WEEKLY BRIEFING

The War Is the Trade

A shooting war in the Gulf is no longer a headline risk sitting beside the portfolio. It has become the portfolio's organising logic, rewriting the oil price, the inflation path, the fiscal arithmetic, the case for gold, and the strategic value of every critical mineral the West cannot make for itself. This week's Beijing summit made the dependence explicit. Everything else is downstream.

IN THIS ISSUE

THE FAST READ

- → The Strait of Hormuz is still effectively shut, a trickle of ships against ~138 a day before the war, and crude is anchored near triple digits. The official "cost of the war" is a fiction; the real number runs past a trillion dollars once fuel and food are counted.
- → Beijing gave Washington a photo-op, soybeans and a Boeing order, then kept the one card that matters. No rare-earth breakthrough. China's leverage grew.
- → The bond market is screaming what equities won't hear: yields breaking out worldwide, the dollar falling anyway, central banks buying gold at the fastest pace since late 2024.
- → The book's two biggest winners, silver and the rare-earth complex, are the cleanest expressions of exactly this world. Roughly 70% of all gains came from them.
- → Two deep dives: why the war makes the gold trade stronger; and why the West's critical-mineral problem is now a security emergency the market still misprices.

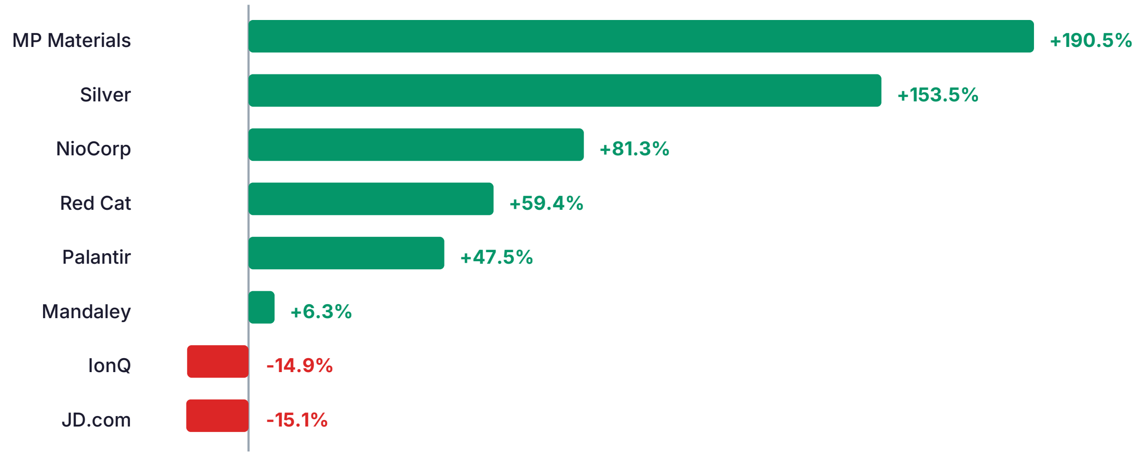
01 · PERFORMANCE & POSITIONING

The book the thesis already built

The book runs on a single conviction expressed two ways: scarcity, and policy-driven reflation. The closed record is an eight-trade sample at a 75% hit rate, an average winner near +90% against an average loser around −15%, and a winner-to-loser ratio of roughly six. Crucially, about **70% of all gains trace to two positions: silver and the rare-earth complex**, the two cleanest expressions of the world this issue describes. The concentration is deliberate: the book sizes up only where the structural case and the price action agree.

75%	~6×	~70%
Win rate, 8 closed trades	Avg winner vs avg loser	Of gains from silver + rare earths

Closed-trade returns (unlevered underlying move)



Realised return on the underlying for each closed position; open positions excluded. Two China names frame the discipline: one held, one cut at a small loss. Source: Skyway Summit track record, updated 19 May 2026.

