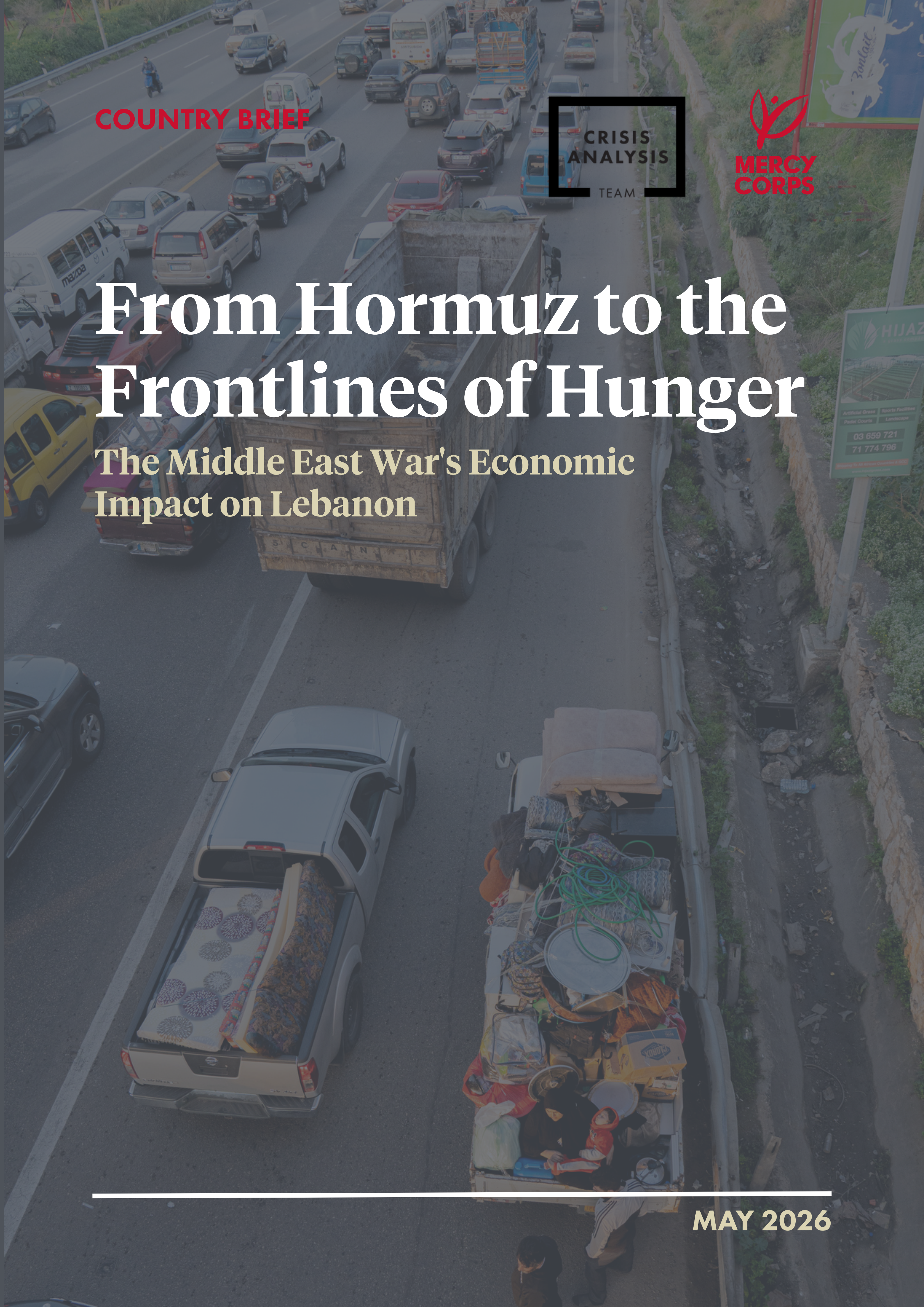

COUNTRY BRIEF

CRISIS ANALYSIS TEAM

MERCY CORPS

From Hormuz to the Frontlines of Hunger

The Middle East War's Economic Impact on Lebanon

MAY 2026

Executive Summary

Just over two months after the latest outbreak of conflict in the Middle East and the effective closure of the Strait of Hormuz, economic shocks have reverberated through countries worldwide. These shocks have quickly travelled through key transmission channels — fuel prices, fertilizer availability, food costs, and currency instability — with serious consequences for millions of people globally.

Lebanon faces these economic pressures alongside a direct military campaign on its own soil: Hezbollah resumed strikes on Israel from southern Lebanon on 2 March, triggering 46 days of Israeli air and ground operations that displaced more than one million people, destroyed eight Litani River bridges, and established Israeli forces along a line approximately ten kilometers inside Lebanese territory. Most country-level signals — fuel prices, port disruption, retail price rises, food-security deterioration — reflect both shocks compounding.

Global fuel price shocks are the most immediate transmission channel, and Lebanon has no mechanism to reduce the impact. Lebanese 95-octane gasoline has risen 30 to 45 per cent and diesel 57 to 64 per cent since the start of the regional conflict.[1] The country has no domestic fuel production or refining capacity, and private importers pass global price movements through to the pump within days, with no subsidy mechanism and no price band. A modelled stress case at Brent USD 150 per barrel projects household spending on fuel, transport and utilities rising by roughly 27 per cent — landing hardest on the 26 per cent of households that were already carrying debt prior to the war.[2]

Lebanon's dollarized peg has held, which changes how the shock lands but does not reduce it. The Lebanese pound peg at 89,500 LBP per USD has remained stable, and the parallel-market premium (Binance P2P USDT) has been 0.68 to 0.96 per cent throughout the war period, lower compared to countries such as Pakistan or Sudan.[3] Lebanon is not amplifying the import price shock through currency depreciation; instead, the shock lands through dollarized retail prices — which means households feel the full global price move with no exchange rate buffer, and humanitarian cash transfers lose value through rising costs rather than a weakening currency.

The populations most directly exposed to the Middle East war impacts include Lebanese households already displaced by the 2024 66-Day War and the 2026 escalation and the estimated 1.5 million Syrian refugees hosted in Lebanon. More than one million people were displaced within Lebanon in the first weeks of the March-April escalation, with Israeli evacuation orders covering approximately 1,470 square

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[1] Lebanon Crisis Analytics Team (LCAT), Mercy Corps (2026) *Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon*, March, pp. 5, 8-9, 13.

[2] Fuel-price figures from IPT Lebanon and Fuel Distributors Syndicate interviews via the Lebanon Crisis Analytics Team (LCAT), Mercy Corps, Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon, March 2026, pages 5, 8-9, 13. The 45 per cent fuel-distributor figure is sourced from LCAT's interview with Fadi Abou Chakra, Head of the Lebanese Fuel Distributors Syndicate. The 30.2 per cent gasoline and 64.2 per cent diesel figures are from IPT Group, Fuel Prices, 26 March 2026. Household-spending projection is LCAT's consumption model applied to 2025 Multi-Sector Needs Assessment expenditure shares (17.9 per cent fuel, 8.5 per cent transport, 9.8 per cent utilities), Brent USD 150 reference scenario.

[3] Banque du Liban (2026) *Current Exchange Rates*. Available at: https://www.bdl.gov.lb/currentrate.php (Accessed: 14 April 2026); Binance P2P (2026) *USDT/LBP peer-to-peer market data, war-period daily observations*. Available at: https://www.binance.com/en/crypto/buy/LBP/USDT (Accessed: 14 April 2026). The 2 to 3 per cent peg-stress threshold is calibrated against Lebanon's 2021–2023 parallel-market spreads, which exceeded 100 per cent at peak.

kilometers at the peak of operations.[4] Following the 17 April ceasefire, Israeli forces established a line approximately ten kilometers inside Lebanese territory, with civilian return to 55 villages blocked pending diplomatic resolution – leaving hundreds of thousands unable to go home.[5] These populations face the full fuel and food price shock on incomes that were already stretched before the war began.

The forward risk falls on the 5 per cent of Lebanese households dependent on Gulf remittances – Lebanon's largest remaining dollar-liquidity channel – while Gulf states are themselves absorbing the economic costs of the war. Lebanon receives an estimated USD 7.15 billion in remittances annually, equivalent to 30 to 35 per cent of GDP, with approximately 48 per cent originating in Gulf states – carrying medium-term forward risk from future war-related Gulf fiscal stress.[6]

The humanitarian response to the escalation in Lebanon remains critically underfunded, and the Middle East war is quietly eroding the value of what little has been committed. The 2026 Lebanon Flash Appeal is 38 per cent funded as of 30 April 2026 against a USD 308.3 million requirement for the March to May window, with USD 117 million received.[7] ECHO is the largest single contributor following disbursement of its earlier pledge, with Japan and Switzerland completing the top three. The appeal's stated trigger is the Israeli military campaign – Middle East war input price rises do not add to the funding requirement directly, but they reduce the purchasing power of every dollar already committed, stretching the response less far than it would have gone prior to the war.

Three pressure points will determine how the next six to eight weeks unfold. Whether the 17 April Israel-Lebanon ceasefire holds — a collapse re-activates the direct military channel, further disrupts port calls, and deepens displacement. Whether Gulf remittance flows hold — any decline above 10 per cent month-on-month in the Gulf corridor is the signal that Lebanon's largest dollar-liquidity source is under real pressure. And whether the Flash Appeal funding trajectory improves — at current coverage, the appeal will not carry the three-month needs caseload through May.

For humanitarian and development actors, two actions cannot wait. First, cash transfer values should be updated urgently — the Lebanon Cash Working Group should incorporate fuel price data and consumption modelling[8] into the next review of the Standard Minimum Expenditure Basket (SMEB) — as it is estimated that the March 2026 SMEB has already risen 15 to 25 per cent against the July 2024 baseline, and transfers operating against pre-war values are already delivering less than intended.[9] And a Gulf-corridor remittance monitoring exercise should be commissioned in May — Lebanon's largest dollar-liquidity channel needs monitoring infrastructure in place before the risk materializes, not after.

[4] Norwegian Refugee Council on evacuation orders covering approximately 1,470 square kilometers. UNIFIL on Israeli ground penetration of up to seven kilometers inside Lebanese territory.

[5] Al Jazeera (2026) 'Israel says established a "yellow line" in Lebanon, as it has in Gaza', 18 April. Available at: https://www.aljazeera.com/news/2026/4/18/israel-says-established-a-yellow-line-in-lebanon-as-it-has-in-gaza (Accessed: 21 April 2026); Christian Science Monitor (2026) 'Amid ceasefire in Lebanon, a rush home – if it's still there', 20 April. Available at: https://www.csmonitor.com/World/Middle-East/2026/0420/lebanon-ceasefire-return-displacement (Accessed: 21 April 2026).

