

MINTEL WORLD

MIDDLE EAST

WEEKLY BULLETIN

FROM HORMUZ TO SUEZ:
THE IRAN CRISIS ENGULFS
THE REGION

HOUTHIS AT THE GATES OF
ADEN: NEW FRONT AT BAB
EL-MANDEB

SAUDI OIL SHIPMENTS TO
EUROPE DRY UP

PREPARED BY:
Levent Kemal





EDITOR'S NOTE

Two developments defined the region this week. Yemen's Ansar Allah movement consolidated control of the country's entire Red Sea coastline and the Bab al-Mandeb chokepoint, turning a reignited civil war into a direct threat to Gulf oil exports. Separately, a drone attack Saudi Arabia attributed to an Iran-aligned militia in Iraq shut the kingdom's East-West pipeline, forcing Saudi Aramco to cancel all September crude cargoes to Europe and to shop for diesel and gasoline itself. The two events converged on the same outcome: both of Saudi Arabia's main export routes, the Strait of Hormuz and the Red Sea, were constrained at once, and Brent and WTI both moved sharply within the week. Sections below are organized by theme, not by country, so a given country's developments appear wherever they belong analytically.

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Executive Director, MINTEL WORLD

TWO PARALLEL TRACKS ON YEMEN

Saudi Arabia opened a diplomatic channel to Ansar Allah through Oman, proposing a two-week ceasefire and direct talks intended first to address humanitarian demands and then a comprehensive settlement. The proposal followed Saudi contacts with the United States, Egypt, Pakistan and Oman, and Oman was asked to carry it to Sanaa. As of this writing Ansar Allah has not given a final response, and Riyadh has not confirmed the proposal's details; the reporting traces to a single Lebanese newspaper aligned with Hezbollah and should be treated as provisional pending confirmation from either side.

A separate and better corroborated channel runs directly between Washington and Ansar Allah. US officials met senior Houthis representatives, including Mohammed Abdulsalam and Abdelmalik al-Ajri, at the US embassy in Muscat with Omani government assistance. Ansar Allah told the Americans it intends to keep honoring its 2025 ceasefire with Washington and will not target American vessels, and a Yemeni source said the pledge extends to Israeli and other commercial shipping, with the explicit exception of vessels tied to Saudi Arabia. The State Department did not confirm the meeting but said protecting Red Sea navigation remains a core US interest. China has also intervened quietly, pressing Iran to use its influence on Ansar Allah after a Saudi appeal to Beijing for de-escalation, a sign Riyadh is now working every available channel rather than relying on Washington to intervene militarily on its behalf, which the Trump administration has so far declined to do.

The European Union weighed in directly for the first time this week. Its foreign affairs spokesman, Anouar El Anouni, said the EU stands in full solidarity with Saudi Arabia and condemned the Ansar Allah strikes, saying "we urge the Houthis to cease all military action" and that "the targeting of civilians and civilian infrastructure is unacceptable." Brussels has not proposed any concrete measure beyond the statement, and has not commented on the parallel Saudi-Iraq and US-Ansar Allah channels described above.

IRAN: UN AWAITS WASHINGTON AFTER SANCTIONS PANEL LAPSE

Russia and China vetoed a US-backed push to extend the mandate of the UN Security Council's Iran sanctions committee, with Pakistan and Somalia abstaining. Moscow and Beijing argued that Resolution 2231 already expired in October 2025, making further review moot. The vote leaves the formal UN sanctions architecture around Iran's nuclear file without its oversight body at a moment when Iran's stockpile of near weapons-grade enriched uranium, which the International Atomic Energy Agency estimated at 440.9 kilograms enriched to 60 percent as of mid-2025, is believed to remain largely intact, buried by strikes rather than destroyed.

President Trump is due to meet Gulf leaders on the margins of the UN General Assembly to discuss what US officials are already calling a postwar strategy, a framing at odds with a war now in its seventh month with no ceasefire in place. Trump said this week that Iran had reached out directly and wanted a deal, and separately that he believed the war was nearing its close; Iranian officials have not confirmed direct contact and have said they are not interested in renewed talks until Iran's own conditions are met, without specifying them publicly. Iran's foreign minister described recent consultations with China as successful and said Tehran values the strategic partnership between the two countries.

Trump has offered shifting characterizations of where the war stands. "They want to make a deal, and we'll see how that works out," he told reporters this week, adding "hopefully we are towards the end of the war." Iran's foreign minister Abbas Araghchi struck a different note, writing that Iran "values [the] strategic partnership we have built over time" with China, without mentioning the United States. On Friday Trump signed into law an extension of Iran sanctions through 2031 as part of a broader Russia and Iran sanctions bill, and separately said the war would "end soon," a claim Iranian officials have not echoed.

Asked to defend rising gasoline and diesel prices, Trump told reporters plainly, "people don't want Iran to have a nuclear weapon," framing the cost to

American consumers as the price of the campaign against Tehran's program. Iran's deputy interior minister for security affairs, Ali Akbar Zolghadr, took a starker line on Hormuz specifically, saying Iranian forces "will not open Hormuz until Trump and Netanyahu are overthrown" and vowing retaliation for US strikes on Minab, Lamerd and Bampur and for the loss of the destroyer Dena, an explicit statement of Iran's own conditions that goes beyond the general demand described above. Turkey's banking regulator separately revoked the Istanbul branch license of Iran's Mellat Bank, a lender that had operated in the city for more than four decades, citing the tightening US sanctions regime, a concrete sign that third-country

financial pressure on Iran is still escalating even as diplomatic contacts continue. South Korea's president used a Friday news conference to reject US pressure for military assets near the Strait of Hormuz, saying Seoul will not deploy troops or dispatch military assets into the conflict; he said South Korea is instead considering widening the operational scope of a navy destroyer already stationed off Somalia for anti-piracy work, strictly to protect South Korean tankers. Domestic polling cited put opposition to any troop deployment at 55 percent against 32 percent in favor, and South Korean officials have drawn an explicit parallel to the backlash that followed Seoul's 2003 deployment to the Iraq War.



