

SITUATION OVERVIEW

Iran Halts US Talks as Lebanon Escalation Threatens Ceasefire

The regional ceasefire entered Day 55 under severe strain after Iran reportedly halted message exchanges with the US through mediators and warned the ceasefire could collapse if Israeli attacks on Lebanon continue. US forces intercepted two Iranian ballistic missiles targeting American forces in Kuwait, while CENTCOM conducted self-defence strikes on Iranian radar sites and Iran accused Washington of violating the ceasefire. Tehran says the ceasefire with the US applies to all fronts, including Lebanon, making Israel's expanding campaign a direct obstacle to diplomacy. Netanyahu ordered strikes on Beirut's southern suburbs, while Israel moved to establish a military-controlled zone around the Litani River. UKMTO also reported an incident east of Iraq's Umm Qasr, adding to maritime concerns. Oil prices jumped as Iran suspended talks, increasing pressure on fuel security and exposed businesses.

COUNTRY KEY DEVELOPMENTS

Iran

- Iran reportedly halted US mediator messages over Lebanon strikes as ceasefire covers all fronts.

Israel

- Israel captured Beaufort Castle and expanded ground operations deeper into southern Lebanon.

United Arab Emirates

- UAE strongly condemned Iranian missile and drone attacks targeting Kuwait.

Saudi Arabia

- Saudi Arabia remains exposed to Gulf security risks and fuel-market volatility.

Kuwait

- US forces intercepted two Iranian ballistic missiles targeting American forces in Kuwait.

Qatar

- Qatar remains exposed to Gulf escalation and Hormuz-linked LNG market uncertainty.

Oman

- Oman remains central to Hormuz safety and maritime de-escalation discussions.

Iraq

- Iraq remains exposed to Iranian military activity and wider US regional positioning.

Lebanon

- Lebanon escalation is now directly affecting US-Iran diplomacy as Israel expands around the Litani.

Türkiye

- Türkiye remains focused on defence and drone cooperation amid regional instability.

Yemen

- Yemen remains vulnerable as fuel and fertiliser shocks pressure fragile economies.

Egypt

- Egypt remains exposed to weaker jobs, remittances and conflict-linked economic pressure.

Syria

- Turkish-Azerbaijani gas supplies are expected to support recovery and regional stability.

RISK INDICATORS

Security Risk: Iran's halt to US message exchanges, Kuwait missile activity and Lebanon escalation raise multi-front spillover risk.

SEVERE

Aviation Risk: Gulf missile activity, Beirut strikes and Lebanon airspace uncertainty sustain rerouting and operational disruption risks.

HIGH

Maritime Risk: UKMTO's Umm Qasr incident, Hormuz uncertainty and blockade enforcement keep shipping and port-access risks elevated.

SEVERE

Energy Risk: Oil prices rose as US-Iran strikes resumed, while fuel-security pressures remain exposed to further disruption.

HIGH

OPERATIONAL IMPACT

Aviation

- Gulf airspace confidence weakened after Iranian missiles targeted US forces in Kuwait.
- Muscat airport passenger traffic fell as regional aviation disruption affected demand.
- Beirut strikes and Lebanon escalation increase uncertainty across Levant air corridors.
- Qatar Airways Cargo's 2025/26 freight volume shows resilience in regional air logistics.

Logistics & Supply Chain

- Lebanon escalation may disrupt Eastern Mediterranean logistics, warehousing and trade routes.
- Regional aviation disruption is affecting passenger demand, cargo planning and scheduling.

Maritime

- Regional missile activity reinforces war-risk exposure for Gulf-linked vessel movements.
- Hormuz transit confidence remains constrained by blockade enforcement and security uncertainty.
- Port access and routing decisions should remain subject to sanctions and insurer review.
- Shipping operators should preserve phased recovery plans rather than assume normalisation.

Energy Markets

- Oil prices rose as renewed US-Iran exchanges heightened supply-disruption concerns.
- Brent traded near \$93.89, while WTI rose to around \$90.19 per barrel.
- Fuel-security risks remain elevated if Gulf and Hormuz flows face renewed disruption.
- Türkiye-Azerbaijan gas supply to Syria supports longer-term regional energy stabilisation.

OUTLOOK (NEXT 72–96 HOURS)

The next 72–96 hours will test whether the ceasefire framework can withstand simultaneous pressure from Lebanon, Kuwait and the wider Gulf maritime environment. Iran's reported decision to halt message exchanges with Washington through mediators, combined with its warning that the ceasefire could collapse if Israeli attacks on Lebanon continue, indicates that the Lebanon front is now directly tied to the US-Iran negotiation track. Further Israeli strikes around Beirut, the Litani River, Beaufort Castle or Hezbollah-held areas could therefore delay or derail talks. At the same time, the interception of Iranian ballistic missiles targeting US forces in Kuwait, followed by US self-defence strikes on Iranian radar sites, shows the Gulf front remains active and capable of rapid escalation. Maritime risk will remain elevated due to continuing Hormuz uncertainty, blockade enforcement and the reported UKMTO incident east of Umm Qasr. Oil prices are likely to remain sensitive to any further strike, diplomatic breakdown or shipping disruption. The most likely near-term scenario is intensified diplomacy under worsening military and market pressure, with no clear path to full operational normalisation.

ADVISORY NOTE

Businesses should treat the current environment as a renewed escalation phase rather than a stabilisation period. Companies with exposure to the Gulf, Kuwait, Lebanon, Israel, Iraq, maritime trade or energy markets should maintain contingency plans for simultaneous military, airspace, sanctions, fuel and logistics disruption. Aviation and corporate travel teams should retain flexible routing assumptions across Gulf and Levant corridors, particularly while missile activity, Beirut strikes and Lebanon airspace uncertainty persist. Maritime operators, cargo owners, insurers and banks should continue enhanced checks on Hormuz-linked movements, blockade status, port access, sanctions exposure, war-risk cover and any UKMTO-linked reporting near Iraq's southern approaches. Energy, fertiliser, petrochemical and manufacturing firms should reassess inventory resilience, fuel exposure, feedstock availability and delivery timelines after oil prices rose on renewed US-Iran exchanges. Companies exposed to Lebanon or the Eastern Mediterranean should review staff safety, warehousing, evacuation, insurance and reputational risk separately from the US-Iran track. The priority is verified information, compliance discipline, inventory visibility and operational flexibility.