

May 1, 2013

*A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.*

## for your Information

### New Format

The Clarion now features only an editorial.

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## Topic: Sector Rotation

May 1<sup>st</sup>. "Sell in May, and go away." This would have been good advice these past three years.

If you are inclined to follow seasonal variations in the market and are considering disposing of some holdings, here is some "grist to the mill" (a saying that began in the 1500s and meaning: All things are a potential source of profit or advantage.)

It has been a while since we looked at sector performance. Some of the star performers may surprise you.

First a look at the Canadian sectors. Over the past twelve months and, also, from the beginning of this year, and even with Research In Motion, the *Information Technology* sector was the clear winner, being up 22% and 20% respectively. As is typical in the early stages of an economic recovery, *Industrials* fared well, rising 19% over the past twelve months, and tacking on a 10% gain since the beginning of 2013. *Consumers*, both *Staples* and *Discretionary*, also performed admirably. A surprising loser over the past twelve months was the seemingly defensive *Utilities* (-2%). They were outdone by *Energy* (-7%) and *Materials* (-25%). These three sectors have not registered much improvement since the year began.

### Canadian Statistics

	Current	Year Ago	Change	Start of Yr.	Change
	April 30	May 1	since	January 2	since
	2013	2012	Year Ago	2013	Start of Yr.
Information Technology	31.18	25.58	22%	26.06	20%
Industrials	134.87	113.09	19%	122.09	10%
Telecommunications	120.27	102.11	18%	111.54	8%
Consumer Staples	268.71	228.04	18%	247.65	9%
Consumer Discretionary	108.85	93.63	16%	97.07	12%
Financials	194.53	185.38	5%	190.99	2%
Health-Care	69.36	68.81	1%	62.77	10%
Utilities	224.30	228.89	-2%	223.89	0%
Energy	242.43	260.20	-7%	248.54	-2%
Materials	247.10	328.73	-25%	325.08	-24%

“Research is the bedrock underpinning all capital markets”

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Now a look at the U.S. In complete contrast to the Canadian experience, *Information Technology* finished dead last over the past twelve months, up a mere 1%. The winner Stateside was *Health-Care* (+26%), followed by *Telecommunications* (+22%), *Financials* (+21%) and the two *Consumers, Staples* and *Discretionary*, tied at +20%.

Since the beginning of the year, *Health-Care* and *Utilities* have tied for the best, up 19%, with *Consumer Staples* (+17%) and *Consumer Discretionary* (+15%) not far behind. *Information Technology* again brings up the rear in terms of market performance in 2013.

	<u>U.S. Statistics</u>				
	<u>Current</u>	<u>Year Ago</u>	<u>Change</u>	<u>Start of Yr.</u>	<u>Change</u>
	<u>April 30</u>	<u>May 1</u>	<u>since</u>	<u>January 2</u>	<u>since</u>
	<u>2013</u>	<u>2012</u>	<u>Year Ago</u>	<u>2013</u>	<u>Start of Yr.</u>
Health-Care	47.33	37.51	26%	39.88	19%
Telecommunications	26.80	21.91	22%	24.26	10%
Financials	18.70	15.43	21%	16.39	14%
Consumer Staples	40.94	34.18	20%	34.90	17%
Consumer Discretionary	54.61	45.61	20%	47.44	15%
Utilities	41.43	35.66	16%	34.92	19%
Industrials	41.45	37.01	12%	37.90	9%
Energy	78.27	71.24	10%	71.42	10%
Materials	39.55	36.67	8%	37.54	5%
Information Technology	30.18	29.82	1%	28.85	5%

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Now a look at the market indexes. The runaway winner, on the back of the daring economic policies of Prime Minister Shinzo Abe, is the Toyko Nikkei, up an incredible 46% over the past twelve months, and up 34% since the beginning of the year just after the policies were announced.

The S&P 500 was second best (+14%), followed closely by the DJIA and the London FTSE 100, both up 12%.

The two Toronto Indexes, with their heavy weighting on *Materials* and *Energy* have performed badly. The S&P TSX Composite managed to squeeze out a 1% gain since May 2012, but is actually down 1% since January 2013. The S&P TSX Venture Exchange capitulated, dropping 32% over the last twelve months and down 21% over the past four months. These two Indexes live and die with commodity prices. There may be more hardship ahead for them.

**Market Indexes**

	<b>Current</b>	<b>Year Ago</b>	<b>Change</b>	<b>Start of Yr.</b>	<b>Change</b>
	<b>April 30</b>	<b>May 1</b>	<b>since</b>	<b>January 2</b>	<b>since</b>
	<b>2013</b>	<b>2012</b>	<b>Year Ago</b>	<b>2013</b>	<b>Start of Yr.</b>
Tokyo Nikkei	13,884.13	9,520.89	46%	10,395.18	34%
S&P 500	1,593.61	1,403.36	14%	1,426.19	12%
DJIA	14,818.75	13,228.31	12%	13,104.14	13%
London FTSE 100	6,458.02	5,777.11	12%	5,897.81	9%
NASDAQ	3,307.02	3,069.20	8%	3,019.51	10%
S&P/TSX Composite	12,312.67	12,237.75	1%	12,433.53	-1%
S&P/TSX Venture	962.08	1,412.76	-32%	1,221.30	-21%

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