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Global Insight

# MARINE BOARD SPRING MEETING

## Economic Signals and Potential Supply Chain Impacts

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# Supply chains serve markets where geography of trade partners shifts over time. Changes in rank of the largest economies in 2025 in forecasts for 2035 and 2045.

## Nominal Gross Domestic Product (US$ Billion)

| Rank in 2025 | | | Rank in 2035 | | | Rank in 2045 | | |
|---|---|---|---|---|---|---|---|---|
| 1 | US | 30,767 | 1 | US | 47,390 | 1 | US | 68,484 |
| 2 | China (mainland) | 19,502 | 2 | China (mainland) | 34,950 | 2 | China (mainland) | 55,980 |
| 3 | Germany | 5,047 | 3 | India | 9,659 | 3 | India | 21,589 |
| 4 | Japan | 4,435 | 4 | Germany | 7,527 | 4 | Germany | 10,089 |
| 5 | UK | 4.005 | 5 | Japan | 7,265 | 5 | Japan | 9,866 |
| 6 | India | 3,954 | 6 | UK | 6,155 | 6 | UK | 8,638 |
| 7 | France | 3,363 | 7 | France | 4,868 | 7 | Brazil | 6,947 |
| 8 | Italy | 2.545 | 8 | Brazil | 3,993 | 8 | Indonesia | 6,899 |
| 9 | Russia | 2,544 | 9 | Russia | 3,964 | 9 | France | 6,708 |
| 10 | Canada | 2,320 | 10 | Canada | 3,893 | 10 | Canada | 5,513 |
| 11 | Brazil | 2,279 | 11 | Indonesia | 3.731 | 11 | Türkiye | 5,330 |
| 16 | Türkiye | 1,596 | 12 | Italy | 3,466 | 12 | Russia | 5,166 |
| 17 | Indonesia | 1,446 | 14 | Türkiye | 3,129 | 14 | Italy | 4,359 |

Data compiled April 2026.
Source: S&P Global Market Intelligence.

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# Near-term uncertainties for the world economy are high.
# Economic forecast scenarios in context of Middle East war and energy markets

## "War surge" (base case)

- **Gradual reopening of Strait of Hormuz** and lingering elevation of energy prices
- Dated Brent crude price about $110/barrel in 2nd quarter, then falls to $72/bbl and $70/bbl, respectively, at end-2026 and 2027
- Higher headline inflation, **some price pressures in other areas** (food, chemicals)
- **Limited central bank reactions**; earlier tightening from some, others delay easing
- Less-accommodative financial conditions add to energy-related growth headwinds
- **Economy slows down**

## "Oil shock"

- **Protracted disruptions** to energy production and supply
- Dated Brent crude averages about $180/b in the 2nd quarter, then falls to $105/b and $92/b, respectively, at end-2026 and 2027
- Surge in headline inflation, rise in core rates, **broader-based price pressures**
- **Policy rate hikes** amid fears over inflation expectations and second-round effects
- Tight financial conditions, market stress, asset price falls, rising unemployment
- **Economy contracts**

## "Capitulation"

- Quick end to conflict and **earlier normalization** of shipping routes
- Dated Brent averages about $80/b in the second quarter, before falling to $58/b and $64/b, respectively, at end-2026 and 2027.
- Short-term, energy-driven rise in headline inflation, minimal non-energy effects
- Central banks **"look through" higher inflation**, return to neutral policy rates
- "Risk-on" mood in financial markets boosts sentiment and growth recovery
- **2026 US economic growth a bit slower**


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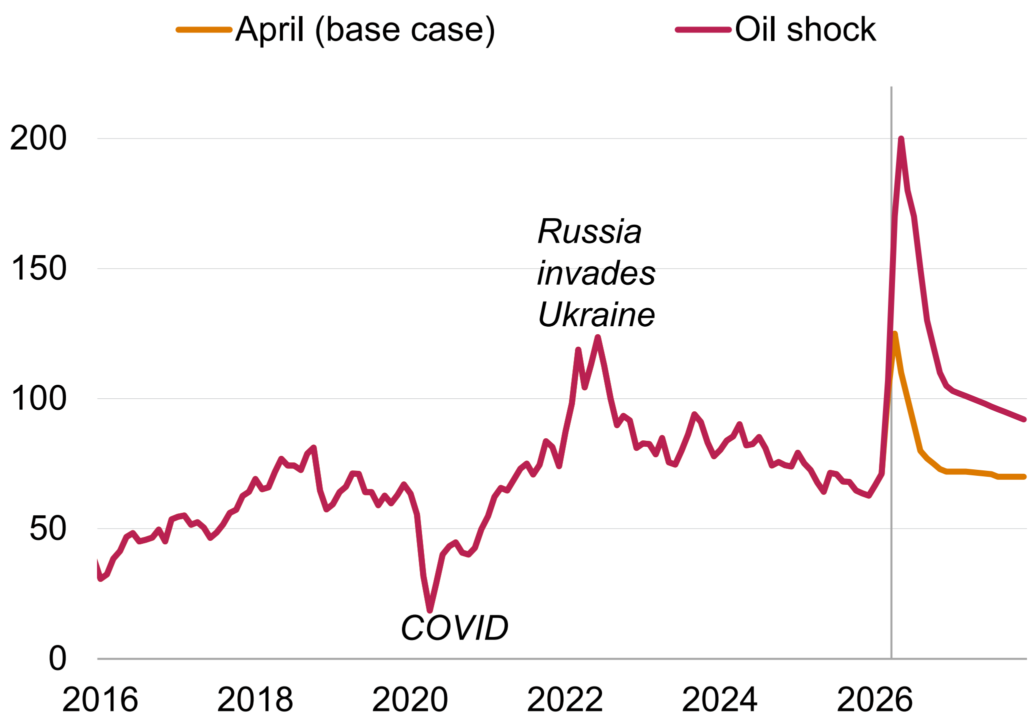
# Higher world energy prices flow through supply chains: forecast scenarios

