STRATEGOS INTELLIGENCE

READING THE WORLD
DECODING THE MARKETS

NEWSLETTER

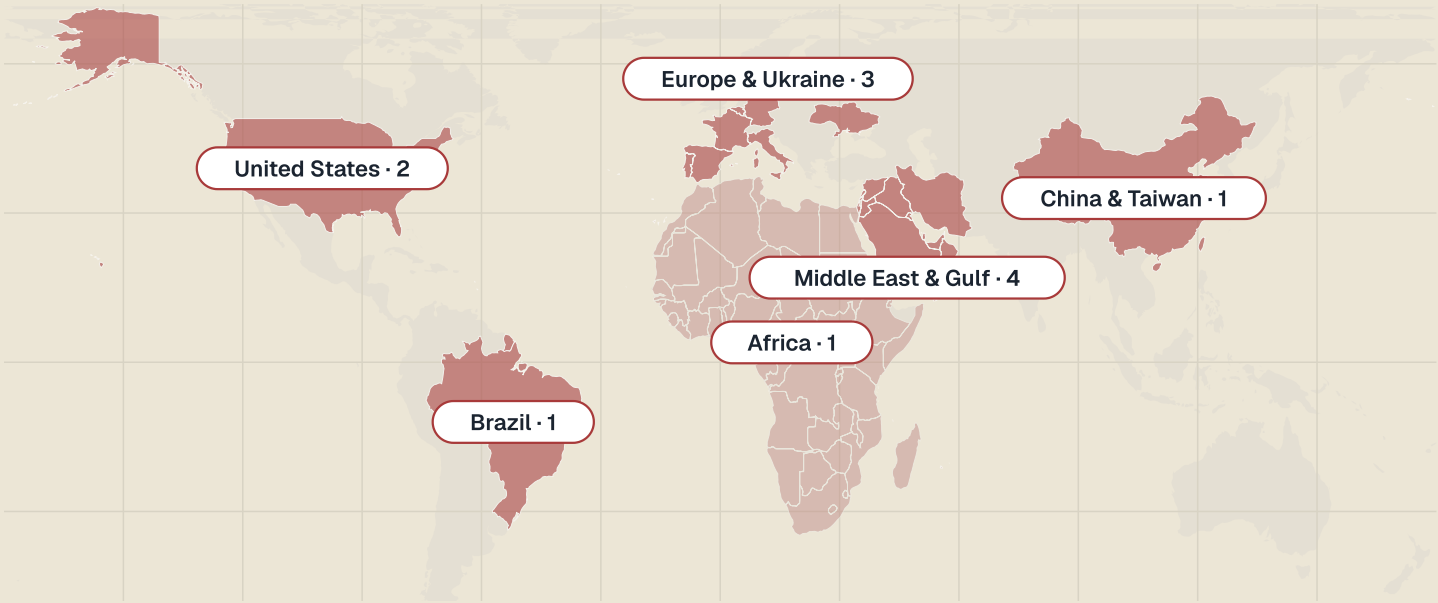
FROM 1 OCTOBER TO 29 OCTOBER 2026 · 29 DAYS

Trump rules out attacking Iran before the US election, as regional powers activate a defence pact of their own

By Dr Maya Abou Chakra, founder

The month in the world

The month in the world: twelve events in six regions



Middle East & Gulf 4 events

- **Record attacks on ships near Hormuz** In the US–Israeli conflict with Iran, attacks reached the highest monthly count in a tally kept since 2017 by the Washington Institute, a US think tank. Gulf states were reportedly told to prepare for a US offensive after 3 November.
- **Houthi attack kills 12 at Riyadh airport** The conflict reached into Saudi Arabia, whose oil routes around Hormuz are, in our reading, now within the Houthis' reach.
- **Regional powers activate a defence pact** With the Mecca pact of Saudi Arabia, Pakistan and Türkiye, middle powers are, in our reading, arranging their own defence.
- **Israel's election: no majority on the results reported so far** Likud, Prime Minister Benjamin Netanyahu's party, called the 27 October vote "stolen"; Israel has no new government while a US offensive on Iran after 3 November is reportedly possible.

United States 2 events

- **US midterm elections on 3 November** Voters choose which party controls Congress; in our reading, a Congress that changed hands could constrain the President's power to waive sanctions, as US senators already question the US licence allowing trade in Russian diesel.
- **US eases Russia sanctions; Kremlin proposes a three-leader meeting** A Kremlin aide said a possible meeting of the Chinese, Russian and US leaders was being prepared: in our reading, a great-power format without Ukraine or the EU, not yet held.