THEME	SECURITY	TICKER	STATUS	RETURN	LEV.
Commodity Supply Squeeze	Silver	XAG/USD	CLOSED	+153.50%	10x
AI & Defense	Palantir	PLTR	CLOSED	+47.47%	5x
Defense	Red Cat	RCAT	CLOSED	+59.36%	5x
Critical Minerals	MP Materials	MP	CLOSED	+190.50%	5x
Critical Minerals	Mandaley Resources	MND	CLOSED	+6.30%	5x
China	Alibaba	BABA	OPEN	—	5x
China	JD.com	JD	CLOSED	−15.07%	5x
Uranium / Nuclear	Cameco	CCJ	OPEN	—	5x
Quantum Computing	IonQ	IONQ	CLOSED	−14.94%	5x
Critical Minerals	NioCorp	NB	CLOSED	+81.30%	5x

BOTTOM LINE

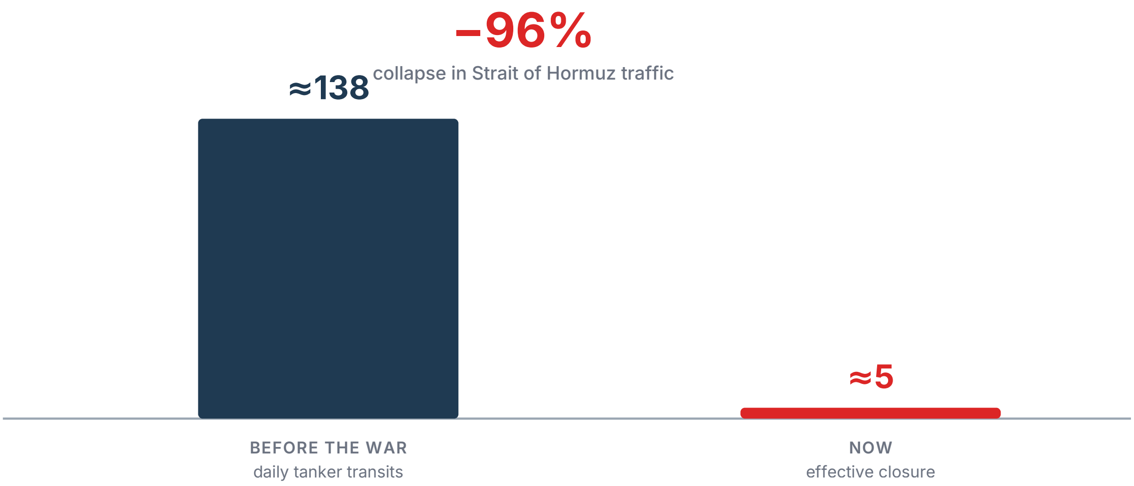
The open book, a megacap China platform and a uranium name, carries live marks that move daily; the figures above are the fixed, closed record. The pattern is the point: the wins cluster exactly where this week's macro is pointing.

02 · WHAT HAPPENED THIS WEEK / WHAT'S COMING NEXT

The war, and the bill no one will name

The Gulf conflict is into its fourth month, and the Strait of Hormuz remains effectively closed: a handful of tankers a day where there were nearly a hundred and forty, most still moving flying flags of convenience tied to China. Crude has settled into the high-90s-to-low-100s, gasoline at the US pump is up roughly a dollar a gallon since it began, and diesel and jet fuel have spiked harder still.

Daily tanker transits through the Strait of Hormuz



Pre-war average versus current effective closure; the waterway normally carries roughly a fifth of the world's seaborne oil. Source: maritime trade reporting.

The official accounting is close to fiction. The headline figure put before Congress is a rounding error against the real number. Count the secondary damage: well over a hundred billion in added diesel costs, nearly two hundred billion more at the gasoline pump, and something approaching three hundred billion in higher food prices over a year. The true cost runs past a trillion dollars before a single long-term consequence is tallied.

How a "$25 billion war" becomes a trillion-dollar one

OFFICIAL PENTAGON ESTIMATE

$25bn

INDEPENDENT ESTIMATE OF TRUE COST $1,000bn+

Military operation (true)	$90bn
Added diesel cost	$108bn
Added gasoline cost	$186bn
Higher food prices	$300bn
Long-tail & strategic damage	$316bn+

Official military estimate versus an independent build-up including secondary economic effects; long-term reputational and base-replacement costs excluded. Source: independent and academic estimates.

And the dollars are the smaller cost. The harder lesson is strategic. Some of the best-defended assets on earth were destroyed, early-warning radars that take years and billions to replace, by an adversary spending a fraction of what it cost to build them, using drones refined through a Russia–Iran–China feedback loop that stands in pointed contrast to the West's proprietary, expensive and now visibly fragile systems. Gulf allies who bought Western missile defence specifically to deter Iran watched it fail. One of the original architects of three decades of American intervention has conceded in print that the adjustment to a "post-American world" is accelerating. For a portfolio, that is not commentary. It is the macro regime.

