

WHICH SUPPLY CHAINS ARE CLOSE TO BREAKING?

EPISODE
415



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Agenda:

- Helium
- Fertilizers
- Gas (power)
- Oil (transport)
- Oil (plastics & chemicals)
- Aluminium

Supply Chains:

Global supply chain pressures surge on Middle East war

NY Fed finds supply chain pressure worst since summer of 2022



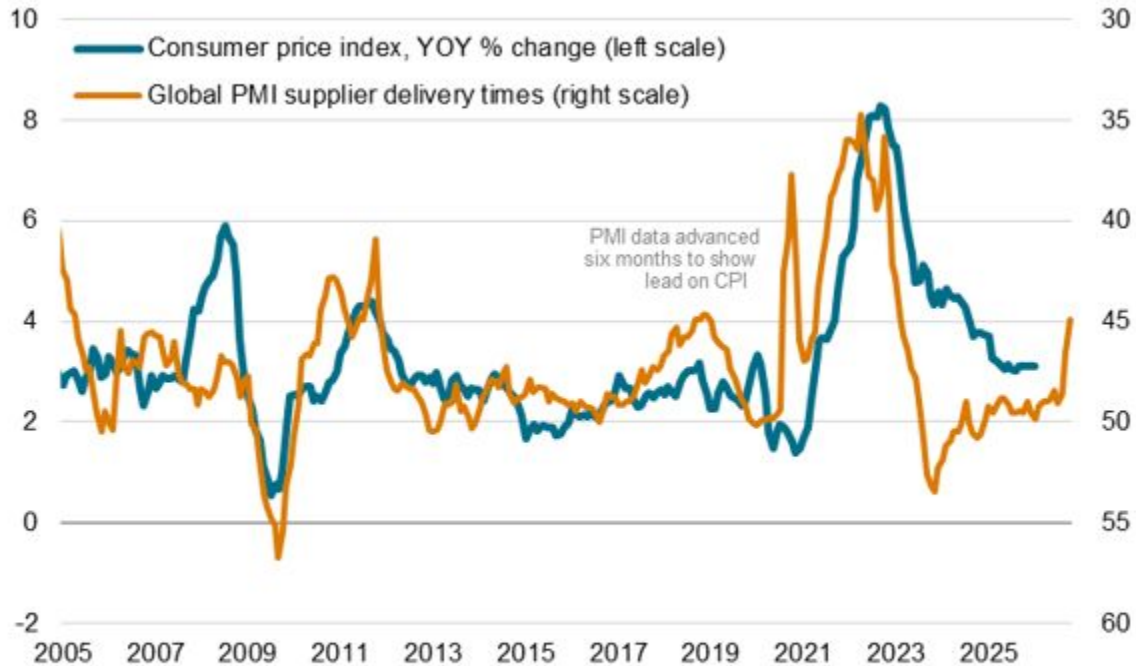
Note: positive readings denote rising pressure

• Source: New York Fed

NY Fed finds supply chain pressure worst since summer of 2022

Supply Chains:

Global consumer price inflation and supply chain delays



Data compiled May 2026 including PMI data to April 2026.

PMI (Purchasing Managers' Index) value of 50 = no change on prior month.

Sources: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.

