

Weekly Market Review

DISCLOSURE: *The contents of this report were researched, analyzed, and written by Eddie Elfenbein, founder of **Crossing Wall Street**, and were put into this report format, and published and distributed by eResearch Corporation.*

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 Warren Buffett:

"If markets were rational, I would be waiting on tables for a living."

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/>.

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April 12, 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.

After a seemingly endless wait, first-quarter earnings season has finally arrived, fashionably late but as dramatic as ever. Over the next few weeks, Corporate America will tell us how things went during the first three months of the year.

This will be a key earnings season for Wall Street because we are expecting a modest earnings decline. I should add that results have beaten expectations for the last 39 quarters in a row. (Come to think of it, should not that read: analysts have missed reality?) In any event, this will be the first time in ten years when revenues are higher but earnings are lower. In other words, margins are falling.

The market has been quite happy this week. The S&P 500 has rallied nine times in the last ten days. On Monday, the index closed at another six-month high. We have close to erasing everything lost during last year's unpleasantness.

So, let us see why the yield-curve hysteria has probably passed us by.

The Best Jobless-Claims Report in 50 Years

Last Friday, the government said the U.S. economy created 196,000 net new jobs in March. That is a good number, and it is a welcome relief after the lousy number from February. (By the way, the February was revised upward modestly.)

It seems that the sluggish start we had at the beginning of the year may have already passed. I suspect that a lot of companies will take advantage of the diminished expectations for this earnings season to pass off bum accounting issues. If Wall Street is not expecting much, then this is a good time to book a loss on that investment that went south. We may see a lot of that.

I think the government shutdown, combined with issues from China, put a damper on economic growth during Q1. However, that may have already passed, and we could be accelerating at this point. Let me highlight a few stats.

On Thursday, we got [the lowest initial jobless-claims report since October 1969](#). This is interesting because this is one of the few data series that ticked higher during the shutdown. To me, this suggests that things have become better.

There are also signs of [green shoots from China](#). The government there has done just about everything to get the economy back on its feet. In fact, the IMF recently bumped up its forecast for Chinese economic growth. Plus, the Chinese stock market has rallied impressively off its low. I never thought I would see a Communist government cut taxes to spur growth, but here we are.



I have also noticed the recent uptick in energy prices, which could presage positive signs for the global economy.

This is a bit of a U-turn in my thinking, but I try to follow the evidence. I recently talked about the flattening of the yield, and its impact on the economy. I was surprised by the amount of bearish commentary I saw on the yield curve. Sure, an inverted curve is not ideal, but it is hardly reason to panic.

It seems that the yield curve has already backed off some. The 10-year Treasury yield is back above the 3-month yield. Also, the odds of a Fed rate cut later this year have diminished. Within the next five months, the futures market thinks there is only a 30% chance of a rate cut. Even that seems high to me.

This week, we got [the minutes from the last Fed meeting](#), and members are still open to raising rates. I think it is a long shot, but not unthinkable. I suspect that the Fed realizes the December hike was a mistake, and, for now, they are not going to move much in either direction.

The key variable continues to be the economy, and that is why earnings season is so important. Now let us look at what we can expect next week

Next Week: Next week will be dominated by earnings news. There will be a few key economic reports as well. The industrial-production report is due out on Tuesday. On Wednesday, the beige-book report comes out. The retail-sales report comes out on Thursday. Then, on Friday, we get the latest report on housing starts.

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. <Ctrl-Click>

<https://www.crossingwallstreet.com/archives/2019/04/cws-market-review-april-12-2019.html>

ABOUT THE AUTHOR



Eddy Elfenbein is a Washington, DC-based speaker, portfolio manager, and editor of the blog, **Crossing Wall Street**. He was named by CNN/Money as the best [buy-and-hold blogger](#). His free [Buy List](#) has beaten the S&P 500 for the last seven years in a row, and by 47% in the last thirteen years.

BW: Additional information on Eddy Elfenbein and Crossing Wall Street follows on the next page.



Welcome to Crossing Wall Street



I started this website 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 have spent several years collecting my list of the best companies to own. This is my current Buy List. I have 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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