



**Third Party Research**

**August 31, 2017**

## **Trading Places**

**eResearch Corporation** is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards provides further commentary on sector rotation. Utilities and Consumer Staples may continue to do well in the current market environment.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <http://www.valuetrend.ca/trading-places/>

You can also visit the **VALUETREND** website at the link below:  
<http://www.valuetrend.ca/>

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Bob Weir, CFA: Director of Research

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Wednesday, August 30, 2017

## Trading Places

By: Keith Richards (bio at end)

One of my favorite Eddy Murphy movies was Trading Places. It is a great story starring Dan Ackroyd as a successful currency trader, Jamie Lee Curtis as a prostitute, and Eddy Murphy as a street beggar. Dan Ackroyd and Eddy Murphy, through no fault of their own, end up “trading places” with their lifestyles – with Jamie Lee Curtis becoming involved in the escapades. I highly recommend the film if you have not seen it. Great fun!

There has also been some “trading places” amongst stock market sectors these days.

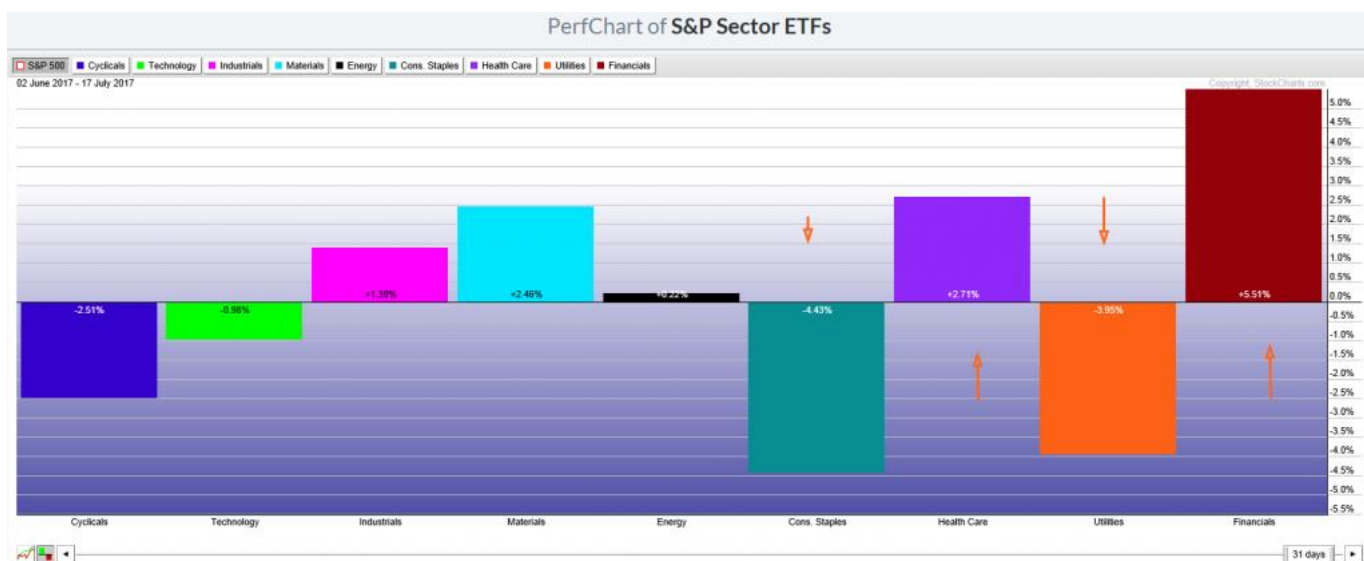
Consumer staples are rising after a period of under-performance, as are utilities. Meanwhile, Financials and Healthcare are falling after a period of out-performance.

The stockcharts.com “perf charts” (Performance Charts) I have posted here (below) illustrate this rotation. I have set the default to 31-day look-back periods.

