

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:

Do Calm Markets Mean A Crash Is Coming?

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

<http://pennockideahub.com>

eResearch 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

<p>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.</p>



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Research Reinvented

Tuesday, February 28, 2017

The Morning Call

Do Calm Markets Mean A Crash Is Coming?

Typically our technical problems boil down to user error - for the first time MailChimp failed us yesterday. For that we apologize. This edition of The Morning Call includes yesterday's draft that unfortunately never made it out.

Ed

What a great headline (above) from the WSJ. Contrarian anyone?

We just completed (on Monday) our 12th consecutive up-day for the S&P. Long run; small gain. It is up +3.9%. (*BW: The S&P/TSX Composite is up a meagre 0.9% year-to-date.*) Importantly, the S&P has not had a 1% down day for 93 days. Goldman has done the Research. Markets are up +4% in the next 3 months. +9% in 6 months. +15% the next year.

Yesterday, we experienced a problem with MailChimp. They erroneously categorized 9% of our email as bounce backs. They closed our account for Spamming. They were wrong. Yesterday's Morning Call was particularly good. The Market's confirmation is from the CoCo's. We are resending it here:

FED governor Kaplan spoke yesterday. "Rates need to Rise". The process should be done "Slowly and Patiently". Those words have the markets buzzing. The futures now predict that it is 50:50 whether the FED hikes in March. Remember, "Beware the Ides of March".

The Saudis are reported to be wanting \$60 Oil. Sure. I know what I want. The Calendar Contango spread has gone from 6 cents to 30 cents. Traders expect to see the Surplus to move to Deficit. The market should go from Contango to Backwardation. Confidence is wavering.



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At the peak, the Net Longs were 160mm bbls. It is now 127 mm bbls. Energy stocks are making new lows.

In a Bull market?

Another area of distress is retailing. Their stocks are back to levels not seen since the GFC. It is a combination of online encroachment and BAT concerns.

France's Q4 GDP was +1.2%. Their CPI was also +1.2%. Growth and Inflation are just what markets need.

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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