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## Better-Management Newsletter 31 December 2016

Goodbye to 2016. What happened, and what may be in store for us in 2017.

The best summary is as follows from Seeking Alpha...

“Politics, economics and markets were all turned on their head in 2016, and investors are looking ahead to 2017 following a turbulent year. Highlights: The Panama Papers, Dieselgate settlement ([OTCPK:VLKAY](#)), Greek debt relief, Megabrew ([BUD](#), [OTCPK:SBMRY](#)), the EU's tax crackdown, sale of Yahoo (NASDAQ:[YHOO](#)), nuclear test and impeachment in Korea, Pokemon Go ([OTCPK:NTDOY](#)), Twitter (NYSE:[TWTR](#)) takeover rumors, Brexit and sterling's plunge, the Italian referendum, panic at Deutsche Bank (NYSE:[DB](#)) and Monte dei Paschi ([OTCPK:BMDPY](#)), OPEC's output deal, and following Donald Trump's election - a Fed rate hike, the dollar's surge and soaring treasury yields. The Dow, S&P and Nasdaq also partied like it was 1999 - the three markets all closed at historic highs for the first time in 17 years.”

In 2017 perhaps we get to pay the piper? (IMHO a 75% probability) Or not? (IMHO a 25% probability)

Meantime, in the Northern hemisphere, fear is extant...

<https://www.theguardian.com/world/2016/dec/30/western-cities-tighten-new-years-eve-security-terror-attack-fears-persist>

### Geopolitics

The International Criminal Court has been seen as a white boys club and one that many large countries do not recognise. The spate of rigged trials is having an effect as countries withdraw from its jurisdiction...

<https://www.theguardian.com/news/2016/dec/29/rising-nationalism-leaves-international-criminal-court-at-risk>

It isn't hard to mount a case that the biggest war crimes of the 20<sup>th</sup> and 21<sup>st</sup> centuries have been perpetrated by countries like USA, Germany, Russia, UK and Japan. Yet no-one got put on trial – other than the Nuremberg show trials after WW2. All we see is a procession of African and Serbian war lords being brought before the court. Yet the globalists want us to believe it is rising nationalism that is the cause for the reduced influence of the ICC.

Detente between Russia and Japan? Seems so...

[https://gizadeathstar.com/2016/12/aftermath-onsen-summit-japan-russia-ink-billions-deals/?utm\\_source=feedburner&utm\\_medium=email&utm\\_campaign=Feed%3A+GizaDeathStar+%28Giza+Death+Star%29](https://gizadeathstar.com/2016/12/aftermath-onsen-summit-japan-russia-ink-billions-deals/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+GizaDeathStar+%28Giza+Death+Star%29)

Given the involvement of terrorist groups in Syria, is a peace deal with the opposition really possible? Particularly with USA, Qatar and Saudi Arabia stirring the pot?

<http://www.reuters.com/article/us-mideast-crisis-russia-syria-ceasefire-idUSKBN14I109>

This puts stuff into perspective...

<http://www.humanitystest.com/848-2/>

Meanwhile, it seems that Japan and Taiwan have learned nothing from American adventures in places like Iraq, Afghanistan, Vietnam etc where the USA first supported then turned their backs on client states. The new deal with Israel should confirm that perhaps the only smart man with territory in the South China Sea is Duterte of The Philippines...

<http://www.reuters.com/article/us-philippines-duterte-helicopter-idUSKBN14I0DH>

On 1 January 2017, the Renminbi joins the IMF international currency basket. There are many who think this will sound the end of the “exorbitant advantage” granted to the USA at Breton Woods in 1944. Meanwhile who are the major players who will usher in the probable death of the petrodollar?

<http://peakoil.com/publicpolicy/things-that-make-you-go-hmm-like-the-death-of-the-petrodollar-and-what-comes-after>

Hmmm, clearly the USA doesn't have a role...from Seeking Alpha...

“**Russia is drumming up** diplomatic support for talks in Kazakhstan next month aimed at ending the fighting in Syria, a plan that would give it a greater voice in efforts to broker a settlement of the nearly six-year-old conflict. Top officials from Ankara, Tehran and Moscow met last week in the Russian capital to discuss the negotiations, which wouldn't include the U.S.

Is that the real reason why the USA has expelled 35 Russian diplomats and is imposing more economic sanctions on Russia? Russia was wise not to be drawn into Obama's death throes...unlike foolish New Zealand who saw a chance of grandstanding at the UN. Trump at least understands the game...

<http://www.bbc.com/news/world-us-canada-38473240>

But his problems in 2017 will be how to deal with so many failed and failing states? The Middle East will continue to be a powder keg...

<http://www.bbc.com/news/world-us-canada-38407226>

A geopolitical forecast for 2017? I don't have much to forecast ... but...

This [2017 Annual Forecast](#) is republished with permission of Stratfor.

