

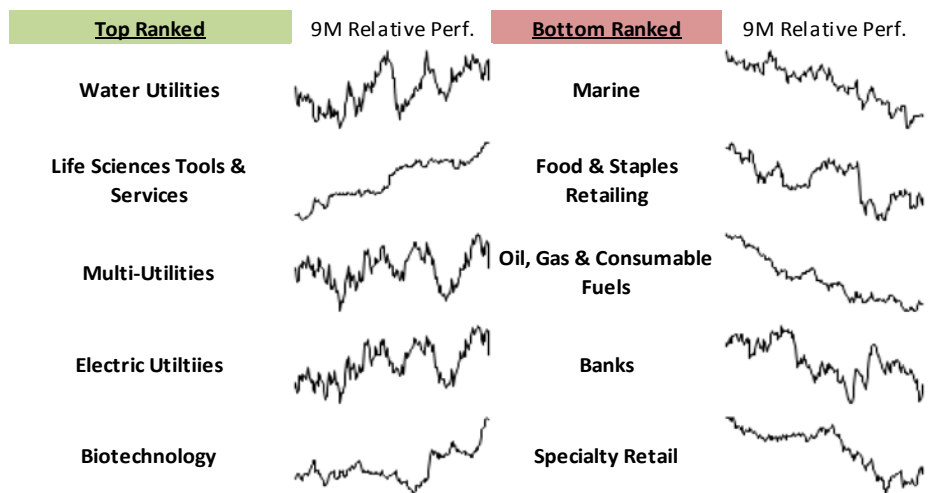
deGraaf's Daily

Credit conditions remain supportive for equities BB vs BBB spreads have stalled and are beginning to again contract within their downward trend. The one area of potential credit concerns are in the Business Development Companies (BDCs), which have been diverging from the market since May. These are generally the more highly levered and marginal credit providers, so their performance is worth watching, they haven't yet shown any signs of affecting the broader credit and economic conditions.

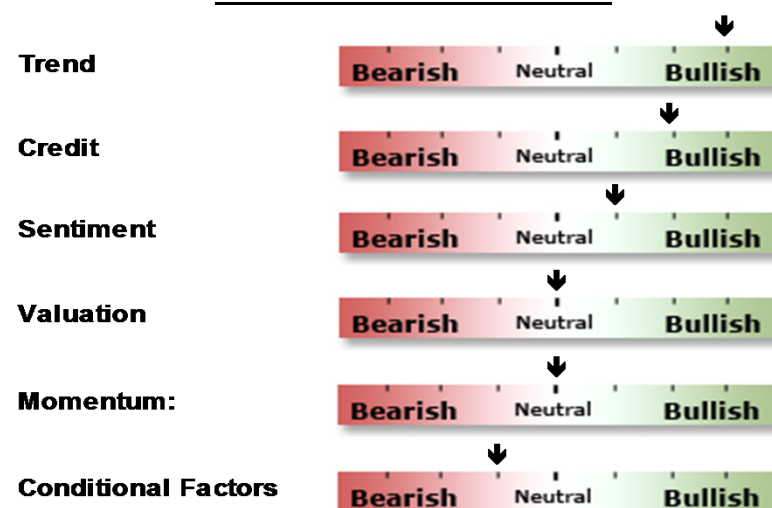
Energy's rally has lacked any meaningful momentum or change in its relative performance trend. The broad sector remains in a downtrend, is now in overbought territory and approaching resistance zones. A number of names in the sector are flagging our screens as good short entry points (weak trends in overbought conditions).

We prefer health care relative to tech from here into 2018. IT services are in the vulnerable zone as we break down the Tech groups, and specifically the small-cap names. Small-cap IT services are starkly underperforming their large-cap brethren and are a focus area to trim exposure and use as a source of funds elsewhere.

S&P 1500 Industry Technical Rankings



Intermediate Term Barometer



FRINGE CREDITS (BDC'S) DIVERSING FROM SPX... CAN DIVERSE FOR A LONG TIME, REST OF CREDIT MKT STILL D.K.



