



February 18, 2015

GMF LiveChat: Sharon Snow, CEO, Metropolitan Capital Strategies, on the Fed and investment outlook.

Sharon Snow Metropolitan Capital Thank you Jeanine. We are anxiously waiting for the minutes at 2:15 today.

Jeanine Prezioso

Ah greetings, Sharon welcome.

Jeanine Prezioso

I was just reading some of your past interviews....

Jeanine Prezioso

Jeanine Prezioso

What are you expecting from the FOMC today?

GMF Guest #1

disappointment

Sharon Snow Metropolitan Capital

In respect to the Fed minutes, we will be reading for any surprises, anything that was not already known. An example would be, if they actually held a vote on raising rates in June, also for any changes in language that was not in the prepared statement.

Jeanine Prezioso

Ok, so that would be striking "patient" from the record?

Sharon Snow Metropolitan Capital

Yes, that word has received a lot of attention and removing it would mean that we are closer to a raise in rates. The Fed is data dependent and the dual mandate they are monitoring has shown improvement, perhaps more than other areas of the economy.

Jeanine Prezioso

I know you look at investing from three analytical points: fundamental, technical and economic -- on the economic front, how are you viewing the oil price decline and its ensuing effect on certain equities?

Jeanine Prezioso

[Sharon M.pdf \(173.9 kB\)](#) [Here is Sharon's bio.](#)

GMF Guest #2

PLATINUM back to 2009 levels.....gold sub 1200

Jeanine Prezioso

Hi Stephen

GMG Guest #3

hello, thank you for coming. How do you read this recent move up on T-Bonds yields?

Jeanine Prezioso

Thanks for that question....

- Sharon Snow Metropolitan Capital That is an interesting question. Many pundits have been touting lower oil prices will help the consumer but they neglect the impact to the producers. The approximate \$10 a week increase to the consumer shows up in retail sales primarily in the food and beverage area. While producers are getting hammered. News today of Berkshire Hathaway dumping Exxon in Q4 2014 in just one example. He must feel other areas of the stock market will garner better returns.
- Jeanine Prezioso **We've seen a boost by funds in technology stocks, I believe.**
- Sharon Snow Metropolitan Capital Hello. From a technical point of view Bond yields on the 20 year could go to the top of the current channel which would be 2.26 which would be a 5% move or so from here. We see continued flattening of the yield curve and also feel the market could force the Fed's hand with respect to raising rates.
- Jeanine Prezioso **Ok, as to that question: How do you read this recent move up on T-Bonds yields?**
- GMF Guest #3 So... do you see it as a market correction or seen already the lows in yields?
- Jeanine Prezioso **(someone is talking about SnapChat on CNBC now, so the 2000 tech boom moved to the oil boom and now we're back to the tech boom)**
- Sharon Snow Metropolitan Capital We see bonds in an interim channel. A break out should happen later this year. We are data dependent -like the Feds' (haha) so I don't want to forecast that we have seen the lows. We do see rates moving up based on demand.
- Jeanine Prezioso **Thanks for that.**
- Jeanine Prezioso **Anyone else have questions for Sharon?**
- Sharon Snow Metropolitan Capital Jeanine-we agree technology and healthcare are two areas of the US economy that are doing well and should continue to outperform. It will be interesting to see where oil ends up at the end of the year. Currently we have a broad technical channel of \$40-\$70 for WTI. Today at \$51 or so it is near the bottom of that channel. We are not as bearish on oil as MSSB and others with their \$20/barrel forecasts.
- Jeanine Prezioso **What's your read on the situation in Greece? How are you positioned?**
- Sharon Snow Metropolitan Capital We have no positions in the EAFE currently, and we use ETF's to express our views in trading. Should

the current Greek situation be resolved and ECB QE take place in March as promised, we are looking at a position in a broad based Euro ETF as early as March. These two combined should temporarily lift markets as QE 1 did in the US and early QE programs in Japan.

Jeanine Prezioso
Jeanine Prezioso

Nice.

What about the strong US dollar? Any positioning around that? Are you avoiding equities with strong exposure overseas?

Sharon Snow Metropolitan Capital

We are cautiously evaluating many US companies that have strong exposure overseas. Since approx. 40% of S&P500 profits are derived overseas, that includes a lot of companies. Technology has always been global with many components and subcontracting coming from Asia. They hedge currencies and use other means than say consumer companies that just sell products overseas. Healthcare is somewhat immune to currency exposure. We are much more bullish on these sectors than materials, cyclical, etc

Jeanine Prezioso

Ok, thank you for that. Any overseas markets in particular you are looking at?

Jeanine Prezioso

There seems to be an ETF on some facet of China every few weeks...

Sharon Snow Metropolitan Capital

We have not made a play in the currency markets, but that is never off the table. The risk is very high, as evidenced by the Swiss National Bank last month. Today we believe many areas are less risky. As far as the overseas markets, China could be poised for a bounce. We do like the EEM EFT since sixteen different countries are present in their company constituents. Our methodology includes risk reduction, and while we do at times take a single country exposure we prefer to mitigate risk with a broader based ETF, especially in Asia.

Jeanine Prezioso
Jeanine Prezioso
GMF Guest #4

Ok, thank you Sharon.

Opening up one more time to questions....anyone...?

2014 China Slowdown: what percent was manufactured by Govt. and what percent was due to Japan & EU in your view? thank you

Jeanine Prezioso
GMF Guest #4

Hi, thanks for that question.

Sharon Snow Metropolitan Capital Hi. Having personally visited China six times in the past 10 years, (my family done business in China and Asia), the vast majority comes from the Chinese government. They grew too fast-building apartments, airports, rail and infrastructure. It will be difficult for the Centrally Planned Government of China to provide a soft landing but volatility is our friend. We invest when the fundamentals support growth, an economy is strong and the technicals support a buy. China and other SE Asian countries will have periods of time in the next few years that will make nimble traders lots of money. They just aren't buy and hold.

Jeanine Prezioso

Ok, folks, if there is nothing else, we will thank Sharon for her time and let her get back to her day! Sharon, would you like to add anything?

Jeanine Prezioso

Sharon Snow Metropolitan Capital Jeanine-thanks so much and enjoy your day. Just for traders to be cautious with valuations high in the US markets. We have seen how this movie ends previously.

Jeanine Prezioso

Thank you Sharon!

Sharon Snow Metropolitan Capital You're most welcome!