Wednesday, January 28, 2015

Market Elements

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<th>Date</th>
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<tr>
<td>January 27, 2015</td>
<td>NEW Market Elements</td>
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Trends & Inflection Points

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<tr>
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Focal Points

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<td>October 27, 2014</td>
<td>Health Care – Universal Strength</td>
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• U.S. and European indices fell 60–190bps amid disappointing earnings and mixed U.S. data; Technology and Industrials led losses (MSFT, CAT, PHA, SIE); gold shares kept CDN indices slightly positive; Japanese shares rallied to an 1m high.

• U.S. treasury yields lost 4–5bps on weak U.S. durable goods orders then rebounded to end little changed; Greek bonds continued to fall; corporate default risk indices widened from recent lows.

• Most crosses rose against the U.S. dollar; the Euro continued to rebound, initially supported by lower U.S. yields; the Ruble consolidated losses, the CHF/EUR cross suffered volatility on intervention concerns.

• Gold rose in line with the Euro and reversed Monday’s pullback; crude oil gained (WTI 2%, Brent 3%); copper fell 3% to a new closing low.

Levels*

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<td>● 1.1084</td>
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<tr>
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<tr>
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<td>● 0.0848</td>
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<tr>
<td>CAD</td>
<td>● 0.8086</td>
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<td>AUD</td>
<td>● 0.7938</td>
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<tr>
<td>NZD</td>
<td>● 0.7451</td>
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<tr>
<td>WTI Oil</td>
<td>● 46.00</td>
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<td>NMX Gas</td>
<td>● 2.92</td>
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<td>● 1,294.6</td>
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<td>● 1,263.6</td>
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<td>● 1,704</td>
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Moves

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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
Intra Day Charts
2-Day 1-Minute View

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

- U.S. – at a 52-week high: Utilities.
- Canada – at a 52-week high: Consumer Staples, Utilities.

S&P 500

S&P/TSX Composite

S&P Europe 350
**Market Movers – Largest Daily Percentage Moves**

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**Bold** = move of more than 5%
## U.S. Market Movers

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<thead>
<tr>
<th>Energy</th>
<th>Industrial</th>
<th>Consumer Discretionary</th>
<th>Consumer Staples</th>
<th>Technology</th>
<th>Financials</th>
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### Canadian Market Movers

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<td>DPU</td>
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<td>ESS</td>
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#### Materials

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<td>BRZ</td>
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<td>ROG</td>
<td>5.03</td>
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<tr>
<td>BBX</td>
<td>4.92</td>
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<td>BXX</td>
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#### Industrials

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<td>MAA</td>
<td>9.49</td>
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<tr>
<td>AZA</td>
<td>2.44</td>
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<tr>
<td>BPT</td>
<td>1.50</td>
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<tr>
<td>SASP</td>
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<td>CBG</td>
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<td>-0.7%</td>
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<td>GGS</td>
<td>3.61</td>
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<td>CAG</td>
<td>1.59</td>
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<td>TSL</td>
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<td>FRI</td>
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#### Technology

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<td>RBS</td>
<td>46.02</td>
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<td>CAE</td>
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<td>BBW</td>
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<td>RNS</td>
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<td>DMR</td>
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#### Consumer Staples

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<td>18.85</td>
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<tr>
<td>ABT</td>
<td>8.62</td>
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<tr>
<td>ABX</td>
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<tr>
<td>BBL</td>
<td>9.66</td>
<td>0.0%</td>
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<tr>
<td>CNS</td>
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#### Financials

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<td>21.84</td>
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<td>XPX</td>
<td>23.40</td>
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<td>HUX</td>
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<td>MFC</td>
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<tr>
<td>BMD</td>
<td>45.16</td>
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**Note:** The table above shows the top performers in the Canadian equity market on a specific day. The data includes the stock symbol, last price, and percentage change for each stock. The performance is based on closing prices and is adjusted for dividends and stock splits.
There were two notable positive turns for Small Caps yesterday:

- The Russell 2000 broke above an underperforming trend, which is slowly pivoting toward an outperforming trend after the spike low in early October — Figure 1. In the U.S., small caps are less likely to have the strong dollar currency drag as their multinational large cap brethren.

- The TSX Small Cap Index broke above its steep downtrend — Figure 2.

Our SMID link, available daily in our TIPS suite (click here to the left), details these index trends, and the stock drivers:

- There are just slightly more North American small cap momentum buys, than there are momentum sells. Of the buys, we note that two-thirds of them are in positive subindustries (group decile fifth or better). A “buy strong stocks within strong groups” policy is advisable — Figure 3.

- That positive turn in many CDN shares is early and subject to retrenchment. We therefore highlight the expurgated list of positive reversals of CDN shares, where we exclude stocks in the weakest 3 subindustries (essentially blocking out energy and diversified mining, but not gold and silver) - Figure 4 on the following page.
Figure 4: Canadian Positive Reversals in Subindustries Better Than 7th Decile – See Full List Here

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Group Rank</th>
<th>LT Price</th>
<th>Mkt Cap (CAD)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>% Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA</th>
<th>Trend</th>
</tr>
</thead>
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<td>TMC CN</td>
<td>Timbercreek Mortgage Investment Corp</td>
<td>Thrift&amp;MiG</td>
<td>6</td>
<td>8</td>
<td>344</td>
<td>0.86</td>
<td></td>
<td>↑</td>
<td>-16%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Falling</td>
<td></td>
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<tr>
<td>THO CN</td>
<td>Tahoe Resources Inc</td>
<td>Silver</td>
<td>7</td>
<td>7</td>
<td>2,655</td>
<td>2.77</td>
<td></td>
<td>↑</td>
<td>-73%</td>
<td>6%</td>
<td>6%</td>
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<td>EXFO Inc</td>
<td>ComEquip</td>
<td>6</td>
<td>10</td>
<td>123</td>
<td>2.36</td>
<td></td>
<td>↑</td>
<td>-32%</td>
<td>7%</td>
<td>7%</td>
<td>Above Rising</td>
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<td>MUX US</td>
<td>McEwen Mining Inc</td>
<td>Gold</td>
<td>6</td>
<td>10</td>
<td>449</td>
<td>5.00</td>
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<td>9%</td>
<td>9%</td>
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<td>3</td>
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<td>10</td>
<td>358</td>
<td>4.23</td>
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<td>-57%</td>
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<td>10%</td>
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<td>13%</td>
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<td>-86%</td>
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<td>Golden Star Resources Ltd</td>
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<td>6</td>
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<td>-69%</td>
<td>31%</td>
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<td>18%</td>
<td>18%</td>
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<td>5.5</td>
<td>5.5</td>
<td>27% Above Rising</td>
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</table>

BMO Capital Markets is restricted on Asanko Gold Inc.
In our Long/Short filters (available daily in our TIPs Suite – see click here to the left), there are a few filters that capture breakouts:

- Long 3 shows stocks with good long-term profiles, breaking above flat/negative trends.
- Long 5 is a Bollinger band breakout filter.

Amongst the Bollinger Band filter:

- and also being caught in our earnings growth screen one finds La-Z-Boy (LZB US), which broke above a downtrend in October, and has started to pick up upside momentum – Figure 1.
- and in the less bad category, one finds Sprint (S US), where CDS has started to narrow and the stock has found a footing. This is a good time to cover shorts, in our view – Figure 2.

Amongst the stocks with good long-term patterns breaking above flat/negative trends:

- Pacira Pharmaceuticals (PCRX US), with a great long-term trend, is breaking out on a 6mo consolidation pattern – Figure 3
- Advanced Semiconductor Engineering (ASX US), which shows up on all three of our earnings, yield and value screens, is breaking out of a textbook pennant formation – Figure 4.

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Spotlight on Staples

- We rarely put the spotlight on staples. They typically underperform in strong markets, and this shows up as a negative breadth reading. For the past six months, our breadth reading has hugged the zero line, which is hardly table pounding one way or the other. Over the past few weeks, however, the group has improved to the upper end of neutral, which is interesting, and leads to the question, “Are you at least market weight?” – Figure 1.

- Most staples sectors are in outperforming trends against local benchmarks. Some of these trends started forming at the beginning of 2014, some formed mid-year last year – Figure 2.

- The best way to find the staples outperforming your benchmark is to use our Index Members link, tune for your benchmark, then hit CS for Consumer Staples.

- Those looking for absolute price performance, with little volatility can select the staples track from our Otis Redding Collection, which is a long filter in our long/short link – Figure 3.

![Figure 1: Global Relative Strength Breadth Reading for Staples](image1)

![Figure 2: Staples vs Local Benchmarks](image2)

![Figure 3: The Staples Track in Our Otis Redding Collection](image3)

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
What ECB QE Will/Won’t Do via Mining Longs/Shorts

- The short-medium term bull call on gold is: More European QE = more European bonds priced in capital destructive negative yield = the better gold looks as a “safe haven” alternative to bonds (as at least it does not guarantee a negative return).
  - We highlight gold and precious minerals momentum buys versus the GoldMiners index in Figure 1.

- The Mining ex Gold & Silver call: More European QE = asset_price inflation, but not global growth driven inflation. The move towards deflation continues:
  - Dr. Copper continues to look sick, as does steel, iron ore, zinc…
  - We highlight mining momentum sells vs the ACWI Mining ex Gold & Silver index in Figure 2 on the following page.

Figure 1: Gold and Precious Minerals Momentum Buys versus the GoldMiners Index

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT RS</th>
<th>RS</th>
<th>MtCcap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>GoldMiners</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
</tr>
</thead>
<tbody>
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<td>Gold Fields Ltd</td>
<td>South Africa</td>
<td>Gold</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>4,365</td>
<td>3.26</td>
<td></td>
<td></td>
<td>111%</td>
<td>23%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCMGY US</td>
<td>Newcrest Mining Ltd</td>
<td>Australia</td>
<td>Gold</td>
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<td>1</td>
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<td></td>
<td>56%</td>
<td>23%</td>
<td>Above Rising</td>
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<td>6</td>
<td>6</td>
<td>1</td>
<td>1,921</td>
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<td>111%</td>
<td>17%</td>
<td>Above Rising</td>
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<td>15%</td>
<td>Above Rising</td>
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<td>Canada</td>
<td>PrecMet</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1,409</td>
<td>1.62</td>
<td></td>
<td></td>
<td>126%</td>
<td>6%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
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<td>VGG CN</td>
<td>Virginia Mines Inc</td>
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<td>Gold</td>
<td>6</td>
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<td>1</td>
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<td>14%</td>
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<td>701</td>
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<td>72%</td>
<td>23%</td>
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<td>Franco-Nevada Corp</td>
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<td>Gold</td>
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<td>1</td>
<td>2</td>
<td>8,674</td>
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<td></td>
<td>40%</td>
<td>15%</td>
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<td>MAG Silver Corp</td>
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<td>Silver</td>
<td>7</td>
<td>6</td>
<td>2</td>
<td>555</td>
<td>3.88</td>
<td></td>
<td></td>
<td>31%</td>
<td>1.5%</td>
<td>15% Above Rising</td>
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<td></td>
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<td>SEA CN</td>
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<td></td>
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<td>1.0%</td>
<td>22% Above Rising</td>
<td></td>
<td></td>
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<tr>
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<td>2</td>
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<td>16%</td>
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<td>Above Rising</td>
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<td>FVI CN</td>
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<td>608</td>
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<td>9</td>
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<td></td>
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<td></td>
<td>17%</td>
<td>15%</td>
<td>Above Rising</td>
<td></td>
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Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Note: BMO Capital Markets is restricted on Virginia Mines
### Figure 2: Mining ex Gold and Silver Momentum Sells vs MSCI ACWI Metals & Mining ex Gold & Silver Index

