Week 23 Iran Conflict: Operational, Regional and Strategic Assessment

As of 7th August 2026

Scope	Week 23 operational, strategic and regional assessment covering the continued Iranian restriction of the Strait of Hormuz, Iran–Oman negotiations over a temporary shipping arrangement, President Trump's decision to postpone renewed large-scale strikes, Iranian threats against Gulf critical infrastructure, continuing U.S. blockade pressure, renewed Houthi activity against Saudi interests, internal Iranian security repression, and emerging constraints on U.S. precision-munition inventories.
Period	31 July 2026 – 7 August 2026.
Core judgment	Week 23 produced considerably more diplomatic activity but little evidence that the fundamental U.S.–Iran dispute is approaching resolution. President Trump repeatedly suggested an agreement could be reached quickly and cancelled a planned new strike package on 2 August; however, Tehran stated on 3 August that no direct U.S.–Iran talks were taking place. The negotiations making measurable progress were between Iran and Oman over transit through Hormuz, and the terms emerging from those discussions remain incompatible with Washington's stated position. Iran seeks effective control of inbound shipping and fees of approximately 5–7% of cargo value, while the United States continues to insist on unrestricted, toll-free passage. The author assesses that a comprehensive settlement remains unlikely in the near term. A temporary Iran–Oman maritime arrangement is possible, but even this would not by itself end the war. U.S. sanctions against Iran's Persian Gulf Strait Authority and new insurance provisions make payment of Iranian transit fees commercially difficult, while shipping volumes actually declined during the week. Only 33 vessels crossed Hormuz from Monday through Thursday compared with 50 during the same period the previous week and approximately 130–140 daily transits before the conflict.

	Iran remains under firm security control, with no reported fracture in the wartime command structure. The Islamic Revolutionary Guard Corps (IRGC) retains significant coercive leverage through Hormuz and Iran's missile, drone and proxy networks; however, its longer-term strategic position continues to weaken. Tehran still requires relief from the U.S. blockade, restoration of oil exports and greater economic access. Washington can continue applying these pressures while choosing whether and when to resume kinetic operations. U.S. precision-munition depletion is a genuine constraint on another prolonged high-tempo stand-off campaign, but it does not remove U.S. military superiority or its ability to conduct selective strikes.

Executive Summary

The reporting period began with renewed Iranian enforcement activity in Hormuz. On 31 July, Iran said it stopped two vessels attempting to leave the Strait and forced four additional tankers to turn back. Kpler data nevertheless recorded two large oil tankers and two commodity vessels transiting the waterway. The Iranian-created Persian Gulf Strait Authority said broader crossings remained impossible while U.S. military operations continued. Iran also said it had attacked U.S. military facilities in Kuwait and Bahrain in retaliation for previous U.S. action.

Trump simultaneously hardened and softened his position. On 31 July he said the war was going well and that a deal remained possible, but also said he was losing faith in Tehran and warned that the United States would continue hitting Iran. By 2 August, following discussions with Saudi Crown Prince Mohammed bin Salman, Trump announced that planned fresh U.S. attacks would be held back provided a rapid agreement could be reached to reopen Hormuz completely and address Iran's nuclear programme.

Tehran immediately challenged Washington's description of the diplomatic process. On 3 August, Foreign Ministry spokesperson Esmaeil Baghaei said Iran was not negotiating with the United States and was instead discussing a temporary safe shipping route with Oman. Baghaei stated that an Iran–Oman understanding alone would not reopen the Strait while U.S. military "aggression" continued.

Diplomatic mediation intensified on 4–5 August. Qatar said mediators were making progress, and Trump discussed the conflict with Emir Sheikh Tamim bin Hamad Al Thani. Rubio said progress had been made but acknowledged there was no final agreement. Iran and Oman subsequently announced that they had agreed the geographic coordinates of a proposed shipping route. AP reported that Iranian and Omani negotiators had completed a draft and were awaiting final Iranian approval.

The details of the proposed arrangement remain the principal obstacle. Reporting indicates that Iran would obtain authority over ships entering the Gulf, while outbound traffic would use an Oman-associated route after notifying Iran. Tehran is seeking service charges worth roughly 5–7% of cargo value, compared with an Omani proposal of around 3% and the U.S. position that no fees should be levied. International shipping representatives warned that this would constitute a toll in practical terms and conflict with established transit principles.

