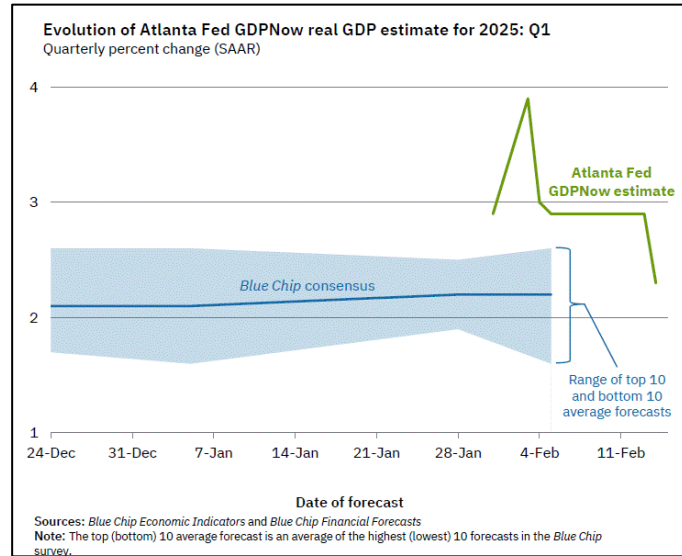


## Factors Shaping Supply Chain & Logistics

**Q1 GDP at 2.3%.** The Atlanta Fed GDPNOW estimate in early February is showing growth of 2.3% (in-line with Blue-Chip Estimates for 2.25%). A year ago, Q1 grew at just 1.3% and is normally a weaker quarter. Changes in spending and employment at the Federal level could have a near-term impact on broader economic activity, until investment incentives at the private corporate level can build momentum through construction, manufacturing, high tech development, etc. That transition between drivers of economic growth in 2024 and new drivers being implemented in 2025 could be a little painful early on but should help build stronger economic momentum later in 2025 and into the next three years.

**Net Effective Tariff Rate.** Tariffs will have an impact, and that is part of the objective. If there was no impact, everyone would impose tariffs just to raise trade revenue. But the severity of the impact is variable, and managers need to focus on the effective tariff rate. Many countries will devalue their currencies and find other ways to lessen the impact of tariffs (reducing port or country-controlled supply chain costs). Oversimplifying, but for example, a \$100 item from China with a 10% tariff would cost \$110. But with a 10% currency devaluation, the product discount would be \$90 and after a 10% tariff, would net at ~\$99.



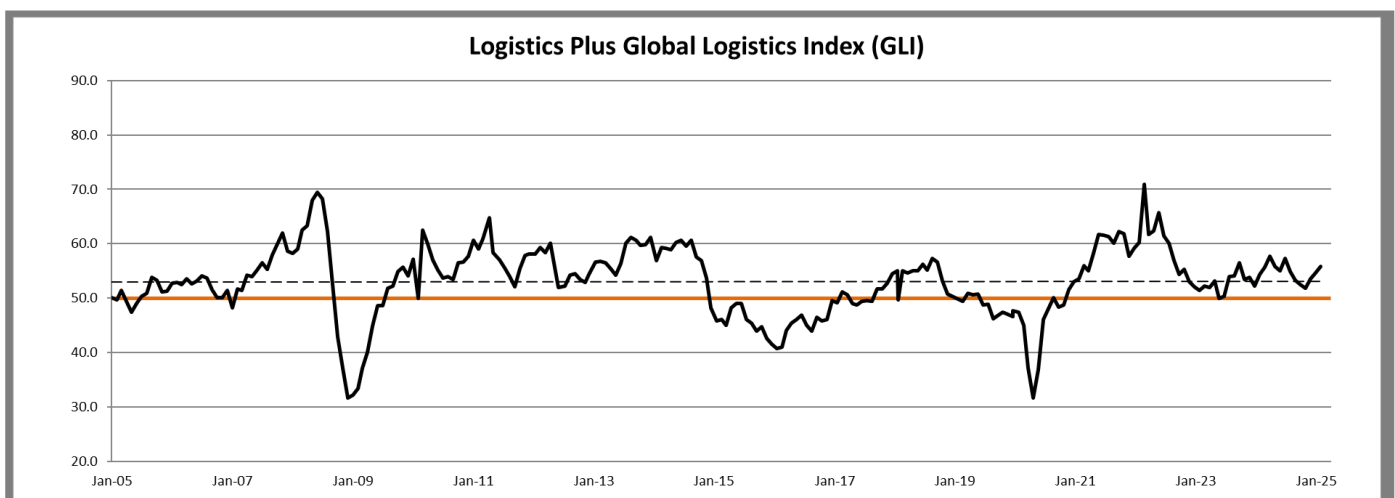
Scenario	Currency Impact	Effective Tariff Rate
10% Import Tariff	3% Appreciation of Home Currency	7% (after currency impact)
10% Export Tariff	3% Depreciation of Home Currency	13% (after currency impact)
60% Tariff on Chinese Imports	Significant Depreciation of Renminbi	27% (after currency impact)