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT RS</th>
<th>RS</th>
<th>RsCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>ACWI MM xG&amp;S</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
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<td>Canada</td>
<td>DvrsMng</td>
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<td>9</td>
<td>10</td>
<td>174</td>
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<td>▼</td>
<td>-135%</td>
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<td>PanAust Ltd</td>
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<td>8</td>
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<td>667</td>
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<td>6</td>
<td>10</td>
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<td>▼</td>
<td>-73%</td>
<td>48.0</td>
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<tr>
<td>USIMS BZ</td>
<td>Usinas Siderurgicas de Minas</td>
<td>Brazil</td>
<td>Steel</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>806</td>
<td>2.99</td>
<td>=</td>
<td>-87%</td>
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<td>AAL LN</td>
<td>Anglo American PLC</td>
<td>U.K.</td>
<td>DvrsMng</td>
<td>10</td>
<td>6</td>
<td>10</td>
<td>24,002</td>
<td>1.93</td>
<td>=</td>
<td>-22%</td>
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<td>GOAU4 BZ</td>
<td>Metalurgica Gerdau SA</td>
<td>Brazil</td>
<td>Steel</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>1,060</td>
<td>2.44</td>
<td>=</td>
<td>-53%</td>
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<td>SSAB AB</td>
<td>Sweden</td>
<td>Steel</td>
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<td>6</td>
<td>10</td>
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<td>-73%</td>
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<td>▼</td>
<td>-47%</td>
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<td>AK Steel Holding Corp</td>
<td>U.S.</td>
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<td>7</td>
<td>9</td>
<td>730</td>
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<td>▼</td>
<td>-95%</td>
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<tr>
<td>VED LN</td>
<td>Vedanta Holding PLC</td>
<td>U.K.</td>
<td>DvrsMng</td>
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<td>9</td>
<td>9</td>
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<td>▼</td>
<td>-99%</td>
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<td>GGB US</td>
<td>Gerdau SA</td>
<td>Brazil</td>
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<td>10</td>
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<td>9</td>
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<td>Australia</td>
<td>Steel</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>122</td>
<td>4.90</td>
<td>▼</td>
<td>-192%</td>
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<td>KJO SJ</td>
<td>Kumba Iron Ore Ltd</td>
<td>South Africa</td>
<td>Steel</td>
<td>10</td>
<td>4</td>
<td>9</td>
<td>6,461</td>
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<td>▼</td>
<td>-41%</td>
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<td></td>
<td></td>
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<td>Sherritt International Corp</td>
<td>Canada</td>
<td>DvrsMng</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>528</td>
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<td>▼</td>
<td>-79%</td>
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<td>BHP Billiton Ltd</td>
<td>Australia</td>
<td>DvrsMng</td>
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<td>3</td>
<td>9</td>
<td>75,973</td>
<td>1.45</td>
<td>▼</td>
<td>-13%</td>
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</tr>
<tr>
<td>REMX US</td>
<td>MY Rare Earth/Strategic Met</td>
<td>U.S.</td>
<td>DvrsMng</td>
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<td>9</td>
<td>8</td>
<td>54</td>
<td>1.21</td>
<td>▼</td>
<td>-20%</td>
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<td>10</td>
<td>8</td>
<td>8</td>
<td>413</td>
<td>3.04</td>
<td>▼</td>
<td>-40%</td>
<td>46.0</td>
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<td>Ivanhoe Mines Ltd</td>
<td>Canada</td>
<td>DvrsMng</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>497</td>
<td>3.83</td>
<td>▼</td>
<td>-64%</td>
<td>1.5</td>
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<td>MT US</td>
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<td>Luxembourg</td>
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<td>10</td>
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<td>16,804</td>
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<td>AM Castle &amp; Co</td>
<td>U.S.</td>
<td>Steel</td>
<td>10</td>
<td>4</td>
<td>8</td>
<td>144</td>
<td>2.76</td>
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<td>-57%</td>
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<td>Sesa Sterlite Ltd</td>
<td>India</td>
<td>DvrsMng</td>
<td>10</td>
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<td>9,713</td>
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<td>▼</td>
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<td>8</td>
<td>163</td>
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<td>-24%</td>
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<td>SIM US</td>
<td>Grupo Simec SAB de CV</td>
<td>Mexico</td>
<td>Steel</td>
<td>10</td>
<td>4</td>
<td>8</td>
<td>1,467</td>
<td>2.35</td>
<td>▼</td>
<td>-24%</td>
<td>1.0</td>
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<td>10</td>
<td>8</td>
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<td>5.67</td>
<td>▼</td>
<td>-93%</td>
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Note: BMO Capital Markets is restricted on Ivanhoe Mines Ltd.
Overbought Utilities (Sell on the News)

- Just before the highly anticipated €1 trillion QE shock and awe announcement from the ECB, we highlight the positioning of interest rate driven utilities;
  - In many cases, Utilities are positioned near 2y highs, and are lauded above the top end of trend channels – Figure 1.
  - The S&P 500 Utilities was just pushed there yesterday – Figure 2.

- From our Group Selection Report, we took the Utilities group, tuned to price trend, applied the overbought on RSI filter, and hit the “above” button, which shows stocks lauded above the top end of their price channels. These are the 10 trim candidates – Figure 3.

### Figure 1: Utilities Lauded Above Trade Channels vs Markets

<table>
<thead>
<tr>
<th>Name</th>
<th>RS High (%)</th>
<th>RS Low (%)</th>
<th>RS Chg (%)</th>
<th>RS Chg (%)</th>
<th>RS Trend</th>
</tr>
</thead>
<tbody>
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<td>S&amp;P 500</td>
<td>23%</td>
<td>20.3</td>
<td>0.4%</td>
<td>2.8%</td>
<td>Above High</td>
</tr>
<tr>
<td>Russell 2000 Value</td>
<td>12%</td>
<td>20.3</td>
<td>0.3%</td>
<td>2.5%</td>
<td>Above High</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>10%</td>
<td>21.0</td>
<td>0.2%</td>
<td>2.8%</td>
<td>Above High</td>
</tr>
<tr>
<td>S&amp;P 500 Utilities</td>
<td>10%</td>
<td>20.3</td>
<td>0.1%</td>
<td>1.0%</td>
<td>Above High</td>
</tr>
<tr>
<td>Russell 2000 Growth</td>
<td>9%</td>
<td>20.3</td>
<td>0.3%</td>
<td>3.3%</td>
<td>Above High</td>
</tr>
<tr>
<td>Russell 2000 Growth</td>
<td>9%</td>
<td>20.3</td>
<td>0.3%</td>
<td>3.3%</td>
<td>Above High</td>
</tr>
<tr>
<td>S&amp;P 500 Utilities</td>
<td>4%</td>
<td>20.3</td>
<td>0.1%</td>
<td>0.9%</td>
<td>Above High</td>
</tr>
<tr>
<td>Russell 1000 Value</td>
<td>4%</td>
<td>17.3</td>
<td>0.2%</td>
<td>2.8%</td>
<td>Above High</td>
</tr>
</tbody>
</table>

### Figure 2: S&P 500 Utilities vs S&P 500

### Figure 3: Most Overbought Utilities

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>Close</th>
<th>1-day Eq Chg (%)</th>
<th>5-day Eq Chg (%)</th>
<th>Fig</th>
<th>MktCap (US$)</th>
<th>Chg Led Day</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>Bull Band</th>
<th>Bull Band Width</th>
<th>RSI E5</th>
</tr>
</thead>
<tbody>
<tr>
<td>APX US</td>
<td>AmeriGas Partners LP</td>
<td>5</td>
<td>3</td>
<td>52.55</td>
<td>1.9%</td>
<td>6.6%</td>
<td>4800</td>
<td></td>
<td></td>
<td>17%</td>
<td>48.0</td>
<td>CBOT</td>
<td>180%</td>
<td>79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PGC US</td>
<td>PG&amp;E Corp</td>
<td>5</td>
<td>2</td>
<td>58.47</td>
<td>0.3%</td>
<td>3.5%</td>
<td>27,778</td>
<td></td>
<td></td>
<td>26%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>180%</td>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WEC US</td>
<td>Wisconsin Energy Corp</td>
<td>1</td>
<td>4</td>
<td>55.45</td>
<td>1.2%</td>
<td>5.1%</td>
<td>12,730</td>
<td></td>
<td></td>
<td>15%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>147%</td>
<td>73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO US</td>
<td>Southern Co/The</td>
<td>5</td>
<td>3</td>
<td>52.01</td>
<td>0.7%</td>
<td>4.7%</td>
<td>46,799</td>
<td></td>
<td></td>
<td>20%</td>
<td>48.0</td>
<td>CBOT</td>
<td>161%</td>
<td>72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMS US</td>
<td>CMS Energy Corp</td>
<td>1</td>
<td>1</td>
<td>37.22</td>
<td>1.2%</td>
<td>4.3%</td>
<td>10,278</td>
<td></td>
<td></td>
<td>25%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>165%</td>
<td>72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDR US</td>
<td>New Jersey Resources Corp</td>
<td>5</td>
<td>2</td>
<td>65.66</td>
<td>0.0%</td>
<td>5.1%</td>
<td>2,774</td>
<td></td>
<td></td>
<td>32%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>192%</td>
<td>72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AEP US</td>
<td>American Electric Power Co Inc</td>
<td>1</td>
<td>2</td>
<td>54.14</td>
<td>1.0%</td>
<td>3.7%</td>
<td>31,180</td>
<td></td>
<td></td>
<td>30%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>149%</td>
<td>71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRE US</td>
<td>DTE Energy Co</td>
<td>1</td>
<td>2</td>
<td>90.67</td>
<td>0.9%</td>
<td>4.2%</td>
<td>16,083</td>
<td></td>
<td></td>
<td>25%</td>
<td>48.0</td>
<td>ABOVE</td>
<td>156%</td>
<td>71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RNW CN</td>
<td>TransAlta Renewables Inc</td>
<td>5</td>
<td>6</td>
<td>12.40</td>
<td>-0.4%</td>
<td>-3.2%</td>
<td>1,152</td>
<td></td>
<td></td>
<td>14%</td>
<td></td>
<td>ABOVE</td>
<td>269%</td>
<td>71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WR US</td>
<td>Westar Energy Inc</td>
<td>4</td>
<td>3</td>
<td>43.40</td>
<td>1.7%</td>
<td>5.1%</td>
<td>5,674</td>
<td></td>
<td></td>
<td>25%</td>
<td>48.0</td>
<td>CBOT</td>
<td>171%</td>
<td>70</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Gold – The Beginning and the Last End

- Gold moves are typically positively correlated with the euro (gold higher as euro weakens). This correlation has now been turned on its head. **We attribute this change to the bond market**, where **one-quarter of European bonds are now destroying capital by offering holders negative yield**. We believe this is the beginning, which in simple technical terms is shown by gold breaking above a downtrend – Figure 1.

- We do not expect that ECB QE will stop the move toward deflation; much in the same way that Japanese stimulus has **not stopped the move toward Japanese deflation**. What will happen instead is that central banks and European banks will own capital destroyers, or bonds with negative yield, and that is a change.

- We highlight the trigger for the last end to the golds bull market, as we are seeing the seeds being sown again. **Back in 2011, European banks, which are heavy supporters of commodity funds, had to stop that support, as their USD funding costs soared**. This cost is nowhere near that level, but is moving in that direction – Figure 1.

- In the beginning, **gold stocks break above underperforming trends** – Figure 2.

---

**Fig 1:** Gold (Blue) and USD Funding Costs for European Financials (Black = .EuroDoom = USD Funding Cost via Basis Swaps)

---

**Figure 2:** Gold Shares vs ACWI (from Aurum)

---

**Most Gold Stocks Breaking Above Non-Consistent Trends vs ACWI**

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Best of Europe

- Europe was a great short in the latter half of 2014. That changed in mid-November as the DAX broke above an underperforming trend. The DAX is again breaking above a less consistent trend, and is bringing in a few European countries with it – Figure 1.

- For those looking at tactical asset allocation (our TAA link updates daily in our TIPS Suite), note that the DAX health care stocks look fantastic (as is the trend in health care), but there is also a chorus of stocks breaking above underperforming trends. There is good breadth behind the positive reversal.
  - A similar breadth of positive reversals is found in the AEX and the CAC.

- For those looking for the best of Europe, we highlight the largest European stocks outperforming the STOXX 50 composite and sector benchmark, which are in top subindustry deciles – Figure 2. The broader list is found at this link.

