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## Better-Management Newsletter 30 October 2015

**Doug Casey: crash next year? / Corporate results tanking / Bankers, spelled with a “W” / Housing bubble ending? / Oil, majors in trouble**

### Doug Casey: crash next year

I reckon there is a better than 50% chance of collapse in 2016 calendar year. The only question/caveat is whether the governments/central banks can still pull rabbits out of the hat – or not. They are already scratching around to find a new spin...

<http://charleshughsmith.blogspot.co.nz/2015/10/the-federal-reserve-illusion-of.html>

Will the US Fed increase interest rates in December? Who knows.

Hmm, what does Doug actually say?

<http://thecrux.com/doug-casey-comments-on-donald-trump-cheap-oil-and-china/>

The financialisation of growth figures really means that the GDP numbers are changed by moving money around. It isn't just restricted to “the usual suspects” but to massage debt and remain competitive with a low exchange rate, most are following the line...like Sweden...from Seeking Alpha...

“[Sweden's Riksbank has expanded](#) its bond-purchase plan for a fourth time since February as policy makers face continuing pressure to keep up with stimulus measures in the eurozone. While holding its benchmark repo rate unchanged at -0.35%, the Riksbank said it would expand its bond-buying program by 65B Swedish crowns (\$7.65B). The move follows a speech from ECB President Mario Draghi last Thursday, which spoke of ramping up the eurozone's €1T quantitative easing program in December.”

### Corporate results tanking

At this point, earnings reports are coming through from corporate and they are not good because there is evidence of a slowdown in economic activity...

[http://seekingalpha.com/article/3612676-chinas-rate-cut-could-signal-global-deflation?source=email\\_macro\\_view\\_eco\\_4\\_18&ifp=0](http://seekingalpha.com/article/3612676-chinas-rate-cut-could-signal-global-deflation?source=email_macro_view_eco_4_18&ifp=0)

And China's real tell tales are now telling more tales...

[http://seekingalpha.com/article/3612676-chinas-rate-cut-could-signal-global-deflation?source=email\\_macro\\_view\\_eco\\_4\\_18&ifp=0](http://seekingalpha.com/article/3612676-chinas-rate-cut-could-signal-global-deflation?source=email_macro_view_eco_4_18&ifp=0)

The master resource, oil is showing the true way as the global economy contracts...forcing all oil companies to produce more at the lower prices, just to stay alive...

<http://www.caseyresearch.com/articles/shock-denial-and-panic-in-the-oil-sector>

The net effect?

<http://www.navhindtimes.in/end-of-growth-is-our-reality-says-mansoor-khan-author-of-the-third-curve/>

Just remember what I have been banging on about for the last ten years...I would like to have some non-financial assets as well as the conventional...when the balloon goes up.

### **Bankers, spelled with a “W”**

TBTF banks seem to not be enjoying life much these days as Deutsche Bank cuts staff by 35,000 and pulls out of a number of countries. They also need to pay more f-f-f-fines... from Seeking Alpha...

“[After posting a €6B net loss](#) for the third quarter and scrapping its dividend for the next two years, Deutsche Bank (NYSE:[DB](#)) has announced plans to exit 10 countries and reduce its workforce by 35,000 employees. The moves follow a recent writedown at its investment bank and the removal of three of the bank's eight board members. A sanctions settlement may also be in the making. As early as next week, Deutsche is expected to pay at least \$200M to resolve investigations into its dealings with countries like Iran and Syria. DB **-6.6%** premarket.”

And...

<http://www.bloomberg.com/news/articles/2015-10-29/deutsche-bank-said-to-near-200-million-sanctions-settlement>

They are not alone. Barclays is also having profitability issues...even Goldman Sachs are not performing too well these days....

Thank goodness!

Everyone wants our premium payments but no-one wants to pay out...

<http://www.interest.co.nz/insurance/78270/bank-lobbyists-air-concerns-about-risk-underinsurance-banks-home-owners-stemming>

### **Housing bubble ending?**

We are hearing rumblings that around the world the Chinese are no longer quite so keen on residential real estate...and some local sales reinforce that opinion...too early to tell?

Globally?

<http://www.bloomberg.com/news/articles/2015-10-29/london-and-hong-kong-face-greatest-housing-bubble-risk-ubs-says>

in Kiwiland

<http://www.interest.co.nz/property/78344/only-bids-weeks-city-sales-apartment-auction-were-made-auctioneer-behalf-vendors>

Dunno? But has this caused a pause in RBNZ action?

<http://www.interest.co.nz/news/78360/rbnz-holds-ocr-275-says-further-reduction-seems-likely-warns-may-need-even-lower-rates-if>

### **Oil, majors in trouble**

All of the majors are in trouble because they cannot service the mix of capital investments needed to maintain production and their dividends and also service debt. In all cases, they slashed capital spending in the first half of last year by an average of 20%. Since then they have kept cutting.

[http://seekingalpha.com/article/3612576-next-few-weeks-will-reveal-full-extent-of-oil-industry-suffering?source=email\\_macro\\_view\\_com\\_1\\_10&ifp=0](http://seekingalpha.com/article/3612576-next-few-weeks-will-reveal-full-extent-of-oil-industry-suffering?source=email_macro_view_com_1_10&ifp=0)

Even the Johan Sverdrup field in the North Sea, being developed by Statoil of Norway, at a cost of USD7 billion is being deferred.

Shell is out of the Arctic, having trouble in shale plays and now out of oil sands...

<http://www.reuters.com/article/2015/10/28/shell-canada-carmon-creek-idUSL1N12S22B20151028>

The shale plays of USA and Europe (and elsewhere) are collapsing. But what about oil sands?

<http://peakoil.com/production/is-it-the-beginning-of-the-end-for-the-alberta-oilsands/comment-page-1#comment-176945>

As “Energy Investor”, I submitted a comment in this article...our problem is that unless we first bake a cake, we cannot eat it. So as the global recession bites hard the depletion rates for shales and other plays will likely bite harder.

Then up go prices...once again. And the hated sources of oil, and the currently unprofitable will likely become viable again.