[https://www.stratfor.com/forecast/2017-annual-forecast?utm\\_campaign=LL\\_Content\\_Digest&utm\\_medium=email&hsenc=p2ANqtz-9imyf\\_zTwP27YMf448CPz9SHy2sUwvZfmhYQsHDtjI3PYa1ckUa-Sli8CF2wIiCepcykFTVLHFyg4lrjzW8Z34hvHtQ&hsmi=39868041&utm\\_content=39803918&utm\\_source=hs\\_email&hsCtaTracking=cc67515a-709c-4310-a247-35b0a8f96043%7C3b7a9d88-a4ba-47f6-a7c1-0bb6c913938a](https://www.stratfor.com/forecast/2017-annual-forecast?utm_campaign=LL_Content_Digest&utm_medium=email&hsenc=p2ANqtz-9imyf_zTwP27YMf448CPz9SHy2sUwvZfmhYQsHDtjI3PYa1ckUa-Sli8CF2wIiCepcykFTVLHFyg4lrjzW8Z34hvHtQ&hsmi=39868041&utm_content=39803918&utm_source=hs_email&hsCtaTracking=cc67515a-709c-4310-a247-35b0a8f96043%7C3b7a9d88-a4ba-47f6-a7c1-0bb6c913938a)

This forecast – complete with excuses for past failings is more mystical ....

<http://thearchdruidreport.blogspot.co.nz/2016/12/a-leap-in-dark.html>

### **The economy**

Interest rates are rising internationally. The OECD bond markets are seemingly peaking. The world's share markets are at all time highs. So where are we going? USA?

<https://www.youtube.com/watch?v=26yBwihPb64>

There are plenty of apocalyptic headlines, but when you read the articles, are they really far off the pace?...

<http://www.econmatters.com/2016/12/no-hope-for-humanity.html>

The US sharemarket is on the brink of a downturn...or is it just pausing to break the DOW 20,000? From Seeking Alpha...

“**The Santa rally has run out of steam.** U.S. stocks declined on Wednesday in the second biggest loss since the election. The Dow opened just a short hop away from 20,000 but then lost 111 points, falling to 19,833, while the S&P 500 fell 18 to 2,249. Ripples from Wall Street have spread overseas overnight and U.S. futures are not looking too bright in the penultimate trading session of the year. “

The DOW closed the year overnight down at 19,762. So close but no cigar!

We don't often think of Singapore and debt in the same context but that is where the commodities bust is hurting most...

<https://www.bloomberg.com/news/articles/2016-12-27/singapore-defaults-seen-as-bellwether-for-asia-distress-in-2017>

Then of course there is China...seemingly in denial about their massive debt overhang.

The Italians have budgeted Euro20 billion to rescue their banks. Monte Dei Paschi wants most of it ... from Seeking Alpha...

“[Italy's Banca Monte dei Paschi](#), which is being bailed out by the state, plans to issue €15B of debt next year to restore liquidity and boost investor confidence, according to several reports. BMPS's ([OTCPK:BMDPY](#)) debt sales would be supported by government guarantees. They form part of a liquidity scheme for "banks in need," which the European Commission has agreed to extend for six months. “

## Energy

Everyone forgets that it will take many trillions of dollars that do not exist, to migrate from fossil fuels to something else that presently doesn't exist, ie mass electric vehicles, but at least the change has started.

Toshiba is in real big trouble although rebounding by half the loss last night...all to do with their nukes...from Seeking Alpha...

“[Shares in Toshiba closed down 17% overnight](#), clocking a third day of heavy losses following credit downgrades from both Moody's and S&P Global Ratings. The conglomerate formally announced late on Tuesday that cost overruns at its U.S. nuclear business might result in "several billion dollars" in goodwill charges. Since reports of the writedown, Toshiba ([OTCPK:TOSYY](#)) shares have **tanked 40%**, erasing almost \$7B in market value.”

For those invested....They say a rising tide lifts all boats. Well, will a rising oil price really lift the likes of Penn West? There are many who think so...or so it seems...

[http://seekingalpha.com/article/4033084-penn-west-potential-double-2017?source=email\\_alternative\\_energy\\_investing\\_oil\\_gas\\_dri\\_exp\\_0\\_9&ifp=0](http://seekingalpha.com/article/4033084-penn-west-potential-double-2017?source=email_alternative_energy_investing_oil_gas_dri_exp_0_9&ifp=0)

It has been quite a ride and it ain't over yet...

[http://seekingalpha.com/article/4033089-penn-west-risky-seen-worse?source=email\\_alternative\\_energy\\_investing\\_oil\\_gas\\_dri\\_exp\\_1\\_10&ifp=0](http://seekingalpha.com/article/4033089-penn-west-risky-seen-worse?source=email_alternative_energy_investing_oil_gas_dri_exp_1_10&ifp=0)

Perhaps I have been wrong all along. Perhaps...The future will be far better than the past. Perhaps...What goes up can continue forever upwards, and pigs will fly.

You believe what you want to believe. But to me, Ray Kurzweil is a brilliant nutjob! So often highly perceptive, but IMHO often wrong about the real world...in a self imposed cocoon of brilliance.

[http://seekingalpha.com/article/4033241-peeking-future-ray-kurzweil?source=email\\_macro\\_view\\_mar\\_out\\_2\\_7&ifp=0](http://seekingalpha.com/article/4033241-peeking-future-ray-kurzweil?source=email_macro_view_mar_out_2_7&ifp=0)

IMHO, the idea that continued exponential growth in a finite world will continue because some smart guy says it will is simply dumb.

For those who wait for news of the mythological EESU...sorry, we are still in wait and see mode. However 2016 was an encouraging year for EESstor Corp, if only because it signals that there will be big news of some sort in 2017.