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R&R Weekly Column
By Brunello Rosa

The "Ceasefire Is Over" – What's Next For The War In Iran?

As we predicted in our previous column, the war in Iran is about to re-start, on the premise of the mis-understanding between the two parties. Article 5 of the Islamabad Agreement states that "*Upon the signing of this MoU, the Islamic Republic of Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days only from the Persian Gulf to the Sea of Oman and vice versa*. […] *The Islamic Republic of Iran will conduct dialogue with the Sultanate of Oman to define the future administration and maritime services in the Strait of Hormuz in discussion with other Persian Gulf littoral states in line with the applicable international law and the sovereign rights of coastal states of the Strait of Hormuz."*

So, as we discussed last week, the attacks by Iran on commercial vessels following routes not agreed upon with the Islamic Republic were considered in Tehran to be an "implementation" of Article 5. Conversely, the US considers them to be a violation of the Islamabad Agreement. As a result, the US has re-started its campaign of raids against Iranian military facilities, when the funeral of the former Supreme Leader was still occurring; and Trump said that the "ceasefire is over", as the Iranians leaders are "scum" and "sick."

It's possible that Trump finally realised how bad the Agreement was. All independent commentators found that the concessions made to Iran were vastly superior to those made by the Islamic Republic to the US. Even MAGA supporters like Oren Cass realised that "the war was lost", both militarily and diplomatically; he suggested the US admit defeat, cut its losses and go home. It is also possible that Trump never intended to respect the deal, as he generally does not keep his word in such matters. Even during his activity as a construction mogul, there are countless examples of how he tore apart contracts that had just been signed, refusing to pay his suppliers, or deliver what promised to his clients. So, nothing new from this side.

From the side of Iran, it is obvious that they have an additional reason not to trust anything that Trump says, promises or signs. The US has repeatedly bombed the Iranians *while* engaging in negotiations. It did so on 28 February 2026 (when the war formally began), then again several times before the ceasefire was agreed to, and now during the ceasefire. Thus, while negotiations formally continue, with a new round set to start in coming days, it is obvious that the level of distrust between the two sides is at its highest level, and whatever may be agreed upon may not withstand the test of time.

Additionally, the Iranians – during the funeral of Ali Khamenei, killed by the airstrikes of 28 February 2026 – have promised to vindicate the killing of the former Supreme Leader. Trump said that he left orders on what to do if he gets killed: namely, carry out devastating bombing campaign. Of course, it's unclear if JD Vance would decide to follow through with that order.

The question is: what is going to happen now? We believe that the two "corner solutions" of this "repeated game" – i.e. the use of a nuclear weapon by the US to destroy what's left of the Iranian resistance, or the grand invasion by the US troops remain unlikely occurrences. Also the idea that the US can leave without having reopened the Strait of Hormuz is now far-fetched, so the plan to "cut the losses and go home" cannot be credibly implemented.

What seems more likely is a prolonged war of attrition between the two sides, with occasional flare-ups between intervals of relative calm, with the Strait being intermittently opened and closed. This condition may last for years, until some new fact emerges, such as the election of a different leadership on either side, economic collapses, unsustainably high inflation, etc. This is a far worse outcome for business confidence, and therefore for equity valuations, than a decisive end to the conflict would be. Ironically, Trump may have entered one of the "forever wars" of the Bush era, which he solemnly declared to want to bring an end to during his campaign trails*."*

Our Recent Publications

- *Kevin Warsh and His Fed Priorities, by Nato Balavadze, 9 July 2026*
- *Deterrence Without the Bomb? The Iran War and the Future of Proliferation, by Kipp Mann-Benn, 8 July 2026*
- *BoE's Recalibration and the Global Race for Digital-Finance Leadership, by Ridipt Singh, 7 July 2026*
- *Oman's Geopolitical Neutrality Under Pressure in a New Gulf Security Order, by Gulf State Analytics, 6 July 2026*

Looking Ahead

The Week Ahead: Inflation Rate To Increase In US, And Cool Off In EZ And Italy

In the US, in June, core inflation is seen rising by 2.9% y-o-y (*p:* 2.9%). In June, retail sales are likely to increase by 0.3% m-o-m (*p:* 0.9%). In June, IP is seen rising by 0.2% m-o-m (*p:* 0.1%). Michigan Consumer Sentiment is expected to increase to 51 (*p:* 49.5).
In the EZ, in June, headline and core inflation rates are likely to cool off to 2.8% y-o-y (*p:* 3.2%) and 2.4% y-o-y (*p:* 2.6%). Among the largest EZ economies, in June, headline inflation is expected to: *i)* ease off to 3.0% y-o-y (*p:* 3.2%) in Italy.
In the UK, in May, IP is expected to increase by 0.1% m-o-m (*p:* 0.0%).

