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MONDAY MORNING QUARTERBACK

ENERGY MARKETS CEO BRIEFING NOTE

The Hot War is Over —
The Noise You Hear Now
is the 'Fat Lady' Warming Up!

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The Hot War is Over — The Noise You Hear Now is the 'Fat Lady' Warming Up!

Washington and Tehran have already crossed the line from conflict to negotiation. What remains is not whether the war ends, but how its conclusion is structured and whether both sides can hold their nerve long enough to close the deal.

By Sean Evers, Managing Partner, Gulf Intelligence

"The good news is we've had a number of discussions with the Iranians. We have made clear our red lines, where we can accommodate, and where we cannot. We will see if they accept it."

— JD Vance, Vice President of the United States (April 12th, 2026)

That review of the first bilateral talks between senior US and Iranian political leaders in half a century, delivered after 21 hours of high-stakes negotiations, may prove to be the most important statement of the war. It matters not so much for what it says, but for what it reveals about the stage the conflict has reached.

Wars are not defined by their last missile strike. They are defined by the moment when both sides stop trying to win militarily and start trying to agree politically. By that measure, the US–Iran war is already over, even if the formal agreement has yet to be signed.

At first glance, however, the theatre continues. Donald Trump, President of the United States, has issued yet another deadline, accompanied by familiar warnings of consequences and the movement of additional military assets. The script is well rehearsed: ultimatum, escalation threat, final warning. Yet repetition has diluted its meaning. The deadline-and-ultimatum cycle has run its course.

The cavalry may be announced once again, but the boy who cried wolf is no longer charging. It is positioning. This distinction matters because the substance beneath the rhetoric tells a different story. The US and Iran are no longer fighting for advantage on the battlefield. They are negotiating over terms that will appear on a page at the table, and that shift is decisive.

From Escalation to Consolidation

The clearest evidence lies not only in the talks themselves, but in the evolution of language coming out of Washington. Only days ago, President Trump was warning of bombing Iran "into the stone age," rhetoric that implied total war and civilizational destruction. Today, that language has shifted markedly. The focus is no longer on annihilation, but on logistics such as port blockades, maritime controls and enforcement mechanisms.

This is not escalation language. It is consolidation language.

President Trump reinforced this shift when he told reporters he did not care whether Iran returned to the negotiating table, arguing the US had already achieved its military objectives, including degrading Iran's capacity to manufacture missiles and drones. "If they don't come back, I'm fine," he said. That is not the voice of a leader preparing for the next phase of war. It is the voice of one declaring it complete.

The structure of the Islamabad talks points in the same direction. Twenty-one hours of continuous engagement is not a symbolic exercise. It is the behavior of two sides that believe a deal is within reach. If either party believed victory was still achievable through escalation, they would not be investing that level of time and political capital in negotiation.

They would still be fighting.

Instead, both sides are converging reluctantly, imperfectly, but unmistakably towards an end state. For Washington, that end state is now narrowly defined. As Vice President Vance made clear, the objective is no longer regime change, territorial control or strategic dominance. It is a single condition: a verifiable commitment that Iran will not develop a nuclear weapon. Everything else, from sanctions to maritime access, has become negotiable.

This represents a dramatic narrowing of war aims and a clear signal that the military phase has run its course. For Tehran, the objective is equally focused. The priority is not victory, but stability with no more war, no repeat of the past six weeks, and a framework that ensures security while preserving sovereignty.

Crucially, these objectives are not mutually exclusive. They form the contours of a deal that is already visible, even if not yet formalized.

The Deal Is Closer Than It Appears

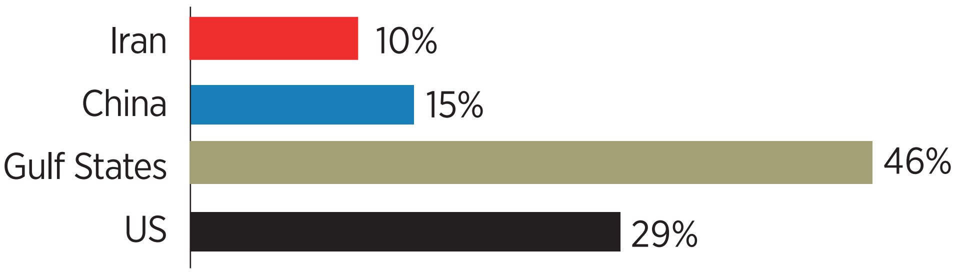
The remaining gap is not about whether to end the war, but how to codify its end. Iran resists what it sees as maximalist demands, while the US insists on enforceable guarantees. Yet even in disagreement, both sides reveal the same underlying reality: they are close enough to argue over details.

As Abbas Araghchi, Foreign Minister of Iran, put it, the two sides were "just inches away" from an agreement. That observation is more than diplomatic rhetoric. Countries do not return to war when they are minutes away from signing a memorandum of understanding. They argue, they posture, and they delay, but they do not reset to zero.

The US demand for "a verifiable commitment that Iran will not develop a nuclear weapon" is often framed as the central obstacle, but in reality, it is a tired old soundbite for the US media echo chamber's consumption. In reality, it is not new territory. Iran has made this commitment before under the Joint Comprehensive Plan of Action, accepting intrusive inspections to enforce it. The issue today is not whether such a commitment is possible, but whether the political conditions exist to repeat it.

