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Real Estate overvalued? / Is this a normal world? / Bullion abnormality / ' A Ponzi finance on steroids' / Oil supplies diminishing

Real Estate overvalued?

This could be written about Australia (iron ore, coal etc) or NZ (dairying).

The constant is China.

http://seekingalpha.com/article/3382595-will-canadian-real-estate-crash?source=email_macro_view_edipic00&ifp=0

It could also be written about the UK....but denial is afoot there – in spades.

Is this a normal world?

These news items suggest things just ain't right...

<http://www.bbc.com/news/uk-33699141>

<http://www.globalresearch.ca/ukraine-faces-mass-starvation-and-the-exodus-of-millions-says-bishop/5465993>

http://www.investorsinsight.com/blogs/thoughts_from_the_frontline/archive/2015/08/01/europe-running-on-borrowed-time.aspx

<http://www.euronews.com/2015/07/29/migrant-rescuers-want-to-ride-wave-of-popularity-to-extend-mission/>

<http://abcnews.go.com/International/wireStory/hungary-speeding-fence-stop-migrants-aug-31-32761619>

<http://www.cbc.ca/news/trending/iranian-city-feels-like-73-c-as-heat-wave-smothers-middle-east-1.3176326>

<https://www.youtube.com/watch?v=I1r2rJEMfKk>

<http://www.telegraph.co.uk/finance/oilprices/11776815/Another-Dubai-debt-crunch-is-looming-as-oil-slump-hits-Gulf.html>

On top of IS inflicting pain in the Middle East and folks in Greece needing to resort to barter because bank restrictions are so tight, perhaps global depopulation is starting to appear in the initial form of refugee flight from North Africa?

Bullion abnormality

Watchers of gold have been intrigued that bullion sales have continued at a much higher rate than would be expected from the price drops of recent months. Now we see COMEX stocks of available gold dropping rapidly...

http://seekingalpha.com/article/3386995-some-strange-things-are-happening-at-the-comex-gold-warehouses?source=email_macro_view_gol_pre_met_1_5&ifp=0

Abnormality continues in silver markets. Probably the biggest issue to comment on is that the ratio of the silver price to gold is 73:1. That latest from David Morgan on Silver is here...

<https://www.youtube.com/watch?v=oH0-NSnDdoI&feature=youtu.be>

The Greek sharemarket is due to open tonight...how good/bad will that be?...

<http://www.bbc.com/news/business-33754005>

BRICS in trouble, include Brazil where the economy has tanked at a time when leadership faces renewed corruption charges...so how bad is this?

http://seekingalpha.com/article/3385855-the-very-real-high-and-ongoing-costs-of-eurodollar-decay?source=email_macro_view_eco_3_10&ifp=0

'A Ponzi finance on steroids'

Nicole Foss has the view that it is game over for the combination of resource costs, energy return on investments and the rapid monetisation of global economies to replace flagging growth has already led to depression...just we don't recognise it as such yet... *(Editor's note: this is an important article to read and absorb. One sentence sums it up: 'The supposed recovery is a temporary fantasy – a smoke and mirrors game grounded in ponzi finance on steroids.'*)

<http://www.theautomaticearth.com/2015/08/china-and-the-new-world-disorder/>

Nicole is highly thought of in conservation circles but there is plenty of fight left in the central bankers and governments.

Oil supplies diminishing

The world's biggest oilfield has defied expectations that it will die. But die it soon will. The field in question is Ghawar and it produces about 50% of Saudi Aramco's oil at c.5 million bbls per day. It started producing in 1951 but by about 1965 was starting to use water injection to maintain reservoir pressures. The numbers of oil extraction wells went from the initial hundreds to many thousands...all straws sucking on the same milkshake.

<http://www.bloomberg.com/news/articles/2015-07-31/saudi-aramco-testing-c02-to-get-more-oil-from-giant-ghawar-field>

From time to time we heard that water flood had reached 5-7 million bbls per day and even so was faltering. As a result, the Saudis wanted to look at “enhanced oil recovery” using CO2 and issued this release in early 2011.

<http://www.arabianbusiness.com/saudi-aramco-use-co2-boost-ghawar-oil-field-output-by-2013-383900.html>

The fact is that water injection needs the water to be removed when the oil/water slurry reaches the surface. Then it is re-injected. The same must happen for CO2.

CO2 use for enhanced oil recovery means that very large scale CO2 must be available and able to be pumped in. It has obviously taken from 2011 to 2015 to find some CO2 suitable and even now one needs to wonder how much more they can get.

Cantarell field in Mexico has been through this cycle and production is faltering. So I suppose if we were to guess, Ghawar will become another Cantarell sometime between 2020 and 2025.

Meanwhile with the excess of global oil stocks standing at 300 million barrels (a week’s production), the fall in demand seems to account for much of the problem...for even the oil majors...for whom cost and risk contained in new projects makes many undesirable...

http://www.rigzone.com/news/oil_gas/a/139913/Exxon_Chevron_Bracing_for_Dark_Times_Ahead_as_Oil_Slump_Lingers

Russia is meanwhile manoeuvring to control global gas supplies – and in particular, supplies to China in the East and the EU in the West...

<http://mebriefing.com/?p=1837>