

Original Article

Israel-Iran Conflict and Its Impact on Oil Price and Global Economy

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Abstract: *The war between the two countries, Israel and Iran is in full swing and it has dire consequences to the global economic situation especially that of oil prices. This paper focuses on the effects of the war between Israel and Iran on oil and the economies of the world. The war has caused the worsening of tensions in the Middle East, disruptions in the supply chains, sanctions and growth of uncertainty. This has influenced the price changes of oil, which impacts on the stability of world economy. The paper evaluates the impact of the conflict to oil prices, trade and economic growth shedding light on the interdependence of the geopolitical events and the economic performance. The results are a possibility of the conflict leading to increased volatility in the oil markets, which has influenced economies of the world. The paper presents the conclusion that the situation should be observed closely by policy makers and investors who should come up with counter measures to ensure that economic risks are reduced. The dynamics of the Israel-Iran conflict and how it affects the price of oil and the global economy is very essential in exploring the intrigues of the current global economic scene. This study has offered an idea on the vast impact of geo-political turbulence on economic stability as well as on the necessity to take action in advance with regard to possible challenges. Thanks to the investigation of the interconnection between the Israel-Iran dispute and the world economy, such proposed research is anticipated to add to a more in-depth idea of intricate connections between geopolitics, petroleum rates, and economic performance.*

Keywords: *Israel-Iran Conflict, Global Economy, Oil Prices, Market Volatility, Economic Stability.*

I. INTRODUCTION

The first consequence of the Israel-Iran conflict has been the rise of the global oil prices which increased more than four percent in first days since the outbreak. The Brent crude prices escalated to 74\$ per barrel upwards, which is providing an interim windfall to the economies that depend on oil such as Nigeria. On Saturday, Israel targeted Iran's fossil fuel industry, causing a conflagration at the South Pars gasfield, following the killing of top military commanders and nuclear experts and damage to nuclear sites the previous day. According to Iranian authorities, the Israeli attacks killed at than 220 individuals, including at least 70 women and children. Iran responded with salvo of ballistic missile and drone attacks and a small fraction made it through Israeli defences killing 24 people and more. US President Donald Trump has threatened Tehran on his Truth Social network that the next attacks would be even more brutal which have already been planned. He also pressured Iran to seal off its nuclear program before it is nothing. The tension between the two most dominant forces in the Middle East only increases, and the aviation industry and the financial markets are the main victims. Oil prices are being monitored by analysts and investors are embracing gold as a safe haven asset.

Escalating conflict between Israel and Iran is also boosting tensions over potentially inflating global oil prices if Tehran decides to retaliate against America's airstrike move by disrupting global oil trade through the Strait of Hormuz. The conflict raging between Israel and Iran on Sunday, 22 June 2025, took an escalating turn as the US entered the war after conducting an airstrike on three nuclear sites of Iran. These heightened tensions are likely to inflate the global oil prices in case Tehran decides to retaliate against America's move. US President Donald Trump announced that America had destroyed three nuclear facilities in Iran, namely Fordow, Natanz, and Esfahan, through a coordinated airstrike amid the Israel-Iran conflict.

Trump called out Iran and said that there will either be peace or tragedy for the Middle Eastern country, as the Western nation disclosed its preparedness to take out more targets in Iran. The conflict between Israel and Iran could plunge the entire global economy into recession. Iran controls the Strait of Hormuz and has threatened to close one of the world's most important energy shipping routes. The Strait of Hormuz is a narrow passageway between Oman and Iran that is a critical route for global oil transportation with tankers carrying crude oil from the Gulf Region to Europe, Asia, and North America. Approximately one-fifth of the world's oil supply passes through the Strait of Hormuz. That makes it the second most important oil route after the Strait of Malacca. And its disruption amid the Israel-Iran conflict could lead to significant increases in oil prices and widespread economic consequences. Trump told journalists during an end-of-the-night



media briefing Saturday, 21 June 2025: there would be peace and prosperity, or there would be tragedy, much more significant than what it has seen in the past eight days, in Iran. Trump's move to carry out airstrikes in Iran has automatically involved the Western nation in the raging conflict in the Middle East. "All flights are now outside of Iran's airspace. A complete cargo of bombs was dropped on the principal target, Fordow. "All planes are safely on their way home," he wrote on social media.

