Thursday, October 23, 2014

**Market Elements**

October 22, 2014  *NEW*  Market Elements  

**Trends & Inflection Points**

October 23, 2014  *NEW*  Gold Breakdowns  
October 22, 2014  Outperforming Growth Themes  
October 21, 2014  Long Filter Highlights – Trees, Eats, REITs, UTs  
October 20, 2014  The Sells  
October 17, 2014  Parsing the Energy Patch  
October 16, 2014  CDS – Not So Much the Level, but the Direction  
October 15, 2014  Buy North American Real Estate  
October 14, 2014  Where Can You Still Find Positive Momentum?  
October 13, 2014  Long Filters  
October 10, 2014  Don’t Fight Slow Global Growth, Partner With It  
October 9, 2014  Introducing TIPS  

**Relative Strength Filter**

October 8, 2014  Benchmark Breakdowns & Relative Returns  
October 7, 2014  Universaliies of SMID  
October 6, 2014  All Cap Technology Buys  
October 3, 2014  U.S. Growth Stocks Still Standing  
October 2, 2014  Haircuts for Outperformers  
October 1, 2014  Energy – Retain the Best, Lighten the Rest  
September 30, 2014  Gold @ $1,000  
September 29, 2014  Credit Stress Exceeds Equity Pullbacks  
September 26, 2014  Junk Junked  
September 25, 2014  When Canadian Banks Break  
September 24, 2014  Capitulation Filters  
September 23, 2014  Downshifting Expectations & the Upshifting Sector  

**Focal Points**

June 24, 2013  Tighten Up  

This report was prepared by an analyst(s) employed by BMO Nesbitt Burns Inc., and who is (are) not registered as a research analyst(s) under FINRA rules. For disclosure statements, including the Analyst’s Certification, please refer to pages 40 to 41.
North American equity indices opened firm, yet started to track oil lower in the afternoon turning gains into losses of 50-150bps; resources led losses while defensive sectors gained.

Most major 10y yields were little changed, save UK which rose 4bps to an 8d high; NAmer corp CDS indices widened for the 1st day in four.

The US dollar index broke out of a 4d holding pattern to gain 50bps; the Ruble also broke its 4d pause to slump 1.1%, European currencies were the next hardest hit, falling 40-60bps.

All energy contracts in the BB commodity basket fell at least 1.4%; Brent broke back below $85, WTI fell to a new closing low of $80.3.

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

- The dive, rebound, now… just seems to be so oil specific.
- Gold longs better watch that DXY breakout.
Intra Day Charts
2-Day 1-Minute View
Daily Sector Charts
3-Month View with 26-Day Bollinger Bands and 150-, 200- and 50-Day Moving Averages

S&P 500

S&P/TSX Composite

S&P Europe 350
## Market Movers — Largest Daily Percentage Moves

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seadrill Ltd</td>
<td>SDRL NO</td>
<td>3.2%</td>
<td>Chesapeake Energy Corp</td>
<td>CHK</td>
<td>-4.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PetroChina Co Ltd</td>
<td>601 HK</td>
<td>3.0%</td>
<td>Exxon Mobil Corp</td>
<td>XOM</td>
<td>-0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ultrapar Participacoes SA</td>
<td>UGPA3 BZ</td>
<td>2.2%</td>
<td>Valero Energy Corp</td>
<td>VLO</td>
<td>-0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cairn Energy PLC</td>
<td>CNE LN</td>
<td>-2.4%</td>
<td>Newfield Exploration Co</td>
<td>NFX</td>
<td>-4.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petrobras Brasil SA</td>
<td>PBR/A US</td>
<td>-2.6%</td>
<td>Cimarex Energy Corp</td>
<td>XEC</td>
<td>-4.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecopetrol SA</td>
<td>EC US</td>
<td>-4.4%</td>
<td>Helmerich &amp; Payne Inc</td>
<td>HP</td>
<td>-4.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nitto Denko Corp</td>
<td>6988 JP</td>
<td>5.3%</td>
<td>CF Industries Holdings Inc</td>
<td>CF</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James Hardie Industries PLC</td>
<td>JHX AU</td>
<td>-4.1%</td>
<td>Mosaic Co/The</td>
<td>MOS</td>
<td>0.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumitomo Chemical Co Ltd</td>
<td>4005 JP</td>
<td>3.8%</td>
<td>Sigma-Aldrich Corp</td>
<td>SIAL</td>
<td>0.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Randgold Resources Ltd</td>
<td>RRS LN</td>
<td>-2.5%</td>
<td>Bemis Co Inc</td>
<td>BMS</td>
<td>-2.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sociedad Quimica y Minera de C</td>
<td>SQM US</td>
<td>-2.6%</td>
<td>Allegheny Technologies Inc</td>
<td>ATI</td>
<td>-3.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Paint Holdings Co Ltd</td>
<td>1402 JP</td>
<td>-2.7%</td>
<td>Owens-Illinois Inc</td>
<td>OI</td>
<td>-3.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obayashi Corp</td>
<td>1802 JP</td>
<td>6.2%</td>
<td>Robert Half International Inc</td>
<td>RHI</td>
<td>2.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitsui OSK Lines Ltd</td>
<td>9104 JP</td>
<td>5.4%</td>
<td>Lockheeds Martin Corp</td>
<td>LMT</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kajima Corp</td>
<td>1812 JP</td>
<td>4.8%</td>
<td>General Dynamics Corp</td>
<td>GD</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Konkilijsa Philos NV</td>
<td>PLNA NA</td>
<td>-1.9%</td>
<td>Fluor Corp</td>
<td>FLR</td>
<td>-3.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNH Industrial NV</td>
<td>CNH IM</td>
<td>-2.0%</td>
<td>Boeing Co/Th</td>
<td>BA</td>
<td>-4.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embraco SA</td>
<td>ERU US</td>
<td>-2.1%</td>
<td>Ryder System Inc</td>
<td>R</td>
<td>-8.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cons Disc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suzuki Motor Corp</td>
<td>7269 JP</td>
<td>4.9%</td>
<td>Interpublic Group of Cos Inc/T</td>
<td>IPG</td>
<td>3.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuji Heavy Industries Ltd</td>
<td>7270 JP</td>
<td>4.6%</td>
<td>Netflix Inc</td>
<td>NFLX</td>
<td>2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sekisui House Ltd</td>
<td>1938 JP</td>
<td>3.7%</td>
<td>General Motors Co</td>
<td>GM</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kia Motors Corp</td>
<td>000270 KS</td>
<td>-2.2%</td>
<td>Omnicom Group Inc</td>
<td>OM</td>
<td>-3.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hyundai Motor Co</td>
<td>005380 KS</td>
<td>-3.3%</td>
<td>Discovery Communications Inc</td>
<td>DISCA</td>
<td>-3.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hyundai Motors Co Ltd</td>
<td>012330 KS</td>
<td>-4.0%</td>
<td>Discovery Communications Inc</td>
<td>DISCK</td>
<td>-4.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cons Stap</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Meat Packers Inc</td>
<td>2282 JT</td>
<td>1.9%</td>
<td>Mondalez International Inc</td>
<td>MDLZ</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yakult Honsha Co Ltd</td>
<td>2267 JT</td>
<td>0.8%</td>
<td>Kimberly-Clark Corp</td>
<td>KMB</td>
<td>1.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asahi Group Holdings Ltd</td>
<td>2502 JT</td>
<td>0.7%</td>
<td>PepsiCo Inc</td>
<td>PEP</td>
<td>0.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daio Paper Corp</td>
<td>1657 JP</td>
<td>1.3%</td>
<td>Tyson Foods Inc</td>
<td>TSN</td>
<td>-1.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delhaize Group SA</td>
<td>DELB BB</td>
<td>-2.0%</td>
<td>Woolworths Group Ltd</td>
<td>WO</td>
<td>-1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cencosud SA</td>
<td>CENCOSUD CC</td>
<td>-2.1%</td>
<td>Avon Products Inc</td>
<td>AVP</td>
<td>-1.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ono Pharmaceutical Co Ltd</td>
<td>4528 JP</td>
<td>8.7%</td>
<td>Boston Scientific Corp</td>
<td>BSX</td>
<td>2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chugai Pharmaceutical Co Ltd</td>
<td>4519 JP</td>
<td>4.1%</td>
<td>Abilix Inc</td>
<td>ABBV</td>
<td>-1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shionogi &amp; Co Ltd</td>
<td>4507 JP</td>
<td>3.3%</td>
<td>Regeneron Pharmaceuticals Inc</td>
<td>RGEN</td>
<td>0.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cochrane Ltd</td>
<td>COH AU</td>
<td>0.1%</td>
<td>PerkinElmer Inc</td>
<td>PKI</td>
<td>-3.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nobel Biocare Holding AG</td>
<td>NDSN SW</td>
<td>0.0%</td>
<td>Thermo Fisher Scientific Inc</td>
<td>TMO</td>
<td>-3.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresenius SE &amp; Co KGaA</td>
<td>FREG GR</td>
<td>-0.4%</td>
<td>Biogen Idec Inc</td>
<td>BIIB</td>
<td>-0.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shinhan Financial Group Co Ltd</td>
<td>505500 KS</td>
<td>4.6%</td>
<td>Travelers Cos Inc/The</td>
<td>TRV</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daewo House Industry Co Ltd</td>
<td>1925 JP</td>
<td>4.2%</td>
<td>Kinico Realty Corp</td>
<td>KIM</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Monde des Pays de Sten</td>
<td>BNP LS</td>
<td>4.2%</td>
<td>Iron Mountain Inc</td>
<td>IRM</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Santander Chia</td>
<td>BSA UY</td>
<td>-1.8%</td>
<td>Legg Mason Inc</td>
<td>LM</td>
<td>-2.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bancolombia SA</td>
<td>CIB US</td>
<td>-1.9%</td>
<td>Discover Financial Services</td>
<td>DFS</td>
<td>-5.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco do Brazil SA</td>
<td>BBAS3 BZ</td>
<td>-2.3%</td>
<td>Northern Trust Corp</td>
<td>NTRS</td>
<td>-5.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hexagon AB</td>
<td>HEXAB SS</td>
<td>10.3%</td>
<td>Broadcom Corp</td>
<td>BMOC</td>
<td>5.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tokyo Electron Ltd</td>
<td>8005 JP</td>
<td>4.8%</td>
<td>Ahmar Inc</td>
<td>AHAR</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fujifilm Holdings Corp</td>
<td>4901 JP</td>
<td>4.1%</td>
<td>Google Inc</td>
<td>GOOG</td>
<td>1.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infineon Technologies AG</td>
<td>IFX GR</td>
<td>0.1%</td>
<td>Red Hat Inc</td>
<td>RHT</td>
<td>-4.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yahoo Japan Corp</td>
<td>4898 JP</td>
<td>-1.0%</td>
<td>American Internet Corp</td>
<td>APH</td>
<td>-8.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>America Movil SAB de CV</td>
<td>AAKL MM</td>
<td>-1.3%</td>
<td>Amdocs Ltd</td>
<td>DX</td>
<td>-7.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Konkilijsa KPN NV</td>
<td>KPN NA</td>
<td>-1.6%</td>
<td>Verizon Communications Inc</td>
<td>VZ</td>
<td>-0.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal Telecom SGPS SA</td>
<td>PTC PL</td>
<td>-1.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tokyo Electric Power Co Inc</td>
<td>9501 JP</td>
<td>3.0%</td>
<td>NRG Energy Inc</td>
<td>NRG</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red Electrica Co Peru</td>
<td>RREE SM</td>
<td>2.8%</td>
<td>PG&amp;E Corp</td>
<td>PCG</td>
<td>1.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tokyo Gas Co Ltd</td>
<td>9531 JP</td>
<td>-2.7%</td>
<td>Duke Energy Corp</td>
<td>DUK</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGIL Energy Ltd</td>
<td>AGK AU</td>
<td>-0.3%</td>
<td>NiSource Inc</td>
<td>N</td>
<td>-0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epoch - Energias de Portugal SA</td>
<td>EDPL</td>
<td>-0.6%</td>
<td>Pepco Holdings Inc</td>
<td>POM</td>
<td>-0.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drax Group PLC</td>
<td>DRXLN</td>
<td>-0.8%</td>
<td>CenterPoint Energy Inc</td>
<td>CNP</td>
<td>-1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

### Energy
- **Symbol** | **Last Chg** | **Symbol** | **Last Chg**
- EOV | -3.1% | GES | -3.7%
- NE | -2.7% | VA | -0.0%
- DO | -1.4% | HON | -1.6%
- NBR | -2.0% | LMT | 0.6%
- HP | -2.0% | GD | 1.7%
- RDC | -2.8% | RTN | -1.3%
- PTEN | -4.9% | NNO | -1.0%
- URN | -2.2% | UGL | -1.3%
- ATW | -2.0% | TMD | 0.0%

### Industrials
- **Symbol** | **Last Chg** | **Symbol** | **Last Chg**
- SLB | -3.4% | FLR | 0.1%
- HAL | -3.2% | EME | 0.5%
- BHI | -3.4% | CE | -0.6%
- NVN | -2.8% | MGM | 0.1%
- CAM | -3.1% | GE | -1.0%
- DRC | -2.7% | MMM | -1.5%
- OI | -3.7% | DE | -0.4%
- DRQ | -3.1% | TCG | 0.0%
- FTI | -2.7% | CMI | -2.0%
- TDW | -3.4% | DHI | -0.7%
- CRF | -4.3% | RTW | 0.9%
- SPM | -2.5% | ETN | -1.0%
- CKH | -1.7% | SYH | 0.4%
- EXH | -1.5% | HZM | 0.5%
- LUX | -2.0% | FAST | 0.2%
- TII | -2.5% | GWW | 1.3%
- HOS | -2.5% | RSQ | 0.6%

### Consumer Discretionary
- **Symbol** | **Last Chg** | **Symbol** | **Last Chg**
- SLS | -2.7% | COV | -0.7%
- ALK | -1.5% | BAX | 0.4%
- NLC | -1.3% | BAX | 0.4%
- X | -1.3% | RRO | 0.4%
- RHR | -1.3% | GCI | -0.7%
- NVF | -1.5% | XLF | -0.7%
- SDL | -1.2% | GHS | -1.0%
- BQ | -1.5% | GHS | -1.0%
- CSE | -0.9% | GHS | -1.0%
- BKF | -1.9% | GHS | -1.0%
- ZMH | -3.2% | GLD | -0.7%
- NEM | -3.5% | GHS | -1.0%
- LLY | -0.8% | GHS | -1.0%
- MWW | 0.8% | GHS | -1.0%

