

Disruption Tracker: Product inventory shortages manifest

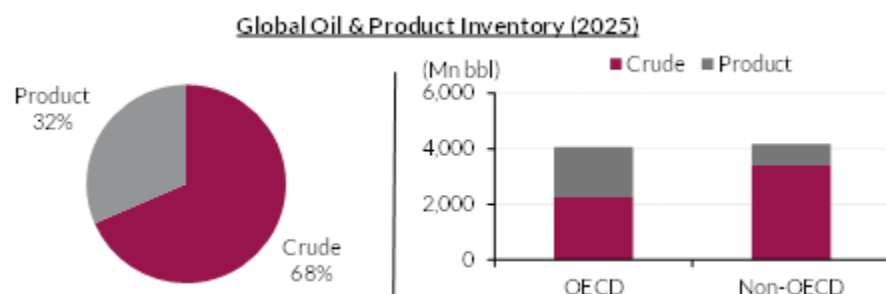
Given the forward-looking nature of markets, and combatants signalling repeatedly that re-opening of the Strait of Hormuz is imminent, financial markets no longer carry adequate information on the ongoing economic costs of closure. We look at activity indicators (PMIs: fell in March, but not meaningfully; air-traffic has bounced from the dip in March but still affected), and commodity prices (higher prices indicate demand destruction). Of 8.2bn barrels of crude + products inventory pre-war, 68% was crude. Crude prices are up \$25-30/bbl (30%), but so are refining cracks (+300%); refined products may run out first: ATF, fertilizers and packaging material are already affected.

22 Apr 2026

Growth

Supply Chains

Exhibit 1: 68% of global oil inventory is crude; products are just 32%



Source: IEA Oil Market Report (Mar 2026); Axis Bank Research.

With the war in West Asia entering its eighth week, and inventories in some pockets a few weeks from drying up, we start a series of notes to track value chains globally and in India.

March saw deceleration in most markets, but no sharp slowdown

Purchase Managers' Index (PMI) is a useful forward-looking indicator of activity: it declined in nearly all Asian economies in March (Fig 2) but stayed in expansion territory. In the EU and US, as well as in Malaysia and Thailand, the index improved in March. As also seen in the strong 1CQ GDP growth in China, the US 1Q nowcast, and strong cement/auto/credit demand in India, the global economy started the year strong. Flight schedules disrupted with the breakout of the war have improved since (Fig 3, 4), but air fares are up 40-500% driven by the need to take longer routes and fuel surcharges being added to airfares.

World better prepared for shortage of crude than of 'products'

Though the world entered the war with 8.2bn barrels of total inventory, two-thirds was crude, with only 2.6bn barrels of product inventory (Fig 1). As not all refineries can process all types of crude, despite crude supply being disrupted by 10mbpd and refining by only 5mbpd (Fig 9, 10), inventories seem to be depleting faster for refined products (accidents at refineries are not helping). While Brent crude prices are up ~40% (US\$30/bbl) vs. pre-war levels, refining cracks are up 300% (US\$25-30/bbl; Fig 11). Prices for Dec-deliveries of methanol and polypropylene are also up more than comparable Brent futures (Fig 9).

Physical shortages of could hurt trade, travel and manufacturing

Geography-product combinations with low inventories may be the first to suffer physical shortage, e.g., ATF in Thailand, Vietnam or Europe, and bunker fuel in Singapore (Fig 5, 12). We track prices for signals: rising prices imply demand destruction. In Mar-2026, IMF's basket of primary commodities rose 19% led by energy (41% by weight; Fig 13); industrial inputs (ex-energy) rose only 1.4% MoM (Fig 16). Products with substantial input inflation like plastic furniture are already slowing sharply (Fig 6); so are fertilizers (Fig 8).

