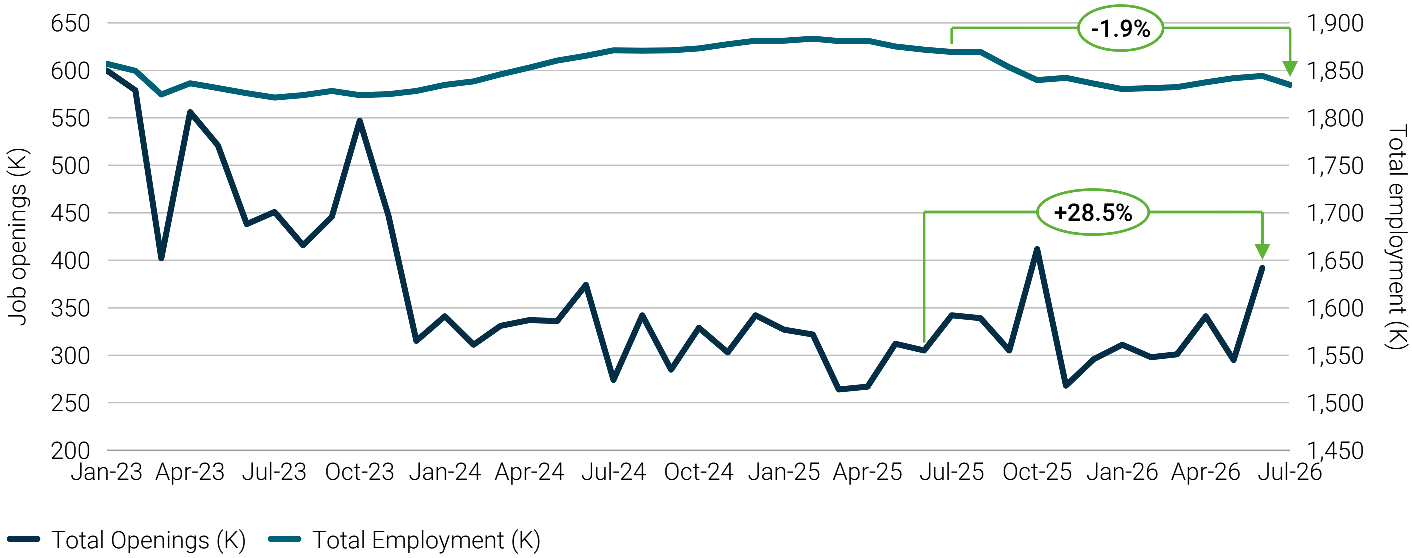
- Fuel surcharges drove a 40% YoY increase in net fuel cost per package in Q2, even as demand conditions remained moderate.
- Carriers have continued to execute on revenue quality improvement and have mostly held the line on discounting, particularly in the large shipper segment where pressure to concede is generally the greatest
- Ground rates are expected to ease seasonally in Q3 to 38.7%, on track for 2026 to be the year with the highest Cost Per Package on record.

Sources: TD Cowen/AFS Logistics Freight Index

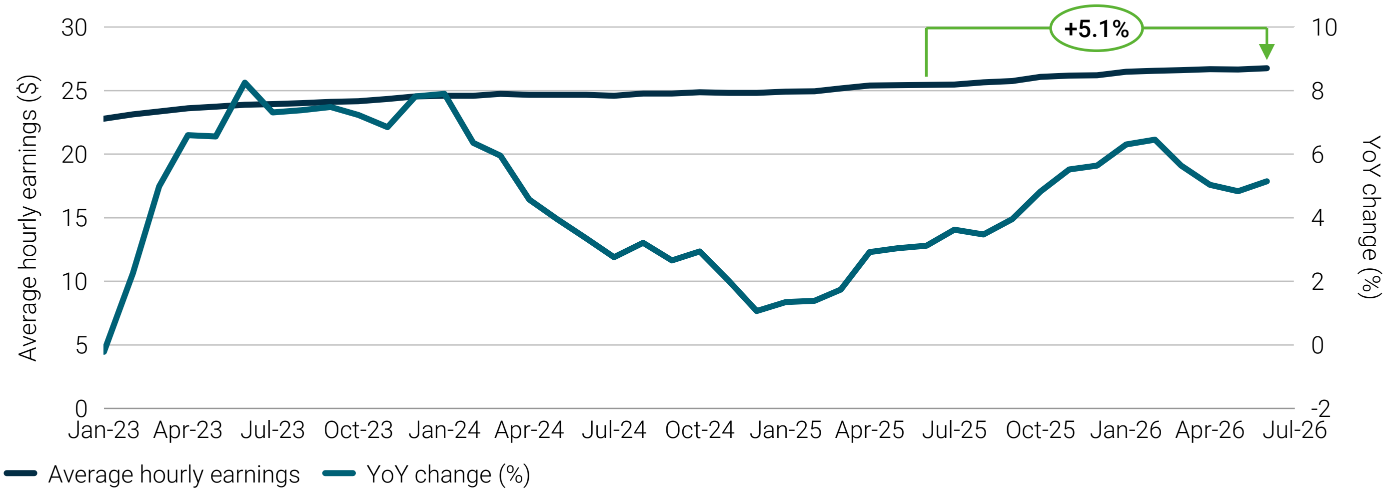
LABOR

Warehousing employment fell to 1,835K in July — down 35K (-1.9%) YoY as sector loses 9.5K MoM, extending the retreat from Feb 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