### Telecommunications Services
- **Symbol** | **Last Chg** | **Symbol** | **Last Chg**
- BIBY | 0.7% | HSS | 0.8%
- BJ | 1.8% | CVO | 0.8%
- ABT | 1.9% | CT | 0.9%
- ABIB | 1.0% | HZ | 1.1%
- BLS | 1.3% | VZ | 0.9%
- BAL | 1.5% | GBI | 0.9%
- BZ | 1.4% | RHC | 0.7%
- CML | 1.5% | X | 0.9%
- DJ | 1.6% | WR | 1.0%
- DF | 1.7% | W | 1.1%
- F | 1.6% | W | 1.1%
- G | 1.7% | H | 1.1%
- H | 1.7% | WR | 1.0%
- I | 1.7% | WR | 1.0%
- J | 1.7% | WR | 1.0%
- K | 1.7% | WR | 1.0%
- L | 1.7% | WR | 1.0%
- M | 1.7% | WR | 1.0%
- N | 1.7% | WR | 1.0%
- O | 1.7% | WR | 1.0%
- P | 1.7% | WR | 1.0%
- Q | 1.7% | WR | 1.0%
- R | 1.7% | WR | 1.0%
- S | 1.7% | WR | 1.0%
- T | 1.7% | WR | 1.0%
- U | 1.7% | WR | 1.0%
- V | 1.7% | WR | 1.0%
- W | 1.7% | WR | 1.0%
- X | 1.7% | WR | 1.0%
- Y | 1.7% | WR | 1.0%
- Z | 1.7% | WR | 1.0%
<table>
<thead>
<tr>
<th>Energy</th>
<th>Materials</th>
<th>Industrials</th>
<th>Consumer Discretionary</th>
<th>Technology</th>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Symbol</td>
<td>H/L</td>
<td>Last %Chg</td>
<td>Symbol H/L</td>
<td>Last %Chg</td>
<td>Symbol H/L</td>
</tr>
<tr>
<td>CCL</td>
<td>16.10%</td>
<td>9.49%</td>
<td>CEI</td>
<td>11.39%</td>
<td>16.31%</td>
</tr>
<tr>
<td>LEG L</td>
<td>9.20%</td>
<td>19.48%</td>
<td>LIO</td>
<td>10.15%</td>
<td>16.89%</td>
</tr>
<tr>
<td>LCN H</td>
<td>5.00%</td>
<td>9.00%</td>
<td>MEC</td>
<td>10.87%</td>
<td>17.13%</td>
</tr>
<tr>
<td>LIT L</td>
<td>5.00%</td>
<td>14.36%</td>
<td>MNT</td>
<td>11.39%</td>
<td>15.15%</td>
</tr>
<tr>
<td>MGL</td>
<td>1.80%</td>
<td>10.00%</td>
<td>NSM</td>
<td>14.25%</td>
<td>14.80%</td>
</tr>
<tr>
<td>PRR</td>
<td>1.80%</td>
<td>11.00%</td>
<td>ODU</td>
<td>12.89%</td>
<td>13.22%</td>
</tr>
<tr>
<td>PRO</td>
<td>1.80%</td>
<td>11.00%</td>
<td>POY</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>PPS</td>
<td>1.80%</td>
<td>11.00%</td>
<td>PPT</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>RFB</td>
<td>1.80%</td>
<td>11.00%</td>
<td>PTT</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>SOY</td>
<td>1.80%</td>
<td>11.00%</td>
<td>PVT</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>AIO</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RGE</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>KEL</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIL</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>NVR</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>NVA</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>BNE</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>RSE</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>BRC</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>SYY</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>BHE</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
<tr>
<td>ANL</td>
<td>1.80%</td>
<td>11.00%</td>
<td>RIO</td>
<td>13.29%</td>
<td>15.09%</td>
</tr>
</tbody>
</table>

**Canadian Market Movers**

**Market Elements**

**October 14, 2014**

- **Energy**
  - CCL: 16.10%
  - LEG L: 9.20%
  - LCN: 5.00%
  - MGL: 1.80%
  - PRR: 1.80%
  - PRO: 1.80%
  - PPS: 1.80%
  - RFB: 1.80%
  - SOY: 1.80%
  - AIO: 1.80%
  - KEL: 1.80%
  - NVR: 1.80%
  - NVA: 1.80%
  - BNE: 1.80%
  - RSC: 1.80%
  - BRC: 1.80%
  - SYY: 1.80%
  - BHE: 1.80%
  - ANL: 1.80%

- **Materials**
  - PAA: 11.00%
  - FR: 8.21%
  - SSO: 6.40%
  - SVM: 2.22%
  - PHS/J: 7.04%
  - CPR: 1.00%
  - DCC: 1.52%
  - PXT: 10.25%
  - BRR: 0.90%
  - SOY: 6.07%
  - AIO: 8.00%
  - KEL: 10.40%
  - NVA: 9.42%
  - BNE: 4.83%
  - BRC: 5.58%
  - SYY: 5.56%
  - BHE: 5.56%
  - ANL: 2.32%
  - BRC: 2.32%

- **Industrials**
  - MG: 61.91%
  - AGU: 84.02%
  - TDA: 3.60%
  - TTH: 10.00%
  - TRQ: 9.51%
  - FM: 18.81%
  - LUN: 5.08%
  - TTI: 3.07%
  - AFH: 2.22%
  - CS: 2.01%
  - MDI: 6.17%
  - RUS: 3.38%
  - CVL: 18.10%
  - DRB: 6.54%
  - BME: 7.26%
  - TCA: 16.31%
  - BVN: 7.29%
  - CNL: 3.06%
  - XGD: 10.51%
  - MLR L: 18.75%
  - Q: 27.69%
  - AFH: 11.19%
  - CS: 2.01%
  - Y: 12.19%
  - RBU: 26.07%
  - BJ: 13.97%
  - RUS: 3.38%
  - BVN: 7.29%
  - CNL: 3.06%
  - XGD: 10.51%
  - BME: 7.26%
  - TCA: 16.31%
  - BVN: 7.29%
  - CNL: 3.06%
  - XGD: 10.51%
  - BME: 7.26%

- **Consumer Discretionary**
  - MG: 96.87%
  - LNR: 51.08%
  - MDU: 11.60%
  - DiBi: 32.88%
  - RCC: 25.63%
  - AYA: 26.19%
  - MT: 27.80%
  - CPL: 10.72%
  - LCDZ: 25.72%
  - CVD: 3.42%
  - AIM: 15.56%
  - MDZA: 27.22%
  - LIV: 18.12%
  - CNL: 13.07%
  - RCH: 30.76%
  - LDC: 17.73%
  - ET: 20.47%
  - BLP: 41.01%
  - MGF: 31.25%
  - LFC: 5.97%
  - JQ: 36.56%
  - LIV: 18.12%
  - CNL: 13.07%
  - RCH: 30.76%
  - LDC: 17.73%
  - ET: 20.47%
  - BLP: 41.01%
  - MGF: 31.25%

- **Technology**
  - MG: 96.87%
  - LNR: 51.08%
  - MDU: 11.60%
  - DiBi: 32.88%
  - RCC: 25.63%
  - AYA: 26.19%
  - MT: 27.80%
  - CPL: 10.72%
  - LCDZ: 25.72%
  - CVD: 3.42%
  - AIM: 15.56%
  - MDZA: 27.22%
  - LIV: 18.12%
  - CNL: 13.07%
  - RCH: 30.76%
  - LDC: 17.73%
  - ET: 20.47%
  - BLP: 41.01%
  - MGF: 31.25%

- **Financials**
  - MG: 96.87%
  - LNR: 51.08%
  - MDU: 11.60%
  - DiBi: 32.88%
  - RCC: 25.63%
  - AYA: 26.19%
  - MT: 27.80%
  - CPL: 10.72%
  - LCDZ: 25.72%
  - CVD: 3.42%
  - AIM: 15.56%
  - MDZA: 27.22%
  - LIV: 18.12%
  - CNL: 13.07%
  - RCH: 30.76%
  - LDC: 17.73%
  - ET: 20.47%
  - BLP: 41.01%
  - MGF: 31.25%
Gold Breakdowns

- **Aurum** is our link for all thing bullion related. We update this link daily in our “click here” suite of tools to the left.
- In September, we set our 12-month target for bullion at $1,000. While that target is technical, the driver we see of the move is “universal dollar strength,” in an environment where the creditworthiness of the banking system remains benign (those last two links come from Macro in our suite).

- **Bullion** has just approached the mid-point of its downward sloping channel, which is falling at 10%/year. We don’t expect the counter trend rebound will last much further – Figure 1.
  - Gold stocks are not participating in the rebound. While up to September one could say it’s all about the bass, that base has given way – Figure 2.
  - One-fifth of the gold stocks we still have in price uptrends broke those uptrends yesterday – Figure 3.

Figure 1: **Spot Gold in USD**

Figure 2: **Gold Miners vs Spot Gold**

Figure 3: **Gold Shares Breaking Price Uptrends Yesterday**

---

**Symbol** | **Name** | **Country** | **Gap** | **Day** | **Price** | **Trend** | **Close** | **H/L** | **1-Day** | **5-Day** | **Chg** | **Chg** | **Price** | **Trend** | **Trend** | **%Chg** | **Chg**
| MDW US | Midway Gold Corp | Canada | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CEC CN | Centamin PLC | Jersey | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VGK CN | Virginia Mines Inc | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RMR CN | Rubicon Minerals Corp | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CGG CN | China Gold International Resources Corp Ltd | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AEM CN | Agnico-Eagle Mines Ltd | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EDR CN | Endeavour Silver Corp | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GFI US | Gold Fields Ltd | South Africa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KOZAL TI | Koz Ahtn Isletmene AS | Turkey | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CBM CN | Gabriel Resources Ltd | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DGL CN | Sandstorm Gold Ltd | Canada | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Outperforming Growth Themes

- As volatility (that link is always in Macro, within our TIPs Suite – see click to the left) settles, and broken benchmark uptrends start to heal, it’s a good time to point out the trends that did not break. One key trend that remains firm from an equity strategy standpoint is the tilt toward U.S. growth over value. Large cap growth vs value is more stable, or perhaps less volatile than the equivalent small cap ratio, but in both cases the tilt toward growth remains – Figures 1, 2.

- Using our North American link, we narrowed in on the earnings growth (click EE) outperformers in subindustries with top 5 subindustry deciles (for heat maps on group relative strength breadth, see our Group Selection Report in the TIPs suite) – Figure 3.
  - Major themes in the list? Energy transports, rails & trucks, restaurants, many health care stocks, as well as semi and hardware stocks.

**Figure 1: Russell 3000 Growth vs Value**

**Figure 2: Russell 2000 Growth vs Value**

**Figure 3: North American Growth Outperformers in Top 5 Subindustries vs S&P 500 Index – Click Here for Full List**

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Long Filter Highlights – Trees, Eats, REITs, UTs

- Within our TIPs suite (the click here to the left), you will find set of Long/Short Filters. For the momentum minded, look at momentum buys in strong subindustries for 125 stocks where the market and group direction is positive. For those looking for the inflection point at which stocks break out of consolidation patterns, we created Long-Term Positive, reversing flat or negative trends. We will parse the 58 stocks in today's list.

- There are four forest products stocks (SJ, LPX, ANS, DEL), and that subindustry has improved to a 4th decile up from a 10th decile reading in August. Homebuilders have a weak reading, but Lennar is also breaking to the upside, and its CDS has tightened as well – Figure 1.

- There are three restaurants (PZZA, PNRA, CAKE); this is another subindustry that has improved nicely since August – Figure 2.

- The largest groupings are REITs and Utilities (where we present in micro view to fit them on the page) - Figures 3, 4.

Figure 1: Forest Products Stocks & Lennar Breaking out of Sideways/Consolidation Patterns

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>Close 20-Oct</th>
<th>1-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</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 Trend</th>
<th>%Chg wrt 150d MA</th>
<th>Chg wrt 150 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>SJ CN</td>
<td>Stella-Jones Inc</td>
<td>ForestPro</td>
<td>4</td>
<td>31.36</td>
<td>0.5%</td>
<td>1,913</td>
<td>1.34</td>
<td>↑</td>
<td>↑-6%</td>
<td>6.5</td>
<td>5%</td>
<td>Above Rising</td>
<td>5% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEN US</td>
<td>Lennar Corporation</td>
<td>HomeBld</td>
<td>7</td>
<td>42.95</td>
<td>3.6%</td>
<td>7,471</td>
<td>1.67</td>
<td>↑</td>
<td>↑-6%</td>
<td>7.5</td>
<td>10%</td>
<td>Above Rising</td>
<td>9% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LPX US</td>
<td>Louisiana-Pacific Corp</td>
<td>ForestPro</td>
<td>4</td>
<td>14.57</td>
<td>2.0%</td>
<td>2,060</td>
<td>2.05</td>
<td>↑</td>
<td>↑-34%</td>
<td>1.0</td>
<td>4%</td>
<td>Above Rising</td>
<td>-1% Below Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANS CN</td>
<td>Ainsworth Lumber Co</td>
<td>ForestPro</td>
<td>4</td>
<td>2.75</td>
<td>9.6%</td>
<td>587</td>
<td>2.88</td>
<td>↑</td>
<td>↑-51%</td>
<td>3%</td>
<td>3%</td>
<td>Above Rising</td>
<td>-9% Below Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEL US</td>
<td>Delta Timber Corp</td>
<td>ForestPro</td>
<td>4</td>
<td>67.69</td>
<td>1.7%</td>
<td>852</td>
<td>1.51</td>
<td>↑</td>
<td>↑-1%</td>
<td>2.0</td>
<td>4%</td>
<td>Above Rising</td>
<td>8% Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Restaurants Breaking out of Consolidation Patterns

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>Close 20-Oct</th>
<th>1-day Equity Chg (%)</th>
<th>MidCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</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 Trend</th>
<th>%Chg wrt 150d MA</th>
<th>Chg wrt 150 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>PZZA US</td>
<td>Papa John's Internationl</td>
<td>钢材</td>
<td>3</td>
<td>43.62</td>
<td>2.5%</td>
<td>1,785</td>
<td>1.04</td>
<td>↑</td>
<td>↑-17%</td>
<td>3.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>1% Above Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PNRA US</td>
<td>Panera Breed Co</td>
<td>钢材</td>
<td>3</td>
<td>171.49</td>
<td>2.4%</td>
<td>4,404</td>
<td>1.46</td>
<td>↑</td>
<td>↑-12%</td>
<td>6.0</td>
<td>9%</td>
<td>Above Rising</td>
<td>9% Below Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAKE US</td>
<td>Cheesecake Factory</td>
<td>钢材</td>
<td>3</td>
<td>46.65</td>
<td>0.9%</td>
<td>2,311</td>
<td>1.20</td>
<td>↑</td>
<td>↑-6%</td>
<td>2.0</td>
<td>3%</td>
<td>Above Rising</td>
<td>3% Below Falling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3: REITs Breaking out of Consolidation Patterns

