Oil Market Risk Navigator for Ukraine

March 2026

UkrAgroConsult

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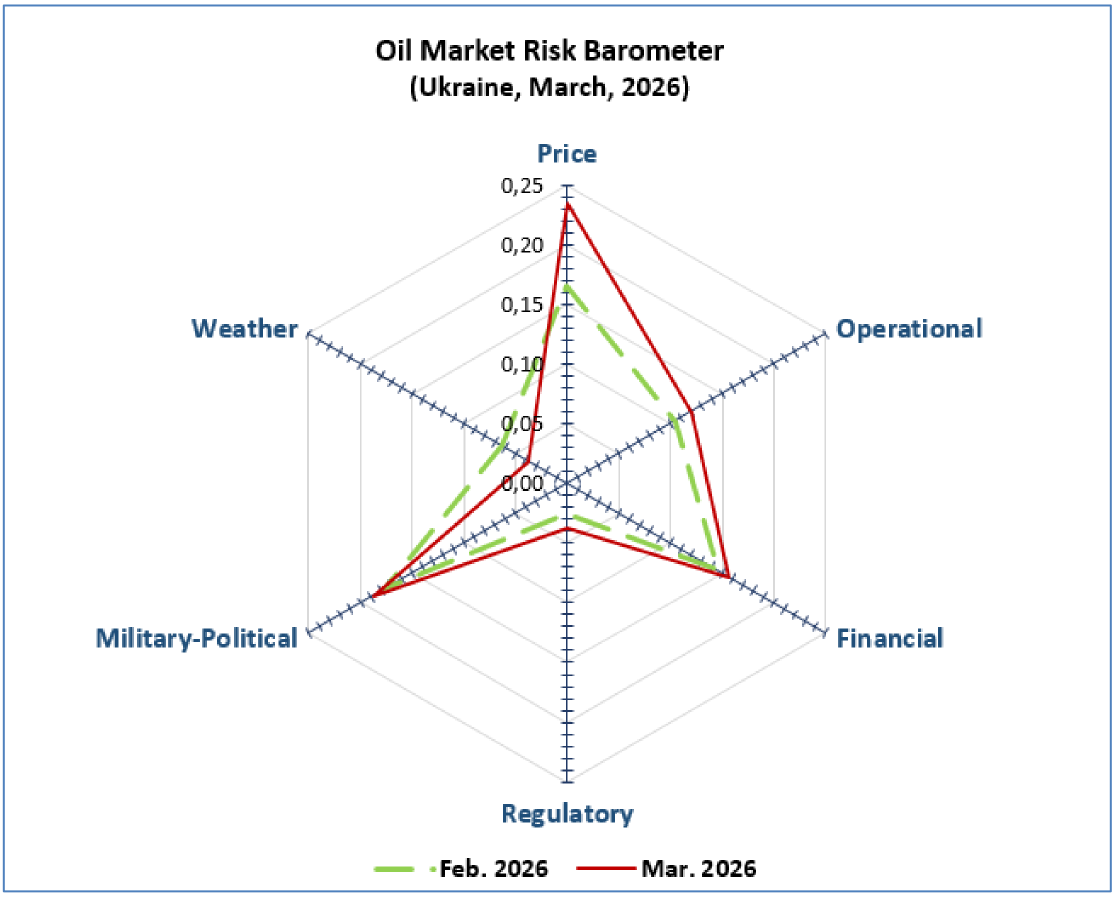
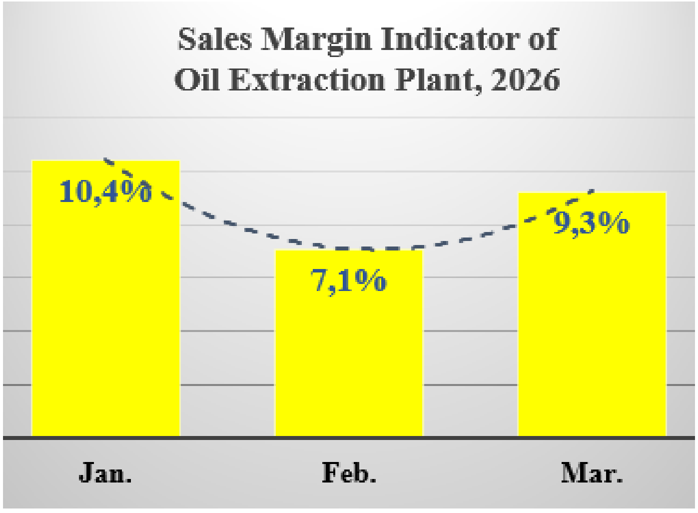
- Assessing not just risks but values and margin management
- Assessment as of **03/30/2026** (compared to assessment as of 02/27/2026)



