



Update September 30th 2015

Concerns as to systemic risk appear to have been allayed – for how long?

Markets are off to a stronger start in Europe following the Glencore, “We are not dead” conference”, allaying some of the systemic risk concerns - and by some modest month end re-balancing by investors. We however still see a lot of investors as “shell shocked” and likely to proceed cautiously as they grapple with slower growth and new potential sources of systemic risk.

We see the Federal Reserve issue as still hanging over the markets but discern increasing concern as to the likelihood of a “tail risk” event. Markets shall be moving in fits and starts, reacting to news or lack thereof.

US ADP data slightly better than forecast – so what?

US ADP data is slightly higher than expected. We remain of the view that the principal issues pertaining to employment are still the scarcity of new, high paid positions and the vast numbers of Americans who have dropped out of the labor force. We see the key shift in the US labor market in not only lower real wages but far less stability of incomes.

Labor market data remains at odds with the soporific recovery of the US economy as we move ever more towards a “sharing economy” reminiscent of the Southern Mediterranean of my youth.

Where is the change in macro-fundamentals? Weight of money unidirectional

We see no real change in economic fundamentals and remain cautious on the equity markets. We do not expect a major re-positioning by asset managers following month end, if anything, we may see more selling as fund managers scrounge for cash to repay EM investors. The weight of money argument remains quasi unidirectional. EM outflows are at a record since the financial crisis and we see this trend as accelerating.

Further pressure on risk assets shall be exercised by sovereign wealth funds prioritizing liquidity over returns, reflecting a shift from “keepers of the keys” for long term development to playing fullback for their beleaguered currencies.

Not surprised at Euro Zone deflation – Dumping and still slow internal demand are pushing prices lower

Turning to the Euro Zone, we are not surprised to see deflation once again. While much of this is being ascribed to the fall in energy prices, we also see this as reflecting the twin forces of still weak internal demand and lower priced imports from the EM sphere.

ECB's room for action limited – will they buy all of the bonds in the Euro Zone?

Whether this shall spur the ECB to yet greater efforts with regard to monetary measures remains unclear. On the interest rate front there is virtually no room left for action. As concerns bond buying – the next step is to simply buy up all the bonds in circulation.

Jean Ergas
(646) 780-8880
jergas@tigressfp.com
Twitter: @jean_ergas

Tigress Financial Partners
Member of FINRA / MSRB /
SIPC

500 Fifth Avenue
New York, NY 10110
(212) 430-8700

www.tigressfinancialpartners.com

To subscribe to Jean's Global
Macro Overview, order
customized reports, or gain
direct access to Jean, contact
research@tigressfp.com.



Research Highlights

September 30, 2015
Page 2 of 4

Need an increase in inflation or a stronger recovery

The fact is that these efforts have yielded scant results and that in the absence of either:

An increase in inflation

A stronger economic recovery

The real debt burden for Euro Zone companies shall increase.

This may in turn lead to insolvencies and further pressure on the banking system.

With regard to the Euro Zone – we remain cautious as to the “real economy notwithstanding the “good cheer” from Glencore and Euro Zone business confidence.

Should we weep or be amused? A sorry moment for a “master of the universe”!

We do not know whether to weep or be amused by Glencore’s protestations that they are not bankrupt! A sorry pass when one of the world’s commodities “master of the universe” is forced to fight swirling market rumors. We do not see the only major pressure coming from the banks but also from their suppliers. Commodity trading is built on long term relationships and confidence. Should confidence falter, it can all unravel very quickly.

We seem to have avoided the worst – for the time being. The Glencore situation is a stark reminder of how brittle investor sentiment is. While in 2008, the focus was on the financial economy, we are now increasingly looking at the “Nuts and Bolts” of industry. Up to investors to decide which harbors the most risk.

Tigress Financial Partners LLC - Member of FINRA / MSRB / SIPC

Research: (646) 780-8880 research@tigressfp.com

500 Fifth Avenue New York, NY 10110 (212) 430-8700 www.tigressfinancialpartners.com



Research Highlights

September 30, 2015
Page 3 of 4

Contacts

Jean Ergas
Chief Economist
(917) 551-6533 Direct
jergas@tigressfp.com

Ivan Feinseth
Chief Investment Officer
(212) 430-8730 Direct
ifeinseth@tigressfp.com

Philip Van Deusen
Director of Research
(646) 862-2909 Direct
pvandeusen@tigressfp.com

Brian O'Sullivan
Managing Director, Trading
(646) 798-8453 Direct
bosullivan@tigressfp.com

Ernest Williams
Institutional Sales & Trading
(646) 862-2912 Direct
ewilliams@tigressfp.com

Chris DeCarolis
Research Associate
(646) 402-6695 Direct
cdecarolis@tigressfp.com

About Jean:

Jean Ergas is the Chief Economist for Tigress Financial Partners LLC (Member FINRA, MSRB, SIPC) based in New York City.

