

## Rising Middle East war escalation: broad uncertainty, global shock

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Dhaka: The conflict between the United States, Israel, and Iran has rapidly intensified after coordinated US-Israeli strikes on Iranian territory, including strategic military sites in Tehran. Iran has retaliated with missile and drone attacks across the Gulf region, targeting US bases and regional allies.

This confrontation, which erupted into open hostilities earlier this week, already has deep global repercussions — especially in energy markets, international trade, air travel, and financial markets.

### **Economic shockwaves: energy prices, trade routes**

#### **Oil, fuel price surges**

The conflict has heightened fears of disruption in the Strait of Hormuz, a

narrow but vital chokepoint responsible for transporting roughly 20 percent of the world's oil. Any sustained disruption could push oil prices significantly higher.

Brent crude and other energy benchmarks have risen sharply as markets price in geopolitical risks.

This surge directly raises fuel import costs and could transport price increases to global markets, including Bangladesh.

### **Shipping disruptions, supply chains**

Global shipping routes — especially through the Gulf, the Red Sea, and the Suez Canal — are under threat from conflict-related instability. Insurance costs for vessels have risen, and cargo operators are rerouting ships to avoid risk areas, lengthening transit times.

### **Impact on Bangladesh's economy**

#### **Imported energy, inflation pressures**

Bangladesh relies heavily on imported fuel and liquefied natural gas (LNG) from Middle Eastern suppliers. If oil and gas prices remain elevated or supplies are disrupted:

- Fuel import costs could spike, putting pressure on foreign exchange reserves.
- Higher energy costs could feed into inflation, driving up prices of transport and basic goods at home.

Already, financial analysts note that stock markets in Dhaka have reacted nervously to global tension, with investors selling off holdings amid uncertainty.

#### **Exports, logistics**

Bangladesh's garment, textile, and pharmaceutical sectors are heavily export-oriented, shipping large volumes to Europe and North America.

Disruptions near the Suez Canal or in Red Sea routes could slow shipments and increase freight costs, weakening competitiveness.

#### **Remittances, workers abroad**

The country depends on remittances from migrant workers in the Middle East. Escalating conflict raises fears that:

- Employers may freeze hiring or reduce staff in conflict-affected Gulf states.
- Worker safety concerns could lead to departures or lower earnings for expatriate Bangladeshis.
- A drop in remittances would hit household incomes and reduce domestic consumption.

### **Security, diplomatic responses**

Bangladesh's government has officially emphasized the safety and welfare of its citizens in the Middle East — a top priority amid rising tensions.

The foreign ministry has urged peaceful resolution and expressed concern over violations of sovereignty in the region.

### **Broader regional, global implications**

Analysts warn that if the conflict escalates beyond its current scope, the world could see broader geopolitical shifts:

- Global markets may continue to strain under the pressure of risk-off sentiment and safe-haven flows toward assets like gold.
- Economies dependent on energy imports could face inflationary spirals and currency stress.
- Diplomatic alignments in Asia and South Asia may realign if major powers divert attention or resources to the Middle East.

### **What comes next?**

The conflict's duration — whether short and contained or prolonged and expansive — will determine much of the economic fallout.

Experts caution that even if direct hostilities subside, lingering instability in energy markets and trade corridors could continue to impact countries like Bangladesh for months.

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