

## **NORTH AMERICAN AND EUROPEAN MANUFACTURERS' PURCHASING DECLINES AGAIN IN DECEMBER, SIGNALING SLOWER CONDITIONS HEADING INTO 2026: GEP GLOBAL SUPPLY CHAIN VOLATILITY INDEX**

- **Ongoing weakness in North American and European factory purchasing points to a deteriorating near-term outlook for Western goods producers**
- **Asian manufacturers show greater resilience, with steady buying in China and growth across South Korea and Vietnam**

**Clark, N.J., Jan 13, 2026** – [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 — continued to point to underutilized capacity across global supply chains in the final month of 2025.

Although the global index edged up to -0.17 in December, its highest level since June 2025, underlying data continue to signal softening global manufacturing demand, particularly in North America and Europe, where manufacturers reported sharper pullbacks in purchasing activity. With buffer inventories remaining historically low, the data point to a deteriorating outlook for goods producers across the Western world heading into 2026.

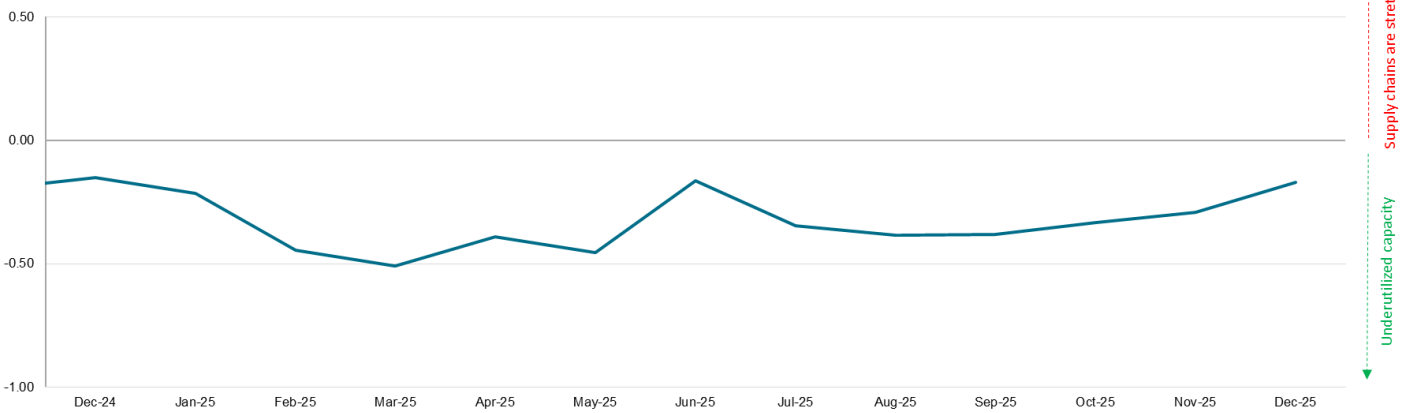
In December, North American manufacturers reduced procurement activity at the fastest rate since May 2025, marking the sixth consecutive month of softening input demand. Weakness was broad-based across the region, with Mexico posting the steepest contraction, underscoring a region-wide pullback in manufacturing activity.

Similarly, European factory purchasing fell further, registering its sharpest decline in nine months, driven primarily by pronounced cutbacks in Germany, where manufacturers continued to scale back orders amid weak demand pipelines.

In contrast, Asian supply chains showed greater resilience. Demand for production inputs improved in South Korea, Vietnam and Taiwan, while buying activity at Chinese factories stabilized, helping to support manufacturing demand across the region.

“Strong headline GDP growth in the U.S. is masking a more cautious reality for manufacturers,” said **John Piatek**, Vice President, Consulting, GEP. “North American and European firms are cutting purchases and inventories, anticipating softening demand in 2026. Excess capacity across global supply chains is giving buyers leverage to secure better pricing and terms.”

GEP Global Supply Chain Volatility Index  
 += stretched, -= underutilized capacity