- The disrupted exports of 17 million barrels/day of Persian Gulf crude oil & refined product is the largest global oil supply shock in history.
- The **current April base case** from S&P Global, termed "war surge," incorporates an **average Dated Brent crude price of about $110/bbl in 2nd quarter of 2026** and a year-end level of $72/bbl.
- This is based on very little moving through the Strait of Hormuz through April, with a gradual recovery from May. "Shut-in" production in the Gulf is mostly restored by summer.
- Similar assumptions for **other Persian Gulf export commodity prices and exports**, including gas, refined petroleum, and fertilizer.
- The **"Oil Shock" scenario** has the spike in crude oil up to $200/bbl and similar higher prices for gas and refined products. There are indirect impacts on factor costs for other goods resulting in weakening overall economic demand.
- With surging inflation not confined to energy, there is a jump in inflation expectations leading to more restrictive monetary policies.
- Tight financial conditions and stresses, including drops in equity markets and jumps in yields and spreads, contribute to a global economic downturn.

**Crude oil price assumptions**

Dated Brent crude oil, US$/barrel (monthly)

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# Middle East war driven inflation impacts the baseline macroeconomic forecast

- Energy prices directly and immediately affect supply chains through goods transportation costs, and indirectly other costs
- Higher inflation reduces household real incomes and leads to relatively tighter financial conditions, which has broader dampening effects on the pace of growth.
- Individual country economic growth prospects vary due to:
  - Reliance on energy imports from the Middle East
  - Energy mix and availability of strategic reserves
  - Policy responses, including fiscal support
- Because the US, Canada and Russia are net energy exporters, the impacts on their overall economic growth is different.
- Western Europe and Asia-Pacific's largest economies are major net energy importers, with those in Asia particularly dependent on energy supplies from the Persian Gulf.
- Baseline forecast is for slower growth, not recession with recovery in world growth in 2027

## Real Gross Domestic Product (% change)

| Region | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|
| **World** | **2.9** | **2.4** | **2.7** | **2.9** |
| United States | 2.2 | 2.1 | 2.0 | 2.1 |
| Canada | 1.7 | 1.3 | 2.1 | 2.2 |
| Brazil | 2.6 | 1.6 | 2.5 | 3.5 |
| Eurozone | 1.5 | 0.8 | 1.2 | 1.5 |
| United Kingdom | 1.3 | 0.4 | 1.3 | 1.5 |
| Russia | 1.0 | 1.3 | 1.7 | 2.1 |
| Mainland China | 5.0 | 4.5 | 4.4 | 4.4 |
| Japan | 1.2 | 0.7 | 0.9 | 0.9 |
| India* | 7.4 | 5.9 | 6.5 | 6.8 |

Data compiled April 14, 2026.
* Fiscal year.
Source: S&P Global Market Intelligence.

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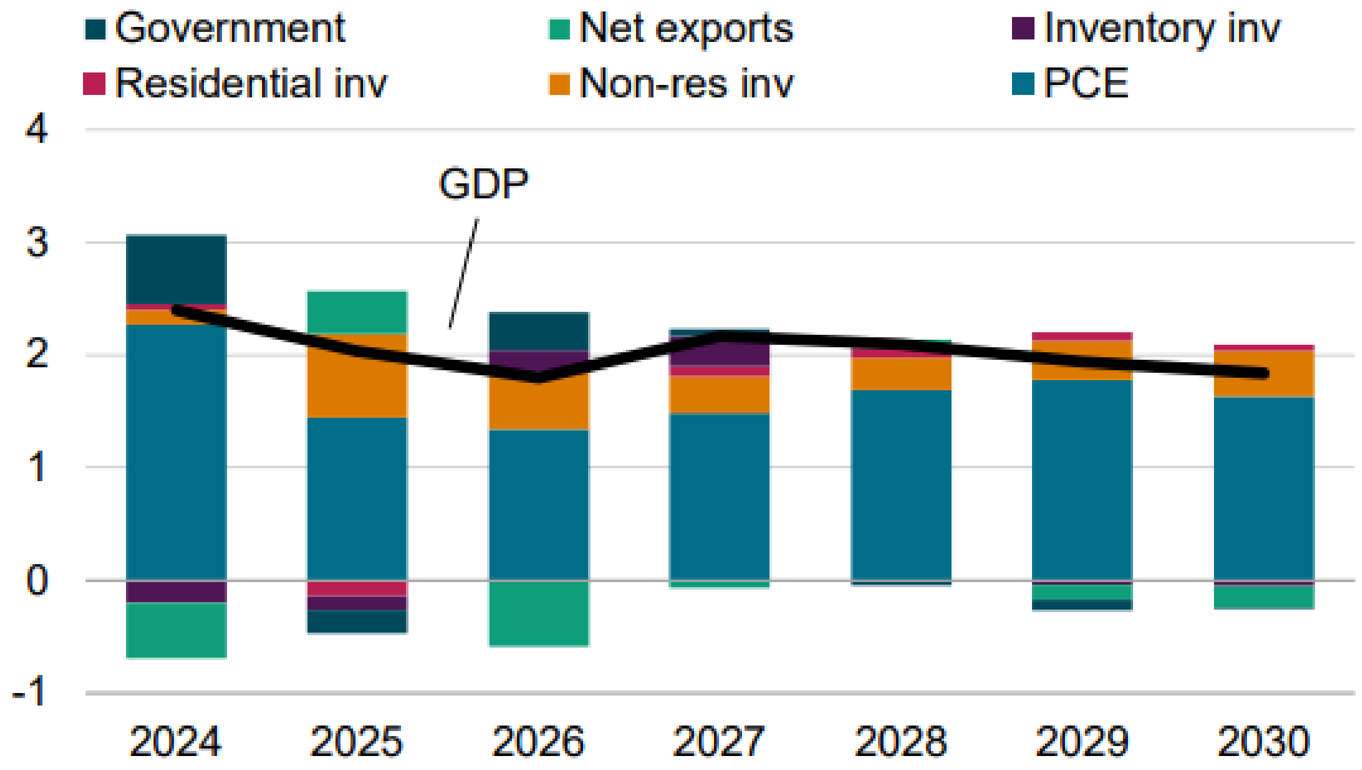
# Components of US Gross Domestic Product include net exports where reduced maritime imports relative to exports is positive for the economy.

