



AFRICA FIRST ADVISORY BRIEFING NOTE

Africa: Transmission of the US–Iran War | 19 April 2026

Bottom Line

The 21 April expiry of the US–Iran ceasefire is, on paper, a Gulf event. In practice, it is the single variable that will determine whether Africa absorbs a contained one-quarter shock or a structural reset of its fiscal, FX, and food-security trajectories extending into 2027. The primary transmission is oil and LNG through the Strait of Hormuz; the secondary effects — inflation, currency depreciation, and a jump in sovereign borrowing costs — and the tertiary effect, a fertilizer and food-price shock timed to the 2026 planting season, will be more lasting and more politically destabilising than the initial fuel-price move. A narrow set of African producers are capturing windfalls; the majority are net losers. The ceasefire decision determines the scale.

Primary: Oil, Gas, Hormuz Logistics

Brent is trading near \$98–95/bbl, down from an intra-war peak above \$110–120 and following a 9% drop on 17 April on Iran's brief announcement of reopened Strait traffic. Iran re-closed the Strait and fired on shipping on 18 April. Approximately 20% of global crude and a substantial share of global LNG transit Hormuz; combined Iranian restrictions and a US naval blockade have kept flows at near-standstill for most of the conflict. On 11 March 2026, the IEA coordinated a 400 million-barrel release from member strategic reserves — the largest in the agency's history, against a previous peak of 182.7 mbbl in 2022; the US contribution is 172 mbbl phased over ~120 days (IEA, 11 March 2026; US DOE). Saudi Arabia, UAE, Iraq, and Kuwait have suspended shipments equivalent to roughly 1.4 days of global demand. This assessment pertains only to the Strait of Hormuz; should a deterioration in conflict impact the Red Sea as well, the scenario alters dramatically, for the worse.

Pass-through to African importers has been rapid. Ghana's NPA raised minimum price floors for 1–15 April 2026 to ₵13.30/l petrol and ₵17.10/l diesel (NPA indicative price window, 30 March 2026), with the government announcing a ₵0.36/l petrol and ₵2.00/l diesel subsidy from 16 April 2026 (Ministry of Finance / NPA, 16 April 2026). Mauritania lifted petrol 15.3% and diesel 10%; Minister of Economic Affairs Abdallah Ould Souleymane explicitly invoked the 1973 oil-crisis comparison (Mauritanian News Agency, April 2026). The Gambia raised petrol 18.79% and diesel 12.20%. South Africa cut the fuel levy for April to absorb a record pump-price move. Botswana, Mali, Tanzania, and Senegal have followed. In Nigeria, Dangote paused petrol loading and reset ex-gantry prices; retail broke ₦1,000/l in multiple states.

Secondary: Inflation, Currency, Fiscal Space

Inflation re-acceleration is the dominant macro risk. Fuel is a first-round CPI component in every African consumer basket and a second-round input across transport, milling, cooking, and cold-chain logistics. The IMF's January 2026 WEO had assumed continued disinflation; that assumption is dead.

Currency pressure is asymmetric. BMI Country Risk & Industry Analysis (Fitch Solutions, 6 March 2026) has flagged elevated devaluation risk for frontier African currencies that combine high import dependence, narrow FX buffers, and hard-currency external debt. The rand is cushioned by higher gold and PGM prices. Frontier currencies — cedi, shilling, birr, kwacha (Malawi and Zambia) — do not have that offset and will bear the real depreciation.

The sharpest underappreciated shock on African fiscal space is the repricing of IBRD lending. ONE Data's "Priced Out" (14 April 2026) puts IBRD rates to African sovereigns at 5.2% in 2024, up from 1.4% in 2020; Kenya is being quoted as high as 6.6% on new lending. Chinese policy-bank rates (CDB and China Exim, per the BU GDP Center database) have moved from 2.5% to 5.7% over the same period. IBRD Flexible Loan pricing is SOFR-linked (6-month SOFR plus a 0.50% contractual spread and a maturity premium), so the Fed's 2022–2024 tightening fed through directly. The Iran shock now delays the disinflation path the market had priced for 2026 rate cuts.

Four consequences for African sovereigns follow.

First, the concessional premium has collapsed. IBRD and Eurobond pricing now converge in the 5.5–8.5% range for BB-/B-rated African sovereigns, eroding the fiscal case for prioritising multilateral over market debt.