## The LogisticsPULSE Global Logistics Index

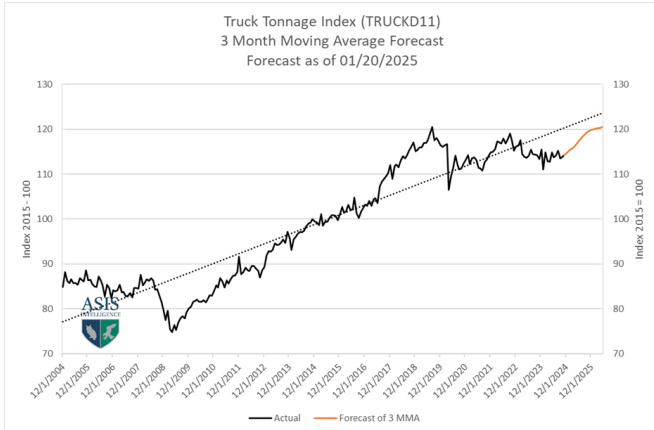
### The GLI Moves Up Again in January

The LogisticsPULSE Global Logistics Index (GLI) came in at **55.8 in January, up 1.3 points from 54.5 in December (+2.2%)**. It was still in expansion territory and is still above the long-term trendline. The index was now higher by 2.5% Y/Y (it was 4.3% higher Y/Y last month).

*The GLI measures transportation demand across 22 global economic metrics and has been measured over twenty years of collected data.*

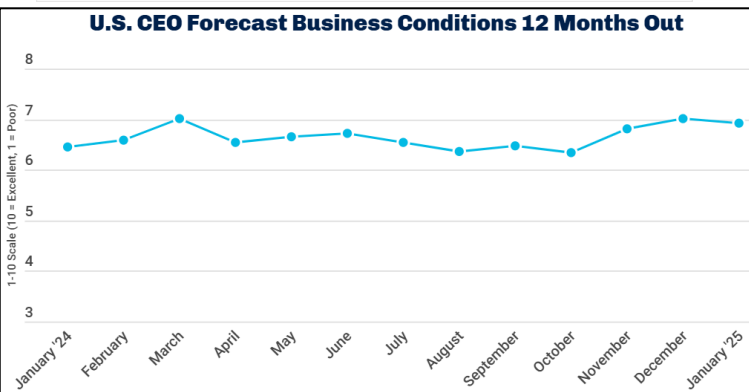


## What's New & Important with North American Supply Chains?



### New Truck Tonnage Outlook Improves

Our current forecast for US truck tonnage is showing a 4.6% growth rate in 2025. The important component of this change is that the outlook is showing some general recovery through Q2 before accelerating into seasonality in Q3 and Q4. But comparing it to prior years, the new forecast would suggest that tonnage could hit new record levels by the beginning of 2026. This model has an accuracy rate of 98.6% six months in advance. Manufacturing data improved in January, but we need to see this trend continue for a few months before feeling confident that the trend is changing.

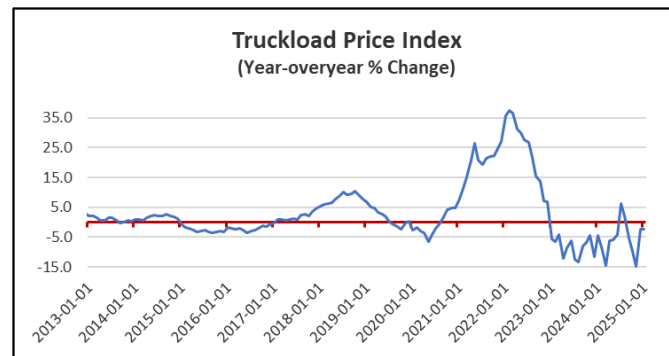


### CEO Confidence: Wait and See

It seems like there is a prevailing sentiment among most CEOs that they still need to take a wait-and-see-attitude when it comes to investment and hiring. The Chief Executive Confidence Index slipped from 6.4 to 6.3 in January, but more than 52% of CEOs expect business conditions to improve – and it remains one of the strongest indexes since 2021. What all are watching is the impact of tariffs of course, and how quickly the administration can ease regulation, permitting processes, and tax rates. But with sentiment solid, investment typically follows over time.

