June 2025 Logistics Manager's Index Report®

LMI® at 60.7

Growth is INCREASING AT AN INCREASING RATE for: Inventory Levels, Inventory Costs, and Transportation Utilization.

Growth is INCREASING AT A DECREASING RATE for: Warehousing Utilization, Warehousing Prices, Transportation Capacity, and Transportation Utilization

Warehousing Capacity is CONTRACTING

(Fort Collins, CO) — The June Logistics Manager's Index reads in at 60.7, up (+1.3) from May's reading of 59.4. The movement back above 60.0 marks only the third time since July of 2022. All three of those readings above 60.0 have come in 2025, which is a marked shift from 2023 and 2024 when that threshold was never breached in the overall index. The increase in the overall index is driven by an increase in the rate of expansion for Inventory Levels, which is up (+8.3) to 59.8. Interestingly, this expansion mostly occurred in the first half of June, when the metric read in at a robust 67.4 as importers scrambled to take advantage of the pause in the most punitive tariffs. Inventory Levels expansion declined to 52.2 in the second half of the month. The influx of inventories led Inventory Costs to bump up (2.5) to 80.9, the first time this metric has been above 80.0 since October 2022, when supply chains were still in the throes of the post-COVID inventory bullwhip. The effects of the continued inventory buildup are also evident in Warehousing Capacity dropping (-2.2) to 47.8, contracting for the first time since January 2023. Similar to last month our transportation metrics are relatively stable, although it is worth noting that Transportation Capacity dropped (-2.3) to 52.4, which is close to contraction. Transportation Capacity has not contracted since March 2022, so if this trend continues it would mark a real shift. Transportation Utilization (+0.3) and Transportation Prices (-1.1) were relatively steady. The swings we have seen with inventories have kept freight markets humming at a steady, if not spectacular pace.

Researchers at Arizona State University, Colorado State University, Florida Atlantic University, Rutgers University, and the University of Nevada, Reno, and in conjunction with the Council of Supply Chain Management Professionals (CSCMP) issued this report today.

Results Overview

Before our usual discussion of results, the LMI team would like to recognize the passing of a real legend in the logistics business, Fred Smith of FedEx who passed away on June 21, 2025 at the age of 80. He changed how shipping could be done and enabled the modern era of overnight express shipping. Mr. Smith founded Federal Express in 1973 with a fleet of 14 old Dassault Falcon airplanes and a unique idea as to how small packages and documents could be shipped across the U.S. utilizing centrally located Memphis, Tennessee as the hub. FedEx, under Fred's direction as President and CEO, developed from a small startup to a global corporation that reshaped worldwide commerce. FedEx is now the world's largest express transportation firm and is frequently ranked among the world's most admired companies. FedEx has grown to employ over 500,000 people worldwide, operates in more than 220 nations and territories, and transports almost $2 trillion in commodities yearly, including - and this is an amazing statistic - more than 17 million shipments per day.

Among many other honors, Fred won the CSCMP Distinguished Service Award in 1989 and entered the Supply Chain Hall of Fame. These are well deserved honors, as it would not be hyperbole to say that Fred Smith changed the logistics in both the U.S. and around the world. We salute Fred and his contributions to the field.

The LMI score is a combination of eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. The LMI is calculated using a diffusion index, in which any reading above 50.0 indicates that logistics is expanding; a reading below 50.0 is indicative of a shrinking logistics industry. The latest results of the LMI summarize the responses of supply chain professionals collected in June 2025.

The LMI read in at 60.7 in June, up (+1.3) from May's reading of 59.4. This is only the third reading above 60.0 in the past two and a half years. The fact that all three of those readings have come in the last six months is indicative of the heightened – and somewhat unseasonal – level of activity that we have seen in the supply chain through the first half of 2025. While this has been positive in the short-run, it does raise questions on whether the same level of demand will be present in the second half of the year when we would normally see it picking up.

The uncertainty exists due to both the high levels of inventory already in the U.S., as well as the continued ambiguity regarding future U.S. trade policy. This was highlighted by the announcement on Friday that talks between the U.S. and Canada were being suspended due to a Canadian tax on U.S. digital service firms. This marks a shift from statements earlier in June that the two neighbors would settle on a trade deal by July 20th [1]. Many of the temporary suspensions on tariffs are due to end in the next month. Whether or not deals can be reached will dictate the direction of financial markets, the overall economy, and the logistics industry. The tariffs and broader diversification of U.S. supply chains is being felt in China, where industrial profits were down 9.1% year-over-year in May[2]. Despite the mid-June agreement to increase exports of rare-earth magnets, Chinese exporters have dragged their feet on shipments, causing alarms to go off at U.S. manufacturers that depend on these components. A slowdown in these rare-earth magnets would impact a wide range of manufacturing industries including automotive, defense, and electronics[3]. China once again pledged to approve export applications for rare earth

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[1] Boak, J., & Sanchez, F. (2025, February 27). *Trump plans tariffs on Mexico and Canada for Tuesday, while doubling existing 10% tariffs on China*. AP News. https://apnews.com/article/trump-tariffs-mexico-canada-71761a2894e13a050717afda4fd8131a

[2] Singapore Editors. (2025, June 27). *China's Industrial Profit Declined in May*. WSJ. https://www.wsj.com/economy/chinas-industrial-profit-declined-in-may-fb5f17f6

[3] Emont, J. (2025, June 26). *Exclusive | China Is Still Choking Exports of Rare Earths Despite Pact With U.S.* WSJ. https://www.wsj.com/world/china/china-rare-earths-exports-2fd0dab4

exports on the last Friday of June. It will be interesting to observe the speed at which these new commitments are executed, and what the duties levied on these critical components will be[4].

There are some signs that there will be demand for the goods that do make it into the country. U.S. consumer sentiment increased by 16% in June to 60.5. This is the first time in six months that sentiment increased. Although it is still down nearly 18% from December and 11.0% down from this time a year ago. This shift was driven by decreased anxiety regarding tariffs – although consumers surveyed are still wary of potential economic issues[5]. It is interesting that we see this slight uptick in sentiment at the end of the second quarter. Revised estimates for Q1 GDP show that the U.S. economy contracted by 0.5%, which is more than had been previously estimated[6]. It remains to be seen if the increase in activity in June will be enough to push Q2 GDP back into expansionary territory. Slow growth (+0.5%) in consumer spending was one of the drivers of GDP contraction in Q1[7]. Monitoring spending in Q2 will likely provide a solid predictor of overall economic movement during the period. Therefore, it is pertinent that consumer spending decreased (-0.1%) in May for the first time since January[8].

Personal consumption expenditures (PCE) increased by 0.1% to 2.3% increase year-over-year does not offer a clear direction to the Fed as it is a fairly moderate rate, but is still above their preferred target of 2% annual growth[9]. The debate on whether or not to cut interest rates continues at the U.S. Fed, although interestingly some Fed governors, seem more willing to entertain the idea of cuts than Chairman Powell, who remains concerned about the impact of unpredictable trade regulations[10]. The anti-cut contingent of the Fed believes that price increases are coming but have not broadly been felt by consumers yet due to the large stores of inventory that were built up early in 2025 – something that the Upstream/Downstream splits regarding Inventory Levels would seem to support.

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[4] Spegele, B. (2025, June 27). *China Confirms Breakthrough on Rare-Earth Exports to U.S.* WSJ. https://www.wsj.com/world/asia/china-to-approve-exports-of-controlled-items-to-u-s-b2f37389
[5] Hsu, J. (2025, June 27). *Surveys of Consumers*. Survey of Consumer - Final Results for June 2025. https://www.sca.isr.umich.edu/
[6] Wiseman, P. (2025, June 26). *US economy shrank 0.5% in the first quarter, worse than earlier estimates had revealed*. AP News. https://apnews.com/article/economy-tariffs-trump-gdp-shrink-86d1f15e66c646ac4ce88ffc0a956942
[7] Mena, B. (2025, June 26). *A battery of new data shows how the US economy is holding up amid Trump's tariffs | CNN Business*. CNN. https://www.cnn.com/2025/06/26/economy/us-gdp-q1-final
[8] Bartash, J. (2025, June 27). *Consumers cut spending on cars and restaurants tariffs kicked in. Trade wars weigh on economy.* MarketWatch. https://www.marketwatch.com/story/consumers-cut-spending-on-cars-and-other-goods-when-tariffs-kicked-in-what-will-they-do-next-a11e7fc8
[9] Cox, J. (2025, June 27). *Core inflation rate rose to 2.7% in May, more than expected, Fed's preferred gauge shows*. CNBC. https://www.cnbc.com/2025/06/27/pce-inflation-report-may-2025-.html
[10] Grossman, M. (2025, June 26). *Powell Isn't Trump's Only Holdout Against Cuts at a Divided Fed*. WSJ. https://www.wsj.com/economy/central-banking/powell-isnt-trumps-only-holdout-against-cuts-at-a-divided-fed-68f00bd0

The difficulty for the members of the Fed or for any economic prognosticators is the uncertainty regarding consumer demand through the second half of the year. While consumer spending did drop slightly in May, June's imports numbers suggest that firms are still expecting some level of spending. Inventory Level expansion increased (+8.3) to 59.8, a marked shift from May's reading of 51.5 which was bordering on no movement. This increase was largely due to the surge in imports in early June. Inventories poured into the U.S. in the first half of June. Inventory Level expansion surged to 67.4 in early June, which is the fastest rate of expansion since August of 2022. This shifted in the back half of the month, with respondents reporting a much milder rate of expansion of 52.2 for Inventory Levels in late June. The spike of inventories coming into the Port of LA seems to be slowing as we shift from June to July. Whereas June saw year-over-year increases ranging from 20-60%, TEUs moving through the port are expected to drop nearly 16% week-over-week as the rush to get around the most punitive tariffs begins to subside. It is also notable that there are nearly 35,000 empty containers that have been idle on the port for two weeks or more – a number that outstrips the total active loaded containers combined[11]. When taken together with the decrease in blank sailings from the U.S. back to East Asia suggest that importers are not in a rush to get empty containers to Asia to be refilled with goods bound to the U.S.[12]. This is also reflected in the slowdown in container rates. The cost of a 40-foot container from Asia to the West Coast of the U.S. fell 7% in the last week of June, which was a sharp turnaround to the rapid price increase experienced through May and most of June. This shift comes as we approach the July and August deadlines for tariff pauses on countries such as Vietnam, Indonesia, and China end[13]. The heavy tariffs are scheduled to kick in right as peak season should be picking up, leading many to expect a muted peak season in 2025[14]. An additional headwind against importers is the weakness of the dollar, which fell to a three-year low in the last week of June[15]. It is worth noting however that on the last Friday of June Treasury Secretary Scott Bessent did suggest that the existing deadlines are flexible, and that some deals may be resolved closer to Labor Day[16]. One indication that tariffs will subside in the long-run is the Trump administration's recent approval of a $10 billion dollar elevated guideway that would move cargo through self-guided shuttles between Monterrey, Mexico and Laredo, Texas[17]. Whether or not this high-tech

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[11] Port of Los Angeles. (2025, June 27). *Port Optimizer—Control Tower*. Port of LA Signal - June 27, 2025. https://signal.portoptimizer.com/

[12] LaRocco, L. A. (2025a, June 16). A Key Freight Indicator Is Flashing Red—Here's What It Means for Global Trade. *gCaptain*. https://gcaptain.com/a-key-freight-indicator-is-flashing-red-heres-what-it-means-for-global-trade/

[13] Berger, P. (2025, June 17). The Surge in Ocean Shipping Rates Is Peaking. *Wall Street Journal*. https://www.wsj.com/articles/the-surge-in-ocean-shipping-rates-is-peaking-1096fff1

[14] LaRocco, L. A. (2025c, June 27). *Deep inside U.S. economy, more sticker prices start going up due to tariffs, and inventory is headed down*. CNBC. https://www.cnbc.com/2025/06/27/deep-inside-economy-more-sticker-prices-start-to-go-up-due-to-tariffs.html

[15] Partridge, J. (2025, June 26). Dollar falls to three-year low after report Trump may name next Fed chair early. *The Guardian*. https://www.theguardian.com/business/2025/jun/26/us-dollar-falls-to-three-year-low-after-report-trump-may-name-next-fed-chair-early

[16] Bade, B., Trade, & Reporter, E. P. (2025, June 27). *Bessent Signals Trade Deals Will Be Delayed*. WSJ. https://www.wsj.com/livecoverage/stock-market-today-inflation-data-06-27-2025/card/bessent-says-trade-deals-could-come-by-labor-day-rTySnarxaXB5Q9oEt4fU

[17] Young, L. (2025, June 18). The $10 Billion Proposal to Speed Up U.S.-Mexico Trade. *Wall Street Journal*. https://www.wsj.com/articles/the-10-billion-proposal-to-speed-up-u-s-mexico-trade-6a8ccfad

corridor will be built is an open question, but the fact that the administration is approving significant infrastructure investments built around trade seems to be a positive sign.

