

## 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 Peter Lynch:

*“In business, competition is never as healthy as total domination.”*

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/>.

**eResearch** was established in 2000 as Canada’s first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: [www.eresearch.ca](http://www.eresearch.ca).

Bob Weir, CFA  
Director of Research

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# Crossing Wall Street

Your Guide to Financial Success

Hosted by Eddy Elfenbein



October 13, 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.**

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This Thursday will mark the 30th anniversary of the 1987 market crash, or “Meltdown Monday” as it has come to be known. On October 19, 1987, [the Dow plunged 508 points](#). In percentage terms, this was a loss of 22.61%. In today’s terms, that would be like a loss of more than 5,000 points!

Three decades later, the 1987 crash still ranks as the biggest one-day percentage loss in history. It is nearly double the second-biggest loss, which came in October 1929. With the modern “circuit breakers,” this record may never be broken. If the S&P 500 falls by 20% nowadays, the exchanges shut down for the day.

I often hear stock market “experts” predicting that another 1987 is about to come our way. I always think to myself, “oh, so you are predicting another 1,000% return over the next 30 years.” Yes, that is what the Wilshire 5000 did measuring from the market close on the day of the crash. And, if we include dividends, then the index is up more than 2,000%. The fact is that the 1987 panic was a great time to buy. (BW: No-one knew that at the time!)

That is an interesting lesson to ponder as we start the third-quarter earnings season. Over the next few weeks, reporting companies will tell us how business was during the summer.

### Three Buy List Earnings Reports Next Week

There is an interesting twist to this earnings season. Companies that generate most of their revenue from outside the U.S.A. are expected to see earnings growth of 7.9%. Yet firms that get most of their revenue inside the U.S.A. are expected to see earnings fall by 0.1%.

The big winner of this earnings season is expected to be the energy sector, but that is really because the comparisons with a year ago were so poor. The market is quietly changing before our eyes. For example, intra-market correlations are [the lowest they've been since the financial crisis](#). In simpler terms, the different market sectors have lately

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been doing their own thing. Normally, they tend to move together. This probably means that investors are willing to shoulder more risk.

Another example of this can be seen in the junk bond market. It is amazing how much things have changed since the financial crisis. Earlier this week, [junk bond yields in Europe dropped to 2.29%](#). That is an all-time low. Eight years ago, junk bonds in Europe were yielding close to 26%.

Here in America, a Federal Reserve interest rate hike in December now seems like a certainty. The release this week of the minutes from the Fed's last meeting showed that the central bank is dedicated to raising rates. Still, the Fed members [seem puzzled why inflation is still so low](#).

That is all for now. Next week will be dominated by earnings reports, but there will be some key economic reports as well. On Tuesday, the industrial production report comes out. Then, on Wednesday, the housing starts report comes out as well as the Beige Book. On Friday, Janet Yellen will be speaking, plus the existing homes report comes out.

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/2017/10/cws-market-review-october-13-2017.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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