Group Selection

Priced as of August 22, 2019

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
Gold: 73 stocks; $286bn
Silver: 9 stocks; $22bn
Gold: 71 stocks; $614bn
SpecChm: 71 stocks; $571bn
Int O&G: 32 stocks; $162bn
Alumin: 10 stocks; $27bn
DvrsMng: 29 stocks; $325bn
OG Drill: 10 stocks; $14bn
Coal&Uran: 21 stocks; $66bn
DiversChm: 20 stocks; $162bn
Steel: 61 stocks; $334bn
PapProd: 23 stocks; $76bn
ComdChm: 47 stocks; $336bn
CstrMat: 33 stocks; $233bn
MtGlsCnt: 14 stocks; $73bn
IndusGas: 7 stocks; $224bn
PrecMet: 13 stocks; $43bn
OG RfMkt: 32 stocks; $423bn
Copper: 14 stocks; $69bn
Fert&Ag: 29 stocks; $135bn
OG E&P: 92 stocks; $588bn
OG StTr: 63 stocks; $566bn
OG Equip: 53 stocks; $165bn
PaperPkg: 16 stocks; $90bn
FrstPrd: 10 stocks; $20bn
Momentum

Strength

August 22, 2019

Mark Steele (416) 359-4641

Energy

OG StTr
63 stocks; $566bn

OG Equip
53 stocks; $165bn

OG E&P
93 stocks; $588bn

Int O&G
32 stocks; $162bn

OG Drill
10 stocks; $14bn

Coal&Uran
21 stocks; $66bn

OG RfMkt
35 stocks; $423bn
August 22, 2019

Consumer Staples

Dist&Vnt  
20 stocks; $597bn

FdDistri  ↪  DrugRetail  ⇐
11 stocks; $53bn  7 stocks; $57bn

FdRetail  ↑
23 stocks; $347bn

PersPrdct  ↑
38 stocks; $507bn

Brewers  
16 stocks; $460bn

SprCntrs  ↩  HhldPrdct  ↪
16 stocks; $579bn  18 stocks; $656bn

PkgFdMt  ↪
12 stocks; $143bn

SoftDrnks  ↑
19 stocks; $591bn

Tobacco  ↓
13 stocks; $493bn

AgriProd  ♠
28 stocks; $111bn

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PersPrdct  ↑
38 stocks; $507bn

Brewers  
16 stocks; $460bn

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PkgFdMt  ↪
12 stocks; $143bn

SoftDrnks  ↑
19 stocks; $591bn

Tobacco  ↓
13 stocks; $493bn

AgriProd  ♠
28 stocks; $111bn
Utilities

Momentum

Strength

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Utilities

MultiUtil
25 stocks; $143bn

WaterUtil 
24 stocks; $101bn

IPPTrad 
25 stocks; $127bn

RenewElec 
25 stocks; $146bn

ElecUtil 
25 stocks; $1277bn

GasUtil 
36 stocks; $270bn

35 stocks; $515bn

24 stocks; $101bn

25 stocks; $127bn

36 stocks; $270bn
User Guide 1 - Definitions & Dataset

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 are members 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).
User Guide 3 - Buy/Hold/Sell

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”
- 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>52.6%</td>
<td>41.1%</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>
<td>5.5%</td>
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