



U.S. announcements, HORMUZ & THE COMMODITY SHOCK

What the U.S. President is saying, what the U.S. order actually covers, and the likely impact on oil, LNG, refined products, fertilizers, chemicals and global supply chains.

Prepared for SMK Services

13 April 2026

For information only



Nishal | Treasury Advisory

1. What Trump is saying vs. what the order appears to do



Headline rhetoric is broader than the operational wording now in circulation.

Market conclusion: even a narrow blockade can create a broad supply shock through fear, delay, insurance repricing and rerouting.

Trump / public framing

- • Iran is using Hormuz as “world extortion”.
-
- • Vessels paying Iranian tolls would not be safe.
-
- • U.S. would remove Iranian sea mines.
-
- • The message is coercive: restore freedom of navigation, cut Iranian leverage, and pressure Tehran after talks failed.

Operational order / CENTCOM wording

- • Blockade starts with traffic entering or leaving Iranian ports.
-
- • Shipping to non-Iranian Gulf destinations is not meant to be obstructed.
-
- • In market terms, this is not yet a full legal closure of all Gulf exports.
-
- • But shipowners, insurers and banks may still behave as if wider danger exists.

2. Why Hormuz matters: the volumes are systemically important

Even if the order is narrower than the rhetoric, this chokepoint remains critical.



OIL

20 mb/d

about 25% of world seaborne oil trade

80%

of these oil flows normally head to Asia

3.5–5.5 mb/d

estimated bypass pipeline capacity — useful, but far below normal flows

GAS / LNG

19%

of global LNG trade moves through Hormuz

93% / 96%

of Qatar / UAE LNG exports use the strait

No alternative route

for equivalent LNG volumes to reach global buyers

OTHER COMMODITIES

29% LPG trade

19% refined products

13% chemicals trade

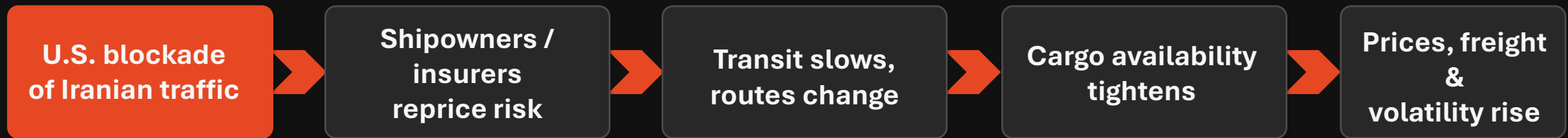
~ one-third fertilizer trade

Meaning: this is not only an oil story; it transmits into food inputs, petrochemicals and inflation.

3. Impact chain: from military move to commodity tightness



The first shock is usually not missing barrels alone — it is friction and fear in the transport system.



Oil

- Risk premium rises first.
- Asian buyers are most exposed.
- Spare Gulf capacity helps less if it cannot be shipped.

LNG

- Potentially sharper than oil.
- Qatar / UAE dependence makes Europe and Asia sensitive.
- No true bypass route.

Chemicals / fertilizers / food chain

- LPG, fertilizers and chemicals move materially through Hormuz.
- Higher input and freight costs can feed into food inflation.

4. Scenario investigation: likely market paths from here



What matters next is whether legal nuance is believed by shipowners, insurers and Gulf exporters.

Base case

Narrow blockade, broad friction

- Oil stays supported by a large geopolitical premium.
- Freight, war-risk insurance and demurrage remain high.
- LNG stays tight; fertilizer and chemical costs remain firm.

Escalation case

Iran widens interference or military risk freezes most traffic

- A wider physical outage would threaten a much larger Gulf supply shock.
- Brent / Dubai / LNG could gap sharply higher.
- Global growth risk and inflation risk both rise meaningfully.

De-escalation case

Protected transit stabilises and diplomacy resumes

- Part of the risk premium comes out quickly.
- Oil can retrace faster than LNG / freight.
- But confidence may recover only gradually after a security shock.

Watchpoints: CENTCOM guidance | tanker owner behaviour | war-risk insurance | Qatar LNG sailings | Asian spot buying | retaliation against “allowed” traffic

5. SMK takeaway for management / treasury

This is a supply-risk event first, but it rapidly becomes a cash, margin, FX and procurement event.

- 1. Review direct exposure: oil, LPG, LNG, chemical or fertilizer dependencies; contracts linked to Gulf sourcing.
-
- 2. Review indirect exposure: freight, bunker, insurance, supplier repricing, working capital and customer pass-through risk.
-
- 3. Tighten treasury readiness: liquidity buffers, margin headroom, covenant sensitivity, stress testing and FX trigger levels.
-
- 4. Monitor market indicators daily: Brent/Dubai, TTF/LNG proxies, tanker freight, and supplier alerts — not only spot crude.
-
- 5. Prepare execution discipline: pre-agreed triggers for hedging, procurement windows, customer pricing and cash escalation.



Nishal
SMK Services

+230 57630547
nb@smkadvis.com
www.smkadvis.com

Bottom line:
Not yet a full legal closure of Gulf exports, but already enough to tighten energy and supply-chain conditions materially.