Relative Strength Filter
Global Summary

Group Selection

Priced as of October 8, 2019

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Note: Group tickers incorporate hyperlinks to decile charts, and then a link to our Toolkit of the group members.

See back pages for user guide and disclaimer.
Sources for all charts: BMO Capital Markets
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Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = MSCI AC World; CDA = S&P/TSX Composite):

(a) % Outperforming - what percentage of sector members is outperforming the market,
(b) Reward/Risk - how consistent is the median relative strength performance of the sector membership (ranking),
(c) Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.

The strength z-Score is weighted 60% towards the trend parameters (% outperforming and reward/risk ratios) and 40% towards the trend positions (reversals of trends). Gridlines are placed at 0.5 increments.

See Help Pages for further details.
Consumer Staples

October 8, 2019

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112 stocks; $1428bn

DrugRetail
7 stocks; $70bn

Dist&Vnt
20 stocks; $597bn

HhldPrdct
19 stocks; $661bn

SprCntrs
16 stocks; $600bn

PersPrdct
36 stocks; $513bn

健康发展

PkgFdMt
22 stocks; $1428bn

Brewers
14 stocks; $453bn

FdRetail
33 stocks; $357bn

SprCntrs
16 stocks; $600bn

AgriProd
26 stocks; $109bn

Tobacco
13 stocks; $432bn

DrugRetail
7 stocks; $70bn

PkgFdMt
22 stocks; $1428bn

SoftDrnks
19 stocks; $553bn

PersPrdct
36 stocks; $513bn

DrugRetail
7 stocks; $70bn

Dist&Vnt
20 stocks; $597bn

HhldPrdct
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AgriProd
26 stocks; $109bn

Tobacco
13 stocks; $432bn
October 8, 2019

Information Technology

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Momentum

Strength

SystmSwr → 49 stocks; $1450bn

ApplicSwr → 111 stocks; $1083bn

InetSrv&In → 16 stocks; $129bn

DataProc → 46 stocks; $1245bn

Semi → 49 stocks; $1408bn

ElecComp → 41 stocks; $321bn

SemiEqp → 44 stocks; $342bn

ElecInstr → 44 stocks; $311bn

TechDist → 14 stocks; $91bn

ITConsult → 49 stocks; $734bn

HdwrSt&P → 39 stocks; $1536bn

ComEquip → 42 stocks; $385bn

411 stocks; $1408bn

41 stocks; $321bn

44 stocks; $342bn

44 stocks; $311bn

49 stocks; $734bn

39 stocks; $1536bn

42 stocks; $385bn
October 8, 2019

Utilities

Momentum

Strength

WaterUtil →
24 stocks; $100bn

GasUtil ↑
36 stocks; $275bn

RenewElec
25 stocks; $143bn

GasUtil
36 stocks; $275bn

MultiUtil ↓
34 stocks; $538bn

ElecUtil ↓
33 stocks; $1298bn

IPPTrad ←
25 stocks; $127bn

Utilities

WaterUtil →
24 stocks; $100bn

GasUtil ↑
36 stocks; $275bn

RenewElec
25 stocks; $143bn

GasUtil
36 stocks; $275bn

MultiUtil ↓
34 stocks; $538bn

ElecUtil ↓
33 stocks; $1298bn

IPPTrad ←
25 stocks; $127bn
Group Strength

Our Global Group analysis is based on bottom-up equity relative strength analysis as opposed to industry group (index) relative strength analysis.

Strength Decile Defined By
1. What percentage of a group’s members are outperforming
2. How consistent that outperformance is
3. How the members are positioned (above/below) vs. their trend channels.

Momentum Decile
Rate of change of strength (change in 5-day moving average)

The Underlying Equity Relative Strength Analysis
Each day, for every equity we cover, our relative strength system assesses the best fit trend from a spectrum which covers a minimum trend duration of six months, and a maximum of 4-years. The "best fit" is the trend which maximizes duration, and minimizes deviation from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,700 securities.
- Groups have a:
  ...Median depth of 28
  ...Average depth of 36

Heat Map Colour and Symbol Guide
Strength is highlighted by the background of the group title
- Bright green = best (1st decile) transitions towards...
- Bright red = worst (10th decile)
Momentum is highlighted in the border of the group title
- Colour map for momentum is the same as strength
Symbols to the right of the group ticker show where a group moved from in the previous session. Below the group symbol we highlight the number and total market capitalization of the members in a group. Clicking on the group, which brings up the chart via a hyperlink, will help to clarify the moves.
Our Goals:
- To buy outperforming stocks in favoured groups
- To avoid underperforming stocks in unfavoured groups
- To be alerted of and act on the changes

#1 Rule of Momentum: You can use it only if it exists

- In stable/trending markets, one can buy stocks with high strength and momentum and hold them as long as momentum does not turn negative (trend following).

- In very rotational markets (e.g., where credit, currency, commodity conditions are choppy/changing):
  - Buying high strength and high momentum may be dangerous (buying yesterday's winners).
  - One is better off buying stocks with moderate strength and high momentum (bottom fishing).
Buy
- Groups with high strength and high positive momentum (top left) - “In Favour”
- Groups with moderate strength and high positive momentum - “Transitioning to Positive”
- Groups with mediocre strength and high positive momentum - “Gaining Favour”

Buy/Hold
- Groups with high strength and neutral momentum (middle left) - “Maintaining Favour”

Sell
- Groups with low strength and high negative momentum (bottom right) - “Out of Favour”
- Groups with moderately negative strength and high negative momentum - “Transitioning to Negative”
- Groups with mediocre strength and high negative momentum - “Losing Favour”
User Guide 4 - Hyperlinks To Decile Charts & Stock Selection

- Each group is hyperlinked to a chart that shows the relative strength decile as a function of time, and the moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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