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The state of US supply chains: from tariffs to war

US supply chains have gone from weathering sharp shifts in tariffs to facing strain from the Iran war. Our US Supply Chain Conditions Index allows us to assess these impacts on prices, freight, labour and more as they unfold using high-frequency indicators. One finding is that US supply chains are seeing considerably less strain than during the post-pandemic inflation surge.

Key Takeaways

- US supply chains have managed to weather the effects of the Trump administration’s trade policies via a reorientation of imports from China to other Asian markets.
- The US is better insulated than many other major economies from shortages caused by the Iran war. But incoming data show how rising commodity prices are beginning to compound on the costs of prior tariffs for firms.
- Our US supply chain conditions index (SCCI) incorporates a range of high frequency indicators, allowing us to assess supply chain spillovers from the Iran war compared to prior shocks.
- The resilience of freight transportation at the US’ borders, high inventories going into the conflict, and the labour market not seeing major shortages are mitigating the current shock compared to 2021–2022. But a prolonged closure of the strait will increase the strain on US supply chains.

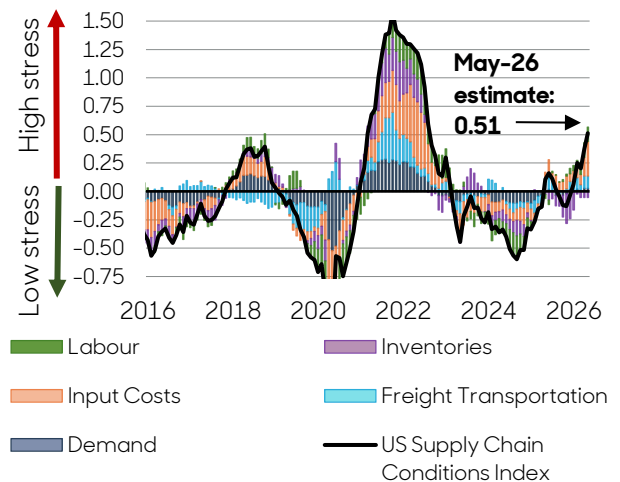
US supply chains face yet another shock

Successive shocks caused by the pandemic, the war in Ukraine, and 2025’s tariffs have strained US and global supply chains through various channels, with questions

now centred on the extent to which the closure of Hormuz will cause similar disruptions.

Amid this new normal of geopolitical risks intersecting with supply chain vulnerabilities, we have made an index to analyse US supply chain stress in real time (see Figure 1).

Figure 1: US supply chains managed to weather the 2025 trade war, but face renewed strain amid the Iran war



Source: Haver, Aberdeen, June 2026. Note: Apr-26 and May-26 figures require some sub-components to be estimated.

This will allow us to assess to what extent shocks like the Middle East conflict impact the US relative to prior periods of economic strain.



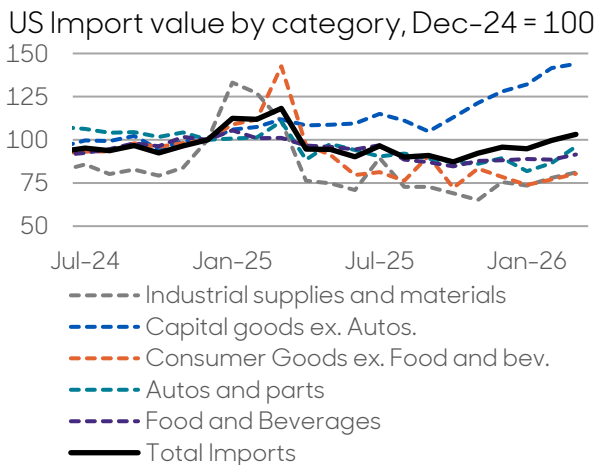
A core finding is that the US is currently seeing less supply chain disruptions than in 2021-2022 (see appendix for details on the index and its five sub-indices).

US supply chains largely shrugged off the tariff shock

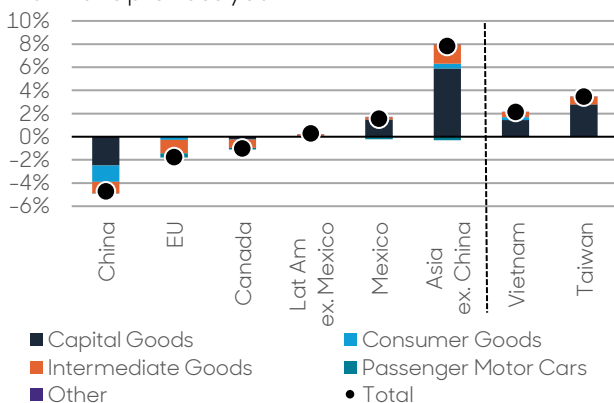
Last year’s tariffs initially shocked markets, but they did not put supply chains under particular duress as inventory front-running and a rotation of demand helped to minimise disruption.

