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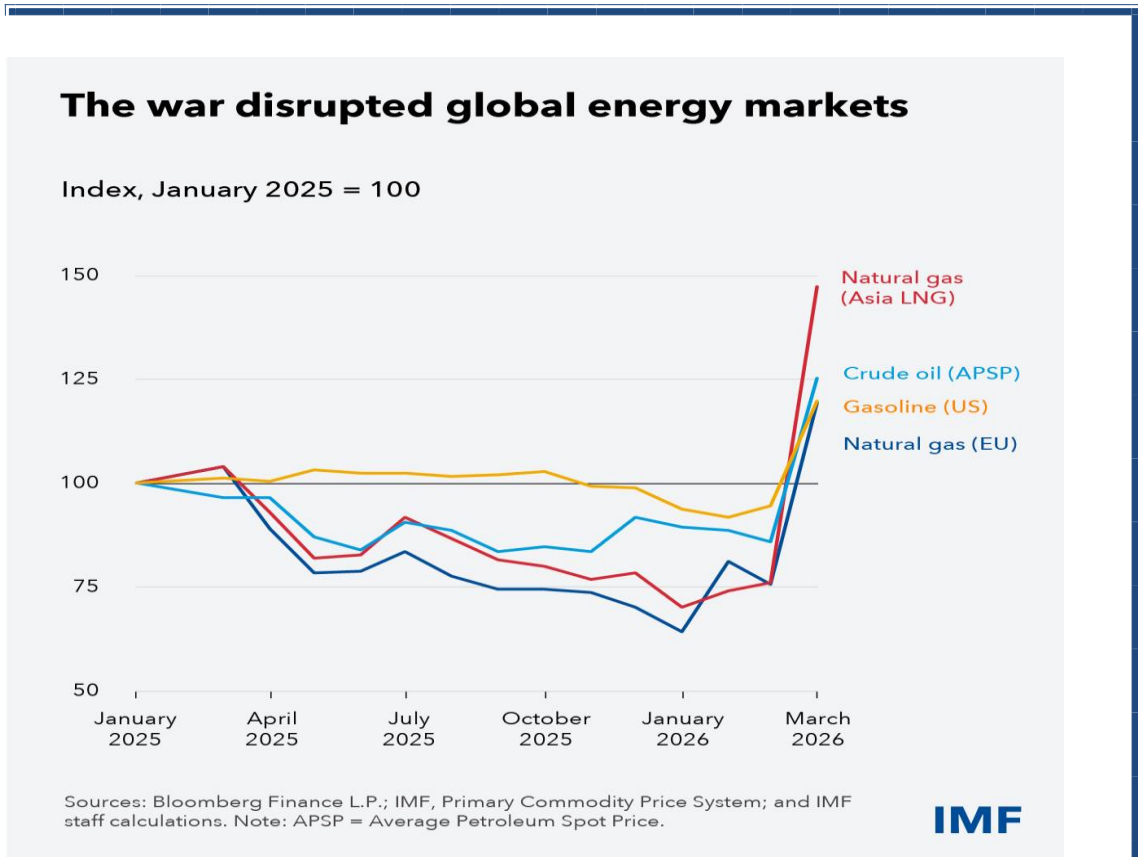
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This economic review will discuss the presentation by Mr. Pierre-Olivier Gourinchas, the Economic Counselor and the Director of Research of the International Monetary Fund (IMF), for the *World Economic Outlook (WEO) for April 2026*

Although 2025 witnessed policy ambiguity and trade disruptions caused by the trade tariffs imposed by President Trump's administration on all countries, the year ended with a positive tone. Lower US tariffs than initially disclosed, fiscal support by governments, and positive financial circumstances led to remarkable returns. This momentum was expected to continue in 2026 with global growth forecasts recorded 3.4% before the escalation of the geo-political tensions in the Middle East.

In the last day of February 2026, US – Israeli attacks on Iran halted the growth momentum as it led to disruptions in energy sources supply due to the closure of Hormuz Strait (where roughly 20% of world's traded energy supply pass through) in addition to severe destruction in the main global hydrocarbon facilities in the region.

As such, effects were immediately reflected in global energy markets as shown in the graph below:



The war’s economic impact will mainly depend on the length and extent of the war. Additionally, it depends on the time needed for the return of normal energy sources production and shipment.

The table below summarizes three scenarios presented in the IMF analysis, depending on the duration of the conflict and the magnitude of the increase in energy prices.

