

www.better-management.org provides invaluable insights that will help you understand and deliver better organizational performance.

Better-Management Newsletter 16 December 2015

Is the run on junk bonds starting? / What actually happened at COP21? / Death of growth, or what?

Is the run on junk bonds starting?

This from daily reckoning...It is hard to know, but if the oil price continues to drop???...

“The shock decision by respected Wall Street firm Third Avenue Management to shut down its \$US789 million high-yield credit fund and prevent investors redeeming cash sent shudders through US markets on Friday. Third Avenue announced to investors that its Focused Credit Fund was taking the rare step of closing and banning withdrawals from investors, until the low-rated securities are sold off in coming months. The fund's value has plunged from about \$US2.5 billion to \$US789 million, after bets on very low rated and unrated corporate debt turned sour. Underlining the lack of buyers for high yield paper and giving credence to warnings about illiquidity in bond markets, the firm has reportedly had difficulty dispensing of the securities.”

And

<http://www.caseyresearch.com/articles/your-money-is-trapped-until-further-notice>

and

<http://www.bloomberg.com/news/articles/2015-12-14/investors-see-more-carnage-as-third-avenue-spurs-contagion-risk>

Then there is Lucidus...

<http://www.bloomberg.com/news/articles/2015-12-14/lucidus-has-liquidated-900-million-credit-funds-plans-to-shut>

The Fed meeting later this week should give a guide for what is going to shake out – pre-Christmas.

What actually happened at COP21?

Most of the real action was behind the scenes. So while the leaders were expounding on their plans to use more coal (India and China) they were also trying to work out how to stop killing

themselves with pollution. So this article sums up the general transition being sought – from Michael Klare...

<http://peakoil.com/alternative-energy/the-future-belongs-to-renewables/comment-page-1#comment-230466>

With thanks to Tom, this article shows there is more optimism about nuclear fusion as an energy source, yet renewable won't solve everything...even if they do manage to invent suitable substitutes for fossil fuels...

<http://www.bbc.com/news/world-europe-35074848>

But will the renewed focus on renewable energy – in the name of climate change – bring about a world of zero or negative growth? With a “Mad Max” or “Hunger Games” scenario for humanity... We need to run out of oil sometime...

<http://peakoil.com/enviroment/a-world-without-growth>

Death of growth, or what?

<http://www.fairplanet.org/story/the-peak-oil-preacher/>

The mainstream media are simply dumb and/or reactive. This one on Libya amused me because Libya was allowed to go feral because it was past its peak of oil production...*(Editor's note: not so much 'allowed' as another stage of the US Administration's long-term plans to destabilize the Middle East.)*

<http://blogs.reuters.com/great-debate/2015/12/13/chaos-in-libya-its-the-oil-stupid/>

Sure they have more oil there, but it is harder to access...and more expensive...with a lower EROEI. At least there has been a cease-fire there this week.

Meantime, Australia's biggest capital projects are for LNG...just a pity LNG projects are worse off than oil...

<http://www.zerohedge.com/news/2015-12-14/natgas-bloodbath-accelerates-amid-Ing-glut-worse-oil>

And oil is bad enough...

<http://www.reuters.com/article/us-global-oil-idUSKBN0TX02920151214#IZA2uGjVuYI8MB6Q.97>

Today oil is in the mid thirties...far too low given the fragility of the supply/demand profile. A lower low, means inevitably, a higher high price to come...

<http://www.telegraph.co.uk/finance/economics/12050437/Emergency-Opec-meeting-ai-red-as-Russia-braces-for-sub-30-oil.html>