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Scenario Analysis:

War Impact on Commodity Prices

COMMODITY PRICE RISK MANAGEMENT SOLUTIONS

Agriculture Metals Energy Currency Economy Dairy

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Scenarios

We have evaluated the impact of war on prices under the following three scenarios.

1. **Scenario-1: Ceasefire gets Extended, War Ends: WTI Crude Oil (75 -95 USD/BBL)**

2. **Scenario-2: War extended for 3 months, until Jun’26 (WTI Crude: 90 to 120 USD/BBL)**

3. **Scenario-3: Prolonged Escalation for 6 Months (WTI Crude: 120 to 150+ USD/BBL)**

Summary: Scenarios and its Impact on Prices

Commodity	Unit	Pre-war Forecast of Average Prices (Jan'26/Feb' 26)	Current Market Price (9^{th} April)	Scenario-1 Average Price for 2026	% Change form Pre-War Forecast	Scenario-2 Average Price for 2026	% Change form Pre-War Forecast	Scenario-3 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude Oil	USD/BBL	65	94.8	80	23%	100	54%	125	92%
Plastics (PP,HDPE,ABS)	INR/Kg	110	167	143	30%	176	60%	185	68%
CME Corn	USc/Bsh	497	444	475	-4%	525	6%	580	17%
US Gulf Corn FOB	USD/MT	235	214	225	-4%	245	4%	270	15%
India Maize Nizamabad	INR/Qtl	2175	1870	2100	-3%	2300	6%	2280	5%
CME Wheat	USc/Bsh	540.5	574.5	550	2%	585	8%	600	11%
US SRW FOB	USD/MT	235	248	240	2%	260	11%	268	14%
India Wheat Indore	INR/Qtl	2580	2344	2510	-3%	2600	1%	2700	5%
SMP (MH)	INR/Kg	267	262	270	1%	280	5%	260	-3%

Summary: Scenarios and its Impact on Prices

Commodity	Unit	Pre-war Forecast of Average Prices (Feb'26)	Current Market Price (9th April)	Scenario-1 Average Price for 2026	% Change form Pre-War Forecast	Scenario-2 Average Price for 2026	% Change form Pre-War Forecast	Scenario-3 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude Oil	USD/BBL	65	94.8	80	23%	100	53%	125	92%
Sugar NY#11	USc/Lbs	16.97	13.92	17.25	1.6%	20	17.9%	23	35.5%
Coffee Arabica	USc/Lb	340	289	300	-12%	330	-3%	280	-18%
Coffee Robusta	USD/tons	3876	3256	3570	-8%	3800	-2%	3300	-15%
Cocoa	USD/tons	3318	3272	3378	+1.8%	3400	+2%	2800	-16%

Scenario-1: Ceasefire gets Extended, War Ends: *(WTI Crude Oil: 75 -95 USD/BBL)*

Economy & Energy Viewpoint:

- Event if war stops, revision in supply and demand balance of crude from pre war levels of +0.55 to -1.35 to -1.9 mbpd, crude prices are likely to trade in range of USD 75 to USD 95. Demand revival, stimulus package from gulf for reconstruction.
- Reduction in interest rates by 25 bps (pre-war budget 50 bps cut in USA). GDP projections likely to remain near pre-war levels.
- Insurance /Freight cost for raw materials will remain high. During the war, investors sell off precious metals and buy bonds for higher yields/interest rates.

Grains & Dairy Viewpoint:

- Cost push due to higher ethanol blending to get offset by higher yield from corn in US for 2025-26 MY. Higher fertilizers prices to impact the USA corn output for the 2026-27.
- Indian Maize-Ethanol price may not be revised higher or lower as petrol prices for OMCs will be high.
- Y-o-Y higher global wheat stocks by 7% to weigh on the prices.
- Record Indian wheat and corn output to keep the prices subdued, before rising on El Nino Impact, firming up export demand.
- El nino, expected higher diesel / packaging prices: bullish, loss in HORECA demand due to LPG is slightly bearish

Commodity	Unit	Pre-war Forecast of Average Prices (Jan'26/Feb'26)	Current Market Price (9th April)	Scenario-1 Average Price for 2026	% Change form Pre-War Forecast
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SMP (MH)	INR/Kg	267	262	270	1%

Scenario-1: Ceasefire gets Extended, War Ends: *(WTI Crude Oil: 75 -95 USD/BBL)*

Softs Viewpoint:

- Demand led inflation will be a challenge and El Nino (hot weather, less rains) will disrupt production.
- Higher energy prices favors ethanol parity over gasoline in Brazil. Mills will make more ethanol over Sugar.
- Brazil Sugar production will remain at 41.6 MMT at 48% sugar mix and higher cane crush volume.
- Coffee prices are likely to remain under pressure through June’26, primarily due to peak Brazil harvest arrivals.
- Elevated freight cost supply chain inefficiencies will impact trade in coffee and cocoa
- With relatively stable weather conditions coupled with steady demand growth, cocoa prices are expected to moderate.

