



SECURITY UPDATE / MIDDLE EAST & GULF

U.S. PRESSURE TIGHTENS AS IRAN SHIFTS TO LIMITED OFFENSIVE SIGNALLING AND HORMUZ REMAINS SEVERELY CONSTRAINED

Iran conflict assessment | Reporting period 15-19 August 2026

Assessing Hormuz disruption, Iranian missile and drone capacity, regional proxy activity, internal economic pressure and the nuclear end state.

FOCUS

Hormuz blockade | Iranian missile & drone capability | Nuclear pressure

Iran | Strait of Hormuz | UAE | Iraq | Yemen | Lebanon

Strategic assessment: sustained pressure increasingly favours the side able to maintain economic and maritime leverage over time.

EXECUTIVE ASSESSMENT

Executive Summary

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The reporting period has strengthened the assessment that the United States presently holds the stronger strategic position, provided Washington is prepared to sustain the naval blockade, resist pressure for premature large-scale kinetic action and allow economic pressure to accumulate inside Iran. Tehran has responded to the expiry of the 60-day negotiating period by declaring that it will move to a “fully offensive” posture and threatening military action to break the blockade. However, the observable Iranian kinetic response has so far remained limited. On 18 August, the United Arab Emirates detected only two ballistic missiles launched from Iran toward what Emirati authorities assessed was maritime traffic; both fell into the sea. This is materially different from the mass missile and drone packages employed during earlier phases of the war.

The Strait of Hormuz remains severely constrained despite U.S. claims that it is open. Updated ship-tracking data recorded only three commodity vessels transiting on Saturday 15 August, two on Sunday and six on Monday 17 August, compared with a pre-war norm exceeding 130 ship movements per day. No very large crude carriers or LNG tankers were recorded in Monday's crossings. The available evidence therefore indicates that Iran continues to exercise significant practical disruption over Hormuz, but it is doing so at substantial cost to its own economy while the U.S. blockade remains in force.

Regional military activity also continued outside Hormuz. Two drones targeted the office of Kurdistan Regional Government Prime Minister Masrour Barzani and the residence of the Kurdistan Region's intelligence chief on 17 August. There were no casualties. Kurdish authorities stated that the drones were launched from Iranian territory, although Tehran said there was no evidence supporting that conclusion and no organisation claimed responsibility. This follows the three explosive-laden drones intercepted over Erbil on 14 August and confirms that Iraqi Kurdistan remains an active secondary pressure theatre.

In Yemen, Houthi pressure around Bab el-Mandeb continued. The group claimed on 17 August that missiles had targeted a Saudi military vessel and four escorts off Mocha; Saudi Arabia had not confirmed the claim. Separate Yemeni government sources reported six missiles fired at another vessel in Bab el-Mandeb that had reportedly been out of service for more than a year and was probably empty. Earlier Houthi attacks forced Mocha port to suspend commercial and maritime operations after more than 25 missiles struck the area over several days, killing seven people and causing an estimated \$16 million in losses.

The economic indicators inside Iran are increasingly important. Annual inflation reached 66% in July, consumer prices were 87.9% higher year-on-year and food inflation reached 128%. Iranian officials are reportedly concerned that further economic deterioration could reignite nationwide unrest, while the appointment of Hossein Taeb to lead the Basij suggests heightened regime concern over internal stability. The blockade, sanctions, damaged infrastructure, disrupted trade and reduced production are therefore generating pressure that the IRGC cannot remove through limited missile strikes or control of Hormuz.

The central assessment is that Washington does not need to defeat Iran through another sustained air campaign to achieve its principal objectives. If the blockade can be maintained while Iran is denied the ability to normalise exports, Tehran faces a progressively worsening economic position and a deteriorating domestic-security environment. The strongest U.S. strategy is therefore patience: preserve the blockade, defend Gulf shipping and partner states, avoid unnecessarily expending scarce U.S. precision weapons and interceptors, and provide Tehran with a negotiated

exit only in return for free commercial passage through Hormuz and verifiable restrictions that eliminate Iran's practical pathway to a nuclear weapon.

