Ceasefire Euphoria VS. Structural Shocks: Weekly Insights 24 Apr 2026

Ceasefire. Regional reconfiguration. Lebanon GDP. Oman & Saudi foreign trade.

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Ceasefire Illusions, Structural Shocks: Weekly Insights 24 Apr 2026

1. The Ceasefire: Market Euphoria vs. Operational Reality

(a) Geopolitical & Market Context

- The extension of the ceasefire has brought a significant **de-escalation of destruction**.
- Despite the Strait of Hormuz remaining mostly closed, the **US stock markets seem to be in an optimistic mode**, driven by a tech story & potential negotiations.
- **Brent closed just over USD 105 this week**, a jump down from when Dated Brent touched a record USD 144.42 on Apr 7. A **geopolitical premium is likely to remain** with Iran demonstrating its ability to choke a vital global waterway.
- While fuel costs have dropped, the **price spike has already permeated manufacturing & logistics costs globally.**
- **Central banks** will face the underlying dilemma between managing inflation and supporting growth.

(b) Logistical & Infrastructure Hurdles

- **More than 10 million barrels** per day of products (10% of global supply) is **still stranded** behind the Strait; a return to normal operations could take months even if the ceasefire holds.

- **Physical damage cannot be quickly reversed**; to wit, 17% of Qatar's export capacity that is currently offline.
- **Key signals to monitor recovery** include the actual daily tanker transit volumes and whether Brent/WTI forward curves continue to price in a supply crunch.
- The **crisis is pushing new logistics corridors**, land bridges, transport corridors & alternative export pipelines; is also **expected to accelerate the push toward renewables** (e.g. European demand for rooftop solar since the outbreak of war).

2. Regional Reconfiguration, Strategic Pivot to Asia & New Logistics Corridors

(a) Macroeconomic Vulnerabilities in MENA

- **MENA region** is navigating unexpected, unprecedented multiple shocks that **require deep structural reforms** as automatic stabilizers are largely absent.
- **Regional defence spending likely to surge further**; Saudi Arabia was the third largest recipient of major arms during 2021-2025.
- **Energy and food importers face major risks**: exchange rate depreciation, capital outflows & potential balance of payments crises.
- **Countries with high debt** and tighter financial conditions **will likely require external intervention** from the IMF, World Bank & the AMF.

(b) The Economic Power Shift to the GCC

- Economic and financial power is shifting toward the GCC over time; **greater regional integration required**.
- **Pivot to Asia:** Gulf-Asia trade at a record USD 516bn in 2024, with trade between the Gulf & China overtaking trade with Western economies for the first time.
- **Intra-regional trade needs strengthening.** It is low at 10-15%, while MENA-Developing Asia trade jumped sixfold

in 2025 vs 2005.

- **Central banks are diversifying reserves** into gold & Asian currencies; adopting **digital settlement platforms like mBridge** to bypass Western corridors, given weaponisation of the USD.

(c) Infrastructure & New Routes

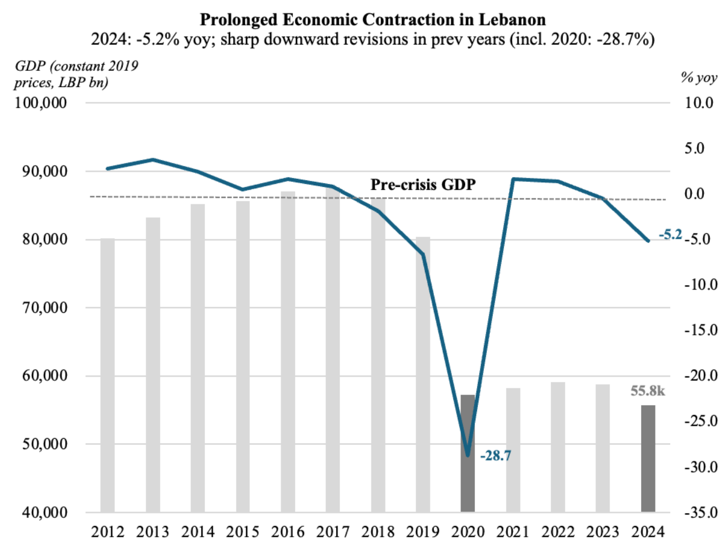
- Strategic derisking involves **developing new land-based trade routes and rail networks** from East to West across the Arabian Peninsula.
- Saudi Arabia is evaluating an expansion of its **East-West pipeline**, alongside rehabilitating **pipelines through Iraq, Syria & Lebanon**.
- The 380km **Habshan-Fujairah pipeline** remains a critical 1.5 million bpd alternative route bypassing the Strait of Hormuz.

