

MENAAP MACRO MONITOR UPDATE



March 26, 2026

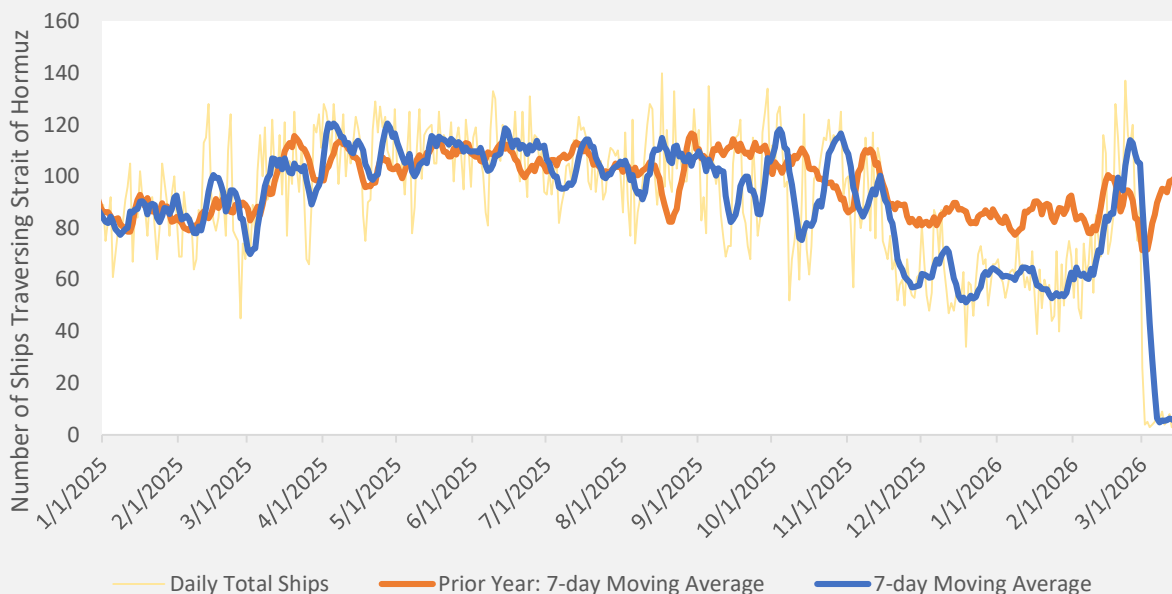
ANNOUNCEMENT

On April 8, 2026, the MENAAP Chief Economist's Office will launch its latest MENAAP Economic Update: *Challenges of Conflict and Industrial Policies for Development*. The report provides an overview of the channels through which the most recent conflict in the region is impacting the directly involved countries in the region as well as those exposed economically. Uncertainty regarding the duration and the intensity of the conflict is obscuring and clouding the macroeconomic outlook, with significant downside risks. In addition, the special topic of this edition examines how industrial policy is implemented across MENAAP, highlighting how it can support long-term economic development while also cautioning against its potential pitfalls.

