GLOBAL SYSTEMIC RUPTURE:
The Fourth Systemic Crisis - Updated May 2026

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Summary

By Herbert Saurugg

The situation has worsened further, even though it remains manageable. The global systemic breakdown is no longer a prediction but already a bitter reality, even if the consequences are not yet felt everywhere. And that is precisely where the danger lies, because the effects creep in slowly at first, then escalate ever more rapidly and exponentially.[1] Six out of seven cascade vectors (energy, food, industry, finance, conflict, and fiscal policy) are already active simultaneously and reinforce each other in a self-perpetuating cycle. Anyone waiting for a rapid return to normalcy is wasting valuable time. The image of a tsunami, where the waves are not immediately visible, therefore remains highly apt.

The key message

The Hormuz crisis marks a transition to a new systemic reality: higher structural energy prices, disrupted supply chains, and shortages of food, industrial goods, and semiconductors—lasting for months or even years. Even if the strait reopens, a quick recovery is unlikely. The effects will be felt for years to come.

The current baseline scenario (now with a 55% probability) is a protracted stalemate: on the one hand, the consequences are minor enough not to trigger an acute systemic crisis in Europe. On the other hand, they are far-reaching enough to lead to an irreversible global systemic breakdown with far-reaching changes. We are right in the middle of it.

What we can do now

Acceptance - Letting Go - Patience - Cooperation

The sooner and more fully we accept that drastic upheavals are on the horizon—even if they are currently difficult to grasp—the sooner we will be able to take the right steps toward shaping a positive future. This also means that we must let go of previously successful concepts, processes, and the like in order to create space and resources for new approaches, if these are unlikely to add value in the future.[2]

Patience is required during this phase of global upheaval, as a transition period of five to ten years is expected before a new stability can be established.[3] Those who wish to succeed in this process should focus on cooperation, because the complex environment we have created through digitalisation and networking requires an equally high level of complexity on the management side, which can only be achieved through cooperation.

[1] 1 → 2 → 4 → 8 → 16 → 32 → 64 → 128 → 256 → 512 → 1.024 → 2.048 → 4.096 → 8.192 → 16.384 → 32.768 → 65.536 → 131.072 → 262.144 → 524.288 → 1.048.576 …

[2] Vgl. „Exnovation und Innovation: Synergie von Ende und Anfang in Veränderungen“ von Sandra Bils und Gudrun L. Töpfer (www.saurugg.net/exnovation)

[3] Vgl. „Weltordnung im Wandel: Vom Aufstieg und Fall von Nationen“ von Ray Dalio (www.saurugg.net/weltordnung)

For policymakers

- **Increase diplomatic pressure for de-escalation:** Every additional day of war in Iran prolongs the crisis by months. Europe must develop its own diplomatic initiatives without waiting for the U.S. to act.
- **Honest communication instead of reassurance:** The public and the economy need realistic timelines, not empty slogans. The public narrative must shift from "temporary shock" to "structural adjustment."
- **The financial system as a potential accelerant:** If companies come under pressure due to restrictions and disruptions in supply chains, this problem can spread rapidly in a highly interconnected and interdependent economy. In an already weakened economy, this can lead to widespread instability. Liquidity is then no longer guaranteed, and rigid financial rules could exacerbate the problem. This should be prevented through appropriate, forward-looking discussion and coordination.
- **Prioritize energy security at the national and European levels:** The window of opportunity to sufficiently fill gas storage facilities for the coming winter of 2026/27 is slowly closing. European ammonia rationing began as early as the start of May. The resulting shortages in agriculture and industry require swift action. Cooperation should focus primarily on the European level.
- **Secure food supplies:** 70% of U.S. farmers cannot afford inputs for planting in 2026. Already, 9.1 million people in Asia have been newly added to the UN's list of people affected by food insecurity. Import dependencies for fertilizers and food must be diversified, where still possible.