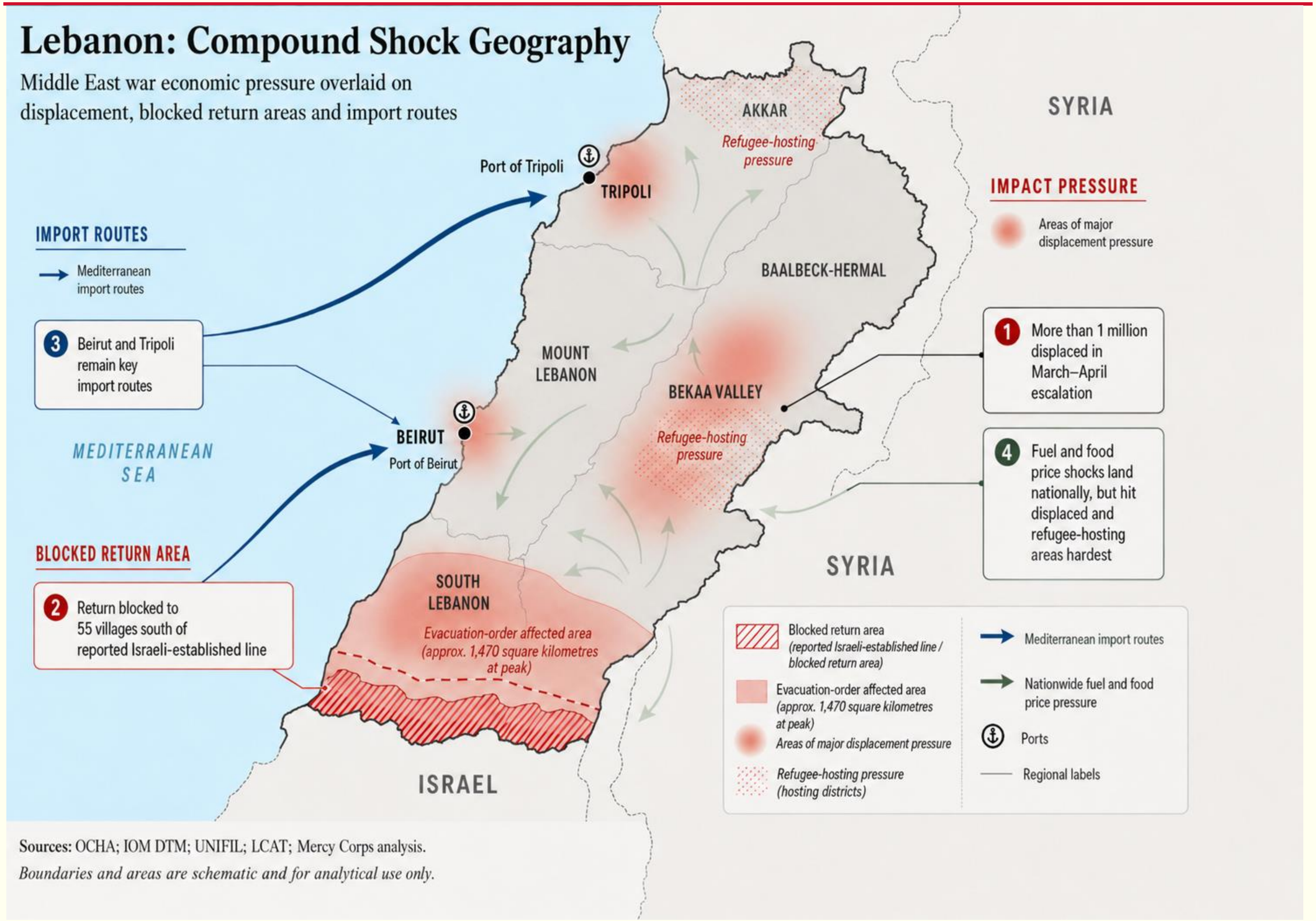
[6] UNDP and academic literature on Lebanese remittance flows. KNOMAD Bilateral Matrix 2021 records USD 6.39 billion in Lebanon inbound remittances with a Gulf share of roughly 25 per cent. UNDP estimates the decade-average inflow at USD 7.15 billion with a 48 per cent Gulf share. The two figures reflect different methodologies. KNOMAD captures formal bilateral flows. UNDP includes informal and hawala corridors which are substantial in Lebanon. See the Remittances channel below.

[7] OCHA Financial Tracking Service, Lebanon Flash Appeal 2026, pulled 30 April 2026. OCHA, Flash Appeal: Lebanon, March-May 2026, March 2026. The 30.6 per cent coverage figure reported on 2 April 2026 reflects pledges as well as paid and committed funds. The 38 per cent figure is the plan-coverage measure on 30 April 2026.

[8] IPT Lebanon fuel price data monitored by the Lebanon Crisis Analysis Team, which conducted consumption modelling in April 2026.

[9] LCAT estimations compared to WFP (2024) *Lebanon Situation Report — July 2024*. Available at: https://reliefweb.int/report/lebanon/wfp-lebanon-situation-report-july-2024 (Accessed: April 2026).

Report Reference Map



Key Findings

The economic harm from this war is already being transmitted to households in Lebanon – and much of it is now locked in regardless of how the political situation resolves. Fuel costs have risen and food prices are following. The people absorbing these shocks were already at the limit of what they can withstand, and Lebanon has neither the fiscal instruments nor the funded humanitarian response to cushion the impact.

Global fuel price shocks caused by the Middle East war have passed through cleanly to Lebanese households, and it is pushing the most vulnerable past the point of recovery. Since the start of the regional conflict, Lebanese retail gasoline has risen 30 to 45 per cent and diesel 57 to 64 per cent.[10] With no domestic fuel production, no subsidy programme, and no regulated price band, private importers pass global price movements through to the pump within days. This lands on households that were already spending more than they earn: median household income in 2025 was USD 550 per month, against median expenditures that already exceeded that figure before irregular costs are included. Household consumption modelling projects that if Brent reaches USD 150 per barrel, Lebanese households would spend roughly 34 per cent more on fuel, 13 per cent more on transport, and 12 per cent more on utilities, with overall expenditure across those three categories up 27 per cent – pushing the 26 per cent of households already carrying debt deeper into deficit, with no safety net to absorb the impact.[11]

Lebanon's currency peg has held, which represents a different pattern of transmission compared to other countries, rather than a source of resilience for households. The Lebanese pound peg, defended by the Banque du Liban throughout the Middle East War and Israeli military campaign, remains at 89,500 LBP per USD, and the parallel-market USDT premium of 0.68 to 0.96 per cent is below the threshold that would signal peg stress,[12] so Lebanon is not amplifying the import-price shock through currency depreciation. Instead, the shock lands through dollarized retail prices, meaning households absorb the full global price move directly, and humanitarian transfer values erode through rising costs rather than a weakening currency.

Food prices are rising and the most vulnerable populations already face emergency food insecurity — though the Middle East war and the Israeli military campaign cannot be separated as drivers. Vegetable oil rose 3.5 per cent month-on-month in March 2026, the largest single

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[10] I Lebanon Crisis Analytics Team (LCAT), Mercy Corps (2026) Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon, March, pp. 5, 8-9, 13.

[11] Lebanon Crisis Analytics Team, Mercy Corps (2026) *Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon*, March 2026. Available at: https://mercycorps.org.lb/economic-and-humanitarian-impacts-of-higher-global-oil-prices-on-lebanon/ (Accessed: 27 April 2026); REACH and OCHA (2025) *Lebanon Multi-Sector Needs Assessment 2025*. Available at: https://reliefweb.int/report/lebanon (Accessed: April 2026). The household consumption model applies 2025 MSNA expenditure shares of 17.9 per cent fuel, 8.5 per cent transport and 9.8 per cent utilities to a Brent USD 150 per barrel reference scenario.

[12] Banque du Liban (2026) *Current Exchange Rates*. Available at: https://www.bdl.gov.lb/currentrate.php (Accessed: 14 April 2026); Binance P2P (2026) *USDT/LBP peer-to-peer market data, war-period daily observations*. Available at: https://www.binance.com/en/crypto/buy/LBP/USDT (Accessed: 14 April 2026). The 2 to 3 per cent peg-stress threshold is calibrated against Lebanon's 2021–2023 parallel-market spreads, which exceeded 100 per cent at peak.

monthly move in the preceding six months, consistent with global feedstock passthrough from the Liquified Natural Gas (LNG) shock plus Gulf-routed shipping premiums. Imported meat rose 50 to 80 per cent.[13] The Integrated Phase Classification (IPC)-4 emergency population almost tripled from 22,497 to 63,079 between November 2025 and April 2026.[14] Both shocks are active in the same period and drive the same signals; attribution between them is not possible with available data.

Lebanon's port and shipping disruptions are consistent with both shocks operating together. Cargo calls had already dropped from a July 2025 peak by 51% in January 2026, due to the aftermath of the 2024 66-Day War. Between February and March 2026, cargo calls fell a further 25 per cent, and tanker calls dropped 67 per cent.[15] Lebanon imports via Mediterranean routing through the Suez Canal, which has remained open throughout the war period with transits flat or rising — so shipping channel disruption is not a chokepoint story. Instead, it is likely due to carrier risk-repricing on Beirut and Tripoli port calls, driven both by risks due to the Middle East war and direct Israeli operations on Lebanese territory.[16]

The humanitarian response is critically underfunded, and the Middle East war is quietly eroding the value of what little has been committed. The 2026 Lebanon Flash Appeal is 38 per cent funded at end April against a USD 308.3 million requirement.[17] War-related input-price rises do not increase the funding requirement on paper — but they reduce the purchasing power of every dollar already committed, stretching the USD 51.54 per targeted person less far than it would have gone before the war. The 2026 Syria Regional Refugee and Resilience Plan is 2.2 per cent funded – a separate signal of donor fatigue that the Middle East war has done nothing to reverse.[18]

The Gulf remittance corridor presents a critical medium-term forward risk — and the window to build monitoring infrastructure is now, before the risk materializes. Lebanon receives an estimated USD 7.15 billion in remittances annually, equivalent to 30 to 35 per cent of GDP, with approximately 48 per cent originating in Gulf states.[19] That inflow is Lebanon's largest dollar-liquidity

[13] Lebanon Food Price Index supplied by the Supermarket Syndicate, reported via Lebanese National News Agency (LCNC24) and Al-Anba, 29 March 2026.

[14] Food-security IPC analysis shows Lebanon's IPC-3-or-worse (crisis or worse) population rose from approximately 874,000 in November 2025 to 961,000 in April 2026, with the IPC-4 (emergency) population almost tripling from 22,497 to 63,079.

[15] IMF PortWatch (2026) *Daily Trade Data — Regional* [dataset]. International Monetary Fund / Oxford University. Available at: https://portwatch.imf.org/ (accessed 1 May 2026).

[16] Note that the Eastern Mediterranean war-risk insurance premium, the direct Lebanon-specific freight signal, is not tracked in publicly available data at the required resolution. Available war-risk premium data covers Persian Gulf, Red Sea and Suez Canal. LCAT and press reporting are the authoritative sources for Eastern Mediterranean insurance dynamics.

OCHA Financial Tracking Service, Lebanon Flash Appeal 2026, pulled 30 April 2026. OCHA, Flash Appeal: Lebanon, March-May 2026, March 2026. The 30.6 per cent coverage figure reported on 2 April 2026 reflects pledges as well as paid and committed funds. The 38 per cent figure is the plan-coverage measure on 30 April 2026.

[18] OCHA Financial Tracking Service, Lebanon Flash Appeal 2026, pulled 14 April 2026. OCHA, Flash Appeal: Lebanon, March-May 2026, March 2026. The 30.6 per cent coverage figure reported on 2 April 2026 reflects pledges as well as paid and committed funds. The 21.7 per cent figure is the plan-coverage measure on 14 April 2026.

[19] UNDP and academic literature on Lebanese remittance flows. KNOMAD Bilateral Matrix 2021 records USD 6.39 billion in Lebanon inbound remittances with a Gulf share of roughly 25 per cent. UNDP estimates the decade-average inflow at USD 7.15 billion with a 48 per cent Gulf

channel since the 2019 banking collapse. Gulf states now face compound fiscal pressure from lower Hormuz oil volumes, domestic reconstruction costs, and competing claims – and transmission to diaspora labor demand runs on a lag of weeks to months. A sustained Gulf corridor decline would remove Lebanon's primary economic stabilizer at the same moment that fuel and food costs are still rising and the displacement caseload remains high.

Purpose and Scope

This country paper extends the Lebanon section of *The Long Reach of War* (April 2026) with deeper treatment of the five transmission channels most exposed: fertilizer, retail fuel, FX and reserves, remittances, and commercial shipping and insurance.[20] It is tightly scoped because two other shocks are active in the same weeks: the Israeli military campaign in Lebanon from 2 March 2026, and the unresolved impacts of the 2019 banking collapse and 2020 Beirut port explosion baseline.

Every factual claim carries a named public source and date. Global benchmarks draw on the US EIA, World Bank Pink Sheet, FRED, and IMF PortWatch. The Lebanon Crisis Analytics Team (LCAT, Mercy Corps Lebanon) produced the in-depth country-level analytical work this paper draws on, including the March 2026 Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon, the household consumption model and bread-pass-through regression cited throughout, monthly Crisis Updates, and a 52-paragraph Lebanon market analysis (March 2026). KIIs were conducted with LCAT members in April 2026. Full details are in the source register at the end of the report.

Three material data constraints affect the analysis. The World Bank Real-Time Energy Prices Lebanon series stops on 1 March 2025 (diesel) and 1 July 2024 (liquid petroleum gas) with no gasoline series, so LCAT's Fuel Distributors Syndicate interviews and the IPT Lebanon fuel-tariff series are the authoritative war-period retail fuel sources. The Eastern Mediterranean war-risk insurance premium, the directly relevant Lebanon freight signal, is not publicly tracked at the required resolution. The Middle East war and the Israeli military campaign in Lebanon hit in the same weeks, so most country-specific signals reflect both shocks operating together, and attribution is noted inline where it matters for a given finding.

