

Operation Epic Fury¹

When the attack on Iran unfolded on the first weekend of March, I viewed it different to the capture of Maduro earlier in January, because the attacks on neighbouring Arab countries were so widely spread and unexpected². Trump also stated that energy prices will likely be elevated for a short period of time and that there may be casualties³. In addition, there are many similarities to Russia's "special military operation" in Ukraine (more details below). For these reasons, whilst I believe a "TACO" (Trump Always Chickens Out) is coming, it might not necessarily be successful, because Iran could just continue launching drones even if the ballistic missile and nuclear threat is dismantled. This also makes SPR releases risky⁴, as it remains unclear how long this conflict lasts...

The initial impact of a closure of the Strait of Hormuz

Around 20% of both global oil (21m bopd (barrels of oil per day)⁵) and global LNG supply (82.8 mtpa⁶ = 112.6 bcm⁷) is transferred through the Strait of Hormuz each year⁸. Back in 2023, the EIA estimated that around 3.5m boepd of free pipeline capacity can be passed through the Saudi Arabian East-West Crude oil pipeline, the Abu Dhabi crude oil pipeline and the Iranian Goreh-Jask pipeline, avoiding the Strait of Hormuz⁹ (IEA estimates 3.5-5.5m boepd free alternative capacity averting the Strait of Hormuz is available¹⁰). This still leaves 112.6 bcm and at least 15.5 bopd shut in assuming storage tanks running full. In comparison, Russia exported around 4.7m barrels of oil per day and 8.9 Tcf or 250 bcm of natural gas mostly to Europe in the year preceding the Ukraine invasion¹¹ (however, Russia still exported 142 bcm of

¹ all assumptions and observations are based on internal modelling and data analysis

² <https://x.com/Osint613/status/2030928843461001671>

³ <https://www.youtube.com/watch?v=o-E7DIctrzo>, <https://www.youtube.com/watch?v=AcJC9jOJvk4>

⁴ <https://x.com/KobeissiLetter/status/2030881029465034777?s=20>

⁵ <https://www.eia.gov/todayinenergy/detail.php?id=61002>

⁶ <https://www.kpler.com/blog/middle-east-conflict---gas-market-implications-a-continuing-assessment>

⁷ <https://adx-energy.com/contact/approximate-conversion-factors/>

⁸ <https://www.eia.gov/todayinenergy/detail.php?id=61002>, <https://www.iea.org/reports/oil-market-report-february-2026>

⁹ <https://www.eia.gov/todayinenergy/detail.php?id=61002>

¹⁰ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

¹¹ <https://www.eia.gov/todayinenergy/detail.php?id=55021>

gas in 2023¹², oil exports even increased by 7% in 2023 compared to 2021¹³). Therefore, whilst the headline figure suggests that the closure of the Strait of Hormuz is impacting around 3x the volume of oil and ~0.5x the volume of gas compared to the Ukraine invasion event, actual events suggest that the impact is more around 4x the volume of oil and ~same volume of gas compared to the Ukraine invasion – at least for the duration of the closure.

How long could the closure last?

Initially, the futures market priced in a very short-lived price spike. However, this is slowly shifting (TACO didn't happen), with higher prices lasting around one year as of close Friday 6th March¹⁴. On 2 March (2 days after "Operation Epic Fury" began, the IDF claimed to have dismantled 50% of the regime's missile launchers¹⁵. On 7 March, the IDF claimed 75% of Iran's missile launchers were dismantled¹⁶. I.e. the rate of missile launchers being dismantled is slowing. Although the number of Iranian ballistic missiles shot at other countries has declined, the number of drones remain very high. On 8th March 2026 alone, a total of 40 ballistic missiles and over 168 drones have entered other gulf nations, down less than 40% compared to the 9-day average, as per table below. At the same time, the Strait of Hormuz is also impacted by heavy GPS jamming¹⁷. Gulf Marine Services, a jack-up vessel provider has told me last year that GPS jamming in the past has caused them to be unable to move their vessels around. This is why I expect that despite the Iranian missiles and drones being dismantled, the \$20bn reinsurance programme by the US government and navy escorts¹⁸, trade flows through the Strait of Hormuz will not recover to the levels we have seen prior to 28th February 2026 (it might be difficult to see changes via MarineTraffic.com¹⁹, as there are ships sailing through the Strait of Hormuz with their AIS switched off²⁰).