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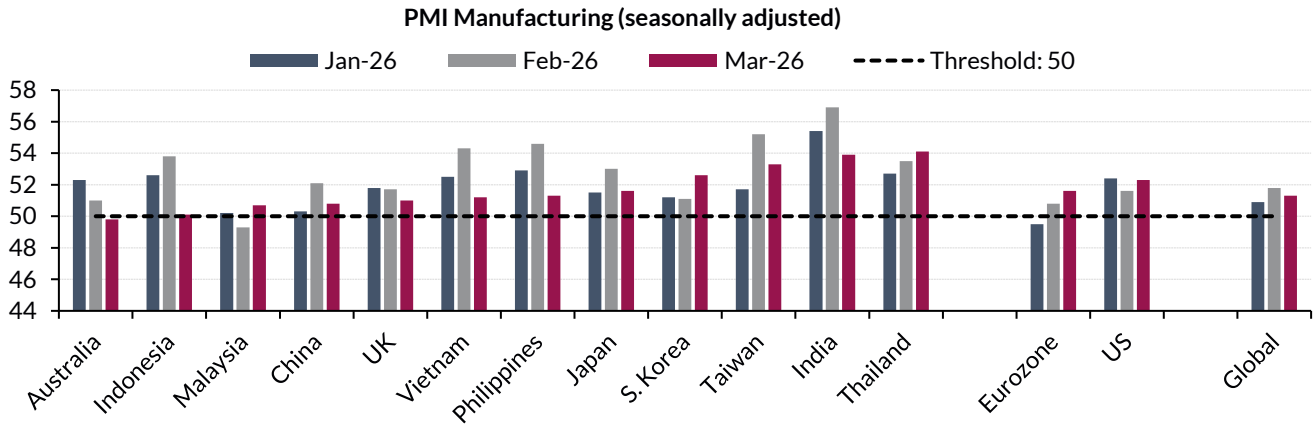
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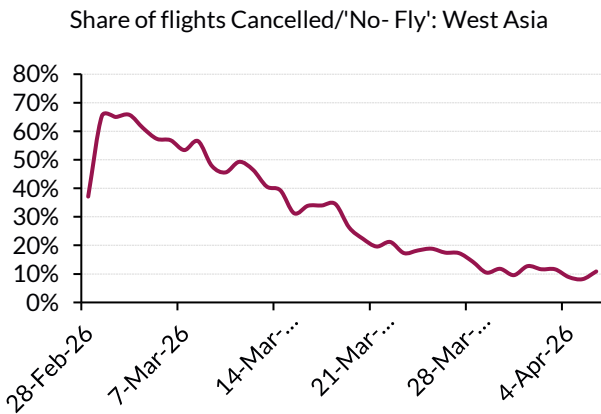
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Exhibit 2: In Mar-2026, manufacturing PMIs (SA) fell MoM for most markets



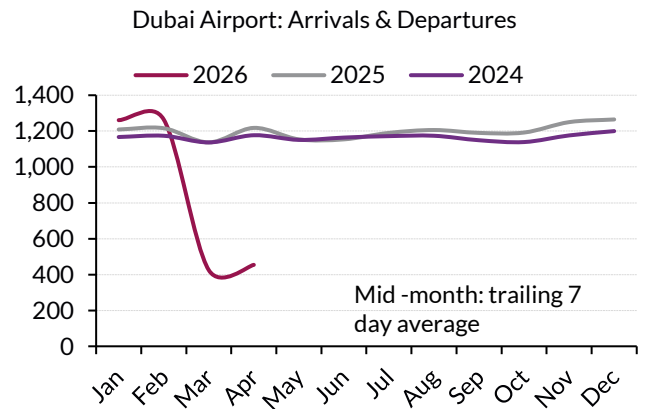
Source: Refinitiv; Axis Bank Research

Exhibit 3: Cancellation/No-fly rates on West Asian flights have been falling



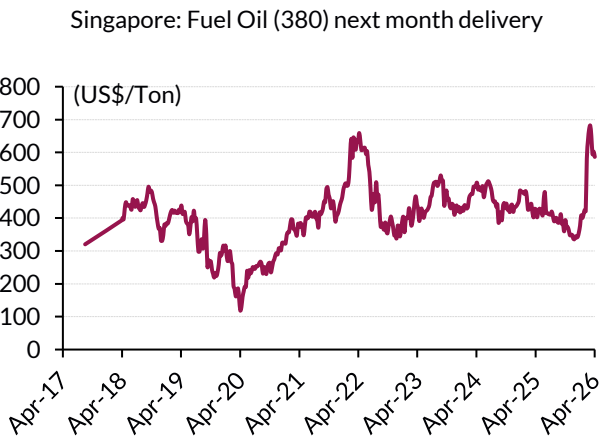
Source: Cirium Aviation Analytics

Exhibit 4: Flights to/from Dubai (used as a proxy) fell in March-2026, now recovering