Imam Hussein Square in Tehran, Iran, July 12, 2026.
Majid Asgaripour/WANA (West Asia News Agency) via REUTERS

ISRAEL'S ELECTION CAMPAIGN AND INTELLIGENCE RECORD

Prime Minister Benjamin Netanyahu opened his Likud re-election campaign by saying Israel must still complete the mission against Iran, Hezbollah and Hamas, and by repeating a claim that Iran was on the verge of producing assembled atomic bombs before Israeli and US strikes. That claim goes beyond the public intelligence record: US intelligence assessments before the war concluded Iran was not building a nuclear weapon and that its supreme leader had not authorized the weapons program suspended in 2003, even as they flagged Iran's uranium stockpile as unprecedented for a state without a weapon. A senior Israeli official with access to the intelligence and former IDF chief Gadi Eisenkot have both separately disputed Netanyahu's stronger version of the claim, and former prime minister Naftali Bennett rejected it as well. The election, scheduled for October 27, comes as one published poll put Netanyahu's bloc at 51 Knesset seats against 55 for his combined opponents, with two Arab-majority parties holding the balance.

"The mission must be completed," Netanyahu told the crowd. "We must bring down the Iranian regime and totally destroy Hezbollah and Hamas." He added that Israel had "changed the face of the Middle East" and would do so again, without specifying how. Underneath the campaign rhetoric sits a more immediate problem: the Israeli military is seeking roughly 8 billion dollars in supplementary funding to cover reserve pay, munitions and border defense after nearly three years of fighting, and opposition leader Yair Lapid has so far withheld support pending cuts elsewhere in the budget, delaying payments to Israeli defense contractors and forcing at least one, Elbit Systems, to consider halting some production lines. Senior US officials said a meeting between Trump and Netanyahu is not currently planned during Netanyahu's coming visit to the UN General Assembly, citing scheduling difficulties; the two have met four times already this year, and the absence of a fifth meeting, even if only a scheduling artifact, is being read in Jerusalem against the backdrop of the F-35 sale to Saudi Arabia and the administration's refusal to intervene militarily in Yemen on Riyadh's behalf, both described above.

Party (leader)	Bloc	Seats (of 120)
Yashar (Gadi Eisenkot)	Change bloc	24
Likud (Benjamin Netanyahu)	Netanyahu bloc	22
B'Yachad (Naftali Bennett)	Change bloc	14
Shas	Netanyahu bloc	10
Yisrael Beytenu (Avigdor Liberman)	Change bloc	9
United Torah Judaism	Netanyahu bloc	9
Joint List	Arab-majority, unaligned	8
Democrats (Yair Golan)	Change bloc	8
Otzma Yehudit (Itamar Ben Gvir)	Netanyahu bloc	7
Ra'am	Arab-majority, unaligned	6
Religious Zionism (Bezalel Smotrich)	Netanyahu bloc	4

Table 3. Opinion poll conducted by Tatika Research and Media in partnership with the Adagenda panel, fielded September 16-17, 2026, n=500, margin of error plus or minus 4.4 percent. Bloc totals as reported: Netanyahu bloc 51 seats, combined Zionist opposition 55 seats, six seats short of a majority; the two Arab-majority parties hold the balance. Ofer Winter's People of Israel and two smaller lists polled below the 3.25 percent electoral threshold.





LEBANON: AN INTERNATIONAL CONFERENCE TRIES TO CONVERT PLEDGES INTO CAPACITY

France and Jordan convened a preparatory conference in Paris, under the long-running Aqaba Process, to determine what the Lebanese army needs to expand its own deployment after the UN peacekeeping force in Lebanon begins withdrawing in January. Saudi Arabia, Qatar, Kuwait, the UAE, Egypt, the United States, Cyprus, Turkey, Britain, Italy, Spain and Germany all took part. Lebanese President Joseph Aoun met French President Emmanuel Macron separately, and Lebanon's army commander briefed the gathering on conditions in the south. Lebanese officials made clear the army wants to remain under Lebanese state authority rather than an international monitoring force empowered to direct its operations, and that its deployment must not become a trigger for domestic confrontation, a pointed reference to Hezbollah.

Lebanese Prime Minister Nawaf Salam told parliament the commitment to place all weapons under state authority is not new, tracing it to the 1989 Taif Agreement and the 2024 cessation of hostilities agreement, and said ending the war in the south and securing Israel's full withdrawal remain non-negotiable goals pursued through negotiation rather than concession. The next round of the US-sponsored Lebanon-Israel talks is expected in Rome next month, and the two countries' ambassadors to Washington have begun separate talks on implementing the June 26 framework agreement, which envisages a phased transfer of security responsibility in the south alongside disarmament of non-state groups and an Israeli redeployment. Implementation remains contested on both sides: Israel says its continued presence protects northern communities from Hezbollah, while Lebanon is demanding a full withdrawal.

Separately, Lebanon's military court charged 14 Lebanese and Syrian nationals, including a Hezbollah member and a former Syrian intelligence officer under Bashar al-Assad, with forming an armed cell to attack Syria's new government from Lebanese territory. Judicial officials said the network smuggled more than 40 former Assad-era officers across the northern border in small groups and trained them in Hezbollah camps in eastern Lebanon under the direction of a former Syrian army general now based in Moscow.



