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Russia–Ukraine War Outlook



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The war enters its fifth winter as a contest of endurance fought mainly in the air and in national budgets. On the ground the front is locked. CSIS puts Russia's main 2026 offensives at between 50 and 90 metres a day, and in April and May Russia actually lost more territory than it took, the first net monthly losses since August 2024. The land war still consumes men, drones and ammunition on a vast scale, but it is a poor candidate for a strategic decision in the next six months.

Moscow has drawn the obvious conclusion. Its theory of victory has moved from grinding advance to a coercive strike campaign against the systems that let Ukraine function as a state: generation and transmission, district heating, data centres and telecoms, ports and defence plants. Jet-powered Geran drones are the new element. Ukraine still downs more than 90% of the older propeller-driven Shaheds but only about 57% of the jet variants, and it is critically short of the high-end interceptors needed against ballistic missiles. This winter is therefore a stock-and-integration problem before it becomes a production problem. Europe's new missile lines matter for 2027; this winter will be fought with what is already in the magazines.

The most likely prospect is a grinding winter of serious but non-systemic disruption with diplomacy running in parallel. But it is also possible that the energy ceasefire Trump announced on 11 October has raises the chance of a sequenced freeze, or that Kyiv will be squeezed into a freeze on unfavourable terms. .

Russia is under real strain, but the evidence does not support a near-term collapse thesis. The draft 2027 budget raises defence spending by about 27% to ₽17.1 trillion while cutting welfare, education, health and infrastructure; the 2026 federal deficit has doubled on plan to 3.2% of GDP. That is strain, but it is also a statement of priorities. Manpower is the harder constraint: losses of 30,000–34,000 a month run ahead of recruitment of around 27,000. The Kremlin is using the strike campaign partly as a substitute for mobilisation.

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Two external factors now carry as much weight as anything on the front, and they are linked. The US–Iran war, now in its eighth month with the Strait of Hormuz still largely shut and Brent around $104, is Russia's most valuable external asset in the short run. It is also the root of the second factor. Diesel shortages caused partly by Hormuz and partly by Ukraine's own strikes on Russian refineries have driven US diesel to a record $6.52 a gallon in September. That set up what American commentators have quickly dubbed Diesel Gate.

On 9 October, after a call with Putin, President Trump announced that Russia would release up to 4.8 million tonnes of diesel onto American and world markets. The Treasury licensed the trade, including imports into the United States, until 7 April 2027. The decision came three weeks after he signed the Lindsey O. Graham Sanctioning Russia and Iran Act, and nine days before that law's first deadline. According to Axios, it followed Kyiv's refusal of roughly six US requests to stop hitting Russian refineries. On 10 October Trump said Ukraine should get a new leader. On 11 October he declared an energy ceasefire "effective immediately", which Zelensky said was news to him.

The practical effect on fuel prices will be small: the first two tranches cover about a day and a half of US diesel demand. The strategic effect is large. For the first time, US domestic fuel politics is directly setting the terms of the war. Washington now has a commercial reason to want Russian refineries working, which is at odds with Ukraine's deep-strike campaign, the single instrument that was doing most to drain Russia's war budget.

The Graham Act is the first casualty. Its full implementation is very unlikely and a hollowed-out version the most likely outcome. The administration has shown it can route around the law's public waiver procedure with Treasury general licences, which the Act expressly preserves. The statutory lock on sanctions relief is weaker than it looked.

Over 12 to 24 months the balance of probability still shifts towards a sequenced freeze: an energy-infrastructure truce first, a front-line ceasefire later, backed by European-led guarantees. What has changed is the route. A freeze is now more likely to be brokered through US pressure on Kyiv than through Russian exhaustion, and on terms more favourable to Moscow. Such an arrangement would be fragile and would not resolve the dispute over territory or Ukraine's security.

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