¹² <https://www.energypolicy.columbia.edu/publications/russias-gas-export-strategy-adapting-to-the-new-reality>

¹³ <https://oilprice.com/Latest-Energy-News/World-News/Russia-Says-Its-Oil-Exports-Rose-By-7-in-2023-Compared-to-2021.html>

¹⁴ <https://www.barchart.com/futures/quotes/CBK26/futures-prices>
https://www.barchart.com/futures/quotes/NF*O/futures-prices

¹⁵ <https://www.jns.org/50-of-iranian-missile-launchers-destroyed/>

¹⁶ <https://www.ipost.com/middle-east/iran-news/article-889169>

¹⁷ <https://edition.cnn.com/2026/03/06/science/gps-jamming-ships-planes-iran-war>

¹⁸ [https://www.lloydslist.com/LL1156549/US-launches-\\$20bn-reinsurance-facility-for-Gulf-shipping](https://www.lloydslist.com/LL1156549/US-launches-$20bn-reinsurance-facility-for-Gulf-shipping)

¹⁹ <https://www.marinetraffic.com/en/ais/home/centerx:56.3/centery:27.3/zoom:8>

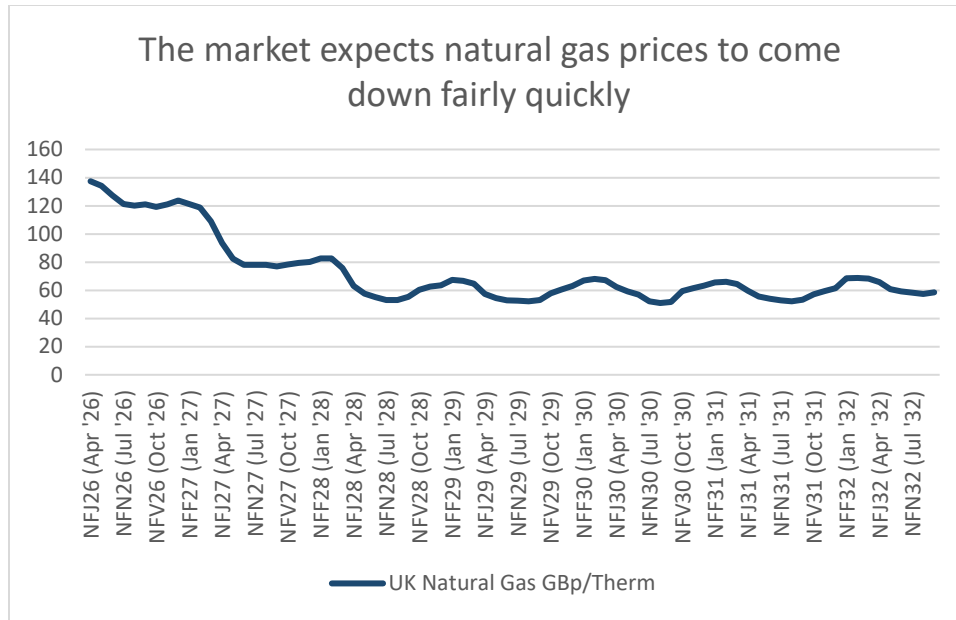
²⁰ <https://ft.pressreader.com/article/281913074607464>

Iranian missiles and drones launched at neighbouring countries since Operation Epic Fury

Country	8th March 2026		Since Operation Epic Fury		Daily average since Operation Epic Fury	
	Ballistic/cruise missiles	UAV/ Drones	Ballistic/cruise missiles	UAV/ Drones	Ballistic/cruise missiles	UAV/ Drones
UAE	17	117	238	1,422	26	158
Saudi Arabia	1	33	14	92	2	10
Qatar	12	-	134	69	15	8
Iraq				70	-	8
Kuwait	7	5	212	401	24	45
Oman					-	-
Bahrain	3	13	95	164	11	18
Jordan				119		13
Subtotal	40	168	693	2,337	77	260

