

BNN BLOOMBERG MARKET CALL

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

Set out below is the Market Outlook commentary from a leading investment analyst, plus a Link to his 45-minute video interview.

MARKET OUTLOOK

Peter Hodson, Founder and Head of Research, 5iResearch
Focus: Canadian Small and Mid-Cap Stocks

Investors are a bit nervous these days, having seen more volatility in the first quarter of 2018 than they did in all of 2017. The U.S. market, in fact, has already had two official corrections this year. Caterpillar's "high-water mark" comments gave investors pause: If earnings growth is so great this year, what are comparisons going to be like next year? Can it get any better than this? Well, it can, but it raises a good point. Even though investors are nervous, expectations are still nonetheless very high.

So far, corporate earnings have been solid. Can you believe Amazon's web services division rose 49 per cent last quarter considering how big it is already? 80 per cent of S&P companies reporting so far have beaten earnings estimates. One thing we view very positively is that companies are starting to spend money again. Capital budgets are increasing and this is a good sign of confidence. For the past decade (post financial crisis) companies have been "worried" and now they are ready to spend again. This should help industrial and tech companies and we have already seen its impact in top line revenue growth at most companies. The market still looks OK to us.

VIDEO: Peter Hodson 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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Bob Weir, CFA, Director of Research

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