Some European Markets Breaking Above Underperforming Trends Again (1st Reversal was in November)

Figure 1: Equity Indices vs MSCI World (from our Equity TAA Link)

Figure 2: Largest European Outperformers (vs STOXX 50) in Top 3 Subindustry Deciles – Click Here for Complete List

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
The advantage of quantifying relative strength analysis on over 5,000 shares is that it gives you a map of what the market is rewarding. We summarize this in our Group Selection Report. We also enable all of our links with the ability to filter on the “Group RS Decile.”

From the Canada link (available daily in our TIPS Suite – Click Here to the Left), we selected the broadest universe of Canadian stocks, toggled to price trend (y/y, our benchmark is essentially flat), and then used “more filters” to select only the stocks in groups with a top 3 relative strength group decile. The momentum buy list of this subset is shown below, essentially the list of strong stocks within strong groups – Figure 1.

### Figure 1: Strong Stocks in Strong Groups

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp Rg</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>Close 16-Jan</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>Mk Cap (CAD)</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITI CN</td>
<td>Intertape Polymer Group Inc</td>
<td>MtGlsCrt</td>
<td>1</td>
<td>1</td>
<td>18.98</td>
<td>2.0%</td>
<td>1.8%</td>
<td>1,147</td>
<td>124%</td>
<td>-1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WPX CN</td>
<td>Wspak Ltd</td>
<td>MtGlsCrt</td>
<td>3</td>
<td>3</td>
<td>34.78</td>
<td>2.2%</td>
<td>1.2%</td>
<td>2,261</td>
<td>30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFP CN</td>
<td>Interfor Corp</td>
<td>FstFrd</td>
<td>3</td>
<td>1</td>
<td>19.40</td>
<td>0.0%</td>
<td>-7.8%</td>
<td>1,295</td>
<td>81%</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>WJA CN</td>
<td>WestJet Airlines Ltd</td>
<td>Airline</td>
<td>1</td>
<td>3</td>
<td>33.43</td>
<td>1.0%</td>
<td>1.1%</td>
<td>3,633</td>
<td>58%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC CN</td>
<td>Air Canada</td>
<td>Airline</td>
<td>1</td>
<td>5</td>
<td>11.91</td>
<td>0.5%</td>
<td>-3.2%</td>
<td>3,411</td>
<td>49%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>WBN CN</td>
<td>Whistler Blackcomb Holdings Inc</td>
<td>LeisPcl</td>
<td>3</td>
<td>4</td>
<td>20.68</td>
<td>0.9%</td>
<td>1.6%</td>
<td>785</td>
<td>43%</td>
<td>48%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPF-U CN</td>
<td>Boston Pizza Royalties Income Fund</td>
<td>Retaurnt</td>
<td>1</td>
<td>3</td>
<td>21.69</td>
<td>0.0%</td>
<td>-1.6%</td>
<td>346</td>
<td>19%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEG-U CN</td>
<td>Keg Royalties Income Fund/The</td>
<td>Retaurnt</td>
<td>1</td>
<td>4</td>
<td>13.25</td>
<td>-1.4%</td>
<td>-0.1%</td>
<td>207</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PZA CN</td>
<td>Pizza Pizza Royalty Corp</td>
<td>Retaurnt</td>
<td>1</td>
<td>4</td>
<td>14.28</td>
<td>0.6%</td>
<td>1.9%</td>
<td>312</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOL CN</td>
<td>Dollarama Inc</td>
<td>GMrcrShrt</td>
<td>2</td>
<td>1</td>
<td>58.85</td>
<td>0.4%</td>
<td>-0.4%</td>
<td>7,736</td>
<td>84%</td>
<td></td>
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<tr>
<td>GBT/A CN</td>
<td>BMTG Group Inc</td>
<td>HmFresh</td>
<td>1</td>
<td>9</td>
<td>16.05</td>
<td>0.0%</td>
<td>-1.5%</td>
<td>695</td>
<td>47%</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>CCT CN</td>
<td>Catamaran Corp</td>
<td>HCService</td>
<td>3</td>
<td>2</td>
<td>61.08</td>
<td>3.8%</td>
<td>3.4%</td>
<td>12,673</td>
<td>44%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUD CN</td>
<td>Knight Therapeutics Inc</td>
<td>Biotach</td>
<td>2</td>
<td>3</td>
<td>7.45</td>
<td>0.7%</td>
<td>-2.1%</td>
<td>677</td>
<td>111%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPH CN</td>
<td>Cipher Pharmaceuticals Inc</td>
<td>Pharma</td>
<td>2</td>
<td>1</td>
<td>17.43</td>
<td>2.5%</td>
<td>3.1%</td>
<td>447</td>
<td>270%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENDP US</td>
<td>Endo International PLC</td>
<td>Pharma</td>
<td>2</td>
<td>5</td>
<td>79.99</td>
<td>2.4%</td>
<td>2.6%</td>
<td>14,741</td>
<td>32%</td>
<td>10.5</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>JFC CN</td>
<td>Intact Financial Corp</td>
<td>P&amp;C Insur</td>
<td>2</td>
<td>5</td>
<td>82.97</td>
<td>-0.4%</td>
<td>0.8%</td>
<td>10,914</td>
<td>23%</td>
<td></td>
<td></td>
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<tr>
<td>GRT-U CN</td>
<td>Granite Real Estate Investment Trust</td>
<td>IndusREIT</td>
<td>1</td>
<td>4</td>
<td>44.42</td>
<td>0.1%</td>
<td>0.4%</td>
<td>2,088</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AP-U CN</td>
<td>Allied Properties Real Estate Investors</td>
<td>OfficeREIT</td>
<td>1</td>
<td>2</td>
<td>39.34</td>
<td>-0.6%</td>
<td>-1.6%</td>
<td>2,937</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOX-U CN</td>
<td>Brookfield Canada Office Properties</td>
<td>OfficeREIT</td>
<td>1</td>
<td>7</td>
<td>27.40</td>
<td>-0.3%</td>
<td>-2.0%</td>
<td>717</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSH-U CN</td>
<td>Chartwell Retirement Residences</td>
<td>HCareREIT</td>
<td>1</td>
<td>4</td>
<td>12.29</td>
<td>0.8%</td>
<td>-1.7%</td>
<td>2,140</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MST-U CN</td>
<td>Milestone Apartments Real Estate In</td>
<td>ResidREIT</td>
<td>1</td>
<td>6</td>
<td>12.34</td>
<td>0.4%</td>
<td>0.7%</td>
<td>560</td>
<td>32%</td>
<td>1.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J1P-U CN</td>
<td>InterRent Real Estate Investment Tr</td>
<td>ResidREIT</td>
<td>1</td>
<td>2</td>
<td>5.68</td>
<td>1.3%</td>
<td>0.5%</td>
<td>354</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRT-U CN</td>
<td>CT Real Estate Investment Trust</td>
<td>RetailREIT</td>
<td>1</td>
<td>2</td>
<td>12.27</td>
<td>0.4%</td>
<td>2.3%</td>
<td>1,105</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WNR CN</td>
<td>Valera Inc</td>
<td>GasUTIL</td>
<td>2</td>
<td>8</td>
<td>15.10</td>
<td>0.4%</td>
<td>0.0%</td>
<td>614</td>
<td>11%</td>
<td>1.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit; BMO Capital Markets is restricted on Interfor Corp. (IFP) and Allied Properties (AP.U)
10-Year Returns Negative - Guaranteed

- In this business, it’s hard to make guarantees. We present long ideas, but can’t guarantee that will make money; we present short ideas, but can’t guarantee that these shares will lose money. Today, however, with the Swiss 10-year bond being priced in negative territory for the first time, one is guaranteed a negative return if one holds this piece of paper to maturity - Figure 1
  - One-quarter of European debt is priced this way.
  - Cue Draghi.

- We continue to write that we love bonds. How could you not with price action like this?
  - When we look at a suite of bond, or quasi bond-like ETFs, we see few being able to beat them. REITs, Pharma, Utilities, and Staples (many of these types would have been in yesterday’s stock list). More are breaking to the downside, including SPY, insurance, telecom, and of course banks are trending lower on an absolute basis and versus bonds – Figure 2.
  - One of the ratios we look at in our Gold Link is how gold looks against bonds. Gold broke above an underperforming trend against U.S. bonds yesterday – Fig. 3.

- In the last quarter, when more government yields were turning negative, the gold price was losing its traction to the weaker Euro (stronger dollar). That’s a key observation.
  - From a European sense, faced with the alternative of a guaranteed negative return, gold makes sense (and from as Swiss perspective, gold is suddenly cheap). Gold also broke above downtrends in Indian Rupee and USD terms yesterday – Figure 4.

- As bond yields move further into negative territory, and if that is the key draw, we believe gold will make more sense. Our gold link compares gold stocks to gold stocks, and the momentum buy list (of relative performance) excludes overbought stocks – Fig. 5.

---

**Figure 1: Swiss 10-Year Bond Yield Turned Negative Today**

**Figure 2: Equity ETFs vs the US 7-10y Treasury ETF**

**Figure 3: Gold vs US Bond ETF (IEF)**

**Figure 4: Gold Domiciled in Major Currencies**

---

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Figure 5: Momentum Buy List of Gold Shares vs GoldMiners Index (GDX)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>LT RS</th>
<th>M Close 15-Jan</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>GoldMiners Trend</th>
<th>Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>% Chg wrt 50'd MA</th>
<th>Chg wrt 50 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFI US</td>
<td>Gold Fields Ltd</td>
<td>4 1</td>
<td>5.69</td>
<td>3.6%</td>
<td>9.4%</td>
<td>4,412</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>113%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CG CN</td>
<td>Centerra Gold Inc</td>
<td>5 1</td>
<td>6.03</td>
<td>0.0%</td>
<td>3.8%</td>
<td>1,351</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60%</td>
<td>1.0 21% Above Rising</td>
</tr>
<tr>
<td>NCMG US</td>
<td>Newcrest Mining Ltd</td>
<td>8 1</td>
<td>10.30</td>
<td>2.5%</td>
<td>9.9%</td>
<td>7,895</td>
<td></td>
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<td>52%</td>
<td>18% Above Rising</td>
</tr>
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<td>RIO CN</td>
<td>Rio Alto Mining Ltd</td>
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<td>5.1%</td>
<td>9.3%</td>
<td>912</td>
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<td></td>
<td></td>
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<td>83%</td>
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<td>Virginia Mines Inc</td>
<td>1 1 H</td>
<td>16.05</td>
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<td>6.9%</td>
<td>481</td>
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<td></td>
<td></td>
<td>82%</td>
<td>21% Above Rising</td>
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<td>ELD CN</td>
<td>Eldorado Gold Corp</td>
<td>7 1</td>
<td>8.54</td>
<td>6.8%</td>
<td>11.3%</td>
<td>5,118</td>
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<td>49%</td>
<td>17% Above Rising</td>
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<td>Franco-Nevada Corp</td>
<td>1 2</td>
<td>64.02</td>
<td>6.1%</td>
<td>7.1%</td>
<td>8,347</td>
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<td></td>
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<td></td>
<td></td>
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<td>9% Above Rising</td>
</tr>
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<td>MAG Silver Corp</td>
<td>4 2</td>
<td>10.09</td>
<td>1.6%</td>
<td>3.4%</td>
<td>581</td>
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<td></td>
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<td>34%</td>
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<td>Guoena Goldfields Inc</td>
<td>8 2</td>
<td>3.14</td>
<td>6.1%</td>
<td>9.0%</td>
<td>395</td>
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<td></td>
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<td></td>
<td>37%</td>
<td>13% Above Rising</td>
</tr>
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<td>Seabridge Gold Inc</td>
<td>9 2</td>
<td>11.01</td>
<td>3.3%</td>
<td>8.7%</td>
<td>446</td>
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<td>38%</td>
<td>25% Above Rising</td>
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<td>AUG CN</td>
<td>AuRico Gold Inc</td>
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<td>4.89</td>
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<td>12.9%</td>
<td>1,021</td>
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<td>28%</td>
<td>20% Above Rising</td>
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<td>Fortuna Silver Mines Inc</td>
<td>2 2</td>
<td>5.71</td>
<td>4.0%</td>
<td>-0.3%</td>
<td>613</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38%</td>
<td>1.5 13% Above Rising</td>
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<td>Torex Gold Resources Inc</td>
<td>2 3</td>
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<td>8.7%</td>
<td>985</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>44%</td>
<td>13% Above Rising</td>
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</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Note: BMO Capital Markets is restricted on Virginia Mines
Trends & Inflection Points

100 Sitting on the Dock of the Bay Stocks

- From our sector report, tuned to U.S. Subindustries, we note five industries breaking price trends, and they were all financials – brokers, banks, consumer finance, insurance, and regional banks.
  - The market continues to ease away from financials, excluding of course real estate, which gets its own sector next year.

