

BNN BLOOMBERG MARKET CALL

eResearch Corporation is pleased to provide two excerpts from Monday'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

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

The oil market is chronically undersupplied and we forecast that OECD inventories will approach all-time lows by October 2020. The last time inventory levels were this low (February 2003), oil demand was only 80 million barrels per day (bbl/d) versus 102 million bbl/d this time. Even assuming tapering demand growth, the full resumption of 1.2 million bbl/d of shut-in OPEC production, U.S. supply growth above which pipeline constraints should physically allow, and not accounting for any further barrels removed from the market from Venezuela and Iran (which could be as much as 1.5 million bbl/d), this is the oil market's reality. Why does no one else see this? Is it that no-one has done the work?

We will be publishing our 2020 inventory forecast in the next week and will likely be the first to do so globally (we are not kidding). We believe oil will have to rally to over \$100 per barrel in order to kill enough demand to avoid inventory depletion below levels that are required for refineries to properly function. Given a four- to six-year cycle time (the time it takes from spending cash to bringing a large project online), 90 per cent of global oil production (basically everyone other than the USA) lacks the ability for the next four or more years to respond to either a demand-induced shortfall or a politically induced supply disruption.

Given the greatest historical divergence in the performance between oil and oil stocks in 2017 combined with our very bullish outlook on oil, we see over 50 per cent upside in energy stocks should they begin to reflect where the price of oil already is and over 100 per cent upside if we are even remotely close to being accurate in the next two years (we are using \$80 per barrel in our investment decision-making).

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

WEBSITE: www.ninepoint.com

MARKET OUTLOOK

Michael Decter, President and CEO of LDIC Inc.
Focus: Canadian Large Caps

We anticipate continuing volatility in view of trade negotiations and unusual unilateral announcements from the U.S. president. We expect the market to move higher over the balance of 2018 due to strong U.S. jobs growth. We also expect further interest rate increases that will be gradual. Growth equities are likely to outperform income equities as rates move higher. Canada will lag the U.S.A. on most economic growth increases, but there is room for Canadian equities to recover lost ground.

We expect the volatility to continue due to inflammatory statements from the U.S. president and fears of the economic consequences of a serious and prolonged trade war. Quarterly earnings remain a source of market confidence and a counter to the noise and uncertainty in the political sphere. China also remains a worry although the Chinese seem able to manage through many of their economic issues.

We really like "consolidations" as a category regardless of sector. Examples of consolidators that we continue to own for the long-term include Akumin (one of our Top Picks) and Boyd Group.

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

TWITTER: [@LDIC_Inc](https://twitter.com/LDIC_Inc)

WEBSITE: www.ldic.ca

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Bob Weir, CFA, Director of Research

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