

[www.better-management.org](http://www.better-management.org) provides invaluable insights that will help you understand and deliver better organizational performance.

## Better-Management Newsletter 10 May 2016

**Borrowing carnage / Gold hots up / Oil is about politics now / Gold hots up / More failed states = more refugees**

### **Borrowing carnage**

Our central banks have been encouraging borrowing to buy forward of our needs and the result will not be pretty. Unfortunately it will ultimately affect all asset values to the downside.

History tells us that such downside moves as we can expect in house values in many provincial centres and particularly Auckland can be as much as 50%. If and when that occurs it will leave many people “upside down” with more debt than the market value of the property. That is the sort of carnage that the central banks have been buying for us.

I have no doubt the crash will be triggered via derivatives because that is the fastest medium. But in addition I am suspicious of the likely impact of the coming increase in oil prices.

The P/E stats on Mauldin’s latest article say that the NYSE is setting up for a fall. But the things happening in the background will make sure it is a doozie.

[http://ggc-mauldin-images.s3.amazonaws.com/uploads/pdf/160509\\_TFTF.pdf](http://ggc-mauldin-images.s3.amazonaws.com/uploads/pdf/160509_TFTF.pdf)

### **Gold hots up**

As gold demand hots up and the price hovers just under USD1,290/oz, the Chinese pull back on gold buying, yet they are still taking in about 2,000 tonnes p.a...

[http://seekingalpha.com/article/3973006-chinas-sge-gold-withdrawals-april-171-tonnes?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_1\\_12&ifp=0](http://seekingalpha.com/article/3973006-chinas-sge-gold-withdrawals-april-171-tonnes?source=email_macro_view_gol_pre_met_1_12&ifp=0)

In China (and Japan) shares are tumbling...

<http://www.reuters.com/article/us-china-stocks-idUSKCN0Y00L2>

### **Oil is about politics now**

In the North of Iraq, the oil fields of Kirkuk are some of the largest and less developed. So the battle for Kirkuk that is going on at present has major implications for the Kurdish statehood aspirations...

<http://oilprice.com/Latest-Energy-News/World-News/The-Battle-Is-On-For-Control-Of-Iraqs-Oil-Rich-Kirkuk.html>

For Venezuela...when you are a failed state, things often just keep getting worse...

<http://blogs.platts.com/2016/05/09/venezuela-oil-power-struggle/>

For those who want to get further into the detail of fracking and learn about the origins of the “peak oil” movement...this is a 38-minute audio cast...

[https://www.youtube.com/watch?v=WP2\\_38cPHK0#t=24](https://www.youtube.com/watch?v=WP2_38cPHK0#t=24)

The pollution caused by fracking is becoming increasingly perturbing...studies are slow in coming forward...

<http://peakoil.com/enviroment/groundwater-contamination-from-fracking-changes-over-time>

Meanwhile, the Saudis would like some money from “big oil”...I don’t think they will get it...from Seeking Alpha...

“Saudi Arabia is hoping to lure ExxonMobil (NYSE:XOM), Sinopec (NYSE:SNP) and BP into buying stakes of state-run oil company Aramco, when it sells 5% of its equity, according to the U.K.'s *Telegraph* newspaper. The country is planning a three-way listing for London, Hong Kong, and New York as early as 2017 that would be 5x larger than any IPO in history (shares could be valued at \$100B-\$150B). Deputy Crown Prince Mohammed bin Salman first announced the decision in April, looking to spearhead his "2030 Vision" by diversifying and breaking the country's addiction to oil.”

### **More failed states = more refugees**

When we think of failed states and refugee flows, we should consider cause and effect...

<http://www.tomdispatch.com/blog/176137/>

I am inclined to wonder how many Islamists will need to be killed before the course of world events changes...

<http://www.telegraph.co.uk/news/2016/05/09/key-islamic-state-leader-killed-in-coalition-air-strike-in-iraqs/>