Quantitative/Technical Package

Market Elements

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1, 2017</td>
<td>Market Elements</td>
<td>2</td>
</tr>
</tbody>
</table>

Trends & Inflection Points

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 4, 2017</td>
<td>NEW Slope Matters - Gold</td>
<td>9</td>
</tr>
<tr>
<td>December 1, 2017</td>
<td>The Fourth C: Currency</td>
<td>10</td>
</tr>
<tr>
<td>November 30, 2017</td>
<td>The Collected Part of Calm, Cool, &amp; Collected</td>
<td>11</td>
</tr>
<tr>
<td>November 29, 2017</td>
<td>The Calm Part of Calm, Cool, &amp; Collected</td>
<td>12</td>
</tr>
<tr>
<td>November 28, 2017</td>
<td>The Cool Part of Calm, Cool, &amp; Collected</td>
<td>13</td>
</tr>
<tr>
<td>November 27, 2017</td>
<td>Sector Review – Signal vs. Noise</td>
<td>14</td>
</tr>
<tr>
<td>November 24, 2017</td>
<td>Must Be a Canadian Writing This</td>
<td>15</td>
</tr>
<tr>
<td>November 23, 2017</td>
<td>Credit Turkeys</td>
<td>16</td>
</tr>
<tr>
<td>November 22, 2017</td>
<td>Come, Follow Me</td>
<td>17</td>
</tr>
<tr>
<td>November 21, 2017</td>
<td>Calm, Cool, and Collected</td>
<td>18</td>
</tr>
<tr>
<td>November 20, 2017</td>
<td>Dōmo Arigato, Mr. Roboto</td>
<td>19</td>
</tr>
<tr>
<td>November 17, 2017</td>
<td>Some Things in Life Are Bad</td>
<td>20</td>
</tr>
<tr>
<td>November 16, 2017</td>
<td>Always Look on the Bright Side</td>
<td>21</td>
</tr>
<tr>
<td>November 15, 2017</td>
<td>‘Bout That Base, Some Trouble</td>
<td>22</td>
</tr>
<tr>
<td>November 14, 2017</td>
<td>Financial Cracks in EAFE and EM</td>
<td>23</td>
</tr>
<tr>
<td>November 13, 2017</td>
<td>Icarus</td>
<td>24</td>
</tr>
<tr>
<td>November 9, 2017</td>
<td>Severed Trends in High Yield as US Short Rates Tighten</td>
<td>26</td>
</tr>
<tr>
<td>November 8, 2017</td>
<td>Timing the Contrarian Trade</td>
<td>27</td>
</tr>
<tr>
<td>November 7, 2017</td>
<td>Dollar Daze, High Yield Fun &amp; Foley, Growth Trumps</td>
<td>28</td>
</tr>
<tr>
<td>November 6, 2017</td>
<td>Staples Bordering on Ugly</td>
<td>29</td>
</tr>
<tr>
<td>November 3, 2017</td>
<td>Long &amp; Short Screens</td>
<td>30</td>
</tr>
<tr>
<td>November 2, 2017</td>
<td>European Strength</td>
<td>31</td>
</tr>
<tr>
<td>November 1, 2017</td>
<td>Canadian Energy</td>
<td>32</td>
</tr>
<tr>
<td>October 31, 2017</td>
<td>Inside Materials</td>
<td>33</td>
</tr>
<tr>
<td>October 30, 2017</td>
<td>Some Positive Reversals in Energy</td>
<td>34</td>
</tr>
</tbody>
</table>

Focal Points

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 7, 2017</td>
<td>Quiet</td>
<td>35</td>
</tr>
<tr>
<td>April 23, 2017</td>
<td>Tut-Tut, it Looks Like Rein</td>
<td>36</td>
</tr>
<tr>
<td>April 16, 2017</td>
<td>The Wisdom of Sweet Brown</td>
<td>37</td>
</tr>
<tr>
<td>March 19, 2017</td>
<td>Treasury Bear? You Have Been Soft Served</td>
<td>38</td>
</tr>
</tbody>
</table>

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 39 to 41.
Market Elements

- Stocks sank just after 11am, on news that Flynn will testify against President Trump: European bourses had already fallen more than 1%, rebounded, then were hit by the bombshell; US SMID and the NASDAQ technology fared worst, sporting intraday losses of as much as 3%, before retracing most losses after the 11:30 spike low; the VIX reached a 3.5m high; global energy rose, defensives were flat, IT led others lower.

- The US 2y yield rose 5bps to breach 1.8% for the first time since 2008 before US yield curves narrowed to/near new lows.

- The BBG US dollar index neared a 2m low as it followed US yields lower on Flynn/Trump news; the loonie surged 1.6% (best in 1.5y). The BBG commodity index rebounded from a 2m low to breach 1.8% for the first time since 2008 before retracing some losses; US corporate credit risk rose; US inflation expectations retreated; US yield curves narrowed to/near new lows.

- Commodities rose across the board; the BBG commodity index rebounded from a 2m low to breach 1.8% for the first time since 2008 before retracing some losses; US corporate credit risk rose; US inflation expectations retreated; US yield curves narrowed to/near new lows.

- The BBG US dollar index neared a 2m low as it followed US yields lower on Flynn/Trump news; the loonie surged 1.6% (best in 1.5y) as CDN yields diverged from the US; European crosses ended mixed to higher; the yen pivoted back to a gain.

- Commodities rose across the board; the BBG commodity index rebounded from a 2m low after 6d of losses, iron ore surged another 5%, to lead most base metals and bulks at least 1% higher; gold and precious metals closed mixed, after pairing gains on the Flynn/Trump news; Bitcoin futures will start trading Dec. 18.

Levels®

<table>
<thead>
<tr>
<th>Currency</th>
<th>Symbol</th>
<th>H/L</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>CAD</td>
<td>0.7610</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>NZD</td>
<td>0.6882</td>
<td>0.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRL</td>
<td>0.3074</td>
<td>0.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MXN</td>
<td>0.5371</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPY</td>
<td>0.0729</td>
<td>-0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRW</td>
<td>0.9231</td>
<td>0.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHN</td>
<td>0.1516</td>
<td>0.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Commodities

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Symbol</th>
<th>H/L</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME Zn 3m</td>
<td>Lumber</td>
<td>0.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LME Ni 3m</td>
<td>Corn</td>
<td>0.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Government 10-Yr Benchmark

<table>
<thead>
<tr>
<th>Government 10-Yr Benchmark</th>
<th>Symbol</th>
<th>H/L</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>2.36</td>
<td>-0.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Equity Indices & Sentiment

<table>
<thead>
<tr>
<th>Equity Indices</th>
<th>Symbol</th>
<th>H/L</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>2,072</td>
<td>-0.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Moves

<table>
<thead>
<tr>
<th>Currencies (spot)</th>
<th>Symbol</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>0.7610</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>NZD</td>
<td>0.6882</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>BRL</td>
<td>0.3074</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>MXN</td>
<td>0.5371</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>JPY</td>
<td>0.0729</td>
<td>-0.1%</td>
<td></td>
</tr>
<tr>
<td>KRW</td>
<td>0.9231</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>CHN</td>
<td>0.1516</td>
<td>0.2%</td>
<td></td>
</tr>
</tbody>
</table>

Sectors

<table>
<thead>
<tr>
<th>MSCI World</th>
<th>Symbol</th>
<th>Level</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Energy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hth Care</td>
<td>Hth Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cons Disc</td>
<td>Cons Disc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>Materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>Industrials</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Symbol H/L Level %Chg

1/16:31 ET | 16:31 ET
Daily Charts
3-Month View with 26-Day Bollinger Bands and 150-, 200- and 50-Day Moving Averages

Currencies
- Bloomberg Dollar Spot Index
  - October 17 to December

Commodities
- Gold (Spot)
  - October 17 to December
- Crude Oil (Brent)
  - October 17 to December
- Crude Oil (WTI)
  - October 17 to December
- Natural Gas (NMX)
  - October 17 to December
- Copper (CMX)
  - October 17 to December
- Nickel (LME 3Mo)
  - October 17 to December

Bonds
- U.S. 2-Yr Bond
  - October 17 to December
- U.S. 10-Yr Breakeven
  - October 17 to December
- Canadian 10-Yr Bond
  - October 17 to December
- German 10-Yr Bond
  - October 17 to December
- Italian 10-Yr Bond
  - October 17 to December

Equities
- MSCI World Index
  - October 17 to December
- S&P 500
  - October 17 to December
- S&P/TSX Composite
  - October 17 to December
- VIX
  - October 17 to December
- CDX North American Inv. Grade Index
  - October 17 to December
- Ave. Prime Broker Syf CDS
  - October 17 to December

Market Elements | Page 2
Daily Sector Charts (U.S., Canadian, European)
3-Month View with 26-Day Bollinger Bands and 150-, 200- and 50-Day Moving Averages
### Market Movers – Largest Daily Percentage Moves

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tullow Oil</td>
<td>TWL LN</td>
<td>3.2%</td>
</tr>
<tr>
<td>Inpec Corp</td>
<td>1605 JP</td>
<td>2.8%</td>
</tr>
<tr>
<td>JXTG Holdings Inc</td>
<td>5020 JP</td>
<td>2.8%</td>
</tr>
<tr>
<td>Snam SpA</td>
<td>SRG IM</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Empresas COPEC</td>
<td>COPEC CI</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Chana Petroleum &amp; Chemical</td>
<td>388 HK</td>
<td>-1.3%</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Paint Holdings Co Ltd</td>
<td>6513 JP</td>
<td>5.3%</td>
</tr>
<tr>
<td>Formosa-Chemicals &amp; Fibre</td>
<td>5326 TT</td>
<td>3.6%</td>
</tr>
<tr>
<td>Shin-Etsu Chemical</td>
<td>4065 JP</td>
<td>2.8%</td>
</tr>
<tr>
<td>ThyssenKrupp</td>
<td>TKA GR</td>
<td>-2.6%</td>
</tr>
<tr>
<td>LANESS AG</td>
<td>LKS GR</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Smurfit Kappa Group</td>
<td>SIG ID</td>
<td>-2.6%</td>
</tr>
<tr>
<td><strong>Industrials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Komatsu Ltd</td>
<td>6301 JP</td>
<td>5.7%</td>
</tr>
<tr>
<td>CSR SA</td>
<td>CCOR3 BZ</td>
<td>3.9%</td>
</tr>
<tr>
<td>SMC</td>
<td>6272 JP</td>
<td>3.5%</td>
</tr>
<tr>
<td>Sands A</td>
<td>SKAB SS</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Vestas Wind Systems</td>
<td>VWS DC</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Travis Perkins</td>
<td>TPK LN</td>
<td>-4.0%</td>
</tr>
<tr>
<td><strong>Cons Disc</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily Mail &amp; General Trust</td>
<td>DMGT LN</td>
<td>5.3%</td>
</tr>
<tr>
<td>Galaxy Entertainment Group</td>
<td>27 HK</td>
<td>2.2%</td>
</tr>
<tr>
<td>Suzuki Motors</td>
<td>7269 JP</td>
<td>2.2%</td>
</tr>
<tr>
<td>Proseg SA</td>
<td>SIG FP</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Valeo SA</td>
<td>FR FP</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Sumitomo Electric Industries</td>
<td>5982 JP</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Cans Disc</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribuidora Internacional de FEMSA</td>
<td>FEMSAU/MID MM</td>
<td>2.4%</td>
</tr>
<tr>
<td>Cencosud SA</td>
<td>CENCOSUD CI</td>
<td>2.1%</td>
</tr>
<tr>
<td>Ricliit Boforner Group</td>
<td>KR LN</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Yuklul Hongsha</td>
<td>2267 JP</td>
<td>-2.9%</td>
</tr>
<tr>
<td><strong>Health Care</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eisa Co Ltd</td>
<td>4525 JP</td>
<td>2.0%</td>
</tr>
<tr>
<td>UCB SA</td>
<td>UCB BB</td>
<td>1.6%</td>
</tr>
<tr>
<td>CSL Ltd</td>
<td>CNG B</td>
<td>1.6%</td>
</tr>
<tr>
<td>Koninklijke Philips</td>
<td>PHA NA</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Gilead SA</td>
<td>GPH SM</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Sanoft</td>
<td>SAN FP</td>
<td>-2.3%</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cathay Financial Holding</td>
<td>2282 TT</td>
<td>5.0%</td>
</tr>
<tr>
<td>Faber Financial Holding</td>
<td>2285 TT</td>
<td>3.8%</td>
</tr>
<tr>
<td>Tokio Marine</td>
<td>8766 JP</td>
<td>3.3%</td>
</tr>
<tr>
<td>Shinhan Financial Group</td>
<td>055550 KS</td>
<td>-2.7%</td>
</tr>
<tr>
<td>CaixaBank SA</td>
<td>CAXE SM</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Svenska Handelsbanken</td>
<td>SHBA SS</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAVER Corp</td>
<td>035420 KS</td>
<td>3.9%</td>
</tr>
<tr>
<td>Omron Corp</td>
<td>6645 JP</td>
<td>3.3%</td>
</tr>
<tr>
<td>Taiwan Semiconductor</td>
<td>2303 TT</td>
<td>2.2%</td>
</tr>
<tr>
<td>Tencent Holdings</td>
<td>700 HK</td>
<td>-3.3%</td>
</tr>
<tr>
<td>MediaTek Inc</td>
<td>2454 TT</td>
<td>-3.4%</td>
</tr>
<tr>
<td>STMMicroelectronics</td>
<td>STM IM</td>
<td>-3.6%</td>
</tr>
<tr>
<td><strong>Telecom</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDC</td>
<td>TDC DC</td>
<td>0.7%</td>
</tr>
<tr>
<td>Chungwha Telecom</td>
<td>2412 TT</td>
<td>0.5%</td>
</tr>
<tr>
<td>Singapore Telecoms</td>
<td>ST SP</td>
<td>0.3%</td>
</tr>
<tr>
<td>Telege ABB</td>
<td>TEB A/B</td>
<td>-3.3%</td>
</tr>
<tr>
<td>BT Group PLC</td>
<td>BT/A LN</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Nippon Telegraph &amp; Telephone</td>
<td>9432 JP</td>
<td>-2.0%</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cia Energetica de Minas Gerais</td>
<td>CIG GS</td>
<td>2.5%</td>
</tr>
<tr>
<td>Enel Americas SA</td>
<td>ENA US</td>
<td>2.3%</td>
</tr>
<tr>
<td>Empresas-Nacional-de-Electricidad</td>
<td>8045 RS</td>
<td>2.0%</td>
</tr>
<tr>
<td>Italgas SpA</td>
<td>IG IM</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Seveln Trent</td>
<td>5VT LN</td>
<td>-2.5%</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CK Asset Holdings Ltd</td>
<td>1113 HK</td>
<td>0.8%</td>
</tr>
<tr>
<td>Westfield Corp</td>
<td>WFD AU</td>
<td>0.8%</td>
</tr>
<tr>
<td>Dawas House-Industry</td>
<td>1929 JP</td>
<td>0.6%</td>
</tr>
<tr>
<td>Deutsche Wohnen</td>
<td>DWO GV</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Segro PLC</td>
<td>SGR LN</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Land Securities Group</td>
<td>LAND LN</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

