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## **Better-Management Newsletter 6 July 2015**

**Greece - from bad to worse / What will happen in China?**

**Greece - from bad to worse**

It looks like the referendum says “No”.... 60:40

<http://www.bbc.com/news/world-europe-33403665>

What does this mean?

As an insolvency specialist I can tell you that once someone has defaulted it is almost impossible to recover the situation – only to sell the assets for pennies in the dollar. In the Greek case we must wonder what chance remains that their creditors will forgive debt? What chance that Greece will leave the EU or return to drachma?

Let's see what others think...

[http://seekingalpha.com/article/3302595-the-biggest-greek-banks-have-failed-and-resolving-them-wont-work-fitch?source=email\\_macro\\_view\\_eco\\_8\\_25&ifp=0](http://seekingalpha.com/article/3302595-the-biggest-greek-banks-have-failed-and-resolving-them-wont-work-fitch?source=email_macro_view_eco_8_25&ifp=0)

Why would you even travel to Greece on holiday – given potential for riots and travel disruptions?

<http://wolfstreet.com/2015/07/01/greeces-largest-vibrant-industry-suddenly-takes-a-terrible-hit/>

Logically, the biggest question now is, by how much will Greece default...after all this week's negotiations are over? Creditors have little recourse other than agreeing a debt repayment moratorium, providing more cash to the big four Greek banks and accepting an agreed size for the inevitable haircut.

**What will happen in China?**

It will be an interesting week ahead. But for us, it is more important to know what will happen in China as the Government intervenes in the markets yet again to try to stop the share market from exploding.

Just an anecdote...in 1985-6 I visited Singapore and Hong Kong on business to try to fix the mess after one developer stopped building on his high-rise project. The problem was that when one Chinese business decides that the omens are bad, everyone follows suit. Within 24 hours, all cranes on the skyline stopped work. Given personal leverage to buy shares on the Shanghai stock exchange, most folk are focused on getting out from under – no matter what government does.

So keep an eye on China this week.