

Industry Update

Middle East Tensions and the Strait of Hormuz: Implications for Global Shippers

- Geopolitical tensions in the Persian Gulf are intensifying, raising concerns about the stability of the Strait of Hormuz, a critical artery for global energy and commodity flows.
- Commercial shipping remains active but increasingly exposed, as heightened military activity, maritime security incidents, and rising war-risk insurance premiums inject volatility into global energy markets.
- Supply chain impacts are emerging primarily through energy markets, where higher and more volatile fuel costs can rapidly affect trucking, ocean, and air freight, even without direct disruption to containerized trade lanes.
- A 60-day suspension of the Jones Act, announced on March 18th, now allows foreign-flagged vessels to transport fuel between U.S. ports, aiming to ease energy-transport cost pressures amid disrupted global oil flows.

~20% share of global oil supply moving through the Strait of Hormuz

~20MM barrels per day of oil flows through the Persian Gulf export corridor

Potential Transportation Cost Impacts

Energy Price Inflation

- The transportation sector is increasingly exposed to rising fuel costs as the Middle East conflict intensifies, with severe disruptions in and around the Strait of Hormuz driving sharp volatility in global oil markets and elevating fuel prices across freight modes.
- Fuel is one of the largest operating expenses in transportation, typically representing 25–35% of trucking costs, 20–30% of ocean shipping costs, and 30–40% of air-cargo costs. As oil prices rise, carriers pass through these increases via fuel surcharges, pushing overall logistics costs higher for shippers.

Insurance and Tanker Market Volatility

- War risk insurance premiums for vessels transiting the Persian Gulf have risen sharply as insurers cancel existing policies and reprice coverage in response to recent attacks and the effective closure of the Strait of Hormuz. Premiums, which were historically ~0.25% of a vessel’s value, are now increasing by 50–100% or more.
- As shipowners delay or avoid voyages because of heightened security risks, tanker availability is tightening rapidly. More than 150 tankers are already stranded or anchored near the strait, contributing to significant rate volatility. Spot rates on key Middle East to Asia routes have surged to multi-year highs, consistent with historical patterns in prior Gulf crises.

Middle East Energy Production and Strategic Chokepoints

A significant share of regional production transits these corridors, reinforcing the importance to global energy markets.

Suez Canal

- ~12% of global trade
- ~9% seaborne oil
- ~25-30% of global container trade

Strait of Hormuz

- World’s most critical oil chokepoint
- ~20MM barrels per day
- 20% of estimated global petroleum flows



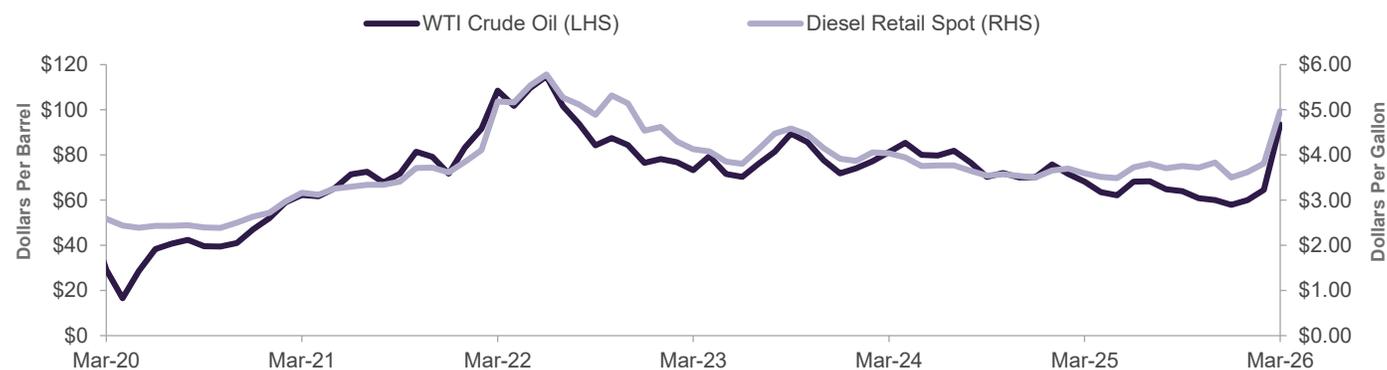
Data updated as of 3/18/2026
Sources: Bloomberg, Federal Reserve, U.S. Energy Information Administration, International Energy Agency, UNCTAD, Clerksons Research, Baltic Exchange, World Bank, Truckstop.com, Drewry Air Freight, Drewry World Container Index, U.S. Department of Energy

Key Considerations for Shippers

- **Energy markets drive transportation cost volatility:** Because the Strait of Hormuz handles roughly one-fifth of global petroleum supply, geopolitical developments in the region can quickly influence fuel prices and transportation costs across trucking, ocean shipping, and air cargo. For shippers, this creates near-term exposure to fuel surcharge escalation and margin pressure.
- **Direct container route disruption remains unlikely:** Unlike major maritime chokepoints such as the Suez Canal or Panama Canal, the Strait of Hormuz primarily serves as an energy corridor rather than a core container shipping route. Global containerized trade flows are expected to remain operational, with limited risk of widespread service disruption. However, indirect effects such as carrier cost inflation, equipment repositioning, and shifts in global trade flows could still influence ocean freight rate dynamics.
- **Industrial supply chains may face impacts:** The Persian Gulf is a major exporter of petrochemical feedstocks, plastics materials, fertilizers, and chemical intermediates used across agriculture, manufacturing, and packaging supply chains. Disruptions to these exports could lead to supply constraints, particularly for industries reliant on just-in-time procurement or concentrated sourcing strategies.
- **Manufacturers may face higher input costs and procurement challenges:** If exports from Gulf producers become constrained, manufacturers could face longer lead times, increased working capital requirements, and the need to diversify sourcing strategies. In response, some shippers may choose to build safety stock, accelerate procurement cycles, or shift toward alternative suppliers, which can create short-term demand spikes in transportation and warehousing.
- **Monitoring key market indicators will be critical:** Movements in oil and LNG prices, marine war-risk insurance premiums, tanker charter rates, and vessel traffic levels through the Strait of Hormuz can provide early indicators of supply chain disruption. In addition, fuel-surcharge trends across trucking, ocean, and air freight markets can offer early insight into how quickly cost pressures are being transmitted through the broader supply chain.

Energy Price Shock Driving Freight Cost Inflation

Volatility in energy markets is creating near-term cost pressures, and the resulting rate increases are being passed through to customers at different times and to varying degrees across transportation modes.



The Bottom Line

The Strait of Hormuz remains operational, but geopolitical tensions in the region have increased uncertainty across energy markets and maritime logistics. For most shippers, the primary exposure is not a direct interruption of containerized trade but rather higher transportation costs and volatility in energy-linked supply chains. If tensions remain elevated, the most likely outcome for logistics markets is fuel-driven cost inflation rather than widespread disruption to global trade flows. Nevertheless, the strategic importance of the Strait of Hormuz means developments in the region warrant close monitoring by supply chain and procurement teams.

Data updated as of 3/18/2026

Sources: Bloomberg, Federal Reserve, U.S. Energy Information Administration, International Energy Agency, UNCTAD, Clerks Research, Baltic Exchange, World Bank, Truckstop.com, Drewry Air Freight, Drewry World Container Index, U.S. Department of Energy