

Middle East Conflict Drives Dollar Higher and Oil to Multi-Year Highs



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Lebanese Forex Market

	13/03/2026	06/03/2026	% Change	YTD
Euro / LBP	102,862.35	103,873.70	-0.97%	-2.05%
Euro / Dollar	1.1495	1.1618	-1.06%	-2.16%
NEER Index	119.05	118.59	0.39%	-47.19%

*Prices are as of the time of writing this report

The Nominal Effective Exchange Rate (NEER) of the Lebanese pound marginally rose by 0.39% this week, reaching 119.05 points, against a basket of 21 influential currencies, including the Euro and British pound, driven by the U.S. Dollar's strengthening.

International Forex Market

	13/03/2026	06/03/2026	% Change	Status
Dollars index = DXY	99.86	98.99	0.88%	Strengthened
Euro (EUR/USD)	1.1495	1.1618	-1.06%	Weakened
U.K. Pound (GBP/USD)	1.3320	1.3418	-0.73%	Weakened
Swiss Franc (USD/CHF)	0.7874	0.7760	1.47%	Weakened
Chinese Yuan (USD/CNY)	6.8880	6.8968	-0.13%	Strengthened
Japanese Yen (USD/JPY)	159.36	157.79	0.99%	Weakened
Australia \$ (AUD/USD)	0.7045	0.7029	0.23%	Strengthened
Canadian \$ (USD/CAD)	1.3653	1.3568	0.63%	Weakened

*Prices are as of the time of writing this report

In international currency markets, the **US Dollar Index**—a measure of the US currency’s strength against a basket of six rivals— rose by 0.88% this week to 99.86 points due to many geopolitical and economic factors as the Middle East conflict showed no signs of easing. The escalation of the conflict drove safe haven demand to the dollar, while surging energy prices added further support. Because oil and gas are priced in USD, higher energy costs boosted transactional demand for the currency. Moreover, as a net energy exporter, the US economy benefits from elevated energy prices and is comparatively insulated from supply disruptions that weigh more heavily on Europe and Asia and their corresponding currencies.

The ripple effects of rising energy costs—spanning transport, operations, and food prices, with natural gas critical to fertilizer production—combined with trade disruptions from the closure of the Strait of Hormuz, have fueled broader price pressures. Accelerating inflation has, in turn, reinforced expectations that the Federal Reserve will delay interest rate cuts, further supporting the dollar’s strength.

The **Chinese Yuan** strengthened by 0.13% this week. Despite being the world’s largest energy importer, the country is better positioned than many peers to absorb external shocks. Its sizable crude reserves, robust domestic energy capacity, diversified energy mix, and access to alternative sources provide a buffer against volatility in global markets. In addition, China-linked ships crossing Hormuz and the Gulf have largely continued normal passage, as their affiliation seems to reduce the risk of strikes.

The **Australian Dollar** strengthened by 0.23% this week, recording its highest level since May 2022 on Wednesday. The rally was fueled by rising expectations of a rate hike next week, as higher oil prices intensify inflationary pressures.

As the Dollar strengthens, other major currencies tend to weaken against it.

Commodities

	Currency	13/03/2026	06/03/2026	% Change
Gold (Spot)	USD	5,092.13	5,171.12	-1.53%
Silver (Spot)	USD	82.49	84.37	-2.23%
Brent Crude Oil	USD	100.58	92.69	8.51%
WTI Crude Oil	USD	95.50	90.90	5.06%

