



Update November 3rd 2015

Discretion better part of valor – banks digging in for the long haul – cannot grow their way out of their problems

US futures are looking cautious this morning following weakness out of Europe, with Standard Chartered the latest bank to announce losses, massive staff reductions and scrapping of the dividend. This follows the measures announced by the other behemoths of the sector, Credit Suisse, Barclays and Deutsche.

Standard Chartered losses reflect slowing in emerging markets

We see as significant that the Standard Chartered losses are from their emerging markets operations – which have been their historical stronghold. The massive scale of the measures is indicative of scant faith in a short term turnaround in its key markets.

The lag between economic contraction / slowing and credit losses may now be closing. There are increasingly strong indications that these banks see the current challenges as structural and not cyclical.

Deutsche Bank and VW in crisis mode – is this Deutschland kaput – Europe kaput?

There is much concern about the German predicament, with its two market leaders Deutsche Bank and VW apparently “out for the count”. Market leadership does not automatically imply that these groups can single handedly steer the fates of the largest Euro Zone economy. Still, there shall be an impact.

Deutsche situation greater long term risk

We view the Deutsche situation as potentially harboring greater longer term consequences, with a further balance sheet contraction reducing credit to the German economy. The recovery - modest as it has been in the Euro Zone – has been achieved largely by the “sweat of the brow” of corporates struggling to improve cash flow from operations.

With regard to VW, we see the situation as complex with multiple pressure points. These include both business losses on lower sales and recall costs and also regulatory penalties. This is a scenario which shall take years to play out.

Shall ECB move – calls to arms on global growth growing louder

The ECB’s monetary policy and possible announcement of further measures is once again in focus. Will they or won’t they cross the thin line between talk and action in December? A “Return to Arms” may be triggered by increasing caution as to global growth, sparking a preventive move by the ECB.

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.

With regard to the US, the head of the US central bank shall be speaking today before the congress. We see a new use of the term “stabilizing” – where rather than indicative of stability in terms of GDP or other conventional measures, the reference is to a reduction in systemic risk. Conventional cyclical slowing is acceptable – sudden shocks are not.

Focus on commodities**Iron ore – one buyer spells trouble!**

China’s contracting factory production appears to have been cast to the side – with the impact of this data hitting commodities

With regard to iron ore - with growth expectations edging downwards and a quasi – monopsony – single buyer China, the omens are not good.

Oil – Statoil reduces investment spending

As concerns oil, industry price expectations keep being scaled down and capital projects cut. The industry is settling in for the long haul, with Statoil reducing its investment budget yet again.

A lot of oil parked in tankers – get ready for the long haul

The key question is when the capital investment cuts – elimination or deferral of incremental production in the medium term – shall start to work their way through to spot prices. We see the process as long and drawn out, with oil cheap and masses of supplies parked in tankers, buyers are not on the verge of panic.

We view as significant that not even reported binge buying by China for its strategic oil reserve is sufficient to light a fire under the market.

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 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