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John's Newsletter Tuesday 6 January 2015

2014: growth tanking, falling currencies, irrational exuberance, ISIS and Ikhwani, the maths of oil, covert plans of the Saudis and US.

Some thoughts on the year that was...

Economically speaking, even with money printing to goose growth it fell away...

<http://www.telegraph.co.uk/finance/economics/11301059/How-the-world-fell-back-into-economic-meltdown-2014-in-charts.html>

Ever wondered about the trends in new car sales?

<http://www.statista.com/statistics/262747/worldwide-automobile-production-since-2000/>

Some thoughts for the coming year from various pundits...some good stuff here ...

<http://www.theautomaticearth.com/oil-power-and-psychopaths/>

It is all in the falling value of the NZ dollar, the Australian dollar, or the Rouble ...

<http://www.caseyresearch.com/cdd/2014s-most-despised-investment-was-up-73>

This proposal below could eventually get implemented – if only because it is logical...

<http://www.zerohedge.com/news/2015-01-04/russias-startling-proposal-europe-dump-us-join-urasian-economic-union>

But we are dealing with psychopaths remember ...they don't behave like rational people.

Talking about rational people...let's look at oil and the present Saudi issues...

As you may or may not know, King Abdullah is in hospital. In his 90's the house of Saud expect his brother to take over and indeed his brother has been representing him at a number of major events already. But the uprising in Bahrain may have been timed to put this pot on the stove. And Alastair Crooke thinks ISIS may be targeting the house of Saud...

http://www.huffingtonpost.com/alastair-crooke/isis-aim-saudi-arabia_b_5748744.html

Forbes' contributor takes the party line...but I have usually tended to find Michael Lynch's opinions rather shallow...

<http://www.forbes.com/sites/michaelylnch/2015/01/05/king-abdallahs-illness-political-change-and-the-oil-market/>

But others suspect that after the stifled uprising earlier in 2014, things could get out of hand...either through the religious fervour of Imams who want a more doctrinaire Islamic state or in-fighting between the princes of the House of Saud. It could even be the Shiites?

<http://www.dailyimpact.net/2015/01/04/the-worst-news-story-of-2015/>

It is a case of “watch this space” to see how things play out.

Meanwhile, it isn't just Syria, Yemen, Iraq and Libya where things are becoming un-glued...

<http://www.reuters.com/article/2015/01/05/us-libya-security-greece-idUSKBNOKE0L420150105>

And as America imports a net 7.5 million barrels of crude per day and 7% of its natural gas, the price of oil is down and the USA can only speak of energy independence and exporting some of the ultra-light shale oil they extract and cannot process. So what does Arthur Berman think about matters?

<http://peakoil.com/business/the-real-cause-of-low-oil-prices-interview-with-arthur-berman>'

To me the real reason is that demand is very thin....and the USA wants to damage Russia.

But the main gain in (pseudo) oil production in the last four years has come from the light tight shales of the USA. The problem for the USA is now one of maintaining that production rate (now they have decided to export the sort of stuff they cannot process) despite the losses being incurred due to cost being much higher than selling prices. Most wells are now being drilled to maintain production. But how does this look in the two main areas of Bakken and Eagle Ford?

<http://peakoil.com/production/bakken-lets-do-the-math>

The IEA believed that even with high prices, the US production of oil would start to drop in 2020 due to a peaking of the three main shale plays of Permian, Bakken and Eagle Ford. But with low oil prices, things could head South even earlier.