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## **Better-Management Newsletter 5 June**

**Now taking Trump seriously / The real US figures are disastrous / Olympian disaster? / Renewable energy / Oil slowly sinking**

### **Now taking Trump seriously**

European countries are starting to take Mr Trump seriously and the UK believes beefing up armed forces may be required. In Poland they are no waiting...

<http://www.bbc.com/news/world-europe-36442848>

The truth is often inconvenient (*Editor's note: recall George Orwell's 1984 Ministry of Truth*). In Iran, the Ayatollahs, when they find it so, just deny it. This is from recently declassified US records...

<http://www.bbc.com/news/world-us-canada-36431160>

### **The real US figures are disastrous**

This is bad for USA.

To stand still, the US employment stats need to add a further 250,000 jobs/ month to absorb school leavers and net migration. Unfortunately, growth was only 39,000 for the month but even so the number of registered unemployed fell. The shonky unemployment numbers are now 4.7% instead of the 15-24% they would be if people out of work for longer than 6 months were counted.

<http://www.bbc.com/news/business-36444516>

This is a disaster for the US Fed who (we are told) must now by-pass an interest rates rise in June. This shocked the markets and added \$US34/oz to the price of gold. And boy, that is a shock. An uptick in consumer spending for the month appears to be on the back of ultra low interest rates and massive borrowing to beat a rate rise. The figures for job creation in prior months was also revised down. So it gets bad and badder!

### **Olympian disaster?**

As the number of withdrawals among athletes swells, the WHO is to investigate Zika risks attendant to the conduct of the Olympic Games in Rio...

<http://www.bbc.com/sport/olympics/36448236>

Does Brazil really need another embarrassing disaster like that if the Games are relocated?

## Renewable energy

I regret to say that without something like the storage capabilities of mythological EESU, renewable energy is at best an intermittent and mostly low voltage electric power source. The scientific community laud gains like the 147 gigawatts of power added in 2015. We never hear how many barrels of oil this took or what the EROEI is, but I feel sure that answer would shock us. But let them celebrate growth...they need to.

<http://www.bbc.com/news/science-environment-36420750>

The Hills Group estimate as follows:

“By our calculations what will be lost from the reduction in petroleum production alone (not counting NG declines) by 2030 will amount to 24.52 trillion Kwhrs (83.70 quad BTU). Using the above 2015 growth rate for re-newables it will require 166.9 years to make up for the loss. To maintain the present civilization (without growth) will require a growth rate for renewable energy which will be 12.4 times greater than the present rate.”

That tends to put things into perspective. Oil demand in the OECD has fallen as the result of outsourcing manufacturing to low labour cost economies, and in part due to efficiency gains in vehicles and in part due to the increased oil price during this period. Despite this, oil demand is taking off again due to the reduced oil prices.

Unsurprisingly, then, China has made a huge bet on batteries and EVs. Also, China understands the future is low-carbon and then zero-carbon — so it intends to become the world leader in both the production and use of battery EVs, just as it already has in both wind and solar power. The Chinese EV market tripled last year. China’s BYD Auto Company now appears to be both the biggest EV maker in China and the whole world.

So in December 2015, China produced 35,000 electric vehicles against the 2+ million total cars and the many more buses, trucks, utility vehicles, trains etc. So to presume the death of oil – as most global warming proponents do – by 2030 or even 2050 is rather premature.

The actual growth in vehicle sales using the internal combustion engine – in numerical terms – is far ahead of the growth in EVs of various kinds.

The problem as the Hills Group point out, is that oil production will be falling by 2030 and what do we do then? Perhaps we will have moved from “the industrial age of oil” and into “the age of the EESU”. If we haven’t, we will likely be up to our tails in alligators, and may the devil take the hindmost.

And just remember. The more renewable energy collection and storage devices we want to construct, the more oil we will need to use in order to do so.

Now every university and venture capitalist is into trying to improve energy storage...

<http://www.pocket-lint.com/news/130380-future-batteries-coming-soon-charge-in-seconds-last-months-and-power-over-the-air>

Another solution...

[https://www.youtube-nocookie.com/embed/arQ8\\_PW-RiA](https://www.youtube-nocookie.com/embed/arQ8_PW-RiA)

Without good energy storage, solar and wind is not viable...at least in many places where it is hyped up...

<http://www.telegraph.co.uk/opinion/2016/06/04/bbc-spin-hides-the-great-solar-energy-fiasco/>

### **Oil slowly sinking**

Oil prices have slipped since this article below was written but...prices did sink after OPEC declined to set new output targets in place....from Seeking Alpha...

“**Brent oil prices are holding** at \$50 a barrel, with WTI skirting around \$49, following an OPEC gathering that failed to agree on output targets, but which saw some support from Saudi Arabia. "We will be very gentle in our approach and make sure we don't shock the market in any way," Saudi Energy Minister Khalid al-Falih told reporters. A drop in U.S. crude inventories also offset the non-eventful meeting, with supplies decreasing by 1.4M barrels last week.”

Although the world lacks undiscovered giant conventional oilfields, there is still plenty of room for exploring the unconventional in places like Venezuela, Russia and Argentina. Exxon is going after some shale oil and gas deposits in Argentina – just dipping its toe in at first. Perhaps thinking of development once the prices improve...from Seeking Alpha...

“**Exxon Mobil may invest billions** in Argentina's Vaca Muerta shale formation in the next decades. The oil giant has so far invested \$200M in the world's second largest shale gas deposit, and received approval to put in \$250M more for a pilot project in the coming months. If the endeavor is successful, Exxon (NYSE:**XOM**) will start full development during a period of 20-30 years that could involve investment "well in excess of \$10B.”

Oil is abundant. However, when we start trying to extract it from sand and then separate it from the 15% bitumen and also extract it from either beneath the sea or from source rock rather than reservoir rock, we are past the age of Peak oil and venturing into the twilight zone – as we are now. The low oil prices of USD50/bbl (and lower), have changed the game.

<http://peakoilmatters.com/2016/06/03/peak-oil-better-pt-9/>