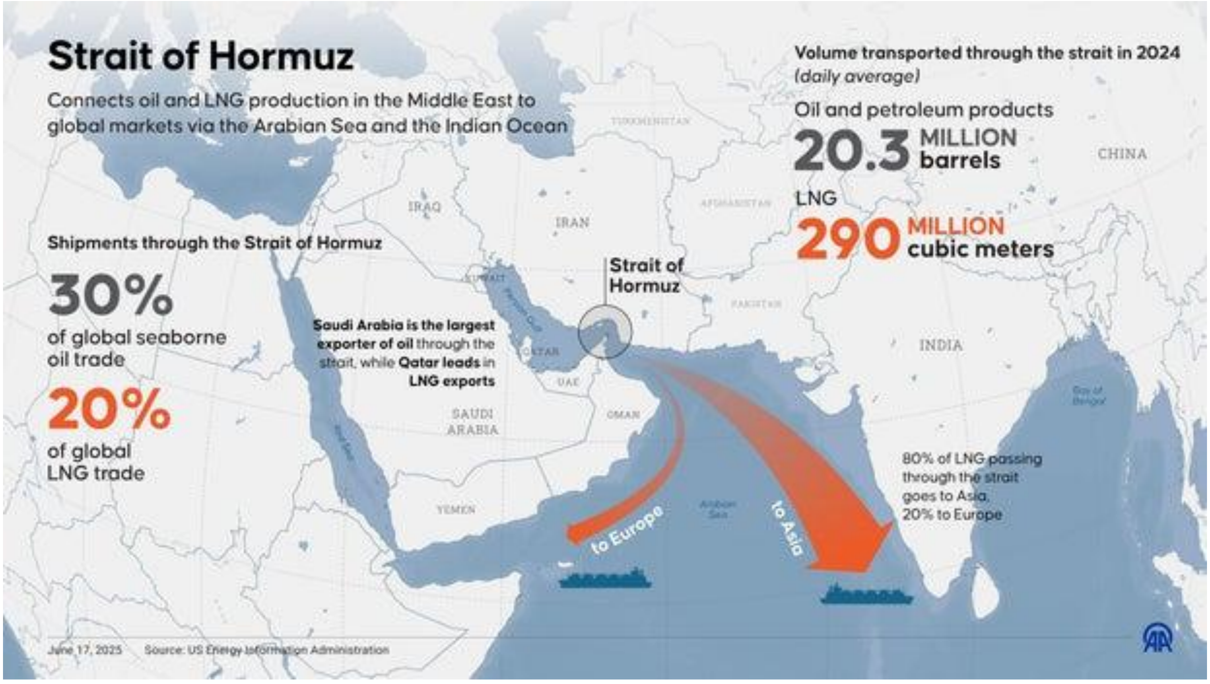
MPO Pointer 3: 5 March 2026
Middle East tensions: Implications for oil, gas and fertiliser markets

Heightened tensions in the Middle East following the recent US-Israeli strike on Iran are already rippling through global energy markets. A key bottleneck is the Strait of Hormuz, a narrow shipping route through which roughly 20% of the world's oil flows, as illustrated in the figure below. Any disruption here typically triggers an immediate spike in global oil prices.

As of Wednesday, Brent crude oil traded at $81.40 per barrel, up 12% compared with the same period last year. Further upward pressure is expected, and if prices remain above $80 per barrel, especially alongside a weaker Rand, South Africa could face a further increase in diesel prices in April, following the increase already recorded in March. Farmers preparing to plant winter crops will feel this impact directly, as fuel is a key input in planting, irrigation, and transport.



Source: US Energy Information Administration

Table 1: Brent Crude future prices up to September 2026

Month	**Brent Crude (US $ per barrel) future prices**
May'26	83.680
June'26	79.930
July'26	77.530
August'26	75.820
September'26	74.460

Source: Intercontinental Exchange, Inc

The fertiliser connection

Rising energy costs also affect the fertiliser market, which is worth close attention in the coming months.

- **Nitrogen fertilisers** such as urea are produced using natural gas as a primary input. When gas prices rise due to geopolitical tensions, global urea prices follow, as seen in the figure below.

- **Phosphate fertilisers** such as superphosphate are less energy-intensive but rely heavily on international shipping. Higher oil prices increase freight costs, which in turn raises the landed cost in South Africa.

The effect on dairy farms is clear: higher fertiliser costs increase the total feed cost per litre of milk produced. As illustrated below, the urea price surged to $574.50 per metric ton on 4 March 2026. Although this reflects a 2.63% decline from the previous day, prices remain 49.51% higher year-on-year, underscoring the sensitivity of fertiliser markets to developments in global energy prices and ongoing tensions in the Middle East.

Urea US Dollar per Metric Ton; 4 March 2025 to 4 March 2026

Source: Chicago Mercantile Exchange; US Gulf FOB prices

Table 2: Urea future prices up to September 2026

Month	Urea (US $ price per ton) future prices
April'26	567.50
May'26	502.50
June'26	480
July'26	460
September'26	450

Source: Chicago Mercantile Exchange; US Gulf FOB prices

Continued monitoring of energy markets, exchange rate movements, and fertiliser prices will be important as developments in the Middle East continue to unfold. The recent movements in oil, gas, and fertiliser markets are worth noting, as sustained volatility could gradually influence input costs for dairy farmers in the months ahead.

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