

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:
Just A Pause?

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

Tuesday, March 7, 2017

The Morning Call

Just A Pause?

"The positive assessment reflected in market valuations appears disconnected from real economy prospects," said the OECD.

The S&P just had its first back-to-back down-days since January. The Hedgies have been buying aggressively. It became a "can't miss rally". Their shorts are virtually non-existent. Lowest in decades. It was right. The S&P was up +4.6% between the Election and year-end.

Year-to-date, it is up another +6.1%. The question is whether the OECD is right. The long history of these "official" organizations is that they are never right. That does not mean that it is over. Are we slowing down? Cam Hui put on some Shorts (BW: He does not mean underwear!). The S&P broke its 5 DMA.

The [trade deficit rose 9.6% to \\$48.5 billion in January](#) from a revised \$44.3 billion in December, the government said. MarketWatch had forecast a gap of \$48.8 billion. Going the wrong way? Maybe? Does it mean that we are buying more? ie Economic Growth. We are inclined to say Yes.

Part of our thesis is that Europe is growing. "Made in Germany" goods were down by 7.4% from December. That is the biggest monthly drop since January 2009. Three times below consensus forecasts. Markets there are coming off, led by the Banks. Deutsche was down 2%. My 47 shares are worth less. (Intended). Longer term, our take is that, without a healthy banking system, there is no real recovery possible.

Are we getting more concerned? Yes! Is there a 1987 event out there? Maybe. Should we sell in May? Maybe. Until then ...

Invest the Money.

Notable anniversaries today are the 200th Birthday of BMO. Today ,in 1878, trading commenced on the TSX. About a dozen stocks were "Listed". Membership cost \$250.



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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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