IRAN / IRGC

Iranian and IRGC Actions

Iran's most important development during the reporting period was the decision to publicly abandon the language of strategic restraint. On 17 August, a senior Iranian official stated that Iran would move to a “fully offensive” posture because diplomatic efforts had stalled and said Tehran could conduct a timely, precise military operation intended to break the U.S. naval blockade. This followed expiry of the 60-day period established by the 17 June memorandum of understanding for reaching a broader settlement covering the nuclear programme, sanctions and the wider conflict.

The rhetoric has so far exceeded the observed kinetic response. The most significant confirmed Iranian launch during the period was the 18 August firing of two ballistic missiles toward the UAE/Hormuz operating area. Emirati defence authorities assessed that the intended targets were maritime traffic. Both missiles fell into the sea and no casualties or damage were reported. Iran subsequently rejected the UAE attribution as baseless. The incident was the first UAE-reported Iranian ballistic-missile launch since the 4 May strike on Fujairah.

This relatively small attack package is strategically noteworthy. A two-missile launch does not constitute evidence by itself that Iran is close to exhausting its ballistic missile inventory. It does, however, fit a broader pattern in which Iranian missile salvos have become substantially smaller and less frequent than during the opening stages of the war. That pattern is consistent with a combination of stock conservation, reduced launcher availability, damage to production and support infrastructure, improved U.S.-Israeli surveillance of launch sites and a strategic decision to retain weapons for future deterrence rather than consume them in repeated attacks of diminishing military value.

Iran continued to apply maritime pressure independently of ballistic missile attacks. On 18 August, a vessel sailing out of Hormuz was struck by an unidentified projectile, damaging its engine room and causing one crew casualty. The Omani Coast Guard assisted the remaining crew. Attribution has not been established and the attack should not presently be recorded as a confirmed IRGC action. Nevertheless, it illustrates the continuing inability of commercial operators to regard the waterway as secure.

Tehran's political position on Hormuz also hardened. Mohammad Baqer Qalibaf stated that the strait would remain shut until the United States ended its blockade of Iranian ports, lifted oil sanctions, released frozen Iranian assets and ended military threats and operations. Washington maintains that Hormuz is open and that mines have been cleared, but actual commercial traffic remains at a fraction of normal levels.

FORCE CAPABILITY

Assessment of Iranian Missile and Drone Capability

Iran's remaining missile inventory cannot be calculated reliably from public reporting. There is sufficient contradictory intelligence to reject any confident assertion that Tehran is simply “running out” of missiles. Earlier in the war, U.S. intelligence could confirm the destruction of only around one-third of the Iranian missile arsenal. Israeli estimates at that stage claimed more than 335 launchers had been neutralised, representing approximately 70% of launch capacity, but the size and condition of stocks concealed in underground facilities remained uncertain.

Other assessments have been considerably less optimistic. A U.S. intelligence assessment reported in May judged that Iran may still have retained approximately 70% of its pre-war missile stockpile and around 75% of its mobile launchers after reopening underground storage facilities and repairing damaged systems. That assessment predates another three months of operations and expenditure and should not be treated as a current inventory figure, but it demonstrates why total stockpile estimates remain highly uncertain.

The more defensible current assessment is that Iran's ability to conduct sustained high-volume missile operations has been substantially degraded even if significant numbers of missiles remain underground. Stockpile size is only one component of offensive capacity. Surviving launchers, command-and-control networks, transporter-erector-launchers, fuel and maintenance systems, targeting intelligence, production facilities, trained crews and the ability to move launch units without detection all determine how rapidly Iran can generate salvos. Earlier combined U.S.-Israeli operations reduced launch rates dramatically: after Iran fired more than 2,000 drones and 500 ballistic missiles during the opening four days, launch rates fell by approximately 83% for drones and 90% for ballistic missiles after the first week.

