

Weekly Geopolitical Briefing September 28, 2025

'AL-AQSA FLOOD' CONFLICT

Israel & Palestine

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Overview

In the early hours of Saturday morning, Israel was hit by a surprise, multi-front assault named "Operation Al-Aqsa Flood." The attack, led by Hamas, involved a massive barrage of thousands of rockets fired from the Gaza Strip, overwhelming the Iron Dome defense system. Simultaneously, armed militants breached the border fence, infiltrating dozens of Israeli towns and military bases, resulting in significant Israeli civilian and military casualties and the taking of numerous hostages.

In a dramatic escalation, Hezbollah initiated a secondary attack from the north, firing rockets and anti-tank missiles into northern Israel. In response, the Israeli government has officially declared a state of war for the first time since 1973 and has approved the mobilization of hundreds of thousands of military reservists for a "long and difficult" campaign.

Reference: <https://www.reuters.com/world/middle-east/hamas-launches-surprise-attack-israel-kibbutz-border-area-2023-10-07/>

Analysis

This attack represents a catastrophic and unprecedented failure of Israeli intelligence and its formidable defense posture. The level of coordination, sophistication, and surprise has shattered Israel's long-held sense of invulnerability. Analysts are linking the timing of the attack directly to last week's announcement of the "Jericho Shield Initiative," which was viewed by Palestinian factions as a point of no return, prompting a massive, pre-planned military response.

The strategic implications are immense. The multi-front nature of the assault, coordinating Hamas in the south and Hezbollah in the north, points to a new level of strategic alliance, likely backed by Iran. For Israel, the primary objectives now are to rescue hostages, secure its communities, and deliver a devastating blow to Hamas's military capabilities, likely involving a full-scale ground invasion of Gaza. The looming Israeli response is expected to be of a magnitude not seen in decades, leading to a severe humanitarian crisis in the Strip. The key question is whether this can be contained or if it will spiral into a wider regional war involving Lebanon, Syria, and ultimately, Iran. Reference: <https://www.cfr.org/gaza-conflict>

Related Events

The attack has sent shockwaves through the international community, triggering immediate geopolitical realignments.

- **US Military Posturing:** The United States has condemned the attack and pledged "rock-solid and unwavering" support for Israel. The Pentagon has ordered a US Navy carrier strike group to move to the Eastern Mediterranean to deter any other actors, namely Iran, from joining the conflict.

Reference: <https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/07/statement-from-president-joe-biden-condemning-terrorist-attacks-in-israel/>

- **Diplomatic Collapse:** Any remaining hope for a Saudi-Israeli normalization deal has evaporated. The Arab world, while some governments have condemned the attacks on civilians, is bracing for the overwhelming Israeli response against Gaza, which will dominate regional politics.
- **Iran's Position:** Global attention is intensely focused on Iran, which has publicly praised the attack. Intelligence agencies are working to determine Tehran's direct role in planning and equipping the militant groups, a factor that will determine the ultimate risk of a direct confrontation between Israel and Iran.

Reference: <https://www.theguardian.com/world/live/2023/oct/08/israel-hamas-war-live-updates-gaza-attack-rockets;>
<https://www.understandingwar.org/>

Trading Ideas



Light Crude Oil Futures chart



Long Crude oil

The Problem: Buying at the open means entering after a massive price jump, which carries significant risk of a short-term reversal or "fade" as initial orders are filled. This is known as "chasing the price."

Strategy:

1. Do not place a market order before the open. You will get filled at an unknown, likely terrible, price.
2. Watch the Open: Observe the price action in the first 15-30 minutes. The volatility will be extreme.
3. Enter on Consolidation: The most prudent technical strategy is to wait for the initial chaotic surge to pause and form a small consolidation pattern (e.g., a 5-minute or 15-minute bull flag). An entry on the breakout from this small pattern is a more controlled way to join the new, powerful uptrend.

Risk Management: A stop-loss would need to be placed below the low of the opening period's consolidation to protect against a reversal. Price targets would be set at major psychological levels, starting with \$95-\$100.

Aerospace & Defense (ITA, LMT, RTX)



ITA tracks a market-cap-weighted index of US-listed manufacturers, assemblers and distributors of aircraft and aircraft parts primarily used in commercial or private air transport

and producers of components and equipment for the defense industry, including military



aircraft, radar equipment and weapons.

Lockheed Martin Corp. is a global security and aerospace company, which engages in the research, design, development, manufacture, integration, and sustainment of technology systems, products, and services. It operates through the following business segments: Aeronautics, Missiles and Fire Control (MFC), Rotary and Mission Systems (RMS), and Space.



RTX Corp. is an aerospace and defense company, which engages in the provision of aerospace and defense systems and services for commercial, military, and government customers

Key components, including the iShares U.S. Aerospace & Defense ETF (ITA), Lockheed Martin (LMT), and RTX Corporation (RTX), were exhibiting significant relative strength and consolidating near recent highs. The outbreak of a major war in Israel over the weekend serves as an intense, fundamental catalyst that is expected to resolve these bullish patterns violently to the upside at the next market open.

Pre-Event Technical Analysis

The price action as of the market close on Friday, September 26th, showed a sector primed for a breakout.

- ITA (Sector Benchmark): The ETF closed the week in a clear uptrend, holding gains near the recent peak of ~\$208. The constructive pattern of higher lows indicated consistent institutional accumulation.
- LMT (Lockheed Martin): LMT exhibits a classic bullish consolidation pattern. After reaching a new high near \$495, the stock formed a tight, orderly trading range. This "high tight flag" pattern signifies a pause in momentum before a probable continuation of the primary uptrend.
- RTX (RTX Corporation): The chart for RTX indicates a recent surge in aggressive buying. The stock broke out to a new high of ~\$165 on high volume before the weekend, signaling strong, immediate-term momentum.

Forecasted Market Reaction

The confluence of a pre-existing bullish technical setup and a powerful geopolitical catalyst creates the conditions for a significant breakaway gap higher at the market open on Monday, September 29th.

- Breach of Resistance: Prior resistance levels (~\$208 for ITA, ~\$495 for LMT, ~\$165 for RTX) are expected to be rendered irrelevant, with prices opening substantially above these ceilings.
- Price Discovery: The sector will likely enter a phase of "price discovery" or "blue sky breakout," where the absence of prior price history removes natural overhead resistance.
- Volume Confirmation: The move is expected to occur on exceptionally high volume, which would technically confirm the start of a new, powerful leg of the uptrend.

Strategic Outlook & Key Levels

The primary strategic challenge is not in direction, but in execution amid extreme volatility.

Ticker	Friday Close (approx.)	Pre-War Resistance	Forecasted Opening Range
ITA	\$205.58	~\$208	\$215 - \$220
LMT	\$487.45	~\$495	\$510 - \$515
RTX	\$163.56	~\$165	\$170 - \$175

The optimal strategy involves managing the entry on the anticipated gap. Prudent execution would involve allowing the initial, chaotic opening surge to settle and then seeking entry on the first subsequent consolidation pattern. The low of the opening day's trading range will establish a new, critical support level that can be used to define risk on new long positions.