A. Statement of the Problem

The current struggle between Iran and Israel has raised major mystery and instability in the world economy especially in the oil market. The war has created even more tensions in the Middle East contributing to disruption of supply chains, sanctions, and the inability to operate with a high degree of certainty. These have been the causes of oil an instability in the world economic position, and an issue that has brought serious challenges to the policymakers, investors, and businesses. The issue is that the war between Israel and Iran has wide economic effects on other economies of the world that include: The conflict has shown to have a higher volatility in the oil prices and this affects the stability of other economies in the world and challenges to policy makers and investors. Economic instability: The war has led to economic instability, in terms of trade, investment and economic growth in the entire world. Uncertainty in the global economy: The battle has led to great uncertainty in the global economy; this has made making of valid decisions by businesses and investors very difficult.

This paper seeks to explore how the Israel-Iran conflict has affected oil prices and the world economy such that it gives an understanding of the interdependences that exist between geopolitics, the price of oil and the economic performance of the world. Knowing the nature of conflict and its effects over the world economy, policy makers and investors are in a position to devise means through which any possible economic risk can be curtailed and a state of stability can be promoted.

B. Aim and Objectives of the Study

The aim of this study is to investigate the impact of the Israel-Iran conflict on oil prices and the global economy, and to explore the potential implications for economic stability and growth. Specific Objectives are to;

- Examine the Israel-Iran conflict impact on oil prices, and what are the key drivers of oil price volatility in this context.
- Investigate the effects of the Israel-Iran conflict on global economic stability, and how do these effects vary across different countries and regions.
- Explore the various channels through which the conflict affect the global economy, and what are the key transmission mechanisms.
- Examine the policy measutres that can be taken to mitigate the economic impacts of the Istra-el-Iran conflict, and what are the potential benefits and limitations of these measures.

C. Research Questions

- How does the Israel-Iran conflict impact oil prices, and what are the key drivers of oil price volatility in this context?
- What are the effects of the Israel-Iran conflict on global economic stability, and how do these effects vary across different countries and regions?
- Through which channels does the Israel-Iran conflict affect the global economy, and what are the key transmission mechanisms?
- What policy measures can be taken to mitigate the economic impacts of the Israel-Iran conflict, and what are the potential benefits and limitations of these measures?

II. THEORETICAL FRAMEWORK

According to realistic conflict theory (RCT), intergroup conflict occurs when groups compete for limited resources. This competitiveness can result in bad stereotypes, discrimination, and greater hatred among groups. The theory proposes that when organizations regard their goals as contradictory and resources are scarce, they will inevitably engage in conflict. According to the realistic conflict theory, conflicts arise when multiple groups compete for limited resources, leading to unfavorable stereotypes, beliefs, and prejudice. According to realistic conflict theory, conflict arises when multiple groups compete for limited resources, leading to unfavorable stereotypes and discrimination. The conflict might increase enmity between the groups, resulting in an enduring feud.

This was the case in the example of Britain, France and Germany in that all these nations of Europe were also competing over imperial colonies and still pursue leadership in Europe. They have few resources available like the colonies and jobs/money in Europe. Other nations such as the Netherlands and Denmark have never been in competition with us in the battle to move to power, dominate or be rich; so there is no bad stereotyping and ugly jokes. When many groups strive for common goals, they can lessen conflict, negative stereotypes, and prejudice. Superordinate goals require the engagement

of multiple organizations to achieve mutually desired outcomes. This theory highlights the importance of power and security in international relations, focusing on how conflicts such as the Israel-Iran conflict might affect global economic stability.

