

Impact of the 2026 Middle East Conflict on Producer Prices of Singapore's Transport and Storage Sector

by Jasmine Lee and Kelvin Teh
Prices Division
Singapore Department of Statistics

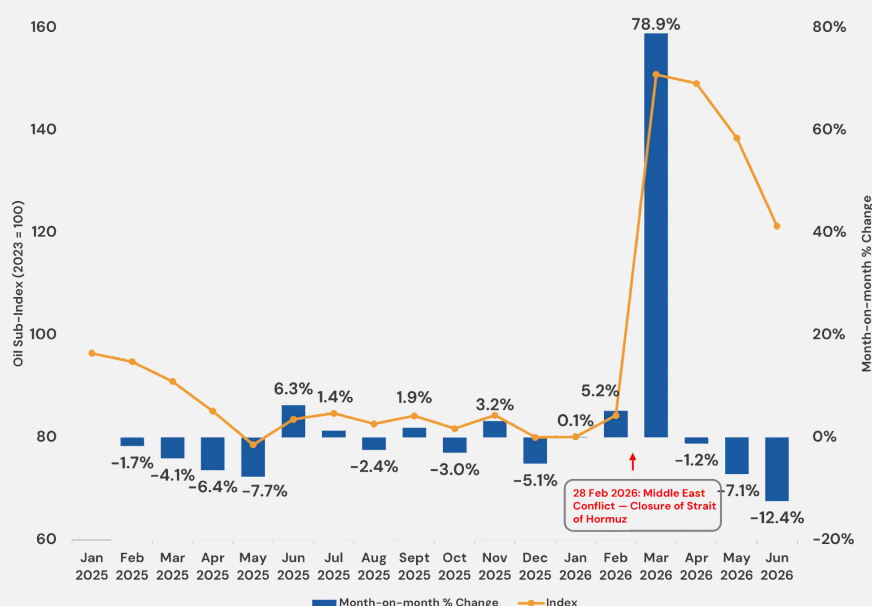
Introduction



Geopolitical tensions in the Middle East have increased attention on global energy markets and supply-chain resilience. As a small and open economy that heavily relies on imported energy and trade flows, Singapore is exposed to changes in global fuel and freight conditions that may impact business costs. These external cost pressures can have wider implications for businesses and households as they pass through the economy. To help cushion the impact of higher costs arising from the Middle East conflict, the Singapore Government has introduced support packages for businesses and households.

Following the Middle East conflict and restrictions along the Strait of Hormuz from 28 February 2026, a critical route for global oil transportation, oil prices rose sharply in March 2026. The Import Price Index (IPI) Oil sub-index [1] surged 78.9% month-on-month in March 2026, before easing in subsequent months while remaining well above pre-restrictions levels (Chart 1).

Chart 1: Oil Sub-Index of the Import Price Index (2023 = 100)