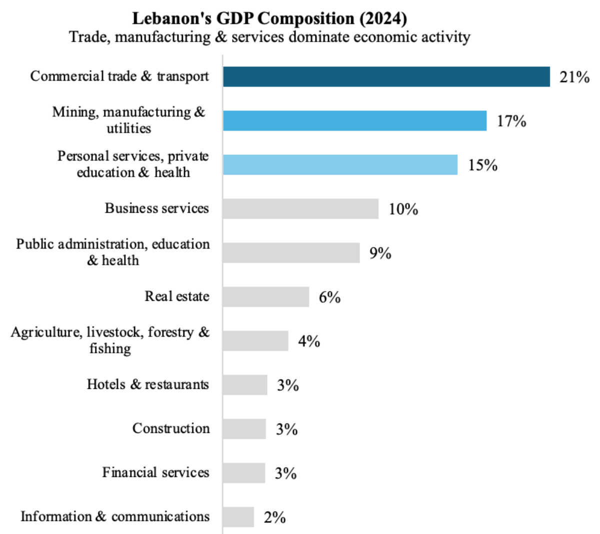
3. Lebanon GDP to plunge up to 20% in 2026; substantial downward revisions to prior years

- Lebanon's Central Administration of Statistics show **significant downward revisions in GDP for 2024 & prior years**. The **ongoing security crisis will only exacerbate this structural decline.**
- Approximately **22% of Lebanon's agricultural land** has been destroyed. The **massive infrastructure damage** – the final crossing over the Litani River has been destroyed & Israel is creating a 10-km "buffer zone", and occupying most of the South: **territorial structural losses** that will delay recovery beyond the end of the conflict.
- **Remittances are set to fall** (latest available data: USD 6bn, of which around 60% come from the GCC), further endangering the **one million+ displaced people** who currently lack a formal social safety net. **Flight traffic** at Beirut airport has plunged **nearly two-thirds** (vs pre-war); targeting of border crossings

like **Masnaa** has choked customs revenue & export capacity.

- **Recovery and Policy Path:** (a) recovery is contingent on an **permanent verifiable ceasefire**; (b) mobilization of national institutional capacities for **post-conflict reconstruction**; (c) **re-engagement with the IMF:** A revised macro-fiscal framework is essential to conclude a program with the IMF and restructure the banking sector under current realities.
- Revised statistics showed **real GDP contracted by 5.2% yoy in 2024. Nominal GDP was** revised to **LBP 2,728trn** (~**USD 30.5bn** at an exchange rate of LBP 89,500 to USD. **GDP deflator rose sharply** (27.4% in 2024), reflecting the ongoing decoupling between nominal prices & real output.
- **Covid-affected 2020 was revised down to a 28.7% contraction** (prev: -25.9%); 2021 and 2022 were lowered to 1.6% and 1.4% respectively.