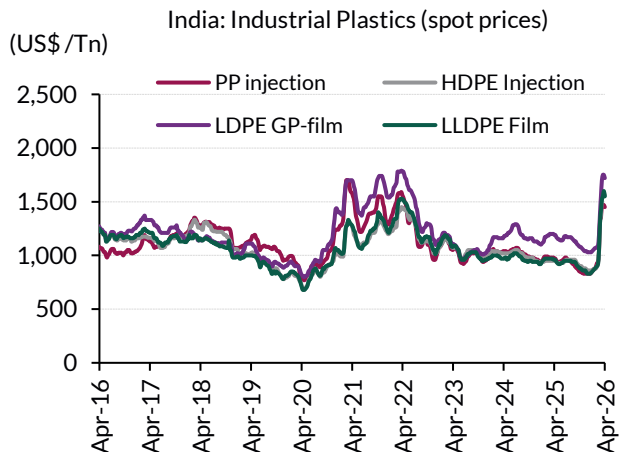
Source: Flightaware

Exhibit 5: Singapore bunker oil inventories are stressed with next month delivery prices near 2022 levels

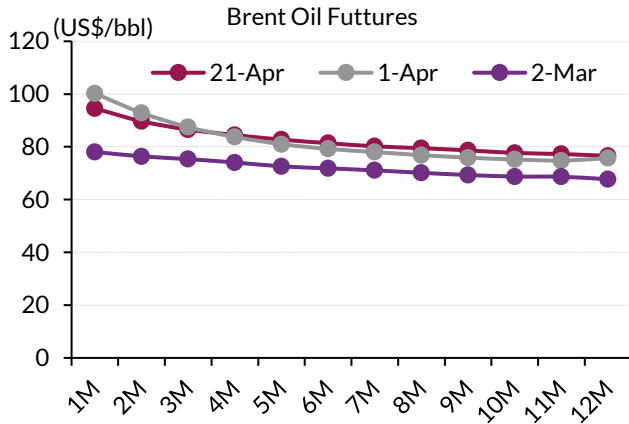


Source: Refinitiv; Axis Bank Research

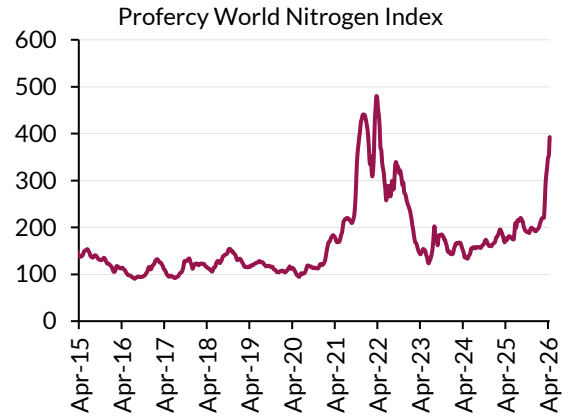
Exhibit 6: Plastic (spot) prices in India have risen 58-70% vs. 27-Feb 2026 (pre-war) levels



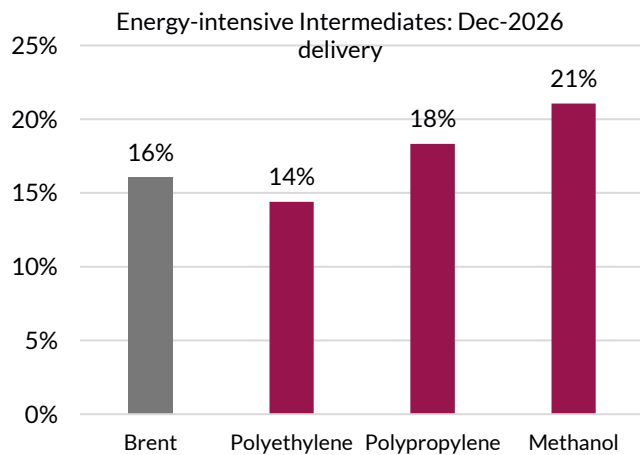
Source: Refinitiv; Axis Bank Research

Exhibit 7: Oil futures are ~15% above pre-war levels despite ceasefire announcements


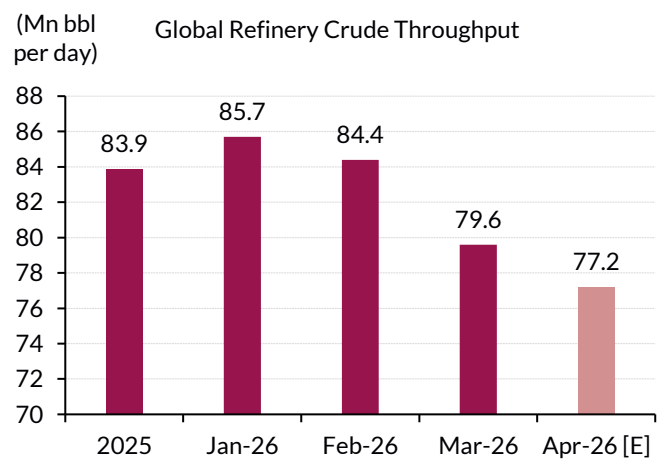
Source: Refinitiv; Axis Bank Research

Exhibit 8: Fertilizer prices are still rising: nitrogen-based fertilizer index is 78% above pre-war levels


