

GP-RPT-2026-011

THREE WEEKS IN

Three weeks into Operation Epic Fury: Israel strikes South Pars (world's largest gas field), Iran retaliates against Ras Laffan LNG (5-year repair), Iran fires missiles at Diego Garcia 2,500 miles away. Chicago gas at \$4.08, Brent over \$100, diesel crosses \$5, 4.8M acre corn-to-soy shift, Fed frozen, Pentagon requesting \$200B more. Illinois is absorbing all of it.

"Our farmers across the country are heading into spring planting, and they're facing one of the toughest economic environments that we've seen in decades."

--- Zippy Duvall, President, American Farm Bureau Federation, March 2026

CONTENTS

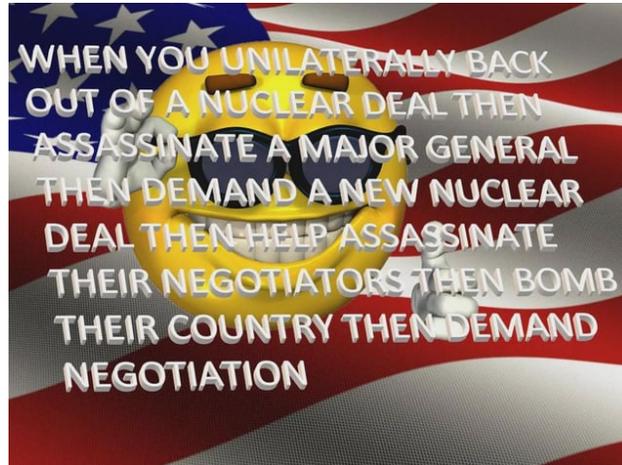
1	Executive Summary	3
2	What Changed This Week	5
3	Who Gets Hit in Illinois	6
3.1	At the Pump	7
3.2	On the Farm	7
3.3	In the Broader Economy	9
4	Scenarios — Updated	10
5	What You Can Do	11
6	Sources	12

EXECUTIVE SUMMARY

It has been 21 days since Operation Epic Fury began. Every week has been worse than the last. In the first week, the Strait of Hormuz closed and oil crossed \$100. In the second, the IEA called it the largest supply disruption in history and released 400 million barrels from reserves. In the third, Israel struck Iran's South Pars—the world's largest natural gas field, supplying 70% of Iran's domestic gas—and Iran retaliated by hitting Qatar's Ras Laffan LNG facility, taking 17% of global LNG capacity offline with a 5-year repair timeline. On March 21, Iran fired intermediate-range ballistic missiles at Diego Garcia, a US-UK base 2,500 miles from Tehran—revealing missile capability far beyond what Western intelligence had assessed. What started as a transit disruption is now a structural production shortfall and an expanding theater of war.

For Illinois: Chicago gas hit \$4.08. US diesel crossed \$5/gallon. Fertilizer is 30%+ above pre-war levels with the US 25% short of normal spring supply. USDA projects 4.8 million acres shifting from corn to soybeans—triple the early estimates. Farm bankruptcies are up 46% year-over-year. The Fed froze interest rates, trapped between inflation and recession. The Pentagon is requesting an additional \$200 billion. Trump said he “won” and was “considering winding down”—then said he is “not interested in a ceasefire.”

- Chicago gas: **\$4.08/gal** (up \$1 in 3 weeks); Illinois avg: **\$4.12**; diesel: **\$5.00+**
- Brent crude: **\$100–112/bbl**; pre-war: **\$64**; Goldman war premium: **\$14/bbl**
- Hormuz: **90%+** traffic reduction (IEA: <10% of pre-crisis); selective passage at **~20%** throughput
- Ras Laffan LNG: **17% global capacity destroyed**; Shell force majeure; **5-year repair**
- US fertilizer supply: **25% short** of normal spring levels; urea at **\$550–680/ton**
- USDA projects **4.8M acre** corn-to-soy shift; farm bankruptcies up **46% YoY**
- Fed **held rates** March 19; stagflation trap: can't cut (inflation) or hike (recession)
- 30-day US **sanctions waiver** on **140M barrels** of Iranian oil at sea



TRUMP: "WE'VE WON"
IRAN STRIKES KUWAITI REFINERY SAME DAY

Victory has never been so expensive

WHAT CHANGED THIS WEEK

The war escalated from a transit disruption into infrastructure destruction:

Date	Development
Mar 13	US strikes Kharg Island (Iran's primary oil export terminal)
Mar 15	Iran rejects ceasefire; declares Hormuz "open to all, closed to US and Israel"
Mar 16	First non-Iranian cargo transits Hormuz (Pakistani tanker). Goldman: 97.4% flow reduction
Mar 17	US diesel crosses \$5/gal. Larijani assassinated. USDA: 4.8M acre shift
Mar 18	Israel strikes South Pars (world's largest gas field, 70% of Iran's gas). Venezuela oil sanctions eased.
Mar 18	Iran retaliates: strikes Ras Laffan (Qatar LNG, 17% global capacity). 5-year repair. Also hits UAE, Saudi, Kuwait.
Mar 19	Fed holds rates. Pentagon requests additional \$200B. Iran hits Kuwait refinery.
Mar 20	Trump: "We've won." 30-day sanctions waiver on 140M barrels of Iranian oil.
Mar 21	Iran fires IRBMs at Diego Garcia (2,500 mi from Tehran). Missiles intercepted/failed. Trump: "not interested in a ceasefire."