The Inventories that have been moved into the U.S. are largely being held Upstream at "middle mile" firms like wholesales, distributors, and LSPs. This is evident in the Upstream/Downstream split in Inventory Levels, where Upstream respondents reported robust expansion at 66.4 in June, contrasting sharply with the contraction of 44.2 reported by their Downstream counterparts. Despite the slower rates of expansion for Downstream Inventory Levels, their Inventory Costs are still higher (84.6) than Upstream firms (78.7). The 44.4-point split between Downstream Inventory Levels and Inventory Costs is one of the largest deltas we have ever recorded between these two metrics. The gulf is likely reflective of the fact that retailers are attempting to run down the large mass of inventories they brought in during the first few months of the year as they attempt to clear space for the holiday and back-to-school inventories they hope to have on shelves in the next few months.

Amazon's annual Prime Day is often a barometer of how consumers will behave throughout the rest of the year. It will be interesting to monitor sales through the July event, as it may indicate how inventories will move through the rest of the year. Approximately three quarters of American consumers expect to spend the same or more on back-to-school shopping this year. This is despite the fact that tariffs have led retailers like Best Buy and Walmart to increase prices on common school items such as electronics[18]. These price increases are due to increases in costs. Inventory Costs were up (+2.5) to 80.9 in June. This is the first time they have been above the 80.0 threshold since October of 2022. High Inventory Costs are almost always a leading indicator of supply-based inflation. Due to the tariffs supply chains have been bringing in goods as if we were in the run-up to peak season. Because peak season has not happened yet, this has led to a mass of inventories weighing down warehousing networks and driving up costs. Back-to-school shopping should start in the back half of July. It will be interesting to circle back to this in next month's report and observe whether a sell-off of some inventories will lead to a reduction in Inventory Costs. If Inventory Costs remain at the elevated rate of expansion that they are at now, it could be reasonable to expect some inflation going into the holiday shopping season.

The most direct evidence of the strain of the high levels of inventories being held in supply chains can be seen in Warehousing Capacity, which is down (-2.2) to 47.8. This is the first time this metric has been in contraction since January of 2023. The contraction in available capacity is driven by smaller respondents, who reported steep contraction at 43.3 to the mild expansion of 53.2 reported by their larger counterparts. Due to this, smaller firms also reported Warehousing Prices expanding faster than larger respondents at a rate of 71.7 to 64.9. The lack of capacity seems to have inspired greater levels of

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[18] McCadden, A. (2025a, June 24). *Back-to-school spending persists despite economic pressure, consumer survey says*. CNBC. https://www.cnbc.com/2025/06/24/back-to-school-consumer-spending.html

construction than we have seen in the last few years when some firms struggled with overcapacity. For instance, Amazon is investing $4 billion in its rural delivery network in an effort to provide same- and next-day service to thousands of smaller towns and rural communities[19]. Walmart has added "dark stores" to their distribution networks in an effort to move inventory closer to customers and speed up delivery. Walmart CFO John David Rainey credits expedited delivery as a key driver behind the growth of Walmart's ecommerce business. Walmart is opening these dark stores alongside more traditional fulfillment centers as well[20]. Warehousing network expansion has slowed over the last few years. It will be interesting to see if that shifts as supply chains are increasingly holding higher levels of inventory. It is also possible that this influx is temporary, and that firms will return to leaner inventories as tariff policies stabilize. It will be interesting to see whether additional construction could lead to overcapacity down the road. Firms may feel comfortable with the idea of adding capacity in the near-term partially because respondents expect Inventory Levels to continue expanding at a rate of 62.5 over the next year. This is particularly pronounced for Upstream respondents, who are expecting inventories to increase at a rate of 66.9. We also see that expectations for Warehousing Capacity 12 months down the road is 52.1, suggesting that firms at all levels of the supply chain are expecting that whatever capacity is added in the next year will likely be utilized.

Speaking of utilization, Warehousing Utilization expansion was down very slightly (-0.3) to 62.2 in June. Utilization was statistically significantly higher Upstream, where respondents reported expansion of 65.7 in stark contrast with the 53.8 reported Downstream. This is likely reflective of the fact that Downstream firms were already utilizing much of their available capacity and Upstream firms are taking on most of the new inventory that is being imported into the U.S. Despite this difference, both groups of respondents predicted strong growth for Warehousing Prices at 69.9 Upstream and 65.2 Downstream. These figures are fairly consistent with current Warehousing Pricing, which is expanding at a rate of 68.3, which is still high but is down (-3.8) from May's reading.

As mentioned above, there was not a lot of movement in our overall transportation metrics. However, as was the case in May, there are some interesting movements when we drill down more deeply into these metrics. Transportation Capacity is down (-2.3) to 52.4, which is its lowest reading since October. Interestingly, capacity actually contracted in early June at a rate of 48.1, before recovering to 56.9 in the second half of the month. This is consistent with the movements we observed in Inventory Levels. It is likely that most of this inventory is still Upstream in the supply chain, as evidenced by Upstream Transportation Capacity showing no movement at 50.0 – a reading that is significantly lower than the 59.6 reported by Downstream respondents. The increase in capacity aligns with FedEx's recent

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[19] Kulisch, E. (2025a, June 24). Amazon fast-delivery expansion to reach 4,000 rural communities in 2025. *FreightWaves*. https://www.freightwaves.com/news/amazon-fast-delivery-expansion-to-reach-4000-rural-communities-in-2025
[20] PYMNTS. (2025, June 24). Walmart Testing Dark Stores to Provide Faster Delivery to Customers. *PYMNTS.Com*. https://www.pymnts.com/walmart/2025/walmart-testing-dark-stores-to-provide-faster-delivery-to-customers/

report that their daily package volume was up 6% year-over-year, driven largely by a 10% increase in home delivery[21]. Respondents across the board are expecting Transportation Capacity to continue tightening over the next 12 months, predicting contraction at 45.7. It remains to be seen whether the recent executive order requiring commercial truck drivers to demonstrate proficiency in English will impact the supply of drivers in any meaningful way[22].

Transportation Utilization held steady (+0.3) at 52.9. In the same way we observed Transportation Capacity loosen up throughout the month, Transportation Utilization eased as well, moving from a heightened expansion of 60.4 to 45.1. Transportation Utilization has not contracted throughout a full month since July of 2023. It will be interesting to see if this bounces back in July as imports begin matriculating to retailers in larger numbers. Transportation Utilization seems to be somewhat dispersed geographically. Tender rejection rates went above 10% in the Southeastern U.S., contrasting with West Coast rejection rates which are lower than every other region in the country – potentially reflective of the disproportionate level of carriers that are currently serving Southern California ports. Another factor is lack of long-haul freight moving out of Los Angeles, as long-haul tender rejections are down 26% from this time a year ago. The decline is at least partially due to the early pull-ahead in inventories which has allowed importers to rely more on intermodal shipping for domestic inventory movements[23].

Despite the significant early/late month splits we observe for the other two metrics, Transportation Prices were fairly consistent throughout the month, reading in at 63.5 early in the month and at 60.6 in the second half of June. The overall reading for Transportation Prices did not move much either, slowing slightly (-1.1) to 62.0, which still represents a robust rate of expansion. This came despite U.S. Diesel prices increasing by approximately 20 cents per gallon in the last week of June. This jump brings prices essentially even (up 0.006 cents per gallon) from this time last year[24]. The price of fuel will depend partly on the status of the Strait of Hormuz, and whether shipments are affected by tensions between Israel and Iran. Shipping costs through the Gulf have fallen slightly as of the last week of June on news of the ceasefire between the two nations[25]. Approximately 20% of the world's petroleum passes through the 20-mile strait that connects the energy produced by the Gulf nations to the rest of the world. Even a

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[21] McCadden, A. (2025b, June 24). *FedEx beats earnings estimates, forecasts $1 billion cost savings in the next fiscal year*. CNBC. https://www.cnbc.com/2025/06/24/fedex-fdx-q4-2025-earnings.html

[22] Fuller, C. (2025, June 27). ELP Rule Threatens 10% of Truckers, Risks Carrier CSA Scores. *FreightWaves*. https://www.freightwaves.com/news/elp-rule-threatens-10-of-truckers-risks-carrier-csa-scores

[23] Strickland, Z. (2025, May 25). Carriers have a West Coast bias. *FreightWaves*. https://www.freightwaves.com/news/carriers-have-a-west-coast-bias

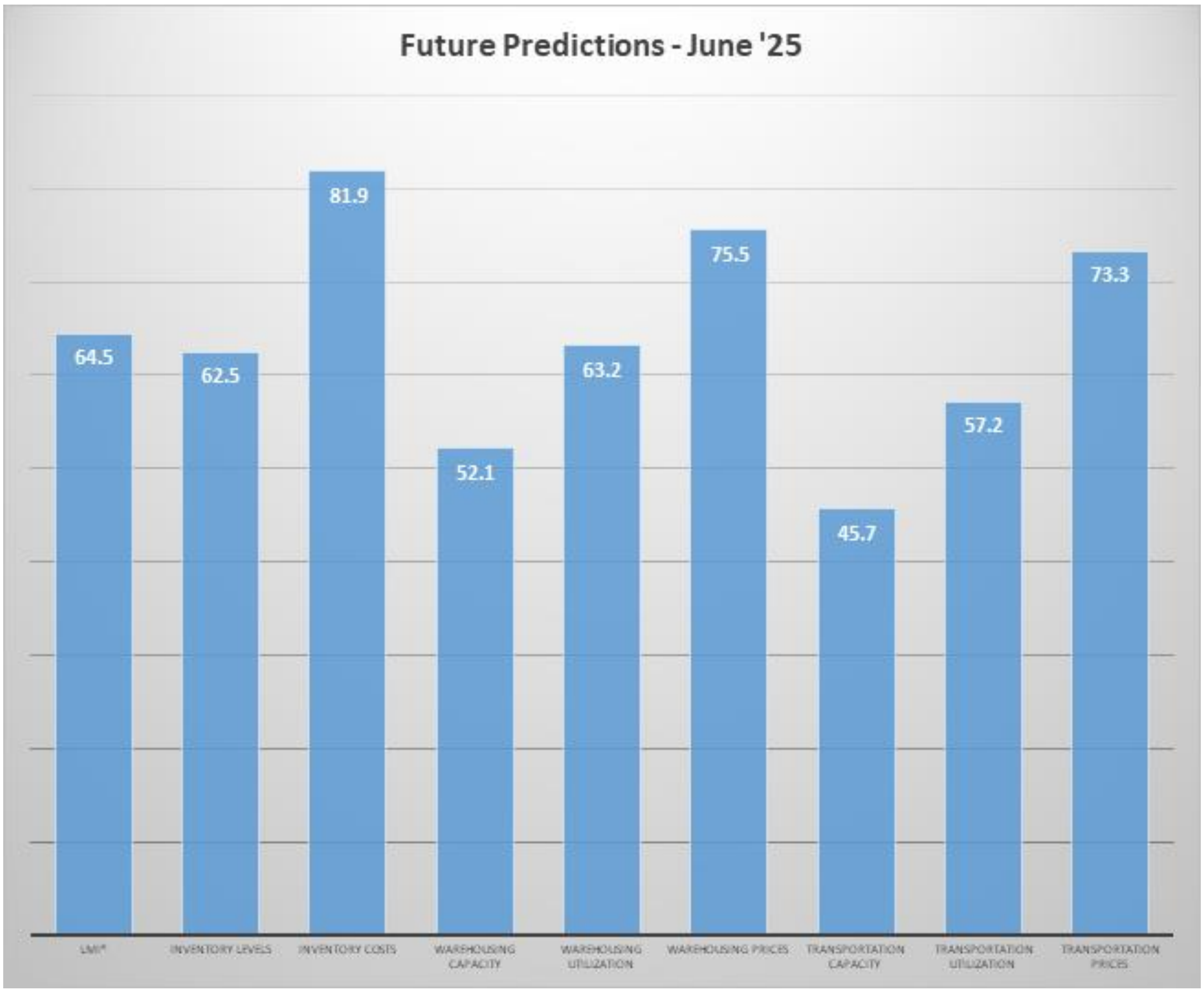
[24] U.S. Energy Information Administration. (2025, June 24). *Gasoline and Diesel Fuel Update*. Gasoline and Diesel Fuel Update - June 24, 2005. https://www.eia.gov/petroleum/gasdiesel/index.php