He is an Adjunct Assistant Professor at New York University's School of Professional Studies and an Adjunct Faculty member at Manhattanville College. In 2014 he received the award for teaching excellence from NYU School of Professional Studies.

He is fluent in English, French, German, Italian, Spanish and Portuguese. He also has a certificate in Arabic – from NYU School of Professional Studies.

His career has spanned the complete range of macro risk analysis - energy / commodities with ENI - Global Fortune 500 17 - leading global natural resources group, capital markets with Swiss Bank Corporation (now UBS) and insurance / reinsurance with the A.M. Best Company. Jean contributes regularly to international media commenting on key macro-economic issues.

Jean is a member of the American Institute of Certified Public Accountants and has an MBA and an Advanced Professional Certificate in Accounting from New York University's Stern School. He has also passed the FINRA Series 7 examination.

Tigress Financial Partners LLC - Member of FINRA / MSRB / SIPC

Research: (646) 780-8880 research@tigressfp.com

500 Fifth Avenue New York, NY 10110 (212) 430-8700 www.tigressfinancialpartners.com

Research Highlights

September 30, 2015
Page 4 of 4

Research Report Disclaimer

This report is produced for informational purposes only and is not a solicitation to buy or sell any securities or services from any companies or issuers mentioned herein or to participate in any particular trading strategy or in any jurisdiction in which such an offer or solicitation would violate applicable laws or regulations.

Tigress research is distributed in the United States by Tigress Financial Partners LLC a registered broker dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA) and in Brazil by Gradual Investimentos, Gradual CCTVM S/A, a financial institution authorized by the Central Bank of Brazil.

The information contained herein has been obtained or derived from sources believed to be reliable but its accuracy and completeness is not guaranteed and should not be the sole basis of any investment decision but only to be used as a factor in the investment decision process.

This report does not provide individually tailored investment advice and has been prepared without regard to the individual financial circumstances and investment objectives of any person(s) receiving it. The analysis and conclusions herein are not a complete analysis of every material fact respecting any company, industry, or security. The opinions expressed in this report reflect the judgment of the author(s) at this date and are subject to change without further notice. Tigress Financial Partners is under no obligation to provide updates to recipients of any previously issued reports or recommendations.

The market value and expected income from any investment may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of the underlying companies or other factors. Past performance is not indicative of future performance. Estimates of future performance, research ratings and target prices are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the most recently available closing price on the primary exchange for the subject company's securities/instruments.

Securities are offered through Tigress Financial Partners LLC a SEC Registered Broker Dealer and a member of FINRA / MSRB / SIPC which clears its securities transactions and provides custody of client accounts on a fully disclosed basis through Pershing LLC, a subsidiary of The Bank of New York Mellon.

Securities in your account are protected up to \$500,000 of which \$250,000 can be for claims for cash awaiting reinvestment. Please note that SIPC does not protect against loss due to market fluctuation. For additional information please go to www.sipc.org.

In addition to SIPC protection, Pershing provides Tigress Financial Partners LLC client accounts coverage in excess of SIPC limits from Lloyd's of London, in conjunction with other insurance companies. The excess of SIPC coverage provides an aggregate loss limit of \$1 billion for eligible securities over all client accounts and a per-client loss limit of \$1.9 million for cash awaiting reinvestment within the aggregate loss limit of \$1 billion. The excess of SIPC coverage does not protect against loss due to market fluctuation. For additional information please go to www.lloyds.com.

Pershing's excess of SIPC coverage is provided by Lloyd's of London in conjunction with XL Specialty Insurance Co., Axis Specialty Europe Ltd., Great Lakes Reinsurance (UK) PLC and Ironshore Specialty Insurance Co.

About Tigress Financial Partners LLC

Tigress Financial Partners is a specialized financial services firm providing expertise and services in investment banking, investment research, asset management, corporate advisory and trade execution services.

Tigress Financial Partners provides its services to corporate entities, institutional investors, high-net worth individual investors, public and private pensions, federal, state and municipal governments.

Tigress Financial Partners LLC is a registered broker dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB) and the Securities Investor Protection Corporation (SIPC).

Tigress Financial Partners LLC is a Woman-Owned Business Enterprise (WBE) and is nationally certified by WBENC, the Women's Business Enterprise National Council.

Tigress Financial Partners LLC is a wholly-owned subsidiary of Tigress Holdings LLC and Gradual Holding Financeira S.A.

For further information please go to www.tigressfinancialpartners.com.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise without prior expressed permission in writing from Tigress Financial Partners LLC.

All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service of their respective owners.

© 2015 Tigress Financial Partners LLC. All Rights reserved.

Tigress Financial Partners LLC - Member of FINRA / MSRB / SIPC

Research: (646) 780-8880 research@tigressfp.com

500 Fifth Avenue New York, NY 10110 (212) 430-8700 www.tigressfinancialpartners.com