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## Better-Management Newsletter 14 October 2015

Market reports - hyped or crashing / US re-defines employment / What happened to MH17?

### Market reports - hyped or crashing

Why is it that the news on the economic front is either hyped up or tumbling down...from Seeking Alpha...

“[China's trade slump has extended](#) into September, adding more evidence that the world's second largest economy is stalling. Dollar-denominated imports plunged 20.4% Y/Y last month, while exports slipped 3.7%, translating into a trade surplus of \$60.34B. In yuan terms, imports fell 17.7%, while exports dropped 1.1%. China's official GDP data is due on October 19.

[After erasing last week's big gains](#) through yesterday's 5.3% drop, oil prices now have even less to look forward to: the Iran nuclear deal. Tehran's parliament passed a bill this morning supporting the nuclear accord reached with six world powers, removing a major obstacle to putting the agreement into practice. Should sanctions be lifted, Iran would double its oil exports to 2.3M barrels a day, multiplying tensions in the world's sensitive oil markets. Crude futures -0.5% to \$46.86/bbl.

[Russia's economy could shrink 3.8% this year](#) on the back of lower oil prices and international sanctions, the country's finance minister told CNBC, outlining that trade restrictions may not even be removed any time soon. "We don't anticipate they'll be lifted next year, though of course we would want it to happen as soon as possible," Anton Siluanov declared. Despite a GDP contraction this year, Siluanov feels the economy is turning a corner and could see positive growth of 0.7% in 2016.

[The U.K. inflation rate turned negative](#) again last month, dropping 0.1% Y/Y due to a smaller than usual rise in clothing costs and falling gasoline prices. Although the Consumer Price Index rate has been at or close to zero for most of 2015, the last time it was in negative territory was April. The Bank of England said this past week it did not expect inflation to reach its 1% target until spring 2016. FTSE 100 -0.7% to 6,323.

[Germany's economic morale plunged](#) to a one-year low in October, with ZEW's investor confidence index tumbling to 1.9 from 12.1 last month. "The exhaust gas scandal of Volkswagen and the weak growth of emerging markets has dampened economic outlook for Germany," ZEW President Clemens Fuest said in a statement. "However, the performance of

the domestic economy is still good and the euro-area economy continues to recover." DAX - 1% to 10,016.”

The markets are understandably down...from the BBC... FTSE -0.45% Dow Jones -0.29%, Nasdaq -0.87%, Nikkei-1.11%.

### **US re-defines employment**

Official US stats put their full employment at 5% but frankly far more people are unemployed...why is that? Well the officials have their reasons – valid or not, you take your pick...

<http://thecrux.com/solved-the-mystery-of-low-u-s-labor-participation/>

So the US Fed seems to be summoning up its courage to raise interest rates...after all they reckon they have full employment... lol.

### **Climate Activism**

Occasionally I come across folk who repeatedly stand out as writers of fact based articles. Yesterday I mentioned prof. Freeman Dyson. Today I will mention Dr Steve Kopits who is MD of a major energy consultancy practice (Douglas-Westwood LLC) and from whom I have read dozens of articles over the last ten years...all fact based, with references and attributions properly provided. Below is Steve's latest offering below. Regrettably it has been posted on a web site called "Watts Up With That". The problem we fence-sitters have is that there are the cheer-leaders and scare-mongers for global warming on the one hand, and there are the so-called "deniers" on the other. Never the twain shall meet; it seems. *(Editor's note: when one side presents facts and evidence, and the other presents provably false information to support their ideologies or collect more government grants, no, meeting is not possible. Sooner or later the facts will become self-evident to all except the most diehard. Even the media may become tired of publicising the propaganda.)*

<http://wattsupwiththat.com/2015/10/12/fact-checking-mark-carneys-catastrophic-climate-claims/>

Mark Carney is a former Governor of the Bank of Canada and now Governor of the Bank of England. Like all bank economists, he claims to have expert knowledge outside his narrow field...so should properly have been held to account. If anyone can come up with a fact-based rebuttal of what Steve has written, I would love to read it and will happily print it too.

The only other point I would like to make is this. In the last 70 years, world population has risen from 2.5 billion people to 7.4 billion people. The sizeable portion of the extra 4.9 billion people have generally been located in the marginal and less suitable areas around the fringe of cities...often in low lying coastal land and previously designated flood plains or else in marginal lands that are only occasionally suitable for agriculture with massive investment in irrigation or artesian water – such as California. So places in New Zealand like Kaeo, Taeri Plains, Bucklands Beach and Westport that have recurring floods over the centuries would always have done so – now though, causation is attributed to climate change.

In Auckland, a tropical cyclone made landfall (source Harry O'Rourke, Civil Defence) in the 1950's and stripped soil from the Waitakere Ranges, causing massive landslides of mud and debris and flooding at the base. This overwhelmed all drainage efforts and according to Harry, would have caused massive loss of life if the area had been populated. Waitakere City has since allowed the development of large subdivisions on the flood plains since that time.... and so the folk in Civil Defence continue to fear the once in 100 year cyclone that could hit Auckland.

And remember when Americans talk about Cyclone Katrina and New Orleans, they forget all about the cyclone that destroyed Galveston in 1900 (Chronicled in the book, "Jacob's Storm"). So I remain extremely critical of all charlatans – whether in the form of the current Wellington Mayor or authors like Naomi who attribute every natural disaster to climate change. A portion may be. But what was the real cause of that particular frightening disaster?

And those who attack use of fossil fuels must realise that human population could not possibly have moved up from 1 billion people in 1810 to 7.4 billion people today without the magical energy supplied by fossil fuels. That bounty is the product of 500 million years of sunshine, and we will lose it soon enough. So why outlaw the stuff and cause near-term human die-back? Why not wait until either the economic justification for the usage of fossil fuels fades away, or we find a replacement energy storage system. We certainly have no viable alternatives at this point.

### **What happened to MH17?**

The key Dutch findings...a Russian missile but who fired it? But much more to come, and it's unlikely the full facts will ever be known.

<http://www.bbc.com/news/world-asia-34518473>

Meantime 160 other flights passed over the same area that day! Sounds like Russian Roulette in a big way!

Certainly, Kiev should have closed their airspace to commercial airliners.