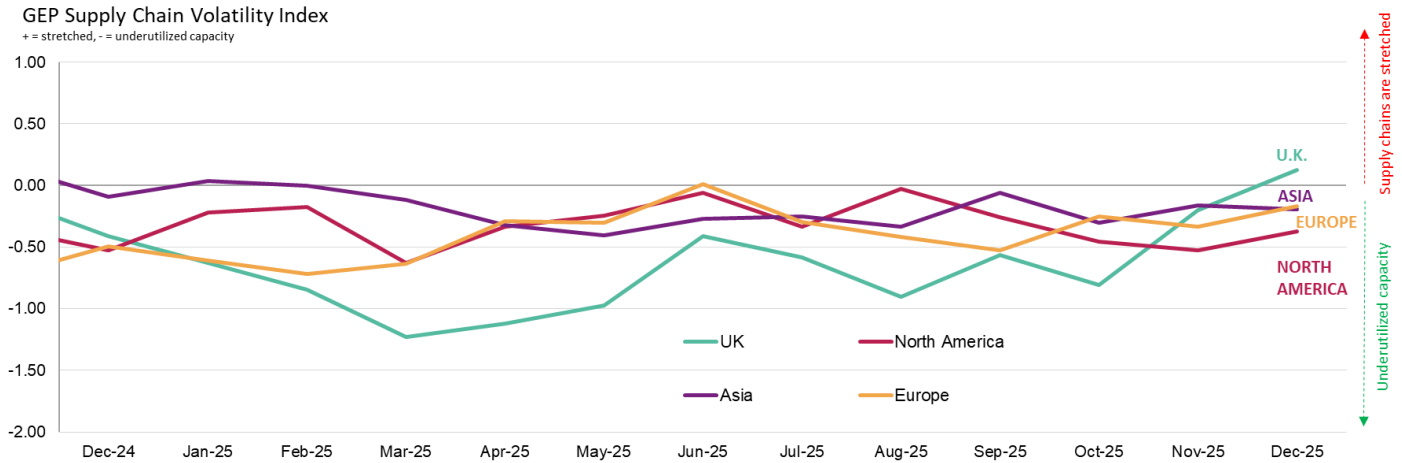


Sources: GEP, S&P Global PMI.

**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.



Sources: GEP, S&P Global PMI.

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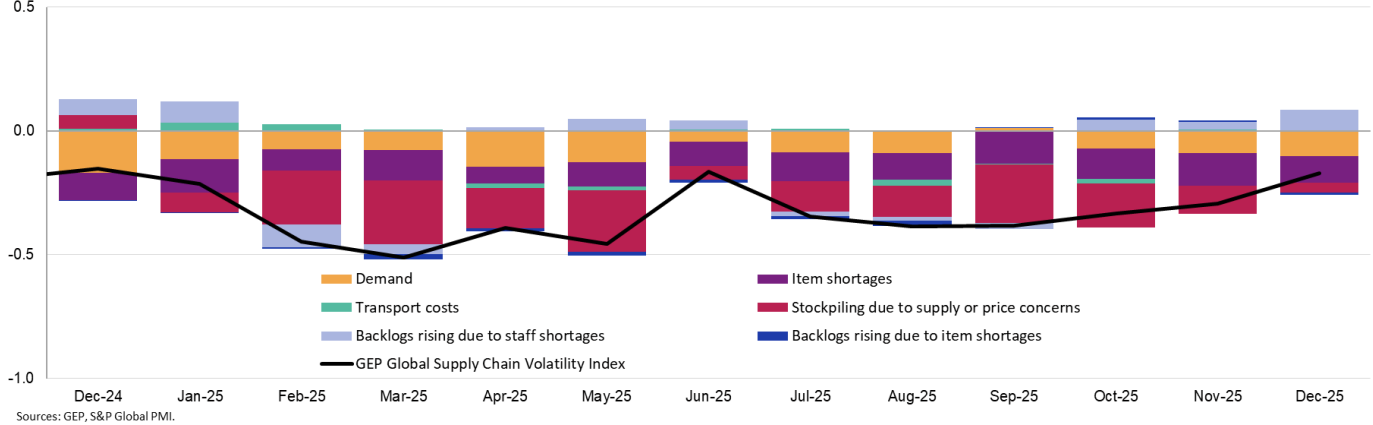
Index < 0, supply chain capacity is being underutilized. The further below 0, the more underutilized supply chains are.

**DECEMBER 2025 REGIONAL KEY FINDINGS**

- **ASIA:** Index dipped slightly to -0.20, from -0.16, but factories’ purchases of inputs show greater resilience than elsewhere, owing to growth in South Korea, Vietnam and Taiwan, and steady buying volumes in China.
- **NORTH AMERICA:** Index at -0.37, indicating underused capacity at North America’s suppliers. Purchasing activity weakened further and was the most subdued by region in December.
- **EUROPE:** Index rose to -0.17, its highest since June 2025, due to labor-related constraints impeding order completion in December. Factory purchasing volumes deteriorated, however, particularly in Germany.
- **U.K.:** Index increased to 0.12, signalling stretched capacity at the U.K.’s suppliers for the first time in almost a year-and-a-half.

## DECEMBER 2025 KEY FINDINGS

GEP Global Supply Chain Volatility Index  
 += stretched, -= underutilized capacity



- DEMAND:** Global demand for factory inputs such as commodities, intermediate products and raw materials, remained weak at the end of 2025. Purchasing activity was its most depressed in western economies, particularly Germany. North America also saw constrained buying volumes at its manufacturers, with Mexico dragging harshly on the region. By contrast, Asia showed greater resilience in factory purchasing activity.
- INVENTORIES:** Reports of stockpiling due to supply or price concerns remain below average. Global item availability was strong in December, helping to keep price pressures at bay and reducing firms’ needs to hold excess stock in warehouses or build up safety buffers.
- MATERIAL SHORTAGES:** The global items in short supply indicator was below its long-run average in December, as has been the case for over two years. This means that global businesses are experiencing shortages less frequently than normal.
- LABOR SHORTAGES:** The labor shortages tracker ticked up to a 14-month high in December and was above its long-run average, indicating a rise in capacity pressures due to a lack of staff. Regional data showed that this was centered on Europe.
- TRANSPORTATION:** Global transportation costs were in line with their long-term average in December.

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, Feb. 11, 2026.**

### **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](#).

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### **About GEP**

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**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)