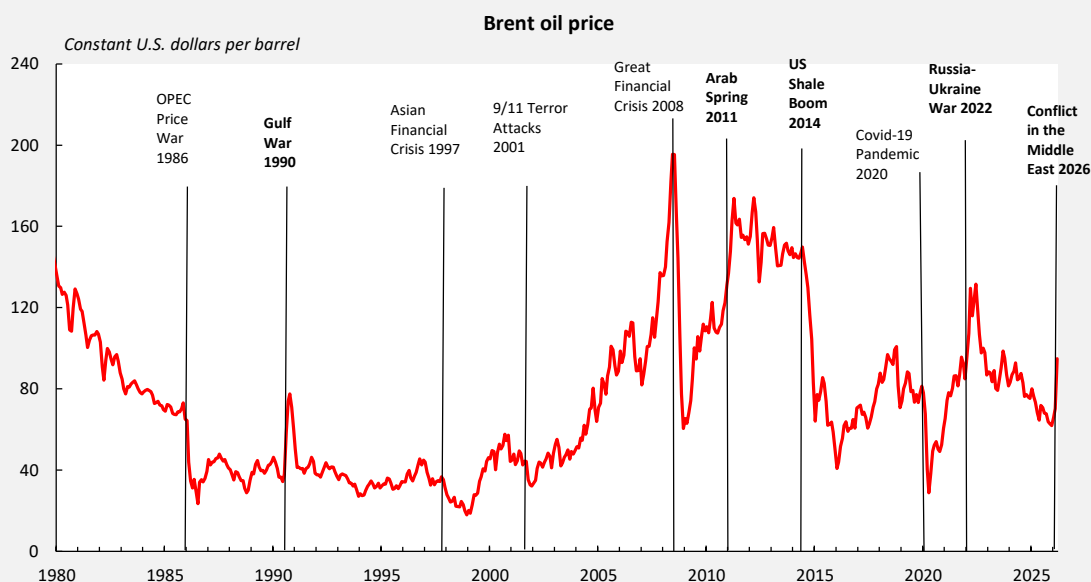
SPOTLIGHT

The Effective Closure of the Strait of Hormuz and Hydrocarbon Markets. The Strait of Hormuz is one of the world's most consequential maritime chokepoints, handling roughly 20 million barrels per day (or 20 percent) of world oil supply. It is also the principal route for liquefied natural gas (LNG) from Qatar, which accounts for more than a quarter of total global LNG trade. Since the most recent conflict in the region began, several oil tankers have been struck and damaged near the strait, bringing maritime traffic to a near-standstill. Between March 2 and March 15, an average of just five ships per day transitioned through the strait, compared to 99 over the same period a year ago — a 95 percent decline. Historical precedent underscores the significance of the current shock. When Russian oil exports — roughly 10 percent of world production — were curtailed, following its invasion of Ukraine in 2022, Brent crude surged more than 30 percent within two months and remained elevated for a further four. The Gulf War of 1990 removed approximately 4 million barrels per day from global supply, around 6 to 7 percent of the total, causing prices to more than double within three months. The current disruption to the supply of oil and gas is larger in scale but is still expected to be shorter-lived.

Panel A. Number of ships traversing the Strait of Hormuz



Panel B. Spillovers of the conflict through oil and gas prices



Source: International Monetary Fund, Portwatch <https://portwatch.imf.org/>, Bloomberg L.P. and World Bank Commodities.

Notes: For Panel A, the dark blue line indicates the 7-day moving average of ships transits, overlaid against the raw daily totals (light blue) and the prior year's 7-day moving average (orange) to account for baseline seasonality. For Panel B, Crude Brent oil price in monthly frequency since 1980, in constant 2025 U.S. dollars. Price for March 2026 is represented by month-to-date average daily Brent closing prices until March 20th.

MACRO NEWS AND DATA TABLE

Egypt

The government announced that it plans to settle the remaining USD 1.3 billion in arrears to foreign oil and gas companies by June. The acceleration in the payments timetable aims to encourage foreign oil and gas companies to resume exploration and extraction activities in the country, as the government aims to boost natural gas output by 30 percent to 5.0 billion cubic feet/day by end-2026.

Kuwait

On March 15, the Government issued a decision authorizing the Kuwait Investment Authority (KIA), the country's sovereign wealth fund, to conduct borrowing operations in major foreign currencies in global markets on behalf of the Ministry of Finance. The same decision formalizes the role of the Central Bank of Kuwait (CBK) as the state's borrowing agent in Kuwaiti dinars and in major foreign

currencies within Kuwait, consolidating domestic funding operations under the central bank. The decision follows the creation of a new debt framework, established in March 2025, that sets a maximum debt ceiling of KWD 30 billion (around USD 100 billion) and allows for the issuance of financial instruments with maturities of up to 50 years and which will remain in effect for 50 years. In related news, KIA sold a USD 3.1 billion stake in Bank of America in March, following its recent USD 3.4 billion divestment from the Hong Kong based life insurance company AIA Group. KIA currently has about USD 1 trillion in assets under management.

Morocco Morocco has relaunched direct aid to transport professionals to cushion the impact of higher global oil prices on domestic fuel costs – and to limit the cost pass-through into domestic goods prices, ensure supply chain continuity, and maintain transport services. The scheme emulates a March 2022 intervention, following the Russian invasion of Ukraine, with eligible operators (including freight carriers, taxis, and tourist transports) able to apply for aid via an online platform.

Sources: National authorities, EmergingMarketWatch, Haver Analytics, EIU, Bloomberg News, World Bank, IMF.

