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## **John's Newsletter Wednesday 21 January 2015**

**Swissie repercussions. America's own Berlin Wall collapsing. Europe in trouble - the EU could soon be toast. Gold still glisters. Oil - future in peril. Obama lying about oil. We need a new vision of the economy. After the big crash. The realities of history.**

### **What if China abandons its peg to the US dollar?**

This video from Peter Schiff echoes what I have seen on DR and elsewhere...it is in the what if? category.

[http://allnewspipeline.com/Peter\\_Schiff\\_Get\\_Your\\_House\\_In\\_Order.php](http://allnewspipeline.com/Peter_Schiff_Get_Your_House_In_Order.php)

Arguably, the America of Bretton Woods and the America of the "American dream" is slowly dying...while official BS masks the passing...

<http://www.mauldineconomics.com/connecting-the-dots/the-single-most-important-economic-statistic-that-the-white-house-never-tal>

Yesterday China attacked its margin traders who speculate in the share markets. So they at least show the willingness to take bold decisions. But the Chinese in declaring a 7.4% GDP growth are doing two things...1. For every US dollar of exports they print an equivalent amount more Yuan, and 2. They actively falsify their GDP figure to show what they want to show. So between goosing GDP with QE and putting in the figures that suit the CCP, no-one really knows how China is travelling – other than they are in a major downturn.

### **America's own Berlin Wal collapsing**

Now that things are changing faster. America's own "Berlin Wall" is about to come down. There is much that the general public has not been told about Cuba and the Castro brothers. Among the facts withheld are the role of JFK in trying to have Fidel and Raoul assassinated...and in turn the role of the Castro brothers support for Khrushchev in having JFK and in turn Lee Harvey Oswald assassinated. But at any rate the US embargo of Cuban trade has been regarded by most countries in the third world as nothing short of immoral...

<http://www.internationalman.com/articles/americas-berlin-wall>

### **Europe in trouble....**

It is now clear that Europe is in all sorts of trouble at both the major banking and sovereign levels. The idea of qualified QE – given the fact that no-one wants to be responsible for the debts incurred – means that its impact will not help the fiasco and may just precipitate collapse. Mark Faber says that he would not take short positions with certain of the world's central banks if it were possible to do so....but anyway, precious metals are the only way to do it...

[http://faber-blog.blogspot.co.nz/2015/01/gold-can-go-up-big-in-2015-if-central.html?utm\\_source=feedburner&utm\\_medium=email&utm\\_campaign=Feed:+blogspot/PzDtJ+\(MARC+FABER+BLOG\)](http://faber-blog.blogspot.co.nz/2015/01/gold-can-go-up-big-in-2015-if-central.html?utm_source=feedburner&utm_medium=email&utm_campaign=Feed:+blogspot/PzDtJ+(MARC+FABER+BLOG))

The fallout of the Swiss removing their peg to the Euro is still bouncing around the derivatives cyberspace casino.

Political stability in Europe is also starting to suffer...and frankly with more than 50% of youth unemployed in a couple of the EU countries, it not surprising but usually that sort of disaster would mean revolution...

<http://www.bbc.com/news/world-europe-30864088>

### **The EU could soon be toast**

<http://www.stratfor.com/weekly/european-union-nationalism-and-crisis-europe#axzz3PMtY6OsF>

Talking about Berlin walls...the Bundesbank would like to continue repatriating gold, just as Francois Hollande says the ECB will bring in QE this Thursday. (what a frigging idiot they have running France? )

<http://news.yahoo.com/germany-repatriates-more-gold-bundesbank-100251153.html>

Which starts me off on some more conspiracy theories...what lies at the foot of the rainbow? And who better to tell the story than Bix Weir...

[http://www.roadtoroota.com/public/181.cfm?awt\\_l=5D4Qs&awt\\_m=3cavN2pPSWAZ85B](http://www.roadtoroota.com/public/181.cfm?awt_l=5D4Qs&awt_m=3cavN2pPSWAZ85B)

### **Gold still glisters**

True or false, most of the gold ever mined is still around, while much of the silver is being used in industry and medical end products. This audio about the London market and the shonky precious metals trades is worth listening to...if you are interested...

[http://seekingalpha.com/article/2829046-the-lbmas-silver-criticality-video?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_2\\_8&ifp=0](http://seekingalpha.com/article/2829046-the-lbmas-silver-criticality-video?source=email_macro_view_gol_pre_met_2_8&ifp=0)

Gold and silver demand remains extremely high and prices are staying reasonably high at USD1,277/oz and USD17.71/oz respectively.

But watch out for those conspiracy theories! You could wind up dead! Remember yesterday's email...it had a sequel...

<http://www.telegraph.co.uk/news/worldnews/southamerica/argentina/11354521/Argentine-prosecutor-who-accused-Cristina-Kirchner-over-1994-bombings-found-dead.html>

Nasty stuff eh?

## **Oil - future in peril**

You may recall that I spoke in April last year about the oil price at over USD100/bbl not being high enough for the oil majors because the cost and risk in exploration is too high? So then they cut the exploration and pulled out of some drilling locations.

Some months later (June/July 2014) the price of oil started dropping and the “story” was that there was a glut. Now there are more stories of those same companies still laying off more staff and returning drill rigs to their owners ahead of time. So oil companies that could not cope with USD100/bbl oil are now facing USD47/bbl oil, leaving at least 25% of the industry unable to meet operating costs from revenues – let alone covering financing charges. While this could cause a derivatives collapse, this doesn’t sound like a recipe for adequate future supplies to me???

