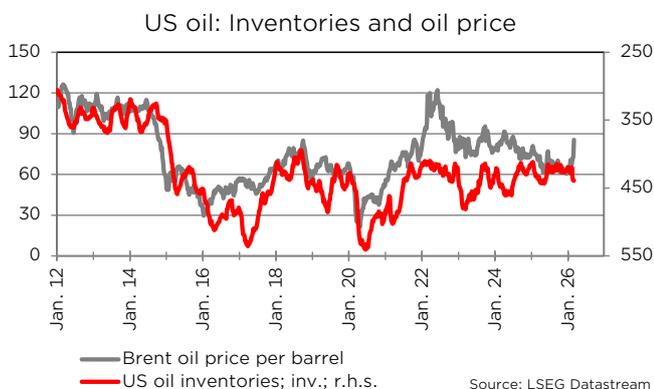


# Economic Situation and Strategy

5 March 2026

## War in the Middle East: Is a new inflation shock imminent?

Anyone who recently passed a gas station or had to fill up has clearly felt the effects of the war in the Middle East in their own wallet. The price of both gasoline and diesel per liter has climbed, in some cases, above the two-euro mark. This is because the price of oil has risen from 72 to nearly 85 US dollars per barrel of Brent crude since the beginning of the week. The main reason for this is the Strait of Hormuz, which represents the most critical geographical bottleneck for global energy supplies. The global economy depends on the permeability of this corridor, which is only 21 miles wide and through which an average of 20 million barrels of crude oil per day – about 20 percent of global consumption – as well as one-fifth of the global trade in liquefied natural gas (LNG) are transported.



### Risks to global energy supply

The effectiveness of any military operation in the Strait of Hormuz is largely determined by its physical geography. Its tactical complexity stems from its extreme narrowness: usable shipping lanes are severely limited

for international vessels. Large oil tankers are restricted to two 3.2-kilometer-wide lanes, separated by an equally wide buffer zone. This geographical configuration makes shipping highly vulnerable to land-based threats. The northern coastline is entirely controlled by Iran, allowing the Islamic Revolutionary Guard Corps (IRGC) to position sensors, coastal artillery, and missile batteries in close proximity to shipping lanes. Furthermore, the shallow depth of a maximum of 60 meters and the complex acoustic conditions in the Gulf hamper the effectiveness of conventional US anti-submarine warfare, while simultaneously providing ideal conditions for the laying of sea mines.

The Strait's shallow depth of a maximum of 60 meters and the complex acoustic conditions hinder the effectiveness of conventional US anti-submarine warfare, while simultaneously creating ideal conditions for the deployment of sea mines. Sea mines are considered the most effective and cost-efficient method for disrupting shipping. Iran is estimated to possess an arsenal of at least 2,000 to 6,000 mines. These mines can be laid in a variety of ways: from conventional warships and submarines to inconspicuous civilian fishing boats or fast attack craft. The psychological impact of a potential "closure" is often as severe as the physical threat. As soon as there is suspicion of mines being laid, civilian shipping companies cease operations because insurance premiums for war risks become prohibitive or coverage is lost altogether.

Any disruption of passage through this bottleneck thus leads to an immediate price shock for oil and gas. Asia's major economies are particularly affected, as more than 80 percent of the crude oil and liquefied natural gas (LNG) transported through the Strait of Hormuz is

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destined for this region. China, India, Japan, and South Korea together consume 75 percent of the oil and almost 60 percent of the LNG transported through the strait. Japan and South Korea only have strategic reserves sufficient for approximately 45 to 90 days, meaning that a prolonged blockade could lead to significant negative economic consequences. While Europe is less physically dependent on Gulf oil, a blockade would nevertheless exacerbate the gas supply situation, as Qatar is one of the main suppliers of LNG. A closure would remove approximately 20 percent of the global LNG supply from the market, which is particularly critical during periods of low storage levels, as Europe must compete directly with Asian buyers on the spot market for remaining shipments from the US or Australia.

