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Better-Management Newsletter 3 October

US corporations are the most dangerous litigants - Brexit, coming soon - October, when things turn “pear shaped” - The Deutsche Bank fiasco continues -

We start Q4 of 2016 and this is a time with a lot happening...

US corporations are the most dangerous litigants because they have this habit of suing people that don't accept their own view of the world. They do so with huge financial backing and the US private citizens can also do so by persuading US litigators to take a case on a contingency basis. This puts all US assets of someone being sued at risk, as soon as a plaint is filed.

I am against the TPPA because US corporations are always looking for opportunities to strong-arm sovereign governments. The TPPA will probably not directly expose us to their worst predations, but their litigious nature will be used as and when they deem it appropriate. Many US corporations have far bigger resources than the NZ Government.

Perhaps backed by an insurance company, or by a litigation firm wanting to make a name for itself, the first plaint against the Saudis for damages arising from 9/11 has now been filed. They were obviously well prepared by the time the empowering legislation was passed in Congress...

<http://www.zerohedge.com/news/2016-10-01/sept-11-widow-first-american-sue-saudi-arabia-terrorism-her-full-lawsuit#>.

Now, how will the Saudis react? I don't think it will take them long to “spit the dummy”.

Hungary rejects the EU refugee quota system by 98% in their referendum ... in theory, the voter turnout was too low for the vote to be valid but with the parliament behind the measure, it is likely to be passed...

<http://www.bbc.com/news/world-europe-37528325>

And Theresa May says Britain will regain control of her own borders in Brexit. She expects to trigger Article 50 by March and be out of the EU during 2019...

<http://www.bbc.com/news/uk-politics-37532364>

Colombian voters reject the Peace accord with FARC...where does that leave the revolutionaries?

<http://www.aljazeera.com/news/2016/10/colombia-referendum-peace-accord-farc-rejected-161002220514696.html>

The Economy

October is usually the month when things turn “pear shaped” in the global economy. Of course the Aussies have iron ore and property prices to insulate them and we import lots of people and their money. But a crash is always transmitted to us even though there is sometimes a delay. For a banking sector crash, we all get hit within 24 hours of each other. With a share market crash we tend to follow Wall Street.

In the USA there are already recessionary markers that the news media don't talk about...such as...

http://seekingalpha.com/article/4009543-recession-sight-warning-flags?source=email_macro_view_eco_1_15&ifp=0

and the October patterns for Wall Street that usually have a flow-on effect for us are discussed in this next link...

http://seekingalpha.com/article/4009559-expect-october?source=email_macro_view_top_articles_1_1&ifp=0

So I tend to believe the US Fed's suggestion of interest rate increases by year end will either not happen or be so small as to be meaningless. Central banks are now buying corporate bonds and even in some cases shares, so they are out of fire-power to prevent any large oops. I agree with the next link that it may be more likely that governments will be forced to carry the can with more borrowing, fiscal easing and capital works...

http://seekingalpha.com/article/4009535-bye-bye-austerity-hello-fiscal-easing?source=email_macro_view_eco_2_16&ifp=0

The Deutsche Bank saga continues. If there is no rescue package by time this email is sent, then this summary of possible outcomes could come into play...with thanks to Tom...

<https://nz.finance.yahoo.com/news/man-called-deutsches-decline-gloomy-113157980.html>

The latest news is that senior DB executives have headed to USA to try to deal with the DOJ claim for USD14billion in fines while German politicians accuse the USA that the attack of DB is just politics and without merit. I think they could be right, following the claim against Apple by Brussels for back taxes.

The Chinese currency is now part of the IMF reserve currencies basket. Will this be a game changer or just rather “ho-hum”?

<https://www.rt.com/business/361304-chinese-yuan-imf-currencies/>