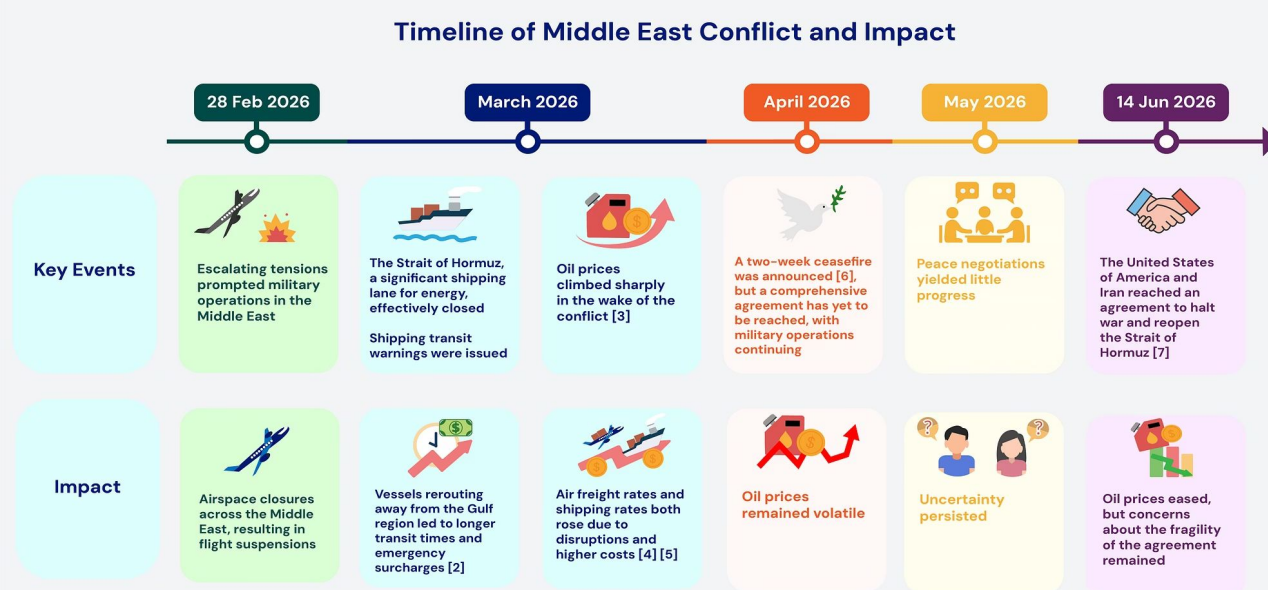
[1] The IPI Oil sub-index tracks price movements of imported mineral fuels, lubricants and related materials, including crude oil and refined petroleum products. Data on the IPI Oil sub-index are available in the [SingStat Table Builder](#).

This article examines price developments in Singapore's Transport and Storage (T&S) sector, which is particularly exposed to changes in fuel costs and disruptions to global shipping and logistics networks.

While the IPI reflects oil prices at the point of entry into the domestic economy and can provide an early indication of upstream cost pressures, the extent and timing of pass-through to prices can differ across transport and storage activities. These differences were likely influenced by fuel exposure, route exposure, contract terms, and firms' ability to adjust prices during the period.

The analysis covers the changes on selected Singapore Producer Price Indices from 1Q 2025 to 2Q 2026 (Figure 1). These include the T&S Services Producer Price Indices (SPPIs) — Sea Freight Transport, Freight Forwarding, Cargo Handling, Warehousing & Storage, and Postal & Courier services. Together, these indices provide insights into how oil price volatility and logistics disruptions were reflected in transport and storage prices, although other factors may have also contributed to the observed price movements.

Figure 1: Timeline and Impact on Transport and Storage Sector



Note: Events are not exhaustive

[2] The Straits Times (2026, March 26). Shipping disruption from Middle East crisis reaches ports in Asia, including Singapore.
<https://www.straitstimes.com/business/from-hormuz-to-the-red-sea-new-chokepoint-puts-singapore-at-risk-of-fresh-price-surge>

[3] CNA (2026, March 12). Oil prices surge as supply fears offset IEA's record stockpile release.
<https://www.channelnewsasia.com/business/oil-prices-asian-stock-market-reserves-5988031>

[4] The Business Times (2026, March 13). Air freight rates soar as Middle East conflict blocks trade routes.
<https://www.businesstimes.com.sg/companies-markets/transport-logistics/air-freight-rates-soar-middle-east-conflict-blocks-trade-routes>

[5] The Straits Times (2026, April 4). From Hormuz to Red Sea: New choke point puts Singapore at risk of fresh price surge.
<https://www.straitstimes.com/business/from-hormuz-to-the-red-sea-new-chokepoint-puts-singapore-at-risk-of-fresh-price-surge>

