

Wednesday, August 19, 2015

Market Elements

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Market Elements

August 18, 2015

Research Comment

[Quantitative/Technical Research Website](#)

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- Equity indices fell, with a 6% hit to Chinese stocks (breaking below 200d MA, sans [plunge protection team support](#)) setting the negative tone; resources and technology led 9 of 10 global sectors lower; HCare was flat.
- Major 10y yields ping-ponged higher 3-6bps, no recent ranges were broken; junk bond ETFs held at their lows, NAmer credit risk rose after a flat 2 days.
- [Sterling rose to a 6w high on inflation data](#); the U.S. dollar index advanced for the fourth day; commodity currencies were mixed; most major crosses were little changed.
- WTI rebounded 1.4%; Brent fell 0.4%; base metals minted new 52w lows, falling 90-290bps; gold rebounded to end flat.

Levels*

Currencies (USD per)

Symbol	H/L	Level	%Chg
DXY	★	96.97	0.2%
EUR	●	1.1033	-0.4%
CHF	●	1.0233	0.2%
GBP	●	1.5661	0.5%
JPYx10	●	0.0804	0.0%
CAD	●	0.7660	0.2%
AUD	●	0.7344	-0.4%
NZD	●	0.6589	0.2%
BRL	●	0.2886	0.5%
MXNx10	●	0.6095	0.1%
ZAR	●	0.0775	0.1%
KRWx10	L	0.8429	-0.3%
CNY	●	0.1565	0.1%

Commodities

Symbol	H/L	Level	%Chg
BB Cmnty	L	89.29	-0.6%
WTI Oil	●	42.43	1.3%
NMX Gas	●	2.72	-0.3%
Gold	●	1,117.7	0.0%
Silver	●	14.88	-3.0%
Platinum	●	995.5	-0.4%
Palladium	●	597.55	-2.8%
CMX Cu	L	228.35	-1.6%
LME Al 3m	L	0.70	-0.9%
LME Ni 3m	L	4.70	-2.5%
LME Zn 3m	L	0.80	-2.9%
Lumber	●	251.20	0.0%
Corn	●	377.25	0.7%

Government 10- Yr Benchmark

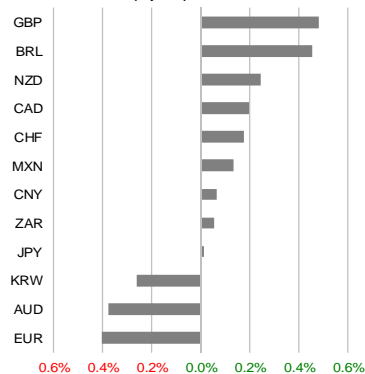
Symbol	H/L	Level	Chg
U.S.		2.19	0.02
Canada		1.40	0.03
U.K.		1.88	0.06
Germany		0.64	0.02
France		0.98	0.03
Italy		1.82	0.05
Spain		2.00	0.06
Portugal		2.48	0.11
Switzerland		(0.17)	0.01
Australia		2.74	-0.04
Hong Kong	●	1.42	0.00
India	●	7.75	0.01
Japan		0.38	-0.02

Equity Indices & Sentiment

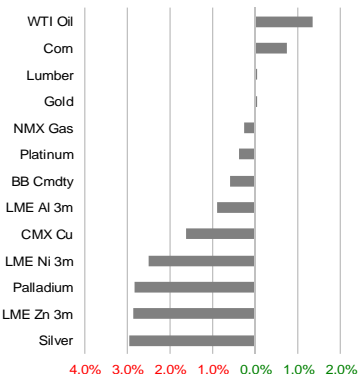
Symbol	H/L	Level	%Chg
MSCI World	★	1,744	-0.3%
MSCI EM	L	848	-0.8%
S&P 500	★	2,097	-0.3%
S&P/TSX	●	14,194	-0.4%
STOXX 50	★	3,495	-0.1%
FTSE 100	●	6,526	-0.4%
Hang Seng	●	23,475	-1.4%
Topix	★	1,672	-0.0%
S&P/ASX	●	5,303	-1.2%
CSI 300		3,825	-6.2%
CDX IG 5Yr	H	78	1.8%
ARMS		0.9	11.7%
VIX		14	5.9%

Moves

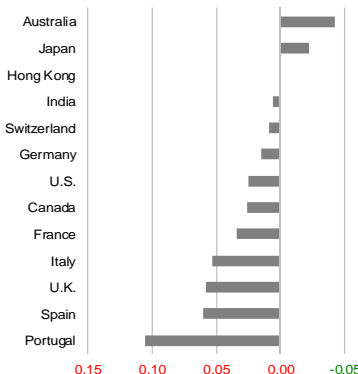
Currencies (spot)



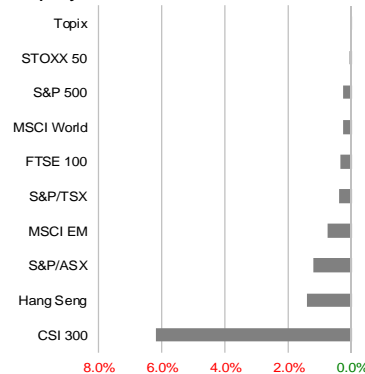
Commodities



Government 10- Yr Benchmarks

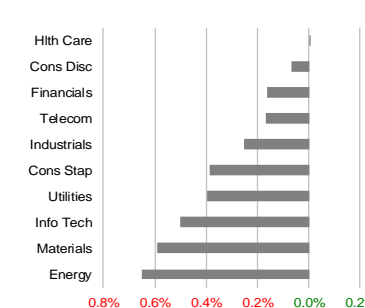


Equity Indices

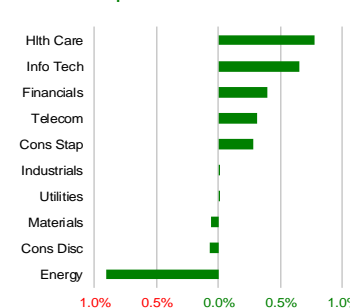


Sectors

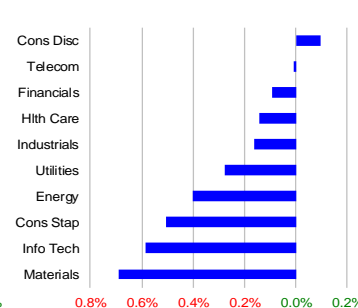
MSCI World



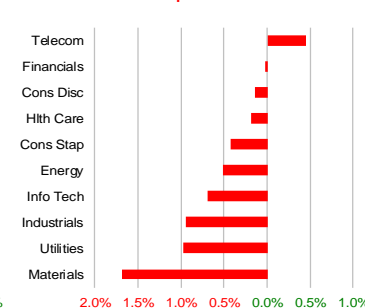
S&P Europe 350



S&P 500



S&P/TSX Composite



Source for all data and graphics in this publication: BMO Capital Markets, Bloomberg, Thomson

* H/L = at a new closing 52- wk High/Low; ★/● = within 10% of the 52- week High/Low; Colour codes are inverted for bond and sentiment indications

Daily Charts

3-Month View with 26-Day Bollinger Bands and 150-, 200- and 50-Day Moving Averages

- We are watching the deflationary trade that commodities portray, and the rise in credit risk. These ain't taking the summer off.

Currencies

U.S. Dollar Index



Euro



Yen



MSCI EM Currency Index



Canadian Dollar



Australian Dollar



Commodities

Gold (Spot)



Crude Oil (Brent)



Crude Oil (WTI)



Natural Gas (NMX)



Copper (CMX)



Nickel (LME 3Mo)



Bonds

U.S. 2-Yr Bond



U.S. 10-Yr Breakeven



U.S. 10-Yr Bond



Canadian 10-Yr Bond



German 10-Yr Bund



Italian 10-Yr Bond



Equities

MSCI World Index



S&P 500



S&P/TSX Composite



VIX



CDX North American Inv. Grade Index



Ave. Prime Broker 5yr CDS



Intra Day Charts
2-Day 1-Minute View

Currencies

U.S. Dollar Index



Commodities

Gold (Spot)



Bonds

U.S. 2-Yr Bond



Equities

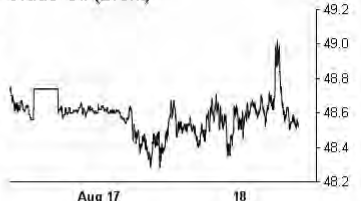
MSCI World Index



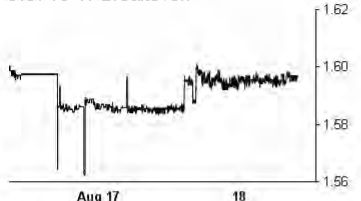
Euro



Crude Oil (Brent)



U.S. 10-Yr Breakeven



S&P 500



Yen



Crude Oil (WTI)



U.S. 10-Yr Bond



S&P/TSX Composite



MSCI EM Currency Index



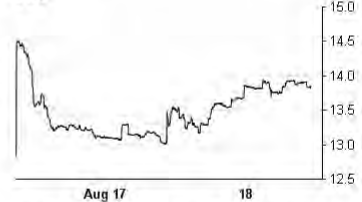
Natural Gas (NMX)



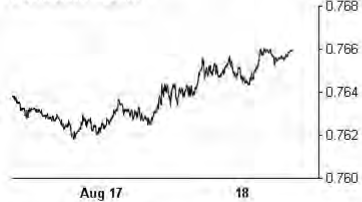
Canadian 10-Yr Bond



VIX



Canadian Dollar



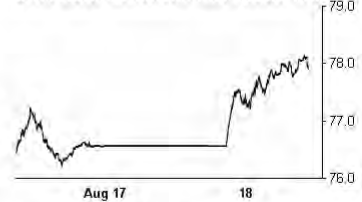
Copper (CMX)



German 10-Yr Bund



CDX North American Inv. Grade Index



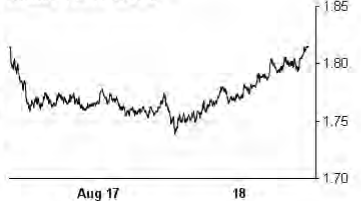
Australian Dollar



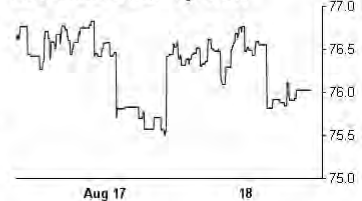
Nickel (LME 3Mo)



Italian 10-Yr Bond



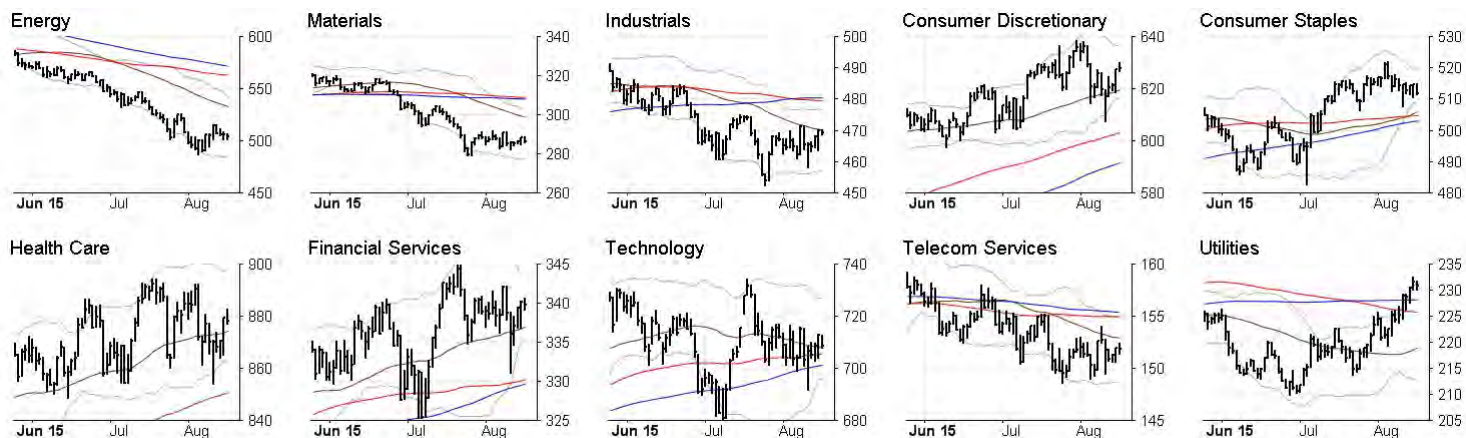
Ave. Prime Broker 5yr CDS



Daily Sector Charts

3-Month View with 26-Day Bollinger Bands and 150-, 200- and 50-Day Moving Averages

S&P 500



S&P/TSX Composite



S&P Europe 350



Market Movers – Largest Daily Percentage Moves

S&P Global 1200 ex U.S. & Canada			S&P 500			S&P/TSX Composite			
Name	Symbol	% Chg	Name	Symbol	% Chg	Name	Symbol	% Chg	
Energy	OMV AG	OMV AV	0.7%	Chesapeake Energy	CHK	2.5%	Trilogy Energy	TET	4.9%
	Empresas COPEC	COPEC CI	0.3%	Cimarex Energy	XEC	1.7%	Secure Energy Services	SES	4.6%
	Seadrill Ltd	SDRL NO	0.2%	Pioneer Natural Resources	PXD	1.5%	Bonterra Energy	BNE	3.7%
	Santos Ltd	STO AU	-2.3%	Murphy Oil	MUR	-1.8%	Trescent Point Energy	CPG	-3.3%
	Tullow Oil	TLW LN	-2.9%	Williams Cos Inc	WMB	-1.9%	Trican Well Service	TCW	-3.3%
	JX Holdings Inc	5020 JP	-3.6%	ONEOK Inc	OKE	-2.7%	Bellatrix Exploration	BXE	-5.2%
Materials	Glencore PLC	GLEN LN	3.6%	International Flavors & Fragrances	IFF	0.5%	Intertape Polymer Group	ITP	7.5%
	Mitsubishi Chemical Holdings	4188 JP	3.4%	Martin Marietta Materials	MLM	0.3%	Canfor Corp	CFP	2.3%
	Incitec Pivot	IPL AU	2.7%	PPG Industries	PPG	0.3%	West Fraser Timber	WFT	1.1%
	Cia de Minas Buenaventura SAA	BVN US	-3.7%	Alcoa Inc	AA	-1.7%	IAMGOLD Corp	IMG	-5.8%
	Cia Siderurgica Nacional	SID US	-4.9%	Newmont Mining	NEM	-1.7%	Teck Resources	TCK/B	-8.0%
	Newcrest Mining	NCM AU	-5.1%	Freeport-McMoRan	FCX	-3.1%	First Quantum Minerals	FM	-9.7%
Industrials	Asciano Ltd	AIO AU	7.2%	Masco Corp	MAS	2.6%	MacDonald Dettwiler & Associates	MDA	0.9%
	Mitsui OSK Lines	9104 JP	2.4%	Stericycle	SRCL	1.1%	WestJet Airlines	WJA	0.5%
	Vestas Wind Systems	VWS DC	2.1%	Fastenal Co	FAST	0.9%	CAE Inc	CAE	0.3%
	CNH Industrial	CNHI IM	-2.2%	Delta Air Lines	DAL	-1.3%	Black Diamond Group	BDI	-3.4%
	Aggreko PLC	AGK LN	-2.6%	Jacobs Engineering Group	JEC	-1.3%	ATS Automation Tooling Systems	ATA	-3.5%
	Asahi Glass	5201 JP	-3.1%	Fluor Corp	FLR	-1.3%	Bombardier	BBD/B	-7.6%
Cons Disc	Kia Motors	000270 KS	3.0%	TJX Cos Inc	TJX	7.2%	Aimia Inc	AIM	4.2%
	Altee NV	ATC NA	2.9%	Ross Stores	ROST	3.7%	AutoCanada	ACQ	2.2%
	Hyundai Mobis	012330 KS	2.7%	Lennar Corp	LEN	3.1%	Canadian Tire	CTC/A	1.4%
	Galaxy Entertainment Group	27 HK	-3.0%	Urban Outfitters	URBN	-2.1%	Restaurant Brands International	QSR	-2.4%
	Oriental Land	4661 JP	-3.7%	Mattel Inc	MAT	-2.2%	Performance Sports Group	PSG	-3.4%
	Crown Resorts	CWN AU	-4.1%	Scrapp Networks Interactive	SNI	-2.8%	Intertain Group Ltd	IT	-3.7%
Cons Stap	KT&G Corp	033780 KS	2.9%	Estee Lauder Cos Inc	EL	1.2%	Jean Coutu Group PJC Inc	PJC/A	0.1%
	Koninklijke Ahold	AH NA	2.1%	Hershey Co	HSY	1.2%	Saputo Inc	SAP	-0.1%
	Delhaize Group	DELB BB	1.9%	Constellation Brands	STZ	0.9%	Alimentation Couche-Tard	ATD/B	-0.2%
	Aeon Co Ltd	8267 JP	-2.1%	Hormel Foods	HRL	-1.4%	Empire Co Ltd	EMP/A	-0.9%
	Want Want China Holdings	151 HK	-2.2%	Keurig Green Mountain	GMCR	-1.4%	George Weston	WN	-0.9%
	Coca-Cola Amatil	CCL AU	-3.1%	Wal-Mart Stores	WMT	-3.4%	Cott Corp	BCB	-1.5%
Health Care	Merck KGaA	MRK GR	2.3%	Patterson Cos	PDCO	3.1%	Prometic Life Sciences	PLI	0.9%
	Coloplast	COLOB DC	2.0%	Cerner Corp	CERN	1.6%	Concordia Healthcare	CXR	0.2%
	Daiichi Sankyo	4568 JP	1.8%	UnitedHealth Group	UNH	1.4%	Chartwell Retirement Residence	CSH-U	0.2%
	Terumo Corp	4543 JP	-1.2%	Biogen Inc	BIIB	-1.2%	Valeant Pharmaceuticals	VRX	-0.2%
	Hoya Corp	7741 JP	-1.7%	Zoetis Inc	ZTS	-2.0%	Extencare	EXE	-1.8%
	Sonic Healthcare	SHL AU	-1.7%	Alexion Pharmaceuticals	ALXN	-2.0%			
Financials	Banco do Brasil	BBAS3 BZ	4.1%	Intercontinental Exchange	ICE	1.3%	Alaris Royalty	AD	2.7%
	Shinhan Financial Group	055550 KS	3.3%	Equinix Inc	EQIX	1.0%	Canadian REIT	REF-U	2.3%
	ING Groep NV	INGA NA	3.1%	PNC Financial Services Group Inc	PNC	1.0%	Canadian Apartment Properties	CAR-U	2.1%
	Ping An Insurance Group Co of China	2318 HK	-3.0%	Ameriprise Financial	AMP	-1.3%	Manulife Financial	MFC	-1.2%
	Fubon Financial Holding	2881 TT	-3.4%	E*TRADE Financial	ETFC	-1.6%	Dream Unlimited	DRM	-2.1%
	Cathay Financial Holding	2882 TT	-3.9%	Genworth Financial	GNW	-4.2%	FirstService Corp	FSV	-4.2%
Technology	Computershare	CPU AU	4.4%	Facebook Inc	FB	1.3%	Enghouse Systems	ESL	0.2%
	Samsung Electronics	005930 KS	2.4%	Total System Services	TSS	0.9%	Constellation Software	CSU	0.1%
	Alcatel-Lucent	ALU FP	1.8%	Alliance Data Systems	ADS	0.8%	Open Text Corp	OTC	0.0%
	Tencent Holdings	700 HK	-1.8%	Qorvo Inc	QRVO	-4.0%	Mitel Networks	MNW	-1.9%
	Delta Electronics	2308 TT	-1.9%	Micron Technology	MU	-4.9%	DH Corp	DH	-2.2%
	Yahoo Japan	4689 JP	-2.3%	Skyworks Solutions	SWKS	-5.8%	Sierra Wireless	SW	-2.3%
Telecom	Koninklijke KPN	KPN NA	1.6%	AT&T Inc	T	0.4%	Rogers Communications	RCI/B	0.8%
	Chunghwa Telecom	2412 TT	1.0%	Verizon Communications	VZ	-0.1%	TELUS Corp	T	0.7%
	Swisscom AG	SCMN VX	0.9%	Level 3 Communications	LVL3	-0.7%	BCE Inc	BCE	0.2%
	Millicom Intl Cellular	MC SS	-1.0%	CenturyLink	CTL	-1.1%	Manitoba Telecom Services	MBT	-0.3%
	NTT DOCOMO	9437 JP	-1.2%	Frontier Communications Corp	FTR	-3.4%			
	Nippon Telegraph & Telephone	9432 JP	-2.2%						
Utilities	Cia Energetica de Minas Gerais	CIG US	2.3%	Exelon Corp	EXC	0.6%	Capital Power	CPX	0.0%
	CPFL Energia	CPL US	1.8%	CMS Energy	CMS	0.4%	Innervex Renewable Energy	INE	-0.3%
	Veolia Environnement	VIE FP	1.7%	PG&E Corp	PCG	0.3%	Fortis	FTS	-0.5%
	Kansai Electric Power Co Inc	9503 JP	-2.0%	AGL Resources	GAS	-1.2%	TransAlta Corp	TA	-1.3%
	Drax Group	DRX LN	-2.1%	NRG Energy	NRG	-1.2%	Emera Inc	EMA	-2.0%
	RWE AG	RWE GR	-3.9%	NiSource Inc	NI	-1.4%	Just Energy Group	JE	-2.1%

