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Syria: will the US blink first? / Economic roulette / Oil gaming / Silver a better bet than gold

Syria: will the US blink first?

For Syria to be stabilised, either Russia or the USA must climb down. Looks like it will be USA...from Seeking Alpha...

“**"Competing interests" are holding up** a peace settlement in Syria, Secretary of State John Kerry stated during negotiations in Vienna, as Russia argued that President Bashar al-Assad is a "lesser evil" than the chaos that could be sparked by his ouster. As of 2015, Syria's economy "contracted by more than 50% in real terms" since the beginning of its civil war, which has led to the death of at least a quarter-million of its citizens.”

Can Syria ever regain some sort of normal? Also we could ask the same questions about Libya, Yemen, Iraq and Afghanistan and more? The big powers need to stop using them as their plaything or worse, change some deliberate strategies to destabilise these countries for longer-term gain such as advancing a new world order. Oil played the largest part in treating them as targets. That is not over, but I am reminded of Lebanon and Beirut by this self serving article from Casey...which turns out to be quite appropriate...

<http://www.internationalman.com/articles/how-i-met-doug-casey-and-became-the-new-international-man>

The economic problems of all oil exporters spill over readily into geopolitics...like for Venezuela...

<http://www.bbc.com/news/world-latin-america-36319877>

and

<http://www.globalpost.com/article/6770236/2016/05/18/we-want-food-venezuela-crisis-deepens>

and given that the House of Al Saud relies on paying people to retain their loyalty, even the Saudis are at risk...

<http://www.zerohedge.com/news/2016-05-18/saudi-arabia-admits-full-blown-liquidity-crisis-will-pay-government-contractors-iou>

One hundred years on from Sykes/Picot, the natives are still revolting in the Middle East and their religions mediaeval and an anachronism...

<http://peakoil.com/publicpolicy/an-inconvenient-truth-for-the-middle-east-and-a-line-in-the-sand>

Economic roulette

The global economy really needs to make stuff if it is to prosper. But how is manufacturing trending?

http://seekingalpha.com/article/3976010-increasingly-deteriorating-outlook?source=email_macro_view_mar_out_2_9&ifp=0

I hope none of us get fooled by “false positives”. Sure the global economy is shrinking, and sure the US data is skewed to provide warm fuzzies at the same time as the US middle class is becoming an endangered species. But we must expect winners and losers. In the USA, for example, overall there is no freight growth but the rail stats overstate the problem. But this is par for the course from the silo reports of Economic Collapse Blog. Road freight is up. What rail stats represent is the gutting of coal use and the reductions in shale oil shipments...as well as the stagnating business environment.

<http://theeconomiccollapseblog.com/archives/undeniable-evidence-that-the-real-economy-is-already-in-recession-mode>

Telling lies is one thing...sometimes it is smart. But believing your own lies is something altogether different. There are signs the US Fed believes its own lies...

http://seekingalpha.com/article/3975785-fed-running-excuses-interest-rates?source=email_macro_view_mar_out_0_3&ifp=0

Despite the negatives, the US Fed representatives are trying to tip the markets off to a “likely” increase in interest rates in June this year – plus more increases later. Unless they introduce helicopter money, that would be deflationary, on top of already deflationary conditions.

The arrival of “helicopter money” would likely tip the world economy into inflation...possibly even high inflation. But there is a lot of other stuff happening...

<http://thecrux.com/jim-rickards-helicopter-money-has-already-been-decided/>

Despite signs that the Germany financial system is prudently managed, Deutsche Bank has gone out of its way to prove that wrong – and is still suffering. The next crash could kill it...

<http://www.bloomberg.com/news/articles/2016-05-17/deutsche-bank-faces-fresh-investor-ire-a-year-after-shakeup>

I find it interesting to see the rhetoric of trade wars again between US and China and the EU and China. Over-supply out of china for steel and other manufactured goods is the problem. China wants to sell and customers want to protect their home producers...so what is new? The rhetoric is getting more intense.

Oil gaming

Just as there is a linkage between oil driving geopolitics in the Middle East – and even the South China Sea, there is a linkage between economics and oil as the sole means of moving ourselves or our stuff is by using oil...

There are some folks who get the issue affecting the global economy. One is Steve Ludlum... a humorous audio...

<http://peakoil.com/generalideas/a-chat-with-steve-ludlum-of-economic-undertow-com>

Should the global recession morph into full-on depression within the next year, the oil prices will not rise, but will fall again. Simply put, exporters need customers who can afford to buy their products.

The ability of Iran to increase oil production for sale is indicated by the latest news...it would take both Kuwait and Saudi Arabia longer...from Seeking Alpha...

“Iran's oil exports are set to surge in May, climbing nearly 60% from a year ago, with European shipments recovering to about half of pre-sanction levels, according to Reuters. This shows that Tehran is regaining market share at a faster pace than analysts had projected as it battles with Saudi Arabia for customers by lowering its prices. April loadings at 2.3M barrels per day were around 15% higher than the International Energy Agency estimated earlier this month.”

The attempt at a power grab by the Deputy Crown Prince, before King Salman dies or is declared incompetent may be the catalyst for the failure of Saudi Arabia...

<http://www.energypost.eu/saudi-arabia-needs-realism-2030-vision/>

The speed of change from production surplus to balancing of oil supply and demand reminds us that sooner or later we will see diminishing production of oil, if only because there is insufficient capital and too much risk entailed in oil exploration. Most writers focus on the damage that this will do to food supplies, yet I suspect it is food distribution rather than cultivation that will suffer most. Toby has a view on this...

<http://tobyhemeway.com/103-is-food-the-last-thing-to-worry-about/>

At last, the low oil price is leading to spectacular increases in miles driven and petrol/distillates used. Also the US production of oil is continuing to fall. This link below corrects some estimates I gave to Peter today. But with EIA data, it is always subject to revision.

http://seekingalpha.com/article/3976133-weekly-oil-inventory-report-wow-look-demand?source=email_macro_view_com_1_19&ifp=0

Silver a better bet than gold

...The reason is supply versus demand...

http://www.mining.com/silver-demand-hit-record-high-in-2015/?utm_source=digest-en-ag-160518&utm_medium=email&utm_campaign=digest