Total US imports dipped modestly up until October, with consumer goods and industrial supplies seeing the greatest tariff-induced declines in demand (see Figure 2). But these were offset by a surge in capital goods imports amid the US AI boom, with the annual goods trade deficit only narrowing marginally from 4.1% of GDP in 2024 to 4.0% in 2025.

Figure 2: Reduced demand for consumer goods due to tariffs has been offset by reliance on Asian capital inputs



b) Ppt change in shares of US imports, Apr-25 to Mar-26 vs previous year



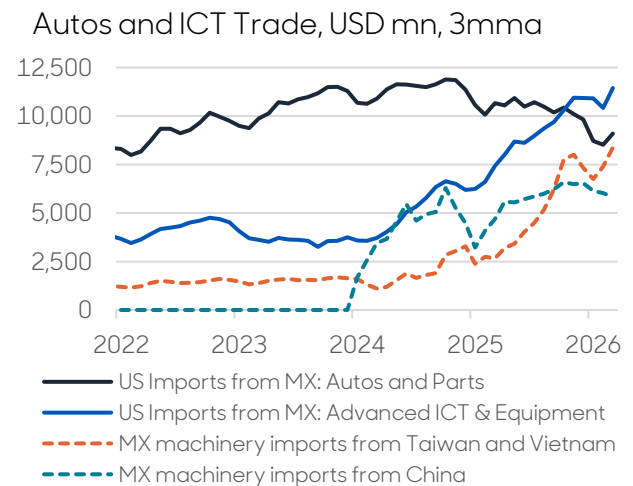
Source: USITC, Haver, Aberdeen, June 2026

What was most notable following the measures was the reorientation of the US’ supply chains. China saw the most punitive tariffs, resulting in its share of US goods

imports falling by 4.7ppts across the value chain of inputs and completed products. Meanwhile demand has risen greatly for capital goods from other Asian economies, primarily Vietnam and Taiwan, providing technological inputs.

Mexico has emerged as a hub for AI-related products bound for north of the border, which buoyed its share of US imports. In contrast, Mexico’s and Canada’s more traditional exports have been hampered by USMCA-related uncertainty. These technology-led gains can be largely attributed to Asian transshipments aimed at circumventing Washington’s tariffs, and assembly using Asian inputs, rather than Mexico having suddenly risen up the value chain. Indeed, this is reflected by flows of electrical goods to Mexico from China, Taiwan and Vietnam having concurrently surged (see Figure 3).

Figure 3: US auto imports from Mexico have been overtaken by tech, with Asian transshipments remaining scrutinised



Source: Census Bureau, Haver, Aberdeen, June 2026

Overall, although the tariffs presented a cost increase for importers, supply chain flexibility has meant that the US headed into the shock generated by the Iran war in a position of relative resilience.

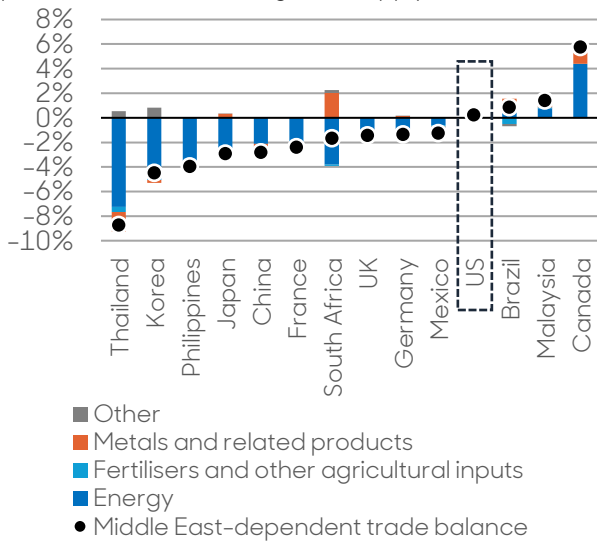
Supply chain stress from Iran will be hard to avoid, even if the US is better placed than many other countries

The US is better insulated than many other developed markets and several EMs from shortages caused by the conflict (see Figure 4). Its position as a net exporter contrasts significantly with Asian markets’ heavy dependence on imports from the Middle East.