[25] Saul, J. (2025, June 26). Oil Tanker Rates Fall as Hormuz Tensions Subside. *gCaptain*. https://gcaptain.com/oil-tanker-rates-fall-as-hormuz-tensions-subside/

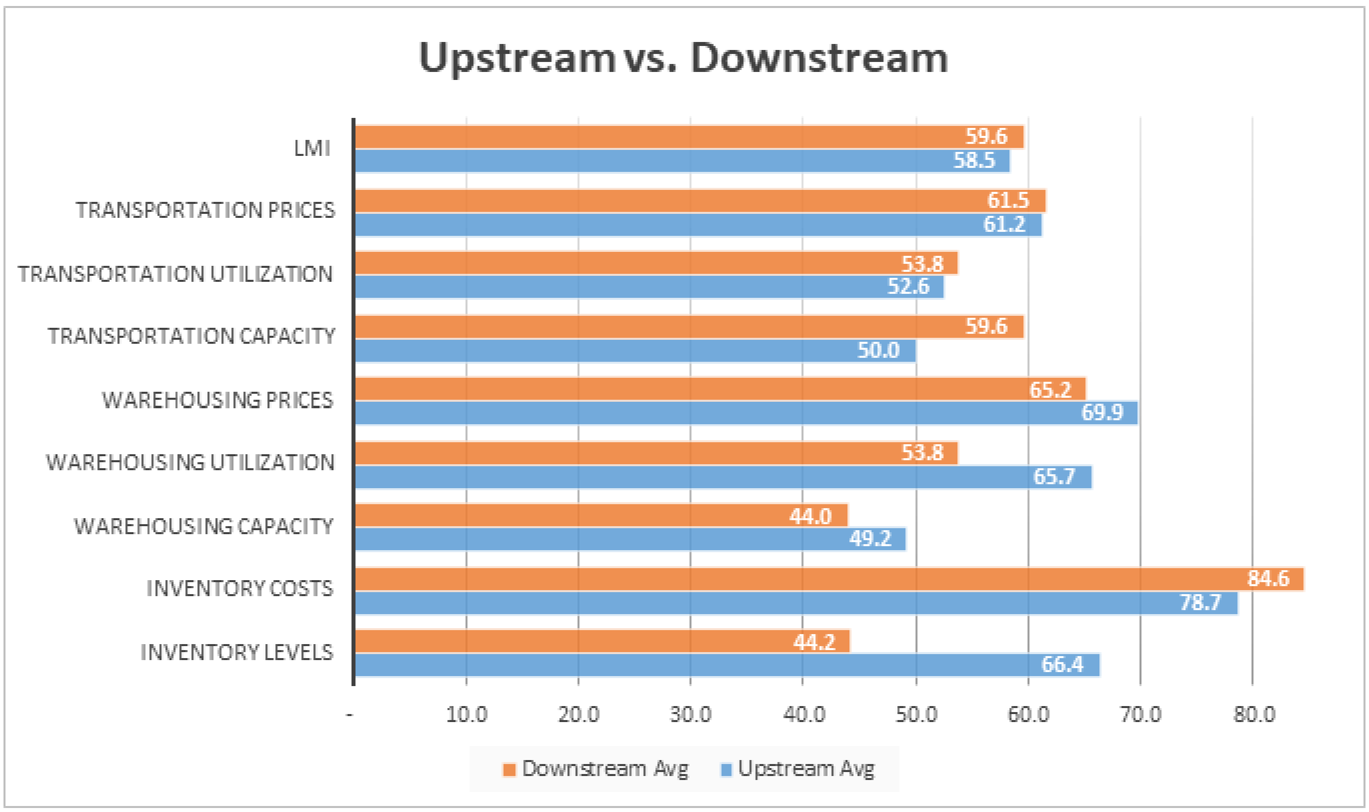
temporary disruption to traffic flows could result in a significant increase in global energy prices[26]. The European Central Bank specifically called out the possibility of increased energy prices due to the conflict as a cause of concern for economic growth over the next 12 months[27].

[26] Uberti, D., & Costas, P. (2025, June 23). *The 6 Miles of Water Keeping Global Markets on Edge*. WSJ. https://www.wsj.com/world/middle-east/strait-hormuz-oil-markets-0d046c6b
[27] Hannon, P. (2025, June 26). Conflict in Middle East Might Damp Eurozone Growth, ECB's De Guindos Says. *Wall Street Journal*. https://www.wsj.com/articles/conflict-in-middle-east-might-damp-eurozone-growth-ecbs-de-guindos-says-a49efd72

Respondents were asked to predict movement in the overall LMI and individual metrics 12 months from now. Respondent predictions for the overall index were 64.5, nearly identical (-0.6) to May's future prediction of 65.1. This would represent a faster rate of growth than the all-time average of 61.6. Like last month, respondents are predicting this expansion will come from strong Inventory Level expansion (62.5) and very robust rates of expansion for all three cost and price metrics. The cumulative future expansion predictions for the cost and price metrics are 230.7, which is quite high and right on the edge of 240.0, which is the level at which we have seen significant supply contributions to overall inflation. Interestingly, respondents are predicting a robust transportation market, with Transportation Capacity contracting at 45.7 and Transportation Prices up at 73.3. If these predictions are borne out, they would signal a real move to expansion in the freight market.

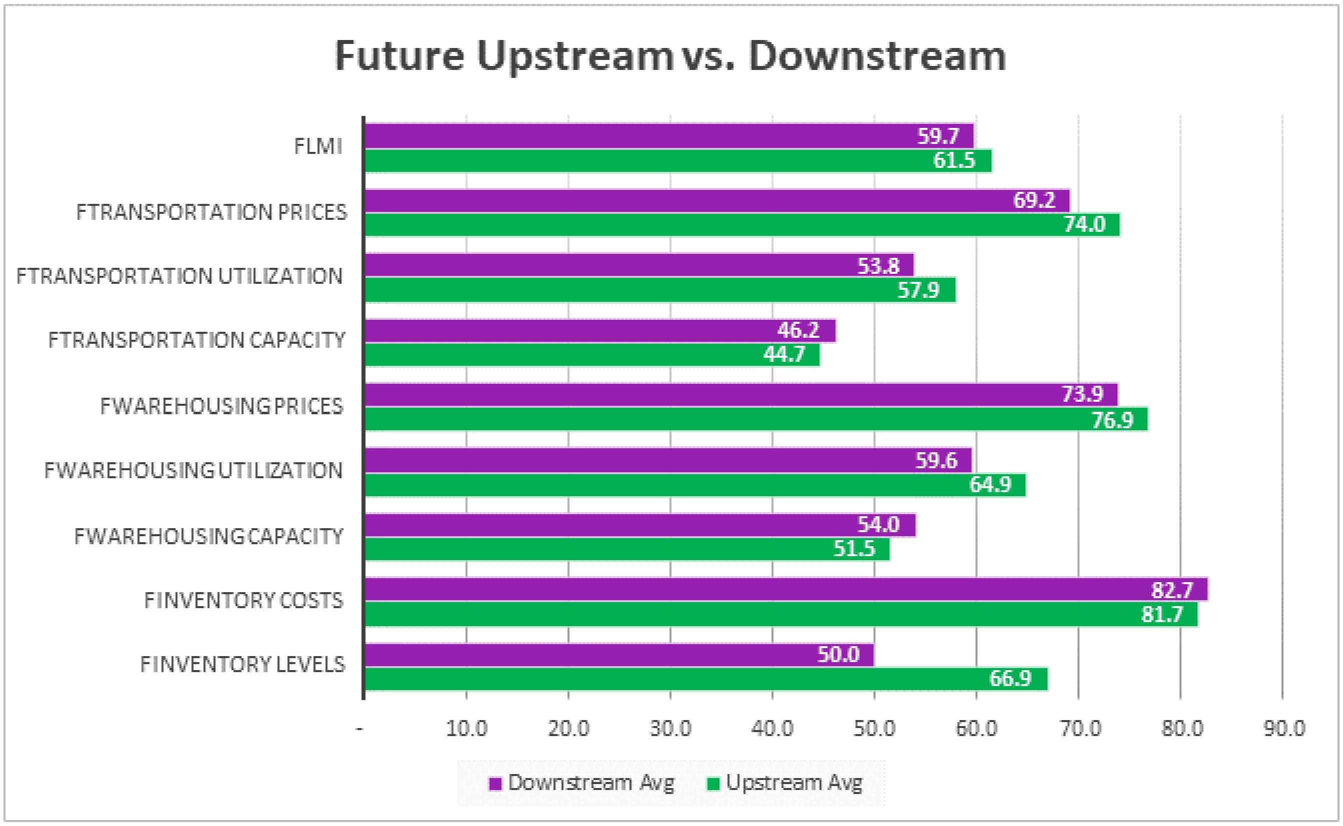


We observe some differences when comparing feedback from Upstream (blue bars) and Downstream (orange bars) respondents in June. Continuing the trends we observed in May, Upstream firms built up Inventory Levels at a much fast pace in June, expanding a rate of 66.4 while their Downstream counterparts reported contraction at 44.2. Despite the disparity in Inventory Levels, Downstream firms reported faster rates of growth in Inventory Costs (84.6 to 78.7) and faster contraction for Warehousing Capacity (44.0 to 49.2). The 40.4-point difference between Inventory Costs and Inventory Levels for Downstream firms is among the largest deltas we have ever recorded between these two metrics, suggesting that retail supply chains are straining under the weight of the inventories they brought in throughout the year, calling into question whether or not we will see a "normal" peak season. We also see that Transportation Capacity was tighter Upstream where respondents reported "no change" at 50.0, contrasting with the expansionary rate of 59.6 reported Downstream. This is might reflect that it is the Upstream importers and wholesalers who are managing the large spike of inventories that came in in June, and are likely waiting now to pass them down the supply chain once retailers are able to sell off some of their existing stocks on inventories (possibly during the back to school season).



