

Analyzing Global Supply Chain Issues and the Supply Chain Forecast for 2022

New York-based investment banker Alex Fieldcamp recently discussed supply chain issues caused by the pandemic and the supply chain forecast for 2022.

NEW YORK, NEW YORK, UNITED STATES, February 28, 2022 /EINPresswire.com/ -- As the global economy began to recover from pandemic shutdowns, "supply chain disruption" was suddenly the explanation for everything from grocery shortages at the supermarket to revenue shortfalls by S&P 500 companies. "I think most people take for granted that, when they want to buy something, it'll be available instantly - everything from groceries to autos. If the pandemic has taught us one thing, it's that the supply chain is intricately linked and exposed to disruptions from unexpected events," says Alex Fieldcamp.

Global Supply Chain and the Pandemic

At the outset of the pandemic, demand for many goods and services fell precipitously, in turn causing production shutdowns of goods most affected given the uncertainty of when demand would return. As it turns out, demand recovered sooner than expected as stimulus spending replaced lost wages and vaccines came on-line sooner than expected.

"With demand returning in key sectors of the economy faster than suppliers could reverse course, supply chain bottlenecks emerged, limiting a recovery in production," [noted Alexander Fieldcamp](#).

Auto demand, for example, ramped back up to historical levels more quickly than expected, but production could not be ramped up to meet the backlog of orders. The current shortfall in new car production has led to an explosion in new and used car prices.

Food prices across the board have also been rising at the fastest pace in decades, largely due to supply chain issues. Meat producers shut plants during the pandemic and continue to have issues as they ramp up production, causing a 27% increase in beef prices alone.

Why is the Supply Chain so Complex?

Specialization, efficiency, and competitive pressures are ultimately the reasons for the [complexity of supply chains](#), argues Alex Fieldcamp. Competitive pressures long ago forced companies to rely on specialty suppliers, who each focus on at most a few parts going into the final product.

“Only a handful of suppliers globally can even make the computer chips that go into cars due to the cost of the production facilities, so the supply chain became backed up when chip manufacturers cut production during the pandemic and demand returned much faster than anticipated,” says Alex Fieldcamp. Similar disruptions have affected a wide range of industries across the globe, including everything from textiles to gaming products.

Global Supply Chain Forecast for 2022

Many industries and services have experienced disruptions [because of the pandemic, notes Alex Fieldcamp](#), from new home construction to fast food restaurants. “It will take a while to work out these issues, with some industries not fully recovering until 2025 according to McKinsey & Company”. As a result, Alexander Fieldcamp says, “we should expect continued pressures in 2022 and beyond, which should gradually subside over time. However, I think we’ll end up learning a great deal from this episode, which hopefully will make supply chains less fragile and prone to disruption in the future.”

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