

# CROSSROADS

*At the Intersection of Geopolitics and Geoeconomics*

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Here is a summary of the most important events that unfolded last month in the *Middle East/North Africa, Latin America, Asia (ex-China/India/Japan) and Sub-Saharan Africa*, and which may affect economic, financial, and geopolitical issues in the months ahead:

## Middle East/North Africa

- **Israel's Defense Minister Israel Katz declared Monday that Israeli forces will remain "indefinitely" in territories seized across Lebanon, Syria, and Gaza**, approximately 1,000 square kilometers combined, directly challenging the US-Iran memorandum of understanding announced Sunday that requires a halt to Israeli attacks on Hezbollah in Lebanon as a condition Iran insisted was integral to its acceptance. The declaration came hours after Trump publicly rebuked Netanyahu in expletive-laden terms following a last-minute Israeli airstrike on Beirut's southern suburbs that nearly collapsed the negotiations, with Iran refraining from a retaliatory ballistic missile barrage only after receiving last-minute U.S. concessions through Qatari mediators, reportedly including an accelerated end to the naval blockade. **Netanyahu, who faces a national election this fall, did not issue a statement welcoming the deal**, while far-right coalition members Ben Gvir and Smotrich were swift to condemn it, with Ben Gvir declaring "Trump's agreement does not bind us" and Smotrich calling it "bad for Israel and the entire free world." The deal's structure leaves significant implementation risks: Iran will not begin executing its commitments until the Friday Geneva signing ceremony, nuclear talks must resolve in 60 days what took years to negotiate in the 2015 JCPOA, questions persist over Iran and Oman's claimed right to charge fees for Hormuz navigation services, and Israel's continued freedom of action in Lebanon remains explicitly unresolved. Political scientist Gayil Talshir of Hebrew University characterized Netanyahu as having inadvertently accelerated a deal "among the worst Israel could have imagined" by striking Beirut hours before its announcement, leaving him politically isolated with none of his stated war objectives, regime change, nuclear elimination, ballistic missile destruction, or severing Iran's proxy network, achieved.
- **Pakistan carried out a new round of airstrikes in eastern Afghanistan**, further escalating tensions between the two countries after months of cross-

border violence. Taliban authorities said the strikes on the provinces of Khost, Kunar, and Paktika killed 13 civilians, including 11 children, while Pakistan said its forces had killed 26 militants linked to the Pakistan Taliban (TTP) and destroyed several militant facilities. Islamabad said the attacks were conducted in response to a series of recent assaults inside Pakistan, including a June 9 attack on a security post that left six members of the Federal Constabulary dead. The strikes followed a period of relative calm after a ceasefire agreement was reached in March with Chinese mediation. However, both sides have since accused the other of violating the truce. **Relations have deteriorated sharply since Pakistan declared itself in "open war" with Kabul in February following a surge in militant attacks inside the country.** Pakistan has repeatedly accused Afghanistan's Taliban government of providing sanctuary to militants responsible for attacks inside Pakistan, while Kabul denies the allegations and accuses Islamabad of violating Afghan sovereignty. According to the United Nations, cross-border fighting killed at least 372

- **The UN High Commissioner for Human Rights reported to the Human Rights Council in Geneva that drone strikes killed more than 1,000 civilians in Sudan in the first five months of 2026 alone**, representing a 600% increase in drone-related deaths compared to 2024, as both the Sudanese Armed Forces and the paramilitary Rapid Support Forces deploy explosive-laden unmanned aircraft against civilian infrastructure including hospitals, markets, schools, and displacement camps. **The most recent documented strike killed at least 15 people in the central city of el-Obeid on June 11, with RSF drones hitting a cemetery during a funeral gathering, a gas station, and residential areas near military positions**, prompting school closures and partial market shutdowns as drones continued to fly overhead. The conflict, now in its fourth year, has killed at least 59,000 people, displaced approximately 13 million, and created the world's largest humanitarian crisis with roughly 34 million people requiring assistance. The UN simultaneously