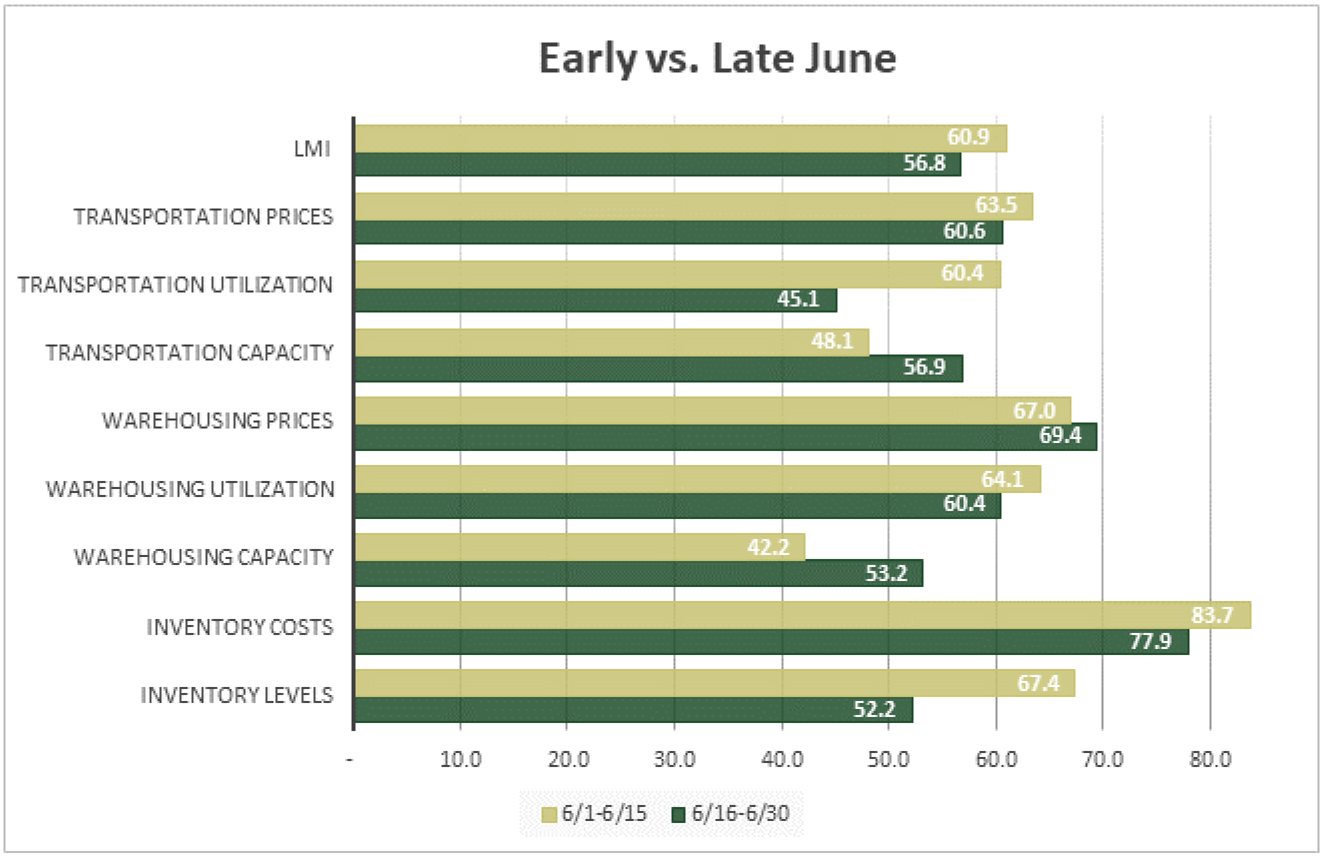
	Inv. Lev.	Inv. Costs	WH Cap.	WH Util.	WH Price	Trans Cap	Trans Util.	Trans Price	LMI
Upstream	**66.4**	78.7	49.2	*65.7*	69.9	*50.0*	52.6	61.2	58.5
Downstream	**44.2**	84.6	44.0	*53.8*	65.2	*59.6*	53.8	61.5	59.6
Delta	**22.2**	5.9	5.2	*11.8*	4.6	*9.6*	1.2	0.4	1.2
Significant?	**Yes**	No	No	*Marginal*	No	*Marginal*	No	No	No

We also split future predictions by Downstream respondents (purple bars) and Upstream respondents (green bars). The future predictions regarding Inventory Levels are reflective of current conditions, with Upstream firms predicting significant expansion at 66.9, while their Downstream counterparts predict no movement at 50.0. This is a marked shift from May's predictions, when Downstream firms predicted inventory expansion at 65.3. What is not clear is whether this movement represents a predicted return to JIT systems (which would require predictable trade regulations) or simply that inventories are very high at the moment and retailers expect to whittle them down to a more reasonable level. It could also be some combination of those two options. Beyond that, predictions were relatively consistent across supply chains, with all respondents expecting high inventory costs, tight capacity, and what would look to be a robust freight market (at least when compared to what we have seen over the last three years).



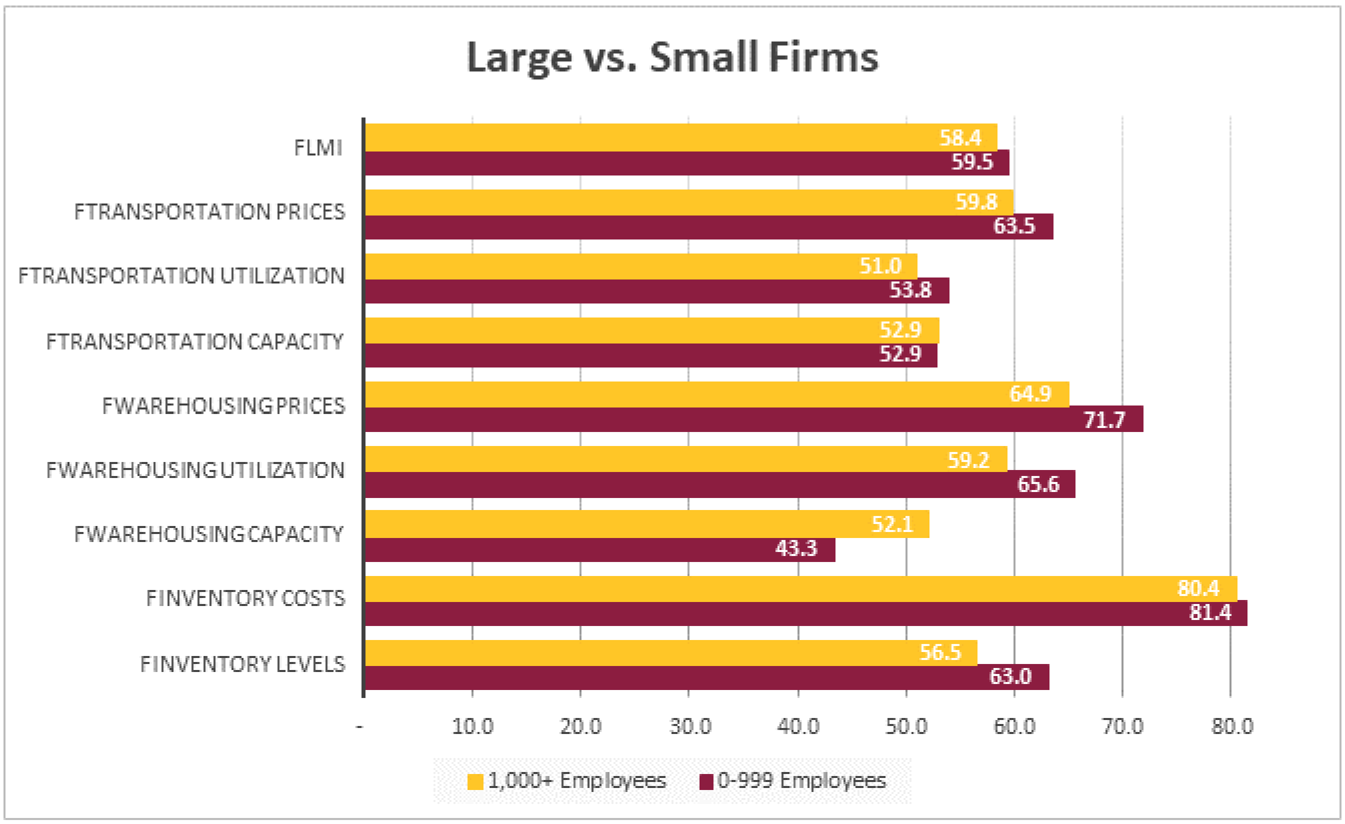
Futures	Inv. Lev.	Inv. Costs	WH Cap.	WH Util.	WH Price	Trans Cap.	Trans Util.	Trans Price	LMI
Upstream	**66.9**	81.7	51.5	64.9	76.9	44.7	57.9	74.0	61.5
Downstream	**50.0**	82.7	54.0	59.6	73.9	46.2	53.8	69.2	59.7
Delta	**16.9**	0.9	2.5	5.3	3.0	1.4	4.0	4.8	1.8
Significant?	**Yes**	No	No	No	No	No	No	No	No

We observe some interesting differences at play in June between responses that were collected early (gold bars) and late (green bars) in the month. This difference is most pronounced for Inventory Levels, which went from a strong rate of expansion at 67.4 to being just above breakeven at 52.2. The slowdown in inventories led to both available Warehousing Capacity and Transportation Capacity shifting from contraction to expansion (42.2 to 53.2 for warehousing and 48.1 to 56.9 for transportation). We also saw a significant decline in Transportation Utilization, which went from strong expansion at 60.4 early in June to contraction at 45.1 later in the month. Transportation Utilization hasn't contracted since July 2023, which was the nadir of the previous freight recession. If this trend were to continue, it would mark a real shift in freight usage. Taken all together, it is clear that logistics activity spiked early in the month before slowing its rate of growth (and in a few cases contracting) later on. This is likely representative of the rush that happened as tariffs were delayed. It will be interesting to see whether this slowdown continues in July, or if there will be a balancing as more inventories shift Downstream.



	Inv. Lev.	Inv. Costs	WH Cap.	WH Util.	WH Price	Trans Cap	Trans Util.	Trans Price	LMI
6/1-6/15	**67.4**	83.7	*42.2*	64.1	67.0	*48.1*	**60.4**	63.5	60.9
6/16-6/30	**52.2**	77.9	*53.2*	60.4	69.4	*56.9*	**45.1**	60.6	56.8
Delta	**15.2**	5.8	*11.0*	3.7	2.3	*8.7*	**15.3**	2.9	4.1
Significant?	**Yes**	No	*Marginal*	No	No	*Marginal*	**Yes**	No	No

We also compare smaller firms (those with 0-999 employees, represented by maroon lines) to larger firms (those with 1,000 employees or more, represented by gold lines) in June. The differences this month are less pronounced than they were in May, as larger firms reported that their logistics activity had drawn more even with their smaller counterparts, with no statistically significant differences existing across any of the eight sub-metrics or the overall index. We do however see that directionally speaking that smaller firms are still building up Inventory Levels at a slightly faster rate (63.0 to 56.5) and that they are experiencing contraction Warehousing Capacity (43.3), contrasting with expansion for larger firms (52.1). Although expansion remains high across all price/cost metrics for smaller firms, the rates of expansion have subsided slightly from last month. This suggests that those smaller firms are still carrying heavy costs as a result of increased inventory levels, but it is not as disproportionate as what we observed in May.



Employees	Inv. Lev.	Inv. Costs	WH Cap.	WH Util.	WH Price	Trans Cap.	Trans Util.	Trans Price	LMI
0-999	63.0	81.4	43.3	65.6	71.7	52.9	53.8	63.5	59.5
1,000+	56.5	80.4	52.1	59.2	64.9	52.9	51.0	59.8	58.4
Delta	6.5	1.0	8.8	6.4	6.8	0.1	2.9	3.7	1.1
Significant?	No	No	No	No	No	No	No	No	No

The index scores for each of the eight components of the Logistics Managers' Index, as well as the overall index score, are presented in the table below. The rate of expansion for the overall index is 60.7, which is up (+1.3) from May's reading of 59.4, marking the first time in three months that the overall index has gone above 60.0. This increase was driven by an upward shift in Inventory Levels (mainly driven by Upstream firms early in the month) to 59.8 and subsequent increased Inventory Costs (+2.5) and tighter Warehousing Capacity (-2.2) which moved into contraction at 47.8. Transportation metrics remained fairly consistent with last month's readings, suggesting that the impact of the June spike in imports has not yet trickled down throughout supply networks, particularly at the retail level.

