

TARIFF PAUSE SPURS GLOBAL MANUFACTURING ACTIVITY IN JUNE, WITH GLOBAL SUPPLY CHAINS NOW OPERATING CLOSE TO FULL CAPACITY: GEP GLOBAL SUPPLY CHAIN VOLATILITY INDEX

- Europe exits two-year slump, led by German export rebound and domestic demand recovery
- U.S. manufacturers purchasing surges ahead of U.S. 'tariff pause' ending
- Asia supply chains pick up, though capacity remains underutilized in Southeast Asia
- No signs of cost inflation escalation yet despite the 10% universal tariff imposed by the U.S.

Clark, N.J., Jul 10, 2025 – [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 — jumped to -0.17 in June, from -0.46 in May, its highest in 2025 as worldwide supply chain activity picked up despite the 10% tariffs imposed by the U.S. administration.

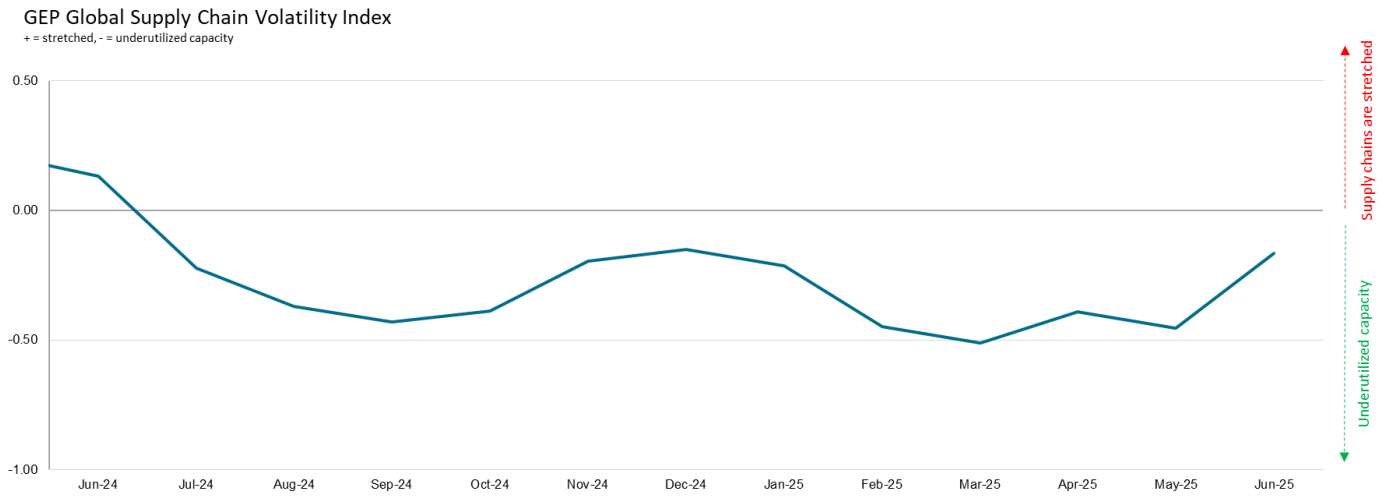
For the first time in more than two years, **European manufacturers operated at full tilt**, driven by front-loaded orders from U.S. customers, and a rebound in both domestic and export demand, particularly across Germany.

In **North America**, demand for inputs surged as U.S. manufacturers moved quickly to secure inputs — commodities, parts, components and raw materials — ahead of a potential end to the current tariff pause.

Asia's supply chains also showed signs of recovery, with stronger activity in India, Japan, and South Korea. However, spare capacity remains across Southeast Asia, where factory purchasing continues to lag, notably in China.

Notably, there is **no evidence in the data of cost inflation escalating dramatically**, despite the tariffs.

“In June, Europe shook off its long slump and global supply chains ran at full capacity — despite the uncertainty and on-and-off again tariffs,” said **John Piatek**, VP, Consulting, GEP. “But under the surface, companies are putting in place contingencies: stockpiling inputs, reshaping supplier networks, near-shoring operations, and securing supply chain financing.”

