

How a War Over Oil Could Empty Your Grocery Store

Date: April 26, 2026 | Model: anthropic-batch:claude-opus-4-7

Source: PDF: Hormuz_disruption_raises_risk_of_global_food_shock,_traders_warn.pdf

Contents

1. Explanation (Ages 14–18)
2. Key Terms Glossary
3. Reading Comprehension Quiz (10 questions)
4. Answer Key with Explanations

Note: the original article is provided as a separate file (attached to the email or downloadable from the website).

1. Explanation (Ages 14–18)

A naval blockade in a waterway most teenagers couldn't find on a map is quietly rewriting what next year's groceries will cost – and farmers half a world away are already paying the price.

What's Going On?

Since US and Israeli strikes on Iran in late February 2026, the Strait of Hormuz – a narrow Gulf chokepoint between Iran and Oman – has been disrupted, with Iran briefly closing it and the US imposing a naval blockade. Roughly 20% of global oil, 20% of liquefied natural gas (LNG), and 33% of seaborne fertiliser trade flow through this single waterway.

The cascade is now hitting agriculture. Natural gas is the key ingredient for nitrogen-based fertilisers like ammonia, so when gas gets expensive, fertiliser plants shut down. Traders at the FT Commodities Summit warn that if disruption drags on another six months, the 2027 global harvest could be in serious trouble.

How To Think About It

Think of the global economy as a crowded highway with limited exit ramps. When one ramp closes, everyone reroutes – and the cars with the most money cut the line.

- It's like Ticketmaster during a Taylor Swift drop: oil tankers are the resellers paying millions to skip the queue at the Panama Canal, while grain ships – carrying lower-value cargo – wait up to 40 days.
- Or think of it as a high school cafeteria where the football team always gets fed first: sulphur, a fertiliser ingredient, is now being diverted to copper smelting because copper pays more. Farmers are stuck at the back of the line.

Key Things To Know

- The Strait of Hormuz handles about 20% of world oil/LNG and 33% of seaborne fertiliser – a single 21-mile-wide bottleneck.
- About 40% of the recent drop in gas demand came from factories shutting down, especially fertiliser plants that can't afford gas at war prices.
- Some grain shipping routes have seen freight costs jump 50-60%, squeezing US farmers already losing market share to cheaper Brazilian producers.
- Louis Dreyfus, one of the 'ABCD' agricultural trading giants, warns markets are pricing in a short war – meaning a long one would shock everyone.
- Most people think 'food crisis' means empty fields. The real mechanism here is financial: expensive inputs + slow ships + panicked governments hoarding reserves.

Why It Matters

If you're choosing a college major, this is exactly why fields like supply-chain management, energy economics, and agricultural science are quietly booming. But it's also personal: food inflation hits teens directly through grocery bills, restaurant prices, and the part-time wages that suddenly don't stretch as

far. The 2022 Ukraine wheat shock pushed millions into food insecurity worldwide — a Hormuz-driven repeat could do the same, and shape the politics of every election you'll vote in.

The Bigger Picture

Chokepoints have toppled empires before — think the Suez Crisis of 1956 or the 1973 oil embargo, both of which redrew global power maps. The trader's warning that 'everyone feels their sovereignty is compromised' is the real story: when countries panic-stockpile food, they make shortages worse for everyone, a classic prisoner's-dilemma trap. Watch for export bans (India, Vietnam, Russia have done this before), surging fertiliser stocks, and which governments quietly subsidise farmers to plant more in 2027.

2. Key Terms Glossary

Strait of Hormuz

A narrow sea passage between Iran and Oman connecting the Persian Gulf to the open ocean. Roughly a fifth of the world's oil passes through it, making it the planet's most strategically important shipping chokepoint.

Liquefied Natural Gas (LNG)

Natural gas cooled to liquid form (-162°C) so it can be shipped by tanker rather than pipeline. It's both an energy source and the chemical feedstock for making nitrogen fertiliser.

Nitrogen fertiliser / ammonia

Fertilisers made by combining nitrogen from the air with hydrogen from natural gas. They're responsible for feeding roughly half of humanity – without them, global crop yields collapse.

Feedstock

The raw material that goes into an industrial process. Natural gas is the feedstock for ammonia the way flour is the feedstock for bread.

Dry bulk shipping

The segment of the shipping industry that hauls unpackaged commodities like grain, iron ore, and coal in giant cargo holds – distinct from oil tankers or container ships.

