

PRESS RELEASE

Middle East escalation: Energy at the center, risks far beyond

Paris, 3 March 2026 – The military escalation between the United States, Israel and Iran is putting extreme pressure on energy markets. Although no major supply disruptions have been reported yet, the risks surrounding the Strait of Hormuz pose a threat to the global economy if the conflict continues.

Key figures:

- **20%** of global oil consumption passes through the Strait of Hormuz
- **Up to USD 147/barrel:** a historic level that Brent crude could exceed in the event of a prolonged disruption

'A conflict limited to a few days or weeks – the most likely scenario at present – should have a limited impact. However, if the conflict were to continue, its macroeconomic impact could be significant and go beyond the issue of energy prices,' **Ruben Nizard, Head of Sector Research, Coface.**

An immediate short-term effect on energy markets

The US and Israeli strikes in Iran mark a major turning point for energy markets. At the opening of trading on Monday morning, Brent jumped by **more than 10%**, mainly reflecting an increase in the geopolitical risk premium rather than immediate and concrete supply disruptions.

Prior to this escalation, oil markets were largely in surplus. Abundant supply, driven by non-OPEC+ producers and rapid restocking, kept prices under pressure (averaging £68 per barrel



Sources : Energy Information Administration (EIA) , Macrobond, Coface

in 2025). The conflict is a game changer, reintroducing extreme uncertainty about the security of supplies.

The Strait of Hormuz, a strategic energy chokepoint

The main risk lies in the Strait of Hormuz, through which approximately **20%** of the oil consumed worldwide and nearly **30%** of crude oil seaborne shipments transit. The current disruptions are already leading to higher prices.

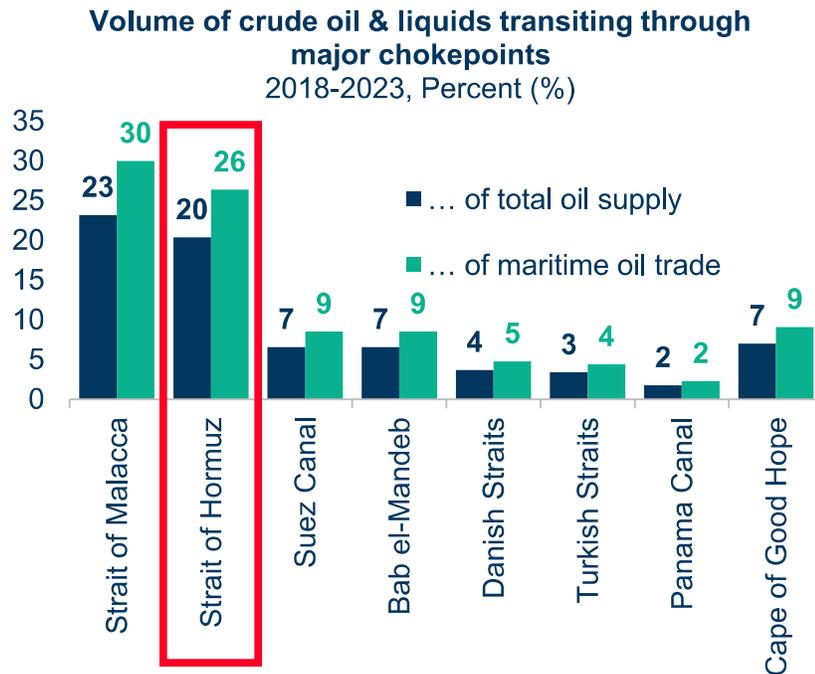
The capacity to bypass this strait is limited and insufficient to absorb a

major shock. Prolonged or repeated interruptions could plausibly push Brent into triple-digit territory, with the possibility of exceeding the February 2022 peak (**122 USD/barrel**) or even the 2008 record (**147 USD/barrel**).

Oil: the risk of infrastructure destruction

Although Iran is not the region's leading producer, a disruption to its supply would have an immediate impact on already fragile markets. With more than **3 million** barrels per day produced and nearly over **1.5 million exported** — mainly to China — an interruption would force buyers, particularly in Asia, to turn to more expensive alternatives, increasing upward pressure on oil prices.

Beyond Iranian supply or a possible closure of the Strait of Hormuz, Iran could also target oil infrastructure in other Gulf countries. The impact would then depend on the extent of the damage and the duration of the disruption, in a context where OPEC+'s spare capacity — **around 4 to 5 million barrels per day** — remains limited and concentrated, particularly in Saudi Arabia and the UAE, where logistical trade flows could be disrupted.



Source: U.S. Energy Information Administration, Vortexa, Coface



Ripple effects far beyond oil

The stakes go far beyond the oil market alone. The Strait of Hormuz is also crucial for the transport of liquefied natural gas (LNG), fertilisers, industrial metals (aluminium) and petrochemicals. In addition, other strategic chokepoints, such as Bab el-Mandeb¹ or the Suez Canal, could also be affected in the event of regional escalation. This could increase freight costs and shipping insurance premiums.

This gradual disruption of supply chains poses a growing risk of shortages and inflationary pressures, particularly for economies that are most dependent on energy imports.

The long-term risk: a global macroeconomic shock

An extreme scenario of oil prices remaining above USD 100 per barrel would trigger a new surge in global inflation and would likely force central banks to reverse their strategy, moving from monetary easing to widespread tightening. A prolonged USD 15 increase in Brent crude oil prices could thus reduce global growth by around 0.2 percentage points and add nearly 0.5 percentage points to inflation. In such a context, the risk of stagflation – a combination of weak growth and high inflation – would once again become a credible threat to the global economy, with serious consequences for businesses and international trade.

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¹ Strait connecting the Red Sea to the Gulf of Aden.



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