Inside the Fortress: The Ceasefire Test

Why the Floor Held When the Deal Came

A thermodynamic argument for allied-nation manufacturers, trade commissioners, and economic developers

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SERIES CONTEXT

Inside the Fortress is a SelectGlobal Atlas Feature series examining North America's structural energy and industrial cost advantage in the context of global supply chain realignment. The series applies the thermodynamic argument, energy cost as geological fact rather than geopolitical forecast, to the decisions facing allied-nation manufacturers, trade commissioners, and economic development organizations preparing for the next industrial cycle.

The inaugural piece (May 2, 2026) established the core mechanism: why the Hormuz disruption that began February 28, 2026 is a cost-structure story rather than a war story, and why cost structures do not return to pre-war baselines because a ceasefire is announced. It made a prediction. This piece reports what happened when the prediction was tested.

TL;DR

On May 2, this series argued the energy cost advantage was not a forecast but a thermodynamic fact, and that cost structures would not normalize on a deal announcement. Six weeks later the market ran the experiment. A US-Iran memorandum of understanding was signed, the Strait of Hormuz was declared open, and oil fell roughly four percent. That four-percent move is the falsification test, run in real time. The floor held.

Two analysts from opposite disciplines explain why, and they converge. Michael Every of Rabobank reads the geopolitics: a memorandum of misunderstanding, structural ambiguity, a world reordering into energy blocs. Anas Alhajji reads the mechanics: the reopening cannot happen fast, and any future flare-up resets war-risk insurance to a higher band for weeks, a re-triggerable premium most manufacturers will not absorb. The chokepoint-dependent supply chain has been permanently re-rated. The deal did not close the window for allied-nation manufacturers. It narrowed it to the firms that moved before the announcement, a split already visible in live site-selection activity.

I. THE SIGNING NOBODY SAW

Michael Every of Rabobank, interviewed within hours of the announcement, would not call it peace and would not call it a deal. His term for the document was sharper and more useful: a memorandum of misunderstanding. That is the operative fact for a manufacturer making a capital decision, and the next forty-eight hours proved it.

Start with what is not known. The full text of the memorandum of understanding was not public; the early details came from the Iranian side, whose own hardliners read the only real concession as a temporary lifting of the naval blockade, a blockade imposed during the negotiation and then, in their telling, sold back to them as a win. The signing itself was electronic. There was no joint Geneva ceremony, despite one being expected for Friday. A war that ran more than one hundred days was paused by a text most of the world had not read.

That is not cynicism. It is the structure. The May 2 piece described an "architecture of ambiguity," a situation in which the strait stayed functionally closed not because the war was hot but because the ambiguity served more parties than resolution did. The deal did not dissolve that architecture. It rebuilt it one level up. Within forty-eight hours of the signing, the direct talks scheduled to begin Friday in Switzerland were postponed, with the White House citing logistics and officials citing intensified Israel-Hezbollah fighting in Lebanon. Iran framed the final-agreement negotiations as postponed until the other side performs its MOU obligations. Analysts read the Iranian supreme leadership's statement as authorizing a tactical pause in what one called a forever war. The sixty-day negotiating clock the MOU sets up begins, as Every predicted, on a timeline that runs toward the November midterms rather than toward resolution.

And the ships started moving. Twenty-five commercial vessels transited Hormuz on the Thursday after the signing, the highest single-day count since mid-April. That number looks like a reopening. It is the front end of a queue, not the completion of one. The distinction is the entire piece, and the man who can explain it is an energy economist in Thailand.

II. THE STRATEGIST'S READ

Every put a sub-fifty-percent probability on every individual outcome the headlines implied: the nuclear concession, the proxy stand-down, a durable Hormuz reopening. The words peace and deal, he said, were doing a lot of heavy lifting.

His structural point is the one that matters for the window. The sixty-day window, he argued, can be extended to sixty more, or ninety more, until it clears the November midterms, at which point the underlying issues either get addressed or the cycle resumes. In that reading the ambiguity is not a transition to resolution. It is the equilibrium. A manufacturer who reads the deal as the end of the disruption is making a bet on a resolution the structure is not built to deliver.