Second, debt service rises mechanically. For sovereigns already spending 20–40% of revenue on debt service — Kenya, Ghana, Egypt, Zambia pre-restructuring — every 100bp move crowds out capex, health, and education.

Third, blend and recently-graduated borrowers lose the concessional tail. Senegal, Côte d'Ivoire, and Ghana (blend) now face near-full IBRD pricing; Kenya, fully IBRD for decades, is most exposed on new lending. The shift toward commercial Eurobonds or Chinese facilities accelerates.

Fourth, DSA downgrades. Sustained \$95+ Brent will push several additional African sovereigns into “high risk of distress” under the IMF–World Bank framework, widening the Common Framework restructuring queue into 2027.

The IMF-announced facility of up to \$50bn for Nigeria and other affected economies signals expected demand, not a buffer sufficient for continental exposure: IMF Managing Director Kristalina Georgieva (IMF Spring Meetings, 15 April 2026) framed near-term BoP support at \$20–50bn, with the lower bound conditional on the ceasefire holding; at least a dozen countries, several of them sub-Saharan, are in discussion. Nigeria's Finance Minister has confirmed intent to seek enhanced IMF/World Bank support against a 50%+ retail petrol move and a 70%+ diesel move since the conflict began.

Gulf sovereign and DFI retrenchment is a Secondary, not tail, channel. Chatham House (March 2026) characterises GCC oil-and-gas-revenue losses at approximately \$1.1bn/day, with cumulative Gulf-wide GDP losses estimated at \$120–194bn (UNDP, 30 March 2026); Rystad Energy (April 2026) places Gulf energy-

infrastructure damage at a minimum of \$34bn, with Qatar's LNG repair alone at ~\$20bn and a five-year repair horizon (QatarEnergy statement, 19 March 2026). UAE and Saudi positions underwrite a material share of the last decade of African capital formation — DP World in Berbera, Bosaso, and Massawa; Saudi AgriCo and ADQ footprints across the Horn; Saudi-backed projects in Egypt and the Red Sea basin; UAE commitments into Rwandan aviation; Gulf equity in African pharma manufacturing and agri-processing. A prolonged war re-prices all of this: expect delayed FIDs, renegotiated equity stakes, and partial withdrawal from concessionary co-investment. The continental FDI shock lags the oil shock by 6–12 months and extends well into 2027.

Tertiary: Fertilizer and the Food-Price Channel

This is the most severe medium-term risk and is underpriced in most African policy responses to date. IFPRI (Hebebrand, Glauber, Vos, Rice, "The Iran war's impacts on global fertilizer markets and food production," ifpri.org blog, April 2026) shows the Gulf accounted for 36% of global urea exports over 2023–25, with Iran and Qatar the two largest and Saudi Arabia third. Gulf share of global ammonia exports over the same period was 29%. The war has idled Iran's urea and ammonia plants (Iran 2024 urea exports ~4.5 Mt against ~8.9 Mt nameplate capacity, IndexBox 2024), halted Egypt's fertilizer production, and taken Qatar's world-largest urea plant offline when QatarEnergy suspended downstream urea output following its LNG shutdown. CRU Group (cited in PBS NewsHour, March 2026; Al Jazeera, March 2026) estimates ~30% of global urea trade is currently disrupted. Urea prices have surged materially and freight/insurance costs layered on top. China — the notional backstop — has restricted urea exports to protect domestic supply; Russian plants are at capacity.

The Israeli gas–Egyptian fertilizer linkage deserves specific attention because it transformed Egypt from a marginal Gulf dependency into an offline exporter within days. Egypt's nitrogen fertilizer industry — Abu Qir, MOPCO, Helwan, Egyptian Fertilizers Company — is gas-fed, and Egypt sources a meaningful share of its natural gas via the EMG pipeline from Israel's Leviathan and Tamar fields. When Israeli production was redirected to domestic priority after the 28 February strikes, the gas flow to Egypt was curtailed. The immediate knock-on was the shutdown of Egypt's urea and ammonia plants — approximately \$3.4bn in annual fertilizer exports removed from the market, on top of Iran's ~4.5 million tonnes of annual urea exports. Egypt had been the fastest-growing North African fertilizer exporter and a critical supplier to East African markets via the Red Sea; its disappearance from the market is a second-order consequence of the war that most African importers did not price in pre-conflict.

