

# THE CHOKEPOINT AND THE CORNFIELD

*The Strait of Hormuz is 95% shut. Illinois grows 15% of America's corn and refines 1M+ barrels of crude per day. Fertilizer is up 43%, diesel is spiking, helium has vanished, and spring planting starts in three weeks. Here's what it means and what you can do.*

*"From a timing standpoint, it could not be worse for agriculture."*

--- Darrell Fletcher, Bannockburn Global Forex, on fertilizer supply during spring planting, March 2026

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## EXECUTIVE SUMMARY

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A waterway 6,400 miles from Springfield controls whether Illinois farmers can afford to plant corn this spring. The Strait of Hormuz—21 miles wide at its narrowest—carries 27% of the world’s seaborne crude oil, 20% of its LNG, one-third of globally traded fertilizer, and one-third of the planet’s helium. Since Iran’s IRGC declared it a closed military zone on March 2, traffic has fallen 95%. Oil hit \$126/barrel on March 11 before the IEA announced a 400-million-barrel emergency reserve release. Urea prices at the New Orleans hub jumped from \$475/ton to \$680/ton in one week—a 43% spike arriving exactly when Midwest farmers are booking spring inputs. Illinois’s five refineries process over 1 million barrels per day, its 27 million acres of cropland depend on nitrogen fertilizer derived from natural gas, and its \$115 billion manufacturing sector runs on petrochemical feedstocks now 15–25% more expensive. The chokepoint is 6,400 miles away. The impact is in your backyard.

- Hormuz traffic down **95%**; IEA calls it **”largest supply disruption in history”**
- Oil: **\$79/bbl pre-war** □ **\$126 peak** □ **\$100 post-IEA release**
- Urea fertilizer: **\$475/ton** □ **\$680/ton (+43%)** in one week at New Orleans hub
- Illinois refining capacity: **1.18M bbl/day** across 5 refineries; feedstock cost spiking
- Global helium: **33% offline**; QatarEnergy force majeure on LNG and helium
- Container freight: **\$2,200** □ **\$9,500+** per 40’ container (risk pricing)
- Analysts project **1–1.5M acres** shifting corn □ soybeans due to fertilizer costs
- IMF rule: every sustained 10% oil rise = **+0.4% inflation, –0.15% GDP**



**ILLINOIS: "WE DON'T IMPORT MIDDLE EASTERN OIL"**  
**ILLINOIS FERTILIZER: "ABOUT THAT..."**

*Energy independence is not supply chain independence*

## WHAT'S DRIVING IT

On February 28, the U.S. and Israel launched Operation Epic Fury against Iran. By March 2, the IRGC declared the Strait of Hormuz a closed military zone. Drone strikes hit tankers. P&I insurance was pulled. By March 8, traffic was at 2 outbound transits and zero inbound—effectively sealed. On March 11, the IEA declared it “the largest supply disruption in the history of the global oil market,” with 8 million barrels per day offline. Oil peaked at \$126/barrel before 32 nations announced a coordinated 400-million-barrel reserve release, pulling prices back to \$100.

But oil is only the headline. The Strait carries:

Commodity	Share via Hormuz	Illinois Exposure
Crude oil	27% of seaborne	5 refineries, 1.18M bbl/day
LNG	20% of global	Henry Hub insulated; EU/Asia not
Nitrogen fertilizer	33% of traded	27M acres of corn/soy
Helium	33% of global	Medical, tech, research sectors
Polyethylene	85% of ME exports	Plastics, packaging, auto parts

Each of these supply chains connects directly to Illinois. The state is not importing Qatari oil, but it is importing the consequences of losing Qatari fertilizer, helium, and petrochemical feedstocks.

## WHO GETS HIT

### Farmers: The Fertilizer Squeeze

Illinois is the nation’s #1 soybean producer and #2 corn producer, with 27 million acres of cropland. Corn is a nitrogen-hungry crop, and nitrogen fertilizer is derived from natural gas—which is derived from the same supply chains the Hormuz closure just severed.

Urea at the New Orleans barge hub jumped from \$475/ton to \$680/ton in one week. Anhydrous ammonia was already elevated at \$786/ton before the crisis. Farmers who waited to book spring inputs are getting multiple price updates per day from retailers. The AFBF wrote the White House on March 9 warning that fertilizer and fuel costs have surged while farm income is in a “generational decline.”

The math is brutal: higher nitrogen costs make corn less profitable relative to soybeans, which fix their own nitrogen. Analysts project **1–1.5 million acres** will shift from corn to soybeans this spring—a reallocation that reduces U.S. corn supply and raises prices downstream.

The timing could not be worse. It takes 30 days to ship urea from the Persian Gulf to U.S. ports, plus 3–4 weeks to move it inland. Most farmers have enough fertilizer in storage for the first application. The second application—and the 2027 winter wheat cycle—are in jeopardy.



**SPRING PLANTING STARTS IN 3 WEEKS  
FERTILIZER SHIP IS 30 DAYS FROM THE GULF**

*Assuming the Gulf still exists as a shipping lane*

## Refineries: Illinois's Hidden Oil Economy

Illinois is not an oil state in the popular imagination, but it quietly operates one of the Midwest's largest refining complexes. Five refineries—Lemont (Citgo, 184K bbl/d), Joliet (ExxonMobil, 239K bbl/d), Robinson (Marathon, 265K bbl/d), Wood River (Phillips 66/Cenovus, 336K bbl/d), and the BP Whiting complex just across the Indiana border (435K bbl/d)—collectively process over 1.18 million barrels per day.

