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The economy on life support / Geopolitics updates / Energy storage / Australasian property and debt / Water drying up / Oil inventories dropping / Gold going up and up

The economy on life support

In a world already over-burdened with debt, just about anything could cause a crash...

<http://www.reuters.com/article/us-europe-stocks-banks-idUSKCN0Z217W?il=0>

Is this right?

<http://www.caseyresearch.com/articles/the-debt-market-is-flashing-danger-right-now>

America still only has a botox economy. With poisonous policies things look OK on the surface, but underneath the economy is rotting...

<https://www.youtube.com/watch?v=kG14xTsGMf4>

With Libya suing Goldman Sachs, the sub-prime fiasco still has time to run. HSBC is also trying to settle claims. The bankers had a lot to be sued and jailed for and who helps those who suffered?...from Seeking Alpha...

“**HSBC has agreed to pay \$1.6B** to settle a lawsuit related to subprime lending. The deal remains subject to court approval, but if it proceeds, **HSBC** is expected to record a \$585M pre-tax charge in Q2 (it could have faced liability as high as \$3.6B). Investors appear to be digesting the charge well this morning, with the stock **up 1.6%** premarket.”

Japan is struggling with the impact of negative interest rates and huge QE...but the media thinks it is too early to tell whether this has been successful despite the architects admitting failure...from Seeking Alpha...

“**Japanese households put more money** into stocks and mutual funds in the January-March quarter, but the value of their assets dropped for the first time since 2010 - falling 0.6% to ¥1.7 quadrillion - due to a stronger yen and weakening stock market. Despite the slight shift towards riskier assets, it may still be too soon to draw any conclusions on the role played by negative interest rates.”

Let's face it, Japan has only a future of stagnation to look forward to. They use everyone else's raw materials and everyone else's energy resources...Their population is in terminal decline and their leadership has given up on money printing ...for now.

http://seekingalpha.com/article/3982599-japan-future-stagnation?source=email_macro_view_eco_3_19&ifp=0

Geopolitics updates

This makes sense for Iraq, the Sunnis will never accept rule by the Shia majority, nor will the Kurds.

<http://www.reuters.com/article/us-europe-stocks-banks-idUSKCN0Z217W?il=0>

Descent into anarchy in Venezuela...I suppose civil war is next as the parliament goes into battle with el Presidente Maduro...

Then soon after, Nigeria will hit the skids...this week forced to float their currency...and see it slowly settle into the mire.

The latest polls show BREXIT 48% and Remain at 42%. Yet one murder could change all that...from Seeking Alpha...

“EU campaigning has been suspended in the U.K. following the murder of Labour MP Jo Cox, a strong advocate for voting to 'stay' in next week's referendum. She was reportedly killed by Thomas Mair, who shouted (*Editor's note: it is alleged; another person who tackled Mair said he hadn't heard this*) "Britain first" before the attack. According to analysts, Cox's death could change the psychology of the campaign and sway public opinion towards the safety of a unified economic bloc. Markets seem to believe that too, with sterling **up by half a percent** and world equities trading higher.”

Meanwhile the USA foments war and crisis in the Middle East and yet tries to apply its own conditions for conduct to adversaries (aka rules of engagement). The USA is not even a signatory to the Geneva Convention ! ...from Seeking Alpha...

“Russian aircraft dropped bombs on rebels battling Islamic State in southern Syria late Thursday, including those supported by the U.S. "We will seek an explanation on this action and assurances this will not happen again," a senior U.S. defense official said. Washington has consistently refused to join forces with Moscow against Islamic State in Syria and has been critical of the Russian presence in the country.”

The USA cannot seem to avoid “provoking the bear” (*Editor's note: rather than 'avoid', this provocation is clearly a deliberate strategy*). The Stennis battle group has been cruising through the South China Sea all week, closely shadowed by the Chinese Navy, and the US has also been into Russia's bathtub...

<http://www.reuters.com/article/us-usa-defense-navy-blacksea-idUSKCN0Z30WG>

While focused on keeping sea lanes open, it only takes one attack...

Energy storage

Everyone wants to find the “holy grail” but no-one knows what it looks like...

<http://qz.com/699909/silicon-batteries-electric-car-future/>

Australasian property and debt

We sure love our rugby and property discussions, don't we?

<http://www.zerohedge.com/news/2016-06-13/another-real-estate-market-ripe-bust>

We have to be either mad or desperate??? But the banks think we won't change our profligate behaviour...

<http://www.interest.co.nz/property/82164/westpacs-chief-economist-says-low-interest-rates-and-rising-house-prices-are-cranking>

Water drying up

Despite the relocation of water from the Himalayas to the North of China, the "truth that nature bats last" will have its sequel at some point...from Sinocism...

"Groundwater Pumping Sinks Beijing Region at Increasing Rate - Circle of Blue According to satellite measurements, the Beijing region is sinking at an increasing rate as the soil of the North China Plain, like a sponge wrung dry, compacts around depleted aquifers. The data were published earlier this month in the journal Remote Sensing."

The Western USA is in drought and last year there were numerous wildfires – just like Canada this Northern Spring. Now it seems the South Western USA is about to get fried...

<http://grist.org/article/one-fifth-of-the-country-is-about-to-get-broiled/>

Oil inventories dropping

US oil inventories are dropping and the Canadians haven't get their act together yet after the fires around Ft McMurray. Imports for the week were still 7.6 million barrels per day and we can expect that to increase as the summer driving season rolls on and as the shale producers slowly turn up their toes...

http://seekingalpha.com/article/3982583-crude-oil-u-s-production-decline-accelerating?source=email_macro_view_com_1_12&ifp=0

Gold going up and up

Ended the week at over USD1,300/oz. This is the level at which some pundits suggest it may gap higher. Of course that remains to be seen, but closing at this level suggests the paper traders may just have lost control and physical demand is still ramping up.

But as the bulls come out to play, just remember that the markets can always remain irrational for longer than we investors can remain solvent.

http://seekingalpha.com/article/3982484-gold-huge-upside-opportunity-excellent-bet-overprinted-dollar?source=email_macro_view_top_articles_2_2&ifp=0