Bold = move of more than 5%

U.S. Market Movers

Energy

Symbol	H/L	Last	%Chg
ESV	●	16.82	0.4%
NE	●	12.77	1.5%
RIG	●	14.07	1.2%
DO	●	22.61	1.1%
NBR	●	10.86	1.4%
HP	●	58.63	1.0%
RDC	●	17.12	1.9%
PTEN	●	16.71	1.4%
UNT	●	15.44	0.5%
ATW	●	18.76	-0.6%
PES	L	3.01	-1.6%
SLB	●	83.15	-0.4%
HAL	●	41.01	-0.6%
BHI	●	56.65	-0.1%
NOV	●	39.73	0.5%
CAM	●	48.89	0.3%
FTI	●	32.63	-0.7%
OII	●	40.84	-0.5%
DRQ	●	61.15	-1.5%
OIS	●	28.62	-1.1%
TDW	●	17.70	0.9%
CRR	L	28.56	-2.5%
SPN	L	16.06	-1.2%
CKH	●	62.56	-1.1%
EXH	L	23.29	-0.0%
SLCA	●	24.80	-0.3%
BRS	L	37.37	-3.7%
HLX	L	6.79	-4.7%
NR	●	7.11	-0.1%
TTI	●	7.31	-2.4%
HOS	●	19.05	-1.0%
ERA	●	18.19	-0.5%
BAS	L	4.86	-3.9%
MTRX	●	20.76	0.6%
XOM	●	77.90	-1.1%
CVX	●	83.44	0.2%
COP	●	49.51	-0.1%
OXY	●	73.79	0.0%
MRO	●	17.48	0.6%
HES	●	59.21	0.7%
MUR	●	31.70	-1.8%
APA	●	48.07	0.4%
DVN	●	46.22	-0.4%

Materials

Symbol	H/L	Last	%Chg
LYB	●	86.18	-1.3%
DD	●	53.90	-0.6%
DOW	●	44.75	-1.5%
EMN	●	76.90	-0.6%
FMC	●	47.46	-0.5%
MON	●	102.81	-0.6%
MOS	●	43.59	-0.5%
CF	●	63.47	-0.8%
PX	●	113.51	-0.4%
APD	●	146.03	-0.4%
ARG	●	106.05	-0.3%
ECL	●	115.90	-0.3%
PPG	●	104.57	0.2%
SHW	●	285.07	0.1%
SIAL	●	139.70	-0.0%
IFF	●	115.53	0.4%
ASH	●	115.16	-0.8%
VAL	●	83.69	0.6%
RPM	●	47.13	-0.1%
ALB	●	51.11	-1.2%
VMC	H	99.05	0.2%
MLM	H	175.69	0.3%
BLL	●	71.61	-0.0%
SEE	●	54.36	-0.8%
PKG	●	72.91	-0.6%
AA	L	9.27	-1.6%
FCX	L	9.92	-3.1%
NEM	●	17.54	-1.7%
NUE	●	46.46	-1.0%
IP	●	47.60	-1.1%

Industrials

Symbol	H/L	Last	%Chg
UTX	●	99.41	0.1%
BA	●	144.60	0.1%
HON	●	106.21	0.4%
LMT	●	212.67	-0.2%
GD	H	153.28	0.3%
RTN	●	110.33	0.5%
NOC	H	175.50	0.5%
PCP	●	230.88	-0.0%
LLL	●	115.05	-0.6%
COL	●	87.28	-0.6%
ITT	●	38.17	-0.9%
FLR	●	47.59	-1.3%
EMR	●	50.11	-0.5%
ROK	●	115.68	-1.1%
GE	●	26.07	-0.5%
MMM	●	148.31	-0.6%
TYC	●	38.07	0.3%
CAT	●	78.82	0.4%
DE	●	93.91	-0.3%
PCAR	●	62.94	-0.1%
CMJ	●	128.04	-0.4%
DHR	●	91.51	-0.2%
ITW	●	89.93	-0.1%
ETN	●	59.82	-0.8%
PH	●	112.75	0.1%
DOV	●	63.97	-0.7%
FAST	●	40.72	0.9%
GWV	●	226.73	0.1%
WM	●	52.70	0.1%
RSR	H	43.51	0.4%
UPS	●	102.76	-0.1%
FDX	●	165.66	0.4%
CHRW	●	69.75	0.1%
EXPD	H	49.66	0.8%
LUV	●	40.19	-0.5%
DAL	●	47.36	-1.3%
UNP	●	92.78	0.0%
NSC	●	82.35	0.2%
CSX	●	29.62	-0.2%

Health Care

Symbol	H/L	Last	%Chg
MDT	●	78.09	-0.8%
BAX	●	40.59	-0.4%
SYK	H	104.31	0.1%
BDX	●	147.08	-1.0%
ISRG	●	529.70	-0.6%
STJ	●	72.50	-0.0%
ZBH	●	105.97	-0.3%
BSX	●	17.56	-0.0%
HSP	●	89.77	-0.0%
MCK	●	215.51	-0.3%
CAH	●	84.80	0.5%
ESRX	●	89.87	0.8%
DGX	●	73.50	-0.0%
UNH	●	125.50	1.3%
ANTM	●	153.30	0.9%
HUM	●	190.53	0.4%
AET	●	124.21	0.9%
CI	●	148.49	1.2%
AMGN	●	167.72	-1.2%
REGN	●	569.67	-1.2%
GILD	●	117.06	0.5%
ALXN	●	187.42	-1.9%
VRTX	●	139.76	0.1%
CELG	●	130.20	-0.7%
BIIB	●	312.13	-1.2%
JNJ	●	99.37	-0.5%
PFE	●	35.52	0.0%
MRK	●	59.66	-0.0%
ABT	●	50.44	0.1%
ABBV	●	68.86	-0.7%
BBY	●	64.28	1.2%
BYM	●	83.39	-0.0%
LLY	●	83.39	-0.0%
AGN	●	320.30	-0.2%
TMO	●	135.32	-0.7%

Consumer Discretionary

Symbol	H/L	Last	%Chg
BBBY	●	63.51	0.4%
DLPH	●	77.85	0.2%
JCI	●	45.52	-0.4%
BWA	●	47.15	0.8%
GM	●	31.71	0.3%
F	●	14.83	1.0%
HOG	●	59.79	-0.2%
MHK	H	211.33	1.4%
PHM	●	21.90	2.5%
DHI	H	32	1.4%
NVR	H	#####	0.6%
WHR	●	182.95	2.5%
NWL	H	44.46	1.1%
MAT	●	22.90	-2.2%
HAS	●	80.38	-0.3%
COH	●	32.63	1.9%
VFC	●	76.19	0.1%
IRL	L	117.23	-0.6%
NKE	●	114.82	-0.1%
LVS	●	51.82	-0.7%
WYNN	L	90.90	-1.1%
IGT	●	19.28	-0.9%
CCL	●	52.80	-0.2%
RCL	●	90.39	-0.1%
MAR	●	72.38	-0.4%
HOT	●	76.86	-0.8%
WYN	●	80.35	-0.3%
MCD	H	100.76	0.1%
YUM	●	84.20	-1.0%
SBUX	●	57.83	0.2%
DRI	●	71.61	-1.3%
CMG	●	745.92	-1.1%
APOL	L	11.62	-1.8%
DV	L	27.05	-2.0%
HRB	●	35.23	-1.5%
OMC	●	73.26	-0.8%
IPG	●	21.01	-1.0%
CBS	●	49.35	-1.4%
DISCA	●	29.05	-0.9%
CMCSA	●	59.69	-1.2%
SIRI	●	3.94	-0.4%
TWC	●	191.10	0.4%
SNI	L	57.01	-2.8%
DIS	●	106.94	-1.9%
TWX	●	79.01	-0.5%
FOXA	●	30.19	-1.1%
VIAB	L	43.24	-2.1%
GCI	●	13.50	-0.1%
GPC	●	87.90	-0.5%
AMZN	●	535	-0.0%
PCLN	●	#####	-1.1%
EXPE	●	123.32	0.3%
NFLX	●	124.05	-1.0%
KSS	●	55.45	-0.4%
SHLD	●	24.08	-5.1%
M	●	62.67	-0.4%
JWN	●	78.71	-0.4%
JCP	●	8.69	-2.6%
TGT	●	80.30	1.7%
DG	●	80.09	0.9%
DLTR	●	79.37	1.1%
TJX	H	76.78	7.2%
GPS	●	34.65	0.5%
LB	●	81.35	-0.2%
ROST	H	56.53	3.7%
URBN	●	31.55	-2.1%
GES	●	21.36	-0.0%
BBY	●	32.42	0.1%
HD	H	122.80	2.6%
LOW	●	73.02	0.7%
SPLS	●	14.15	-0.6%
TIF	●	91.55	0.6%
AZO	H	746.20	0.4%
ORLY	●	254.45	-0.1%
KMX	●	63.50	-0.0%

Consumer Staples

Symbol	H/L	Last	%Chg
CVS	●	108.46	-0.3%
WBA	●	91.94	-0.8%
SY	●	41.15	0.0%
KR	●	38.60	-0.1%
WFM	●	33.36	-1.0%
WMT	L	69.48	-3.4%
COST	●	145.63	-0.3%
TAP	●	73.27	0.1%
STZ	H	129.70	0.9%
BF/B	●	108.18	-0.5%
KO	●	41.30	-0.1%
PEP	●	99.77	-0.1%
MNST	●	150.52	-0.1%
CCE	●	52.65	-0.7%
DPS	●	82.78	-0.3%
ADM	●	47.68	0.4%
MDLZ	●	46.15	-0.1%
GIS	●	58.94	-0.6%
K	●	69.30	-0.4%
GMCR	L	50.24	-1.4%
CPB	●	50.23	-0.7%
CAG	●	44.84	-0.6%
MJN	L	83.71	-0.8%
VWAV	●	48.24	-3.4%
HSY	●	93.44	1.2%
SJM	●	108.97	-0.0%
HAIN	●	63.65	-6.9%
TSN	●	42.87	0.0%
HRL	●	60.50	-1.4%
MKC	●	84.75	-0.3%
PM	●	84.02	-0.3%
MO	●	55.20	-0.8%
RAI	●	85.26	-0.4%
PG	L	75.13	-0.5%
CL	●	67.69	0.0%
KMB	●	116.04	-0.2%
CLX	●	116.99	-0.4%
ENR	●	40.46	-0.2%
CHD	H	90.57	0.3%
AVP	●	5.57	-2.3%
EL	●	83.82	1.2%

Utilities

Symbol	H/L	Last	%Chg
SO	●	46.07	-0.4%
EXC	●	33.60	0.5%
DUK	●	76.24	-0.3%
NEE	●	109.51	-0.0%
AEP	●	58.27	-0.1%
ETR	●	70.62	-0.0%
PPL	●	33.43	-0.4%
FE	●	34.65	-0.6%
EIX	●	61.23	-0.8%
ES	●	51.47	-0.2%
PNW	●	64.38	-0.7%
POM	●	27.19	0.0%
WR	●	39.53	-0.8%
GXP	●	27.15	-0.7%
HE	●	30.63	-0.7%
CNL	●	54.46	-0.1%
IDA	●	63.89	-0.7%
ALE	●	51.55	-0.7%
EE	●	37.75	-0.7%
PNM	●	27.71	-1.3%
UIL	●	49.15	-0.1%
NFG	●	56.39	-0.3%
UGI	●	36.30	-1.4%
GAS	●	49.24	-1.1%
STR	●	21.63	-1.0%
ATO	●	57.30	-0.9%
PNY	●	39.81	-0.4%
OGS	●	45.20	-0.7%
WGL	●	57.99	-0.4%
NJR	●	29.53	-0.1%
SWX	●	56.59	0.2%
SJI	●	25.80	0.4%

Technology

Symbol	H/L	Last	%Chg
GOOGL	●	688.73	-0.7%
EBAY	●	27.77	-1.8%
YHOO	●	35.69	-1.1%
AKAM	●	73.89	0.4%
VRSN	●	70.93	-0.3%
ACN	●	103.86	0.3%
CTSH	●	67.84	0.2%
LDOS	●	45.00	-0.0%
V	●	74.47	0.0%
MA	●	97.60	-0.2%
ADP	●	84.69	-0.0%
WU	●	20.38	-0.1%
PAYX	●	48.45	0.1%
FIS	H	71.72	0.3%
CSC	●	67.76	0.0%
FISV	H	90.28	0.1%
ADS	●	273.49	0.7%
ADBE	●	86.45	-0.3%
INTU	●	105.72	0.1%
CRM	●	72.58	-1.9%
CTXS	H	78.09	0.4%
ADSK	●	54.59	-1.4%
MSFT	●	47.	

