

BNN BLOOMBERG MARKET CALL

eResearch Corporation is pleased to provide two excerpts from Tuesday'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

Colin Stewart, CEO and Portfolio Manager at JC Clark Limited

Focus: North American Large Caps

Notwithstanding the most recent bounce, the last year has been a very difficult period in equity markets. Sentiment went from universally positive early in 2018, to very negative during November and December. Equity valuations also contracted and are now markedly cheaper than a year ago.

While there are a host of macroeconomic concerns (U.S.-China trade war, slowing economic growth, Brexit), we believe a recession is not imminent. In fact, the current backdrop in North America is relatively positive: record-low unemployment, strong corporate earnings, expectations for moderate economic growth in 2019, and recent holiday spending data that showed 5.1 per cent retail sales growth in the U.S. during November and December.

Of particular note are the increasing number of high-quality, larger companies in Canada and the U.S.A. that have seen very severe share price declines in the last few months with little or no change to their fundamentals. We believe this is creating a unique opportunity for us to buy blue-chip businesses at valuations that in many cases have not been seen in years.

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

WEBSITE: jcclark.com

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MARKET OUTLOOK

Gerard Ferguson, CEO and Portfolio Manager of Jemekk Capital Management

Focus: Canadian Equities

The past seven months have been extremely volatile in global capital markets. Concerns over rising rates, tariffs, slowing economic activity in the U.S.A., and earnings deceleration came to a head in the fourth quarter of 2018. Yet all of these concerns have diminished, with the Fed backing off from its hawkish bias being the most important. One by one, the fears that jilted the markets in Q4 seem to have been dealt with.

The very strong move in January signals that the market has now discounted said improvements and most participants are anticipating a pull-back from what was an historic move higher. To anticipate the direction of the markets for the rest of the year one has to put aside, but not forget, the issues highlighted.

From a fundamental standpoint, markets look to be just on the cheaper side of fair value, something that has not occurred in many years. Although slowing, earnings growth is still positive and can provide a 4%-5% boost to the markets. If the Fed remains dovish and rates remain low, we could also see multiples expand by one to three points, something no-one has considered for years. That would provide a boost of 6%-8% to markets. When coupled with the earning growth, it could result in a nice double-digit year from here.

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

WEBSITE: jemekk.com

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Bob Weir, CFA
Contributing Analyst

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