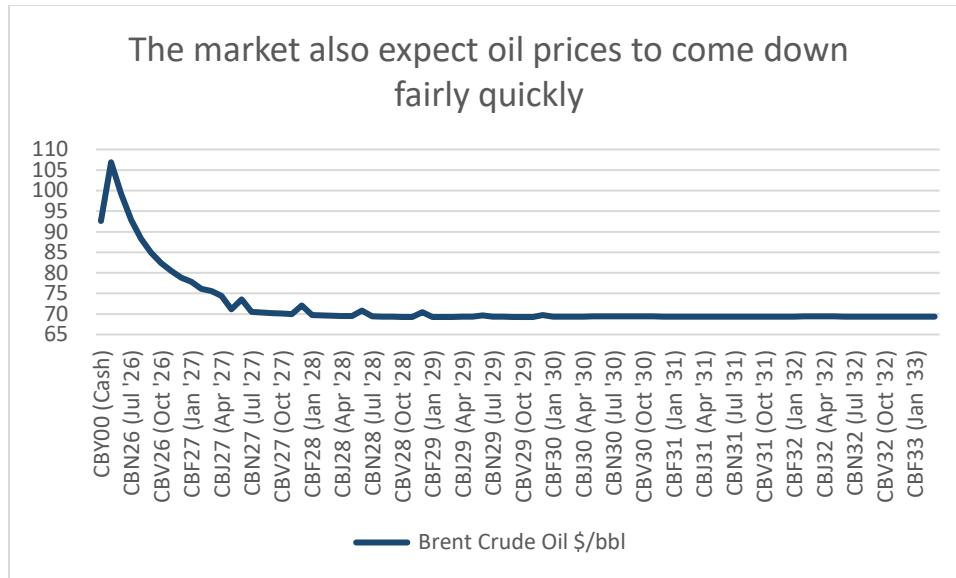
Source: as per below²¹

²¹ <https://x.com/modgovvae/status/2030596754287247788>,
<https://x.com/modgovksa/status/2030325823853486483>,
<https://x.com/modgovksa/status/2030408031050018923>,
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Source: https://www.barchart.com/futures/quotes/NF*0/futures-prices as of close of 6th March 2026

<https://x.com/modgovksa/status/2030072303208353806>,
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<https://www.aa.com.tr/en/middle-east/kuwait-s-defense-ministry-says-67-armed-forces-personnel-injured-since-start-of-iranian-attacks/3852212>, <https://x.com/KuwaitArmyGHQ/status/2030750557888205133>,
<https://x.com/KuwaitArmyGHQ/status/2030388454098370938>, <https://sana.sy/en/international/2300998/>,
<https://qna.org.qa/en/news/news-details?id=bahrain-says-95-missiles-164-drones-destroyed-since-start-of-iranian-attacks&date=9/03/2026>, https://x.com/BDF_Bahrain/status/2030746935661846537



Source: <https://www.barchart.com/futures/quotes/CBK26/futures-prices?viewName=main> as of opening of 9th March 2026

Oil gets the headlines, but gas requires attention

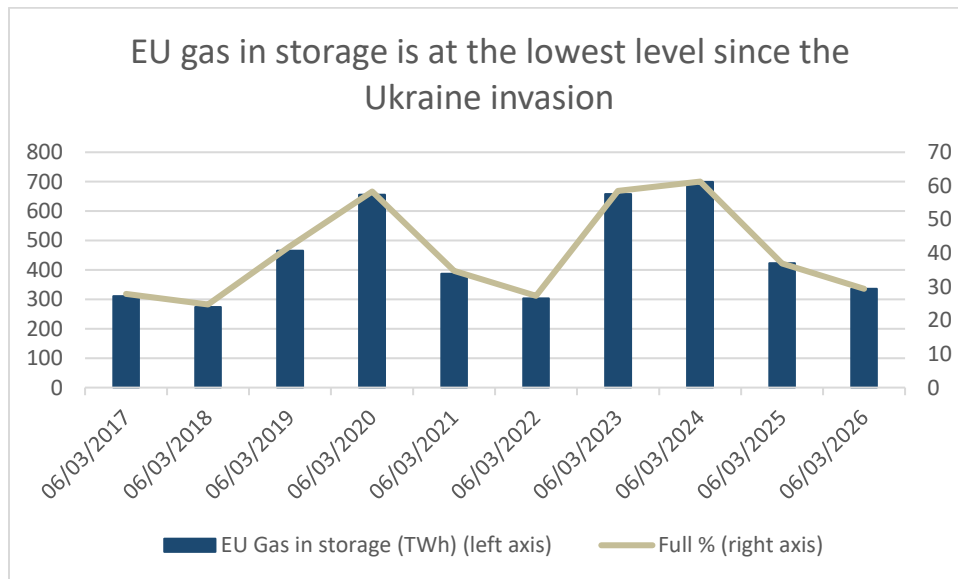
While the impact on oil prices should in theory be larger compared to that of gas prices when comparing it to the Ukraine invasion (4x vs. 1x impact as mentioned above), I believed that gas prices were too low even without the conflict, because 1. European gas in storage was at similarly low levels when compared to the Ukraine invasion in 2022 (as per below), 2. Qatar has delayed their LNG ramp-up to 2027²² and 3. US natural gas in storage levels is below the 5-year average²³ ahead of a summer that requires large exports to Europe and higher AI energy consumption. At the same time, the shutting of production of Qatar’s LNG facilities (20% of global supply) will take weeks to restart²⁴ and oil fields that have been shut