Figure 4: The US is less at risk of shortages amid the Iran war than other markets, but remains indirectly exposed

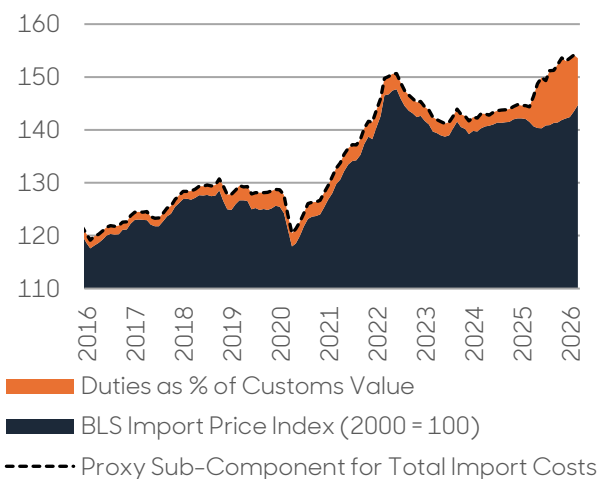
2025 trade balances for goods that the Middle East provides at least 10% of global supply, % of GDP



Source: UN COMTRADE, Aberdeen, June 2026

That said, the US is not exempt from the price effects of the Strait of Hormuz’s closure on global oil shipments and other vital commodities. The longer it takes for traffic through the Strait of Hormuz to normalise, the more negative impacts of the shock for prices and activity risk mounting non-linearly.

Figure 5: Tariffs, higher oil prices, and other foreign goods becoming more costly outright will strain importers



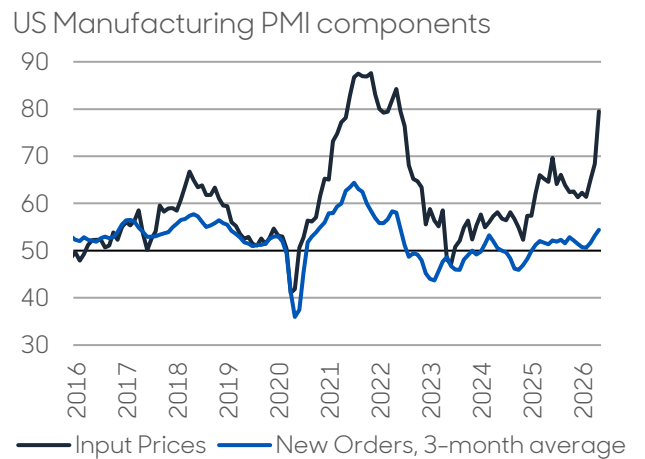
Source: BLS, USITC, Haver, Aberdeen, June 2026. BLS index covers prices as they enter the US before customs are applied.

The war is poised to more than offset the small relief for importers that came following the Supreme Court’s strikedown of prior IEEPA tariffs in February. With the White House having since used alternate measures to

partially rebuild the tariff wall, the US’ effective tariff rate – based on duties collected on imports relative to total customs value – declined from 10.9% in February to an estimated 8.3% in April. Questions remain as to where tariffs go from here, though they are likely to settle below last year’s highs but stay well above pre-2025 levels (see Figure 5).

The effects of tariffs being compounded by the Iran war have been illustrated by the rising gap between the US’ input prices series relative to a moving average of orders. This is included in our index to focus on changes in costs driven by the supply side (see Figure 6). The May differential was the widest since July 2022 at the height of the prior global shock, exceeding the spreads seen following last year’s tariffs.

Figure 6: US manufacturers are paying higher prices as supply-side pressures exceed those from demand



Source: Haver, Aberdeen, June 2026

With the strait’s closure raising prices for oil and other goods before US customs, total costs for firms will continue to increase. We project that import prices (before tariffs are applied) rose by 1.6% month-over-month in May. This accounts for the sharp rise in our Input Prices sub-index, which largely underpins the overall supply chain index rising to an estimated 0.51, its highest level since September 2022 (see Figure 1).