March 18 was the inflection point. Israel struck South Pars—the world's largest gas field, holding 1,800 trillion cubic feet of gas and supplying 70% of Iran's domestic consumption. Iran retaliated by hitting Ras Laffan, the UAE, Saudi Arabia, and Kuwait. Before March 18, the energy crisis was about transit—ships couldn't get through Hormuz. After March 18, it's about *destroyed production capacity on both sides*. Even if Hormuz fully reopens tomorrow, 17% of global LNG is offline for years. Then on March 21, Iran fired intermediate-range ballistic missiles at Diego Garcia—2,500 miles away—revealing capabilities Western intelligence had underestimated. Bloomberg reports EU leaders are now confronting a "multi-year energy squeeze."

At the Pump

Chicago gas averaged \$3.07 in February. It's \$4.08 today—a dollar more in three weeks. Cook County sits at \$3.89, Illinois statewide at \$4.12. Diesel—the fuel that moves freight—crossed \$5 nationally on March 17. The summer-blend transition hasn't even started yet.

Block Club Chicago reports commuters are making hard choices: one Chicago resident now pays \$280/month on gas for a round-trip to work in the suburbs, up from \$180 pre-war. CTA ridership is up, but the system has its own problems—aggravated assaults hit a 24-year high in 2025 and are up 33% into 2026. The feds are pressing IDOT over CTA safety.



FEBRUARY GAS: \$3.07

MARCH GAS: \$4.08

A dollar in 20 days. Summer blend hasn't started.

On the Farm

The fertilizer crisis has gone from concerning to catastrophic. The US is **25% short** of normal spring fertilizer supply. Urea at New Orleans is \$550–680/ton, up 30%+ from pre-war. Tennessee farmer Todd Littleton expects to pay \$100,000 more this season—a 40% spike. AFBF president Duvall says many farmers who didn't pre-order “may not even be able to obtain fertilizer.”

The acreage math has shifted dramatically. Early estimates projected 1–1.5 million acres shifting from corn to soybeans. USDA's March projection: **4.8 million acres**. At \$900/ton ammonia, corn

loses \$213/acre vs. \$139 for soybeans. The shift reduces US corn supply and raises food prices downstream—corn goes into everything from animal feed to ethanol to high-fructose corn syrup.

Farm bankruptcies hit 315 Chapter 12 filings in 2025, up 46% from 2024. Corn prices are down 50% since 2022 while input costs have barely eased. The AFBF is calling it a “generational decline in farm income” now compounded by a supply shock.



EARLY ESTIMATE: 1.5M ACRES SHIFTING

USDA MARCH PROJECTION: 4.8M ACRES

When the revised number is 3x the original, the original was wrong

In the Broader Economy

The Fed held rates on March 19—trapped. Energy-driven inflation means they can't cut. Recession risk means they can't hike. Markets had priced 2.6 rate cuts a few weeks ago; now they're pricing barely one.

Illinois was already fragile: GDP growth 4th-slowest in the nation since 2019, 10+ corporate HQ departures since 2020, Moody's warning of underperformance vs. Midwest peers. The IMF's rule of thumb—every sustained 10% oil rise adds 0.4% inflation and subtracts 0.15% from GDP—now applies to a 56% oil increase. Goldman Sachs suggests higher prices could last **through 2027**.

HBR asks whether the Iran war will deliver the “long-predicted US recession.” U of Chicago's Energy Policy Institute: when oil reaches 4–5% of GDP and stays elevated, “that's always triggered a recession.” The combined hit of tariffs (\$2,512/household per JEC study) plus gas spikes is “a very nasty one-two punch.”



FED: CAN'T CUT (INFLATION)
FED: CAN'T HIKE (RECESSION)

The stagflation trap is not a vibe, it's a policy prison

SCENARIOS --- UPDATED

Probabilities updated from GP-RPT-2026-010 (Mar 12). The South Pars and Ras Laffan strikes converted the energy crisis from temporary to structural. Diego Garcia shows Iran’s reach is expanding, not contracting. Trump says he’s “not interested in a ceasefire.” Escalation probability has risen.

