

SITUATION OVERVIEW

Ceasefire Extension Slows Escalation, But Hormuz Is Becoming More Violent

The regional picture remains tense despite the ceasefire extension. Washington has delayed immediate strikes and left space for talks, but it has kept the blockade in place, preserving pressure on Tehran rather than easing it. Iran still has not formally confirmed participation in Pakistan-mediated negotiations, leaving diplomacy active but uncertain. At sea, however, the situation is worsening: Iranian forces reportedly fired on three commercial vessels in the Strait of Hormuz and said they seized two cargo ships, underscoring that maritime risk is moving beyond disruption into more direct coercion. That shift matters because it suggests the ceasefire is containing some military escalation while failing to restore navigational confidence. Across the wider region, GCC readiness remains high, Lebanon's truce is fragile, and operational uncertainty continues to spread through shipping, aviation, and trade.

COUNTRY KEY DEVELOPMENTS

Iran

- Tehran still has not formally confirmed participation in Pakistan talks.

Israel

- Hezbollah launched a hostile aircraft toward Israeli forces in Lebanon.

United Arab Emirates

- UAE and Kenya discussed maritime security and regional economic risks.

Saudi Arabia

- Saudi trade flows remain smooth as logistics bottlenecks are addressed.

Kuwait

- Kuwait is pairing tighter controls with supply-chain and banking safeguards.

Qatar

- Airline partners are resuming flights to Hamad, but selectively.

Oman

- Oman's aviation sector is already showing war-related passenger strain.

Iraq

- Iraq is considering Aqaba pipeline options to reduce Hormuz dependence.

Lebanon

- Beirut will seek a one-month ceasefire extension in Washington.

Türkiye

- Saudi-Türkiye rail link planning reflects wider corridor diversification logic.

Yemen

- Bab el-Mandeb miscalculation risk is rising even without a full Red Sea closure.

Egypt

- Egypt is targeting growth while pushing industrial localisation and resilience.

Syria

- Qatar and Syria reviewed regional developments and diplomatic coordination.

RISK INDICATORS

Security Risk: Ceasefire extension lowers immediate strike risk, but escalation channels remain open. Spoofing, fake clearances, and low-reliability reporting continue complicating decisions.

SEVERE

Aviation Risk: Jet-fuel scarcity and cost shock still outweigh selective route recovery. Route resumption remains selective, but cost pressure is still intensifying.

HIGH

Maritime Risk: Hormuz remains dangerous, with live harassment, gunfire, and deception risks. Commercial transit remains exposed to force, fraud, and navigational disruption.

SEVERE

Energy Risk: Disrupted flows and tightening fuel markets continue to support higher prices. Supply strain is persisting longer than diplomacy is improving. Blocked corridors and force majeure risk are keeping markets tense.

HIGH

OPERATIONAL IMPACT

Aviation

- Lufthansa is cutting 20,000 summer flights to manage jet-fuel pressure.
- United says fares may rise as fuel costs keep climbing.
- Riyadh Air expansion still shows Gulf carriers are planning through volatility.
- Oman is already seeing passenger declines as regional disruption weighs.

Logistics & Supply Chain

- DP World says multimodal corridors are gaining ground as routes reconfigure.
- The US is cushioning the near-term shock through stronger consumer tax-refund support, not cheaper energy.
- UK officials warn supply-chain dependencies can be exploited in crises.
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Maritime

- Iran said it seized two cargo ships in Hormuz after three vessels were fired on.
- UKMTO reporting shows Hormuz remains dangerous despite the ceasefire extension.
- Western Indian Ocean piracy risk is reappearing.
- GNSS interference and fake clearance offers are adding new voyage risks.

Energy Markets

- Kuwait's force majeure is raising buyer exposure beyond price alone.
- Canadian producers expect windfall profits, but not major reinvestment.
- Europe and the UK are now looking harder at US jet-fuel supply and reserves.
- Brazilian crude and fuel oil are gaining strategic value as Gulf flows tighten.

OUTLOOK (NEXT 72–96 HOURS)

The most likely near-term path remains a pressured holding pattern rather than a breakthrough. The ceasefire extension has bought time, but not clarity, and the combination of continued blockade pressure, uncertain Pakistan talks, and more aggressive Iranian maritime behaviour suggests the next phase will be defined by coercion rather than confidence-building. The key risk is that Hormuz may remain nominally under ceasefire conditions while becoming operationally more dangerous, with increased firing incidents, harassment, and possible further seizures of commercial vessels. That would deepen the gap between political messaging and commercial reality, keeping insurers, shipowners, and cargo interests on a defensive footing. Across the region, the likelier scenario is continued instability: persistent GCC readiness, a fragile Lebanon truce, live Yemen and Bab el-Mandeb escalation pathways, and wider spillovers through fuel stress, spoofing, scams, and western Indian Ocean insecurity. Even if talks do begin within days, implementation would remain uncertain. The result is delay without resolution: enough diplomacy to hold off immediate war expansion, but not enough confidence to restore normal trade conditions.

ADVISORY NOTE

Businesses should plan for a region that remains partly open, but significantly less reliable in practice. The main issue is no longer simply whether routes are technically available, but whether cargo, crews, payments, and communications can still move predictably and safely amid rising coercion at sea. Particular caution is now warranted around Hormuz transits, where reported gunfire and vessel seizures suggest that maritime pressure is becoming more direct. Priority actions should include keeping route alternatives active, increasing buffers for fuel, freight, and delay costs, reviewing detention and force majeure exposure, and tightening voyage, cargo, ownership, and payment verification. Businesses should also account for spoofing, fraudulent "safe passage" offers, and navigation interference, all of which can distort operational decisions even without a major new strike. For now, the prudent posture is continuity with safeguards: keep essential activity moving where necessary, but assume elevated friction, weak confidence, and sudden reversals remain more likely than a clean return to normal conditions.