

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:

Top of the Market?

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>



Friday, March 17, 2017

The Morning Call

Top of the Market?

Markets are strongly unchanged. One important divergence is the Transports. They are down -3.1% in the month. The Dow is up +1.5%. Transports are up +14% since the Election.

Yesterday 26 of the 30 Dow stocks were down. All of this is going on as Oil is down 7%. Asia is the fastest growing oil market. It is awash in excess oil. "Cuts are not enough to re-absorb the world's excess supply. So, unless oil demand growth rebounds to record levels in 2017, oil prices could head for another substantial fall," said Leonardo Maugeri, senior fellow at the Harvard Kennedy School's Belfer Center for Science and International Affairs.

Crude shipments to Asia are up 3% since December. Crude prices are down 10% in that period. The productivity improvements in the USA will allow them to increase production even as the price falls further. We went negative when the Saudis opened up the supply in 2014. Our view has been that the critical variable is demand. Thus, the IEA stats are closely watched. Every year for the past seven years they have under-estimated demand. It averaged 880K bbl per day more than they forecast. Stay tuned.

Industrial Production was flat in February. It was constrained by utility production. Capacity Utilization was up 0.1% at 75.4%. U.S. Manufacturing keeps on ticking.

We do not expect much from the Trump/Merkel meetings. If Trump gets out of line she will straighten him out. Temperamentally, she is way tougher. Politically, a dust-up with Trump will improve her own election prospects.

Populism is the "Plat du Jour". In Venezuela, the "Wheat" police are enforcing the edict that 90% of the wheat must go towards bread production. No chance they can "Eat Cake".

Yesterday, we deferred the piece about "They're What?" Amazon is selling beer and offering free delivery. "Happy" Saint Patrick's Day.



Pennock Idea Hub

Research Reinvented

Invest the Money.

On this day in 1997 there was a changing of the guard. Woolworth went out of the Dow. Walmart went in.

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.

#####