Iran almost certainly retains the ability to conduct another substantial missile and drone attack if the leadership decides the strategic circumstances justify it. The important distinction is between possessing weapons and being able to sustain repeated saturation attacks. A large strike would consume finite higher-value ballistic missiles, expose surviving launch infrastructure to U.S. and Israeli surveillance and counterattack, and reduce the period over which Tehran can continue threatening Gulf states and shipping. This makes periodic limited attacks strategically rational: they maintain pressure, preserve uncertainty and demonstrate continuing capability without rapidly exhausting the remaining force.

Smaller attack packages are also generally more manageable for layered Gulf and U.S. air-defence systems than the large mixed missile-drone saturation attacks used earlier in the war. The 18 August two-missile incident is an example of this reduced-volume problem for Iran. It does not mean the missiles are harmless—Gulf geography provides short warning times and no air defence is perfect—but small, isolated salvos offer defenders substantially better engagement conditions than simultaneous ballistic missiles, cruise missiles, drones and decoys arriving from several directions.

Iran's drone force should be assessed differently. One-way attack UAVs are substantially cheaper and easier to manufacture, disperse and replace than modern ballistic missiles, and earlier assessments indicated Iran retained thousands of drones even after extensive losses. The drone production base is also harder to suppress permanently because it requires less specialised infrastructure than solid-fuel ballistic missile production. Iran may therefore retain a much longer-duration drone harassment capability even as its capacity for repeated major ballistic-missile attacks diminishes.

Overall confidence is high that Iran's sustained missile salvo capacity is significantly below its opening-war level; moderate that Tehran is deliberately conserving ballistic missiles for deterrence and selected high-value attacks; and low regarding the precise number of weapons remaining. A major saturation attack remains possible but is assessed as less likely than intermittent, relatively small strike packages because the former would rapidly consume capability that Tehran needs to preserve if it intends to maintain pressure over an extended period.

UNITED STATES

United States Actions and Strategic Position

No new large U.S. strike package against Iran was confirmed during the reporting period. The naval blockade remained fully in force, and Washington publicly ruled out extending the expired June arrangement. On 18 August, President Trump stated that no talks were taking place or scheduled. U.S. officials simultaneously indicated that additional economic measures remain available if Tehran refuses to alter its position.

This restrained military posture is increasingly logical from a U.S. strategic perspective. Washington has already demonstrated the ability to strike Iranian military infrastructure, while the blockade imposes continuing costs without requiring the repeated expenditure of high-end precision weapons. The U.S. Defense Secretary has stated that the naval blockade can be maintained indefinitely through rotational deployments.

The United States does, however, have its own important munitions constraint. By early August the U.S. Army had expended virtually all available ATACMS and Precision Strike Missiles allocated across its global inventory, while approximately 65% of Patriot interceptor stocks and at least 38% of THAAD inventory were estimated to have been consumed since February. Slightly less than half of the U.S. global Tomahawk inventory was also reportedly expended. These figures make another prolonged high-intensity air and missile campaign considerably less attractive to Washington.

This limitation actually strengthens the case for strategic patience rather than undermining it. Maintaining a blockade and forcing Iran to absorb economic pressure conserves scarce U.S. strike and air-defence weapons. Washington is simultaneously exploiting a much larger industrial and financial base to replenish those inventories: a new seven-year contract announced on 17 August is intended eventually to raise annual Tomahawk production from roughly 60 missiles to more than 1,000. That production expansion will not solve immediate shortages, but it illustrates the fundamental industrial asymmetry between the two sides over a prolonged confrontation.



Arleigh Burke-class guided-missile destroyer USS Rafael Peralta enforces the U.S. Navy blockade

(Source: US Navy)

REGIONAL IMPACT

GCC and Iraq Impact

The UAE experienced the most important new Gulf military incident. On 18 August, two ballistic missiles were detected coming from Iran. Both fell into the sea, and Emirati authorities assessed that maritime traffic had been the target. The UAE subsequently suspended all trade activities, exchanges and financial transactions with Iran until further notice. Direct UAE-Iran cargo traffic had only resumed through Jebel Ali in late June.