**Contributions to GDP growth (Q4/Q4)**

Percentage points

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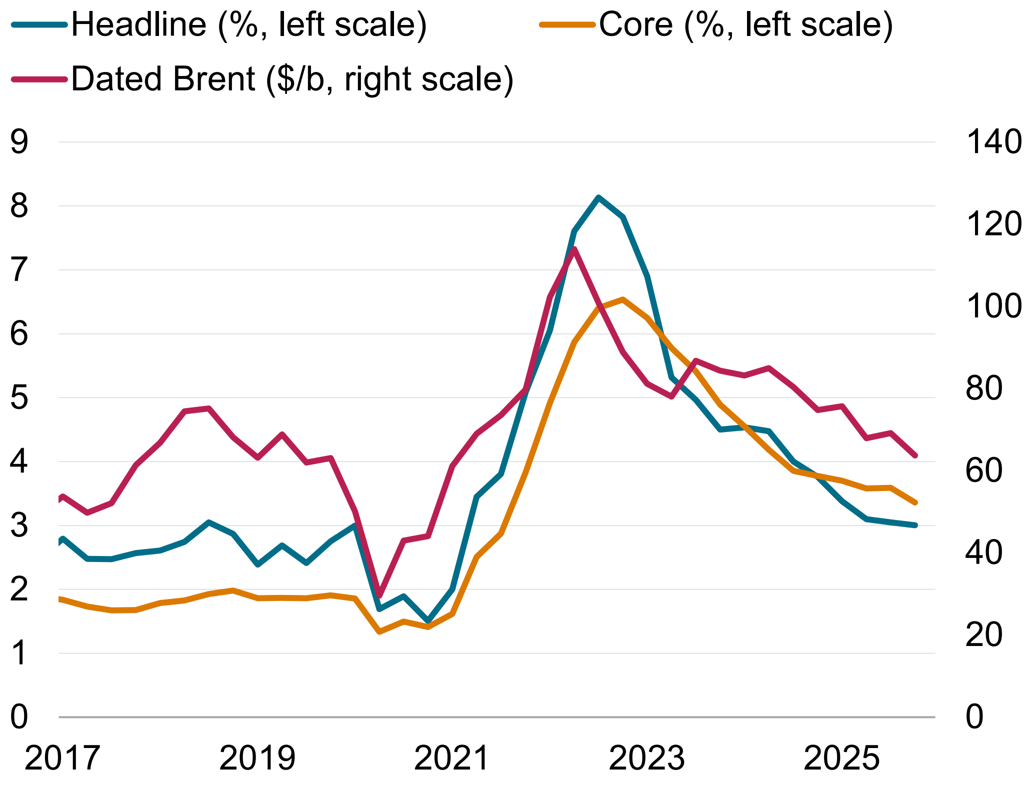
# Monetary policy matters: lessons from prior energy shocks and inflation

Core inflation rose sharply after the pandemic and Ukraine conflict, and so did Fed policy rates (belatedly)

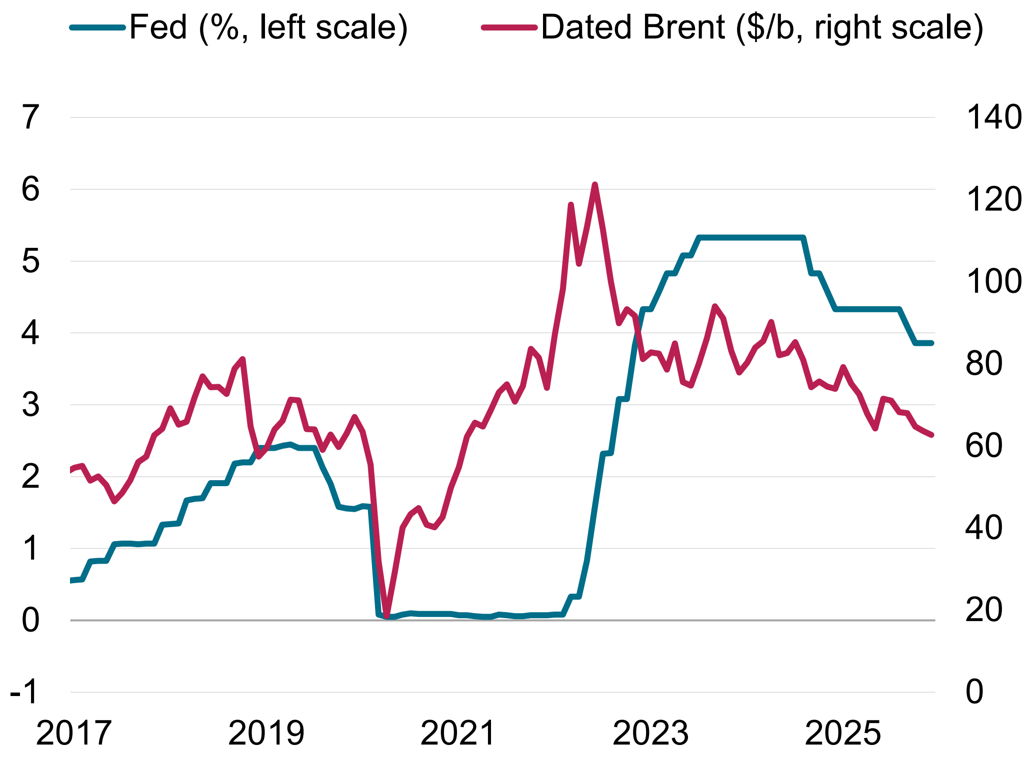
## Global consumer price inflation and oil prices