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>Close 20-Oct</th>
<th>1-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</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 Trend</th>
<th>%Chg wrt 150d MA</th>
<th>Chg wrt 150 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXR US</td>
<td>Extra Space Storage I</td>
<td>SpecREIT</td>
<td>1</td>
<td>55.47</td>
<td>1.2%</td>
<td>6,436</td>
<td>1.06</td>
<td>↑</td>
<td>↑-9%</td>
<td>48.5</td>
<td>5%</td>
<td>Above Rising</td>
<td>8% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUBE US</td>
<td>CubeSmart</td>
<td>SpecREIT</td>
<td>1</td>
<td>19.30</td>
<td>0.9%</td>
<td>3,109</td>
<td>1.16</td>
<td>↑</td>
<td>↑-10%</td>
<td>10%</td>
<td>4%</td>
<td>Above Rising</td>
<td>7% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RGP US</td>
<td>EastGroup Properties I</td>
<td>InduREIT</td>
<td>4</td>
<td>65.60</td>
<td>2.4%</td>
<td>2,074</td>
<td>0.97</td>
<td>↑</td>
<td>↑-6%</td>
<td>48.5</td>
<td>5%</td>
<td>Above Rising</td>
<td>5% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HTA US</td>
<td>Healthcare Trust of An</td>
<td>HCareREIT</td>
<td>3</td>
<td>12.58</td>
<td>0.8%</td>
<td>3,006</td>
<td>1.05</td>
<td>↑</td>
<td>↑-9%</td>
<td>20.5</td>
<td>4%</td>
<td>Above Rising</td>
<td>7% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSB US</td>
<td>PS Business Parks Inc</td>
<td>DiversREIT</td>
<td>2</td>
<td>81.10</td>
<td>1.8%</td>
<td>2,183</td>
<td>0.94</td>
<td>↑</td>
<td>↑-18%</td>
<td>1.5</td>
<td>3%</td>
<td>Above Falling</td>
<td>-1% Below Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTR US</td>
<td>Ventas Inc</td>
<td>HCareREIT</td>
<td>1</td>
<td>57.36</td>
<td>1.4%</td>
<td>19,826</td>
<td>1.08</td>
<td>↑</td>
<td>↑-3%</td>
<td>15.0</td>
<td>5%</td>
<td>Above Rising</td>
<td>6% Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4: Utilities Breaking out of Consolidation Patterns

- CMS US 7%
- MGE US 9%
- AEP US 5%
- IDA US 3%
- HE US 2%
- UIL US 2%
- LNT US -1%
- AER US -3%
- SWX US -4%
- WEC US -5%
- SOC US -5%
- OTTRE US -11%
- ALE US -11%
- ACOX US -33%

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
The Sells

- Our global sector heat map shows the typical slant observed when markets are heading south - Fig 1.
  - Positive relative strength is bestowed upon utilities, health care, staples, and financials where real estate is favoured.
  - Weakness is found in resources & industrials.
- This bear slant is consistent with the trends one observes in the bond market, where the trends on major 30 yields are trending lower and the only kink in that sea of green is from peripheral Europe – Figure 2.
- When one toggles to price trends, on any of our equity links within our TIPS suite, you typically find more momentum sells than buys. Currently, the ratio is almost 2:1 amongst our equity universe.
  - We highlight the largest sells amongst MSCI World members in Figure 3 below.

Figure 1: Sector Heat Map from our Group Selection Report

Figure 2: Trends on Major Global 10-Year Bond Yields

Figure 3: Largest 15 Momentum Sells (Price Trends) Amongst MSCI World Members – see LINK for Full List
Parsing the Energy Patch

- If you are an energy specialist, or by mandate have representation in the sector, then within our TIPS Suite (click on the icon to the left), look at our Energy Link.
- For the non-energy specialist, at some point this spike will rebound, and what a spike – Figures 1, 2!

- We will really stick to the same theme as our “Retain the Best, Lighten the Rest” at the start of the month…it’s just the best and the rest are at much lower levels now. The best is found by comparing energy stocks against an energy benchmark, and in this case ACWI Energy is back to major support – Figure 3.
- We will exclude the Storage & Transports, figuring if you have not found this hiding place yet it could very well be too late in the game to do so.
  - Stocks at least at a 1mo relative strength high, and in an outperforming trend against ACWI Energy are shown in Figure 4.
  - Oversold (RSI < 30) outperformers are found here.
  - Outperformers with good yield & dividend growth attributes are found here.
- Our Energy link updates daily in our TIPS suite, available in this note, or bookmarkable here.
CDS – Not So Much the Level, but the Direction

- We have categorized the now correction in equity markets as a growth concern (reading the bond market), as opposed to a credit concern.
- Yes, CDS are widening, but this had been mostly centered on the high yield side (see RSF).
- IG and bank risk have not led; they have followed the equity market.
- At the individual corporate level, when we compare CDS trends with equity, we see that equities have been trending in a much more bullish direction than credit, and these divergences are being rectified by equity corrections.
- Using our CDS monitor (available in our TIPS “Click Here” link to the left), we narrow in on the highest “CDS fit to equity” deciles where CDS is trending wider, yet equity has been trending higher – Figures 1, 2.
- Bank of America (BAC US) is just about to break a price uptrend, while CDS has been trending higher since June – Figure 3.
- The CDS on Morgan Stanley (MS US) has been trending wider, yet the stock is just starting to break a price uptrend – Figure 4.

Fig 1: Widen CDS Trends Where Equity Is Trending Higher

Fig 2: Positive Equity Trends Where CDS Is Trending Wider

CDS (Risk) Has Been Trending Wider;

Yet on These Companies...

Fig 3: Bank of America (BAC) Equity/CDS Overlay

Fig 4: Morgan Stanley (MS) Equity/CDS Overlay

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
**Trends & Inflection Points**

**October 15, 2014**  
Research Comment  
Quantitative/Technical Research Website  
Mark Steele  
(416) 359-4641  
mark.steele@bmo.com  
Assoc: Tiberiu Stoichita/Jin Li

---

**Buy North American Real Estate**

- One quarter of stocks at an “N-month” (N being, 1, 2, 3,...) price high (a sign of strength), are real estate related stocks.
  - **That is signal.**
  - **Buy the signal.**

- Under our TIPS Suite (click on our icon to the left), you will find a tailored product for Real Estate. From this link one finds
  - The **strength is geographically situated in North America** - Figure 1.
  - Half of North American Real Estate stocks hit at least a 1-month high yesterday. We highlight this list in Figure 2. The **full list is found here**.
  - Yes it’s a yield play, and **yields are trending lower**.

---

**Figure 1: Price Trends on Global REIT Indices**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>1-Day Chg (%)</th>
<th>5-Day Chg (%)</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 Trend</th>
<th>Chg wrt 200 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>TSREIT</td>
<td>-0.5%</td>
<td>-0.8%</td>
<td></td>
<td>↓</td>
<td>27%</td>
<td>0%</td>
<td>5.5</td>
<td>-5%</td>
<td>Below Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Europe</td>
<td>TEREIT</td>
<td>-0.5%</td>
<td>-1.7%</td>
<td></td>
<td>↓</td>
<td>26%</td>
<td>5.5</td>
<td>0%</td>
<td>-3%</td>
<td>Below Falling</td>
<td>Below Rising</td>
</tr>
<tr>
<td>Australia</td>
<td>ASSL PROP</td>
<td>0.1%</td>
<td>-0.7%</td>
<td></td>
<td>↓</td>
<td>19%</td>
<td>0%</td>
<td>-3%</td>
<td>2%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>US</td>
<td>TTRNUSU</td>
<td>1.6%</td>
<td>-0.7%</td>
<td></td>
<td>↓</td>
<td>15%</td>
<td>1.0</td>
<td>0%</td>
<td>Above Falling</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>TENUKRG</td>
<td>0.3%</td>
<td>-0.7%</td>
<td></td>
<td>↓</td>
<td>11%</td>
<td>1.0</td>
<td>0%</td>
<td>Below Falling</td>
<td>Below Rising</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>STREIT</td>
<td>0.1%</td>
<td>-1.0%</td>
<td></td>
<td>↓</td>
<td>4%</td>
<td>1.0</td>
<td>-1%</td>
<td>Below Falling</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Global ex US</td>
<td>TENHEU</td>
<td>-0.6%</td>
<td>-1.4%</td>
<td></td>
<td>↓</td>
<td>6%</td>
<td>6.5</td>
<td>-6%</td>
<td>Below Falling</td>
<td>Below Rising</td>
<td></td>
</tr>
</tbody>
</table>

---

**Figure 2: Price Trends on North American Real Estate Stocks at at Least a 1-month High Yesterday – See Link for Full List**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Industry</th>
<th>Cap RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>Close 1-4 Oct</th>
<th>1-Day Equity Chg (%)</th>
<th>5-Day Equity Chg (%)</th>
<th>EqCap (US$)</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>% Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>Chg wrt 200 Day MA Trend</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>BYU-CN</td>
<td>Broadleaf Property Partners LP</td>
<td>ResTStr</td>
<td>2</td>
<td>3</td>
<td>24.39</td>
<td>1.4%</td>
<td>1.6%</td>
<td>5,246</td>
<td>31%</td>
<td>19.0</td>
<td>4%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>CAR-CN</td>
<td>CDN Apartment Properties REIT</td>
<td>ResTStr</td>
<td>1</td>
<td>5</td>
<td>23.89</td>
<td>1.0%</td>
<td>1.0%</td>
<td>2,343</td>
<td>37%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>DUR-US</td>
<td>Digital Realty Trust Inc</td>
<td>OfficeRE</td>
<td>1</td>
<td>3</td>
<td>64.40</td>
<td>1.7%</td>
<td>3.2%</td>
<td>8,726</td>
<td>18%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>AVB-US</td>
<td>AvalonBay Communities Inc</td>
<td>OfficeRE</td>
<td>1</td>
<td>5</td>
<td>150.06</td>
<td>1.9%</td>
<td>5.5%</td>
<td>26,455</td>
<td>40%</td>
<td>1%</td>
<td>2%</td>
<td>Below Rising</td>
<td>Above Rising</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>SUI-US</td>
<td>Sun Communities Inc</td>
<td>OfficeRE</td>
<td>1</td>
<td>3</td>
<td>53.70</td>
<td>2.8%</td>
<td>2.6%</td>
<td>2,583</td>
<td>43%</td>
<td>1%</td>
<td>3%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>PSDN</td>
<td>FirstService Corp</td>
<td>ResTStr</td>
<td>2</td>
<td>2</td>
<td>61.84</td>
<td>1.9%</td>
<td>3.0%</td>
<td>1,899</td>
<td>30%</td>
<td>1.5</td>
<td>4%</td>
<td>Above Rising</td>
<td>15%</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>HMP-US</td>
<td>Hudson Pacific Properties Inc</td>
<td>OfficeRE</td>
<td>1</td>
<td>3</td>
<td>26.23</td>
<td>3.2%</td>
<td>6.5%</td>
<td>1,759</td>
<td>36%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>10%</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>AKR-US</td>
<td>Acadia Realty Trust</td>
<td>RetailRE</td>
<td>1</td>
<td>3</td>
<td>29.91</td>
<td>1.4%</td>
<td>4.8%</td>
<td>1,721</td>
<td>23%</td>
<td>48%</td>
<td>3%</td>
<td>Above Rising</td>
<td>6%</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>ALX-US</td>
<td>Alexander’s Inc</td>
<td>RetailRE</td>
<td>1</td>
<td>5</td>
<td>418.82</td>
<td>4.7%</td>
<td>5.2%</td>
<td>2,139</td>
<td>33%</td>
<td>48%</td>
<td>7%</td>
<td>Below Rising</td>
<td>5%</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>WIRE-US</td>
<td>Washington Real Estate Inv. Trust</td>
<td>OfficeRE</td>
<td>1</td>
<td>5</td>
<td>418.82</td>
<td>4.7%</td>
<td>5.2%</td>
<td>2,139</td>
<td>33%</td>
<td>48%</td>
<td>7%</td>
<td>Below Rising</td>
<td>16%</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>REG-US</td>
<td>Regency Centers Corp</td>
<td>RetailRE</td>
<td>1</td>
<td>2</td>
<td>30.46</td>
<td>2%</td>
<td>3.9%</td>
<td>5,233</td>
<td>30%</td>
<td>1.0</td>
<td>2%</td>
<td>Above Rising</td>
<td>5%</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>PCH-US</td>
<td>Potlatch Corp</td>
<td>SpecREIT</td>
<td>1</td>
<td>5</td>
<td>3,262</td>
<td>0.7%</td>
<td>0.4%</td>
<td>1,702</td>
<td>24%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>6%</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>WRI-US</td>
<td>Wiegand Realty Investors</td>
<td>RetailRE</td>
<td>1</td>
<td>2</td>
<td>33.70</td>
<td>2.5%</td>
<td>5.7%</td>
<td>4,120</td>
<td>39%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>5%</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>METT-US</td>
<td>AG Mortgage Investment Trust Inc</td>
<td>OfficeRE</td>
<td>1</td>
<td>2</td>
<td>15.33</td>
<td>0.7%</td>
<td>3.3%</td>
<td>520</td>
<td>28%</td>
<td>1.0</td>
<td>0%</td>
<td>Below Rising</td>
<td>8%</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>COR-US</td>
<td>Corcosite Realty Corp</td>
<td>OfficeRE</td>
<td>1</td>
<td>1</td>
<td>15.75</td>
<td>3.1%</td>
<td>8.1%</td>
<td>1,062</td>
<td>29%</td>
<td>1.0</td>
<td>3%</td>
<td>Above Rising</td>
<td>10%</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>AVV-US</td>
<td>Apartment Inv. &amp; Management</td>
<td>RetailRE</td>
<td>1</td>
<td>2</td>
<td>14.32</td>
<td>2.1%</td>
<td>5.5%</td>
<td>5,581</td>
<td>27%</td>
<td>1.0</td>
<td>3%</td>
<td>Above Rising</td>
<td>11%</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>RPP-US</td>
<td>Retail Properties of America Inc</td>
<td>RetailRE</td>
<td>1</td>
<td>3</td>
<td>10.12</td>
<td>1.0%</td>
<td>3.1%</td>
<td>3,577</td>
<td>36%</td>
<td>1.0</td>
<td>0%</td>
<td>Below Rising</td>
<td>7%</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>CNS-US</td>
<td>CNS Investments Inc</td>
<td>RetailRE</td>
<td>2</td>
<td>5</td>
<td>8.33</td>
<td>0.5%</td>
<td>5.1%</td>
<td>1,447</td>
<td>25%</td>
<td>1.0</td>
<td>3%</td>
<td>Above Rising</td>
<td>9%</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>EQR-US</td>
<td>Equity Residential</td>
<td>RetailRE</td>
<td>1</td>
<td>3</td>
<td>66.72</td>
<td>1.8%</td>
<td>6.0%</td>
<td>24,135</td>
<td>27%</td>
<td>1.0</td>
<td>4%</td>
<td>Above Rising</td>
<td>11%</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>MFAS-US</td>
<td>MFAS Financial, Inc</td>
<td>RetailRE</td>
<td>2</td>
<td>1</td>
<td>8.24</td>
<td>0.2%</td>
<td>2.6%</td>
<td>3,021</td>
<td>14%</td>
<td>1.5</td>
<td>2%</td>
<td>Above Rising</td>
<td>8%</td>
<td>66</td>
<td></td>
</tr>
</tbody>
</table>

---

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Where Can You Still Find Positive Momentum?

