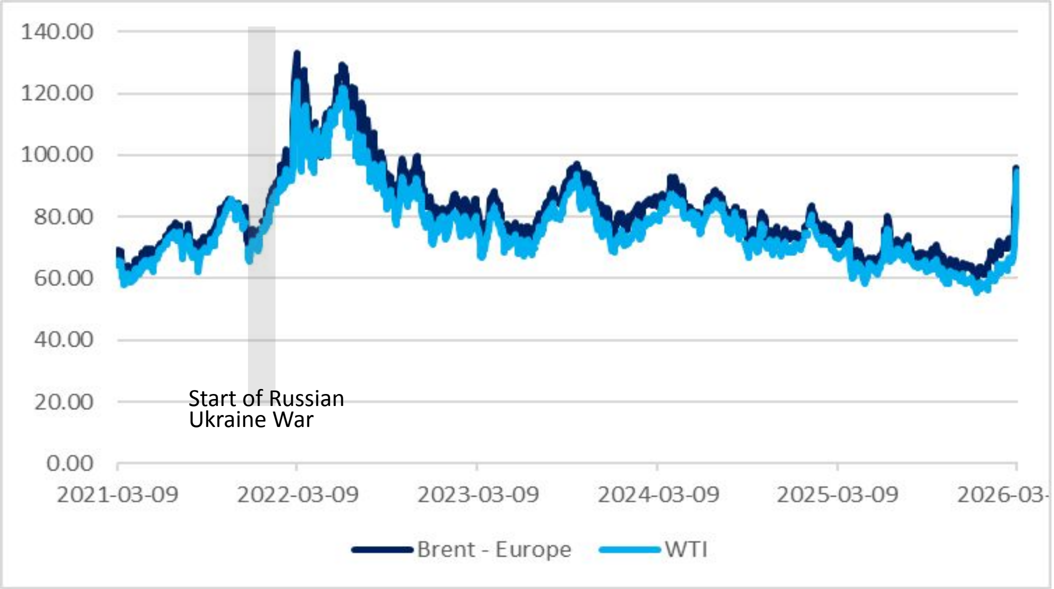
# Geopolitical Tensions in the Middle East

March 18, 2026

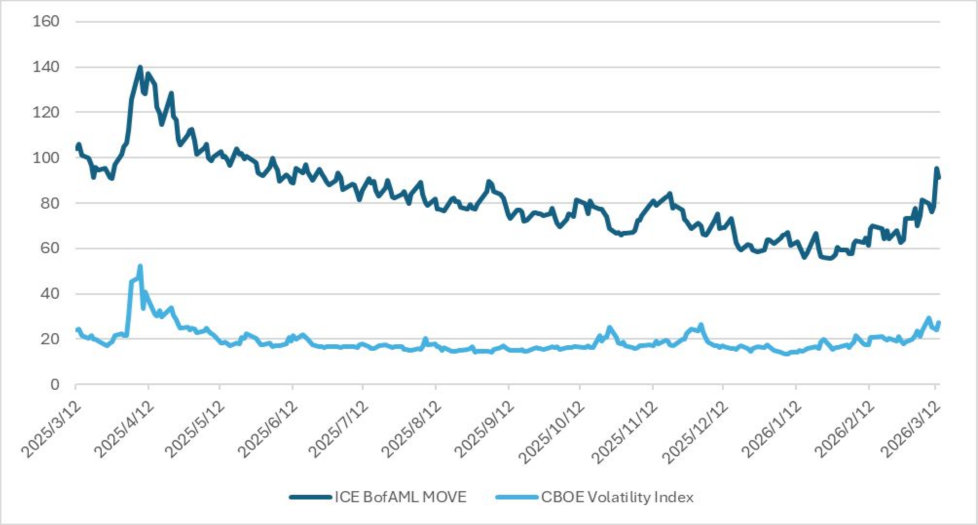
## Key Takeaway

- The United States seeks to bring about a regime change in Iran, while Iran has carried out retaliatory attacks on neighboring Gulf states, targeting U.S. military bases and civilian infrastructure in an effort to pass the cost of the conflict onto the global supply chain.
- As the war in the Middle East spreads, vessels passing through the Strait of Hormuz face extremely high security risks, causing war risk insurance premiums to surge sharply.
- The blockade of the strait could push energy and fertilizer prices higher, potentially driving up global food prices and adding further pressure to CPI inflation.

## Brent Oil and WTI Prices (2021 - 2026)




## ICE BofAML MOVE Index and CBOE Volatility Index (VIX)




## Investment Implications

- BUY SMR supply chain equities (e.g., Centrus Energy, BWX Technologies, NuScale Power) : Middle East supply shocks are forcing governments and tech giants to accelerate capital into secure, domestic alternative energy for stable baseload power. (林昱揚 Kris Lin)
- BUY defense primes: Conflict drives incremental orders for missile defense, naval platforms, and MCM / counter-drone systems in US and allied budgets over the next few quarters, supporting tactical earnings upside beyond the longer-term rearmament theme.
- SHORT short-dated OTM crude call spreads: With front-month WTI near 100 and the curve in steep backwardation into the high-60s by late 2027, sell OTM call spreads to collect upside risk premium, with the long call capping losses.

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Source: Wall Street Journal, Federal Reserve Bank of St. Louis, U.S. Bureau of Labor Statistics