Bunker fuel

The heavy, low-grade fuel oil that powers most large cargo ships. When its price rises, ships slow down to save fuel, which reduces how much cargo the global fleet can move.

Crop cycle

The annual sequence of planting, growing, and harvesting. Decisions made today about fertiliser availability shape harvests one or two cycles later – meaning shocks now hit shelves in 2027.

Pricing in

Market jargon for when investors have already adjusted asset prices to reflect a known risk. If a risk isn't 'priced in,' a sudden shock can trigger sharp moves.

3. Reading Comprehension Quiz

Circle the best answer for each question.

Q1. Which choice best states the central idea of the passage?

- A) Iran's closure of the Strait of Hormuz has caused immediate famine in import-dependent economies.
- B) Disruption at the Strait of Hormuz threatens global food supplies through fertiliser and shipping costs.
- C) The US naval blockade of the Gulf has successfully redirected oil flows toward Asian buyers.
- D) Brazilian farmers are outcompeting US producers because of lower domestic shipping costs.

Q2. According to the passage, fertiliser production is falling primarily because

- A) farmers have reduced their orders due to lower projected crop yields next season
- B) sulphur supplies are being redirected toward higher-value copper smelting operations
- C) natural gas, a key feedstock, has become too costly amid reduced LNG flows
- D) the Panama Canal congestion has prevented fertiliser from reaching global markets

Q3. The passage indicates that wait times at the Panama Canal have increased because

- A) oil tankers are paying premium fees to bypass slower bulk cargo carriers
- B) the canal has reduced its operational capacity due to fuel shortages
- C) Asian buyers have stopped purchasing crude oil from the US Gulf region
- D) agricultural traders have begun rerouting grain shipments through the canal

Q4. As used in the passage, the word "dislocation" most nearly means

- A) a physical injury to infrastructure or equipment
- B) a prolonged disturbance to normal market functioning
- C) a geographic relocation of trading firms abroad
- D) a temporary mismatch between supply and demand

Q5. As used in the passage, the phrase "borrowed time" most nearly means

- A) a debt that must eventually be repaid with interest
- B) a brief period before a crisis becomes unavoidable
- C) an extended deadline granted by financial regulators
- D) a scheduled pause negotiated between conflicting parties

Q6. Which statement about agricultural commodity markets can most reasonably be inferred from the passage?

- A) Investors fully understand the risks of a prolonged Middle East conflict.
- B) Grain prices will remain stable because global supplies are currently ample.
- C) Current market prices may not reflect the full risk of extended disruption.
- D) Government stockpiling has already triggered a worldwide food shortage.

Q7. The passage suggests that US farmers are particularly vulnerable to current shipping disruptions because

- A) they rely heavily on fertiliser imported through the Strait of Hormuz
- B) they already operate on thinner margins than competitors like Brazil
- C) they primarily export to emerging markets in the Middle East region
- D) they depend on the Panama Canal for all of their grain exports

Q8. The author's tone in describing the traders' warnings is best characterised as

- A)** alarmed and openly critical of government inaction on the crisis
- B)** neutral and reportorial, presenting expert concerns without editorialising
- C)** sceptical of trader claims about long-term market disruption ahead
- D)** optimistic that ample grain supplies will offset fertiliser shortages soon

Q9. Which statement about government responses to supply concerns can most reasonably be inferred from the passage?

- A)** Government stockpiling efforts could worsen the very shortage they aim to prevent.
- B)** Most governments have already coordinated reserves to stabilise food prices.
- C)** Governments are unlikely to intervene given current ample grain supplies.
- D)** Sovereign reserves are guaranteed to protect import-dependent economies.

Q10. Which choice provides the best evidence for the answer to the previous question?

- A)** "Despite relatively ample global grain supplies..."
- B)** "Everyone feels their sovereignty is somehow compromised in the supply chain."
- C)** "Countries concerned about supply security may begin building up reserves, further tightening global availability and driving up prices..."
- D)** "The market has not priced in a longer dislocation. Nobody is prepared for it."

My Score: _____ / 10

4. Answer Key with Explanations

Q1. Which choice best states the central idea of the passage?

Answer: B

The passage repeatedly links the Hormuz disruption to fertiliser production and shipping logistics, framing both as pathways to a food shock. A is wrong (Trap C: real-world plausible but the passage describes risk, not present famine). SAT Tip: For 'central idea' questions, pick the option that covers the WHOLE passage, not just one paragraph – eliminate any choice that's only true of a single section.