documented a sharp escalation in sexual violence, describing it as one of the most defining features of the war, with the **RSF accused by rights groups of the majority of attacks, including systematic abduction of women for sexual slavery and ransom extraction**, with ransom incidents involving sexual assault rising nearly 195% since the war began. AP reporting from Khartoum documented three women who described being abducted, raped, and ransomed by RSF fighters for amounts ranging from \$700 to \$1,250, with captors using torture during phone calls to extract additional payments from family members. The Trump administration's 2025 decision to defund the UN Population Fund cut more than \$370 million in sexual and gender-based violence support across 25 countries, including Sudan, eliminating a primary source of medical and psychological care for survivors.

- **Syrian President Ahmed al-Sharaa is expected to attend the G7 summit in France as the representative of a guest nation**, marking Syria's first participation in a summit of the group since its creation in 1975. The invitation reflects Syria's growing reintegration into the international community following the fall of Bashar al-Assad and comes after French President Emmanuel Macron hosted al-Sharaa during the Syrian leader's first visit to Europe. Macron had been the first European leader to speak with al-Sharaa after his rise to power, underscoring France's leading role in reengaging with Damascus. Sharaa, whose forces toppled Assad and aligned the country more closely with Western powers, has sought foreign investment and relief from sanctions to help rebuild Syria after more than a decade of civil war. Although many sanctions imposed under the Assad family have already been eased, attracting investment and restoring banking ties have proven slower and more difficult than Syrian officials had hoped. Syrian officials have indicated that discussions at the summit could focus on the country's potential role as a strategic supply-chain hub following the effective closure of the Strait of Hormuz. Western governments have nevertheless remained cautious over democratic reforms and the protection of minorities. Those concerns were reinforced by outbreaks of sectarian violence earlier this year that reportedly killed hundreds of people, most of them members of the Alawite minority. Syria's invitation to the summit represents a significant diplomatic milestone for the new government and highlights the country's rapid emergence from international isolation to renewed engagement with major Western powers.

- **Market Implications:** The US-Iran memorandum of understanding announced June 15<sup>th</sup> is the most consequential market event for the region in months. If the Friday Geneva ceremony proceeds and the strait reopens as announced, Gulf energy exporters face a near-term revenue headwind from normalizing oil prices, though the removal of shipping uncertainty is broadly supportive for regional logistics, tanker operators, and port infrastructure names. The UAE, having exited OPEC in May, is best positioned to capitalize on restored export flexibility, while Saudi Aramco and other Gulf producers will benefit from volume normalization even at lower price points. Israeli Defense Minister Katz's declaration regarding the IDF's indefinite presence in Lebanon, Syria, and Gaza introduces the most significant implementation risk to the deal. Syria's invitation to the G7 Summit as a guest nation is a modest positive for reconstruction and sanctions relief narratives, with French-led reengagement potentially accelerating investment in infrastructure and supply chain positioning. Sudan's escalating drone war and humanitarian crisis carry limited direct market transmission but continue to weigh on East African logistics corridors and humanitarian financing flows. Overall positioning favors UAE energy and logistics names, Gulf financial institutions with strong balance sheets, and selective Syrian reconstruction exposure, while Israeli equities, Lebanese credit, and oil-price-sensitive producers face continued near-term volatility tied to MOU implementation uncertainty.

### Latin America

- **Election uncertainty dominated Andean politics during the week of June 8 as Peru's presidential runoff remained too close to call and Colombia headed toward a June 21 runoff between far-right outsider Abelardo de la Espriella and leftist Senator Iván Cepeda.** In Peru, leftist Roberto Sanchez held a narrow lead of roughly 40,000 votes over conservative Keiko Fujimori with more than 96% of ballots counted, though foreign votes and contested ballots left the outcome uncertain, and a final result is not expected until July. Sanchez drew much of his support from Peru's rural regions, while Fujimori performed better in Lima and among overseas voters. Markets rebounded sharply after Fujimori narrowed the gap, reflecting investor concerns over Sanchez's proposals to reform Peru's mining-heavy economy, raise taxes, and rewrite the constitution. Meanwhile, Colombia's first-round