Quarterly




## Federal Reserve Board policy rates and oil prices

Monthly




As of March 2026.
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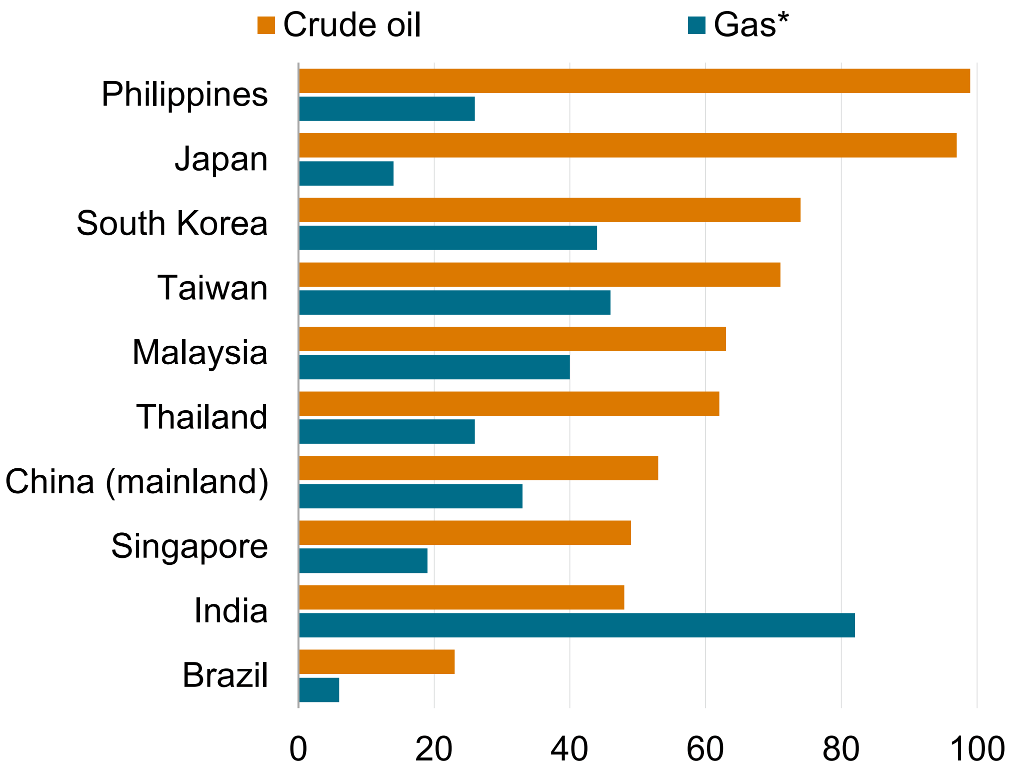
# Great regional variations in reliance on Persian Gulf oil & gas maritime exports

## Unlike the US, large economies in Asia have been reliant on imports of Persian Gulf energy

**Shares of imports of oil & gas from the Persian Gulf**

% of total imports of crude oil and gas

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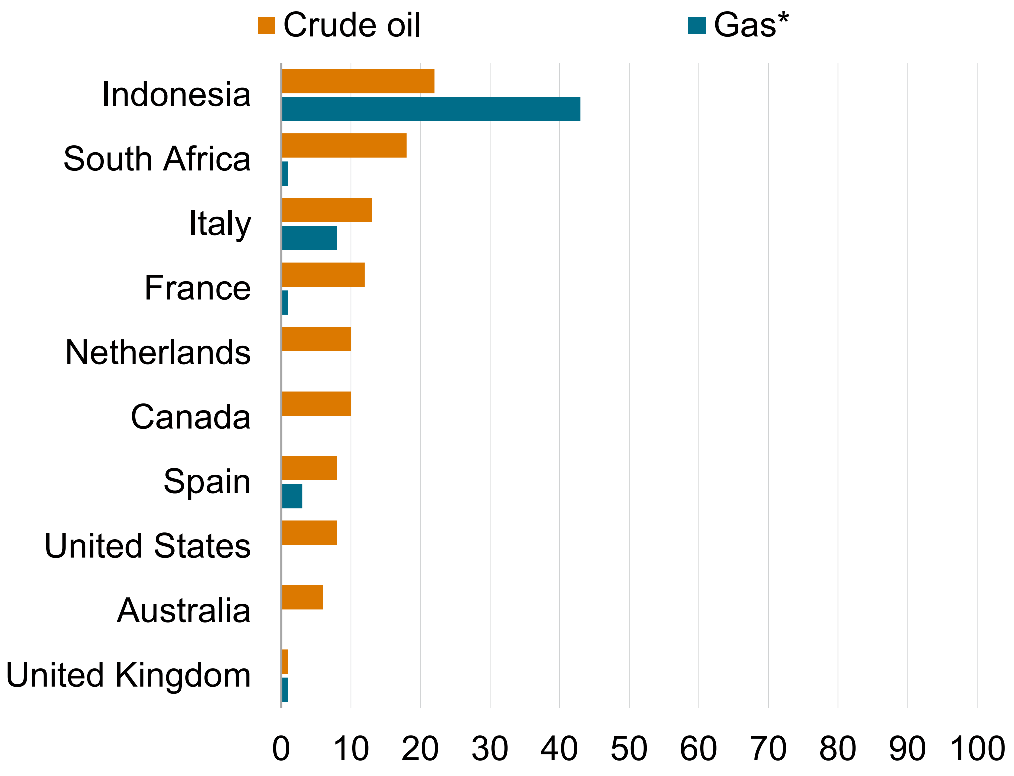


Data compiled March 2026.

* Natural gas, petroleum gases and gaseous hydrocarbons.

Source: S&P Global Market Intelligence.