Canadian Market Movers

Energy				Materials				Industrials				Consumer Discretionary				Technology				Financials							
Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg	Symbol	HL	Last	%Chg
PD	●	6.02	1.3%	MX	●	57.26	-1.7%	BBD/B	L	1.21	-7.6%	MG	★	69.67	0.7%	SUM	●	7.75	-2.2%	XIU	●	21.12	-0.4%				
ESI	●	10.10	2.1%	CUS	●	1.25	-4.5%	CAE	★	14.76	0.3%	LNR	★	71.56	-0.5%	GIB/A	●	49.77	-0.9%	XSP	★	24.27	-0.2%				
TDG	L	2.69	-2.1%	CHE-U	●	19.23	0.3%	MDA	●	80.21	0.9%	MRE	●	12.50	-1.1%	DH	★	41.30	-2.2%	XIC	●	22.52	-0.3%				
SCL	●	27.40	1.2%	POT	●	34.80	-0.4%	MAL	●	17.36	-1.5%	DI/B	●	35.42	1.0%	OTC	●	60.02	0.0%	XDV	●	22.15	-0.2%				
SES	●	10.29	4.5%	AGU	★	138.80	0.1%	HRX	★	11.55	0.6%	DOO	★	28.45	0.6%	CSU	★	551.09	0.0%	XFN	●	30.01	0.0%				
PSI	●	18.46	0.3%	CCL/B	★	183.59	-2.4%	DRT	★	5.74	-6.3%	PSG	●	19.26	-3.3%	DSG	★	22.22	-0.5%	CPD	L	13.67	-0.5%				
MTL	●	18.33	-0.4%	ITP	●	14.79	7.4%	SNC	●	39.50	-0.1%	GIL	★	41.50	-0.5%	CMG	●	12.24	-1.8%	ZEB	●	21.56	0.0%				
CEU	●	6.50	-0.3%	WPK	★	41.16	-2.0%	ARE	●	12.15	0.0%	AYA	●	30.11	-0.9%	ESL	★	51.93	0.1%	RY	●	75.00	0.2%				
TCW	L	1.16	-3.3%	CAS	H	9.13	1.7%	BDT	●	11.58	-0.6%	GC	●	19.01	-0.7%	RKN	●	3.74	1.3%	TD	●	52.31	1.0%				
CFW	●	5.07	2.4%	TRQ	●	4.07	-3.7%	WSP	★	46.90	-1.2%	GH	●	9.97	-2.3%	KXS	★	36.90	1.5%	BNS	●	60.62	-0.9%				
EFX	●	11.70	0.6%	TKC/B	L	8.39	-8.0%	BAD	●	20.84	-0.5%	IT	●	13.42	-3.6%	ABT	★	8.29	8.0%	BMO	●	72.09	-0.1%				
TESO US	L	8.41	-3.3%	FM	L	7.65	-9.6%	BLD	●	1.75	1.1%	TRZ/B	●	6.99	0.2%	BB	●	9.88	-1.0%	CM	●	91.55	0.0%				
FRC	●	4.67	2.4%	LUN	●	4.31	-2.2%	LMP	●	14.80	0.0%	WB	★	21.64	-1.4%	WIN	●	2.71	-0.7%	NA	●	44.43	-0.3%				
NAL	L	11.68	-0.5%	S	●	1.06	-5.3%	TH	★	36.89	0.1%	QSR	★	55.22	-2.3%	SW	●	30.77	-2.3%	CWB	●	24.03	-0.6%				
SU	●	36.33	-0.7%	HBM	L	1.00	-4.6%	WPT	●	4.77	-2.0%	MTY	★	34.85	-3.3%	MITL US	●	8.11	-1.8%	LB	★	47.59	0.0%				
IMO	●	47.54	0.0%	TCM	●	0.65	1.5%	AFN	L	40.05	-2.5%	CAO	★	35.45	0.7%	SVC	●	3.31	2.7%	MIC	●	30.31	-0.6%				
HSE	●	23.79	1.2%	CS	L	0.69	-8.0%	NFI	H	19.66	1.6%	BPF-U	●	18.19	1.2%	CDV	●	4.84	-3.2%	HCG	●	28.49	1.2%				
CVE	●	17.52	-0.2%	MDI	L	3.93	-1.9%	ATA	●	13.52	-3.4%	AW-U	●	28.21	-0.5%	ET	●	15.86	-0.3%	EQB	●	53.82	1.5%				
IOC US	●	39.80	-1.5%	IVN	●	0.64	-1.5%	XTC	★	15.68	-5.5%	PZA	●	13.72	-0.0%	GSIG US	●	13.54	-1.0%	FN	●	18.03	-1.3%				
CNQ	L	29.97	-0.3%	ABX	●	9.97	-3.2%	FTT	●	21.98	-0.4%	KEG-U	●	19.80	-0.5%	PUR	L	5.78	-1.7%	MKP	●	11.40	-0.3%				
ECA	●	8.98	0.7%	G	●	19.29	-0.7%	RUS	●	21.51	0.0%	EIC	★	14.36	0.0%	AVO	●	14.43	-0.2%	FC	★	12.34	-0.9%				
CPG	L	15.79	-3.3%	K	●	2.62	-2.2%	RCH	★	65.90	0.9%	AIM	●	12.40	4.2%	CLS	★	17.12	-0.0%	OCX	H	77.82	0.6%				
TOU	●	32.49	1.1%	AEM	●	32.08	-0.4%	MIL US	●	3.46	-2.5%	MDZ/A	●	26.01	2.7%	CSIQ US	●	24.69	1.8%	X	●	48.02	0.0%				
COS	L	6.35	-2.1%	ELD	●	5.46	0.1%	WJX	●	21.48	-2.8%	CJ/B	●	13.26	0.2%	EFN	★	19.58	0.0%								
ARX	L	18.34	-1.1%	YRI	●	2.87	-5.2%	CVL	L	13.71	-0.2%	SJ/B	●	26.73	-0.1%	IGM	●	37.44	-0.8%								
MEG	●	11.68	2.5%	IMG	●	2.29	-5.7%	TCL/A	●	15.04	-0.6%	QBR/B	●	29.76	-0.1%	CIX	●	32.02	-0.1%								
VET	●	44.25	-1.8%	IGT	●	14.03	-1.1%	BIN	★	36.01	-0.5%	CCA	★	69.20	0.4%	AGF/B	●	6.00	-0.1%								
BTE	●	8.45	0.8%	FNV	●	58.17	-1.4%	RBA	★	39.65	-0.2%	XSR	●	5.16	1.5%	TCN	★	11.50	1.3%								
POU	L	14.01	-2.5%	CG	★	7.44	-0.6%	RBA US	★	30.34	-0.0%	CGO	●	56.54	0.0%	DC/A	●	9.65	-0.6%								
PRE	●	4.09	-0.2%	NGD	●	3.03	-1.6%	BYD-U	★	61.46	-3.3%	LGf US	★	39.15	-0.1%	U	●	5.27	-0.3%								
PEY	●	28.64	1.9%	AGI	●	4.87	-3.1%	DCI	●	12.90	3.8%	IMAX US	★	34.53	-2.4%	SII	●	2.11	-1.8%								
PSK	●	25.55	0.0%	SMF	●	3.28	-2.0%	BDI	●	9.76	-3.3%	CGX	★	49.43	0.8%	AD	●	27.96	2.7%								
ERF	●	8.08	0.2%	NG	★	4.70	-2.6%	KBL	●	48.33	-1.1%	DHX/B	●	8.42	-1.9%	GS	●	22.95	-1.7%								
UPL US	●	7.13	1.4%	DGC	●	14.35	-0.1%	HNL	●	2.68	0.0%	TRI	★	53.29	-0.3%	GCG/A	★	17.90	-2.1%								
WCP	●	11.48	0.9%	PVG	●	6.91	-1.2%	MSI	●	16.34	-0.7%	TS/B	L	4.11	-1.9%	VNR	★	17.00	0.4%								
VII	●	14.15	1.2%	PHY/U	●	9.18	-0.1%	STN	●	32.51	-1.3%	Y	●	18.02	-1.8%	SPB	●	11.36	-1.0%								
PWT	L	1.10	-2.6%	SEA	●	7.48	-0.2%	WJA	●	24.80	0.4%	UNS	★	57.99	-2.5%	CU	●	36.20	-0.8%								
PGF	●	1.63	0.6%	KGI	●	5.39	-2.3%	CHR/B	★	6.21	-0.3%	HBC	●	25.64	-0.7%	ACO/X	●	39.75	-1.2%								
TET	●	4.06	4.9%	BTO	●	1.53	-3.7%	AC	●	12.08	-0.7%	SCC	●	7.90	-0.1%	JE	★	7.49	-2.1%								
BNP	●	4.09	1.7%	XGD	●	8.30	-1.4%	EIF	H	24.79	2.4%	CTC/A	★	126.37	1.4%	TA	L	6.94	-1.3%								
ATH	●	1.47	0.0%	P	●	3.87	-2.0%	CNR	★	79.51	-0.7%	DOL	★	80.48	0.9%	BEP-U	★	38.40	-1.1%								
BNE	●	20.94	3.6%	AR	●	1.31	-4.3%	CP	★	202.68	-1.5%	RBT/A	L	5.29	0.0%	RNW	★	11.76	-1.7%								
NBZ	L	3.50	-3.8%	TXG	●	1.25	-1.5%	TFI	●	24.27	0.2%	RON	●	14.92	0.2%	NPI	●	15.62	-0.6%								
FRU	L	10.70	-0.5%	LSG	●	1.11	-3.4%	STB	●	5.42	-0.3%	EH	●	17.08	-1.7%	ATP	●	2.94	-4.9%								
RRX	●	7.56	-2.3%	CNL	●	3.02	-3.2%	WTE	L	27.22	-1.2%	ACQ	●	28.00	2.1%	CPX	●	20.53	0.0%								
PXT	●	8.39	-1.1%	RMX	●	1.07	-3.6%	Health Care				LNF	●	14.45	-0.3%	AQN	★	9.77	-0.6%								
BIR	●	6.01	2.3%	OR	●	15.43	-1.3%	Symbol	HL	Last	%Chg	GBT	●	15.50	-2.8%	BLX	★	13.67	-0.1%								
SGY	●	2.48	0.4%	SSL	●	3.76	-0.5%	NV/DQ US	●	11.60	0.1%	Consumer Staples				INE	●	10.67	-0.3%								
AOI	●	2.01	0.5%	OGC	●	2.41	-0.8%	NHC	★	6.89	-6.4%	Symbol	HL	Last	%Chg	CSE	●	3.14	-0.3%								
KEL	●	6.16	-0.3%	GUY	★	4.06	-1.9%	CSH-U	★	11.98	0.2%	PJC/A	●	20.70	0.1%	CUP/U	●	10.52	-2.1%								
NVA	●	5.23	1.9%	CGG	●	2.03	-2.4%	DR	●	15.82	0.1%	L	★	73.66	-0.4%	Telecom Services											
BNK	●	2.29	3.6%	ASR	★	2.89	0.0%	ACC	★	8.43	1.0%	WN	★	112.81	-0.9%	Symbol	HL	Last	%Chg								
BXE	L	2.17	-5.2%	NSU	●	3.67	-3.1%	SIA	★	15.67	-0.8%	MRU	★	37.23	-0.9%	BCE	★	54.09	0.2%								
CR	L	4.36	0.0%	R	●	0.57	0.0%	RLC	H	12.04	0.1%	ATD/B	★	59.10	-0.2%	T	★	44.75	0.7%								
OXC	●	0.95	4.3%	SLW	●	17.82	-2.3%	PLI	●	2.14	0.9%	EMP/A	★	90.75	-0.9%	MBT	★	28.97	-0.3%								
PPY	●	6.98	-1.9%	PAA	●	9.10	-2.7%	GUJ	●	7.28	0.1%	NWC	★	27.58	-0.6%	RCI/B	★	45.68	0.8%								
TOG	●	5.93	0.6%	FR	●	5.00	-4.3%	VRX	★	325.87	-0.2%	LIQ	●	13.34	-0.3%												
CJ	●	11.17	0.2%	SSO	●	8.60	-2.9%	CXR	★	102.83	0.2%	CSW/A	●	19.00	-0.2%												
AAV	●	6.99	0.1%	SVM	●	1.06	-2.7%	CPH	L	8.99	-4.2%	BCB	★	14.68	-1.5%												
LTS	●	0.50	4.2%	PHS/U	●	5.74	-2.7%	COM	★	12.53	-2.1%	SAP	●	30.51	-0.1%												
SPE	L	2.23	-2.6%	DPM	●	2.19	-1.3%	MSL	●	2.37	0.0%	MFI	★	22.92	-0.2%												
LRE	●	0.49	3.1%	DDC	●	16.89	0.0%	EXE	★	8.10	-1.8%	AGT	●	29.65	-3.8%												
RMP	●	1.57	-3.0%	THO	●	11.96	-1.3%	Health Care				RSI	★	4.39	-0.7%												
SRX	●	3.95	-2.2%	MPV	●	4.24	-0.7%	Symbol	HL	Last	%Chg	PBH	★	33.13	0.2%												
KEY	●	42.47	-2.1%	LUC	★	1.78	7.2%	SWY	★	0.80	1.2%	CLR	●	11.44	0.2%												
PKI	●	21.80	-1.6%	III	●	7.90	-0.3%	PTM	●	0.38	-3.7%	SOY	●	12.33	-0.8%												
ENB	●	55.22	-1.1%	SWY	★	0.80	1.2%	FVI	●	3.55	-3.5%	HLF	●	18.80	-0.3%												
TRP	●	47.55	0.2%	PTM	●	0.38	-3.7%	MAG	★	9.90	-3.1%																
PPL	●	36.99	-1.0%	LIF	●	13.24	-3.0%	WFT	●	54.75	1.0%																
IPL	●	28.51	-2.8%	WFT	●	54.75	1.0%	CFP	●	22.21	2.3%																
ALA	●	34.13	-0.8%	CFP	●	22.21	2.3%	SJ	★	45.91	0.1%																
GEI	●	18.20	0.2%	SJ	★	45.91	0.1%	IFP	●	15.01	0.7%																
VSN	●	13.73	-1.9%	IFP	●																						

Trends & Inflection Points

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Russell 2000 Technology – Further Breakdowns



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- [The Russell 2000 technology index](#), which was in the clear and making higher highs and lows until June, broke the uptrend in July, and yesterday broke to a first lower low, and took out the 200d MA – Figure 1.
- We've been pointing out the weakness in the credit markets [recently](#), and in technology the weakness is advanced, with [high yield bonds now trending lower](#) – Figure 2.
- In our view, momentum investors ought to raise cash and step to the sidelines:
 - One-third of Russell 2000 technology stocks in price uptrends have broken their trends. We highlight the largest 20 index members in Figure 3, and the [full list at this link](#).
- Not able to step to the sidelines? Here is a short list of Russell 2000 tech stocks trying to break above downtrends – [see link](#).

Figure 1: [Russell 2000 Technology Index](#)



Figure 2: [Technology High Yield Bond Price Index](#)



Figure 3: Largest 20 Russell 2000 Technology Members Breaking Price Uptrends – [See Link for Full List](#)

Symbol	Name	Sub Industry	Grp RS	1-day Equity Chg (%)	5-day Equity Chg (%)	MktCap (US\$)	Chg Last Day	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	%Chg wrt 150d MA	Chg wrt 150 Day MA Trend	Boll Band	Boll Band Width	RSI Dly
GIMO US	Gigamon Inc	SystemSwr	4	-2.4%	0.5%	877	↓	↓	254%			-15%	Below Falling	12%	Above Rising	BELOW	294%	40
HUBS US	HubSpot Inc	ApplicSwr	1	-2.0%	-2.0%	1,583		↓	113%			-7%	Below Falling	12%	Above Rising	BELOW	173%	39
AVG US	AVG Technologies	SystemSwr	4	-1.9%	-3.6%	1,282		↓	79%		3.5	-11%	Below Falling	7%	Above Rising	BELOW	346%	29
PCTY US	Paylocity Holding Corporation	ApplicSwr	1	-8.6%	-9.6%	1,636	↓	↓	72%		3.0	-10%	Below Falling	7%	Above Rising	OSOLD	51%	37
AZPN US	Aspen Technology	ApplicSwr	1	-0.4%	-7.2%	3,294		↓	55%			-11%	Below Falling	-1%	Below Rising	OSOLD	120%	33
CVG US	Convergys Corp	DataProc	1	-0.6%	0.6%	2,284		↓	45%			-7%	Below Falling	3%	Above Rising	BELOW	196%	35
IDTI US	Integrated Device Technology	Semi	10	-8.0%	-7.7%	2,675		↓	64%		7.0	-14%	Below Falling	-10%	Below Rising	OSOLD	72%	35
MTSI US	M/A-COM Technology Solutions	Semi	10	-4.6%	-3.4%	1,699		↓	77%			-10%	Below Falling	-3%	Below Rising	BELOW	75%	42
NSIT US	Insight Enterprises	TechDist	9	-1.8%	-1.3%	977	↓	↓	38%			-9%	Below Falling	-2%	Below Rising	BELOW	82%	38
EIGI US	Endurance Intl	InetSftSrv	6	-1.9%	-5.1%	2,127	↓	↓	49%		8.0	-20%	Below Falling	-16%	Below Falling	BELOW	232%	22
MKSI US	MKS Instruments	SemiEqp	10	-2.8%	-2.7%	1,857	↓	↓	14%		3.5	-5%	Below Falling	-3%	Below Falling	BELOW	54%	37
IDCC US	InterDigital	ComEquip	6	-1.8%	-1.4%	1,785		↓	18%			-11%	Below Falling	-6%	Below Rising	BELOW	218%	29
GOGO US	Gogo Inc	InetSftSrv	6	-0.9%	-3.4%	1,398	↓	↓	27%		6.0	-17%	Below Falling	-12%	Below Falling	BELOW	126%	30
FCS US	Fairchild Semiconductor	Semi	10	-2.7%	-2.1%	1,636		↓	22%		9.5	-14%	Below Falling	-18%	Below Rising	BELOW	123%	34
CUDA US	Barracuda Networks	SystemSwr	4	0.0%	-1.1%	1,394		↓	28%			-22%	Below Falling	-29%	Below Falling	BELOW	112%	32
PMCS US	PMC-Sierra	Semi	10	-2.0%	-3.3%	1,236		↓	18%		18.5	-19%	Below Falling	-26%	Below Falling	BELOW	258%	28
SLAB US	Silicon Laboratories	Semi	10	-3.1%	-0.8%	1,855	↓	↓	10%			-15%	Below Falling	-13%	Below Falling	BELOW	280%	32
BDC US	Belden Inc	ElecComp	10	0.5%	1.5%	2,366		↓	12%			-24%	Below Falling	-31%	Below Falling	BELOW	420%	26
QLGC US	QLogic Corp	HdwrSt&P	10	-0.7%	0.0%	822		↓	10%			-24%	Below Falling	-30%	Below Falling	BELOW	527%	30
SYNA US	Synaptics Inc	Semi	10	-2.6%	-3.1%	2,627	↓	↓	6%		6.5	-16%	Below Falling	-10%	Below Rising	BELOW	105%	29

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Got Bonds? Flat & Skinny 500 vs. Pivoting TLT



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- The [current trend on the S&P 500 gives you a return of just 1%. It's flat, and it's skinny](#) – Figure 1.
- The [current pivot on long bonds is to the positive](#) – Figure 2.
- Taken together, [long bonds have started to outperform the equity market](#) – Figure 3, top.
 - This coincided with the [yield curve topping out. It is now flattening once again](#) – Figure 3, middle.
 - This coincided with [oil exploring new space](#) – Figure 3, bottom.
 - The deflationary trade continues this morning with [copper](#) breaking below \$2.30.
 - Not to mention, that the North American credit market (both [IG](#), and [HY](#)) has turned [unfriendly, and we don't see equities pricing this risk in yet](#).
- Got [bonds](#)?

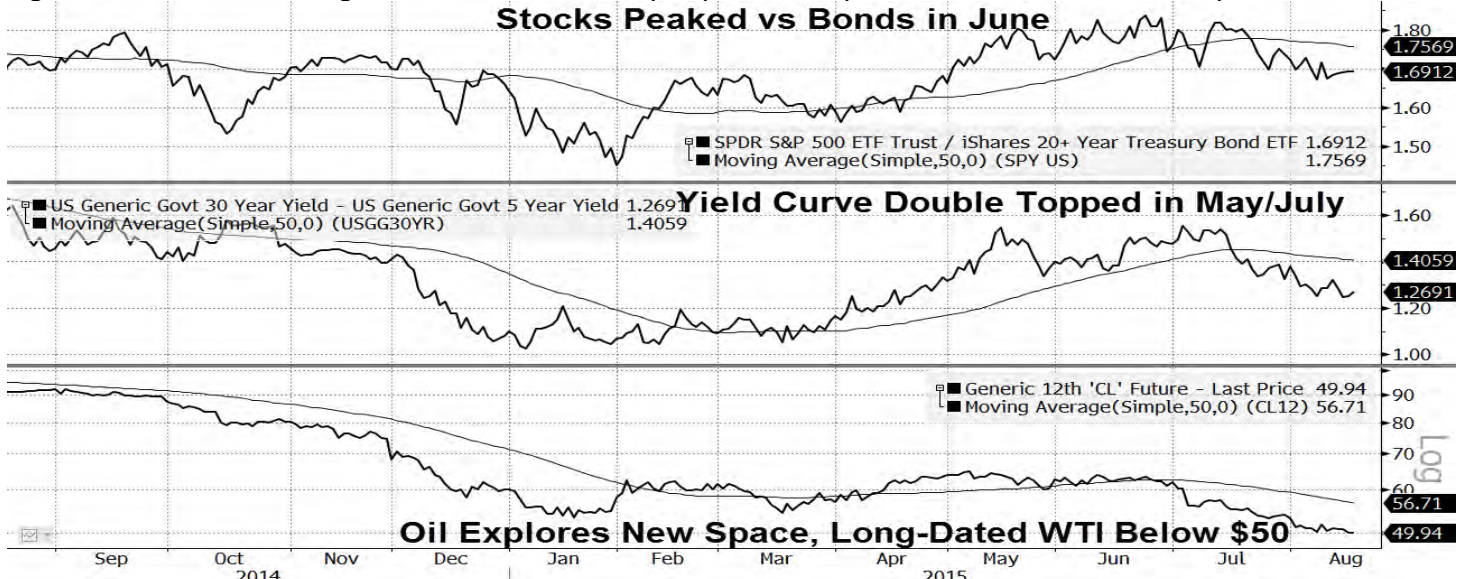
Figure 1: [Trend on S&P 500](#)



Figure 2: [Trend on Long-Term Treasury ETF \(TLT\)](#)



Figure 3: U.S. Stocks vs. Long Bonds; U.S. Yield Curve (30-5); Crude Oil (12m Continuation Series on WTI)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Banks and Credit – Divergent yet Correlated



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- [Credit protection costs are on the rise](#), yet [according to the headlines](#), equity markets don't care.
- Behind the scenes, equities care very much.
- The correlation of returns for the U.S. Bank ETF (KBE) and the Markit North American Investment grade 5yr CDS (cost to protect a basket of IG bonds from default) are just as strong as they typically are – Figure 1 bottom. It's just that on a price basis, they have diverged – Figure 1 top.
- [U.S. banks have been consolidating gains, and are breaking an outperforming trend vs. U.S. financials](#) (as [REITs break to the upside](#)). On a price basis, they have formed a consolidation pattern (a pennant), which was breaking to the downside last week.
 - With credit risk remaining high, and [yield curves](#) continuing to edge lower this morning, we expect the bank consolidation pattern to continue to break down.
 - Mind the gap – Figure 1.

Figure 1: U.S. Bank ETF (KBE US) and CDX North American Investment Grade 5Yr CDS (Inverted Scale)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Sector Shifts as High Yield Energy Breaks No Bid Low



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- We've been waiting for this breakdown for some time, but yesterday the [high yield bond market for energy broke below the no-bid carnage level of Q4 last year](#) – Figure 1.
- Also yesterday, the [High Yield bond ETF](#) started to break down from what is a two-year double top – Figure 2.
- If you own blue chips, and consider yourself immune, reconsider that position. The [cost to insure a basket of North American investment grade bonds](#) has bottomed and is trending higher – Figure 3.
- In this context, when we observe the snapshot of what the market is rewarding and disregarding our [global relative strength breadth heat map](#), we find the sectors shifting towards defense – Figure 4.
 - [Utilities](#) is making a quick jaunt through the neutral zone, and is now positive, so [Monday's call to be at least market weight the sector](#), may be upped to overweight.
 - [Health Care](#), which has been the momentum star for the year, is losing some of this momentum, and the fact that [Health Care growth is breaking down vs value](#), shows the defensive positioning taking place within the sector.
 - Resources, well [you know, you know](#).

