

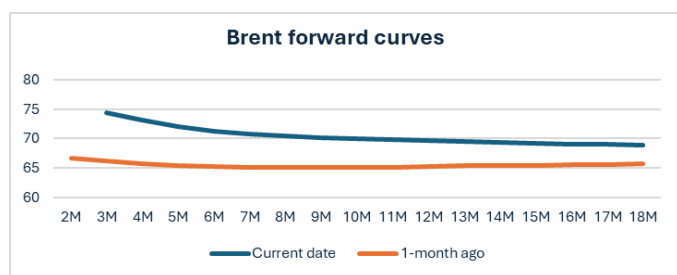
Israeli airstrikes



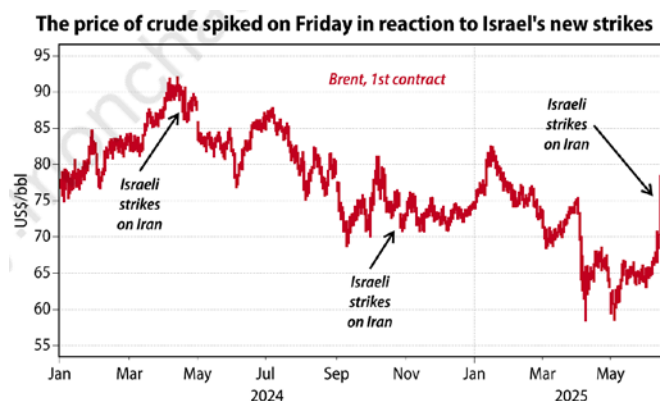
- Last night, Israel launched “Operation Rising Lion”, a series of airstrikes on Iranian nuclear facilities and scientists, believing Iran now has enough enriched uranium for multiple atomic bombs. During one of the attacks, the head of Iran’s Islamic Revolutionary Guard Corps was killed amongst others.
- Israel reported that Iran launched about 100 drones as a response to the Israeli airstrikes, but that Israel’s air defences were able to intercept them outside of Israeli territory.
- This escalation has raised fears of a wider conflict in the Middle East and pushed oil prices higher to around 74 USD, while gold reached 3,436 USD per ounce. In the meantime, the reaction of the US-Dollar as a global safe haven currency was rather muted with the Dollar-Index (DXY) gaining at its intraday top around 0.6% (all numbers calculated between after the airstrike and the time of this publishing, i.e. around 3.30pm).
- The Pentagon declared that it was not informed of Israel’s plans, as the US is trying to avoid compromising its nuclear talks with Iran, which are expected to resume

Sunday in Oman. However, recent press statements by the Iranian government pointed out that it does not believe the US having not known about the plans of the Israeli military forces. It’s still to be seen if this means an end to the US-Iranian negotiations of a nuclear deal. Their pre-emptive character and Israel vowing to execute a longer operation does not hint to a quick de-escalation on both sides.

- With OPEC+ continuing to unwind its voluntary cuts, we expect the oil market to be well supplied. However, we do not yet rule out a further rise in oil prices if Iran retaliates, possibly targeting not only Israeli territory, but also oil tankers, blocking the strategic Strait of Hormuz or other important shipping lines. In addition, following President Trump’s announcement that they “have [reached] a deal with China”, a materialisation of the trade agreement could further support a bullish economic backdrop and keep oil prices supported.
- We believe that our current asset allocation is solid and well positioned and we are not considering any changes at the moment. We will continue to observe the situation carefully.



Source: Bloomberg



Source: Gavekal Research/Macrobond

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