

## 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:

### Day 2 of Q2

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

Tuesday, April 4, 2017

## **The Morning Call**

### **Day 2 of Q2**

The Market is looking for some guidance. The Dow went down 100 points and closed down only 13 points. The S&P was down 5 points. 7 of 11 sectors were down.

Materials, Technology, and Consumer Discretionary all lost. They are near to testing their 50 DMA. The PMI fell from 54.2 to 53.3. The ISM manufacturing fell from 57.7 to 57.2. Auto sales disappointed across the Board, but they did well in Canada. The car companies are now trading at multiples that forecast a recession. We are still waiting for earnings. Waiting for guidance.

The box-score has the 10-year trading at +2.33%. Those calling for a bond market rally have been spot on. We are not that positive. But, so far wrong.

Gold traded up through \$1260. Oil is holding above \$50. That has elicited more capex spending coupled with an uptick in hedging activity. We have read that some of the Caribbean tank farms are emptying out. If true, and if more than a regional effect, then it is time to take things seriously. For the time being, we are watching and waiting.

There is a tidal wave of money going into emerging market ETFs. (\$6.6B in Q1). This seems to indicate that there is a view that the U.S. growth rate will falter. If it were to happen, then the spread between the 10-year Bund and the 10-year Treasury would tighten. Down goes the USD. That "Carry Trade" thus looks crowded and a bit dubious.

Another reason that emerging markets may be performing is that Trump's protectionism is not being translated into LAW. The White House is moving from Decisive to "Muddling Through". There is nothing wrong with that.

We continue to believe that earnings are coming.

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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