

## 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:

### **This Time Next Week It Will Be A Lot Clearer**

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

<http://pennockideahub.com>

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**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](http://www.eResearch.ca).

Bob Weir, CFA  
Director of Research

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# Pennock Idea Hub

Research Reinvented

Wednesday, March 15, 2017

## **The Morning Call**

### **The Future Is Now**

This is the day that we have been waiting for.

The Dutch are going to the polls. Wilder is not expected to win. Neither was Trump. A diplomatic spat with Turkey seems to be helping the incumbents. The weather is clear and cool. It should be a large turnout. We expect that the Russians have been in play. Their goal is to weaken the Eurozone and NATO. Stay Tuned.

The market has got itself to the point that a FED hike is expected to a "5" nines certainty. 25 basis pts. The FED is also expected to forecast 2017 GDP of +2.1%. Unemployment is down to 4.5%. Inflation is at +2%. The FED up with waiting? Here we go. Notwithstanding the nonsense of the DOT plots, they forecast 3 hikes this year AND next.

Oil bounced off 3 month lows. Trading is now at \$48.67. The IEA talked about the vast past supply. Inventory went down 237K bbls. Plexman said at lunch yesterday that demand continues to grow. The positive: the IEA optimistic forecasts are based upon nothing changing on the supply side. We don't think so. The API showed a surprise drawdown of 237K bbls in U.S. crude stocks. Equities bounced.

Retail sales this morning were in Line. Department stores were down -5.6%. Non-department stores were up +13%. This is the Amazon effect. Retail sales are being "Uberized". At risk are the department stores. More importantly, mall landlords are at risk. Anchor tenants typically pay low rents. Their job is to drive traffic. If they close, the rest of the tenants will demand rent reductions. Also, who will fill the vacant space? Amazon distribution centres?

The National Association of Home Builders Sentiment (NAHB) Index surged to 75 from 65 in February. It is back to June of 2005 levels. They said it was a direct result of Trump. They claim that 25% of the cost of a new home is "Regulation". Their sales expectations rose from 73 to 78. Buyer traffic climbed 8 points to 54.

Invest the Money.



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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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