**S&P Global 1200 ex U.S. & CDA**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apache Corp</td>
<td>APA</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Baker Hughes a GE Co</td>
<td>BHGE</td>
<td>3.3%</td>
</tr>
<tr>
<td>Newfield Exploration</td>
<td>NFX</td>
<td>3.1%</td>
</tr>
<tr>
<td>Cabot Oil &amp; Gas</td>
<td>COG</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Andeavor</td>
<td>AND</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Valero Energy</td>
<td>VLO</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>

**S&P 500**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kael Energy</td>
<td>KEL</td>
<td>5.3%</td>
</tr>
<tr>
<td>TORC Oil &amp; Gas</td>
<td>TOG</td>
<td>5.2%</td>
</tr>
<tr>
<td>Cenino Energy</td>
<td>CVE</td>
<td>4.6%</td>
</tr>
<tr>
<td>Mullen Group</td>
<td>MTL</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Keyera Corp</td>
<td>KEE</td>
<td>-2.7%</td>
</tr>
<tr>
<td>National Energy Ltd</td>
<td>NEE</td>
<td>-6.1%</td>
</tr>
</tbody>
</table>

**S&P/TSX Composite**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labrador Iron Ore Royalty</td>
<td>LIF</td>
<td>1.9%</td>
</tr>
<tr>
<td>Newsen Resources</td>
<td>NSU</td>
<td>1.4%</td>
</tr>
<tr>
<td>First Quantum Minerals</td>
<td>FMI</td>
<td>1.2%</td>
</tr>
<tr>
<td>Keyera Corp</td>
<td>KEE</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Mannesmann</td>
<td>MAI</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Ritchie Bros Auctioneers</td>
<td>RBA</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

**Cons Disc Daily Mail & General Trust**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter Communications</td>
<td>CHTR</td>
<td>3.1%</td>
</tr>
<tr>
<td>Empire Co Ltd</td>
<td>EMP/A</td>
<td>3.2%</td>
</tr>
<tr>
<td>Empire Co Ltd</td>
<td>EME</td>
<td>3.2%</td>
</tr>
<tr>
<td>Empire Co Ltd</td>
<td>ESP/A</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Empire Co Ltd</td>
<td>EMI</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Empire Co Ltd</td>
<td>ENS/A</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

**Cans Disc Distribuidora Internacional de**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archer-Daniels-Midland</td>
<td>ADM</td>
<td>2.4%</td>
</tr>
<tr>
<td>Regeneron Pharmaceuticals</td>
<td>REGN</td>
<td>3.2%</td>
</tr>
<tr>
<td>Brown-Forman</td>
<td>BF/B</td>
<td>1.5%</td>
</tr>
<tr>
<td>Cie des Aliments du Monde</td>
<td>CPK</td>
<td>1.5%</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>AZN</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Unilever</td>
<td>ULTRA</td>
<td>-1.9%</td>
</tr>
<tr>
<td>CVS Health</td>
<td>CVS</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

**Health Care**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mylan</td>
<td>MYL</td>
<td>4.4%</td>
</tr>
<tr>
<td>Valiant Pharmaceuticals</td>
<td>VRX</td>
<td>0.9%</td>
</tr>
<tr>
<td>Chartwell Retirement Residence</td>
<td>CHU-U</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Extendicare</td>
<td>ERE</td>
<td>-0.3%</td>
</tr>
<tr>
<td>HealthCare Partners</td>
<td>HCP</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Premia Partners</td>
<td>PPM</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Canfor Corp</td>
<td>CCF</td>
<td>-1.4%</td>
</tr>
</tbody>
</table>

**Financials**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navient Corp</td>
<td>NAV</td>
<td>3.2%</td>
</tr>
<tr>
<td>ETRADE Financial</td>
<td>ETR</td>
<td>1.6%</td>
</tr>
<tr>
<td>Charles Schwab Corp</td>
<td>SCHW</td>
<td>1.5%</td>
</tr>
<tr>
<td>Intact Financial</td>
<td>IFC</td>
<td>-1.2%</td>
</tr>
<tr>
<td>First Quantum Capital</td>
<td>EQN</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Fairfax Financial Holdings</td>
<td>FFX</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>

**Technology**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hewlett Packard</td>
<td>HPQ</td>
<td>3.5%</td>
</tr>
<tr>
<td>Computer Modelling Group</td>
<td>CGN</td>
<td>1.2%</td>
</tr>
<tr>
<td>Constellation Software</td>
<td>CLQ</td>
<td>0.6%</td>
</tr>
<tr>
<td>Enphase Energy</td>
<td>ENPH</td>
<td>-1.6%</td>
</tr>
<tr>
<td>First Solar</td>
<td>FSF</td>
<td>-1.7%</td>
</tr>
<tr>
<td>SolarCity Corp</td>
<td>SCL</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>

**Telecom**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verizon Communications</td>
<td>VZ</td>
<td>0.7%</td>
</tr>
<tr>
<td>TELUS Corp</td>
<td>TEL</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rogers Communications</td>
<td>RCI/B</td>
<td>-1.0%</td>
</tr>
</tbody>
</table>

**Utilities**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energa Inc</td>
<td>ENA</td>
<td>2.5%</td>
</tr>
<tr>
<td>Energyx Group</td>
<td>ENX</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Alaska Independent Power</td>
<td>AIP</td>
<td>-0.8%</td>
</tr>
<tr>
<td>FirstServiceCorp</td>
<td>FSF</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Colliers Int'l</td>
<td>CGI</td>
<td>-2.5%</td>
</tr>
</tbody>
</table>

**Real Estate**

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Realty Trust</td>
<td>DLR</td>
<td>1.8%</td>
</tr>
<tr>
<td>Boardwalk REIT</td>
<td>BBL</td>
<td>3.1%</td>
</tr>
<tr>
<td>Boston Properties</td>
<td>BXP</td>
<td>1.4%</td>
</tr>
<tr>
<td>Allied Properties REIT</td>
<td>APU</td>
<td>0.8%</td>
</tr>
<tr>
<td>Arts REIT</td>
<td>ARS</td>
<td>0.8%</td>
</tr>
<tr>
<td>Atrium Group</td>
<td>ATG</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Mackin ski Med</td>
<td>MAC</td>
<td>-0.8%</td>
</tr>
<tr>
<td>FirstService Corp</td>
<td>FSF</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Colliers Int'l</td>
<td>CGI</td>
<td>-2.5%</td>
</tr>
</tbody>
</table>

**Bold** move of more than 5%
<table>
<thead>
<tr>
<th>Energy</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEP</td>
<td>HEP</td>
<td>59.56</td>
<td>3.0%</td>
</tr>
<tr>
<td>RIG</td>
<td>RIG</td>
<td>10.84</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>HLX</td>
<td>HLX</td>
<td>123.15</td>
<td>-1.7%</td>
</tr>
<tr>
<td>HDX</td>
<td>HDX</td>
<td>73.06</td>
<td>-0.5%</td>
</tr>
<tr>
<td>PPG</td>
<td>PPG</td>
<td>91.93</td>
<td>-0.4%</td>
</tr>
<tr>
<td>AEE</td>
<td>AEE</td>
<td>65.98</td>
<td>-0.2%</td>
</tr>
<tr>
<td>BHP</td>
<td>BHP</td>
<td>28.28</td>
<td>0.5%</td>
</tr>
<tr>
<td>ANF</td>
<td>ANF</td>
<td>77.92</td>
<td>0.4%</td>
</tr>
<tr>
<td>ALK</td>
<td>ALK</td>
<td>85.41</td>
<td>-0.8%</td>
</tr>
<tr>
<td>BAC</td>
<td>BAC</td>
<td>469.16</td>
<td>1.0%</td>
</tr>
<tr>
<td>MDL</td>
<td>MDL</td>
<td>35.40</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>EGA</td>
<td>EGA</td>
<td>134.89</td>
<td>-0.8%</td>
</tr>
<tr>
<td>SHW</td>
<td>SHW</td>
<td>35.07</td>
<td>-1.1%</td>
</tr>
<tr>
<td>RIV</td>
<td>RIV</td>
<td>115.40</td>
<td>-2.7%</td>
</tr>
<tr>
<td>TAP</td>
<td>TAP</td>
<td>52.44</td>
<td>-0.9%</td>
</tr>
<tr>
<td>NWL</td>
<td>NWL</td>
<td>73.00</td>
<td>0.6%</td>
</tr>
<tr>
<td>HMY</td>
<td>HMY</td>
<td>121.21</td>
<td>-3.5%</td>
</tr>
<tr>
<td>TBR</td>
<td>TBR</td>
<td>205.62</td>
<td>-2.8%</td>
</tr>
<tr>
<td>SLB</td>
<td>SLB</td>
<td>64.73</td>
<td>3.0%</td>
</tr>
<tr>
<td>HAL</td>
<td>HAL</td>
<td>43.06</td>
<td>3.1%</td>
</tr>
<tr>
<td>NOV</td>
<td>NOV</td>
<td>34.09</td>
<td>1.6%</td>
</tr>
<tr>
<td>FTI</td>
<td>FTI</td>
<td>29.73</td>
<td>2.1%</td>
</tr>
<tr>
<td>WIT</td>
<td>WIT</td>
<td>3.49</td>
<td>5.8%</td>
</tr>
<tr>
<td>XOM</td>
<td>XOM</td>
<td>83.46</td>
<td>0.2%</td>
</tr>
<tr>
<td>CVX</td>
<td>CVX</td>
<td>119.51</td>
<td>0.4%</td>
</tr>
<tr>
<td>OXY</td>
<td>OXY</td>
<td>55.74</td>
<td>1.7%</td>
</tr>
<tr>
<td>PXD</td>
<td>PXD</td>
<td>157.16</td>
<td>0.7%</td>
</tr>
<tr>
<td>APC</td>
<td>APC</td>
<td>48.72</td>
<td>1.3%</td>
</tr>
<tr>
<td>DVN</td>
<td>DVN</td>
<td>38.84</td>
<td>-0.8%</td>
</tr>
<tr>
<td>APA</td>
<td>APA</td>
<td>44.22</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Discretionary</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTX</td>
<td>UTX</td>
<td>120.12</td>
<td>-1.3%</td>
</tr>
<tr>
<td>BA</td>
<td>BA</td>
<td>271.38</td>
<td>2.0%</td>
</tr>
<tr>
<td>LMT</td>
<td>LMT</td>
<td>331.57</td>
<td>-1.7%</td>
</tr>
<tr>
<td>GOOGL</td>
<td>GOOGL</td>
<td>2,052.07</td>
<td>-1.1%</td>
</tr>
<tr>
<td>RJF</td>
<td>RJF</td>
<td>1,025.07</td>
<td>-1.1%</td>
</tr>
<tr>
<td>TGT</td>
<td>TGT</td>
<td>202.79</td>
<td>-0.1%</td>
</tr>
<tr>
<td>RTN</td>
<td>RTN</td>
<td>186.89</td>
<td>-2.2%</td>
</tr>
<tr>
<td>KHC</td>
<td>KHC</td>
<td>48.54</td>
<td>0.1%</td>
</tr>
<tr>
<td>PCAR</td>
<td>PCAR</td>
<td>153.50</td>
<td>-0.8%</td>
</tr>
<tr>
<td>NKE</td>
<td>NKE</td>
<td>83.29</td>
<td>0.4%</td>
</tr>
<tr>
<td>CAT</td>
<td>CAT</td>
<td>126.16</td>
<td>-1.1%</td>
</tr>
<tr>
<td>CP</td>
<td>CP</td>
<td>70.37</td>
<td>0.1%</td>
</tr>
<tr>
<td>TSM</td>
<td>TSM</td>
<td>218.00</td>
<td>-0.5%</td>
</tr>
<tr>
<td>HCA</td>
<td>HCA</td>
<td>225.36</td>
<td>2.1%</td>
</tr>
<tr>
<td>DJ</td>
<td>DJ</td>
<td>56.37</td>
<td>-0.6%</td>
</tr>
<tr>
<td>SHR</td>
<td>SHR</td>
<td>200.00</td>
<td>0.2%</td>
</tr>
<tr>
<td>RIV</td>
<td>RIV</td>
<td>10.67</td>
<td>0.9%</td>
</tr>
<tr>
<td>HCA</td>
<td>HCA</td>
<td>84.05</td>
<td>-1.1%</td>
</tr>
<tr>
<td>AMGN</td>
<td>AMGN</td>
<td>177.20</td>
<td>0.7%</td>
</tr>
<tr>
<td>GS</td>
<td>GS</td>
<td>249.90</td>
<td>0.3%</td>
</tr>
<tr>
<td>AP</td>
<td>AP</td>
<td>64.00</td>
<td>-2.1%</td>
</tr>
<tr>
<td>HD</td>
<td>HD</td>
<td>180.42</td>
<td>0.3%</td>
</tr>
<tr>
<td>DIA</td>
<td>DIA</td>
<td>212.58</td>
<td>-1.4%</td>
</tr>
<tr>
<td>LSXMA</td>
<td>LSXMA</td>
<td>68.16</td>
<td>-0.1%</td>
</tr>
<tr>
<td>BBY</td>
<td>BBY</td>
<td>63.35</td>
<td>0.2%</td>
</tr>
<tr>
<td>HDV</td>
<td>HDV</td>
<td>70.16</td>
<td>-0.1%</td>
</tr>
<tr>
<td>AG</td>
<td>AG</td>
<td>99.27</td>
<td>-1.6%</td>
</tr>
<tr>
<td>ZTS</td>
<td>ZTS</td>
<td>72.30</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLT</td>
<td>TLT</td>
<td>96.27</td>
<td>-0.3%</td>
</tr>
<tr>
<td>MKS</td>
<td>MKS</td>
<td>150.79</td>
<td>-0.9%</td>
</tr>
<tr>
<td>AEP</td>
<td>AEP</td>
<td>72.07</td>
<td>0.9%</td>
</tr>
<tr>
<td>SMI</td>
<td>SMI</td>
<td>315.05</td>
<td>-0.8%</td>
</tr>
<tr>
<td>TMUS</td>
<td>TMUS</td>
<td>315.05</td>
<td>-0.8%</td>
</tr>
<tr>
<td>CB</td>
<td>CB</td>
<td>202.34</td>
<td>-0.8%</td>
</tr>
<tr>
<td>TX</td>
<td>TX</td>
<td>234.40</td>
<td>-0.8%</td>
</tr>
<tr>
<td>ZS</td>
<td>ZS</td>
<td>68.38</td>
<td>0.0%</td>
</tr>
<tr>
<td>AIP</td>
<td>AIP</td>
<td>72.07</td>
<td>0.9%</td>
</tr>
<tr>
<td>KMI</td>
<td>KMI</td>
<td>59.11</td>
<td>-0.8%</td>
</tr>
<tr>
<td>SCCO</td>
<td>SCCO</td>
<td>315.05</td>
<td>-0.8%</td>
</tr>
<tr>
<td>FNPHA</td>
<td>FNPHA</td>
<td>143.61</td>
<td>-0.1%</td>
</tr>
<tr>
<td>ETFS</td>
<td>ETFS</td>
<td>98.84</td>
<td>-0.9%</td>
</tr>
<tr>
<td>KMI</td>
<td>KMI</td>
<td>156.44</td>
<td>-0.5%</td>
</tr>
<tr>
<td>SMI</td>
<td>SMI</td>
<td>315.05</td>
<td>-0.8%</td>
</tr>
<tr>
<td>AMAT</td>
<td>AMAT</td>
<td>51.66</td>
<td>1.0%</td>
</tr>
<tr>
<td>MDL</td>
<td>MDL</td>
<td>121.21</td>
<td>-3.5%</td>
</tr>
<tr>
<td>ERP</td>
<td>ERP</td>
<td>88.24</td>
<td>0.8%</td>
</tr>
<tr>
<td>AIP</td>
<td>AIP</td>
<td>72.07</td>
<td>0.9%</td>
</tr>
<tr>
<td>AIP</td>
<td>AIP</td>
<td>72.07</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telecom Services</th>
<th>Symbol/Name</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
</table>

