BNN BLOOMBERG MARKET CALL

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***e*Research 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

Mike Philbrick, President of ReSolve Asset Management

Focus: ETFs

Freshly-minted Fed chairs often take a hawkish stance early in their tenure, hoping to establish a credible inflation-fighting reputation. Jerome Powell came out of the gate with a weak hawkish bluff, but markets forced his hand before Christmas and he has folded like a cheap suit.

The Bank of China, the European Central Bank, the Bank of Japan, and the Fed are back to blowing liquidity into markets with a firehose and investors have responded with Pavlovian gusto. According to the latest FOMC meeting, a "patient" Fed now expects no more rate hikes this year and announced that quantitative tightening will end in September.

To wit, the rebound in global markets continued in March, leading virtually all major asset classes into positive territory for the first quarter of the year. Once again, the narrative has been dominated by central banks on both sides of the Atlantic in the wake of weaker activity in major economies and fears of a global recession. Weak data may prompt greater central bank largesse, leading to higher stock prices in a continuation of the "bizarro" equilibrium that has prevailed over the majority of this cycle.

U.S. (up 4.1 per cent) and international (up 3.6 per cent) real estate along with intermediate (up 2 per cent) and long-duration (up 4 per cent) Treasuries led the rally.

Stocks endured a turbulent month, but finished it in positive territory. It is interesting to note that over recent months, leadership by U.S. stocks has waned both in Canada and abroad with assets like bonds, emerging market stocks, real estate, and Canadian stocks out-performing.

We remain convinced that, while global governments are intent on preventing market declines at all costs, the potential for missteps and exogenous shocks to derail the "best-laid plans of mice and men" has rarely been greater. We also remain vigilant in following our process, focusing on risk management, diversification, and portfolio agility..

VIDEO: Mike Philbrick's 45-Minute Video Interview **<CTRL-CLICK>** **HERE**

MARKET OUTLOOK

Jaime Carrasco, Portfolio Manager at Canaccord Genuity

Focus: North American Equities

While we continue to benefit from rising markets in our dividend-paying equities, I remain cautious due to a deteriorating global economy since last summer. As a result, I continue to recommend that investors hedge their portfolios with a 20-per-cent weighting in the precious metals sector in preparation for the next economic downturn. Furthermore, I am amazed by the ambivalence that investors are showing towards gold and precious metals, which is completely at odds to how the global banking system is positioning.

After a 40-year hiatus, gold has once again been reclassified as a Tier 1 asset within the global banking sector. This means that, when the next economic crisis hits, gold reserves at banking institutions will be considered a capital asset, unlike in 2008. The fact that China has transferred more than 18,000 tons of physical gold from Western vaults into the Chinese banking sector since that year will become very relevant when we are forced once again to recapitalize the banks. China, and all those countries holding physical gold reserves, will be able to deal easily with a banking crisis by revaluing the value of that tonnage, while the Western institutions that let it go at a ridiculous price will be at the mercy of their governments for more handouts. It is important to note that this is exactly what Franklin Roosevelt did in 1933 when he took the monetary reserve power from the U.K.

All in all, I believe these are clear signals of my assessment that the 1930s are repeating because the currency reserve is on its last legs. Considering that it is not different this time, the transition will once again be done through the value of the total gold reserves circulating within the monetary system.

Throughout history the number 1 rule of power has been "who holds the gold makes the rules." Going forward, I expect that economic pressures will continue blurring the line between politics and economics, increasing volatility, uncertainty, and the need to hedge portfolios.

In Europe, the social discourse continues to deteriorate, with open disputes between sovereign states and the European Central Bank, and between sovereign states and their own citizens. The Italian government and the ECB are locked in an open conflict over who owns and controls Italian gold reserves, with the country's Deputy Prime Minister, Matteo Salvini, claiming that it belongs to "the people" and ECB President Mario Draghi saying that it is under the control of the bank. In France and other European countries, the Yellow Vest movement continues growing as people openly complain about rising tax burdens that have made the cost of living unbearable. In the U.K., there is Brexit.

In the U.S.A., President Trump continues politicizing the Federal Reserve, openly questioning its policy and now even nominating two non-Keynesians for positions in the central bank. I expect that Trump will strong arm the Fed into restarting quantitative easing to fund his spending and institute an "it is our dollar, but your problem" policy that would, in effect, kill the currency reserve as the world loses trust in the greenback.

Lastly, I have been watching the current flooding in the U.S. food basket with amazed horror, as we witness the destruction of stored grain supplies and the livelihood of many American farmers. Considering that winter is not yet over and that the flood plains will not reach peak for some time, I would not take this inflationary disaster lightly. It is another reason to hedge for uncertainty and stagflation.

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

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Bob Weir, CFA: Contributing Analyst