Figure 1: [High Yield Energy Bond Index](#)



Figure 2: [High Yield Corporate Bond Fund](#)



Figure 3: [Markit North American Investment Grade CDS Index](#)

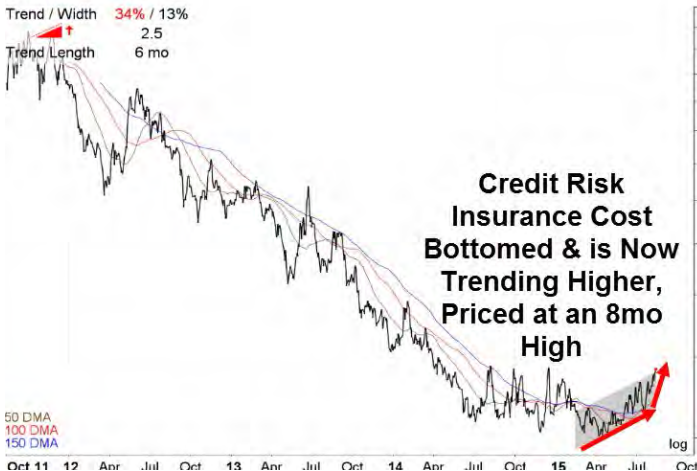
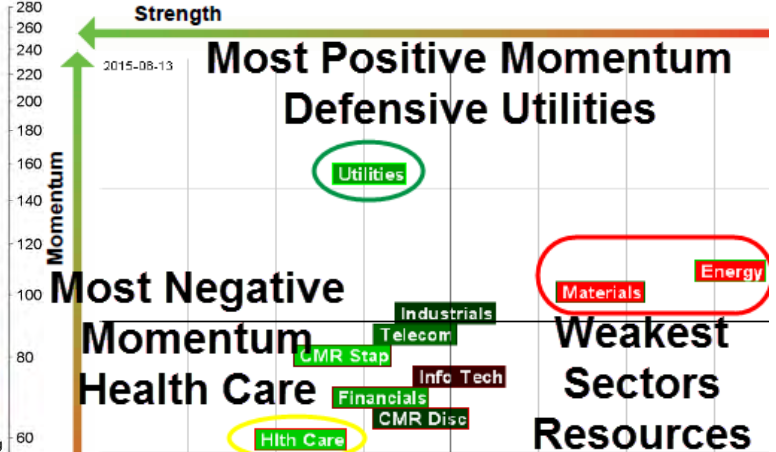


Figure 4: [Sector Relative Strength Breadth Heat Map](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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21 of the Best Global Stocks



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There is a lot of back and forth in the wake of the Chinese devaluation this week, and while yes, the move brings up [new stresses](#), no, the signaling that China is slowing is [nothing new](#). As stresses ease this morning, mean reversion takes place, with higher rates, a stronger dollar, and a lower gold price. Where we don't see mean reversion is on breakeven rates, which continue to press lower (did we mention that China was slowing?).

Not wanting to be caught up in mean reversion, we highlight [MSCI World Stocks in outperforming trends against the market and sector, in a subindustry that our breadth analysis picks up as 1st decile, with our earnings growth filter applied](#). It's a tight list of 21 of the best global stocks, and it's a good time to ask do you have them, and if not, should you have them?

Figure 1: [MSCI World Members in Outperforming Trends vs MSCI World, and Their Sector, In 1st Decile SubIndustries, With Our Earnings Growth Filter Applied](#)

Symbol	Name	Sub Industry	Grp	EE	1-day Equity Chg (%)	5-day Equity Chg (%)	MktCap (US\$)	Chg Last Day	MSCI World Lcl N	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
AIA NZ	Auckland International Airport	AirprtSrv	1	3	-0.4%	-3.3%	4,142	↗	▲	45%			2%	Above Rising	48
4739 JP	Itochu Techno-Solutions	ITConsult	1	3	-1.1%	1.7%	2,854		▲	64%			-2%	Below Falling	46
FRE GR	Fresenius SE & Co KGaA	HCSERVICE	1	2	-0.2%	-2.6%	38,433		▲	46%			5%	Above Rising	55
EA US	Electronic Arts	HmEntSwr	1	2	-0.1%	-1.9%	22,982		▲	61%			7%	Above Rising	59
8725 JP	MS&AD Insurance Group	P&C Insur	1	2	0.5%	5.9%	20,971		▲	48%			7%	Above Rising	63
8630 JP	Sompo Japan Nipponkoa	P&C Insur	1	1	-2.1%	-0.7%	14,515		▲	58%			-1%	Below Falling	48
ATVI US	Activision Blizzard	HmEntSwr	1	2	0.7%	-0.2%	20,894		▲	38%	48.0		11%	Above Rising	72
3659 JP	Nexon Co Ltd	HmEntSwr	1	1	-6.4%	-4.4%	5,503		▲	68%		1.0	-6%	Below Falling	37
SEE US	Sealed Air	PaperPkg	1	2	-1.0%	-2.5%	11,124		▲	34%			4%	Above Rising	57
ESRX US	Express Scripts Holding	HCSERVICE	1	3	-0.6%	-1.9%	60,140		▲	14%			-1%	Below Rising	46
TSO US	Tesoro Corp	OG RfMkt	1	1	0.0%	11.5%	13,464		▲	38%	48.0		18%	Above Rising	77
FRC US	First Republic Bank	RegionBnk	1	3	-1.5%	-1.8%	8,917		▲	21%			-1%	Below Rising	46
ATO FP	AtoS	ITConsult	1	2	-1.8%	-4.5%	7,815		▲	19%			-2%	Below Falling	40
7974 JP	Nintendo	HmEntSwr	1	1	-1.5%	5.7%	27,749		▲	68%			15%	Above Rising	69
HFC US	HollyFrontier	OG RfMkt	1	1	0.0%	8.7%	10,141		▲	36%	15.0		20%	Above Rising	77
VLO US	Valero Energy	OG RfMkt	1	1	-0.3%	8.3%	34,892		▲	30%	48.0		11%	Above Rising	68
CTSH US	Cognizant Technology Solution	ITConsult	1	3	-0.5%	0.2%	41,125	↘	▲	17%	48.0		7%	Above Rising	69
SYD AU	Sydney Airport	AirprtSrv	1	1	0.2%	-1.6%	9,325	↑	▲	16%	48.0		6%	Above Rising	61
6367 JP	Daikin Industries	BldPrdcts	1	2	-2.9%	-0.4%	19,630		▲	21%			-5%	Below Falling	46
PGR US	Progressive Corp	P&C Insur	1	2	-0.3%	0.4%	18,076		▲	3%	22.0		6%	Above Rising	65
9766 JP	Konami Corp	HmEntSwr	1	2	-0.5%	1.2%	2,978		▲	3%			7%	Above Rising	58

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Macro Shifts as China Devalues



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As [China devalued yesterday, and again last night](#), we zone-in on some “severed trends last day.” These are the macro shifts taking place. Our system offers signaling. We offer our colour.

1. On the volatility front, the [Canadian VIX and EM currency volatility](#) broke above downtrends. **On the Canadian front, we would feed the ducks here and sell volatility.** The China devaluation is pushing the U.S. 2yr lower, feeding a “one and done” maneuver for U.S. rate cut expectations, helping EUR to rally, which should help to take a bit of downside pressure off of commodities. Over the short term, this vol should reset lower after a rough start this morning.
2. On the rate front, the [U.S. 10 and 30y bond yields broke uptrends, leaving the 2yr standing alone](#) (one and done indeed). Long bonds or U.S. equities? **Since [the curve](#) started to flatten, [TLT looks better](#).**
3. On the [global industry front](#), and with the exception of the strength in airlines, these are all yield curve adjustments. **We recommend rotating from banks into real estate, and adding to utilities.**
4. On the [regional sector front](#), shifts continue out of technology, and into utilities. **Again, we would go with the flow here. There is technology being rewarded, and disregarded – be very selective.**

Figure 1: [Severed Trends Last Day on Implied Volatility Gauges](#) (available daily within [BMO Macro](#))

SPTSX VIX	VIXC	17.0%	6.7%	↑		-53%	3.0	21%	Above Rising	3%	Above Rising
EM FX	JPMVXYEM	16.8%	16.6%	↑		-30%	5.0	20%	Above Rising	12%	Above Rising

Figure 2: [Severed Trends Last Day on U.S. Rates](#) (see [Global 10y Yields here](#), and [Global 30y Yields here](#))

Name	Symbol	1-Day Chg (%)	5-Day Chg (%)	Chg Last Day	Reward /Risk	Trend Slope	Hi (Mo)	Low (Mo)	Chg wrt 50Day MA	Chg wrt 50 Day MA Trend	Chg wrt 200d MA	Chg wrt 200 Day MA Trend
US 30	USGG30YR	-3.0%	-3.0%	↓		53%		3.5	-8.3%	Below Falling	0.1%	Above Falling
US 10	USGG10YR	-3.9%	-3.6%	↓		50%		2.5	-7.8%	Below Falling	0.3%	Above Falling

Figure 3: [Severed Trends Last Day on Global Industries](#) (available daily within [Sector & Industry Report](#))

Name	Chg Last Day	Reward /Risk	Trend Slope	RS Hi (Mo)	RS Low (Mo)	1-day RS Chg(%)	5-day RS Chg(%)	%Chg wrt 50d RS MA	Chg wrt 50-d RS MA Trend	%Chg wrt 200d RS MA	Chg wrt 200-d RS MA Trend
Capital Markets vs. MSCI World	↓		20%		1.0	-0.4%	-0.7%	-0.2%	Below Rising	2.8%	Above Rising
Banks vs. MSCI World	↓		12%		1.0	-0.2%	-0.4%	-0.5%	Below Rising	1.0%	Above Falling
Diversified Telecom vs. MSCI World	↑		-2%	6.0		0.7%	0.6%	1.7%	Above Rising	1.8%	Above Rising
Multi-Utilities vs. MSCI World	↑		-10%	5.5		0.9%	2.0%	2.9%	Above Rising	-1.8%	Below Falling
Airlines vs. MSCI World	↑		-23%	3.0		0.7%	0.2%	3.7%	Above Rising	0.0%	Below Rising
Real Estate Investment Trusts vs. MSCI World	↑		-22%			0.9%	0.6%	2.5%	Above Rising	-1.5%	Below Falling

Figure 4: [Severed Trends Last Day on Regional Sectors vs Local Markets](#) (available daily within [Sector & Industry Report](#))

Name	Chg Last Day	Reward /Risk	Trend Slope	RS Hi (Mo)	RS Low (Mo)	1-day RS Chg(%)	5-day RS Chg(%)	%Chg wrt 50d RS MA	Chg wrt 50-d RS MA Trend	%Chg wrt 200d RS MA	Chg wrt 200-d RS MA Trend
Technology vs. MSCI World Small Cap	↓		6%			-0.7%	0.1%	-1.3%	Below Falling	-0.2%	Below Rising
Technology vs. Russell MidCap	↓		3%			-0.7%	0.0%	-2.2%	Below Falling	-1.7%	Below Rising
Utilities vs. Russell 1000 Value	↑		-7%	4.0		1.1%	1.4%	3.2%	Above Rising	-0.2%	Below Falling
Utilities vs. S&P 500	↑		-11%			1.3%	2.3%	3.9%	Above Rising	-1.0%	Below Falling
Utilities vs. Russell 2000 Value	↑		-10%			0.8%	1.3%	1.9%	Above Falling	-1.7%	Below Falling

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Health Care – Cycling Back to Neutral



- Our [relative strength breadth reading for Health Care](#) has cycled from strongly positive to neutral for years now. It is cycling back to neutral, as [staples gain](#), and [utilities climb out of a negative reading](#) – Figure 1.
- If you own [health care via an ETF](#), you see the same weakness – Figure 3.
- With the [credit market becoming unfriendly](#) (and yes the safe haven bid to [bonds](#) is back again this morning as [China devalues the most since the 1990s](#), the EM FX basket crumbles, and yes even the U.S. 2yr catches a bid, off 4bps this AM), we are going to ditch relative strength for a moment to detail price trends (you can't buy much with relative strength gains that are absolute losses). [Health Care indices are trending higher, but are starting to break steep uptrends, and fall below their 50d MAs](#) – Figure 2.
- [Health Care Growth broke trend vs. Value yesterday](#) – Figure 4.
- The easiest stocks to reduce positions on are [the overbought shares](#) highlighted in Figure 5.

Figure 1: [Global Health Care Relative Strength Breadth Z-Score](#) Figure 2: [Price Trends on Health Care Indices](#)



Breaking Price Trends & Falling Below 50d MAs

Name	Chg Last Day	Reward/Risk	Trend Slope	Price Hi (Mo)	Price Low (Mo)	1 day Price Chg (%)	5 d Price Chg (%)	%Chg wrt 50d Price MA	Chg wrt 50 d Price MA Trend
S&P/TSX Health Care	▲	165%	▲	165%	165%	-1.3%	-4.1%	5.8%	Above Rising
MSCI World Small Cap Health Care	▲	40%	▲	40%	40%	0.7%	2.2%	0.5%	Above Rising
Russell 2500 Health Care	▲	50%	▲	50%	50%	0.6%	-2.5%	-0.4%	Below Rising
Russell MidCap Health Care	▲	41%	▲	41%	41%	0.6%	-2.3%	-0.2%	Below Rising
Russell 2000 Health Care	▲	50%	▲	50%	50%	0.7%	-3.1%	-1.4%	Below Rising
S&P 500 Health Care	▲	19%	▲	19%	19%	0.8%	-0.8%	0.0%	Above Rising
MSCI World Health Care	▲	23%	▲	23%	23%	0.6%	-0.8%	1.4%	Above Rising
MSCI EAFE Health Care	▲	19%	▲	19%	19%	1.1%	-0.3%	3.1%	Above Rising
MSCI Europe Health Care	▲	21%	▲	21%	21%	1.1%	-0.2%	3.9%	Above Rising
MSCI EM Health Care	▲	17%	▲	17%	17%	0.1%	1.7%	-1.1%	Below Falling

Figure 3: [Price Trends on Health Care ETFs](#)

Symbol	Name	1-day Equity Chg (%)	5-day Equity Chg (%)	MktCap (US\$)	Vol (%)	Chg Last Day	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	%Chg wrt 150d MA	Chg wrt 150 Day MA Trend	Boll Band	Boll Band Width	RSI Dly
IBB US	Nasdaq BioTech ETF	0.7%	-2.8%	9,267	1.48	▲	↓	52%			-1%	Below Rising	5%	Above Rising	BELOW	86%	44
XLV US	US Health Care ETF	0.8%	-0.8%	16,001	0.94	▲	↓	19%			1%	Above Rising	4%	Above Rising	BELOW	86%	50
IXJ US	GBL Health Care ETF	1.0%	-0.5%	1,725	0.86	▲	↓	21%			1%	Above Rising	4%	Above Rising	ABOVE	101%	53
BBH US	MV Biotech ETF	0.9%	-2.4%	826	1.46	▲	↓	32%			0%	Below Rising	4%	Above Rising	BELOW	115%	46
XPH US	US Pharmaceuticals ETF	0.3%	-4.7%	1,125	1.28	▲	↓	34%			-3%	Below Rising	1%	Above Rising	BELOW	122%	37

Figure 4: [MSCI World Health Care Growth vs. Value](#)



Figure 5: [Overbought Health Care Stocks – See Full List Here](#)

Symbol	Name	Sub Industry	MktCap (US\$)	SPX	Trend Slope	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
ABMD US	ABIOMED Inc	HCEquip	4,019	▲	43%	36%	Above Rising	88
4543 JP	Terumo Corp	HCEquip	10,945	▲	4%	19%	Above Rising	74
ICLR US	ICON PLC	LfSciSrv	5,129	▲	20%	19%	Above Rising	75
AMSG US	Amsurg Corp	HCFacility	4,040	▲	50%	17%	Above Rising	77
RDY US	Dr Reddy's Laborator	Pharma	11,547	▲	12%	17%	Above Rising	74
CHE US	Chemed Corp	HCSservice	2,570	▲	23%	13%	Above Rising	84
BCR US	CR Bard Inc	HCEquip	14,772	▲	8%	12%	Above Rising	78
1059987 JP	Suzuken Co Ltd/Aichi	HCDistrib	3,804	▲	36%	12%	Above Rising	71
EVHC US	Envision Healthcare	HCSservice	8,243	▲	-1%	12%	Above Rising	70
BAX US	Baxter	HCEquip	22,934	▲	-12%	11%	Above Rising	74

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Trends & Inflection Points

August 10, 2015
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Market Weight Utilities?



