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## Better-Management Newsletter 16 August 2015

**What will cause the economic collapse, and when? / Oil misinformation / Greek democracy RIP / is growth in debt real growth?**

**What will cause the economic collapse, and when?**

There has been so much speculation about a Federal Reserve decision to raise interest rates, no-one – or rather very few seem to appreciate the logic that if they do raise rates, at best they are guilty of self deception or at worst they will themselves precipitate the biggest crash for some years in the NYSE and NASDAQ...

[http://seekingalpha.com/article/3436606-something-is-still-ridiculously-wrong?source=email\\_macro\\_view edi pic 1 1&ifp=0](http://seekingalpha.com/article/3436606-something-is-still-ridiculously-wrong?source=email_macro_view edi pic 1 1&ifp=0)

Many people know that the “US shale revolution” has been financed by funny money that originated at the Fed when interest rates became so low elsewhere, folk started investing in the riskiest asset of all. The low oil price means that in late 2015, numerous shale drillers will start to renege on their interest payments on junk bonds...I know I keep labouring this point but it may well be the pin that pricks the global derivatives bubble (that or miscalculations in China)..

<http://www.internationalman.com/articles/the-next-financial-disaster-starts-here>

I still have a 35% weighting on global economic collapse for this year (September to November). That is based on current risk factors – offset by the ability of the US Government (via Treasury and Fed) to intervene. But if there is a share price collapse, “all the king’s horses and all the king’s men” won’t stop disaster...the signs are already bad as the DOW slowly falls each week now L...let’s look for a recovery eh?

<https://nz.finance.yahoo.com/news/money-flees-us-stocks-highest-175128797.html>

I can’t help wondering why gold is starting to glisten, despite the continued speculations from the Fed that maybe, one day, they will increase interest rates.

[http://seekingalpha.com/article/3440296-the-big-long-gets-bigger-as-goldman-and-hsbc-gobble-up-tons-more-gold?source=email\\_macro\\_view gol\\_pre met 3 22&ifp=0](http://seekingalpha.com/article/3440296-the-big-long-gets-bigger-as-goldman-and-hsbc-gobble-up-tons-more-gold?source=email_macro_view gol_pre met 3 22&ifp=0)

### **Oil misinformation**

The IEA often comes up with data that is clearly wrong and as you may recall, I have already questioned their assessment that 3 million bbls per day was added to storage. Thankfully it seems, I am not alone in believing the true figure is only one third of that...

[http://seekingalpha.com/article/3436736-we-question-the-ieas-claims-of-a-3-million-barrel-per-day-oil-surplus-in-q2?source=email\\_macro\\_view com 4 29&ifp=0](http://seekingalpha.com/article/3436736-we-question-the-ieas-claims-of-a-3-million-barrel-per-day-oil-surplus-in-q2?source=email_macro_view com 4 29&ifp=0)

Ah well, their track record is lousy, even if I can't claim to know all the production data they used in coming up with their theories...get the picture...?

[http://seekingalpha.com/article/3442176-the-165-million-barrel-crude-oil-revision?source=email\\_macro\\_view\\_com\\_1\\_25&ifp=0](http://seekingalpha.com/article/3442176-the-165-million-barrel-crude-oil-revision?source=email_macro_view_com_1_25&ifp=0)

### **Greek democracy RIP**

Whether I am proven right or wrong doesn't matter. What is important is that Greek depositors aren't going to be hit with a "bail-in" this time around anyway ... and in theory the Greeks will have control once again – if and when they implement all the agreed "4<sup>th</sup> Reich" policies. Now for certain, the Greeks will be unable to leave the Eurozone. Their enslavement is complete. What price democracy now?

<http://www.bbc.com/news/world-europe-33934238>

The EU could not afford the Greek precedent of leaving the EZ. So despite many misgivings, the deal will go through.

Only history will determine whether Euclid has been the saviour or villain. The can has now been firmly kicked! God Save the Can!

### **Is growth in debt real growth?**

I am certain that we have already shown that we can continue economic growth within limits. We have also created the ability to replace energy sources with other energy sources, to replace metals with other metals. But this effectively narrows down future options as well. Our most effective method of growing is increasing the global monetary and debt base. Since 2008 growth in money and debt has been our only "real" growth. But is growth in debt real growth? And what is suffering in enroute?

The Pacific and Indian Ocean rubbish gyres are getting worse and no-one is doing anything about them. Numerous critical aquifers are now depleting at a rate that is out of control. How long until America's and China's most productive agricultural areas become arid as a result? And how long before we run out of something we cannot replace?

Despite the burbling of politicians and business folk, real economic growth may be becoming less possible and even less likely.