- Integral risk of market decline – 25.8%
- The sales margin indicator of a conditional Oil Extraction Plant (OEP) with a capacity of 200 tons of sunflower processing per day, seed oil content of 46%, shipment in bulk, was equal, as to our calculations, to 9.3% in March

Dynamics of OEP sales margin



SUMMARY OF EXISTING RISKS (TIME HORIZON: 2-3 MONTHS)

1. Military-political risks

- ***Forecast: critically high***
- ***Time horizon: short- and medium-term***

In the world. If the war in the Middle East continues during April-May, there are still risks of increased prices due to the blocking of one of the key production regions and supply routes for oil, gas, and mineral fertilizers to world markets.

The Pentagon is preparing for possible ground operations in Iran, which could last several weeks.

In the next two to three weeks, it will be possible to more clearly determine the scale and conditions of the blockade of the Strait of Hormuz. But it can be already said that even after military stabilization in the region, the threat of damage to tankers or terminals will remain.

In the event of an end to hostilities, a scenario of a rapid drop in raw material prices is unlikely due to:

1) The need to cover pent-up demand;
2) Understanding the risks and the intention to create some reserves in case the crisis resumes;

3) It is possible a fee for the passage of the Strait of Hormuz will be established like in case of the Bosporus, Panama and Suez Canals.

In Ukraine. The destruction of energy, ports, and transport infrastructure continues. For example, on March 7, specialized oil storage tanks were destroyed in the port of Odessa.

Special attention:

- high domestic risks are exacerbated by foreign risks;
- the extent of foreign risks will be more clearly determined within 2 months;
- pressure on business and insurance premiums is increasing.

When planning production, it is advisable to (1) more carefully consider the degree of internationalization of the enterprise's business, (2) consider/assess its capabilities regarding the availability of reserves to mitigate/respond to military risks.

2. Operational risks

- ***Forecast: actively growing***
- ***Time horizon: short-term***

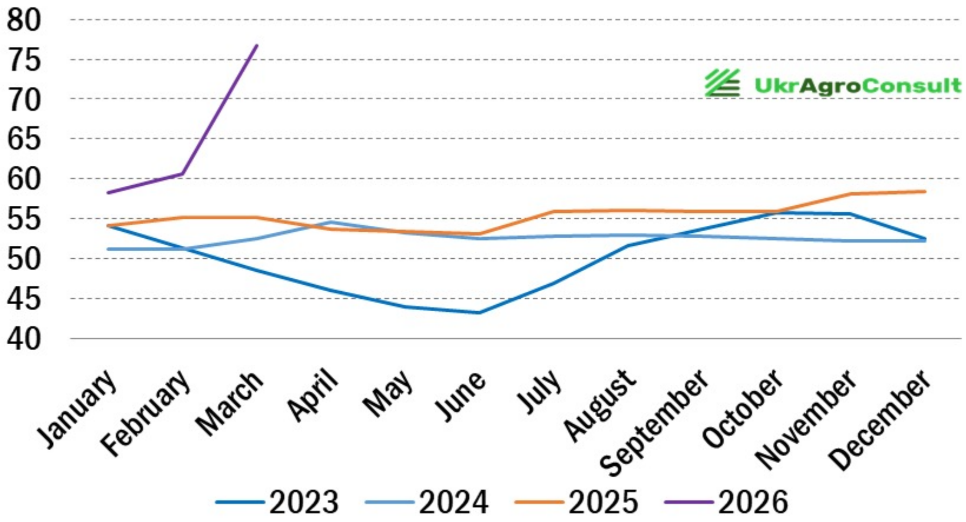
Access to energy, fuel, high-throughput logistics – still remain significant factors for disruptions to the production cycle. Possible increase in labor costs aggravates the situation.