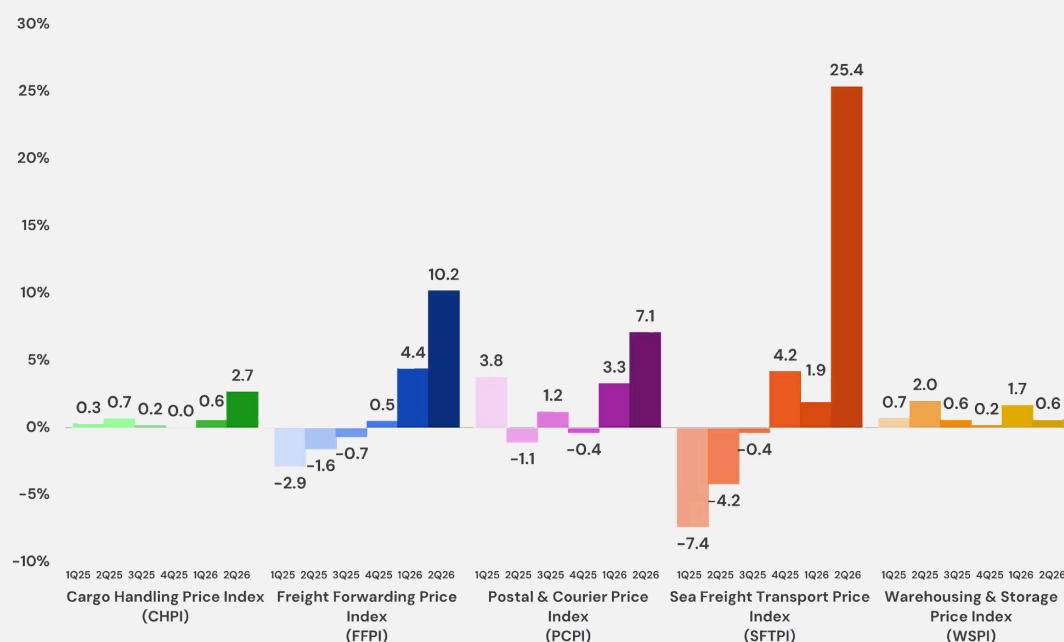
[6] The Straits Times (2026, April 8). US, Iran agree to two-week ceasefire with reopening of Strait of Hormuz.
<https://www.straitstimes.com/world/middle-east/trump-agrees-to-two-week-ceasefire-iran-says-safe-passage-through-hormuz-possible>

[7] CNA (2026, Jun 15). Iran, US agree to halt war and reopen Hormuz, sending oil prices tumbling.
<https://www.channelnewsasia.com/world/us-iran-peace-deal-strait-hormuz-pakistan-signing-6182881>

Impact Across Transport & Storage Sub-Sectors

In 1Q 2026, quarter-on-quarter (q-o-q) prices rose across the T&S sub-sectors, led by Freight Forwarding with an increase of 4.4%, followed by Postal & Courier [8] services at 3.3% (Chart 2). Price increases in the other sub-sectors were modest, at less than 2%.

**Chart 2: Quarter-on-Quarter Percentage Change
for Transport and Storage Services Producer Price Indices, 1Q 2025 – 2Q 2026**



Between 1Q and 2Q 2026, price increases became more pronounced, led by Sea Freight Transport, Freight Forwarding and Postal & Courier where prices rose 25.4%, 10.2% and 7.1% respectively, while the other sub-sectors recorded increases of less than 3%.

The varying price increases across sub-sectors suggest conflict-related cost pressures were uneven across the T&S sector, potentially reflecting differences in exposure to fuel costs, affected routes and pricing arrangements. Sectors with limited exposure to affected routes and related cost pressures may have been less directly affected. The following sections examine these sectoral developments in greater detail.

Sea Freight Transport Services

Sea transport plays a vital role in global merchandise trade and is sensitive to disruptions in international shipping. Prior to the onset of the Middle East conflict, containerised freight transport prices had been on a declining trend, while liquid bulk and gas freight transport prices recorded relatively modest movements. The conflict introduced additional cost and risk pressures to maritime shipping, although the extent of these pressures was likely to vary across shipping segments depending on their exposure to affected routes and associated operating costs.