Saudi Arabia has begun cautiously restoring some oil-loading activity despite the threat environment. Three VLCCs each loaded approximately two million barrels from Juaymah and Ras Tanura between 12 and 16 August, and additional tankers are positioned for possible loadings later in August. Saudi Aramco is also offering ship-to-ship transfers off Fujairah. These workarounds reduce some of the economic leverage Iran derives from Hormuz, although Saudi exports remain constrained on the western side by Houthi pressure in the Red Sea.

Qatar and Kuwait experienced no newly confirmed Iranian strike during the reporting period, but both remained involved in unresolved security disputes with Tehran. Iran challenged Qatar's account of Iranian pilots lost after an earlier airspace violation and continued seeking information regarding four IRGC-affiliated Iranians detained by Kuwait since May. Iran's ambassador was permitted to meet the four detainees on 18 August. These developments are politically relevant but do not represent new kinetic incidents.

No new direct Iranian attack on Bahrain was confirmed during the reporting period. Oman remained important to efforts to establish a practical navigation arrangement with Iran, although Washington strongly opposes any mechanism that legitimises unilateral Iranian control or compulsory payments for transit. The continuing disagreement demonstrates that reopening Hormuz is now as much a political sovereignty dispute as a purely military problem.

In Iraq, two drones targeted the office of the KRG prime minister and the residence of the Kurdistan Region's intelligence chief on 17 August. No casualties were reported. Kurdish security authorities assessed that the drones originated in Iran, but Tehran rejected that assessment and no organisation claimed responsibility. The incident is significant because it followed the interception of three explosive-laden drones over Erbil on 14 August and demonstrates continuing pressure against senior Kurdish political and security targets.



Two drones launched from Iran targeted KRG Prime Minister Masrour Barzani's office in northern Iraq (Source: AFP)

ISRAEL / LEBANON

Israel and Hezbollah

Late confirmation after the previous 15 August report established that the Israeli strike activity in southern Lebanon was more extensive than initially reported. At least 11 people were killed and 19 wounded in Israeli strikes on 15 August. Seven were killed at Ansar, including three children and two women, while four were killed at Deir El Zahrani. Additional strikes were reported around Ali al-Taher hill, and one strike near Ansar was described as the deepest into Lebanon for approximately two months.

Israel said the attacks targeted Hezbollah infrastructure after Hezbollah activity wounded three Israeli soldiers in the southern security zone. Hezbollah warned that the strikes would receive a response. No new Israeli strike inside Iran itself was confirmed during the reporting period. The Lebanon front therefore remains a significant escalation channel, but it has not displaced Hormuz as the principal theatre of the U.S.-Iran confrontation.



People and rescue workers gather on a destroyed house that was hit by an Israeli airstrike in Deir al-Zahrani village, southern Lebanon, August 15, 2026. (Source: AP Photo/Mohammed Zaatari)

YEMEN / RED SEA

Yemen and Bab el-Mandeb

Iran-aligned Houthi forces continued applying pressure around the second major regional maritime chokepoint. By 15 August, Mocha port had suspended commercial and maritime operations after more than 25 missiles struck the area over several days, killing seven people and causing an estimated \$16 million in losses. Six ballistic missiles were fired at the port on 14 August alone.

On 17 August, the Houthis claimed to have attacked a Saudi military vessel and four escort ships off Mocha using missiles; Saudi authorities had not confirmed the attack. Separately, two Yemeni

government sources reported that six missiles targeted another vessel in Bab el-Mandeb that had reportedly been inactive for more than a year and was believed to have been empty.