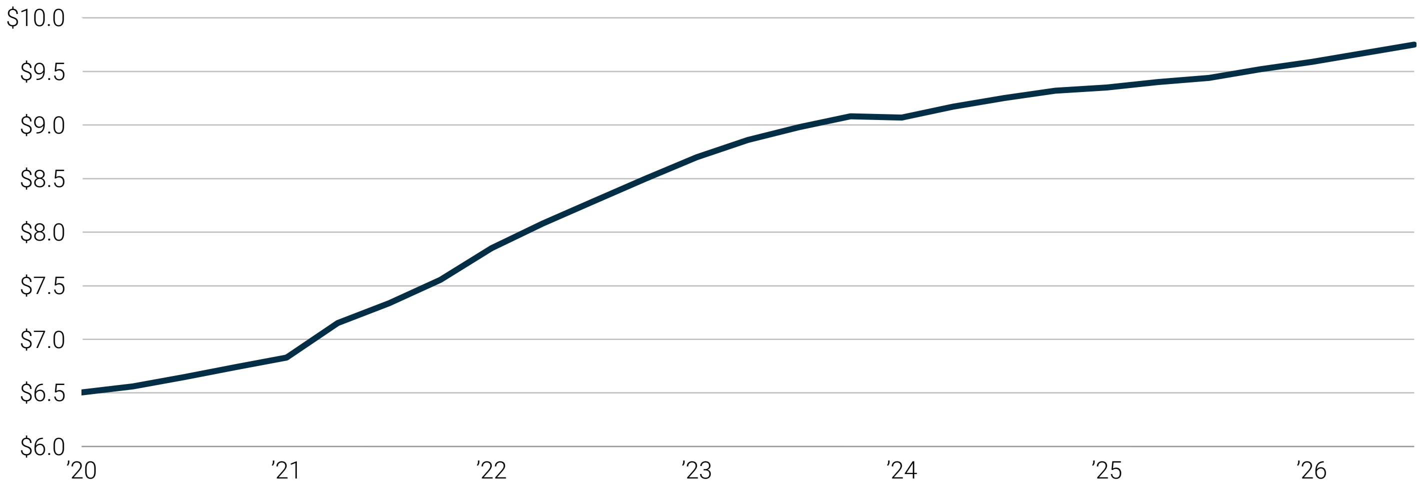
- Warehousing employment reached 1,851K in June — down 21K (-1.1%) YoY and 33K below its February 2025 peak; the low-hire, low-fire stabilization pattern continues into its second year with headcount effectively flat since Q4 2025 (BLS)
- T&W average hourly earnings up +4.8% YoY — sector wage growth 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

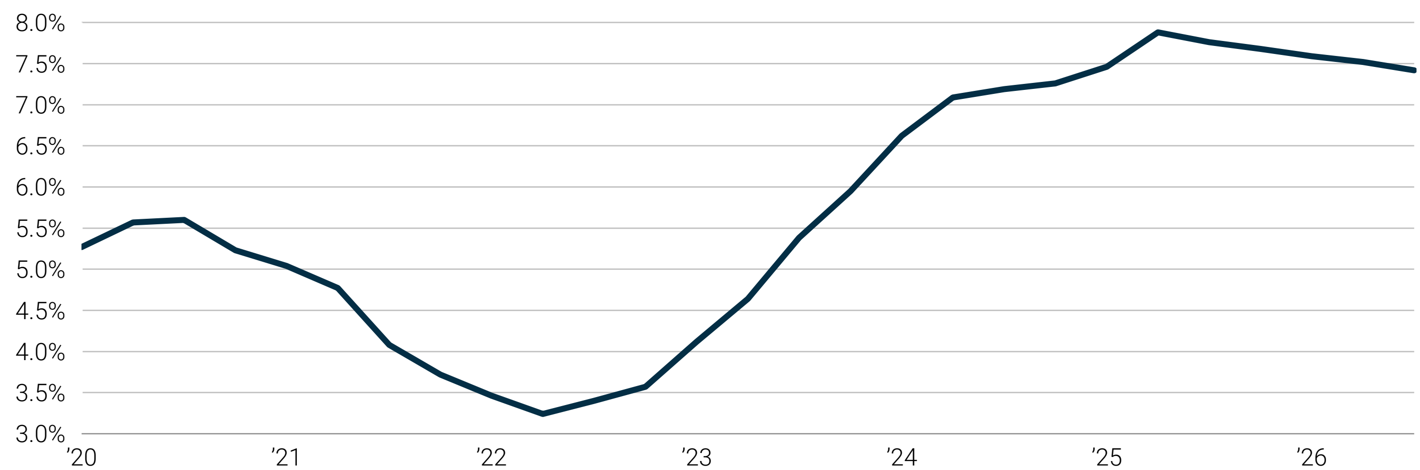
WAREHOUSING TRENDS

Industrial market tightens sharply in Q2 as vacancy falls to 6.5%, big-box leasing surges 125%, and data center supply chain constraints extend into warehouse construction

NATIONAL AVERAGE MARKET RENT/SQ FT ($)



NATIONAL AVERAGE VACANCY RATE (%)



KEY TRENDS AND FACTS

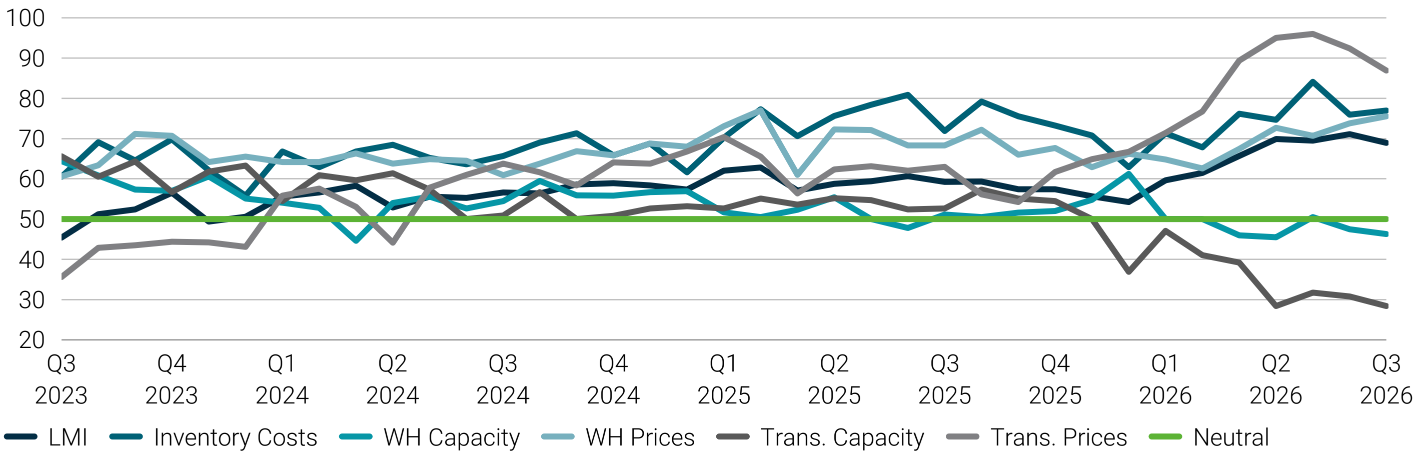
- Industrial vacancy fell 20 bps QoQ to 6.5% in Q2 2026 — the first decline since Q2 2022 — as leasing hit 268.7M sq ft (+11% YoY); 38 leases of 1M+ sq ft signed in H1, more than double H1 2025 (CBRE)
- Newer, higher-power facilities capturing disproportionate demand as occupiers prioritize clear heights and power capacity for automation; 3PLs and manufacturers drove 55%+ of YTD leasing, concentrated in Dallas-Fort Worth (40.3M sq ft), Inland Empire (28.5M) and Chicago (21.8M) (Cushman and Wakefield)
- Data centers are outbidding warehouses for prime industrial sites and power capacity — creating a two-tier market where power-ready facilities command premium rents while power-constrained buildings face automation limits and stranded value (Reuters)