- H/A: at a new closing 52-wk High, Low. "/" = within 10% of the 52-wk High/Low; sold = move of 5% or more; stocks are sorted by GICS Subindustry (grey lines) and market capitalization.
<table>
<thead>
<tr>
<th>Symbol</th>
<th>H/L</th>
<th>Last</th>
<th>%Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>PD</td>
<td>3.78</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>ESI</td>
<td>6.00</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>TOG</td>
<td>7.05</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>SCL</td>
<td>27.81</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>MRL</td>
<td>15.41</td>
<td>-1.5%</td>
<td></td>
</tr>
<tr>
<td>PSI</td>
<td>18.30</td>
<td>-1.0%</td>
<td></td>
</tr>
<tr>
<td>CEU</td>
<td>7.01</td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td>EFL</td>
<td>3.62</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>FXF</td>
<td>15.75</td>
<td>-0.6%</td>
<td></td>
</tr>
<tr>
<td>TCW</td>
<td>4.73</td>
<td>1.1%</td>
<td></td>
</tr>
<tr>
<td>TOT</td>
<td>15.25</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>CFN</td>
<td>6.28</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>SU</td>
<td>44.55</td>
<td>-0.4%</td>
<td></td>
</tr>
<tr>
<td>IMO</td>
<td>13.65</td>
<td>-0.0%</td>
<td></td>
</tr>
<tr>
<td>HWE</td>
<td>15.63</td>
<td>-0.6%</td>
<td></td>
</tr>
<tr>
<td>CNO</td>
<td>12.87</td>
<td>-1.6%</td>
<td></td>
</tr>
<tr>
<td>CQV</td>
<td>4.47</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>POU</td>
<td>6.04</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>TOG</td>
<td>7.43</td>
<td>5.2%</td>
<td></td>
</tr>
<tr>
<td>FRU</td>
<td>15.19</td>
<td>-0.2%</td>
<td></td>
</tr>
<tr>
<td>BTE</td>
<td>4.72</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>MEG</td>
<td>5.00</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>SPE</td>
<td>7.30</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>NVA</td>
<td>8.49</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>GTEUS</td>
<td>2.90</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>OBE</td>
<td>1.67</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>PSF</td>
<td>1.17</td>
<td>-6.4%</td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>4.01</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>ADR</td>
<td>1.43</td>
<td>-1.4%</td>
<td></td>
</tr>
<tr>
<td>BNP</td>
<td>3.23</td>
<td>-0.0%</td>
<td></td>
</tr>
<tr>
<td>KFL</td>
<td>7.40</td>
<td>-5.3%</td>
<td></td>
</tr>
<tr>
<td>PONY</td>
<td>3.08</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>BNE</td>
<td>15.42</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>CNE</td>
<td>4.15</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>CQ</td>
<td>2.66</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>SRX</td>
<td>3.50</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>ATQ</td>
<td>1.27</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>CONA</td>
<td>2.28</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>TVE</td>
<td>2.82</td>
<td>-2.2%</td>
<td></td>
</tr>
<tr>
<td>SEK</td>
<td>3.50</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>SIK</td>
<td>3.50</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>PXX</td>
<td>1.03</td>
<td>-1.0%</td>
<td></td>
</tr>
<tr>
<td>KEY</td>
<td>35.38</td>
<td>-2.7%</td>
<td></td>
</tr>
<tr>
<td>ENB</td>
<td>48.63</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>TRP</td>
<td>61.66</td>
<td>-0.4%</td>
<td></td>
</tr>
<tr>
<td>PPL</td>
<td>44.57</td>
<td>-0.8%</td>
<td></td>
</tr>
<tr>
<td>RPL</td>
<td>27.26</td>
<td>6.6%</td>
<td></td>
</tr>
<tr>
<td>KAR</td>
<td>30.60</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>ENF</td>
<td>29.84</td>
<td>-0.0%</td>
<td></td>
</tr>
<tr>
<td>GBI</td>
<td>17.33</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>KML</td>
<td>17.56</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>TWMM</td>
<td>12.04</td>
<td>-0.5%</td>
<td></td>
</tr>
<tr>
<td>DML</td>
<td>0.63</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>JAG</td>
<td>12.22</td>
<td>-1.1%</td>
<td></td>
</tr>
</tbody>
</table>
Slope Matters - Gold

- **Friday’s note on currency** is an easy segue into gold, and our last chart therein warned that if bullion were to behave in a typical fashion to US-Japanese bond yield spreads, it would be headed lower.

- We are in Europe this week, with “Slope Matters”, and it just so happens that the Canadian and European perspective on gold is similar; it’s falling at about the same rate in local currency terms. It appears to be doing the best in Swiss terms, but here it’s fallen to a 2m low – Exhibit 1.

- It’s impressive then, that junior golds can sport a slope of 20%/year, that is until they don’t. That ETF broke below its uptrend on Friday. We highlight support and target, and ponder where the enthusiasm of last year went – Exhibit 2.

- Most severed trends on golds are breakdowns, and we expect that if gold does indeed head lower, this list will grow – Exhibit 3.

**Exhibit 1: Gold Trends in Major Currencies**

<table>
<thead>
<tr>
<th>Name</th>
<th>Reward /Risk</th>
<th>Trend Slope</th>
<th>Hi (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50d MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY</td>
<td>8%</td>
<td>-1%</td>
<td>Below Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF</td>
<td>10%</td>
<td>2.0</td>
<td>-1%</td>
<td>Below Falling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>7%</td>
<td>0%</td>
<td>Above Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUD</td>
<td>4%</td>
<td>1%</td>
<td>Below Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INR</td>
<td>3%</td>
<td>-1%</td>
<td>Above Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>-2%</td>
<td>-2%</td>
<td>Below Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td>-6%</td>
<td>0%</td>
<td>Above Rising</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EUR</td>
<td>-5%</td>
<td>-1%</td>
<td>Below Falling</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Exhibit 2: Junior Gold ETF (ZJG) – Price Trend**

**Exhibit 3: Gold Stocks: Spectra of Dividend Adjusted Price Trends**

**Severed Trends ask You to Consider what Your Buy Thesis is, and is it Still Valid**

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit. BMO Capital Markets is Restricted on MUX.
Trends & Inflection Points

The Fourth C: Currency

- When you go through our recent notes describing our overview package, Calm, Cool & Collected, and if you know our work, you would spot a missing element, and a big one, because we typically lead off our packages with Currency. Over the past few months, the level of many currency crosses has disrespected the leaning of where they should be relative to rate differentials...

  - ...but let’s start where we see normality – in commodity crosses. Herein there is some similarity: most trends are weak at best, most are below falling 50d MAs, and they are leaning against 3-4m lows – Exhibit 1. In the cases of the typically metallic-leaning Aussie, and energy-leaning loonie, rate differential overlays still work well, and they indicate further weakness – Exhibit 2.

  - The gorgeous minor head and shoulder top that the Euro exhibits, albeit now rather deformed, was congruent with the leaning of interest rate differentials. For a reason, we expect is rooted in some byproduct of central bank influence, Euro strength is disrespecting the pull of US yield. We have yet to pin it down in a tidy relationship, so we apply a mind-the-gap label – Exhibit 3.

  - Similarly, gold moves are quite consistent with the yen, and yen moves are correlated to, yet also show, mind-the-gap behavior to US – Japanese interest rate differentials. Taking the middle man (yen) out, and running the correlation of gold moves to US-Japanese rate differential moves, we observe the same good fit, with the same mind-the-gap divergence. Simply put, if gold were to react to higher US rates, it would move considerably lower – Exhibit 4.

Exhibit 1: Commodity Currency Price Trends

Trending Lower, Or Near 3-4mo Lows & Below Falling 50d MAs

Exhibit 2: Canadian $, US-CDN 5Y Differential, Correlation of Returns

Overlay Working Well

Typically A Good Fit: Rate Differentials Matter

Exhibit 3: Euro, US-EU 5Y Differential, Correlation of Returns

Oddly, Correlation of Returns is Still Quite High, Rate Differentials Influence Daily Moves, But Clearly There is some Asymmetric Behaviour Going, Which Prompts us to Label the Warning to...

Exhibit 4 - Gold, US-JP 5Y Differential, Correlation of Returns

On a Daily Basis, Gold Moves are Well Tuned to US-Japanese Rate Differential Moves, Yet Here Again...

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
We finish our Calm, Cool & Collected series with collected: Adjective. (of a person) not perturbed or distracted. While financials and technology swung in wildly opposite directions yesterday, overall broad market gauges (ACWI, S&P 500), were not perturbed or distracted. A properly balanced portfolio, would have behaved likewise, hopefully achieving better risk-adjusted returns than the market (or else there is an ETF to replace you), and with a manager always looking to see opportunities of panic to be faded, and excessive exuberance to fade.

We believe panic provides better opportunity than exuberance, because human nature is very asymmetric when it comes to fear, so let’s detail where we saw panic yesterday:

- It was in US financials, where there was enough panic buying to push the implied volatility to a key inflection point – Exhibit 1.
  - Those wanting to fade this panic buying, can trim the XLF, priced above the the top end of a channel, with an RSI of 74 – Exhibit 2.
- It was in many tech stocks, which were pushed below the bottom ends of Bollinger bands, in many cases below the bottom ends of price uptrends, and we highlight the cases where we saw panic volume spiking for your consideration in Exhibit 3.

But you stay so cool, my muñequita, my Spanish Harlem, Mona Lisa

Santana, Smooth

Exhibit 1: US Financial ETF (XLF) Implied Volatility

Panic, Which in This Case Was Panic Buying Which Could Be...

Exhibit 2: US Financial ETF (XLF) Dividend Adjusted Price Trend

...Faded

Exhibit 3: Oversold Technology Stocks in (or with Severed) Price Uptrends, Which Saw Capitation Volume Spikes Yesterday – Full List Here

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
The Calm Part of Calm, Cool, & Collected

- This is the second of our Calm, Cool & Collected notes (cool was yesterday). While there are a few warts here and there, calm refers to the sea of green that the credit market is currently enjoying – Exhibit 1.

- In this environment, leveraged returns are found in risky and derisking corporations.

  o The CDS in Banco do Brasil SA has moved to a new narrow, and asks one to consider buying the equity pullback – Exhibit 2.

  o The CDS in Best Buy continues to trend narrower, suggesting that equity should be seeing an upside breakout to the consolidation pattern which our trends system currently defines – Exhibit 3.

  o Of course there are many more, and our system dishes out such signals every day in CDS, found in the “CLICK HERE Suite”...

... We Are Here To Help

Exhibit 1: Trends on Corporate Credit Risk Indices

<table>
<thead>
<tr>
<th>Name</th>
<th>H</th>
<th>CDS Reward</th>
<th>Trend Slope</th>
<th>Trend Length</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</th>
<th>%Chg wrt 200d MA</th>
<th>Chg wrt 200d MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA Hi Yld</td>
<td>L</td>
<td>-15% /Risk</td>
<td>-62%</td>
<td>-33%</td>
<td>-3%</td>
<td>-1%</td>
<td>-1.6%</td>
<td>-0.8%</td>
<td>-9%</td>
<td>-11%</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-7%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Eur Sr Fin</td>
<td>L</td>
<td>-60% /Risk</td>
<td>-42%</td>
<td>-13%</td>
<td>-4%</td>
<td>-1%</td>
<td>-1.2%</td>
<td>-3.8%</td>
<td>-16%</td>
<td>-31%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-12%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Eur XOver</td>
<td>L</td>
<td>-42% /Risk</td>
<td>-62%</td>
<td>-33%</td>
<td>-6%</td>
<td>-2%</td>
<td>-1.9%</td>
<td>-1.2%</td>
<td>-16%</td>
<td>-6%</td>
<td>-12%</td>
<td>Below Falling</td>
<td>-1%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Eur Main</td>
<td>L</td>
<td>-49% /Risk</td>
<td>-62%</td>
<td>-33%</td>
<td>-5%</td>
<td>-2%</td>
<td>-1.9%</td>
<td>-3.8%</td>
<td>-16%</td>
<td>-31%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-12%</td>
<td>Below Falling</td>
</tr>
<tr>
<td>Eur Sub Fin</td>
<td>L</td>
<td>-62% /Risk</td>
<td>-62%</td>
<td>-62%</td>
<td>-6%</td>
<td>-2%</td>
<td>-1.9%</td>
<td>-3.8%</td>
<td>-16%</td>
<td>-31%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-12%</td>
<td>Below Falling</td>
</tr>
</tbody>
</table>

Exhibit 2: Banco do Brasil SA (BBAS3 BZ) Equity/CDS Overlay

CDS Breaking Out to New Narrow...