²² <https://www.bloomberg.com/news/articles/2026-02-09/qatar-pushes-start-of-its-massive-lng-expansion-to-end-2026>

²³ <https://ir.eia.gov/secure/ngs/ngs.html?Policy=eyJTdGF0ZW1lbnQiOlt7IlJlc291cmNlIjoiaHR0cHM6Ly9pci5laWEuZ292L3NIY3VyZS9uZ3MvKilskNvbml6eyJYX3RITGVzclRoYW4iOnsiQVdTOkVwb2NoVGl6ZSI6MTc5ODc3OTU0MH0sIkRhdGVHcmVhdGVyVGHhbil6eyJBV1M6RXBvY2hUaW1lIjoxNzcyNzI0NjAwfX19XX0&Signature=vW3Gsb16XT9c3x-QzMOB943L9DDi~BSCc6W7F7eQ9Pvt64d94uHqVG0rZ8VSEsYvHf-g9p14fngzas6hNAqyzmVsvjfhOmGaiDDfvlm2z5W0p86vid3hr11jAYZvC-5QkPvZgkv3I3UybjTIwnUrTJxPHlysDG~FoCBbZaCoRMjOLFuzuyVm-n21QRiYXdhpcilsvvsG4oqCfaFYf795h4RiO6unPp-qDjRGpwGVxLRNyYLV7tS-UXtHQVRJd4NN7FNtA5edijH4XJdYBpiNMrnil-VfwgY9MUzeagYeXrWzxxNhQaQtZbRnRMym-kKDoK1NVpt7xXk-oXSRu1bg7A&Key-Pair-Id=K325I9BCXD5BWZ>

²⁴ <https://www.reuters.com/business/energy/qatarenergy-declares-force-majeure-lng-shipments-2026-03-04/>

(like in Iraq, where production is down by 70% from 4.3m bopd to 1.3m bopd²⁵, and Kuwait starts shutting its 2.6m bopd production, too²⁶) could also face production issues once the taps are reopened again²⁷. Although one can expect the emerging countries to substitute LNG with thermal coal, oil cannot be substituted, and the US has so far ruled out any SPR releases, whilst Japan is still considering it²⁸. Back in 2022, the US released more than 200m barrels from its 600m SPR²⁹. This compares with today’s SPR of 415m barrels, whilst China is said to have over 1bn barrels and Japan 440m barrels in its SPR³⁰. With China halting oil products exports, gasoline and diesel prices are likely to soar above the Ukraine invasion levels³¹. Gas, on the other hand, doesn’t have any “SPR” equivalent, and is hence much more susceptible for a large supply disruption.



