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Are we closer to a Middle East regional ceasefire or a regional war?

The way in which the different parties have behaved recently suggests that nominally, we're closer to a regional ceasefire. However, there are always risks of accidental triggers, and for example we continue to see skirmishes on the Lebanese Israeli border. We also still don't have clarity on what Israel will do with its continued Gaza incursion and we have interruptions to trade around the Strait of Hormuz and Bab Al Mandeb.

Where do Saudi Arabia and the UAE stand amid the escalation in tensions?

On a geostrategic level, the biggest losers from any regional conflict are the Gulf countries. Saudi Arabia and the UAE, with their statement this week calling for de-escalation, are effectively saying to Israel, let's plug this now, and there's lots of money on the table and everybody can coexist. That's the carrot. The stick, partially, is their influence over the US, coupled with the pretty strong statements from the US itself to Israel, regarding not being part of any retaliatory effort towards Iran.

Has the risk of oil supply disruptions changed since last week?

It's actually very large. If Iran and its proxies and allies and partners want to exert considerable pressure on external parties and internal parties in the region, then they can do so through control of the Bab Al Mandeb and Strait of Hormuz. They have very clearly signalled that option to all different parties. The wildcard here is how China would respond, because it wouldn't be happy about that kind of escalation. The lesson from the regional conflict that we've seen thus far, is that it can happen without threats to oil supplies, but that at any point, Iran and its partners could disrupt supply routes, which would then lead to a rocketing of the price at a moment's notice. ■

**Paraphrased Comments*