

LOOKING
for an END
to the

19 March 2026

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Middle East
CONFLICT

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The geopolitical landscape has shifted sharply as the US–Israeli confrontation with Iran drags on. Iran continues to fire drones and missiles across the region, undeterred by US pressure, and the Middle East has now entered a tit-for-tat phase of energy-infrastructure attacks.

The latest escalation was Iran's strike on Qatar's Ras Laffan, the country's main energy hub and the world's largest liquefied natural gas (LNG) export complex, which processes gas from the shared North Field, and is central to global supply. Qatar reports "extensive damage" to several facilities.

Iran's move followed Israel's strike on Iran's South Pars gas field, the world's largest natural gas reserve and the source of roughly 70% of Iran's gas output.

Meanwhile, the Strait of Hormuz, a key route for around one-fifth of both global seaborne oil and LNG, is effectively closed to non-Iranian traffic, while Iranian vessels move freely.

What began as isolated strikes has now broadened into a regional crisis reshaping oil and gas markets, shipping routes, and global risk sentiment. Brent crude has climbed above US\$100, as investors look for clues about whether the conflict will widen or de-escalate.¹

For now, a calm, long-term approach remains sensible. Diversified portfolios are built to withstand geopolitical shocks.

Unintended consequences

Politically, the conflict has hardened rather than weakened Iran. The death of Supreme Leader Ali Khamenei during the early strikes removed a figure nearing the end of his rule. Under calmer circumstances, this might have opened space for internal debate or even a shift toward more pragmatic leadership. Instead, wartime pressures have empowered Iran's most hardline factions. Iran now appears to be consolidating around his son as the successor, who is tied closely to the Republican Guard, possibly reducing the prospect of diplomatic de-escalation.

This political consolidation is supported by a military operating model designed to resist decapitation and coercion. Iran's

strategy of Decentralised Mosaic Defence makes it very hard to force surrender. Power is distributed across dozens of semi-autonomous units in all 31 provinces, each with its own weapons and command structures. These units act independently based on standing orders, which means Tehran does not need to micromanage. This structure allows Iran to sustain pressure on global shipping while quietly maintaining its own export flows. Such flexibility makes forced surrender improbable.

Militarily, the US finds itself in what resembles the naval and air version of Afghanistan and Iraq: it can win every tactical engagement yet cannot eliminate Iran's ability to deliver sporadic, high-impact attacks. Iran does not need victory, only persistence. A drone strike here, a damaged tanker there, a missile landing in the Gulf: each incident raises shipping risks and keeps energy markets on edge.

Timing is everything

Against this tense backdrop, President Trump's decision to postpone his late-March summit in Beijing with President Xi has taken on new significance. Officially the delay is logistical. In reality, the timing appears deliberate, with the potential to shape both the conflict and global energy markets. Trump insists the meeting will still occur, but only in five weeks' time, creating a window of leverage.

Oil markets reveal why timing matters. Dubai crude (the benchmark paid by Asian buyers) has surged to around \$159 per barrel, nearly \$60 above Brent and West Texas Intermediate (WTI).² The disruption is in the Middle East, and Asia is directly exposed, with roughly 11 million barrels per day transit the SoH toward China, India, Japan and South Korea.³ Asia feels the supply shock first, while the Atlantic Basin benchmarks (Brent and WTI) remain cushioned by inventories and distance. The result: oil is far more expensive in Asia than in the US or Europe, giving Washington a geopolitical advantage.

Crude oil prices (\$/pb)



Source: LSEG Datastream / Evelyn Partners as at 19 March 2026

This price gap places intense pressure on China, the world's largest oil importer. Meanwhile the US, now broadly a net energy exporter, is far less exposed. A prolonged Gulf disruption is economically damaging for Beijing and that gives Washington leverage. China is not a passive observer: it is Iran's biggest oil customer, a key financial lifeline and a crucial intelligence partner. The presence of Liawang-1, a Chinese intelligence vessel operating in the Gulf, underscores its deep regional involvement.

A strategic opening

This creates a potential diplomatic pathway. Trump has already linked Iran's willingness to reduce drone attacks to the timing of the summit. By delaying it, he increases economic pressure on China as Asian crude prices climb, nudging Beijing to push

Tehran toward restraint. If China signals to Iran that the current trajectory is unsustainable (and the US reciprocates with a pause in airstrikes) then a compromise could emerge.

Such an outcome would allow each side to claim something. Iran could frame endurance as victory. China would regain stability in Gulf energy flows and relief from punishing crude prices. The US would secure de-escalation without deeper military entanglement. And markets would stabilise as the shock fades and global oil flows normalise.

In the end, the timing of the Beijing summit may prove not just a scheduling decision but a central tool in managing (and potentially ending) the crisis. If the Trump-Xi meeting produces progress, an end to major military strikes in the Gulf could come by late April or early May.

Investment implications

For now, volatility is likely to persist until traffic through the SoH resumes and the attacks on Middle East oil infrastructure stop. However, if the US and China reach an agreement then it could facilitate de-escalation in the Middle East, lowering energy prices and easing geopolitical concerns. Global equities could stage a relief rally under this outcome.

Nevertheless, if the US instead escalates (especially with ground forces) investors should brace for a sharp correction, a renewed oil spike and potentially a global recession.

Although risks remain material, Trump may be able to turn the art of the deal into the art of timing.



Speak to us

Sources

^{1,2} LSEG, Evelyn Partners, 19 March 2026

³ JPMorgan, The wrong price, 17 March 2026

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