

## **BNN BLOOMBERG MARKET CALL**

**eResearch Corporation** is pleased to provide an excerpt from Tuesday's BNN Bloomberg Market Call Newsletter.

Set out below is the Market Outlook commentary from a leading investment analyst, plus a Link to his 45-minute video interview.

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### **MARKET OUTLOOK**

**James Telfser, Partner and Portfolio Manager at Aventine Asset Management  
Focus: Canadian Equities**

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As we look out to the final quarter of the year, we can see a scenario where global allocations, which have been laser-focused on the U.S.A., revert back to other markets, like Canada. Valuations are attractive outside of the USA, with Canada specifically trading at a three-turn discount on a price-to-earnings basis. We believe that this spread will narrow as investment flows change direction.

While we are still a way off from lifting the complete overhang on Canada, we did just knock off two major issues holding back investment: NAFTA and LNG Canada. This means investors globally can have a little more confidence investing here. We believe these recent overhangs have been instrumental in holding back our financials, industrials, and materials sectors. Our call for a rebound in these sectors has been a tough one given the continued pressure we are witnessing, but we believe valuation multiples have compressed too far in view of the current backdrop.

In the short term, we are positioned more cautiously now compared to the beginning of the last third quarter, as we see the speed rates have moved higher, creating some volatility which will need to be absorbed. Technology stocks are hovering around critical levels, especially the FAANG complex, which is worth monitoring as they have been a major driver for overall market returns both in the U.S.A. and Canada. On the other hand, with the strength of recent U.S. economic data and positive earnings trends, we expect this to resolve to the upside especially given the historical strength of markets during mid-term elections in the USA.

**VIDEO:** James Telfser's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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Bob Weir, CFA, Director of Research

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