

THE NOURIEL ROUBINI OUTLOOK FOR THE IRAN WAR – May 2026

Roubini’s outlook for the Iran war (**Project Syndicate**, *Four Scenarios for the Iran War*, May 10, 2026) posits four possibilities. These are:

- CF: Trump ceasefire eventuates and takes immediate effect.
- SQ: Ceasefire eventuates but negotiations take months - abbreviated here as status quo.
- ESIC: US/Israel escalate conflict and Iran capitulates – no time frame.
- ESIS: US/Israel escalate but Iran survives.

The probabilities, as calculated at **hugheseconomics.com (HE)** using the “more likely” approach, are derived in the following table. Note that the probabilities are those of **HE** and not Roubini.

PROBABILITIES FOR THE ROUBINI SCENARIOS AS ASSESSED BY HUGHES ECONOMICS

Events/ Scenarios	Likelihood Ratios	Pairwise Range		Compound Likelihood		PROBABILITIES				More Likely #	
		Low	High	Low	High	P(Low)	P(High)	Average	%	Average	%
CF	Base ⇒ 1	1.00	1.00	1.00	1.00	0.091	0.045	0.068	7	Base	Base
SQ	SQ/CF	2.00	3.00	2.00	3.00	0.182	0.136	0.159	16	2.33	2.29
ESIC	ESIC/SQ	2.00	3.00	4.00	9.00	0.363	0.409	0.386	39	2.43	2.44
ESIS	ESIS/ESIC	1.00	1.00	4.00	9.00	0.363	0.409	0.386	39	1.00	1.00
				11.00	22.00	0.999	0.999	0.999	101		

To reiterate, the probabilities above are **not** those of Roubini, although the scenarios outlined are his. Note too that the probability of escalation as calculated by **HE** is almost 80% with a 50/50 chance of either endpoint. After perusing all the probabilities above, a decision-maker could settle on a distribution of 4%, 16%, 40% and 40%, respectively.

Also note that allies of Iran could influence the final outcome leading to ESIS, but it is difficult to speculate on what exactly may eventuate in this case.