Q2. According to the passage, fertiliser production is falling primarily because

Answer: C

The passage states natural gas is a key feedstock for nitrogen fertilisers and that 40% of the gas demand decline came from fertiliser plants shutting down. B is the strongest distractor (Trap B: it uses passage vocabulary – sulphur and copper smelting are mentioned – but as a secondary issue, not the primary cause). SAT Tip: When a question asks for the PRIMARY cause, watch for distractors that name a real but secondary factor from elsewhere in the passage.

Q3. The passage indicates that wait times at the Panama Canal have increased because

Answer: A

The passage explicitly states tanker operators are paying millions to skip the queue, leaving grain ships waiting up to 40 days. C is wrong (Trap A: it reverses the actual direction – Asian buyers are INCREASING US Gulf crude purchases, not stopping). SAT Tip: When a question tests cause-and-effect, check whether each option correctly preserves the direction of the relationship described in the passage.

Q4. As used in the passage, the word "dislocation" most nearly means

Answer: B

Chakravarthy says 'the market has not priced in a longer dislocation' – meaning a sustained disruption to normal trade. A is the trap (Trap B: 'dislocation' commonly means a physical injury, like a dislocated shoulder, but that's not the meaning here). SAT Tip: On vocab-in-context, substitute each option into the sentence – only the meaning that preserves the sentence's logic is correct, even if it's not the word's most common dictionary meaning.

Q5. As used in the passage, the phrase "borrowed time" most nearly means

Answer: B

Escobar uses the phrase to warn that the energy crisis will soon become a food crisis unless something changes – meaning trouble is coming. A is the trap (Trap B: 'borrowed' literally suggests debt, but the idiom means living on limited remaining time). SAT Tip: Idioms in passages rarely match their literal meanings – ask what the speaker is warning ABOUT, not what the individual words mean separately.

Q6. Which statement about agricultural commodity markets can most reasonably be inferred from the passage?

Answer: C

Chakravarthy explicitly says 'the market has not priced in a longer dislocation. Nobody is prepared for it' – implying current prices underestimate the risk. B is the trap (Trap C: globally ample supplies are mentioned, but the passage warns government responses could still amplify a shock – so 'will remain stable' overstates the case). SAT Tip: On inference questions, distrust options that sound reassuring or absolute – the passage usually supports a more cautious, qualified claim.

Q7. The passage suggests that US farmers are particularly vulnerable to current shipping disruptions because

Answer: B

The passage states US farmers are 'already struggling to compete with lower-cost producers such as Brazil,' so rising freight costs erode their already-thin margins further. A is the trap (Trap C: it's plausible-sounding in the real world, but the passage doesn't say US farmers specifically depend on Hormuz fertiliser). SAT Tip: When 'real-world plausible' answers tempt you, ask whether the passage actually states or directly implies the claim – if not, eliminate it.

Q8. The author's tone in describing the traders' warnings is best characterised as

Answer: B

The article quotes traders extensively, attributing alarming claims to them ('traders have warned,' 'Escobar said') without the author personally endorsing or attacking those views. A is the trap (Trap B: the QUOTED experts are alarmed, but the author's own tone stays factual). SAT Tip: For tone questions, separate the author's voice from quoted sources – a journalist can report alarming claims neutrally without sharing the alarm themselves.

Q9. Which statement about government responses to supply concerns can most reasonably be inferred from the passage?

Answer: A

The passage warns that countries building reserves would 'further tighten global availability and drive up prices' – meaning their defensive moves backfire collectively. D is the trap (Trap C: 'guaranteed to protect' is far too absolute; the passage suggests the opposite). SAT Tip: Inference answers are almost never expressed in absolute language – eliminate options containing 'guaranteed,' 'always,' 'never,' or 'all' unless the passage uses those exact terms.

Q10. Which choice provides the best evidence for the answer to the previous question?

Answer: C

Option C directly states the mechanism – reserve-building tightens global supply and raises prices – which is exactly the inference in question 9. B is the trap (Trap B: it uses related vocabulary about sovereignty and supply chains, but doesn't actually describe the worsening mechanism). SAT Tip: On evidence-pairing questions, find the passage line that LITERALLY states your previous answer's claim – don't settle for a quote that's merely on the same topic.