Lebanon: Structural Characteristics

Lebanon entered the 2026 Middle East war with an economic baseline already shaped by compounding crises: the 2019 banking collapse, the 2020 Beirut port explosion, the 2023 Sayrafa currency stabilization, and the 2024 66-Day War between Israel and Hezbollah. The Lebanese pound is stable at 89,500 per USD on the managed peg, USD cash circulates widely for everyday transactions, banking recapitalization continues and formal banking access has been partially rebuilt. However, Lebanon has limited capacity to absorb further shocks due to absence of additional fiscal measures. The Ministry of Finance has no meaningful capacity for fuel subsidies, cash transfer scale-up, or emergency supply contracts. The Ministry of Energy operates no regulated price band, no subsidy, and no rationing mechanism. Private fuel

share. The two figures reflect different methodologies. KNOMAD captures formal bilateral flows. UNDP includes informal and hawala corridors which are substantial in Lebanon. See the Remittances channel below.

[20] Mercy Corps Crisis Analysis Team, *The Long Reach of War: The Middle East Conflict's Economic Impact on Fragile Contexts*, April 2026.

importers under the Association for Petroleum Importing Companies (APIC) set fuel prices in response to global prices, taxes, and costs, with four updates every two weeks.[21]

Three key structural features determine how the Middle East war shock lands. Import dependence is the defining feature: Lebanon has no domestic fuel production or refining capacity and is entirely dependent on imports, with 81 per cent of gasoline sourced from Bulgaria, Cyprus, Egypt, Greece, Italy, Romania and Turkey, 63 per cent of diesel from the Eastern Mediterranean and the remainder from Saudi Arabia. Electricité du Liban covered only 17 per cent of national electricity demand in 2025; the remaining 83 per cent is met by private diesel generators, meaning that every rise in diesel prices lands directly on household electricity costs.[22]

Critically, Saudi Arabia's share of Lebanese mineral fuel imports rose from USD 184 million in 2023 to USD 670 million in 2024 — a 3.6 times increase reflecting post-2022 political normalization — making Lebanon more Gulf-exposed on fuel supply than at any point in the past five years.[23] Although Lebanon's import routing runs through the Mediterranean, so it is not directly exposed to Hormuz or Bab al-Mandeb war-risk premia, import dependence is compounded by port disruption: currently, the Port of Beirut operates under ceasefire conditions, with the Port of Tripoli the secondary import route.

Secondly, the population is already displacement-compressed and refugee-dense. Lebanon hosts an estimated 1.5 million Syrian refugees and approximately 180,000 resident Palestinian refugees.[24] As of 31 October 2025 (the latest observation), 193,251 Lebanese IDPs from the 2024 66-Day War remained displaced, concentrated in Mount Lebanon, El Nabatieh, and South Governorates. The March-April 2026 escalation displaced more than one million additional people within Lebanon in its first weeks, concentrated in areas south of the Litani River and in the Bekaa Valley.[25]

Finally, the governance baseline is post-2025, when President Joseph Aoun was elected and Prime Minister Nawaf Salam nominated after a prolonged political vacancy. The Lebanese Armed Forces coordinate with the United Nations Interim Force in Lebanon (UNIFIL) on southern Lebanon ceasefire observation, and the Banque du Liban maintains the managed peg. But national fiscal capacity for emergency social protection remains effectively absent – which is why the Flash Appeal and the Lebanon Response Plan carry the full weight of the humanitarian response, and why their funding trajectory matters directly to the populations documented in this paper.

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[21] LCAT Flash Report, March 2026, page 13.

[22] Electricité du Liban Cost Recovery Plan (Addendum), December 2025, cited in LCAT Flash Report page 5. EdL generated 5.69 billion kilowatt-hours against estimated demand of 33.57 billion.

[23] Lebanon Crisis Analytics Team, Mercy Corps Lebanon (2026) Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon, March, footnote 10. Available at: https://mercycorps.org.lb/economic-and-humanitarian-impacts-of-higher-global-oil-prices-on-lebanon/ (Accessed: April 2026).

[24] USA for UNHCR (2026) *Lebanon Refugee Crisis*, March 2026. Available at: https://www.unrefugees.org/emergencies/lebanon/ (Accessed: April 2026), citing UNHCR registration data and Government of Lebanon estimates; UNHCR (2026) *Syria Situation: Refugee Returns Dashboard*, 30 April 2026. Available at: https://data.unhcr.org/en/situations/syria (Accessed: April 2026); UNRWA (2026) *Where We Work: Lebanon*. Available at: https://www.unrwa.org/where-we-work/lebanon (Accessed: April 2026); OCHA Lebanon Flash Updates, March-April 2026. UNRWA registers approximately 280,000 Palestinian refugees, of whom around 180,000 are resident.

[25] OCHA, *Lebanon Flash Appeal: March-May 2026*, March 2026.

Shock Transmission Channels

CHANNEL 1: FUEL AND ELECTRICITY PASSTHROUGH

Global context:

- Brent crude rose from USD 71.32 per barrel on 27 February 2026 to USD 126.69 on 31 March 2026 – a 78 per cent increase over six weeks and the cross-case reference point used across the country papers in this series. The daily series subsequently reached USD 138.21 on 7 April before correcting 11.6 per cent to USD 122.11 on 8 April.[26]
- Dubai crude rose 34 per cent month-on-month in March 2026. LNG on the Japan-Korea Marker (JKM) doubled from approximately USD 11 to USD 22.35 at its 19 March peak.
- The Strait of Hormuz closed effectively on 28 February 2026, with commercial transits falling from approximately 95 vessels per day pre-war to roughly 5 per day at the war-period floor.[27]

Country-specific transmission: Lebanese 95-octane gasoline has risen 30 per cent and diesel 64 per cent since the start of the regional conflict, at end-March 2026, according to IPT Lebanon fuel price data,[28] while fuel distributor interviews put the overall gasoline rise at approximately 45 per cent (USD 4 per tank).[29] The LCAT household consumption model, using 2025 expenditure shares (17.9 per cent on fuel, 8.5 per cent on transport, 9.8 per cent on utilities), projects that at Brent USD 150 per barrel, Lebanese households would spend 34 per cent more on fuel, 13 per cent more on transport and 12 per cent more on utilities, or 27 per cent more across all three combined. If Brent rises to USD 200, those categories move to 60, 80 and 19 per cent respectively.[30]

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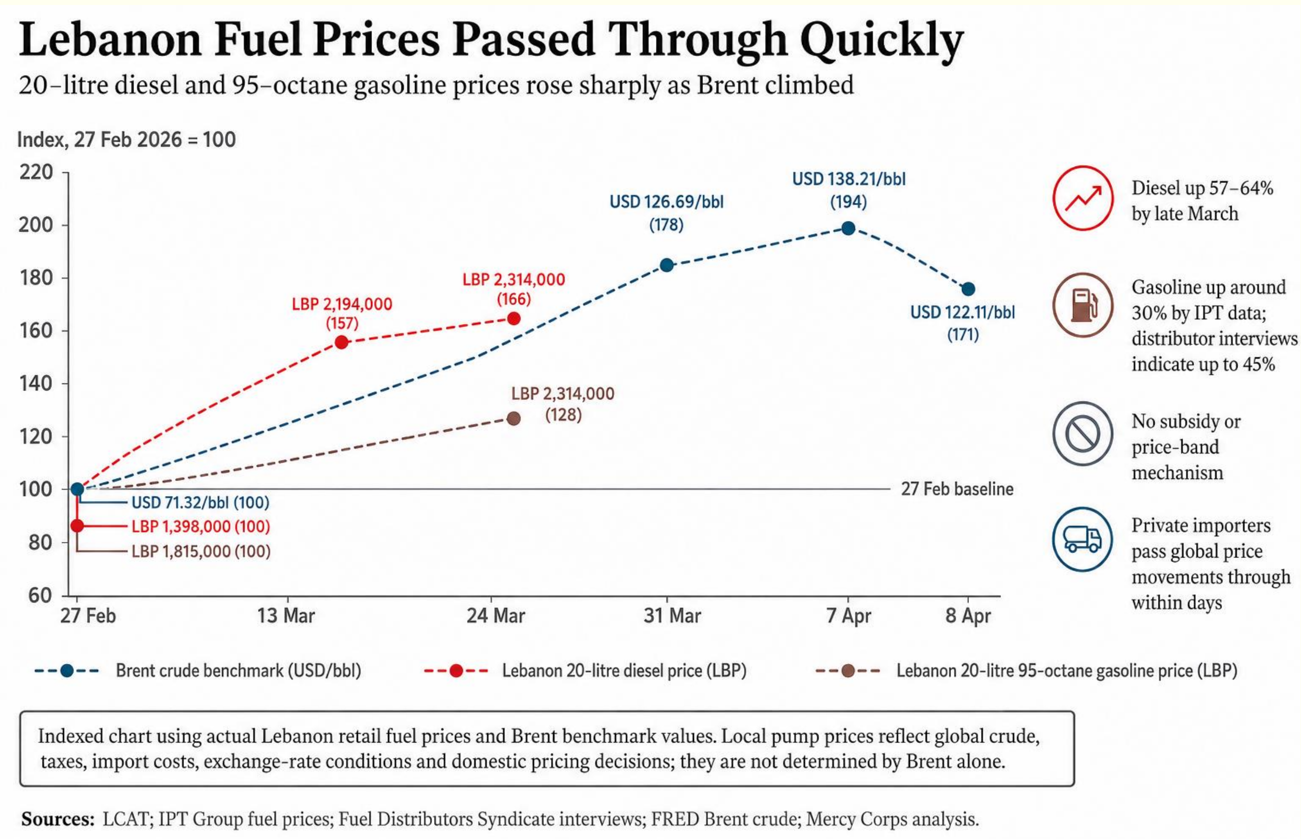
[26] FRED 'DCOILBRENTEU'. The FRED daily series records a higher daily close at USD 138.21 on 7 April 2026 (ceasefire eve). The main series uses the 31 March USD 126.69 peak as the consistent cross-case reference.

[27] International Monetary Fund (2026) *PortWatch: Daily Chokepoint Transit Calls and Transit Trade Volume Estimates*. Available at: https://portwatch.imf.org/datasets/42132aa4e2fc4d41bdaf9a445f688931_0/about (Accessed: 28 April 2026).

[28] LCAT Flash Report, page 5, citing IPT Group, Fuel Prices, 26 March 2026. 20 litres of diesel: LBP 1,398,000 on 27 February, LBP 2,194,000 on 13 March, LBP 2,314,000 on 24 March. 20 litres of 95-octane gasoline: LBP 1,815,000 on 27 February, LBP 2,314,000 on 24 March. Cross-referenced with Lebanon Debate (12 March 2026) and Al-Sifr (10 March 2026).

[29] The IPT Lebanon series and Fuel Distributors Syndicate interview cadence are the authoritative war-period retail fuel sources for Lebanon.

[30] Lebanon Crisis Analytics Team, Mercy Corps (2026) *Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon*, March 2026. Available at: https://mercycorps.org.lb/economic-and-humanitarian-impacts-of-higher-global-oil-prices-on-lebanon/ (Accessed: 27 April 2026); REACH and OCHA (2025) *Lebanon Multi-Sector Needs Assessment 2025*. Available at: https://reliefweb.int/report/lebanon (Accessed: April 2026). The household consumption model applies 2025 MSNA expenditure shares of 17.9 per cent fuel, 8.5 per cent transport and 9.8 per cent utilities to a Brent USD 150 per barrel reference scenario.



Human impact: The fuel shock is landing on households that were already spending more than they earn. Median household income in 2025 was USD 550 per month, against median regular expenditure of USD 435 – and when irregular expenses are included (median USD 400), the typical Lebanese household runs a deficit. Eight per cent are actively servicing debt and a further 19 per cent hold unserviced debt.[31] Generator subscription costs in Beirut – the primary electricity source for 83 per cent of households[32]– have risen to USD 150 to 250 per month,[33] equivalent to 27 to 45 per cent of median household income. The most exposed populations are households in the 55 villages south of the reported Israeli-established line where return access is blocked, displaced households in the Bekaa Valley and northern Lebanon, Syrian refugee households in Akkar and the Bekaa, and the urban poor in Beirut and Tripoli dependent on generator-powered services.