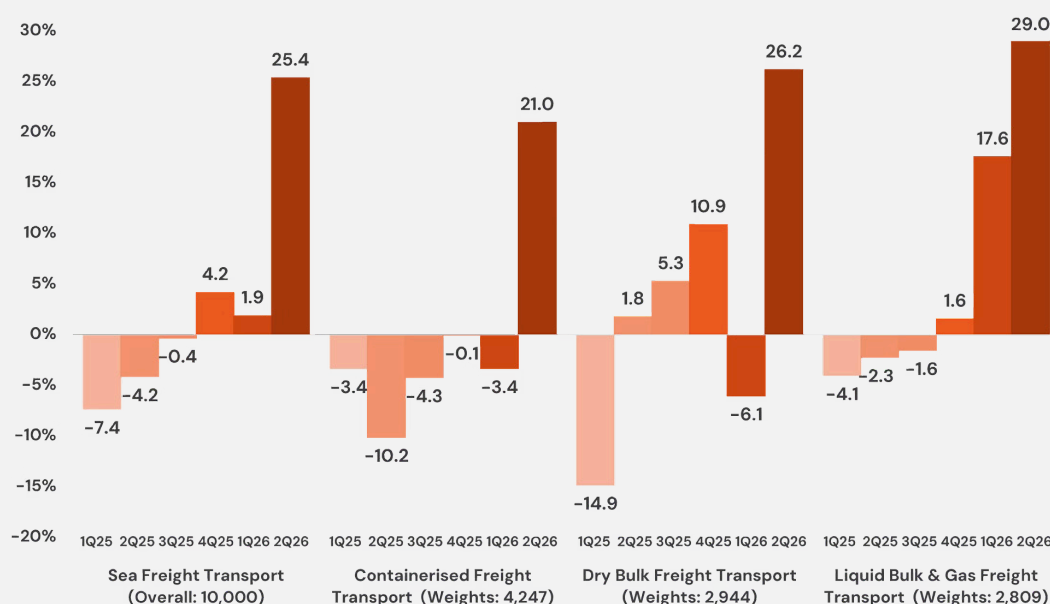
Given the importance of the Strait of Hormuz for global oil and gas shipments, shipping activity involving liquid bulk and gas freight were more directly exposed. Container shipping companies mainly operating outside the region were less directly exposed, although they could face indirect pressures from higher bunker costs and broader shipping disruptions [9].

[8] The increase in postal and courier prices in 1Q 2026 was broadly comparable to the 3.8% rise recorded in 1Q 2025 and may reflect routine annual price adjustments rather than the effects of the Middle East conflict.

[9] UN Trade and Development (UNCTAD). (2026, April 1). Hormuz disruption deepens global economic strain across trade, prices and finance. <https://unctad.org/news/hormuz-disruption-deepens-global-economic-strain-across-trade-prices-and-finance>.

Against this backdrop, price movements varied across shipping segments in 1Q 2026 (Chart 3). At the overall level, the Sea Freight Transport Price Index (SFTPI) increased 1.9% q-o-q, primarily driven by the 17.6% increase in the Liquid Bulk & Gas Freight Transport sub-index. In contrast, the Containerised Freight Transport and Dry Bulk Freight Transport sub-indices declined 3.4% and 6.1% [10] respectively.

Chart 3: Quarter-on-Quarter Percentage Change for Sea Freight Transport Price Index and Sub-indices, 1Q 2025 – 2Q 2026



By 2Q 2026, prices had increased across all three sub-indices, with the overall SFTPI surging 25.4% q-o-q. The Liquid Bulk & Gas Freight Transport sub-index continued to record strong growth of 29.0%, while the Containerised Freight Transport and Dry Bulk Freight Transport sub-indices both rebounded 21.0% and 26.2% respectively. The increases across all three sub-indices were consistent with wider adjustments in sea freight prices, including freight rates and fuel surcharges, amid shipping disruptions, higher bunker costs, war-risk premiums and other operating cost pressures.

