

PENNOCK IDEA HUB

eResearch Corporation is pleased to feature an investment article by Edward Pennock, who is a seasoned investment professional. He, together with other experienced investment specialists, has formed a comprehensive investment website known as **Pennock Idea Hub**.

One of the features of the website is **The Morning Call**, a daily article that features an insightful commentary on the market.

Today's article begins on the following page, and is entitled:

From the Cutting Room Floor and More

You can access the **Pennock Idea Hub** website at the following link:

<http://pennockideahub.com>

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Bob Weir, CFA
Director of Research

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.



Pennock Idea Hub

Research Reinvented

Wednesday, February 8, 2017

The Morning Call

From the Cutting Room Floor and More

After the completion of FOCUS, there is always lots left over. Insightful anecdotes. Pithy quotes. Supporting data. We did not get to use the whole thing about Teddy Roosevelt's "Bully Pulpit". The media has invented the expectation of the First 100 days. FDR succeeded, all others failed to change the country in that time period. The new President looks like he will do it. There is a table of their track record courtesy of Bespoke. Coolidge was +25%. Clinton +16% and Obama +12%. Reagan was +11% and Eisenhower + 10%. FDR did 9% per annum.

It is impossible to have a new Bull market without leadership from the Financials. We have read that deregulation will add \$40B to \$60B to their profits. That is consistent with numbers that were attributed to KPMG and Goldman during the late stages of the campaign. That would drop the Price to Book Value to 1.36 times. In 2003/2004 it was 2.3 times. The long term average is 1.79 times. Like the Birdie says Cheap Cheap. One complaint has been that no one was punished. Wells Fargo is cancelling the 2016 bonuses for their C-Suite. Finally. One of the Swiss strategists is quoted as saying that "the Bank trade is known but not crowded". We agree.

Generally, we see the stock trade not to be Crowded. The Bond trade sure seems that way. Many seem excited that the 10-year Treasury yield has subsided to +2.358%. The losses on Capital has eliminated 3 or 4 years of Coupon. There is no way we like that trade.

Claims dropped by -12K to be 234K. The prior lowest level was at 233K in November of 2009. The 4-week average was the lowest since 1973. Claims are below the 300k mark for the 101st consecutive week. Small wonder that oil was up +1%. We think that is a counter trend Rally. Gold is \$1241. That starts to have the Smell of a move off the recently tested support level.

Today the St Louis FED President will Speechify. So will Evans of Chicago. We sense that the market is caring less and less. The Trump Train is almost out of the Station.

Invest the Money.



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Do you remember today in 1964? The Beatles played Ed Sullivan and the world changed forever.

Regards,

Edward Pennock CFA, Founding Partner

ABOUT PENNOCK IDEA HUB

We are creators of independent equity research. The Pennock Idea Hub team members are veterans of the investment industry. Much of our team has spent their careers at Merrill Lynch, Deutsche Bank, RBC Capital Markets, and Wood Gundy. We have taken every aspect of research back to the studs and returned to first principles. The Pennock Idea Hub marries the interests of the sell- and buy-side.

We offer the best research for institutional investors by: only publishing research from veteran Analysts; eliminating the inherent conflicts of the traditional sell- and buy-side relationship; ensuring team accessibility; and collaborating with clients to nurture our collective success.

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