



Supply Volatility Index Spring 2026

A Data-Driven Analysis of Shifting Supply Risk

Powered by SourceDay Data

[INDUSTRY REPORT]



KEY OBSERVATION

Volatility shifted to pricing.

On the surface, supply chains appeared more stable in Q1 2026. Purchase order changes declined. On-time delivery improved slightly. Execution became a little more predictable.

But beneath the surface, the underlying drivers of volatility continued to evolve.

As order uncertainty and on-time delivery begin to stabilize, pricing risk is contributing more to supply chain volatility than in 2025.

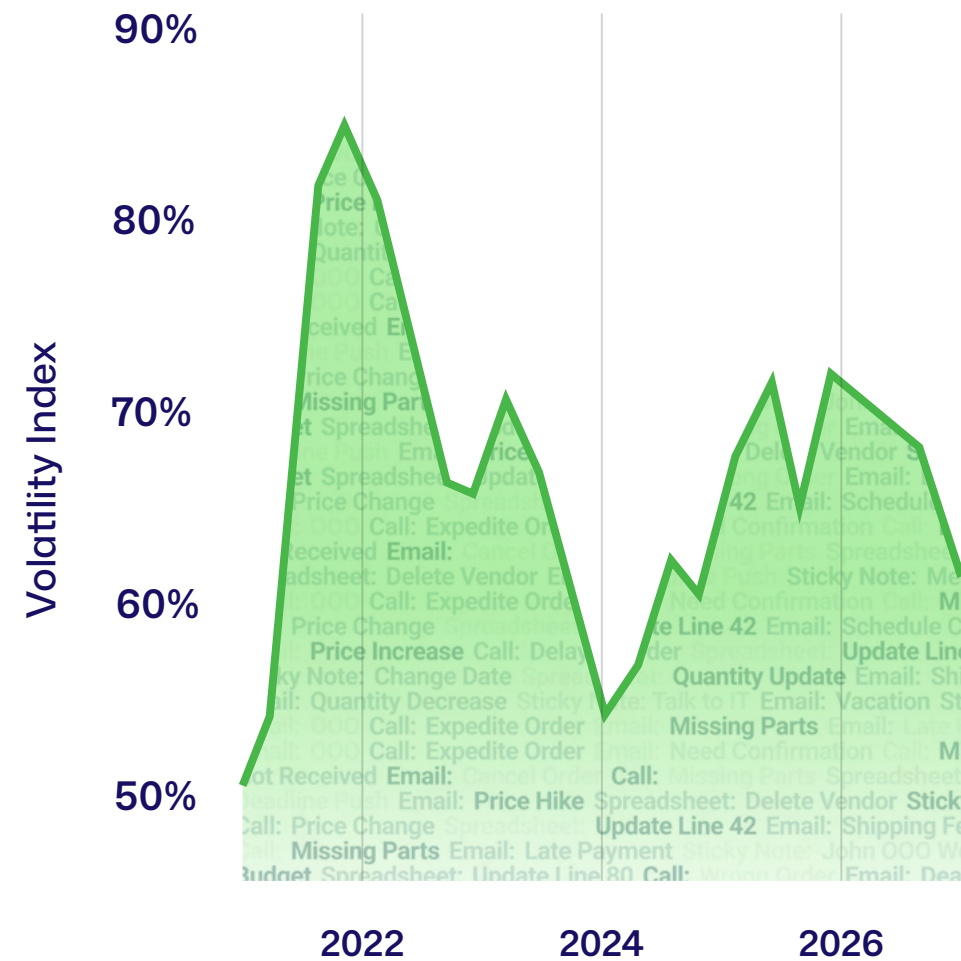


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SourceDay Supply Volatility Index



[EXECUTIVE SUMMARY]

The SourceDay Supply Volatility Index analyzes real-world purchase order activity across direct materials spend, measuring volatility through three primary drivers:

1. Purchase order changes (**uncertainty**)
2. On-time delivery (**execution**)
3. Price risk (**cost pressure**)

In Q1 2026, these drivers diverged. What we observed:

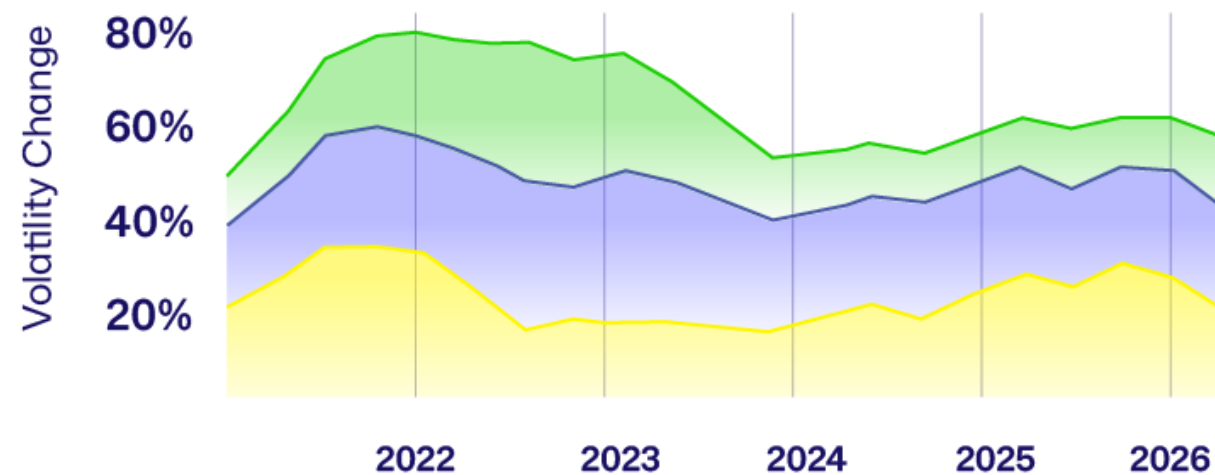
- Purchase order changes declined from late 2025 highs
- On-time delivery improved modestly
- Price risk increased after cooling in late 2025

KEY TAKEAWAY

Supply chains became easier to execute, but more difficult to manage financially. Volatility did not disappear. **It shifted.**

Stability in Execution, Pressure in Pricing

In late 2025, growing order uncertainty drove increased supply chain volatility. Nearly half of all purchase order lines changed as buyers and teams worked to manage shifting demand. For most of the year, manufacturers and distributors absorbed the impacts of tariffs. In Q1 2026, execution metrics have started to stabilize. But volatility hasn't disappeared. It remains elevated as companies start passing on higher prices.



Q1 2026: Drivers of volatility shifted

- Operational volatility **decreased**
- Price-driven volatility **increased**
- External forces, especially **macroeconomic drivers**, had **greater influence**

KEY TAKEAWAY

Supply chains are still experiencing **elevated volatility**, fueled by a different source of risk.



Fewer changes, but not less risk

Purchase order change activity declined in Q1
after peaking in Fall 2025.

[PRICE PRESSURES & INFLATION IMPACT]

Price pressure builds again

In late 2025, price risk remained steady as execution and order changes pushed supply volatility to new levels not seen since the pandemic. That trend began to fall in Q1 2026. Price risk increased, particularly in categories exposed to global inputs and tariffs.