A. Resource Curse Theory

There is this effect called the resource curse or rather the paradox of abundance or plenty, which states that there is a very likelihood that a richly resourceful country will perform less well economically and be more unstable than its counterparts that are not equipped with such variables. This is normally witnessed in the case of countries that have been overly using their natural resources in export form, such as oil or minerals.

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A concept of a resource curse was also coined by Richard Auty in a book titled, *Sustaining growth in the mineral economies* (1993). Resource Curse is a phenomenon whereby resource laden countries show an unsuccessful economic performance as compared to those that are resource poor (Auty, 1993, p.1). As one can observe, the definition of the Resource Curse is relatively loose; therefore, it adds some flaws to the entire notion of the Resource Curse. The Resource Curse theory or explanation of this phenomenon is not a popular one. As having completed a comprehensive piece of literature, one could distinguish three important main models of the Resource Curse which include Dutch Disease, Rent-seeking, and Institutions ones. The three models or their modified forms represent the foundation of most existing researches on the subject matter. Investigations of these models are going to be considered chronologically in order to establish how the theory of the Resource Curse has developed.

These theoretical frameworks serve as a foundation for comprehending the complex dynamics of the Israel-Iran conflict, as well as its implications for oil prices and the world economy. Using these frameworks, this study seeks to provide light on the conflict's potential repercussions for global economic stability and prosperity.

B. Oil Price Effect of Israel-Iran Conflict

Crude oil futures for both Brent and the West Texas Intermediate (WTI) closed lower after Friday's commodity market session. Investors' focus on Monday, 23 June 2025, will remain on how much the commodity takes a hit due to the increasing uncertainty in the market.

Oil prices rose to a five-month high over the weekend after the US targeted Iran's nuclear facilities. Tehran responded with an attack on the US Al Udeid Air Base in Qatar, putting global oil markets on edge. However, oil prices fell substantially on Tuesday after it looked like Iran was holding off further attacks, notably avoiding blocking the Strait of Hormuz, a major chokepoint in world trade (Hirschfeld, 2025).

Brent Crude, the international benchmark for oil prices, has fallen more than 5.6 percent on the trading day and is now trading at roughly \$66 per barrel. Brent futures for the September 2025 contract closed 2.33 percent lower at \$75.48 following the commodity market session on June 21, 2025. The August 2025 WTI futures contract closed 0.28 percent lower at \$74.93 following the commodity market session into Saturday (<https://www.aljazeera.com/economy/2025/6/16/what-would-an-israel-iran-war-mean-for-the-global-economy>).

Bloomberg Intelligence, in a research note, said that it is raising the near-term forecast for Brent crude to the \$80-\$90 range. "We are raising our near-term Brent forecast to the \$80-\$90 range, with \$100-plus oil increasingly likely given the elevated risk of Iran closing the Strait of Hormuz," according to the research report cited by the news portal Moneycontrol.

Prices of crude oil rose by 24 per cent in June to almost its previous price of between 75 dollars a barrel and investors were worried that the hike would be sustained further due to tensions in the Middle East. The world-wide Brent crude stabilised Monday, rallying to 74.60 dollars a barrel in the wee hours.

This was almost a 7 percent rise against Thursday when the Israelis started resorting to a surprise attack. The Strait of Hormuz is used to deliver most of the oil and other valuable products such as natural gas, which move around the world, particularly in the major shipping routes in the Middle East. It is the Strait, it is a short canal that separates the Gulf states and Iran, and also connects the Arabian Sea and the Indian Ocean. It transports one-third of international oil shipment

where 21 million barrels of oil are shipped daily. At the most narrow area it is 33 kilometers (21 miles). Shipping channels are much thinner; they could be easily attacked.

The situation in Israel and Iran has rekindled a long-drawn argument on whether Tehran will close the maritime choke-point leading to a boost in the price of oil. IRINN (the Iranian news agency) quoted an important conservative politician as Esmail Kosari, saying Tehran is contemplating closing the strait as the stand-off with Israel progresses.

