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## **Better-Management Newsletter 20 April 2016**

**Oil – the plot thickens / COP21 gave China a free pass to pollute / EU deal with Turkey to return asylum seekers? / Government statistics lie / Central banks destroying the global financial system**

### **Oil – the plot thickens**

With the ascension of King Salman to the throne of Saudi Arabia, his son, the Crown Prince has started to exert dominance over not only the Defence portfolio but also oil. Clearly the Doha round of talks resulted in nothing being agreed, because of his insistence on the insertion of an Iran clause into the draft agreement...

[http://seekingalpha.com/article/3965913-deal-enfant-terrible-saudi-arabia?source=email\\_macro\\_view\\_mar\\_out\\_2\\_5&ifp=0](http://seekingalpha.com/article/3965913-deal-enfant-terrible-saudi-arabia?source=email_macro_view_mar_out_2_5&ifp=0)

and

<http://www.bloomberg.com/news/articles/2016-04-18/saudi-s-other-warning-makes-oil-traders-sweat-after-doha-failure>

When we realise that the Deputy Crown Prince (aged 30 years) is also responsible for Saudi bombings and entry into the proxy war in Yemen, then the world has grounds to worry about the country's direction... also of the relationships with USA and China. Mr Obama has a lot to answer for with a totally inept Middle East policy to follow that of this predecessor, GW Bush....

<http://www.telegraph.co.uk/news/2016/04/19/barack-obama-has-nobody-to-blame-but-himself-for-alienating-saud/>

I suppose everyone knows already that it was the increased oil production in USA (shale) and Canada (tar sands) that were the primary causes of the global oversupply of oil. Thereby crashing the price of oil below the level of full cycle cost for all players. Added to that Iraq picked up all the drop in OPEC production. Everyone in the oil industry has now trimmed their CAPEX budgets and reduced drilling. In the USA where shale was for the most part, just one of Wall Street's Ponzi schemes, production is now falling month after month. By year end, the drop off will be continued, and the rate of fall can only increase in the short term. That will justify higher oil prices going forward...

[http://seekingalpha.com/article/3965869-u-s-oil-production-fallen-9-million-barrels-per-day?source=email\\_macro\\_view\\_com\\_0\\_12&ifp=0](http://seekingalpha.com/article/3965869-u-s-oil-production-fallen-9-million-barrels-per-day?source=email_macro_view_com_0_12&ifp=0)

**COP21 gave China a free pass to pollute**

At COP21 the world community gave China a free pass to pollute at will for some years before they would start cutting down on CO2 emissions. It was a joke and along with steel and other industries, China is now taking everyone's manufacturing (as it has done for the last 30 years) and using fossil energy, will make a mockery of the drive to renewable....

<https://wattsupwiththat.com/2016/04/17/the-great-green-game-china-to-supply-paris-agreement-sanctioned-coal-power-to-europe/>

Already with huge over-production, China is about to keep their steel mills rolling...zombie steel is the order of the day...

<http://www.bloomberg.com/news/articles/2016-04-19/iron-ore-powers-above-60-as-steel-rally-in-china-spurs-demand>

### **EU deal with Turkey to return asylum seekers?**

The Turks are quite enthusiastic about promoting Islam through the EU – and everyone knows that. As a result the EU visa waiver for Turkish citizens condition that is a requirement of Turkey to take back asylum seekers may be a non starter, as may the rule regarding sanctuary for those threatened with death....

<http://www.reuters.com/article/us-europe-migrants-eu-turkey-idUSKCN0XG0RD?il=0>

### **Government statistics lie**

Everyone who gets a financial management job in central or local government quickly learns that accounting is for explaining successes and not recording the value of assets, liabilities or profit performance. As a direct result, statistical criteria have been watered down until the figures are often meaningless. Perhaps the worst such treatment has been the unemployment statistics...everywhere. Since the 1930's, periodic changes in USA have been made that would equate today's unemployment to the unemployment of depression years. So I take those "official" figures now with a grain of salt.

<http://www.bloomberg.com/news/articles/2016-04-19/early-warning-signs-of-recession-flash-faintly-in-u-s-jobs-data>

In Europe, one crazy side effect of negative interest rates is people borrowing from the bank against first mortgage and paying negative interest rates for the privilege. In other words, the banks are paying clients to take loans with the money they steal from depositors who pay them to deposit...

<http://thecrux.com/banks-are-now-paying-people-to-take-out-mortgages/>

### **Central banks destroying the global financial system**

Soon, the crash will come and folk will question the obvious stupidity of central banks destroying the global financial system with their experiments in the bizarre and unworkable...

<http://thecrux.com/banks-are-now-paying-people-to-take-out-mortgages/>

The rout of savers is upsetting the German public...

<http://www.bloomberg.com/news/articles/2016-04-18/draghi-s-low-rates-leave-germans-worried-about-dwindling-savings>