The closure of the strait has put freight back in focus

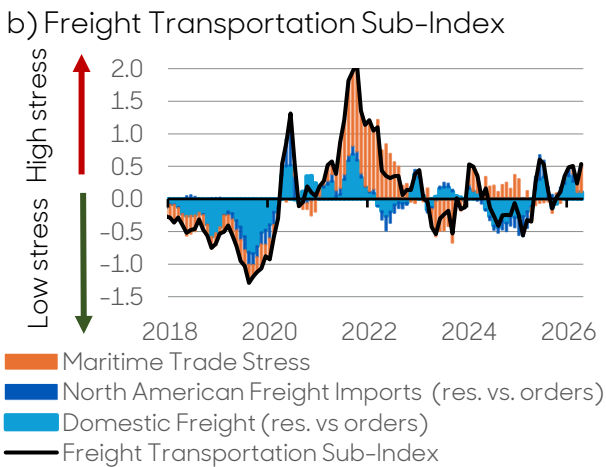
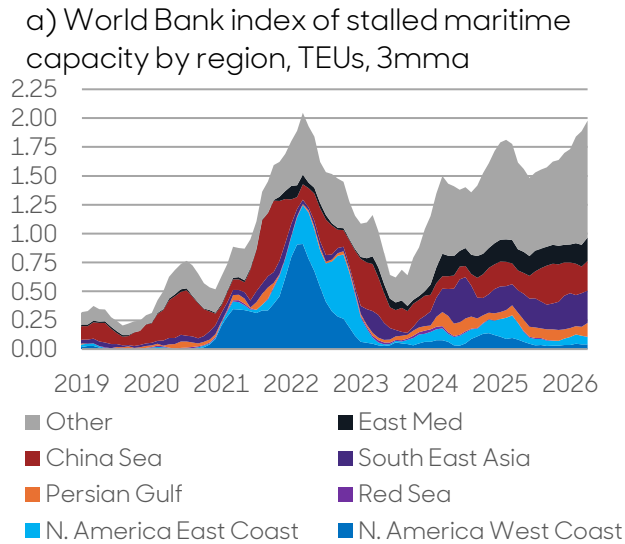
A key factor that limited disruptions to supply chains from Washington’s trade policy shifts was the continued free flow of global cargo. The halting of traffic through the strait will continue to have impacts for global shipping.



But we expect that better conditions for US sea ports relative to the post-pandemic shock will remain a mitigating factor for domestic supply chain pressures, which should help our index stay below the highs seen in late 2021 to early 2022.

On the maritime front, US ports were the epicentre for global stress from late 2021 to 2022 (see Figure 7). The vital west coast hubs of Los Angeles and Long Beach, where the bulk of US imports from Asia arrive, saw especially sharp rises in ships' waiting times in 2021. This came amid resurgent demand coinciding with labour disputes, worker shortages and a rotation of demand towards goods as services consumption was curtailed by lockdowns.

Figure 7: US ports have held resilient, but the closure of Hormuz risks mounting spillovers for global shipping



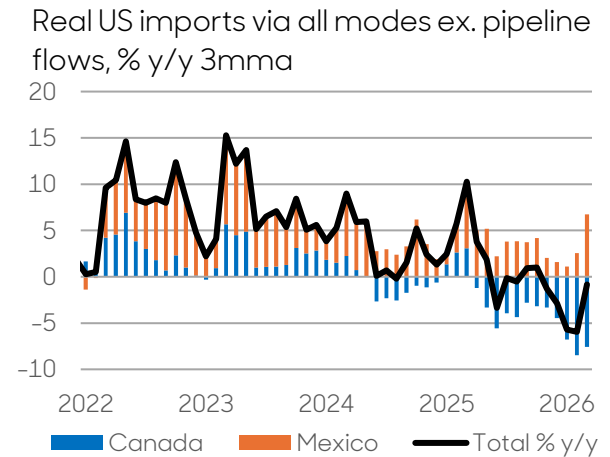
TEUs = twenty-foot equivalent units. See appendix for sub-index details. Source: World Bank, Haver, Aberdeen, June 2026

Since then, US ports have seen mostly benign conditions. But World Bank data show that strains have mounted in

the rest of the world, particularly following the Red Sea attacks that began in late 2023 that had ripple effects for other regions. With this data forming part of our index, we will be able to gauge how much the ongoing disruptions stemming from the Persian Gulf feed into global shipping delays.

As for land freight, transportation has held steady within the US itself. But cargo from the US' North American trading partners has decreased due to diminished non-pipeline trade with Canada (see Figure 8). This has not materially strained supply chains due to increased US imports from Asia over the same period, but it is indicative of how trade tensions have hampered supply chains within North America itself.

Figure 8: US imports of Canadian freight have been stifled by USMCA-related tensions and uncertainty



Source: BLS, USITC, Haver, Aberdeen, June 2026

Though the current spotlight is on the Middle East, attention will be increasingly paid to the trilateral review of the USMCA in July and its implications for regional supply chains. Our core expectation is that the pact moves to a series of annual reviews, with Mexico and Canada retaining preferential access to the US market.

This would not be as favourable a result as a more secure long-term extension. But the prospect of a full breakdown of the agreement being taken off the table by the US, motivated by long-term aims for bolstering supply chain resilience, should reduce uncertainty. We therefore remain confident in a renewal of momentum for North American nearshoring over coming years, with Canada and Mexico remaining structural economic allies of the US despite at times rocky relations.