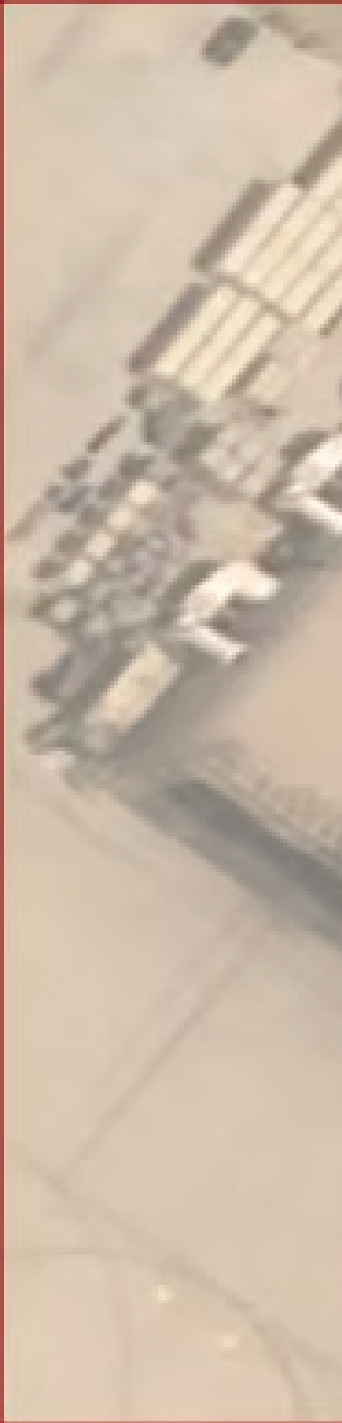
GULF ARMS SALES AND THE PALESTINIAN FILE AT THE UN

The US State Department notified Congress of a proposed 24.3 billion dollar sale of up to 48 F-35 warplanes to Saudi Arabia, the first such access for an Arab state and a deal Israeli officials had lobbied against despite the normalization track between Riyadh and Israel. Washington said the sale would not alter the regional military balance, consistent with its longstanding commitment to preserve Israel's qualitative military edge. The announcement landed as Saudi Arabia, its own interceptor stocks depleted by months of Ansar Allah missile and drone attacks, separately asked France, Britain, Pakistan and Egypt to deploy air-defense support, an unusually direct admission of strain.

The F-35 sale followed a separate, already-approved 2.8 billion dollar arms package for Israel that includes 2,000-pound bombs, a category of munition whose

use in Gaza has repeatedly drawn civilian-harm allegations; rights groups renewed criticism of the sale on those grounds, and the State Department's public justification for it has not changed from prior notifications.

At the United Nations, the United States denied Palestinian Authority President Mahmoud Abbas an entry visa to next week's General Assembly for a second consecutive year, and extended sanctions denying visas to other Palestinian Authority and Palestine Liberation Organization officials ahead of the gathering. Separately, unconfirmed reporting citing Israeli media described a tripartite New York summit intended to formalize an upgrade of Morocco-Israel ties to the ambassador and embassy level; a Moroccan anti-normalization coalition condemned the reported move, but neither government has confirmed it, and it should be read as unconfirmed for now.



WASHINGTON DISPUTES ITS OWN CASUALTY COUNT

A dispute over the honesty of the Pentagon's own casualty reporting became a story in its own right overnight. The Pentagon's public tally lists 18 US military deaths since the Iran war began; six unnamed Pentagon officials said the real figure is at least 22, four to five higher than the disclosed number. Defense Secretary Pete Hegseth rejected the account in personal terms, calling it "disgusting and fake, a complete lie," and said the newspaper that reported it was "worse than Iranian state media." The Pentagon has declined to explain the discrepancy on the record, and the report's authors said they stand by their reporting; neither side has produced a reconciled, agreed count as of this writing.





YEMEN: ANSAR ALLAH TAKES THE RED SEA COAST AND BAB AL-MANDEB

Yemen's renewed civil war, which reignited in July after a four-year truce between Ansar Allah and Saudi Arabia collapsed, reached a strategic turning point this week. Ansar Allah forces completed their capture of Yemen's entire Red Sea coastline and now hold positions on both shores of the Bab al-Mandeb Strait, the chokepoint through which a large share of Gulf oil and gas destined for Europe and Asia normally passes. Where the group previously needed complex drones and cruise missiles to threaten shipping, its new coastal positions mean small boats armed with mortars or rocket-propelled grenades can now do the same. Roughly 80 percent of Yemen's population lives in Ansar Allah-controlled territory.

Ground fighting intensified through the week. Yemeni government officials said at least 23 of their soldiers were killed in missile and drone attacks over a single 24-hour period in two southwestern provinces, while Ansar Allah military sources reported 40 of their own fighters killed in Saudi airstrikes and ground combat over the same period. Saudi Arabia's civil defense agency reported the kingdom's first confirmed fatality on its own territory since the renewed campaign began, a Yemeni national killed by shrapnel from a downed drone in Taif governorate. The same agency issued more attack-warning alerts in the 24 hours of September 14 to 15 than in any comparable period since the blockade began in late July, and for the first time extended those alerts to Yanbu, Jeddah, al-Ula and Mecca itself, areas the campaign had rarely if ever previously reached.

Saudi Arabia said it intercepted a drone targeting Mecca before it entered restricted airspace and called the attempt a red line. Ansar Allah's political bureau and its leader, Abdulmalik al-Houthi, rejected the account outright, calling it a fabrication and, in al-Houthi's words, the lie of the century, while accusing Saudi Arabia of having destroyed more than 2,000 mosques and killed thousands of Yemeni civilians over twelve years of intervention. Neither side has produced independently verifiable evidence, and the incident remains a contested, single-source claim on each side. A related claim that Ansar Allah shot down a Saudi F-15 fighter



A satellite image shows the Saudi Arabia East-West pipeline, located across the Arabian Peninsula, after a strike that hit it on September 11, 2026, in Saudi Arabia, September 13, 2026. Vantor/Handout via REUTERS

over the Marib or al-Jawf area remains unconfirmed by any Saudi or coalition statement as of this writing and should be treated as unverified.

