

One question raised about Hilary Clinton is how she might fare against various Republican challengers. Well, the jury is out on this, at least for the moment; for there recently were 37 polls by several polling outfits pitting her against eight of them on a one on one basis : she beat every one by a similar street length margin. Following are the specific average outcomes :

- against Gov. Walker of Wisconsin (5 polls) : 49.0 - 40.8;
- against former Florida Gov. Jed Bush (7 polls) : 49.4 - 40.6;
- against Kentucky Sen. Rand Paul (6 polls) : 50.0 - 41.5;
- against New Jersey Gov. Christie (5 polls) : 50.0 - 40.2;
- against Florida Sen. Rubio (4 polls) : 49.5 - 41.5;
- against former Arkansas Gov. Huckabee (4 polls) : 52.0 - 40.3;
- against retired neuro surgeon Ben Carson (3 polls) : 50.3 - 38.7;
- against Texas Sen. Cruz (3 polls) : 50.3 - 39.0.

Of course this is March 2015, not November 2016, & a lot can happen in 19 months; but it will nevertheless hearten her supporters & increase the pressure on her to run, and be a cause for annoyance, if not more, to many Republicans, incl. the Koch brothers, & Netanyahu.

Jens Stoltenberg (age 54) was Prime Minister of Norway in 2000-2001 & again from 2005 to 2013 (when he resigned after losing the October 2013 election). He then became the UN Special Envoy on Climate Change &, last October, NATO Secretary-General. He had planned to be in Ottawa on the 23rd to meet with Prime Minister Harper & in the Washington area from March 24th to 26th to attend the annual brainstorming NATO Transformation Seminar on the 26th (that this year would be held at Norfolk, Va.) & informed the White House of those plans & requested a meeting with President Obama, But according to Josh Regin, a columnist for Bloomberg View, the White House never even accorded him the courtesy of a reply (& his staff was only at the last moment able to arrange a meeting with Defense Secretary Ashton Carter) - *nobody seems to know the reason for what seems like a deliberate snub at a time that it is more important than it has been in a long time for NATO to present a united front.*

An article in the WSJ, purportedly based on information leaked from the White House, reported that Israel had been spying on the US' nuclear negotiations with Iran since 2012 (which was, of course, 'categorically' denied by Netanyahu's office, *which has about as much credibility in such matters as Putin's Kremlin*). And it refers to an earlier secret NSA report that had rated Israel as the US' third most significant "hostile" cyber adversary after Russia & China. But what apparently **really** upset the White House more than the mere fact that it had done so (for everyone these days spies on everyone else), was that Netanyahu had then passed the findings on to his Republican buddies in the US Congress¹ (which Speaker Boehner has denied knowing anything about), forty-seven of whom not long ago concocted an Open Letter to Iran's Supreme Leader warning that a future (Republican) Administration may not honour any deal Iran might strike with Obama.

Yesterday the Alberta government tabled its Budget. While it is making a valiant, albeit modest, attempt to wean the Province from the dastardly habit of resource-rich governments to use non-renewable resource revenues to fund current expenditures, it may prove more difficult than it

¹ Which strikes even Israelis as have gone 'beyond the Pale'; thus Ronen Bergman, an expert on Israel's intelligence services at Israel's Yedioth Ahronoth centrist newspaper said that he was "concerned about ... (this) earthquake in the US-Israeli relationship" and opined that "any intervention by Israel in the inner workings of American politics is wrong."

believes possible to retain its triple-A rating when it forecasts tripling its outstanding debt-, having its debt servicing costs grow at a 15+% compound annual rate-, & its total assets/total liabilities ratio decline from 1.16% to 1.03%-, over the next five years. And it was disappointing to hear the Minister of Finance talk about what Albertans **want**, rather than **need**, and seemingly dismissing the debt build-up as a 'bagatelle' - *the sad part is that, even with an election looming, but with the opposition weak & divided, it could have been a great deal more pro-actively hard-nosed before hitting a political 'red line', especially given the fact that the Budget contained a few goodies thrown in to convince voters its heart is in the right place.*

Greece's cash position worsened this week when it found out that it had been wrong in believing it had earlier made a 1.2BN Euro overpayment to the European Financial Stability Facility. On Monday, after saying debt repayment was "impossible", Prime Minister Tsipras met with Chancellor Angela Merkel to try & patch up what has become an increasingly rocky relationship made worse by the supercilious behaviour of his Finance Minister. And by Monday his government will have to come up with a list of economic reforms that must pass muster with the Eurozone Finance Ministers before it can even hope to squeeze another nickel out of them. Be all that as it may, he remains cheerily optimistic of getting enough money out of them to keep his ship of state afloat within the Eurozone.