Commercial traffic through Bab el-Mandeb remains reduced but has not collapsed to the degree seen in Hormuz. Nineteen commodity vessels transited on Monday 17 August, compared with a 10-day moving average of 26. This leaves the Gulf facing pressure at both maritime entrances, although Hormuz remains by far the more severely disrupted route.



The navigation bridge of a sunken vessel in Mocha the day after an attack by the Houthis in the city held by Yemen's internationally recognised government on 10 August 2026 (Source: Khaled Ziad/AFP)

MARITIME & ENERGY

Maritime and Economic Situation

The latest ship-tracking data demonstrate that Iran has succeeded tactically in suppressing conventional Hormuz traffic but has not restored control of the broader strategic contest. The most recent revised data recorded three commodity crossings on Saturday 15 August, two on Sunday and six on Monday. Monday's traffic contained no VLCCs or LNG tankers. Some untracked vessels may be operating with AIS switched off, but the visible flow remains a small fraction of normal traffic.

Oil-market assessments indicate that roughly two million barrels per day are currently moving through Hormuz compared with around 18 million barrels per day under normal conditions. Brent crude closed on 18 August at \$91.02 per barrel, its highest level in more than three weeks. The market is increasingly treating the Hormuz disruption as a prolonged structural problem rather than a short-lived shock.

Iran's own exposure to this disruption remains the strategic vulnerability. Earlier blockade assessments found that Iran's exports had fallen sharply and crude was being moved into onshore and floating storage. U.S. officials subsequently assessed that Iranian production had already been cut by approximately 400,000 barrels per day as storage filled. There is no sufficiently reliable current August measurement of remaining Iranian storage capacity to state that saturation is imminent on a specific date; that earlier prediction should therefore not be repeated as a current

fact. What remains valid is the underlying constraint: a sustained blockade ultimately forces Iran to reduce production when export and storage outlets are insufficient.

This distinction matters. Iran can use Hormuz disruption to raise global prices and impose costs on Washington and Gulf states, but it cannot indefinitely prevent its own oil from becoming trapped by the same conflict. Reduced exports mean reduced hard-currency income, while lower production eventually reduces fiscal revenue further. The longer Washington can sustain the blockade without being drawn into another expensive high-intensity strike campaign, the more this structural imbalance works against Tehran.

INTERNAL SECURITY

Internal Iran

Iran's internal economic position deteriorated further during the reporting period. Annual inflation reached 66% in July, overall consumer prices were 87.9% higher than a year earlier and food prices were 128% higher. Businesses dependent on Gulf trade have closed or reduced employment, construction activity has been heavily disrupted and households are cutting consumption of basic foods.

The regime appears increasingly concerned about the political consequences. Hossein Taeb, associated with previous crackdowns, was appointed to lead the Basij during the preceding week. Executions, arrests, summonses and long prison sentences targeting journalists, lawyers, activists and students have also continued. There was no confirmed new nationwide protest wave during the reporting period, but the combination of economic deterioration and pre-emptive security tightening indicates that Tehran considers renewed unrest a serious possibility.

Supplementary opposition monitoring has amplified claims of assassinations of multiple IRGC leaders and wider internal regime turmoil during 18 August. Those claims were not corroborated by the higher-confidence reporting reviewed for this assessment and are therefore excluded from the confirmed operational picture.



Cleric Hossein Taeb commanded the Basij during the mass demonstrations of June 2009 and led the IRGC's intelligence service for 13 years (Source: Euronews)

DIPLOMACY

Political Messaging and Diplomacy

The 60-day negotiating period created by the 17 June memorandum expired on 17 August without a final agreement. Iran subsequently announced the shift toward a more offensive military posture, while the United States stated that it would not extend the arrangement. On 18 August, Washington said there were no talks underway or scheduled, despite contradictory comments from U.S. intermediaries suggesting that back-channel contacts had remained active.