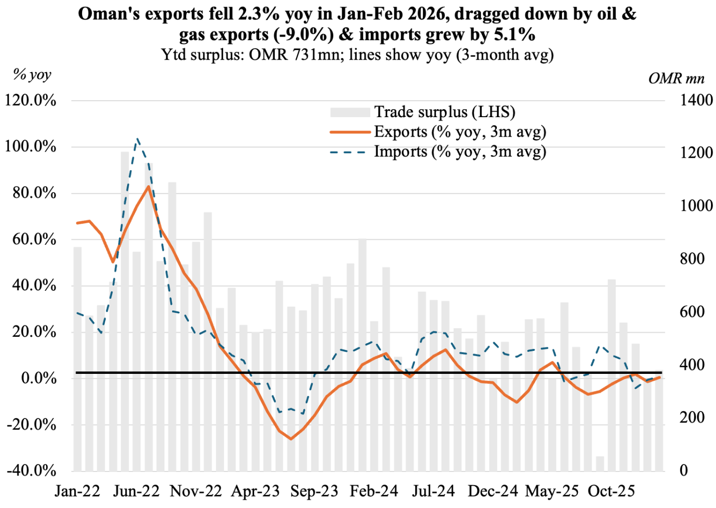
Source: Lebanon's Central Administration of Statistics. Charts by Nasser Saidi & Associates

4. Oman's existing trade links with the GCC likely strengthened by the war in Iran

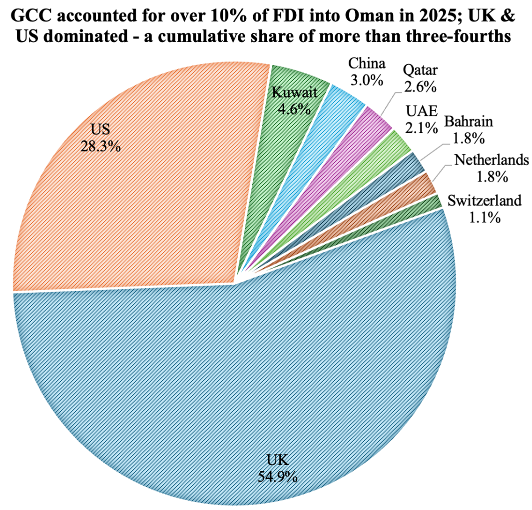
- **Ports in Salalah and Duqm have become key logistics centres during the war in Iran** – supporting the GCC.
- **Even pre-war,** Oman's **re-export growth was enabled by**

growth in its SEZs (e.g. Duqm) and **increased rail & road connectivity** with Saudi and the UAE. **UAE was Oman's largest non-oil trading partner**, with gains in direct non-oil exports (37.5% to OMR 258mn in Jan-Feb) & re-exports (1.7% to OMR 80mn). **Re-exports to KSA surged 389.9%** to OMR 55mn.

- **Oman's non-oil exports grew by 11.4% yoy** to OMR 1.1bn in Jan-Feb, thanks to an acceleration in industrial sectors such as **base metals**.
- Merchandise exports saw a decline (-2.3% yoy to OMR 3.6bn in Jan-Feb 2026) due to **a 9.0% drop in oil and gas exports;** imports grew by 5.1%; **trade surplus** was a **healthy at OMR 731mn ytd.**
- **FDI in Oman surged 8.1% yoy to OMR 31.4bn at end-2025**.
- The **most popular sectors that attracted FDI were oil & gas exploration** (81% of total), manufacturing (8.5%), financial intermediation (4.8%) and real estate (1.9%) which together accounted for 96.1% of the total. **Fastest growth was recorded in construction** (11.1%) and oil & gas exploration (11.0%).
- **UK topped the list of countries with investments in Oman** (OMR 16.4bn, or 52.3% of the total and up 10.5% yoy) followed by the United States (OMR 8.5bn) and Kuwait (OMR 1.36bn).
- **Regional investment seems to be strong**, with Kuwait, UAE, Qatar & Bahrain accounting for 10.6% of FDI in Oman. **Fastest growth was seen in FDI from China** (+11.2% yoy to OMR 887.3mn), reflecting a broader **strategic engagement with Asia**.



Source: National Centre for Statistics & Information, Oman. Chart by Nasser Saidi & Associates.