+ VOL ALERT IN POUND-STEALING
ON BOE RATE HIKE EXPECTATIONS

BP1 CURRENCY

Close: 134.0



2014-Dec

2015-May

2015-Oct

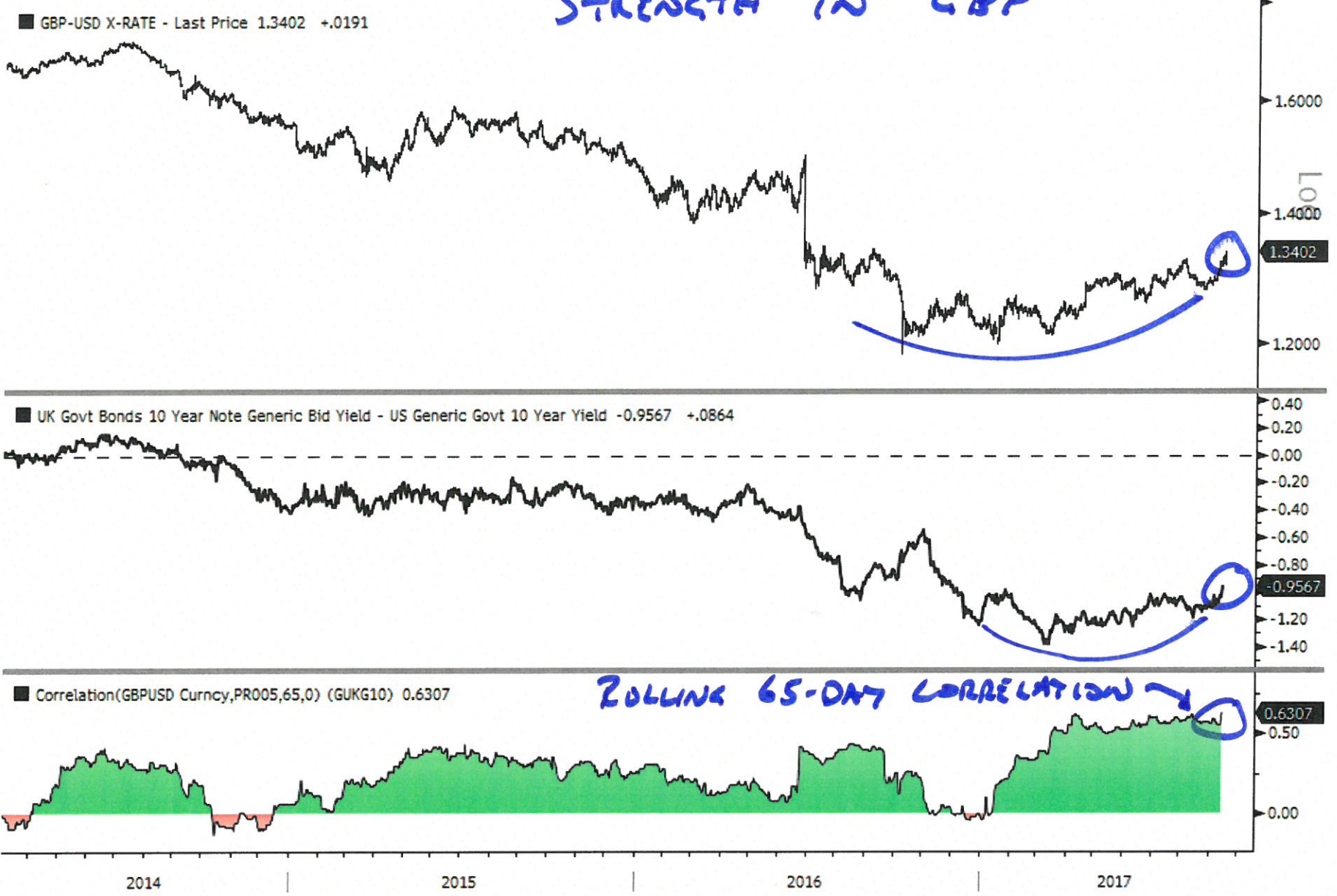
2016-Mar

2016-Jul

2016-Dec

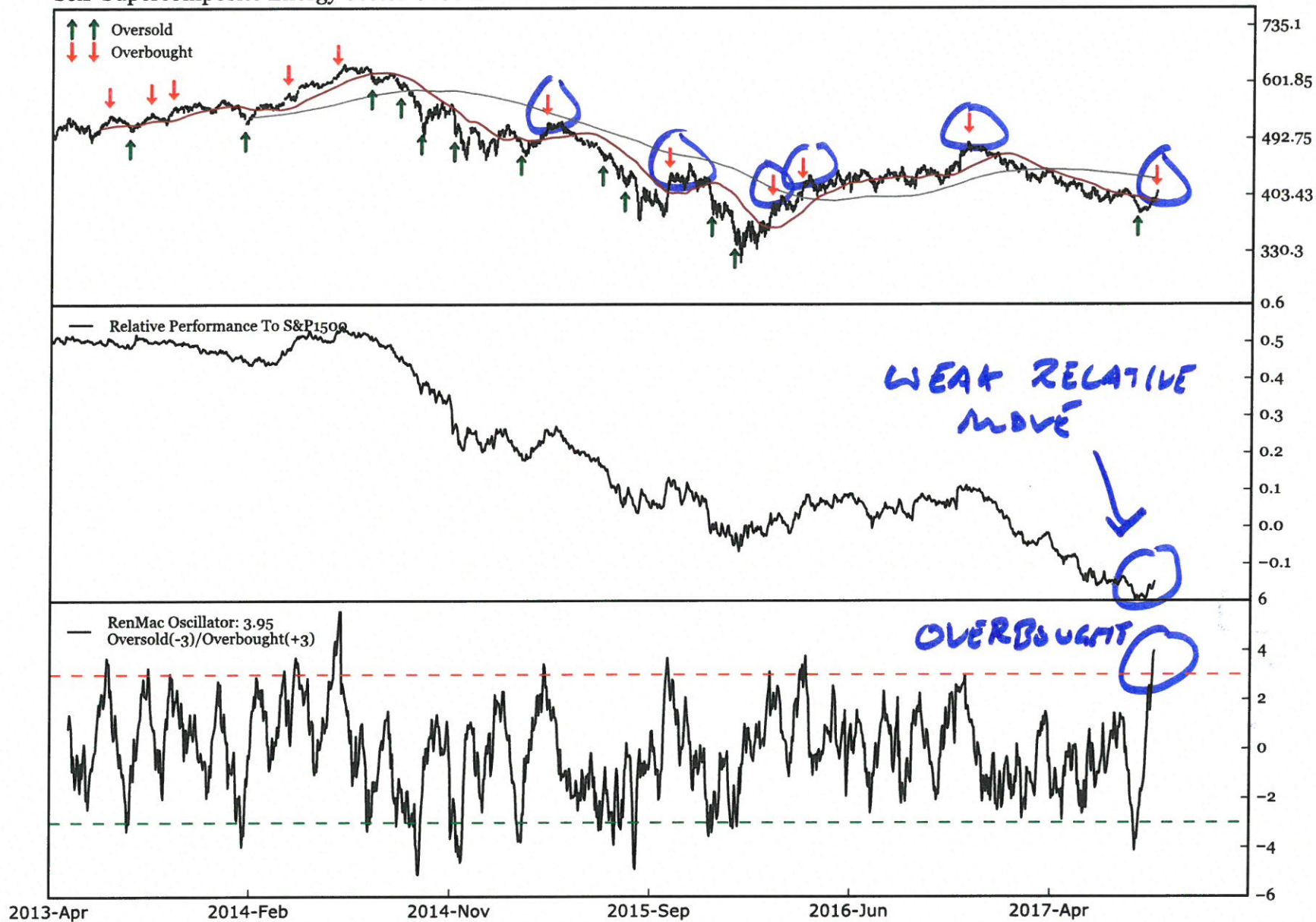