Sources: AlixPartners & Mohr Partners, AlixPartners analysis

WAREHOUSING TRENDS

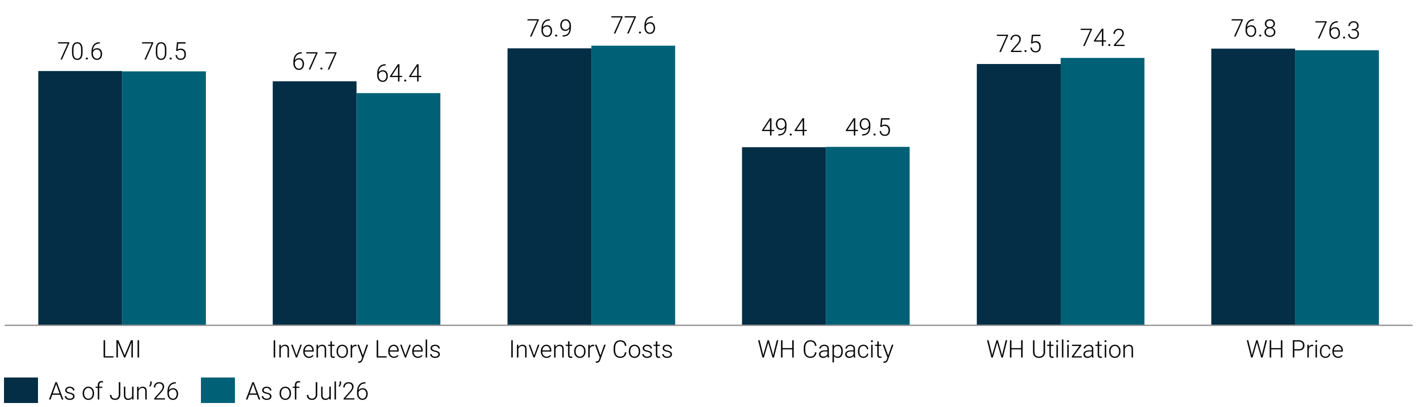
LMI at 68.9 in July (-2.2 from June) — still second-highest average year on record as Downstream retailers pause inventory pull-forward while Upstream warehousing tightens

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 at 68.9 in July (-2.2) as Downstream Inventory Levels swung to contraction at 46.3 after June's 66.0 expansion — goods pulled forward ahead of July tariffs now sitting Upstream at the wholesale level, setting up a downstream flush ahead of holiday peak (LMI)
- Transportation Capacity tied its second-lowest reading ever at 28.4 as diesel hit $5.31/gallon post Iran hostilities resumption; intermodal now 30% cheaper than OTR with volumes up 3.7% YTD and tender lead times up 11% YoY (LMI)
- Warehousing Capacity contracted to 46.3 (Upstream at 42.4 for six straight months); Warehousing Prices hit 75.5 — highest since Feb 2025 — as 305M sq ft of warehouse space was under construction in Q2, up 18% YoY (LMI)

Sources: Logistics Managers' Index, AlixPartners analysis

WAREHOUSING TRENDS

Warehouse AI moves from task automation to full-facility orchestration as production deployments scale

COMPANY DEVELOPMENTS

Amazon/AI labor orchestration

Autonomous trailer loading moves to production scale at Hagerstown, MD — set to scale across multiple U.S. hubs.

Purpose: FedEx expanded its Dexterity partnership on July 30, deploying the Foresight world model and dual-armed Mech superhumanoid at the Hagerstown Hub in Maryland after multi-year joint validation. Mech autonomously loads trailers using vision, depth, and touch — trailer loading is one of the most physically demanding, highest-turnover roles in parcel logistics, with tens of thousands of trailers loaded daily across FedEx's U.S. network.

Yusen Logistics/Destro AI:

AI-powered orchestration platform coordinating employees and AMRs in real time — extending Physical AI.

Purpose: Yusen Logistics deployed Destro's AI platform to dynamically coordinate work assignments across human associates and autonomous mobile robots in transload operations — one of logistics' most volatile workflows. The system continuously analyzes conditions and optimizes work allocation in real time, focusing initially on cart movements with pallet movement and workflow verification planned next. Marks a shift from single-task automation to full-facility orchestration.

Ambi Robotics/Pickle Robot

Embedding physical AI directly into forklifts and materials handling equipment — retrofitting the installed base.

Purpose: Hyster-Yale Materials Handling and NTT DATA partnered in July to embed physical AI into legacy forklifts and materials handling equipment, using sensor data to enable machines to perceive, understand, and act in real time. Positions retrofitting as a lower-capex path to warehouse automation than full-scale robotic replacement — a critical unlock for the 90%+ of U.S. warehouses still running mostly on legacy equipment.

OTHER DEVELOPMENTS

- HII (Huntington Ingalls, defense) signed a performance-based production agreement worth up to $900M with Path Robotics and GrayMatter Robotics — signaling that warehouse robotics vendors are now being validated by adjacent heavy industries (shipbuilding, defense), broadening the customer TAM meaningfully
- DexterityABB Robotics launched the Flexley Stack F712 autonomous forklift in July — filling a critical gap in ABB's mobile robot portfolio and enabling fully interoperable AMR ecosystems as vendors race to offer full-stack solutions
- Comau acquired Invent Smart Intralogistics Solutions in July — extending Comau's intralogistics platform and signaling continued consolidation as larger industrial automation players absorb specialized warehouse robotics vendors New Market Pitch
- Dexterity and Kawasaki Robotics expanded their partnership at Automate 2026 to scale physical AI with the RL030N robot arm — the second major Dexterity partnership announced in the past 60 days, positioning Dexterity as the platform provider for multiple hardware vendors

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

DEMAND VS. CAPACITY

European freight cooled in July 2026: ocean spot rates flattened, trucking held ~6% YoY on re-accelerating diesel, and air softened on weaker Asia e-commerce