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Brent Crude Oil	USD/BBL	65	94.8	80	23%
Sugar NY#11	USc/Lbs	16.97	13.92	17.25	1.6%
Coffee Arabica	USc/Lb	340	289	294	-12%
Coffee Robusta	USD/tons	3876	3256	3568	-8%
Cocoa	USD/tons	3318	3272	3378	+1.8%

Scenario-2: War extended for 3 months, until Jun’26 *(WTI Crude Oil: 90 to 120 USD/BBL)*

Economy & Energy Viewpoint:

- Strait of Hormuz will be impacted for another 3 months leading to ~10 million barrels per day supply will get impact (10% of global supply) but release of strategic reserves. Demand will come down. Other measures will disrupt net supply by around 5 to 6%.
- Inflation in USA could reach 3% (pre-war estimate was 2.3%), GDP 2.4% (pre-war estimate was 2.5%). Higher yields and expectations of rate hikes to support Dollar. Gold might attract risk premium and safe heaven investment, contrary to scenario-1

Grains & Dairy Viewpoint:

- Blending mandates to increase across the globe, supporting the domestic demand, while the higher transit time to reduce trade flows.
- Global wheat output likely to drop by 4% on higher fertilizer prices across SH, leading to upside in the prices.
- Domestic prices are likely to get supported on Increased ethanol and export demand, while partial shutdown on HORECA to keep feed demand subdued.
- Limited availably of fertilizers to result in dropping of the wheat acreage of 2027-28 season and improve exports to Bangladesh.
- Higher logistics and packaging cost along with El Nino related production concern to push prices up.

Commodity	Unit	Pre-war Forecast of Average Prices (Jan’26/Feb’ 26)	Current Market Price (9th April)	Scenario-2 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude	USD/BBL	65	94.8	100	54%
Plastics (PP,HDPE,ABS)	INR/Kg	110	167	176	60%
CME Corn	USc/Bsh	497	444	525	6%
US Gulf Corn FOB	USD/MT	235	214	245	4%
India Maize Nizamabad	INR/Qtl	2175	1870	2300	6%
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India Wheat Indore	INR/Qtl	2580	2344	2600	1%
SMP (MH)	INR/Kg	267	262	280	5%

Scenario-2: War extended for 3 months, until Jun’26 *(WTI Crude Oil: 90 to 120 USD/BBL)*

Softs Viewpoint:

- Crude oil rising towards USD 90 to 120 /BBL will further prompt Brazil to produce more ethanol at 55% ethanol mix.
- Brazil Sugar production might fall by 2.6 MMT at 39.3 MMT, considering 45% sugar mix
- Super Al Nino building up to reduce output from Thailand
- In India, focus on higher ethanol blending and lesser scope for sugar exports.
- The freight rates are expected to rise further amid escalating shipping costs, container shortages, and persistent logistical disruptions for coffee and cocoa resulting in export delays.
- High fertilizer price to keep production marginal down from Brazil, Viet from upcoming season.
- Demand growth could slow down.

Commodity	Unit	Pre-war Forecast of Average Prices (Feb’26)	Current Market Price (8th April)	Scenario-2 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude Oil	USD/BBL	65	94.8	100	54%
Sugar NY#11	USc\Lbs	16.97	13.92	20	17.9%
Coffee Arabica	Usc/Lb	340	289	330	-3%
Coffee Robusta	USD/tons	3876	3256	3800	-2%
Cocoa	USD/tons	3318	3272	3640	+2%

Scenario-3: Prolonged Escalation for 6 Months *(WTI Crude Oil: 120 to 150+ USD/BBL)*

Economy & Energy Viewpoint:

- In this scenario, war prolongs for 6 months it will result into panic buying and elevated freight and risk premiums leading to higher crude prices.
- 2026 USA inflation to go beyond 3.5%; GDP growth to be trimmed to 2%, potential Fed interest rate hikes to 4.1% (current 3.4%).
- Inflation to go beyond 6% and current account deficit to reach above 3% of GDP with domestic industrial demand to fall sharply during H1FY27; steep Rupee depreciation, GDP growth to be trimmed down to 4% YoY, interest rates to raise to 6% (current 5.25%).
- Gold prices are likely to rise sharply with fall in confidence on dollar and market questioning USA hegemony

Grains & Dairy Viewpoint:

- Volatile crude oil prices to support the ethanol related corn demand, and South America crop for next MY to drop, on high fertilizer prices
- Possible drop in wheat acreage across SH to keep supplies limited from OND'26, supporting the prices.
- Indian corn poultry demand to be affected on limited HORECA demand, while Ethanol demand to support the prices.
- Possible Govt. interventions, and lower industrial consumption to keep Indian wheat prices in check.
- Demand loss in unorganized sector would be met by decline in output which is expected to slow down SMP production.

Commodity	Unit	Pre-war Forecast of Average Prices (Jan'26)	Current Market Price (9th April)	Scenario-3 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude	USD/BBL	65	94.8	125	92%
Plastics (PP,HDPE,ABS)	INR/Kg	110	167	185	68%
CME Corn	USc/Bsh	497	444	580	17%
US Gulf Corn FOB	USD/MT	235	214	270	15%
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Scenario-3: Prolonged Escalation for 6 Months *(WTI Crude Oil: 120 to 150+ USD/BBL)*

Softs Viewpoint:

- Brazil will continue to focus more on ethanol production, which will increase the ethanol mix to 57%. Total Sugar production loss will be 4.1 MMT compared to Scenario-1, towards 35.2 MMT.
- However, continued war will lead to lower imports particularly, in raw sugar category. Middle East refineries import around 4 to 5 MMT of raw from Brazil. In India, focus on higher ethanol blending and ban on sugar exports.
- At elevated price levels, demand destruction begins to emerge in coffee (Around 2-3 million bags in Coffee and around 2-3% lower grinding in cocoa)
- Cocoa prices to rise initially; however, higher energy costs increase processing and manufacturing expenses, which reduce cocoa grinding margins, leading to lower grindings and ultimately putting downward pressure on prices as demand weakens.
- El Niño builds up to keep prices relatively inflated despite demand destruction

Commodity	Unit	Pre-war Forecast of Average Prices (Feb'26)	Current Market Price (8th April)	Scenario-3 Average Price for 2026	% Change form Pre-War Forecast
Brent Crude Oil	USD/BBL	65	94.8	125	92%
Sugar NY#11	USc/Lbs	16.97	13.92	23	35.5%
Coffee Arabica	USc/Lb	340	289	280	-18%
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