

Point of View

Analysis, Research and Comments
by the AVM Analysis Unit

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Year III – N. 6

From the Editor

Portfolio Manager's point of view



Changes in Italy:

I do not usually comment on politics, however in a 'post-referendum' scenario I will make an exception, in virtue of the possible effects that the outcome of the Italian referendum may have on the Italian market and perhaps reverberations that may follow throughout European markets. I certainly do not consider myself a "Renziano", even though I voted 'Yes' in the referendum. However, I never considered the possibility of voting 'No'. In my opinion the 'No' vote has been turned into an Italian post-war political fashion, to a referendum on the Prime Minister's premiership. This was done with the sole purpose to strengthen the Prime Minister's opposition. As the 'No' vote won the referendum, I felt great respect and agreed 100% with the resignation of Renzi, because this showed serious professionalism from his side, and I hope that this will bring with it Italian social and economic change.

Who will now govern instead of Renzi will need to help kick-start this social and economic change and be smart enough not to hinder it in any way. However, a continuation of the Renzi party will not be ruled out. It has been said that he will be plotting his return, as his political capital has not been entirely depleted. Renzi could be seen as one of the few to be able to save Italy from destruction. He leads an extremely "personalised" and "presidentialised" party.

A small comment to Renzi's "party comrades" who have pushed for the 'no' vote: You are meaningless and never will be anything. You are a serious burden to Italy and its democracy. You are and will continue to be communists – the biggest scam in this nation's history.

As I have already written before the referendum, we will remain bullish on stock markets. The victory of the 'No' in the referendum has not shocked the bullish momentum in the financial markets. It will only affect in part the percentage of Italian growth. A heavy movement may occur possibly, only, after the French general elections in the spring. As many continue to suspect, France will not go on to sustain its current social and economic conditions for much longer. At least until it will proceed to introduce radical reforms to correct its economic and fiscal framework. Therefore, it can be said that the outcome of the French elections will probably decide the future of Europe.

Giorgio Saronne
Portfolio Manager

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Markets

US Equity Markets: In the US, the equity rally may be prolonged until March or even April. The increased planning for infrastructure, tax cuts and buy-back policies being implemented by companies across North America represent a fundamental change that will spur growth. A strong dollar and rising inflation will both con-

tribute to boosting the positive outlook of the Financial Markets. We recommend having a portfolio that includes securities linked to inflation and equities linked to inflation.

EU Equity Markets: We are investing in Italian and European banking sector equities. The socio-economic situation in Europe

is a more unstable even whilst considering great growth opportunities due the low valuation of prices today.

Giorgio Saronne
Portfolio Manager

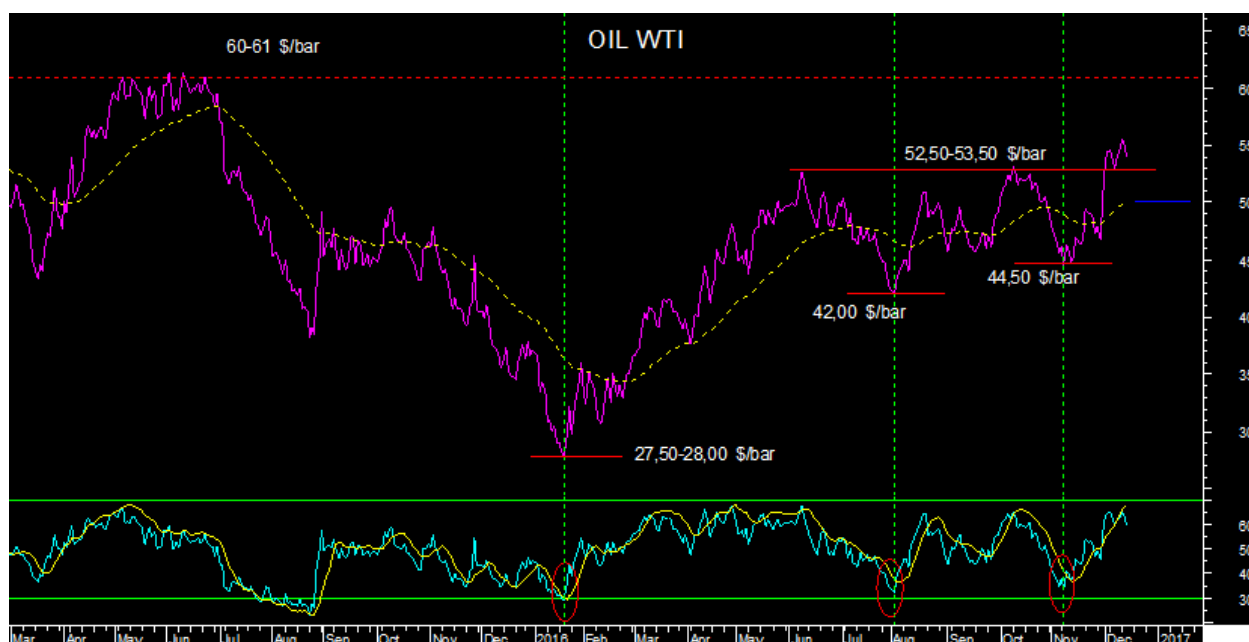
Other Analysis

Oil - The statistical excess notified last month at 45 \$/bar, as per our advice, has produced a technical reaction that re-settled the oil price close to 53/54 \$/bar, after a top at 54 \$/bar. The price targets set (48 \$/bar intermediate, 53 \$/bar final) were all reached. The power of the movement created a break out of the resistance level

that was set in June and that has held an up-trend movement of the WTI oil price. For this reason the positive medium-long term view has been confirmed. It is important to note also the statistical indicators that leave the possibility of a retracement, with first target at 50 \$/bar and second at 48 \$/bar. Close to these levels we

will consider buying positions as per our long term technical view, the up-trend is still highly probable with our target in area 60/61 \$/bar.

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