

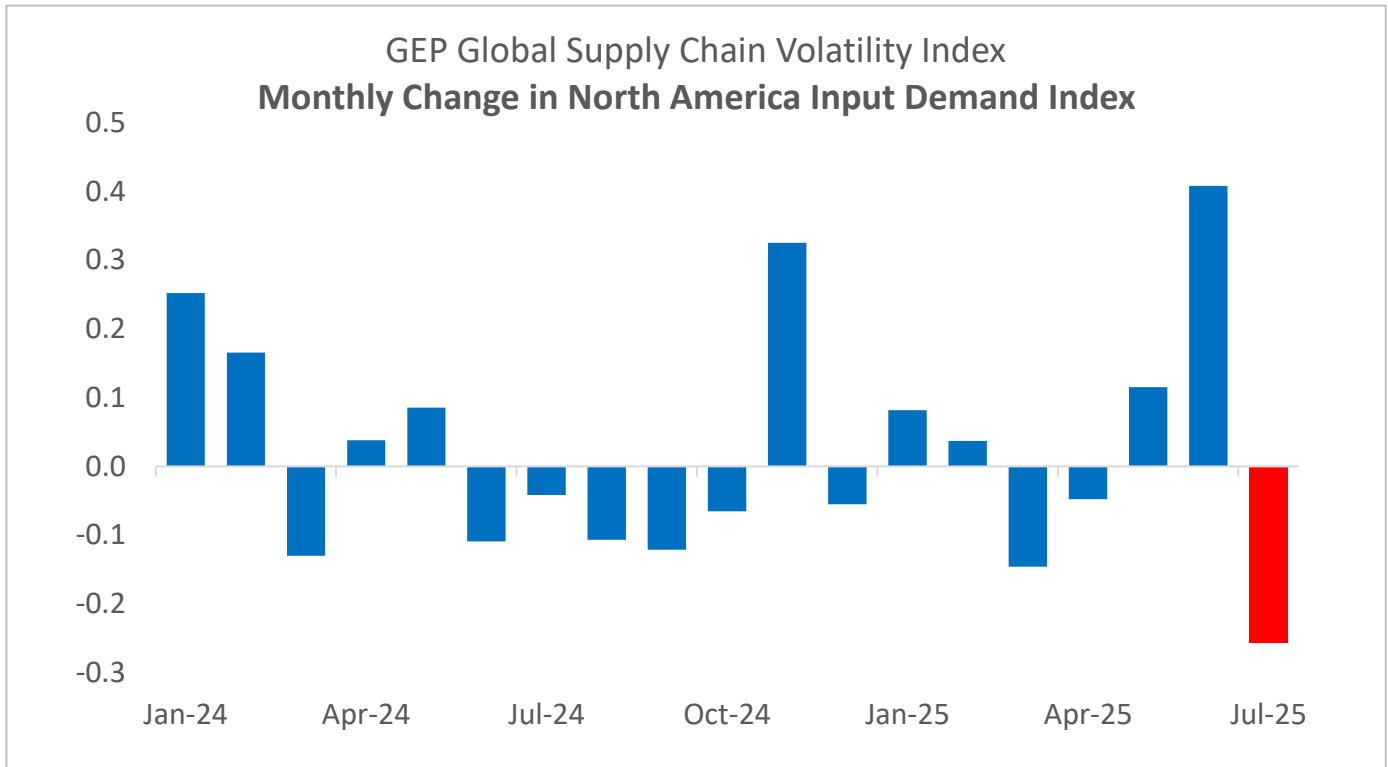
## U.S. FACTORY PURCHASES SLOWED SHARPLY IN JULY, DRIVING GLOBAL SUPPLY CHAIN SLOWDOWN: GEP GLOBAL SUPPLY CHAIN VOLATILITY INDEX

- U.S. manufacturers slow purchases after front-loading inventories during the ‘tariff pause’
- Asia factories slow, driven by Japan, South Korea and Taiwan manufacturers
- Europe’s fragile recovery stalled in July as German growth weakened ahead of tariff agreements

**Clark, N.J., Aug. 12, 2025** – Global supply chain activity fell in July as U.S. manufacturers sharply tapered purchases of materials and components after building inventories in June ahead of the end of the ‘tariff pause,’ according to the [GEP Global Supply Chain Volatility Index](#), a leading indicator tracking demand conditions, shortages, transportation costs, inventories, and backlogs based on a monthly survey of 27,000 businesses.

