FALCONBRIDGE RESOURCES COMMODITY REPORT

Fertilizer 2026

Performance, Insights, & Outlook

www.falconbridgeresources.com

THE CURVEBALL THE MARKET WAS DISRUPTED

FERTILIZER MARKET AT A GLANCE IN 2026

235 MMT	207 MMT	190 MMT	USD 220 B
GLOBAL PRODUCTION	GLOBAL DEMAND	GLOBAL TRADE	GLOBAL TRADE VALUE

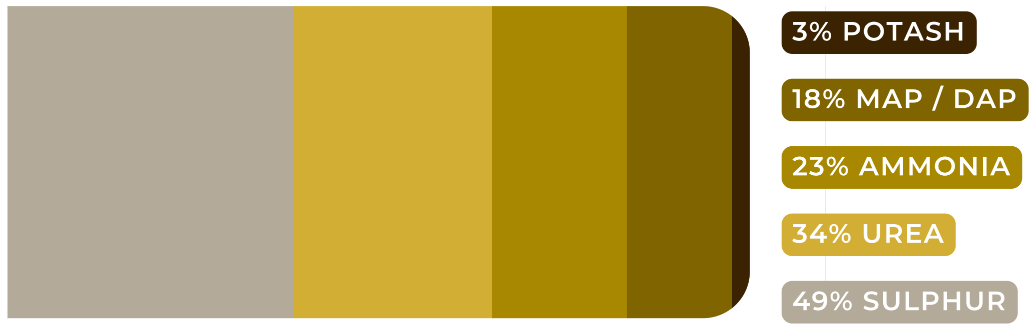
EXPOSURE WAS UNEVEN

31% NITROGEN (UREA + AMMONIA)
High exposure through urea and ammonia flows.

38% PHOSPHATES (MAP+DAP+SULPHUR)
High exposure through DAP/MAP and sulphur inputs.

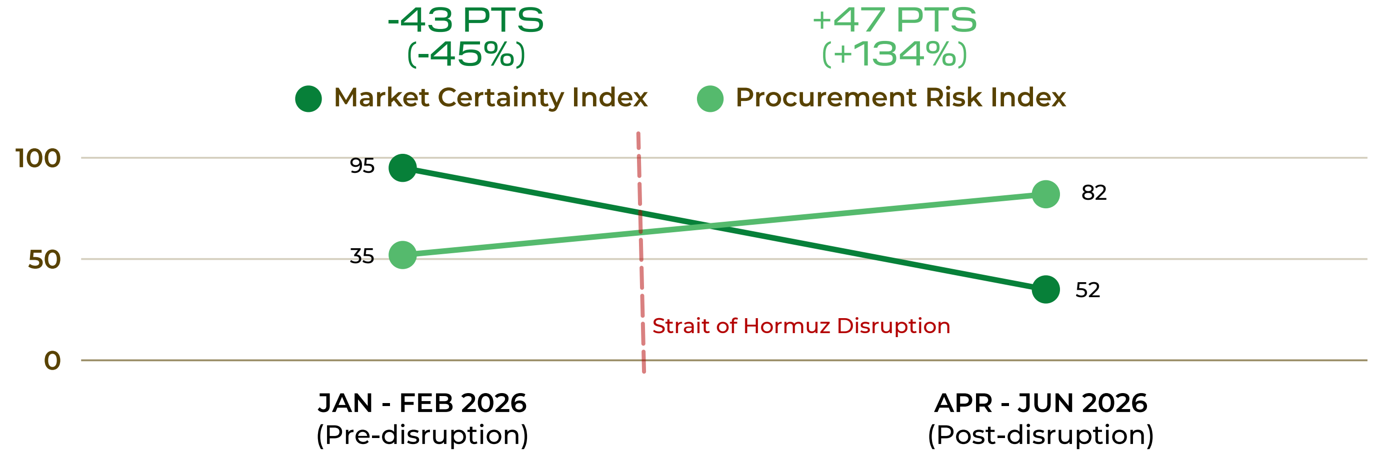
3% POTASH
Limited direct Hormuz exposure.

HORMUZ DEPENDENCY INDEX

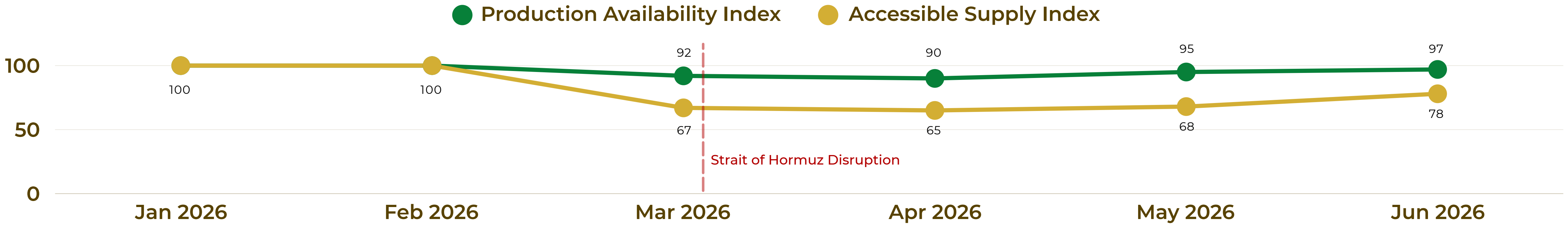


31% ESTIMATED TOTAL FERTILIZER TRADE EXPOSURE

CERTAINTY COLLAPSED



THE DISCONNECT (INDEX: JANUARY 2026 = 100)



FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

The Hormuz disruption exposed a critical disconnect in the fertilizer market: global production remained comparatively resilient, but access to internationally traded supply fell sharply. The immediate shock was not a lack of fertilizer; it was the market's ability to move it.