*Prices are as of the time of writing this report

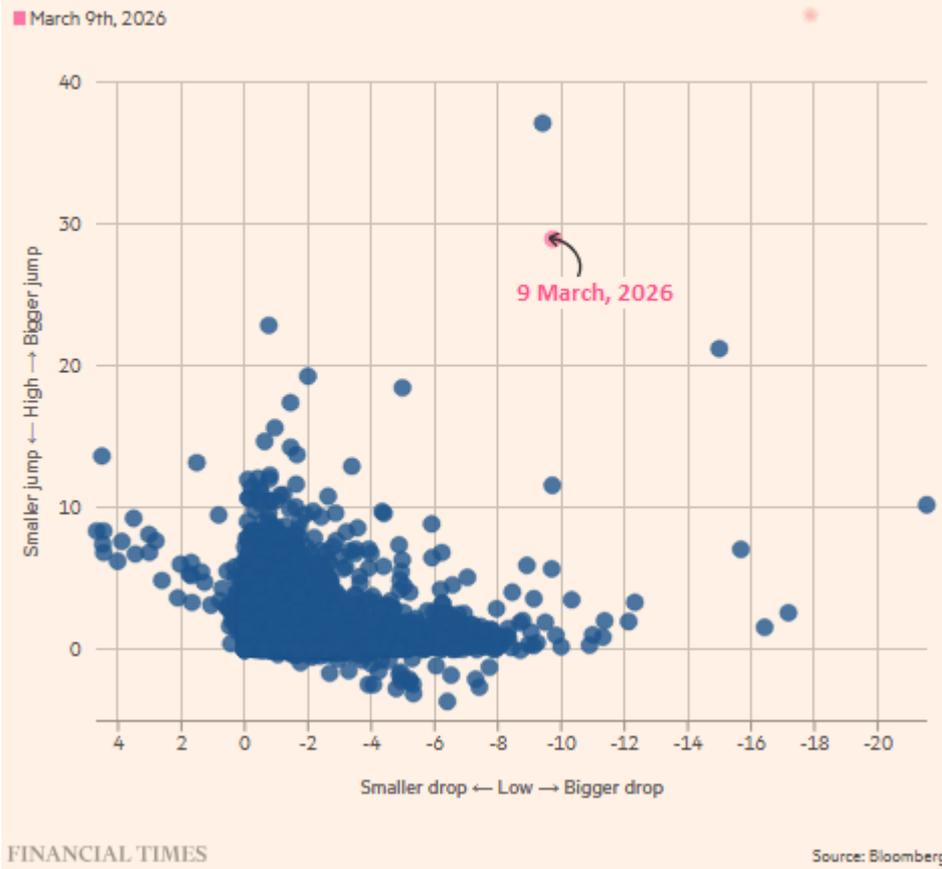
In commodity markets, **gold** fell by 1.53% this week to \$5,092 per ounce, while **silver** declined by 2.23% to \$82.5 per ounce. Despite their strong safe-haven reputation—underscored by sharp gains last year—both metals retreated this week even amid geopolitical tensions, inflation concerns, and rising US debt risks linked to war financing. Analysts attribute the pullback largely to profit-taking, with traders liquidating positions to make up for losses incurred elsewhere. Meanwhile, a stronger U.S. Dollar has made precious metals less affordable for foreign buyers, further supporting its downward momentum. Also, expected delays in Fed rates cuts made the non-yielding metals less appealing.

In oil markets, **Brent** and **WTI crude** surged 8.51% and 5.06% this week to \$100.6 and \$95.5 per barrel, respectively. The closure of the Strait of Hormuz—through which 20% of global oil flows—has halted tanker deliveries, forcing GCC producers to cut output by 10 million barrels per day. Iran’s new Supreme Leader Mojtaba Khamenei vowed the strait would remain shut, triggering what the IEA called the largest disruption in oil market history. On Monday, prices peaked at +28.9% before dropping to -9.7% intraday.