OCEAN FREIGHT

TRUCKING

PARCEL

Year over year trend – Demand

Year over year trend – Capacity

OCEAN FREIGHT

- **Asia–North Europe spot rates ended July flat at ~+42% vs. Jul'25**: Shanghai–Rotterdam reversed its early-month gains as peak-season momentum faded; mid-July FAK increases failed to hold and the composite WCI fell ~6%
- **Suez throughput remains ~50–60% below pre-2023 levels**; Hormuz risk kept Gemini and MSC on Cape of Good Hope routing, while carriers defend rates with three weekly blank sailings on Asia–Europe and Emergency Fuel Surcharges from August

TRUCKING

- **Rates up modestly**: European FTL spot and contract rates are up ~6% YoY across key markets; the renewed Hormuz blockade and diesel spike have not yet passed through into road rates
- **Diesel re-accelerating**: pre-tax EU diesel at €1,174/1,000 l, +58% YoY and +22% off the 6 July trough (Italy +34%, France +27%); record-low Rhine levels shift bulk onto trucks — one barge equals up to 100 trucks — tightening German capacity

PARCEL

- **Global air spot rates cooled to $3.12/kg**, +28% YoY but down 6% MoM (vs. +38% YoY in June), as Middle East rate premiums unwind rather than build into peak season
- China–Western Europe fell **22% MoM to $4.15/kg**, Northeast Asia–Europe −13% and Southeast Asia–Europe −9%, after the 1 July removal of the EU's €150 duty-free threshold

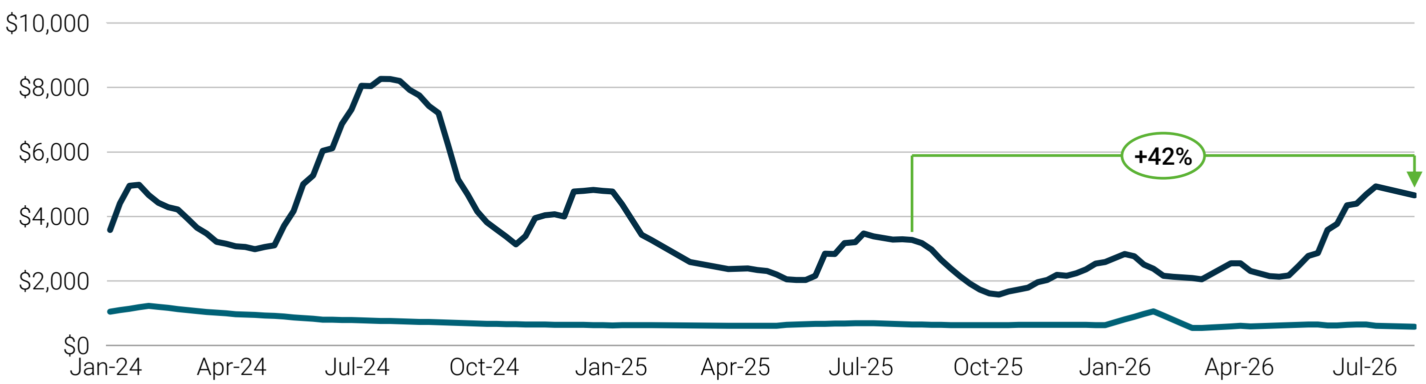
Source: Drewry Ocean report; Logistics Insider; DC Velocity; The Loadstar; Freightos; JOC; Maritime News; Xeneta; eeSea; Logfret; Upply; Ti; IRU; Eurostat; European Commission; EIA; Baltic Exchange Air Freight Index – TAC database; IATA; AJOT; AlixPartners analysis

EUROPE OCEAN FREIGHT

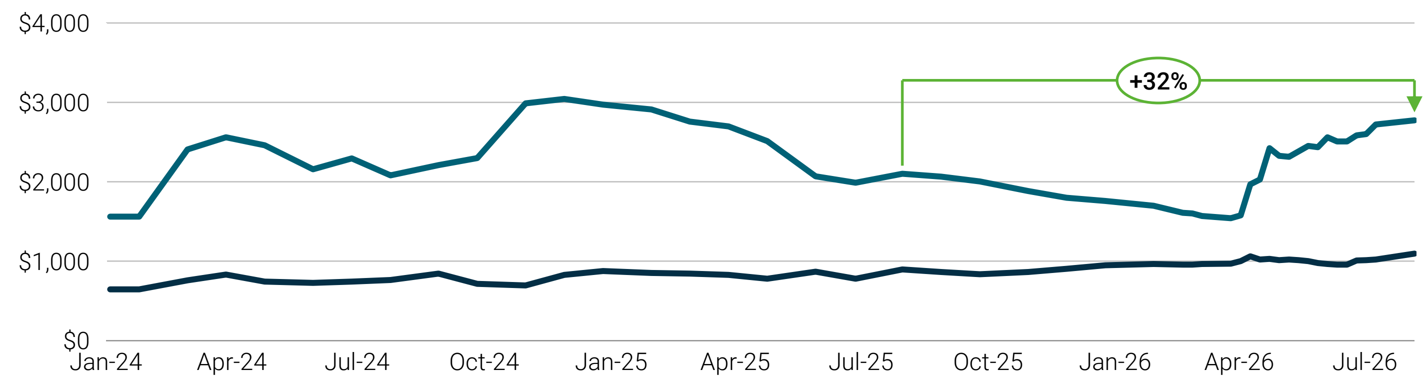
Asia–North Europe spot rates stayed ~+42% above Jul’25, though early-month gains reversed as peak-season momentum faded and carriers shifted to defending rates

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 ended Jul’26 broadly flat: Shanghai–Rotterdam reversed its early-month gains and then held broadly stable into the first week of August
- Peak-season momentum faded mid-month: announced mid-July Freight All Kinds (FAK) increases failed to hold and the composite WCI fell ~6% over the month
- Suez throughput remains ~50–60% below pre-2023 levels; US–Iran tensions and Strait of Hormuz risk kept Gemini and MSC on Cape of Good Hope routing, absorbing vessel capacity; carriers are defending rates via capacity discipline — three blank sailings per week on Asia–Europe plus Emergency Fuel Surcharges effective August