Every also named the supply-side response, and he has been building it for weeks. In a Rabobank research note published May 18, co-authored with energy strategist Joe DeLaura, he laid out NAPHTHA: the North American Petroleum and Hydrocarbons Trading Hub Association. The United States, Canada, Mexico, and Venezuela, with the UAE in the modeled table and Latin American producers as an extension he labels SAPHTHA. The memo is not a roster floated off the cuff. It carries a production table: the core bloc holds roughly thirty percent of world crude output, a quarter of global refining capacity, and a vast surplus of liquefied natural gas export capacity. The framing is explicitly a closed loop modeled on the Soviet-era COMECON bloc, inside which members enjoy abundant cheap energy while those outside face the shortages, with the United States potentially halting refined-product exports as the lever.

Two honest caveats, carried lightly here and adjudicated in full at the convergence below. Rabobank stamps the concept "not a forecast," a logical projection rather than a base case, and the roster has live contradictions. But the direction is the point, and the direction is backed by capacity data rather than rhetoric. NAPHTHA sits inside a larger Every thesis: nationalism and mercantilism are now, in his phrase, dyed into the wool, and the one-world system is collapsing into bifurcated energy "stacks" of defense, payment currency, and central-bank swap lines. That is the political-economy roof over the thermodynamic floor. Not only is North American energy structurally cheap, the world is actively reorganizing into the kind of blocs that make a continental energy advantage a strategic asset rather than an accounting curiosity. The dots are already on the board: a US currency swapline offered to the UAE in April, the UAE's announced departure from OPEC after six decades. The inaugural piece closed on exactly this signal, Gulf and Asian allies requesting swap lines from Washington. The allies most exposed are not abandoning the dollar. They are requesting deeper integration with it.

III. THE ECONOMIST'S READ

Anas Alhajji, writing June 19, supplied the mechanics underneath Every's geopolitics. His thesis is blunt: the market is pricing a reopening that physically cannot happen fast.

The numbers are the argument. Getting the tankers currently trapped in the Gulf out, and new ships in to load, takes roughly two months. Restoring oil production takes about two months. Restoring liquefied natural gas to pre-crisis levels takes at least a year, and possibly more than two, because of physical damage to Qatari facilities. A flip switched on a Friday does not move molecules on a Friday. Insurance is the binding constraint, not nominal supply: high war-risk premiums cap the volume that actually ships, and the freight rates quoted in the press understate the problem for the buyers who matter here, because the advertised number is usually the average-to-Asia rate, while freight to the United States and Europe can run three to five times higher.

But all of that is the transient layer. Concede it in full. The queue clears, production ramps, the trapped tankers sail, and the spot premium on this specific disruption erodes. A skeptic is right that a sixty-to-ninety-day backlog is a lagging indicator of a past shock, not proof of a new equilibrium. If the floor depended on the queue, the floor would clear with it.

It does not. Two things outlive the queue. The first is geological and never moved: Henry Hub natural gas sat in the $3 range throughout, because it never carried a Hormuz premium to lose. That is Section V's table, the part of the argument the queue cannot touch.

The second is the mechanism that makes Alhajji's "permanent risk premium" permanent rather than a phrase. It is not the current premium level. It is that the premium is now a recurring, re-triggerable event. Any flare-up, a seizure, a drone, a single false report, resets war-risk premiums to a higher band for roughly thirty days. Iranian Revolutionary Guard leadership now understands, in Alhajji's read, that the mere threat to close the strait is a winning card, which weak-nerved traders exploit with false reports for fast gains. The consequence is in the buyer's behavior. Most manufacturers will not absorb a cost that can reprice on a rumor every few weeks; they source elsewhere. The exceptions prove the rule: a buyer rides the volatility only if the molecule is steeply discounted, or if it can wait out the reprice. China, on roughly one hundred eighty days of strategic reserve, can decline the panic and buy the dip. The mid-sized allied manufacturer cannot. For that buyer, the rational move is to price the chokepoint out of the forward curve and build behind a wall that does not carry the risk. North America is structurally cheap; the Gulf is now structurally de-rated as a reliable source. A signing ceremony removes neither.

One sector consequence is worth flagging for the manufacturers and the developers who serve them. Sustained high Gulf shipping and insurance costs pressure the petrochemical sector and, in Alhajji's read, may trigger a wave of mergers in an industry that has absorbed several consecutive shocks. That is a concrete, datable signal for capital allocation and site selection, not a mood.

