

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:

Who Forgot the "Forgotten Man"?

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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Pennock Idea Hub

Research Reinvented

Monday, April 3, 2017

The Morning Call

Who Forgot the "Forgotten Man"?

Trump campaigned on the platform of the "Forgotten Man". The key is that they still feel positive. The \$35K to \$50K income bracket's Consumer Sentiment surprised to the upside. It was at 112. Those making more than \$50K were at 127. That is the Trump plus Republican base. Those making less than \$35K are mired at 79.3. That is Democratic territory. It would seem to us that sentiment is a set up for the quarter's earnings.

Revenue for the S&P is expected to grow +7.2%. That is the best in 5 years. 10 out of 11 sectors are expected to be higher. S&P's earnings are expected to be up 10%. That is the best quarter in 6 years. Small wonder then that the Advance /Decline is opening Q2 up 2:1. Nasdaq is making a new all-time high. The comparison with last year should be easy. Banks were hurt by earnings in Q1 2016. Energy stocks were battered by the low prices for Oil and Gas.

WTI at \$50 is going to help a lot. The Banks should also be doing a lot better than at this time last year. The VIX is below 12. The 10-year is trading +2.384%. It is a recipe for better stock prices. Oil is holding at \$50. The USD is also stable. That is surprising given the expectation for 2 or 3 more rate hikes.

We are focused on the lack of a break-down in Precious Metals. It is far from sure, but Gold is holding above \$1240. Silver broke out at \$18. Why? Is the market telling us that the hikes will be slower, or fewer, or both? That would happen if the blistering pace of GDP in Q1 were to slow. Could it be that the USA disappoints in terms of ongoing growth? Maybe Europe does better than anyone expects? With Trumponomics there is a real risk of stagflation. That answers questions raised by the market. Stagflation will hit the forgotten man.

Until we see the way, we stay engaged.

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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