

Virus is snarling supply chains across US, survey says

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There was a surge in demand for products from medical firms, but most other US manufacturing and services companies are seeing falling demand

Almost all US companies surveyed in the last half of March said the

coronavirus pandemic would or already had hit their supply chains, and industry association said Tuesday.

The survey from the Institute of Supply Management (ISM) also showed half of the firms cutting their revenue targets, hiring plans and investments in the face of the pandemic.

"The data suggests that even as companies adjust to supply disruptions—even anticipating normalizing supply conditions by the third quarter—they are expecting lower aggregate demand this year, which promises to be the most long-lasting impact of the virus outbreak," ISM chief executive Thomas W. Derry said in a statement.

ISM said 95 percent of respondents have been impacted by [supply chain](#) disruptions or will be as of late March, up from more than 80 percent earlier in the month, according to the survey of 559 companies in the manufacturing and services sectors taken between March 17-30.

Meanwhile, 57 percent reported drops in demand by an average of five percent, and nearly half reported they had lowered their revenue targets, on average by 22 percent.

Capital expenditure plans were down among more than a third of companies, on average by 27 percent.

Employment was also impacted, with 54 percent of companies saying they would delay hiring at least for this quarter, while a third would cut employees' hours and around a quarter would reduce staffing altogether.

Not surprisingly amid the virus outbreak, demand for in the health care sector soared by 50 percent, the survey showed.

However, Derry noted that companies who diversified their supply base

in response to the trade wars launched by President Donald Trump, "are potentially more equipped to address the effects of COVID-19 on their supply chains."

One of the survey's few positive indicators was that staffing levels for firms operating in China, where the coronavirus originated, had hit 82 percent of normal in March, up from 56 percent in February.

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