MARKET IMPLICATION

Supply availability became increasingly determined by route access, shipment execution and timing, not production volume alone. Buyers with concentrated origin or corridor exposure faced greater procurement risk even while global supply remained available.

MARKET SIGNAL

Watch access before supply.

The next squeeze may appear in trade flows before production data. Track route availability, export execution and shipment delays as early indicators of tightening deliverable supply.

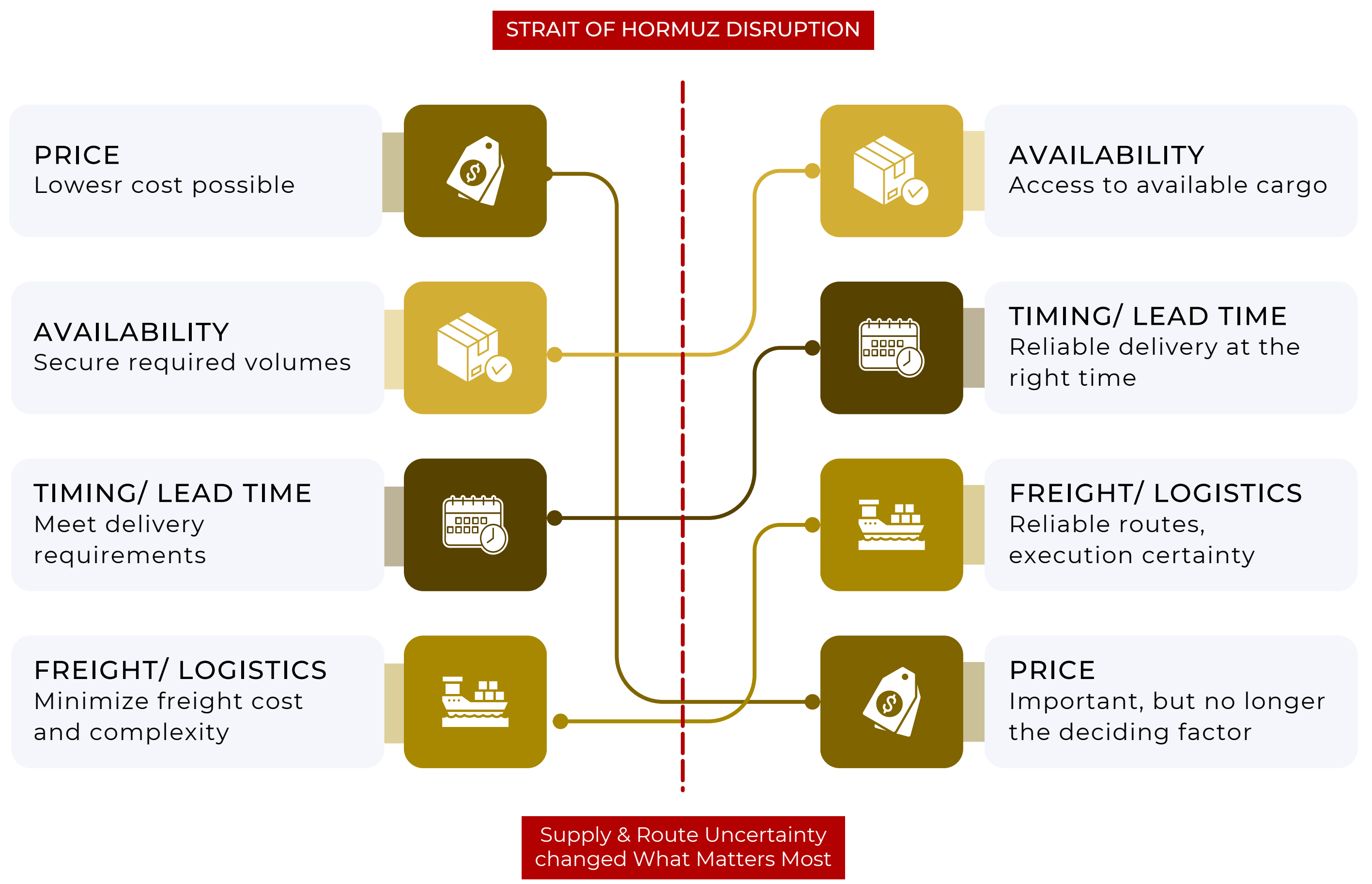
FALCONBRIDGE RESOURCES INSIGHTS

THE IMMEDIATE SHOCK AVAILABILITY BECAME THE ISSUE

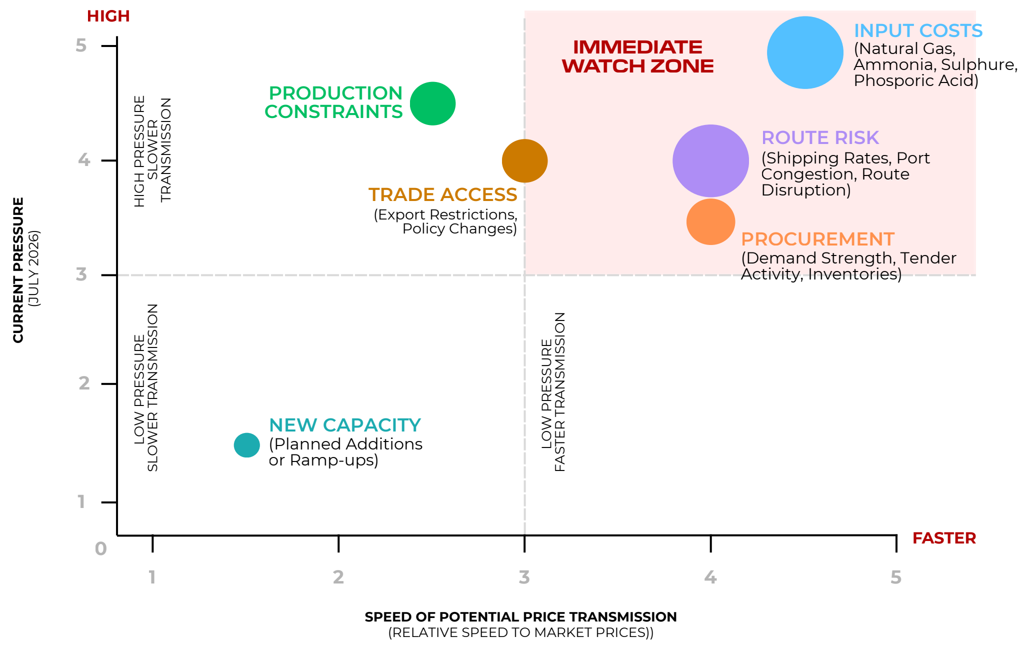
HOW THE MARKET RESPONDED

Market	Market Trigger	Buyer Response	Trade-Flow Effect
India	Seasonal Demand + Gulf Exposure	Accelerated Tendering	Larger Volumes Pulled Into The Market
Brazil	Urea Cost and Availability Pressure	Product Substitution	Alternative Nitrogen Products Gained Share
East Africa	High Importance + Limited Alternatives	Earlier Procurement	Greater Competition For Available Cargo
Wider Market	Route and Delivery Uncertainty	Origin Diversification	Non-disrupted Supply Gained Value

HOW BUYER PRIORITIES SHIFTED



WHERE THE SHOCK TRANSMITTED FASTEST



WHERE THE PRESSURE APPEARED FIRST

MARKET	IMPORT DEPENDENCE	PRIMARY EXPOSURE	PRESSURE
India	>80%	Gulf Urea + Tender	Very High
Brazil	~85%	Import Dependence + Replacement Sourcing	Very High
East Africa	>80%	Import Dependence + Limited Alternatives	Very High
Southeast Asia	~67.5%	Nitrogen Demand + Sulphur Exposure	High
Europe	~35%	Greater Supply Optionality	Moderate

WHAT HAPPENED

The disruption hit trade flows faster than production. Route risk, input costs and procurement pressure rose quickly, with import-dependent markets facing the earliest availability pressure.

MARKET IMPLICATION

Buyers shifted from prioritising the lowest price to securing available cargo, reliable routes and delivery timing. In a disrupted market, a cheaper cargo offered little advantage if it could not reach the buyer when needed.

