Expected Equity Trends during the First 18 Months of a Trump Administration

Presented to
Toronto MoneyShow
September 9th, 2017
Historic Performance by Dow Jones Industrial Average during Post Election Years

Dow Jones Industrial Average Seasonality

Average vs. Post Election Year

Timeframe: 86-year range ending 12/31/2016

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Historic Performance by Dow Jones Industrial Average during Mid-Term Election Years

Dow Jones Industrial Average Seasonality

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Timeframe: 86-Year range ending 12/31/2016
Economic Performance during the Election Cycle

Nonfarm Employment Seasonality

Industrial Production: Total Seasonality

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Commodity Performance during the Election Cycle

Global price of Copper Seasonality

Gold Price Seasonality

© EquityClock.com
US Dollar Performance during the Election Cycle
The Tax Reform Factor

Dow Jones Industrial Average Seasonality

- Average
- Pre-Tax Reform
- Tax Reform

Timeframe: 66-Year range ending 12/31/2016

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The Tax Reform Factor

Dow Jones Industrial Average Seasonality

Timeframe: 86-Year range ending 12/31/2016
The Tax Reform Factor

Gold Price Seasonality

Global price of Copper Seasonality

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Traditional Investment Decision Making

1. Fundamental Analysis
2. Technical Analysis
3. Seasonal Analysis
Seasonal Investment Decision Making

1. Seasonal Analysis
2. Technical Analysis
3. Fundamental Analysis
The Seasonal Investing Process

- **Seasonal Analysis**: Find periods of seasonal strength or weakness
  - See *EquityClock.com*
- **Technical Analysis**: Fine tune entry and exit points
  - Is the trend favourable for the seasonal move?
- **Fundamental Analysis**: Determine the annual recurring events that trigger seasonality
  - Are recurring events happening this year?
What is Seasonal Investing?

Seasonal Investing

- The markets are influenced by seasonally recurring tendencies, including those pertaining to:
  - economic indicators
  - corporate earnings
  - consumer and business spending patterns
  - recurring announcements
  - recurring/planned events
Which markets display Seasonality?

- Equity markets
- Commodities
- Interest Rates
- Economic Indicators
- Individual equities
- Sectors
- Currencies

Not Exchange Traded Funds
Seasonality of U.S. Equity Markets

S&P 500 Index Seasonality

© EquityClock.com

Timeframe: 20-Year range ending 12/31/2016
Seasonality of Canadian Equity Markets

S&P/TSX Composite Index Seasonality

© EquityClock.com

Timeframe: 20-Year range ending 12/31/2014
Seasonality of European Markets

FTSE 100 Index Seasonality

Timeframe: 20-Year range ending 12/31/2014

© EquityClock.com
Seasonality of European Equity Markets

[Graph of DAX Index Seasonality from January 2000 to December 2014, showing percentage change over months.]

Timeframe: 20-Year range ending 12/31/2014

© EquityClock.com
Seasonality of Emerging Equity Markets

MSCI Emerging Market Index Seasonality

© EquityClock.com

Timeframe: 20-Year range ending 12/31/2014
Fun with Data Chart

Dow Jones Industrial Average Seasonality

Average

Years Ending in '7'

© EquityClock.com

Timeframe: 86-Year range ending 12/31/2016
Seasonality of the VIX Index

Volatility Index (VIX) Seasonality

Timeframe: 20-Year range ending 12/31/2014

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What is VIX Saying Now?
Sector Seasonality

![Graph showing sector seasonality with specific dates for each sector]

- **Energy**
  - Jan 9 to Aug 18
- **Materials**
  - May 5 to Nov 20
- **Industrials**
  - May 10 to Oct 29
- **Consumer Disc.**
  - Apr 12 to Oct 17
- **Cons. Staples**
  - Apr 25 to Nov 23
- **Health Care**
  - Apr 25 to Dec 4
- **Financial**
  - Apr 13 to Nov 22
- **Technology**
  - Feb 15 to Jul 17
- **Utilities**
  - Oct 9 to Jan

Source: EquityClock.com
Seasonal Investing – Not Just Based Upon Dates on a Calendar

Economic data influencing price
Primary Technical Requirements for Entering Seasonal Trades

- Intermediate uptrend
- Outperformance relative to a broad benchmark (such as S & P 500)
Secondary Technical Requirements for Entering Seasonal Trades

- Trades above its 20 day moving average
- Short term momentum indicators trending higher (Stochastics, RSI, MACD)
### Daily Report Showing Seasonality and Technicals (for September 1st, 2017)