Morocco's OCP Group is the single most important non-Gulf fertilizer variable on the continent and is structurally positioned to capture part — but not all — of the vacated supply. OCP dominates global phosphate fertilizer trade: ~4.4 Mt DAP, ~2.71 Mt MAP, and ~2.98 Mt TSP exported in the most recent full year (OCP Group disclosures). The Mzinda Phosphate Hub is commissioning at an initial 2.1 Mt/year in 2025 with a further 2.0 Mt/year slated for 2026, and three 1 Mt/year granulation units at Jorf Lasfar have been added across 2023–24 (CRU; OCP). OCP's Nigerian MAP/DAP plant (commissioned 2022) converts Nigerian gas into ammonia and blends with Moroccan phosphoric acid; the Ghana joint-venture fertilizer plant (1 Mt/year capacity, 2019 framework agreement, 2026 construction target) is the continental anchor. Two caveats constrain the OCP backstop. First, OCP's output is phosphate-based (DAP, MAP, TSP, NPK complexes); it does not substitute one-for-one for lost Gulf urea at the smallholder level where nitrogen is the binding nutrient. Second, African capture is not automatic — 18% of OCP H1 2025 revenue came from Africa against 26% from South America, 21% Europe, 19% India; absent a deliberate diplomatic and commercial push (AU-AfCFTA fertilizer protocol, African-preference offtake, concessional AfDB/Afreximbank working-capital lines into OCP trade

flows), the marginal OCP tonne re-routes to higher-netback markets. The operational implication is that OCP can partially offset phosphate and complex-NPK demand across the continent within weeks, but closing the nitrogen gap requires urea-specific sourcing from India (IPL, Chambal), Algeria (Sonatrach/AOA), Nigeria (Notore, Indorama, Dangote), and Russia — each with its own constraint profile.

Middle East urea FoB → African food CPI: mechanism. Middle East urea FoB prices — published benchmarks out of Jubail, Ruwais, Ras Laffan, and Fujairah by Argus, ICIS, and Fertecon — are the reference for landed fertilizer cost across African import markets. The transmission chain is:

1. ME FoB is the basis for CIF pricing into Mombasa, Dar es Salaam, Djibouti, Durban, Lagos, Tema, and Abidjan. A \$1 move in FoB translates to roughly \$1.20–1.40 in landed cost once freight (now elevated by Hormuz war-risk insurance surcharges, layered on top of existing Red Sea risk premia) and handling are added.
2. Landed cost multiplied by local FX sets retail fertilizer price. Frontier currency depreciation (cedi, shilling, kwacha) amplifies the dollar move 10–25%.
3. Retail fertilizer is 15–30% of smallholder variable cost for maize, rice, and wheat across SSA. A doubling in retail price compresses application rates by 30–50% in typical smallholder demand-response modelling; commercial farms partially absorb but reduce too.
4. Yield compression follows: IFPRI analysis (April 2026) cites evidence that Zambian maize yields fall approximately 4% per week of fertilizer-application delay, with steeper losses where rates are cut rather than deferred; commercial farms partially absorb but reduce too.
5. Grain-supply shortfall feeds regional maize, rice, and wheat prices with a 6–9 month lag aligned to harvest cycles. Food is 35–60% of CPI basket across SSA — Malawi ~54%, Nigeria ~51%, Ghana ~44%, Kenya ~32%, South Africa ~17%.

The threshold that matters operationally is ME urea FoB. Below \$400/t, the fuel-CPI shock is transitory and reverses with Hormuz reopening. Sustained above \$450/t, the fertilizer-CPI channel activates and becomes the dominant driver of food inflation through H2 2026 and H1 2027. Above \$500/t, smallholders structurally under-apply, which compresses 2027 yields and converts an inflation shock into a food-security shock. The current trajectory places the market in the \$400–450 band with upside pressure; the 21 April outcome will determine which side of the threshold the continent sits on.

