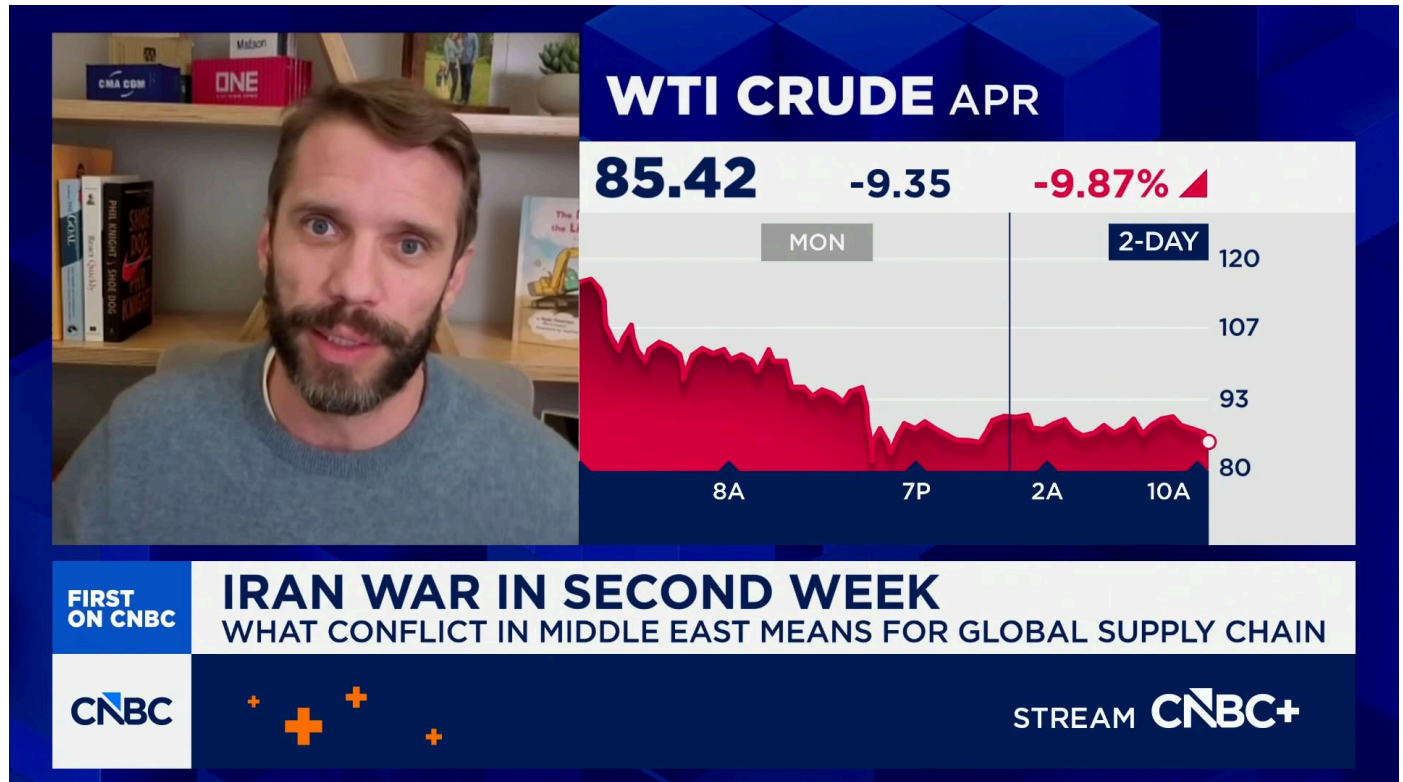


# Strait of Hormuz closure tipping point for global economy may be near

cnbc.com/2026/03/11/strait-of-hormuz-closure-shipping-economy-oil.html

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## Key Points

- Oil is far from the only critical input for the global economy that would be disrupted by a de facto closure of the Strait of Hormuz due to the U.S.-Iran war.
- Aluminum prices are already rising, and further disruption could increase input costs for automotive, aerospace, and construction manufacturing in the U.S. and Europe.
- Fertilizer and agricultural flows, rubber, electronics, batteries, pharmaceuticals, Asian-based garment manufacturing and sugar are among other potential disrupted supply chains.
- U.S. military actions and insurance backstops may help to keep trade flowing, but some supply chain experts say it would only take a few weeks for the impact to hit prices across a wide range of products.