These refineries primarily process domestic and Canadian crude, so the Hormuz closure doesn't cut their supply directly. But oil is a global market: when 8 million barrels per day go offline anywhere, the price of all crude rises. Refining margins compress when input costs spike faster than pump prices can adjust. The summer-blend gasoline transition adds another 15–25 cents per gallon in the Midwest. Chicago is already at \$3.79/gal with a \$0.90/gal tax stack amplifying every movement.



**ILLINOIS REFINERIES: "WE USE CANADIAN CRUDE"**  
**GLOBAL OIL MARKET: "THAT'S CUTE"**

*Fungible means everyone pays*

## Manufacturing and Supply Chains

Illinois manufacturing contributes \$115 billion to state GDP—12% of the total. Petrochemical feedstock costs are up 15–25% in a sustained disruption scenario, hitting plastics, adhesives, specialty chemicals, and packaging. Container freight rates have spiked from \$2,200–3,200 to a risk-priced \$9,500+ per 40-foot container as shippers reroute around the Gulf.

The cascade hits in 2–5 weeks: diverted containers arrive in clusters, terminal congestion rises, drayage demand outpaces truck and chassis availability. Illinois manufacturers who import components or export finished goods face margin compression from both ends.

The helium disruption is a quiet crisis. QatarEnergy's force majeure on LNG production shut down a third of global helium supply. Helium is critical for MRI machines, semiconductor fabrication, fiber optic manufacturing, and scientific research. Illinois is home to Fermilab, Argonne National Lab,

and dozens of hospitals and research institutions that depend on helium. Consultant Phil Kornbluth estimates a minimum 2–3 month shutdown and 4–6 months before supply normalizes.



**85% OF MIDDLE EAST POLYETHYLENE EXPORTS  
GO THROUGH HORMUZ**

*Your Amazon box is made of geopolitics*

## The Broader Illinois Economy

Illinois was already in a precarious position before the Hormuz crisis. Moody's Analytics warned that the state's economy "will underperform those of the Midwest and the U.S. over the next year," with payroll employment essentially flat through Q4 2026. Since 2020, the state has lost 10+ major corporate headquarters. Farm income has been in multi-year decline. GDP growth since Q1 2019 is 5.2%—fourth-slowest in the nation vs. 15.1% nationally.

The IMF's rule of thumb: every sustained 10% oil price increase adds 0.4% to inflation and subtracts 0.15% from global GDP. Oil is up 60% from pre-war levels. If \$110+/barrel sustains for 6+ months, recession risk materializes by Q3 2026. An already-fragile Illinois economy has less buffer than peer states.



## SCENARIOS

Scenario	Prob.	Impact on Illinois
<b>Negotiated Wind-Down</b> (30–60 day de-escalation)	20%	Fertilizer prices ease by May. Farmers absorb 1st-app costs. Corn acreage shift limited to 500K acres. Gas drops to \$3.20–3.40.
<b>Prolonged Closure</b> (3–6 months)	35%	Fertilizer shortage hits 2nd application. Corn yields fall 5–10%. Gas hits \$4.50–5.00 in Chicago. Manufacturing margins compressed. Helium rationing at hospitals.
<b>IEA Stabilization</b> (reserves + partial reopening)	20%	Oil holds \$90–105. Fertilizer elevated but available. Supply chains stressed but functioning. 2027 planting at risk if reserves deplete.
<b>Escalation</b> (wider conflict, \$150+ oil)	15%	Recession by Q3. Illinois ag in crisis. Gas exceeds \$5.50. Emergency state action on fertilizer subsidies. Manufacturing layoffs.
<b>OPEC+ Surge</b> (non-Gulf output flood)	10%	Oil drops despite conflict. Fertilizer remains tight (supply route, not price). Helium shortage persists regardless.

Oil headed to the moon Meme



Photographer: James MacDonald/Bloomberg

Markets

### Biden Orders Release of U.S. Oil Reserves in Challenge to OPEC+



## IEA: "400 MILLION BARREL RELEASE" HORMUZ DISRUPTS 8M BARRELS PER DAY

*That's 50 days. Tick tock.*

### WHAT ILLINOIS RESIDENTS CAN DO

1. **Farmers—lock fertilizer prices now:** If you haven't booked spring inputs, do it today. Prices are rising daily. Contact your local cooperative or retailer. The AFBF has a resource page at [fb.org/issues/farm-policy](https://fb.org/issues/farm-policy).
2. **Track gas prices:** GasBuddy shows 60c variation between neighborhoods. NW Indiana averages 29c cheaper than Chicago. Cross-border fill-ups save real money.
3. **Contact your representatives:** Sen. Durbin (312-353-4952), Sen. Duckworth (312-886-3506), or your House rep. Ask about fertilizer subsidies, gas tax relief, and the Hormuz diplomatic response.
4. **Hospitals and labs—plan for helium rationing:** Contact your helium supplier about allocation status. Fermilab and Argonne should coordinate contingency plans. Kornbluth estimates 4–6 months to normalize.
5. **Small manufacturers—audit supply chain exposure:** If you source petrochemical feedstocks, plastics, or ME-origin components, identify alternatives now. The 2–5 week lag means March orders are already at risk.
6. **Take CTA/Metra:** Fares not raised for 2026. A Metra monthly pass (\$101–168) is cheaper than a month of \$4+ gas on a suburban commute.
7. **Budget for food inflation:** The transmission elasticity is 10% oil rise = 2.6% food price increase, with a 6–12 month lag. Oil is up 60%. Bulk buying at Costco/Aldi saves per-unit. Beef is projected up 9–17% nationally.
8. **Watch the G7 energy ministers:** Their decisions on SPR releases and naval escorts will move all of these prices within days.

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