

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:

Quarter End and What Do We Know For Sure?

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

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Friday, March 31, 2017

The Morning Call

Quarter End

It has been a great Quarter. Thus, it is not unusual to see some profit-taking. The DOW and the S&P were both up 5%. Nasdaq up 9%.

The recent run on the Dow is the best in 10 years. The Nasdaq had the best quarter in 5 years.

The AII Sentiment for Bulls dropped from 56.7 to 49.5. Last month saw it peak at 63.1(that is 7 months in a row of higher numbers). That was also the highest level since 1987. The Bearish sentiment rose from 17.3 to 18.1. Those expecting a correction rose from 26% to 33.4%. The Ratio of Bulls-to-Bears fell from 39.4% to 31.4%.

We have looked at these as leading Indicators for many years. Are we wrong in thinking that these stats are becoming Coincident Indicators as opposed to Leading Indicators?

The other news this month is that money poured into ETFs. Their collective assets are up 5% in the quarter. That is \$130B looking mainly for stocks.

The PMI in China is positive. Not so in Japan or the Eurozone. Investor confidence is very high. Oil is holding at \$50. The 10-year is at +2.41%. The Eurozone CPI dropped from +2% SAAR last month to +1.5% SAAR. That is going to let Draghi ignore the Bundesbank and their perennial calls for austerity.

We watched Fed governor Dudley being interviewed on Bloomberg TV. Hard not to characterize him as neutral. Dovish even. Rates should be 1%-2% above the rate of inflation he said. Inflation is below 2% everywhere. (Except Venezuela.)

He also seemed to say that the FED's Balance Sheet Roll-Off would take some years. Sounds like letting the securities mature off the Balance Sheet.



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Thus, bonds will not become too large a competitive asset class relative to stocks.

Despite it being quarter-end ...

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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