



Third Party Research

February 15, 2019

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 John Stuart Mill:

"Panics do not destroy capital—they merely reveal the extent to which it has previously been destroyed by its betrayal in hopelessly unproductive works."

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/>.

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.ca.

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February 15, 2019

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.

Before I get to today's newsletter, please join me for an after-market conference call at 4 p.m. ET on Wednesday, February 20. Morgan Housel, one of my favorite financial writers, will be joining me. This should be a great discussion. To join us, [you can register here](#).

Now to the stock market. The Great 2019 Bounce Back continued this week. On Tuesday, the S&P 500 closed above its 200-day moving average for the first time in ten weeks. Historically, the stock market performs much better above its 200-DMA than below it.

I have been surprised by how smartly the stock market has rebounded since the start of this year.

First, let us look at the surprising retail-sales report we got on Thursday.

Don't Believe All the Government's Data

On Thursday, the government released the retail-sales report for December. It was a complete dud. Wall Street had been expecting an increase of 0.2%. Instead, [the report showed a drop of 1.2%](#). In the world of retail sales, that is a gigantic miss. In fact, it was the worst retail-sales report in nine years!

What happened? That is not an easy question to answer. The reason is that this report had been delayed for a few weeks thanks to the government shutdown. As such, I am inclined to think the numbers are just plain wrong.

As always, I keep an open mind about these things but, as investors, we always want to see confirmation of trends from other areas. The report said that sales dropped sharply at gas stations. Sure, no surprise there. Gasoline prices are down.

But the report also said that sales were down nearly 4% at Internet retailers. Say what? That does not sound right. Many companies in that sector, like eBay and Amazon, said they did just swimmingly in December.

Crossing Wall Street

Your Guide to Financial Success

Hosted by Eddy Elfenbein



Here is where it gets odd. Those numbers will be plugged into the government's numbers for Q4 GDP. As a result, most folks had been expecting a Q4 number around 2.5%. Now, I am not so sure. Wall Street now expects something closer to 2%. Bad data begets more bad data. Either the economy suddenly got weaker late last year and no one noticed, or the government's number-crunchers are off base.

Regarding consumer prices, we got yet another tame inflation report this week. I have been told many times that hyperinflation is about to reappear. Maybe, but it is sure taking its sweet time. According to CPI data, [consumer prices were unchanged last month](#). This is the third month in a row of a small decline. Over the last year, inflation has been running at just 1.55%.

As I touched on before, some of this is due to lower gasoline prices. The "core rate", which excludes food and energy, rose by 0.24% in January. In the last year, core inflation is up by 2.15%. This is important because thanks to the falling inflation, the real Fed funds rate (meaning, after inflation) has continued to rise. If rates stay the same while inflation decelerates, that means the Fed is de facto tightening. This is another reason why I think the Fed is going to chill out for most of this year, and that is good news

Next week, the stock market will be closed on Monday in honor of President's Day. Earnings season will start to trail off, but there are still big reports due. On Wednesday, the Fed will release the minutes from its last meeting. This is the meeting when the language about being "patient" was added. On Thursday, we will get the latest report on existing-home sales.

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 his Buy List and reviews any of the stocks that are in the news. You can read about them and the entire article by clicking on the following link.

<http://www.crossingwallstreet.com/archives/2019/02/cws-market-review-february-8-2019.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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