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Mappa Monday

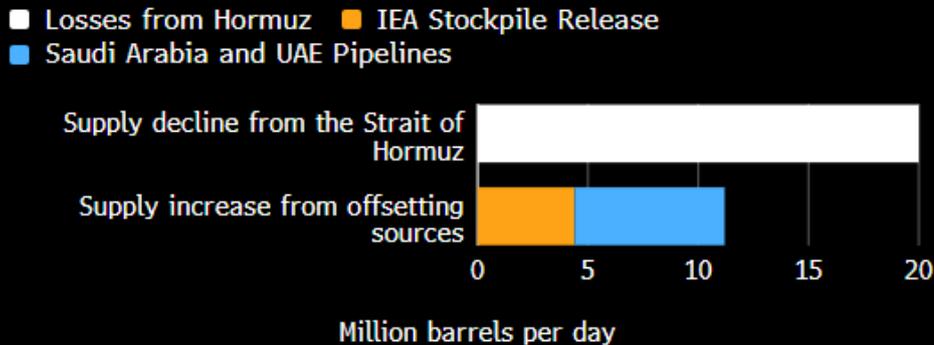
ICE Brent Crude Futures, % change to intraday high/low



Source: [Pandemic oil traders are the GOATs, Financial Times \(March 10, 2026\)](#)

To stabilize prices, the IEA authorized a record 400-million-barrel release from emergency reserves, while Washington expanded waivers to permit sales of stranded Russian oil. Yet these measures only partially offset the disruption. Bloomberg Economics, in its *Global Insight: Hormuz Closed for Months? Modeling Oil Hit (2)*, modeled the impact of supply changes, showing that even spread over several months, the releases cover only a fraction of the 20 million barrels per day that normally transit Hormuz.

Hormuz Losses Only Partially Offset by Alternatives



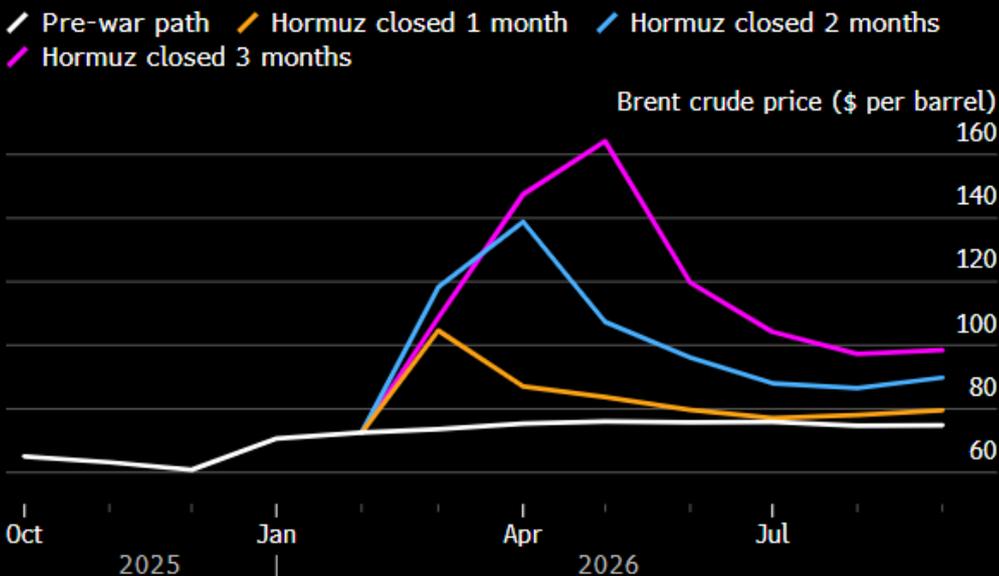
Note: IEA number assumes release of 400 million barrels over three months. Saudi and UAE numbers are nameplate capacity.

Source: EIA, Bloomberg Economics

Bloomberg Economics

Bloomberg Economics models show Brent could reach \$105 if the strait stays closed for one month, and \$164 after three. A rule of thumb suggests a 1% supply loss lifts prices ~4%, implying crude near \$108. Analysts see prices capped below \$200, since demand destruction and alternative supply would temper the shock, or potentially end the war altogether.

Oil Hinges on Hormuz



Source: Bloomberg Economics

Bloomberg Economics

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