

The Federal Reserve

eResearch Corporation is pleased to provide an article by Larry Levin, whose Trading Advantage is a leading investment education firm that empowers traders to achieve and surpass their financial goals. More than 50,000 students have used Larry Levin's proven techniques for powerful results.

Daily Newsletter: Starts on the ensuing page, in which he provides comments on the FOMC announcement and the possibility of Jerome Powell being named the new Fed Chair.

Market Comment: He says that we should be wary of some market weakness but that further gains lie ahead.

Larry Levin's website is known as Trading Advantage: <http://www.tradingadvantage.com>

Larry Levin trades the S&P 500 at the Chicago Board of Trade, now known as The CME Group, the world's largest and most diverse financial exchange. He has been trading his own account or companies' proprietary accounts since 1993. At the height of his trading career, he averaged between 2,500-3,000 S&P contracts per day. Larry Levin appears regularly on CNBC, Bloomberg Television, The Business News Network, and other major media outlets, providing his expertise and insight on the current market. His lifelong vision is to teach people how to trade the right way.

A direct link to personal information of Larry Levin, from his website, is as follows:
<http://www.tradingadvantage.com/larry-levin.html>

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.

Bob Weir, CFA: Director of Research

<p>Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.</p>

The Federal Reserve



There was big news from (for) the Federal Reserve bank today. The FOMC ended a 2-day meeting and gave its outlook for the future. There was also news “for” the Federal Reserve today as well: It will have a new Chairman very soon – Jerome Powell.

As was widely expected, the FOMC did not say much that was new or otherwise surprising. Because of this, rate-hike odds for the December meeting moved up from 85% to 87.5%. There is no need to go over the whole statement, as the following three sum it all up.

“Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term but to stabilize”

“Near-term risks to the economic outlook appear roughly balanced”

“The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate”



As mentioned above, what was new for the Fed was Wednesday's Wall Street Journal's story of a new Chairman to replace Janet Yellen, which will be Jerome Powell. From their story <https://www.wsj.com/articles/trump-to-tap-feds-jerome-powell-for-fed-chairman-1509568166> we read the following highlights.

On Interest Rates

Mr. Powell, 64 years old, has backed Ms. Yellen's policy of gradually raising interest rates if the economy improves as projected. In recent public remarks, he has sounded an optimistic note, saying he expects inflation to move up to the Fed's 2% target, economic growth to remain steady and the unemployment rate to fall further. "I would view it as appropriate to continue to gradually raise rates," he said in June.

On Shrinking the Fed's Portfolio

Mr. Powell in September voted in favor of beginning the years long process of winding down the central bank's \$4.5 trillion portfolio. Like Ms. Yellen, Mr. Powell has said the Fed could resort to new rounds of asset purchases in another crisis if the economy needs more stimulus. Putting new assets on the Fed's balance sheet should be an option "only in extraordinary circumstances," he said in February.

On Dodd Frank

Mr. Powell has expressed willingness to ease some of the burdens imposed on financial institutions from the 2010 Dodd Frank law, a position that could appeal to the Trump administration.

Speaking before lawmakers in June, Mr. Powell said he was looking into softening the Volcker rule preventing banks from making overly risky bets with their own money. He also said it might be appropriate to ease some of the annual stress tests that big banks must perform.

He has also called for revisiting new supervisory requirements imposed on bank boards of directors after the crisis. In his view, a board's role "is one of oversight, not management." That, he said in a 2015 speech, means boards should not be saddled with "an ever-increasing checklist."

Jerome Powell will be the first former investment banker to become Fed Chair (and first non-economics PhD in 40 years).

Mr. Powell, a Princeton graduate, was a lawyer in New York before he joined the investment bank Dillon Reed & Co. in 1984. He stayed there until he joined the Treasury Department in 1990. After he left Treasury, he became a partner in 1997 at The Carlyle Group (CG), the private equity and asset management giant. He left Carlyle in 2005.

Since change is a good thing, we are anxiously awaiting the change in the Chairman's leadership.

Larry Levin

<For today's Market Comment, see the following page>



FREE TRADING LESSON
IF YOU'D LIKE TO SEE LARRY'S
TECHNIQUES AND SIGNALS IN ACTION
[CLICK HERE](#)

Market Comment: Rug Pulled Out

It looked as if we were going to rally strong yesterday. On a decent gap open with aggressive buying early, the rug got pulled out from beneath and down the markets went.

The COMP led the way lower and finished in the red. The DJI remained the strongest on the day of the FOMC announcement.

With the tax plan details due out and then getting delayed, that really got the ball rolling to the downside. Things did pick up once the FOMC announcement was made and all is well.

I expect the markets to recover here although the market weakness has been gaining a little momentum lately. The downside is something we have to be attentive of but no worries, ladies and gentlemen, there is plenty of upside gains to be had.

###

Larry Levin's Trading Advantage is a leading investment education firm that empowers traders to achieve and surpass their financial goals. More than 50,000 students have used Larry Levin's proven techniques for powerful results.

Larry Levin
larrylevin@tradingadvantage.com
Trading Advantage
(888) 755-3846