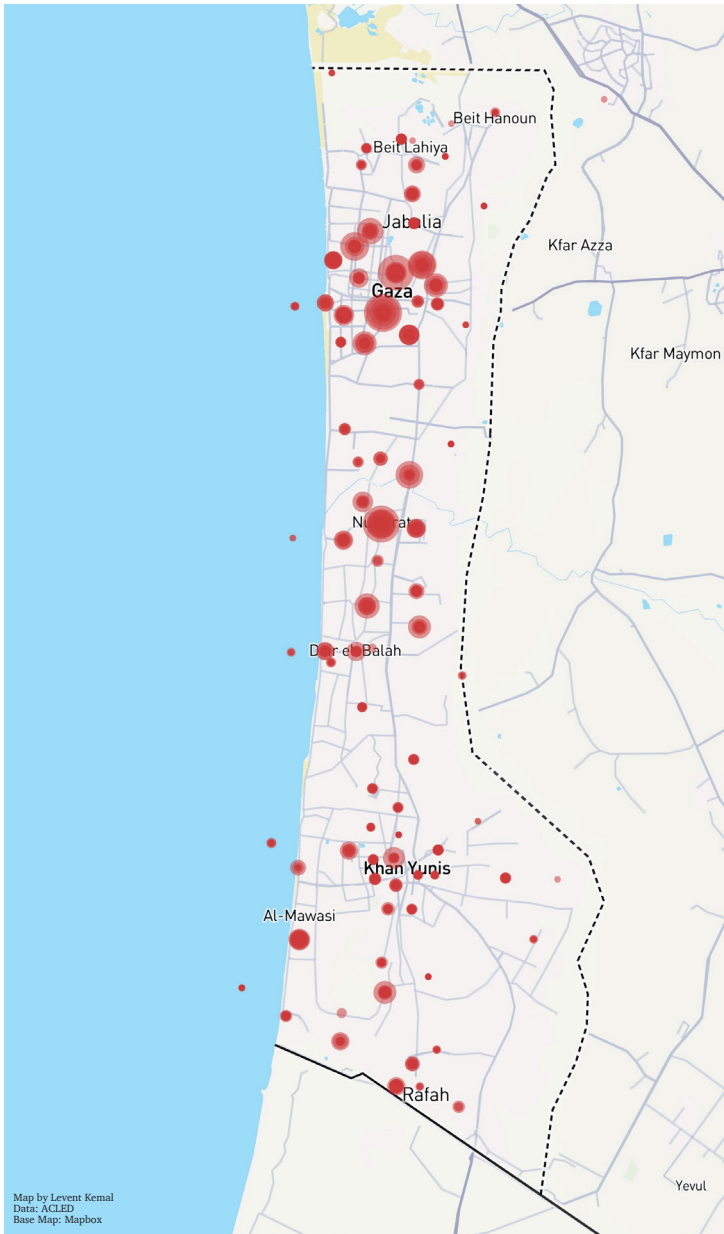
Overnight into September 19, Ansar Allah launched what multiple accounts describe as its largest missile and drone wave yet against Saudi Arabia, triggering repeated Civil Defense alerts across Jeddah, Taif and Yanbu. For the first time in this campaign, the alerts extended to the capital itself: Saudi Civil Defense issued, then withdrew, a danger warning for Riyadh and the nearby city of al-Kharj after residents reported hearing explosions. Officials gave an all-clear within hours and did not confirm any impact inside the capital. Ansar Allah separately said Saudi forces had carried out 26 strikes against Yemen in the preceding 24 hours.

SAUDI ARABIA'S EXPOSURE AND THE IRAQ-BASED STRIKE BEHIND THE PIPELINE SHUTDOWN

The drone attack that shut Saudi Arabia's East-West pipeline was attributed by Riyadh to an Iran-aligned militia operating from Iraqi territory, distinct from the Ansar Allah campaign in Yemen. The distinction matters: Saudi Arabia is now absorbing pressure on its oil infrastructure from two separate Iran-aligned vectors at once, an Iraq-based militia striking pipelines inland and Ansar Allah squeezing the Red Sea coast, while its own interceptor stocks and those of its principal supplier, the United States, are both

depleted by the parallel Iran war. Analysts close to the process have described the kingdom as facing a genuine strategic shock, having come under sustained attack from an emboldened Iran-aligned network without securing the level of direct US military backing it had sought.

Iran and the United States, seventh month of low-intensity war The war the United States and Israel opened against Iran on February 28 remains unresolved after six and a half months. Iranian officials said their forces shot down at least two US drones in recent days. An oil tanker was attacked in the Strait of Hormuz this week; US Central Command said it had been struck by an Iranian drone, while Iranian authorities gave a different account of the incident, and the two versions have not been reconciled. A truce framework agreed in mid-June, which briefly lifted the US naval blockade of Ira



GAZA: A FRAGILE CEASEFIRE, STILL LETHAL

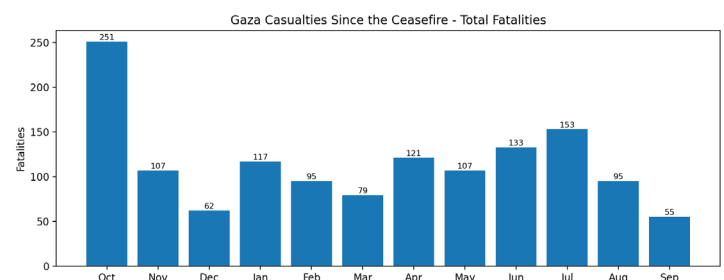
The ceasefire that took effect on October 11, 2025 remains formally in place but has not ended lethal incidents inside Gaza. Gaza's health ministry recorded 1,375 Palestinians killed and 4,627 wounded since the ceasefire began, on top of a cumulative toll since October 2023 that the ministry now puts above 73,700 killed and 174,000 wounded. A partially demolished displaced-persons building in Gaza City collapsed this week, killing at least 20 people, most of them sleeping children, with dozens still missing days later; the collapse also disabled a generator that had been supplying water to roughly 200,000 people in Khan Yunis.