The FAO Food Price Index for March 2026 (FAO, 4 April 2026) is at its highest level since December 2025 and is rising for a second consecutive month. A 10–20% food-CPI increase across SSA by late 2026 is the base case, not the tail scenario. Ethiopia, which sources over 90% of its nitrogen fertilizer from the Gulf via Djibouti (Ethiopian Ministry of Agriculture; AFAP), is most exposed. Malawi is similarly exposed. The Sahel — Burkina Faso, Niger, Mali — combines the fuel-price channel, the fertilizer channel, insurgency, and minimal fiscal space; humanitarian-scale risk is concentrated here.

Differentiated Impact

Winners are narrow and conditional on existing volume and infrastructure.

Nigeria captures both sides of the upside. The 2026 Appropriation Act (signed by President Tinubu at ₦68.32tn total, February 2026) uses a crude-oil benchmark of \$64.85/bbl and a production target of 2.06 mbpd (FMoF

MTEF; Businessday, 2026), so current Brent levels generate material fiscal windfall if production holds. More significantly, Dangote Refinery (650,000 bpd nameplate, Lekki) has converted Nigeria from a petroleum-product importer into a regional exporter within 18 months of ramp-up, and the Iran shock is accelerating that transition. In March 2026, Dangote sold 12 cargoes totalling approximately 456,000 tonnes of refined product — predominantly petrol — into Côte d'Ivoire, Cameroon, Tanzania, Ghana, and Togo (Kpler; Bloomberg, 23 March 2026; Nairametrics, 22 March 2026); Kpler places Nigeria's clean-product exports at ~214,000 bpd in March against ~100,000 bpd in February. These are flows that previously originated in European and Gulf refining hubs and transited Mediterranean or Red Sea routes now disrupted by the war. The strategic implication is significant: the first viable West African refining capacity at scale is capturing market share precisely when Gulf refined-product flows are impaired, embedding Dangote in regional supply relationships that will outlast the war. Offset: Dangote sources crude on FX-linked terms, so its ex-gantry prices move with Brent, and Nigerian retail has still broken ₦1,000/l.

Angola captures full crude-price upside and, following the March 2026 first-gas event at the Quiluma field under the BP-Eni-operated New Gas Consortium (Azule Energy, BP-Eni 50:50 JV, 37.4% NGC stake; Chevron 31%; Sonangol 19.8%; TotalEnergies 11.8%; Eni press release, 17 March 2026; Rigzone), is positioned to ramp feed-gas to Angola LNG into a tight global market. Angola was India's third-largest crude supplier in March. Tanzania's \$42bn LNG project gains strategic weight ahead of 2026 finalisation. Algeria, Libya, Congo, Gabon, Equatorial Guinea capture price upside with mixed volume response. East African transshipment ports are absorbing redirected flows: Kenya Ports Authority data (cited Bloomberg, 19 March 2026; Kenyans.co.ke) shows Lamu has handled 74 vessels year-to-date 2026 against two container-ship calls in Q1 2025; Mombasa volumes are materially up.

Losers are the majority: Kenya, Tanzania (on the import side), Ghana, Senegal, Rwanda, Malawi, Zambia, Ethiopia, and the Sahel. (Gulf sovereign and DFI retrenchment, previously framed here as a tail risk, is treated above as a Secondary channel.)

What to Watch

The 21 April ceasefire expiry is the highest-variance event on the calendar: a rollover maintains Brent around \$85 and ME urea FoB below the \$400 threshold; a collapse potentially takes Brent to \$115–130 and pushes urea FoB through \$500, activating the food-CPI channel. Kpler weekly tanker counts through Hormuz are the cleanest signal of the oil channel. ME urea FoB spot — particularly Arab Gulf (Ras Laffan, Jubail, Ruwais, Fujairah) and Egypt FoB assessments by Argus Media and ICIS/Fertecon — is the cleanest signal of the fertilizer channel. African central-bank responses (CBN, CBK, BoG, CBE) over the next 30 days will indicate policy tolerance for sustained CPI pressure. Execution pace on the IMF up-to-\$50bn facility, AfDB Transition Support, and Afreximbank countercyclical lines is the fiscal-support variable. A Saudi or UAE pullback on African infrastructure commitments would signal a longer-duration continental shock. Primary data sources for monitoring: Brent front-month (ICE); Kpler tanker AIS; Argus Media ME Urea FoB; FAO Food Price Index; FMoF Nigeria MTEF; NPA Ghana indicative prices; IMF press releases; IEA monthly Oil Market Report; Eni/BP Azule investor updates.