election highlighted growing dissatisfaction with President Gustavo Petro's "Total Peace" agenda, as de la Espriella's hardline security platform and anti-establishment message propelled him to a first-place finish. Cepeda's strong showing demonstrated the continued appeal of Petro's reform coalition, but persistent violence, a recent wave of bombings, and the attempted assassination of presidential contender Miguel Uribe Turbay have pushed security to the forefront of the campaign. The June 21 runoff comes amid warnings that rising violence and incomplete implementation of Colombia's 2016 peace accords could contribute to renewed conflict, underscoring broader concerns about stability in one of Washington's closest regional partners.

- **International pressure has mounted over the humanitarian consequences of growing US sanctions on Cuba**, with UN Secretary-General António Guterres calling for the immediate removal of measures that have effectively imposed a fuel blockade on the island. Since January, only one Russian tanker has delivered oil to Cuba, after the Trump administration threatened steep tariffs on countries supplying the island with fuel. **Trump has also suggested he may use military force to pursue regime change in Cuba.** The resulting shortages have contributed to repeated nationwide blackouts and growing difficulties accessing food, medicine, and other essential goods, prompting fears of a new migration wave similar to the exodus seen during the COVID-19 pandemic, when Cuba's population declined by roughly 10%. Those concerns were underscored when Brazilian authorities intercepted 108 Cuban migrants in a single day and arrested five suspected human traffickers. Officials described the operation in the border state of Roraima as the largest humanitarian rescue effort ever recorded there. According to Brazil's annual migration report, Cuban asylum applications surpassed Venezuelan applications for the first time in a decade in 2025, exceeding 40,000 requests. Authorities warned that further deterioration in US-Cuba relations could accelerate migration flows throughout the region.
- **On June 7, Bolivia approved the use of military force against nationwide protests as the country grappled with its worst economic crisis in four decades.** Demonstrations that began in May over austerity measures and rising living costs have evolved into a broader anti-government movement, with roadblocks disrupting supplies of food, fuel, and medicine across the country. Labor unions, miners, transport workers, and supporters of former

President Evo Morales have played a prominent role in the unrest. Clashes between protesters and security forces have left at least ten people dead, while some demonstrators have called for President Rodrigo Paz's resignation. The government argued that stronger measures were necessary to restore order, but critics warned that the expanded role for the military could escalate tensions and increase the risk of human rights abuses.

- **Following the death of imprisoned Miskito Indigenous leader Brooklyn Rivera in early June, the Trump administration-imposed visa restrictions on more than 100 additional Nicaraguan officials** and their family members, bringing the total number sanctioned to over 2,350. Rivera, a prominent critic of President Daniel Ortega, died in government custody after nearly three years of detention, prompting UN experts to call for an independent investigation and warn that failure to do so would strengthen the presumption of state responsibility for his death. They described the case as part of a broader pattern of abuses against Indigenous and Afro-descendant communities, noting that more than 120 Indigenous leaders had been arbitrarily detained since 2018. **The Ortega-Murillo government has intensified its crackdown on dissent since anti-government protests in 2018 left at least 355 people dead.** The ensuing campaign has forced the closure of roughly 5,600 NGOs, stripped political opponents of their citizenship, and driven many activists, religious leaders, and media figures into exile. Constitutional reforms have further consolidated power, extending presidential terms, expanding executive authority, and elevating Rosario Murillo from vice president to co-president, positioning her to succeed Ortega without the need for new elections. Secretary of State Marco Rubio condemned the government as a dictatorship and reaffirmed US support for democratic activists in Nicaragua.
- **Market Implications:** Latin American markets traced a defensive and uneven path over the past month, with Brazil's Ibovespa declining roughly 2 to 3% as lower oil prices weighed on Petrobras and energy-linked names, while rate-sensitive sectors, including financials and utilities, found support from easing inflation expectations. Fixed income markets continue to operate under a high carry, high volatility framework, with Brazilian 10-year sovereign yields near 14% and Mexican equivalents near 9%, reinforcing yield appeal but reflecting still-restrictive monetary conditions. The Brazilian real and Mexican peso held broadly stable against the

