

Weekly Market Review

eResearch Corporation is pleased to provide a review of the markets by Eddy Elfenbein of **Crossing Wall Street**.

Mr. Elfenbein introduces his commentary with the following quote from Charlie Munger (Berkshire Hathaway):

"It is waiting that helps you as an investor, and a lot of people just cannot stand to wait."

Read Mr. Elfenbein's analysis and market comments on the following pages.

Information about **Eddy Elfenbein** and **Crossing Wall Street** is provided at the end of this article. You can also learn about **Crossing Wall Street** by going to its blog website at: <http://www.crossingwallstreet.com/>.

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November 2, 2018

Crossing Wall Street: Weekly Market Review

by Eddy Elfenbein

BW: We have taken only an extract of Mr. Elfenbein's latest weekly article. If you wish to read the entire article, which includes stocks in his recommended portfolio, there is a link provided below.

October has mercifully come to an end. The S&P 500 shed nearly 7% during the month, making it the worst month for stocks in seven years. The Nasdaq suffered even more. The tech-heavy index was down over 9% for the month.

The good news is that there has been some relief lately. The S&P 500 has rallied more than 1% for the last three days. That has not happened in more than two years, but don't think the storm has passed. As long we are below the 200-day moving average—and we are—then there is a threat that we will move lower. The market loves to “test” its low once or twice before making its next move.

The End of Red October

October was a very bad month for stocks. The major event came on October 3, when Fed Chairman Jay Powell said that we are a “long way” from neutral. The markets took the clue. Later in the month, we learned that mortgage rates touched a seven-year high. After that, we got a bad housing report, which spooked the bulls even more.

I think the market has forgotten that housing can have a bad year. Not every slowdown means a global bust-up like we had ten years ago. But, lately, just about any stock related to housing has felt the pain. With the general market wooziness, some tech stocks have been caught up in the selling, but most of the damage has been related to anything involved in construction. The S&P 500 Materials Sector dropped 16% in a little over one month.

However, the market had a dramatic turnaround this week. From Monday's low to Thursday's close, the Dow gained more than 1,250 points. (BW: it dropped 110 points on Friday.) I tend to be wary of such strong “contra-trend” moves, especially when there is so little to justify it. On Monday, the stock market had a pronounced reversal. A morning rally was wiped out. The difference between Monday's high and low was over 900 points. On Monday, the S&P 500 got as low as 2,603.54. That is 11.5% below the intra-day high from September 21.

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Crossing Wall Street

Your Guide to Financial Success

Hosted by Eddy Elfenbein



The key for investors is the 200-day moving average. Historically, volatility is much higher below the 200-DMA than above it. Even with this week's nice bounce, the S&P 500 is still about 1% below its 200-DMA. But a short burst is not a convincing move. Expect to see the S&P 500 back below 2,650 soon. Until then, make sure you have a well-diversified portfolio of high-quality stocks.

The big news next week will be the mid-term U.S. elections on Tuesday. There will also be another Federal Reserve meeting on Wednesday and Thursday. Don't expect to see any move on interest rates. The policy statement will come out on Thursday at 2 pm ET. I am also curious to see Monday's ISM Non-Manufacturing Index. The last report was the highest since the index was created ten years ago.

Be sure to keep checking [the blog](#) for daily updates, and I will have more market analysis for you in the next issue of *CWS Market Review*!

- Eddy

BW: In the rest of the newsletter, Eddy reviews the earnings announcements of the companies on his Buy List. You can read about them and the entire article by clicking on the following link:

<http://www.crossingwallstreet.com/archives/2018/11/cws-market-review-november-2-2018.html>



Named by CNN/Money as the best [buy-and-hold blogger](#), Eddy Elfenbein is the editor of Crossing Wall Street. His free Buy List has beaten the S&P 500 for the last six years in a row. This email was sent by Eddy Elfenbein through Crossing Wall Street.

BW: Information on Eddy Elfenbein and Crossing Wall Street follows on the next page.



ABOUT THE AUTHOR



Welcome to Crossing Wall Street

I started this Web site to help individual investors. I have to admit that I *love* the stock market. I think I must be an addict. In my opinion, the stock market is one of the greatest inventions in history. The stock market is simply the most consistently successful way to make money over the long term. Even after the financial crisis, stocks have still beaten every asset category over the long haul—bonds, commodities and real estate.

While the stock market may bounce around from day to day, and even month to month, the long-term trend has always been higher. Over the last 35 years, stocks have gone up 35-fold. And since the end of World War II, the stock market is up an amazing 120,000%. I wish I had been around! That was the beginning of an American financial revolution. Today, we are at the beginning of a *global* financial revolution. That is why I think the next 70 years will be even better.

The key to doing well on Wall Street is actually very simple: Buy and hold shares of outstanding companies. But too many investors never learn this valuable lesson. Or if they do learn it, they learn it the *hard* way. That is where I come in. I want to help investors avoid the mistakes that separate successful investors from those who always find themselves spinning their wheels.

There are lots of pitfalls on Wall Street. From shady companies that are more popular than they are profitable to a mutual fund industry that is more interested in its fees than serving investors. Today's investors must be careful.

At Crossing Wall Street, I give investors my free and unbiased view of the market. I probably analyze dozens of companies every week. I am always looking over income statements and balance sheets. I've spent several years collecting my list of the best companies to own. This is my current [Buy List](#). I've included a description of each company and its current share price. These are the ones that I make the most effort to follow on the site, but please feel free to [ask me](#) my opinion on any stock. I don't receive compensation from any of the stocks I recommend. Also, I don't "short" any of the stocks I criticize. At any time, I may own the companies on my [Buy List](#). All of the information on this site is free and unbiased. I also have a section for [Frequently Asked Questions](#) that will help you learn more about Crossing Wall Street.

Please feel free to [e-mail me](#). I enjoy getting feedback from investors. I am happy to give you my opinion on any stock or investing in general. I should warn you that I cannot give out personal portfolio advice, but all other topics are fair game. You can also check out some of my [favorite links](#).

- Eddy Elfenbein

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