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Better-Management Newsletter 11 July 2015

Greek desperation? / Chinese desperation too? / US power shrinking? / Rare earths and oil

Greek desperation?

From Seeking Alpha...this is not the end of the matter...

“[Greek Prime Minister Alexis Tsipras](#) appears to have offered to meet most creditor demands in exchange for a new €53.5B bailout, after submitting an 11th-hour proposal to get fresh funds and avoid bankruptcy. Stocks across the globe are all toasting the news. The package of spending cuts, pension savings and tax increases almost mirrors that from creditors on June 26, which was rejected by Greek voters in a July 5 referendum. Eurozone decision makers are set to assess the plan during crisis meetings on Saturday and Sunday. Euro **+1.1%** to \$1.1162.”

The Greeks don't like the reality of a bank holiday, so they may be forced to decide which side their bread is buttered on, despite a referendum result that said “no”...

<http://www.telegraph.co.uk/finance/economics/11732926/Crippled-Greece-yields-to-overwhelming-power-as-deal-looms.html>

and

<http://www.telegraph.co.uk/finance/economics/11730463/Greece-news-live-Tsipras-quells-rebellion-as-Greeks-set-to-pass-tougher-three-year-rescue-package.html>

So it may be that all the Greeks will have achieved is to drive a wedge between Germany and the other EZ members, and set up a re-run in three years time, and further “embarrassed” themselves. The next time we hope they have the common sense to start negotiations with sufficient Drachma's to run their country if they want to bid farewell to the EU. But even if the EU summit on Sunday approves the Greek's bail-out deal, it will require Bundesbank approval as more than 15% of the outstanding debt is owed to Germany. That may take more time than the Greeks have.

This week, if there is no deal, Greece may be forced out of the EU, but if there is a deal it may be too late to save Greece from an economic catastrophe.

So take note. We now know that if the banks are closed for two weeks or more a western style economy will explode. Just file that away for the future.

Chinese desperation too?

The Chinese PBOC and CCP have already resorted to desperate tactics this week....

http://seekingalpha.com/article/3314225-china-arrests-the-short-sellers-all-is-well?source=email_macro_view_mar_out_15_15&ifp=0

Problem with the Chinese actions is that you cannot solve a bubble by attaching a pump in order to pump it up further. So down the road there may be an even bigger issue...

<http://davidstockmanscontracornet.com/why-chinas-market-isnt-fixed-and-the-global-bubble-will-keep-imploding/>

US power shrinking?

The Obama regime has shown doubt and uncertainty... and for the first time since the end of WW2, allies have chosen to go their own way rather than follow the USA...

<http://www.bbc.com/news/world-us-canada-33440287>

The USA is at a watershed...

<http://peakoil.com/publicpolicy/the-new-eastern-bloc-china-russia-and-india-are-joining-forces>

So the EU must hold together or the USA's power will wane altogether...anyways, when the Iranians show their true colours, the USA will have proven itself a toothless tiger...but in typical fashion will over-react.

Let's say there is peace with Iran over their nuclear ambitions (whatever they may be), the Iranians have an anti-Shiite agenda for Middle East dominance. As the Israelis put it...

<http://www.telegraph.co.uk/news/worldnews/middleeast/iran/11730006/Trusting-Iran-to-stop-terrorism-is-like-inviting-an-arsonist-to-join-the-fire-brigade.html>

Rare earths and oil

China was always in a win-win situation because production costs are substantially lower in China due to an absence of pollution controls...

http://www.tradegood.com/en/insights/viewpoints/market-features/what-china%E2%80%99s-loss-in-the-rare-earths-dispute-means-for-global-sourcing.html?utm_source=outbrain&utm_medium=cpc&utm_campaign=viewpoints

With falling global demand, I can still see prices falling until supply drops from the high cost quartile producers...from Seeking Alpha...

“**Despite the focus on Iranian negotiations**, the International Energy Agency has warned in its widely followed monthly report that the rebalancing of the oil market that started last year has yet to run its course and a bottom in prices "may still be ahead." In a bearish assessment of market conditions, the IEA said the adjustment process would "extend well into 2016" as demand growth slowed. Oil prices on both sides of the Atlantic fell sharply this week, but staged a minor comeback since yesterday.”