dollar, supported by strong interest rate differentials and improving external balances, though capital flows remain sensitive to US rate expectations. Structurally, the region is entering a gradual easing cycle as inflation moderates, with rate cuts expected across major economies that could provide a lagged tailwind to growth and equity valuations. Overall positioning favors banks, utilities, and consumer credit names leveraged to domestic rate relief alongside metals and mining exposure, while energy-heavy indices and economies with weaker fiscal buffers carry downside risk.

### Asia (ex-China/India/Japan)

- **Following the conclusion of the ASEAN Summit in Cebu, Southeast Asian leaders called for faster implementation of a regional oil-sharing agreement.** However, leaders stopped short of agreeing on more immediate measures to counter the economic fallout from the Iran war and the effective closure of the Strait of Hormuz. Leaders emphasized energy and food security, diversification of suppliers and trade routes, expanded renewable energy and cross-border electricity trading, and closer regional coordination on emergency response measures. Ministers also discussed the use of ASEAN's emergency rice reserve and proposed studying a regional oil stockpiling system, while pledging to keep trade routes and supply chains open and avoid protectionist measures. As summit chair, **Philippine President Ferdinand Marcos Jr. proposed the creation of an ASEAN maritime center to coordinate responses to disputes in the South China Sea**, warning that any disruption to one of the world's busiest shipping lanes could have consequences similar to those seen in Hormuz. Meanwhile, leaders held what Marcos described as "vibrant and emotional" discussions on Myanmar and acknowledged that efforts to engage the country's new nominally civilian government and end its civil war had made little progress. The summit underscored ASEAN's growing recognition of shared geopolitical and economic challenges, but also the bloc's persistent difficulty in translating broad consensus into concrete collective action.
- **The Philippines lodged a diplomatic protest after detecting what officials described as an illegal floating structure equipped with an apparent antenna inside the disputed Scarborough Shoal in the South China Sea.** Philippine authorities said the roughly 20-by-20-foot installation appeared to be manned and warned that they were closely assessing its purpose and implications, while China insisted

that its activities around the shoal were legitimate and accused Manila of inflaming tensions. Satellite imagery later suggested the structure had been removed, leaving its significance and purpose unclear. The dispute comes amid China's continued presence around the shoal since 2012. A decade after an international tribunal ruled that Beijing's blockade violated international law, recognizing the area as a traditional fishing ground for multiple countries, Scarborough Shoal remains one of the region's most sensitive flashpoints and a persistent source of tensions in the South China Sea.

- **A 7.8-magnitude earthquake struck in the Celebes Sea off the southern Philippines on June 8, killing at least 32 people, injuring more than 130 others, and displacing roughly 70,000 residents.** The deadliest incident occurred when a quake-triggered landslide killed 13 people in the province of Sarangani, while authorities reported widespread damage to buildings, bridges, power and communications infrastructure across Mindanao. General Santos International Airport suspended operations and canceled 17 flights, and President Ferdinand Marcos Jr. ordered schools closed in affected areas after the quake struck on the first day of classes following a two-month break. Tsunami warnings issued across the region were later downgraded, though rescue efforts continued amid reports of missing persons, damaged infrastructure, and ongoing aftershocks. The 7.8-magnitude temblor was the strongest to hit the Philippines in half a century and underscored the country's vulnerability as part of the seismically active Pacific Ring of Fire.
- **Indonesia's flagship free school meals program has come under increasing pressure after being linked to at least 33,000 food poisoning cases and allegations of budgeting irregularities,** prompting President Prabowo Subianto to dismiss National Nutrition Agency chief Dadan Hindayana. The multibillion-dollar initiative was a centerpiece of Prabowo's 2024 campaign and aims to provide free meals to 80 million schoolchildren. However, the program has faced mounting criticism over its safety record and cost amid weakening trade surpluses and currency pressures. Authorities recently reduced the program from six days per week to five to limit its fiscal impact, while the Attorney General's Office raided the agency's headquarters following corruption complaints. Dadan was replaced by his deputy, Nanik Sudaryati Deyang, though critics contend that the move amounts to a cosmetic change. They argue that the program requires a broader overhaul and have raised concerns over her

lack of experience in nutrition and food safety. Despite acknowledging that the initiative has encountered significant problems, Prabowo has pledged to punish officials who abuse their authority and maintains that the program remains popular and provides important nutritional support to Indonesian families.