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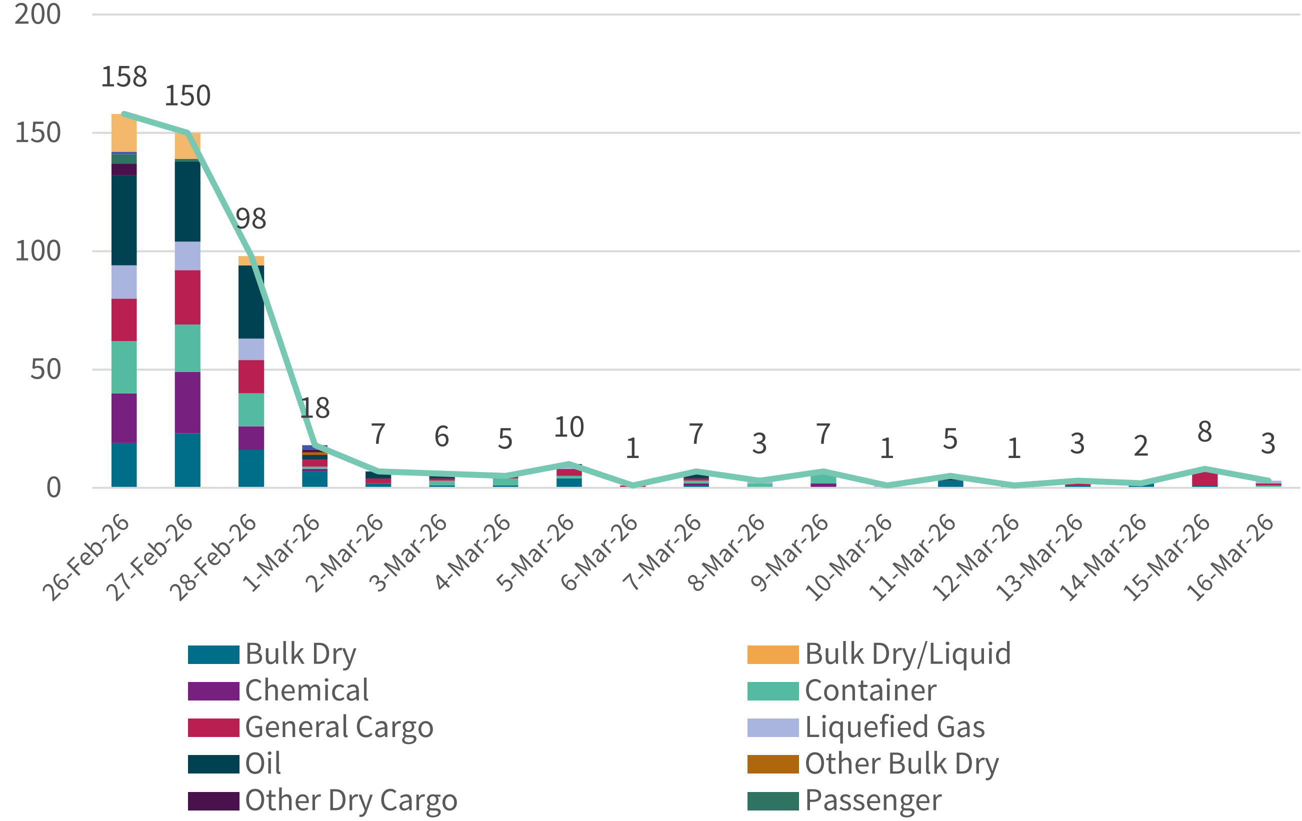
# Disrupted Strait of Hormuz shipping is not just crude oil tankers. Dry bulk, containers, chemicals, refined petroleum products, liquified gas all affected.

**Vessels crossing Strait of Hormuz, by type (unique daily count)**




Source: S&P Global AIS Live vessel tracking data & Registry of Ships

**Container vessel capacity still in the Persian Gulf**

| | TEU |
|---|---|
| Small Feeder | 9,382 |
| Regional Feeder | 33,906 |
| Feedermax | 63,245 |
| Sub-Panamax | 13,726 |
| Sub New Panamax | 31,888 |
| Panamax | 39,814 |
| Baby post-Panamax | 4,350 |
| Post-Panamax | 91,362 |
| New Panamax | 113,308 |
| ULCS | 57,188 |
| **Total** | **458,169** |

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# If the Strait of Hormuz and ports in Oman remain unsafe, shipping capacity will be affected as much Asia–Middle East cargo would move on much longer routes

**SHANGHAI to JEDDAH**
**Via Shanghai → Strait of Malacca → Indian Ocean → Gulf of Aden → Bab el-Mandeb → Red Sea → Jeddah**

| | | | |
|---|---|---|---|
| Slow Steaming: | 14.0 kts | Normal Service Speed: | 17.0 kts |
| Days: | 19.4 | Days: | 16.01 |

