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Fossil fuels and growth / The next financial crisis / To be or not to be (Grexit, then Brexit?)

Fossil fuels and growth

From the rear view mirror. The first question is to look at what fossil fuels have done for humanity...

<http://oilprice.com/Energy/Energy-General/So-What-Exactly-Have-Fossil-Fuels-Done-For-Us.html>

A slightly different perspective...looking at demand...however supply, demand and price are inextricably linked...

<http://ourfiniteworld.com/2015/06/23/bp-data-suggests-we-are-reaching-peak-energy-demand/>

As (or if) global energy growth retreats, the future of any energy category looks like there will be a bias towards renewable sources of energy (wind and solar) with electricity as the storage medium and carrier of it...except from the above two links, renewable energy is negligiblewith thanks to Suzybird...

<http://www.bloomberg.com/news/articles/2015-06-23/the-way-humans-get-electricity-is-about-to-change-forever>

I noticed that the CEO of NZ energy company Vector recently gave a presentation on these lines too.

Humanity's use of energy may have levelled off, or it may be reducing (which would be what the Pope wants). But falling energy demand means a falling global economy, lower incomes, and more poverty.

Of course everyone hopes that nature will rebound from the predations of humanity, and humanity has made some progress, as this excellent article describes...

http://ggc-mauldin-images.s3.amazonaws.com/uploads/pdf/OTB_Jun_24_2015.pdf

But there are two flaws with these stats that call into questions some of the conclusions reached (just a few). They are heavily US biased and they ignore the impact of off-shoring most manufacturing to Asia. So I am inclined to be very cautious about the article.

There are still a lot of comments in the media about Japan's intention to tap large undersea deposits of methane hydrates. So far nothing has been found to be economically possible on a large enough scale...

http://www.rigzone.com/news/oil_gas/a/139274/The_Future_of_Ice_Gas

So what if our growth and wealth creation drops off and starts falling? Then perhaps as a species we will be on the slippery slope.

The next financial crisis

We know the chance is building for a near term event as the Greeks shilly-shally. But aside from realising the next financial crisis of global scale will come, no-one knows when...

http://seekingalpha.com/article/3280355-grant-williams-says-source-of-next-financial-crisis-impossible-to-anticipate?source=email_macro_view_mar_out_15_17&ifp=0

The quants – all betting on similar strategies, is a source of risk to market investors...

http://seekingalpha.com/article/3281205-will-the-quants-blow-up-the-markets-again?source=email_macro_view_mar_out_10_12&ifp=0

But as the quants' balloons are all inflated, it will still take a “pin” event to pop the bubble. I don't think Greece would be big enough because the ECB will move to support central banks with more money printing. But if the oil price drops again or stays low, the over-leveraged investors in shale oil plays in the USA, is big enough to trigger CDSs in a big way....if so, then look out below. The bear will have jumped out of the window. With thanks to Suzybird...

<http://energyfuse.org/indebted-shale-oil-companies-see-rough-ride-ahead/>

In 2008 we saw that governments and their agencies could not cope with the idea of a contracting economy so they leveraged up the world with USD56 trillion of new debt from 2008 to 2014. The fact is that Keynesian economics cannot handle the concept of contraction. Charles Hugh Smith notes this in his web site...

<http://charleshughsmith.blogspot.co.nz/2015/06/collapse-part-3-no-institutional-path.html>

So the logical thing to do if/when collapse occurs, may be to get as far away from the main population centres as possible.

To be or not to be (Grexit)

Meantime everyone is watching Greece...from Seeking Alpha...

“**Following fruitless all-night talks**, Greece and its creditors resumed debt discussions in Brussels this morning, aimed at preventing the country from defaulting on its loans and exiting the eurozone. Reports earlier suggested that Athens had until 5 a.m. ET to come up with a workable economic reform plan or face a "take it or leave it" creditor proposal. Today's EU summit is seen as the last chance to hammer out a deal before Greece must pay €1.6B to the IMF on Monday.”

The EU summit has been delayed until Saturday which suggests that it will be a last-gasp reprieve – that is unless IMF “spits the dummy”.

And the British want to have their say then, also...from Seeking Alpha...

“**Meanwhile, British Prime Minister David Cameron** is getting ready to talk over the U.K.'s relationship with the EU at the summit, his first official opportunity to jointly discuss his objectives since he was re-elected last month. Cameron, who says he wants to stay in a reformed EU but would not be heartbroken to leave, is trying to win a new settlement before holding a referendum on membership by the end of 2017.”

To me, what Cameron wants seems reasonable...but it doesn't for Romania and Poland, who are better at milking the EU's benefits...

<http://www.bbc.com/news/world-europe-33253209>

So what do others think?

<http://www.telegraph.co.uk/news/newsttopics/eureferendum/11698556/EU-referendum-What-does-every-European-leader-think-about-Britains-demands.html>