- From our ETF report, three industry ETFs broke above underperforming trends against the S&P 500 yesterday: global consumer staples, global agribusiness, and global telecom. These three have one thing in common: nothin’s goin’ on.
  - They’re just sitting around, wasting time.

- With the safe-haven yen strength twigging our defensive interest, we decided to compile a list of the best of boring stocks.

- Our Otis Redding collection includes stocks with low volatility (standard deviation of daily price trends less than 1.5%), good dividend yield and growth, and those that the market likes (momentum buys, yet are not overbought). There are 100 stocks in this list – Figure 1.

Figure 1: The Otis Redding Collection – Low Volatility, Good Dividend Growth Profile, Momentum Buys - See Link for Full List

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Gpr RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>MktCap (USD)</th>
<th>Vol (%)</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA</th>
<th>Yield Growth 1y</th>
<th>DVD Growth 3y</th>
<th>DVD Growth 5y</th>
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<td>Cracker Barrel Old Country Store Inc</td>
<td>Retail</td>
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<td>1</td>
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<td>3.00</td>
<td>33%</td>
<td>60%</td>
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<td>Restaurant</td>
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<td>1</td>
<td>7,353</td>
<td>1.34</td>
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<td></td>
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<td>0%</td>
<td>9%</td>
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<td>0.92</td>
<td></td>
<td></td>
<td>50.0%</td>
<td>4%</td>
<td>Above Rising</td>
<td>3.71</td>
<td>2%</td>
<td>2%</td>
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<td>Lockheed Martin Corp</td>
<td>Aero&amp;Def</td>
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<td>1</td>
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<td>14%</td>
<td>17%</td>
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<td>Erie Indemnity Co</td>
<td>Insur</td>
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<td>1</td>
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<td>1.04</td>
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<td>0%</td>
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<td>Cinépolis</td>
<td>MovStnt</td>
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<td>1</td>
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<td>5%</td>
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<td>MultiUtil</td>
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<td>1</td>
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<td>1</td>
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<td>Above Rising</td>
<td>4.03</td>
<td>6%</td>
<td>8%</td>
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<td>HldkInvest</td>
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<td>1</td>
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<td>4%</td>
<td>7%</td>
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<td>1</td>
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<td>3%</td>
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<td>3%</td>
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<td>Above Rising</td>
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<td>8%</td>
<td>11%</td>
</tr>
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<td>Aero&amp;Def</td>
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<td>10%</td>
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<td>DvlpSrv</td>
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<td>1</td>
<td>2,185</td>
<td>1.19</td>
<td></td>
<td></td>
<td>43.0%</td>
<td>2%</td>
<td>Above Rising</td>
<td>2.26</td>
<td>3%</td>
<td>3%</td>
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<td>1</td>
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<td>0%</td>
<td>Above Rising</td>
<td>2.08</td>
<td>4%</td>
<td>6%</td>
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<td>144,677</td>
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<td>2.71</td>
<td>15%</td>
<td>8%</td>
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<td>1</td>
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<td></td>
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<td>2.80</td>
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<td>20%</td>
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<td>5%</td>
<td>5%</td>
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<tr>
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<td>Insur</td>
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<td>1</td>
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<td>2%</td>
<td>Above Rising</td>
<td>4.00</td>
<td>0%</td>
<td>1%</td>
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<td>32%</td>
<td>22%</td>
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<td>Pharma</td>
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<td>2.07</td>
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<td>0%</td>
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<td>1.02</td>
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<td>6%</td>
<td>Above Rising</td>
<td>2.47</td>
<td>12%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
The yen is starting to advance on a safe-haven bid. That’s a key watch for us, especially when banks are trending and breaking lower.

As oil, and now copper, have shown its price discovery time, and in a world trending towards deflation, discovery is at lower levels for many risk assets.

- Yet higher for risk lite government bonds.
- We love the bonds.

In our TIPs suite (click here icon to the left) you will find this link to long and short filters. Count the members of each sleeve and you will see that the short ideas are more numerous than the longs.

- Your portfolio should be tight and focused, and you should be alert to breakdowns.
- We will focus on some breakdowns.

Short Filter #4 shows stocks trending higher at rates in excess of 80%/year, and then breaking these trends – Figure 1.

- A favourite market short on this list is GoPro which, thanks to AAPL, is starting to pay off – Figure 2.
- Century Aluminum will help us serve notice that the Aluminum Group has slid from positive to neutral territory. Note the change, and the air pocket in CENX – Figure 3.

Figure 1: Short Filter #4 – Shares Breaking Steep Uptrends

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>1-Day Equity Chg (%)</th>
<th>5-Day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
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</thead>
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<td>Receptas Inc</td>
<td>Biotech</td>
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<td>1</td>
<td>1</td>
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<td>-8.4%</td>
<td>3,494</td>
<td>5.37</td>
<td>↑</td>
<td>↓</td>
<td>1,700%</td>
<td>2.0</td>
<td></td>
</tr>
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<td>VASCO Data Security International Inc</td>
<td>SystemSw</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>-5.2%</td>
<td>-8.7%</td>
<td>910</td>
<td>4.04</td>
<td>↓</td>
<td>↓</td>
<td>402%</td>
<td>2.5</td>
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<td>1</td>
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<td>-12.1%</td>
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<td>↓</td>
<td>269%</td>
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</tr>
<tr>
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<td>GoPro Inc</td>
<td>ConsElec</td>
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<td>↓</td>
<td>215%</td>
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<td>Alumin</td>
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<td>-2.1%</td>
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<td>↓</td>
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<td>-1.2%</td>
<td>849</td>
<td>1.91</td>
<td>↓</td>
<td>↓</td>
<td>137%</td>
<td>1.0</td>
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<tr>
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<td>Rentak Corp</td>
<td>MovEnt</td>
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<td>4</td>
<td>1</td>
<td>-1.0%</td>
<td>-2.4%</td>
<td>824</td>
<td>3.55</td>
<td>↓</td>
<td>↓</td>
<td>136%</td>
<td>3.0</td>
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<td>DHX/B CN</td>
<td>DHX Media Ltd</td>
<td>MovEnt</td>
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<td>1</td>
<td>1</td>
<td>2.1%</td>
<td>-1.5%</td>
<td>560</td>
<td>2.20</td>
<td>↓</td>
<td>↓</td>
<td>129%</td>
<td>4.5</td>
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<td>XPO US</td>
<td>XPO Logistics Inc</td>
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<td>-0.3%</td>
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<td>↓</td>
<td>↓</td>
<td>126%</td>
<td>2.5</td>
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<td>STRA US</td>
<td>Strayer Education Inc</td>
<td>Educat</td>
<td>7</td>
<td>7</td>
<td>1</td>
<td>0.9%</td>
<td>-1.9%</td>
<td>739</td>
<td>3.43</td>
<td>↓</td>
<td>↓</td>
<td>116%</td>
<td>2.5</td>
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<tr>
<td>LEAF US</td>
<td>Springleaf Holdings Inc</td>
<td>ConsumFin</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1.7%</td>
<td>-0.3%</td>
<td>4,008</td>
<td>2.27</td>
<td>↓</td>
<td>↓</td>
<td>112%</td>
<td>2.5</td>
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<tr>
<td>MELI US</td>
<td>MercadoLibre Inc</td>
<td>IntServ</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>-0.2%</td>
<td>-1.7%</td>
<td>5,298</td>
<td>2.65</td>
<td>↓</td>
<td>↓</td>
<td>105%</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>TFM US</td>
<td>Fresh Market Inc/The</td>
<td>FdRetail</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>-11.4%</td>
<td>-8.2%</td>
<td>1,752</td>
<td>2.24</td>
<td>↓</td>
<td>↓</td>
<td>95%</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>EPSN US</td>
<td>LivePerson Inc</td>
<td>IntServ</td>
<td>8</td>
<td>7</td>
<td>2</td>
<td>1.1%</td>
<td>-0.9%</td>
<td>686</td>
<td>2.45</td>
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<td>↓</td>
<td>92%</td>
<td>2.5</td>
<td></td>
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<tr>
<td>GBX US</td>
<td>Greenbrier Cos Inc/The</td>
<td>ContNtlTr</td>
<td>9</td>
<td>1</td>
<td>4</td>
<td>0.4%</td>
<td>3.0%</td>
<td>1,345</td>
<td>3.29</td>
<td>↓</td>
<td>↓</td>
<td>91%</td>
<td>2.5</td>
<td></td>
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<tr>
<td>SLCA US</td>
<td>US Silicon Holdings Inc</td>
<td>EQ Equip</td>
<td>10</td>
<td>2</td>
<td>3</td>
<td>-1.2%</td>
<td>-1.1%</td>
<td>1,294</td>
<td>3.56</td>
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<td>↓</td>
<td>88%</td>
<td>2.5</td>
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<tr>
<td>POPO US</td>
<td>Insulet Corp</td>
<td>HCEquip</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>-1.5%</td>
<td>-7.9%</td>
<td>2,246</td>
<td>2.97</td>
<td>↓</td>
<td>↓</td>
<td>87%</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>SHPI US</td>
<td>Shire PLC</td>
<td>Pharma</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>-1.6%</td>
<td>-0.7%</td>
<td>40,449</td>
<td>2.74</td>
<td>↓</td>
<td>↓</td>
<td>81%</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Figure 2: GoPro Price Trend

Looking at the #s, the Shallow Trend, Just Breaking, Clocks in at over 200%/Year.

Figure 3: Century Aluminum Price Trend

Expect Break of Trade Support

Air Pocket

Next Support and Target
Financial ‘Havens’

- North American financials are breaking outperforming trends both North and South of the border – Figures 1, 2.
  - This is the broader perspective of the breakdown in banks (see Friday’s note).
  - Real Estate has been the go-to “haven” (see Jan 6 note), yet as of yesterday’s close, one-third of North American real estate stocks are overbought – see link.

- US financial subindustries vs the US Financial sector is shown in Figure 3.
  - Outperforming groups include the exchanges (specialized finance), P&C insurance, Berkshire (Multi-Sector Holdings), and the various Real Estate Groups.

Continued next page.

Figure 1: S&P 500 Financials vs S&P 500

Figure 2: CDN Financials vs S&P/TSX Composite

Figure 3: US Financial Subindustries vs US Financials

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
We highlight the largest 15 S&P 500 Financial sector outperformers in Figure 4.

CDN financial subindustries vs the CDN Financial sector is shown in Figure 5.

- Real estate is strong here as well, as is IFC (P&C Insurance), and the LifeCos.

We highlight the largest 15 TSX Composite Financial Sector outperformers in Figure 6.

