

BNN MARKET CALL

eResearch Corporation is pleased to provide an excerpt from yesterday's BNN Market Call Newsletter.

It features the Market Outlook from a leading investment analyst with a commentary (see below) and a 45-minute video interview (see link [HERE](#)).

MARKET OUTLOOK

Robert McWhirter, President, Selective Asset Management
Focus: Canadian equities and technology stocks

U.S. 10-year bond yields broke above 2.5% in the first week of January and quickly rose to 2.94% on February 20. They have been in a narrow range since. In response to strong economic growth and concerns about rising inflation, the U.S. Federal Reserve is expected to raise the Fed funds rate three or four times in 2018.

Wolfe Research's quantitative strategist Yin Luo's recent report, *Positioning Your Portfolio For Rate Hikes*, suggested that rising rates may not be a near-term problem: "the (stock) market shrugs off the rate hikes and continues the rally."

He noted that stock selection becomes very important as "utilities, real estate, food, beverage, and tobacco stocks plummet in a rising interest rate environment (Phillip Morris and Altrius Group hit 52-week lows yesterday), while energy, banks, and transportation tend to react positively."

Our Canadian Dividend Strategy to February 28, 2018 has out-performed the S&P/TSX Total Return Index by 753 and 2,136 basis points on a one- and three-year basis. The strategy is well positioned for the current market outlook as we seek stocks that are less expensive than the market with above-average growth in earnings, free cash flow, and return on equity.

WEBSITE: Selectiveasset.com

BNN's Morning Newsletter and evening Market Call Newsletter can be delivered to your inbox by going to www.bnn.ca/subscribe.

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Bob Weir, CFA, Director of Research

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