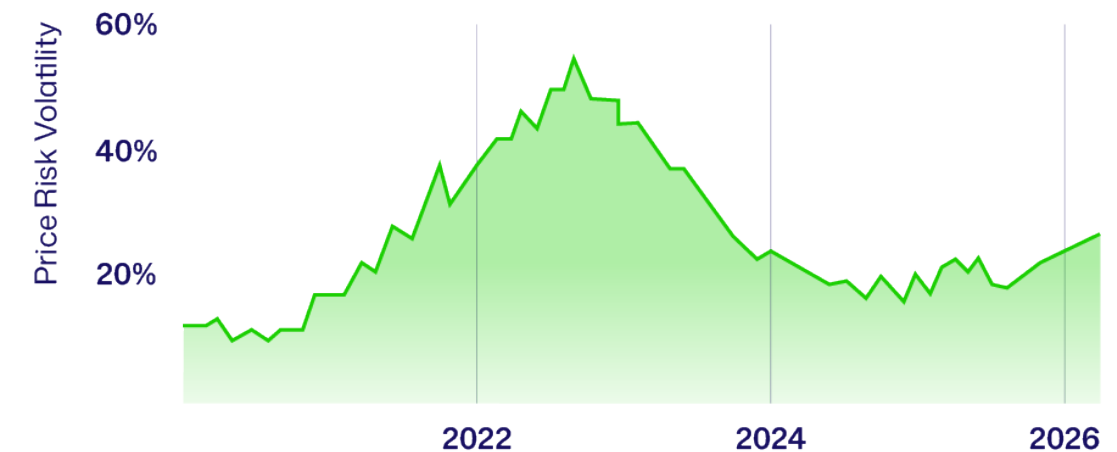
What the data shows

- Month-over-month increases in price risk across Q1
- Higher volatility in metals, electronics, and energy-linked inputs
- Strong correlation between tariff exposure and price changes

What's driving price increases

- Trade policy changes
- Fuel cost increases
- Supplier margin protection

Price Risk Increasing



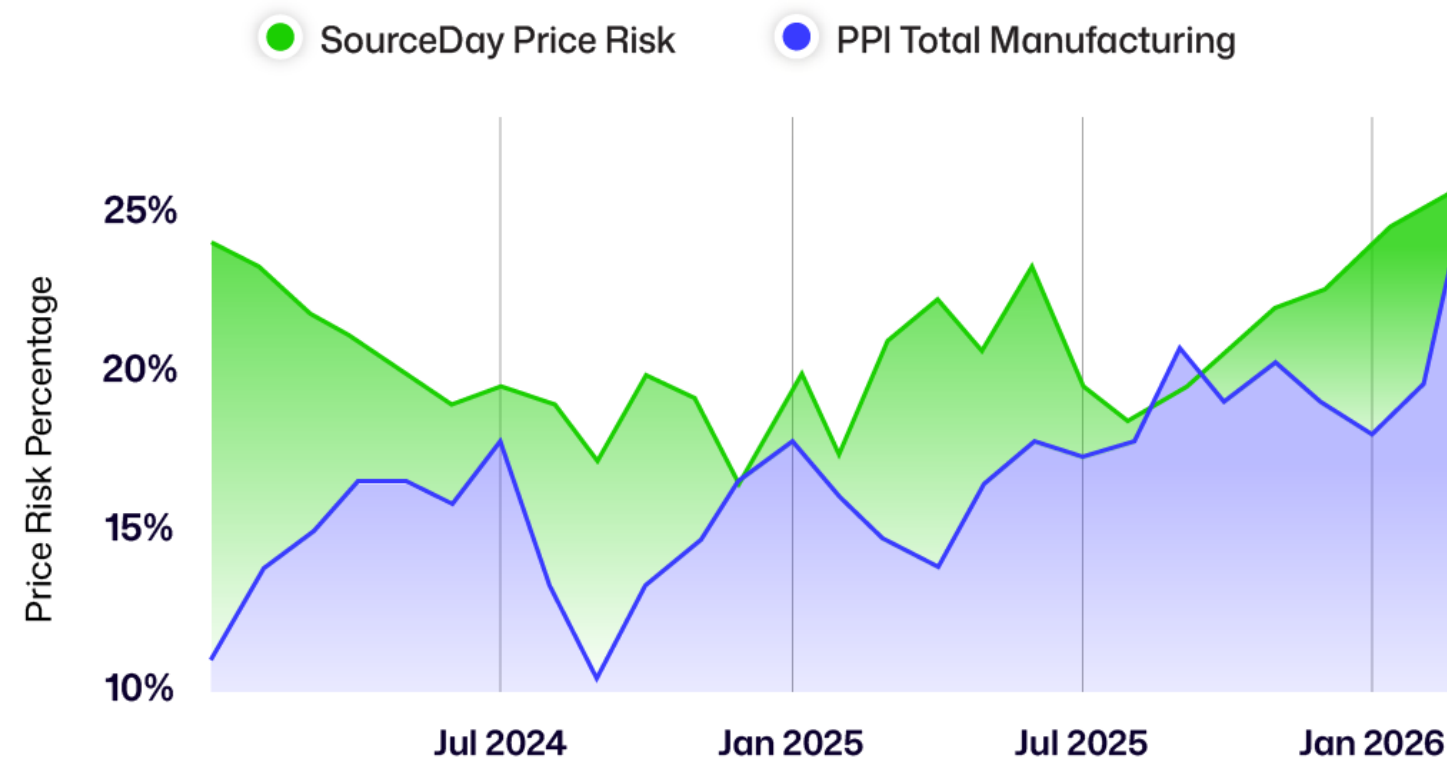
Behavioral shift in 2025:

