

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:

She Talks the Talk; Will She Walk the Walk?

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.



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Research Reinvented

Wednesday, February 15, 2017

The Morning Call

She Talks the Talk; Will She Walk the Walk?

Yellen is back at it. The market is struggling a bit today because of the "Expected" news. Retail Sales. CPI. "Waiting too long to accommodate would be unwise", she said. She told us that "every meeting should be Live". March is back on the table? That is not in the Market. The 10-year yield rose to 2.47%. The WSJ USD Index to 91.26. Jobs are being created at a pretty good clip. Global Inflation is rising. The US PPI was +0.6% yesterday. Expect that to continue. The Economy is doing better than many expected. Deja Vue 1994. Markets got it. The FED was raising because the Economy was doing better.

Central to our Bullish case has been Housing. People had been borrowing against their houses at a \$350B per annum rate during the run up in 2003 to 2007. Between 2008 and 2010 that went to Net Zero. Households delevered. They reduced their household debt by \$1.5 T. That was part of the reason for such a slow Recovery. House prices have risen 40% since the 2012 lows. They are now close to the 2005 Peak. Only amongst the over 60 crowd is debt higher than before. People got burned. Many entered the Housing market that should not have. They don't want to risk it again. The SCE Credit Access Survey shows a large unmet loan demand. Rejection rates are high. Credit standards are too high for many. Combined Loan to Value, CLTV, is under 80%. Excess Value is down for the under 60 crowd. Those over 60 have seen that grow by 50%.

Bottom line: Housing Starts are running at half their normalized levels. Lots of Upside.

The Market is moving on Momentum. Not Hikes. Not Trump. Not Congress has stopped it. Trump is Pro Business. He is for deregulation. Emerging markets have done better than the Dow. Yet the U.S. Economy is doing better than the Rest of the world.

Invest the Money.

Regards,

Edward Pennock CFA, Founding Partner



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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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