2017-May

UK VS US I.R. DIFFERENTIALS DRIVING STRENGTH IN GBP

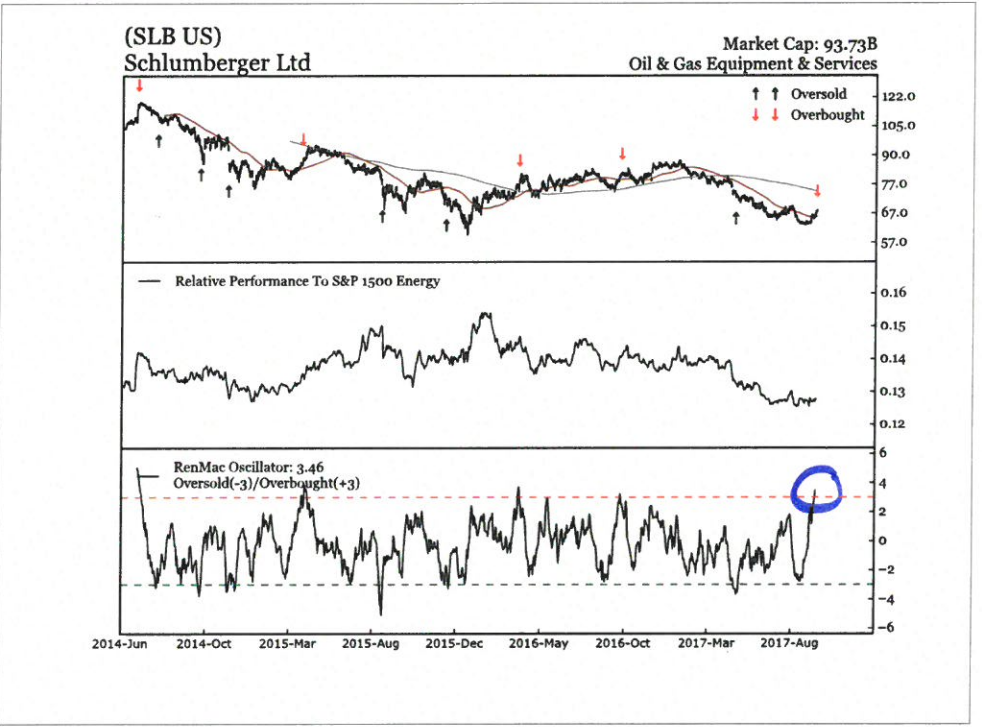