Freight Forwarding Services

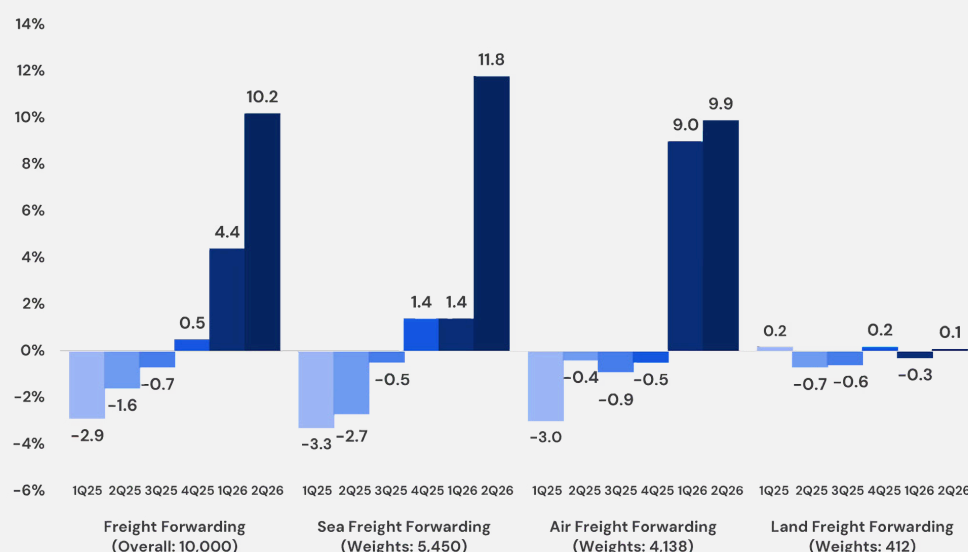
Freight forwarders act as intermediaries between shippers and carriers, coordinating cargo movements across air, sea and land transport networks. Their prices are therefore influenced by carrier rates, route availability, fuel costs, and related surcharges. With the onset of the conflict, air freight forwarding faced the most immediate cost pressures through flight rerouting, reduced capacity and higher fuel costs, while sea freight forwarding faced pressures from higher carrier rates, fuel costs and war-risk surcharges. The timing and extent of price adjustments varied across companies, depending on factors such as route exposure and contract terms.

In 1Q 2026, the Freight Forwarding Price Index (FFPI) rose 4.4% q-o-q, led by a 9.0% increase in the Air Freight Forwarding sub-index (Chart 4). The Sea Freight Forwarding sub-index increased 1.4%, while the Land Freight Forwarding sub-index slipped 0.3%.

The FFPI rose at a faster pace in 2Q 2026, increasing 10.2% q-o-q. The Sea Freight Forwarding and Air Freight Forwarding sub-indices were the main contributors to this gain, recording increases of 11.8% and 9.9% respectively, mainly due to the implementation of fuel surcharges amid higher fuel costs. In contrast, the Land Freight Forwarding sub-index remained broadly stable, edging up 0.1%.

[10] Although the Dry Bulk Freight Transport sub-index has been increasing between 2Q – 4Q 2025, the decline in 1Q 2026 is consistent with that observed in the first quarters of previous years.

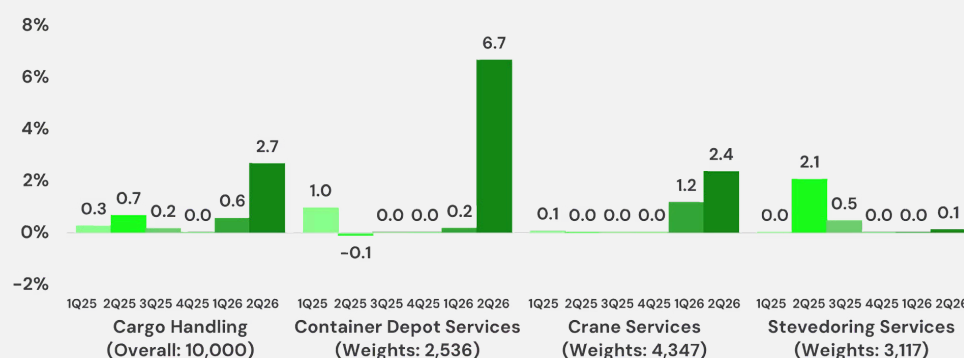
**Chart 4: Quarter-on-Quarter Percentage Change
for Freight Forwarding Price Index and Sub-Indices, 1Q 2025 – 2Q 2026**



Cargo Handling Services

Cargo handling services support the physical movement and handling of goods across ports and logistics facilities. Compared with freight transport, the sector is less directly exposed to international route disruptions, with prices mainly influenced by equipment-operating costs and pricing arrangements. Price movements were relatively modest in 1Q 2026, with the Cargo Handling Price Index (CHPI) inching up 0.6%, mainly driven by the 1.2% increase in Crane Services prices (Chart 5).

