

BLOCKED STRAITS, INPUT COST INFLATION, INTEREST RATE AND CURRENCY VOLATILITY:
YOUR EXPOSURES HAVE BECOME MORE COMPLEX.
THE TOOLS USED TO HEDGE THEM MUST EVOLVE.

THE WORLD IS CHANGING. IS YOUR RISK MANAGEMENT CHANGING TOO ?

This is not just a temporary crisis...

...it is a new risk regime.



WHAT THIS CAROUSEL BRINGS YOU:

For each asset class, energy, agriculture, FX and interest rates, a clear signal and a concrete hedging strategy.

Uncertainty regularly creates entry windows that well-hedged companies will know how to take advantage of.



THE BAB-EL-MANDEB CRISIS MADE IT VISIBLE: STRAITS ARE THE NERVOUS SYSTEM OF THE GLOBAL ECONOMY.

3 FIGURES THAT CHANGED THE GAME IN 2024

-67%

Red Sea maritime traffic during the 2024 crisis

+40%

Freight cost increase on diverted routes

+14d

Additional delay via the Cape of Good Hope

A disruption in a strait ripples in cascade: logistics, raw materials, exchange rates, inflation, and your hedges.

These disruptions are anticipatable: markets integrate signals, hedging windows regularly present themselves. Adapted strategies exist.





EVERY STRAIT GENERATES A SPECIFIC RISK
AND A CONCRETE LEVER FOR ACTION.

THE 5 STRAITS : 5 TYPES OF EXPOSURE, 5 HEDGING OPPORTUNITIES

Strait	Key flows	Main exposure	Hedging lever
HORMUZ	21 Mb/d 20% of world oil	Hydrocarbons & resins	Diesel futures, naphtha, Baltic Dry
MALACCA	246 vessels/day 80% of China's energy imports	Asia freight & supply chains	Platts freight indices, forward contracts
SUEZ	26,000 vessels/year 12% of world trade	Lead times & logistics costs	Container freight hedges
BOSPHORUS	48,000 vessels/year 30-40% of Ukrainian wheat	Agri, fertilizers, food security	CBOT/Euronext calls, urea forward
BAB-EL- MANDEB	21,000 vessels/year 10% of world trade	Freight & energy (2024 crisis)	Options on freight indices, diesel

Every strait corresponds to an asset class to hedge: prices, inflation, rates, currencies. The geopolitical map becomes a diagnostic tool for your hedges.





THE NEW PARADIGM: HEDGE ACCESS,
NOT JUST PRICE

THE REAL RISK: NO LONGER BEING ABLE TO ACCESS THE RESOURCE

The question is no longer just "at what price?"
but "will I have access to it?"

BEFORE Hedging price

Controlled volatility, fluid supply chains, simple instruments. Just-in-time made hedges predictable.



TODAY Hedging access

Physical availability, logistics, geopolitics. Just-in-case imposes multi-layer hedges.



WHAT THIS CHANGES IN PRACTICE

Effective programs integrate commodity price, logistics cost, FX risk AND rates with simple instruments, strategies tailored to each layer.

WHAT WE OFFER

An audit of your real exposures to identify uncovered layers and structure a tailor-made program.

▶ Diagnostic available





ENERGY & TRANSPORT:
HEDGE BEFORE THE WINDOW CLOSES

HYDROCARBONS & FREIGHT: HEDGE AT THE LOWS

Classic indices underestimate the real exposure of industrials. A concrete opportunity.

Brent and WTI underestimate the real exposure: transport costs surge independently of the molecule price.
Jet fuel Asia/USA: already +\$200/barrel.

The opportunity

Some markets are in backwardation with future entry points much lower than on the spot market, offering genuinely attractive entry points on certain commodities to hedge the future.

Ex : LPG (Propane) — forward price ~20% below spot.

Polymers & resins

Cross-hedge Ethylene, naphtha + freight to neutralize variation in real costs

▶ Available now

Critical metals

Nickel, copper, aluminium: OTC forward contracts allow supply to be secured over a 12-month horizon.

▶ To anticipate





AGRICULTURE: ACT NOW, WHILE PRICES ARE LOW

Global stocks are high: this is the best time to lock in favorable hedges.

Grain prices at their lowest, 2024-2025 stocks robust.

The window to hedge the next season at favorable levels is open.

Nitrogen fertilizers (urea, ammonia) are becoming more expensive with LNG tensions.

Hedging inputs now protects the margin ratio ahead of the next season.

Grain & sugar

OTM calls on CBOT / Euronext to capture the upside linked to El Niño without tying up cash.

▶ Window open

Fertilizers / natural gas

Urea forward contracts + natural gas proxy (TTF / Henry Hub) to fix input costs.