CHANNEL 2: FOOD PRICES AND IMPORTS

Global context:

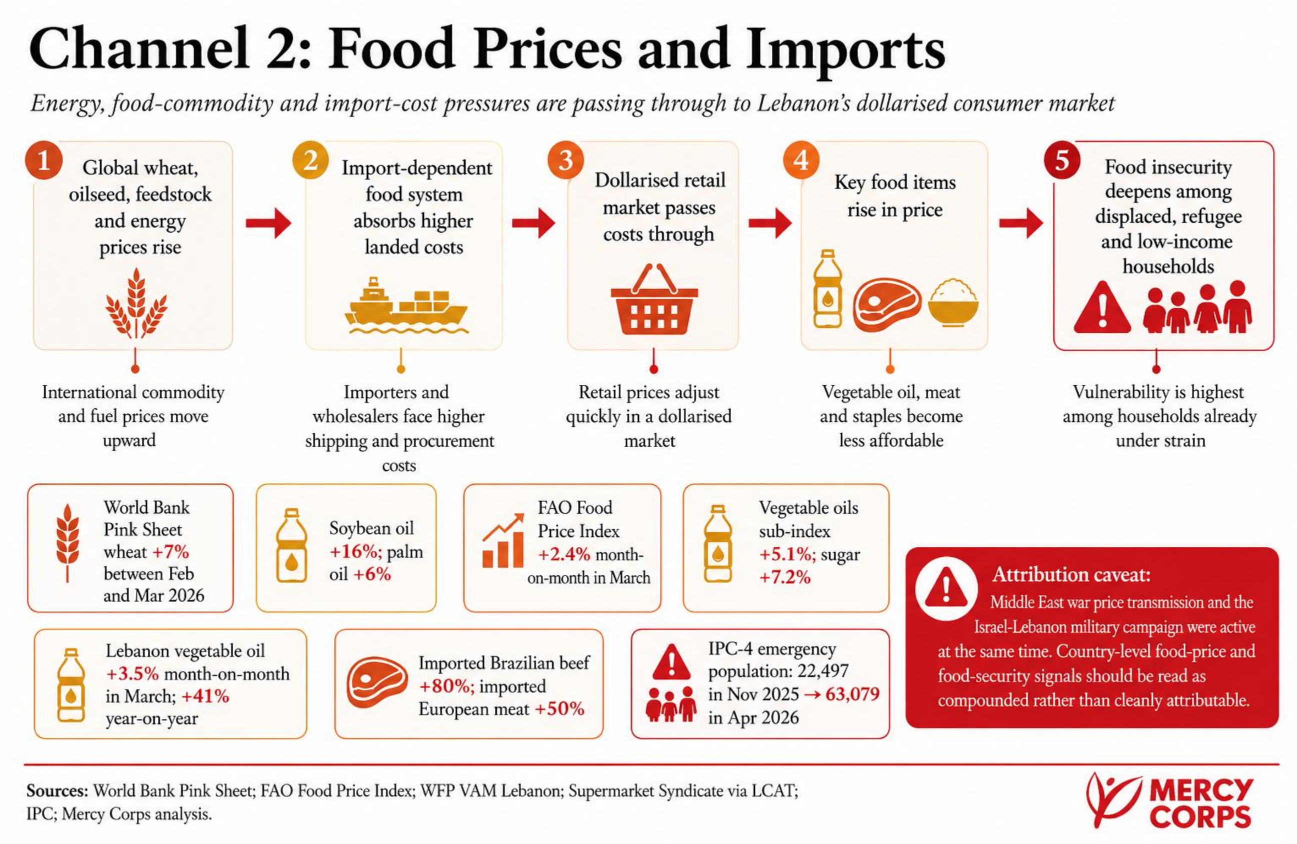
- Global food commodity prices rose sharply during the period. Pink Sheet[34] wheat rose 7 per cent between February and March 2026, soybean oil 16 per cent, and palm oil 6 per cent.

- The FAO Food Price Index reached 128.5 in March 2026, up 2.4 per cent month-on-month, the second consecutive monthly increase. The FAO attributed the rise to energy-related pressures

[31] Lebanon Crisis Analytics Team, Mercy Corps Lebanon (2026) *Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon*, March, pp. 10–11. Available at: https://mercycorps.org.lb/economic-and-humanitarian-impacts-of-higher-global-oil-prices-on-lebanon/ (Accessed: April 2026), citing REACH Lebanon (2025) *Multi-Sectoral Needs Assessment 2025 Cleaned Dataset*. The 24 per cent diesel-to-bread pass-through coefficient and 1.33 gasoline-to-bread coefficient are LCAT regression outputs estimated from August 2019 to February 2026 price data.
[32] LCAT Flash Report, page 10, citing Lebanese National News Agency (LCNC24) and Al Jarida News, 29 March 2026.
[33] LCAT Flash Report, page 10, citing Lebanese National News Agency (LCNC24) and Al Jarida News, 29 March 2026.
[34] World Bank Pink Sheet, the standard monthly international commodity reference series.

from the Middle East conflict escalation, with the largest sub-index moves in vegetable oils (+5.1 per cent) and sugar (+7.2 per cent). The headline index remains roughly 20 per cent below its post-Ukraine-invasion peak of March 2022, an important comparator: the war has lifted global food benchmarks but has not yet produced a 2022-scale global food price shock.[35]

- The fertilizer shock adds a further layer: 26 of 27 Indian fertilizer plants were offline in the war period and global urea, DAP, and potash prices have risen sharply – relevant to Lebanon given USD 46.5 million in fertilizer imports in 2024 (13 per cent from Turkey, 8 per cent from China).



Country-specific transmission: Retail food prices are rising, though the full pass-through is still working through the supply chain. Lebanese supermarkets reported 5 per cent retail rises on 10 per cent of goods by 29 March 2026 per the Supermarket Syndicate head.[36] Vegetable oil rose 3.5 per cent month-on-month in March 2026 – the largest single monthly move in the preceding six months and 41 per cent year-on-year. Imported Brazilian beef rose 80 per cent and imported European meat 50 per cent. Eggs rose 1.5 per cent month-on-month and 14.7 per cent year-on-year. Bread is the most closely watched indicator, carrying symbolic weight as it is locally produced, subsidized, and monitored by the Ministry of

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[35] Food and Agriculture Organization of the United Nations (2026) *FAO Food Price Index rises in March as Near East conflict raises energy costs*, 4 April. Available at: https://www.fao.org/newsroom/detail/fao-food-price-index-rises-in-march-as-near-east-conflict-raises-energy-costs/en (Accessed: April 2026).

[36] Supermarket Syndicate retail figures attributed to Nabil Fahed, President of the Syndicate of Supermarket Owners; cited via reporting in L'Orient Today (2026) *'We're tired, we just want peace': From flour to fuel, war pressures Beirut's supermarkets*, by Stephanie Bechara and Renee Robledo-Davis, 4 March 2026. Available at: https://today.lorientlejour.com/article/1497179/were-tired-we-just-want-peace-from-flour-to-fuel-war-pressures-beiruts-supermarkets.html (Accessed: April 2026). The specific percentage rises (5 per cent on 10 per cent of goods, Brazilian beef +80 per cent, European meat +50 per cent, +10 per cent one-month forecast) draw on subsequent Supermarket Syndicate statements relayed via Lebanon Crisis Analytics Team market monitoring, March 2026.

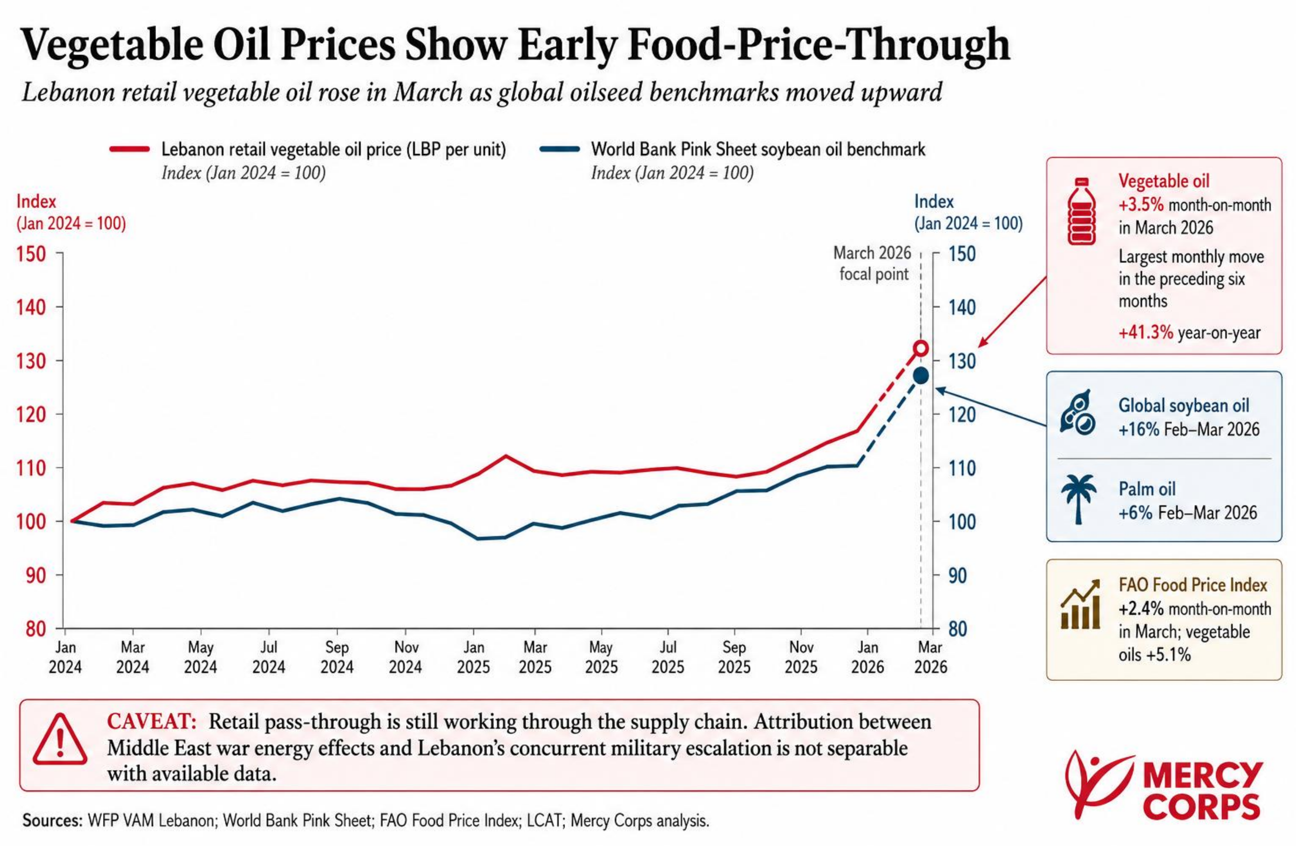
Economy. For every 1 per cent rise in diesel prices, bread prices rise by roughly 0.24 per cent within a month – and when gasoline prices rise, bread prices rise by even more (historically, a 1 percent rise in gasoline prices has pushed up bread prices by 1.33 per cent, even controlling for seasonality).[37] Data gaps constrain the overall picture: WFP VAM Lebanon stopped reporting six of eight commodities after February 2026, leaving wheat, rice, sugar, beans and milk untracked through the war period.[38]

Human impact: The number of Lebanese people facing crisis-level food insecurity or worse has grown, though the Middle East war and the Israeli military campaign cannot be separated as drivers. The IPC-3-or-worse population rose from approximately 874,000 in November 2025 to 961,000 in April 2026, with the IPC-4 emergency population almost tripling from 22,497 to 63,079.[39] The April 2026 IPC release lacks governorate-level detail, so the figures cannot be disaggregated between areas in South Lebanon most exposed to Israeli military operations and those in North Lebanon more exposed to Middle East war price transmission. Displaced Lebanese households, Syrian refugee households in Akkar and the Bekaa, and the urban poor in Beirut and Tripoli are carrying the food-cost pressure on the most compressed incomes.