As per Goldman Sachs, a worst case scenario of the blockades in the Strait of Hormuz could result into an oil price of above 100 dollars per barrel. However, when both nations were attacking trade ships in the Persian Gulf in the Iran-Iraq War (1980-1988) Hormuz was not completely closed off. Cutting off of the Strait of Hormuz would interfere with the exports of Tehran, especially to China, which may lead to losses.

Economist Hamzeh Al Ghaod, who works at a strategic and political research outfit TS Lombard, reckoned that the consequences of shutting down the strait would be dire on Tehran itself. Increase in the cost of oil increases its cost of production. This is ultimately reflected to the customers especially in energy intensive products like food, clothes and chemicals.

In the event that the war persists, policies towards an importing country of oil would experience a higher inflation level and a slackening growth rate. Analysts were of the view that central banks would be left with fewer policy Alternatives in the effort to reverse rising prices. At the moment, central bankers of the G7 are engaged in the vicious circle of the cut in interest rates, and will be concerned about the possible energy price shock, Al Ghaod told Al Jazeera.

Recently, the Bank of England lowered the rate of interest on loans made in the UK to 4.25 percent, but the Federal Reserve, in the US, which is uncommitted to reducing the rates as a reaction to the tariffs imposed by Trump on almost all countries after ascending back to power in January, has not lowered the rates.

While there are still threats of an escalation, the oil market so far remains spared from major impacts. On top, ample storage and plentiful spare capacity bolster oil's supply resilience. While oil prices saw a spike, the long-term trends are very likely unscathed by the events in the Middle East. The oil market remains on a twisted road to abundance, which should pressure prices back down. We believe that we are still amid a temporary oil price bounce, with a risk premium lifting prices for weeks rather than months.

III. THE ECONOMIC EFFECTS OF THE ISRAEL-IRAN CONFLICT

The implications of these strikes are not yet obvious. I've read several hyperventilating takes on how World War III is now beginning, but this appears obviously incorrect. Although the world may be on the verge of WW3, strikes on Iran's nuclear facilities are unlikely to be the tipping point. Iran has close connections with China and Russia, but neither appears to be interested in coming to Iran's aid in the current crisis. China is not interested in becoming involved in battles outside its own borders, and Russia is distracted with its war in Ukraine.

I also don't expect the strikes on Iran to result in a "boots on the ground" invasion by the United States. First and foremost, there's the TACO factor: Trump was only willing to carry out a few restricted airstrikes aimed solely at Iran's nuclear program, and only after Israel had already neutralized much of Iran's long-range strike capabilities. Iran has only killed a few dozen Israeli civilians in this battle, and its effectiveness may have been limited. Iran's authorities are voicing dire threats against the US in response to today's strike, but there isn't much they can do other than fire feeble shots at US bases in Iraq (<https://www.noahpinion.blog/p/the-economic-consequences-of-war>). Trump's strikes posed minimal military danger and do not represent a new, bolder, or braver Trump.

So, while these things are always difficult to forecast, the most likely scenario appears to be that Trump just conducts airstrikes until Iran's three nuclear facilities are destroyed (assuming they aren't already), then backs off and leaves the war to Israel. Trump's 2020 assassination of Iranian commander Qasem Soleimani had a similar outcome.

Second, and more importantly, Iran may seal the Strait of Hormuz, the primary transportation route for Middle Eastern oil. The Strait of Hormuz transports approximately one-fifth of global oil supply, making any closure a significant event. Iran has threatened to close the strait during the confrontation with Israel. Following U.S. strikes, Iran has reportedly closed the channel to all ships going for Europe:

It's unclear if Iran has the military capability to close the strait, but most analysis I've read suggest that they probably could. Iran has a wide range of weapons, and the narrow strait allows for short-range operations. The Houthi militia, which is backed by Iran, has demonstrated the ability to effectively deter any vessels from the Red Sea's exit.

The Israeli-Iranian exchange of lethal salvos entered its fourth day today, with fears that the confrontation could eventually spread to one of the world's most critical oil- and gas-producing territories. Equity markets saw a negative reaction immediately following the unexpected Israeli attack on Friday, but have subsequently steadied.

