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Flash Note
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Last news in the Oil market. Second round effects on debt & equity markets.

- Andy Hall, the oil trader known to many as "God" and one of the best-known commodity dealers of the last three decades, said he decided to close his flagship hedge fund (Astenbeck Master Commodities Fund) amid a deteriorating outlook for oil prices next year.
- The trader stressed in a letter that the fact that OPEC has had to talk about further extending its production cuts is ultimately a sign of weakness, not of strength.
- Hall warned that U.S. shale firms would continue to flood the market, accentuating that with the WTI forward curve back above $50, shale operators will be able to profitably hedge incremental production for 2018.
- In sum, and according to the arguments described by the analyst in his letter to investors: “The medium-term outlook for oil still looks challenging with balances for 2018 having deteriorated in recent weeks”
- The potential implications:
  - ✓ This, as well as the bearish implications for oil price, points to the resurgence of second round effects that will contribute to the persistence of low inflation levels globally.
  - ✓ Positive for long dated bonds.
  - ✓ Positive for EM debt (specially those with external imbalances).
  - ✓ Positive for growth portfolios (Equities: Growth over value)

Kind regards

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