- With uptrends on every benchmark in our Index Constituents monitor broken, we are going to toggle (use the three-way switch; vs Market/vs Sector/Price Trend) to price trends to highlight momentum buys.
- Volatility levels have spiked, and we always advocate buying into panic, yet we are dealing with growth concerns, not credit concerns, and taking the cue from the bond market this morning where major global 10y yields are another 4-6bps lower, concerns are not abating.

U.S. momentum buys are dominated by staples, health care, financials & utilities.

CDN momentum buys centre around staples and financials where yield is key.

The STOXX 600 mo buy list is small and centred on health care, financials and Uts.

---

**Figure 1:** Largest 10 S&P 500 Momentum Buys – See link for full list of 45 Stocks

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>1-Day Equity Chg (%)</th>
<th>3-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>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>Chg wrt 150d MA Trend</th>
<th>Bull Band</th>
<th>Bell Band Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEP US</td>
<td>PepsiCo Inc</td>
<td>Soft Drinks</td>
<td>6</td>
<td>0.8%</td>
<td>0.6%</td>
<td>140,591</td>
<td>26%</td>
<td>2%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>74%</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HO US</td>
<td>Altria Group Inc</td>
<td>Tobacco</td>
<td>1</td>
<td>-1.4%</td>
<td>-1.0%</td>
<td>91,338</td>
<td>54%</td>
<td>6%</td>
<td>Above Rising</td>
<td>17%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>136%</td>
<td>59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COST US</td>
<td>Costco Wholesale Corp</td>
<td>SpCos</td>
<td>9</td>
<td>-1.5%</td>
<td>0.0%</td>
<td>35,050</td>
<td>28%</td>
<td>3%</td>
<td>Above Rising</td>
<td>9%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>62%</td>
<td>53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPL US</td>
<td>Apple Inc</td>
<td>Tech &amp; S&amp;P</td>
<td>4</td>
<td>-0.9%</td>
<td>0.2%</td>
<td>597,649</td>
<td>78%</td>
<td>6%</td>
<td>Above Rising</td>
<td>15%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>BELOW</td>
<td>57%</td>
<td>49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOW US</td>
<td>Lowe’s Co Inc</td>
<td>Hlth &amp; Retail</td>
<td>8</td>
<td>-2.3%</td>
<td>-2.1%</td>
<td>51,794</td>
<td>47%</td>
<td>2.0</td>
<td>Above Rising</td>
<td>8%</td>
<td>Above Rising</td>
<td>USDO</td>
<td>Above Rising</td>
<td>41%</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CVS US</td>
<td>CVS Caremark Corp</td>
<td>Healthcare</td>
<td>2</td>
<td>-2.9%</td>
<td>-1.5%</td>
<td>92,789</td>
<td>22%</td>
<td>1%</td>
<td>Above Rising</td>
<td>7%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>60%</td>
<td>Above Rising</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIKE US</td>
<td>Nike Inc</td>
<td>Footwear</td>
<td>3</td>
<td>-2.1%</td>
<td>-4.3%</td>
<td>56,403</td>
<td>39%</td>
<td>5%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>246%</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KO US</td>
<td>Coca-Cola Co</td>
<td>Soft Drinks</td>
<td>6</td>
<td>-0.9%</td>
<td>1.1%</td>
<td>190,288</td>
<td>22%</td>
<td>6%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>157%</td>
<td>66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PG US</td>
<td>Procter &amp; Gamble Co</td>
<td>Hlth &amp; Retail</td>
<td>2</td>
<td>-1.6%</td>
<td>-0.2%</td>
<td>225,727</td>
<td>13%</td>
<td>0%</td>
<td>Above Rising</td>
<td>4%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>59%</td>
<td>Above Rising</td>
<td>48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RAC US</td>
<td>Bank of America Corp</td>
<td>FinServ</td>
<td>3</td>
<td>-0.5%</td>
<td>-5.1%</td>
<td>172,460</td>
<td>23%</td>
<td>1.0</td>
<td>Above Rising</td>
<td>2%</td>
<td>Above Rising</td>
<td>ABOW</td>
<td>78%</td>
<td>Below</td>
<td>44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2:** S&P/TSX Composite Momentum Buys – See Link for Full List of 18 Stocks

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>1-Day Equity Chg (%)</th>
<th>3-Day Equity Chg (%)</th>
<th>MktCap (CAD)</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 Trend</th>
<th>Chg wrt 150d MA Trend</th>
<th>Bull Band</th>
<th>Bell Band Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCN CN</td>
<td>Fortis Inc</td>
<td>Utilities</td>
<td>1</td>
<td>-1.0%</td>
<td>-1.9%</td>
<td>7,470</td>
<td>24%</td>
<td>2%</td>
<td>Above Rising</td>
<td>9%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>105%</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BFP-U CN</td>
<td>Brookfield Property Partners LP</td>
<td>REIT</td>
<td>2</td>
<td>0.6%</td>
<td>5,849</td>
<td>33%</td>
<td>3%</td>
<td>Above Rising</td>
<td>11%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>85%</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MRU CN</td>
<td>Metro</td>
<td>Retail</td>
<td>7</td>
<td>0.0%</td>
<td>6,300</td>
<td>32%</td>
<td>4%</td>
<td>Above Rising</td>
<td>12%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>ABOVE</td>
<td>97%</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA CN</td>
<td>National Bank Of Canada</td>
<td>Banks</td>
<td>5</td>
<td>1.0%</td>
<td>5,105</td>
<td>40%</td>
<td>1%</td>
<td>Above Rising</td>
<td>12%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>99%</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L CN</td>
<td>Loblaw Cos Ltd</td>
<td>Retail</td>
<td>7</td>
<td>-2.7%</td>
<td>-2.7%</td>
<td>22,767</td>
<td>45%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>15%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>111%</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATB-D CN</td>
<td>Alimentation Couche-Tard</td>
<td>Retail</td>
<td>7</td>
<td>-5.9%</td>
<td>-14,022</td>
<td>52%</td>
<td>6%</td>
<td>Above Rising</td>
<td>18%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>101%</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSU CN</td>
<td>Constellation Software Inc</td>
<td>Software</td>
<td>3</td>
<td>-2.3%</td>
<td>5,944</td>
<td>34%</td>
<td>2%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>BELOW</td>
<td>112%</td>
<td>52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VN CN</td>
<td>George Weston Ltd</td>
<td>Food &amp; Retail</td>
<td>7</td>
<td>-1.0%</td>
<td>13,193</td>
<td>26%</td>
<td>3%</td>
<td>Above Rising</td>
<td>10%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>100%</td>
<td>91</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPC CN</td>
<td>Intact Financial Corporation</td>
<td>Insurers</td>
<td>5</td>
<td>-0.1%</td>
<td>6,048</td>
<td>16%</td>
<td>1%</td>
<td>Above Rising</td>
<td>5%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>76%</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOL CN</td>
<td>Dollarama Inc</td>
<td>Specialty Retail</td>
<td>1</td>
<td>-0.8%</td>
<td>6,377</td>
<td>16%</td>
<td>3%</td>
<td>Above Rising</td>
<td>8%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>62%</td>
<td>58</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3:** STOXX 600 Momentum Buys – See Link for full list of 17 Stocks

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>1-Day Equity Chg (%)</th>
<th>3-Day Equity Chg (%)</th>
<th>MktCap (USD)</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 Trend</th>
<th>Chg wrt 150d MA Trend</th>
<th>Bull Band</th>
<th>Bell Band Width</th>
<th>RSI Dly</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSK NO</td>
<td>Glaxosmithkline ASA</td>
<td>Biotech</td>
<td>7</td>
<td>-0.3%</td>
<td>-0.8%</td>
<td>10,124</td>
<td>16%</td>
<td>3%</td>
<td>Above Rising</td>
<td>12%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>100%</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRT SM</td>
<td>Bankinter SA</td>
<td>Banks</td>
<td>3</td>
<td>1.1%</td>
<td>-4.7%</td>
<td>7,439</td>
<td>62%</td>
<td>1%</td>
<td>Above Rising</td>
<td>7%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>42%</td>
<td>47</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PINDOAS DC</td>
<td>Pindars AS</td>
<td>Daily</td>
<td>6</td>
<td>2.4%</td>
<td>-4.5%</td>
<td>9,710</td>
<td>75%</td>
<td>2%</td>
<td>Above Rising</td>
<td>9%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>66%</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZZGGO NA</td>
<td>Z莒g IV</td>
<td>Brokerage</td>
<td>6</td>
<td>-0.7%</td>
<td>-3.3%</td>
<td>5,565</td>
<td>21%</td>
<td>1.0</td>
<td>2%</td>
<td>Above Rising</td>
<td>8%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>86%</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZZVNZX</td>
<td>Zurich Insurance Group AG</td>
<td>Insurers</td>
<td>7</td>
<td>-0.1%</td>
<td>-2.7%</td>
<td>43,787</td>
<td>23%</td>
<td>1.5</td>
<td>1%</td>
<td>Above Rising</td>
<td>5%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>54%</td>
<td>43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENGM</td>
<td>Emirates</td>
<td>Airlines</td>
<td>6</td>
<td>-0.4%</td>
<td>-1.8%</td>
<td>7,586</td>
<td>47%</td>
<td>0%</td>
<td>Above Rising</td>
<td>8%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>43%</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MIRX GR</td>
<td>Mirk Kga</td>
<td>Pharma</td>
<td>5</td>
<td>-1.5%</td>
<td>-3.7%</td>
<td>11,223</td>
<td>40%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>9%</td>
<td>Above Rising</td>
<td>ABOVE</td>
<td>155%</td>
<td>63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMBR</td>
<td>Red Electrica de España</td>
<td>Utility</td>
<td>6</td>
<td>6.0%</td>
<td>1.6%</td>
<td>11,539</td>
<td>33%</td>
<td>4%</td>
<td>Above Rising</td>
<td>8%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>61%</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUGR</td>
<td>Fresenius SE</td>
<td>Daily</td>
<td>2</td>
<td>-1.3%</td>
<td>-0.9%</td>
<td>26,215</td>
<td>16%</td>
<td>1%</td>
<td>Above Rising</td>
<td>6%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>59%</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ELE SM</td>
<td>Endesa SA</td>
<td>Utility</td>
<td>6</td>
<td>0.4%</td>
<td>-0.3%</td>
<td>29,852</td>
<td>23%</td>
<td>3%</td>
<td>Above Rising</td>
<td>6%</td>
<td>Above Rising</td>
<td>BELOW</td>
<td>118%</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Long Filters

- Within our Trends & Inflection Points, or TIPS link (click the icon to the left), you will find Long/Short Filters. As our short filters continue to be heavily represented by oversold names, we will continue to point out the long side of the ledger.

- Stocks with good long-term histories, “time out” for various reasons. This filter is designed to catch the time when they break out of these holding patterns – Figure 1.
  - Discount retailers Ross Stores, TJX and Wal-Mart are on the list. We highlight TJX taking the 2nd leg higher after it reversed to the upside in the summer – Figure 2.
  - One third of the list are on our yield screen (yield > 2%, positive 1, 3, 5y dividend growth). Near the bottom of the list is Ventas (VTR US) which is breaking out of a relative strength double bottom – Figure 3.