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- The [S&P 500 total return utilities index, which reversed a downtrend in July, broke back above its 150 and 200d MA on Friday](#) – Figure 1.
- And yes, the move dovetails with the renewed strength in the [long end of the U.S. curve](#).
- On a [relative strength basis](#), utilities bottomed when rates topped out at the start of 2014. The **time to consider that pattern as a major double bottom is now, with utilities just making its first new set of relative strength higher highs and lows** - Figure 2.
- In context:
 - Yields at the [long end of the U.S. curve are breaking to the downside](#) – Figure 3.
 - The [U.S. yield curve breaks down with it](#).
 - [Credit risk on the other hand is breaking to the upside](#). Safe haven assets are in demand, as risk assets are re-risking – Figure 4.
- Our [global relative strength breadth reading for utilities](#) just climbed back to neutral last week. This strength asks you – **are you market weight utilities?** – Figure 5.
- The [relative strength trend of utilities depends on your benchmark; however, what is common is that the sector is above a 50d relative strength MA, and on Friday the sector was likely to be poised at, at least, a 1mo relative strength high](#) – Figure 6.
- We highlight the [spectrum of S&P 500 utilities vs the 500](#) in Figure 7, and the [MSCI North American Utilities in outperforming trends against the utility sector](#) in Figure 8

Figure 1: S&P 500 Total Return Utilities Index



Figure 2: US Utilities vs S&P 500 and US 10y Yield (Inverted)



Figure 3: U.S. 30-Year Bond Yield



Figure 4: North American Investment Grade Credit Risk



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 5: [Global Utilities Relative Strength Z-Score](#)



Figure 6: [Relative Strength of Utilities vs Local Benchmarks](#)



Figure 7: [S&P 500 Utilities vs Utilities](#)

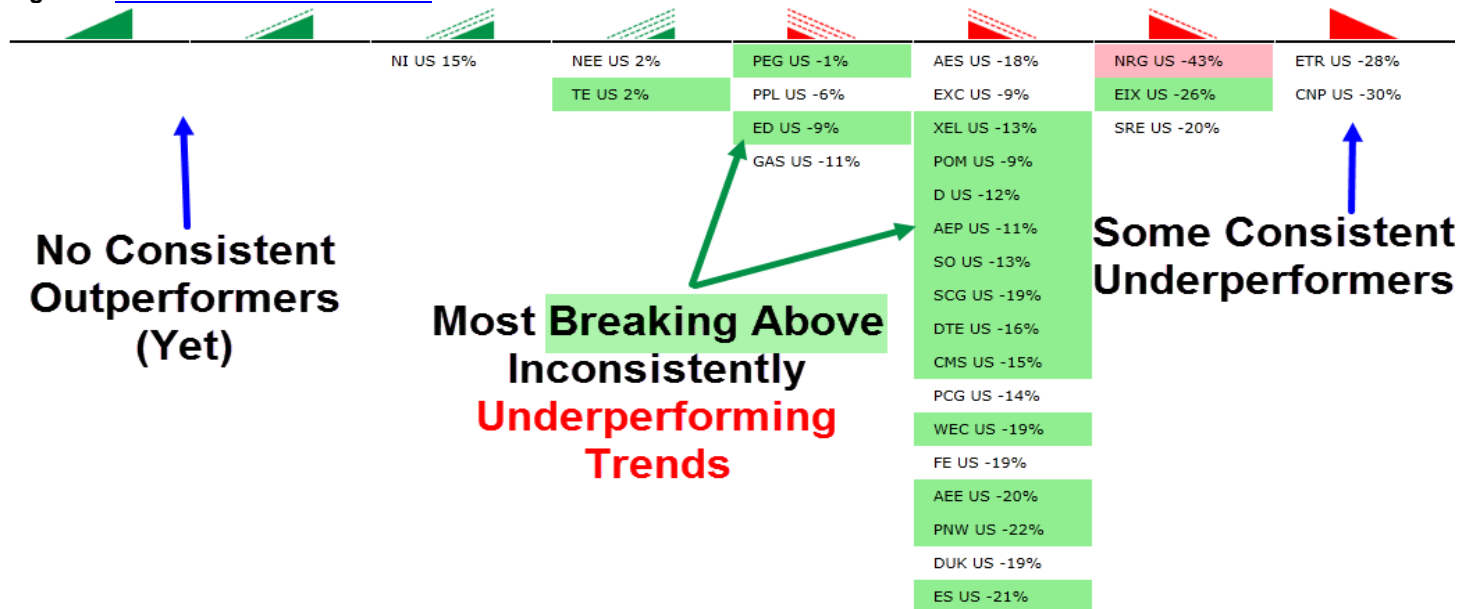


Figure 8: [MSCI North American Utilities in Outperforming Trends vs Sector](#)

Symbol	Name	Sub Industry	Grp RS	MktCap (US\$)	Chg Last Day	MSCI NAm Sector	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	Boll Band	Boll Band Width	RSI Dly
PPL US	PPL Corp	ElecUtil	5	21,620		15%				5%	Above Rising	OBOT	97%	69
NEE US	NextEra Energy	ElecUtil	5	48,375		13%				5%	Above Rising	ABOVE	108%	65
PEG US	Public Service Enterprise Group	MultiUtil	4	21,469		17%	1.0			4%	Above Falling	OBOT	82%	62
XEL US	Xcel Energy	ElecUtil	5	17,879		12%	48.0			6%	Above Rising	OBOT	98%	68
POM US	Pepco Holdings Inc	ElecUtil	5	6,798		22%				0%	Above Rising	ABOVE	103%	53
D US	Dominion Resources	MultiUtil	4	42,993	↑	5%	17.5			5%	Above Rising	OBOT	99%	67
ED US	Consolidated Edison	MultiUtil	4	19,081		11%	35.5			8%	Above Rising	OBOT	115%	74
AEP US	American Electric Power Co	ElecUtil	5	27,849		8%				4%	Above Rising	ABOVE	68%	65
AWK US	American Water Works Co	WaterUtil	6	9,429		10%				3%	Above Falling	OBOT	76%	62
DTE US	DTE Energy	MultiUtil	4	14,565		6%				6%	Above Rising	OBOT	90%	66
AEE US	Ameren Corp	MultiUtil	4	10,220	↔	5%				8%	Above Rising	OBOT	156%	72
PCG US	PG&E Corp	MultiUtil	4	25,872		3%				4%	Above Rising	ABOVE	71%	61
CMS US	CMS Energy	MultiUtil	4	9,465		2%				5%	Above Rising	ABOVE	63%	63
SCG US	SCANA Corp	MultiUtil	4	8,009		6%	6.0			7%	Above Rising	OBOT	90%	70
LNT US	Alliant Energy	MultiUtil	4	6,877		1%		1.5		3%	Above Falling	ABOVE	70%	56
SO US	Southern Co	ElecUtil	5	41,361		1%				5%	Above Rising	OBOT	114%	70

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Credit Risk Trending Higher; Equity Risk = Return



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- Yesterday's most important data point came out before the equity open – [North American Investment Grade Credit Risk](#) broke out to the high of the year. Oh yes, and it is now trending higher – Figure 1.
- How many times in the past four years can we say investment grade credit risk is trending higher, making higher highs and lows? None. Let's be careful out there.
- Has the equity market reacted? Yes in that U.S. indices have flattened out. Our trend/width ratio (think of a Sharpe ratio, or information ratio) for the [dividend adjusted S&P 500](#) has been knocked down to 1. The market is trending higher at 4%/year, and you are suffering 4% swings to achieve that return.
 - Equity return = risk – Figure 2.
 - What is trending higher, with a slightly higher trend/width ratio? The [U.S. 7-10y bond ETF](#) – Figure 3. It's the long end of the curve, where the [30y yield has broken down](#), applying the most positive influence here. It's reacting to [falling inflation expectation](#), which is reacting to [weaker oil](#) (as [Saudi Arabia taps its market](#) for its lower for longer position). The [yield curve](#), in case you have not noticed, has broken to the downside – Figure 4.
- Recommendations? [Overweight staples](#). Switch [out of banks into REITS](#), avoid [resources](#), buy [USD denominated government bonds](#), understand that the [Otis Redding Collection](#) is [shrinking](#).

Figure 1: [North American Investment Grade Credit Risk](#)



Figure 2: [S&P 500 Dividend Adjusted Price Trend](#)



Figure 3: [U.S. 7-10y Bond ETF \(IEF US\)](#)



Figure 4: [U.S. Yield Curve: 30-5yr](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Trends & Inflection Points

August 6, 2015

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You Need More Staples



CLICK HERE

- We make no bones about it, you need more [staples](#), because [energy](#) has not bottomed:
 - The sectors are at the opposite end of our [sector relative strength breadth heat map](#) – Figure 1.
 - [Relative strength gains](#) have tracked [oil weakness](#) – Figure 2.
 - And our [relative strength breadth reading is the best it's looked in over 2.5 years](#) – Figure 3.
- [Name your benchmark, and staples are either in outperforming trends, or are breaking above underperforming trends](#) - Figure 4.
- Getting the tilt right is important, and here too, [growth staples trump value staples](#):
 - We highlight the [large cap staples in outperforming trends vs both MSCI World and the staples sector \(some are overbought\) caught by our earnings growth filter](#) in Figure 5.
 - We highlight the [comparable list of global SMID stocks using the ACWI SmallCap index as the benchmark](#) in Figure 6.

Figure 1: [Global Sector Relative Strength Breadth Heat Map](#)

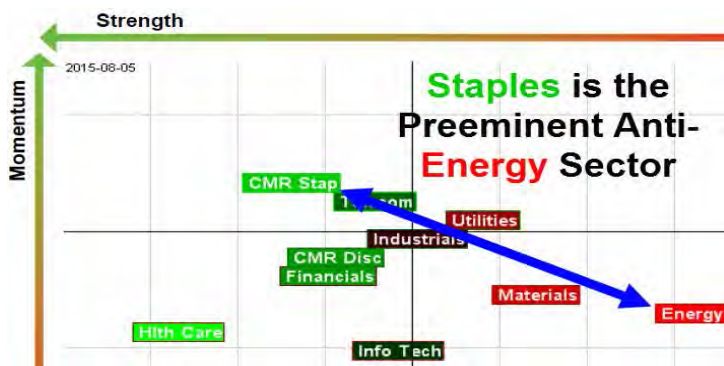


Figure 2: [World, SPX and R2k Staples RS vs. Oil \(Inverted\)](#)



Figure 3: [Consumer Staples Global Relative Strength Breadth](#)



Figure 4: [Staples vs. Local Markets](#)

Name	Chg Last Day	Reward /Risk	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d RS MA	Chg wrt 50-d RS MA Trend
Staples vs. Russell 2500	↑	10%	48.5	2.3%	Above Rising		
Staples vs. MSCI World Small Cap	↑	8%	48.5	4.1%	Above Rising		
Staples vs. S&P/TSX Composite	↑	12%	48.5	5.3%	Above Rising		
Staples vs. MSCI Europe	↑	3%	6.0	1.5%	Above Rising		
Staples vs. MSCI World	↑	3%	6.0	3.2%	Above Rising		
Staples vs. MSCI AC Asia	↑	3%	6.0	5.9%	Above Rising		
Staples vs. MSCI EAFE	↑	2%	6.0	2.5%	Above Rising		
Staples vs. MSCI EM	↑	-1%	23.5	4.2%	Above Rising		
Staples vs. S&P 500	↑	-2%	6.0	3.4%	Above Rising		
Staples vs. Russell MidCap	↑	-2%	48.5	3.3%	Above Rising		
Staples vs. Russell 2000	↑	-11%	4.0	3.5%	Above Rising		

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markt

Figure 5: Outperforming Earnings Growth Staples vs. MSCI World

Symbol	Name	Country	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	Chg Last Day	MSCI World Lcl G	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
2914 JP	Japan Tobacco	Japan	Tobacco	2	1	1	1	74,026	1.71			56%			3%	Above Falling	52
KIMBERA MM	Kimberly-Clark de Mexico	Mexico	HhldPrdct	1	6	1	3	3,731	1.60			41%	13.0		9%	Above Rising	68
WWAV US	WhiteWave Foods Co	U. S.	PkgFdMt	4	1	1	3	9,134	1.69			54%			6%	Above Rising	66
3088 JP	Matsumotokiyoshi Holdings	Japan	DrugRetail	1	1	1	1	2,770	2.11			72%			16%	Above Rising	63
4927 JP	Pola Orbis	Japan	PersPrdct	2	1	1	2	3,688	2.01			68%			13%	Above Rising	65
ORK NO	Orkla ASA	Norway	PkgFdMt	4	5	1	1	8,217	1.41			22%			5%	Above Rising	65
9989 JP	Sundrug Co Ltd	Japan	DrugRetail	1	1	1	2	3,959	1.99			54%			5%	Above Rising	55
USNA US	USANA Health Sciences	U. S.	PersPrdct	2	1	1	2	2,243	3.56			63%	48.0		31%	Above Rising	83
CPR IM	Davide Campari-Milano	Italy	Dist&Vnt	2	4	1	3	4,764	1.44			36%	20.5		8%	Above Rising	67
CVGW US	Calavo Growers	U. S.	PkgFdMt	4	3	2	2	976	2.14			48%			5%	Above Rising	60
7649 JP	Sugi Holdings	Japan	DrugRetail	1	1	2	3	3,281	1.56			30%			4%	Above Rising	57
RAI US	Reynolds American	U. S.	Tobacco	2	1	2	1	62,852	1.21			26%			14%	Above Rising	84
4452 JP	Kao Corp	Japan	PersPrdct	2	1	2	3	25,823	1.59			31%			7%	Above Rising	61
MNST US	Monster Beverage	U. S.	SoftDrnks	5	2	2	3	31,446	2.68			32%			12%	Above Rising	71
HEIA NA	Heineken NV	Netherlands	Brewers	2	4	2	3	48,469	1.40			21%	28.0		10%	Above Rising	74
2503 JP	Kirin Holdings	Japan	Brewers	2	3	2	1	13,866	1.35			18%			8%	Above Rising	71
ATD/B CN	Alimentation Couche-Tard	Canada	FdRetail	5	1	2	3	19,232	1.80			36%	48.0		12%	Above Rising	77
MGNT LI	Magnit PJSC	Russia	FdRetail	5	3	3	3	25,673	2.68			35%			2%	Above Rising	52
CASY US	Casey's General Stores	U. S.	FdRetail	5	3	3	1	4,113	1.55			16%	48.0		10%	Above Rising	74
SPB US	Spectrum Brands	U. S.	HhldPrdct	1	1	4	3	6,062	1.06			14%			2%	Above Rising	51
001800 KS	Orion Corp/Republic of Korea	South Korea	PkgFdMt	4	2	4	1	5,864	2.26			20%			1%	Above Falling	55
STZ US	Constellation Brands	U. S.	Dist&Vnt	2	1	4	2	21,215	1.15			3%	48.0		4%	Above Rising	69
IMKTA US	Ingles Markets	U. S.	FdRetail	5	3	4	1	728	2.63			12%	1.0		8%	Above Rising	68

Figure 6: Outperforming Earnings Growth SMID Staples vs. ACWI SmallCap Index

Symbol	Name	Country	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	Chg Last Day	ACWI Sml	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
3088 JP	Matsumotokiyoshi Holding	Japan	DrugRetail	1	1	1	1	2,770	2.11			69%			16%	Above Rising	63
USNA US	USANA Health Sciences	U. S.	PersPrdct	2	1	1	2	2,243	3.56			61%	48.0		31%	Above Rising	83
4927 JP	Pola Orbis	Japan	PersPrdct	2	2	1	2	3,688	2.01			59%			13%	Above Rising	65
CPR IM	Davide Campari-Milano	Italy	Dist&Vnt	2	5	1	3	4,764	1.44			31%	12.5		8%	Above Rising	67
9989 JP	Sundrug Co Ltd	Japan	DrugRetail	1	3	1	2	3,959	1.99			44%			5%	Above Rising	55
KIMBERA MM	Kimberly-Clark de Mexico	Mexico	HhldPrdct	1	7	2	3	3,731	1.60			25%			9%	Above Rising	68
CVGW US	Calavo Growers	U. S.	PkgFdMt	4	2	2	2	976	2.14			46%	48.0		5%	Above Rising	60
IMKTA US	Ingles Markets	U. S.	FdRetail	5	1	4	1	728	2.63			10%	4.0		8%	Above Rising	68
DMND US	Diamond Foods	U. S.	PkgFdMt	4	10	4	3	1,006	1.97			6%			2%	Above Rising	52

Trends & Inflection Points

August 5, 2015

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Technology – The Divide & the Buys



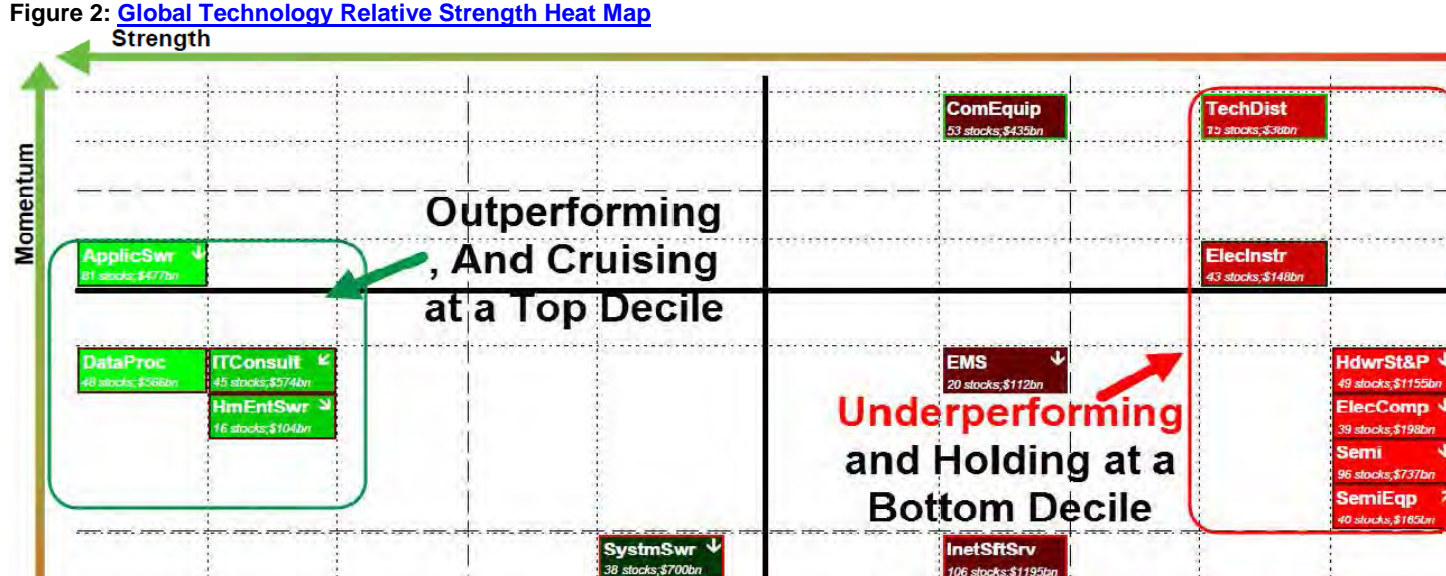
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- Following up on [yesterday's note](#), showing the breakdown in [technology indices](#), we dig into the weeds, to [separate the outperformers \(IT Services, Software\), which show no signs of weakness, and the underperformers \(Communication equipment, hardware, semiconductors\), which show no signs of strength](#) – Figure 1.
- Our [relative strength breadth heat map for technology](#), not swayed the heavyweights (as indices in figure 1 would be), also shows the divide – Figure 2.
- Yesterday's stock list detailed short-selling candidates. For balance, and not to throw out the baby with the bath water, today we hone in on buy lists of what the market is rewarding within technology.
- From our [TMT](#) link;
 - [Momentum buys, in the best subindustries, with an earnings growth filter applied](#) (there is a [retrenchment, but not a break in the trend in IT growth vs value](#)) are detailed in Figure 3.
 - For bottom fishers, we highlight [stocks in the best subindustry, with an earnings filter applied, that are breaking above underperforming trends](#) – Figure 4.