For Businesses

- **Reassess supply chains:** 10 out of 11 global industrial supply chains are currently facing bottlenecks. Companies should—if they have not already done so—identify their critical inputs (energy, fertilizers, industrial gases, semiconductors, as well as other goods that depend on them or originate from Asia) and secure alternative sources.
- **Adjust the planning horizon:** The likelihood that this crisis will last longer than six months is very high. The budget framework and procurement strategies for the years 2026/27 must take this into account. Those who focus solely on headline prices are ignoring the real signal: The physically deliverable Brent price is around $25 above the futures contract.
- **Secure energy costs and AdBlue availability:** European diesel prices have already risen by 27%, and AdBlue prices by 20–25%. Further increases of up to 70% are forecast for the third quarter. Businesses that depend on logistics need buffers and contingency plans. Rising transportation costs will have a negative impact across all sectors.
- **Resilience over efficiency optimization:** Just-in-time structures are dangerous in a multiplicative crisis mode. Inventory, redundant supply routes, and decentralized production capacities offer strategic protection. However, it is already too late for this in many sectors.
- **Adaptability:** Resilience is often equated solely with resistance. In the face of this disruptive global systemic breakdown, this falls far short. What matters now are early warning mechanisms, building buffers (financial, flexibility, resources), and forward-looking planning to better and more quickly respond to and adapt to the expected changes. The likelihood that the old world, as we knew it and wish to return to, will return is low.

For the general public

- **Rethink your priorities:** Starting this summer at the latest, significant restrictions on air travel and price increases are to be expected. Price hikes and supply shortages are also anticipated in other sectors. It is therefore worth thinking now about how to deal with this and what really matters.
- **Treat personal preparedness as the new normal:** Price increases for energy, food, and everyday goods are here to stay or will rise even further. Those who have built up supplies are significantly less vulnerable to short-term shortages and supply disruptions, thereby ensuring greater security for themselves and those around them.
- **Stay informed—but selectively:** Much remains unclear. At the same time, negative news can drag you down even further. Even if the outlook is bleak, confidence is a key prerequisite for shaping a positive future and making the best of what lies ahead. Neither pessimism nor an optimistic denial of reality can achieve this.
- **Strengthening local and regional networks:** In a interconnected crisis, social solidarity, local self-sufficiency, and mutual support are not mere ideals, but the foundation for crisis management. Therefore, try to build or support relevant local and regional networks to make a constructive contribution.

Strategic Considerations

By Velina Tchakarova

On 3 May 2026, three vessels transited the Strait of Hormuz against a pre-war baseline of 120 to 140 per day.[2] The Strait is declared open and functionally closed simultaneously. This contradiction is the system itself. Brent crude peaked at $126 per barrel on 30 April.[3] Exxon's CEO confirmed on 2 May that the market has absorbed none of the real shock yet. Middle East output is down 750,000 bpd and the SPR buffer is expiring.[4] The next move in oil prices is up, not down.

JP Morgan documented global oil inventories draining at 11 to 12 million barrels per day.[5] Macquarie Group warns prices would need to exceed $200/bbl, potentially $370/bbl, to destroy enough demand to rebalance the market.[7] Meanwhile, fertilizer prices are 36% above pre-war levels. A Farm Bureau survey of 5,700 farmers found 70% cannot afford inputs for the 2026 crop.[8] The UN has placed 9.1 million additional people in Asia on acute food insecurity watch.[9] The 2027 harvest failure is being planted, or rather not planted, right now.

I. Simultaneity Index: 6 of 7 Vectors Active

The simultaneity framework identifies seven cascade vectors. As of Day 65, six of seven are active and self-sustaining. The Day 42 multiplicative threshold has been exceeded by 23 days. The system is operating deep inside the regime where countermeasures address symptoms, not causes.

VECTOR	STATUS (DAY 65)	LEVEL	TREND
S1 Energy	Brent $111-126; ~10 mbpd shortfall; SPR expiring; inventories draining 11-12 mbpd; Phase 3 active	CRITICAL	↑
S2 Food	Fertilizer +36%; urea $996/st projected Oct; 70% US farmers cannot afford inputs; N-window closed; 9.1m additional food insecure	CRITICAL	↑
S3 Industry	10/11 chains in shortage; Ras Laffan -17%; SABIC Jubail struck; 150,000+ flights cancelled	CRITICAL	↑
S4 Fiscal	Bangladesh recession; PK/NG/VN/PH fuel emergencies; EM FX at record lows	CRITICAL	↑
S5 Finance	India FPI outflow $19bn Q1; ECB stagflation; EM spreads widening; CIPS record $134bn/day	ACTIVE	↑
S6 Conflict	Iran Day 65 dual blockade; Ukraine Day 1,530; CENTCOM renewed strike briefing; 3 carrier groups	CRITICAL	↑
S7 Water	40+ facilities damaged; Gulf desalination at risk; no confirmed civilizational-scale disruption	ELEVATED	→

Table 1. FACE Intelligence Simultaneity Framework. Updated to Day 65.