**Figure 4: Largest 15 Financials in Outperforming trends vs US Financials**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp</th>
<th>RS</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>NM Cap(USD)</th>
<th>S&amp;P Sector</th>
<th>Trend</th>
<th>Slope</th>
<th>RS HI</th>
<th>RS LO</th>
<th>%Chg 50d MA</th>
<th>Chg w/ 50d MA Trend</th>
<th>%Chg w/ 150d MA</th>
<th>Chg w/ 150d MA Trend</th>
<th>Bull Bend</th>
<th>Bull Bend Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL US</td>
<td>Allstate Corp/The</td>
<td>P&amp;I Insur</td>
<td>2</td>
<td>-1.0%</td>
<td>1.4%</td>
<td>20,238</td>
<td>22%</td>
<td>2%</td>
<td>Move Rising</td>
<td>14%</td>
<td>Move Rising</td>
<td>ABOVE</td>
<td>110</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CME US</td>
<td>CME Group Inc/L</td>
<td>SpecialFin</td>
<td>2</td>
<td>-1.3%</td>
<td>-1.2%</td>
<td>29,550</td>
<td>32%</td>
<td>3%</td>
<td>Move Rising</td>
<td>17%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>160</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRK/B US</td>
<td>Berkshire Hathaway Inc</td>
<td>MitsuiFfI</td>
<td>9</td>
<td>-0.8%</td>
<td>0.9%</td>
<td>180,299</td>
<td>15%</td>
<td>0%</td>
<td>Move Rising</td>
<td>10%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>81</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIG US</td>
<td>AIG Ltd</td>
<td>P&amp;I Insur</td>
<td>2</td>
<td>-0.2%</td>
<td>-0.5%</td>
<td>32,755</td>
<td>9%</td>
<td>-1.0%</td>
<td>Below Rising</td>
<td>7%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>113</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NE US</td>
<td>Morgan Stanley</td>
<td>Invuline</td>
<td>4</td>
<td>-1.4%</td>
<td>-3.0%</td>
<td>71,191</td>
<td>14%</td>
<td>0.0%</td>
<td>Below Rising</td>
<td>5%</td>
<td>Move Rising</td>
<td>ABOVE</td>
<td>160</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUS US</td>
<td>Travelers Cos Inc/The</td>
<td>P&amp;I Insur</td>
<td>2</td>
<td>0.6%</td>
<td>0.1%</td>
<td>14,162</td>
<td>14%</td>
<td>0.0%</td>
<td>Move Rising</td>
<td>12%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>94</td>
<td>52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ELK US</td>
<td>BlackRock Inc</td>
<td>AssetMan</td>
<td>7</td>
<td>-0.7%</td>
<td>-0.7%</td>
<td>57,318</td>
<td>9%</td>
<td>-1.0%</td>
<td>Below Rising</td>
<td>8%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>111</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STT US</td>
<td>State Street Corp</td>
<td>AssetMan</td>
<td>7</td>
<td>-0.9%</td>
<td>-2.2%</td>
<td>31,467</td>
<td>12%</td>
<td>-2%</td>
<td>Move Rising</td>
<td>7%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>169</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMC US</td>
<td>Marsh &amp; McLennan Cos Inc</td>
<td>InsurRe</td>
<td>3</td>
<td>-1.1%</td>
<td>-3.9%</td>
<td>30,344</td>
<td>6%</td>
<td>-1.0%</td>
<td>Below Rising</td>
<td>8%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>94</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GGP US</td>
<td>General Growth Properties Inc</td>
<td>RetailREIT</td>
<td>1</td>
<td>0.7%</td>
<td>5.7%</td>
<td>26,886</td>
<td>16%</td>
<td>2%</td>
<td>Move Rising</td>
<td>4%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>100</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQR US</td>
<td>Equity Residential</td>
<td>RentREIT</td>
<td>1</td>
<td>1.2%</td>
<td>-5.7%</td>
<td>28,224</td>
<td>14%</td>
<td>2%</td>
<td>Move Rising</td>
<td>21%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>267</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMT US</td>
<td>American Tower Corp</td>
<td>SpecFin</td>
<td>1</td>
<td>-0.8%</td>
<td>0.0%</td>
<td>35,242</td>
<td>14%</td>
<td>2%</td>
<td>Below Rising</td>
<td>7%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>173</td>
<td>48</td>
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<tr>
<td>DFS US</td>
<td>Discover Financial Services</td>
<td>ConsFin</td>
<td>5</td>
<td>-0.5%</td>
<td>-1.4%</td>
<td>28,570</td>
<td>7%</td>
<td>2%</td>
<td>Below Rising</td>
<td>2%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>139</td>
<td>43</td>
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<td></td>
</tr>
<tr>
<td>SPG US</td>
<td>Simon Property Group Inc</td>
<td>RetailREIT</td>
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<td>0.1%</td>
<td>5.7%</td>
<td>61,645</td>
<td>4%</td>
<td>2%</td>
<td>Move Rising</td>
<td>17%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>216</td>
<td>72</td>
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<tr>
<td>SCHW US</td>
<td>Charles Schwab Corp/The</td>
<td>Invuline</td>
<td>4</td>
<td>0.0%</td>
<td>-3.0%</td>
<td>26,784</td>
<td>2%</td>
<td>2%</td>
<td>Move Rising</td>
<td>2%</td>
<td>Move Rising</td>
<td>BELOW</td>
<td>99</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

**Figure 5: CDN Financial Subindustries (over 50bps) vs CDN Financials**

<table>
<thead>
<tr>
<th>Name</th>
<th>Wgt (%)</th>
<th>Chg Last Day</th>
<th>Reward/Risk</th>
<th>Trend Slope</th>
<th>RS HI (Mo)</th>
<th>RS LO (Mo)</th>
<th>%Chg 50d MA</th>
<th>Chg w/ 50d MA Trend</th>
<th>%Chg w/ 200d MA</th>
<th>Chg w/ 200d MA Trend</th>
<th>Bull</th>
<th>Bull Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversified Real Estate Activities vs. S&amp;P/TSX Composite</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.8%</td>
<td>Below Rising</td>
<td>-2.0%</td>
<td>Below Rising</td>
<td>7.0%</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Real Estate Operating Companies vs. S&amp;P/TSX Composite</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.0%</td>
<td>Below Rising</td>
<td>-2.1%</td>
<td>Below Rising</td>
<td>2.9%</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Property &amp; Casualty Insurance vs. S&amp;P/TSX Composite</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.1%</td>
<td>Above Rising</td>
<td>-1.0%</td>
<td>Below Rising</td>
<td>5.4%</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Life &amp; Health Insurance vs. S&amp;P/TSX Composite</td>
<td>7.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.6%</td>
<td>Below Rising</td>
<td>7.4%</td>
<td>Above Rising</td>
<td>19.6%</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Diversified Banks vs. S&amp;P/TSX Composite</td>
<td>19.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.6%</td>
<td>Below Rising</td>
<td>7.3%</td>
<td>Above Rising</td>
<td>26.9%</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Multi-line Insurance vs. S&amp;P/TSX Composite</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.2%</td>
<td>Below Rising</td>
<td>7.4%</td>
<td>Above Rising</td>
<td>19.6%</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Diversified REITs vs. S&amp;P/TSX Composite</td>
<td>0.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.2%</td>
<td>Above Rising</td>
<td>7.4%</td>
<td>Above Rising</td>
<td>19.6%</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Retail REITs vs. S&amp;P/TSX Composite</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.0%</td>
<td>Above Rising</td>
<td>7.4%</td>
<td>Above Rising</td>
<td>19.6%</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Asset Management &amp; Custody Banks vs. S&amp;P/TSX Composite</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.1%</td>
<td>Below Falling</td>
<td>-2.4%</td>
<td>Below Falling</td>
<td>6.9%</td>
<td>90</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 6: Largest 15 CDN Financial Sector Outperformers**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp</th>
<th>RS</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>NM Cap(CAD)</th>
<th>S&amp;P TSX Sector</th>
<th>Trend</th>
<th>Slope</th>
<th>RS HI (Mo)</th>
<th>RS LO (Mo)</th>
<th>%Chg 50d MA</th>
<th>Chg w/ 50d MA Trend</th>
<th>%Chg w/ 150d MA</th>
<th>Chg w/ 150d MA Trend</th>
<th>Bull Bend</th>
<th>Bull Bend Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI-U CN</td>
<td>Broadfield Property Partners LP</td>
<td>RentREIT</td>
<td>7</td>
<td>1.7%</td>
<td>5.8%</td>
<td>7,035</td>
<td>58%</td>
<td>9%</td>
<td>Above Rising</td>
<td>24%</td>
<td>Above Rising</td>
<td>124</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAA-U CN</td>
<td>Broadfield Asset Management Inc</td>
<td>RentREIT</td>
<td>7</td>
<td>0.5%</td>
<td>4.6%</td>
<td>38,957</td>
<td>40%</td>
<td>8%</td>
<td>Above Rising</td>
<td>22%</td>
<td>Above Rising</td>
<td>124</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSH-U CN</td>
<td>Chartwell Retirement Residences</td>
<td>NComRealEIT</td>
<td>1</td>
<td>-1.2%</td>
<td>2.6%</td>
<td>2,151</td>
<td>27%</td>
<td>5%</td>
<td>Above Rising</td>
<td>13%</td>
<td>Above Rising</td>
<td>124</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GWO CN</td>
<td>Great-West Lifeco Inc</td>
<td>LifeIns</td>
<td>6</td>
<td>-0.9%</td>
<td>-2.4%</td>
<td>32,352</td>
<td>14%</td>
<td>-1%</td>
<td>Below Rising</td>
<td>5%</td>
<td>Above Rising</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>AD CN</td>
<td>Alberta Realty Corp</td>
<td>AssetMan</td>
<td>7</td>
<td>0.0%</td>
<td>-4.2%</td>
<td>1,080</td>
<td>30%</td>
<td>-2%</td>
<td>Below Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
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Note: BMO Capital Markets is restricted on Allied Properties REIT
Technology Turnarounds

- Technology outperformance (Figure 1) is not a new theme, it’s a carry-over from last year, but then again most trends did not change on the turn of the year.

- We would also point out that some of that sea of relative strength green, does not translate to the absolute (Figure 2); most tech sectors lost ground last week, yet financials, led by the banks, lost more.

- ACWI Technology continues to trend higher at 23%/year, which has been the trend for the past two years. Our TMT link (available daily in our TIPS Suite – click here to the left) uses this benchmark as the denominator in relative strength analysis.

- Late last year, we highlighted the momentum buys. This time, we will show stocks showing just buds of strength, those breaking above underperforming trends, priced at at least a one-month relative strength high – Figure 3.

**Figure 1: Technology vs Local Benchmarks**

**Figure 2: Local Technology Sector Price Trends**

**Figure 3: Technology Turnarounds – Breaking Above Underperforming Trends, Priced at At Least a 1mo RS High**

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Bank Underperformance Accelerating

- Very few generalist clients we know do not own any banks. These very few are doing well, as bank underperformance has really started to accelerate since breaking down last November – Figure 1.

- In absolute terms, global banks are now trending lower at a rate of 9%/year – Figure 2.
  - If you think that this chart looks similar to that of the high yield bond market we posted on Wednesday, you would be correct. Moves of banks to high yield debt are moderately to highly correlated; and of course the highly correlated comes on the declines – Figure 3.
  - The high yield bond market is hamstrung by energy credits; and here the oil price is stable for the past few days, but not firm. Steep downtrends are in effect until they are not. Sentiment should be taken from our energy relative strength breadth reading, which has taken out the low this week – Figure 4.

- We highlight both North American and European Banks vs MSCI World on the following page. Note the group is slanting to the negative, and breaking in a southerly direction – Figures 5, 6. Spot either the underperformer, or stock breaking in that direction, and trim.

