OIL SHOCKS, REMITTANCE RISK, AND NEPAL'S ECONOMIC EXPOSURE

March 2026

What the Iran–Israel Conflict Means for a Remittance-Dependent Economy

Himalayan Capital
A Subsidiary of Himalayan Bank Limited

OVERVIEW

In an oil tanker threading through the Strait of Hormuz, Subash Tamang stares at the horizon, unsure of how his story will turn out. At its narrowest, the strait stretches a mere twelve miles, but a ten-minute journey if on land. Yet it is what separates Iran from Oman, chaos from calm, at least for now... As news of firefights between Iran and Israel rocked the region, Subash was reminiscing about the hills of Dolakha, the morning breeze, and the echoes of peace. And yet, it was in these hills that he starved for opportunity and made the journey across the sailing seas and landed in the Middle East. Looking back now, he feels content with his decision, as it allowed him to provide his family with permanent shelter and a respectful livelihood.

However, as the evening calm is broken by the sound of missiles flying overhead, Subash remembers his home, his kin, and the life he left behind; once again coming to grips with the fact that what happens in the strait will create echoes in his home as well. Back home, the dread is even more startling. Nepal does not have oil wells, but a lot of homes here are driven by the oil wells in the Middle East, showing precisely why Subash's story matters so much. Nepal's exposure to a Middle Eastern conflict is both structural and intimate: energy costs flow through price pass-through from India and increases hammer the already depleting disposable household incomes afflicted by a broad economic slowdown.

Subash is one of approximately 1.7 million Nepali citizens currently working inside the affected region, and its is workers like him that drive the engine of the Nepali Economy. In recent years, their collective remittance inflows have been moving like a juggernaut, pushing Nepal's foreign exchange reserves to all-time highs. And it is these reserves, worth USD 22.76 billion, that give Nepal some breathing room, as being able to cover 18 months of imports means we do have a safety net in place. However, even with a genuine financial armour, built wire transfer by wire transfer, the Sword of Damocles still looms large on the Nepali economy.

This is because the threat to Nepal does not lie only with a headline explosion, but also in a tiring siege, which becomes a war of attrition. If elevated energy costs collide with deteriorating Gulf employment conditions, Nepal will be squeezed from both sides at once, as import bills will rise and the remittance engine will stall as people like Subash are forced to return home, not in triumph but in necessity, overwhelmingly surplus to a labour market that was never built to accommodate them.

And yet the story resists easy conclusions. Rising oil prices historically fatten Gulf government budgets, and fatter budgets mean more construction, more infrastructure, and more tankers needing crew. Subash's monthly transfer home could, counterintuitively, increase in the very conditions that look most threatening. Thus, showing that although the strait is a chokepoint, the consequences that flow from it will surely run in more than one direction.

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

NEPAL

Remittance Economy

Key Indicators - March 2026

OVERSEAS POPULATION

2.19 Million

Census absentee population

GULF REGION WORKERS

1,725,178

Nepalis in affected Middle East

FY 2025/26 REMITTANCES

NPR 1,261 Bn

≈ USD 8.86 Bn (7-month cumulative)

ANNUAL GROWTH

+39.8%

Year-on-year in NPR terms

GROSS FX RESERVES

USD 22.76 Bn

18.0 months of import coverage

REMITTANCES / GDP

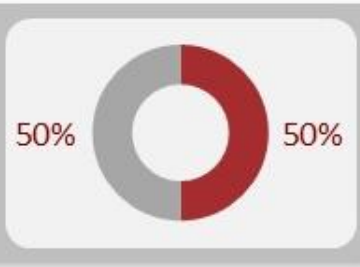
> 25%

Substantial Inflow

GULF SHARE OF REMITTANCE EARNINGS

~50% of total inflows

Gulf countries account for ~half of all remittance earnings



Note: Country-level Gulf migrant counts reflect MoFA data as of 2 March 2026 and should be treated as indicative figures. Gulf remittance share is an analytical approximation based on CESLAM synthesis; NRB does not publish a current official bilateral remittance breakdown.

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

4,000 Kilometres of False Security

Geography offers Nepal no protection here. The country sits on no energy trade route, holds no strategic reserves, and has no role in global commodity pricing, yet the economic consequences of an escalating Iran–Israel conflict could reach Kathmandu with speed and precision, operating through the same channels that transmitted the 2022 Ukraine shock into Nepal's balance of payments, monetary policy, and household incomes. What made that episode damaging was not its geographic proximity to Nepal but its duration. The same logic applies now.