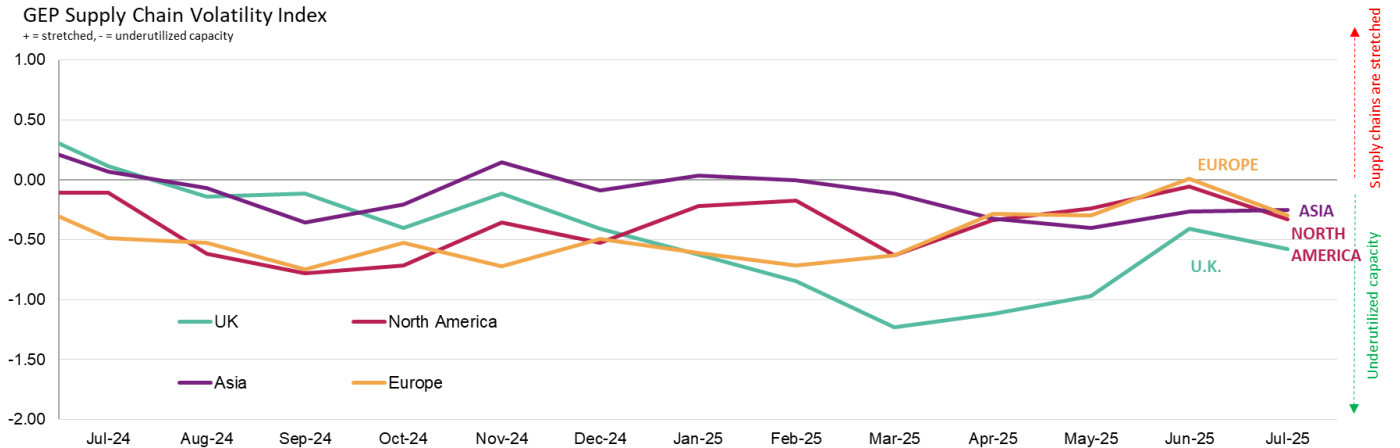
The index dropped to -0.35 from -0.17 in June, signaling increasing spare capacity worldwide. The U.S. was the main driver, with North America’s index falling to -0.33 from -0.06. The reversal follows a surge in June when U.S. factories front-loaded orders to beat anticipated tariff changes. In July, U.S. manufacturers sharply tapered purchases of inputs – materials, components and commodities – signaling expectations of slowing demand going forward.

*“When we remove companies’ front-loading inventories and rerouting goods to avoid tariffs, the underlying picture points to slowing manufacturing demand worldwide,”* said John Piatek, Vice President, Consulting, GEP. *“The July data shows a clear pullback in orders, with U.S. manufacturers preparing for lower demand going forward.”*



**REGIONAL KEY FINDINGS**

- **Asian factory purchasing activity remains slightly below trend due to growing weakness in Japan and South Korea.** Data was mostly collected prior to these two countries striking double-digit tariff agreements with the U.S. Taiwanese factories also saw an accelerated downturn, weighing on the broader region. Notably, after declining in the two previous months, China’s factory buying volumes rose in July.
- **Europe industrial recovery slipped:** Its index dropped to -0.30 from 0.01. Germany’s rebound slowed, highlighting the fragile nature of the continent’s industrial recovery.
- **U.K.:** Index declined to -0.58, from -0.41, signaling that the U.K.’s supply chains continue to experience an elevated level of spare capacity.



Sources: GEP, S&P Global PMI.