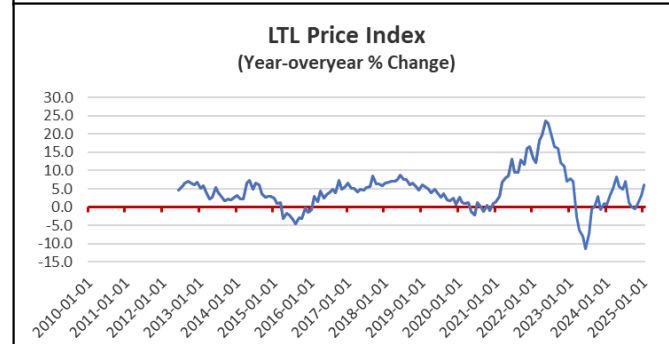
### Full Truckload (FTL) Price Index:

Truckload prices were up 0.8% M/M (8.1% last month) in January (latest available) according to the Producer Price Index (includes both contract and spot rates). They were down 2.3% Y/Y (-2.4% adjusted from last month). (PCU484121484121)



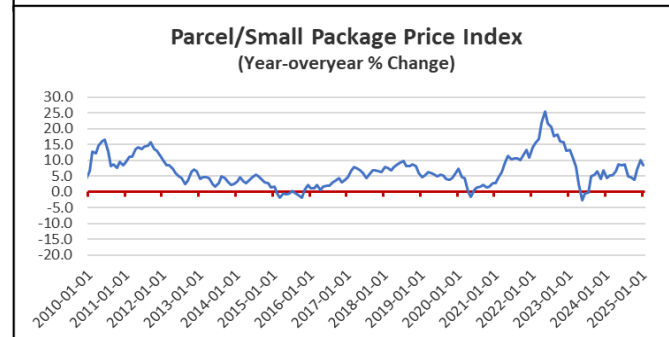
### Less-Than-Truckload (LTL) Price Index:

LTL prices were up sharply in January by 5.7% month-over-month (latest available) and were up 6.2% Y/Y (up 3.1% last month). A single month does not make a trend and watching this data for another month or so (if it holds) would start to suggest that the Yellow exit was beginning to be felt in the industry and tighter capacity earlier in the growth cycle is taking place. (PCU4841224841221)



### Parcel/Small Pack Price Index:

Prices for parcel and small package express courier services surged by 8.4% Y/Y (10.1% higher last month); and were higher month-over-month in January by 4.4%. E-commerce sales were 4.7% higher Y/Y (6.0% last month) but were down 1.9% month-over-month in January (latest available and not seasonally adjusted). (PCU492110492110201)



## What's New & Important with International Supply Chains?

Manufacturing					
Country PMI	Trade with US (in billions)	Current Month	Latest Month PMI	Prior Month PMI	M/M Change
US		Jan	51.2	49.4	1.8
Global PMI	\$ 4,700	Jan	50.1	49.6	0.5
Canada	\$ 665	Jan	51.6	52.2	-0.6
Mexico	\$ 661	Jan	49.1	49.8	-0.7
China	\$ 655	Jan	50.1	50.5	-0.4
Eurozone PMI	\$ 632	Jan	46.6	45.1	1.5
ASEAN	\$ 369	Jan	50.4	50.7	-0.3
Japan	\$ 210	Jan	48.7	49.6	-0.9
Germany	\$ 201	Jan	45.0	42.5	2.5
South Korea	\$ 161	Jan	50.3	49.0	1.3
UK	\$ 118	Jan	48.3	47.0	1.3
Taiwan	\$ 114	Jan	51.1	52.7	-1.6
India	\$ 113	Jan	57.7	56.4	1.3
Vietnam	\$ 113	Jan	48.9	49.8	-0.9

### Global Manufacturing Improves in January

The latest round of global manufacturing data showed mild rebound, which was expected. Eighteen of 30 countries had PMIs that were expanding and most continued to signal that manufacturer optimism was high looking out over the next six months. The US and Canada experienced strong readings above 51 points, Mexico was still sluggish at 49.1. The big question is whether the timing of the Lunar New Year will impact manufacturing sectors in February, it would not be unreasonable to expect a moderate slump because of the two-week holiday. But many firms were starting to hire, despite concern over tariff risk. Most expect the tariff impacts to have a slower impact and any shift in production (reshoring activity that was not already underway prior), will take a year or more to materialize. This should help boost supply chain activity.