**Chart 5: Quarter-on-Quarter Percentage Change
for Cargo Handling Price Index and Sub-Indices, 1Q 2025 – 2Q 2026**

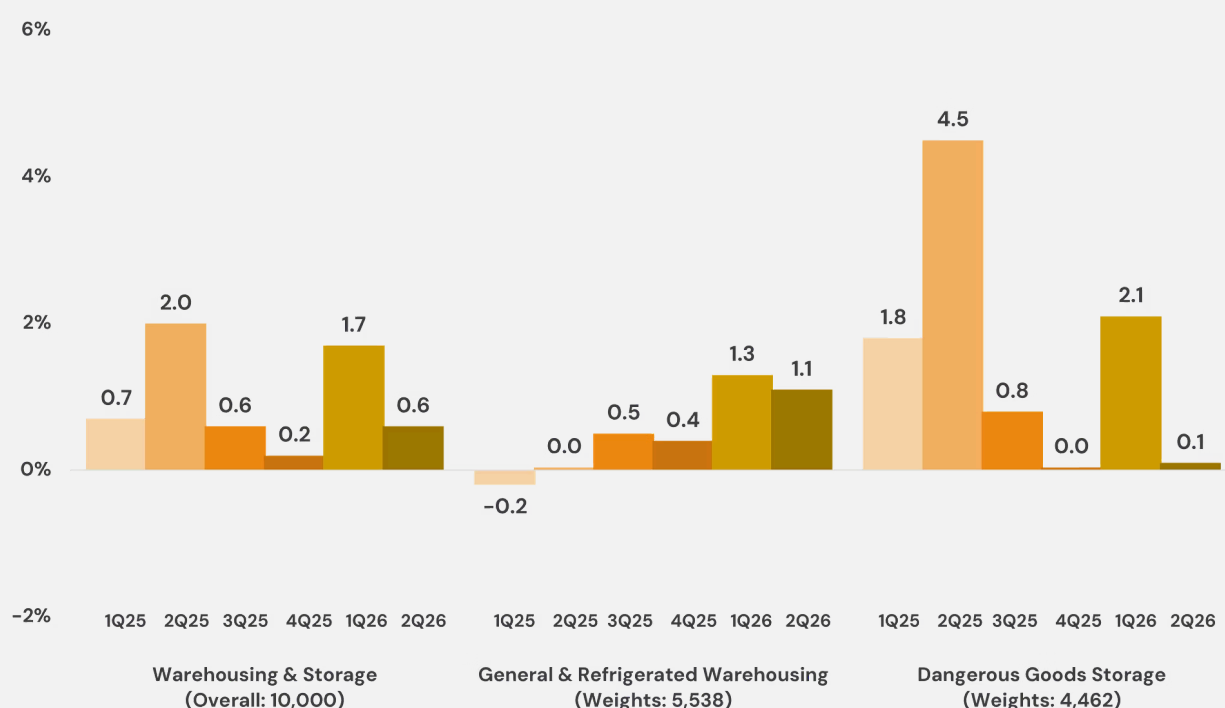


In 2Q 2026, higher diesel costs and related operating cost pressures may have contributed to higher transportation and equipment-operating costs, with some companies introducing fuel-related surcharges. The CHPI increased 2.7% in 2Q 2026, driven mainly by the Container Depot Services sub-index, which saw the largest increase at 6.7%. The Crane Services sub-index rose 2.4%, while the Stevedoring Services sub-index edged up 0.1%.

Warehousing & Storage Services

Warehousing and storage services, such as general and refrigerated warehousing as well as dangerous goods storage, provide storage facilities for goods before onward distribution. Unlike freight transport, prices in this sector are mainly influenced by occupancy levels, storage demand and contractual arrangements. Price movements were modest in 1Q 2026, with the Warehousing & Storage Price Index (WSPI) increasing 1.7% q-o-q, mainly due to a 2.1% increase in the Dangerous Goods Storage sub-index (Chart 6).

