



If Not China, Iran – The Next Northern Hemispheric Crisis And Just In Time For November Third: Assessing Its Effect On The Dollar, Energy & The ‘Recovery’ Narratives

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Portfolio Analytics

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The native American Navajo people aver it best, that there is nothing as eloquent as a rattlesnake’s tail.

There are presaging signs that Persian-American tensions are rattling and upping the ante soon provides President Trump quite a lot to his political advantage: it revives his rapport with Saudi Crown Prince Mohammed bin Salman, who went off and into the geopolitical wilderness after the asinine [assassination of Jamal Khashoggi](#), it repivots the international conversation away from [escalating Great Power tensions in our Asia-Pacific basin](#) ([Don Draper: “If you don’t like what’s being said, change the conversation”](#)) but most importantly of all, it helps protect the US oil industry, ensuring he does not lose Texas, Louisiana and Colorado in the upcoming election, given that imposing tariffs on nearer rivals, such as Mexican and Canadian oil would be more difficult given the recent [NAFTA](#) redux, dubbed [USMCA](#).

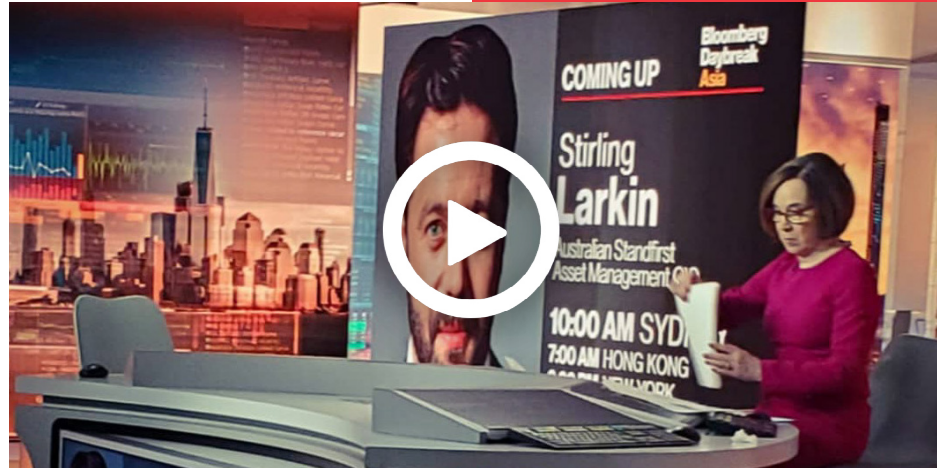
Also, name a US President that has not won re-election for a second term by pulling out the belligerent **Commander-in-Chief** Trump-card (pun intended) weeks or months preceding a US Presidential Election? Clinton, think [Operation Infinite Reach](#), Obama, think [Operation Neptune Spear](#).

Warmongering wins elections.

With a turning point seen earlier this year in the hydrocarbon investment and production cycle – seven years after the [2014 peak of the oil price cycle](#) – semaphoring the conclusion of non-OPEC growth – similarly to 1987, [seven years after the peak of the 1970’s oil price cycle](#) – consolidation, capital efficiency and [higher barriers to entry dominate the search for a new equilibrium in the oil market](#), driven by investors’ push for higher corporate returns and [lower carbon intensity](#) following the [extraordinary negative WTI crude price dives seen during April](#).

Cite:- [What Really Happened to Global Oil & What’s Coming Next](#), 15 March 2020

Iran augurs everything President Trump is seeking in an archenemy, a [Low-Intensity Conflict](#) adversary (in lieu of China, who would be [undoubtedly a near symmetric foe](#)), a nascent cyber state actor villain, [riling up an important US election funding support base](#) and an incessant antagonist



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Watch: Bloomberg USA sit with Australian Standfirst on 9 January, Discussing Iran, Cyber, US Markets & Australian Bushfires.

Trump has been on the [public record for despising since the early 1980’s](#).

Cite:- [Why cyber security will be key issue in 2020s](#), 15 January 2020

We know what a renewed Persian Gulf conflict would mean for [energy prices, its effect on the US Dollar and our Australian Dollar with it](#) but what we don’t know is what it’d mean for the supposed ‘Recovery’ narratives currently underfoot across Australian, US, Canadian, Japanese and some European equity and fixed income markets.

Cite:- [The Monetary Interventionist Wildcard & Start Of A Deeper Corrective Process](#), 3 May 2020

What comes next depends on public and clandestine relations between the White House, Langley and Saudi principality.

Historically, when Saudi’s rulers faced trouble, the US was there to help and the question now is whether the Faustian Saudi-American covenant that was cemented by President Franklin D. Roosevelt and Saudi King Abdul Aziz Ibn Saud on the USS Quincy in 1945 will now unravel. After all, Trump was angered by Saudi’s recent aggressive actions to sink US shale oil and the anti-Saudi rhetoric from parts of the Republican Party has lately ramped up too.

Should Democratic Party presumptive nominee Joe Biden be elected he may adopt President Barrack Obama’s policies of [“bringing Iran in from the cold”](#). That policy is anathema to Crown Prince Mohammad Bin Salman Al Saud and could be devastating for global oil prices as adding two million barrels of Iranian crude to global exports would be hard for the market to digest.

In days gone by – Iran in 1953, Guatemala

in 1954, Chile in 1973 – the CIA was adept at covertly pulling strings in to achieve the outcomes preferred by US policymakers (whether those proved the best outcomes for the US over the long run is another matter entirely).

Of course, those were times when the CIA was not in open conflict with the US President.

The [assassination of Iranian Major General Qasem Soleimani](#) will reverberate in the region for a long time.

With limited international support and no apparent diplomatic off-ramps, the United States will face a series of strategic dilemmas over the next decade and this heightened geopolitical uncertainty plagues and will increasingly haunt post [Corona Crunch](#) recovery narratives.

While [US adversaries will likely remain constant](#), allies are liable to change, if not on paper then in practice and the most likely locations for future conflict are not necessarily those most dangerous to American interests, further complicating the US ability to prepare for contingencies.

But what these early months of the [Roaring Twenties](#) have reminded us all is that its not the known unknowns that vex communities, economies and financial markets en masse but rather the exogenous liabilities and risks that linger unattended.

If the very definition of **risk** is, [“a situation involving exposure to danger”](#), then surely maintaining a close eye on Persian-American rapprochement matters to those already wishing to avoid another bite of the rattlesnake’s vermin. ■

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