Not long ago Sweden surprised the market when it pushed its key interest rate deeper into negative territory to keep the krona from appreciating (inflation from going lower). So far this has proven only partially successful, since it has strengthened against the US dollar although, more importantly, it has remained flat against the Euro & sterling. But the latter was not of its doing but was due to the hawkish numbers coming out of Germany & the UK; for in Germany consumer optimism is high & came in higher than expected, while in the UK, although the 5.7% YoY retail sales growth in February was down from 5.9% in January, it was a great deal better than the 4.7% expected, and on an MoM basis was up 0.7% in February, vs. 0.1% in January & the 0.4% expected. Meanwhile, the Riksbank's hoped-for growth in inflation must have exceeded its wildest dreams; for in February factory gate inflation was up an annualized 1.9%, & the PPI 1.1%, way up from their 0.2% levels in January

Singapore is in mourning. For Lee Kuan Yew died at age 91. He was truly 'the father of his nation'; for, with a program promoting a clean & efficient government, business-friendly economic policies & social order, he instigated-, & presided over-, during his 31 years as Prime Minister ending in 1990, the transformation of his city (state) from a colonial-era trading centre into one of Asia's most prosperous nations

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OIL HEADING TO \$35 BY JUNE (CNBC, Susan Li²)

- Fereidun Fesharaki, the *Iranian* Chairman of Singapore-based global energy advisory group FACTS Global Energy (FGE), & a one-time adviser to the Iranian government, on March 23rd warned the 18th Annual Credit Suisse Asian Investment Conference that oil will likely trade as low as US\$35 to US\$40 by late June & could even dip below that level for a brief spell. Moreover, that the outlook might be even worse if a nuclear deal with Iran were to materialize by March 31st (the probability of which he rated at 80%) since

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A Canadian who co-hosts CNBC's flagship morning news program Squawk Box from Hongkong.

“the Iranians would like to increase their oil production to its pre-sanctions level, which is 1.2million barrels per day higher ... within 3-6 months they will be able to ramp up production, so it’s bad news for the market which is already jittery³ ... They [Saudi] are willing to cut, but only if everyone else cuts too, including the shale producers and the Russians⁴.”

All current price predictions could of course be thrown into a cocked hat, at least for a while, if the Saudi bombing of Yemeni targets were to lead to a hiking of the political risk premium priced into the price of oil. Be that as it may, that same day Raoul Pal, publisher of the Global Macro Investor⁵, predicted the price of oil will decline at an accelerating pace since historically the value of the US dollar & crude oil have been inversely related & he expects the dollar to continue to strengthen and because, as storage facilities fill up, US producers will have to choose between shutting down production or selling at the going, lower price & further glutting the global market. And the next day Hideo Hayakawa, a former Chief Economist & Executive Director of the Bank of Japan, told the group Japan’s economy was on the mend, saying “Many people exaggerate the negative impact of the sales tax (hike last April) ... the (resultant) tax slump was a short one, the economy hit bottom last August, the economy expanded at an annualized 0.4% rate and many people expect robust growth in the first quarter” (although he did concede that growth remains slow as Abenomics has only had a limited impact & that “Improvement in real economic growth is pretty limited and growth [is] still very low”).

Addressing an audience of business economists in Sydney, Australia. San Francisco Fed President John Williams (*Janet Yellen’s successor in that position*) said on March 24th that “I think by mid-year it will be time to have a serious discussion about starting to raise rates ... I see a safe course in a gradual increase, and that calls for starting a bit earlier.” But what more interesting, & somewhat contrary to the tone of those remarks, he also said he now expects US GDP growth for the year to be 2.5%, down from his January view of “just under 3 percent”.

And Wall Street has been busy marking down its First Quarter GDP growth forecasts from 2.8% in early January to 1.8%, in view of the strong dollar, weak retail sales-, trade-, & construction-, numbers, harsh winter weather in February, drastic cuts in oil patch capex spending & some disappointing Fourth Quarter corporate earnings.

US DECLASSIFIES REPORT, EXPOSES DETAILS ON ISRAEL’S NUCLEAR PROGRAM **(Jewish Express, Hana Levi Julian)**

- The US has released a 1987 report revealing a stunning amount of information about one of Israel’s most closely guarded secrets, details on Israel’s nuclear technology up to

³ In part because it believes that Iran may have as much as 30MM bbls stored on VLCC oil carriers owned by Iran’s NTIC (National Iranian Tanker Company), a subsidiary of the National Iranian Oil Company, that after nearly tripling the size of its fleet in the last five years is now the world’s fourth largest tanker fleet operator, as well as an unknown amount at a leased facility in China, which oil could be added to the short-term supply in fairly short order once the sanctions were lifted..