Europe & Ukraine 3 events

- **Ukraine's "energy ceasefire" fails; Starlink restricted** Over a week of limits on Starlink satellite internet exposed Ukraine's reliance on it; our sources do not establish who imposed them.
- **Protests in France, Italy, Belgium and Portugal; Le Pen launches her campaign** Protests pressed governments with limited parliamentary support or tight budgets; France's 2027 vote could carry that pressure into EU policy.
- **Lagarde to leave the ECB early** She leaves on 7 February 2027; the ECB's announcement gives no date for the choice of her successor.

Brazil 1 event

- **Lula wins a fourth term; his rival contests it** Institutions held the result; Brazil's currency, the real, fell sharply, Al Jazeera reported. By the Financial Times' account, investors bet Lula would add to the strain on public finances.

Africa 1 event

- **Russia–Africa summit in Moscow** Mr Putin told African leaders Russia was their best partner, the South China Morning Post reports; we have not recorded a summit outcome.

China & Taiwan 1 event

- **China's Communist Party meets; Taiwan proposes a record defence budget for 2027** The Party stressed loyalty to Mr Xi before China hosts the summit of Asia-Pacific Economic Cooperation (APEC), where the Kremlin suggested the three leaders meet, the Wall Street Journal reported.

Sources: news reports and official statements from 1 to 29 October, reviewed by Strategos.

The three main stories

1 · THE GULF

Trump ruled out attacking Iran before the US vote, while the Houthis struck inside Saudi Arabia

President Trump ruled out an attack on Iran before the 3 November US midterm elections. The Wall Street Journal, citing unnamed sources, reported that Gulf states were told to prepare for a US offensive after the vote. Meanwhile, Houthi attacks brought the conflict directly into Saudi Arabia. In our reading, the Saudi routes used to move Gulf oil around Hormuz are now targets themselves, although the sources we reviewed report no halt in Saudi oil loading. The material reviewed does not establish what influence European governments have over either a military operation or a negotiated agreement.

2 · THE UNITED STATES AND RUSSIA

The United States eased some Russia sanctions as the EU added new ones

The United States eased certain sanctions on Russia, while the EU kept its own restrictions and added about 1,600 names to its sanctions list, POLITICO reports. The US diesel licence, which allows trade in Russian diesel, and the waiver suspending new US tariffs and most new US sanctions were both issued in October, before the vote. The Kremlin also proposed a meeting of the US, Russian and Chinese leaders, the WSJ reported, and said European countries were not included in the next round of Ukraine talks, for which no date has been announced. That statement describes Russia's position; it does not establish US agreement.

3 · EUROPE'S DOMESTIC PRESSURES

Europe's domestic pressures: protests, a difficult French budget and an early exit at the ECB

Cost-of-living protests put pressure on governments already struggling with tight budgets or limited parliamentary support. In France, the government had difficulty securing support for its budget. In September, investors demanded the largest extra interest to lend to France rather than Germany in more than 14 years, on monthly averages. In our reading, political uncertainty may explain part of that gap, although the figures alone cannot establish the cause.

Then the markets: interest rates, the euro and oil

Euro area 10-year yield (AAA, the highest credit rating)	US dollars per euro (ECB)	US 10-year Treasury yield	Brent crude, physical (EIA), dollars per barrel
3.37%	1.1133	4.99%	$123.10
-22 bp · to 27 Oct	-1.5% · to 28 Oct	-25 bp · to 27 Oct	+7.2% · to 27 Oct

Change from 1 October to the date shown; a basis point (bp) is a hundredth of a percentage point. France's borrowing premium is shown in a chart in the full analysis.

Sources: ECB statistics; US Federal Reserve (FRED); US Energy Information Administration.

The dates to watch

3 November
US midterm elections; Mr Trump ruled out attacking Iran before them

5 November
Nationwide strike in France urged by labour leaders

18–19 November
APEC summit in Shenzhen, where the Kremlin suggested the three leaders meet, the WSJ reported

29 November
Spain's early general election

About mid-December
End of the 60-day pause Mr Rubio described for the waiver suspending new US tariffs and most new US sanctions; the order sets no end date for the waiver

End of 2026
QatarEnergy's notice of force majeure (an event beyond its control that excuses it from delivering) on liquefied natural gas (LNG) deliveries is due to end unless extended

7 February 2027
Christine Lagarde leaves the ECB

The analysis of the month with its charts, and what this means for investors and companies.

FULL ANALYSIS

The analysis of the month with its charts, and what this means for investors and companies.

Analysis

Three questions connect this month's developments. How much does the timing of US action determine what happens next in the Gulf? Why did the United States ease certain restrictions on Russia while the EU added sanctions? And does the extra interest investors demand to lend to France reflect concerns specific to French politics and public finances?

