

## **BNN BLOOMBERG MARKET CALL**

**eResearch Corporation** is pleased to provide two excerpts from Friday'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.

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### **MARKET OUTLOOK**

**Tim Regan, Managing Director at Kingwest & Company**

**Focus: North American Equities**

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The correction of the past three months has weighed on all of our nerves. Although it could persist a while longer, we don't yet have a functioning crystal ball. Still, we don't think the bull market is over.

Investors exiting the market, exacerbated in part by tax-loss selling in December, have amplified the downside. The main concerns are the Trump-manufactured trade conflict between China and the U.S.A., rising interest rates, and fractious politics around the globe. While significant, the USA-China discord will only slow the American economy a little: it will not cause a recession. Similarly, interest rate increases at the current muted pace will not stop economic growth.

These concerns are all well-known and more than counter-balanced by GDP growth that is expected to continue at the pace of the last few years through 2020, low unemployment rates, and low-level interest rates.

We feel that this is a correction and nothing more. In the short term, emotion leads to over-reaction, greater volatility, and uncertainty: It is human nature. However, these times provide the opportunities for tomorrow.

Meantime, the stock market is about as cheap as it has been since 2009. The forward price-to-earnings (P/E) on the TSX according to Bloomberg is 12.8 times, while the forward P/E on the S&P 500 is 14.6 times. All this with 10-year bond yields still under 3 per cent. These levels are certainly not justified and loads of good opportunities abound.

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

**WEBSITE:** [kingwest.com](http://kingwest.com)

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## MARKET OUTLOOK

**Jeff Parent, Chief Investment Officer at Castlemoore Inc.**

**Focus: Technical Analysis**

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The mini-bear market beginning with the drop on October 10 and 11 may have created some short-term buying opportunities for those that hold cash, like the disciplined investors who placed stops.

Many support lines were broken and, based on the steepness of the decline, caused even the long-term investor to reduce their positions. The sell-off looks to be partially due to a valuation readjustment and partially due to emotions. As value investors dig through the rubble, they will add support and help bring prices back to a reasonable level.

For the medium- and longer-terms, there is no substantial buying signal, although that could come quickly. The support on the S&P 500 at 2,627 is now resistance. A move above this level or even the shorter-term moving averages (35 - to 50-day) will be positive. The best comment that can be made today is that the dividend yields are encouraging.

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

**WEBSITE:** [castlemoore.com](http://castlemoore.com)

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