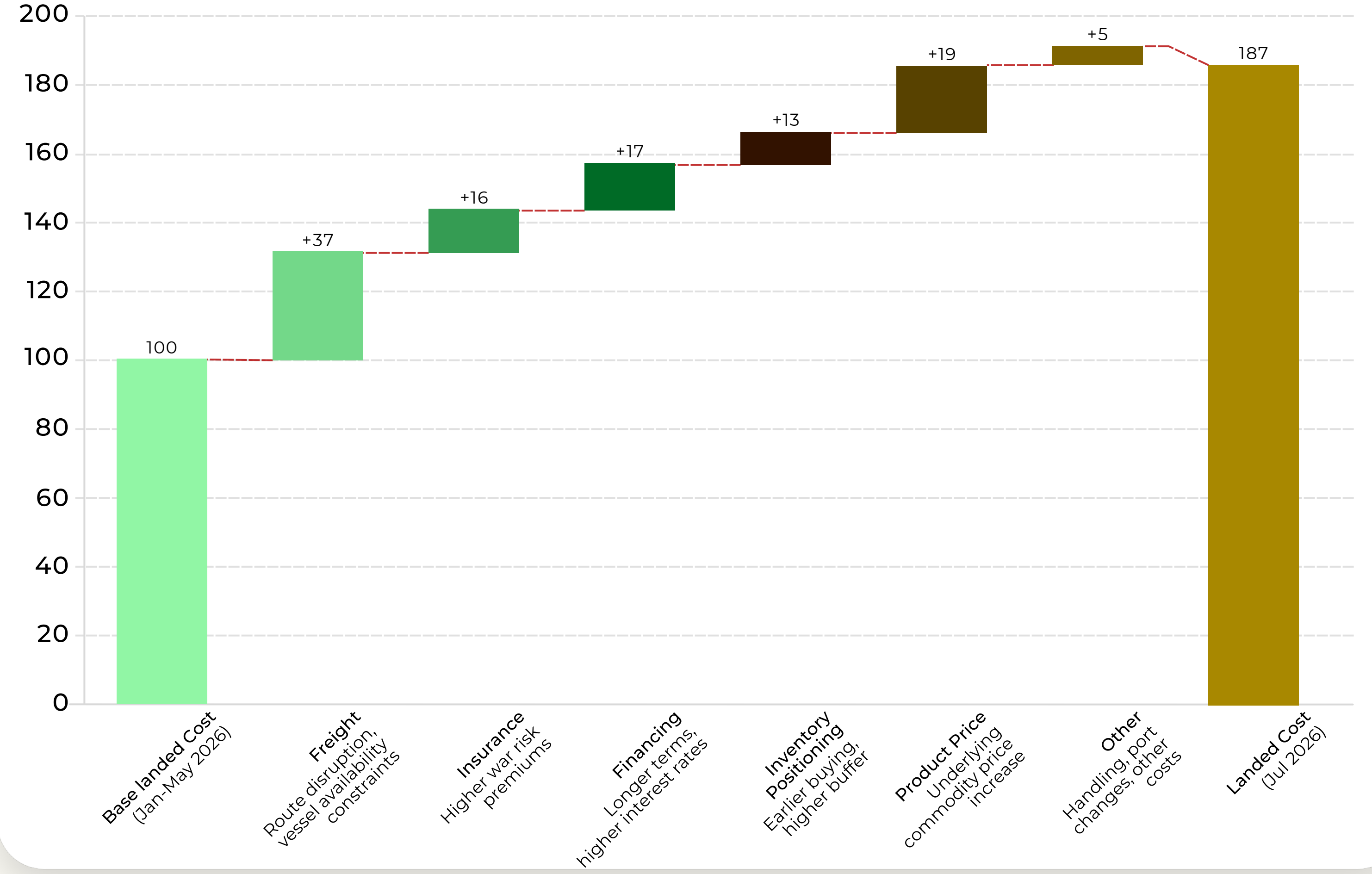
MARKET SIGNAL

Watch buyer behaviour before prices.

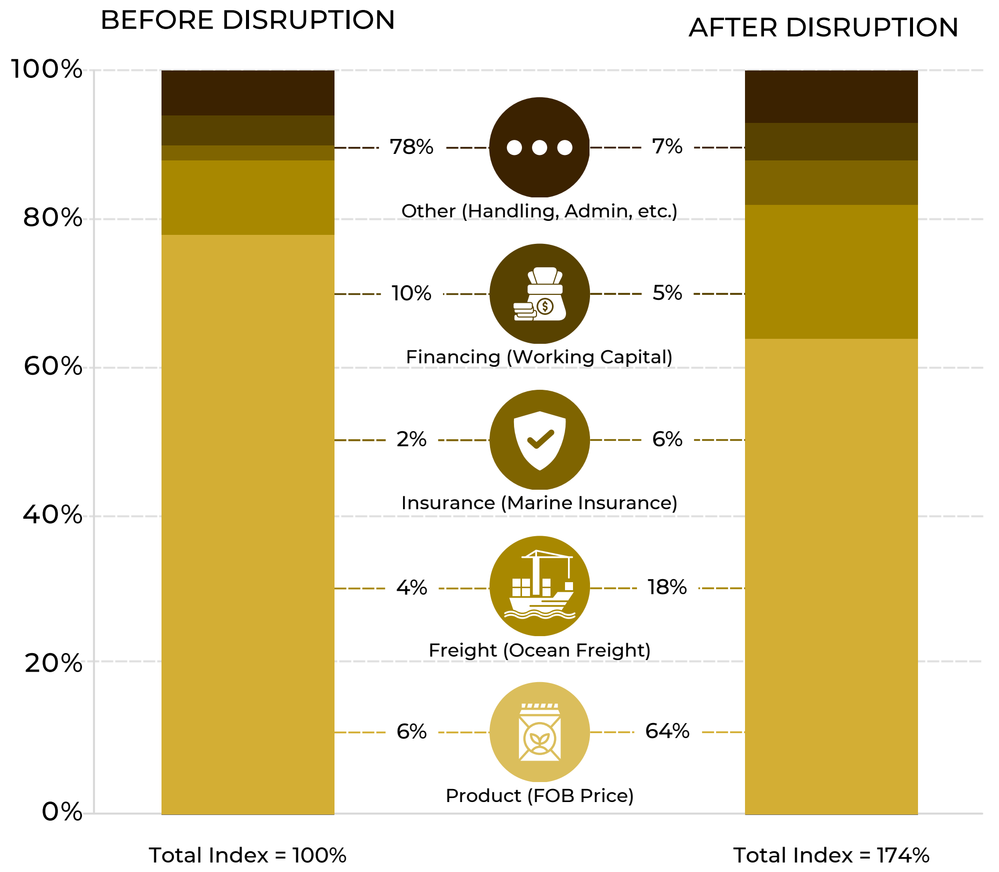
Larger tenders, urgent buying and shifts to alternative suppliers can signal tightening availability before the pressure is fully reflected in benchmark prices.