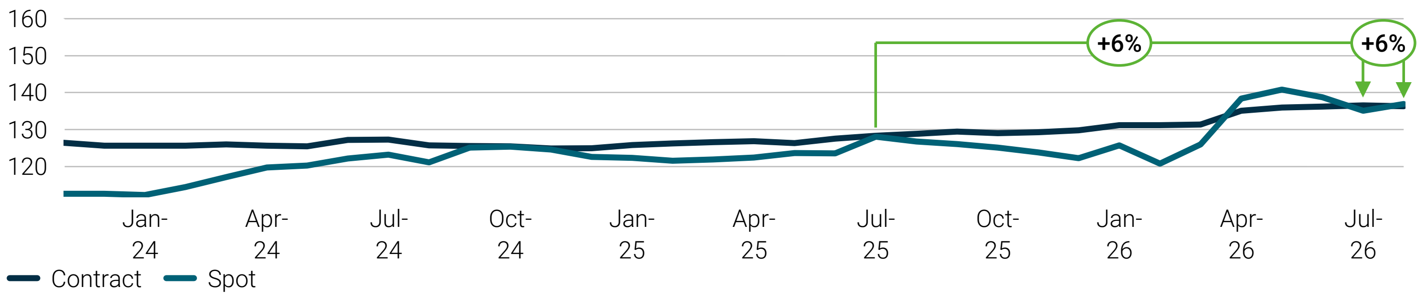
Sources: Drewry Ocean report; Logistics Insider; DC Velocity; The Loadstar; Freightos; JOC; AlixPartners analysis, Phaata, Ma ritime News, Xeneta eeSea, Logfret

EUROPE ROAD FREIGHT

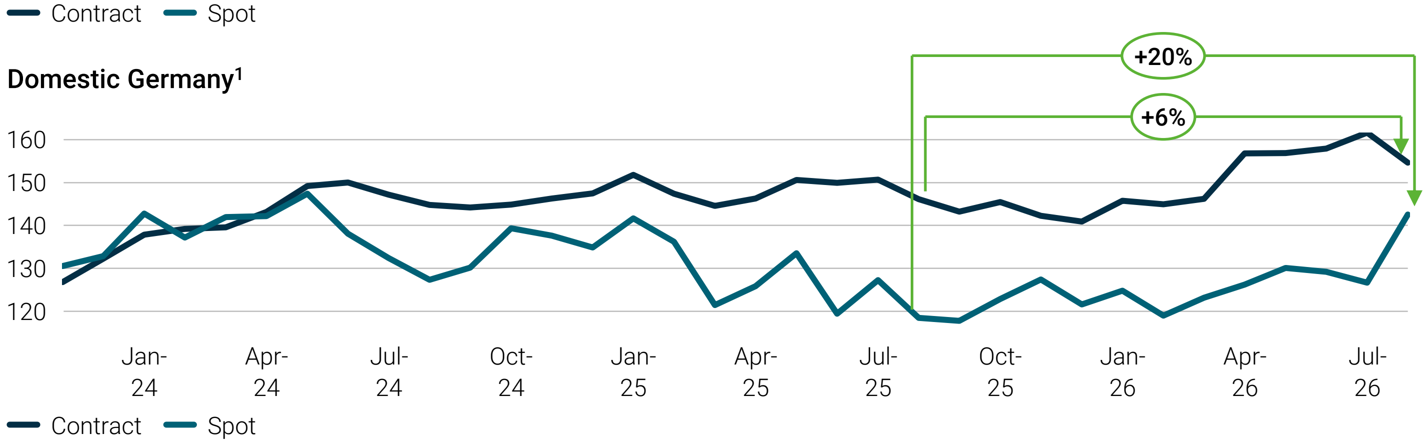
European FTL spot and contract rates up 6% YoY — diesel pass-through still pending while low inland water levels tighten capacity

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

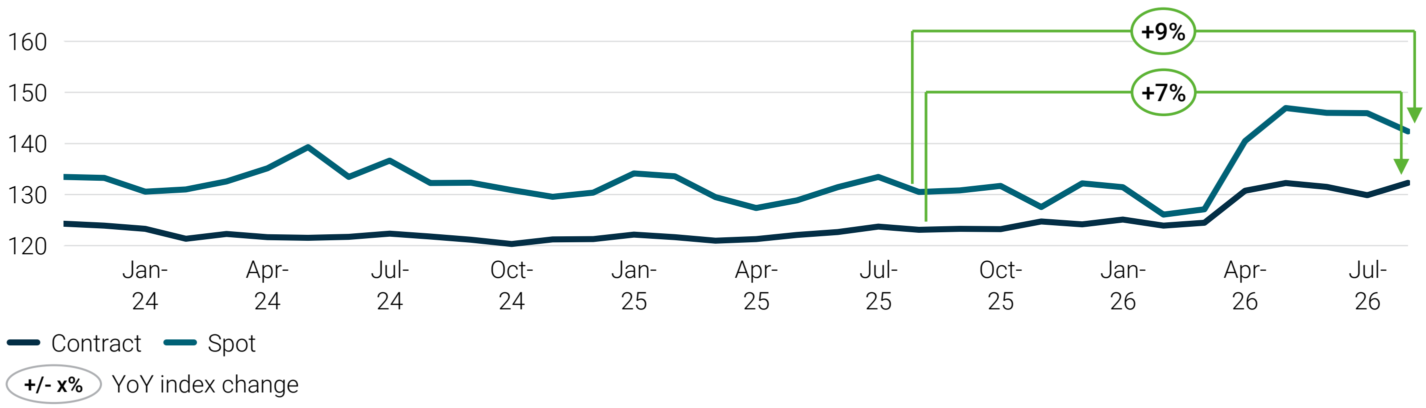
Overall Europe



Domestic Germany[1]



Domestic France[1]



