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Better-Management Newsletter 3 August

This newsletter focuses on financial manipulations, in particular, banks.

Australia and New Zealand each has an investment banker as Prime Minister. Neither is serving us well. Neither is avoiding the worst pitfalls of the 2008 GFC. They should be speaking against the manipulation of the global financial system but as beneficiaries of the problems we now face, we are likely to wake up and find we have put the wolf in charge of the hen-house.

The DR article below appears to agree,

There are all sorts of government-sanctioned scams that no-one is meant to talk about....try these two...

1. Share markets

The first is allowing share-market operators to provide index statistics over multiple years that are biased and blatantly wrong. The missing aspect of published indexes is that they have been adjusted for something called the "survivability bias".

In New Zealand a large percentage of the top 50 index failed and went bust as a result of the 1987 crash and yet as the companies were failing, they were taken out of the index and replaced with profitable ones. For folk wondering whether shares are a good bet, you would think they outperformed the bonds and property market. That of course is a blatant lie if you add back the losses.

In Europe this year, we have just seen the disgraceful spectacle of fraudulent "bank stress tests". The markets had already done their own tests and believed Deutsche Bank and Credit Suisse were on a slippery slope so marked down their share prices hugely. The net result was for these two huge organisations to be taken off the Stoxx Europe 50 index and replaced with better performing organisations...

http://www.zerohedge.com/news/2016-08-01/deutsche-bank-credit-suisse-kicked-out-stoxx-europe-50-index

This will cause their shares to fall further as some funds are only allowed to invest in Stoxx top 50 listed shares/

2. Banking

Our politicians are meant to provide a level playing field and yet they continually move the playing field by either inflating the currency base and by altering interest rates. Quantitative easing is a way of printing extra money to advantage one sector of the community over all those with savings. The same goes for reducing interest rates. That makes it stupid to save and sensible to go into debt (in the short term –long term, that is financial suicide. These are ways of robbing Peter to pay Paul, in the full knowledge that the politicians can then always rely on Paul's vote in the elections.

The RBA has just reduced the official cash rate in Australia to 1.5%p.a, the lowest for 50 years. It is about getting people to borrow and using others' savings for the purpose. How long will it be before the Australian public are required to pay to hold their money in the banking system? Will the RBNZ follow suit?

In NZ we have an organisation called the FMA to regulate and be a watchdog for investments in such things as retirement savings accounts, banks, finance houses and insurance companies. But IMHO they are simply a creature of Government and a toady of big banks and big business. They are there to give confidence to financial markets, where we can always expect them to be toothless. After the next crash a new organisation will be set up to replace the FMA. That is just a cynical process of politicians passing the buck and then blaming others for the calamities caused by their interference in the economy. Folk who have funds in KiwiSaver and various financial institutions need to be aware that in the current state of general global insolvency, their funds will always be used as a political tool regardless of the warm words of the governments in power.

The Italian banks are meant to be reasonably sound, yet all their major banks would be considered insolvent if proper international accounting standards were being applied.

http://thecrux.com/chris-mayer-this-crisis-should-be-on-your-radar/

Who now believes the lies of politicians? Matteo Renzi is simply a charlatan, trying to keep the wolf from the door...from Seeking Alpha...

"**Banca Monte dei Paschi di Siena** may have a strong future, according to Italian Prime Minister Matteo Renzi, in spite of the stricken lender receiving the bottom score in a Europe-wide stress test. "There are some problems, yes. If now, without non-performing loans, with a clear strategy, I think this bank [BMPS (OTCPK:BMDPY)] could be a very good bank for the future," he told CNBC in Rome. "My view is that Italian banks are good."

The five largest US banks with their failure to account for contingent derivative liabilities in their balance sheets are also amongst the worst.

This rant below gives you a taste of what some folk think about the central banks... They are simply an instrument foistered on the public to defraud the public...Julius Caesar meanwhile just quietly washes his hands of the crime...

http://thecrux.com/politician-flips-out-exposes-central-bank-scam/

Of course the rant is not completely correct, because the governments are doing what we have given them the power to do...we all legitimise this fraud and yet today Barrack Obama called Donald Trump unfit to be the next POTUS. This is after adding a further 9 trillion US dollars to the US government debt while in office, and authorising 1 trillion to be spent upgrading the US nuclear deterrent (that is the sort of stuff you get Nobel prizes for!).

Here is a mainstream view of the stress tests...FWIW....

http://seekingalpha.com/article/3994173-european-banks-stress-tests-cries-laughs?source=email_macro_view_mar_out_6_10&ifp=0

Japan has gone for broke and the Abe government and BoJ are printing money like there is " no tomorrow"...from Seeking Alpha...

"**Looking to jolt the nation** back to life, Japanese Prime Minister Shinzo Abe's cabinet has approved a ¥28T ($274B) stimulus package amid a growing consensus that monetary policy alone won't be able to revive the economy. According to Dow Jones, the stimulus package ranks among Japan's biggest since the global financial crisis, and will: Lift GDP by 1.4%, include childcare benefits, provide $150 handouts to 22M low income people, loan ¥10.7T for infrastructure and provide ¥7.5T for direct fiscal spending."

As the trend towards negative interest rates in major economies strengthens, this tells us one thing for certain.

"Get out of financial assets!" But isn't this the wrong time to do so? Chinese restrictions on money flowing abroad are about to take hold.

This is a world where the devil will take the hindmost.

Nothing the central banks have done will improve the situation...that is unless you count bringing about the re-emergence of precious metals. Gold and silver are quietly moving higher. Affected by a lack of consumer demand, the oil price is falling lower and given there is already very little re-investment to replace reducing supply, that means disaster is just lurking around the corner.... somewhere.