

# The Global Oil Complex:

Geopolitics, Prediction Markets, and the Price of Conflict

## THE GEOPOLITICAL SPARK



**US and Israel**  
Execute Strikes on Iran



**15% Surge in Oil Prices**

Tensions pushed prices to \$73 per barrel on Friday, Feb. 27 before the actual bombing

## THREE SCENARIOS FOR GLOBAL OIL



### Scenario A: The "Tail" Risk-Regional War

A true disruption of the Strait of Hormuz stemming from a full-scale war could drive prices to \$125 per barrel.

**Market Narrative: Disruption/Shock**

## ECONOMIC IMPACT & THE "OIL TAX"



### Oil Functions as a Global Tax

Higher oil prices directly correlate to lower global economic activity, acting as a drag on GDP



**3.0%**

### GDP Danger Zone

Currently, oil costs account for 2.5% of world GDP; hitting the 3.0% threshold is considered economically "problematic".

(War Scenario > 3.0%, Regime Change < 2.0%)



### The Role of Prediction Markets

These "Intelligent assets" are being used to outperform traditional experts and indicators by aggregating the "Wisdom of Crowds" through financial stakes

## STRATEGIC GEOPOLITICAL SHIFTS



### Russia's Diminishing Influence

With the potential loss of Iran as an ally, Russia faces further isolation after previous losses in Syria and Venezuela



### The Nuclear Leverage Lesson

Observers fear medium-sized powers may now rush to acquire nuclear leverage to avoid similar regime-change interventions



## THE STRAIT OF HORMUZ BOTTLENECK

20% of global oil flows through this passage;

Insurance companies are already canceling policies or raising rates for ships in the Persian Gulf



### Scenario B: Quick Regime Change

A rapid transition in Iranian governance would restore market normalcy and potentially drop prices back to \$60 per barrel.

**Market Narrative: Normalcy/Noise**



### Scenario C: Escalating Threats with OPEC+ Response

Oil flows remain under threat but are mitigated by OPEC+ accelerating production, resulting in an \$80 price peak.

**Market Narrative: High Volatility**