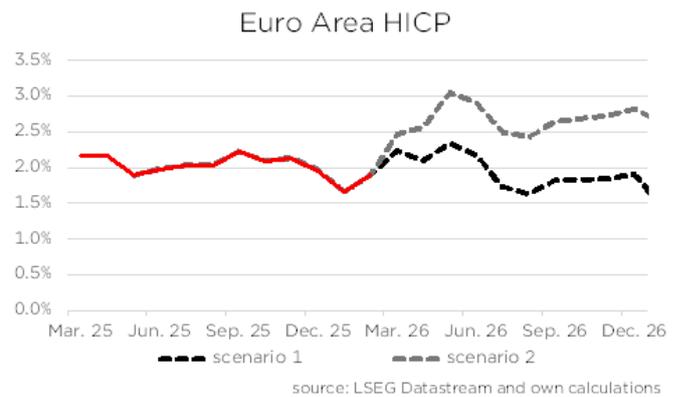
Iran possesses, at least theoretically, the potential to effectively close the Strait of Hormuz. The US and Israel, however, possess the means to quickly dismantle Iran's conventional military capabilities. A swift victory in terms of a stable, secure waterway cannot be guaranteed, however, due to the latent threat of mines. The economic damage of such an escalation could significantly burden the global economy, which Iran uses as strategic leverage to secure its own survival.

The announcement by US President Trump of government-backed insurance guarantees is therefore a crucial and important strategic countermeasure that significantly alters the dynamics of the crisis. Previously, leading marine insurers had announced they would cease providing insurance coverage for the Persian Gulf. Since ships cannot operate legally or financially without insurance, this withdrawal had led to a de facto blockade. The US government guarantee now provides a financial safety net that allows shipping companies to continue operations despite the military risk. Furthermore, the US Navy will escort tankers through the Strait of Hormuz as a form of security detail.

## How are central banks reacting?

To assess the impact of rising oil prices on inflation, we conducted a scenario analysis. According to estimates by J.P. Morgan, a 10 percent increase in oil prices raises the Eurozone inflation rate by approximately 0.1 percentage points in the first three months. Assuming that Brent crude oil remains at \$85 per barrel, the average Eurozone

inflation rate in 2026 would be 2.5 percent (see Scenario 2). It is important to note that this scenario analysis is subject to a high degree of uncertainty given the current highly dynamic situation. Nevertheless, this scenario would both exceed our previous forecast of 1.9 percent (see Scenario 1) and remain above the ECB's target range. However, this is contingent on oil prices remaining at the elevated level and no easing of the situation.



The increased inflation risks are also influencing expectations regarding the future monetary policy of the US Federal Reserve (Fed) and the European Central Bank (ECB). In recent days, markets have lowered their expectations of interest rate cuts for both central banks. However, the fundamental assessment remains largely unchanged: The ECB is not expected to implement a further interest rate cut this year, and the Fed is likely to lower its key interest rate twice by 25 basis points each time. Based on current data and news, and assuming the crisis does not escalate further, we consider interest rate hikes in response to increased inflation concerns unlikely.

Rather, while the ECB and the Fed are likely to take the exogenous geopolitical shock and the associated energy price shock into account, their impact on the actual interest rate decision is expected to remain limited. This is also because such a price shock, in addition to inflation risks, typically also increases economic risks and can thus counteract a sustained price surge. We do not expect a situation comparable to 2022, when the Russian attack on Ukraine led to a sustained and strong increase in inflation, which then prompted a more restrictive monetary policy.

