

Impact of the Iran War

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Given the course of the war with Iran, the financial markets have been relatively calm. S&P Global issued their adjustments to economic growth by region on March 31. For the global economy, they are forecasting no change in global GDP growth from their November 2025 forecast. However, they had downward adjustments of -0.2% for the Eurozone and -0.4% for the United Kingdom. They also had positive adjustments of +0.2% for the United States and +0.4% for India. While they acknowledged that their baseline forecast has risks that are “decisively on the downside,” their current assumption is that the Middle East conflict will end in April.

According to the International Energy Agency (IEA), global oil supply prior to the February 28 strikes on Iran by the US and Israel had a baseline production rate of 106-108 million barrels per day. For March, global oil production is expected to show a decline of more than 8 million barrels per day (MBPD), plus another 2 MBPD decline for condensates and natural gas liquids. Some of the other economic impacts since the war escalated are:

- Brent (North Sea) crude oil prices have increased from \$71.36 on February 27 to \$108.79 today.
- European natural gas prices have increased from 31.96 euros/MWh on February 27 to 50.04 euros today.
- Iran continues to restrict shipping through the Gulf of Hormuz, using threats, attacks on vessels, naval mines, electronic jamming, and satellite spoofing. US and Israeli ships are prohibited, as well as their allies. Some ships of friendly or neutral nations (China, India, Pakistan, Japan, and Oman) have been granted limited passage, but insurers are reluctant to provide insurance for any ships entering a war zone.
- Yemen has also resumed restrictions on shipping in the Red Sea if the ships are linked to Israel, the US, UK, or if the ships are destined for Israeli ports.
- There have been military strikes on oil and gas production facilities, as well as refineries and chemical plants throughout the Middle East. Many civilian targets have been destroyed as well, along with the people in those structures.
- The war has affected fertilizer production for agriculture. There is an export blockade of the Gulf producers (Qatar, Saudi Arabia, UAE, Iran, and others).

Other countries that rely on Gulf natural gas for their own fertilizer plants have shut down facilities. Depending on the type of fertilizer (urea, ammonia, phosphate fertilizers, or sulfur), industry analysts are warning of global supply declines of 20-50%. There will be an impact on global food production.

In an interview with Professor Glenn Diesen, Colonel (Ret.) Douglas Macgregor had this to say about President Trump and his military strategy:

I think it's a very strange set of circumstances. I mean, you have the claim, that insistent drumbeat. "We've already won. We've destroyed everything that could be destroyed. Uh, they're down to nothing. They can't keep up. They're running out of missiles. Uh, their back is against the wall." Why is it that every time he (President Trump) makes some sort of statement along these lines, a wave of missile attacks comes out of Iran... ballistic missiles, drones that do enormous damage to Israel and to frankly, the Gulf emirates. I mean, if that's really the case, why hasn't Iran already hoisted the white flag... I think that those claims have to be dismissed up front.

What I am hearing from people who are on the inside that I trust is that we have perhaps reduced Iran's ballistic missile capability from 100% down to perhaps 70%. Their air defense is being very effective against the unmanned surveillance aircraft, selectively against other kinds of aircraft, but has not performed as well as they'd hoped. But they have always been willing to absorb the strikes. They've always known that their infrastructure would be brutalized. And they think the payoff is worth the trouble. So that's the first thing.

Second thing is, if things are going so well and we've had so much success with the air and missile campaign, why do we want to introduce ground troops into the equation? Doesn't seem to make a lot of sense. So, I don't think you're getting a truthful assessment from the US side. I think the president is desperate. I think he faces public humiliation inside the United States as well as overseas if he admits the truth.

Indeed, the New York Times and BBC have reported extensive damage to US military facilities throughout the Gulf region. With some assistance from Russian and probably Chinese satellites, Iran's missile and drone targeting has been very accurate. According

to military officials cited by the Times, many of the US's 13 bases near Iran have been rendered "all but uninhabitable." It is doubtful that these bases will be rebuilt.

Several geopolitical analysts believe that the Iran War marks the end of US empire. Prior to the Iran War, President Trump had offended several NATO allies. In late 2024 and early 2025, Trump suggested that Canada become our 51st state and referred to their Prime Minister(s) as "Governor of the Great State of Canada." He offended Denmark, another NATO ally, by talking about acquiring Greenland. He said that Denmark cannot defend Greenland and "one way or the other" the US would get Greenland "whether they like it or not."

Since the Iran War started, the European countries that have now denied use of their airspace for the US military include Spain, Italy, Germany, Switzerland, and Austria. Consequently, Trump threatened to leave NATO as retaliation for refusing to help with the war effort. In an undiplomatic manner, Trump called NATO a "paper tiger" and told them, "You'll have to start learning how to fight for yourself, the USA won't be there to help you anymore, just like you weren't there for us. Go get your own oil!"

If you have any questions or comments, please contact me.

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References:

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[The Iran war's impacts on global fertilizer markets and food production | IFPRI](#)

[Douglas Macgregor: Iran War Destroyed NATO, Gulf States, Israel & U.S. Empire](#)

[As Trump Strikes Victorious Tone, Report Says Iran Rendered Many US Bases "All But Uninhabitable" | Truthout](#)