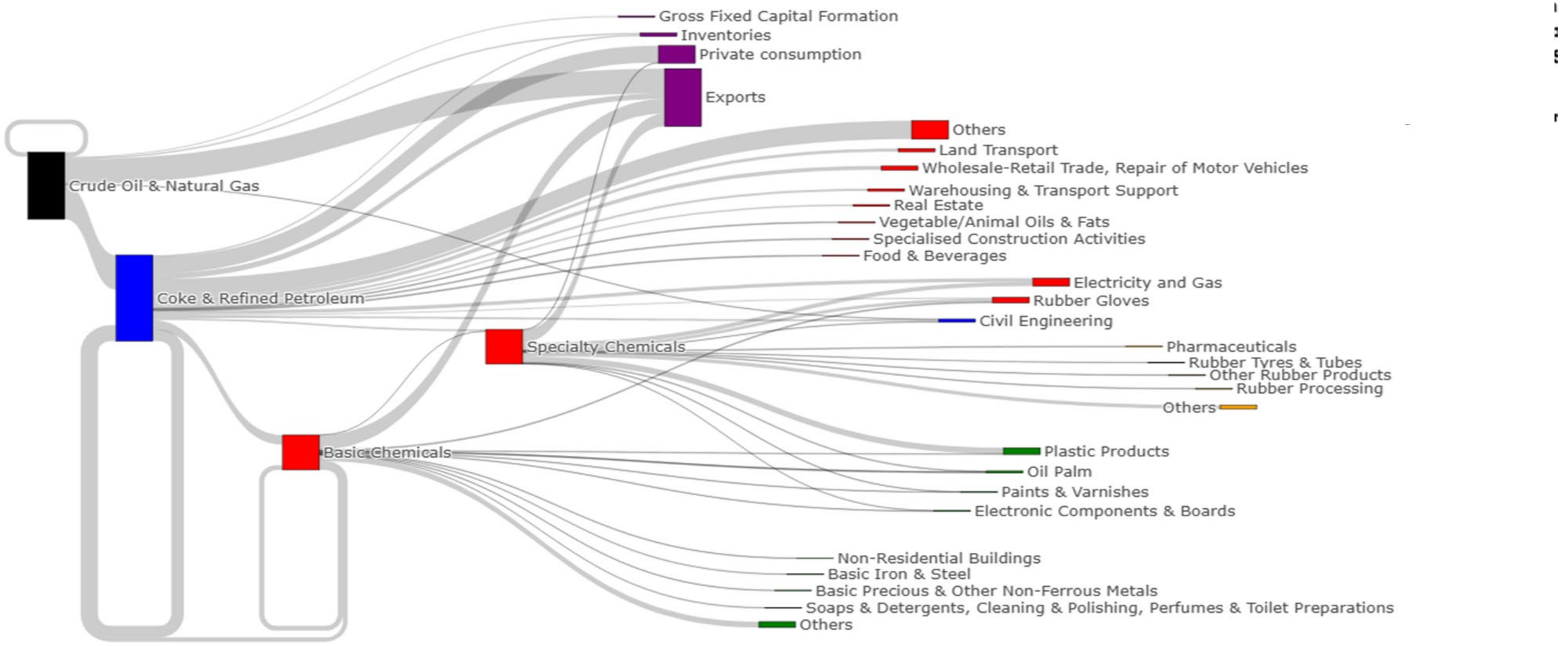
**Nautical Miles: 6,532nm**


**SHANGHAI to JEDDAH**
**Via Shanghai → Malacca → Indian Ocean → Cape of Good Hope → South Atlantic → Mediterranean → Suez (northbound) → Red Sea → Jeddah**

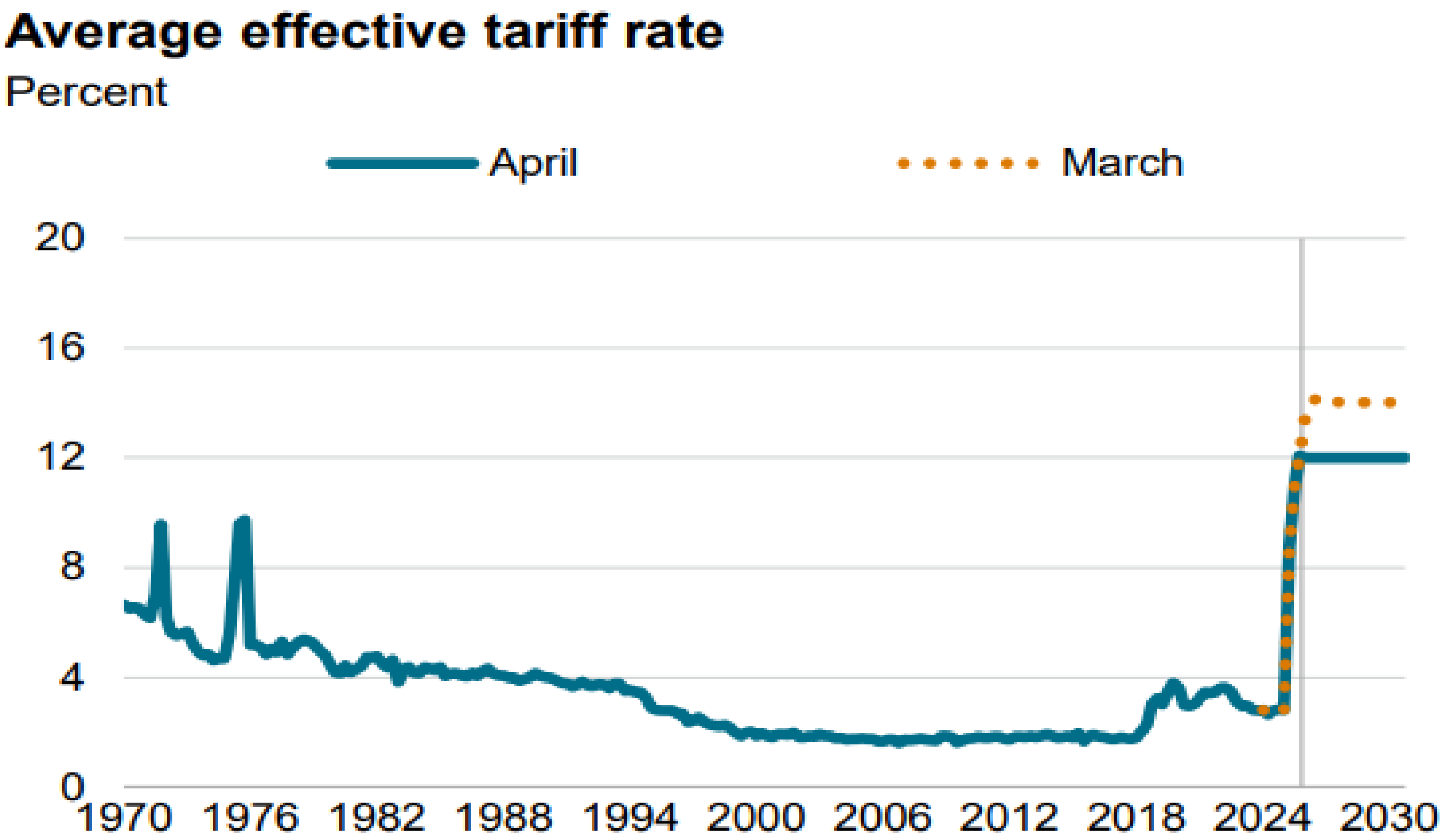
| | | | |
|---|---|---|---|
| Slow Steaming: | 14.0 kts | Normal Service Speed: | 17.0 kts |
| Days: | 45.7 | Days: | 37.61 |

