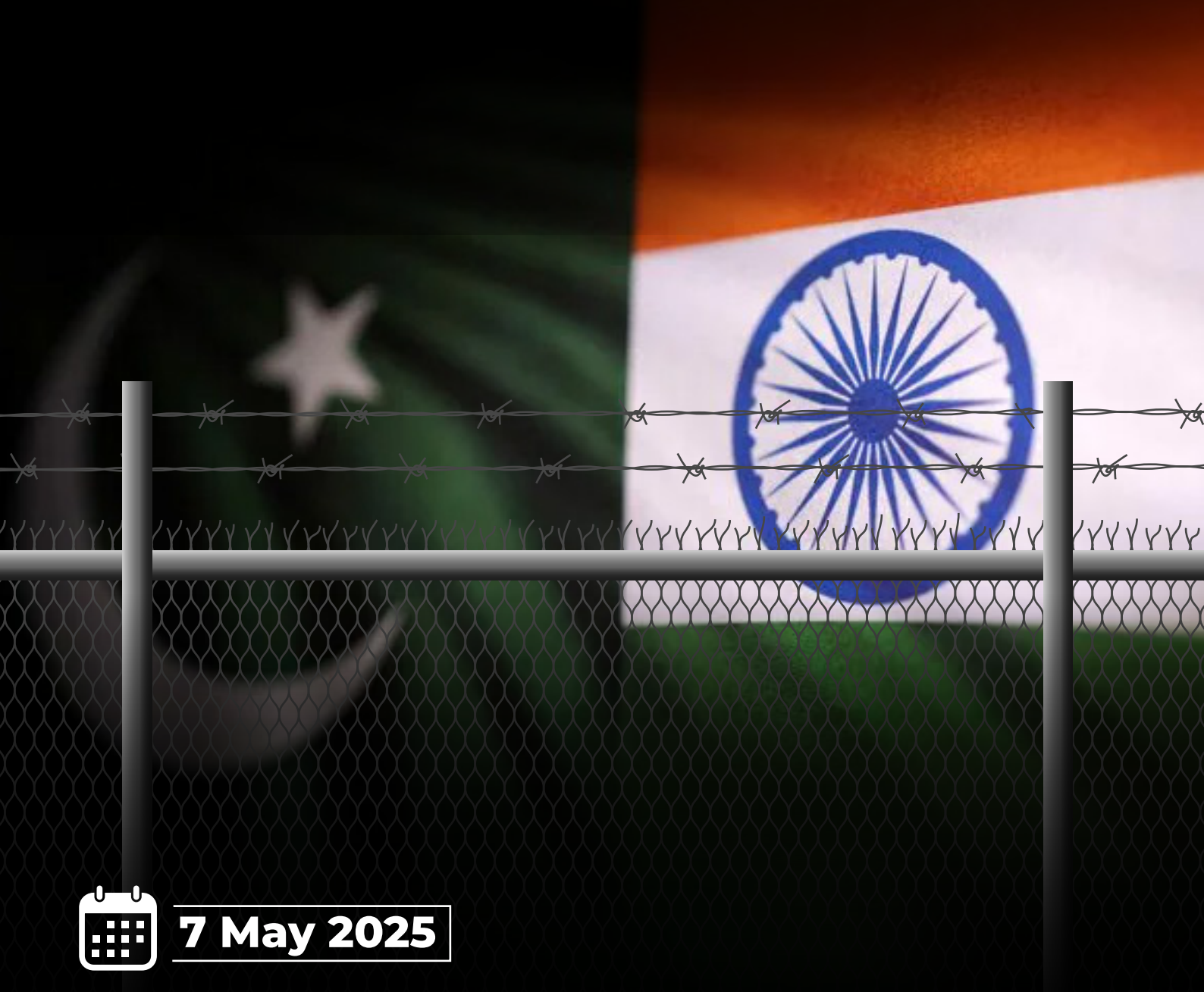


India-Pakistan Tensions Escalate: **From Threat of War to Nuclear Concerns**



7 May 2025



Agenda in Geopolitical Risks: **India and Pakistan**

In an attack that took place yesterday, Indian armed forces **targeted militant camps and military positions in Pakistan's Azad Kashmir region with precision missiles and UAVs.** It was reported that at least 26 civilians and military personnel lost their lives as a result of the attack. This operation was carried out in retaliation for the terror attack that took place near a Hindu temple in the Indian state of Jammu and Kashmir on Sunday. While the Indian Ministry of Defense claimed that the attack was "only targeting terrorist infrastructure," the **Pakistani side emphasized that there were civilian casualties and described the attack as a violation of sovereignty.**

The Process Leading to the Attack

The basis of the crisis lies in the Kashmir Issue, which has not been resolved since 1947. The region has been a continuous area of ethnic, religious and historical conflict; Serious wars and border clashes occurred **in 1947, 1965, 1971, 1999 and 2019**. The current situation worries not only the two countries, but also global powers such as China, the US and Russia. A possible war could also affect regional countries such as Iran and Afghanistan. **While the US, China and the EU have called for moderation, it is reported that the United Nations is preparing to offer mediation.**



It is based on the armed attack on a tourist area in the town of Pahalgam in the Jammu and Kashmir region on April 22, in which 26 tourists lost their lives. The attack was claimed by the TRF (The Resistance Front). Following this incident, the Indian administration held Pakistani militant groups responsible and launched a cross-border operation under the name of "Operation Sindoor". **While nine different points in Pakistan were hit with missiles, Pakistan announced that it was preparing to retaliate by partially closing its airspace.** It was also claimed that Pakistan shot down five Indian warplanes during the clashes.





The Threat of Nuclear Weapons and the Water Crisis

The biggest concern between the two countries is that both have nuclear weapons. As was the case after the Pulwama crisis in 2019, there is a risk that the current conflicts could escalate rapidly and reach a nuclear level. According to scientific reports, even a limited nuclear war between the two countries could create a global disaster, not a regional one; it could cause a 2-5 degree drop in temperatures worldwide and a food crisis. **Another dimension of the crisis is the water issue:** India is threatening to suspend Pakistan's vital Indus Waters Treaty. 80% of Pakistan's agricultural and drinking water comes from the Indus River, which could pave the way for a new war.



Diplomacy is Insufficient, **Tensions are Rising!**

Tensions remain high on the border.

Tensions are high on the border. New statements from the parties and possible retaliatory attacks are causing great concern. The water crisis, religious/ethnic conflicts and the nuclear power of the two countries have made this risk more dangerous. Although diplomatic channels have not been completely closed, the crisis could erupt again at any moment. It is of critical importance for the international community to step in immediately, put pressure on the parties and keep negotiations on the agenda. **Otherwise, it is certain that the introduction of nuclear weapons could have a negative impact on all countries in the world.**