II. Theatre Status and Cascade Domains

THEATRE	KEY DEVELOPMENT (3 MAY)	SIGNAL
IRAN / ME	Dual blockade; 3 transits/day; CENTCOM strike briefing; Trump rejects Iran proposal; blockade for "months"	CRITICAL
UKRAINE	Day 1,530; RU net loss 26 sq mi/4 wks; Trump-Putin May 9 pause floated; RU casualties ~1.1m	CRITICAL
US-CHINA	Tariffs ~47.5%; IEEPA struck down; Section 301 probes; US imports from China halved	ELEVATED
EUROPE	Defence EUR 343bn; US troop cut threat; ECB stagflation warning	ELEVATED
INDIA / ASIA	LPG crisis 330m households; $19bn FPI outflow Q1; 150,000+ flights cancelled; factory shutdowns	CRITICAL
GLOBAL SOUTH	Bangladesh recession risk; Phase 3 shortages in PK, VN, NG, PH, NZ; 9.1m additional food insecure	CRITICAL

Table 2. FACE Intelligence Situational Awareness Briefs, 25 and 30 April 2026.

III. Critical Metrics Dashboard

INDICATOR	CURRENT (DAY 65)	STATUS
Brent crude	$111-126/bbl (pre-war: $70)	RED
Hormuz daily transits	3 (baseline: 120-140)	RED
Global inventory drain	11-12 mbpd (Goldman/JPM)	RED

ME output reduction	-750,000 bpd (Exxon)	RED
Oil lost (Vitol est.)	~1bn barrels	RED
Insurance premiums	20x pre-war levels	RED
Mine clearance estimate	6 months minimum (US)	RED
Ras Laffan (Qatar LNG)	Capacity -17%; repair 3-5 years	RED
Fertilizer prices	+36% pre-war; urea $996/st Oct proj.	RED
US farmer affordability	70% cannot afford inputs (n=5,700)	RED
Food insecurity (Asia)	9.1m additional people (UN)	RED
Demand destruction	3.6 mbpd below Feb (Goldman)	RED
US crude exports	12.9 mbpd (record)	AMBER
RU casualties (total)	~1.1m (250k KIA)	RED
OPEC cohesion	Crisis mode; UAE exit signal	RED

Table 3. FACE Intelligence. Compiled from JP Morgan, Goldman Sachs, IEA, Exxon, Farm Bureau, UN, Vitol.

IV. The Schrödinger Phenomenon and Phase 3

The Strait of Hormuz embodies the Schrödinger Phenomenon with perfect precision: two contradictory systemic realities coexisting simultaneously. Three vessels transit per day against a baseline of 120 to 140. Insurance premiums are 20 times pre-war levels. Mines remain uncleared, with the US military estimating six months minimum. The ceasefire, extended indefinitely on 21 April, is a ceasefire in name only.[2]

As of Day 65, the world has entered Phase 3 of 5 of the Hormuz crisis: physical shortages and rationing.[10] Asian markets account for 80% of crude oil and LNG transiting through Hormuz. Pakistan relies on Gulf supplies for 99% of its LNG. These economies are experiencing factory shutdowns, government-imposed fuel rationing, cooking gas shortages, over 150,000 flight cancellations, and severe strain on power networks.[11] The last oil shipments from Persian Gulf countries were delivered by 20 April. The world has been relying on emergency stockpiles draining at 11 to 12 mbpd.[5] This rate is unsustainable within weeks.

