Conflict Update

09 September 2026

Iran War Chartpack Week 28: Renewed Escalation

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Dynamics & What to Watch: Renewed Escalation

State of Conflict in Week 28

- US seeks to facilitate ship transit through the SoH, while maintaining a naval blockade and economic pressure on Iran.
- Active fighting has resumed as the US periodically targets Iranian military installations around the SoH and Iran-affiliated tankers .
- Iran has in turn targeted US bases and tankers and has announced a "restricted maritime zone," running from the line of the US naval blockade through the Strait of Hormuz and into the Persian Gulf
- Iran has also warned that tankers near Bahrain and Kuwait could be targeted, and indication that Iran might strike ships in ports.
- Lebanon: Fighting between Israel and Hezbollah has intensified, especially around the Ali al-Taher ridge in south Lebanon.
- Yemen: The Houthis struck several Saudi energy installations this week and the internationally recognized government of Yemen, in cooperation with Saudia Arabia, has announced a counteroffensive against the Houthis

An unstable equilibrium may unwind

Absent a diplomatic breakthrough, the prevailing geopolitical equilibrium in the Middle East is 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 choose resumption of war over waiting for the blockade (SoH closure) to force it into more concessionary negotiations
- Absent durable diplomatic progress - the road to intensified 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.
- **Intensifying the war**, with greater risks and unclear means of achieving strategic achievements.

Israeli election incentives pose escalation risks:

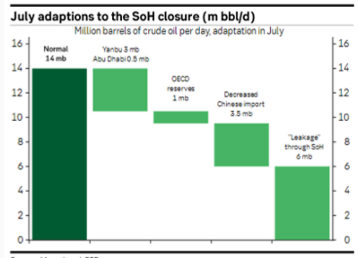
- Increased strikes and presence in Syria alienates Turkey
- Israel-Hezbollah conflict

What level of economic pressure in Iran could trigger political instability?

- As the blockade remains in place, economic pressures increase…
- … but the regime has demonstrated a high tolerance for repression and brutality, potentially raising the threshold for renewed large-scale protests.
- At what level of economic pressure does Iran renew large direct attacks on regional energy infrastructure?

SEB Oil Market Update (04 Sep)

Tightness today versus risk of surplus tomorrow



Source: Macrobond, SEB

Oil markets remain tight as the Strait of Hormuz (SoH) continues to be constrained. Things could become much tighter if it is fully closed. However, the outlook could change rapidly if flows normalize in early 2027. A large underlying surplus, rebuilding supply and the risk of more volume from OPEC+ could turn today's tightness into a significantly weaker oil market in 2027-28.

Eventual reopening looks set to bring surplus

The SoH is constrained, not fully closed. Enough crude is escaping, while alternative pipelines, decreased Chinese imports and SPR releases have helped keep Brent at c. USD 90/bbl. Oil products are much tighter. A full reopening of the SoH would flip the market into surplus. We assume SoH flows normalise from early 2027. The market could then face a 4-5m bbl/d surplus before restocking. We forecast Brent at USD 75/bbl in 2027 and USD 70/bbl in 2028.

We expect OPEC+ to opt for more volume once SoH exports normalise

OPEC+ will likely opt for more volume. The UAE has already chosen volume, Iraq wants to expand and Venezuela looks set to exit. There is a clear risk of controlled OPEC+ supply growth, adding to downside risks for 2027-28.

Natural gas market: Winter risk ahead, yet LNG balance to loosen from 2026

Natural gas inventories in Europe are well below normal. The market had hoped for a revival in Persian Gulf LNG exports from Qatar. However, with no signs of any imminent reopening of the SoH, it might be too late for Middle East LNG cargoes to arrive in Europe before the end of winter 2026/27. TTF natural gas winter prices have rallied in response, but that is predominantly a winter risk with prices trading sharply lower after March 2027. Growing global LNG export capacity in the years to come should push prices lower.

Read more here.

