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The Greek tragedy unfolds / The coming Shale oil Ponzi shock / China's exports fell / Silver supplies uncertain / Oil gets even dodgier

Greece is hanging on in there. There are signs she may make the EUR750 million that is due this week – just. But then it gets a bit harder for them.

http://seekingalpha.com/article/3165536-schauble-warns-of-sudden-greek-default?source=email_macro_view_eco_16_34&ifp=0

and

<http://www.bbc.com/news/world-europe-32699355>

A sudden Greek collapse and debt repudiation may not roll Germany, but it would cause a shockwave with the other major creditors. Even so, I doubt it would cause CDSs to freeze like in 2008. The global financial institutions are now prepared for a Greek shock.

Is a global recession coming?

http://seekingalpha.com/article/3164246-is-a-global-economic-recession-coming?source=email_macro_view_gol_pre_met_1_7&ifp=0

The coming Shale oil Ponzi shock

What no-one is prepared for is the coming Shale oil Ponzi shock. That could be the straw that breaks the back of the global financial system. It is large enough and everyone remains in denial. (I recall in 2007 thinking the same about the US subprime housing loans. Then I knew about the derivatives waiting to trigger collapse too) Hills Group point out that the Oil and Gas Industry saw a revenue drop in the last twelve months of USD1.3 trillion. That is a huge “black swan”. Those of us who expected dividends from oil company investments know what has happened to both dividends and firms’ capital expenditure plans. They were slashed! Financiers must be chewing their finger nails now over the shale Ponzi...

There remains potential for collapse in China (and lesser for Japan). The drop in interest rates was the sort of temporary expedient we have come to expect...

http://seekingalpha.com/article/3167646-chinas-falling-interest-rates?source=email_macro_view_eco_3_21&ifp=0

China's exports fell

China's exports fell by more than 6% YOY in April. That is added to other falls and in my mind it calls into question whether China is still growing? Meanwhile the “Chinese

Inquisition” slowly moves around from district to district and this causes more temerity in business decisions...from Sinocism...

“Sunday CCTV Evening News on Wang Qishan's visit to Zhejiang...must be lots of sleepless Zhejiang officials in his wake, usually whenever he visits an area downfalls follow...Wang Wishan also visited Nanhu Lake and the boat on which 1st communist party congress was held”

The Indian Prime Minister, Narendra Modi is starting to have an impact on opening up the Indian economy to growth. His actions are causing mayhem for many small subsistence farmers but he is trying to revolutionise all areas of production and productivity with new energy and transport networks. Setting the Indian sub continent on a growth path could offset poor real economic results elsewhere in the OECD. That is – if the oil, uranium, gas, coal and other resources are available for growth, now that China has so many locked up for their use.

Silver supplies uncertain

The difference between the two is that all the gold ever mined is around somewhere. For silver, a lot gets used. In 2014 use exceeded supply and the future supplies are rather less certain...

<http://www.mining.com/global-silver-output-running-low-report/>

In the last 7 years China has increased oil usage by 5 million bbls per day...

<http://peakoil.com/consumption/china-worlds-biggest-oil-importer>

Oil gets even dodgier

Meanwhile the USA increased production by a similar amount – but in tight light oil from the shale plays called Permian Basin, Eagle Ford and Bakken. In general US consumption dropped during the period as American firms transferred more production capacity offshore.

In the eight years ahead the US production is likely to fall – despite anything Obama and others may think...Not only will China continue to use more oil but we can foresee India's consumption also ramping up soon.

Internationally, oil exploration efforts have been strong, but in Canada and USA there has been most drilling and it has been supported by a Ponzi style rush of funds to support the shale plays.

http://seekingalpha.com/article/3166936-international-oil-rig-counts?source=email_macro_view_com_4_16&ifp=0

Now a lower oil price deck is leading to more money being turned off from exploration and development. Also to many oil companies now entering a struggle for survival.

Recently oil prices have been moving up, but what is happening to the US rig count?

http://seekingalpha.com/article/3164676-oil-rig-count-and-oil-prices?source=email_macro_view_com_0_8&ifp=0

It will take a while for the new excess of demand over production to whittle away at inventories, but when that happens, the oil price will likely move higher than USD60-65/bbl.

Even majors like Shell are showing signs of desperation. They must sell their downstream assets and they must continue some risky projects that have been already begun...

[http://www.rigzone.com/news/oil_gas/a/138522/US Approves Shells Plan to Drill for Oil in Arctic?rss=true](http://www.rigzone.com/news/oil_gas/a/138522/US_Approves_Shells_Plan_to_Drill_for_Oil_in_Arctic?rss=true)