Figure 1: Long Term Trend is Positive; Breaking Out of Flat/Negative Price Trends

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>Close 10-Oct</th>
<th>1-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Vol (%)</th>
<th>Chg Last Day</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>
<tbody>
<tr>
<td>GPX US</td>
<td>GP Strategies Corp</td>
<td>HlthCmpl</td>
<td>8</td>
<td>29.18</td>
<td>3.0%</td>
<td>557</td>
<td>2.04</td>
<td>↑</td>
<td>-12%</td>
<td>7.0</td>
<td>9%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>ROST US</td>
<td>Ross Stores Inc</td>
<td>ApparelRit</td>
<td>5</td>
<td>77.53</td>
<td>1.8%</td>
<td>16,268</td>
<td>1.23</td>
<td>⇧</td>
<td>-4%</td>
<td>10.5</td>
<td>7%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>TJX US</td>
<td>TJX Cos Inc</td>
<td>ApparelRit</td>
<td>5</td>
<td>61.57</td>
<td>1.8%</td>
<td>42,664</td>
<td>1.33</td>
<td>⇧</td>
<td>-10%</td>
<td>6.5</td>
<td>5%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>DRC US</td>
<td>Dresser-Rand Group Inc</td>
<td>Og Equip</td>
<td>10</td>
<td>81.76</td>
<td>0.0%</td>
<td>5,265</td>
<td>1.79</td>
<td>↑</td>
<td>10%</td>
<td>14%</td>
<td>8%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>DTE US</td>
<td>DTE Energy Co</td>
<td>MulUtil</td>
<td>5</td>
<td>78.73</td>
<td>1.4%</td>
<td>13,935</td>
<td>0.91</td>
<td>↑</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>CASY US</td>
<td>Casey’s General Stores Inc</td>
<td>FdlRt</td>
<td>7</td>
<td>75.59</td>
<td>1.2%</td>
<td>2,922</td>
<td>1.30</td>
<td>↑</td>
<td>9%</td>
<td>11.0</td>
<td>7%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>ICE US</td>
<td>IntercontinentalExchange Inc</td>
<td>SpecialFin</td>
<td>2</td>
<td>203.60</td>
<td>0.3%</td>
<td>23,097</td>
<td>1.29</td>
<td>↑</td>
<td>-2%</td>
<td>6%</td>
<td>7%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>CB US</td>
<td>Chubb Corp</td>
<td>P&amp;GCnfr</td>
<td>3</td>
<td>93.41</td>
<td>0.8%</td>
<td>22,464</td>
<td>0.79</td>
<td>↑</td>
<td>6%</td>
<td>3%</td>
<td>4%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>WBC US</td>
<td>Wisconsin Energy Corp</td>
<td>MulUtil</td>
<td>5</td>
<td>45.56</td>
<td>1.5%</td>
<td>10,275</td>
<td>1.00</td>
<td>↑</td>
<td>-12%</td>
<td>1.0</td>
<td>4%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>SAFT US</td>
<td>Safety Insurance Group Inc</td>
<td>P&amp;GCnfr</td>
<td>3</td>
<td>56.80</td>
<td>2.8%</td>
<td>852</td>
<td>1.06</td>
<td>↑</td>
<td>-1%</td>
<td>48.0</td>
<td>5%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>WMT US</td>
<td>Wal-Mart Stores Inc</td>
<td>SppCnfr</td>
<td>9</td>
<td>78.29</td>
<td>0.6%</td>
<td>252,291</td>
<td>0.69</td>
<td>↑</td>
<td>-1%</td>
<td>5.0</td>
<td>3%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>AMAG US</td>
<td>AMAG Pharmaceuticals Inc</td>
<td>Biotech</td>
<td>5</td>
<td>30.34</td>
<td>-1.1%</td>
<td>666</td>
<td>3.34</td>
<td>↑</td>
<td>-6%</td>
<td>27%</td>
<td>22%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>COKE US</td>
<td>Coca-Cola Bottling Co Cond</td>
<td>SoftDrinks</td>
<td>6</td>
<td>78.59</td>
<td>2.0%</td>
<td>561</td>
<td>1.24</td>
<td>↑</td>
<td>-13%</td>
<td>5%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VTR US</td>
<td>Ventas Inc</td>
<td>HcCareRT</td>
<td>2</td>
<td>65.60</td>
<td>1.6%</td>
<td>19,308</td>
<td>1.09</td>
<td>↑</td>
<td>-5%</td>
<td>4.5</td>
<td>4%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>VRT US</td>
<td>VistaPrint NV</td>
<td>InstSrv</td>
<td>7</td>
<td>54.00</td>
<td>-0.8%</td>
<td>1,748</td>
<td>3.07</td>
<td>↑</td>
<td>-18%</td>
<td>8%</td>
<td>9%</td>
<td>Above Rising</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: TJX Corp (TJX US) Dividend Adjusted Price Trend

Figure 3: Ventas Inc (VTR US) vs S&P 500

This report was prepared in part by an analyst(s) employed by BMO Nesbitt Burns Inc., and who is (are) not registered as a research analyst(s) under FINRA rules. For disclosure statements, including the Analyst’s Certification, please refer to pages 2 to 3.
Don’t Fight Slow Global Growth, Partner With It

- With a full suite of broken equity indices, a market tilted against resources and industrials (as it should be given the jubilant state of the bond market), and a dive in inflation expectations (note the German 10 Breakeven just broke to a new low this morning, Figure 1), you would think that the best opportunities might be on the short side. However, when we peruse the short filters in our Long/Short screen (available as a tool in the click here button), we see the short screens are just full of already oversold stocks. Punishing the punished is not a strategy we recommend.

- Under our macro screens we note volatility has once again spiked to the upside, and when we look at the credit market, we continue to sleep well. So we are suffering with a growth concern, not a credit concern, and under this scenario, panic is to be bought.

- We will not ignore the growth concerns, we will partner with them (given the limit of central bank ability), excluding unrewarded industries from our buy list. Our relative strength breadth monitor, the Group Selection Report does this for us. We will tune for global stocks in consistently outperforming trends against the market and sector, in top 3 sub industry deciles. Our global list is highlighted in Figure 3. Your list will be different, but it will be available in our new TIPS Suite. This tutorial on functionality will help get you there; we can help with the rest.

Figure 1: German 10Y Breakeven Rate – New Low Today!

Figure 2: Elevated VIX Once Again

Figure 3: Global Consistent Outperformers (vs ACWI) In Top 3 SubIndustries - see THIS LINK for Full List
Introducing TIPS

- Today our Quantitative/Technical team begins a new chapter as we launch our new daily morning note BMO Trends & Inflection Points (TIPS). We enable TIPS with a full suite of tailored products designed to support both our generalist and specialist clients. It has been almost a decade since we launched Relative Strength Filter, and TIPS is a substantial push forward. Our product offering has grown significantly over the years, and while relative strength remains a key focus, our analysis now encompasses a much more holistic perspective to capital markets. To see our new suite of tailored products, clients can use the “click here” icon within our note and they may bookmark the suite from our updated website.

- For those who are new to our system, the suite also contains short tutorials, the first of which is found here: Introduction.

Figure 1: Our New “Click Here”

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Relative Strength Filter

Benchmark Breakdowns & Relative Returns

TOOLKIT

- Are you checking to see if your benchmark has broken trend? Don’t bother it has – Figure 1.
  - The breakdowns that have been focused on everything but U.S. large caps, struck U.S. large yesterday.
- Global macro markers of the breakdown? – see page 2.

Figure 1: Price Trends on Benchmarks from our Index Constituents Link

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>1-Day Chg (%)</th>
<th>5-Day Chg (%)</th>
<th>Chg Last Day</th>
<th>Reward/Risk</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>%Chg wrt 200d MA</th>
<th>Chg wrt 200 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 100</td>
<td>SPTR100</td>
<td>-1.5%</td>
<td>-1.6%</td>
<td>▼</td>
<td>▼</td>
<td>20%</td>
<td>2.0</td>
<td>-1%</td>
<td>Below Falling</td>
<td>3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/TSX 60</td>
<td>TX60AR</td>
<td>-1.3%</td>
<td>-2.5%</td>
<td>▼</td>
<td>▼</td>
<td>24%</td>
<td>4.0</td>
<td>-4%</td>
<td>Below Falling</td>
<td>1%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/TSX 0000AR</td>
<td>0000AR</td>
<td>-1.1%</td>
<td>-2.5%</td>
<td>▼</td>
<td>▼</td>
<td>24%</td>
<td>4.0</td>
<td>-4%</td>
<td>Below Falling</td>
<td>1%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI EM</td>
<td>GDLEEGF</td>
<td>-0.1%</td>
<td>0.4%</td>
<td>▼</td>
<td>▼</td>
<td>26%</td>
<td></td>
<td>-2%</td>
<td>Below Falling</td>
<td>3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>SPXT</td>
<td>-1.5%</td>
<td>-1.9%</td>
<td>▼</td>
<td>▼</td>
<td>17%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI NAmer</td>
<td>NDNLNA</td>
<td>-1.5%</td>
<td>-1.9%</td>
<td>▼</td>
<td>▼</td>
<td>17%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Russell 1000 V</td>
<td>RU10VATR</td>
<td>-1.6%</td>
<td>-1.8%</td>
<td>▼</td>
<td>▼</td>
<td>18%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Russell 1000 G</td>
<td>RU10GRT</td>
<td>-1.5%</td>
<td>-2.0%</td>
<td>▼</td>
<td>▼</td>
<td>16%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI World Lcl N</td>
<td>NDNLWI</td>
<td>-1.3%</td>
<td>-2.2%</td>
<td>▼</td>
<td>▼</td>
<td>14%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>1%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/TSX Cmpl</td>
<td>TX4OAR</td>
<td>-0.7%</td>
<td>-2.4%</td>
<td>▼</td>
<td>▼</td>
<td>24%</td>
<td>6.0</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-1%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>Russell 3000 G</td>
<td>RU30GRTR</td>
<td>-1.5%</td>
<td>-2.0%</td>
<td>▼</td>
<td>▼</td>
<td>15%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Russell MidCap G</td>
<td>RUMCGRT</td>
<td>-1.7%</td>
<td>-2.2%</td>
<td>▼</td>
<td>▼</td>
<td>15%</td>
<td>2.0</td>
<td>-3%</td>
<td>Below Falling</td>
<td>0%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/TSX Sml</td>
<td>TX20AR</td>
<td>-1.8%</td>
<td>-4.1%</td>
<td>▼</td>
<td>▼</td>
<td>25%</td>
<td>8.0</td>
<td>-9%</td>
<td>Below Falling</td>
<td>-7%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>EAFE</td>
<td>NDDEFAFE</td>
<td>-1.0%</td>
<td>-2.6%</td>
<td>▼</td>
<td>▼</td>
<td>10%</td>
<td></td>
<td>-2%</td>
<td>Below Falling</td>
<td>0%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>MSCI Europe</td>
<td>NDDE15</td>
<td>-1.5%</td>
<td>-3.2%</td>
<td>▼</td>
<td>▼</td>
<td>10%</td>
<td>2.0</td>
<td>-3%</td>
<td>Below Falling</td>
<td>-2%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>STOXX 50</td>
<td>SXST</td>
<td>-1.8%</td>
<td>-4.5%</td>
<td>▼</td>
<td>▼</td>
<td>12%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-1%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>FTSE 100</td>
<td>TUKXG</td>
<td>-1.0%</td>
<td>-1.9%</td>
<td>▼</td>
<td>▼</td>
<td>7%</td>
<td></td>
<td>-3%</td>
<td>Below Falling</td>
<td>-2%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>ACWI SmlCap</td>
<td>M2WDSC</td>
<td>-1.1%</td>
<td>-2.1%</td>
<td>▼</td>
<td>▼</td>
<td>9%</td>
<td>8.0</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-4%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>ACWI ex US</td>
<td>M1WDU</td>
<td>-0.4%</td>
<td>-1.9%</td>
<td>▼</td>
<td>▼</td>
<td>9%</td>
<td></td>
<td>-5%</td>
<td>Below Falling</td>
<td>-4%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>RU20INTR</td>
<td>-1.7%</td>
<td>-2.3%</td>
<td>▼</td>
<td>▼</td>
<td>3%</td>
<td>11.0</td>
<td>-6%</td>
<td>Below Falling</td>
<td>-6%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Russell 2000 G</td>
<td>RU20GRT</td>
<td>-1.9%</td>
<td>-2.8%</td>
<td>▼</td>
<td>▼</td>
<td>2%</td>
<td>4.5</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-5%</td>
<td>Below Falling</td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
First of all, the focus is not so much on credit, albeit CDS indices are flattening out, and are trending higher for U.S. high risk – Figures 2, 3.

- Have high risk stocks in the portfolio, where equity is correlated to CDS? You should rethink those positions.
- The combined view of the bond market, where all major 10-year yields are tending lower, and inflation expectations are either doing the same, or are breaking to the downside points to a bond market that is very comfortable, saying low global growth is here to stay. Yesterday’s IMF reminder was not necessary – Figures 4, 5.
- From a global sector perspective, we reiterate that it is technology and health care that are in outperforming trends; yet yesterday it was staples and utilities breaking above underperforming trends – Figure 6.
  - It’s not that staples and utilities are doing well on an absolute basis; rather, they are declining less than the market – Figure 7.

Looking for absolute return? Downshift your expectations. Looking for relative? We have the tools.

---

**Figure 2: CDX North American High Yield 5-Yr CDS**

**Figure 3: CDX North American Investment Grade 5-Yr CDS**

**Figure 4: Trends on Major 10-Year Bond Yields**

**Figure 5: Trend on Inflation Expectations**

**Figure 6: Sector Relative Strength Trends vs MSCI World**

**Figure 7: MSCI World & Sector Price Trends**

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Relative Strength Filter

Universality of SMID

- We will first focus on the Russell 2000 small cap index, yet the trends we see on both price patterns and relative strength patterns on global, Canadian, and mid cap indices are similar.
  - Prices are breaking down, and the shorter-term patterns sport downtrends – Figure 1.
  - Relative strength trends against large cap benchmarks are woeful. Small caps are not just spiking lower, they are trending lower. Trying to catch a spike means fighting the trend – Figure 2.

- In terms of sector performance, and note we are highlighting relative performance against benchmarks that are breaking down, the sectors outperforming universally are the ones that show up best in our group selection report, health care and technology – Figure 3.

- Similarly, the underperformance of resources and industrials is universal – Figure 4.

- See this link for our SMID monitor.

Figure 1: Russell 2000 TR Index – Short Term Trend

Figure 2: Russell 2000 vs Russell 3000 Index

Figure 3: Health Care & Technology Outperformance

Figure 4: Resource and Industrial Underperformance

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
All Cap Technology Buys

- Both large cap and small cap technology stocks are in consistently outperforming trends against their respective benchmarks – Figures 1, 2.
- From an equal-weighted breadth perspective, the sector continues to improve, and is just about to break out of the neutral zone – see link.
- For the third day, we will continue to focus on the leaders, as most sport buyable RSIs and are priced around their 50d MAs.
  - For the large cap manager, we used our TMT link and honed in on the largest most consistent outperformers – Figure 3.
  - For the small cap manager, we tuned our Small Cap link to show the equivalent list – Figure 4.

Figure 1: Technology vs MSCI World

Figure 2: Small Cap Technology vs MSCI World Small Caps

Figure 3: Largest 10 Technology Stocks Consistently Outperforming ACWI Technology – See Link for Complete List

Figure 4: Largest 10 SmlCap (<$5b) Technology Stocks Consistently Outperforming ACWI SmlCap IT – See Link for Complete List

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
U.S. Growth Stocks Still Standing

- There are many broken equity benchmarks out there. The Russell 3000 Growth index is not one of them – Figure 1.
- Yes, we are right at the bottom of the channel, and the channel could break; however,
  - the equity market (MSCI World) has corrected the same 5% as it did in August, and we see credit risk abating again this morning;
  - our capitulation filters are rather full; and
  - growth continues to outperform value – Figure 2.
- You can buy most Russell 3000 Growth outperformers with RSIs in the 40-50s range – Figure 3.
Haircuts for Outperformers

Yesterday, U.S. large cap indices broke uptrends, putting them more at par with the breakdowns we have seen elsewhere over the past several weeks – Figure 1.