[37] Lebanese cereals imports for 2024 (approximately USD 361 million, with Russia 19 per cent and China 6 per cent) from Lebanese Higher Council of Customs trade statistics, accessed via Lebanon Crisis Analytics Team (2026) market analysis. UN Comtrade and World Bank WITS data only carry Lebanon trade observations through 2023, so the 2024 figure is sourced via Lebanese Customs rather than the international aggregators. See WITS data availability at https://wits.worldbank.org/CountryProfile/en/Country/LBN/Year/LTST (Accessed: April 2026).

[38] World Food Programme Lebanon Vulnerability Analysis and Mapping (VAM) retail price monitoring, March 2026, accessed via OCHA Humanitarian Data Exchange. Available at: https://data.humdata.org/dataset/wfp-food-prices-for-lebanon (Accessed: April 2026). The vegetable oil figure (+3.5 per cent month-on-month, +41.3 per cent year-on-year) and eggs figure (+1.5 per cent month-on-month, +14.7 per cent year-on-year) reflect March 2026 retail observations against February 2026 and March 2025 baselines respectively. The WFP VAM Lebanon dataset stopped publishing observations for wheat, rice, sugar, beans, milk and one further commodity from February 2026 onwards, leaving only two of eight tracked commodities with current March 2026 readings.

[39] IPC (2026) *Lebanon: Acute Food Insecurity Projection Update for April – August 2026*, 29 April. Available at: https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1163301/?iso3=LBN (Accessed: 30 April 2026); World Food Programme (2026) *Lebanon: New IPC analysis shows conflict escalation pushing nearly a quarter of population into acute food insecurity*, 29 April. Available at: https://www.wfp.org/news/lebanon-new-ipc-analysis-shows-conflict-escalation-pushing-nearly-quarter-population-acute (Accessed: 30 April 2026); FAO, WFP and Lebanese Ministry of Agriculture joint statement, 29 April 2026.



CHANNEL 3: FOREIGN EXCHANGE, LIQUIDITY, AND THE STABLECOIN CORRIDOR

Global context:

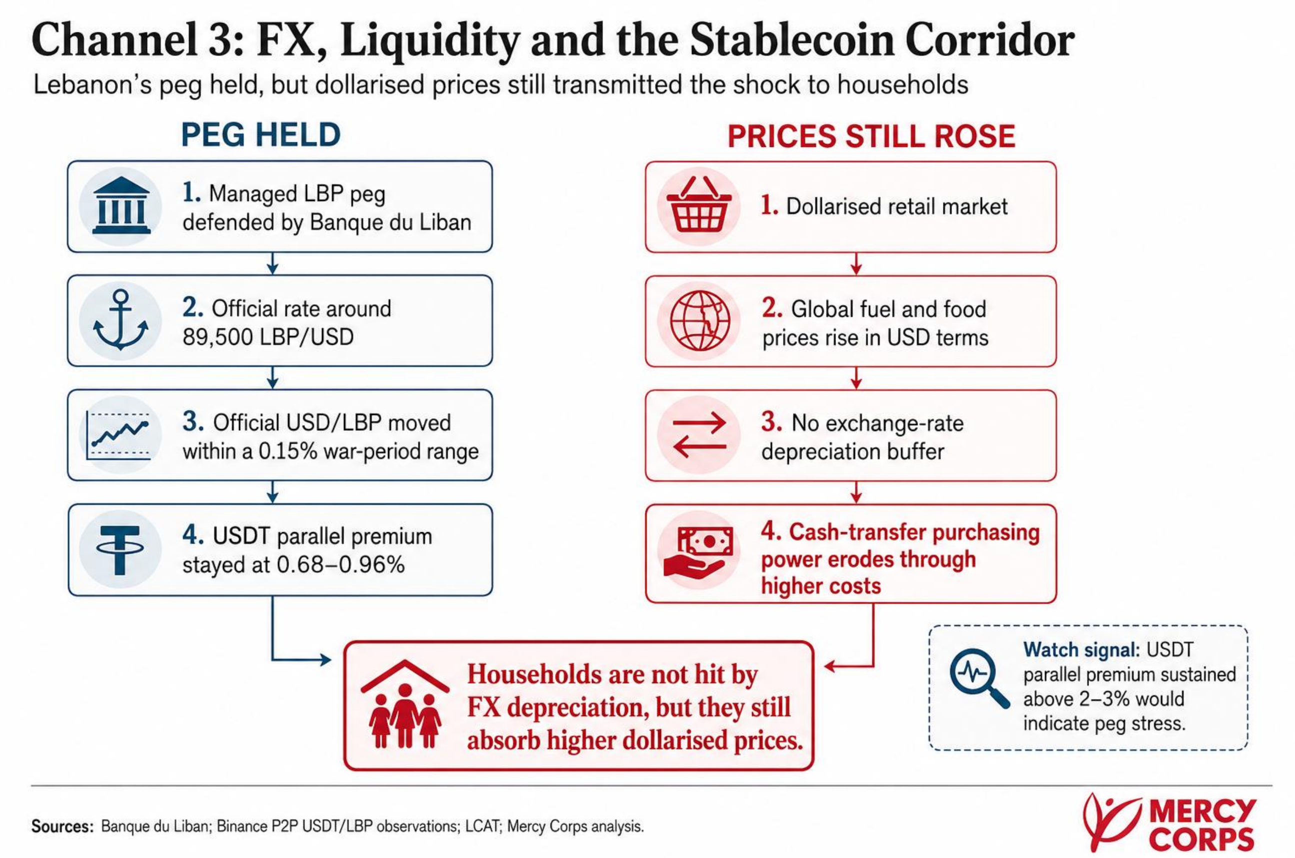
- The US dollar has strengthened against emerging-market currencies since the war began, raising the local currency cost of imported fuel, food, and medicine in countries with floating exchange rates or managed-float regimes.
- With a dollarized economy and a managed currency peg in Lebanon, the shock lands through absolute USD price levels rather than through currency depreciation.

Country-specific transmission: The Lebanese pound peg at 89,500 LBP per USD has held through both the Middle East war and the Israeli military campaign, defended by the Banque du Liban.[40] Official USD/LBP moved within a 0.15 per cent band across 6 to 13 April 2026 – negligible movement in a currency whose import bill absorbed a 78 per cent rise in crude over six weeks. The Binance P2P USDT parallel-market premium of 0.68 to 0.96 per cent through the war period is an order of magnitude below Pakistan's 4 to 5 per cent premium and far below Lebanon's own crisis-peak spreads of 2021 to 2023.[41] However,

[40] Banque du Liban (2026) *Current Exchange Rates*. Available at: https://www.bdl.gov.lb/currentrate.php (Accessed: April 2026). The current managed rate of approximately 89,500 LBP/USD has held since the convergence of the Sayrafa and parallel-market rates in 2024-2025; see also Baz, S. (2025) 'Lebanon: From Dollars to Lollars', *International Finance*, on the post-2019 crisis-period parallel-market spreads of LL 27,000 to LL 111,000 per USD reached at peaks in 2022-2023. The 19-month monthly volatility figure of 0.18 per cent is calculated from BdL daily rate observations January 2024 to April 2026.

[41] Binance P2P USDT and USDC parallel-market observations, war-period daily readings 2-22 April 2026. Available at: https://www.binance.com/en/crypto/buy/LBP/USDT (Accessed: April 2026). Pakistan USDT premium comparator from MarketImpact tracking, see Pakistan country paper in this series. The 2021-2023 Lebanese black-market spread comparator is sourced from contemporaneous BdL

absence of foreign exchange movement reflects peg defence, not absence of transmission. This should be monitored going forward: a USDT parallel premium sustained above 2 to 3 per cent would be the signal that peg stress is materializing.



Human impact: Lebanese households holding USD cash do not lose local currency purchasing power, since local prices have been dollarized since early 2023. Similarly, households holding LBP cash face no depreciation pressure. The consequence for cash programming is that purchasing power erosion runs entirely through rising USD commodity prices rather than through a weakening currency. This simplifies transfer value calculations relative to countries like Sudan or Ethiopia, as transfer values are effectively USD-equivalent at the peg, but it removes any cushion that currency depreciation would otherwise provide to USD-denominated donor budgets – every dollar committed buys exactly as much local delivery as the global price level allows, no more.

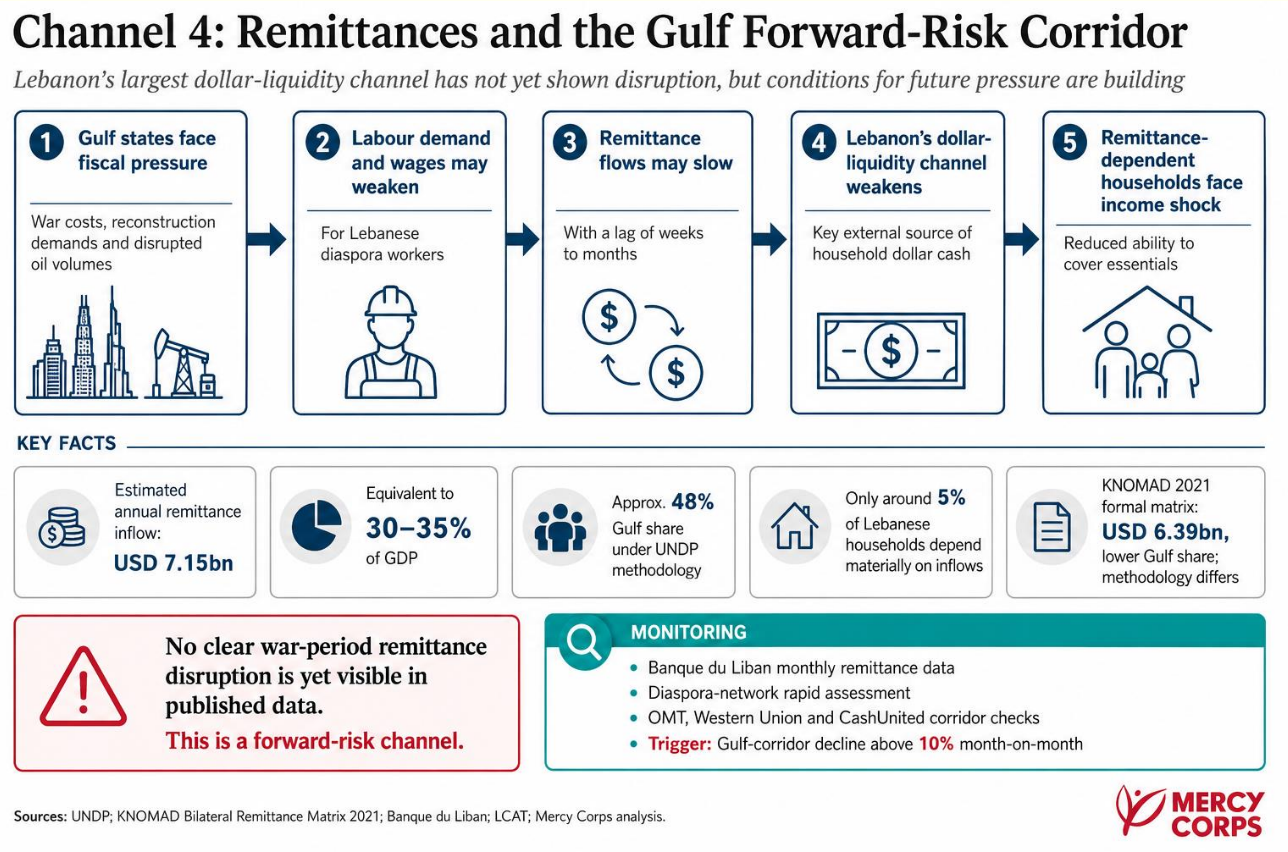
CHANNEL 4: REMITTANCES AND THE GULF FORWARD-RISK CORRIDOR

Global context:

- Gulf states face compound fiscal pressure from lower Hormuz oil export volumes, domestic reconstruction costs from Iranian strikes, and competing Gaza reconstruction claims.
- Transmission to diaspora labor demand and remittance flows runs on a lag of weeks to months and is not yet visible in published data.