Iran then increased pressure on Gulf governments. Reuters reported on 5–6 August that Foreign Minister Abbas Araqchi warned Saudi Arabia, Qatar and other regional states that renewed U.S. attacks on Iranian infrastructure would result in strikes against regional energy and critical infrastructure. Saudi Arabia responded by urging Washington to allow more time for diplomacy while separately warning Tehran that attacks on Saudi territory would trigger a military response.

The week ended without a final Hormuz agreement. Shipping remained extremely limited, Iran's parliament was considering legislation barring U.S., Israeli and other designated "hostile" vessels from Hormuz, and Trump continued saying the war would end soon. These developments are internally contradictory and indicate that negotiations remain fragile rather than close to a durable settlement.

What Has Changed in the Past 7 Days

The principal change was Washington's decision not to proceed immediately with another major strike package. Trump moved from threatening renewed attacks at the end of July to announcing on 2 August that he would hold them back while a rapid agreement was pursued. This reduced the immediate probability of another large U.S. strike campaign but did not represent a ceasefire or withdrawal of military pressure. The blockade remained in place and Trump's suspension was expressly conditional on rapid progress.

At the same time, the diplomatic process became more clearly defined. Rather than direct Washington–Tehran negotiations, Iran publicly identified Oman as its negotiating counterpart on Hormuz. Qatar and Pakistan remained involved as mediators, but on 3 August Tehran explicitly denied that direct talks with Washington were occurring. This gap between Trump's public statements and Iran's position remains important when assessing claims that a peace agreement is imminent.

The substance of the Iran–Oman negotiations also became clearer. Iran and Oman agreed the geographic coordinates of a proposed transit route, while reporting indicated Tehran would retain intervention authority over inbound vessels and visibility over outbound traffic. The proposal therefore represents controlled transit rather than restoration of the pre-conflict regime of unrestricted navigation.

Commercial obstacles became more visible. U.S. sanctions prohibit dealings with Iran's Strait Authority, while a Lloyd's Market Association clause introduced for war-risk underwriting can terminate insurance protection for ships paying Hormuz transit fees. This means that even if Tehran and Muscat agree politically, implementation could remain commercially unworkable unless Washington modifies sanctions and insurers change their conditions.

Iran also widened its deterrence messaging beyond U.S. military targets. Tehran warned Gulf governments that any fresh U.S. attack on Iranian infrastructure could result in Iranian strikes against oil facilities, power networks, water systems and other critical infrastructure. This is a significant shift because Iran is deliberately using the vulnerability of U.S. regional partners as leverage to restrain Washington.

The internal-security picture hardened further. Iran executed two citizens on 3 August on espionage charges linked to Israel. On 5 August, the United Nations reported that at least 56 people had been executed on national-security charges since 19 March, including 27 connected to the January protests, with more than 100 others potentially facing capital punishment. The reporting indicates that Tehran continues to rely heavily on coercive internal-security measures while the external conflict continues.

Key Events During the Reporting Period

On **31 July**, Iran said its forces stopped two vessels attempting to leave Hormuz and caused four additional tankers to turn back. The claims were not independently verified, although Kpler recorded limited shipping movement through the Strait. Iran's Persian Gulf Strait Authority said normal passage remained impossible while U.S. military activity continued. Trump said he still believed agreement was possible but also warned that he was losing confidence in Tehran.

Also on **31 July**, Iran said its armed forces targeted U.S. military facilities in Kuwait and Bahrain in retaliation for previous U.S. attacks. No major confirmed casualties were reported from these particular attacks. The incident nevertheless demonstrated that Tehran continued linking operations against Iran to U.S. bases hosted by Gulf states.

On **2 August**, Trump said the United States would postpone a planned fresh attack against Iran provided a rapid agreement could be reached. He demanded the "immediate, complete and total" reopening of Hormuz and an end to the Iranian nuclear threat. The announcement followed contact with Saudi Crown Prince Mohammed bin Salman, who was advocating de-escalation.

On **3 August**, Iranian Foreign Ministry spokesperson Esmaeil Baghaei stated that Iran was not holding negotiations with Washington. He said discussions were instead underway with Oman concerning a temporary safe route through Hormuz and warned that such an arrangement alone would not normalise the Strait while U.S. military pressure continued.

Also on **3 August**, Iran executed Omid Behzad and Pouria Safvat after convicting them of espionage and cooperation with Israel. Iranian judicial reporting accused the two men of supplying coordinates and imagery of military and security sites during both the current conflict and an earlier war.

