



Rodney's Take

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Middle East Strategy Was Working... Will It Hold?

Sometimes the best way to resolve a conflict is to ignore it. That's what Jared Kushner did during the Trump administration when he proposed the Abraham Accords. The first step in normalizing relations between Israel and its neighbors, the accords allowed the nose of a camel into the tent, which soon turned into a herd of camels. Even Saudi Arabia was contemplating joining the group. There's no doubt that many people in the region were upset, but none appeared to be more aggrieved and sidelined than the Palestinians. They made that known on Saturday.

I'm not an international policy wonk. I know as much (or as little) as many of you about the Hamas attack on Israel and Israel's current and future response. Hamas is very unpopular at home in the Gaza Strip and is mightily outgunned by Israel in almost every category. But as more countries signed on to normalize relations with Israel, the terrorist organization lost influence. At the same time, Israel gained trade clout.

Maybe these things had something—or a lot—to do with the timing of the attack. The Abraham Accords, by design, were working.

On this, the first trading day after the attacks, I expect oil prices to climb as people nervously watch events unfold. It seems unlikely that OPEC+ will change its stance, but the U.S. might pursue oil sanctions against Iran a bit more aggressively. I think U.S. Treasury rates will fall, but not much, because investors seeking safety will get the most bang for the buck at the short end of the yield curve. Nothing in the events of the weekend will stop the U.S.

from adding trillions of dollars to our debt, which is part of what's pushing the long part of the yield curve higher.

Stocks are likely to take a hit until we see how Israel responds and if the Abraham Accords hold.

Hamas appears to be hoping that their coordinated attacks, which specifically targeted civilians, killing and capturing them, will put the accords on ice. We will only know with time.

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Got a question or comment? You can contact us at info@hsdent.com.