Simon Landt und Carsten Klude

## Market data

	As of	Change versus				
	06.03.2026 11:12	27.02.2026 -1 week	05.02.2026 -1 month	05.12.2025 -3 months	05.03.2025 -1 year	31.12.2025 YTD
<b>Stock markets</b>						
S&P 500	6807	-1,0%	0,1%	-0,9%	16,5%	-0,6%
Nasdaq	22749	0,4%	0,9%	-3,5%	22,6%	-2,1%
DAX	23806	-5,8%	-2,8%	-0,9%	3,1%	-2,8%
MDAX	29818	-5,5%	-5,1%	0,4%	0,2%	-2,6%
TecDAX	3651	-3,6%	0,6%	1,2%	-4,8%	0,8%
EuroStoxx 50	5770	-6,0%	-2,6%	0,8%	5,1%	-0,4%
Stoxx 50	5029	-5,0%	-0,8%	4,4%	6,2%	2,3%
SMI (Swiss Market Index)	13178	-6,0%	-2,1%	1,9%	0,5%	-0,7%
Nikkei 225	55621	-5,5%	3,3%	10,2%	48,6%	10,5%
Brasilien BOVESPA	180464	-4,4%	-0,9%	14,7%	46,7%	12,0%
Indien BSE 30	78937	-2,9%	-5,3%	-7,9%	7,1%	-7,4%
China CSI 300	4660	-1,1%	-0,2%	1,7%	19,4%	0,7%
MSCI Welt	4458	-2,2%	0,1%	0,9%	18,0%	0,6%
MSCI Emerging Markets	1504	-6,7%	-0,3%	8,5%	34,8%	7,1%
<b>Bond markets</b>						
Bund-Future	128,19	-204	-5	37	-86	62
Bobl-Future	116,12	-134	-50	-127	-9	-4
Schatz-Future	106,50	-53	-40	-37	0	-29
3 Monats Euribor	2,06	4	4	-2	-45	3
3M Euribor Future, Dec 2026	2,26	28	23	19	-6	15
3 Monats \$ Libor	3,70	3	3	-1	-65	3
10 year US Treasuries	4,17	21	-3	5	-12	3
10 year Bunds	2,86	24	5	9	10	3
10 year JGB	2,17	5	-5	24	74	13
10 year Swiss Government	0,38	18	12	20	-26	6
US Treas 10Y Performance	646,38	-1,3%	0,9%	1,1%	6,0%	1,0%
Bund 10Y Performance	562,89	-1,6%	0,1%	0,6%	2,8%	0,9%
REX Performance Index	462,22	-0,6%	0,4%	0,8%	2,5%	0,7%
IBOXX AA, €	3,37	18	10	11	15	4
IBOXX BBB, €	3,61	21	14	10	1	5
<b>Commodities</b>						
MG Base Metal Index	545,25	-2,4%	2,4%	11,4%	27,6%	5,7%
Crude oil Brent	87,36	20,4%	29,3%	37,0%	25,4%	43,6%
Gold	5085,00	-3,2%	5,5%	20,9%	73,9%	17,6%
Silver	82,19	-12,4%	15,3%	41,0%	151,9%	15,3%
Aluminium	3293,14	5,3%	9,7%	14,8%	23,5%	11,0%
Copper	12857,44	-3,3%	0,2%	10,4%	34,1%	3,2%
Iron ore	100,89	1,8%	-0,1%	-5,9%	0,2%	-5,8%
Freight rates Baltic Dry Index	2138	-0,1%	10,4%	-21,6%	74,1%	13,9%
<b>Currencies</b>						
EUR/ USD	1,1581	-1,9%	-1,8%	-0,5%	8,3%	-1,4%
EUR/ GBP	0,8681	-1,2%	-0,4%	-0,6%	3,7%	-0,6%
EUR/ JPY	182,73	-0,8%	-1,3%	1,1%	14,1%	-0,7%
EUR/ CHF	0,9048	-0,6%	-1,2%	-3,4%	-4,9%	-2,9%
USD/ CNY	6,9042	0,6%	-0,5%	-2,4%	-4,6%	-1,2%
USD/ JPY	157,59	1,0%	0,4%	1,4%	5,8%	0,6%
USD/ GBP	0,75	0,8%	1,4%	0,1%	-3,5%	0,9%

Source: LSEG Datastream

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