

## Never bet against America<sup>1</sup>

No other person than Warren Buffett once said the famous words of “never bet against America”. The Iran war has made some people wonder whether this is still true today, comparing it to the Suez Canal Crisis that the once great empire United Kingdom experienced ([here](#)). The CSIS has recently published a report ([here](#)) and an interview ([here](#)) that laid bare the shrinking arsenal of missiles and missile defense interceptors the US faces. The US’s missile arsenal is key to evaluate the duration of the Iran conflict, but ultimately only forms part of the equation, in which oil plays a much more important role.

### The shrinking US missile arsenal<sup>2</sup>

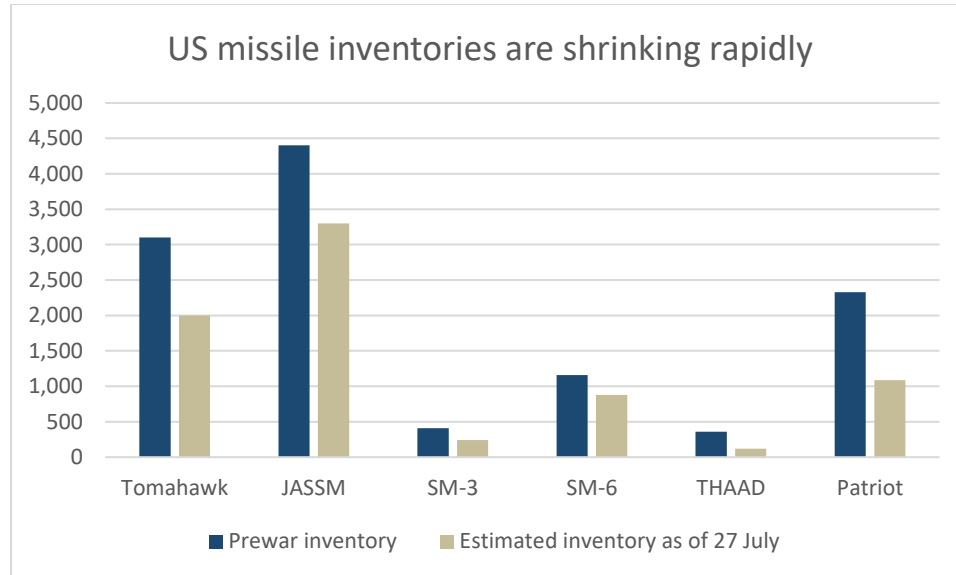
Since 28<sup>th</sup> February when the Iran war started, the US has burned through ~1/3 of its 3,100 Tomahawk and 4,400 JASSM long range attack missile inventory, ~half of its 2,330 patriot and 410 SM-3 missile defense inventory and ~2/3 of its 360 THAAD missile defense inventory<sup>3</sup>. The delivery times of each of these missiles generally takes around 2-3 years. The cost for each of these missiles ranges from \$2.6m for the Tomahawk and JASSM to \$3.9m for a Patriot, \$15.5m for a THAAD and \$28.7m for a single SM-3 defense missile. When it comes to long range attack missiles, the Tomahawk and the JASSM can both carry a warhead of 1,000 pounds (lb) each. And finally, there is flight distance, with the Tomahawk and the JASSM enabling a distance of up to 1,000 and 1,200 miles respectively. This is important, because the Gulf of Oman and the Israeli coastline, from which the US can shoot its attack missiles at Iran via destroyers or submarines, are both around 900 miles away from Tehran. Hence, the short-range missiles are not suitable for the Iran war, however, they remain in good supply though but only have a flight distance of 5-69 miles and are shot from F35s or helicopters. They include the short range JDAM (140,000 missiles), Hellfire missiles and its successor JAGM (40,000 / 4,000 missiles) and the SDB I and SDB II glide bombs (18,000 missiles / 3,000 missiles).

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<sup>1</sup> all assumptions and observations are based on internal modelling and data analysis

<sup>2</sup> <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>,  
<https://www.youtube.com/watch?v=vZUJHUKC-3M>

<sup>3</sup> <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>



Source: <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>,  
<https://www.youtube.com/watch?v=vZUJHUKC-3M>