Figure 1: [Technology Industries vs MSCI World](#)

Name	Chg Last Day	Reward /Risk	Trend Slope	RS Hi (Mo)	RS Low (Mo)	1-day RS Chg(%)	5-day RS Chg(%)	%Chg wrt 50d RS MA	Chg wrt 50-d RS MA Trend	%Chg wr: 200d RS MA	Chg wrt 200-d RS MA Trend
IT Services vs. MSCI World	↑	↑	7%			-0.1%	0.4%	1.2%	Above Rising	2.9%	Above Rising
Software vs. MSCI World	↑	↑	7%	1.5		0.7%	1.4%	1.1%	Above Rising	2.3%	Above Rising
Electronic Equipment, Instruments & Components vs. MSCI World	↓	↓	6%		9.5	-1.5%	-2.4%	-6.1%	Below Falling	-6.4%	Below Falling
Internet Software & Services vs. MSCI World	↑	↑	0%			-0.1%	-1.3%	5.5%	Above Rising	7.0%	Above Rising
Semiconductors & Semiconductor Equipment vs. MSCI World	↓	↓	-20%		14.0	-0.7%	-2.3%	-6.4%	Below Falling	-8.7%	Below Falling
Technology Hardware, Storage & Peripherals vs. MSCI World	↓	↓	-13%		9.5	-1.7%	-4.1%	-5.2%	Below Falling	-5.5%	Below Falling
Communications Equipment vs. MSCI World	↓	↓	-17%			-0.9%	-0.2%	-0.6%	Below Falling	-3.4%	Below Falling

Figure 2: [Global Technology Relative Strength Heat Map](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 3: Technology Momentum Buys (vs ACWI IT) in Top SubIndustries, and an Earnings Growth Filter Applied

Symbol	Name	Country	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	Chg Last Day	ACWI IT	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend
CAP FP	Cap Gemini	France	ITConsult	2	3	1	2	16,328	1.65			56%			5%	Above Rising
GPN US	Global Payments	U. S.	DataProc	1	2	1	1	7,326	1.39	↑		41%	48.0		6%	Above Rising
PTEC LN	Playtech Plc	Isle of Man	HmEntSwr	2	2	1	1	4,512	1.76			52%			5%	Above Rising
EA US	Electronic Arts	U. S.	HmEntSwr	2	2	1	2	22,408	1.70			68%			6%	Above Rising
INFA US	Informatica	U. S.	ApplicSwr	1	6	1	3	5,085	1.26			28%	1.0		0%	Above Rising
ATE FP	Alten SA	France	ITConsult	2	5	2	3	1,667	1.35			27%			7%	Above Rising
MMS US	MAXIMUS Inc	U. S.	DataProc	1	3	2	3	4,515	1.41			34%	48.0		4%	Above Rising
CDNS US	Cadence Design Systems	U. S.	ApplicSwr	1	4	2	2	6,101	1.41			26%	24.5		5%	Above Rising
9697 JP	Capcom Co Ltd	Japan	HmEntSwr	2	8	2	1	1,475	1.84			46%			10%	Above Rising
9684 JP	Square Enix Holdings	Japan	HmEntSwr	2	8	2	2	3,030	1.96			47%			6%	Above Rising
3659 JP	Nexon Co Ltd	Japan	HmEntSwr	2	6	2	1	5,892	2.59			59%			0%	Above Rising
EXLS US	ExlService	U. S.	DataProc	1	5	2	3	1,274	1.42			33%	21.0		7%	Above Rising
SOP FP	Sopra Group	France	ITConsult	2	4	2	2	1,935	2.02			30%			7%	Above Rising
TYL US	Tyler Technologies	U. S.	ApplicSwr	1	1	3	3	4,739	1.73	↑		26%	48.0		7%	Above Rising
HAWK US	Blackhawk Network	U. S.	DataProc	1	3	3	2	2,489	2.17			28%			12%	Above Rising
CIEL3 BZ	Cielo SA	Brazil	DataProc	1	2	3	3	23,800	1.83			18%			2%	Above Rising
ULTI US	Ultimate Software Group	U. S.	ApplicSwr	1	1	4	3	5,204	1.57			15%	16.5		8%	Above Rising

Figure 4: IT Severing Underperforming Trends (vs ACWI IT) in Top SubIndustries, and an Earnings Growth Filter Applied

Symbol	Name	Country	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	Chg Last Day	ACWI IT	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend
NOK US	Nokia OYJ	Finland	ComEquip	7	6	9	3	25,270	1.89			-33%			-1%	Below Falling
TSRA US	Tessera Technologies	U. S.	SemiEqp	10	4	9	2	1,996	2.00	↑		-23%	1.5		2%	Above Falling
QIHU US	Qihoo 360 Technology	Cayman	InetSftSrv	7	3	8	3	6,194	3.00	↑		-60%			0%	Above Rising
CDW US	CDW	U. S.	TechDist	9	1	7	1	6,749	1.35			-9%	25.5		10%	Above Rising
GOOGL US	Google Inc	U. S.	InetSftSrv	7	6	7	2	191,696	1.62			-14%			13%	Above Rising
NSR US	NeuStar Inc	U. S.	DataProc	1	6	6	3	1,701	2.08			-9%			8%	Above Rising
7974 JP	Nintendo	Japan	HmEntSwr	2	8	6	1	25,445	2.59			-11%	2.5		7%	Above Rising

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Technology Breaking Down; Short Selling List



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- Momentum investor in tech? It's time to pull in the horns.
- The [broadest gauge of technology](#) is right at the inflection point where you care. The trend is higher, but it's breaking that trend, breaking below support, and below a now falling 50d MA – Figure 1.
 - More [technology benchmarks revealed the same breakdowns on Monday](#) where SMID benchmarks, which have been trending higher at better than 20%/year, broke those trends – Fig 2.
- Tuning our [TMT link](#) to price trends on the broadest technology grouping (over 700 stocks) shows that almost a [quarter of technology stocks that are in uptrends have broken these trends](#).
 - One-third of those breakdowns [took place on Monday](#).
- For those who can make gains on the pains, we highlight a [short selling candidate list that targets stocks breaking price trends, below falling 50d MAs, where earnings estimates are being revised lower](#). The largest 15 are shown in Figure 3.

Figure 1: [ACWI Information Technology Index](#)



Figure 2: [Technology Index Price Trends](#)

Name	Chg Last Day	Reward /Risk	Trend Slope	Price Hi (Mo)	Price Low (Mo)	%Chg wrt 50d Price MA	Chg wrt 50-d Price MA Trend
Russell 2500 Technology	↓	22%	↓			-4.0%	Below Falling
Russell 2000 Technology	↓	21%	↓			-3.6%	Below Falling
MSCI World Small Cap Tech	↓	20%	↓			-2.9%	Below Falling
MSCI Europe Technology	↓	18%	↓			-1.1%	Below Falling
Russell MidCap Technology	↓	16%	↓			-3.3%	Below Falling
MSCI AC Asia Technology	↓	10%	↓	7.5		-7.3%	Below Falling
S&P 500 Technology	↓	8%	↓			-0.3%	Below Falling
MSCI EAFE Technology	↓	7%	↓			-2.5%	Below Falling
MSCI EM Technology	↓	5%	↓	16.0		-8.6%	Below Falling
S&P/TSX Technology	↓	-12%	2.5			3.3%	Above Rising

Figure 3: [Technology Short-Selling Candidates – See Link for Full List](#)

Symbol	Name	Sub Industry	Grp RS	LT Price	Price Trend	EE	MktCap (US\$)	Chg Last Day	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
OLED US	Universal Display	ElecComp	10	8	1	6	2,184		↓	212%		3.0	-8%	Below Falling	34
DATA US	Tableau Software	SystemSwr	5	1	1	7	5,056		↓	97%		3.0	-14%	Below Falling	25
FEYE US	FireEye Inc	SystemSwr	5	1	2	7	6,884		↓	108%		2.5	-12%	Below Falling	34
CSGP US	CoStar Group	InetSftSrv	7	1	2	10	6,405		↓	25%		3.5	-5%	Below Falling	35
WUBA US	58.com Inc	InetSftSrv	7	2	2	6	5,036	↓	↓	140%		3.5	-17%	Below Falling	33
DST US	DST Systems	DataProc	1	3	2	8	3,934	↓	↓	58%			-12%	Below Falling	31
MELI US	MercadoLibre	InetSftSrv	7	6	3	8	5,669	↓	↓	26%		4.0	-8%	Below Falling	36
SLAB US	Silicon Laboratories	Semi	10	6	3	10	1,851		↓	29%		9.5	-19%	Below Falling	21
QRVO US	Qorvo Inc	Semi	10	10	3	9	8,593		↓	29%		7.0	-27%	Below Falling	20
ASX US	Advanced Semiconductor Engineering	Semi	10	4	5	10	8,777		↓	31%			-14%	Below Falling	36
IBM US	International Business Machines	ITConsult	3	9	4	7	155,461	↓	↓	10%		4.0	-5%	Below Falling	38
JBL US	Jabil Circuit	EMS	7	6	5	6	3,873	↓	↓	21%			-9%	Below Falling	40
WEX US	WEX Inc	DataProc	1	2	3	7	3,890		↓	20%		5.5	-10%	Below Falling	27
992 HK	Lenovo Group	HdwrSt&P	10	2	5	9	11,892		↓	27%		14.5	-20%	Below Falling	28
BDC US	Belden Inc	ElecComp	10	4	5	9	2,538		↓	15%			-25%	Below Falling	21

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Trends & Inflection Points

July 31, 2015
 Research Comment
[Quantitative/Technical Research Website](#)

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Hit That Resource/Junk/Risk Bid



- Here is where we are and where we see the market going – see [this package for details](#).
- The [U.S. Dollar Index](#) is breaking out and shifting back toward the momentum it saw in 2H 2014 – Figure 1.
- [Commodities](#), which have already broken down, and we stress, that breakdown has NOT been dollar driven, are about to feel the added pressure of a strong dollar – Fig 2.
 - And if you think that commodity pressure is applying any sort of key [stress that may change the course of direction](#), you are wrong – Figure 3.
- So that 2H 2014 resources slide, which junked junk, and inflicted much collateral damage, is where we see markets heading. You had a nice bid to junk yesterday. [Hit that bid](#) – Figure 4.
 - This has just slightly added, and should continue to add, contagion pressure on [investment grade](#).
 - The [yield curve](#) has already flattened, and should continue to flatten.
 - Defensive [Staples](#), [REITs](#), and on a [relative basis](#), [the U.S. equity market](#), already look better, and should continue to look better.

Figure 1: [U.S. Dollar Index](#)



Figure 2: [Bloomberg Commodity Index](#)



Figure 3: [Kingdom of Saudi Arabia – 5Yr CDS](#)



Figure 4: [SPDR High Yield Junk Bond ETF \(JNK\)](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

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Transports – This Dog Just Barked



CLICK HERE

• [U.S. Transports](#), a star until the turn of this year, and an absolute dog year-to-date, just barked. It's time to look – Figure 1.

• [Breaking it down by subindustry](#), Airlines and Rails are right at the points where they break above steep and consistently underperforming trends. Air Freight and Trucks are at a 1mo relative strength high – Figure 2.

- We actually have [lots of transports in our short fitters based on earnings estimate revisions, and momentum](#), so we expect that the market may very well play *whac-a-mole* into the strength.
- On the flipside, when we apply an earnings growth filter ([despite the retrenchment in the past week, the trends point to growth continuing to trump value](#)), we find a [narrow list of transports, with a tilt towards outperformance](#) – Figure 3.
 - **The intersection of barking dog, with earnings growth points to FedEx (FDX) and United Parcel Service (UPS);**
 - [UPS](#) (barely) held at support, surged on earnings, and is breaking above moving averages on good volume – Figure 4.
 - [FDX](#) has a similar chart, has lagged UPS very recently, yet is the [long term outperformer versus peers](#) – Figure 5.

Figure 1: [Transportation ETF \(IYT\) vs S&P 500](#)



Figure 2: [U.S. Transport SubIndustries vs S&P 1500](#)



Figure 3: [Transports vs S&P 500 With an Earnings Growth Filter Applied](#)

Symbol	Name	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	Chg Last Day	SPX	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	%Chg wrt 150d MA	Chg wrt 150 Day MA Trend	Boll Band	Boll Band Width	RSI Dly
JBLU US	JetBlue Airways	Airline	6	1	1	2	7,183	2.50			60%			9%	Above Rising	21%	Above Rising	ABOVE	99%	61
ZNH US	China Southern Airlines	Airline	6	7	2	1	2,828	3.53			147%			-5%	Below Rising	28%	Above Rising	BELOW	88%	45
SSW US	Seaspan Corp	Marine	9	4	2	3	1,812	1.35			16%			-4%	Below Falling	1%	Above Rising	BELOW	142%	44
ALK US	Alaska Air Group	Airline	6	1	3	2	9,694	1.91			30%			11%	Above Rising	15%	Above Rising	ABOVE	221%	66
HUBG US	Hub Group Inc	AirFrght	2	9	3	3	1,538	1.93			16%	1.0		2%	Above Falling	8%	Above Rising	ABOVE	77%	58
ALGT US	Allegiant Travel	Airline	6	1	4	2	3,518	1.88			18%			15%	Above Rising	18%	Above Rising	ABOVE	151%	72
CMRE US	Costamare Inc	Marine	9	6	5	3	1,284	1.79			1%		3.5	-8%	Below Falling	-6%	Below Falling	BELOW	99%	37
FDX US	FedEx Corp	AirFrght	2	3	6	3	48,547	1.15			-8%			-1%	Below Falling	-1%	Below Falling	ABOVE	84%	53
UPS US	United Parcel Service	AirFrght	2	7	7	2	70,776	1.13			-8%	1.5		2%	Above Falling	1%	Above Falling	OBOT	104%	62
LSTR US	Landstar System	Trucking	7	5	8	3	3,249	1.20			-23%	7.0		9%	Above Rising	10%	Above Rising	OBOT	91%	72
WERN US	Werner Enterprises	Trucking	7	5	8	3	2,015	1.42			-30%			2%	Above Rising	-4%	Below Falling	ABOVE	106%	55

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 4: [United Parcel Service Dividend Adjusted Price Trend](#) Figure 5: [FedEx vs S&P 1500 Air Freight & Logistics](#)



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What's Driving This S&P 500 Outperformance?



- We now track the [S&P 500 rising at an annualized rate of just 7%/year \(including dividends\)](#), and yet that trend is enough for it to emerge from an underperforming trend [against MSCI World](#) – Figure 1.
- While yesterday the tape read:
 - “oil stability = credit risk tensions easing = bid for risk assets” (oh, yes, and you had the [Chinese Plunge Protection Team](#) winning the tug of war, as it did again last night, albeit the team that was tugging lower did not really show up – [turnover has halved](#))
- In reality, the [S&P 500 outperforms the World](#) when [commodities](#) and [inflation expectations](#) are falling – Figure 2.
 - And it's hard to make a case for commodities rising, (on the side, there is a [good setup for good short covering potential in gold](#)). So:
 - [Clip your coupons](#) to get the full 7% S&P 500/year gain.
 - Be aware that [continued commodity \(oil\) pressure](#) will cause [contagion to credit risk](#), and [thus equity risk](#), and set your [overweight \(discretionary, and health care\) & underweights \(resources, industrials\) accordingly](#) – Figure 3.
 - And be aware of the [defensive shift within financials](#) – Figure 4.

Figure 1: [S&P 500 vs. MSCI World](#)



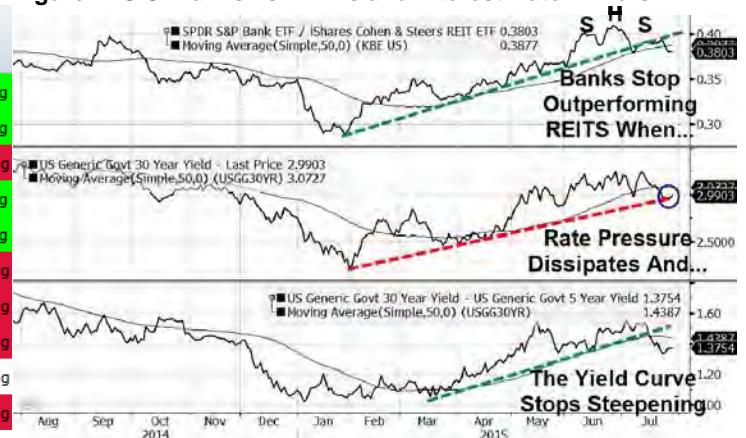
Figure 2: [S&P 500 vs. MSCI World, Commodities & Inflation](#)



Figure 3: [U.S. Sectors vs. S&P 500](#)

Name	Reward /Risk	Trend Slope	1-day Chg(%)	5-day Chg(%)	%Chg wrt 50d RS MA	Chg wrt 50-d RS MA Trend
Discretionary vs. S&P 500		13%	-0.3%	1.0%	1.9%	Above Rising
Health Care vs. S&P 500		14%	0.5%	0.1%	1.1%	Above Rising
Technology vs. S&P 500		2%	-0.3%	-1.2%	-0.1%	Below Falling
Financials vs. S&P 500		-1%	-0.6%	-0.1%	0.9%	Above Rising
Staples vs. S&P 500		-2%	-0.2%	1.4%	3.0%	Above Rising
Telecom vs. S&P 500		-4%	-1.1%	-0.5%	-2.1%	Below Falling
Energy vs. S&P 500		-12%	1.7%	-0.1%	-5.7%	Below Falling
Materials vs. S&P 500		-8%	0.9%	-1.9%	-6.6%	Below Falling
Utilities vs. S&P 500		-25%	-0.7%	2.0%	0.6%	Above Falling
Industrials vs. S&P 500		-11%	0.6%	-0.2%	-2.4%	Below Falling

Figure 4: [U.S. Banks vs. REITs and Interest Rate Drivers](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Trends & Inflection Points

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Positive Pivot Points for REITs (and Rates)



CLICK HERE

- You have to go out to [30y maturities](#) to see it, but the **U.S. 30y bond yield broke to the downside** yesterday – Figure 1.
 - On cue, three more [U.S. REIT subindustries broke above underperforming trends](#) yesterday – Figure 2.
 - U.S. REITs are also breaking above underperforming trends [vs. both Banks \(KBE\)](#) and [Regional Banks \(KRE\)](#).
 - For the global real estate investor, [U.S. Real Estate broke back above an underperforming trend](#) vs. the [FTSE EPRA/NAREIT Global Index](#) – Figure 3.
 - As the relative often leads the absolute, we expect the [U.S. REIT Index](#) and [ETF](#) will break above downtrends, which have been pulling stocks down since early this year at a rate of about 20%/year – Figure 4.
- Half of the [S&P 500 REITs](#) that are in underperforming trends against the 500 are breaking above these trends – Figure 5.
 - That strength is a little less pronounced in the [Russell 2000](#), where [40% of REITs are breaking above underperforming trends](#).
 - You don't see that strength at all for [Canadian REITs](#).
 - We suggest you consider buying [foreign content](#) or [U.S. REITs instead](#).
- For the Real Estate Investor (see our [Location, Location, Location link](#)), or those looking to invest in leadership, we highlight the [momentum buys vs. the RMZ](#) in Fig 6.