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The Yemen conflict compounds regional stress

Iran War

- The Houthis joined the conflict on Iran's side, striking Israel (March 28) then Saudi Arabia (from July onwards), after Sana'a airport strikes the Houthis attributed to Riyadh.

Domestic front

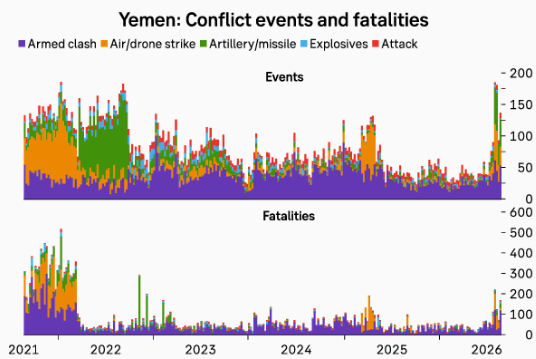
- Ground fighting between the Houthis and the Presidential Leadership Council (PLC, Yemen's internationally recognized government) has escalated sharply, culminating in a Sept 3 Houthi offensive in Taiz and a PLC counteroffensive in Al-Jawf/Al-Bayda.
- This has amounted to the deadliest fighting since the early 2025.

Saudi Arabia under pressure

- Renewed Houthi missile- and drone strikes complicates Riyadh's attempts to disentangle itself from the war.
- First test for the Mecca Agreement with Pakistan and Turkey

Bab al-Mandeb as a second chokepoint with Yanbu workaround exposed

- Houthi attacks and a declared blockade on Saudi-linked vessels have reduced traffic in the SoH and put upward pressure on oil prices.
- Saudi Arabia's Hormuz-bypass pipeline to Yanbu (surged to 3.5m bpd) routes crude straight into the contested Red Sea corridor, undercutting the redundancy it was meant to provide.



Source: ACLED, Macrobond, SEB. Data as of Aug-2026.

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Scenarios: The Iran War in Three Months

Description: Right-hand table gauges different scenarios in three months time and their estimated associated Brent oil prices. The weighted average of these scenario price estimates are then compared with the three-month Brent oil futures price.

For more details see "Iran's Survival Calculus, Institutional Entrenchment and the Limits of Decapitation," SEB Geopolitical Update, Mar 1, 2026, https://shorturl.at/ZXktv

Iran War Scenario Outcomes and Futures-Implied Brent oil price in 3 months

	Scenario prevailing in 3 months	Strait of Hormuz future	Iran acquires of nuclear weapons	Regime change in Iran?*	Continued disruption of energy infrastructure	Market outcomes	Oil price USD/b**	Estimated probability
Iran overcome	1 US and Israel jointly overwhelm Iran	Rapid return to normal levels	No	Unlikely	No	*Positive despite initial increase in volatility; conflict risk premia dissipates in oil markets; stong recovery in regional equity markets*	50-60	0.05
						Probability that Iran capitulates		0.05
Negotiations	2 Negotiations amid continued energy disruption	Large/ moderate disruption	Possible	No	Yes	*Pressure on energy markets intensity, supply chain disruption and demand destruction take a toll on market outcomes*	75-95	0.2
	3 Negotiations amid energy normalization	Limited disruption	Possible	No	No	*Positive, as the energy disruptions and bilateral Iran-US talks are compartmentalized*	80-90	0.2
						Probability of negotiations		0.4
Continuation	4 Low-intense / unfinished conflict	Significant disruption	Yes	No	Threat of future strikes remain	*Conflict risk premia remain in oil markets, uncertainty keeps regional stocks subdued, and elevated risk of future conflict*	80-100	0.2
	5 Regime destabilization	Limited/ moderate disruption	No	Possible	Limited by regime degradation	*Conflict risk premia remain in oil markets, uncertainty keeps global and regional stocks subdued*	90-100	0.1
	6 Renewed conflict	Large disruption	Yes	Unlikely	Yes	*Large sustained disruption of energy and shipping markets*	100-150	0.25
						Probability of prolonged conflict		0.55
	Scenario-implied probabilities		0.65	0.16	0.51	Brent oil in 3m: scenario-weighted implied vs latest market price (USD/b)***	Implied: 95.5	Current: 93.4