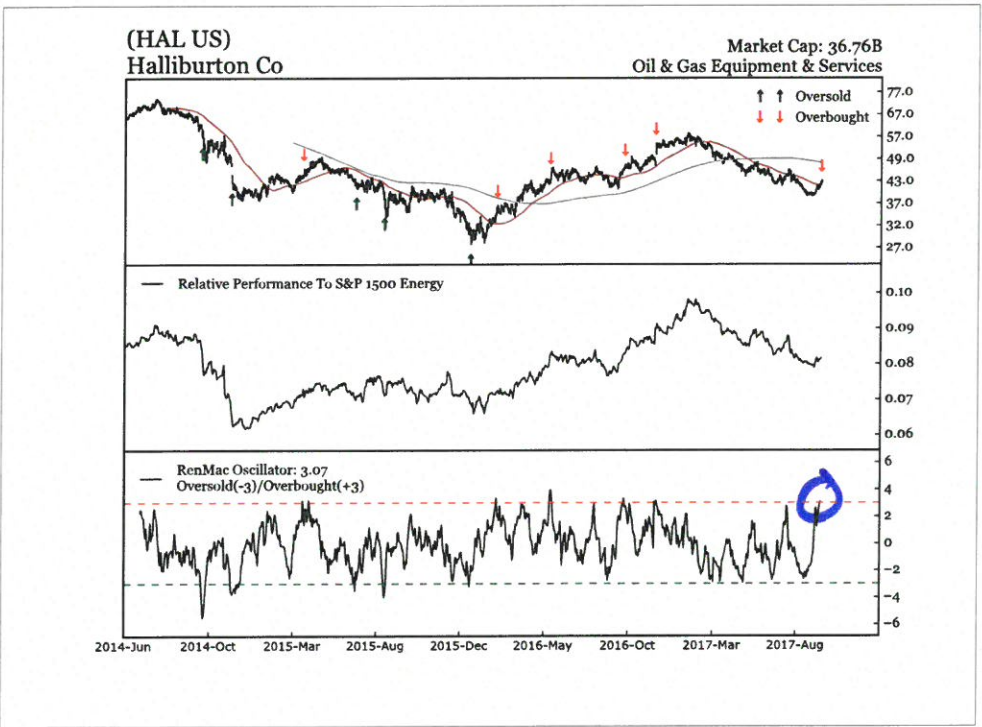
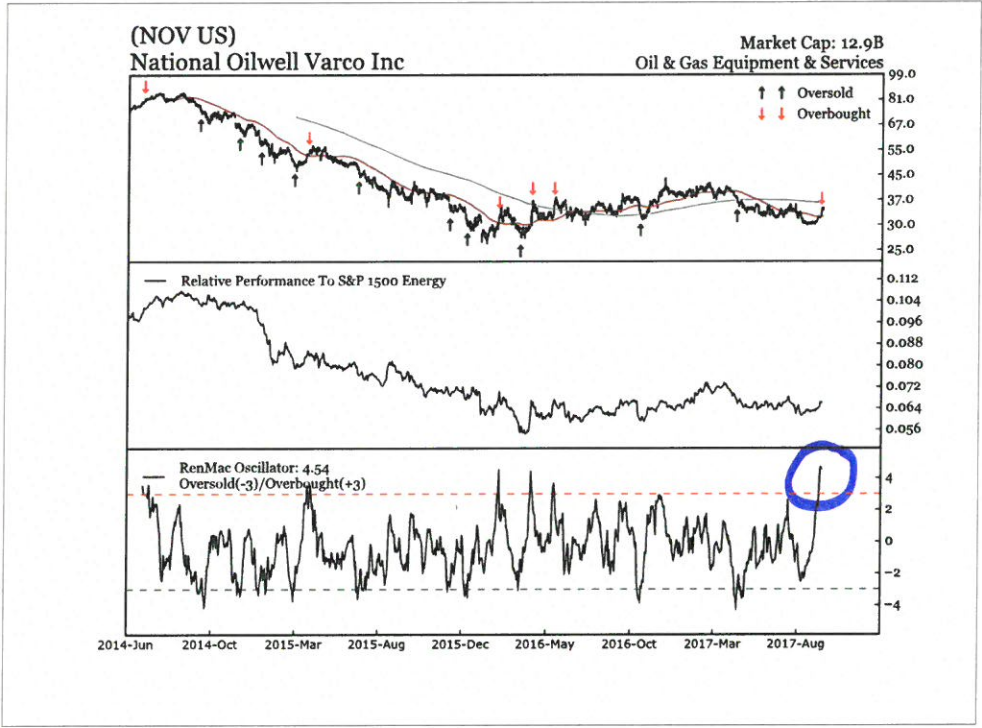
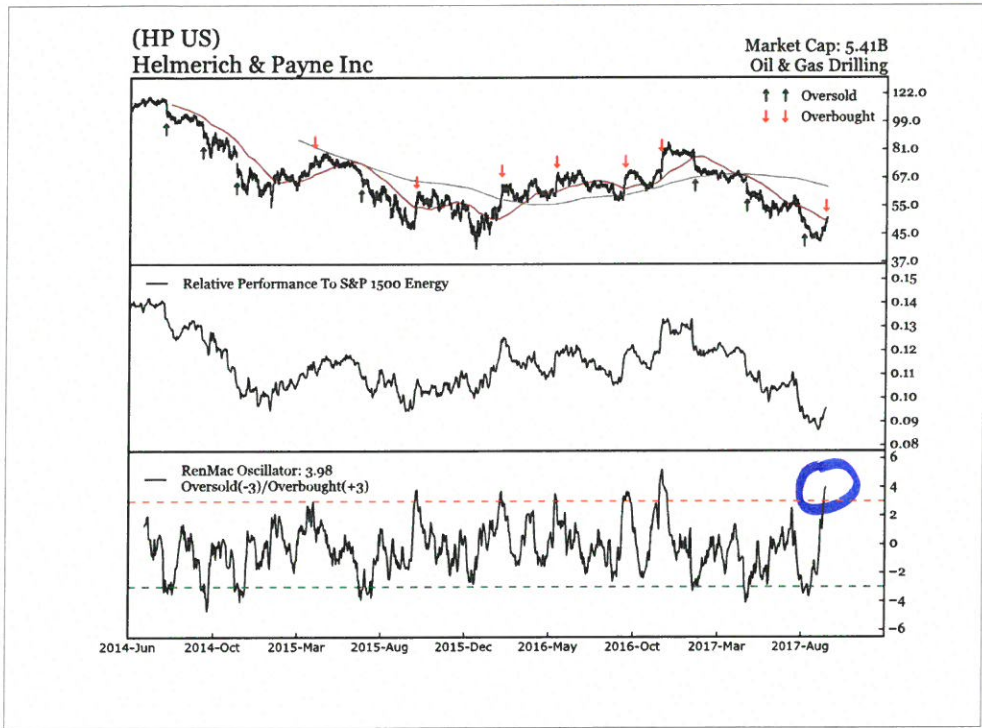