**ACCORDING TO UN DATA,
A TOTAL OF 1,375 GAZANS
HAVE BEEN KILLED IN ISRAELI
ATTACKS SINCE THE CEASEFIRE.**

In a separate incident, an Israeli drone strike killed a teenager and, in a second strike on the same location minutes later, a paramedic who had gone to help an initial casualty, a sequence consistent with what is commonly described as a double-tap strike; Israel's military said the paramedic had been a Hamas militant involved in the 2023 attacks and that the strike is under review, while acknowledging an uninvolved individual was harmed. Fresh incidents were recorded in the final hours of this reporting week. An Israeli strike on a motorcycle in Gaza City killed one Palestinian and injured a child; separate strikes hit displaced-persons tents in northern Gaza City, killing a man identified as Hudhayfah Awad and wounding several others, and further strikes hit central Gaza's refugee camps. None of the incidents has been addressed in a public Israeli military statement reviewed for this bulletin.

nian ports, lapsed on August 17 without a follow-up agreement, and the blockade has remained in place since. Vessel transits through the Strait of Hormuz, which normally carries roughly a fifth of global oil consumption, fell from the low double digits to single digits on multiple days this week according to preliminary shipping-tracking data, the lowest sustained level of the war.

Iran marked the anniversary period of its air-defense mobilization with a nationwide exercise billed as involving 313,000 personnel, which Iranian officials said began in Tehran and will run into November; officials separately said 33 million people had registered for an associated civilian mobilization initiative, a figure that could not be independently verified. Zahedan saw an overnight clash in which Revolutionary Guard forces killed two armed men and wounded or arrested a third after what Iranian officials described as a confrontation with a suspicious vehicle.



LEBANON: INCREMENTAL FRICTION ALONG THE LINE

Israeli forces advanced with armored vehicles toward Deir Mimas after Lebanon's army established a new outpost there, prompting Lebanese reinforcements from Burj al-Muluk amid concern over further Israeli encroachment in the Jibal Amel area. Shelling and incursions continued through the week around Mansouri, the Ali al-Taher heights and Zawtar al-Sharqiya, alongside sustained drone overflights of Nabatieh and the Bekaa Valley. Separate, single-sourced reporting alleged Israel intends to expand the so-called Yellow Line toward the Ali al-Taher hills and to build roughly 20 additional military positions in south Lebanon; this has not been confirmed by Israeli officials and should be read cautiously.

Update, through September 19: Israeli and Lebanese forces faced off directly in a south Lebanon village on Friday after Israeli troops moved forward into it; Israeli forces later withdrew, and shelling during the confrontation injured two people. It is one of the more direct Israeli-Lebanese army confrontations since the Deir Mimas advance described above, though still short of an exchange of fire between the two armies themselves.

SYRIA: A NARROWER PERSISTENT ISLAMIC STATE THREAT

Syrian security forces said three of their members were killed while

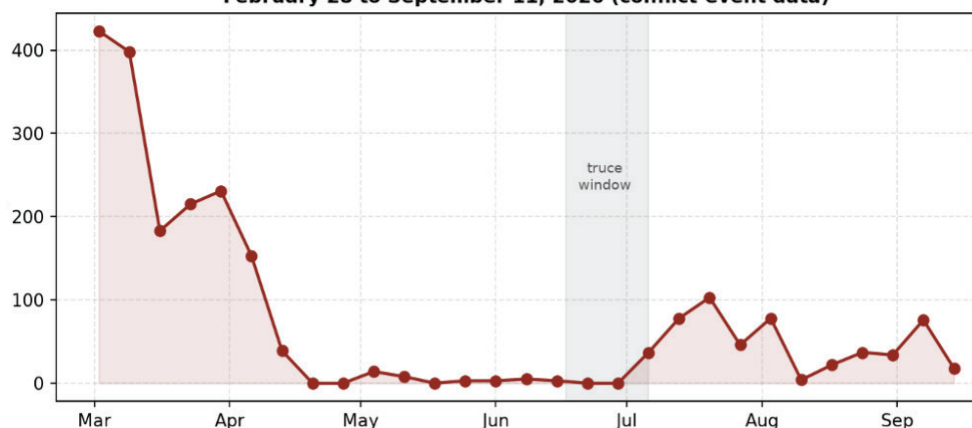
attempting to arrest a fugitive and dismantle an Islamic State cell in Daraa province's Al-Sanamein area; a curfew was imposed during the operation, and the interior ministry later said five suspects tied to the cell had been arrested. Islamic State no longer holds territory in Syria but retains sleeper cells, particularly in the eastern desert, and continues to periodically claim attacks on government forces there and in the north.

SIX MONTHS OF ISRAELI AND US STRIKES

Conflict-event data spanning the war's start on February 28 through September 11 shows the shape of the campaign clearly. Weekly fatalities in events involving Israeli or US forces peaked above 400 in the first two weeks of the war, fell toward zero during the roughly three-week truce window in June, and began climbing again in July as the Yemen and Lebanon fronts reignited. The single deadliest week in this later phase, September 1 to 7, combined Israeli strikes in south Lebanon that killed 13 people in Kfar Roummane and 9 in Nabatiyeh el-Faouqa with US strikes in Iran that killed 6 people in Aghajari and 5 in Kuhestak. Over the full period, these events accumulated a recorded 2,211 fatalities across 6,700 separate incidents. the large majority of them

classified as explosions or remote violence rather than direct battlefield engagements.