Chart 6: Quarter-on-Quarter Percentage Change for Warehousing & Storage Price Index and Sub-Indices, 1Q 2025 – 2Q 2026



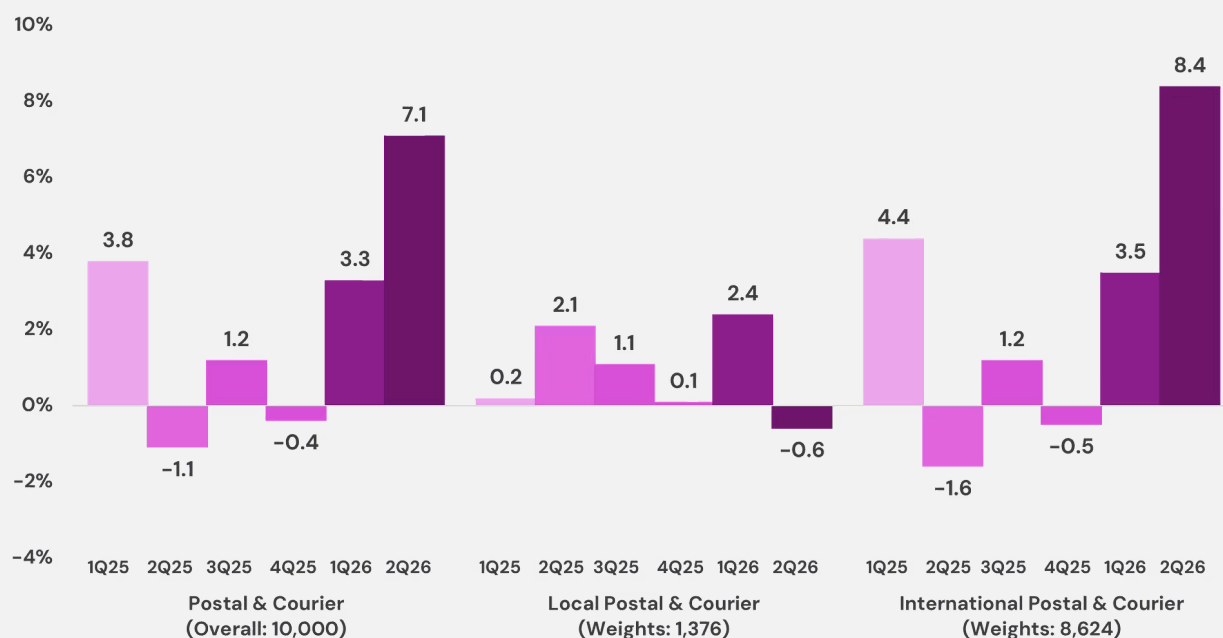
In 2Q 2026, price increases in the WSPI continued at a more moderate pace compared to 1Q 2026, with the WSPI ticking up 0.6% q-o-q. The increase was mainly attributed to the General & Refrigerated Warehousing sub-index, which rose 1.1%, while the Dangerous Goods Storage sub-index recorded a marginal increase of 0.1%. These increases reflected higher rates following contract renewals, annual rate adjustments and fuel-related surcharges.

Postal & Courier Services

Postal and courier services represent the delivery leg of the logistics chain, moving parcels and documents to businesses and consumers. Local postal and courier services are more influenced by domestic delivery conditions, while international postal and courier services may be more exposed to changes in air freight capacity, flight routes and fuel-related surcharges.

The Postal & Courier Price Index (PCPI) rose 3.3% q-o-q in 1Q 2026, led by increases of 2.4% and 3.5% in the Local and International Postal & Courier sub-indices, respectively. In 2Q 2026, the PCPI increased 7.1% q-o-q, driven by an 8.4% increase in the International Postal & Courier sub-index. The increase was consistent with higher fuel-related costs affecting international postal and courier prices (Chart 7).

**Chart 7: Quarter-on-Quarter Percentage Change
for Postal & Courier Price Index and Sub-Indices, 1Q 2025 – 2Q 2026**



Conclusion

The 2026 Middle East conflict highlighted how geopolitical shocks can affect energy markets and global logistics networks, with implications for business costs in Singapore.

The IPI Oil sub-index reflected the increase in imported oil prices, while the SPPIs showed how price movements spilled over into various transport and storage segments. The timing and magnitude of these movements differed across sectors, depending on factors such as exposure to fuel costs, international routes, affected trade lanes, and pricing arrangements.

While the Singapore Government has introduced support packages to help businesses and households manage cost pressures, continued monitoring of producer prices remains important as global developments continue to evolve. The [Producer Price Indices](#) provide timely insights to support businesses and policymakers in understanding emerging price pressures.

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