

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

Better-Management Newsletter 23 February 2016

The global economy? Nothing good / European banks no better off / Farming prices down too / China raising the stakes / Boris and Donald leading the way? / How to destroy your economy

The global economy? Nothing good ...

I think everyone should follow what Marc Faber has to say. Most financial gurus follow him because he tells it as it is...

http://seekingalpha.com/article/3906256-marc-faber-cashless-society-insanity-wall-street-hates-gold?source=email_macro_view_gol_pre_met_2_10&ifp=0

Once they have negative interest rates they will want to ban cash...boy, do they ever want to control our lives...

<http://thecrux.com/jim-rickards-heres-where-nirp-leads/>

Meanwhile....

At a time when the world trade figures are falling, it seems likely that countries will revert to protectionism rather than increasing international trade. The sentiments voiced by Paul Craig Roberts below about the USA and the way it was duped by greedy importers into sending its capital, expertise and businesses offshore, could be echoed within every country in the OECD. IMHO the TPPA is already "toast" it is just that our leaders don't know it yet J....

<http://www.paulcraigroberts.org/2016/02/18/expanded-version-the-us-economy-has-not-recovered-and-will-not-recover/>

For New Zealand, importing more people and their money has been a good way to fudge our economic stats. The only problem is that increasing numbers of immigrant beneficiaries means will need to spend more on health and education...rather than less. The immigrant elderly will also screw up our spend on superannuation too. The problem is that means services must be eroded or our taxes raised.

The commodities crash will bury many banks and pension funds!

<http://www.bloomberg.com/gadfly/articles/2016-02-19/commodity-companies-have-built-a-3-6-trillion-debt-mountain>

Get the message? Just listen to the trade figures that David Stockman mentions in the interview below...and note the CNBC anchor thinks it is business as normal ...

<http://www.cnbc.com/2016/02/19/i-dont-know-what-the-bulls-are-smoking-stockman.html>

Despite pressure from the central banks, the US banks that have loans into the energy sector, are now selling their debt for cents on the dollar – now that their own survival is an issue...

<http://www.zerohedge.com/news/2016-02-21/panic-below-surface-banks-are-selling-energy-loans-cents-dollar-ensure-their-own-sur>

European banks no better off

<http://www.bloomberg.com/news/features/2016-02-16/european-bank-nightmare-far-from-over-as-fines-and-fintech-loom>

Should we get into Japanese banks (with their zero interest rates) and Chinese banks with their own sub-prime mortgage dramas?

<http://www.bloomberg.com/gadfly/articles/2016-02-17/china-s-600-billion-subprime-crisis-is-already-here>

and

<http://www.bloomberg.com/news/articles/2016-02-16/china-banks-seen-hiding-losses-in-opaque-receivables-accounts>

I was thinking of writing an economic guide for business planners to factor in macro trends and possible impacts, but events are unfolding so quickly now, that even my own cautions would likely be considered too optimistic by the time it was published!

Even if you don't want to read any of the above, what you need to understand is that if one major bank fails and the failure cannot be prevented, it will likely destroy the global financial system. If so, then could it be restarted? Not in the same format, with the same banks or under the same rules. The world has never seen the sort of commercial mayhem that would then ensue. But the New World Order did see into the abyss when Lehman Brothers collapsed, so they understand the stakes. A global financial system collapse would make the 1930's depression look like a game of tiddlywinks.

Farming prices down too

Our dairy farmers in NZ and Oz are among the most efficient, so if prices are down, who else is suffering?

<http://www.telegraph.co.uk/finance/economics/12165323/Thousands-of-dairy-farms-face-closure-as-debts-reach-crisis-levels.html>

And these European guys get shonky EU subsidies to help them with the pain of price pressure from the huge supermarket chains...

<http://www.telegraph.co.uk/finance/newsbysector/industry/12164932/Whatever-we-do-shops-tell-us-to-be-cheaper-the-growing-crisis-in-Britains-farms.html>

China raising the stakes

While I have been away...China has taken steps to ensure its journalists regard themselves as employees of the CCP (Goebbels would be proud). Also the new Islands in the Paracel Islands Group are receiving ground to air missile batteries - so the militarisation of the seas continues. China is raising the stakes. But when does China start shooting?

Boris and Donald leading the way?

It is possible that by Christmas it could be Boris Johnson leading Britain and Donald Trump leading the USA....

<http://www.telegraph.co.uk/news/newsttopics/eureferendum/12167851/eu-referendum-david-cameron-faces-mps-after-boris-johnson-backs-brexite-live.html>

The Bush dynasty is over as Jeb calls it quits. But more importantly, many folk now understand that the mainstream war-mongering parties betrayed their countries by getting involved in despicable invasions like Iraq 2003....

<http://www.telegraph.co.uk/news/newsttopics/eureferendum/12167851/eu-referendum-david-cameron-faces-mps-after-boris-johnson-backs-brexite-live.html>

People want to have some say in government. So this is a vote against the “New World Order”. Frankly if/when there is a global financial crisis, Britain may be much better off outside the EU, as globalisation falls apart. Boris may well be on the right track. But the pound takes a pounding on the risk of Brexit – from Seeking Alpha...

“[The pound has taken a plunge](#) amid a split in the U.K.'s ruling political party over whether Britain should leave the European Union. Over the weekend, British PM David Cameron announced a historic referendum (set for June 23) to decide whether the U.K. should remain in the bloc, after finalizing a deal with EU leaders to reset Britain's relationship. Almost half of the bosses of the FTSE 100 agree with Cameron's 'stay' campaign, but he lost the backing of London Mayor Boris Johnson, who just became the most high profile supporter of a British exit. Sterling **-2%** to \$1.4121.”

How to destroy your economy

From Seeking Alpha, oil prices are up in the low/mid 30's...WTI @ USD33.35/bbl and Brent USD 34.64/bbl...

“[Oil prices are moving higher](#) following steep losses in the previous session, with U.S. crude moving back above \$30 a barrel. Pick a reason: A fall in U.S. rig count, reports of upcoming shale bankruptcies, challenges of Iran returning to the global markets, more support for an oil freeze accord, etc.”

These days we are given statistics by IEA and EIA (the two government controlled entities) that conflate all forms of liquids containing hydrocarbons as if they were really oil. Conventional crude oil peaked in 2006 and since then, no-one has been able to reliably split out the sort of oil that has driven our industrial development (1920-1980) from stuff that gives politicians and others a “feel good” feeling and refineries a headache.

In our greed, we shipped all our industries to places like China, India and the low wage economies. In doing so, we destroyed the self reliance we once enjoyed. All growth in oil demand and industrial growth has taken place in countries like China. So when prices for oil went skywards, we were forced to reduce consumption. I wonder what will happen when the next GFC happens???

Meanwhile the International Energy Agency keep putting out reports on what they hope will happen...pure speculation. We are going into depression and that will keep prices low....

<http://fuelfix.com/blog/2016/02/22/iea-oil-supply-demand-to-rebalance-in-early-2017/>