...And Asking The Question, Should Equity Follow Suit, ie Should This Pullback Be Bought

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

Exhibit 3 – Best Buy Co (BBY US) Price Trend (Equity/CDS Overlay here)

Consolidation Nearing Completion, And CDS Has Been Narrowing, Which Has Us Leaning Towards Expecting a Positive Breakout
Trends & Inflection Points

The Cool Part of Calm, Cool, & Collected

- In our latest chart deck, Calm, Cool & Collected, the cool stands for cooling, both in the US (starkly higher US short rates), but also in China (where we highlight the lack of impulse in credit impulse).
  - For an equity investor, we note the dip in our equal weighted relative strength breadth reading for construction materials, which hit 10th decile yesterday – Exhibit 1.
  - For the portfolio manager, we note both the consolidation, and potential topping pattern in the market cap weighted construction materials index, and the spectrum of stocks in the subindustry against ACWI – Exhibits 2, 3.
    * For the China Minsky moment watchers, we detail the still positive positioning of ChIndia stocks on the left (and CDS on Chinese Banks here).
    * For those with a more North American focus, we highlight technical downside risks for CX and MLM – Exhibits 4, 5.

Some stagger and fall, after all it’s not easy

Pink Floyd, Outside the Wall

Exhibit 1: Global Construction Material Relative Strength Z-Score

Exhibit 2: MSCI World Construction Materials Index

Exhibit 3: Construction Materials vs ACWI

Exhibit 4: Martin Marietta Materials (MLM US) Dividend Adj Price Trend

Exhibit 5: Comex (CX US) Dividend Adjusted Price Trend

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Trends & Inflection Points

Sector Review – Signal vs. Noise

• We love it when the graphic speaks for itself – Exhibit 1.
• Technology in most regions is very consistently outperforming, so one should already be overweight, and from our standpoint, nothing to be done. In some regions, however, you get indications of new strength, like US Small Cap relative strength in a slightly underperforming trend, yet above a rising 50d relative strength MA and at a 4m relative strength high. The Canadian situation is similar – Exhibit 2.
• At the stock level, we can look at North American-listed technology SMID in downtrends, yet at a 1, 2, 3, ... month highs to detail which are nearing the breakout point – Exhibit 3. Our systems actually do this every day. It’s all under the “CLICK HERE”.

Exhibit 1: Global Sector Relative Strength Breadth Heat Map

Exhibit 2: Russell 2000 Technology vs. Russell 2000 (See Insert Here)

Exhibit 3: North American Small Cap Technology Stocks in Price Downtrends Yet at an n-Month High

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Trends & Inflection Points

Must Be a Canadian Writing This

- Our clients care more about the changes in trend than the trends themselves. The best way to see this is to click on “Severed Trends Last Day,” which works on any sleeve (MSCI World, EAFE, FTSE Global REIT, CDS…), but today we look at liquid stocks vs. the Canadian S&P/TSX Composite, where one sees one gold stock breaking higher, and another breaking lower – Exhibit 1.

- This is perfect, because it really shows golds for what they are in the era where **gold just kinda churns**, but that **churn may be higher or lower depending on your currency perspective**. So gold stocks are currently a stock pickers market (we suppose where fundamentals matter), with some **trending higher**, some **trending lower**, some **breaking higher**, and others **breaking lower** – Exhibit 2.
  - From a **relative strength perspective**, using broad equity benchmarks and sectors for perspective, gold stocks have churned between 10th decile (worst) and 6th decile all year. They have yet to break through the cellar door...

...The sun... that was nice... the sun

Eno Philips

Exhibit 1: “Severed Trends Last Day Micro View” on Large & Liquid CDN Stocks vs. the TSX Composite

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub</th>
<th>Industry</th>
<th>RS</th>
<th>LT</th>
<th>RS</th>
<th>1-Day Equity Chg (%)</th>
<th>3-Day Equity Chg (%)</th>
<th>Market Cap (CAD)</th>
<th>Chg Last Day</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>%Chg wrt 30 Day MA</th>
<th>Chg wrt 200 Day MA</th>
<th>%Chg wrt 200 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGD CN</td>
<td>New Gold Inc</td>
<td>Gold</td>
<td>9</td>
<td>8</td>
<td>3</td>
<td>-0.5%</td>
<td>2.7%</td>
<td>2.30</td>
<td>19%</td>
<td>-6%</td>
<td>Below Falling</td>
<td>-1%</td>
<td>Below Rising</td>
<td>-16%</td>
<td>Below Falling</td>
<td>-1%</td>
</tr>
<tr>
<td>GUY CN</td>
<td>Guyana Goldfields</td>
<td>Gold</td>
<td>9</td>
<td>4</td>
<td>10</td>
<td>2.2%</td>
<td>4.9%</td>
<td>0.20</td>
<td>-63%</td>
<td>1.0</td>
<td>Above Rising</td>
<td>7%</td>
<td>Below Rising</td>
<td>-16%</td>
<td>Below Falling</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Exhibit 2: Full Spectrum of Dividend Adjusted Price Trends on 71 Gold Shares

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

- It’s U.S. Thanksgiving today, and we will, as is typical for us this day, serve up a list of turkeys. With the most recent concern for equities coming from the High Yield market (which is healing fast), we will bring forth high corporate credit risk turkeys. From our CDS link, we narrowed in on our “top three fit to equity” deciles, which means when CDS moves, equity typically moves with it, and from that the sub sleeve of “over 100 bps” to further narrow in on the high credit risk grouping.

  - There are a dozen corporates, where CDS is trending wider, i.e., the credit market has told us that it considers the risk profile to be a turkey for at least the past six months. If you disagree, you can probably pick up the stock on the cheap. If you agree, yet it’s in your portfolio, our system asks why – Exhibit 1?

  - There are three stocks at the inflection point, where the trend has been towards a lower credit risk picture, but that trend has been challenged. The question that our system asks here is can one extrapolate the trend, or the inflection point – Exhibit 2?

Exhibit 1: Stuffed Turkeys - Corporates Where 5Y CDS Is > 100bps, CDS Is Tending Wider, and Equity Moves Are Reasonably Correlated to CDS

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>LT CDS</th>
<th>CDS Level</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>CDS Slope</th>
<th>Trend Curve 1/5Y</th>
<th>CDS 1-day Chg (%)</th>
<th>CDS 5-day Chg (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTR US</td>
<td>Frontier Communications Corp</td>
<td>U. S.</td>
<td>InteTelSrv</td>
<td>10</td>
<td>10</td>
<td>11.6%</td>
<td>18.6%</td>
<td>620</td>
<td>194%</td>
<td>0.69</td>
<td>-1%</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>9984 JP</td>
<td>SoftBank Corp</td>
<td>Japan</td>
<td>WlsTelSrv</td>
<td>9</td>
<td>9</td>
<td>2.3%</td>
<td>4.9%</td>
<td>95,497</td>
<td>88%</td>
<td>0.46</td>
<td>-1%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>RRD US</td>
<td>RR Donnelley &amp; Sons</td>
<td>U. S.</td>
<td>CmclPrt</td>
<td>10</td>
<td>10</td>
<td>2.2%</td>
<td>14.3%</td>
<td>587</td>
<td>157%</td>
<td>0.21</td>
<td>-1%</td>
<td>-6%</td>
<td></td>
</tr>
<tr>
<td>GKN LN</td>
<td>GKN PLC</td>
<td>U.K.</td>
<td>AutoParts</td>
<td>7</td>
<td>7</td>
<td>1.1%</td>
<td>-0.9%</td>
<td>6,965</td>
<td>59%</td>
<td>0.26</td>
<td>-1%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>THC US</td>
<td>Tenet Healthcare</td>
<td>U. S.</td>
<td>HCFacility</td>
<td>10</td>
<td>10</td>
<td>1.2%</td>
<td>2.0%</td>
<td>1,363</td>
<td>122%</td>
<td>0.17</td>
<td>0%</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>KR US</td>
<td>Kroger Co</td>
<td>U. S.</td>
<td>FdRetail</td>
<td>9</td>
<td>7</td>
<td>1.6%</td>
<td>7.1%</td>
<td>20,584</td>
<td>75%</td>
<td>0.13</td>
<td>-1%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>CTL US</td>
<td>CenturyLink</td>
<td>U. S.</td>
<td>AltCar</td>
<td>9</td>
<td>10</td>
<td>-1.3%</td>
<td>-3.0%</td>
<td>15,330</td>
<td>105%</td>
<td>0.24</td>
<td>-1%</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>WFT US</td>
<td>Weatherford International</td>
<td>Switzerland</td>
<td>OG Equip</td>
<td>10</td>
<td>10</td>
<td>0.0%</td>
<td>-8.5%</td>
<td>3,265</td>
<td>98%</td>
<td>0.23</td>
<td>-1%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>AVP US</td>
<td>Avon Products</td>
<td>U. S.</td>
<td>PersPrct</td>
<td>10</td>
<td>10</td>
<td>6.1%</td>
<td>11.7%</td>
<td>924</td>
<td>55%</td>
<td>0.43</td>
<td>-3%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>M US</td>
<td>Macy’s Inc</td>
<td>U. S.</td>
<td>DeptStrs</td>
<td>10</td>
<td>10</td>
<td>1.0%</td>
<td>3.3%</td>
<td>6,284</td>
<td>32%</td>
<td>0.12</td>
<td>-2%</td>
<td>-14%</td>
<td></td>
</tr>
<tr>
<td>APC US</td>
<td>Anadarko Petroleum</td>
<td>U. S.</td>
<td>OG E&amp;P</td>
<td>9</td>
<td>8</td>
<td>0.7%</td>
<td>1.5%</td>
<td>26,455</td>
<td>1%</td>
<td>0.11</td>
<td>-1%</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>NBR US</td>
<td>Nabors Industries</td>
<td>Bermuda</td>
<td>OG Drill</td>
<td>10</td>
<td>10</td>
<td>1.4%</td>
<td>0.9%</td>
<td>1,667</td>
<td>0%</td>
<td>0.17</td>
<td>-1%</td>
<td>-5%</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 2: Turkey or Chicken? CDS > 100bps, CDS Is Trending Narrower, but at an Inflection Point, Equity and CDS Moves Are Correlated

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>LT CDS</th>
<th>CDS Level</th>
<th>Close 22-Nov</th>
<th>1-day Equity Chg (%)</th>
<th>5-day Equity Chg (%)</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>CDS Slope</th>
<th>Trend Curve 1/5Y</th>
<th>CDS 1-day Chg (%)</th>
<th>CDS 5-day Chg (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTOR US</td>
<td>Meritor Inc</td>
<td>U. S.</td>
<td>CnstMch&amp;Tr</td>
<td>1</td>
<td>8</td>
<td>24.03</td>
<td>-0.3%</td>
<td>-4.2%</td>
<td>2,129</td>
<td>-80%</td>
<td>0.11</td>
<td>0%</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>NOK US</td>
<td>Nokia OYJ</td>
<td>Finland</td>
<td>ComEq</td>
<td>4</td>
<td>8</td>
<td>5.05</td>
<td>0.0%</td>
<td>4.3%</td>
<td>29,489</td>
<td>-49%</td>
<td>0.16</td>
<td>-2%</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>RAL FP</td>
<td>Rallye SA</td>
<td>France</td>
<td>FdRetail</td>
<td>10</td>
<td>10</td>
<td>16.99</td>
<td>3.4%</td>
<td>2.7%</td>
<td>884</td>
<td>-44%</td>
<td>0.28</td>
<td>-1%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
November 22, 2017

Trends & Inflection Points

Come, Follow Me

- We’ll make you fishers of stock, if you use that “Click Here”.
- Go ahead and hit that Group Selection Report Button to see that Technology is most highly favoured. Also, in a “Cool, Calm, and Collected” world, realize that Growth trumps Value.
- So now go back to our Click Here, and pull up the TMT link, ignore M and the wrong T, and go straight to the right T (in this link technology is broader than the classic GICS, or Russell definition of the sector). Tune to price trend, slap an earnings growth filter on, and cast your sights to the right to look for stocks breaking out of “time out periods”. Maybe we’ll give a visual for you non-clickers…there you go – Exhibit 1.
  - Cirrus Logic is the weakest stock, and it just so happens to be at a key technical inflection point. You are welcome – Exhibit 2.
  - Ditto for Kinaxis – Exhibit 3.
  - Seagate also happens to be part of the value and dividend yield & growth world – Exhibit 4.
  - Fortinet (FTNT) is breaking out of a 10m holding pattern – Exhibit Here.
  - NetEase (NTES) broke out on huge volume – Exhibit There.

Exhibit 1: Technology Stocks That Screen for Earnings Growth – Weakest end of the Spectrum (Looking for New Opportunities)

Exhibit 2: Cirrus Logic (CRUS US) – Price Trend

Some of These Will Be Breaking Out of "Time Out" Patterns - With a Few Clicks, You Can Find...

Exhibit 3: Kinaxis (KXS CN) Price Trend

Breaking Out of 7m "Time Out" Period

Exhibit 4 – Seagate Technology (STX UD) – DVD Adjusted Price Trend

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

We’re Here to Help
BMO Financial Group
Calm, Cool, and Collected

- We have had more creative titles for our overview packages, the latest found here, but Calm, Cool, and Collected seems to best describe the current state of the markets.
- On the calm side, we note the blemish in HY, but otherwise calm state of creditworthiness of borrowers as far as credit protection costs detail – Exhibit 1.

- On the cool side we note the so called “reflation trade” as exemplified by the CRB Raw Industrials, is dormant at best, and divergent (wider swings and uncertainty) at worst. Either way, it has not signaled concern for long duration bond bulls such as ourselves this year – Exhibit 2.
- So while some central banks tighten, and others continue to loosen, and some long rates trend higher, while others trend lower, the slopes of those trends are not steep enough to warrant concern that long duration rates are moving anywhere fast – Exhibit 3.
- The inflation we see is in equity pricing – Exhibit 4.

