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A long list of issues and events that describe the world's economies slumping.

Insurance companies and pension funds are looking ahead at a revenue crisis as global interest rates continue to fall trashing their incomes as payout demands increase. Everyone (with any sort of wealth) is looking to find a place to invest their cash so they can get a yield...even banks...

<http://www.caseyresearch.com/articles/will-your-bank-survive-the-coming-financial-crisis>

Almost every second article I see is talking about rushing into gold and gold shares instead of cash and even as a replacement for growth shares (given few are growing). But I won't bore you with the detail although gold prices are slipping, the trend is firming up.

Meanwhile crash alert alarms are ringing as most major investors start talking about the inevitability of a major downturn... just when would that occur?

Europe

Even the big banks cannot see how ECB negative interest rates will do other than harm to the EU economy...

<http://www.telegraph.co.uk/business/2016/08/24/deutsche-boss-negative-interest-rates-are-fatal/>

And even RBS wants to pass the costs down the chain...

<http://www.bloomberg.com/news/articles/2016-08-24/derivatives-users-hit-as-negative-rates-raise-collateral-costs>

The Rothschilds are getting deeper into gold as a result of poor bond yields and share risk, from DR...

“The Rothschild family's listed investment fund is cutting its exposure to stocks from 55% to 44%. Lord Rothschild said that close to a tenth of his personal money and client's money is now in gold and precious metals.

Lord Rothschild said that the UK's low interest rates were *'the greatest experiment in monetary policy in the history of the world.'* He added:

'We are therefore in uncharted waters and it is impossible to predict the unintended consequences of very low interest rates, with some 30 per cent of global government debt at negative yields, combined with quantitative easing on a massive scale...preservation of capital in real terms continues to be as important an objective as any.'”

If Lord Rothschild thinks UK's ultra-low interest rates are crazy, what about the USD15 trillion of bonds at negative interest rates elsewhere in everywhere from Japan, Switzerland, Germany and Scandanavia?

Aside from the ravages of BREXIT, there are good reasons why the Eurozone is doomed...

http://seekingalpha.com/article/4001179-eurozone-certain-fail-according-stiglitz?source=email_macro_view_eco_3_19&ifp=0

The three big EZ countries held a summit to show that Europe is great and they are running Europe... Germany, Italy and France. I wonder what countries like The Netherlands and Spain think about that?

<http://www.reuters.com/article/us-europe-crisis-meeting-idUSKCN10W0CO>

But how firm is the French resolve?

<http://www.telegraph.co.uk/business/2016/08/24/french-support-for-the-eu-project-is-crumbling-on-the-left-and-r/>

If you check out how Italy and France have fared from the Eurozone project compared with Germany – as contained in a graph on the following article on Italy - you can see they may not have much in common...

http://ggc-mauldin-images.s3.amazonaws.com/uploads/pdf/OTB_Aug_24_2016.pdf

And Angela Merkel doesn't seem very sympathetic to the rule changes that Matteo Renzi needs to sort out banking woes in Italy...

<http://www.bloomberg.com/news/articles/2016-08-22/merkel-tells-renzi-he-can-t-bend-euro-rules-to-boost-growth>

Meanwhile the ECB forgets about unintended consequences and sets about buying company debt to stimulate the EU economy. Aside from potentially being illegal, this practice can best be described as risky.

<http://www.wsj.com/articles/sellers-paradise-companies-build-bonds-for-central-bank-to-buy-1471815100>

CME's Chief Economist, Blu Putnam thinks the EU has some very complex problems emerging...post the BREXIT vote...

<http://www.cmegroup.com/education/featured-reports/european-unions-rocky-road-ahead-to-brex.html>

As George Friedman points out in the Mauldin article attached below, the Middle East is on fire and Europe is in the firing line. Meanwhile Hungary plans to hold a referendum on rejecting EU refugee quotas....so all is definitely not well. In fact, the attacks in Germany are forcing a change in the personal freedoms people are allowed and the reintroduction of precautions that were once only applicable in war time...

<http://www.bbc.com/news/world-europe-37155060>

We can talk about Russia and Putin's game plan in the next email.