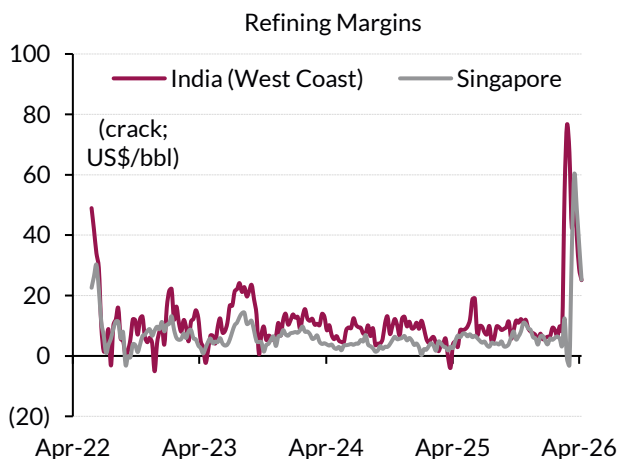
Source: Refinitiv; Axis Bank Research

Exhibit 9: Energy-intensive intermediate goods futures (Dec-2026 delivery) are priced higher than Brent


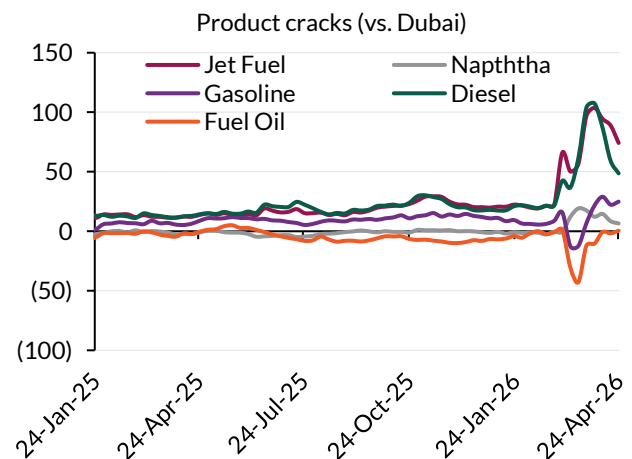
Source: Refinitiv; Axis Bank Research

Exhibit 10: Refining capacity also hit: availability of products is a bigger challenge than availability of crude


Source: IEA OMR (Apr 2026); Axis Bank Research

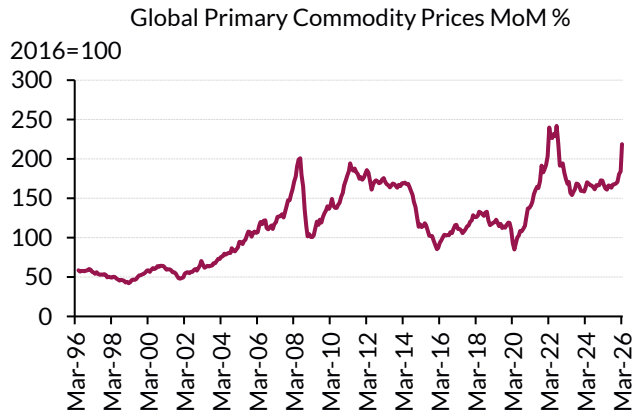
Exhibit 11: Refining margins have shot up


Source: Refinitiv; Axis Bank Research

Exhibit 12: Jet Fuel cracks are still at \$87/bbl


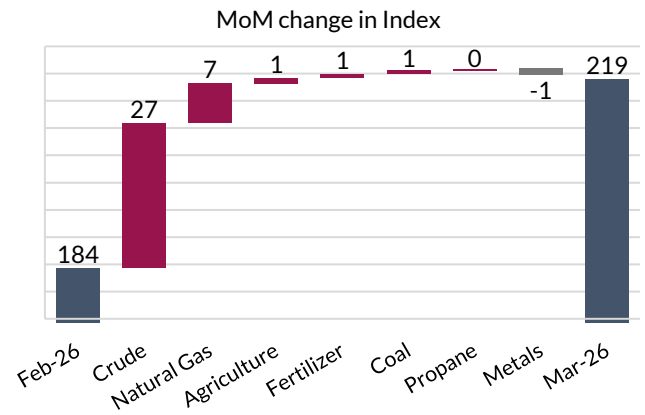
Source: Refinitiv; Axis Bank Research

Exhibit 13: In Mar-2026, IMF's global primary commodity prices index rose 19% MoM