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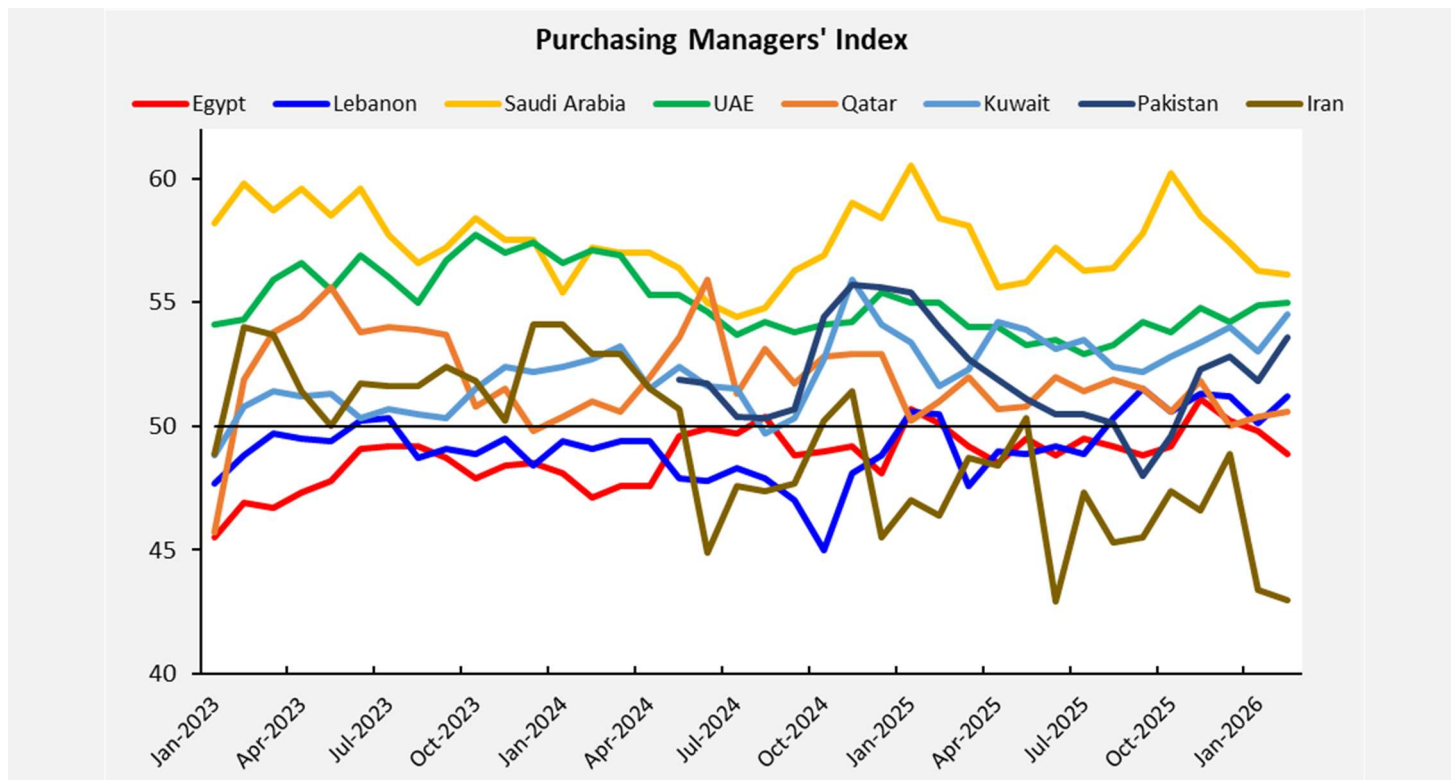
2026 and 2027 consensus forecasts for the MENAAP region remained roughly unchanged at 3.6 and 3.7 percent, respectively, before the outset of the most recent conflict in the Middle East.