Perhaps you would like to reconsider the mainstream media’s proposition that there is too much oil? After all Iran and Iraq are producing more. But there is a growing realisation that the global economy is cooling far faster and so demand has been falling.

This from Gail Tverberg explains why the oil price is being trashed, and the oil industry along with it...

<https://www.youtube.com/watch?v=IOR3bdRJo98>

## **Obama lying about oil**

Why is Mr Obama lying to the American people about oil and prosperity? This article provides the inconvenient truth about US future oil production and it isn’t good...it is from EIA, his own Energy Information Administration.

<http://petroleumtruthreport.blogspot.co.nz/2015/01/dumb-and-dumber-us-crude-oil-export.html>

Marin Katusa agrees and notes the Bakken field is in trouble...

<http://www.caseyresearch.com/cdd/the-truth-behind-the-bakken-a-mathematicians-take>

2016 may well be the year that the USA sees its final oil supply peak fade into history. Given that of the US production as much as 5 million bbls (or half) may be shale with a decline rate of 60% + each year...the downwards slope in USA will be steep.

Of course, while the supply of oil by the USA will drop, it may well increase in other locations as source rocks are exploited elsewhere...but on average the real cost cost of extracting oil will be increasing – REGARDLESS OF ANYONE’S ABILITY TO PAY THAT PRICE. And that is where the spectre of peak oil rears its head.

I agree with Gail, that it will be the financial system that collapses first...before peaking oil supplies ... because we are almost at that point – from USD100/bbl oil.

## **We need a new vision of the economy**

As you know from earlier emails...in the year AD1 we ran our society with 96% of the labour force producing food and that dropped by 1980 to 4% due to our fossil fuelled energy surplus. In the year 1AD we had a population of less than 300 million and together with our livestock we comprised 5-7% of land mammals. Today with a 7.25 billion population, we and our livestock comprise more than 97% of land mammals. So the room for growth within our natural world has disappeared unless we get more efficient. How can we do that? This presentation is interesting...

<https://www.youtube.com/watch?v=gHNa2j2HDvo#t=115>

There is an issue with what we are doing to our planet and we are in overshoot. What is the future going to hold for our kids? Well this is Richard Heinberg's point of view. I don't buy into the AGW meme at this point because while humans are detrimentally affecting our environment, the causes and effects are fluctuating and often contradictory. But I agree, **if** we do have a climate problem caused by what we are doing, we certainly will not muster the commitment to changing things – even if we could...sorry this video is more than 1 hour long...

<https://www.youtube.com/watch?v=-81v5kPbwd4>

Richard takes us from our folly and hubris, through to the inevitability that we must at some point take individual responsibility for our own futures.

Low oil prices simply inhibit our motivation to change...

<http://peakoil.com/consumption/plunging-oil-prices-could-kill-electric-and-hybrid-cars>

### **After the big crash**

Major hedge funds and banks have been responsible for manipulating market prices for commodities such as gold, silver and oil for ages, but now that a Chinese hedge fund has trashed the copper price, Western banks have cried "foul". When will banks get reined in? It will only happen after the big crash and subsequent collapse of the global financial system...from Sinocism...

**[“China funds become new force in global commodity trade - FT.com](#)** Increasingly the volumes traded on the Shanghai Futures Exchange are equal to the London Metal Exchange and Comex in the US put together, according to Macquarie. Since its £1.4bn purchase by the Hong Kong stock exchange in 2012, the LME has made it a strategic priority to seek out more trading volumes from China. That reflects in part China's role as the world's largest metals consumer, responsible for more than 40 per cent of consumption, up from 4 per cent in 1980. The world's largest economy by purchasing power is also the largest importer of agricultural commodities and China's futures exchanges regularly influence prices in Chicago. But funds such as Shanghai Chaos are increasingly involved across the futures spectrum from commodities to equities, according to people familiar with the fund. That could allow them, for example, to short Glencore while pushing down the price of copper.”

### **The realities of history**

This is partly due to the fact that we have never been told the truth. For example the French never learn about the battle of Agincourt at school nor do the English ever get taught about the battle in France that led to the empire France became...but that battle was lost by Britain and led to the grant of the Magna Carta...the foundation of modern democracy – eventually.

The Magna Carta happened in 1215 – only 800 years ago...after King John was weakened by the defeat in France...

<http://www.bbc.com/news/blogs-magazine-monitor-30879124>

There has always been a reason for those in power, and inch by inch their actions explain why history has been distorted. The coming of the information age makes no difference to that.

The truth is available on the internet it is simply masked by noise from official channels and vested interests.

No-one can tell us when crash time will happen. I hope when the severity of our situations sinks in, the comments from official channels will no longer be phrased in euphemisms like this...from Seeking Alpha...

**"Sliding oil prices will give global growth** a brief jolt, but the benefits won't be strong enough to keep the world economy out of a deepening long-term rut," announced the International Monetary Fund in its latest World Economic Outlook report."

GD1 will not look anything like "a deepening long term rut". It may start the die back of our species.

Who knows when? But it will happen and likely within ten years, all of our futures will, more likely than not, be different as a result.