Exhibit 1: Calm – Corporate CDS Indices (With Just One Blemish)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Trend Slope</th>
<th>CDS Hi (Mo)</th>
<th>CDS Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50d MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDXNAHY</td>
<td>-15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iTraxx Eur Sr Finls</td>
<td>-59%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iTraxx Eur</td>
<td>-48%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iTraxx Eur Xover</td>
<td>-42%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDXNAIG</td>
<td>-33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iTraxx Eur Sub Finls</td>
<td>-61%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 2: Cool – CRB Raw Industrials

This is Our Definition of the Reflation Trade, and it’s Dormant At Best, Divergent At Worst

Exhibit 3: US 30y Treasury Yield (With Others in Insert)

While Treasury Yields Have Been Trending Lower, Some Have Been Trending Higher...Yet None Are Moving Anywhere Fast With These Slopes (Acting on Low Bases)

Exhibit 4 – MSCI World (With Other Benchmarks in Insert)

Where Inflation is Found, Trending Higher at Rates of 10-20%
There's a good piece in today's FT regarding the growth of AI and robots. Clearly it's not a new idea, but it's a growthy theme, and it's growth that the market puts a premium on in today's capital market.

Collectively, the bots can be viewed as an index, both in absolute and relative terms, both of which have spectacular performance attribution – Exhibits 1-2.

The constituents of this index, or the BOTZ ETF can be loaded up in our system to detail the granularity for the individual stock picker. There is lots of SMID, and lots of outperformance – Exhibit 3.

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit.
Some Things in Life Are Bad

• As a bookend to yesterday’s note (Always Look on the Bright Side), we will look at what the market really does not reward. We will stick to the relative realm, with the market, or equity benchmark being the denominator so as to make the statement that you have been better off with the benchmark than with these securities.

• Yesterday, we narrowed down our list using sectors and subindustries that the market currently favours. Today, our narrowing comes thanks to the fact that value is just so unappreciated relative to growth, whether you look from a US large cap, US small cap, or Global, perspective. Our question is that if you own these value traps in the portfolio, is it time to reconsider to make a positive difference in your relative performance? Exhibits 1-2, and at these links for other universes: EAFE, Europe, EM, North American SMID, Global SMID.

So always look on the bright side of death
Eric Idle, Philosopher

Exhibit 1: Largest 10 S&P 500 Momentum Sells That Screen Well for Value (Traps?) – See Link for Full List

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>SPX ▲</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>%Chg wrt 50d MA</th>
<th>Chg wrt 50d MA</th>
<th>Value</th>
<th>EY</th>
<th>CFY</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISH US</td>
<td>DISH Network</td>
<td>Cabi&amp;Sat</td>
<td>11,510</td>
<td>-0.7%</td>
<td>-1%</td>
<td>Below Falling</td>
<td>3</td>
<td>4.93</td>
<td>9.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JNPR US</td>
<td>Juniper Networks</td>
<td>ComEquip</td>
<td>9,819</td>
<td>-4%</td>
<td>-1%</td>
<td>Below Falling</td>
<td>1</td>
<td>6.72</td>
<td>12.18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAP US</td>
<td>Molson Coors Brewing</td>
<td>Brewers</td>
<td>15,520</td>
<td>-2%</td>
<td>-4%</td>
<td>Below Falling</td>
<td>2</td>
<td>5.71</td>
<td>5.95</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DVA US</td>
<td>DaVita Inc</td>
<td>HCServ</td>
<td>10,199</td>
<td>-4%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>2</td>
<td>6.13</td>
<td>10.69</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UHS US</td>
<td>Universal Health Services</td>
<td>HCFacility</td>
<td>8,621</td>
<td>-4%</td>
<td>-8%</td>
<td>Below Falling</td>
<td>2</td>
<td>7.40</td>
<td>5.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OMC US</td>
<td>Omnicom Group</td>
<td>Advert</td>
<td>15,549</td>
<td>-3%</td>
<td>-6%</td>
<td>Below Falling</td>
<td>2</td>
<td>7.44</td>
<td>8.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBS US</td>
<td>CBS Corp</td>
<td>Broadcast</td>
<td>20,450</td>
<td>-3%</td>
<td>-2%</td>
<td>Below Falling</td>
<td>3</td>
<td>7.09</td>
<td>4.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NLSN US</td>
<td>Nielsen Holdings</td>
<td>RsrlCslt</td>
<td>12,705</td>
<td>-26%</td>
<td>48.0</td>
<td>Below Falling</td>
<td>2</td>
<td>4.49</td>
<td>9.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARNC US</td>
<td>Arconic</td>
<td>Aero&amp;Def</td>
<td>11,422</td>
<td>-29%</td>
<td>-7%</td>
<td>Below Falling</td>
<td>3</td>
<td>4.72</td>
<td>1.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZBH US</td>
<td>Zimmer Biomet Holdings Inc</td>
<td>HCEquip</td>
<td>22,726</td>
<td>-17%</td>
<td>-4%</td>
<td>Below Falling</td>
<td>2</td>
<td>5.21</td>
<td>5.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Always Look on the Bright Side

- After three days of pointing out stuff breaking to the downside, as US short rates tighten (continues today), and the junk bond market wobbles (a bit of a respite at pixel time), we will change course a bit.
- Recall we started this series exactly a week ago, and pointed out how overnarrowed the credit market was; and the day before noted how overbought technology, the markets’ (still) most-favoured sector, was. So we believe anyone with cash should be looking at the credit market on the one side, but also the gift of a pullback on the other.
- We highlight the momentum buy list of stocks in currently strong sectors (IT, Real Estate, Discretionary, Utilities) & subindustries, and tuned that list a bit to show stocks with an RSI south of 50 (Exhibit 1).

Exhibit 1: Largest 25 Momentum Buys in Strong Sectors & Industries with an RSI Less than 50 – See Link for Full List

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Trends & Inflection Points

'Bout That Base, Some Trouble

- Another day with elevated US short rates (OK off 1 bps at pixel time), and another day where corporate credit risk continues its steady march wider. Yesterday, we brought forward the inflection points on financials which were breaking lower. Today, we bring your attention to the severed trend on the LME basket of metals, and Dr. Copper, a basket of base metal credit risk and the mining stocks that have severed their trends, cause today, we’re all about the base – Exhibits 1-3.

'Bout that base, some trouble
Not Meghan Trainor

Exhibit 1: LME Index (With Trends on Base Metals & Bulks in Insert)

First Break of the 50d MA (and Trend) since the Sharp Run Higher in June

Exhibit 2: Basket of Global Base Metal Equity CDS

Credit Risk Not At All Trending Wider, But It Pokes It’s Head Above Trend Just Enough to Say "Hi... Remember Where From Whence I Came"

Exhibit 3: Severed Uptrends in Base Metal and Steel Stocks

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Another day and the upward march of US short rates continues. The pressure on credit, which we detailed last week continues this morning. From our Sector & Industry report, we highlight yesterday’s inflection points, supports, and technical downside risk on financials for the EAFE manager, and the EM manager (Exhibits 1 & 2). Then from the TIPS suite of tools (use the “Click Here” to your left), we zero in on the largest 10 financials in both regions, at the inflection point, where one has to decide if the trend can be extrapolated forward or not (Exhibits 3 & 4).

### Exhibit 1: MSCI EAFE Financials Price Trend (See Rel Strength Here)

- **Minor Double Top Target**
- **Major Double Bottom Fully Priced In (and More)**

### Exhibit 2: MSCI EM Financials Price Trend (See Rel Strength Here)

- **Trade Support Zone**

### Exhibit 3: Largest 10 EAFE Financials Severing Price Uptrends

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>Trend Slope</th>
<th>HI (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg w/ 50 D MA</th>
<th>Chg w/ 50 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>KN FP</td>
<td>National SA</td>
<td>23,340</td>
<td>Down</td>
<td>37%</td>
<td>1.5</td>
<td>-2%</td>
<td>Below Rising</td>
<td>-2%</td>
</tr>
<tr>
<td>ACR A</td>
<td>Credit Agricola</td>
<td>47,036</td>
<td>Down</td>
<td>22%</td>
<td>4.5</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-5%</td>
</tr>
<tr>
<td>LSE LN</td>
<td>London Stock Exchange Group</td>
<td>16,782</td>
<td>Down</td>
<td>48%</td>
<td>4.0</td>
<td>-4%</td>
<td>Below Falling</td>
<td>-4%</td>
</tr>
<tr>
<td>1113 HK</td>
<td>Chun King Property Holdings</td>
<td>36,873</td>
<td>Down</td>
<td>55%</td>
<td>-1%</td>
<td>Below Falling</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>2388 HK</td>
<td>BOC Hong Kong Holdings</td>
<td>49,068</td>
<td>Down</td>
<td>50%</td>
<td>-3%</td>
<td>Below Falling</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>ISP IM</td>
<td>Intesa Sanpaolo</td>
<td>51,021</td>
<td>Down</td>
<td>29%</td>
<td>4.5</td>
<td>-3%</td>
<td>Below Falling</td>
<td>-3%</td>
</tr>
<tr>
<td>ENI US</td>
<td>ENI Group NV</td>
<td>70,868</td>
<td>Down</td>
<td>27%</td>
<td>-8%</td>
<td>Below Falling</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>1109 HK</td>
<td>China Resources Land</td>
<td>19,010</td>
<td>Down</td>
<td>31%</td>
<td>3.0</td>
<td>-8%</td>
<td>Below Falling</td>
<td>-8%</td>
</tr>
<tr>
<td>23 HK</td>
<td>Bank of East Asia</td>
<td>11,732</td>
<td>Down</td>
<td>19%</td>
<td>2.5</td>
<td>-4%</td>
<td>Below Falling</td>
<td>-4%</td>
</tr>
<tr>
<td>SI EDAS S</td>
<td>Swedbank AB</td>
<td>27,470</td>
<td>Down</td>
<td>3%</td>
<td>9.5</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-5%</td>
</tr>
</tbody>
</table>

### Exhibit 4 - Largest 10 EM Financials Severing Price Uptrends

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>MktCap (US$)</th>
<th>Chg Last Day</th>
<th>Trend Slope</th>
<th>HI (Mo)</th>
<th>Low (Mo)</th>
<th>%Chg w/ 50 D MA</th>
<th>Chg w/ 50 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAP US</td>
<td>Creditcorp Ltd</td>
<td>15,960</td>
<td>Down</td>
<td>62%</td>
<td>1.0</td>
<td>-1%</td>
<td>Below Rising</td>
<td>-1%</td>
</tr>
<tr>
<td>BBAS3 BZ</td>
<td>Banco do Brasil</td>
<td>27,353</td>
<td>Down</td>
<td>90%</td>
<td>10%</td>
<td>Below Rising</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2388 HK</td>
<td>BOC Hong Kong Holdings</td>
<td>49,868</td>
<td>Down</td>
<td>50%</td>
<td>3%</td>
<td>Below Falling</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>GNBRTD Grupo Financiero Banorte</td>
<td>16,434</td>
<td>Down</td>
<td>40%</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDFC HC</td>
<td>Housing Development Finance</td>
<td>40,721</td>
<td>Down</td>
<td>45%</td>
<td>3.5</td>
<td>-5%</td>
<td>Below Falling</td>
<td>-5%</td>
</tr>
<tr>
<td>3988 HK</td>
<td>Bank of China</td>
<td>41,049</td>
<td>Down</td>
<td>26%</td>
<td>-4%</td>
<td>Below Falling</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>SHG US</td>
<td>Shihlin Financial Group</td>
<td>20,490</td>
<td>Down</td>
<td>27%</td>
<td>3%</td>
<td>Below Falling</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>KHB IN</td>
<td>Kotak Mahindra Bank</td>
<td>28,947</td>
<td>Down</td>
<td>20%</td>
<td>-3%</td>
<td>Below Rising</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>PBL HK</td>
<td>Public Bank</td>
<td>18,835</td>
<td>Down</td>
<td>9%</td>
<td>0%</td>
<td>Below Falling</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>MLY HK</td>
<td>Malayan Banking</td>
<td>23,507</td>
<td>Down</td>
<td>3%</td>
<td>-2%</td>
<td>Below Falling</td>
<td>-2%</td>
<td></td>
</tr>
</tbody>
</table>

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

Aerospace is the largest component of the industrial sector, so when it melts, even just a bit, it matters to our clients. We break down Friday’s breakdown, and highlight technicals on a few below – Exhibits 1-4.

Exhibit 1: S&P 1500 Aerospace & Defence Total Return Index

Fantastic Charts Like This, At the Inflection Point, Always Conjure Up Thoughts of the Myth of Icarus...

Exhibit 2: S&P 1500 Aerospace & Defence Member TR Price Trends

...But We Can Unpack the Myth and Bring Forth The Underlying Price Trends, And Exact Inflection Points Which Define the Index

Exhibit 3: General Dynamics (GD US) DVD-Adjusted Price Trend

Trend is Broken; Time For Consolidation & Back Filling; Investors Should Look At Supports as Opposed to Trend Slopes

Exhibit 4 – Arconic (ARNC US) DVD-Adjusted Price Trend

There Is No Uptrend, Only Supports & Risk Levels

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

Legal Entity: BMO Nesbitt Burns Inc.

Mark Steele
mark.steele@bmo.com (416) 359-4641
Tiberiu Stoichita
tiberiu.stoichita@bmo.com (416) 359-4684
David Cheng
david.cheng@bmo.com (416) 359-7383
This week we covered a contrarian trade (reduce technology, add to utilities), and the weakness in high yield (actually got a panic signal in the subsequent session on the high yield bond ETF), but for those that don’t consider buying low beta utilities to replace higher beta technology as a viable option, we direct you to another contrarian, albeit less so now positioning – Energy. The S&P 500 Energy index is in an early stage of bottoming in the relative realm, and at the stock level, pretty much every stock that could break above an underperforming trend has – Exhibits 1, 2.

- On the higher risk side of the spectrum, we detail the double bottom in Chesapeake Energy (CHK), the last dip not being confirmed by CDS – Exhibit 3.
- On the lower end of the spectrum, with about half of the volatility of Chesapeake, we delineate the head and shoulders bottom in Haliburton (HAL) – Exhibit 4.