Country	2026				2027			
	March Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change	March Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change
MENAAP	3.6	0.0	0.1	-0.2	3.7	0.0	0.0	-0.1
GCC	4.4	0.0	0.2	0.2	3.9	0.0	0.0	-0.2
Bahrain	3.0	0.1	0.2	0.2	2.8	0.0	0.0	0.0
Kuwait	3.3	0.1	0.2	0.4	2.9	0.1	0.1	-0.2
Oman	3.1	0.0	0.0	0.3	2.9	0.0	0.1	0.1
Qatar	4.8	-0.1	-0.2	-0.5	6.6	-0.1	-0.2	-0.2
KSA	4.3	0.0	0.2	0.2	3.5	0.0	0.0	-0.5
UAE	4.9	0.1	0.3	0.5	4.1	0.0	0.1	0.2
DOE	1.9	0.0	0.1	-1.0	2.7	0.0	0.0	-0.2
Algeria	2.9	0.0	0.0	0.0	2.7	0.0	0.0	0.2
Iran	0.5	0.0	0.2	-2.0	1.9	-0.1	0.0	-0.6
Iraq	3.4	0.1	0.2	-0.1	3.8	0.0	0.2	-0.2
Libya	6.2	0.0	-0.9	1.3	5.4	0.0	-0.5	0.9
DOI	4.1	0.0	0.1	0.0	4.3	0.0	0.1	0.1
Egypt	4.9	0.0	0.1	0.1	5.0	0.0	0.1	0.1
Jordan	2.7	0.1	0.2	0.0	2.8	0.0	0.1	0.2
Lebanon	3.7	0.1	-0.4	0.6	4.3	0.0	-0.3	0.5
Morocco	4.2	0.0	0.2	0.4	3.9	0.0	0.1	0.4
Pakistan	3.5	0.0	0.1	-0.3	4.0	0.0	0.2	0.0
Tunisia	2.1	0.0	0.1	0.2	2.1	0.0	-0.1	0.2
LI & Small	1.6	-0.1	-0.1	-1.5	2.4	-0.6	-0.4	-0.8
Afghanistan	1.9	0.0	0.0	-0.3	1.8	0.0	-0.2	-0.2
Djibouti	5.7	1.5	1.7	0.2	5.9	1.7	2.4	0.9
Syria	4.8	0.0	0.0	0.4	6.4	0.1	0.1	2.2
Yemen	-0.5	-0.3	-0.4	-3.2	0.3	-1.5	-1.2	-2.7

Source: Consensus Focus Economics GDP Growth Forecasts, March 2026, February 2026, December 2025, March 2025; and MAPCE Staff Calculations. Note: Forecasts Change refers to the direct difference between forecasts made in March 2026 and the reference months. Egypt, Afghanistan and Pakistan's 2026 forecast is a calendar year transformation: the average of the FY2026 and FY2027 forecasts. Egypt,

Afghanistan and Pakistan's 2027 forecast is a calendar year transformation: the average of the FY2027 and FY2028 forecasts. For reference, FY2026 starts in July 2025 and ends in June 2026. MENA and other category averages are weighted growth rates using previous year GDP levels as the weights.

February PMI surveys continued to indicate strong activity in the non-oil private sector in GCC countries, while Lebanon and Pakistan witnessed important improvements.