IV. THE CONVERGENCE

Here is the analytical center of this piece.

Michael Every is a macro-institutional strategist working from political economy. Anas Alhajji is an energy economist working from production schedules, freight rates, and insurance markets. They publish in the same week, from opposite ends of the discipline, without reference to each other. And they describe one reordering.

Every supplies the supply-side architecture: a hydrocarbon bloc (NAPHTHA) forming on the western side of the Atlantic while the world fractures into trading and energy stacks. Alhajji supplies the demand-side mechanics: every importer simultaneously reducing Gulf dependence as a matter of national-security policy, diversifying import sources by default, accelerating renewables, nuclear, storage, and electric vehicles. Bloc formation on one side, diversification-as-default on the other. Those are not two observations. They are one structural shift seen from two vantage points, and it sits on top of the geological floor the May 2 piece established: associated gas co-produced with US shale oil, a fact that does not negotiate. A deal that pauses a war moves none of it.

The bloc layer is the softest part, and honesty requires saying why. NAPHTHA's roster has real seams: the UAE's primary demand market is Asia, not North America, and Venezuela's condition makes it a liability as readily as an asset. Rabobank itself labels the concept a projection, not a forecast. So lean the weight where the steel is. The geological floor and the risk-premium mechanism carry the argument; NAPHTHA is the direction of travel, not the load-bearing claim, and the piece is stronger for not pretending otherwise.

None of this rules out a better outcome. Every himself allows for a low-probability cascade of positive developments, a gradual integration of Iran into a broader architecture that takes friction out of the region. He does not call it his base case, and neither do we. The Fortress thesis does not require the Middle East to stay on fire. It requires only that the cost regime not snap back to the pre-war baseline on a deal announcement. On the evidence of the last six weeks, it has not.

V. THE FLOOR IN NUMBERS

Markets are closed today for the federal holiday, so the figures below are the live-pulled readings from June 18, the day the regime shift registered. They are the cleanest snapshot available, and they show the mechanism rather than a single day's noise.

Current Energy Price Differentials (as of June 18, 2026)

BENCHMARK	U.S.	EUROPE / GLOBAL	SPREAD
Gasoline -- U.S. National Avg (retail)	$4.00/gal (Jun 18, AAA)	EU avg ~$7.80/gal ($5.85 Malta to $10.44 Denmark)	**~1.9x**
Gasoline -- RBOB Futures (NYMEX)	$2.82/gal (Jun 18)	N/A -- import-dependent	**Structural**
Natural Gas -- Henry Hub (spot)	~$3.10/MMBtu (early Jun)	TTF ~EUR 41/MWh (~$13/MMBtu equiv.)	**~4x**
Natural Gas -- EIA Forecast (2H26 avg)	$3.34/MMBtu (STEO Jun 9)	TTF down ~20% on month	**Geological floor**
WTI Crude Oil (spot)	~$74.50/bbl (Jun 18)	Brent ~$77/bbl	**+$2.50/bbl**

Data as of June 18, 2026 (markets closed June 19, federal holiday). Sources: AAA, EIA Short-Term Energy Outlook (June 9, 2026), Trading Economics, NYMEX.

Read the table by what moved and what did not. Every row that moved, moved on geopolitics. Crude fell roughly thirty-eight percent from its April peak as the Hormuz premium bled out. TTF fell about twenty percent on the month as the strait moved toward reopening. The Brent-WTI spread compressed from a +$12 to +$15 wartime premium down to roughly +$2.50. That compression is the cleanest single tell of the regime change: the wide April premium was the Hormuz risk premium loaded onto the waterborne global benchmark, and landlocked US crude was always insulated from the chokepoint.

The rows that held, held on structure. Henry Hub did not move. It sat in the $3 range because it never depended on the strait, and the Henry Hub-to-TTF ratio holds near 4x for the same reason it held near 5x in April: associated gas co-production scales with oil output, not against it. The direction of the compression is the whole point. The spread narrowed because the European ceiling fell toward a stable American floor, not because the floor rose. A spread that closes from the top down as a risk premium bleeds out is not the same animal as one that closes because the cheap side got expensive. The floor did nothing, which is exactly what a floor is supposed to do.