V. The Agricultural Calendar Does Not Negotiate

Of all cascading transmission pathways, the most time-sensitive and irreversible leads from fertilizers to food production, driven by the agricultural calendar.[1] Ras Laffan took a direct hit on 18 March. Qatar's LNG capacity is down 17%, with a repair horizon of three to five years.[14] SABIC Jubail has been struck. Bangladesh's fertilizer factories are offline. India has cut production at three urea plants and is rationing gas to fertilizer facilities at 70% of capacity.[3] The nitrogen application window for the Northern Hemisphere has closed. The 2027 harvest failure is being determined right now, in the fields not being planted and the fertilizer not being applied.

> ***The agricultural calendar follows physical and biological cycles, not political timelines. Even if energy supplies stabilize, the effects will persist. The farming calendar knows nothing of politics.***

VI. Two Proxy Wars, One System

On 29 April, Trump spoke with Putin for over 90 minutes. Putin proposed a May 9 ceasefire and offered to take enriched uranium out of Iran.[16] The two conflicts are now formally linked at the highest diplomatic tier. The Iran war raises energy prices, which increases Russian oil revenues, which funds Russia's war in Ukraine, which destroys Ukrainian energy infrastructure, which increases Europe's exposure to the Hormuz closure. The two conflicts are not parallel. They are coupled. Each additional day of the Iran war extends Russia's fiscal runway in Ukraine. Each additional day of the Ukraine war sustains the DragonBear axis that shields Iran diplomatically.

VII. Scenario Architecture

SCENARIO	PROBABILITY	TREND
A. Prolonged Stalemate (base case)	55%	↑ from 45%
B. Escalation / Renewed Strikes	30%	↑ from 25%
C. Negotiated De-escalation	15%	↓ from 30%

Table 4. FACE Intelligence Geopolitical Scenario Architecture. Updated to Day 65 (since 12 April).

Scenario A has consolidated as the base case. The dual blockade is self-sustaining: neither side has an incentive to move first. The cost is borne by third parties: Asia, the Global South, and European energy consumers. This stalemate degrades the system without breaking it outright, the most dangerous configuration: slow enough to avoid crisis mobilization, fast enough to cross irreversible thresholds.

Scenario B has risen following reports that CENTCOM will brief Trump on renewed strike options.[17] Scenario C has declined sharply. The five sticking points (Iran's nuclear program, the US blockade, $20 billion in frozen assets, $270 billion in reparations demands, and Lebanon) each require concessions that neither side's domestic politics can sustain.

VIII. The Triumvirate Framework: Window Closing

The original paper identified five measures to interrupt the escalation dynamic: the US opening political space for de-escalation; China and Russia expressing shared interest in Iran's stability; credible security guarantees backed by multiple parties; synchronous reduction of hostilities; and reconstruction of critical infrastructure as part of a comprehensive agreement.[1] It warned that the window is limited and that if missed, the dynamics risk becoming entrenched.

Twenty-three days later, only the first condition has been partially met: a ceasefire exists in nominal terms. The remaining four remain unfulfilled. China has strengthened its position in alternative settlement structures. Russia has leveraged the crisis for increased revenues and geopolitical leverage. Both benefit from the short-term dynamics in ways that reduce their incentive for coordinated intervention. The window for middle power positioning is closing faster than most governments are moving. Pakistan's mediation role has been reduced to message relay. The Islamabad format has collapsed twice. No alternative diplomatic framework has emerged.

The original paper stated that the system does not distinguish between winners and losers. It reacts to physical and economic limits. Once systemic buffers are exhausted, the consequences will affect all actors equally. That exhaustion is now measurable in weeks, not months.

IX. Reopening Is Not Recovery

Five sequential phases must be completed before full commercial normalization: mine clearance, insurance reinstatement, fleet clearance, port clearance, and schedule reset.[1] If mine clearance requires six months minimum, the practical timeline extends well into 2027. The bypass capacity shortfall (3.5 to 5.5 mbpd versus 20 mbpd baseline) cannot be bridged by any combination of pipeline capacity, SPR drawdowns, and demand destruction. Physical damage to Ras Laffan (three to five year repair), SABIC Jubail, and other infrastructure means logistical reopening is not the same as economic normalization.

