

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

**Rick Stuchberry, Portfolio Manager at Wellington-Altus Private Wealth
Focus: Canadian Large Caps and International ADRs**

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. markets will lead global markets higher.

Currently, portfolios are seeing virtually all of their year-to-date gains in the USA, as its currency and market have held up better than global peers. 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. We have taken profits in winning U.S. stocks to buy some losing global stocks.

The bond market continues to be a concern. Globally, bond yields remain far too low for 10 years into an economic recovery. We now have one more meaningful country increase rates after the Bank of England hiked to get 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 very little incentive to buy a longer-term bond and what we do not 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 U.S.A. We are holding a larger percentage of structural cash in order to safely navigate this period.

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

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MARKET OUTLOOK

**Alex Ruus, Portfolio Manager at Arrow Capital Management
Focus: North American Equities**

Following an up-and-down start to 2018, prospects for the coming year look solid. The U.S.A. and global economies are growing solidly, unemployment is at its lowest level in a decade, and interest rates remain reasonable. Increasing trade tensions driven by President Trump are causing some volatility in the market, but solid growth is offsetting this.

With a growing USA leading the global economy forward, the backdrop for the coming year is positive. The increased volatility so far this year is generating some heartburn for skittish investors, but it ultimately leads to better opportunities for those willing to focus on buying solid leaders.

Security selection is likely to be increasingly important over the coming year as we see some remarkable divergences in performance from different areas of the market. The Leaders fund is taking advantage of this year's volatility to buy some very attractive investment opportunities.

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

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Bob Weir, CFA, Director of Research

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