

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:

Catch 22 Days In Office

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

Friday, February 10, 2017

The Morning Call

Catch 22 Days In Office

Trump has done so much in so little time. Maybe we had become used to the genteel pace of prior administrations. Some so genteel that nothing got done. We do admire Trump for his Activity. He is also sticking to his Campaign promises. How refreshingly different! The market's comfort level that reforms are coming is thus strengthened. We don't think his "Base" gives a Damn about the missteps. He is the Teddy Roosevelt of this century." Give 'em Hell!"

With more confidence, the markets go higher. Trump re-affirming the "One China Policy" has taken a negative off the table. He has given Xi "Face". He will expect something in return. We have to believe that he will get it. The economy is accelerating. Yellen will put up rates, just not until June. Inflation will keep growing. Cramer is urging his audience to "Watch the Bond market. Not stocks." We agree. The ultra-low VIX compared to a more volatile MOVE Index just confirms his view.

Trump's 180 on China will bring out the Naysayers. The average guy does not care about KellyAne Conway endorsing Ivanka's clothing line. How many of those who voted for him will ever buy one? Did Flynn talk to the Russian Ambassador about Sanctions. Likewise, who cares? Just the talking heads in Washington. Remember that one cannot believe anything until it has been "Officially Denied". Abe is coming visiting today. The Nikkei is up +2.5%. Deal Coming?

Oil was up 1% yesterday. Up again today. The IEA says there is solid progress on OPEC Compliance. They put it at 90% plus. Amazing. Oil imports into the USA are rising. They were 9.4 mm bblspd as of last week. The 4-week average is 8.4 mm bblspd. That is almost a 10% rise since the fall. And that is despite rapidly ramping U.S. domestic production. It speaks to the U.S. economically-driven demand growth. Plus, La Nina is now officially over.

People are pointing to the letter writers who are 62.7% Bullish. That is an Institutional Investor service. Same guys that put John Tumazos on for 42 dream team citations. The last time their bullishness was this high was in 2004. Bullishness does not help with timing a reversal. As long as Trump keeps going with Tax and Regulatory reform, why jump? We suspect that when we look back at his Presidency, it was a Step Function. It is more like 1994.



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Invest the Money.

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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