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## Better-Management Newsletter 4 September

**US stats “lipstick on a pig”, depression pending, oil manipulation, gold to back currencies, can society cover its increasing costs?**

The global economy looks to the USA for its monthly jobs report. Even by fiddling the figures, they cannot make this look good – the term “lipstick on a pig” comes to mind. The USA needs 200,000 new jobs to keep pace with natural growth. But they never get it and fiddle the unemployment stats along the way.

So sadly Janet Yellen may need to avoid given reassurance of a Fed rates increase...once again.

[http://www.moneyandmarkets.com/todays-job-market-rallying-cry-bad-not-terrible-81561?em=jcrofe%40xtra.co.nz&utm\\_campaign=MAM3587a&campid=53525&utm\\_medium=email](http://www.moneyandmarkets.com/todays-job-market-rallying-cry-bad-not-terrible-81561?em=jcrofe%40xtra.co.nz&utm_campaign=MAM3587a&campid=53525&utm_medium=email)

### Economy and finance

I saw an advert in yesterday’s paper saying a NZ Securities exchange had been hacked and apologising to customers. I wonder if they got my details in that event? Would I ever know?

My credit card was hacked several years ago and the bank made good my loss. But will that always be the case? Bitcoin has been hacked and they didn’t help the losers...just asking everyone else to contribute to the loss.

Banks are increasingly exposed...

<http://www.caseyresearch.com/articles/the-biggest-threat-to-the-banking-system-is-here-to-stay>

The G20 meeting in China is happening today. There Pres Putin will apparently be the Chinese guest of honour. But before the meeting Pres Obama and Xi Jinping will ratify and swear allegiance to the Paris Summit (climate change). Jinping has no option as the country is so severely polluted and still contributes more than one third of all CO2 emissions...so the pressure is on.

<https://www.theguardian.com/world/2016/sep/03/china-ratifies-paris-climate-change-agreement>

But the agenda misses the point entirely as we are on track for depression...

[http://seekingalpha.com/article/4003662-gminus-20-agenda-misses-point?source=email\\_macro\\_view\\_eco\\_4\\_23&ifp=0](http://seekingalpha.com/article/4003662-gminus-20-agenda-misses-point?source=email_macro_view_eco_4_23&ifp=0)

The real drama will take a back seat and we just have to wait until events guide us. Sure as anything, neither the world's economists, the politicians, nor the bankers will provide any advance warning.

## **Oil**

The price of oil went up by about USD1.20/bbl overnight on the words of Vladimir the Terrible and we can expect another surge on Monday night...from Seeking Alpha...

*["Vladimir Putin said he'd like OPEC and Russia, producers of half of the world's oil, to reach a deal to freeze supply and expects the dispute over Iran's participation can be resolved. "I am confident that everyone understands that. We believe that this is the right decision for world energy," he declared in Vladivostok. Saudi Arabia's Foreign Minister Adel al-Jubeir also said he was "optimistic" about finding a common position on oil, and producers were "beginning to have a meeting of the minds."](#)*

This is serious stuff. The OECD cannot afford to pay higher prices yet when the part of OPEC that the Saudis control/influence is added to the Russians, then these guys influence 30% of world's oil production.

Venezuela and Nigeria are closing in on collapse point and the Russian economy is not much better. So to reach an accommodation with the Saudis and for them to influence the Iranians, things must be tough!

Take the global oil price up by USD20/bbl and you potentially have "crash time" for the global economy.

## **Gold**

I see from his recent emails that Bix Weir is fizzing. The Commerze Bank/Deutsche Bank "merger" discussions and the dishonouring of German customers' gold deliveries suggests something is up. Bix expects real mayhem to begin this month. Not sure whether I agree with his views but this was the month I expected some sort of crash to kick off anyway. I still hope I am wrong, but the Chinese seem to be ready for it in terms of the spread of gold holdings in their banks and private sector...

[http://seekingalpha.com/article/4003569-huge-tonnages-precious-metals-chinese-commercial-bank-balance-sheets?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_3\\_12&ifp=0](http://seekingalpha.com/article/4003569-huge-tonnages-precious-metals-chinese-commercial-bank-balance-sheets?source=email_macro_view_gol_pre_met_3_12&ifp=0)

And come October, they will be part of IMF's basket of reserve currencies...

[http://seekingalpha.com/article/4003679-chinas-monetary-ascension-paved-gold?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_4\\_13&ifp=0](http://seekingalpha.com/article/4003679-chinas-monetary-ascension-paved-gold?source=email_macro_view_gol_pre_met_4_13&ifp=0)

Silver went up by more than USD 50cents per oz. overnight. That is a big jump for silver and it was accompanied by an USD11/oz increase in the gold price too.

Why mention this? Because I think the drama I have expected for sometime to happen over the next couple of months will be reflected in the precious metals prices....if it does come to pass

### **Can society cover its increasing costs?**

Debt is about to blow up...in the USA, in Japan, in China and in the EU. But how much longer can they keep the party going?

[http://seekingalpha.com/article/4003644-reached-zero-point-debt-creation?source=email\\_macro\\_view\\_eco\\_2\\_21&ifp=0](http://seekingalpha.com/article/4003644-reached-zero-point-debt-creation?source=email_macro_view_eco_2_21&ifp=0)

But what happens when society cannot cover costs with debt?

Health, education and welfare costs continue to balloon within the OECD and every year we hear of more services being taken off the table by local and central government agencies.

In UK the NHS is already in strife as statins and other pharmaceuticals are being rationed and young doctors plan to go on strike...

<http://www.telegraph.co.uk/news/2016/09/02/obese-patients-and-smokers-banned-from-all-routine-operations-by/>

Smoking, alcohol, obesity, gender reassignment and ever more avenues of hospitalisation will continue to be cut.

In NZ we have lost the regular access to inorganic collections of rubbish – although a boutique service with lots of exclusions replaces it. That is tiny compared with degradation of the health services and fall in the effectiveness of the Police.

The current global arms race just doesn't help ...

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