LOGISTICS AT A GLANCE					
Index	**June 2025 Index**	**May 2025 Index**	**Month-Over-Month Change**	**Projected Direction**	**Rate of Change**
LMI®	60.7	59.4	+1.3	Expanding	Faster
Inventory Levels	59.8	51.5	+8.3	Expanding	Faster
Inventory Costs	80.9	78.4	+2.5	Expanding	Faster
Warehousing Capacity	47.8	50.0	-2.2	Contracting	From Expansion
Warehousing Utilization	62.2	62.5	-0.3	Expanding	Faster
Warehousing Prices	68.3	72.1	-3.8	Expanding	Slower
Transportation Capacity	52.4	54.7	-2.3	Expanding	Slower
Transportation Utilization	52.9	52.6	+0.3	Expanding	Faster
Transportation Prices	62.0	63.1	-1.1	Expanding	Slower

Historic Logistics Managers' Index Scores

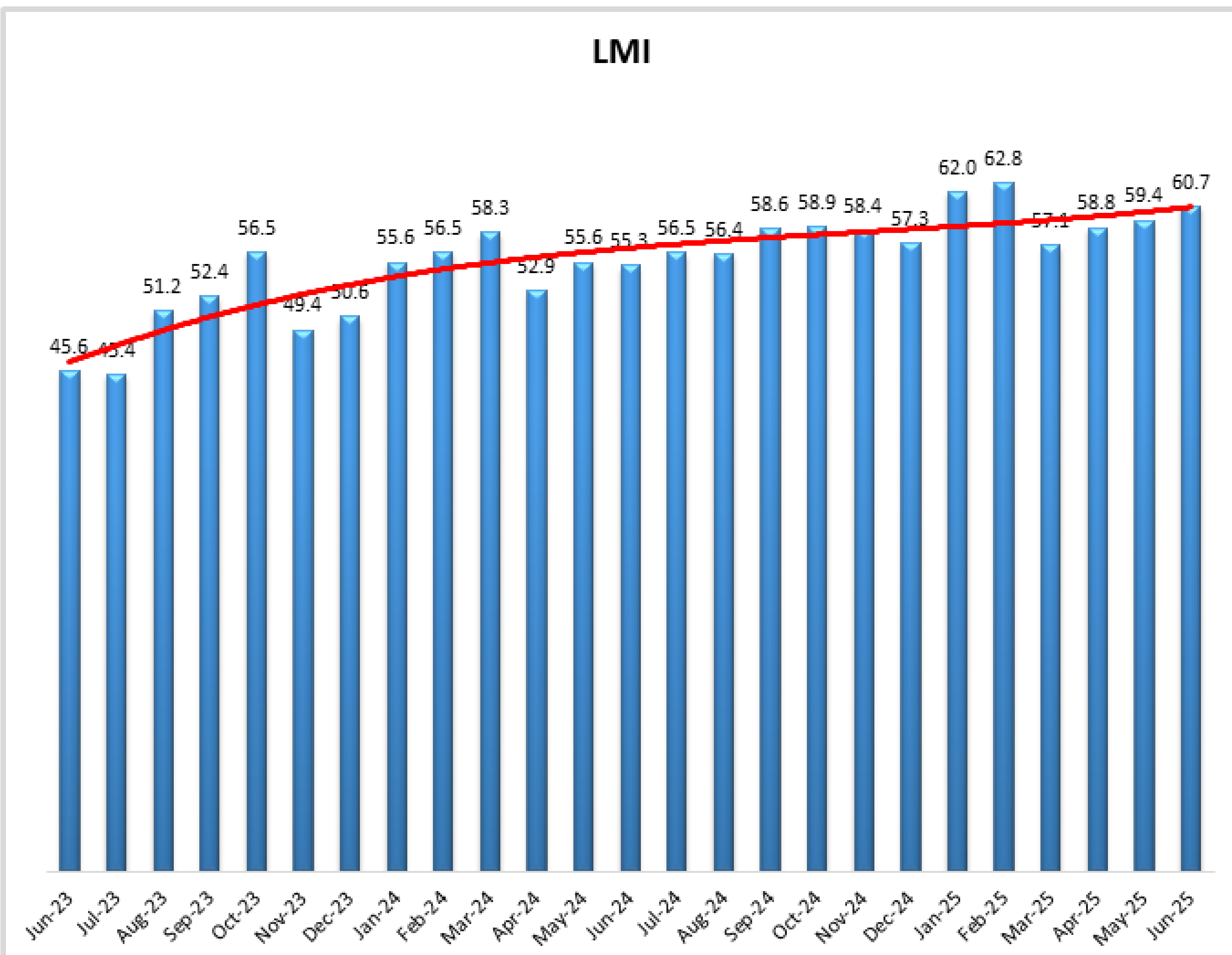
This period's along with prior readings from the last two years of the LMI are presented table below:

<table>
<tr><th>Month</th><th>LMI</th><td rowspan="26">Average for last 3 readings – 59.6
All-time Average – 61.6
High – 76.2
Low – 45.4
Std. Dev – 7.79</td></tr>
<tr><td>June '25</td><td>60.7</td></tr>
<tr><td>May '25</td><td>59.4</td></tr>
<tr><td>Apr '25</td><td>58.8</td></tr>
<tr><td>Mar '25</td><td>57.1</td></tr>
<tr><td>Feb '25</td><td>62.8</td></tr>
<tr><td>Jan '25</td><td>62.0</td></tr>
<tr><td>Dec '24</td><td>57.3</td></tr>
<tr><td>Nov '24</td><td>58.4</td></tr>
<tr><td>Oct '24</td><td>58.9</td></tr>
<tr><td>Sep '24</td><td>58.6</td></tr>
<tr><td>Aug '24</td><td>56.4</td></tr>
<tr><td>July '24</td><td>56.5</td></tr>
<tr><td>June '24</td><td>55.3</td></tr>
<tr><td>May '24</td><td>55.6</td></tr>
<tr><td>Apr '24</td><td>52.9</td></tr>
<tr><td>Mar '24</td><td>58.3</td></tr>
<tr><td>Feb '24</td><td>56.6</td></tr>
<tr><td>Jan '24</td><td>55.6</td></tr>
<tr><td>Dec '23</td><td>50.6</td></tr>
<tr><td>Nov '23</td><td>49.4</td></tr>
<tr><td>Oct '23</td><td>56.5</td></tr>
<tr><td>Sep '23</td><td>52.4</td></tr>
<tr><td>Aug '23</td><td>51.2</td></tr>
<tr><td>July '23</td><td>45.4</td></tr>
<tr><td>June '23</td><td>45.6</td></tr>
</table>

LMI®

The overall index reads in at 60.7 in June, up (+1.3) from May's reading of 59.4, and just short of the all-time average of 61.6. This is only the third reading (along with January and February) above 60.0 since mid-2022. It is 5.4-points higher than the same time a year ago and 15.1-points above June of 2023, which at 45.6 was the second lowest reading in the history of the index. As discussed above, this movement is largely driven by expansion in Inventory Levels and the associated costs. The movement in the overall index is consistent across respondents, as we detected no significant differences between Upstream and Downstream (58.5 and 59.6), early and late (60.9 to 56.8), or large and small (58.4 to 59.5) respondents.

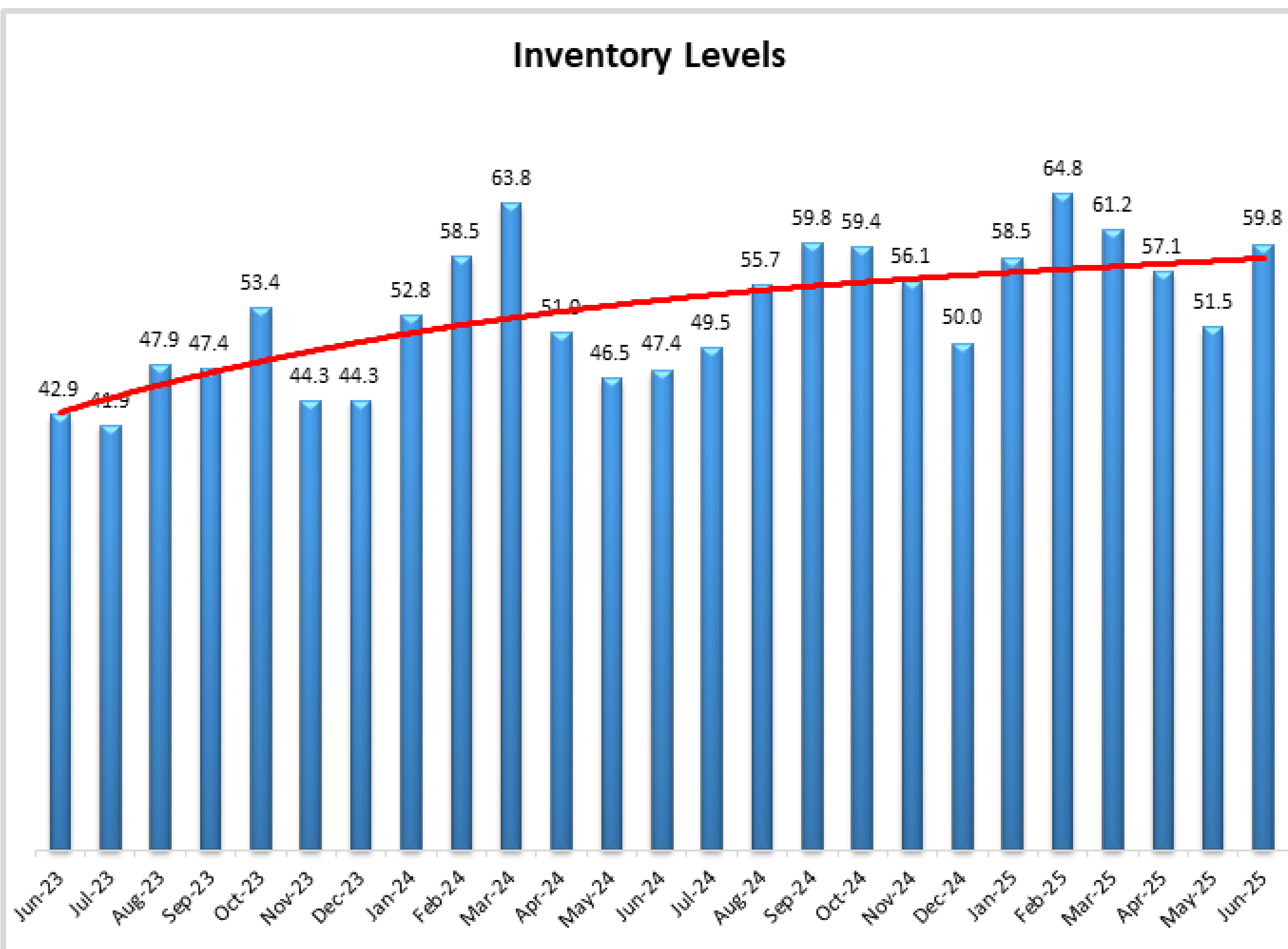
When asked to predict what conditions will be over the next 12 months, respondents foresee a rate of expansion of 64.5, which is down very slightly (-0.6) from May's future prediction of 65.1. In a departure from last month, we see that Downstream and Upstream firms are predicting fairly consistent rates of expansion at 61.5 and 59.7 respectively.



Inventory Levels

The Inventory Levels index is 59.8, which is up (+8.3) from May's reading of 51.5. This is a fast rate of expansion seasonally speaking, Inventory Levels are 12.4 points higher than a year ago, and 16.9 points higher than two years ago at this time. This was driven further up supply chains, as Upstream respondents returned strong expansion 66.4, while Downstream respondents returned contraction at 44.2. Upstream is 22.2 points higher which is a significant shift compared to last month when Upstream returned a higher value by 3.6 points. The build-up also skewed towards early June, as early respondents returned 67.4, later respondents returned 52.2.