## In this article

Tankers sail in the Gulf, near the Strait of Hormuz, as seen from northern Ras al-Khaimah, near the border with Oman's Musandam governance, amid the U.S.-Israeli conflict with Iran, in United Arab Emirates, March 11, 2026.

Americans are warily eyeing [prices at the pump](#) as oil shipments through the [Strait of Hormuz](#) grind to a halt amid the [threat of Iranian attacks](#) on vessels. The IEA took the unprecedented step of [saying it would release 400 million barrels of oil](#) from reserve on Wednesday. But oil is far from the only product for which the world economy is heavily dependent on the shallow, narrow waterway which connects Persian Gulf ports with the rest of the world. From the metals market to agriculture and [autos](#), a de facto closure of the strait would ripple through business sectors and both the U.S. and world economy.

[Aluminum](#) is a good example. It is one of the biggest non-petroleum commerce casualties of the U.S.-Iran war. In 2025, the Middle East accounted for roughly 21% of unwrought aluminum imports and 13% of wrought aluminum imports — and those percentages have been rising. Unwrought aluminum is the raw, unprocessed metal in forms like ingots and billets, while wrought aluminum has been mechanically shaped into sheets, rods, or other finished forms used directly in manufacturing.

“The Iran situation is having an impact, and as the conflict continues, industry concerns may grow,” said Matt Meenan, spokesman for the Aluminum Association, a trade organization representing the U.S. aluminum industry. “This is a highly dynamic situation,” Meenan said.

The longer the Middle East conflict goes on, the more damage that will be done to supplies of products that Americans expect to be on the shelves.

“The Gulf is a major supplier of aluminum, and disruptions could tighten supply chains for advanced manufacturing,” said Tony Pelli, practice director of supply chain security and resilience at BSI Consulting, a global risk management firm. “Aluminum prices are already rising, and further disruption could increase input costs for automotive, aerospace, and construction manufacturing in the U.S. and Europe.”

The grocery store could be impacted, Pelli said. “Fertilizer represents one of the biggest downstream risks. Roughly one-third of global fertilizer trade transits the Strait of Hormuz, including large volumes of nitrogen exports,” he said.

New Orleans fertilizer hub urea prices have already risen from \$475/metric ton to \$680/metric ton. “Not great timing for the planting window in the Midwest for soy and corn,” said Darrell Fletcher, managing director of commodities at Ohio-based Bannockburn Global Forex, a foreign exchange and risk management firm.

Craig Geskey, vice president of strategic solutions at Traffix, a logistics and transportation management company, said petrochemical inputs, plastics, rubber, electronics, batteries, pharmaceuticals, and sugar are among other inputs and sectors facing supply chain stress.

If Strait of Hormuz disruptions force vessel rerouting, inland port disruption can escalate quickly. “The initial ocean impact may take 10–14 days to appear, but the real pressure typically hits within 2–5 weeks as diverted containers arrive in clusters, terminal congestion rises, and drayage demand outpaces truck and chassis availability,” Geskey said.

Disrupted trade lanes also reduce empty container availability, tightening export capacity in other markets, including North America. That can lead to missed appointments, higher demurrage (charges shippers pay to store cargo within ports for longer), and severe congestion at already strained ports.

Major global maritime shipping companies Maersk and Hapag-Lloyd have already [suspended Mideast routes](#).

