THE ONLY GAME IN TOWN

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About Our Author

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Introduction: 'The Only Game In Town'

This work is designed to enable vision onto the condition of the 'global finance system' as relative to our corporate economy's which functions through the hands of imaginary people who operate and create systems with indoctrinated rules on behalf of our ever changing modern world of global finance in unthinkable ways.

The Global economy has suffered low growth and rising inequality despite the trials and implementation of global aid, outsourcing, and trade among other means toward the redistribution of wealth. This is to spurn growth, financial stability, and economic & personal gain. With such enactment, the probably of recession and market disarray is at a much greater rate of concern.

In our text, this economic specialist, has provided our individual and collective choice through times of economic uncertainty and financial insecurity. One such instance is that of the 2008 bank crisis for which he provides the industry response and probable outcomes as conditions of monetary policy experimentation and strategic repurposing of financial institutions to fix those economic whoa burdens to itself as much as consumers. As economic malaise fuels political extremism, the pause for managing inflation, promoting economic growth, and avoidance of future banking failures is taken within the confinement of our leadership within the central banking system. This house is the corridor most traveled for options and answers to defeat the challenges as barriers to restoration and industry liquidity. Within our central banks lays the future of our households, investors, corporations, and government.

Chapter 27 Capture

A World of Greater Divergence (IV)

Divergence: Deviation from a course or standard, Mathematically divergent

The first understanding El-Erian's readers must come into is that we've have been in the midst of two massive technological transformations encompassing both: (1) our Energy Sector and (2) the OPEC organization. It is within this change and hence changes that we find our global community redirecting it's course and re-adjusting economics and means of achieving economic satisfaction for each in-house economy.

Chapter Section 1

Part I:

The **Energy Sector** is surviving the digital technological advancements of the internet and it's mobility tools, applications and digitalization of systems. This rapid change is vital to test skills, adaptability, and institutional survival. At the micro level, there is the impact of disruptive technologies such as smartphones, tablets, access to movies, games, and information movement. This has enabled full exposure to the plausibility of 'disruptive' technology such as virus's or system flaws. Within the dynamics of a 'macro' level changes there is 'Shale Technology' altering the energy supply paradigm which directly and indirectly impacts supply of oil. It is redefining the mechanism used to dig for oil and altering the relative 'price' structure within the energy market place.

Shale is commercially important. It is used to make brick, pottery, tile, and Portland cement. Natural gas and petroleum may be extracted from oil shale. Shale is also a fine-grained, clastic sedimentary rock formed from mud that is a mix of flakes of clay minerals and tiny fragments (silt-sized particles) of other minerals, especially quartz and calcite. Shale is characterized by its tendency to split into thin layers (laminae) less than one centimeter in thickness. It is the ability to break-up shale as a means of unconventional development of oil and natural gas enabling use of American natural resources.

During Hydraulic fracturing, liquid and materials are injected at high pressure to create small fractures within the shale formations. This stimulates the production of energy to be extracted from underground well after the drilling has ended. Once this process is complete, the well is ready to safely produce American oil or natural gas for years. Hydraulic fracturing technologies enable greater access to oil, natural gas extraction, geothermal energy, or water from underground. As fracking has been in use since the late forties and Congressional laws are in place, the EPA establishes (1) guidelines, (2) enforcement, and (3) rule making as protections for human health and the air, water, and land where Americans live, work, and play.

China's Energy Sector Declines In Use

In 2014, China's reduction in growth rate and decline in energy use resulted in a high commodity intensity growth decline as less oil was purchased for product manufacturing. 3 billion toe of coal was consumed in China in 2014 66% of it's total energy consumption. The use of coal and thus coal consumption decreased as total energy use levels and production. It is believed that Urbanization can be an indirect driver of consumptive growth rates increased from 56% 2015 to 61% in 2020. Sustained growth in income will also stimulate service demands and energy use. It is suggested that as income increases there is less concern of 'material goods' and more towards services in education, communication, travel, and finance. These persons will choose cleaner energy options as more people move toward living in cities.

Part II:

Swingers

OPEC, the organization of the Petroleum Exporting Countries, consist of the largest oil producers and account holders for sizable portion of proven oil reserves around the world. It is importance and dominance has declined due to the emergence of other energy producers both traditional and non-traditional who undermine the necessity for it.

Within this construct are 'swing producers' who increase oil output when the dollar rises and decrease oil output when the dollar value falls. This has historically befallen the likes of Saudi Arabia, the largest producer with proven reserves and functioning under low cost production. They are able to withstand disproportionate large part of the output cuts. Before they took of the roll of market controllers, when oil prices collapsed to low levels, it'd threaten the stability of some of the lower-cost OPEC producers. It is difficult to 'regain' market shares after a decline.

An example of how output affects business is liken to the current Ukraine and Russia war which we know is redirecting and restructuring the barrel price as it shifts suppliers of oil. As Russia retains it's reserves typically exported it too will gain value as those who are wanting to utilize their reserves in market places for profit sales. As the world oil dollar value falls and production slows, however, it 'enhances' future value of reserves in ground.