- **Market Implications:** Across Asia, the past month reinforced a clear bifurcation between export-driven technology markets and more domestically oriented economies. North Asia, particularly South Korea and Taiwan, remained the regional outperformer of equities, which continued to benefit from the global AI and semiconductor cycle, though aggressive foreign investor profit-taking has created a push-pull dynamic between strong fundamentals and positioning risk. ASEAN markets delivered more muted and uneven returns, reflecting softer global trade expectations and currency volatility, while easing energy prices provided a modest tailwind across import-heavy economies, helping stabilize inflation without generating meaningful FX appreciation given persistent dollar strength. Fixed income conditions suggest that the regional rate-cutting cycle is nearing an inflection point as inflation moderates but growth expectations soften alongside cooling export momentum. Structurally, AI-driven capital expenditure and supply chain realignment continue to favor North Asian exporters and select Southeast Asian manufacturing hubs, but concentration risk in mega-cap tech, slowing global trade volumes, and fragile domestic demand in several economies are increasingly offsetting these tailwinds. Overall, technology-heavy markets may grind higher with volatility as positioning normalizes, while consumption-led economies face a more mixed trajectory, leaving regional performance range-bound and highly dependent on the durability of the global tech cycle and the pace of policy easing.

### Sub-Saharan Africa

- **East Africa remains on alert over the ongoing Ebola outbreak in Uganda**, though the WHO has praised Kampala's response efforts and expressed confidence that the disease can be contained. Ugandan authorities have expanded surveillance and contact tracing measures while health officials continue to monitor exposed individuals and work to prevent cross-border transmission. The outbreak has heightened concerns across the region and prompted neighboring countries to strengthen preparedness efforts. **In Kenya, plans to establish a US-backed**

**Ebola quarantine center near the town of Nanyuki sparked protests from residents and political leaders**, who raised safety concerns and criticized the lack of public consultation. The proposed facility was intended to support regional preparedness efforts and was to be located near a British Army training base. Fears that it could be used to house infected patients from other countries fueled opposition, and Kenya's High Court subsequently issued a temporary order blocking the project. Even as concerns about the outbreak persist, WHO Director-General Tedros praised Uganda's handling of the disease and said lessons learned from previous epidemics have significantly improved the region's ability to detect and contain Ebola cases.

- **Mounting pressure from rising energy prices, fertilizer shortages, shrinking humanitarian assistance, and the prospect of a powerful El Niño are increasing concerns over global food security and the risk of worsening humanitarian crises.** Disruptions linked to the war in Iran and the effective closure of the Strait of Hormuz have driven up the cost of fuel and fertilizer, raising transportation costs and threatening agricultural production across vulnerable regions. **In Somalia, which imports roughly 70% of its food and 90% of its energy, soaring prices and aid reductions have left millions facing severe hunger**, while humanitarian organizations have been forced to scale back operations and close health and nutrition centers. International humanitarian assistance has already fallen from \$43 billion in 2022 to \$28 billion last year. Meanwhile, the World Food Programme's capacity in Somalia has declined from serving two million people per month to just 300,000, with existing funding expected to run out by the end of June. Similar pressures are affecting countries such as Sudan and South Sudan, where delays, higher diesel costs, and funding shortfalls have reduced the ability of relief agencies to reach populations at risk of famine. Changes to the US Food for Peace program have compounded these challenges. Countries facing some of the most acute food insecurity, including Somalia, South Sudan, and Sudan, have largely been bypassed by the program despite worsening conditions. Looking ahead, the World Meteorological Organization expects El Niño conditions to emerge soon and persist into winter, while some scientists warn that the phenomenon could become the strongest event in more than 140 years. Such an outcome would increase the likelihood of droughts, floods, heat waves, wildfires, and crop failures, further straining food and water

supplies around the world. The convergence of rising costs, reduced aid, and intensifying climate risks threatens to leave some of the world's most vulnerable countries increasingly exposed to famine and instability.