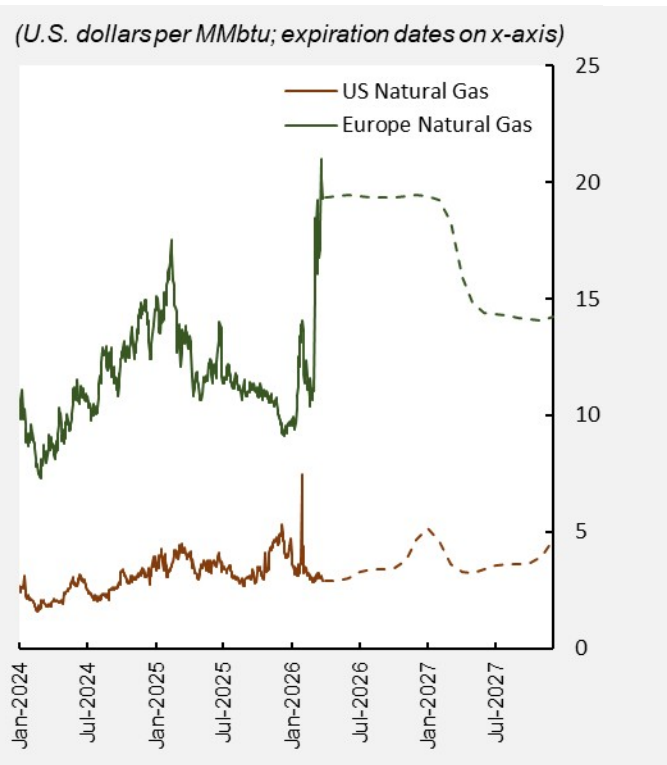
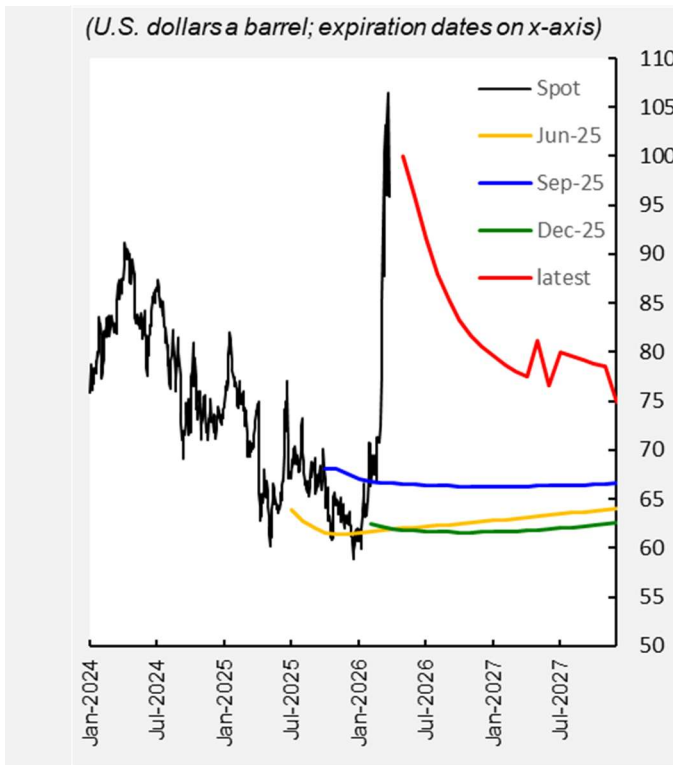
Source: Trading Economics, S&P Global, HBL Pakistan Manufacturing PMI, and Iran Chamber of Commerce, Industries, Mines and Agriculture.

Note: S&P PMI for Non-Oil Private Sector, seasonally adjusted, retrieved through Trading Economics. Last observations are from February 2026. S&P introduced the PMI for Pakistan in May 2024. The Iran Overall Economy PMI, seasonally adjusted, is produced and published by the Iran Chamber of Commerce, Industries, Mines and Agriculture. Iranian months ends on the 20th (ie data for February 2026 captures sentiment from January 20 to February 20, 2026).

Oil prices are down -3.1% since the last update, at USD 95.92 per barrel on March 23, 2026, with end-2027 futures trading at USD 74.92 per barrel. Before this decline, oil prices had surged and were above USD 100 per barrel for almost a week, a first since 2022. US natural gas prices are down 7.9%, at USD 2.87 per MMBtu, while European prices are up 0.2%, at USD 19.3 per MMBtu.

Panel A: Brent Crude Oil Futures

Panel B: Natural Gas Futures



Source: Investing.com and MAPCE Staff Calculations.

Note: In Panel A, the black lines indicate the spot price of Generic Brent Crude Oil (in USD per barrel) and the colored lines illustrate the futures prices on, respectively, June 1, 2025, September 1, 2025, December 12, 2025 and the latest (March 23, 2026). Latest futures observation is December 2027. In Panel B, the solid lines indicate the spot price of Generic US Natural Gas and European Natural Gas (Title Transfer Facility) (in USD per MMBtu). European Natural Gas (Dutch TTF) is in Euro per MWh, and is converted to USD and MMBtu. The dotted lines illustrate the latest (March 23, 2026) futures prices for each commodity.

The Egyptian pound depreciated by 8.8 percent compared to one month ago.

Country	Latest Close	1M % Change	3M % Change	6M % Change	1Y % Change
Afghanistan	64.2	-1.1%	3.4%	4.8%	9.8%
Algeria	132.6	-1.9%	-2.2%	-2.3%	1.0%
Bahrain	0.4	-0.1%	-0.1%	-0.1%	-0.2%
Djibouti	178.1	0.0%	0.0%	0.0%	0.0%
Egypt*	52.3	-8.8%	-9.3%	-8.0%	-3.4%
Iran*	1,314,048.0	-1.3%	-96.8%	-96.8%	-96.8%
Iraq*	1,310.0	0.0%	0.0%	0.0%	0.0%
Jordan	0.7	0.0%	0.0%	0.0%	-0.1%
Kuwait	0.3	-0.4%	0.2%	-0.6%	0.5%
Lebanon*	89,550.0	0.0%	0.0%	0.0%	0.0%
Libya*	6.4	-1.3%	-15.5%	-15.0%	-24.8%
Morocco	9.4	-2.1%	-2.6%	-3.6%	2.8%
Oman	0.4	0.0%	0.0%	0.0%	-0.1%
Pakistan	279.2	0.2%	0.3%	1.5%	0.3%
Qatar	3.7	0.0%	-0.2%	-0.2%	-0.2%
Saudi Arabia	3.8	-0.1%	-0.1%	-0.1%	-0.1%