Our capitulation filters are filling up, and the selling we are seeing is becoming less discriminate.

We will be quite discriminate in terms of what to buy on the selloff, and will use our vs. Peers link to home in on stocks (see full list here):
- in consistently outperforming trends against the market and the Subindustry;
- where those subindustries are in favour (top 5 deciles from our group selection report); and yet
- are off at least 5% in the past five days.
  - We also excluded companies with high CDS levels, not wanting to be buying into credit stressed situations.

Figure 1: Equity Indices Breaking Price Uptrends Yesterday

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>1-Day Chg (%)</th>
<th>5-Day Chg (%)</th>
<th>Chg Last Day</th>
<th>Trend</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>%Chg wrt 200d MA</th>
<th>Chg wrt 200 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 100</td>
<td>SPTR100</td>
<td>-1.3%</td>
<td>-2.6%</td>
<td></td>
<td>20%</td>
<td>1.5</td>
<td>-1%</td>
<td>Below Falling</td>
<td>4%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>SPX</td>
<td>-1.3%</td>
<td>-2.6%</td>
<td></td>
<td>18%</td>
<td>1.5</td>
<td>-1%</td>
<td>Below Falling</td>
<td>3%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Russell 1000 V</td>
<td>RU10VATR</td>
<td>-1.2%</td>
<td>-2.7%</td>
<td></td>
<td>18%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>MSCI NAmerr</td>
<td>NDDUNA</td>
<td>-1.3%</td>
<td>-2.6%</td>
<td></td>
<td>17%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Russell MidCap G</td>
<td>RUMCGRTR</td>
<td>-1.6%</td>
<td>-3.0%</td>
<td></td>
<td>16%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Falling</td>
<td>1%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>FTSE 100</td>
<td>TUKXG</td>
<td>-1.0%</td>
<td>-2.2%</td>
<td></td>
<td>7%</td>
<td>2.0</td>
<td>-3%</td>
<td>Below Falling</td>
<td>-1%</td>
<td>Below Rising</td>
<td></td>
</tr>
</tbody>
</table>

Fig 2: Shares in (including Severed Trends) Outperforming Trends vs. 500 & +ve Subind off at least 5% - See Link for Full List

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp</th>
<th>RS</th>
<th>Close 200-15</th>
<th>1-Day Equity Chg (%)</th>
<th>5-Day Equity Chg (%)</th>
<th>Mtckp (USA)</th>
<th>Chg Last Day</th>
<th>Trend</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>%Chg wrt 200d MA</th>
<th>Chg wrt 200 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWK US</td>
<td>Skyworks Solutions Inc</td>
<td>Semi</td>
<td>4</td>
<td>53.31</td>
<td>-6.7%</td>
<td>-9.4%</td>
<td>10,104</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>63%</td>
<td>-3%</td>
<td>Below Falling</td>
<td>OSOLD</td>
</tr>
<tr>
<td>PPD US</td>
<td>RF Micro Devices Inc</td>
<td>Semi</td>
<td>4</td>
<td>10.01</td>
<td>-5.9%</td>
<td>-10.1%</td>
<td>3,138</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>84%</td>
<td>2.0</td>
<td>-6%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>TQNT US</td>
<td>Triquint Semiconduct Inc</td>
<td>Semi</td>
<td>4</td>
<td>17.06</td>
<td>-5.8%</td>
<td>-10.3%</td>
<td>3,140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72%</td>
<td>2.0</td>
<td>-6%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>ARKX US</td>
<td>Akorn Inc</td>
<td>Pharma</td>
<td>1</td>
<td>73.28</td>
<td>-5.4%</td>
<td>-6.4%</td>
<td>3,632</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>98%</td>
<td>2.0</td>
<td>-4%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>PORG US</td>
<td>Pacira Pharmaceuticals Inc</td>
<td>Pharma</td>
<td></td>
<td>45.67</td>
<td>-1.3%</td>
<td>-10.6%</td>
<td>3,434</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>64%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>BELOW</td>
</tr>
<tr>
<td>ACN US</td>
<td>Achillion Pharmaceuticals Ltd</td>
<td>Biotech</td>
<td>5</td>
<td>9.78</td>
<td>-2.0%</td>
<td>-3.7%</td>
<td>955</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>LPNT US</td>
<td>LifePoint Hospitals Inc</td>
<td>HCFacility</td>
<td>2</td>
<td>68.39</td>
<td>-1.2%</td>
<td>-5.5%</td>
<td>3,087</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55%</td>
<td>-6%</td>
<td>Below Rising</td>
<td>OSOLD</td>
</tr>
<tr>
<td>ELL US</td>
<td>Ellie Mae Inc</td>
<td>AppliedWtr</td>
<td>4</td>
<td>42.06</td>
<td>-1.7%</td>
<td>-5.7%</td>
<td>908</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60%</td>
<td>1.0</td>
<td>-6%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>CENX US</td>
<td>Century Aluminum Co</td>
<td>Alumin</td>
<td>1</td>
<td>24.23</td>
<td>-6.7%</td>
<td>-6.5%</td>
<td>2,152</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>107%</td>
<td>2%</td>
<td>Above Rising</td>
<td>BELOW</td>
</tr>
<tr>
<td>FDC US</td>
<td>Piper Jaffray Cos</td>
<td>InvAbbnk</td>
<td>4</td>
<td>60.69</td>
<td>-3.0%</td>
<td>-8.2%</td>
<td>823</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35%</td>
<td>2.5</td>
<td>-6%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>RCK US</td>
<td>REX American Resources</td>
<td>OGRmtk</td>
<td>5</td>
<td>69.94</td>
<td>-13.0%</td>
<td>-14.0%</td>
<td>577</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109%</td>
<td>4.0</td>
<td>-23%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>GPRZ US</td>
<td>Green Plains Renewable</td>
<td>OGRmtk</td>
<td>5</td>
<td>35.30</td>
<td>-5.6%</td>
<td>-6.0%</td>
<td>1,320</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>94%</td>
<td>-14%</td>
<td>Below Falling</td>
<td>BELOW</td>
</tr>
<tr>
<td>GSAT US</td>
<td>Globalstar Inc</td>
<td>AltCar</td>
<td>4</td>
<td>2.99</td>
<td>-18.8%</td>
<td>-24.0%</td>
<td>2,325</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>107%</td>
<td>3.0</td>
<td>-23%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>SLPK US</td>
<td>Salix Pharmaceuticals Ltd</td>
<td>Pharma</td>
<td>1</td>
<td>134.55</td>
<td>-1.7%</td>
<td>-7.7%</td>
<td>9,844</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50%</td>
<td>-4%</td>
<td>Above Rising</td>
<td>BELOW</td>
</tr>
<tr>
<td>DECK US</td>
<td>Deckers Outdoor Corp</td>
<td>Footwear</td>
<td>2</td>
<td>91.00</td>
<td>-6.4%</td>
<td>-6.6%</td>
<td>3,151</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32%</td>
<td>1.0</td>
<td>-5%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>NYLD US</td>
<td>NRG Yield Inc</td>
<td>Electuld</td>
<td>4</td>
<td>46.25</td>
<td>-0.5%</td>
<td>-5.2%</td>
<td>1,619</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46%</td>
<td>-10%</td>
<td>Below Falling</td>
<td>BELOW</td>
</tr>
<tr>
<td>EEFT US</td>
<td>Euronet Worldwide Inc</td>
<td>DateProcs</td>
<td>5</td>
<td>46.71</td>
<td>-2.2%</td>
<td>-5.1%</td>
<td>2,451</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22%</td>
<td>-7%</td>
<td>Below Falling</td>
<td>109%</td>
</tr>
<tr>
<td>RIM US</td>
<td>Platform Specialty Prod</td>
<td>SpecChn</td>
<td>5</td>
<td>46.72</td>
<td>-6.0%</td>
<td>-9.0%</td>
<td>3,108</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>48%</td>
<td>4.5</td>
<td>-11%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>ULTI US</td>
<td>Ultimate Software Group</td>
<td>ApplciSwr</td>
<td>4</td>
<td>138.32</td>
<td>-4.4%</td>
<td>-6.2%</td>
<td>3,824</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22%</td>
<td>2.0</td>
<td>-8%</td>
<td>Below Rising</td>
</tr>
<tr>
<td>HFRM US</td>
<td>Mattress Firm Holding Co</td>
<td>HomeFinsh</td>
<td>5</td>
<td>58.12</td>
<td>-3.2%</td>
<td>-5.9%</td>
<td>1,086</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38%</td>
<td>1.0</td>
<td>3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>UEPS US</td>
<td>Net 1 UEPs Technologies</td>
<td>ApplciSwr</td>
<td>4</td>
<td>12.15</td>
<td>2.5%</td>
<td>-5.5%</td>
<td>591</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37%</td>
<td>3%</td>
<td>Above Rising</td>
<td>BELOW</td>
</tr>
<tr>
<td>APD US</td>
<td>Air Products &amp; Chemicals</td>
<td>IndusGas</td>
<td>2</td>
<td>126.48</td>
<td>-2.8%</td>
<td>-6.2%</td>
<td>26,942</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13%</td>
<td>-4%</td>
<td>Below Falling</td>
<td>101%</td>
</tr>
<tr>
<td>AQCN US</td>
<td>AutoCanada Inc</td>
<td>AutoRl</td>
<td>4</td>
<td>53.58</td>
<td>-0.9%</td>
<td>-5.9%</td>
<td>1,185</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>67%</td>
<td>-20%</td>
<td>Below Falling</td>
<td>BELOW</td>
</tr>
</tbody>
</table>

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Energy – Retain the Best, Lighten the Rest

From a top down perspective, our Group Selection Report (based on a bottom up analysis of which groups are being rewarded) puts Energy alongside the other sectors like materials and industrials which are shunned when there is not enough global growth to spurn outperformance – Fig 1.

From our Sector & Industry Report, detailing index relative strength trends, five of the 16 energy sectors broke below their bottoms ends of their channels yesterday. S&P 500 energy just broke down to a 7yr RS low.

Most energy commodities are under assault (Fig 2), as is a broad basket of commodities, and as we highlighted yesterday with Gold @ $1,000, this is under the cover of universal dollar strength, and diving inflation expectations.

When you know the sector is a mess, how do you retain the best?

For the global manager, our BMO Energy link details the performance of over 500 energy stocks vs ACWI Energy (for local markets, use our Index Constituents link and select EN for Energy).

Over a quarter of the outperformers are transports, 2/3 of which are MLPs.

Outside the transports, we highlight the energy stocks outperforming ACWI below. Note that most the best outperformers are now priced below falling 50d MAs on an absolute basis – Fig 3.

---

Fig 1: Sector Breadth Heat Map From Group Selection Report

Fig 2: Trends on Energy Commodities

Fig 3: Non Transport Energy Outperformers vs ACWI Energy

Source: BMO Capital Markets, Bloomberg, Thomson, Markit *BMO Capital Markets is restricted on Whitecap Resources
Gold @ $1,000

- Gold is about to break to the downside, under cover of a universal strength in the USD (Figure 1, and note the EUR slides below 1.26 this morning), and diving inflation expectations (15mo low for the US 10y BE). Downside risk is to $1,000 – Fig 2.
  - Our link to everything bullion related is found here.

- Gold shares are breaking down against bullion, and are priced at a 4m low. If you want gold in the portfolio, we suggest you have gold in the portfolio, but not gold shares. We expect an exodus as gold breaks below $1,200.
  - Our momentum sell list of gold shares against spot gold is highlighted in Figure 3.
  - The gold shares breaking outperforming trends against gold are highlighted in Figure 4.

Figure 1: Universal Dollar Strength
Figure 2: Spot Gold at 7am This Morning

Figure 3: Momentum Sells vs Bullion

Figure 4: Largest 10 Gold Shares Breaking Outperforming Trends vs Bullion – See Full List Here
Credit Stress Exceeds Equity Pullbacks

Friday’s CDS report showed credit stress continuing to spread (see Friday’s RSF) with Investment Grade following the move in high yield – Figure 1.

- CDS indices continue to widen this morning.

- When we look at equity/CDS divergences over various timeframes, we find credit widening exceeding equity pullbacks. The largest 5-day divergences (sum of 5-day equity and CDS rate of change) that are indications of equities most at risk are shown in Figure 2.

- The largest “mind the gap” concern for equity holders is US Steel where credit has widened by 46% and equity has only pulled back 8% over the past five days - Figure 3.

- Resources weigh heavily on the list, with Alcoa, Nabors, and AK Steel, all showing similar profiles to US Steel. Teck is high on the list, yet in this case, it is credit capitulating, as equity never priced-in a positive outlook.

- Some large cap financials like Bank of America and Goldman Sachs have actually seen equity rise while credit risk has increased.

- Mind the recent negative turn in credit, and mind the gaps.

Figure 1: 5-Year CDS Indices

<table>
<thead>
<tr>
<th>Name</th>
<th>H/L Last Day</th>
<th>CDS Reward (Rsk)</th>
<th>Trend Slope</th>
<th>Trend Length (Mo)</th>
<th>CDS Hi (Mo)</th>
<th>CDS Low (Mo)</th>
<th>1-day Chg(%)</th>
<th>5-day Chg(%)</th>
<th>3-mo Chg(%)</th>
<th>9-mo Chg(%)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50d MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA Hi Yld</td>
<td></td>
<td>2%</td>
<td></td>
<td>8</td>
<td>7.5</td>
<td></td>
<td>0.9%</td>
<td>10.3%</td>
<td>19%</td>
<td>16%</td>
<td>9%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>NA IG</td>
<td></td>
<td>-36%</td>
<td></td>
<td>12</td>
<td>1.5</td>
<td></td>
<td>3.8%</td>
<td>14.2%</td>
<td>13%</td>
<td>-10%</td>
<td>8%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Eur Main</td>
<td></td>
<td>-44%</td>
<td></td>
<td>11</td>
<td>1.5</td>
<td></td>
<td>3.3%</td>
<td>12.6%</td>
<td>6%</td>
<td>-19%</td>
<td>4%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Eur XOver</td>
<td></td>
<td>-57%</td>
<td></td>
<td>16</td>
<td>1.5</td>
<td></td>
<td>2.3%</td>
<td>15.0%</td>
<td>11%</td>
<td>-27%</td>
<td>5%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Eur Sr Fin</td>
<td></td>
<td>-65%</td>
<td></td>
<td>15</td>
<td>1.0</td>
<td></td>
<td>4.0%</td>
<td>11.5%</td>
<td>-1%</td>
<td>-35%</td>
<td>-2%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Eur Sub Fin</td>
<td></td>
<td>-66%</td>
<td></td>
<td>16</td>
<td>1.5</td>
<td></td>
<td>5.2%</td>
<td>14.4%</td>
<td>-4%</td>
<td>-39%</td>
<td>3%</td>
<td>Above Falling</td>
</tr>
</tbody>
</table>

North American High Yield Has Turned Negative

Investment Grade & European Financials Breaking Positive Trends

Figure 2: Largest Equity/CDS Divergences over Past 5 Days

Figure 3: US Steel Equity/CDS Overlay

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Relative Strength Filter

Junk Junked

- Most credit risk indices continue to trend lower, as does the basket of too interconnected to fail banks, which is why we refer to the credit market as benign in terms of its ability to spread risk indiscriminately. With yesterday’s selloff, our capitulation filters continued to fill up, yet we note that the two Canadian banks in our oversold RSI (below 30) filter are the two banks (BNS, TD) we believe should be for sale.