Change in production paradigm now up and 'normal' natural market forces in defacto new swing to restore price equilibrium to oil markets. Lowered prices are a problem for countries such as Russia and Venezuela as it isn't then cost effective. Commodity prices lowered pushes commodity related companies into payment difficulties. This forces economical, political, and geopolitical changes.

Chapter section 2

HARNESSING DISRUPTIVE TECHNOLOGICAL INNOVATION

Our second zone of stage fright is focused upon, HARNESSING DISRUPTIVE TECHNOLOGICAL INNOVATION as it contributes to unstable distribution of future potential outcomes. There are two elements to this aspect of our text of:

a. Empowering individual to an extent deemed unlikely if not unthinkable
b. Deploying big data, artificial intelligence and the second machine age

We've all heard it characterized as a genuine 'race against the machines' era as human power is faced with thoughts of replacement with technological. This is so as a instrument of changing industry modes of in-action such as lenders erasing the need for brokers an connecting directly with borrowers online. Services such as Payoff aid oppressed credit and debt with virtual ease just as easy as Ellevate is said to connect women around the globe networking and building support systems for individuals withstand 'self-destruction' in economic turn-down state . It is seen in the eyes of business savvy entrepreneurs of Uber and AirBnB who stormed transportation and travel industry deleting street medallions and hotel stays. Technology too, in oil production and distribution, has an adjusted landscape which changes the conditions for entry and participation of both producers and consumers. The physical demands are curving towards 'virtual' giving rise to 'big data' as well as the 'phenomena of disruption'.

The Aftermath

In our text we find El-Erain's interpretation of the corporate aftermath from the global financial crisis having energized consumer protection initiatives. Countries and banks restructured and repackaged products to befit their clientele while building income and trying to regain financial health. This 'financial democratization phenomenon' has it's own sense of focal zones:

1. Widens sources
2. Reduces overhead
3. Improves financial terms
4. loanable funds
5. Intermediation cost
6. Offered to end users

All achieved as providers retain a holistic customer centered solutions to product and services for long-term and commercial success. It is barred under the notion of 'behavioral finance' assessing the cognitive and psychological factors which impact our financial behavior.

P2P Platforms Evolved

P2P is a acronym for 'peer to peer' lenders. It is a system which unites people in need of credit with others willing to lend. It services borrowers and lenders. Lenders earn higher returns outside of its standard fee and borrowers are bound to lower interest rates. The risk is 'borrower' default. This platform style has lowered barriers of entry and suffer of human natures desire to over involve, over consume and misuse. This structure, however, is broad based and can become a mechanism of criminal activity or laundering. It can insight or facilitate financing of drugs and terrorism.

Outlook: Expounding and Adapting Chapter Information

Part I : The Global Financial Crisis In Review

After the World Trade Center Terrorist Attack, Banks sold loans packaged as low-risk financial instruments such as mortgage-backed securities and collateralized debt obligations on Wall Street. This formed a secondary market. It is alleged the Securities and Exchange Commission (SEC) in 2004 reduced the net capital standards for five banks, Goldman Sachs, Merrill Lynch, Lehman Brothers, Bear Stearns, and Morgan Stanley creating great rates of leverage upon their initial investments and greater risk taking.

Signs of Trouble

As the interest rates began to rise in homeownership, the Fed started raising rates late 2004 and reaching 5.25% until 2007. By August 2007, is became apparent that the financial markets could not solve the onset of the crisis as it was resounding around the globe. The interbank market that evolves money globally froze completely. Banks had to access emergency funding in liquidation attempts fueled in a major bank announcing $3.4 billion dollar loss from sub-prime investments.

The Federal Reserve and other central banks then began to coordinate billions of dollars in loans to the global credit market which were halted as asset prices fell. The mortgage-backed securities had become diseased bundles on their books. Recession for the U.S. and world stock markets downward spiral set in fall of 2008. Back in January 2008 the Fed had cut its benchmark rate by 3/5th a percent point as it wanted to slow the economic slide.

2008 In a Flash:

1. Bear Stearns collapsed by March, acquired by JPMorgan Chase for pennies on the dollar.
2. IndyMac Bank became the largest bank to ever fail in the U.S.
3. Fannie Mae and Freddie Mac, the biggest home lenders, were seized by U.S. government

4. Largest historical bankruptcy of Lehman Brothers September was a symbol of devastation caused by the global crisis.
5. Financial markets were in a September free fall with the worst financial losses on record.
6. Unemployment rate increase and home foreclosures rose into the millions.
7. Plan was needed to stop the bleed and restore into a confident economy. The Wall Street bailout package was approved early October 2008. Troubled Asset Relief Program (TARP) where $442.6billion assets were bought and resold at a profit worked to move the economy again. The U.S. bank investment was recouped with interest as it too stabilized the stock market.
8. 500 banks failed between 2008 and 2015. Regional banks acquired by others along with depositors' accounts.
9. The primary 'bailout' banks were JP Morgan Chase, Goldman Sachs, Bank of America, and Morgan Stanley.