X. Conclusion: Operating Inside the Rupture

> ***Physical systems do not negotiate. They function, or they collapse.***

The IEA has characterized this as the largest supply disruption in the history of the global oil market.[18] JP Morgan projects an unsustainable inventory drain.[5] The UN has placed 9.1 million additional people on acute food insecurity watch.[9] The question is no longer whether the global system has ruptured. It has. The question is whether the rupture stabilizes into a new equilibrium, however painful, or cascades into structural collapse from which no viable unilateral recovery path has been identified.

Every day of the war in Iran adds months of crisis. The shortage of sulfur and ammonia is the genuine global catastrophe being masked by the oil-price narrative. The 2027 harvest failure is being planted right now. The window for coordinated intervention is closing. Physical systems do not negotiate. They function, or they collapse.

The clock is running. We are on the brink of Global System Rupture.

Endnotes

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Logistical Considerations

By Marco Felsberger · Supply chain perspective · Early May 2026

The Strait of Hormuz is normally narrated as an oil story. That framing is correct and insufficient. What is unfolding is a simultaneous shock to multiple tightly coupled supply chains, with structural recovery profiles that extend years beyond the kinetic situation itself. The economic significance of this crisis lies in how those shocks manifest through real supply chains — commodity by commodity, bottleneck by bottleneck, week by week.

The shape of this crisis at the start of May is different from the shape it had in early April. The dramatic phase of naval blockades, ceasefire collapses, and sharp price spikes has given way to a more durable regime: one in which the strait neither opens nor stays closed, in which a single corridor on the other side of the Arabian Peninsula absorbs part of the shock the global system would otherwise have transmitted, in which headline prices increasingly mislead while underlying inventories drain, and in which the most consequential damages are accumulating in places that no political settlement at Hormuz will cure.

This brief sets out where the supply chain dimension of the crisis stands, where it is going, and what governments and operators should be watching.

Oscillation, Not Closure

The strait is neither open nor closed in any binary sense. Iran declared it fully open on 17 April; oil prices fell more than eleven percent in a single trading session. Iran re-closed it the next day. Iranian Revolutionary Guard forces struck three commercial vessels during the 22 April ceasefire extension. The pattern is now stable: operators are pricing for permanent oscillation rather than for resolution.

The strait is best described as economically closed — physically accessible in theory, commercially non-functional in practice. None of the world's top shipping companies took cargoes through during announced reopening windows. As of late April, more than 230 loaded oil tankers sat in Gulf of Oman holding patterns. Approximately 500,000 containers were stranded in the region, and around 20,000 seafarers remained aboard vessels with no clear release schedule.

War-risk premiums have moved from less than 0.125 percent of vessel value before the war to five percent or more in current Lloyd's quotes — a forty-fold increase. Marine liability cover has been withdrawn by all twelve members of the global association of mutual marine insurers. Major correspondent banks have stopped issuing letters of credit for cargoes that would transit Hormuz. The binding constraint on commerce is kinetic stability; insurance follows kinetic stability with a lag. Until the kinetic situation stabilises for two consecutive weeks, no insurance reactivation is realistic. Until insurance reactivates, no commercial flow returns. Ceasefire announcements without sustained quiet on the water do not move the supply chain.

The Release Valve at Bab al-Mandeb

A second corridor — the southern entrance to the Red Sea at Bab al-Mandeb — has held in a way few analysts forecast in the early weeks of this crisis. More than fifty days have now passed without a Houthi attack on commercial shipping. Saudi Aramco is moving approximately five million barrels per day of crude through the Saudi East-West Pipeline to Yanbu and out via Bab al-Mandeb — more than five times the pipeline's pre-war flow. For the first time since 1981, Bab al-Mandeb has replaced Hormuz as Saudi Arabia's primary seaborne export route.

This single corridor is what is keeping global oil markets functional. It absorbs part of the Hormuz shortfall, supplies European refineries northbound through the Red Sea and Suez, and supplies Asian customers eastbound through the Gulf of Aden and across the Indian Ocean. Without it, the price story of the last seventy days — sharp spikes followed by partial recoveries — would have looked very different. Bab al-Mandeb stability is conditional on the underlying ceasefire holding and on Gulf states not entering the conflict militarily. If either breaks, the release valve closes within days, and the global oil market loses its most important compensation mechanism overnight.