- One credit risk index is not trending lower, and that has been the case since July, the three-year bull market for North American High Yield is over.
  - The trend is not yet higher, but the momentum is negative – Figure 1.

- Junk bond ETFs are breaking uptrends, as well as 50d and 200d MAs. They are also currently oversold – Figure 2.

- Within our CDS monitor, we narrow in on the companies for which equity moves are most highly correlated to their credit default swaps. Two-thirds of the CDS over 100 bps are over-widened. Junk has been junked and is likely to rebound over the short term. If you own junk, we would advise selling into the rebound. We highlight the companies with rising CDS trends, priced over 100 bps in Figure 3. Don’t fight these trends.

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Relative Strength Filter

When Canadian Banks Break

- Canadian banks have broken their steep uptrend, and consolidation is due once again – Figure 1.
- The repercussions (noting that banks represent a hefty 20% of the Canadian equity market), in an environment that remains unfriendly to commodities, are well spelled out.
  - The S&P/TSX Composite breaks down, joining the Small and MidCap indices.
  - The Canadian equity market loses luster relative to global markets. Canada should be underweighted – Figure 2.
- If it is within your mandate, you can shift to U.S. banks, where four of the six U.S. majors are breaking above underperforming trends against the Canadian bank index – Figure 3.
- Where can you shift, within Canada?
  - You really can’t. So trim the weakest banks: Bank of Nova Scotia is the weakest link, and TD would be the next to trim – Figure 4.
  - Take those trimmings and shift to LifeCos, where SunLife is the best outperformer, and both Great West LifeCo and Power Corp are breaking above underperforming trends vs CDN Financials.

Figure 1: S&P/TSX Diversified Banks Index
The Steep Trend is Broken Again
Consolidation is Due Again

Figure 2: MSCI Canada vs MSCI World
Heed the Warning; Underweight Canada

Figure 2: US Banks vs the S&P/TSX Banks Index

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>NetCap (US$)</th>
<th>Chg Last Day</th>
<th>SPTSX SubInd</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C US</td>
<td>Citigroup Inc.</td>
<td>161,472</td>
<td></td>
<td></td>
<td>-23%</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>CMA US</td>
<td>Comence Inc</td>
<td>9,121</td>
<td></td>
<td>-22%</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPM US</td>
<td>JPMorgan Chase &amp; Co</td>
<td>231,898</td>
<td>+10%</td>
<td>-26%</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAC US</td>
<td>Bank of America Corp</td>
<td>180,662</td>
<td>+10%</td>
<td>-42%</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WFC US</td>
<td>Wells Fargo &amp; Co</td>
<td>272,140</td>
<td></td>
<td>-17%</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USB US</td>
<td>U.S. Bancorp</td>
<td>76,708</td>
<td></td>
<td>-24%</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3: Bank of Nova Scotia vs CDN Banks
Weak and Weakening

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Relative Strength Filter

Capitulation Filters

- **This link brings up a series of capitulation filters** we use when the market decides to shake things up, like the present. What is obvious when going through the list is how discriminate the market has been in pushing stocks into oversold territory. Most oversold stocks are the ones you don’t want to own, seeing as they are in weak groups, or are underperforming the market and sector. The market is turning that weak relative performance into weak absolute performance.

- After two or three relatively sharp down days in the market, Bollinger bands will have widened. Our oversold filter that captures stocks with wide bands, relative to their history, is a good starting point. We further **tuned the list** to narrow in on stocks still in price uptrends, which are also in outperforming trends against the market – Figure 1.
  - **JetBlue Airlines** (JBLU US) is at trade support, and major support is just $1 away – Figure 2.
  - **Interpublic Group** (IPG US) is nearing major support – Figure 3.

---

**Figure 1: Oversold Stocks With Wide Bollinger Bands in Consistent Price Uptrends, and in Outperforming Trends vs. Market**

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>H / L</th>
<th>Close 23-Sep</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>Flg</th>
<th>MktCap (US$)</th>
<th>Price Trend</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg wrt S&amp;P 500</th>
<th>Chg wrt 50 Day MA Trend</th>
<th>Bull Band</th>
<th>Bull Band Width</th>
<th>RSI Dvy</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMES US</td>
<td>Emerge Energy Services LP</td>
<td>Oil &amp; E&amp;P</td>
<td>110.99</td>
<td>-7.1%</td>
<td>-11.1%</td>
<td>V</td>
<td>2,632</td>
<td>394%</td>
<td>1.5</td>
<td>-7%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>170%</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVE CN</td>
<td>Tamarack Valley Energy Ltd</td>
<td>Oil &amp; E&amp;P</td>
<td>6.48</td>
<td>1.3%</td>
<td>-9.9%</td>
<td></td>
<td>354</td>
<td>73%</td>
<td>-4%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>114%</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WCF US</td>
<td>Whitecap Resources Inc</td>
<td>Oil &amp; E&amp;P</td>
<td>15.59</td>
<td>0.6%</td>
<td>-9.0%</td>
<td></td>
<td>3,645</td>
<td>54%</td>
<td>-5%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>136%</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JBLU US</td>
<td>JetBlue Airways Corp</td>
<td>Airline</td>
<td>10.77</td>
<td>-1.2%</td>
<td>-5.7%</td>
<td></td>
<td>3,142</td>
<td>67%</td>
<td>2.0</td>
<td>-7%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>162%</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPG US</td>
<td>Interpublic Group of Cos Inc</td>
<td>Advertising</td>
<td>18.15</td>
<td>-0.3%</td>
<td>-2.7%</td>
<td></td>
<td>7,648</td>
<td>22%</td>
<td>4.0</td>
<td>-7%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>119%</td>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TFI CN</td>
<td>TransForce Inc</td>
<td>Tracking</td>
<td>26.29</td>
<td>-0.3%</td>
<td>-2.2%</td>
<td></td>
<td>2,340</td>
<td>25%</td>
<td>2.0</td>
<td>-3%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>112%</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DLB US</td>
<td>Dolby Laboratories Inc</td>
<td>ElecComp</td>
<td>42.05</td>
<td>-0.9%</td>
<td>-2.8%</td>
<td></td>
<td>2,070</td>
<td>28%</td>
<td>3.5</td>
<td>-6%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>162%</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMH US</td>
<td>American Homes 4 Rent</td>
<td>REIT</td>
<td>16.30</td>
<td>-1.0%</td>
<td>-2.0%</td>
<td></td>
<td>3,247</td>
<td>15%</td>
<td>4.5</td>
<td>-5%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>107%</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSSI US</td>
<td>Ost Systems Inc</td>
<td>ElecComp</td>
<td>62.63</td>
<td>-0.5%</td>
<td>-4.0%</td>
<td>V</td>
<td>1,240</td>
<td>35%</td>
<td>3.5</td>
<td>-6%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>105%</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNV US</td>
<td>InvenSense Inc</td>
<td>ElecComp</td>
<td>21.22</td>
<td>1.0%</td>
<td>-0.3%</td>
<td></td>
<td>1,896</td>
<td>39%</td>
<td>12%</td>
<td>-12%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>119%</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RGC US</td>
<td>Regal Entertainment Group</td>
<td>MovieReit</td>
<td>19.62</td>
<td>-1.5%</td>
<td>-3.9%</td>
<td></td>
<td>2,590</td>
<td>14%</td>
<td>1.5</td>
<td>-4%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>103%</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD US</td>
<td>CBD</td>
<td>Specialty</td>
<td>44.83</td>
<td>-1.4%</td>
<td>-6.8%</td>
<td></td>
<td>7,417</td>
<td>17%</td>
<td>3.5</td>
<td>-6%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>116%</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WY US</td>
<td>Weyerhaeuser Co</td>
<td>Specialty</td>
<td>31.65</td>
<td>-0.7%</td>
<td>-4.4%</td>
<td></td>
<td>16,721</td>
<td>15%</td>
<td>1.5</td>
<td>-3%</td>
<td>Below Falling</td>
<td>OSOLD</td>
<td>105%</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WRR US</td>
<td>Western Refining Inc</td>
<td>Oil &amp; E&amp;P</td>
<td>41.75</td>
<td>-1.1%</td>
<td>-4.5%</td>
<td></td>
<td>4,220</td>
<td>20%</td>
<td>1.5</td>
<td>-5%</td>
<td>Below Rising</td>
<td>OSOLD</td>
<td>115%</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2: JetBlue Airlines (JBLU US)**

*Just $1 Risk to Bottom of Channel*

**Figure 3: Interpublic Group of Cos (IPG US)**

*At Bottom of Uptrend & Nearing Support*
Downshifting Expectations & the Upshifting Sector

- Resource-levered Aussie and CDN equity markets broke first, but yesterday there was a torrent of equity indices breaking uptrends, with slopes ranging from as skinny as 3% for MSCI Small Cap ex US, to the steep slope of 43% for the Bovespa – Figure 1.

- What are the pressure points for equity markets, and do they indicate a sharp correction or a downshifting of expectations, where index break downs meander into consolidation patterns? For the most part, we believe consolidation patterns are developing.
  - The credit front is currently stress free, which means a low risk of contagion.
  - The stress on the bond yield front is fading, with yields retreating back toward 50d MAs.
  - Yet there is no question that the commodity front is suffering and US inflation expectations are spiking lower. Commodity equity markets are at risk of corrections, which is what the currency market is already telling you.

- The sector benefiting from downshifting expectations is Health Care (see Universal Health Care Outperformance), which offers the best relative strength and momentum – Figures 2, 3.

Figure 1: Global Equity Indices Breaking Price Uptrends

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>1-Day Chg (%)</th>
<th>5-Day Chg (%)</th>
<th>Chg Last Day</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 Trend</th>
<th>%Chg wrt 200d MA</th>
<th>Chg wrt 200 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexican IPC</td>
<td>MEXBOL</td>
<td>-1.0%</td>
<td>-1.2%</td>
<td></td>
<td>35%</td>
<td>1.0</td>
<td>1%</td>
<td>Above Rising</td>
<td>7% Above Rising</td>
<td>4% Above Rising</td>
<td></td>
</tr>
<tr>
<td>S&amp;P/TSX</td>
<td>SPTS</td>
<td>-0.9%</td>
<td>-2.3%</td>
<td></td>
<td>20%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Rising</td>
<td>4% Below Rising</td>
<td>3% Below Rising</td>
<td></td>
</tr>
<tr>
<td>Hong Kong HSI</td>
<td>HSI</td>
<td>-1.4%</td>
<td>-1.6%</td>
<td></td>
<td>32%</td>
<td>2.0</td>
<td>-2%</td>
<td>Below Rising</td>
<td>3% Below Rising</td>
<td>8% Below Rising</td>
<td></td>
</tr>
<tr>
<td>Bovespa</td>
<td>IBOV</td>
<td>-1.7%</td>
<td>-2.0%</td>
<td></td>
<td>43%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Rising</td>
<td>8% Below Rising</td>
<td>3% Below Rising</td>
<td></td>
</tr>
<tr>
<td>MSCI EM</td>
<td>MXEF</td>
<td>-1.3%</td>
<td>-1.5%</td>
<td></td>
<td>22%</td>
<td>3.5</td>
<td>-3%</td>
<td>Below Falling</td>
<td>2% Below Rising</td>
<td>7% Below Rising</td>
<td></td>
</tr>
<tr>
<td>S&amp;P/TSX Sml</td>
<td>SPTXS</td>
<td>-2.8%</td>
<td>-5.3%</td>
<td></td>
<td>25%</td>
<td>7.5</td>
<td>-7%</td>
<td>Below Falling</td>
<td>3% Below Rising</td>
<td>2% Below Rising</td>
<td></td>
</tr>
<tr>
<td>Taiwan TWSE</td>
<td>TWSE</td>
<td>-1.1%</td>
<td>0.0%</td>
<td></td>
<td>17%</td>
<td></td>
<td>-2%</td>
<td>Below Falling</td>
<td>2% Below Rising</td>
<td>1% Below Rising</td>
<td></td>
</tr>
<tr>
<td>ASX</td>
<td>A551</td>
<td>-1.3%</td>
<td>-2.0%</td>
<td></td>
<td>6%</td>
<td>5.5</td>
<td>-4%</td>
<td>Below Falling</td>
<td>-1% Below Rising</td>
<td>1% Below Rising</td>
<td></td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>NDDUEAFE</td>
<td>-0.7%</td>
<td>-0.5%</td>
<td></td>
<td>9%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-1% Below Rising</td>
<td>1% Below Rising</td>
<td></td>
</tr>
<tr>
<td>MSCI Sml Cap</td>
<td>MXWOSC</td>
<td>-1.2%</td>
<td>-1.1%</td>
<td></td>
<td>8%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-1% Below Rising</td>
<td>-1% Below Rising</td>
<td></td>
</tr>
<tr>
<td>MXWG XUSA</td>
<td>MSDUXUS</td>
<td>-0.7%</td>
<td>-0.6%</td>
<td></td>
<td>7%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-1% Below Rising</td>
<td>-1% Below Rising</td>
<td></td>
</tr>
<tr>
<td>xUS SmCap</td>
<td>GCUDWXUS</td>
<td>-0.8%</td>
<td>-1.0%</td>
<td></td>
<td>3%</td>
<td>7.5</td>
<td>-3%</td>
<td>Below Falling</td>
<td>-2% Below Rising</td>
<td>-1% Below Rising</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Global Relative Strength Breadth Heat Map

Figure 3: Health Care Relative Strength Z-Score

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
Focal Points

Investment & Trading Ideas

Tighten Up

- In May and June, markets started a new dance called the Tighten Up.
  - 1st tighten up on the long end of the U.S. treasury curve – Figure 1.
  - 2nd tighten up the Chinese interbank lending curve – Figure 2.
  - 3rd tighten up on the short end of the U.S. treasury curve – Figure 3.

