

BNN BLOOMBERG MARKET CALL

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

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

MARKET OUTLOOK

Michael Sprung, President of Sprung Investment Management
Focus: Canadian Large Cap Stocks

Since the end of the first quarter, North American markets have trended up as the U.S. economy continued to exhibit positive momentum and the Canadian market reflected strength in commodities, particularly energy-related commodities until most recently.

Volatility in the markets has been the result of continuing concerns regarding inflationary pressures and the potential negative impact that rising interest rates could have on the outlook for sustained economic expansion.

Geopolitical tensions have also had an effect on investor confidence. Internationally, the discourse between the U.S.A. and North Korea and some political chaos in Europe have been unsettling. From Canada's perspective, the trade negotiations surrounding NAFTA combined with the dysfunctional political environment with respect to the Trans Mountain pipeline are eroding investor confidence.

We have been of the opinion that valuations have been stretched following ten years of market advances. In this environment, value rather than momentum will become more important in stock selection as investors seek to minimize risk on the downside. Investors should continue to seek well-financed, well-managed companies that are selling at attractive price levels.

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

TWITTER: [@SprungInvest](#)

WEBSITE: [Sprunginvestment.com](#)

MARKET OUTLOOK

Bruce Murray, CEO of Murray Wealth Group
Focus: North American Growth Stocks

At the Murray Wealth Group, we believe the outlook for the markets remain constructive overall. The global economic picture is still quite bright, with real GDP growth currently forecast at 3.9 per cent. This healthy rate of growth, which is being led by the world's largest economies, will support a bullish market.

China's economy, while slowing, grew 6.8 per cent in the first quarter and will exceed the output of the entire EU this year. Meanwhile the USA (2.7 per cent), Germany (2.3 per cent) and Japan (1.5 per cent) are all experiencing growth rates at the higher end of recent years. Canada is expected to slip below 2 per cent for the rest of this decade.

Against this backdrop, the outlook for earnings is strong, particularly when combined with lower taxes in the U.S.A.

Market worries of rising trade issues are legitimate, particularly the issues raised by America against China. Moreover, Trumps tweets, which bounce between sticks and carrots, have been accompanied by higher market volatility. We must believe sanity will bring resolution of these issues.

The Federal Reserve Board has signaled higher rates, which the markets have so far absorbed. With inflationary pressures remaining low, we are not overly concerned about a need to squeeze the economy hard enough to cause a recession, at least not in the U.S.A. and most of Europe.

A number of factors will discourage investment in Canada. The consumer remains over-levered. In addition, there are concerns of higher taxes and a slowdown in the housing sector (both of which appear inevitable). Lastly, internal trade barriers will confine the exporting of oil, Canada's largest export.

We continue to find lots of stocks with solid growth prospects available at attractive prices.

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

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Bob Weir, CFA, Director of Research

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