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ECONOMIC RESEARCH – MARCH 2026

INVESTMENT INSIGHT AGRICULTURE

- ✓ 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

RISKS OF DISRUPTION OF GLOBAL AGRICULTURE

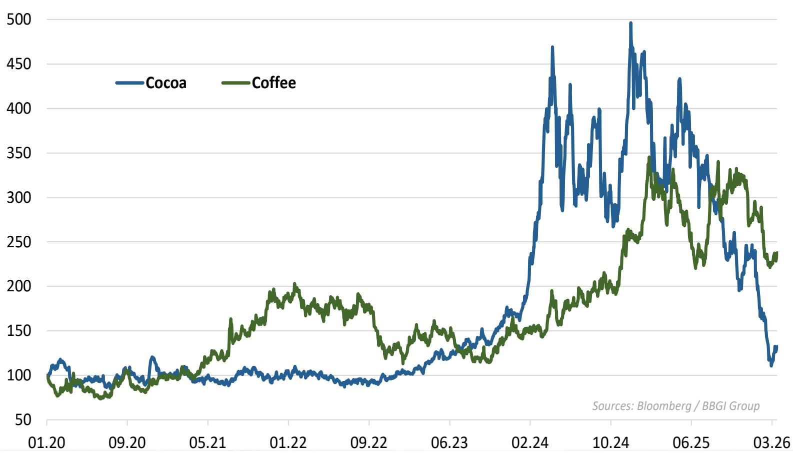
Reshaping production toward strategic self-sufficiency

The current paralysis acts as a catalyst for a historic pivot toward domestic agricultural inputs. If the blockade persists through the 2026 season, the pass-through of high costs to meat, dairy, and grains will become inevitable by autumn. This crisis is accelerating a technological shift, with the green ammonia and specialized fertilizer market projected to jump from 30.8 billion in 2026 to over 52 billion by 2034 as nations race to decouple their food security from volatile conflict zones.

Stock market divergence and regional security premiums

Financial markets are increasingly valuing companies based on their "production capacity in secure regions" rather than just raw output. North American giants like CF Industries and Nutrien are seeing valuation surges as they remain the only entities capable of saturating a market starved of Gulf volumes. Conversely, smallholders in Africa and South Asia face insurmountable barriers to entry as ocean freight rates jumped 50% in March 2026, creating a dangerous gap between those who can afford to plant and those forced into dormancy. This widening chasm in capital access ensures that the most vulnerable agricultural regions will bear the brunt of the supply chain's total reconfiguration.

Coffee and Cocoa (2020–2026)



Sources : Bloomberg, BBGI Group

Crop-specific vulnerabilities and nitrogen dependency

The 2026 harvest outlook is dictated by a plant's "appetite" for nitrogen, with corn and wheat being the most vulnerable. Corn, unable to fix nitrogen from the air, faces a drastic and immediate yield drop if application rates are reduced, which in turn threatens the protein quality of the final grain. In response, farmers in major hubs like Brazil and the U.S. are expected to shift acreage away from corn, potentially causing global prices for this staple to skyrocket while supply remains physically constrained.

Rice security and Asian export bans

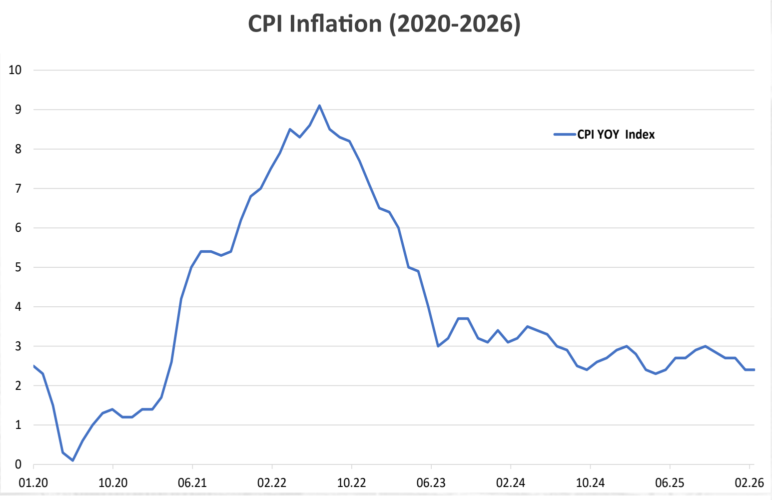
Rice production in Asia is under direct threat, as countries like India rely on the Persian Gulf for over 40% of their urea imports. The blockade of the Strait of Hormuz endangers these staple crops, often triggering a "panic reaction" where governments ban exports to protect domestic stockpiles. Such protectionist measures further destabilize global prices, turning a localized maritime blockade into a widespread humanitarian concern for billions who rely on rice as their primary caloric source.

The paradoxical position of perennial crops

Coffee and cocoa present a contrasting narrative, while they currently face a surplus after the 2024/25 speculative peaks, they remain highly sensitive to rising energy and fertilizer costs. Although not directly blocked in the Gulf, the energy-intensive nature of drying and processing Arabica and Robusta means that the "Strait of Hormuz premium" is already inflating packaging and container shipping costs. If growers reduce fertilizer use today to offset these costs, the current surplus could rapidly flip into a production shortage by the 2027 season.

Second-round inflation and biological scarcity

The blockade's cumulative effects on supply chains are poised to exceed the shocks observed during the 2022 Ukrainian crisis. While energy prices provided the initial spark, the primary driver of inflation in the second half of 2026 will be the biological scarcity of crops. It will take several months for these upstream input shocks to reach the end consumer, but the trajectory is clear: food inflation is no longer a matter of transit costs, but a fundamental lack of yield. This shift ensures that even if energy prices eventually stabilize, the damage to the 2026 biological cycle will keep global food indices elevated for the foreseeable future.



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