Iran's minimum public conditions remain an end to the U.S. port blockade, removal of oil sanctions, release of frozen assets and an end to military threats and operations. Washington's position remains fundamentally incompatible with this sequencing because the blockade is now its strongest source of leverage. Removing it before securing freedom of navigation and a nuclear settlement would surrender the mechanism currently imposing the greatest pressure on Tehran.

NUCLEAR PROGRAMME

Nuclear Programme

The nuclear issue remains one of the central strategic objectives of the U.S. pressure campaign. Iran's enrichment activities have moved far beyond what can reasonably be explained by the requirements of a conventional civilian nuclear-power programme. Commercial nuclear reactors normally use uranium enriched to approximately 3–5% U-235, while even the higher-assay fuels being developed for advanced civilian reactors remain below 20%. Uranium enriched above 20% is classified as highly enriched uranium. Iran nevertheless accumulated 440.9 kg of uranium enriched to 60% U-235 before access to much of its nuclear material was lost following the attacks on its nuclear infrastructure.

From an intelligence and proliferation perspective, the significance of 60% enrichment should not be understated. Although weapons-grade uranium is normally associated with enrichment of approximately 90% U-235, material already enriched to 60% has passed through most of the technically demanding enrichment process required to reach weapons grade. There is no established requirement for Iran's declared civilian power-generation programme to maintain hundreds of kilograms of uranium at this level. The International Atomic Energy Agency has itself identified Iran as the only non-nuclear-weapon state party to the Nuclear Non-Proliferation Treaty to have produced and accumulated uranium enriched to 60%, and has described the inability to verify this material as a matter of proliferation concern.

The distinction sometimes drawn between Iran possessing a "nuclear weapons programme" and merely possessing an advanced civilian enrichment programme is therefore increasingly artificial from a strategic assessment perspective. There remains no independently verified evidence that Iran has taken a political decision to manufacture and assemble a nuclear weapon, and enrichment alone does not constitute a completed nuclear weapon. However, the accumulation of a large stockpile of 60%-enriched uranium, combined with advanced centrifuge capability, restricted international verification and unresolved safeguards questions, provides Iran with a latent nuclear weapons capability that has little credible justification in its declared civilian energy requirements. The appropriate assessment is therefore not that Iran has necessarily completed a nuclear weapon, but that it has deliberately developed and preserved the technical capacity from which a weapons option could be exercised comparatively rapidly if the leadership decided to do so.

This distinction is important for U.S. strategy. Washington does not need to prove that Tehran has already ordered the construction of a bomb before treating the enrichment programme as a nuclear-weapons proliferation threat. The strategic objective should be to remove the capability

before such a decision can be translated into a weapon. This requires the verified removal or down-blending of Iran's 60%-enriched uranium, substantial restrictions on enrichment levels and quantities, dismantlement or strict control of excess enrichment capacity, restoration of intrusive IAEA inspections and verification that damaged or underground facilities are not being reconstituted outside international monitoring.

The blockade is therefore important not because it can physically eliminate uranium stored underground, but because it creates sustained economic and political leverage over the Iranian leadership and the IRGC. Military operations have degraded facilities and demonstrated that Iran's nuclear infrastructure is vulnerable, but military action alone cannot provide a durable solution while enriched material, technical expertise and surviving enrichment capacity remain available. Sustained economic pressure provides Washington with the means to convert military advantage into a verifiable settlement.

The U.S. strategic end state should consequently be clear: unrestricted international navigation through the Strait of Hormuz and a nuclear settlement that removes Iran's practical ability to move rapidly from an advanced enrichment programme to a nuclear weapon capability. Provided Washington can maintain the blockade and resist pressure for a premature relaxation of sanctions, time increasingly favours the United States. The objective should not merely be another temporary limitation on Iranian enrichment, but a verifiable arrangement that removes the 60% stockpile, prevents its regeneration and places Iran sufficiently far from a weapons threshold that any future attempt to rebuild that capability would be detected well before a weapon could be produced.