The two primary transmission channels are petroleum import pricing through India and the labour market conditions facing Nepali workers in the Gulf. Third, the prospect of large-scale involuntary return migration moves more slowly but can prove more durable once it begins. This report examines all three, and the conditions under which each becomes a live risk rather than a theoretical one.

Nepal's vulnerability to events in the Persian Gulf is economic rather than geopolitical; it operates through energy prices and labour markets, not military alignments.

Twenty-one Miles, One-Fifth of the World's Oil

At its narrowest navigable point, the Strait of Hormuz measures approximately 33 kilometres wide, with shipping lanes less than three kilometres in each direction. Through this passage flows the crude exported by Saudi Arabia, Iraq, Kuwait, the UAE, Qatar, Iran, and Bahrain, which together account for nearly one-fifth of global petroleum liquids consumption daily and more than one-quarter of all globally traded seaborne oil, according to U.S. Energy Information Administration estimates for 2024. The International Energy Agency estimates that nearly 15 million barrels per day of crude oil transited the Strait in 2025, representing approximately 34 percent of global crude trade. With roughly 84 percent of Hormuz-bound crude destined for Asian markets, and existing bypass infrastructure principally the Petroline pipeline and the Abu Dhabi Crude Oil Pipeline to Fujairah covering only around one-third of aggregate Gulf export volumes, any credible closure threat generates outsized price reactions relative to the actual volume at risk. Iraq, Kuwait, and Qatar have no bypass routes at all.

The critical mechanic is that markets reprice risk ahead of confirmed disruption supply uncertainty, not immediate physical shortage, drives the initial price spike. Three episodes establish this with precision. The September 2019 drone strikes on Saudi Aramco's Abqaiq and Khurais facilities, which temporarily removed approximately 5.7 million barrels per day from supply, sent Brent crude up nearly 15 percent in a single session the largest single-day gain in the market's modern history. The January 2020 U.S.–Iran confrontation following the killing of General Soleimani produced a sharp but short-lived surge before abating as escalation failed to materialise. Most consequentially, Russia's invasion of Ukraine in February 2022 pushed Brent to USD

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

139, triggering a global inflation surge that persisted for over a year and forced the most aggressive central bank tightening cycle in four decades. That episode remains the most instructive precedent for Nepal: it translated directly into a domestic balance of payments crisis, with Nepal's current account swinging from a surplus of NPR 97.36 billion to a deficit of NPR 247.03 billion, a deterioration driven substantially by the petroleum import bill.

Filtered Through India: How Crude Prices Become Nepal's Problem

Nepal imports all petroleum products, petrol, diesel, aviation turbine fuel, and LPG through the Nepal Oil Corporation under a long-standing bilateral arrangement with Indian Oil Corporation. There is no meaningful alternative supply route in the near to medium term. This makes Nepal a price-taker in the most literal sense: fully exposed to global crude market conditions with no capacity to hedge or diversify supply.

India imports approximately 85 to 88 percent of its crude requirements, with the Middle East, principally Iraq, Saudi Arabia, and the UAE, representing the dominant source. When international crude prices rise, India's import bill expands, and this cost flows through to the prices at which IOC supplies the NOC. The domestic transmission chain is direct:

- Rising global crude raises India's petroleum import costs
- IOC adjusts product pricing, increasing the landed cost to NOC
- NOC revises domestic pump prices, raising fuel costs throughout Nepal
- Higher fuel costs elevate transport costs across the entire supply chain
- Transport cost increases feed into food, manufactured goods, and services prices
- Broad-based inflation compresses household purchasing power and real incomes

A secondary constraint deserves note. India's monetary policy response to oil-driven inflation typically involves interest rate increases by the Reserve Bank of India, which indirectly constrains Nepal Rastra Bank's own policy flexibility, given close economic integration and the de facto exchange rate anchor between the two currencies. A tightening cycle in India tends to pull Nepal in the same direction, even when domestic demand conditions may not independently require it.

