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## Better-Management Newsletter 7 October 2015

**“It’s the (real) economy stupid” / The Trans Pacific Partnership looks promising / Military build-up in the ME is worrying /**

**“It’s the (real) economy stupid”**

It seems that folk would do better listening to my “negative” emails than taking any notice of the mainstream “experts”...

<http://www.telegraph.co.uk/finance/economics/11914819/imf-global-growth-forecasts-downgrade-economy-crisis.html>

No kudos to me, but aren’t they thick? But when the captain is in denial, the markets are sailing on a ship of fools...or so David Stockman thinks...

[http://seekingalpha.com/article/3550766-lashed-to-the-zero-bound-the-feds-ship-of-fools?source=email\\_macro\\_view\\_eco\\_0\\_14&ifp=0](http://seekingalpha.com/article/3550766-lashed-to-the-zero-bound-the-feds-ship-of-fools?source=email_macro_view_eco_0_14&ifp=0)

So much today for a US Fed interest rate hike! I would question whether interest rates can ever be increased as a policy for any major OECD central bank...from Seeking Alpha...

**“Officially joining the 0% bond club**, the U.S. Treasury sold a new government security on Monday containing a three-month maturity and a yield of zero for the first time on record. In essence, buyers gave a free short-term loan to the government in exchange for a highly liquid debt instrument for their portfolio. The result adds to the diminishing expectations - stoked by Friday's disappointing jobs report - that the Fed will keep interest rates at basement levels throughout 2015.

**The U.S. government is also scheduled** to report the nation's August trade balance this morning, with Wall Street looking for a widening trade deficit of \$44B from \$41.9B in July. Some experts are even predicting a bigger gap than the consensus calls for, which could cut further into growth estimates for the second half of 2015. The stronger dollar and slowing growth overseas have been hurting exports, making imported goods cheaper for domestic consumers.”

GDP can always be made to grow if you goose it with lower interest rates and with QE...so when will we see QE4 from the Fed?

Meantime China’s efforts to internationalise the yuan are succeeding...from Seeking Alpha...

“[Despite the financial turmoil](#) in China and unexpected devaluation, the yuan has now become the world's fourth-most-used payments currency, edging out Japan's yen for the spot. According to international payments provider Swift, the renminbi accounted for 2.79% of global payments in value terms in August, up from 2.34% in July, although it still trailed the U.S. dollar (44.8%), euro (27.2%) and British pound (8.5%). As recently as August 2012, the yuan only ranked number 12 with a 0.84% share, but Chinese authorities have since aggressively promoted international use of the currency.

Aside from countries like Yemen and Syria that no longer have an economy, Venezuela is in worse condition than Greece...but Greece ain't too hot...from Seeking Alpha...

“[Although the country's economy](#) still remains on shaky ground, Greece has unveiled a tough draft budget for 2016 that complies with creditor demands for a third bailout. According to the plan, the economy this year will contract 2.3%, followed by a further 1.3% in 2016. Unemployment is expected to inch higher next year to 25.8% from 25.4% in 2015. Based on the series of tax hikes and spending cuts, Athens now expects to return to the capital markets within the next 20 months.”

For kiwis it is all about what happens down on the farm...

<http://www.interest.co.nz/rural-news/77987/anz-economists-see-further-impetus-milk-price-forecasts-move-above-5-less-urgency>

Meantime, oil, gold and silver prices are up again overnight...

<http://www.cbc.ca/news/business/oil-price-forecaster-declares-crude-at-a-turning-point-1.3258298>

hmmm... We have seen moves like this before.

### **The Trans Pacific Partnership looks promising**

It seems like everyone expects to be a winner...so I am sure Adam Smith will be pleased (You know, the 19<sup>th</sup> century economist)...from Seeking Alpha...

“[After five years of talks](#), a dozen nations across the Pacific Basin clinched an agreement on Monday that would reduce tariffs in countries making up 40% of the global economy. Negotiators worked round the clock over the weekend to settle tough issues surrounding the Trans-Pacific Partnership, including auto trade, dairy exports and monopoly periods for next-generation drugs. News of the accord also helped trigger today's modest bounce across Pacific bourses involved in the TPP: Australia +0.3%, Japan +1%, Malaysia +0.7%, New Zealand +0.6%, Vietnam +1.9%.”

The BBC perspective – as a bystander...

<http://www.bbc.com/news/business-34451423>

Sorry to be a wet blanket, but in order to increase international trade, it takes more inexpensive oil....

### **Military build-up in the ME is worrying**

I suppose, aside from random mistakes, there is very real risk of escalation, given that NATO is stirring and US and Russian fighter jets are attacking similar targets on occasions...

<http://www.bbc.com/news/world-europe-34453739>

Russia and Turkey need to tread carefully as they have a growing number of cooperative projects...one being for nuclear power

<http://vestnikkavkaza.net/news/Russia-provides-nuclear-future-for-Turkey.html>

It also looks like Citizen Four (Edward Snowden) has had an impact on feelings of privacy breeches ...from Seeking Alpha...

“[\*\*Making a big ruckus in this morning's news\*\*](#) is the European Court of Justice's ruling that deemed a 15-year-old data-sharing pact between the EU and U.S. invalid. The decision cannot be appealed. "Legislation permitting...access on a generalized basis to the content of electronic communications must be regarded as compromising the essence of the fundamental right to respect for private life," Europe's highest court said in a statement. The ruling has significant implications on how internet groups can operate in the 28-member bloc, and will likely force thousands of companies to overhaul their businesses to avoid breaking the law.”