KEY TRENDS AND FACTS

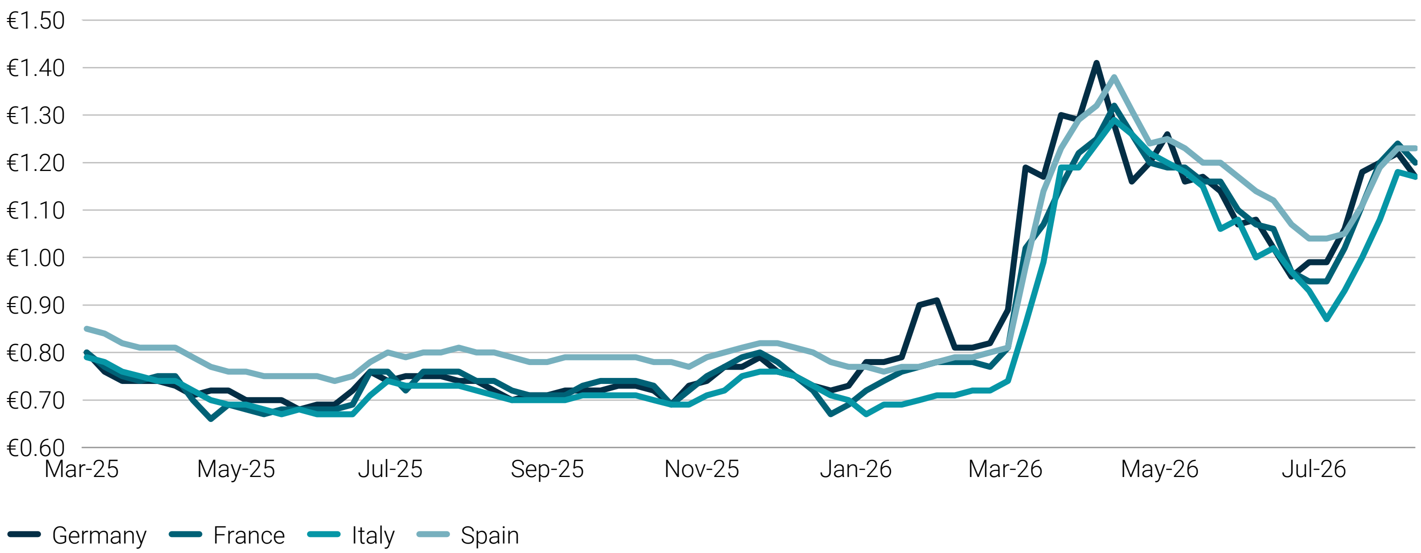
- FTL road freight rates record moderate increases (mostly single-digit) in YoY comparison for both contract and spot business – overall as well as in key markets.
- Diesel remains the dominant variable, and it is politically driven: still, recent spikes in Diesel rates caused by the renewed blockade in the Straight of Hormuz have not yet affected FTL road freight rates in each market
- Rhine low water is pushing bulk volume onto trucks, tightening German road capacity. The city of Kaub/Germany fell to 10 cm on 13 August, the lowest since records began in 1880. Replacing one barge takes up to 100 trucks, and rail relief is limited by construction. Several German states have temporarily lifted Sunday and public-holiday truck bans to absorb the shift

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

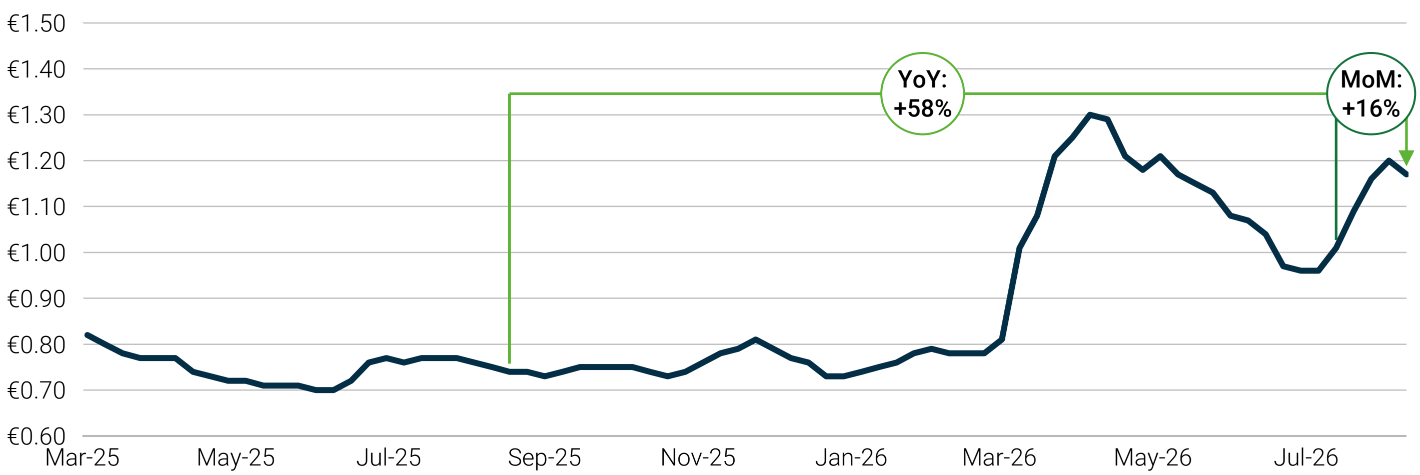
EUROPE ROAD FREIGHT

Pre-tax EU diesel up 57% YoY and rebounding 25% off the July trough — cost, not tax, driven

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



EU AVERAGE PRE-TAX DIESEL PRICE (€)



