

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 John Kenneth Galbraith:

“Economics is extremely useful as a form of employment for economists.”

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/>.

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May 4, 2018

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.

On Thursday, the S&P 500 closed at its lowest level in nearly a month. We have reached an important point for the stock market. For the last ten sessions, the S&P 500 has closed in a tight range between two key levels—the 50-day moving average on the high side, and the 200-day moving average on the low side.

This will not last. The more a support level is tested, the greater the likelihood that it will fail, and the 200-DMA is looking shaky. In fact, the S&P 500 spent some of the day on Thursday below its 200-DMA even though it eventually closed above it.

Don’t stress out about these technical levels. I just want you to be aware that the market will be choppy this spring. The storm that hit us in February is not completely gone.

This week, I want to say a few words about this week’s (*shudder*) Federal Reserve meeting.

The Federal Reserve Stays on Course

The Federal Reserve met again this week and, I will be honest, it was a snoozer. As expected, they did not raise rates. The central bank made [a few minor tweaks](#) to the last statement, but it was mostly a Xerox copy.

(Side note: Some traders [were in a tizzy](#) because the Fed deleted “near-term” from their standard boilerplate, “near-term risks to the outlook appear roughly balanced.” Please. They are way over-analyzing things.)

The big story is that the Fed appears ready to stay on the path they said they wanted to be on. Let me summarize the outlook for rate hikes at the next few Fed meetings.

June:	Yes
August:	No
September:	Yes
November:	No
December:	Maaaaaybe

Crossing Wall Street

Your Guide to Financial Success

Hosted by Eddy Elfenbein



I think it is almost a certainty that the Fed will lift their target on the Fed funds rate to 1.75% to 2.00% at their June 13th meeting. Next week, we will get the CPI report for April. I think it will show that real short-term interest rates (meaning, adjusted for inflation) are still negative. As much as the Fed has moved, they are still a long way from truly hurting the economy.

In fact, last Friday, we got our first look at Q1 GDP. The government said the [economy expanded at a 2.3% rate](#) during the first three months of the year. That is not as strong as I would like, but it is about in-line with how the economy has behaved during the current expansion. The jobs market is much better. In fact, we are hearing stories of [places like railroads](#) offering hiring bonuses. [Same with Disney](#). The important takeaway is that the economy is better and we are not at risk of slipping into a recession soon. This is good for the market.

Earnings season will start to wind down next week. There is not a lot on tap in the way of economic news. However, I will be very curious to see the next CPI report, which comes out Thursday morning. Inflation has been largely contained, but there could be evidence of some price increases, and that will have an impact on future Fed decisions.

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/2018/05/cws-market-review-may-4-2018.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 are 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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