

Weekly Market Review

eResearch Corporation is pleased to provide a review of the markets by Eddy Elfenbein of **Crossing Wall Street**.

Mr. Elfenbein introduces his commentary with the following quote from Benjamin Graham, investment guru.

“You can get in way more trouble with a good idea than a bad idea, because you forget that the good idea has limits.”

Read Mr. Elfenbein’s analysis and market comments on the following pages.

Information about **Eddy Elfenbein** and **Crossing Wall Street** is provided at the end of this article. You can also learn about **Crossing Wall Street** by going to its blog website at: <http://www.crossingwallstreet.com/>.

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Bob Weir, CFA
Director of Research

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Hosted by Eddy Elfenbein



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July 14, 2017

Crossing Wall Street: Weekly Market Review

by Eddy Elfenbein

BW: We have taken only an extract of Mr. Elfenbein's latest weekly article. If you wish to read the entire article, which includes stocks in his recommended portfolio, there is a link provided below.

The Market Rotates Against Consumer Staples

Twice a year, the Chair of the Federal Reserve heads off to Capitol Hill to testify on monetary policy. This is usually done near the hottest and coldest days of the year in Washington. A few times, I have gone down to the hearing rooms to watch. In fact, [once I got the seat directly behind Ben Bernanke](#).

On Wednesday, Janet Yellen gave what was interpreted as [a more dovish stand on inflation and interest rates](#). Perhaps she was trying to underscore the point that the Fed aims for a gradual approach toward rate increases.

As a result, we saw a lot of financial stocks lag the market on Wednesday. That makes perfect sense, because banks want to see short-term rates go higher. Still, over the past five weeks, financial shares have performed quite well against the overall market. This period, of course, included the Fed's last rate hike. I think that, in general, Wall Street has been surprised by the firmness of the Fed's stand on interest rates.

This is especially interesting, because the rise in financials has been matched by a dive in consumer staple stocks. I should explain that consumer staples are classic defensive stocks. This means that they are the type of business that is not much hurt by a broad economic recess. Folks really don't cut back on their toothpaste buying when the economy gets bad. Instead, they stop buying cars and houses.

When staples lag, as they are doing now, that is usually a signal of economic expansion, and the willingness of investors to shoulder more risk. The **Consumer Staples ETF (XLP)** has seemed to trail the market nearly every day since early June. Bear in mind that people like to buy these stocks because they are so conservative.

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Next Week

Next week will be dominated by earnings reports. However, there will be some key economic reports. On Wednesday, the housing starts report comes out. Then on Thursday, we'll get leading economic indicators plus the initial jobless claims. Jobless claims peaked more than eight years ago, and we're still close to multi-decade lows.

Be sure to keep checking [the blog](#) for daily updates, and I will have more market analysis for you in the next issue of *CWS Market Review*!

- Eddy

BW: In the rest of the newsletter, Eddy reviews the earnings announcements of the companies on his Buy List. You can read about them and the entire article by clicking on the following link:

<http://www.crossingwallstreet.com/archives/2017/07/cws-market-review-july-14-2017.html>



Named by CNN/Money as the best [buy-and-hold blogger](#), Eddy Elfenbein is the editor of Crossing Wall Street. His free Buy List has beaten the S&P 500 for the last six years in a row. This email was sent by Eddy Elfenbein through Crossing Wall Street.

BW: Information on Eddy Elfenbein and Crossing Wall Street follows on the next page.

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ABOUT THE AUTHOR



Welcome to Crossing Wall Street

I started this Web site to help individual investors. I have to admit that I *love* the stock market. I think I must be an addict. In my opinion, the stock market is one of the greatest inventions in history. The stock market is simply the most consistently successful way to make money over the long term. Even after the financial crisis, stocks have still beaten every asset category over the long haul—bonds, commodities and real estate.

While the stock market may bounce around from day to day, and even month to month, the long-term trend has always been higher. Over the last 35 years, stocks have gone up 35-fold. And since the end of World War II, the stock market is up an amazing 120,000%. I wish I had been around! That was the beginning of an American financial revolution. Today, we're at the beginning of a *global* financial revolution. That is why I think the next 70 years will be even better.

The key to doing well on Wall Street is actually very simple: Buy and hold shares of outstanding companies. But too many investors never learn this valuable lesson. Or if they do learn it, they learn it the *hard* way. That is where I come in. I want to help investors avoid the mistakes that separate successful investors from those who always find themselves spinning their wheels.

There are lots of pitfalls on Wall Street. From shady companies that are more popular than they are profitable to a mutual fund industry that is more interested in its fees than serving investors. Today's investors must be careful.

At Crossing Wall Street, I give investors my free and unbiased view of the market. I probably analyze dozens of companies every week. I am always looking over income statements and balance sheets. I've spent several years collecting my list of the best companies to own. This is my current [Buy List](#). I've included a description of each company and its current share price. These are the ones that I make the most effort to follow on the site, but please feel free to [ask me](#) my opinion on any stock. I don't receive compensation from any of the stocks I recommend. Also, I don't "short" any of the stocks I criticize. At any time, I may own the companies on my [Buy List](#). All of the information on this site is free and unbiased. I also have a section for [Frequently Asked Questions](#) that will help you learn more about Crossing Wall Street.

Please feel free to [e-mail me](#). I enjoy getting feedback from investors. I am happy to give you my opinion on any stock or investing in general. I should warn you that I cannot give out personal portfolio advice, but all other topics are fair game. You can also check out some of my [favorite links](#).

- Eddy Elfenbein

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