1. The Gulf. The US election helps explain the timing of a possible American attack: President Trump wrote that the United States "will not be attacking Iran at any time prior to the Midterm Elections". But that does not mean the United States alone will determine the outcome, because regional powers are also pursuing diplomacy. A delegation from the Mecca defence pact met Iranian leaders in Tehran on 26 October. Gulf states are also drafting a peace plan, the Guardian reports, which depends on sanctions on Iran being lifted.

If regional governments follow a US decision taken after 3 November, that would support our reading that the US calendar sets the pace. If their diplomacy shapes the outcome whatever the United States decides, that would suggest greater regional influence. A US attack after the election would confirm the stated timing, but would not by itself settle this question. An agreement based on the Gulf plan could reflect both, since US influence and regional initiative can operate together.

Signals of how the international order may be shifting

Regional pacts
Türkiye, Qatar, Pakistan and Indonesia signed the "Badr" memorandum on producing military hardware together.

The US role
the US ambassador to Türkiye, Tom Barrack, said the US role as world guarantor for eight decades "is no longer there", Middle East Eye reported.

Africa
at the Moscow summit, Ethiopia said it had received 12 Russian Su-35 fighter jets; separately, on 25 October, Algeria's upper house approved sending troops to Niger.

China
growth was 4.5% year on year in the third quarter, the National Bureau of Statistics said. In our reading, the investment deals US and Chinese negotiators seek before APEC may shape where China's export surplus goes, Europe included.

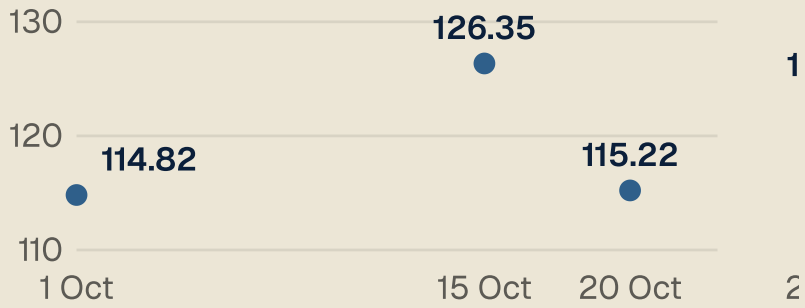
Europe
Finland's and Norway's leaders held their own call with Mr Putin, a sign that some European leaders are opening their own channels.

In our reading, the United States still takes the decisions with the widest reach, but in our sources it is not the only one organising Gulf security; this is one month's evidence, not a settled new order.

Energy. European gas prices rose during October, while US gas prices fell. The two markets are linked by trade in liquefied natural gas (LNG), but local supply and demand can still push their prices in different directions. Disruptions to Qatari LNG and Norwegian supplies, together with forecasts of colder weather, may all have contributed to the European rise; the evidence reviewed does not establish how much each contributed. In a separate conflict, the Black Sea became the world's deadliest shipping route, by the Financial Times' account, and attacks cut Ukraine's wheat exports to Asia.

Energy prices in October

European gas, November delivery (exchange)	▲ up by more than a third from 1 to 28 October, ending at its highest level of the period
US gas (exchange)	▼ down from 1 to 28 October
US diesel, New York Harbor (EIA)	▼ rose after the 9 October licence until 20 October, then fell below its 1 October level by 27 October; the evidence reviewed does not establish why
Brent, physical (EIA)	• back near its 1 October level by 20 October, then up again to 27 October



Exchange and EIA spot prices, not what a business pays; gas and diesel as direction only.

Physical Brent: Europe Brent spot price, US Energy Information Administration.

For oil, we distinguish a loss of supply from fear of disruption. Physical Brent, the price of crude for immediate delivery, was back near its 1 October level by 20 October, then rose again. An export terminal stopping shipments would be evidence of a physical interruption. Prices rising on reports of possible strikes while shipments continued would point more to traders charging extra for the risk of disruption.

2. The United States and Russia. The purpose of the US relief remains uncertain. Mr Trump said the waiver was meant to keep Moscow at the negotiating table, which suggests a bargaining offer but does not establish that Russia offered anything in return. Other motives are possible: Mr Trump said the diesel deal would lower US fuel prices, a concern before the election, and the BBC suggested displeasure with Ukraine's attacks on Russian refineries. A US decision that explicitly links relief to a Russian step in the talks would strengthen the bargaining explanation. A change linked to fuel prices or the election would support the domestic explanation, although timing alone would not prove the motive.

October, day by day: US and EU decisions on Russia, and the talks

US DECISION | EU DECISION OR STATEMENT | TALKS

9 Oct	US	US licence allowing trade in Russian diesel
10 Oct	EU	Ms Kallas, the EU's foreign-policy chief, objects to it
12 Oct	EU	EU adds about 1,600 names to its sanctions list, its largest expansion since the war began, as Ms Kallas put it on X, POLITICO reports
16 Oct	US	US order waives the new tariffs and most new sanctions of the Graham Act, a 2026 US law sanctioning Russia and Iran
28 Oct	TALKS	Kremlin: European countries are not in the next round, which has no date (Moscow's account)

Sources: US Treasury (OFAC); the White House; POLITICO; Arab News; Al Jazeera.