THE REPRICING RISK BECAME PART OF THE COST

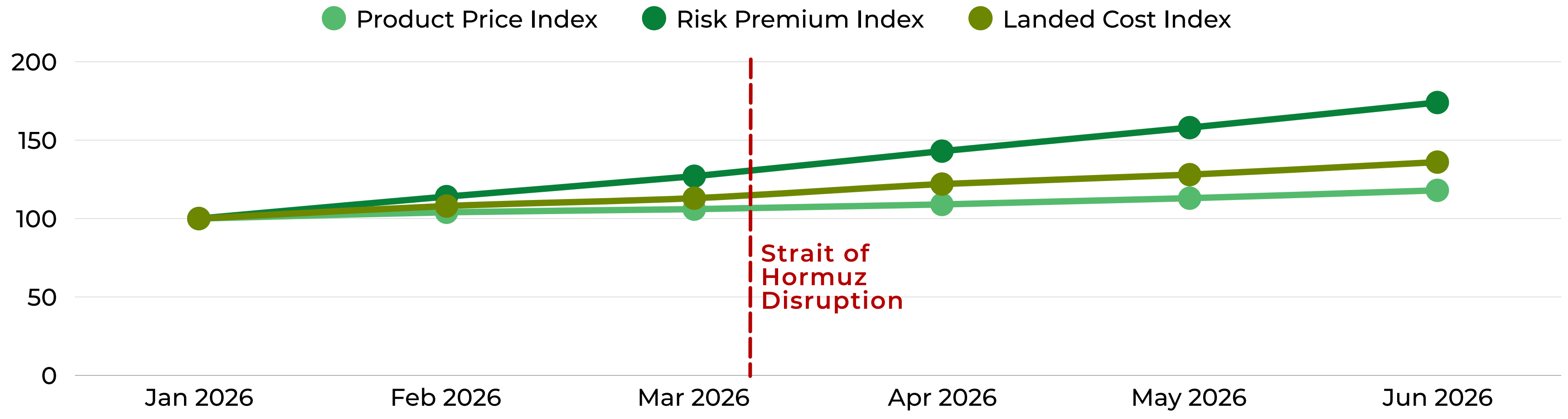
WHAT DROVE THE COST INCREASE



LANDED COST EVOLUTION



RISK PREMIUM EVOLUTION: PRODUCT PRICE VS RISK PREMIUM



2026	Product Price Index	Risk Premium Index	Landed Cost Index
Jan	100	100	100
Feb	104	114	108
Mar	106	127	113
Apr	109	143	122
May	113	158	128
Jun	118	174	136

FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

The disruption increased the cost of moving, insuring and securing fertilizer faster than it increased the underlying product price.

MARKET IMPLICATION

The lowest FOB price no longer guaranteed the lowest delivered cost. Route exposure, insurance, financing and inventory requirements became increasingly important in trade economics.

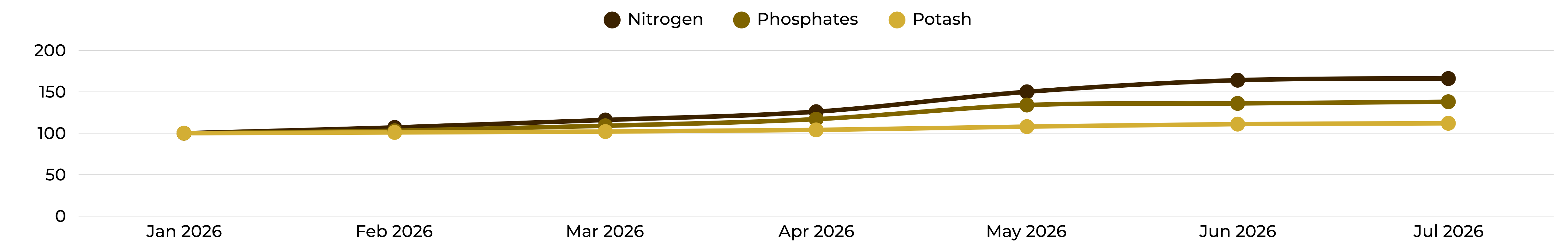
MARKET SIGNAL

Watch the landed-cost spread, not the commodity price alone.

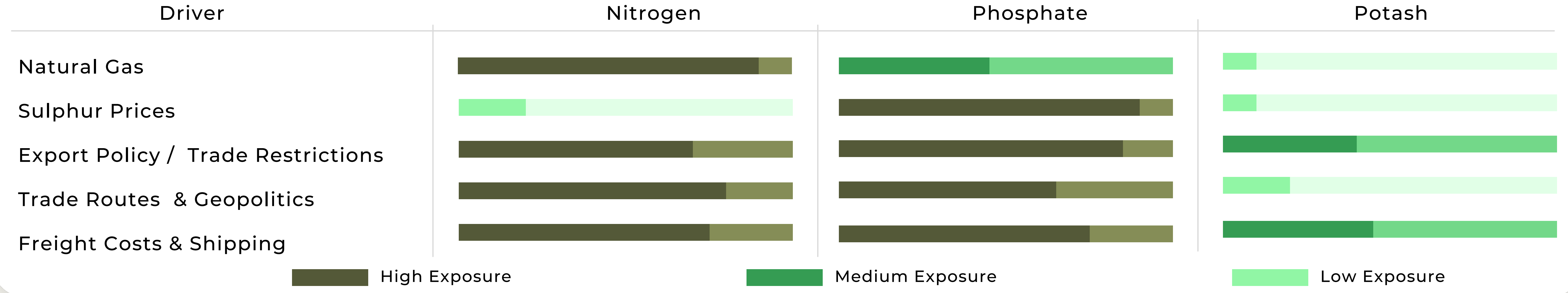
When non-product costs begin rising faster than fertilizer prices, the market is repricing risk before that pressure becomes fully visible in headline benchmarks.