Figure 1: MSCI World Banks vs MSCI World

Figure 2: MSCI World Banks

Figure 3: Correlation of Global Banks to High Yield Debt

Figure 4: Energy Relative Strength Breadth Z-Score

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Figure 5: North American Banks vs MSCI World (Largest 75)

- ELEKTRA* MM 113%
- WAL US 31%
- SNV US 20%
- MBFI US 34%
- MBH US 23%
- EVBC US 9%
- WFC US 4%
- CM CN 8%
- TD CN 8%
- FULT US 8%
- NA CN 5%
- HOMB US 4%
- GUIFMURO US 10%
- SBIV US 4%
- CIT US 4%
- TCBI US 2%
- USB US 1%
- FMER US 1%
- FCNCIA US 1%
- CYN US 6%
- PVB US 18%
- OZRX US 23%
- HBAN US 9%
- JPM US 11%
- SSB US 16%
- WBS US 17%
- PNC US 8%
- KY CN 8%
- BMO CN 10%
- EUS US 0%
- ASB US 0%
- CBB US -8%
- FTIB US -16%
- TCB US -17%
- CMA US -25%
- CBB US -11%
- FMR US -1%
- VLY US -7%
- VTH US -16%
- UMBF US -13%
- WTPC US -9%
- IBKC US -13%
- UMPQ US -10%
- CATY US -9%
- RF US -13%
- NBK US -10%
- PB US -22%
- ZION US -15%
- ONB US -14%
- EFRT US -41%
- BNUS CN -32%

Figure 6: European Banks vs MSCI World

- SHBA SS 18%
- BKT SM 28%
- ISP IM 6%
- VAQBK TI -10%
- DPG GR -8%
- JCG IM -31%
- BZVA US -56%
- GPVA US -47%
- RBI AV -113%
- BMSI IM -224%
- BCN SW 15%
- KN FP 14%
- GARAN TI 7%
- PEO PW -7%
- JING US -14%
- BPI -55%
- PKO PW -27%
- BSMI IM -31%
- SAB SM -31%
- BMO SM -56%
- SEBA SS 3%
- SEBA SS 3%
- CEB PK -9%
- TYSK DC -9%
- SBER RM -35%
- BNP FP -37%
- BPE IM -58%
- OPM PL -83%
- BANB US 5%
- BANB US 5%
- ABK US -5%
- ACPM US -11%
- BNP FP -17%
- BNYB US -16%
- STAN LD -39%
- POP SM -40%
- NDA SS -16%
- NKIA SM -28%
- DNB NO 3%
- DNB NO 3%
- ISCTR TI 3%
- OTCB US -13%
- ALCB ID -70%
- HSBC US -16%
- STAN LD -39%
- POP SM -40%
- NDA SS -16%
- NKIA SM -28%

Shifting This Way
Aerospace – Mojo Is Back

- Most global industrial industries are either underperforming or are breaking below outperforming trends. Many hit 1, 2, 3, or multi-year lows yesterday. Aerospace is not one of them. The group is back in an outperforming trend, and it hit a 9-month relative strength high yesterday – Figure 1.

- The breadth of the subindustry is also recovering, so it’s more than just the index drivers that are improving. Aerospace just recovered to a top 3 decile position yesterday – Figure 2.

- Most of the momentum buys are U.S. names (the U.S. market continues to dominate on a global scale), but there are a few Canadian members and one French member standing firm saying je suis - Figure 3.

Figure 1: Global Aerospace & Defence vs MSCI World

Figure 2: Aerospace & Defense Relative Strength Decile

Figure 3: Aerospace & Defense Momentum Buys vs ACWI

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Yesterday, the US 30y bond yield broke below 2.5%, which is the level that marked the 2008 and 2012 lows. It reached that point faster than the trend would suggest, with the oil decline greasing the slide, but the trend is structural, and the trend is global – Figures 1, 2. This is why you care about high yield stocks.

The risk this year with high yield is that the trends are against you (the why not);
- High yield corporate bonds are trending lower at a rate of 7%/year – Figure 3.
- JNK is trending lower at 8%/year – Figure 4.

When we parse North American high yield stocks we find,
- there are more than twice as many underperformers as outperformers; and
- our momentum sell list is more than 4x the size of our momentum buy list.

Still investors will be looking for income this year, and what we do so very well is define the outperformers. We highlight the momentum buy list in Figure 5 on the 2nd page, and for those looking for bottom fishing opportunities, we highlight the high yield stocks with good dividend growth profiles that are breaking above underperforming trends on page 3.

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
### Figure 5: North American High Yield Momentum Buys

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<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>GP RS</th>
<th>LT RS</th>
<th>RS</th>
<th>DVD</th>
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<th>5-day Equity Chg (%)</th>
<th>Flg</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>SPX</th>
<th>Trend</th>
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<td>OG SrTr</td>
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<td>5</td>
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<td>3</td>
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<td>655</td>
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### Figure 6: High Yield Stocks with Solid Dividend Growth Profiles Breaking Above Underperforming Trends

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<th>Gro</th>
<th>LT</th>
<th>RS</th>
<th>DVD</th>
<th>Close 06-Jan</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>EPS</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
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<td>8</td>
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<td>1</td>
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<td>5,149</td>
<td>0.77</td>
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<td>V</td>
<td>7,191</td>
<td>0.77</td>
<td>↑</td>
<td>-25%</td>
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<td>Cedar Fair LP</td>
<td>LeasePCI</td>
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<td>3</td>
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<td>1</td>
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<td>V</td>
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<td>1.16</td>
<td>↑</td>
<td>-25%</td>
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<td>Potash Corp of Saskatchewan Inc</td>
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<td>1.25</td>
<td>↑</td>
<td>-21%</td>
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<td>8</td>
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<td>43.43</td>
<td>2.3%</td>
<td>1.7%</td>
<td>V</td>
<td>1,726</td>
<td>0.97</td>
<td>↑</td>
<td>-17%</td>
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<td>V</td>
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<td>7</td>
<td>8</td>
<td>1</td>
<td>31.02</td>
<td>-0.4%</td>
<td>-1.4%</td>
<td>V</td>
<td>8,776</td>
<td>1.49</td>
<td>↑</td>
<td>-26%</td>
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<td>Harte-Hanks Inc</td>
<td>Advent</td>
<td>8</td>
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<td>7</td>
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<td>V</td>
<td>483</td>
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<td>-36%</td>
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<td>V</td>
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<td>0.4%</td>
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<td>↑</td>
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<td>V</td>
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<td>↑</td>
<td>-9%</td>
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<td>5</td>
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<td>V</td>
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<td>10,915</td>
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<td>↑</td>
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**BMO Capital Markets**
Real Estate Relative Strength Revival

- Yes it’s defensive positioning, but it is also following a positive trend. We rank over 40% of the 251 North American Real Estate Stocks as momentum buys.
- U.S. REITs broke out of a 1.5yr base against the S&P 500 yesterday – Figure 1.
  - Note that some momentum heavyweights in the denominator have broken their price uptrends, notably AAPL and MSFT.
- CDN Real Estate was also a relative strength winner yesterday, and in this case Real Estate started trending higher against the composite in the 2nd half of 2014 – Figure 2.
  - Note that in the denominator, RY, CM, and NA broke below their uptrends once again yesterday.
- We highlight the top of the momentum buy list in Figure 3, and the full list can be found here.

Figure 1: US REIT Index (RMZ) vs S&P 500

Figure 2: Capped Real Estate Index vs S&P/TSX Composite

Figure 3: Top of North American Real Estate Momentum Buy List

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Simple New Year’s Resolution

Did you make any New Year’s resolutions? It’s not too late. Here is a simple one – Figure 1.

- Go long, or overweight the strong, which continues to be technology and health care.
- Go short, or underweight the weak, which continues to be energy and materials.

Our momentum buy and sell lists curtail the overbought stocks in the case of longs and oversold in the case of shorts;

- The largest 10 technology and healthcare momentum buys are shown in Figure 2.
- The largest 10 resource momentum sells are shown in Figure 3.

Figure 1: Sectors vs MSCI World

Figure 2: Largest 10 Tech & HCare Mo Buys vs MSCI World

Figure 3: Largest 10 Resource Momentum Sells vs MSCI World

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Inside TIPs – Capitulation

Over the two-week holiday period, we showcase our favourite tools from our TIPs Suite (“Click Here” to the left), which is also available as a bookmarkable link with BMO Research access.

How many ways can you define Capitulation? Many, and our Capitulation monitor spells them out. We apply the same set filters to three universes: global, North American listed and Canadian.

- Our opening filter details stocks that are oversold and also sport abnormally wide Bollinger bands. Here, as with our Bollinger Band Breakout filter for longs (see TIPS 141229), we take advantage of the fact that volatility is mean reverting and highlight the oversold stocks where volatility will ultimately contract – Figure 1.
- Some more filters include stocks with RSI below 30, and stocks that are off at least 5% in the past session.

Figure 1: Oversold Stocks With Wide Bollinger Bands

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT</th>
<th>Price</th>
<th>Price Trend</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>Boll Band</th>
<th>Boll Band Width</th>
<th>RSI Dly</th>
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<td>Shinhan Financial Group Co Ltd</td>
<td>DiversBldk</td>
<td>8</td>
<td>7</td>
<td>4</td>
<td>1.0%</td>
<td>-4.5%</td>
<td>19,153</td>
<td>-1.1%</td>
<td>11%</td>
<td>SOLD</td>
<td>141%</td>
<td>34</td>
<td></td>
<td>11%</td>
<td>141%</td>
<td></td>
</tr>
<tr>
<td>RICE US</td>
<td>Rice Energy Inc</td>
<td>OG E&amp;P</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>-3.4%</td>
<td>-7.6%</td>
<td>2,956</td>
<td>+</td>
<td>-33%</td>
<td>SOLD</td>
<td>130%</td>
<td>35</td>
<td></td>
<td>130%</td>
<td>130%</td>
<td></td>
</tr>
<tr>
<td>005810 KS</td>
<td>Samsung Fire &amp; Marine Insurance Co Ltd</td>
<td>RBC Insur</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>-2.6%</td>
<td>12,236</td>
<td>-29%</td>
<td>2.5%</td>
<td>123%</td>
<td>SOLD</td>
<td>123%</td>
<td>39</td>
<td></td>
<td>123%</td>
<td>123%</td>
<td></td>
</tr>
<tr>
<td>KRO73 BS</td>
<td>Kroton Educacional SA</td>
<td>Educat</td>
<td>4</td>
<td>3</td>
<td>6</td>
<td>-4.0%</td>
<td>9,496</td>
<td>36%</td>
<td>2.0%</td>
<td>115%</td>
<td>SOLD</td>
<td>115%</td>
<td>37</td>
<td></td>
<td>115%</td>
<td>115%</td>
<td></td>
</tr>
<tr>
<td>004170 KS</td>
<td>Shinsepp Co Ltd</td>
<td>DeslStrs</td>
<td>8</td>
<td>9</td>
<td>4</td>
<td>-2.2%</td>
<td>1,529</td>
<td>=</td>
<td>-18%</td>
<td>2.0%</td>
<td>SOLD</td>
<td>102%</td>
<td>31</td>
<td></td>
<td>102%</td>
<td>102%</td>
<td></td>
</tr>
<tr>
<td>CIM US</td>
<td>Chimera Investment Corp</td>
<td>MortREIT</td>
<td>4</td>
<td>7</td>
<td>3</td>
<td>-1.2%</td>
<td>-1.3%</td>
<td>3,268</td>
<td>19%</td>
<td>102%</td>
<td>SOLD</td>
<td>102%</td>
<td>44</td>
<td></td>
<td>102%</td>
<td>102%</td>
<td></td>
</tr>
<tr>
<td>4704 JP</td>
<td>Trend Micro Inc/Japan</td>
<td>SystemInt</td>
<td>3</td>
<td>7</td>
<td>6</td>
<td>-6.0%</td>
<td>3,911</td>
<td>18%</td>
<td>2.5%</td>
<td>101%</td>
<td>SOLD</td>
<td>101%</td>
<td>34</td>
<td></td>
<td>101%</td>
<td>101%</td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Inside TIPs – Long/Short Filters

- Over this two-week holiday period, we will showcase our favourite tools from our TIPs Suite (“Click Here” to the left), which is also available as a bookmarkable link with BMO Research access.

- Our Long/Short monitor is for clients just caring about absolute returns.
  - We have five long and five short filters that act on both a North American-listed and a global universe. Short names of the sleeves and tooltips define the attributes that we are keying in on.

- Our link opens to show our favourite long filter, the Bollinger Band Breakout. This filter is based on the fact that volatility is mean reverting, and we capture the upside moves out of a low volatility environment. The current list is shown in Figure 1.