Israel bombed Iran on Saturday, a day after murdering several Iranian top military commanders and nuclear experts and destroying parts of its nuclear sites. Iranian state television reported a fire at the South Pars gas facility. According to Iranian authorities, the Israeli attacks killed at least 220 individuals, including at least 70 women and children. (Kozul-Wright, 2025).

A. What has made Israel and Attack one another?

The Rhetoric Against Israel, Support To Proxy Forces In The Middle East And The Arming And Financing Of The Palestinian Militant Groups Like Hamas Make Iran An Existential Threat To Israel. In Some Circumstances, The Proxy Groups Turned Into Political Parties, And Iran Was Welcoming Them.

On October 1, Iran used a ballistic missile against Israel and Israel promised to retaliate. In the same assault, Iran fired nearly 180 missiles to Israel. Most of them got captured by Israeli air defense and US-led allies. Others however, strike airports and other sites. One of the Palestinian fell victim and a missile case killed him. Israel gave an indication that it would retaliate but it never indicated when and how to do it. Ever since that moment, speculation has existed apprehending when and in what form an Israeli attack on Iran would take place, whether limited or massive, on both the Iranian oilfields and the Iranian nuclear facilities (Berg, 2024).

It was a dawn raid on Saturday and did not specifically target missile manufacturing and launching facilities as also other aerial capabilities that Israel did not identify. Right now there is currently a proxy war taking place between Iran and Israel (Gerges, 2013; Ahmari, 2012). During the Israel-Lebanon conflict, Iran has provided the Lebanese Shia militants including the Hezbollah with support. The Israeli-Palestinian conflict has been going on with Iran giving assistance to Palestinian parties such as the Hamas. Israel has funded Iranian rebels, carried air attacks, killed Iranian nuclear scientists and attacked the Iranian military in Syria (Holmes, Oliver, Dehghan, & Kamali, 2018). In 2024, war by proxy escalated to direct conflict between the nations (Bando & Raddatz, 2024). In June 2025, the war between Iran and Israel broke out (BBC News, 13 June 2025) which the US also engaged in (The New York Times, 21 June 2025 & BBC News, 21 June 2025).

B. What was The Reason Why Iran Attacked Israel and what was the Response of Israel?

On October 1, Iran reportedly attacked Israel in revenge of the killing of the heads of two Iran-backed armed militants (Hezbollah and Hamas) and the top Iranian general. September 27, Israel attacked the structure in which the Hezbollah chief Hassan Nasrallah and Brig.; The two were killed by Gen Abbas Nilforoushan who was in Beirut, Lebanon. On July 31, Ismail Haniyeh, political leader of Hamas was killed by an explosion in the same complex where he was lodging in his visit to Tehran. Iran took responsibility of the attack though Israel has not confirmed or denied participation.

It was the second direct attack of Iran on Israel. It occurred five months after it initially attacked Israeli with about 300 drones and missiles. According to Israel, nearly all of them were stopped. This was in response to applicative Israeli air forces that attacked a complex of Iranian consulates in Damascus, Syria on April 1, which resulted in the loss of life of 13 people including 7 of Iranian laws on overseas Quds Force. Among the individuals killed include a senior Quds Force officer and his number two. Iran accused the bombing claiming that it was breach of its sovereignty.

Quds organization belongs to the most strong Iranian military entity, the Islamic Revolutionary Guard Corps (IRGC). The IRGC smuggles supplies, weapons and equipment such as high precision missiles into Syria and dishes it to the Hezbollah. Almost three weeks after the attack by Iran using missiles and drones, Israel was responding by G20 central province of Isfahan in Iran. The Israeli attack was not covered by the Israeli authorities though was acknowledged by the US officials. The drones of Israel are reported to have struck radar of the Russian-made S-300 air defense missile system owned by Iran and which Israel claims is a specific serious menace to any of her fighter aircraft flying within the airspace of the neighbor. The attack was not considered to be large-scale as the radar attack was meant to demonstrate that Israel could strike the military facilities in Iran.