THE DIVERGENCE NOT ALL FERTILIZERS REACTED THE SAME WAY

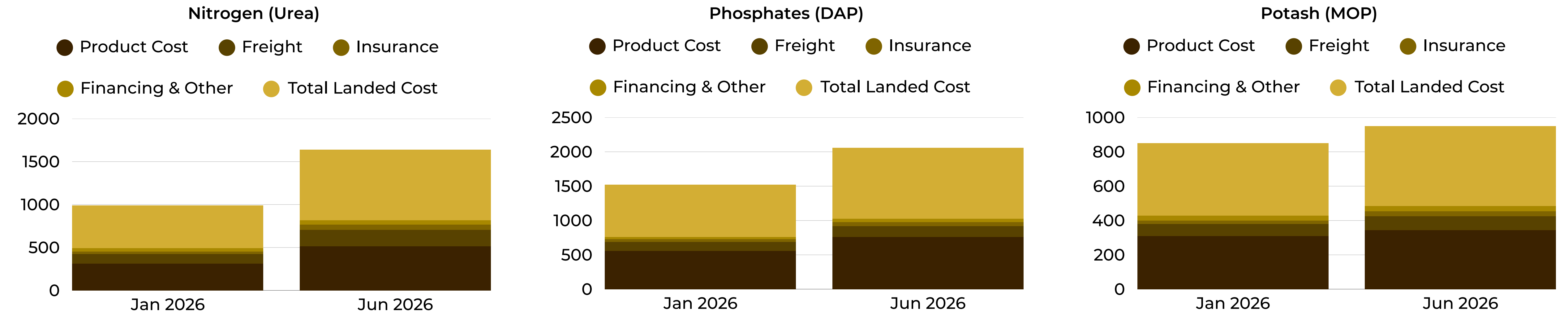
PRICE INDEX PERFORMANCE BY NUTRIENT



DRIVER SENSITIVITY PROFILE



LANDED COST EVOLUTION BY NUTRIENT (GLOBAL AVERAGE)



FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

Nitrogen repriced fastest, phosphates followed, while potash remained comparatively stable. The same market disruption produced very different outcomes across nutrients.

MARKET IMPLICATION

Fertilizer exposure cannot be managed as a single portfolio. Nitrogen remains more sensitive to energy and Gulf trade disruption, while phosphates respond more strongly to sulphur and export policy. Potash has greater supply flexibility.

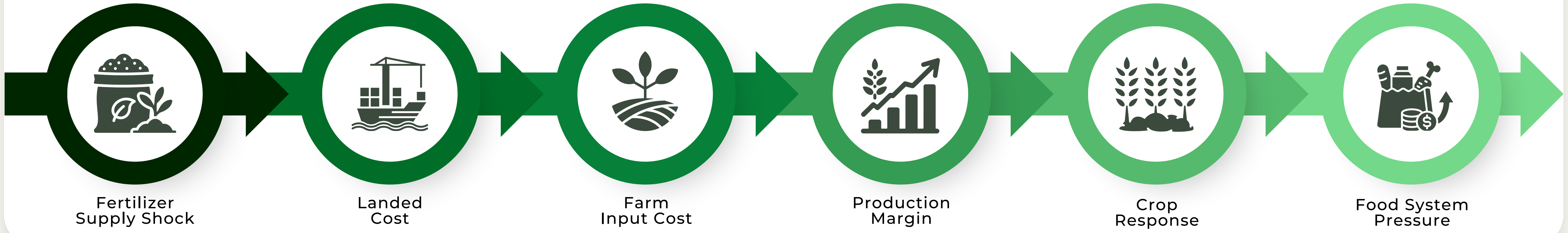
MARKET SIGNAL

Watch the constraint behind the commodity not fertilizer prices as a whole.

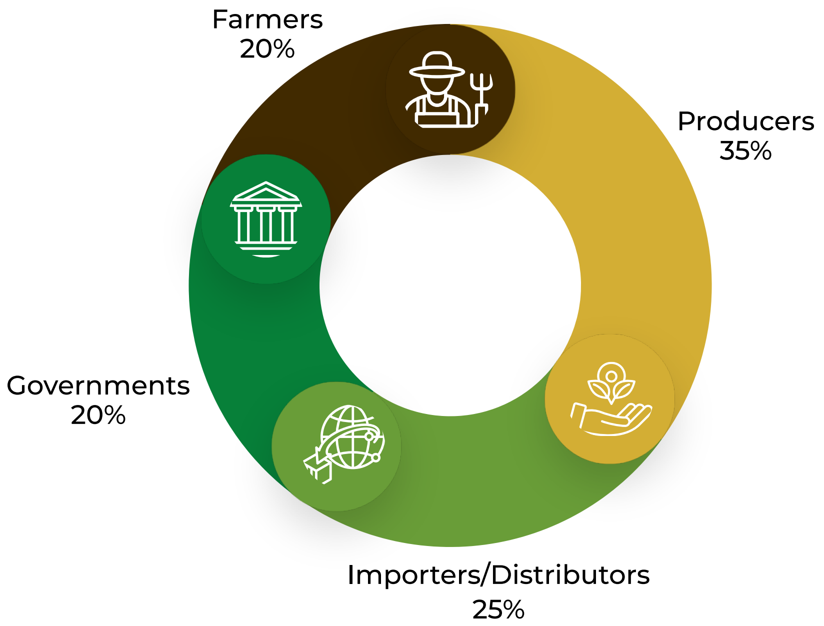
Gas and Gulf logistics can move nitrogen first. Sulphur and export policy can move phosphates independently. The next fertilizer price move may begin outside the fertilizer market itself.

