

MACROCOSM

Israel and Iran: Is the Fix In?

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Donald Luskin and Michael Warren

If this is a swap of Ukraine for Iran, it could stabilize the Middle East potentially forever.

The attack by Israel – an undeclared nuclear power – against Iran – a large exporter of both oil and terrorism – obviously entails risks for the global economy, primarily through upward potential impact on oil prices should Middle East production and transport be disrupted.

- *But don't let short-term risk blind you to the long-term potential: if Israel's attack succeeds in thwarting once and for all Iran's nuclear ambitions* – or better yet, leads to regime change that would allow Iran to join virtually all the other Middle East nations in embracing a technology-driven future that includes Israel as a partner – *we can't think of a better way to ensure the permanent stability of the world's petroleum ecosystem.*
- Apparently Israel acted just in time. Their attack came one day after the International Atomic Energy Agency, [an international treaty organization](#) whose inspectors, it seems to us, have always bent over backwards to see things Iran's way, [declared Iran's nuclear-enrichment sites to be in violation of its non-proliferation obligations](#). In response, [Iran defiantly declared a new nuclear-enrichment site](#).
- We're no experts, but we don't see how what Israel has already done could help but succeed in destroying Iran's nascent nuclear capacity. Building a nuclear bomb from scratch is a complex and fragile network of physical and intellectual capital. All you have to do is eliminate some key nodes, and the whole network becomes useless. To be sure, Iran could try, try again – but it's a different calculus when you know that your opponents will act, and not just talk.
- Key to getting through the risks of the present moment on the way to that glistening future is for Iran to be isolated in the region and on the global stage, lest the world choose up sides and escalate local risks into geopolitical ones. Happily, our best guess on this crucial element is that *the fix is in.*
- *In the region, Iran has no supporters anymore.* It's seen as a risk to prosperity. Even Qatar, which has been known to equal Iran in its vehemence against Israel, is now in the business [of gifting super-jets for use by US presidents](#), and today [discussing diplomatic solutions](#) to the Israel/Iran conflict with President Donald J. Trump.
- The biggest risk is that Iran's patron, Russia, aggressively sides with Iran against the West, summoning the specter of a nuclear

Update to strategic view

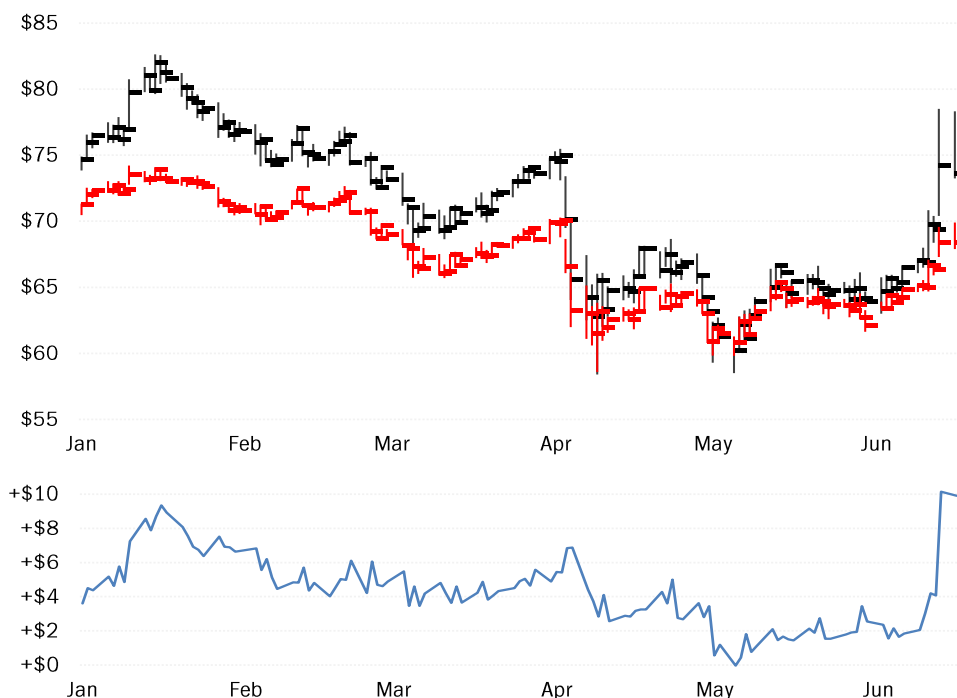
OIL: While acknowledging some short-term risk, we are maintaining our forecast range for crude oil at \$60 to \$80. Israel's attack on Iran, if it succeeds in terminating Iran's nuclear ambitions, would be the best possible thing to promote global oil market stability. The key is for Iran to be isolated in this crisis, especially from its military ally Russia, whose involvement raises the specter of superpower confrontation. With Russia calling for diplomacy and offering to mediate, it feels like the fix is in – we may be seeing the results of a swap pre-arranged by Trump and Putin in which the US stands aside on Ukraine and Russia stands aside on Iran. Oil prices have been volatile, but contained within the year's range, which is almost precisely what we forecasted late last year. OPEC's relaxation of production quotas has fully supplied the oil market, and Saudi swing capacity could replace all Iranian exports. All the price action is in the spot market, suggesting all the risks are in the short-term.