On **3 August**, the Pentagon announced agreements worth more than $3 billion to expand production capacity for Patriot and Terminal High Altitude Area Defense (THAAD) interceptor components. The programme aims to substantially increase production after heavy expenditure of U.S. defensive missiles during the Iran conflict.

On **4 August**, Qatar said mediation efforts had reached advanced stages. Trump spoke with Qatar's Emir about reducing differences between Washington and Tehran. Rubio said progress had been made on Hormuz but acknowledged no final agreement existed. Tehran continued to deny direct talks with the United States.

Also on **4 August**, Reuters reported that the U.S. Army had expended "virtually all" of its available ATACMS and Precision Strike Missile stocks allocated globally, according to sources familiar with internal data. Reuters also reported significant use of Patriot, THAAD and Tomahawk inventories. The Pentagon maintained that U.S. forces retained sufficient capabilities to conduct operations at the president's chosen time and place.

During the same day, a dry-bulk ship was struck by an unidentified projectile near Hormuz off Oman. The crew abandoned the vessel and one seafarer was reported missing. Separately, an Indian vessel was struck and sank near Yemeni waters; all 14 people aboard were rescued. Attribution for the Hormuz incident was not established in the reporting reviewed.

On **5 August**, Iran and Oman said they had reached agreement on the geographic coordinates of a proposed shipping corridor through Hormuz and were preparing a joint announcement. Iran nevertheless cautioned that the arrangement alone would not guarantee security in the Strait.

AP reported on **5 August** that Iranian and Omani negotiators had finalised a draft arrangement and were awaiting final Iranian approval. The proposal would have ships enter the Gulf through an Iranian-controlled route and exit through a route controlled by Oman, with service fees envisaged. Washington remained opposed to an Iranian fee system.

Also on **5 August**, the United States removed counter-terrorism sanctions from Iraq's Fly Baghdad and two associated aircraft previously sanctioned over alleged IRGC Quds Force links. The Treasury explicitly stated that the decision reflected changed behaviour by the airline and did **not** represent any easing of policy toward Iran or the IRGC and was unrelated to current negotiations.

On **5 August**, the United Nations High Commissioner for Human Rights reported that Iran had executed at least 56 people on national-security charges since 19 March, including 27 connected to January's anti-government unrest. More than 100 additional people were assessed to face the possibility of execution on similar charges.

Also on **5 August**, Yemen's Iran-aligned Houthis claimed missile attacks against Saudi oil tankers near Yanbu in the Red Sea and in the Gulf of Aden. Saudi Arabia had not confirmed either claimed tanker strike at the time Reuters reported them.

On **5–6 August**, Iran communicated explicit warnings to Gulf states that renewed U.S. strikes on Iranian infrastructure would prompt retaliation against energy and other critical infrastructure across the Gulf. Araqchi conveyed the warning through contacts involving Saudi Arabia, Qatar, Turkey and Pakistan. Saudi Arabia encouraged Trump to delay renewed attacks but separately warned it would respond militarily if Saudi territory were struck.

On **6 August**, an Iranian parliamentary committee began reviewing preliminary legislation that would prohibit U.S., Israeli and other vessels deemed hostile from transiting Hormuz. The draft envisaged penalties of up to 20% of cargo value for violations.

Also on **6 August**, Reuters reported that the current Hormuz proposal faces major practical difficulties. Iran was seeking fees equal to approximately 5–7% of cargo value, Oman was discussing approximately 3%, while Washington maintained its zero-fee position. Shipping-industry representatives warned that the scheme was effectively a toll and raised sanctions and insurance compliance problems.

On **6 August**, Houthi attacks in Saudi Arabia's southern Najran Province injured 11 civilians, including seven Saudis, one Yemeni, two Egyptians and one Pakistani. A four-year-old child suffered second-degree burns. Saudi authorities also warned that intelligence indicated possible coordinated attacks involving the Houthis and Iran-backed Iraqi militias.

Trump stated on **6 August** that he believed the war would end "pretty soon" because Iran could not sustain it much longer. He simultaneously acknowledged that U.S. stocks of some munitions were tighter than others and said defence manufacturers were increasing production.

By **7 August**, no final Iran–Oman agreement had been announced. Reuters reported that only 33 vessels had transited Hormuz between Monday and Thursday compared with 50 over the equivalent period the previous week. Only six crude tankers had exited the Strait, while 21 vessels entered, mainly through the Iranian route.