Source: <https://agsi.gie.eu/data-overview/eu>

²⁵ <https://www.reuters.com/business/energy/iraqi-oil-production-collapses-with-strait-hormuz-blocked-by-conflict-sources-2026-03-08/#:~:text=Summary,%E2%80%8Bliquefied%20natural%20gas%20flows.>

²⁶ <https://www.cnbc.com/2026/03/07/kuwait-oil-cut-iran-war-strait-hormuz.html>

²⁷ <https://fortune.com/2026/03/07/iran-wear-energy-prices-iraq-kuwait-shut-oil-production/>

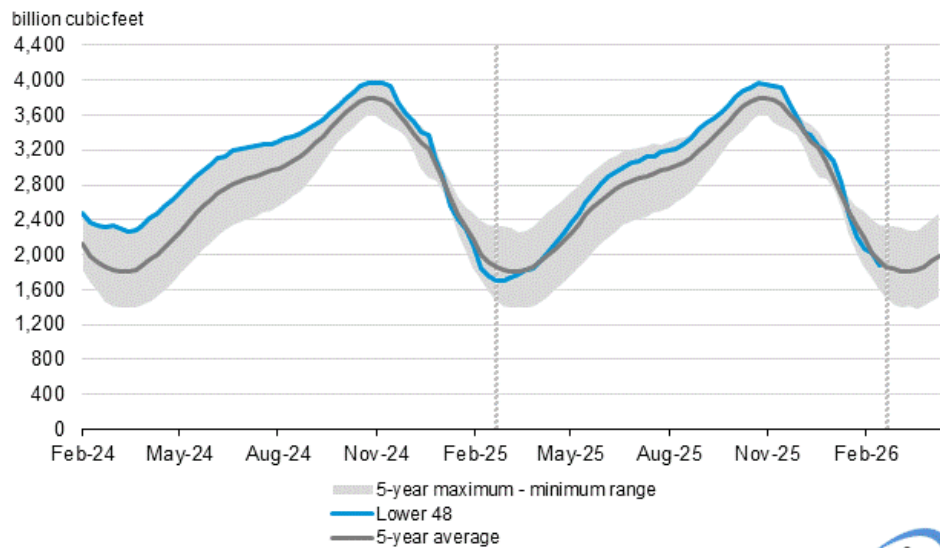
²⁸ <https://x.com/JavierBlas/status/2030775506983924020>

²⁹ <https://www.eia.gov/petroleum/supply/weekly/>, <https://x.com/CRUDEOIL231/status/2028817763213680862>

³⁰ <https://x.com/JavierBlas/status/2030775506983924020>, <https://x.com/CRUDEOIL231/status/2028817763213680862>

³¹ <https://www.bloomberg.com/news/articles/2026-03-05/china-tells-top-refiners-to-suspend-diesel-and-gasoline-exports>

Working gas in underground storage compared with the 5-year maximum and minimum



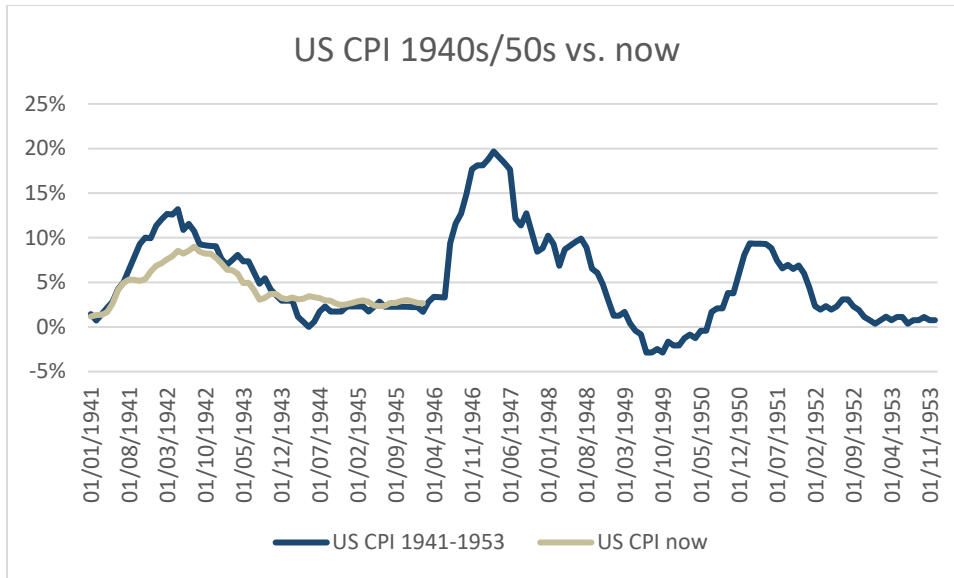
Data source: U.S. Energy Information Administration