[\[Strategy dashboard\]](#)

superpower confrontation. But Russia is busy elsewhere. Indeed, Russia's response, so far, has been entirely consistent with the speculation earlier this year of our Israeli friend Haviv Gur – that Trump and Russian president Vladimir Putin have already worked out a swap of Iran for Ukraine (see [“Video: TrendMacro conversation with Haviv Gur on the new geopolitical nexus between Ukraine and Iran”](#) April 3, 2025).

- The general idea is that the US would get out of the way of Russia's ambitions in Ukraine, and Russia would stand aside and let Israel dispose of Iran. Such a swap would never be publicly announced – but it feels like that's pretty much what we are seeing.
- After Israel's attack, [Russia issued a pro-forma condemnation](#). But there's no threat, indeed not even a hint, of any additional military assistance to Iran. Russia has [called for diplomacy](#), in fact immediately offered to act as a mediator ([it did so again this morning](#)). Trump has [called for a diplomatic solution](#), too.
- There's another sense in which it seems the fix is in. OPEC has made very sure that the global oil market is well-supplied, having aggressively loosened its production quotas even as global oil demand has been generally stagnant this year (see [“Data Insights: Oil”](#) June 10, 2025).
- And OPEC has lots more to pump: if Iran's crude exports were taken entirely out of the global oil market for a while, they could be replaced single-handedly by Saudi Arabian swing capacity (see [“Data Insights: Oil”](#) June 10, 2025).
- Obviously the global oil market has built in a risk premium after

Brent crude futures (USD/barrel) — Front month — Twelfth month — Spread



Source: Bloomberg, TrendMacro calculations

Contact TrendMacro

On the web at
trendmacro.com

Donald Luskin
Dallas TX
214 550 2020
don@trendmacro.com

Thomas Demas
Charlotte NC
704 552 3625

tdemas@trendmacro.com
Michael Warren
Houston TX
713 893 1377
mike@trendmacro.energy

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Israel's attack. The Brent benchmark has been volatile, to be sure, rising sharply from its May lows (please see the chart on the previous page). But the price action has remained within the existing range of prices year-to-date – about \$60 to \$80 – which happens to be exactly the target range we called for late last year (see [“Oil Under Trump: War and Peace, but Mostly Deregulation”](#) November 20, 2024).

- *We note that all the price action has been in the spot market.* Longer-dated futures prices rose only moderately, opening up the widest spread-to-spot year to date (again, please see the chart on the previous page). *We think markets are telling us that any risks are exclusively in the short term.*
- *We reiterate our forecast range for Brent crude at \$60 to \$80.*

Bottom line

While acknowledging some short-term risk, we are maintaining our forecast range for crude oil at \$60 to \$80. Israel's attack on Iran, if it succeeds in terminating Iran's nuclear ambitions, would be the best possible thing to promote global oil market stability. The key is for Iran to be isolated in this crisis, especially from its military ally Russia, whose involvement raises the specter of superpower confrontation. With Russia calling for diplomacy and offering to mediate, it feels like the fix is in – we may be seeing the results of a swap pre-arranged by Trump and Putin in which the US stands aside on Ukraine and Russia stands aside on Iran. Oil prices have been volatile, but contained within the year's range, which is almost precisely what we forecasted late last year. OPEC's relaxation of production quotas has fully supplied the oil market, and Saudi swing capacity could replace all Iranian exports. All the price action is in the spot market, suggesting all the risks are in the short-term. ▶