The Quarter Ahead: General Fusion Goes Public; Hormuz Safe-Passage Talks; SK Hynix Record IPO

General Fusion, the Jeff Bezos-backed fusion energy startup, is set to go public through a SPAC merger that values the company at approximately $1 billion. The transaction could raise up to $335 million, supporting the company's commercialization efforts while making it the first pure-play fusion energy company to list on public markets.
Iranian Foreign Minister Araghchi and his Omani counterpart discussed mechanisms to ensure safe navigation through the Strait of Hormuz during talks in Muscat, signalling continued efforts to reduce maritime tensions. Meanwhile, reports indicate the US is advancing plans with Iraq and Syria to revive a Mediterranean oil pipeline that would bypass the Strait of Hormuz, strengthening alternative regional export routes. At the same time, tensions remain elevated as Israeli strikes continued in southern Lebanon and Iran's Supreme Leader Mojtaba Khamenei vowed retaliation following his father's funeral.
South Korean chipmaker SK Hynix raised a record $26.5 billion in its Nasdaq IPO, surpassing Alibaba's 2014 debut as the largest-ever US listing by a foreign company. The offering, driven by strong AI-related semiconductor demand, was more than seven times oversubscribed, underscoring robust investor appetite despite broader weakness in semiconductor stocks.

Last Week's Review

Real Economy: Headline Inflation Eased Off In Germany And In France; PMIs Rose In US

In the US, in June, according to the final estimates, S&P Global Services and Composite PMIs rose to 51.2 (*c:* 51.4; *p:* 50.7) and 51.9 (*c:* 52.2; *p:* 51.5).
In the EZ, in May, retail sales advanced by 0.2% m-o-m (*c:* 0.3%; *p:* -0.4%) and 1.6% y-o-y (*c:* 1.6%; *p:* 0.9%). Among the largest EZ economies, in June, headline inflation rate: *i)* eased off to 2.3% y-o-y (*c:* 2.3%; *p:* 2.6%) in Germany; *ii)* cooled off to 1.8% y-o-y (*c:* 1.8%; *p:* 2.4%) in France.

Financial Markets: Stocks and Yields Increased; Dollar Declined; Oil Prices Fell, While Gold Prices Rose

Market Drivers: US stocks ended the week mixed. A late rally in semiconductor and AI shares lifted the Nasdaq and S&P 500, offsetting earlier losses triggered by rising oil prices and renewed US-Iran hostilities. US Treasuries declined as higher oil prices and hawkish Fed minutes pushed yields higher across most maturities. The STOXX Europe 600 fell 1.79% as renewed US-Iran tensions and rising oil prices fueled concerns over inflation and strengthened expectations of further ECB tightening.
Global Equities: increased *w-o-w* (MSCI ACWI, +0.2%, to 1,126.54). The US S&P 500 index increased (+3.0% w-o-w, to 7,354.02). In the EZ, share prices were down (Eurostoxx 50, -2.3% w-o-w, to 6,267.56) In EMs, equity declined (MSCI EMs, -1.8%, to 1,690.70). Volatility fell to 17.50 (VIX S&P 500, 52w avg.: 19.4; 10y avg.: 19.9).
Fixed Income: *w-o-*w, the 10-year US Treasury yields were up (+7 bps to 4.56%). The 2-year US Treasury yields rose (+8 bps to 4.21%). The German 10-year bund yields edged up (+10 bps to 3.03%).
FX: *w-o-w,* the US Dollar Index rose (DXY, +0.1%, to 100.95; EUR/USD -0.2%, to 1.14). In EMs, currencies increased (MSCI EM Currency Index, +0.3% w-o-w, to 1,864.65).
Commodities: *w-o-w,* oil prices declined (Brent, +5.4% to 76.0 USD/b). Gold rose declined w-o-w (-1.8% to 4,113.70 USD/Oz).