1.7 million Reasons for the Gulf Matters

A Quarter of GDP, Walking Abroad

Remittance income is Nepal's most important external financial flow, Equivalent to more than one-quarter of GDP, a ratio that places Nepal among the most remittance-dependent economies globally (World Bank, 2025). The 2021 National Population and Housing Census recorded approximately 2.19 million absent persons, with seeking employment as the dominant stated reason, of whom roughly 82 percent were male

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

(CBS, 2023). This census baseline is the most defensible official stock measure available.

For the current conflict context, the Ministry of Foreign Affairs recorded 1,725,178 Nepali nationals residing in affected Middle Eastern countries as of 2 March 2026, a figure that includes workers, students, and others and should not be read as a workers-only count. In terms of annual outflow, NRB's seven-month FY 2025/26 data record 245,153 first-time foreign employment approvals, with 227,424 additional re-entry approvals, meaning approximately 2.27 Lakh Nepalis enter the foreign labour market for the first time in FY 2025/26.

Gulf Concentration and Country-Level Exposure

The Gulf Cooperation Council economies account for the single largest concentration of Nepal's migrant workforce. Department of Foreign Employment data, corroborated by Ministry of Foreign Affairs consular records, identifies four countries as the dominant destinations within the affected region. The table below presents the most current available migrant stock estimates by country, drawn from official MoFA and DoFE sources.

Nepali Migrant Presence in Key Gulf Economies (2026)

Country	Nepali Nationals (Stock, 2026)	Share of Total Gulf- Based Nepalis	Primary Employment Sectors
UAE	700,000	~40.58%	Construction, logistics, hospitality, and domestic work
Saudi Arabia	383,865	~22.25%	Construction, manufacturing, domestic work
Qatar	357,913	~20.75%	Construction, infrastructure, services
Kuwait	175,000	~10.14%	Domestic work, construction, services
Other Gulf states	~108,400	~6.28%	Mixed: Iraq, Oman, and Bahrain, etc.
Total (GCC)	**~1,725,178**	**100%**	—

Sources: Ministry of Foreign Affairs (2 March 2026 data); Department of Foreign Employment (DoFE), FY 2024/25 permit data. Country totals for UAE, Saudi Arabia, Qatar, and Kuwait represent MoFA consular records. "Other Gulf states" is derived residually from the MoFA aggregate.

These GCC economies are, without exception, heavily dependent on hydrocarbon revenues. Their fiscal frameworks, infrastructure investment programmes, and private sector activity are all ultimately funded by oil and gas receipts. CESLAM's synthesis of migration and remittance data indicates the Gulf accounts for nearly half of Nepal's

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

total remittance earnings, with the UAE, Saudi Arabia, and Qatar historically among the top individual source countries.

When the Wire Transfers Slow

The deterioration from conflict to reduced remittances is sequential, not sudden. Construction and infrastructure, the primary employment base for Nepali Gulf workers, are among the first activities to slow when oil revenues disappoint, as governments defer capital expenditure before cutting recurrent spending. Wage delays in periods of Gulf economic stress are well-documented, creating household liquidity pressure in Nepal even when employment is technically maintained. In a more severe scenario, financial channel disruptions through sanctions, correspondent banking stress, or payment system restrictions could impede the transfer infrastructure itself, severing the link between earnings and families with little warning.

Nepal's suspension of labour approvals for twelve Middle Eastern countries following the recent escalation signals a real-time safety assessment. If sustained, it reduces fresh outflows to the region, dampening future remittance growth even while current migrant stocks remain employed. The cumulative effect stalled new outflows, deferred project pipelines, and compressed Gulf government spending would register in Nepal's remittance data within one to two quarters, and in household consumption almost immediately.

Coming Home Too Soon: Debt, Skills, and a Market That Wasn't Ready

A sustained Gulf disruption generates a return migration wave that compounds the remittance problem rather than simply replacing it. The domestic economy's inability to absorb its own annual labour market entrants, evidenced by the roughly 500,000 Nepalis who enter foreign employment for the first time each year, means that a large involuntary return wave would simultaneously reduce the outflow safety valve and flood an already constrained domestic market.

The financial cost of forced return is concentrated and asymmetric. Most Nepali Gulf workers financed their migration through debt, typically high-interest loans secured against land to cover recruitment and placement fees. Workers returning before repaying these obligations bring their debt home with them, creating stress in the highest-emigration districts, which are precisely the areas with the least formal financial system infrastructure. At a sufficient scale, localised household debt cascades follow, with limited government capacity to absorb the impact.