In our reading, costs moved some of Russia's oil buyers, as India's refiner BPCL shows: it is cutting Russian crude in November, citing freight costs and premiums. China's refiners bought West African and Brazilian crude as shipping rates fell, while competition for Russian supply was stronger, OilPrice reports. The US measures leave other sanctions in place, including restrictions on the accounts of Russia's central bank, National Wealth Fund and Ministry of Finance at US financial institutions.

A European business with US operations must consider both sanctions systems

What the US diesel licence allows

persons under US jurisdiction, such as US-incorporated subsidiaries, may sell and import Russian-origin diesel, including into the United States, until 7 April 2027. It excludes debits to the accounts of Russia's central bank, National Wealth Fund and Ministry of Finance at US financial institutions.

What still applies under EU law

people and companies under EU jurisdiction must keep complying with EU sanctions, including "the Russian oil import ban", in the European Commission's words. US permission does not automatically permit a transaction under EU law. We have not assessed whether a particular European company could take part in a US-licensed trade.

The US tariffs and their waiver

the 16 October order sets extra tariffs of 500% on goods from Russia, and of 100% on goods from the five largest buyers of Russian crude and gas if they knowingly make new purchases on or after 18 October. The 100% tariff also applies to goods from the "top 5 facilitators of Russian oil sanctions evasion". The same order waives these tariffs and most of the Graham Act's new sanctions, naming no country.

How long the waiver lasts

it lasts until the President or the Secretary of State decides otherwise, with no fixed end date. Mr Rubio's 60-day pause points to about mid-December, not a legal deadline.

Sources: US Treasury (OFAC); the White House; European Commission.

3. Europe's domestic pressures. Investors demand more interest to lend to France than to Germany. This gap, known as the spread, rose from 66 basis points (hundredths of a percentage point) in February to 97 in September, on monthly averages. On the Banque de France's official daily series, France's 10-year rate closed above 5% on 22 and 23 October. On 22 October it was 5.13%, against 3.44% for Germany (Bundesbank), a gap of 169 basis points (our calculation; daily data, not comparable with the monthly averages). In our reading, concerns about French politics and public finances may explain part of it. France and Germany share the euro, but investors can still judge their government debt differently.

In September, the extra interest investors demanded to lend to France rather than Germany was the highest in more than 14 years

The spread, the gap between France's and Germany's 10-year government bond yields: monthly averages, in basis points (hundredths of a percentage point)



September is the latest monthly average; it does not measure October. In September, France's 10-year yield, 4.44%, was above Italy's, 4.36%.

Source: ECB statistics. Spread calculated by Strategos. Monthly averages, January 2011 to September 2026.

There are other explanations. Alain Durré, an economist at the bank Natixis, points mainly to investors moving money between bonds for short periods, by CNBC's account. Another possibility, for October's move, is that the global sell-off in shares and credit, sharpest on 22 October, increased demand for German bonds, lowering German yields and widening the gap with France. These explanations can operate together: a global sell-off can hit France hardest where its politics already worry investors.

Daily movements would help tell these explanations apart. A gap that widened around French political events, while other major bond markets stayed calm, would support the political explanation. A gap that narrowed as demand for safer assets faded would support the market explanation. By 27 October, shares and US credit had largely recovered, but the yields of top-rated (AAA, the highest credit rating) euro-area governments had not risen back, which weighs against the market explanation so far. A narrowing alone would not settle it, since short-term moves between bonds also unwind. One month of daily data cannot yet resolve the question.

France's 2027 presidential campaign could affect European policy, because Ms Le Pen's statement that France "can no longer finance Ukraine" points to a possible change in French support if she takes office.

How sure we are: the report of a US offensive after the vote relies on unnamed sources. A Pakistani and Turkish deployment to Saudi Arabia was agreed, and Middle East Eye described it as public; we have not confirmed that troops arrived.

What this means for investors and companies

Energy costs

Gas-market prices moved against European businesses relative to their US competitors in October. The effect on each company's bill depends on its contracts and hedging, that is, prices it has locked in advance.

Businesses operating in both the US and the EU

A transaction permitted under the US diesel licence may still face restrictions under EU sanctions. Businesses need to assess which rules apply to each entity and each transaction.

Rates and the euro

The US Federal Reserve held its rates on 28 October and the ECB on 29 October. The euro's 1.5% fall against the dollar (1 to 28 October) raised the euro value of unhedged dollar assets by a similar amount.

IMPORTANT INFORMATION

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