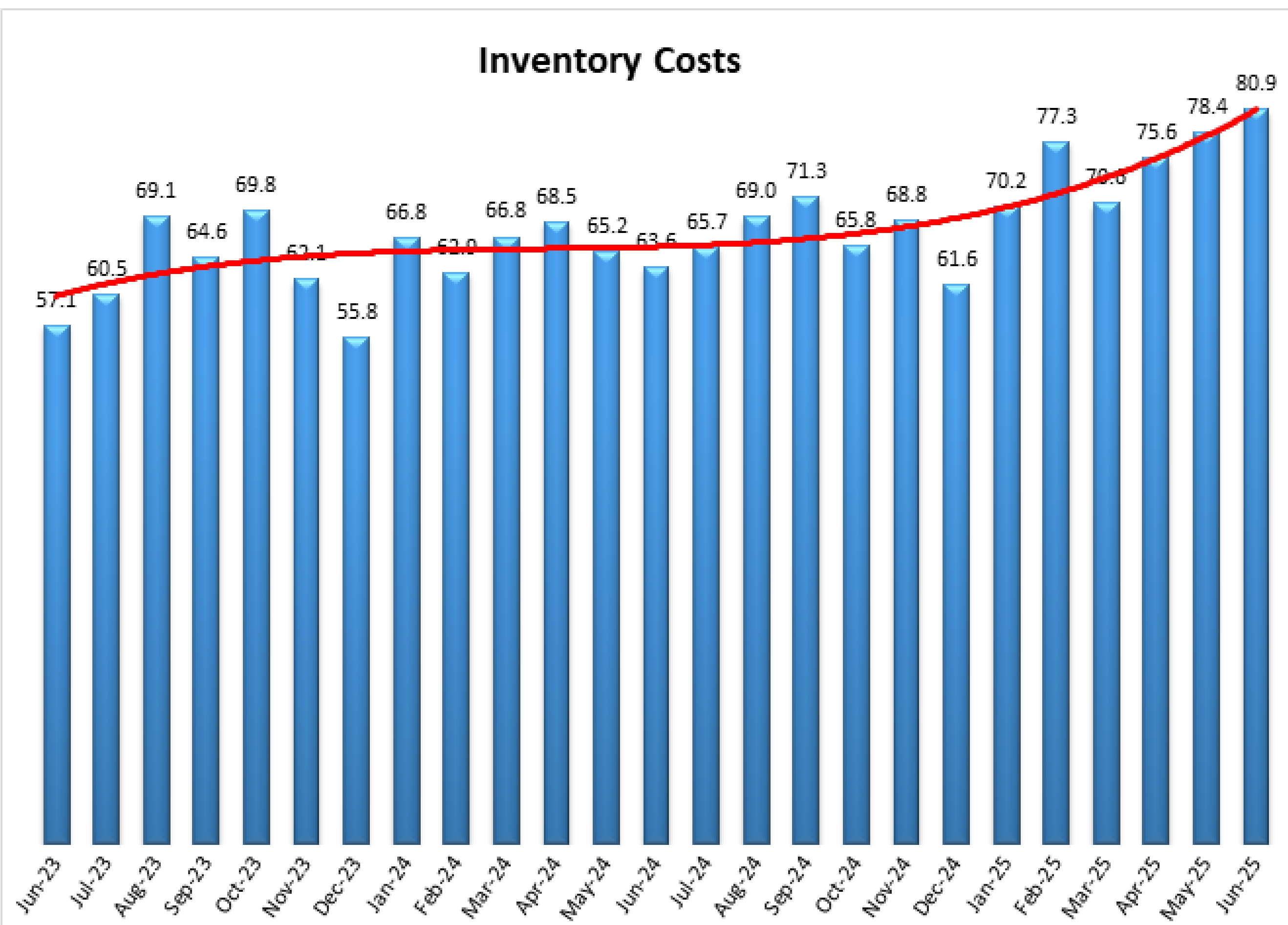
When asked to predict what conditions will be like 12 months from now, the average value is 62.5, up (+1.3) from Mayr's future prediction of 61.2. There are some differences in future predictions by supply chain position. Upstream firms predict a significant increase, at 66.9. This is a far cry from Downstream firms which expect inventory levels to be perfectly unchanged, with a reading of 50.0. This imbalance may suggest that retailers are looking to move back to a more JIT approach, but it could also mean that they are simply planning to maintain the already high levels of inventory they are carrying now. Only time will tell.



Inventory Costs

Inventory Cost read in at 80.9 in June, which is up (+2.5) from May's reading of 78.4. Inventory Costs have increased rapidly in 2025, with June's reading coming in 19.3 points higher than the last reading of 2024. The current value is 17.3 points higher than last year at this time, and 23.8 points higher than two years ago. Downstream (84.6) returned a value 5.9 points higher than Upstream (78.7). It is interesting that Downstream reported higher Inventory Costs, by 5.9 points, because Upstream reported higher inventory levels, by 22.2 points. Downstream firms would appear to be bearing higher Inventory Costs to a greater extent than Upstream firms.

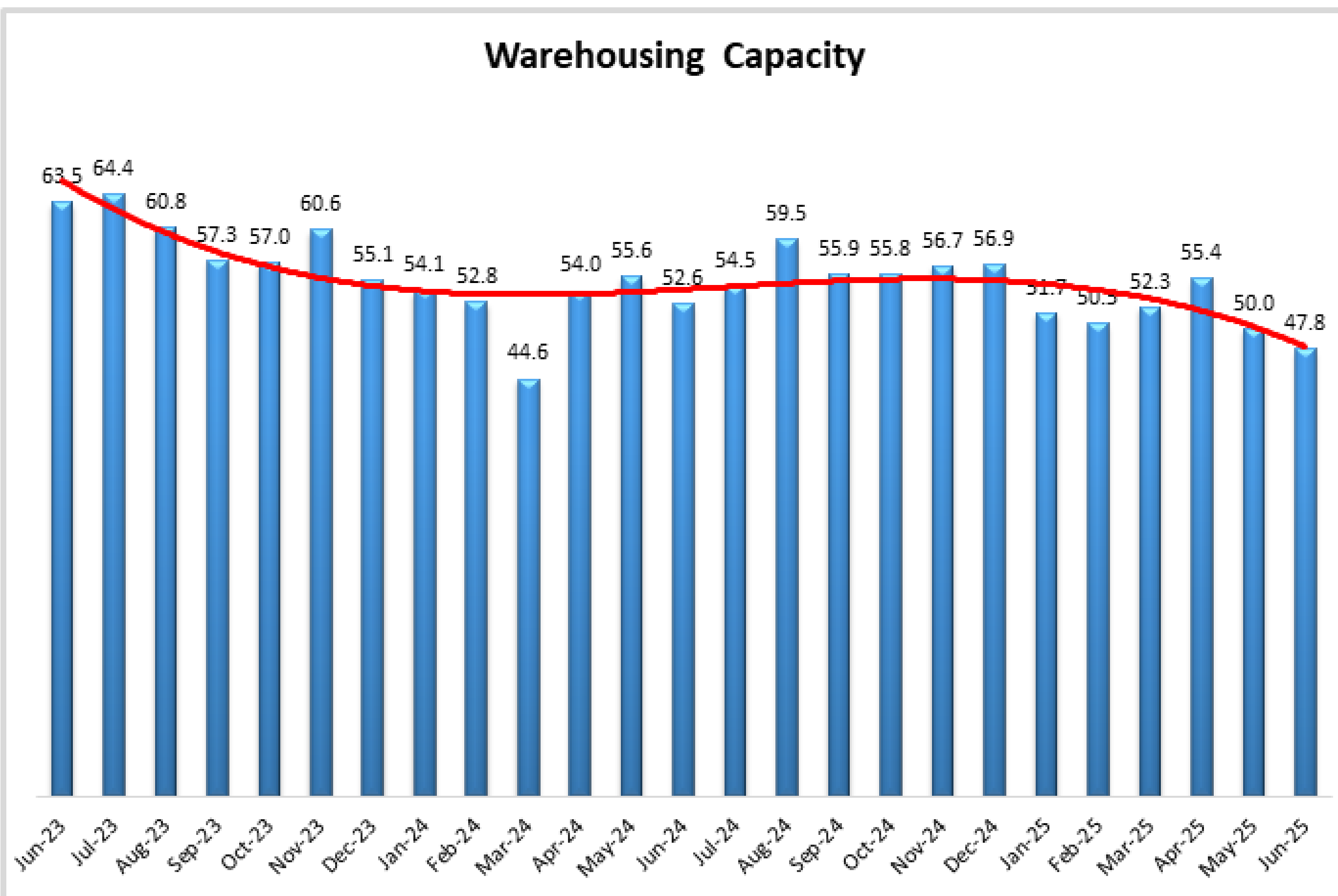
Predictions for future Inventory Cost growth is 81.9, up (+3.0) from May's future prediction of 78.9, representing a significant predicted rate of expansion. Upstream respondents predict that Inventory Prices will expand at 81.7, and Downstream is predicting similar expansion at 82.7. These both expectations are for very significant rates of expansion. If they come to pass, it is difficult to imagine that at least a portion of the increased costs will not be passed down to supply chain customers and consumers.



Warehousing Capacity

Warehousing Capacity read in at 47.8, down (-2.2) from May's reading of 50.0 and marking the first time that this metric has moved into contraction since March or 2024, and only the second time since January 2023. This reading is down 4.8 points from the reading one year ago and is also down by 15.7-points from the reading two years ago. In addition there was an 11.0 -point split between Upstream (42.2 and down nearly 5 points from last month) and Downstream (53.2 and also down over 4 points from the month prior) which was marginally statistically significant (p<.1), which demonstrates a strong contraction in the Upstream market whereas Downstream appears to be still expanding, though at a slower rate than previously seen. Comparing the differences between small (<999 employees) and large (>999) employees we see that these values are 43.3 and 52.1, respectively. This 8.8-point split was not statistically significant (p >.1), with Upstream again (two months in a row) showing a contraction rating (similar what was seen in the comments above).

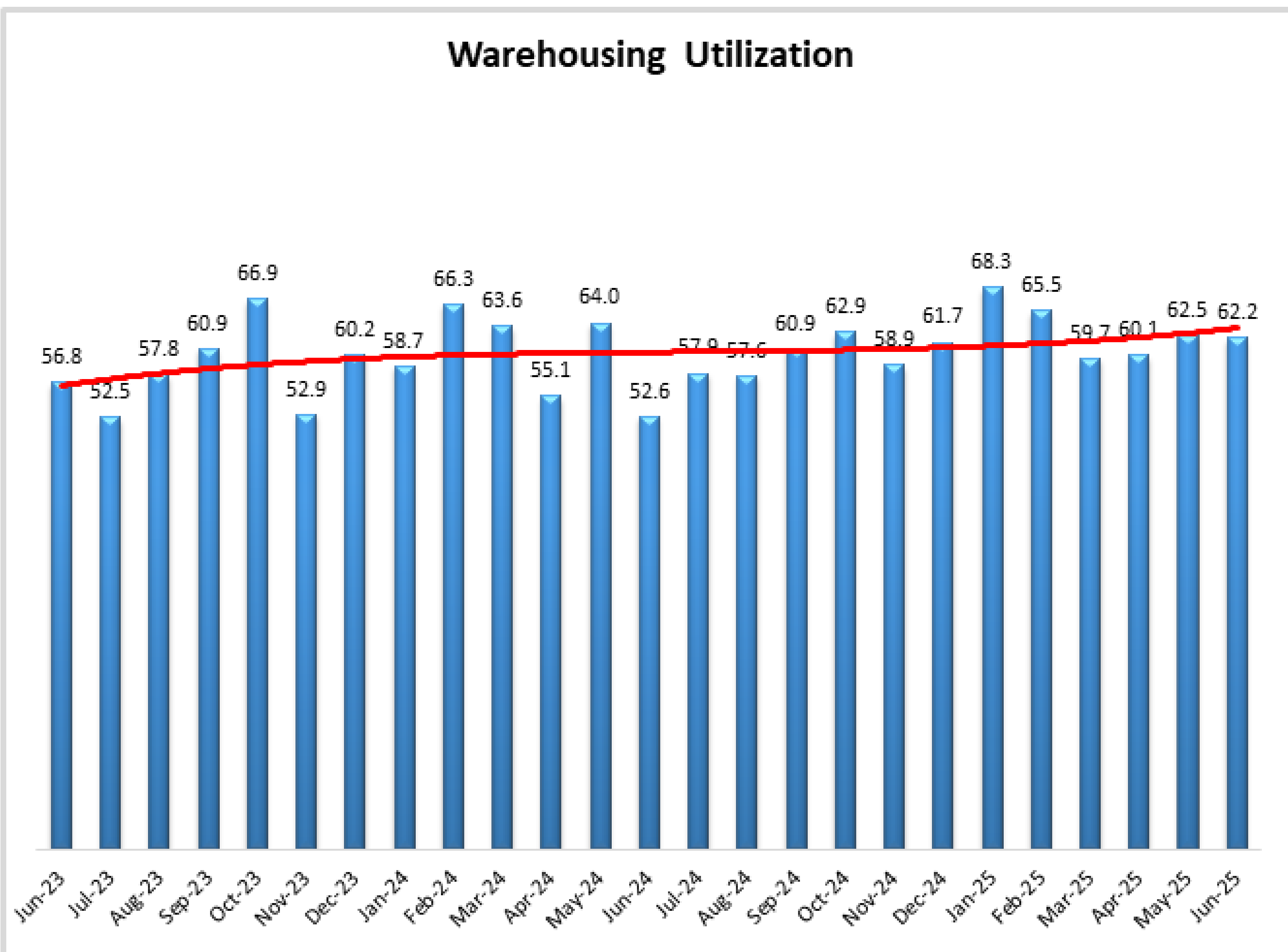
Exploring the future predictions for this value we see that Warehouse Capacity is expected to expand at 52.1, down (-1.8) from May's future prediction of 53.9. Downstream is expected to shift from the neutral rating of last month and enter contraction territory (43.3) and Upstream is expected to continue to expand one year out with a value of 52.1 (approaching neutrality and significantly closer than last month's predicted future rise). This 8.8-point increase was not statistically significant (p>.1).