Labour and inventories remain important counterweights to supply chain stress for now

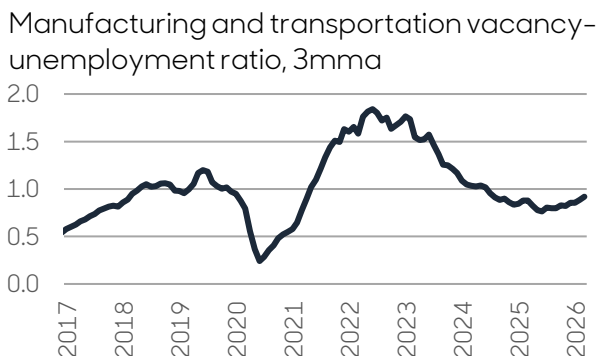
Two additional bright spots for the US, which should help to mitigate its near-term supply chain strains compared to 2021-2022, are its ample labour supply and last year's building up of inventories.

The frontrunning of tariffs over H125 driving up inventory accumulation was a key source of downward pressure on our overall US index, which also helped to mitigate inflationary pressures for consumers. Though this build-up has since slowed, it has left the manufacturing sector's inventories-to-sales ratio stable at 1.5 as of April.

To what extent firms seek to get ahead of new potential supply shortages by ramping up orders in the short term remains unclear. But the US' comparatively lower risk of goods shortfalls tied to Iran should help inventories cap how much our overall index rises in the coming months.

Meanwhile, the labour market is far from being as strained as immediately after the pandemic (see Figure 9), as we have previously outlined with our US indicators.

Figure 9: Supply chain-related sectors are not facing the prospect of worker shortages like after the pandemic



Source: BLS, Haver, Aberdeen, June 2026

Looking specifically at the manufacturing and transportation sectors, the vacancy-to-unemployment ratio stood at just 0.97 in March. This was well below figures exceeding 1.5 from Q3 2021 to Q2 2023 when firms were struggling to fill positions as the supply of

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workers shrank. Indeed, prime age labour force participation has since recovered to exceed pre-pandemic levels.

A transitory shock, or dire straits?

We continue to monitor prospects for a settlement in Iran, alongside recovery of traffic through the Strait of Hormuz, as key determinants of whether supply chain conditions will deteriorate from here. The US is proving able to weather the shock for now, but a more prolonged disruption would appear in the data within our index as a warning sign for the US and global economies.

Beyond the closure of the strait, the interplay of geopolitics and conflict risk is a stark reminder of the forces reshaping future supply chains. Indeed, their resilience is a priority for economic security in the eyes of policymakers, while keeping their development front of mind for investors.



Appendix: The Aberdeen US Supply Chain Conditions Index

The Aberdeen US Supply Chain Conditions Index (SCCI) provides a compact, timely view of the health of supply chains by combining multiple indicators into one easy to track summary measure.

The SCCI is comprised of five sub-indices, covering Demand, Input Prices, Freight Transportation, Labour and Inventories. The high frequency data included within these pillars allow us to gauge how the US is faring amid spillovers from the Iran war in comparison to previous shocks seen following the pandemic and 2025's tariff policies, with the extent of its supply chain resilience being front of mind for investors.

Index Components:

It is necessary to assess both demand- and supply-side pressures using a wide variety of metrics such as transportation and logistics, prices, stocks of goods inventories and risks of labour shortages, all of which were prominent elements of the 2021-2022 supply chain shock.

We have prioritised data that have broad cross-country or regional comparisons (e.g. purchasing managers' index sub-components and the World Bank's maritime indicators), which will allow us to better compare the US' stress with other economies as part of future work.

However, to account for key US-specific factors, we have also included customs duties to reflect rapidly changing tariff policy, alongside cargo imports within the United States-Mexico-Canada Agreement (USMCA), which remain under a cloud of uncertainty.

Sub-category	Indicator	Rationale
Demand	Real durable goods orders, three-month total	Gauges domestic demand for physical products
	Capacity Utilisation, %	Tracks national industrial output relative to total capacity
	Supplier Delivery Times PMI-sub-component (deviation from 50)	Illustrates changing constraints on firms' capacity to provide supply that meets demand for factory inputs
Freight Transportation	US freight transportation service index (residual vs new orders)	Tracks provision of domestic freight, with the residual aimed at focussing on supply rather than demand-side trends
	US real imports from Canada and Mexico excluding pipeline flows (residual vs new orders)	Tracks flows of cargo within the United States-Mexico-Canada Agreement.
	World Bank Global Supply Chain Stress Index, total for US west coast and east coast, twenty-foot equivalent units (TEUs)	Examines stalled shipping capacity at US sea ports.
	World Bank Global Supply Chain Stress Index, total for non-US shipping, TEUs	Includes a breakdown of stalled shipping capacity by major region, allowing the index to account logistical shocks like the Red Sea attacks and the closure of the Strait of Hormuz.
	Shanghai Containerized Freight Index	A benchmark tracking shipping rates for finished goods from Shanghai to global ports
	Baltic Dry Index	Tracks global shipping rates for dry raw materials
Input Costs	Input prices manufacturing PMI sub-component (deviation from 50, differential versus the three-month average of new orders)	Tracks firms' perceptions of costs, with the differential aimed at isolating costs driven by the supply side
	Import price index	Tracks the prices of goods entering the US before customs are applied
	Customs duties collected, % of total value of imports	Included to account for the impacts of changes in US tariffs as a price shock for importers



