

23 January 2015

Death of King of Saudi Arabia

In the early hours of 23rd January 2015 Friday, Saudi Arabia's King Abdullah bin Abdulaziz Al Saud has died, and was succeeded by his half-brother Crown Prince Salman on the throne. Oil prices advanced after the announcement of the death by the Saudi Press Agency¹. This is due to concerns over possible changes in OPEC policy in the midst of the biggest drop in oil prices since the recent peak in June 2014.

King Salman, Saudi Arabia's new ruler, will probably stick to the oil policy of his predecessor, which is to maintain oil production levels to preserve market share even at the cost of depressing prices. This was in line with a speech read by the then-Prince on behalf of the late monarch on January 6 2015².

ECB Embarks on Trillion-Euro Asset Purchase Plan to Fight Deflation

European Central Bank (ECB) President Mario Draghi also announced a 1.1trillion euro (US\$1.3 trillion) quantitative easing (QE) package on Thursday. This will take place over at least 1.5 years, with a monthly purchase of 60 billion euros starting from March 2015 to September 2016.

Mr. Draghi hopes with the implementation of this plan, to add 0.4 percentage point to inflation in 2015, and 0.3 percentage point in 2016, according to a eurozone official. He also pledged to keep spending until there's a 'sustained adjustment in the path of inflation'³.

Our View

Oil -- Opportunities Still Present to Investors

With regard to the passing of the King of Saudi Arabia and the possible impact on OPEC policy, there is no need for you to be alarmed. With our research and analysis of information available to us, we maintain our recent investment call made on 19 January 2015 into oil and continue to see opportunities presented to clients in this area.

We will continue to monitor the oil markets and position your portfolio accordingly to maximize the opportunities available during this period of time.

ECB QE Program

Unicorn's Investing Committee has anticipated such a possible move by the ECB and has already factored that view when advising you on your current portfolio.

We strongly encourage clients to continue to invest diligently, to avoid the erosion of the value of your assets due to this impending inflow of liquidity due to the ECB's asset purchase program.

Source

¹Oil Jumps as Saudi King's Death Stokes Concern Over OPEC Policy
<http://www.bloomberg.com>

²Saudi Arabia's New King Will Likely Stick With Current Oil Policy
<http://www.bloomberg.com>

³Draghi Dodges QE Disappointment With Plan That Might Just Work
<http://www.bloomberg.com>

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