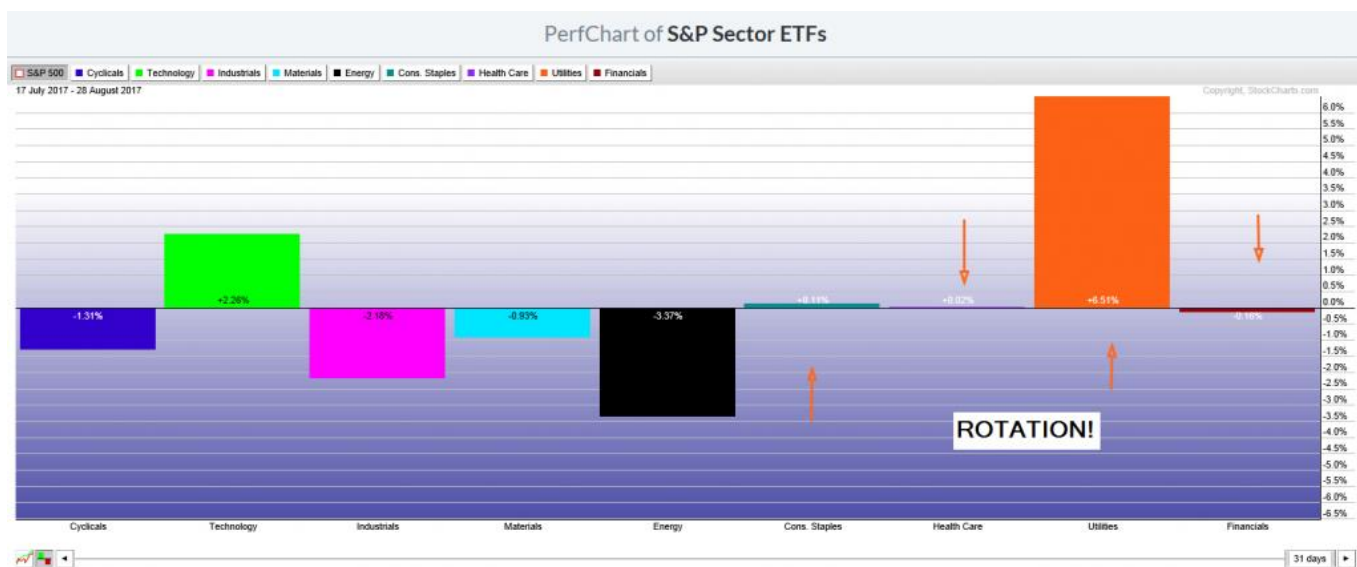
The first chart is for June – July, and the next chart is July - August. These charts offer a back-to-back comparison of the recent versus previous 31-day periods.

You can really see how stark this rotation has been affecting the staples, healthcare, utilities, and financials sectors on the right side of the chart.

On the left side of the chart, you will also see energy, technology, materials, and industrials trading places.



<continued>



You can account for some of this rotation as seasonal factors. For example, staples and utilities are usually stronger than the higher beta sectors at this time of the year. Financials, however, typically finish their period of out-performance in April, which defies their strength through most of the summer (until recently). Seasonals don't always work, but they do have influence.

Given the bombs that seem to be flying around in the east, not to mention homeland trade wars and U.S. healthcare dilemmas, I would not be surprised if defensive sectors, like utilities and staples, remain in the out-performance camp for a while.

Hope you all have a happy long week-end—I will be back next week to post my usual blogs, and to make my monthly BNN appearance on Wednesday (Sept 6<sup>th</sup>) for their 5:30 MarketCall show. More info on that below. Happy trading!

**Keith on BNN's "MarketCall Tonight" show, Wednesday September 6, 2017 at 5:30pm**

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See **About The Author** on the following page.

## ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **"one of [our] most accurate technical analysts."** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page [www.valuetrend.ca/blog/](http://www.valuetrend.ca/blog/). His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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