

# Chris Burrell's Market View Blog

## Supplementary Commentary on the US-Israel-Iran Conflict

11 March 2026

This blog is a supplement to a recent podcast that discussed preliminary observations on the Iran conflict as well as several issues relevant to the broader AI theme. The following commentary provides updated thoughts as at the evening of 10 March 2026 regarding the evolving US/Israel/Iran war.

### Possible Outcomes of the Iran Conflict

Current analysis suggests there are three broad scenarios for how the conflict may unfold:

#### 1. No Change to the Iranian Regime

Under this scenario, the Islamic Revolutionary Guard Corps (IRGC) ultimately survives. A learned professor interviewed on Bloomberg views this as the most likely outcome.

#### 2. A “Venezuelan Solution”

A more moderate Iranian leadership emerges and negotiates with President Trump et al.

#### 3. Regime Collapse and Civil War

The fall of the current regime leads to internal conflict between competing factions. This is the least-preferred outcome for regional neighbours such as Saudi Arabia, and it would likely be the most damaging for the Iranian people.

### Current Military Dynamics

Iran's stockpile of long-range missiles was significantly re-

duced during earlier US strikes. However, it still maintains substantial short-range missile capabilities, enabling continued attacks on nearby countries. This approach follows the playbook of the late Khamenei Sr.

If these missile attacks continue, Saudi Arabia—strongly nationalist—may intervene directly, bringing its Air Force and military assets into the conflict.

### The Black Swan Risk: Closing the Strait of Hormuz

A long-feared global risk has materialised: disruption to the Strait of Hormuz. The key question now is whether this will be temporary or prolonged.

Markets currently appear aligned with the US administration's stated five-week operational timeline, with reports suggesting progress is ahead of schedule. Research commentary, has tended to assume a short-lived conflict with markets returning to a risk-on stance as geopolitical uncertainties ease.

### Sentiment and Market Behaviour

Market sentiment has been shifting daily.

Monday 9th March, investors were concerned that the conflict lacked a clear off-ramp and could become prolonged, leading to sharp market declines.

Overnight, President Trump stated in a CBS interview that operations were ahead of schedule and hinted that he had identified a potential future leader for Iran. Markets responded positively, closing higher.

### Scenario Probabilities

#### Scenario 1: Short-Term Engagement (80% probability)

Under this base case, the US completes its objectives and withdraws, maintaining only the forces needed to protect oil flows through the Strait of Hormuz.

#### Scenario 2: Prolonged Conflict and Severe Disruption (20% probability)

In this scenario, the IRGC's sole aim is survival. They work to prolong the conflict and obstruct oil shipments through the Strait of Hormuz. This could replicate the oil shocks of the 1970s, which caused severe inflation, aggressive central bank rate hikes, and recessions lasting around 15 months.

The scenarios themselves may not change significantly, but their assigned probabilities will likely shift over the coming weeks.

### Implications for Portfolio Management

At the Burrell Investment & Research Committee meeting on 10 March, the possibility of the second scenario (20%) was viewed as reason to maintain cash reserves to capitalise on future opportunities.

Because markets still price in a high likelihood of a short-term conflict (80%), many valuations remain elevated, providing scope to realise gains.

On the other hand, some sectors—particularly those affected by perceived AI risks—appear mispriced, suggesting potential opportunities on both the buy and sell sides during this period of heightened volatility.

### Final Thoughts

The situation remains highly fluid, with daily developments influencing sentiment and market behaviour. The scenarios outlined above offer a framework for navigating the uncertainty and forming a disciplined decision matrix in the weeks ahead.

Happy Investing



*Chris Burrell*

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