- **Ethiopia's June 1<sup>st</sup> general election is expected to reinforce Prime Minister Abiy Ahmed's hold on power**, with preliminary results showing his ruling Prosperity Party dominating early tallies and widely projected to secure another overwhelming parliamentary majority. Critics and some outside observers question the vote's legitimacy, which has been shaped by significant constraints, including the absence of voting in the entire Tigray region and parts of Oromia and Amhara due to ongoing conflict and insecurity. Opposition groups remain fragmented and weakened, many leaders are jailed, exiled, or absent, contributing to what analysts describe as a largely uncompetitive political environment despite the formal presence of dozens of parties. As a result, the election reflects both continuity and tension in Ethiopia's political trajectory: it provides Abiy with a strong mandate to continue governing, but also highlights persistent challenges around inclusivity, democratic openness, and national cohesion in a country still grappling with internal divisions and post-civil-conflict recovery.
- **South Africa's Constitutional Court has revived impeachment proceedings against President Cyril Ramaphosa, ruling that parliament's 2022 decision to reject an inquiry into the so-called "Farmgate" scandal was unconstitutional.** The case stems from the theft of a large amount of foreign currency from Ramaphosa's Phala Phala game farm in 2020. The president maintains that the \$580,000 had been paid by a Sudanese businessman purchasing buffalo, while critics have questioned why the cash was stored in furniture rather than deposited in a bank. **An independent panel previously concluded that Ramaphosa may have violated the constitution and abused his authority**, but the governing African National Congress used its parliamentary majority to block impeachment proceedings. The court has now ordered that the panel's findings be referred to an impeachment committee, which will review the evidence and determine whether formal proceedings should move forward. Although Ramaphosa denies wrongdoing and would still likely survive a final removal vote, the ruling represents a significant political setback for a president who built his reputation on combating corruption. It also comes at

a delicate time for the ANC, which lost its parliamentary majority in 2024 and faces local elections later this year.

- **Market Implications:** Sub-Saharan African markets have reflected an uneven, commodity- and policy-driven landscape rather than a unified trend, with South African equities broadly stable (up 0.5–0.7%) supported by mining and financials, while Nigeria has seen a modest pullback (down 2–3%) following a strong year-to-date rally, highlighting increased selectivity and profit-taking. Across the region, performance has diverged based on exposure to external shocks, particularly energy markets, with oil exporters benefiting from prior price spikes through improved fiscal and FX dynamics, while the majority of economies, as net importers, continue to grapple with elevated inflation, currency pressure, and weaker consumption. At the same time, tighter global liquidity and high U.S. rates have reinforced a “higher-for-longer” yield environment locally, supporting bank profitability but constraining credit expansion, while currency dynamics have become increasingly differentiated, with some stabilization emerging in reform-driven markets alongside persistent volatility in structurally weaker economies. Looking ahead, the region is likely to remain a high-dispersion market where returns are concentrated in commodity-linked sectors and high-yield financials, while broader upside is capped by external vulnerabilities, leaving a cautiously constructive but volatility-prone outlook dependent on energy prices, currency stability, and continued policy credibility.

### Suggested Reading

#### [Japan, South Korea and Taiwan are Suffering Industrial Rot](#)

*The Economist*

#### [Sudan Has Become a Transnational Marketplace of Violence](#)

Mutasim Ali and Yonah Diamond, *Just Security*

#### [US Imposes its Domination on Part of Latin America](#)

Angeline Montoya, *LeMonde*

#### [What to Know About Ethiopia's Election](#)

Matthew Mpoke Bigg, *New York Times*