

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

Joanne Hruska, Market Strategist at Integral Wealth Securities
Focus: Canadian Oil and Gas Stocks

The Canadian oil and gas sector continues to struggle due, in large part, to the bureaucratic quagmire (including Bill C-69) stifling pipeline infrastructure creation. This had led to record differentials and, in recent weeks, all of these stocks have cratered. After the many years of a downturn in Canadian energy equities, we still feel that some companies will be able to handle short-term pain posed by low prices better than their peers. The number of companies as well as investors, analysts, and funds in the Canadian energy space has decreased dramatically. We feel that once differentiation begins, it will be extremely polarizing to the have and have-not companies.

At the time of my last appearance earlier this year, we owned light oil companies and were staying away from heavy oil stocks due to differentials. We were also avoiding gas names because we thought low prices were going to lead to lower production following a drop-off in hedges. Although we have not changed our minds on oil names, in June, we advised clients to start dipping their toes into well-capitalized gas companies with good assets. Though the sector is extremely cheap, we are still warning investors to be selective. Focus on companies composed of strategically-minded boards and management teams, with outlooks extending beyond next quarter, with a clean balance sheet, and with lower operating costs.

VIDEO: Joanne Hruska's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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MARKET OUTLOOK

Bruce Murray, CEO of The Murray Wealth Group
Focus: North American Growth Stocks

At The Murray Wealth Group, we believe the outlook for the markets remain constructive overall and investors should continue to hold and invest more at these lower market levels. The global economic picture is still quite bright, with real GDP growth currently forecast at over 3 per cent. This healthy rate of growth, which is being led by the world's largest economies, will support a bullish market.

China's economy, while slowing under the American tariff war, is still growing at rates of over 5 per cent and will exceed the output of the entire EU this year. We expect a resolution to the USA-China trade tensions before Trump leaves the White House. Meanwhile, the U.S. is growing at rates approaching 4 per cent GDP, and Europe and Japan are experiencing growth rates at the higher end of recent years. Canada is expected to slip below 2 per cent for the rest of this decade.

Against this backdrop, the outlook for earnings is strong, but will slow into the 5 to 7 per cent range in 2019 as we annualize the lower tax rates in the U.S.A.

The globe's major central banks have all signaled that higher rates will continue to be brought in as we reverse quantitative easing. But, with inflationary pressures remaining low, and with the market's reaction over the last six weeks, we are not overly concerned that there will be a need to squeeze the economy hard enough to cause a recession, at least not in the USA and most of Europe.

A number of factors will discourage investment in Canada. The consumer remains over-levered and there are concerns of higher taxes and a slowdown in the housing sector (both of which appear inevitable). Lastly, internal trade barriers will confine the exporting of oil, Canada's largest export.

We continue to find lots of stocks with solid growth prospects available at attractive prices.

VIDEO: Bruce Murray's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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Bob Weir, CFA, Director of Research

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