THE RIPPLE EFFECTS THE IMPACT EXTENDED BEYOND FERTILIZER

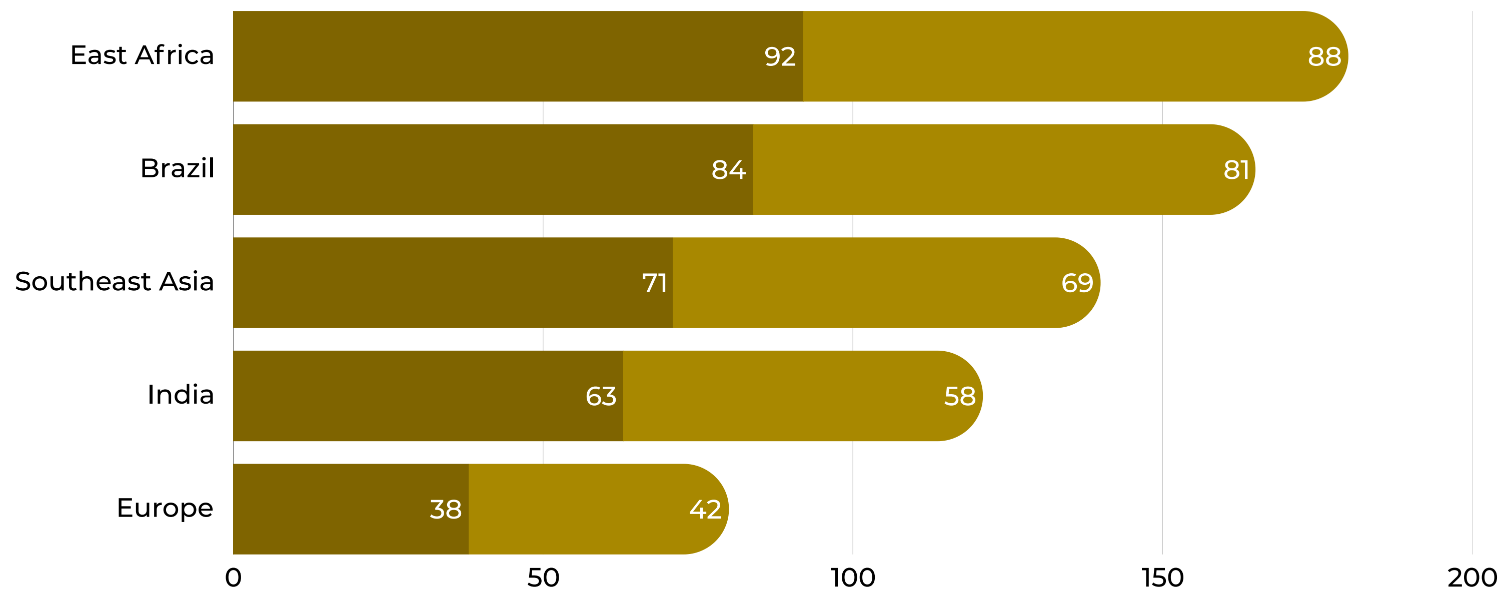
THE RIPPLE EFFECT CHAIN: FROM DISRUPTION TO FOOD RISK



WHO ABSORB THE COST?



REGIONAL FERTILIZER EXPOSURE & AFFORABILITY INDEX



MAGNITUDE OF IMPACT Q1 2026

- **+74%** Landed Cost Increase
- **+25%** Risk & Logistics Cost Increase
- **+22%** Farm Input Cost Pressure
- **+15%** Crop Production Cost Increase
- **+10%** Food Inflation Risk

FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

The fertilizer shock moved beyond the fertilizer market. Higher supply-chain and input costs transmitted downstream, increasing pressure on farmers and exposing the most fertilizer-dependent and economically vulnerable markets.

MARKET IMPLICATION

The impact of a fertilizer disruption depends on more than price. Markets with high import dependence and limited capacity to absorb higher costs face greater risk of reduced fertilizer use, margin pressure and wider food-system impacts.

MARKET SIGNAL

Watch fertilizer affordability before food inflation.

When import dependence is high and buyers can no longer absorb rising fertilizer costs, the next adjustment may come through lower application, changing crop economics and tighter future output.

THE COUNTERMEASURES THE MARKET ADAPTED

THE RIPPLE EFFECT CHAIN: FROM DISRUPTION TO FOOD RISK

Single Route
Minimal optionality, maximum exposure

Low inventory
Just-in-time operations

Lowest Cost Supplier
Cost above all else

Just-in-time
Lean, efficient, vulnerable

BEFORE HORMUZ DISRUPTION (OPTIMIZED FOR EFFICIENCY)

AFTER HORMUZ DISRUPTION (OPTIMIZED FOR RESILIENCE)

Multiple Routes
Minimal optionality, maximum exposure

Strategic Stocks
Minimal optionality, maximum exposure

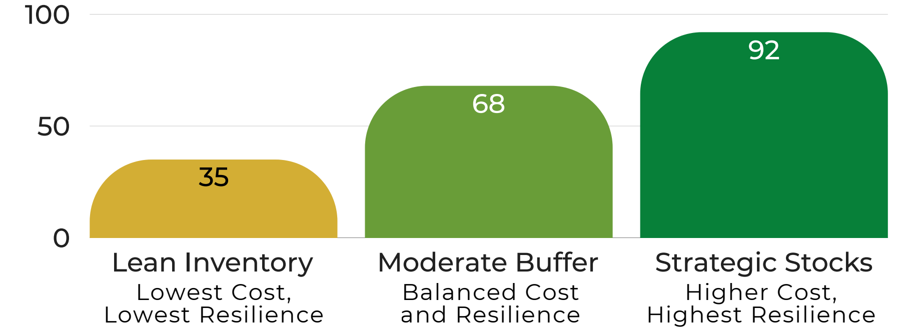
Diversified Supply
Minimal optionality, maximum exposure

Contingency Planning
Minimal optionality, maximum exposure

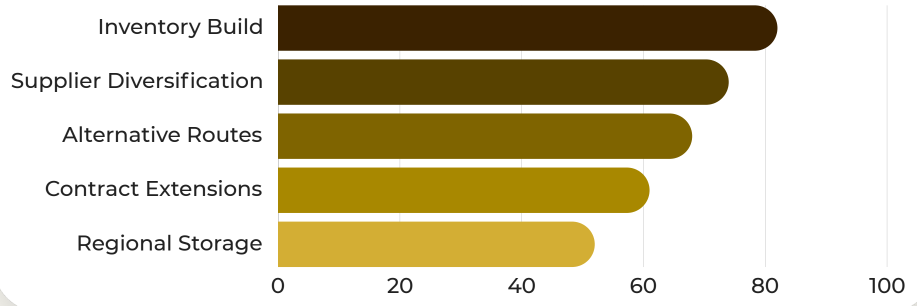
RESILIENCE INVESTMENT MATRIX

Measure	Cost	Impact
Inventory Build	Medium	High
Diversification	Medium	High
Storage Capacity	High	High
Alternative Routing	Low	Medium
Procurement Intelligence	Low	Very High