Alhajji's price path is the same story in crude. Prices drop on the announcement, then rise as traders absorb that supply cannot return on the announced schedule, settling above the pre-crisis average but below the crisis peak, absent a recession. He rules out one hundred dollar oil in 2027 short of a new rupture. The immediate four-percent drop was not the market confirming peace. It was the market underpricing the friction.

One honest caveat for forwardable use. The retail gasoline multiple is the weakest row in the table. The European pump premium is largely a tax artifact, excise and value-added tax, not a thermodynamic one. The thermodynamic evidence is Henry Hub against TTF and the Brent-WTI compression. Lead with those. The gasoline number is color, not proof.

VI. THE THIRD PILLAR (A SIGNPOST)

One domestic note, kept short because it is scaffolding, not the story. The Fortress has three pillars: energy, defense industrialization, and the digital-dollar architecture. The third is moving on a legislative clock of its own. The Digital Asset Market Clarity Act cleared the House, advanced through Senate Banking in May, and reached the Senate calendar on June 1; its stablecoin and tokenization provisions are the scaffolding for what Every calls the slicing and dicing of the dollar into a new format, and whether it clears before the August recess is an arithmetic question, not a merits one. The manufacturer does not read the Senate calendar to greenlight a factory, and the third pillar gets its own brief rather than the body of an energy argument. Flagged here, built there.

VII. THE WINDOW, RESTATED

The May 2 piece put the window at roughly twelve to eighteen months from late February 2026, ending when the first Gulf-state pipeline bypass capacity becomes operational. Four months have elapsed. The deal did not shorten the runway; it changed the question. The question was whether a deal would kill the thesis. The deal arrived and proved the thesis was never a war story: the chokepoint was re-rated as a permanent, re-triggerable risk that survived the ceasefire meant to dissolve it. None of the clocks reset on signing, and pipeline bypass, the structural restorer of a competitor's optionality, still runs eighteen to thirty-six months from groundbreaking. The competitor's optionality does not return inside the manufacturer's planning window.

Three honest ways the thesis still loses, held open rather than waved off. The first is the normalization paradox: a genuinely durable reopening would drain the urgency behind the bypass projects and extend the chokepoint's life rather than de-rate it. The second is a deep global recession: if demand falls across the board in late 2026, excess capacity goes cheap everywhere and the North American spread narrows. The third is the one a skeptic presses hardest: if alternative routing, shipping technology, or naval-escort corridors drive the net cost of the volatility below the premium of building in North America, the wall is not worth the capex.

The first two are live and carry a clock. The normalization paradox is real; an honest read concedes that sustained calm through late 2026, no seizures, no strikes, no credible threats, would let the re-triggerable premium decay. That has not happened, the forty-eight hours after signing delivered postponed talks and live fighting, but it could, and the thesis carries that uncertainty openly rather than betting the region cannot help itself. The recession case is a macro bet no one can foreclose. These are the two ways to be wrong.

The third is not a loss path. It is a category error, and naming why is the sharpest point in the piece. The cost race assumes the manufacturer is choosing a production location to minimize landed cost into an open market. The manufacturer this series addresses is not. It is qualifying for one of the forty-eight priority sectors SelectGlobal maps across six federal frameworks, the sectors the US government has moved to bring in-house across defense, critical minerals, advanced manufacturing, energy and nuclear, life sciences, compute and AI, and the financial infrastructure beneath them. Those sectors are not open markets you win on price. They are gated demand pools, accessed through capital rails, SBIR, OTA, OSC credit, DPA Title III, DFC, that screen for domestic production and allied-nation origin, not for freight efficiency.

That gate disposes of both versions of the cheaper-than-the-wall objection at once. A cheaper tanker route does nothing about tariff exposure, domestic-content eligibility, or whether you can bid a federal contract at all. Neither does a fuller warehouse: a firm can hold ninety days of safety stock and buffer the price volatility for a while, but buffering is a working-capital drain that compounds in a high-rate environment, it hedges price and not supply interruption or the tariff layer, and inventory does not make a firm sector-eligible. You cannot route or buffer your way into OSC credit or an SBIR award. Both are quarter-by-quarter patches. Position inside the gate is the capital solution, and energy security, in cost and reliability, is one component of the premium a firm pays to be inside, where the directed demand is.