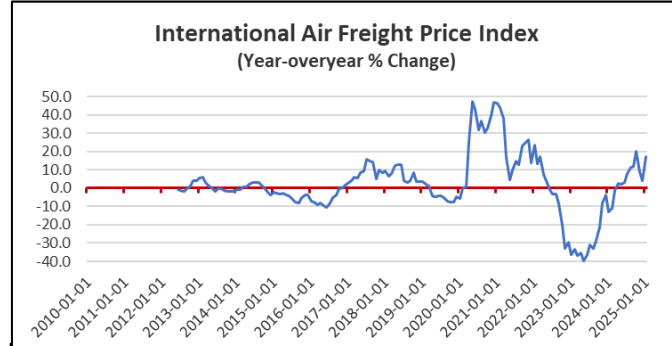
### "China Plus X"

There is a new phrase circulating that may have originated with DHL called "China Plus X". It replaces the China Plus 1 theory of sourcing with at least one other country other than China to counter tariff and trade risk. The new concept simply carries supply chain diversification further, suggesting that companies create multiple alternatives and focus on optimizing Total Landed Cost while keeping those suppliers healthy (providing enough volume to keep them profitable).



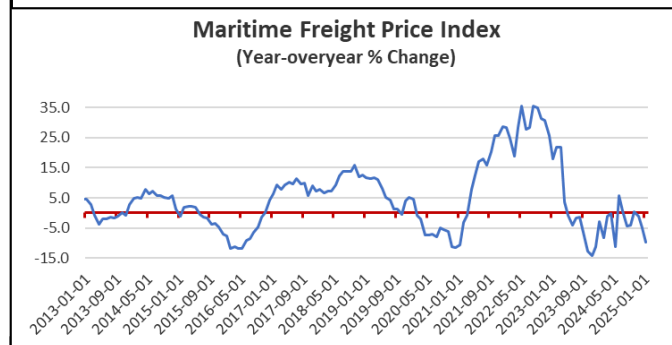
### Airfreight Price Index:

The airfreight price index was lower by 2.3% M/M in January (not seasonally adjusted and the latest available / up 0.8% last month) and was sharply higher on a Y/Y basis, rising by 17.0% (up an adjusted 4.2% last month). Perhaps some firms getting ahead of tariffs boosted shipments this sharply in January. (IC131)



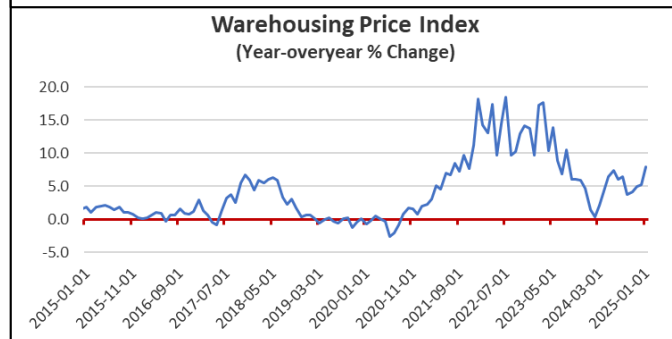
### Ocean Freight Price Index:

The blended PPI for maritime service in January was 9.8% lower Y/Y (5.0% lower last month), and it was down 2.4% M/M (-0.8% last month and not seasonally adjusted). (PCU483111483111). *Note: Fed PPI tracks domestic US maritime prices, both contract & spot, and is based on survey data. The Drewry World Container Index (see next page) tracks global spot container prices.*



### Warehousing Price Index:

Warehousing prices were improving in January (latest data available) with rates up by 3.3% M/M (0.1% higher last month) and was higher Y/Y by 8.0% (5.2% last month). (PCU49314931)



## Global Maritime and Air Cargo Observations

### Maritime Capacity Balanced Across All Critical Trade Lanes

DHL expects most trade lanes to be balanced through April. It really is casting a lukewarm global freight movement environment. Europe to Asia and US to Asia lanes remain unbalanced with extra capacity. Drewry was also reporting some easing, the composite container index remaining 5% lower Y/Y through February 13<sup>th</sup>. Asian lanes outbound were 20-33% lower Y/Y largely on Lunar New Year impacts. But the DHL estimate suggests that this sluggishness is likely to continue into Q2.