⁴ Which recently announced they plan to increase output by 250,000 bbl/d. this year.

⁵ another Goldman alum, who after running hedge funds for over a decade, retired in 2004 at age 36 to devote himself full-time to writing his newsletter for a, by choice limited number of clients while resident on Spain’s sunny Valencia coast

the 1980's & of its military cooperation with America. While everything related to America's NATO allies was blacked, it revealed everything American experts *at the time* knew about Israel's nuclear secrets. Among the things revealed was that the Israelis were "developing the kinds of codes needed ... (to) enable them to make hydrogen bombs", that Israeli *nuclear* labs were comparable to those in the US at Los Alamos, Lawrence Livermore & Oak Ridge, and that they were an "almost exact parallel of the capabilities currently existing at our National Laboratories", and that in some areas Israeli scientists were ahead of the Americans & that the technology in some cases was more advanced than that of the US.

This apparently took place in early February & was totally overlooked by the mainstream media; so if intended as retaliation for Netanyahu's acceptance of the Republican invitation to address Congress (& diminish his chances in the March 17th election), it was a flop, although it may still have its uses to remind Netanyahu &, more importantly the Israeli people at large, that there is a price attached to twisting a lion's tail, particularly if it is in a testy mood. Meanwhile, on Monday James Baker, Bush 41's Secretary of State, & now a foreign policy adviser to the likely Republican Presidential hopeful Jed Bush, was the key speaker at the annual conference of the J Street, pro-Israel-, but less blindly & unquestioningly so than AIPAC-, lobby group. And he let Netanyahu have it with both barrels, telling the group Israel could lose its "democratic character" if it continued to occupy "Arab lands", that "it seems to me Israel's future absent a two-state solution could be very difficult at best", and that it was unreasonable to expect Iran to cease all nuclear enrichment (as Netanyahu has demanded). But he also praised the US-Israeli relationship over time & orated that "Since gaining its independence in 1948, the Israelis have built one of the most impressive states in the world ... a robust democratic polity in a very undemocratic corner of the world."

GREEDY CALIFORNIANS ARE ALMOST OUT OF WATER (MarketWatch, David Weidner)

- For a couple of years now, Californians has been on a high alert (*on water*). But when Gov. Jerry Brown asked residents to cut back water usage by 20% (which some argued was nowhere near enough), their response was only 8.8%. For, while environmental alarmism is the state's official pastime, water conservation only seems to get lip service. And in the tug of war between environmentalists who want to preserve water sheds, citizens who want to keep their shrubs green, & the state's US\$12.4BN ag. industry there is only one thing all can agree on, namely that there isn't enough water to go around. And on March 12th Jay Farniglietti, a NASA scientist, wrote in the LAT "The simple fact is that California is running out of water ... Right now the state has only about one year of water supply left in its reservoirs and our strategic backup supply, ground water, is rapidly disappearing."
- Most California water districts use a tiered system of pricing. Thus in Irvine households using a reasonable amount of water pay a reasonable price, US\$1.34 per hundred cubic feet of water (2,832 litres/748 US gallons/623 Imperial gallons), those using more pay US\$3.91 for the same amount & the price peaks at US\$12.60. But this does not seem to have affected their thirst. And the shortage of water *in California* will translate into higher food prices; thus USDA expects the price of some farm products to increase 6% this year.

*By comparison, farmers this year will pay US\$17 for their first 2.5 acre-feet⁶ (43,500 cubic feet) of water & US\$ 40 for anything over that, 3.9¢ & 9.2¢ respectively per 100 cubic feet, & large farmers actually pay **less** than three years ago (when the rates were 1.6¢ for the first 2.0-, & 7.1¢ for the next 0.5 acre foot, & 14¢ for anything over that). Water shortage can have nasty consequences; thus a devastating drought, that according to the UN led to a 75% crop failure in Syria, is believed to have been a major contributing factor to that country's now four year-old civil war that has killed hundreds of thousands of, mostly innocent, people & made millions more refugees.*

EU REPORT URGES SANCTIONS AGAINST ISRAEL OVER JERUSALEM POLICIES (JP)

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The benchmark measure used in irrigation farming, the amount of water it would take to cover an acre (an area 660 ft-long by 66ft-wide, with water one foot deep).