The USA

Corporate debt is soaring (according to Weiss Research soon to hit USD75 trillion in the USA) as is the plight of the little guy...the folks who vote for Donald Trump....

Also from Weiss, Paul Singer the hedge fund manager and billionaire joins the list of billionaires predicting imminent doom and gloom in the markets...

“He said the overall bond market is “broken” and that “the ultimate breakdown (or series of breakdowns) from this environment is likely to be surprising, sudden, intense, and large.”

But I am starting to wonder as the signs are that derivatives are being brought under better control...or are we being duped?

Through the eyes of the little guy as per this auto loans skit from the UK... if only it was just auto loans? Weiss says that 31% of auto loans are delinquent. This is the same scenario for credit card debt and student loans too...

https://www.youtube.com/watch?v=4U2eDJnwz_s&feature=youtu.be

This gives a better picture...not better as such, but certainly clearer J...

<http://www.mauldineconomics.com/connecting-the-dots/the-stressed-out-tapped-out-american-consumer>

The numbers who live on the fringes seem to be growing...

http://www.nytimes.com/2016/08/22/us/as-homeless-find-refuge-in-forests-anger-is-palpable-in-nearby-towns.html?_r=0

and in some areas, squatters are considered desirable...why?

<http://www.bloomberg.com/news/articles/2016-08-23/what-detroit-needs-now-more-squatters>

The government accounts in the USA are a mess as this article testifies...

<http://thecrux.com/shocking-government-report-finds-6-5-trillion-in-taxpayer-funds-unaccounted-for/>

However, all government and local government accounting that I have come across in the OECD suffers from the need to account for the success of political policies, rather than generally accepted accounting practice (GAAP).

North of the border in Canada there are two cities (Toronto and Vancouver) where the Chinese property buying has inflated market prices in the extreme. They are worth watching because there are indications that their crash may come before our own in Auckland, Brisbane, Sydney and Melbourne...

http://seekingalpha.com/article/4001484-canadian-houses-traded-like-hot-stocks-may-soon-drop-like-hot-potatoes?source=email_macro_view_edipic46&ifp=0

China

The UK is suddenly finding itself sandwiched between the Chinese drilling in the North Sea and wanting to build Hinkley Atomic Power Station and Russia supplying both oil and gas to supplement what its own resources and Norway provides. This has led to the strategic realisation that the UK energy supplies are strategically compromised. London has put the Hinkley development on hold and the Chinese are “dirty” about being rumbled. The Rockman’s comment about the article on CNOOC in the North Sea echoes my own opinion ...

<http://peakoil.com/publicpolicy/china-takes-control-of-north-sea-oil-drilling>

But China has its own economic problems...

<http://www.telegraph.co.uk/business/2016/08/22/china-caught-in-dead-money-trap-as-central-bank-plead-for-fiscal/>

Japan

Buying bonds is bad enough and distorts bond values, but the Bank of Japan buying shares creates huge distortions both between companies and for the share market as a whole....

<http://www.reuters.com/article/us-japan-stocks-boj-idUSKCN10X29O?il=0>

Money

Bitcoin seems to be getting plenty more competition from the banks...I wonder how their Blockchain will work and how this will play out? From Seeking Alpha...

“Four major banks have teamed up with broker ICAP (OTCPK:IAPLF) to create a digital currency called the "utility settlement coin." UBS (NYSE:UBS), Deutsche Bank (NYSE:DB), Santander (NYSE:SAN) and BNY Mellon (NYSE:BK), as well as ICAP, hope that the currency will become an industry standard used to clear and settle financial trades. The project is competing with similar initiatives from the likes of Citibank (NYSE:C), Goldman Sachs (NYSE:GS) and JPMorgan (NYSE:JPM).

Tesla

Are Elon and the Rive brothers kissing cousins? If I owned any Tesla shares I would be worried about the SolarCity deal...from Seeking Alpha...

“Elon Musk is buying \$65M of bonds from SolarCity (NASDAQ:SCTY) in the latest debt issue by the money losing solar-panel company that Musk's Tesla (TSLA) plans to buy for \$2.6B. SolarCity CEO Lyndon Rive and CTO Peter Rive, who are brothers and Musk's cousins, are each buying \$17.5M of the \$124M offer”