

## Hey! What's New? 2026-20

### Three Considerations for Finance Leaders During Middle East Conflict

Simon MacAllister writes in *FM Financial Management* that, “while the conflict in the Middle East may not have come as a total surprise, its scale and intensity have elevated its global impacts....Businesses urgently need to plan for the immediate impacts and ripple effects. If this ends within weeks, businesses are facing inconvenience and cost. If the conflict continues or even escalates into the medium or longer term, the economic impacts will amplify across the globe.”

MacAllister says that “energy markets are under pressure, and this is the key impact area. The issues are primarily gas-related, but oil is rapidly catching up in terms of impacts. Qatar’s LNG (liquefied natural gas) terminal is offline after coming under attack, taking roughly 20% of global LNG supply out of the market with no quick workaround or reserve system to fall back on.”

This, he adds, “also has a significant impact on LNG by-products, such as helium and sulphur, which are the backbone of everything from medical devices to microchips. Fertilizer is also a key product facing disruption, as it relies heavily on gas for production, with an estimated 49% of urea and 30% of ammonia globally (key fertilizer inputs) coming from the Persian Gulf, according to Farm Bureau.”

He continues: “Damage and disruption of these assets add further strain to an already stressed energy environment. The vast majority of these assets sit behind the Strait of Hormuz, and the very limited export capacity in the Red Sea or Gulf of Oman is not sufficient to ease the supply constraints.”

The broader outlook for CFOs and finance teams is becoming clearer, he writes. “The inflationary risk continues with every day the conflict moves on. Transport costs are insidious costs, as they quickly embed in all physical products that require movement along global supply chains to reach consumers’ homes.”

For finance teams, MacAllister advises steps that are straightforward and require taking early action:

- Review and refresh hedging policies.
- Look again at contract terms for existing and new contracts to ensure you are aware of and ready for new premia or conditions.
- Refresh sensitivity models to help teams understand what rising prices may do to margins, cash cycles, and cost positions.

He notes that “the logistics environment is tightening, with container ships stuck in or around the Strait of Hormuz and many others rerouted around the Cape of Good Hope. Air cargo capacity had dropped by almost a fifth as carriers avoided regional airspace, but it is recovering, albeit with cost surcharges.”

These combined disruptions “chip away at otherwise smooth business operations leading to:

- Delayed turnaround by suppliers.
- Earlier-than-expected inventory depletion.

- Higher freight premiums.
- Greater working capital tied up in stock.”

“Most economic forecasters are assigning increasingly higher probabilities to scenarios where growth drops and inflation rises,” MacAllister points out. “Price reactions in oil and natural gas markets have tested recent highs, but they have the potential for ongoing volatility and further increases. These would drive expected and actual inflation across major economies, with short-term consequences for central bank decision-making on interest rates.”

The practical focus for CFOs should start with liquidity, he advises. Ongoing actions should include:

- Monitor payment cycles to support earlier understanding of pressure points.
- Review buffers across upcoming periods to identify when working capital might tighten.
- Track supplier terms and large outflows to add clarity to planning.
- Maintain awareness of foreign exchange (FX) exposures, given the movements in USD in particular.

“If energy prices remain elevated or supply disruptions continue, inflationary pressure will impact overall costs, freight pricing and wage expectations. Regular analysis keeps these movements within view and allows teams to adjust planning frameworks without unexpected shocks.”

MacAllister concludes that “strong fundamentals and steady attention to them support resilience, and resilience supports the business through periods when external events move quickly and information changes by the minute. This is the time to reinforce good discipline and strengthen business foundations to survive and thrive.”

For considerably more, check out [3 considerations for finance leaders during Middle East conflict](#).