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China shifting to consumer-driven / German, Japanese too-big-to-fail banks / Oil...is a change in the wind? / Middle East powder keg / The USA is no longer governable

China shifting to consumer-driven

The CCP is on the defensive as it moves to restructure its economy from investment driven to consumer driven...from Seeking Alpha – the latest figures...

“[China's foreign exchange reserves posted](#) their largest quarterly decline on record in July-September, as the central bank intervened to stabilize the yuan after its unexpected devaluation jolted global markets. The country's foreign reserves, the world's largest, dropped \$43.3B to \$3.514T last month (the lowest since July 2013), and were down by about \$180B for the third quarter.”

US Government bonds are being sold off at an increasingly fast rate...

<http://www.wsj.com/articles/once-the-biggest-buyer-china-starts-dumping-u-s-government-debt-1444196065>

It isn't just Auckland, Melbourne and Sydney where Chinese cashed up buyers distort the real estate markets...

<http://www.bloomberg.com/news/articles/2015-10-06/in-north-america-s-costliest-city-rich-chinese-face-backlash>

If this isn't CCP policy, why have they not stopped it?

China has the potential to take many countries down... if they have a “hard landing”...

<http://www.bbc.com/news/business-34465290>

German, Japanese too-big-to-fail banks

Burdened with USD75 trillion of gross derivative debts, Deutsche Bank is certainly too big to fail...but will it need a bail-out from the “holier than thou” Bundesbank?

<http://www.zerohedge.com/news/2015-10-07/first-crack-deutsche-bank-preannounces-massive-loss-may-cut-dividend>

Just how deep does the rot go?

How much will it take?...from Seeking Alpha...

[“The Bank of Japan has held off](#) on expanding its record stimulus, signaling a belief that inflation will hit a 2% target despite troubling signs in the economy. Although the central bank left its annual asset purchases at ¥80T, some are betting on additional easing at a crucial policy meeting on October 30, when the BOJ is expected to cut its long-term economic and price forecasts.

With all this extra debt, what can possibly go wrong?

Oil...is a change in the wind?

The price of Penn West shares has doubled in less than a week...but aside from folk going onto the web to brag about doubling their money, I am still none the wiser as to whether the company is in play for a takeover. Shares traded are today over 10 million as the hedge funds and private investors pile in.

The cure for low oil prices is always low oil prices...this gives an indication that the times are a – changein’.

<http://econbrowser.com/archives/2015/10/supply-demand-and-the-price-of-oil-2>

The industry tries to spin it...but to no avail...

[http://www.rigzone.com/news/oil_gas/a/140966/US Oil Production On Brink Of Dramatic Decline Exec Says](http://www.rigzone.com/news/oil_gas/a/140966/US_Oil_Production_On_Brink_Of_Dramatic_Decline_Exec_Says)

The figures look compelling...

<http://www.investmentu.com/article/detail/47877/key-oil-stat-everyone-is-missing>

Coal too - and not just from the greenies...

<http://www.bloomberg.com/news/articles/2015-10-07/coal-challenges-persist-for-glencore-as-slowdown-worsens-glut>

Perhaps China is at last getting tired of poisoning and killing off its citizens....

Middle East powder keg

Syrian battlefield strategy is unfolding...I doubt ISIS or the US-backed rebels have a chance unless the USA goes “all-in” which it won’t...

<http://www.reuters.com/article/2015/10/06/us-mideast-crisis-syria-soleimani-insightUSKCN0S02BV20151006>

Hopefully this will provide a platform for negotiation and a return of refugees.

But let’s be clear why there are so many displaced persons. This explanation from both Mr Putin, and later General Wesley Clark, is based on the facts of American stupidity...they caused it, but they won’t be around to fix it because they are “getting out of Dodge”...

http://allnewspipeline.com/Breakup_Of_Washington_Empire.php

Israel has really done it this time! Not content with Noble Energy finding massive offshore gas fields in the Israeli Mediterranean, an Israeli company has found oil in the occupied Golan Heights. This is Syrian territory and while the Israeli company involved (called Afek Oil and Gas – a subsidiary of US company Genie Energy) has drilled just two wells, they need to evaluate flow rates and costs before going further.

<http://www.ibtimes.com/israel-oil-discovery-massive-reserve-could-meet-domestic-demand-obstacles-production-2130639>

So we have Americans drilling in Israel in “illegally” occupied territory and now the whole oil deal is getting over-hyped. Again, what could possibly go wrong?

King Salman of Saudi Arabia is a despot behaving badly (in Yemen as well as at home). His policies (including covert support of jihadis) are akin to brinkmanship and will accelerate international terrorism...

<https://www.theparliamentmagazine.eu/blog/saudi-arabia-likely-become-failed-state-oil-revenues-decline>

Could there be revolt within the House of Saud...this article illuminates some of the politics...

<http://www.zerohedge.com/news/2015-10-07/saudi-population-are-growing-restless-deep-look-inside-black-box-saudi-arabia>

It also expands the reasons why we should not take ANY Syrian refugees! They have a reasonably high proportion of potential Islamists in their number. They would find it easier to regain a new normal if they do so in their own country, once there is a lasting peace.

The death rattle for the House of Saud probably – if not certainly – includes spreading their horrific brand of Islamism to the West. Frankly we cannot take that chance!

<http://www.internationalman.com/articles/the-real-reason-for-the-refugee-crisis-you-wont-hear-about-in-the-media>

Meanwhile, the USA may be getting a bit more assertive WRT the South China Sea...from Sinocism...

“ [In South China Sea, a Tougher U.S. Stance | Foreign Policy](#) The move toward a somewhat more muscular stance follows talks between Chinese President Xi Jinping and U.S. President Barack Obama in Washington last month, which fell far short of a breakthrough over how territorial disputes should be settled in the strategic South China Sea. A final decision has not been made. But the Obama administration is heavily leaning toward using a show of military might after Chinese opposition ended diplomatic efforts to halt land reclamation and the construction of military outposts in the waterway. US rhetoric seems to be heating up a bit

post-summit, will it finally move beyond rhetoric to action, or does Beijing see Obama as what Mao termed a "paper tiger"?"

Mr Obama seems to be looking to the TPPA to outmanoeuvre China. But not if Hillary can help it???

<http://www.bbc.com/news/business-34469293>

The USA itself is no longer governable

Considering most of the news items above, it seems the USA itself is no longer governed, or even governable. But when you think about the stupidity of US actions in the Muddle East, you gotta wonder what Mr Obama would have done if he had never gotten a token Nobel Peace Prize.