

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

Peter Hodson, Founder and Head of Research at 5i Research
Focus: Canadian Small- and Mid-Cap Stocks

Investors panicked in the fourth quarter on growth concerns and interest rate concerns. Now we see a giant two-month recovery in the market. What is one to do?

Well, the first thing is not to panic. Key items to watch are interest rates and corporate earnings. Both are positive now for the market, with the Fed all but guaranteeing rates are going to peak this year. We have decent valuations, takeovers, and dividend increases. Things look good, but we would caution on one thing: Markets are up 10 to 12 per cent already this year; it will not be a "straight up" exercise.

Markets started strong in 2018 and look how that turned out. We think things are generally fine, but that it is not the time to leverage a portfolio or take excessive risks either. We are encouraged by company comments and most companies are beating estimates. If Trump can actually get a China deal, then investors will likely turn on the buying taps even more.

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

WEBSITE: 5iresearch.ca

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MARKET OUTLOOK

Veronika Hirsch, Portfolio Manager at Arrow Capital

Focus: Canadian Equities and Alternative Investing

Investors are riveted by the current U.S.-China negotiations as a trade war would roil markets already troubled by a global economic slowdown. A retest of the December lows would be inevitable under this scenario.

Failure of trade talks are clearly not in the best interest of either country, as China needs to deal with its mounting debt problem and Donald Trump does not want to risk a recession ahead of the 2020 presidential election. The sharp stock market recovery of the past six weeks has begun to discount a trade deal as the most probable outcome, albeit with an extended deadline. It is the exact nature of the deal that remains uncertain. Reduction of the trade deficit over time is now a given, while structural issues will not be easy to resolve in the remaining time period, if ever. There remains the possibility investors will be disappointed unless there is meaningful progress on substantive issues.

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

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Bob Weir, CFA - Contributing Analyst

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