Special attention

Electricity supply risks are stabilizing. However, Hungary still threatens to restrict its electricity exports to Ukraine due to the uncertainty of the resumption of the Druzhba oil pipeline. Hungary accounted for about 42% of Ukraine's total electricity imports in 2025.

Supply risks and rising diesel prices. With the start of the war in Iran, wholesale diesel prices unexpectedly jumped to 67 UAH/l. In mid-March, the price fluctuated between 52-69 UAH/l.

Dynamics of the diesel retail price in Ukraine



Price growth forecast:

1) The following factors, concerning Ukraine diesel fuel imports, indicate that:

   → The EU has a deficit in diesel production and constantly imports it from the Middle East;
   → Since February 18, Hungary and Slovakia have officially suspended the export of diesel fuel to Ukraine. Alternative logistics routes for diesel fuel supply led to an increase in prices;
   → In February 2026, Ukraine imported 457 thousand tons of diesel fuel, maintaining the volume at the level of January. At the same time, purchases of American diesel through Polish terminals increased by 37.1%
   → Due to the above factors, the total cost of diesel transportation to Ukraine has increased by 20% or more since the beginning of March.

Most large agricultural enterprises are now supplied with fuel for April and early May, which allows them to go through the active phase of spring field work without serious disruptions. Small and medium farms are overboard.

2) Wholesale prices for diesel fuel in Ukraine are currently showing a tendency to increase to the level of about 81 UAH/l at the border/

April-May are becoming k**ey periods** for:

i. understanding the behavior of fuel prices on the world market. For the current period, Brent oil quotes have already reached the “usual” level of about $100 per barrel;
ii. understanding the behavior of the Ukrainian government to level price spikes and its strategy for providing Ukrainian farmers with diesel fuel in the forecast period;
iii. corrections of business decisions and dynamics of margins for individual agricultural enterprises;
iv. the price level has become poorly predictable. 100 UAH/l is no longer an unimaginable price level in April.

Supply risks and rising fertilizer prices. The nitrogen and phosphorus fertilizer market is severely damaged by risks to production, terminal and transportation capacities in the Middle East:

1) Violation of fertilizer delivery times:

   → About a third of the world trade in nutrients for agricultural crops passes through the Strait of Hormuz. Fertilizer trade mostly operates on a "just-in-time" basis;
   → The supply schedule is now almost completely disrupted. Ships that were usually loaded in the Middle East in early March arrived in Europe in mid-to-late April. Now there is a great chance that fertilizer will be delivered in April-May to replenish the resource;
   → Due to the war in Iran, the timing of physical replenishment of warehouses may be delayed by a month or more.

2) Price growth.