ENERGY VULNERABLE, OVERBOUGHT IN DOWNTREND

S&P Supercomposite Energy Sector GICS Level 1 Index

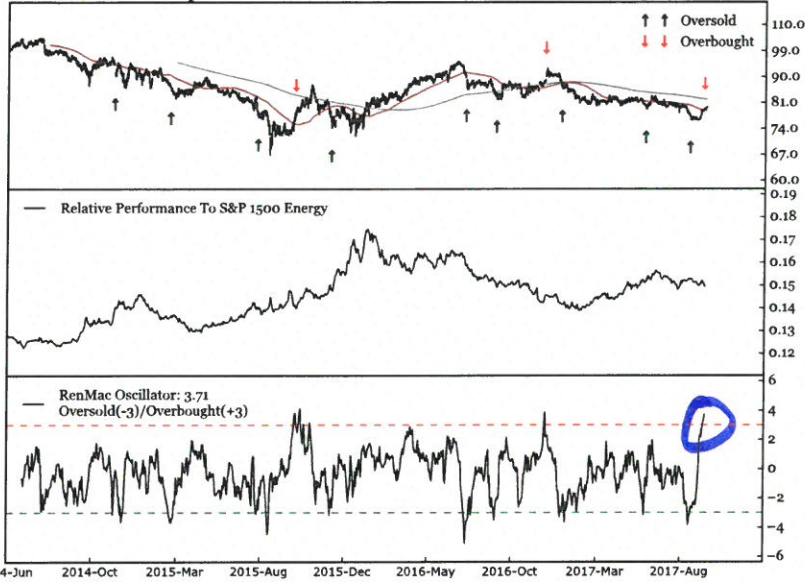


OVERBOUGHT ENERGY NAMES



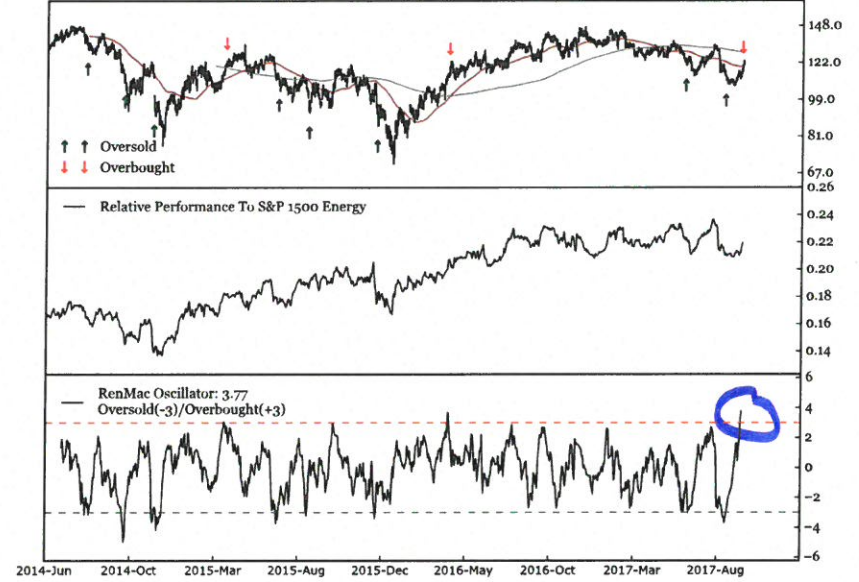
(XOM US)
Exxon Mobil Corp

Market Cap: 339.35B
Integrated Oil & Gas



(CXO US)
Concho Resources Inc

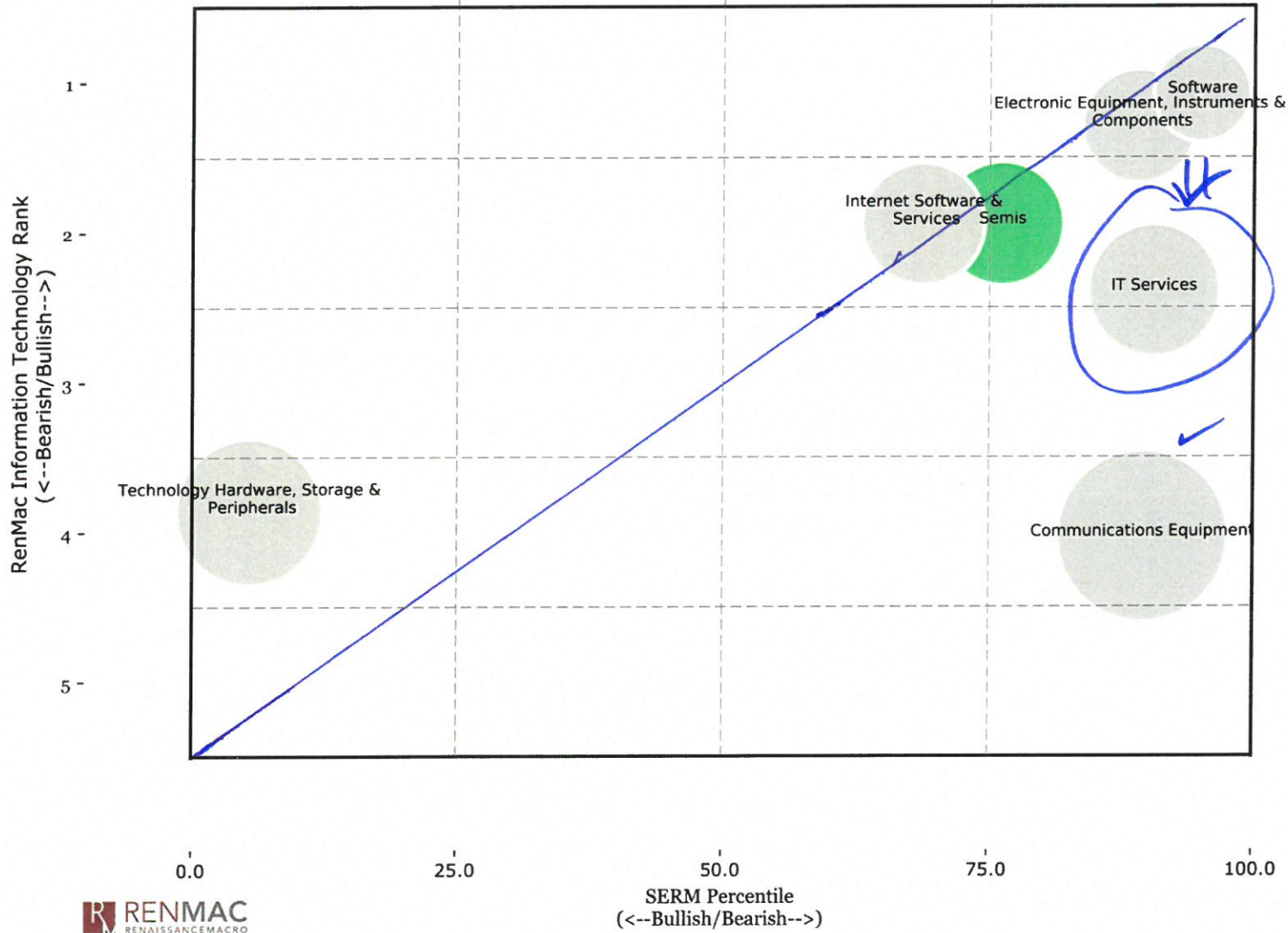
Market Cap: 18.11B
Oil & Gas Exploration & Produc



MORE OVERBOUGHT ENERGY NAMES

IT SUKS + COMM EQPT MOST
VULNERABLE IN TECH

