Conflict Update

26 August 2026

Iran War Chartpack Week 26: Waiting for Go-D-Day

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Sanctions as war by other means

"Economic D-Day"?

- The "economic D-Day" was verbal framing Bessent used for roughly ten days before Monday's press conference
- Bessent said the public should expect a major sanctions announcement targeting an unspecified major financial institution by the end of this week
- Pressed during a press conference Monday on why Treasury was not immediately imposing those penalties, Bessent said the U.S. wanted to give countries a "cure period" to comply. He said the clock "just started ticking."
- Bessent also said Trump is calling foreign leaders directly with "specific requests" to cut Iran ties — an in-progress diplomatic effort with no disclosed results yet.
- The so-far announced measures hardly amount to the rhetoric of an economic D-Day

Waiting for "Go-D-Day"

- Aug 18–20: **OFAC issued rolling designations against Iran-linked smuggling and financial networks**, including a Qods Force/Hizballah cash-and-smuggling network and digital-asset exchanges used for terror financing.
- **Aug 19: The UAE suspended all trade and financial transactions with Tehran** after missile fire it attributed to Iran. This is arguably the week's single most consequential economic event, and it's an allied/third-party action, not a direct US Treasury measure.
- Aug 24: **Treasury sanctions nearly 60 corporations, individuals and vessels across multiple jurisdictions**, including shipping and shell entities registered in Shanghai and Hong Kong and multiple Chinese nationals, tied to shipping, oil, crypto, gold and aviation networks.
- Aug 24: **Formal sectoral determinations under EO 13902 took effect**, extending secondary-sanctions authority explicitly across Iran's aviation, digital-asset, gold, shipping and technology sectors, alongside suspension of the sports- and academic-exchange general licenses — a symbolic tightening of remaining legal channels.

Economic Jawboning?

Tighter sanctions may be unlikely unless the US is willing to risk relations with China

- For sanctions on Iran to have increased effect, the US would need to confront remaining major Iranian traders like China, Russia, India, Pakistan, Qatar and Turkey, something it hasn't done so far.

What is the plan?

- The announcement of tougher sanctions do not appear to be accompanied with more clearly articulated strategic objectives.
- To the extent that the US appears to be believe it can facilitate SoH transit while economic pressure builds on Iran, how does it perceive Iran will respond?

Dynamics & What to Watch: Escalation risks

State of Conflict in Week 26

US seeks to assert non-kinetic control and pressure on Iran

- Continued transit through the SoH, albeit at fractions of pre-war levels, while Iran claims closure…
- … displays Iran's vulnerabilities and suggests, at least for now, US abilities to put pressure on Iran via economic, rather than kinetic, warfare.

Oil markets brief a temporary sigh of relief

- US-announced economic measures have yet to translate into concrete sanctions on any of Iran's major trading partners, especially Iran
- Indicates limited US geopolitical forward guidance, but also a prudence in not escalating the Sino-US geopolitical rivalry.

Diplomatic efforts are ongoing

- Iran and Oman's foreign ministers discussed a phased framework for a temporary transit corridor plus a mine-clearing project in Tehran talks this week.
- Pakistani officials claim significant progress in high-level talks with Iran.
- Follows a previous week where diplomatic efforts appeared to have reached standstill.

An unstable equilibrium may unwind

Absent a diplomatic breakthrough, the prevailing geopolitical equilibrium in the Middle East has been inherently unstable.

The Iranian regime has demonstrated that it is willing to withstand the blockade for several months…

- … before pressure on the regime builds to the point where it could potentially be more amenable to concessions.

Centripetal forces imply risks of gravitation towards war

- The Iranian regime may come to perceive that a resumption of war is more in its interest rather than waiting for the blockade (SoH closure) to force it into more concessionary negotiations
- Absent durable diplomatic progress - the road to renewed conflict remains open and may be inversely correlated with the actual pressure on the Iranian regime going forward.
- Iranian demonstrated resilience coupled with perceived US strategic weakness risks emboldening the Iranian regime to exert greater military pressure in the region.

What to Watch / Open Questions

Trump's options

- **Continuing the blockade**, hoping costs materialize faster in Iran than in the global economy, even if it risks another round of fighting.
- **Acquiescing to Iranian demands**, accepting the new status quo, facilitating SoH reopening and alleviating market pressure, but with a strategic cost to US and allies in the region.
- **Resuming the war**, with greater risks and unclear means of achieving strategic achievements.

Israeli election incentives pose escalation risks:

- Increased strikes and presence in Syria alienates Turkey
- Israel-Hezbollah conflict

Has Iran overplayed its hand?

- Is Iran ready to restart strikes to preempt further damage done by US economic pressure?
- Does Iran's inability to restrain SoH transit through alternative routes translate into less geopolitical power projection…?

Does Iran still have cards to play?

- Return to energy infrastructure strikes?
- Cyberattacks?
- Widening the war in Iraq and Yemen?

************** **See attached PDF for details and chartpack** **************

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