Weekly Fatalities in Events Involving Israeli or US Forces, February 28 to September 11, 2026 (conflict-event data)





THE EAST-WEST PIPELINE SHUTDOWN AND THE CUTOFF TO EUROPE

Saudi Arabia's East-West pipeline, a 1,200-kilometer line with capacity of up to 7 million barrels a day that lets the kingdom move crude from Gulf fields and ports to its Red Sea coast without transiting the Strait of Hormuz, was shut after the drone attack described above damaged at least two, and by some accounts three, of its pumping stations. Early estimates put the repair window at three to five weeks, though Saudi officials said this week that roughly half the line's capacity could be restored within days if no further strikes occur.

Saudi Aramco informed European refiners they will receive no contracted Saudi crude at all next month, applying the cut to every European customer on long-term term contracts, a category that normally delivers around 577,000 barrels a day to Europe. It is the first time in memory the world's largest crude exporter has gone a full month without supplying its European term customers.

Crude loadings at the Red Sea port of Yanbu were suspended entirely after the pipeline shut-down left the terminal without feedstock, and the YASREF refinery at the same port was separately reported struck. Aramco has begun offering additional cargoes to Asian refiners through ship-to-ship transfers off Oman's Sohar port as a workaround, and is simultaneously shopping for diesel cargoes in the Mediterranean and gasoline in Europe to cover its own domestic shortfall, an unusual position for a major exporter to be in.

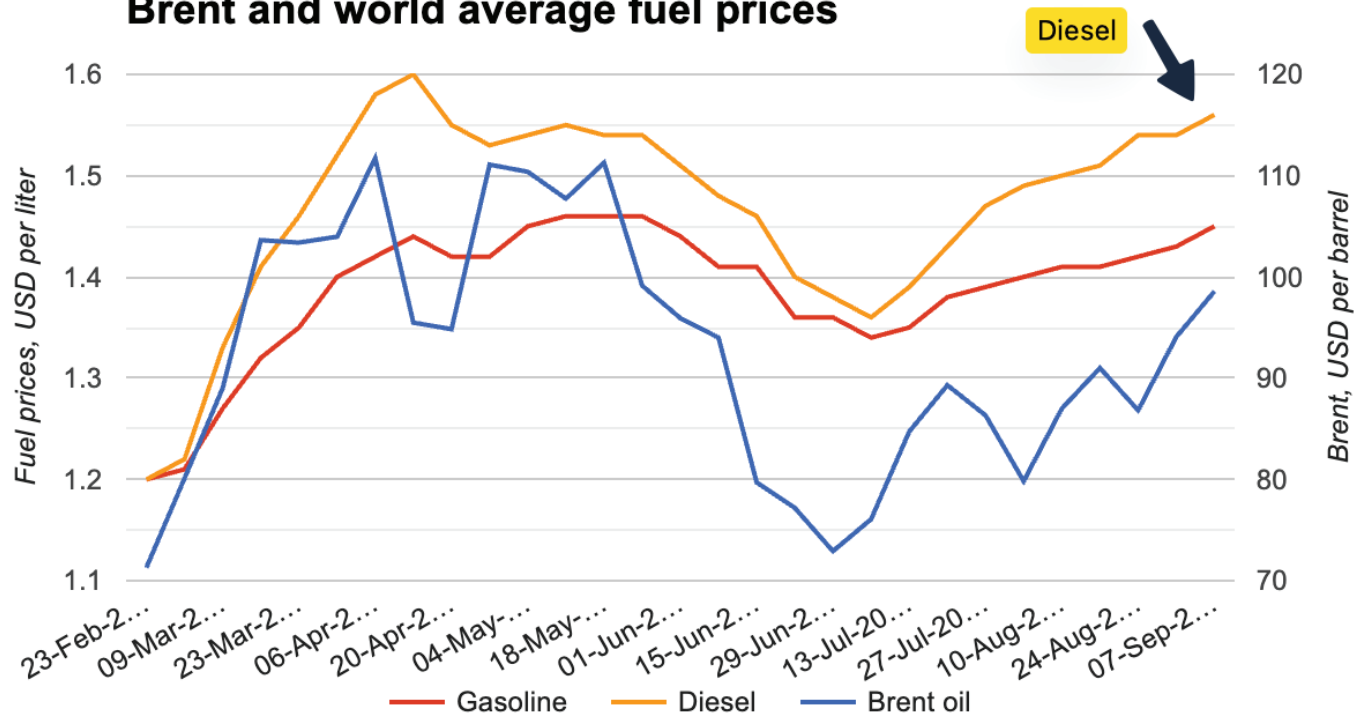
Having secured the Red Sea coast, Ansar Allah is now reported to be turning toward Yemen's oil-rich eastern governorates, territory currently held by the Saudi-backed government and a patchwork of other armed factions. Marib and Shabwa hold the bulk of Yemen's own modest oil and gas production; a move on either would mark a further, distinct escalation beyond the coastal and shipping war described above, this time threatening Yemen's own energy infrastructure rather than Saudi Arabia's.