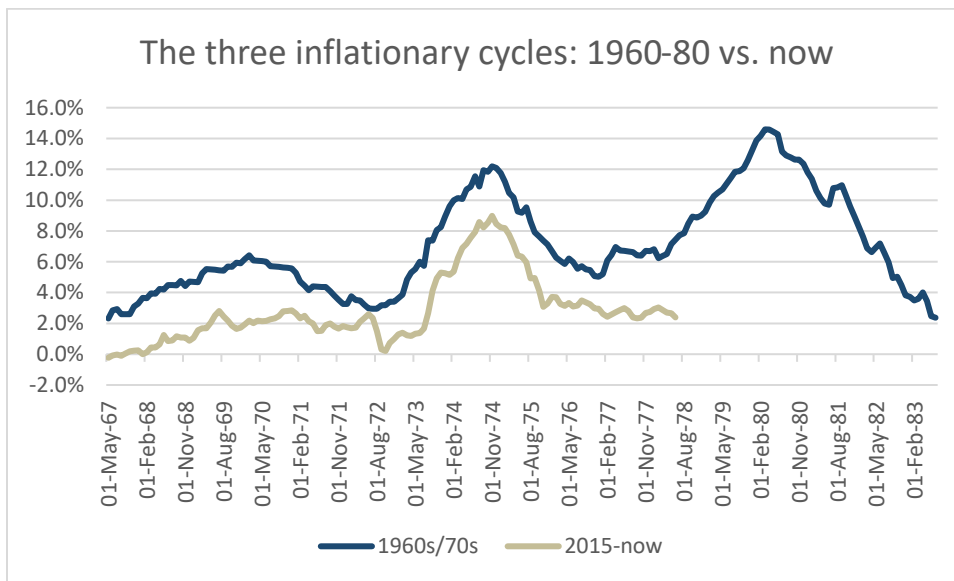
Source: EIA weekly natural gas storage report as of 27th February 2026

The usual three-legged inflationary spiral

There was always the risk of inflation spiking again, as the two large inflationary cycles in the past (1940s and 1970s) both had three inflationary cycles. Given recent events, the upcoming inflationary cycle could be viewed as either the 2nd (like in 1946 when war related price caps were lifted) or 3rd cycle (like in 1970s/80s during the Iranian Revolution) – although the first inflationary cycle during Trump’s first term was very muted at around 3%, but came from a low base of 0%.



Source: FRED St Louis, GalaxyPlus



Source: FRED St Louis

The parallels to Russia's "special military operation" in Ukraine are striking so far

One week into "Operation Epic Fury", there are quite a few similarities to Russia "special military operation" in Ukraine that started on 24th February 2022³². I will list the similarities here:

- Both military operations started at the end of February, only 4 calendar days apart
- Russia built up large military equipment along the border, whilst negotiating with the US and Europe on a solution³³, as did the US build up large military equipment around Iran, whilst negotiating with Iran in Geneva³⁴
- Both operations were not labelled as a "war" and meant to be short-lived in nature³⁵
- The US is supporting Ukraine, whilst Russia is supporting Iran, which together could be viewed as a proxy war of the US vs. Russia, hence the success of both wars is crucial for both, the US and Russia³⁶
- Both wars have drawn in multiple other countries and shifted the geopolitical map, with Sweden and Finland joining Nato due to the Ukraine war³⁷, and all Gulf nations condemning Iran with the potential of joining the war against Iran³⁸

In summary, and I believe this is extremely important, Trump cannot do a "TACO" so easily, as Iran has basically declared war on the US by targeting its bases in the entire Middle East. This means that once the nuclear and ballistic missile threat is eliminated (for the former it is likely that ground forces are needed, perhaps in a similar way as happened in Venezuela, the latter is said to be eliminated by 90% already³⁹), Trump will likely declare victory, in my opinion. This "TACO" moment can come as soon as later this week.

