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Oil, the never-ending saga / More on the Iran fiasco / Who printed the Greek/EU money? / Chinese economy sickening

Oil, the never-ending saga

In the USA, all the fracking has increased supply. But what has that done for oil storage – which elsewhere has not appeared to be much of a worry?

1. "Let's step back and look at the big picture. Current US crude oil stocks according to the EIA: 1.173 billion bbls. One week ago: 1.162 billion bbls...an increase of 11 million bbls...a 0.9% change. A year ago: 1.080 billion bbls...an increase of 94 million bbls...a 8.7% increase. Total stocks (crude oil + refined products): Currently 1.910 billion bbls. One week ago: 1.205 billion bbls...an increase of 14 million bbls...a 1.2% increase. A year ago: 1.043 billion bbls...an increase of 177 million bbls...a 17% increase. An interesting side bar with respect to finished motor gasoline, where much of the oil ends up. Current stock: 10% LESS than a week ago and 4.5% LESS than a year ago. The EIA projects an increased gasoline consumption this driving season of 177 million gallons per month more than last driving season. Which would seem to indicate that crude oil stocks should begin to see greater withdrawals. Or, conversely, increased oil imports which, based upon the latest numbers, appears to be happening especially from Saudi Arabia."

There is still plenty of storage in USA and the industry is getting ready for the spring production surge on petrol and diesel fuel.

More on the Iran fiasco

If the Iran deal is done, what happens then?

Well to start with the Iranians and Americans cannot even agree on what they have already agreed to...

http://www.weeklystandard.com/blogs/ayatollah-khamenei-accuses-wh-lying-being-deceptive-and-having-devilish-intentions_914336.html#!

So I think any agreement is a long way off.

What about Saudi and Russian production?

They are producing well above recent levels in order to maximise total revenue. They know it will bankrupt many US companies but in the meantime, the price of oil is improving as EIA accepts that production output from shales may be peaking...but one day price is up \$3/bbl, the next it drops by a similar amount, so the best one can say is that the markets are unsettled.

There is of course reducing EROEI and all that entails. It has a financial as well as oil supply impact. Richard Heinberg, publicising his latest book "Afterburn" makes reference to falling rates of return on a range of things. ...

<https://www.youtube.com/watch?v=q3meq7br1rE>

Oil prices must be closer to a bottom if Shell bought BG for 50% over market. All the majors face falling reserves unless they can buy companies that have them. So watch for more takeovers in the oil patch.

Who printed the Greek/EU money?

I read today that Greece has repaid 459 million Euros to the IMF. The problem is that is the tip of the iceberg. They have many more debts to pay while at the same time importing more from Germany than it can afford to pay for....

http://www.businessspectator.com.au/article/2015/4/10/european-crisis/greccident-still-waiting-happen?utm_source=exact&utm_medium=email&utm_content=1278360&utm_campaign=kgb&modapt=

Germany on the other hand is producing and exporting far too much to all the PIIGS. Even Ben Bernanke thinks so...

http://d21uq3hx4esec9.cloudfront.net/uploads/pdf/OTB_Apr_09_2015.pdf

But Europe is facing crisis because they have bet so big on renewable energy and forgotten who their main source of supply of oil and gas is. Europe has shown no inclination to increase nuclear power and instead looks to reduce dependence on that energy source.

For Russia, they are learning to get by on less.

https://www.stratfor.com/analysis/amid-economic-crisis-russia-contains-dissent?utm_source=freelist-f&utm_medium=email&utm_term=article&utm_campaign=20150409&mc_cid=de14ce5b52&mc_eid=f6520e17b6

Putin will tighten control and by all accounts the public still see him as their saviour and the common folk can buy most things they need.

There is Jamie Dimon now saying the banking sector is looking brittle. Perhaps he needs more debt to repay old?

Chinese economy sickening

These eventually will become our problems because we have been living off exports to them for a while. The iron ore business (around USD47/tonne) looks really sick and as I have seen first-hand in 1985, when one Chinese property developer stops...all cranes stop...

From Bloomberg:

‘China’s steel and metals markets, a barometer of the world’s second-biggest economy, are “a lot worse than you think,” according to a Bloomberg Intelligence analyst who just completed a tour of the country.

‘What he saw: idle cranes, empty construction sites and half-finished, abandoned buildings in several cities. Conversations with executives reinforced the “gloomy” outlook.

“‘China’s metals demand is plummeting,” wrote Kenneth Hoffman, the metals analyst who spent a week traveling across the country, meeting with executives, traders, industry groups and analysts. “Demand is rapidly deteriorating as the government slows its infrastructure building and transforms into a consumer economy.”’

It isn’t very pretty...

http://seekingalpha.com/article/3058996-china-may-drop-the-next-shoe-on-iron-ore?source=email_macro_view_com_0_16&ifp=0

We have been hearing these “scare stories for a while. But what if it were actually true now and China even goes into recession?

The Chinese now have a hydrogen powered tram. The only problem is how do they fuel it?

<http://peakoil.com/alternative-energy/hydrogen-powered-tram-developed-in-china>