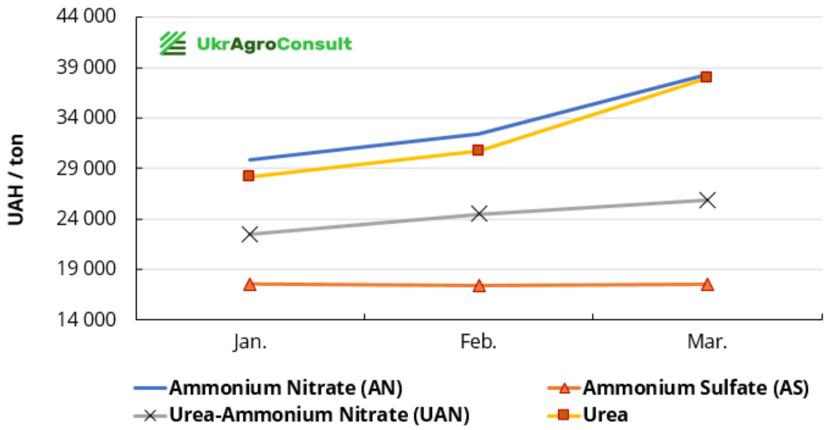
   → The 1st week of March brought (according to our observations of the domestic market) a jump in average prices for urea-ammonia mixture by 1000 UAH/t, for urea - by 1500 UAH/t;
   → in some Western countries, nitrogen fertilizers "suddenly" jumped by 10-12%;
   → the price level becomes poorly predictable;
   → in Ukraine, prices after the warehouses are released will reach higher levels;.
   → OSTCHEM price reduction from March 20, 2026 for limestone-ammonium nitrate (LAN) by 2500 UAH per ton (from 25,500 UAH/t to 23,000 UAH/t (CPT) does not solve the problem. The company is ready to ensure the supply of up to 20 thousand tons of LAN by mid-April.

Fitch Ratings records price increases as follows, in addition to the seasonal factor:

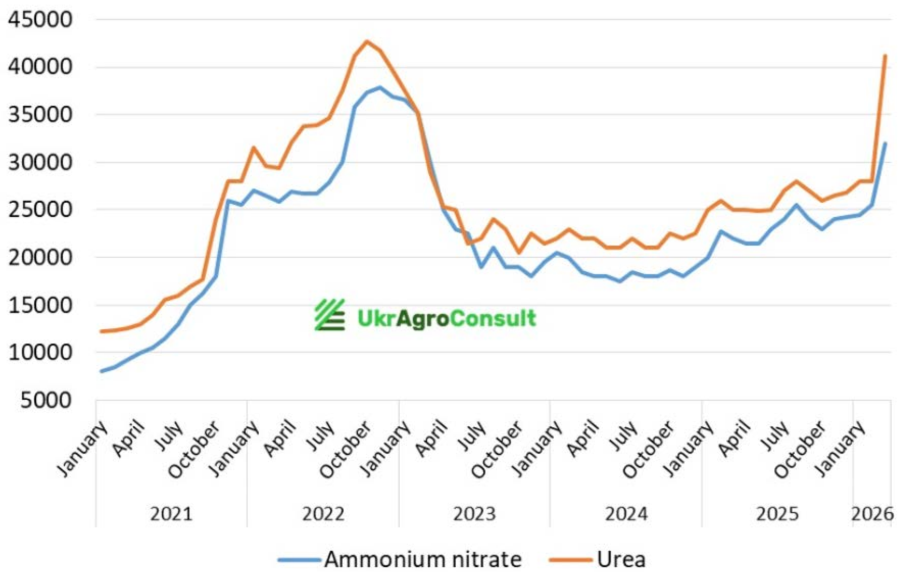
USD/tonne	2025 (Actual)	2026 (Old)	2026 (New)
Ammonia - FOB Middle East	353	300	375
Urea - FOB Middle East (Granular)	423	340	420
Phosphate Rock - FOB Morocco	213	150	150
DAP - FOB Morocco	707	600	650
Potash - FOB Vancouver	300*	260	280

*Assumptions as of March 2026. * Estimate.*
Source: Fitch Ratings Raises Most Short-Term Fertiliser Price Assumptions

Average Fertilizer Prices in Ukraine in 1Q, 2026



Dynamics of prices for ammonium nitrate and urea in Ukraine



Logistics:

- in the process of adjusting for the worse due to threats of military action in the Middle East;
- in the process of stabilization in Ukraine;

- the volume of vegetable oil transportation by rail in export traffic is increasing: the figure for February 2026/2025 increased by 36%. Therefore, the risk / insurance premium is increasingly spent on less risky traffic;
- direct increase in price due to rising fuel prices and indirectly through related overhead costs.