Figure 1: U.S. 30-Year Bond Yield



Figure 2: U.S. Real Estate Subindustries vs S&P 500

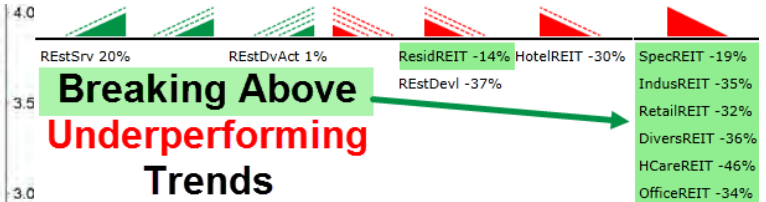


Figure 3: U.S. vs FTSE EPRA/NAREIT Global Index



Figure 4: U.S. REIT ETF (ICF US) Dividend-Adjusted Price Trend



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 5: S&P 500 Real Estate Stocks vs S&P 500

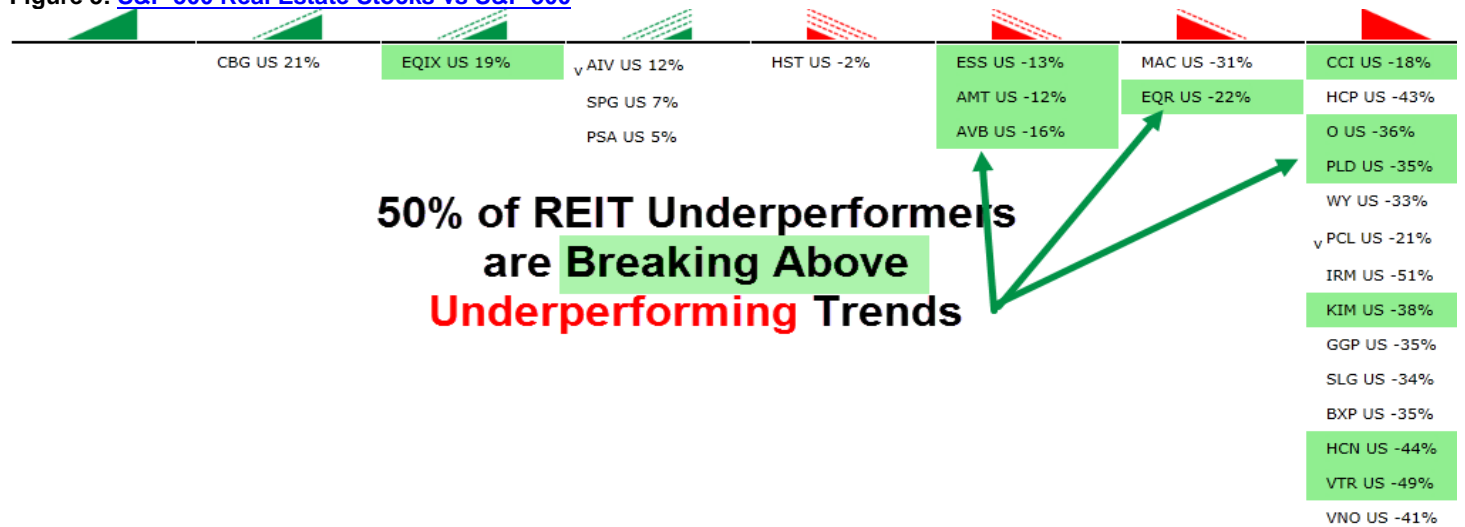


Figure 6: North American Real Estate Momentum Buys vs RMZ

Symbol	Name	Sub Industry	Grp RS	LT RS	RS	MktCap (US\$)	MSCI US REIT	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
EXR US	Extra Space Storage	SpecREIT	6	1	1	8,738	▲	38%			4%	Above Rising	67
CCL US	Carnival Corp	Htl&Rsr	8	2	1	30,177	▲	54%			4%	Above Rising	53
UDR US	UDR Inc	ResidREIT	6	4	1	8,660	▲	25%			2%	Above Rising	58
CPT US	Camden Property Trust	ResidREIT	6	3	1	6,854	▲	27%			4%	Above Rising	65
EXL US	Excel Trust	RetailREIT	7	4	1	1,003	▲	55%			0%	Above Rising	60
EQC US	Equity Commonwealth	OfficeREIT	8	6	1	3,433	▲	22%			1%	Above Rising	50
RMAX US	RE/MAX	REstSrv	3	2	1	472	▲	55%			9%	Above Rising	63
DEI US	Douglas Emmett	OfficeREIT	8	2	1	4,239	▲	20%			2%	Above Rising	59
CUBE US	CubeSmart	SpecREIT	6	1	1	4,190	▲	25%			5%	Above Rising	68
ESS US	Essex Property Trust	ResidREIT	6	1	1	14,659	▲	17%	48.5		3%	Above Rising	59
SSS US	Sovran Self Storage	SpecREIT	6	1	1	3,288	▲	15%			3%	Above Rising	63
QTS US	QTS Realty Trust	SpecREIT	6	1	2	1,650	▲	31%			7%	Above Rising	69
AEC US	Associated Estates Realty	ResidREIT	6	4	2	1,662	▲	50%			0%	Above Rising	65
ELS US	Equity LifeStyle Properties	ResidREIT	6	2	2	4,791	▲	20%			5%	Above Rising	63
SRT-U CN	Slate Retail REIT	RetailREIT	7	6	2	206	▲	30%			5%	Above Rising	61
AMT US	American Tower	SpecREIT	6	1	2	40,820	▲	18%			2%	Above Rising	54
SUI US	Sun Communities	ResidREIT	6	1	2	3,611	▲	23%			6%	Above Rising	63
AVB US	AvalonBay Communities	ResidREIT	6	6	2	22,288	▲	9%			2%	Above Rising	57
EQR US	Equity Residential	ResidREIT	6	5	2	27,317	▲	11%			3%	Above Rising	59
INN US	Summit Hotel Properties	HotelREIT	8	4	2	1,185	▲	22%			2%	Above Rising	49
RLGY US	Realogy Holdings	REstSrv	3	3	2	7,127	▲	24%			3%	Above Rising	57
ARE US	Alexandria Real Estate Equities	OfficeREIT	8	7	2	6,674	▲	14%			2%	Above Rising	58
PDM US	Piedmont Office Realty Trust	OfficeREIT	8	9	3	2,808	▲	14%		1.0	2%	Above Rising	50
CHP-U CN	Choice Properties REIT	RetailREIT	7	9	3	749	▲	25%			1%	Above Rising	54
AAT US	American Assets Trust	DiversREIT	9	2	3	1,815	▲	8%			3%	Above Rising	59
CCI US	Crown Castle International Corp	SpecREIT	6	3	3	27,555	▲	11%			1%	Above Rising	55
AIV US	Apartment Investment & Management	ResidREIT	6	3	3	6,250	▲	11%			5%	Above Rising	68
LTC US	LTC Properties	HCareREIT	7	1	4	1,531	▲	6%			2%	Above Rising	53

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High Yield Risk Spreads – Cash Raising Candidates



- Breakdowns in the [high yield bond market](#) started with energy, then materials, then industrials, and now defensive (staples, utilities) positions are breaking to the downside – Figure 1.
 - In a word, that would be contagion.
 - [Contagion in the equity market?](#)
 - Well that is priced just off of an all-time low – Figure 2.

- We think it's a good time to bet on a little contagion.
 - The [commodity](#) rout is in the 2008 slide zone, yet the [banking system](#) is too solid for any sort of central bank put to save the day ([Chinese bazooka looks to be backfiring too](#)) – Figure 3.
 - The [breadth of equity index breakdowns grows](#) – Figure 4.
- What are the easiest stocks to raise cash in, where one can defend sells as prudent?
 - [Overbought stocks above the top ends of their trend channels](#) – Figure 5.

Figure 1: [High Yield Bond Price Indices](#)

Defensive High Yield Breaking Down

Name	-Day Chg (%)	5-Day Chg (%)	Chg Last Day	Reward /Risk	Trend Slope	Hi (Mo)	Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend
Cmr Staples	-0.1%	-0.4%	↓	↑	12%			0%	Above Rising
Financials	-0.1%	-0.3%	↓	↑	9%			0%	Above Falling
Industrials	-0.2%	-0.9%	↓	↑	11%		3.5	-1%	Below Falling
Health Care	0.0%	0.3%	↓	↑	4%			1%	Above Rising
Cmr Disc	-0.1%	-0.3%	↓	↑	5%			0%	Above Falling
Utilities	-0.3%	-1.1%	↓	↑	6%		3.5	-1%	Below Falling
Technology	-0.1%	-1.0%	↓	↑	7%		5.5	-1%	Below Falling
HY	-0.2%	-0.9%	↓	↑	6%		4.0	-1%	Below Falling
Materials	-0.3%	-1.5%	↓	↑	5%		5.5	-2%	Below Falling
Energy	-0.2%	-2.1%	↓	↑	12%		5.5	-5%	Below Falling
Comm	-0.2%	-1.0%	↓	↑	1%		1.0	-1%	Below Falling

Figure 2: [CBOE S&P 500 Implied Correlation](#)



Figure 3: [Commodity Price Indices](#)

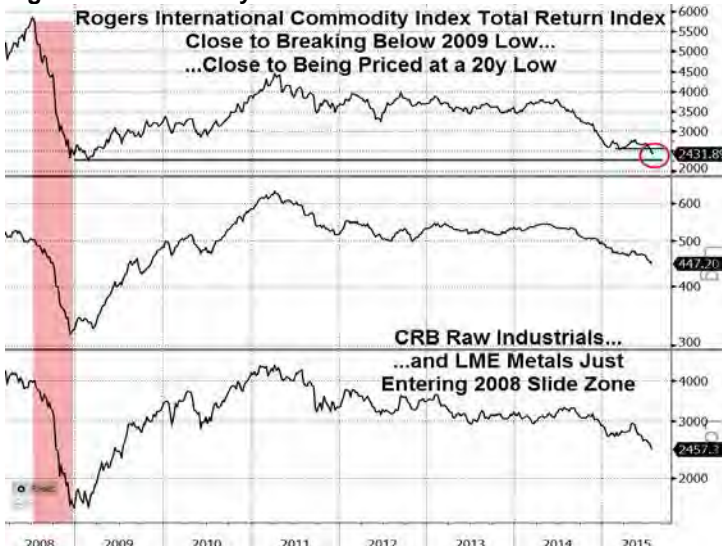


Figure 4: [Price Breakdowns on Equity Indices Growing](#)

Name	Chg Last Day	Reward /Risk	Trend Slope	Price Hi (Mo)	Price Low (Mo)	%Chg wrt 50d Price MA	Chg wrt 50-d Price MA Trend
Russell 2000 Growth	↓	↑	23%			-1.0%	Below Rising
MSCI World Small Cap	↓	↑	15%			-2.4%	Below Falling
Russell 2000	↓	↑	14%		2.5	-2.6%	Below Falling
Russell 2500	↓	↑	13%		4.5	-2.7%	Below Falling
MSCI World	↓	↑	14%			-0.6%	Below Falling
Russell MidCap Growth	↓	↑	14%			-1.3%	Below Falling
Russell MidCap	↓	↑	12%			-2.3%	Below Falling
S&P 500	↓	↑	8%			-0.9%	Below Falling
MSCI EAFE	↓	↑	14%			0.0%	Below Falling
MSCI Europe	↓	↑	13%			0.0%	Above Falling
MSCI EM	↓	↑	10%			-3.9%	Below Falling
Russell 2000 Value	↓	↑	5%		6.0	-4.3%	Below Falling
Russell 1000 Value	↓	↑	1%			-2.4%	Below Falling
S&P/TSX	↓	↑	-3%		6.0	-3.7%	Below Falling

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Market

Figure 5: Candidates to Raise Cash With – **Overbought Stocks Above Top Ends of Price Channels**

Symbol	Name	Sub Industry	Grp RS	LT Price	Price Trend	1-day Equity Chg (%)	5-day Equity Chg (%)	MktCap (US\$)	Vol (%)	Chg Last Day	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	Boll Band	Boll Band Width	RSI Dly
SFG US	StanCorp Financial	LifeHthIns	2	1	4	47.9%	46.7%	4,798	3.23	↑	↑	24%	48.0		OBOT	457%	91
THOR US	Thoratec Corp	HCEquip	3	6	1	-0.3%	34.1%	3,409	2.82		↑	127%			OBOT	342%	90
ANAC US	Anacor Pharmaceut	Biotech	5	1	2	0.2%	1.9%	6,486	4.45		↑	407%			ABOVE	412%	87
AMZN US	Amazon.com	InetRtl	4	3	1	9.8%	9.6%	247,615	2.11	↑	↑	85%	48.0		OBOT	171%	82
EROS US	Eros International	Mov&Ent	3	1	5	4.1%	19.7%	1,162	2.80		↑	37%	44.5		OBOT	358%	81
CB US	Chubb Corp	P&C Insur	1	3	6	0.2%	0.8%	28,266	1.85		↑	15%			ABOVE	900%	80
CLS CN	Celestica Inc	EMS	6	5	4	9.5%	13.1%	1,924	1.50	↑	↑	19%	48.0		OBOT	105%	78
L CN	Loblaw Cos	FdRetail	6	7	3	0.8%	3.7%	22,265	1.11		↑	15%	48.0		OBOT	161%	78
BCR US	CR Bard Inc	HCEquip	3	4	6	4.6%	5.0%	13,931	1.09	↑	↑	6%	48.0		OBOT	151%	78
MMSI US	Merit Medical Syste	HCSuppls	4	8	1	13.8%	15.6%	1,108	2.22	↑	↑	77%	48.0		OBOT	96%	78
FTNT US	Fortinet Inc	SystemSwr	2	2	1	2.5%	13.2%	8,137	1.80		↑	105%	48.0		OBOT	139%	76
WNS US	WNS Holdings	DataProc	1	3	1	-0.3%	3.6%	1,560	1.74		↑	51%			OBOT	182%	76
UA US	Under Armour	Aprl&Gds	7	1	2	0.1%	10.1%	17,285	1.64		↑	47%	48.0		OBOT	118%	75
NJ US	Nidec Corp	ElcCmpEq	5	2	4	-0.7%	6.1%	25,181	1.52		↑	22%			OBOT	198%	75
CCL/B CN	CCL Industries	MtGlsCnt	4	2	2	1.0%	1.4%	4,245	1.58		↑	47%	48.0		ABOVE	198%	74
V US	Visa Inc	DataProc	1	1	3	4.3%	5.5%	145,964	1.33	↑	↑	15%	48.0		OBOT	144%	74
FAF US	First American Fina	P&C Insur	1	1	3	2.1%	5.8%	4,376	1.20	↑	↑	25%	48.0		OBOT	113%	73
FGL US	Fidelity & Guaranty	LifeHthIns	2	1	6	1.5%	3.3%	1,471	1.58	↑	↑	28%	7.0		OBOT	59%	73
SBUX US	Starbucks Corp	Rstaurnt	6	1	1	1.3%	2.9%	85,964	1.16	↑	↑	63%	48.0		OBOT	111%	73
UFPI US	Universal Forest Prt	BldPrdcts	1	4	4	-1.0%	1.9%	1,231	1.85		↑	22%			ABOVE	288%	73
MKL US	Markel Corp	P&C Insur	1	3	4	1.1%	1.3%	12,410	0.92		↑	28%	48.0		ABOVE	305%	73
GWRE US	Guidewire Software	ApplicSwr	1	1	5	-1.2%	4.7%	4,188	1.77		↑	12%			ABOVE	157%	72
OPHT US	Ophthotech	Biotech	5	1	4	-3.7%	-3.6%	2,312	2.73		↑	45%			ABOVE	348%	72
NEOG US	Neogen Corp	HCSuppls	4	2	5	-1.7%	18.1%	2,131	2.06		↑	23%			ABOVE	264%	72
TECH US	Bio-Techne	LfSciSrv	1	8	3	-0.2%	3.3%	3,985	1.01		↑	21%			ABOVE	212%	72
FB US	Facebook Inc	InetSftSrv	4	2	4	1.6%	2.1%	218,031	1.49		↑	17%			ABOVE	213%	71
QGEN US	QIAGEN NV	LfSciSrv	1	7	5	-0.4%	0.9%	6,388	1.25		↑	17%			ABOVE	253%	71
EBAY US	eBay Inc	InetSftSrv	4	6	3	-0.7%	1.2%	34,391	1.43		↑	20%			ABOVE	189%	71
WPK CN	Winpak Ltd	MtGlsCnt	4	3	2	4.5%	1.5%	2,200	1.77	↑	↑	17%	48.0		ABOVE	214%	71
TMK US	Torchmark Corp	LifeHthIns	2	1	1	3.5%	3.1%	7,839	0.92	↑	↑	36%	48.0		OBOT	129%	70

Trends & Inflection Points

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Buys in U.S. SmallCap Value (What?)



Most of our [recent pieces](#) have all been about trying to find the best of a bad space ([yes we are Canadian](#)), and today's note is no different. Yesterday, the [Russell 2000 Value Index broke trend](#). Support and downside risk is 7% lower – Figure 1.

- o And you know, you know, but just in case an asset allocator sees this extreme in which [US small cap growth is just totally killing U.S. small cap value](#), and decides to feed the ducks to fade the extreme, here it is quantified – Figure 2.
 - That [extreme extends beyond](#) the R2k.

- Looking at the [sector price trends](#), one sees that the downside pressure and breakdowns are broad. Want to put all your eggs in the sole star, the [Health Care](#) basket – Figure 3? We thought not. So we will go stock picking.
- In as much as value managers want to find bottoms, we consider that play currently risky, with [commodity markets](#) in tatters, and the [high yield credit market getting unfriendly](#).
- Buys then? We [filtered for value \(partially avoiding the style creep accusation\)](#), yet at the same time filtered for [earnings growth and added in some momentum characteristics to narrow in on some SmallCap value buys](#) – Figure 4.

Figure 1: [Russell 2000 Value Index](#)



Figure 2: [Russell 2000 Growth vs Value](#)



Figure 3: [Price Trends on Russell 2000 Value Sectors](#)

Name	Chg Last Day	Reward /Risk	Trend Slope	Price Hi (Mo)	Price Low (Mo)	1-day Price Chg(%)	5-day Price Chg(%)	%Chg wrt 50d Price MA	Chg wrt 50-d Price MA Trend	%Chg wrt 200d Price MA	Chg wrt 200-d Price MA Trend
Health Care			38%			-1.1%	-1.9%	1.0%	Above Rising	10.4%	Above Rising
Discretionary	↓		13%		2.5	-1.6%	-3.2%	-2.5%	Below Falling	1.0%	Above Rising
Financials			5%			-1.7%	-1.9%	0.3%	Above Rising	2.0%	Above Rising
Technology			9%	7.0		-0.1%	-2.4%	-6.2%	Below Falling	-3.7%	Below Rising
Russell 2000	↓		5%	5.5		-1.3%	-2.9%	-3.0%	Below Falling	-1.6%	Below Rising
Staples			5%	1.0		-1.4%	-3.0%	-0.2%	Below Rising	2.6%	Above Rising
Producer Durables	↓		3%	5.5		-1.4%	-3.4%	-4.6%	Below Falling	-3.5%	Below Rising
Materials & Processing			-1%	9.5		-1.3%	-5.0%	-9.9%	Below Falling	-10.0%	Below Falling
Energy			-13%			1.1%	-8.0%	-19.1%	Below Falling	-27.8%	Below Falling
Utilities			-14%	9.0		-1.5%	-4.3%	-4.1%	Below Falling	-6.3%	Below Rising

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 4: U.S. SmallCap Value Stocks With Earnings Growth and Momentum Characteristics

Symbol	Name	Sub Industry	Grp RS	LT RS	RS	EE	Value	R2k	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
CVG US	Convergys Corp	DataProc	1	2	1	3	2		42%			0%	Above Rising	48
HTLF US	Heartland Financial USA	RegionBnk	1	1	1	2	2		49%			3%	Above Rising	52
AMSG US	Amsgurg Corp	HCFacility	2	4	1	3	3		43%	48.0		1%	Above Rising	54
TCBI US	Texas Capital Bancshares	RegionBnk	1	2	1	3	2		61%			2%	Above Rising	49
AZZ US	AZZ Inc	HvyElcEq	2	2	1	1	3		32%			4%	Above Rising	58
GBCI US	Glacier Bancorp	RegionBnk	1	1	1	3	2		43%			2%	Above Rising	51
KFY US	Korn/Ferry	HREmpl	4	4	1	3	2		24%			2%	Above Rising	51
MOH US	Molina Healthcare	MngHCare	4	2	1	2	3		47%			2%	Above Rising	53
KALU US	Kaiser Aluminum	Alumin	10	4	1	3	3		25%	9.5		3%	Above Rising	61
STNR US	Steiner Leisure	SpCmSrv	8	8	2	3	3		24%	17.0		4%	Above Rising	55
LHCG US	LHC Group Inc	HCSERVICE	2	7	2	2	3		37%			9%	Above Rising	59
PVTB US	PrivateBancorp	RegionBnk	1	2	1	3	3		22%			6%	Above Rising	61
PRAA US	PRA Group Inc	ConsmrFin	3	2	2	3	2		33%			4%	Above Rising	55
ISBC US	Investors Bancorp	RegionBnk	1	2	2	2	2		10%			0%	Above Rising	47
MHLD US	Maiden Holdings	Reinsuran	1	3	2	3	1		21%			6%	Above Rising	52
LCI US	Lannett Co	Pharma	2	1	3	3	3		34%			1%	Above Rising	47
UFPI US	Universal Forest Products	BldPrdcts	1	4	3	3	3		10%	17.5		13%	Above Rising	77
BANF US	BancFirst Corp	RegionBnk	1	4	3	2	2		9%			4%	Above Rising	50

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Canadian Banks Downside Risk – 9% Lower



CLICK HERE

- The [Canadian equity market](#)...you mean the [banks](#) right? – Figure 1.
- Rather than focusing on [yield curve](#) as [U.S. banks](#) do, Canadian banks play more towards the [credit of energy companies](#) and the mortgage lenders.
 - Both don't look pretty – Figures 2, 3.
- With these factors currently working against the banks, we respect the dominant trend in the banks, which is lower, and highlight the support and downside risk, which is 9% lower – Figure 4.
- [Breaking down the names](#): NA is breaking the steepest uptrend; CM and BNS are trending higher at 7%/year and are close to breaking these trends, TD and RY have topped out with 0% slopes, and BMO is trending lower at 8%/year – Figure 5.

