



**February 12<sup>th</sup> 2016**

***Gone with the wind market – banks no substantial change - co-co “potato masher” bonds shall not explode – oil, we live “tweet by tweet” – irrelevant whether US economy in recession, this was a complete travesty of a recovery***

***Are we in a “Gone with the wind “market”?***

*Tomorrow is another day might well have been the slogan yesterday for global investors yesterday as they were battered senseless. European indices were sharply down across the board and the banks were kaput. Today we are seeing markets up on a Commerzbank profit and first dividend since the Ice Age, soothing words from the Euro Zone and oil “exploding” with WTI still firmly anchored under US Dollars 30.*

***We see little as having changed with regard to fundamentals. Euro Zone growth date is not brilliant and US retail sales are once again confirming that if monetary policy is a “paper tiger” – the “oil dividend” is a dummy variable.***

***Pressures on banking have not disappeared***

*Is the banking “crisis” over? The answer depends on whether we define crisis as earnings erosion and being forced to de-risk to re-capitalize - or whether the auditors will have to insert a “going concern” paragraph in their report. We continue to see the overall picture as not positive for the sector.*

***Banks are caught in a vise, changing horses in mid-stream***

*Banks are caught in a vise as they need to shift their business model from capital devouring investment banking and trading to traditional lending business. This precisely at the moment when low or soon to be negative rates put their lending margins through the shredder. Talk about hitting people when they are down!*

***While some fear negative interest rates – the way the author of these lines remembers terror of “the evil eye” in his youth - we see this as relatively trivial. Current policies are bad enough and have yielded scant results.***

***Deutsche Bank has cash! All rejoice!***

*The morning’s news is that Deutsche Bank shall proceed with its bond buy back to the tune of a value of US Dollars 5 billion. This shall not include bonds which convert to equity in the event of a strategic retreat “a la Stalingrad” - and which like the famous German “potato masher” hand grenades of the war movies of my youth – explode on impact!*

**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.



### ***Be grateful for small mercies!***

*We find it to say the least “curious” that we have been reduced to the point where we are cheering that one of the world’s largest banks is not on the verge of collapse. **We may need to review the idea of progress as one of the cardinal supports our age.***

### ***We are now “twitter dependent”***

*With regard to the oil price- we have taken another step forward. We are no longer “data dependent” but “twitter dependent”. Messages sent heralding heads of agreement – drafted to be broken – as to converging views on production costs have lifted WTI to “wuthering heights”! We remain skeptical on two counts:*

### ***Agreement on oil – cheating shall pick up!***

*There have been many false dawns and investors have grown wary  
Even if such an agreement materializes – the cheating shall pick up speed. We see several producers as not having the reserves necessary to reduce production and wait for prices to rise.*

### ***We shall hold the door open for Assad!***

*With regard to political risk, there is a move towards a cessation of hostilities in Syria. We see this as a heaven sent opportunity for Assad to consolidate the government’s position and making an Assad without Assad solution as more acceptable.*

### ***Old World revert to its sedentary ways***

*On the Euro Zone front, we see the Old World as reverting to form. While GDP remains boisterous at + 0.3 per cent, industrial production has fallen and Italian growth has slowed to a snail’s pace of + 0.1 per cent. Italian debt to GDP is 132 per cent of GDP but was expected to start falling this year. Will this still be possible under this economic scenario?*

### ***Recession discussion largely irrelevant***

*The discussion on the chances of a US recession continue to rage with the usual coterie of the initiated busily dissecting the yield curve. While appreciating their efforts, we see the key point as not whether the US economy shall fall into a statistical recession.*

***An economy which fears a ¼ per cent rise in interest rates and is not excluding negative rates – 6 weeks after the central bank proclaimed that victory was at hand – cannot be categorized according to conventional business cycle metrics.***



### *We are not impressed by US retail sales*

*Last but not least, we have seen US retail sales, which pale in importance next to the risk of “hell in a very small place” Deutsche Bank headquarters in Frankfurt. We can only deduce that US consumers are still spending but without excessive brio.*

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

**Research: (646) 780-8880 [research@tigressfp.com](mailto:research@tigressfp.com)**

500 Fifth Avenue New York, NY 10110 (212) 430-8700 [www.tigressfinancialpartners.com](http://www.tigressfinancialpartners.com)



## Research Highlights

February 12, 2016  
Page 4 of 5

### Contacts

**Jean Ergas**  
Chief Economist  
(917) 551-6533 Direct  
[jergas@tigressfp.com](mailto:jergas@tigressfp.com)

**Ivan Feinseth**  
Chief Investment Officer  
(646) 780-8901 Direct  
[ifeinseth@tigressfp.com](mailto:ifeinseth@tigressfp.com)

**Philip Van Deusen**  
Director of Research  
(646) 862-2909 Direct  
[pvandeusen@tigressfp.com](mailto:pvandeusen@tigressfp.com)

**Ernest Williams**  
Institutional Sales & Trading  
(646) 862-2912 Direct  
[ewilliams@tigressfp.com](mailto: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](mailto:research@tigressfp.com)**

500 Fifth Avenue New York, NY 10110 (212) 430-8700 [www.tigressfinancialpartners.com](http://www.tigressfinancialpartners.com)

## Research Highlights

February 12, 2016  
Page 5 of 5

### 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](http://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](http://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](http://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](mailto:research@tigressfp.com)**

500 Fifth Avenue New York, NY 10110 (212) 430-8700 [www.tigressfinancialpartners.com](http://www.tigressfinancialpartners.com)