

## 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:

### **Beware The Ides Of March**

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

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# Pennock Idea Hub

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Thursday, February 23, 2017

## **The Morning Call**

### **Beware The Ides Of March**

We enjoy the read that is the Macro Tourist. We agree with them, which helps. He postulates that the FED is behind the Curve. We agree. Yellen is starting to talk more "Hawkish". Every meeting is "Live". She could raise rates at the March 14th and 15th meeting. Hence the title of today's Morning Call.

The very interesting point from the Tourist is that, as the USD rallied, Gold held its highs. We are not sure what that means. But, don't fight the Tape or the FED.

We are in the thick of Earnings Season. Revenues are up 5%. Earnings are up +7.5%. Guidance is pushing higher. Question is whether it is enough? The market's verdict so far is positive. We have had 9 consecutive days of gains. That is the longest run since 1987. Will it be 10 days in a row? Oil is up 1.4% at \$53.33. The EIA Supply stats are coming today. Stay tuned. Also Gold is up +0.5%.

US gasoline demand is down by 5% since late January. This is out of context. A drop of this magnitude usually only occurs during a raging recession. Or, an oil price shock. The EIA's gasoline data is a "residual". It is also a lagging number, and prone to large revisions. There is no recession. There is no price shock. There is 23.6 mm bbls in storage as of a week ago. There was a similar build last year. Even with that, the five-year average for the week is 10 mm bbls. Vehicle miles were only up +0.5% over year-end. Pump prices are \$2.22. In 2014, they were \$3.60 a gallon.

It may give people reason to pause. So might the FED "Ides of March" rate raise. So, too, might the problem Brussels has with the EU package to save Banco dei Paschi. And, let us not forget that Greece is back on simmer. Their GDP is the size of Baltimore. Problems, yes. Momentum, yes.

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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