- Manufacturers delayed passing on higher costs
- Suppliers held pricing while uncertainty played out

In Q1 2026:

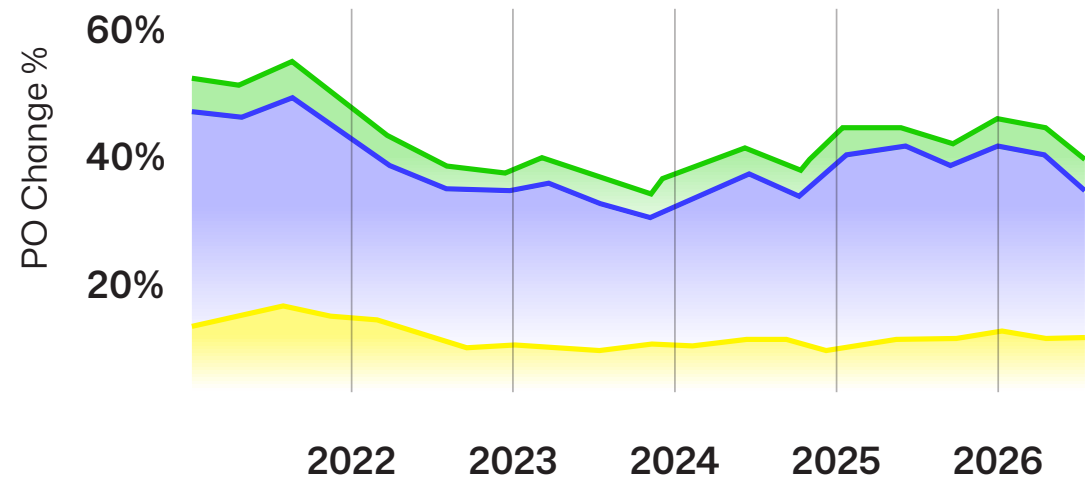
- Suppliers are repricing more quickly
- Cost increases are being passed through sooner
- Price stability windows are shrinking

Manufacturers stopped absorbing price risks in 2026



PO changes declined in Q1 2026 after peaking in 2025

● All Changes ● Buyer-Initiated ● Supplier-Initiated



36%
POs changed

This is not a return to low-risk conditions. It reflects a shift: order uncertainty is no longer pushing higher rates of order changes.

[PURCHASE ORDER CHANGE REVIEW]

Decreasing changes from buyers

Purchase order changes have fallen over the last 3 quarters:

- **Q3 2025:** 44.3% of POs changed
- **Q4 2025:** 42.3% of POs changed
- **Q1 2026:** 36.0% of POs changed

Buyer-initiated changes declined from 38.1% to 31.7%. Supplier-initiated changes remained relatively stable near 9%.

Throughout 2025, both buyers and suppliers increased change activity to proactively manage uncertainty. In the same period they absorbed increasing costs, not passing them on to customers.

Frequent adjustments reflected:

- **Tariff uncertainty**
- **Demand variability**
- **Strategic reshuffling of supply**

What changed in Q1:

- Fewer adjustments to order dates and quantities
- Planning assumptions stabilized in the short term
- Execution became more consistent



[ON-TIME DELIVERY REVIEW]

Improving on-time delivery, despite uncertainty

On-time delivery improved gradually in Q1, continuing to hover around 61%. As observed in 2025, today's volatility is not driven by physical supply chain disruptions. Suppliers are delivering reliably, even in a volatile environment.

