BNN BLOOMBERG MARKET CALL

***e*Research 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

Robert McWhirter, President of Selective Asset Management

Focus: Canadian Dividend and Small-Cap Stocks

From October 11 to the close on December 27, the S&P/TSX index declined 7.5 per cent, the S&P 500 was down 8.8 per cent, the U.S. 10-year bond yield declined 15 per cent, and WTI oil declined 42 per cent to $44.61/bbl. At the end of November, our Canadian dividend strategy offered by Enriched Investing held 50 per cent cash. Our current "buy" list is sparse because we are waiting for sustained equity price improvement.

The S&P/TSX is up over 9 per cent since the lows of the December 24 week. Technical analyst Leon Tuey said in January that the correction is done and that the bull market has resumed.

Gold has traded between US$1,130 and US$1,380 for the past five and a half years. It has recently risen 10.4 per cent from its mid-August 2018 low to US$1,288 on January 15. Mark Deriet, quantitative and technical analyst at Cormark Securities, downgraded the U.S. dollar and upgraded gold as a buy as it traded above its 80-week moving average. Gold stocks are some of the few companies that are making new one-year highs as earnings growth continues.

From its October high of US$76.90 to its December low of US$42.36, WTI oil declined 45 per cent. It has since regained 28 per cent of its decline to US$52.11 and appears headed higher.

The U.S. yield curve (two- and ten-year) has not inverted. U.S. 10-year bond yields, now near a nine-month low of 2.71 per cent, are also technically "oversold" and like equity markets are expected to move higher.

VIDEO: Robert McWhirter's 45-Minute Video Interview **<CTRL-CLICK>** **HERE**

WEBSITE: **www.selectiveasset.com**

MARKET OUTLOOK

Jaime Carrasco, Portfolio Manager at Canaccord Genuity

Focus: Precious Metals, Pipelines, Utilities, REITs and Dividend-Paying Stocks

As expected, since my last appearance in October 2018, the markets have begun to exert much greater volatility and downside risk. I continue to advise a defensive asset allocation stance of 30 per cent cash and short-term securities and convertible bonds, 50 per cent in blue chip dividend-paying stocks for income, and at least a 20 per cent allocation in the precious sector to hedge overall market trouble. Since my last interview, this strategy has been working and those hedges are finally beginning to pay.

Some of Wall Streets' smart money is also beginning to recognize the parallels between the global financial and geopolitical environment of the 1930s and today. This is important because that information offers investors a road map on how to manage through what could prove to be a very challenging period. The 1930s were influenced by excess government and corporate debt, divided global governments, populist politics, low global economic growth, and massive overall instability. Sound familiar? This period resulted in a complete paradigm shift that established the U.S.A. and the "good as gold" U.S. dollar as the new global hegemon.

If the 1930s are repeating, investors best prepare for the possible end of the U.S. dollar as the current currency reserve. For investors, this means that, once again, global debts will be devalued in terms of their purchasing power through a complete reset of the global monetary system. In this environment, the key to financial protection lies in the core message of one of the 1930s' most memorable movies, The Wizard of OZ, as it defines the No. 1 rule of global power: he who holds the gold makes the rules. I continue to advise that investors consider following the Yellow Brick Road to safety.

Having recognized these factors early on allowed me to lay out a strategy of how to best position ourselves as we transition through this period. The portfolios I managed are designed with these factors in mind and are customized to meet a client's individual financial needs while at the same time benefiting from challenging times.

As I write this, the U.S. Dollar Index is fighting to stay above 95 and gold is once again knocking on US$1,300. I expect that these trends will continue to influence the year ahead as we see greater global political dislocation, slowing economic growth, continued de-dollarization and rising populist revolts.

What I find fascinating is how history is rhyming and, by default, confirming that we are following the right path.

VIDEO: Jaime Carrasco's 45-Minute Video Interview **<CTRL-CLICK>** **HERE**

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