The summit confirmed the asymmetry

Into that backdrop walked a two-day meeting in Beijing, and the read-through is the most important market event of the week. Washington came home with a soybean commitment, a Boeing order and a clearance for advanced AI chips to flow to Chinese firms, but without the one thing it actually needed. There was no rare-earth breakthrough; the Chinese side did not even mention the subject in its own account. A follow-up is set for the autumn, and the one-year truce on export controls runs out around the same time. The uncomfortable truth the room understood: having burned through its advanced munitions in the Gulf, the United States now depends more, not less, on the very supply chains Beijing controls. China did not need to escalate. It only had to wait.

The tape beneath it

The bond market is telling the story equities are ignoring. Long yields are breaking out across the developed world, with the US ten-year pressing the level that has reliably marked equity stress, the thirty-year through 5%, gilts, bunds and JGBs at generational highs, and the dollar is falling anyway. Yields up and dollar down at the same time is the single most important signal on the screen, and it is unambiguously bullish for gold; central banks are already there. A new chair has just inherited the Federal Reserve, and markets traditionally test a new chair. The level to watch is the ten-year at 4.5%.

WORTH NOT LOSING

China's data quietly turned: its first positive producer-price print in nearly three years, a firm currency, companies returning more cash than they raise. But there are two China bull cases and they don't fully overlap. One says own the whole turn; the other says own only hardware, industry and materials while the megacap platforms sit at a crossroad. The book treats the platform it holds as a crossroad, not a conviction. Separately, memory has gone vertical on the AI-storage thesis, and chasing a parabola late, just as a wave of Chinese memory listings approaches, is how such runs end.

WHAT'S COMING NEXT

Strait of Hormuz: reopening is the swing factor over everything	**live**
Rare-earth export-control truce expires	**Autumn 2026**
Trump–Xi follow-up summit, United States	**Sep 2026**
China DRAM memory IPO (Shanghai)	**~Q3 2026**
China NAND memory IPO	**~Q4 2026**
France: Le Pen final court ruling	**7 Jul 2026**
Germany: Saxony-Anhalt state election	**Sep 2026**

03 · DEEP DIVE

Why the war makes the gold trade stronger

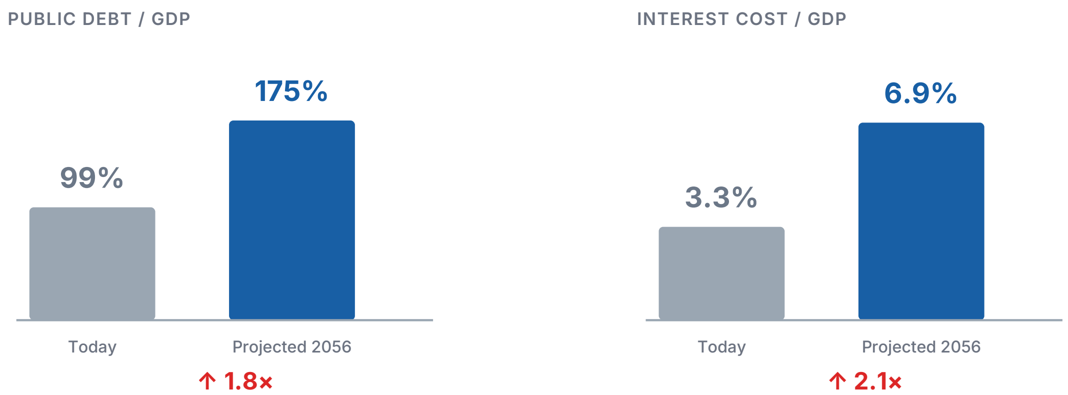
The instinctive read on a war is "risk-off, buy dollars." This one inverts that, and understanding why is the whole edge. Start with the bill. The war's true cost runs past $1 trillion. It lands on a balance sheet already breaking: federal debt at 99% of GDP, projected to 175% by 2056; interest cost rising from 3.3% to 6.9% of GDP over the same window, soon the single largest line in the budget. Every dollar of war spending is borrowed on top of that.

99 → 175%
Public debt / GDP, now to 2056 (CBO)

244t
Central-bank gold, Q1, most since 4Q-2024

3.6%
US personal saving rate, multi-year low

The balance sheet the war lands on: today vs. the 2056 path



US federal debt and interest cost as a share of GDP: current level against the long-run projection under current law. Both roughly double; war spending is borrowed on top. Source: CBO long-run budget outlook.

Underneath sits a dangerously narrow economy: the AI and data-centre build-out is carrying the entire headline growth number while investment elsewhere shrinks and the consumer spends past a falling real income. The handful of companies driving the index are the same handful whose free cash flow deteriorates as the capex bill comes due, a single point of failure for growth, the deficit and the market at once.