ON-TIME DELIVERY RATES

Q3 2025	Q4 2025	Q1 2026
61.9%	60.6%	61.2%

KEY TAKEAWAY

This confirms a **structural shift** in how supply chain risk is expressed. Logistics and availability are no longer the primary constraints, and execution risk has **continued to decrease**. Instead, volatility is increasingly driven by **economic forces** rather than operational disruption.

[A NEW VOLATILITY TREND]

From order uncertainty to cost pressure

The nature of supply chain volatility has evolved over the past year.

2025

- Volatility driven by uncertainty
- Higher PO change activity
- Proactive buyer adjustments to protect against unknowns

Q1 2026

- Pricing risk keeps volatility elevated
- Fewer operational disruptions
- Greater focus on cost and margin protection

KEY TAKEAWAY

While overall volatility has fallen slightly from the second half of 2025, its sources shifted upstream to raw material pricing and financial performance.

Previous Phase	Current Phase
Uncertainty-Driven	Cost-Driven
PO Changes	Price Changes
Reactive Adjustments	Proactive Pricing
Execution Instability	Margin Pressure



[KEY TAKEAWAYS]

What this means for manufacturers

Today's supply chain volatility is not about scarcity. It is about cost, financial performance, and control.

1. Prioritize cost visibility alongside execution visibility

Execution metrics suggest stability. Pricing trends show increasing pressure. The most important risks are no longer the most visible. Organizations must now track price changes at the PO line level and monitor cost movement in real time, not retrospectively. Elevate pricing signals to the same level as delivery and fulfillment metrics to offset this change. Organizations that treat cost as a lagging indicator will struggle to respond in time.

2. Actively manage supplier pricing behavior

Suppliers have stopped absorbing increasing costs, passing them through faster, and responding directly to policy and global market pressures. Increase the cadence of supplier communication around pricing changes, standardize processes for approving, rejecting, and auditing price adjustments, and identify suppliers and categories with the highest pricing volatility to focus engagement there. Supplier pricing is no longer static. It requires ongoing management.

[KEY TAKEAWAYS]

3. Look beyond surface-level stability

Fewer PO changes and more stable delivery can create the appearance of stability. But underlying pressure continues to build. To get a complete view, combine operational metrics with pricing and risk indicators, segment reporting by category and supplier to identify hidden volatility, and avoid relying on single metrics as proxies for overall supply chain health. Stability in execution does not mean stability in the system.

4. Maintain operational risk management to ensure margin protection

The current phase of volatility is financial. The key constraint is no longer just raw material availability. It is margin. Build processes to anticipate and respond to cost increases before they impact profitability. Incorporate tariff and policy exposure into sourcing and planning decisions, and align supply chain, procurement, and finance around shared cost-risk visibility.

The organizations that succeed in this environment will be those that treat supply chain volatility as a **financial challenge**, not just an operational one.