Scenario	Prob.	Impact on Chicago/Illinois
Negotiated Wind-Down (30–60 days)	10%	Gas drops to \$3.50–3.80. Fertilizer stays elevated (Ras Laffan + South Pars damage persists). Corn shift locked in for 2026. No recession.
Prolonged Stale-mate (3–6 months, Hormuz at 20%)	35%	Gas \$4.50–5.00 in Chicago. Fertilizer shortage hits 2nd application. Manufacturing layoffs begin. Recession risk by Q3. Helium rationing.
Partial De-escalation (sanctions waivers + selective Hormuz)	20%	Gas holds \$3.80–4.20. Iranian oil re-enters market. LNG structural shortage persists through 2027+.
Escalation (wider conflict, \$150+ oil)	25%	Gas \$6+. Emergency state tax relief. Farm crisis. CTA overwhelmed. Diego Garcia attempt signals Iran willing to strike far beyond the Gulf. Saudi \$180/bbl projection.
Diplomatic Break-through (ceasefire + Hormuz reopening)	10%	Gas drops to \$3.30. LNG still impaired (Ras Laffan). Fertilizer normalizes over 4–6 months.



EVEN IF THE WAR ENDS TOMORROW RAS LAFFAN IS A 5-YEAR REPAIR

Structural damage doesn't care about ceasefire timelines

WHAT YOU CAN DO

1. **Gas:** GasBuddy. 60c variation between neighborhoods. NW Indiana saves 29c/gal. Costco membership pays for itself in gas savings alone at current spreads.
2. **Transit:** CTA/Metra fares not raised for 2026. A Metra monthly (\$101–168) beats a month of \$4+ gas. CTA 30-day pass is \$75—less than two fill-ups.
3. **Farmers:** If you haven't locked fertilizer, do it *today*. AFBF resources at [fb.org](https://www.fb.org). Treasury may announce fertilizer relief “in the next few days” (Bessent, Mar 19). Contact your co-op.
4. **Call your reps:** Sen. Durbin (312-353-4952), Sen. Duckworth (312-886-3506). Ask about the \$15B farmer aid package, gas tax relief, and fertilizer import subsidies.
5. **Budget for food inflation:** 10% oil rise = 2.6% food price increase (6–12 month lag). Oil is up 56%. WFP projects 45M more people in acute hunger. Bulk buy staples now.
6. **Small business:** Audit supply chain exposure. Petrochemical feedstocks up 15–25%. Container freight at \$9,500+. The 2–5 week lag means April deliveries are already priced in.
7. **Hospitals/labs:** Helium rationing is here. QatarEnergy force majeure + Ras Laffan destruction = 4–6 months minimum. Contact suppliers about allocation.
8. **Watch the sanctions waiver:** The 30-day waiver on 140M barrels of Iranian oil is designed to suppress prices. If it works, expect a \$5–10/bbl dip. If it doesn't, expect political pressure for a gas tax holiday.

SOURCES

1. CNN, “Live updates: Iran war; CNN town hall talks what’s next,” 20 Mar 2026
2. Al Jazeera, “Iran war updates: Tehran says ready for long war,” 15 Mar 2026
3. Bloomberg, “Iran War: Hormuz Reopening Looks Unlikely Without a Ceasefire,” 17 Mar 2026
4. TIME, “Iran Rejects Cease-Fire Talks as War Rages On,” 18 Mar 2026
5. Block Club Chicago, “Gas Prices Rise Due to Iran War, Commuters Face Mounting Costs,” 18 Mar 2026
6. Fortune, “Current price of oil as of March 20, 2026,” 20 Mar 2026
7. CNBC, “Iran war fertilizer shortage threatens Republicans in farm states,” 19 Mar 2026
8. PBS, “Iran war has US farmers worried about cost and availability of fertilizer,” 18 Mar 2026
9. Farm Policy News (U of I), “Prolonged Iran War Could Shrink US Corn Acres,” Mar 2026
10. HBR, “Will the Iran War Deliver a Long-Predicted US Recession?” Mar 2026
11. Wikipedia, “Economic impact of the 2026 Iran war,” accessed 20 Mar 2026
12. Chatham House, “How will the Iran war affect the global economy?” Mar 2026
13. AEI, “The Economic Consequences of the Iran War,” Mar 2026
14. THUNDERFAX Current Events Workspace, Hormuz/energy/fertilizer topics, Mar 12–20
15. Goldman Sachs, Hormuz flow quantification, 16 Mar 2026 (via THUNDERFAX)
16. Bloomberg, “EU leaders confronting multi-year energy squeeze,” 20 Mar 2026 (via THUNDERFAX)
17. CNN, “What is the South Pars gas field and why is Israel’s attack an escalation?” 19 Mar 2026
18. Bloomberg, “Iran’s Failed Diego Garcia Strike Is Show of Missile Capability,” 21 Mar 2026
19. NPR, “The Pentagon wants an extra \$200 billion for the Iran war and beyond,” 19 Mar 2026
20. NBC News, “US eases Venezuela oil sanctions as Trump seeks to boost supply during Iran war,” 18 Mar 2026