TWO CHOKEPOINTS AT ONCE

Saudi Arabia's two main maritime export options are now both constrained simultaneously. Preliminary shipping-tracking data showed Hormuz transits falling into the single digits on multiple days this week, down from the low double digits the week before, while Ansar Allah's consolidation of Yemen's Red Sea coast and the Bab al-Mandeb Strait, detailed above, has curtailed the alternate southern route at the same time. That combination, a Gulf producer unable to rely on either its northern or its southern export corridor, has no recent precedent and is the principal driver behind this week's oil-price volatility. There is a partial counter-signal inside the Hormuz numbers: LNG tankers are reportedly beginning to return to the strait even as overall transits remain weak, with four commodity vessels crossing on Thursday, down from six the day before and still far below the roughly ten-a-day average seen before the war. A gradual return of gas carriers specifically, if sustained, would suggest at least a partial and selective easing of risk perceptions among shippers, distinct from a broader normalization of traffic.



Brent and world average fuel prices



Global Petrol Prices

A GLOBAL DIESEL CRISIS, NOT JUST A CRUDE STORY

Diesel and heating oil together account for roughly 30 percent of global oil consumption, around 29 million barrels a day, and diesel supply has tightened far more sharply than crude itself this year. Diesel exports from the Middle East fell more than 50 percent between March and August as refineries were damaged or lost feedstock access. Russia's own diesel-refining capacity has been separately crippled by a sustained Ukrainian drone campaign and by Moscow's own July export ban; by September, half of Russia's six largest diesel-producing refineries had either sharply cut output or shut down. Combined, diesel exports from Russia and the Gulf have fallen by roughly two-thirds from last year's levels. European diesel futures reached a record equivalent of about 210 dollars a barrel this week, and US retail diesel prices passed 6 dollars a gallon for the first time, with one estimate putting the price as high as 6.40 dollars a gallon. US refiners have pushed diesel output to its highest seasonal level since 2018 to compensate, but US diesel inventories are at their lowest level for this time of year since at least 1982, leaving little cushion heading into the northern hemisphere's winter heating season.

Germany announced it will cut petrol and diesel taxes by 0.17 euros a liter from October 1 through the end of the year, a direct fiscal response to oil prices near 100 dollars a barrel; the move will cost Berlin an estimated 2.5 to 2.9 billion euros in lost revenue. More broadly,

the combined Gulf and Hormuz disruption is now being described as pushing Europe toward the edge of a fresh inflationary crisis, with the effect no longer confined to the Middle East: container and bulk shipping costs have risen on trade routes thousands of miles from the Gulf as vessels reroute and insurance costs climb, a global knock-on effect from a regional chokepoint crisis.

WHAT THE WAR HAS COST SO FAR

Estimates of the war's direct and indirect costs continued to accumulate this week. US government budget estimates put the total cost of the war with Iran at roughly 38 billion dollars, rising by about 3 billion dollars a month. Separate estimates put the additional fuel cost to American consumers since the war began at 100 to 107 billion dollars, and the European Commission's president said the European Union has spent an additional 90 billion euros on energy as a direct result of the conflict. Container shipping rates from China to the US East Coast have more than quadrupled since the war began in late February and are approaching the record set in January 2022. In a single engagement defending a US base in Jordan from an Iranian missile salvo of roughly 20 missiles, US forces expended between 60 and 80 Patriot and THAAD interceptors at a cost of roughly half a billion dollars, illustrating the arithmetic behind reports that both US and allied interceptor stockpiles are running low. A more precise Pentagon breakdown given to Congress this week put the war's total cost at 43.6 billion dollars through September 3, with munitions alone accounting for 28.1 billion dollars of that figure, an update on the roughly 38 billion dollar estimate cited earlier in the week and a sign of how quickly the accounting is still moving. That shortage is now reshaping Gulf defense spending. Gulf states have announced or approved more than 5 billion dollars in new anti-drone and air-defense contracts since the war began, spread across American, German and Australian suppliers, with Ukrainian companies also entering the market on the strength of systems developed during the war with Russia. One security analyst who advises a Gulf government described the current pace of contracting as probably the largest defense spending spree in Gulf history.



WASHINGTON WARNS ALLIES OF YEARS-LONG WEAPONS DELAYS

The United States has told allies including Germany, Japan and several Eastern European governments to expect delivery delays of up to five years on already-purchased weapons, including Patriot interceptors and Tomahawk cruise missiles, after the parallel Iran and Ukraine wars depleted American stockpiles faster than production can replace them. Ukraine was named among the governments affected. The warning is the clearest sign yet that the interceptor shortages described above, which have already strained Saudi Arabia's own air defenses, extend across the entire US-supplied alliance system rather than being confined to the Gulf.

MARKETS: OIL RETREATS LATE IN THE WEEK, METALS AND YIELDS CLIMB

Brent and WTI both rose through the middle of the week on the pipeline and Hormuz news before easing on September 18, a pattern consistent with a market weighing a genuine supply constraint against profit-taking after a sharp run-up.

Date	WTI (\$/bbl)	Brent (\$/bbl)	Henry Hub (\$/mmBtu)	Gasoline (\$/gal)	Heating Oil (\$/gal)	Brent-WTI Spread
Sep 11	100.05	104.61	2.83	3.12	4.77	4.56
Sep 14	102.85	107.36	2.90	3.16	4.77	4.51
Sep 15	104.62	107.97	2.91	3.23	4.99	3.35
Sep 16	101.94	105.19	2.90	3.20	4.97	3.25
Sep 17	101.09	103.72	2.92	3.22	4.84	2.63
Sep 18	96.78	98.81	2.89	3.19	4.90	2.03

Gold extended its advance through the week, closing above 4,400 dollars an ounce, while the 10-year US Treasury yield held close to 5 percent, consistent with markets pricing persistently higher energy-driven inflation. A European Central Bank policymaker said this week that rising energy prices are the main driv-