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Nato Balavadze *contributed to this Viewsletter.*

The picture in the first page was taken from this website.

Abbreviations, Acronyms and Definitions

a	*Actual*	*LN*	*Northern League, Italy*
AKP	*Justice and Development Party, Turkey*	*M5S*	*Five Star Movement, Italy*
ann.	*annualized*	*m-o-m*	*Month-on-month*
ARS	*Argentinian Peso*	*mb*	*Million barrels*
avg.	*Average*	*mb/d*	*Million barrels per day*
bn	*Billion*	*MENA*	*Middle East and North Africa*
BoC	*Bank of Canada*	*MHP*	*Nationalist Movement Party, Turkey*
BoE	*Bank of England*	*mn*	*Million*
BoJ	*Bank of Japan*	*MPC*	*Monetary Policy Committee*
bpd	*Barrels per day*	*NAFTA*	*North-American Free Trade Agreement*
bps	*Basis points*	*NATO*	*North Atlantic Treaty Organization*
BS	*Balance sheet*	*OECD*	*Organization for Economic Cooperation and Development*
c	*Consensus*	*Opec*	*Organization of Petroleum Exporting Countries*
C/A	*Current account*	*p*	*Previous*
CB	*Central bank*	*P2P*	*Peer-to-peer*
CBB	*Central Bank of Bahrain*	*PBoC*	*People's Bank of China*
CBK	*Central Bank of Kuwait*	*PCE*	*Personal Consumption Expenditures*
CBT	*Central Bank of Turkey*	*PE*	*Price to earnings ratio*
CDU	*Christian Democratic Union, Germany*	*PM*	*Prime minister*
CNY	*Chinese Yuan*	*PMI*	*Purchasing managers' index*
CPI	*Consumer Price Index*	*pps*	*Percentage points*
DJIA	*Dow Jones Industrial Average Index*	*pw*	*Previous week*
DJEM	*Dow Jones Emerging Markets Index*	*QCB*	*Qatar Central Bank*
d-o-d	*Day-on-day*	*QAR*	*Qatari Riyal*
DXY	*US Dollar Index*	*QE*	*Quantitative easing*
EC	*European Commission*	*q-o-q*	*Quarter-on-quarter*
ECB	*European Central Bank*	*RE*	*Real estate*
ECJ	*European Court of Justice*	*RBA*	*Reserve Bank of Australia*
EIA	*US Energy Information Agency*	*RRR*	*Reserve Requirement Ratio*
EM	*Emerging Markets*	*RUB*	*Russian Rouble*
EP	*European Parliament*	*SWF*	*Sovereign Wealth Fund*
EPS	*Earnings per share*	*tn*	*Trillion*
EU	*European Union*	*TRY*	*Turkish Lira*
EUR	*Euro*	*UAE*	*United Arab Emirates*
EZ	*Eurozone*	*UK*	*United Kingdom*
Fed	*US Federal Reserve*	*US*	*United States*
FOMC	*US Federal Open Market Committee*	*USD*	*United States Dollar*
FRB	*US Federal Reserve Board*	*USD/b*	*USD per barrel*
FX	*Foreign exchange*	*UST*	*US Treasury bills/bonds*
FY	*Fiscal Year*	*VAT*	*Value added tax*
GCC	*Gulf Cooperation Council*	*VIX*	*Chicago Board Options Exchange Volatility Index*
GBP	*British pound*	*WTI*	*West Texas Intermediate*
GDP	*Gross domestic product*	*WTO*	*World Trade Organisation*
IMF	*International Monetary Fund*	*w*	*Week*
INR	*Indian Rupee*	*w-o-w*	*Week-on-week*
IPO	*Initial public offering*	*y*	*Year*
IRR	*Iranian Rial*	*y-o-y*	*Year-on-year*
JPY	*Japanese yen*	*y-t-d*	*Year-to-date*
k	*thousand*	*ZAR*	*South African Rand*
KSA	*Kingdom of Saudi Arabia*	*2y; 10y*	*2-year; 10-year*

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