Warehousing Utilization

The Warehousing Utilization index registered in at 62.2 in June, down slightly (-0.3) from May's reading of 62.5. This reading is up 9.6-points from the reading one year ago, and up 5.4-points from the reading two years ago. In addition, there was a 3.7-point split between Upstream (64.1, up over 3 points from the month prior) and Downstream (60.4, down over 4 points from the month prior) which was not statistically significant (p>.1). Comparing the differences between small (<999 employees) and large (>999) employees we see that these values are 65.6 and 59.2, respectively. This 6.4-point split was not statistically significant (p >.01).

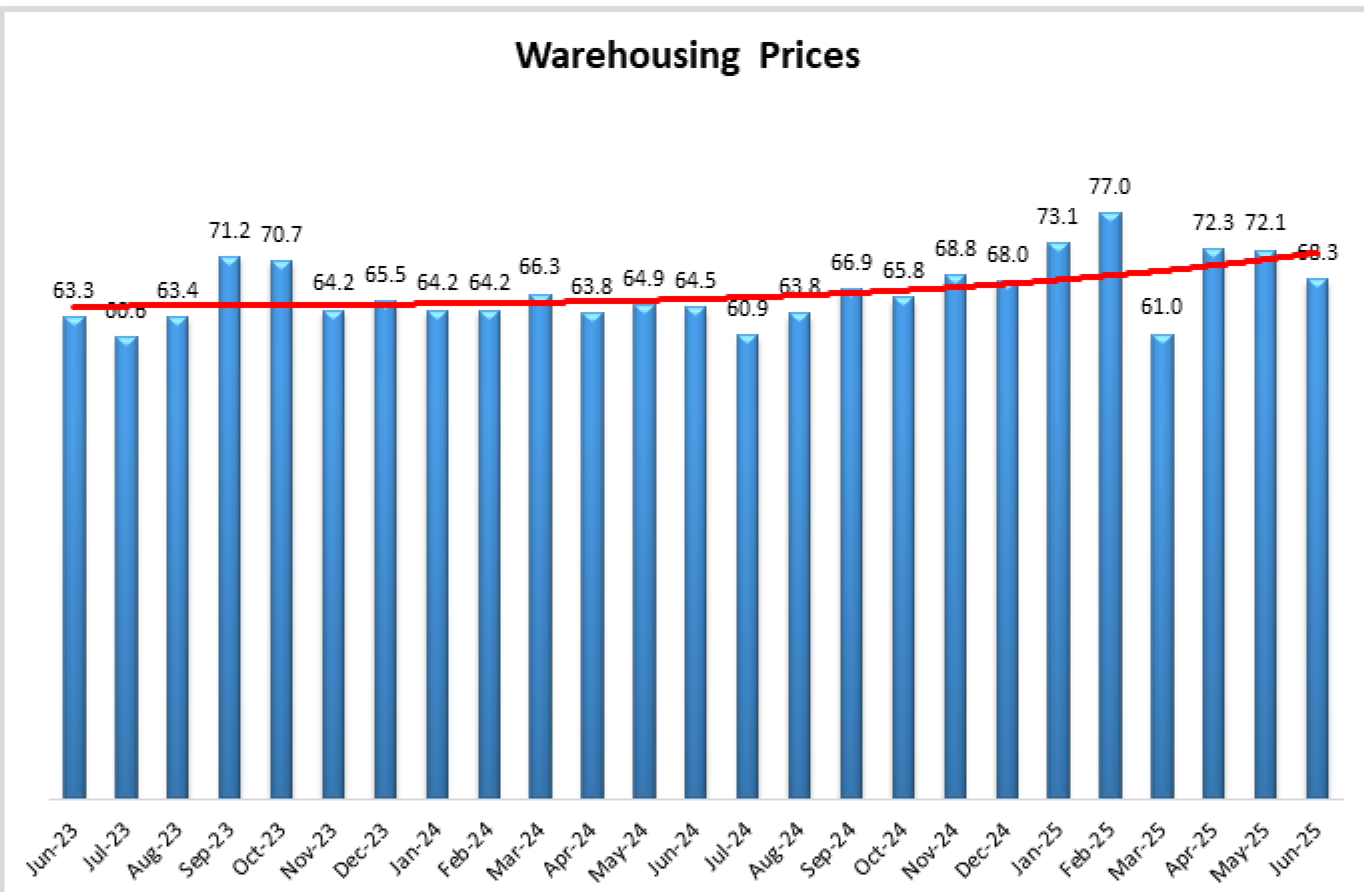
Finally, exploring the future predictions for this value we see that Warehouse Utilization is expected to continue to stay in expansionary territory one year out at 63.2, down (-6.6) from May's future prediction of 68.9, suggesting that capacity may be strained over the next 12 months. Future Upstream expectations (65.6) are predicted to be slightly higher than Downstream expectations (59.2), where this 6.4-point difference was not statistically significant (p>.1).



Warehousing Prices

The Warehousing Prices index registered in at 68.3 -points for the month of June 2025, down (-3.8) from May's reading of 72.1. This is notable given the typical 1–2-month lag in price/utilization movement, where utilization increases (decreases) tend to follow price decreases (increases). This reading is up 3.8 points from the reading one year ago, and also up 5-points from the reading two years ago. In addition, there was a 2.3-point split between Upstream (67.0 and down over 4 points from the month prior) and Downstream (69.4) which was not statistically significant (p>.1). Comparing the differences between small (<999 employees) and large (>999) employers we see that these values are 71.7 and 64.9 reflecting a 6.4-point difference between the two which was not statistically significant (p >.1).

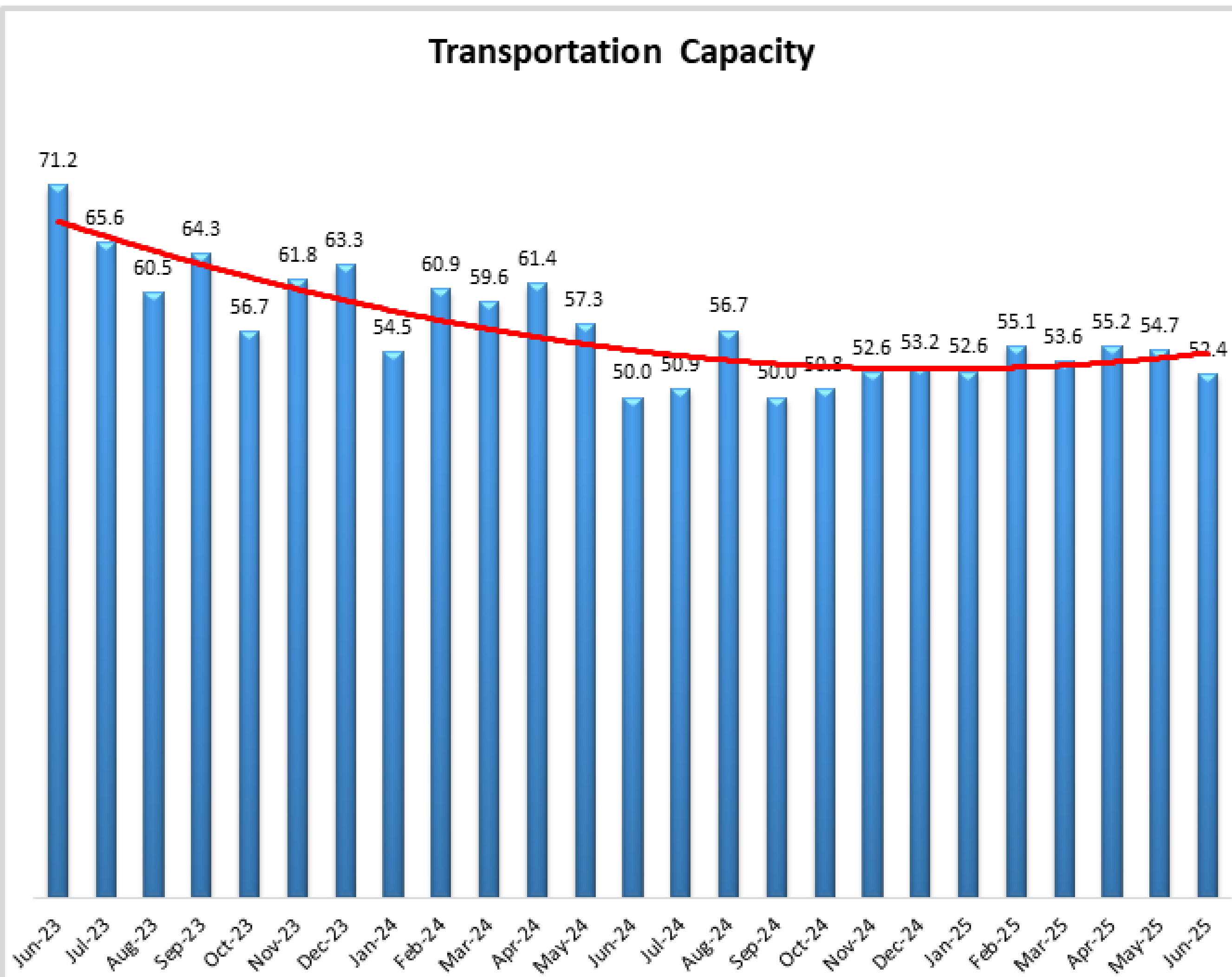
Finally, exploring the future predictions for this value we see that Warehouse Prices are expected to continue to stay in expansionary territory one year out at 75.5, down (-3.9) from May's future prediction of 79.4 but still indicating significant expansion. Future Upstream expectations (71.7) are down nearly 5 points from the reading one month prior, predicted to be increasing at a faster rate than Downstream expectations (64.9, also expected to grow at a significantly slower rate than last month by a factor of nearly 22 points). This month's 6.8 (vs last month's 11)-point difference was not statistically significant (p>.1).



