

BNN BLOOMBERG MARKET CALL

eResearch Corporation is pleased to provide two excerpts from Thursday'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

**Chris Stuchberry, Portfolio Manager at Wellington-Altus Private Wealth
Focus: North American Equities**

We believe the summer doldrums are in full force and investors should not read too deeply into these quiet summer markets. Many stocks are having an incredibly tough summer, but there are a few managing to shine.

Year-to-date, breadth has been increasing although the summer feels very challenging. Sentiment is weaker globally, yet the leading markets are close to all-time highs. The NASDAQ continues to lead global markets higher and, although it does not feel like it to Canadians, the S&P 500, the broader U.S. index, is within a hair of breaking out to its all-time highs. We think the U.S. will lead global markets higher.

However, money has been leaving the S&P 500 as it holds close to its all-time highs.

Portfolios are seeing virtually all of their year-to-date gains in the U.S.A. as its currency and market have held up better than global peers and gains are expanding outside of the FANG stocks into some of the broader U.S. market. While this is happening, global stocks have been falling. Our approach has been to remain balanced globally and we have taken profits in winning U.S. stocks to buy some losing global stocks.

The bond market continues to concern us. Globally, bond yields remain far too low for 10 years into an economic recovery. We now have one more meaningful country increase rates as the Bank of England hiked interest rates to get themselves to the level they were in back in 2009. The two-year

U.S. government bond is nearly 2.65 per cent and a 10-year bond is approximately 2.88 per cent. There is just so little incentive to buy a longer-term bond and what we don't want to see is incentive to sell longer term to buy shorter term. We think it is likely the yield curve will completely flatten and invert in the USA and are holding a larger percentage of structural cash in order to safely navigate this period.

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

TWITTER: [@stuchberrygroup](#)

WEBSITE: www.stuchberrygroup.ca

MARKET OUTLOOK

Michael Sprung, President at Sprung Investment Management
Focus: Canadian Large Caps

Market participants are becoming more cognizant of the possible negative economic outcomes surrounding many of the political and geopolitical issues facing the world today. As a result, market volatility is increasing as speculators bounce between risk-on and risk-off stances.

Investors' concerns are very much centered around the ongoing international trade negotiations and the impact that they may have on future economic growth prospects.

The uncertainty regarding the positive and negative consequences of changes to trading patterns will cause investors to focus more on the fundamental drivers of the companies in which they invest in order to minimize downside risk.

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](#)

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Bob Weir, CFA, Director of Research

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