VIII. WHAT IT MEANS

The sorting is already visible in the only place that counts, which is what firms do with capital. Two patterns have separated in live site-selection activity since the announcement, and honesty requires naming the motive plainly: it is fiscal, not philosophical. New project leads are hedging, slowing decisions toward post-midterm clarity, and waiting on the QOZ 2.0 parcel maps due later this year before they commit a geographic capital rail. That is rational. You do not lock a location before you know which tracts the new map designates. Existing project leads are doing the opposite, racing to close under current rules and grandfather QOZ 1.0 structures and incentives before the map converts them. Also rational. Neither group is acting on a thermodynamic floor it read in a white paper. Both are racing an incentive clock.

The point is that the tactical scramble and the structural protection are the same move. The firm sprinting to grandfather QOZ 1.0 is also, whether it frames it this way or not, positioning inside the gate before the window narrows. Tactical execution meeting long-term risk protection. The Builder closes now and gets both. The Diplomat waits for a certainty the structure will not deliver on its timetable, and watches the incentive clock and the window run down together.

For the allied-nation manufacturer in the swing space, the founder-led firm with fifty million to five hundred million in revenue across India, ASEAN, the Gulf, Turkey, and the strategic-non-alignment set, the deal sharpened the decision rather than changing it. The question was never whether to consider US entry. It is whether to be among the leads closing now or the leads still waiting, and the window has already started narrowing to the first group.

For the trade commissioner, the deal is the forwardable moment, and the sharpest line is not about energy at all. Building inside North America is not a cost decision; it is a market-access decision. Outside the gate, a manufacturer sells on price into a market tariffed and procurement-locked against it. Inside, it reaches directed federal demand that does not price on the cost of a tanker. The board-ready framing is an insurance one: presence is not a bet that the Middle East stays on fire, it is a premium against a chokepoint that flares on a rumor, resets shipping costs for a month, and does it again next quarter. That is an insurance policy that pays for itself, forwardable to a minister's office without a disclaimer.

For the economic developer, the petrochemical consolidation signal is the concrete one. Sustained Gulf cost pressure pointing toward sector mergers is a site-selection and capital-flow signal worth tracking now, not after the announcements. The federal demand framework, the National Security Strategy's energy-dominance priority, the National Defense Strategy's operational demand, and the State Department strategic plan's reindustrialization commitment, all still point the same direction they pointed on May 2. The deal did not move them either.

The ceasefire ran the test. The floor held. Thermodynamics does not negotiate, and neither does an insurance premium that reprices every time a single ship changes course in the strait.

ABOUT

SelectGlobal LLC works with allied-nation manufacturers and the economic development organizations that serve them. If you are preparing your community for the next industrial cycle, we would like to talk. www.selectglobal.net

Michael T. Edgar is the CEO of SelectGlobal LLC, a jurisdictional intelligence firm that connects allied-nation manufacturers with U.S. federal defense demand through structured pathways that validate opportunity before requiring capital commitment. He serves on the board of the International Trade Association of Greater Chicago and is a former member of the U.S. Investment Advisory Council. SelectGlobal's Constellation(TM) network, 68+ trade commissioners and specialized alliance partners, provides operational buildout capacity alongside EDOs, not instead of them.

ENDNOTES

[1] US-Iran memorandum of understanding signed electronically, mid-June 2026; no formal Geneva ceremony held. US president signed his copy in person (Versailles footage). Iran Foreign Ministry spokesman Baghaei confirmed digital signing and absence of a ceremony. Sources: Al Jazeera, Iran International, June 17, 2026. Establishes the signing ambiguity framing in Section I.

[2] Direct US-Iran talks scheduled for Friday in Switzerland postponed; White House cited logistics, officials cited Israel-Hezbollah fighting in Lebanon; Iran framed final-agreement negotiations as postponed pending counterparty performance. Khamenei statement read by analysts as a tactical pause. Sources: CBS News, Fox News, Middle East Eye, June 18, 2026. Establishes the ambiguity-re-formed framing in Section I.

[3] Twenty-five commercial vessels transited Hormuz the Thursday after signing, highest single-day count since mid-April, per AXSMarine maritime tracking. Source: CBS News, June 18, 2026. Establishes the queue-not-reopening point in Section I and Section VII.