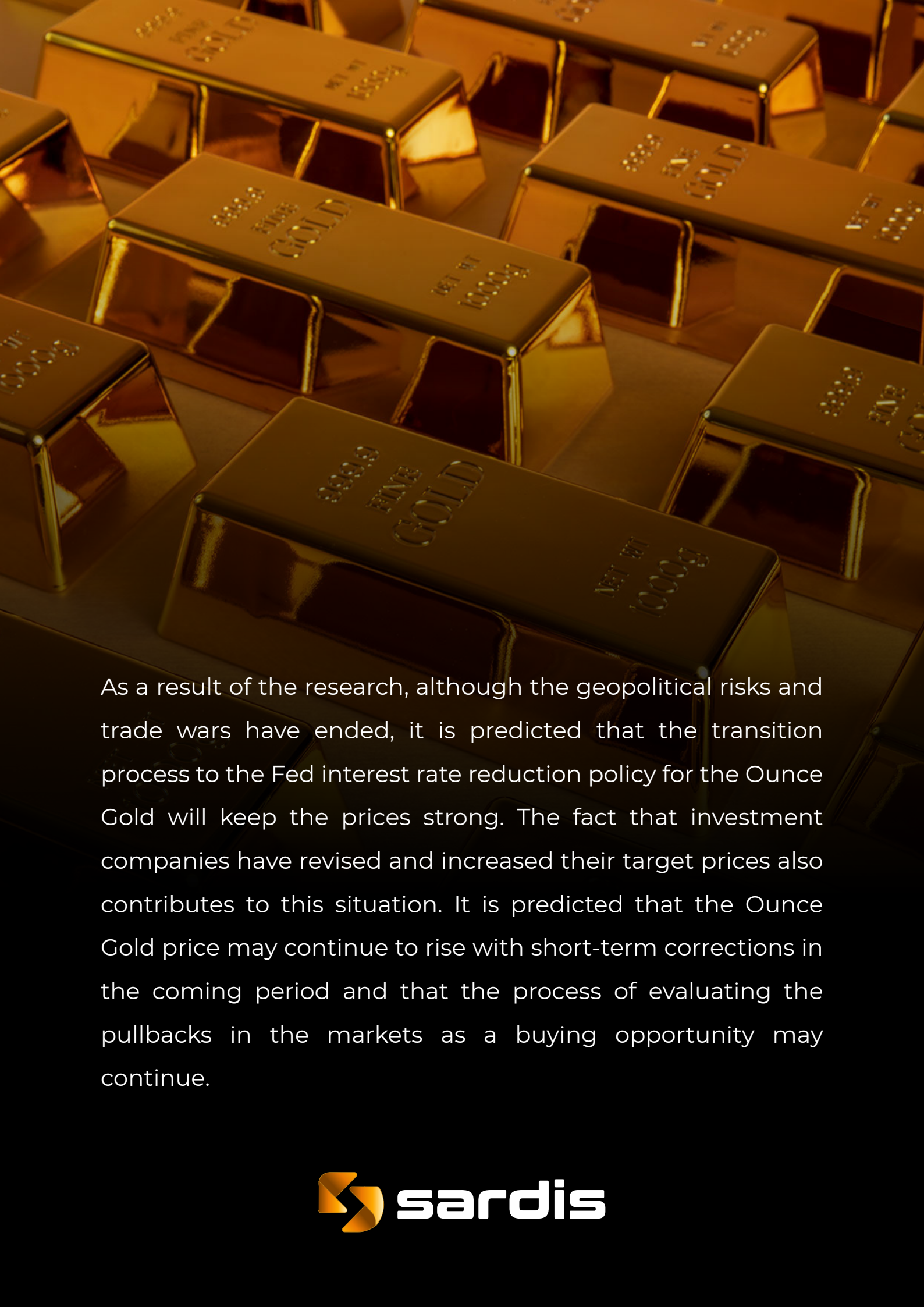
Increase in Gold Prices

with the Increase in Tension

With the emergence of the nuclear threat and the increase in tension, anxiety prevails in the markets. Gold, known as a safe haven, continues to price this tension. An upward trend dominates the Gold Prices side, where withdrawals have been limited since the beginning of the tension between India and Pakistan.

While Gold Prices the Fed's possibility of a rate cut, the Israel-Palestine war, the Syria tension and the US-China trade wars supported the increase. With the partial calming down of these events and the idea that they are priced in, there has been an expectation of correction in the markets on the Ounce Gold side. **However, the tension did not slow down and a new one was added to the geopolitical risks and the India-Pakistan tension came to the agenda.**





As a result of the research, although the geopolitical risks and trade wars have ended, it is predicted that the transition process to the Fed interest rate reduction policy for the Ounce Gold will keep the prices strong. The fact that investment companies have revised and increased their target prices also contributes to this situation. It is predicted that the Ounce Gold price may continue to rise with short-term corrections in the coming period and that the process of evaluating the pullbacks in the markets as a buying opportunity may continue.