

Bespoke 2010 Roundtable



Below is the full 2010 Bespoke Roundtable Q&A with Eddy Elfenbein of [Crossing Wall Street](#).

1) What has surprised you the most and least about financial markets in 2009?

The persistent drop in volatility. Some was to be expected, but the trend has been surprisingly strong. Also, the bounce back in cyclical stocks. Again, it was to be expected, but the strength took me by surprise.

2) What do you believe are the most important lessons to be learned from the 08/09 financial crisis?

When market participants panic, governments panic as well. Not a new lesson but a good example of an old one.

3) N/A

4) What are the various indicators that you follow closely telling you right now about where the stock market is headed? Which indicator is the most significant in what it is forecasting?

The most important, by far, is the yield curve. With T-bills going for free, it's hard to bet against stocks.

5) Starting with 100% cash, how would you allocate it to various asset classes to start the new year?

100% stocks.

6) What do you believe will be the dominant investing themes of 2010? What will be the biggest surprises of 2010?

Not a major theme, but I expect a new-found love for dividends. A company like GE could easily raise its dividend by 50%. I doubt many money managers will beat the SDY in 2010.

I also expect some more consolidation in the energy sector. Companies like SWN will be prime targets for the "supermajors."

 **Bespoke 2010 Roundtable****7) What is your current view on Buy & Hold as an investment strategy?**

Depends on what you buy and what you hold. I've written before on this. My view of B&H isn't terribly high, but it's still slightly higher than the track record of market timers.

8) What do you believe is the contrarian call on equities right now? The economy? Is investor sentiment currently misplaced?

Shares of AMZN will not have a happy 2010.

Citigroup will either break itself up or spin-off some units.

9) N/A**10) N/A****11) Will we see a jobs recovery in 2010?**

I can't say for sure, but this is the key variable that will drive so many others. The trend looks good, but we're still a long way from healthy.

12) N/A**13) N/A****14) How worried are you about inflation?**

For the short and intermediate term, not at all. The inflation fears in the media are vastly overblown. NAIRU is probably around 5.5%, and we're not in much danger of that anytime soon.

15) How worried are you about the decline of the dollar, and do you see the greenback making a comeback in 2010?

Not worried so far, but I soon may be. The dollar is higher than it was in early 2008 versus many currencies, but the outlook is not very bright. A turn against the dollar could turn into a rout.

16) N/A**17) N/A****18) N/A****19) N/A**



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20) At the peak of the crisis, the prevailing theory was that Wall Street was dead as we knew it. After the rebound we've seen, many people think it's now back to business as usual. What are your thoughts on this?

Not only are we back to the old times, but it's even more so.

21) N/A

22) N/A

23) N/A

24) Please provide readers with any stock ideas that you really like right now and for 2010 and beyond (and why).

[My Buy List.](#)

25) N/A