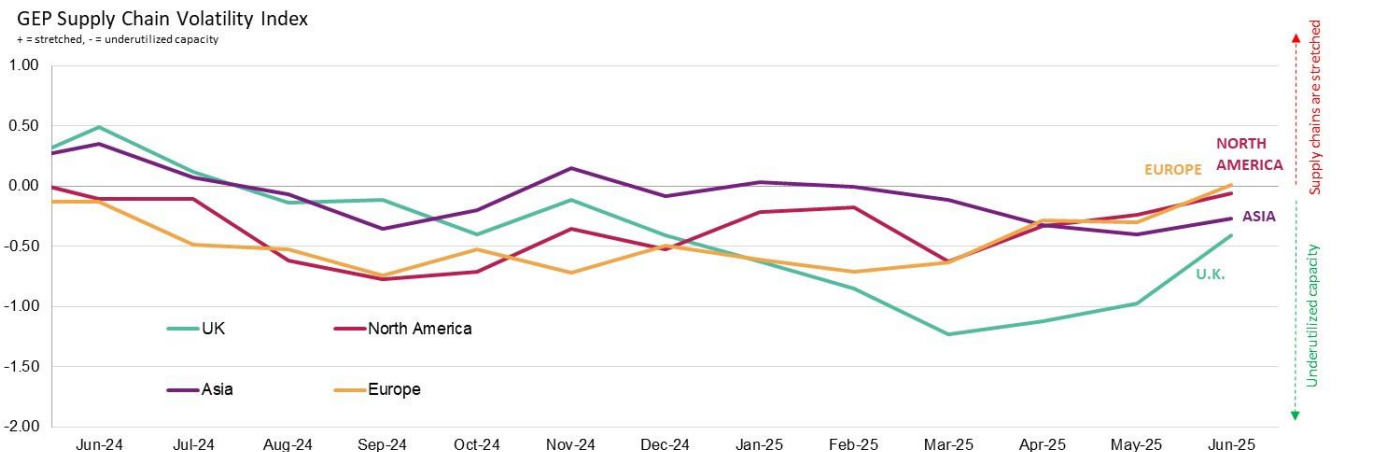


Sources: GEP, S&P Global PMI.

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.



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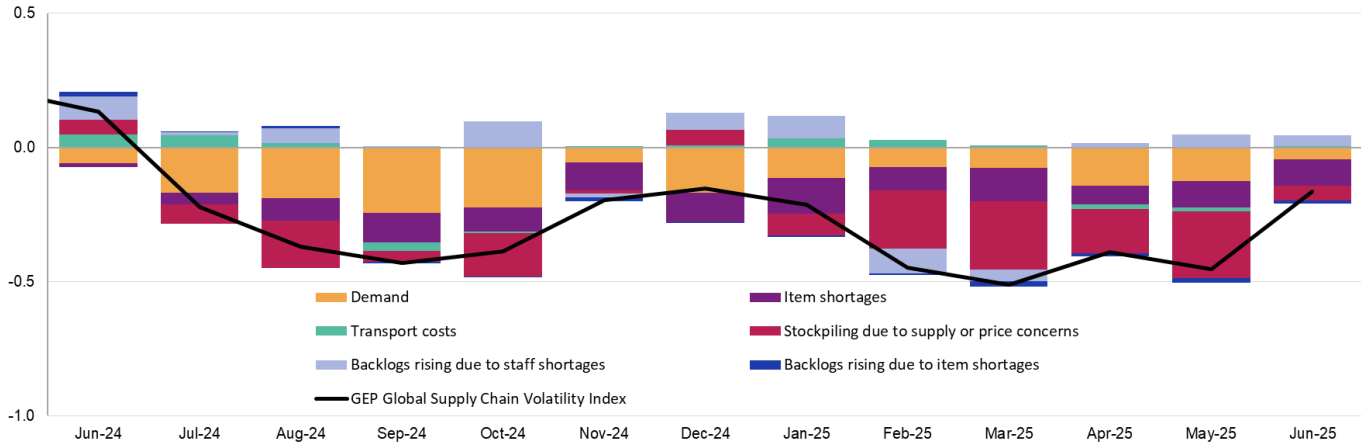
JUNE 2025 REGIONAL KEY FINDINGS

- **ASIA:** Index rises to -0.27, from -0.40, indicating a pick-up in Asian market activity, but the region’s supply chains remain underutilized overall. This mostly reflects subdued factory conditions in Southeast Asia.
- **NORTH AMERICA:** Index rises to -0.06, from -0.24 as US manufacturers ramp up purchasing sharply ahead of the tariff pause coming to an end. North American supply chains effectively ran at full capacity in June.
- **EUROPE:** Index rises to 0.01, from -0.30, signaling full capacity utilization across Europe’s supply chains in June as the continent’s industrial sector emerges from its prolonged downturn.
- **U.K.:** Index rises to -0.41, from -0.97, its highest for seven months, but still indicative of an elevated level of slack across the U.K.’s supply chains.

JUNE 2025 KEY FINDINGS

GEP Global Supply Chain Volatility Index

+ = stretched, - = underutilized capacity



Sources: GEP, S&P Global PMI.

- **DEMAND:** Global factory purchasing activity continued to trend upwards in June, with demand at its most robust in just over a year. This was driven by a considerable rise in North America, driven by the US, as manufacturers ramped up buying ahead of the pause on US tariffs coming to an end.

- **INVENTORIES:** There were increased reports from businesses of a rise in stockpiling due to price or supply concerns during June. Mentions of safety buffers being built into warehouses were their highest so far in 2025 globally, with the prospect of higher tariffs driving procurement managers into precautionary action.
- **MATERIAL SHORTAGES:** The global item shortages indicator, which measures the prevalence of supply problems, remains historically low, indicating robust availability.
- **LABOR SHORTAGES:** Suppliers' workforce capacity remains sufficient to process current order loads, according to our data. Reports of manufacturing backlogs rising due to staff shortages remain stable at historically typical levels.
- **TRANSPORTATION:** Global transportation costs were once again in line with their long-term average in June. Reports from surveyed businesses of logistic cost pressures remain anchored.

For more information, visit www.gep.com/volatility.

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

The next release of the GEP Global Supply Chain Volatility Index will be 8 a.m. ET, Aug. 12, 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.

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