RenMac SP1500 Information Technology Bubble Chart
09/14/2017



SMALL CAP I.T. SUES LAGGING LARGE CAPS + VULNERABLE

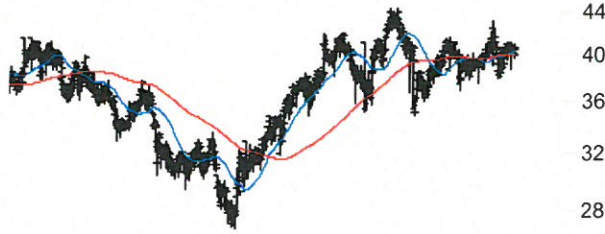


WEAKEST OF THE SMALL CAP I.T. SVCS

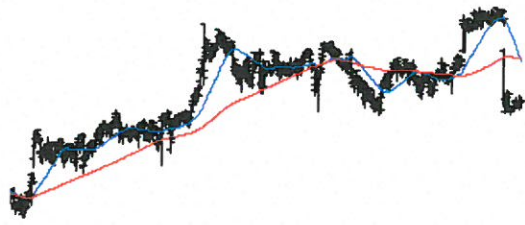
Forrester Research, Inc. (FORR-USA)
 RenMac Rank: 2 Market Cap: 716.4536
 IT Consulting & Other Services

Sykes Enterprises, Incorporated (SYKE-USA)
 RenMac Rank: 3 Market Cap: 1150.061
 Data Processing & Outsourced Services