Source: SEB. * Regime change here is assessed in the short run. Any scenario could potentially lead to changes in the regime in the longer term.** These scenario-based oil prices indicate where the oil price is at the point of realization of a scenario and does not necessarily capture short-term volatility. ***The probabilistic Brent oil price is a weighted average of the mid-range oil price under the different scenarios and does not constitute a forecast. SEB's oil price forecasts are available at https://research.sebgroup.com/macro-ficc

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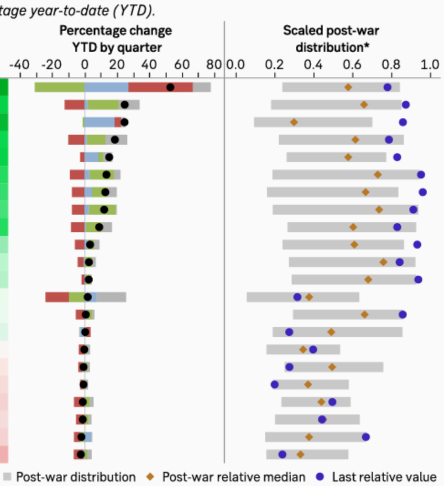
Performance of selected asset price categories

Assets are ranked by percentage year-to-date (YTD).

Index	WoW %	MoM %	YTD %	YTD σ
CO: BBG Energy Spot Subindex	1.86	14.73	52.92	4.2
EQ: MSCI Emerging Markets Equity Index	1.43	5.69	24.76	1.5
CO: BBG Agriculture Spot Index	-2.85	10.02	24.67	3.0
EQ: Tokyo Stock Exchange Index TOPIX	-0.86	-0.69	18.71	1.1
CO: BBG Industrial Metals Spot Subindex	2.37	3.34	15.22	1.4
EQ: MSCI All World Country Equity Index	0.76	-0.09	13.49	0.9
EQ: MSCI Frontier Markets Equity Index	0.84	2.87	12.81	0.8
EQ: S&P 500 INDEX	0.55	-1.08	12.10	0.8
EQ: Euro Stoxx 600	-0.02	-2.19	9.05	0.9
FI: JPM GBI-EM Global Diversified Composite	0.71	0.48	3.40	0.4
FI: FTSE World Government Bond Index (WGBI)	0.21	-0.12	2.68	0.3
FI: BBG US Corporate High Yield Bond ndex	0.07	0.12	2.56	0.3
CO: Gold spot rate in USD	0.50	1.43	1.95	0.1
FI: BBG Pan-European High Yield Bond Index	0.05	0.39	0.76	0.1
FX: Dollar Index DXY	-0.89	-0.83	0.40	0.1
FI: JPM EMBI Global Diversified Composite	0.64	0.07	-0.16	0.0
FI: BBG US Corporate Bond Index	0.11	-0.45	-0.63	-0.1
FI: BBG US Treasury Index	0.12	-0.27	-0.64	-0.2
FI: IBOXX Sterling Gilts Bond Index	0.60	-0.44	-1.08	-0.2
FI: IBOXX Euro Corporates Bond Index	0.22	-0.30	-1.10	-0.1
FI: BBG Global Aggregate - Japan Bond Index	4.52	2.00	-1.93	-0.2
FI: IBOXX Eurozone Sovereign Index	0.19	-0.76	-2.29	-0.4



Source: Bloomberg, Macrobond, SEB. Post-war indicates percentage change since Feb 27th 2026 and YTD indicates year-to-date performance in 2026. CO=Commodities, EQ=Equities, FI=Fixed income, FX=Foreign exchange. * The last, median, and 10/90th percentile values are scaled to the post-war low-high range.

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

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