Weekly Market Review

***e*Research Corporation** is pleased to provide a review of the markets by Eddy Elfenbein of **Crossing Wall Street**.

Mr. Elfenbein introduces his commentary with the following quote from William J. O'Neill, American entrepreneur, stockbroker, and writer:

"90% of the people in the stock market, professionals and amateurs alike, simply have not done enough homework."

Read Mr. Elfenbein's analysis and market comments on the following pages.

Information about **Eddy Elfenbein** and **Crossing Wall Street** is provided at the end of this article. You can also learn about **Crossing Wall Street** by going to its blog website at: http://www.crossingwallstreet.com/.

***e*Research** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.ca.

Bob Weir, CFA
Director of Research

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in the Crossing Wall Street articles, and which is distributed by *e*Research Corporation, are strictly those of the Author and do not necessarily reflect those of *e*Research Corporation.

February 24, 2017

Crossing Wall Street: Weekly Market Review

by Eddy Elfenbein

BW: We have taken only an extract of Mr. Elfenbein's latest weekly article. If you wish to read the entire article, which includes stocks in his recommended portfolio, there is a link provided below.

You cannot keep a good market down! The Dow has now risen for 10 days in a row, which is the longest winning streak in 30 years. Not only that, but the bull continues to be unusually calm. The S&P 500 has now gone 91 days in a row without a 1% down day.

Can the market sustain this pace? The answer is no, but it is a tough game predicting exactly when the bull needs to take a rest. Our strategy continues to be: focus on high-quality stocks, and do not get scared out of them.

The Federal Reserve May Strike Soon

The Federal Reserve had a two-day meeting on January 31 and February 1. At the time, I told you not to expect them to make any moves on interest rates. I was right, and the Fed left rates unchanged.

This week, however, the Fed released the minutes from that meeting, and they indicated that some members want to see rates go up soon. This is important because higher rates can kill any rally, even one as durable as the current bull.

Like many things economic, the minutes are not very clearly written. All we know is that "many" members want to see rates go up "fairly soon." How many is "many" and how soon is "fairly"? That, I am afraid, is left shrouded in the mystery that only economists can penetrate.

For us who live in the real world, we can make some reasonable guesses and assume it comes down to the Fed's next two meetings. The central bankers get together again on March 14-15, and then again on May 2-3. The futures market now thinks there is a 38% chance of a rate hike in March, and a 63% chance of a hike in May. That latter figure is up from 49% at the start of this month.

The Fed always says they want to be flexible and focused on the data. While the Fed raised rates in December, the latest inflation data suggests that the rise in consumer prices completely negated the rate increase. So, it may be time for another.

Plus, there are now clear signs that the economy is getting better. This week, we learned that existing home sales rose to a 10-year high. Also, the four-week moving average on initial jobless claims dropped to a 43-year low.

What does this mean for investors? I continue to believe that investors should be defensive over the next several weeks. I do not expect the market to crash, but Wall Street's calmness will not last forever.

Interestingly, the S&P 500 Tech Sector Index just snapped a 15-day winning streak. Like other record streaks, it had never happened before. Then it ended.

Next week will be a busy one for economic reports. The durable-goods report comes out on Monday. On Tuesday, the government will revise its report on Q4 GDP. Then, on Wednesday, we will get reports on consumer income and spending, plus the ISM Index.

Be sure to keep checking the blog for daily updates, and I will have more market analysis for you in the next issue of *CWS Market Review*!

- Eddy

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BW: In the rest of the newsletter, Eddy reviews the earnings announcements of the companies on his Buy List. You can read about them and the entire article by clicking on the following link:

http://www.crossingwallstreet.com/archives/2017/02/cws-market-review-february-24-2017.html

Named by CNN/Money as the best buy-and-hold blogger, Eddy Elfenbein is the editor of Crossing Wall Street. His free Buy List has beaten the S&P 500 for the last six years in a row. This email was sent by Eddy Elfenbein through Crossing Wall Street.

BW: Information on Eddy Elfenbein and Crossing Wall Street follows on the next page.

ABOUT THE AUTHOR

Welcome to Crossing Wall Street

I started this Web site to help individual investors. I have to admit that I *love* the stock market. I think I must be an addict. In my opinion, the stock market is one of the greatest inventions in history. The stock market is simply the most consistently successful way to make money over the long term. Even after the financial crisis, stocks have still beaten every asset category over the long haul—bonds, commodities and real estate.

While the stock market may bounce around from day to day, and even month to month, the long-term trend has always been higher. Over the last 35 years, stocks have gone up 35-fold. And since the end of World War II, the stock market is up an amazing 120,000%. I wish I had been around! That was the beginning of an American financial revolution. Today, we're at the beginning of a *global* financial revolution. That is why I think the next 70 years will be even better.

The key to doing well on Wall Street is actually very simple: Buy and hold shares of outstanding companies. But too many investors never learn this valuable lesson. Or if they do learn it, they learn it the *hard* way. That is where I come in. I want to help investors avoid the mistakes that separate successful investors from those who always find themselves spinning their wheels.

There are lots of pitfalls on Wall Street. From shady companies that are more popular than they are profitable to a mutual fund industry that is more interested in its fees than serving investors. Todayis investors must be careful.

At Crossing Wall Street, I give investors my free and unbiased view of the market. I probably analyze dozens of companies every week. I am always looking over income statements and balance sheets. I've spent several years collecting my list of the best companies to own. This is my current Buy List. I've included a description of each company and its current share price. These are the ones that I make the most effort to follow on the site, but please feel free to ask me my opinion on any stock. I don't receive compensation from any of the stocks I recommend. Also, I don't "short" any of the stocks I criticize. At any time, I may own the companies on my Buy List. All of the information on this site is free and unbiased. I also have a section for Frequently Asked Questions that will help you learn more about Crossing Wall Street.

Please feel free to e-mail me. I enjoy getting feedback from investors. I am happy to give you my opinion on any stock or investing in general. I should warn you that I cannot give out personal portfolio advice, but all other topics are fair game. You can also check out some of my favorite links.

- Eddy Elfenbein

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