



Update December 29th 2015

Markets quiet and on part time shift – China skillfully utilizing market economy status issue to split developed economies – Is this the end of most of post Adam Smith trade theory? – Oil still low and no signs of apostasy by Saudi Arabia – We are not losing sleep over the Case – Shiller index!

US futures showing some hope! Oil stabilization and China reassuring noises

US futures are pointing to a stronger US opening, following an advance in Europe, where a slight stabilization of the oil price and some reassuring noises out of China have bolstered sentiment. We remain cautious on both fronts.

We are not impressed with China credit reassurances

Whether Chinese declarations as to maintaining credit growth to bolster the economy shall have any long lasting impact remains unclear. China's pivotal role as growth engine looks shakier as the key industrial sector falters.

Is this dumping or the new world trade order?

The world has not forsaken industry - it has simply out sourced it. We have regressed from the sophistication of comparative advantage – trade between developed economies and Ricardo's enduring legacy – to Smith's absolute advantage.

China's rise – wages of early stages of industrial revolution + WTO + internet – have rendered sophisticated trade models posited on trade between developed economies useless!

Developed economies split on market economy status for China

With regard to the re-organization of the global economic framework, the debate within the EU to grant China MES- market economy status is critical. While some see the granting of MES status as smoothing two way trade and investment – a view supported by Germany and the UK, there is a vocal group contesting the passage.

US and Italy – Just say no!

These include the US and Italy. The US rightly sees this as making it far harder to initiate actions for dumping. Italy sees its niche industries such as ceramics, focused on small and mid-size firms, threatened by annihilation.

Saudi Arabia more willing to cut budget than oil production

With regard to the oil price, we do not see any significant shifts in the supply – demand equation. Signs of financial pressures in the lead producer within OPEC - Saudi Arabia – have been countered with spending cuts and plans to sell stakes in state industries.

There is no immediate apparent plan to reduce oil production and we do not see pressure on the currency peg as changing this strategy. While reserves are dwindling they are still at a robust US Dollars 630 billion and debt is minimal.

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.

More investment cuts forthcoming from oil companies - Iran and Russia do not add to the good cheer!

We expect to see yet more capital investment cuts by the large oil companies as the “snap back” remains elusive and Iran appears intent to increase production to the fullest extent possible as soon as sanctions are loosened.

Declarations by the Russian Deputy Prime Minister that prices might fall to the US Dollar 25 level did little to lift morale.

Misplaced comparisons with regard to celerity of lower input costs pass-through

Whether we shall eventually see the much awaited pass-through from lower input prices hinges on the raw materials markets clearing without triggering sovereign or major corporate defaults, causing systemic ripples throughout the banking system.

We are not in a customary cyclical recovery

We see previous analyses of speed of transmission of lower oil prices as based on economies recovering from cyclical crises. The global economy was not in a situation where the financial system had not been shattered and the fate of several developed economies fate was hanging from the whim of a central bank.

A timid return to reason on the analytical front

On the analytical front, we are pleased to see a timid return to reason. Some analysts are now commencing to re-establish a correlation between economic growth and financial markets.

Any further stimulus from other central banks – now that the Federal Reserve has both ceased QE and started to raise rates- is seen as insufficient to counter economic weakness.

Shall be seeing US housing data – this is not the heart of the matter

With regard to US data we shall be seeing the Case – Shiller index and consumer confidence. Highlighting the market’s focus on systemic risk as opposed to signs of cyclical recovery, we see action on the oil front as outweighing any signs of life in the US housing market.

The critical point is that low energy prices can trigger massive linkages at the sovereign – banking and corporate level.

Contacts

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

Ivan Feinseth
Chief Investment Officer
(646) 780-8901 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

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