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Brexit and its repercussions / Globalisation RIP? / Currencies, gold and silver - where now?

Brexit and its repercussions

I wish victors would not crow so loud. It is rather unseemly. Time to tell Nigel Farage that he has done his job, and now please shut up...

http://www.bbc.com/news/video_and_audio/headlines/36650014

One thing I would like to offer everyone who reads this, is my perspective that a measured British negotiation to exit the clutches of Brussels could potentially result in the EU itself resiling from the push for political union and leave the EU as simply a free trade bloc. After all, there are other nations wanting what Britain wants. If that were to be the case, then Britain may not need to leave at all – compromise may be a good substitute for revolution.

If so, then, what to do with all the debts accumulated by the ECB that no-one thinks is their particular problem? Hmm, even a rational approach to provide a win, win, may not be enough.

Now from www.better-management.org, this article...

[Let Brexit be a lesson to the elite meddlers](#) By Gary Johns, The Australian, 29 June 2016

It isn't hard to agree with that is it? But meantime there are some harsh realities...

<http://www.bloomberg.com/news/articles/2016-06-28/merkel-tells-cameron-before-eu-summit-don-t-delude-yourself>

Even so, the fact is that UK is a big player in NATO. It is a big player in banking affairs and in trade. That means that any punitive actions by the EU could be rebuffed by similarly draconian actions.

Globalisation RIP?

IMHO globalisation may be a trend that has passed its “use by” date. Adam Smith's theories were right – for a century or two; but will probably be proven wrong for the second half of this century when access to fungible energy that is cheap enough for mass transport gets too expensive. Globalisation was useful for the time of the industrial age of oil and for the end of

slavery (the latter in the OECD only L) and has been used to ensure we can take advantage of low wage and slave labour in other much poorer countries. But that has replaced our jobs by off-shoring industry wherever we can. Donald Trump may be a Bozo, but at least he has recognised a rich vein of unrest, so as to harness popular support. One politician will never kill globalisation and free trade, because there are too many billions to be made by the so-called 1%, but in the next five years, energy prices will hit certainly cripple it.... Thereafter it remains to be seen how globalisation and free trade will survive as a dominant force...

<http://thecrux.com/donald-trump-targets-globalization-and-free-trade-as-job-killers/>

Mr Trump may find that he has too many enemies, when he makes such direct threats to those who run the deep state. Thought a Bozo now, perhaps he will end his days as a martyr – and rather suddenly.

I am always early to the party and often have to sit round waiting for the fun guests to arrive. In my criticism of globalisation I am certainly too early – once again. But if I was a young bloke wanting to get into a good business, I would be getting ready to produce consumer durables again in NZ or Oz on a boutique basis initially, but focused on the domestic market and on building skills for the time when protectionism becomes fashionable again. Things always go round and round.

Currencies, gold and silver - where now?

The Pound has stabilized overnight as have the world's share markets after realising that Brexit is not a problem for the global economy – or perhaps anyone.

<http://www.telegraph.co.uk/business/2016/06/28/ftse-to-open-higher-as-pound-strengthens-but-theres-more-volatile/>

European exchanges came through the night higher as well – as did Dow and NYSE.

In early 2008 when I saw the GFC on the radar, I started buying silver and gold. But being poverty stricken (well almost J) I decided that investing was a mugs game because you lose 20% of the buy cost when you buy and 20% of the selling price when you sell. So its only purpose is as a hedge against the disaster of hyperinflation or collapse of the local fiat currency. With Brexit and the writing on the wall for the global economy, people are starting to get on that same bandwagon. That doesn't mean I will be proved right, but it does suggest there may be fewer folk who will believe I am an idiot.

<http://thecrux.com/gold-has-become-a-currency-again/>

So buying gold in quarter and half oz coins and buying silver in one oz coins (only sold in packs of 20 to avoid oxidization) is the only way to hold the stuff if the dollar gets inflated to heck... If the worst comes to the worst and a gold “one oz coin” is worth \$5,000 how would you buy your weekly Lotto ticket ? J

Today, the oil price is creeping slowly back up to regain what was lost in the post Brexit worries, and gold is slowly settling back down to USD1,315/oz – silver holding steady, and that may be due to the looming end to the silver fix in July (or so we are told ???). But my reasoning in 2008 was that to buy coins to get in ahead of some perceived disaster, that may be

preferable to “missing the boat” altogether. Even having held a small quantity now for several years, I hope I will still be proven wrong and have no reason to use them before my time is up. The best outcome would be if our children’s children find them useful (or funny J) sometime well into the distant future.

From now on....anything that is bad or goes “bump in the night” will be blamed on Brexit. Two weeks ago the Italian banking system was in trouble, but suddenly today it is the fault of Brexit...makes you laugh. Economists and bankers never let a good crisis go to waste J....

<http://www.telegraph.co.uk/business/2016/06/27/italy-eyes-40bn-bank-rescue-as-first-brexit-domino-falls/>

Even so, a number of banks will have their credit rating revised downwards – from Seeking Alpha

“**Moody's will revise the outlook** of "a number of big U.K. lenders" to negative from stable today due to fallout from last week's EU referendum, sources told Sky News. The plan comes just hours after rival Standard & Poor's stripped the U.K. of its coveted triple-A rating and Fitch downgraded the sovereign. Related tickers: [HSBC](#), [BCS](#), [RBS](#), [LYG](#), [OTCPK:SCBFF](#)”

When you add in the other profligate banks the EU banking system could always have been this year’s pin to prick the bubble...and trigger a global crash...

<http://www.caseyresearch.com/articles/warning-this-could-be-the-start-of-a-global-banking-crisis>

The great shell game is in progress and we must try to watch where the pee goes to... China chose the opportunity to drop the value of the yuan against the US dollar and unfortunately for Mr Abe the Japanese yen leaped far higher than them all. Perhaps Abenomincs will have to start wrecking Japan’s economy all over again...print some more money, go even deeper into negative interest rates?

The thoughts in this article are perhaps worthy of consideration...

http://seekingalpha.com/article/3984680-deja-vu-uks-brexit-decision-may-trigger-replay-1931minus-1932-global-devaluations?source=email_macro_view_edipic25&ifp=0