- The Guardian's website on March 20th reported on an explosive EU report recommending sanctions against Israel over its construction policies & security measures in Jerusalem. The document, an amalgam of recommendations by European diplomats in the region, describes it (*the city*) as gripped by the worst “polarization and violence” since the Second Intifada a decade ago & accuses the Israeli government of exacerbating tensions by accelerating construction in its contested eastern part, thereby “threatening the viability of a two-state solution”. It takes Israel to task for “heavy-handed policing and punitive” measures against Palestinians in the city, “including evictions and home demolitions by Israeli forces”. It describes a series of measures aimed at curbing the distribution and sale of products manufactured beyond the Green Line (*i.e. by Palestinians in the West Bank*). It urges restrictions against “known violent settlers and those calling for acts of violence as regards immigration regulations in EU member states”, & encourages EU governments to label settler products & to warn EU businesses of the perils of engaging in trade with Israeli firms stationed in the territories. An Israeli government spokesman told the Guardian “this is so extremely one-sided a report that ... distorts reality beyond comprehension”.

As a last report, 'deny, deny, deny'!

KULANU CHAIRMAN MOSHE KAHLON BECOMING KINGMAKER IN ISRAEL (The Jewish Press, Hana Levi Julian)

- He became so when on March 23rd he recommended to Israeli President Reuven Rivlin that he task Netanyahu with the formation of a new coalition government, saying that “the broader the base of the coalition, the better it will be for all of us”. For his party’s ten seats gave Netanyahu the 61 seat support he needed (which grew later to 67 when Avigdor Lieberman, in johnny-come-lately fashion, came on board with his six seats). But as the President pointed out, not all those who voted for Netanyahu may support the coalition he will assemble and the Knesset has to approve of it as well.

While this may have been ‘one of the swiftest coalition assignment determinations ever’, it has quickly encountered problems. Despite the Zionist Union’s Yitzhak Hertzog’s persistent denials, talk of a national unity coalition of Likud & the Zionist Union won’t go away, prompting him to declare, on Facebook on March 26th, that this unity government talk was all “spin” & that “If one wants to know what my intentions and our party is invited to ask and to listen to what I say⁷ ... The Zionist Union is not a pawn in a race to destroy the State of Israel. Bennet has taken to whining and threatening to be in the opposition ... to squeeze out additional settlements, a larger budget, or a ministerial posting”. Likud MK Miri Regev warned on March 26th that “a unity government could become inevitable of the leaders of Likud’s intended coalition partners - Jewish Home, Yisrael Beiteinu & Kulanu, did not stop their demands for top ministerial positions” (as they feel justified in doing, since historically junior coalition party leaders have always been rewarded in such a manner). Another Likud MK, Interior Minister Gilad Erdan, told the Walla! News (web portal) he hoped a situation would not arise in which the “Prime Minister had no choice but to turn to Yesh Atid and the Zionist Union⁸. And at last report Kahlon had become

⁷ This hackneyed English is a direct quote from an article in the Arutz Sheva (an Israeli radio station identifying with religious Zionsim).

⁸ Regev is a hard right winger & surprised many people when Likud voters place her fifth on Likud’s candidate list going into the election & is expecting a ministerial post & Erdan, who is also on the right wing of the Likud Party wants to keep his ministerial post, and both likely wouldn’t relish the prospects of

disillusioned enough to cancel a coalition negotiating meeting with Likud on March 26th, after learning that, while there was no problem with his becoming Finance Minister, Netanyahu intended to give the chairmanship of the Knesset Finance Committee to the United Torah party (that would then be in a position to block his plans to push through reforms to tackle Israel's housing crisis & bring down the country's soaring cost of living (the main reason he wants to be Finance Minister, & he doesn't want to fall in the same trap as did Yair Lapid who as Finance Minister had hoped to achieve something similar but then was stymied at every turn by road blocks engineered by Netanyahu).

NETANYAHU SANK INTO THE MORAL GUTTER - AND THERE WILL BE CONSEQUENCES (The Guardian, Jonathan Freedland)

being members of a more centrist unity government coalition of which neither Jewish Home and/or Yisrael Beitenu was a part.

- On Election Day he posed in a Facebook video in front of a large map of the Middle East, as if in a war room & used the idiom of military conflicts to warn “Arab voters are advancing in large numbers toward voting places.” The enemy against whom Netanyahu was seeking to rally his people was not the Islamic State, or massed foreign armies, or even the Palestinians of the West Bank or Gaza, but the 20% of the Israeli electorate that is Palestinian who were born in, live in, & are citizens of, Israel. In other words, he described the democratic participation of one-fifth of his country’s population in the language of a military assault to be beaten back. Imagine if a US President were to warn the white electorate that black voters were heading to the polls in “large numbers” or if a European prime minister had said “Quick, the Jews are voting.” This is the moral gutter into which Netanyahu plunged to get *re*-elected . The result has been despair : in *‘liberal’* Tel Aviv, where Hertzog topped the polls, in foreign capitals at the sight of Netanyahu officially disowning the near universally preferred two-state solution, & in (*much of ?*) the Jewish diaspora which has been clinging to the hope that, even while it hadn’t yet, Israel at least wanted to end the occupation.