KEY TRENDS AND FACTS

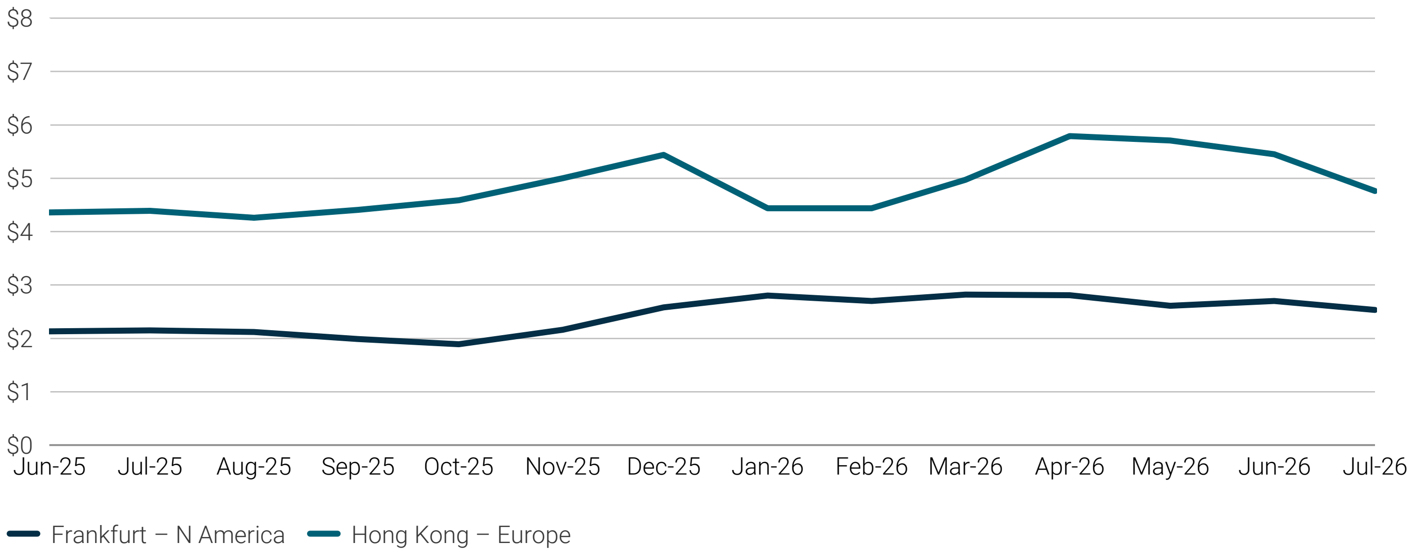
- **Cost shock re-accelerating**: Pre-tax EU diesel at EUR 1,174/1,000 l (10 Aug), +58% YoY and +50% vs. pre-conflict baseline; rebounded +16% in MoM and +22% off the 6 July trough
- **Product cost, not tax**: Russian export ban and refining margins at triple long-run average plus the 11 July Hormuz re-closure drive the move — Germany's rebate expiry is excluded on this basis. Rebound uneven: Italy +34%, France +27%, Germany +19%
- **Outlook elevated with high volatility**: EIA raised shut-in estimates on 11 August; Brent ~USD 85/b in Q3, supply normalizing only in early 2027. Volatility above 2022 crisis levels is pushing contracts toward fuel indexation

Source: European Commission; EIA; TI/Upply/IRU; AlixPartners Analysis

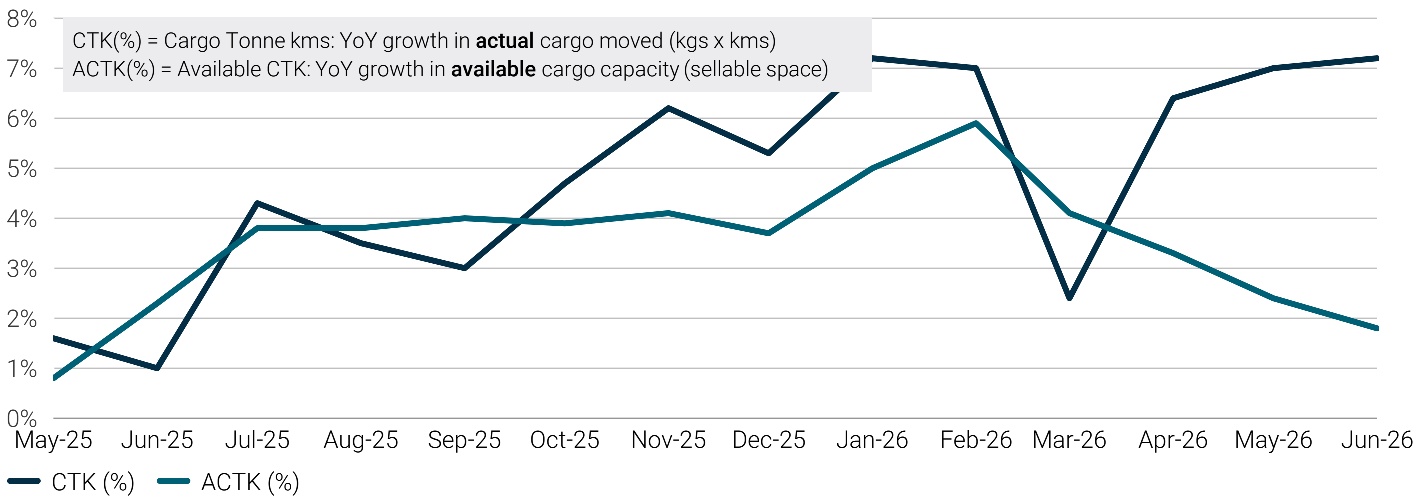
EUROPE AIR FREIGHT

Europe air freight softened sharply in July as Asia e-commerce volumes fell after new EU import rules, while transatlantic rates remained pressured by summer belly capacity

KEY EUROPEAN ROUTES (UNIT:$ PER KG)