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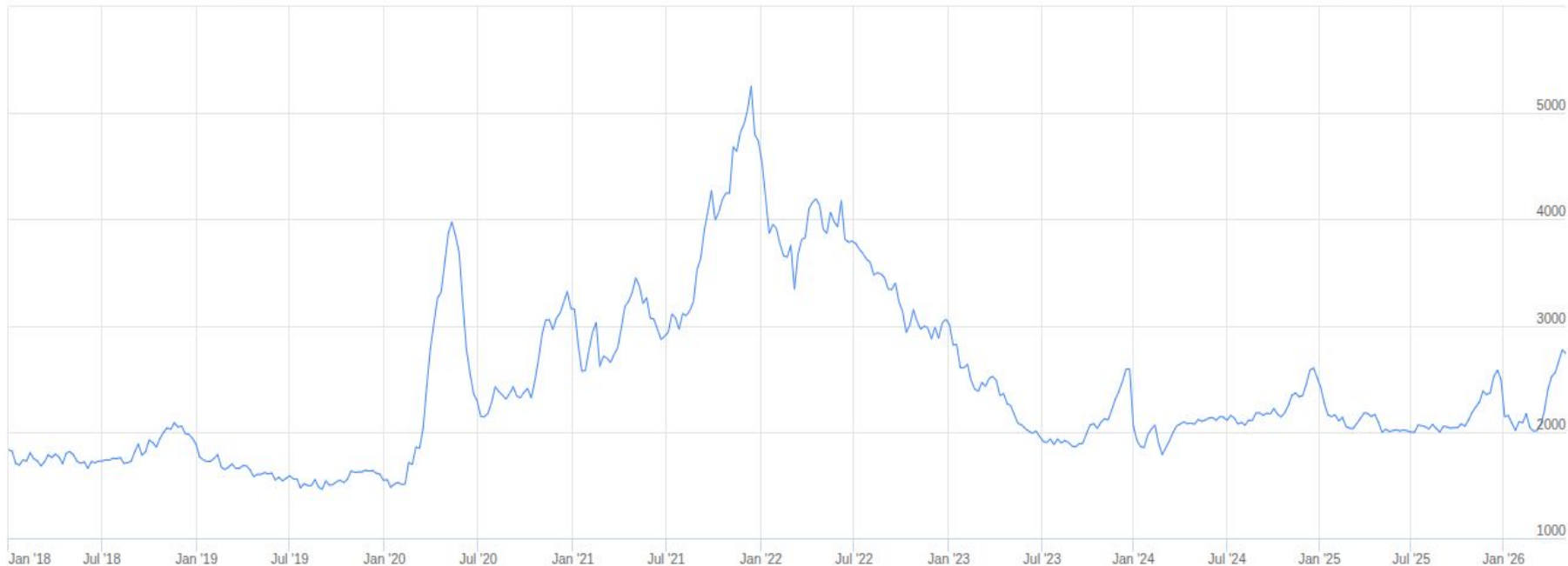
Supply Chains:

(BAI) Baltic Airfreight Index

Absolute

3m 6m 1y 2y 5y All

Jan 1, 2018 → May 4, 2026

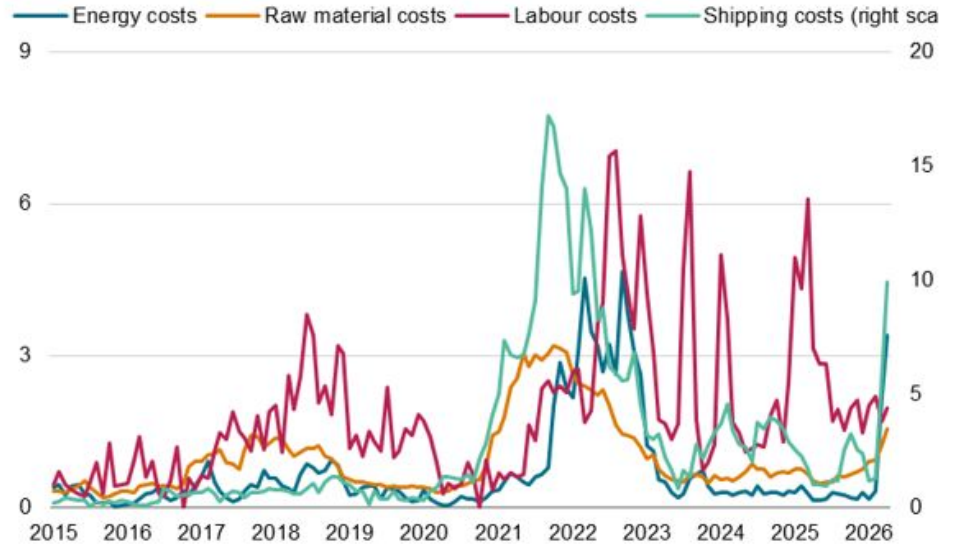


Transport:

Drewry World Container Index (US\$/40ft)