Sock it to me now

Tighten it up

Archie Bell & The Drells

- A tipping point has been reached. The central bankers’ bank (BIS) now deems that (1) there has been enough stimulus provided to the global economy, (2) more cannot be done without compounding risks that central banks have already created, and (3) easing has led to the delay of structural reforms (BIS Annual Report June 23, 2013).

- After a period of unprecedented central bank easing, and ultra low interest rate volatility, markets are adjusting to now rather rapid tightening and escalating volatility.
  - The known unknown is that when interest rates move from low and highly certain, to high and highly uncertain, that carry trades blow up. This was Long-Term Capital Management, this was Carlyle Capital Corporation, and this is the known unknown that markets are routing out now.

- Our goal over the next few pages is to detail these stresses, which we believe are still at very early stages. We expect global equity weakness to persist over the near term.

Figure 1: U.S., German, and Japanese 10-Year Bond Yields (Top) and Implied Volatility (Bottom)

Figure 2: Chinese Interbank Lending Rates

Figure 3: Odds of a ‘14 Fed Rate Hike From Fed Funds Futures

Source: BMO Capital Markets, Bloomberg, Thomson, Markit
FOMC: Early Withdrawal? Really?

- There has been a change in the calculus of the FED this year. In BIS terms, “Delivering further extraordinary monetary stimulus is becoming increasingly perilous”.
  - U.S. inflation expectations just started to ease leading into the FOMC minutes release in February.
  - On February 20 we learned that the FED was concerned about its open ended QE policy.
    - This was also the start of the market’s fascination with the term “tapering” which has been written about 150 times per day, on average, in the month of June (“NT Tapering” on Bloomberg).
  - Inflation expectations really started falling after Cypriot debt resolution uncertainty came to bear on March 18.
    - One month later, inflation expectations were breaking down globally.
  - While inflation expectations were falling, asset price inflation was picking up. This is obviously not the inflation that the fed targets, but it was the destination that the market was targeting for QE related flows.
  - Would outgoing Bernanke go down as the FED who stoked asset price inflation? – Figure 4.
    - On May 22 Bernanke and the FOMC told the market that QE could be stepped down as early as June.
    - On June 19 Bernanke delivered the withdrawal schedule verbally.
    - Asset price inflation is no longer a problem.
- Asset price deflation in our clients’ portfolios is our key interest now.

Figure 4: US Inflation Expectations (10-Year Breakeven Rate) Top; FTSE Global REIT Index (TENHGU) Bottom
PBOC: Money Not in the Right Places

- While it may seem to be a stretch to jump from looking at inflation expectations at the long end of the U.S. curve, to the stresses at the ultra short end of the Chinese credit curve, it is not.
  - The combination of low U.S. interest rates, and interest rate volatility encouraged flows into emerging markets with higher-yielding assets.
  - The FOMC, whose policy underpins the world’s largest and most liquid bond market becomes the central banker to the world via the carry trade.
    - $3.9 trillion had flowed into emerging markets over the past four years.
- It is a mistake to apply market western policy thinking to policy action of the new People's Republic of China government, and the PBOC.
  - Rather than releasing stimulus in response to weak economic figures, which was the point where the Chinese sovereign CDS broke to the upside (Figure 5), China has done the opposite, has withheld stimulus, and has allowed banking stress to build – Figure 2.
  - China is getting its plumbing in order by reigning in the shadow banking system, which it needs to get under control such that it can have a handle on its financial system. During this plumbing exercise,
    - Chinese bank CDS levels are soaring – Figure 6.
    - Chinese Real Estate CDS levels are soaring – Figure 7.
- We are sure that the Minsky Moment for many shadowy players in the Chinese financial system is upon them now, but to call this the Lehman moment for China as a whole is premature. Possible, but premature – Figure 8.
  - China has breathing room to tighten up, and so it is.
  - Global growth oriented resource countries such as Canada should continue to be underweighted.

Figure 5: Chinese Sovereign CDS

Figure 6: Chinese Bank 5Yr CDS

Figure 7: Chinese Real Estate CDS

Figure 8: Chinese Sovereign CDS Levels and Curve
BIS: Borrowed Time

- The tone of the BIS annual report released Sunday shows central banking thinking turning from carrot to stick:

  What central bank accommodation has done during the recovery is to borrow time...But the time has not been well used

- The short end of the U.S. curve is tightening up.
  - The FED's assessment, disclosed last Wednesday, was to bring the time of a rate hike forward by two months.
  - Fed funds futures on Friday signaled a greater than 50% probability of a FED rate hike next year – Figure 3.

- Nowhere does time seem to be more borrowed than in the European periphery where bonds received a massive ECB (Draghi) induced grace period. It seems that European policy makers could use the stick to un-jam the process that calm has created.
  - The stick is coming:
    - The Spanish sovereign CDS, like many others, has broken to the upside – Figure 9.
    - A peripheral European banks CDS basket is basing and should soon mint a higher high– Figure 10.
    - Italian-German and Spanish-German stress and spreads are just now starting to turn up again – Figure 11.
    - The Italian bank UniCredit remains the SIFI with the most inverted curve – Figures 12, 13.

Figure 9: Spanish Sovereign CDS

Figure 10: Average Peripheral Bank CDS

Figure 11: Italian and Spanish Spreads off of German Bunds

Figure 12: UniCredit SpA 5Yr CDS
SIFI: Stresses Rising

- The cost to protect systemically important financial institutions (SIFI) is rising – Figure 13.
  - Where the trends were showing improvement in creditworthiness (green wedges), the trends have broken (red arrows).
  - Our systems’ best fit for most European SIFI CDS trends is towards widening (red wedges).
- Debt protection costs at the short end of the curve (1yr) debt is rising faster than the long end of the curve (5yr).
  - Our SIFI CDS trend list below is sorted by this ratio (CDS Curve 1/5Yr).
  - No curve is even close to being over 100% (LEH-like), but it is interesting (and unflattering) to see Asia-centric HSBC line up close to UniCredit (top two lines in Figure 13).

### Figure 13: CDS Trends on Too-Interconnected to Fail Banks

<table>
<thead>
<tr>
<th>Name</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>Trend Slope</th>
<th>CDS Hi (Mo)</th>
<th>CDS Low (Mo)</th>
<th>CDS Curve 1/5Yr</th>
<th>CDS %Chg wrt 50 DMA</th>
<th>Chg wrt 50 Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>UniCredit SpA</td>
<td>-4.1%</td>
<td>-7.2%</td>
<td>27,666</td>
<td>↑</td>
<td>-13%</td>
<td>2.5</td>
<td>0.58</td>
<td>22% Above Rising</td>
<td>9% Above Rising</td>
<td></td>
</tr>
<tr>
<td>HSBC Holdings PLC</td>
<td>-0.1%</td>
<td>-3.6%</td>
<td>191,403</td>
<td>↑</td>
<td>-30%</td>
<td>7.5</td>
<td>0.51</td>
<td>32% Above Rising</td>
<td>9% Above Rising</td>
<td></td>
</tr>
<tr>
<td>ING Groep NV</td>
<td>-2.1%</td>
<td>-3.1%</td>
<td>33,509</td>
<td>↑</td>
<td>-45%</td>
<td>2.0</td>
<td>0.49</td>
<td>9% Above Failing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Santander SA</td>
<td>-1.2%</td>
<td>-6.9%</td>
<td>69,239</td>
<td>↑</td>
<td>-42%</td>
<td>2.5</td>
<td>0.47</td>
<td>24% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>-1.0%</td>
<td>-3.6%</td>
<td>48,825</td>
<td>↑</td>
<td>-60%</td>
<td>5.5</td>
<td>0.46</td>
<td>35% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royal Bank of Scotland Group Plc</td>
<td>-5.1%</td>
<td>-10.3%</td>
<td>27,112</td>
<td>↑</td>
<td>-10%</td>
<td>9.5</td>
<td>0.46</td>
<td>43% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barclays PLC</td>
<td>-0.8%</td>
<td>-5.3%</td>
<td>56,350</td>
<td>↑</td>
<td>8%</td>
<td>7.0</td>
<td>0.44</td>
<td>22% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goldman Sachs Group Inc</td>
<td>-0.7%</td>
<td>-5.3%</td>
<td>70,724</td>
<td>↑</td>
<td>-49%</td>
<td>6.5</td>
<td>0.42</td>
<td>39% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Suisse Group</td>
<td>-1.2%</td>
<td>-5.3%</td>
<td>42,253</td>
<td>↑</td>
<td>50%</td>
<td>7.0</td>
<td>0.38</td>
<td>20% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of America Corp</td>
<td>-1.6%</td>
<td>-2.9%</td>
<td>136,803</td>
<td>↑</td>
<td>-47%</td>
<td>6.5</td>
<td>0.36</td>
<td>28% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerzbank AG</td>
<td>-2.3%</td>
<td>-1.8%</td>
<td>10,873</td>
<td>↑</td>
<td>35%</td>
<td>3.0</td>
<td>0.36</td>
<td>14% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Agricole SA</td>
<td>-2.3%</td>
<td>-6.0%</td>
<td>21,255</td>
<td>↑</td>
<td>6%</td>
<td>2.0</td>
<td>0.35</td>
<td>15% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UBS AG</td>
<td>-1.5%</td>
<td>-4.7%</td>
<td>64,921</td>
<td>↑</td>
<td>11%</td>
<td>6.5</td>
<td>0.35</td>
<td>23% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deutsche Bank AG</td>
<td>0.6%</td>
<td>-4.2%</td>
<td>44,674</td>
<td>↑</td>
<td>27%</td>
<td>2.5</td>
<td>0.35</td>
<td>19% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BNP Paribas</td>
<td>-2.6%</td>
<td>-5.9%</td>
<td>66,362</td>
<td>↑</td>
<td>-26%</td>
<td>2.5</td>
<td>0.35</td>
<td>18% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co</td>
<td>-1.0%</td>
<td>-2.2%</td>
<td>196,392</td>
<td>↑</td>
<td>-2%</td>
<td>6.5</td>
<td>0.34</td>
<td>18% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citigroup Inc</td>
<td>-2.2%</td>
<td>-4.8%</td>
<td>142,620</td>
<td>↑</td>
<td>-55%</td>
<td>5.5</td>
<td>0.33</td>
<td>31% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Societe Generale</td>
<td>-2.1%</td>
<td>-5.6%</td>
<td>27,619</td>
<td>↑</td>
<td>-16%</td>
<td>2.0</td>
<td>0.32</td>
<td>13% Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wells Fargo &amp; Co</td>
<td>2.2%</td>
<td>2.8%</td>
<td>216,940</td>
<td>↑</td>
<td>-29%</td>
<td>0.29</td>
<td>12%</td>
<td>20% Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
US Equities: Last Dot Finally Connected, Picture Now Emerging

- The stress in the banking system is just starting to be felt in the U.S. equity market – Figure 14.
  - The breakout in the cost to protect the US Banks against default last Thursday coincided with the breakdown in the S&P 500.
- The U.S. 2-year swap spread, a gauge of counterparty risk, has just started to get in the game – Figure 15.
  - It is still incredibly low – Figure 16, but will move higher with continued stress in the banking system.
  - When stresses are high enough, one can watch this counterparty risk move with S&P futures tick for tick.
  - We have not seen this yet, but are expecting it. When we see it, we will be closer to an equity bottom.
- The known unknown is that when interest rates move from low and highly certain to high and highly uncertain that carry trades blow up.
  - This is the precursor to LTCM, to CCC, and to the known unknown of 2013.
  - When this unknown is known, we believe equities will be lining up for a bottom.
IMPORTANT DISCLOSURES

Analyst's Certification
I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA (exception: Alex Arfaei). These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Distribution of Ratings (September 30, 2014)

<table>
<thead>
<tr>
<th>Rating Category</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>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>44.3%</td>
<td>18.0%</td>
<td>60.3%</td>
<td>43.9%</td>
<td>56.5%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.5%</td>
<td>9.7%</td>
<td>38.5%</td>
<td>51.6%</td>
<td>42.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.2%</td>
<td>5.3%</td>
<td>1.3%</td>
<td>4.5%</td>
<td>1.4%</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).

Prior BMO Capital Markets Rating System (January 4, 2010 – April 4, 2013)

Other Important Disclosures
For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research
BMO Capital Markets Equity Research is available via our website https://research-ca.bmocapitalmarkets.com/Public/Secure/Login.aspx?ReturnUrl=/Member/Home/ResearchHome.aspx. Institutional clients may also receive our research via Thomson Reuters, Bloomberg, FactSet, and Capital IQ. Research reports and other commentary are required to be simultaneously disseminated internally and externally to our clients.
General Disclaimer

“BMO Capital Markets” is a trade name used by the BMO Investment Banking Group, which includes the wholesale arm of Bank of Montreal and its subsidiaries BMO Nesbitt Burns Inc., BMO Capital Markets Limited in the U.K. and BMO Capital Markets Corp. in the U.S. BMO Nesbitt Burns Inc., BMO Capital Markets Limited and BMO Capital Markets Corp are affiliates. Bank of Montreal or its subsidiaries (“BMO Financial Group”) has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Andrew Breichmanas, Iain Reid, Tony Robson, David Round, Edward Sterek or Brendan Warn: This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom. FCA regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore BMO Capital Markets Limited will disclose its and its affiliates’ ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as “relevant persons”). The contents hereof are not intended for the use of and may not be issued or passed on to, retail clients.

Unauthorized reproduction, distribution, transmission or publication without the prior written consent of BMO Capital Markets is strictly prohibited.

Click here for data vendor disclosures when referenced within a BMO Capital Markets research document.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., Member FDIC. Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A, BMO Ireland Plc. and Bank of Montreal (China) Co. Ltd. and the institutional broker dealer businesses of BMO Capital Markets Corp. (Member SIPC), and BMO Capital Markets GKST Inc. (Member SIPC) in the U.S., BMO Nesbitt Burns Inc. (Member Canadian Investor Protection Fund) in Canada, Europe and Asia, BMO Capital Markets Limited in Europe and Australia and BMO Advisors Private Limited in India.

“Nesbitt Burns” is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. “BMO Capital Markets” is a trademark of Bank of Montreal, used under license. “BMO (M-Bar roundel symbol)” is a registered trademark of Bank of Montreal, used under license

Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2014 BMO CAPITAL MARKETS CORP.

A member of BMO Financial Group