



By: **Emre Alkin**

All Quiet on The Western Front



I read this beautiful work by German author Erich Maria Remarque at a very young age. The title of the book indicates that when conflicts, pains, and deaths become normalised, each of them turns into a daily detail.

Given the current tensions, the fact that the US President initiates a conflict alone and then unilaterally declares a ceasefire felt like one more unfortunate detail—almost as if a street thug punches someone and immediately says, "Let's make peace."

On the other hand, we are experiencing large-scale human losses without engaging in a major war, as if a big war is happening without actually fighting one. It's impossible to fully describe the helplessness we feel.

I guess the US political advisors haven't thought through things very thoroughly when they considered, "Iran can't afford to confront the US." Frankly, since Trump, who once said, "If Kamala Harris is elected, she'll start a war within six months," took the White House, the world hasn't been able to breathe easy. While plunging the world into instability, its stance that fully supports Israel is damaging its credibility in the public eye.

Lack of life experience

It's unknown whether Iran can or will **close** the Strait of Hormuz. However, saying that oil prices and energy costs will threaten the fight against inflation isn't speculation. Some experts' claims that "there's not much change in investors' positions before and after the conflict" are a serious mistake.

Over the past year, many executives have sold their shares in companies. Warren Buffett had fully transitioned to **cash** even before Trump took office. Central banks, meanwhile, increased gold reserves, dropping the euro to second place among reserves. All this happened within 1 to 1.5 years.

Government bonds will be increasingly considered "risky"

No intelligent investor changes their positions while events unfold because it's usually too late. Therefore, I can characterise some analysts' comments as "lack of life experience" at best.

The US engaging in direct conflict would make a global recession more tangible—this has always been the case. So, there's no need to rush into asset purchases. While high inflation persists during a slowdown, assets will inevitably change hands below their actual value due to necessity. Especially in markets that are inflated like soap bubbles, this will happen more dramatically. Government bonds will be increasingly considered "risky."

Old institutions are worn down

Aside from their effects on the world and their own country, Trump, while heading towards a European interest rate cut, claims that the US didn't cut rates at all, **accusing** Powell of being "political" and causing significant financial losses to the country. He further criticises Powell for "doing a poor job" and reiterates that he wants lower interest rates. He concludes with colourful remarks, asking, "Can I get permission to fire myself from the Fed? I could do a much better job than these people."

It appears the US is gradually moving away from being the cradle of liberal democracy and is beginning to experience an "anxiety period" similar to Eisenhower's time. We are entering a period where old institutions are worn down and the state system is changing.

War has never been a lifebuoy for failed economies in any era

For those interested, Haynes Johnson's **book** "Age of Anxiety" vividly describes the process of the infamous "McCarthy era." It details how America's habit of creating enemies after World War II started and how democracy has been eroded in the US. I recommend it.

As I **wrote** last week, war has never been a

lifebuoy for failed economies in any era. However, it creates new balances in debt-credit relationships. Our only hope is for the Creator to protect our country. Unfortunately, we are not among those unaffected by these developments.

Diplomacy – no longer an exit strategy

Iran is currently experiencing some of its most dramatic days in recent years. Airstrikes by the US and Israel on major nuclear facilities have led to a series of unpredictable events. Let's recall last week: According to Iran's military spokesperson Ibrahim Zulfikari, the threat **message** was, "You may start this war, but we will be the ones to end it."

Iran will no longer intervene through asymmetrical operations conducted by proxy forces, militias, or mercenaries

This message indicates that diplomacy is no longer being considered as an exit strategy. It implies that Iran will no longer intervene through asymmetrical operations conducted by proxy forces, militias, or mercenaries. So far, Iran's High National Security Council has not decided to **close** the Strait of Hormuz, but oil prices are fluctuating up and down.

If we look at the potential impacts of these fluctuations, Goldman Sachs **estimates** that a partial closure of the Strait of Hormuz could push Brent crude oil to \$110. This could cause global difficulties in inflation and energy policies.

Don't rush into asset purchases

While all these events unfold, there is a noticeable increase in "safe investment" in the financial markets. As the dollar rises, the euro and yuan decline. Investors are turning to gold and the Swiss franc. Although Iran's responses

last night seemed weak, it's understood that further actions are likely. In such an environment, it is possible for Iranian Shia militias to mobilise along the borders of Syria and Iraq.



The world is already experiencing widespread lawlessness, and the ownership of assets is under threat – Emre Alkin

Additionally, the cyber threats targeting London and other financial centres that are often discussed could indicate that Iran's response has gone beyond regional boundaries. Some still see this conflict as localised, but it's important not to underestimate the possibility of escalation.

If the UN Security Council fails to reach a consensus and Iran proceeds to formalise the blockade of the Strait of Hormuz, there could be lasting disruptions in energy flows and increased global tensions.

Every delayed day increases the risk of a global economic storm—this is not an overstatement. I avoid simplistic analyses like "They can't close the Strait of Hormuz." It's very difficult to predict what anyone will do.

Again, I emphasise: do not rush into asset purchases. The world is already experiencing widespread lawlessness, and the ownership of assets is under threat. Cash is king at the moment. It will take time for the inflated prices to normalise. Do not change your decisions driven by cyclical movements. Keep your eyes on the markets.