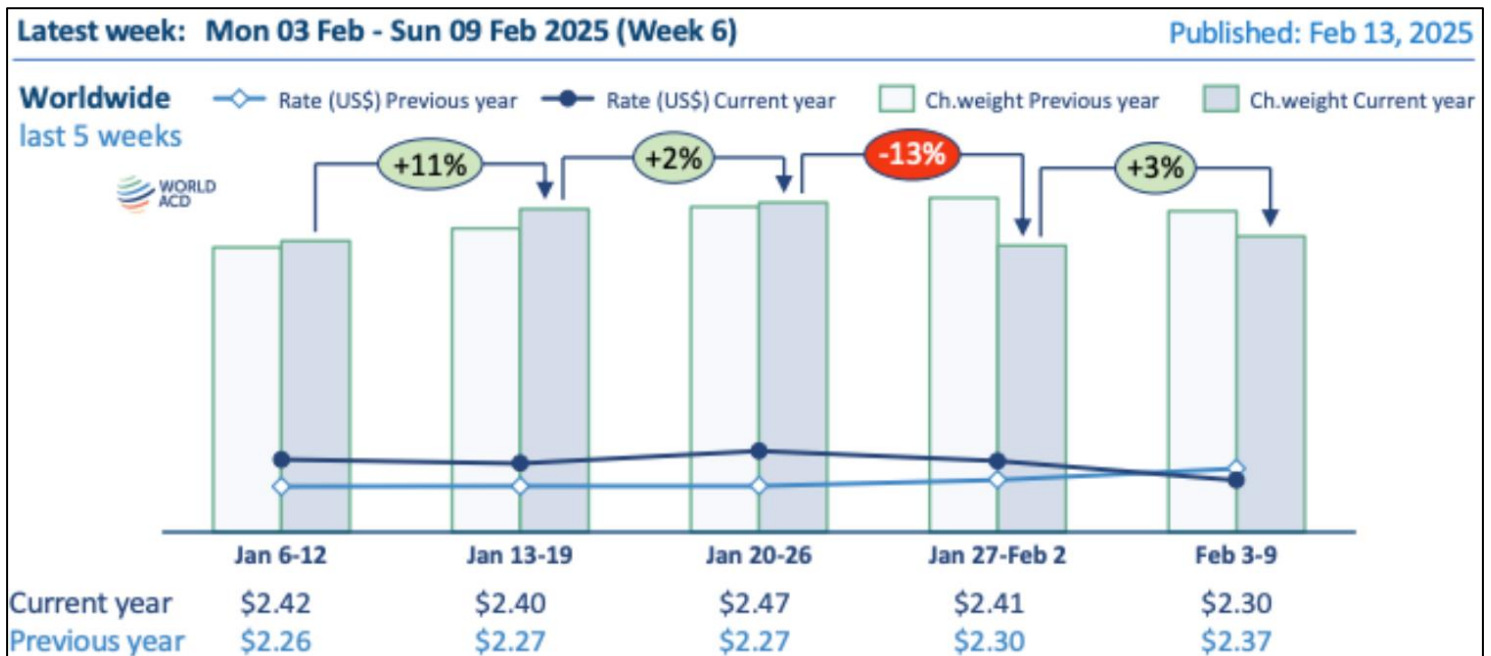
Market Development on Key Regional Tradelanes		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Asia	→ Intra	A	R	A	R	R	R	R	R	R	A	A	A
	→ N. America	R	R	A	A	A	R	R	R	R	A	A	A
	→ Europe	R	R	R	A	R	R	R	R	R	A	A	A
	→ Middle East	R	R	R	R	R	R	R	R	R	A	A	A
	→ S. America	G	G	G	G	R	R	R	R	G	A	G	G
	→ Africa	R	R	R	A	R	R	R	R	R	A	G	G
	→ Oceania	R	R	R	A	R	R	R	R	R	A	A	A
	→ East MED	R	R	R	A	R	R	R	R	R	A	A	A
East MED	→ Europe	R	R	R	R	R	R	R	G	R	A	A	A
Europe	→ N. America	G	G	G	G	G	G	G	A	R	R	A	A
	→ Asia	A	G	G	G	G	A	A	A	A	G	G	G
N. America	→ Asia	A	A	G	G	G	G	G	G	G	G	G	G
S. America	→ N. America	G	G	G	G	G	G	G	A	R	A	A	A

