

Chris Burrell's Market View Blog

2026 US/Iran/Israel Military operation (MO) 50/50

4 April 2026

The risk of material disruption to the Australian economy and to the Australian stock market has increased since the MO began.

Australia is far more exposed to fuel shortages than the US, which is largely self sufficient.

The global economies are exposed to the economic fallout from higher fuel prices and the resulting inflation.

History is replete with leaders whose hubris dulls their sense of reality and their ability to make careful decisions. The risk is higher when the leader surrounds himself with Yes men & women.

“Donald Trump’s political strategy is characterized by a three part process:

I visualizing a bold, often simplistic, “vision” of America

II deploying repetitive, emotional and incendiary rhetoric to cajole various actors towards the vision

III fostering suspension, anticipation or spectacle to keep his audience engaged.

This approach is used to maintain control over the narrative, bypass traditional media and create a strong, direct connection with his base, often prioritizing spectacle over policy detail.” (AI Google summary)

So Trump visualizes a wonderful victory, so he says negotiations are going well, because that is consistent with his vision. When it doesn't happen, he pivots to another story eg his ballroom, or says all his objectives are achieved and he'll take his bat & ball and go home. This is likely partly a way of creating a coalition of the willing to take the Strait.

Meanwhile the Iranians original plans to have the Hezbollah, Palestinians, Houthi and Iran all attacking Israel to keep it under control have fallen apart. Then the Iranians threats to attack fellow Gulf States, who would use moral suasion to keep the US out of attacking them. That's in tatters too. Then many of the senior IRGC cadre are assassinated. So with their backs to the wall, the Iranians have upset all their neighbours. Attacks on oil infrastructure, data centres simply underline that the Gulf States cannot allow this regime to continue. The military capability of the Saudis and UAE both exceed that of Iran. The risk of escalation is real. How can they allow the Strait to be closed and Iran to threaten their safe investment status? The MO could easily become a War.

There is a diplomatic discourse evidenced by Macron, The French President saying taking the Strait doesn't work because of the risk of rogue rockets from Iran. The European Union is trying to deescalate and has refused landing rights to USAF. Any solution in the short term likely will leave the IRGC in command of Iran and of the Strait. Some may accept the \$2M levy per tanker as part of the cost of a settlement.

So the 80/20 probability based on the Trump vision v serious economic disruption and oil shortages previously moved to 70/30 is assessed at 50/50.

To date the majority of portfolios have held most of their value at 31 December 2025, as a number of key stocks remain resilient both in Australia and overseas.

Increased cash and fixed interest stability have acted as stabilisers, as has US exposure.

But if there is not positive progress to match the Trump vision and your diarist sees a material risk of disappointment, the probability of a further leg down in markets increases.

In this scenario the three scenarios remain:

1) do nothing on portfolios

2) material sell down

Historically the returns from strategies 1) & 2) are similar, primarily because those that exit wait too long to re buy.

3) selective sell down and buying astutely.

This strategy has the potential for higher returns but has the risk re timing and stock selection.

Happy Investing
Chris



Chris Burrell

CHRIS BURRELL

MANAGING DIRECTOR

MFM, BCOM(HONS), LLB(HONS), FCA, SF FIN, MSAFAA

BURRELL

stockbroking & wealth management

CONTACT US

To find out more about us and the ways in which we can help you, contact us

P 1300 4 2877 355

W www.burrell.com.au

E clientcare@burrell.com.au

B www.burrell.com.au/news-and-events/the-burrell-blog

OUR OFFICES

Brisbane

P 07 3006 7200

Bundaberg

P 07 4153 4499

Gold Coast

P 07 5583 7800

Ipswich

P 07 3884 5700

Sunshine Coast

P 07 5353 5224

General Advice Disclaimer

This document contains general information only and does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the information in this document with regard to your objectives, situation and needs. You should obtain financial advice tailored to your circumstances. Contact us if you would like to speak to a qualified financial adviser

Participant of ASX Group and NSX
ABN 82 088 958 481
AFSL No 247431