

SITUATION OVERVIEW

Diplomacy Advances as Lebanon Reopens Escalation Risk

The Iran-Israel strike pause continues to hold, shifting the crisis back towards diplomacy, maritime access and regional pressure management. Trump says he may have an idea for an Iran deal within days, while Tehran airport has reopened and Hajj pilgrims have returned to Iran, suggesting some confidence in the pause. However, the wider ceasefire environment remains unstable. Lebanon has re-emerged as the main escalation front after Israeli strikes on Tyre killed eight people and Israel ordered evacuations, including in the city's Christian quarter. The UN Secretary-General said he was deeply alarmed by renewed violence in the Middle East, underscoring the risk that localised strikes could weaken the broader diplomatic track. Maritime conditions are improving but remain exposed, with the US energy secretary saying Hormuz traffic is rising meaningfully, while a US helicopter incident near the strait highlights continued military risk. The crisis is therefore moving from active exchange to fragile political management.

COUNTRY KEY DEVELOPMENTS

Iran

- Iran and Israel continue to signal a strike pause as US-Iran talks progress.

Israel

- Israeli military gets green signal to bomb Beirut in response to any rocket fire from Lebanon.

United Arab Emirates

- IMF warns Nigeria of risks in US\$5B swap deal with UAE lender.

Saudi Arabia

- Türkiye and Saudi Arabia signed railway and transport cooperation agreements.

Kuwait

- Kuwait restricts domestic worker recruitment to 10 countries.

Qatar

- Qatar opens national service enrolment to children of Qatari mothers and Qatar-born residents.

Oman

- US helicopter crash near Hormuz reinforces Oman-linked maritime-security risk.

Iraq

- Iraq presses ahead with oil pipeline to Jordan.

Lebanon

- Pakistan, Lebanon army chiefs meet as Middle East mediation drags on.

Türkiye

- Türkiye opposition crisis deepens as rival CHP leaders hold duelling meetings.

Yemen

- Saudi Arabia says Yemen missile fails, lands near border.

Egypt

- Egypt FM discusses regional security with US.

Syria

- Syria launches summer tourism season as recovery gains momentum.

RISK INDICATORS

Security Risk: The strike pause lowers immediate escalation risk, but Lebanon pressure, Iran-Israel threats and Gulf military activity remain destabilising.

SEVERE

Aviation Risk: Iraq and Syria reopenings reduce immediate disruption, but Israeli alerts, Gulf FIR constraints and security reviews keep aviation volatile.

HIGH

Maritime Risk: Hormuz patrol incidents, Houthi Red Sea threats, sanctions exposure and dark-fleet activity keep dual-chokepoint risk elevated.

SEVERE

Energy Risk: Oil prices eased on diplomacy, but petrochemical strikes, LPG sanctions, Hormuz risk and high energy costs sustain volatility.

HIGH

OPERATIONAL IMPACT

Aviation

- Emirates to offer incentives, safety assurances as Iran war hits travel.
- Persistent high jet-fuel prices are expected to push airfares higher, adding cost pressure to long-haul and premium travel.
- Etihad Airways mulls large widebody order amid rising demand.
- Air Cairo to triple fleet amid network expansion.

Logistics & Supply Chain

- Hellmann Worldwide Logistics expands automotive logistics network with new Dubai hub.
- Saudi Arabia awards US\$533M Jubail Port deal as part of broader logistics expansion drive.
- Supply chain woes cost airlines US\$11B in 2025, says IATA chief.
- South Korea-Australia green energy cooperation strengthens LNG, hydrogen and critical-mineral supply-chain resilience.

Maritime

- AD Ports starts trial operations at Egypt's Safaga terminal.
- Four Indian seafarers rescued from abandoned *Azra C* off Türkiye highlight crew-welfare, ownership and port-state risk.
- US and EU maritime enforcement expands from Hormuz to the Mediterranean, raising shadow-fleet inspection and sanctions risk.

Energy Markets

- UAE's Alcazar Energy signs agreements for Egypt's 580MW wind farm.
- ADNOC issued further crude tenders, using Fujairah and STS options to sustain exports despite Hormuz disruption.
- Kuwait's first crude offers to Asian buyers since the war signal partial recovery in Hormuz flows, despite dark-transit risk.

OUTLOOK (NEXT 72–96 HOURS)

The next 72–96 hours will determine whether the Iran-Israel pause becomes a durable diplomatic opening or another temporary interval before renewed escalation. Trump's claim that he may have an Iran deal idea within days suggests Washington is pushing to convert the halt in strikes into a political process, while Tehran airport's reopening points to cautious operational normalisation inside Iran. However, Lebanon now poses the clearest spoiler risk. Israeli strikes on Tyre, evacuation orders and Hezbollah-linked tensions could create pressure for retaliatory action, pulling the wider Iran-Israel track back into confrontation. Hormuz traffic appears to be rising, which may ease immediate energy and shipping pressure, but the waterway remains militarised and vulnerable to enforcement incidents, sanctions exposure and insurance disruption. Yemen also remains active after Israel intercepted a suspected aerial target from that direction. The most likely scenario is fragile diplomatic progress, selective security shocks and uneven operational recovery across aviation, shipping, energy and logistics.

ADVISORY NOTE

Businesses should treat the current environment as a fragile de-escalation phase, not a full return to stability. Companies with exposure to Israel, Lebanon, Iran, Iraq, Syria, Jordan, the Gulf, Hormuz, Red Sea shipping, aviation, energy or logistics markets should keep contingency plans active. Travel and aviation teams should continue monitoring Israeli alerts, Lebanese evacuation warnings, Syrian and Iraqi airspace status, Tehran airport operations, Gulf FIR restrictions, airline schedules and official travel advisories. Maritime operators, insurers, banks and cargo owners should reassess exposure to Hormuz and Bab al-Mandeb, including vessel ownership, sanctioned tankers, war-risk cover, dark transits, port access, cargo documentation and payment channels. Energy and procurement teams should not assume lower oil prices mean reduced risk, as Hormuz remains militarised and Lebanon or Yemen incidents could quickly reverse market sentiment. Communications teams should avoid sharing conflict-related footage, facility damage, vessel movements or sensitive operational information online.