

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:

Sage Advice

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

Wednesday, April 5, 2017

The Morning Call

Sage Advice

Who Cannot Remember The Past Are Condemned To Repeat It

There are lots that we do not understand. Why is Trump trying to revive the Healthcare fiasco? The market wants him to cut taxes. They need to see a Repatriation Pathway. But, the bottom line would seem to be jobs. Create jobs and the rest will take care of itself. Those blue collar jobs will spin off 1 or 2 other jobs. That is Trump's constituency. For all the craziness he does not seem to have forgotten that. His base is not wound up like CNN by all these goings on. They elected a "Disruptor". Trump is sure doing things differently. They are OK.

We are now focussing on Gold. If inflation gets out of hand, then the Fed will have to raise rates. All the recessions we can remember were caused by the Fed inverting the yield curve. We are not there yet. The real 10-year Treasury yield is 0.75%. Last summer it was negative. Inflation is rising. Stay Tuned.

Gold bottomed at \$1133. It is now approaching its 200-DMA. A breakout here would be significant. We have already written that we think Europe/Germany will pick up the pace of growth. That is relative. But faster is faster. That could cause the spread between the 10-year Bund and the 10-year Treasury to narrow further. That would cause the USD to fall. Good for all commodities. Good for Gold.

The S&P held its support on Monday. We have already rallied. There are plenty of Bears still out there. Set the stage for an upward move. We think a reasonable target is 2500. It could be higher. But the question is: what is there after tax reform and repatriation? We are not sure.

We do think that, in the longer term, we should begin to think about the end of the cycle. However, no-one should over-react to that. Things do not look nearly good enough to "Crash".

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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