Exhibit 1: S&P 500 Energy vs S&P 500 (See Price Trend Here)

Exhibit 2: S&P 500 Energy Members vs S&P 500 (Price Trends Here)

Exhibit 3: Chesapeake Energy Price Trend (CDS Here, Overlay Here)

Exhibit 4 – Haliburton Price Trend (CDS Here, Overlay Here)

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Severed Trends in High Yield as US Short Rates Tighten

- The sea of green in CDS indices was touched with red yesterday, and indeed over the past five days. We won’t read too much into it at this point, as markets move from an overnarrowed extreme to something less so. Still, it’s worth detailing pictorially – Exhibit 1.

- Over in bond price land yesterday, US high yield bond indices broke below uptrends which had been rising at a rate of 6%/year. In the faster lane, we point out that the Global xUS high yield bond index broke below its 25%/year trend as well yesterday. In fact, it took out a much steeper trend, clocking in at almost 40%/year in early September when the US dollar bottomed, i.e., before the 40 bps spike in the US 2y yield, i.e., before the short end of the curve started tightening aggressively. Turns out, moves in these two time series, Global xUS high yield and the US dollar index are highly correlated – Exhibit 2.

- Severed trends are always inflection, or decision points, but the math helps to guide your considerations. Higher US short rates is impacting currency, which is impacting HY bond pricing, especially so outside the US. In equity land, there are 45 stocks with yield more than 3%, which are at their inflection points, below a price uptrend. We bring them to your decision-making attention in Exhibit 3.

Exhibit 1: Markit CDX Namer HY 5Y CDS (With Other Indices in Insert)

Exhibit 2: iBoxx Gbl xUS HY Bond Price Index (fit to BBDXY in Insert)

Exhibit 3: Stocks with Yield > 3%, With Severed Price Uptrends – See Link for Full List

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Timing the Contrarian Trade

- We will follow up on the rate picture, only we delve into the longer end of the curve, and we make a brave attempt to consider timing. The momentum buy list we left off with yesterday and indeed all of our momentum buy lists exclude overbought stocks. Why? We don’t want to push clients’ new money into overbought situations like that found for global technology on a relative basis against MSCI World today. To us, the risk is that we say yes follow the trend, when current positioning is about 6%, or almost half of the trend slope away from the ultimate buy consideration point, at the bottom of the channel – Exhibit 1. It’s times like this, when as we wrote yesterday, that most global rates are breaking or trending lower, that we can, with all seriousness, tell clients to consider buying the sloppy trend in utilities, with 6% worth of upside noise until the ultimate trim consideration point – Exhibit 2.

- The ratio of the two, technology vs. utilities, is at a pitifully low point, but oversold as we see it – Exhibit 3. It really only makes sense to consider it if long rates are trending lower. We should mention at this point, that long rates are trending lower – Exhibit 4.

Exhibit 1: Technology vs. MSCI World

Exhibit 2: Utilities vs. MSCI World

Exhibit 3: Global Technology vs Global Utilities

Exhibit 4 - US 30Y Bond Yield

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Yesterday was a bit of a respite for US dollar strength, but that unwinds this morning. The head and shoulders top for the Euro cracks and the loonie starts to give up its 5d counter-trend rebound. The underpinnings for US dollar strength is quite simply strength in US short rates as other global rates trend, or break lower. We offer up four short rate charts for you to compare and contrast – Exhibits 1-4.

- The kneejerk reaction to the loss of global yield, or as the negative yield buckets fills up again, is to reach for it before it fades away. There is no question that the MSCI World high dividend index shows a spectacularly linear and consistent uptrend. It’s gorgeous, but that strength is abysmal weakness when compared to the overall equity market – Exhibit 5.
- So all of that to say this. If that US 2y yield outlier is an outlier, and the rest of global short-rates tell a story of not enough global growth to warrant rate hikes, or abandon QE programs, then one continues to tilt the portfolio to the growth side, as yesterday’s breakout in global growth vs value asks you to consider – Exhibit 6.
  - Our global momentum buy list of stocks, with an earnings growth filter is found here.

Running on, running on empty; Running on, running blind; Running on, running into the sun; But I’m running behind

Jackson Browne
Staples Bordering on Ugly

- We covered the strength in energy well last week, so we won’t expand upon the new oil gains driven by the weekend Saudi turmoil other than to point out that all things energy is found here. Rather, we will point to the sector that has taken the place of energy as the sector to most avoid as it has straight-lined through neutral, into negative, and now borders on ugly in our relative strength z-score metric. That sector is consumer staples – Exhibit 1.

- Staples is the sector to hide out in when turmoil strikes. It’s hardly the place to be when bond volatility spikes a new all-time low (MOVE), when credit risk is a sea of green.

- On a market cap weighted global industry relative strength basis, all are now trading below falling 50d MAs, and in most cases double-digit underperformance is the norm – Exhibit 2.

- For the global large cap portfolio manager, the largest 25 staples against MSCI World are shown in Exhibit 3. The key points are that: (1) the consistent outperformance bucket is empty, (2) there is a fat tail of underperformance, but most importantly, (3) there is a large contingent of stocks leaning in that underperforming direction, and it is this lean, as the sector borders on ugly (back to Exhibit 1) which demands your attention as you consider deploying capital into more aggressive vehicles to outperform your benchmarks.

---

Exhibit 1: Staples Relative Strength Z-Score (Sector Heat Map in Insert)

Exhibit 2: Staples Industries vs MSCI World (see Price Trends Here)

Exhibit 3: Largest 25 Staples vs MSCI World

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Following the release of the US tax plan details and the nomination of James Powell as FED chair, our systems didn’t flash major trend changes on the macro front. So we decided to turn to our collection of Long/Short filters and look for addition and trimming candidates.

On the long side, we selected stocks with severed negative price trends in strong subindustries. We highlight the list of North American listed names in Exhibit 1. The global list can be found here.

On the short side, we chose the screen returning stocks that have difficulty maintaining their steep (80%) positive trends. The list of North American listed names is in Exhibit 2 and the global list can be found here.

### Exhibit 1: Largest 15 NA Stocks With Severed Negative Dividend Adjusted Price Trends in Strong Subindustries (Full List Here)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>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 50d MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUS</td>
<td>Ford Motor</td>
<td>AutoMfg</td>
<td>1</td>
<td>8</td>
<td>68,456</td>
<td>1.24</td>
<td>↓</td>
<td>-5%</td>
<td>10.0</td>
<td>6%</td>
<td>9%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>PBR US</td>
<td>Petroleo Brasileiro</td>
<td>Int O&amp;G</td>
<td>1</td>
<td>8</td>
<td>40,189</td>
<td>2.59</td>
<td>↑</td>
<td>-9%</td>
<td>7%</td>
<td>5%</td>
<td>7%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>AZO US</td>
<td>AutoZone Inc</td>
<td>AutoRt</td>
<td>3</td>
<td>9</td>
<td>16,570</td>
<td>1.64</td>
<td>↑</td>
<td>-28%</td>
<td>5%</td>
<td>11%</td>
<td>5%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>PTR US</td>
<td>PetroChina</td>
<td>Int O&amp;G</td>
<td>1</td>
<td>10</td>
<td>14,529</td>
<td>1.23</td>
<td>↑</td>
<td>-24%</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>HSE CN</td>
<td>Husky Energy</td>
<td>Int O&amp;G</td>
<td>1</td>
<td>10</td>
<td>13,108</td>
<td>1.49</td>
<td>↑</td>
<td>-3%</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>IHG US</td>
<td>Intercontinental Hotels Group PLC</td>
<td>HtlRst</td>
<td>2</td>
<td>1</td>
<td>10,691</td>
<td>0.96</td>
<td>↑</td>
<td>-12%</td>
<td>3.0</td>
<td>8%</td>
<td>8%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>SNA US</td>
<td>Snap-on Inc</td>
<td>Ind Mach</td>
<td>2</td>
<td>3</td>
<td>9,036</td>
<td>1.23</td>
<td>↑</td>
<td>-17%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>AKXT US</td>
<td>Axalta Coating Systems</td>
<td>SpecChm</td>
<td>3</td>
<td>4</td>
<td>7,984</td>
<td>1.66</td>
<td>↑</td>
<td>-14%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>SMI US</td>
<td>Salmi</td>
<td>SpecMdl</td>
<td>2</td>
<td>6</td>
<td>7,412</td>
<td>2.54</td>
<td>↑</td>
<td>-22%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>HUBB US</td>
<td>Hubbell Inc</td>
<td>EleCmpEq</td>
<td>2</td>
<td>6</td>
<td>6,903</td>
<td>1.03</td>
<td>↑</td>
<td>0%</td>
<td>48.0</td>
<td>8%</td>
<td>8%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MOH US</td>
<td>Molina Healthcare</td>
<td>MnrgHc</td>
<td>1</td>
<td>2</td>
<td>3,941</td>
<td>2.58</td>
<td>↑</td>
<td>-11%</td>
<td>3.0</td>
<td>0%</td>
<td>0%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CREE US</td>
<td>Cree Inc</td>
<td>Specisl</td>
<td>2</td>
<td>7</td>
<td>3,359</td>
<td>2.19</td>
<td>↑</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>NFI CN</td>
<td>New Flyer Industries</td>
<td>NsnMch&amp;Tr</td>
<td>1</td>
<td>1</td>
<td>2,837</td>
<td>1.10</td>
<td>↑</td>
<td>-12%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CIGI CN</td>
<td>Colliers Intl</td>
<td>RestSrv</td>
<td>2</td>
<td>1</td>
<td>2,226</td>
<td>1.68</td>
<td>↑</td>
<td>-2%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CVRR US</td>
<td>CVR Refining LP</td>
<td>O&amp;G RMkt</td>
<td>1</td>
<td>10</td>
<td>1,838</td>
<td>3.55</td>
<td>↑</td>
<td>-17%</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
</tbody>
</table>

### Exhibit 2: Largest 15 NA Stocks with Dividend Adjusted Price Trend Slope > 80% and Below Channel (Full List Here)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Sub Industry</th>
<th>Grp RS</th>
<th>LT Price</th>
<th>Price Trend</th>
<th>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 50d MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBEI US</td>
<td>BioGen Inc</td>
<td>Biotech</td>
<td>5</td>
<td>6</td>
<td>65,431</td>
<td>1.58</td>
<td>↓</td>
<td>84%</td>
<td>-3%</td>
<td>Below Rising</td>
<td>-3%</td>
<td>Below Rising</td>
<td></td>
</tr>
<tr>
<td>VRTX US</td>
<td>Vertex Pharmaceuticals</td>
<td>Biotech</td>
<td>5</td>
<td>4</td>
<td>36,646</td>
<td>2.65</td>
<td>↓</td>
<td>93%</td>
<td>-5%</td>
<td>Below Rising</td>
<td>-5%</td>
<td>Below Rising</td>
<td></td>
</tr>
<tr>
<td>BAP US</td>
<td>Credicorp Ltd</td>
<td>DiversBnk</td>
<td>6</td>
<td>1</td>
<td>16,453</td>
<td>1.32</td>
<td>↓</td>
<td>82%</td>
<td>0%</td>
<td>Below Rising</td>
<td>0%</td>
<td>Below Rising</td>
<td></td>
</tr>
<tr>
<td>EDU US</td>
<td>New Oriental Education</td>
<td>Educat</td>
<td>6</td>
<td>2</td>
<td>12,914</td>
<td>2.55</td>
<td>↓</td>
<td>85%</td>
<td>2.0</td>
<td>-6%</td>
<td>-6%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>LYN US</td>
<td>Live Nation Entertainment</td>
<td>Mov&amp;Ent</td>
<td>10</td>
<td>2</td>
<td>8,435</td>
<td>1.29</td>
<td>↑</td>
<td>81%</td>
<td>2.0</td>
<td>-3%</td>
<td>-3%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>TAL US</td>
<td>TAL Education Group</td>
<td>Educat</td>
<td>6</td>
<td>1</td>
<td>7,850</td>
<td>2.41</td>
<td>↑</td>
<td>263%</td>
<td>-15%</td>
<td>-15%</td>
<td>-15%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>FIZZ US</td>
<td>National Beverage</td>
<td>SofDrinks</td>
<td>8</td>
<td>1</td>
<td>4,374</td>
<td>2.29</td>
<td>↑</td>
<td>83%</td>
<td>-15%</td>
<td>-15%</td>
<td>-15%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>BCO US</td>
<td>Brink’s Co</td>
<td>Sec&amp;Alm</td>
<td>10</td>
<td>1</td>
<td>3,774</td>
<td>1.92</td>
<td>↓</td>
<td>120%</td>
<td>3.5</td>
<td>-8%</td>
<td>-8%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>SID US</td>
<td>Cla Sidergurica Nacional</td>
<td>Steel</td>
<td>3</td>
<td>10</td>
<td>3,386</td>
<td>3.91</td>
<td>↑</td>
<td>173%</td>
<td>3.0</td>
<td>-19%</td>
<td>-19%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>ACH US</td>
<td>Aluminum Corp of China</td>
<td>Alumin</td>
<td>3</td>
<td>5</td>
<td>3,100</td>
<td>2.82</td>
<td>↓</td>
<td>438%</td>
<td>Below Rising</td>
<td>Below Rising</td>
<td>Below Rising</td>
<td>Below Rising</td>
<td>Below Rising</td>
</tr>
<tr>
<td>TPX US</td>
<td>Tempur Sealy</td>
<td>HomeFurn</td>
<td>10</td>
<td>2</td>
<td>2,970</td>
<td>2.90</td>
<td>↓</td>
<td>118%</td>
<td>3.5</td>
<td>-13%</td>
<td>-13%</td>
<td>Below Falling</td>
<td>Below Falling</td>
</tr>
<tr>
<td>WTW US</td>
<td>Weight Watchers International Inc</td>
<td>SPCmSrv</td>
<td>3</td>
<td>7</td>
<td>2,862</td>
<td>3.90</td>
<td>↑</td>
<td>617%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>Below Rising</td>
<td>Below Rising</td>
</tr>
<tr>
<td>NOM US</td>
<td>Nomad Foods Ltd</td>
<td>PkgFdMt</td>
<td>8</td>
<td>8</td>
<td>2,494</td>
<td>1.65</td>
<td>↓</td>
<td>82%</td>
<td>1%</td>
<td>Above Rising</td>
<td>1%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>SAGE US</td>
<td>Sage Therapeutics Inc</td>
<td>Biotech</td>
<td>5</td>
<td>1</td>
<td>2,248</td>
<td>2.23</td>
<td>↓</td>
<td>83%</td>
<td>0%</td>
<td>Below Falling</td>
<td>0%</td>
<td>Below Falling</td>
<td></td>
</tr>
<tr>
<td>CG US</td>
<td>Carlyle Group LP</td>
<td>AssHmgmt</td>
<td>6</td>
<td>7</td>
<td>2,201</td>
<td>1.59</td>
<td>↓</td>
<td>114%</td>
<td>-2%</td>
<td>Below Rising</td>
<td>-2%</td>
<td>Below Rising</td>
<td></td>
</tr>
</tbody>
</table>

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Trends & Inflection Points

European Strength

- Today we focus on the European space after the STOXX 600 index finished reversing its summer losses and broke to a 2 year high.
- The spectrum of European industries price trends is slightly tilted towards the positive and shows multiple signs of strength as several industries that sport neutral/negative trends are breaking to the upside (Exhibit 1).