Also on **7 August**, Saudi Arabia, Türkiye and Pakistan were preparing to sign a new tripartite defence agreement in Jeddah amid the worsening regional security environment. The move reflects the accelerated development of regional security arrangements as Gulf states respond to the Iran conflict, Houthi attacks and uncertainty surrounding future escalation.

Military and Operational Picture

There was no confirmed return to the sustained large-scale U.S. strike tempo during Week 23. Instead, the United States maintained military pressure through the blockade and the threat of renewed attacks while Trump temporarily withheld another planned major strike package to allow diplomacy additional time. This should be understood as a tactical pause rather than abandonment of the kinetic option.

Iran continued demonstrating the ability to impose costs without seeking a decisive conventional confrontation. Its operational activity included claimed attacks on U.S. facilities in Kuwait and Bahrain, enforcement action against vessels in Hormuz, continued permission-based maritime control and increasingly explicit threats against Gulf infrastructure.

The Strait remains Iran's most important practical instrument of coercion. Tehran is seeking to convert wartime physical control into a recognised administrative role in post-conflict shipping. The proposed arrangement would give Iran intervention authority over inbound traffic while allowing it visibility over vessels departing through the Oman-linked route. That would represent considerably more control than existed before the conflict.

There are nevertheless significant limits to this leverage. Ships remain reluctant to enter the Gulf, commercial traffic declined during the reporting period and compliance complications make the emerging arrangement difficult to implement. Iran can obstruct navigation more easily than it can restore commercially trusted navigation under Iranian supervision.

U.S. weapons inventories are an important new factor. Heavy expenditure of ATACMS, PrSM, Patriot, THAAD and Tomahawk systems means another prolonged campaign relying heavily on stand-off missiles would impose greater costs and may require increased use of piloted aircraft or different weapons. This is a constraint on campaign design, but not evidence that the United States has lost escalation superiority. CENTCOM retains major air, maritime, intelligence and basing advantages, and U.S. industrial expansion is already underway.

Damage and Disruption Assessment

The most significant continuing disruption remains Hormuz rather than physical strike damage. Transit volumes fell during Week 23 despite repeated diplomatic claims that reopening was close. From Monday through Thursday, only 33 vessels crossed compared with 50 in the same period the previous week, and only six crude tankers exited the Gulf.

The commercial consequences remain significant for Iraq as well as Iran. Iraq's State Oil Marketing Organization offered discounts approaching **$30 per barrel** on Basrah Heavy and Basrah Medium crude for August loadings in an effort to attract buyers. Chinese and Indian refiners expressed interest, but Reuters reported that shipowners had not committed vessels because of the security risk.

The U.S. blockade remains strategically important because Tehran continues making maritime reopening and economic relief central to its diplomatic position. Iran's willingness to threaten Gulf infrastructure and demand new authority over Hormuz indicates that removing blockade pressure remains a major Iranian objective.

Oil markets reflected the instability rather than confidence in resolution. Brent fell sharply on 4 August when Qatar and U.S. officials suggested diplomatic progress, but prices rose again after Iran's parliament considered restrictions on hostile vessels. Brent settled at **$82.49** on 6 August after rising $3.04 that day and was trading around **$83.24** on 7 August.

GCC Infrastructure and Maritime Continuity Update

The direct threat to GCC critical infrastructure increased materially during the reporting period. Iran's warning was not limited to U.S. bases. Tehran specifically conveyed that new American attacks on Iranian infrastructure could be answered through strikes on Gulf energy facilities and other critical assets.

Saudi Arabia remains the most exposed state because the Iranian warning coincides with Houthi operations against Saudi territory and shipping. The 6 August Najran attack wounded 11 civilians, while Houthi claims of missile attacks on Saudi tankers earlier in the week raised concerns regarding both Red Sea and Gulf of Aden export routes.

Riyadh's response remained deliberately dual-track. Saudi Arabia urged Trump to give diplomacy additional time, reflecting concern that another U.S. strike campaign could provoke attacks on Saudi energy infrastructure. At the same time, Saudi officials reportedly made clear that an Iranian attack on Saudi territory would prompt military retaliation.

The proposed Saudi–Türkiye–Pakistan defence agreement scheduled for 7 August should also be viewed within this deteriorating security environment. Although negotiated over a longer period, its conclusion during Week 23 demonstrates increasing regional emphasis on collective security arrangements as the Iran conflict continues.