## The reaction function of the Department of War<sup>4</sup>

Amidst the Iran War, the Department of War requested the following for 2027: 785 Tomahawks (vs. 57 in 2026), 821 JASSM (vs. 600 in 2026), 1,134 PrSM (vs. 230 in 2026), 540 SM-6 (vs. 166 in 2026) and 857 THAAD missiles (vs. 55 in 2026)<sup>5</sup>. The total missile and weapons procurement for FY 2027 currently stands at \$70.5bn, which compares to only \$24.4bn in FY 2026<sup>6</sup>. In theory, this should fill up their inventories rather rapidly. However, the delivery times for these missiles are generally 2-3 years and the big jump in y-o-y requested deliveries raises questions whether this is possible. The potential solution to this problem could be the JDAM Long Range missile. The 140,000 JDAM missiles currently in inventory are mostly short range. However, in early August Boeing received a \$75m order for the production of JDAM Long Range missiles to extend its range to 300 nautical miles (345 miles)<sup>7</sup>. The \$75m contract is equivalent to anywhere around 500-1,000 missiles based on a unit price of \$75-100k for the munition that Boeing produces. These missiles can carry a warhead of up to 2,000 lb (double that of the Tomahawk) and the delivery time is less than half of the Tomahawk at around 12 months. Kratos, the engine provider for these missiles, is expanding production to 3,000 engines per year from 2027<sup>8</sup>. Given the flight distance of the JDAM LR being 345 miles, this missile is unlikely to be used against Tehran, but rather for securing the Strait of Hormuz and attacking targets around the Iranian coast.

### The US's key long-range attack missiles in comparison with JDAM Short Range

| Long range attack | Launch type / type of missile | Warhead in pounds (lb) | Price (\$) | Distance (miles) | Estimated inventory as of 27 July | Delivery time (months) |
|-------------------|-------------------------------|------------------------|------------|------------------|-----------------------------------|------------------------|
| Tomahawk          | Ship- and submarine           | 1,000                  | 2,600,000  | 900-1,000        | 2,000                             | 47                     |
| JASSM             | Air                           | 1,000                  | 2,600,000  | 230-1,200        | 3,300                             | 48                     |
| JDAM SR           | Air                           | 500-2,000              | 1-200,000  | 15-300           | 140,000                           | 12                     |
| JDAM LR           | Air                           | 500-2,000              | 200,000+   | 500              | 0                                 | 12                     |

Source: <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>,

<https://www.youtube.com/watch?v=vZUJHUKC-3M>

<sup>4</sup> <https://www.youtube.com/watch?v=vZUJHUKC-3M>, <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>

<sup>5</sup> <https://www.youtube.com/watch?v=vZUJHUKC-3M>, <https://news.usni.org/2026/04/06/new-navy-budget-wants-3b-for-new-tomahawks-4-3b-for-sm-6s>, <https://breakingdefense.com/2026/04/the-pentagon-wants-a-188-percent-bump-for-missile-procurement-can-industry-deliver/>

<sup>6</sup> <https://breakingdefense.com/2026/04/the-pentagon-wants-a-188-percent-bump-for-missile-procurement-can-industry-deliver/>

<sup>7</sup> <https://boeing.mediaroom.com/news-releases-statements?item=131704>

<sup>8</sup> <https://www.kratosdefense.com/newsroom/kratos-expands-production-of-spartan-engines-to-support-growing-missile-and-loitering-munition-demand>

## Why cheaper alternatives are still not an option

In terms of cheaper long range attack missiles, the JDAM LR is probably the best bet estimated at around \$200,000+ per missile compared to \$2.6m for a Tomahawk and with a similarly strong warhead. However, the distance a Tomahawk can travel is still 3x that of the JDAM LR, and therefore no perfect replacement. Then, there is the LUCAS drone, which only costs \$35,000 a unit, but the distance is also limited to 500 miles and the warhead with 40 lb a fraction of the 1,000 lb a Tomahawk carries<sup>9</sup>. When it comes to defense, the alternative to missile interceptors, such as the C-RAM or lasers are all imperfect. The C-RAM can only cover an area of around 12km<sup>2</sup>, is ineffective against ballistic missiles, and requires manual munition changes<sup>10</sup>. Lasers, such as the Iron Beam, still require more time to be combat ready, also have a shorter radius compared to missile interceptors and can be affected by bad weather<sup>11</sup>.

### US's attack and defense missiles in comparison

| Long range attack  | Price (\$) | Distance (miles) |
|--------------------|------------|------------------|
| Tomahawk           | 2,600,000  | 900-1,000        |
| JASSM              | 2,600,000  | 230-1,200        |
| PrSM               | 1,600,000  | 310              |
| JDAM LR            | 200,000+   | 500              |
| LUCAS (drone)      | 35,000     | 500              |
| Short range attack | Price (\$) | Distance (miles) |
| JDAM SR            | 1-200,000  | 15-300           |
| Hellfire           | 150,000    | 5-7              |
| SDB I              | 55,000     | 60               |
| JAGM               | 300,000    | 5-10             |
| SDB II             | 210,000    | 46-69            |
| Defense            | Price (\$) | Distance (miles) |
| SM-3               | 28,700,000 | 430-1,350        |
| SM-6               | 5,300,000  | 150-290          |
| THAAD              | 15,500,000 | 120              |
| Patriot            | 3,900,000  | 25-100           |
| Iron Beam          | 50,000     | 6                |

