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Gold good, silver much better / Oil as a strategic tool / North Korea get belligerent / The earthquakes and volcanic eruptions

Gold good, silver much better

As we watch the price of lithium hike upwards and folk pile into any lithium investment they can get their hands on, the importance of silver as an industrial metal goes under the radar. But not for China. We have known for centuries about the antibacterial properties of silver and its conductivity. But today with the move to solar power, silver has acquired a new strategic dimension. China has built a silver stockpile to ensure that it can deliver. So far it is at 1,780 tons and rising. Today the price of silver is rising...and with gold at USD1,268.10/oz and silver at USD17.575/oz the ratio has moved from 83:1 to 72:1 in just two weeks.

But what does this mean for the silver/gold ratio?

http://seekingalpha.com/article/3968617-silver-gold-ratio-may-pullback-providing-entry-point-silver-likely-outperforms-gold?source=email_macro_view_gol_pre_met_2_8&ifp=0

I see the bank of Japan has roiled world share markets, causing the latest leap in the price of gold and silver. How did they do this? They failed to increase QE. I suppose that means it isn't working for them. If others do the same, the price of gold and silver will skyrocket and it will be crash time for the World's share markets.

Oil as a strategic tool

Today's oil prices are...Brent USD47.56/bbl and WTI USD45.88/bbl. These are good enough to put a smile on the faces of some of the conventional oil producers as more sneak away from the insolvency zone. The problem remains that no-one yet wants to engage any of Halliburton or Schlumberger's drilling rigs. There are precious few exploration opportunities at these current oil prices. So the worst performers will still go broke at these prices and the oil production will slowly fall as oilfield depletion takes its toll.

FWIW companies like PennWest (TMX:PWE) are making money at this price and probably starting to lock in new hedge contracts....well IMHO anyway.

Meantime the proxy wars between Iran and Saudi Arabia continue and oil is just another battle front for them...

http://seekingalpha.com/article/3968667-oil-war-means?source=email_macro_view_com_0_9&ifp=0

I am sure the IPCC folk must be wringing their hands in horror as the low oil price offsets the lower oil use from the introduction of more electric cars. SUVs are the vehicles of choice it seems. Of course that will change if/when the oil price trends higher...

<http://www.bloomberg.com/news/articles/2016-04-28/ford-profit-surges-to-record-as-sales-of-suvs-f-150-gain-speed>

North Korea get belligerent

Whenever North Korea needs food aid, they get belligerent. For months there have been stories from China about North Koreans foraging in the Chinese side of the border and even though North Korea is a Chinese client, the rhetoric from China has been ramped up against them. China now appears to think of the North Koreans as posing even a nuclear threat...and has told them to stop tests...but of course Kim won't listen...

<http://www.msn.com/en-nz/money/news/thought-it-couldnt-get-any-worse-for-n-koreans-think-again/ar-BBsmBNV>

Things often get testy between China and North Korea nowadays...

<http://www.reuters.com/article/us-china-northkorea-security-idUSKCN0XJOWN>

Down South, in Antarctic waters, the krill fishing may be responsible for the drop off in penguin and seal numbers. China may be able to be persuaded to take a more careful position, but Russia is still determined to avoid restrictions....

<http://www.star2.com/living/animals/2016/04/26/antarcticas-wildlife-go-hungry-as-krill-disappear/>

The establishment of a new base in Tasmania for the Chinese Antarctic krill fleet is also an issue ☹. If you want to petition Vladimir to get with the programme, then this can be done via Avaaz, an online organisation that occasionally champions good causes (as well as some bad ones)....

https://secure.avaaz.org/en/protect_the_ross_sea_gl_loc/?bgjHaab&v=75931&cl=9892454150

This should raise a petition of a couple of million objectors...I even added my voice to this one.

The earthquakes and volcanic eruptions

Watch this space! The ring of fire earthquakes continue with today a magnitude 7 quake in Vanuatu...

<http://www.msn.com/en-nz/news/world/tsunami-warning-lifted-after-powerful-magnitude-70-earthquake-strikes-off-coast-of-vanuatu/ar-BBsoeoz?li=BBqdg4K&ocid=EIE9HP>

Last week we noted major eruptions in Mexico. But the volcanoes and earthquakes are ramping up around the ring of fire....Now we have White Island doing its thing..

<http://www.stuff.co.nz/science/79400646/Minor-White-Island-eruption>

These can have an effect on climate and the ring of fire earthquakes and eruptions this year...if they continue this could drop both global temperatures and global crop yields...

<http://www.bbc.com/news/science-environment-36086098>