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## Better-Management Newsletter 11 August 2015

**Unrealistic expectations for global growth / Economic updates - variable / Global markets crash??**

### Unrealistic expectations for global growth

This article from Gail contains many of my own thoughts on the currently unrealistic expectations for global growth...

<http://ourfiniteworld.com/2015/08/10/how-economic-growth-fails/>

Our leaders fail to understand much of that. Probably because their re-election depends on not doing so?

Today, mostly the same old news....from Seeking Alpha...

### Economic updates - variable

**Greece is heading closer** to a fresh €86B rescue package after the country's creditors reportedly agreed on a draft deal this weekend. German and Greek media said 27 pages of "substantial" and "far-reaching" reforms had been approved following marathon talks between Greek finance minister Euclid Tsakalotos and the country's creditors. Athens hopes to get the first disbursement of aid by Aug. 20, when it faces its next debt payment to the European Central Bank.

**Ukraine and international creditors** will also seek to hammer out a debt deal this week, in what many see as the last opportunity for an agreement before a \$500M bond matures next month. The country has been looking to reduce its debt burden by \$15.3B over the next four years as part of the \$40B IMF rescue plan aimed at stabilizing its economy. If a restructuring deal is not reached, Ukraine has threatened to impose a debt moratorium in September.

**More disappointing data reports** are coming out of China, reinforcing expectations that Beijing will roll out more stimulus to support the world's second-largest economy. Exports tumbled 8.3% in July, their biggest drop in four months, as weaker global demand and a strong yuan policy hurt manufacturers. Imports also fell heavily, dropping 8.1% from a year earlier. China's central bank has already lowered interest rates four times since November, but more cuts and other support measures may now be on the way. Shanghai +4.9%; Shenzhen +4.3%; Chinext +5%.

**Japanese consumer sentiment tumbled** in July to the lowest in six months, raising the risk of weakness in spending that could weigh on its economy this quarter. According to data released by the Cabinet Office, the consumer confidence index fell to 40.3 from 41.7 in June,

after rising slightly in the prior month. Worsening sentiment is also likely to dampen personal consumption, which has failed to fully recover from a sales-tax hike last year.

**It appears that prices in the oil market** will stay lower for longer, as traders and oil companies see the global glut of crude persisting beyond this year. Benchmark U.S. oil futures for September delivery are nearing the six-year low struck in March, but contracts for delivery in later years have taken an even bigger hit, with prices for 2016 and 2017 already trading below their March lows. Crude futures **-0.3%** to \$43.76/bbl.”

And of all the countries, the most worrying is China...so what's new? Let's see if this article can put the bits of the jigsaw together?...

[http://seekingalpha.com/article/3421346-china-about-to-make-history-again?source=email\\_macro\\_view\\_eco\\_1\\_26&ifp=0](http://seekingalpha.com/article/3421346-china-about-to-make-history-again?source=email_macro_view_eco_1_26&ifp=0)

As a sign of the Chinese manufacturers becoming relatively uneconomic on higher RmB and exchange rates...FoxConn has just invested USD5Bn on factories in India...

With such deflationary expectations we can anticipate that the bottom for oil prices has not yet been found. Even so, I doubt it will get down to USD30/bbl before volumes tank and prices increase again...

<http://www.theatlantic.com/business/archive/2015/08/low-oil-prices/400745/>

### **Global markets crash??**

If (as I 35% expect) the global markets crash in the next couple of months (OK, still not too likely – but still possible), then the global financial system could be rolled. A sign of that would be big banks buying gold and silver for their own protection...watch this space? Today gold is over USD1,100/oz and silver at USD15.24/oz.

[http://seekingalpha.com/article/3421396-the-big-long-goldman-sachs-and-hsbc-buy-7\\_1-tons-of-physical-gold?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_1\\_12&ifp=0](http://seekingalpha.com/article/3421396-the-big-long-goldman-sachs-and-hsbc-buy-7_1-tons-of-physical-gold?source=email_macro_view_gol_pre_met_1_12&ifp=0)

Can the Americans get any dumber? Aquifers take hundreds, if not thousands, of years to replenish....

<http://www.npr.org/player/v2/mediaPlayer.html?action=1&t=1&islist=false&id=430077437&m=430077438>