**Nautical Miles: 15,346nm**

# The potential impacts from the war extend far beyond crude oil and fuel markets. Maritime cargoes serving many industries will see supply chain impacts



# Post IEEPA, US effective import tariff rate is now a mix of trade law section rates

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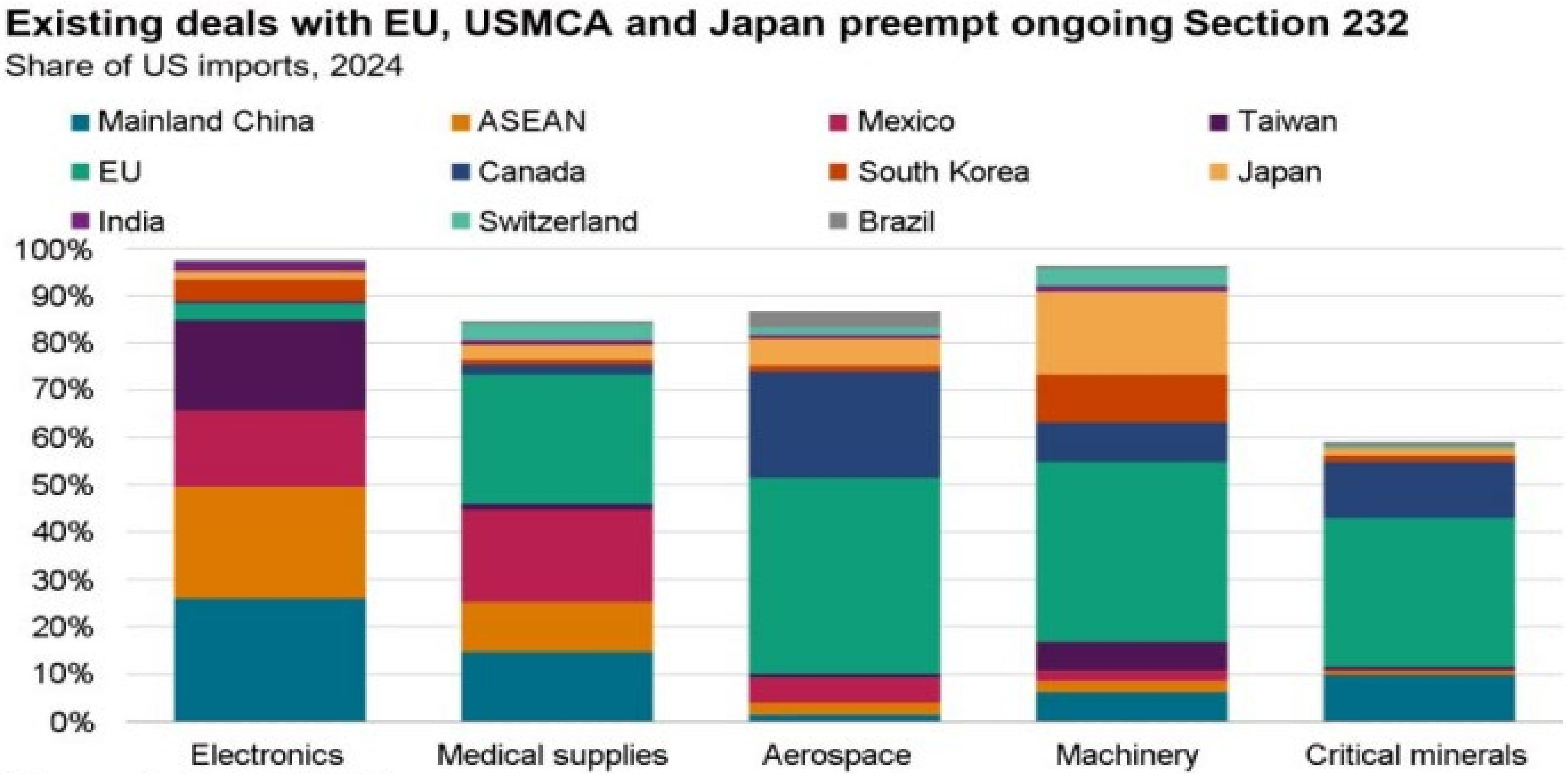
# US import tariff rates are country and product-specific with existing deals and US sourcing limiting impacts of new tariffs such as from additional Section 232 tariffs