Transportation Capacity

The Transportation Capacity Index decreased 2.3 points to 52.4 percent in June 2025. With this second consecutive drop, the Transportation Capacity falls to the lowest level recorded in the last 12 months, but is 2.4 points higher than the same month's reading from last year. As such, the Transportation Capacity index remains in the slight expansion territory. As noted above, Transportation Capacity contracted in the first part of the month (48.1), before moving back into expansion in the back half of June (56.9)

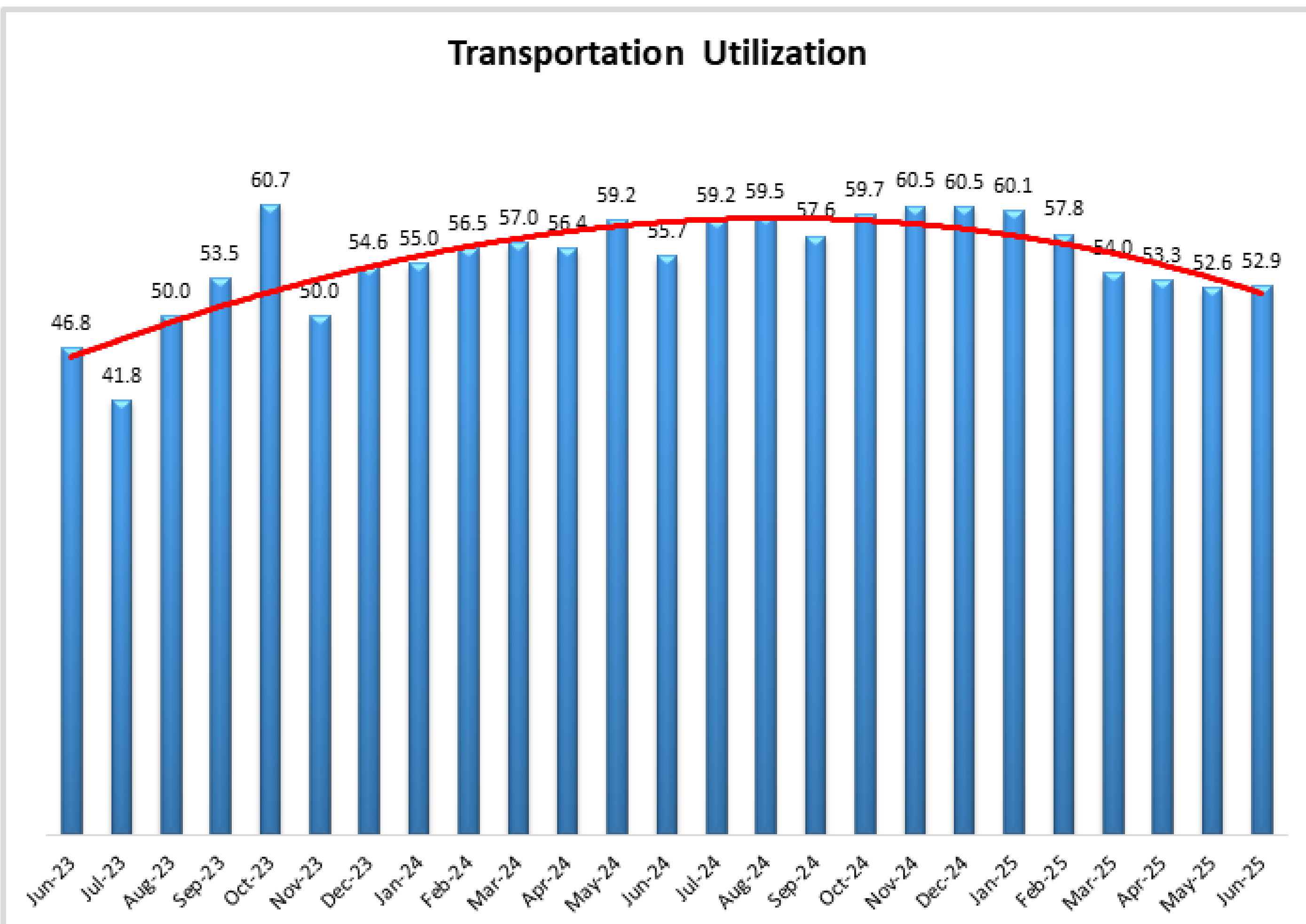
While the Upstream Transportation Capacity index at 50, the Downstream index is slightly higher at 59.6 and the difference is marginally significant. The future Transportation Capacity index also ticked slightly lower, and it is now at 45.7, falling below the critical threshold and indicating contraction for next 12 months. While the future Upstream index is at 44.7, the Downstream Transportation Capacity index is at 46.2, and the difference is not statistically significant. Hence, Transportation Capacity is expected to be contracting across the supply chains.



Transportation Utilization

The Transportation Utilization Index rebounded a mere .3 points, breaking the downward trend established since the beginning of the year. With this small increase, the Transportation Utilization index remains slightly above the critical threshold, and it is still indicating a slight expansion. The Downstream Transportation Utilization Index is now at 52.6, while the Upstream index is indicating 53.8, but the difference is not significant. So, the slight expansion of transportation activity is relatively uniformly distributed across the supply chains.

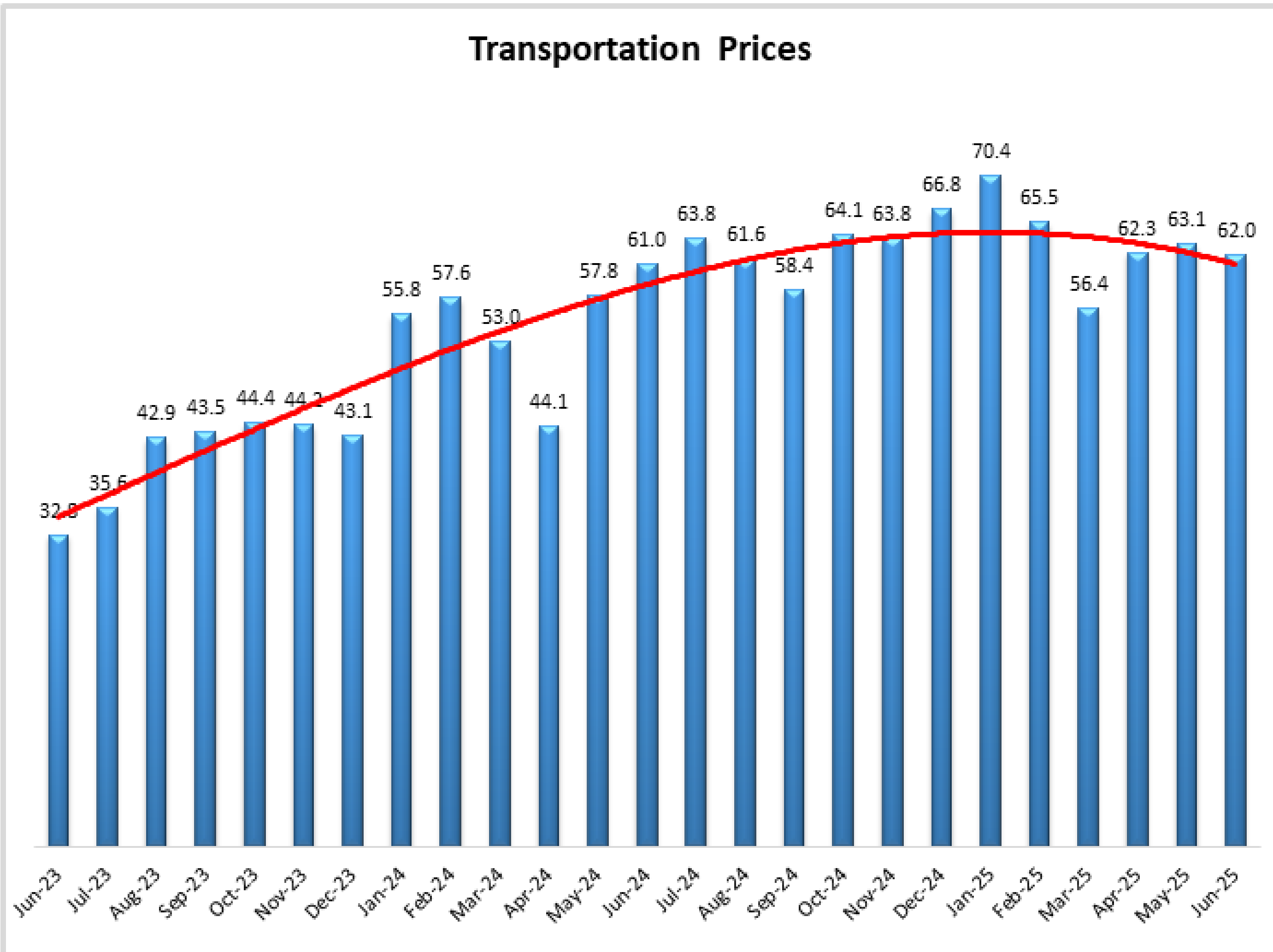
The future Transportation Utilization Index comes down 3.7 points from last month, remaining in the slight expansion territory and indicating 57.2 points for the next 12 months. There is not much difference between Upstream and Downstream, with the future Upstream Transportation Utilization index at 57.9 and the Downstream index at 53.8. As such, expectations of subdued utilization growth are prevalent across the supply chains.



Transportation Prices

The Transportation Prices Index decreased 1.1 points from the previous reading and recorder 62.0 in June 2025. The Upstream Transportation Prices Index is at 61.2, and the Downstream index is at 61.5, indicating that the price increases that we are seeing in transportation for the past 12 months are felt relatively uniformly across the supply chain.

The future index for Transportation Prices also decreased slightly from last month, indicating 1.7 points lower at 73.3. The Upstream future Transportation Prices index is at 74.0 while the Downstream Transportation Prices index is at 69.2, but the difference is not statistically significant. As such, it can be concluded that expectations of higher Transportation Prices remain prevalent across the economy, up and down the supply chains.



About This Report

The data presented herein are obtained from a survey of logistics supply executives based on information they have collected within their respective organizations. LMI® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

Data for the Logistics Manager's Index is collected in a monthly survey of leading logistics professionals. The respondents are CSCMP members working at the director-level or above. Upper-level managers are preferable as they are more likely to have macro-level information on trends in Inventory, Warehousing *and* Transportation trends within their firm. Data is also collected from subscribers to both DC Velocity and Supply Chain Quarterly as well. Respondents hail from firms working on all six continents, with the majority of them working at firms with annual revenues over a billion dollars. The industries represented in this respondent pool include, but are not limited to: Apparel, Automotive, Consumer Goods, Electronics, Food & Drug, Home Furnishings, Logistics, Shipping & Transportation, and Warehousing.

Respondents are asked to identify the monthly change across each of the eight metrics collected in this survey (Inventory Levels, Inventory Costs, Warehousing Capacity, Warehousing Utilization, Warehousing Prices, Transportation Capacity, Transportation Utilization, and Transportation Prices). In addition, they also forecast future trends for each metric ranging over the next 12 months. The raw data is then analyzed using a diffusion index. Diffusion Indexes measure how widely something is diffused or spread across a group. The Bureau of Labor Statistics has been using a diffusion index for the Current Employment Statics program since 1974, and the Institute for Supply Management (ISM) has been using a diffusion index to compute the Purchasing Managers Index since 1948. The ISM Index of New Orders is considered a Leading Economic Indicator.

We compute the Diffusion Index as follows:

PD = Percentage of respondents saying the category is Declining,

PU = Percentage of respondents saying the category is Unchanged,

PI = Percentage of respondents saying the category is Increasing,

Diffusion Index = 0.0 * PD + 0.5 * PU + 1.0 * PI

For example, if 25 say the category is declining, 38 say it is unchanged, and 37 say it is increasing, we would calculate an index value of 0*0.25 + 0.5*0.38 + 1.0*0.37 = 0 + 0.19 + 0.37 = 0.56, and the index is increasing overall. For an index value above 0.5 indicates the category is increasing, a value below 0.5 indicates it is decreasing, and a value of 0.5 means the category is unchanged. When a full year's worth of data has been collected, adjustments will be made for seasonal factors as well.

Logistics Managers Index

About The Logistics Manager's Index®

The Logistics Manager's Index (LMI) is a joint project between researchers from Arizona State University, Colorado State University, University of Nevada, Reno, Florida Atlantic University, and Rutgers University, supported by CSCMP. It is authored by Zac Rogers Ph.D., Steven Carnovale Ph.D., Shen Yeniyurt Ph.D., Ron Lembke Ph.D., and Dale Rogers Ph.D.