<table>
<thead>
<tr>
<th>UNIT</th>
<th>SEASONAL</th>
<th>TREND</th>
<th>RELATIVE STRENGTH</th>
<th>20 DAY MA</th>
<th>MOMENTUM</th>
<th>TECHNICAL SCORE</th>
<th>PREVIOUS SCORE</th>
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</thead>
<tbody>
<tr>
<td>Technology XLK/FHQ.TO</td>
<td>Negative</td>
<td>Up</td>
<td>Positive</td>
<td>Above</td>
<td>Up</td>
<td>6</td>
<td></td>
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<tr>
<td>Materials XLB/FHM.TO</td>
<td>Negative</td>
<td>Up</td>
<td>Positive</td>
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<td>6</td>
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<tr>
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<td>Neutral</td>
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<td>Up</td>
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<tr>
<td>Consumer Discretionary XLY/FHD.TO</td>
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<td>Neutral</td>
<td>Negative</td>
<td>Above</td>
<td>Up</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Financials XLF/FHF.TO</td>
<td>Negative</td>
<td>Neutral</td>
<td>Negative</td>
<td>Below</td>
<td>Up</td>
<td>-2</td>
<td>-4</td>
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<tr>
<td>Energy XLE/FHE.TO</td>
<td>Neutral</td>
<td>Down</td>
<td>Negative</td>
<td>Above</td>
<td>Up</td>
<td>-2</td>
<td>-4</td>
</tr>
<tr>
<td>Consumer Staples XLP/FHC.TO</td>
<td>Negative</td>
<td>Up</td>
<td>Negative</td>
<td>Below</td>
<td>Up</td>
<td>0</td>
<td>-2</td>
</tr>
<tr>
<td>Health Care XLV/FHH.TO</td>
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<td>Up</td>
<td>Positive</td>
<td>Above</td>
<td>Up</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Utilities XLU/FHU.TO</td>
<td>Neutral</td>
<td>Up</td>
<td>Positive</td>
<td>Above</td>
<td>Down</td>
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<td></td>
</tr>
<tr>
<td>TSX Financial</td>
<td>Neutral</td>
<td>Down</td>
<td>Neutral</td>
<td>Above</td>
<td>Up</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TSX Energy</td>
<td>Negative</td>
<td>Neutral</td>
<td>Negative</td>
<td>Above</td>
<td>Up</td>
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<tr>
<td>TSX Gold</td>
<td>Positive</td>
<td>Up</td>
<td>Positive</td>
<td>Above</td>
<td>Up</td>
<td>6</td>
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</tbody>
</table>
Seasonal Trade Example using Gold / Gold Equities

First, check seasonality
Seasonal Trade Example using Gold / Gold Equities

First, check seasonality

NYSE Gold Bugs Index Seasonality

© EquityClock.com
Seasonal Trade Example using Gold / Gold Equities

Choosing between gold and gold equities
Seasonal Trade Example using Gold / Gold Equities

Second, Check Primary Technical Indicators: Trend, Strength relative to the S & P 500 Index
Seasonal Trade Example using Gold / Gold Equities

Second, Secondary Technical Indicators: Above 20 day moving average / positive momentum
Fundamental considerations

- Indian Wedding Season and Chinese New Year
- U.S. Dollar Index trends
- Earnings trends for major gold producers
- Volatility
Seasonal Trade Example using Natural Gas / ‘Gassy’ Stocks

First, check seasonality

![Natural Gas Futures Seasonality Chart](https://www.equityclock.com)

Timeframe: 20-Year range ending 12/31/2015

© EquityClock.com
Seasonal Trade Example using Natural Gas / ‘Gassy’ Stocks

First, check seasonality

Energy Sector Seasonality

© EquityClock.com

Timeframe: 20-Year range ending 12/31/2016
Seasonal Trade Example using Natural Gas / ‘Gassy’ Stocks

First, check seasonality

Bonavista Energy Corp Seasonality

© EquityClock.com

Timeframe: 20-Year range ending 12/31/2016
Seasonal Trade Example using Natural Gas / ‘Gassy’ Stocks

Second, check out primary technical indicators: Trend and Relative Strength
Seasonal Trade Example using Natural Gas / ‘Gassy’ Stocks

Second, check out secondary technical indicators:
Above 20 day moving average / Momentum
Natural Gas versus ‘Gassy’ Stock
‘Gassy’ Stocks

U.S. ‘gassy’ stock examples: XEC, COG, CXO, DVN, NFX, PXD
Canadian ‘gassy’ stock examples: VET, FRU, BNP, BIR, PSK, CR
‘Gassy’ ETFs: FCG, ZJN.TO

Primary technical indicators: trend and strength relative to the S & P 500 Index
‘Gassy’ Stocks
Fundamental Considerations

- Natural gas inventories

- Rising year-over-year cash flow and earnings estimates ($3.07 per Mbtu vs $2.70)
- Weather (Hurricane season)
Fundamental Considerations

- Natural gas inventories
Websites

- Don and Jon Vialoux
  - http://EquityClock.com
Questions

Disclaimer: Comments and opinions offered in this presentation are for information only. They should not be considered as advice to purchase or to sell mentioned securities. They should not be considered as recommendations made by Don and/or Jon Vialoux.