Syria*	111.0	0.0%			
Tunisia	2.9	-1.1%	-0.4%	-0.2%	6.4%
United Arab Emirates	3.7	0.0%	0.0%	0.0%	0.0%
West Bank and Gaza	3.1	0.3%	2.5%	7.5%	19.4%
Yemen*	238.5	-0.1%	-0.1%	0.4%	3.2%

Source: Investing.com and MAPCE Staff Calculations.

Note: Official exchange rates vis-à-vis the USD expressed in local currency as of March 23, 2026. Countries with multiple exchange rates are highlighted with an asterisk. 1M, 3M, 6M and 1Y change refer to the appreciation or depreciation of the currency against the US Dollar: a positive value indicates an appreciation of the local currency, and a negative value indicates a depreciation. For West Bank and Gaza, the new Israeli shekel is used as the local currency. The new Syrian Pound was introduced in January 2026.

M/m and y/y headline and food inflation rates accelerated in Lebanon in February 2026.

Country	Date of Latest Inflation Data	Headline Inflation		Food Inflation	
		M/M Inflation	Y/Y Inflation	M/M Inflation	Y/Y Inflation
Algeria	November-25	1.9%	1.5%	1.6%	-2.9%
Bahrain	January-26	0.6%	1.3%	-1.9%	-2.9%
Djibouti	February-26	0.9%	1.4%	0.3%	-0.4%
Egypt	February-26	1.9%	11.5%	0.8%	3.9%
Iran	February-26	9.4%	68.1%	15.1%	105.5%
Iraq	January-26	0.9%	0.0%		
Jordan	February-26	0.0%	1.2%	0.4%	0.6%
Kuwait	January-26	0.1%	2.0%	0.4%	5.3%
Lebanon	February-26	1.9%	12.3%	2.1%	16.0%
Morocco	February-26	0.4%	-0.6%	0.5%	-2.2%
Oman	February-26	0.6%	2.0%	1.5%	2.8%
Pakistan	February-26	0.5%	7.0%	0.4%	5.8%
Qatar	February-26	0.6%	2.5%	1.3%	2.0%
Saudi Arabia	February-26	0.1%	1.7%	-0.2%	0.0%
Tunisia	February-26	0.4%	5.0%	1.1%	6.8%
UAE (Dubai)	December-25	0.7%	3.0%	0.5%	1.2%
West Bank and Gaza	February-26	12.0%	11.6%	-2.3%	-2.7%

Source: Haver Analytics and National Statistics Offices; MAPCE Staff Calculations.

Note: National Statistics Offices Consumer Price Indices (CPI) releases, as of March 24, 2026. M/M inflation is seasonally adjusted, except for Djibouti, Iraq, Lebanon, the UAE (Dubai) and West Bank and Gaza due to missing data. Iraq's food inflation data is not available after December 2025.

No policy rate changes over the last month.

Country	Last Decision Meeting	Policy Rate	Latest Interest Rate	1M Change	3M Change	6M Change
Algeria	8/28/2025	Policy Rate	4.25	--	--	-0.75
Bahrain	1/28/2026	Policy Rate	4.50	--	--	-0.75
Egypt	2/12/2026	O/N Lending	20.00	-1.00	-2.00	-3.00
Iraq	10/30/2024	Policy Rate	5.50	--	--	--
Jordan	3/19/2026	Main Rate	5.75	--	--	-0.75
Kuwait	12/11/2025	Discount Rate	3.50	--	--	-0.75
Morocco	3/17/2026	Main Rate	2.25	--	--	--

Oman	12/11/2025	Repo Rate	4.25	--	--	-0.75
Pakistan	3/9/2026	Policy Rate	10.50	--	-0.50	-0.50
Qatar	3/18/2026	O/N Lending	4.35	--	--	-0.75
Saudi Arabia	12/10/2025	Repo Rate	4.25	--	--	-0.75
Tunisia	2/11/2026	Policy Rate	7.00	--	-0.50	-0.50
UAE	3/18/2026	O/N Deposit	3.65	--	--	-0.75

Source: National Central Bank websites.