- Noting the benign credit environment, where European CDS indices are at their tightest levels in years, we highlight the list of momentum buys vs. STOXX 50 (outperforming the market, not overbought, above rising moving averages) – Exhibit 2.
  - For the bottom fishers we give you the list of stocks that have severed underperforming trends vs. STOXX 50 in Exhibit 3.

Exhibit 1: European Industries Price Trends

<table>
<thead>
<tr>
<th>Industry</th>
<th>Trend Slope</th>
<th>%Chg w/w</th>
<th>Day MA</th>
<th>Chg w/w 50 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoadRail 66%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>LifeSciServ 55%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Mining 72%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>ITServ 30%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>AirFt 39%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Semi Equip 42%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Hld/Dura 20%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>Insurance 18%</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 2: Largest 10 European Stocks vs. STOXX 50 Momentum Buys (Full List Here)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>MCap (USD)</th>
<th>STOXX 50</th>
<th>Trend Slope</th>
<th>%Chg w/w</th>
<th>Day MA</th>
<th>Chg w/w 50 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOV US</td>
<td>Novo Nordisk</td>
<td>Denmark</td>
<td>Pharma</td>
<td>97,510</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETR US</td>
<td>Euronet</td>
<td>Netherlands</td>
<td>Payments</td>
<td>71,961</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLEN LN</td>
<td>Glencore PL</td>
<td>Jersey</td>
<td>Diversified Metals</td>
<td>11,807</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BN FP</td>
<td>Banque Populaire</td>
<td>France</td>
<td>Retail banking</td>
<td>54,754</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFR SW</td>
<td>Richemont</td>
<td>Switzerland</td>
<td>Watches</td>
<td>47,771</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIA SF</td>
<td>Swatch</td>
<td>Switzerland</td>
<td>Watches</td>
<td>43,730</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENGC EP</td>
<td>Engie</td>
<td>France</td>
<td>Utilities</td>
<td>42,040</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LBI US</td>
<td>LyondellBasell Industries</td>
<td>Netherlands</td>
<td>Chem/Plastics</td>
<td>30,040</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESP FP</td>
<td>Electricité de France</td>
<td>France</td>
<td>Utilities</td>
<td>28,983</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PHE LN</td>
<td>Koninklijke Philips</td>
<td>Netherlands</td>
<td>Med equip</td>
<td>38,803</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 3 – Largest 10 European Stocks With Severed Underperforming Trends vs. STOXX 50 (Full List Here)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>MCap (USD)</th>
<th>STOXX 50</th>
<th>Trend Slope</th>
<th>%Chg w/w</th>
<th>Day MA</th>
<th>Chg w/w 50 Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLP US</td>
<td>SAP SE</td>
<td>Germany</td>
<td>Software</td>
<td>94,610</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF PP</td>
<td>Sanofi</td>
<td>France</td>
<td>Pharmaceutical</td>
<td>141,719</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEFR</td>
<td>Siemens AG</td>
<td>Germany</td>
<td>Electronics</td>
<td>123,483</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DAI GR</td>
<td>Daimler AG</td>
<td>Germany</td>
<td>Automotive</td>
<td>90,409</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENI IM</td>
<td>Eni SPA</td>
<td>Italy</td>
<td>Oil &amp; Gas</td>
<td>93,945</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VON OR</td>
<td>Volkswagen</td>
<td>Germany</td>
<td>Automotive</td>
<td>37,303</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AL FP</td>
<td>Air Liquide</td>
<td>France</td>
<td>Chemicals</td>
<td>34,830</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BU GR</td>
<td>MunichRe</td>
<td>Germany</td>
<td>Reinsurance</td>
<td>34,969</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TEL NO</td>
<td>TeliaSonera</td>
<td>Norway</td>
<td>Telecom</td>
<td>32,322</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FERL LN</td>
<td>Ferguson PLC</td>
<td>Jersey</td>
<td>Technology</td>
<td>17,571</td>
<td>32%</td>
<td>2%</td>
<td>Above Rising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

November 2, 2017

Mark Steele
mark.steele@bmo.com
(416) 359-4641
Tiberiu Stoichita
tiberiu.stoichita@bmo.com
(416) 359-4684
David Cheng
david.cheng@bmo.com
(416) 359-7383
Legal Entity: BMO Nesbitt Burns Inc.

Quantitative/Technical Research Website
Trends & Inflection Points

Canadian Energy

- **Energy stocks** continue to improve as crude oil pushes higher. Our group selection report is reflecting this development by showing the sector’s z-score just crossed from the horrible zone to the neutral one.
- In Canada, the S&P/TSX Energy index broke above a negative trend and is poised to mint a second higher high (Exhibit 1).
- At the subindustry level all members sport underperforming trends, but integrateds, producers, drillers, and services have either severed underperforming trends against S&P/TSX, or reached one month highs, or both. In addition, they also crossed above their rising 50d MAs (Exhibit 2).
- At the stock level, most of the large and liquid Energy names show either market performing (consolidating) or underperforming trends, yet a third of them are breaking above these trends and asking for consideration (Exhibit 3).

Exhibit 1: **S&P/TSX Energy**

Exhibit 2: **Canadian Energy Subindustries vs. S&P/TSX**

Exhibit 3: **Large & Liquid Canada Energy Stocks vs. S&P/TSX**

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

**Note:** BMO Capital Markets is Restricted on PGF and SGY.
Inside Materials

- Today we move to **Materials**, the other component of the resources space, following our note on some positive signals among **Energy stocks**.
- On a relative strength basis, Materials, together with Technology, Industrials and Financials, is one of the sectors the market likes best. Over the last three months its z-score improved to the second-best place among our broad equal-weighted relative strength rankings as it continued to mint higher highs and higher lows (Exhibit 1).
  - To highlight what is already working, we offer the list of **momentum buys in top sub-industries** (Exhibit 2).
  - For bottom fishing opportunities, we show the **largest stocks breaking underperforming trends against the MSCI AC World** (Exhibit 3).
  - We note that while most of the Materials subindustries are outperforming, precious metals are not. We highlight **precious metals momentum sells** in Exhibit 4.

### Exhibit 1: Materials Relative Strength Z-Score (Heat Map in Insert)

### Exhibit 2: Largest 15 Momentum Buys in Strong Industries (Full List)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub-Industry</th>
<th>MC Cap (USD)</th>
<th>ACWI</th>
<th>Trend</th>
<th>Share</th>
<th>RS (PM)</th>
<th>% Up/Down</th>
<th>Z-Score</th>
<th>3-Day MA</th>
<th>5-Day MA</th>
<th>20-Day MA</th>
<th>50-Day MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLEN</td>
<td>Glencore PLC</td>
<td>Japan</td>
<td>Diversified</td>
<td>106,182</td>
<td>13.3</td>
<td>0.90</td>
<td>3.75</td>
<td>10.87</td>
<td>3.75</td>
<td>1.40</td>
<td>1.40</td>
<td>1.40</td>
<td>1.40</td>
<td>1.40</td>
</tr>
<tr>
<td>KZ</td>
<td>Hindustan Zinc</td>
<td>India</td>
<td>Diversified</td>
<td>19,042</td>
<td>19.0</td>
<td>7.00</td>
<td>2.75</td>
<td>7.00</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>S32</td>
<td>South32 Ltd</td>
<td>Australia</td>
<td>Diversified</td>
<td>13,596</td>
<td>13.5</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>CCUS</td>
<td>Chemours Company</td>
<td>U.S.</td>
<td>Diversified</td>
<td>10,532</td>
<td>10.5</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>MNDRI</td>
<td>Hindalco Industries</td>
<td>India</td>
<td>Aluminum</td>
<td>9,411</td>
<td>9.4</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>B103X5</td>
<td>Konza Zinc</td>
<td>South Korea</td>
<td>Diversified</td>
<td>8,825</td>
<td>8.8</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>AA</td>
<td>Acme</td>
<td>U.S.</td>
<td>Aluminum</td>
<td>8,774</td>
<td>8.8</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
</tr>
<tr>
<td>LUN</td>
<td>LKAB</td>
<td>Sweden</td>
<td>Aluminum</td>
<td>5,059</td>
<td>5.0</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>ARCP</td>
<td>Alumina Ltd</td>
<td>Australia</td>
<td>Aluminum</td>
<td>5,271</td>
<td>5.3</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>KAZ</td>
<td>KAZ Metals Ltd</td>
<td>U.K.</td>
<td>Copper</td>
<td>4,840</td>
<td>4.8</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
<td>1.25</td>
</tr>
</tbody>
</table>

### Exhibit 3: Largest 15 Material Stocks With Severed Underperforming Trends vs. MSCI AC World (Full List Here)

### Exhibit 4 – Largest 15 Precious Metals Momentum Sells (Full List Here)

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
**Trends & Inflection Points**

### Some Positive Reversals in Energy

- With both Brent and WTI breaking to new multi-year/month highs on Friday and continuing to make higher highs and lower lows (Exhibit 1), we turn our attention to the Energy space.
- On an absolute basis, the market-cap weighted Energy indices have established neutral or positive price trends outside North America, most show recent positive price action and all of them are presently above their rising 50d moving averages (Exhibit 2).
- On a relative strength basis, our broad equal-weighted relative strength ranking classifies Energy as a place to avoid together with Staples, Telecom, and Real Estate, yet we see some signs of strength here as more names are reversing their underperforming trends than otherwise.
  - We highlight the largest 15 of the 43 names that have severed underperforming trends against MSCI AC World in Exhibit 3 (see this link for the same list against S&P 500 and this link for the same list against S&P/TSX).

### Exhibit 1: WTI

![WTI Chart]

### Exhibit 2: Energy Indices Price Trends

<table>
<thead>
<tr>
<th>Name</th>
<th>Trend Slope</th>
<th>Trend</th>
<th>Price Hi (Mo)</th>
<th>Price Lo (Mo)</th>
<th>%Chg 50d Price MA</th>
<th>Chg wrt 50d Price MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI AC Asia Energy</td>
<td>21%</td>
<td></td>
<td>2%</td>
<td>-3%</td>
<td>3.2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI EM Energy</td>
<td>10%</td>
<td></td>
<td>0.9%</td>
<td>-0.2%</td>
<td>3.4%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI EAFE Energy</td>
<td>16%</td>
<td></td>
<td>0.4%</td>
<td>-4.9%</td>
<td>3.8%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI Europe Energy</td>
<td>5%</td>
<td></td>
<td>1.1%</td>
<td>1.4%</td>
<td>5.4%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/ASX 200 Energy</td>
<td>4%</td>
<td></td>
<td>2.1%</td>
<td>4.5%</td>
<td>5.5%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI World Energy</td>
<td>0%</td>
<td></td>
<td>0.3%</td>
<td>3.2%</td>
<td>2.2%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P 500 Energy</td>
<td>-12%</td>
<td></td>
<td>0.2%</td>
<td>6.2%</td>
<td>2.7%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>S&amp;P/TSX Energy</td>
<td>-14%</td>
<td></td>
<td>1.9%</td>
<td>1.2%</td>
<td>1.9%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>MSCI World Small Cap Energy</td>
<td>-31%</td>
<td></td>
<td>2.0%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>Above Rising</td>
</tr>
<tr>
<td>Russell 2000 Energy</td>
<td>-39%</td>
<td></td>
<td>2.5%</td>
<td>0.5%</td>
<td>1.6%</td>
<td>Above Rising</td>
</tr>
</tbody>
</table>