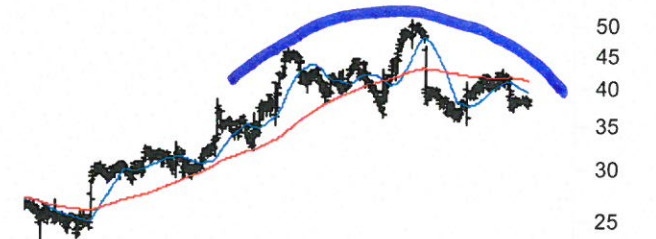
CSG Systems International, Inc. (CSGS-USA)
 RenMac Rank: 4 Market Cap: 1287.985
 Data Processing & Outsourced Services



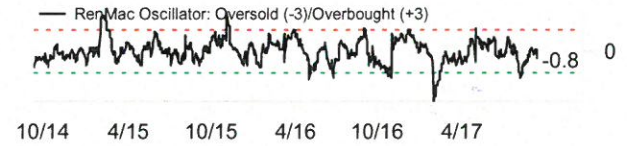
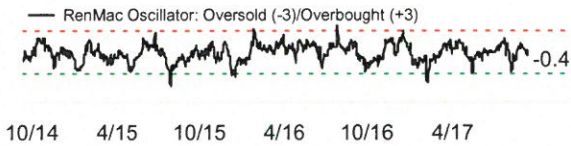
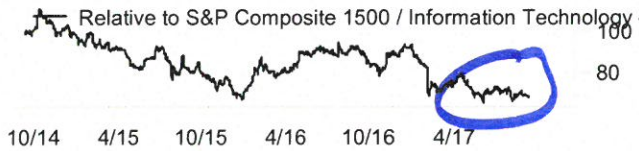
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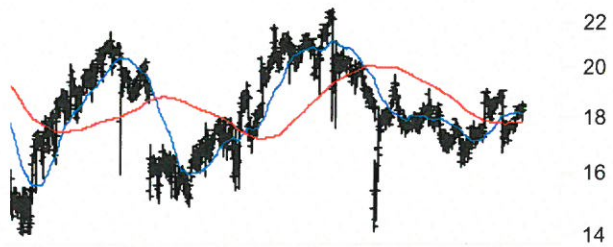
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Perficient, Inc. (PRFT-USA)
 RenMac Rank: 2 Market Cap: 645.8016
 IT Consulting & Other Services

ManTech International Corporation Class A (MANT-USA)
 RenMac Rank: 2 Market Cap: 1042.23
 IT Consulting & Other Services

Cardtronics plc Class A (CATM-USA)
 RenMac Rank: 4 Market Cap: 1276.486
 Data Processing & Outsourced Services



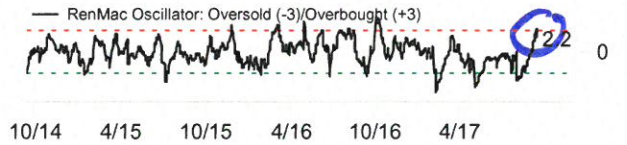
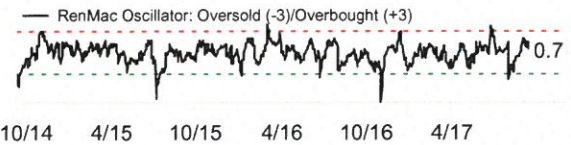
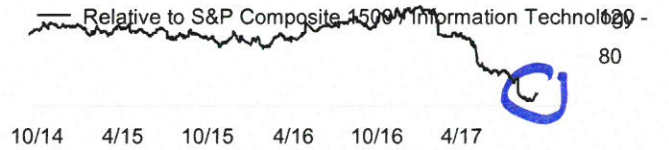
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- VOL ALERT IN DISTRIBUTIVE H.C. GROUP

S&P Supercomposite Health Care Distributors Sub Industry GICS Level 4 Index

Close: 556.3



2014-Dec

2015-May

2015-Oct

2016-Mar

2016-Jul

2016-Dec

2017-May

VULNERABLE H.C. DISTRIBUTORS

McKesson Corporation (MCK-USA)
RenMac Rank: 2

Market Cap: 33153.95
Health Care Distributors



Cardinal Health, Inc. (CAH-USA)
RenMac Rank: 3

Market Cap: 21927.1
Health Care Distributors



AmerisourceBergen Corporation (ABC-USA)
RenMac Rank: 3

Market Cap: 18475.52
Health Care Distributors



Henry Schein, Inc. (HSIC-USA)
RenMac Rank: 2

Market Cap: 13350.98
Health Care Distributors



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