Labor costs. Due to mobilization processes, a critical shortage of personnel occurs on the eve of the season. According to some estimates, it reaches about 30% for specialists.

In the near future, the operational load on the business should increase due to: (1) power supply disruptions, which are still present, (2) expected supply disruptions and price increases for diesel and other petroleum products, (3) expected supply disruptions and price increases for mineral fertilizers, (4) the rhythm and cost of logistics.

3. Financial risks

- ***Forecast: increasing due to uncertainty over the next two months***
- ***Time horizon: two to three months***

The main factor, threatening the stability of the hryvnia exchange rate, is the delay in agreeing on the EU loan program for 90 bln. euro, the first tranche of which was supposed to arrive in April.

Also, the Verkhovna Rada (Parliament) of Ukraine is delaying the adoption of bills necessary to receive the IMF tranche (~ $8.1 bln.).

The risk of disruption of external financing may lead to the activation of the "printing press" of the National Bank of Ukraine (NBU). Capacity to support the UAH exchange rate solely by the efforts of the NBU without external financing is very limited. Indicatively, that as of March 14, the National Bank has already spent a total of 8.3 bln USD from gold and foreign exchange reserves since the beginning of this year, without replenishing them through market purchases of the currency.

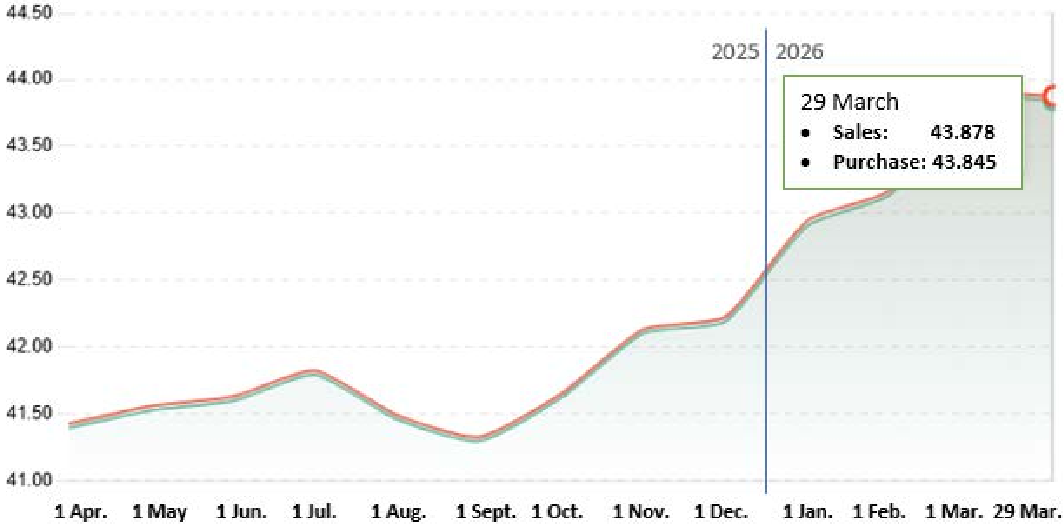
The influential threat factor is the war in Iran, which leads to jumps in the US dollar exchange rate. Plus, the inflationary risk, associated with the prolongation of the Iran war, is already being factored into global economic forecasts, especially due to its potential impact on energy and logistics.

Special attention

- escalation of the hryvnia devaluation risks due to the aggravation of relations between Hungary-Slovakia-Ukraine. As of 30.03.2026, Hungary is still blocking the receipt of EU credit to Ukraine at 90 bln. euro. At the same time, Slovakia has hinted that if the Druzhba oil pipeline does not start operating in April, it may also veto the said EU credit;
- due to the war in Iran, the US dollar exchange rate is under great pressure from the balance of "war costs - achieving war goals - war duration - world oil and gas prices";
- cross-currency rates of both Ukraine's main competitors in the world vegetable oil market and the hryvnia exchange rate to the main currencies of importing countries that are part of the turbulence zone;
- possible increase in domestic inflation due to inflow of the world inflation wave.