Note: Central Bank Policy Rates, as of March 24, 2026.

Over the last month, capital markets decreased in most countries, ranging from -10.9 percent in the UAE to -0.4 percent in Algeria. Oman, Tunisia, Jordan and Iraq saw increases in their stock market indices, ranging from 2.0 percent to 4.3 percent.

Country	1M % Change	3M % Change	6M % Change	1Y % Change
Algeria	-0.4%	-1.7%	0.4%	8.6%
Bahrain	-7.1%	-7.4%	-1.8%	-2.5%
Egypt	-6.4%	15.0%	34.8%	50.3%
Iraq	2.0%	0.8%	1.6%	-1.9%
Jordan	2.6%	6.3%	23.1%	49.2%
Kuwait	-1.9%	-5.6%	-4.6%	6.1%
Lebanon	-0.1%	-3.0%	-9.6%	-17.9%
Morocco	-7.5%	-9.0%	-12.8%	-2.1%
Oman	8.2%	30.6%	52.6%	76.1%
Pakistan	-8.9%	-10.7%	-3.3%	29.0%
Qatar	-8.8%	-4.9%	-7.9%	-0.5%
Saudi Arabia	-0.3%	3.3%	0.6%	-6.9%
Tunisia	4.3%	17.3%	25.5%	43.2%
United Arab Emirates	-10.9%	-6.3%	-6.8%	0.6%

Source: Haver Analytics and MAPCE Staff Calculations.

Note: Equity Markets Performance as of March 23, 2026. Stock market indices are selected for each country, and are quoted in local currency. The Indices per country are as follows: Algeria -Bourse d'Alger's Dzair Index ; Bahrain – Bahrain Bourse's All Share Index; Egypt – Egypt Stock Market's EGX30; Iraq – Iraq's Stock Exchange ISX 60; Jordan – Amman Stock Exchange's General Index; Kuwait – Kuwait Stock Exchange's All Share Index; Lebanon – Bourse of Beirut's BLOM Index; Morocco – Casablanca Stock Exchange's MASI Free Float Index; Oman – Muscat Securities Market's 30 Index; Pakistan – Karachi Stock Exchange's 100 Index; Qatar – Qatar Stock Exchange's General Index; Saudi Arabia – Saudi Stock Exchange's Tadawul All Share Index; Tunisia – Tunisia Stock Market's TunIndex; the UAE – Abu Dhabi Securities Exchange's FTSE General Index.

Djibouti's unemployment rate fell by 6.2 pps to 37.7 percent in Q4-2025 (down from 43.9 percent in Q3-2025), whereas Oman's increased by 0.1 pps to 2.5 percent in February 2026.

Country	Date of Latest Unemployment Rate Available	Unemployment Rates				
		Total	Male	Female	Nationals	Non-Nationals
Djibouti	Q4-2025	37.70	32.50	46.90		
Egypt	Q4-2025	6.20	3.80	14.30		

Iran	Q4-2025	7.80	6.10	16.00		
Jordan	Q3-2025	16.20	13.60	27.00	21.40	9.20
Morocco	Q4-2025	12.90	10.60	20.80		
Oman	February-26	2.50	1.30	6.50		
Qatar	Q4-2024	0.13	0.08	0.37	0.50	0.11
Saudi Arabia	Q3-2025	3.40	2.20	9.40	7.50	1.40
Tunisia	Q4-2025	15.20	12.60	20.80		
West Bank	Q4-2025	27.50	27.60	26.90		
Gaza Strip	Q4-2024	69.00	67.90	73.20		

Source: Haver Analytics and MAPCE Staff Calculations.

Note: Latest Unemployment Data available as of March 24, 2026. For Qatar, Q2 2025 data are available only for nationals and non nationals, while the most recent data for the total, male, and female populations date back to Q4 2024.

The editor for this edition is Ernest John Sergenti (Senior Economist, MAPCE). Rana Lotfi (Consultant, MAPCE) provided the data analysis. This work is the product of MAPCE staff using external data. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. For additional information or questions, kindly contact Ernest John Sergenti (esergenti@worldbank.org), Rana Lotfi (rlotfi@worldbank.org), and Sara Fasil Baheta (sbaheta@worldbank.org).