Data compiled Sept. 29, 2025.
USMCA = United States-Mexico-Canada Agreement; ASEAN = Association of Southeast Asian Nations.
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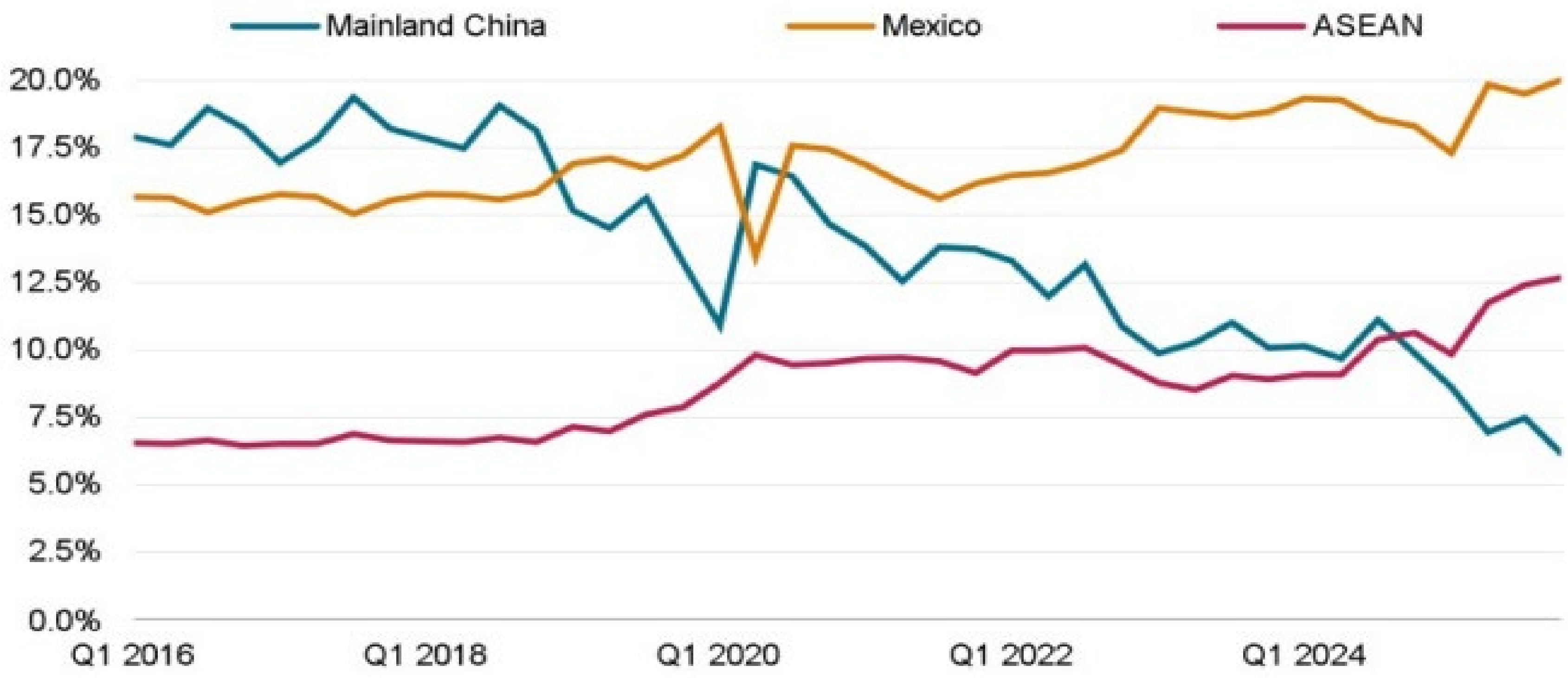
# US trade partner shares of imports are shifting due to tariff policy impacts on supply sourcing. Mainland China has lost share to Mexico & ASEAN countries.

**ASEAN, Mexico pick up market share as mainland China wanes**

Share of US imports of products covered by Section 301 (mainland China, 2018–20) tariffs




Data compiled Feb. 23, 2026.
ASEAN = Association of Southeast Asian Nations.
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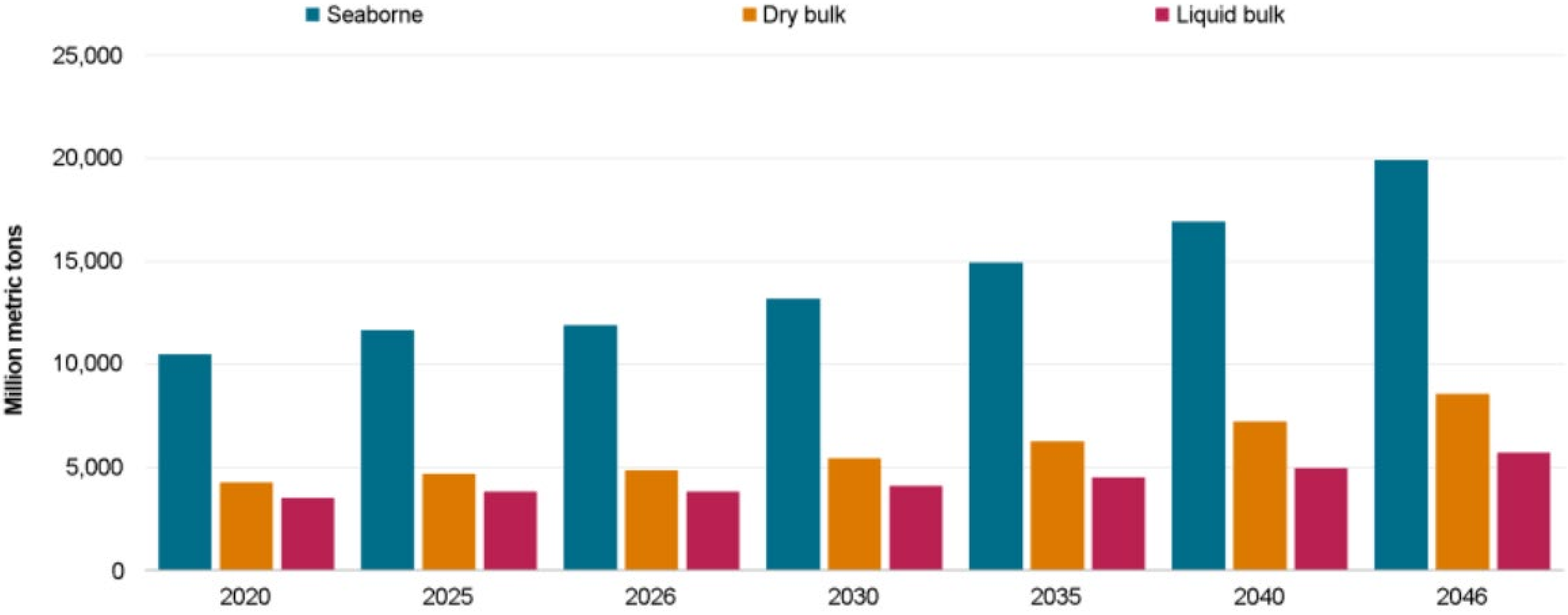
# Bulks are about 75% of total world seaborne tons, more dry bulk than liquid bulk

## World Total and Bulk Commodity Trade

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