Inventories	Manufacturing sector inventory-to-sales ratio	Shows manufacturers' stocks of products relative to demand
	Manufacturing PMI, stock of final goods sub-component (deviation from 50)	Tracks the monthly accumulation/depletion of inventories
Labour	Vacancy-to-unemployment ratio for the manufacturing and transportation sectors	Gauges firms' demand for labour relative to supply of jobseekers
	Prime age (25-54) labour force participation	Higher participation corresponds to a greater pool of labour for firms to hire from

Data Transformation:

Seasonality: The majority of our selected indicators are seasonally adjusted by their respective sources. Where this is not the case, data is seasonally adjusted where necessary.

Data transformation: The majority of our non-PMI subcomponents are first detrended using an HP filter, isolating cyclical changes in their values. These and the other sub-components are then all standardised using z-scores, giving their deviation from their long-term means over the sample period (September 2011 onwards).

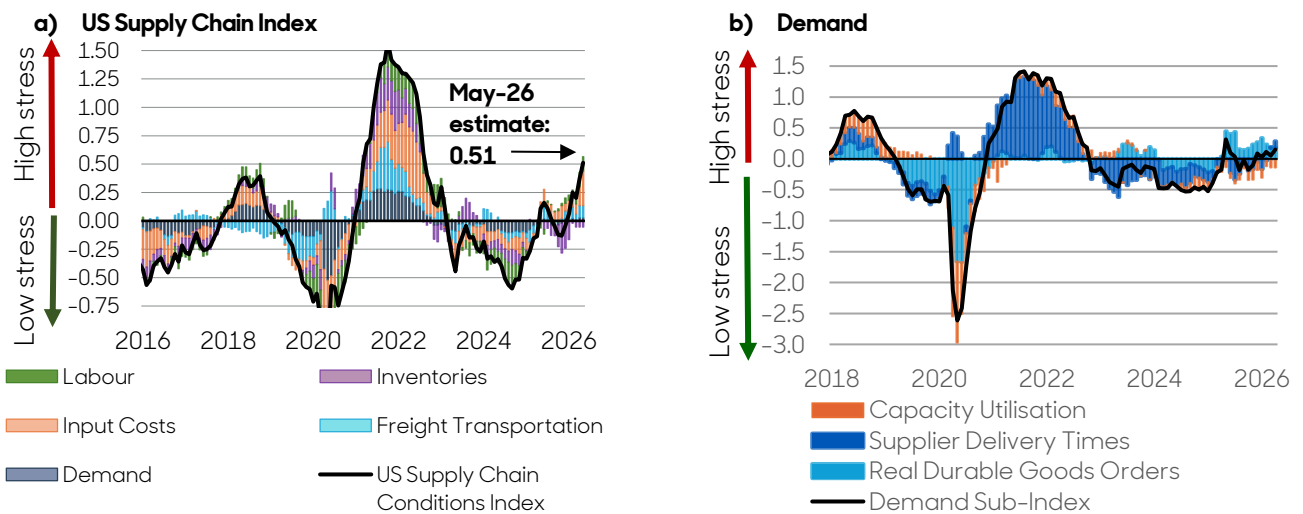
To better focus on supply-side dynamics for indicators outside of our Demand sub-index, a selection of our inputs are constructed by estimating regressions for their initial values as dependent variables and the latest three values of new orders as the independent variables. We then use the monthly residual values as our indicators, as noted in the table above. This aligns with the approach taken by the Federal Reserve in its Global Supply Chains Pressure Index (GSCPI), which aims to strip away demand-led shifts in certain variables. Three-month averages for these are used to diminish volatility and better highlight extended shifts in trajectory.