Source: <https://www.csis.org/analysis/rebuilding-us-missile-inventory-multiyear-project>, <https://claude.ai/share/3830b830-f9e2-4d4d-b9e4-2232a567eaaa>

<sup>9</sup> <https://nationalinterest.org/blog/buzz/us-military-using-irans-own-drones-against-it-ps-030426>

<sup>10</sup> <https://asiatimes.com/2020/03/centurion-c-ram-the-solution-that-isnt/>

<sup>11</sup> <https://eos-aus.com/news/the-hottest-new-defense-against-drones-lasers/>, [https://en.defence-ua.com/weapon\\_and\\_tech/combat\\_lasers\\_and\\_microwaves\\_are\\_not\\_ready\\_for\\_ukraine\\_yet\\_why\\_these\\_weapons\\_remain\\_impractical-17096.html](https://en.defence-ua.com/weapon_and_tech/combat_lasers_and_microwaves_are_not_ready_for_ukraine_yet_why_these_weapons_remain_impractical-17096.html)

### **The more potent weapon: The sea blockade<sup>12</sup>**

Trump has mentioned many times that the weapon that was much more effective than all the bombs dropped, was the sea blockade<sup>13</sup>. The sea blockade led to Iranian oil on water and in storage tank to reach capacity constraints in early June, with a peak in floating storage of around 147m barrels on June 5<sup>th</sup>. Shortly after, on 14<sup>th</sup> June, the sea blockade was lifted and the MOU signed. This time around, the 2<sup>nd</sup> sea blockade came into force on 14<sup>th</sup> July and was more forceful leading to barrels loading up faster in storage tanks than during the first blockade. Once storage capacity is reached, Iran will have no other option than to shut in production, which is undesirable, as it can take weeks to bring production back online and can cause disruption in the reservoir. Current estimates from Vortex suggest there is around 135m Iranian barrels in floating storage. However, this level was reached much faster than during the first blockade and could suggest that we reach the 147m barrel peak from 5<sup>th</sup> June again in just a few days – although this time both sides will likely try to hold out longer. The US, on the other hand, has a deadline for the conflict, too: The Strategic Petroleum Reserve (SPR). Since 28<sup>th</sup> February, over 116m of the 172m announced release has been sold, with the SPR dropping below 300m barrels last week. At this pace, the 172m release will be completed by 23<sup>rd</sup> October – although recent releases have accelerated and suggest a 10<sup>th</sup> October end date. In summary, the number of missile inventories don't matter for this conflict, and the inventories will be replenished. However, the amount of oil in inventories and the impact of prices is all that matters. And this part is getting close to hitting a wall for the Iranians, but not yet for the Americans, i.e. *Never bet against America*.

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<sup>12</sup> <https://claude.ai/share/01448388-0b5a-415f-8c67-e5ca95cd569c>

<sup>13</sup> <https://www.iranintl.com/en/202604294223>

## US's oil blockade against Iran now vs. 1<sup>st</sup> blockade in early June

| June 5, 2026                      |           | August 11, 2026            |             |
|-----------------------------------|-----------|----------------------------|-------------|
| Peak of 1st blockade - 53 days in |           | 2nd blockade - ~28 days in |             |
| Exports (prev month)              | ~65k bpd  | Exports (prev month)       | ~0 crude    |
| Total floating storage            | 147M bbl  | Total floating storage     | ~147M+ bbl  |
| Stranded in Gulf                  | 67M bbl   | Stranded in Gulf           | ~80M bbl    |
| Outside Gulf / Asia               | ~80M bbl  | Outside Gulf / Asia        | ~55-67M bbl |
| Tankers stranded                  | ~40+      | Tankers stranded           | 49+         |
| Onshore fill (national)           | ~86%      | Onshore fill (national)    | ~82%        |
| Kharg Island fill                 | ~82%      | Kharg Island fill          | ~85%        |
| Production (est.)                 | ~1.3M bpd | Production (est.)          | ~1.2M bpd   |
| Revenue lost (cumul.)             | ~\$5.8B   | Revenue lost (cumul.)      | ~\$9B+      |

### KEY CHANGES: JUNE 5 → AUGUST 11

|                                                                                                    |                                                                  |                                                           |                                                                                  |
|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>Floating storage</b><br><b>≈ Same peak</b><br>147M → 147M+ bbl<br>reached in just 28 days vs 53 | <b>Gulf stranded volume</b><br><b>+13M bbl</b><br>67M → ~80M bbl | <b>Stranded tankers</b><br><b>+9</b><br>~40 → 49+ vessels | <b>Kharg Island</b><br><b>+3 ppts</b><br>82% → ~85% fill<br>loading fully halted |
| <b>Build rate</b><br><b>~5× faster</b><br>~570k bpd B1 → ~2.7M bpd B2                              | <b>Cumul. revenue lost</b><br><b>+ ~\$3B</b><br>~\$5.8B → ~\$9B+ |                                                           |                                                                                  |