Source: DHL

R Demand > Capacity    A Demand, Capacity balanced    G Demand < Capacity

### Air Cargo Spot Rates 3% Lower Y/Y in Week 6

Average global air cargo spot rates were down 3% Y/Y while total tonnage was rising by 3% Y/Y. The Lunar New Year was clearly a factor in early February impacting total volumes, and whether conditions rebound late in February is still to be seen. Analysts are watching the de minimus tariff application that has been temporarily postponed but could affect future volumes.





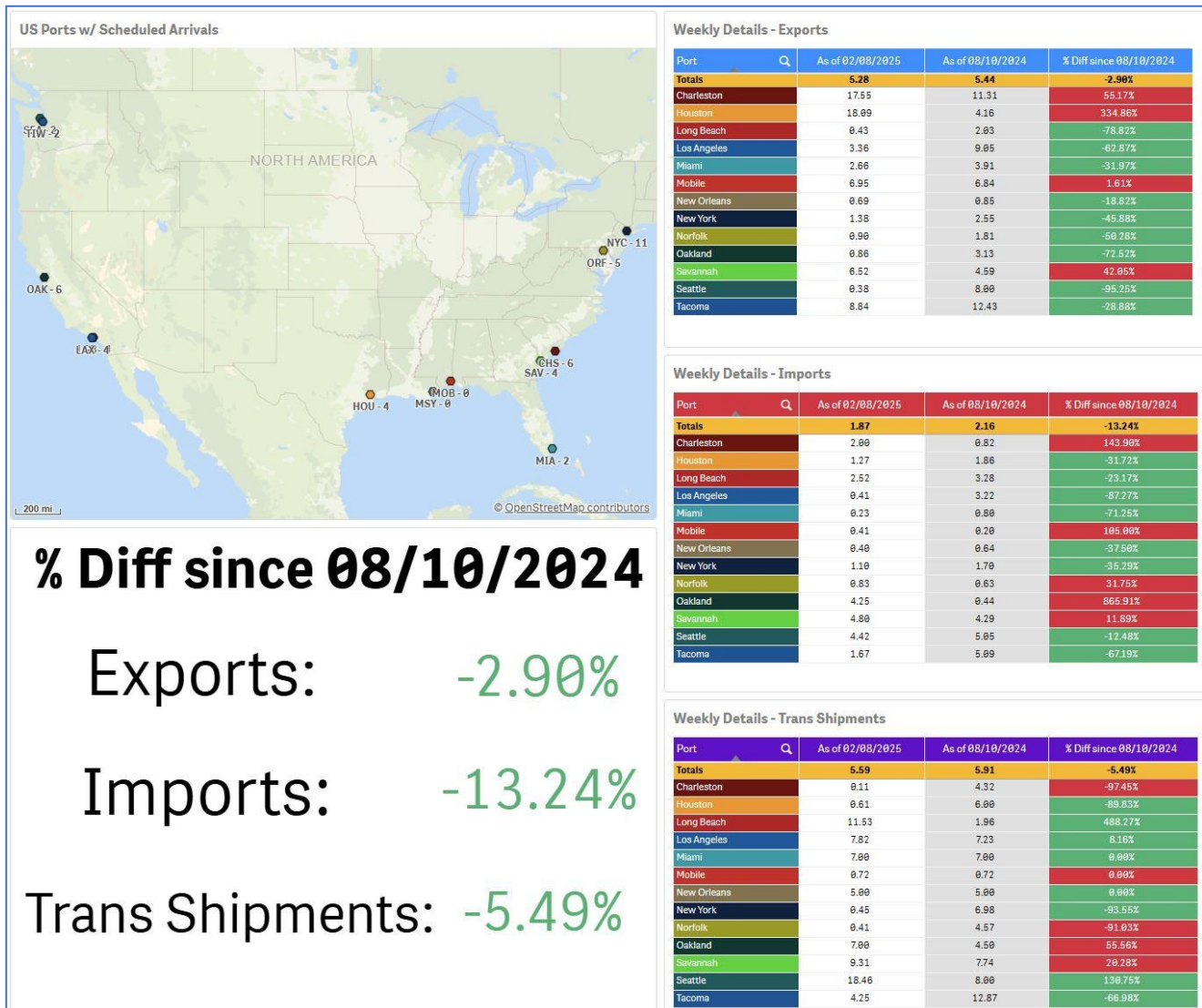
## The LogisticsPULSE Port Congestion Index