S&P Global PMI: reported drivers of higher manufacturing input prices



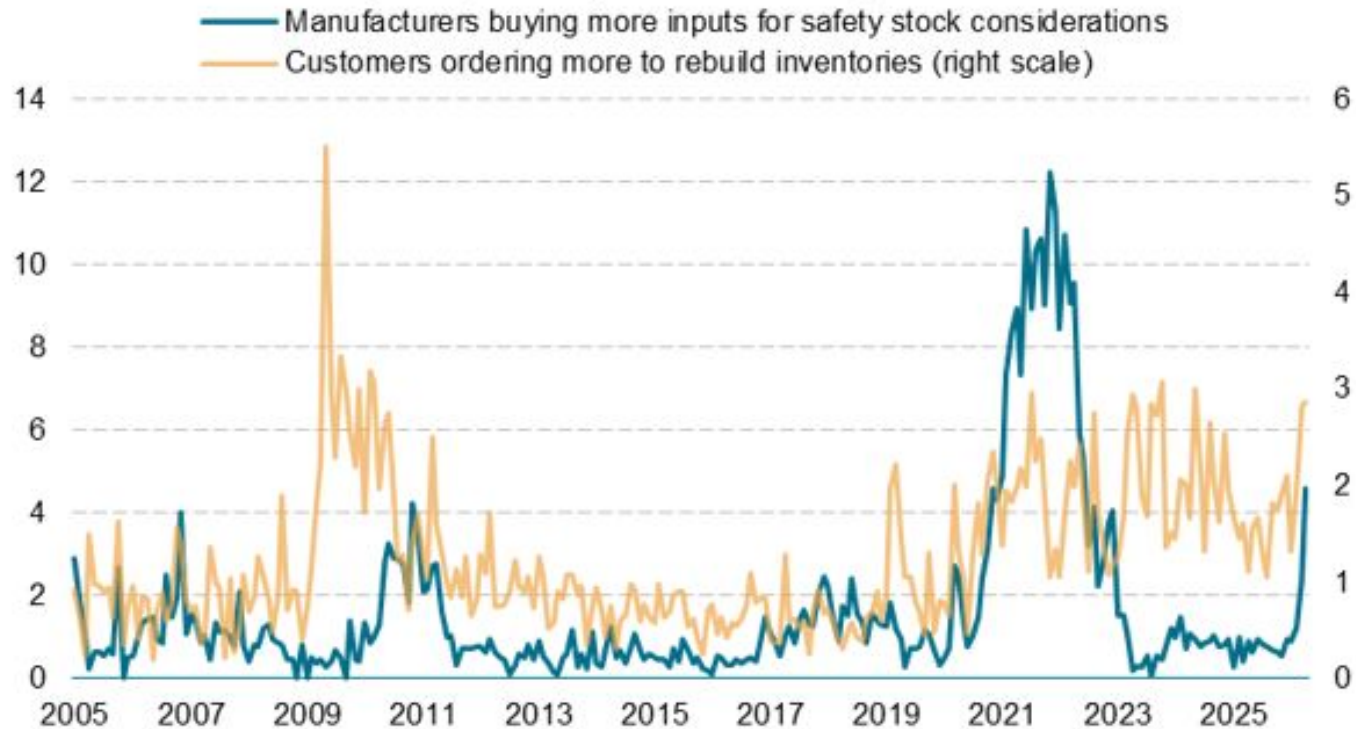
Data compiled May 2026. Axis scale 1 = long term average.

Series derived from worldwide PMI survey contributor comments, 1 = long-run average, seasonally adjusted.

Source: S&P Global PMI.

Toilet paper comparisons:

Global demand buoyed by safety stock building



Data compiled May 2026.

Index 1 = long-run average based on reasons cited for changes by PMI survey contributors.

Source: S&P Global PMI surveys, J.P. Morgan.

Helium:

- High end recycling
- Low end rationing by price. Maybe shortages.
- MRI rationing.

Fertilizers:

- Food. Less corn.
- Probably not a developed world problem. Bread, if wheat doubles.
- More government debt in developing countries
- More unrest?

Oil (plastics & chemicals):

- Auto makers: Paint thinners, range of plastics

Aluminium:

- Auto makers: Cars with lots of aluminium. Japan vs US.
-

Oil:

- The big one.
- 10% demand destruction
- Say 5% of this is easy. Less flights, more walking, public transport.
- That leaves 5% of hard cuts.

Outcomes:

- Big negotiation. Unlikely
- War. Risks clearly lower. How low?
- US declares victory, sails away 1. Regional war.
- US declares victory, sails away 2. Iran toll-booth.
- Detente 1: Straits closed, no-one through
- Detente 2: Ambiguity, some ships through. Japan e.g.

Investment view:

- Inflation. Possibly embedded. Strategic reserves.
- Earnings boom, possible supply chain bust
- Supply chains more resilient. Taking 10% out of a market can be resolved.
- Commodity products squeezed, value added products margin expansion
- Are we fighting the prior war?

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