Regional Context and Impact

The Iran conflict widened regionally during Week 23 primarily through maritime and proxy pressure rather than direct U.S.–Iran exchanges.

The Houthis continued applying pressure against Saudi Arabia and commercial shipping routes. Their claimed attacks on Saudi tankers on 5 August were not confirmed by Riyadh, but the 6 August attack in Najran produced confirmed civilian casualties. Saudi intelligence assessments also warned of possible coordinated Houthi and Iran-backed Iraqi militia activity.

This development increases the strategic importance of the Red Sea alongside Hormuz. Iran's ability to threaten multiple regional transport and energy corridors indirectly remains one of its strongest tools for increasing the economic cost of continued U.S. pressure.

However, this strategy carries significant risk for Tehran. Attacks on Saudi territory or infrastructure can accelerate Gulf defence coordination and make regional states less willing to accommodate Iranian demands. The developing Saudi–Türkiye–Pakistan security framework is one indication of this wider reaction.

Diplomatic and International Response

Diplomatic rhetoric increased substantially, but the reporting during Week 23 repeatedly demonstrated a distinction between mediation and agreement.

Trump said negotiations were underway and repeatedly suggested an announcement might be imminent. Iran explicitly denied holding direct talks with Washington. Qatar, Pakistan and Oman were instead exchanging proposals and seeking to narrow differences between the parties.

The most tangible diplomatic achievement was the Iran–Oman understanding over the geographic coordinates of a proposed Hormuz route. This is meaningful progress, but the central political questions remain unresolved: Iranian authority over inbound shipping, fees, U.S. sanctions, the blockade, insurance coverage and the relationship between a maritime arrangement and future nuclear negotiations.

AP reported that the draft required final Iranian approval and was envisaged as a temporary solution rather than a final settlement. It could establish conditions for renewed U.S.–Iran nuclear negotiations if implemented.

The author assesses that a narrow temporary Hormuz arrangement is materially more plausible than a comprehensive U.S.–Iran peace agreement. Trump's public optimism should therefore not be treated as evidence that the underlying conflict has been resolved.

IRGC Internal Dynamics

No reporting during Week 23 indicated a significant fracture within the IRGC or the wartime security leadership. The organisation retained operational control of Iran's principal coercive instruments, particularly maritime enforcement, internal security and deterrence messaging.

The proposed Hormuz arrangement illustrates both IRGC strength and weakness. The Guards have successfully created enough physical risk around the Strait to force regional governments into negotiations over a new transit mechanism. However, Iran has still not secured the economic outcome it requires. The U.S. blockade remains active, normal commercial traffic has not returned, and the Iranian fee system is incompatible with existing sanctions and major insurance requirements.

Iran's widening threat against Gulf energy infrastructure further suggests that Tehran is seeking additional leverage because maritime coercion alone has not produced sufficient U.S. concessions. This increases Iran's ability to generate regional risk but simultaneously increases the probability of Gulf military coordination and renewed U.S. strikes.

The author therefore assesses that IRGC control remains strong domestically while its strategic position continues to erode. The organisation can prolong the conflict and impose significant costs, but each additional week without blockade relief, restored exports or a durable settlement increases the economic burden on Iran.

Iran Internal

The most significant domestic development during Week 23 was the continued use of capital punishment against alleged espionage and political-security offences.

On 3 August, Iran executed Omid Behzad and Pouria Safvat after accusing them of providing Israel with information on military and security facilities.

Two days later, UN Human Rights Chief Volker Türk said at least 56 people had been executed on national-security-related charges since 19 March, including 27 whose cases were connected to the

January protests. More than 100 additional individuals faced possible death sentences on similar charges.

No large new nationwide protest wave was confirmed during the reporting period. The evidence instead indicates continued effective coercive control. However, the scale of executions and security prosecutions demonstrates that stability continues to depend heavily on repression.

The internal position should therefore remain assessed as controlled but brittle. The IRGC and wider security apparatus retain the capability to suppress organised opposition, but this does not remove the accumulated economic and political pressures created by the continuing conflict.

Strategic Assessment

Week 23 strengthened rather than weakened the assessment that a comprehensive diplomatic solution remains difficult.

