

When Brent & WTI break triple digits, uncovered treasury risk becomes expensive.

A striking market open today adds urgency to a simple message for clients: staying uncovered is no longer a neutral choice. The Iran conflict has already pushed oil above USD100, revived inflation fears, strengthened the dollar and trapped EUR/USD below 1.16.

100
USD/bbl

**TRIPLE-DIGIT OIL
RISK-OFF DOLLAR
LONGER WAR**

**Brent
\$105.7**

Mar 9, 0917 GMT; intraday
high \$119.5

WTI \$103.1

Mar 9, 0917 GMT; intraday
high \$119.5

**EUR/USD
~1.156**

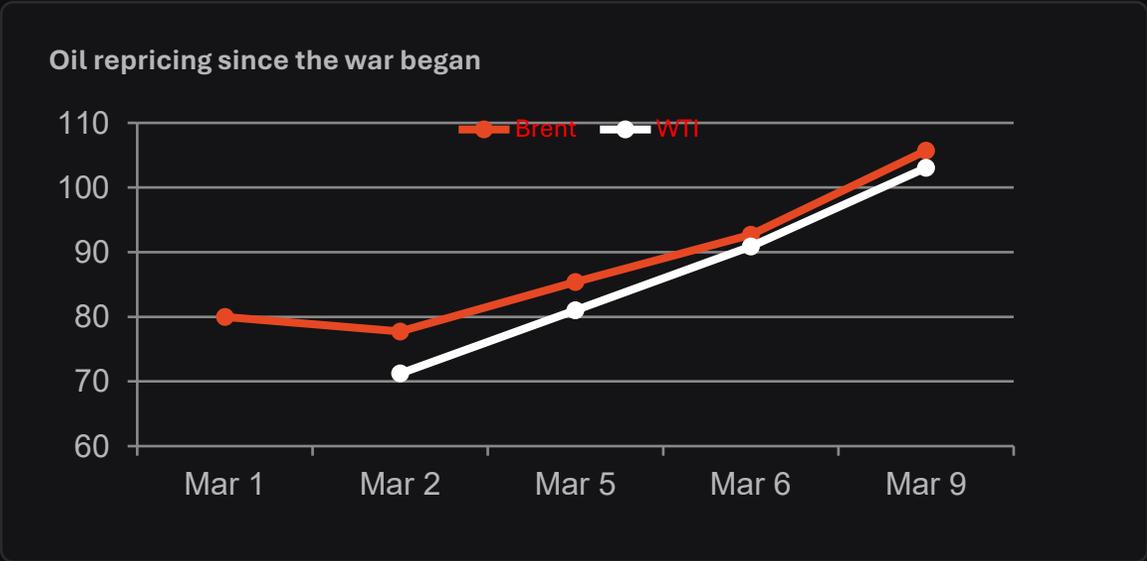
Below 1.16 this morning

Risk management for CFOs, treasurers and boards

The shock has moved from “risk scenario” to live market reality.

Since the war started on Feb. 28, oil has repriced violently, shipping disruption through Hormuz has persisted, Gulf output has been curtailed and markets are increasingly treating the shock as potentially multi-week or multi-month.

Mar 1	Mar 2	Mar 5	Mar 6	Mar 9
Brent jumps to ~\$80 OTC; analysts warn outage could push oil toward \$100.	Brent settles \$77.74; WTI \$71.23; 150 ships stranded near Hormuz.	Brent \$85.41; WTI \$81.01; disruption still widening.	Brent \$92.69; WTI \$90.90; Goldman says \$100 likely next week if no solution.	Brent \$105.71, WTI \$103.06 at 1317hrs; both traded above \$119 intraday.



Why this matters for treasury

- Imported-energy users face immediate cost-push pressure.
- Higher oil reopens inflation and rate-risk channels.
- FX no longer trades on growth alone; energy vulnerability matters again.
- Liquidity, collateral, pricing and covenant conversations can tighten quickly.

RBC’s Helima Croft: with “no clear definition of what winning looks like,” the market is struggling to decide whether this is a multi-week or multi-month conflict.

Why remaining uncovered can now hurt across four treasury fronts.

This is no longer only an oil story. The same shock can leak into FX, funding, liquidity and board-level earnings volatility.

01 COMMODITY

Oil & fuel inputs reprice first

Brent/WTI above \$100 changes procurement assumptions, shipping costs, freight surcharges and pricing discussions immediately.