Sayrafa platform postings and the Lira Rate parallel tracker (lirarate.com), which recorded peak parallel-rate divergence of more than 50 per cent above the official rate at points during 2021-2023, against war-period 2026 USDT premiums of 0.68-0.96 per cent.

Country-specific transmission: Remittances have been a structural pillar of the Lebanese economy, averaging approximately USD 7.15 billion per year over the past decade and equivalent to 30 to 35 per cent of GDP. Approximately 48 per cent of inflows originate in Gulf states, a figure that includes the informal and hawala corridors that dominate Lebanese remittance flows since the banking collapse and are not captured in formal bilateral data.[42] The Lebanese diaspora numbers approximately 14 million people – more than three times the resident population – but remittance receipts are concentrated: only 5 per cent of Lebanese households depend materially on inflows, meaning the risk is severe for those households while the majority have no access to this safety net.[43] A new US federal tax of 1 per cent on outbound remittances, effective 1 January 2026, adds a marginal further friction on the US corridor.[44] Analysis is limited by data constraints: Banque du Liban monthly remittance data is the authoritative war-period source and is lagged; no 2025 or 2026 quarterly figure has yet been published.



[42] UNDP Lebanon estimates for remittances. KNOMAD Bilateral Matrix 2021 records USD 6.39 billion in Lebanon inbound remittances. The two figures are methodologically different and both are reported here with their source attribution.

[43] American University of Beirut (2022) *Household Survey on Remittances*, Beirut. For comparative survey estimates of Lebanese household remittance receipt, see World Bank (2024) cited via The Beiruter (2026) *An economy outside its borders*. Available at: https://www.thebeiruter.com/article/an-economy-outside-its-borders/1081 (Accessed: April 2026); ARK and United Nations Development Programme (2022) *Lebanon Vulnerability Assessment*, November; United Nations Development Programme (2023) *The Increasing Role and Importance of Remittances in Lebanon*, May. Available at: https://www.undp.org/lebanon/publications/increasing-role-and-importance-remittances-lebanon (Accessed: April 2026).

[44] Internal Revenue Service (2026) *One, Big, Beautiful Bill Act provisions: Remittance Transfer Tax under Section 4475*. Available at: https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions (Accessed: April 2026).

Human impact: The Gulf remittance corridor has not yet shown war-period disruption. But Kuwait and Qatar – the Gulf states most directly exposed to Hormuz closure – host significant Lebanese diaspora communities, and a sustained Gulf economic slowdown would compress remittance volumes at precisely the moment that fuel and food costs in Lebanon are still rising. For the minority of households that depend on these flows, there is no alternative income source and no safety net to replace them if the corridor weakens. This potential transmission must be monitored going forward.

CHANNEL 5: FREIGHT, SHIPPING, AND MEDITERRANEAN ROUTING

Global context:

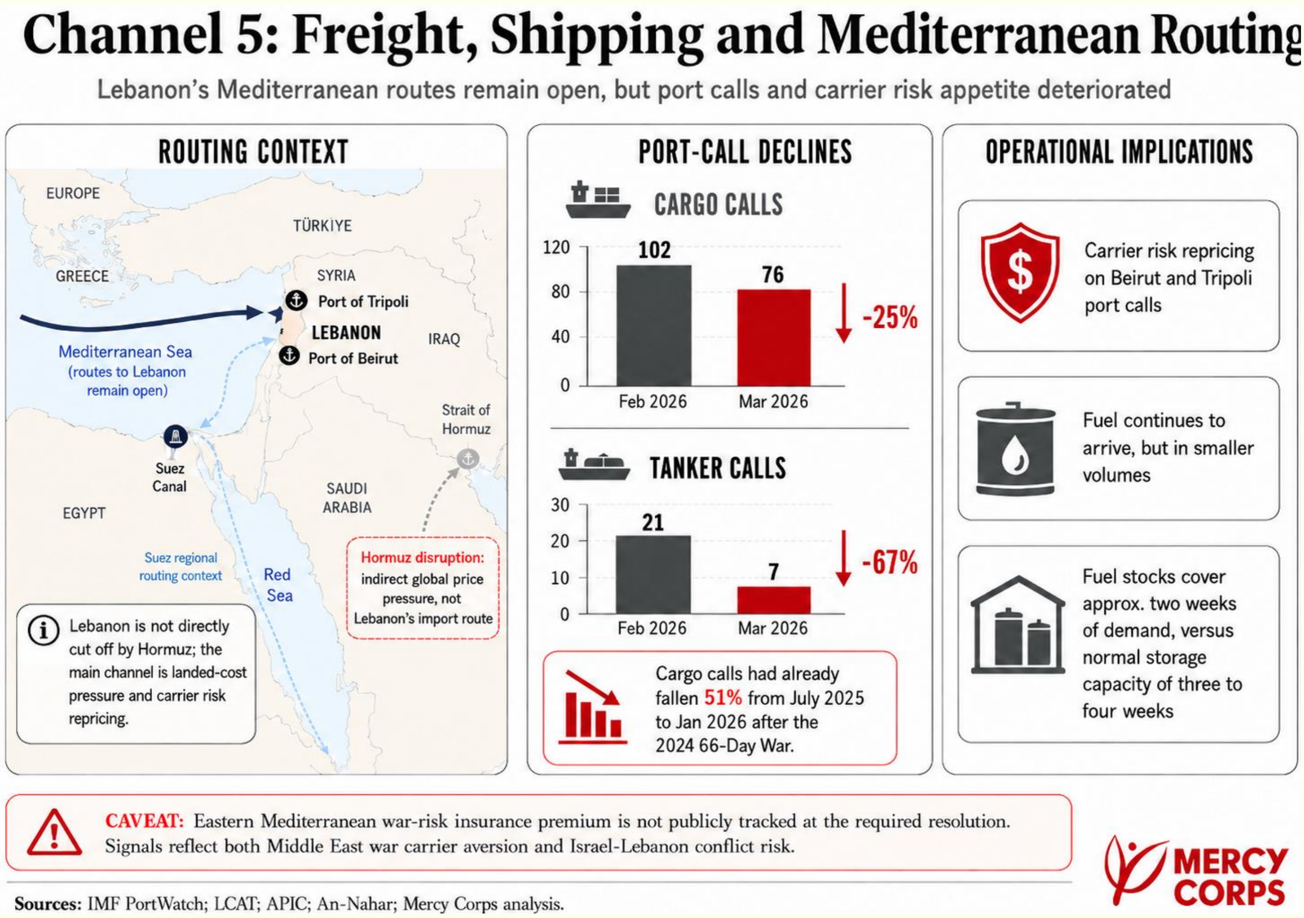
- Strait of Hormuz chokepoint transits collapsed from approximately 95 vessels per day pre-war to 5 per day at the war-period floor, with only partial recovery to 7 per day by 19 April.
- Bab el-Mandeb transits held at 32 to 35 ships per day.
- The Suez Canal has remained open throughout, with transits flat or rising across the war period (January to April average 37.7, 39.1, 38.1, 42.8).
- Red Sea / Gulf of Aden war-risk premium rose from 0.30 per cent pre-war to 0.75 per cent in the war period. Persian Gulf war-risk premium rose from 0.04 per cent to 2.00 per cent at the 15 March peak.

Country-specific transmission: Lebanon's imports route through the Mediterranean and Suez rather than Hormuz – the chokepoint disruption is therefore not a direct supply story for Lebanon, but it is the source of the global price rises that are passing through to Lebanese households. Lebanese port calls had already declined before the Middle East war, having fallen 51 per cent between July 2025 and January 2026 as a result of the 2024 66-Day War. The war period (February-March) brought a further 25 per cent drop in cargo calls (102 to 76) and a 67 per cent drop in tanker calls (21 to 7), with exports falling 47 per cent (101,998 to 54,072 tonnes) while import tonnage held broadly flat[45].

The likely relevant transmission mechanism is carrier risk repricing on Beirut and Tripoli port calls driven by regional war risk, not Hormuz disruption. However, the Eastern Mediterranean war-risk insurance premium – the directly relevant Lebanon-specific freight signal – is not publicly tracked at this resolution. Lebanese ports and sea lanes remain open and fuel continues to arrive from European and Egyptian sources, though in smaller volumes than before the conflict. Current fuel stocks cover approximately two weeks of demand against a normal storage capacity of three to four weeks.[46]

[45] International Monetary Fund (2026) *PortWatch: Daily Port Activity Data and Trade Estimates*. Available at: https://portwatch.imf.org/datasets/959214444157458aad969389b3ebe1a0_0/about (Accessed: April 2026).

[46] LCAT Flash Report, page 13, citing APIC September 2015 and An-Nahar 2 March 2026.

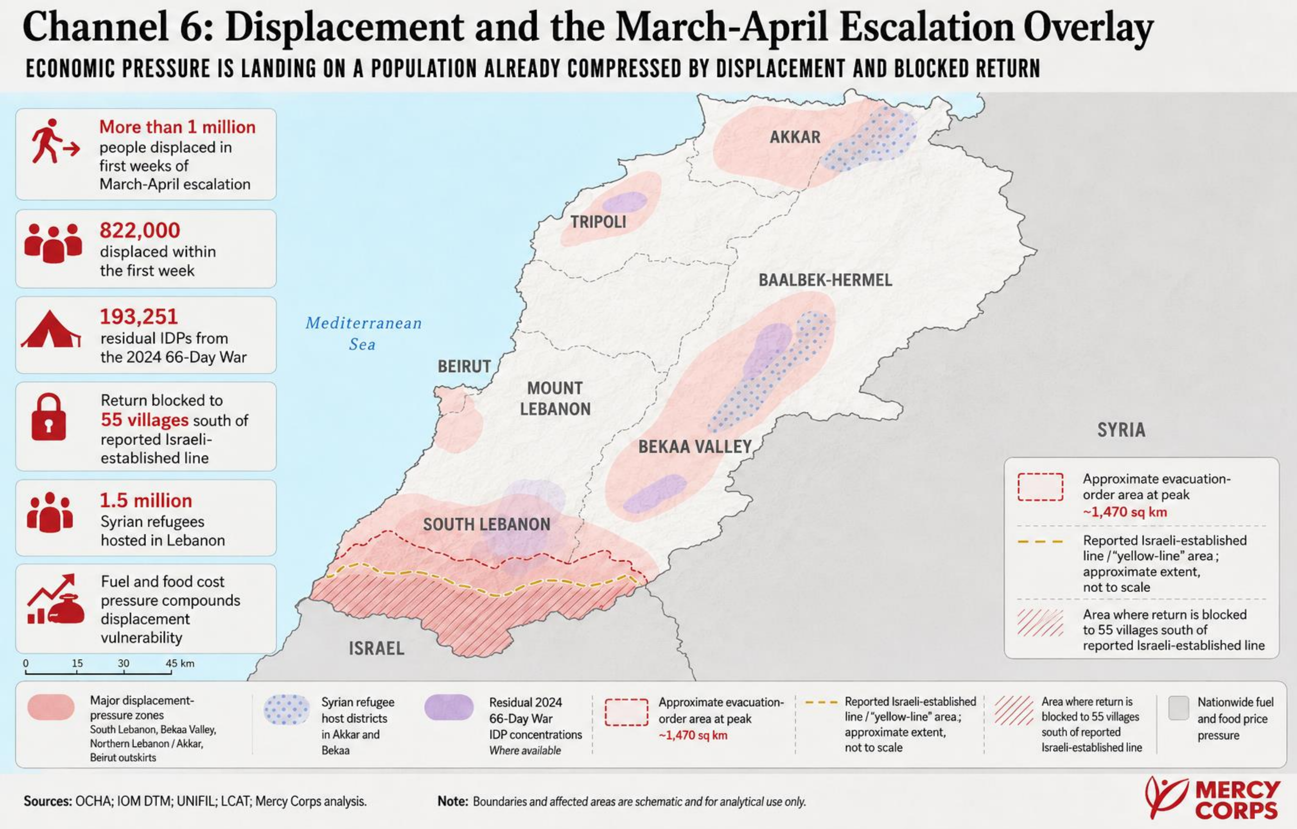


Human impact. Rising freight and insurance costs are increasing the landed cost of imports for Lebanese commercial importers and humanitarian operators alike. The immediate operational priority is to pre-position critical stocks closer to communities, and coordinate transport and warehousing solutions, before further cost increases or access constraints narrow the window.

