

BNN BLOOMBERG MARKET CALL

eResearch Corporation is pleased to provide two excerpts from Monday'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

Colin Stewart, CEO and Portfolio Manager at JC Clark Limited
Focus: North American Large Caps

We expect market volatility to increase going forward. Elevated risk of a global trade war, rising interest rates, historically high equity valuations, and continued geo-political risks will likely create more uncertainty for investors.

While the global economic backdrop and corporate fundamentals remain relatively strong, we believe much of this good news is already reflected in stock prices. Broadly speaking, we are late in the market cycle and risk levels remain elevated. As such, the current environment warrants a more defensive investing approach with a focus on high-quality companies.

VIDEO: Colin Stewart 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

WEBSITE: JCCLARK.COM

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MARKET OUTLOOK

Gerard Ferguson, CEO and Portfolio Manager at Jemekk Capital Management Focus: Canadian Equities

Capital markets (particularly in the U.S.A.) have remained strong in 2018 with the S&P 500 up 7.5%, leading most developed markets. Canada (S&P/TSX) by contrast is relatively flat, weighed down by its resources and its relatively minor exposure to the growth areas of tech and consumer stocks.

Much of the strength in the U.S. equity markets can be attributed to strong earnings growth as a result of the tax measures implemented by the Trump administration and their impact on the economy as a whole south of the border. Although many of the benefits of reduced taxes are yet to be felt, the expectation of rising corporate profits, improved consumer spending (as a result of an impressive unemployment picture), and increased capital spending have pushed stocks higher.

Outside of the USA, particularly in Canada, the picture has not been as bright. Mediocre global growth (and its impact on resource prices), trade wars, and rising geo-political tensions have weighed on our market, as Canada's competitiveness with respect to our southern neighbour deteriorates.

Yet, we remain bullish on Canada for the following reasons:

- We are currently experiencing the longest bull market in history, which would suggest we are later in the cycle, an environment that typically favors Canada.
- The apathy towards Canadian equities, particularly resources, is at unprecedented levels.
- The Canadian economy and corporate earnings remain strong even in the face of the imposition of tariffs and the trade war with the U.S.A.

Over the next 12 months, we expect to see a resolution with respect to the free trade agreement, a lessening of trade tensions, and a federal election in which issues such as tax and regulatory changes must be considered.

VIDEO: Gerard Ferguson 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

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Bob Weir, CFA, Director of Research

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