02 FX

Dollar benefits, import currencies suffer

The market is again rewarding energy self-sufficiency and penalising oil import dependence. EUR/USD has lost the 1.20 narrative fast.

03 RATES / FUNDING

Inflation shock can delay easing

Bond markets are focusing less on safe-haven flows and more on inflation. That can translate into higher yields, wider financing spreads and tougher lender conversations.

04 LIQUIDITY / EBITDA

Cash drains arrive before plans adjust

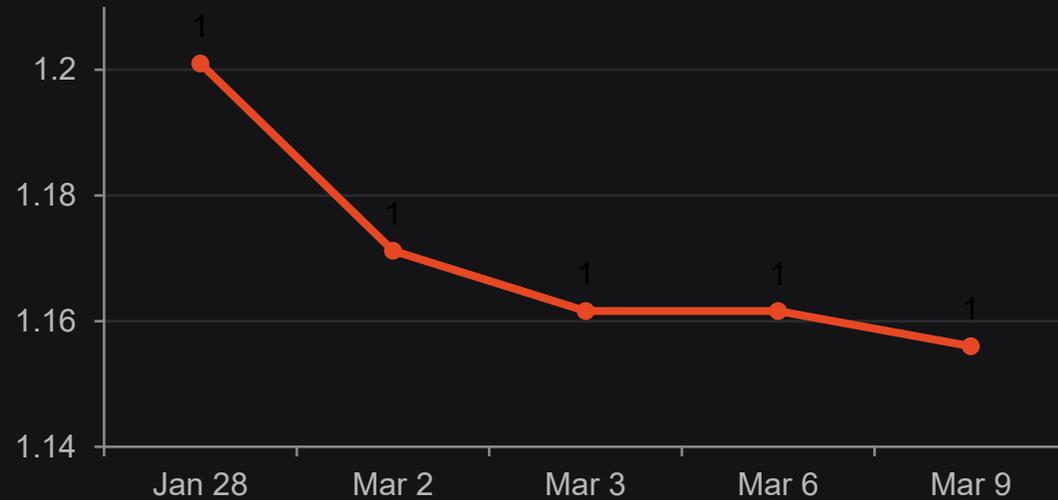
Working-capital outflows, margin calls, slower collections and pricing lags can all hit before hedging or commercial actions catch up.

Board message: uncovered exposure is now a policy decision, not a passive market view.

From 1.20 dreams to sub-1.16 stress: the FX reminder clients understand instantly.

Only weeks ago, the market was debating how far above 1.20 EUR/USD could extend. The war has flipped the lens back to energy exposure, safe-haven dollar demand and renewed inflation risk.

Illustrative path from the 1.20 narrative to today



Practical client message

- If you import in USD and sell in EUR or local currency, your margin is being squeezed from both sides.
- If you delayed hedging because 1.20 looked likely, this week is the cost of that decision.
- If the conflict lasts longer, a lower EUR/USD range can quickly become the new base case for treasury planning.
- Boards do not need a perfect market call; they need an agreed protection range.

Pitch line: "FX strategy is your first shock absorber when macro narratives suddenly break."

The response does not need to be perfect. It needs to be fast, disciplined and board-ready.

You can turn market fear into an action list. Focus on what can be reviewed this week, not on predicting every headline.

01 Refresh exposure maps

Rebuild the next 4–12 weeks of FX, fuel, debt and working-capital exposures using latest price assumptions.

02 Define protection ranges

Agree acceptable worst-case levels rather than waiting for the “best” market entry.

03 Stress test cash and covenants

Re-run downside scenarios on EBITDA, liquidity headroom, collateral and financing ratios.

04 Review pricing pass-through

Identify where higher commodity or FX costs can be repriced — and where they cannot.

05 Re-open funding discussions early

If oil shock lifts yields and delays easing, borrowers should engage lenders before spreads widen further.

06 Set daily governance

Install a short daily dashboard with trigger levels, decisions required and owner accountability.

Strong close: “In this market, cover is not a cost centre — it is a cash-flow defence tool.”

What we can bring into the conversation now

- Daily risk dashboard across FX, rates and commodities
- Exposure mapping and hedge review for uncovered positions
- Stress testing of liquidity, margins and financing headroom
- Management / board packs translating market moves into decisions
- Execution policy support and treasury governance discipline



SMK/Auxilium

**Treasury risk management
for volatile markets**

Closing line for clients

“The market has reminded us this week that treasury risks do not wait for comfort. The right response is to quantify, protect and govern — before volatility becomes earnings damage.”

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