C. Why are Israel and Iran Sworn enemies?

What Ezekiel predicted about Iran and Israel is playing itself out now. In Ezekiel chapter 38 the prophet describes a final war between Israel and a coalition of nations, but here is what's shocking. Ezekiel named the exact countries by their ancient names - Persia - modern-day Iran, Gomer - Turkey, Put - Libya, and they are all aligning against Israel right now. The ancient prediction by Ezekiel wrote in the latter days said, it will come against the land of Israel. You and all your troops and the many peoples with you will attack Israel. But here is the spine chilling part - he predicted they would come from the

'far north', Iran sits directly north of Israel. The geography matches perfectly, even more terrifying? He said this will happen when Israel is dwelling securely in unwallled villages. For 2000 years, Israel didn't exist. Then in 1948, they became a nation again. Ezekiel said they would be gathered from many nations, and brought back the sword. Today, Iran threatens Israel's existence. They allegedly fund Hamas Hezbollah, and openly call for Israel's destruction. The alliance Ezekiel described is forming exactly as predicted, but here's what Ezekiel says happens next - God himself intervenes, I will rain down fire and brimstone against the enemies of Israel.

The attacking armies are supernaturally destroyed. Iran's current threats Israel's isolation, the UN turning against them - it's all setting the stage for the most dramatic divine intervention in human history. We're not just watching news - we're witnessing prophecy. Every headline brings us closer, Iran's nuclear program, Israel's isolation, the Abraham Accord creating peace and security. Even the time matches Ezekiel prediction. This is divine orchestration playing out exactly as written 2,500 years ago.

Since the time Iran had been in a shadow war with Israel a few years ago destroying the assets of each other and not taking the credit of doing so before, Iran hit the astounding direct blow to Israel on April 1. The number of such attacks has swelled especially during the Gaza war that started in October after the Palestinian organization Hamas attacked the neighbouring Israeli settlements. The two states had maintained relations until the 1979 Islamic revolution in Iran that brought a regime which has relegated anti Israel to the core of its ideology (Berg, 2024).

Iran does not approve the right of existence of Israel, it wants to eliminate it. The supreme leader of the country, made up of Ayatollah Ali Khamenei, has termed Israel as a malignant tumour which will surely be rooted out and destroyed. Israel believes that Iran poses an existential threat, as is suggested by Tehran rhetoric, establishment of proxy armies in the region, including the Shia militant group in Lebanon, the Hezbollah, which has vowed to annihilate Israel, and the funding and arming of the Palestinian Islamic militant groups, including Hamas. It also blames Iran of developing nuclear weapons secretly though Iran has denied the allegations (Berg, 2024). Iran and Israel have been adversaries for decades, with Iran threatening to destroy Israel. Israel, for its part, considers Iran as its main opponent. The cooperation between Iran and Israel lasted until 1979 Islamic Revolution. Iran was one of the first to recognize Israel when it had been founded in 1948. Israel perceived that Iran was their opponent to the Arab states. In the meantime, Iran honored Israel as supported by the US in a bid to take action against governments in the region which were dominated by the Arabs.

Israel had instructed Iranian men and women on agriculture, aided with technical skills and advised on building and training the armed forces in Iran. The Iranian leader paid Israel with oil since its economy was booming and needed gasoline. Not only that. Iran was the second home to largest Jews in other parts of Israel. But after the Islamic Revolution, a lot of the Jews left the state. Nonetheless, over 20,000 Jews remain in the country of Iran.

The next question which arises is when did the relationship between Israel and Iran change? Iran abandoned all the previous agreements with Israel after Iranian Islamic Revolution installed Ayatollah Ruhollah Khomeini and fellow religious revolutionaries into power. Khomeini emphatically damned Zionist Israel occupation of Palestine. Iran's aggressive rhetoric against Israel aimed to gain support from Arab states and their citizens. The Iranian dictatorship, after all, wanted to expand its regional influence.

