

## Chart of the Week

# Crisis in the Middle East

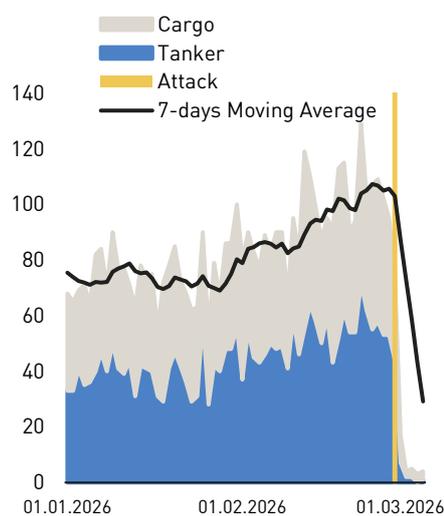
## Energy Price Developments Fuel Uncertainty

On 28 February 2026, the United States and Israel attacked Iran in a coordinated airstrike. Iran responded with massive counter strikes, targeting both U.S.-allied states such as Qatar and Bahrain as well as directly attacking military infrastructure of the United States. In addition, the Iranian regime threatened to attack ships passing through the Strait of Hormuz, which effectively led to a halt in freight shipping traffic. As an immediate consequence, crude oil prices rose sharply. When markets opened on 9 March 2026, the price per barrel stood at USD 98. EU natural gas futures also jumped sharply and are approaching a three-year high. The shutdown of the Ras Laffan LNG facility in Qatar, as well as Russian warnings about possible export stops, are further increasing market uncertainty. As a result of this escalation, the geopolitical risk index rose to around 600 points—the highest level since the terrorist attacks on the World Trade Center in 2001.

### The Middle East conflict poses substantial economic risks to the global economy

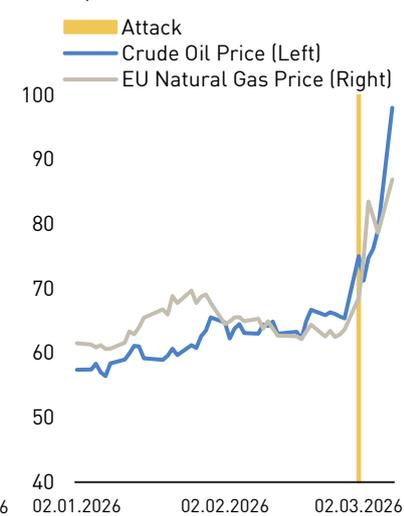
#### (1) Traffic in the Strait of Hormuz

Number of ships



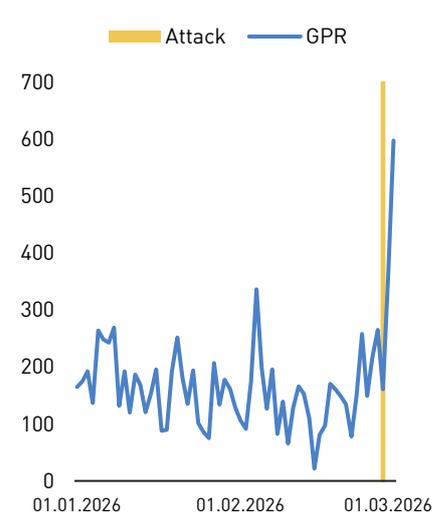
#### (2) Oil Price, EU Natural Gas Price

Dollar per Barrel, EUR/MWh



#### (3) Geopolitical Risk Index

Index, 1985 = 100



Source: [1] IMF, [2] Trading Economics, [3] Caldara und Iacoviello [2022].

At present, it is still not possible to reliably assess how strongly the war will ultimately affect the global economy. The currently sharp increases in crude oil and natural gas prices are likely to have a noticeable and lasting impact on economic activity and consumer prices, particularly if high energy prices persist over a longer period of time. As a general rule of thumb, a 10% increase in oil prices is associated with a reduction in global output of around 0.1–0.2%. The energy crisis in 2022 following Russia's invasion of Ukraine also showed that energy-intensive industries in Europe are particularly exposed to rising energy prices. In Austria, structural factors contribute to the fact that energy price-driven cost pressures quickly translate into strong inflationary effects, thereby also putting pressure on wage policy—with negative consequences for the price competitiveness of companies.

**Conclusion:** As concerns grow that the conflict in the Middle East may not end as quickly as initially expected, the question of the economic consequences for the global economy is moving increasingly into the foreground. To prevent a development similar to that seen after 2022, swift political measures are needed to reduce market uncertainty and ensure security of supply. Looking back at historical crises such as the oil crisis of the 1970s shows that coordinated multilateral mechanisms are best suited to dampen dramatic price developments.



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10. March 2026