The key evidence is the contradiction between rhetoric and implementation. Trump repeatedly suggested a deal was close, yet Iran stated that it was not negotiating directly with Washington. Tehran and Muscat have moved closer on a maritime arrangement, but the emerging terms grant Iran authority that Washington previously rejected and contemplate fees that are incompatible with U.S. sanctions and shipping insurance arrangements.

Actual maritime traffic also moved in the wrong direction. If a meaningful reopening were genuinely imminent, increasing vessel commitments and falling insurance concerns would be expected. Instead, Hormuz traffic fell from 50 vessels in the comparable Monday–Thursday period the previous week to 33 this week.

The United States remains in the stronger strategic position, although the advantage is not unlimited. Washington maintains the blockade, can threaten or conduct selective strikes, possesses extensive regional basing and defensive partnerships, and does not require immediate restoration of Iranian exports. Iran requires economic relief considerably more urgently.

U.S. munitions depletion is the principal countervailing factor identified during Week 23. Heavy consumption of long-range precision weapons means a renewed broad campaign may require greater use of piloted aircraft and careful management of defensive interceptor stocks. This could affect the timing and shape of future kinetic operations, but it does not fundamentally reverse the military balance.

Iran's principal strategic advantage remains its ability to impose economic costs on third parties. Hormuz restrictions, Houthi pressure against Red Sea routes and threats against Gulf energy infrastructure create political pressure on Washington by making regional governments advocates for restraint. Iran is therefore attempting to compensate for conventional military inferiority through controlled regional escalation.

This strategy is inherently unstable. If Iran or an aligned force causes significant casualties or serious damage to GCC energy infrastructure, the same strategy intended to restrain Washington could instead provide justification for renewed U.S. kinetic operations.

Future Outlook

The most likely development during Week 24 is continued diplomatic activity centred on an interim Hormuz arrangement, rather than a comprehensive peace settlement.

Iran and Oman may announce a temporary navigation framework because agreement has already been reached on the geographic coordinates of the proposed route. However, implementation is likely to prove significantly harder than announcement. The issues of Iranian control, transit fees, U.S. sanctions, insurance restrictions and the continuing blockade remain unresolved.

For this reason, a rapid return to normal commercial traffic remains unlikely. The most reliable indicator will not be political statements but sustained increases in vessel transits, acceptance by international insurers and shipowners, and actual movement of Gulf crude exports.

The United States is likely to maintain blockade pressure while allowing mediation additional time. Trump's cancellation of a major strike package suggests Washington currently prefers to test whether economic and diplomatic pressure can secure concessions without another major escalation. However, the kinetic option clearly remains available.

Limited U.S. strikes remain a realistic possibility if Iran attacks U.S. forces, interferes aggressively with commercial shipping or if Iranian-aligned actors significantly escalate against Saudi Arabia or other GCC partners. Such actions are likely to be presented as self-defence, force protection or protection of international navigation.

A return to a broader U.S. strike campaign cannot be ruled out if the Iran–Oman process fails or Tehran attempts to convert its temporary wartime control of Hormuz into permanent exclusionary authority. U.S. munitions constraints may favour shorter, more selective operations rather than another extended stand-off missile campaign.

Iran is likely to continue combining negotiations with threats against Gulf infrastructure. This strategy has succeeded in encouraging Saudi Arabia, Qatar and Oman to press Washington for restraint, but it also risks strengthening regional defence alignment against Tehran.

The IRGC is expected to retain internal control through the next reporting period. Its strategic position, however, will continue to weaken if the blockade remains in place and a commercially viable Hormuz reopening cannot be achieved. Time therefore remains more favourable to Washington than Tehran, provided the United States can manage the political and munitions costs of a prolonged confrontation.

Conclusion

Week 23 did not produce a peace agreement.

It produced measurable progress between Iran and Oman on the technical geography of a possible Hormuz transit route, but the central political and commercial problems remain unresolved. Iran wants authority over inbound traffic and substantial service fees; the United States wants unrestricted toll-free navigation; shipping companies face sanctions and insurance restrictions; and actual Hormuz traffic declined during the week.

President Trump's decision to postpone renewed large-scale strikes lowered the immediate escalation risk but did not remove it. Washington maintained the blockade, continued threatening military action and retained significant escalation flexibility.

Iran remains under firm IRGC-led security control. The Guards retain genuine operational leverage, particularly through Hormuz and regional proxy networks, but this has not yet produced the economic relief Tehran requires. Domestic repression also continued, including executions on espionage and national-security charges.