CHANNEL 6: DISPLACEMENT AND THE MARCH-APRIL ESCALATION OVERLAY

Global context:

- The Middle East war shock is economic. Lebanon's distinguishing context is the concurrent Israeli military campaign in Lebanon, which is a separate political-military track. The two shocks are simultaneous in the 2026 calendar but analytically distinct.
- As this paper's scope is the Middle East war economic transmission, the Israeli military campaign track is included only because the displacement and security constraints it imposes shape how and where Middle East war economic pressure lands.



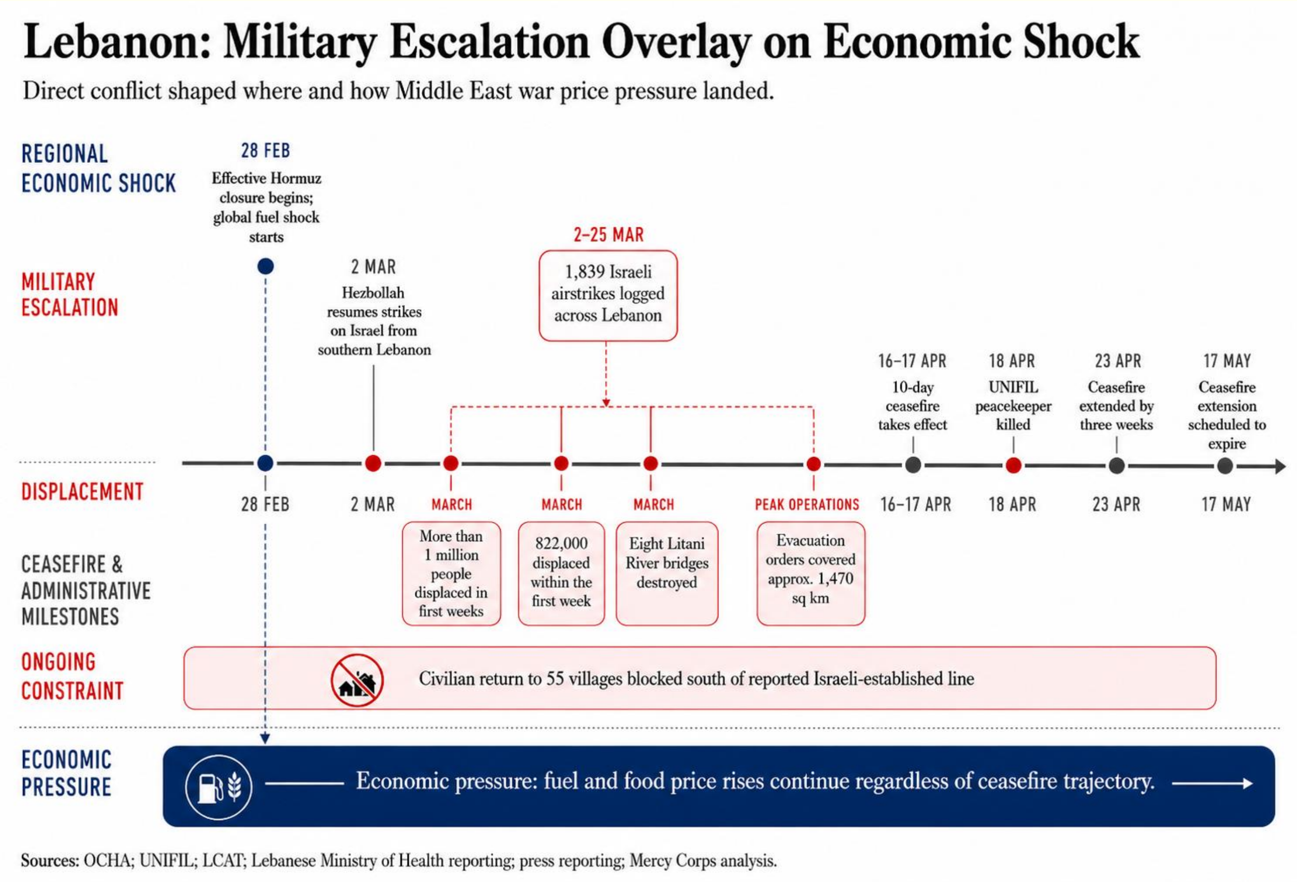
Country-specific transmission: Hezbollah resumed rocket strikes on Israel from southern Lebanon on 2 March 2026, four days after the US-Israel attack on Iran. Israel responded with a sustained military campaign: 1,839 airstrikes across Lebanon between 2 and 25 March, destruction of eight Litani River bridges, evacuation orders covering approximately 1,470 square kilometers – roughly 14 per cent of Lebanese territory – and ground operations penetrating up to seven kilometers inside Lebanese territory.[47] Lebanese health officials reported 2,294 killed and 7,544 wounded across the 2 March to 16 April war window.[48] More than one million people were displaced in the first weeks, with 822,000 displaced within the first week alone.

A 10-day ceasefire announced by President Trump took effect overnight 16 to 17 April 2026 and was extended by three weeks at White House talks on 23 April, with expiry now scheduled for 17 May 2026. The ceasefire is holding but under structural pressure: Israeli forces continue to occupy approximately 6 per cent of Lebanese territory, strikes and demolitions have continued through the extension period, civilian return to 55 villages south of the Israeli-established line remains blocked, and Hezbollah – which was not a signatory to the agreement – has not accepted its terms.

Human impact. Middle East war economic pressure is landing on a population with significant existing displacement. The residual 193,251 IDP caseload from the 2024 66-Day War, the more than one million March-April 2026 displaced, and the 1.5 million Syrian refugees hosted in Lebanon are all absorbing the fuel and food price shock on incomes that were already stretched. Displaced households in the Bekaa Valley, northern Lebanon, and the outskirts of Beirut bear the compound pressure. Syrian refugee populations in the same host districts carry the same economic pressure on narrower baselines.

[47] Airstrike count from LCAT's logging of Lebanese National News Agency reporting. Displacement figure: OCHA, *Lebanon Flash Appeal: March-May 2026*, March 2026.
[48] Christian Science Monitor, *Amid ceasefire in Lebanon, a rush home – if it's still there*, 20 April 2026. Earlier mid-war count was 1,072 killed (including 121 children, 81 women, 42 medical staff) per Lebanese Ministry of Health to 26 March 2026, cited via Al Modon.

Households unable to return to the 55 yellow-line villages face destroyed or damaged property, livelihood disruption, and fuel-and-food-cost pressure during reconstruction.



CHANNEL 7: FUNDING AND DONOR RESPONSE

Global context:

- The 2026 global donor environment is constrained by competing appeals (Gaza, Sudan, Ukraine) and by fiscal pressure on traditional donors from Middle East war oil-price effects.
- Funding shortfalls are not unique to Lebanon, but Lebanon's compound caseload makes them particularly consequential here.

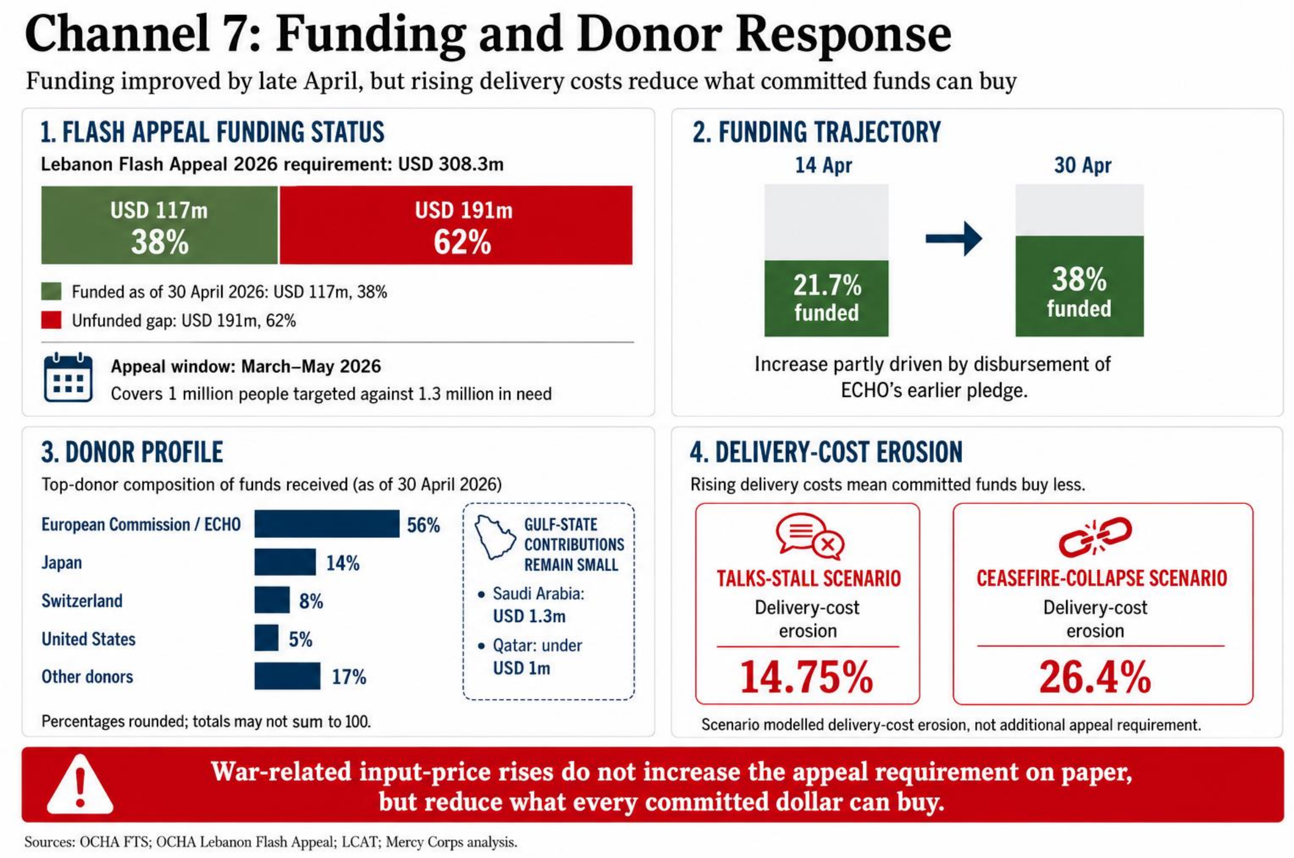
Country-specific transmission

The 2026 Lebanon Flash Appeal records USD 117 million paid against a USD 308.3 million requirement as of 30 April 2026, at 38 per cent coverage – up from 21.7 per cent at 14 April, largely driven by disbursement of ECHO's earlier USD 76.8 million pledge. The appeal covers 1 million people against 1.3 million in need over the March to May window. ECHO, Japan and Switzerland are the top three donors; Gulf-state contributions are small, with Saudi Arabia at USD 1.3 million and Qatar at under USD 1 million combined.[49] The 2026 Syria Regional Refugee and Resilience Plan (3RP) records 2.2 per cent coverage

[49] OCHA FTS, Lebanon Flash Appeal 2026, pulled 14 April 2026. The USD 76.8 million ECHO figure is an unspecified pledge. Donor-by-donor totals reflect committed and pledged amounts year-to-date; the USD 67.0 million coverage figure reflects paid funds against the Flash Appeal requirement only.

against a USD 2.8 billion regional requirement – reflecting donor fatigue on the Syrian refugee response that predates the Middle East war entirely.

The Middle East war enters the Lebanon funding channel indirectly. The Flash Appeal's stated trigger is the 2 March escalation, not Middle East war transmission. But Middle East war input-price rises inflate delivery costs across every humanitarian sector, stretching the USD 117 million committed less far than it would have gone before the war started. Scenario projections put this delivery-cost erosion at 14.75 per cent under a talks-stall scenario and 26.4 per cent if the ceasefire collapses.



Human impact. The 38 per cent funded ratio at 30 April improves headroom but still leaves a USD 191 million gap – one that will not hold if the situation deteriorates further. Lebanese households dependent on appeal-funded services, Syrian refugee caseloads reliant on extremely limited 3RP support, and the humanitarian operators delivering both absorb the compound pressure of rising costs and insufficient funding simultaneously.