STRATEGIC OUTLOOK

Strategic Assessment and Outlook

The balance currently favours the United States, but the advantage is conditional on patience.

Iran has retained enough military capability to remain dangerous, disrupt shipping, conduct periodic missile and drone attacks and threaten U.S. partners. It should not be regarded as disarmed. However, the evidence no longer supports an assessment that Iran can comfortably conduct continuous high-volume offensive operations resembling the opening weeks of the war. The current pattern—two ballistic missiles toward UAE-linked maritime traffic on 18 August, intermittent drone operations, maritime harassment and strong declaratory threats—is consistent with a force conserving valuable weapons while attempting to maximise political effect from each limited action.

A major combined missile and drone assault remains possible. Tehran could deliberately expend part of its remaining reserve in an attempt to overwhelm Gulf air defences, inflict U.S. casualties or demonstrate that its deterrent remains credible. Such an attack is assessed as less likely in the immediate term because it would consume scarce higher-value weapons, reveal surviving launch infrastructure and invite renewed U.S.-Israeli counterstrikes. It would also reduce the length of time Iran can sustain the threat of future escalation. Limited periodic strikes therefore offer greater strategic utility to Tehran than continuous expenditure.

For Washington, the same logic argues against being drawn unnecessarily into another sustained strike campaign. U.S. precision-strike and air-defence stocks have also been heavily depleted. The blockade allows Washington to preserve those scarce weapons while imposing costs on Iran every day. The United States has the larger economy, deeper alliance network, broader naval logistics system and far greater capacity to expand weapons production over time. Iran cannot match that industrial contest.

The decisive issue is whether the United States can sustain political patience while absorbing the secondary costs of the strategy: elevated oil prices, pressure on Gulf partners, reduced global shipping and the risk of occasional Iranian breakthroughs against air defences. If Washington avoids a premature compromise and Gulf states remain aligned behind the requirement for genuinely free navigation, the blockade should progressively narrow Tehran's options.

The assessed U.S. end state should remain uncompromising on the principal strategic issues: unrestricted and internationally accepted commercial navigation through the Strait of Hormuz; termination of any Iranian claim to unilaterally approve, deny or charge for normal international transit; removal or verifiable neutralisation of Iran's 60%-enriched uranium; long-term restrictions preventing rapid reconstitution of weapons-relevant enrichment capability; and restored international inspection and monitoring.

Iran's leadership still has the capacity to prolong the confrontation, but time increasingly works against it economically. The missile and drone force permits Tehran to impose episodic costs; it does not resolve inflation, restore blocked oil exports, refill foreign-exchange reserves or prevent domestic discontent from accumulating. The United States therefore does not need an immediate battlefield decision. It needs to maintain the pressure long enough for the disparity between Iran's military rhetoric and its economic position to become politically unsustainable.

OVERALL ASSESSMENT

Overall Assessment

The reporting period marks a further consolidation of a strategic standoff rather than a return to unrestricted war. Iran's declaration of a fully offensive posture has so far produced a limited two-missile attack rather than a sustained strike campaign. Hormuz remains heavily disrupted, the UAE has severed trade and financial exchanges with Iran, Kurdish authorities have blamed Iran-origin drones for an attack on senior KRG leadership, and Houthi operations continue to pressure Saudi and Red Sea interests. At the same time, Iran's domestic economic indicators are deteriorating rapidly and the regime is strengthening its internal-security apparatus.

The current assessment is therefore that the United States holds the stronger strategic hand. The most effective course is not necessarily a renewed major bombing campaign but sustained blockade enforcement, defensive containment of Iran's remaining missile and drone capability, continued economic isolation and a credible readiness to retaliate decisively if Iran conducts a major attack. If that pressure can be sustained, the probability increases that Tehran will eventually be forced to choose between continued economic deterioration and an agreement restoring genuinely free navigation through Hormuz while accepting verifiable restrictions that remove its practical route to a nuclear weapon capability.



Infographic Iran Economy Failing (Source: X)