WEEKLY ANALYSIS

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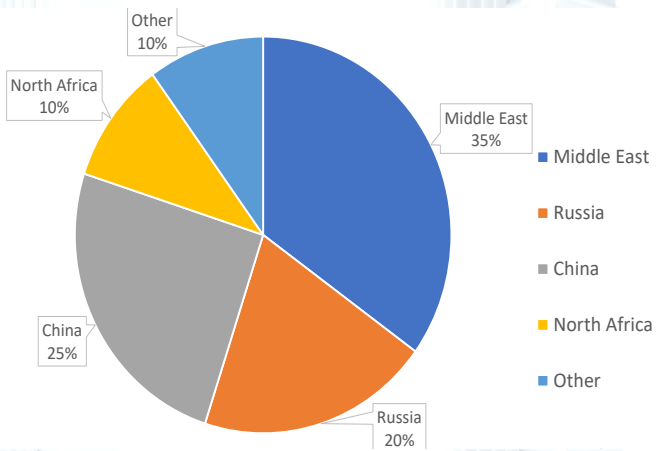
RISKS OF DISRUPTION OF GLOBAL AGRICULTURE

The blockade of the Strait of Hormuz is disrupting the fertilizer market. 30% of global demand is blocked. The impact is greater than that on the energy sector. This is having a direct effect on fertilizer prices and agricultural commodity prices. Inflation is set to rise sharply in the second half of the year.

Key points

- Global fertilizer market held hostage by the Strait of Hormuz
- Significant asymmetry in dependencies (energy vs. fertilizers)
- Vulnerability of fertilizer supplies
- Structure of the global supply chain
- Pre-crisis overview (2025 – early 2026)
- The 2026 shock: contagion mechanisms
- Toward a reshaping of production chains
- Stock market behavior and macroeconomic risks
- Forecasts and risks for the 2026 harvests
- Inevitable return of inflation in H2

Geographical distribution of global fertilizer production



Sources: FAO stats, BBGI Group SA

Global fertilizer market held hostage by the Strait of Hormuz

The military escalation in the Middle East in March 2026 marked a fundamental shift in the geopolitics of raw materials. Just as the global economy was attempting to stabilize following the inflationary upheavals of 2022–2023, the near-paralysis of the Strait of Hormuz acted as a catalyst for a systemic crisis. This chokepoint, through which nearly 33% of global maritime trade in fertilizers (notably **urea, ammonia, and phosphates**) passes, is no longer merely an energy artery but the focal point of an imminent agricultural shock with significant consequences for the supply of agricultural products and, of course, their market prices. The common misconception that the risks to the global economy associated with the closure of the Strait of Hormuz are solely energy-related is a major error in analysis and understanding of global issues and the specific situation of the essential global fertilizer production sector. While the blockade of the strait currently has all eyes fixed on the price of a barrel of oil, it is in fact the global fertilizer market that is, by extension, experiencing a shockwave that could prove far more devastating for global food security in the medium and long term.

Significant asymmetry in dependencies (energy vs. fertilizers)

It is crucial to distinguish between the nature of the dependence on energy products, on the one hand, and fertilizers, on the other, in order to understand why we believe fertilizers are far more vulnerable than crude oil in the current crisis, which is intensifying and will have lasting effects.

The relative resilience of oil – Adjustment mechanisms

Although approximately 20% of the world's crude oil passes through the Strait of Hormuz—a proportion large enough to pose a major threat to the global economy if the strait were to be closed —the oil market nevertheless has adjustment mechanisms that can be quite powerful. These include national strategic reserves (managed by the IEA), alternative pipeline networks (such as the East-West pipeline in Saudi Arabia), and increased supply diversity from producers outside the region (the United States, Brazil, Guyana) that can offer temporary solutions in the event of a crisis. In such a scenario —and this is clearly the case today with Iran's total closure of the Strait of Hormuz— the oil market can, to a certain extent, "rebalance" volumes, albeit at the cost of increased volatility due to the time required to adjust and rebalance the markets.