Why Headline Prices Mislead

Brent crude peaked near $130 per barrel in early April, fell to roughly $96 by late April despite a worsening physical situation, and rebounded toward $118 after the US confirmed extension of its naval blockade. A price that moves lower while inventories drain and commercial transits halt is the wrong shape if price were tracking shortage. Three forces are absorbing the physical shock: the International Energy Agency's coordinated 400-million-barrel strategic-reserve release, the OPEC-plus production increase of 206,000 barrels per day in May, and the five-million-barrel-per-day flow through Yanbu and Bab al-Mandeb. Demand destruction is also doing more work than most models predicted: aviation, road transport, and energy-intensive industry have cut consumption faster than standard elasticity assumptions allowed.

The signal that has not decoupled is the price of physically deliverable barrels. The dated Brent benchmark — the assessment that reflects barrels available for prompt physical delivery — sits roughly $25 above the front-month futures contract. That spread is the market saying that prompt physical supply is scarce, even as headline prices moderate. Governments and corporate buyers should track that spread, not the headline.

Where the Cascade Has Reached the Real Economy

The supply chain analysis distinguishes three stages: a price stage, in which inputs cost more but remain available; an allocation stage, in which inputs are increasingly directed by priority rather than by market clearing; and a physical-absence stage, in which the input is not available regardless of price.

At the start of May, the operative state across most affected chains is allocation. Italian airports experienced a localised rationing episode in early April, attributed by the civil aviation authority to an Easter demand spike compounding the Hormuz constraint, and resolved within hours to days. Retail prices for AdBlue — the urea-based fluid required for European heavy-duty diesel emissions compliance — are up between twenty and twenty-five percent in Italy, with industry associations warning of seventy-percent or higher retail increases in the third quarter. European diesel prices are up twenty-seven percent.

Urea fertiliser sits at approximately $700 per tonne, an eighty-percent increase year-to-date. Sulfur prices are up nearly sixty percent year-on-year. Three chains have moved into physical absence.

Jet fuel at the Amsterdam–Rotterdam–Antwerp refining hub. Inventories are at a six-year low and continue to draw. Fuel tankering — airlines flying in with extra fuel to avoid refuelling at constrained airports — is accelerating that drawdown. Lufthansa Group has cut twenty thousand flights through October; smaller European carriers are likely to follow if conditions tighten further. Even after the strait reopens, the hub will need six to twelve weeks to refill.

Helium for advanced semiconductor manufacturing. Qatar's Ras Laffan facility, which produced approximately one-third of global helium as a co-product of liquefied natural gas, is offline. Korean tier-one fabs are projected to hit operational constraints in June, when the lowest-buffer manufacturers reach throttling thresholds. Once advanced fabs throttle, advanced logic chips and electric-vehicle battery production cascade. Helium recovery is gated not by political resolution but by manufacturing lead times: the damaged liquefaction trains at Ras Laffan require replacement gas turbines with a manufacturing lead time of two to four years. There is no policy fix that compresses that timeline.

Sulfur. Gulf-sourced sulfur supplies Morocco's OCP phosphate complex, which in turn supplies global fertiliser markets. Sulfur is also a critical reagent in copper and nickel acid leaching — the technologies that produce most of the world's copper and battery-grade nickel. China announced an export halt on sulfuric acid effective May 2026, removing the most likely substitution path. The downstream consequences will appear gradually through agricultural, mining, and battery supply chains over the second half of 2026 and into 2027.

The Long Tail That Reopening Will Not Cure

Several of the most consequential damages are now decoupled from the kinetic situation at Hormuz. They will persist whether the strait reopens next month or next year.

The damaged Qatari liquefied natural gas trains will not return to full operation in the third quarter at the earliest, with Wood Mackenzie's working assessment of no full restart before August even in the favourable case. Damage to the helium co-production stream is gated by gas-turbine manufacturing lead times. Policy substitutes adopted during the crisis will not auto-revert: the European Union adopted Council Regulation 2026/506 on 23 April, capping Russian ammonia imports at 688 kilotonnes per year from the second half of 2026. The cap binds independently of the Gulf outcome. The allocation cascade for European ammonia begins between 3 and 8 May regardless of what happens in the Gulf. China's sulfuric acid export halt is policy, not market, and will reverse only if and when Chinese authorities choose to reverse it.