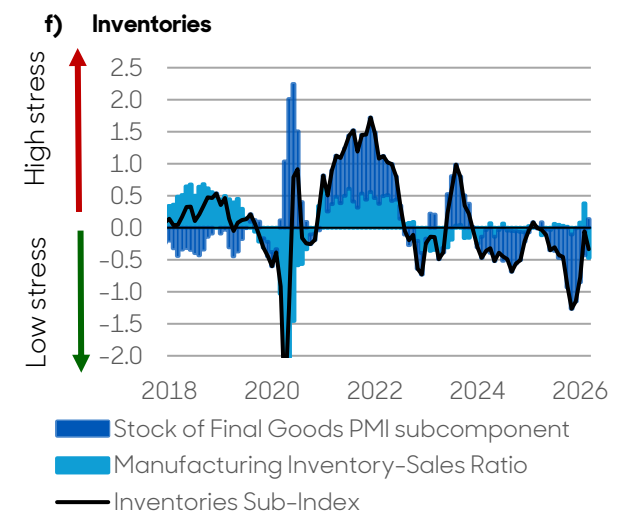
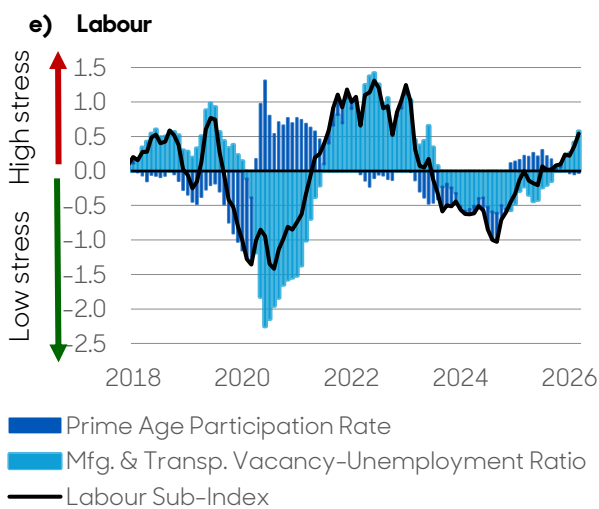
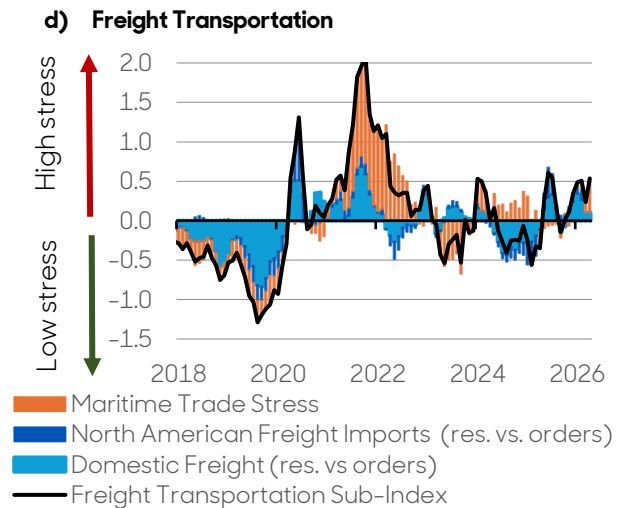
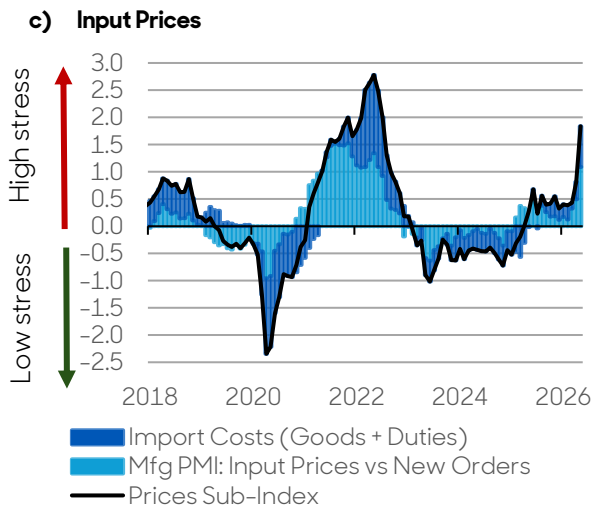
Directionality: Certain indicators have interpretations where lower values correspond to higher stress. For instance, lower labour force participation reflects a smaller pool of available workers and thereby greater strain on firms' potential output. For series such as these, we have inverted their values within our sub-indices.

Index Aggregation:

Our headline supply chain index is an equally weighted sum of the sub-indices for **Demand, Input Prices, Freight Transportation, Labour** and **Inventories**, each of which (with specified exceptions below) is constructed in the same way based on its sub-components. Where data series have lagged releases, we create bridging equations (see Input Prices below) or utilise the latest available monthly figure for the latest readings to estimate the overall US index.

Figure 10: Supply chain index and sub-indices





Source: Aberdeen, June 2026. Note: Input Prices sub-index goes up to May-26, others up to Apr-26 with said values carried through to May for SSCI estimation.