EUROPE: CTK% VS. ACTK%



KEY TRENDS AND FACTS

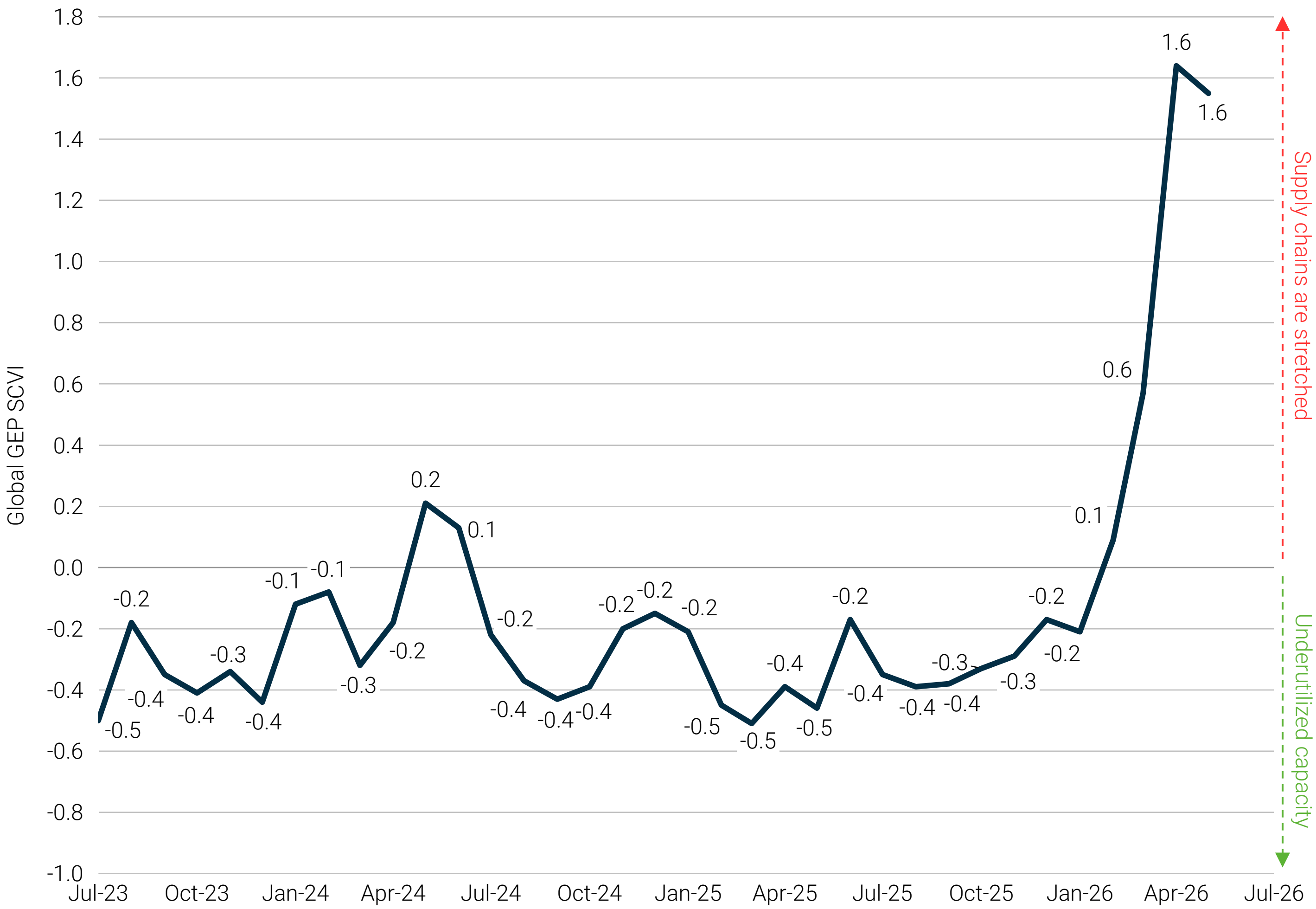
- Global air cargo spot rates cooled to $3.12/kg in July, +28% YoY but down 6% MoM, versus +38% YoY in June and a +41% YoY peak in May, signaling that Middle East-driven rate premiums are unwinding rather than building into a strong peak season (FreightWeek)
- Northeast Asia to Europe spot rates fell 13% MoM, Southeast Asia to Europe fell 9% MoM, and China to Western Europe dropped 22% MoM to $4.15/kg, a much steeper July decline than the low-single-digit seasonal declines seen in the prior two years
- The July 1 removal of the EU's €150 duty-free threshold and replacement with a €3 flat duty per item coincided with reduced China-Europe e-commerce demand and market reports of freighter capacity being withdrawn from China-Europe e-commerce services (Xeneta)

Sources: Baltic Exchange Air Freight Index - TAC database, IATA, Xeneta, AJOT, 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 US/China relations and tariffs have been pushing trade towards other countries (Vietnam, India, Mexico, Canada gained most)

	TOTAL U.S. IMPORTS			COUNTRY WISE CHANGES (2018 VS. LTM APR 2026)				
				CHINA	VIETNAM	INDIA	MEXICO	CANADA
CATEGORIES	**2018 ($B)**	**LTM APR 2026 ($B)**	**CHANGE (%)**	**CHG. %**	**CHG. %**	**CHG. %**	**CHG. %**	**CHG. %**
Apparel & Textiles	$116	$104	(10%) ▼	(60%) ▼	42% ▲	9% ▲	(6%) ▼	(27%) ▼
Automotive & Transportation Parts	$340	$356	5% ▲	(40%) ▼	278% ▲	(15%) ▼	29% ▲	(13%) ▼
Chemicals & Allied Industries	$233	$301	29% ▲	(11%) ▼	253% ▲	72% ▲	47% ▲	6% ▲
Computer & Electronics	$363	$523	44% ▲	(60%) ▼	522% ▲	1967% ▲	51% ▲	46% ▲
Food & Beverage	$151	$219	45% ▲	(39%) ▼	37% ▲	5% ▲	59% ▲	63% ▲
Footwear, Headgear & Others	$32	$31	(3%) ▼	(57%) ▼	67% ▲	7% ▲	82% ▲	(16%) ▼
Furniture	$67	$57	(14%) ▼	(71%) ▼	160% ▲	27% ▲	13% ▲	2% ▲
Leather Goods	$15	$14	(8%) ▼	(78%) ▼	54% ▲	27% ▲	37% ▲	23% ▲
Mechanical & Electricals	$379	$743	96% ▲	(70%) ▼	2,321% ▲	123% ▲	169% ▲	26% ▲
Metals, Parts and Products	$139	$149	7% ▲	(44%) ▼	151% ▲	86% ▲	20% ▲	(4%) ▼
Misc. Goods & Manf. Products	$476	$503	6% ▲	(39%) ▼	522% ▲	(51%) ▼	24% ▲	39% ▲
Plastics & Rubber Products	$86	$100	16% ▲	(38%) ▼	459% ▲	78% ▲	63% ▲	5% ▲
Special Classification Provision	$85	$124	45% ▲	129% ▲	1,195% ▲	341% ▲	74% ▲	17% ▲
Temporary Legislation	$18	$34	88% ▲	205% ▲	1,009% ▲	113% ▲	12% ▲	7% ▲
Wood & Pulp Products	$47	$47	(1%) ▼	(55%) ▼	370% ▲	131% ▲	62% ▲	(10%) ▼
Total	**$2,548**	**$3,304**	**30%**	**(54%)**	**344%**	**77%**	**61%**	**18%**
	LTM Apr 2026 U.S. imports ($B)			**£252**	**$227**	**$97**	**$556**	**$376**

Key nearshoring trends:

- Over the past 7 years (2018 to Last Twelve Months ending May 2026), overall imports into the US increased by 30%. However, imports from China decreased by 54% from $543B to $252B.
- **Vietnam, India, Mexico and Canada** have been the biggest gainers
  - Vietnam has seen 344% increase to reach $227B; All categories have grown in imports from Vietnam.
  - Imports from Mexico increased by 61% to $556B (which is now more than China); 'Mechanical & Electricals' have seen 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 77% in imports into US to $97B.
  - 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 18% in imports into US to $376B.

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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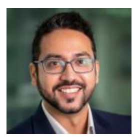
Senior Vice President

Andrew Talerico
Senior Vice President



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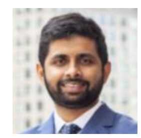
Justin Stacy
Vice President

Vahid Nokhbeh
Vice President



Gopal Uthaman
Vice President

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