The human capital loss is equally underappreciated. Gulf returnees carry certified trade skills in construction, electrical works, HVAC, heavy equipment operation, and hospitality management that Nepal's own economy actively needs but has no functional mechanism to recognize. The absence of a Prior Learning Assessment and Recognition framework under CTEVT means these competencies go uncertified and

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

unused, converting years of household investment into stranded value. Nepal's hydropower pipeline, provincial infrastructure programmes, and tourism sector represent the most natural absorption channels, but each requires institutional infrastructure that does not currently exist at the required scale.

POLICY IMPLICATION

The most cost-effective government responses would be: activating the Foreign Employment Welfare Fund's distress protocols for rapid returnee support; operationalising CTEVT's skills recognition framework to certify and place returnees in domestic infrastructure projects; and using any period of Gulf disruption to accelerate bilateral labour agreements with Japan, South Korea, and Germany higher-wage, better-protected destinations that Nepal has structurally underinvested in developing.

The Ripple Beneath the Wave: Inflation, Deficits, and the BOP

The direct channels, fuel pricing, and remittance flows are the headline risks. But a sustained oil shock generates a set of second-order effects that compound them and deserve equal investor attention.

On inflation: higher fuel costs propagate through Nepal's transport-dependent supply chain rapidly and broadly, lifting prices for food, manufactured goods, and services simultaneously. The NRB's inflation report for FY 2022/23 documented this mechanism in detail. Transport costs were the primary vector, through which the commodity shock drove non-food and services inflation to multi-year highs. A comparable Middle East disruption would follow the same transmission path with the same speed.

On fiscal pressure: under normal conditions, petroleum revenues through customs and excise duties contribute meaningfully to the government's revenue base. When global prices spike, this relationship inverts, requiring implicit or explicit subsidy support, converting the petroleum sector from a net contributor to a fiscal drain at exactly the moment when government expenditure pressures are highest. The IMF has identified this structural asymmetry explicitly in its Article IV consultations and Extended Credit Facility reviews as one of Nepal's key fiscal vulnerabilities.

On the balance of payments: Nepal's current account is anchored by remittance inflows offsetting a persistent merchandise trade deficit. A simultaneous widening of the import bill and contraction of remittance inflows compresses the current account from both sides, the double shock the IMF has flagged as Nepal's most acute external vulnerability. The FY 2021/22 precedent is instructive: when the BOP shifted to a deficit of USD 2.14 billion, reserves fell to cover only 7.8 months of imports, forcing aggressive NRB tightening and a collapse in credit growth. The current reserve position

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

is materially stronger, but the speed of erosion under a sustained double shock is precisely why this variable demands continuous monitoring.

USD 22.76 Billion in Reserve and Still Vulnerable

Nepal's macroeconomic equilibrium depends on remittance inflows offsetting a structural trade deficit. A sustained oil shock attacks this equilibrium from both sides, widening the deficit through higher petroleum costs while weakening the offset through Gulf economic stress. The NRB would then face a classic dilemma: tighten to defend the external balance and risk choking domestic demand or hold accommodative and risk reserve erosion. Either path carries real costs. The Nepali rupee, pegged to the Indian rupee, could face speculative pressure if a sustained reserve drawdown were perceived as a credible trajectory.

Against this, Nepal's current buffer position is the strongest it has been entering any comparable external stress episode. Gross foreign exchange reserves at USD 22.76 billion cover 18.0 months of prospective imports. Remittance growth is running at 39.8 percent year-on-year through seven months of FY 2025/26. These are not cosmetic buffers; they represent a genuine and meaningful elevation of the threshold before a balance of payments crisis becomes a live risk.

CALIBRATED ASSESSMENT

The scenario that demands serious policy attention is not a brief market shock which Nepal's current reserves and remittance trajectory can absorb but a prolonged and sustained disruption that simultaneously depresses Gulf employment conditions and holds energy prices elevated for an extended period. Duration, not initial magnitude, is the key risk variable. Investors should calibrate accordingly.

The Paradox: Higher Oil, More Remittances?

The standard risk framework treats oil price shocks as uniformly negative for Nepal. This is analytically incomplete, and investors who rely on it exclusively may misread near-term remittance dynamics in ways that matter for portfolio and credit decisions.