Then the mechanism that historically rescued the dollar is breaking. A war fought across the world's energy chokepoints (Hormuz, the Red Sea, Malacca) corrodes the loop by which oil revenue recycled into Treasuries: crude can spike now without the old automatic bid for US debt. The adjustment moves to gold, and it is already on the tape. Central banks bought 244 tonnes in Q1, the most since Q4 2024; the gold-mining index broke a two-month downtrend; a $5.1bn miner acquisition repriced the sector this week.

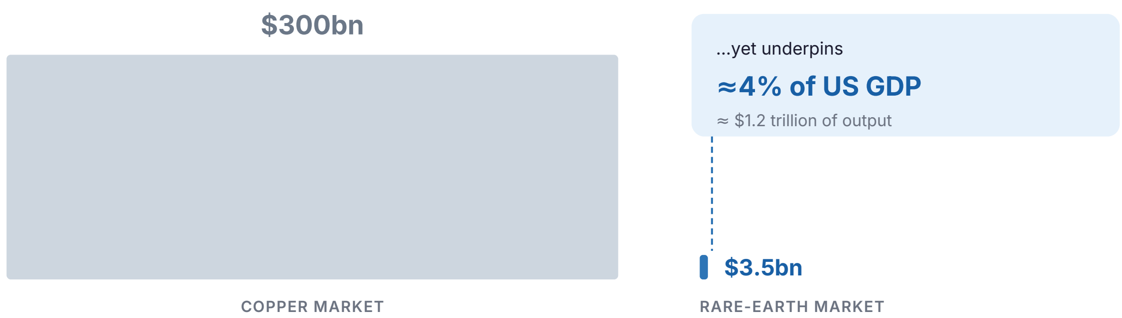
> **KEY TAKEAWAY**
>
> The genuine tail risks serious managers now discuss openly (coupon restructuring, yield-curve control) would each be catastrophic for the dollar and a coronation for gold. None has to happen for the conclusion to hold. The book's expression is the cleanest available: silver, already +153% on the closed leg, and the metal itself. The war did not weaken this trade. It is the strongest argument for it.

04 · DEEP DIVE

Critical minerals: the West's structural emergency

This is the cleanest gap between paper and reality in the entire market, and the summit just made it impossible to ignore. The political will is total: there is no more bipartisan issue, legislation is moving, and well over eighteen billion dollars has been appropriated to rebuild Western supply chains. Almost none of it has been built. The capital sits in Washington waiting, because access to ore was never the bottleneck. **Industrial capacity is.** The processing, the conversion, the permitting, the engineers, the reliable power that turn a deposit into a finished magnet: four decades of neglect hollowed those out, and they do not return inside a budget cycle.

A rounding-error market that underpins the economy



Annual market value of rare earths versus copper, against the share of US GDP dependent on rare-earth-enabled industries. Strategic importance bears no relation to market size. Source: industry data and government estimates.

+395.6% Critical-minerals index since Feb '25 (S&P: +27%)	**$18.6bn** US capital earmarked, only a fraction deployed	**2026** Autumn: export-control truce expires

The strategic chokepoint is rare earths, and the market still misprices them as a commodity even as everyone now understands them as a weapon. These materials underpin the bulk of future defence capacity: the magnets in every drone, interceptor and robot the next war will be fought with. That asymmetry is precisely why Beijing will not surrender the leverage cheaply, and why this week's summit produced farm deals and aircraft orders but no breakthrough on the one input that matters. The war sharpened the dependence: having expended its advanced munitions, the US must rebuild them with materials processed almost entirely inside China.

For capital the implication is direct, and the book already lives it. The dominant supplier stays dominant for years; there is no quick Western substitute. But the scarce, hard-to-replicate ex-China links (the heavy-rare-earth producers, the processors, the recyclers, the substitution technologies) are where the asymmetric upside sits. Western prices are bifurcating above Chinese ones, magnet capacity is being built out for the end of the decade, and the price-floor deals now being struck are the market quietly admitting these projects cannot survive on spot economics alone.

INVESTMENT IMPLICATION

The thesis already paid once here: a rare-earth name returned roughly +190%, another +81%. The question is the next leg, and the war has just widened the gap the West has to close. This is where the structural case and the book's record agree most completely.

Source material referenced · 13D Research & Strategy · Gavekal Research · Jefferies (GREED & fear) · World Gold Council · CBO / Peter G. Peterson Foundation · public market reporting & company filings