Figure 1: Bollinger Band Breakouts

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>H / L</th>
<th>Close 24-Dec</th>
<th>1-day Equity Chg (%)</th>
<th>Fig</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRP CN</td>
<td>Brookfield Residential Properties Inc</td>
<td>HomeBld</td>
<td>6</td>
<td>2</td>
<td>5</td>
<td>H</td>
<td>27.90</td>
<td>-5.0%</td>
<td>2,819</td>
<td>1.06</td>
<td>↑</td>
<td>↑</td>
<td>2%</td>
<td>45.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VND US</td>
<td>Vanda Pharmaceuticals Inc</td>
<td>Biotech</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>14.69</td>
<td>-8.2%</td>
<td>582</td>
<td>4.39</td>
<td>↑</td>
<td>↑</td>
<td>-37%</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COUP US</td>
<td>Coupon.com Inc</td>
<td>InstBtl</td>
<td>6</td>
<td>8</td>
<td>7</td>
<td>17.44</td>
<td>-4.1%</td>
<td>1,394</td>
<td>5.10</td>
<td>↓</td>
<td>↓</td>
<td>-57%</td>
<td>4.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXAM US</td>
<td>ExamWorks Group Inc</td>
<td>HCService</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>H</td>
<td>41.16</td>
<td>-2.4%</td>
<td>1,648</td>
<td>2.31</td>
<td>↑</td>
<td>↑</td>
<td>69%</td>
<td>48.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIP US</td>
<td>Fresh Market Inc/The</td>
<td>FoodRetail</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>41.76</td>
<td>-0.9%</td>
<td>2,023</td>
<td>2.14</td>
<td>↓</td>
<td>↓</td>
<td>83%</td>
<td>13.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAR US</td>
<td>KAR Auction Services Inc</td>
<td>DisSpSrvc</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>H</td>
<td>35.01</td>
<td>0.3%</td>
<td>4,931</td>
<td>1.30</td>
<td>→</td>
<td>→</td>
<td>15%</td>
<td>40.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UEIC US</td>
<td>Universal Electronics Inc</td>
<td>CommElec</td>
<td>7</td>
<td>3</td>
<td>1</td>
<td>63.97</td>
<td>0.8%</td>
<td>1,010</td>
<td>2.33</td>
<td>↓</td>
<td>↑</td>
<td>68%</td>
<td>48.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEED US</td>
<td>Middleby Corp/The</td>
<td>Ind Mach</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>*</td>
<td>99.10</td>
<td>0.2%</td>
<td>5,672</td>
<td>2.10</td>
<td>↓</td>
<td>↓</td>
<td>44%</td>
<td>10.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMG US</td>
<td>Chipotle Mexican Grill Inc</td>
<td>Retail</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>*</td>
<td>672.79</td>
<td>0.5%</td>
<td>20,865</td>
<td>1.78</td>
<td>↑</td>
<td>↑</td>
<td>9%</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LBY US</td>
<td>Libbey Inc</td>
<td>Home</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>*</td>
<td>30.79</td>
<td>-0.5%</td>
<td>667</td>
<td>1.74</td>
<td>↑</td>
<td>↑</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALLE US</td>
<td>Allegion Plc</td>
<td>BasicDets</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>*</td>
<td>55.73</td>
<td>0.1%</td>
<td>5,355</td>
<td>1.40</td>
<td>↑</td>
<td>↑</td>
<td>0%</td>
<td>5.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RATE US</td>
<td>Bankrate Inc</td>
<td>InstSrv</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>12.62</td>
<td>-0.1%</td>
<td>1,319</td>
<td>2.85</td>
<td>↓</td>
<td>↓</td>
<td>-3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUDA US</td>
<td>Barracuda Networks Inc</td>
<td>SystemSw</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>*</td>
<td>37.96</td>
<td>0.8%</td>
<td>1,972</td>
<td>3.54</td>
<td>↓</td>
<td>↑</td>
<td>36%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTRPA US</td>
<td>Liberty TripAdvisor Holdings Inc</td>
<td>InstBtl</td>
<td>6</td>
<td>10</td>
<td>5</td>
<td>27.37</td>
<td>1.5%</td>
<td>1,938</td>
<td>3.04</td>
<td>↓</td>
<td>↓</td>
<td>1.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Health Care – Universal Strength

- Of all the ten sectors, there is none that shows universal strength by market cap, region, and SubIndustry as health care.
- Pick most benchmarks, and you will find health care is outperforming – Figure 1.
- The universality of this strength makes health care our top-ranked sector in terms of relative strength breadth. All health care subindustries have positive strength readings – Figures 2, 3.
- In the following three pages, we highlight global health care stocks vs. ACWI, S&P 500 health care members, and price trends on North American small- and mid-cap health care stocks.

Figure 1: Health Care Sector Performance vs Local Benchmarks (From Our Sector & Industry Report)

<table>
<thead>
<tr>
<th>Name</th>
<th>Chg Last Day</th>
<th>Reward Risk</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>1-day RS Chg(%)</th>
<th>5-day RS Chg(%)</th>
<th>%Chg wrt 50d RS MA</th>
<th>Chg wrt 200d RS MA</th>
<th>%Chg wrt 200d RS MA</th>
<th>Chg wrt 200-d RS MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>vs. MSCI World</td>
<td>15%</td>
<td>15%</td>
<td>48.5</td>
<td>0.4%</td>
<td>1.5%</td>
<td>2.3%</td>
<td>Above Rising</td>
<td>4.8%</td>
<td>Above Rising</td>
<td>4.8%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. MSCI EAFE</td>
<td>12%</td>
<td>12%</td>
<td>48.5</td>
<td>0.2%</td>
<td>0.8%</td>
<td>1.7%</td>
<td>Above Rising</td>
<td>4.0%</td>
<td>Above Rising</td>
<td>4.0%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. MSCI EM</td>
<td>10%</td>
<td>10%</td>
<td>-0.1%</td>
<td>1.0%</td>
<td>2.8%</td>
<td>4.1%</td>
<td>Above Rising</td>
<td>9.8%</td>
<td>Above Rising</td>
<td>9.8%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. MSCI World Small Cap</td>
<td>23%</td>
<td>23%</td>
<td>48.5</td>
<td>0.4%</td>
<td>1.2%</td>
<td>3.2%</td>
<td>Above Rising</td>
<td>6.1%</td>
<td>Above Rising</td>
<td>6.1%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. S&amp;P 500</td>
<td>13%</td>
<td>13%</td>
<td>48.5</td>
<td>0.5%</td>
<td>1.8%</td>
<td>2.2%</td>
<td>Above Rising</td>
<td>4.1%</td>
<td>Above Rising</td>
<td>4.1%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. Russell 2500</td>
<td>23%</td>
<td>23%</td>
<td>48.5</td>
<td>0.6%</td>
<td>1.2%</td>
<td>3.1%</td>
<td>Above Rising</td>
<td>5.7%</td>
<td>Above Rising</td>
<td>5.7%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. Russell MidCap</td>
<td>21%</td>
<td>21%</td>
<td>48.5</td>
<td>0.6%</td>
<td>1.2%</td>
<td>2.9%</td>
<td>Above Rising</td>
<td>5.9%</td>
<td>Above Rising</td>
<td>5.9%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. Russell 2000</td>
<td>22%</td>
<td>22%</td>
<td>8.0</td>
<td>0.4%</td>
<td>1.1%</td>
<td>3.4%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. MSCI Europe</td>
<td>21%</td>
<td>21%</td>
<td>48.5</td>
<td>0.2%</td>
<td>0.9%</td>
<td>2.4%</td>
<td>Above Rising</td>
<td>5.7%</td>
<td>Above Rising</td>
<td>5.7%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. S&amp;P/ASX 200</td>
<td>0%</td>
<td>0%</td>
<td>48.5</td>
<td>0.5%</td>
<td>0.2%</td>
<td>2.1%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>vs. MSCI AC Asia</td>
<td>23%</td>
<td>23%</td>
<td>25.5</td>
<td>0.9%</td>
<td>1.2%</td>
<td>2.1%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
<td>5.3%</td>
<td>Above Rising</td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
vs. MSCI All Country World Index

- 54% of Health Care Stocks are outperforming ACWI. We highlight the most consistent outperformers (Trend/Width Ratio greater than 2) against ACWI and the Health Care Sector in Figure 4.
- The stocks with the strongest relative strength histories, which are breaking above underperforming trends, are shown in Figure 5.

Note: To update these lists in the future, click on the Health Care Link on page 3 of our Group Selection Report, select ACWI, and use the filters at the bottom of the page to segment the universe.

---

**Figure 4: Largest 20 Stocks in Consistent Outperformance Trends vs. ACWI and ACWI Care – See Link for Full List**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>Grp</th>
<th>LT RS</th>
<th>RS</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MC Cap (US$)</th>
<th>ACWI</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>% Chg wt 50 Day MA</th>
<th>% Chg wt 200 Day MA</th>
<th>Trend MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRBC US</td>
<td>Celgene Corporation</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2.8%</td>
<td>17.2%</td>
<td>82,841</td>
<td>↑</td>
<td>56%</td>
<td>48.0</td>
<td>11%</td>
<td>25%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>4503 JP</td>
<td>Astellas Pharma Inc</td>
<td>Japan</td>
<td>Pharma</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1.3%</td>
<td>7.7%</td>
<td>33,386</td>
<td>↓</td>
<td>54%</td>
<td>3%</td>
<td>3%</td>
<td>20%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>4735 US</td>
<td>Gilead Sciences Inc</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3.3%</td>
<td>9.9%</td>
<td>167,357</td>
<td>↓</td>
<td>78%</td>
<td>40.5</td>
<td>5%</td>
<td>27%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>4927 JP</td>
<td>Shanghai &amp; Co Ltd</td>
<td>Japan</td>
<td>Pharma</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>0.3%</td>
<td>11.6%</td>
<td>8,490</td>
<td>↓</td>
<td>55%</td>
<td>6%</td>
<td>6%</td>
<td>22%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>4400 US</td>
<td>Amgen Inc</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>0.0%</td>
<td>10.2%</td>
<td>111,650</td>
<td>↓</td>
<td>59%</td>
<td>7%</td>
<td>7%</td>
<td>18%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>4578 JP</td>
<td>Otsuka Holdings Co Ltd</td>
<td>Japan</td>
<td>Pharma</td>
<td>4</td>
<td>1</td>
<td>3.1%</td>
<td>3.9%</td>
<td>19,098</td>
<td>↑</td>
<td>51%</td>
<td>2%</td>
<td>2%</td>
<td>16%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>8469 US</td>
<td>HCA Holdings, Inc.</td>
<td>U. S.</td>
<td>HCFacility</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1.0%</td>
<td>3.8%</td>
<td>31,162</td>
<td>↓</td>
<td>79%</td>
<td>3%</td>
<td>3%</td>
<td>25%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>LFC IN</td>
<td>Lupin Ltd</td>
<td>India</td>
<td>Pharma</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5.5%</td>
<td>10,220</td>
<td>↑</td>
<td>87%</td>
<td>6%</td>
<td>6%</td>
<td>31%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>USHS US</td>
<td>Universal Health Services Br</td>
<td>U. S.</td>
<td>Health Care</td>
<td>2</td>
<td>2</td>
<td>1.9%</td>
<td>5.1%</td>
<td>9,576</td>
<td>↑</td>
<td>64%</td>
<td>1.0</td>
<td>-1%</td>
<td>Below Falling</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>2TS US</td>
<td>Zoetis Inc</td>
<td>U. S.</td>
<td>Pharma</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>1.3%</td>
<td>3.4%</td>
<td>18,334</td>
<td>↓</td>
<td>44%</td>
<td>2%</td>
<td>2%</td>
<td>14%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>460 HK</td>
<td>Sihuan Pharmaceutical Hold</td>
<td>Bermuda</td>
<td>Pharma</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2.0%</td>
<td>0.8%</td>
<td>8,310</td>
<td>↓</td>
<td>79%</td>
<td>0%</td>
<td>0%</td>
<td>29%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>WLP US</td>
<td>WallPoint Inc</td>
<td>U. S.</td>
<td>Health Care</td>
<td>1</td>
<td>2</td>
<td>0.4%</td>
<td>4.5%</td>
<td>22,747</td>
<td>↓</td>
<td>28%</td>
<td>2%</td>
<td>2%</td>
<td>16%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>1549 US</td>
<td>Intuitive Surgical Inc</td>
<td>U. S.</td>
<td>HCFacility</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>-1.5%</td>
<td>1.7%</td>
<td>17,328</td>
<td>↓</td>
<td>70%</td>
<td>2%</td>
<td>2%</td>
<td>11%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>LLY US</td>
<td>Eli Lilly &amp; Co</td>
<td>U. S.</td>
<td>Pharma</td>
<td>1</td>
<td>2</td>
<td>2.4%</td>
<td>5.5%</td>
<td>73,798</td>
<td>↓</td>
<td>25%</td>
<td>48.0</td>
<td>3%</td>
<td>11%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>UNHS US</td>
<td>UnitedHealth Group Inc</td>
<td>U. S.</td>
<td>Health Care</td>
<td>1</td>
<td>1</td>
<td>3.1%</td>
<td>3.9%</td>
<td>69,040</td>
<td>↑</td>
<td>32%</td>
<td>6%</td>
<td>6%</td>
<td>15%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>CAM US</td>
<td>Cardinal Health Inc</td>
<td>U. S.</td>
<td>HCDistrib</td>
<td>2</td>
<td>2</td>
<td>0.9%</td>
<td>4.7%</td>
<td>25,817</td>
<td>↓</td>
<td>33%</td>
<td>3%</td>
<td>3%</td>
<td>10%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>BMRE US</td>
<td>Biocare Pharmaceuticals Inc</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>2</td>
<td>8.0%</td>
<td>15.0%</td>
<td>11,921</td>
<td>↑</td>
<td>53%</td>
<td>7.0</td>
<td>15%</td>
<td>21%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>VRTX US</td>
<td>Vertex Pharmaceuticals Inc</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>1</td>
<td>1.7%</td>
<td>7.4%</td>
<td>26,168</td>
<td>↑</td>
<td>100%</td>
<td>1.6</td>
<td>10%</td>
<td>10%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>REGN US</td>
<td>Regeneron Pharmaceuticals Inc</td>
<td>U. S.</td>
<td>Biotech</td>
<td>2</td>
<td>2</td>
<td>2.2%</td>
<td>8.9%</td>
<td>39,892</td>
<td>↑</td>
<td>56%</td>
<td>48.0</td>
<td>13%</td>
<td>26%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>EY US</td>
<td>Edwards Lifesciences Corp</td>
<td>U. S.</td>
<td>HCFacility</td>
<td>2</td>
<td>5</td>
<td>11.6%</td>
<td>17.9%</td>
<td>12,380</td>
<td>↑</td>
<td>49%</td>
<td>23.1</td>
<td>15%</td>
<td>38%</td>
<td>Above Rising</td>
<td></td>
</tr>
</tbody>
</table>