The core assessment remains that the United States holds the stronger strategic position. U.S. munitions depletion is an important operational constraint and argues against assuming Washington can sustain unlimited high-tempo missile operations, but Iran remains more vulnerable to a prolonged blockade and economic attrition.

The most likely near-term outcome is therefore continued indirect negotiation, restricted Hormuz traffic, continued U.S. blockade pressure and intermittent escalation threats. A temporary maritime arrangement is possible; a comprehensive resolution remains unlikely. Renewed kinetic operations remain a credible contingency if diplomacy fails or Iranian and proxy attacks widen materially.

Annex A: Threat Matrix – Iran Conflict

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Reporting Period: 31 July 2026 – 7 August 2026

1. Strait of Hormuz / Maritime Security

Threat: Continued Iranian restriction and permission-based transit, with proposed post-conflict arrangements granting Tehran substantial authority over inbound traffic.

Likelihood: High
Impact: Critical

Key Indicators: Vessel transit volumes; final Iran–Oman announcement; Iranian fee requirements; U.S. sanctions decisions; insurer acceptance; additional vessel interceptions or attacks.

Operational Implication: A political announcement should not be interpreted as effective reopening until commercial shipping and insurance participation recover materially.

2. Limited U.S. Kinetic Operations

Threat: Selective strikes against Iranian assets following attacks on U.S. forces, GCC partners or international shipping.

Likelihood: Medium–High
Impact: High

Key Indicators: CENTCOM force-protection warnings; Iranian maritime interdictions; attacks against GCC bases or infrastructure; Trump statements; movement of U.S. aircraft and naval assets.

Operational Implication: Trump has delayed rather than abandoned further strikes. Limited defensive action remains credible.

3. Return to Broader Kinetic Operations

Threat: Renewed multi-day U.S. campaign if diplomatic efforts fail or Iranian escalation materially increases.

Likelihood: Medium
Impact: Critical

Key Indicators: Collapse of Iran–Oman talks; attacks causing U.S. casualties; serious GCC infrastructure damage; Iranian refusal of unrestricted shipping; significant U.S. force mobilisation.

Operational Implication: Munitions depletion may affect the method and duration of any campaign but does not remove U.S. escalation capability.

4. GCC Critical Infrastructure

Threat: Iranian retaliation against oil fields, power generation, water infrastructure and transport systems following renewed U.S. attacks.

Likelihood: Medium–High
Impact: Critical

Key Indicators: Iranian diplomatic warnings; U.S. strike preparations; Saudi and GCC air-defence mobilisation; warnings around energy facilities.

Operational Implication: Tehran has now explicitly incorporated Gulf civilian and economic infrastructure into its deterrence messaging.

5. Iran-Aligned Regional Escalation

Threat: Houthi or Iran-backed Iraqi militia operations widening the conflict.

Likelihood: High
Impact: High

Key Indicators: Houthi attacks on Saudi shipping or territory; Iraqi militia mobilisation; Saudi intelligence warnings; Red Sea shipping disruption.

Operational Implication: The 6 August Najran attack and Saudi warnings of coordinated activity confirm continued risk beyond Hormuz.

6. Iran Internal Security Pressure

Threat: Increasing repression, executions and security prosecutions as the conflict continues.

Likelihood: High
Impact: High

Key Indicators: Executions; espionage arrests; internet controls; protest activity; judicial announcements; IRGC internal-security deployments.

Operational Implication: Iran remains controlled, but stability continues to rely substantially on coercion.

7. Diplomatic Breakdown

Threat: Failure of the Hormuz process because U.S., Iranian and commercial requirements remain incompatible.

Likelihood: High
Impact: High

Key Indicators: U.S. rejection of Iranian authority or fees; sanctions remaining unchanged; absence of insurer participation; Iran maintaining hostile-vessel restrictions.

Operational Implication: A narrow Iran–Oman maritime understanding is possible, but a comprehensive U.S.–Iran settlement remains considerably less likely.

8. U.S. Operational Sustainability

Threat: Reduced flexibility from heavy expenditure of long-range precision weapons and defensive interceptors.

Likelihood: High
Impact: Medium–High

Key Indicators: ATACMS/PrSM availability; Patriot and THAAD expenditure; Tomahawk production; increased reliance on crewed aircraft; accelerated defence-production contracts.

Operational Implication: The constraint is real but should not be interpreted as parity with Iran. It primarily affects the cost, tempo and preferred method of future U.S. strikes.