In 1982, wanting to stop the action of Israel in the country, Khomeini sent the Iranian revolutionary guards to Beirut, the capital of Lebanon who helped the local Shiite militia to counter the movement of Israel soldiers in the southern Lebanon. It is this financing that led to the formation of the Hezbollah force considered now as the direct proxy of Iran in Lebanon.

Iran's current leader, Ayatollah Ali Khamenei, who has the final word on all affairs, is just as anti-Israel as his predecessors. Iranian leaders, including Khamenei, have repeatedly denied the Holocaust. Israel and Iran are engaged in their most sustained, direct fighting ever, as the strikes between the two regional powers raise fears that the conflict could spread.

The two have been at enmity decades- a few days after the Iranian revolution of 1979, Tehran severed all relations with Israel. About nine months later, Islamic students entered the U.S. Embassy in Tehran, where the hostages were taken after a period of 444 days; the United States and Iran broke relations in the next year. Iran subsequently dubbed Israel the "Little Satan" (United States being "Great Satan") and voiced its support of the annihilation of Israel in the subsequent years.

Although both sides have publicly criticized each other for years, the sharper, more violent conflict between Israel and Iran was mostly covert, with Iran supporting proxy groups, including Hamas and Hezbollah, against Israel, while Israel was blamed for several targeted assassinations, blasts, and a cyberattack aimed at slowing Iran's nuclear program. The Hamas-led attacks of Oct. 7, 2023, and the ensuing start of Israel's war in Gaza have pitted Iran and its regional proxies against Israel in a much more open confrontation.

IV. CONCLUSION

Israel-Iran confrontation has far reaching effects on the economy of the world, and more so in the oil prices. The paper has discussed how the conflict has demonstrated effects on oil price and the economy of the whole world and the intricacies surrounding the interdependence of the three factors of geo-politics, oil prices and the economy.

A. Key Findings

- Oil price volatility: The conflict has led to increased volatility in oil prices, affecting global economic stability.
- Global economic instability: The conflict has resulted in economic instability, affecting trade, investment, and economic growth worldwide.
- Interconnectedness: The study highlights the interconnectedness of global economies and the potential for far-reaching impacts of geopolitical conflicts on economic stability.

B. Implications

- Policymakers: Policymakers must closely monitor the situation and develop strategies to mitigate potential economic risks.
- Investors: Investors should be aware of the potential impacts of the conflict on oil prices and the global economy.
- Global economic stability: The study emphasizes the importance of promoting global economic stability through cooperation and diplomacy.

By understanding the dynamics of the Israel-Iran conflict and its impact on oil prices and the global economy, policymakers, investors, and stakeholders can develop strategies to mitigate potential economic risks and promote stability.

C. Recommendations

The study has drawn the following recommendations basing on the research:

a) For Policymakers

- Diplomatic efforts: Intensify diplomatic efforts to resolve the conflict peacefully and reduce tensions in the region.
- Economic diversification: Encourage economic diversification to reduce dependence on oil exports and promote sustainable economic growth.
- Strategic oil reserves: Maintain strategic oil reserves to mitigate the impact of supply disruptions on oil prices.
- International cooperation: Foster international cooperation to address the economic implications of the conflict and promote global economic stability.

b) For Investors:

- Risk assessment: Conduct thorough risk assessments to understand the potential impacts of the conflict on oil prices and the global economy.
- Diversification: Diversify investment portfolios to minimize exposure to oil price volatility and other economic risks.
- Market monitoring: Closely monitor market developments and adjust investment strategies accordingly.

c) To have Global Economic Stability:

- Encourage economic cooperation: This should encourage economic cooperation between nations to ensure stability in order to minimize chances of economic shock.
- Make international institutions more effective: Reform international institutions, including the International Energy Agency (IEA) that liaise in the event of international economic crises.
- Invest in sustainable energy: fund the energy sources that are not destroyed or cut down as a means of production and avoid using fossil energy that makes us dependent and lack feeling of security.

By implementing these recommendations, policymakers, investors, and stakeholders can mitigate the economic risks associated with the Israel-Iran conflict and promote global economic stability.

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