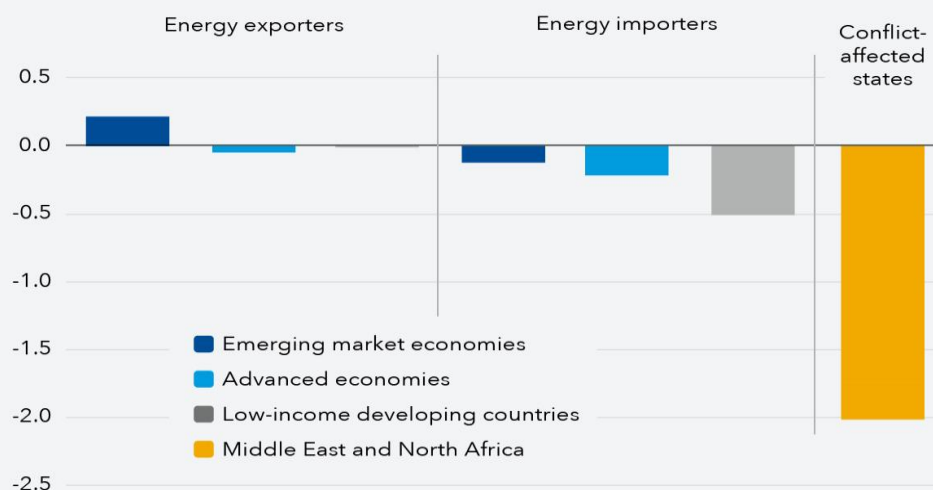
Scenario #	Scenario Description	Global GDP Growth	Headline Inflation
1	Short-lived Energy Conflict 19% Increase in Energy Prices in 2026	3.10%	4.40%
2	Longer Hormuz Shutdown Energy Price Increase > 19%	2.50%	5.40%
3	Extension of Energy Supply Disruptions till Next Year	2%	>6%

Despite the current ceasefire agreement, many oil and gas facilities and refineries in Iran and the GCC countries are damaged and require some time to go back to normal production capacity.

The war is expected to have uneven impact on countries. Conflict-affected countries (MENA region countries) will suffer the most from war impacts. Damaged energy infrastructure will result in production interruptions, thus export curbs in addition to softer tourism and business activity. Low income developing countries comes second in respect to war impacts mainly due to high energy imports prices and anticipated decrease in remittances from expats working in conflict-affected countries.

The war will have an uneven impact

GDP growth revision for 2026-27 under reference forecast relative to Jan. 2026 WEO



Sources: IMF, April 2026 World Economic Outlook; and IMF staff calculations. Note: Energy exporters and importers are defined using 2022 net energy imports as a share of energy use. Groups are aggregated using purchasing-power-parity weights. Emerging market economies and low-income developing countries exclude Middle East and North Africa.



This war is not the first war that impacted commodity prices as the Russian invasion of Ukraine was the prior one. However, as per Mr. Gourinchas, there are rationales to doubt the expectation of the same outcomes that resulted from the 2022 Russian – Ukrainian war. First, 2022 commodity price increases followed already high inflationary burdens stemming from post-pandemic supply-demand imbalances, tight labor markets and ample liquidity. On the other hand, current circumstances are different, thus if the shock stays moderate, inflation may be better controlled.

Second, currently achieving disinflation is costlier as evidence suggests that there is a return to a flatter supply curve (adjustments happen mainly through production reduction thus costly in terms of unemployment and lost GDP) compared to steep aggregate supply curve (inflation reduction is mainly achieved through price reduction, thus less lost output) following the 2022 surge.

Usually, Central Banks (CB) can deal with energy price increases as long as anticipated inflation is well-secured. As for fiscal policy, and due to elevated budget deficits and increasing public debt, fiscal support should be kept narrowly targeted and temporary. In addition, avoiding fiscal stimulus is also important when inflation is rising.

The report concludes that “beyond human toll, war imposes large, persistent economic costs and difficult trade-offs” . But beyond the current clashes, new power configurations seem to be making it a multipolar world, as geopolitical tensions are rising and reshaping trading routes that are different than traditional ones and as new agreements and partnerships are formed.

Lastly, it is interesting to note that the April 2026 IMF WEO records that Lebanon’ s 2025 annual real GDP growth reached 4%, while projections were omitted for 2026 due to the high degree of uncertainty.

World Economic Outlook Growth Projections

(Real GDP, annual percent change)	PROJECTIONS		
	2025	2026	2027
World Output	3.4	3.1	3.2
Advanced Economies	1.9	1.8	1.7
United States	2.1	2.3	2.1
Euro Area	1.4	1.1	1.2
Germany	0.2	0.8	1.2
France	0.9	0.9	0.9
Italy	0.5	0.5	0.5
Spain	2.8	2.1	1.8
Japan	1.2	0.7	0.6
United Kingdom	1.3	0.8	1.3
Canada	1.7	1.5	1.9
Other Advanced Economies	3.0	2.6	2.2
Emerging Market and Developing Economies	4.4	3.9	4.2
Emerging and Developing Asia	5.5	4.9	4.8
China	5.0	4.4	4.0
India	7.6	6.5	6.5
Emerging and Developing Europe	2.0	2.0	2.1
Russia	1.0	1.1	1.1
Latin America and the Caribbean	2.4	2.3	2.7
Brazil	2.3	1.9	2.0
Mexico	0.6	1.6	2.2
Middle East and Central Asia	3.6	1.9	4.6
Saudi Arabia	4.5	3.1	4.5
Sub-Saharan Africa	4.5	4.3	4.4
Nigeria	4.0	4.1	4.3
South Africa	1.1	1.0	1.3
Memorandum			
Emerging Market and Middle-Income Economies	4.4	3.8	4.1
Low-Income Developing Countries	4.8	4.8	4.9

Source: IMF, *World Economic Outlook*, April 2026

Note: For India, data and projections are presented on a fiscal year (FY) basis, with FY 2025/26 (starting in April 2025) shown in the 2025 column. India's growth projections are 6.6 percent for 2026 and 6.7 percent for 2027 based on calendar year.

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