“I’ve seen a lot and tend to be level-headed on large market moves — and I still think the market is underestimating the circumstances here,” Fletcher said. “Time will tell, but the shutdown creates bottlenecks daily, and the problem compounds exponentially,” he added.

He noted it took only five days of war to cause [mass disruption in Asian economies](#), and warned that a tipping point may be near.

“I think if there’s no resolution within another week, markets will reflect that — and then it passes through relatively quickly in pricing. I’m still very guarded defensively, given the disruptions that have occurred, the lack of a clear solution to date, and what it will take to get back to ‘normal,’ whatever that looks like,” Fletcher said.

Moody’s also sees a prolonged shutdown as damaging across many sectors.

“For many commodities transiting the Strait to Asian and European markets, inventories typically cover only a few weeks, meaning shortages could emerge relatively quickly if disruptions persist,” said Andrei Quinn-Barabanov, supply chain industry practice Lead at Moody’s.

Substantial amounts of petrochemicals and plastics feedstocks also flow through Hormuz and flow through many industries. “About 85% of polyethylene exports from the Middle East go through this route. Shortages and backlogs will raise the price of packaging, automotive components, and consumer goods,” said Usha Haley, a professor and supply chain expert at the Barton School of Business at Wichita State University.

## **Risk of higher retail prices, less economic activity**

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As the U.S. government and allies consider [ways to keep trade flowing](#) through the strait, some supply chain experts point to reasons why much of shipping can remain steady. For one, there is no value to Iran in intercepting cargo containers, though non-oil ships may be harassed by Iranian

speedboats. Reports of the U.S. Navy escorting ships through the strait from Tuesday [were incorrect](#), but the U.S. can put plans in place to stop Iran from seizing ships, and U.S. air power and missiles can destroy Iranian missile batteries that may try to attack vessels.

New [maritime insurance measures](#) may also make it more feasible for shippers to travel the strait, but insurance rates will rise sharply, Haley said. “All of these factors will cascade through global supply chains, raising consumer prices across the board in about a month. We are entering a period of higher inflation and reduced manufacturing,” she said.

Iran has reasons to limit the trade interruptions. “They need oil, otherwise they have no money,” Quantum Strategy’s [David Roche told CNBC](#), referring to Iran. “There is some motivation not to attack western shipping so they can export their own oil,” Roche said, predicting that the strait will partially reopen within two to three weeks which will take the “edge” off the crisis and allow tankers and cargo ships to start passing through.

Iran has [continued to ship millions of barrels of oil](#) to China during the conflict.

If the situation does not deescalate, impacts may show up in unexpected places, like the clothing racks at your favorite store.

“Risks are particularly acute for the Asian garment industry, which relies on petrochemicals shipped through the Strait to produce synthetic fabrics,” Quinn-Barabanov said. “Aluminum shipments from the UAE moving through the waterway could also be impacted, with disruptions most likely showing up as higher prices given the metal’s widespread use in industrial manufacturing and the limited ability of many manufacturers to carry large inventories. Similar supply pressures could affect Australian and other agricultural producers, particularly through fertilizer shipments that transit the Strait.”

While [inflation](#) was steady in the most recent consumer price index report released by the government on Wednesday morning, many [economists and consumers remain worried](#) about a potential spike related to the war. Retail is a good example of where industries, and consumers, will be caught by higher energy, fuel, and logistics costs.

“For retailers, all of this means higher inbound logistics costs and potential inventory delays, which often translate into higher shelf prices or tighter margins across groceries, consumer goods, and imported products,” said Nishith Rastogi, CEO and founder of Locus, a logistics optimization technology company.

Shipping reroutes often extend end-consumer delivery times by anywhere from one to 10 or more days while raising costs 5%–20% through passed-through surcharges.

Retailers can reduce the impact by improving routing efficiency, truckload utilization, and mode choices so that fewer miles are exposed to fuel volatility in the first place, Rastogi said, but he added, the risk of “unmanaged rerouting hits both reliability and wallets.”