Research by De, Quayyum, Schuettler, and Yousefi (2019), published through the IMF's research network with panel data across six GCC countries, establishes that oil prices and GCC remittance outflows have historically moved in the same direction. The mechanism is straightforward: rising crude expands Gulf sovereign revenues, which accelerate infrastructure spending and construction pipelines, which increases demand for migrant labour precisely in the sectors where Nepali workers are concentrated. Short-run elasticity estimates suggest that for each one percent increase in GCC non-oil GDP, remittance outflows increase by 0.5 to 0.8 percent. In the early phase of an

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

oil price increase, the result is not fewer remittances but more. Research across other South Asian labour-exporting economies, Pakistan, Sri Lanka, and Bangladesh, confirms the same positive short-run relationship.

The dynamic reverses only when disruption is severe enough and sustained enough to actually curtail Gulf oil exports, suppress sovereign revenues for an extended period, and trigger meaningful labour retrenchment. At that point, the construction cycle contracts, hiring slows, and the negative relationship reasserts itself. The critical distinction for investors is therefore not whether oil prices rise but whether the underlying Gulf economy continues to function, and for how long.

POLICY IMPLICATION

The relationship between oil prices and Nepali remittances is non-linear and phase-dependent. An initial price spike that keeps Gulf economies operational may support or increase remittance flows in the short run. The negative shock materialises only if sustained high prices suppress actual GCC activity, or if physical disruption reduces Gulf oil revenues for a prolonged period. Investors should track Gulf construction activity and labour permit issuance data, not just oil prices, as the leading indicators for remittance trajectory.

From the Strait to the Trading Floor

Geopolitical crises produce recognisable financial market rotations: safe-haven inflows into gold, the yen, the franc, and U.S. Treasuries; a crude and energy equity spike; and a sell-off in emerging market assets and industrials, with credit spread widening for sovereigns carrying energy import exposure. These patterns held across the 2019 Abqaiq strikes, the 2020 Soleimani confrontation, and most durably in the 2022 Ukraine invasion, the last being the scenario most directly relevant to Nepal's domestic transmission.

NEPSE: Insulated by Liquidity, Not by Geography

NEPSE's insulation from global equity markets is structural. The market is retail-dominated and driven by domestic liquidity conditions, the policy rate, credit growth, and regulatory signals, not external events. Global shocks reach it through two indirect channels, both of which lag the external trigger.

The first is the liquidity channel: NRB monetary tightening in response to imported inflation reduces credit availability, raises margin lending costs, and compresses equity valuations. This channel is slow but persistent; its operation through 2022 and into 2023 produced sustained market pressure. The second is the sentiment channel: global

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

risk aversion makes Nepali retail investors more cautious, amplified by the market's momentum-following tendencies and the weight of margin lending in driving volume.

The historical record confirms the conditionality. NEPSE declined modestly after the Soleimani killing and sharply after the Ukraine invasion, driven by both sentiment and the credit tightening that followed. During renewed Middle East tensions in mid-2025, it held because domestic liquidity remained supportive. NEPSE's exposure to the current conflict is therefore conditional on a single variable: whether the NRB is forced to tighten. If it is not, the market can absorb the sentiment shock. If it is, the liquidity channel delivers the consequence with a lag, but with force.

Conclusion

The Iran–Israel conflict is a geopolitical story unfolding thousands of kilometres from Nepal's borders. Viewed through an economic lens, it is an external stress test that targets Nepal's two most significant structural dependencies: petroleum import pricing through India and Gulf-sourced remittance income. The return migration dimension adds a third layer of risk, one that is slower-moving but potentially more durable in its domestic consequences.

Why Nepal Must Watch the Middle East Carefully

1. Transmission mechanisms are active and well-established: The channels through which a Hormuz disruption reaches Nepal's economy, petroleum pricing, imported inflation, and remittance income have operated in every significant Middle East geopolitical episode of the past decade. They will operate again if this conflict escalates and persists.

2. Nepal's buffers are currently strong but not unlimited: With USD 22.76 billion in reserves covering 18.0 months of imports and remittance growth at 39.8 percent year-on-year, Nepal is not a fragile economy. These buffers provide genuine insulation against short-to-medium-duration shocks. The risk rises materially only if disruption is both prolonged and severe.

