

## **BNN MARKET CALL**

**eResearch Corporation** is pleased to provide two excerpts from Tuesday's BNN Market Call Newsletters.

Set out below are the respective Market Outlook commentaries from two leading investment analysts, plus Links to their respective 45-minute video interviews.

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### **MARKET OUTLOOK**

Eric Nuttall, Partner and Senior Portfolio Manager, Ninepoint Partners  
Focus: Energy Stocks

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Oil is in a multi-year-long bull market and WTI is likely to trade over \$70 a barrel in 2019 and over \$80 in 2020. The "oil glut" has disappeared, with OECD oil inventories falling by the fastest pace in history (334 million barrel surplus in January 2017 to a 20 million barrel deficit in March 2018), indicating an under-supplied market. With oil demand growth of about 1.8 million barrels per day this year and OPEC's continued strong compliance to its production cut, we see inventories continuing to fall and reaching a 10-year low by year-end.

Looking to 2019 and beyond, even with the full amount of OPEC shut-in production returning to the market, we see inventories continuing to fall in the coming years with spending, labour, equipment, and pipeline constraints on U.S. production and non-U.S., non-OPEC production about to enter into a multi-year decline. Eventually the oil price will have to rise high enough to rationalize demand in order to find balance, as the four- to six-year lead time on large-scale mega projects prevents the industry from reacting quickly enough to any price spike or supply interruption. While the U.S. is good, it is not good enough to meet global demand growth and offset the impact of non-U.S., non-OPEC production declines, with OPEC having limited ability to grow for the next several years due to under-investment.

While sentiment remains close to all-time historic lows, there are signs of optimism emerging. The energy market has begun to outperform the broader market even on days when oil is down. Strategists are upgrading the sector and corporate M&A has begun. We see the potential to make over 100 per cent on many situations. The risk versus reward in the energy sector has never been better in my 15-year career.

**VIDEO:** Eric Nuttall 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

**WEBSITE:** [www.ninepoint.com](http://www.ninepoint.com)

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## MARKET OUTLOOK

Ashley Misquitta, Senior Portfolio Manager at Empire Life  
Focus: U.S. Equities

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We are cautiously optimistic in the near-term where we see some positives. The positive impact of the tax reform bill is still in its very early days. Beyond that, some very large U.S. companies are likely to bring back some money that is currently held overseas. This is all in the face of very positive sentiment data from large and small businesses. At the same time, the U.S. Federal Reserve is continuing to raise interest rates and reduce the size of the balance sheet, the yield curve continues to flatten, and trade tensions are rising. In the coming months, investors should expect some strong rhetoric around trade and potential market volatility induced by these and other factors.

Looking beyond the short-term, however, I am optimistic about the investment opportunities in the U.S.A., which is an extraordinary global innovation engine and home to a growing working age population. Meanwhile, hydraulic fracking and horizontal drilling has turned the USA into an oil and natural gas superpower. These and other dynamics will be economic drivers and continue to help make America a market with vast investment opportunities in the long term.

From a portfolio perspective, we continue to focus on owning attractively valued, well managed businesses with sustainable competitive advantages, secular tailwinds, solid balance sheets, and robust free cash flow generation. We believe these attributes enable U.S. companies to get stronger in downturns and prosper in upturns, enabling us and our investors to benefit over time.

**VIDEO:** Ashley Misquitta 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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Bob Weir, CFA, Director of Research

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