▶ To be structured





FX: THE SIGNALS ARE READABLE

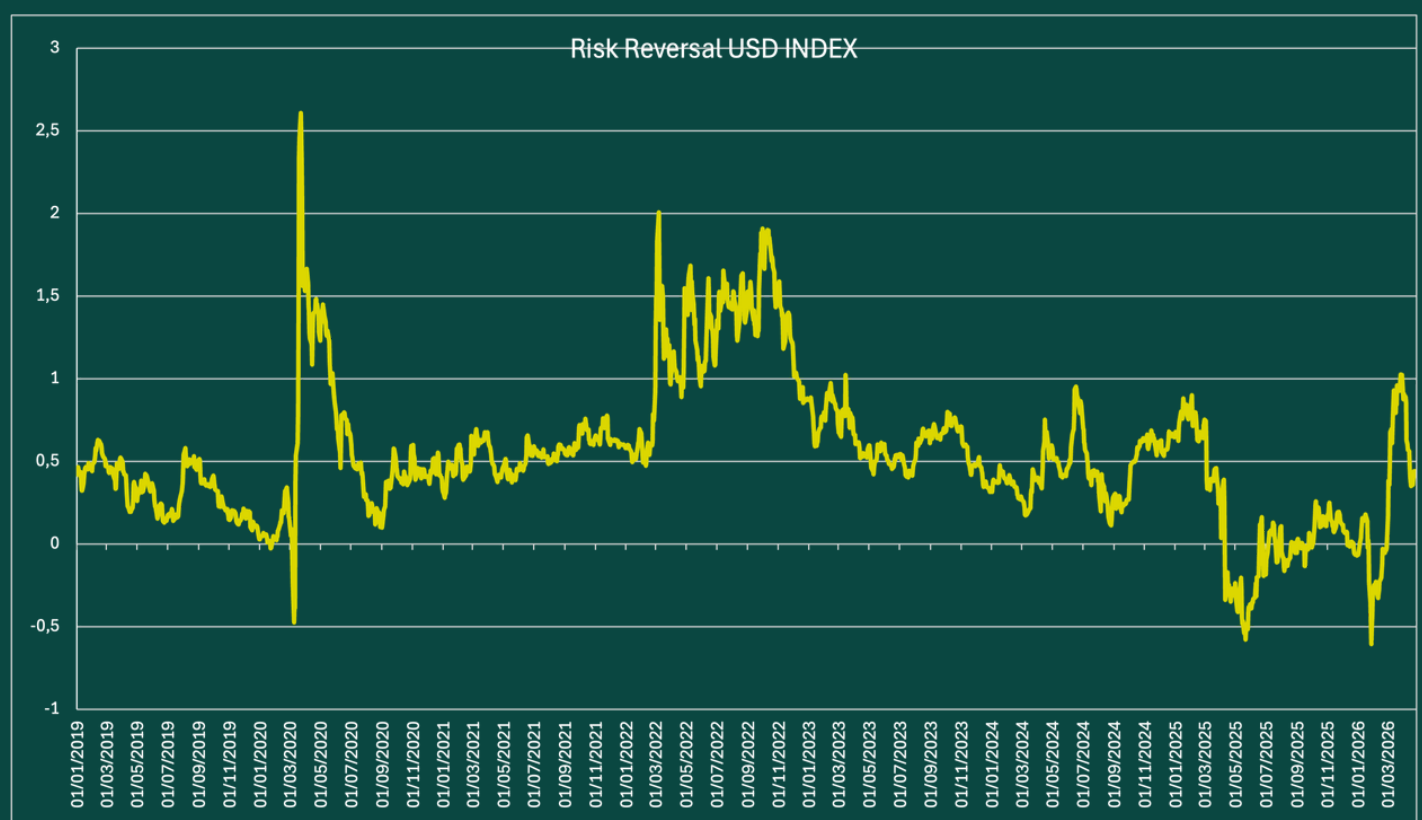
DOLLAR & EMERGING CURRENCIES: THE SIGNALS ARE READABLE

Geopolitics is reconfiguring FX risk premiums and creating clear entry points for your currency hedges.

How to read the market: the USD risk reversal

Below 0: expensive USD puts (market fears a dollar decline).

Above 0: overpriced USD calls. This signal guides the timing of your FX options.



OPPORTUNITY IN PROGRESS

The Middle East crisis has reversed the bias: upside dollar protection is cheaper than before the conflict. A favorable moment for USD-exposed importers.

Brazil focus: a unique strategic exposure

Brazil offers strong fundamentals (energy, agricultural, metals autonomy). Political risk remains the only brake to monitor. Strong BRL appreciation ahead?

► Signal to watch





INTEREST RATES: HEDGE SMARTLY WITHOUT OVERPAYING

The curve is volatile but readable. Simple yet optimized structures can divide the hedging cost by 3 or 4.

Inflation (supply chain disruptions) vs. deflation (tech, demographics): the curve offers readable entry levels.



Example of a Kerius Finance recommendation in a specific context

Cap 2.75% — 5 years / €10M

Upfront premium ~€225,000 which can be smoothed. Full protection if Euribor exceeds the threshold and very acceptable premium.



Some banks' recommendation (*a false good idea in our view*)

Cap + knock-out at 3.5%

Premium divided by 3 to 4: By basing the KO on unfavorable rate scenarios considered unlikely by some at the time

The KO structure reduces cost but exposes to severe risks in case of a sharp rate reversal. In 2022, clients with KOs found themselves without protection when Euribor exceeded the deactivation barriers, resulting in increased financial charges and/or covenant breaches.





THREE PRIORITIES TO ACT ON NOW

Companies that hedge their risks don't suffer from volatility: they turn it into a competitive advantage.

Audit your real exposures

1

Map uncovered underlyings: standard or emerging currencies, interest rates, freight, fertilizers, metals. The diagnostic can be quick and often reveals significant risk reductions and savings.

▶ Immediate priority

PRIORITY

Optimize the cost of your existing hedges

2

Collars, combinations of simple products, freight proxy: reduce cost without sacrificing essential protection.

▶ To be structured now

START

Set up a signals dashboard

3

FX risk reversals, forward curve, market structure, Baltic Dry Index: these indicators guide the optimal timing of your hedges.

▶ We support you





Let's talk if you'd like to discuss the impact of current international geopolitics on markets.

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