### STORAGE FILL LEVELS COMPARED

|                    |                        |                            |
|--------------------|------------------------|----------------------------|
| Onshore national   | <div><div></div></div> | 86% Jun → 82% <sup>A</sup> |
| Kharg Island       | <div><div></div></div> | 82% Jun → 85% <sup>A</sup> |
| Floating (vs cap.) | <div><div></div></div> | 147M Jun → 147M            |

Sources: Kpler/Al Jazeera (Jun 5); Vortexa/World Oil (Aug 5); UANI Jul Tanker Tracker (Aug 8); Kpler/Kayrros satellite (Aug 3); Washington Examiner/TankerTrackers (Jul 2026). Onshore national fill % is vs ~95M bbl capacity. Kharg vs ~34M bbl crude capacity. Aug floating storage estimate reflects Vortexa Aug 5 figure of ~135M bbl plus ~3-5 days of additional accumulation at ~2.7M bpd build rate.

Source: <https://claude.ai/share/01448388-0b5a-415f-8c67-e5ca95cd569c>

## KEY FIGURES — AUGUST 11, 2026

Total floating storage

**~135M bbl**

Vortexa, Aug 5 (+14% in 1 mo)

Stranded in Gulf/Oman

**~80M bbl**

est. behind blockade line

Idle in Asian waters

**~20M+ bbl**

unsold, no destination (Jul)

Tankers at Iran coast

**49+**

laden, as of Aug 3

## FLOATING STORAGE BREAKDOWN (~135M BBL TOTAL)

### Where is Iran's oil on water right now?

Vortexa / Kpler estimates, early August 2026

● Persian Gulf

behind blockade line



**~80M**

● Asian waters

Malacca / offshore China



**~20M**

● Indian Ocean /

in transit / other

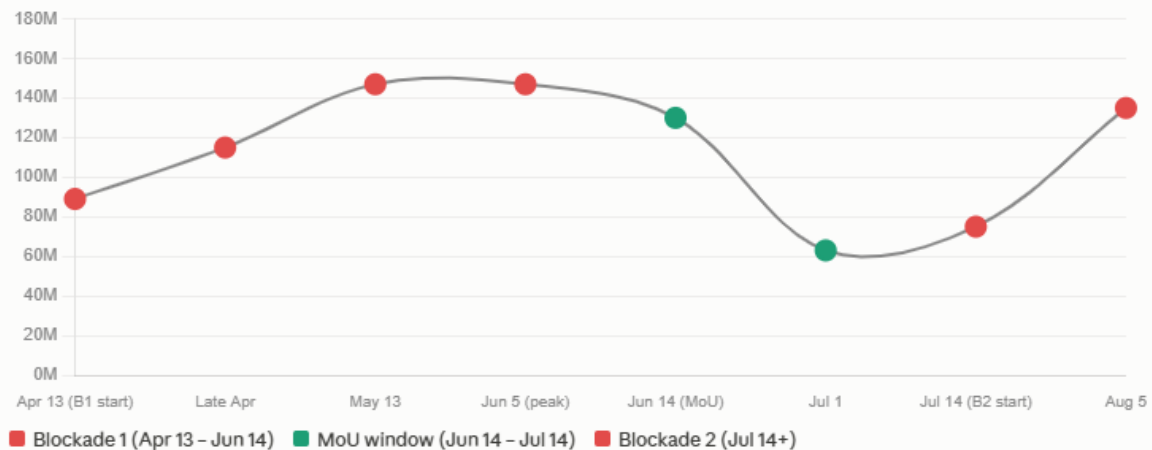


**~35M**

Total on water

90%+ unsold **~135M bbl**

## FLOATING STORAGE OVER TIME (M BBL)



## CONTEXT

Peak (Jun 5, 1st blockade)

**147M bbl**

67M inside Gulf + Oman; 80M outside

Trough (Jul 1, MoU flush)

**58–68M bbl**

Export surge drained ~80M bbl in ~1 month

Now (Aug 5, 2nd blockade)

**~135M bbl**

+14% vs month ago; 90%+ unsold

Sources: Vortexa (World Oil, Aug 5 2026); Kpler (Al Jazeera Jun 5, Bloomberg Jul 2); Reuters / UANI (Aug 2026). "Stranded in Gulf" est. extrapolated from Jun 5 Kpler figure (67M) + ongoing loading under 2nd blockade. Asian waters idle figure from Kpler (Jul 2). All figures are analyst estimates — Iran actively conceals export/storage data.

Source: <https://claude.ai/share/01448388-0b5a-415f-8c67-e5ca95cd569c>



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