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The US Fed: more can-kicking / EU Migrant crisis / Greece: bail-ins next?

The US Fed: more can-kicking

It was that the US federal Reserve found itself unable to deliver on an increase in interest rates. The fact is that if the US Fed had not acted as it did in 2008, the global financial system would certainly have collapsed – in total. But what they did was to completely rewrite economics texts by printing money (aka Social Credit), giving it to their biggest banks - and reducing the interest rates to zero. Every major economy followed suit. Now interest rates are the lowest they have been in modern times and the amount of debt washing around and inflating world real estate and stock prices, is so huge that no-one can realistically expect either ECB, SNB, PBOC, BoJ, BoE and the Fed to increase interest rates in the foreseeable future, without causing a crash. Now everything delaying a rates rise seems to be regarded as the Fed's fault...

http://seekingalpha.com/article/3519936-the-federal-reserve-created-mess?source=email_macro_view_edipic31&ifp=0

and

http://seekingalpha.com/article/3521396-yellen-says-there-is-no-economic-problem-while-describing-a-serious-economic-problem?source=email_macro_view_edipic62&ifp=0

The fact is that it takes energy to drive the global economy. That is “net energy” after the energy inputs of deriving net energy have been removed. A study of US and EU oil demand showed that between 2004 and 2014 the consumption of oil in the USA dropped by 2 million bbls per day and in the EU it dropped by 2.6 million bbls per day. No-one publishes the rate of fall in the EROEI of oil, gas and coal unfortunately, but I would dearly love to see those figures because that will chart our collapse.

Latterly, on a 50% drop in oil price US demand has leaped by over 1.5 million bbls per day. Yet their economy is not robust enough for interest rate increases...and even the Bank of England is agreeing with that.

<http://www.telegraph.co.uk/finance/bank-of-england/11874061/Negative-interest-rates-could-be-necessary-to-protect-UK-economy-says-Bank-of-England-chief-economist.html>

Schiff, Faber and Rogers are correct that we may never see US interest rate rises in the foreseeable future until something has been done to deal with the global debt blowout. As no-one will be game to do that...more QE and more debt may be their answer. Just as Peter Schiff argues...perhaps the market will take control and interest rates demanded will take off...

http://seekingalpha.com/article/3520866-groundhog-day-at-the-fed?source=email_macro_view_eco819&ifp=0

Totally predictable – so really no news at all.

But let's not be too hard on the Fed because they bailed out some of our banks in 2008 as well. The problem is that next time they will not have the powder and shot for it.

EU Migrant crisis

Thousands more push into Austria as the divided EU lacks to collective will to deal with the issue...

<http://www.bbc.com/news/world-europe-34305086>

Meantime, the USA and Russia seem likely to find common ground if Russia can be persuaded to allow time for a transition from power for Mr Assad...Hmmm, I wonder whether that will happen?

<http://www.bbc.com/news/uk-34298826>

Greece: bail-ins next?

The Greek elections are happening but their problems may just be beginning...regardless of who wins...

<http://www.telegraph.co.uk/finance/economics/11871992/Battered-Greek-banks-to-flout-Brussels-new-bail-in-rules.html>

I can't see how they can avoid bail-ins as people pull their money out of the banks.