Against the background of: (1) uncertainty regarding the receipt of a credit from the EU in the near future, (2) the consequences of the Iran war, and (3) reinsurance against possible jumps in the hryvnia exchange rate, importers and traders of imported materials may proceed to unplanned price increases.

Dynamics of the hryvnia exchange rate to the US dollar on the interbank currency exchange market in Ukraine



Source: Interbank: US dollar exchange rate on the Ukrainian interbank market – online updates

4. Climate risks

- ***Forecast: low***
- ***Time horizon: current time***

The weather is entering a typical mode. The Ukrhydrometeorological Center predicts that the temperature and precipitation in April-May should be within the average long-term values. No severe frosts are expected.

The lack of precipitation may pose a threat to sowing due to drying out of the topsoil.

Special attention

- short-term frosts are possible
- precipitation in April is important for the start of spring crop development

Some weather risks are local

5. Market risks

- ***Forecast: high***
- ***Time horizon: short-medium terms***

The decline in sunflower prices at the beginning of the month was replaced by an increase at the end due to increased demand from processors. Free sunflower volumes are decreasing, which supports prices.

The pressure on the prices production factors of oil refineries in the world, which began at the beginning of March (the war in Iran), is now difficult to predict when it will stop. It is stimulating vegetable oil traders to move to aggressive future product contracting.

Special attention

- dynamics of sunflower sowing. Areas are expected to increase, but weather and market conditions may make adjustments;
- trend of vegetable oil price dynamics is still fluctuating, although there are already signs of growth;
- pressure of rising prices for fuel, fertilizers, etc. encourages farmers to sell oilseeds before the start of the sowing season, but with their more care of possible market surges;
- additionally - market correction due to the rejection by the US Supreme Court of President Donald Trump's large-scale global trade tariffs, including tariffs on vegetable oil.

Correct calculation of the impact of all external and internal market factors on the production cost and their significance on the market in the next two to three months becomes the key to successfully overcoming the next six months by agricultural enterprises.

6. Price Uncertainty

- ***Forecast: Systemic with current surge in geopolitical and economic stress since the start of the Iran war***
- ***Time horizon: permanent with a peak in the next six months***

The Iran war was marked by a jump in prices for oil, gas and nitrogen fertilizers.

Expectations of a sharp decline in the global supply of petroleum products, gas, nitrogen and phosphorus fertilizers in the near future of the war in Iran fuel the trader desires to stock up on these products as soon as possible aiming to high prices.

This is pushing prices up, although the duration of the war and the depth of its destruction are not yet clear for the markets.

Price uncertainty for diesel, imported and domestic nitrogen fertilizers enters the phase of situational options.

New crop sunflower contracting begins. As of the end of March, the seller's price is about 580-590 $/t SPT plant. Under the condition of high-oleic sunflower, a premium of 80-90 $/t is offered. Further price behavior will depend on weather conditions, sowing dynamics and world prices for all types of oil.

Special attention

- creation of diesel fuel, nitrogen and phosphorus fertilizers reserves;
- resource use optimization;
- dynamics of world prices for sunflower and vegetable oil as a litmus test for prompt forecasting of changes in their prices in Ukraine.

<u>The biggest risk is</u> to establish a clear timing for: (1) fuel, fertilizer, and crop protection purchases, (2) oilseed sales, and (3) oil sales. This timing will have a greater impact on margins than the absolute price levels.

GENERAL CONCLUSION, AS OF MARCH 2026

- ***geopolitics is breaking the global foundations of price stability;***
- ***uncertainty of business conditions in Ukraine is reinforced by the war in Iran;***
- ***the Ukrainian businesses focused on the domestic market will significantly feel the impact of foreign markets' destabilization.***

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