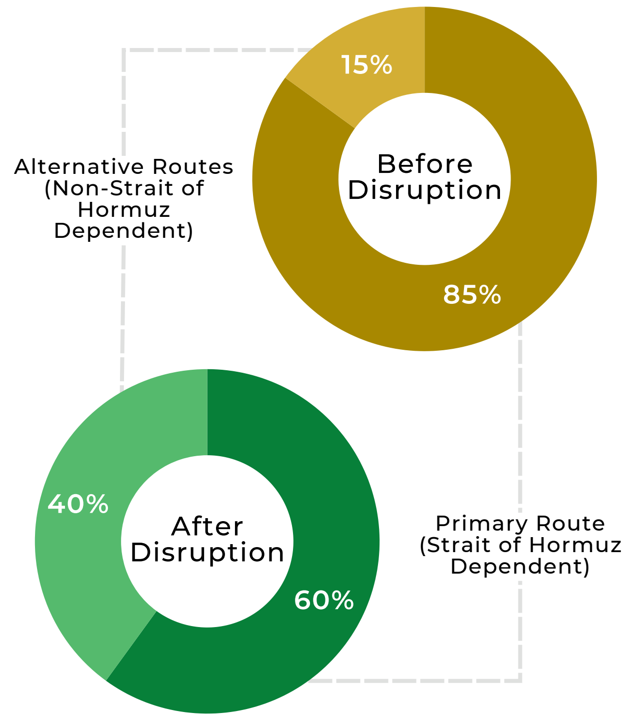
INVENTORY STRATEGY VS RESILIENCE



COUNTERMEASURE ADOPTION INDEX



ROUTE DIVERSIFICATION



FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

The disruption exposed the vulnerability of lean inventories, concentrated sourcing and dependence on predictable trade routes. Buyers responded by building buffers, diversifying supply and increasing logistics optionality.

MARKET IMPLICATION

Procurement efficiency is no longer defined by securing the lowest initial price. The ability to switch origins, routes and timing can protect supply continuity and ultimately reduce the cost of disruption.

MARKET SIGNAL

Track your fallback before you track your price.

The strongest position is no longer the cheapest supply plan it is the one with the most executable alternatives when conditions change.

THE NEW PLAYBOOK THE RULES HAVE CHANGED

FIVE SIGNALS TO WATCH NEXT

WILL GULF EXPORT FLOWS NORMALIZE?

- Determines whether accessible nitrogen supply improves
- Loadings, freight, route reliability

WILL INDIA KEEP PULLING THE MARKET?

- Tender timing and volume can rapidly tighten spot availability
- New tenders, awards, inventories

WILL CHINA STAY ON THE SIDELINES?

WHY IT MATTERS

- Export policy can materially alter phosphate availability
- Export quotas, DAP/MAP exports, policy

WILL SULPHUR REMAIN THE HIDDEN DRIVER?

- Persistent input pressure can keep phosphate costs elevated
- FOB sulphur, Gulf output, procurement

WILL BRAZIL CONTINUE ABSORBING SUPPLY?

- Strong import demand can compete for globally available tonnes
- Import pace, crop economics, inventories

FERTILIZER EXPOSURE RISK INDEX

	Nitrogen	Phosphates	Potash
Score	87/100	81/100	56/100
EXPOSURE	Very High	High	Moderate
KEY DRIVERS	Gulf supply concentration; Gas price volatility; India demand strength; Export policy risk	Sulphur cost volatility; China export policy; OCP production plan; DAP inventory levels	Brazil & Southeast Asia demand; China import pace; Producer capacity; Contracting activity

RECOVERY GAP

NUTRIENT	SHOCK	ADJUSTMENT	NORMALIZATION	RECOVERY POSITION (VS other Nutrients)
Nitrogen Urea, Ammonia, UAN, CAN	High gas cost & tight supply	Gulf availability & trade access	Gas normalization & supply rebuild	**Longest** Most exposed to energy. supply concentration and trade routes
Phosphates DAP, MAP, TSP, SSP	Elevated sulphur & input costs	Export policy & availability	New supply & policy clarity	**Extended** Recovery dependent on sulphur prices and export availability
Potash MOP, SOP, Polysulphate	Trade restrictions & rerouting	Additional supply from key producers	Steadier flows & market balance	**Earliest** Improving supply optionality supports faster normalization

FALCONBRIDGE RESOURCES INSIGHTS

WHAT HAPPENED

The disruption changed the information that matters. Production alone is no longer enough to read the fertilizer market; availability, input costs, policy, freight and buyer behaviour now provide earlier signals of market direction.

MARKET IMPLICATION

Market advantage increasingly comes from identifying pressure before it reaches price. Monitoring Gulf flows, India tenders, China export policy, sulphur costs and Brazilian demand can reveal tightening or easing conditions before they become fully priced into the market.

MARKET SIGNAL

The next move may appear in the signals before it appears in the price.

Track what can change availability routes, tenders, policy and input costs and position while the market is still reacting, not after the price has already moved.

FALCONBRIDGE

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