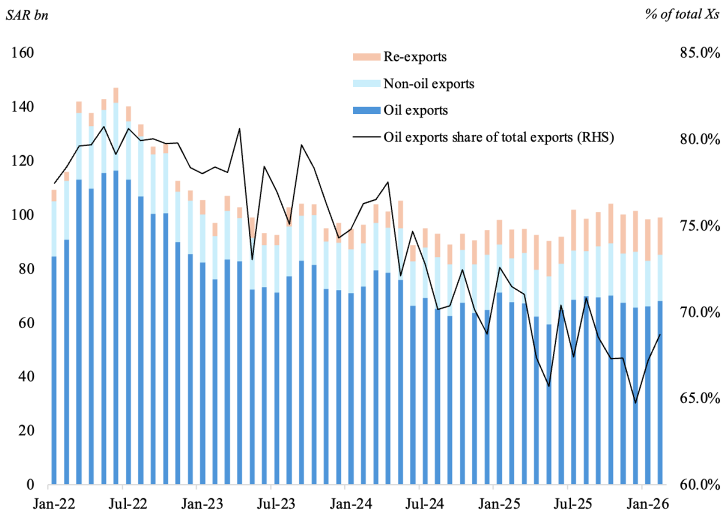


5. Saudi non-oil exports share at 31% in Feb; finalizing alternative logistics corridors

- **Total merchandise exports increased modestly** by 4.7% yoy to SAR 99.1bn in Feb 2026, with **oil exports rising only 0.6%.** The share of oil in total exports inched up to 68.7% in Feb. **Non-oil exports rose strongly**, increasing 15.1% year-on-year to SAR 31bn. **Re-exports were a key component of non-oil exports**: though it slipped 10.8% from Jan's record high, it was up 28.5% yoy.
- **Machinery was the largest segment of total non-oil exports** (24.2%; this also made up over half of re-exported goods), followed closely by chemicals & products (19.2%) and plastics, rubber & articles (16.0%). These are the high-value industrial inputs required for manufacturing.
- **Imports grew faster than exports** (+6.6% yoy), leading to a slight narrowing of the trade surplus (-1.0% yoy to SAR 22.95bn).
- **China remained the top trade partner (largest export destination and import source)** while UAE & India were also key export markets.
- **UAE alone accounted for 31.6% of Saudi non-oil exports**; share of non-oil exports to GCC was 40%. **Jeddah Islamic Seaport** and **King Abdulaziz International Airport** handled a combined 31.7% of non-oil exports in Feb.

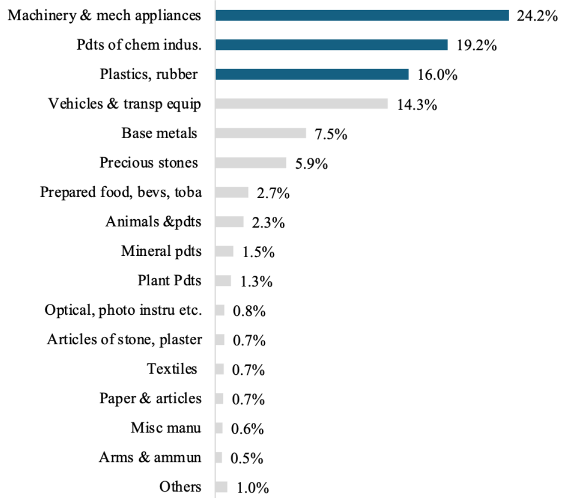
- With the Strait of Hormuz largely closed, the **East-West Pipeline continues to be the main alternative corridor**. Though attacked earlier this month, it was ramped to its full 7 million barrels per day (bpd) capacity, with full pumping functionality restored by April 12 after repairs. Saudi also **launched a new 1700km railway freight corridor to Jordan**, establishing a critical alternative land route for non-oil trade.
- KSA is also reinventing **NEOM as an alternative logistics hub,** part of the wider Red Sea logistics corridor to bypass the Strait of Hormuz. This is **being used by importers from several European countries** according to Neom.

Saudi exports: oil exports share rose to 69% in Feb; re-exports fell 11% mom
Feb 2026: oil +2.9% mom; non-oil +2.3% mom to SAR 17.3bn



Source: GaStat. Charts by Nasser Saidi & Associates

Machinery, chemicals & plastics account for 60% of Saudi Arabia's non-oil exports (inclu. re-exports) in Feb 2026



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