Government Response

The Government of Lebanon's response is constrained by fiscal incapacity rather than administrative gap. President Joseph Aoun and Prime Minister Nawaf Salam took office in January 2025 after a protracted political vacancy, and the Banque du Liban has defended the 89,500 LBP per USD peg through both the Middle East war and the Israeli military campaign. But the government has no meaningful instruments to slow economic transmission – no fuel subsidy, no price band, no emergency cash transfer capacity.

On fuel, the regulatory architecture that once allowed Lebanon to moderate retail price movements collapsed during the 2019 to 2022 crisis and has not been rebuilt. The Ministry of Energy and Water does not operate a regulated price band, a subsidy program, or a rationing system. Retail pump prices are updated up to four times per two-week period by the Ministry of Energy in direct response to global prices, taxes, and costs, implemented commercially by the 13 private fuel-import terminals grouped under APIC. The Middle East war transmission therefore runs straight through commercial pricing with no government buffer. Bread prices are separately regulated by the Ministry of Economy and were raised by ministerial order during the March 2026 escalation. Generator tariffs are set monthly by the Ministry of Energy based on diesel costs.

On humanitarian coordination, the Government of Lebanon co-signs the Flash Appeal and the Ministry of Social Affairs participates in humanitarian coordination structures. The Lebanese Armed Forces coordinate with the United Nations Interim Force in Lebanon (UNIFIL) on southern Lebanon ceasefire observation. Beyond coordination, national fiscal capacity for emergency social protection is effectively absent. The blocked return to 55 villages south of the Israeli-established line is the subject of diplomatic engagement at the US, French and UN levels – it is not a problem the Lebanese government can resolve through domestic instruments.

Future Outlook

Where things stand: As of the end of April 2026, Lebanon is two months into a compound shock with no sign of full resolution on either track. Fuel costs have risen sharply – 95-octane gasoline up approximately 30 to 45 per cent since the start of the regional conflict, diesel up 57 to 64 per cent – and will not fall quickly even if global prices ease. The humanitarian response is less than half funded. The ceasefire is holding – but Israeli forces continue to occupy approximately 6 per cent of Lebanese territory, Hezbollah is not bound by the agreement, and the extension expires on 17 May. And Lebanon's largest economic stabilizer – Gulf remittances – has not yet shown disruption, but the conditions that would trigger a decline are building.

Risks ahead are not independent of one another, with three reinforcing channels: First, a Gulf remittance decline would affect Lebanon's approximately USD 7.15 billion annual remittance inflow,[50] removing the primary income source for households already critically exposed to fuel and food cost rises. Second, a ceasefire collapse would deepen displacement, further disrupt port access, and accelerate the funding gap.

Third, a naval blockade scenario would exhaust Lebanon’s two-week fuel storage, forcing import-doubling under conflict conditions. Lebanese ports and sea lanes currently remain open. A full naval blockade is the scenario that would most directly shut off physical fuel supply.

Points to monitor over the next six to eight weeks:

- The next LCAT Lebanon Crisis Update and any further LCAT flash reports.

[50] Remittances of Gulf origins represent 25 to 48 per cent of this total, depending on methodology used.

- Banque du Liban monthly remittance data when released. Any quarter-on-quarter decline above 5 per cent in Gulf-corridor flows would signal forward-risk materialization.
- The 17 April ceasefire status, particularly the yellow-line occupation and any further UNIFIL incidents.
- The Carrefour retail-price scraper (LCAT-internal) and the next WFP VAM Lebanon release.
- USDT parallel premium sustained above 2 to 3 per cent, which would signal peg stress.
- Any Banque du Liban intervention or peg adjustment.
- Lebanon Flash Appeal funding trajectory and any extension beyond the March-May window.
- The Lebanese Ministry of Energy fuel-tariff updates (four per two-week period).

If the Gulf ceasefire holds, pressure points are loosened though not removed. The fuel pass-through is locked into current prices and will transmit into food costs on a 30–60-day lag, regardless of how the political situation resolves. The remittance forward risk is not tied to the Hormuz political settlement but to aggregate Gulf fiscal pressure. The Israel-Lebanon ceasefire, the yellow-line occupation, and the trajectory of US-brokered Israel-Lebanon talks are separate political tracks from the Gulf settlement. The costs documented in this paper are not a forecast – they are already present. The question is whether they compound further, and how quickly.

Implications and Priorities

Donors and the Banque du Liban diaspora unit – Commission a Gulf-corridor remittance monitoring exercise in May. Banque du Liban monthly data is lagged, and the Gulf corridor is Lebanon's largest forward exposure from the Middle East war. A rapid assessment through Lebanese embassies in the UAE, Saudi Arabia and Qatar, remittance operators including OMT, Western Union and CashUnited, and LCAT's Lebanon contacts would provide earlier signal than official reporting. The target is a baseline report by end of May and monthly updates through Q3 – monitoring infrastructure needs to be in place before the risk materializes, not after.

OCHA, ECHO, and bilateral donors – Secure the remaining Flash Appeal requirement and pre-commit a contingency tranche triggered by ceasefire collapse or remittance decline above 10 per cent. The 38 per cent funded ratio at 30 April leaves a USD 191 million gap that will not hold if the situation deteriorates. Pre-committed funding released on a defined trigger reduces the funding cycle delay that has historically meant money arrives after the window has closed. The 3RP at 2.2 per cent funded is a separate and serious signal of donor fatigue on the Syrian refugee response that deserves attention in its own right.

Mercy Corps Lebanon and operational humanitarian actors – Maintain host-community programming in the Bekaa Valley, Baalbeck-Hermal, Akkar and northern Lebanon. Programming should consider that Middle East war transmission on host Lebanese households is compounded by the continuing Syrian refugee caseload. The Lebanon Response Plan and 3RP remain the coordinated vehicles for refugee response. Coherent donor engagement on both avoids compression of either caseload.

Donors supporting southern Lebanon reconstruction – Maintain reconstruction funding despite the continued Israeli occupation and ceasefire uncertainty. More than one million Lebanese remain displaced, and civilian return to 55 villages south of the Israeli-established line is blocked pending diplomatic resolution. Pre-positioning reconstruction, livelihood and psychosocial support in the Bekaa Valley and northern displacement sites serves the population where it actually is – waiting for a political resolution before committing funds means the population waits too.

Do not treat a Gulf ceasefire, if held, as closure for Lebanon – The fuel pass-through is already in current retail prices. Food costs are following on a 30-to-60-day lag. The Gulf remittance forward risk is tied to aggregate Gulf fiscal pressure, not to the Hormuz political settlement. The Israel-Lebanon ceasefire, the yellow-line occupation, and the Gulf settlement are separate political tracks – progress on one does not resolve the others. The costs documented in this paper are already present. The question is whether they compound further.

Monitoring

The monitoring table is extractable as a standalone weekly and monthly tracker for the Lebanon country office, LCAT, the Lebanon Cash Working Group, the Humanitarian Country Team and donor coordination bodies. The fuel-price indicator and the Gulf-remittance-corridor indicator are the two most operationally valuable signals.

INDICATOR	SOURCE AND FREQUENCY	CURRENT VALUE	THRESHOLD	WHAT CROSSING IT MEANS
Lebanon retail fuel prices (diesel / gasoline)	IPT Lebanon and Fuel Distributors Syndicate via LCAT, fortnightly	Gasoline +30 to 45%, diesel +56.9 to 64.2% since start of regional conflict	**Diesel above LBP 2,500,000 per 20 litres, or gasoline above LBP 2,500,000 per 20 liters**	Further passthrough materializing. SMEB recalculation triggered
Official USD/LBP (Sayrafa successor peg)	Trading Economics / BdL, daily	LBP 89,500 (20 April 2026)	**Any peg adjustment**	BdL intervention capacity exhausted
USDT parallel-market premium over official	Binance P2P, daily	0.68 to 0.96% (14 April 2026)	**Sustained above 2%**	Peg stress materializing
Lebanon Gulf-corridor remittance inflow	Banque du Liban monthly, as released. Diaspora-network rapid assessment	USD 7.15bn annual estimate, 48% Gulf share (UNDP). 2021 KNOMAD USD 6.39bn, 25% Gulf share	**Month-on-month decline above 10% in Gulf-corridor**	Forward risk materializing

Lebanon Flash Appeal 2026 funded	OCHA FTS, weekly	38% (30 April 2026)	**Below 50% at end of May**	Appeal will not meet three-month caseload
3RP 2026 funded	OCHA FTS, weekly	2.2% (8 April 2026)	**Any sustained donor re-engagement**	Syrian refugee response donor fatigue easing
Israel-Lebanon ceasefire status	UNIFIL + press reporting, daily	Extended three weeks at White House talks 23 April, expiry 17 May. Holding but under pressure. French UNIFIL peacekeeper killed 18 April. Hezbollah not party to talks	**Any substantial violation or collapse**	Direct conflict channel reopens
LCAT Carrefour retail-price scraper	LCAT direct, daily	LCAT-internal tracker	**Any material move in staples**	Retail-cadence retail-price signal
WFP Lebanon VAM basket	WFP, monthly	Last full release Feb 2026	**Any April or May release**	Updated basket data for SMEB recalculation
Port of Beirut / Tripoli cargo calls	IMF PortWatch, monthly	Cargo 76 Mar 2026 (down from 102 Feb)	**Sustained below 60**	Mediterranean routing capacity erosion

Sources

This report synthesizes real-time data from authoritative public sources with Mercy Corps Crisis Analysis Team and country office research, and country-level primary-source reporting from 28 February to 28 April 2026. It reflects conditions as of 28 April 2026, the end of the ninth week of the conflict.

Brent crude is the cross-case benchmark used throughout the report and country briefs in this series. The Brent crude value of USD 126.69 on 31 March 2026, from the Federal Reserve Economic Data (FRED) daily series, is used as the consistent cross-case reference point. The FRED daily series records a higher daily close at USD 138.21 on 7 April 2026 (ceasefire eve). The 31 March value is the peri-war reference used for cross-case comparison.

LCAT and Mercy Corps primary sources: Lebanon Crisis Analytics Team (LCAT), Mercy Corps, *Flash Report: Economic and Humanitarian Impacts of Higher Global Oil Prices on Lebanon*, March 2026. AUTHORITATIVE PRIMARY. - LCAT Lebanon Crisis Updates, monthly series December 2025 to February 2026. - LCAT Thematic Reports (2025 Drought, Cash Multiplier Effect, Informal Social Protection). - LCAT Flash Reports (Lebanon Conflict Scenario March 2026, Potential Strike on Iran January 2026, Scenarios of Potential Escalation December 2025). - 52-paragraph Lebanon market analysis

(March 2026), authored by LCAT. Key Informant Interviews with LCAT and Regional Crisis Analysis team members.

Publicly available data. OCHA Financial Tracking Service, Lebanon Flash Appeal 2026 (plan ID 1568) and 3RP 2026, pulled 30 April 2026. - IPT Lebanon fuel-price data, February and March 2026 (cited via LCAT). - KNOMAD Bilateral Remittance Matrix 2021. - UNDP remittance estimates (USD 7.15 billion annual, 48% Gulf share). - 2025 Multi-Sector Needs Assessment (MSNA), REACH Lebanon. - FRED daily Brent. World Bank Pink Sheet monthly series through March 2026. - IMF PortWatch daily chokepoint transits and Lebanese port calls. - Mercy Corps Crisis Analysis data pipelines for FX, food prices, food security phases, displacement and scenarios.

Lebanon and regional reporting. OCHA Lebanon Flash Updates #1-14, March-April 2026. - Lebanese Ministry of Health casualty figures via Al Modon (26 March 2026). - UN Secretary-General spokesperson statement on UNIFIL peacekeeper death, 18 April 2026. - France 24, *French UNIFIL soldier killed in Lebanon, Hezbollah responsible, says Macron*, 18 April 2026. - Al Jazeera, *Israel says established a 'yellow line' in Lebanon, as it has in Gaza*, 18 April 2026. - Christian Science Monitor, *Amid ceasefire in Lebanon, a rush home – if it's still there*, 20 April 2026.

Cross-case and regional context. Mercy Corps Crisis Analysis data packs, 21 April 2026. - Mercy Corps flash report *The Long Reach of War*, 10 April 2026. - Somalia, Pakistan, Myanmar, Sudan, Syria and Ethiopia country papers in this series (for cross-case context).