³² https://pekin.mid.ru/en/news/about_the_special_military_operation_in_ukraine/

³³ <https://www.pbs.org/newshour/show/can-the-u-s-and-russia-agree-on-ukraine-heres-the-latest-on-the-negotiations>

³⁴ <https://www.aljazeera.com/news/liveblog/2026/2/26/us-iran-talks-live-nuclear-talks-to-kick-off-in-geneva-amid-tensions>

³⁵ <https://www.youtube.com/watch?v=XJuNrJcFuBs>, <https://www.cnbc.com/2026/03/05/iran-conflict-duration-middle-east-regional-war-experts.html>

³⁶ <https://www.nbcnews.com/politics/national-security/russia-providing-intelligence-iran-location-us-forces-sources-say-rcna262115>, <https://www.state.gov/bureau-of-political-military-affairs/releases/2025/01/u-s-security-cooperation-with-ukraine>

³⁷ <https://www.bbc.com/news/world-europe-61397478>

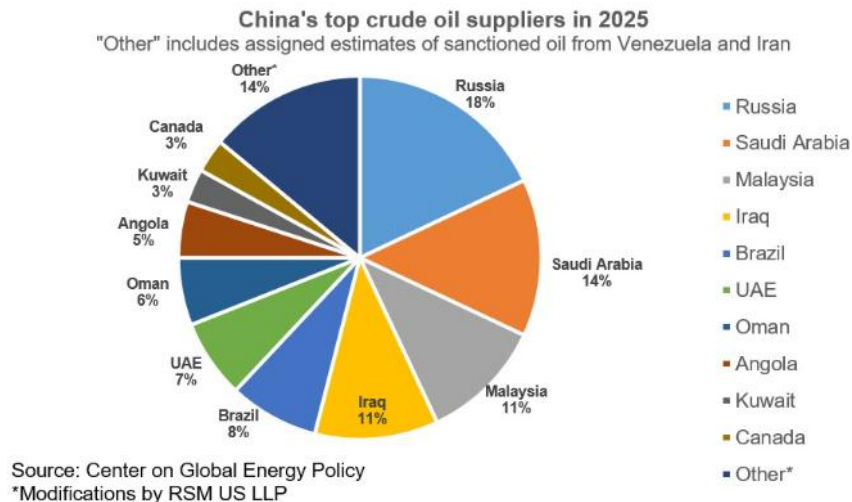
³⁸ <https://7news.com.au/sunrise/expert-predicts-gulf-states-could-join-offensive-action-amid-fresh-strikes-across-the-region-c-21880396>

³⁹ https://www.timesofisrael.com/liveblog_entry/iranian-ballistic-missile-attacks-down-90-since-start-of-war-says-us-centcom-chief/

At the same time, Iran could continue its drone war against US bases in the region, which could turn this into a prolonged conflict – just like the Ukraine war.

Where does China fit in and what’s the endgame?

Last but not least, a brief note on how this conflict could impact China. By capturing Maduro, and by targeting the Iranian regime, Trump essentially cut off almost 20% of Chinese oil imports (14% from Iran, 4.5% from Venezuela⁴⁰). China’s dependence on oil supplied by the Middle East is around 40%⁴¹, hence the closure of the Strait of Hormuz impacts China much more than Europe or the US⁴². In addition, Iran helps Russia build drones, which were expected to reach around 1,000 units per day⁴³. If Venezuela, Iran and Cuba can all be turned into partners, rather than adversaries of the US, it could be a major blow against Russia and China. After that, Trump’s focus will likely turn to the South American drug cartels, which will face lethal military force as the recent signing at the Shield of the Americas Summit suggests⁴⁴. In conclusion, I think the market continues to view this event as too short-term, and would expect the oil and gas futures market to reprice higher.



Source: <https://realeconomy.rsmus.com/market-minute-chinas-dependence-on-middle-eastern-oil/>



⁴⁰ <https://energynewsbeat.co/how-long-can-china-survive-after-losing-venezuela-and-iraqs-discounted-oil-supplies/>

⁴¹ <https://realeconomy.rsmus.com/market-minute-chinas-dependence-on-middle-eastern-oil/>

⁴² <https://www.bruegel.org/first-glance/how-will-iran-conflict-hit-european-energy-markets>

⁴³ <https://theconversation.com/russias-drone-pipeline-how-iran-helps-moscow-produce-an-ever-evolving-unmanned-fleet-272016>

⁴⁴ <https://www.politico.com/news/2026/03/07/trump-military-cartels-latin-america-iran-00818070>

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