***The 2007-2008 financial crisis Ireland's vibrant economy fell off a cliff. Greece defaulted on its international debts. Portugal and Spain suffered from extreme levels of unemployment. Every nation's experience was different and complex.*

Part II: RUSSIAN ENERGY SYSTEMS

Throughout the past eight years, the Russian energy system were determined to have been out of date. This lead to the decision to digitize the Russian economy as announced in 2014. The Ultimate objectives would be to (1) ensure national security, (2) improve the quality of life, (3) promote industries operating in new technological environments. This implementation would forge new markets and leadership assertion as spelled out within their Energy Net Action Plan instilled between 2016 -2017. These new markets would be steeped in:

a. Smart energy technology and services
b. Importing 'target countries' technology
c. Asset modernization
d. Provide training support
e. Enable legislation refinement
f. Proxy Research centers, laboratory's, and experimental sites
g. Provoke systematically overcoming funding constraints
h. Full challenges of economic development

The digital transformation is necessary to remain relevant and competitive so Russia retains its sense of industry leadership. Electricity grid developments are predictors of such change as cities grow and commit to buying electricity from renewable energy. The country's current interest were in tune with introducing electrification, self-generation, and local energy solutions [micro grids]. It also promoted the 5G Network disbursement, data protection and high speed transmission in us of 'domestic' software by government agencies. These updates and other focal zones are indicated within the "Energy Strategy of Russia through 2035" plan.

AMR Technology

The Russian regulators are introducing regulations and guidelines that may change the dynamics of the industry leading players toward cooperation, changed roles new business models and new ways to approach end users. With their new approach to digitation is the implementation of AMR [automated reader] to provide accurate, real time data collected for energy consumption, AMR data, information for improving services and accommodating customers, focus upon new competitors in the form of large corporations, non-industry entrants, and small start-ups. It is seeking the admission of 'Smart Grids' as intelligent networks with digital processing and communication enabling continuous data flow and information management control. These are power grid networks coupled with information networks. This entails the preparation of organization for this future technology IS [information systems] training to generate a sense of connectivity with client business.

An example of this digital improvement in found within a Norwegian country featuring El hub, a central data hub established in 2019 for handling efficiency of distribution of meter readings. It provides high quality data and leveraging the digital potential derived from AMR systems.

Russia's Outlook 2018 and 2020

The energy and digital transformation was housed within strategic projects and plans which began with the onset of 2018.

Digital PDA Yantar Energo [personal digital assistant technology]

Internet of Energy Architecture

Energozapas : storage plant

Topaz : In progress portable power source- organic fuel creation in temperatures minus 40 onto plus 50 Celsius

Platform: Smart distributed energy

Cable Walker: transport Platform, maintenance, inspection, software automated expert Systems reducing the human factor

There were plans for Energy Net Technology as 5 systems developed and introduced in 2020 as:

a. Iserv [internet technology and management system developers
b. AN Systems,
c. Opti spark [Science, research development service industry]
d. Technotronics [internet technology and management system developers]
e. Don Energo Mash [multi-family affordable solar housing]

Conclusive Overview

Russian solutions are sought after in international energy markets. As this is the evolution and the Modern Worlds fourth energy transition seeking unconventional renewable energy source use, digitalization of energy sector, bigger roles of distribution generation, and development and improvement of energy accumulation and storage systems. These are the sole outcomes grounded in reasons of energy security, energy efficiency, more accessible and greener gas, and renewable energy competitive as innovations in the market reach critical phase.

Today, COVID-19 travel restriction and economic activity caused a collapse in demand on the heels of a price war between Russia and Saudi Arabia as OPEC and Russia has a breakdown in dialogue. Russia walked out on their agreement as it represented the fall of OPEC and it's alliances. Prices of oil products were cut by Russia and Saudi Arabia for the months of April through June 2020. By April 20th prices declined and stocks were negative in the market. A 65% quarterly fall was reported in the price of oil as an increase supply faced decreased demand causing a rapid and deep contraction in demand. This was an unprecedented 'reduction' in global consumption. The future's market in turn saw a shortage in storage space infringing upon it's negative price change.

The response of corporate entity's during this turn down were to: (1) decrease capital expenditures, (2) large layoffs, (3) draw on their lines of credit to shore up liquidity.

Now that we are well inside the 2022 year and Russian President Putin has declared war against the state of Ukraine, there is uncertainty in regards to many aspects of Russia's financials as it's dominant stanch with the country is sure to disengaged relationships globally. This upheaval in-turn, is an open door to opportunist, black markets, and investors who can weather a volatile stock market only to be sanctions by the 'imaginary' people who dictate and control our outcomes.

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