[4] Michael Every, Rabobank, interview on Thoughtful Money (Adam Taggart), recorded Sunday June 14, 2026, within hours of the announcement. "Memorandum of misunderstanding," sub-fifty-percent outcome probabilities, sixty-day-window-to-midterms argument, "dyed into the wool" mercantilism. NAPHTHA concept and the energy-stacks framework drawn from Michael Every and Joe DeLaura, "OPEC NOPEC Pecking O," RaboResearch (Rabobank), May 18, 2026: NAPHTHA (North American Petroleum and Hydrocarbons Trading Hub Association) modeled as a COMECON-style closed loop; core-bloc capacity ~30.7% of world crude production, ~24% of global refining capacity, ~124.6 MMTPA LNG export capacity; SAPHTHA as the LatAm extension; bifurcated "stacks" of defense, payment FX, and central-bank swap lines; UAE $20bn US swapline (April 19) and UAE OPEC departure (April 28) as supporting dots. Rabobank labels the projection "not a forecast." Every voiced the term as "NAPFA" on the podcast; NAPHTHA is the canonical written form. Primary strategist source for Section II and the convergence in Section IV.

[5] Anas Alhajji, post-ceasefire energy-market analysis (Arabic), June 19, 2026. Tanker turnaround ~2 months; oil production recovery ~2 months; LNG recovery 1 year-plus due to Qatari facility damage; insurance as binding constraint; US/Europe freight 3-5x the Asia rate; immediate drop then rise price path; no realistic $100 oil in 2027; permanent Hormuz risk premium; petrochemical consolidation. Primary energy-economist source for Section III and the convergence in Section IV.

[6] Energy price differentials as of June 18, 2026, live-pulled. Gasoline retail: $4.00/gal US (AAA), EU simple average ~$7.80/gal. RBOB futures $2.82/gal (NYMEX). Henry Hub ~$3.10/MMBtu spot; EIA STEO (June 9) 2H26 forecast $3.34/MMBtu. TTF ~EUR 41/MWh (~$13/MMBtu equiv.), down ~20% on the month. WTI ~$74.50/bbl, Brent ~$77/bbl, spread ~+$2.50/bbl, down from +$12-15 in April. Crude down ~38% from April peak. Sources: AAA, EIA Short-Term Energy Outlook (June 9, 2026), Trading Economics, NYMEX. Establishes the table and the moved-versus-held analysis in Section V.

[7] Digital Asset Market Clarity Act (H.R. 3633): House passage 294-134 (July 2025); Senate Banking advanced substitute 15-9 (May 14, 2026); placed on Senate Legislative Calendar June 1, 2026. Remaining path requires reconciliation, a 60-vote floor vote, House re-reconciliation, and signature against roughly eight floor weeks before the August recess; an ethics provision (barring official crypto stakes) is a central sticking point. Sources: Bitcoin Magazine, Davis Wright Tremaine, Latham & Watkins Crypto Policy Tracker, CoinDesk, May-June 2026. Establishes the Section VI signpost; the third pillar is reserved for a dedicated brief.

[8] National Security Strategy (2025) energy-dominance priority; National Defense Strategy (2026) operational demand; State Department Strategic Plan FY2026-2030 reindustrialization commitment. Carried forward from the May 2, 2026 inaugural piece as the federal demand framework referenced in Section VII and Section VIII.

[9] The "forty-eight priority sectors" are SelectGlobal's Allied-Nation Strategic Sector and Capital Rails Map V1.0 (April 2026), a synthesis across six federal frameworks: State Department Priority Sectors (Agency Strategic Plan FY2026-2030, Objective 5.1), OSC Covered Technology Categories (10 U.S.C. 149(e)), DoW Critical Technology Areas "Big Six" (USD(R&E), November 2025), NSS/NDS strategic priorities, DFC investment priorities, and the Treasury digital-asset and financial infrastructure regulatory stack (GENIUS Act, CLARITY Act). Organized into seven structural domains. The count is a SelectGlobal atomization, not an official federal enumeration; no federal document lists forty-eight. Capital rails referenced (SBIR, OTA, OSC direct loans, DPA Title III, DFC) screen for domestic production and allied-nation origin. The QOZ 2.0 parcel map release (anticipated later in 2026) is a designated V1.1 trigger for the schema and the basis for the site-selection timing in Section VIII. Establishes the gated-market gate logic in Section VII.