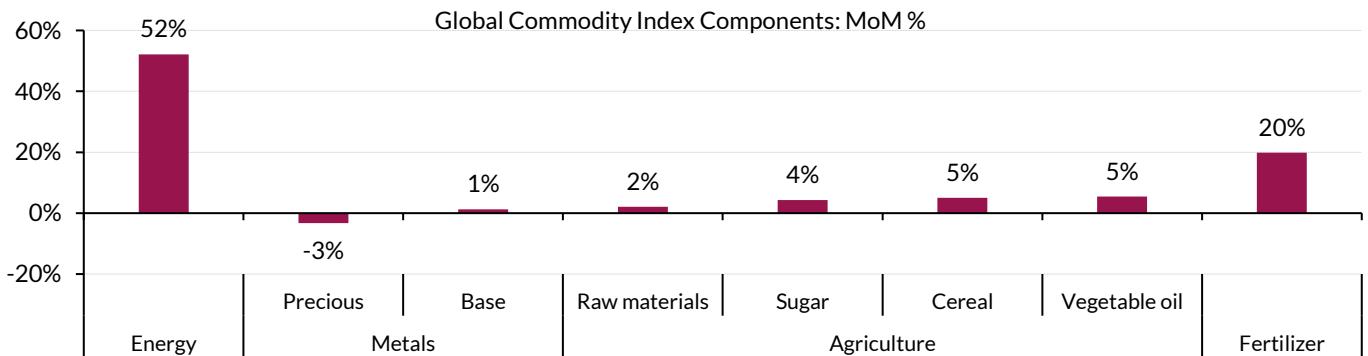
Source: IMF; Axis Bank Research

Exhibit 14: Higher energy prices (41% of the index) drove the MoM increase; crude alone ~75% rise MoM



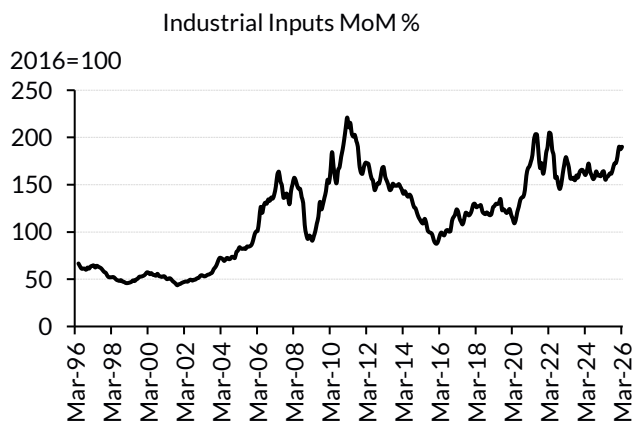
Source: IMF; Axis Bank Research

Exhibit 15: Apart from energy, agriculture and fertilizer prices also up sharply



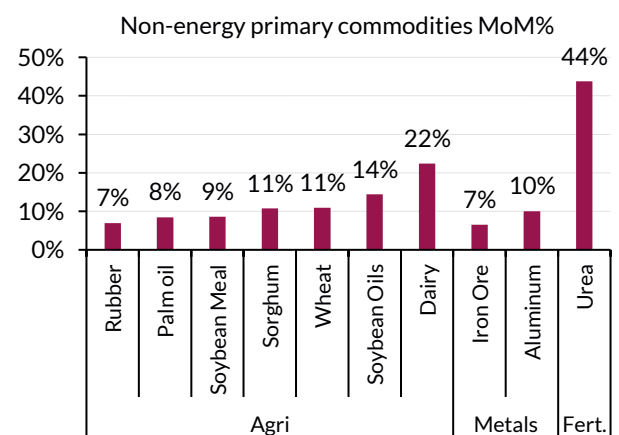
Source: IMF; Axis Bank Research

Exhibit 16: Index for industrial inputs (ex-energy) rose 1.4% MoM; remains 6.5% below 2022 peak



Source: IMF; Axis Bank Research

Exhibit 17: In Mar-2026, non-energy primary commodities rose 7-44% MoM



Source: IMF; Axis Bank Research

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