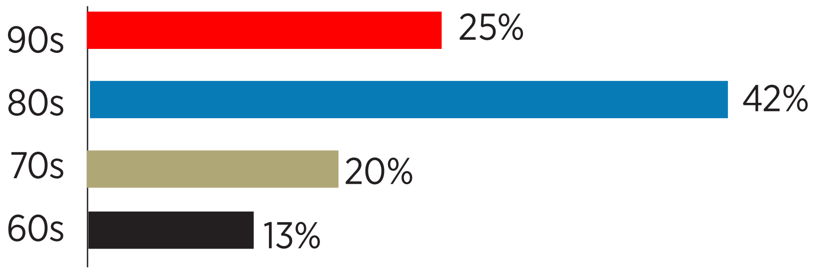
That is a far narrower gap than the language of deadlock suggests. The massive never seen before granite hard nut to crack is how to get the Strait of Hormuz reopened.

Who will be the biggest loser from US blockade of Iran?



Will US-Iran Peace Talks Deliver Permanent Deal and Avoid War restarting?

Where will Brent crude oil settle when all is said and done with US War on Iran?



*(*nb. Polling conducted April 8th-13th with 100+ Energy Market Stakeholders)*

The Cost of Getting 'We Won' Wrong – Ask W about Mission Accomplished

It also explains why President Trump's repeated declarations that the US has "won" the war should be understood not just as rhetoric, but as constraint. Victory narratives only hold if the war is, in fact, over. The moment bombs begin to fall again, that narrative collapses. Worse, it risks triggering a chain reaction of escalation that neither side can fully control.

Conflict, once reignited, rarely resumes where it left off. It mutates.

In that context, restraint is not weakness but strategic discipline. Having declared victory, Washington is now incentivized to preserve the conditions that make that claim credible. To escalate again would not just reopen the war; it would surrender control of the outcome.

That restraint is not just strategic, it is necessary. Only a week ago, Washington signaled a willingness to escalate by targeting critical civilian infrastructure, a move that would fundamentally change the nature of the conflict. The risk is systemic. The Gulf region accounts for 20% of global oil and gas production, alongside close to a third of the world's fertilizer output, all concentrated within range of retaliatory strikes. Tehran has been explicit in its response doctrine: any attack on its infrastructure will be met in kind. An eye-for-eye escalation would not remain contained to military targets. It would cascade across energy systems, shipping routes and food supply chains, transforming a contained conflict into a global economic shock. These are costs far too great for the global economy to bear.

Beyond the negotiating room, the broader environment reinforces the same conclusion. The war has already imposed costs that neither side appears willing to escalate further. For the US, the pressure is increasingly domestic. Rising energy prices, supply chain disruptions, and inflation are feeding into a political cycle dominated by affordability concerns. With midterm elections approaching, the tolerance for prolonged conflict is narrowing.

The constraint is no longer theoretical. It is showing up in the data. Consumer prices jumped 0.9% in March, pushing annual inflation to 3.3%, as the Iran war sent energy costs sharply higher, according to the Bureau of Labor Statistics. Gasoline prices alone surged more than 8% in the month, driving the bulk of the increase, while core inflation held at a more subdued 2.6%. In other words, this is not an overheating economy. It is a geopolitical tax on the American consumer. And in a political cycle already dominated by affordability, that tax has a short shelf life.

For Iran, the calculation is different but leads to the same outcome. The country has demonstrated resilience under pressure, maintaining exports and leveraging its position in the Strait of Hormuz. Its objective now is not to prolong instability, but to secure a durable settlement that prevents recurrence.

Both sides have therefore reached a similar strategic conclusion: the costs of continuation outweigh the benefits. This is typically the moment wars end, even if the formal process takes longer to catch up.

The remaining complexity lies in the wider regional dynamics. The conflict has always operated on two tracks: one between the US and Iran, and another involving regional actors whose objectives extend beyond the immediate ceasefire. This dual-track reality explains the fragility of the current moment, but it does not alter the underlying direction of travel.

Indeed, regional actors are increasingly positioning for the post-war phase rather than continued escalation. Gulf states are seeking inclusion in negotiations, while European actors are preparing frameworks for maritime security. The focus is shifting from how to fight the war to how to manage its aftermath.

Markets are reflecting the same transition. While volatility remains elevated, the sharp corrections following ceasefire signals suggest that traders are increasingly pricing in de-escalation as the base case. Physical stress persists, but expectations are beginning to shift.

Taken together, these dynamics point to a single conclusion. The war has already reached its strategic endpoint. What remains is the process of translating that reality into a formal agreement.

The danger lies in misreading this moment. The absence of a signed deal can create the illusion that the conflict is ongoing. In reality, the absence of escalation is far more telling. Neither side is preparing for a new phase of war. Both are preparing for a difficult but inevitable settlement.

The final outcome may not be immediate or clean. It may involve delays, conditions or partial compliance. Yet the direction is clear.

The war is no longer being fought. It is being negotiated.

That is how wars end. Not with a single decisive moment, but with gradual recognition that agreement, however imperfect, has become preferable to the aspiration for an elusive victory.

The US and Iran have reached that point.

The war is over.

Only the deal remains. Cue the Fat Lady to Sing shortly. . .

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