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Date	Gold (\$/oz)	Silver (\$/oz)	Platinum (\$/oz)	Palladium (\$/oz)	Copper (\$/lb)	10-Year Treasury Yield
Sep 14	4,339.0	63.91	1,776.4	1,302.5	6.39	4.94%
Sep 15	4,330.2	63.82	1,774.6	1,302.5	6.44	4.99%
Sep 16	4,393.7	65.11	1,792.9	1,317.5	6.52	4.96%
Sep 17	4,405.8	66.36	1,797.2	1,301.0	6.66	4.95%
Sep 18	4,407.4	67.13	1,804.5	1,331.0	6.66	4.98%

Table 2. Precious and industrial metals, and the US 10-year Treasury yield, September 14-18, 2026.

er of market bets on further rate hikes, while cautioning that policy decisions will weigh a wider set of data; the ECB raised its own policy rate twice this year, most recently this month, to 2.50 percent. The US Federal Reserve also raised rates this week, citing a desire for a timelier decline in inflation.

EGYPT: A SMALLER BUT CONCRETE INDUSTRIAL DATA POINT

Away from the war economy, a Chinese battery maker agreed to license its battery-pack technology to an Egyptian firm, Battery Manufacturing in Egypt, and will supply production equipment and training to help it build a local manufacturing base. The deal is the Chinese company's first such technology-licensing arrangement for battery packs and reflects a broader shift by Chinese battery makers toward local manufacturing partnerships as they diversify away from markets facing trade

barriers. It is a modest data point next to the week's oil and diesel disruptions, but a genuine one, and a sign Egypt is positioning itself in battery and energy-storage supply chains even as the region's conventional energy infrastructure absorbs damage elsewhere.

YEMEN: RENEWED DISPLACEMENT ON A LARGE SCALE

The UN's migration agency said at least 112,000 people were displaced inside Yemen over the preceding two weeks as fighting spread along the western coast, with nearly 3,000 more fleeing by sea to Djibouti. Civilian casualties were reported on both sides of the renewed campaign: Houthi-aligned media reported three children killed in shelling of a village in Taiz province attributed to Saudi-backed forces, while Saudi state media documented civilian injuries and building damage from Ansar Allah strikes on Khamis Mushait, Abha and Taif. Neither toll has been independently reconciled, and both should be read as each side's own accounting.

GAZA: CASUALTIES CONTINUING UNDER A FORMALLY ACTIVE CEASEFIRE

As detailed above, Gaza's health ministry recorded 1,369 people killed and 4,627 wounded since the October 2025 ceasefire took effect, on top of a cumulative toll since October 2023 that now exceeds 73,700 killed and 174,000 wounded. The Gaza City building collapse this week killed at least 20 people, most of them children, and cut water access for roughly 200,000 people in Khan Younis. A UN fact-finding mission separately found reasonable grounds to believe rape and sexual violence occurred during the October 7, 2023 attacks on Israel, including clear and convincing information that hostages were subjected to sexual violence and torture. The treatment of Palestinian detainees drew fresh attention this week after a pregnant Palestinian woman gave birth while in Israeli administrative detention, having spent more than six months held without charge. She and her newborn were released and transferred to a Ramallah hospital the following day. Advocacy groups said she had been denied adequate prenatal care throughout her detention, and raised similar concerns for two other pregnant Palestinian women still in custody. A Palestinian prisoners' advocacy group put the number of Palestinian women currently held in Israeli prisons at 90, out of a total Palestinian prisoner population of roughly 9,350, and said female detainees have faced a rising pattern of raids, solitary confinement and confiscation of belongings since the start of the year.



IRAN: A WAR-CRIMES FINDING AND A DEEPENING REFUGEE REVERSAL

A UN fact-finding mission said there are reasonable grounds to believe US forces were responsible for war crimes in Iran, citing a strike on a school in Minab that killed approximately 120 children among a reported total of more than 150 dead, and a similar finding regarding a separate strike in Lamerd. A separate Pentagon internal review, reported this week, found that flawed intelligence, outdated imagery and an over-reliance on automated targeting tools contributed to the strike on the Minab school. The review does not use the term war crime and has not been made public in full, but it is the first acknowledgment from within the US military that process failures, not just a mistaken but reasonable targeting judgment, contributed to the strike the UN mission cited above. Iran's own economic strain is now driving a reversal of a decade-long migration pattern: thousands of Afghan residents are returning to Afghanistan as war, inflation running near 90 percent, and food-price inflation near 130 percent erode jobs and savings inside Iran. Surveys of returnees found only 29 percent had any savings left, with average incomes down nearly a third from

pre-crisis levels. More than 2 million Afghans have left Iran over the past two years; while many were deported or pressured to leave, a growing share, including more women and entire families, are said to now be leaving voluntarily because conditions inside Iran have deteriorated.

SYRIA: ACCOUNTABILITY MOVES FORWARD, ONE CASE AT A TIME

A US federal court sentenced Samir Ousman al-Sheikh, who ran the Adra prison's underground Wing 13 outside Damascus from 2005 to 2008, to 60 years in prison for torture, the most significant sentence handed down anywhere against a former Assad-era official present in person at trial. Witnesses described prisoners suspended by their wrists, beaten with cables, and strapped to a hinged wooden device known as the flying carpet. Separately, a British broadcaster's investigation concluded that journalist Austin Tice's 2012 disappearance near Damascus was a deliberate operation planned for more than a month and personally approved by Bashar al-Assad, carried out after Tice's own driver, who had been secretly informing on him, handed him over to a pro-Assad militia; Tice's remains have never been found, and his fate remains formally unresolved. Both findings sit alongside an official Syrian commission of inquiry's tally of at least 1,426 people killed in last year's sectarian massacres on Syria's coast, the same coastal region a newly charged smuggling and training network was allegedly planning to attack from bases in Lebanon.

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