3. The remittance relationship with oil prices is non-linear: A finding most reports miss: rising oil prices, in the short run, can increase Gulf government spending, expand construction activity, and raise demand for migrant labour. This means remittances may prove more resilient than expected in the early phase of an oil shock, or may temporarily increase. The negative effect materialises only in a sustained scenario that suppresses actual GCC economic activity.

4. The double shock is the tail risk that demands preparation: A simultaneous widening of petroleum import costs and weakening of Gulf remittance flows is the scenario that would meaningfully test Nepal's external balance and the NRB's policy space. This outcome requires both a prolonged physical disruption to Hormuz flows and a

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

sustained contraction in GCC economic activity, a high-severity but non-trivial risk given current escalation dynamics.

5. For investors, the practical monitoring framework is clear: Track domestic liquidity conditions as the primary NEPSE variable. Stress-test credit portfolios for imported inflation and monetary tightening sensitivity. Monitor Gulf construction activity and labour permit issuance data, not only international crude prices, as the leading indicators for remittance trajectory and Nepal's external balance outlook.

> *In a remittance-driven economy, events in the Persian Gulf matter more than geography suggests. The appropriate response is neither alarm nor complacency; it is careful, evidence-grounded preparation.*

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

REFERENCES

Asian Development Bank. (2023). Nepal macroeconomic update, September 2023. ADB.

Central Bureau of Statistics. (2023). International migration in Nepal: Census thematic output from the National Population and Housing Census 2021. Government of Nepal.

Centre for the Study of Labour and Mobility. (2024). State of migration in Nepal 2023. CESLAM, Kathmandu.

Centre for the Study of Labour and Mobility. (2025). Status of remittances in Nepal. CESLAM, Kathmandu.

Congressional Research Service. (2026, March). Iran conflict and the Strait of Hormuz: Impacts on oil, gas, and other commodities (R45281). U.S. Congress.

De, S., Quayyum, S., Schuettler, K., & Yousefi, S. R. (2019). Oil prices, growth, and remittance outflows from the Gulf Cooperation Council. Economic Notes, 48(3).

Department of Foreign Employment. (2025). Annual labour migration statistics, FY 2024/25. Government of Nepal, Ministry of Labour, Employment and Social Security.

International Energy Agency. (2026). Strait of Hormuz: Oil security and emergency response. IEA.

International Monetary Fund. (2023). Nepal: Staff report for the 2023 Article IV Consultation and Extended Credit Facility reviews (IMF Country Report No. 23/158). IMF.

International Monetary Fund. (2024). IMF Executive Board completes the fourth review of Nepal's Extended Credit Facility. Press Release No. 24/266. IMF.

Ministry of Foreign Affairs, Nepal. (2026, March). Consular records: Nepali nationals in Gulf states.

Naufal, G. S., & Termos, A. (2009). The responsiveness of remittances to the oil price: The case of the GCC (IZA Discussion Paper No. 4277). Institute of Labor Economics.

Nepal Rastra Bank. (2022). Current macroeconomic and financial situation of Nepal: Annual data 2021/22. Economic Research Department.

Nepal Rastra Bank. (2023). Inflation report 2022–23. Economic Research Department.

Nepal Rastra Bank. (2025a). Current macroeconomic and financial situation of Nepal: Eleven months' data 2024/25. Economic Research Department.

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

Nepal Rastra Bank. (2025b). Current macroeconomic and financial situation of Nepal: Annual data 2024/25. Economic Research Department.

Nepal Rastra Bank. (2026). Current macroeconomic and financial situation of Nepal: Six months' data 2025/26. Economic Research Department.

U.S. Energy Information Administration. (2025, June). Amid regional conflict, the Strait of Hormuz remains a critical oil chokepoint. EIA Today in Energy.

World Bank. (2025, November). Nepal development update. World Bank Group.

World Bank. (n.d.). Personal remittances received (% of GDP) Nepal. World Bank Open Data.

This Report is a proprietary document prepared by **Himalayan Capital Limited (HCL)**'s Research Unit. **(HCL)** does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

OIL SHOCKS, REMITTANCE RISK, AND NEPAL'S ECONOMIC EXPOSURE

Confidential. © Himalayan Capital Limited