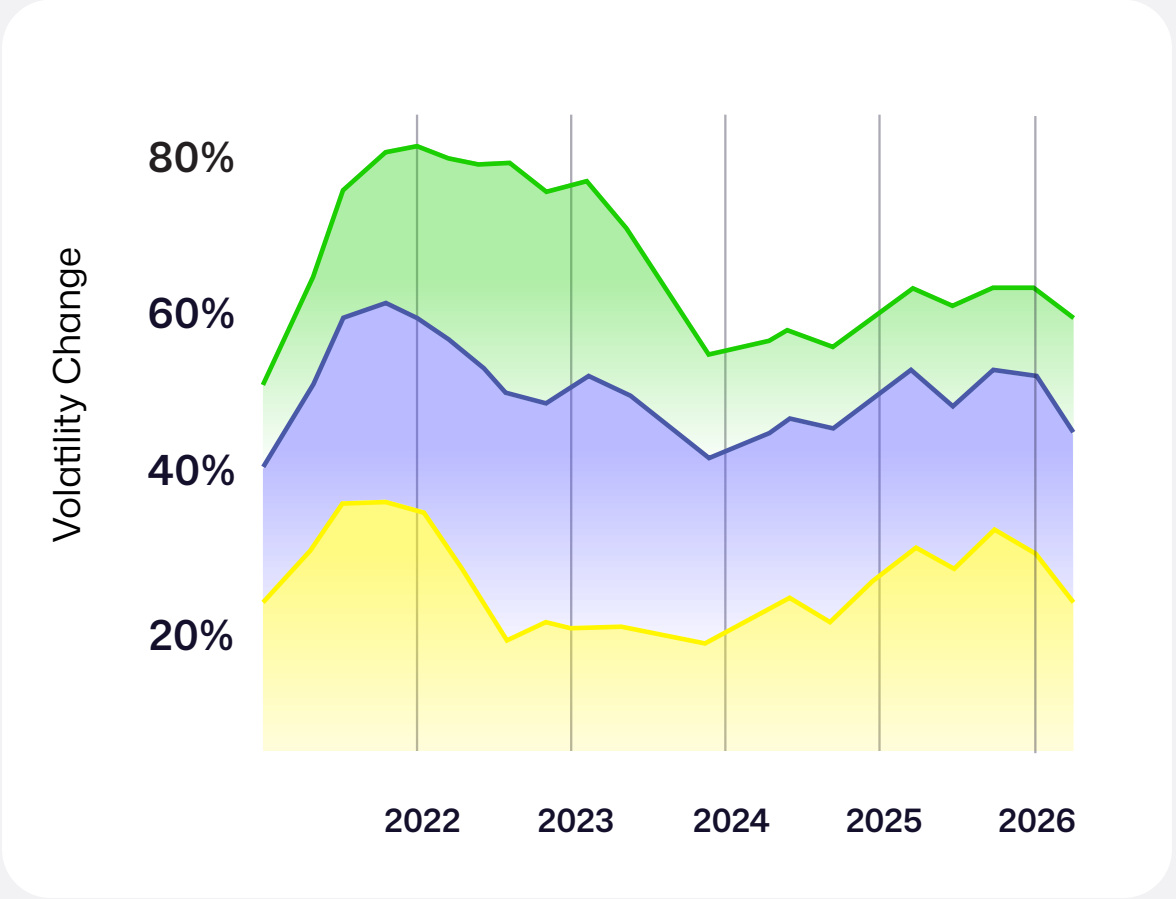
Volatility did not decline in Q1. It evolved.

The organizations that recognize this shift will be better positioned to **protect margins**, **anticipate pricing changes**, and **proactively manage** a more complex supply environment.



Supply Volatility Index, Spring 2026

SourceDay Volatility Index



● Price Risk
 ● Order Uncertainty
 ● On-Time Delivery

[METHODOLOGY]

SourceDay’s *Supply Volatility Index* is an analysis of supply chain volatility from the pre-pandemic period through post-pandemic recovery (Q1 2021–Q1 2026). It identifies critical drivers impacting inbound supply stability for manufacturers and distributors that use SourceDay to automate the vendor purchase order lifecycle. Volatility factors include on-time delivery (OTD), price risk, purchase order uncertainty (PO changes), and overall supplier engagement.

This report uses SourceDay’s proprietary dataset containing insights from SourceDay’s network of more than **122,000 supplier entities**, tracking **100 million annual PO updates**, **5 million mastered items**, **75 million supplier messages**, and **over \$60 billion in direct materials spending annually**.

The *SourceDay Inflation Index* tracks monthly changes in direct materials prices using real purchase order data processed through SourceDay’s autonomous purchase-order management system.. Analyzing pricing volatility in this way offers a clear, early indicator of supply chain cost trends because it’s built on actual transactions, not assumptions.

The #1 supplier portal trusted by leading ERPs

[ABOUT SOURCEDAY]

SourceDay is an autonomous purchase-order management system purpose-built to help executives eliminate risk and inefficiency from purchase order lifecycle management. The platform uses patent-pending artificial intelligence and machine learning to deliver real-time visibility, predictive risk detection, and automated workflows—empowering leaders to drive supply reliability and efficient growth.

SourceDay connects seamlessly with any ERP, centralizing purchase order data and automating manual tasks to improve accuracy and reduce errors. Executives benefit from measurable improvements in on-time delivery, buffer stock, invoice processing, and supplier reliability. The platform enables supply chain, operations, and finance leaders to reduce costs, protect revenue, and scale their business with resilience to supply chain disruption.