The **Input Prices** sub-index is of particular interest at the time of writing given the inflationary concerns surrounding the Iran war. Here, the import costs sub-component is the proxy series shown in Figure 5, a total of the import price index and customs duties that is detrended and standardised for our analysis. These are made into one series for our index due to the historic surge in customs duties in 2025 making a z-score for it alone excessively high following President Trump's "liberation day" tariffs. A combined series lets us estimate the impacts of tariffs alongside commodity shocks, both of which are front of mind for supply chains.

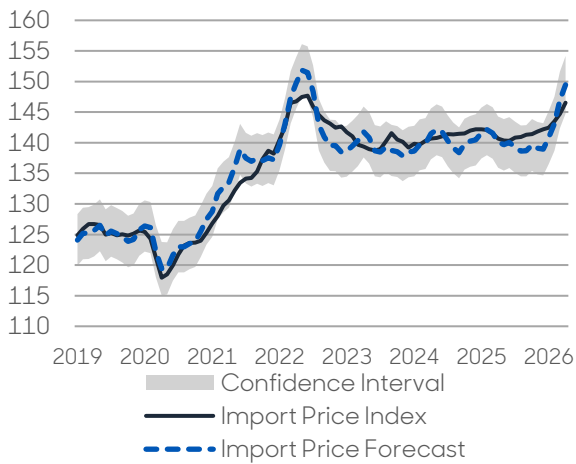
To have as timely an estimate for Input prices as possible, we utilise flash survey data for the PMIs subcomponent, while using the equation below to estimate the import price index value for a given month T .

$$Import\ Prices_T = \alpha_0 + \beta_1 Brent\ Crude\ Oil\ Price_T + \beta_2 Agriculture\ Index_{T-1} + \beta_3 Metals\ Index_{T-1}$$

Here, we use the month-to-date average for $Brent\ Crude\ Oil\ Price_T$, while the previous month's values for $Agriculture\ Index_{T-1}$ and $Metals\ Index_{T-1}$ are taken from the International Monetary Fund's commodity price indices.



Figure 11: Commodity data give a strong indication of the trajectory for total import prices

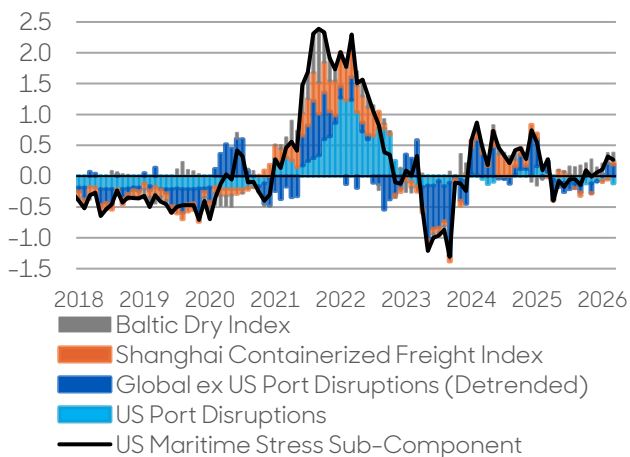


Source: Haver, Aberdeen, May 2026

For **Freight Transportation**, we assign a 1/3 weighting to the domestic freight series. The remainder is split proportionally between North American freight and a measure of maritime stress, based respectively on Canada and Mexico’s combined monthly share of US imports relative to the rest of the world. The case for this was particularly evident over 2025, as freight imports from Canada and Mexico decreased while imports from Asia surged amid a reorientation of supply chains. A fixed weighting for North American freight would have seen this sub-component be an excess drag on the index and would not have reflected how Asian trade was filling in for other goods.

Here we also use a combination of indicators to construct the Maritime Stress sub-component. From September 2011 through to December 2015 this is based solely on the Shanghai Containerized Freight Index (SCFI) due to data availability. Thereafter, the sub-component consists of a 1/3 weighting for US port disruptions (as in Figure 6), 1/3 for non-US shipping, and 1/6 each for the shipping rate metrics (Baltic Dry and the SCFI).

Figure 12: Our index includes measures for stalled maritime cargo and global transit rate benchmarks



Source: World Bank, Refinitiv, Haver, Aberdeen, May 2026

Finally, our **Labour** sub-index gives a 2/3 weighting to the vacancy-unemployment ratio for the manufacturing transportation sectors, with 1/3 allocated to prime age labour force participation. The latter is a crucial variable, as shown by labour shortages having compounded the US’ 2021-2022 supply chain shock, but also historically has been a slower moving figure. A greater weighting on the vacancy-unemployment ratio allows for a more dynamic tracking of firms’ capacity to hire workers relative to their demand for labour.



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