



## Newsletter – January/February 2026

I write this newsletter on day four of the Iran war, which started on 28 February with attacks by Israel and the USA. In advance of this action we were prepared very defensively. I think the implications, both politically and economically are going to be much more significant than the 12 day war in June 2025. Consider the following :

1. Iran is twice the size of Afghanistan and twice the population at 90 million.
2. Education in Iran is considered strong in science, mathematics, engineering, and medicine, with high literacy rates (approx. 85-98%)
3. About 15% of world oil and 20% of liquefied natural gas passes through the Strait of Hormuz which Iran has now effectively closed.
4. Warfare has changed with drones and missiles replacing bombers and fighters. Regime change cannot be effected by air power.
5. In response Iran has attacked not only Israel and US bases throughout the region but also the Gulf States. The latter obtain their water from desalination plants which Iran can easily destroy. They also rely on food imports. Approximately 80-90% of the food consumed in Dubai and the wider UAE is imported, via the Strait of Hormuz.
6. The war started with the killing of the religious leader, expecting the population to surrender. Is that not like killing the pope and then expecting the 2 billion christians in the world to then surrender and change religion. More likely is that Israel and the USA have started something over which they now have no control.

Given the 6 points above, derived from a few minutes on AI, the war clearly has the potential to completely change the region, economics and the investment world.

The initial reaction on the first business day 2 March was a rise in the price of oil by 5% and gold by 2%. Stock markets barely moved. The second day saw oil higher by a further 4% and stock markets down by around 2 - 3%.

As the situation in the war develops there is going to be a sudden realisation that things could get worse before they get better. There will be a great deal of wealth destruction. Any bidders now for multi million dollar villas in Dubai?

But it will also create some interesting opportunities.

Best wishes

Tim

3 March 2026