Figure 1: [Dividend-Adjusted Price Trends on Largest 10 Canadian Subindustries Sorted by Index Weight](#)

Name	Wgt (%)	Chg Last Day	Reward /Risk	Trend Slope	Price Hi (Mo)	Price Low (Mo)	1-day Price Chg(%)	5-day Price Chg(%)	%Chg wrt 50d Price MA	Chg wrt 50-d Price MA Trend
Diversified Banks	19.3%			-4%			-0.3%	-1.2%	-2.3%	Below Falling
Life & Health Insurance	7.7%			23%			-0.4%	-0.7%	0.4%	Above Rising
Integrated Oil & Gas	6.3%			-20%	7.0		0.0%	-4.3%	-6.1%	Below Falling
Oil & Gas Exploration & Production	6.2%			-16%	48.5		-1.8%	-7.7%	-15.9%	Below Falling
Oil & Gas Storage & Transportation	6.0%			18%	6.0		-2.4%	-4.4%	-5.8%	Below Falling
Pharmaceuticals	5.6%			196%	37.5		0.2%	2.4%	8.2%	Above Rising
Railroads	4.9%			-32%	2.5		1.6%	3.0%	4.6%	Above Falling
Food Retail	4.1%			18%			0.1%	0.4%	6.6%	Above Rising
Integrated Telecom	3.7%			18%			-1.1%	-3.0%	0.2%	Above Rising
Gold	3.2%			-38%			0.2%	-15.6%	-21.6%	Below Falling

Figure 2: Canadian Banks and High Yield Bond Index - Energy



Figure 3: Banks, Basket of Mtg Lenders, Unbundling the Basket



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 4: [S&P/TSX Diversified Banks Total Return Index](#)



Figure 5: [Dividend-Adjusted Price Trends on Canadian Diversified Banks](#)

Symbol	Name	LT Price	Price Trend	MktCap (CAD)	Chg Last Day	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
NA CN	National Bank of Canada	8	5	14,993			13%			-5%	Below Falling	32
CM CN	CDN Imperial Bank of Commerce	7	6	36,209			7%			-2%	Below Falling	42
BNS CN	Bank of Nova Scotia	7	6	76,254			7%		3.5	-2%	Below Falling	41
TD CN	Toronto-Dominion Bank	6	9	96,948			0%			-2%	Below Falling	43
RY CN	Royal Bank of Canada	5	6	110,372			0%			-2%	Below Falling	43
BMO CN	Bank of Montreal	7	9	47,464			-8%			-2%	Below Falling	41

Trends & Inflection Points

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Where to Hold Capital in Energy



CLICK HERE

- It's not pretty.
 - [MSCI World Energy](#), sliding for 10 weeks now, is breaking below December and March spike lows – Figure 1.
 - Long-dated WTI is trying to base, but at a low level, and indeed it has not broken the string of lower lows – Figure 2.
 - The [high yield bond market for energy](#) continues to weaken, after breaking the recovery rally in June – Figure 3.
 - As [energy producers are sliding](#), you see [stress starting to rebuild, but it's not at a level that says buy that panic](#) – Figure 4.
- Yet your [mandate is to hold an allocation in energy shares](#):
 - For those with a [global mandate, we highlight the momentum buy list of energy shares vs. ACWI Energy](#). It's full of [refiners](#), and [shipping stocks](#), and here is where you can put your emerging market dollar – Figure 5.
 - If you sum up the capital in that first list, you see it does not amount to much. So in a world where one tries to lose less than the market, we use our [vs. Peers link](#) to highlight stocks in the [S&P/TSX that are in outperforming trends vs. the market and the subindustry](#) – Figure 6.
 - The [comparable S&P 500 list is found here](#).

Figure 1: [MSCI World Energy Total Return Index](#)



Figure 2: December 2016 WTI



Figure 3: [Bloomberg High Yield Energy Bond Index](#)



Figure 4: [S&P Oil & Gas Exploration & Production Implied Vol](#)



Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Market
Figure 5: [Global Energy Momentum Buys vs. ACWI Energy](#)

Symbol	Name	Country	Sub Industry	Grp RS	LT RS	RS	MktCap (US\$)	Vol (%)	Chg Last Day	ACWI EN	Trend Slope	RS Hi (Mo)	RS Low (Mo)	RSI Dly
ALJ US	Alon USA Energy	U. S.	OG RfMkt	4	3	1	1,364	2.46			96%			58
TIL NO	Tanker Investments	Marshall Islands	OG StTr	10	5	1	508	2.32			52%	18.0		62
TNP US	Tsakos Energy Navigation	Bermuda	OG StTr	10	5	1	838	2.64			83%			55
TMKS LI	TMK OAO	Russia	OG Equip	8	7	1	1,116	3.77			122%			58
DGO ID	Dragon Oil	Ireland	OG E&P	10	2	1	5,491	2.48			70%	48.0		54
LPG US	Dorian LPG	Marshall Islands	OG StTr	10	3	1	953	2.76			79%			58
BWLPG NC	BW LPG Ltd	Bermuda	OG StTr	10	1	1	1,131	2.41			69%	9.5		60
NVTK LI	NOVATEK OAO	Russia	OG E&P	10	6	1	31,517	2.56			76%			56
FPM LN	Faroe Petroleum	U.K.	OG E&P	10	7	1	363	2.85			57%			52
MPC US	Marathon Petroleum	U. S.	OG RfMkt	4	1	1	31,048	1.88			54%			61
TNK US	Teekay Tankers	Marshall Islands	OG StTr	10	4	1	751	3.26			71%	48.0		61
TSO US	Tesoro Corp	U. S.	OG RfMkt	4	1	1	12,436	2.07			75%			64
VLO US	Valero Energy	U. S.	OG RfMkt	4	1	1	33,732	1.75			58%			62
TOT CN	Total Energy Services	Canada	OG Equip	8	6	1	363	2.10			28%			50
TRNFP RM	AK Transneft	Russia	OG StTr	10	2	2	3,586	2.89			38%			49
PSX US	Phillips 66	U. S.	OG RfMkt	4	1	2	44,403	1.81			28%			54
BPCL IN	Bharat Petroleum	India	OG RfMkt	4	2	2	10,830	2.04			50%			65
NTI US	Northern Tier Energy LP	U. S.	OG RfMkt	4	1	2	2,345	1.75			39%			54
DK US	Delek US	U. S.	OG RfMkt	4	1	2	2,148	2.24			53%			48
COAL IN	Coal India	India	Coal&Uran	10	4	2	42,589	1.66			39%			59
SNP RO	OMV Petrom	Romania	Int O&G	9	4	2	5,504	1.29			19%	6.0		64
WNR US	Western Refining	U. S.	OG RfMkt	4	1	2	4,508	2.21			45%			57
5012 JP	TonenGeneral Sekiyu	Japan	OG RfMkt	4	4	2	5,473	1.13			19%	44.0		62
PBF US	PBF Energy	U. S.	OG RfMkt	4	1	2	2,659	2.31			47%			58
SFL US	Ship Finance International	Bermuda	OG StTr	10	2	3	1,587	2.04			21%	48.0		57
TUPRS TI	Tupras Turkiye Petrol Rafine	Turkey	OG RfMkt	4	2	3	6,606	1.71			31%			59
CLMT US	Calumet Specialty Products	U. S.	OG RfMkt	4	1	3	2,058	2.49			21%			54
ALDW US	Alon USA Partners LP	U. S.	OG RfMkt	4	1	3	1,429	2.52			44%			62
IOCL IN	Indian Oil	India	OG RfMkt	4	4	3	16,753	2.11			30%			68

Figure 6: CDN Energy Shares in Outperforming Trends vs the S&P/TSX and Their Subindustry

Symbol	Name	Sub Industry	Grp RS	LT RS	RS	Close 21-Jul	1-day Equity Chg (%)	5-day Equity Chg (%)	MktCap (US\$)	Vol (%)	Chg Last Day	SPTSX SubInd	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	RSI Dly
AAV CN	Advantage Oil & Gas	OG E&P	10	9	1	7.55	3.4%	-4.8%	995	2.76			81%	48.0		-2%	Below Rising	42
PSI CN	Pason Systems	OG Equip	8	7	3	19.60	3.0%	-6.8%	1,266	2.49			14%			-9%	Below Falling	31
ESI CN	Ensign Energy Services	OG Drill	10	10	2	10.53	2.3%	-7.9%	1,245	2.59			22%			-10%	Below Falling	34
CEU CN	CDN Energy Services & T	OG Equip	8	7	3	6.61	5.1%	-3.5%	1,108	3.87			7%	1.0		-5%	Below Rising	45
PSK CN	PrairieSky Royalty	OG E&P	10	6	2	28.23	0.7%	-5.4%	3,386	2.39			44%			-10%	Below Falling	30
PPL CN	Pembina Pipeline	OG StTr	10	9	4	39.29	-1.8%	-2.5%	10,333	1.82			19%			-3%	Below Falling	41
RRX CN	Raging River Exploration	OG E&P	10	1	4	7.67	1.7%	-7.4%	1,171	3.15			35%			-11%	Below Falling	32
ENB CN	Enbridge Inc	OG StTr	10	5	5	57.66	-1.0%	-0.9%	38,160	1.52			4%			-2%	Below Falling	45
PPY CN	Painted Pony Petroleum	OG E&P	10	10	5	6.99	1.9%	-9.0%	539	3.70			37%			-9%	Below Falling	40
BIR CN	Birchcliff Energy	OG E&P	10	10	5	6.43	0.3%	-8.3%	756	3.27			28%			-14%	Below Falling	32
NAL CN	Newalta Corp	OG Equip	8	8	6	13.68	6.5%	-4.1%	594	2.88			13%	1.0		-7%	Below Falling	44
SCL CN	ShawCor Ltd	OG Equip	8	9	6	33.80	0.9%	-1.7%	1,685	2.17			8%			-9%	Below Falling	28

BMO Capital Markets is Restricted on Enbridge Inc.

Focal Points

Investment & Trading Ideas

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Best of Strong U.S. Dollar Stocks

- The [U.S. dollar index is breaking out of a consolidation pattern](#) (Figure 1), and all things associated are happening; [commodities](#), and [commodity currencies](#) are suffering, [inflation expectations](#) are rolling over, and a [whiff of panic](#) in the [gold square](#) and [energy space](#) is in the air.
- Today an ETF, which targets U.S. stocks that derive 80% of their revenue from the U.S., and as such is less vulnerable to a strong U.S. dollar, starts trading under the ticker USSD.
 - As per the time of writing, a single 700 share block has traded, so the PR folk at WisdomTree have some work to do, but that's not the point.
 - It's the concept that we care on.
- The ETF is based off of the [WisdomTree Strong Dollar U.S. Equity Index](#), which has a bit of history, and indeed in its early days, moves in this index are somewhat positively correlated to the U.S. dollar index. We highlight the overlay in Figure 2.
- [The index contains 268 stocks](#), none of which are [resources](#), and the list does have a tilt towards outperforming the S&P 500 (did we mention that it has [no resources?](#)). We highlight the largest 50 stocks along with the portfolio characteristics of the grouping in Figure 3.
 - To narrow-in on the "best of", we applied an earnings growth filter, (because [wherever you look, growth continues to trump value](#)) and narrow-in on the [stocks outperforming the market and the sector](#) – Fig 4.
 - We also loaded this portfolio into our [Otis Redding](#) Collection (momentum buys, with low volatility, and good yield and dividend growth profiles, available in our [Long/Short Filters](#) within the [TIPs Suite](#)), which narrows-in on [16 stocks](#) for your summer investing pleasure – Figure 5.

Figure 1: U.S. Dollar Index



Figure 2: U.S. Dollar Index and Strong Dollar U.S. Equity Index



Figure 3: Largest 50 Strong U.S. Dollar Stocks vs S&P 500 With Portfolio Statistics (see [Video Primer on How to Do This](#))

COF US 28%	RAI US 28%	ESRX US 12%	WFC US 4%	D US -1%	CSX US -16%	MO US -22%	CCI US -18%							
AET US 50%	WBA US 41%	TGT US 17%	T US 6%	DUK US -3%	EXC US -21%	PCP US -31%	TRV US -21%							
HCA US 52%	MCK US 14%	INTU US 17%	CVS US 4%	SO US -3%	LOW US -18%	SPG US -29%	ADP US -15%							
SCHW US 34%	BBT US 18%	CAH US 17%	TWC US 7%	NOC US -3%		EQR US -24%	ALL US -22%							
CI US 59%	KR US 38%	BAC US 16%	CMCSA US 4%	DFS US -3%			BRK/B US -20%							
UNH US 35%	HUM US 45%	STT US 8%	PSA US 4%	USB US -3%			NSC US -56%							
		SYF US 14%	AEP US 4%				UNP US -57%							
		PNC US 9%	NEE US 2%											
			HD US 0%											
Outperforming Mkt&Sec 96		Underperforming Mkt&Sec 90		Momentum Buys 42		Momentum Sells 34		Obot BBand 11	Obot RSI 11	Osold BBand 8	Osold RSI 3	52wH 9	52wL 6	Hi V
Outperforming Market 125		Underperforming Market 108		Severed Mkt Outperformers 24		Severed Mkt Underperformers 8		New X-Mo Mkt RS H 23		New X-Mo Mkt RS L 62				
Outperforming Sector 116		Underperforming Sector 115		Severed Sector Outperformers 22		Severed Sector Underperformers 12		New X-Mo Sector RS H 23		New X-Mo Sector RS L 64				

Source: BMO Capital Markets, Bloomberg, Thomson, Markit

Figure 4: **Strong U.S. Dollar Outperformers With Our Earnings Growth Filter Applied**

Symbol	Name	Sub Industry	Grp RS	LT RS	RS	EE	MktCap (US\$)	Vol (%)	SPX	Trend Slope	RS Hi (Mo)	RS Low (Mo)	%Chg wrt 50d MA	Chg wrt 50 Day MA Trend	%Chg wrt 150d MA	Chg wrt 150 Day MA Trend	RSI Dly
AYI US	Acuity Brands	ElcCmpEq	5	1	1	3	8,372	1.45		39%			5%	Above Rising	16%	Above Rising	60
CRI US	Carter's Inc	Aprl&Gds	7	4	1	2	5,567	1.36		55%			1%	Above Rising	13%	Above Rising	50
SIVB US	SVB Financial Group	RegionBnk	1	3	1	2	7,558	1.65		42%			4%	Above Rising	15%	Above Rising	56
ULTA US	Ulta Beauty	SpecStors	8	4	1	3	10,713	1.66		33%			7%	Above Rising	14%	Above Rising	67
HCA US	HCA Holdings Inc	HCFacility	3	3	1	3	38,233	1.61		52%		1.0	8%	Above Rising	19%	Above Rising	61
CI US	Cigna Corp	MngHCare	5	1	1	3	38,937	1.55		59%		1.5	2%	Above Rising	18%	Above Rising	45
FRC US	First Republic Bank	RegionBnk	1	2	1	3	8,973	1.21		35%		1.0	1%	Above Rising	10%	Above Rising	50
ETFC US	E*TRADE Financial	InvBnkBrk	2	2	1	3	8,732	1.77		43%			0%	Above Rising	10%	Above Rising	53
RAI US	Reynolds American	Tobacco	4	1	1	2	57,078	1.16		28%	48.0		6%	Above Rising	12%	Above Rising	71
DRI US	Darden Restaurants	Rstaurnt	7	6	2	1	9,248	1.29		40%			8%	Above Rising	14%	Above Rising	66
DPZ US	Domino's Pizza	Rstaurnt	7	1	2	3	6,116	1.50		26%			0%	Below Rising	7%	Above Rising	45
MD US	MEDNAX Inc	HCSERVICE	2	3	3	2	7,275	1.12		17%			6%	Above Rising	10%	Above Rising	71
TGT US	Target Corp	GMrchStrs	3	4	3	3	52,535	1.25		17%		1.0	1%	Above Rising	5%	Above Rising	46
INTU US	Intuit Inc	ApplicSwr	2	2	3	3	29,262	1.21		17%			2%	Above Rising	9%	Above Rising	58
HBI US	Hanesbrands	Aprl&Gds	7	1	3	3	13,809	1.37		25%			5%	Above Rising	10%	Above Rising	60
CTAS US	Cintas Corp	DvSpSrv	7	1	2	2	9,745	1.16		9%		2.5	0%	Below Rising	3%	Above Rising	48
TOL US	Toll Brothers	HomeBld	4	7	4	3	6,658	1.46		14%			1%	Above Rising	3%	Above Rising	46
PGR US	Progressive Corp	P&C Insur	1	3	4	2	17,907	0.93		8%			9%	Above Rising	13%	Above Rising	68
ALK US	Alaska Air Group	Airline	5	1	5	3	9,716	1.99		3%	48.0		13%	Above Rising	16%	Above Rising	74

Note: BMO Capital Markets is restricted on Cintas Corp

Figure 5: **The Otis Redding Collection of Strong U.S. Dollar Stocks**

Symbol	Name	Sub Industry	Grp RS	LT Price	Price Trend	MktCap (US\$)	Vol (%)	Price Trend	Trend Slope	Hi (Mo)	Low (Mo)	Yield	DVD Growth 1y
NYCB US	New York Community Bancorp	Thrft&Mtg	2	3	1	8,113	0.92		50%			5.48%	0%
FITB US	Fifth Third Bancorp	RegionBnk	1	2	1	17,430	1.23		44%	1.0		2.42%	6%
RF US	Regions Financial	RegionBnk	1	4	1	13,953	1.38		37%			2.31%	28%
UNM US	Unum Group	LifeHthIns	2	5	1	9,060	1.19		31%			2.04%	13%
BBT US	BB&T Corp	RegionBnk	1	2	2	30,168	1.06		29%			2.62%	9%
DRI US	Darden Restaurants	Rstaurnt	7	5	2	9,248	1.29		46%	48.0		3.01%	0%
STI US	SunTrust Banks	RegionBnk	1	2	3	23,116	1.23		27%			2.14%	47%
TGT US	Target Corp	GMrchStrs	3	3	3	52,535	1.25		27%			2.72%	14%
WFC US	Wells Fargo	DiversBnk	6	2	3	298,396	0.99		18%			2.59%	12%
BR US	Broadridge Financial Solutions Inc	DataProc	1	1	2	6,369	1.08		39%			2.03%	23%
PFG US	Principal Financial Group	LifeHthIns	2	2	2	15,647	1.32		17%			2.86%	22%
HRS US	Harris Corp	ComEquip	8	2	3	10,047	1.31		30%			2.31%	12%
HBAN US	Huntington Bancshares	RegionBnk	1	2	3	9,363	1.17		23%			2.07%	20%
PNC US	PNC Financial Services Group Inc	RegionBnk	1	2	3	51,378	1.06		22%			2.06%	7%
EXR US	Extra Space Storage	SpecREIT	8	1	4	8,629	1.11		16%			3.36%	22%
CAG US	ConAgra Foods	PkgFdMt	6	3	4	18,878	1.28		31%			2.27%	0%

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Hold	Market Perform	53.5%	14.4%	44.8%	53.3%	44.4%	40.0%
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