### U.S. Container Imports and Exports Processing Continue to Show Aggregate Improvements

Port congestion can have a big impact on supply chains. The **LogisticsPULSE Port Congestion Index (PCI)** is a data-driven tool that calculates how much congestion there is at critical U.S. ports.

- For containers Imported into the USA, the Container Processing Time (in days) is about one half day, or 13.24%, less than what it was in mid-August 2024. The processing time for Exports from these same ports is taking about a quarter of a day less, or 2.9% shorter, than it was in mid- August 2024. The processing time for Trans Shipments have also improved and are about 5.49% faster than before.
- The US Ports with the greatest amount of Imported TEU’s currently are in Savannah, New York and Los Angeles and are processed in about 2.1 days. The highest volume of Exported TEU’s are found in Los Angeles, Houston and New York and they are completing the export process in about 7.61 days.
- The ports with the greatest number of scheduled vessel arrivals are New York, Oakland and Charleston, whereas New Orleans and Mobile have the fewest.

*(data shown below is container processing time, in days, by port)*



## Special Topics in Supply Chain & Logistics:



### Special Area of Focus: Japan

Unfortunately, Japan typically takes a back seat to China when it comes to market and media coverage. Some of that is because of China's rapidly growing global influence over the past decade, but Japan should not be forgotten on the global trade spectrum. Japan was the fourth largest trading partner with the US, 4<sup>th</sup> largest exporter and 4<sup>th</sup> largest importer out of 138 countries, and was the 4<sup>th</sup> largest by GDP (at \$6.341 trillion). The country also has the 4<sup>th</sup> largest consumer market in the world and is the 2<sup>nd</sup> largest in foreign exchange reserves.

It ranks as the 3<sup>rd</sup> largest for manufacturing (nearly 20% of Japan's GDP) and holds over 60% of the global market share in more than 220 product categories. From a supply chain perspective, it is a critical trading partner.

Japan is emerging from sluggish economic growth and had a strong Q4, growing by an annualized rate of 2.8% in Q4 Y/Y, despite its overall economy only growing by 0.1% for all of 2024. And yet, it was the fourth consecutive year of growth.

Much like other markets, Japanese supply chain managers are diversifying their sourcing strategies to reduce China risk, and the government is providing incentives to reshore production of many products. Like other countries, officials are concerned about US tariff risk but will remain a key ally of the US and could gain in the process as companies look for sourcing diversification.

## What's New at Logistics Plus?

### Jim Berlin Talks with Andrew Silver on The Freight Pod Podcast

Andrew Silver, host of The Freight Pod podcast, talks with Jim Berlin, CEO and founder of Logistics Plus. Jim discusses the company he founded in 1996 and has built into a global logistics powerhouse in more than 50 countries, with \$600M in revenue, and more. [Listen to Podcast](#)



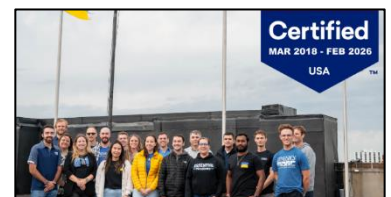
### Danny Yunes Talks Mission Critical and Data Centers on Business Spotlight

Danny Yunes, VP of Mission Critical Operations & Strategy for Logistics Plus (LP), was featured on the Business Spotlight program, produced in partnership with WPSE Money Radio. Business Spotlight is a monthly 30-minute program that airs regionally and streams globally. [Listen to Podcast](#)



### LP Earns 'Great Place to Work' Certification for an Eighth Consecutive Year

is proud to be Certified™ by Great Place to Work® for the eighth year in a row. The prestigious award is based almost entirely on what the company's employees say about their experience working at Logistics Plus. [Read More](#)



In the wake of recent supply chain disruptions, check out and subscribe to the [logisticsplus.com/globalalerts](https://logisticsplus.com/globalalerts) page.