On March 23rd he apologized (in part motivated by the report referred to above?), supposedly at his Jerusalem residence, to a group of Arabs for his Election Day comments⁹, offering the hard-to-take-seriously excuse he hadn’t wanted to dissuade Israeli Arabs from voting but ‘just to encourage his own supporters to do so’. Be that as it may, the question is, more than ever, “would anybody at home or abroad be foolish enough to buy a used car from this man”?

SAUDI KING KEEPS CLOSE HAND ON OIL IN REMODELLING STRATEGIC TEAM **(Arabian Business)**

- A subtle change in the energy policy-making line-up since succeeding King Abdullah is giving King Salman’s inner circle *potentially* tighter control over Saudi Arabia’s oil strategy than the previous monarchs. First he promoted his mid-fifties son Prince Abdulaziz bin Salman to Deputy Oil Minister (with the rank of Minister) from the position of Assistant to the now 80 year-old Oil Minister Ali al-Naimi (*who had been the driving force behind last November’s decision not to cut oil production to keep the price up*) and then he abolished the Supreme Petroleum Council (*that had the dual task of supervising the operations of the Oil Ministry & of Aramaco, the state oil company*) and replaced it with a Supreme Council for Economic Development *with a seemingly somewhat broader mandate* that will be headed by another of his sons, the 35 year-old Prince Mohammed al-Salman.
- This is not seen as a signal of an imminent change in the way oil decisions are made (*the King listens to everyone’s input & then decides what is going be done*) nor of the imminent departure of the current minister, but rather as a way to organize an eventual generational change of the players in the energy decision-making process. The Kingdom has had only four Oil Ministers in the past 55 years (& al-Naimi has been in the post for 20 years), all of whom have not been members of the Royal Family (purportedly out of concern that appointing a prince to this key post might give rise to undue princely politicking). Nevertheless, there are those who believe that with Prince Abdulaziz’s promotion, the chances of Khalid al-Falih, currently head of Aramco, as al-Naimi was prior to 1995, to succeed al-Naimi when the time comes have somewhat lengthened.

⁹ An apology that al-Jazeera denigrated in a screaming headline as “a sorry excuse for an apology”.

Be all that as it may, oil prices tumbled early in the week (although they recovered sharply after Saudi Arabia started bombing Yemen) after al-Naimi told an energy conference in Riyadh that "We tried, we held meetings and we didn't succeed because countries outside OPEC were insisting OPEC carry the burden and we refuse that OPEC bears the responsibility" (for taking production cuts to keep the price up) - while Russia recently announced plans to increase its oil output YoY by 250,000 bbl/d. (because it needs the money, as do several other countries)

RUSSIA DELIVERS NUCLEAR WARNING TO DENMARK (The Telegraph, Julian Isherwood)

- Eight months ago Denmark announced it would join NATO's missile defense system & as part thereof install special radar systems in one or more of its frigates. Recently the Danish military published details of the encroachments in 2014 by Russian military airplanes *into Danish airspace* with their transponders turned off, thereby endangering civilian air traffic, saying that it had been necessary on 58 occasions to scramble F-16 fighters to head off such planes, twice the number of times this had been necessary so in 2012.
- Russia is on the offensive in the Baltic. So after this, it warned Denmark that if it joined the missile shield system, its navy would be a legitimate target for a Russian nuclear attack. And shortly after the Danish military's report noted above, Mikhail Vanin, the Russian Ambassador to Denmark, told the Jyllands-Posen newspaper¹⁰ "I don't think the Danes ... understand the consequences if Denmark joins the American-led defense shield. If they do, then Danish warships will be targets for Russian nuclear missiles ... Denmark would be part of the threat against Russia. It would be less peaceful and relations with Russia will suffer .. I just want to remind you that your finances and security will suffer. At the same time Russia has missiles that certainly can penetrate the future global missile defense system."

Small wonder the three Baltic states (Estonia, Latvia & Lithuania) are the most hawkish among a more 'lotud-eating'-inclined NATO membership. But Putin may have picked the wrong target; for the Danes know from first hand, pre-WW II experience where demilitarization leads to.

¹⁰ One of Denmark's daily (centre-right) newspapers that made the headlines a decade ago when it published the Prophet Mohammed cartoons.