### Exhibit 3: Largest 15 Energy Stocks With Severed Underperforming Trends against MSCI AC World (Full List Here)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name</th>
<th>Country</th>
<th>Sub Industry</th>
<th>1-Day Equity Chg (%)</th>
<th>5-Day Equity Chg (%)</th>
<th>Mkt Cap (US$)</th>
<th>Chg Last Day</th>
<th>Trend Slope</th>
<th>RS Hi (Mo)</th>
<th>RS Low (Mo)</th>
<th>%Chg 50d Price MA</th>
<th>Chg wrt 50d Price MA</th>
<th>Chg wrt 50d Day MA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>XOM US</td>
<td>Exxon Mobil</td>
<td>U.S.</td>
<td>Int O&amp;G</td>
<td>0.3%</td>
<td>0.7%</td>
<td>354,688</td>
<td>Up</td>
<td>↑</td>
<td>20%</td>
<td>-20%</td>
<td>4%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>COP US</td>
<td>ConocoPhillips</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>-0.5%</td>
<td>1.9%</td>
<td>62,320</td>
<td>Up</td>
<td>↑</td>
<td>-26%</td>
<td>-26%</td>
<td>8%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>BGC US</td>
<td>BGC Resources</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>1.6%</td>
<td>1.7%</td>
<td>50,861</td>
<td>Up</td>
<td>↑</td>
<td>-35%</td>
<td>1%</td>
<td>7%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>PBR US</td>
<td>Petroleo Brasiliero</td>
<td>Brazil</td>
<td>Int O&amp;G</td>
<td>-3.3%</td>
<td>3.7%</td>
<td>39,929</td>
<td>Up</td>
<td>↑</td>
<td>-39%</td>
<td>5.5%</td>
<td>8%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>OMGC IN</td>
<td>Oil &amp; Natural Gas</td>
<td>India</td>
<td>OG E&amp;P</td>
<td>3.9%</td>
<td>6.9%</td>
<td>26,386</td>
<td>Up</td>
<td>↑</td>
<td>-40%</td>
<td>4.5%</td>
<td>11%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>COAL IN</td>
<td>Coal India</td>
<td>India</td>
<td>Coal &amp; Uran</td>
<td>-1.4%</td>
<td>1.2%</td>
<td>27,657</td>
<td>Up</td>
<td>↑</td>
<td>-25%</td>
<td>10%</td>
<td>5%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>APC US</td>
<td>Anadarko Petroleum</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>2.3%</td>
<td>0.4%</td>
<td>27,351</td>
<td>Up</td>
<td>↑</td>
<td>-66%</td>
<td>-9%</td>
<td>7%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>EC US</td>
<td>Ecopetrol SA</td>
<td>Colombia</td>
<td>Int O&amp;G</td>
<td>3.6%</td>
<td>8.6%</td>
<td>22,182</td>
<td>Up</td>
<td>↑</td>
<td>-13%</td>
<td>5.5%</td>
<td>13%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>DVN US</td>
<td>Devon Energy</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>2.8%</td>
<td>2.7%</td>
<td>18,855</td>
<td>Up</td>
<td>↑</td>
<td>-57%</td>
<td>-7%</td>
<td>5%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CLR US</td>
<td>Continental Resources</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>3.0%</td>
<td>3.9%</td>
<td>14,772</td>
<td>Up</td>
<td>↑</td>
<td>-71%</td>
<td>1%</td>
<td>8%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>NBL US</td>
<td>Noble Energy</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>4.9%</td>
<td>0.7%</td>
<td>12,599</td>
<td>Up</td>
<td>↑</td>
<td>-77%</td>
<td>-5%</td>
<td>6%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>HSE CN</td>
<td>Husky Energy</td>
<td>Canada</td>
<td>Int O&amp;G</td>
<td>2.5%</td>
<td>4.7%</td>
<td>12,921</td>
<td>Up</td>
<td>↑</td>
<td>-8%</td>
<td>1%</td>
<td>9%</td>
<td>Above Rising</td>
<td>Above Rising</td>
</tr>
<tr>
<td>CVE CN</td>
<td>Cenovus Energy</td>
<td>Canada</td>
<td>Int O&amp;G</td>
<td>2.4%</td>
<td>-0.8%</td>
<td>11,658</td>
<td>Up</td>
<td>↑</td>
<td>-63%</td>
<td>10%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>MRO US</td>
<td>Marathon Oil</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>1.0%</td>
<td>0.9%</td>
<td>11,736</td>
<td>Up</td>
<td>↑</td>
<td>-66%</td>
<td>10%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
</tr>
<tr>
<td>XEC US</td>
<td>Climeax Energy</td>
<td>U.S.</td>
<td>OG E&amp;P</td>
<td>1.8%</td>
<td>-1.6%</td>
<td>11,000</td>
<td>Up</td>
<td>↑</td>
<td>-54%</td>
<td>0%</td>
<td>Above Rising</td>
<td>Above Rising</td>
<td></td>
</tr>
</tbody>
</table>

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

- Technically, the Renminbi is at the apex of a pennant, which we expect will break to the weakening side, in the direction that the Hong Kong dollar has recently been moving since early January – Exhibit 1.

- Quantitatively, the expected break may be the signalling, which brings to light an upcoming slowdown (see references to the leading indication of credit impulse below) in Chinese demand for raw materials, which may compound the supply problem in oil, which may lead to lower oil prices, which may lead to lower inflation expectations, which may lead to lower long duration treasury yields, which may continue to lead the yield curve lower, which may continue to pressure the performance of the S&P 500 against the world, which may be foreshadowed by the state of resource heavy Canadian equity market against the world.

- Enjoy the rest of your weekend. We do offer up some interesting reading material, given the damp chilly weather out there...

References for “Credit Impulse”
1. Credit and economic recovery; Michael Biggs, Thomas Mayer, Andreas Pick; DNB Working Paper No. 218 July 2009
2. China’s Continuing Credit Boom; Jeff Dawson, Alex Etra and Aaron Rosenblum; Liberty Street Economics; February 27, 2017
3. China’s Credit Slowdown Poses a Threat to Global Growth; WSJ May 1, 2017
5. World Bank warns of China debt risk from backdoor local borrowing, FT May 6, 2017

“There’s zero correlation between being the best talker and having the best ideas.”
Susan Cain, Quiet

Exhibit 1: Chinese Renminbi

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

Tut-Tut, it Looks Like Rein

- On Friday, treasury volatility reached the point where we can quantify it as being panicked, or above the top end of its range – Exhibit 1. Our system now begs the question, “Is this extreme to be faded, or is this the sign of a regime change?”
  - This is not panic selling of treasuries; it is panic buying, which is by far the more common affliction witnessed over the past several years – Exhibit 2.
  - This escalation of treasury volatility, which has culminated in Friday’s signal, has been going on for a month now, and as such, appears to be “episodic”, like those of the past few years. The last time we had a bond panic buying “regime” was in 2014-15. During that period of considerable duration, bond folk were panic buyers for quite some time before turning into panic sellers.

Importantly, the buying phase was also coupled with a dive in oil prices, which ultimately led to OPEC production cuts.
  - We are in the OPEC production cut era now, and really in the second chapter of this era;
  - Chapter 1 narrative entailed belief that OPEC cuts could make a difference in U.S. production.
  - In March, and again last week as WTI cracked back below $50, we have been reading the market as being in chapter 2, where the reality of shale staying power sets in. But there is more to this story.

- To bring in other Market Elements: alongside the panic buying of treasuries, observed as higher volatility with yields rolling over, we observe industrial metals rolling over, oil rolling over, and finally inflation expectations rolling over. This roll has also been aligned with Chinese monetary conditions rolling over, or perhaps better put, being reined in– Exhibit 3. If this rein/roll continues, and we expect that it will, our bond panic buying inflection point signals the regime change, which can be backdated one month prior.

I'm just a little black rain cloud
Robert & Richard Sherman, 1966

Exhibit 1: US Treasury Volatility (MOVE)

Exhibit 2: US 30y Bond Yield and Treasury Volatility

Exhibit 3: The Seeding of a Rein Cloud

Source: All charts BMO Capital Markets, Bloomberg
Focal Points

The Wisdom of Sweet Brown

- We can give you the knowledge that on Friday the MSCI All Country World Index broke an uptrend, and that the NASDAQ did too, and that the cost to protect a basket of Life & Health Insurers broke to the upside that very day, and finally that the US 30y yield just broke yield support and has entered its “thinking fast” air pocket (Exhibits 1-4), but that would not impart wisdom.
- Wisdom would come from realizing how these seemingly disparate events are related as markets head back towards the zero bound in rates.
- We view these equity breakdowns as stop loss considerations, rather than buy the dip opportunities and continue to recommend being long duration.

- Here’s some Sunday night reading for you; new stuff from Ben and old stuff from BIS.

“Well, I woke up to get me a cold pop and then I thought somebody was barbecuing. I said, ‘Oh Lord Jesus, it’s a fire.’ Then I ran out, I didn’t grab no shoes or nothing, Jesus. I ran for my life and then the smoke got me, I got bronchitis! Ain’t nobody got time for that.”

Sweet Brown

Exhibit 1: MSCI All Country World Index (MXWD)

Exhibit 2: NASDAQ Composite (CCMP)

Exhibit 3: Global Life & Health Insurance Ave 5y CDS

Exhibit 4: US 30y Bond Yield

Source: All charts/tables BMO Capital Markets, Bloomberg, Thomson, Markit
Treasury Bear? You Have Been Soft Served

- Soft serve is a type of ice cream that is softer than regular ice creams as a result of air being introduced during freezing. The long end of the treasury curve is being air jacked, with its own serving of soft data (top). Of course the hard data may come, and the market can continue to sell treasuries, and that 30 year downtrend in yields can indeed break, and so on and so forth. But that’s not what typically happens. Typically, when a tall serving of soft serve data is laden upon a small cone of hard data the soft stuff melts quickly, and runs down those little hands (middle). Inflated treasury yields tend to deflate again and again (bottom).

- The greatest argument we can envisage, which would end the 30 year bull market in treasuries (not what we expect), comes from Borio’s paper (BIS) which argues that central banks should target imbalances which have been created by central banks’ own asymmetric behavior, rather than targeting the inflationary signal that never comes (Becket). Yet the central bank dissention we heard from last week was nothing of that sort. It was all, oh inflation is too strong (BoJ), or oh inflation too weak (FED). We did not hear central bankers suggest that they have had their eye on the wrong ball. So until the market tells us that there is a paradigm shift, we will expect that the horror of negative US long rates will be on our doorsteps as early as next year (extrapolation of the trend, at the minus two standard deviation mark), and not that the horror of imbalances becoming unwound by said overseers will be upon us any time soon (the inflection point of a reversal driven by a ‘new and improved’ central bank targeting). It’s kinda like choosing one horror (yes you saver, that kid with the huge mortgage is being paid by the banks to own it), rather than the other (what is the Canadian way to spell foreclosure? +250bps eh).

- We will continue to mindfully follow the trend, until we have to respect the inflection point.
  - We continue to expect that treasury yields will eventually roll over. The current soft-hard outlier is a massive signal.
    - You have been served.

Exhibit 1: US Economic Surprise: Soft Survey Data vs Hard Data (Industrial, Labour, Retail, Housing) and US 10Y Treasury Yield

Source: BMO Capital Markets, Bloomberg
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. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx.

ETF Related Disclosures

As an authorized participant or otherwise, BMO Capital Markets acquires securities from the issuers for the purposes of resale. BMO Capital Markets and its affiliates seek to provide brokerage services to, and do other business with, ETFs covered by this report. BMO Capital Markets and its affiliates seek to enter into securities and other transactions on a principal basis with, and may borrow securities from, ETFs covered by this report. BMO Capital Markets makes a market in this security.

The BMO ETFs issue, or will issue, Units directly to Designated Brokers and Underwriters. The initial issuance of Units of a BMO ETF will not occur until it has received, in aggregate, subscriptions sufficient to satisfy the TSX’s original listing requirements. BMO Nesbitt Burns Inc., an affiliate of the Manager, will act as a Designated Broker for the BMO ETFs. Units of each of the BMO ETFs are issued and sold on a continuous basis and there is no maximum number of units that may be issued. BMO Asset Management is the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs and is responsible for the administration of the BMO ETFs. Unitholders may redeem Units for cash, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities of the Constituent Issuers held by each BMO ETF and cash, or, with respect to certain BMO ETFs, cash only.

Securities legislation in certain Canadian provinces prohibits registrants from recommending, or cooperating with any other person in recommending, in any circular, pamphlet or similar publication that is distributed with reasonable regularity in the ordinary course of its business, that securities of the registrant or a related issuer, or in the case of a distribution, that securities of a connected issuer, be purchased, sold or held unless such publication contains a statement of the relationship or connection between the registrant and the issuer. BMO Nesbitt Burns Inc. is an indirect wholly-owned subsidiary of Bank of Montreal. Accordingly, Bank of Montreal is a related and connected issuer of BMO Nesbitt Burn Inc. TO U.S. RESIDENTS: This publication, to the extent it refers to Bank of Montreal securities, has not been approved or distributed by BMO Capital Markets Corp. or BMO Nesbitt Burns Securities Ltd. and affiliates of BMO Nesbitt Burns Inc. It is intended for distribution in the U.S. by BMO Nesbitt Burns Inc. only to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6 under the Securities Exchange Act of 1934, as amended).

Investors should consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. The prospectus for the ETF contains this and other information about the investment company and should be read carefully before investing. Clients may obtain prospectuses for the ETFs mentioned in this report from the ETF distributor or the exchange upon which it is listed. This report is not a prospectus or an offer to buy or sell any security, or to participate in any trading strategy.

For a complete list of ETFs mentioned in this report, please contact the research analyst directly.

Investors in ETFs with international securities may assume currency and political risk.

Sector and commodity specific ETFs are not diversified and may focus their investments entirely in a single sector, commodity, or basket of commodities. As a result, the ETFs will involve a greater degree of risk than an investment in other diversified fund types.

ETFs designed to track an index or asset may experience a discrepancy between the ETF’s performance and the performance of its target index known as tracking error. A variety of factors can create a performance gap between ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF portfolio manager’s replication strategy and sampling techniques, and the timing of purchases and redemptions of ETF’s shares. Inverse and Leveraged ETFs: Most leveraged ETFs seek to provide a multiple of the investment returns of a given index or benchmark on a daily basis.

Inverse ETFs seek to provide the opposite of the investment returns, also daily, of a given index or benchmark, either in whole or by multiples. Due to the effects of compounding and possible correlation errors, leveraged and inverse ETFs may experience greater losses than one would ordinarily expect.
Distribution of Ratings (November 30, 2017)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>46.4%</td>
<td>24.4%</td>
<td>58.8%</td>
<td>48.5%</td>
<td>59.2%</td>
<td>53.9%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>50.2%</td>
<td>15.2%</td>
<td>39.5%</td>
<td>48.2%</td>
<td>39.3%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.4%</td>
<td>10.0%</td>
<td>1.8%</td>
<td>3.3%</td>
<td>1.5%</td>
<td>5.0%</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.

Ratings Key (as of October 2016)

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;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - 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

(April 2013 - October 2016)

(January 2010 - April 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, MSX 1H3.

Dissemination of Research

Dissemination of 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.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients’ services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of updates to this report.

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. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. 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, Colin Hamilton, Alexander Pearce, David Round, Edward Sterck 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 E.U. Residents: In an E.U. Member State this document is issued and distributed by BMO Capital Markets Limited which is authorised and regulated in the UK and operates in the E.U. on a passported basis. This document is only intended for Professional Clients, as defined in Annex II to “Markets in Financial Instruments Directive” 2004/39/EC (“MiFID”).

Singapore: This disclaimer applies to research reports distributed by the Private Banking unit of Bank of Montreal, Singapore Branch (“BMO SG”), an exempt financial adviser under the Financial Advisers Act (Cap. 110) of Singapore (“FAA”) only. This research report is prepared by BMO Capital Markets and distributed by BMO SG pursuant to an arrangement under regulation 32C of the Financial Advisers Regulations of Singapore. This research report is distributed by BMO SG solely to persons who qualify as accredited investors as defined in the FAA only, and is not intended for and may not be circulated to the general public. This report and any information contained in this report shall not be disclosed to any other person. If you are not an accredited investor, please disregard this report. BMO SG does not accept legal responsibility for the contents of the report. Recipients should contact BMO SG at 65-6535 2323 for matters arising from, or in connection with the report.

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.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

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, (Member FDIC), BMO Ireland Plc, and Bank of Montreal (China) Co. Ltd. and the institutional broker dealer businesses of BMO Capital Markets Corp. (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.

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

TM Trademark Bank of Montreal

©COPYRIGHT 2017 BMO CAPITAL MARKETS CORP.