

## 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:

### **Does Yellen Think It Is Safe To Go Back Into The Water?**

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

<http://pennockideahub.com>

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Director of Research

<p><b>Note:</b> 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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Tuesday, March 8, 2017

## **The Morning Call**

### **Does Yellen Think It Is Safe To Go Back Into The Water?**

David Tepper spoke to Cramer this morning. Just rolling back regulations will release the Animal Markets. Cramer lauded him as an impressive, smart man. He was willing to admit his mistakes. Contrast this with what Cramer said on Monday. "I believe these big money managers are cynical haters, not skeptical tire kickers. They are not wary buyers, they are unwary sellers. They despise the setup and find themselves wanting to sell everything at a moment's notice," Tepper made the case to Buy European Banks. Maybe even Deutsche. Tepper is going all in. We agree. Stay tuned.

The latest FED speak has got the Futures pricing in a 100% chance of a rate hike in March. The whole yield curve shifted up. The USD also moved up. The Macro Tourist postulates that the long April trade makes sense. The icing on the cake is, of course, that the ADP jobs number was 298K ( best since April 2014). It forecast 200K. That is data dependent. Interestingly, it is also the first full month of the Trump Presidency. Look out for Friday's job numbers.

The slowing of market momentum has brought the sellers out again. Experience shows that corrections happen over time and price. We are currently working off a highly overbought market. We find it curious that the China Trade Deficit went almost unnoticed. It is the first time in 3 years. One could argue that it means that domestic demand in China is on the rise. Very bullish. It could be that they lied and the number is bogus. Without a strong view, it is still a market positive.

The Trump Trade is a conundrum. It poses a problem for many managers. How to figure it out? Trump has A.D.D. Who knows what comes next? Morgan Stanley has published a Note suggesting that the market's action may not be that closely tied to the Trump Trade. David Tepper says that we should stop trying to figure it out. "Just go out and make some money". The old saying applies. "There is always a bull market somewhere. You just have to go and find where it is " May be the new bull market is in politics? Tepper finished by declaring that he is short bonds. We agree. The 10-year Treasury is trading at +2.565%. We have seen this movie before.



# Pennock Idea Hub

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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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