---

**Figure 5: Stocks With Good Long-Term RS History, Breaking Above Underperforming Trends (Click Here and Sort by LT RS)**

- RGLUS US: Regulus Therapeutics LLC
- AMHE US: Ambit Biosciences Corp
- INCY US: Incyte Corp Ltd
- XLKN US: Acceleron Pharma Inc
- LGMD US: Ligand Pharmaceuticals Inc
- MYL US: Mylan Laboratories Inc
- PBH US: Prestige Brands Holdings In
- VRCX IN: ViroPharma Inc
- RGVX US: Roche Holding AG
- IXVX US: Idexx Laboratories Inc
- HSIC US: Henry Schein Inc
- NSU US: Natus Inc
- DMY US: Bristol-Myers Squibb Co
- GMED US: Globus Medical Inc
- PDCO US: Patterson Companies Inc.
- CSL AU: CSL Ltd
- WX US: WuXi PharmaTech Cayman
vs. S&P 500 (or other benchmarks using our Index Members Link)

- The concentration of health care outperformers is high in the S&P 500, where 70% are outperforming the S&P 500 – Figure 6.
- One quarter of the underperformers are breaking above underperforming trends – Figure 7.

Note: To update these lists in the future, click on “Index Members” within our Trends & Inflection Points(TIPs)suite, select the SPX vs SPX (or other index members amongst the twenty one indices found at this link), click HC to select health care stocks, then use the filters at the bottom of the page to segment the universe.

**Figure 6: S&P 500 Health Care Members in Consistent Outperformance Trends vs. S&P 500**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>GRP</th>
<th>RS</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>SPX</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>% Chg wrt 50d MA</th>
<th>Chg wrt 50d MA Trend</th>
<th>% Chg wrt 150d MA</th>
<th>Chg wrt 150d MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>GILD US</td>
<td>Gilead Sciences Inc</td>
<td>Biotech</td>
<td>2</td>
<td>3.3%</td>
<td>9.9%</td>
<td>167,357</td>
<td>=8%</td>
<td>48.0</td>
<td>5%</td>
<td>Above Rising</td>
<td>27%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMGN US</td>
<td>Amgen Inc</td>
<td>Biotech</td>
<td>2</td>
<td>0.0%</td>
<td>10.2%</td>
<td>111,860</td>
<td>=4%</td>
<td>7%</td>
<td>7%</td>
<td>Above Rising</td>
<td>19%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CELG US</td>
<td>Celgene Corporation</td>
<td>Biotech</td>
<td>2</td>
<td>2.8%</td>
<td>17.2%</td>
<td>82,541</td>
<td>↑</td>
<td>46%</td>
<td>11%</td>
<td>Above Rising</td>
<td>25%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZTS US</td>
<td>Zoetis Inc</td>
<td>Pharma</td>
<td>1</td>
<td>1.3%</td>
<td>3.4%</td>
<td>18,334</td>
<td>=3%</td>
<td>2%</td>
<td>2%</td>
<td>Above Rising</td>
<td>14%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNHS US</td>
<td>Universal Health Services Inc</td>
<td>HCFacility</td>
<td>2</td>
<td>1.9%</td>
<td>5.1%</td>
<td>9,976</td>
<td>=5%</td>
<td>2%</td>
<td>2%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISRG US</td>
<td>Intuitive Surgical Inc</td>
<td>HCEquip</td>
<td>2</td>
<td>-1.5%</td>
<td>1.7%</td>
<td>17,329</td>
<td>=60%</td>
<td>2%</td>
<td>2%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WLP US</td>
<td>WellPoint Inc</td>
<td>HHCare</td>
<td>1</td>
<td>0.4%</td>
<td>4.5%</td>
<td>32,747</td>
<td>=26%</td>
<td>2%</td>
<td>2%</td>
<td>Above Rising</td>
<td>16%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>THCO US</td>
<td>Tenet Healthcare Corp</td>
<td>HCFacility</td>
<td>2</td>
<td>0.2%</td>
<td>2.9%</td>
<td>5,701</td>
<td>=61%</td>
<td>2%</td>
<td>2%</td>
<td>Below Falling</td>
<td>18%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EV US</td>
<td>Edwards Lifesciences Corp</td>
<td>HCEquip</td>
<td>2</td>
<td>11.0%</td>
<td>17.9%</td>
<td>12,380</td>
<td>↑</td>
<td>48%</td>
<td>15%</td>
<td>Above Rising</td>
<td>38%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNH US</td>
<td>UnitedHealth Group Inc</td>
<td>HHCare</td>
<td>1</td>
<td>1.1%</td>
<td>3.9%</td>
<td>89,040</td>
<td>↑</td>
<td>22%</td>
<td>6%</td>
<td>Above Rising</td>
<td>15%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLY US</td>
<td>Eli Lilly &amp; Co</td>
<td>Pharma</td>
<td>1</td>
<td>2.6%</td>
<td>5.5%</td>
<td>73,798</td>
<td>=16%</td>
<td>3%</td>
<td>3%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMH US</td>
<td>Cardinal Health Inc</td>
<td>HCDistrib</td>
<td>5</td>
<td>0.0%</td>
<td>4.7%</td>
<td>25,517</td>
<td>=23%</td>
<td>3%</td>
<td>3%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC US</td>
<td>AmerisourceBergen Corp</td>
<td>HCDistrib</td>
<td>5</td>
<td>1.1%</td>
<td>3.2%</td>
<td>17,565</td>
<td>=26%</td>
<td>2%</td>
<td>2%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VRTX US</td>
<td>Vertex Pharmaceuticals Inc</td>
<td>Biotech</td>
<td>2</td>
<td>1.7%</td>
<td>7.4%</td>
<td>26,168</td>
<td>=91%</td>
<td>10%</td>
<td>10%</td>
<td>Above Rising</td>
<td>31%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RGN US</td>
<td>Regeneron Pharmaceuticals Inc</td>
<td>Biotech</td>
<td>2</td>
<td>2.9%</td>
<td>8.9%</td>
<td>39,892</td>
<td>↑</td>
<td>45%</td>
<td>13%</td>
<td>Above Rising</td>
<td>26%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CERN US</td>
<td>Cerner Corp</td>
<td>HCareTech</td>
<td>2</td>
<td>2.4%</td>
<td>6.0%</td>
<td>20,845</td>
<td>=26%</td>
<td>7.0%</td>
<td>5%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 7: S&P 500 Health Care Members Breaking Above Underperforming Trends**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>GRP</th>
<th>RS</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>SPX</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>% Chg wrt 50d MA</th>
<th>Chg wrt 50d MA Trend</th>
<th>% Chg wrt 150d MA</th>
<th>Chg wrt 150d MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>BXS US</td>
<td>Boston Scientific Corp</td>
<td>HCEquip</td>
<td>2</td>
<td>2.2%</td>
<td>14.2%</td>
<td>17,221</td>
<td>↑</td>
<td>-29%</td>
<td>2.5</td>
<td>6%</td>
<td>Above Rising</td>
<td>1%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>PPCO US</td>
<td>Patterson Companies Inc.</td>
<td>HCDistrib</td>
<td>5</td>
<td>7.9%</td>
<td>3.5%</td>
<td>4,362</td>
<td>=-18%</td>
<td>3%</td>
<td>3%</td>
<td>Above Rising</td>
<td>4%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WAT US</td>
<td>Waters Corp</td>
<td>HsdCry</td>
<td>4</td>
<td>0.8%</td>
<td>11.6%</td>
<td>9,066</td>
<td>↑</td>
<td>-15%</td>
<td>7%</td>
<td>Above Rising</td>
<td>3%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMY US</td>
<td>Bristol-Myers Squibb Co</td>
<td>Pharma</td>
<td>1</td>
<td>2.2%</td>
<td>6.4%</td>
<td>88,913</td>
<td>↑</td>
<td>-18%</td>
<td>5.5</td>
<td>6%</td>
<td>Above Rising</td>
<td>7%</td>
<td>Above Falling</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>BCR US</td>
<td>CR Bard Inc</td>
<td>HCEquip</td>
<td>2</td>
<td>1.8%</td>
<td>6.1%</td>
<td>11,757</td>
<td>↑</td>
<td>-2%</td>
<td>6%</td>
<td>Above Rising</td>
<td>9%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
North American SMID

- The Russell 2000 has spent the last 11 months trending lower at a rate of 2%/year, yet the Russell 2000 Health Care Sector has started to make higher highs and lows, and is trending higher at a rate of 18%/year. Given the flat benchmark, one might as well just look at price trends when looking at North American SMID health care stocks.
  - Half of North American Health Care SMID have dividend adjusted price trends moving higher, versus only 40% for the other sectors – Figure 8.
  - The stocks with good (top 5 deciles) price history, breaking above downtrends are shown in Figure 9.

Note: To update these lists in the future, click on “SMID” within our Trends & Inflection Points (TIPs) suite, select “vs R2k”, click HC to select health care stocks, toggle to price trend then use the filters at the bottom of the page to segment the universe.

Figure 8: Price Uptrends on North American Health Care Stocks $200mm-$5bn That Trade Over $1mm/day

Figure 9: Stocks With Good Long Term History, Breaking Above Downtrends (Click Here and Sort by LT Price)
IMPORTANT DISCLOSURES

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Distribution of Ratings (December 31, 2014)

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<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.4%</td>
<td>16.2%</td>
<td>60.6%</td>
<td>42.6%</td>
<td>51.7%</td>
<td>55.6%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>36.6%</td>
<td>53.0%</td>
<td>45.8%</td>
<td>39.5%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>8.3%</td>
<td>2.8%</td>
<td>4.5%</td>
<td>2.5%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

Rating and Sector Key (as of April 5, 2013)

We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
NR = No rating at this time; and
R = Restricted – Dissemination of research is currently restricted.

BMO Capital Markets’ seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

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