A further development carries particular weight for the structural balance. Maritime intelligence firm Windward identified approximately seven very-large crude carriers and a ship-to-ship transfer pair off Iran's eastern coast on 19 April, with combined loading capacity in the order of 100 million barrels. Iranian sources claim approximately eleven million barrels exported from the eastern port of Chabahar since 13 April, with no automatic identification system signal east of Hormuz. The eastern workaround is not a substitute for normal Iranian export volumes, but it is enough to extend Iranian negotiating resistance by several weeks and to add gating capacity that does not depend on Hormuz access at all. Even a clean reopening at Hormuz does not return Iran to a position of pure dependency.

What Comes Next

Three forward paths remain live. The probability mass has shifted markedly toward the longer outcomes since the early-April assessment.

A near-term resolution path, in which successful nuclear talks and a sustained ceasefire produce commercial reopening by July, carries **low probability**. Headline oil prices in this scenario peak near current levels and decline through the second half of 2026 toward the high $80s as physical flows resume. Even here, the structural overhangs in helium and ammonia remain.

An extended-disruption path, in which the oscillating regime persists, no political settlement arrives before the third quarter, and winter European gas storage refill is materially complicated, carries **high probability**. Oil sustained at $90–100 per barrel through the rest of 2026 is the central case. Industrial gas supply through European winter 2026-27 is not fully secured. The combined helium and semiconductor cascade hits in the second half.

A structural toll-regime path, in which Iran retains permanent gating control over the strait and bilateral arrangements with China, India, and Pakistan create a structural two-tier market, carries **medium probability**. Oil sustained between $92 and $100 through 2028 is the consequence. The risk premium does not fully unwind. Insurance pricing remains permanently elevated.

Combined, the probability that this crisis lasts six months or more in some form is now **very high**. That is the realistic planning baseline for governments setting fiscal envelopes for 2026-27 and for companies setting procurement, hedging, and capital expenditure for the coming year.

What to Watch

The ceasefire status. Whether the underlying truce holds for fourteen consecutive days is the gating variable for any insurance reactivation, and therefore for any commercial flow restart.

The dated Brent versus front-month spread. A narrowing to single digits would be the first credible signal that physical normalisation is beginning. A widening past $30 would signal that physical scarcity is intensifying regardless of what the headline says.

The Houthi posture at Bab al-Mandeb. Any attack on a commercial vessel — even a deniable one — would close the corridor that is currently keeping global oil markets functional.

European ammonia allocation onset, expected between 3 and 8 May. The first allocation letters arriving in the next ten days will set the tone for second-half industrial activity in Europe.

Operator language in the aviation and refining sectors. As of late April, leading European low-cost carriers and Mediterranean refineries are stating that no fuel disruption is expected until the end of June. If a major airline brings the threshold forward, the cascade has accelerated. If it loosens further, the cascade is resolving more slowly than feared.

The Shape of This Crisis

The cleanest description of this crisis at the start of May is that it has stopped being an event and started being a transition. The early-weeks dynamics — naval blockades, ceasefire collapses, sharp price spikes — have given way to a regime in which the strait oscillates without resolving, in which a single corridor at Bab al-Mandeb absorbs part of the shock that the system would otherwise have transmitted, in which prices mislead while inventories drain, and in which the most important damages are accumulating in places that no settlement at Hormuz will cure.

This is harder to see than the early-weeks crisis. It is also harder to act on. The agricultural calendar is on its own timeline. The gas-turbine manufacturing lead times are on their own timeline. The European ammonia allocation begins this week. The Korean fab buffer binds in June. The structural transition has its own clock, and that clock is running independent of the political conversation.

The right diagnostic at the start of May is not that the crisis is improving or that the crisis is worsening. The crisis has changed shape. The question is no longer whether Hormuz reopens. The question is what global system the world is operating in once the dust of the kinetic phase settles. On current evidence, that system has higher structural floors for energy and fertiliser prices, permanently altered insurance economics, longer recovery profiles for advanced industrial inputs, and a Middle East security architecture that runs through bilateral arrangements rather than multilateral guarantees. The next ninety days will determine which of the three forward paths consolidates. The structural transition is already underway.

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