*Interpreting the data:*

*Index > 0, supply chain capacity is being stretched. The further above 0, the more stretched supply chains are.*

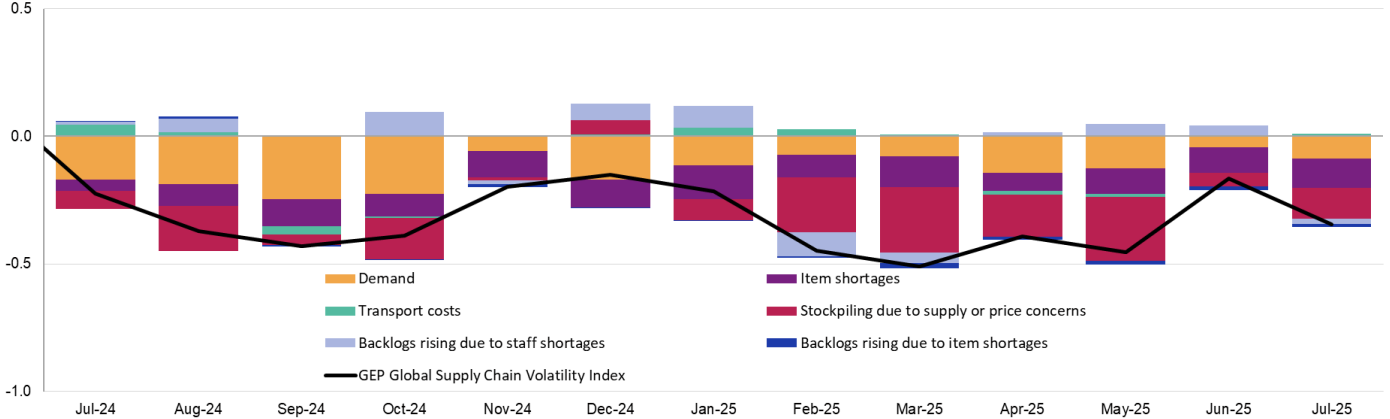
*Index < 0, supply chain capacity is being underutilized. The further below 0, the more underutilized supply chains are.*

**CATEGORY KEY FINDINGS**

- **INVENTORIES:** Safety stockpiling eased, indicating limited concern over supply bottlenecks or price surges.
- **LABOR & TRANSPORTATION:** Staffing capacity and transportation costs were stable, with no signs of inflationary pressure from these sources.

GEP Global Supply Chain Volatility Index

+ = stretched, - = underutilized capacity



Sources: GEP, S&P Global PMI.

For more information, visit [www.gep.com/volatility](http://www.gep.com/volatility).

Note: Full historical data dating back to January 2005 is available for subscription. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

**The next release of the GEP Global Supply Chain Volatility Index will be 8 a.m. ET, Sep. 11, 2025.**

**About the GEP Global Supply Chain Volatility Index**

The [GEP Global Supply Chain Volatility Index](#) is produced by S&P Global and GEP. It 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 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.

- A value above 0 indicates that supply chain capacity is being stretched and supply chain volatility is increasing. The further above 0, the greater the extent to which capacity is being stretched.
- A value below 0 indicates that supply chain capacity is being underutilized, reducing supply chain volatility. The further below 0, the greater the extent to which capacity is being underutilized.

A Supply Chain Volatility Index is also published at a regional level for Europe, Asia, North America and the U.K. For more information about the methodology, click [here](#).

**About GEP**

GEP® delivers AI-powered procurement and supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and

increase shareholder value. Fresh thinking, innovative products, unrivaled domain expertise, smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver procurement and supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including more than 1,000 Fortune 500 and Global 2000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals. A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC, ISG, and Spend Matters. GEP is also regularly ranked a top procurement and supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS, among others. Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit [www.gep.com](http://www.gep.com).

### **About S&P Global**

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world. We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

### **Disclaimer**

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers'

Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings (“Content”) in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers (“Content Providers”) do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

#### Media Contacts

Derek Creevey  
Director, Public Relations  
GEP  
Phone: +1 646-276-4579  
Email:  
[derek.creevey@gep.com](mailto:derek.creevey@gep.com)

Joe Hayes  
Principal Economist  
S&P Global Market Intelligence  
Phone: +44-1344-328-099  
Email:  
[joe.hayes@spglobal.com](mailto:joe.hayes@spglobal.com)

S&P Global Market Intelligence  
Corporate Communications  
Email: [Press.mi@spglobal.com](mailto:Press.mi@spglobal.com)