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## Better-Management Newsletter 3 July

**Precious metals, gold and silver, the Australian election, more on the “deep state”**

### Precious metals, gold and silver

Bitcoin seems to be enduring. That suggests it may be worth taking a peek at it from Bix Weir’s eulogy that I have included below. I don’t hold Bitcoin but note Bix favours silver over Bitcoin and is a “silver nut”.

My analysis of the article at the link below is that China holds approximately 1,800 tonnes of gold in its central bank.

[http://seekingalpha.com/article/3985866-shocking-breakdown-chinas-foreign-reserves-bullish-gold?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_2\\_15&ifp=0](http://seekingalpha.com/article/3985866-shocking-breakdown-chinas-foreign-reserves-bullish-gold?source=email_macro_view_gol_pre_met_2_15&ifp=0)

I also think the estimate of leakage in the above link is a bit overstated at USD800billion because I have seen a number of reports putting it at USD756 billion. But anyway, the main thrust of this link is to show why the PBOC must stop the unauthorised leakage of foreign reserves.

**A “deep state” economist from CME tells his opinion from the bowels of Wall Street:** Blu Putnam is a clear thinker and I often read his opinions. As I am a Brexit supporter, it is best that I leave you his views without further comment. The British have taken a huge risk and Blu has some interesting opinions on that.

<http://www.cmegroup.com/education/featured-reports/brexit-when-the-facts-change.html>

and by video

<http://www.cmegroup.com/education/featured-reports/brexit-event-risk-set-to-rise-over-next-two-years.html>

### The Australian election

I have a bias – this time against Malcolm Turnbull (ex Goldman Sachs – need I say more?). This video sums up the possibility that the new PM has rescued defeat from the jaws of victory...but we won’t know until later this week...

<https://www.youtube.com/watch?v=Jg8I5tDbpgg>

### More on the “deep state”

I tend to share Doug Casey’s views on a number of things, but his preference for setting up a Galt’s Gulch in Argentina was a big mistake. Also he doesn’t understand Liebig’s Law of the

minimum or how EROEI is driving down the energy surplus on which our civilisation is based. That accounts for our different perspective of the way forward. Where I cannot fault him is in his view of how the elites are running things...

<http://www.caseyresearch.com/articles/weekend-edition-doug-casey-on-the-deep-state>

Even so, I am more on the “dark side” than he is despite his certainty of the Greater Depression – AKA GD1 – occurring this year. This is because I have lost confidence in the free markets to efficiently allocate resources in a time of turmoil and scarcity – witness what is happening within the increasing number of failed states, food wastage in the OECD and famine in parts of Asia, Middle East, Africa and South America.

But the longer we get into 2016 without the ability to pick an event that would cause contagion within the derivatives market, the more I would have to reduce my probability figure for collapse in the late third or early fourth quarters of this year. That doesn't mean it won't happen, but already the chance seems to me to be down to 50:50....regardless of the Brexit impact.